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President Wolfensohn - Briefings Books for Presidents Meetings - Meeting - Dr  
Richard Leakey - April 29, 1996 [JDW] - Briefing Note - See Also Kenya Wildlife

# DECLASSIFIED

## WBG Archives

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Document Log

Reference # : Archive-00458

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- Meeting Material
- Trips
- Speeches

- Annual Meetings
- Corporate Management
- Communications with Staff

- Phone Logs
- Calendar
- Press Clippings/Photos

- JDW Transcripts
- Social Events
- Other

**B. SUBJECT:** Dr. Richard Leakey' meeting with JDW: Briefing Note. (See also Kenya Wildlife Service (KWS) and Protected Areas and Wildlife Service Project (PAWS))

**DATE:** 04/29/96

## C. VPU

### Corporate

- CTR
- EXT
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- Kennedy Center
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- Private Sector

- Part I
- Part II
- Other

## E. COMMENTS:

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- EXC
- IISC
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05/08/96

April 26, 1996

### Briefing Note

#### **Dr. Richard Leakey's Visit with President Wolfensohn on April 29, 1996**

**Background.** Dr. Leakey is a noted anthropologist and environmentalist and former Director of the Kenya Wildlife Service (KWS). He is currently Secretary of SAFINA (Swahili word for "Noah's ark") - one of 13 opposition groups in Kenya, whose application for registration as a political party has yet to be formally processed and accepted by the Government.

Dr. Leakey is well-known to the World Bank. As Director of the KWS (after its creation in 1989), he played an instrumental role in the preparation of the Protected Areas and Wildlife Service Project (PAWS), a \$61 million Credit approved in February 1992 and cofinanced with six other donors (in the amount of \$51.5 million). Main objectives of the PAWS include halting the decline of the country's wildlife and developing a sound foundation for sustainable wildlife-based tourism. However, he resigned from KWS early in 1994 following unsubstantiated charges of corruption and racism by senior officials of the ruling party, KANU.

After leaving KWS and founding the SAFINA party, he was beaten by a mob during the course of his attempt to visit Mr. Koigi wa Wamwere in a Nakuru jail (a political *cause celebre* of several world-wide human rights groups). In October 1995, just prior to the Annual Meetings, Dr. Leakey met with AF2 management; on behalf of SAFINA, he expressed its support for the Bank's and IMF's continuing efforts in promoting economic reform in Kenya, but encouraged and stressed the importance of improved governance and political reform if these economic achievements were to be sustained.

**Economic Reform.** During the course of Dr. Leakey's upcoming visit, he can be expected to express skepticism with respect to the Government's commitment to economic reform and to highlight the topic of "economic mismanagement and corruption". Our view is that the Government of Kenya has since mid-1993 made progress in implementing a comprehensive program of economic reform. The overall economic picture continues to improve - renewed economic growth of 5 percent and single-digit inflation. On the structural side, there has been liberalization of the maize market, deregulation of the petroleum sector, elimination of all remaining price controls, reduction in import tariffs and elimination of export taxes. While there continues to be concern by both Bank staff and management as to Government's commitment to aggressively implementing the outstanding reform agenda, as evidenced by the slow pace of privatization and parastatal reform and instances of major unbudgeted and questionable capital expenditures (e.g., the Eldoret airport, presidential aircraft), developments over the past several months have been encouraging. In response to Dr. Leakey, you may want to emphasize the following points:

- The Bank will continue to insist on improved economic performance, better economic management and improved economic governance; unsatisfactory and inconsistent performance resulted in new lending to Kenya during the three-year period FY93-95 that averaged only \$50 million annually.
- Demonstrated and sustained progress in implementing the reform agenda in the recently agreed **PFP for 1996-98** is necessary if increased levels of Bank financial support are to be justified (the Fund's Board is expected to approve a new three-year ESAF on April 26).

- An ongoing public expenditure review is being undertaken jointly by the Government and the Bank, the focus of which is on achieving rationalization of the development budget. Improved budgetary transparency/prioritization, along with earlier measures introduced by the Government to strengthen financial accountability, should help prevent the recurrence of large unbudgeted capital expenditures such as those experienced in the past.

**Noneconomic Governance.** Dr. Leakey can also be expected to raise a number of noneconomic governance concerns. In particular, he is likely to emphasize that World Bank and other donor assistance to Kenya should be more sensitive to basic political reforms. In response to such concerns raised by Dr. Leakey, you may want to emphasize the following points:

- While the Bank does not involve itself directly in noneconomic governance matters, it is cognizant of the fact that these matters impact directly on private sector confidence as well as increased levels of private sector investment - critical if accelerated economic growth, employment generation and poverty reduction are to be achieved. To this end, the Bank has stressed to Government the importance of addressing such noneconomic concerns.
- The Bank also appreciates the importance bilateral donors attach to noneconomic issues. These concerns were articulated during the Board's discussion of the country assistance strategy in January and during the Consultative Group meeting held in Paris last month.

**Environment.** On the environment side, Dr. Leakey is likely to express his concern that KWS is not doing well, with its autonomy to operate effectively being constrained by increasing political interference, and that the Bank-supported project may not achieve its principal objectives, particularly relating to the viability of KWS and the national parks. On this point, you may want to respond as follows:

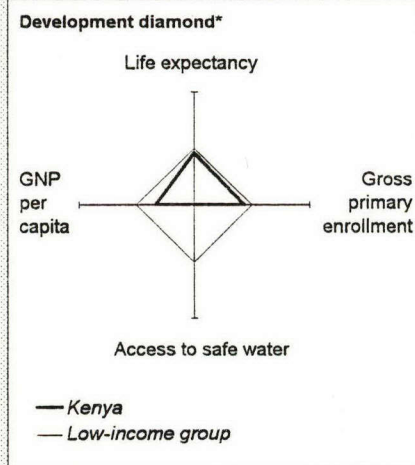
- Implementation of the PAWS Project has been satisfactory and timely. While the Government's overall commitment to this project appears strong, there is some concern over the Government's broader commitment to the overall sector in the long-term, in particular, its willingness to continue subventions to enable KWS to carry out costly, non-revenue earning services to the country (e.g., problem-animals control) and its willingness to carry out reforms in sectoral policies and land-use practices/incentives that could undermine the overall objectives of wildlife and biodiversity conservation. This will continue to be a focus of the Bank's supervision efforts.

*Prepared by C. Magnus.*

# Kenya at a glance

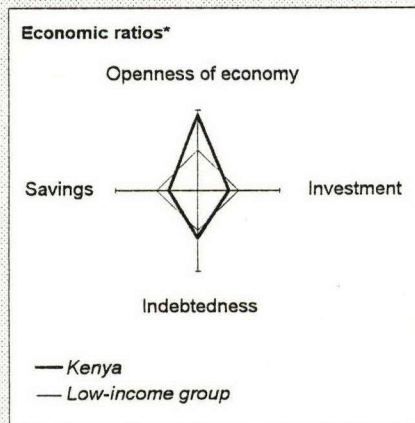
## POVERTY and SOCIAL

	Kenya	Sub-Saharan Africa	Low-income
Population mid-1994 (millions)	26.0	572	3,182
GNP per capita 1994 (US\$)	260	500	390
GNP 1994 (billions US\$)	6.6	286	1,241
<b>Average annual growth, 1990-94</b>			
Population (%)	2.7	2.7	1.8
Labor force (%)	3.4	2.8	1.9
<b>Most recent estimate (latest year available since 1989)</b>			
Poverty: headcount index (% of population)	37	..	..
Urban population (% of total population)	28	31	28
Life expectancy at birth (years)	59	52	63
Infant mortality (per 1,000 live births)	58	92	68
Child malnutrition (% of children under 5)	23	..	38
Access to safe water (% of population)	..	..	67
Illiteracy (% of population age 15+)	22	..	35
Gross primary enrollment (% of school-age population)	91	71	105
Male	92	77	112
Female	91	64	98



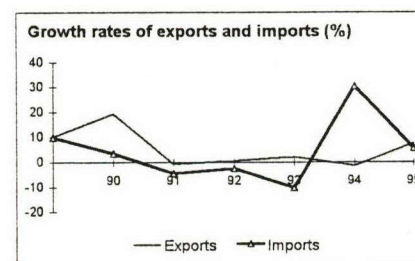
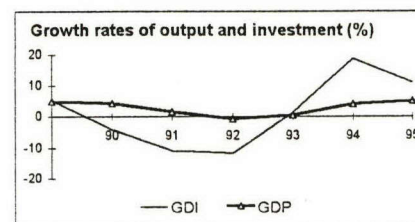
## KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1994	1995	
GDP (billions US\$)	3.3	6.1	6.9	7.9	
Gross domestic investment/GDP	18.1	26.0	20.9	22.9	
Exports of goods and non-factor services/GDP	29.8	25.3	38.6	37.0	
Gross domestic savings/GDP	13.5	24.9	23.7	21.7	
Gross national savings/GDP	9.2	22.6	20.4	18.7	
Current account balance/GDP	-8.6	-7.0	-0.4	-4.2	
Interest payments/GDP	1.4	2.7	4.3	..	
Total debt/GDP	39.6	68.1	106.0	..	
Total debt service/exports	14.9	39.2	33.3	..	
Present value of debt/GDP	..	..	75.1	..	
Present value of debt/exports	..	..	193.3	..	
<b>(average annual growth)</b>					
GDPmp	4.8	3.3	3.9	5.0	5.3
GNP per capita	1.1	0.1	3.1	3.7	2.9
Exports of goods and nfs	0.3	5.1	-1.3	7.5	3.5



## STRUCTURE of the ECONOMY

	1975	1985	1994	1995
<b>(% of GDP)</b>				
Agriculture	34.2	32.5	29.1	..
Industry	20.2	19.1	17.4	..
Manufacturing	12.0	11.7	10.5	..
Services	45.6	48.4	53.5	..
Private consumption	68.2	57.6	61.5	61.6
General government consumption	18.3	17.5	14.7	16.8
Imports of goods and non-factor services	34.5	26.4	35.7	38.2
<b>(average annual growth)</b>				
Agriculture	3.8	1.7	3.1	..
Industry	4.8	3.5	2.0	..
Manufacturing	6.3	4.3	1.9	..
Services	6.0	4.3	3.3	..
Private consumption	3.3	3.6	10.3	0.7
General government consumption	4.3	5.5	8.6	10.3
Gross domestic investment	1.8	0.4	18.7	10.9
Imports of goods and non-factor services	-3.7	4.7	30.3	5.3
Gross national product	5.0	3.0	5.8	6.4

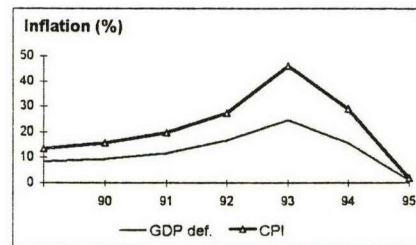


Note: 1995 data are preliminary estimates. Figures in italics are for years other than those specified.

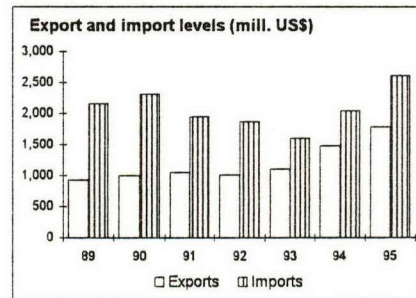
\* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

**PRICES and GOVERNMENT FINANCE**

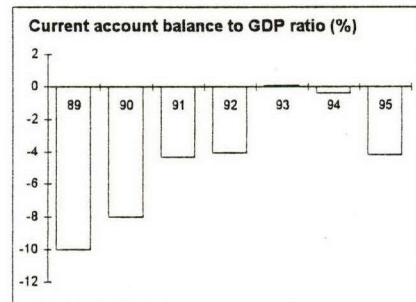
	1975	1985	1994	1995
<b>Domestic prices (% change)</b>				
Consumer prices (Ave. Nairobi CPI)	19.1	10.7	28.8	1.7
Implicit GDP deflator	11.3	8.2	15.7	0.9
<b>Government finance (In fiscal years) (% of GDP)</b>				
Current revenue	..	21.6	29.2	31.7
Current budget balance	..	-0.8	-1.0	5.2
Overall surplus/deficit (on commitment basis and excl. grants)	..	-7.5	-8.0	-2.6


**TRADE**

	1975	1985	1994	1995
<b>(millions US\$)</b>				
Total exports (fob)	..	940	1,482	1,783
Fuel	..	118	65	73
Coffee	..	281	233	302
Manufactures	..	117	159	184
Total imports (cif)	..	1,486	2,044	2,606
Food	..	112	180	205
Fuel and energy	..	461	332	329
Capital goods	..	340	503	578
Export price index (1987=100)	..	90	122	..
Import price index (1987=100)	..	81	77	..
Terms of trade (1987=100)	..	111	157	..


**BALANCE of PAYMENTS**

	1975	1985	1994	1995
<b>(millions US\$)</b>				
Exports of goods and non-factor services	955	1,552	2,645	2,954
Imports of goods and non-factor services	1,131	1,850	2,448	3,053
Resource balance	-176	-297	197	-99
Net factor income	-93	-213	-374	-365
Net current transfers	-13	81	148	128
Current account balance, before official transfers	-281	-429	-30	-336
Financing items (net)	244	397	134	203
Changes in net reserves	38	33	-104	133
<b>Memo:</b>				
Reserves including gold (mill. US\$)	173	417	625	453
Conversion rate (local/US\$)	7.3	16.4	56.1	51.0


**EXTERNAL DEBT and RESOURCE FLOWS**

	1975	1985	1993	1994
<b>(millions US\$)</b>				
Total debt outstanding and disbursed	1,290	4,178	7,120	7,273
IBRD	106	751	566	501
IDA	81	408	1,631	1,789
Total debt service	151	621	627	888
IBRD	6	85	156	155
IDA	1	5	19	21
<b>Composition of net resource flows</b>				
Official grants	31	195	292	311
Official creditors	87	135	142	66
Private creditors	33	8	-37	-276
Foreign direct investment	17	18	2	4
Portfolio equity	0	0	0	0
<b>World Bank program</b>				
Commitments	219	6	92	64
Disbursements	51	113	226	97
Principal repayments	1	35	108	115
Net flows	50	77	119	-18
Interest payments	6	55	67	62
Net transfers	44	22	52	-79

