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PRESIDENT CLAUSEN
ITINERARY FILES

Kenya 1981 (1)

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Arrival Statement in Kenya by Mr. A.W. Clausen

President of the World Bank

I am very happy to be in Kenya -- my first visit as President of the World Bank. I am grateful to President Moi for inviting me on behalf of the Kenyan Government and people. I am doubly honored because of President Moi's position this year as Chairman of the Organization of African Unity.

I was last in Kenya in 1973, when I was just a spectator to the affairs of the World Bank as a guest at the Bank's Annual Meeting in Nairobi. Being here now in my new role will be a much more enlightening experience for me -- and I promise you that I shall take every advantage of it to learn more about your country and your problems and prospects, to meet your people, and to travel to some of your beautiful provinces.

The World Bank is proud to be associated with Kenya's economic development effort. We hope to continue the fruitful partnership which Kenya and the Bank have enjoyed for the past 21 years, a partnership which has involved our working together in almost all sectors of the economy.

This is my first visit as President of the World Bank to the Bank's operations in a developing region of the world. And I have come to Africa first because this is where the World Bank's priorities are.

The Bank recognizes that the countries of Sub-Saharan Africa face economic problems of a magnitude that threaten the notable achievements of the region since independence... the tremendous advances of governments in making life healthier, more secure and meaningful for millions of people.

The solution to these problems, and the means for realizing Africa's well-known human and natural potential, must be found through a spirit of

/...

self-help and common effort -- or "harambee"* as you know it in Kenya.

To this end, I pledged at the World Bank's Annual Meeting in Washington last month that the Bank will explore every possible avenue for greater cooperation among its donor member nations, and the international and regional development agencies, to assist the African countries in their development tasks. In the Bank's recently-published report on Sub-Saharan Africa, we have urged a doubling of aid for the region during this decade.

But no amount of development assistance will be effective without the fullest participation of African governments. Crucial, and often difficult, decisions will need to be taken by countries to improve economic efficiency and to do the most that can be done with the available financial and technical resources. In this region, there is a need to review policies with a view to providing initiatives to increase food production and agricultural exports, to attract external investment, to accelerate development of energy, to provide incentives for individual endeavor, and to improve the performance of public entities.

As in the past, the World Bank stands ready to support such actions, which we see as the essential steps toward greater self-reliance, which the OAU rightly considers to be the most important economic challenge of this century.

Since 1960, the World Bank, the International Development Association, and its private-sector affiliate, the International Finance Corporation, have made loans and investments totaling about $1,350 million for some 70 projects in Kenya.

/...

*pronounced ha-ram-bay. The stress is on the second syllable.

Kenya has made noteworthy progress in its development effort -- especially in the spheres of agriculture, transport, power, education, and urban development. But Kenya's achievements are nearly overtaken -- as has been pointed out by your President on many occasions -- by the rapid expansion of your population. The Bank has assisted Kenya's work in family planning and health, to which we know the Government attaches great importance. The success of these programs is vital if economic growth is not to be undermined by an unacceptably high rate of population growth. We look forward to future cooperation in this area with the Kenyan authorities.

During my present visit, I will meet with your President and with other Government leaders. I will visit a number of development projects to see for myself what has been accomplished, what problems confront you, what prospects there are for further development, and how we in the World Bank can best assist you.

I thank you... for your kind welcome, and look forward with great anticipation to learning more about your country.

A. Morris, P. Schwartz/IPA
11/13/81

MANAGING COMMITTEE
FOR CONSIDERATION

2

March 29, 1982

Dear Mr. Singhi:

Many thanks for the photographs you sent me which were taken during our visit to the Panafrican Paper Mills.

That tour of your Kenya plan was outstanding and everyone was so kind and gracious to us. I am delighted to have the pictures and your earlier album as mementos of the occasion and appreciate your thoughtfulness in sending them.

Sincerely,

Peggy Clausen

(Mrs. A. W. Clausen)

Mr. H. P. Singhi
President
Orient Paper & Industries Ltd.
9/1, R.N. Mukherjee Road
Calcutta, 700 001, India

Kenya visit

March 1, 1982

Dear Mr. Singhi:

It is unfortunate that my schedule was so heavily committed during your brief Washington visit that I couldn't get to see you.

I remember quite vividly our tour of the Panafrican Paper Mills in Kenya. It was truly a highlight of our visit. The photo album you assembled as a memento of that tour is excellent indeed. Mrs. Clausen and I relived our delightful visit as we went through the photos.

Thank you again for your hospitality in Kenya and for your kindness in preparing the album for us.

Every good wish to you.

Sincerely,

AWC

Mr. H.P. Singhi
President
Orient Paper & Industries Limited
9/1 R.N. Mookerjee Road
Calcutta 1, India

HH:bli

2699

ORIENT PAPER & INDUSTRIES LIMITED

H. P. SINGHI
PRESIDENT

9/1. R. N. MOOKERJEE ROAD
CALCUTTA-1

TELEX: 7107 OPM IN
CABLE: ORIENPAPER

February 12, 1982

Mr.A.W. Clausen
The World Bank
1818 H Street, N.W.
Washington DC 20433
U. S. A.

Dear Mr.Clausen:

I recall with pleasure visit of Mrs.Clausen and yourself to Panafrican Paper Mills at Webuye in Kenya on November 21, 1981, which greatly boosted the morale of our local staff and workers and created a very good impact in the political and economic circles of Kenya.

We are now expanding our activities in the field of manufacture of PVC from locally produced alcohol in Kenya as well as promoting a joint venture with the Zambian Government for the establishment of a pulp and paper industry there. There are other projects also which we are looking into in Ghana, Nigeria and Ufanda.

I shall be in Washington for meetings with IFC authorities on 1st and 2nd March. I shall very much appreciate if I could call on your goodself and present to you an album of coloured photographs of your visit to the factory, luncheon at our guesthouse and the tribal dances put up in your honour. I hope you will find it as a pleasant momento of your esteemed visit to Kenya.

With kind personal regards,

Yours sincerely,

Singhi

Contact:
Michael
Dixon
IFC 60555

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OFFICE OF THE PRESIDENT

December 21, 1981

Dear Mr. President:

Mrs. Clausen and my associates join me in thanking you and your colleagues for the warm reception and kind courtesies extended to us during our recent stay in Kenya. It was a memorable visit. It was especially interesting to discuss the difficult problems which your country faces and to exchange views on how the Bank might assist your Government in dealing with them.

I am particularly grateful for the frank discussions at State House, your gracious hospitality at the lunch banquet, and the field trips up-country which provided me first-hand with a greater insight and understanding of your country's economic and social situations. I left Kenya with a much fuller appreciation of the challenges before you and the efforts your Government is making to address them.

Hopefully, it will not be too long before we have the opportunity to meet again.

Sincerely,

(Signed) A. W. Clausen

His Excellency
Daniel T. arap Moi
President of the Republic of Kenya
Nairobi, Kenya

cc: Messrs. Stern (SVPOP); Lafourcade (EXC) (2);
Abdulai (EDS); Wapenhans (EANVP); Kraske (EA1DR);
Adler (EAPDR); Dunn, McBride (EA1DA); Loos (RMEA).

GAMcBride/--;ct

cc: For Mr. Clausen's office

December 18, 1981

Dear Mr. Vice President:

On behalf of Mrs. Clausen and my associates, I wish to thank you most sincerely for the kind assistance and courtesies which you and your colleagues extended to us during our recent visit to your country. Your thoughtful reception at the airport was greatly appreciated, and I am grateful for having had the opportunity to exchange views with you on Kenya's problems and to explore how the Bank might help in resolving them. The field trips also contributed to my understanding and appreciation of Kenya's requirements. It is always useful for me to see the problems first-hand and to discuss them in a frank manner with those most directly involved.

I hope we will have the opportunity to meet again in the not too distant future.

Sincerely,

A. W. Clausen

His Excellency
Mwai Kibaki
Vice President and
Minister of Finance
Nairobi, Kenya

cc: Messrs. Stern (SVPOP); Lafourcade (EXC)(2);
cc: Messrs. Abdulai (EDS), Wapenhans (EANVP), Kraske (EA1DR), Adler (EAPDR), Dunn, McBride (EA1DA), Loos (RMEA),

GAMcBride:ms

December 21, 1981

Dear Mr. Minister:

Mrs. Clausen and my associates join me in thanking you for the lunch banquet you hosted at the Outspan Hotel during our recent visit to Kenya. We are also very grateful for the interesting and instructive tour of the tea farm, collection center and tea factory. We are pleased to be associated with the continuing development of Kenya's tea industry, and we look forward to our future involvement in this most important activity.

I hope it will not be too long before we have the opportunity to meet again.

Sincerely,

A.W. Clausen

His Excellency
G.K. M'Mbijjewe
Minister of Agriculture
Nairobi, Kenya

cc: Messrs. Stern; Lafourcade(2);
Abdulai (ED); Wapenhans (EANVP); Kraske (EA1DR);
Adler (EAPDR); Dunn, McBride (EA1DA), Loos (RMEA)

GAMcBride/-:bli

December 21, 1981

Dear Mr. Minister:

My associates join me in expressing our gratitude to you and your colleagues for accompanying us to one of the work sites under the Rural Access Roads Program. It was most interesting and instructive to see, first-hand, local labor-intensive means being used to bring about all-weather access to rural area markets. We are delighted to be associated with this fine program, along with the several cofinancing partners, and we look forward to continuing our support in future lending operations.

I hope it will not be too long before we will have the opportunity to meet again.

Sincerely,

A.W. Clausen

His Excellency
H.K. Kosgey
Minister of Transport and Communications
Nairobi, Kenya

cc: Messrs. Stern; Lafourcade (2);
Abdulai (ED); Wapenhans (EANVP); Kraske (EA1DR);
Adler (EAPDR); Dunn, McBride(EA1DA); Loos(RMEA)

GAMcBride/-:bli

cc: For Mr. Clausen's Office

December 18, 1981

Dear Mr. Minister:

I wish to thank you and your colleagues for accompanying me and my associates to the site of the Olkaria Geothermal Power Project during our recent visit to Kenya, and for showing us the operations of the project and explaining the expansion plans you intend to carry out in the future. We are very pleased to be associated with this project--the first such project in Africa--and we are looking forward to continuing our association so as to help Kenya meet its future power requirements.

The time which you took personally in making our visit an interesting and instructive one is greatly appreciated. I hope it will not be too long before we will have the opportunity to meet again.

Sincerely,

A.W. Clausen

His Excellency
J.H. Okwanyo
Minister of Energy
Nairobi, Kenya

cc: Messrs. Stern (SVPOP); Lafourcade (EXC)(2);
cc: Messrs. Abdulai (EDS); Wapenhans (ENAVP); Kraske (EA1DR);
Adler (EAPDR); Dunn, McBride (EA1DA); Loos (RMEA)

GAMcBride:ms

December 21, 1981

Dear Mr. Minister:

I wish to thank you and your colleagues for accompanying me and my associates to the Maragua Rural Health Training Center, and for showing us the fine work being carried out there. We are very pleased to be associated with Kenya's program in rural health and family planning, and we are looking forward to continuing our assistance under the second lending operation currently being processed.

Mrs. Clausen thoroughly enjoyed her tour of the Family Life Center. Please convey her thanks and mine also to Dr. Mrs. Gathenji and Nurse Mrs. J. Wainaina for arranging such an enjoyable and educational visit.

I hope there will be an opportunity to meet with you again in the not too distant future.

Sincerely,

His Excellency
A.K. Magugu
Minister of Health — MIN FIN - as of Mar. '82
Nairobi, Kenya

cc: Messrs. Stern; Lafourcade(2);
Abdulai (ED), Wapenhans (EANVP), Kraske (EA1DR),
Adler (EAPDR), Dunn, McBride (EA1DA), Loos (RMEA)

GAMcBride/-:bli

2

December 21, 1981

Dear Mayor Kahara:

Mrs. Clausen and my associates join me in expressing our sincere gratitude for the fine reception you hosted at the Town Hall during our recent visit to Kenya. Mrs. Clausen's visit to the Dandora Housing Project was a real highlight for her and she is extremely appreciative of the arrangements made for it. The World Bank is pleased to be associated with Nairobi's urban development and we are looking forward to providing continued support in future lending operations.

You have my thanks also for the cane and plaque you presented to me. They will be fine mementoes of our visit. I hope it will not be too long before we have the opportunity to meet again.

Sincerely,

A.W. Clausen

The Honorable N. Kahara
Mayor of Nairobi
Nairobi, Kenya

cc: Messrs. Stern; Lafourcade (2)
Abdulai (ED); Wapenhans (EANVP); Kraske (EA1DR);
Adler (EAPDR); Dunn, McBride (EA1DA); Loos (RMEA)

GAMcBride:-/bli

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: December 17, 1981

FROM: David A. Dunn, Chief, EA1DA DaDunn

SUBJECT: President Clausen's Meeting with Mr. Kibaki, Vice President and Minister of Finance of Kenya

1. The meeting was attended by Mr. Mule, Permanent Secretary, Office of the Vice President and Ministry of Finance, and other officials of the Kenyan Government. Mr. Clausen was accompanied by Messrs. Wapenhans, Loos and Dunn. Mr. Abdulai also attended.

2. Messrs. Clausen and Kibaki began the meeting with a casual discussion of banking in Kenya, especially in the rural sector. Mr. Kibaki noted that there were nascent stock and money markets in Kenya. Speculative land sales were becoming a pressing social problem. In response to a question from Mr. Wapenhans about the savings rate, Mr. Kibaki noted that savings were at a level of about 20% of GNP, including public and private savings and investments. Mr. Clausen stressed the importance of savings and commented that the quoted figure was impressive.

3. Mr. Wapenhans raised the issue of appropriate producer prices for smallholder farmers. He said that the boom/bust phenomenon was making times hard for them. Mr. Kibaki said the Government would announce a new round of price increases in December. He blamed private traders for taking too much of the total price in profits.

4. Mr. Kibaki said that he had appreciated the thorough discussion of issues concerning the Kenyan project portfolio which had occurred earlier between President Moi and Mr. Clausen. He said that the Government realized that project implementation had become a serious problem. The constraints were on the institutional, manpower and budgetary fronts. The funds of many institutions had outgrown their manpower resources, and their managements simply could not keep up with the workload; the cooperative movement was a good example. The Government was trying to improve training and recruitment but manpower would remain a problem for most parastatals. Mr. Clausen reminded Mr. Kibaki that at lunch the previous day he had remarked that the problem was not that the Bank included too many, or too severe, conditions in its loan and credit agreements. Mr. Kibaki repeated that in his view the main problem was that the jobs to be done simply over extended the capabilities of available Kenyan manpower; in the future, the Government would have to rely more rather than less on technical assistance, especially in the fields of water, energy and transportation.

5. Mr. Wapenhans observed that there were half a dozen projects which were the worst cases of delays. Most of these suffered from a combination of cost overruns and budget cuts. The Highways and Bora Irrigation projects were the most serious. The Sugar project suffered from other constraints, principally pricing policy. These three projects together were the largest part of the undisbursed funds problem. Mr. Kibaki said that the problems of the sugar project had now been solved. It had been agreed to eliminate some of the original companies to be financed, and prices were to be increased again.

6. Mr. Wapenhans noted that the problems of the Nairobi urban projects also had been solved. Mr. Kibaki said that, nevertheless, the manpower problem remained a constraint in the urban sector. Rate setting was done poorly, by improperly trained personnel.

7. Mr. Kibaki also said that there was room for better coordination within the Government, especially between the Finance Ministry and operating ministries. Once it had been agreed to do a project, it should be properly funded. The Finance Ministry constantly found itself at odds with implementing ministries, whose major interest was in developing new projects rather than in finishing existing ones.

8. Mr. Clausen, referring to the 1975 Group Farm Project and the 1974 Livestock Project, inquired why these loans were still being held open with undisbursed funds. Mr. Kibaki said that the basis of the Group Farm Project had changed; the groups had disintegrated and informal subdivision had occurred. Basically, the Government had changed its mind about the nature of the project. Mr. Clausen inquired why, when such a thing occurred, it would not be appropriate to impose a realistic cut-off date for World Bank commitments.

9. Mr. Wapenhans turned to the subject of the proposed second structural adjustment credit and thanked Mr. Kibaki for the draft letter which had just been delivered to the Bank. Mr. Kibaki said that he was glad that this draft had now been agreed in the Government. Grain marketing had been the principal problem, and the Government would still wish to control private traders to some extent. The creation of a Land Commission had been overtaken by events, as the Government now proposed to award titles to land, including to tribal groups. This would take time, however, as a major survey operation was necessary which would require increased manpower. Mr. Wapenhans inquired about the status of the Population Council and Mr. Kibaki repeated that as President Moi had said the previous day, the decision had been taken to establish the Population Council in the President's Office. Individual staff members would be designated in a few days.

10. Mr. Wapenhans referred to a remark made by President Moi that Tanzania was reluctant to complete the Eastern African Community negotiations and asked for more details. He noted that the Mediator had informed the Bank that delays were on the Ugandan side, not the Tanzanian. Mr. Kibaki replied that Tanzania always seemed to delay real negotiations by asking for more data and that Kenya feared this would happen again on December 9. Kenya itself wished to settle the question in order to get on with regional projects cooperation, he also noted that after the Board of the African Development Bank had finally agreed to open membership to countries outside Africa in order to raise more funds, the execution of the decision had been delayed because of the inability to reach the 75% level of shareholder approval which was required. Any one of Nigeria, Algeria or Libya, three of the four Governments who had not ratified the agreement, had enough votes to make the change valid.

11. Mr. Clausen closed the meeting by thanking the Government for the arrangements it had made for his visit.

cc: Messrs. Lafourcade
Abdulai
Wapenhans
Adler
Kraske
Loos (RMEA)
EA1DA Staff

DADunn:mlh

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: December 16, 1981

FROM: David A. Dunn, Chief, EA1DA *DA Dunn*

SUBJECT: President Clausen's Meeting with President Daniel arap Moi

1. President Clausen met with President Moi at 11:15 a.m. on Thursday, November 19, 1981. President Moi was attended by Vice President Kibaki, and several other Ministers, Permanent Secretaries, and other staff. President Clausen was accompanied by Messrs. Wapenhans, Loos and Dunn. Mr. Abdulai also attended.

2. President Moi greeted President Clausen and said how pleased he was that Mr. Clausen would be able to see something of Kenya. It was an honor to his country that Mr. Clausen had chosen Africa, and Kenya, for his first visit to developing countries. The President noted that Kenya faced serious problems in managing its economy. In the past, the World Bank had helped Kenya move forward by being its largest donor. Kenya needed to grow at least 5% per annum but with population growing at nearly 4% even that was not good enough. To do better Kenya needed about US$1 billion per annum from the Bank Group and other donors.

3. President Moi noted several economic policy measures recently taken by his Government: devaluation of the shilling, as advised by the IMF; increases in commodity prices to stimulate progress - further review would take place next year; increases in petroleum prices which passed on to the consumer increases in international prices. He said, however, that while trying to allow market prices more play the Government had to ensure equitable distribution of goods, especially food, and prevent smuggling.

4. Mr. Clausen commended the Government for its sound and courageous energy pricing policy.

5. President Moi said the Government was committed to preparing budgets which were appropriate to the current situation and to keep spending, including imports, in line with available resources. On the subject of project implementation, he admitted that Kenya's recent performance had been unsatisfactory. The Government had now tightened its own review processes and henceforth a more thorough job of allocation of funds and monitoring of performance would take place within the President's office, and he would coordinate these efforts personally.

6. Mr. Clausen expressed his pleasure at this development and noted that the subject had been discussed in September when he met President Moi in Washington. Kenya's performance, which had been excellent a few years ago, had slowed down now. The World Bank Group was anxious to collaborate with the Government to catch up on implementation. He hoped the Government and the Bank could soon have a high level Project Implementation Review for this purpose.

7. President Moi then referred to several specific project issues. Sugar Rehabilitation. He said that the Government had readjusted policies to help growers and he hoped soon to agree on a new program with the Bank. Afforestation and Soil Conservation were important matters and he had just established a Presidential Commission to deal with them. Finally, President Moi said that a Population Council had been established in his own Office. This was a sensitive issue which he had supported personally and on which he had stuck out his political neck.

8. Mr. Clausen remarked that family planning was in Kenya's vital interest since economic progress would otherwise be eaten up by population growth. He was glad to hear that the Population Council was now in place, since that was a condition of further lending for a second Population Project and a second Structural Adjustment credit. In the end, however, it would be results and not administrative actions which would be important.

9. President Moi said that the establishment of the Council would increase popular awareness of the issue. He was happy to hear a reference to Structural Adjustment, as Kenya needed $130 million for the second such credit. He said his Government would try to agree with the Bank's advice and observed that Kenya had done many things which other African nations had not; in this, the Government had the support of the public and he hoped it would continue to have the help of the Bank Group. He thanked President Clausen for the cooperation of the past and said that Kenya was grateful for its close relations with Bank officials.

10. Mr. Clausen said that the Bank was very satisfied to see that its long association through many projects had helped Kenya's economic progress. To date, the Bank Group had committed more than US$1.3 billion for Kenya. He noted that the Bank's Board was tough and that he had to satisfy all the shareholders, including Kenya, that the Bank's investments led to economic progress. He thanked the Kenyan Government, its Ministers and administration, for the positive steps taken in the past, but he noted that both Kenya and the Bank Group would want the economy to grow even faster. The Bank Group would want to continue its financial aid in support of more such positive measures. The next few years would be even more difficult than the recent past for developing countries such as Kenya. Energy costs would continue to go up. The Bank Group would be glad to support Kenya's efforts in the energy field including power development and oil and gas exploration. He said that while he would like to be able to export some of Kenya's achievements to the rest of Africa, he wished to stress again the need to constrain population growth.

11. President Moi agreed but said that it was good that a decline in the rate of infant mortality had caused part of the population problem. He noted the importance of the projects President Clausen would visit: the Rural Access Road Project helped to improve the lot of rural people; and the Pulp and Paper Mill supported a whole new town where there had been nothing before. Mr. Wapenhans observed that another Bank project for forestry supported the Pulp and Paper Mill. Mr. Kibaki noted that Mr. Clausen also would see the Geothermal Power Project and tea development. Mr. Clausen said that he was looking forward to all his project visits.

12. President Moi invited President Clausen to return to Kenya soon for a holiday and especially to visit some of the country's game parks. The Kenyan Government had pioneered in the field of protection of wild life, although it was now becoming necessary to prune the animal population somewhat in order to maintain the correct balance. Mr. Clausen supported the Government's enlightened policies, noting that in the previous week, he had given a lecture during which he had mentioned the World Bank's help to Kenya in Wild-life Management.

13. Mr. Clausen said that he appreciated the cooperation which Kenya had given to the Mediator of the East African Community settlement and inquired about the prospects of a rapid agreement. President Moi replied that the Mediator had done a good job on a problem which had taken a long time because of the details involved. Kenya agreed with his final report as did the Government of Uganda; Tanzania, however, had some reservations. He thought that President Nyerere was dragging his feet a little. Mr. Clausen applauded Kenya's diplomatic stance and asked if the President would care to speculate on the likelihood of a quick agreement. Vice President Kibaki said that the negotiations were now scheduled for about December 9 and that while Kenya was anxious to get down to negotiating he hoped that Tanzania would not adjourn the meetings prematurely again.

14. Mr. Clausen asked whether, if the EAC problem were settled, there could be a regional development plan, for instance in the energy sector. President Moi replied that while the matter had not been raised it should be possible to collaborate in selected areas once the negotiations were over. Mr. Wapenhans observed that an inter-regional power grid had distinct potential but, as President Moi had said, this would have to follow a resolution of existing problems. Vice President Kibaki referred to two other possibilities: a road project from Mombasa to Uganda Ruanda and Burundi; and a free trade zone involving perhaps as many as 18 Eastern African countries.

15. Concluding the meeting, President Clausen thanked President Moi for giving him so much of his time and for a frank discussion. He looked forward to touring Kenya and to the Bank Group's working together with the Government to solve problems. President Moi asked Mr. Clausen where he would travel after Kenya and Mr. Clausen said he would go first to Tanzania and then to Malawi. President Moi looked forward to more collaboration in the years ahead. Mr. Clausen said that while much had been done together more was needed. Finally, he thanked President Moi for the excellent cooperation which the staff of the Bank had told him they received from Kenyan officials.

cc: Messrs. Lafourcade
Abdulai
Wapenhans
Adler
Kraske
Loos (RMEA)
EA1DA Staff

DADunn:mlh

COUNTRY BRIEFING

KENYA

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KENYA

ITINERARY FOR

MR. AND MRS. CLAUSEN'S VISIT - NOVEMBER 18-22, 1981

Wednesday Nov. 18	08:00	Arrival at Nairobi on Flight BA055, met by Honorable Mwai Kibaki, Vice President and Minister of Finance, the Acting Chief of Protocol, other Government officials, and Mr. Loos and Mrs. Winterton from the Regional Mission in Eastern Africa (RMEA). Party will be conducted to the State Pavilion at the Airport, then to Intercontinental Hotel.
	16:00	Meet RMEA Staff.
Thursday Nov. 19	N.B.	Mrs. Clausen under separate itinerary (see attached).
	11:15	Meeting with His Excellency, President Daniel T. arap Moi (State House). To be attended by 7 or 8 persons, including Messrs. Kibaki, Mule, Masakhalia, Nyachae and Onyonka.
	12:15	Luncheon hosted by President Moi (State House)
	14:30	Leave for Wilson Airport.
	15:00	Leave by air for Olkaria Geothermal Power Project, accompanied by Minister of Energy, Honorable Okwanyo, Deputy Permanent Secretary for Energy, Mr. Kihara, and the Chairman of Power Companies, Messrs. Gecau and Ng'ang'a. Mr. Loos and Ms. Goris (RMEA) will also attend.
	15:20	Arrive at airstrip at Naivasha and drive to Olkaria.
	15:40	Arrive at Olkaria Geothermal Power Project. (A Visual News (VISNEWS) reporter will be present).
	16:40	Leave airstrip at Naivasha for Nairobi (Wilson Airport).
	17:30	Arrive Wilson Airport.
	17:50	Return to Intercontinental Hotel.
	19:00	Reception at Serena Hotel hosted by Mr. Clausen, approximately 250 people. Guests comprise Honorable Mwai Kibaki, Ministers, Senior Government Officials, Diplomats, Parastatal Heads, Heads of Non-Governmental Organizations, Bankers, Academicians, Businessmen and RMEA staff.

Friday Nov. 20	09:00	Meeting with Honorable Mwai Kibaki, Vice President and Minister of Finance and Mr. Harris Mule, the Permanent Secretary.
	10:30	Leave by car to visit Government Health Clinic at Maragua (funded under First Population Project) accompanied by Minister of Health, Honorable A. Mugugu, and Officials from Ministries of Health and Finance.
	11:45	Arrive Maragua Rural Health Training Center.
	12:30	Leave for Outspan Hotel, Nyeri.
	13:30	Arrive at Outspan Hotel for buffet luncheon for approximately 20 people hosted by the Minister of Agriculture, Honorable G.K. M'Mbijjewe.
	15:00	Leave Outspan Hotel for Tea visit.
	15:15	- Pass by Green Leaf Tea Collection Center.
	15:20	- Arrive at Gathuthi Tea Factory. Meet Kenya Tea Development Authority officials (VISNEWS reporter will be present).
	16:00	- Arrive at Mixed Farm with Tea Production.
	16:20	Leave for Aberdare Country Club.
	17:00	Arrive Aberdare Country Club. Leave by bus for the Ark (Hotel) accompanied by Minister G.K. M'Mbijjewe and other Agriculture and Treasury Officials.
	17:30	Arrive at the Ark.
Saturday Nov. 21		Breakfast at the Ark.
	08:15	Leave the Ark for Aberdare Country Club.
	09:00	Leave Aberdare Country Club for visit to Rural Access Road Program.

Saturday Nov. 21 (Cont.)	09:30	Arrive Ihururu Center. Meet Minister of Transport and Communications, Honorable H.K. Kosgey, Chief Engineer (Roads), Mr. Wambura, and Director of the Rural Access Roads Program, Mr. Mwangi. Transfer vehicles and visit Nyamkuyu - Wananchi Road, under construction.
	10:30	Arrive Nyeri Airstrip and leave for Webuye.
	12:00	Arrive Webuye - Panafrican Paper Mills Guest House. Meeting and discussion with businessmen.
	13:00	Luncheon and briefing with Senior Management Officials of the Paper Mills (Vice Chairman, Mr. S. M. C. Thomason, Managing Director, Mr. E. R. Knott)' including private businessmen.
	14:15	Visit Pulp and Paper Factory.
	15:30	Depart for Nairobi.
	16:30	Arrive Nairobi - Wilson Airport.
	17:00	Arrive Intercontinental Hotel.
	18:00	Press Conference - Intercontinental Hotel.
	19:30	Dinner at Mr. and Mrs. Loos' House for Mr. and Mrs. Clausen, Mr. Wapenhans, His Excellency Mwai Kibaki and twelve other guests, including private businessmen.
Sunday Nov. 22.	08:00	Leave for Tanzania by Cessna 404 from Wilson Airport.

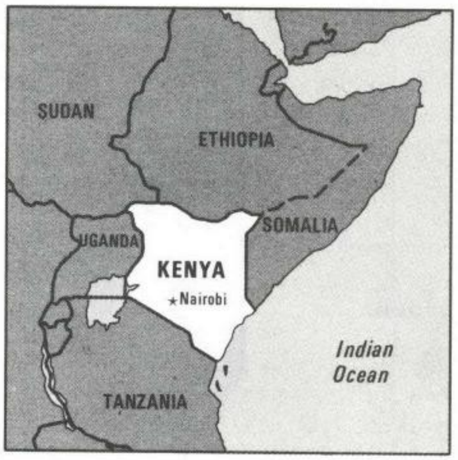
THE MAP OF KENYA SHOWING ROUTE AND FIELD VISIT SITES

WILL BE PROVIDED IN NAIROBI BY THE RMEA STAFF background notes

Kenya

United States Department of State
Bureau of Public Affairs

June 1980



Official Name: Republic of Kenya

PROFILE

People

POPULATION (1980 est.): 15.8 million. ANNUAL GROWTH RATE (1980 est.): 4%. ETHNIC GROUPS: Of the African population—Kikuyu 20%, Luo 14%, Luhya 14%, Kamba 11%, Kisii 7%, Meru 5%. About 2% of total population is non-African (Asian, European, Arab). RELIGIONS: Animist 38%, Protestant 37%, Roman Catholic 22%, Muslim 3%. LANGUAGES: English, Swahili, and many tribal languages. EDUCATION: *Years compulsory*—none, but first 7 yrs. of primary school are provided free by the government. *Attendance*—83% for primary grades. *Functional literacy in English*—25%. HEALTH: *Infant mortality rate*—83/1,000 (US=15/1,000). *Life expectancy*—51.2 yrs. males, 55.2 yrs. females (1977). WORK FORCE (1.1 million wage earners): *Agriculture*—21%. *Industry and commerce*—23%. *Services*—13%. *Government*—43%.

Geography

AREA: 582,488 sq. km. (224,900 sq. mi.); slightly smaller than Tex. CITIES: *Capital*—Nairobi (pop. 959,000 in 1978). *Other cities*—Mombasa (401,000), Kisumu (115,000). TERRAIN: Varied. CLIMATE: Varies from tropical to arid.

Government

TYPE: Republic. INDEPENDENCE: December 12, 1963. CONSTITUTION: 1963.

BRANCHES: *Executive*—President (Chief of State, Head of Government, Commander in Chief of Armed Forces). *Legislative*—unicameral National Assembly (Parliament). *Judicial*—High Court, various lower courts.

ADMINISTRATIVE SUBDIVISIONS: 40 rural Districts, joined to form 7 rural Provinces. Nairobi area has special status.

POLITICAL PARTY: Kenya African National Union (KANU). SUFFRAGE: Universal over 18.

CENTRAL GOVERNMENT BUDGET (1980): $2.034 billion.

DEFENSE: 5.5% of GDP.

FLAG: Black, red, and green horizontal bands from top to bottom, separated by narrow white stripes. A warrior's shield and crossed spears are centered on the flag.

Economy

GDP (1978 current prices): $5.5 billion. ANNUAL GROWTH RATE: 5.7%. PER CAPITA INCOME: $337. INFLATION RATE (1978): 12.5%.

NATURAL RESOURCES: Wildlife, land.

AGRICULTURE (28% of GDP 1978): *Products*—corn, wheat, rice, sugarcane, coffee, tea, sisal, pineapples, pyrethrum, meat and its products, hides, skins.

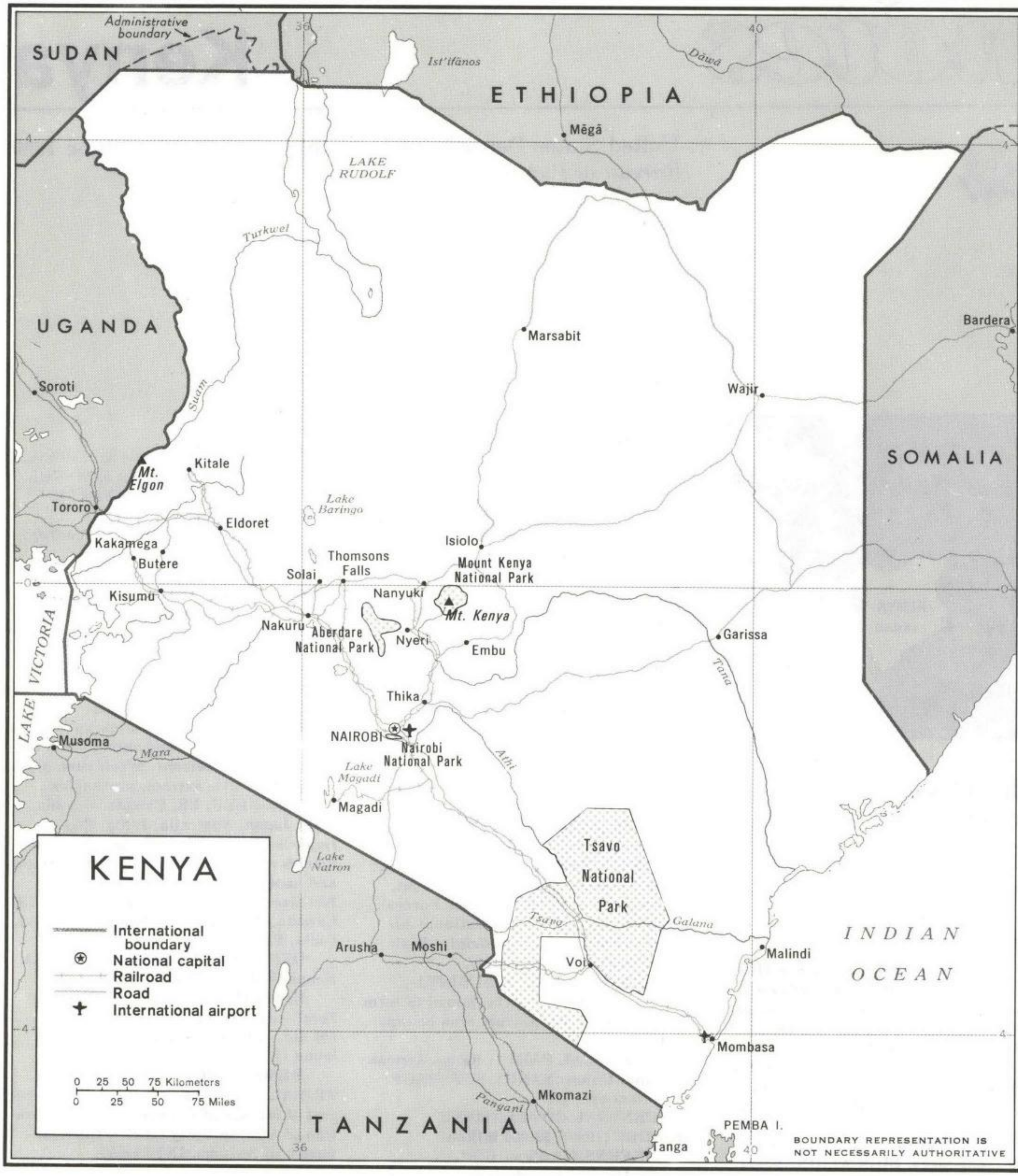
INDUSTRY (19% of GDP 1978): *Types*—petroleum products, cement, beer.

TRADE 1978 (9% of GDP): *Exports*—$1.07 billion: coffee, petroleum products, tea, hides and skins, meat and meat products, cement, pyrethrum, sisal, soda ash, wattle extract, pineapples. *Partners*—EEC, US, Canada, Zambia, Iran, Japan, Australia, India, PRC. *Imports*—$1.8 billion: crude petroleum, machinery, vehicles, iron and steel, paper and paper products, pharmaceuticals, fertilizers, textiles. *Partners*—EEC, US, Canada, Zambia, Iran, Japan, Australia, India, PRC.

OFFICIAL EXCHANGE RATE: 7.4 Kenya Shillings (KSh.)=US$1.

ECONOMIC AID RECEIVED: *Total*—over $1.5 billion through 1978. *US aid*—$202.6 million in grants and loans (FY 1954–78).

MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS: UN and several of its specialized agencies, Organization of African Unity (OAU), Commonwealth of Nations, INTELSAT.


KENYA
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National capital
Railroad
Road
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SUDAN
Administrative boundary
ETHIOPIA
UGANDA
SOMALIA
TANZANIA
INDIAN OCEAN
Ist'ifanos
Dawa
Mēgā
LAKE RUDOLF
Turkwel
Marsabit
Bardera
Wajir
Soroti
Suam
Mt. Elgon
Kitale
Tororo
Lake Baringo
Eldoret
Kakamega
Butere
Kisumu
LAKE VICTORIA
Solai
Thomsons Falls
Isiolo
Mount Kenya National Park
Nanyuki
Mt. Kenya
Nakuru
Aberdare National Park
Nyeri
Embu
Garissa
Tana
Thika
NAIROBI
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BOUNDARY REPRESENTATION IS NOT NECESSARILY AUTHORITATIVE

PEOPLE

Kenya's population is richly varied. Ochre-painted Masai tend their herds with spear in hand and black-robed Arab women stroll beneath Muslim minarets, while many other Kenyans have adopted the cosmopolitan lifestyle of Nairobi. Most city workers retain close links with their extended family groups in the rural areas and many leave the city periodically to help work on the family farm. At any given time, about three-fourths of Kenya's working population is engaged in agriculture, while about 1.1 million are employed in the economy's modern sector.

The national motto of Kenya is "Harambee," which means "pull together." Every year, in the spirit of this slogan, Kenyan volunteers in hundreds of communities build schools, clinics, and other needed facilities and collect funds to send deserving students abroad. The University of Nairobi has about 6,000 students but is only able to accept 60% of the Kenyan students who qualify for admission.

GEOGRAPHY

Kenya, situated astride the Equator on the east coast of Africa, is bounded by Ethiopia, Sudan, Tanzania, Uganda, Lake Victoria, Somalia, and the Indian Ocean.

It is a country of striking topographical and climatic variety. The northern three-fifths is arid, much of it near-desert, inhabited only by nomadic pastoralists. Eighty-five percent of the population and almost all economic activity are located in the southern two-fifths of the country. South of the Tana River, along the coastline, tropical temperatures and beautiful beaches have provided the setting for a well-developed tourist resort industry centered at the port city of Mombasa. Thornbush scrubland extends about 280 kilometers (175 mi.) inland from the coast.

The Great Rift Valley, extending south from Lake Turkana (formerly Lake Rudolf) in the west, is from 48 to 64 kilometers (30–40 mi.) wide and often 610 to 915 meters (2,000–3,000 ft.) lower than the surrounding country. Mt. Kenya (5,194 m.—17,040 ft. high) and Mt. Elgon (4,267 m.—14,000 ft. high) are in the Aberdare Mountains and Mau Escarpment of the Great Rift. High, sweeping plateaus, varying in altitude from 915 to 3,048 meters (3,000–10,000 ft.) above sea level, stretch between the mountain ranges and have some of Africa's most fertile soil. The land descends gradually from the western rift formation to the shores of Lake Victoria.

In an effort to preserve Kenya's priceless wildlife, the government has set aside more than 2.4 million hectares (6 million acres) for national parks and game preserves. While hunting of game and trade in ivory and skins have been banned, poaching still poses a major threat to elephants, lions, cheetahs, leopards, and other species. Most game preserves have fine lodges where tourists can "rough it" in comfort.

Nairobi, the capital city of Kenya, at an altitude of 1,646 meters (5,400 ft.), is temperate year round. Adorned with flowering trees and shrubs and beautiful houses and public buildings, Nairobi has become a hub of communications, international conferences, and commercial and industrial activities in east and central Africa.

Kenya generally has two rainy seasons: the "long rains" from April to June and the "short rains" from October to December. On the coast and the immediate interior, the average temperature is 27°C (80°F). Elsewhere, due to the altitude, Kenya's climate is cool and invigorating. At Nairobi the mean maximum temperature is 25°C (77°F) and the mean minimum is 14°C (57°F).

HISTORY

Bone fragments and stone tools found in Kenya indicate that proto-humans roamed the area that is now east Africa over 2 million years ago. Recent anthropological finds near Lake Turkana may soon push those estimates of human origins back even further.

The Cushitic, Bantu, and Nilotic peoples who migrated to the area in historic times were visited by the Arabs at an early date. Kenya's proximity to Arabia invited colonization as long ago as the eighth century B.C. The Swahili language, a mixture of Bantu and Arabic, developed as a *lingua franca* for trade between the two peoples. The Arabs were followed seven centuries later first by the Portuguese and then by the British.

The colonial history of Kenya dates from the Berlin Conference of 1885, when the European powers first partitioned east Africa into spheres of influence. In 1895 the British Government established the East African Protectorate and, soon after, opened the fertile highlands to white settlers. The settlers were allowed a voice in government even before it was officially made a British colony in 1920, but Africans were not allowed any direct political participation until 1944.

From October 1952 to December 1959, Kenya was under a state of emergency arising from the "Mau Mau" rebellion against British colonial rule. During this period African participation in the political process increased rapidly. The first direct elections for Africans to the Legislative Council took place in 1957. Kenya became independent on December 12, 1963, and 1 year later, chose to assume the status of a Republic within the Commonwealth of Nations.

Jomo Kenyatta, a member of the predominant Kikuyu tribe and head of the Kenya African National Union (KANU), became the first President of

TRAVEL NOTES

***Climate and clothing*—Light- and medium-weight clothing is worn most of the year. Sweaters and light raincoats are needed during the rainy seasons.**

***Customs*—US citizens entering Kenya need a passport and visa.**

***Health*—No special precautions are needed in Nairobi. Outside the capital, avoid tapwater and unwashed fruits and vegetables. If possible, take antimalarial tablets. Polio, typhoid, and hepatitis immunizations are recommended for travelers to remote areas. Adequate hospital and outpatient treatment is available in Nairobi.**

***Transportation*—Many international airlines serve Nairobi. Most major towns are linked by internal air services operated by Kenya Airways, by good passenger train service, and by intercity bus. Places of special tourist interest are served by local light-aircraft companies. Taxis are abundant in Nairobi. Direct travel between Kenya and Tanzania may be impossible (check ahead). Nonessential travel by Americans into Uganda is discouraged.**

***Tourist highlights*—Masai Mara game reserve, Amboseli National Park, Tsavo National Park, Aberdare National Park, Lake Nakuru (flamingo sanctuary), Mombasa (beach and ocean sports), Nairobi National Park, National Museum of Kenya.**

Kenya. The minority party, Kenya African Democratic Union (KADU), representing a coalition of small tribes who had feared dominance by larger tribes, dissolved itself voluntarily in 1964 and joined KANU.

Led by one-time Vice President and Luo elder Jaramogi Oginga Odinga, the Kenya People's Union (KPU), a small but significant leftist opposition party, emerged in 1966. However, after the assassination in 1969 of Tom Mboya and subsequent political tension, the KPU was banned and its leaders detained. Since 1969 no new opposition parties have been formed, and KANU remains the sole and ruling political party. Upon the death of Kenyatta on August 22, 1978, former Vice President Daniel arap Moi became interim President for 90 days in accordance with the provisions of the Kenya Constitution. On October 14, Moi became President in his own right, after he was elected President of KANU and designated as its sole nominee for President of the Republic. In 1979, over 740 candidates (all KANU members) contested the 158 elected parliamentary seats. As in the 1969 and 1974 elections, over half of the incumbents were unseated.

GOVERNMENT

The President is elected by the National Assembly to serve a 5-year term. However, if the president dissolves the Assembly, a new presidential election must be held. The President appoints the Vice President and other Members of the Cabinet from among those elected to the Assembly.

The unicameral National Assembly consists of 158 Members, elected to a term of up to 5 years, plus 12 who are appointed by the President. In addition, the Attorney General and the Speaker are *ex officio* members of the National Assembly.

The judiciary is headed by a Supreme Court consisting of a Chief Justice and at least 11 *Puisne* Judges, all appointed by the President.

The basic local administrative divisions are the 40 rural Districts, each headed by a Commissioner appointed by the President. The Districts are joined to form seven rural Provinces. The Nairobi area is not included in any District or Province but has a special status of its own. The administration of Districts and Provinces is closely supervised by the central government.

Principal Government Officials

President—Daniel arap Moi
Vice President; Minister for Finance—Mwai Kibaki

Ministers of State in the Office of the President

James Samuel Gichuru (Defense)
Godfrey Gitahi Kariuki (Without Portfolio)
Kiprono Nicholas Biwott (Without Portfolio)

Other Ministers

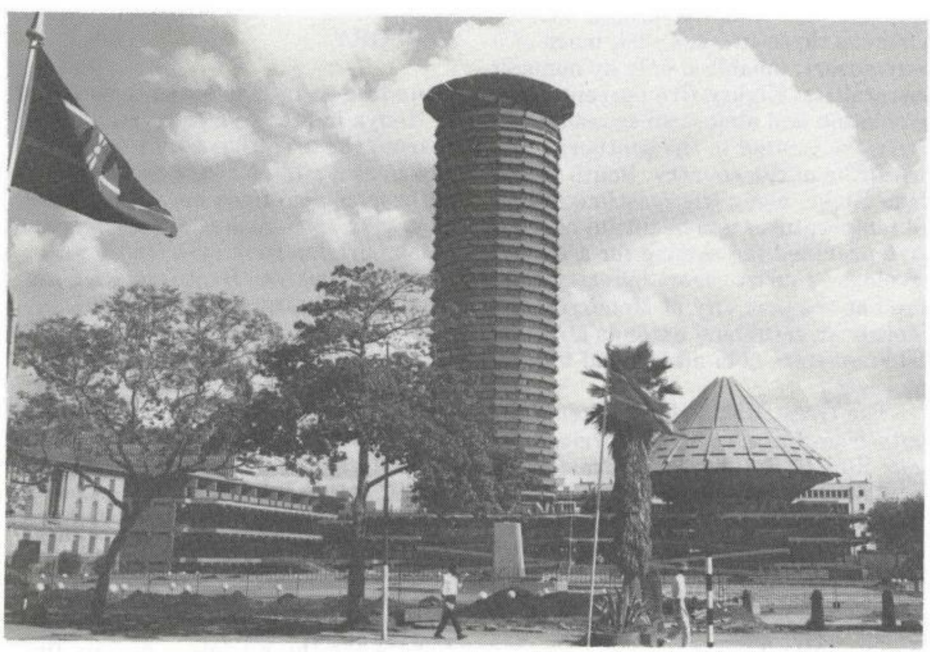
Home and Constitutional Affairs—Charles Njonjo
Livestock Development—James Osogo
Culture and Social Services—Jeremiah Nyagah
Economic Planning and Development—Dr. Zachary T. Onyonka
Cooperative Development—Robert Matano
Industry—Dr. Munyua Waiyaki
Local Government—Stanley Ole Olitipitip
Commerce—Eliud Mwamunga
Works—Paul Ngei
Foreign Affairs—Robert J. Ouko
Health—Arthur Magugu
Urban Development and Housing—Charles Rubia
Higher Education—John J. Kamotho
Energy—John Okwanyo
Water Development—Moses Mudavadi
Tourism—Elijah Wangale
Agriculture—G.K. Mbijiwe
Basic Education—Jonathan Ngeno
Environment and Natural Resources—John Omanga
Transport and Communications—Henry Kosgey
Attorney General—James Karugu
Information and Broadcasting—Peter Oloo-Aringo
Labor—Titus Mbathi

Kenya maintains an Embassy in the United States at 2249 R Street NW., Washington, D.C. 20008 (tel. 202/387-6101).

POLITICAL CONDITIONS

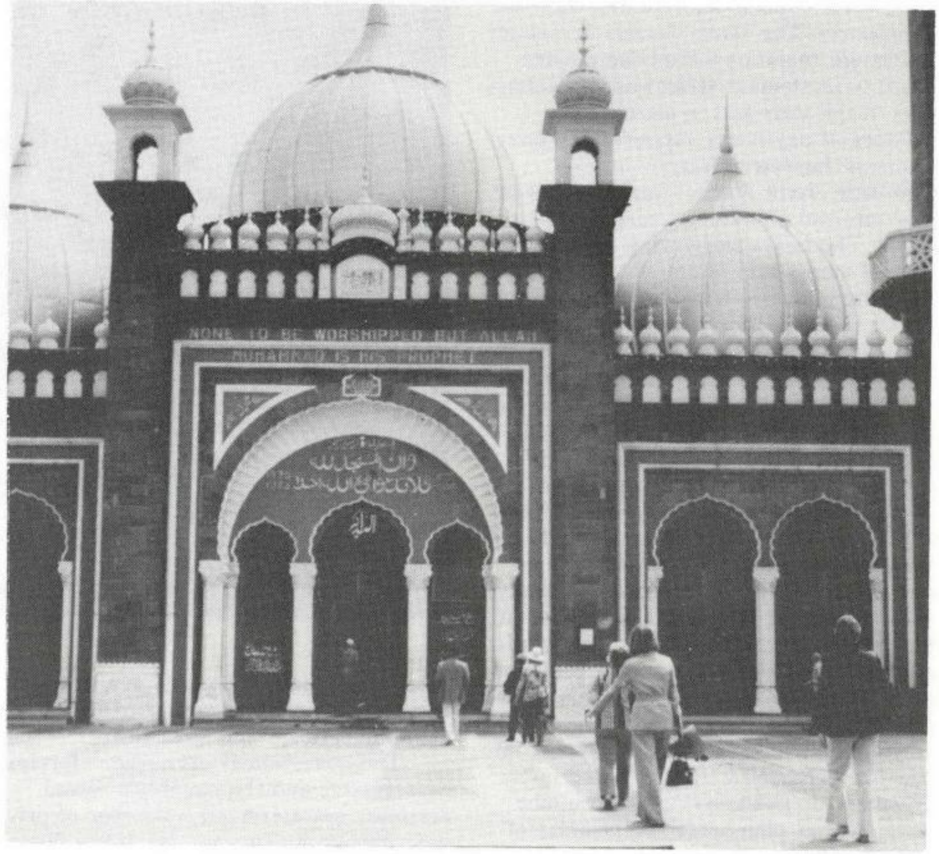
Since independence, Kenya has maintained remarkable stability within the context of a democratic system. The form of government has changed from federal to central; the sovereignty status from dominion to republic; the prime ministerial system to presidential; and the original bicameral legislature merged into a unicameral body. All these changes have been enacted peacefully. Although the government continues to pursue a policy of Africanization of the economy and employment, significant participation by Asians and Europeans is accepted. Internal development remains the dominant priority of the Moi government.

Kenya's major political challenge is continuing the momentum of its economic growth in the wake of numerous externally caused fiscal jolts beyond Kenya's control, such as oil price hikes.



Kenyatta Conference Center

Also, attention has focused increasingly on African regional problems, especially instability in the Horn of Africa and the collapse of the East African Community (EAC). Until 1977, the EAC provided Kenya, Uganda, and Tanzania with a common market, customs union, and major transportation and communication services.



A Nairobi Mosque

DEFENSE

The Ministry of Defense, headed by a Minister and supported by a Permanent Secretary and a Chief of the General Staff, has overall responsibility for command and control of the Kenyan armed services. The uniformed services comprise a small, professional establishment, emanating from the King's African Rifles of the colonial period, with a total strength of about 13,000. The Army is the dominant service with about 10,000 members, followed by the Air Force and Navy.

In 1976, the armed forces embarked upon an expansion and modernization program designed to enhance their capability to defend Kenya from external threat. Since that time, the Kenyan Air Force has acquired a squadron of F-5 jet aircraft, the ground forces have been increasingly motorized, and the first main battle tanks arrived in 1979. Obtaining modern anti-armor weaponry has been emphasized, and in 1979 Kenya signed a contract with the United States for helicopter-mounted TOW missiles.

While the Kenyan military has strong and close ties to the United Kingdom, it looks also to the United States, Canada, Israel, France, the Federal Republic of Germany, India, and Pakistan for military equipment and professional training.

ECONOMY

Kenya is primarily an agricultural country. However, only about 10% to 20% of the total land area is truly arable. Another 5.5% has potential, mostly for stockraising. The rest is arid.

Land pressure during the colonial period was particularly strong and was aggravated by the traditional system of reserving certain areas for certain tribal groups. Some relief has been achieved by the government's program, begun before independence, of purchasing land from European farmers. Under the fourth development plan (1979–83) the government is continuing to resettle African farmers on unused land.

Although agriculture is still the mainstay of the economy, accounting for over 58% of total exports in 1978, the industrial sector is increasing in importance. A wide range of light industries have come into existence since World War II, involving mostly small-scale consumer goods, agricultural processing, and oil refining. Industrial production has continued to increase rapidly in the past few years. The index of industrial production was 143.0 for 1976 and 190.0 for 1978, with 1972 as the base year.

Petroleum products made from imported crude oil processed at the Mombasa refinery are exported to neighboring countries and are an important foreign exchange earner.

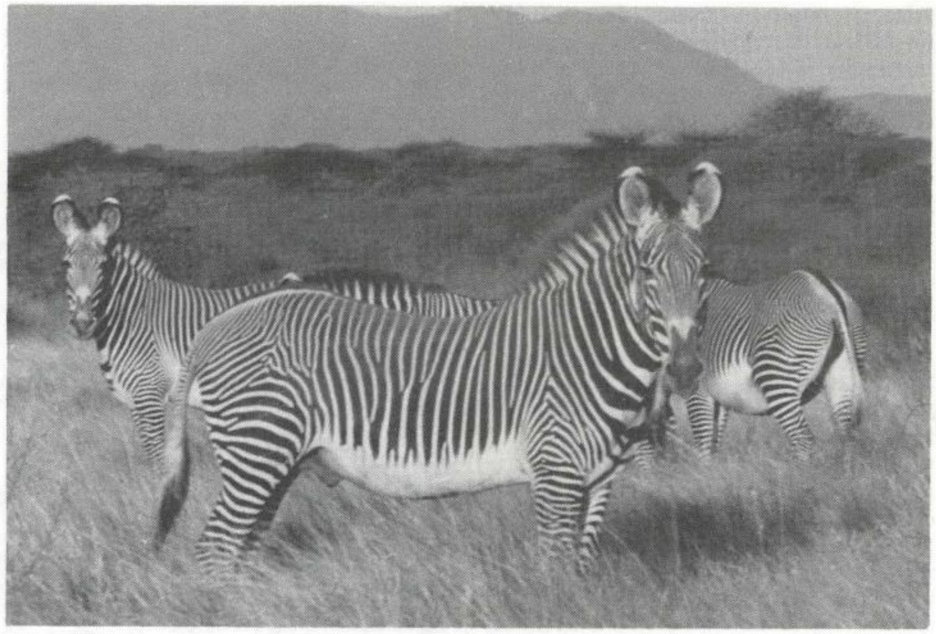
The Kenyan economy experienced a slower rate of growth in 1978 than in the previous 2 years. Sharp declines in world prices for Kenya's two major exports, coffee and tea, were the key events primarily responsible for the poor performance shown by the domestic economy and the trade accounts. Almost all of the performance indicators in the agricultural sector, which accounts for one-third of GDP, showed declines from 1977, with total output down by 5%. Manufacturing showed strong growth for the third consecutive year but continued to registe[illegible] ance. Because of [illegible] pace of economic activity, the inflation rate slowed somewhat from the high levels experienced in 1976 and 1977. Also reflecting the economic slow-down, employment increased by only 1%. A major difficulty in 1978 was the sharp turnaround in the balance of payments. Kenya registered an overall deficit of $210 million, compared to a $286 million surplus in 1977. The price declines in coffee and a sharp increase in import buying by consumers still wealthy with 1977 coffee money were the primary reasons behind the

FOREIGN BUSINESS INFORMATION

For information on foreign economic trends, commercial development, production, trade regulations, and tariff rates, contact the Bureau of Export Development, US Department of Commerce, Washington, DC 20230. This information is also available from any of the Department of Commerce district offices located throughout the US.

31% fall in exports and the 24% increase in imports. The sharp decline in foreign exchange reserves forced the government to implement strict import controls late in the year and to seek IMF balance-of-payments support. The government borrowed heavily on the domestic credit market during the year and internal public debt rose by one-third. The heavy borrowing slowed the rate of increase in the money supply, but projected government borrowing to finance the FY 1980 budget may dampen private sector expansion.

The government launched its new development plan of $11 billion over fiscal years 1979–83. The plan's main objectives are the elimination of poverty and the provision of basic needs. Although it concentrates on rural and agricultural development, the plan will be used to encourage industry toward an export orientation. The major difficulty Kenya faced in 1979 was the balance-of-payments constraint. There is little encouraging evidence that export performance will improve this year or that government expenditures (and, hence, borrowing) will be held in check. Opportunities for increased U.S. trade and investment do exist, however. The new development plan holds the promise of sales opportunities in several sectors of the economy such as transportation, communications, and agriculture.



The government encourages foreign investment, and the country's mixed economy has attracted a number of private foreign businesses. Nairobi's favorable location on major transportation routes has made this area the center of African operations for many firms.

The two largest donors of economic assistance to Kenya are the International Bank for Reconstruction and Development (IBRD) and the United Kingdom. Other significant donors include the United States, the Federal Republic of Germany, Italy, Canada, Japan, Sweden, Norway, the Netherlands, and the United Nations.

FOREIGN RELATIONS

Kenya's foreign policy is based on (a) nonalignment, (b) promotion of African unity, including self-determination for the peoples of southern Africa, (c) support for the principles of the UN Charter, and (d) support for international economic policies which will lead to an increased flow of resources and transfer of technology to the developing nations.

Kenya enjoys good relations with Sudan and Ethiopia. Bilateral tension between Kenya and Uganda eased with the ousting of former President Idi Amin and the change of government in Uganda in April 1979. Tanzania reacted to the 1977 collapse of the East African Community by closing the border with Kenya. Governmental contacts continue, but disposition of the assets and liabilities of the Community and its corporations will take considerable time to negotiate. Kenya's relations with Somalia are strained due to Somalia's interest in the northeastern region of Kenya, where ethnic Somalis predominate. Kenya maintains a low, moderate profile in Third World politics. Its relations with Western countries are generally friendly.

U.S.-KENYA RELATIONS

U.S.-Kenya relations are warm and friendly. Over 5,000 U.S. citizens reside in Kenya, and more than 26,900 Americans visited in 1978. The resident community includes about 1,100 missionaries and their families. In addition, over 125 U.S. firms are represented in Kenya. U.S. business investment totals approximately $210 million, primarily in commerce, light manufacturing, and the tourist industry.

The current program of U.S. bilateral assistance to Kenya is directed toward agricultural development—with programs to assist small farmers and pastoralists—and toward improvements in health and family planning. Current projects include support of the Kenya Government's 5-year program to extend family planning and mother/child health services into rural areas; assistance for range and ranch development for pastoralists in the northeastern and southern parts of Kenya; a pre-investment study of the agricultural potential of

READING LIST

These titles are provided as a general indication of the material published on this country. The Department of State does not endorse unofficial publications.

Daily Nation (daily newspaper); Nairobi: Nation Newspapers.

The Standard (daily newspaper); Nairobi: Standard Ltd.

The Weekly Review (news magazine); Nairobi: Stellascope Ltd.

Adamson, Joy. *The Peoples of Kenya*. New York: Harcourt, 1967.

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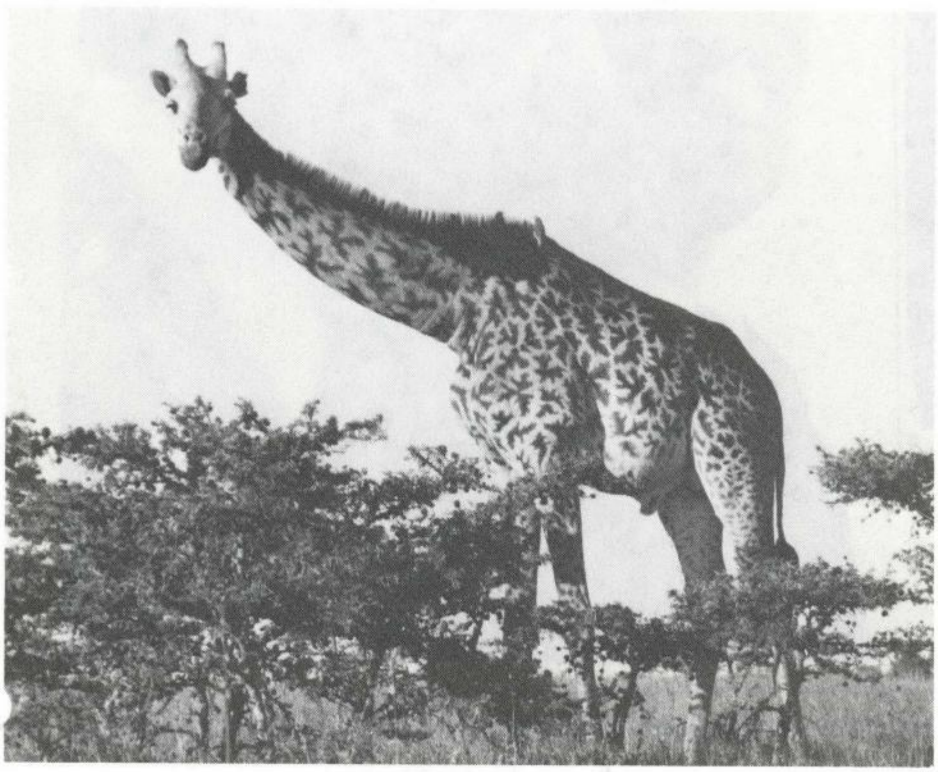
Murray-Brown, Jeremy. *Kenyatta*. New York: Holt, Rinehart & Winston, 1972.

Ngugi wa Thiongo. *Petals of Blood*. London: Heinemann, 1977.



marginal and semiarid areas; and provision of services to traditional small farmers. Development assistance is provided both as loans and grants. In fiscal year 1978 the total U.S. AID program in Kenya reached more than $30.6 million.

The United States has an active Peace Corps program in Kenya with over 200 Volunteers concentrating their efforts in agriculture and education. The U.S. International Communication Agency (USICA) maintains a library at Nairobi and conducts an active educational and cultural exchange program. Frequent visits to Kenya are made by representatives of American business and educational institutions, as well as by Fulbright-Hays scholars and specialists in a variety of fields. Each year the U.S. Government also invites a number of prominent Kenyans to visit the United States.

Principal U.S. Officials

Ambassador—William C. Harrop
Deputy Chief of Mission—Robert G. Houdek
Public Affairs Officer (USICA)—Ben F. Fordney

The U.S. Embassy in Kenya is located in Cotts House, Wabera Street, Nairobi, P.O. Box 30137 (tel. 334141). ■

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SELECTED BIOGRAPHICAL SKETCHES

Hon. John Henry Okwanyo, Minister for Energy

Mr. Okwanyo was born in 1928 in South Nyanza. He attended Kisii School from 1945 to 1950 and the Medical School between 1955 and 1956 where he qualified as a radiographer. Between 1957 and 1963, he was an African District Councillor. First elected to the House of Representatives in 1963 he successfully regained his Migori seat in the recent elections.

Hon. Gilbert Kabeere M'Mbijiwe, Minister for Agriculture

Mr. M'Mbijiwe was born in Meru in 1929. He received his education at Kagumo and Alliance High Schools, Makerere University College before joining the North of Scotland College of Agriculture, Aberdeen, where he obtained two diplomas in agriculture.

Mr. M'Mbijiwe holds a B.Sc (Agriculture) degree from the University of Reading, U.K. He was a KAU member and a founder member of the Meru Welfare Country Helping Association. When the State of Emergency was declared, he was detained at Manyani for several years. After his release he worked as a farm planning officer and land consolidation officer in Meru before proceeding to the U.K. for further studies.

Hon. Arthur Magugu, Minister for Health

The new Minister of Health first went to Parliament in 1969 as the MP for Githunguri. He was appointed as Assistant Minister for Commerce and Industry, and later as Assistant Minister for Finance.

Dr. Zachariah Onyonka, Minister of Economic Planning and Development

Born 40 years ago on June 28, 1939 at Kaaga, in Meru where his father was an army officer. Zachariah Onyonka attended Mosocho and St. Mary's Nyabururu primary schools prior to joining St. Mary's Yala for his Secondary School education until 1958. The following year he was employed as an accountant to the Gus County Council.

In 1961, he proceeded to Puerto Rico where until 1962 he studied at the Inter-American University and graduated with a BA degree in economcis. In 1963 to 1968 he pursued his academic studies at the Syracuse University, New York from where he obtained his Master's and PhD degrees in economics. He later became a research fellow at the Institute of Development Studies, University of Nairobi. Later on he was appointed lecturer in economics in the same university until he resigned his post upon his election to Parliament in 1969.

Dr. Onyonka has served among other Ministries: Health, Education, and Information and Broadcasting.

Mr. Yekoyada F. Omoto Masakhalia, Permanent Secretary, Ministry of Economic Planning and Development

Mr. Masakhalia began his career in 1967 in the Ministry of Finance and Economic Planning as an economic/statistician, later promoted to economics social development planner - Grade 1. He was appointed principal economist in 1970 and served as chief economist from 1972-80. The Ministry was reorganized in 1978 as the Ministry of Economic Planning and Development. Following a Government reshuffle by President Moi on June 20, 1980, Mr. Masakhalia became the Permanent Secretary in the new Ministry. Mr. Masakhalia has studied at the following universities: (1) Delhi University 1958 (BA - Economics); (2) Denver University 1962 (MBA); (3) University of Southern California 1962-63 (Advance Studies); and (4) Harvard University 1968 (MA - Public Administration). He has also made numerous contributions to various publications during his career.

Honorable Charles Njonjo, Minister of Constitutional and Home Affairs

Mr. Njonjo was born at Kikuyu in Kiambu. His educational background includes attendance at Alliance High School, King's College in Uganda, Fort Hare University in South Africa, Exeter University College and the London School of Economics, both in England. He became a barrister in 1954, joined the colonial civil service and attained the rank of Deputy Public Prosecutor. In 1963, at Independence, he was appointed Attorney General and resigned in 1980 to contest the Kikuyu constituency seat (unopposed) and was then appointed Minister for Constitutional and Home Affairs.

Honorable Henry Kosgey, Minister of Transport and Communications

Mr. Kosgey was born in 1947 in Tinderet, Nandi District. He attended Lelwak and Kilimbwoni Primary schools, Kapsabet Secondary School, Strathmore College in Nairobi, and received his BSc degree in Chemistry in 1972 from the University of Nairobi. Mr. Kosgey joined Kenya Breweries as a brewer in the production department. He resigned to contest the Tinderet seat. In 1979, he was appointed Minister for Transport and Communications.

KENYA

POLITICAL BACKGROUND

Kenya became an independent nation in 1963. The country is governed under a modified parliamentary system. The President serves as both Head of State and Government. He is chosen directly by the people and holds office subject to his retaining the confidence of the National Assembly. The Cabinet of Ministers he heads is also collectively responsible to the National Assembly. The Assembly is supreme in law. The judiciary and the civil service are constitutionally independent of the legislature.

Kenya's Constitution contains a Bill of Rights including , freedoms of religion, expression and assembly, and protection from discrimination on the basis of race, tribe, color, and creed. There is also strong protection for property rights. Political freedom was reduced by a 1966 amendment providing for preventive detention, if deemed necessary, to preserve public security. We believe it is not applied,at this moment. The printed media enjoys a fair amount of freedom in comparison to its counterparts in other African countries, while radio and television are state-owned and managed.

At present, a one-party system is in operation. The National Assembly consists of 170 members, of whom 12 are appointed by the President and 158 popularly elected, after nomination by the only party, the Kenya African National Union (KANU). The President is assured of majority support on all votes since he can count on the loyalty of the 12 appointed members, 27 Ministers and 54 Assistant Ministers in the Assembly. The Assembly has one Asian and one European member in addition to its African members.

The country was under the leadership of President Jomo Kenyatta from Independence until his death in 1978. Then, following peaceful national elections in November 1979, the former Vice President, Daniel T. arap Moi became President. At present, the President and his associates appear to be in full control of state power and Kenya seems to be reaching out to a more activist role in African and world politics, since the President is also the current Chairman of the Organization of African Unity. But in spite of the apparent control, the current political situation in Kenya contains underlying tensions as a result of conflicts in the political sphere due to tribal and regional interests, and uncertainties created by frequent and rapid shifts in senior civil servants and the recent considerable expansion of the Cabinet itself.

The political system is polarized along tribal rather than ideological lines. The President's tribe, the Kalinjin, is quite small, and he has sought to strengthen his ties with other tribes while exploiting divisions in the single largest tribe, the Kikuyu tribe. The Kikuyu are presently divided along geographical lines, with a struggle for power between the Vice President and Minister of Finance, Mwai Kibaki, leading one faction (Nyeri) and the Minister of Constitutional and Home Affairs, Charles Njonjo, leading the other (Kiambu). These two men, together with the President, are the three most powerful men in Kenya at the moment.

In order to gain the loyalty of powerful members of Parliament and weaken the authority of individual ministers, the President has increased the number of ministries while concentrating more activities in his own office. He also uses the enlarged Cabinet as a forum for decision-making. The expansion of the number of ministries has diluted the civil service, especially at top levels. This has led to a slowdown in decision-making and management problems. At the same time, the Office of the President does not have the technical expertise to handle its greatly increased work load.

The politicization of Government decisions has affected the civil service. The appointments and promotions of civil servants, including the Permanent Secretaries, on grounds other than merit, has weakened the system of rewards and sanctions in the traditionally performance-oriented service. Lack of modern management methods and a rapid increase in number and complexity of tasks have contributed to a drop in efficiency. Kenya's Civil Service still counts many highly qualified staff in its top ranks, but quality rapidly deteriorates in the middle and lower ranks; as a result, many senior executives are seriously overburdened.

KENYA

ECONOMIC BACKGROUND

Although Kenya is now experiencing severe economic difficulties, the country, with a per capita income of US$420 (1980) is one of the most prosperous in East Africa and has one of the best records of long-term growth (per capita income increasing by 2.7% per year over 1960-79). This is largely due to its political stability and pragmatic economic policies; the country's geographical location and resource base being unexceptional. The Government's development strategy has been to promote rapid economic growth by providing strong incentives for private investment in both agriculture and industry, but with a significant amount of Government participation and intervention.

Kenya's current economic problems are in part the result of deep seated structural factors and in part due to adverse movements in its international terms of trade. The most fundamental of Kenya's structural problems is the rapid growth rate of population, estimated to be 3.9% per annum, among the highest in the world. A second problem is that rapid growth of industry has been based on high levels of protection from foreign competition. This has encouraged investment in import substitution industries which are heavily dependent on imported inputs aimed at a relatively small domestic market and has discouraged exports. Opportunities for economically efficient import-substitution are fast disappearing while this pattern of industrialization has contributed to balance of payments disequilibrium. Finally, agricultural growth, and especially the growth of production of food for the domestic market, has slowed in recent years. This reflects generally less favorable climatic conditions, a weakening of the factors fueling earlier growth (expansion and intensification of land under cultivation and technological progress) and inconsistencies in pricing policy and inadequacies in marketing.

Kenyan economic performance since 1973-74 has been dominated by strong fluctuations in the prices of its exports and imports. In 1973-74, Kenya was adversely affected by the initial round of oil price increases. This was mitigated in 1976-77 by a boom in the price of coffee, its major export. Since 1978, however, Kenya's economic problems have intensified: coffee prices have declined precipitously and the country was caught by a second round of oil price increases. The effect of these adverse international developments on Kenya's growth and balance of payments was compounded by poor weather which led to maize shortages, requiring costly imports, and curtailed growth of agricultural exports. Growth of GDP during 1977-80 averaged 4.2% per year (and was only 1.6% in 1980). Even with declining growth rates, the balance of payments current account deficit has reached unprecedented levels, averaging US$670 million per year over this period and reaching almost US$900 million in 1980, equivalent to about 13.0% of GDP. As a result of these large deficits, the country's debt outstanding and disbursed has increased from US$917 million at the end of 1977 to about US$2.2 billion at the end of 1980, and the debt service ratio has risen from 3.6% in 1977 to 12.6% in 1980.

Kenya now faces the necessity of making difficult and far-reaching policy decisions to remedy its structural problems in the face of a weakened and vulnerable domestic economy and in the context of a generally unfavorable world economic environment. The Bank and Government have agreed on the outlines of a program to revitalize the agricultural sector, restructure the industrial sector to make it more internationally competitive, prepare an energy sector strategy and reduce the rate of growth of population.

This program which is being specifically supported by a series of structural adjustment loans (SAL), and by the lending program in general, should allow Kenya to attain a positive growth of per capita income within the context of a sustainable balance of payments current account deficit in a 5-7 year time frame. The first SAL, approved in early 1980, had as its major emphasis rationalization of the trade regime to bring about a transition from highly protected import substitution industrialization to a more outward-oriented policy and improvement of incentives for exports. A second SAL is now being prepared which, in addition to supporting the continuation of the process of rationalization of the system of industrial protection and incentives, intends to stimulate agriculture by encouraging a greater role for the private sector in marketing, improving the pricing mechanism, encouraging more efficient and equitable land use and improving the planning and implementation of agricultural projects and programs. It also includes specific measures in the population and energy sectors.

The first years of the 1980s are going to be difficult ones for Kenyan policymakers and for the Kenyan economy. The temporary respite provided by the coffee boom is over and the prospect is for an unfavorable world environment in which the country`s international terms of trade are likely to continue to deteriorate. In addition, debt service obligations will be high because of heavy borrowing at high interest rates, associated with the large current account deficits of the past three years. At the same time, the Government`s fiscal operations are likely to be subjected to extreme pressure because of slower growing revenues and demands for increased expenditures.

Given the adverse external circumstances, it is unlikely that positive growth of GDP per capita can be maintained during 1981-83. However, growth prospects appear somewhat better from about 1983 onward provided economic management (including monetary, fiscal and financial policies) measures up to the challenge. Projected commodity price trends appear more favorable to Kenya, and the growth of external debt would decelerate if current account deficits remain stable over the next few years. It should, therefore, be possible to follow gradually more expansionary policies and a growth rate of GDP exceeding 5.0% per year should be attainable during the second half of the decade. Kenya's external capital requirements over the next five years will be substantial, averaging almost US$1 billion per year (gross). While the country has some capacity to tap the private capital market, given its rapidly rising debt service obligations and the vulnerability of its trade position, it must be very judicious in its use of non-concessional borrowing. It has been estimated that suppliers credits and commercial loans should not constitute more than a third of gross capital inflows. At the same time the country should make maximum use of IMF facilities.

SEPARATE PROGRAM FOR MRS. CLAUSEN FOR THURSDAY NOVEMBER 19 (AFTERNOON)

14:00	Visit Housing Development Department, Nairobi City Council in Dandora for briefing on Sites and Services Project followed by visit to Phases I and II at Dandora. Mrs. Clausen will be accompanied by Bank Consultant, Mrs. Diana Lee-Smith, Mrs. Kahara (Wife of Mayor of Nairobi), Mrs. Loos, Mr. Njau, Director, Housing Development Department, and Mrs. Mutuku, Assistant Director, Community Development.
15:30	Visit to Family Life Welfare Center at Kenyatta Hospital grounds accompanied by Mrs. Kahara, Mrs. Loos and Ministry of Health Officials.
16:30	Return to Intercontinental Hotel.

The rest of the itinerary is the same as Mr. Clausen's.

KENYA

NAIROBI SITES AND SERVICES PROJECT (URBAN I)
(Ln. 1105/Cr. 543-KE)

Project Data:

	US$ Million as of September 30, 1981		
	Bank	IDA	Undisbursed
Amount-	8.0	8.0*	3.6
Dates Approved-	April 29, 1975		
Closing-	June 30, 1978		

* Fully disbursed

Project Description

The Project was designed as the first in a series of efforts in Kenya to expand the supply of shelter and urban services available for low-income urban households. Previous Government programs in the shelter sector had emphasized the provision of moderate-standard housing affordable only to the middle class. As a result, the urban poor in Nairobi and other cities were being increasingly forced into informal housing developments, the majority of which were severely overcrowded and lacked even minimal services. The City Council's efforts to control slum housing by demolitions only made the problem worse, as it produced even greater crowding in the remaining areas. Hence, the Government, assisted by the Bank, decided to try to lead the problem by expanding the supply of serviced and demarcated land in Nairobi which would be made available to lower income groups for building their own houses. The concepts established in the Nairobi Sites and Services Project were extended within Nairobi and to two other cities through the Second Urban Project, approved by the Bank in 1978. They form the basis for further efforts in smaller towns in Kenya, now being prepared as part of the Secondary Towns Project.

Project Content. The Project consists of the preparation at Dandora of 6,000 residential lots intended for self-help housing and the servicing of the lots with individual water supply and sewer connections. Community facilities are provided in the project area in the form of schools, health centers, community centers, and market stalls for the numerous hawkers in the area. Low-income households are assisted in constructing their own houses by the provision of building loans to purchase materials and the services of informal building contractors. The lowest income groups are assisted through mutual assistance building groups, organized by the Community Development Unit of the Project.

Project Implementation

The first phase of the Dandora project (1,000 plots) was completed on schedule, and the first allottees were able to occupy their plots in October 1976. Self-help housing construction proceeded rapidly, and within 18 months the majority of households had completed the minimum construction required by the allocation agreement. Of the remaining plot-holders which had not initiated construction, most were of very low-income and were working in building groups that had not yet reached their site. Despite this impressive beginning, subsequent phases of the Dandora project ran into political difficulties with the City Council, centering on the question of agreed physical standards. This caused a delay in implementation of the Dandora project (and the subsequent Second Urban Project) of almost two years. The second phase of the Dandora project (Areas 2 and 3 encompassing 2,700 plots) was subsequently completed in April 1980, and again self-help housing proceeded rapidly after allocation. The remaining 2,300 plots at Dandora are expected to be occupied soon, and the remaining period for the project will consist of drawing down the loan balance for the materials loans.

Impact of Project. The Nairobi Sites and Services Project has been important in dispelling misgivings about low-income shelter projects which existed prior to the project. The rapid progress in house construction demonstrated that the urban poor can mobilize resources for their own benefit if they are given security of tenure. Monitoring studies have verified that the project was successful in reaching low-income households, down to the 20th percentile of the urban income distribution. Cost recovery on the Dandora project has been very good, with fewer than 5% of plot-holders in arrears on their payments by more than six months. Studies have shown that many plot-holders use their dwelling to generate rental income, with more than 80% of plots having at least some renters on them and 50% being totally sub-let. Finally, due to the debate on housing standards, the Ministry of Urban Development and Housing commissioned a study of revisions to housing by-laws for low-income housing which should serve as a model for similar discussions in other countries in Africa.

Project Issues

There are no project specific issues remaining, but two inter-related sectoral issues affect the project. First, the level of general maintenance and refuse collection in the project area is unsatisfactory. This is a city-wide problem and is due to the poor state of municipal finances. The Bank has been conducting a sector dialogue with the Government of Kenya on the structure of municipal finances. Based on an IMF-conducted study of municipal finances which was commissioned as part of the Nairobi Sites and Services project, the Government agreed with the Bank on a series of reforms which were incorporated into a Cabinet paper. There has been no significant movement on this paper for over two years, during which time the financial position of local governments has continued to deteriorate seirously . This problem became so severe for Nairobi City Council during the past year that it was the subject of a letter to the Minister of Finance from Mr. Wapenhans and the focus of a special Bank mission. The unsatisfactory state of local government finances remains the most serious constraint on the Bank's urban operations in Kenya.

KENYA'

FIRST POPULATION/HEALTH PROJECT (Cr. 468-KE) AND
PROPOSED SECOND POPULATION/HEALTH PROJECT

Background: The population of Kenya is about 17 million. Its current rate of increase --3.9% per annum -- is one of the highest in the world, with population doubling about every 18 years. While the crude birth rate has increased slightly since the late 1940s, sharp declines in mortality have occurred because of improvements in health services and general living conditions.

First Population/Health Project: The Government has had a family planning (FP) program since 1966. Family planning services are integreated with other health services, especially maternal and child health (MCH). A five-year plan to strengthen MCH/FP services was implemented in the period 1974-79 with Bank assistance. The main elements of this plan were: (i) establishment of daily MCH and FP services in about 400 government facilities; (ii) establishment of a training capability in family planning; (iii) enlargement of the output of enrolled nurses (the main providers of MCH/FP services); (iv) introduction of a new category of extension workers for MCH/FP; (v) establishment of a new department -- the National Family Welfare Center (NFWC) -- in the Ministry of Health to plan and support MCH and FP activities; and (vi) construction of 30 rural health centers. The IDA credit of US$12 million equivalent (about 30% of total plan cost) was fully disbursed by early 1980.

In general, the implementation of the plan proceeded as envisaged, but its demographic goals were not achieved (population growth actually increased from 3.3% p.a. in 1974 to 3.9% p.a. at present). By the end of 1979, 90% of the planned 400 MCH/FP delivery points had been established. The numbers of health staff trained in family planning considerably exceeded the plan's targets, and this effort continues at about the same pace today. About 800 MCH/FP extension workers were trained and deployed, but their performance has been disappointing (in terms of the number of family planning clients recruited and maintained) and the Ministry of Health has frozen further growth of their numbers pending investigation of their true potential. The National Family Welfare Center was established as planned to provide support to the expanded MCH/FP program in the form of training, information and education, research and evaluation, contraceptive logistics, and planning of new services, but it has been hampered all along by gaps in its professional staff, and even today several key positions remain vacant. Efforts in the important area of information and education fell short of what had been planned, even though the plans themselves were very modest.

The plan was useful in creating a family planning service capability, but much remains to be done to make good quality FP services available throughout the country, especially in rural areas. Currently, only 30% of government rural health facilities provide FP services on a regular, daily basis. Moreover, the range of health personnel authorized to provide FP services is unduly restricted to nurses who have undergone special in-service FP training at the National Family Welfare Center. While the plan was a good start, available evidence clearly indicates that the main constraint to expansion of contraception in Kenya is the almost universal desire for large families. Thus, a greater emphasis on programs aimed at changing family size norms is required.

Proposed Second Population/Health Project. Under this project, appraised in late 1980, the building up of family planning service capability in rural areas will be continued by expanding both the number of service delivery points and the range of health personnel providing FP services. This is to be complemented by a greatly stepped-up effort in the area of FP information and education. The Government intends to establish a National Council on Population and Development, hopefully in the Office of the President, to coordinate this new program. The project is also designed to strengthen rural health services generally, in consonance with the government's goal of providing essential health services throughout the country. Efforts in this area have already resulted in health indicators among the best in Sub-Saharan Africa. The second project would span the three-year period 1982-84, and a follow-up project is planned for 1985-87. Total project cost (1982-84) is about US$60 million equivalent. About US$25 million in cofinancing is expected from several bilateral and multilateral sources. The remaining would be covered by the Government and IDA.

Field Visit

You will visit the National Family Welfare Center (NFWC), which was created under the First Population/Health Project. Up until 1970 family planning activities and rural helalth services had been conducted under the decentralized control of the County Councils. At the time of project preparation the Ministry of Health (MOH) had still not developed, institutionally, an ability to handle large projects that demanded centralized control. The centerpiece of the proposed organizational strategy was the creation of a unit within the MOH that would spear-head the formulation and implementation of the family planning component of the project. It was initially referred to as the National Family Planning Center, but under the influence of political sensitivity and the integrated MCH/FP strategy became the National Family Welfare Center. It was hoped that the special status imparted to the NFWC through external project funding would enable it to overcome the major barriers facing implementation of a family planning and rural health program within the MOH, shortage of skilled managerial staff and procedural constraints. The Director of Medical Services in the MOH would oversee the program and head an Advisory Working Committee to formulate policy and coordinate with participating agencies. Three advisory sub-committees would provide the working committee with program support in the areas of training, research and information. In sum, the organizational strategy for family planning relied on strong vertical integration through the provincial and district medical offices and strong lateral coordination with the nursing organization and the Health Education Unit established under the project, with interministerial coordination provided by the committees. Unfortunately, its design relied heavily on the MOH where the commitment to family planning was not very strong.

Issue

The organization strategy depended on the NFWC to rapidly accelerate the normal rate of FP activity within the MOH in order to move the project forward. The Credit Agreement called for appointment of all key staff within 90 days of project start-up. Six months after start-up, however, none of the four division heads of the NFWC had been appointed. During the life of the project the NFWC never had a full-time Director nor full-time head of the I&E division.

No Kenyan head was ever found to run the research and evaluation unit, which was run by a relatively junior UNFPA advisor. There was considerable delay in appointing a program advisor. The Government preferred a Kenyan, but none could be found with the necessary experience of running a family planning program. The most serious effect on the project came from the lack of a full time, relatively independent director. As a result, the NFWC never managed to obtain the degree of autonomy or influence necessary to carry out the role envisaged, and the principal task of directing NFWC activities fell to the deputy directors, who were changed three times during the life of the project and themselves received little support.

OFFICE MEMORANDUM

TO: Mrs. Nina K. Smith, PMD
(THROUGH: Mr. Willi A. Wapenhans, RVP, EAN)
FROM: Rozany Deen, Loan Officer, EA1DA

DATE: November 11, 1981

SUBJECT: Information for Mrs. Clausen for her forthcoming visit to Kenya, Tanzania, and Malawi

Outlined below are a few notes on the weather, clothing, and protocol in the above three countries.

KENYA

Weather - November (averages)

Maximum temperature	74°F
Minimum temperature	56°F
Precipitation	1.8"

November is generally a rainy month, since it is in the middle of Kenya's "short rains" (October-December). However, the rains have not yet arrived and at the moment it is exceedingly hot and dry. The rains are, however, expected any day.

Clothing - Summer dresses, with a light jacket (sweater/cardigan/ or woolen jacket) would be most suitable. Nairobi is generally very cool in the mornings and late evenings, but can get exceedingly hot by mid-day (particularly if the dry spell persists). Consequently, the ideal clothing would be dresses with jackets that can be subsequently removed if it gets too hot. A long dress should be worn for the reception, but cocktail dresses would be suitable for other social functions. Slacks can be worn in the field. A light raincoat should also be taken.

Protocol - There are no rigid protocol procedures in Kenya. The only point to note is that a rather prolonged handshake as an introductory gesture is very common. If Mrs. Clausen should meet President Moi (should she participate at the luncheon hosted by him), the only topic that should not be discussed is his wife and family. The President and his wife have been separated for some time and his family is never mentioned publicly.

TANZANIA

Weather - November (averages)

Maximum temperature	86°F
Minimum temperature	72°F
Precipitation	1.6"

As indicated above, the weather will be warm and humid. There is also the possibility of rain, because November is in the middle of the rainy season.

Clothing - Summer dresses, particularly in Dar-es-Salaam. A sweater will be required during the field visit to Kidatu, since it will be much cooler there. Slacks can be worn in the field. A long dress would be most suitable for the reception, but casual dress for dinner at the residence of the Resident Representative.

Protocol - There are no particular rules or procedures that should be followed. Protocol is generally de-emphasized and social functions are conducted in a rather informal manner.

MALAWI

Weather - November average 74°F. Overall, the weather will be very similar to that in Kenya. It will also be the beginning of the rainy season in Malawi.

Clothing - Please note that there are rigid rules about women's dress in Malawi. According to a Presidential directive, all dresses should cover the knees and slacks are not permitted in public. Summer dresses with a sweater during the day, and long dresses for receptions are recommended.

Protocol - Malawi is a generally much more formal country than Kenya or Tanzania, although there are no rules or procedures which should be particularly noted.

Other

Attached please find a tentative itinerary for your information. There might well be some further changes. If we can be of any further assistance, please let us know.

RDeen:ms

Mrs. Clausen's book

KENYA

RMEA Staff	Title
Mr. G. David Loos (Jeannine) Bendera Lane, Spring Valley Tel: 61697	Director, RMEA Resident Representative, KENYA
Mr. Robert J. Dewar (Marianne) Archer Road, Langata Tel: (Karen) 882387	Division Chief, Agriculture Div.
Miss Hillegonda J. Goris Kileleshwa Tel: 43739	Deputy Resident Representative, KENYA
Mr. Claude Blanchi (Michele) Kasuku Road Tel: 722059	Deputy Division Chief, Agriculture
Mr. Edward B. Rice (Elizabeth) Miotoni Lane, Karen Tel: 882639	Deputy Division Chief, Agriculture

Revised
November 16, 1981

TANZANIA

Mr. and Mrs. Clausen's Visit -- November 22-25, 1981

Itinerary

Sunday, November 22	0800	Departure from Nairobi by charter aircraft.
	1100	Arrival Kidatu airstrip, met by Minister Kassum of Water and Energy and proceed to Kidatu Guest House.
	1200	Briefing on the Kidatu Hydroelectric Project (Phase I and II) and lunch at the Guest House hosted by Minister Kassum. General Manager and other officials of the Power Company (TANESCO) and possibly the Morogoro Regional Commisioner to attend.
	1400	Departure for site visit to Power House and Dam financed under Phase I and II of the Kidatu Hydroelectric Project.
	1600	Departure for Morogoro by air.
	1630	Arrival at Morogoro and departure for Mikumi Wildlife Lodge by road.
	1800	Arrival at Mikumi Wildlife Lodge.
	1900	Dinner and night at Mikumi Wildlife Lodge with the Bank party.
Monday, November 23	0800	Departure by road for Morogoro Industrial Complex, designed to manufacture shoes for export. The complex consists of an industrial estate and a shoe and leather goods factory (financed by the Bank), a canvass mill (financed by EIB), and a tannery (financed by Bulgaria).
	0900	Arrival at the shoe factory and factory visit. To be accompanied by Mr. Ngamilo, the General Manager of the holding company (Tanzania Livestock Associated Industries), the officials of the factory and possibly by Minister Mramba of Industries.

Monday, November 23 (cont'd)	1100	Briefing by the Minister of Industries on role of industrial sector in Tanzania, its problems and prospects, role of parastatals in the industrial sector and, more generally, Tanzania's economic development. Lunch (details to be arranged later).
	1430	Departure for Dar es Salaam by air.
	1530	Arrival at Dar es Salaam and check into the Kilimanjaro Hotel.
	1900	Reception hosted by Minister Malima of Planning and Economic Affairs for Mr. and Mrs. Clausen and senior government officials and Ministers (attendance 100 persons including spouses, venue to be determined).
Tuesday, November 24 (A separate itinerary for Mrs. Clausen is being prepared.)	1000	Meeting with Minister Malima of Planning and Economic Affairs. Discussions on Tanzania's economic difficulties and the prospects of the Government's economic survival program. Advisory Group and the Government's expectations from it, discussions with the IMF and the prospects for the Bank's non-project assistance and the Consultative Group.
	1130	Meeting with Minister Jamal of Finance. Topics for discussions same as with Minister Malima.
	1300	Lunch hosted by Minister Jamal.
	1500	Meeting with Minister Msuya. Discussions on the Advisory Group, the Government's strategy for rural development, particularly role of smallholder farmers and central services and measures to improve smallholder productivity, role of industrial development in the economy and strategy.
	1700	Meeting with President Nyerere. Discussions on the President's views of Tanzania's economic problems and measures required for economic revival, Tanzania's expectations from the Bank, President's reflections on the Cancun Conference, prospects for cooperation among the EAC members. Ministers Jamal and Malima may attend.

	1900	Dinner with the Resident Representative and the Bank party. Night at Kilimanjaro Hotel.
<u>Wednesday, November 25</u>	0955	Departure for Malawi by Air Tanzania, TC501.

MALAWI

MR. AND MRS. CLAUSEN'S VISIT - NOVEMBER 25-28, 1981

ITINERARY

Wednesday, Nov. 25/81	09:55	Departure via Air Tanzania TC501 for Blantyre.
	10:40	Arrival Blantyre. Met by Honorable E.C. Bwanali, Minister for Southern Region and Regional Chairman, Malawi Congress Party; Mr. S.M. Kakhobwe, Principal Secretary, Ministry of Finance; and Mr. L.S. Msiska, Controller of Statutory Bodies.
	11:00	Mr. and Mrs. Clausen proceed to official residence. Rest of party to Mt. Soche Hotel.
	13:00*	Luncheon hosted by Honorable E.C. Bwanali, Minister for Southern Region. Principal Secretaries, Finance, Mr. Kakhobwe; Education, Mr. Kawonga; Statutory Bodies, Mr. Msiska; and Trade and Industry, Mr. Mulange, to attend.
	15:00	Depart for Nkula Hydroelectric project (around 20 miles).
	15:30	Arrive Nkula and tour project site. Mr. A.R. Mzengereza, ESCOM Executive Chairman, Mr. J.S. Asherson, ESCOM General Manager, Mr. A. Bobe, Chief Economist, Economic Planning Division; and Mr. Mulange, Principal Secretary, Ministry of Trade and Industry, to accompany.
	16:30	Depart Nkula for Blantyre. Visit typical primary and self-help primary schools. Honorable D.T. Matenje, Minister for Education, and Mr. B.H. Kawonga, Principal Secretary, Ministry of Education, to accompany.

* Mrs. Clausen and several prominent Malawian women proceed to Zomba for lunch at the Ku Chawe Inn. Thereafter, they will visit Chancellor College at the University (Bank-financed teacher training college). Chancelor of University to accompany. See separate itinerary for Mrs. Clausen (Attachment 1).

Wednesday, Nov 25 (cont'd)	18:15	Return to Blantyre. Overnight at official residence.
Thursday, Nov. 26	07:00	Depart for Lilongwe via Air Malawi, Flight 240.
	08:00	Arrival Lilongwe. Met by Honorable Chakakala Chaziya, Minister of Finance.
	08:30	Mr. and Mrs. Clausen proceed to Capital Hotel.
	09:30	Call on Mr. J.T. Tembo, Governor of Reserve Bank of Malawi.
	10:15*	Meet Messrs. Chaziya and Tembo.
	12:00	Luncheon hosted by Honorable Chaziya.
	14:00**	Depart for Lilongwe Rural Development Project (20 miles). Mr. W.K. Banda, Principal Secretary, Ministry of Agriculture, to accompany, together with Lilongwe Rural Development Program Manager.
	17:00	Return to hotel.
	19:00	Reception hosted by Mr. and Mrs. Clausen for members of diplomatic community, businessmen, senior government officials and the Government ministers who will attend dinner (80-100 invitees), Malange Room, Capital Hotel.
	21:00	Dinner hosted by Mr. and Mrs. Clausen. Proposed guest list attached, Capital Hotel, Kankhande Room (Attachment 2).

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* Mrs. Clausen will spend Thursday morning meeting Malawi Women's League members and visiting center for the handicapped in Lilongwe.

** Mrs. Clausen to accompany on trip.

Friday, Nov. 27	08:00*	Departure by plane** for Dwangwa (100 miles).
	08:30	Arrival Dwangwa. Tour IFC-financed sugar plant, sugar estate and ethanol project site. Mr. T. Mangwazu, Managing Director of Press Holdings, and project managers to accompany.
	10:00	Depart by plane for Mzuzu (85 miles). Overfly Viphya Forest Plantation and Bank-financed major north-south trunk road (third and fourth highway projects). Mr. L. Mihowa, Deputy Chairman of VIPCOR, Mr. R.J. King, Principal Secretary of Ministry of Works and Supplies to accompany.
	10:30	Arrival Mzuzu.
	11:00 -12:00	Visit Bank-financed road construction at Ekwendeni (about 6 miles). Mr. King and Mr. P. Mbisa, Principal Secretary, Ministry of Transport and Communications, to accompany.
	12:30	Lunch at Mzuzu hosted by Honorable R. Chirwa, Minister for Northern Region and Regional Chairman, Malawi Congress Party, Mr. R. King, Mr. L. Mihowa, Mr. P. Mbisa, and Dr. W. Lipato, Principal Secretary, Ministry of Forestry and Natural Resources, to attend.
	14:00	Departure by plane for Lilongwe (240 miles). Overfly Jenda-Kasungu-Lilongwe road, constructed under second and third highway projects.
	15:00	Arrival Lilongwe. Check out of hotel.

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* Mrs. Clausen to accompany on trip.

** Charter aircraft from Limbe Leaf Tobacco Association (seating 8). A second government aircraft (Sky King) also will make the trip.

Friday, Nov. 27 (cont'd)	16:00*	Meeting with Mr. J. Ngwiri, Secretary to the Office of President and Cabinet.
	17:30	Departure on chartered plane for Blantyre.
	18:30	Arrival Blantyre. Met by Mr. Msiska, Comptroller of Statutory Bodies, Office of President and Cabinet. Mr. and Mrs. Clausen proceed to official residence. Rest of party to Mt. Soche Hotel.
	20:15	Reception followed by dinner, hosted by Governor, Reserve Bank for Mr. and Mrs. Clausen and prominent businessmen.
Saturday, Nov. 28	0930-10:30**	Audience with His Excellncy, the Life President.
	10:45-11:45	Wrap-up discussion with Mr. J. Tembo, Governor of Reserve Bank and Honorable Mr. Chaziya, Minister of Finance.
	12:00	Press Conference.
	13:00	Informal lunch at Mr. Soche Hotel.
	15:00	Depart for Nairobi by charter aircraft from Nairobi (distance about 1,050 miles).
	18:00	Arrival Nairobi. To be met by David Loos, who is arranging hotel accommodations and security.
Sunday, Nov. 29	0030	Departure for Europe on BA054.

October 30, 1981

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* Free time, possibly for Mrs. Clausen to visit crafts center.

** Mrs. Clausen will meet with the Official Government Hostess, Ms. C.T. Kadzamira.

MR. CLAUSEN

Your Excellency President Moi, Honourable Ministers and Distinguished Guests.

I would like to thank you for the gracious welcome WE HAVE ~~my wife and I~~ received. The warmth of the welcome is, I believe, not only an expression of traditional Kenyan hospitality, but also of the long and cordial relationship between Kenya and the World Bank, dating back to independence. This relationship has a number of facets. It has resulted not only from the lending operations which have covered some 70 projects in almost every sector for a total of about US$ 1.4 billion but also from the economic dialogue and technical assistance activities which have been developed and strengthened over the years. We in the World Bank are proud to be associated with Kenya's economic development and we hope to continue our productive partnership.

This is my first visit to a developing country in my capacity as President of the World Bank. The choice of three countries in Eastern Africa for this visit, with Kenya being the first, is a reflection of the emphasis and importance we give to the developmental problems and processes in Africa. These problems have become graver and more critical in the last few years and have caused a slowing down of economic growth in many of the developing countries in the Region. I do not need to catalogue the factors which have caused this situation or to refer to the fact that Kenya has been affected adversely by these factors. The fact is that Kenya, which has made notable progress in its development efforts, at the turn of this decade was FACED ~~forced~~ with considerable difficulties. Nevertheless, progress has been made and must continue to be made. There are no instant solutions. What is required is that the lessons of the past be learned, that the problems of the present be dealt with and that policies and programs which will address the perceived problems of the future be developed.

the rapid development in varietal advance in pyrethrum. Further diversification, combined with the development and application of improved technologies, are clearly vital for agriculture to make its most important contribution. Applied research to produce technology, improvements in tenure conditions, and agricultural policies designed to give adequate incentives need to be combined to provide both the opportunities and the reward to Kenya's farmers.

Now, in the agricultural sector, we have a long-standing tradition of close cooperation dating back to the development of the high potential areas following immediately after independence - some of which I look forward to visiting in the days ahead. I am glad to note that this dialogue is continuing and is proceeding in a most satisfactory manner. This should allow the World Bank to continue its active involvement in the development

TODAY THE ECONOMIC ENVIRONMENT MAKES VERY DIFFERENT DEMANDS ON OUR POLICY DIALOGUE.

of Kenya's agriculture both through projects and through continued support for structural adjustment.

Developing indigenous sources of energy supply has become an area of highest priority for many developing countries. It is one of the ways in which those countries fortunate enough to have appropriate natural resources can begin to save considerable foreign exchange by substituting for imported petroleum. We have been happy to be associated with several Kenyan efforts in this field in the past - in hydroelectric power, and especially in our first financing of a geothermal project, in Olkaria. I am looking forward to visiting that project this afternoon. For the future we expect to participate in the remaining stages of Olkaria and in more hydroelectric power projects. But I would like particularly to express our pleasure that we have recently negotiated with your Government a project which will support your oil exploration activities. If these searches are successful, they could go a long way towards alleviating the PRESSURES ~~pleasures~~ on Kenya's balance of payments. Finally and most important, in this sector, I would like to mention that we also are cooperating with you in developing more traditional energy sources: a THIRD ~~thrid~~ forestry project with a very important fuelwood component is very nearly ready to be negotiated with your Government. The importance of this project and its further expansion cannot be OVERESTIMATED. ~~underestimated.~~ I understand that some 70% of Kenya's total energy is supplied through fuelwood. The resulting pressure on your precious forest resources must be relieved by reforestation and controlled harvesting if adverse effects of deforestation are to be avoided. I am especially happy for the World Bank to be associated with these efforts.

In the field of human resource development and family planning, it is important for the long-term health of your nation that efforts be made to slow down the rate of population growth. Otherwise, a real rate of growth in agriculture of 4%, which is a rare achievement in any economy, or growth of 4% in the economy as a whole, which is the very creditable average your country has sustained in recent years, will be entirely absorbed by increases in population. The net gains in income and food per capita will be zero. This is not a sustainable pattern for development. I know ~~our views are shared in~~ OF THE VERY GREAT CONCERN YOU HOLD IN this respect. We have been able to be of some assistance in supporting one project for health development and family planning. We have appraised and hope soon to finance another. While those efforts are underway we agree with you that even more emphasis must be placed on an effective program of human resource development. Your Government's efforts in formal education and practical skills training will continue to have our support.

Meanwhile the increase in energy costs and its impact ~~in~~ ON the cost of imported capital goods will continue to strain the balance of payments. It is therefore important that added emphasis be given to export promotion both of agricultural produce and of manufactured goods. In this effort to expand exports, Kenya must to the fullest extent possible bring to bear its comparative advantages. Labor intensive technologies based on indegenous resources must be promoted to produce the desired effects of employment creation and maximising foreign exchange earnings. This is at the heart of our intensive discussions on trade policies, which I am happy to note have already led to a large measure of agreement.

Before I close, let me stress ~~about~~ one final topic. In today's world of tight money, the World Bank Group itself has not escaped difficulties in raising resources. However deeply we are committed to your country and this Continent, and I would recall that in my speech to our recent Annual Meeting in Washington, I said that we hoped we could double our lending to Sub-Sahara Africa - we must face the fact that the expansion of resources available to us will be more constrained in the future than we would want. So we and your Government will have to work together to bring other sources of financing in with us in our efforts. Co-financing is not a new feature in our cooperation with Kenya. We will be glad to intensify our efforts in aid coordination and, if you so desire, in attempts to raise co-financing in conjunction with our future operations.

Mr. President, I thank you again for extending to me the opportunity to make Kenya the locale of my first visit to a developing country. In the course of the next 2½ days, I will be seeing a small part of your beautiful country and a sample of the projects on which we have worked together. I hope that when I come again, we will have added many more joint ventures to the list for the benefit of Kenya and its people.

INTERNATIONAL LABORATORY FOR RESEARCH ON ANIMAL DISEASES (ILRAD)

ILRAD is one of the four international agricultural research centers located in Africa.

It was established in 1973 by an agreement negotiated by the Rockefeller Foundation with the Government of Kenya.

The Mandate of ILRAD is to develop effective control methods for trypanosomiasis and theileriosis which are two important diseases of livestock in Africa and parts of Asia and South America.

The laboratory facilities were opened in April 1978 by President Arap Moi when he was Vice-President of Kenya.

Three other CGIAR supported IARC's have offices on the ILRAD site near Nairobi.

Trypanosomiasis: This is a disease complex affecting man and animals which makes a large part of Africa, South of the Sahara, unsuitable for livestock. The disease in Africa is transmitted by the tsetse fly. Trypanosomiasis reduces livestock production and prohibits the use of animals for draft purposes. It also prevents development of mixed farming systems and adversely affects meat and milk supplies.

Control is based on the use of insecticides against the tsetse fly, treatment of infected animals with therapeutic drugs, and limited use of trypanotolerant animals (in West Africa).

ILRAD is attempting to develop new immunological control methods (possibly a vaccine).

Theileriosis: East Coast Fever (ECF) is a severe form of theileriosis found in East and Central Africa. ECF causes major losses in dairy cattle which are highly susceptibl

Current control methods are based on insecticide applications to control ticks which carry the disease.

ILRAD is attempting to develop a vaccine and believes that this can be achieved in the near future.

Training

ILRAD has a program to train technicians and scientists from developing countries where the two diseases occur. International conferences are also organized.

Staff and Budget

The research staff consists of approximately 40 internationally recruited scientists from 15 countries and more than 300 supporting staff from Kenya.

The annual operating budget is approximately $9 million and in 1981 included $1.9 million from the World Bank.

Management Staff:

Chairman of Board: Dr. K.F. Wells, Canada
Director-General: Dr. A.R. Gray
Director of Admin.: Dr. P.R. Rowe

COUNTRY BRIEFING

KENYA

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KENYA

ITINERARY FOR

MR. AND MRS. CLAUSEN'S VISIT - NOVEMBER 18-22, 1981

Wednesday Nov. 18	08:00	Arrival at Nairobi on Flight BA055, met by Honorable Mwai Kibaki, Vice President and Minister of Finance, the Acting Chief of Protocol, other Government officials, and Mr. Loos and Mrs. Winterton from the Regional Mission in Eastern Africa (RMEA). Party will be conducted to the State Pavilion at the Airport, then to Intercontinental Hotel.
	15:15	ILRAD.
	16:~~00~~ 15	Meet RMEA Staff.
Thursday Nov. 19	N.B.	Mrs. Clausen under separate itinerary (see attached).
	11:15	Meeting with His Excellency, President Daniel T. arap Moi (State House). To be attended by 7 or 8 persons, including Messrs. Kibaki, Mule, Masakhalia, Nyachae and Onyonka.
	12:15	Luncheon hosted by President Moi (State House)
	14:30	Leave for Wilson Airport.
	15:00	Leave by air for Olkaria Geothermal Power Project, accompanied by Minister of Energy, Honorable Okwanyo, Deputy Permanent Secretary for Energy, Mr. Kihara, and the Chairman of Power Companies, Messrs. Gecau and Ng'ang'a. Mr. Loos and Ms. Goris (RMEA) will also attend.
	15:20	Arrive at airstrip at Naivasha and drive to Olkaria.
	15:40	Arrive at Olkaria Geothermal Power Project. (A Visual News (VISNEWS) reporter will be present).
	16:40	Leave airstrip at Naivasha for Nairobi (Wilson Airport).
	17:30	Arrive Wilson Airport.
	17:50	Return to Intercontinental Hotel.
	19:00	Reception at Serena Hotel hosted by Mr. Clausen, approximately 250 people. Guests comprise Honorable Mwai Kibaki, Ministers, Senior Government Officials, Diplomats, Parastatal Heads, Heads of Non-Governmental Organizations, Bankers, Academicians, Businessmen and RMEA staff.

Friday Nov. 20	09:00	Meeting with Honorable Mwai Kibaki, Vice President and Minister of Finance and Mr. Harris Mule, the Permanent Secretary.
	10:30	Leave by car to visit Government Health Clinic at Maragua (funded under First Population Project) accompanied by Minister of Health, Honorable A. Mugugu, and Officials from Ministries of Health and Finance.
	11:45	Arrive Maragua Rural Health Training Center.
	12:30	Leave for Outspan Hotel, Nyeri.
	13:30	Arrive at Outspan Hotel for buffet luncheon for approximately 20 people hosted by the Minister of Agriculture, Honorable G.K. M'Mbijjewe.
	15:00	Leave Outspan Hotel for Tea visit.
	15:15	- Pass by Green Leaf Tea Collection Center.
	15:20	- Arrive at Gathuthi Tea Factory. Meet Kenya Tea Development Authority officials (VISNEWS reporter will be present).
	16:00	- Arrive at Mixed Farm with Tea Production.
	16:20	Leave for Aberdare Country Club.
	17:00	Arrive Aberdare Country Club. Leave by bus for the Ark (Hotel) accompanied by Minister G.K. M'Mbijjewe and other Agriculture and Treasury Officials.
	17:30	Arrive at the Ark.
Saturday Nov. 21		Breakfast at the Ark.
	08:15	Leave the Ark for Aberdare Country Club.
	09:00	Leave Aberdare Country Club for visit to Rural Access Road Program.

Saturday Nov. 21 (Cont.)	09:30	Arrive Ihururu Center. Meet Minister of Transport and Communications, Honorable H.K. Kosgey,Chief Engineer (Roads), Mr. Wambura, and Director of the Rural Access Roads Program, Mr. Mwangi. Transfer vehicles and višit Nyamkuyu - Wananchi Road, under construction.
	10:30	Arrive Nyeri Airstrip and leave for Webuye.
	12:00	Arrive Webuye - Panafrican Paper Mills Guest House. Meeting and discussion with businessmen.
	13:00	Luncheon and briefing with Senior Management Officials of the Paper Mills (Vice Chairman, Mr. S. M. C. Thomason, Managing Director, Mr. E. R. Knott)' including private businessmen.
	14:15	Visit Pulp and Paper Factory.
	15:30	Depart for Nairobi.
	16:30	Arrive Nairobi - Wilson Airport.
	17:00	Arrive Intercontinental Hotel.
	18:00	Press Conference - Intercontinental Hotel.
	19:30	Dinner at Mr. and Mrs. Loos' House for Mr. and Mrs. Clausen, Mr. Wapenhans, His Excellency Mwai Kibaki and twelve other guests, including private businessmen.
Sunday Nov. 22.	08:00	Leave for Tanzania by Cessna 404 from Wilson Airport.

Arrival Statement in Kenya by Mr. A.W. Clausen

President of the World Bank

I am very happy to be in Kenya -- my first visit as President of the World Bank. I am grateful to President Moi for inviting me on behalf of the Kenyan Government and people. I am doubly honored because of President Moi's position this year as Chairman of the Organization of African Unity.

I was last in Kenya in 1973, when I was just a spectator to the affairs of the World Bank as a guest at the Bank's Annual Meeting in Nairobi. Being here now in my new role will be a much more enlightening experience for me -- and I promise you that I shall take every advantage of it to learn more about your country and your problems and prospects, to meet your people, and to travel to some of your beautiful provinces.

The World Bank is proud to be associated with Kenya's economic development effort. We hope to continue the fruitful partnership which Kenya and the Bank have enjoyed for the past 21 years, a partnership which has involved our working together in almost all sectors of the economy.

This is my first visit as President of the World Bank to the Bank's operations in a developing region of the world. And I have come to Africa first because this is where the World Bank's priorities are.

The Bank recognizes that the countries of Sub-Saharan Africa face economic problems of a magnitude that threaten the notable achievements of the region since independence... the tremendous advances of governments in making life healthier, more secure and meaningful for millions of people.

The solution to these problems, and the means for realizing Africa's well-known human and natural potential, must be found through a spirit of

/...

self-help and common effort -- or "harambee"* as you know it in Kenya.

To this end, I pledged at the World Bank's Annual Meeting in Washington last month that the Bank will explore every possible avenue for greater cooperation among its donor member nations, and the international and regional development agencies, to assist the African countries in their development tasks. In the Bank's recently-published report on Sub-Saharan Africa, we have urged a doubling of aid for the region during this decade.

But no amount of development assistance will be effective without the fullest participation of African governments. Crucial, and often difficult, decisions will need to be taken by countries to improve economic efficiency and to do the most that can be done with the available financial and technical resources. In this region, there is a need to review policies with a view to providing initiatives to increase food production and agricultural exports, to attract external investment, to accelerate development of energy, to provide incentives for individual endeavor, and to improve the performance of public entities.

As in the past, the World Bank stands ready to support such actions, which we see as the essential steps toward greater self-reliance, which the OAU rightly considers to be the most important economic challenge of this century.

Since 1960, the World Bank, the International Development Association, and its private-sector affiliate, the International Finance Corporation, have made loans and investments totaling about $1,350 million for some 70 projects in Kenya.

/...

*pronounced ha-ram-bay. The stress is on the second syllable.

Kenya has made noteworthy progress in its development effort -- especially in the spheres of agriculture, transport, power, education, and urban development. But Kenya's achievements are nearly overtaken -- as has been pointed out by your President on many occasions -- by the rapid expansion of your population. The Bank has assisted Kenya's work in family planning and health, to which we know the Government attaches great importance. The success of these programs is vital if economic growth is not to be undermined by an unacceptably high rate of population growth. We look forward to future cooperation in this area with the Kenyan authorities.

During my present visit, I will meet with your President and with other Government leaders. I will visit a number of development projects to see for myself what has been accomplished, what problems confront you, what prospects there are for further development, and how we in the World Bank can best assist you.

I thank you... for your kind welcome, and look forward with great anticipation to learning more about your country.

A. Morris, P. Schwartz/IPA
11/13/81

THE MAP OF KENYA SHOWING ROUTE AND FIELD VISIT SITES

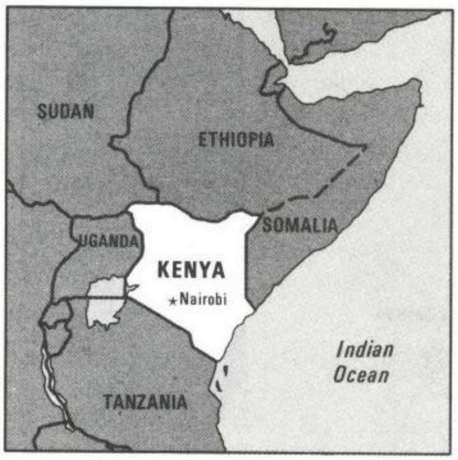
WILL BE PROVIDED IN NAIROBI BY THE RMEA STAFF

background notes

Kenya

United States Department of State
Bureau of Public Affairs

June 1980



Official Name:
Republic of Kenya

PROFILE

People

POPULATION (1980 est.): 15.8 million. ANNUAL GROWTH RATE (1980 est.): 4%. ETHNIC GROUPS: Of the African population—Kikuyu 20%, Luo 14%, Luhya 14%, Kamba 11%, Kisii 7%, Meru 5%. About 2% of total population is non-African (Asian, European, Arab). RELIGIONS: Animist 38%, Protestant 37%, Roman Catholic 22%, Muslim 3%. LANGUAGES: English, Swahili, and many tribal languages. EDUCATION: *Years compulsory*—none, but first 7 yrs. of primary school are provided free by the government. *Attendance*—83% for primary grades. *Functional literacy in English*—25%. HEALTH: *Infant mortality rate*—83/1,000 (US=15/1,000). *Life expectancy*—51.2 yrs. males, 55.2 yrs. females (1977). WORK FORCE (1.1 million wage earners): *Agriculture*—21%. *Industry and commerce*—23%. *Services*—13%. *Government*—43%.

Geography

AREA: 582,488 sq. km. (224,900 sq. mi.); slightly smaller than Tex. CITIES: *Capital*—Nairobi (pop. 959,000 in 1978). *Other cities*—Mombasa (401,000), Kisumu (115,000). TERRAIN: Varied. CLIMATE: Varies from tropical to arid.

Government

TYPE: Republic. INDEPENDENCE: December 12, 1963. CONSTITUTION: 1963.

BRANCHES: *Executive*—President (Chief of State, Head of Government, Commander in Chief of Armed Forces). *Legislative*—unicameral National Assembly (Parliament). *Judicial*—High Court, various lower courts.

ADMINISTRATIVE SUBDIVISIONS: 40 rural Districts, joined to form 7 rural Provinces. Nairobi area has special status.

POLITICAL PARTY: Kenya African National Union (KANU). SUFFRAGE: Universal over 18.

CENTRAL GOVERNMENT BUDGET (1980): $2.034 billion.

DEFENSE: 5.5% of GDP.

FLAG: Black, red, and green horizontal bands from top to bottom, separated by narrow white stripes. A warrior's shield and crossed spears are centered on the flag.

Economy

GDP (1978 current prices): $5.5 billion. ANNUAL GROWTH RATE: 5.7%. PER CAPITA INCOME: $337. INFLATION RATE (1978): 12.5%.

NATURAL RESOURCES: Wildlife, land.

AGRICULTURE (28% of GDP 1978): *Products*—corn, wheat, rice, sugarcane, coffee, tea, sisal, pineapples, pyrethrum, meat and its products, hides, skins.

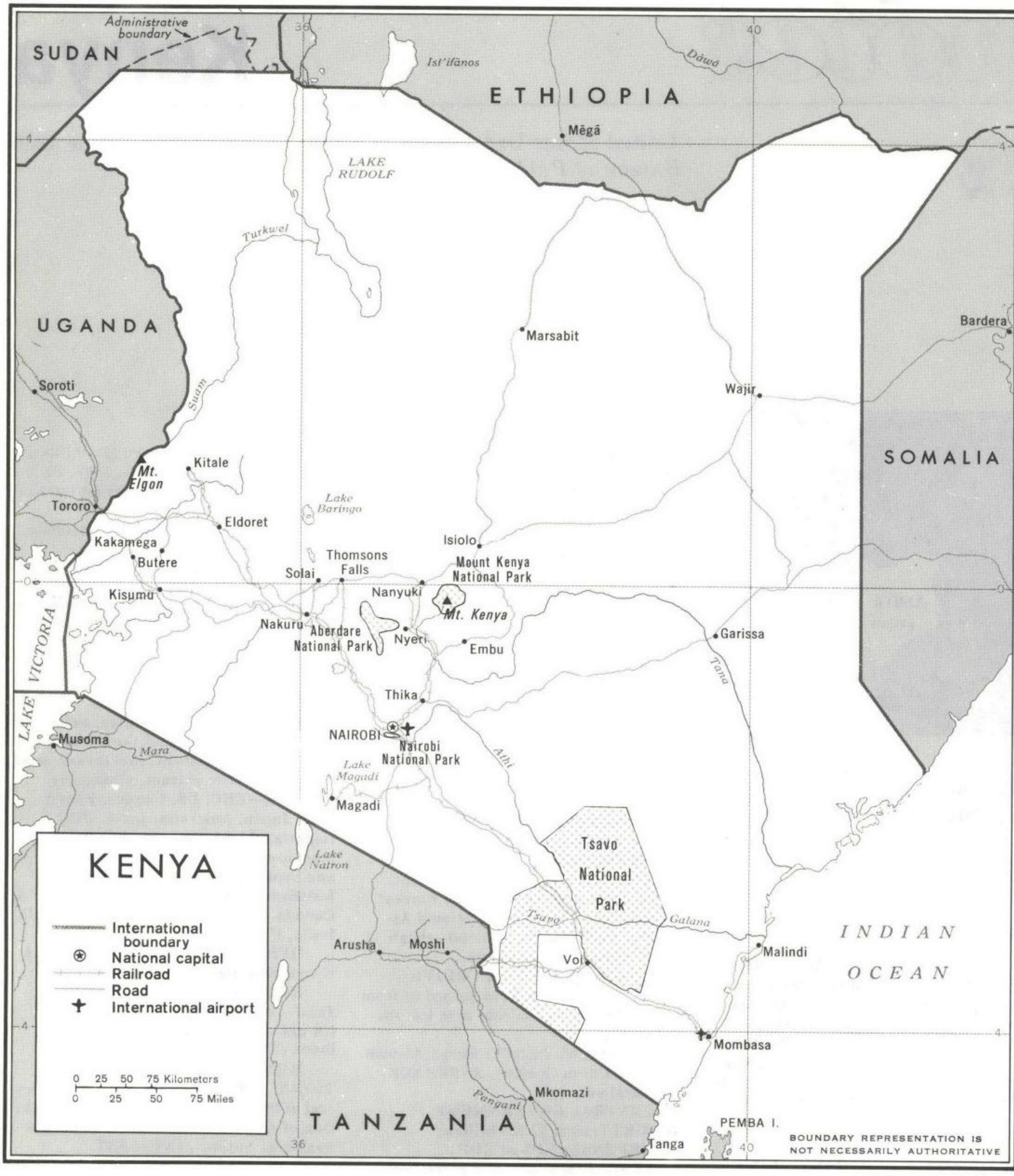
INDUSTRY (19% of GDP 1978): *Types*—petroleum products, cement, beer.

TRADE 1978 (9% of GDP): *Exports*—$1.07 billion: coffee, petroleum products, tea, hides and skins, meat and meat products, cement, pyrethrum, sisal, soda ash, wattle extract, pineapples. *Partners*—EEC, US, Canada, Zambia, Iran, Japan, Australia, India, PRC. *Imports*—$1.8 billion: crude petroleum, machinery, vehicles, iron and steel, paper and paper products, pharmaceuticals, fertilizers, textiles. *Partners*—EEC, US, Canada, Zambia, Iran, Japan, Australia, India, PRC.

OFFICIAL EXCHANGE RATE: 7.4 Kenya Shillings (KSh.)=US$1.

ECONOMIC AID RECEIVED: *Total*—over $1.5 billion through 1978. *US aid*—$202.6 million in grants and loans (FY 1954–78).

MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS: UN and several of its specialized agencies, Organization of African Unity (OAU), Commonwealth of Nations, INTELSAT.


SUDAN
ETHIOPIA
UGANDA
SOMALIA
TANZANIA
KENYA
Administrative boundary
Ist'ifanos
Dawa
Mēgā
LAKE RUDOLF
Turkwel
Marsabit
Bardera
Wajir
Soroti
Suam
Mt. Elgon
Kitale
Tororo
Lake Baringo
Eldoret
Kakamega
Butere
Isiolo
Thomsons Falls
Solai
Mount Kenya National Park
Nanyuki
Kisumu
Mt. Kenya
Nakuru
Aberdare National Park
Nyeri
Embu
Garissa
Tana
LAKE VICTORIA
Thika
NAIROBI
Nairobi National Park
Musoma
Mara
Athi
Lake Magadi
Magadi
Lake Natron
Tsavo National Park
Tsavo
Galana
Arusha
Moshi
Voi
Malindi
INDIAN OCEAN
Mombasa
Pangani
Mkomazi
PEMBA I.
Tanga
International boundary
National capital
Railroad
Road
International airport
0 25 50 75 Kilometers
0 25 50 75 Miles
BOUNDARY REPRESENTATION IS NOT NECESSARILY AUTHORITATIVE

PEOPLE

Kenya's population is richly varied. Ochre-painted Masai tend their herds with spear in hand and black-robed Arab women stroll beneath Muslim minarets, while many other Kenyans have adopted the cosmopolitan lifestyle of Nairobi. Most city workers retain close links with their extended family groups in the rural areas and many leave the city periodically to help work on the family farm. At any given time, about three-fourths of Kenya's working population is engaged in agriculture, while about 1.1 million are employed in the economy's modern sector.

The national motto of Kenya is "Harambee," which means "pull together." Every year, in the spirit of this slogan, Kenyan volunteers in hundreds of communities build schools, clinics, and other needed facilities and collect funds to send deserving students abroad. The University of Nairobi has about 6,000 students but is only able to accept 60% of the Kenyan students who qualify for admission.

GEOGRAPHY

Kenya, situated astride the Equator on the east coast of Africa, is bounded by Ethiopia, Sudan, Tanzania, Uganda, Lake Victoria, Somalia, and the Indian Ocean.

It is a country of striking topographical and climatic variety. The northern three-fifths is arid, much of it near-desert, inhabited only by nomadic pastoralists. Eighty-five percent of the population and almost all economic activity are located in the southern two-fifths of the country. South of the Tana River, along the coastline, tropical temperatures and beautiful beaches have provided the setting for a well-developed tourist resort industry centered at the port city of Mombasa. Thornbush scrubland extends about 280 kilometers (175 mi.) inland from the coast.

The Great Rift Valley, extending south from Lake Turkana (formerly Lake Rudolf) in the west, is from 48 to 64 kilometers (30–40 mi.) wide and often 610 to 915 meters (2,000–3,000 ft.) lower than the surrounding country. Mt. Kenya (5,194 m.—17,040 ft. high) and Mt. Elgon (4,267 m.—14,000 ft. high) are in the Aberdare Mountains and Mau Escarpment of the Great Rift. High, sweeping plateaus, varying in altitude from 915 to 3,048 meters (3,000–10,000 ft.) above sea level, stretch between the mountain ranges and have some of Africa's most fertile soil. The land descends gradually from the western rift formation to the shores of Lake Victoria.

In an effort to preserve Kenya's priceless wildlife, the government has set aside more than 2.4 million hectares (6 million acres) for national parks and game preserves. While hunting of game and trade in ivory and skins have been banned, poaching still poses a major threat to elephants, lions, cheetahs, leopards, and other species. Most game preserves have fine lodges where tourists can "rough it" in comfort.

Nairobi, the capital city of Kenya, at an altitude of 1,646 meters (5,400 ft.), is temperate year round. Adorned with flowering trees and shrubs and beautiful houses and public buildings, Nairobi has become a hub of communications, international conferences, and commercial and industrial activities in east and central Africa.

Kenya generally has two rainy seasons: the "long rains" from April to June and the "short rains" from October to December. On the coast and the immediate interior, the average temperature is 27°C (80°F). Elsewhere, due to the altitude, Kenya's climate is cool and invigorating. At Nairobi the mean maximum temperature is 25°C (77°F) and the mean minimum is 14°C (57°F).

HISTORY

Bone fragments and stone tools found in Kenya indicate that proto-humans roamed the area that is now east Africa over 2 million years ago. Recent anthropological finds near Lake Turkana may soon push those estimates of human origins back even further.

The Cushitic, Bantu, and Nilotic peoples who migrated to the area in historic times were visited by the Arabs at an early date. Kenya's proximity to Arabia invited colonization as long ago as the eighth century B.C. The Swahili language, a mixture of Bantu and Arabic, developed as a *lingua franca* for trade between the two peoples. The Arabs were followed seven centuries later first by the Portuguese and then by the British.

The colonial history of Kenya dates from the Berlin Conference of 1885, when the European powers first partitioned east Africa into spheres of influence. In 1895 the British Government established the East African Protectorate and, soon after, opened the fertile highlands to white settlers. The settlers were allowed a voice in government even before it was officially made a British colony in 1920, but Africans were not allowed any direct political participation until 1944.

From October 1952 to December 1959, Kenya was under a state of emergency arising from the "Mau Mau" rebellion against British colonial rule. During this period African participation in the political process increased rapidly. The first direct elections for Africans to the Legislative Council took place in 1957. Kenya became independent on December 12, 1963, and 1 year later, chose to assume the status of a Republic within the Commonwealth of Nations.

Jomo Kenyatta, a member of the predominant Kikuyu tribe and head of the Kenya African National Union (KANU), became the first President of

TRAVEL NOTES

***Climate and clothing*—Light- and medium-weight clothing is worn most of the year. Sweaters and light raincoats are needed during the rainy seasons.**

***Customs*—US citizens entering Kenya need a passport and visa.**

***Health*—No special precautions are needed in Nairobi. Outside the capital, avoid tapwater and unwashed fruits and vegetables. If possible, take antimalarial tablets. Polio, typhoid, and hepatitis immunizations are recommended for travelers to remote areas. Adequate hospital and outpatient treatment is available in Nairobi.**

***Transportation*—Many international airlines serve Nairobi. Most major towns are linked by internal air services operated by Kenya Airways, by good passenger train service, and by intercity bus. Places of special tourist interest are served by local light-aircraft companies. Taxis are abundant in Nairobi. Direct travel between Kenya and Tanzania may be impossible (check ahead). Nonessential travel by Americans into Uganda is discouraged.**

***Tourist highlights*—Masai Mara game reserve, Amboseli National Park, Tsavo National Park, Aberdare National Park, Lake Nakuru (flamingo sanctuary), Mombasa (beach and ocean sports), Nairobi National Park, National Museum of Kenya.**

Kenya. The minority party, Kenya African Democratic Union (KADU), representing a coalition of small tribes who had feared dominance by larger tribes, dissolved itself voluntarily in 1964 and joined KANU.

Led by one-time Vice President and Luo elder Jaramogi Oginga Odinga, the Kenya People's Union (KPU), a small but significant leftist opposition party, emerged in 1966. However, after the assassination in 1969 of Tom Mboya and subsequent political tension, the KPU was banned and its leaders detained. Since 1969 no new opposition parties have been formed, and KANU remains the sole and ruling political party. Upon the death of Kenyatta on August 22, 1978, former Vice President Daniel arap Moi became interim President for 90 days in accordance with the provisions of the Kenya Constitution. On October 14, Moi became President in his own right, after he was elected President of KANU and designated as its sole nominee for President of the Republic. In 1979, over 740 candidates (all KANU members) contested the 158 elected parliamentary seats. As in the 1969 and 1974 elections, over half of the incumbents were unseated.

GOVERNMENT

The President is elected by the National Assembly to serve a 5-year term. However, if the president dissolves the Assembly, a new presidential election must be held. The President appoints the Vice President and other Members of the Cabinet from among those elected to the Assembly.

The unicameral National Assembly consists of 158 Members, elected to a term of up to 5 years, plus 12 who are appointed by the President. In addition, the Attorney General and the Speaker are *ex officio* members of the National Assembly.

The judiciary is headed by a Supreme Court consisting of a Chief Justice and at least 11 *Puisne* Judges, all appointed by the President.

The basic local administrative divisions are the 40 rural Districts, each headed by a Commissioner appointed by the President. The Districts are joined to form seven rural Provinces. The Nairobi area is not included in any District or Province but has a special status of its own. The administration of Districts and Provinces is closely supervised by the central government.

Principal Government Officials

President—Daniel arap Moi
Vice President; Minister for Finance—Mwai Kibaki

Ministers of State in the Office of the President

James Samuel Gichuru (Defense)
Godfrey Gitahi Kariuki (Without Portfolio)
Kiprono Nicholas Biwott (Without Portfolio)

Other Ministers

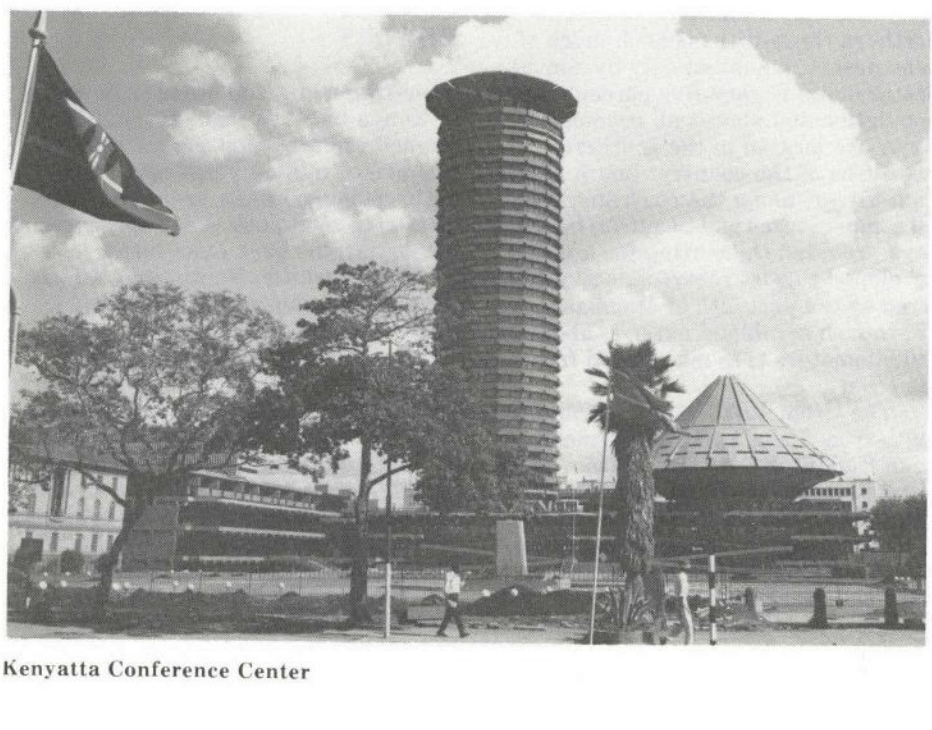
Home and Constitutional Affairs—Charles Njonjo
Livestock Development—James Osogo
Culture and Social Services—Jeremiah Nyagah
Economic Planning and Development—Dr. Zachary T. Onyonka
Cooperative Development—Robert Matano
Industry—Dr. Munyua Waiyaki
Local Government—Stanley Ole Olitipitip
Commerce—Eliud Mwamunga
Works—Paul Ngei
Foreign Affairs—Robert J. Ouko
Health—Arthur Magugu
Urban Development and Housing—Charles Rubia
Higher Education—John J. Kamotho
Energy—John Okwanyo
Water Development—Moses Mudavadi
Tourism—Elijah Wangale
Agriculture—G.K. Mbijiwe
Basic Education—Jonathan Ngeno
Environment and Natural Resources—John Omanga
Transport and Communications—Henry Kosgey
Attorney General—James Karugu
Information and Broadcasting—Peter Oloo-Aringo
Labor—Titus Mbathi

Kenya maintains an Embassy in the United States at 2249 R Street NW., Washington, D.C. 20008 (tel. 202/387-6101).

POLITICAL CONDITIONS

Since independence, Kenya has maintained remarkable stability within the context of a democratic system. The form of government has changed from federal to central; the sovereignty status from dominion to republic; the prime ministerial system to presidential; and the original bicameral legislature merged into a unicameral body. All these changes have been enacted peacefully. Although the government continues to pursue a policy of Africanization of the economy and employment, significant participation by Asians and Europeans is accepted. Internal development remains the dominant priority of the Moi government.

Kenya's major political challenge is continuing the momentum of its economic growth in the wake of numerous externally caused fiscal jolts beyond Kenya's control, such as oil price hikes.



Kenyatta Conference Center

Also, attention has focused increasingly on African regional problems, especially instability in the Horn of Africa and the collapse of the East African Community (EAC). Until 1977, the EAC provided Kenya, Uganda, and Tanzania with a common market, customs union, and major transportation and communication services.

A Nairobi Mosque

DEFENSE

The Ministry of Defense, headed by a Minister and supported by a Permanent Secretary and a Chief of the General Staff, has overall responsibility for command and control of the Kenyan armed services. The uniformed services comprise a small, professional establishment, emanating from the King's African Rifles of the colonial period, with a total strength of about 13,000. The Army is the dominant service with about 10,000 members, followed by the Air Force and Navy.

In 1976, the armed forces embarked upon an expansion and modernization program designed to enhance their capability to defend Kenya from external threat. Since that time, the Kenyan Air Force has acquired a squadron of F–5 jet aircraft, the ground forces have been increasingly motorized, and the first main battle tanks arrived in 1979. Obtaining modern anti-armor weaponry has been emphasized, and in 1979 Kenya signed a contract with the United States for helicopter-mounted TOW missiles.

While the Kenyan military has strong and close ties to the United Kingdom, it looks also to the United States, Canada, Israel, France, the Federal Republic of Germany, India, and Pakistan for military equipment and professional training.

ECONOMY

Kenya is primarily an agricultural country. However, only about 10% to 20% of the total land area is truly arable. Another 5.5% has potential, mostly for stockraising. The rest is arid.

Land pressure during the colonial period was particularly strong and was aggravated by the traditional system of reserving certain areas for certain tribal groups. Some relief has been achieved by the government's program, begun before independence, of purchasing land from European farmers. Under the 'ourth development plan (1979–83) the government is continuing to resettle African farmers on unused land.

Although agriculture is still the nainstay of the economy, accounting for over 58% of total exports in 1978, the industrial sector is increasing in importance. A wide range of light industries have come into existence since World War II, involving mostly small-scale consumer goods, agricultural processing, and oil refining. Industrial production has continued to increase rapidly in the past few years. The index of industrial production was 143.0 for 1976 and 190.0 for 1978, with 1972 as the base year.

Petroleum products made from imported crude oil processed at the Mombasa refinery are exported to neighboring countries and are an important foreign exchange earner.

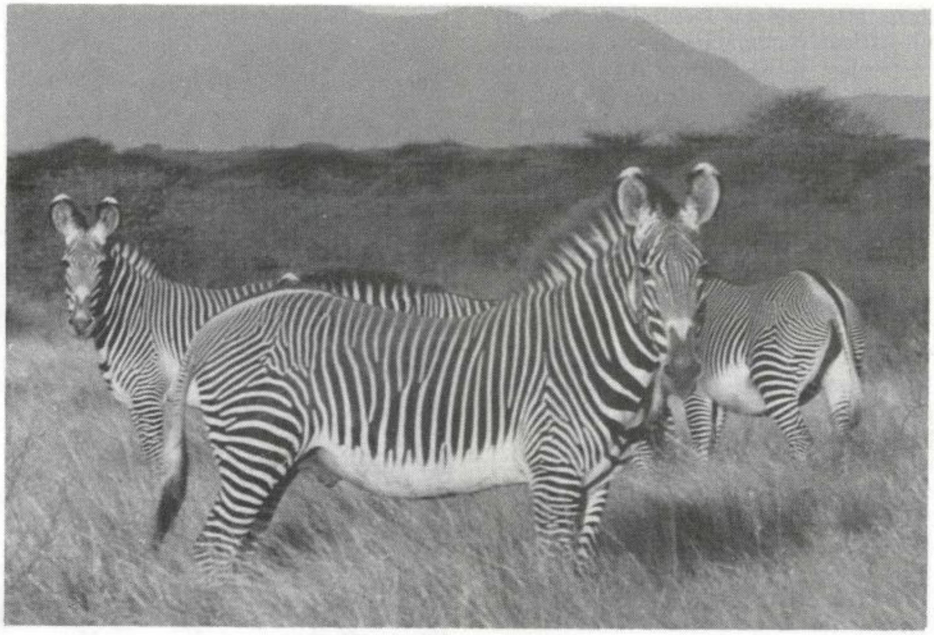
The Kenyan economy experienced a slower rate of growth in 1978 than in the previous 2 years. Sharp declines in world prices for Kenya's two major exports, coffee and tea, were the key events primarily responsible for the poor performance shown by the domestic economy and the trade accounts. Almost all of the performance indicators in the agricultural sector, which accounts for one-third of GDP, showed declines from 1977, with total output down by 5%. Manufacturing showed strong growth for the third consecutive year but continued to registe[illegible] ance. Because of [illegible] pace of economic activity, the inflation rate slowed somewhat from the high levels experienced in 1976 and 1977. Also reflecting the economic slow-down, employment increased by only 1%. A major difficulty in 1978 was the sharp turnaround in the balance of payments. Kenya registered an overall deficit of $210 million, compared to a $286 million surplus in 1977. The price declines in coffee and a sharp increase in import buying by consumers still wealthy with 1977 coffee money were the primary reasons behind the

FOREIGN BUSINESS INFORMATION

For information on foreign economic trends, commercial development, production, trade regulations, and tariff rates, contact the Bureau of Export Development, US Department of Commerce, Washington, DC 20230. This information is also available from any of the Department of Commerce district offices located throughout the US.

31% fall in exports and the 24% increase in imports. The sharp decline in foreign exchange reserves forced the government to implement strict import controls late in the year and to seek IMF balance-of-payments support. The government borrowed heavily on the domestic credit market during the year and internal public debt rose by one-third. The heavy borrowing slowed the rate of increase in the money supply, but projected government borrowing to finance the FY 1980 budget may dampen private sector expansion.

The government launched its new development plan of $11 billion over fiscal years 1979–83. The plan's main objectives are the elimination of poverty and the provision of basic needs. Although it concentrates on rural and agricultural development, the plan will be used to encourage industry toward an export orientation. The major difficulty Kenya faced in 1979 was the balance-of-payments constraint. There is little encouraging evidence that export performance will improve this year or that government expenditures (and, hence, borrowing) will be held in check. Opportunities for increased U.S. trade and investment do exist, however. The new development plan holds the promise of sales opportunities in several sectors of the economy such as transportation, communications, and agriculture.



The government encourages foreign investment, and the country's mixed economy has attracted a number of private foreign businesses. Nairobi's favorable location on major transportation routes has made this area the center of African operations for many firms.

The two largest donors of economic assistance to Kenya are the International Bank for Reconstruction and Development (IBRD) and the United Kingdom. Other significant donors include the United States, the Federal Republic of Germany, Italy, Canada, Japan, Sweden, Norway, the Netherlands, and the United Nations.

FOREIGN RELATIONS

Kenya's foreign policy is based on (a) nonalignment, (b) promotion of African unity, including self-determination for the peoples of southern Africa, (c) support for the principles of the UN Charter, and (d) support for international economic policies which will lead to an increased flow of resources and transfer of technology to the developing nations.

Kenya enjoys good relations with Sudan and Ethiopia. Bilateral tension between Kenya and Uganda eased with the ousting of former President Idi Amin and the change of government in Uganda in April 1979. Tanzania reacted to the 1977 collapse of the East African Community by closing the border with Kenya. Governmental contacts continue, but disposition of the assets and liabilities of the Community and its corporations will take considerable time to negotiate. Kenya's relations with Somalia are strained due to Somalia's interest in the northeastern region of Kenya, where ethnic Somalis predominate. Kenya maintains a low, moderate profile in Third World politics. Its relations with Western countries are generally friendly.

U.S.-KENYA RELATIONS

U.S.-Kenya relations are warm and friendly. Over 5,000 U.S. citizens reside in Kenya, and more than 26,900 Americans visited in 1978. The resident community includes about 1,100 missionaries and their families. In addition, over 125 U.S. firms are represented in Kenya. U.S. business investment totals approximately $210 million, primarily in commerce, light manufacturing, and the tourist industry.

The current program of U.S. bilateral assistance to Kenya is directed toward agricultural development—with programs to assist small farmers and pastoralists—and toward improvements in health and family planning. Current projects include support of the Kenya Government's 5-year program to extend family planning and mother/child health services into rural areas; assistance for range and ranch development for pastoralists in the northeastern and southern parts of Kenya; a pre-investment study of the agricultural potential of

READING LIST

These titles are provided as a general indication of the material published on this country. The Department of State does not endorse unofficial publications.

Daily Nation (daily newspaper); Nairobi: Nation Newspapers.

The Standard (daily newspaper); Nairobi: Standard Ltd.

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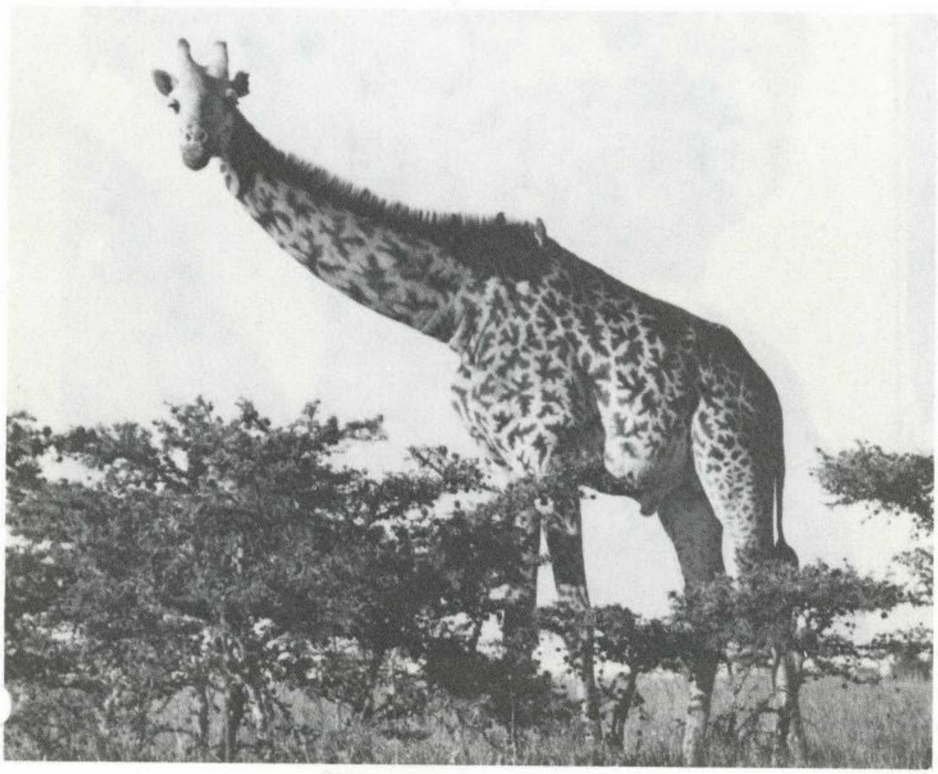

marginal and semiarid areas; and provision of services to traditional small farmers. Development assistance is provided both as loans and grants. In fiscal year 1978 the total U.S. AID program in Kenya reached more than $30.6 million.

The United States has an active Peace Corps program in Kenya with over 200 Volunteers concentrating their efforts in agriculture and education. The U.S. International Communication Agency (USICA) maintains a library at Nairobi and conducts an active educational and cultural exchange program. Frequent visits to Kenya are made by representatives of American business and educational institutions, as well as by Fulbright-Hays scholars and specialists in a variety of fields. Each year the U.S. Government also invites a number of prominent Kenyans to visit the United States.

Principal U.S. Officials

Ambassador—William C. Harrop
Deputy Chief of Mission—Robert G. Houdek
Public Affairs Officer (USICA)—Ben F. Fordney

The U.S. Embassy in Kenya is located in Cotts House, Wabera Street, Nairobi, P.O. Box 30137 (tel. 334141). ■

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SELECTED BIOGRAPHICAL SKETCHES

Hon. John Henry Okwanyo, Minister for Energy

Mr. Okwanyo was born in 1928 in South Nyanza. He attended Kisii School from 1945 to 1950 and the Medical School between 1955 and 1956 where he qualified as a radiographer. Between 1957 and 1963, he was an African District Councillor. First elected to the House of Representatives in 1963 he successfully regained his Migori seat in the recent elections.

Hon. Gilbert Kabeere M'Mbijiwe, Minister for Agriculture

Mr. M'Mbijiwe was born in Meru in 1929. He received his education at Kagumo and Alliance High Schools, Makerere University College before joining the North of Scotland College of Agriculture, Aberdeen, where he obtained two diplomas in agriculture.

Mr. M'Mbijiwe holds a B.Sc (Agriculture) degree from the University of Reading, U.K. He was a KAU member and a founder member of the Meru Welfare Country Helping Association. When the State of Emergency was declared, he was detained at Manyani for several years. After his release he worked as a farm planning officer and land consolidation officer in Meru before proceeding to the U.K. for further studies.

Hon. Arthur Magugu, Minister for Health

The new Minister of Health first went to Parliament in 1969 as the MP for Githunguri. He was appointed as Assistant Minister for Commerce and Industry, and later as Assistant Minister for Finance.

Dr. Zachariah Onyonka, Minister of Economic Planning and Development

Born 40 years ago on June 28, 1939 at Kaaga, in Meru where his father was an army officer. Zachariah Onyonka attended Mosocho and St. Mary's Nyabururu primary schools prior to joining St. Mary's Yala for his Secondary School education until 1958. The following year he was employed as an accountant to the Gus County Council.

In 1961, he proceeded to Puerto Rico where until 1962 he studied at the Inter-American University and graduated with a BA degree in economcis. In 1963 to 1968 he pursued his academic studies at the Syracuse University, New York from where he obtained his Master's and PhD degrees in econimics. He later became a research fellow at the Institute of Development Studies, University of Nairobi. Later on he was appointed lecturer in economics in the same university until he resigned his post upon his election to Parliament in 1969.

Dr. Onyonka has served among other Ministries: Health, Education, and Information and Broadcasting.

Mr. Yekoyada F. Omoto Masakhalia, Permanent Secretary, Ministry of Economic Planning and Development

Mr. Masakhalia began his career in 1967 in the Ministry of Finance and Economic Planning as an economic/statistician, later promoted to economics social development planner - Grade 1. He was appointed principal economist in 1970 and served as chief economist from 1972-80. The Ministry was reorganized in 1978 as the Ministry of Economic Planning and Development. Following a Government reshuffle by President Moi on June 20, 1980, Mr. Masakhalia became the Permanent Secretary in the new Ministry. Mr. Masakhalia has studied at the following universities: (1) Delhi University 1958 (BA - Economics); (2) Denver University 1962 (MBA); (3) University of Southern California 1962-63 (Advance Studies); and (4) Harvard University 1968 (MA - Public Administration). He has also made numerous contributions to various publications during his career.

Honorable Charles Njonjo, Minister of Constitutional and Home Affairs

Mr. Njonjo was born at Kikuyu in Kiambu. His educational background includes attendance at Alliance High School, King's College in Uganda, Fort Hare University in South Africa, Exeter University College and the London School of Economics, both in England. He became a barrister in 1954, joined the colonial civil service and attained the rank of Deputy Public Prosecutor. In 1963, at Independence, he was appointed Attorney General and resigned in 1980 to contest the Kikuyu constituency seat (unopposed) and was then appointed Minister for Constitutional and Home Affairs.

Honorable Henry Kosgey, Minister of Transport and Communications

Mr. Kosgey was born in 1947 in Tinderet, Nandi District. He attended Lelwak and Kilimbwoni Primary schools, Kapsabet Secondary School, Strathmore College in Nairobi, and received his BSc degree in Chemistry in 1972 from the University of Nairobi. Mr. Kosgey joined Kenya Breweries as a brewer in the production department. He resigned to contest the Tinderet seat. In 1979, he was appointed Minister for Transport and Communications.

KENYA

POLITICAL BACKGROUND

Kenya became an independent nation in 1963. The country is governed under a modified parliamentary system. The President serves as both Head of State and Government. He is chosen directly by the people and holds office subject to his retaining the confidence of the National Assembly. The Cabinet of Ministers he heads is also collectively responsible to the National Assembly. The Assembly is supreme in law. The judiciary and the civil service are constitutionally independent of the legislature.

Kenya's Constitution contains a Bill of Rights including , freedoms of religion, expression and assembly, and protection from discrimination on the basis of race, tribe, color, and creed. There is also strong protection for property rights. Political freedom was reduced by a 1966 amendment providing for preventive detention, if deemed necessary, to preserve public security. We believe it is not applied at this moment. The printed media enjoys a fair amount of freedom in comparison to its counterparts in other African countries, while radio and television are state-owned and managed.

At present, a one-party system is in operation. The National Assembly consists of 170 members, of whom 12 are appointed by the President and 158 popularly elected, after nomination by the only party, the Kenya African National Union (KANU). The President is assured of majority support on all votes since he can count on the loyalty of the 12 appointed members, 27 Ministers and 54 Assistant Ministers in the Assembly. The Assembly has one Asian and one European member in addition to its African members.

The country was under the leadership of President Jomo Kenyatta from Independence until his death in 1978. Then, following peaceful national elections in November 1979, the former Vice President, Daniel T. arap Moi became President. At present, the President and his associates appear to be in full control of state power and Kenya seems to be reaching out to a more activist role in African and world politics, since the President is also the current Chairman of the Organization of African Unity. But in spite of the apparent control, the current political situation in Kenya contains underlying tensions as a result of conflicts in the political sphere due to tribal and regional interests, and uncertainties created by frequent and rapid shifts in senior civil servants and the recent considerable expansion of the Cabinet itself.

The political system is polarized along tribal rather than ideological lines. The President's tribe, the Kalinjin, is quite small, and he has sought to strengthen his ties with other tribes while exploiting divisions in the single largest tribe, the Kikuyu tribe. The Kikuyu are presently divided along geographical lines, with a struggle for power between the Vice President and Minister of Finance, Mwai Kibaki, leading one faction (Nyeri) and the Minister of Constitutional and Home Affairs, Charles Njonjo, leading the other (Kiambu). These two men, together with the President, are the three most powerful men in Kenya at the moment.

In order to gain the loyalty of powerful members of Parliament and weaken the authority of individual ministers, the President has increased the number of ministries while concentrating more activities in his own office. He also uses the enlarged Cabinet as a forum for decision-making. The expansion of the number of ministries has diluted the civil service, especially at top levels. This has led to a slowdown in decision-making and management problems. At the same time, the Office of the President does not have the technical expertise to handle its greatly increased work load.

The politicization of Government decisions has affected the civil service. The appointments and promotions of civil servants, including the Permanent Secretaries, on grounds other than merit, has weakened the system of rewards and sanctions in the traditionally performance-oriented service. Lack of modern management methods and a rapid increase in number and complexity of tasks have contributed to a drop in efficiency. Kenya's Civil Service still counts many highly qualified staff in its top ranks, but quality rapidly deteriorates in the middle and lower ranks; as a result, many senior executives are seriously overburdened.

KENYA

ECONOMIC BACKGROUND

Although Kenya is now experiencing severe economic difficulties, the country, with a per capita income of US$420 (1980) is one of the most prosperous in East Africa and has one of the best records of long-term growth (per capita income increasing by 2.7% per year over 1960-79). This is largely due to its political stability and pragmatic economic policies; the country's geographical location and resource base being unexceptional. The Government's development strategy has been to promote rapid economic growth by providing strong incentives for private investment in both agriculture and industry, but with a significant amount of Government participation and intervention.

Kenya's current economic problems are in part the result of deep seated structural factors and in part due to adverse movements in its international terms of trade. The most fundamental of Kenya's structural problems is the rapid growth rate of population, estimated to be 3.9% per annum, among the highest in the world. A second problem is that rapid growth of industry has been based on high levels of protection from foreign competition. This has encouraged investment in import substitution industries which are heavily dependent on imported inputs aimed at a relatively small domestic market and has discouraged exports. Opportunities for economically efficient import-substitution are fast disappearing while this pattern of industrialization has contributed to balance of payments disequilibrium. Finally, agricultural growth, and especially the growth of production of food for the domestic market, has slowed in recent years. This reflects generally less favorable climatic conditions, a weakening of the factors fueling earlier growth (expansion and intensification of land under cultivation and technological progress) and inconsistencies in pricing policy and inadequacies in marketing.

Kenyan economic performance since 1973-74 has been dominated by strong fluctuations in the prices of its exports and imports. In 1973-74, Kenya was adversely affected by the initial round of oil price increases. This was mitigated in 1976-77 by a boom in the price of coffee, its major export. Since 1978, however, Kenya's economic problems have intensified: coffee prices have declined precipitously and the country was caught by a second round of oil price increases. The effect of these adverse international developments on Kenya's growth and balance of payments was compounded by poor weather which led to maize shortages, requiring costly imports, and curtailed growth of agricultural exports. Growth of GDP during 1977-80 averaged 4.2% per year (and was only 1.6% in 1980). Even with declining growth rates, the balance of payments current account deficit has reached unprecedented levels, averaging US$670 million per year over this period and reaching almost US$900 million in 1980, equivalent to about 13.0% of GDP. As a result of these large deficits, the country's debt outstanding and disbursed has increased from US$917 million at the end of 1977 to about US$2.2 billion at the end of 1980, and the debt service ratio has risen from 3.6% in 1977 to 12.6% in 1980.

Kenya now faces the necessity of making difficult and far-reaching policy decisions to remedy its structural problems in the face of a weakened and vulnerable domestic economy and in the context of a generally unfavorable world economic environment. The Bank and Government have agreed on the outlines of a program to revitalize the agricultural sector, restructure the industrial sector to make it more internationally competitive, prepare an energy sector strategy and reduce the rate of growth of population.

This program which is being specifically supported by a series of structural adjustment loans (SAL), and by the lending program in general, should allow Kenya to attain a positive growth of per capita income within the context of a sustainable balance of payments current account deficit in a 5-7 year time frame. The first SAL, approved in early 1980, had as its major emphasis rationalization of the trade regime to bring about a transition from highly protected import substitution industrialization to a more outward-oriented policy and improvement of incentives for exports. A second SAL is now being prepared which, in addition to supporting the continuation of the process of rationalization of the system of industrial protection and incentives, intends to stimulate agriculture by encouraging a greater role for the private sector in marketing, improving the pricing mechanism, encouraging more efficient and equitable land use and improving the planning and implementation of agricultural projects and programs. It also includes specific measures in the population and energy sectors.

The first years of the 1980s are going to be difficult ones for Kenyan policymakers and for the Kenyan economy. The temporary respite provided by the coffee boom is over and the prospect is for an unfavorable world environment in which the country's international terms of trade are likely to continue to deteriorate. In addition, debt service obligations will be high because of heavy borrowing at high interest rates, associated with the large current account deficits of the past three years. At the same time, the Government's fiscal operations are likely to be subjected to extreme pressure because of slower growing revenues and demands for increased expenditures.

Given the adverse external circumstances, it is unlikely that positive growth of GDP per capita can be maintained during 1981-83. However, growth prospects appear somewhat better from about 1983 onward provided economic management (including monetary, fiscal and financial policies) measures up to the challenge. Projected commodity price trends appear more favorable to Kenya, and the growth of external debt would decelerate if current account deficits remain stable over the next few years. It should, therefore, be possible to follow gradually more expansionary policies and a growth rate of GDP exceeding 5.0% per year should be attainable during the second half of the decade. Kenya's external capital requirements over the next five years will be substantial, averaging almost US$1 billion per year (gross). While the country has some capacity to tap the private capital market, given its rapidly rising debt service obligations and the vulnerability of its trade position, it must be very judicious in its use of non-concessional borrowing. It has been estimated that suppliers credits and commercial loans should not constitute more than a third of gross capital inflows. At the same time the country should make maximum use of IMF facilities.

ANNEX II

THE STATUS OF BANK GROUP OPERATIONS IN KENYA

A. Statement of Bank Loans and IDA Credits as of September 30, 1981

Loan or Credit #	Year	Borrower	Purpose	US$ Million Amount (Less Cancellations) Bank 1/	TW	IDA 1/	Undisbursed
Sixteen (16) Loans and seventeen (17) Credits fully disbursed				266.68		179.72	
477	1974	Kenya	Livestock			17.50	9.51
537	1975	Kenya	Group Farm Rehabilitation			7.50	3.67
1105	1975	Kenya	Sites and Services	8.00			3.60
1167	1976	Kenya	Mombasa & Coastal Water Supply	35.00			2.41
1184	1976	Kenya	Third Education	10.00			8.47
(650	(1977	(Kenya	(Integrated Agri. Development			10.00	(4.14
(1303-T	(1977	(Kenya	(Integrated Agri. Development		10.00		(10.00
1304-T	1977	Kenya	Wildlife and Tourism		17.00		9.68
(651	(1977	(Kenya	(Rural Access Roads			4.00	(.10
(1305	(1977	(Kenya	(Rural Access Roads	4.00			(4.00
1389	1977	Kenya	South Nyanza Sugar	25.00			6.39
(692	(1977	(Kenya	(Third Agriculture			20.00	1.39
(1390-T	1977	(Kenya	(Third Agriculture		5.00		(5.00
1438	1977	IDB	Third Industrial Dev. Bank	20.00			7.50
(722	(1977	(Kenya	(Bura Irrigation Settlement			6.00	(.92
(1449	(1977	(Kenya	(Bura Irrigation Settlement	34.00			(34.00
750	1978	Kenya	Small Scale Industry			10.00	8.80
1520	1978	NCC	Second Nairobi Water Supply	30.00			22.72
(791	(1978	(Kenya	(Second Urban			25.00	(22.72
(1550	(1978	(Kenya	(Second Urban	25.00			(25.00
797	1978	Kenya	Fourth Education			23.00	20.34
1636	1979	Kenya	Sugar Rehabilitation	72.00			68.11
1637	1979	Kenya	Rural Water Supply	20.00			19.89
858	1979	Kenya	Narok Agricultural Development			13.00	12.41
1680	1979	Kenya	Telecommunications	20.00			15.88
1684	1979	Kenya	Highway Sector	90.00			87.82
914	1979	Kenya	Smallholder Coffee Improvement			27.00	26.19
959	1980	Kenya	Second Integrated Agri. Dev.			46.00	45.66
962	1980	Kenya	Baringo Pilot			6.50	6.06
1799	1980	Kenya	Third Power (Olkaria Geothermal)	40.00 2/			17.18
1817	1980	IDB	Fourth Industrial Dev. Bank	30.00			29.07
1045	1980	Kenya	Export Promotion Technical Asst.			4.50	4.50
1051	1980	Kenya	Fisheries			10.00	10.00
1107	1981	Kenya	Fifth Education 3/ 4/			36.70	36.70
1976	1981	Kenya	Railway 3/	58.00			58.00
(1143	(1981	(Kenya	(Fourth Agriculture 3/ 4/			10.00	10.00
(1995)	(1981	(Kenya	(Fourth Agriculture 3/	25.00	-	-	25.00
			Total	812.68	32.00	456.42	682.83
			of which has been repaid	43.89	-	2.50	
			Total now outstanding	768.79	32.00	453.92	
			Amount sold 11.81				
			of which has been repaid 11.81	.00			
			TOTAL now held by Bank and IDA 1/	768.79	32.00	453.92	
			TOTAL undisbursed	435.04	24.68	223.11	682.83

1/ Prior to exchange adjustment.
2/ Includes Loan S-12 ($9.0 million).
3/ Not yet effective.
4/ IDA-6 Credit amounts expressed in dollar equivalents of SDR's.

B. Summary Statement of Bank Loans for Common Services Involving Kenya, Tanzania and Uganda as of September 30, 1981

Loan No.	Year	Borrower	Purpose		Amount (less cancellations) Bank 1/	Undisbursed
					------US$ million-----	
Six loans fully disbursed					135.80	
638-EA	1969	EAHC	Second Harbours		35.00	0.52
865-EA	1972	EAHC	Third Harbours		26.50	0.35
914-EA	1972	EAPTC	Third Telecom		32.50	0.28
1204-EA	1976	EADB	Second Dev. Finance		15.00	3.27
Total					244.80	4.42
of which has been repaid					68.64	
Total now outstanding					176.16	
Amount sold				24.36		
of which has been repaid				24.36	0.00	
Total now held by Bank 1/					176.16	
Total undisbursed					4.42	4.42

1/ Net of exchange adjustments.

C. Status of Projects in Execution 1/
(As of September 30, 1981)

There are currently 31 projects under execution in Kenya.

AGRICULTURAL SECTOR

Credit No. 477-KE - Second Livestock Project: US$17.5 2/ million Credit of April 5, 1974; Effective Date: December 2, 1974; Closing Date: December 31, 1982 3/

The implementation of this project has been hampered by a number of policy and institutional issues. Consequently, disbursements have been exceedingly slow and the outstanding balance as of December 31, 1980, the closing date, was US$14.3 million. Agreement was reached with the Government that the credit would be extended for a period of two years to December 31, 1982, if a number of conditions necessary to resolve the above issues were implemented by November 1980. These conditions implied a more realistic and modified project with decreased project costs. Agreement was also reached between the Government and the Agricultural Finance Corporation (AFC) with the Association that since the total amount of the credit could not be utilized even with the proposed new closing date, the Government would request a cancellation of US$4.0 million and a re-allocation between categories in Schedule 1 of the Credit Agreement, once the conditions were met. Although the cancellation is now effective, the other amendments have not come into effect, since the counter signed letter of amendment from AFC has not yet been received.

Credit No. 537-KE 3/ - Group Farm Rehabilitation Project: US$7.5 million Credit of March 26, 1975; Effective Date: September 30, 1975; Closing Date: December 31, 1981

The Project faces major problems. The progress of rehabilitation of existing project farms is encountering a variety of legal, social, political and financial problems. Despite project efforts to recruit qualified farm

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1/ These notes are designed to inform the Executive Directors regarding the progress on projects in execution, and in particular to report any problems which are being encountered, and the action being taken to remedy them. They should be read in this sense, and with the understanding that they do not purport to present a balanced evaluation of strengths and weaknesses in project execution.

2/ Net of cancellations, an amount of US$4.0 million was cancelled on December 30, 1980, since the total amount of the credit could not be utilized.

3/ The new closing date will be effective once the countersigned letter from AFC is received.

4/ Loan No. 1093-KE, US$7.5 million, was cancelled on May 11, 1981, retroactive to November 30, 1980 at Government request.

managers, most of the farms continue to suffer from inadequate financial and operational management. The majority of project farm group owners would like to subdivide, but are constrained by large debts for common assets and by the absence of a clear Government policy and guidelines on legal subdivision of group farms. Although rehabilitation of a few farms, particularly coffee estates, seems to be proceeding satisfactorily, the Bank and the Government are jointly reviewing the project objectives in light of difficulties encountered, and the Government has undertaken a study of the financial impact of various alternative solutions to the financial problems of group farms and will review the implications of sub-division for the regions concerned. In the interim, recruitment of additional farms has stopped, and the cancellation of the total loan amount of US$7.5 million, at Government's request, has been effected.

Loan No. 1132-KE/Credit No. 565-KE - Second Forestry Plantation Project: US$9.9 million 1/ Loan and US$10.0 million Credit of June 27, 1975; Effective Date: September 25, 1975; Closing Date: December 31, 1981

The Project is a continuation of the first Kenya Forestry Plantation Project (Loan 641-KE), to complete the Government's long-term afforestation program target of 130,000 ha. of sawlog and 24,000 ha. of pulpwood plantations by 1980. The credit and the loan are now fully disbursed. A completion Report is under preparation. At completion, the planting program was 35% below target due to a variety of reasons, including bad weather conditions as well as poor and deteriorating management. The building and labor housing programs were considerably behind schedule. A number of the Credit Agreement covenants were not complied with, notably regarding the sawmilling sector, the national land use study, the gazetting of natural reserves, the study of stumpage rates for sawlogs and the timely submission of audited accounts. In the later years Government provided adequate budgetary allocations. The Project Completion report is under preparation. A Phase III project has been appraised.

Loan No. 1303T-KE/Credit No. 650-KE - Integrated Agricultural Development Project: US$10.0 million Loan and US$10.0 million Credit of July 9, 1976; Effective Date: March 15, 1977; Closing Date: December 31, 1981

The reorientation of the project towards assisting large numbers of subsistence farmers rather than progressive smallholder farmers has led to a number of difficulties, low rates of credit repayment, and loanee participation. Late release of credit funds has led to delayed application of farm inputs, and expected yield increases were therefore not achieved. Measures are now being taken to ensure availability of credit funds at the appropriate time. The overall balance between numbers of loanees and infrastructural support -- staff, storage and transport -- at cooperative union level has been improving, and greater efforts have been made to improve the input supply and marketing systems.

1/ Net of cancellation, an amount of US$0.1 million was cancelled on July 20, 1979 since items which were to have been financed under the loan were not procured in accordance with Bank guidelines.

Loan No. 1389-KE - South Nyanza Sugar Project: US$25.0 million
Loan of April 15, 1977; Effective Date: November 3, 1977;
Closing Date: March 31, 1983

The sugar factory is in operation, agricultural development has advanced well and nucleus estate development is complete including drainage. Yields from outgrowers' cane have been projected somewhat higher as compared with 1980 yields, and the actual 1981 production may well fall short of management expectations if the amount of rain and distribution of rainfall is not favorable. All civil work is virtually completed, work on minor roads is improving and major road works are proceeding satisfactorily. Certain weaknesses in project management, particularly cane handling and transport, have become apparent with sugar production, and consultants are being employed to rectify this problem. Although statutory sugar prices were changed in April 1981 by about 10%, SONY (the Project entity) is experiencing serious financial difficulties. KSA and SONY will review the situation to ascertain what financial assistance will be required from Government and if the Bank's legal requirements have been satisfied.

Loan No. 1390T-KE/Credit No. 692-KE - Third Agricultural Credit Project:
US$5.0 million Loan and US$20.0 million Credit of April 15, 1977;
Effective Date: September 14, 1977; Closing Date: December 31, 1981

The closing date of the Project has been extended one year to compensate for initial disbursement problems related to budgetary cutbacks and cumbersome administration of reimbursement requests and to reallocate underutilized credit funds for medium-scale farmers and stockists to the small-scale farmer category, where AFC commitments have exceeded appraisal estimates. The balance of funds for onlending, about $3.2 million, is expected to be fully drawn down by AFC by June 1981. The new, computerized accounts system is now operational, and is being programmed to provide improved arrears reporting, budgeting and financial control.

Loan No. 1449-KE/Credit No. 722-KE - Bura Irrigation Settlement
Project: US$34.0 million Loan and US$6.0 million Credit of June 22,
1978; Effective Date: June 27, 1978; Closing Date: June 30, 1984

Despite a slow start-up, project implementation is proceeding satisfactorily. However, a detailed review of cost estimates indicates that the Project will experience serious cost overruns; the revised estimate is about twice the appraisal figure, and there seems to be little scope for reduction. The Government has indicated that it will proceed with the Project despite the significant burden on its finances, and is currently reviewing its budget and seeking additional external assistance. No supplementary IDA financing is proposed.

Loan No. 1636-KE - Sugar Rehabilitation Project: US$72.0 million Loan of December 20, 1978; Effective Date: September 20, 1979; Closing Date: March 31, 1985

Implementation of this Project is facing a serious problem. The Government has indicated reluctance to sign the Subsidiary Financing Agreements for two of the three factories to be rehabilitated under the Project, and has now confirmed its intentions formally to the Bank. Developments in these project areas are in suspense since the companies have not given evidence that they have a viable financing plan and since the Government has not provided detailed plans for the complementary field and infrastructural development. Rehabilitation of the third factory has been held up by delays in the recruitment of consultants; serious cost over-runs are expected. Cane supply is expected to drop unless cane prices are significantly increased. In spite of the economic difficulties facing the sugar production sector, investments in new factories are being projected. A study to review sugar marketing prospects is due to start soon, and appropriate changes in project design will be discussed immediately thereafter.

Credit No. 858-KE - Narok Agricultural Development Project: US$13.0 million Credit of December 20, 1978; Effective Date: June 28, 1979; Closing Date: December 31, 1983

Implementation is proceeding slowly due to difficulties in developing effective credit programs adapted to the special circumstances of the traditional Masai farmers of the district. Land adjudication, initially an obstacle to medium-term lending by AFC, is proceeding relatively well, the construction of a central Farmers' Training Center is finished, and project staffing is nearly complete; however, project coordination and supervision of extension services has been weak due to a change in the District Agricultural Office (DAO) and the continued lack of an Assistant DAO. Disbursements for seasonal and medium-term loans are likely to proceed more slowly than expected, because of the need for intensive extension work and resolution of disputes on land issues and credit terms. The Government has requested the reallocation of some credit funds to other areas, including improvement of critical access roads, and this proposal is under review.

Credit No. 914-KE - Smallholder Coffee Improvement Project: US$27.0 million Credit of June 11, 1979; Effective Date: April 3, 1980; Closing Date: March 31, 1984

Principal project activities started slowly due to the lower than estimated 1980/81 Government budgetary allocations, the first since the Credit Agreement was signed, to finance SCIP lending operations for coffee factory rehabilitation/construction and farm improvements. However, most project personnel are in post and it is expected that the Project will be fully staffed shortly. Training has made good progress, but training programs need to be expanded and accelerated. Financial difficulties are expected to continue to prevail in the near future, and whether Project infrastructure, equipment and personnel will be utilized in an optimal fashion will depend on future Government funding of the Project.

Credit No. 962-KE - Baringo Semi-Arid Areas Project: US$6.5 million Credit of March 12, 1980; Effective Date: June 10, 1980; Closing Date: October 31, 1984

Project activities are proceeding well given the remoteness of the project area and the pilot nature of the project. The internationally-recruited technical staff and the local agricultural and livestock extension staff are all in place. Due to the 1980/81 Government budget constraints, allocations for the project were only a third of the amount requested and approved in project Work Plans. This shortfall has had a particular impact on construction of project housing, which is sorely inadequate, and the budget for project field services, which consequently remain limited. Despite these problems, the project team has launched a number of experiments in dry-land and irrigated farming, soil conservation and water harvesting, and range management. Project demonstrations have attracted local interest, and participation of area residents in project activities is increasing.

Credit No. 959-KE - Second Integrated Agricultural Development Project: US$46.0 million Credit of April 23, 1980; Effective Date: July 2, 1980; Closing Date: April 30, 1986.

IADP II faces many of the same problems as IADP I, mainly high drop out rates of project recruited farmers and low credit repayment rates. These problems are partly related to the inefficiencies of the farm input delivery system, the financial and managerial weaknesses of cooperative intermediaries, and inadequate marketing arrangements for smallholder production. Supervision of the project has emphasized streamlining of the credit and agricultural input delivery system and greater technical assistance to cooperatives and the strengthening of the Ministry of Cooperative Development's extension and audit services. IADP II provides significantly more support than IADP I for infrastructure, including rural access roads, rural water supplies, small-scale irrigation, and resource/soil conservation. Most infrastructure components are in the planning stage with construction to start in 1981/82. General delays in project implementation are expected due to severe Government budgetary constraints, which have resulted in cuts in the annual Work Plan programs.

Credit No. 1051-KE - Fisheries Development Project: US$10.0 million Credit of July 14, 1980; Effective Date: October 9, 1980: Closing Date: September 30, 1987

Project start-up activities are proceeding satisfactorily. The Project Manager and key Area Managers have been appointed. An early problem regarding a potential project overlap with a proposed Kenyan/Nordic cooperative fisheries project was resolved in May 1981 by the Nordics withdrawing from the project. A subsidiary financing agreement between the Government and the Cooperative Bank of Kenya for the cooperative credit program is being finalized. Recruitment of technical assistance for the fish farming center and boat building components is scheduled to be completed by July 1981.

EDUCATION SECTOR

Loan No. 1184-KE - Third Education Project: US$10.0 million Loan of December 31, 1975; Effective Date: March 17, 1976; Closing Date: June 30, 1982

Physical implementation of the project is about 3-1/2 years behind schedule. Government is taking measures to counter cost overruns and difficulties in making available their financial contributions by, inter alia, phasing activities in the project implementation period. The rate of progress towards achievement of educational objectives is linked to the rate of progress of physical implementation of the project. Minimal progress in preparation of a new and appropriate curriculum has been made by the Kenya Institute of Education, who has a leading role in improvement of primary education. Provisions under the Fifth Education Project for strengthening the Project Unit will likely benefit achievements by a more efficient management of implementation activities.

Credit No. 797-KE - Fourth Education Project: US$23.0 million Credit of June 7, 1978; Effective Date: August 25, 1978; Closing Date: December 31, 1982

Physical implementation of the project is about 22 months behind schedule (about 17% of completion). Revised total project cost increased to about KShs 329 million representing approximately 28% cost overrun in civil works in terms of local currency. The Technical Assistance program as well as the pursuance of educational objectives under the Credit are proceeding satisfactorily.

Credit No. 1107-KE - Fifth Education Project: US$ 40.0 1/ million Credit of May 7, 1981; Effective Date: July 30, 1981; Closing Date: June 30, 1986

This Credit became effective on July 30, 1981.

WATER SUPPLY SECTOR

Loan No. 1167-KE - Mombasa and Coastal Water Supply Project: US$35.0 million Loan of October 15, 1975; Effective Date: January 13, 1976; Closing Date: June 30, 1982

Full scale operational capacity is now forecast for June or July 1981, about 30 months behind schedule. Although there is a substantial cost overrun, this is not seen as a major problem since Government is fully committed to earliest project completion and is providing the additional funds, 80% local currency, as needed. Regarding key personnel vacancies requiring the Ministry

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1/ IDA Credit US$40 million equal 31.4 SDR at time of negotiations.

of Water Development's (MWD) attention, MWD is fully aware of this situation and, while progress is slow, remedial action is being taken. The Water Engineering Department of the MWD was able to start small scale operations, by means of temporary arrangements, in December 1980 and helped eliminate substantially Mombasa's water shortage during the 1980 year end dry season, and the project was formally commissioned in April 1981. The Closing Date has been postponed by two years to June 30, 1982.

Loan No. 1520-KE - Second Nairobi Water Supply Project: US$30.0 million Loan of March 27, 1978; Effective Date: December 20, 1978; Closing Date: December 31, 1982

Implementation started on schedule but completion is now forecast about 21 months behind schedule due to difficulties with tender evaluations and delays by the Borrower in contract administration and in concluding satisfactory arrangements for construction supervision. Most supply contracts financed by other donors and the construction contracts being financed by the Bank now have been awarded. Good progress is being made on detailed design and tendering for the remaining contracts. Bid prices to date have been favorable, but due largely to the delays there is an estimated increase of 35% in local currency costs and 5% in total costs. Water supply and sewerage operations are in sound financial condition. However, the Borrower has been slow in fulfilling financial covenants pertaining to external audits.

Loan No. 1637-KE - Rural Water Supply Project: US$20.0 million Loan of December 20, 1978; Effective Date: January 24, 1980; Closing Date: July 1, 1985

The original project included 33 schemes but since two schemes are proposed to be joined together and three schemes are being constructed under other programs, only 29 schemes remain. The implementation is about 18 months behind schedule due to late effectiveness and slow start by the Ministry of Water Development (MWD) in preparing studies for the schemes. The training program is progressing satisfactorily; bids for MWD vehicles and construction equipment are being evaluated; MWD's reorganization has been generally implemented although some improvements are still to be completed. Water tariffs were changed in April 1981, on Presidential order and MWD will submit to the Bank computations showing the impact on revenues and the covering of O&M costs.

TRANSPORT SECTOR

Loan No. 1305-KE/Credit No. 651-KE - Rural Access Roads Project: US$4.0 million Loan and US$4.0 million Credit of July 9, 1976; Effective Date: October 7, 1976; Closing Date: June 30, 1983

Progress on the Rural Access Roads Program (RARP) was reviewed in depth by all donors and discussed with Government during the Annual Review Meeting held in October 1980. The project is about two years behind schedule due to administration and procurement problems which delayed establishment of construction units. All eight Bank-financed construction units are fully equipped, and are now operational, and satisfactorily staffed since these problems were resolved in the beginning of 1978. By September 15, 1980, 646 km of access roads had been constructed, of which only 135 km were gravelled due to the above-mentioned delays and later to the labor shortage. The decline of annual output and productivity of construction units, also due to a shortage of labor, was increased from 30 km per annum to 33 km per annum primarily because the Government granted a daily minimum wage increase that was proposed by MOTC. The labor supply has been adequate since June 1980, following the May wage increase.

Loan No. 1684-KE - Highway Sector Project: US$90.0 million Loan of April 30, 1979; Effective Date: June 18, 1979; Closing Date: June 30, 1985

Implementation of the Government's Highway Sector Plan has been delayed by about one year because a critical shortage of funds has caused a reduction in the highway work program. While this has not yet affected the project appreciably, the continuation of this trend in FY81 could touch projects included in the Sector Loan. The two contracts for construction of Uplands-Limmuru (11 km) and Nairasha-Nakuru (56 km) were recently signed and mobilization is satisfactory. The contracts for strengthening the Mau Summit-Kisumu road (136 km) is being retendered while the Nakuru-Timboroa road (81 km) tender documents are completed. The remaining two subprojects, the Nairobi-Thika and Longonot-Uplands roads, are under design. The regravelling of gravel roads projections were achieved during the past two years (1979-80). Resealing of paved roads is behind schedule with only 18% of the appraisal target accomplished due to shortage of bitumen and poor organization. Bitumen is now being imported and four resealing units out of the six planned are operational. The resealing operation is now progressing. The funds allocated for road maintenance are about 15% below appraisal estimates but with better organization and utilization of existing resources, the targets could be achieved.

Loan 1976-KE - Railway Project: US$58.0 million Loan of May 7, 1981; Effective Date: September 3, 1981; Closing Date: December 31, 1985

This Loan became effective on September 3, 1981 following the receipt of the Subsidiary loan agreement between the Government and Kenya Railway.

POWER SECTOR

Loan No. 1799-KE - Olkaria Geothermal Power Project: US$40.0 million Loan of April 25, 1980, Effective Date: November 18, 1980; Closing Date: June 30, 1983

This Loan includes the US$9.0 million for the Engineering Loan (S-12-KE), refinanced under this project. Progress under the loan has been satisfactory. Drilling is proceeding on schedule; fabrication of the new drill rig and accessories has been completed, and erection of the rig at the site is expected to be completed by the end of the year. Miscellaneous supplies and equipment have been purchased under International Shopping procedures. The project is expected to be completed ahead of schedule and within the estimated cost.

INDUSTRIAL SECTOR

Loan No. 1438-KE - Third Industrial Development Bank Project: US$20.0 million Loan of June 22, 1977; Effective Date: November 10, 1977; Closing Date: July 1, 1982

Seventeen sub-projects have been approved under this Loan. As at February 28, 1981, US$20.0 million has been fully committed and as at September 30, US$13.5 million had been disbursed.

Credit No. 750-KE - Small Scale Industry Project: US$10.0 million Credit of November 28, 1977; Effective Date: June 26, 1978; Closing Date: December 31, 1982

Kenya Industrial Estates (KIE) is making efforts to improve its slow implementation rate and high arrears of clients. The Association is seeking Government assistance in correcting two problems, noted previously, caused by the transfer in March 1980 of a loan portfolio from another DFC (ICDC): (i) First, that KIE complete the reconciliation of the individual subloan amounts stated in the transfer agreement with available documentation and receive compensation for the doubtful debts in the portfolio; and (ii) Second, a proposal to increase KIE's paid-in share capital to maintain the debt/equity ratio below 3, the ceiling (3:1) of the IDA Project Agreement. As of September 30, 1981, US$3.9 million was committed for 73 subloans and some technical assistance, to 57 subprojects, but only US$1.2 million had been disbursed. About half of the commitments were for eight subprojects with the remainder allocated to smaller free-limit subprojects.

Loan No. 1817-KE - Fourth Industrial Development Bank Project: US$30.0 million Loan of June 16, 1980; Effective Date: August 21, 1980; Closing Date: December 31, 1985.

Ten subprojects have been approved under the Loan to date. As at September 30, 1981, US$14.9 million had been committed and US$930,000 had been disbursed.

TECHNICAL ASSISTANCE

Credit No. 1045-KE - Export Promotion Technical Assistance Project: US$4.5 million Credit of July 14, 1980, Effective Date: October 15, 1980; Closing Date: June 30, 1985.

This Credit became effective on October 15, 1980.

TELECOMMUNICATIONS SECTOR

Loan No. 1680-KE - First Telecommunications Project: US$20.0 million Loan of April 11, 1979; Effective Date: August 16, 1979; Closing Date: June 30, 1983.

The Project is now progressing satisfactorily. Bid awards for all Bank-financed goods have been completed and contracts signed. Initial delays in procurement of goods are likely to cause about a year's delay in project completion. Kenya Posts and Telecommunications Corporation (KPTC) has completed the installation of a total of 960 lines of extension equipment in eight manual exchanges using its own funds. The balance of a total of 570 lines in four exchanges is expected to be in service in 1981. KPTC has now completed design of cable networks and buildings.

URBAN SECTOR

Loan No. 1105-KE/Credit No. 543-KE - Sites and Services Project: US$8.0 million Loan and US$8.0 million Credit of May 6, 1975; Effective Date: September 25, 1975; Closing Date: June 30, 1982

Overall project execution continues to be satisfactory but there are mounting delays in implementation causing a slippage of two years due primarily to construction delays. Infrastructure has been completed for the first 1,000 plots and most beneficiaries have constructed satisfactory houses. Infrastructure for an additional 2,700 plots is about 30% complete and construction of infrastructure for the remaining 2,300 plots is expected to begin soon. Cost recovery continues to be good. One primary school is now operational, but designs for the remaining schools are behind schedule. One health center is under construction; however, the Bank does not plan to disburse against its costs as its design was too expensive and was not approved by the Bank. The design of the other health center should be submitted for approval soon. Tenders have been invited for all other community facilities. Technical assistance components are completed or scheduled for completion in conjunction with the project. Project costs for the first phase remain close to appraisal estimates but are expected to exceed original estimates for the remaining components because of delays incurred. The credit is fully disbursed and disbursements under the loan have started. Although loan disbursements are expected to increase rapidly now that the construction activities are progressing satisfactorily, the Closing Date has been extended one year.

Loan No. 1550-KE/Credit No. 791-KE - Second Urban Project: US$25.0 million Loan and US$25.0 million Credit of May 5, 1978; Effective Date: October 3, 1978; Closing Date: December 31, 1983

Progress in implementation of physical components of the project is generally satisfactory. Consultants for detailed design and engineering of Phase I sites in all three cities (Nairobi, Mombasa and Kisumu) are making good progress. Appointment of consultants for Phase II sites has now been completed and design work is underway. The Housing Development Departments are operational in all three cities with most key posts filled. Recruitment of other staff is underway. Progress on studies included in the project is slower than expected. Municipal finance reforms have been delayed pending Cabinet approval of a paper on the subject.

WILDLIFE AND TOURISM SECTOR

Loan No. 1304T-KE - Wildlife and Tourism Project: US$17.0 million Loan of July 9, 1976; Effective Date: November 10, 1976; Closing Date: June 30, 1982

After initial delays, project implementation is accelerating. Officers for the Project Management Unit have been appointed, and six key Wildlife Planning Unit positions have been filled. The Ministry of Transport and Communications has appointed various consultants for the design and construction of all physical project components. The Tourism Pricing Study and the very Large Herbivores Study have been completed, and recommendations contained in these two studies are under review by the Government. The anti-poaching units are fully staffed and deployed, and initial effectiveness of the units appears satisfactory. Draft amendments to the Wildlife (Conservation and Management) Act of 1976 to fulfill the requirements of the supplementary letter giving detailed proposals for anti-poaching operations have been approved by the Ministry of Environment and Natural Resources and are now in the final stages of processing.

East African Community

There are currently four projects in execution in the East African Community. 1/

Loan No. 638-EA - Second Harbours Project: US$35.0 million Loan of August 25, 1969; Date of Effectiveness: December 16, 1969; Closing Date: December 31, 1977

The Second Harbours project included financing for five general cargo berths and a single buoy tanker terminal for the Port of Dar-es-Salaam; two general cargo berths and a bulk cement wharf for Mombasa; tugs, lighters, cargo handling equipment, offices, housing and general improvements for both

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1/ Since October 1, 1977, the East African Community loans (excluding the East African Development Bank) have been disbursed on the basis of separate national guarantees. The agreed allocation of undisbursed balances for each loan, as proposed in a report to the Executive Directors dated December 29, 1977 (R77-312) and approved on January 12, 1978, is given in this Annex. The Closing Dates for Loans 638-EA, 865-EA and 914-EA have passed. However, since the amount allocated to and guaranteed by each Partner State is clearly identified under the terms of the agreement signed on January 25, 1978, as proposed in the above report (R77-312), we are continuing disbursements.

ports. Construction of all major project elements has been completed and a joint project completion report was issued in January 1979 for the Second and Third Harbour projects. General cargo throughput has increased above appraisal forecasts for Dar-es-Salaam, and cargo handling productivity has generally improved with increasing throughput; however, port labor productivity has stagnated in Mombasa where general cargo throughput has declined considerably. Legislation to establish a Tanzania Harbours Authority and a Kenya Ports Authority has been enacted. Management of ports in both countries is competent. Some US$34.5 million of Loan 638-EA has already been disbursed.

Loan No. 914-EA - Third Telecommunications Project: US$32.5 million
Loan of June 22, 1973; Date of Effectiveness: September 19, 1973;
Closing Date: December 31, 1979

The project included provision for procurement of local telephone exchange equipment, cables and subscriber apparatus, microwave and UHF/VHF systems and multiplex equipment, interurban cables and wires, automatic switching and signalling equipment, telegraph, telex and data equipment, and training. The slippage in the project's completion was due to initial delays in procurement caused by staffing and other problems associated with the relocation of headquarters. About US$32.2 million of the loan has now been disbursed.

Loan No. 1204-EA - East African Development Bank: US$15.0 million
Loan of March 1, 1976; Date of Effectiveness: June 7, 1976;
Closing Date: June 30, 1982

The Loan is fully committed and disbursements are expected to be completed by the Closing Date of June 30, 1982. The economic difficulties of the three countries in which EADB operates has had a negative impact on EADB's portfolio. Helping clients to service their debts, therefore, continues to be EADB's priority.

D. STATEMENT OF IFC INVESTMENT IN KENYA AS AT SEPTEMBER 30, 1981

Fiscal Year	Obligor	Type of Business	Amount in US$ Million Loan	Equity	Total
1967, 1968 and 1973	Kenya Hotel Properties	Hotels	5.2	0.7	5.9
1970, 1974, 1977 and 1979	Pan African Paper Mills	Pulp and Paper	22.2	6.3	28.5
1972	Tourism Promotion Services	Hotels	2.4	-	2.4
1976	Rift Valley Textiles Ltd.	Textiles	6.3	2.8	9.1
1977	Kenya Commercial Bank Ltd.	Capital Market	2.0	-	2.0
1980	Development Finance Company of Kenya Ltd.	Development Finance	-	1.3	1.3
1981	Kenya Commercial Finance	Money & Capital Market	5.0	-	5.0
	Total Gross Commitments		43.1	11.1	54.2
	less cancellations, terminations, repayments and sales		12.7	1.8	14.5
	Total Commitments now held by IFC		30.4	9.3	39.7
	Total Undisbursed		10.1	-	10.1

KENYA

MEETING WITH RMEA STAFF
NOVEMBER 19, 1981

It is customary for visiting members of Senior Bank Management to meet with the staff of our Regional Mission in Eastern Africa (RMEA) to discuss subjects affecting the role and operations of the Bank Group. Subjects which may come up in your meeting include: (i) IDA VI replenishment and the proposed Bank Group capital increase; (ii) establishment of a Bank Group energy affiliate; (iii) the role of field office in Bank Group operations; and (iv) creation of a multilateral investment insurance agency. RMEA was established in FY65 with a staff of seven professionals to assist in expanding Bank activities in the Eastern African countries. RMEA currently comprises an agriculture division (21 staff), an education section (3 staff), and a disbursement unit (2 staff). The Director of RMEA is responsible for the management of the mission, and also serves as the Bank's Resident Representative in Kenya. In the latter function, he is assisted by a Deputy Resident Representative. RMEA also has an administrative officer to help in the management and support of the component units.

The primary responsibility of the RMEA agriculture division is to work with client countries in preparing projects for submission to the Bank, but it has also played a major role in the supervision of agriculture projects since FY72 -- at times it has supervised half or more of all active agriculture projects in the Region. During the current fiscal year some agriculture sector work has been assigned to RMEA, reflecting the increasing emphasis being given to economic and sector work in the Region, as well as an attempt to broaden the range of activities in which RMEA is engaged. The education sector handles all the supervision of education projects in Kenya and four adjacent countries. The section does not help in project preparation on a regular basis, although it does assist occasionally in response to specific requests. The disbursement unit handles disbursements for projects being supervised by RMEA, but an important part of its work is providing advice to borrowers on a range of procurement and disbursement matters.

In recognition of the special technical assistance needs of countries in Eastern Africa, the Bank created the Agricultural Development Service (ADS) in FY66. The purpose was to meet the large need for managers, financial controllers, and agricultural generalists and specialists in Bank-financed projects. The ADS is administered by RMEA, and the Bank contracts with governments to hire ADS staff on a full cost recovery basis. The ADS has grown from 12 specialists at the start (all expatriates with long experience in the former British territories of Eastern Africa) to a present total of 58 established positions, of which 47 are filled from a broad national and professional spectrum.

KENYA

MEETING WITH PRESIDENT MOI
NOVEMBER 19, 1981

Daniel T. arap Moi
President of the Republic

Biographical Details

1. President Daniel T. arap Moi was born in 1924. He succeeded Mr. Kenyatta as President at the time of the latter's death in August 1978. Since that time, he has considerably increased his popularity in Kenya through frequent and wide-ranging travel to various provinces. Mr. Moi was the Vice-President from 1967 until his succession to the Presidency.

2. Formerly a leader of the opposition party KADU (Kenya Africa Democratic Union), which was wound up in 1964, Mr. Moi is reported to have firmly established his influence with most politicians within the ruling KANU (Kenya African National Union) Party, now the sole legal party in the country. He is, however, from a minority tribe (the Kalenjins of Baringo District) which, until his ascension, was always considered a disadvantage in the face of the politically powerful Kikuyu tribe. Mr. Moi has a reputation for firmness and moderation. His reputation has been bolstered by his success in effecting a smooth transition following the death of Mr. Kenyatta, the conclusion of Parliamentary elections in November 1979, and the appointment of a Cabinet which more closely bears his stamp.

3. Mr. Moi was a teacher before being elected to the Kenya Legislative Council in 1955. He was Minister of Education for a brief period in 1962 and his interest in education continues. Following the November 1979 elections, he split the former Ministry of Education into the Ministry for Higher Education and the Ministry for Basic Education. Mr. Moi left the former Ministry of Education to become Minister of Local Government in 1962. Following his election to the House of Representatives in 1963, he became Shadow Minister of Agriculture and First President of the Rift Valley Region. After KADU was dissolved in 1964, he was appointed Minister of Home Affairs.

4. Mr. Moi has travelled widely and participated in various summit conferences in Africa and was Chairman of the latest Organization of African Unity Conference held in Nairobi.

Economic Situation and the Structural Adjustment Program

Kenya's current economic problems have been outlined in the note entitled "Economic Background". The country's difficult balance of payments situation and decelerating growth of per capita income are the result of slow growth of exports and agriculture. These are, in turn, traceable to government policy which emphasized industrialization through import substitution behind high protective barriers in the forms of bans and prohibitions on competing imports. This has produced rapid industrial growth but has resulted in the establishment of some inefficient industries which are themselves dependent on imported inputs, while discriminating against agriculture and exports. Agricultural growth has also been hampered by problems of land, pricing and marketing policies. The effects of lagging agriculture and exports have been exacerbated by rapid growth of the country's population and deterioration of its international terms of trade (in part due to its dependence on imported petroleum).

We have been assisting the Government in carrying out policies and programs aimed at resolving these problems through structural adjustment lending (SAL). The first SAL, approved in March 1980, was designed to support policies to reform the trade and tariff regime and to reduce the bias against agriculture and exports. To this end, import bans were eliminated and replaced by equivalent tariffs. It also supported measures designed to restructure the public investment program, promote exports and improve debt management. While the direction of policy has been consistent with the program and the funds are fully disbursed, implementation has been much slower than anticipated.

The second SAL, currently under discussion, will support the continuation of the process of reform of the trade and tariff regime which should ultimately include full elimination of all quantitative restrictions on imports, adoption of a more moderate and uniform tariff regime and more aggressive use of the exchange rate. In agriculture, it would involve improvements in the pricing and marketing system, development of a more explicit national land policy (through creation of a National Land Commission and legalization and rationalization of existing de facto subdivision of large farms) and improvements in the planning and implementation of agricultural programs and projects). In the energy field, it would involve the preparation of comprehensive investment programs for both the modern and traditional (wood energy) sectors. Finally, it would provide for the establishment of a National Council on Population and Development.

Some progress has been made in reaching agreement with the Government on this program, but important issues remain. Substantial progress has been made in trade and tariff policy: the shilling was devalued by 15% in September; the 1981/82 budget eliminated some anomolies and distortions in tariff rates and a new import administration system is about to be introduced. You should commend the President on these actions. However, the Government is not prepared to eschew the future use of import quotas and prohibitions and does not intend to eliminate all existing restrictions, even in five years. We believe that all restrictions should eventually be eliminated and that new ones should not be introduced. We would like you to reaffirm this, urging early agreement and a timetable for action. AWB

One of the critical policy objectives in the agricultural sector and where agreement has not yet been reached, is the redefinition of the role of the public sector in agricultural marketing. Over the last few years, there has been an increase in Government intervention in agricultural marketing. However, the Development Plan calls for the Government to confine itself to promotion and development of markets, maintenance of strategic stocks, and price support, while encouraging the private sector to carry out ordinary marketing functions.

(3) East African Community Mediation

125

Total 260 mil

$\frac{}{182}$

SAL *

AG Kilimanjaro 90
Forestation
Cotton
Energy LE 4. 40 m

Population *

Population Council

(1) * Population

(2) Project Implementation

In recent discussions, it has become apparent that the Government is reluctant to relax all controls on private marketing during a period of tight food supplies, but appears willing to reaffirm its commitment to encourage the private sector and to take some measures to relax these controls on private marketing. You should be aware that this a highly sensitive and politicized issue on which the Government itself is divided. Since the issue is particularly touchy, we would advise you not to raise it. It if is raised by President Moi, you should state that you agree with the proposals in the Development Plan which would assign to Government those functions it can do best, while leaving ordinary marketing functions in the hands of the private sector.

Kenya also faces severe land pressures and complex issues regarding land use and tenure. Vested interests in land and tribal prerogatives and ownership patterns make this also a politically sensitive matter. While the Government is committed to establishing a National Land Commission to review these issues, it has not yet done so. You should emphasize the importance of the Commission, its staffing and establishing sufficiently comprehensive terms of reference for it.

Finally, while the Government has indicated that it is committed to legalize the existing de facto sub-division of large farms, it has not formally done so. You should express your concern about the slow pace of action.

Project Implementation and Disbursements

We are seriously concerned about the present poor record of project implementation and disbursements in Kenya. Historically, the country has had a successful record with a lower number of problem projects than most other countries in Eastern Africa. However, since 1976 project implementation performance has deteriorated significantly, as evidenced by the declining absolute level of disbursements, well below the level of commitments. This phenomenon is being experienced in all externally financed projects in the country.

An analysis shows that the factors accounting for delays in project implementation vary widely, but some of the more pervasive factors have been institutional/management constraints (largely a reflection of the shortage of trained personnel), procurement problems (delays in preparing tender documents or processing contract awards), and, in particular, budgetary constraints leading to the lack of local financing. In addition, disbursement performance has sometimes been affected independent of project implementation, for example, due to delays in the processing of reimbursement applications or lack of proper supporting documentation. While these factors are not unique to the post-1976 period, they have become more pervasive and intense.

At September 30, 1981, about US$1,250 million in loans and credits were outstanding (excluding the former East Africa Community loans), including about US$680 million undisbursed. You should emphasize that this is a very poor and unacceptable record, and that either priority is given to the implementation and disbursement of our ongoing projects or they should be cancelled or reduced in scope. On the Government's part, you should suggest that a detailed analysis of the major implementation problems should be undertaken and that we would be willing to assist in such an exercise for Bank Group-financed projects. In so doing, you should stress that such an analysis is critical, since the level of future Bank Group aid commitments will be dependent on the rate of disbursement. On our part, you should say that we intend to intensify our semi-annual project implementation reviews, the next one to take place in early-1982.

N.B.

Population/Health 1/

Kenya's efforts in the provision of essential health services, together with improvements in general living conditions, have resulted in sharp declines in mortality and a marked improvement in the overall health of the population. This, unfortunately, has been accompanied by a sharp increase in the rate of population growth because a parallel decline in fertility has not occurred.

Life expectancy at birth has increased from 44 years at Independence (1963) to 53 years today. In fact, the infant mortality rate has declined from near 200 per 1,000 in the early 1950s to about 90 today -- the lowest in Sub-Saharan Africa, except for a few small island states. The government intends to continue building up essential health services, with the assistance of the Bank Group and several other external assistance agencies. In view of the rapid population growth, enough investment in the health sector is needed to double service capacity about every 18 years (the time it takes for population to double at the current growth rate) just to prevent deterioration of services.

Progress on reducing population growth has not been forthcoming to date. Overall fertility is not declining, although in the cities it is markedly lower than in rural areas. Available survey data clearly indicate that most couples desire large numbers of children (the average desired is about seven). Provision of family planning services is given a low priority by Ministry of Health staff. Efforts in the area of population/family planning information and education have been very weak. Many Members of Parliament are hostile to the family planning program. President Moi has been outspoken in his support of family planning, but more aggressive efforts from the top leadership are needed to bring about a constructive national debate on population growth. As evidence of his and his Government's commitment to addressing the population problem, you should ask about the status of the establishment of the National Council of Population and Development, which is a condition of the proposed second Structural Adjustment Project.

N.B.

1/ On this subject, please also refer to the project brief on the First and proposed Second Population/Health Projects.

Sub-Saharan Africa Report

In mid-October, copies of the Bank's report on "Accelerated Development in Sub-Saharan Africa: An Agenda for Action" were sent to President Moi and key officials in the Government. It would be appropriate for you to give President Moi a presentation copy of the report at your meeting, and to reiterate the importance you attach to the report's message and the need to address the problems of Sub-Saharan Africa on a priority basis (as you indicated in your Annual Meeting plenary speech).

While recognizing the diversity of conditions in different countries of Sub-Saharan Africa, the report identifies a number of common factors which have had an adverse impact on economic performance throughout the region. These include:

(a) structural factors, such as underdeveloped human resources, disruptions resulting from colonization and post-colonial consolidation, climatic and geographic factors hostile to development, and rapidly growing population;

(b) external factors, especially the relatively slow growth in primary product trade and deteriorating terms of trade; and

(c) domestic policy inadequacies. Here three critical weaknesses were identified: (i) trade and exchange rate policies have tended to over protect industry, hold back agriculture and absorb administrative capacity; (ii) too little attention has been given to administrative constraints, leading to widespread weaknesses in planning, decision making and management capacity, and other over-extension of the public sector; and (iii) there has been a consistent bias against agriculture in price, tax and exchange rate policies.

The report concludes that three major policy actions are central to any growth-oriented program: (i) more suitable trade and exchange rate policies; (ii) increased efficiency of resource use in the public sector; and (iii) improvements in agricultural policies. However, the report also recognizes that such policy reforms will be difficult, and will require substantial external assistance to be effective (specifically, the report recommended that aid in real terms to Sub-Saharan Africa be doubled by the end of the 1980s). You should assure President Moi that the World Bank, for its part, is increasingly gearing its operations to support Sub-Saharan African countries in designing and implementing appropriate programs of structural adjustment and policy reforms.

East African Community (EAC)

Mediation: The East African Community (EAC) was composed of Kenya, Tanzania and Uganda. It inherited from the former Colonial power and developed further, the Common Services Corporation (Railways, Ports, Telecommunications, Airways etc.) and General Fund Services (GFS) (training, administration etc.) for the Common Market. Total assets are estimated at about $1,437.9 million equivalent; total liabilities at $344.4 million equivalent. The Bank has lent some $244.8 million, of which $4.42 million remains outstanding and undisbursed. All Bank loans to the EAC are covered by joint and several guarantees. The de facto collapse of the EAC, followed the failure of Kenya, Tanzania and Uganda to agree on the EAC General Fund Services budget in mid-1977. Subsequently, following the withdrawal of Kenya and Uganda from the EAC headquarters in Arusha, the Bank assisted the three Governments in advancing a mediation proposal and in appointing Dr. Victor Umbricht (in January 1978) as the mediator to assist them in reaching an equitable settlement of the assets and liabilities of the EAC Corporations and the GFS. The mediator and related services are being financed from the balance of the EAC loans and by the United Nations Development Program. The Bank is the executing agency.

The mediation exercise started in February 1978. Following receipt of proposals for the allocation of these assets and liabilities, the three Governments have now agreed to negotiations. As allowed under his terms of reference, the Mediator has been asked to chair the negotiations. The Mediator's report and recommendations on the future structure of the East African Development Bank (EADB), prepared as a matter of priority, have already been accepted by the Partner States. The revised charter along with the Treaty to enact the new charter, have been ratified by the three Governments.

You should convey our appreciation of the cooperative spirit with which Kenya has assisted the Mediator in his difficult task and express the hope for an early settlement. You may also wish to encourage the President to do everything in his power to provide for a positive and successful outcome of the mediation effort, following the example of the settlement reached on the EADB. Any agreement would be subject to the rights of creditors and there may well have to be further individual negotiations once the former partner states have agreed. However, the importance of an early settlement for trade and commerce in the region can hardly be underestimated.

KENYA

NOTES ON A MEETING WITH PRESIDENT MOI AND RMEA STAFF

1. On November 4, President Moi met with Mr. Loos and other RMEA staff in preparation for your visit (meeting also attended by Messrs. Nyachae, Permanent Secretary, Office of the President, and two other officials). Although he said he did not have any specific issues he wished to raise with you, he referred to issues of (i) food policy, (ii) project implementation, (iii) proposed Population Council, (iv) power projects, and (v) relevant schooling for school-leavers. Background information for items (i)-(iv) is contained in the Briefing Paper for your meeting with President Moi. In addition, the following are notes taken on the November 4 meeting with RMEA.

Food Policy

2. President Moi said that one of his major concerns was with regard to food production and distribution. He expressed the view that the question of marketing had become an issue primarily because officials had misunderstood the position of the World Bank and other donors. He felt that things were now moving in the right direction and, as an example, referred to the marketing of beans by the National Cereals and Produce Board (NCPB). Under the previous system, private traders had purchased beans from the producers at low prices, but had driven consumer prices up about tenfold by hoarding beans, thereby forcing schools and other Government agencies to pay very high prices. However, the producer price was now set at KShs 330 and the consumer price at KShs 390; this had increased output and farmers had sold large quantities to the NCPB, resulting in a surplus for export, and consumers had also benefited since they paid far less than before. The President said he agreed with the principle of providing the farmers with incentives to grow food crops in order to reach self-sufficiency. Agriculture production he said must keep ahead of population growth. What he would like to request from the World Bank in this field was assistance in the construction of more stores to enable the holding of stocks of maize which could be released in times of poor harvests. He would also appreciate Bank advice on how the financial flows in NCPB and the cereals and sugar corporation could be organized so as to ensure that the agencies would not need Treasury subsidies. USAID also has indicated that they would like to see the counterpart funds of their food aid used for improvement of storage. Action had already been taken to improve the marketing and distribution situation; storage facilities had been put up in typical deficit areas such as Kitui and Garissa, and the Government had asked the farmers to store grains on farms for the time being.

3. Mr. Nyachae stressed that, as the President had said, the marketing issue had not been initiated by the World Bank, but on the Kenyan side. The impression had been created by some that it was desirable to abandon the existing system in its entirety, while it was really a question of ensuring that food was marketed effectively. President Moi said that he had been annoyed by the impression some people had that the Kenyan Government was

insensitive to the interests of both consumers and producers. Mr. Nyachae then introduced the idea of setting up a small unit in the Ministry of Agriculture to assist the parastatals dealing with food marketing in their tasks and in preventing unexpected shortfalls in stocks by preparing trend forecasts. President Moi expressed satisfaction about this initiative.

Project Implementation

4. Concerning the implementation of Bank-funded projects, the President placed the responsibility for the unsatisfactory performance squarely on the Kenyan authorities. He said he would ensure that steps were taken to rectify the defects and shortcomings in project implementation. One of the problems was the lack of adequate staff to monitor various aspects of project implementation, e.g. the processing of reimbursement applications. In the case of sugar rehabilitation, for example, the Government might ask that certain conditions be amended.

5. Mr. Nyachae then elaborated on the issue of project implementation. Task forces were being set up, involving the various ministries concerned and reporting to the Office of the President and the Ministry of Economic Planning and Development. They would monitor implementation of projects and he would like representatives of the World Bank to attend those meetings. Mr. Loos had been too diplomatic to say so, Mr. Nyachae added, but some neighboring countries in Africa were now doing better than Kenya in regard to implementation. President Moi maintained that, particularly under the present circumstances with a strong need to create employment opportunities, they should be taking the matter of effective and timely project implementation very seriously. He proposed that we should meet with him quarterly from now on. Mr. Loos welcomed this suggestion. He also expreseed his willingness to send Bank representatives to participate in the monitoring of meetings, although the Bank did not want to interfere in what was basically a matter for Government. President Moi assured him that Bank participation would not be construed in that way.

6. Mr. Loos confirmed that the Bank shared the Government's concern about the implementation of Bank-funded projects. The substantial increases in costs due to inflation resulting from delays in execution, together with the delay in reaping the benefits resulted in a sharp decline in the rates of return. Moreover, the charges paid since 1977 on amounts committed but not yet withdrawn exceeded $10 million. There had been a deterioration in project implementation particularly in agriculture. While it was true that the scope and content of some projects may have to be modified due to changes since appraisal and the Bank was willing to be flexible, timely decisions by Government were necessary before such modifications could be effected. This was the position for example in the case of the Sugar Rehabilitation Project. Overall, an amount of about $680 million was undisbursed. The case for further assistance was weakened if large amounts of committed funds remained unutilized.

Proposed Population Council

7. The President then mentioned the establishment of the Population Council and said they were "hammering away" at it. He was keenly aware of the immensity of the problem of providing employment opportunities for the

increasing number of school leavers. Mr. Nyachae then informed the meeting of the position regarding the establishment of the Population Council. A Committee has been formed, consisting of officials of the Ministries of Health, Agriculture, Finance, Economic Planning and Development, Education and the Office of the President. The proposal to make the Population Council an arm of the National Council for Science and Technology, rather than leave the responsibility to one particular ministry, was being considered.

Power Projects

8. Turning to power, the President said that this sector was of vital importance for the economy. There had been some argument about the relative priority of projects, but he considered all projects in this sector of high priority. Turkwel had been assigned first priority since it was a hydro-electric power plus agricultural rehabilitation project (we have had no other formal intimation of this decision).

Relevant Schooling for School-leavers

9. President Moi said he would welcome the Bank's assistance with the expansion of training for school leavers, including assistance for the setting up of a Second University in regard to which a report had now been completed (evidently recommending its establishment in Western Kenya). The President indicated that he had approached the Australian and Canadian authorities for assistance as well.

KENYA

ENERGY SECTOR

Kenya has a modest energy resource base which includes wood, hydropower, geothermal and solar energy. Wood is by far the most important energy source, supplying close to 70% of total requirements and all of the non-commercial energy used. Forests cover about 4% of the country's total area, generating at a rate of about 9 million cu.m. annually. Annual consumption, however, is about 37.5 cu.m., resulting in severe and rapid depletion of forests. This is Kenya's most critical energy problem. The Government has undertaken intensive reforestation programs (although inadequate), and has received Bank Group assistance in this effort. (The First and Second Forestry Projects and the proposed Third Forestry Project).

The hydropower potential has been estimated at 6000 MW of which less than a quarter can be developed economically under current conditions. Installed capacity is only about 300 MW, mainly on the Tana River. The Bank Group has assisted in financing two of the three hydroeletric power projects developed on the Tana River - the Kiambere and Gitaru projects.

Geothermal potential has been proven in the range of 100-200 MW, but further exploration will be required to establish the country's full potential. During your field visit to the Olkaria Geothermal Power Project, you will see the first geothermal-based power plant in Africa, with an initial capacity of 15 MW, which was financed with Bank assistance and commissioned in August 1981; a second Bank-financed 15 MW unit is scheduled to be commissioned in early 1983 (see brief on Olkaria Geothermal Power Project). Solar energy offers potential for residential water heaters and agricultural uses.

Petroleum demand is satisfied entirely through imports, primarily of crude oil, which is processed at a refinery at Mombasa. Over the period 1969-80, imported oil accounted for about 85% of all commercial energy consumed in the country. However, due to Kenya's strategic location, the country also exports refined products (about 40% of the refinery's output) to neighboring countries and is also a large refueler of jet aircraft. Hence, although the oil price increases since 1973 have had a significant impact on the balance of payments, the country has not been as adversely affected as other similar developing countries. In 1980, although gross petroleum imports represented 30% of total imports, net petroleum imports accounted for only about 12% of total imports. No commercial petroleum resources have yet been identified, although onland and offshore sedimentary basins exist and warrant further exploration. A proposed Petroleum Exploration Project has just been negotiated and is expected to be presented to the Board on December 15, 1981. It will provide the Government with technical assistance to attract companies for exploration, and to negotiate contracts with them.

No significant coal deposits or natural gas reserves have been discovered so far. Other potential sources of energy in the country which require further research are wind, biomass and biogas.

A Bank Group Energy Sector Assessment mission visited Kenya in April 1981 to assist the Government in reviewing the sector and identifying priorities. The report is nearing completion.

Issues and Recommendations

There are two major issues in this sector which you may wish to discuss with the Minister for Energy, Honorable Okwanyo, during your field visit to the Olkaria Geothermal Project. The first is that the present level of firewood and charcoal demand is not sustainable by indigenous forest resources. Consequently, the major demand management issue is the need to reduce the consumption of firewood (rural areas) and charcoal (urban areas), and improve the efficiency of charcoal production. On the supply side, the issue is the importance of increasing the rate of rural reforestation. You could enquire about the status of the Government's programs in these areas. The second issue concerns the proposed power investment program. We have been informed that work was suspended on the next power project - the Kiambere Hydroelectric Project on the Tana River for which a substantial amount of preparatory work had already been completed. Instead, the Government intends to proceed with the construction of a hydroelectric station on the Turkwel River for which there is presently insufficient technical and economic data. If the Government should request financing for the Turkwel project during the visit, you should express our view that since Kiambere was recommended as the next phase of the power investment program in Kenya's National Power Development Plan, and since work on the project is at a far more advanced stage than Turkwel, the project should be completed first while the preparatory work for Turkwel is being finalized. N.B.

You should be aware that there is substantial controversy over two gasohol projects currently under construction in Kenya. Two companies, both with majority Government ownership, are building distilleries in Western Kenya for the production of fuel alcohol from molasses. They are expected to be completed by end 1981. The Bank Group is not involved in the projects but a Fuel Alcohol Sub-Sector Review was undertaken (as an independent part of the Kenya energy sector assessment). The report concluded that the Government had not systematically dealt with the economic, technical, organization and financial issues relating to the introduction of fuel alcohol in Kenya and that the projects are unlikely to be economic. You should not discuss this subject. If it is specifically brought up, you should reiterate that the poor economic, financial and technical justification for the fuel alcohol program indicates the need to avoid future investment until the proposed energy sector investment program (proposed under the Structural Adjustment Program) is completed.

On the positive side, you should commend the Government for its energy pricing policies. The Government has followed a consistent policy of keeping petroleum product prices in line with or above international prics. With regard to electricity prices, a tariff structure based on long run marginal costs (formulated with Bank assistance) has been in operation since 1979 and has generally been adhered to. There is very little trade and consequently a lack of informationon fuelwood prices (most users cut their own fuelwood and do not pay for it). Charcoal prices are regulated in the urban areas and deregulated in the rural areas. As indicated above, since the demand for fuelwood far exceeds supply, markets for fuelwood and charcoal are expected to consolidate and prices to rise in the longer term. N.B.

As a general topic, you should ask the Minister for his views on regional cooperation between Kenya and Uganda (and Tanzania if political relations improve) in the power sector, and state that the Bank Group would be willing to support such cooperation both in terms of plans as well as financing.

KENYA

OLKARIA GEOTHERMAL POWER PROJECT
(Loan 1799-KE)

Project Data

	US$ Million as of September 30, 1981		
	Bank	IDA	Undisbursed
Amount-	40.0*		17.2
Dates Approved-	January 22, 1980		
Closing-	December 31, 1983		

*Includes refinancing for the Olkaria Engineering Loan of US$9.0 million.

Project Description

This is the first geothermal power project in Africa. The basic objective of the project is to provide a firm source of power and energy to meet the expected growth of demand from 1981-85 and to reduce the country's heavy dependence on imported oil. The project consists of the drilling of geothermal steam wells, the construction of a generating station comprising two 15 MW units and the necessary substation and transmission lines. The project includes a training component, funds for further geothermal development and a study of the next power project (hydro-power - Kiambere). The project is being co-financed by the Commonwealth Development Corporation (CDC) on a joint basis, with a contribution of US$20 million equivalent.

The implementing agency is the Kenya Power Company Ltd. (KPC). It was established in 1955, primarily to finance an interconnection with Uganda to import at least 30 MW of power annually. It is fully owned by the Government. It is staffed and managed by the East African Power and Lighting Co. Ltd. (EAP&L) under a Management Agreement. EAP&L is responsible for planning and coordinating all power development in Kenya and is the sole distributor of power.

Project Issues

None.

Project Implementation

Progress on the drilling of geothermal wells has been exceedingly satisfactory. The first 15 MW unit began generating electricity in August 1981; the second is expected to be commissioned by December 31, 1982, three months ahead of schedule. During your visit, the Government may wish to discuss two matters relating to project implementation: (a) drilling of additional wells with funds which will remain available under the project; and (b) a request for additional funds for a third 15 MW unit at Olkaria.

In regard to (a) physical implementation has been satisfactory and the original drilling program is estimated to be completed ahead of schedule. KPC has requested the utilization of funds which are still available under the loan to continue the drilling program so as to provide wells required for further expansion of generating capacity. You can indicate that the Bank is reviewing the request, and will communicate a decision as soon as possible. With respect to (b), you should state that the economic, financial and technical justification for the third unit is currently under review. However, very preliminary indications are that the unit would be justified on the basis of the resultant fuel savings and the proven availability of adequate supplies of steam, consequently, an appraisal mission will be scheduled shortly.

You should compliment the Chief Executive of KPC (and also the Chairman of the group of power companies), Mr. Julius Gecau, on the successful implementation performance of the Olkaria project. The Bank Group has had excellent relations with him for about ten years and previous Bank financed projects have also been completed on schedule and with some cost savings. This has been largely due to his very able and competent management.

People you are likely to meet during your visit are:

Honorable John Okwanyo	Minister of Energy
Mr. Paul Kihara	Deputy Permanent Secretary, Ministry of Energy.
Mr. Julius K. Gecau	Chairman and Chief Executive of the East African Power and Lighting Co. Ltd. and Chief Executive of the Kenya
Mr. Amos J. Ng'ang'a	Chairman, Tana River Development Authority, KPC, and TRDC.

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EASTERN AFRICA COUNTRY PROGRAMS I

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Subject / Title
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Exception(s)

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M. Clausen

KENYA

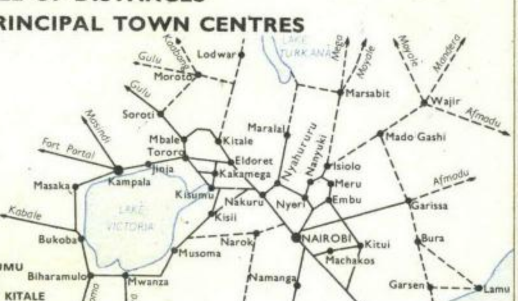
AND

NORTHERN TANZANIA

ROUTE MAP

NOTES IN ENGLISH/ FRENCH/ GERMAN

TABLE OF DISTANCES BETWEEN PRINCIPAL TOWN CENTRES



	BUSIA	ELDORET	EMBU	MURANGA	GARISSA	GILGIL	ISIOLO	KAKAMEGA	KERICHO	KISII	KISUMU	KITALE	MARABA	MALINDI	MAU SUMMIT	MERU	MOMBASA	NAIROBI	NAIVASHA	NAKURU	NAMANGA	NANYUKI	NYERI	TAVETA	THIKA	NYAHURURU
ELDORET	168 / 105																									
EMBU	610 / 381	442 / 276																								
MURANGA	563 / 352	394 / 246	47 / 29																							
GARISSA	853 / 530	685 / 428	337 / 211	376 / 234																						
GILGIL	364 / 226	196 / 123	246 / 154	199 / 124	489 / 306																					
ISIOLO	569 / 356	398 / 249	184 / 115	188 / 118	521 / 326	246 / 154																				
KAKAMEGA	95 / 59	92 / 58	525 / 328	478 / 299	768 / 477	279 / 174	481 / 301																			
KERICHO	218 / 136	161 / 101	395 / 247	348 / 218	638 / 396	149 / 93	351 / 219	130 / 81																		
KISII	258 / 161	265 / 166	499 / 312	452 / 280	742 / 461	253 / 158	455 / 284	170 / 106	104 / 65																	
KISUMU	138 / 86	122 / 76	475 / 297	428 / 266	718 / 446	229 / 143	431 / 269	50 / 31	80 / 50	113 / 71																
KITALE	154 / 96	69 / 43	511 / 319	466 / 291	754 / 471	265 / 166	467 / 292	109 / 68	230 / 144	283 / 177	160 / 99															
MARABA	35 / 22	133 / 83	575 / 359	627 / 327	818 / 508	329 / 206	531 / 332	105 / 66	231 / 145	274 / 171	151 / 95	119 / 74														
MALINDI	1087 / 675	916 / 569	657 / 408	689 / 428	348 / 218	720 / 447	877 / 548	999 / 622	869 / 540	973 / 605	949 / 590	985 / 616	1049 / 656													
MAU SUMMIT	275 / 172	104 / 65	338 / 211	291 / 182	581 / 363	92 / 58	294 / 184	187 / 117	57 / 36	161 / 101	137 / 86	173 / 108	237 / 148	812 / 507												
MERU	565 / 353	394 / 246	128 / 80	175 / 109	465 / 289	242 / 151	56 / 35	477 / 298	347 / 217	451 / 282	427 / 267	463 / 289	527 / 329	864 / 537	290 / 181											
MOMBASA	969 / 602	798 / 496	618 / 386	571 / 357	466 / 291	602 / 375	759 / 474	881 / 547	751 / 469	855 / 534	831 / 519	867 / 539	931 / 579	118 / 74	694 / 431	746 / 466										
NAIROBI	482 / 301	311 / 194	131 / 82	84 / 51	374 / 234	115 / 71	272 / 170	394 / 246	264 / 158	368 / 230	344 / 215	380 / 237	444 / 276	605 / 378	207 / 129	259 / 162	487 / 304									
NAIVASHA	396 / 248	225 / 141	217 / 136	170 / 106	460 / 286	29 / 18	275 / 173	308 / 193	178 / 111	282 / 176	258 / 161	294 / 184	358 / 224	691 / 432	121 / 76	283 / 176	573 / 356	86 / 54								
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NYERI	508 / 318	337 / 211	88 / 55	63 / 39	425 / 266	185 / 116	140 / 87.5	420 / 263	290 / 181	394 / 246	370 / 231	406 / 254	470 / 294	752 / 470	233 / 146	136 / 85	634 / 396	147 / 92	214 / 134	183 / 114	311 / 194	58 / 36				
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THIKA	523 / 327	352 / 220	90 / 56	43 / 27	333 / 208	156 / 98	231 / 144	435 / 272	305 / 191	409 / 256	385 / 241	421 / 263	485 / 303	646 / 401	248 / 155	218 / 136	528 / 330	41 / 27	127 / 79	205 / 128	205 / 128	149 / 93	106 / 66	482 / 301		
NYAHURURU	393 / 246	222 / 139	203 / 127	178 / 111	540 / 338	70 / 44	176 / 110	305 / 191	175 / 109	279 / 174	255 / 159	291 / 182	355 / 222	790 / 494	118 / 73	172 / 108	672 / 420	185 / 116	99 / 62	68 / 43	349 / 218	94 / 59	115 / 72	628 / 390	221 / 138	
VOI	811 / 504	640 / 400	460 / 287	412 / 258	624 / 390	444 / 276	601 / 373	723 / 449	593 / 371	697 / 433	673 / 421	709 / 443	773 / 480	276 / 174	536 / 335	588 / 365	158 / 99.	329 / 206	415 / 259	486 / 304	443 / 277	519 / 324	476 / 296	112 / 70	370 / 231	514 / 321

KILOMETRES EN NOIR – MILLES EN BLEU / KILOMETRES IN BLACK – MILES IN BLUE / KILOMETER IN SCHWARZ–MEILEN IN BLAU

SK 81 Published by Survey of Kenya

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File Title	Barcode No.
President A. W. Clausen Itinerary - Briefing files - Kenya - Correspondence - Volume 1	1773601

Document Date	Document Type
	Map

Correspondents / Participants
Mr. Clausen

Subject / Title
Nyeri

Exception(s)

Additional Comments

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Correspondents / Participants
Mrs. Clausen

Subject / Title
Kenya And Northern Tanzania Route Map

Exception(s)

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20/-

Mrs. Clausen

KENYA

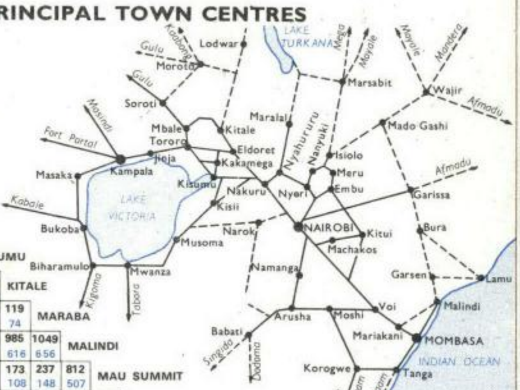
AND

NORTHERN TANZANIA

ROUTE MAP

NOTES IN ENGLISH/ FRENCH/ GERMAN

TABLE OF DISTANCES BETWEEN PRINCIPAL TOWN CENTRES



	Busia	Eldoret	Embu	Muranga	Garissa	Gilgil	Isiolo	Kakamega	Kericho	Kisii	Kisumu	Kitale	Maraba	Malindi	Mau Summit	Meru	Mombasa	Nairobi	Naivasha	Nakuru	Namanga	Nanyuki	Nyeri	Taveta	Thika	Nyahururu
BUSIA																										
ELDORET	168 / 105																									
EMBU	610 / 381	442 / 276																								
MURANGA	563 / 352	394 / 246	47 / 29																							
GARISSA	853 / 530	685 / 428	337 / 211	376 / 234																						
GILGIL	364 / 226	196 / 123	246 / 154	199 / 124	489 / 306																					
ISIOLO	569 / 356	398 / 249	184 / 115	188 / 118	521 / 326	246 / 154																				
KAKAMEGA	95 / 59	92 / 58	525 / 328	478 / 299	768 / 477	279 / 174	481 / 301																			
KERICHO	218 / 136	161 / 101	395 / 247	348 / 218	638 / 396	149 / 93	351 / 219	130 / 81																		
KISII	258 / 161	265 / 166	499 / 312	452 / 280	742 / 461	253 / 158	455 / 284	170 / 106	104 / 65																	
KISUMU	138 / 86	122 / 76	475 / 297	428 / 268	718 / 446	229 / 143	431 / 269	50 / 31	80 / 50	113 / 71																
KITALE	154 / 96	69 / 43	511 / 319	466 / 291	754 / 471	265 / 166	467 / 292	109 / 68	230 / 144	283 / 177	160 / 99															
MARABA	35 / 22	133 / 83	575 / 359	527 / 327	818 / 508	329 / 206	531 / 332	105 / 66	231 / 145	274 / 171	151 / 95	119 / 74														
MALINDI	1087 / 675	916 / 569	657 / 408	689 / 428	348 / 218	720 / 447	877 / 548	999 / 622	869 / 540	973 / 605	949 / 590	985 / 616	1049 / 656													
MAU SUMMIT	275 / 172	104 / 65	338 / 211	291 / 182	581 / 363	92 / 58	294 / 184	187 / 117	57 / 36	161 / 101	137 / 86	173 / 108	237 / 148	812 / 507												
MERU	565 / 353	394 / 246	128 / 80	175 / 109	465 / 289	242 / 151	56 / 35	477 / 298	347 / 217	451 / 282	427 / 267	463 / 289	527 / 329	864 / 537	290 / 181											
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Denise Duncan	08/31/2021

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mrs. Nina K. Smith, PMD
(THROUGH: Mr. Willi A. Wapenhans, RVP, EAN)

DATE: November 11, 1981

FROM: Rozany Deen, Loan Officer, EA1DA

SUBJECT: Information for Mrs. Clausen for her forthcoming visit to Kenya, Tanzania, and Malawi

Outlined below are a few notes on the weather, clothing, and protocol in the above three countries.

KENYA

Weather - November (averages)

Maximum temperature	74°F
Minimum temperature	56°F
Precipitation	1.8"

November is generally a rainy month, since it is in the middle of Kenya's "short rains" (October-December). However, the rains have not yet arrived and at the moment it is exceedingly hot and dry. The rains are, however, expected any day.

Clothing - Summer dresses, with a light jacket (sweater/cardigan/ or woolen jacket) would be most suitable. Nairobi is generally very cool in the mornings and late evenings, but can get exceedingly hot by mid-day (particularly if the dry spell persists). Consequently, the ideal clothing would be dresses with jackets that can be subsequently removed if it gets too hot. A long dress should be worn for the reception, but cocktail dresses would be suitable for other social functions. Slacks can be worn in the field. A light raincoat should also be taken.

Protocol - There are no rigid protocol procedures in Kenya. The only point to note is that a rather prolonged handshake as an introductory gesture is very common. If Mrs. Clausen should meet President Moi (should she participate at the luncheon hosted by him), the only topic that should not be discussed is his wife and family. The President and his wife have been separated for some time and his family is never mentioned publicly.

TANZANIA

Weather - November (averages)

Maximum temperature	86°F
Minimum temperature	72°F
Precipitation	1.6"

As indicated above, the weather will be warm and humid. There is also the possibility of rain, because November is in the middle of the rainy season.

Clothing - Summer dresses, particularly in Dar-es-Salaam. A sweater will be required during the field visit to Kidatu, since it will be much cooler there. Slacks can be worn in the field. A long dress would be most suitable for the reception, but casual dress for dinner at the residence of the Resident Representative.

Protocol - There are no particular rules or procedures that should be followed. Protocol is generally de-emphasized and social functions are conducted in a rather informal manner.

MALAWI

Weather - November average 74°F. Overall, the weather will be very similar to that in Kenya. It will also be the beginning of the rainy season in Malawi.

Clothing - Please note that there are rigid rules about women's dress in Malawi. According to a Presidential directive, all dresses should cover the knees and slacks are not permitted in public. Summer dresses with a sweater during the day, and long dresses for receptions are recommended.

Protocol - Malawi is a generally much more formal country than Kenya or Tanzania, although there are no rules or procedures which should be particularly noted.

Other

Attached please find a tentative itinerary for your information. There might well be some further changes. If we can be of any further assistance, please let us know.

Attachment

RDeen:ms