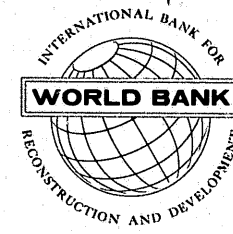


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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

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Bank Press Release No. 69/1
January 8, 1969

Subject: \$6 million road loan
to Gabon

A World Bank loan of \$6 million to Gabon, announced today, will be the second made by the Bank for the construction of roads to open the interior of the country to logging operations. By making possible an increase in timber production, Gabon's second most important industry, the roads will make a substantial contribution to Gabon's foreign exchange earnings and fiscal revenue.

The Bank loan will be for a term of 20 years, including a four-year grace period, and with interest at 6-1/2%.

The greater part of Gabon's land area is covered with thick tropical forests which traditionally were its most important resource. In recent years the production and export of manganese, petroleum and uranium have grown in importance, now accounting for 58% of the country's exports. However, the forest industry will continue to be important. It accounts for about 40% of export receipts and 20% of the Government's revenues, not including general income taxes paid by logging operators, and employs more than twice as many people as mining. There is a strong demand for Gabon's timber, particularly okoume, one of the most valuable tropical woods for the manufacture of plywood. Gabon and Congo (Brazzaville) are virtually the only producers of okoume.

The drop in Gabon's timber production in recent years has been due to transportation difficulties. Commercially exploitable timber in the

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forest areas along the coast and navigable rivers, called the "first zone", is nearly exhausted, and forest exploitation is moving farther from the coast into the "second zone". This development requires considerable public investment in roads. Road investments, including the highway project financed by the \$12 million Bank loan made in June 1964, have enabled the logging companies gradually to transfer their activities from the first to the second zone which now accounts for more than half of the country's timber production.

The project now being financed will open up additional areas of the second zone to logging operations. It consists of the construction of two roads with a total length of 74 miles; feasibility studies of about 143 miles of additional roads and a bridge over the N'Gounie River and, if justified, detailed engineering of about 112 miles of road and the bridge. It also includes the procurement of maintenance equipment and spare parts.

The two roads will open an area of about 1,230,000 acres for timber exploitation. It is estimated that the stands of timber to which the roads will give access are sufficient to produce about 2 million tons over the next 20 years. Private logging companies have taken up concessions and operations will start as soon as the project roads are completed. In addition to generating substantial increases in timber production, one of the project roads will also improve transport connections to agricultural areas in north-east Gabon and serve as an international link with Cameroon.

The Department of Public Works and Transportation in the Ministry of Public Works will be responsible for executing the project. Consultants will supervise construction and will carry out the feasibility studies and detailed engineering. The project is scheduled for completion by the end of 1971 at a total cost equivalent to \$8 million. The Bank loan of \$6 million will cover the estimated foreign exchange costs. The contract for road construction is being awarded on the basis of international competitive bidding and the road maintenance equipment and spare parts will be purchased on the same basis.

A specialist from the Food and Agriculture Organization of the United Nations assisted in appraising the project under the Bank/FAO Cooperative Program.