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Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

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McNamara Papers

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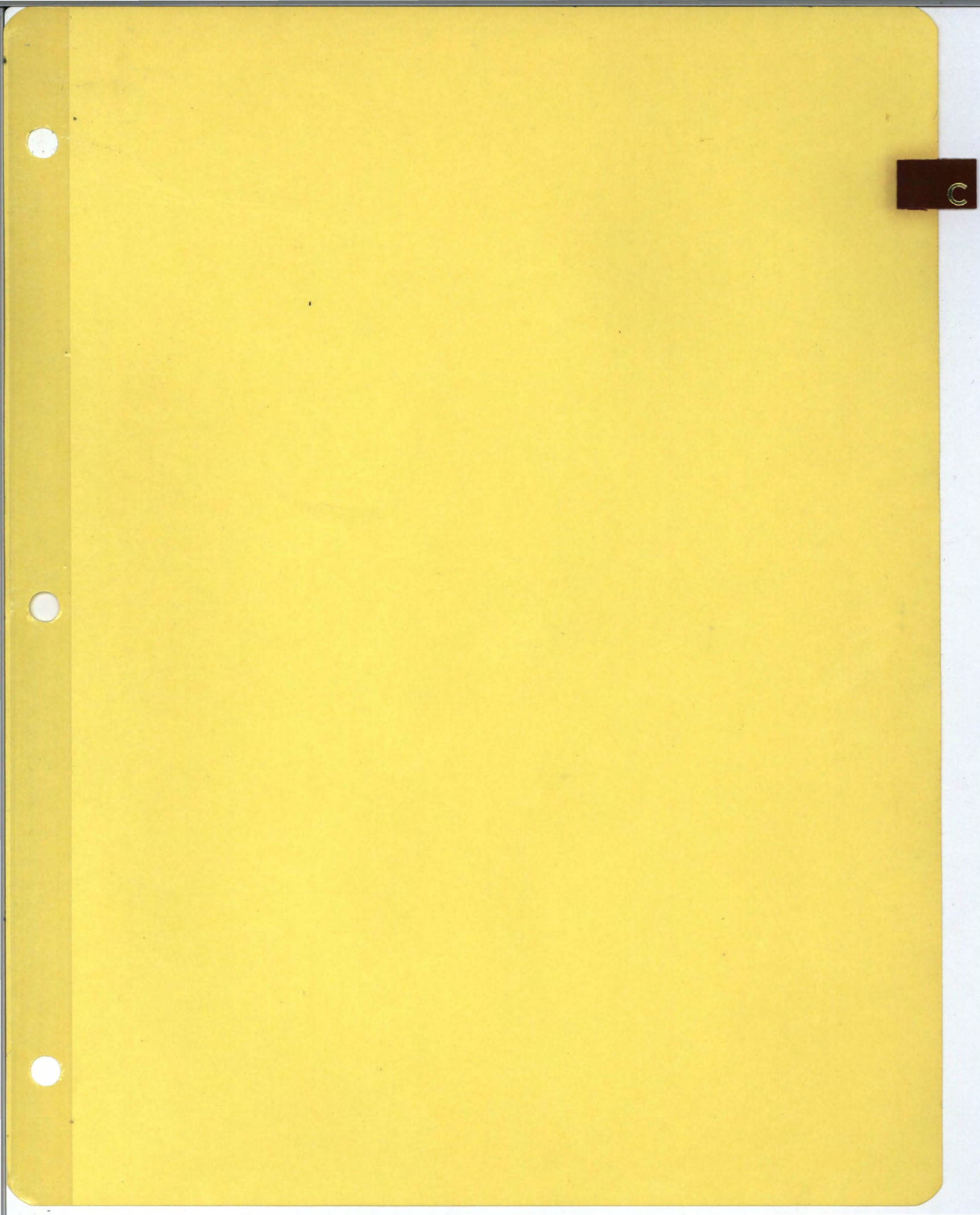
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Travel briefs, Ivory Coast

Folder 3 of 5

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WBG Archives



IVORY COAST

2/11/69
(Abidjan)

President Houphouet-Boigny

" Konan Bedie, Minister of Finance

" Mohamed T. Diawara, Minister of Planning

" Mr. Amethier, Director of External Finance, Ministry of Finance

" African Development Bank:

Messrs. Alamoody and Vincent, Vice Presidents

Mr. Owuso, Director of Finance

Mr. Matovu, in charge of operations

" P. Kaya, Administrative Secretary of the Mutual Aid and Guarantee Fund

" Lambert Amon Tonah, Minister of Education

" Alcide Kacou, Minister of Public Works

" Michel Goly Kouassi, Minister of Construction

" Mr. Hovine, Director General, Caisse d'Amortissement

" Gerhard Rohnfelder, Director-General of BIDI

" Hubert Dubois, French Charge d'Affaires

2/12/69
(Abidjan)

M. Abdoulaye Sawadogo, Minister of Agriculture

" SODEPALM and luncheon lists attached; also Cabinet list

eyes only

Program for Mr. McNamara's Visit
Ivory Coast, February 10-13, 1969

RBS

Monday, February 10

8:25 p.m. Arrival Abidjan

Tuesday, February 11

8:00 a.m. Meeting with members of the Bank's
Permanent Mission

10:00 a.m. President Houphouet-Boigny, the
Minister of Finance and possibly
other ministers will participate

~~11:00~~ ^{11:30 - 12:30}
~~11:00~~ a.m.

Minister of Education

~~12:15~~ a.m.

Minister of Public Works

} *fb's* / Finance
and culture

Lunch - no engagement

~~14:30~~^{*}

French counselor

3:00 p.m.

Private visit with US Ambassador
Mr. George A. Morgan

?

4:00 p.m.

African Development Bank
Mr. O. Vincent - Vice-President
Mr. A. Alamoody - Vice-President

!

~~4:45~~
~~5:15~~ p.m.

Mr. Paul Kaya, *(course work)* administrative secretary
of the Mutual Aid and Guarantee Fund
of the Entente countries *(original)*

✓

~~5:30~~

~~6:00~~

If time permits: Mr. G. Rohnfelder,
Directeur Général of the Industrial
Development Bank

✓

~~8:45~~ p.m.

Dinner with President Houphouet-Boigny
all members of Gouvernement and high
Government officials (dark suit)

(big!)
100

*French Ambassador not here
Coun. Tor*

.../...

Wednesday, February 12

8:00 a.m. to
4:30 p.m. Field trip (see separate program)
6:30 p.m. Reception given by the Minister of Finance

Thursday, February 13

9:00 a.m. Departure for Kinshasa

Proposed Schedule of Visit
for Mr. McNamara

IVORY COAST

Mon., Feb. 10	20:25	Arrive Abidjan. No engagement should be arranged until Tuesday.
Tues., Feb. 11	08:00	Meeting with Bank Mission.
	09:30	Call on President Houphouet-Boigny.
	11:00	Individual meetings with Ministers of Education Mr. Tanoh, Finance Mr. Bedie, Planning Mr. Diawara, and Public Works Mr. Kacou.
		No lunch engagement should be arranged.
	15:00	Private meeting with African Development Bank President Mr. Beheiry.
	16:00	Individual meetings with a few representatives of private sector (to be arranged in Abidjan by Bank Mission in consultation with Government).
		Dinner with President Houphouet-Boigny.
Wed., Feb. 12	08:00 - 15:00	Field trip with Minister of Agriculture Mr. Sawadogo and other top officials.
		Lunch on trip (see attachment).
	Evening	No engagements scheduled.
Thurs., Feb. 13		Depart Abidjan, very early morning.

IVORY COAST

Proposed Field Visit

Wednesday, February 12

08:00 Leave Abidjan by helicopter.
08:30 Arrive La Me, Oil Palm Research Station.
09:30 Leave for Toumanguie by helicopter.
10:00 Arrive Toumanguie, visit oil mill and small
 holder area.
11:30 Leave for Ehania by helicopter.
12:00 Arrive Ehania, visit modern oil palm plantation
 financed by FED and site for the Bank's oil palm
 project, including the oil mill under construction.
13:30 Lunch.
15:00 Leave for Abidjan.*

*The possibility of driving back most of the way
will be explored.

A small group would accompany Mr. McNamara's party including possibly the Minister of Agriculture Mr. Sawadogo, the Minister of Planning Mr. Diawara, and the Director of SODEPALM Mr. Fraisse. SODEPALM is the Government Technical Organization responsible for the development of oil palm and coconuts.

J. J. Cassel

Ambassade de Côte d'Ivoire
aux Etats-Unis

No.79/Amb-W
DA/mf

Washington, le 20 juin 1967

Président de la République - M. Félix HOUPHOUET-BOIGNY
Ministre de l'Agriculture
Ministre des Finances et des Affaires Economiques
Ministre de la Défense

- 2/ Ministre d'Etat - M. Auguste DENISE
- 3/ Garde des Sceaux, Ministre de la Justice - M. Camille ALLIALI
- 4/ Ministre de l'Intérieur - M. Nanlo BAMBA
- 5/ Ministre des Affaires Etrangères - M. Assouan Arsene USHER
- 6/ Ministre des Travaux Publics et Transports - M. Alcide KACOU
- 7/ Ministre des Forces Armées et du Service Civique -
- M. Kouadio M'Bahia BLE
- 8/ Ministre de l'Education Nationale - M. Lambert Amon TANOH
- 9/ Ministre de l'Information - M. Mathieu EKRA
- 10/ Ministre des Affaires Economiques et Financières -
- M. Konan BEDIE
- 11/ Ministre du Plan - M. Mohamed T. DIAWARA
- 12/ Ministre de la Santé Publique et de la Population -
- M. Blaise N'Dia KOFFI
- 13/ Ministre de la Fonction Publique - M. Loua DIOMANDE
- 14/ Ministre du Travail et des Affaires Sociales - M. Lancina KONE
- 15/ Ministre de la Production Animale - M. Alexis Thierry LEBBE
- 16/ Ministre des Postes et Télécommunications - M. Cissoko SOULEYMANE
- 17/ Ministre de la Construction et à l'Urbanisme -
- M. Michel Goly KOUASSI
- 18/ Ministre de la Jeunesse et à l'Education Populaire et
aux Sports - M. Bissouma TAPE
- 19/ Ministre de l'Agriculture - M. Abdoulaye SAWADOGO

VISITE DE M. Mc NAMARA,
PRESIDENT DE LA BANQUE MONDIALE.

LISTE SODEPALM

Joseph
✓ M. ANOMA..... Président;
M. FRAISSE..... Directeur Général;
M. OKA AMANI..... Directeur du Département Palmier;
M. AMAGOU..... Directeur du Département Cocotier.

M. ADAMA COULIBALY, Ingénieur responsable des Plantations
Villageoises;
M. BEDAS..... Directeur Adjoint des Services Techniques;
M. BLACHETTE..... Conseiller Agronome;
M. BOGNINI Moïse..... Directeur Adjoint des Services Comptables;
M. CHOQUARD..... Directeur des Services Techniques;
M. DEROY..... Directeur Adjoint du Département Palmier;
M. JAFFREZIC..... Conseiller Financier;
M. LAMBEIN..... Directeur des Services Comptables;
M. MATHIEU..... Architecte;
M. de MAZIERES..... Chef du Service Administratif;
M. N'DRI..... Adjoint au Chef du Service Administratif;
M. ⁶PÉTITPIERRE..... Conseiller Technique à la Direction Générale;
M. ¹RABET..... Ingénieur à la Direction des Services Techniques;
M. VANIE..... Attaché à la Direction du Département Palmier;
M. YEDESS..... Chef du Service de l'Animation et des Relations
avec les Planteurs villageois.

REPUBLIQUE DE COTE D'IVOIRE

MINISTERE de l'AGRICULTURE

S O D E P A L M

VISITE DE M. Mc NAMARA,
PRESIDENT DE LA BANQUE MONDIALE

LISTE DES INVITES AU DEJEUNER DU 12 FEVRIER 1969
A LA TOUMANGUIE

I - Représentants des Ministères

- M. AKA ANGHUI..... Directeur Général du Développement Agricole
au Ministère de l'Agriculture;
M. ALLAU..... Direction des Produits;
M. DAUBREY..... Direction des Programmes Pluriannuels au
Ministère du Plan;
M. DUMAS de RAULY..... Directeur du Service Central des Marchés
au Ministère des Affaires Economiques et
Financières;
M. HOVINE..... Directeur de la Caisse Autonome d'Amortis-
sement;
M. SERI GNOLEBA..... Directeur de la Comptabilité Publique et du
Trésor.

II - Représentants des organismes financiers extérieurs

- M. CALAIS..... Contrôleur Délégué du Fonds Européen de
Développement en Côte d'Ivoire;
M. TERRACOL..... Directeur de la Caisse Centrale de Coopé-
ration Economique à Abidjan.

III - Représentants du Secteur Privé

- M. KONAN Camille..... Directeur Général de la Société Nationale
de Financement;
M. de QUATREBARBES..... Administrateur de la Société pour le Déve-
loppement de la Culture Bananière;
M. ROCHET..... Directeur Général Adjoint de la Société
"Huileries et Savonneries des Lagunes
Blohorn et Cie".

.....

IV - Représentants des Banques commerciales

- M. ^{André} CHARDON..... Banque Internationale pour l'Afrique Occidentale.

- M. BUTTAY..... Société Générale de Banques en Côte d'Ivoire.

- M. MOLINIE..... Société Ivoirienne de Banque en Côte d'Ivoire.

- M. VITTORI..... Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire;

- M. HECKERS,
M. FINOT, du Siège de la Banque Nationale de Paris.

AIRPORT STATEMENT -- ABIDJAN

I am particularly happy to have this opportunity to visit ^{the Ivory Coast,}
Côte d'Ivoire, and I want to thank ^{you} President Houphouët-Boigny
most sincerely for inviting me here.

Throughout all Africa, it must be hard to find a nation
that has made more significant progress toward prosperity than
this great Republic. Thanks to the wise leadership of your
distinguished President, and to the determined spirit of the
people, full and fruitful advantage is being taken of the varied
resources with which this Republic is endowed.

I have come here as President of the World Bank to learn
at first hand something of the manner in which this remarkable
development has taken place and to further my understanding of
how the Bank can become a still stronger partner in your progress.

In my speech to the Governors of the World Bank in September,
I told them of my intention to triple the volume of our activi-
ties on this continent. To achieve this, we shall do everything
we can to discover exactly where and how our ~~loan~~ funds can be
put to the most effective use. This is one of the major tasks
already being undertaken in this area by our Permanent Mission
in Western Africa situated here in the magnificent city of Abidjan.

The problem of ensuring for the countries of Africa a
steady and satisfactory rate of economic progress will keep those
countries and those who will assist them busy for many years to
come. Some will not progress as fast as others. But I hope that
many will take heart from the splendid example set by ^{the Ivory Coast} Côte d'Ivoire

and will see in the wisdom of its leadership and the energy of its people two essential ingredients for steady progress. To the rapid growers and to the less rapid alike we say: we want to help you. Above all we want to help you to help yourselves and each other. The countries of the Entente, by doing just that, are already making impressive strides in their economic development.

I greatly look forward to seeing something of your beautiful country and having fruitful discussions with your leaders.

Trust to Pres. Houphouët-Boigny

Ivory Coast
Feb 1969

Mr. President I thank you for your kind words, and particularly for saying that you regarded me as a friend and ally.

Indeed I am determined that between the World Bank and the Ivory Coast there shall be a fruitful alliance; between ourselves there is already a long acquaintance ripening here in your ^{lovely} beautiful land into a warm friendship.

Mr. President I am delighted that my first visit to Africa south of the Sahara has brought me to this beautiful city, with its splendid buildings ~~set in the silver sea.~~ And tomorrow I ^{look forward to seeing} hope to see more of your famously fertile countryside.

But above all I have come here, as so many others have done before me to see you, Mr. President, and to find out the secret of your success. For your success, the steady economic growth in this country, and your wise political leadership in this region, these ^{have} ~~have~~ made you famous not only throughout Africa but throughout the world.

I thought that as we talked this morning I perhaps glimpsed a part of your secret. Was it ^{not} the combination of your experience as a ^{professor} ~~teacher~~ and a successful agriculturist ^{at} entrepreneur that has made you understand so well that development must be built first by the farmer and the teacher?

It is here in agriculture and education that the Bank proposes to expand its activities most rapidly, ~~as I told the Governors when I spoke to them in September.~~ And it is in these fields also that I see the greatest likelihood of a useful relationship between the Bank and your country.

^{when I spoke to them in September}
I also told the Governors that the Bank Group would hope to triple the extent of its activities in Africa ~~as a whole~~ over the next 5 years.

But in this country I foresee opportunities for an even greater increase,
Indeed, it is probable that within a few weeks ^{we} I shall approve a loan
which, in itself will represent three times the total of our past lending
to you. I hope that this will lay the foundations of a partnership between
the Bank and the great development effort of the people of this country
under your leadership.

^{beliefs + gentleness}
So I ask you to raise your glasses to the President, a great
leader of this nation, of this entente, and of all of Africa; our staunch
ally at the Bank in the battle for more speedy development, and my friend.

ambassador

Prager 11/16/79 - Ivory Coast

deflected by F.C. before independence. Forest levels had fallen & were had large stands of timber (logs were in Dakar & F.C. trained the Dahomeans & Senegalese). Ivory Coast came to independence with but a handful of trained personnel & univ. grad.

But I.C. was fortunate in having extraordinarily competent leaders in H.B. (Humphreys - Boigny). Can stay in power as long as health permits. H.B. leaned on F.C. - twice as many today as before independence. Has been a great advantage but is a potential political problem. But problem is more jealousy of other groups (Dahomeans, etc) who have flocked here because of econ. opportunity.

Another major problem is imbalance between coast & inland. Pres. realizes this & is trying to push development inland. One of the major factors of stability in the country is that they have a large no. of European land owners (400,000 families) which tends to give them a farmer middle class.

Youth out of univ. etc are potentially most disruptive but have contained so far.

Having major econ. disaster or physical misfortune, Pres. have a good chance of stability. In event of this misfortune have a fair chance of riding out the transition. The one political party is representative of all tribes. Yacé would be a candidate, but ^{unintelligent} comes from a tiny tribe & does not have a warm personality. Another possible candidate is the Foreign Min. Bidie a 3rd possibility: able, close to Pres.

Pravara highly intelligent but a Muslim.

Kasson is the centerpiece of the Paris program to push development loans - Morgan believes the project will move satisfactorily: Kasson has insisted there be a man who is responsible & the US ambassador will probably be brought back for it.

P. Mather is offering for mortgage in Southwest but would not use San Pedro S-P is primarily a potential lumber port - Morgan is less happy about S-P than other projects.

US Aid, incl. PL 480 at perhaps 1/3 of total, amounted to 70 million ^{initially} _{per year}.
Regional: West Africa is an important regional ctr. Entente Fund is quite a respectable program & has a real future. Entente is vehicle for output of funds from France + US to greater degree than ADB. Asian Pk has US + Japanese involved but ADB has had to go to back in most back. was begun in the world, it is doing better than say the I.D. African institution. I.C. is interested in collaboration with its immediate neighbors: Entente, Ghana, + Liberia (each country is not a vote-getter but remains a collection of tribes).

FOVA - 4/1/69
(Bank + IDA)

(15 projects)
Zutolf: 700m in transportation projects in 17/19 countries in 3 yrs - Ghana
think IDA for Kenya Senegal 4000 for Ken - perhaps 6000 Ken

Agric - 36 projects ^{in 14 countries} now appear sure: 80m IBRD + IDA in 2 yrs - includes
8 health, 7 rice, 6 cotton 5 cocoa, soil salin, ita, irrig, 1 agr. cr -
world fats & oil prod: 38 million tons incl 1.8 m tons

Health requires 20-25% protection now but ultimately should be competitive
with Argentine beef.

West Africa needs a real research station - would yield a 4 or 3
times increase.

We don't know relative priority of fishing vs groundnut, etc. - we should
ask ILO to do a West African fishing system ^{analysis}
We need to identify what we don't know (e.g. hydrological data on 3
rivers in Senegal, Senegal &) + then work with CIVDP to finance

Pres.
Houghout - Boigny - 2/11 + 4/12/69

During the evening of 4/11 & the 1 1/2 hr conversation (Roger will prepare
a note) on the morning of 4/13 the Pres repeatedly emphasized his
preoccupation with the danger of communism (both for & the area) to Africa.
He said:

1. The basic problem in Africa is whether it will be with the
communists or without the communists"
2. "The Arabs are launching Black Africa 2 war" - e.g. Rhodesia, Angola
3. De Gaulle said "If Arabs advance on Israel, France will fight
alongside US & UK in defending Israel"
4. "I stand with Africa to keep the Communists & Arabs out. Africa will
recreate the African community"

BIOGRAPHICAL DATA

X President Felix Houphouet-Boigny

Born in 1905, President Houphouet-Boigny led his country to independence in 1960 after a long and distinguished career in French politics. The son of a prosperous planter, he qualified brilliantly as a medical assistant after studies at the Medical School in Dakar. He began his political career when he created the Ivory Coast's first Agricultural Union in 1944. In 1945, Mr. Houphouet-Boigny was elected to the French Constituent Assembly. While serving as deputy in the French Parliament from 1945 to 1949, he was influential in the adoption of the "Houphouet-Boigny Bill" which, in April 1946, abolished forced labor in French territories in Africa.

the most political leader in West Africa... in all of Africa; devoted to absorbing the will of his people + of his country, leads of with other African leaders... the danger of a great enterprise... of African political leaders... a stronger advocate of regional cooperation... friendly.

Mr. Houphouet-Boigny held ministerial posts in various French Governments until 1958, when he resigned to become Prime Minister of the Ivory Coast. He was elected President in November of the same year. In 1965, he was reelected President for another five years.

Endowed with exceptionally strong will-power, President Houphouet-Boigny practices the strictest self-discipline. He has given up coffee, tobacco and alcohol. He is a Roman Catholic and loves music and sport.

X Mr. Konan Bédié, Minister of Economic and Financial Affairs

Mr. Bédié was recalled in January 1966 from his post as Ambassador in Washington to become Minister for Economic and Financial Affairs. Born in 1934, he studied law and economics at Poitiers University in France. After his studies, he worked as a civil servant and was appointed Ambassador to the United States in 1961.

Bright, shrewd, ambitious, prominent in his field, friendly.

X Mr. Mohamed T. Diawara, Minister of Planning

A mathematics graduate, Mr. Diawara also studied at the Statistics Institute of Paris University and was a Fellow of the Economic Development Institute of the Bank in 1959.

(to be collected) The brightest of the ministers, not as strong politically as Bédié but less self-serving. friendly & complimentary.

Born in 1928 in Mali, Mr. Diawara served in high administrative posts in the Ivory Coast before he was appointed Minister for Planning in January 1966.

X Mr. Philippe Yacé, President of the National Assembly

Mr. Yacé was born in 1920, in Jacquville (Ivory Coast). He used to be a school teacher, a graduate from the Ecole William Ponty (Dakar) as many other prominent politicians of French-speaking Africa.

Ever since he returned to the Ivory Coast in 1945, after having served with the French forces in World War II, Mr. Yacé has been engaged in political actions, together with Mr. Houphouet-Boigny, which ultimately led to the country's independence in 1960 when he became President of the National Assembly.

PhD degree

Mr. Mamadou Coulibaly, President of the Economic and Social Council

Mr. Coulibaly was born in 1910 in Odienne (Ivory Coast). He also is a graduate of the Ecole William Ponty of Dakar and a former school teacher. He became politically active before Independence and has been the Treasurer of the PDCI (Parti Démocratique de la Côte d'Ivoire) since 1959. He was also representative of the Ivory Coast in French consultative assemblies (Conseil de l'Union Française), before becoming a deputy and Vice President of the Ivory Coast National Assembly in 1960.

Mr. Coulibaly was head of the Ivory Coast Delegation at the United Nations Fifteenth General Assembly. He became president of the Economic and Social Council in November 1962.

Mr. Auguste Denise, Minister of State

Mr. Denise is officially second in rank in the Government as Minister of State since 1959. He is a contemporary of President Houphouët-Boigny and, like the latter, an assistant doctor of Dakar University ("Médecin Africain"). He also is a graduate of Ecole William Ponty (Dakar).

Mr. Denise became politically active in 1946 and soon became secretary-general of the Parti Démocratique de la Côte d'Ivoire. He has represented the Ivory Coast in the Federal Assembly (1946-52) in Dakar, in the Local Assembly (Conseil du Territoire) in pre-Independence years, and was president of the Ivory Coast provisional Government in 1958-59. He is very close to President Houphouët-Boigny but because of his age not considered as his likely successor.

POSSIBLE ISSUES TO BE RAISED BY THE GOVERNMENT

Oil Palm and Coconut Project (SODEPALM)

Negotiations are now substantially completed. It may be that rumors of the current discussions in the Bank about oil palm projects may have given the Ivory Coast the idea that finance for this project is in doubt. If so, this issue will certainly be taken up by the Government.

If this project were finally turned down after two years of hard discussions with the interests concerned (Government, private capital, European Investment Bank, the French Caisse Centrale de Coopération Economique, and the European Development Fund) and after our having rejected the Bandama/Kossou project (1966), our relations with the Ivory Coast would become very difficult indeed. Our relations with the other co-financiers (EIB, CCCE and EEC) would suffer also.

no chance?

Terms of Lending to the Ivory Coast

Bank economic reports have concluded that, overall, the Ivory Coast should be a "hard blend" country. We reason, however, that since other sources (France, EEC) are likely to continue to provide sizeable amounts of soft aid, almost all Bank Group finance should be on Bank rather than IDA terms. Although we already have made the point that, generally speaking, our terms of lending depend upon the country's and not upon the project's economy, the Government may well wish to know whether for the education project to be shortly appraised, we might not consider an IDA credit or a blend Bank/IDA.

with a capital structure

Quite tentatively, our current five-year program foresees that about 6% of our total lending, foreseen at about \$90 million through fiscal year 1973, might be IDA.

*with some terms
borrowing on
same as what's*

The question of terms of lending is also related to a possible deterioration of Ivory Coast's creditworthiness in the future (see the following issue).

Ivory Coast's Increasing Financial Commitments - Financing of Large Projects - Future Creditworthiness

So far, the Ivory Coast's internal and external financial position has been good and has been improving. It is foreseen that future claims on public resources will increase sharply on account of two large projects (see section on The Economy). A short description of the projects and of their financial implications is given in two separate following sections (see San-Pedro Project and Bandama/Kossou Project).

There is no question, of course, of influencing the Government on these two projects. However, a general warning on the advisability of carefully studying all costs of such projects (e.g., costs of population displacement and resettlement), and on the necessity to plan the timing of such projects, may be in order.

✓

Stabilization of Commodities Prices

The Ivory Coast, as a large exporter of coffee, cocoa, and soon cotton and oil palm products, and like all other French-speaking countries of Africa, is very much in favor of international price stabilization schemes for these products. What the Government would favor most is certainly the kind of long-term guaranteed export price and guaranteed quote arrangements that France used to provide until a few years ago. The Government probably does not expect such schemes to be ever accepted by the international community. They would certainly like to know what the Bank's philosophy is at this stage.

Bank's Position Regarding "New" Types of Projects

Among "new" types of projects of interest to the Ivory Coast, it is likely that the Government will inquire about our possible interest in financing: ✓

- . Primary education (especially in connection with television);
- . Tourism (possibly on a regional basis with the other four countries of the Entente);
- . Government-owned industry.

Technical Assistance for the Economic Plan

The Minister of Finance may ask about technical assistance in reviewing the economic plan. We should be prepared to consider this favorably. ✓

Regional Economic Development

In view of Ivory Coast's economic leadership in the region (for the Entente countries), the Government might be asked how it sees the development of the less advanced members of the group and what role the Bank might play in regional development. ask the East

*regional livestock
cheapest prices for
need in 1960 + further in
regional tourism
regional roads*

Meeting with President Houphouet-Boigny ✓

Oil Palm Project (Sodepalm);
Ivory Coast's Increasing Financial Commitments;
Stabilization of Commodity Prices;
Bank's Position regarding "New" types of Projects;
Regional Economic Development.

*Kassou } relation to budget
San Pedro }
Coffin Yedou } policy*

(see "Issues for Discussion" section
of brief for notes on these topics;
see also "San Pedro Project" section
and Kossou (Bandama) Project section)

Meeting with Minister of Education, Mr. Tanoh

See Note on Educational Project in
"Bank Group Operations" section of
brief.

Meeting with Minister of Finance, Mr. Bédié.

Any of the topics in "Bank Group Operations" and "Issues for Discussion" sections of the brief may be raised by the Minister.

Meeting with Minister of Planning, Mr. Diawara.

Any of the topics in "Bank Group Operations"
and "Issues for Discussion" sections of the
brief may be raised by the Minister.

Meeting with Minister of Public Works, Mr. Kacou

Highway loan (542 IVC);
UNDP General Transport Survey.

(see "Bank Group Operations"
section for above)

Meeting with ADB - Mr. Beheiry

See "African Development Bank" section
of brief.

Also attached note on ADB.

Field Trip with Minister of Agriculture

See, in "Bank Group Operations" section of brief:

Oil Palm and Coconut Project (Sodepalm);
Other projects - cocoa, cotton, oil palm (SAPH).

See in "Issues for Discussion" section of brief:

Oil Palm and Coconut Project (Sodepalm);
Stabilization of Commodity Prices.

IVORY COAST

BASIC DATA

Area : 125,000 square miles

Population: : 4.5 million (1966 estimate)

Density : 36~~6~~ per square mile

Rate of growth : 3 to 3.5%, of which 1% from immigration

Political status : Independent since August 1960

Gross domestic product (at market prices)

		1960	1964	1965	1966	1967 (preliminary)
at current prices: billion CFAF		144.8	241.2	239.6	258.4	275.7
	million US\$	586.6	977.1	970.6	1,055.0	1,125.0
rate of growth (p.a.)		/ 10.6% /				
per head	CFA francs	38,800	57,400	55,200	58,500	60,500
	US\$	157.1	232.5	223.6	237.0	265.0
rate of growth (p.a.)		/ 7.1% /				
Total GDP at constant prices: rate of growth(p.a.)		/ 8.8% /				

Structure of GDP at market prices (1966)

<u>Origin</u>		<u>%</u>	<u>Uses</u>		<u>%</u>
Agriculture and fishing		30.2	Private consumption		61.2
Forestry		3.4	Public consumption		14.8
Manufacturing		9.4	Gross domestic investments		18.5
			Net balance of foreign trade and services		5.5
Energy and Mining		4.1			
Construction		5.5			
Transport		8.5			
Commerce		22.7			
Other services		5.6			
Government		10.6			
Total		100.0			100.0

Financing of gross domestic investment
(in billion of CFA francs)

	1960	1964	1965	1966	1967 preliminary
Gross fixed capital formation	21.5	48.8	43.5	47.0	51.1
Gross national savings	n.a.	39.9	34.4	43.9	n.a.
Net capital inflow	n.a.	14.5	12.5	13.2	n.a.

Central Government Budget
(in billion CFA francs)

	1964	1965	1966	1967 preliminary
Total current revenues ^{1/}	43.2	46.9	49.0	53.4
Total current expenditures	<u>28.0</u>	<u>30.6</u>	<u>33.9</u>	<u>37.0</u>
Surplus of the current budget	15.2	16.3	15.1	16.4
Amortization of the public debt	1.0	3.9	3.8	4.1
Development expenditures	<u>17.8</u>	<u>17.6</u>	<u>19.0</u>	<u>19.0</u>
Total deficit	3.6	5.2	7.7	6.7

Major sources of foreign financial assistance

	1964	1965	1966	1967
France (FAC, CCCE)	2.6	3.2	2.5	2.6
EEC (FED)	1.8	1.8	2.4	1.7
US	.5	.7		n.a.
Other sources, including supplier credits	<u>1.2</u>	<u>6.2</u>	<u>5.4</u>	<u>n.a.</u>
	<u>6.1</u>	<u>11.9</u>	<u>10.3</u>	<u>n.a.</u>

1/ Including profits of the Caisse de Stabilisation transferred to the development budget.

<u>Balance of Payments</u> (in billion CFA francs)	1964	1965	1966	1967 ^{1/}
Imports	65.3	64.2	68.6	69.1
Exports	<u>75.7</u>	<u>76.0</u>	<u>89.1</u>	<u>83.3</u>
Trade Balance	10.4	11.8	20.5	14.2
Net services	- 5.7	- 5.5	- 6.5	- 3.0
Net factor income payments	- 6.3	- 6.9	- 8.4	n.a.
Private transfers	- <u>7.3</u>	- <u>8.5</u>	- <u>8.7</u>	n.a.
Current Account Balance	- 8.9	- 9.1	- 3.1	n.a.

External Trade

Relationship to large customs area: Member of the West African Customs Union,
Associate Member of the EEC

	1964	1965	1966	1967 ^{1/}
Exports of goods and services:				
% of GDP	38.0	38.8	40.7	34.0
Rate of growth (%)	24.5	1.4	15.2	?
Imports of goods and services:				
% of GDP	35.3	35.3	35.4	
Rate of growth	30.0	- .7	9.9	
✓ Concentration of exports (%)				
Coffee, cocoa, timber	86%	82%	81%	

International Reserves

As of December 31

(External Assets imputed within the West African Monetary Union)	1964	1965	1966	1967
Total value (US\$ million)	52.1	62.3	77.2	58.5
Months' imports of goods	2.5	3.0	3.5	2.5

IMF position (US\$ Million)

	15	15	16	17
Quota				
Drawings	-	-	-	-

External Public Debt

	December 31, 1966	December 31, 1967	June 30, 1968
Total debt outstanding, including undisbursed (US\$ million)	196.4	230.5	244.3

^{1/} Figures from national accounts are smaller than customs figures, 1967 figures therefore not comparable to previous years.

POLITICAL SITUATION

The Republic of the Ivory Coast became independent in August 1960 under the leadership of President Houphouet-Boigny. Political, economic and cultural ties with France, cemented by a personal friendship between the two Presidents, have remained strong. A cooperative agreement, covering economic, monetary and fiscal matters, as well as technical and cultural assistance, was concluded with France in 1961. The Ivory Coast continues to be one of the main beneficiaries of French technical and financial aid in Africa.

The country has a de facto one party system and a presidential regime. President Houphouet-Boigny, who follows liberal and moderate policies, is one of the most respected leaders of French-speaking Africa. On his initiative, the Conseil de l'Entente, was formed, a loose but politically important association of the Ivory Coast, Dahomey, Niger, Upper Volta and Togo. The Conseil de l'Entente provides for periodic consultations between the Chiefs of State of the five countries. President Houphouet-Boigny also plays an important role in the Organisation Commune Africaine et Malgache (OCAM), which includes nearly all French-speaking African countries and the Malagasy Republic. Attached are biographical data on the President, the Ministers of Finance and Planning, the President of the National Assembly, Mr. M. Coulibaly, President of the Economic and Social Council, and Mr. A. Denise, Minister of State.

The remarkable political stability and the liberal policies towards foreign capital are very largely the making of the President himself. The problem of his succession will be a difficult one with many uncertainties as to what political and economic doctrines will predominate under a new leadership. Mr. Philippe Yace, President of the National Assembly, is frequently mentioned as the most likely successor to President Houphouet-Boigny.

- 4. Work out a detailed capital budget (Append. & source of funds) for future no part and analyze change in debt service problem -
- 1. no apparent control over capital budget for next 5 yrs.
- 2. no plan for financing Kasson settlement - heavy cost + (Total 900 in 5 yr budget) return + possible debt service problems -
- 3. Last yr had pol. troubles at time of departure in France - led to a split of capital & trade union + internal party differences - wages were increased & government exacerbated -

- 6. What is next 5 year plan for 60-64? Kasson displaced
- 1. How much of govt & bus is managed by Frenchman
- 2. What tensions exist w/ govt
- 3. How does Union. org. operate
- 4. What is the plan to transition to African (or) leadership
- 5. What is major reason for difference in success
- Why were BK loans only 2m '64-'68

THE ECONOMY

Basic Data - See preceding section.

General

Overall growth has been very rapid since Independence (+9% per annum between 1960 and 1965); it is slowing down but remains quite satisfactory (+7.6% in 1966 and +6.7% in 1967). The two main forces behind this past development have been (i) exports (mainly coffee, cocoa, timber) which have more than doubled between 1960 and 1967; (ii) investment, which has approximately doubled between 1960 and 1967 in absolute terms, and has increased in relative terms from 15% of GDP in 1960 to 18.5% in 1966. Also the industrial sector has grown more rapidly than in most West African countries and contributes now (1967) 16.5% of GDP, excluding construction and small crafts. Industrial growth owes much to private investment from abroad, also a feature not common in West African countries practically devoid of mineral resources.

The financial position of the Government has improved all the time. While current expenditures have more than doubled over the 1960-1966 period, Government savings have remained high. Although declining somewhat in 1966 and 1967, they still represent 25% of current revenue. Public enterprises have contributed and still contribute to public investment. Public savings, including savings of public enterprises, have financed around three-quarters of public investment over the 1960-1967 period, a very high figure in the African context.

Private investment represents more than half the total investment. Private domestic savings exceed private investments, the balance being transferred abroad as no restrictions have ever existed to such movements within the Franc area. The balance of payments position is sound. The current deficit is attributable to the transfers just referred to and not to merchandise trade and services. Until now it has been more than compensated by inflows of public funds (French and EEC) and by private capital. Net external assets imputed to the Ivory Coast within the West African Monetary Union are fairly high (equivalent to three-four months' imports).

Prospects are generally good. Overall growth is expected to continue at 6-7% per annum until the late 1970's. Exports will grow probably less rapidly than in the past (mainly because of limitation of timber supply) until new products, particularly oil palm products, appear on the export list. Private transfers abroad should remain high. This, combined with the relatively slower growth of exports will tend to increase capital requirements, other things being equal. On the other hand, public savings should still increase; they could double in absolute terms between 1966 and 1975 provided the growth of current expenditures does not exceed 7% per annum, and it should also be possible to mobilize a greater share of private domestic savings if the Government could borrow on terms at least as attractive as those which private capital can find in France, and, of

What is major reason for difference with Senegal?

Why should not down int. rates financed to reserve for cap. exp.

course, if political conditions in the Ivory Coast remain as good as in the past.

The domestic and external financial prospects are affected by the Kossou (Bandama) project, the largest single investment in the history of the Ivory Coast. The hydroelectric project, consisting of a large dam, power station and distribution system, is presently estimated to cost the equivalent of US\$ 105 million. A loan agreement for \$36.5 million has been signed with the United States Export-Import Bank, the same amount is expected to be provided by Italian suppliers' credits and the rest will be financed by the Government. The execution of this project in the years 1969 to 1973, together with the construction of a new port in San-Pedro, may considerably reduce public investments in other new projects of higher priority.

*where is it - 100 is
making*

The Kossou project will necessitate resettlement of some 60,000 to 80,000 people who have to be evacuated from the flooded area. At present, there are no plans for their settlement; the little information available indicates that not only a major organizational effort is required, but also that well over \$60 million of public investments equivalent may be needed for resettlement in the mid and late 1970's.

The combined Kossou and resettlement financing requirements, together with that of other large projects (San-Pedro region) will undoubtedly strain the financial resources and the Ivory Coast can continue to maintain a sound financial position during the 1970's only by limiting the growth of current public expenditures and mobilizing more private savings, and these only if aid on soft terms continues to be available from the traditional sources, i.e., France and the EEC. It is likely, however, that external grants from these sources, other than in the form of technical assistance, will be eliminated by mid-1970. The Ivory Coast will, therefore, need to borrow long-term capital on conventional terms in foreign capital markets. The Government has, in the past, launched about six loans in the French market, for modest amounts (CFAF 1 to 2 billion each time); more recently (1968) it has borrowed \$10 million in the Euro-dollar market, being the first African borrower to have done so. It can be roughly estimated that net capital requirements for the public sector from abroad will not exceed about 15% of total public investment in 1966-1970, but will increase to 30% in 1971-1975. Borrowing on conventional terms could cover half the capital requirements from abroad or around CFAF 9 billion (\$36 million) in 1966-1970 and CFAF 25 billion (\$100 million) in 1971-1975, including World Bank loans. Until the second half of the 1970's, the external debt service will remain at around 7% of exports of goods and services and well above 10% in the 1980's.

is it "blind" country?

Some Problems for the Future

The outstanding economic performance of the Ivory Coast should not conceal the existence of some peculiar underlying factors which are behind its past economic growth and may become problems in the future, besides the political question of the President's succession mentioned earlier.

First, the ⁽¹⁾role of technical assistance - mainly French - is comparatively more important than in any other former French colony (with the possible exception of Malagasy). Except at the ministerial level, most key posts are held by expatriates even when these are, in name, more "technical advisers". Pressure from young Africans inside the country and the trend towards economies in France pose the question of faster Africanization. Second, something like ⁽²⁾one-fifth of the labor force is made up of Africans from other countries, mainly Voltaics (see note on Population). Although it is in the interests of both the Ivory Coast and the countries of emigration that labor movements remain free, political tensions between the two may here transform potential difficulties into real ones. Third, the inflow of private capital, though much more important than in most other African countries of similar stature, is now being outweighed by ⁽³⁾private payments abroad. Finally, this unfavorable trend is aggravated by the scaling down of grants and soft loans from the traditional sources of aid in Europe. Debt service, though still within reasonable limits, is bound to increase quite significantly in the 1970's and early 1980's.

On the other hand, other potential weaknesses in the economic structure are being corrected. The possible source of instability which might arise from too narrow an export basis where coffee, cocoa, and timber are the main products, is to be reduced by the policy of diversification already well underway with the development of such products as pineapples, palm oil, copra and cotton. Provided, also, that other West African countries do not follow protectionist policies, the Ivory Coast may become a major exporter of industrial products in the area.

*practically self-sufficient on food (processed food)
now exporting cotton*

POPULATION

Though Ivorean statistics are generally very good by African standards, this is not the case for demographic statistics - a sign, perhaps, that the Government is not yet fully aware of the problems connected with the country's population.

Total resident population in 1966 was estimated at 4.5 million, approximately, or an average density of 14 per square kilometer, with the following main features some of which make the Ivory Coast a rather distinct case in Africa:

- . a very rapid rate of growth - between 3% and 3.5%, attributable for one-third to immigration; ✓
- . a high and rapidly increasing proportion of urban population: about 20% of the people live in towns of 10,000 inhabitants and more; Abidjan alone has over 8% of total population; ✓
- . a continuing movement of population from the savannah (north) region to the forest (south) area. ✓

African population of non-Ivorean origin is estimated at around 400,000 to 500,000, two-thirds Voltaics and one-third Malians. The economic impact of these large numbers, of course, is the fact that 80% of the immigrants are males in the working age group whereas the proportion of "active" population in population of Ivorean origin is only 50%. Thus, something like one-fifth of the labor force in the country is from other African countries. Immigrants work mainly in cocoa, coffee and other plantations (e.g., in the oil palm project being currently negotiated with the Bank). Obviously, population growth attributable to immigration does not raise the problems associated with natural growth and has been a decisive factor in the Ivorean economic "miracle".

Natural growth, however, is high (2% - 2.5%) and would normally increase with progress made in diminishing mortality rate, with the result that 40% of the people are under 15 years old. Hence, the usual formidable problem of education and its economic costs. Thus with already over 20% of the Government current expenditure allocated to education the rate of school attendance is only 40%. The objective is to reach a 100% school attendance by 1985. *What is the death rate?*

Rapid urbanization certainly partly reflects the growth of industry and services in the economy. However, the pace of growth of urban population exceeds that of productive jobs in the towns, and is not matched by the rate of investments in urban infrastructure which would insure decent living conditions (e.g., the huge water supply and sewage problem in the African section of Abidjan).

Southward migrations, and only to the extent that they do not add to urban unemployment, do correspond to the relatively faster economic expan-

sion of the "forest" area. However, the Government is, perhaps, insufficiently aware of the cost of having to accelerate and direct the movement towards the chosen development areas (e.g., the San-Pedro region in the south-west).

We do not know of any plan for population control in the Ivory Coast. While the Government would certainly recognize the potential benefits of reducing high fertility rates, they would probably point to the rapid growth of per capita income already observable, to the large potential for further rapid progress, and they would more readily envisage the advisability of a decline in the natural rate of growth of population when its total size reaches, say, the 10 million mark.

RELATIONS WITH THE BANK - BANK GROUP OPERATIONS

The Ivory Coast has close financial relations with France on which she could rely in the past and which are likely to continue, although aid in grant form is expected to phase out. The latter is true also for grant aid received from the European Economic Community. Mainly because of a high rate of capital inflow from these two sources, the Ivory Coast has been rather slow in approaching the Bank. In 1964-65, the Government applied for a Bank loan for the financing of the \$105 million Bandama/Kossou hydroelectric scheme; the project was found premature and of low priority by the Bank. Recently, the Government secured \$36.5 million for this project from the Export-Import Bank. It expects to receive a similar amount from Italian suppliers and will finance the remainder from its own resources. Following a period of strain in the relations with the Bank due to our negative reaction to the Bandama/Kossou hydroelectric scheme, good relations have been restored and we now have several projects in the pipeline.

Highway Loan (542-IVC): The Bank loan of \$5.8 million for a highway project, signed on June 21, 1968, was the first Bank lending to the Republic of the Ivory Coast since Independence (1960). (The Ivory Coast benefitted from a \$7.5 million loan to the West African Federal Railways in 1954. The loan is now fully disbursed.) The project provides for the reconstruction of the Abengourou-Agnibilekrou road (60 kms.), feasibility studies for about 700 kms. of roads and, after identification, detailed engineering for about 500 kms. of road. The road to be constructed under the project is significant in that it forms part of the main link to Ghana and connects the north-eastern zone of the Ivory Coast with the port of Abidjan. Feasibility studies included in the project are expected to lead to further road projects suitable for international financing in 1969-70.

The five-year IBRD/IDA lending program (1968-69/1972-73) provides for a total lending of about \$90 million, of which \$35 million would be in agriculture, \$35 million in transport and the remainder in communications and education. All but \$5 million of this total amount would be Bank lending. Our plan, to be extended to 1973/74, is currently being revised.

Discuss detail of 90 with PMWA

The following is a summary of prospective operations:

a) Oil palm and coconut project (SODEPALM): The project was appraised by the Bank in mid-1967. It involves an important on-going oil palm plantation and palm oil production development program which has been financed so far mainly by the EEC. Further extensions are expected to be financed in parallel operations by the French Caisse Centrale de Cooperation Economique, the European Investment Bank and IBRD. A private firm (SOGESCOL) with worldwide experience in the edible oil field will be associated with the project, in particular with the marketing operations. The Bank project would provide funds for a project, estimated to cost about \$30 million (of which roughly \$22 million for the oil palm sector and \$8 million for coconut plantations). Bank lending is envisaged for \$16-18 million. Slow progress in negotiations between the Government and the private participants in the venture held up the project. However, agreements have now been reached. They were discussed in a recent meeting (mid-October) in Paris between the above-mentioned co-lenders and the Bank; subsequently, joint comments of the finan-

3 times as large as total Bk lending in this 9 yrs since independence

cial institutions were presented to the promoters who agreed in principle to various modifications in their agreements. Negotiations have been substantially completed and Board consideration is expected in March or April.

Let us effect on palm oil seed study

b) Education: See note attached.

not before 72

c) Telecommunications: We have had a reconnaissance mission to the Ivory Coast in September 1967. Late in that year, the Government indicated its intention to approach the Bank for assistance in financing of the 1968-72 telecommunications expansion program as soon as studies and planning for this program had been completed. We are waiting to hear from the Government and have asked PMWA to follow-up.

d) Other projects for which the Government is expected to request Bank assistance are: (i) a cocoa rehabilitation project, (ii) a cotton development project, and (iii) an oil palm project of the SAPH (Société Africaine de Plantations d'Hevéas) in which the Government is the major shareholder (depending on the Bank's position on projects in this category). We have not yet received detailed information on these projects but, in all cases, preparatory studies are nearing completion (SAPH) or have started recently (cotton). The Bank's Permanent Mission in Abidjan is following up and assisting in project preparation.

meaning?

livestk?

UNDP General Transport Survey

Consultants working on a UNDP-financed general transport survey for which the Bank is the executing agency have started work last October. This study is expected to lead to further highway projects for the period 1971-75.

IFC Activities in the Ivory Coast

In January 1965, IFC invested CFAF 50 million (\$200,000 equivalent) in the Industrial Development Bank (BIDI), whose chief sponsors are the Chase Manhattan Bank and Lazard (New York). BIDI's capital is CFAF 700 million (\$2.8 million equivalent).

EDUCATION PROJECT

*discuss details
make TV, with
PWA*

The proposed project to be appraised by a Bank mission in February 1969, was prepared by a UNESCO mission which visited Ivory Coast from October 21 to November 21, 1968; it consists of the following:

<u>Number</u>	<u>Type of Institution</u>	<u>Duration of course (years)</u>	<u>No. of Places</u>	<u>Est. cost US\$ Million</u>
3	Primary Teacher Training (recruits after completion of grade 10)	1	690	2.4
1	Post-secondary Technical Institute	3	750	3.9
2	Secondary Technical Schools (recruit after completion of grades 8-10)	3-5	2280	5.3
4	Post-Primary accelerated (a) vocational training (rural centers)	2	600	1.8
1	(b) id (urban centers)	1	180	0.6
1	Post-secondary Agriculture	2	280	1.0
	Scholarships and project unit			.2
				<hr/> 15.2
	Import Duties			2.2
				<hr/> 17.4

The UNESCO preparation mission was preceded by:

- a) Bank Reconnaissance Mission in January 1967
- b) Bank/UNESCO Reconnaissance Mission in May 1968

The project could be prepared only after completion of the planning work by the Ivorian authorities.

The appraisal mission will also evaluate the need for an instructional television center to improve the quality and relevance of primary education. This was the subject of a letter from Mr. Maheu to Mr. McNamara, January 22, 1969^{1/}. The feasibility study for the center to be located in Bouake has been prepared

^{1/} See attached letter.

*TV: status report
+ details of
+ cost?*

under a French technical assistance grant and draws on experience in Niger. The estimated capital cost over the first 3 years is FCFA 1,020 million (US\$ 4.2 million) and the total recurrent cost after 10 years of operation, excluding amortization, would be about \$4 per pupil reached. The agencies interested in the project - UNESCO, UNICEF, FAC, UNDP and the Ford Foundation held their last meeting in Paris on January 7 to examine how the feasibility report had been revised to meet the Bank's suggestions made in August 1968.

*what were
the suggestions
+
was it
revised?*

The mission may also have to investigate the need for one additional primary teacher training college and several first cycle secondary schools.

The major issues raised by the project are:

- (a) how to decrease capital and recurrent costs per student;
- (b) how to improve the efficiency of the educational process;
- (c) development of methods for the appraisal of new media in education projects.

THE SAN-PEDRO PROJECT

In a scarcely-populated area about half-way between Abidjan and the Liberian border, a new port will be constructed. To serve the port, two major roads, one going inland and another along the coast, as well as the very basic infrastructure for the city, are to be built at the first stage. The port will enable a better utilization of forest resources previously untapped because of transportation difficulties, and thus help to increase timber exports. At a later stage, the port is expected to open up new areas for agricultural development, and possibly also new mining resources. The potential development of the San-Pedro region has been recently surveyed in considerable detail by a United States consulting firm, Resources and Development Corporation, which points to good prospects for forestry, industrial agricultural and possibly mineral development in this area. The development of San-Pedro is clearly motivated not only by the direct economic benefits of increasing exports and production but also by the Government's desire to create a second region for urban development to take off some of the potential pressure of too heavy concentration in a sole major urban center around Abidjan. -

^{+37 million}
The first stage of the San-Pedro project was planned on the basis of a survey financed by FAC. ^{1/} It is estimated to cost CFAF 8 billion, based on the contracts recently signed. A French-German Consortium has been formed to carry out most of the construction; it will also provide financing of about CFAF 2.2 billion for 9 years at between 5.5 and 6.5%, guaranteed by the French COFACE and the German Hermes. About CFAF 3.2 billion will be credits for 25 years at 3%, provided by FED and the German Kreditanstalt, and an additional CFAF 1 billion is expected to be financed by suppliers' credits of an Italian construction company. The remainder, about CFAF 1.5 billion, will be financed by the Ivory Coast Government, mainly through BSIE. ^{2/}

The financial resources which the Ivory Coast Government will have to provide over the next three to four years for San-Pedro are not too heavy, and could be financed by BSIE without undue strain. It is questionable, however, whether the terms of the suppliers' credits are commensurate with the longer-term nature of the benefits from the project.

Preliminary work started in Spring 1968. The first stage, described above, is expected to be carried out in three to four years. This would certainly have to be followed by a second stage involving more elaborate municipal services, as well as investments in housing, in addition to development of agricultural and other resources. At the present time, no information is available on the second stage nor on the investments required and their possible financing. However, financing of a second stage will have to be provided within the framework of the 1971-1980 plans. *change in estimate*

^{1/} Fonds d'Aide et de Coopération: the French main budget for aid to developing countries.

^{2/} Budget Spécial d'Investissement et d'Equipement: the Ivorean development budget.

THE KOSSOU (BANDAMA) PROJECT

The Project

The largest development project to be carried out in the Ivory Coast in the 1970's, as well as the largest in her history, is expected to be a hydroelectric project, consisting of a large dam, power station and distribution system on the Bandama River near Kossou. Since a loan agreement with the Export-Import Bank has now been signed and the Government intends to carry out the project, it is important to assess the possible implications on public financing and debt servicing requirements. *where?*

The cost estimates of the project have been raised to about CFAF 26 billion (or \$105 million) following an increase in the planned size of the dam. The United States Export-Import Bank has agreed in principle to finance the purchase of up to \$36.5 million of equipment and services in the United States. Credits of the same amount will be arranged by an Italian contracting group to finance purchase of equipment, material and services in Italy. The Export-Import Bank loan is at 6%, while the Italian credits are expected to be at 6 1/2%, both for 21 years, including a six-year grace period. The Ivory Coast Government undertook to finance the equivalent of \$32 million for domestic goods and services. This will be financed mostly through BSIE at an annual average rate of over CFAF 1.5 billion (\$6.4 million) from 1969 through 1973.

As the dam will be constructed, a large area around Kossou, presently well-populated and cultivated, will be gradually flooded. According to ~~Ivorian Government~~ sources, 178 villages will have to be evacuated. Some 60,000 to 80,000 people will be displaced, mostly from the Baoulé tribe which is the strongest political group in the country. A proper solution to the displacement problem will involve a major agricultural resettlement program. At the present time, only a general and tentative outline has been drawn up by the Planning Ministry. (A survey prepared in 1964 by a French consulting firm is now outdated.) This outline suggests a large-scale resettlement project in the sparsely populated San-Pedro area of some 5,000 to 6,000 families. Settlers will be generally provided with units of some 8 to 10 hectares of non-irrigated land in which cocoa and coffee will be important crops. It is also proposed to resettle 5,000 to 6,000 families in the Kossou area on units of 5 to 6 hectares of irrigated land using Bandama water. The major irrigated crops envisaged are sugar, palm oil, cocoa and rice. Setting up of a special Government agency has been proposed to direct the resettlement effort and engage in making available farming units of cleared land, irrigation, plants, seeds and fertilizers, roads, village services and a partial financing of a housing unit. Preliminary and tentative estimates suggest that the Government's share of the settlement costs will be about US\$ 4,000 equivalent per family for a non-irrigated land unit and \$8,000 equivalent for an irrigated unit. *what is cost? Planning 9-*

The above are merely preliminary suggestions on possible measures to deal with the displacement problem. Before a project is prepared, a good deal more preliminary work is needed: surveys will have to be made *total cost 60+ million?*

on the suitable crops and their marketing prospects, on land clearance programs, on water utilization, etc. There may well be a need for some small-scale pilot projects. Only when the basic relevant information is available can proper costs and financing estimates be made.

Very preliminary and rough estimates available at present indicate that a large-scale resettlement project may require investments of well over \$60 million equivalent, mostly to finance local goods and services. According to some indications, the direct and indirect costs of Kossou - including a large resettlement project - might thus amount to as much as \$200 million equivalent. Such an investment would, of course, provide not only additional power but the resettlement part of it might also show some benefits in the agricultural field. At the present time, it is still impossible to estimate the financial requirements and their implications for public finance and debt servicing. There is little doubt, however, that a large proportion of the future debt and debt service will be attributable to this project.

In any case, it is evident that the Kossou hydroelectric project will involve not only large financial resources for resettlement but also a very major organizational effort. Some difficult sociological and political problems will also have to be tackled since resettlement might at least partly have to be carried out in an area far away from the present lands of displaced tribes. The very large size of the resettlement project in the context of the Ivorean economy warrants the immediate beginning of a well-organized effort to initiate the necessary surveys and pilot projects.

Bank's Position

The Bank's position on the Bandama project has been a source of disagreement between the Government of the Ivory Coast and the Bank for quite some time. The investment is ill-advised, both because of its very low return and the very heavy strain it places on Government finances and debt service. We have made our position crystal clear and there is probably no point in taking the initiative in bringing up the issue again. At the same time, it may be worthwhile to inquire with the appropriate authorities what action they propose to take to meet the financial requirements of this huge investment.

RIVER BLINDNESS (ONCHOCERCIASIS)

ask PMW at diseases

River blindness is one of the most serious diseases in West Africa. It is spread by a fly breeding in turbulent water. The disease has important economic consequences because often fertile valleys where the disease prevails are almost entirely deserted. The deserted areas are estimated at over 1 million ha of the most fertile land. The disease is partly responsible for mounting population pressure in certain uninfected areas, in particular in the region crossed by the Volta Rivers.

where

Limited disease control programs have shown that the disease can be eliminated by the use of relatively inexpensive insecticides (DDT). UNDP, for example, claim that in the Niger Dam area the disease has been brought under 95 per cent control through river-dosing techniques.

Although virtually all countries in West Africa are affected by the disease, a control program has been proposed in an area covering parts of Ghana, Ivory Coast, Togo, Dahomey, Upper Volta, Niger and Mali. The total cost of the campaign has been very tentatively estimated at \$20-30 million covering a ten-year period which is the minimum requirement for effectiveness. WHO, USAID and OCCGE (Organisation de Coordination et de Coopération pour le lutte contre les grandes Endémies) have already carried out some preparatory work.

Recently Mr. Diiori Hamani wrote to the Bank in his capacity of President of the Republic of Niger and also as the spokesman of the Entente countries to ask for comments and suggestions regarding the Bank's participation in such a project.

Mr. McNamara's reply of January 30 to President Diiori Hamani shows the Bank's interest in the onchocerciasis problem but is sufficiently guarded in case it should appear that the Bank would not be able to participate after a thorough review of the matter. We await a report of a preliminary study now being made by WHO and President Hamani has been asked to send this. We have promised to be in touch again after reviewing the study.

ask PMWA re follow-up

AFRICAN DEVELOPMENT BANK

Early discussions between representatives of the Bank and the African Development Bank centered on coordination of activities and procedures for transferring possible Bank projects to the ADB. In a series of meetings during early 1967, agreements were reached (1) to cooperate in studying regional development needs in power, transportation and communications; (2) to facilitate the transfer of possible Bank/IDA projects to the ADB; (3) to provide Bank experts on an ad hoc basis to the ADB; and (4) to arrange for the regular exchange of information on operations, technical assistance activities, staff travel and related information.

Regional studies of development needs. In a meeting on January 23, 1967 Mr. Woods and President Beheiry of the African Development Bank agreed that overall studies of power, transportation and communications on a regional or continent-wide basis were "most important", and proposed that the Bank, ADB, UNDP and the Economic Commission for Africa work out details for these studies, ask the Bank's Projects Department to draw up terms of reference and suggest possible consultants, then present these proposals to both donor and borrower countries.

Provision of Bank experts to ADB. At the same January meeting, understanding was reached on the basis for Bank expert assistance to ADB. Mr. Beheiry had suggested that the PMWA and PMEA be "merged" into the ADB to avoid duplication of effort. Mr. Woods replied that these offices were necessary to represent the Bank and to make Bank policies and procedures better known in Africa, but added that once ADB could handle the work planned for the two regional offices, they would be "phased out". Mr. Woods also discouraged the suggestion that the Bank send one or two loan officers to ADB for a year, saying that frequent visits by experts would be a preferable arrangement for both institutions. Subsequently, the Bank also agreed to alert the ADB to qualified experts not required by IBRD who might be of service.

Exchange of information on operations. The Bank agreed with the ADB's vice-President, Mr. Vincent, in March 1967, to supply information such as monthly operational summaries, progress reports of the PMWA and PMEA, monthly summaries on statements of loans and credits, technical assistance, summary of DFC operations, as well as economic reports. The Bank asked for similar information from the ADB.

Transfer of possible projects. During these early discussions, the Bank seemed quite prepared to offer some of its possible projects to ADB and submitted a list of eight possibilities in February 1967. The ADB responded that take over of some projects would have to wait until the ADB had soft-lending capability, while others might be suitable for joint financing. The Bank agreed to hand over the complete files of possible projects prior to appraisal if the ADB decided to finance them and the countries concerned agreed to the transfer.

*hand
over
transfer
only*

Staff Training. Mr. Beheiry has asked the Bank to take some of his staff for training. Mr. El Emary wrote to him on January 7, 1969 to confirm the Bank's willingness to take staff members of ADB one at a time for 6 to 8 weeks special training in Washington, on the understanding that the Bank would be given a month's notice of the trainees proposed arrival. ✓

Personnel Problem. Mr. Beheiry has recently complained that the Bank has tried to hire away one of his staff members. The matter is the subject of a separate note attached.

African Development Bank - Personnel Questions

info to Beheiry

In the event that Mr. Beheiry should bring up a complaint that the Bank has poached staff from ADB, the following are the facts about the two cases he has in mind.

A Mr. Moghazi applied for a position in the Bank in February 1968, stating that he would be available for employment at the end of the year. After interviews in the Bank in September 1968, it was decided to retain him as a consultant for four months to join cocoa project preparation missions to Ghana and the Ivory Coast as an Agricultural Economist. The intention was to consider him thereafter for a regular appointment, if he performed well as a consultant, a frequent practice of the Agriculture Projects Department. At the same time the Personnel Division wrote routinely to Mr. Vincent, Vice President of ADB, asking for a reference on Mr. Moghazi as a candidate for a regular position. Although Mr. Vincent replied on November 4 with favorable comments, he noted that he understood that Mr. Moghazi had already been appointed to a position in the Bank. That was a clear misunderstanding.

The case of Mr. Delej has created greater indignation on the part of ADB. This man was seriously considered in December 1965 as an adviser for the Development Finance Companies Department, but became seriously ill. After his recovery, he told us in August, 1966 that he had accepted an assignment, under IADB auspices, to serve as an Adviser to the ADB. In October 1968, Mr. Upton of IADB wrote to inform us that Mr. Delej was completing a two-year term as Adviser to the ADB and would be available for reassignment at the end of 1968. Mr. Lutolf, who was thereafter asked to obtain an evaluation of Delej, confirmed that Delej planned to leave ADB on December 20, that he had written to a number of people looking for a new position and would be interested in a Bank or IFC assignment. On November 26, Mr. Diamond cabled Lutolf to invite Delej for interviews in Paris if he were interested in an NIDB assignment. Delej passed a word back that he was interested, but asked that the interview be deferred until January. Meanwhile, Mr. Lutolf contacted Mr. Beheiry on Mr. Delej, but Mr. Beheiry reacted very indignantly about the contacts with Delej. It was therefore decided to take no further action until he had left Abidjan.

THE AFRICAN DEVELOPMENT BANK

Historical

The idea of establishing a development bank for the continent of Africa originated in Tunis in 1960 during the All-African Peoples Conference, which passed a resolution envisaging the "setting up of an African investment bank to promote development projects".

A panel of experts was convened in 1961 to study the feasibility of establishing an African development bank. In 1962, the Economic Commission for Africa (ECA) constituted a committee of nine member states in order to make all the necessary arrangements for the establishment of the bank. The members of this committee were: Cameroon, Ethiopia, Guinea, Liberia, Mali, Nigeria, Sudan, Tanganyika and Tunisia.

A conference of African Ministers was held in Khartoum (Sudan) from July 31 to August 4, 1963 under the auspices of ECA to review the work of the Committee of Nine. The conference approved the text of the agreement establishing the African Development Bank (ADB) and opened it for signature. By the end of December 1963, thirty African Governments had signed the agreement and it entered into force on September 10, 1964.

The ADB was formally established on November 4, 1964 and the first meeting of the Board of Governors was held from November 4 to 7, 1964 at Lagos, Nigeria. During the meeting, it was decided to locate the principal office of the Bank in Abidjan and the first President, Vice-Presidents and Board of Directors were elected. However, it was not until July 1, 1966 that the Bank started operations.

Justification for a New Financial Institution in Africa

Before proceeding to discuss the type of organization that might be established, the panel of experts had recognized that the prior and major question to be considered was whether a new institution was needed at all for financing the development needs of African countries. It was considered evident that African countries required considerably more investment than they had received hitherto if their economic growth was to be assured. Further, it was thought that a new African financing organization could perform specific functions not already performed by existing international or national financial agencies, i.e., close cooperation between African countries, e.g., in river basin development, education and training schemes, markets for industries, transport projects to promote intra-regional trade. This type of coordination was seen to be needed not only for super-national projects but also for national development programs, and it was assumed that an African body would inspire more confidence as a clearing house for any confidential confrontation that would prove necessary in case of conflict between national programs of African countries.

By virtue of its intimate knowledge of current and prospective development programs, this African body was expected to be instrumental in revealing

*no file
BK
long
this*

what are the outcomes

to outside financing agencies new opportunities for investment; formulating such opportunities into sound projects; attracting additional capital; presenting African problems in the most acceptable way to existing financial institutions for loans and grants; guaranteeing Government loans for development purposes and even, in later stages, private capital. Consideration was also given to the fact that capital investment for new development sometimes creates problems of current expenditure "for certain long-term social expenditure, e.g., on education, maintenance of roads ... etc." A regional institution could assist in this kind of financing either through its own operations or by channelling grants from other aid-giving bodies.

The areas where the work of the existing financial institutions has shown a need for strengthening in Africa and where an African development bank might conceivably be a preferred instrument of action were thought to be the following:

- a) regional projects;
- b) promotion of intra-African trade;
- c) "needs" of newly independent countries;
- d) promotion of small-scale African industrial enterprises;
- e) education and training; and
- f) development plans - long range support.

what do they suggest

An essential feature, however, of a new financing organization would be that of "additionality", i.e., it must be effective in securing a higher net availability of funds for Africa, not merely the substitution of one source of funds to another. Several possible ways were conceived for ADB to provide additional capital for the economic development of Africa:

a) The ADB could make additional internal capital available by encouraging savings and capital formation; mobilizing reserves and other resources of companies, banks, insurance companies, etc., operating in Africa which might otherwise flow abroad or lie idle; mobilizing resources of African Governments which might otherwise lie idle or be drained into non-productive Government consumption.

has it done any of this

b) The ADB could increase external capital availabilities by attracting additional external capital to itself and channelling it into African economic development.

c) The ADB could enable African states to make more, or more effective, use of existing institutions and sources of finance.

Sources and Nature of Funds

At the time of the discussions on the establishment of ADB, it was stressed that as large an African contribution as possible would be necessary to give the Bank an African character and to give evidence of self-help. Nevertheless, it was expected that, for the Bank to be effective, it would have to attract considerable outside finance largely from public sources. It was admitted that the resources of the Bank would derive from the sub-

scriptions of the African member states to the share capital.

In addition to that, it was considered that other African funds might be mobilized, e.g., through the sale of bonds of the Bank or of securities of the enterprises supported by the Bank. Turning to external sources of financing, the third session of ECA had expressed a strong preference for multilateral assistance and at the United Nations it had often been agreed that a higher proportion of additional contributions should be made through multilateral institutions. Some assumptions were made of a shift in this direction. For example, it was noted that the United States was using the Inter-American Development Bank to distribute previously bilateral aid to Latin America. On the part of some multilateral agencies, it was observed that there was also a growing tendency to channel aid through local development banks. It was stated that the IBRD did this and the ADB might be such a channel; alternatively, the IBRD, IFC and IDA and ADB might link their operations to finance related projects. It was also envisaged that the Development Fund of the European Economic Community could similarly be encouraged to use a new single point of contact. Bonds of the ADB might also be sold outside Africa. Another potential source would be from large foreign companies operating in Africa which could have an interest in promoting development and might be prepared to invest in an African development bank.

The "Africanity" of the Bank

To be consistent with the spirit that had inspired it and to perform some of the confidential tasks assigned to it, it has always been stressed that the institution should have an essentially African character. In effect, its capital is subscribed to only by African states. The preamble to the agreement establishing the ADB speaks of the signatory Governments' determination "to strengthen African solidarity by means of economic cooperation between African states". As for membership, Article 3 states that any independent African country may become a member of the Bank and "the geographical area to which the membership and development activities may extend shall comprise the continent of Africa and African islands".

This deep concern with "Africanity" (while the sources of funds to make the new institution effective were highly hypothetical) was a reason for the flexibility in ADB's structure, a flexibility reflected both by the wide variety of tasks which can be performed by the Bank and by the nature of the funds designed or expected to serve its purpose and functions.

Purpose and Functions of the ADB

The purpose of the Bank is to contribute to the economic and social development of its member countries either individually or jointly. To accomplish this, the Bank shall promote the investment of public and private capital in Africa; use its own resources to make or guarantee loans or equity investments; encourage private investment in member countries, cooperate with member countries towards a better utilization of their resources by making their economies more complementary and furthering the orderly growth of foreign trade; and, finally, provide technical assistance in the preparation, financing and implementation of development plans and projects. The Bank may grant direct or indirect credits; it may operate

alone or in concert with other financial institutions or sources and it can help to formulate projects and loan applications whether for submission to the Bank itself or to other lending agencies.

Loanable Resources

Authorized Capital: The authorized capital stock of the Bank is 250 million units of account equivalent to \$250 million divided into 25,000 shares of a par value of \$10,000 each. One-half of the authorized capital consists of "paid-up" shares. The other half remains callable. The paid-up capital is payable in gold or convertible currency in six installments, the first of which is 5%, the second installment 35% and the remaining four installments each 15% of the initial paid-up subscription. As of December 31, 1967, the aggregate capital subscriptions of the members amounted to \$216.2 million, of which \$108.1 million was "paid-up" shares. However, since the subscriptions are payable by installments, as of August 1968 the amount called in cash was \$71.8 million and the amount actually received by the Bank was \$114.96 million. In addition to its authorized capital stock, the Bank's ordinary capital resources are defined to include:

- a) funds raised by borrowings;
- b) funds received in repayment of loans made from these resources;
- c) income from loans and from guarantees made from these resources; and
- d) any other funds or income received by the Bank which do not form part of its special resources.

Special Funds: The Bank is authorized to establish or accept the administration of Special Funds. Considered as Special Funds are the following:

- . grants or unguaranteed loans which might be made to the Bank; and
- . borrowing by the Bank not made against its callable capital or any other part of its ordinary capital resources or income and other assets accrued thereto.

Special Funds can also be established by the Bank or accepted by it on the initiative of the Bank or of any other party concerned. The authorization to establish or accept the administration of Special Funds must, however, be granted by the Board of Governors.

Proposed Multinational Fund: In November 1966, the ADB forwarded to twenty-seven countries outside Africa an aide-mémoire on the mobilization of external resources for a proposed multi-national Special Fund. The Bank's approach to the non-African countries was duly endorsed by the Board of Governors at their third meeting on August 21-26, 1967. The role of this African Development Fund would be comparable to that of IDA and its size would correspond to the subscribed capital of the ADB. This would enable the Bank "to have a reasonable program for the next three years". The hope was expressed that all contributions would be in the form of grants and would amount to a minimum of \$10 million. So far, according to unpublished reports

some countries have indicated that they may wish to support the proposed Development Fund.

Membership

Membership of the Bank is open to all African independent States. Africa in this context refers to the continent of Africa and the African islands. There are now thirty member countries. Those which have not joined are: Chad, Gabon, The Gambia and Mauritius (who have announced their interest in joining), Libya and the Malagasy Republic.

Voting Rights

Each member of the ADB has 625 votes and one additional vote for each share subscribed by it. The formula is a result of compromising the principle of allocating voting powers to members strictly on the basis of equality.

Structure, Organization and Management

The Bank's structure consists of:

- a) A Board of Governors to which each member of the Bank appoints one Governor and one Alternate;
- b) A Board of Directors, nine in number, elected by the Board of Governors. Each Director appoints an Alternate with power to act in his absence. No Alternate can be of the same nationality as his Director.
- c) The President, who is elected by the Board of Directors by a majority of the total voting power of the members; at least one Vice-President elected by the Board on the recommendation of the President; and an international staff appointed by the President.

All powers of the Bank are vested in the Board of Governors. With certain exceptions, however, the Board of Governors can delegate its powers to the Board of Directors. Directors are elected for a term of three years. They are responsible for the conduct of the operations of the Bank in accordance with general directions outlined by the Board of Governors.

The President of the Bank, elected by the Board of Directors for a five-year term of office, is the Chairman of the Board and he is the legal representative of the Bank. The term of the present President, Mr. Beheiry, expires in 1969. At the fourth meeting in Nairobi (August 26, 1968) of the Board of Directors, he had announced that he would not be a candidate for reappointment. This was universally deplored and a unanimous resolution was passed asking him to reconsider.

what are his plans

Operations

totaling 2.7 million

The commitments announced by the ADB to date are:

- a) a loan of \$2.3 million to Kemaja in August 1967 to finance part of the cost of improving international trunk road links with Tanzania and Uganda;
- b) agreement in principle to invest up to \$120,000 in equity participation in a proposed National Development Bank in Sierra Leone; and
- c) finance for the foreign exchange element, amounting to about \$230,000, of a proposed water supply project in Uganda.

Relations of IERD with ADB

The ADB keeps in daily contact with PMWA. In addition, Mr. Beheiry has been in frequent touch with Mr. Shoaib and Mr. El Emary, as for example in their November visit to Abidjan.

In view of ADB's limited resources, there is no great scope for joint financing. However, the ADB is interested in being well informed on actual and prospective Bank operations in member countries and in having an opportunity to take up projects which come to the attention of the Bank.

Mr. Beheiry may press for closer cooperation; for example, he has suggested that we allow ADB to take over projects we have appraised for financing. The Western Africa Department would not recommend that we take any initiative to discuss this subject. We should stress our willingness to cooperate, for example, all economic reports are sent to ADB, and we have recently agreed that whenever convenient our economic missions should call at Abidjan and discuss their findings on the completion of field work. ADB receives the project information sent to our Executive Directors and PMWA provides further material on request.

*our position
why not
indicate their
interest before
we approach*

We have also agreed to have ADB staff come to the Bank for periods of training.

MAMOUN BEHEIRY

President of African Development Bank

Born : 1925

Nationality : Sudanese

Education : Victoria College of Alexandria (UAR)
Brasenose College of Oxford

Degree : Bachelor of Arts

Career : Former Member of Parliament.
Permanent Under Secretary of Ministry of Finance
and Economics, Sudan.
Former Chairman of Sudan Currency Board.
Governor of Central Bank of Sudan (1959-1963).
Chairman National Technical Planning Committee (1962).
Minister of Finance and Economics (1963-1964).
President of African Development Bank since 1964.

Address : President, African Development Bank
B.P. 1387
Abidjan, Ivory Coast

I. COUNTRIES REPRESENTED BY MR. M. N. KOCHMAN AT THE BOARD OF DIRECTORS OF IBRD, IDA AND IFC

- | | |
|--------------------------------|-----------------|
| 1. Cameroon | 10. Mauritania |
| 2. Central African Republic | 11. Mauritius |
| 3. Chad | 12. Niger |
| 4. Congo (Brazzaville) | 13. Rwanda |
| 5. Congo (Democratic Republic) | 14. Senegal |
| 6. Dahomey | 15. Somalia |
| 7. Gabon | 16. Togo |
| 8. Ivory Coast | 17. Upper Volta |
| 9. Malagasy Republic | |

II. MEMBERSHIP OF THESE COUNTRIES IN VARIOUS REGIONAL ORGANIZATIONS

a. Common Organization of African and Malagasy States
Organisation commune africaine et malgache (O.C.A.M.)

- | | |
|--------------------------------|----------------------|
| 1. Cameroon | 8. Ivory Coast |
| 2. Central African Republic | 9. Malagasy Republic |
| 3. Chad | 10. Niger |
| 4. Congo (Brazzaville) | 11. Rwanda |
| 5. Congo (Democratic Republic) | 12. Senegal |
| 6. Dahomey | 13. Togo |
| 7. Gabon | 14. Upper Volta |

Headquarters: Yaoundé (Cameroon)

Acting President: His Excellency Hamani Diori

President of the Republic of Niger

Secretary General: Falilou Kane (Senegal)

b. Organization of States bordering river Senegal
Organisation des états riverains du Sénégal (O.E.R.S.)

1. Guinea
2. Mali
3. Mauritania
4. Senegal

Headquarters: Dakar, Senegal

Acting President: His Excellency Sekou Touré

President of the Republic of Guinea

Executive Secretary: Ahmed Ould Daddah (Mauritania)

c. Organization of Entente States
Organisation des Etats de l'Entente (ENTENTE)

1. Dahomey
2. Ivory Coast
3. Niger
4. Togo
5. Upper Volta

Headquarters: Abidjan, Ivory Coast
Acting President: His Excellency Hamani Diori
President of the Republic of Niger

d. Fund for Assistance and Investment Guarantee
Fonds d'entraide et de garantie de l'Entente

1. Dahomey
2. Ivory Coast
3. Niger
4. Togo
5. Upper Volta

Headquarters: Abidjan
Administrative Secretary: Paul Kaya

e. Central African Customs and Economic Union
Union Douanière et Economique des Etats de l'Afrique centrale (UDEAC)

1. Cameroon
2. Central African Republic
3. Congo-Brazzaville
4. Gabon

Headquarters: Bangui (Central African Republic)
Acting President: His Excellency Albert-Bernard Bongq
President of the Republic of Gabon
Secretary-General: C. Onana Awana (Cameroon)

f. Union of Central African States
Union des Etats de l'Afrique centrale (UEAC)

1. Congo-Kinshasa
2. Chad

Headquarters: Fort-Lamy (Chad)
Acting President:
Secretary General: Boukar Abdoul (Chad)

g. Central Bank of Equatorial African States and Cameroon
Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun (BCEAEC)

1. Cameroon
2. Central African Republic
3. Congo (Brazzaville)
4. Gabon
5. Chad

Headquarters: Paris

Chairman of the Board of Directors: Georges Gautier (France)

Managing Director: Claude Panouillot

h. West Africa Monetary Union

Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO)

1. Dahomey
2. Ivory Coast
3. Mauritania
4. Niger
5. Senegal
6. Togo
7. Upper Volta

Headquarters: Paris

Chairman of the Board of Directors: El Hadj Courmo Barcourgné

Managing Director: Robert Julienne

PERMANENT MISSION IN WESTERN AFRICA

Mr. Lutolf	Chief
" Gué	Deputy Chief
" Bourgin	Agriculture
" Brandreth	Transport
" de Troyer*	Agriculture
" Duncan	Transport
" Haasjes	Agriculture
" Helmers	Agriculture
" Metcalfe	Agriculture

* Presently in Bank; to begin work in Abidjan in March.

Western Africa Department
January 31, 1969

IBRD STAFF IN ABIDJAN DURING
MR. McNAMARA'S VISIT

Members of IBRD staff likely to be in Abidjan at the time of Mr. McNamara's visit:

Mr. Garneau (Information and Public Affairs)

*Mr. Lethem (Education projects)

*Mr. Braithwaite (Education projects)

*Mr. Kadleigh (Education projects)

* should arrive in Abidjan on Wednesday, February 12 at 20.00 hrs.

Mr. Wadsworth (Agriculture projects) expects to leave Abidjan February 11.

*short
and his
conclusions*

THE CONSEIL DE L'ENTENTE

The Conseil de l'Entente is a loose political grouping, created in 1959, which essentially provides for continuous mutual consultation between the five heads of state concerned, i.e., the Ivory Coast, Dahomey, Niger, Upper Volta and, since 1965, Togo.

The current President of the Conseil de l'Entente is Mr. Hamani Diori, President of Niger.

The Conseil de l'Entente has also important financial aspects. These consisted until 1964 of a so-called Solidarity Fund whereby, in fact, the Ivory Coast used to subsidize the other Governments' budgets. The Solidarity Fund was replaced in 1966 by a Guarantee Fund ("Fonds d'Entr'Aide et de Garantie"), with subscriptions from all member states, to guarantee private as well as public loans made to the member states against practically all risks, including political. Initially, the capital of the Fund was fixed at CFAF 650 million, of which 500 million subscribed by the Ivory Coast, 42 million each by Dahomey, Upper Volta and Niger, and 23 million by Togo. The capital has been raised progressively to CFAF 1400 million with additional subscriptions from member states, a small grant from France and various other contributions. The Fund can guarantee loans equal to ten times its own resources. No single loan can absorb more than 15% of the Fund's potential guarantee. The Ivory Coast has committed itself not to use the facilities offered by the Fund during the first five years. It is not known exactly how much borrowing by member states has actually been guaranteed by the Fund, but it would seem that it has been rather active and that perhaps some ten important loans have been guaranteed at this date, at least two in Dahomey, a country which is most in need of this kind of guarantee.

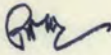
The Fund also finances pre-investment studies of interest to member states.

The Fund has its Secretariat in Abidjan. Mr. Kaya is the Secretary-General.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: January 31, 1969

FROM: P. M. Mathew SUBJECT: IVORY COAST - Banque Ivoirienne de Developpement Industriel (BIDI)
(Brief for your Forthcoming Visit)

CFAF 1 million = US\$ 4.050

1. The above development bank was established in 1965, under the sponsorship of Chase Manhattan Bank and Lazard Brothers, with a share capital of CFAF 700 million (US\$ 2.8 million). IFC subscribed 7% of its capital (\$204,000). Other shareholders are the Ivorian Government (21%), French public institutions (16%), the Central Bank of the West African States (6%), Chase International Investment Corp. (9%), Lazard Bros., New York and Paris (12%) and a number of smaller private Ivorian and foreign shareholders (29%). The institution has received loans from the Ivorian Government, AID and the Kreditanstalt fur Wiederaufbau.
2. From 1965 to March 1968, Mr. Mohamed Diawara, Minister of Planning in the Ivorian Government, was BIDI's "Gouverneur" (Chairman of the Board). He had been closely involved in the creation of BIDI. He resigned from this position after the President of the Republic decided that his cabinet members should not hold Board memberships in companies of the private sector. He was succeeded as BIDI's "Gouverneur" by Mr. Jean Baptiste Amethier, Director of External Finance in the Finance Ministry. Mr. Amethier is also President of Credit de la Cote d'Ivoire, a public sector all-purpose development bank which is specializing in financing of infrastructure, public and private housing, agriculture and consumer credit. IFC is represented on BIDI's Board by Dr. A.A. Khosropur. His Alternate is Mr. E. Sekse, of the Development Finance Companies Department of the Bank.
3. BIDI's General Manager is Dr. Gerhard Rohnfelder, a former staff member of Kreditanstalt fur Wiederaufbau. His contract expires in early 1970, and he will probably be replaced by an Ivorian.
4. BIDI is one of the smallest of the development finance companies associated with us, but its size and the scale of its assistance are large enough to make it an important institution in the country. BIDI's principal business is medium- and long-term lending for investment projects of the private industrial sector of the country. Total assistance approved from start of operations in 1965 through September 1968 was CFAF 2.8 billion (\$11.3 million) for 47 projects. BIDI expects to continue its assistance at the rate of CFAF 800-900 million (\$ 3.2-3.6 million) annually during the next coming years.

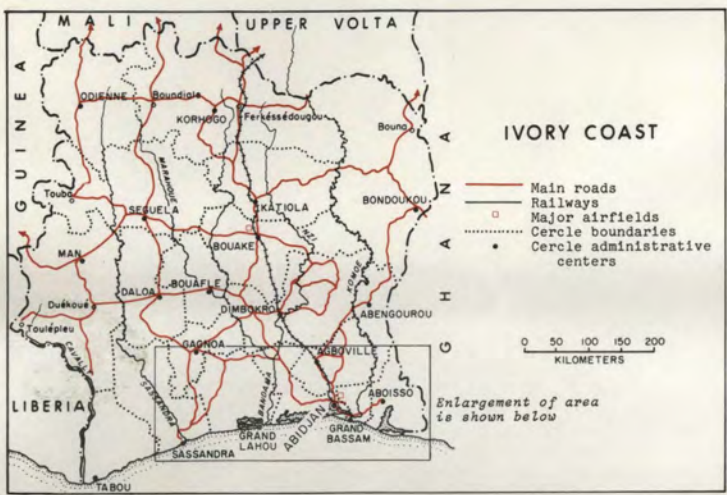
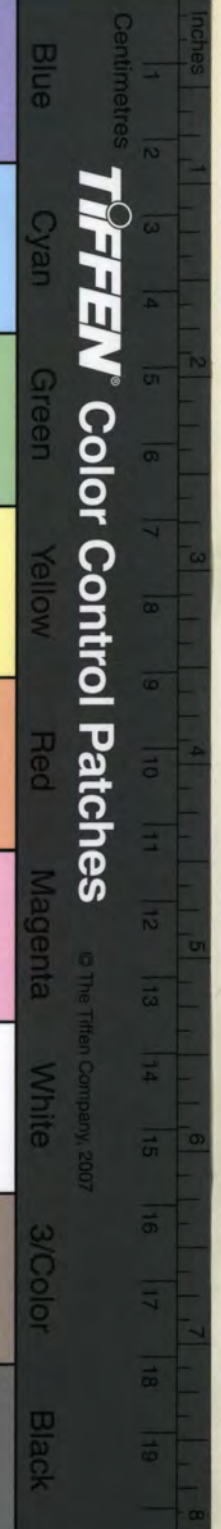
5. During its first three years of operations, BIDI has made moderate profits, but results have not permitted dividend payments. However, a dividend of 4% is expected to be declared out of 1967/68 profits, and dividends are expected to increase from 4% to 6% over the next five years.

6. Interest rates for term lending are low in the Ivory Coast. Loans up to five years can be obtained at rates of between 5.75% and 6.25%, under rediscount facilities of the Central Bank given at 3.75%. In order to be competitive, BIDI charges rates of 7.25% to 7.50% for its 5-10 year loans. It is able to do so because it has so far managed to get cheap resources (the AID and KfW loans are both at 4% p.a.). Given the low level of interest rates prevailing in the country, BIDI may have some difficulties in using Bank loans at their present 6 3/4% interest rate, and our forecast for Bank loans to BIDI (\$ 3 million in FY 1970/71; \$ 5 million in FY 1972/73) is, therefore, of uncertain probability.

*Why are
interest
rates 2.5%
low -
note 2/11
J. [unclear]*

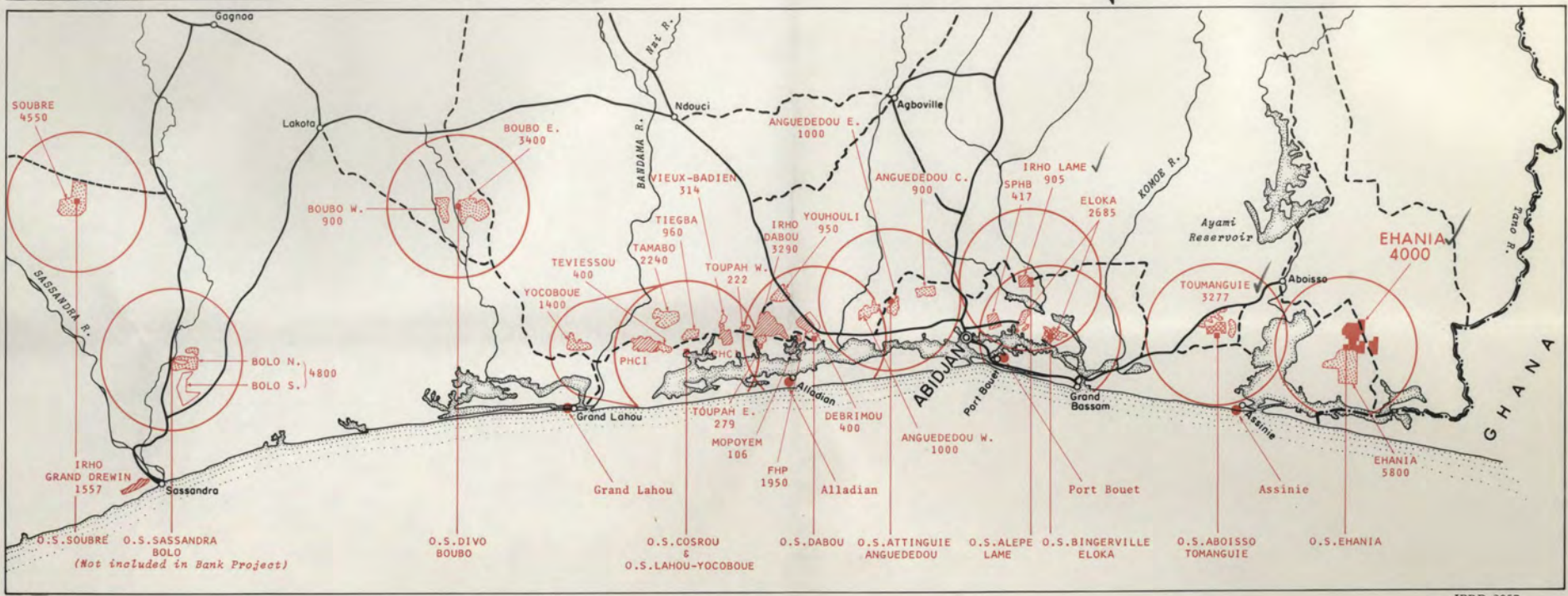
cc: Messrs. de Azcarate, Kreuter

Rue
RHelling/ESekse/PMMathew:amm



IVORY COAST OIL PALM AND COCONUT PROJECT SODEPalm OIL PALM AND COCONUT PROGRAMS

- OIL PALM ESTATES**
Existing or in course of establishment
- SODEPALM**
 - Estates created under FED grants, Agreement C.183
 - Estates created or being created under FED grants, Agreement C.331
 - Ehania Estate to be established under Bank project
 - OTHERS**
 - State and private estates
- OIL PALM OUTGROWERS**
- Outgrower sectors (O.S.), radius from mills
- Main roads
Secondary roads
- COCONUT PROJECTS**
- 0 10 20 30 40 50
KILOMETERS



MAY 1967

IBRD-2057



united nations educational, scientific and cultural organization
organisation des nations unies pour l'éducation, la science et la culture

place de Fontenoy, Paris-7^e

The Director-General

reference : DG/1.4/91

22 January 1969

Dear Mr. McNamara,

The purpose of this letter is to bring to your personal attention an undertaking to which I attach great importance and which I feel deserves consideration in terms of the general lines of cooperation you have indicated between the Bank and Unesco in the field of assistance to educational development, notably through the use of new educational techniques.

In May 1968, the Government of the Ivory Coast submitted a request to the Bank for a loan to finance, inter alia, the necessary buildings for a national programme of educational television. This programme will introduce, through experiments and built-in evaluation processes, modern methods and techniques in primary and post-primary education and teacher training. It represents a new approach to the problems of education and is designed not only to combat the intractable problems of uneconomical structures, unsuitable curriculum content and high rates of repetition and drop-outs, but also to improve the quality of pre-university education so that it can play an effective role in economic and social development. I need hardly say that the programme has not been drawn up in isolation. It has evolved as an integral part of the national development plan for the years 1968 to 1980, and is to be appraised by the Bank as a part of a larger project for investment in general, technical and agricultural education.

The project is fully in line with the ideas set forth in your letter to me of 19 August 1968, when you wrote that you would regard as suitable for Bank Group financing experimental projects "in primary education which promised improvements in economy, efficiency and the relevance of the instruction to the real needs of the community." Indeed, it represents an experiment which could open the way to a technological revolution in the field of education in Africa, involving as it does the use of one of the most powerful of the modern mass media in order to bring properly adapted education of high standard within the reach of all, however remote. The potential effects upon the economic development of the country are not difficult to imagine.

Mr. Robert S. McNamara
President
International Bank
for Reconstruction and Development
1618 H Street, N.W.
Washington, D.C. 20433
U.S.A.

JAN 28 1969 10:03

The programme, to my mind, has other merits as well. Such a broad and integrated use of television for educational purposes is not merely an important innovation in itself, but would help to widen the general sphere of co-operation between the Bank and Unesco. In addition, the project represents an impressive example of the kind of co-operation possible between multilateral, bilateral and private agencies in the provision of technical assistance - a feature which was stressed recently by the Governing Council of the United Nations Development Programme (Special Fund) when approving a request from the Ivory Coast which forms a part of an integrated programme for educational improvement using these new techniques.

Needless to say, the Bank's assistance to the project is of vital importance, concerning as it does the physical infrastructure. Moreover, as you are no doubt aware, the Ford Foundation has offered to assume entire responsibility for a continuing evaluation of the project, but has made its offer contingent upon the Bank's participation in the project.

means that - any financing

For all these reasons I believe this to be an excellent opportunity not only for strengthening co-operation between Unesco and the Bank but also for achieving a real "breakthrough" in education in the developing countries. I hope that you will share this view and be able to participate in the financing of the project.

I would add that in the case of such an integrated programme as this involving many different partners, it seems particularly important that unnecessary procedural delays be avoided. As the Romans said, bis dat qui cito dat, (he who gives quickly gives twice).

Frankly, this is the best conceived and concerted plan I have seen to date of aid to a developing country in the field of education. I would be very sorry indeed if the Bank's participation were not forthcoming.

Yours sincerely,

with kindest regards

René Maheu -

René Maheu

January 30, 1969

Mr. Rene Maheu
Director-General
United Nations Educational, Scientific
and Cultural Organization
place de Fontenoy
Paris 7^e, France

Dear Mr. Maheu:

Thank you very much for your letter of January 22 concerning the proposal for educational television in the Ivory Coast. I want to assure you that the Bank is keenly interested in this program. As you may know, Mr. Germanacos of our Education Projects Department participated in two of the preparatory conferences for the project and Mr. Ballantine, the Director of that Department, at a meeting held at Unesco Headquarters on January 7, assured the Ivorian Minister of Education and the various agency representatives there of our continuing interest.

I agree fully that this project is in line with the statement in my letter of August 19 that the Bank Group would consider as suitable for financing experimental projects in primary education which promise improvements in economy, efficiency and the relevance of the instruction to the real needs of the community. Like you, we have great hope that mass media and other technological innovations may break through some of the constraints on educational development which are imposed by conventional methods. The probable participation in this particular undertaking of the French Government and of the Ford Foundation, as well as of Unesco and the Bank, adds to its attraction.

You are aware that the proposal for educational television is part of a larger project which has been prepared under the Bank/Unesco Cooperative Program for appraisal by the Bank. The appraisal mission is scheduled to leave Washington for the Ivory Coast early in February and, on its way, it will call on Unesco for further discussion of the project. I am myself going to be

Mr. Rene Maheu

- 2 -

January 30, 1969

visiting the Ivory Coast during the second week of February and hope to learn more about the program on that occasion. Although, as you will appreciate, it would not be possible at this time for me to give a firm undertaking that the Bank will provide the necessary financing, I can assure you that the project will receive most careful and sympathetic consideration and that we will make every effort to reach an early decision.

With best regards,

Sincerely,

Robert S. McNamara

pBallantine:RHDemuth:tf

Cleared with and cc: Mr. Ballantine
Mr. Cheek