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McNamara Papers

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Contacts with member countries: Congo, Republic of - Correspondence 01

Contacts

Congo (Brazzaville) (1968-1977)

Folder 1

DECLASSIFIED

WBG Archives

CONGO (BRAZZAVILLE)

CONGO(B)

1. 10/4/68 Edouard Ebouka-Babackas, Minister of Finance
Bernard Bouiti-Banza, Director General, Banque Nationale de Developpement
2. 3/3/72 Mr. McNamara's impressions on visit *(Filed in McN office).*
(Congo(B))
3. " Memorandum of Conversations
- 3/2/72 Captain Louis Sylvain Goma, Minister of Public Works, Transport and
(Congo(B)) Civil Aviation; Chairman of Agence Transcongolaise des Communications
(ATC)
Gian L. Pennacchio, UNDP Resident Representative
Bernard Bouti-Banza, Director General, Congolese Commercial Bank
Jean-Edouard Sathoud, Director, Central Bank of Brazzaville
Mr. Tchifou, Director of External Relations
Mr. Milongo, Director of Investments
- 3/3/72 Aloise Moudileno-Massengo, Vice President of the Council of State, and
(Brazza.) Minister of Justice
- 3/3/72 Justin Lekoundzou, Minister of Industry, Mining and Tourism
(Pointe- Captain Louis Sylvain Goma, Minister of Public Works, Transport and
Noire Civil Aviation
Alphonse Gangoue, Minister of Agriculture, Stockbreeding, Water Resources,
and Forestry
Bernard Bouti-Banza, Director General, Congolese Commercial Bank
Jean-Edouard Sathoud, Director, Central Bank of Brazzaville
Mr. Tchifou, Director of External Relations
Mr. Milongo, Director of Investments
Gian L. Pennacchio, UNDP Resident Representative
Mr. Chapoux, Economic Counsellor
Mme. Dadet-Mopolo, wife of the Secretary General of Foreign Affairs
Mr. Tchikaya, Director, Agriculture and Zoological Services
Mr. Toutou, Ministry of Public Works
Emmanuel Loukakou, Chief, Division of International Relations, Protocol
Jean-Pierre Thystere-Tchicaya, Minister of Technical, Vocational and
Higher Education
- " Edouard Ebouka Babackas, Director General, ATC
Louis Peytral, Assistant Director General, ATC
Mr. Castanou, Director, ATC
Mr. Tchichellé, Director, ATC
Mr. Bounsana, Controller, ATC
- 3/3/72 Gian L. Pennacchio, UNDP Resident Representative
(Brazza)
- " President Marien N'Gouabi
- " Dinner hosted by Vice President Aloise Moudileno-Massengo (ladies also)
Ange Edouard Pougui, Minister of Finance and Budget
Justin Lekoundzou, Minister of Industry, Mining and Tourism
Henri Lopes, Minister of Foreign Affairs; Chairman, Foreign Relations
Committee
Captain Louis Sylvain Goma, Minister of Public Works, Transport and
Civil Aviation; Chairman of ATC

3/3/72
(Brazza.)

Dinner, cont'd

Dieudonne Manou Mahungu, Minister of Commerce
Alphonse Gangoue, Minister of Agriculture, Stockbreeding, Water
Resources and Forestry
Gian L. Pennacchio, UNDP Resident Representative
Mayor Galibali
Bernard Bouti-Banza, Director General, Congolese Commercial Bank
Jean-Edouard Sathoud, Director, Central Bank of Brazzaville
Mr. Idkonga, Director of Cabinet of the Chief of State
Mr. Ondoko, Director of Protocol
Mr. Yoka, Director of Cabinet of the Vice President
Mr. Kaine, Director of Cabinet of the Ministry of Finance
Mr. Niambi, Director of Cabinet of the Ministry of Public
Works, Transport and Civil Aviation
Edouard Ebouka Babackas, Director General, ATC
W.H. Dadet-Mopolo, Secretary General of Foreign Affairs
Mr. Diallo, President of the Chamber of Commerce
Mr. Tchikaya, Director, Agriculture and Zoological Services
Mr. Boundoumbou, Director of Finances
Mr. Tchifou, Director of Foreign Relations
Mr. Obela, Director of BNDC
Mr. Milongo, Director of Investments
Mr. Talimoni, Director of Public Works
Mr. Kouanga, Director of Financial and External Relations
Mr. Chapoux, Economic Counsellor
Mr. Tchitchelle

Others possibly met

Dieudonné Itoua, Minister of Health and Social Affairs
Victor Tamba-Tamba, Minister of Post, Telecommunications,
Urbanization and Housing
Alexandre Denguet, Minister of Labor
Christophe Moukoueke, Minister of Primary and Secondary Education
Marc Bonnefous, French Ambassador to the Congo

4. 3/18/77

Paul Olassa, Advisor to the President (former Minister of Education)
Francois Itoua, Ministry of Foreign Affairs

October 4, 1968

MEMORANDUM OF CONVERSATION WITH MINISTER OF FINANCE EDOUARD EBOUKA-BABACKAS AND BANZA BERNARD BOUITI, DIRECTOR GENERAL, BANQUE NATIONALE DE DEVELOPPEMENT, CONGO (BRAZZA.) -- OCTOBER 4, 1968

Messrs. Ebouka-Babackas and Bouiti stated that the principal purpose of their visit was to extend an invitation to Mr. McNamara to visit their country, possibly at the time of the inauguration of the Congo potash project.

Rainer B. Steckhan
Rainer B. Steckhan

cc: Mr. Knapp
Mr. El Emary

OFFICE MEMORANDUM

TO: For the Record

FROM: Rainer B. Steckhan *RB*

SUBJECT: Congo - Visit by Mr. McNamara

DATE: March 17, 1972

1. On March 2 and 3 Mr. McNamara coming from Europe paid a visit to the People's Republic of the Congo. He was accompanied by Messrs. Kochman, Chaufournier, Clark, Ljungh, and the writer. The program of the visit is enclosed as Annex I. The purpose of his visit was to discuss with the Government the Bank Group's role in the economic development of the Congo and to obtain a first-hand impression of the quality of management, the national development plans and the financial requirements of Agence Transcongolaise de Communications (ATC). A list of the principal personalities met by Mr. McNamara is attached (Annex II).

Background

2. The Bank Group has managed over the years to overcome initial suspicions of the Congo (which tended to consider the Bank as a "capitalistic and imperialistic institution"), to establish a dialogue on economic policies, and to increase its lending substantially. For example, in FY72 alone we expect to lend to the Congo over US \$10 million. Our principal contact in the past had been Mr. Noumazalay, Coordinator General of the Plan and as such the chief economic decision-maker and the second most powerful man in the country.

3. About a week before Mr. McNamara's contemplated visit we learned that a coup d'état against the President of the Republic had been mounted and failed. Two out of five members of the Politbureau of the Socialist Congolese Workers Party, including Mr. Noumazalay, and more than half of the members of the Central Committee of the Party were implicated and almost all arrested.

Economic Policies and Development Plans

4. In the absence of Mr. Noumazalay who was the most dynamic and articulate Government spokesman on the subject of economic development, we found it difficult to obtain a comprehensive picture of Government policies. Minister of Industry, Mining and Tourism Lekoundzou gave a rather vague exposé on this subject. He explained that the country was still in the process of gaining economic independence. Agriculture was the basis for economic development and industrialization the driving force. The first priority was the supply of the local market, where Government control over production and prices was greater than over (usually privately owned) export enterprises.

5. This led to a discussion of the present and future role of the state in the economy. Minister Lekoundzou stated that the state controlled only 30 percent of total economic activities. He was at pains to justify Government involvement in the economy. He explained that it was Government policy to allow private and semi-private enterprises (citing the Compagnie des Potasses du Congo as a case in point). However, private companies had refused to make the necessary investments, although the Congo has the very liberal investment code which is common to UDEAC countries. Thus, the state had to move in by default and nowadays invests twice as much as the private enterprises (most probably excluding oil companies). However, the some 25 state enterprises are in difficulties, basically, as Minister Lekoundzou explained (thereby reiterating the analysis of our last economic report) because:

- they were left with antiquated equipment (e.g. the CGTAE river fleet, or the SIAN-SOSUNIARY sugar mills);
- they were originally designed to serve the broader UDEAC market and suffered now from competition from neighboring countries;
- they found it difficult to find competent management (although this problem was gradually being overcome with the help of a UNDP-ILO management team);
- some of them were the result of poor investment decisions.

In reply to a question by Mr. McNamara, Minister Lekoundzou stated that state industrial enterprises (excluding ATC) employed 20,000 people while the private sector employed 15,000.

6. Mr. Lekoundzou then turned to prospective investments to exploit the country's resources such as oil, zinc, lead and copper in the Niari valley and the Kéllé region in the Northwest; iron ore in the Northwest across the border from the Mekambo deposits of Gabon; and timber through a pulp and paper mill based on pine and eucalyptus plantations. He said the exploitation would originally be done with the help of private enterprises but that the Government intended to acquire the installations over time. Mr. Lekoundzou could not give a clear answer to the question of how the Government intended to attract the considerable amounts of private capital required if it intended to gradually take over these installations.

7. Minister Lekoundzou remained vague when he was pressed for production targets in major industries. He quoted a production of 500,000 tons of oil for 1972 (a figure we had heard before) and expressed the hope that production would "ultimately" stabilize at 5 million tons, which appears very optimistic.

8. The new Minister of Agriculture, assisted by Mr. Chapoux, a French adviser (and close associate of Noumazalay), then explained the Government's policy in agriculture, which consisted in creating (capital-intensive) state farms and agro-industrial complexes to increase food production, and to slow down urban migration. He admitted that agricultural research has been neglected in the past and that the extension service was poor. As a result, agricultural production had fallen off steeply in the 1960's. However, with the new emphasis on rural and artisanal education and farm mechanization Minister Lekoundzou expressed the opinion that productivity was bound to increase.

9. Mr. Chapoux then proceeded to elaborate on Government plans to increase agricultural production. He showed projections indicating an (improbable) 14% growth rate of agricultural production per year for the current decade. In reply to questions, he admitted that these projections were largely hopes, but maintained that in 1971 the Government had reached the production target. In our view it appears unlikely that the Government will be able to sustain the planned 14% annual growth rate once it has reached again the 1965 level of agricultural production (which it hopes to do by 1973).

Transport Investment Plans

10. The highlight of the field visit were the discussions Mr. McNamara had with Transport Minister Goma and ATC Director-General Babackas, on the train between Pointe Noire and Dolisie. These discussions confirmed the quality of the management of ATC. Minister Goma, in his introductory statement, emphasized that as far as road transport was concerned, the Government would content itself in the immediate future with improving the worst stretches of the Brazzaville-Pointe Noire road. Paving of this road was only a long term goal of the Government. In air transport, however, more light planes will be needed and the Government is in the process of improving the management of LINA-CONGO, the national airline, with the help of an ILO team.

11. Director-General Babackas then gave a lucid and comprehensive resume of ATC's investment plans for the period 1971-1975. The program totals almost US \$150 million, of which US \$85 million is allocated to the railroads, US \$34 million to river transport and US \$30 million to the port of Pointe Noire. Mr. Babackas stressed three features of ATC:

- its regional importance (ATC transports 98% of all traffic of the C.A.R., 35% of the traffic of Chad as well as substantial traffic from South Gabon and Southeast Cameroon);
- its interconnected nature (one section cannot be expanded without at the same time expanding the other sections);
- and its need for modernization and expansion to cope with an expected steep increase in traffic.

12. As far as financing of ATC's investment program was concerned, Mr. Babackas explained that ATC expected the European Development Fund and French aid to finance the modernization of the port of Pointe Noire. ATC would look to the Bank Group for funds, in association with Congo's traditional lenders, for the expansion of the railways and river transport system. He expressed the hope that the Bank would in particular participate in the financing of the new line between Holle and Dolisie (costing over US \$40 million) and reiterated his intention to convene a first meeting of interested donors in May in Pointe Noire.

13. It appeared from our discussions that the expansion and modernization of ATC's facilities was a means not only of preserving Congo's historical and natural role as a service center for the Central African region, but also of breaking down its political isolation, as a socialist country, from its "western" and "capitalistic" neighbors. Although ATC's facilities are all on Congolese territory, the bulk of ATC's traffic comes from or goes to neighboring countries. Since the 5-year investment program of US\$150 million surpasses by far the financial capacity of ATC - or, for that matter, the Congo - it will be necessary to involve the users of the system in the financing of the expansion program.

14. Much of the discussion centered around the projected steep traffic increase (especially timber), which constitutes the heart of the economic justification for ATC's expansion program. In this respect, Mr. McNamara wanted to know what assurances ATC had that the projected traffic would use ATC's system rather than alternative routes to the sea which were presently planned by neighboring countries. Mr. Babackas pointed to the Congo's international agreements with Gabon and the C.A.R. which opened ATC's facilities to their traffic. He admitted that there was no legal commitment by neighboring countries to use ATC's facilities and to refrain from building alternative evacuation roads. However, Mr. Babackas repeatedly emphasized that Congo's neighbors used ATC's facilities because they were the cheapest, quickest and most reliable mode of transport and that, on the working level, ATC's relations with them (especially with Comilog) continued to be excellent. The rest was a political problem for the Government of the Congo. Moreover, Mr. Babackas emphasized that new evacuation roads to the sea required foreign financing and that he doubted whether foreign donors would commit funds to build costly new routes as long as ATC continued to provide an efficient low-cost transport system for their needs.

Conclusions

15. President N'Gouabi confirmed his willingness to work closely with the Bank along the priorities which we have established in our own program placing transport and education at the top of the list. From the discussions with the Ministers, however, it was almost impossible to form a clear impression of the overall economic policies of the country. There is at present no chief planner and spokesman for the Government in this field. We were also unable to discuss the deteriorating budgetary situation, since Finance Minister Pongui (allegedly a protégé of ousted Coordinator General Noumazalay) was not available for discussions. ATC, however, made an impressive presentation. Summing up his impressions to us, Mr. McNamara felt that in the future an IDA lending program of some US \$3 million a year was justified for general development in the Congo. In addition, he felt additional financing for transport of some US \$2 to 3 million a year would be justified on the basis that ATC's investment served the needs of neighboring countries, and provided such financing would be supported by regional agreements on the use of ATC's facilities. IDA could thus make a contribution to regional cooperation.

RBSteckhan:ys

cc: Mr. McNamara
Mr. Knapp
Mr. Chadenet
Mr. Chaufournier
Mr. Westebbe
Mr. Byl
Mr. Leduc

ANNEX I

LIST OF PRINCIPAL OFFICIALS MET BY

MR. McNAMARA

DURING HIS 1972 VISIT TO THE CONGO

- President of the State Council, in charge of Defence and Security	Major Marien N'GOUABI
- Vice-President of the State Council, Minister of Justice	Aloïse MOUDILENO-MASSENGO
- Minister of Public Works, Transport and Civil Aviation	Captain Louis Sylvain GOMA
- Minister of Agriculture, Water Resources and Forestry	Alphonse GANGOUÉ
- ATC Director-General	Edouard Ebouka BABACKAS
- ATC Assistant Director-General	Louis PEYTRAL
- Director-General of Congolese Commercial Bank and IBRD Governor	Bernard BOUITI BANZA
- Director of Central Bank and IBRD Alternate Governor	Jean SATHOUD
- UN Resident Representative	Gian Ludovico PENNACCHIO

PROGRAM OF THE 1972 VISIT
OF MR. McNAMARA TO THE CONGO

Thursday, March 2, 1972

22:30 Arrival Brazzaville/Maya-Maya Flight UT 767

Friday, March 3, 1972

8:00 Courtesy visit to the Vice-President Moudileno-Massengo

8:30 Take-off for Pointe-Noire by plane Lina-Congo
Discussion on plane with Government Delegation

9:40 Arrival at Pointe-Noire

10:00 Brief working session with ATC and visit of port

11:00 Departure for Dolisie by train

Working sessions on train

16:00 Arrival Dolisie

16:30 Departure Dolisie for Brazzaville by plane -
Lina-Congo

17:30 Arrival Brazzaville

18:30 Visit by UN Resident Representative

19:00 Courtesy visit to President N'Gouabi

20:00 Dinner offered by Vice-President

Saturday, March 4, 1972

8:15 Departure Brazzaville to Bangui-Flight UT 722

Xdel R 4350

OFFICE MEMORANDUM

TO: Mr. J. Burke Knapp
FROM: Roger Chaufourrier *h*
SUBJECT: CONGO - Second Railway Project

DATE: March 7, 1977

*file
Congo
RW 2.*

1. This is to bring you up to date on the events that interrupted the civil works of the railway realignment in Congo.
2. On March 23, 1976 the Bank approved a \$38 million loan (Ln 1228-COB) to the Agence Transcongolaise des Communications, with the guarantee of the Congo Government, to help finance the \$234-million Second Railway Project which includes realignment of a 88 km railway section. The civil works contract of the realignment was awarded to a consortium of contractors Astaldi, Holzmann and Fougerolle for \$85 million. Civil works started mid 1976 and progressed on schedule until January 1977. About \$6.5 million has been disbursed from the loan account.
3. On January 15, 1977, alleged adherents of a militant organization supporting independence of neighboring Cabinda 1/, raided a construction camp belonging to the contractors. The raiders killed Congolese workers, kidnapped 3 expatriates, destroyed equipment and thus totally immobilized construction works. The hostages have since been released and the contractors appear prepared to resume work subject to satisfactory security arrangements and a compensatory increase in the contract amount.
4. A Congolese delegation visited the Bank end of February to brief us on the issue (see attached memo to Files of March 2). According to the delegation the damage directly caused by the attack does not exceed \$500,000 and the total additional cost resulting from delays in project construction is on the order of \$4 million.
5. A donors meeting is taking place in Brazzaville this week. The Bank delegation will essentially take note of the views expressed by the Congolese Government and co-donors, try to determine whether project execution can be resumed at a cost that remains within the limits of available resources, and make recommendations about the next step.

1/ Front de Libération d'Enclave de Cabinda (FLEC).

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. Sven Burmester) DATE: March 18, 1977
FROM: Xavier de la Renaudière, Acting RVP, Western Africa
SUBJECT: Your Meeting with a Congolese Delegation

1. A Congolese delegation consisting of Mr. Paul Olassa, former Minister of Education and at present advisor to the President, and Mr. François Itoua, Foreign Affairs, visited the Bank today and asked to be received by you to deliver a personal message from Mr. Ngouabi, President of the Republic. We do not know the substance of the message, which the delegation has been firmly instructed to communicate only to you. We thought that the message could concern the implementation of the recently financed railway realignment project for which a \$38 million Bank loan was made to the Congolese railway authority in March 1976. Apparently, this is not the case and the delegation said that President Ngouabi's message concerned matters not directly related to Bank Group operations in the Congo.

2. The delegation may, however, briefly refer to the railway issue. On this you will find attached a copy of a memo of March 7 to Mr. Knapp. A Bank delegation participated in a donors' meeting in Brazzaville last week at which, we understand, an interim solution was identified to permit resumption of construction works interrupted by a raid of separatists from neighboring Cabinda. The Bank delegation has not yet returned from Brazzaville. We shall review its conclusions and recommendations next week and inform the Congolese Government accordingly.

Attachment

cc. Mr. Knapp

OFFICE MEMORANDUM

TO: Western Africa Files

FROM: Xavier de la Renaudiere *X*

SUBJECT: Visit of a Congolese delegation to Mr. McNamara

DATE: March 24, 1977

1. A Congolese delegation consisting of Mr. Paul Olassa, former Minister of Education and Advisor to President Ngouabi, and Mr. François Itoua, Director of the Department of International Organizations, within the Ministry of Foreign Affairs, was received by Mr. McNamara on March 18, 1977. I attended the meeting.

2. The delegation handed over to Mr. McNamara a message from President Ngouabi asking him to introduce Messrs. Olassa and Itoua to President Carter. Mr. McNamara took note of the request.

3. Following the meeting, I called Mr. Schaufele, Assistant Secretary, Bureau of African Affairs, State Department, who seemed surprised but not unhappy about the visit of the Congolese delegation. Just a few days before, the U.S. Government had indicated that it would welcome the visit of personal envoys from President Ngouabi. Mr. Schaufele said that he would probably arrange for a meeting with the Congolese delegation at an appropriate level within the State Department and asked me to call him on Saturday to obtain confirmation of the arrangement.

4. On Saturday, having heard about the assassination of President Ngouabi, I called Mr. Olassa who indicated that in view of the circumstances they could not officially deliver to any U.S. representative the message President Ngouabi had asked them to transmit to President Carter. However, as the message was essentially one of good will prepared after consultation with all appropriate authorities in the Congo, the delegation felt that they should meet with a State Department representative to comment orally on the substance of the message. I passed on this information to Mr. Schaufele who contacted the delegation and arranged for them to be received by one of his colleagues.

cc. Mr. Burmester
Mr. Chaufournier
Mr. Eigen