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THE WORLD BANK

Washington, D.C.

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A2007-002 Other #:

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Omer Hursit Calika - Chronological Files, 1965-01 - 1965-03

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WBG Archives



30025948

A2007-002 Other #:

Box # 317420B

Omer Hursit Calika - Chronological Files, 1965-01 - 1965-03



March 31, 1965

P. R. Morris, Esq.,  
Chief Engineer  
Ministry of Works  
Roads Branch  
P. O. Box 30260  
Nairobi, Kenya

Dear Mr. Morris:

Thank you for your letter of March 24, 1965 (your reference No. R.1154/P.24), on the proposed lending for the Chemilil/Muhoroni roads project.

In my letter of January 5, 1965 to Miss J. Tyrrell of the Treasury, we stated on this project that: "You might, in due course, compile the necessary data for the new roads proposal, which we would have to consider in the light of our overall lending operations in Kenya and with due regard to broad considerations of economic priority of various projects." I understood from our discussions during my recent visit to Nairobi that the Kenya Government would, in all probability, construct these roads and engage consultants to produce a Preliminary Report on them. I have suggested, in the circumstances, that the terms of reference for the consultants should be shown to us, so that, if we decide to finance these roads, there would not be any undue delay on account of the scope of the engineering study.

We are now pleased to have your proposed terms of reference and draft outline of specifications. I am passing over your letter, with attachments to Mr. Warren C. Baum, Assistant Director in our Projects Department in charge of transportation projects, and I am sure that he would be communicating with you on any comments which we might have on your draft documents.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

OHC Calika:se  
cc: Messrs. Baum (with incoming letter)  
Ian/Jaycox/Div. File

March 31, 1965

Permanent Secretary  
Ministry of Finance  
P.O. Box RW.62  
Ridgeway Lusaka  
Zambia

Dear Sir:

Thank you for your letter of March 20, 1965 (your ref No. MF/004/1/33), enclosing two copies of the secondary schools project application.

We shall examine this document with interest. Mr. Ballantine has already left for his African trip and I suggest that you provide him with a copy of the document, together with any supplementary data, upon his arrival in Lusaka on April 7.

Yours sincerely,

O.H. Calika  
Africa Department

OHC Calika:mz - IBRD  
cc: Messrs. Burt (with copy of submission)  
Scott  
Elliott  
Lan/Jaycox/Div File

HIS EXCELLENCY  
PAUL BOMANI  
MINISTER OF FINANCE

MARCH 31, 1965

DAR ES SALAAM

NLT

TANZANIA

REFERENCE MY CABLE MARCH SIXTEENTH PROPOSED LENDING NATIONAL DEVELOPMENT  
CREDIT AGENCY PROJECT STOP DISCUSSIONS TODAY WITH FAO REPRESENTATIVES  
INDICATE FAO REPORT READY IN ABOUT TWO WEEKS STOP WILL WRITE AFTER RECEIPT  
OF REPORT STOP REGRET DELAY STOP REGARDS

A.G. EL EMARY  
INDEVAS

A. G. El Emery  
Africa Department

OHCalika:mz

cc: Messrs. Evens  
Scott  
Elliott  
Lan/Jaycox/Div File



Files

March 31, 1965

O. H. Calika

East Africa - The Railways Project

A Mr. Charles Mayer, of Societe Generale de' Belgique, called me today on the telephone to inquire about the East African Railways Project. He said the Belgium firm, Bourgeois Neuville, has provided wagons in the past to East African Railways and wondered about the procurement system which would be followed under the proposed Bank loan to ~~the latest loan negotiations with~~ the East African Common Services Authority.

I told Mr. Mayer that if the proposed loan is approved by our Executive Directors, procurement under it would be on the basis of international competitive bidding. I mentioned the proposed British Government loan to the Authority for the purchase of locomotives, indicating that, as far as I knew, it did not cover wagons.

OHC:sc

cc: Mr. Loven

March 31, 1965

R.J.M. Synnerton, Esq.,  
Commonwealth Development Corporation  
33 Hill Street  
London W 1  
England

Dear Roger:

Uganda - The Outgrowers Tea Scheme

Jim Evans wrote to Tom Phillips on March 18 on our plans for an appraisal of the Uganda outgrowers tea project. We were pleased to hear that these plans are agreeable to CDC.

I am now writing to tell you about our recent correspondence with the Uganda Government on this project proposal. On Feb. 18, following my visit to Uganda, Mr. El Emery wrote to the Uganda Finance Minister, commenting on the status of several Bank/IDA projects, including the following statement on the tea proposal:

"The Outgrower Tea Project: We were pleased to note from your conversations with Mr. Calika that you personally support the proposal that a central coordinating authority should be set up and that the Government should be willing to participate in the financing of the proposed tea development program. We look forward to hearing from you shortly on the Uganda Government's considered views on these two points. On this basis, we are prepared to undertake a field appraisal of this project in April and are contacting the Commonwealth Development Corporation on a mutually convenient date for simultaneous appraisal visits. We shall inform you later of our detailed plans."

The Finance Minister's reply, which was given in his letter of March 22, 1965, was as follows:

"The Outgrower Tea Project: Here I can only say that the position is as I discussed it with Mr. Calika and that the Uganda Government's White Paper, along the broadlines on which I specifically indicated, should be issued in the next two to three weeks. We should, therefore, welcome the joint field appraisal mission visits by the Bank and the Commonwealth Development Corporation."



To supplement the Minister's letter to Mr. El Emery, Mr. Ssentongo cabled on March 24, 1965 to "confirm our agreement to a mission visiting Uganda in April to appraise the outgrowers tea project".

We shall now write to Mr. Kalule-Settala on the composition and the timing of our appraisal mission. I hope that a good project will emerge from the visits by CDC and IDA missions.

With best wishes,

Yours sincerely,

O.H. Calika  
Africa Department

OHC Calika:mz - IDA

cc: Messrs. Evans/Schaefer-Kehnert (with copy of Uganda letter)  
Lan/Jaycox/Div File



March 31, 1965

Mr. W.B.G. Raynor  
General Manager  
Kenya Tea Development Authority  
P.O. Box 30213  
Nairobi, Kenya

Dear Mr. Raynor:

Thank you for your letter of March 16, 1965 (your ref. No. STF/17 regarding the appointment of senior tea officers.

We have been corresponding with CDC on this matter and shall give you soon our considered views.

Yours sincerely,

O. H. Calika

OHCalika:mz - IDA

Files

March 31, 1965

O.H. Calika

East Africa - Shipping Development

A certain Mr. George T. Asp (Management Consultant, 1227 Washington Building, Seattle 1 Washington) dropped in my office without appointment yesterday. He told me about plans to construct high-speed cargo ships to be put in service by 1968 and he wondered whether services between the Eastern coast of Africa and India/Far East would be suitable for such vessels.

I made a few general remarks on the prospects of the growth of East African exports, but suggested that, for a decision of this nature, the promoters should try to obtain first-hand information about the shipping position and prospects in East Africa.

OHCalika:mz

cc: Messrs. Loven

Lan/Jaycox/Div File

March 30, 1965

His Excellency  
L. Kalule Bettala  
Minister of Finance  
Entebbe, Uganda

Dear Mr. Minister:

As you may have heard by now, we have substantially completed the negotiations at the Bank for a loan of \$38.0 million for the East African Railways and Harbours project and I am pleased to enclose a set of the draft loan documents. I also enclose a copy of my letter of even date to His Excellency J. S. Ochieng who was leading the East African delegation on this occasion. Before presenting the loan proposal to our Executive Directors, we shall await for the approval of the draft loan documents by the East African Common Services Authority and the three East African governments.

Yours sincerely,

A. G. El Bary  
Director  
Africa Department

GH:alikase - (IBRD)  
cc: Messrs. Bean  
Scott  
Leven  
Elliott  
Lan/Jaycox



March 30, 1965

H. H. Gakau, Esq.,  
East African Railways and Harbours  
P. O. Box 30121  
Nairobi, Kenya

Dear Dr. Gakau:

We delivered to Mr. Akisani today 40 copies of each of the draft loan documents (except for the three draft Guarantee Agreements which were provided earlier) concerning the proposed Bank loan of \$30.0 million for the EARRH project. I enclose with this letter a complete set and a copy of my letter of even date to His Excellency J. S. Gichuru, commenting on the draft side letter regarding EARRH management.

We were very happy to have you and your colleagues at the Bank and have enjoyed our discussions with you.

With best wishes,

Yours sincerely,

A. G. El Remy  
Director  
Africa Department

OK:lib:m - (Bank)

cc: Messrs. Baum  
Scott  
Loven  
Elliott  
Lan/Jaycox

March 30, 1965

His Excellency  
J. S. Gichuru  
Minister for Finance  
Nairobi, Kenya

Dear Mr. Minister:

After our meetings with you on March 17 and 19, we substantially completed the negotiations with the Hon. Sheikh H. Makame, Dr. E. N. Gakuo and the other members of the East African delegation on the proposed Bank loan for the East African Railways and Harbours (EAR&H) project. I am pleased to enclose a set of the draft loan documents for approval by the East African Common Services Authority and by the Governments of Kenya, Tanzania and Uganda. Additional copies of these documents have been provided to Mr. Akiwumi today for distribution to appropriate authorities in East Africa.

The attached documents consist of a draft Loan Agreement between the East African Common Services Authority and the Bank, three similar draft Guarantee Agreements between each of the East African Governments and the Bank, and six draft supplementary letters concerning: (1) the list of goods and procurement; (2) EAR&H's accounting practices; (3) EAR&H's financial position over the period 1968-71; (4) EAR&H's personnel and wage policies; (5) Transport coordination in East Africa; and (6) EAR&H's management.

In general, these drafts follow the pattern of the Bank's 1955 loan for EAR&H and of the recent BANK/IDA lending operations in East Africa. They provide for a Bank loan of \$38.0 million, the largest sum which we have so far considered in East Africa for a single project. Because of particular circumstances of EAR&H's present and prospective financial position and personnel problems, the draft loan documents provide for various assurances by the East African Common Services Authority and the guarantor governments on the financial and managerial aspects of EAR&H's operations. I am sure that the Kenya Government and the Governments of Tanzania and Uganda will appreciate the need for such assurances and will be able to support them.

During the negotiations, we discussed in detail various aspects of the proposed loan documents. Here I wish to comment only on the proposed



draft letter concerning E.A.R.&H's management (item under 6 above). This draft letter requires that, prior to a final personnel action, the Bank be informed of and given time to comment on any proposed appointments by the East African Common Services Authority to the position of E.A.R.&H General Manager. It also requires E.A.R.&H to inform the Bank and to give it time to comment on any proposed nominations to the posts of E.A.R.&H's Assistant General Manager and the heads of its departments. I wish to emphasize, Mr. Minister, that the Bank would not, under this draft letter, obtain any rights to approve or disapprove such appointments, but it would be given an opportunity to express its views, if any, on a proposed personnel action prior to final decision by the East African Common Services Authority or E.A.R.&H, as the case may be. As you may know, similar requirements appear quite frequently in our Loan or credit documents concerning projects assisted by us (including some existing Bank and IDA projects in East Africa), and they are not a reflection in any way on the competence of a particular decision-making body. In their lending operations, both the Bank and IDA attach great importance to the managerial aspects of their projects. They expect to have full cooperation by the borrowers on the maintenance of competent management. I sincerely hope that the Bank's position and motives, which are directed solely to the successful implementation of the projects to be assisted by it, will be fully understood and supported by the three East African Governments.

I was very pleased to meet you and your colleagues during your brief stay in Washington, and I hope that we shall meet again soon.

I am sending copies of this letter, with attachments, to H.E. Sheikh, H. Makame, H.E.L. Kalule-Settala and Dr. J. Gakuo.

With best wishes,

Yours sincerely,

A. G. El Emery  
Director  
Africa Department

OHCalika:mz - IBERD

cc: Messrs. Baum

Scott

Loven/Sander

Elliott

Jaycox/Len/Div File



March 30, 1965

His Excellency  
Sheikh H. Makams  
Minister for Communication and Works  
Box 9144  
Dar es Salaam  
Tanzania

Dear Mr. Minister

I enclose a copy of my letter of even date, with attachments, to H.E. J.S. Gichuru concerning the recent negotiations which we held at the Bank with you and other East African representatives on the proposed East African Railways and Harbours (EAR&H) project. It gives our views on the proposed sideletter regarding EAR&H's management on which I understand you have had certain reservations.

Before presenting the loan proposal to our Executive Directors, we shall await for the approval of the draft loan documents by the East African Common Services Authority and the three East African Governments.

We were very pleased that you could visit the Bank on this occasion. I hope that we shall meet again before long.

Yours sincerely,

A. G. El Emery  
Director  
Africa Department

OHCalika:mz - IBRD  
cc: Messrs. Baum  
Scott  
Loven/Sander  
Elliott  
Jaycox/Lan/Div File

Mr. M. M. Mendels

March 29, 1965

Abdel G. El Emary

Zambia - IBRD/IFC/IDA Membership

1. In three letters dated July 28, 1964, Zambia (then Northern Rhodesia) has applied for membership in the Bank group of institutions. I understand that little progress has since been made by IMF with the usual membership procedures. It seems that, on the example of some other newly-independent African countries, it may take another six months or so before Zambia becomes a member of the Bank (and IDA and IFC).
2. We have already had some missions to Zambia and I expect to receive within a few week's time an education project and a road project for consideration for possible Bank lending. If these projects are suitable, we may, before the end of this year, be in a position to present loan proposals, for their approval, to the Executive Directors.
3. To avoid possible delays in the lending operations, I wonder whether the Bank could use its influence with IMF for speedy action on the determination of Zambia's membership quota.

OHCalika:mz

cc: Messrs. Williams  
Doucett  
Lan/Jaycox  
Div. File



March 29, 1965

Sir Penderel Moon  
Republic of Zambia  
Office of National Development and Planning  
P.O. Box 340  
Lusaka, Zambia

Dear Sir Penderel:

Thank you for your letter of March 18, 1965 (No.9) on the proposed education and roads projects in Zambia. Obviously the mail service between Washington and Lusaka takes some ten or eleven days (I received your letter only today) and I suppose we would have to rely on cables on matters which require immediate action.

Dr. Ballantine left Washington on March 24 for London and Paris and, as you know, will be arriving in Lusaka (from Malawi) on April 7. We have not yet received the Zambian Government's application on the proposed education project and, within the time available, I doubt whether we can formulate here any questions which Dr. Ballantine may wish to raise with the Zambian authorities. The best procedure, I think, is for the Government to provide a copy of the application, together with the material indicated in the "guidelines", to Dr. Ballantine upon his arrival in Lusaka, so that he will have as much time as possible to examine the project document for the subsequent discussions.

It is likely that Mr. Harold R. Young, a road engineer in our Project Department, will be visiting Lusaka for a day or two in April for preliminary discussions on the proposed roads project. We do not know as yet of the exact date for his visit.

Yours sincerely,

O.H. Calika  
Africa Department

OHCalika:mz

cc: Messrs. El Emery (with copy of incoming letter)

Burt	"	"	"	"	"
Gabriel	"	"	"	"	"



March 29, 1965

R. D. Hughes, Esq.,  
Kenya Tea Development Authority  
P. O. Box 30213  
Nairobi  
Kenya

Dear Mr. Hughes:

Credit No. 64 KE

Thank you for your letter of March 26, 1965 (your reference No. FIN 16), enclosing a copy of the Authority's audited accounts for the period from July 1, 1964, to December 31, 1964.

Yours sincerely,

O. H. Calika  
Africa Department

OHC:alika:sc

cc: Messrs. Evans/Schaeffer Kehnert (with incoming letter)  
Ian/Jaycox  
Div. File

HIS EXCELLENCY

MARCH 29, 1965

JAMES GICHURU

MLT

MINISTER OF FINANCE  
NAIROBI  
KENYA

AM PLEASED TO INFORM YOU THAT INTERNATIONAL DEVELOPMENT ASSOCIATION PREPARED  
NEGOTIATE CREDIT THREE MILLION DOLLARS TO KENYA FOR ROADS IN SMALLHOLDER TEA  
DEVELOPMENT AREAS STOP DURING NEGOTIATIONS IDA INTENDS SEEK ASSURANCES ON  
SEVERAL POINTS INCLUDING ALPHA MINISTRY OF WORKS RESPONSIBILITY OVERSEE  
EXECUTION PROJECT BETA ENGINEERING AND SUPERVISION BY CONSULTANTS GAMMA  
LOCAL AUTHORITIES' ABILITY EXECUTE PARTS OF PROJECT DELTA PROPER MAINTENANCE  
OF ROADS STOP SUGGEST REPRESENTATIVES INCLUDING CHIEF ENGINEER ROADS ARRIVE  
WASHINGTON TO START NEGOTIATIONS APRIL NINETEENTH ONWARDS STOP GRATEFUL  
CABLE COMPOSITION TEAM GAMMA PROPOSED ARRIVAL DATE AND WHETHER HOTEL  
RESERVATIONS REQUIRED STOP BEST REGARDS

EL EMARY  
INREVAS

Mr. A.G. El Emery  
Africa

ONC:Jillman  
cc: Messrs. Gabriel  
Scott  
Elliott  
Lan/Jaycox/Riv File

Mr. Abdel G. El Emary

March 29, 1965

O. Hursit Calika

Loans or Credits likely to be presented to the Executive Directors during the months April to July 1965

<u>Country</u>	<u>Project</u>	<u>Amount</u> <u>(\$ million)</u>	<u>Bank or</u> <u>IDA</u>	<u>Month of Presentation</u> <u>Tentative</u>
East Africa	Railways	38.0	Bank	June
Kenya	Roads	3.0	IDA	June

cc: Messrs. Jaycox/Lan  
Div. File



March 26, 1965

K. J. Barnes, Esq.  
Acting Secretary to the Treasury  
Ministry of Finance  
Zomba  
Malawi

Dear Mr. Barnes:

Thank you for your letter of 11 March 1965 (your reference No. 10/1/7), on the proposed Bank/IDA operations in Malawi. We were pleased to have here the Hon. J.Z.U. Tembo, Minister of Finance and Development, and his party on 22 March, at which time we gave him a copy of my letter of 3 March, 1965 to him.

As to your request for proposed mission dates, please note that Dr. D.S. Ballantine is now scheduled to arrive in Blantyre on April 4 (Air Rhodesia Flight No. 863) and to leave Malawi on April 7. The dates for Mr. J.A. Edelman's economic mission are not yet firm, but the mission is now expected in the second half of May. We will, of course, inform you of, and agree with you on, exact dates.

We have duly received your project document and the application for lending in regard to the proposed Zomba-Zambia border road project. On March 22, we had the opportunity to convey to the Minister of Finance, the Minister of Communications, and the Malawi officials our preliminary reaction to the proposal. We agreed with the Ministers that a brief visit to Malawi by Mr. Harold Young, of our Projects Department, would be arranged. I expect that Mr. Young would be visiting Malawi next month to advise further steps to be taken on this project. I expect that we will inform you by cable within a few days on Mr. Young's proposed date of arrival in Blantyre.

I understand from the Hon. Tembo that the formalities for Malawi's membership in IMF, IBRD, IDA and IFC are about to be completed. We look forward to see Malawi as a full fledged member very soon.

Yours sincerely,

A. G. El Emery  
Director  
Africa Department

OHC:alikaz  
cc: Messrs. Edelman  
Baum/Gabriel  
Pinto  
Gavin  
Div. File

March 26, 1965

Mr. Lars Kalderen  
The Treasury  
Stockholm  
Sweden

Dear Lars:

Thank you very much for your handwritten note of March 19, and Chapter IV of your draft Tanzania economic report. When Gordon Billington receives a copy of this chapter from you via the Embassy in Dar es Salaam, the mission will be right up to date on your report.

I regret to say that, FAO has run into delays in completing its report on the Tanzania Agricultural Credit scheme. By an exchange of cables with FAO, we have learned that there are gaps in necessary information, which will have to be filled by Tom Strong in Dar es Salaam. Ergas, of FAO, will be at the Bank next week to discuss various schemes and we shall take up with him the Tanzania case. I hope we are about to see daylight on this project, and, in any case, I will keep you informed.

Best regards,

Yours sincerely,

O. Hursit Calika

OHC Calika:mz

cc: Messrs. Edelman/Billington (with draft chapter IV)

Mr. Evans





# Record Removal Notice

<b>File Title</b> Omer Hursit Calika - Chronological Files, 1965-01 - 1965-03		<b>Barcode No.</b>  30025948		
<b>Document Date</b> March 26, 1965	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> To: Mr. M.L. Lejeune From: A.G. El Emary				
<b>Subject / Title</b> Mr. Edward V.K. Jaycox				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Kim Brenner-Delp</td><td><b>Date</b> Sept. 3, 2024</td></tr></table>	<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024
<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024			



BARLEY  
29 EARLS COURT SQUARE  
LONDON SW 5

MARCH 26, 1965

HLF

ENILAND

AKIWUMI ARRIVING LONDON FLIGHT BA500 AT 8:35 WEDNESDAY MORNING - INFORM  
EAST AFRICA OFFICE AND MRS. AKIWUMI

INTBAFRAD

Mr. O. H. Calika  
Africa Department

OHCalika:so

Files

March 26, 1965

O. H. Calika

East Africa - The Common Services Organization (EACSO)

1. Mr. Seidman, of Lehman Brothers, called me today from New York. He was referred to me by Mr. J. Culman, of AID.
2. Mr. Seidman said that, during his recent visit to East Africa, Mr. Hinchey had asked him to "explore" about a possible credit in the U.S. ("a small amount") for EACSO purposes (not for the railways). Mr. Seidman did not have data on EACSO finances and wanted to check whether we had any.
3. I told Mr. Seidman about our current loan negotiations with EACSO and the three East African governments, indicating that our information on EACSO finances was limited to the railway port. Mr. Seidman talked later to Mr. Akiwumi who will be visiting New York this afternoon.

OHC:alika:se

cc: Messrs. El Emery  
Scott



RAILWAYS

MARCH 26, 1965

NAIROBI

RLT

KENYA

FROM LEGAL SECRETARY STOP AM DELAYED AT BANKS REQUEST STOP WILL ARRIVE  
NAIROBI LATEST SATURDAY MORNING WITH DOCUMENTS / <sup>STOP</sup> INFORM SECRETARY GENERAL  
AND MY OFFICE

INTRAFRAD

Mr. O. H. Galica

Africa Department

OHC:lik:se

No. 7

March 25, 1965

Permanent Secretary,  
Ministry of Finance  
P.O. Box RW 62, Ridgeway  
Lusaka, Zambia

Dear Sir,

Thank you for your two letters of March 15, 1965 (your ref. Nos. MF/0001/1/3 and MF/0001/1/33/3), concerning the proposed agricultural study of Zambia and the projects under consideration for the Bank's assistance.

We are now giving active consideration to the arrangements for the proposed agricultural study and I shall be writing to you shortly on our specific proposals. We appreciate the urgency of this study and will do our best to assure that a high-calibre team will be in the field before long.

Dr. R. S. Ballantine is scheduled to arrive in Lusaka from Blantyre on April 7 (flight No. QZ 880) and plans to leave for Nairobi on April 10 (evening). He will be pleased to discuss with you the proposed project for secondary education and I suggest that a copy of the project document should be made available to him upon arrival.

We look forward to receiving from you soon the project document on the proposed roads project. It is likely that Mr. Harold R. Young, a highway engineer in our Projects Department, will be visiting Lusaka briefly in April for preliminary discussions on this project. If the visit can be arranged, we shall inform you by cable of his proposed date of arrival.

I note that the Zambian Government will meet the local costs of Sir Penderel Moon's present assignment in Zambia.

Yours sincerely,

A. G. El Bary  
Director  
Africa Department

OHCalikamk

cc. Messrs. Gordon/Rivkin (with copies of incoming letters)

Evans	"	"	"	"
T. Mitchell	"	"	"	"
Scott	"	"	"	"
Eckenberg	"	"	"	"
Baum	(with copy of letter No. MF/0001/1/33/8)			
Burt	"	"	"	"
Prinn	"	"	"	"



March 25, 1965

Sir Penderel Moon  
Office of National Development  
and Planning,  
P.O.Box 340,  
Lusaka, Zambia

Dear Sir Penderel,

Thank you very much for your letter of March 11, 1965 (your No. 8), telling me about your present work in Zambia. I was interested in hearing on the sort of problems which the Central Planning Office has been dealing with.

I also wish to acknowledge with thanks your letter of March 9, 1965 (your No. 6), concerning the proposed general study of agricultural projects in Zambia. We have now received the Government's formal application on this matter and plan to organize the proposed study under the present Bank/FAO cooperative agreement. We have already made some tentative arrangements with FAO and I expect that high caliber FAO staff will be available for this assignment. I also expect to have a Bank staff member to join the proposed mission. I shall be writing shortly to the Zambian Ministry of Finance on our proposed detailed arrangements.

As you know, Mr. Ballentine will be visiting Lusaka from April 7 to April 10 for discussions on a proposed education project. We have not yet received the Government's project document on this matter. We also look forward to receiving a project document on the proposed road project.

I plan to visit several African countries, including Zambia, in the near future and, if this trip materializes, I shall be pleased to see you in Lusaka.

Yours sincerely,

OHCalika:mk

cc. Messrs. Demuth/Gordon (with  
cc of letter dated  
March 9)  
Evans (with cc of letter  
dated March 9).

A. G. El Emery  
Director  
Africa Department



Mr. J. Burke Knapp

March 25, 1965

O. H. Calika

Kenya - The Tea Roads Project (IDA)

1. Following your telephone call today on the above, I checked the documents on the Kenya smallholder tea development project (Credit No. 64 KE).

2. Paragraph 10 of the tea project appraisal report reads as follows:

"The construction or improvement of the roads which will be needed by the time the green leaf has to be transported to the factories is not included in the project. The Government has drawn up a tentative schedule of road requirements with an estimated cost of £640,000 and has applied to IDA for financial assistance. Arrangements have been made for consultants to review this road program and it is expected that it will be appraised later in 1964 for possible IDA financing. The Government would in any event undertake to construct and maintain the roads needed to enable KTDA to collect green leaf from growers producing tea under the project and to deliver such leaf to the factories."

3. In presenting the tea development credit to the Executive Directors, the following statements were made by the Projects Department and the Africa Department staff, respectively, on the proposed roads:

"The additional tea roads that will be needed for carrying green leaf to the factories are not part of the project and will be financed separately."

"As to the tea roads, a project is under preparation for financing by IDA or some other outside agency, but regardless of this the Kenya Government has undertaken to construct and maintain satisfactory roads."

4. The earlier cost estimate of £640,000 was the Government's own preliminary figure. It was subsequently reviewed, by an independent consulting engineering firm in Kenya, on the basis of road construction standards which were agreed between the Association and the Kenya Government. The present figure of £1.5 million includes provisions for design and supervision (15% for the construction part only) and contingencies (15%, for the whole project).

5. In reviewing the appraisal report before circulation to the Executive Directors, we would have to clarify the foregoing points.

OHCalikamk

cc. Messrs. El Emery  
Baum/Young



Mr. H. Hilken

March 25, 1965

O. H. Calika

Kenya - Proposed Credit Negotiations

I should appreciate it if you could arrange for the circulation of the attached notice to the Executive Directors.

Attachment

OHCalika:mk

DECLASSIFIED

AUG 13 2024

CONFIDENTIAL

From: The Secretary

WBG ARCHIVES

March 26, 1965

Kenya

The Association is planning to invite the Government of Kenya to send representatives to Washington to negotiate a proposed credit of about \$3.0 million to help finance the construction of roads in smallholder tea development areas.

Distribution:

Executive Directors and Alternates  
President  
Vice Presidents  
Department Heads



VELDP  
LONDON W1

MARCH 25, 1965

NLT

ENGLAND

FOR PHILLIPS RE KENYA LAND SETTLEMENT PROJECT STOP HAVE RECEIVED  
WITHDRAWAL APPLICATION ON SUBPROJECT NINE AND HAVE READY TO APPROVE  
SUBPROJECT FOR DISBURSEMENT STOP APPRECIATE CABLE CDC VIEWS

CALYKA  
INTRAFRAD

Mr. O. H. Calika  
Africa

cc. Rem Evans / W. Henry  
See it  
Elliott

O. H. Calika

EJayeox:mk

Mr. R. W. Cawsonagh

March 24, 1965

A. G. El Kassy

East Africa - Status of Proposed Loan for Railways  
And Harbours Development

The following is an outline of the status of the proposed loan to the East African Common Services Authority for railways and harbours.

1. **DOMINANCE:**
  - East African Common Services Authority (an interterritorial authority, consisting of the Chief Executives of Kenya, Tanzania and Uganda, which administers railway, port, telecommunications and some other services for the three East African countries).
2. **GUARANTORS:**
  - Joint and several guarantees by the Republic of Kenya, the United Republic of Tanzania, and the State of Uganda.
3. **AMOUNT:**
  - Various currencies equivalent to \$38.0 million.
4. **AMORTIZATION:**
  - 30 years including 7 years of grace.
5. **PURPOSE:**
  - To finance a major share of the foreign exchange costs (imported capital goods) of the East African Railways and Harbours Administration's (EARTH) 1965-67 capital renewal and expansion program. Total cost of the program is estimated at \$73.4 million. EARTH is a financially self-supporting department of the intergovernmental East African Common Services Organisation.
6. **DISBURSEMENTS:**
  - About \$10.0 million in second half of 1965 (including reimbursement of expenditures since May 1, 1964) and, perhaps \$14.0 million in 1966, and \$13.0 million in 1967.
7. **CURRENCIES TO BE UTILIZED:**
  - Whatever currencies are required by participants.



8. MATURITIES:

- See table attached.

9. COMMENTS:

- Approval of the draft loan documents by the Borrower and the Guarantors is expected during the first half of May; the three East African Governments may have to pass legislation to authorize Governmental guarantees of the proposed loan. The main commercial banks active in East Africa are: Barclays Bank, D.C.O.; National and Grindlays; and Standard Bank.

Eligible:

cc: Mr. G.D. Woods  
Mr. J. Burke Knapp  
Mr. G. H. Wilson  
Mr. J.D. Miller (Paris Office)  
Mr. H.C. Johnson (N.Y. Office)  
Mr. Dunn  
Mr. Scott  
Mr. Elliott  
Messrs. Calika/Jayson

March 24, 1965

Mr. A. J. P. M. Ssentongo  
Secretary to the Treasury  
Office of the Minister of Finance  
P.O.Box 103  
Entebbe, Uganda

Dear Mr. Ssentongo:

I enclose a copy of Mr. El Emery's letter of even date to Mr. Kironde on a proposed visit to Uganda Electricity Board by Professor Hirschman. We feel that if convenient for UEB the proposed study would be interesting and useful for both the Bank and the Uganda Government.

With kindest regards,

Yours sincerely,

O. H. Calika  
Africa Department

Encl.

OHCalika:mik



March 24, 1965

Mr. E. Kironde  
Chairman  
Uganda Electricity Board  
P.O. Box 559  
Kampala, Uganda

Dear Mr. Kironde,

I am writing to you on behalf of Professor Albert O. Hirschman, formerly of Columbia University and now of Harvard, who has undertaken a special assignment of interest to the World Bank.

Some months ago, he proposed to the Bank that he make a study of the experience of selected investment projects financed by the Bank. The object of the study is to assess their effects, direct and indirect, economic and social, on the development of the countries concerned. As the study promises to advance our knowledge of the development process as well as the techniques of project planning and appraisal, the Bank has decided to provide all needed assistance to the project which is carried on under the auspices of the Brookings Institution, an independent research organization. The study will be pursued in Africa, Latin America and Asia and will be based on a relatively small sample of substantially completed projects whose economic and social impact can by now be traced and evaluated in some detail.

You may know that Professor Hirschman has had a distinguished career as a scholar in the field of economic development. He spent four years in Colombia as an economic adviser, a post to which he was recommended by the World Bank, and as a private consultant. Since its publication in 1958, his book The Strategy of Economic Development has become something of a classic in the literature of economic growth. His most recent book Journeys Toward Progress: Studies of Economic Policy-Making in Latin America has also received high praise.

After consulting with the Bank's staff, Professor Hirschman has come to the conclusion that the Bank's loan to the Uganda Electricity Board for transmission lines would be of particular interest to his study. For obtaining first hand information, Professor Hirschman plans to visit Uganda and he will be accompanied by his wife who is

helping him with his work. The precise date of their proposed visit to Kampala is not yet certain, but it would be sometime toward the end of May or early in June; they expect to stay for about one month.

I would appreciate you letting us know whether the proposed visit is convenient for the Board. If so, any help that you and your staff can give to Professor Hirschman in carrying out his study, both in Kampala and in connection with a field trip which he will undoubtedly wish to undertake to the areas served by the Board's transmission lines would be greatly appreciated.

Yours sincerely,

A. C. El Emery  
Director  
Africa Department

CHC:alik:ak

cc. Mr. A. J. P. M. Ssentongo (Sec. to the Treasury, Uganda)  
Mr. Garba  
Professor Hirschman  
Mr. Graves  
Mr. White



Mr. M. M. Mendels

March 23, 1965

A. G. El Emry

East Africa - Proposed Bank Loan for the East African  
Railways and Harbours Project.

The following is a note for circulation to the Executive Directors  
on the above:

FROM: The Secretary

March 24, 1964

STATUS OF NEGOTIATIONS - EAST AFRICA

- |                      |   |
|----------------------|---|
| 1. NEGOTIATIONS:     | -Substantially completed;<br>approval of the draft loan<br>documents by the governments of<br>Kenya, Tanzania and Uganda and<br>by the East African Common<br>Services Authority is awaited.  |
| 2. BORROWER:         | -East African Common Services<br>Authority.   |
| 3. GUARANTORS:       | -Loan to be guaranteed jointly<br>and severally by the Republic<br>of KENYA, the United Republic<br>of TANZANIA, and the State of<br>UGANDA.  |
| 4. AMOUNT:           | -Various currencies equivalent<br>to \$38.0 million.  |
| 5. INTEREST:         | -To be determined.  |
| 6. COMMITMENT CHARGE | -3/8 of 1% per annum.   |
| 7. TERM:             | -30 years.  |
| 8. AMORTIZATION:     | -In semi-annual payments beginning<br>August 1, 1972 and ending<br>August 1, 1995.  |
| 9. PURPOSE:          | -To assist the East African<br>Railways and Harbours Administration<br>(a financially self-supporting<br>department of the East African<br>Common Services Organisation) in<br>financing its three-year (1965-67)<br>capital renewals and expansion<br>program which is estimated to cost<br>about \$73.4 million equivalent. |

10. CONSIDERATION BY  
EXECUTIVE DIRECTORS:

-To be determined after the  
approval of the draft loan docu-  
ments by the Borrower and the  
Guarantors.

ONCallia:so  
cc: Messrs. Loven/Sander  
Scott  
Elliott  
Jaycox



RAILWAYS  
NAIROBI

MARCH 24, 1965

NLT

KENYA

FROM OAKUO FOR ELLIS STOP AGENDA FOR MCC MEETING SEVENTH APRIL WILL  
INCLUDE QUOTE PROPOSED TERM LOAN FOR EARN PURPOSES UNQUOTE MEMORANDUM  
AND ENCLOSURES IN PREPARATION <sup>HERE</sup> ~~WHICH~~ WHICH I WILL BRING TO NAIROBI STOP  
MEANWHILE ISSUE AGENDA AND OTHER APPROVED MEMORANDA

INTRAFRAD

Mr. O. H. Calika

Africa

O. H. Calikasmk

Files

March 23, 1965

O. H. Calika

Tanzania - Proposed Kilombero Road Project

1. Sheila H. Makame, Minister of Communications of Tanzania, told me today that, before leaving Dar es Salaam for Washington, Mr. Nyerere asked him to contact IDA for assistance in the financing of the above road sections. (I understand from Mr. Earley that AID would be interested in financing these roads - to replace Germans -, but the Tanzanian Government would prefer international finance to national - American - finance).
2. The Minister gave me a brief note and a map which I am attaching to Mr. Baum's copy of this memorandum. The proposal consists of two parts:
  - (a) Mikumi-Ifakara-Iringa road (191 miles in total length, of which about 125 miles in bitumen and the remainder gravel standard) Total estimated cost £2.565 million. Purpose: to accelerate agricultural development of the Kilombero valley; Reconstruction.
  - (b) Kiberege-Kilombero River-Lupiro-Malinyi road - about 125 miles in total length; new construction; includes a large bridge on the Kilombero river; the total estimated cost: £1.6 million. Purpose: agricultural development, all-season river crossing.
3. I told to the Minister of the status of the current IDA roads project and about our general interest in a second road project which would follow it. I promised to inform Messrs. El Beary and Baum of the proposal, for further discussion before the Minister's departure for Tanzania.

OHCalikamk

cc. Messrs. El Beary  
Baum/Gabriel (with Tanzanian memo and map)  
Scott  
Elliott  
*Williams (East Africa)*





# Record Removal Notice

<b>File Title</b> Omer Hursit Calika - Chronological Files, 1965-01 - 1965-03		<b>Barcode No.</b>  30025948		
<b>Document Date</b> March 23, 1965	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> To: Mr. John H. Williams From: O.H. Calika, Africa Department				
<b>Subject / Title</b> [Cost estimates]				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Kim Brenner-Delp</td><td><b>Date</b> Sept. 3, 2024</td></tr></table>	<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024
<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024			

March 19, 1965

T. A. Phillips, Esq.,  
Commonwealth Development Corporation  
33 Hill Street  
London W 1  
England

Dear Tom:

Kenya Land Settlement and Development Scheme -  
Loan 303 KE

Thank you for your letter of 11 March 1965 (your reference No. 2001/002), asking whether the Bank would make charges for inspection visits.

As an international cooperative institution, it is the Bank's policy not to charge for inspection or follow up visits on projects which we are financing in the territories of our members and we do not plan to make any change in this policy in respect of the Kenya projects.

Yours sincerely,

O. H. Calika  
Africa Department

EJaycox/OHCalika:se  
cc: Messrs. Evans  
Scott



March 19, 1965

Mr. John H. Williams  
Twiga Hotel  
Dar es Salaam  
Tanzania

Dear John:

1. Before you start your East African discussions, I thought that a brief outline of the developments since your departure might be useful.

East Africa

2. We have started the railway loan negotiations. So far we have run into no major problems. Gichuru has expressed some reservations on "joint and several" guarantees and El Emery handled the matter rather firmly. I hope that the question will not come up again. The East African Finance and Communications Ministers are scheduled to meet at Kampala on April 7 to consider the proposed railway loan and they may well agree on joint and several guarantees.

Kenya

3. I attach Jaycox's notes on our discussions with Gichuru and McKenzie. I expect that we will go to Loan Committee on tea roads (\$3 million) next week, with a view to credit negotiations by mid-April.

Tanzania

4. Bomari cabled on the timing of the appraisal visit for the agricultural credit proposal. Unfortunately, we have not yet received the FAO report. The latest information is that FAO needs some additional data to complete the report and Tom Strong might be asked to get this information. With good luck, an appraisal visit in May might be arranged.

5. DAS agreed to the John Scott proposal and we are proceeding with internal formalities. DAS and Personnel consider it important

that we should be approached formally by the Government for the secondment of Scott. Could you please arrange with Bonani or Mtei for an official request to us on this matter?

Uganda

6. I enclose copy of my cable to Gordon Billington on the tea project. I was told that a decision would be taken by the Government by mid-February. We (and CDC) are still waiting. El Emery cabled you in Paris on the "International Finance Advisor". DAS would like to know more about the "main functions", for possible recruitment.
7. Ballantine, unfortunately, is unable to call in Entebbe at this time, but we might arrange for a longer visit by Bank education experts in June (when the Kenya education project will be appraised).
8. I hope that you will find your brief visit to East Africa interesting. With my best wishes to Jane and yourself,

Yours,

O. H. Calika  
Africa Department

OHC:lika:se  
cc: Mr. El Emery  
Mr. Jaycox



March 19, 1965

T. A. Phillips, Esq.,  
Commonwealth Development Corporation  
33 Hill Street  
London W 1  
England

Dear Tom:

Kenya Land Settlement and Development Project-  
Loan 303 KE, and Smallholder Tea Project -  
Credit No. 64 KE.

Thank you for your letter of March 12, 1965 (your reference No. 2001/002), commenting on the questions raised by the departure of expatriate settlement staff.

We have not yet acted to approve the respective appointments of Messrs. Shiyukh, Maina and Ndeti. In general, we share your view that a top level African management can hardly be avoided in the long run and it would be advisable to try to ensure adequate advisory support for such a management. This important question came up in the course of the recent discussions which Messrs. Gichuru and McKennie have had at the Bank, and we might probably be able to do something in that respect. I am sure that the Bank would be communicating with your organization whenever there is a concrete proposal in that respect.

I am enclosing a copy of Jan Willem's "back to office report", as you requested. We would like very much to have a copy of Mr. Jones' report when it has been finalized, and any supplementary data or commitments concerning the Mukarori sub-project which we are now willing to consider on its merits.

During his discussions with us yesterday Mr. McKennie told us that the Kenya Government would approach IDA on a new tea development program (the "third plan" 1968-73) which on the face of it seemed rather interesting. I am sure he will take it up with you as well, when he arrives in London early next week.

With best regards,

Yours sincerely,

OHC:alika:se

cc: Messrs. Evans/Schaefer Kehnert/Willem O. H. Calika  
Scott Africa Department  
Elliott

PINSEC  
NAIROBI

MARCH 19, 1965

NLT

KENYA

FOR KINCHAY AND OMARI FROM GICIRU AND MAKAME STOP PLEASE ARRANGE  
URGENTLY FOR FINANCE MINISTERS TO JOIN COMMUNICATIONS MINISTERS IN  
KAMPALA SEVENTH APRIL REGARDING ISRD EARLY LOAN AND GUARANTEE AGREEMENTS  
YOURSELVES BEING ALSO PRESENT STOP PAPERS FOLLOW STOP ADVISE ALL  
CONCERNED INCLUDING RAILWAYS

~~CHIEF~~ GAKUO  
INTAPRAD

Mr. O. H. Caliken

Africa

O. H. Calikenmk



Files

March 19, 1965

E. V. E. Jaycox

Kenya - Visit of Ministers J. S. Gichuru, (Finance)  
and N. R. McKenna (Agriculture)

1. On March 17, the Kenya Minister for Finance and Minister for Agriculture and Animal Husbandry met with Messrs. El Emery, Ballantine, Evans, Calike, Tobias and Jaycox to discuss proposed Bank/IDA operations in Kenya. Mr. Boharia of the Kenya Embassy in U.S. was also present.

2. The main points of discussion were as follows:

a) Proposed Education Project: Messrs. Ballantine and Tobias briefed Minister Gichuru on our present view of the status of this project. The following points were emphasized: we are very interested in the education program of Kenya as it is shaping up; our interest is in ~~about~~ about a three year program involving a total expenditure of about \$10 million, rather than in a five year \$50 million project; we await completion of the manpower study being conducted by the Ministry of Economic Planning and Development and of Part II of the Education Planning Commission's report, both of which should guide the planning of the program; we suggest that emphasis be placed on filling out incomplete streams rather than creating more incomplete streams; we would like to see (subject to the limitation imposed by population distribution) fewer, larger schools rather than the many smaller schools, apparently planned; and we urge as much emphasis as possible be placed upon teachers' training. Minister Gichuru's reaction to these points indicated his close familiarity with the project and the problems. He recognized the economic and quality advantages of larger schools, and the obvious need for complete streams. However, he pointed out that population distribution and the legitimate political urgency of secondary school expansion in all regions militate against fully realizing these benefits. Larger schools would entail boarding schools in most cases, which are far more expensive than day schools, and to concentrate solely on filling out incomplete stream or developing only complete new streams would mean fewer children would be able to begin secondary education. He agreed that within the limits imposed by some considerations along these lines, every effort should be made to satisfy the Bank's thinking on these points. Mr. Gichuru asked if there was a possibility that a Bank education expert could be sent to Kenya to help prepare the project for IDA financing. Messrs. Ballantine and Tobias felt that the project was proceeding satisfactorily, and that little could be done by us at this stage to speed its preparation. The main outstanding needs are the Commission's detailed recommendations, and the manpower study. The necessary project data can be prepared once these studies are available. If we could receive the studies and data by mid-May, an appraisal mission could be scheduled for early June. This would fit well with our staff commitments. Mr. Ballantine informed the Minister of his scheduled visit to Nairobi, April 11-12, when he would discuss with those directly responsible, the project and any problems. Mr. Gichuru expressed his satisfaction that the Bank/IDA views the project as promising and that Kenya is moving in the right direction on it.



b) New Tea Project. Mr. McKensie said that conditions in the current tea market, and the somewhat surprising success of current peasant tea culture schemes had led to exploration of the possibility for further expansion of tea in Kenya. London sources say that Ceylon and Assam (India) tea schemes are faltering or failing in many respects. Kenya proposes to take advantage of this and increase its share of the market. Success on present tea schemes in Kenya has been so great that private investors are pressing for opportunities to finance tea processing facilities. Finance of the agricultural side remains the problem. Kenya will have a tea survey conducted by Mr. Leslie Brown to put any future expansion on a rational basis from the point of view of land use priorities. The survey would provide the basis for an application for IDA finance. The project may include "nucleus estates" with peasant outgrowers as well as purely peasant tea culture. Minister McKensie indicated that the West Germans were very interested in tea possibilities in Kenya. The Minister provided a copy (attached) of KTRA's reaction to the presently rough ideas on a "Third Plan" 1968-73, which would give the Bank background data. Mr. Evans was asked to write to Mr. McKensie to specify any aspects which the Bank would like to see explored in the course of Mr. Leslie Brown's survey. Mr. Evans and Mr. El Henry expressed considerable interest in the idea of expanding tea production in Kenya, especially with the prospect that some private finance might be drawn into the agricultural side with the inclusion of "nucleus estates" in the project. Some questions as to the world market prospects for tea were raised. Our information led to a conclusion that tea prices were likely to fall somewhat over the next decade. Minister McKensie acknowledged that this may be true but he felt that the average price for Kenya teas would probably rise above present levels as the very noticeable trend in quality improvement from "African teas" to "blending teas" continues. Peasant growers are extremely quality-conscious because quality affects their earnings, whereas estate pickers are paid by weight. The trend toward peasant grown tea and outgrower schemes means average quality will likely continue to improve.

c) Muhoroni Sugar Scheme and Muhoroni-Chemolil Road Project.

Mr. McKensie received assurance that the Muhoroni settlement scheme, based largely on sugar growing, would be considered on its merits. Regarding the roads project, Mr. McKensie informed us that consultants would probably finish preliminary studies and produce their report in 6-8 weeks. IDA might receive an application for finance by early June. Mr. McKensie inquired as to possible timing from that point on. It was stressed that the road project would be considered in light of IDA funds available and the priorities among Kenyan projects being presented for IDA financing over the near future. If one assumed that the project was suitable and that the above considerations presented no obstacles, it would probably take 4-5 months before negotiations.

d) Rangeland Management Project. Mr. McKensie said that this ranching proposal will be studied by UNRF, but will not be formally considered for technical assistance before the January 1966 meeting of the UNRF Governing Council. Kenya would have certain assurances probably by early September. Mr. McKensie will be communicating with UNRF shortly on some new ideas with regard to the scheme, and he proposed to keep the Bank informed on the project. We agreed to this course of action, but mentioned that we would prefer to await UNRF action and results before discussing this project further. Mr. McKensie said he would like to have Bank help



in arranging for Australian grazing experts to assist the project. Mr. Evans replied that it was difficult to get Australian experts, and doubted whether we could help, except perhaps through personal contacts, which our staff might have. Mr. Evans would take it up with Mr. Peter Reid during his visit to the Bank on March 27th.

e) Land Consolidation Project. Mr. McKinnis said that the decision had been taken to move ahead as rapidly as possible on consolidation of African homelands - a full land reform effort to make viable units and establish land rights eligible for use as security for credit. Broadly similar to the 'Ogunyarta Plan', this program would be executed over a ten year period. The funds 'committed' by the United Kingdom to buy European mixed farms over a 6 year period would be spread over ten years instead, and the annual 'savings' would be allocated to land consolidation. U.K. agreement to this must yet be obtained. Until this is assured, Kenya would continue putting up \$200,000 annually of its own money. If the Bank/IDA came into this scheme Mr. McKinnis said he had good reason to believe the Germans would follow. When asked about timing of the start of the project, Mr. McKinnis said it had started and finance was needed for the second half of 1965. The Bank officials expressed general interest in the scheme.

f) Sugar Policy of Kenya. Mr. McKinnis said Kenya's policy to become self-sufficient in sugar by the early 1970's, was motivated by a determination to conserve foreign exchange and to employ labor, which sugar growing does very well. He pointed out that on the basis of the present plans and prospects for sugar in Uganda and Tanzania, there would be very small surpluses for export from either country by 1970. Uganda's talks with India to supply the Indian market with sugar ended without long range commitments. Further, the transport problem faced by Uganda, the cheapest producer, might make it wise economically for Uganda to sell any sugar surpluses in western Kenya and western Tanzania, while the coast areas of the latter two countries sell abroad in like quantities. Kiloboro had taught the Kenyans many lessons for estimating yields and costs, as well as the importance of sound management. Current prices of sugar will be pegged with a \$45 per ton minimum price, while 45 shillings per ton for cane will be the minimum producers price. Yield per acre has been conservatively estimated at 20-25 tons to ensure a reasonable return on investment. Mills will grind only 270 days per year.

g) General Agriculture. Mr. McKinnis informed the meeting that an 'Evaluation Section' had been set up in the Ministry of Agriculture consisting of 14 internationally recruited specialists. AID, Ford Foundation, the German Government, Rockefeller Foundation, and others were supporting the section financially. The section now has 31 projects under evaluation. Mr. McKinnis asked if the Bank could mention some U.S. foundations which are willing to finance well-aimed feasibility studies and general small scale research in the agriculture side of things as opposed to capital works. Mr. McKinnis also wanted to make contact with French sources of finance. It was decided to refer these matters to Messrs. Dearth and Gordon, but it was considered doubtful that we could be of much help. Minister McKinnis left with Mr. Evans an internal memorandum of the Kenya Government which outlined the status of agricultural projects in preparation.



b) East Africa Consultative Group. Later in the afternoon Mr. El Emery and Minister Gichuru met briefly and discussed Kenya's preliminary reaction to a proposal that a consultative group be formed under the Bank's leadership to facilitate and coordinate bilateral assistance between the group member countries and the three East African Countries. Mr. Gichuru said that he was certain that none of the three countries would balk at such an arrangement, and that, in his view, it was a welcome suggestion. It was decided that, during Mr. Williams' visit to Nairobi later this month, this matter would be further explored.

i) Expatriate Settlement Staff. In the afternoon, a meeting was held with the Kenya Ministers in Mr. Alders' office. Lady Jackson and Messrs. Alders, Bantah, El Emery, Evans and Galika were present. Mr. McKenna said that 10-15 key staff would constitute the "core" of an IIRD-sponsored expatriate team, which would serve East and Central African countries in preparation or execution of agricultural projects and in training of local African teams. (Lady Jackson said that, in her memorandum to Mr. Woods, she had quoted the 21k figure for the expatriate staff as the potential number of officers who might be available to serve under a Bank-sponsored scheme). The practicability of expatriate officers setting up a corporation and signing up with the Bank for developmental work in East and Central Africa was considered, but discarded on the grounds of possible difficulty of management. It was thought that it would be more realistic to attach such a team of expatriate experts to the IIRD Nairobi office for service in East and Central African countries. The Bank might "underwrite" their salaries for a period of 5 years. Countries which might receive their services would be required to reimburse the Bank. It was agreed that the proposal, now fashioned along these lines as a result of the discussions, would be reported to Mr. Woods for a decision in principle. The form and conditions of the Bank's engagement of an initial group of 5-10 experts would be examined further after a decision on the principle has been taken.

EJ:cc:mk  
cc. Messrs. El Emery  
Williams (East Africa)  
Evans  
Scott  
Ballantine/Tobias  
Elliott



March 19, 1965

Miss J. Tyrrell  
The Treasury  
P. O. Box 30007  
Nairobi, Kenya

Dear Miss Tyrrell:

Thank you for your letter of 8 March 1965 (your reference No. DV 62/64/01), on the Secondary education project.

During Mr. Gichuru's visit to IDA, various aspects of the proposed project were discussed. It was concluded that the completion of Part two of the Education Planning Commission's Report and the manpower study being conducted by the Ministry for Economic Planning and Development would take some weeks and an appraisal mission could be planned realistically in early June.

Mr. Ballantine, Assistant Director of our Projects Department in charge of education projects, will be in Nairobi April 11-12. I am sure he would be pleased to discuss with you and other officials any matters related to the proposed undertaking.

Yours sincerely,

O. H. Calika  
Africa Department

OHC:se

BILLINGTON  
LAKE VICTORIA HOTEL  
ENTEBBE

MARCH 18, 1965

NIE

UGANDA

ORIGINAL OF KALDEREN'S LATEST SUBMISSION CONMA CHAPTER AND NEW TABLES  
CONMA AIRMAILED TO YOU ENTEBBE 16 MARCH STOP DUE OVERSIGHT NO REPEAT  
NO COPIES MADE HERE PLEASE ARRANGE TO HAVE FORWARDED TO YOU IF NOT  
RECEIVED ENTEBBE BY YOUR DEPARTURE STOP REGARDS

CALIKA  
INTRAFRAD

Mr. O. H. Calika

Africa

O. H. Calika:mk



Files

March 18, 1965

C. H. Calika

East Africa - The Common Market Prospects

In private discussions yesterday, Mr. J. Gichuru, the Kenya Minister of Finance, expressed some concern about Tanzania's recent actions on the above. He said that the Dar es Salaam authorities have not been fully implementing the Kampala agreement and, when Mr. Wladek, of IMF, recently visited Dar es Salaam, they indicated to him their desire to set up a separate Central Bank.

Mr. Gichuru thought that, if the Tanzanians carried out their plans, the common East African currency would be in jeopardy and it would be difficult to know at what point the drifting apart of Tanzania on one side and Kenya and Uganda on the other side would stop.

Mr. Gichuru felt sure that within a few months, before the proposed Bank loan for the East African Railways is signed, the picture would be clear.

CHCalika:mk

cc. Messrs. El Emery  
Edelman  
Scott  
Loven/Sander  
Elliott  
Len/Jaycox



Mr. A. G. El Emery

March 17, 1965

O. H. Galike

Malawi - Visit by the Minister of Finance and  
the Minister of Transport and Communications

1. Mr. J. E. U. Teshe, Minister of Finance and Mr. J. D. Mwanthi, Minister of Transport and Communications of Malawi, will visit the Bank on March 22 to have lunch with you at 1:00 p.m. Mr. R. J. C. White, Permanent Secretary and Mr. L. Mushiaba, Administrative Officer, Ministry of Finance, and Wing Commander E. Coleman, Permanent Secretary, Ministry of Transport and Communications, will be accompanying the Ministers. Mr. J. D. Rahadiri, the Ambassador in Washington and Mr. C. T. Pollard, Counsellor will also be present. We plan that the discussions with the Malawi Ministers would continue for about an hour after the lunch.

Political and Economic Situation

2. As you know, Malawi, with a population of about 3.5 million, acceded to independence last July as a new member of the British Commonwealth. Dr. Banda, who has been its first Prime Minister, leads a parliamentary form of government. The National Assembly is completely controlled by the Malawi Congress Party of which Dr. Banda is Life-President. Despite his recent quarrel with some of his ministers whom he accused of selling the country to Communist China, Dr. Banda seems to remain fully in control throughout the country. His hold on the party, and through it over the country, appears to be still firm, except probably at Fort Johnston, the home district of Mr. Chipembere (the former Education Minister) and in Zomba. The country is clearly Western-oriented. Practically all responsible positions, including those of Permanent Secretaries and Department Directors are held by competent Europeans whom Dr. Banda does not intend to replace until local staff are adequately trained. The Prime Minister keeps good terms with the Portuguese in Mozambique and Rhodesia, mainly because of Malawi's economic dependence on them. Many of Dr. Banda's policies certainly do not reflect the ideal of Pan-Africanism, and it is hard to say how long he will be able to keep his present course. It is significant that, though criticised, Dr. Banda (unlike Mr. Teshe) has not been branded by Pan African leaders as "a stooge of the imperialism".

3. The majority of Malawi's African population is engaged in subsistence agriculture, with production of some cash-crops. The Europeans (about 9,000) and the Asians (about 13,000) are engaged in estate-type farming, government employment and trade: main products for both local consumption and exports are tea, tobacco, groundnuts, maize and fish. Per capita income is one of the lowest in Africa, estimated at about \$45 equivalent. The external debt outstanding on January 1, 1965 was about \$14.0 million, and the debt service in 1964 should have amounted to about 8% of the total export earnings. Malawi's long-term development



prospects lie in the improvement of efficiency and productivity of its agriculture. There is an immediate need for improved internal transportation, in particular road transportation.

4. Malawi's current budget this year provides for a deficit of \$6.5 million which the British Government will finance. The current 5-year (1965-69) development plan provides for a total expenditure of \$44.6 million. About 25% of this expenditure is allocated for the improvement of communications (mainly roads), 18% for education and about 11% for agriculture. Malawi authorities concede that the proposed amounts are overambitious and may not be attained. A National Development Committee has recently been set up under the chairmanship of the Finance Minister, who also acts as the Minister of Development. Next, if not all, development financing will come from external sources. The U.K. Government will continue to be the main source (about \$3 million in 1965) with some aid coming from the U.S., the Federal Republic of Germany and some international agencies. The U.K. Government considers aid to Malawi as a moral obligation originating from the dissolution of the Central African Federation and may continue to support the economy in the foreseeable future.

5. Because of its heavy dependence on foreign aid, Malawi is not considered creditworthy for Bank lending and on the basis of poverty and the government's performance, it may be eligible for some IDA lending. The current deficit in the Government's budget, however, has been widening and this point and some others require a closer examination. We plan that Mr. Edelman will visit Malawi in May for discussions on these points and to report on Malawi's eligibility for IDA assistance.

#### Possible Bank/IDA Operations

6. So far we have had no lending activities in Malawi. The Government's applications for membership in the Bank, IDA and IFC have been approved by the Board of Governors during the last Annual Meeting. Some formalities, however, still remain to be completed by the Malawi Government.

7. When Dr. Banda visited the Bank last December, he expressed the hope that Malawi would obtain assistance from us for a proposed roads project. He suggested that agricultural credit and the Elephant Marsh scheme should be included in the list of high-priority projects for consideration by us. Dr. Banda would also welcome our assistance in expanding Malawi's secondary education. Mr. Knapp has then assured the Prime Minister of our interest in Malawi's economic development and expressed the hope that we would, in the near future, be in a position to appraise the proposed roads project and other specific proposals.

8. Following my brief visit to Malawi last January, you wrote to the Minister of Finance, confirming our interest in receiving soon a roads project application based on a 3-year (1966-68) high priority roads program. You have indicated that we might consider the road section from Zomba to the Zambian border. You also informed the Government of the proposed Economic Mission to Malawi early next May, probably by Mr. Edelman. We have also expressed interest in an education project and Mr. Ballantine will be visiting Malawi briefly next month to examine



the Government's plans for secondary education and to assess the scope for possible assistance by IDA. We understand that the Malawi Government has a 5-year education program (1965-69) which may require a total expenditure of about \$21 million equivalent. A smaller program, limited to a 2 or 3 year period and to high priority secondary schools might be suitable for our consideration and the proposed IDA lending might probably be limited to some \$2-3 million. In any event, Mr. Ballantine will discuss all aspects of the education program with the Malawi authorities when he visits Zomba.

9. We just received a formal application from the Ministry of Development and Planning of Malawi for an IDA credit of \$8,117,550 to help finance the construction, to double-lane bitumen standard, of the road from Zomba to the Zambian border, via Lilongwe and Mchinji. The proposed IDA credit would amount to 90% of the total cost of the project. The documents are now being studied at the Transportation Division which might come up with some preliminary comments when you meet the Malawi Ministers.

10. The question of possible assignment of a Bank economist in Malawi to help the Government in the field of economic planning was raised with Mr. Rivkin in Zomba in June 1964, and pursued actively in Washington in July by Mr. Baldwin, Economic Advisor to the Prime Minister. The matter was then considered within the Bank, and Mr. Soudi was willing to take up the assignment. However, during his visit to the Bank last December, Mr. Soudi did not raise the question of technical assistance, and when Mr. Knapp made a reference to it, the Prime Minister did not show much enthusiasm for it. It was agreed then that we would hold the matter in abeyance. If Malawi renewed its request later, we would consider it in the light of the actual circumstances. This question did not come up during my January visit to Zomba.

BQLen:GSCallan:ak

cc. Messrs. Kemerok  
Chadonot  
Gordon  
Hann  
Ballantine  
Edelman  
Lan/Jaycox



JOHN WILLIAMS  
HOTEL SUDAN  
KHARTOUM

MARCH 17, 1965

NLT

SUDAN

GICHURU IN GENERAL AGREEMENT WITH CONSULTATIVE GROUP PROPOSAL AND  
WISHES DISCUSS MATTER FURTHER WITH YOU STOP HE IS SCHEDULED RETURN  
NAIROBI TUESDAY MORNING MARCH THIRTIETH STOP HOPE YOU CAN SEE HIM  
STOP REGARDS

EL EMARY  
INTBAFRAD

Mr. A. G. El Emery  
Africa

cc. Mr. *Derin Tu*  
*M. Gadoa*

A. G. El Emery - Director

Mr. A. G. El Emery

March 16, 1965

O. H. Calika

Tentative List of Bank/IDA Missions to East  
and Central Africa, March 20 - June 20, 1965

<u>Country</u>	<u>Project and Purpose</u>	<u>Staff Arrangements</u>	<u>Timing</u>
Kenya	Economic Study	Billington Conrad	March 15-23
Uganda	Economic Study	Billington Willoughby	March 18-30
Tanzania	Economic Study	Billington Conrad	March 24-30
Tanzania	General discussions with Government	Williams	March 26-27
Kenya	General discussions with Government	Williams	March 28-30
Uganda	General discussions with Government	Williams	March 31 - April 1
Uganda	Roads - Appraisal	Andersen Young Hogg	Second half of March
Kenya	End-use inspection of highway project	Young	First week of April
Tanzania	End-use inspection of highway project	Young	Second week of April
Zambia	Exploratory discussions on Government's plans for development of secondary education	Ballantine	April 7-8
Malawi	Exploratory discussions on Government's plans for development of secondary education	Ballantine	April 9-10
Uganda	Exploratory discussions on Government's plans for development of secondary education	Ballantine	April 15-16



Uganda	Outgrower tea Appraisal	1-2 Projects Department Staff (PD)	April
Tanzania	Agricultural Credit - Appraisal	2-3 PD Staff	April/May
Zambia	Agricultural Survey Mission to recommend on a 5-Year development program	1 Africa Dept. + FAO (5-6)	End of April for about 2 months
Malawi	Economic study	Edelman and 1 economist	Early May
Malawi	Roads Appraisal	2 PD Staff	May/June (tentative)
Kenya	Secondary Education - Appraisal	1-2 PD Staff	May/June
Uganda	Agricultural credit - Appraisal	2-3 PD Staff	June/July (tentative)

March 16, 1965

T. A. Phillips, Esq.,  
Commonwealth Development Corporation  
33 Hill Street  
London W.1

Dear Tom:

Thank you for your letter of March 12, 1965, on the timing of the proposed Outgrower Tea Project appraisal visits by CDE and IDA staff to Uganda. I am passing over your letter to Jim Evans and I am sure that he would be communicating with you on this matter.

Two Bank economists are scheduled to arrive in Entebbe on March 18 and I shall inquire through them about the status of the proposed government white paper on the tea scheme. I shall let you know the result.

Yours sincerely,

O. H. Calika  
Africa Department

OHCalika:se  
cc: Messrs. Evans (with incoming letter)  
Lan/Jaycox  
"D" Files



GORDON BILLINGTON  
NEW STANLEY HOTEL  
NAIROBI

MARCH 16, 1965

NLT

KENYA

WHEN IN ENTebbe COMBA I WAS TOLD THAT UGANDA TREASURY WOULD INFORM  
IDA IN FEBRUARY ON CABINET DECISION REGARDING EXECUTION OUTGROWER TEA  
SCHEME STOP HAVING NOT HEARD SO FAR COMBA GRATEFUL YOU MAKE INQUIRIES  
DURING VISIT WITH SSERUNKO AND CABLE RESULT STOP HAVE CONTACTED CDC  
AND FAO AND TENTATIVELY AGREED ON FOUR MEN APPRAISAL MISSION TO ARRIVE  
ENTebbe APRIL EIGHTEEN STOP BEFORE CONFIRMING VISIT COMBA WILL AWAIT  
GOVERNMENT'S SUPPORT OF PROJECT STOP REGARDS

CALIKA  
INTBAFRAD

O. H. Kalika  
Africa

cc: Mr. Williams  
Mr. Evans  
Mr. Lan/Mr. Jaycox  
"D" Files

CHCalika:so

HIS EXCELLENCY  
PAUL BONANI  
DAR ES SALAAM

MARCH 16, 1965

NYT

TANZANIA

THANKS URCABLE MARCH FIFTEENTH PROPOSED LENDING NATIONAL DEVELOPMENT  
CREDIT AGENCY PROJECT STOP REGRET FAO MISSION REPORT ON PROJECT NOT  
YET RECEIVED STOP ARE CABLING FAO TO REQUEST COMPLETION REPORT AT  
EARLIEST DATE AND WILL CABLE YOU ON MISSION ARRANGEMENTS AFTER RECEIPT  
OF REPORT STOP REGARDS

EL EMARY  
INDEVAS

Mr. O. H. Calika  
Africa

cc: Mr. Evans/Sir Kenneth Guinness  
Mr. Lan/Mr. Jaycox/"D" Filon

OHCalika:so



SEKENTOKO

FIRSEC

MYTSENE

UNANDA

MARCH 16, 1965

NLT

THANKS UNCABLE MARCH FIFTEENTH EAST AFRICAN RAILWAY LEAD NEGOTIATIONS  
STOP THREE KACCO OFFICERS STARTED DISCUSSIONS TODAY STOP HONORABLE  
HICKERU JOINS TENDRON AND SWEDEN MARENE AND DOCTOR OAKOO MARCH EIGHTEEN  
STOP GRATEFUL CARLINE WHEN HONORABLE KALISA ARRIVES AND WINTER HOTEL  
RESERVATION REQUIRED STOP BOARD

FL HENRY  
INTHAFRAD

Mr. A. G. El Henry

Africa

cc: Messrs. Lowen/Sander  
Scott  
Elliott

OKalibano

March 16, 1965

Mr. Stephen Karamagi  
First Secretary  
Embassy of Uganda  
5909 16th St., N.W.  
Washington, D.C.

Dear Mr. Karamagi:

This is to confirm our telephone conversation today that Mr. A. G. El Emery, Director of the Africa Department will be host for a luncheon on Friday, March 19 in honor of the East Africa Railways & Harbours delegation. I attach a list of guests invited and am pleased to know that His Excellency Dr. Solomon B. Asaa will be able to attend the luncheon.

, Our address is:

1818 H Street, N.W.

and suggest that His Excellency come to the Bank a few minutes before one o'clock, to Room 541.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

Attach.



Luncheon in honor of the East  
African Railways Delegation  
March 19, 1965 - 1:00 p.m.

Host: Mr. A. G. El Emery

List of Guests

His Excellency, J. Gichuru, Minister of Finance of Kenya  
His Excellency B. M. McKenzie, Minister of Agriculture of Kenya  
His Excellency Sheikh Makame, Minister of Works of Tanzania  
Dr. Gakuo, General Manager of East Africa Railways and Harbours  
Mr. Eerley, Adviser to the General Manager of East Africa Railways and  
Harbours  
Mr. McDonald, Chief of Accounting Department of East Africa Railways  
and Harbours  
Mr. Akiwund, Legal Secretary, East Africa Railways and Harbours

His Excellency Dr. Solomon B. Asea, Ambassador of Uganda

His Excellency Burudi Nabwera, Ambassador of Kenya

" " Kalema, (if he arrives on March 19)

Bank Officers attending the luncheon

Mr. El Emery (Host)  
Mr. Calika  
Mr. Loven  
Mr. Sander  
Mr. Scott  
Mr. Elliott



Mr. A. G. El Emery

March 15, 1965

O. H. Calike

Kenya - Visit by Messrs. Oichuru and McKensie

Background

1. Mr. James S. Oichuru, Kenya's Minister for Finance, and Mr. Bruce McKensie, Minister for Agriculture and Animal Husbandry, will be in Washington in the course of this week and will visit the Bank on Wednesday, March 17. They will call on you at 11:00 a.m. A luncheon has been arranged for 1:00 p.m. During their visit to Washington the Kenya Ministers will have discussions with U.S. AID on Thursday March 18 and plan to leave Washington probably Friday afternoon, March 19.

2. While at the Bank, the Ministers may wish to discuss the status of existing Bank/IDA projects in Kenya and a number of proposed projects for which IDA lending or Bank technical assistance has been requested or is envisaged. Together with Shik H. Makame, Tanzania Minister of Communications and Works (who will be at the Bank on Thursday, March 18), Mr. Oichuru will also lead the East African Railways and Harbours loan negotiating team.

The Existing Projects

3. The following is a brief summary of the status of existing Bank/IDA projects in Kenya:

a) Land Settlement and Development Project (Loan 303 KE): With the guarantee of the United Kingdom we lent to Kenya \$3.4 million in 1961 for this project. It was accompanied by a CDC loan of \$1.5 million. Under the agreed arrangements, release of the Bank and CDC funds is subject to approval of suitable subprojects. Because of administrative changes and a change in the ~~joint~~ economic basis for the project, the Bank and CDC have not disbursed funds during the 1961-64 period. The loan was re-negotiated in 1964 and it is now likely that total Bank disbursement on it will not exceed \$3.5-4 million. Three subprojects (Nos. I, II, III) have been approved (September 1964) for which the Bank has committed \$1.37 million. So far, we have disbursed only \$0.4 million of this amount; the lag being due to administrative delays on the Kenya end. We recently received three new subprojects for approval (Nos. IV, IX, X). They involve a total Bank disbursement of about \$1.65 million. We have not yet examined in detail the subproject documents, but the locations of these subprojects were visited by the Bank's staff in December 1964. Our approval of the subproject No. IV will be subject to an agreement between the Kenya Ministry of Settlement and Kenya Tea Development Authority (KTDA) to assure that KTDA will build a tea factory and supplement tea plantings in the area. The subproject No. IX (which was appraised in the field in last December) should now be ready for approval by the Bank, subject to a similar approval by CDC. We are now ready to consider on its merits the subproject No. X (the Muhoroni sugar scheme). While a field appraisal of it does not seem necessary, we have to examine carefully the provided data on costs, prices, transport, etc. We also await CDC's report on



this subproject. The Kenya authorities may wish to come to us with similar subprojects based on sugar. A study of sugar economy in Kenya, which was made by the Projects Department, indicates that the Bank would not be justified in financing further sugar schemes in Kenya. In due course, we can expect two more subprojects (Nos. V, VI) which will complete the program under the revised project. These will probably involve a total Bank disbursement of \$700,000 (no new subprojects will be submitted after December 31, 1965). A simultaneous Bank/CDC mission in July, 1965 may be necessary for end-use inspection and subproject appraisals. While, in general, the execution of the project is now proceeding fairly satisfactorily, we feel that Settlement Department should give continued attention to eliminate livestock over-population in some areas, to improve feeder road maintenance, to develop soundly-managed cooperatives, to eliminate the 'new feudalism' developing in the Chespir area, and to improve extension services to new settlers. We are also concerned about the serious situation which will develop with the pending departure of key expatriate settlement personnel (see para. 5 below).

b) Smallholder Tea Project (Credit No. 64 KE): IDA made a credit of \$2.5 million in August 1964 in conjunction with a CDC loan. The recent end-use visit by Mr. Peter Reid shows that there are no major problems which may bar progress on this project. So far, we have disbursed less than \$40,000.

c) Roads Project (Credit No. 70 KE): A credit agreement for \$4.5 million was signed in December 1964 for main roads; it is not yet effective. A draft legal opinion, to be delivered by the Kenya Attorney General, has been found satisfactory. The credit should become effective as soon as we receive the formal legal opinion.

#### The New Projects

h. The following is a summary of the proposed Bank/IDA lending operations:

a) East African Railways & Harbours Project (Loan of about \$38 million): The loan negotiations will start Tuesday, March 16. You are familiar with all aspects of this operation. Mr. Gichuru would have to spend a fair part of his time to participate in the negotiating sessions for this loan.

b) Tea Roads Project (IDA, \$3.0 million): The Appraisal Report, together with a brief Area paper, will be ready for circulation to Loan Committee this week. The credit negotiations are expected by mid-April (when Mr. Young returns from his current mission assignments in East Africa).

c) Secondary Education and Teacher Training Project (IDA): We are interested in a three year high priority project which might require a total capital expenditure of \$10 million. The Kenya Government has mentioned a three year project involving a total of \$15.4 million - part of Kenya's \$20 million five year plan for developing secondary schools and teacher training. You have already written to Mr. Gichuru (on February 25) on the type of information which IDA would like to receive prior to an appraisal visit. If we receive the project data in early



April, we could send to Kenya an appraisal mission in late April. However, it seems unlikely that we will receive project data before May end, in a letter which I received today, the Kenya Treasury has indicated that, unless we can send a staff member to Nairobi early in April to assist in the project preparation, the required data would not be available before the end of April. I understand that Mr. Gichuru would raise this question with you and I am taking up the matter with the Education Division. Mr. Kedlaigh, our architect from the Projects Department, was in Nairobi March 9-11 to advise on the architectural aspects for this project. We expect that the proposed project will be in line with the Kenya Education Planning Commission's Report, and a manpower study which is underway at the Ministry of Economic Planning and Development.

d) Land Consolidation and Development Scheme (IDA): We have only bare outlines of this proposal which, on first sight, seems interesting as an IDA project. It is broadly similar to the "Symmerton Plant", partially financed under Loan 256 KE. In our contacts with Kenya, we have stressed that Kenya would be expected to make a satisfactory financial contribution for such a scheme.

e) Muhoroni-Cherellil Roads (IDA): This project ties in with the proposed Muhoroni sugar subproject (No. X) under Loan 303 KE. The Kenya Government is engaging consultants for a preliminary survey. Sugar industry (with some tea) will provide the main traffic. We have expressed interest, but have stressed that the project would be considered in light of our overall lending commitments in Kenya, the availability of IDA funds, and general considerations of economic priority.

f) Other proposals: Two new schemes advanced by Mr. McKenzie, the Kenya Meat Commission Grazing Scheme and the National Dairy Herd Scheme, involve local purchase of young or underfed beef or dairy cattle and rearing them on farms run by competent (European) farmers. After a study at the Projects Department of the preliminary information on these schemes, we have informed the Kenyans that these schemes may not be suitable for our financing. A forestry project proposal, which had been previously mentioned to us for IDA financing, was found not attractive, mainly due to a low rate of economic return on investment. The Kenya Government approached IFG on a pulp and paper project, but the contacts have recently come to a standstill; the Government, as I understand it, have been discussing the scheme with various foreign companies and might approach IDA for "subsidy" money. Kenya Government has "a second one-million acre" settlement scheme on which the U.K. Government has been approached for a loan or grant of about 12½ million. A U.K. mission, headed by Mr. Max Stamp and including Mr. Symmerton, has recently visited Kenya and their report is expected in May. So far, the Government has not asked the Bank to participate in the financing of a new settlement scheme.

## 5. Technical Assistance

a) Settlement Staff: The problem of retaining the departing expatriate settlement staff is a matter of serious concern to the Kenya Government and, of course, to us. The Government thinks that a long range agricultural development scheme in Kenya is not assured, as firm financial commitments have not been forthcoming; under these circumstances the Government is in no position to guarantee long range job security to expatriate officers. Because of the mounting pressure for Africanisation of posts, Kenya is not



in a position politically to give such guarantees either. As you know, Lady Jackson (Miss Barbara Ward) left with us a memorandum outlining the dimensions of the problem and of a proposed solution. The proposed solution involves the underwriting by various international organizations (the Bank, FAO, UN Special Fund) of a 10-15 year agricultural development program in Kenya, including the salaries of 214 expatriate personnel and 1060 local staff who would be "internationalized" (i.e. they would be recruited from the existing settlement team and their salaries and pensions would be guaranteed on an international basis). The "employer" of the new team would be a "Statutory Corporation" to be set up by the Kenya Government, which would also be responsible for executing the settlement schemes. Kenya would contribute to the financing of the scheme (perhaps by paying salaries of local staff?). The existing settlement team, so "internationalized", would complete execution of the present settlement schemes, and would then concentrate on the "second million-acre scheme". When the latter is completed, the team would leave thoroughly trained replacements to administer the completed settlement series and would possibly extend its effort into other development areas in Kenya and, eventually, elsewhere in East Africa and in other parts of the world. The capital costs of the proposed settlement works would depend on the total area to be consolidated and developed; they are estimated at £10 million per 1 million acres. The costs of the proposed settlement team are estimated at about £1.2 million annually, broken down as follows:

214 expatriates: £555,000 for basic salaries, plus £145,000 for pension and passage (£700,000 in total).

1,060 local staff: £400,000 for basic salaries plus £100,000 for pensions (£500,000 in total).

In preliminary discussions with Lady Jackson, our reaction to this proposal has been sympathetic, although we felt that we can not envisage the supporting of a technical assistance scheme of such magnitude. We also doubt whether the proposed "Statutory Corporation" could be insulated from the political pressures of Africanisation. There is the possibility that, in the coming discussions at the Bank, Mr. McKinnis would reduce the number of the settlement officers to be recruited by the Bank to a mere fraction of the figure mentioned in Lady Jackson's note (when I was in Nairobi in last January, he had in mind 6 top settlement officers for hiring by the Bank). The following summarizes my personal views on this proposal:

a) If the numbers involved are reduced to 6 or so, the proposal becomes more palatable for us and can be related to the existing IRRB/GDC settlement scheme (Loan 303 KE). (We have not yet responded to the Kenya Government's proposal to appoint three Africans, Messrs. Shiyukoh, Ndina and Mdeti, to top settlement positions, pending comments by GDC). We seem willing, in all probability, to recruit 2 of the top-grade expatriate settlement officers as members of our regular staff and might be able to consider a few others on the basis of their merit and experience;

b) If the Kenyans press for greater numbers, it is difficult to avoid the following questions:

1. What sort of Kenya settlement projects would be assisted by these officers? (We have had certain reservations on the "first



million acre settlement schemes" and, while we do not know anything about the "second million acre scheme", certain agricultural aspects of it may well be unacceptable to us. It seems that most "underdeveloped" parts of the former "White Highlands" have now been settled under the first "million acre scheme"). The U.K. Government's views on the "second million acre settlement scheme" will not be clarified before May or possibly June, 1965;

- ii. Are these expatriate officers suitable for recruitment by the Bank and for eventual employment elsewhere? (I doubt whether more than 10-15 of the proposed 24 expatriates are top-grade experts; many of them are surveyors, cooperative officers, medium grade settlement officers, etc., who have been doing rather routine jobs); what are the chances for our employing them on settlement schemes outside Kenya?
- iii. Assuming that the proposed large-scale technical assistance would have to be combined with financial assistance, do we have enough IDA funds available for it? (We might possibly use the balance - up to \$5.0 million - under the current loan 303 EE; this, however, has to be approved by the United Kingdom and it is not certain that IDA can legally agree to such a change in the existing loan documents without an impairment of the British guarantee);
- iv. The pressure for Africanisation is a strong drive to take over all posts occupied by non-Africans. While the Bank employment can become a shield for 5-6 advisers, it is doubtful whether the same results can be obtained easily for a great number of "internationalized" high, medium and low <sup>grade</sup> employees. The case in the memorandum given to us by Lady Jackson certainly requires a close examination.

c) A possible alternative which emerges from a study of the Lady Jackson's memorandum is the Bank/IDA making a long-term commitment of funds for agricultural development projects in Kenya, in order to give security of jobs to expatriate officers. This proposal raises two questions:

- i. As a matter of general practice, the Bank or IDA has not "ear-marked" funds for specific projects over a long period of time, although, we have indicated some orders of magnitude for lending in certain developed countries for a number of years (Australia, Spain, etc.) General policy aspects of such a move in favor of Kenya have to be considered;
- ii. It requires careful examination to find out whether such a move would be sufficient to stall the tides of "Africanization" as far as the expatriate settlement officers are concerned. (I understand that the pressures of Africanisation have been relatively less in the Ministry of Settlement as compared with some other departments, as many Africans know that the employment there would be "temporary". If permanent employment is guaranteed by outside agencies such as the Bank, it might also strengthen the demands for a full African taken-over).



## 6. General

a) Insolvency form, Bank/IDA lendings in Kenya, including both previous and prospective loans and credits, are as follows:

### Bank (\$ million)

	<u>Actual</u>	<u>Prospective</u>
Loan 256 KE	\$5.6	
Loan 303 KE	\$8.4	none
	<u>\$14.0</u>	

\* nearly \$5.0 million not likely to be disbursed.

### IDA (\$ million)

	<u>Actual</u>	<u>Prospective</u>
Credit 64 KE	2.8	
Credit 70 KE	4.5	
Tea Roads		3.0
Secondary Education		6.0 - 7.0 (tentative)
Land Consolidation		4.0 - 5.0 (tentative)
Total IDA	<u>7.3</u>	<u>13.0 - 15.0</u>

b) Economy and Creditworthiness: Kenya had a good export year in 1964. The export prices rose through the third quarter, then began to fall. The outlook is for export receipts at about the 1964 level over the next few years as production expands and prices may fall. Private investment remains low compared to the pre-independence period and there is evidence of considerable capital flight. Present public external debt, excluding any share of the EACSO borrowings guaranteed by Kenya, amounts to about \$220 million net of accumulated sinking funds. Annual service on this debt (interest and amortization) would be equivalent to about 10% of 1964 export earnings through 1973, except for 1970 when amortization of maturing term debt, only partially covered by sinking funds, will push total debt service to about 17%. Kenya's margins of creditworthiness for additional conventional debt will be absorbed by current and prospective EACSO borrowing (\$38 million EACSO and a proposed \$8.4 million on Posts and Telegraphs) which Kenya must support as a Guarantor.

Mr. A. G. El Emery

March 15, 1965

O. H. Calika

Ford Foundation Seminar in Tanzania

I agree with the conclusion of Mr. Scott's memorandum of March 10, 1965 to Mr. Broches on the above.

So far, the legal experts in East African negotiating teams have almost invariably been expatriate officers. As the expatriates are leaving, it is important that local people should be helped to develop interest in the legal aspects of economic development and a participation of a Bank lawyer in the seminars gives him a unique opportunity to know the people and to help the Bank become better known.

I suggest that these benefits are better attainable if the lawyer in charge of the Bank's legal work for these countries would normally attend the seminars.

OHCalika:nk



March 15, 1965

C. W. Collins, Esq.  
Ministry of Trade, Industry and Development  
P.O.Box 8019, Causeway  
Salisbury, Southern Rhodesia

Dear Mr. Collins:

Thank you for your letter of February 5, 1965 (ref. No. N7/5/6 and D/2/15/34), enclosing a copy of a Ministry of Trade, Industry and Development project information paper entitled "The Production of Nitrogenous Fertilizer and Explosives in Rhodesia". We shall read this document with interest.

Yours sincerely,

O. H. Calika  
Africa Department

OHCalika:mk

cc. Mr. Armstrong (with incoming paper)



# Record Removal Notice

<b>File Title</b> Omer Hursit Calika - Chronological Files, 1965-01 - 1965-03		<b>Barcode No.</b>  30025948		
<b>Document Date</b> March 15, 1965	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> To: Mr. Richard H. Demuth From: A.G. El Emary				
<b>Subject / Title</b> Tanzania - Mr. John G. Scott				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Kim Brenner-Delp</td><td><b>Date</b> Sept. 3, 2024</td></tr></table>	<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024
<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024			



BOOK OF 6 CABLES (see attached addresses)

MARCH 13, 1965

NYT

AM PLEASED TO INFORM THAT BANK READY NEGOTIATE LOAN UP TO THIRTY EIGHT  
MILLION DOLLARS TO CONGO SERVICES AUTHORITY FOR RAILWAYS ADMINISTRATION'S  
1965-67 DEVELOPMENT PROGRAM STOP LOAN WOULD BE GUARANTEED BY KENYA CONGO  
TANZANIA AND UGANDA STOP DURING NEGOTIATIONS BANK EXPECTS OBTAIN ASSURANCES  
ON FOLLOWING PRIME MAINTENANCE RAILWAYS AS EAST AFRICAN JOINT SERVICE SECURE  
EFFICIENT RAILWAYS OPERATIONS IN TERMS OF MANAGEMENT AND STAFF CONGO LABOR  
CONGO PROPER MAINTENANCE AND REPAIR OF EQUIPMENT AND OTHER RELATED ASPECTS  
TERMS AGREEMENT ON RAILWAYS' 1965-67 AND 1968-71 DEVELOPMENT PROGRAMS AND  
ADEQUACY OF FUNDS FOR THEIR FINANCING QUANTO RAILWAYS' FINANCIAL VIABILITY  
INCLUDING RAILWAYS' TARIFFS AND 1968-71 DEBT MATURITIES STOP GRATEFUL  
CABLE HAD YOUR REPRESENTATIVES FOR LOAN NEGOTIATIONS AND WHEN THEY ARRIVE  
WASHINGTON STOP AM ADDRESSING SIMILAR CABLES TO OTHER INTERESTED PARTIES  
INCLUDING RAILWAYS ADMINISTRATION STOP REGARDS

EL EMERY  
INTRAFFAD

Mr. A. G. El Emery

Africa

A. G. El Emery - Director

CH:alikamk

LIST OF ADDRESSES FOR CABLE  
DATED MARCH 13, 1965

DUNSTAN OMARI  
SECRETARY GENERAL  
EAST AFRICA COMMON SERVICES ORGANIZATION  
NAIROBI  
KENYA

DR. GAKUO  
RAILWAYS  
NAIROBI  
KENYA

EAST AFRICA RAILWAYS & HARBOURS  
C/O CROWN  
LONDON  
ENGLAND

HIS EXCELLENCY  
JAMES GICHIRU  
MINISTER OF FINANCE  
NAIROBI  
KENYA

HIS EXCELLENCY  
PAUL DOMANI  
MINISTER OF FINANCE  
DAR ES SALAM  
TANGANYIKA

HIS EXCELLENCY  
L. KALUJE SEPTALA  
MINISTER OF FINANCE  
KIGALI  
URUGANDA





# Record Removal Notice

<b>File Title</b> Omer Hursit Calika - Chronological Files, 1965-01 - 1965-03		<b>Barcode No.</b>  30025948		
<b>Document Date</b> March 12, 1965	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> To: Mr. A.G. El Emary From: O.H. Calika				
<b>Subject / Title</b> Mr. E.V.K. Jaycox				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Kim Brenner-Delp</td><td><b>Date</b> Sept. 3, 2024</td></tr></table>	<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024
<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024			

JOHN WILLIAMS  
INTMAFRAD  
PARIS

MARCH 12, 1965

HLT

FRANCE

REFERENCE CALIXA MEMORANDUM MARCH ELEVENTH 1965 TO RIVKIN PROPOSED  
ADVISED FOR UGANDA STOP DAS CONSIDER PROPOSED RESPONSIBILITIES TOO  
MANY FOR A SUITABLE CANDIDATE TO HANDLE STOP SUGGEST DISCUSS  
MATTER WITH FINANCE MINISTER AND FIND OUT MAIN FUNCTIONS STOP GRATEFUL  
ADVISE RESULT STOP REGARDS

EL EMARY

Mr. A. G. El Emery  
Africa

cc. Mr. Demuth  
Mr. Lan/Mr. Jaycox

A. G. El Emery - Director

ONCalixamk



DR. GAKUO  
RAILWAYS  
NAIROBI

MARCH 12, 1965

FULL RATE

KENYA

SUGGEST LEGAL SECRETARY JOHN MACDONALD AND EARLEY

GALIK  
INTROPRAD

Mr. O. H. Calika

Africa

cc. Mr. Scott

O. H. Calikamk

BALWIN  
ECONOMIC ADVISER TO PRIME MINISTER  
ZOGRA

MARCH 12, 1965

HLT

MALAWI

REFERENCE URLETTER FEBRUARY 27TH 1965 TO RIVKIN STOP SUGGEST AIRMAIL  
TO ME FOUR COPIES ROAD PROJECT APPLICATION FOR EXAMINATION BEFORE MINISTERS  
ARRIVE

CALIKA  
INDEVAS

Mr. O. H. Calika  
Africa

cc: Messrs. Rivkin  
Gabriel

OHCalika:ao



SCOTT  
TREASURY  
DAR ES SALAAM

MARCH 8, 1965

MLT

TANZANIA

THANKS UR LETTER FEBRUARY TENTH 1965 STOP YOUR APPLICATION BEING  
PROCESSED STOP PLEASE CABLE ANY CHANGE OF ADDRESS STOP REGARDS

WILLIAMS  
INTBAPRAD

Mr. JH Williams  
Africa Department

cc: Messrs. Gordon  
Eschenberg

GC:like:so

The Working Party

March 12, 1965

G. H. Calike

East Africa - EASF Project - Loan Negotiations

1. I had a telephone call this morning from Mr. R. W. MacDonald from Nairobi. Pending the receipt of our cable on the loan negotiations he and Mr. A. Barley had deferred their visit to Washington. I told Mr. MacDonald about the Loan Committee's approval of the negotiations.

2. Mr. MacDonald told us that the East African Ministers who would be leading the negotiating team are Mr. J. Gichuru (the Kenya Minister of Finance) and Sheikh H. Mkwana, (the Tanganyikan Minister of Communications and Works). The former would be in Washington on March 17 (until March 22) and the latter on Friday (March 19). Mr. Mkwana is a member of the Tanganyikan Cabinet. I do not know for how long he could stay in Washington. Messrs. Barley and MacDonald will leave Nairobi tonight, if possible, and will inform us of their movements. They may well be at the Bank on Monday or Tuesday (March 14 or 15). Mr. S. N. Galuso, EASF General Manager, who has a meeting in Nairobi on March 17, would leave on that evening. The movements of the Legal Secretary remain unsettled and I am cabling to Dr. Galuso today to make it sure that the lawyer will join the advance negotiating team at the earliest date.

3. I attach for information and possible use during the discussions with EASF delegation a checklist of the points to be negotiated with the Borrower and the Guarantor Governments.

ONCalikamk

cc. Messrs. El Emery

Baum  
Loren  
Sander  
Scott  
Elliott  
Lan/Jaycox



## East Africa

### EACM Project - Loan Negotiations

#### I Introductory points

- (a) Authority of the negotiating team
- (b) Any changes in the factual aspects of the Project:
  - Technical data
  - Placement of orders
  - Data on EACM's financial position and prospects
  - Staff position (Africanisation)
  - Labor relations (present strike?)
- (c) Status of the negotiations with Eximbank/AID or any other possible lenders?

#### II Basic Issues

- (a) Maintenance of EACM as a joint service
- (b) Efficiency of EACM operations:
  - competent management and staff
  - adequate and well-maintained plant and equipment
  - effectiveness of labor
- (c) EACM financial viability
- (d) The Government's responsibility (guarantee for debts and assistance in financing development programs)

#### III Specific Points

1. Any material changes in EACM's constitution or in the organization, powers or responsibilities of EACM to be subject to approval by the Bank
2. EACM Management, staff and labor
  - (a) EACM will undertake to consult the Bank before any new appointments to certain management positions



(b) general EARTH policies on staff recruitment, promotion and dismissal:

- experience and merit will be basic criteria
- staff and labor force will be related to actual EARTH needs (no make-work employment; labor force should be reduced if it is justified)
- EARTH training programs will continue and, if necessary, be expanded
- EARTH wage scales will be geared to productivity, cost-of-living, etc. and any increases will be met from EARTH profits

(c) Following an actuarial valuation in 1967-68 of EARTH's pension liabilities, appropriate measures will be taken to meet any actuarial deficiency (the Bank will be informed of the proposed measures)

3. EARTH's Development Programs

(a) The present 1965-67 program will not be materially amended without the Bank's approval (Table 8 of the project report)

(b) When it is formulated, EARTH's 1968-71 program will be agreed with the Bank:

- it will include adequate provisions for renewals, betterments and additions (to provide for good repair of equipment and to keep up with traffic growth of 3% per year)
- during the negotiations, minimum amounts (or order of magnitude) will be agreed with EARTH representatives for the 1968-71 program;

(c) In the 1965-71 period, EARTH will start no major new works without the Bank's approval (the Bank would give its approval if the Governments ~~can~~ arrange, ~~on~~ the construction, financing, and operation of such works, on terms which would not impair the



the viability or efficiency of KANAM)

- (d) The terms of new KANAM borrowing in the 1965-71 period will be acceptable to Bank (to assure that the maturity of such loans will not be unduly short)

4. The East African Governments' responsibility

- (a) To guarantee the proposed Bank loan on a joint and several basis
- (b) To provide funds to cover any deficits in the financing of KANAM's 1965-67 and 1968-71 development programs (as agreed with the Bank)
- (c) To agree with KANAM, in due course, on a satisfactory plan to redeem or refinance the 1968-71 KANAM debt maturities (without cuts in KANAM's provisions for maintenance, repair and essential renewals)
- (d) To be willing to refinance own holdings of KANAM's 1968-71 debt maturities

5. KANAM Finances

- (a) KANAM tariffs will be revised to achieve by 1971 a rate of return of at least 6% on net investment (including working capital as defined in the appraisal report)
- (b) KANAM tariffs will be revised with the aim of reflecting true costs of service for major group of commodities
- (c) KANAM accounting system will be changed into commercial accounting

6. Points for discussion

- (a) The proposed KANAM labor legislation
- (b) coordination of rail transport with road transport

IV The Loan Documents

- 1. Loan Agreement with EACSA (no separate agreement with KANAM)
- 2. Three similar guarantee agreements with Kenya, Tanzania and Uganda
- 3. Side letters:
  - (a) KANAM employment and staff policies

- (b) EASAM development programs and financial policies
- (c) List of Goods and procurement
- (d) Others (to be decided <sup>LATER</sup>)

V. Legal Points to be cleared with negotiators

- 1. EASAM borrowing authorisation
- 2. The governmental guarantee authorizations

VI. Miscellaneous

- 1. Disbursement procedures
- 2. End use requirements
- 3. Tentative timetable
- 4. Draft press release.



Mr. Arnold Rivkin

March 11, 1965

O. H. Calika

Uganda - Proposal for Technical Assistance

1. I refer to Mr. El Emery's memorandum of February 16, 1965 to Mr. Demuth and to our discussion at the working party meeting last week regarding the proposal that the Bank assist Uganda by providing or selecting a qualified Adviser to head a new "Loan Finance Section" within the Uganda Ministry of Finance. In this note, I wish to elaborate on the functions to be performed by the proposed Adviser and on his general qualifications.

2. Uganda has requested our assistance in finding a man with broad experience in economic and financial matters (preferably public finance management), who is familiar with the requirements and procedures of the various foreign national and international agencies for development finance and technical assistance. It must be realized that in a small country like Uganda, where talent is scarce relative to the tasks at hand, a man with the desired qualifications would be called upon to perform a variety of functions which cannot be easily defined in terms of job descriptions. In many cases, the experience and proven ability of an individual may well decide the limits of his responsibilities.

3. The talks which I had with the Finance Minister of Uganda and my view of Uganda's past performance in access to international finance lead me to believe that the focus of the proposed Adviser's work would be on the economic planning and project preparation work within the Government. He would be primarily concerned with developing and fitting financial plans to support the Government's economic planning, coordinating the preparation of development projects for foreign finance, and with the negotiations concerning such foreign assistance. His specific responsibilities would include the following:

- a) to participate in the meetings of Uganda's "Planning Commission" which consists of the various Ministers and their senior staff responsible for economic development;
- b) to assist the Ministry of Planning and Community Development in drawing up a realistic development plan based on dependable assessment of the likely amounts of external assistance and internal borrowing available to support the plan;
- c) to advise the Ministry of Planning and Community Development and other Ministries on projects within the plan which would be suitable for external financing, and to advise the Minister ~~of~~ Finance (and other Ministries concerned) on the selection of projects appropriate for presentation to particular foreign lending or technical assistance agencies;
- d) to coordinate the work within the Uganda Government for the preparation of projects, including advice on particular



requirements of each grant or loan agency and follow up on progress of feasibility studies, project documents, and necessary legal or legislative action; to review all projects and supporting data to ensure completeness and suitability prior to presentation to external sources of financial or technical assistance;

- e) to assist the Finance Minister and his staff in preparing for and conducting loan, grant, or technical assistance negotiations; to initiate and follow up all steps necessary to make the negotiated documents effective;
- f) to advise the Finance Minister and his staff on the techniques of mobilizing domestic savings for purposes of financing development projects;
- g) to follow up the execution of projects and to assist various Ministries in finding satisfactory solutions to loan administration problems;
- h) to be primarily responsible for Uganda's relations with external loan, grant and technical assistance agencies; to keep Uganda Ministries abreast of changes in the policies or procedures of external assistance agencies;
- i) to train his African colleagues and staff in the selection and preparation of projects for external or domestic financing and in the other aspects of his work, so that after his period of tenure has expired, a suitable replacement will be available.

4. The proposed Bank East Africa office will assist the Uganda Agriculture and Transport Ministries in the preparation of some projects to be submitted to the Bank or IDA for eventual Bank/IDA financing. While this office can be very useful in the selection and preparation of some suitable projects in these sectors, it obviously cannot fulfill the functions to be undertaken by the proposed "Loan Finance Adviser".

5. As you know, it is quite possible that with the agreement of the Governments concerned the Bank will take over from DAC the responsibility for a Consultative Group for the East African countries including Uganda. Admittedly, if the Consultative Group decides to station an officer in East Africa, he can also be of help in the selection of some Uganda projects for possible financing by the Western countries which would be participating in the Consultative Group. Such an officer, however, can not be expected to attend the meetings of the "Planning Commission", nor to assume active responsibility for most of the functions specified above, as these should properly be done by the Uganda Government. As far as Uganda is concerned, the success of the Consultative Group exercise may well depend on effective performance by the Uganda Government on economic planning and preparation of suitable projects, and the proposed Adviser can greatly facilitate the Consultative Group's work.

6. Uganda at this time does not have a man who can organize the necessary internal action to make possible the inflow of foreign assistance. The result has been a lag in access to national or international



sources of finance and there have been serious delays in the execution of the current 5-year program and a growing frustration with this performance. I believe that we can, justifiably, help the Uganda Government in this important matter (I am sure that the Government can easily bring in some "Eastern" experts for this job, but the new Finance Minister feels that there should be a "neutral" man with experience and knowledge).

7. The Bank can conceivably:

- a) recruit a DAS man and second him to the Uganda Government for the proposed assignment;
- b) select a qualified man for employment by the Uganda Government and subsidize his salary;
- c) to nominate to the Government one or more qualified (and willing) candidates for this job (without financial support).

I understand that the alternative (b) would be a new departure for us, although it would probably be the most suitable solution in this particular case. As to the choice between (a) and (c), I would personally prefer (a), but if there are serious objections, I feel that the Bank should, at least, offer assistance on the lines of (c).

CHCalikarsak  
cc. Messrs. El Emery/Williams  
Demuth/Gordon  
Lan/Jaycox  
Scott  
Eschenberg  
T. Mitchell

Mr. H. Hilken

March 11, 1965

O. H. Calika

*Kura* *Erasmus*

East Africa - Proposed Loan Negotiations

I should appreciate it if you could arrange for the circulation of the attached notice to the Executive Directors.

Attachment

OHCalika:mk



DECLASSIFIED

AUG 13 2024

CONFIDENTIAL

From: The Secretary

WBG ARCHIVES

March 11, 1964

*Kenya*  
[ East Africa ]

26

*Associate*  
The [Bank] is planning to invite the Governments of Kenya, Uganda and Tanzania, and the East African Common Services Authority to send representatives to Washington to negotiate a proposed [loan of up to \$38.0 million for the East African Railways and Harbours Administration] to help finance [a three-year (1965-67) capital improvement and expansion program.]

*construction of roads & smallholder tea development areas.  
credit of alt \$3.0*

Distribution:

Executive Directors and Alternates  
President  
Vice Presidents  
Department Heads

March 9, 1965

His Excellency  
L. Kalule Bettala  
Minister of Finance  
Entebbe, Uganda

Dear Mr. Minister:

In connection with the proposed Bank/IDA economic Mission to Uganda, I cabled you on March 8 as follows:

"THANKS URGABLE MARCH 5TH STOP BILLINGTON AND  
WILLOUGHBY ARRIVE ENTebbe FROM NAIROBI MARCH 18  
FLIGHT NO EC 361 STOP MISSION WISHES OBTAIN 1964  
DATA ON NATIONAL ACCOUNTS COMMA SAVINGS AND INVEST-  
MENT COMMA GOVERNMENT ACCOUNTS COMMA PUBLIC DEBT  
AND RESERVES COMMA BALANCE OF PAYMENTS AND DISCUSS  
ECONOMIC PROSPECTS 1965 AND SECOND FIVE YEAR PLAN  
STOP LATTER DETAILING SUBJECTS FOR DISCUSSION FOLLOWS  
STOP REGARDS"

I am now sending the attached list of the main points which Mr. Billington and Mr. Willoughby would like to discuss at your Ministry and other Ministries. The 1964 statistical information is required in order to bring up to date the tables which appear at the end of the Bank's report on "The Economy of Uganda", dated November 5, 1964, which I understand you have been sent by Mr. Garba. The mission members are scheduled to stay for about a week to ten days in Entebbe.

As I informed you in my cable of February 19, 1965, Mr. John H. Williams may join the mission for a few days. We shall cable his date of arrival when firm travel arrangements are made.

Yours sincerely,

A. G. El Khary  
Director  
Africa Department

Encl.

Willoughby:mk  
cc. Messrs. Williams  
Edelman/Billington  
Calika/Lan/Jaycox  
Willoughby



## Main Points for Discussion by Bank Economic Mission to Uganda

### I. Economic statistics for 1964

- a. Gross Domestic Product, by industrial origin
- b. Agricultural and mineral production, by commodities - volumes and values
- c. Foreign Trade (volume and value of exports and imports, both inter-territorial and outside East Africa)
- d. Sterling assets of Uganda, Price Assistance Funds and Commercial Banks
- e. Employment, earnings and prices
- f. Transactions of the Cotton and Coffee Price Assistance Funds and current balances
- g. Current estimates of government revenue and expenditure in fiscal year 1964/65
- h. Current figures for public debt and debt service obligations over coming years

### II. Supplementary economic information for recent years up to 1964

- a. Balance of payments of Uganda, with especial reference to the movement of invisibles on current account and trends in the capital account, both public and private
- b. Functional analysis of actual expenditures of Uganda Government in each fiscal year since 1960/61, and comparison of these with Approved Estimates
- c. Estimates of sources of finance for investment: domestic savings and foreign capital inflow, on public and private account
- d. Gross Capital Formation, for public and private sector, by type of asset
- e. End-use analysis of Uganda imports

### III. Outlook for 1965 and subsequent years

- a. Main export commodities: prospective Ugandan output and world market prices
- b. Investment targets and likelihood of achieving them in different sectors of the economy, both public and private
- c. Outlook for the public finances in coming years: prospective yield of export taxes in 1964/65; any changes in tax structure under consideration; current trends in government employment and recurrent expenditure
- d. Balance of payments outlook and the prospective need for, and availability of foreign capital



**IV. Specific subjects for thorough discussion**

- a. Additions to the current Five Year Development Plan since June 1963; present current and capital expenditure targets in different sectors under the plan
- b. The outflow of private capital; evidence of this during the 1950s; form in which it took place and causes of it; present and prospective situation with respect to private capital movements
- c. Progress in agriculture under the current Five Year Development Plan; extent to which public expenditure targets are being achieved in the agricultural sector and broad lines of agricultural development in prospect for the 1966-70 Five Year Plan period; developments regarding land tenure
- d. Cotton output; acreage and yields; the prospects of increasing output and the obstacles to expansion
- e. Coffee production; prices to growers, subsidies, controls on output; storage problems, physical and financial; prospects for sales outside quota in new markets and prospects of securing an increased export quota
- f. Export taxes; ways in which they are calculated, prospective yield in 1965 and coming years; any changes under consideration
- g. Terms of Kampala Agreement and its likely effect upon Uganda's balance of trade with Kenya and Tanzania and upon the growth of Uganda's manufacturing industry; the proposed bicycle factory; further industrial developments in view under the agreement; other current and prospective industrial developments.
- h. Manpower planning; shortages of technical and executive personnel in civil service; extent to which educational targets are being achieved
- i. The organization of economic planning; roles played by the Planning Commission, the Prime Minister's Economic Adviser, the Minister of Planning and Community Development, the Central Planning Bureau, and the Minister of Finance. Coordinating machinery and the locus of responsibility for project-preparation
- j. The establishment of the Bank of Uganda, the State Bank, and proposed reforms of the East African Currency Board; relationship among these institutions.



BOULETOWN  
FINDUC  
ENTRANCE

MARCH 9, 1965

HLT

ULANDA

RECEIVED NO REPLY EL EMERY CABLE TO MINISTER MARCH THIRD PROPOSING  
ROADS PROJECT APPRAISAL VISITS MARCH NINTH AND SIXTEENTH STOP  
UNDERSTAND AMERSEN ARRIVED ENTRANCE AS PLANNED AND YOUNG AND HOGG  
CAN ARRIVE MARCH SIXTEENTH STOP GRATEFUL CARLING SOONEST WHETHER  
MISSION ACCEPTABLE STOP BEST REGARDS

CALLIA  
INNEVAS

Mr. O. H. Callia

Africa

cc. Messrs. El Emery/Williams  
Geolot/Young/Hogg  
Guinness  
Ian/Jaycox/Willoughby

O. H. Calliausk

March 9, 1965

P. Shiyukah, Esq.,  
Permanent Secretary  
Ministry of Lands and Settlement  
P.O.Box 30450  
Nairobi, Kenya

Dear Mr. Shiyukah,

Thank you for your letter of March 1, 1965 (your ref. No. FIN/INT/BANK) on the proposed appointment of Mr. Andrew Kwings Ndeti as the Assistant Commissioner for Cooperative Development in Settlement.

We are consulting the Commonwealth Development Corporation on this matter and will write you again shortly.

Yours sincerely,

O. H. Calika  
Africa Department

OHCalika:mk

cc Messrs. Evans/McMeekan (with copy Mr. Shiyukah's letter of March 1, 1965)  
Lan/Jaycox " " " " "  
Scott " " " " "  
Elliott " " " " "





# Record Removal Notice

<b>File Title</b> Omer Hursit Calika - Chronological Files, 1965-01 - 1965-03		<b>Barcode No.</b>  30025948		
<b>Document Date</b> March 1, 1965	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> To: Sirs, IBRD From: P. Shiyukah, Permanent Secretary, Ministry of Lands and Settlement				
<b>Subject / Title</b> [Proposed appointment]				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Kim Brenner-Delp</td><td><b>Date</b> Sept. 3, 2024</td></tr></table>	<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024
<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024			

March 9, 1965

T. A. Phillips, Esq.,  
Commonwealth Development Corporation  
33 Hill Street  
London, W.1  
England

Dear Tom:

Kenya - Loan 303 KE

Many thanks for your letter of March 4, 1965, on the proposed subprojects and staff appointments regarding the Kenya land settlement and development project. We shall look forward to hearing from you soon on your views regarding the proposed appointments of Messrs. Shiyech and Maina and on the other points covered in the first and third pages of our draft letter (enclosed with my letter of February 18, 1965 to you). We have now been informed by the Kenya Ministry of Lands and Settlement of a proposal to appoint Mr. Andrew Kwings Nditi as the Assistant Commissioner for Cooperative Development in Settlement. We would appreciate your letting us have your views also on this point.

A problem regarding the foregoing outstanding questions is that Messrs. J. Gichuru and B. McKenzie will be visiting the Bank on March 17 and they have already indicated their desire to discuss several Bank/IDA operations, in Kenya, including the land settlement and development project. In these discussions, we propose to take the general position as summarized in our draft letter which you have seen. I should be grateful if you could inform us before March 17 by cable if you have any particular suggestions on this respect, or if you, in the meantime hear from Nairobi on the points under consideration by our two institutions.

With best wishes,

Yours sincerely,

G. H. Calike  
Africa Department

OHCalika:mk

cc. Messrs. El Emery/Williams (with copy of incoming letter)  
McPeckan/Evans  
Lau/Jaycox  
Scott  
Elliott



C  
O  
P  
Y

COMMONWEALTH DEVELOPMENT CORPORATION  
33 Hill Street  
London W 1

14th March, 1965

O. H. Calika, Esq.,  
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C.

Dear Mursit:

Kenya Land Development and Settlement

Thank you for your cable of the 3rd March concerning the draft letter which you sent us on February 18th and recent communications from the Kenya Government. We have now received copies of Sub-projects 4, 9 and 10 together with a summary of Sub-projects 1, 2 and 3. We have also received the letter requesting our approval of Mr. Maina's appointment. We had not previously replied to your letter of February 18th because we were in correspondence with Mr. Wise about it. Since the subject matter has been overtaken by the latest letters from Kenya, we are again in correspondence with Mr. Wise concerning Mr. Maina's appointment and, as soon as we have clarified our view on this, we will let you know what we think.

We have not yet completed action in relation to Mr. Jones' visit and report to Kenya and this also is the subject of correspondence between Kenya and ourselves and we will certainly let you have our views as soon as we possibly can.

Kind regards,

Yours sincerely,

(signed) T. A. Phillips

March 8, 1965

J. G. Counce, Esq.,  
Commonwealth Development Corporation  
33 Hill Street  
London W.1, England

Dear Guy:

Thank you very much for your letter of 21st February.  
I thought you would be interested in having copies of our  
letters dated March 4th and March 5th to Mr. Raynor in regard to  
the appointment of Mr. Moreithi to Assistant General Manager  
of KIDA and the proposed KIDA borrowings for the construction  
of tea factories, respectively.

I too hope it will not be long before we see each other  
again.

Yours sincerely,

O. H. Calika  
Africa Department

Encls.



HIS EXCELLENCY  
PAUL BOMANI  
MINISTER OF FINANCE  
DAR ES SALAAM

MARCH 8, 1965

REPLY

TANZANIA

REFERENCE CAVANAUGH'S LETTER OCTOBER FIRST 1964, AND FOUR CABLES NOVEMBER  
TWENTIETH DECEMBER SEVENTH 1964, JANUARY FIFTH AND TWENTY SIXTH 1965 ADDRESSED  
TO TREASURY REGARDING PAYMENT BY TANZANIA OF NATIONAL CURRENCY PORTION FIFTH  
INSTALLMENT IDA CAPITAL SUBSCRIPTION WHICH WAS DUE NOVEMBER NINTH 1964, STOP  
SETTLEMENT NOW BEING LONG OVERDUE COMMA WOULD APPRECIATE IMMEDIATE ACTION  
ALONG LINES INDICATED IN LETTER OCTOBER FIRST STOP PLEASE CABLE REPLY STOP  
REGARDING

EL EMERY  
DIRECTOR  
AFRICA DEPARTMENT  
INNEVAS

Mr. A. G. El Emery  
Africa

cc. Mr. Garba  
Mr. Cavanaugh  
Mr. Williams  
Mr. Calika

A. G. El Emery - Director

Pink

RAILWAYS  
NAIROBI

MARCH 5, 1965

NLT

KENYA

FOR MACDONALD STOP THANKS URCABLE MARCH FOURTH STOP BANK LOAN  
COMMITTEE WILL MEET EARLY NEXT WEEK TO CONSIDER LOAN RAILWAYS PROJECT  
STOP WILL CABLE DECISION TO WHICHEVER ADDRESS YOU INDICATE

CALIKA  
INTBAFRAD

Mr. O. H. Calika

Africa

O.H.Calika:mk



March 5, 1965

Mr. Lars Kalderen  
Treasury  
Stockholm,  
Sweden

Dear Lars,

Thanks very much for your letter of February 25, and for your continuing work on the Tanzania report. I appreciate how inconvenient this must be for you, when you are just coming to grips with new and pressing work. Certainly we will take care of the maps, the graphs, etc. We have the stencils of the Tanzania tables, which you left with Gordon, and we have sent copies of them to you as you requested.

Gordon will arrive in East Africa on March 15th after a stopover in London. Willoughby will report on Uganda, and Conrad will report mainly on Kenya. While there, Gordon and Conrad will pay a short visit to Tanzania to catch up with the developments. We expect to have three updating memoranda and another memo on East Africa as a whole for circulation to the Executive Directors with the proposed Railway Loan.

I have nothing new to report on the agricultural credit proposal in Tanzania. We understand that the proposed Swedish credit would be mainly in the field of marketing, and/or shares in the NC&DE (holding corporation) purposes apart from those for which the application to IDA was made, but essential for the success of the whole scheme.

I was pleased to meet this week Mr. Rocsio, of the Swedish Embassy here and to exchange notes with him on Africa in general and Tanzania in particular.

Best wishes to you and your family.

Yours sincerely,

O. H. Calika  
Africa Department

OHC:mk

March 5, 1965

W. B. G. Raynor, Esq.,  
General Manager  
Kenya Tea Development Authority  
P. O. Box 30213  
Nairobi, Kenya

Dear Mr. Raynor:

Credit No. 61-EE

I refer to Mr. El Emery's letter of March 4, 1965 to you, concerning your request on behalf of KTDA for IDA's permission to borrow for the construction of tea factories.

We have noticed that the reference in the text of that letter to the "Credit Agreement" should have been to the "Project Agreement" of the same date. While this error does not affect the substance of what we wished to communicate, it should nevertheless be corrected. Mr. El Emery, therefore, has addressed to you the enclosed letter of March 5, 1965 and I should appreciate it if you disregard the previous letter.

I regret this inconvenience.

Yours sincerely,

G. H. Calika  
Africa Department

EJaycox/ONCalika:ee

Cleared with and cc to: Mr. H. Scott

cc: Messrs: Elliott

McNeel

Calika/Lan/Jaycox

J.G. Counce, CDC



March 5, 1965

W. B. G. Rayner, Esq.,  
General Manager  
Kenya Tea Development Authority  
P. O. Box 30213  
Nairobi, Kenya

Dear Mr. Rayner:

Credit No. G1-KE

I refer to your letter of February 2, 1965 (your reference No. FAC/12;LEK/12), on behalf of the Kenya Tea Development Authority, requesting IDA's permission for the Authority to borrow up to £20,500 from Messrs. George Williamson Africa Ltd., and to borrow up to £41,000 from Messrs. James Finlay & Co. Ltd. for the financing of three new tea factories.

We wish to advise you that it is not necessary for the Authority to seek our express approval for borrowings for the construction of tea factories. These borrowings were contemplated in Recital (D) of our Credit Agreement with Kenya, and therefore are not subject to the restrictions set forth in Section 2.05 of the Project Agreement dated 17th August 1964.

Yours sincerely,

A. G. El Remy  
Director  
Africa Department

EJaycox/CHCalikase  
Cleared with and cc to: Mr. H. Scott  
cc: Messrs: Elliott  
McKeekan  
Calika/Ian/Jaycox  
J.G. Counce, CDC

March 5, 1965

Mr. A. T. Copeland  
The Treasury  
P.O.Box 8123, Causeway  
Salisbury, Rhodesia

Dear Mr. Copeland,

Thank you for your letter of February 19, 1965  
(your ref. GC 25476), enclosing the following documents:

- (a) Exchange Control Act, 1964
- (b) Banking Act, 1964
- (c) Press Release on the introduction of the  
Banking Act, 1964.

I note from your letter that the Exchange Control  
Act, 1964 has not yet come into operation, and accordingly  
regulations thereunder have not as yet been published.

Yours sincerely,

O. H. Calika  
Africa Department

OHCalika:mk  
cc. Messrs. Billington  
Conrad/Willoughby



March 5, 1965

Sir Penderel Moon  
c/o Ministry of Finance  
P.O.Box RW 62  
Ridgeway  
Lusaka, Republic of Zambia

Dear Sir Penderel,

I am writing with reference to your letter of February 17, 1965 to Mr. Demuth, who has directed it to me for reply, and to tell you that I shall be happy to keep contact with you on operational matters during your tenure of office in Zambia.

By the time you receive this letter, you will have seen Mr. Demuth's letters of February 25 and 26 together with a copy of Mr. El Emery's letter of February 19, 1965 to Mr. Wina. Mr. El Emery's letter covers most of what we have to say to you at this time about the two projects to which you refer in your letter. You are quite right in assuming that education projects qualify for consideration for both Bank and IDA lendings and that we plan (at this stage, at least) Bank lending for Zambian projects, including the proposed education project. When he visits Lusaka briefly next month, Mr. Ballentine will discuss at the Ministry of Education and possibly other Ministries and departments (such as the Treasury and the Planning Office) the scope and form of an education project application to us. In the meantime, I am sending you, as requested, a copy of our Education Division's "guidelines" and hope that it will help to prepare the ground for a useful visit by Mr. Ballentine.

As far as the proposed roads project is concerned, I believe that the Zambians are more advanced in this case than in the case of the education project. We would be interested in receiving a project document along the lines of Mr. El Emery's letter to the Finance Minister and can probably help the Government in the preparation of it, if the authorities need such assistance.

We in the Africa Department are very glad that you were able to take up the present assignment in Zambia and I am sure that your services will be greatly appreciated by the Zambians.

Yours sincerely,

OHCalika:mk

cc. Messrs. El Emery/Williams  
Demuth/Rivkin  
Ballentine (with copy of incoming letter)  
Ian/Jaycox

O. H. Calika  
Africa Department

Encl.

Files

March 4, 1965

O.H. Calika

Kenya - Visit by Messrs. Gichuru and McKennis

I was called by Mr. Echeria of the Kenya Embassy today to hear that Mr. Gichuru and Mr. Bruce McKennis would be coming to Washington from New York Tuesday afternoon, March 16th and expect to pay a visit to the Bank on Wednesday, March 17th. The Ministers wish to discuss with us "tea development in Kenya, the Mahoroni settlement sub-project, financial aid for the Land Bank and other matters".

I assured Mr. Echeria that the Bank would be happy to see the Ministers and promised that I would find out about the most convenient time for them to come. I understood that the Ministers would be free for lunch on Wednesday. They may stay in Washington for the remainder of the week, to leave by the weekend for San Francisco and London. During their visit to Washington the Ministers expect to have discussions with U.S. AID and other U.S. Government agencies.

CHC:lik:me

cc: Messrs. El Barry/Milliams

Evans

McKenna

Scott

Elliott

Lan/Milloughly/Jaycox



my Jaycox's  
file

March 4, 1965

W. B. G. Rymor, Esq.,  
General Manager  
Kenya Tea Development Authority  
P. O. Box 30213  
Nairobi, Kenya

Dear Mr. Rymor:

Credit No. 64-KR - Development Credit  
Agreement dated 17th August 1964.

I refer to your letter of February 2, 1965 (your reference No. FAC/12;LEG/12), on behalf of the Kenya Tea Development Authority, requesting IDA's permission for the Authority to borrow up to £20,500 from Messrs. George Williamson Africa Ltd, and to borrow up to £41,000 from Messrs. James Finlay & Co. Ltd. for the financing of three new tea factories.

We wish to advise you that it is not necessary for the Authority to seek our express approval for borrowings for the construction of tea factories. These borrowings were contemplated in Recital A of our Credit Agreement with KIDA, and therefore are not subject to the restrictions set forth in Section 2.05 of the Development Credit Agreement dated 17th August 1964.

Yours sincerely,

A. G. El Bary  
Director  
Africa Department

BJaycox/OKCalikaise  
Cleared with and cc to: Mr. H. Scott  
cc: Messrs: Elliott  
McNeelan  
Calika/Lan/Jaycox  
J.G. Counce, CDC

March 4, 1965

W. B. G. Raynor, Esq.,  
General Manager  
Kenya Tea Development Authority  
P. O. Box 30213  
Nairobi, Kenya

Dear Mr. Raynor:

Appointment of New Assistant General  
Manager - Mr. F. I. H. Moreithi.

Thank you for your letter of 25th February 1965, (your reference No. FIN/10), requesting IDA's approval of the recent appointment of Mr. F.I.H. Moreithi to the position of Assistant General Manager of KEDA, replacing Mr. C.H. Walton.

Mr. Moreithi's appointment to this position was contemplated in the Side Letter pertaining to the Development Credit Agreement between us dated 17th August 1964, where he is mentioned as "Assistant General Manager Designate". While, as a matter of formality, we should have been consulted by KEDA prior to Mr. Moreithi's actual appointment, the oversight is not one of substance, and we are now pleased to confirm our agreement with this appointment.

Yours sincerely,

A. G. El Bary  
Director  
Africa Department

EJaycox/OHCalika:se

Cleared with and cc: Messrs. Scott  
McMeekan  
cc: Messrs. Elliott  
Calika/Lan/Jaycox  
J.G. Canace, CDC



March 4, 1965

His Excellency  
Paul Bura  
Minister for Finance  
Dar es Salaam  
United Republic of Tanzania

Dear Mr. Minister:

Re. Credit No. 15 TA (Secondary Education)

Thank you for your letter of 12th February, 1965, advising a change in the Borrower's address, for purposes of Section 7.01 of Development Credit Regulations No. 1, under the Development Credit Agreement dated December 19, 1963 between us, to as follows:

The Principle Secretary to the Treasury  
P. O. Box 9111  
Dar es Salaam  
The United Republic of Tanzania

and for cables and radiograms:

Treasury  
Dar es Salaam  
Tanzania

We have also applied this change to the subsequent Development Credit Agreement (Credit No. 15 TA) dated February 5, 1964 between us.

Yours sincerely,

A. G. El Bary  
Director  
African Department

Eljaycox/OCalikane  
Cleared with and cc: Mr. Scott  
cc: Messrs.: Tobias/Ballantine  
Young  
Elliott  
Calika/Lan/Jaycox  
Bam/Young

March 4, 1965

The Secretary for Education  
Ministry of Education  
P.O.Box 50  
Zomba, Malawi

Dear Sir:

Thank you for your letter of February 18, 1965 (your ref. No. 2/13/18/13), in which you give supplementary information on the Malawi Government's plans in the field of secondary education. We were pleased to have the statements attached to your letter.

You might be interested in having the following excerpt from Mr. A. G. El Emery's letter of March 3, 1965 to His Excellency J. Z. U. Tembo on a proposed visit to Malawi by Mr. D. S. Ballantine:

"I understand that your Government would be interested in obtaining financial assistance from us in the development of the Malawi education system. We have examined some material which was given to Mr. Calika on your plans for the development of your secondary education system. For a closer examination and a review of the possibilities for our assistance, a brief visit to Malawi by Mr. D. S. Ballantine, an Assistant Director of our Projects Department in charge of education projects, may be very useful. Mr. Ballantine will be visiting several African countries probably in April and he may be able to call in Zomba. I should appreciate your letting us know whether such a visit and the proposed timing would be convenient for you."

I am passing over the information given in your letter to Mr. Ballantine.

Yours sincerely,

OHC:likamk

O. H. Calika  
Africa Department

cc. Messrs. El Emery/Williams  
Ballantine/Tobias  
Ian/Jaycox





# Record Removal Notice

<b>File Title</b> Omer Hursit Calika - Chronological Files, 1965-01 - 1965-03		<b>Barcode No.</b>  30025948		
<b>Document Date</b> March 4, 1965	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> To: Mr. John Garba From: O.H. Calika				
<b>Subject / Title</b> Zambia, Kenya, Tanzania, Malawi - General Status of Projects				
<b>Exception(s)</b>				
<b>Additional Comments</b> Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Kim Brenner-Delp</td><td><b>Date</b> Sept. 3, 2024</td></tr></table>	<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024
<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024			

March 3, 1965

His Excellency  
John Z. U. Tembo  
Minister of Finance and Development  
Zomba, Malawi

Dear Mr. Minister,

Mr. O. H. Calika, who visited Malawi briefly in the course of last January has now reported on his discussions with you and various officials of the Malawi Government. We appreciate the time you spared for these discussions and the reception extended to Mr. Calika. In the light of these discussions, I now wish to comment briefly on a few points concerning possible Bank/IDA operations in Malawi.

As you know, a Bank/IDA economic mission, headed by Mr. A. Rivkin, visited Malawi last year to prepare a comprehensive report on the Malawi economy. Before finalizing this report for circulation to our Executive Directors, we consider it highly desirable that a senior Bank economist, probably Mr. John A. Edelman, who is the Economic Adviser to Africa Department, visit Malawi briefly early in next May to update our information and to discuss with you and your officials some of the general economic problems, including the prospects for Malawi's public finances. I should appreciate it if you could let us know whether such a visit and the approximate timing are acceptable to your Government, so that we can make the necessary arrangements and inform you of our firm plans.

As to the possible projects, we were pleased to learn of the progress you have made in the preparation of a development program for roads. I understand that the Malawi Ministry of Transport and Communications, with the assistance of Professor Branham, is now working, for presentation to us, on a 3-year (1966-1968) high-priority roads program, including the Zomba-Zambia border road for which you would seek our financial assistance. We would be interested in having a project application along these lines and, if necessary, can probably help you in preparing such a project. If you feel that assistance by a consulting engineering firm would be necessary for conducting the feasibility studies and engineering design work regarding the proposed project, I suggest that the Ministry of Transport and Communications consult us before selecting any particular firm.



I understand that your Government would be interested in obtaining financial assistance from us in the development of the Malawi education system. We have examined some material which was given to Mr. Calika on your plans for the development of your secondary education system. For a closer examination and a review of the possibilities for our assistance, a brief visit to Malawi by Mr. D. S. Ballantine, an Assistant Director of our Projects Department in charge of education projects, may be very useful. Mr. Ballantine will be visiting several African countries probably in April and he may be able to call in Zomba. I should appreciate your letting me know whether such a visit and the proposed timing would be convenient for you.

I was delighted to hear that yourself and the Minister of Transport and Communications would be visiting Washington from March 22 to 23. We have made tentative arrangements with the Embassy of Malawi here to have you at the Bank for lunch on Monday, March 22, and I will be very happy to make your personal acquaintance at that time.

Yours sincerely,

A. G. El Emery  
Director  
Africa Department

BQLen:OHCalikamk  
cc. Mr. Pollard (Embassy of Malawi)  
Mr. Garba

Messrs. Williams  
Edelman/Billington  
Bawn  
Ballantine/Tobias  
Scott  
Elliott

Files

March 4, 1965

O. H. Calika

Zambia - NEDECO Report on Transportation Development

Mr. H. Stanley H. Wright, Acting Alternate Executive Director for the U.K., called me over the telephone this morning to thank me for the copy of the NEDECO report we sent to the British Embassy at Mr. Reilly's request for transmittal to HMG (my memorandum to Mr. Reilly dated February 25, 1965).

Mr. Wright also wanted to know whether it would be possible for us to send him two additional copies. I told him that both we and NEDECO had run out of copies of the report and the latter was in the process of printing some more. When we would receive the additional copies we would let Mr. Wright have two more copies of the report.

OHCalika:se

cc: Messrs. Main  
Lan



Files

March 3, 1965

O. H. Calika

Zambia

Mr. Robert C. Good, the new U.S. Ambassador to Zambia, who will leave Friday <sup>NEXT</sup> week for Lusaka, called on Messrs. El Emery, Kamarek and Williams at 4:30 p.m., Monday, March 1. I was present.

The Ambassador wanted to become acquainted with the Bank's officials. He made some general inquiries about the status of the past and future Bank operations in Zambia, including the Kariba project as it might be affected by future cut-off of relations between Zambia and Rhodesia.

OHCalika:mk  
cc. Messrs. El Emery/Williams  
Kamarek  
Lan/Jaycox

March 3, 1965

E. I. M. Mtei, Esq.,  
Permanent Secretary to the Treasury  
The Treasury  
P.O.Box 9111  
Dar es Salaam  
United Republic of Tanzania

Dear Mr. Mtei:

You will recall that, during my brief visit to Dar es Salaam in last January, we discussed several operations in Tanzania in which the Bank or IDA would be interested. I have since reported to Bank/IDA on my discussions with you and other officials of the Tanzanian Government and Mr. El Emery has written today to His Excellency, P. Bomanji to confirm our understanding of the position. I am pleased to enclose a copy of Mr. El Emery's letter and wish to take this opportunity to thank you and your associates for the time you spared and valuable help which you extended to me during my visit. I hope that we shall meet again soon.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

Encl.

OHCalika:mk



March 3, 1965

His Excellency  
P. Bonani  
Minister of Finance  
Dar es Salaam  
United Republic of Tanzania

Dear Mr. Minister,

Mr. O. H. Calika, who handles our operations in East and Central African countries, has returned to Washington from his trip to Africa and has reported on his discussions with officials of the Tanzania Government during his brief visit to Dar es Salaam last January. We appreciate the reception accorded to Mr. Calika, and the time spared by Mr. A. Z. N. Swai, Mr. A. H. Jamel and various officials of your Government to ensure him an informative visit to Tanzania. I now wish to comment on the proposed Bank/IDA projects in Tanzania which, I understand, were covered in Mr. Calika's discussions in Dar es Salaam.

Of the proposed projects, I understand that the agricultural credit scheme appears to be the most advanced in preparation and we appreciate the importance and urgency which you attach to it. Our recent contacts with FAO headquarters in Rome indicate that the FAO mission's report on this project should be available in the course of this month. When the FAO report is available and depending on the report's findings, we may be able to send a project appraisal mission to Tanzania in April or May. We shall, of course, inform you as early as possible of our plans, so that the necessary arrangements for the mission's field visits can be made by the Ministry of Commerce and Co-operatives in due time.

I understand that both the Ministry of Education and the Ministry of Communications and Works plan that the Tanzania Government would come to us in the near future with new secondary education and roads projects for execution in 1967 and onwards. In general, we are interested in both of these proposals and suggest that, prior to the usual project documents, you send us brief memoranda which would give us your preliminary thoughts on the scope and magnitude of the proposed projects. As far as the roads project proposal is concerned, I understand that there are now in progress the preliminary surveys which are performed by the US AID and the United Kingdom Government



and, before coming to us, you would have to wait for the completion of these surveys. Subject to the continuing availability of IDA funds and to general considerations of economic priority, I can also express general interest in a proposed ranching scheme, which may develop out of the current FAO study of the livestock industry in East Africa, and in your Government's present Village Settlement Schemes.

In addition to the foregoing project proposals, we are at present actively considering the proposed Bank loan to help finance the 1965-67 renewals and expansion program of the East African Railways and Harbours Administration, a project in which I am sure Tanzania is keenly interested. I hope to be able to inform you and other East African Governments within a week of our plans for possible loan negotiations for this important project.

As I informed you by cable, we plan that a small mission headed by Mr. Gordon Billington would visit Tanzania shortly to discuss our previous economic mission's tentative conclusions on the economy of Tanzania. I shall be writing to you again within a day or two on the points to be discussed by the proposed mission. I hope that either myself or Mr. J. H. Williams, Deputy Director of the Africa Department, will be visiting Dar es Salaam before long to meet you personally and to discuss future Bank/IDA operations in your country.

Yours sincerely,

A. G. El Emery  
Director  
Africa Department

EJeycox:OHC:alika:mk

cc. Mr. Garba

Mr. Mtei (Tanzania Treasury)

Messrs. Williams

Baum/Young

Evans/McMeekan

Ballantine/Tobias

Scott

Elliott



March 3, 1965

P. Shiyukoh, Esq.,  
Permanent Secretary  
Ministry of Lands and Settlement  
P.O.Box 30450  
Nairobi, Kenya

Dear Mr. Shiyukoh,

Loan 303 KE

Thank you for your letter of February 22, 1965 (your ref. No. FIN/INT/BANK), enclosing data concerning the proposed subprojects No. 4, 9 and 10 and a summary of the existing subprojects 1-3. We are at present consulting the Commonwealth Development Corporation on the results of Mr. Willen's visit to Kenya and shall soon be writing to you on his findings.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

OHC:likamk

cc. Messrs. McMeekan/Willems  
Scott  
Elliott  
Lan/Jaycox

Pink

VELOP  
LONDON

MARCH 3, 1965

MLT

ENGLAND

FOR PHILLIPS STOP REFERENCE MY LETTER FEBRUARY EIGHTEENTH NEW  
SUBPROJECTS AND STAFF POSITION KENYA LAND SETTLEMENT PROJECT STOP  
HAVE SINCE RECEIVED FROM GOVERNMENT DOCUMENTS CONCERNING SUBPROJECTS  
FOUR COMMA NINE AND TEN AND ALSO REQUEST FOR APPROVAL PROMOTION MAINA  
TO REPLACE STORRAR STOP GRATEFUL YOUR COMMENT INCLUDE CDC VIEW  
MAINA APPOINTMENT STOP REGARDS

CALIKA  
INTBAFRAD

cc. Messrs. McMeekan/Willems  
Lan/Jaycox  
Scott  
Elliott

Mr. O. H. Calika

Africa

O. H. Calikamk



March 3, 1965

R. J. C. Waite, Esq.,  
Permanent Secretary  
Ministry of Finance  
Zomba, Malawi

Dear Mr. Waite,

You will recall that, during my brief visit to Zomba in last January, we discussed several operations in Malawi in which the Bank or IDA would be interested. I have since reported to Bank/IDA on my discussions with you and other officials of the Malawi Government and Mr. El Emary has written today to His Excellency, John Z. U. Tembo to confirm our understanding of the position. I am pleased to enclose a copy of Mr. El Emary's letter and wish to take this opportunity to thank you and your associates for your valuable help and hospitality. I was delighted to hear that you would be visiting Washington later this month and look forward to seeing you here.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

Encl.

OHC Calika:mk

March 3, 1965

Mr. G. F. Pollard  
Counsellor  
Malawi Embassy  
2019 Q St. N.W.  
Washington, D.C.

Dear Mr. Pollard,

Thank you for your letter of February 26, 1965, (your ref. WA/MS/1691) on the visit to Washington by the Hon. J. Z. U. Tembo, Minister of Finance and the Hon. J. D. Msonthi, Minister of Transport and Communications. I confirm that we shall be looking forward to have the Ministers, His Excellency, the Ambassador of Malawi and five Malawi officials for lunch at the Bank at 1:00 p.m., Monday, March 22, 1965, to be followed by discussions. Mr. A. G. El Emery, will be the host.

I take pleasure to attach a copy of a letter which Mr. El Emery sent today to the Hon. J. Z. U. Tembo on future Bank/IDA operations in Malawi.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

OHC Calika:mk



HIS EXCELLENCY  
A. KALUJE SETTALA  
MINISTER OF FINANCE  
ENTENTE

MARCH 3, 1965

MLT

UGANDA

REFERENCE MY LETTER FEBRUARY EIGHTEENTH 1965 PROPOSED ROADS PROJECT STOP WILL  
NOW BE ABLE TO SEND APPRAISAL MISSION THIS MONTH CONSISTING OF ANDERSEN QUOTE  
AGRICULTURALIST UNQUOTE YOUNG QUOTE ENGINEER UNQUOTE AND HOGG QUOTE TRANSPORT  
ECONOMIST UNQUOTE STOP ANDERSEN PLANE ARRIVE ENTENTE MARCH NINTH TO COVER  
AGRICULTURAL ASPECTS AND OTHER TWO MEMBERS ABOUT MARCH SIXTEENTH STOP PERIOD  
OF STAY APPROXIMATELY TWO WEEKS FOR EACH MEMBER STOP GRATEFUL CABLING  
SOONEST WHETHER PROPOSED DATES CONVENIENT AND IF SO INFORMING MINISTRIES OF  
AGRICULTURE AND PUBLIC WORKS OF THEIR VISITS STOP REGARDS

EL EMARY  
INDEVAS

Mr. A. G. El Emery  
Africa

cc: Messrs. Young/Hogg  
McMeekan  
Scott  
Elliott

A. G. El Emery - Director

OKalika:mk

HIS EXCELLENCY  
JAMES GICHIRU  
FINANCE  
NAIROBI

MARCH 3, 1965

MLT

KENYA

THANKS URGABLE FEBRUARY TWENTYTHIRD STOP VISIT ECONOMIC MISSION DELAYED  
ONE WEEK TO ARRIVE NAIROBI ABOUT MARCH FIFTEENTH AND LEAVE MARCH THIRTY  
FIRST STOP WILL CONFIRM DATES STOP REGARDS

EL EMARY  
IMIEVAS

Mr. A. G. El Emery  
Africa

cc. Messrs. Edelman/Billington  
Conrad/Willoughby

A. G. El Emery - Director



22

## HELP

THANKS URGABLE FEBRUARY TWENTYSIXTH STOP ECONOMIC MISSION PLANNED  
FOR VISIT UGANDA KENYA AND TANZANIA IN CONNECTION WITH PENDING LOAN AND  
CREDIT OPERATIONS STOP KENYA AND TANZANIA ACCEPT VISITS SECOND HALF  
MARCH AND VERY HELPFUL IF BILLINGTON AND WILLAUGHBY CAN VISIT UGANDA  
ABOUT TEN DAYS DURING SAME PERIOD STOP GRATEFUL CABLING SOONEST SUGGESTED  
DATE

Mr. A. G. H. Emery  
Africa

cc. Messrs. Edelman/Billington  
Conrad/Willoughby

A. C. El Emery - Director

HIS EXCELLENCY  
PAUL BOMANI  
MINISTER OF FINANCE  
DAR ES SALAAM  
TANZANIA

MARCH 2, 1965

NLT

THANKS URCABLE FEBRUARY TWENTYSEVENTH 1965 PROPOSED ECONOMIC MISSION  
STOP DRAFT ECONOMIC REPORT NOT READY FOR DESPATCH COMRA BUT WILL  
AIRMAIL WITHIN TWO DAYS LIST INDICATING MAIN POINTS FOR DISCUSSION BY  
MISSION STOP MISSION PLANS NO FIELD TRIPS STOP REGARDS

EL EMARY  
~~DIRECTOR~~  
~~AFRICA DEPARTMENT~~  
INDEVAS

Mr. A. G. El Emery  
Africa

ONCalika:se A. G. El Emery - Director



COMWORKS

MARCH 1, 1965

DAR ES SALAAM

NLT

TANZANIA

URGABLE FEBRUARY 26, 1965 WHICH READS QUOTE CMC 69679 TMS ARRIVAL DATE  
REQUESTED UNQUOTE NOT UNDERSTOOD STOP PLEASE REPEAT MESSAGE

CALIKA  
INDEVAS

Mr. O. H. Calika

Africa

OHCalika:ed

February 26, 1965

Mr. Erisa Kironde  
Chairman  
Uganda Electricity Board  
P.O.Box 559  
Kampala, Uganda

Dear Mr. Kironde,

In our meeting at Kampala last January, you asked for information on some credits which the International Development Association has made in the field of electric power. I am pleased to send you enclosed five press releases which the Association issued at the time of the signing of credit agreements with Turkey, India and Bolivia.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

Encls.

OHCalika:mk

copies of press releases for Credits: BO 61 and BO 62 (Bolivia)  
IN 24 and IN 37 (India)  
TU 34 and TU 59 (Turkey)



February 25, 1965

Miss J. Tyrrell  
The Treasury  
P.O.Box 30007  
Nairobi, Kenya

Dear Miss Tyrrell,

I am writing with reference to your letter of January 25, 1965 (your ref. No. DV 62/64/01), on the proposed secondary education project, which I acknowledged on February 17, 1965.

We have now made a review of the material we received from you on this proposal and the conclusions are given in Mr. El Emary's letter of even date (copy attached) to Mr. Gichuru. Mr. D. S. Ballantine, an Assistant Director of our Projects Department in charge of education projects, will be writing to the Ministry of Education on various, more technical aspects of the proposed project and we shall send to you a copy of his letter.

As you will see, Mr. El Emary's letter covers also some other project proposals, including projects for agricultural development and roads, which will keep us actively engaged in Kenya in the near future.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

Encl.

OHC Calika:mk  
cc. Mr. Tobias

February 25, 1965

Mr. M. J. Mburu  
Chief Agriculturalist  
Ministry of Agriculture  
P.O.Box 30028  
Nairobi, Kenya

Dear Mr. Mburu:

At our meeting on January 23, 1965 in Nairobi, we discussed various proposals for possible Bank/IDA projects in Kenya and I promised to take up the matter within Bank/IDA for a preliminary reaction. You and your associates gave me some material on these proposals.

We have now made a review of the material and information you gave to us and Mr. El Emary, Director of the Africa Department, has written to His Excellency, James Gichuru today on various Kenya project proposals. Following the suggestions made by His Excellency, Bruce McKensie during our meeting, I am attaching some excerpts from Mr. El Emary's letter, which deal with the agricultural and roads proposals.

I am grateful for the time Mr. McKensie, yourself and your colleagues spared to see me during my visit and I look forward to further contacts with you in the future.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

Attach.

OHCalika:mk  
cc. Messrs. Evans/McMeekan



February 25, 1965

The Secretary  
Central African Power Corporation  
P.O.Box 630  
Salisbury, Rhodesia

Dear Sir:

Thank you for your letter of February 12, 1965 (your ref. 39/22/3 (27)), in which you inform the Bank that the Central African Power Corporation has asked Messrs. Herz & McAllen, Sir Alexander Gibb and Partners and Messrs. Watermeyer, Legge, Piccagli & Unbeun to prepare jointly a report on the development of the Corporation's interconnected system during the next ten to fifteen years.

W

We have no comments to offer on the terms of reference for the consulting engineers, which were stated in your letter. We would, of course, be interested in hearing from you about the conclusions of the consultants' report which, I understand, would be available by the end of 1965, and on the Corporation's plans for the construction of the second stage of the Kariba development.

You ask in your letter whether the Bank, if it were approached in future for a loan to assist in the financing of a power project, would expect the project document to include a market survey of electricity load growth in connection with such a project. While, at this early stage, it would be difficult for us to express a view as to our possible reaction on such a loan request, I would expect that we would like to receive from the Corporation a comprehensive market survey and any other data regarding the economic justification of such a proposed scheme. As you know, under our Articles of Agreement, any formal loan request to the Bank by the Central African Power Corporation would have to be sponsored by the Governments of Zambia and Rhodesia and, under the latter's present Constitutional status, by the Government of the United Kingdom.

Yours sincerely,

A. G. El Emery  
Director  
Africa Department

BQLan:OHCa:lik:mk  
cc. Messrs. Williams  
Piccagli/White  
Swit:Gaw



# Record Removal Notice



<b>File Title</b> Omer Hursit Calika - Chronological Files, 1965-01 - 1965-03		<b>Barcode No.</b>  30025948		
<b>Document Date</b> February 25, 1965	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> To: N.M.P. Reilly From: O.H. Calika				
<b>Subject / Title</b> Zambia - NEDECO Report on Transportation Development				
<b>Exception(s)</b>				
<b>Additional Comments</b> Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> K. Brenner-Delp</td><td><b>Date</b> November 18, 2024</td></tr></table>	<b>Withdrawn by</b> K. Brenner-Delp	<b>Date</b> November 18, 2024
<b>Withdrawn by</b> K. Brenner-Delp	<b>Date</b> November 18, 2024			



February 25, 1965

His Excellency  
James S. Oichuru  
Minister of Finance  
P.O. Box 30007  
Nairobi, Kenya

Dear Mr. Minister,

Mr. G. H. Calika, who handles our operations in East and Central African countries, has returned to Washington and reported on his meeting with you and discussions with officials of the Kenya Government during his brief visit to Nairobi last month. We very much appreciate the time spared by you and others to ensure him an informative visit to Kenya. I now wish to comment on the status of the existing and proposed Bank/IDA projects in Kenya, which I believe were covered in the course of Mr. Calika's discussions.

We have a number of points on the Land Settlement and Development Project (Loan No. 303 KE), which I propose to make the subject of a separate letter to follow shortly. I was pleased to learn that the execution of the Smallholder Tea Project (Credit No. 64 KE) is proceeding with no unusual problems to be overcome. On the Roads Credit (Credit No. 70 KE), we are now examining a draft of the legal opinion to be delivered by the Attorney General, in order to make the credit effective, and we should be communicating with you on this matter shortly.

Turning now to proposed projects for which our financial participation is envisaged, we are actively considering the tea roads project for IDA lending and I expect to write to you again on this proposal soon.

We have examined the material brought back by Mr. Calika and mailed to us concerning the Government's five-year program for development of education. We note that the part of the program which covers the secondary schools and teacher training facilities would involve a total expenditure of about \$20 million equivalent. As to the latter part, we would be interested in considering a project for a shorter period, say, up to three years and containing your highest priority undertakings. The total estimated cost, I would assume, would in this case amount to perhaps \$10 million equivalent and we may be able to finance a sizeable part of it. In preparing



the proposed project, I suggest that your officials should take into account the findings of your Education Planning Commission and of the manpower program now being developed at the Ministry of Economic Planning and Development. We would be interested in seeing the manpower report and also Part II of the Education Planning Commission's report which, I understand, will quantify the new forms, new streams, and day and boarding school places to be added and thereby provide a basis for a decision as to how many, and what kinds of, new schools would be needed. We would also like to hear from you on your plans to convert trade and vocational schools into technical secondary schools which would qualify graduates both for the labor market and for university entrance. We will be sending to the Ministry of Education shortly a detailed list of points to be covered in your project document. As you may know, Mr. Edleigh, an architect from our Projects Department, will be visiting Nairobi from March 9 to 11 to discuss with your officials the architectural aspects of the proposed project and to give any assistance which they may need. Assuming that the main questions raised in this letter are cleared and the project data will be available to us by April 1, we may be able to send a project appraisal mission to Kenya by the end of April. In any event, I should appreciate your letting me know when we may expect to receive the project application, with supporting data, so that we can make necessary staff assignments.

I understand that there are now a number of proposals for agricultural projects, in various stages of preparation by the Kenya Ministry of Agriculture. We are interested in the proposed Land Consolidation and Development Scheme which, I understand, would be broadly similar to the agricultural program which was assisted under Bank Loan No. 256 KE. When a suitable project is prepared, we shall be pleased to consider it for possible lending. As a matter of general policy, we would expect that the Kenyan Government would make a reasonable financial contribution towards its financing. As to other possible agricultural projects, the proposals for a Kenya Meat Commission Grazing Scheme and the National Dairy Herd Scheme appear to us not particularly suitable for our financial participation.

As to the Muhoroni-Chemilil roads proposal, I understand that the Kenya Government will soon engage consultants for a preliminary survey. When the consultants' report is available, we would like to consider the proposal in the light of our overall lending commitments in Kenya, the availability of IDA funds, and general considerations of economic priority.

As you know, in addition to the foregoing project proposals, we have under active consideration the proposed Bank loan for the East African Railways and Harbours Administration's 1965-67 capital renewals and expansion program, in which, I understand, Kenya is keenly interested. I hope that, within a week or two, I shall be in a position to inform you and the other East African Governments of our plans for possible loan negotiations for this important project.



As Mr. Calika has informed you, we are planning to open a small office in Nairobi, mainly to help the member countries in the Eastern part of Africa in the preparation of suitable Bank/IDA projects. We shall communicate with you later on our detailed arrangements.

As I informed you by cable, an economic mission headed by Mr. Gordon Billington will be visiting Kenya shortly and Mr. J. H. Williams, Deputy Director of the Africa Department, may join the mission for a few days. I personally hope to meet you soon either in Washington or probably in Nairobi.

Yours sincerely,

A. G. El Emery  
Director  
Africa Department

EJaycox:OHCalika:mh

cc. Messrs. Garba  
Williams  
Evans  
Ballantine/Tobias  
Rivkin  
Young  
Scott  
Elliott  
Mellisen  
Lan/Jaycox

cc. Embassy of Kenya  
Miss Tyrell (Kenya Government)

MAC DONALD  
ACCOUNTING  
NAIROBI

FEBRUARY 24, 1965

MLT

KISTIA

REFERRING PARA FOUR DATED FEBRUARY SIXTEENTH 1965 CORRECTION SUGGEST A  
WORK'S POSTPONEMENT IN YOUR PROVISIONAL PLANS STOP WILL CARE AS SOON  
AS BANK CAN PROPOSE ANY FIRM DATES

CALIKI  
INTRAFFAD

Mr. O. H. Calika  
Africa Department

OHCalika:sc

cc: Messrs. El Emery/Williams  
Bum (cleared with)  
Scott  
Elliott  
Len/Jaycox  
Div. File



VELOP

FEBRUARY 23, 1965

LONDON W1

NLT

ENGLAND

FOR PHILLIPS NEWSLETTER FEBRUARY TWELFTH STOP HAVE NO COMMENTS ON  
PROPOSED PARAGRAPHS REGARDING KENYA PROJECTS STOP REGARDS

CALIKA  
INTHAFRAB

Mr. O. H. Calika

cc: Messrs. McMeekan  
Scott  
Lan/Jaycox

Africa

BQLan/OHC:alika:so

Mr. A. G. El Emery

February 23, 1965

O. H. Calika

Delays in IDA Disbursements - Comments on  
the Projects Department Paper

1. With regard to IDA credits 70 KE (highway project) and 64 KE (tea development) to Kenya and credits 48 TA (highway project) and 45 TA (education) to Tanzania, I have no additional points on the reasons for delays and the proposed remedies.
2. As a general point, I believe that the main cause for such delays, i.e. the shortage of competent staff and a lack of effective coordination between the ministries concerned, is difficult to overcome. The staff of our East African office may be in a position to assist us by paying frequent visits to the countries concerned and by informing the headquarters of particular cases which deserve immediate action (such as a communication to the Government, and use visits, amendment in procedures or requirements, technical assistance, etc.).

OHCalika:mik





# Record Removal Notice

<b>File Title</b> Omer Hursit Calika - Chronological Files, 1965-01 - 1965-03		<b>Barcode No.</b>  30025948		
<b>Document Date</b> February 19, 1965	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> To: His Excellency Arthur N.L. Wina, Minister of Finance, Zambia From: A.G. El Emary, Director, Africa Department				
<b>Subject / Title</b> [Follow up to Calika's visit to Zambia and potential Bank assistance]				
<b>Exception(s)</b> Financial Information iv				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Kim Brenner-Delp</td><td><b>Date</b> Sept. 3, 2024</td></tr></table>	<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024
<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> Sept. 3, 2024			

Mr. O. H. Calika

February 19, 1965

E. Jaycox

EAR&H - 1965-67 Capital Renewals, Appraisal Report: "Appraisal of Modernization and Improvement Project East Africa Railways and Harbours", February 11, 1965.

1. Paragraphs 79 and 128g of the subject report, by consensus of the working party, need to be reworked. One of the main deficiencies of these paragraphs is the resort to specific mention of the Zambia Rail Link proposal, which would make negotiation of the loan now being considered, extremely difficult. Mention of the Zambia link can be avoided, I think, while achieving our basic aim, which is to ensure that EAR&H does not become burdened with planning, financing, building, or operating this or any other future uneconomic rail expansion without proper indemnification. While it is true that in cases where a single Government forces EAR&H to build and operate uneconomic lines within its territories, the Government must indemnify EAR&H for losses, it is also true that where all three Governments approve an expansion, EAR&H will not be indemnified for losses. Over the past two years, the entire network has operated at a loss, and there is no indemnification forthcoming. Therefore, I submit the following alternative language for paragraphs 79 and 128g for your consideration.

"Adequate assurances should be obtained during negotiations that: (a) EAR&H will undertake no major works, acquire no major additions to or renewals of capital stock, and undertake no ~~new~~ major operational responsibilities during the period 1965-67 not envisaged by the 1965-67 investment program as presented to the Bank, without the Bank's prior approval. (b) EAR&H will discuss and agree with the Bank its continuing plans for renewals, betterments, and additions during the financially critical period 1968-1971. (c) The three East African Governments will indemnify EAR&H for any operating deficits resulting from operation by EAR&H of new rail or port facilities planned or constructed by other entities, agencies, or corporations."

2. This, it seems to me, gets what we want and is hopefully less objectionable from the East African viewpoint.

EJaycox:mk



Mr. John M. Garba

February 19, 1965

O. H. Calika

Uganda

I thought that you would be interested in having a copy of Mr. El Emery's letter of February 18, 1965 to Mr. Kalule-Settala on future Bank/IDA operations in Uganda.

OHCalika:mk

February 19, 1965

His Excellency  
Hosea Solko  
Ambassador of Zambia  
Embassy of Zambia  
1875 Connecticut Avenue, N.W.  
Washington, D.C.

Dear Mr. Ambassador,

I take pleasure in sending you attached a copy of my letter of even date to His Excellency, Arthur N. L. Wina, on future Bank operations in Zambia.

We look forward to close cooperation between Zambia and the Bank to promote economic development of your country.

Yours sincerely,

A. G. El Emery  
Director  
Africa Department

OHCalika:mk

Attach.



Pink

HIS EXCELLENCY  
PAUL BOMANI  
MINISTER OF FINANCE  
DAR ES SALAAM

FEBRUARY 19, 1965

NLT

TANZANIA

PROPOSE ECONOMIC MISSION CONSISTING OF BILLINGTON PAREN MISSION CHIEF PAREN  
AND CONRAD VISIT DAR ES SALAAM MARCH 24 FOR ABOUT ONE WEEK TO DISCUSS  
CONCLUSIONS DRAFT IDA ECONOMIC REPORT ON TANZANIA STOP WILLIAMS DEPUTY  
DIRECTOR AFRICA DEPARTMENT CONTEMPLATES POSSIBLY JOINING MISSION DURING  
LAST FEW DAYS OF ITS STAY STOP PLEASE CABLE WHETHER PROPOSED VISIT  
CONVENIENT

EL EMARY  
DIRECTOR  
AFRICA DEPARTMENT  
INDEVAS

Mr. A. G. El Emery

Africa

cc. Messrs. Williams  
Edelman/Billington  
Lan/Conrad/Willoughby

A. G. El Emery - Director

HIS EXCELLENCY  
L. KALIL-SETTALA  
MINISTER OF FINANCE  
ENTRESE

FEBRUARY 19, 1965

HLT

UGANDA

PROPOSE ECONOMIC MISSION CONSISTING OF BILLINGTON PAREN MISSION CHIEF  
PAREN AND WILLOUGHBY VISIT UGANDA MARCH 11 FOR ABOUT TWO WEEKS TO UPDATE  
INFORMATION ABOUT ECONOMIC SITUATION UGANDA STOP WILLIAMS DEPUTY  
DIRECTOR AFRICA DEPARTMENT CONTEMPLATES POSSIBLY JOINING MISSION DURING  
LAST FEW DAYS OF ITS STAY STOP PLEASE CABLE WHETHER PROPOSED VISIT  
CONVENIENT

EL EMARY  
DIRECTOR  
AFRICA DEPARTMENT  
INDEVAS

Mr. A. G. El Emery  
Africa

cc. Mr. Williams  
Mr. Edelman/Billington  
Mr. Lan/Mr. Conrad/Mr. Willoughby

A. G. El Emery - Director



P. 111

HIS EXCELLENCY  
JAMES GICHURU  
MINISTER OF FINANCE  
NAIROBI

FEBRUARY 19, 1965

NLT

KENYA

PROPOSE ECONOMIC MISSION CONSISTING OF BILLINGTON PAREN MISSION CHIEF  
PAREN CONRAD AND WILLOUGHBY ARRIVE NAIROBI ON MARCH 8 FOR STAY ABOUT  
THREE WEEKS TO UPDATE INFORMATION ABOUT ECONOMIC POSITION KENYA AND  
EAST AFRICA STOP WILLIAMS DEPUTY DIRECTOR AFRICA DEPARTMENT CONTEMPLATES  
POSSIBLY JOINING MISSION DURING <sup>LAST</sup> FEW DAYS OF ITS STAY STOP PLEASE  
CABLE WHETHER PROPOSED VISIT CONVENIENT

EL EMARY  
DIRECTOR  
AFRICA DEPARTMENT  
INDEVAS

Mr. A. G. El Emery  
Africa

cc. Mr. Williams  
Mr. Edelman/Billington  
Mr. Lan/Conrad/Willoughby

A.G. El Emery - Director

February 19, 1965

K. J. Knaggs, Esq.,  
Permanent Secretary  
Ministry of Finance  
P.O.Box RW.62  
Ridgeway  
Lusaka, Zambia

Dear Mr. Knaggs,

I have now returned to the Bank from the African trip and am trying to catch up with the progress. On the basis of my findings, Mr. A. G. El Saary has written today to His Excellency, Arthur N. L. Wina about our future operations. I enclose a copy of his letter which indicates our willingness to help the Government on projects and the proposed agricultural study.

Let me take this opportunity to thank you and Mr. Goundry for your valuable help and hospitality.

With best wishes to Mrs. Knaggs and yourself,

Yours sincerely,

O. H. Calika  
Africa Department

Encl.

OHCalika:mk



FINANCE  
LUSAKA

FEBRUARY 19, 1965

NLT

ZAMBIA

FOR KNOWLS STOP HAVE BEEN ASKED BY UNITED KINGDOM FOR COPY NEWSOO  
REPORT FOR OFFICIAL USE STOP GRATEFUL CABLE WHETHER YOU SEE ANY  
OBJECTION STOP REGARDS

CALIKA  
INTBAFRAD

Mr. O. H. Calika  
Africa

O. H. Calikasmk

February 18, 1965

A. J. P. M. Ssentongo, Esq.,  
Secretary to the Treasury  
Office of the Minister of Finance  
P.O.Box 103  
Entebbe, Uganda

Dear Mr. Ssentongo:

I am pleased to enclose for your information a copy of Mr. El Emary's letter of even date to His Excellency, L. Kalule-Settala on future Bank/IDA operations in Uganda. As you will see from it, we are actively pursuing the points which we discussed in detail during my brief stay in Entebbe.

I enjoyed my visit and am grateful to Mr. Kalule-Settala and yourself for the time you spared out of your very busy time schedule. Please accept my thanks and best wishes. Also many thanks for the help given to me by Mr. Spangler.

Yours sincerely,

O. H. Calika  
Africa Department

OHC Calika:mk



Files

February 18, 1965

G. H. Calika

Malawi - Possible Rail Link with Mozambique and Zambia

1. Mr. Gutierrez Cano, Executive Director representing Spain, Portugal, Italy and Greece, called Mr. El Emery on the telephone yesterday to ask whether we knew about a proposed railway link project between Malawi and Zambia. At Mr. El Emery's suggestion, I responded to his call.
2. Mr. Gutierrez Cano told me that one of the countries he represented wanted information about the status of this project, with particular reference to the activities in Malawi of a U.S. firm by the name of "Overseas Surveys".
3. I explained to Mr. Gutierrez Cano that, as far as we know, there is no active consideration of a railway project to connect Malawi with Zambia at this time. The UN Special Fund has undertaken a feasibility study for a second railway connection between Malawi and the Mozambique (port of Nacala). Although, if this rail connection is carried through it might eventually be extended through Zambia, the present UN Special Fund study does not cover any possible connection with Zambia. As to the U.S. Company "Overseas Surveys", I told him that we have no information about such a company. Last year, a Washington firm called "Surveys and Research Corporation of Washington, D.C." completed a transportation study (mainly roads) for Malawi and its report, financed by the US AID, has already been presented to the Malawi Government. A representative of this company, Professor Brennan is at present employed by the Malawi Government, helping the latter in preparing suitable road projects for possible financing by foreign lenders.
4. Mr. Gutierrez Cano thanked for this information and he said that he might call again if he obtained supplementary information about his inquiry.

OHCalika:mik

cc. Messrs. El Emery/Williams  
Young  
Lan/Jaycox



Mr. A. G. El Emary

February 18, 1965

O. H. Calika

Tanzania - Credit No. 45 TA - (Education) - Requested  
Changes in List of Goods and Withdrawals of Credit Proceeds

1. The Credit Agreement, dated December 19, 1963, provides for a credit of \$4.6 million. The present List of Goods includes an item of \$476,000 for contingencies, representing 85% (the agreed disbursement ratio) of the contingency allowances in the cost estimates for the entire project. The cost estimates on which the credit was based have been recently increased, so that the whole contingency allowance will be absorbed. Consequently, we have suggested to the Tanzanians in December last that the ratio of IDA disbursements be amended to 83% and that the List of Goods be amended to reflect the absorption of the contingency item by the specific items in the List of Goods. (Mr. Moussa's letter dated December 7, 1964, and his cable of November 18).

2. Tanzania has now accepted our proposed amendments and requests formal action on these changes. The Working Party has scrutinized the Government's request, finds it in order, and recommends your confirmation of the duplicate form attached. A copy of the confirmed form would then be returned to the Tanzanian Ministry of Finance; a covering letter has been drafted for this purpose and is also attached for your signature.

EJaycox:OHCatika:mk



February 18, 1965

His Excellency  
P. Bonani  
Minister for Finance  
Dar es Salaam  
United Republic of Tanzania

Dear Mr. Minister,

Re: Credit No. 45 TA - List of  
Goods and Withdrawals of  
Credit Proceeds

Thank you for your letter of February 8, 1965 to Mr. Moussa (your reference no. TI/E/510/7/16), requesting changes in the List of Goods and the percentage of withdrawal of credit proceeds under the Development Credit Agreement dated December 19, 1963 between us. We were pleased to approve the proposed changes and I return for your files a signed copy of the confirmation form which was enclosed with your letter. Withdrawal requests under the credit, which will reach us after the date of our confirmation will have to make use of the amended percentage of disbursement (i.e. 83%). If any requests for disbursement have already been mailed to us prepared on the basis of the previous percentage of disbursement (85%), we would appreciate your informing us by cable of the numbers of such requests and authorizing us to disburse under them amounts based on the amended percentage of disbursement.

We are pleased to note from your letter that the architectural plans and data for the new schools at Kidelesko/Tanga and Sinyanga are being sent to us.

Yours sincerely,

A. G. El Beary  
Director  
Africa Department

Encl.

EJaycox:mk  
Cleared with and cc. Messrs. Scott  
Povey

cc. Messrs. Tobias  
Calika/Lan/Jaycox



February 18, 1965

T. A. Phillips, Esq.,  
Commonwealth Development Corporation  
33 Hill Street  
London, W. 1  
England

Dear Tom:

Loan 301 KE

Following Jan Willms' visit to Kenya last December in connection with the Land Settlement and Development Project, we have reviewed the status of various sub-projects or sub-project proposals and, in the light of his findings, we propose to write to the Government on our conclusions. The attached draft letter has been prepared for this purpose and, I presume, reflects also some of the findings and conclusions of Mr. T. Jones. I should appreciate any comments or suggestions which you might have on it. When we harmonize our views, I assume that you would wish to write to the Government along similar lines.

I received your draft paragraphs concerning Kenya Land Settlement and KYBA schemes, for inclusion in CDC Annual Report, and I shall be writing to you shortly on any possible comments.

I am sorry that I missed you during my recent call on CDC; I hope that there will be a new opportunity of meeting you in the near future.

With best wishes to you and Guy Canine,

Yours sincerely,

O. H. Calika  
Africa Department

OHCalika:mek  
cc. Messrs. Evans/McNeenan  
Scott  
Lan/Jaycox  
Rivkin  
Elliott



DRAFT

His Excellency  
J. H. Angelina  
Minister for Lands and Settlement  
P.O. Box 30450  
Nairobi, Kenya

Dear Mr. Minister:

Loan No. 103 KE

Mr. Jan Willens, who visited Kenya last December to review the progress of the execution of the Land Settlement and Development Project and to appraise certain sub-projects has now reported on his findings. We were pleased to learn about the satisfactory progress made in the execution of the project. We note, in particular, that the settlers have generally been attaining the previously-set income targets and definite improvement has taken place in the operations of the co-operatives and the effectiveness of the veterinary services. This favorable picture, however, is offset somewhat by the unsatisfactory developments in the Temon farming areas of Chuspa where, I understand, the Settlement Department will be taking remedial action.

In the light of Mr. Willens's findings, we have reviewed the status of various sub-projects and, after exchange of views with the Commonwealth Development Corporation, I now wish to offer the following comments and suggestions:

(a) As you know, we have already approved the Sub-projects

No. I, II and III which involve a total Bank disbursement of \$1,372,000. So far we disbursed \$402,812 and expect to disburse the remainder of the sum as you present suitable withdrawal applications;

- (b) At the time of our approval of the foregoing three sub-projects, the Lessos (Keben and Kaylat), Gelagala and Kayet units of the sub-projects No. I and II and the Jasane B Farus unit of the sub-project No. III had certain deficiencies and a decision on them was deferred pending a new field appraisal. Mr. Willens has now reported that these deficiencies have been corrected and I am pleased to inform you that we are now willing to consider for approval the foregoing units as a separate sub-project, (Sub-project No. IX). I understand that, when in Nairobi, Mr. Willens discussed with your officials a form for the presentation of this sub-project and I suggest you send us the necessary particulars as soon as possible;
- (c) We expect to receive from you soon a revised project document on the sub-project No. IV, indicating - among other aspects - the arrangements with Kenya Tea Development Association for supplementary tea plantings and for building of a tea factory to serve the Charangani area;
- (d) We are now prepared to consider for appraisal the sub-project No. X (the Nihoroni Scheme) and I suggest you send us as soon possible the supporting data on this sub-project. You will appreciate that we have certain reservations about the marketing prospects for growing sugar production from this area and we would not be willing to consider further sub-projects based predominantly on sugar.

To supplement my foregoing remarks, I wish to emphasize two important points. In the first place, we believe that there is a continuing need for sustained efforts by the Department of Settlement:



- (a) to improve the pastures and fodder crops and to guide settlers in the development of cash crops;
- (b) to keep a close check on the livestock population and to reduce further the number of oxen, particularly in the Gelegale area;
- (c) to make appropriate arrangements for effective maintenance of feeder roads in the settlement areas; and
- (d) to give close attention to the development and supervision of cooperatives.

My second point concerns the staff situation. We believe that the recent progressive improvement in the execution of the Land Settlement and Development Project has been largely due to the competence of your key managerial staff and to improved efficiency and experience of the field organization. For continuing success, it is essential that high standards should be maintained, both at the headquarters and in the field. I note from your letter of January 20, 1965 (your reference FIN/INT/BANK) that Mr. Peter Gachathi, who has been the "Officer Administering the Settlement Fund" for the last year, has now been transferred to another post and it is proposed that Mr. Peter Shiyeka, the new Permanent Secretary of the Ministry of Lands and Settlement, would replace him. We have no objection to Mr. Shiyeka's appointment as the new "Officer Administering the Settlement Fund." We are concerned, however, about the effects on the execution of the Project of the pending resignations of Mr. Storrer, the Director of Settlement, and Mr. Henderson, the Deputy Director. Their leaving the Department of Settlement at this time, I am sure, will affect the efficiency of the operations and deprive Mr. Shiyeka of experienced advice. I would appreciate hearing from you on the proposals to deal with this difficult situation.

Yours sincerely,  
A. G. El Saary

Director  
African Department

cc. CBC (draft to be cleared with)  
The Kenya Treasury  
The Kenya Ministry of Agriculture



February 18, 1965

His Excellency  
L. Kalule-Settala  
Minister of Finance  
Entebbe, Uganda

Dear Mr. Minister,

Mr. O. H. Calika, who has now returned to Washington from his recent brief visit to Uganda, has reported on his findings. We are grateful for the time you spared to see him and to discuss matters concerning Bank/IDA activities in Uganda. We also appreciate the cooperation and assistance which were extended to Mr. Calika by the officials of the Uganda Government. I now wish to comment briefly on some points which, I understand, came up in the course of your and Mr. Seentongo's discussions with Mr. Calika.

Let me first assure you, Mr. Minister, that we are very keen to assist Uganda in promoting its economic development and would be happy, as we have always been, to discuss with you the best ways for achieving this end. We are well aware of the fact that there has been a lag in our lending activities in Uganda. The main cause for such delay, as you know, has been difficulties in the preparation of suitable projects for consideration by the Bank or IDA and, with the forthcoming stationing of some of our staff in East Africa, we shall soon be in a position to give you active support and help in this matter.

I understand that Mr. Calika reviewed with you and Mr. Seentongo the status of several project proposals, for which our financial participation is envisaged. Following his return to the Bank, we have examined the available data on these project proposals, together with some material which Mr. Calika has brought from Uganda, and I am now giving below our views and proposed plan of action on each project:

- (a) The Roads Project: I take pleasure in informing you that we now have all the information we need prior to a field appraisal. Accordingly, we plan to send an appraisal mission to Uganda in April; I shall later inform you of the exact date of the visit and the composition of our mission.



- (b) The Outgrower Tea Project: We were pleased to note from your conversations with Mr. Calike that you personally support the proposal that a central co-ordinating authority should be set up and that the Government should be willing to participate in the financing of the proposed tea development program. We look forward to hearing from you shortly on the Uganda Government's considered views on these two points. On this basis, we are prepared to undertake a field appraisal of this project in April and are ~~contacting~~ the Commonwealth Development Corporation on a mutually convenient date for simultaneous appraisal visits. We shall inform you later of our detailed plans.
- (c) The Agricultural Credit Project: We have recently contacted the FAO headquarters in Rome on the status of the report which the recent FAO mission to Uganda has been drafting on this project proposal. I now understand that we cannot expect to receive this report before 2-3 weeks' time. When the FAO report is available, we shall see that you will receive copies of it, probably as a basis for the preparation, for consideration by us, of a suitable agricultural credit project. We will, of course, do our best should you need help in preparing such a project.
- (d) The Secondary Education Project: During Mr. Calike's visit to Uganda there was no concrete proposals for preliminary consideration by us. We now received from Mr. T. W. Gee a letter, enclosing a project document on the Government's plans for expanding secondary schools. His proposals raise certain substantive questions regarding the new education plan and policies and the scope of a possible IDA project. For an informal exchange of views on these and any other points and possible working agreement on a sound basis for a suitable project for us, I believe that a brief visit to Uganda by Mr. D. S. Ballantine, Assistant Director of our Projects Department in charge of education projects, would be very useful. Mr. Ballantine intends to visit several African countries in April and, if you agree, he may be able to include Uganda in his present itinerary.

In addition to the foregoing project proposals, we are giving very active consideration to the proposed Bank loan for the East African Railways and Harbours project in which, I understand, Uganda is keenly interested. I hope that, by the end of this month, we shall be able to inform you and the other East African Governments involved of our plans for possible loan negotiations for this important project.



Mr. Calika told me about your plans for setting up a "Loan Finance Section" in the Ministry of Finance and about your interest in the Bank's help by providing a suitable candidate who would become the head of this division for a period of 2-3 years. We are giving careful consideration to this request and I propose to write to you on this matter shortly.

We look forward, Mr. Minister, to close and fruitful cooperation with you so that the Bank and IDA will play more active parts in supporting your efforts to achieve the development of Uganda. We were glad that Mr. Calika's recent visit to Uganda gave us an opportunity to explore with you several areas of possible assistance by our two institutions. I hope that I shall be able to make your personal acquaintance in the near future.

Yours sincerely,

A. G. El Emery  
Director  
Africa Department

EVJaycox:OHCatika:mk

cc. Messrs. Garba  
Williams  
Evans  
Ballantine/Tobias  
Geolot/Young  
Rivkin  
Scott  
Elliott  
Lan/Jaycox/D. Files



February 17, 1965

Miss J. Tyrrell  
Ministry of Economic Planning  
and Development  
Treasury Building  
P. O. Box 30007  
Nairobi  
Kenya

Dear Miss Tyrrell:

Thank you for your letter of 9 February, 1965 (ref. no. DV 38/03) on the Kenya Tea Roads project. We now have the essential information needed to draft our appraisal report on the project as a basis for consideration of the proposed IDA participation in the financing. We shall contact you if we need any supplementary information as we proceed.

I will write you shortly on your letter regarding the secondary education project. As I told you in Nairobi, we expect to receive from you as soon as possible up-to-date information regarding Kenya's external debts. I shall be grateful for your assistance in this matter.

I wish to take this opportunity to thank you for your cooperation and help while I was in Nairobi last month.

Sincerely yours,

O. H. Calika  
Africa Department

OHC:alika:se  
cc: Messrs. H. Young  
Lan/Jaycox/Div. File

HON. BRUCE MCKENZIE

KINAG  
NAIROBI

FEBRUARY 17, 1965

MLT

KENYA

BANK WILLING APPRAISE MURORCHI SUB-PROJECT FOR APPROVAL UNDER LOAN  
NO JOKE STOP WILL WRITE SHORTLY TO SETTLEMENT STOP REGARDS

EL EMARY  
INTRAFRAD

Mr. A. G. El Emery, Director  
Africa Department

cc: Mr. Evans

ONCalika:ge



February 16, 1965

B. J. Maggidi, Esq.,  
Permanent Secretary  
Ministry of Communications and Works  
P. O. Box 9144  
Dar es Salaam  
Tanzania

Dear Mr. Maggidi:

Many thanks for your sending me four copies of the minutes of the meeting which we had at your Ministry on January 18, 1965.

The only comment I have refers to para. 8 in which the figures of \$400,000 to \$700,000 are quoted as the amount of a possible new IDA credit for roads. I think probably I mentioned \$4-7 million, which indicate a rough order of magnitude. The amount of actual lending, of course, depends on the economic priority of a proposed project to be assisted by IDA and also on the availability of IDA funds for a particular country at a given time.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

OHC:alika:se

cc: Messrs. Young (with a copy of Minutes)  
Kadleigh " " " " "  
Lan/Jaycox/Div. File

Files

February 16, 1965

O. H. Calika

Zambia

I had a telephone call today from Mr. Bryant of the U.S. Department of State (extension 3620), saying that the new American Ambassador to Zambia, Mr. Robert Good, would be leaving soon for his post and, before doing so, he would like to meet Bank officers. He proposed a call by the Ambassador on the Bank at 9:30 a.m. Monday, March 1 to meet with Bank officials dealing with Zambian matters and also Mr. Kasarek.

I promised to report about this matter to Messrs. El Emery, Williams and Kasarek and to call Mr. Bryant back on the proposed appointment.

OHCalika:sc

cc: Messrs. El Emery  
Williams  
Kasarek  
Ian/Jaycox/Div. File



Mr. A. G. El Emery

February 16, 1965

O.H. Calika

Tanzania - Feasibility Study for Roads - A Case  
Study Concerning Present Arrangements Between  
Bank and U.N. Special Fund (UNSF).

1. When we appraised the Tanzania (then Tanganyika) road project in May 1963, we had tentatively agreed to include an amount of \$900,000 as part of the proposed IDA credit to finance engineering surveys and final design work required for a continuing road construction program. Before the credit negotiations, the proposal was reviewed in a Loan Meeting (minutes dated Dec. 27, 1963) and it was decided that costs of studies for future projects should not be included in costs of IDA credits. It was further decided that studies necessary to bring a road project to a stage ready for Bank or IDA appraisal could be financed under Bank technical assistance, but that engineering studies beyond this stage would properly constitute a part of the next project costs and should not be financed out of Bank technical assistance funds.
2. The credit negotiations with the Tanganyikans were concluded in late December 1963 on the basis laid down by the Loan Committee, and the \$900,000 was not included in the credit. (Credit No. 43TA, dated February 5, 1964). In a letter dated February 27, 1964, Tanzania applied for Bank technical assistance for these feasibility studies on a future road project, as had been suggested during the negotiations for the IDA road credit. The amount required to cover just those studies which were eligible for financing under Bank technical assistance (as decided by the Loan Committee) was estimated at \$225,000 in the application.
3. On March 19, 1964, pursuant to the understanding between the Bank and UNSF, we informed UNSF of the request and asked if it would be interested in considering the road feasibility studies as a Special Fund Project. We sent to them the data available on the project. On May 5, 1964, contrary to our expectation, UNSF expressed a definite interest in the project. On May 26, 1964, we informed Tanzania of the Special Fund's reaction and advised the Government to make formal application to UNSF as soon as possible. In our letter, we pointed out that the UNSF Governing Council would be able to consider the application at its next meeting in January 1965, and that supporting data should be provided to the UNSF representative in Dar es Salaam as quickly as possible.
4. During my recent visit to Dar es Salaam, I was told at the Ministry of Public Works that Tanzania decided not to approach UNSF on this project. The necessary studies for future road projects are at present undertaken by the U.S. Government (AID) and the U.K. I do not know whether Tanzania's course of action was motivated by an unwillingness to await UNSF action, or was necessitated by other factors.

EVKJaycox/OHCalika:se

cc: Messrs. Williams

Young

Lan/Jaycox/Div. File



KRAGGS  
PERMANENT SECRETARY  
FINANCE  
LUSAKA

FEBRUARY 15, 1965

NLT

ZAMBIA

REFERENCE PROPOSAL HEDKO-TYPE AGRICULTURAL SURVEY OF ZAMBIA STOP  
BANK  
BANK WILLING CONSIDER ORGANIZE SURVEY ALONG LINES OUR DISCUSSION IN LUSAKA  
STOP TENTATIVE CONTACTS INDICATE FAO STAFF AVAILABLE WITHIN APPROXIMATELY  
TWO MONTHS' TIME STOP SUGGEST AIRMAIL FORMAL REQUEST TO BANK COPMA  
INDICATING PROPOSED TERMS OF REFERENCE STOP BEST REGARDS

CALIXA  
INTIMAFAD

Mr. O. H. Calixa  
Africa

cc: Messrs. Evans  
Lan/Jaycox  
Scott  
Elliott

CHC-lik:ee



LARS KALDEREN  
FINANCE DEPARTMENT  
STOCKHOLM

FEBRUARY 15, 1965

MLT

SHENK

THANKS LETTER FEBRUARY TWELFTH TANZANIA AGRICULTURAL PROJECT STOP  
RECENT CONTACT WITH FAO INDICATES KORN REPORT NOT READY BEFORE TWO  
WEEKS STOP DEFERRING TIMING AND COVERAGE OF REPORT CORREX IDA APPRAISAL  
VISIT TANZANIA PLANNED APRIL OR MAY STOP REGARDS

CALIK  
LMEVAS

Mr. O. H. Calika

Africa

OHCalika:so

CC: Messrs. El Enary/Williams  
Evans  
Lan/Jaycox  
"D" Files

February 15, 1965

E. H. Calico, Esq.,  
East African Railways and Harbours  
P. O. Box 30121  
Nairobi, Kenya

Dear Dr. Calico:

Thank you very much for your letter of February 9, 1965 (your ref. No. FIN.16/34/h), advising us that, for EARTH's Railways development program, you expect no contribution by EXIMBANK and, as to the Harbours side, you would prefer to explore the possibilities when you visit Washington in connection with the proposed IREB loan negotiations.

Let me take this opportunity of thanking you again for the time you spared for our discussions in Nairobi and for your hospitality.

With best regards,

Yours sincerely,

O. H. Calico  
Africa Department

OHC:llca:so  
cc: Messrs. El Emery/Williams (with copy of incoming ltr.)  
Lan/Jaycox/Div File " " " " "  
Geolot " " " " "  
Scott " " " " "  
Elliott " " " " "



C  
O  
P  
Y

EAST AFRICAN RAILWAYS AND HARBOURS

Telephone: 21211

Telegrams: "Railways", Nairobi

No. FIN.16/34/4

General Manager,  
P. O. Box 30121,  
Nairobi, Kenya

CONFIDENTIAL

DECLASSIFIED 20 February 1965

AUG 13 2024

WBG ARCHIVES

O. H. Galika, Esq.,  
c/o Department of Operations for Africa,  
I.B.R.D.,  
1818 H Street, N.W.,  
WASHINGTON, D.C.,  
U.S.A.

Dear Mr. Galika:

You will remember that during our discussions when you visited Nairobi from the 20th - 23rd January, reference was again made to the possibility of obtaining some assistance from the United States, either through the EXIMBANK or through A.I.D. At that time we informed you that we thought that Technical difficulties might restrict the amount of aid, the difficulties being not only operational but also concerned with training, particularly at the present stage of Africanisation.

2. As locomotives, wagons and steel rail, which constitute the bulk of the Railways programme, have for the present been excluded from possible United States assistance, further examination has been concentrated on signalling and telecommunications equipment and machine tools. Much of the Railways programme involving equipment of this nature is to complete work already started or to improve existing facilities and it has been found that the practicability of using alternative equipment is severely limited. We have therefore advised the A.I.D. representative in Nairobi that the extent of U.S. aid on the Railways side which could be defined at the present time is less than £½ million and in relation to the total programme of over £20 million, an application for assistance does not seem justifiable.

3. On the Harbours side, there have been general discussions with A.I.D. and the possibility of assistance will be further examined when we know the result of the loan application to I.B.R.D.

4. I think we can now say that for the present Railways programme, aid from external sources other than I.B.R.D. can, for all practical purposes, be considered as limited to the £3.15 million offer which has been accepted from the British Government.

Yours sincerely,

(E. N. Galuso)

CONFIDENTIAL

TRANSMONKS

LUSAKA

ZAMBIA

FEBRUARY 12, 1965

NLT

REURCAD FEBRUARY TWELFTH STOP SIX COPIES BANK REPORT TANZANIA  
RAILWAY PROPOSAL AIRMAILED TODAY

CALINA  
INTRAFRAD

Mr. O. H. Collins

Africa

cc: Reports Desk

OHCollins



February 12, 1965

J. G. Caunce, Esq.,  
Commonwealth Development Corporation  
33 Hill Street  
London W.1, England

Dear Guy:

When we met in London, I promised you to drop a few lines upon my return to the Bank on the Kenya and Uganda projects in which our two institutions are interested. I am sorry that my letter has had to be delayed until to date.

We plan to write to you within a few days on outstanding questions regarding the Kenya Land Settlement and Development project. In a nutshell, we are now willing to consider on its merits the Mihoroni sub-project and, though we do not relish it, will go along with the appointment of Mr. Shiyukah as the new "Officer Administering the Settlement Fund". We shall send you, for comment, a proposed draft letter to Kenya on these and a few other points.

Peter Reid has just completed his visit to Kenya, during which time he also made a review of the progress of the KEDA project. I saw in an East African paper a news item regarding the appointment of Mr. Moreithi as the new Assistant Director of KEDA. While we knew informally about this proposal, we were not consulted by KEDA - as required under the Side Letter pertaining to the Credit Agreement - and I wonder whether CDC was formally approached about this appointment. You would be pleased to hear that we have now received the consultants' report on the Kenya tea roads project and are in the process of completing a project appraisal report, as a basis for possible credit negotiations in the near future.

We have been asked, in a letter of February 2, 1965 by KEDA, to approve certain borrowings by the Authority (up to £20,500 from Messrs. George Williamson of Africa and up to £11,000 from Messrs. James Finlay and Co. Ltd.) for the financing of three new tea factories. We propose to advise KEDA that such borrowings were contemplated in the recital of our Project Agreement with KEDA (and also in the recital of your Tripartite



Agreement) and they should not be subject to the restrictions set forth in Section 2.05 of the Credit Agreement (and also in Section 13-h of the Tripartite Agreement). Do you agree with this line?

Upon my return to the Bank, I found Roger Symnerton's letter of January 11, 1965 on the Uganda out-grower tea proposal. I told you during our meeting in London about Mr. Kahile Settala's assurances to me regarding the two points which were raised with Mr. Moussa's letter of December 11, 1964 to the Uganda Treasury. I think Ssentonge's letter of January 7, 1965 (copy attached) has now been superseded and he will write us again after mid-February on the Government's considered views. The Minister is anxious to have an early appraisal of this project by us and CDC. As was tentatively agreed with you on previous correspondence, we are aiming for an appraisal visit to Uganda in April and will be happy to coordinate with you our plans for this operation.

I enjoyed our meeting at CDC and am grateful for your hospitality. Please give my thanks and best regards to Mr. Randall.

Yours sincerely,

O. H. Calika  
Africa Department

OHC:alika:so  
cc: Messrs. El Emery/Williams  
Evans  
Scott  
Ian/Jaycox  
"D" Files



Files

February 12, 1965

O. H. Callan

Uganda

At his request, I called on Mr. Garba this afternoon in his office. He received a "follow-up" letter from Mr. Seantongo on the status of various Bank/IDA operations in Uganda and, before sending a reply to him, Mr. Garba wanted to have up to date information.

I told him briefly about the status of the four IDA/Bank projects, indicating that we might have appraisal missions - probably in April - in connection with the road and outgrower tea projects. I also told him that Mr. El Emery expected to write to the Minister of Finance shortly on various lending and technical assistance proposals.

OHC:allan:so

cc: Messrs. El Emery  
Williams  
Lan/Jaycox

February 12, 1965

Mr. Lars Kalderen  
Patrons Väg 7  
Saltsjö-Duvnäs  
Sweden

Dear Lars:

Your letter of January 8 arrived while I was on mission to East and Central Africa, and only now have I the opportunity to reply. We in Africa "D" are happy to hear that you and your family had a good trip home. I am sure the readjustment problems are quickly melting away and that by now you are settled quite comfortably.

It is indeed good news that you will be maintaining your interest in Tanzania through responsibility for the Swedish Credit. While in Dar-es-Salaam I met with Messrs. Mwanbundu and Green to discuss the agricultural credit proposal. I was told that President Nyerere attaches great importance and urgency to this project. I understand that the FAO report will not be available before two weeks' time and, subject to the findings of this report, we tentatively plan to appraise the project in April or May. I will certainly keep you informed on this matter and am glad to have this opportunity for continuing cooperation between us.

We are going ahead with the preparations for the proposed EARTH loan for consideration by the Loan Committee perhaps by the end of this month, and as things stand now, I would expect the negotiations to take place early in March. On the economic side, we are looking forward to receiving the remaining portion of your report on Tanzania; it will be very helpful. We plan an economic mission to East Africa by the end of this month to report on the region as a whole and to update the Uganda and Kenya reports. Gordon Billington, Conrad and Willoughby are scheduled to form the team.

Lan, Margarida and Shirley were pleased to hear your greetings and they send to you their regards and best wishes. We have now at "Africa D" also Conrad, Willoughby and Jaycox who join me in sending you very best wishes.

Yours sincerely



Files

February 11, 1965

O. H. Calika

EAST AFRICA - EAR & H Project -  
Proposed Exim Bank Lending

With reference to our earlier conversation (my memo to Files dated February 9, 1965), Mr. Robinson of Exim Bank, called me on February 10 on the telephone to say that, if the amount of the proposed lending were reduced to 1100,000-200,000, Exim Bank could not justify a 12-year maturity. The loan in this case would probably be for a maximum period of 5 years. Mr. Robinson appreciated that such a term would not be acceptable to EAR & H and this would mean no business for Exim Bank on this particular occasion.

I suggested, and Mr. Robinson agreed, that a decision on this matter should be deferred pending the arrival of EAR & H team in Washington. The East African delegation could review the whole procurement question with Exim Bank officials and, in the light of the findings, they could reach a conclusion.

cc: Messrs. Geolot  
Lan/Jaycox  
div. file

OHCalika:mem



February 10, 1965

R. W. MacDonald, Esq.,  
East African Railways and Harbours  
Chief Accountant's Office  
P. O. Box 30066  
Nairobi, Kenya

Dear Bob:

Many thanks for your letter of January 25, 1965 (your reference No. G.A.108/41) which I received shortly after my return to the Bank from the African trip. I was pleased to have two copies of the minutes which you enclosed with your letter; I think it gives an accurate account of our discussions in Nairobi.

I know that you would now like to hear from us about the approximate timing of the negotiations for the proposed railway loan. While we are doing our best to expedite, I am sorry to say that we are not yet in a position to suggest any firm dates. We expect to present the case to our loan committee before the end of this month and, if the opening of the negotiations is approved, by the committee, the negotiations may take place in Washington probably early in March. In all probability, we shall keep you informed as we proceed.

You will recall that, during our meetings in Nairobi, we discussed one or two alternatives for representation by the three East African Governments in the proposed negotiations. During my subsequent visit to Entebbe, Mr. L. Kalule-Settala suggested that perhaps an East African Finance Minister and a Minister of Transportation (who would at the time of the negotiations, be chairman of EACSO Finance and Transportations committees, respectively) can lead the negotiations team. I thought that this would be a good solution from our point of view. Considering that the Ministers would not wish to be absent from their posts for a long time, I suggested that they might join the rest of the delegation, say, after the first week of preliminary discussions so that when they arrive the policy issues and main draft negotiating documents would be ready for their immediate consideration. Mr. Kalule Settala has agreed to this approach, and he said that he would take up his proposal with his Ministerial Colleagues. Perhaps you have already heard from the Uganda side on this matter, but I thought that I should drop a



few lines on this.

I appreciated our talks in Nairobi and am grateful for the time you spared and the hospitality which you and your colleagues extended to me. Please give my thanks and regards to Dr. Galois and Mr. Barley.

With best wishes to Mrs. MacDonald and yourself.

Yours sincerely,

O. H. Calika  
Africa Department

OHC:alika:se  
cc: Messrs. El Emery/Williams  
Baum/Geolot  
Scott  
Lan/Jaycox

TRAN MORGES

FEBRUARY 10, 1965

LUSAKA

MLT

ZAMBIA

FOR MBANAKATWE STOP THANKS LETTER JANUARY TWENTYSECOND 1965 ASKING  
ADDITIONAL COPIES MEMCO REPORT STOP WE AIRMAILED ONE COPY TODAY AND  
HAVE ASKED MEMCO TO SHIP SIX ADDITIONAL COPIES

CALIKA  
INTDAPRAD

O. H. Calika

cc: Mr. Nain

Africa Department

CHC:K:sc



Mr. H. R. Young

February 9, 1965

O. H. Calika

Malawi - Proposed Road Project

1. I had a telephone call from a Mr. Bellerue, of Daniel, Mann, Johnson and Mendenhall in Washington (Phone: FE-8-3480). He expects to leave for Malawi late Thursday afternoon, this week, to help the government in location and design work for various road projects. He would like to discuss with us the general requirements as far as Bank/IDA road projects are concerned.

2. After consulting Mr. Geolot, I suggested Mr. Bellerue to call on us at 2:30 p.m. Thursday, February 11. I propose you meet Mr. Bellerue at your office shortly after 2:30 p.m. on that day.

OHC:alika:se

cc: Messrs. Geolot  
Lan

Files

February 9, 1965

O. H. Calika

East Africa - EARMH Project - Proposed Export-Import  
Bank Participation in Financing.

1. I spoke yesterday on the telephone with Mr. Robinson, of the Export-Import Bank, on the above. I told him about the impression I got, in my recent discussions in Nairobi with EARMH management, that the scope of the proposed EARMH borrowing from Export-Import Bank would be limited to K100,000 to K200,000 and the Railways would rather not proceed with this borrowing.
2. Mr. Robinson said that the Export-Import Bank had asked EARMH to get in touch with the AID mission in Kenya (which included a former railway engineer) to find out to what extent EARMH purchases under the current 3-year program can be made in the U.S. The thought was that these discussions would open up the door for Eximbank's participation in the financing of either the current program or some other program. Mr. Robinson said that so far no information was received from the AID mission in Nairobi. He agreed that K100,000 - K2,000 would be a rather small amount, although Eximbank procedure for appraisals and negotiations would simpler for smaller amounts.
3. We agreed that Mr. Robinson would discuss the matter over with Mr. Balderston and call me again. They might inquire the AID office in Nairobi for a report about the contracts with EARMH.

OHCalika:sc

cc: Messrs. Geolot

Lan/Jaycox

Div. File



Mr. Patterson H. French

February 8, 1965

O. H. Calika

EDI Project Evaluation Courses

1. During my recent visits to Zambia, Malawi, Tanzania, Kenya and Uganda, I mentioned in my discussions at the Finance Ministries various EDI courses including mainly the coming project evaluation courses for agriculture and industry.

2. A common difficulty in the whole area is that there are relatively too many offers (by various foreign governments, national or international institutions) for courses or scholarships outside the countries involved, while the number of staff who are eligible or can be spared to attend these affairs is drastically limited. While the Governments are prepared to give top priority to EDI courses, in many cases they have been unable to spare their men. The fact that, after the nomination, the selection would not be assured leads some government officials to ask their candidates to accept "sure" offers for scholarships, etc.

3. I understand that the Uganda Government has nominated, for the agricultural projects evaluation course, an official of the Ministry of Agriculture whom I was unable to meet.

4. The Malawi Government was very interested in the EDI courses. Dr. K. Banda, the Prime Minister, said that he would like to send for the EDI agricultural course, a well-trained and experienced Malawi economist by the name of D. D. Phiri. At my request, Mr. Phiri sent to me later the attached note on his background. As you will see, his experience has been mainly in Tanzania with industrial projects; his present job in Malawi as Undersecretary at the Treasury does not cover any project appraisal work. He told me that he expects a transfer soon to a new post where he could draw on his past experience.

OHCalika:nk

cc. Messrs. Ian/Willoughby/Conrad

February 5, 1965

B. J. Maggidi, Esq.,  
Principal Secretary  
Ministry of Communications, Power and Works  
P. O. Box 9144  
Dar es Salaam, Tanzania

Dear Mr. Maggidi:

Credit No. 48 TA

In conformity with your request during our meeting in Dar es Salaam, I am pleased to send you herewith six copies of our pamphlet entitled "Guidelines Relating to Procurement under World Bank loans and IDA credits". I also wish to confirm that your proposed procedure for "prior qualification" of contractors (as against "post-qualification") is acceptable to IDA.

Let me take this opportunity to thank you and your colleagues for the time you spared to see me during my recent visit to Tanzania.

With best wishes,

Yours sincerely,

O. H. Calika  
Africa Department

Encls.

OHC:alika:se  
cc: Messrs. Young  
Scott



FINANCE  
NAIROBI

FEBRUARY 5, 1965

MLT

KENYA

FOR TIRRELL STOP REGARDING LAND SETTLEMENT LOAN COPRA BANK DISBURSED  
NOVEMBER SIXTEENTH 1964 402612 DOLLARS THROUGH BANK OF ENGLAND FOR CROWN  
AGENTS ACCOUNT STOP PLEASE INQUIRE LONDON AND CABLE IF AMOUNT NOT  
RECEIVED STOP GRATEFUL AIRMAILING EXTERNAL DEBT DATA AS WE DISCUSSED  
STOP BEST REGARDS

CALIXA  
INTRAIRAD

Mr. O. H. Calixa  
Africa Department

cc: Mr. Edelman  
Mr. Elliott

OHCalixa:ee

Mr. A. G. El Emery

February 5, 1965

O. H. Calika

Zambia - The NEDECO Report

1. Mr. N. M. P. Reilly called me this afternoon on the telephone on the above.
2. He said that, in a letter by Miss J. Oliver, the U.K. Treasury, has inquired as to whether it could have a copy of the NEDECO Report. I explained to him that Dr. Kaunda has asked us not to circulate this report until it is released by the Zambian Government. I, nevertheless, promised to Mr. Reilly to make inquiries within the Bank on the request.
3. With Dr. Kaunda's approval, we have made available a copy of the report to the U.S. Government for confidential use. I presume that the U. K. is similarly interested in the proposed projects in Zambia and we can, if you agree, seek the Zambian Government's views for our giving a copy of the report to the U.K. on a confidential basis.

OHCalika:sc  
cc: Mr. Williams



Mr. D. Ballantine

February 2, 1965

O. H. Calika

East and Central Africa - Education Projects

1. To supplement the information given in my field letters to Mr. Williams (letters Nos. 1, 3, 6, 7, and 8), copies of which were sent to you, I am now sending attached the following documents for examination in your division:

Kenya - Development Plan, 1965-70 (together with 15 attachments (2 copies);  
- Education Commission Report (3 copies);  
- Preliminary results of manpower study.

Uganda - Revised development plan for 1965-70 (summary paper).

2. This material was given to me by various government officials during the visits to Kenya and Uganda. I have mailed earlier some data on the Zambian and Malawi secondary education proposals.

3. I suggest to call on you later for a review of our position in respect to these project proposals.

4. I am also attaching a copy of a letter dated January 25, 1965 from the Kenya Treasury about the secondary school application. I suggest that, when we meet, we could discuss an appropriate response to this letter.

OHC Calika:mk  
cc. Mr. Lan

Mr. C. P. McNeekan

February 2, 1965

O. H. Calika

East and Central Africa - Agricultural Projects

1. To supplement the information given in my field letters to Mr. Williams (Letters Nos. 1, 2, 3, 6, 7, 8 and 9), copies of which were sent to Mr. Evans, I am now sending attached the following documents on Kenya agricultural proposals:

1. "Development of the Livestock Industry in Kenya";
2. "National Dairy Herd";
3. "Kenya Meat Commission - Grazier Scheme";
4. "Gross output comparing various types of farming";
5. "Application to U.N. Special Fund for the Range Management, etc.";
6. "Note on the procedure for consolidation and registration of Land Holdings";
7. "Proposals by Dalgety (East Africa) Ltd. for a sheep breeding scheme";
8. "Proposed Grazier Scheme".

2. This material was given to me during my recent visit to Nairobi. The aforementioned letters give some information on agricultural proposals on some other East and Central African countries.

3. I suggest to call on you later for a review of our position in respect to these project proposals.

OHCalika:m  
cc. Messrs. Evans  
Len



Mr. A. F. Geolot

February 2, 1965

O. H. Calika

East and Central Africa - Roads Projects

1. To supplement the information given in my field letters to Mr. Williams (letters Nos. 1, 2, 3, 6, 7, 8 and 9), copies of which were sent to Mr. Baum, I am now sending attached:

Malawi - Preliminary worksheets on the road project (prepared by Prof. Barnham).

2. I sent you yesterday a copy of a note by Mr. Barley on the East Africa harbours and to Mr. Young a road map on the Uganda roads project.

3. I suggest to call on you later for a review of our position in respect to these project proposals.

OHCalikasmk

cc. Messrs. Baum  
Lsn  
Young

Mr. J. H. Williams

February 2, 1965

O. H. Calika

Forecast of Bank/IDA Missions to East and Central Africa  
in the next six months which require TDD to supply staff  
members - Mr. Hissner's memorandum to you dated January 11,  
1965

1. With reference to Mr. Lan's memorandum of January 14, 1965 on the above, I suggest the following amended list:

<u>Country</u>	<u>Project</u>	<u>Projects Dept. Staff needed</u>	<u>Purpose</u>	<u>Timing</u>
1. Uganda	Roads	2	Appraisal	March/April
2. Uganda	Outgrower tea	2-3	Appraisal	March/April
3. Kenya	Secondary education	1-2	Appraisal	March/April
4. Tanzania	Agr. Credit	2-3	Appraisal	March/April
5. Malawi	Roads	2	Appraisal	June/July
6. Uganda	Secondary education	1-2	Pre-ap- praisal	March/April
7. Zambia	Tech. Assist. (agric.)	1(+FAO)	A 5-year agri. in- vestment program	as soon as possible

2. Missions Nos. 3 and 6 can be combined. The Uganda tea mission may need to discuss also the Government's plans for an agricultural credit proposal.

OHC:alik:mk



Status of Operations - February 1, 1965

<u>A. Loans and Projects</u>	<u>Amount of loan (\$ million)</u>	<u>Status</u>
<u>East Africa</u>		
1. Railways	36.5	Appraisal report and economic memorandum are awaited; negotiations second half February.
2. Telecommunications	8.4	Project data to be received in March, 1965.
3. University of E.Africa (IDA)	?	In abeyance.
<u>Kenya</u>		
4. Land Settlement	8.4	Loan effective; 3 subprojects (\$1,372,000) accepted; first disbursement is made, other subprojects on the way; decision on Muhoroni sugar project <sup>awaited</sup> available.
5. Kenya Tea Dev. Authority (IDA)	2.8	Effective. Withdrawal started.
6. Roads (IDA)		
(a) Trunk roads	4.5	Signed, December 1964; effectiveness awaited.
(b) Tea roads	2.5	<sup>BEING</sup> Appraisal report/drafted; negotiations in March?
7. Secondary education (IDA)	5.6	Supplementary project data to be received by the end of February; appraisal second half March?
8. Land consolidation and development (IDA)	?	Project preparation to be assisted by Andersen.
9. Muhoroni-Chemelil roads	2.5(?)	Consultants will examine proposal (IDA not committed).
10. Forestry/Paper and pulp	?	No commitment.
<u>Tanzania</u>		
11. Secondary education (IDA)	4.6	No outstanding problem.
12. Roads (IDA)	14.0	No outstanding problem.
13. Agricultural Credit (IDA)	7.0?	Project data received; FAO prel. appraisal mission report awaited; IDA appraisal March/April?
14. Secondary education II (IDA)	?	No commitment.
15. Roads II (IDA)	?	No commitment.

Uganda

16. Roads (IDA)	5(?)	Appraisal visit April 1965.
17. Outgrower Tea Development	3(?)	IDA/CDC appraisal mission March/April?
18. Secondary Education (IDA)	5-6(?)	New project data awaited; pre-appraisal visit in March/April?
19. Agricultural Credit (IDA)	2.5(?)	Report by FAO mission awaited; new project document to be received in March/April; pre-appraisal visit April?

Zambia

20. Kariba Transmission	7.7	No outstanding problem.
21. Roads	4-5	Application expected in March.
22. Secondary education	8-10?	Bank informal reaction is awaited on preliminary data sent to us.

Rhodesia

23. Rhodesia Railways	20?	Awaiting clarification of Rhodesia/U.K. relations.
24. S. Rhodesia Electricity Supply Commission	4?	Awaiting clarification of Rhodesia/U.K. relations.

Malawi

25. Zomba-Zambia border road (IDA)	6-8?	Application and Project data awaited <sup>by</sup> for early March.
26. Secondary education - Technical (IDA)	2?	No commitment.

B. Technical Assistance

Kenya

(1) Secondment of an agricultural economist for 6 months (?)

(2) Bank hiring of the Kenya land settlement team(?)

Tanzania

(1) Secondment of Mr. Scott to Tanzania Treasury

(2) 1-2 Agr. credit experts (?)

Uganda

(1) Secondment of economist/loan officer for employment at the Treasury.



Zambia

- (1) Nedeco-type agricultural study  
(to be discussed with FAO).
- (2) Secondment of Sir Penderel Moon  
(will arrive February 13).

C. Economic Reports

East Africa

Economic Memo.

To be drafted (Edelman).

Uganda

Economic Report

To be updated.

Kenya

Economic Report

To be updated.

Malawi

Economic Report

Existing draft to be amended for  
SEC (Billington).

Tanzania

Economic Report

Final sections Kalderen draft  
awaited from Sweden (Billington to  
arrange draft for SEC).

Typed from manuscript dated:  
London, January 28, 1965

Letter No.9 (East Africa/London)

Mr. J. H. Williams  
Deputy Director  
Africa Department  
International Bank for Reconstruction  
and Development  
Washington, D.C.

Dear John:

1. I now wish to drop a few lines on the two East African projects which, I expect, will keep us busy in the course of this year. I will also add a few lines on my London discussions.

#### East Africa

##### The Railways

2. During the visits to the capitals of the three East African countries, I reviewed with the Permanent Secretaries of the Treasuries and the Ministries of Works the status of the loan application for the EAR&H project and our tentative conditions and requirements regarding the proposed loan. I also told the Ministers, in general terms, about the Bank's position on this matter. I had two detailed discussions in Nairobi with the EAR&H management. I found that Uganda, understandably, shows the keenest interest in the project.

3. In my discussions, I mentioned, in fairly general terms and with necessary qualifications, the Bank's requirement for assurances concerning:

- (a) EAR&H staff policies (including appointments, training, promotions, pensions, etc.);
- (b) EAR&H tariffs (including the basis for rate determination, the need for a minimum return on investment, etc.);
- (c) proposed change in EAR&H's accounting system;
- (d) refinancing or rolling over of EAR&H's 1968-71 debt maturities (assurances regarding proper maintenance and repair of the EAR&H equipment);
- (e) limitation on future EAR&H investments.

A copy of the minute of the discussions at EAR&H headquarters prepared by Mr. MacDonald, is attached.



OUR CONDITIONS

4. In general terms and subject to certain shades of opinion ~~these countries~~ appear to be acceptable to the EAR&H administration and to the Governments concerned. The latter appear to be quite sensitive about any implications on their policies regarding Africanization and the Zambia raillink and these aspects require careful handling during the negotiations. At the drafting stage, I am sure that some lively discussions will ensue.

5. I was told by EAR&H that the British loan of £3.15 million for the locomotives has now been accepted and can be counted upon (this was confirmed in London). They told me that, following the discussions with a technical expert attached to the AID mission in Nairobi, the Administration has reached the conclusion that it would not be very likely for it to be able to purchase the U.S.-made shop equipment in a total amount exceeding £100,000 or 200,000. The EAR&H management, therefore, feels that it would not be worthwhile to proceed with long and time consuming loan negotiations with EXIMBANK if the Bank would not object to financing this part also. Mr. MacDonald told me that the financial results of the last few months have been quite satisfactory and an increase in EAR&H revenue has been noted. Mr. Earley has some comments on Jack Carmichael's tentative views about the ports section of the program; he gave me a memorandum on this matter.

6. I had some discussions on the timing of the proposed loan negotiations and the composition of EAR&H negotiating team. They now realize that a visit to Washington is not likely before mid-February. Until my visit to Entebbe, my working assumption - accepted by all parties concerned - was that Mr. Hinchey\* and his African successor would join the negotiating team. In Entebbe, Mr. Kalule-Settala thought that an East African Minister of Finance and a Minister of Transportation, who were, at the time of the negotiations, chairmen of the EACSO Finance and Communications committees, respectively, should lead the delegation. I welcomed the idea and suggested that, as the negotiations might take longer than some previous loan negotiations with East African countries, it would be advisable for the Ministers to join the delegation during the second half of the discussions. I understand that Mr. Kalule-Settala will take up this matter with his East African Ministerial colleagues. I shall drop a few lines to Dr. Gakuo or Mr. MacDonald on this matter upon my return to the Bank.

The Telecommunications Project

7. I was told during my call on the Postmaster General (EACSO) and his finance chief (Mr. Humphrey) that a telecommunications development plan, (1966-70), involving a total expenditure of £7.5 million has now been prepared. The E.A. Telecommunications Administration expects to borrow from the Bank £3 million towards its financing and a project document, to be approved by the Ministerial Committee shortly, would be presented to us by the second week of March. I was shown a copy of the draft project document which seems reasonably comprehensive. I suggested that the economic justification for the proposed expansion in the telephone and telex systems should be explained, the foreign exchange costs (about £4 million) analysed, and the present organizational

\*/ He is leaving in June or July, 1965.



and staff position of the Administration should be explained. The Management knows the Bank's requirement for international competitive bidding. The Administration's financial position appears to be good and it will provide from its own sources £4.5 million for the execution of the proposed plan. The Administration has explored with EXIMBANK the possibility of borrowing from this institution for the proposed project. Because of the requirements for the purchase of U.S.-made equipment and of relatively short maturity of EXIMBANK loans, the Management is not keen to negotiate with EXIMBANK. They prefer the Bank.

London

8. HM Treasury laid down a joint meeting on January 27 at which the following persons were present:

Miss J. A. M. Oliver	(in the chair) Treasury
Mr. W. G. Lamarque	Ministry of Overseas Development
Mr. I. H. Harris	" " "
Mr. J. L. Turner	" " "
Mr. N. Aspin	Commonwealth Relations Office
Mr. O. Griffith	" " "
Mr. R. V. Hambrook	Treasury
Mr. A. Morris	"
Mr. Alan Hilder	"
Mr. Watkinson	Bank of England

Miss Oliver took over Mr. Lynch's job. Except for Mr. Hilder, I had met none of the participants before and they seemed new in their present posts. I told them briefly about my visits and gave detailed information on the proposals for Bank lending in Rhodesia and the EAR&M maturing debt in London. On both points, they did not express any particular views. The Bank of England representative, in response to my question, said that a sizeable part of the E.A. Railways maturities may well be held by the Crown Agents on behalf of some other African countries which, by the late sixties, would need cash for their own development plan.

9. At CDC, I had talks with Mr. Rendell and Guy Counce. These are some of the points:

- (a) As to the Kenya Land Settlement Project, CDC is prepared to approve the appointment of Mr. P. Shiyukah, the new Permanent Secretary at the Ministry of Settlement (in his capacity as the Officer in Charge of the Settlement Fund). CDC will not, however, take action before hearing our reaction to the proposal. CDC is also willing to approve the Muhoroni subproject.
- (b) As to the Uganda Outgrower Tea Project, Mr. Rendell will inform Mr. Wise in Nairobi about the outcome of my discussions in Entebbe on this project and, subject to agreement with IDA, CDC will aim for simultaneous appraisal missions probably in March/April (Swynnerton will, after his present assignment in Kenya, visit Zambia on March 8 for a similar tea project there. He might stop over on Entebbe on his return, or T. Phillips might be assigned for this job).

cc. Mr. El Emary  
Mr. Edelman/  
Mr. Billington  
Mr. Lan  
Mr. Evans  
Mr. Baum  
Mr. Piccagli  
Mr. Scott  
Mr. Elliott

With all the very best,

Yours ever,

O. H. Calike



Mr. El Emery's Appointments in London

Tuesday, April 20th

11.00 a.m.	Mr. Clark (ODI) Head, Overseas Development Insitute
12.00 a.m.	Mr. Milner Barry (Treasury) Head (development section)
3.00 p.m.	Lord Howick, Chairman of CDC
4.00 p.m.	Mr. Fred Mason (Ministry of Overseas Development) Undersecretary (International Div.) Formerly with H.M. Treasury (Foreign office background; Teheran, etc.)

Wednesday, April 21st

12.30 p.m.	Talk and lunch with Mr. Ambrose, Manager of Barclay's D.C.O.
3.00 p.m.	Mr. Loynes, Bank of England (advised on several African Central Banks)
3.30 p.m.	Mr. Fenton, Chief, Overseas Dept. Bank of England
4.00 p.m.	Mr. Jasper Rootham, Assistant to the Governor, Bank of England (formerly Chief, Overseas Department).

Thursday, April 22nd

C.D.F.C. :	Time not yet fixed.
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CONFIDENTIALI.B.R.D. 1964/1967 LOAN

VISIT OF MR. CALIKA TO NAIROBI 20TH/23RD  
JANUARY, 1965.

NOTES OF DISCUSSION IN G.M./A'S OFFICE 12 NOON  
20TH JANUARY, 1965.

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Present: I.B.R.D. - Mr. O.H. Calika.  
E.A.R. & H. - Mr. A.H. Earley.  
Mr. G. Ellis.  
Mr. R.W. MacDonald

Mr. Calika said that he could only comment on developments prior to his leaving Washington on 7th January, 1965. Since that date he had visited Zambia, Rhodesia and Malawi and was now in course of visiting Tanzania, Kenya and Uganda.

2. The Working Committee's report was near completion on 7th January and it was hoped that it would be considered by the Bank's Loan Committee before the end of January.

3. If the Loan Committee's decision was favourable, invitations would be sent to East Africa with a view to formal loan negotiations taking place in February. He thought that in M.C.C. Memorandum No.379, a copy of which had been sent to the Bank, E.A.R. & H. had been over-optimistic in thinking that the invitations would be issued about mid-January. The invitations might perhaps be expected early in February but he saw little prospect of the negotiations starting before 15th February.

4. Mr. MacDonald said that E.A.R. & H. had hoped for an invitation before the end of January as tenders for rolling stock had so far been extended only to 31st January. The Management would have to consider this position separately.

5. Mr. Calika asked if the British Loan had to be further discussed. Mr. Earley said confirmation of intended acceptance had now been received from all Finance Communications Ministers and negotiations would therefore proceed. He confirmed there was no prospect of the amount being increased.

6. Mr. Calika referred again to Memorandum No.379 and said the Bank could not participate in a decision about the possible Belgian Loan. It was for E.A.R. & H. to decide but the Bank would not raise any objection if it was refused.

7. Mr. Calika said that the remaining finance required, excluding Harbours but including a contingency allowance, appeared to be about £13 million. He thought that the Working Committee's report would recommend to the Loan Committee that the gap should be filled by the Bank, subject to deductions before signing the proposed loan if any further assistance was obtained from individual countries,

/and to.....

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and to the acceptance by E.A.R. & H. and the constituent countries of E.A.C.S.O. of certain conditions which the Bank might consider to be reasonable safeguards for the continued efficiency of the Railways and for the servicing of the Loan.

8. Mr. Calika said he would be discussing certain aspects of these conditions with the Ministries of each country during the present visit. The conditions would in due course be more precisely defined and may not be exclusive, but he could now give an indication of the type of assurances the Bank might require:-

- (i) The Bank would expect staff promotion to be on merit and competence and Mr. Earley confirmed that, subject to correcting racial imbalances, this was the case. On employment and staff they would not expect the E.A.R. & H. to be obligated for social or other reasons to employ labour in excess of their operational requirements. Mr. Earley said that E.A.R. & H. had not been required to participate in the Kenya Government's tripartite agreement for recruitment of additional labour.
- (ii) Training for Africanisation should continue on an adequate scale and any temporary gaps should be filled as necessary by expatriates on contract. Mr. Earley said this was approved policy although expatriate recruitment was still difficult.
- (iii) In general the cost of service to be the basic criterion for fixing tariffs and the existing tariffs would gradually be adjusted. Mr. MacDonald said that the timing and extent of any changes would have to be carefully regulated and Mr. Ellis confirmed that no service was at present rendered below cost. Mr. Calika said the Bank would not expect the tariff to be distorted for industrial location purposes but that Governments would provide their own subsidies if they so wished.
- (iv) On those sections of the Act which required E.A.R. & H. to operate under commercial conditions, the Bank would expect to see improved contributions for depreciation and adequate surpluses available for internal investment. He thought that the target of 6% net operating revenue expressed as the percentage return on value of net fixed assets (less allowance for work in progress, plus allowance for working capital) as discussed in Washington in December, 1964, was a reasonable target for 1971. (See Summary - Estimated Income Account - attached to C.A.'s memorandum GA.108/41 dated 9th January, 1965).
- (v) Mr. Calika said the Bank would endorse the E.A.R. & H. intention to change to a commercial presentation of profit and loss account and balance sheet.
- (vi) On the debt redemption problem, particularly the maturities to be met in 1968/71, the Bank would expect that the three Governments as guarantors would be prepared to make such contributions as would ensure that any payments made from E.A.R. & H. resources would be kept to a level which would not

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prejudice effective repair and maintenance services. The Bank noted that E.A.R. & H. intended to meet at least some of the repayments by further loans and if these did not prove commercially successful, then the Bank would expect the Governments to provide support. Mr. MacDonald said that, apart from floating pilot loans on the open market, it was hoped to continue to elicit sympathy and possible support from the Development Assistance Committee nations of the Organisation for Economic Co-operation and Development. The D.A.C. was already looking at the problem and it was believed that positive steps would be taken to ensure that the economic progress of developing countries was not hampered by the "bunching" of debt maturities. Mr. Calika said that the Bank would like E.A.R. & H. to explore any possible avenues of assistance for repayment of debt maturities.

9. Mr. Calika said the Bank recognised the serious difficulties facing E.A.R. & H. in meeting the exceptional pension liabilities arising from Africanisation and hoped that actuarial advice would be sought and a valuation made as soon as the retirement situation made it practicable. Mr. MacDonald confirmed that he had already made arrangements to consult the Government Actuary in the United Kingdom who was familiar with E.A.R. & H. and similar problems.

10. Finally, Mr. Calika said that the Bank would expect the 1965-7 programme to be the formally approved basis of the loan. There would of course be flexibility and the E.A.R. & H. could approach the Bank if adjustments to the programme were later found to be necessary. The programme which the I.B.R.D. would approve was based on the railways' own assessment of requirements and as appraised by the Bank. It did not allow for items which might subsequently be put forward by Governments for which special Government assistance might be forthcoming nor for additional projects which might be financed by E.A.R. & H. if the net revenue position improved. I.B.R.D. would expect to obtain necessary assurances regarding the future investment programmes.

11. Mr. Calika asked what progress had been made with possible U.S. assistance, either from EXIMBANK or A.I.D. / Mr. MacDonald said that technical difficulties might restrict aid to machine tools and similar items of universal application. The whole question was still under examination by E.A.R. & H. engineers and no formal approach had yet been made to the A.I.D. office in Nairobi, although the possibility of an application had been mentioned and guidance sought on the form it should take. It would not be possible for the matter to be finalised before formal negotiations were opened with I.B.R.D. Mr. Calika said that he expected the I.B.R.D. loan could cover the full financial gap subject to deduction for any amount which might be obtainable from U.S.A. or other sources before the Bank Loan is signed.

12. Mr. MacDonald asked whether any decision had been taken by the Bank about the Harbours requirements. Mr. Earley added that if the Bank intended to restrict the loan to Railways requirements only, then E.A.R. & H. would like to feel free to seek A.I.D. or other assistance for at least part of the Harbours projects. Mr. Calika said that the Bank would not object to E.A.R. & H. seeking other finance.

13. Mr. Calika said that the negotiating team would presumably be Dr. Gakuo, Mr. Earley, Mr. MacDonald and the Legal Secretary. It would also be helpful if an additional finance representative with knowledge of all three countries' financial problems could be available. He suggested the Financial Secretary (together with his successor if shortly taking over the office). As an alternative it was agreed that a Treasury representative from one country would be acceptable provided



the other two countries were satisfied that he could speak for all three.

14. Mr. Earley asked whether it would be possible for the E.A.C.S.O. representatives to append their signatures to agreements before leaving Washington, leaving further signatures to be added by Government representatives resident in America, when all Governments had ratified the proposals. Mr. Calika said it would be necessary to complete all guarantee arrangements and receive Governments' concurrence before the agreements were prepared for signature. The E.A. Common Services Authority could authorise any suitable person to sign on their behalf. Mr. MacDonald mentioned that E.A.R. & H. London Agents had a representative in Washington who might act in this respect. Mr. Calika thought that after the Washington talks it would be probably two months before the agreements could be signed.

15. With reference to the E.A.R. & H. harbours projects and policies, Mr. Earley said that the observations of Mr. Carmichael made in the course of his meeting in Washington on 16th December, 1964, with Dr. Gakuo and Messrs. Mackay and MacDonald were not entirely understood: he was therefore preparing a short note on the subject which he would ask Mr. Calika to take back to Washington in preparation for further discussion.

[Mr. Earley had to leave the meeting at this point.]

16. Mr. Calika referred again to the conditions which he expected the Bank would stipulate and hoped that these would present no difficulty. If so, he would like to be advised before the talks in Washington. Mr. MacDonald asked whether this meant prior acceptance of the conditions before the team went to Washington, but Mr. Calika thought it would be sufficient if any major item of possible disagreement was indicated. Mr. MacDonald said that until the conditions were stipulated in precise terms it would be difficult to seek specific Governmental approval for them. He understood Mr. Calika was "sounding" Ministers during his present tour.

17. Mr. Calika agreed that the conditions could be discussed in detail in Washington. Some might be incorporated in the main agreement and others in side letters, but all would require acceptance by the Governments before the formal documents were signed.

18. Mr. MacDonald asked whether any more details were required for the 1965-7 programme and Mr. Calika asked if as much detail as possible could be brought to Washington in order to save cabling any further enquiries.

\* \* \* \* \*

Dr. Gakuo had been prevented from attending the meeting due to a prior appointment with Trade Union leaders. However, he met Mr. Calika briefly after the meeting and it was agreed that if any additional points required clarification, it should be possible to arrange a further meeting with Mr. Calika before he left for Uganda on Saturday, 23rd January. Before Mr. Calika left for Uganda, the substance of this note was reviewed by Mr. Calika and Dr. Gakuo; Mr. Earley and Mr. MacDonald were also present.

Chief Accountant's Office,  
NAIROBI.  
25th January, 1965.  
GA.10E/41  
/MJM

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Typed from manuscript dated:  
Entebbe, January 26, 1965

Letter No. 8 (Uganda)

Mr. J. R. Williams  
Deputy Director  
Africa Department  
International Bank for Reconstruction  
and Development  
Washington, D.C.

Dear John:

1. My brief visit to Uganda was useful as it enabled me to have a glimpse of the situation and to dispel a certain amount of doubt and suspicion about the Bank's desire to lend in this country (list of appointments is attached).

Relations with the Bank

2. I arrived in Entebbe airport after midnight Saturday January 23, to be met there by Ssentongo and S. Spangler, a MIT fellow. For about half an hour, Ssentongo explained, in a friendly way, about the Bank's "dilatatory tactics". His argument was mainly that, despite the fact that he had already told to all Bank officials in Tokyo about Uganda's inability to prepare projects, we have been asking from Uganda this or that data on some projects. He said that the road application, although made some three years ago, had not yet gotten off the ground. He added that the new Finance Minister, Mr. L. Kalule Settele, has been very concerned about this state of affairs as he found himself embarrassed in his statements to the Cabinet on the progress of the Development Plan. The Minister was prepared to go to Washington to discuss the matter over with Mr. Woods. Ssentongo also mentioned that he (Ssentongo) had been snubbed at Tokyo: although he had been the only representative from Uganda, he was not invited to Mr. Woods' dinner party. After some effort, he eventually succeeded in obtaining the invitation, but he later decided not to go. Ssentongo also explained that the Uganda Government had not been consulted in the selection of Nairobi as the headquarters of our East African Office. I responded by saying that my main purpose in visiting Uganda was to discuss those and any other matters which the Government had in mind and I could explain to him that there has never been any intention on our part for delaying the lending operations and for treating Uganda less favorably than any other member country.

3. In our long meeting on Monday, January 25, the Minister of Finance expressed "strong disappointment" about the selection of Nairobi for our East African office and he expressed the hope that it was not too late to reconsider the decision. He also expressed his concern about the delays in Bank lending. I made a quick review of the status of various projects and he was surprised to hear that Kenya



and Tanzania had been providing to us all necessary information on their own projects, while the Uganda authorities still owed to us basic data on their current project proposals. His judgment was: "we must not be behind any other country". At his suggestion, I informed the Bank about his "strong disappointment" about the selection of Nairobi although I did not, of course, expect a change in the Bank's decision. We agreed with the Minister to meet again after I completed my discussions with various other Ministries on the status of the Uganda projects.

4. After having made contacts with the various departments and revised the position with Ssentongo in the previous evening, I met the Minister again late this afternoon for over two hours. We reviewed the status of each project and the ways in which we may be of help in completing project documents. Ssentongo and Spangler were also present. At the end of the meeting, Mr. Kahula-Gottlieb expressed his satisfaction. Ssentongo, whom I met again before leaving Entebbe, has confirmed this impression. The following paragraphs give a brief account of the status of various projects and the ways in which we might be of help in speeding up the preparations. I recommend that we should consider favorably Bank action along the lines indicated.

#### Future Bank/IDA Projects

5. I was given by the Ministry of Works a map indicating the roads to be built under the proposed Bank/IDA project. This, I presume, completes the basic data to be provided to us before an appraisal visit and I tentatively agreed with the Treasury that we would do our best for launching an early appraisal visit. If substantial additional data are required before an appraisal visit, the East African Office should help the authorities to prepare such information (The import component of this project is calculated by the Government at 60.4%; the Government hopes that the amount of the loan/credit will exceed this percentage).

6. I have seen a copy of Ssentongo's reply to the Bank about the preliminary assurances which we asked from Uganda regarding the Outgrower Tea Project. To supplement this, I was assured by the Finance Minister, Ssentongo, and Acting Permanent Secretary of the Ministry of Agriculture (Mr. Rose) that a central-coordinating body would be acceptable to each of them and they would expect that the Government will participate in the financing of the proposed scheme. I was told by WDC General Manager (Mr. Nyuma) that AIL would be keen to play an active role in the execution of the proposed tea development program. The Minister of Agriculture, who will return from his trip abroad on February 8, is expected to submit to the Cabinet a "White Paper" on the tea proposals and the Treasury expects to confirm the Government's firm views to us by mid-February. In the meantime, they expect that simultaneous IDA/WDC appraisal missions to Uganda will be scheduled for March/April.

7. The Ministry of Agriculture thinks that the earlier application to us on an Agricultural Credit Project should have never been submitted. After the receipt of the FAO (Kohn) mission's report - they hope by the end



of January - a new application and project document will be prepared. A tentative understanding has been reached by the Treasury, Ministry of Agriculture and the African Loan and Credit Bank that the Progressive Farmers scheme would, at least for the time being, be deferred as a part of a Bank/IDA project. Based on the Cooperative Credit Scheme, development of exotic dairy cattle, and one or two other agricultural programs, a new application would be prepared. It would probably provide for a total expenditure of about \$1.4 million over a 3-year period, 1965-67.

8. The story about the Secondary Education Project is rather disappointing. Some important staff changes have been made (Gee is leaving in April, I think this is not a great loss), and the "details" of the project document which was earlier sent to us by the Government have been "drastically altered". I was told that 23 new secondary schools have been "opened" within the last few months. Of a total cost of \$3 million for these schools, about \$200,000 have been spent to alter some existing junior teaching institutions. I was also told that the Planning Office has just completed the manpower study, but the Ministry of Education has not yet seen it! I was given a summary version of the new education plan (the main document is not yet ready). I explored about the use of a possible US\$500 team in the preparation of a suitable secondary education project. Mr. Gee's reaction was: "we are competent enough to be able to produce it, if we are left alone". He made it clear, however, that the Ministry would welcome help from the Bank's own staff if they can be spared. I promised that I would let the Government have any comments which we might have on their summary Education Plan. The Finance Minister told me later that he would speak to the Education Minister to ensure that a preliminary project document would be prepared for the Bank by the end of February, so that if the Bank/IDA sends staff to East Africa in March or April, they might be able to review also the Uganda proposals.

#### Technical Assistance

9. The Government intends to utilise, as much as possible, the services of our East African Office and hopes that the Uganda projects will be given due consideration in the work schedule of the Bank's field staff.

10. My present contacts and, indeed, our experience over the last 3-4 years in Uganda clearly indicate that the main difficulty in this country has been a lack of coordination in the preparation and submission of suitable projects. The Treasury, burdened with day-to-day work, has lost the track of projects which are either bogged down at the Ministry concerned, or at the Central Planning Bureau. The new Finance Minister is intelligent, persistent and determined to take the lead in the Government on matters of development finance. Unlike his predecessor (Mr. Sengo, who was a member of the Kabaka Yekka Party), Mr. Kahulu-Settala belongs to the Government party (UPC) and has close relations with the Prime Minister. He wants to establish within the Treasury a new "Loan Finance Section", under a new Secretary, which would be responsible for the coordination of project preparation, submission of loan and grant applications to appropriate agencies, and for negotiations with them. The Treasury hopes that we would be able to provide an experienced man, preferably not from English-speaking, Western countries, who would occupy the Secretary's post for 2-3 years in an advisory capacity, until an African under him is trained for the job. I attach a copy (No. 2)



of the Government's descriptive note on this position. I am convinced that, if we can find a suitable candidate, this would be a valuable service to Uganda. If necessary, the Government will be prepared to share the costs. (Malcom, who is the top civil servant at the Central Planning Bureau will be leaving his job in April, 1965. His successor has not yet been selected. A UN-selected Polish chief economist from Warsaw has just arrived and there are three Russian economists who are responsible for the planning in various economic sectors. Recommendations by the Central Planning Bureau are considered for approval at a high level "Planning Committee in which the Treasury is also represented. The proposed new Secretary at the Treasury would attend this Committee's meetings).

#### Status of the Existing Bank Projects

11. I met Mr. Kironde, Chairman of UEB. He raised again the perennial question of the Bank agreeing to reduce the agreed rate of return on UEB investment from 7.5% to, say, 6.5%, but he did not press for it. (Sentang told me later privately that he would not wish this to be accepted by the Bank). Mr. Kironde also said that UEB has now decided to make a feasibility study of the Murchison Falls hydroelectric scheme (Sir Alexander Gibb and Kennedy & Donkin). If this scheme proves more economical than the Bujagali project, UEB might come to "IDA" for assistance in the financing. (He appreciates that the IDA terms would not apply in the case of the Government's relending to UEB of the proceeds of a possible IDA credit for the project).

#### General

12. In the 1963-64 fiscal year, Uganda's GNP increased by nearly 10%, thanks to favorable coffee and cotton prices in the world market. In the current year, the prices have fallen and the growth in GNP may not exceed 2 or 3%. The marketing boards are at present paying to producers prices well above the world market prices and a sizeable decline in their reserve funds is expected.

13. The Government is not satisfied with the slow progress in the execution of the present development plan. Starting with July 1, 1966, it intends to launch a new 5-year development plan which would provide for a total expenditure of £300 million (This compares with a total amount of £180 million provided under the current modified development plan). Because of staff shortages and possible lag in the project preparations, this target amount may not be attained.

14. The next general elections are due in May 1967. Recently, most capable members of Mr. Kiwanda's Democratic Party have crossed the floor to join the Government party ranks. The Uganda People's Congress now enjoys a 2/3 majority in Parliament and, if the trend of other two East African countries repeats itself in Uganda, it may become before long the sole political party. The bitter "lost countries" dispute has been settled in a recent plebiscite and Uganda had to give up the countries. If the Uganda Government's decision to apply to the Privy Council can be taken as evidence of its willingness to avoid violence, this is an encouraging development and may strengthen Uganda's internal peace and political stability.



15. I shall mail shortly my last letter on the East African projects.

With best wishes,

Yours sincerely,

Harvit  
(G. H. Calika - Africa Department)

ONCalika:mk  
cc. Neuma. El Bary  
Edelman/Millington  
Lem/Div. Files  
Ballentine  
Hann  
Dwars  
Piccagli  
Scott  
Hivkin  
Elliott



VISIT TO UGANDA

Sunday, January 24

0:15 a.m. - Arrival.

5:00 p.m. - Discussions with Mr. Scott Spangler, Treasury Undersecretary.

Monday, January 25

8:30 a.m. - Meeting with Mr. Ssentongo, Principal Secretary to the Treasury.

9:30 a.m. - Meeting with Mr. Kabale Settele, Minister of Finance.

10:30 a.m. - Meeting with Mr. Gheoch, Permanent Secretary, Ministry of Works.

None - Meeting with Mr. Kalusa, Minister of Works and Communications.

2:30 p.m. - Meeting with Mr. Bosa, Acting Permanent Secretary and Commissioner of Cooperatives at the Ministry of Agriculture.

6:30 p.m. - Meeting with Mr. Ssentongo.

Tuesday, January 26

8:30 a.m. - Leaving for Kampala.

9:30 a.m. - Meeting with Mr. Mabira, General Manager designate, African Loan and Credit Bank.

11:00 a.m. - Meeting with Mr. Makushi, Permanent Secretary, Ministry of Commerce and Industry, Mr. Kyenzi, Chairman, Uganda Development Corporation and Mr. Eirunda, Chairman, UED.

2:25 p.m. - Meeting with Mr. Gee, Ministry of Education and his associates.

3:45 p.m. - Return to Entebbe.

4:00 p.m. - Meeting with Mr. Kabale Settele.

9:00 p.m. - Discussions with Mr. Ssentongo.

Wednesday, January 27

3:30 a.m. - Departure for London.



Typed from manuscript dated:  
Entebbe, January 24, 1965

Letter No. 7 (Kenya)

Mr. J. H. Williams  
Deputy Director  
African Department  
International Bank for Reconstruction  
and Development  
Washington, D.C.

Dear John:

1. During the brief visit to Nairobi, I tried to cover both the Kenya business and our RACSO operations. These contacts indicate that we will be quite active in this part of the world in the course of the next 2-3 years (the list of appointments is attached, No. 1). I shall write separately on the RACSO proposals.

#### General

2. I think everybody agrees that Kenya has been doing far better than generally expected two years ago. The Government machinery has been running relatively efficiently and the staff situation appears to be somewhat better than in most places I have visited on this tour.

3. In 1964, the rate of growth in Kenya's GNP has been less than the 1964-70 Development Plan has provided for. The Government economists now see certain signs indicating an increase in private investments in the near future. The newly-established Ministry of Planning is at present revising the Development Plan to provide for an annual rate of GNP increase of 6.2% (as compared with 5.7% as in the original Plan).

4. In a recent meeting in Uganda, the three East African countries' top leaders have reaffirmed their support of the Kampala Agreement which allocates certain industries to each of Kenya, Uganda and Tanzania for marketing in the whole East African market. They agreed to refrain from unilateral action to introduce tariffs against each other's exports. (A summary of the agreement has just been made public. I attach the Kenya version, No. 2). While the implementation of the agreement may cause some short-term hardships for certain branches of Kenya industries, it is considered as a reassuring development for the future. The unemployment problem remains serious and negotiations are underway to renew the Tripartite Agreement among private industry, labor unions and the Government.



5. In the political field, Kenyatta seems to have gained full confidence of both Africans and non-Africans. He is reported to be in good health. Mr. O & O who - after Kenyatta - is the only member of the Cabinet with a white flywhisk and tribal headwear, has now moved in the shoes of "the second man". Many observers, however, doubt of his chances to succeed Kenyatta, as, they claim, the Kikuyu would never accept a Luo as the top leader of the country. Despite his well-publicised political views on the future pattern of Kenya's development and friendships, Mr. O & O reportedly remains conservative and even capitalistic in his private affairs. Moya takes an active interest in his new Ministry; regrettably, he is not considered very popular in Kenya. I understand that the growing Chinese influence in Tanzania has been causing some concern to several Kenyan leaders.

#### Progress of the Existing Bank/IDA Projects

6. There is not much to add to Jan Williams' report on the progress of the Land Settlement Project. I was assured by Mr. Henderson that 3 or 4 subprojects would be submitted to us in the course of this year. Bruce McFossie is anxious to hear about the outcome of the Government's application regarding the Minority (cf. my letter No. 5). The Kenyans claim that no disbursement has yet been made by the Bank on the first withdrawal application (dated November, 1964). A disconcerting news is that both Storer and Henderson have resigned from their posts at the Ministry of Settlement and will be leaving their posts by the end of June and of April, respectively. (Both hope employment by the Bank). Storer thinks that J. W. Kaine, who is at present a Deputy Director of Settlement, ~~who is at present a Deputy Director of Settlement~~, would be qualified to take over his own post.

7. There are no particular problems regarding the Smallholder Tea Project. Chris Walton, who is leaving in February to return to CIO, London, told me about the improvement of tea yields in the course of the last year. Mr. Horvith will become Assistant General Manager, while CIO will second a new man (Stephenson) to share responsibility with him.

8. I reminded Mr. Potter that he owes us a legal opinion in order to make the roads credit effective (Potter is also leaving Kenya in April).

#### New Projects

9. I discussed Harold Young's observations on the tea road project at a joint meeting attended by representatives of Treasury, Ministry of Works, Ministry of Agriculture and NYDA. Except on the procedure for maintenance of roads, they accept all of the consultants' recommendations. On the maintenance question, they accept the principle, but the legal position has to be clarified in discussions with the Ministry of Local Government. The Treasury will inform IDA by cable on its views regarding the consultants' report. A supplementary report which has now been received from the consultants will be airmailed to Harold Young, with Mr. Harris' comments.



10. The Government's preparations for the Secondary Schools Project is well advanced. I was given a copy of a 3-year development plan and also the preliminary results of a manpower study (additional copies of this Plan, together with a copy of the education commission report, will be airmailed to you). Subject to confirmation or correction later, I have suggested to the Planning Ministry that an IDA project should be carved out of this Plan, excluding both primary and university education and covering, say, a 3-year period. I have also suggested that data on architectural aspects, economic justification, and foreign exchange component should also be provided to us. (If Keadleigh's visits to Tanzania materializes in February, a brief stop-over in Nairobi will be very useful, as the Kenyans appear to need advice on the architectural aspects). A project document, they expect, would be reaching us by the end of February, for possible appraisal in March/April.

11. Bruce McKenzie and his associates subjected me to exhaustive questioning about their various proposals and thoughts regarding several agricultural projects. As far as I can see, they have, in various stages of preparation, the following schemes:

- (a) Land consolidation and development;
- (b) Kenya Meat Commission Grazing scheme;
- (c) National Dairy Herd scheme;
- (d) Semi-desert areas Ranching Scheme;
- (e) New Land Settlement Scheme.

12. The first scheme (a) has so far been referred to us as the "agricultural credit project". In fact, it would be similar to the Symington plan which was assisted under Bank loan 256 KE. The Kenyans claim that about 1 million acres of land in "high potential areas" has been voluntarily consolidated by African farmers and only remains to be registered by the Government. They hope that IDA would help finance developmental works plus any other costs which we would be willing to accept. I expressed general interest in the scheme, but pointed out that we would expect a reasonable financial contribution by the Kenya Government. (I understand that Bruce McKenzie arranged the present visit by Peter Reid to Kenya in order to consult him on the proposed scheme and to convince him on the need for it. During my visit, Peter Reid was on safari and I was unable to obtain his reaction.)

13. The second agricultural scheme (b) involves, briefly, the purchasing of young or underfed cattle by the Kenya Meat Commission and placing them with qualified farmers for fattening. After a certain period, cattle would be slaughtered and the farmer would get a fee for his services in grazing (related to the added weight of the beast, minus costs, etc.) I doubt whether this scheme would be of particular interest to us. The National Dairy Herd Scheme (c) is designed for buying young cattle - which would otherwise be slaughtered - and rearing and



breeding them in suitable farms for reselling to dairy farmers (including newly-developed African farms) or for export. I think that this scheme would probably be a supporting service for the Land Consolidation and Development Program (a). The Kenya Government has now made an application to the U.N. Special Fund for conducting a survey of the proposed Ranching Scheme (d). This appears to be a socio/economic proposition. There is also the East African Livestock study which is underway under the direction of Mr. McGillivray.

14. I obtained from the Kenyans some documents on the foregoing schemes (a-d) and propose to discuss them with our Agriculture Division. I promised to write to the Kenyans if we have any particular views or suggestions.

15. The New Land Settlement Scheme (e) which has been taken up with the U.K. Government, involves a total expenditure of £24-30 million. A U.K. mission, headed by Mr. Stamp and including, as a member, Mr. Symerton of CDE, is now in Kenya. It is examining the Government's proposed project. The project involves the purchase of another million acres of European farmlands, the execution of some developmental works on them and operating ~~as~~ them probably as co-operative farms or state farms. The U.K. Government has not, at this stage, made any financial commitments for the scheme. There is no suggestion of Bank participation in it. CDE may be involved; probably it would be given a managerial responsibility for these farms.

16. I was approached about the Naharui-Gemelli roads proposal and have responded in the general terms of our previous letter to Kenya (i.e. the relationship with the Naharui land settlement sub-project, questions regarding economic priority, and the availability of IDA funds). The Government intends to execute this project in all probability and will engage the same consulting engineering firm which has recently surveyed our tea roads project. The consultants' report will be presented to us.

17. Mr. Knowles, of the Ministry of Planning, told us that the Government has been negotiating with various foreign firms on an expanded pulp and paper project. (I understand that an IPC investment is no longer contemplated). Knowles wanted to know whether IDA would provide funds, to cover both forestry and pulp plant aspects. I was non-committal; I merely suggested that if he wants to pursue the matter, he might inquire in an informal letter.

18. I was told by Miss J. Tyrrell, of the Treasury, that Mr. A. Kent, of Nairobi City Council, wanted to discuss with me a proposal to obtain Bank guarantee of a proposed borrowing by the City Council for housing. I explained to Miss Tyrrell that we do not provide guarantees, nor lend for the proposed type of housing.

#### Technical Assistance

19. Bruce McKenzie intends to obtain assistance from T. V. Anderson in formulating his various agricultural schemes. In addition, he raised the following two points:



- (a) Couldn't the Bank send to Kenya for, say, six months a senior agricultural economist who would help the Planning Division of the Ministry of Agriculture? (I was non-committal);
- (b) Kenya's present six-teen European settlement officers, including Storrer, Henderson, Motting and others, would be soon leaving the Kenya Government service. Couldn't the Bank recruit them as a team and make their services available to other countries, including probably Kenya, which may wish to execute land settlement and development schemes? (Bruce McKenzie said that he may approach Mr. Woods indirectly on this matter. My comment was that it might probably be possible for us to consider job applications by these experts on individual basis and one or more might be recruited if suitable Bank positions were available).

With best regards,

Yours sincerely,

G. H. Collier  
Africa Department

GHC:lk:mk  
cc. Messrs. El Barry  
Evelson/Hillington  
Ian/Div. Files  
Evans  
Bellentine  
Benn/Young  
Scott  
Elliott



## VISIT TO NAIROBI

### Wednesday, January 20

- 8:20 a.m. - Arrival, met at airport by Mr. K. Dixon of the Treasury.
- 10:00 a.m. - Introductory discussion in the Treasury (Mr. Butter, Miss Tyrrell, Mr. Dixon).
- 11:30 a.m. - Discussions at the East African Railways and Harbours Administration.
- 12:00 p.m. - *Noon - Meeting with Mr. C. L. L. L.*  
Lunch with Mr. MacDonald of E.A.R.H.
- 2:30 p.m. - Discussions with Mr. S. McKennie and his staff about agricultural projects.
- 4:00 p.m. - Meeting with the Postmaster General and his staff on the East African Telecommunications Project.
- 5:00 p.m. - Meeting with Mr. J. Malire of the Ministry of Commerce and Industries.

### Thursday, January 21

- 9:00 a.m. - Meeting at the Ministry of Planning (Prof. Edwards, Mr. Knowles and others)
- 10:30 a.m. - Meeting at the Treasury with Mr. Butter, Miss Tyrrell and Mr. Akiba, of the Ministry of Communications, on the East African Railways and Harbours Project.
- 12:45 p.m. - Lunch with Mr. J. K. Njoroge, Permanent Secretary, Ministry of Education and his staff at Norfolk Hotel.
- 2:15 p.m. - Meeting in Ministry of Education to discuss draft loan application.
- 3:00 p.m. - Discussions with Prof. Edwards, and Mr. Knowles at the Ministry of Planning.
- 4:00 p.m. - Meeting with Messrs. Wise and Rees, of CDC.
- 7:30 p.m. - Dinner with Mr. P. E. Morris, Chief of Highways Department.

### Friday, January 22

- 9:00 a.m. - Meeting in Ministry of Works' Conference Room (attended by Mr. Ouko, Permanent Secretary, Mr. Morris, Mr. Walton, K.T.D.A. and Mr. Tyrrell, Ministry of Agriculture to discuss roads project, tea roads and Mbaroni roads.)
- 10:30 a.m. - Meeting in Ministry of Agriculture's Conference Room (attended also by representative of Ministry of Co-operatives and Marketing) to discuss various agricultural projects.
- 12:30 p.m. - Meeting with Mr. J. H. Butter, Permanent Secretary to the Treasury, followed by lunch with him afterwards.



2:30 p.m. - Meeting in Ministry of Lands and Settlement (also separate meetings with Mr. Storrer, Henderson).

6:45 p.m. - Cocktail party given by Mr. and Mrs. Walton, E.T.B.I.

Saturday, January 23

11:30 a.m. - Meeting at Ministry of Agriculture with Messrs. Bruce McEwen, Storrer, Peare and others.

7:30 p.m. - Dinner with Dr. Sakue and Messrs. Early and MacDonald, of Kani.

11:00 p.m. - Departure for Entebbe.



Typed from manuscript dated:  
Nairobi, January 22, 1965

Letter No. 6 (Tanzania)

Mr. J. H. Williams  
Deputy Director  
Africa Department  
International Bank for Reconstruction  
and Development  
Washington, D.C.

Dear John:

1. After the quiet, rural atmosphere of Mwanza, Dar es Salaam appears to a visitor bigger and busier than it probably really is. Mtei came to the airport to meet me and we afterwards had a long conversation at the hotel on various business matters. In the following two days, I was kept pretty well busy (list of appointments is attached).

#### General

2. Even for a stay of such a short duration, Dar es Salaam reveals tension and uneasiness. Mtei has been probably the fourth Permanent Secretary at the Treasury (now they call the position Principal Secretary) in less than two years' time. Apparently, the President wants to continue with his tightrope act between the two worlds. He presumably still enjoys the popular support, but has to tackle with a growing number of younger politicians, including Kambere, with leftist leanings. The Government's recent moves against the U.K. and U.S. (i.e. expulsion of two American diplomats, the take over of a few British farms), will surely impress the new Eastern friends. Private investments provided under the Development Plan are lagging. The Asians, who consider themselves easy preys, in the case of any emergency, have in general been reluctant to invest. In an effort to achieve development, the Government has approached the communist countries. The Soviet block (Russia, Poland and Czechoslovakia together) promised economic and technical aid of about £30 million, most of which still has to be tied up with specific projects. The Chinese promised similar aid of £16 million. In addition they will set up "the largest textile mill in East Africa" at a total cost of £35 million and they are providing farming and transportation equipment. It was now expected that Mr. Nyerere will soon be visiting China. The Chinese drive and propaganda in Tanzania and Kenya appear quite intensive.

3. During my call on him, Swai (who is now Minister in charge of the Planning and also runs TANU's big trading corporation) was friendly; he reaffirmed the Government's desire to obtain assistance from the Bank. During my chaperoned call on Djemal (who is the other Planning Minister), he put forward various thoughts on



Bank/IDA assistance to Tanzania, including agricultural credit, livestock development and fisheries projects. He said that the East African and the Zambian Governments had agreed to build the Tanzania rail link and asked about the Bank's views. I merely mentioned the conclusions of the BSA, Sedove and NISBRO studies. (As you may have seen from the Dar es Salaam press clippings which I sent you earlier, there is a growing anxiety and nervousness here on a suspected change of heart in Zambia). To reassure Mr. Nyerere, Dr. Kanuka has suggested that a joint committee "to study the railway project" should convene as a matter of urgency. Through Mr. Early, of BAHRI, Mackay sent me the word that he had been offered by the Tanzanians the job of the organizing for the railway. He was seen to meet Nyerere in Dar and had not yet made up his mind on the proposal.

4. I paid a visit to the University College and was impressed by the large number of buildings, spread over an extensive area, which were already completed or about to be completed soon. Pratt, who is leaving his job in March, says that, except for a residual gap of about \$570,000 which is guaranteed (as a last resort) by the Tanzanian Government, all funds required until July 1966 have been assured. He expected that the target figure for student enrollment would be doubled by 1971. On my own part, while admiring the achievements, I thought that the building standards have been too high for the economy which will eventually be supporting the university; they certainly present a striking contrast with the mud huts which dot the long drive from Dar to the university site.

5. The future prospects are difficult to ascertain. The Government has set up its aims on speedy economic development. In our talk, Djemal referred to a general threat of coups d'etat if an African Government fails to achieve an improvement in the people's standard of living. He thought that the Governments can not wait until private enterprise makes up its mind to invest (several tea estate owners or industrialists whom I met in Nairobi feel that, because of the political developments and increased wage bills, Tanzania would be the last country - after Malawi - in the order of the East African countries for possible investment). The Tanzanian Government is spending large sums in setting up a new defence establishment which may affect future political developments in this part of the world.

#### The Status of Existing IDA Projects

6. The Tanzanians had no outstanding problems regarding the secondary education project. They welcome an end-use visit by Radleigh in February. Also, there were no major problems on the highways project. They want to amend the side letter on contractors to provide for "prior qualification" of contractors, instead of the "post-qualification" as now provided for. I thought that we can agree on this. The Tanzanians would like to receive six copies of TOB pamphlet on procurement. In view of the serious lack of experienced engineers, the Permanent Secretary of the Ministry of Works asked whether the Bank can second a number of engineers for work in Tanzania. I was non-committal.



### Future Bank/IDA Projects

7. The agricultural credit proposal, is, of course, the most advanced in preparation and in separate discussions with me Djemal and the Government officials emphasized the importance which Mr. Kpurere attaches to this program. They were told by the FAO team that the FAO report would be available to us by the end of this month and the Government expects to receive an IDA appraisal mission as soon as possible thereafter. I said that, depending on other commitments, this might be possible in March/April (the Government wants to have advance notice of the visit, in order to be able to program some field trips and appointments in Dar).

8. The Permanent Secretary and other officials of the Ministry of Education told me about their intention to come to IDA with a second Secondary School Project which would be implemented in 1967 and onwards. They referred to pp. 105-106 and 106 of the Tanganyika Development Plan (the second volume) for the type of works which would be executed under the proposed project. They thought that the project would involve a total capital expenditure of close to \$3 million (secondary schools plus some vocational training). It was clear from our conversation that the officials have at this stage merely a thought, rather than a well-conceived project. I suggested that they might discuss the proposal within the Ministry and later with the other Ministries concerned and give us their considered views in the form of a brief preliminary note. They agreed to do so.

9. The officials of the Ministry of Works are also interested in coming to us later with a second highways project which would be implemented after June 30, 1967. The Government, I understand, decided not to go to the UN Special Fund for the surveys; it expects that these surveys would be done by the US AID or the U.K. Government. I emphasized the need for close attention to the economic justification for each road section. The Ministry of Works considers that some assistance by our East African Office should be very useful.

10. After the completion of the current FAO study of livestock industry in East Africa, the Government expects to approach us with a Ranching Scheme. I expressed general interest in such a proposal. Although it was not mentioned during my visit to the Ministry of Agriculture, I also said to Mr. Ntai that we might also be interested in the Government's Village Settlement Scheme. They will send us some preliminary data on the latter proposal. The U.K. Government has provided consultants for a study of a Forestry Program and it might also help it to finance (preliminary TDB reaction to this scheme was rather cool).

### Technical Assistance

11. The Treasury expressed mild disappointment about the selection of Nairobi as the headquarters of our East African Office. They, nevertheless intend to utilize the services to a great deal.

12. During my visit, Mr. Scott, the Treasury economist, was on leave in England and was not expected to return before the end of January. Mr. Ntai, to whom I told that we might be able to help in



extending Scott's stay in Dar, responded very favorably. He told me that Scott had made it clear to him that he would not be staying unless a fairly long-term arrangement can be made with the Bank (SAS) or some other agency (rather than a continuation of the present short-term OPHI program). Ntai thinks that Scott's African successor would not be ready to take over the job within the next two-three years and if we can help to keep Scott in Dar during this period, it would be greatly appreciated by the Ministry. I said that we would consider the matter and left with him copies of the blank <sup>IBRD</sup> job application forms for Scott to fill after his return. Ntai told me that he would promptly inform Scott of our conversation.

13. In our discussions, Mr. R. Karmiloff, Acting Planning Director, asked me whether the Bank could second to Tanzania 1-2 agricultural credit experts who would work in connection with the proposed IDA project. I mentioned the difficulty in finding suitable staff and expressed doubt whether we could help the Government on this matter (other than sending our own staff for occasional short visits). I, nevertheless, promised to inform him if, upon return to the Bank, I see a favorable reaction to the proposal.

With all the best,

Yours over,

/s./ Hurait  
(O. H. Calika  
Africa Department)

OHCalikamk

cc. Messrs. El Barry  
Edelman/Millington  
Ian/Div. Files  
Barr  
Hallentine  
Evans  
Scott  
Elliott  
~~Calika~~ RIVKIN



VISIT TO DAR ES SALAAM  
January 17 - 20, 1965

Sunday, January 17

Arrived Dar es Salaam at 5:30 p.m.; met at the airport by Mr. B. I. M. Mtei, Principal Secretary Treasury, and drinks and discussion with him at the hotel.

Monday, January 18

- 9:00 a.m. - Discussions with Mr. Mtei and Mr. P. J. Kalombo, Under-secretary of the Treasury.
- 9:30 a.m. - Joint meeting with Messrs. Mtei, Kalombo and Mr. B. J. Maggidi, Principal Secretary, Ministry of Communications and Works, to discuss the East African Railways Project.
- 10:45 a.m. - Discussion with Mr. Maggidi and Mr. Small, Roads Director, at the Ministry of Communications on IDA road project.
- 11:30 a.m. - Call on Principal Secretary, Ministry of Commerce and Cooperatives, Mr. O. Mumbungi and Mr. Green to discuss the agricultural credit project.
- 2:30 p.m. - Meeting with Mr. F. A. Kingaiya, Ministry of Industries.
- 4:00 p.m. - Visit to the University College and discussion with Prof. Pratt, Principal of the College.

Tuesday, January 19

- 9:00 a.m. - Call on Mr. A. Djamal, Minister of State.
- 9:30 a.m. - Call on Mr. Swai, Minister for Development Planning and Acting Minister of Finance.
- 10:30 a.m. - Discussion with Mr. Chambo, Chief of Foreign Assistance, Div. of the Treasury.
- 11:30 a.m. - Call on Principal Secretary, Ministry of Education, Mr. F. R. Burungale and Mr. Sawa, Chief Education Officer.
- Noon - Call on Mr. R. Karmiloff, Acting Director of Planning.
- 12:30 p.m. - Discussion with Mr. Mtei at the Treasury.
- 1:00 p.m. - Call on Principal Secretary, Ministry of Agriculture, Forests and Wildlife, Mr. G. M. Rugerehamu.
- 3:30 p.m. - Meeting with Mr. R. L. Thomas, a Ford Foundation expert working at the Planning Office.

Wednesday, January 20

- 6:45 a.m. - Leave for Nairobi.



Typed from manuscript dated:  
Nairobi, January 21, 1965

Letter No. 5 (Kenya)

Mr. J. H. Williams  
Assistant Director  
Department of Operations - Africa  
International Bank for Reconstruction  
and Development  
Washington, D.C.

Dear John:

I cabled you on the Kenya Government's agreement to our opening of the East African office in Nairobi. I saw Gichuru and Butter, who both welcomed the proposal. Butter thinks that Gichuru may wish to report to the Cabinet orally, mainly to bring in the External Affairs Ministry. They are willing to help us in locating a suitable office and in any other matters. As to the privileges and taxation status, I think that the Articles of Agreement should be explained and a clear understanding should be reached with the Government (I understand that FAO and other similar UN bodies have some limited privileges). I said to the Kenyans that, at this stage, what we want is your oral agreement in principle; the Bank would discuss the details with you. I presume that the Office Chief, whoever he will be, would visit Nairobi soon and discuss these and other problems.

Bruce McKenzie is expecting to hear from us on the Muhoroni settlement subproject. CDC's view is to approve it under the Settlement scheme, but to be very cautious for other possible subprojects involving substantially sugar. If we turn it down, CDC finance is a possibility, but not a certainty. Wise, of CDC, thinks that before the Bank informs the Government on Muhoroni, CDC should be consulted. Perhaps a cable will be in order. I still feel that we should approve this subproject. According to Wise, the Ugandans do not seem to be concerned, as they forecast growing sugar consumption in their own country to absorb their production.

Ssentongo still feels that I should be in Uganda on Monday and Tuesday, January 25-26. I shall be going there Saturday evening. My return to Washington will be delayed for a day.

Yours sincerely,  
/s./ Ihursit  
O. H. Calika  
Department of Operations  
Africa.

P.S. Scott was not in Dar during my visit. He will be coming at the end of the month. The Treasury warmly welcomed the idea of his being a DAS man seconded to Tanzania. They will contact us later.

You may be interested to hear that Mackay has been offered by Tanzania to make necessary arrangements for the raillink. He has not

*yet taken a decision*



Typed from manuscript dated:  
Dar es Salaam, January 19, 1965

Letter No. 4 (Tanzania)

Mr. J. H. Williams  
Assistant Director  
Department of Operations - Africa  
International Bank for Reconstruction  
and Development  
Washington, D.C.

Dear John:

This is an advance report on my discussions in Dar es Salaam to cover two specific points. I shall write you later on other aspects.

First, I was asked by Don Fowler for a copy of the Tanzania legislation on the latest name of the country. I attach a copy of the Act and should appreciate it if you could send it to him.

The second point concerns IFC. Mr. Bomani is still on sick leave. I was told that he has now completely recovered and would return to his office in Dar es Salaam within a day or two. Mr. E.I.M. Mtei, Principal Secretary (the new name for Permanent Secretary) of the Treasury, told me today that Mr. Bomani had taken up in Tokyo with IFC officials the question of the Tanzania Government's subsidies to the Kilonbero Sugar Company. In the Minister's absence, he wanted to pursue the matter. He says that the present subsidy, at the rate of 19 per ton, amounts to £180,000 a year and would continue for another four years. The Government feels the pinch and finds it rather embarrassing to collect excise duties from other sugar manufacturers in the country and virtually give the proceeds to the Kilonbero company. The Treasury, therefore, proposes to convert these payments into a sort of equity in the Kilonbero company. The form of it, Mr. Mtei thinks, would be discussed with IFC and other interested parties. I responded to him by saying that IFC has its own staff and it would contact the Government on this proposal. I understand from him that, as expected, CDC is cool to any Government share in the undertaking. I should be grateful if you could pass over this information to IFC for any appropriate action.

Yours ever,

/s./ Hursit  
(O.H. Calika  
Dept. of Op. - Africa)

OHCalika:se



Typed from manuscript dated:  
Dar es Salaam, January 18, 1965

Letter No. 3 (Malawi)

Mr. J. H. Williams  
Assistant Director  
Department of Operations - Africa  
International Bank for Reconstruction  
and Development  
Washington, D.C.

Dear John:

1. My three days in Blantyre and Zomba were very useful and pleasant. A lush, beautiful countryside; everything seemingly quiet. My reception by Dr. Banda and other Ministers and officials was excellent. At a reception arranged for the occasion, Dr. Banda made a speech in praise of the Bank.

General

2. The name of "hero" Kenneth Banda dominates everything in Malawi: a Gulliver among nearly 4 million dwarfs! Below the Cabinet level practically all responsible positions, including Permanent Secretaries and Department Directors, are held by expatriate Europeans. The country is clearly Western-oriented. Dr. Banda seems to be genuinely interested in promoting the economic interests of his people, rather than self-aggrandizement, and, for this, he relies heavily on British grants. He also hopes to obtain assistance from the U.S. and us.

3. After his recent bitter feud with the "rebel" Ministers, Dr. Banda apparently feels compelled to "deliver the goods" in order to maintain his present, seemingly strong, position. Most Malawians, I understand, regret the split and wish that it had never occurred. Surely it has cost the Prime Minister a loss of popularity and fear of reprisals. Yet, if he dies now or is ousted from the office, there appears to be no distinctly equal replacement and probably chaos would follow. The country is very poor in terms of educated citizens; of the present Cabinet, several Ministers lack college education or equivalent experience. Being a realist, Dr. Banda is not in a hurry to replace the Europeans in high positions. Many of his policies fall, certainly very far from the mainstream of the Pan African politics, now dominant in the neighboring Tanzania and Zambia, and it is difficult to ascertain how long he will be able to keep his present course. So far, outside attempts to interfere with Malawi have not been of a significant scale. After a recent



attempt of smuggling arms from Tanzania, Dr. Banda has mobilized his "Malawi Youth" for checks at points of entry. While it would be misleading to say that all will be quiet in future, the Europeans I met seem not perturbed, at least as long as the U.K. grants are pouring.

4. Thanks to the expatriates in charge, the quality of administration is fairly high. For 1965, the U.K. will be making total grants of 16-3/4 million to cover both current and capital requirements. U.S. and German (West.) Governments will also contribute for some Malawi projects. The authorities concede that the current 5-year development plan (a shopping-list-type), which provides for a total expenditure of some sh.7 million, is too ambitious and merely indicates the maximum targets. A National Development Committee has recently been set up under the chairmanship of the Finance Minister (who is also Minister of Development) and consists of Permanent Secretaries of the Ministries concerned with development. It is intended that the Committee would prepare 2-3 years, phased programs for each of the main public investment sectors. I feel, on the whole, that some lending by IRI to Malawi will be justifiable.

### Projects

5. Following our earlier comments, the Malawians have made some home work on both technical and economic aspects of the proposed road project. They will approach us by the end of next month for our assistance in, if I may use Harold Young's favorite verb, reconstructing the Zomba-Zochia border road (375 miles). An American (Washington, D.C.) transportation economist, Prof. Brubaker, who was the leader of the recent AID transportation survey team to Malawi, is assisting the Government officials on the preparation of road projects and he says that this particular road section would be the top priority project for the next three-year period (1966-68). Apparently, it is significant in terms of both interterritorial/national road communications and of the development potential of the area it traverses. (It so happens that the Zambians are also interested in the reconstruction of the continuation of the same road, the Great East Road, from the Malawi border to Lusaka). I have been through Prof. Brubaker's working papers (I have a set for us) regarding economic justification of this road. He needs to do more to cover the ground fully, which may take 3-4 weeks. Another area which they have not covered fully is a presentation to us of a 3-year road program (they were still thinking in terms of a 5-year program). The Malawians have now agreed to reconsider the matter and to come to us with a 3-year (1966-68) program, which may include mainly the proposed Bank project, a fairly small road section to be constructed with the aid of Germany and a few other sections financed from the Government's development (U.K.) funds.

6. The total cost of the proposed IRI road project would be about \$9.0 million. It will be difficult to find a genuine local contribution, as the Government relies on the U.K. grants for all of its capital (and a sizeable part of current) expenditure. Counting the proceeds of the U.K. grants as the Government's own contribution, we may consider a suitable 3-year road program which may include some road sections which are financed entirely from the budget. As for the proposed IRI road section, the Treasury feels that a "symbolic" contribution of, say, 5-10% could probably be made, with some considerable difficulty. I am afraid that the Malawi case may not be much different from the recent Niger case!



7. The Government has an active forestry program, which involves budgetary spending of \$100-120,000 a year (7,000 acres) for planting of softwood trees (for pulping). Of a total area of 80,000 acres which has been set as a target for a 10-11 year period, 13,000 acres have so far been planted. The Natural Resources Ministry takes the position that arrangements for a pulping plant should await the near-completion of the planting program. They say that the Mexican pines which are planted would be ready for pulping in some 15 years. It appears that, subject to a closer look, the planting program might be suitable for our support (I sent some reports to the Bank on this operation, which might be of interest to the Agriculture Division).

8. In the agricultural field, there appears to be several possibilities (such as growing a high quality, confectionary peanuts, beef production, growing of fruits and vegetables, etc.) which may be promising. But there is not, as yet, a comprehensive program for agricultural development. The Ministry of Natural Resources considers the need for a land reorganization as a basic issue to be settled before any approach for borrowing from us. The officials hope that, within 5-6 months' time, they would probably be able to do so with a program for the Central Province. Further growth of the commercially-owned tea estates has been discouraged by recent land encroachments. The quality of tea appears to be inferior to those in East Africa. Mr. Nyan, CBC representative (who was a member of the CBC Uganda tea survey team), sees some prospect for developing smallholder tea if adequate land could be made available.

9. Dr. Banda is anxious for us to become interested in the Lower Shire Valley Scheme (i.e. the Elephant Marsh project). A UN Special Fund Survey, which may take two years to complete, is now underway and the Malawi Government wants to present a supplementary request to the Special Fund for a pilot scheme in the area.

10. The UN Special Fund has also accepted for study a proposed rail link with the Mozambique Ocean port of Beira. This proposal does not, at this time, envisage links with the Indian system. (In Lusaka, Mr. Ken Smith expressed doubt as to the wisdom of this study.)

11. Malawi has a fairly rapidly expanding secondary education program (I enclose for Bureau Ballantine a copy of a brief note given to me by the Permanent Secretary of the Ministry of Education. Further material will be airmailed later). As far as I can see, there is a new line of development which the Ministry now intends to introduce in the secondary education system and it might be of interest for IDA. Starting with 1965, twelve scientific-technical streams will be added to the existing secondary schools and a new technical high school will be set up. The following is the estimated expenditure on buildings (new wings, etc.) and equipment (£ thousands):

	1965	1966	1967	1968
New technical high school	{ 108	69	51	53
New streams		85	166	279
Recurrent costs	87	109	165	216



Without any commitment, I suggested that some details on this program should be airmailed to us for a preliminary reaction.

12. I paid a visit to the University of Malawi which will take under its wing the four existing 'further' education institutions and will include a College of Arts and Sciences. I enclose for Duncan Ballantine a copy of the University's tentative financial plan and timetable. They have not yet started to canvas seriously potential loan or grant agencies.

#### Technical Assistance

13. I have not been approached by the Malawians on proposals for the secondment of an economist in Malawi. Mentioning the earlier contacts (Mr. Baldwin was on leave; Norman Walker left), I asked the opinion of Mr. Wait, the new Treasury Permanent Secretary (has been in Malaya before; knows Edelman and Gilmer). He readily agreed that there would be no justifiable need for an INED financial administrator or adviser. As to the Planning Economist, what they have really in mind is a 30-35 year old man (or two men) who would work under the Permanent Secretary of the Ministry of Development to prepare sector plans, etc. He would be quite junior in comparison with Baldwin. I was told that an approach had already been made to the UN for assistance in finding such an economist or economists. I merely asked them to let us know of the UN response.

14. I mentioned to Mr. Banda about various ERI courses. He immediately nominated Mr. Desmond D. Phiri, an Administrative Officer at the Ministry of Finance, for participation in the next agricultural projects evaluation course. An East Africa and London (School of Economics) trained economist, Mr. Phiri spent some 12 years with the Tugayiken Government, lately as an industrial projects evaluation officer. He expects to be promoted to a higher position within the Malawi administration.

#### The Membership

15. The Malawi Parliament was to pass the necessary legislation this week and the Treasury expects that the formalities would be completed very soon.

With best regards to all,

Yours ever,

/s./ Hurait  
(O. H. Calika  
Department of Operations  
Africa)

cc. Messrs. El Saary  
Edelman/Billington  
Evans  
Bum  
Ballantine  
Clarke  
Lam/Div. Files  
Scott  
Elliott



VISIT TO MALAWI  
14th-17th January, 1965

Thursday, January 14

- 8:50 a.m. - Arrived at Chiloka Airport, Blantyre - was met by Mr. C. V. R. Muthali of the Treasury, and drove to Zomba.
- 11:00 a.m. - Meeting with Minister of Finance, Hon. J. L. U. Tembo, M.P. and the Secretary to the Treasury, R. J. C. Wait, Esq., O.B.E., in the Minister's office.
- 12:30 p.m. - Lunch at Ku Chama Im given by Minister of Finance.
- 13:00 p.m. - Meeting with the National Development Committee, headed by the Ministry of Finance, in the Ministry of Natural Resources Conference Room to discuss roads project and others.
- 6:30 p.m. - Cocktail Party at Nyanbhao House, Blantyre, given by the Prime Minister, Dr. the Hon. H. Kamuzu Banda.

Friday, January 15

- 8:00 a.m. - Meeting with Prof. Brashers, Roads Advisor and Mr. Allen, Director of Roads for discussions on roads project.
- 9:30 a.m. - Meeting with Messrs. Wait, Permanent Secretary, Ministry of Finance, and Barnes, Undersecretary, to discuss budgetary position and capital expenditure.
- 11:00 a.m. - Meeting with the Prime Minister at the Presidential Palace in Blantyre (Mr. Tembo present).
- 2:20 p.m. - Meeting with Mr. R. J. Daudi, Permanent Secretary, Ministry of Natural Resources and other Ministry officials to discuss agricultural projects.
- 3:20 p.m. - Forestry.
- 3:40 p.m. - Meeting with Mr. Williams, Permanent Secretary, Ministry of Education, to discuss secondary education program.
- 4:20 p.m. - Discussions on Malawi University with Mr. Freeman, Registrar.

Saturday, January 16

- 10:00 a.m. - Visit to tea estates.
- noon - Discussions and lunch with Mr. L. A. Little, Chairman of Malawi Development Corporation.
- 5:00 p.m. - Discussions and subsequent dinner with the Governor of the Reserve Bank of Malawi, Mr. A. G. Ferrin.

Sunday, January 17

- 1:30 p.m. - Departure for Tanzania.



Typed from manuscript dated:  
Blantyre, January 17, 1965

Letter No. 2 (Rhodesia)

Mr. J. H. Williams  
Assistant Director  
Department of Operations - Africa  
International Bank for Reconstruction  
and Development  
Washington, D.C.

Dear John:

1. The Rhodesians have done an excellent job in squeezing several days' interviews and contacts in a mere 14 working hours (list of appointments attached, No.1). They are also too generous with their hospitality. The following is a brief account of the state of affairs:

#### General

2. Rhodesian GNP remained static during the three years 1961-63 and a small increase, which may match the population growth, is forecast for both of 1964 and 1965. Growth in the mining and industrial sectors (chrome, iron and steel) and in sugar and cotton production from the Lowveld is expected in the near future. The net European immigration figures appear to be turning to the plus side. Gordon Billington may be pleased to hear that the Government's Planning unit is now being transferred from the Commerce Ministry to the Treasury.

3. On the political front, the talk of UDI (unilateral declaration of independence, as they call it there) is still in the air. A rather cynical interpretation I heard is that Ian Smith has made a shrewd manoeuvre to draw the European support firmly behind himself and he will not sit tight on this issue. The business community is definitely against UDI. This question may come to a head again at the time of this summer's Commonwealth Prime Ministers' Conference, if not earlier.

#### Lending Projects

4. The Government definitely intends to approach us in the near future for loans. It will not act, however, until an understanding is reached with the U.S. on the general political issue. Mr. Greenfield told me that normally, the Rhodesian Government would first agree with the Whitehall on the spheres in which IBB would contribute funds from its own resources. IBB would then also indicate the projects for which it would sponsor applications to the Bank. Such financial discussions



are not expected to take place until the present political strain is somewhat relaxed (I might get some general reaction from London).

### Existing Projects

5. The construction of the Kariba Second Transmission Line Project is proceeding satisfactorily; there are no problems.

6. An important change which has taken place in respect of the African Agriculture (Land Husbandry) project is that the authorities are no longer assigning plots of land to farmers, although other aspects of the program such as planning of land use, water supply, roads, etc., are still implemented. Because of the lag in the growth of employment for Africans outside the Native Areas (the recent economic stagnation), increasing number of Africans have had to stay on the native lands and the authorities could not find enough land for assignment to them. At present, the tribal chiefs are responsible for land allocation in the traditional way (though not told, I suspect that this may also be a move to strengthen the position of the tribal chiefs who recently approved the present government's policies on constitutional progress). The Government does not plan to come to us again for lending for the Land Husbandry program and, unless fundamental changes are made in this program, I think we should avoid any further involvement.

7. The arrangements which were worked out at the dissolution of the Federation for power and railways have been operating fairly well. Although the Rhodesian and Zambian Ministers do not actually meet at the "Higher Authority for Power" or "Higher Authority for Railways" they approve, without undue difficulty, the resolutions proposed by the Central African Power Corporation (CAPC) or the Rhodesia Railways. An issue now under active negotiation is whether the latter's name should not be changed to Rhodesia and Zambia Railways.

### Future Projects

8. At the request of the Zambian Government, three consulting engineering firms (Hera Melanson, Sir Alexander Gibbs and Easthach) have been selected to report on the timing and form of the Second Stage Kariba development. (I attach a copy of the proposed terms of reference which will be considered shortly by the "Higher Authority", mainly to determine the amount of the fee.) The consultants will also report on relative merits of the Kafue scheme as compared with those of the Second Stage Kariba development, (Mr. Ward considers the latter as a sure winner) and on whether the Second Stage Kariba development could be progressively completed on the ground (as against the underground plant of the first stage). The present CAPC thinking is for a stage II (a) (3 x 150 megawatt sets and strengthening of the transmission lines), involving a total cost of around \$25 million. Mr. Ward said that the CAPC would eventually come to the Bank for a half of this amount. The first generator might be required to start to operate in 1972 and, for this, the project preparations will have to start before long.



9. Southern Rhodesia Electricity Supply Commission (ESC), with the support of the Rhodesian Ministries of Transportation and Finance, has made a preliminary inquiry about a possible Bank loan for ESC to construct a 154-mile, 132 KV transmission line between the CAPC's Norton substation and ESC's distribution system in Umtali, which is at present fed from a Mozambique hydroelectric source. The estimated cost is about £1.6 million. ESC's long-term contract with the Portuguese will terminate in 1967. The Mozambique supply is inadequate and, if the ESC contract is renewed, the Portuguese would have to build a new generating plant in their territory. They would have to borrow for this purpose and their price for the continuing power supply to Umtali will very likely go up. ESC management thinks that the Kariba power will, in these circumstances, be cheaper and more dependable than the Portuguese supply.

10. CAPC is, of course, anxious to supply the required power of some 30 Megawatts to the Umtali area. This area already has an oil refinery and few other industrial plants; a BMC car assembly plant is on the way. The deal would involve relatively little expenditure (£150,000) for CAPC, but will be quite profitable. As far as ESC's financial results are concerned, a complication is that, if the Mozambique contract is not renewed after 1967, ESC would still have to purchase, at a diminishing rate over a period of years to be agreed with the Portuguese, a residual amount of power. Because of this aspect, CAPC management feels that it would not be profitable for the Corporation to build the transmission line out of its own funds (this alternative is not completely ruled out, however). The attached CAPC paper (No. 3) gives further details about the proposed project.

11. As far as the Bank is concerned, aside from the general issues of lending in Rhodesia, the following main "project matters" require particular attention if we wish to lend to the Government for the ESC projects:

- (a) ESC has not full autonomy in rate fixing power, etc.,  
(a change in legislation should not be too difficult)
- (b) It has no funds of its own to match a foreign contribution;
- (c) Its financial structure is weak with £1.5 million in accumulated deficits.

I was told that the negotiations with the Portuguese would take 4-6 months to complete and, if ESC decides not to renew the contract and if the Rhodesian Government clears the ground with the U.K. on borrowing from the Bank, we would be approached on this proposal.

12. I also received an inquiry by the Rhodesia Railways on a possible loan by the Bank for the renewal and expansion of its rolling stock and other equipment. The program would involve expenditure of £1 million a year for the next 4-5 year period. The Chairman of the Railways Corporation stated that such a renewal and expansion program (involving the construction of no new lines) would be essential for the railways' keeping up with the growing Zambian and Rhodesian traffic demands (no



maintained that such an expansion would be necessary even if the Zambia-Dar es Salaam link is constructed, as its construction would take at least 5 years to complete). It is planned that the Railways Board would consider the new proposals late in this month and the "Higher Authority" probably in March, 1965. (I was told in both Rhodesia and Malawi that the two main Mozambique Ocean ports, Beira and Lourenço Marques, would soon be reaching the limits of their capacity for handling traffic and, unless their facilities are expanded, the case for some other port connection, such as Zambia's Dar es Salaam project or Malawi's Nacala project, would be too difficult to resist indefinitely).

13. The Rhodesian Ministry of Transportation has made a general inquiry on possible Bank lending for the Central African Airways Corporation (which serves Rhodesia, Zambia and Malawi).

14. I had a long session with Mr. C. Kirkpatrick and his associates on the proposed lending for the African Loan and Development Company Limited (ALDC). The company, which was set up some years ago by few big companies operating in Rhodesia with a total capital of £150,000, is now engaged in providing seasonal fertilizer credits to some 8,000 "purchase area" African farmers. Mr. Kirkpatrick hopes that, if more funds were made available to ALDC, it would be able to launch a development credit scheme, involving mainly improvement of water supply and fencing, for the same group of clients. It became clear, however, that the company has had little experience in this field. At the end of our discussion, Mr. Kirkpatrick admitted that the proposed operation, unless it became a part of a larger governmental program, would be too small for us to handle. ALDC has so far incurred losses of £25,000. The Rhodesian Ministry of Finance is also cool to the idea of our considering this proposal as a basis for a possible loan.

I am now practically through with the discussions in Malawi and will leave later today for Dar es Salaam. Will write from there.

Yours over,

/s./ Hurrit  
(G. H. Galika  
Department of Operations  
Africa)

cc. Messrs. El Eury  
Billington  
Piecagli  
Wansell  
Bann  
Evans  
Scott  
Elliott  
Ian/Siv. File



VISIT TO RHODESIA

Tuesday, January 12, 1965

6:30 p.m. - arrival from Zambia; meeting at the hotel with Mr. J. H. West, Under Secretary, Treasury.

Wednesday, January 13, 1965

8:00 a.m. - Meeting with Mr. J. H. West.

Meeting

8:10 a.m. - ~~with~~ the Secretary to the Treasury (C.E.M. Greenfield Esq., K.B.E., C.M.G.)

8:30 a.m. - Meeting with members of the Development Planning Committee to discuss the State of the Rhodesian economy.

H. A. Shine	-	(Chairman)
R. Dawson	-	Member
P. Lamport-Stokes	-	Member
P. L. Lane	-	Member
J. C. Steek	-	(Secretary)

9:30 a.m. - Meeting with officials of the Ministry of Transport and Power, Major G. B. Cox, Mr. B. B. Rositer of the Ministry, and Mr. J. H. Magowan of the Electricity Supply Commission (ESC) to discuss a proposal for a Bank loan for ESC.

10:30 a.m. - Meeting with Mr. W. H. H. Nicolle, of the Ministry of Internal Affairs to discuss the land husbandry project.

11:20 a.m. - Meeting with Mr. E. Carroll, Deputy Secretary, Treasury.

11:30 a.m. - Meeting with Mr. J. Ward, Chairman, and other officials (Messrs. Gantley and Black) of the Central African Power Corporation to discuss the Corporation's investment program.

12:45 p.m. - Lunch with the Chairman, Central African Power Corporation (Mr. J. Ward) and other invited guests.

1:30 p.m. - Meeting with Mr. David Young, Undersecretary, Treasury (taxes, customs, trade agreements, budget).

1:45 p.m. - Meeting with Messrs. A. R. Kemp, (Chairman, Rhodesia Railways Board) and T. Wright (General Manager, Rhodesia Railways) and Major Cox, of the Ministry, to discuss Rhodesia Railways' borrowing plans.

4:30 p.m. - Meeting with Mr. C. Kirkpatrick, Chairman, African Loan and Development Company Limited, and Mr. Cramer, of the same Company, to discuss the Company's request for Bank or IDA lending.



5:30 p.m. - Drinks and discussion with Mr. Gurney and his guests.

6:30 p.m. - Drinks and discussions with Sir Henry Mallowell, Resident Director of DSA and his guests.

7:30 p.m. - Dinner with Mr. J. H. West.

(Mr. J. H. West and Mr. J. C. Clancy, both of the Treasury, attended all the above meetings except the meeting with CAPC officials).

Thursday, January 14, 1965

7:30 a.m. - departure for Malindi.



N-1  
(Zambia)

Typed from manuscript dated:  
Salisbury, January 12, 1965

Mr. J. H. Williams  
Assistant Director of Operations -  
Africa  
International Bank for Reconstruction  
and Development  
Washington, D.C.

Letter No. 1 (Zambia)

Dear John:

1. I have now completed my stay in Lusaka and thought that I should give you a brief account of my visit and take up a few points which may deserve early consideration.

2. I was given a very good reception. I had lengthy discussions at the Ministries of Finance, Transportation, Education and Agriculture and contacted several people of interest to our work (list of appointments is attached, No. 1). I was able to see neither the Finance Minister nor his Assistant Minister, since both of them were sick at home with mumps! Over lunch table, Iven-Smith emphasized the need for frequent contacts between IBRD officials and African government leaders; he is happy to know that our East African office will go a long way to achieve this end. The Vice President, Foreign Minister and Transport Minister, whom I met at the reception, were favorably disposed towards the Bank.

3. The IBRD report was received very well. The Government's just-published "Transitional Development Plan" which covers the period from January 1, 1965 to June 30, 1966 includes most of the road projects recommended by the Dutch experts. The Plan also refers to the possibility of a Bank loan for roads. There is as yet no firm decision on the rail link proposal and, in fact, there may be no decision for some time. Apparently the Cabinet is split on the matter, the Finance Minister being against it. The Plan refers to it as a mere "possibility". In the meantime, President Nyerere is pressing for it. A new factor in the picture is the Zambian leaders' concern about the growing Chinese influence in Tanzania. There seems also to be some internal squabbling as to the allocation of funds among various Provinces (Northern Province versus Barotseland). EST is apparently



trying to promote the idea of a spur line to the North, without extension to the border. The Government has been dragging its feet on the proposal by East Africa regarding a meeting of the Transportation Ministers to discuss the rail link proposal. It may take place probably in March and the Zambian side may suggest a detailed engineering survey, before my firm decision. Under the "Higher Commission" arrangements with Rhodesia, such a survey would have to be undertaken (or arranged for) by the Rhodesia Railways. As the HEDCO report has pointed out, it may well reveal that the cost would be much higher than so far assumed to be and this might lead to a face-saving exit for the Zambians. This encouraging picture, of course, is as the things stand now; the changes may come without a warning.

4. The reception of the Budley Seers report<sup>1/</sup>, on the other hand, has been mixed. The politicians seem to be happy with its sponsorship of Zambia's case against the chartered company and its rubber-stamping of certain favorite proposals such as the establishment of big tractor-machinery pools for agricultural development (without any indication how such hardware would be used and to grow what). Civil servants, on the other hand, consider the Seers report a weak report, in particular the agricultural chapters drafted by an FAO expert. I attach a few excerpts (No. 2) from the report, merely to show that the philosophy of it has been quite different from a Bank survey report. I am glad that we have not associated ourselves with it by providing a transportation "economist". Few recommendations, in my judgment, are superficial or politically-inspired and some others are rather woolly.

5. The economic situation appears to be satisfactory and, despite the recent rumors, Dr. Kaunda appears firmly on the saddle. Good prices for copper helped Zambia to close its external payments in 1964 with a surplus of £26 million.<sup>2/</sup> At present, the Government's assets (excluding the copper companies' reserves of about £8 million, but including estimated share of the Federal Central Bank's assets) amount to about £27 million (equivalent to about 4 months' import bill). There may be additions to reserves in both 1965 and 1966, as the rate of increase in the Government's development expenditure may not catch up with its earnings until probably 1968. The authorities intend to start to borrow from us, and possibly from other sources, in order to establish their credit and to maintain a fairly safe reserve base in the coming years. Shortages of competent staff and contracting capacity set definite limits for a steep increase in the public expenditure. Aggravated by growing expectations, the unemployment situation, on the other hand, is deteriorating and may become politically serious. The "Transitional Development Plan"<sup>3/</sup>

<sup>1/</sup> Printed copies are airmailed to you.

<sup>2/</sup> Federation currency is still in circulation (until June 30, 1965) and Rhodesia and Malawi will share some of these surpluses.

<sup>3/</sup> Copies are airmailed to you.



provides for a total expenditure of \$35 million, mainly for the construction of barracks, schools, roads and for some housing. It is very doubtful whether this target figure will be achieved. The authorities are aware of the fact that most of the expenditure under the current plan will not contribute to Zambia's production in the immediate future and it may increase the liquidity in the economy. Some increase in imports (\$5-9 million) may be expected. There is a clear need for preparing sound projects in more directly productive sectors and this will not be an easy task. The Government intends to launch an overseas recruiting drive to fill temporarily some key positions and it is planned that the coming 5-year development plan (which will overlap with the present plan as of January 1, 1966) would provide for more productive investments.

6. The Government looks to the Bank for some technical assistance. I was asked by the Ministries of Finance and the Planning Office (Inagga and Goundry) on the possibility of the Bank conducting a "HEDCO-type survey of the agricultural sector". This, I presume, originates from the poor performance of the Soere group in this field and from the success of the HEDCO team in preparing concrete proposals for transportation development. I explored about a possible FAO role in such an undertaking. They would be willing to accept any expert selected by the Bank whether he comes from FAO or elsewhere. I understand that the idea originated from the Minister of Agriculture and the Government would be willing to share the costs. Before a formal approach to the Bank, I suggested that I would inquire on this matter and we would advise them informally whether it can be done. My own feeling is that agriculture is the key sector in Zambia and a down-to-earth appraisal of the possibilities, together with specific proposals for the next 5-year development plan, will be of great and enduring value. A complication is that we have tentatively agreed with Ergas that FAO would prepare an agricultural project (agricultural training?) in Zambia for consideration by the Bank and FAO staff might be visiting the country in February. The Zambians are receptive to the idea, provided that right people are selected. They also feel that, if the Bank can undertake the proposed survey, the FAO help would proceed parallel to it provided that it would not be pushed forward if it does not eventually fall within the scope of the completed survey. I am aware that the foregoing may raise some problems for us, particularly in respect of our relations with FAO. Could you please inform me or Inagga by cable if you have any particular views on this matter which should be transmitted to the Government at this early stage?

7. Upon my arrival in Lusaka, I was confronted with another technical assistance proposal which was fairly advanced. Gordon Goundry, the Canadian U.N. expert, who accompanied Kamuk to the U.S.A. is now leading the Central Planning Office (a part of the President's Office) as acting-director. He and Ivan-Smith thought of a visit to Zambia by our Sir Penderel Moon for 3-6 months to assist Goundry in his planning and policy tasks. (Sir Penderel's name was suggested by a Treasury economist who happens to be his cousin). I was told that, with the approval of the President, Ivan-Smith sent a cable to Mr. Owen, of UN, to approach the Bank on this matter. I suggested to him that the Bank would like to know in what capacity Sir Penderel would be working. Provided that we are satisfied on the role and the terms of reference, I think that this is a good idea.



8. Now a few words about possible projects for consideration by us:

(a) A roads project appears to be our first lending operation in the near future and the Government is anxious to obtain the Bank assistance. Of about 24.0 million works envisaged under the "Transitional Development Plan", they feel that about a half would be justifiable as a project for the Bank. This part consists of sections of the Great Eastern Road (Lusaka-Fort Jameson-Malawi Border) and of the Great Northern Road (including sections both north and south of Lusaka).<sup>1/</sup> I inquired about the possibility of their putting forward the whole length of one or both of these roads, including construction works extending over 2-3 years. Treasury and the Planning Office see no difficulty and an interdepartmental working party will organize an application to the Bank probably in February or March. The Roads Department has already a consulting engineer working on contract documents and they expect the first contracts signed in February and first payments made in May. It appears that the Zambians will be able to prepare soon a fairly adequate application<sup>2/</sup> for consideration by the Bank. When it is established, assistance by our East African office will be highly desirable.

(b) There are no immediate projects in the agricultural sector. Some promising proposals are:

- i. Establishment of a "Natural Resources College" (involves £114,000, descriptive information will be mailed to the Bank; this is the most advanced proposal);
- ii. Tea development in Northern Province (a CDC mission headed by Symmerton is expected to arrive in February on a feasibility study);
- iii. A proposal for the development of cigar leaf tobacco-growing (requires further studies);
- iv. Kafue Flats poldering scheme (the pilot project stage will be completed soon).

It seems that we would have to wait for the results of the FAD and/or IRRD studies (para. 6 above). Assistance by our East African office should be considered if the aforementioned forms of assistance do not materialize.

(c) The Government's education program is being greatly expanded and the University of Zambia is in the process of establishment.

<sup>1/</sup> Please refer to the map attached to the "Transitional Development Plan".  
<sup>2/</sup> A Planning Office economist, who attended ERI Project Evaluation Course, is familiar with our standard highways questionnaire and will be helping the Roads Director in providing the necessary information.



The main emphasis is on the secondary school construction; 120 new streams will be added, as against 30 streams recommended by a UNESCO mission. In the course of the next two years, the Government's capital expenditure for secondary roads will average around £3 million a year. Partly with assistance by the U.K., the University of Zambia will be developed into a full-fledged university, although initially the main emphasis will be on agriculture and secondary school teacher training. Supplementary data on the University and the secondary school program, together with a copy of the "Lockwood report" is being airmailed to you and the Zambians will await our informal reaction before making any approach to us on financial assistance. They feel that, if the Bank were receptive, they can prepare a secondary education project on the basis of our standard questionnaire. They also hope that we might support the University.

- (d) Of other possible projects, no decision has yet been taken on the Zambia fertilizer plant. It may be organized as a government enterprise.

With all the best,

Yours ever,

/s./ Hursit

(O. H. Calika)

cc. Messrs. El Emery  
Edelman/Billington  
Evans  
Bauer/Gedrova/Kain  
Ballentine  
Lam/Div. File  
Scott  
Elliott



Calika's Visit to Lusaka

Saturday, January 9, 1965

2:30 p.m. - arrival.

5:00 p.m. - Meeting with Mr. Knaggs, Perm. Sec., Ministry of Finance.

Sunday, January 10, 1965

11:30 a.m. - Drinks with Central Bank, Ministry of Finance and Central Planning Office officials.

1:30 p.m. - Lunch with Mr. & Mrs. Knaggs.

Monday, January 11

8:15 a.m. - Meeting at Ministry of Transport and Communications with Permanent Secretary (Mr. E. C. Thomson) and the Director of Roads (Mr. Stott).

11:00 a.m. - Meeting at the Ministry of Agriculture with the Permanent Secretary (Mr. Muchangwa), and the Director of Agriculture (Mr. Hutchinson).

Noon - Further discussions with Mr. Hutchinson.

2:15 p.m. - Meeting at the Ministry of Education with the Acting Permanent Secretary (Mr. R. S. Surles) and Mr. D. C. Mulaisho.

4:30 p.m. - Meeting with Mr. Brownrigg, Resident Director of Anglo-American Corp.

6:30 p.m. - Reception; meetings with the Vice President, Ministers of Transportation, Foreign Affairs, Trade and Industries and high officials.

Tuesday, January 12

8:30 a.m. - Meeting at the Bank of Zambia with the Governor, Mr. R. C. H. Hallett.

10:00 a.m. - Meeting at the Ministry of Finance with Prof. Goundry (acting head of the Central Planning Office).

11:00 a.m. - Joint meeting at the Ministry of Finance with the Permanent Secretary (Mr. E. J. Knaggs) and Prof. Goundry.

1:30 p.m. - Lunch with Mr. Ivan-Smith, UN Representative for East and Central Africa.

5:05 p.m. - Departure for Salisbury.



EXCERPTS FROM DUDLEY SEARS  
REPORT'S RECOMMENDA-  
TIONS

- "Arrangement could be made for the Government to receive equity shares (in copper mining companies) in lieu of royalties and taxes"
- "reduction of the outflow of profits and royalties (this could be done by taking over the royalties collected by the BSA company and by levying a 5% duty on the exports of copper"
- "a big program of subsidized fertilizer distribution to achieve an increase in yields"
- "The establishment of tractor-machinery pools"
- "It is recommended that the Industrial Development Corporation be returned to Government control. The Corporation could then form a subsidiary in which the Government would have a minority shareholding and private partners have a majority"
- "The questions of when to start construction of Hariba Stage II and whether to renew the contract with Union Miniere have both technical and political implications. A basic study on the question should be requested from the Central African Power Corporation, and a decision taken early in 1965"
- "The arrangements for the Central Bank should be such that the Bank cannot keep important information secret or adopt policies conflicting with the Government's general economic objectives."

SSENTONGO  
FINSEC  
ENTEBBE

JANUARY 6, 1965

NLT

UGANDA

THANKS URCABLE JANUARY SIXTH 1965 CALIKA WILL NOW ARRIVE ENTEBBE FROM  
NAIROBI FRIDAY JANUARY TWENTY SECOND FLIGHT NO. EC 315 STOP DEPARTURE  
DATE NOT CHANGED STOP GRATEFUL ASSISTANCE CHANGING HOTEL RESERVATION  
STOP REGARDS

WILLIAMS  
INTBAFRAD

Mr. J. H. Williams  
Operations - Africa

cc. Mr. Blakie

J. H. Williams - Assistant Director

Calika:mk



Files

January 6, 1965

O. H. Calika

Rhodesia - Inquiry for Lending for the African  
Loan and Development Company Limited

1. I called Mr. N. M. P. Reilly this morning to tell him about my present trip to East and Central Africa and our recent correspondence with Mr. C. Kirkpatrick, Chairman of the African Loan and Development Company Limited of Rhodesia, on the above.
2. I told Mr. Reilly that, subject to solution of some broad policy issues, Mr. Kirkpatrick's proposal might, in the long run, develop into a promising project and it would now be useful to have his informal view as to possible U.K. attitude on HMG guarantee of Bank lending in Rhodesia.
3. Mr. Reilly said that, in his personal opinion, HMG would rather welcome Bank lending in Rhodesia, but he wanted to consult the British Embassy's Political Adviser, Mr. J. Broadley, for his views on the subject.
4. This afternoon, Mr. Reilly called me and said that both he and Mr. Broadley thought that HMG would only be grateful for the Bank to lend in Rhodesia. He added that it would, at this time, be politically difficult for the U.K. to put money of its own, but guaranteeing a Bank loan would be entirely different, especially if the project benefitted Africans rather than the whites.
5. I thanked Mr. Reilly for the information and told him that I would contact him when I return from the trip.

ONCalika:mk  
cc. Messrs. Williams  
Evans  
Scott  
Lan/Div. File



January 5, 1965

Miss J. Tyrrell  
Directorate of Planning  
Ministry of Finance and Economic Planning  
P.O.Box 30266  
Nairobi, Kenya

Dear Miss Tyrrell:

Thank you for your letter of December 19, 1964 (your ref. No. DV 63/77/02) on the proposed projects for Muhoroni-Chesilil roads and secondary education.

As to your first inquiry, we feel that the Muhoroni-Chesilil roads should not be combined with the more advanced tea roads project, as this may result in substantial delay for the latter. / You might, in due course, compile the necessary data for the new roads proposal, which we would have to consider in the light of our overall lending operations in Kenya and with due regard to broad considerations of economic priority of various projects. /

As to your question regarding the secondary education project, we believe that the proposed one-man (or, possibly, two-man) team from the United Kingdom would be sufficient to strengthen the Chief Architect's Branch of the Ministry of Works to enable it to administer the proposed project on behalf of the Kenya Government. We still feel, however, that outside help would be needed for the design and supervision of the project and, if local firms are inadequate for the purpose, you may consider engaging one or more consultants from outside East Africa. In order to attract international consultants, the project works would have to be grouped either geographically or by the type of school so that, in value terms, units of not less than \$1 million equivalent each will be available. The cost of engaging consultants would be covered under the proposed IDA credit.

Yours sincerely,

O. E. Calika  
Department of Operations  
Africa

OCalikamk  
cc. Messrs. Williams  
Ballantines/Burt



KNOWLES  
FINANCE  
NAIROBI

JANUARY 5, 1965

NIT

KENYA

REFERENCE LAST PARAGRAPH MY LETTER DECEMBER TWENTY SECOND 1964, PROPOSED  
AGRICULTURAL CREDIT PROJECT STOP ANDERSEN AND WIFE TENTATIVELY SCHEDULED  
ARRIVE NAIROBI FEBRUARY FIRST FOR STAY REMAINDER OF MONTH STOP HAVE  
DIFFICULTY IN FINDING HOTEL SPACE AND GRATEFUL ASSISTANCE RESERVATION  
NORFOLK OR COMPARABLE HOTEL STOP REGARDS

CALIK  
INTRAPRAD

Mr. O. H. Calik  
Operations - Africa

cc. Messrs. Williams  
Evans (2)

O. H. Calik:mk

KNAGGS  
PERMANENT SECRETARY  
FINANCE  
LUSAKA

JANUARY 4, 1965

NLT

ZAMBIA

THANKS URGABLE JANUARY SECOND STOP AM SCHEDULED ARRIVE LUSAKA FROM LONDON  
SATURDAY JANUARY NINTH BOAC FLIGHT NO. 141 AND LEAVE TUESDAY AFTERNOON  
JANUARY TWELFTH STOP WOULD APPRECIATE CONFIRMING RESERVATION RIDERWAY HOTEL  
STOP BEST REGARDS

CALIKA  
INTBAFRAD

Mr. O. H. Calika  
Operations - Africa

O. H. Calikasmk



HIS EXCELLENCY  
JOHN TEMBO  
MINISTER OF FINANCE  
ZOMBA

JANUARY 4, 1965

NLT

MALAWI

THANKS URCABLE DECEMBER TWENTY FOURTH STOP BECAUSE OF OTHER ENGAGEMENTS  
COMMA REGRET CALIKA VISIT FEBRUARY IMPRACTICABLE STOP HE ARRIVES  
BLANTYRE JANUARY FOURTEENTH FLIGHT NO. QM 864 FOR STAY UNTIL JANUARY  
SEVENTEENTH STOP REGARDS

WILLIAMS  
INTBAFRAD

Mr. J. H. Williams  
Operations - Africa

J. H. Williams - Assistant Director

OHCalika:mk

HIS EXCELLENCY  
JAMES GICHURU  
MINISTER OF FINANCE  
NAIROBI

JANUARY 4, 1965

HLT

KENYA

THANKS URCABLE DECEMBER TWENTY EIGHTH STOP CALIXA APPLIED RESERVATION  
NEW STANLEY STOP REGARDS

WILLIAMS  
INTRAFRAD

Mr. J. H. Williams  
Operations - Africa

J. H. Williams - Assistant Director



January 4, 1965

C. Kirkpatrick, Esq.,  
Chairman  
African Loan and Development Company Limited  
106 Reliance House  
Cnr. Speke Avenue/Moffat Street  
Salisbury, Rhodesia

Dear Mr. Kirkpatrick:

With reference to my letter of November 19, 1964 on the proposed assistance by the Bank or IDA to your company, I plan to be in Salisbury on Wednesday, January 13, 1965 and propose to meet you on this occasion. Perhaps you might wish to contact the Treasury beforehand for a convenient time for you.

Yours sincerely,

O. H. Calika  
Department of Operations  
Africa

OHC Calika:mk