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THE WORLD BANK

Washington, D.C.

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McNamara files

Contract
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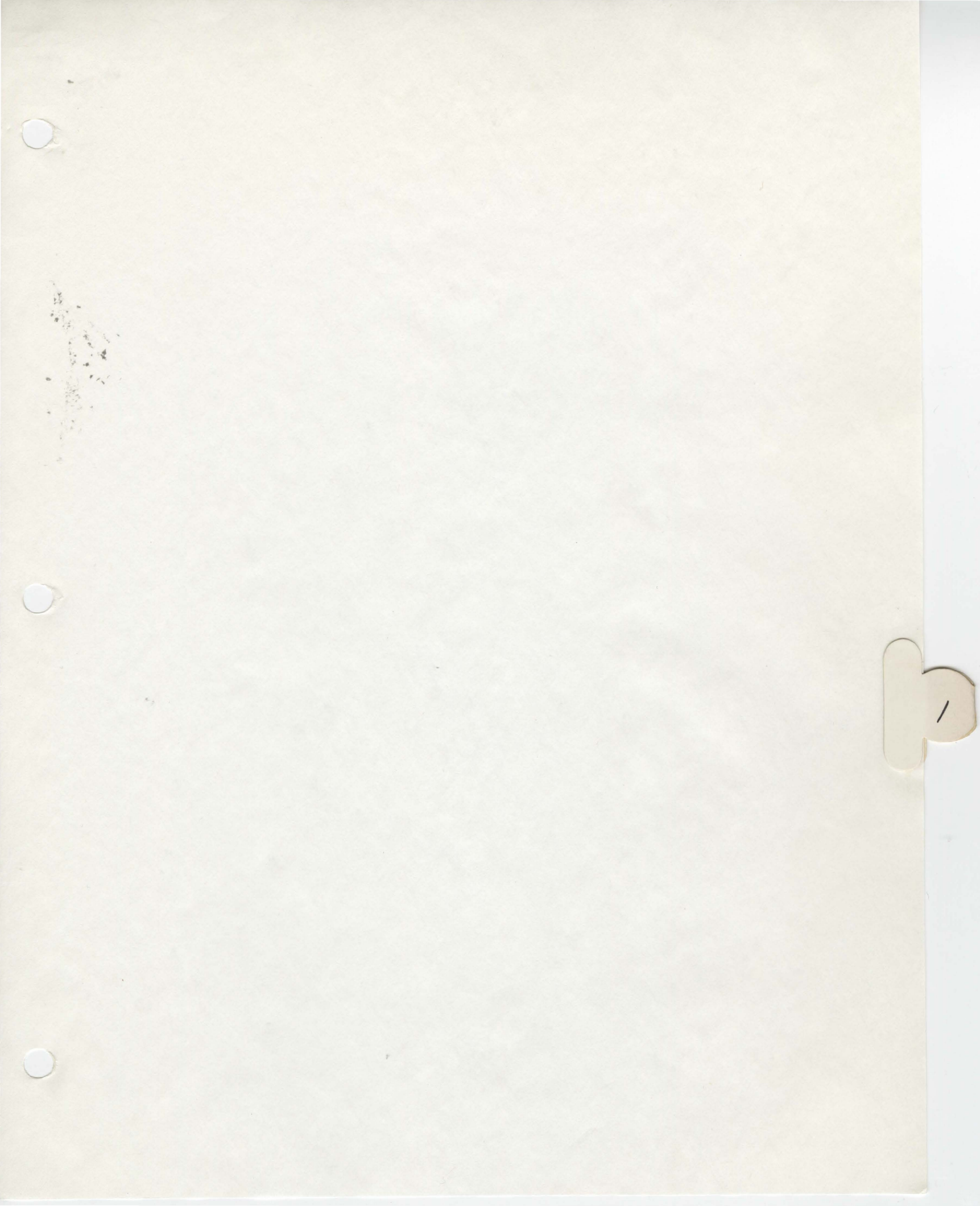
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BENTIN

(DAHOMÉY) BENIN

1. 3/5/69 President E. D. Zinzou
Ambassador M-L. Zollner
- 7/13/70 Virgile-Octave Tevoedjre, Minister Counselor
2. 1/5/71 Ambassador Wilfrid de Souza
3. 1/13/73 Notes on Visit *(Filed in Mr. McNamara's office).*
4. 1/13/73 Working meeting with Dahomean Government:
(Cotonou) President Mathieu Kerekou
Thomas Lahami, Minister of Finance and Economy
Mama Djougou, Minister of Rural Development and Cooperation
Hilaire Badjogoume, Minister of Education
Pierre Koffi, Minister of Tourism
Andre Achade, Minister of Public Works
Baba Moussa, Director General of Banque Dahomeenne de Developpement
Mr. Ibrahim, Director of Planning
5. 5/30/73 Adjibadé Tiamiyou, Ambassador of Dahomey to the U.S.
6. 4/16/74 Captain Janvier Assogba, Minister of Economics and Finance and
Governor for the Bank Group
Abou Baba-Moussa, Director of the Dahomean Development Bank, Alt Gov
Ambassador Tiamiou Adjibade
Candide Ahouansou, Charge for economic and financial matters (Embassy)
- 10/27/78 Isidore Amoussou, Minister of Finance



OFFICE MEMORANDUM

TO: Memorandum for Record

DATE: March 5, 1969

FROM: Roger Chaufourmier *h*SUBJECT: Meeting of Mr. McNamara with President Zinzou of Dahomey

Following a lunch given in the International Monetary Fund in honor of President Zinzou, which Mr. McNamara attended, a meeting took place in Mr. McNamara's office. Mr. McNamara re-stated the World Bank Group's intentions to step up its activities in Africa, particularly in French-speaking West Africa. He had gone to Africa to see for himself what opportunities there were for the Bank Group and had returned convinced not only that the opportunities for an increased role were there, but also that the prospects for a substantial increase in activity were present. The Bank was getting organized to tackle this expanded program of activity and he was confident that the results would soon be forthcoming. The Credit for the Grand Hinvi Project was thus only the first step in what should be a close association with Dahomey.

Mr. McNamara also underlined the effective working relationship which was developing between the World Bank Group and the French Government in French-speaking Africa, not only in the form of joint financing, but also in technical assistance. To carry out an expanded development program French technical assistance was needed and so was Bank and IDA money. The two complemented each other very well and the combination should lead to a much more effective role for the Bank Group.

President Zinzou said his Government had been following very closely the evolution of the Bank's policies and activities in Africa. As an African leader, he very much agreed with the philosophy expressed by Mr. McNamara in his speech to the Bank Governors and with the steps he had taken to carry out these policies.

The Credit for the Grand Hinvi Project was only one expression of this orientation. In his talk with President Nixon, President Zinzou had stressed the importance which the developing countries were attaching to prompt action by the U.S. on the replenishment of IDA resources. He would do the same in addressing members of the U.S. Congress this afternoon. He would return to Dahomey through Paris and would also tell General de Gaulle how important is France's action on IDA replenishment.

Mr. McNamara told President Zinzou that in recent discussions with Ministers Debré and Ortolí he had explained the Bank's proposed action in Africa and also assured them that this action would not be influenced by whatever decision France would make with respect to IDA replenishment. The Bank Group's expansion of activities in French-speaking Africa simply reflects his judgment that such action responds to a real need. Mr. McNamara also said that recent testimony by Secretary Kennedy before the House, indicating the full support of President Nixon for the IDA Bill, was very encouraging and that it had led to a favorable vote from the House Committee.

President has seen

This, however, was only the first step and the personal intervention of leaders like President Zinzou was most beneficial to the IDA cause. French reaction had also been sympathetic, although no assurances had been given. In the past, the French Government had had some hesitation with respect to IDA, with some justification, because of IDA's very limited activities in French-speaking Africa.

President Zinzou said that he could provide a concrete example of the Bank's change of orientation and that he would be in a good position after signing this Credit to tell General de Gaulle, personally, of his satisfaction with the Bank's new outlook.

cc: Mr. Steckhan

RChaufournier:sm

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: March 4, 1969

FROM: Roger Chaufournier *2**having been to your office*SUBJECT: Dahomey - Background for your Meeting with the President of DahomeyI. Political Situation

Since Independence in 1960, the small Republic of Dahomey (population 2,500,000), well known for its numerous and qualified elite, has suffered an unusual number of political upheavals. There have been no less than 8 governments in 8 years. The struggle has been mostly between leaders of the various regions and between civilian and military groups. The most recent "coup d'état" was in December 1967 when young army officers ousted General Soglo. Great political instability followed. After the electorate in effect rejected in May 1968 all the authorized candidates in a presidential election, the Army appointed Dr. Zinzou. This decision was supported by a 3 to 1 popular vote in July 1968.

II. President Zinzou

Dr. Zinzou is regarded as a man of no rigid political attachments. He has had wide experience of public office. Born in 1918, he qualified as a physician in France. In 1945, he went to France as a Secretary to Sourou-Migan Apithy, then Dahomey Deputy to the French National Assembly and later a President of Dahomey.

From 1945 to 1953, he was councillor of the Assembly of the French Union. In 1948, he headed the Assembly's first inquiry mission, probing the causes of bloodshed in Madagascar. A then enthusiastic supporter of African unity, he was prominent in the African Federation Party before becoming Secretary General of the Dahomey National Party in 1960. In 1955, he was elected a member of the French Senate. Still close to Mr. Apithy, he became Minister of Commerce in Apithy's pre-independence government from July 1958 to April 1959.

From 1960-61, he was President of the Supreme Court and from 1961-62, he was Ambassador to Paris.

After the fall in 1963 of President Maga's Government in which he was Minister of State for Foreign Affairs, Dr. Zinzou retired from political life. He returned in 1965 as Foreign Secretary in General Soglo's new Government. In the reshuffle of December 1966, he took on the additional portfolio of Tourism and Planning.

As President, from July 1968 he formed a new Government made up of young professional people which was well received by France and by Dahomey's partners in the "Conseil de l'Entente," (Ivory Coast, Niger, Togo, and Upper Volta). The trade unions also promised to support him, which they have done, though with some reluctance.

III. The Financial Situation

Since Independence, the country has experienced severe budgetary deficits. France has provided budgetary and development aid. The 1967 Budget showed a current deficit of around CFAF 1.0 billion, which was partially covered by a French subsidy of CFAF 500 million. (\$1 = 247 CFAF). In view, however, of the political events of December 1967, France did not extend another tranche of CFAF 250 million. The country's financial situation then deteriorated sharply. The 1968 deficit was around CFAF 1.4 billion.

Government's debts are estimated at around CFAF 10 billion, about half of which is short term, most of it overdue. The servicing of the contractual debt (i.e. excluding debt overdue or for which rescheduling is being sought) represents about 10% of exports and 12% of government revenue. These ratios will rise to about 15% in the early 'seventies and would be much higher if the overdue short-term debt were included.

IV. Memorandum of Understanding between France and Dahomey of October 1968

In October 1968, financial negotiations between France and Dahomey were concluded by a "protocole d'accord". France has undertaken renewed financial and technical assistance. It agreed to provide immediately grants to meet the most urgent budgetary needs at the end of 1968, including the cost of some projects involving substantial rehabilitation and deferred maintenance, (CFAF 600 million in all). Meanwhile, a French-Dahomeyan Working Group was to review in detail the existing financial situation and the budget estimates for 1969. On the basis of its findings, arrangements for budgetary aid in 1969 were to be negotiated.

The Government of Dahomey has undertaken a number of actions to improve the financial situation. In spite of heavy pressure to remove an "exceptional tax" on wages and salaries, the Government has retained it, although at the rate of 20% (instead of 25% previously). Other measures include revision of import taxes (to correct some unfavourable effects of a recent general decrease in rates), limitation of government personnel, indefinite postponement of salary increases related to promotion, and improvement in tax collection. In addition, good progress seems to have been made in consolidating and funding the unpaid bills owed by the Government to local firms. Rescheduling of the short-term debt to the French Treasury is still to take place.

V. The Economic Situation

There has been some improvement since mid-1967 in the general economic situation. Most encouraging is the growth of exports which in 1967 were 20% above the 1961-66 average and the highest since independence. While imports have increased still faster, this in itself reflects the revival of economic activity. The share of equipment goods in imports has risen.

Agricultural output has increased. In 1967/68, there was a record cotton crop, 30% above that of the previous year; groundnut production was up 13% despite declining prices. The overall supply of foodcrops has remained satisfactory. Small amounts of maize were exported for the first time in years.

in about 1968

comment favorable on "exceptional tax"

comment on growth supports

that is, thanks to cotton & groundnuts

✓✓

Investment and development operations in agriculture have proceeded satisfactorily in all parts of the country, largely thanks to technical assistance programs and also to the continued successful operations of Sonader, the all-Dahomeyan well-managed and efficient agricultural development agency, which will handle the expansion program included in the project which is to be partly financed by the \$4.6 million IDA credit.

VI. The Project

That Dr. Zinzou has decided to come to Washington for "a private visit" and to sign the credit agreement with IDA should not necessarily be interpreted as reflecting only his desire to capitalize on the signing ceremony and to exploit it politically as a personal victory. In fact, this is the first Bank Group operation with Dahomey; IDA assistance was requested in August 1966. It is also a joint financing operation with the French Government. This joint financing comes after a rather long "wait and see" period by FAC and IDA, due to the political instability following the coup d'état of December 1967 and the precarious financial situation.

Agriculture accounts for almost 50% of GDP and employs an estimated 75% of the active male population. Opportunities for industrial development have so far been very limited. Natural groves of oil palms are the main source of agricultural cash income and contribute about two thirds of export earnings.

Located in the Hinvi area (southern Dahomey), the project includes the development of a palm oil factory with an ultimate capacity of 70,000 tons per year, the preparation of 6,000 has. for annual crop production and the construction of roads and other infrastructure. In the project area, ten cooperatives will be created, each covering about 600 has. of oil palms and 600 has. of annual crops. The project would yield a rate of return to the economy of just over 12% (at \$160 per ton) and 8.5% (at \$112 per ton). By 1980, the annual value of exports of oil palm produce, cotton and groundnuts produced under the project would be equivalent to 20% of the annual value of Dahomey's agricultural exports in recent years.

VII. Prospective Bank Group Operations

The political, financial and economic situation in Dahomey will remain difficult. Continued French budgetary and technical support is basic to any plan of operations on our part.

We can best contribute to economic development by helping improve agricultural production and transport. For the next two years, we have four projects in mind, two in transportation, and two in agriculture, with further lending in these fields thereafter.

In transport, on the basis of the first findings of a UNDP survey still under way, we now have an appraisal mission in the field for a road maintenance project for which we would expect to provide about \$3 million. We hope to follow

this up, on the basis of the UNDP survey, with a first road construction project to which we would contribute about \$5 million in 1971.

For agriculture, we are considering a fishing project which relates to the outlet of a lagoon (Débouché lagunaire) near the capital city of Cotonou. Following construction of a new port, a dam is needed to restore the fish catch for 20,000 fishermen and to avoid a loss of \$1 million in annual income. We are reviewing the economic justification and engineering of the proposed dam. Our financing would be about \$3 million.

FAC is financing a feasibility study for a cotton project in the south of Dahomey, including storage and marketing facilities. There are similar projects already operative in the centre and north, and the new project would help diversify the south away from oil palm. We would provide about \$2 million.

Footnote: Biafra

I thought you would be interested in a statement made by Dr. Zinzou to the newspaper "Le Monde" on February 23, 1969:-

"As almost all the African States, I oppose the secession. First, because in Africa there are about ten potential Biafras and we cannot admit a precedent. Secondly, for a reason of principle: I have always been partisan of large entities, particularly at the time when the splitting of French West Africa was under preparation. But this war in Nigeria is abominable. It must be stopped....."

*ask his
view on
Nigeria*

INTERNATIONAL DEVELOPMENT ASSOCIATION

IDA/SecM69-24

FROM: The Secretary

March 4, 1969

SIGNING OF CREDIT - DAHOMEY (AGRICULTURAL DEVELOPMENT)

1. The following arrangements have been made for signing the development credit (\$4.6 million) to the Republic of Dahomey.

Date and Hour: Wednesday, March 5, 1969 - 12.30 p.m.

Place: Board Room

Signing Officials: For the Borrower: His Excellency ~~W.~~ E. D. Zinzou,
President of the Republic of Dahomey

For the Beneficiary: His Excellency M-L. Zollner,
Ambassador of Dahomey

For the Government
of France: Mr. Plescoff

For the Association: Mr. McNamara
President

Seating

5(R) Agriculture Projects Department
4(R) Mr. Tevedjre
3(R) Mr. Kochman
2(R) H. E. The President

1. Mr. McNamara

2(L) H. E. The Ambassador
3(L) Mr. Plescoff
4(L) Member of President's Council
5(L) Western Africa Department
6(L) Mr. Tagnon

2. Mr. Bazin (Western Africa Department) will arrange for the attendance of the signing officials. Mr. El-Fishawy (Legal Department) will supervise the execution of the documents.

3. It would be appreciated if members of the President's Council who wish to attend would so advise the Secretary's Department (Extension 2691).

Distribution:

Mr. Kochman
President
President's Council
Mr. Cope
Mr. Adler

Mr. Chadenet
Mr. Chaufournier
Mr. W. Clark
Mr. Evans
Mr. Rotberg

Mr. Bazin
Mr. El-Fishawy
Mr. Lightowler

Visit of His Excellency Emile Derlin Zinzou,
President of the Republic of Dahomey

Wednesday, March 5, 1969

1. Composition of Party:

His Excellency E.D. Zinzou, President of the Republic
of Dahomey
His Excellency M-L. Zollner, Ambassador of Dahomey
Mr. V-O. Tevoedjre, Minister Counselor, Embassy of Dahomey
Mr. Tagnon, Secretary General of Ministry of Planning
Government of Dahomey
Captain Lucien Glele

2. Documents to be signed:

- (a) Credit Agreement - Mr. Zinzou and Mr. McNamara 2
- (b) Project Agreement - Mr. McNamara and the Ambassador 1
- (c) Memorandum of Understanding - Mr. McNamara and Mr. Plescoff (for the Government of France) 1

3. Timetable:

- 12.30 p.m. Dahomey President and party arrive at H Street entrance and are received by Messrs. Mendels and Bazin.
Telephone message to be sent to Mr. McNamara's office to enable him to reach the Board Room in time.
Mr. Bazin will arrange reservation of elevator from 12.15 p.m. onwards.
The party will be conducted direct to the Board Room for signing the documents.
- 12.45 p.m. The party is conducted by Messrs. Hebbard and Yameogo (who will be in the Board Room) to Mr. Schweitzer's office, along the 11th floor passageway.
- 1.00 p.m. Lunch by Mr. Schweitzer to the Dahomey party (all five) in his dining room on the second floor of the Fund building. Mr. McNamara will attend.
Mr. Schweitzer's office or Mr. Hebbard's office will notify Mr. McNamara's office when the party is about to proceed to the dining room so that he may join them there.

2.30 p.m. Mr. Mendels will escort President Zinzou and Ambassador Zollner to Mr. McNamara's office for informal discussions, which will be attended also by Messrs. Kochman and Chauffournier.

The route will be by elevator from the second to the 12th floor of the Fund building (elevator to be held by the Fund Secretary's office) and again by elevator (to be reserved by Mr. Bazin) from the 11th to the 12th floor of the Bank building. The latter elevator will be held until it has taken the party down to the lobby at the end of the informal discussions.

3.00 p.m. The Dahomey party is escorted to its cars from
(about) Mr. McNamara's office by Mr. Bazin.
The party departs.

4. Other Arrangements:

(a) Car Parking

Since the Dahomeans finish their series of appointments in the Bank building at 3.00 p.m., their cars may be parked on H Street throughout; travel from the Bank to the Fund and back to Mr. McNamara's office may be done by elevator and along the corridors.

(b) Coats, Brief Cases, etc.

These may be carried by Bank messengers from the Board Room to the ante-room of Mr. McNamara's office, to be picked up at the end of the informal discussion.

(c) Interpretation

Mr. Bazin is arranging for attendance of an interpreter (possibly Mr. Assa of the Western Africa Department) in the Board Room. For the informal discussion, Mr. Kochman is prepared to do any needed interpreting; Mr. Chauffournier will also be there.

(d) Mr. Kochman has requested me to explore whether it would be possible to set up recording arrangements in the Board Room so that a sufficiently high quality tape could be handed over to the Dahomeans for use for broadcast transmission. This has been checked for feasibility with Mr. Lightowler, who agrees that this can be done. Mr. Steckhan will ascertain Mr. McNamara's wishes, either direct or through Mr. W. Clark.

(e) Photographs

Photographs will be taken in the Board Room. There will be no picture-taking in Mr. McNamara's office in the afternoon.

(f) Mr. McNamara's Speech

Area Department is preparing material for Mr. McNamara's use at the signing ceremony.

UKGhoshal:jc
Secretary's Department
March 4, 1969

Distribution: Mr. Mendels
Mr. Bazin (2)
Mr. El-Fishawy
Mr. Steckhan
Mr. Hebbard, IMF (3)

Files

May 15, 1970

Robert M. Dean

Botswana: Shashi Project

Mr. Taylor Ostrander, Assistant to the Chairman of American Metal Climax (Amac) came to see Mr. Knapp on May 13. Also present were Messrs. Lejeune, Williams and myself.

Mr. Ostrander said that the meeting between Kreditanstalt für Wiederaufbau (KfW) and Bamangwato Concessions Limited (BCL) which we had understood would be held on the 13th or 14th May would not in fact take place. We explained to him that our proposed meeting with KfW and BCL on May 15 had been intended to be a follow-up to the BCL/KfW meeting.

Mr. Knapp repeated to Mr. Ostrander what he had said on the telephone on May 11 to Mr. MacGregor, Chairman of Amac, in response to Mr. MacGregor's request to Mr. McNamara for advice (see my memo to Files, dated May 14). Mr. Ostrander said that he had just spoken to Mr. Hinves, Vice Chairman of BCL, on the telephone, who felt that no good purpose would be served by further meetings between the Botswana government and BCL involving the same personnel as had participated in earlier meetings. According to Mr. Ostrander, the situation appeared to have deteriorated into one in which the two parties confronted each other in mutually unacceptable positions. He felt that the Botswana government's attitude was a new one and resulted from bad advice partly provided by Mr. Lipton, the United Nations adviser, partly by "young Socialists" in Gaborone and partly stimulated by the Bank's suggestion that a Master Agreement would be required. He said that the company would like the Bank, speaking as an investment banker rather than a development institute, to tell the Botswana government that the financing and sales arrangements were the best that could be obtained and that the company was fortunate to have got them. He said that this project had been handled from the beginning by Sir Ronald Prain and the Chief of the Bamangwato tribe, and perhaps it might be rescued from its present impasse by a meeting between Mr. MacGregor, Sir Ronald Prain and the President of Botswana. Mr. Ostrander said however that the company would prefer the Bank to suggest that such a meeting should take place.

Mr. Knapp said that if both parties had exhausted all possibilities of reaching a negotiated agreement on the outstanding issues, but still felt that a further attempt should be made to save the project, and if both parties came to the Bank and requested us to help them find some compromise solution, the Bank would consider what it could do at that time. At present, however, both parties did not feel that all ways of

OFFICE MEMORANDUM

TO: Memorandum for the Record DATE: March 2, 1973

FROM: Xavier de la Renaudière, Director, Program II, W.Africa Regional Office

SUBJECT: Mr. McNamara's Visit to Dahomey - Working Session with the
Dahomean Government and Meeting with President Kerekou

1. The meeting, held on January 13, was chaired by Mr. Lahami, Minister of Finance and Economy. Attending the meeting were Mr. Mama Djougou, Minister of Rural Development and Cooperation; Mr. Badjougoume, Minister of Education; Mr. Koffi, Minister of Tourism; Mr. Achade, Minister of Public Works; Mr. Baba Moussa, Director General of Banque Dahoméenne de Développement (BDD); Mr. Ibrahim, Director of Planning; and other senior government officials. Bank representatives were Messrs. Kochman, William Clark, Ljungh, and de la Renaudière.

2. The Director of Planning commented on past Bank operations in Dahomey and projects for which Bank financing had been or would be requested. He emphasized the need for increased assistance to the rural sector (a second cotton project, which would be conceived as an integrated project including food crop development and all social and transport infrastructure needed for the region's development, and an "annual crop" project which would aim at improving nutrition in Dahomey and exporting food crops to Nigeria). He spoke of the need for further improvement in Dahomey's transport infrastructure: the port of Cotonou is saturated and, in addition to the Parakou-Malanville road, other road projects, such as construction of the Bohicon-Dassa-Savalou and Dogbo-Azovè-Abomey roads, are essential to the economic development of new regions. The Government has no plans for large power projects and has agreed to purchase Ghanaian electricity. However, distribution in Cotonou and Porto Novo must be expanded in order to increase the profitability of the new transmission line and improve the well-being of new groups of citizens. It is essential to further diversify economic activities by developing fisheries and tourism. A detailed list of all projects to be considered by the Bank Group was submitted by the Government (Annex).

3. Mr. McNamara inquired about Dahomey's past economic performance. The economy has been rather stagnant in the last ten years and per capita income has not increased appreciably. He understands that the new Government is anxious to accelerate economic growth while implementing budget austerity. The Minister of Finance said that while the overall public finance situation deteriorated in 1972 (particularly as a result of reduced trade with Nigeria), the Government was determined to control the growth of current expenditures, freeze recruitment of government employees, reorganize the civil service, and increase government revenue through better tax collection rather than by immediate changes in the tax structure. The Minister hopes that, at the same time, a high level of investment will enable the Government to reduce unemployment.

4. In response to a question by Mr. McNamara concerning government policies in the education sector, the Minister of Education said that while education is vital for the long-term development of the country, Dahomey--one of the 25 poorest countries in the world--cannot afford to continue to increase spending in this sector. The present system does not meet the country's needs and should be reformed. From nationwide discussions of education problems, the Government will set out a program which may lead to identification of a Bank/IDA project.

5. Mr. McNamara asked about government policy concerning regional integration. The Minister of Finance responded that Dahomey favors regional integration, and is particularly eager to develop good relations with its neighbors, mainly with Nigeria which is ready to import some Dahomean products and, eventually, with Togo and Ghana. Mr. McNamara said that the Bank would like to aid the difficult task of regional integration. He feels that East Africa and Central America--the only two regions in the world where regional cooperation has made considerable progress--should serve as examples.

6. Mr. McNamara inquired about Dahomey's rural development policy. The Minister of Agriculture said that his Department is seriously limited by its modest budget. Dahomey should concurrently expand food and cash crop production and could actually export food crops to Niger, Upper Volta, and Nigeria. Two main agencies are in charge of agricultural development. Implementation of the Grand Hinvi project by SONADER is satisfactory, while SONACO's Zou-Borgou cotton project poses problems. The Government requested that the IDA Credit approved for this project in May 1972, promptly be declared effective. Mr. McNamara emphasized the need for sound management of the Zou-Borgou project, and expressed the hope that appropriate measures will be taken promptly so that the Credit can be made effective.

7. Several other projects (tourism and Cotonou port expansion) were briefly discussed and the meeting was concluded with general remarks by Mr. McNamara and the Minister of Finance concerning the need for austerity and sound public finance, as well as capable project management.

8. Later in the afternoon, Mr. McNamara accompanied by Messrs. Kochman and de la Renaudière met with President Kerekou. Messrs. Lahami and Baba Moussa also attended the meeting. President Kerekou thanked Mr. McNamara for his visit to Cotonou, the first official visit of a major international personality since Dahomey's October Revolution. He then summarized his program which aims at restoring the government authority within a democratic framework, eliminating corruption, and implementing austerity and sound management of government finances.

9. Mr. McNamara said that he had been favorably impressed by his visit and welcomed the Government's determination to adopt sound economic and financial policies. The Bank, he said, was ready to support the Government's development programs. The Parakou-Malanville road project will be negotiated in February and the Zou-Borgou cotton project will be declared effective as soon as SONACO's management is improved. He gave President Kerekou a copy of Mr. Chauffournier's letter to the Minister of Rural Development concerning SONACO; President Kerekou said that his Government would take prompt and strong action to remedy the situation.

Attachment: (1) List of Projects

cc: Messrs. Chauffournier
William Clark
Thalwitz
Ljungh
Gué/Aguirre-Sacasa
Rowe
Oursin
Lethem
Jansen

cc: Mr. Kochman

XdelaRenaudière:sjb

PROBATION BOARD

5.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: May 29, 1973

FROM: Roger Chaufournier *Rc*SUBJECT: DAHOMY - Ambassador Tiameyou's Visit

1. As you know, Ambassador Adjibadé Tiameyou of Dahomey will be meeting with you tomorrow at 6:30 p.m. in your office. Mr. Tiameyou replaced Mr. Wilfrid de Souza—since transferred to Paris—as Dahomey's ambassador to the United States earlier this year and I expect that tomorrow's meeting will be essentially a courtesy visit. I attach a short bio-sketch on Ambassador Tiameyou for your perusal.

2. While I do not believe that the Ambassador intends to discuss specific projects with you in any detail tomorrow afternoon, I have briefly summarized for you below our ongoing and proposed operations in Dahomey.

PAST LENDING

3. To date the Association has extended three Credits totalling \$14.2 million to Dahomey.

4. Our first lending operation in the country was for the Hinvi Agricultural Development Project (Credit 144; March 5, 1969; \$4.6 million) and provided financing for a program to develop oil palm and food crop production in Dahomey's southern coastal region. As of March 31, all but \$1.4 million of the Credit's amount had been disbursed. After initial difficulties, the project's execution is proceeding in a generally satisfactory manner although the financial situation of SONADER, this operation's executing agency, bears watching—essentially because of lower than expected oil palm yields due to drought. In this regard, a Bank mission and representatives of FAC and FED who also fund SONADER programs will be travelling to Cotonou in June to discuss with SONADER and the Government a long-term solution to the agency's financial problems.

5. The Road Maintenance Project (Credit 215; September 9, 1970; \$3.5 million) was our second lending operation in Dahomey. As of March 31, almost \$2 million of this Credit had been disbursed and road maintenance in Dahomey—seriously deficient at the time the Credit was approved—has made notable progress.

6. The Zou Borgou Cotton Project (Credit 307; May 24, 1972; \$6.1 million) is our most recent Credit aimed at strengthening Dahomey's agricultural sector. As its name indicates, this project is meant to push the production of cotton in the country's Zou and Borgou Departments. In addition, this operation provides for increased rice production in the project area. Although this undertaking was started up on January 1, 1972, on the understanding that IDA funds would be applied retroactively to that date, this project was not declared effective until April 4, 1973, because of Government slowness in fulfilling this Credit's conditions of effectiveness and because of management weaknesses—since corrected by the present military regime—in the project's executing agency, SONACO.

President has seen

RECENT OPERATIONS

7. In addition to the three projects referred to above, the Board approved an \$11.8 million Credit for a Second Highway Project in Dahomey on May 24, 1973. This operation whose principal feature is the reconstruction of the 320 km Parakou-Malanville Road should be signed during the first weeks of June.

PROPOSED LENDING

8. Our next lending operation in Dahomey should be a small—\$2 million—Credit to promote rural education in the country. The project will be prepared by a Bank/UNESCO mission in June and should be ready for approval by the Board in late FY 74.

9. Phase II of the ongoing Zou Borgou Project is scheduled for FY 75. This operation will involve an intensification of cotton and food crop development in the Zou and Borgou districts as well as the extension of the ongoing project into ecologically suitable areas of President Kerekou's native region, the Atakora.

10. At the Government's request, we are considering financing an expansion of the Port of Cotonou. If this project is economically feasible, we should be able to make a Credit for this purpose in FY 76.

Attachment

FJAguirre-Sacasa:tp

BIO-SKETCH

Mr. Adjibadé Tiamiyou

Ambassador of Dahomey to the United States

Date of Birth: July 15, 1937 Age: 37 1/2

Place of Birth: Porto Novo, Dahomey

Marital Status: Married with five children


Education: Primary and Secondary Schooling in Dahomey.
Licence in Law; University of Dakar (graduated in 1961).

Employment: Director for International Organizations and Technical Assistance; Dahomean Ministry of Foreign Affairs (1961-1970).
Permanent Secretary; Dahomean Ministry of Foreign Affairs (September 1970 - February 1973).
Dahomean Ambassador to the U.S. (February 1973 - present).

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: J. Burke Knapp

SUBJECT: 

DATE: April 16, 1974

Returned herewith is the briefing memorandum for your meeting with the Dahomey Finance Minister.

I agree that we should be very cool regarding the Airport Project and should say that we expect to find other projects which would be of higher priority in Dahomey's economic development. If the Minister presses, we might say that we would be prepared to receive the relevant material for an initial desk-evaluation.

With regard to the Sugar Project (see paragraph 10 of the briefing memorandum) I think we should be quite negative. Aside from the general difficulties of doing joint operations with the Eximbank, their money would be entirely tied, and I don't think we would want to be associated with a project on that basis. The most that we could think of contributing in the light of IDA availabilities and the rest of our program in Dahomey would be a few million dollars, which would not make a significant dent on the problem.

Attachment.

JBKnapp:vm

President has seen

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: April 15, 1974

FROM: Xavier de la Renaudière, through Mr. Wilfried P. Thalwitz

SUBJECT: DAHOMY - Your April 16 Meeting with the Economics and Finance Minister

1. Captain Janvier ASSOGBA, Dahomey's Minister of Economics and Finance and his country's Governor for the Bank Group will be meeting with you tomorrow, April 16, in your office at 5:30 p.m. I expect that the Minister will be accompanied by three others: (1) Mr. Abou BABA-MOUSSA, Director of the Dahomean Development Bank and alternate Bank Group Governor for Dahomey; (2) Mr. Tiamiou ADJIBADE, Dahomey's Ambassador to the U.S.; and (3) Mr. Candide AHOUANSOU, the Ambassador's chargé for economic and financial matters. Brief bio-sketches of Captain Assogba and Mr. Baba-Moussa are attached.

2. Minister Assogba is primarily in the United States as head of a delegation negotiating a loan from Eximbank for a sugar project in Dahomey. He is also attending the U.N. Special Session on the Problems of Raw Materials and Development. According to the Dahomean Embassy in Washington, the Minister will be meeting with you on a courtesy basis and also to review Bank Group operations in his country.

PAST BANK GROUP LENDING

3. To date, the Bank Group has extended four credits totalling \$26.6 million to Dahomey. Two of these have been for road projects, i.e., the Road Maintenance Project (Credit 215, September 9, 1970, \$3.5 million) and the Second Highway Project (Credit 415, July 3, 1973, \$11.8 million). The Road Maintenance Project is nearly completed and its execution has been satisfactory. The Second Highway Project was recently declared effective and reconstruction of the 320 km Parakou-Malanville Road, its principal component, is expected to get underway in the autumn.

4. Our two agricultural projects have not fared as well. The first of these, the Hinvi Project (Credit 144, March 5, 1969, \$4.6 million; as amended on March 22, 1974, \$5.2 million) was our first lending operation in Dahomey. Credit 144 originally provided for the construction of an oil palm mill as well as for palm plantings, food crop development and related infrastructure. For technical reasons, the project's food crop component ran into trouble and the Credit Agreement was modified on September 24, 1971. Under the amended accord, IDA financing for food crops was dropped and the funds thus released were reallocated to cover the increased construction costs of an enlarged oil palm mill. Since this modification, project implementation has improved. Nevertheless, SONADER -- the executing agency -- is experiencing financial difficulties which have caused it to cut back on maintenance and new plantings. In addition, severe drought conditions for several consecutive years are expected to result in lower-than-forecasted yields. Because of Dahomey's poverty and SONADER's severe financial straits, the Association agreed to provide \$600,000 in supplementary financing for this project to cover the increased dollar cost of the Hinvi Oil Palm mill. On March 22, Credit 144 was amended accordingly and we expect that the mill will be inaugurated and the project essentially completed this autumn.

5. The Zou Borgou Cotton Project (Credit 307, May 24, 1972, \$6.1 million) is our other lending operation in Dahomey's agricultural sector. This project aims at expanding cotton and rice output in the country's Zou and Borgou districts by providing for (i) extension, credit and marketing services; (ii) the construction of two ginneries and the installation of six rice hullers; (iii) rehabilitation of 620 km of feeder roads; and (iv) an agricultural diversification study.

6. From the project's outset, it has been beset by managerial and organizational problems. Its effectiveness was postponed four times because of management weaknesses which the Government finally corrected in March, 1973. More recently (in the summer and autumn of 1973), the Government decided to limit the scope of the two French companies which had, in effect been running the project under the aegis of an autonomous Government agency, SONACO. More specifically, the Government decided to relegate these two companies, CFDT and SATEC, to simple technical assistance roles while buying out all of CFDT's assets (including ginneries) in Dahomey. This action was taken unilaterally and without consulting the Association. We reacted by advising the Government that while we did not oppose the principle of Dahomeanization, we could not take a stance on the measures taken by the Government without weighing their implications for the project. We agreed, therefore, with the Government that SONACO would not submit any disbursement requests in connection with project expenses incurred after October 25, 1973, until new arrangements necessitated by the institutional changes demanded by the Government had been ironed out. These arrangements would, of course, have to be satisfactory to IDA.

7. The informal suspension of disbursements for Credit 307 described above is still in effect. An agricultural projects mission recently visited Dahomey to look at this operation's new organizational structure, however, and concluded that we can live with the Government's new organizational set-up. Consequently, we expect to normalize Credit 307's status in the near future after we have reviewed whether these modifications require minor adjustments in our credit documents.

FUTURE BANK GROUP LENDING

8. The Dahomey lending program most recently approved by management is attached. From it, you will note that we hope to finance both Education and Second Cotton Projects in FY75. The Education Project calls for an IDA Credit of about \$2 million and would aim at strengthening rural youth clubs -- that country's equivalent of America's 4H clubs -- and at constructing a skills upgrading center in Cotonou. Preparation of this project is nearing completion and it should be ready for appraisal in the early summer. The Second Cotton Project would involve a Credit of approximately \$6 million and would be a follow-up to the Zou-Borgou project. More specifically, this project, which is being prepared now, would involve an intensification of cotton and food crop cultivation in the Zou and Borgou districts and extension of the existing program into Dahomey's Atakora region, the country's most economically backward area.

POINTS THE DAHOMEANS MAY RAISE

9. According to the Dahomean Embassy, Minister Assogba will ask you to have the Association consider financing an international airport project at

Abomey-Calavi, a town some 15 km from Cotonou. The proposed airport would replace the existing facility at Cotonou which, according to the Government, is antiquated and too close to town. We have never been approached regarding the Abomey-Calavi airport project and have no details on it. Nevertheless, I recommend that you advise the Minister that we are prepared to consider this project on its merits.

10. Since Minister Assogba is negotiating Eximbank financing for a large -- \$60 million total cost -- sugar project, it is possible that he may ask the Association to join in financing this venture. Should he do so, my recommendation would be that we agree to study the project and that we ask the Minister for further information. It seems that a sugar estates project in the Savé area, the zone selected by the Dahomeans for the undertaking, could be made into a financially and economically feasible operation if (i) there were sufficient water for irrigation; (ii) enough manpower to work the estate; and (iii) a sizeable, assured overseas market for the sugar since the country's present consumption is less than 9,000 tons while the minimum output of a viable sugar operation would be in the order of 30,000 tons.

POINTS YOU MAY WISH TO RAISE

11. Dahomey has a poor record in meeting service charge payments on IDA Credits. At present, the Government owes the Association 77,027.33 French francs due under Credit 144 (the Hinvi Project) on March 1, 1974. It also owes us 43,500.25 French francs for Credit 307 (Zou Borgou Project) due on April 1. Despite repeated cables, the Government's performance does not improve. I suggest, therefore, that you urge Minister Assogba to take steps to better his Government's record in the future.

12. Traditionally, the Dahomean Government has been faced with tight financial situations; current expenditures frequently outstrip current revenues. When it took power in October, 1972, the present military regime announced that it would put its fiscal house in order by adopting an austerity program and improving tax and import duty collection. In this regard, it would be useful to get an updating on Dahomey's financial situation and I suggest that you might wish to get the Minister's assessment of the Government's finances at your April 16 meeting.

cl. in substance and cc: Messrs. van Gigch, Bostrom, Arben

cc: Messrs. Chauffournier (o/r), Pouliquen, Rowe, Brandreth, Tillier

FJAguirre-Sacasa:jf

Capt. Janvier ASSOGBA
Minister of Finance and Economics

Captain Assogba was born at Ouidah in Dahomey's southern coast and is 35 years old and single.

Like many other officers in the armies of the Francophone countries of West Africa, Captain Assogba served in the French Army and did not transfer into the Dahomean Armed Forces until 1965. He received extensive military training in France and was promoted to the rank of captain in 1961. Captain Assogba participated in the 1967 army takeover and was named Minister of the Civil Service during his first governmental stint.

Mr. Abou BABA-MOUSSA
Director of the Dahomean Development Bank

Mr. Baba-Moussa, a native of the city of Parakou and a member of the northern Bariba tribe, is Dahomey's alternate governor for the Bank Group.

After undergoing university training in France, Mr. Baba-Moussa returned to Dahomey and held several positions in the Government. He was also a ranking official at the Economic Commission for Africa in Addis Ababa before being appointed Director of the Dahomean Development Bank. Informed sources in Dahomey indicate that Mr. Baba-Moussa has emerged as President Kerekou's most influential advisor on economic and financial affairs.

OFFICE MEMORANDUM

8/6

H.A.S. Jr.
W. G. ...

TO: Mr. J. Burke Knapp

DATE: August 2, 1973

FROM: Roger Chaufournier

SUBJECT: Dahomey - Updated Lending Program

1. I attach for your approval an updated Lending Program for Dahomey. This Program is submitted in lieu of a formal CPP because there have already been two CPPs and a CPN written on the country since 1970 and because Dahomey's economic and political situation has not undergone any meaningful change since the 1972 CPN review. A successful military coup headed by Colonel Mathieu Kérékou did wrest power from the civilian Presidential Council last October 26 but this was hardly an unusual happening in a country which has been plagued by political instability to a degree unparalleled elsewhere in Africa. In fact, the Kérékou regime is Dahomey's tenth government since independence in 1960 and his coup was the fifth successful military takeover during the same period.
2. In addition to the proposed updated Lending Program, a description of each of the projects listed in the Program is also attached for your information (see Attachment II).
3. At last year's review, you authorized an FY73-77 Lending Program of eight IDA Credits totalling \$28 million. The proposed FY74-78 Program calls for the same level of IDA funding and for five Credits. For purposes of comparison, I attach the authorized 1972 Lending Program (see Attachment III).
4. You will note that the proposed Lending Program has both "firm" and "soft" columns for each fiscal year. We are using this presentation -- which is identical to the one contained in the June 4, 1973, updated Program I submitted to you on Togo -- in order to give the reader a better appreciation for each project's targeted scheduling and likelihood of timely execution. Operations listed as "firm" are those having a three or higher probability -- based on P & B's five point scale -- of being approved in the fiscal year in which they are entered. "Soft" projects are those with a two or less probability of Board action in the targeted fiscal year.
5. We have further divided "soft" projects into those that are likely to slip by only one year (denoted by an asterisk in the Lending Program) and those that may slip by as much as two or more fiscal years or drop out of the Program altogether. The former are listed in the Operations Program for the fiscal year in which they appear. In addition, however, since they become "firm" items in the following fiscal year, they are also counted in the next year's Lending Program. The Education I Project is a case in point. It appears in the FY74 Operations Program and in the FY75 Lending Program.

6. "Soft" items which are likely to slip by more than one fiscal year or disappear altogether are treated in the traditional manner, i.e., they appear only in the Operations Program for the fiscal year in which they are listed.

Attachments

FJAguirre-Sacasa:sh

cc: Messrs. de la Renaudière o/r
De Vries
Thalwitz
Glaessner
Gillette
Lethem

Oursin
Rowe
Jansen
Lachman
Vasudevan

El Maaroufi
Glaeser
Koromzay
Petiot

e. Dostle ✓

Population: 2.8 m
GNP Per Capita: \$90

DAHOMY - IDA LENDING PROGRAM
(US \$ millions)

Attachment I

	FY74		FY75		FY76		FY77		FY78		FY79		Total FY68-73	Total FY74-78
	Firm	Soft	Firm	Soft	Firm	Soft	Firm	Soft	Firm	Soft	Firm	Soft		
Education I		2.0*												
Rural Development I			6.0											
Port					9.0									
Livestock						3.0								
Education II							4.0*							
Tourism							2.0							
Roads III								7.0						
Rural Development II										6.0				
Telecommunications											2.0			
<hr/>														
OPERATIONS	Total	2.0	6.0	12.0	6.0	7.0	8.0	26.0	33.0					
PROGRAM	No.	1	1	2	2	1	2	4	7					
<hr/>														
LENDING	Total	-	8.0	9.0	-	11.0	6.0	26.0	28.0					
PROGRAM	No.	-	2	1	-	2	1	4	5					

* Denotes projects with a likelihood of slipping to the next fiscal year. Other "soft" entries may slip by two or more fiscal years or drop out of the program altogether.

PROJECT DESCRIPTION

DAHOMAY LENDING PROGRAM (FY74-79)

AGRICULTURE

1. Northern Dahomey Rural Development: This operation, listed as a "firm" \$6 million entry in the FY75 Lending Program, is the second phase of our 1972 Zou Borgou Cotton Project. Its aim will be to raise living standards for farmers in the country's north by providing them with extension services, agricultural credit and necessary infrastructure which, in turn, should allow them to increase their production of cash and food crops. The project's individual components have not yet been formally established but we expect that these might include an intensification of the ongoing cotton and food crops program in the Zou and Borgou districts with particular emphasis on stepped up maize and rice production. In addition, cotton cultivation would be extended into ecologically suitable areas of the Atakora, Dahomey's poorest region. A joint headquarters/PMWA preparation mission -- accompanied by IDA and FAC financed consultants -- is slated to visit Dahomey this fall and its "pre-appraisal" report should be ready by February, 1974. Formal appraisal of this project could, therefore, take place next spring.

2. Livestock: As in most West African countries, there is scope in Dahomey for livestock development. An as yet unidentified livestock project appears, therefore, in the proposed Lending Program for FY76 as a "soft" entry. The amount -- \$3 million -- of the Credit suggested for this operation is only notional at this stage.

3. Rural Development II: We have included an unidentified agricultural project in the FY79 Lending Program. This project could be a follow-up to the Northern Region Rural Development scheme launched in 1975 and/or might focus on the country's coastal and central regions where most of Dahomey's population is concentrated.

EDUCATION

4. Education I: Government overspending on a classical education system modeled after that of France and poorly tailored to the country's real needs is one of the major problems facing Dahomey. In an effort to gain a foothold in the sector and some leverage which could be used to re-direct the Government's education strategy, we have included a \$2 million Education I Project as a "soft" item in the FY74 Lending Program. This operation was prepared earlier this summer by a joint Bank/UNESCO mission and would include financing for:

- i) the establishment of about 100 rural youth clubs and the strengthening of another 100 existing clubs; and
- ii) construction of an industrial skills upgrading center.

The Region believes that implementation of this project would be greatly accelerated if it were preceded by studies to select the best 100 rural youth clubs from those already operating and to develop and plan the industrial skills center. We have approached other possible sources of financing for these studies but none of these have been able to fund them. Consequently, we propose a \$100,000 Bank Group grant for this purpose.

5. Education II: This operation -- a follow up to our earlier education project -- is listed as a \$4 million "soft" item for FY77 which may well slip to the next fiscal year. The project would entail a further expansion of rural education in the country as well as an attempt to foster -- through Bank involvement -- some reform of Dahomey's formal education system.

TELECOMMUNICATIONS

6. Telecommunications: This is one of the two unidentified FY79 projects included in the Lending Program.

TOURISM

7. Tourism: The Government is interested in mounting -- with the Bank Group's backing -- a tourism project in the country. In this regard, a team of Bank specialists visited Dahomey last November to explore the country's tourism potential. The mission concluded that Bank Group financing for a modern international hotel in Cotonou might be warranted in the middle term. The Government has already approached Intercontinental Hotels for such a project and it is on these bases that we have entered a "soft" \$2 million tourism Credit in the FY77 Lending Program.

TRANSPORTATION

8. Port Expansion: This project would involve the expansion of existing facilities at the Cotonou Port by 3-5 general cargo berths. At present, the port -- a modern relatively well run installation serving Niger and Nigeria as well as Dahomey -- has four general cargo berths with a handling capacity of 600,000 tons per annum. Dry cargo traffic at the port topped the 500,000 ton mark in 1972 and at its present growth rate, 8 percent yearly, additional dry cargo capacity will be required by the late 1970's. In fact, congestion is already occurring during peak periods.

9. The Government has asked France to finance a feasibility and detailed engineering study of the port's proposed expansion. FAC has agreed to the request and BCEOM, a French engineering firm, has been commissioned to do the study. Assuming that this undertaking's viability is established, we should be able to process a Credit of, say, \$9 million in FY76 making this our largest proposed lending operation in Dahomey during the FY74-79 period.

10. Roads III: During Mr. McNamara's January visit to Dahomey, Government officials requested continued Bank Group financing for road projects in the country. We, for our part, are interested in remaining involved in highways, a sub-sector in which our efforts have been fruitful in the past and where there is still scope for Bank Group action. We have, therefore, entered an IDA Credit of some \$7 million in the FY78 Lending Program for a Third Highway Project. While the precise contents of this operation have not yet been identified, these might include improving to a paved two-lane standard the existing gravel road from Bohicon to Dassa Zoumé (77 km.). Feeder road construction, particularly in the north, as well as some secondary road improvement might also be financed under this Credit. PMWA has scheduled a mission to Dahomey towards the end of 1973 in order to firm up this proposed project's components.

FJAguirre-Sacasa:sh

Cleared with and cc. Messrs. Lethem
Oursin
Rowe
Vasudevan

El Maaroufi
Grosdidier de Matons

Population: 2.8 million

Per capita income: less than US \$ 100

DANOMEX - Actual and Proposed IDA Lending through FY 1977
(US \$ millions)

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1969-72	1973-77
Minor agricultural development	4.6										
Cotton I (Zou Boucou)				6.1		4.0					
Annual Crops											
Cotton and food crops II							3.0	3.0			
Livestock											
Telecommunications								2.0			
Education I						2.0					
Education II									4.0		
Tourism							2.0				
Road maintenance			3.5								
Road construction I					8.0						
Port								3.0			
Road construction II								4.0			
Secondary and feeder roads									3.0		

Operations program	<u>Total</u>										
	<u>No.</u>										
			6.1	8.0	6.0	8.0	9.0	7.0	22.2	38.3	
			1	1	2	3	3	2	4	11	
Lending program	<u>Total</u>	4.6	3.5	6.1	8.0	2.0	6.0	5.0	5.0	22.2	25.3
	<u>No.</u>	1	1	1	2	1	2	2	2	4	7
France & FAO (tentative)		10.0	10.5	11.3	11.5	11.5	11.5	11.5	11.5	54.0	51.5
IDA gross disbursements			1.7	3.0	5.4	5.0	6.2	5.0	5.0	10.1	26.5
Net disbursements			1.7	3.0	5.4	5.0	6.2	5.0	5.0	10.1	26.5
Net transfers			1.7	3.0	5.4	5.0	6.2	5.0	5.0	10.1	26.5

Western Africa Department
January 25, 1972