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## OFFICE MEMORANDUM

TO: Mr. J. Burke Knapp

DATE: March 12, 1963

FROM: Pierre L. Moussa *A*

SUBJECT: Activity of Bank and IDA in "Associated" and other countries.

This paper is divided into two main parts: Part I deals with African countries which were associated with the European Common Market and for which some kind of continuing association is being considered, and Part II deals with other members and prospective members of the Bank.

### Part I

#### 1. ALGERIA

Bank loans of \$10 million for electric power in 1955 and \$50 million (of which \$25 million sold) for the SOPEG pipeline in 1961. Economic mission and appraisal mission for CAMEL natural gas liquification plant in Arzew now in Algeria. Good prospects for \$18 to \$20 million loan for CAMEL soon after membership.

Fund membership committee began examining quota proposals March 7.

#### 2. MAURITANIA

Bank loan of \$66 million to MIFERMA in March 1960. Ore shipments due to start July 1963. Cost overrun of \$14 million on first stage requires additional long-term money from shareholders, who have made tentative approach to CECA. Participations in the Bank loan of about \$25 million expected to be arranged shortly.

#### 3. SENEGAL

Part beneficiary of 1954 \$7.5 million Bank loan for French West Africa railways. Economic mission end 1962 (Rist, Jordan, Paijmans) concluded that Senegal has limited capacity to borrow on conventional terms but no projects yet ready.

The new Government is said to have asked EEC to arrange for a review of the 1961-65 Plan. A UN mission which recently visited the riparian states (Mauritania, Senegal, Mali and Guinea) will issue its preliminary report in March on the possibilities of the Senegal river basin. A UN Special Fund minerals survey in the eastern region will start soon.

Mr. Paijmans met the following in Brussels in November 1962: Mr. H. Hendus, Director General of the Department of Overseas Territories of the EEC, Mr. Ferrandi, Director, Department of Development Programs and Studies and Mr. Drechsler, Chief, Program Division of the FED.

4. MALI

Part beneficiary of 1954 railway loan. Initial mission likely this Fall.

Mr. Rist visited Mali in February 1962.

5. IVORY COAST

Part beneficiary of 1954 railway loan. Economic mission in November-December 1962 (Rist, Jentgen) considered Ivory Coast creditworthy for moderate Bank lending.

FED considering financing an oil palm tree plantation and further railway and road improvements. FED has offered assistance in development planning but without any response from the Government. The Minister of Finance (Saller) has informally approached the Bank/IDA/IFC to assist in financing a) oil palm plantations, in areas other than those to be financed by FED (this project might interest us if a proper project is proposed); b) school construction (this might also interest us when a definite project is ready) and c) IFC equity participation in the proposed industrial development Bank (under IFC consideration). Bank might be asked to finance part of 1964-68 power program, which mission considered high priority.

Mr. Rist has informed the President that the Bank will <sup>favorably</sup> formally consider an official request for a survey mission - no reply as yet. x

Mr. Jentgen visited Brussels in November 1962 and met with Mr. Drechsler, Chief, Program Division, FED.

6. UPPER VOLTA

Initial economic mission planned for this summer or fall.

Mr. Rist visited Upper Volta in February 1962.

7. NIGER

Mr. Moussa will visit Niger on March 17 and 18, 1963 accompanied by Mr. Jentgen, who will make initial economic study and visit Brussels on his way back.

Mr. Rist visited Niger in February 1962.

8. TOGO

Economic mission (Mr. McIvor, Mr. Bataillard) in May 1962 concluded Togo was IDA only country. No projects considered urgent or ready.

Mr. Rist visited Togo in October 1961.



9. DAHOMY

Mr. Moussa will visit Dahomey March 19 and 20, 1963, on his way to Nigeria.

Mr. Rist visited Dahomey in February 1962.

10. CHAD

Initial economic mission in the fall of 1963.

11. CAMEROON

Initial economic mission likely May/June 1963. Within the framework of four-year (\$215 million) development program, extension of railways is under construction, financed by FED (\$15 million), AID (\$8 million), and FAC - French aid agency - (\$6 million).

Mr. Rist visited Cameroon in October 1961.

12. CENTRAL AFRICAN REPUBLIC

Initial economic mission in fall 1963.

Mr. Rist visited C.A.R. in June 1961.

13. GABON

First Bank economic mission likely in fall 1963. Gabon guarantor (with France and Congo (Brazzaville)) of 1959 \$35 million loan to COMILOG (manganese).

The Bank is Executing Agency for Special Fund Mekambo iron ore transport survey. The FED is financing related study of port conditions.

Mr. Rist visited Gabon in both June and December 1961.

14. CONGO (BRAZZAVILLE)

First Bank mission likely in fall 1963. Potasse d'Alsace, which plans to mine large potash deposits near Pointe Noire in cooperation with German, Italian and possibly Canadian partners, has tentatively approached the Bank about the possibility of a loan. Further approach to Bank expected only after formation of mining company and agreement with Government.

Mr. Rist visited Congo (Brazzaville) in June and November 1961.

15. CONGO (LEOPOLDVILLE)

Bank has made five loans totalling \$124 million (general development (1951), ports and highways (1957), transport and agriculture (1960)); at present about \$41 million of the 1957 and 1960 loans is undisbursed.

At Government's request, Bank sent mission in September 1962 to appraise Otraco operations. Report sent in December 1962 to Prime Minister who is reluctant to authorize release to EEC and Belgium.

Initial economic mission in May/June 1963.

EEC is sending a 20 man mission to draft a program for assistance. We will make new attempt to make our Otraco report available.

Mr. Broches visited Leopoldville from February 19 to 28, 1963: He reported that the Bank will have to exert some pressure on Government to complete membership requirements in view of feeling that quotas will be too expensive. (Fund proposed range of \$40 to \$45 million at end of February).

16. BURUNDI

Initial Bank economic mission likely fall 1963. Bank financed road-port (Usumbura) project under 1960 \$4.8 million loan to Ruanda-Urundi. Government reluctant to service loan, has asked Bank to send a technical mission to examine defects in project. We have refused to commit ourselves.

17. RWANDA

Initial mission likely fall 1963. Government unwilling to accept any responsibility for 1960 loan.

18. REPUBLIC OF MALAGASY

Mr. Rist visited Republic of Malagasy in June 1961. Initial Bank mission likely fall 1963.

19. SOMALIA

Initial Bank mission possible May/June 1963. Government hopes for IDA credits for telecommunications, port construction and roads; FED has granted \$2.1 million for a road project.

Mr. Rist visited Somalia in March and July 1962.



PART II

1. MOROCCO

Bank loan of \$15 million of December 1962 to BNDE combined with \$1.5 million IFC participation (25% of capital stock) with free limit of \$50,000 for sub-project. Economic mission (Rivkin, Thome and Deriaud) concluded that Morocco is, for the time being, primarily a Bank country. Government unofficially approached the Bank for financing the modernization of leather and textile handicraft industries.

Sidi-Slimane (agriculture project) under study.

2. TUNISIA

\$5 million IDA credit for education in September 1962. Arrangements now being completed for Bank technical assistance to improve school design and reduce costs. Appraisal mission for the Tunis-La Goulette port project planned for May.

3. GUINEA

Initial economic mission planned April/May 1963.

Mr. Rist visited Guinea in October 1961.

Bank approached in 1962/63 by a) group interested in possible resumption of Boké bauxite project (Aluminium Ltd. leader; European and American companies also probably involved), and b) group interested in possible exploitation of iron ore in Nimba mountains (European group - CONSAFRIQUE; U.S. Steel and other American steel groups involved).

4. GHANA

\$47 million loan for power in February 1962. Baranski and Wignaraja (DAS) stationed in Accra.

5. LIBERIA

Economic and preliminary appraisal mission (McIvor, LeClerc, Bergan and Kordik) visited Liberia in January 1963; reasonable possibility for \$4.5 million Bank loan or IDA credit for road construction. Economic report to be discussed by SEC mid-March.

6. SIERRA LEONE

Bank mission visited last summer (Kamarck and Thomé). Bank has offered to consider \$2-\$3 million thermal power project, subject to satisfactory organization.

7. NIGERIA

\$28 million railway loan in May 1958; \$13.5 million loan to Ports Authority in December 1962.

Prasad has been Economic Adviser to Prime Minister since 1960. Fajans appointed Resident Representative January 1963.

Mr. Moussa will visit Nigeria from March 21 to April 4; a mission headed by McIvor (other members Horsley, Anderson, Decaux, Main, Tuqan and McFarquhar - consultant) will visit Nigeria in March to review economy, appraise the 1962-68 Development Plan and review project priorities on behalf of Bank and Consultative Group.

Bank/IDA currently working on transmission line, Niger Dam, Northern Nigeria roads and education projects.

8. KENYA

Two agricultural loans (\$5.6 million in 1960 and \$8.4 million in 1961). No disbursement yet on the 1961 loan mainly because of difficulties in preparation of settlement sub-projects.

Application for a \$5.6 million road loan expected shortly.

Mission (Lutolf, Kalderen) is planned for East Africa, including Kenya, in March/April, for discussions with the Government and search for Bank/IDA projects.

Mr. Rist visited Kenya in June 1961 and March 1962.

9. TANGANYIKA

A \$15 million credit for roads and a \$10 million credit for education under active consideration. Appraisal missions probable in April or May 1963. Both projects are promising but may have to be scaled down.

In addition we have received an application for a \$7 million agricultural credit. Appraisal mission also planned for April or May 1963.

10. UGANDA

The Bank made an \$8.4 million loan in March 1961 for power.

At the request of the Government, the Bank is providing an outside transport economist for 3 months to evaluate Uganda's three-year road program and help prepare an application for a \$7-9 million credit.

The Government also expects to apply for a \$3.5 million credit to finance investment projects (mostly of social nature) through the Local Authorities Loans Fund.



11. ETHIOPIA

Five Bank loans (roads, industry and agriculture and telecommunications) totalling \$28.4 million, and one IDA credit (\$13.5 million) for roads signed in February 1963. Signs of improved operational relations.

Economic mission (Rivkin, Burney, de Weille and Thomé) arriving Addis March 21, will review 1962-67 development plan.

Government's request for a resident representative under consideration.

12. SUDAN

Three Bank loans totalling \$74 million: Railways (1958), \$39 million; agriculture (1960), \$15.5 million; and a \$19.5 million loan and \$13 million credit for the Roseires dam (1961). An \$8-10 million loan for a portion (related irrigation work) of the Roseires Project is under consideration.

A Bank mission (Kamarck, Sadove, Samii, Davis, Schmedtje and Harma) will visit Sudan mid-April to review economy and appraise 1962-71 development plan. Government requested the Bank to organize a consultative group for which idea U.S., Germany, U.K., France and Switzerland have indicated general support. The Bank has discouraged the idea but has reserved decision until after report of the mission.

Bank is Executing Agency for a UN Special Fund national power survey (\$115,000).

13. LIBYA

Nespoulous-Neuville (DAS), Economic Adviser to the Prime Minister; Bank looking for a candidate (DAS) for the position of Chief Economist, Development Council.