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July 30, 1984	Memorandum

Correspondents / Participants
To: Mr. William Smith, Executive Director
From: A.W. Clausen, President

Subject / Title
Visits in Kenya and Uganda

Exception(s)
]

Additional Comments
Declassification review of this record may be initiated upon request.

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Withdrawn by	Date
Shiri Alon	August 04, 2022

July 19, 1984

Dear David:

I am writing to thank you once again for all you did to make my recent visit to Kenya so successful. As usual, the arrangements made by you and your staff worked perfectly. I know how much effort goes into making everything seem so effortless.

I would also like to thank you and Jeannine again for the excellent dinners on Tuesday night and on Thursday night. As I said on Thursday night, it was particularly nice at the end of a hectic business trip to be made to feel so much at home.

Sincerely,

A.W. Clausen

Mr. G. David Loos
Director
Regional Mission in Eastern Africa
P. O. Box 30577
Nairobi, Kenya

DDunn:jm/mn

BC: W. Smith

THE WORLD BANK
Washington, D. C. 20433
U.S.A.

A.W. CLAUSEN
President

July 23, 1984

Dear Mr. President:

This note is to express my deep appreciation to you for inviting me to visit Kenya and for the warm hospitality extended to me and my colleagues during our visit there. I was especially pleased to be asked by Vice President Kibaki to address your National Leaders' Seminar on Population and Development. It was a very impressive gathering and should contribute greatly to the success of your program in Kenya.

It was good of you to give me so much of your valuable time in your office and at the delightful luncheon you hosted. I found our discussions most productive. The vitality and candor of our exchanges reflect the good relations we have and contributed to the constructive dialogue on policy issues. Though we may not always agree on the substance of every issue, it is important that we maintain free and open communications.

Mr. President, I commend you especially on the leadership you and your Government have demonstrated in Africa on matters of population and development. The response you have elicited from the country, as exemplified by the impressive attendance at the Seminar, is testimony to your efforts.

My colleagues at The World Bank join me in wishing you every success in your endeavors to cope with the severe drought which you are now experiencing. As I mentioned to you in our meeting, the Bank cannot help directly with food aid, but we hope that in our continuing relationship, we will find ways to complement the activities of other donors who will respond to your appeal.

Sincerely,

His Excellency Daniel T. arap Moi
President of the Republic of Kenya
Harambee House
P. O. Box 30510
Nairobi, Kenya

BC: W. Smith
D. Dunn

THE WORLD BANK
Washington, D. C. 20433
U.S.A.

A.W. CLAUSEN
President

July 20, 1984

Dear Mr. Vice President:

Once again, my thanks for inviting me to visit Kenya and for the honor of addressing the National Leaders' Seminar on Population and Development. It provided us with an excellent opportunity to link the publication of our World Development Report of 1984, with emphasis on population and development, with the opening of the seminar. The tremendous turnout in the Conference Centre was extremely gratifying and bodes well for the long term success of your program in Kenya. You and President Moi are to be commended and congratulated on the courage you have shown in providing leadership for that program. Your example will have a positive impact in this field for Africa.

I am especially indebted to you for welcoming me at the airport on my arrival and for the great amount of time you spent with me during my visit. On the many occasions we had to talk, I thoroughly enjoyed our discussions and found them to be helpful and productive.

As was the case in my previous visits, I left Kenya impressed with the warmth and hospitality of the people and with the dedication of your Government to the economic and social development of your country.

Sincerely,

The Honorable
Mwai Kibaki
Vice President
Republic of Kenya
P. O. Box 30520
Nairobi, Kenya

BC: D. Dunn
W. Smith

July 19, 1984

Dear Mr. Mburugu:

I am writing to thank you for accompanying me on my recent visit to the Masai Mara Park and the Tourism and Wildlife project. I very much appreciated both the visit and our lively discussion on the progress of the project and other aspects of wildlife preservation and tourism development in Kenya. Please extend my thanks also to the rest of your staff who made the visit of myself and my colleagues such a pleasant and rewarding experience.

Sincerely,

A.W. Clausen

Mr. Joseph Mburugu
Assistant Director
Parks and Tourism
Ministry of Tourism and Wildlife
P. O. Box 30027
Nairobi, Kenya

DDunn:jm/mn

BC: W. Smith

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

Mr. President,

Ladies and Gentlemen:

May I, on behalf of myself and my colleagues, begin by thanking you warmly, Mr. President, for your hospitality -- gracious and generous as always. The Republic of Kenya was the first developing country hosting a World Bank regional mission that I visited on joining the Bank. I am very happy indeed to be paying a return vist.

Your invitation to me to address tomorrow's National Leaders' Seminar on Population and Development -- an invitation that I deeply appreciate -- is the primary reason for my return visit. But I want you to know that the World Bank's profound concern for Sub-Saharan Africa's economic and social well-being, in these difficult times, is no less compelling a reason for my wanting to return to Africa, and in particular to Kenya, once again.

I can say to you in all honesty, Mr. President, that the feeling of solidarity in the World Bank with the peoples of Africa, which has always been strong, is stronger today than ever. We are all too painfully aware of the dreadful hardships visited upon this continent by the global recession. Sub-Saharan Africa is our top regional priority. And we are determined to demonstrate the best of our ingenuity, effort, and understanding in helping our member countries in this region to regain and maintain steady economic and social progress.

All of us gathered here today are aware that, despite some measurable economic recovery in the industrial countries -- particularly in the United States -- recovery in the developing world is still very uneven. And in Sub-Saharan Africa and Latin America in particular, the economic hardships being faced are more severe than ever. Relatively low rates of increase in export volumes and prices, high real rates of interest, and constraints on the availability of external finance -- all have forced large numbers of developing countries to pursue painfully contractionary policies to limit their imports. The adjustments that they have made, and are continuing to make, have been extremely costly. And they may have the effect of

REDUCING
re~~ducting~~ growth prospects, at least for the next few years.

On the brighter side, however, growth in the industrial countries should be somewhat stronger in 1984 than in 1983, as more European countries participate in the recovery. And the resulting increase in demand should bring an expansion of developing countries' exports, and increases in commodity prices. In turn, rises in commodity prices should lead to an increase in imports by developing countries. And that should translate into an increase in their rates of growth.

But none of this will automatically ensure a return to <u>sustained</u> non-inflationary growth. There are three absolute prerequisities for that:

- a more liberalized world trading environment free of protectionist measures;
- a sustained flow of external capital, both official and private, to the developing countries;

- and a committment of all governments, of industrial and developing countries, to the implementation of improved domestic economic policies.

Action on these three fronts is mutually reinforcing, and all are indispensable to the restoration of growth in the developing countries in the years ahead.

While it is true that the reform of the policy and institutional framework within each country here in Africa is particularly crucial, these domestic reform programs cannot be effective unless supported by appropriate levels and types of external assistance.

That basic fact is at the very heart of the World Bank's Third Report on Sub-Saharan Africa which we will be presenting to the Bank's and the IMF's Ministerial Committee -- the Development Committee -- this fall.

While it would be premature to try to detail the findings of the Report at a time when it has yet to be finalized, let me say this about it.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

It reflects our very strong feeling that, in spite of the crisis atmosphere that is understandably prevailing in Sub-Saharan Africa, we must focus earnest attention upon the long-term constraints on development. Unless this is done, the economic and social transformation of Africa through programs of infrastructure and human resource development is in danger of being reversed. And that could lead to what the Economic Commission for Africa has described as a political, social, and economic "nightmare" by the turn of the century.

But we at the World Bank are optimists, Mr. President. We see no reason why a combination of domestic reform and well-focused, adequate donor support cannot be successful in Sub-Saharan Africa. Look eastward, and see how just such a combination has, in recent years, lifted India out of the poverty-stricken despair it knew in the early 1960s.

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That is why our Report will be proposing an action program for Sub-Saharan Africa based on our belief in the efficacy of such a combination. And we look forward to being active participants in the implementation of such a program.

Meanwhile, tomorrow, I shall have the great privilege and pleasure of participating in your National Leaders' Seminar on Population and Development. It is a great tribute to you, Mr. President, to Vice-President Kibaki, and to your Administration, that you are giving full and urgent recognition to this crucial fact: that there is a strong link between population growth rates and the rate of economic and social development.

We stand with you in recognizing the huge importance of that link and the urgent necessity to take the required steps to bring population growth and economic and social development into harmony. You have asked us to be your partners in this endeavor. We are proud and privileged to be so.

And now it remains only for me to say once more how greatly I appreciate the warm welcome you have extended to us here in Kenya. What we see and what we learn when we come here can only enhance our knowledge and understanding of your country and peoples, and strengthen our determination to help you move forward to the goals that you have set.

Thank you.

7-3-84

Mr. Grenfell stopped by to say he had been contacted by East Africa Region to prepare some remarks for you to give at the luncheon hosted by President arap Moi. Apparently they feel you will be called upon.

Grenfell will get something out to you at the house tomorrow.

HH

Addendum: If by chance Grenfell cannot accomplish the task by tomorrow, he will get it to you in Nairobi by rapifax.

Mr. Clausen:

1. This note updates your brief with respect to two items: paragraph 9 to provide details of budgetary action taken with regard to import administration and tariff reform; and paragraph 14 to let you know the latest position regarding a promised formal request by Government for a third structural adjustment operation.

2. In his speech presenting the 1984/85 budget to Parliament on June 14, 1984 the Minister of Finance and Planning stated:

a) "I intend to shift more items from Schedule 2 (the quantitatively restricted list of import items) to Schedule 1 (consisting of Schedule 1A for which foreign exchange is, in principle, made freely available and Schedule 1B for which, in principle, foreign exchange is allocated annually by importer rather than by item) in order to both raise additional revenue and introduce an additional degree of competition in domestic production".

Following this statement, 307 items or 20 per cent of the quantitatively restricted list were transferred to Schedule 1B. While in principle this is a positive step, its significance is difficult to evaluate because the Government has not yet implemented its intention to allocate foreign exchange for Schedule 1B by importer rather than by item, and Schedule 1 is still administratively controlled if there is any perception on the part of the Import Management Committee that an importer is overstocking or if a locally produced substitute is available. A strong protectionist attitude still prevails among many politicians and senior bureaucrats who do not see tariffs as providing adequate or timely protection for domestic industry.

b) "I propose to lower most duties above 25 per cent by an average of 14 per cent of the existing rate. The main effect of these measures will be to grant duty relief to manufacturers who export their output" (since sales tax will be adjusted upwards commensurately on goods sold in the local market).

This is an important step forward towards the goal of achieving a more moderate and uniform tariff structure, following, as it does, a similar across the board lowering of tariffs the previous year. However, to place it in proper perspective, there have been four tariff increases since 1980 against these two reductions and the Government has not measured whether the net effects represent a significant reduction in protection over the levels which prevailed when the Bank's structural adjustment operations were initiated.

3. There have been working level discussions between Bank staff and senior Treasury officials over the last few days in which Government has reiterated its desire to seek a third structural adjustment loan/credit from the Bank but no formal

.../2

approach has yet been made. The package of policy reform measures the Government is likely to propose will include further steps towards trade rationalization, including import liberalization, tariff restructuring and export promotion; production incentives directed towards export oriented manufacturing and agriculture, improved financial management and parastatal control; the furtherance of long range energy planning and the introduction of more stringent and positive measures to encourage family planning and the reduction of fertility to targets to be established. Institutional improvements in grain marketing will be pursued but progress in the privatization of the grain trade will almost certainly be inhibited by Government's determination to control consumption and distribution during the current drought.

Whether the Government's proposition will form an acceptable basis for opening detailed discussions on a third operation remains to be seen. Some of these matters, particularly import liberalization and parastatal finances, have also been discussed with Government by a recent IMF mission exploring prospects for an Extended Fund Facility program.

July 6, 1984

KT 19-6-84

By EMILY ONYANGO

THE Catholic Archbishop of Nairobi, Maurice Cardinal Otunga yesterday lashed out at local journalists whom he said agitated against his efforts to get non-believers to join the church. He said he would fight the press till he died.

He said pressmen, after refusing to enter the kingdom of God not only portrayed him negatively in the papers but also strived to write their own opinions instead of what he and other leaders told wananchi.

Otunga was conducting a mass wedding ceremony for 70 couples from Kariobangi, at the Kariobangi Catholic church. Said Otunga: "I will fight the pressmen till I die and in heaven if possible, as they prevent my good messages from getting to the people by misreporting and misqouting me".

Calling on the press to strive to report the truth, Otunga urged them to stop worrying people with the crime and evil they highlighted and tell them of the goodness the Kingdom of Heaven promised and future salvation.

He added: "Truth must be beheld in Kenya so that people do not miss their salvation and I will fight till the end to see that rightfulness and Godliness is bestowed to the people".

He cautioned those who failed to join God not to mislead the ones who desired God's salvation. Otunga condemned the practise by Western countries of wasting a lot of money manufacturing nuclear bombs. Such money, he said, could be used to save lives of the many hungry in the Third World countries.

He called for racial harmony in the world, regardless

Back page — Col. 3

of their creed or colour, adding that only unity and peace could bring development in the world.

To the married couples, Otunga urged respect for one another in their homes as marriage was a gift from God who wanted them to bring forth better offsprings.

He said it was not right for children to be born out of the wedlock which destroyed respect in society and was similar to prostitution which was totally against God's commandments.

Otunga told them when God said: "Go forth and multiply", it was wrong for some of them to interpret this as a ticket to produce children without control and without means to take care of them.

He told them to desist from out of wedlock affairs, to be faithful to each other and to live together in love and peace.

THE KENYA TIMES

WEDNESDAY, JUNE 20, 1984

Breeding like rabbits, dying like flies...

FOR Kenya, after twenty years of independence, it has become clear that a planned approach, at the national level of life, is inevitable in order to avoid disasters. And one thing is quite clear — people, ordinary wananchi, men, women and children born in this country are the priority.

The ideal situation is to have the kind of planned development that gives all Kenyans the chance to maximise their personal potential. That, of course, is not possible if the rate of population growth is so rapid that it outstrips our capacity to care for that population.

Kenya has the unenviable distinction of being, perhaps, the country with the highest growth rate in the world, but it also has a mitigating reputation of having one of the most pragmatic, humane and realistic approaches to the population problems. We have heard reports of forced sterilisation which, apart from estranging the government from its own people, lays a stigma on the whole question of population management.

There have also been award schemes for couples with few children, and penalties for large families. These schemes abuse the sanctity of life and reflect a warped understanding of the nature of population trends and their social correlations. In particular, there is a very strong correlation between level of education, poverty, disease and family size.

It used to be said that people were "breeding like rabbits", but it was also recognised that they were "dying like flies". Kenya's population problem is ironically the result of better health facilities, leading to lower levels of infant mortality, greater life expectancy and a slight increase in the live birth rate. The end result of these social improvements is a net increase in population, at a rate the economic resources of the country cannot cope with. Unchecked, that trend can spell disaster.

Arguments abound relating to the problem in Kenya. You have cynics who say Kenya's population figures are exaggerated by experts in order to attract assistance from donors. Still, efforts must be made to match the population growth rate with the development of other resources and facilities to avoid serious shortages of food, shelter, schools, hospitals and jobs in the future. The practical implications of failing in this are increased slums, thieving, thuggery and perpetual poverty.

A most negative element in this respect has emerged from church circles. These circles request the government to reconsider its support for birth control and claim that "there is no need to cause alarm by claiming the country will suffer because of population growth". Frankly there is not much sense in these suggestions, because the government has a *godly commitment* to programmes geared at ensuring Kenyans produce children that are capable of being brought up "adequately", unless, of course, we assume Kenyans are determined to bequeath a legacy of disaster to future generations.

ST 24-6-84

Secretariat clarifies

Otunga's statement

CHURCH BACKS BIRTH CONTROL

By ROBERT IRUNGU

[T]HE Kenya Catholic Church yesterday said it [i]s only opposed to artificial family planning but [n]ot natural birth control.

The church's clarification came in the wake of a con[tr]oversy regarding family planning and abortion in the [c]ountry sparked off by the Catholic Archbishop of [N]airobi, Maurice Cardinal Otunga, a week ago.

"The church obviously fully supports natural family plann[in]g with emphasis on responsible parenthood; that is a couple [sh]ould have children that it can adequately support," the Kenya Catholic Secretariat said.

Last Sunday Otunga was reported to have asked the government to reconsider its support for birth control. Otunga was also reported to have criticised the Kenya press for what he termed as succumbing to international pressures to highlight the defence of birth control and abortion.

He accused the Kenyan press of confusing Christians on the teachings of the church.

The Catholic Secretariat yesterday found it fit to clear the issue which, it agreed, had provoked controversy. Otunga made the reported remarks when he spoke during the renewal of wedding vows by some 70 couples at Kariobangi Catholic Church.

Some of the values the Catholic Church respects, said the statement, are spacing and limiting the number of children a family can support.

However, the Catholic Church disapproves the use of artificial methods of family planning and expects her followers to use the natural family planning methods, the statement added.

It stressed the Church holds that the decision on how many children a couple should have is a decision of the concerned couple.

The statement said: "This is a natural right. However, the church and the government should continue educating the public on spiritual, social and economic responsibilities and in determining family size."

"*The church condemns* anything that threatens life of the unborn and endangers the health of the mother", the statement said on the question of abortion. "An increasing number of contraceptives and techniques are abortifacient," it added.

The Kenya Episcopal Conference, the statement explained, has since 1965 established a complete educational plan in order to effect natural family planning methods in Kenya.

At the same time, Otunga is the patron of Family Life Counselling Association of Kenya (FLACK), and "is concerned with training and teaching of natural family planning, partly in Nairobi and other Catholic dioceses of Kenya.

The church, according to the statement, has encouraged the establishment of natural family planning clinic and training centre at Mater-Misericodiae Hospital, Nairobi and at the Holy Family Basilica hall.

Turning to the social and economic justice, the secretariat said the church emphasised the importance of caring for one another in the "spirit of brotherhood". This, they said, is similar to equitable distribution of resources which is in line with the country's policy of African socialism.

Weekly Review
June 29, 1984

How You Say It

Otunga's remarks on birth control 'clarified' by Secretariat

AS expected, Maurice Cardinal Otunga's reported views on the government's policy on birth control two weeks ago did not pass without controversy. According to press reports, Otunga had criticised the government's support for birth control, and the press for highlighting birth control measures, a policy which, he said, was against the will of God.

Though the Catholic church is known to oppose artificial birth control methods, the confusion seemed to arise from the fact that Otunga had apparently condemned birth control as a whole, and given the impression that birth control and abortion were equally sinful. Considering that the government has persistently called for birth control in view of Kenya's high birth rate, it appeared to the general public that Otunga was calling for defiance of government policy. Parliament immediately took issue with the cardinal. The MP for West Mugirango, Mr. David Onyancha, told the house that Otunga's remarks, coming as they did from a distinguished religious leader, had left people confused, and needed clarification. An assistant minister for education, science and technology, Mr. Oluoch Kanindo, also sought clarification, saying that Kenyans had to change with the times in order to achieve development, and that overpopulation would not help the country.

A clarification did come, in the form of a press release from the Kenya Catholic Secretariat. The release did not say that Otunga had been misquoted, but said that the church's stand on the matter was that artificial methods of family planning were not acceptable but that it fully supported natural family planning with an emphasis on responsible parenthood, where a couple should have only the children they can support. The church has, in addition, said the statement, made conscious efforts to promote natural family planning and the Kenya Episcopal Conference has, since 1965, established a complete educational plan on natural family planning. Saying that Otunga is himself the patron of the Family Life Counselling Association of Kenya, the statement condemned anything that threatens the life of the unborn or endangers the health of the mother, and said that "an increasing number of contraceptives and techniques are abortifacient".

The government does not discourage artificial family planning and this is, therefore, where the difference between the government and the Catholic Church lies. They are apparently united, however, in the belief that people should avoid having children they cannot support. ■

COUNTRY BRIEFING

KENYA

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Correspondents / Participants

Subject / Title
Biodata - Mr. G. David Loos

Exception(s)
Personal Information

Additional Comments

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Withdrawn by	Date
Shiri Alon	August 04, 2022

Archives 01 (March 2017)

June 4, 1984

Dear Mr. Vice President:

Thank you very much for your kind letter of May 28, 1984, inviting me to address the upcoming seminar on Family Planning and related population issues scheduled for July 11, 1984, in Nairobi. As you know, the Bank Group is committed to providing every assistance to family planning programs worldwide. We applaud the Kenya Government's initiative in organizing a seminar on a subject of such importance.

It is indeed an honor to be invited to address the seminar, and one which I accept with pleasure. I greatly look forward to meeting you again.

With best personal regards,

Sincerely,

A. W. Clausen

The Honorable Mwai Kibaki
Vice President and Minister
for Home Affairs
Jogoo House
P. O. Box 30478
Nairobi, Kenya

cc: Messrs. Stern, Southworth (2), Wapenhans, Kraske, Loos, Dunn, Vogl.

LWardle/DADunn:sdb

OFFICIAL FILE COPY

Telegraphic Address: "Mahamo"
Telephone: Nairobi 28411

THE VICE-PRESIDENT AND MINISTER FOR HOME AFFAIRS

JOGOO HOUSE P.O. BOX 30478 NAIROBI · KENYA

MHA 18/01/(S)29

May 28th 1984

Mr. A.W. Clausen,
President,
International Bank for Reconstruction
and Development,
1818 H. Street,
WASHINGTON, D.C.

Dear Mr. Clausen,

The Government of Kenya is organising a seminar on Family Planning and related population issues to take place on 11th July, 1984 at the Kenyatta International Conference Centre. It will be attended by leaders from all walks of life including Members of the National Council for Population and Development, Members of Parliament; Senior Civil Servants, and representatives of all Non-Governmental Organisations working on population matters; and civic leaders.

During the seminar, it is intended to review progress on implementation of family planning programme and to examine ways and means of intensifying it.

Since the Bank is the major co-financier of the current Integrated Rural Health/Family Planning Programme, and given the Bank's interest in global population issues, I would like on behalf of the Kenya Government to invite you to make the opening address for the Seminar at 9.30 a.m. on 11th July, 1984. Your personal presence would be an honour to the Government and will serve to emphasize the importance the Kenya Government and the World Bank attach to the population problem.

It is my hope, Mr. President, that you will accept this invitation and honour us with your presence on this occasion.

Yours Sincerely

Mwai Kibaki

MWAI KIBAKI

Mr. Clausen

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

DATE: May 11, 1984

TO: Mr. Frank Vogl, Director, IPA

FROM: Dinesh Bahl, Special Adviser, IPA DB

EXT: 72161

SUBJECT: Mission to Kenya, April 30-May 10: Back-to-Office Report

Mr. David Loos and I have discussed with Mr. Simeon Nyachae an outline of the proposed arrangements for Mr. Clausen to deliver a speech on population in Nairobi. Mr. Nyachae is Permanent Secretary for Development Coordination and the Cabinet Office in the Office of the President. As a close adviser to President Moi, he is known to hold a position of exceptional influence.

The main points that emerged from the discussion with Mr. Nyachae were as follows:

1. President Moi has accepted the idea that Mr. Clausen should make a speech on population in Nairobi. As Mr. Loos had already been informed before my arrival, the invitation to Mr. Clausen is in the process of being issued.

2. The invitation will be issued by Vice President Kibaki. Mr. Mwai Kibaki is also Minister for Home Affairs; in this capacity, he has major responsibility for Kenya's family planning programs.

3. Vice President Kibaki is expected to be host for the occasion where Mr. Clausen will deliver his speech. Mr. Kibaki will probably start by making a policy statement on Kenya's family planning programs.

4. Unlike his predecessor Jomo Kenyatta, who almost never spoke publicly about family planning, President Moi has been outspoken in his comments on the problem. Vice President Kibaki has also spoken frequently on the subject.

5. Mr. Nyachae pointed out that Kenya is one of the few countries in Africa where the need for family planning is discussed freely. In a large number of countries, the subject is still taboo for political or religious reasons.

6. Tentatively, the idea is that Mr. Clausen would arrive in Nairobi on Tuesday, July 10, and meet with President Moi and Vice President Kibaki around 11 a.m. This would be followed by a lunch at the State House to which a larger group of people would be invited.

7. The meeting at which Mr. Kibaki and Mr. Clausen would make their speeches is tentatively proposed for Wednesday, July 11, probably starting around 10 a.m. This sequence of engagements is suggested by the fact that it would be more appropriate for Mr. Clausen to speak after, rather than before, he has called on President Moi.

8. The tentative proposal is that the meeting would be held at the Kenyatta Conference Centre. Although Mr. Nyachae did not say specifically how many people would be invited, it appears that an audience of 200 to 400 people is likely. It would include Ministers, members of Parliament, members of the National Council for Population and Development, nongovernmental organizations, and others active in the population field, including representatives of foreign governments and agencies assisting Kenya's family planning programs. Members of the academic community would be invited; so would representatives of Catholic organizations, which are critical of family planning. The audience would thus include a wide variety of interests, both Kenyan and non-Kenyan.

9. To help ensure that the message "goes far and wide", the entire foreign press corps in Nairobi would be invited. The Kenyan information media would of course be mobilized to give the occasion full coverage.

10. Mr. Nyachae suggested that Mr. Clausen should avoid holding a press conference "as they will draw him into controversy". It would be better simply to distribute copies of the speeches by Mr. Clausen and Mr. Kibaki, said Mr. Nyachae.

11. For the present, the schedule of engagements proposed for Mr. Clausen's visit to Kenya is relatively light. But this can readily be changed to suit his preferences.

On the substance of the speeches about population problems, Mr. Nyachae made the following points:

1. Except on religious grounds, there is not much criticism of family planning in Kenya. The criticism that is heard comes mainly from Catholics; they concentrate on the point that abortion is equal to murder. But Kenya has no intention of encouraging abortions. The aim is to help parents to plan the number of children they will have--whether two, or three, or four. No "murder" is involved, since the objective is to keep the numbers down by avoiding conception. Vice President Kibaki is likely to emphasize this point in an attempt to defuse Catholic criticism and make the issue less controversial.

2. Another point that may be emphasized is that there is no intention of interfering with people's traditions and beliefs. The aim is to help families and individuals to build a better life for

themselves. Many young people are beginning to realize from their own experience the difficulties that arise if they are part of a large family and a rapidly expanding population--how much harder, for instance, it is becoming to find places in schools and universities, or to get jobs. Even a Catholic group such as the Goans in Kenya, realizing this, have begun to limit the size of their families. The social implications of population growth need to be discussed more widely.

3. The main influence working towards a high birth rate in Kenya has been child mortality. Parents have tended to have seven, eight or ten children in the fear that, with the child mortality rates of the past, the parents might be left with no one to care for them in their old age. The realization has to spread that, with the fall in child mortality, the fear is no longer justified.

4. Kenya has so far concentrated its family planning programs on older married couples who, having had eight or ten children, "have already done the damage they could." The programs should be aimed at young married couples instead, since they are still in a position to limit the number of their children. It is also necessary to get more programs going in the rural areas. But "sex education programs" aimed at adolescents and school-age children would be socially unacceptable.

5. Family planning is likely to be accepted more readily if it is presented as one item in a package of facilities that includes such items as child care, rural health, and rural water supply.

6. Kenya's population growth rate of around 3.9% is about the highest in the world. As a result, there are more people below the age of 21 than above it.

Follow-up Action

As David Loos is in Washington for the next few days, we should review with him and the Regional Office very soon the arrangements planned and the further action that will be necessary. From IPA's standpoint, some of the issues that need to be considered are:

1. Despite Mr. Nyachae's caution, would Mr. Clausen wish to meet the press corps in Nairobi? Possibly an informal meeting over drinks could be considered.

2. Is the final version of Mr. Clausen's speech likely to be ready 10 or 15 days ahead of delivery so that worldwide coverage can be organized effectively?

3. Are there any groups of people we would like the Kenyan authorities to consider inviting for the occasion--in addition to those outlined earlier?

4. Should we request Mr. Loos to arrange commercially a videotaping of Mr. Clausen's speech?

5. It would be an appropriate gesture for Mr. Clausen to send President Moi and Vice President Kibaki advance copies of the 1984 World Development Report. Should we request Mr. Feather to explore the possibility of two or more copies being put in a high-quality binding suitable for presentation?

More generally, Mr. Clausen will need to be consulted on whether he wants a fuller program in Kenya, and, if so, what kinds of events should be added.

Originally, the Eastern Africa Regional Office thought that one option was for Mr. Clausen's speech to be delivered under the auspices of Kenya's National Council for Population and Development (NCPD)--a body established under an IDA-assisted family planning project run by the Ministry of Home Affairs. The arrangement now proposed by the Kenyan authorities is slightly different, in the sense that the meeting at which the speech would be delivered would be sponsored not by the NCPD but by Vice President Kibaki. This arrangement seems satisfactory to me; however, it is a point that needs to be confirmed when we meet Mr. Wapenhans and his colleagues.

The more important point we need to discuss is how the reasons for Mr. Clausen's being in Nairobi can be strengthened. We have to guard against a possible perception that he flew all the way to Nairobi just to make a speech, and then flew almost right back. It is in this context that we ought to consider organizing for Mr. Clausen a more substantial program in which the speech features as one, albeit the most important, of a number of items.

In my view, it might be possible to develop the program in such a way that Mr. Clausen's interest in population issues is underlined further. He could, for instance, visit family planning centers for first-hand discussions with those who implement population programs at the "grass roots level." Another possibility might be to organize an afternoon's meeting in Nairobi (or elsewhere) at which senior administrators of family planning programs from a number of East African countries would review their work for Mr. Clausen.

Finally, while the publication of the 1984 WDR is the obvious and excellent peg for Mr. Clausen's speech, we need to consider the relative timing of the two events.

As you know, David Loos has played a key role in discussing the invitation and arrangements for the Nairobi speech. This is the place to record the extremely valuable advice and assistance he and Mr. Baig provided during my visit to Nairobi.

cc: Messrs. Clausen, Stern, Wapenhans, Burki, Feather, Kraske, North, Loos, Dunn, Baig, Southworth, Koelle, Blinkhorn, Grenfell, Wai
Mrs. Krueger, Ms. Birdsall

1

ITINERARY

KENYA

Monday, July 9, 1984

0830	Arrive Nairobi, Swiss Air 282. To be met at the airport by Vice President Kibaki.
1000 - 1230	Free.
1230 - 1400	Lunch.
1430	Leave Nairobi (by charter - Wilson Airport) for Masai Mara Game Reserve (Governor's Camp) to review Bank Group's involvement in Wildlife and Tourism and to get an impression of the effects of the prevailing drought. See Annex on Drought to Brief for meeting with President Moi (Tab 5) and Supervision Report for Wildlife project (Tab 12).

Tuesday, July 10, 1984

0900	Leave Masai Mara.
1000	Arrive Nairobi.
1130	Meeting with His Excellency President Daniel arap Moi (Tab 5).
1230	Luncheon hosted by President Moi.
1500	Meeting with staff of RMEA (Tab 9).
2000	Dinner hosted by G. David Loos for Vice President Kibaki; Professor Saitoti, Minister of Finance and Planning; Mr. Ndegwa, Governor of the Central Bank of Kenya; and Professor P. Mbithi, Chairman, National Council on Population and Development (Tabs 6 and 11).

Wednesday, July 11, 1984

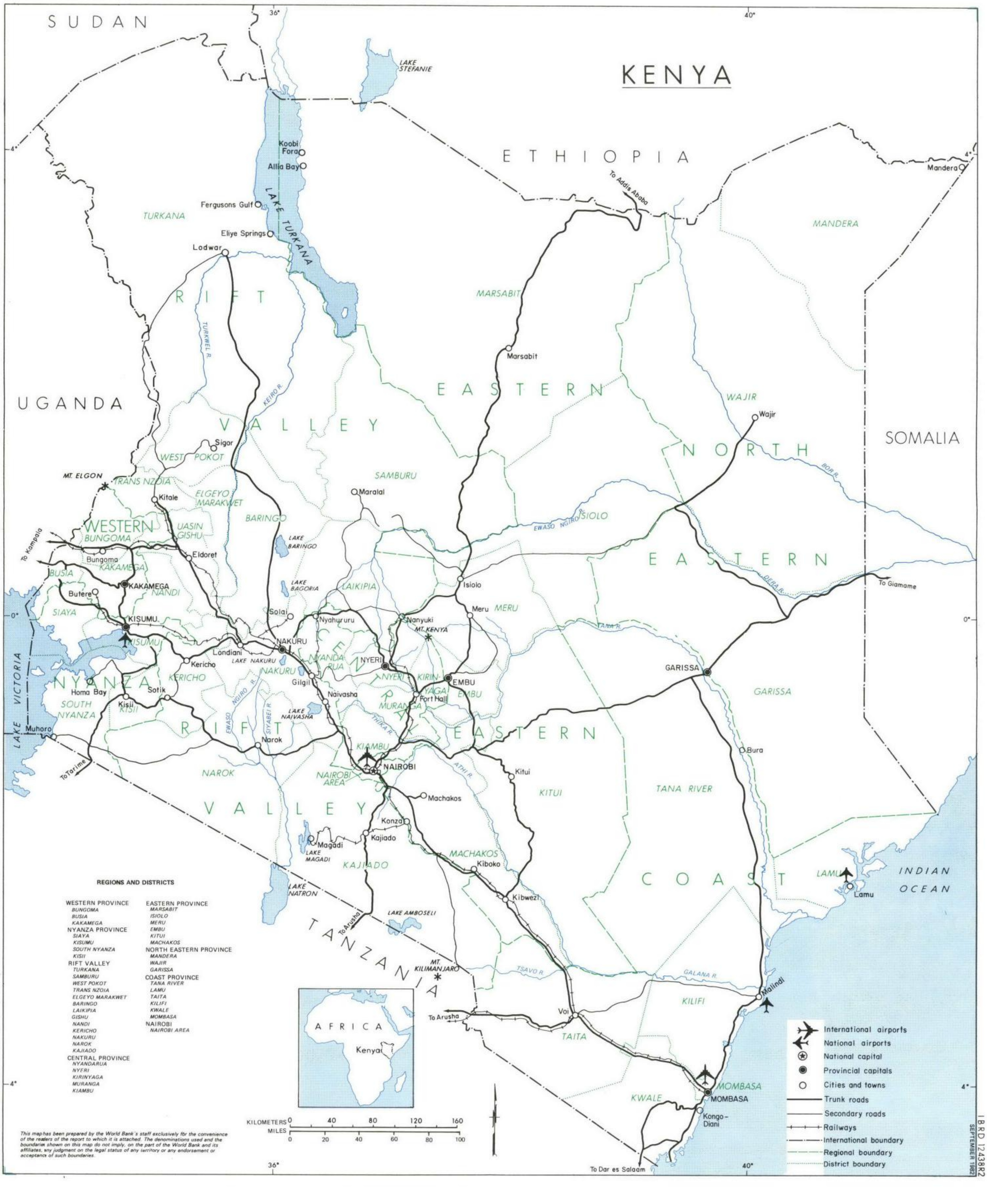
0930	Attend opening of the Seminar on Poulation and Development (Kenyatta Conference Centre).
1000	Address Seminar.
1100	Press Conference (Committee Room 7 - (Tab 8).
1200 - 1400	Private lunch.
1500	Depart for Entebbe via charter (Wilson Airport).

Thursday, July 12

1830 Arrive Nairobi (Wilson Airport).

Friday, July 13, 1984

0030 Depart Nairobi for London, BA 054.


KENYA
SUDAN
ETHIOPIA
UGANDA
SOMALIA
TANZANIA
INDIAN OCEAN
LAKE VICTORIA
LAKE TURKANA
LAKE STEFANIE
RIFT VALLEY
EASTERN
NORTH EASTERN
CENTRAL
WESTERN
NYANZA
COAST
NAIROBI
MOMBASA
KISUMU
NAKURU
NYERI
EMBU
GARISSA
KAKAMEGA
Lodwar
Marsabit
Wajir
Mandera
Isiolo
Meru
Nanyuki
Kitale
Eldoret
Kericho
Kisii
Narok
Naivasha
Machakos
Kitui
Voi
Malindi
Lamu
Kongo-Diani
MT. KENYA
MT. ELGON
MT. KILIMANJARO
To Addis Ababa
To Kampala
To Arusha
To Dar es Salaam
To Giamame
REGIONS AND DISTRICTS
WESTERN PROVINCE
BUNGOMA
BUSIA
KAKAMEGA
NYANZA PROVINCE
SIAYA
KISUMU
SOUTH NYANZA
KISII
RIFT VALLEY
TURKANA
SAMBURU
WEST POKOT
TRANS NZOIA
ELGEYO MARAKWET
BARINGO
LAIKIPIA
GISHU
NANDI
KERICHO
NAKURU
NAROK
KAJIADO
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NYANDARUA
NYERI
KIRINYAGA
MURANGA
KIAMBU
EASTERN PROVINCE
MARSABIT
ISIOLO
MERU
EMBU
KITUI
MACHAKOS
NORTH EASTERN PROVINCE
MANDERA
WAJIR
GARISSA
COAST PROVINCE
TANA RIVER
LAMU
TAITA
KILIFI
KWALE
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International airports
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Provincial capitals
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Secondary roads
Railways
International boundary
Regional boundary
District boundary
KILOMETERS 0 40 80 120 160
MILES 0 20 40 60 80 100
AFRICA
Kenya
This map has been prepared by the World Bank's staff exclusively for the convenience of the readers of the report to which it is attached. The denominations used and the boundaries shown on this map do not imply, on the part of the World Bank and its affiliates, any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries.
IBRD 12438R2
SEPTEMBER 1982

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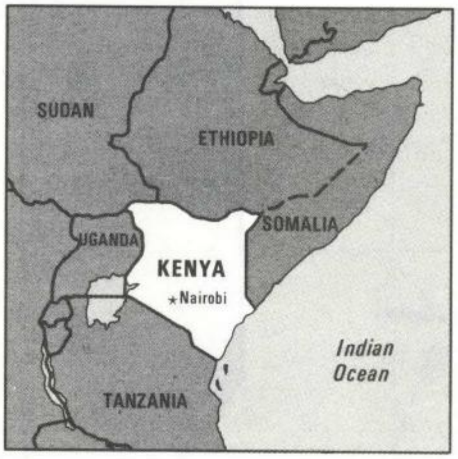
background notes

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.

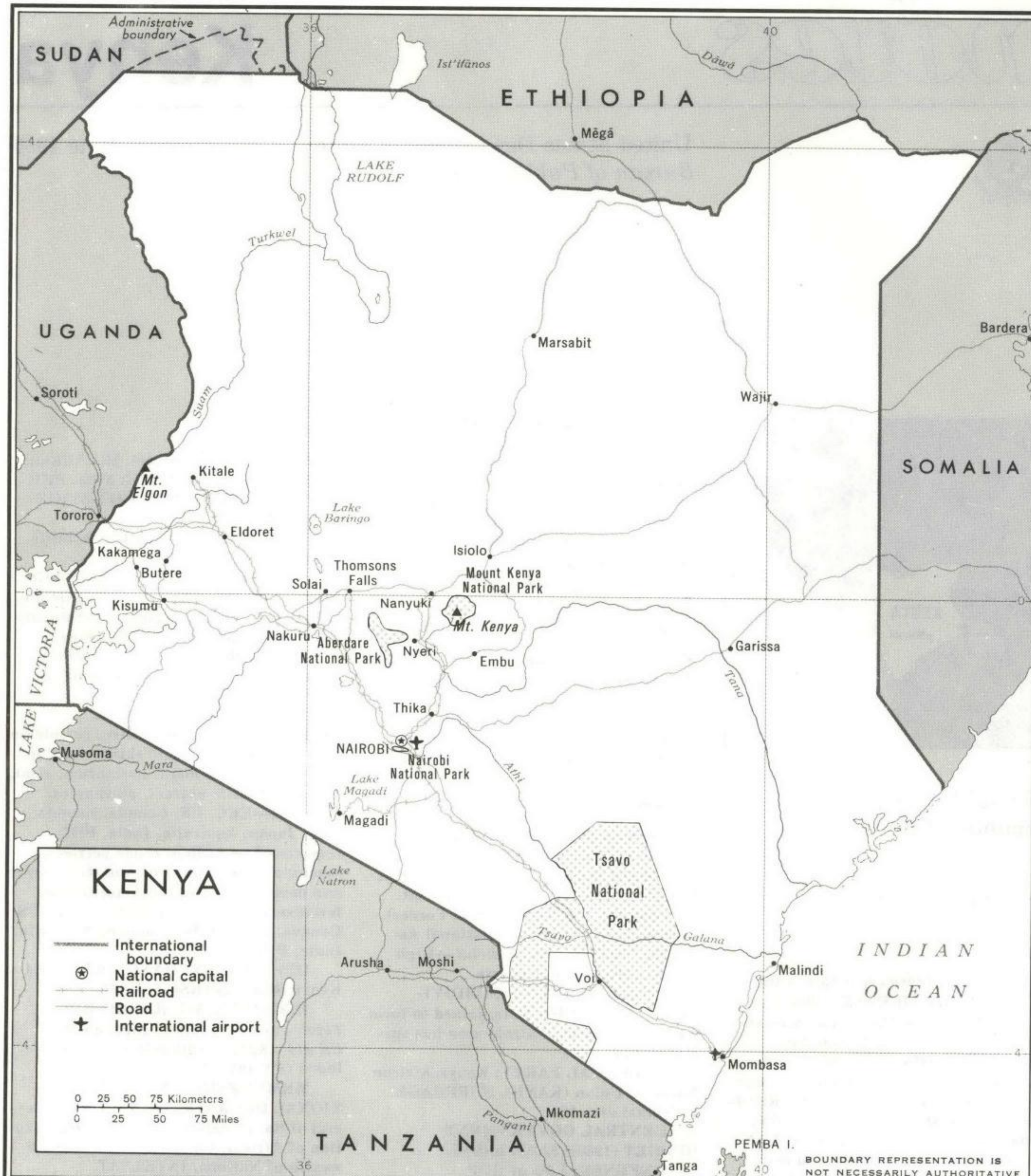
INDUSTRY (19% of GDP 1978): *Types*—petroleum products, cement, beer.

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.


Administrative boundary
SUDAN
ETHIOPIA
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Dawa
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LAKE RUDOLF
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UGANDA
Marsabit
Bardera
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Suam
Wajir
SOMALIA
Mt. Elgon
Kitale
Tororo
Lake Baringo
Eldoret
Kakamega
Butere
Isiolo
Thomsons Falls
Solai
Mount Kenya National Park
Kisumu
Nanyuki
Mt. Kenya
Nakuru
Aberdare National Park
Nyeri
Embu
Garissa
LAKE VICTORIA
Tana
Thika
NAIROBI
Nairobi National Park
Musoma
Mara
Athi
Lake Magadi
Magadi
Tsavo National Park
KENYA
Lake Natron
International boundary
National capital
Railroad
Road
International airport
Tsavo
Galana
Arusha
Moshi
Voi
Malindi
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Tanga
BOUNDARY REPRESENTATION IS NOT NECESSARILY AUTHORITATIVE
36
40
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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

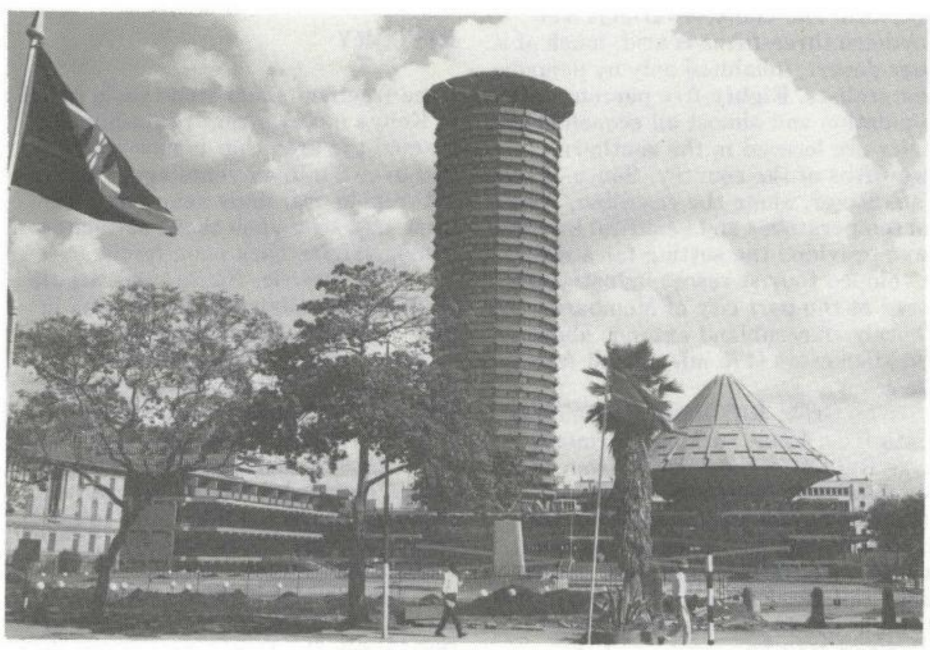
Home and Constitutional Affairs—Charles Njonjo
Livestock Development—James Osogo
Culture and Social Services—Jeremiah Nyagah
Economic Planning and Development—Dr. Zachary T. Onyonka
Cooperative Development—Robert Matano
Industry—Dr. Munyua Waiyaki
Local Government—Stanley Ole Olitipitip
Commerce—Eliud 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.

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

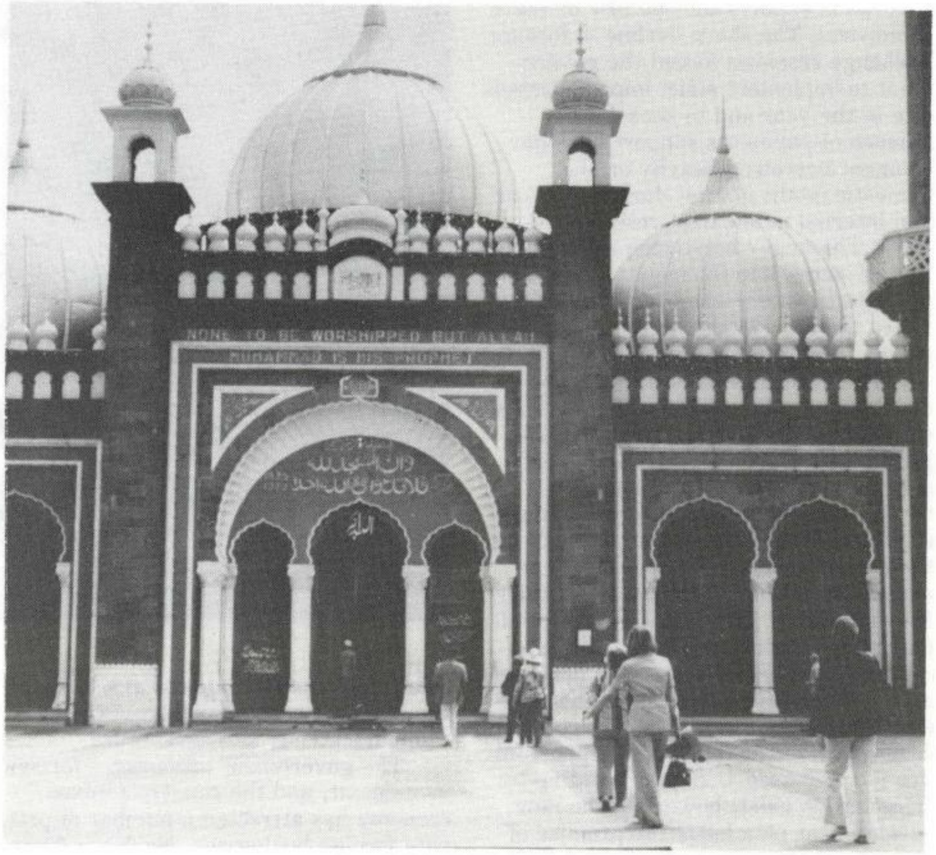
Kenya is primarily an agricultural country. However, only about 10% to 20% of the total land area is truly arable. Another 5.5% has potential, mostly for stockraising. The rest is arid.

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



A Nairobi Mosque

FOREIGN BUSINESS INFORMATION

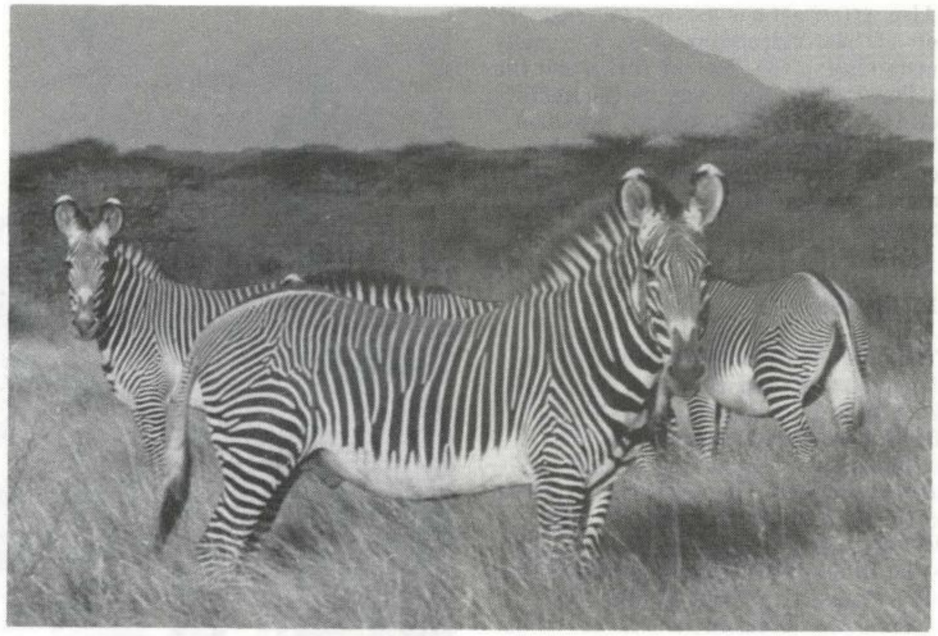
For information on foreign economic trends, commercial development, production, trade regulations, and tariff rates, contact the Bureau of Export Development, US Department of Commerce, Washington, DC 20230. This information is also available from any of the Department of Commerce district offices located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



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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Harbeson, John. *Nation-Building in Kenya.* Evanston, Ill.: Northwestern University Press, 1973.

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

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

FOREIGN RELATIONS

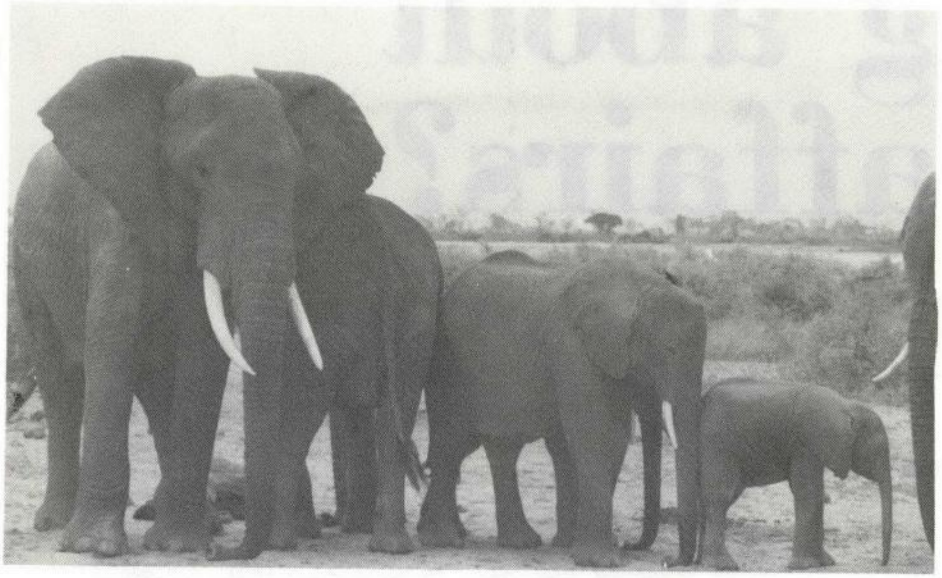
Kenya's foreign policy is based on (a) nonalignment, (b) promotion of African unity, including self-determination for the peoples of southern Africa, (c) support for the principles of the UN Charter, and (d) support for international economic policies which will lead to an increased flow of resources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

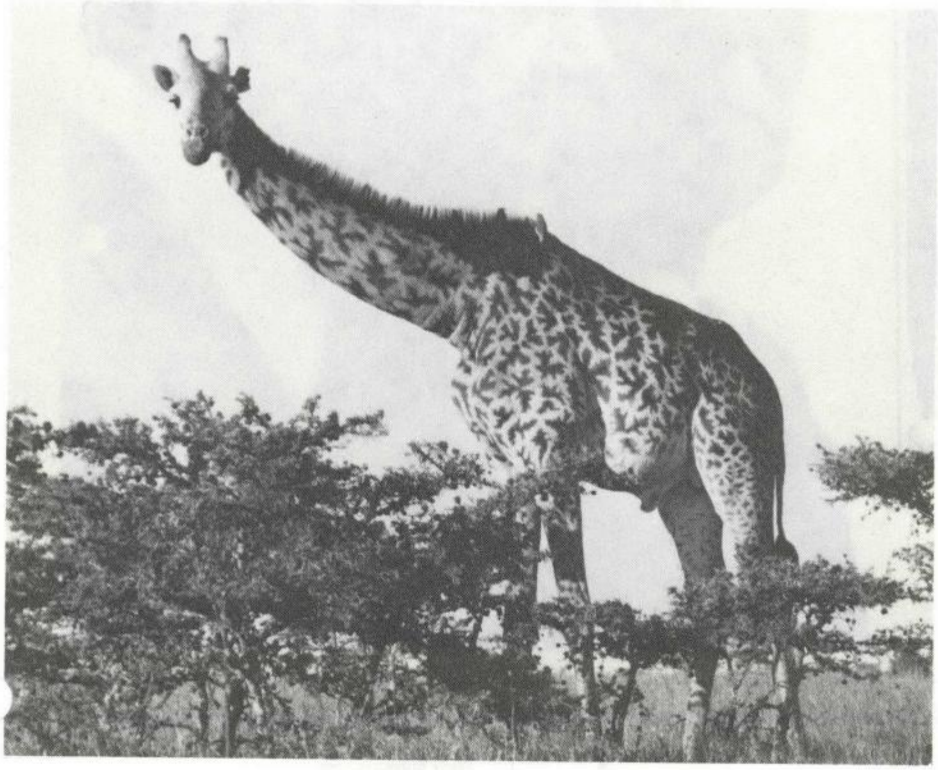
Kenya enjoys good relations with Sudan and Ethiopia. Bilateral tension between Kenya and Uganda eased with the ousting of former President Idi Amin and the change of government in Uganda in April 1979. Tanzania reacted to the 1977 collapse of the East African Community by closing the border with Kenya. 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





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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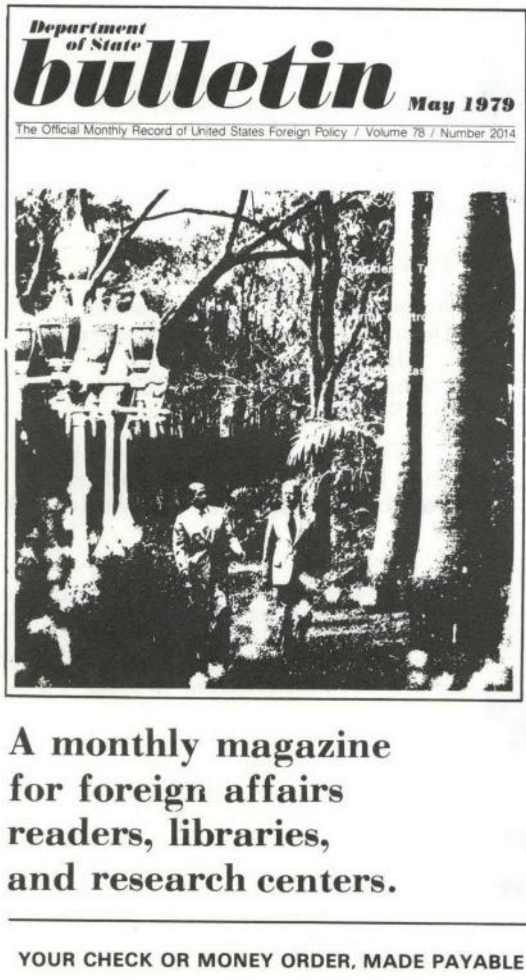

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SELECTED BIOGRAPHICAL SKETCHES

Honorable Prof. George Saitoti, Minister of Finance and Planning

Professor Saitoti was born in 1944. He received a M.Sc. from the University of Sussex and a Ph.D. from the University of Warwick. From 1971 to 1983 he was Professor of Mathematics at the University of Nairobi. Between 1974 and 1981 he was a member of the East African Legislative Assembly. He served as Chairman of the Mumias Sugar Co. from 1980 to 1983, and Diraector and Executive Chairman of the Kenya Commercial Bank from 1977 until his appointment as Minister of Finance and Planning in October, 1983. Prof. Saitoti attended his first Consultative Group Meeting in November of last year.

Professor Philip M. Mbithi, Chairman, National Council for Population and Development

Born in Machakos in 1942, after holding a number of academic posts at home and abroad, Professor Mbithi was appointed Deputy Vice Chancellor of the University of Nairobi in October 1983. He obtained a B.Sc. in Agriculture at the University of East Africa in 1967, and a M.Sc. and Ph.D. both from Cornell in 1969 and 1971 in Rural Sociology, Agricultural Economics and Farm Management, and Sociology of Development, respectively. Prior to his appointment in 1982 as Chairman of the Kenya National Council for Population and Development, Prof. Mbithi served as Chairman of many national and international committees and fora devoted to the fields of Education, Agriculture, Science, Sociology and Development. He has served as a consultant to the Kenya Government and others, as well as UN institutions, including the World Bank. Prof. Mbithi's work has been widely published.

Honorable Gilbert Kabure M'Mbijjewe, MP, Minister of Health

Mr. M'Mbijjewe, born in 1929, was educated at Makere University College, North of Scotland College of Agriculture, Aberdeen, and the University of Reading (B.Sc. Agriculture). Prior to entering politics, he served as Planning Officer, Ministry of Lands and Settlement, Consolidation Officer, Ministry of Lands and Settlement; and Senior Executive for the Twiga Chemical Industries. Mr. M'Mbijjewe became a Member of Parliament for Meru Central in 1979 and has since served as Minister for Tourism (1979), Minister for Agriculture (1980-82), and was appointed Minister for Health in October 1983.

4

KENYA

POLITICAL BACKGROUND

1. In 1978, President Moi began his term of office by giving an amnesty to political prisoners, promising freer political expression, pledging to end corruption and introducing measures aimed at national conciliation. These won him much popularity, but this has waned somewhat as has the erosion of the broad political consensus he established after Kenyatta's death.

2. Unlike Jomo Kenyatta, who controlled Kenyan politics through a policy of alliances with the dominant Kikuyu middle class and their counterparts in the minority groups, President Moi chose to develop a support system of political proteges, whose power derived largely from positions in Government or the weak state party, KANU (Kenya African National Union). Moi's shift in political approach seems, however, to have alienated influential local leaders. In addition, with rising unemployment, spiralling inflation, generally declining economy and weak economic and political administration, the "nationalist" opposition, that has been latent since independence, has grown more vocal. The Government has suffered several corruption scandals which resulted in public resentment. This resentment was compounded by power struggles among some able and influential ministers, such as Kibaki and Njonjo, who had been considered completely committed to the Moi regime.

3. Faced with dissent among various political groups from the official ideology and mounting criticism of Government policy, President Moi has taken strong measures (e.g. banning tribal and some professional associations) to impose a degree of political conformity. These measures ultimately eroded Moi's support in much of the middle class and were not entirely effective in quelling the opposition. By mid-1982, the President turned to detention as a last resort. At the same time, he reacted to former Vice President and Luo leader Mr. Odinga's attempt to form a socialist party by denouncing him and formally making Kenya into a one-party state. This resurgence of confrontational politics has brought to the fore the social and political tensions in Kenyan society and raised the temperature of political debate.

4. Amidst the mounting social and political tensions, on August 1, 1982 a coup attempt made by the Air Force (dominated by the Kikuyu tribe). Although the coup was put down by the army (mainly dominated by the Kamba and Luhya tribes), it brought changes in relations between individuals and groups in politics. The group most clearly affected by the coup attempt was the army, which grew in power. The coup also awoke the President to the weakness of some of his assumptions about alliances and associations with individual politicians. Rapidly, his relations with some Government ministers, especially Charles Njonjo, changed. With Njonjo, the process of demotion escalated further when in mid-1983 was named a "traitor", and was

suspended from Cabinet and expelled from KANU pending the outcome of a judiciary inquiry. The fall of Njonjo appears to have strengthened the position of Kibaki as Vice President and Minister for Home Affairs. In the wake of this political turmoil, President Moi announced early elections, which took place on September 26, 1983.

5. The outcome of the elections reveals a number of interesting features. First, although like past elections, there was a high turnover of MPs, 39% (or 62 new MPs), the center of opposition to Moi's leadership remained largely intact. Second, the national voting turn-out of 47% was the lowest since independence and well below the 68% recorded in the last election in 1979. Third, for the most part, Njonjo's outspoken supporters and associates do not appear to have had much difficulty in retaining or capturing new seats.

6. In this political environment Government commitment to clear and consistent policies, as well as sound economic management, may be hard to strengthen. Future policy dialogue is likely, therefore, to continue to be difficult in view of the expected heightening of political tensions. It is not clear to what extent the political uncertainties presently affect, and will to continue to affect, Bank/Government dialogue. It is already apparent that these uncertainties have led to a concentration of decision making authority in the office of the President, so that it is increasingly difficult to assess whether there is a concensus in Government on any particular policy issue.

THE ECONOMY

Long-Term Economic Growth and Structural Problems

Kenya became an independent nation in 1963. During the entire period since then, the country has experienced remarkable continuity in both political leadership and development strategy. That strategy has been to promote rapid economic growth by means of public investment, encouragement of both smallholder and large-scale farming, and promotion of accelerated industrialization, by providing incentives for private, including foreign, investment in modern industry. The Kenyan development model can be characterized as "mixed", in the sense that it incorporates a diversity of organizational forms and incentives and combines private enterprise with a significant amount of Government participation and guidance.

Kenya's first decade as an independent nation was one of remarkable growth and structural transformation. Total GDP grew at an annual average rate of 6.6% during 1964-73. Both agriculture and manufacturing grew rapidly, at 4.7% and 8.4% per annum respectively. The expansion of agriculture was stimulated by redistribution of large estates to smallholders, rapid diffusion of hybrid maize, and growth of smallholder output. Growth of manufacturing was made possible very largely by the expansion of domestic demand due to rising agricultural incomes, while investment for domestic production was being encouraged by high levels of protection, a liberal attitude towards foreign investment, and active Government promotion of and participation in manufacturing ventures.

Following this period of rapid growth, the rate of growth of per capita income declined substantially after 1974. Kenya remains a poor country, still heavily rural and dependent upon agriculture. Average GNP per capita in 1982 was US$390. Agriculture accounted for more than a third of GDP and about two-thirds of exports (other than refined petroleum products) in 1978-83. Since the growth of the industrial sector has been largely confined to the major urban areas, agriculture remains the principal source of income in the rural areas where over 80% of the population live and work. Kenya still has significant problems of poverty and underemployment. About one-fourth of the population is estimated to have incomes placing them below the absolute poverty line.

A fundamental problem Kenya faces is posed by the rapid growth rate of population, currently estimated at 3.9% per year, which is among the highest in the world. This is, ironically, partly the result of Kenya's past success in raising health and general living standards, which has resulted in a steady decline in mortality and has probably resulted in an increase in the country's already high fertility rate.

With rapidly increasing population, pressure is beginning to mount on Kenya's limited arable land. Of the country's total land area of about 575,000 sq km, about 520,000 sq km are categorized as potentially productive. However, on the basis of annual rainfall and fertility, only 9% can be regarded as high potential land, with 9% of medium potential and 82% low potential arid- and semi-arid areas. Of the less than 20% of land area which has good arable potential, much is now densely settled.

Rapid population growth has created other problems as well. First, there is the strong likelihood that, unless growth slows dramatically or ways are found to increase the rate at which income earning opportunities in agriculture expand, excess rural labor will be pushed into urban areas. Even if the non-agricultural sector were to grow very rapidly, it probably would be unable to absorb all the new urban labor force entrants, resulting in rising urban unemployment and underemployment. Second, considerable budgetary pressure has already been created by the growing demand for social services, especially education. Finally, efforts to improve the distribution of income and alleviate poverty will be impeded by the relative lack of access to land and education for the children of the poorest section of the population.

A second problem area has developed in the manufacturing sector. The rapid growth of industry in the past was based largely on investments in simple import-substitution industries by multinational companies. To a lesser extent, manufacturing production also catered to the export market in neighboring countries, particularly in the protected markets of the former East African Community (EAC). The scope for further industrialization along these lines is limited, as most of the easy import-substitution possibilities have been exhausted and the EAC preference for Kenyan goods has been abolished. The past pattern of industrialization has left the sector increasingly dependent on imported raw materials, components and spare parts, and therefore it is vulnerable in case of a shortage of foreign exchange. To maintain growth it will be necessary to reorient industry toward increased use of domestic inputs and increased production for export.

A third major problem has been the slow growth in agricultural output, which averaged only about 2.4% per year over 1972-79, but improved modestly to 3.4% p.a. over 1980-83. This reflects generally inefficient marketing and pricing policies, lack of institutional support and input supply, less favorable climatic conditions, and weakening of the structural factors fueling earlier growth. In addition, the concentration of land holdings, insecure land tenure, and problems in planning and execution of agricultural projects and programs are inhibiting agricultural growth. Measures to deal with these problems are essential to revitalize the agricultural sector.

Other problems are the slow growth and lack of diversification of exports which have consistently grown at a slower pace than GDP, and the rising cost of oil imports which has had an adverse effect on the balance of payments. From 1964-74, the volume of exports expanded at an average annual rate of 4.6%, but over the past five years, export volume grew more slowly. In 1983, however, export volume dropped to 9% below the 1978 level. To some extent, this is a reflection of production problems in agriculture and industry, as well as declining demand for petroleum products, but it is also an indicator of the need to direct more resources toward export-oriented activities.

Economic Performance 1974-83

Kenya's growth performance since 1974 has been especially vulnerable to swings in the country's international terms of trade. The GDP growth rate fell sharply during 1974-75 when the dramatic increase in petroleum and other import prices required restrictive economic policies, accelerated rapidly in 1976-77 as the impact of the "coffee boom" following frost damage in Brazil worked its way through the economy, but began to decelerate in mid-1977 and through 1978 with the especially rapid decline in coffee prices.

During the Fourth Development Plan period 1979-83, Kenya continued to experience strong external shocks as a result of the second oil crisis in 1979, unfavorable external terms of trade, and declining export volumes. The effects of these external shocks on the balance of payments, and incomes, were compounded by poor weather affecting, in particular, coffee and maize production. As a result, GDP growth (at factor cost) slowed to 3.2% in 1980, recovered in 1981 to 4.8% and slowed down again in 1982 and 1983 to 3.3% and 3.0%, respectively. The trade deficit rose sharply in 1978, and foreign exchange reserves were rapidly depleted. To prevent further depletion of the country's reserves, the Government introduced a program of import restrictions in late 1978, effecting a sharp decline in imports and reductions in Kenya's trade gap and current account deficit in 1979. This, together with increased external borrowing, resulted in a recuperation of about US$179 million in gross reserves in the same year.

The improvement in the balance of payments proved to be short-lived. The increase in petroleum prices, combined with the need for additional food imports, resulted in a 39% rise in the value of imports in 1980. While exports rose by 22%, this was not sufficient to prevent a rise in the current account deficit to almost US$900 million and, despite increased external borrowing, a decline of US$195 million in foreign exchange reserves. In 1981-83 there was, however, a strong Government response to the mounting economic problems, as measures were introduced to bring the financial and structural imbalances towards stabilization. At the same time, the Government began to concentrate its longer-term policy initiatives in a more coherent stabilization program aimed at addressing the structural constraints to growth. The stabilization program involved the introduction of tighter fiscal and monetary management, more market oriented pricing policy, more liberal trade regime, critical appraisal of parastatals' performance, more restrictive wage and employment policy, more active exchange rate policy and continued use of restrictions on imports. As a result, the current account deficit narrowed to US$511 million in 1982 and further declined to an estimated US$178 million in 1983. As a result, the foreign exchange reserve position improved substantially at the end of 1983.

The Fifth Development Plan, 1984-88

In December 1983, the Government produced its Fifth Development Plan (1984-88). The theme of the Plan is "mobilization of domestic resources for equitable development." Underlying this theme is the Government's recognition that the heavy dependence on external resources for development (equal to about 24% of gross investment in 1982) cannot be continued and future development must, therefore, be increasingly based on domestic resources. To achieve this objective, the Plan calls for an increase in domestic savings as a percentage of GDP from the current level of about 17% to 23% by 1988.

As in the Fourth Plan, the new Plan's emphasis is on poverty alleviation. Compared with the last Plan, it is frank in its discussion of the main development issues and problems and more realistic in its macroeconomic forecasts. However, the main weakness of the Plan is that it provides little in terms of specific policy recommendations and detailed action programs. Some of the noteworthy features of the Fifth Plan are:

(a) an increased level of domestic savings to be achieved by improving Government savings through curtailment of overall budgetary deficits and encouraging private savings through an active interest rate policy and expansion of the network of financial institutions;

(b) an increased capacity utilization in the economy as a whole. To this effect, the Plan calls for raising the relative allocation for recurrent expenditures in the public sector and intensification of agricultural production and revitalization of industrial activities in the private sector through the provision of adequate remuneration;

(c) continuation of the Government's development strategy toward a more outward-looking, export-oriented approach. The Plan proposes, among other things, encouragement of in-bond imports for export production, maintaining an appropriate exchange rate and priority treatment for imports and credit allocations for export-oriented activities;

(d) recognition that consumer food subsidies should be avoided and prices to farmers be guided by the limits established by border prices and the exchange rate. The Plan also proposes to make the National Cereals and Produce Board a buyer and seller of last resort. In this regard, the Plan calls for encouragement of private grain marketing.

Taken as a whole, the Plan is consistent with the strategy incorporated in the Government's structural adjustment program of 1980. The thrust of this strategy, to which Bank's structural adjustment lending is closely linked, aims at the establishment of a set of price incentives and other signals to producers, and a framework of Government support, that would encourage a more efficient pattern of industrial development, more rapid growth of agriculture, and expansion and diversification of exports. The key to this would be the gradual replacement of quantitative restrictions on imports with a moderate and relatively uniform tariff. This is to be accompanied by changes in the exchange rate designed to reduce the negative impact on individual industries and to reduce the bias against agriculture. In addition, fiscal and other incentives to industry are to be harmonized with the objective of trade reform, and procedures for approval of Government investment in commercial enterprises are to be strengthened.

Structural Adjustment and Economic Prospects

The Government's structural adjustment program was supported by a Bank Group structural adjustment lending (SAL) operation approved in March 1980. The first SAL involved: (a) revising the Government's investment program to make it more consistent with the country's new economic circumstances; (b) ensuring the country's creditworthiness by improving external debt management and introducing better planning and control of external borrowing; (c) beginning the process of rationalization of the trade regime; (d) improving the incentives for exports and ensuring that exports are competitive; and (e) reviewing and revising interest rate policy to ensure that it is consistent with development objectives. The program was, on the whole, carried out satisfactorily. While the general thrust of the program was maintained, attempts to execute the policy measures revealed some weaknesses in planning and administration.

A second SAL operation was approved by the Bank Group in July 1982. In addition to supporting continued rationalization of the system of industrial protection and improvement of incentives for exports, it included measures aimed at revitalizing the agricultural sector, increasing domestic supplies of energy, encouraging energy conservation, preparing a viable public investment program, and introducing policy initiatives in population.

The Bank Group conducted frequent review missions to discuss progress in achieving the release of the second tranche (US$50.0 million) of the second SAL. Although substantial progress was made in implementing most of the aspects of agreed policy reforms, there was delay in two major aspects of conditionality: the preparation of a forward budget and public investment program consistent with the objectives of structural adjustment; and the making of decisions on the future structure of grain marketing. Performance was also found to be lagging in other areas, including: (i) preparing a new tariff structure; (ii) implementing the associated industrial transitional strategy studies meant to chart policy for the amelioration of the adverse effects of reduced protection on inefficient industries; (iii) developing an export promotion program; and (iv) reviewing large farm subdivision and other specific land issues.

In the course of these reviews, the Government recognized the need to improve its performance on the outstanding aspects of the program. Agreement was reached on detailed work programs and schedules to accelerate progress. In December, the Government produced a public investment program, and conveyed to the Bank appropriate decisions on the future structure of grain marketing. Consequently, as noted in January 6, 1984 memorandum to the Executive Directors (IDA/SecM84-8), the second tranche was released.

While the structural adjustment program should have a favorable impact on the balance of payments over the longer term, the remaining years of the 1980's are going to be difficult for Kenyan policymakers and for the Kenyan economy. The country's international terms of trade are likely to continue to deteriorate at least until the second half of the 1980s. In addition, external debt service obligations will be high because of borrowing associated with the large current account deficits of the past several 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. It is within this context that critical policy decisions must be made involving a fundamental restructuring of the pattern of development.

Given the slow recovery of the world economy and Kenya's generally unfavorable export prospects, it will be difficult to maintain positive growth of GDP per capita through 1984. However, growth prospects appear somewhat better from about 1985 onward, provided the Government's structural adjustment program is continued and there is adequate external assistance to enable its successful implementation. The country's terms of trade should also stabilize, the growth of external debt should decelerate, and current account deficits should grow at reasonable levels during 1985-90. A growth rate of GDP around 5% per year should be attainable during the second half of the decade.

External Debt

The expansion of government and government-guaranteed commercial borrowing in recent years has adversely affected the debt service ratio, which has risen from 3.9% in 1977 to about 30.0% in 1983. The debt service ratio is expected to increase from about 30.0% in 1984 to a peak of 30.6% in 1985, before declining to around 16.4% in 1995. Debt service payments to the Bank in 1982 accounted for 14.7% of total debt service payments; IDA's share was 0.7%. The Bank's share of total debt service payments is expected to rise to about 18.3% by 1990, while IDA's share would rise to 1.2%. The Bank is currently holding 18.9% of Kenya's total outstanding and disbursed external debt, and IDA 11.3%. The Bank's share is expected to decline to 16.7% and IDA's to rise to about 14.5% by 1990. Because of the long-term balance-of-payments constraint, Kenya's development program will require substantial financing in excess of public savings and available non-Bank Group external capital combined, and the Bank Group, therefore, expects to continue the practice of financing a substantial portion of total project costs, including some local costs when necessary.

East African Community (EAC)

The developments affecting the East Africa Community (EAC) were outlined to the Executive Directors in memoranda dated December 29, 1977 (R77-312) and May 14, 1984 (R84-125) and in a statement made on May 6, 1980 (SecM80-364). One of the early positive results of the mediation process was the Partner States' decision, taken upon the Mediator's recommendation, that the East African Development Bank -- one of the former Community's institutions -- should continue, and a revised charter to this effect has been enacted. The three Governments commented on the Mediator's proposals for the three Partner States during their meeting in Nairobi in July 1981, and decided to commence negotiations based on the Mediator's proposals. Negotiations, which started in December 1981 and continued through 1982 and 1983, focussed on details of a division formula for assets and debts. While it was generally accepted that both the location of assets and the principle of equal rights of all former EAC partners should be taken into account, the weight to be attributed to these principles was a major issue. On November 15 and 16, 1983 the negotiations culminated in a meeting of the three Heads of State in Arusha in which full agreement was reached on all outstanding issues, including the prominent weighting question. The agreement follows the recommendations of the Mediator and provides debt and asset shares of 42% for Kenya, 32% for Tanzania, and 26% for Uganda. As a result of this formula, Kenya and Tanzania have excess assets over their agreed shares, while Uganda has a shortfall. The Agreement that established the above division formula was signed by the three Heads of State in Arusha on May 14, 1984. It incorporates as attachments bilateral agreements that settle Kenya's and Tanzania's compensations due to Uganda for the shortfall in assets it holds, and that also contain provisions to compensate for over- or underpayments by the three countries, measured against the newly agreed division formula of 42:32:26, in servicing EAC debts between 1977 and 1984.

KENYA - SOCIAL INDICATORS DATA SHEET

	KENYA 1960/b	KENYA 1970/b	KENYA MOST RECENT ESTIMATE/b	REFERENCE GROUPS (WEIGHTED AVERAGES) /a (MOST RECENT ESTIMATE) /b MIDDLE INCOME AFRICA S. OF SAHARA	MIDDLE INCOME N. AFRICA & MID EAST
AREA (THOUSAND SQ. KM)					
TOTAL	582.6	582.6	582.6	.	.
AGRICULTURAL	56.4	59.1	60.4	.	.
GNP PER CAPITA (US$)	90.0	140.0	420.0	1147.9	1340.0
ENERGY CONSUMPTION PER CAPITA (KILOGRAMS OF COAL EQUIVALENT)	57.0	205.0	208.0	724.2	810.4
POPULATION AND VITAL STATISTICS					
POPULATION, MID-YEAR (THOUSANDS)	8189.0	11253.0	17363.0	.	.
URBAN POPULATION (% OF TOTAL)	7.4	10.2	14.7	28.5	47.4
POPULATION PROJECTIONS					
POPULATION IN YEAR 2000 (MILL)			39.6	.	.
STATIONARY POPULATION (MILL)			157.1	.	.
YEAR STATIONARY POP. REACHED			2130	.	.
POPULATION DENSITY					
PER SQ. KM.	14.1	19.3	28.6	56.5	36.0
PER SQ. KM. AGRI. LAND	145.2	190.4	275.8	131.8	449.0
POPULATION AGE STRUCTURE (%)					
0-14 YRS	47.7	48.9	50.2	45.9	43.9
15-64 YRS	49.8	48.6	47.4	51.2	52.8
65 AND ABOVE	2.6	2.5	2.4	2.8	3.3
POPULATION GROWTH RATE (%)					
TOTAL	2.4	3.2	3.9	2.8	2.9
URBAN	5.2	6.4	7.3	5.3	4.6
CRUDE BIRTH RATE (PER THOUS)	54.7	54.7	54.8	47.6	42.5
CRUDE DEATH RATE (PER THOUS)	23.6	17.8	12.9	15.2	12.0
GROSS REPRODUCTION RATE	3.9	3.9	3.9	3.2	3.0
FAMILY PLANNING					
ACCEPTORS, ANNUAL (THOUS)	..	30.9	63.0	.	.
USERS (% OF MARRIED WOMEN)	..	1.0	..	..	..
FOOD AND NUTRITION					
INDEX OF FOOD PROD. PER CAPITA (1969-71=100)	99.0	100.0	85.0	95.7	97.5
PER CAPITA SUPPLY OF					
CALORIES (% OF REQUIREMENTS)	99.0	95.0	88.0	97.1	102.3
PROTEINS (GRAMS PER DAY)	68.0	65.0	56.0	56.0	72.0
OF WHICH ANIMAL AND PULSE	27.0	27.0	24.0/c	17.2	17.8
CHILD (AGES 1-4) DEATH RATE	29.1	21.9	14.5	23.6	15.2
HEALTH					
LIFE EXPECT. AT BIRTH (YEARS)	41.3	48.7	56.0	51.9	57.2
INFANT MORT. RATE (PER THOUS)	137.5	112.0	84.7	117.6	104.2
ACCESS TO SAFE WATER (%POP)					
TOTAL	..	15.0	17.0/d	25.4	59.3
URBAN	..	100.0	100.0/d	70.5	84.9
RURAL	..	2.0	4.0/d	12.3	37.5
ACCESS TO EXCRETA DISPOSAL (% OF POPULATION)					
TOTAL	..	50.0	55.0/d	..	..
URBAN	..	85.0	98.0/d	..	..
RURAL	..	45.0	48.0/d	..	..
POPULATION PER PHYSICIAN	10690.0	7330.0/h	10500.0/e,h	12181.6	3536.0
POP. PER NURSING PERSON	2270.0/f,h	1470.0/h	550.0/e,h	2292.0	1320.7
POP. PER HOSPITAL BED					
TOTAL	790.0	770.0	800.0/g	1075.4	643.3
URBAN	80.0/f	..	620.0/g	402.3	545.0
RURAL	..	..	830.0/g	3926.7	2462.0
ADMISSIONS PER HOSPITAL BED	..	..	9.7/g	..	26.4
HOUSING					
AVERAGE SIZE OF HOUSEHOLD					
TOTAL	..	4.7	..	..	..
URBAN	4.9/f	4.7	..	..	..
RURAL	..	4.7	..	..	..
AVERAGE NO. OF PERSONS/ROOM					
TOTAL	..	..	..	..	..
URBAN	2.5/f	..	..	..	..
RURAL	..	..	..	..	..
ACCESS TO ELECT. (% OF DWELLINGS)					
TOTAL	..	..	..	..	46.2
URBAN	..	..	..	..	77.6
RURAL	..	..	..	..	16.1

KENYA - SOCIAL INDICATORS DATA SHEET

	KENYA 1960 /b	KENYA 1970 /b	KENYA MOST RECENT ESTIMATE /b	REFERENCE GROUPS (WEIGHTED AVERAGES) /a (MOST RECENT ESTIMATE) /b MIDDLE INCOME AFRICA S. OF SAHARA	MIDDLE INCOME N. AFRICA & MID EAST
EDUCATION					
ADJUSTED ENROLLMENT RATIOS					
PRIMARY: TOTAL	47.0	61.0	108.0	97.2	89.6
MALE	64.0	72.0	114.0	103.1	104.8
FEMALE	30.0	50.0	101.0	88.5	72.4
SECONDARY: TOTAL	2.0	9.0	18.0	17.2	41.7
MALE	3.0	13.0	21.0	23.5	52.8
FEMALE	2.0	6.0	15.0	14.2	31.2
VOCATIONAL (% OF SECONDARY)	12.2	1.8	2.0	5.2	10.3
PUPIL-TEACHER RATIO					
PRIMARY	42.0	34.0	40.0	42.9	31.9
SECONDARY	15.0	21.0	25.0	23.7	23.3
ADULT LITERACY RATE (%)	19.5/f	30.0	47.1	37.1	43.3
CONSUMPTION					
PASSENGER CARS/THOUSAND POP	7.9	8.5	7.7/c	18.8	18.0
RADIO RECEIVERS/THOUSAND POP	7.0	44.4	32.4	97.8	138.1
TV RECEIVERS/THOUSAND POP	0.3/f	1.4	3.9	18.6	45.6
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION	11.2	13.8	9.7	18.2	31.0
CINEMA ANNUAL ATTENDANCE/CAPITA	0.9	..	0.4/c	0.6	1.7
LABOR FORCE					
TOTAL LABOR FORCE (THOUS)	3296.0	4314.0	6147.0	.	.
FEMALE (PERCENT)	34.6	34.4	33.5	36.1	10.7
AGRICULTURE (PERCENT)	86.0	82.0	78.0	56.8	42.5
INDUSTRY (PERCENT)	5.0	7.0	10.0	17.5	27.8
PARTICIPATION RATE (PERCENT)					
TOTAL	40.3	38.3	35.4	37.0	25.6
MALE	53.3	50.9	47.5	47.1	45.4
FEMALE	27.5	26.1	23.5	27.0	5.6
ECONOMIC DEPENDENCY RATIO	1.2	1.3	1.5	1.3	1.8
INCOME DISTRIBUTION					
PERCENT OF PRIVATE INCOME RECEIVED BY					
HIGHEST 5% OF HOUSEHOLDS	..	20.2/i	..	..	..
HIGHEST 20% OF HOUSEHOLDS	..	52.6/i	60.4/j	..	..
LOWEST 20% OF HOUSEHOLDS	..	3.9/i	2.6/j	..	..
LOWEST 40% OF HOUSEHOLDS	..	11.7/i	8.9/j	..	..
POVERTY TARGET GROUPS					
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US$ PER CAPITA)					
URBAN	..	..	150.0/e	534.2	276.1
RURAL	..	..	112.0/e	255.9	177.1
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US$ PER CAPITA)					
URBAN	..	..	179.0/e	491.5	400.0
RURAL	..	..	106.0/e	188.1	283.3
ESTIMATED POP. BELOW ABSOLUTE POVERTY INCOME LEVEL (%)					
URBAN	..	..	10.0/e	..	22.0
RURAL	..	..	55.0/e	..	30.8

.. NOT AVAILABLE
. NOT APPLICABLE

NOTES

/a The group averages for each indicator are population-weighted arithmetic means. Coverage of countries among the indicators depends on availability of data and is not uniform.

/b Unless otherwise noted, "Data for 1960" refer to any year between 1959 and 1961; "Data for 1970" between 1969 and 1971; and data for "Most Recent Estimate" between 1979 and 1981.

/c 1977; /d 1975; /e 1978; /f 1962; /g 1976; /h Registered, not all practicing in the country; /i Urban only; /j 1974.

May 1983

KENYA: ECONOMIC INDICATORS - NATIONAL ACCOUNTS

Population: 16,642 (mid-1980, thousands)
GNP per Capita: US$420 (1981)

	Amount (million US$ at current prices) 1980	Average Annual Growth at Constant Prices — Actual 1976	1977	1978	1979	1980	1981	1982[1]
NATIONAL ACCOUNTS								
Gross domestic product	6991	2.4	8.8	6.7	3.7	5.8	5.2	3.0
Agriculture	1945	0.1	11.9	3.8	-0.6	-1.1	6.2	4.4
Industry	1309	1.8	11.9	11.0	7.0	6.2	5.0	0.2
Services	2732	5.1	3.9	6.9	3.2	5.2	5.2	3.8
Gross domestic product at factor cost	5985	2.4	8.8	6.7	2.7	3.2	5.5	3.2
Consumption	5871	-1.9	9.0	13.0	6.2	-0.9	4.8	0.8
Gross investment	1882	12.0	35.9	23.9	-27.1	38.2	-11.7	-6.1
Exports of goods and NFS	1989	1.8	2.8	1.7	-5.0	8.3	-6.6	-2.6
Imports of goods and NFS	2751	-2.7	18.3	27.5	-19.3	10.7	-15.7	-14.0
Gross National Savings	901	46.8	70.9	-34.5	-21.0	38.3	8.0	7.1
Prices								
GDP deflator	100.0	71.2	83.2	85.9	91.3	100.0	112.9	132.9
Exchange rate (KSh./US$)	7.4202	8.367	8.277	7.729	7.475	7.420	9.048	10.922

	Share of GDP at Market Prices (%) (at constant prices) 1974	1979	1980	1981	1982	1985	1990	Average Annual Growth (%) (at constant prices) 1974-79	1981-86	1983-88	1985-90
Gross domestic product[2]	100.0	100.0	100.0	100.0	100.0	100.0	100.0	5.1	3.9	4.7	5.2
Agriculture	37.8	36.1	32.5	32.7	31.1	33.0	31.1	4.2	3.8	3.8	4.0
Industry	24.8	26.6	21.9	21.8	21.1	21.0	21.7	6.8	3.3	5.2	6.0
Services	37.4	37.3	45.6	45.5	45.8	46.0	47.2	4.7	4.1	5.2	5.7
Consumption	79.8	84.8	84.0	83.7	81.8	79.7	77.6	6.2	2.8	4.1	4.6
Gross investment	27.2	20.4	26.9	22.6	20.6	21.7	21.8	5.6	3.8	5.9	5.4
Exports of GNFS	37.1	26.5	28.5	25.3	23.9	23.9	24.0	-1.0	3.1	4.9	5.3
Imports of GNFS	44.1	31.7	39.4	31.5	26.3	25.3	23.4	2.4	0.1	3.8	3.6
Gross national savings	16.1	11.7	12.9	13.2	13.8	15.3	16.9	4.6	7.1	6.6	7.4

	As % of GDP				
	1974	1979	1980	1981	1982[1]
PUBLIC FINANCE					
Current revenues	16.0	24.7	25.2	24.7	23.5
Current expenditures	14.3	22.5	23.7	23.9	22.2
Surplus (+) or deficit (-)	1.8	2.2	1.5	0.8	1.3
Capital expenditure	6.1	10.1	9.9	9.9	8.3
Foreign financing	2.0	3.7	4.8	4.3	3.3

	Average Annual Growth (%) (at constant price)			
	1974-79	1981-86	1983-88	1985-90
OTHER INDICATORS				
GNP growth	4.9	3.7	4.7	5.1
GNP per capita growth	1.0	-0.2	0.8	1.3
Energy consumption growth	4.9	2.3	2.8	3.1
ICOR	7.8	5.5	4.5	4.2
Marginal savings rate	0.26	0.28	0.22	0.24
Import[3] elasticity	-0.4	0.03	0.80	0.65

1. Preliminary.
2. Central Government only.
3. Goods and non-factor services.

Direction of Trade

To/From:	Industrial Countries 1971	Industrial Countries 1981	Developing Countries 1971	Developing Countries 1981	Capital Surplus Oil Exporters 1971	Capital Surplus Oil Exporters 1981
Exports	34.1	46.3	56.9	46.8	1.1	0.8
Imports	68.2	57.3	26.8	12.3	1.9	29.4

Population: 16,642 million (1981)
GNP Per Capita: US$420 (1981)

KENYA: EXTERNAL TRADE

	Amount (million US$ at current prices) 1980	Average Annual Real Growth (%) Actual 1976	1977	1978	1979	1980	1981	1982[a]	Projected 1983	1984	1985	1990	1995
EXPORTS													
Total merchandise	1246.9	5.9	-2.8	-7.7	-2.1	3.2	-5.3	-1.3	1.2	4.0	4.1	5.1	5.4
Primary goods	657.9	-5.7	8.5	5.6	10.3	-6.0	3.7	10.2	1.1	5.1	5.2	5.5	5.6
Petroleum products	373.0	-2.1	16.3	-16.8	-10.1	27.5	-22.7	-14.7	-3.0	1.0	1.0	3.5	3.6
Manufactured goods	216.0	28.5	-22.6	-22.8	2.7	0.6	-2.6	-20.2	8.0	3.0	3.0	5.6	6.6
IMPORTS													
Total merchandise	2623.8	-3.7	54.4	16.4	-18.4	14.7	-18.4	-13.9	-0.1	4.0	4.2	3.4	
Food	111.2	5.4	164.1	67.0	-19.2	57.6	-13.4	43.6	-10.0	1.0	1.0	1.0	
Petroleum	747.4	-8.0	13.0	2.9	0.9	16.7	-12.6	-19.0	-3.0	2.0	2.0	3.0	
Machinery and equipment	743.2	-16.5	67.9	29.4	-28.4	19.0	-22.0	-10.0	3.0	6.4	5.4	4.2	
Other	1022.0	-14.7	29.9	-1.7	-6.9	10.8	-20.5	-19.5	1.8	4.2	5.5	3.5	
PRICES[b]													
Export price index		150.9	62.4	65.9	76.3	100.0	111.3	121.1	140.4	148.1	159.3	228.9	333.4
Import price index		154.5	92.2	77.9	83.1	100.0	123.5	143.1	163.3	176.0	193.1	275.9	393.0
Terms of trade index		102.4	147.8	118.2	108.9	100.0	90.1	84.6	86.0	84.1	82.5	83.0	84.8

Composition of Merchandise Trade

	Share (at current prices) 1974	1979	1981	1986	1991	1995	Real Growth[c] 1974-79	1981-86	1983-88	1985-90
Exports	100.0	100.0	100.0	100.0	100.0	100.0	-2.8	2.7	4.6	5.1
Primary	36.3	54.8	52.0	60.8	61.2	61.3	-2.8	4.9	5.3	5.5
Petroleum	20.1	20.0	29.4	19.8	20.2	20.5	-3.4	-2.0	2.5	3.5
Manufacturers	43.6	25.2	18.6	19.3	18.6	18.1	-8.9	0.6	4.3	5.6
Imports	100.0	100.0	100.0	100.0	100.0	100.0	7.1	0.3	3.7	3.4
Food	6.6	5.3	4.5	4.9	4.6	4.1	25.0	3.4	1.0	1.0
Petroleum	21.2	23.7	35.7	27.6	30.3	33.2	0.2	-2.3	3.0	3.0
Machinery and equipment	22.8	35.5	25.5	31.2	30.7	30.4	11.4	2.5	4.7	4.2
Others	49.4	35.5	34.3	36.3	34.3	32.3	9.7	0.1	4.2	3.5

a. Preliminary.
b. In national currency (Kenya pound) and merchandise only.
c. At 1980 constant price.

2.27.84

KENYA: BALANCE OF PAYMENTS, EXTERNAL CAPITAL AND DEBT
(millions US$ at current prices)

Population: 16,642 (mid-1980, thousands)
GNP per Capita: US$420 (1980)

	Actual							Projected		
	1976	1977	1978	1979	1980	1981	1982[1]	1983	1985	1990
BALANCE OF PAYMENTS										
Exports of goods and services	1184.6	1619.5	1581.0	1666.0	2084.3	1758.1	1571.1	1627.9	2064.1	3753.8
Of which: Merchandise f.o.b.	743.9	1130.9	955.8	1031.4	1261.4	1078.0	952.3	958.5	1176.8	2170.7
Imports of goods and services	1300.3	1658.4	2332.6	2255.8	3117.7	2569.0	2160.8	2133.8	2751.4	4747.0
Of which: Merchandise c.i.f.	975.0	1279.0	1875.7	1832.5	2680.8	2168.1	1778.4	1739.2	2229.5	3767.3
Net transfers	32.3	66.5	91.1	91.2	147.4	89.6	78.4	83.1	95.1	132.2
Current account balance	-83.4	27.6	-660.6	498.5	-886.0	-721.3	-511.3	-422.8	-592.2	-861.0
Private direct investment	37.7	54.4	32.1	78.1	60.4	60.6	60.6	64.2	72.2	104.1
MLT loans (net)	114.6	148.2	402.6	429.0	487.0	294.4	241.9	260.6	496.6	815.9
Official	–	–	–	–	–	188.1	113.1	153.4	334.1	373.9
Private	–	–	–	–	–	106.3	128.8	107.2	162.5	442.0
Other capital[2]	33.2	16.7	56.1	266.5	202.6	122.6	227.8	94.6	67.1	-0.5
Change in reserves	-102.1	-246.9	169.8	-275.1	136.0	243.7	-19.0	3.4	-43.8	-58.5
International reserves	245.3	492.2	322.4	597.5	461.5	217.8	236.8	233.4	310.6	560.1
Reserves as months imports	2.3	3.6	1.7	3.2	1.8	1.0	1.3	1.3	1.4	1.4
EXTERNAL CAPITAL AND DEBT										
Gross Disbursements	202.0	325.2	401.3	466.3	551.1	435.9	390.0			
Official grants[2]	–	–	–	–	–	–	–			
Concessional loans	65.4	64.7	109.5	148.7	178.8	150.6	190.1			
DAC	46.1	33.7	59.0	92.7	80.4	106.6	86.4			
OPEC	–	5.0	–	–	–	1.8	5.4			
IDA	13.6	17.7	16.3	21.5	71.6	14.8	85.4			
Other	5.7	8.3	34.2	34.5	26.8	27.4	12.9			
Non-concessional loans	136.6	260.5	291.5	317.6	372.2	285.3	199.9			
Official export credits	23.6	31.8	30.6	11.8	16.3	31.8	11.9			
IBRD	66.7	34.7	42.3	36.7	44.2	58.8	84.5			
Other official[3]	–	7.6	20.2	5.9	15.2	11.9	22.4			
Private	46.3	186.4	198.1	263.2	296.5	182.9	81.0			
External Debt										
Debt outstanding and disbrused	712.4	1023.5	1305.7	1728.7	2131.3	2244.4	2359.4			
Official	643.8	769.3	849.1	1036.2	1238.8	1371.9	1585.3			
Private	68.6	254.2	456.6	692.3	892.5	872.5	774.1			
Undisbursed debt	673.1	900.1	1121.3	1415.7	1384.4	1230.4	1315.6			
Debt Service										
Total service payments	51.7	64.3	133.4	154.1	233.2	278.8	324.8			
Interest	24.9	35.3	54.7	79.7	116.6	119.3	147.3			
Payments as % of export of goods and services	4.4	4.0	8.4	9.2	11.2	15.9	20.7			
Average interest rate (%) on loans outstanding	7.2	6.0	5.2	7.0	3.9	9.2	6.0			
Average maturity of loans outstanding (years)	15.5	20.5	23.7	21.1	30.7	22.8	24.6			

1. Preliminary.
2. Official grants are included in transfers in the balance of payments current account.
3. Includes uuse of IMF resources.

2.27.84

THE STATUS OF BANK GROUP OPERATIONS IN KENYA

A. Statement of Bank Loans and IDA Credits as of September 30, 1983

Loan or Credit #	Year	Borrower	Purpose	Amount Bank 1/	TW	IDA	Undisbursed
				US$ Million (Less Cancellations)			
Nineteen (19) Loans and Twenty-three (23) Credits and two (2) Third Window Loan Fully Disbursed				281.68	15.00	240.04	
1105	1975	Kenya	Sites and Services	8.00			0.12
1184	1976	Kenya	Third Education	10.00			5.69
1304-T	1977	Kenya	Wildlife and Tourism		17.00		5.77
1305	1977	Kenya	Rural Access Roads	4.00			2.37
1449	1977	Kenya	Bura Irrigation Settlement	34.00			24.57
750	1978	Kenya	Small Scale Industry			10.00	6.62
1520	1978	NCC	Second Urban Water Supply	30.00			3.19
(791	(1978	(Kenya	(Second Urban			25.00	(12.30
(1550	(1978	(Kenya	(Second Urban	25.00			(25.00
797	1978	Kenya	Fourth Education			23.00	14.02
1636	1979	Kenya	Sugar Rehabilitation	72.00			6.80a/
1637	1979	Kenya	Rural Water Supply	20.00			19.55
858	1979	Kenya	Narok Agricultural Development			13.00	11.51
1680	1979	Kenya	Telecommunications	20.00			3.80
1684	1979	Kenya	Highway Sector	90.00			43.24
914	1979	Kenya	Smallholder Coffee Improvement			27.00	24.80
959	1980	Kenya	Second Integrated Agric. Dev.			46.00	43.00
962	1980	Kenya	Baringo Semi-Aird Areas			6.50	5.43
1799	1980	Kenya	Third Power (Olkaria Geothermal)	40.00 2/			8.59
1817	1980	IDB	Fourth Industrial Dev. Bank	30.00			21.34
1045	1980	Kenya	Export Promotion Technical Asst.			4.50	4.35
1051	1980	Kenya	Fisheries			10.00	9.98
1107	1981	Kenya	Fifth Education			40.00	39.34
1976	1981	Kenya	Railway	58.00			39.13
(1143	(1981	(Kenya	(Fourth Agriculture			10.00	8.85
(1995	(1981	(Kenya	(Fourth Agriculture	25.00			25.00
2065	1982	Kenya	Petroleum Exploration	4.00			1.64
(2098	(1982	(Kenya	(Forestry III 4/	21.50			21.50
(1213	(1982	(Kenya	(Forestry III			16.00	16.00
1237	1982	Kenya	Cotton Proc. & Marketing 4/			22.00	21.94
1238	1982	Kenya	Integrated Rural Health & Family Planning 4/			23.00	22.48
2155	1982	Kenya	Second Telecommunications	44.70			35.56
(2190	(1983	(Kenya	(Second Struc. Adjustment	60.90			50.00
(1276	(1983	(Kenya	(Second Struc. Adjustment 4/			70.00	2.40
1277	1983	Kenya	Agric. Technical Assistance 4/			6.00	5.19
2237	1983	Kenya	Olkaria Geothermal Expansion 3/	12.00	-	-	12.00
1387	1983	Kenya	National Extension 3/4/			15.00	15.00
(2319	(1983	Kenya	(Secondary Towns	7.00			7.00
(1390	(1983	Kenya	(Secondary Towns 3/4/			15.00	15.00
			Total	947.78	32.00	607.04	640.07
			of which has been repaid	74.62	-	4.23	
			Total now outstanding	873.16	32.00	602.81	
			Amount sold 11.81				
			of which has been repaid 11.81	.00			
			TOTAL now held by Bank and IDA	873.16	32.00	602.81	
			TOTAL undisbursed	356.09	5.77	278.21	640.07

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.
a/ US$58.0 million cancelled.

BANK GROUP OPERATIONS IN KENYA

To date, Kenya has received 44 Bank loans, including three on Third Window terms, and 42 IDA credits amounting to US$1,826.2 million, which supported 75 operations. In addition, Kenya was one of the beneficiaries of 10 loans totalling US$244.8 million which were extended for the development of common services (railways, ports, telecomunications, and finance for industry), operated regionally for the three partner states of the EAC. Annex II contains summary statements of Bank loans and IDA credits to Kenya and to the EAC corporations.

The Bank Group has reoriented its lending program to assist the Government in its efforts to restructure the economy. This has meant the inclusion in the program of structural adjustment assistance. A first credit in support of the Government's structural adjustment program was approved in 1980 and a second structural adjustment operation was approved by the Bank Group on July 1, 1982. Recent economic work has also focused on the structural problems in specific sectors, including the energy sector.

The selection of projects for financing and the design of such projects have been influenced by the need to complement policy actions under the structural adjustment program. Continuing priority has thus been given to the agricultural and industrial sectors, but increasing emphasis also has been placed on sectors such as population and energy. In FY83, the Second Structural Adjustment Operation, an Agricultural Technical Assistance Project, the Olkaria Geothermal Power Expansion Project, the National Extension Project and the Secondary Towns Project were approved. In FY84, the Kiambere Hydroelectric Power Project, the Second Highways Sector Project and a Geothermal Exploration Project have been approved.

In FY83, disbursements on projects, as a percentage of amounts outstanding at the beginning of the year, rose to 16% (the figure is 26% including structural adjustment operations) from 11% in FY82. This improvement was largely due to the greater use of disbursement Procedure III and the application of the Treasury's Circular requiring operating Ministries to make prompt reimbursement claims, under penalty of freezing funds. However, project implementation has deteriorated in recent years, in contrast to the successful implementation performance in the past. Factors accounting for implementation delays have varied widely, but some of the more pervasive factors have been institutional/management constraints, procurement problems, and budgetary constraints leading to a lack of local financing. These factors, together with delays in preparing and submitting reimbursement claims, have led to a poor project disbursement record. An in-depth review of the causes of this situation has been undertaken by the Bank Group and the problems and possible solutions were discussed with the Government at Country Implementation Review meetings. The discussions were frank and constructive, and the Government informed the Bank Group of several new initiatives to improve performance, including those mentioned. During the ongoing CIR discussions, the Government and the Bank are continuing to review the Government's development objectives and investment priorities in the context of implementation capacity and resource constraints. The project portfolio is under review to determine the scope for reducing project costs through reformulation, rephasing or cancelling projects which cannot be adequately funded. As a result, substantial cancellations of funds have been made from the Sugar Rehabilitation Project (Ln. 1636-KE) (US$58.0 million) and the Second Integrated Agricultural Development Project (Cr. 959-KE) (US$38.0 million), and the project scope for the Bura Irrigation Settlement Project (Ln. 1449/Cr. 772-KE) has been reduced to a level commensurate with available local resources. The Rural Water Supply Project (Ln. 1637-KE) is being reformulated. Additional possibilities for project rationalization are currently under review.

International Finance Corporation (IFC)

IFC has committed a total of US$62.5 million for eleven operations in Kenya. These include loans for six companies: Pan African Paper Mills, Ltd.; Kenya Hotel Properties, Ltd.; Tourism Promotion Services (Kenya) Ltd.; Rift Valley Textiles, Ltd.; Bamburi Portland Cement Company, Ltd; and Tetra Pak Converters, Ltd. Also included are a US$2 million credit line to the Kenya Commercial Bank, Ltd., a US$5 million credit line to the Kenya Commercial Finance Company, Ltd., and equity investments in Development Finance Company of Kenya, Ltd. (US$1.3 million), Diamond Trust of Kenya, Ltd. (US$0.8 million), and Industrial Promotion Services Kenya,Ltd. (US$0.6 million). As of September 30, 1984, IFC held for its own account US$62.5 million, comprising US$49.7 million of loans and US$12.8 million of equity. A Summary of IFC Investments is included in Annex II.

EASTERN AFRICA REGION : [illegible] PROGRAM FY84-FY89 (BY COUNTRY)

COUNTRY PROGRAM I

RUN 04/27/84

FISCAL YEAR

FY 84 PROJECT	IBRD	IDA	FY 85 PROJECT	IBRD	IDA	FY 86 PROJECT	IBRD	IDA	FY 87 PROJECT	IBRD	IDA	FY 88 PROJECT	IBRD	IDA	FY 89 PROJECT	IBRD	IDA
EAST AFRICA COMMUNITY																	
						DD04 DFC III EADB	.0	10.0									
AMOUNTS	.0	.0		.0	.0		.0	10.0		.0	.0		.0	.0		.0	.0
NUMBER OF PROJECTS	0	0		0	0		0	1		0	0		0	0		0	0
KENYA																	
TH11 HIGHWAYS SECT	50.0	40.0	MY01 ST.ADJ.CR.III	50.0	75.0	TR02 RWYS.II	130.0	.0	MZZ03 AGRI.TAS.	.0	5.0	MY02 STR.ADJ.CR.IV	145.0	30.0	*DD06 DFC VI	70.0	.0
GI02 ENERGY EGR GE	.0	25.0	WW07 NAIROBI WATER	.0	5.0	AR01 DAIRY	.0	45.0	*PP05 POWER VI	50.0	.0	WW09 RURAL WATER	16.0	24.0	*IC02 ENERGY II(REF	30.0	.0
PP04 POWER V (KIAM	95.0	.0	CC03 TELECOMM III	40.0	.0	AN05 AGRICULTURE	30.0	20.0	AI03 AGRI. (T&V)	.0	50.0	*GI03 ENERGY GEOTHF	50.0	.0	*UU04 URBAN V	.0	25.0
						*DD05 DFC V	40.0	.0	*EE06 EDUC.VI	60.0	.0	AA08 AGRICULTURE	.0	45.0	NN04 POPULATION IV	.0	30.0
									*NN03 POP. III	.0	30.0	*WW08 NAIROBI WATER	30.0	.0			
AMOUNTS	145.0	65.0		90.0	80.0		200.0	65.0		110.0	85.0		241.0	99.0		100.0	55.0
NUMBER OF PROJECTS	2	1		2	1		3	1		2	2		4	1		2	2
TANZANIA																	
PP02 POWER IV	.0	35.0	ZZ04 TAS IV	.0	10.0	AR01 AG.REH.COTTON	.0	25.0	*ID10 IND.REHAB	.0	20.0	GI05 GAS INFRASTRU	.0	15.0	EE08 EDUC.VIII	.0	30.0
			TP01 HARBOURS I	.0	30.0	*TH08 ROADS REHAB.	.0	30.0	*AD19 RESEARCH & EX	.0	20.0	*AN10 AGRI. REHAB I	.0	37.0	*UU03 URBAN/WATER	.0	30.0
			MGI04 GAS ENGIN.	.0	5.0										*TR01 RAIL 1	.0	20.0
															*AN11 AGRI.REHA III	.0	20.0
															*GS01 PETROLEUM	.0	50.0
															*EE09 EDUCATION IX	.0	20.0
															*FE09 EDUCATION IX		
AMOUNTS	.0	35.0		.0	15.0		.0	55.0		.0	40.0		.0	52.0		.0	170.0
NUMBER OF PROJECTS	0	1		0	2		0	2		0	2		0	2		0	6
UGANDA																	
MY03 RECONSTRUCTIO	.0	50.0	WW03 WATER SUPPLY	.0	26.0	CC02 TELEC.II	.0	40.0	*TR01 RAILWAYS	.0	25.0	*AN04 COTTON REHAB	.0	35.0	*AN03 AGRI.	.0	25.0
TH03 THIRD HIGHWAY	.0	58.0	MY04 RECONSTR.IV	.0	10.0	AN02 TEA . REHAB.	.0	40.0	*ZZ03 TAS III	.0	15.0	NN01 POPULATION	.0	20.0	*EE04 EDUC.IV	.0	25.0
ZZ02 TAS.II	.0	15.0	MGI01 PETROL.EXPLOR	.0	5.0				*IC02 PHOSPH/COBALT	.0	35.0	*DD02 DFC II	.0	25.0	*WU02 WATER SUPPLY	.0	25.0
			PP01 POWER II	.0	20.0				AC02 SUGAR REHAB	.0	45.0	*AL04 AGRI. MNIN.	.0	15.0	*TH04 HYWAYS II	.0	50.0
			AD02 AGRI.REHAB/IF	.0	15.0							PP02 POWER III	.0	40.0			
AMOUNTS	.0	123.0		.0	106.0		.0	80.0		.0	120.0		.0	135.0		.0	125.0
NUMBER OF PROJECTS	0	3		0	4		0	2		0	4		0	5		0	4

<u>KENYA</u>

<u>PROPOSED LENDING PROGRAM I - FY85-89</u>

FY	Project	Bank	IDA	Total
		----- US$ Million ----		
85	Telecommunications III		44	
	Nairobi Water Supply (Eng.)		5	
	Railways II	100		
	Agricultural Public Sector Management	___	6	
		100	55	155
86	Structural Adjustment III	90	60	
	Agricultural Research		15	
	* SSE II	___	15	
		90	90	180
87	Agriculture (T & V)		40	
	* Dairy		10	
	* Power VI	50		
	* Education VI	60		
	Population III	25	35	
		135	85	220
88	* Structural Adjustment IV	110	30	
	* Small Scale Irrigation		15	
	Rural Water Supply		30	
	* Nairobi Water Supply	30		
	* Energy Geothermal	50	___	
		190	75	265
89	Structural Adjustment V	76	49	
	* Highway Sector III	100		
	* Agricultural Credit		30	
	* DFC V	25	___	
		201	79	280
	Total	# 716	# 384	# 1,100

KENYA

PROPOSED LENDING PROGRAM II - FY85-89

		----- US$ Million ----		
FY	Project	Bank	IDA	Total
85	Telecommunications III		44	
	Nairobi Water Supply (Eng.)		5	
	Railways II	100		
	Agricultural Public Sector Management	___	6	
		100	55	155
86	Trade Liberalization I	50	50	
	Agricultural Research		15	
	* SSE II	___	15	
		50	80	130
87	* Agriculture Sector I		50	
	Agriculture (T & V)		40	
	Dairy		10	
	* Power VI	50		
	* Education VI	60	___	
		110	100	210
88	* Small Scale Irrigation		15	
	Rural Water Supply		30	
	* Nairobi Water Supply	30		
	* Energy Geothermal	50		
	Population III	30	30	
		110	75	185
89	Trade Liberalization II	40	49	
	* Highway Sector III	100		
	* Agricultural Credit		30	
	* DFC V	25	___	
		165	79	244
	Total		384	924

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KENYA

Meeting with President Moi
July 10, 1984

Biographical Details

1. President Daniel T. arap Moi was born in 1924. He succeeded Jomo 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.

Drought Situation

5. The overriding concern of the President and, indeed the whole Government is now the drought situation. A detailed report from the Director RMEA is attached. This matter is also mentioned at para. 15 in the context of structural adjustment. The Government has sent a letter to all donors (copy attached) including the Bank, requesting emergency food aid; maize, wheat, and milk powder will be required. The Government estimate of needed imports in FY85 is 0.9-1.1 million tons of maize and

426,000 tons of wheat. FAO puts the need at 500,000 tons of maize and 200,000 tons of wheat. You should say that, while we are not able to provide food aid ourselves, we are very supportive of the Government's position. It is vital that any purchases be made at concessionaire terms so as to prevent further loss of momentum in the Government's stabilization and adjustment programs.

Economic Situation and Structural Adjustment Program

6. During the Fourth Development Plan period 1979-83, Kenya continued to experience strong external shocks as a result of the second oil crisis in 1979, unfavorable external terms of trade, and declining export volumes. The effects of these external shocks on the balance of payments, and incomes, were compounded by poor weather affecting, in particular, coffee and maize production. As a result, GDP growth (at factor cost) slowed to 3.2% in 1980, recovered in 1981 to 4.8%, slowed down again in 1982, but improved slightly to 3.6% in 1983. The current accounts deficit rose from US$500 million in 1979 to US$890 million in 1980 but remained high at US$720 million 1981. In view of this, the Government began in FY1980/81 to seriously attempt to stabilize the economy and succeeded in doing so by FY1982/83. As a result, the current account deficit narrowed to an estimated US$178 million and the foreign exchange reserve position improved substantially at the end of 1983. For 1984, we estimate that real GDP will grow at 3.8% and the external balance is likely to experience only a small increase over its 1983 level.

7. The structural defects in Kenya's economy have long been apparent. Briefly, the economy is too inward-oriented. Import substitution industrialization behind high protection barriers makes the country more dependent on imports while resulting in a slow growth of exports. Opportunities for efficient import substitution are diminishing. There are built-in biases in both pricing policies and investment programs against agriculture and exports. Agricultural growth is slowing and population growth accelerating. Most easily implementable taxes have been instituted, compounding the problems of resource mobilization. Restoring and sustaining positive growth within a framework of manageable external accounts requires much greater efficiency in the utilization of resources. Policy reform to correct these imbalances has been the objective of our recent involvements in and support to the Government's structural adjustment program.

8. When you last met President Moi in 1981, the first structural adjustment loan had been concluded and the second operation was under discussion. This second operation was approved in July 1982. It supported continuation of the structural adjustment program in the four areas initially supported under SAL I (trade and industry, public expenditures, external debt management, and resource mobilization) and extended the program to three additional areas; namely, agriculture, energy and population. Of these seven areas, trade and industry, agriculture and public expenditures accounted for the bulk of the program, in terms

of Government staff time, Bank staff time and the intended impact of the measures on the economy. (Details of the operation are given in the PCR summary at Tab 10) The implementation of the first structural adjustment program was deemed to be satisfactory in as much as the general direction of the policy agreed to was maintained despite delays which caused the second tranche to be released four months later than originally planned. In the case of the second operation, more substantial delays caused the second tranche to be released nine months later than originally scheduled and there was a distinct loss of policy momentum in the critical areas of trade liberalization and agricultural marketing reform.

9. Although the second operation was deemed to have made sufficient progress by the end of 1983 to justify the release of the second tranche there are still a number of policy reforms initiated under the first and second operations in which action remains incomplete. The most important of the areas in which policy action remains incomplete are the rationalization of the trade regime and the restructuring of the grain market. On the rationalization of the trade regime, action to substitute tariffs for quantitative restrictions on imports remain slow and little progress has been made on tariff reform. (We were promised some positive action in this year's budget, which was presented to Parliament last month but at the time of writing this brief we have no details.) There is persistent opposition to the new trade and industry policy embodied in the structural adjustment program and, as a result, there remains a variable and cascading structure of nominal tariffs which, together with the imposition of restricted availability of foreign exchange for more than 2/3 of import items, necessarily results in generally very high levels of effective protection. In other words, although this has been Government's declared policy since the publication of its Fourth Plan in 1978, there has been little if any change in the overall levels of protection in Kenya and neither SAL I nor SAL II has had much impact in this regard. 1 N.B.

10. A letter from the Government on grain marketing policy was received in December 1983, which proposed liberalization of the market process by encouraging competition between the public and private sectors, freeing movement controls, opening the trade to licensed buying agents and restructuring the role of the main marketing parastatalsto be a buyer and seller of last resort responsible for price stabilization, maintaining reserve stocks and conducting external trade in grain. However, virtually no progress towards taking action on these proposals has been made since the letter was received; and it is apparent that Government retains serious reservations even though the restructuring of the grain market was part of Government's declared policy as long ago as 1978. While reconfirming the committment to policy reform in this area, Government still struggles with conceptual problems such as determining integrity and financial capability of private traders, distribution under the new regime, storage and the issues of the strategic reserve. A joint World Bank/Government team has been established to draw up priority actions, to work out a framework of implementation, and to provide recommended solutions to overcome the 2

problem areas Government identifies; however, there is no progress and, to date, even the terms of reference of this working party have not been approved.

11. The Government has been informed that completion of the ongoing phases of structural adjustment, at least in these two areas, is essential if there is to be a foundation laid for the structuring and preparation of a third operation, and Government has been informed that in these areas where reform is incomplete or actions outstanding, deficiencies will have to be remedied before a third operation can be considered. Major issues appear to be emerging in both areas and the successful completion of policy reform is critical in connection with the processing of a third structural operation. As a result, a third structural adjustment operation for US$150 million which was scheduled for Board presentation during FY85 is now unlikely until FY86 and, as part of its strategy the Region is giving consideration to alternative non-SAL fast disbursing scenarios in case SAL III discussions with Government break down. Such scenarios would substitute policy oriented program type sector lending, especially in agriculture and industry but, inevitably, with a time lag due to the need for intensive preparation, and at a lower level of commitment of funds. The substitution of significantly increased levels of project lending is not a practical option because of Government's own financial constraints which have led to poor project implementation performance and a sharp reduction in the size of the Public Investment Program; and undesirable in that Kenya still requires fast disbursing assistance on which its current Development Plan is predicated.

12. The implications of the failure to proceed with the third structural adjustment operation are serious. It will probably result in a very low commitment level in FY85 and a lowering of the net transfer to Kenya over the next few years, which could seriously affect growth prospects. Failure to make progress with trade rationalization, apart from the failure to gain the inherent economic advantages to be derived from it, may also jeopardize future discussions with the IMF on an extended facility.

13. President Moi has demonstrated some degree of ambivalence towards these matters in recent Bank contacts. He professes to a full commitment to import liberalization and grain marketing, but is tolerant of lack of progress citing the need for careful long-term phasing of these innovative policy reforms. We do not propose seeking for the Kenyan delegation to the Annual Meeting an appointment with you since it would follow so closely on your visit. Your meeting with President Moi, therefore, presents an important opportunity to ascertain his present attitude towards the various outstanding structural adjustment measures and to ensure that he is fully aware of the Bank's position (that structural adjustment cannot be supported by us any further without progress on outstanding issues) and the implications for the economy.

14. We understand that Government proposes shortly to forward a letter seeking a further SAL and outlining its present intentions on structural adjustment but we do not know how they propose to deal with the outstanding issues, neither do we know what components will be advocated for a third operation. If indeed such a letter is received, your brief would be updated to contain reference to it and staff reactions. At this point in time the onus is on Government to define a further program.

15. The President in this context is likely to refer to the drought. The President may say that in these circumstances it would be dangerous to tamper at this time with the grain marketing processes and to continue with import liberalization when as much as 50% of their present reserves may be needed for grain imports. In this event, we suggest that while you should convey your distress at the hardships being experienced by the people of Kenya, you also should urge that measures for long-term reform of the economy be implemented as soon as circumstances permit. Grain marketing reforms should not only help the Government forestall and/or handle such crises in the future, but it is an essential precondition to enable the Bank to proceed as rapidly as possible with further adjustment assistance, which is the only means at our disposal to help cope with emergency aid needs.

Population Issues and the National Council

16. It would be appropriate during your discussions with the President if you were to raise the subject of the Bank's experience in assisting Kenya in its family planning program; an experience which, to date, cannot be characterized as wholly satisfactory. Details are provided in the separate section of this briefing paper (Tab 6). While Kenya must be given credit as one of the front runners in this field in Africa, it also is a fact that, while much lip service is paid to family planning by senior politicians and bureaucrats, it remains a politically sensitive subject and significant progress in programming and implementing positive measures has not taken place. In fairness to the President, it must be said that he does try to take the lead and, from time to time is refreshingly outspoken in his speeches about the need for action. He is well aware that Kenya is a demographic and ecological time bomb which needs urgent diffusing and yet the new interagency information and education program for the promotion of the small family norm under the coordination of the National Council on Population and Development receives indequate moral support, the incorporation of family planning matters into the educational curriculum seems to be getting nowhere and it is high time that family planning policies included specific target towards which the National Council, the Ministry of Health, and the many non-governmental agencies can direct their efforts; targets for contraceptive acceptors, crude birth rates - the whole range of vital statistics in this area. A national demographic survey is currently under way and the President should be urged to ensure that its results are used to this end. Overall a much more aggressive stance is neded by the National Council, fully supported by the President and his Cabinet.

NOTE

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Visit of Executive Directors

17. Six Executive Directors visited Kenya in October 1983. In their report they noted that the Government commented adversely on the extent of Bank conditionality, the extensive use of consultants, and the occasional inexperience of staff caused in part by frequent changes. If President Moi raises these questions, you should give a general answer on conditionality and consultancies to the effect that the Bank imposes these only after detailed analysis and to protect the interests of all its shareholders. On staffing, you should note that with the reorganization of RMEA, staff members in RMEA will now have specific country responsibilities and that, in future, they will be drawn from and returned to divisions in Headquarters which also have specific country responsibilities so that continuity will now be ensured.

C2

A NOTE
ON
THE DROUGHT SITUATION IN KENYA

The weather gods are being unkind to Kenya. The failure of the short rains in October-December, 1983, was followed by an almost complete failure of the long-rains in March-June, 1984. Kenya confronts the worst drought situation in this century. Reports from the Eastern, Central and Rift Valley provinces -- the source of the greater part of government grain purchases — are distressing. Only in parts of the Western and Nyanza Provinces, where the weather is partially controlled by Lake Victoria, and in the Coast Province are there likely to be normal crops, provided the rains continue beyond the usual end of the long rains in June. But these are minor suppliers of food for the other parts of the country. Meterologists suggest that this adverse weather situation is likely to affect the short-rains in October-December this year, and this will compound the problem since 20 percent of the crop is dependent on the short-rains.

The effects of this adverse situation are already to be seen in other areas of the agricultural sector as well. Poor pasture conditions are leading to a sharp fall in milk production and to a reduction in the size and quality of the national herd. The Kenya Meat Commission is being overwhelmed with animals being sold by pastoralists and ranchers who realize that their animals will not survive the harsh conditions in the grazing areas. The production of beans, potatoes, sorghum, millet and vegetables is also showing signs of falling significantly. This is in sharp contrast to the 1979/80-1980/81 drought when there was an abundance of substitutes for maize.

The effects of the drought will be felt by commercial agriculture as well. Tea production has fallen by almost a third, so that Kenya has not been able to continue to take advantage of the higher world market prices. The principal coffee areas have also been affected, and the crop this year is expected to be considerably lower than in the last year.

Furthermore, the principal water courses have dried up, affecting municipal water supplies, including Nairobi's, and the supply of electricity; increasing recourse to thermal generation is already causing financial problems in the power.

C3.

Altogether more than half of the 41 districts have been affected by the drought, with about 16 being seriously affected. About 600,000 persons are now being fed under government programs and the number is increasing rapidly.

The Government estimates that between 0.9 and 1.1 million tons of maize (a further 423,500 tons have to be imported even if the 1985 long rains are adequate), and 426,000 tons of wheat will be required to meet the food grain shortages in 1984/85. In addition, 7,400 tons of powdered milk will be required. It calls for a minimum level of imports scheduled as follows:

	Maize	Wheat
July-December, 1984	482,900	196,000 tons
January-June, 1985	419,800	230,000 tons
July-December, 1985	423,500	84,000 tons

The immediate importation of milk powder in July 1984 with further imports every 3 or 4 months based on developments is also said to be necessary.

In view of the balance of payments situation, the Government has pointed out that the outlay required to purchase these large quantities of food will have direct consequences on Government spending. This requires a reduction in the Government expenditures in 1984/85 resulting possibly in dropping important development projects. The Government has, therefore, appealed to the donor community to provide the bulk of the shortfall in food grains and powdered milk in concessionary form.

We are in close touch with both the Government authorities and the donors not only with respect to the emergency situation, but also, more importantly, to consider it in the light of the more pervasive and permanent problems, such as more efficient production, more effective marketing arrangements, pricing, credit and input supply, research, institutional strengthening and population growth. The crisis situation, unfortunate as it is, could provide the spur to action on important longer term issues.

D. Loos
June 25, 1984

MR V RAART
WORLD BANK

F O/TX/FRC/73062
IS/1370. CONFIDENTIAL SPECIAL ALERT NO. 169 - KENYA - FAO EARLY WARNING SYSTEM. ONE OF WORST DROUGHTS ON RECORD IS SERIOUSLY AFFECTING MAIN MAIZE AND WHEAT PRODUCING REGIONS OF KENYA. IN JANUARY-MAY 1984 PERIOD RAINFALL IN MAIN AGRICULTURAL AREAS WAS only 30 TO 45 PERCENT OF NORMAL, CROP CONDITIONS PARTICULARLY UNFAVOURABLE IN RIFT VALLEY, MAJOR SURPLUS MAIZE PRODUCING AREA. POOR GRAZING CONDITIONS ALSO REPORTED IN WHEAT GROWING PLATEAU AREAS AROUND ELDORET. EVEN IF RAINS ARE FAVOURABLE '' JUNE MAIZE CROPS CANNOT NOW RECOVER BY TIME OF MAIN HARVESTS (SEPTEMBER-NOVEMBER). ADEQUATE RAINS IF RECEIVED IMMEDIATELY WOULD STILL ALLOW PARTIAL RECOVERY OF WHEAT CROP. UNOFFICIAL ESTIMATE PUTS 1984 MAIZE CROP AT BELOW 15 MILLION BAGS (1.35 MILLION TONS) AGAINST 25 MILLION BAGS (2.25 MILLION TONS) IN 1983. WHEAT CROP IS ESTIMATED AT 50,000 TONS ONLY 25 PERCENT OF NORMAL. DEMAND FOR MAIZE IN RURAL AREAS IS ALREADY RISING SHARPLY AND GOVERNMENT HAS STARTED DISTRIBUTING FAMINE RELIEF TO DROUGHT-STRICKEN PEOPLE. NUMBER OF PEOPLE UNABLE TO PURCHASE FOOD IS CURRENTLY ESTIMATED BY GOVERNMENT AT 600,000. SALES OF MAIZE BY OFFICIAL MARKETING AGENCY (NCPB) HAVE ALSO INCREASED, PARTICULARLY IN RURAL AREAS. FAO PRELIMINARY ANALYSIS OF PROSPECTS FOR 1984/85 IS AS FOLLOWS. AT THE PRESENT RATE OF SALES, NCPB STOCKS CARRIED FORWARD FROM THE PREVIOUS MARKETING YEAR (5.4 MILLION BAGS OF 186,000 TONS AS AT END-MAY) WILL ONLY LAST UNTIL THE END OF 1984. NCPB PURCHASES FROM THE 1984 MAIN SEASON CROP AVAILABLE FOR CONSUMPTION AS FROM LATE 1984 COULD BE BELOW 2 MILLION BAGS (180,000 TONS). MARKET DEMAND FOR NCPB MAIZE FROM JANUARY 1985 UNTIL 1985 MAIN SEASON CROP BECOMES AVAILABLE IN LATE 1985 COULD BE AS HIGH AS 8 MILLION BAGS (720,000 TONS). ON THIS BASIS, STARTING IN LATE 1984 SUBSTANTIAL IMPORTS OF MAIZE WILL BE REQUIRED, POSSIBLY OF THE ORDER OF 500,000 TONS. IN ADDITION, SOME 200,000 TONS OF WHEAT IMPORTS WOULD BE REQUIRED.
GOVERNMENT IS IN PROCESS OF COMPILING DATA TO DETERMINE EXTENT OF EFFECT OF DROUGHT AND IS EXPECTED TO ISSUE AN APPEAL FOR INTERNATIONAL ASSISTANCE.
THIS REPORT IS PREPARED ON THE RESPONSIBILITY OF THE FAO SECRETARIAT WITH INFORMATION FROM OFFICIAL AND UNOFFICIAL SOURCES AND IS FOR OFFICIAL USE ONLY. SINCE CONDITIONS MAY CHANGE RAPIDLY PLEASE CONTACT MR. P.M. NEWHOUSE, FAO ROME (TELEX 610181 FAO I) FOR FURTHER INFORMATION IN CASE ACTION IS CONSIDERED. (HUDDLESTON/FOODAGRI),
(FOODAGRI ROME TELEX 610181-610248)

BRIEFING NOTE ON BANK GROUP PARTICIPATION IN THE EDUCATION SECTOR IN KENYA

The World Bank has been actively supporting the development of Human Resources in Kenya since 1966 and has provided assistance directly to the Education Sector through five projects (four Credits and one Loan of which three have been successfully completed) with a total cost of about US$ 120 million with Bank Group financing of US$ 86 million (72%).

Support has been provided to all levels of the education system including:

Primary Education	- Primary Teacher Training
	- Nomadic Primary Schools
	- Headmaster Training Programs - Inservice
Secondary Education	- Technical Schools
	- Curriculum Development
	- Headmaster Training Programs - Inservice
Post-Secondary	- Faculty of Agriculture - Nairobi University
Other Support to	- Kenya Institute of Education
	- Kenya Institute of Administration
	- Farm Institutes
	- Farmer Training Centers
	- Education Broadcasting and Multi-Media Service
	- Studies, Technical Assistance Specialists and Fellowship Training

Since independence in 1963, the Government has made immense strides in the critical area of Human Resource Development. Our records indicate that since 1969 the enrollment in:

Primary Education has increased from 58% to about 92%;

Secondary Education increased from about 12% to 27% of the school age population with a dramatic increase in female participation from about 28% to 40% of total enrollment.

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The University of Nairobi has an enrollment of about 6700 with places for only about 20% of those who qualify. In addition about 9000 Kenyans study abroad with substantial foreign exchange requirements (paid mostly by parents).

The Government has recently announced a restructure of the education system (from 7+4+2+3 to 8+4+4) and has established a new University. 1/ The financial implication of this change is under review.

Discussions are presently under way for a possible Sixth Education Project (FY 87 standby - US$ 60.0 million - IBRD Loan - to be appraised about April 1985). Likely components include support to:

- Primary Teacher Training
- Nomadic Primary Schools
- Curriculum Development (Secondary Level)
- Centralization of Examination System
- Equipment for Village Polytechnics
- Rationalization of existing trade testing system
- Support to Ministry of Education's Planning Unit.

Other items discussed include staff development at the University of Nairobi and a redirection of curriculum/programs at existing Secondary Technical Schools, interalia.

Precise components will be agreed on during a planned September/October 1984 Bank Mission to Kenya. Emphasis will be placed on the efficiency and effectiveness of the education system and in particular we will review the financial implication of the change in the education system including the additional recurrent cost burden the Government will face (limits are being placed by the Government in this respect).

1/ Capital cost of a 3,200 student University is estimated at K£. 61 million (includes staff development) . Recurrent cost is estimated at K£. 16.0 million for five year period.

In addition, the Bank Group is discussing a specialized training study which would focus on cost efficiency and relevance (meeting critical manpower needs) in the vocational/technical education sub-sector. The study is expected to be completed in early FY 85 (Re: Attachment).

It is likely that President Moi will ask for Bank assistance for development of the University. It is the opinion of EAPED that additional planning is required and the Bank Group should not at this time provide financial assistance for physical facilities. Support could be provided for further planning of the University system (Note: a manpower study is required to justify Bank Group participation - we have been advised that such a study is underway and will be completed about December 1984).

Other Points of Interest:

- Education is the dominant sector in the economy, accounting for about 7.2% of GDP in 1981.
- Government spending on formal education rose from KSh. 6 million in 1963 to KSh. 194 million in 1983; a rise from 18% of the National recurrent budget at independence to about 30% in 1983. The Government has indicated that 30% will be the ceiling for education expenditures in the forthcoming years.
- The population growth will also continue to strain the capacity of the Government to provide such service and will require alternative methods of financing.
- A major shortcoming of the education system is the lack of trained teachers.
- Further development of Human Resources is critical to continued economic development of the country.

JScearce/ral
July 6, 1984

Attachment

WORLD BANK EDUCATION AND TRAINING SECTOR MISSION

18 JUNE - 5 JULY, 1984

BRIEF

1. Composition

The mission comprises Messrs. A. Salmon (Senior General Educator, Mission Leader, Education and Human Resources Development Division, Eastern Africa Projects Department, EAPED), J. Auerhan (Economist, Unesco- World Bank Cooperative Programme), I. Goodine (Technical Educator, Resident Mission for Eastern Africa, RMEA), M. Cecere (Agricultural Educator, EAPED) and J. Symth (Economist, Unesco). Mr. J. Scearce (Division, Chief, EAPED) will join the mission on 30 June. Messrs. G. Berlin (Chief, Education Section, RMEA) and R. Welter (Architect, RMEA) facilitate the mission's activities with national authorities.

2. Objectives

The two major objectives of the mission are (a) to discuss with the appropriate Government officials a proposed study of the Vocational Training/Technical Education Sub-sector, focussing on its cost efficiency and relevance (meeting critical manpower needs), which could provide a basis for Bank assistance to this sub-sector, if required; and (b) to re-identify the possible components of a Sixth Education Project on the basis of the mission's discussions with the Government on the fiscal implications and practical implementation of the newly-introduced 8-4-4 education structure.

3. Major Points of Interest

(a) Vocational Training and Technical Education: The mission concentrates on the initial analysis and assessment of the costs of vocational training and technical education; the quantitative and qualitative output of training institutions in relation to employment; the planning, programming, budgeting and financing processes to develop and implement adequate training programmes; the coordinating mechanisms to monitor and harmonise public, para-statal and private training programmes and related examinations; the articulation of vocational training and technical education with the new 8-4-4 structure; the supply and retention of technical teachers and vocational instructors.

(b) Sixth Education Project: The mission focuses on the rationalisation of the education system through the 8-4-4 structure; the education development plans at primary, secondary and higher levels, and their cost implications in relation to the Forward Budget and Public Investment Programme; the practical implementation issues within the time frame set for the introduction of the new structure (new curriculum development, equipment procurement, workshop construction, instructor and teacher training, inter alia, with particular regard to the intended inclusion of technical subjects in general education); the <u>balanced expansion</u> of the three levels of formal education and their linkage with non-formal education and training programmes; the <u>cost-recovery</u> measures anticipated (fees, Harambee developments, levies, etc.) to alleviate the burden on public finance.

4. <u>Conclusion</u>

The objective of the above mission is to identify the major issues to be addressed by (a) the main follow-up mission in charge of the Vocational Training/Technical Education Sub-Sector Study and (b) the Sixth Education Project appraisal mission, tentatively scheduled about September 1984 and April 85, respectively, on the basis of the Bank sector work and lending programmes. This, together with the information gathered and the contacts established by the mission, is intended to increase the efficiency and expediency of continued possible Bank assistance to the education and training sector.

REPUBLIC OF KENYA

MINISTRY OF FINANCE AND PLANNING

Telegraphic Address:
FINANCE-NAIROBI
Telephone: 338111
When replying please quote
Ref. No. ....ZZ..40/.4/.0.1
and date

SECRET

THE TREASURY
P.O. Box 30007
NAIROBI
KENYA

.....28th. June..., 19.84.,

DECLASSIFIED

AUG 0 5 2022

WBG ARCHIVES

Mr. David Loos,
Director,
Regional Mission in Eastern Africa,
P.O. Box 30577,
NAIROBI.

Dear Mr. Loos,

REQUEST FOR ASSISTANCE FOR FOODSTUFFS TO KENYA FOR 1984/85

Due to severe weather conditions in the country this year, Kenya will be experiencing shortages of food-grains and other foodstuffs. As a result of this, the Government would have to resort to commercial purchases of foodstuffs including wheat and maize. It is anticipated that between 0.9 and 1.1 million tons of maize and 426,000 tons of wheat will be required to meet the foodgrain shortages. In addition, 7,400 tons of powdered milk will be required.

Given our balance of payments situation, a strain on the foreign exchange reserves and on the outlay required from Government to purchase the food will have direct consequences on Government spending. This would mean reducing the 1984/85 Government expenditure which might result in dropping important development projects. No doubt this would be a major setback for Kenya's development strategy. For this reason, we are appealing to our friends to provide the bulk of this shortfall in foodgrains and powdered milk in concessionary form.

The purpose of this letter, therefore, is to formally request your Body for assistance to enable Kenya Government to meet the shortfall of foodgrain and powdered milk in 1984/85. Our estimates indicate that the critical period of shortage will be from next August/September and, therefore, an early response from your Body will be much appreciated. We enclose for your consideration a detailed paper on the food situation and the need for concessional imports.

I take this opportunity to express the gratitude of Kenya Government and people of Kenya for your past assistance, and to express our confidence that in this critical period of adverse weather conditions, our request will receive favourable response.

Yours sincerely,

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AUG 0 5 2022

WBG ARCHIVES

PROF. G. SAITOTI
MINISTER FOR FINANCE & PLANNING

Encl.

SECRET

THE FOOD SITUATION IN KENYA AND THE NEED FOR CONCESSIONAL IMPORTS

INTRODUCTION

Kenyan agriculture is heavily dependent on the 'long-rains' which normally occur between March and May. After three years of good growing conditions, which resulted in national crop and livestock production attaining record levels, Kenya has experienced an almost complete failure of the 1984 long rains. This will adversely affect the entire agricultural sector, but its impact will be particularly severe on the 1984/85 output of staple food crops and milk. Although it is too early to make accurate predictions of 1984/85 production, it is clear that the maize and wheat crops will fail to greater or lesser extent in a number of the main producing areas. Poor pasture conditions will lead to a sharp fall in milk production and to a reduction in the size and quality of the national herd. The production of beans, potatoes, sorghum, millet and vegetables will also fall.

The exceptional severity of the drought and its impact on production will necessitate a large scale food import programme. To prevent acute domestic shortages, imports of foodstuffs will need to commence by August, 1984. The duration of the import requirement will depend on future weather conditions. Kenya does not have the foreign exchange to pay for all the food imports required. If widespread hunger and malnutrition are to be avoided, large and timely imports of foodstuffs on a concessional basis will be required.

The purpose of this paper is to brief the donor community on the extent of the anticipated production shortfalls under two scenarios: failure of the 1984 long rains alone and failure of both the long and short rains.

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1. MAIZE

(a) Production and NCPB Purchases

Kenya has traditionally been self-sufficient in maize with occasional small export surpluses or import deficits. White maize is Kenya's most important smallholder crop. In a normal year between 70 and 80 percent of production is consumed at the subsistence and local level while the remainder is purchased by the National Cereals and Produce Board (NCPB) and sold to large-scale millers.

Nationally 80 percent of the crop is grown in the long rains but the Eastern Province is dependent principally on the short rains. Weather conditions have given rise to periodic export surpluses such as in 1981/82 or import shortfalls such in the drought year, 1979/80. Government policy has worked effectively for national self-sufficiency under reasonable weather conditions with NCPB being able to purchase the required amount to satisfy the commercial market.

A successful 1982/83 crop meant that by June 30th 1983, NCPB stocks had accumulated to 651,000 tons despite exports of 77,000 tons during the second half of the crop year. Sales of hybrid maize seed for the 1984/85 long-rains crop were an all time record. Had adequate rainfall been experienced during the 1984 long rains, both the area planted to maize and annual production would almost certainly also have been a record.

The present expectations under the two scenerios for the 1984/85 output are 1.2 or 1.0 million tons. Near normal production is only likely in the areas bordering Lake Victoria while in all other areas of the country the crop will be greatly reduced or may fail completely.

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As a result of this, and particularly as a result of the failure of the rains in the Rift Valley, the NCPB expects to purchase not more than 134,000 tons of maize over the entire 1984/85 crop year. This is less than at any time since the 1960s.

(b) Consumption and National Requirements

Apart from the much lower maize production, other crops have been affected severely by the drought whereas in the 1979/80 - 1980/81 drought years there was an abundance of substitutes for maize in 1984/85 other foodcrops will also be in very short supply. Kenya's population of 19 million is mostly located in the maize growing areas. In a year of good agricultural production, 2.0 million tons is needed to satisfy the maize requirement since there are no shortfalls in other crops. The national maize requirement in 1984/85 is estimated at 2.3 million tons. This will be just sufficient to provide minimal nutrition requirements and is based on the assumption that there will be no on-farm or storage losses.

On 1st July, 1984, national maize stocks will be approximately 400,000 tons. Given the need for working stocks of approximately 240,000 tons, 1.3 million tons, will be available in 1984/85 if the short rains are good, if they fail only 1.1 million will be available. Maize imports of between 900,000 and 1.1 million tons will be needed.

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Even if the 1985 long-rains are adequate, their effect on production will not be felt until November, 1985 at the earliest, and it is projected that at least a further 423,500 tons of imports will be required from July to December, 1985. Further imports will be needed in 1986 unless the 1985 long-rains are better than normal.

The commercial demand for maize supplied by the NCPB is expected to run at some 81,000 - 85,000 tons per month during the 1984/85 crop year, leading to total projected sales, including subsidised sales, for the year of 990,000 tons. However, with NCPB purchases projected at only 134,100 tons and with maize available from national stocks equal to only 157,000 tons (ie 400,000 less 243,000 tons), the Board will require imports of 902,507 tons if commercial and relief demand is to be met in full. The necessary phasing of these imports will be seen from table 2.

A large proportion of Kenya's farmers has lost the full value of the inputs which were purchased for the 1984 long-rains crop. Many of these farmers will be too poor to buy maize and other foodstuffs even when these are available. The Government is currently developing relief measures to deal with this problem. The magnitude of actual relief programmes will depend on the extent of rainfall later in the year and the amount of alternative foodstuffs that are available in the affected areas.

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The monthly maize imports to December 1985 needed to meet commercial demand and to support relief programmes under the better assumption can be seen from the last column of table 2.

In total, imports of between 900,000 and 1.1 million tons will be required for the 1984/85 crop year and further imports of at least 423,500 tons will be needed over the six months from July to December 1985.

2. WHEAT

(a) Production and NCPB Purchases

Wheat is grown mainly by large and medium scale commercial farmers; subsistence consumption is not significant. In the 1960s Kenya was able to export substantial quantities of wheat to neighbouring countries. However, the domestic demand for flour and bread has increased sharply, with the result that the nation has faced growing deficits and is now a regular importer of wheat. In recent years Kenya has been able to purchase its full import requirement on concessional terms.

Since the 1960s, many large wheat-growing farms have been sub-divided, with the result that the area planted to wheat is now well below that of twenty years ago. However, Kenya's wheat farmers have met with considerable success in improving yields and, in the past three crop years, record amounts of wheat have been produced (see table 3).

Apart from post-harvest losses and small amounts retained for seed, the total national output of wheat is purchased by the NCPB. The record wheat output has therefore, in turn, been reflected in record NCPB purchases. Over the past three years the NCPB has purchased an average of over 200,000 tons per annum (see table 4).

The 1984 long-rains have failed in all the main wheat growing areas and national wheat production will be severely affected. NCPB purchases in 1984/85 are projected at 71,000 tons less than half the volume achieved in recent years.

Imports of 16,000 tons were delivered in early June

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1984, and stocks on 30th June, at the end of the 1983/84 crop year, are projected at 88,000 tons. As yet no wheat imports have been arranged for 1984/85.

(b) Consumption and National Requirements

Wheat has become an increasingly important component of the diet of the Kenyan population. Bread and wheat flour together comprise about 9 per cent of the total food expenditure of the poorest households.

From 1975 to 1983, wheat consumption increased at an average rate of 10 per cent per annum. This was partly due to the rapid growth of the national population, but an equally important cause has been the rapid growth of population in urban areas, where bread has become a staple food for the low income sector.

With severe maize shortages anticipated, wheat demand is expected to run at 39,000 tons per month throughout the 1984/85 crop year and at least until December,1985.

With opening stocks of 88,000 tons on 1st July, 1984, with a 1984/85 NCPB intake of only 71,000 tons, and with a stock target of 117,000 tons on 30th June, 1984, imports of 426,000 tons during 1984/85 will be required if demand is to be met fully. Should the 1985 long rains be good, imports of 84,000 tons would be require in the first six months of the 1985/86 crop year. Should the 1985 long rains fail, imports during this period will need to be considerably greater. The required monthly phasing of wheat imports to December, 1985 is shown in table 5.

3. BEANS

Beans are a major source of protein for the Kenyan population. Under normal conditions an estimated 275,000 tons of beans would be required by Kenya's populations in 1984/85. With shortages of milk and other forms of protein, the requirement will be higher.

/ No estimates of the 1984/85 production of beans can be made at the present time, but it is clear that production will fail completely in most of Central and Eastern Provinces and in parts of Rift Valley Province. Production will be greatly reduced in all other areas of the country other than the lake region. National production will fall well short of the national requirement and imports will be needed.

4. MILK

(a) Production and KCC Intake

National production of cows milk is estimated to be 1500 - 2000 million litres per annum. Of this, 65 per cent is consumed at home, 20 per cent is sold locally on the informal market and approximately 15 per cent is sold to the Kenya Co-operative Creameries (KCC). Commercial production, i.e. that sold either informally or to the KCC, has become increasingly dominated by small and medium-sized farmers and over the past decade the correlation between milk deliveries to KCC and pasture conditions, i.e. rainfall, has become increasingly strong.

KCC purchases smallholder milk surpluses in rural areas (mainly through co-operatives and dairy societies) and is the main buyer of milk produced on large farms which account for approximately 40 per cent of its intake. KCC distributes and sells liquid milk nationwide and is the sole supplier in urban areas. The growing seasonal nature of its intake has led to the installation of capacity enabling the KCC to convert milk surpluses in the peak supply periods into dried milk powder for reconstitution and sale as liquid milk during periods of deficit. Present reconstitution capacity is estimated to be 15 million litres per month.

Since 1980 the Government has increased the producer price of milk annually and in 1982 introduced a dry season bonus in order to encourage dry season production and reduce the seasonality of deliveries to the KCC. The KCC has expanded its collection and processing facilities at Molo, Eldoret and

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Miritini and as a result of these incentives as well as favourable weather conditions, the population of improved dairy cows rose from an estimated 1.4 million head in 1980 to 2.0 million head in 1983. Deliveries of milk to KCC rose from 173 million litres to 276 million litres over the same period.

(6) Projected Milk Supplies and Requirements to the End of 1985

Milk deliveries to KCC over the coming 12 months will be critical in determining the need for Kenya to import dried milk powder. The catastrophically low rainfall received in the milk producing regions (see table 6) thus far this year have no precedent in recent years and it must be expected that milk production in general, and milk deliveries to KCC in particular, will fall to extremely low levels. Smallholder production will fall very sharply and any output from this sector will be kept for home consumption or for sale on the informal market where the price of milk will probably rise to record levels. The co-operatives will to all intents and purposes probably cease to deliver to the KCC. The only sector able to maintain deliveries will be the large dairy farm sector, but due to the shortage of fodder reserves, the probable increasing difficulty of purchasing dairy meal and the possible attraction of prices higher than KCC's on the informal market, there is no doubt that deliveries to KCC from this sector will also fall to very low levels.

Deliveries to KCC during April and May of this year were 30 per cent and 40 per cent lower respectively than during the same months of 1983, and in the absence of rain it must be ass that this level of . deliveries will continue until the long rains of 1985. There may be a slight recovery if the short rains in October/November 1984 are good, but by then the industry will be in such a poor state that the rain will probably have little effect on deliveries to KCC. As a basis for planning, both the government and KCC must accept that over the coming twelve months, deliveries of milk to the KCC will be somewhere between 50 and 60 per cent of 1983/84 levels and that until June,1985 a large part of KCC's sales of liquid milk will take the form of reconstituted milk powder. It should also be realized that this drought will substantially damage the fabric of the dairy industry and that it will take several years to fully recover.

As milk production falls over the next 12 months, the volume available for home consumption and for sale on the informal market will shrink rapidly. The price of milk on the informal market will rise. Both factors will lead to a sharp increase in the demand for KCC liquid milk. KCC's capacity to reconstitute milk powder and distribute liquid milk will be critical in determining the volume of milk consumed over the coming 18 months. Using KCC's own estimates it would appear that KCC will be able to distribute 21 million litres of milk per month - this includes milk distributed under the school milk programme.

Table 7 outlines the country's requirements of imported powdered milk based on estimates of KCC's intake and the Company's capacity to reconstitute and distribute. It should be noted that KCC stocks of powdered milk will last only until the end of July if present rates of usage are maintained.

SUMMARY OF FOOD IMPORT REQUIREMENTS

The following imports of maize and wheat will be necessary during the next eighteen months, should the 1984 short rains be good:

	Maize	Wheat
July to December 1984	482,900	196,000 tons
January to June 1985	419,800	230,000 tons
July to December 1985	423,500	84,000 tons

Should the 1984 short rains fail, maize imports from January to June, 1985 will need to be increased by some 200,000 tons. Should the 1985 long rains fail or be below normal, higher maize and wheat imports will be needed in the last quarter of 1985.

MAIZE

Immediate arrangements need to be made to import some 370,000 tons of maize to cover the requirement to the end of October, 1984. To ensure that shortages are avoided, every effort will need to be made to land the first of this amount by the end of August.

Further imports of 80,000 - 100,000 tons of maize will be needed in each month from November 1984 to late 1985, and possibly beyond.

WHEAT

Immediate arrangements need to be made to import 138,000 tons of wheat to cover the requirement to the end of October, 1984. To prevent stocks falling to dangerously low levels, the first 100,000 tons need to be landed by August.

Further amounts of approximately 38,000 tons will need to be landed in each month from November 1984 to August 1985.

MILK POWDER

There is an immediate requ[illegible]ement to order 3,500 tons of DSMP and associated butter oil[illegible] Of this, 1,500 tonnes should arrive before end of July 198[illegible] nd the remainder before September 17th.

A further 3,500 tonnes is [illegible]eded for delivery beginning in January 1985.

It will be necessary to mo[illegible]tor the situation closely and place another order during [illegible]eptember - possibly for 3,000 tons - for delivery duri[illegible] February/March 1985.

Further orders will need t[illegible] be placed every 3 or 4 months based on developments. [illegible]equirements between July and December of 1985 will be d[illegible]endent upon the intensity of the long rains (March - June) [illegible]d on the dairy industry's ability to recover from the dr[illegible]ght. Both factors are unknown, but it would seem that a mini[illegible] of two thousand tonnes will be required during the latter [illegible]rt of 1985.

It is unlikely that Kenya [illegible]ll be self-sufficient in milk and dairy products bef[illegible]e the middle of 1986.

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MAIZE: NCPB PURCHASES, SALES, IMPORTS, EXPORTS AND STOCKS

('000 tonnes)

TABLE 1

Year July/June	Purchases	Sales	Imports	Exports	Closing Stocks
1970/71	240	278	-	-	23
1971/72	370	191	27	-	238
1972/73	457	196	-	162	337
1973/74	335	335	-	136	181
1974/75	451	343	-	-	289
1975/76	556	384	-	220	241
1976/77	543	383	-	15	386
1977/78	224	129	-	16	485
1978/79	232	337	-	119	262
1979/80	138	503	165	52	9
1980/81	393	685	438	-	155
1981/82	696	532	184	-	502
1982/83	621	396	-	77	651
1983/84 (est.)	503	656	-	107	391
1984/85 (est.)	134	990	708 1/	-	243

1/ For commercial sale.

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DERIVATION OF MAIZE IMPORT REQUIREMENTS TO DECEMBER 1985
(tonnes)

TABLE 2

		Domestic Purchases	Domestic Sales	Closing Stocks	Total Imports for Commercial and Relief Distribution
July	1984	900	81,000	311,083	-
August	1984	1,800	85,500	243,000	15,617
September	1984	3,600	81,000	243,000	97,400
October	1984	5,400	81,000	243,000	95,600
November	1984	7,200	85,500	243,000	96,300
December	1984	9,000	81,000	243,000	92,000
January	1985	27,000	81,000	243,000	84,000
February	1985	36,000	81,000	243,000	80,000
March	1985	27,000	85,000	243,000	78,500
April	1985	9,000	81,000	243,000	82,000
May	1985	5,400	85,500	243,000	90,000
June	1985	1,800	81,000	243,000	89,200
Total	1984/85	134,100	990,000		902,507
July	1985	900	81,000	243,000	90,100
August	1985	2,700	85,500	243,000	92,800
September	1985	5,400	81,000	243,000	85,600
October	1985	18,000	76,500	243,000	68,500
November	1985	31,500	81,000	243,000	59,500
December	1985	54,000	81,000	243,000	27,000
Total	1985	218,700	981,000		927,200

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WHEAT: AREA, PRODUCTION, NCPB PURCHASES AND STOCKS

(tonnes)

TABLE 3

Year July/June	Area Planted ('000 ha.)	Production	NCPB Purchases	NCPB Closing Stocks
1970/71	128	177,000	159,000	
1971/72	115	170,000	153,000	
1972/73	104	150,000	135,000	
1973/74	107	138,000	124,000	
1974/75	105	158,000	142,000	
1975/76	129	180,000	162,000	
1976/77	140	201,000	181,000	
1977/78	140	184,000	166,000	
1978/79	106	175,000	158,000	
1979/80	86	172,000	155,000	29,000
1980/81	100	213,000	192,000	7,000
1981/82	119	251,000	226,000	64,000
1982/83	120	270,000	244,000	103,000
1983/84 (est.)	110	206,000	185,000	88,000
1984/85 (est.)	?	80,000	71,000	118,000 (target)

K E N Y A

WHEAT: NCPB PURCHASES, SALES AND IMPORTS
(tonnes)

TABLE 4

Year July/June	Purchases	Sales	Imports
1970/71	159,000	126,000	
1971/72	153,000	157,000	
1972/73	135,000	151,000	
1973/74	124,000	174,000	
1974/75	142,000	172,000	
1975/76	162,000	149,000	40,000
1976/77	181,000	182,000	-
1977/78	166,000	211,000	75,000
1978/79	158,000	276,000	54,000
1979/80	155,000	211,000	79,000
1980/81	192,000	300,000	61,000
1981/82	226,000	323,000	154,000
1982/83	244,000	303,000	100,000
1983/84	185,000	344,000	156,000
1984/85 (est.)	71,000	468,000	426,000

K E N Y A

NATIONAL CEREALS AND PRODUCE BOARD

NATIONAL WHEAT PURCHASES, SALES, IMPORTS AND

CLOSING STOCKS TO DECEMBER 1985

('000 tonnes)

TABLE 5

		Domestic Purchases	Domestic Sales	Imports	Closing Stocks
July	1984	2	39	-	51
August	1984	5	39	100	117
September	1984	17	39	22	117
October	1984	23	39	16	117
November	1984	14	39	25	117
December	1984	6	39	33	117
January	1985	2	39	37	117
February	1985	1	39	38	117
March	1985	1	39	38	117
April	1985	-	39	39	117
May	1985	-	39	39	117
June	1985	-	39	39	117
Total 1984/85		71	468	426	
July	1985	4	39	35	117
August	1985	7	39	23	108
September	1985	27	39	-	96
October	1985	45	39	-	102
November	1985	54	39	-	117
December	1985	13	39	26	117
Total 1985		154	468	314	

K E N Y A

RAINFALL IN MILK PRODUCING AREAS 1984
(milimetres)

TABLE 6

STATION	FEB.	MAR.	APR.	MAY	TOTAL 4 MONTHS	PERCENTAGE OF AVERAGE
Nyeri						
- Average	(46)	(69)	(180)	(165)	(460)	-
1984	-	5	97	26	128	28%
Kitale						
- Average	(51)	(81)	(144)	(187)	(463)	
1984	1	23	106	95	225	49%
Kisii						
- Average	(146)	(230)	(364)	(279)	(1019)	
1984	32	49	219	96	396	36%
Eldoret						
- Average	(44)	(58)	(148)	(129)	(379)	
1984	7	3	88	41	139	37%
Nakuru						
- Average	(43)	(76)	(138)	(114)	(371)	
1984	1	11	65	32	110	30%
Sotik	Sotik received 59% of average rainfall during Jan - April.					

note: Figures in parentheses are 10 year average rainfall figures at those stations for the month in question.

Source: Met. Dept.

K E N Y A

NEED FOR IMPORTED POWDERED MILK 1984/85

TABLE 7

		Estimated KCC[1] Sales of liquid Milk (m. litres)			Estimated Deliveries to KCC (m. litres)	Estimated Deficit (m.litres)	Milk Powder required (tonnes)	KCC stocks of powdered Milk (tonnes)	Imports required (tonnes)	(cumm)
		Market Sales	School Milk[2]	Total[1]						
1984	Jun	17.6	3.4	21.0	13	8	800	2,100	-	
	Jul.	17.6	3.4	21.0	13	8	800	1,300	-	
	Aug.	20.0	1.0	21.0	13	8	800	500	300	
	Sept.	17.6	3.4	21.0	13	8	800	-	800	(1,100)
	Oct.	17.6	3.4	21.0	13	8	800	-	800	(1,900)
	Nov.	17.6	3.4	21.0	14	7	700	-	700	(2,600)
	Dec.	20.1	0.9	21.0	14	7	700	-	700	(3,300)
1985	Jan	17.6	3.4	21.0	13	8	800	-	800	(4,100)
	Feb.	17.6	3.4	21.0	12	9	900	-	900	(5,000)
	Mar.	17.6	3.4	21.0	10	11	1100	-	1100	(6,100)
	Apr.	20.2	0.8	21.0	10	11	1100	-	1100	(7,200)
	May	17.6	3.4	21.0	20	1	100	-	100	(7,300)
	Jun.	17.6	3.4	21.0	20	1	100	-	100	(7,400)
Total		236.3	36.7	273.0	178	95	9500	-	7400	

1. These estimates based on KCCs estimates of sales presented to MALD in letter dated 29-5-84.

2. It should be noted that this table assumes that the school milk programme will continue as planned.

6

KENYA

NOTE ON THE HONORABLE MWAI KIBAKI, VICE PRESIDENT AND MINISTER FOR HOME AFFAIRS

Biographical Details

Honorable Mwai Kibaki, Vice President and Minister for Home Affairs

Vice President Mwai Kibaki was born in 1931 and educated at Makerere (BA) and the London School of Economics (BSc). He was a lecturer at Makerere from 1959 to 1960, became a national executive officer of the Kenya African National Union in 1961, and, in this position was appointed to the Central Legislative Assemby in 1962. He was elected to the House of Representatives in 1963 and became Parliamentary Secretary to the Ministry of Finance. Prior to his appointment as the Minister of Finance and Planning in February 1970, he was Minister of Commerce and Industry. Until his appointment as Minister for Home Affairs in February 1982, Mr. Kibaki headed the Kenya delegation to the Consultative Group meetings in 1970, 1972, 1974, 1976, 1979 and again in 1981. He has also attended the Annual Meetings each year since 1970 except for 1976, 1978, 1979 and 1981. In October 1978, Mr. Kibaki was appointed Vice President and Minister of Finance, and a new Ministry of Economic Planning and Development was formed to take over the planning functions previously performed in the Ministry of Finance and Planning. Mr. Kibaki is one of Kenya's ablest Cabinet members and his long experience as Minister of Finance has given him the opportunity to acquire considerable knowledge of Bank Group operations. He holds a position of great influence. As Minister for Home Affairs, the activities of the National Council on Population and Development fall under Mr. Kibaki's auspices.

Topics for Discussion

You will recall meeting Mr. Kibaki during your last visit to Kenya in November 1981, when he was Minister of Finance. The topics for discussion with Vice President Kibaki should focus on the Population Council and population issues (see discussion paper for meeting with President Moi for details). Mr. Kibaki is very familiar with the overall economic situation in Kenya. You may wish to discuss Kenya's structural adjustment efforts with Mr. Kibaki.

BANK EXPERIENCE IN HEALTH AND FAMILY PLANNING

A. First Population Project

1. Early in 1971, the Government requested the Bank's help in preparing a five-year project to strengthen the Ministry of Health's (MOH's) Family Planning (FP) program. Over the next two years Bank missions helped the Government to prepare a project to ease the main constraints on the expansion of the program, which were identified as: (i) paucity of adequately trained paramedical personnel; (ii) weak information and education activities; and (iii) lack of a unit for planning, monitoring and evaluating the program.

2. The goals of the five-year project were a reduction in the population growth rate (from about 3.3% to 3%) and an improvement (not quantified) in the health of mothers and children. Specific project components included: (a) the introduction of full-time Maternal and Child Health/Family Planning (MCH/FP) services in 400 government health facilites, to be known as "MCH/FP service delivery points;" (b) the introduction of 17 mobile teams to provide part-time MCH/FP services at an additional 190 government health facilities; (c) the establishment of eight Enrolled Community Nurse (ECN) training schools and 30 associated rural health centers (ECNs being the main dispensers of MCH/FP services); (d) in-service FP training for 600 ECNs, 46 Public Health Nurses, 55 nursing tutors, and the staff of the 17 mobile teams; (e) the introduction of a new category of 800 Family Health Field Educators (FHFEs) and their supervisors; (f) the strengthening of the MOH's capacity to produce health education materials; and (g) the establishment of a central planning and support unit for the MCH/FP program, the National Family Welfare Center (NFWC).

3. The total cost of the project was estimated at US$38.8 million. It was to be financed in part by the Government (32%) and in part by seven external assistance agencies: IDA, UNFPA, SIDA, USAID, DANIDA, the Federal Republic of Germany and UK-ODA. The IDA credit of US$12 million equivalent, which financed mostly physical infrastructure, became effective in July 1974.

4. In general, the execution of the project proceeded as envisaged. By the end of 1979, 364 MCH/FP service delivery points had been established, or about 90% of the target of 400. The 17 mobile teams were deployed in 1978 but have been hampered by logistical problems, and the MOH is in the process of phasing them out. The numbers of health staff trained in FP considerably exceeded the project's targets.

5. In stimulating demand for FP, priority was to be given to person-to-person education, provided by some 800 FHFEs, supported by an enlarged mass communication effort. Half of the productive capacity of the Health Education Unit, which was to be strengthened, was to be devoted to FP information and education materials. By the end of 1979, about 750 FHFEs were employed, some 150 by the Family Planning Association of Kenya, and 600 by MOH. However, the performance of the FHFEs has been disappointing, especially in recruiting FP clients. In 1980, the MOH decided to freeze

the number of FHFEs, while it looked for ways to improve their performance. Some retraining to improve their communications skills has since taken place, and the MOH is about to start training FHFEs to resupply oral contraceptives and supply condoms and other barrier contraceptives. A new evaluation of the FHFE program is planned in order to assess increases in their productivity following retraining and redefinition of their tasks.

6. The National Family Welfare Center (NFWC) was set up as planned to provide training, information and education, research and evaluation, and to plan new services for the expanded MCH/FP program, but it was hampered by gaps in its professional staff. The staffing situation at the NFWC was finally resolved in 1982, when a fully qualified, full-time Director was appointed and all other key vacancies were filled. This positive development is a manifestation of the increase in political support for FP at senior government levels.

7. The project also included the establishment of a Population Studies and Research Center at the University of Nairobi to support the family planning program by conducting demographic research and training and by helping the Evaluation and Research division of the NFWC to evaluate the FP program. The Center was established with a delay of about two years. Although it has built up a teaching capability and made a number of studies, the Center does not work closely with MOH, and has therefore not been influential in shaping FP policies.

8. In predicting a decline in the population growth rate from 3.3% in 1974 to 3.0% by 1979, the five-year plan had assumed that the crude birth rate (CBR) would decline from 50 to 47 per thousand and the crude death rate (CDR) would remain at 17 per thousand. Neither of these two assumptions materialized. The 1979 Census yielded an estimated CBR of 53 per thousand. Several factors may have contributed to this increase in the CBR: improved health, reduced lactational amenorrhea, and some reduction in the incidence of polygamous unions. On the other hand, improved health services and general socio-economic development led to a reduction in the CDR to about 14 in 1979. Thus, instead of a decline in the population growth rate, a significant increase occurred that raised the rate to about 3.9% in 1979.

9. Performance of the FP program was poor, particularly in terms of stimulating demand. The 1977/78 Kenya World Fertility Survey estimated a contraceptive prevalence rate among married women of reproductive age of only 5%. The number of FP new acceptors grew from 53,500 in 1975 to 72,600 in 1977, but fell to 62,400 in 1978. In 1982, it was still about 62,000. A 1978 estimate of continuation rates for pill users (who constitute 70-80% of all FP users) indicated that about 50% of new pill acceptors discontinued use within one year. No recent estimates of number of FP users or continuation rates are available, but it is generally believed that there have been no substantial changes since 1977-78. A National Demographic Survey and a Contraceptive Prevalence Survey are currently under way; the results of those surveys are expected to be available later

this year. Given the obvious poor performance described above, the need for supprt for FP through the Government cannot be overemphasized.

B. Lessons of the First Project

10. In retrospect, it is clear that at the time of preparation and appraisal of the First Project, the Government's commitment to strengthening the FP program was overestimated. The numerous problems affecting the establishment and operation of the NFWC reflect this basic fact.

11. A second important point is that the project concentrated heavily on the supply side of family planning. However, 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 addressed at changing family size norms is required.

12. Thirdly, the first project relied excessively on the MOH as the vehicle to achieve its objectives. Hence an opportunity was lost to tap the resources of other Government agencies and the private, non-profit sector in pursuing the Plan's MCH and FP goals. Such a broad involvement of organizations other than MOH is especially important for the achievement of fertility reduction objectives, which presupposes wide community cooperation and support (in the context of a strictly voluntary program).

C. The Integrated Rural Health and Family Planning Project

13. About two years before the first project was completed, the Government asked the Bank to assist in the preparation of a second project. The Government wanted the new project to consolidate all the available external assistance in the area of primary health care and family planning. The Bank accepted the lead role in project preparation. After about three years of preparation efforts, the second project was appraised in November 1980. The joint appraisal mission was led by Bank staff and had representatives from SIDA, DANIDA, USAID, UNFPA and UK-ODA among its members.

14. The project consists of two parts. In response to the demand failure specified in paragraph 11, "Part A" is to set up a new interagency information and education program for the promotion of the small family norm. "Part B" will strengthen rural health and family planning services. The objectives of the project are twofold: (i) to continue the efforts begun under the First Project to reduce fertility; and (ii) to improve the accessibility and quality of rural health services to reduce further mortality and morbidity in rural areas. The project was initially to have a duration of three years, from July 1982 to June 1985, but due to financial constraints arising from the present difficult economic situation it is now estimated that it will be completed by mid-1986. The project had an estimated total cost of US$61.3 million at appraisal, which has recently been revised to US$55.0 million (the reduction being mainly due to

devaluation of the Kenya Shilling). It is to be financed in part by the Government (18.0%), and in part by seven external assistance agencies: IDA, SIDA, DANIDA, USAID, UNFPA, UNICEF and UK-ODA. The IDA credit of US$23 million equivalent became effective February 9, 1983.

15. The design of the second project takes into account the main lessons of the first: it puts a much greater emphasis on the demand side of family planning, and it involves a wide range of governmental and non-governmental agencies in project implementation besides MOH. In order to coordinate the activities of all agencies involved in "Part A," a National Council on Population and Development (NCPD) has been created. The NCPD has a broad mandate to make recommendations to the President and his Cabinet in all matters relating to population, in addition to its more specific task of coordinating population information, education and communications (IEC) activities under the second project. The NCPD has 28 members, of whom one half are permanent secretaries of government ministries.

16. The design of the FP components of the project is based on two main premises. First, a large increase in contraceptive use will not occur in Kenya until the average desired family size starts to fall from its present very high level. To facilitate this decline, parents' awareness of the benefits that would accrue to their families from limiting family size needs to be enhanced. Since parental fertility decisions are also influenced by the general attitudes of society at large towards fertility, it is also necessary to educate the general public on the nature of the population problem facing the country and its serious implications for prospects of raising the standard of living. The MOH alone cannot do this. The project therefore includes a new multi-media information and education program to be conducted by a wide range of governmental and non-governmental agencies. Secondly, the accessibility of family planning services is still well below its potential, especially in rural areas. The project will increase the daily MCH/FP service delivery points in government clinics from about 332 presently to 632, and in NGO clinics from 42 to 72, thus about doubling their number. The bulk of the new service delivery points will be located in rural areas.

17. The main thrust of the project in its health aspects is to consolidate the existing network of rural health facilities through better staffing, improved drug supplies, and physical upgrading of substandard facilities. These efforts will result in a more efficient utilizationof existing facilities and an enlarged service capacity. Consolidation of existing facilities will also be aided by the project's strengthening of support systems (maintenance, transport and health information), and the reorganization and strengthening of district-level management. Third, experimental community-based health care schemes will be promoted as a potentially important, cost-effective addition to the formal health system. These schemes, if successful, would be instrumental in promoting self-care, which makes good economic sense given the disease pattern prevailing in Kenya. Health education through the regular MOH services

would also be singled out for strengthening by the project for similar reasons. Finally, the project constitutes a turning point in the history of external assistance to the country's health sector in that it involves a substantial component of assistance to NGOs, which play a vital role in the provision of rural health services.

D. Lessons of the Second Project

18. Limitations of the "Free Market" Approach to IEC. Part "A" consists of annual plans, so that participation in the program is determined on a yearly basis. Every year there is a certain overall amount of money to be allocated among participating NGOs, which compete among themselves by submitting proposals to the NCPD. Government agencies wishing to participate must also submit proposals to the NCPD, but they must budget the expenses of the proposed activities in their own budgets. Most of these programs would be eventually financed by foreign aid (at least in the foreseeable future), but under the present tight budgeting situation there is no addition to the budgets of government agencies participating in Part "A"--i.e., expenses for Part "A" programs are counted against pre-set agency-specific gross spending ceilings on the same basis as expenses of any other activities of those agencies. To this lack of financial incentives for government agencies must be added the fact that some of these agencies still view involvement in population activities as politically risky. The prime examples of this view have been the Ministries of Basic and Higher Education (now merged into one ministry), which have so far chosen not to participate in Part "A," even though the high incidence of teen-age pregnancies and other more general considerations clearly indicate the need for a comprehensive population education program in the schools. A more aggressive stance on the part of the NCPD, supported by the President and his Cabinet, will be necessary in order to ensure the participation of the Ministry of Education and other important government agencies to ensure the success of Part "A."

19. Relations Between the NCPD and the MOH. The NCPD has a mandate to advise the President and his Cabinet on all matters relating to population. This includes adequacy of family planning services, which are basically the responsibility of the Ministry of Health. Thus, the effective accountability of MOH regarding provision of family planning services has increased with the establishment of NCPD. Although some overlapping responsibilities between MOH and the NCPD have resulted in inter-agency rivalry, the NCPD is increasingly providing a heretofore non-existent forum for the debate of population matters.

THE NATIONAL COUNCIL FOR POPULATION AND DEVELOPMENT IN KENYA

1. Following Cabinet approval, the National Council for Population and Development (NCPD) was established in 1982 within the Office of the Vice President and Minister for Home Affairs. Creation of the Council was a condition of the Second Structural Adjustment operation. The National Council is a policy advisory body, the first of its kind ever established in Eastern Africa. The major role of the Council includes: (i) advising the Government on a national policy, scope and direction of all population and family planning programs in the country; (ii) determining policy priorities and program strategies for population control and family planning; and (iii) planning, reviewing and coordinating the national population and family planning programs and promoting public understanding and acceptance of the small family concept and contraceptive practice.

2. Mr. Philip Mbithi, Deputy Vice Chancellor of the University of Nairobi, is Chairman of the Council. The Council's full membership of twenty-seven comprises nine permanent secretaries and fifteen leading professionals broadly representing both public and private sectors of population and health development (see Annex 1 for membership list).

3. The administrative operations of the Council are performed by a Secretariat which is staffed by nine professional and eleven supporting staff under the direction of the Permanent Secretary of the Office of the Vice President and Minister of Home Affairs. To date, the Secretariat has focussed on managing and coordinating population communications activities being implemented by non-government organizations. Unfortunately, other relevant government agencies have not been involved.

4. Since November 1982, the Council has met several times. Some of the significant work done by the Council's various committees and the Secretariat includes: (i) adoption of the National Population Policy Guidelines; (ii) endorsement of the Operational Guidelines for the Council and Secretariat; (iii) approval of annual work plan and budget for the communications component of the IDA-assisted project; (iv) overview of the national population and family planning programs; and (v) occasional review and advice on specific project development, proposals and implementation.

5. Recruitment of staff of the Secretariat has been slow and the experience and quality of staff still does not reflect the importance of the Council's mandate. The success of such a body requires strong and sustained commitment of senior Government officials and implementing agencies to begin to curb the rapid population growth. (See Discussion Paper on Meeting with the President.)

Membership of the NCPD*

The Council is comprised of the following members:

A. Professor Philip Mbithi, University of Nairobi - Chairman

B. Permanent Secretaries responsible for:

Development Coordination and Cabinet Affairs - Office of the President
Ministry of Finance and Planning
Ministry of Health
Ministry or Education, Science and Technology
Ministry of Labour
Ministry of Culture and Social Services
Ministry of Information and Broadcasting
Ministry of Agriculture and Livestock Development
Ministry of Cooperative Development
Mrs. Angela Gethi - Executive Officer, Family Planning Association of Kenya
Mrs. N.B. Kingori - N.C.C.K.
Mrs. Jane Kiano - Chairperson, Maendeleo ya Wanawake
A representative of the Kenya Catholic Secretariat
Dr. G. Irvine - Protestant Churches Medical Association
Mrs. Captain Anita Croucher - Salvation Army
Dr. F.J. Wangati - National Council of Science and Technology
Mrs. M. Menya - National Council of Social Services
Mr. A. Abdallah - National Council of Muslims
Mr. A.A. Adongo - Keny National Union of Teachers
Prof. H.S. Ominde - Population Research and Studies Institute
Prof. W. Senga - Institute of Development Studies
Dr. S. Abdulla - Kenya Medical Association
Dr. Yusuf Eraj - Chairman, KMA (Public member)
Dr. Mugo Gachuhi - UNESCO

*Specific members of the NCPD may have changed within the last year.

7

STATEMENT TO SEMINAR TO BE

PROVIDED BY IPA

8

KENYA

Background Note on the Media

Introduction

The Kenyan press is an anomaly among Sub-Saharan African press systems in that private and commercial interests still control and operate the mass and popular press. Government ownership is mainly, but not exclusively, limited to radio and television. As in many other developing countries, the Kenyan press is under constant government scrutiny and from time to time faces governmental pressures calling for "constructive criticism," and a commitment to "nation-building," and the "philosophy of love, unity and peace." In addition, the government owns its own newspaper, The Nairobi Times. In general, journalists exercise enough self-regulation to minimize conflict between the government and the press, but are free to criticize government policies and conduct investigative exposes.

The average Kenyan is well-informed through the press, but wide disparities exist between urban and rural areas regarding access to mass media. Nairobi has at least one-half the nation's radio and television sets, newspaper circulation, telephones and postal traffic -- but less than 10% of the population. The higher quality of journalism in Kenya reflects the fact that most Kenyan journalists have been able to take advantage of formalized journalism education or training.

Press

Three daily newspapers are owned by non-Kenyans: The Daily Nation (circulation 100,000), Taifa Leo (circulation 50,000) and The Standard (circulation 33,000). The Daily Nation was founded in 1960 and is owned by the Aga Khan. The Nation group also publishes a weekend paper, The Sunday Nation (circulation 100,000) and publishes both Taifa Leo and its Sunday edition, Taifa Weekly, in Swahili. These four top-circulation papers comprise a very influential Kenyan journalistic group in terms of the size of their staffs, capital resources, and editorial influence. The Standard and the Sunday Standard are owned by Lonrho, a British trading consortium. The Standard is editorially more sensational than the Nation group of newspapers.

In 1981, the editors of The Daily Nation had a confrontation with the government. The Editor-in-Chief and five other senior editors and reporters were arrested and held for questioning for several days, allegedly for "misleading the public." The newspaper had raised questions about KANU's competence, and had given prominence to several strikes. President Moi threatened to close the paper. At present, however, relations between the press and the government have returned to a more amicable basis.

Although much smaller in size and facilities, Hilary Ng'weno's publications -- The Nairobi Times (weekly, circulation 25,000) and The Weekly Review (weekly, circulation 18,000) -- have made a significant impact on Kenyan print media. They represent a new and influential force as they are owned and operated by a native Kenyan, offer more sophisticated news treatment and analysis, and are read primarily by the highly educated and affluent. Ng'weno himself is Harvard educated and part of the country's elite. The Weekly Review, founded in 1975, specializes in political commentary and analyses of current issues and events in the region. It is considered Kenya's prestige weekly and is obligatory reading for high-ranking government employees and the country's opinion leaders.

The World Bank has received prominent coverage in all the English publications mentioned above. IPA maintains regular contact with the editors and reporters through operational missions and advance mailing of all major Bank publications. Journalists in Kenya are eager to learn more about development and the World Bank. Last year, Mr. Peter Kareithi, who at that time was with The Daily Nation, visited the Bank.

International Press

Because Nairobi has excellent airline and telecommunications links worldwide and can more easily accomodate the needs of foreign journalists, Nairobi has become a center for the international press in Eastern Africa. Gaining accreditation to work in Kenya is relatively easy, and the government does not screen or censor outgoing stories. A few foreign journalists have been expelled, but this is the exception, not the rule. The major wire services -- Agence France Presse (AFP), Associated Press (AP), Deutsche Presse-Agentur (DPA), Reuters and United Press International (UPI) all maintain foreign bureaus in Nairobi. There are over 60 foreign journalists posted in Kenya.

Domestic News Agency

Kenya's domestic news agency, the Kenya News Agency (KNA), is operated by the Ministry of Information and was founded in 1964. The Director is Mr. L. Kabiru. While newspapers are free to use the services of any wire service, many rely on KNA because it is less expensive.

Radio and Television

The Voice of Kenya (VOK) is the government-owned national broadcasting agency which covers the entire country. VOK Radio broadcasts in English, Swahili, and 17 other local languages. As only 25% of Kenya's population is literate, VOK is a powerful educational tool and important source of official messages. There are approximately 1.6 million radio receivers and 100,000 television sets in use in Kenya.

MJHorton
IPA
June 27, 1984

9

KENYA

MEETING WITH RMEA STAFF

July 10, 1984

1. 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. Matters which RMEA staff have suggested for discussion are listed below. You may wish to select from among these subjects or introduce other issues:

(a) Status of preparation of the Bank's "Special Action Program" for Sub-Saharan Africa in response to Africa's current economic and food crisis, and how this relates to the U.N. Secretary-General's initiative on the "African economic and social crisis."

(b) New directions in Bank agricultural lending.

(c) Sector lending, structural adjustment and the product of the Bank. What is the future of the project approach: the view of Bank management?

(d) Role of field offices (and particularly that of RMEA).

(e) New Bank efforts in the area of Aid Coordination.

(f) Expectations of management regarding the introduction of the new PPR system and the new job grading system.

2. RMEA was established FY65 with a staff of seven professionals to assist in expanding Bank activities in the Eastern African countries. RMEA currently comprises three agriculture sections (21 staff) attached respectively to the three Eastern Africa Region agricultural divisions, 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.

3. The primary responsibilities of the RMEA agricultural sections are to work with client countries in preparing projects for submission to the Bank, and in the supervision of agriculture projects. Some agriculture sector work has been assigned to the sections, reflecting the increasing emphasis being given to economic and sector work in the Region. The education section handles the supervision of all education projects in Kenya and in 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.

4. 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.

5. Given the location, RMEA has special operational significance in Kenya:

(a) As indicated earlier the Director is also the Bank's Resident Representative to Kenya.

(b) One of the section chiefs is responsible for the Bank's agricultural work in Kenya.

(c) RMEA plays a lead role in aid coordination.

(d) RMEA is a focal point for communication and dialogue with the Kenyan Government.

(e) RMEA disseminates information on the Bank within Kenya. It has a public relations role.

(f) RMEA has an educational role giving seminars, lectures, and providing technical assistance to Government.

June 21, 1984

imf | IBRD

EDI

MANAGEMENT

Training 7 days
management 5 days

Cancellations

Commitment fees.

Interest

10

SAL Progress Report

1. The structural issues facing the Kenyan economy in the early 1980's were generally well described in the Fourth Development Plan covering 1979-83:

(a) Past industrial growth had been fostered by excessive protection, resulting in an industrial sector which was uncompetitive, overly capital-intensive, and a heavy net consumer of foreign exchange. The Plan stated that, in order to improve the efficiency of the sector, quantitative import restrictions would be phased out and the structure of tariff protection would be rationalized.

(b) Agricultural growth had decelerated, due partly to the tapering off of specific positive factors which had sustained agricultural growth in the decade after Independence, and partly to inefficient Government intervention in pricing and marketing. The Plan stated that domestic prices would be brought more in line with world prices, and that Government intervention in agricultural marketing would be rationalized and reduced.

(c) The oil price increases had intensified the need for increased domestic energy production and more efficient energy utilization.

(d) The rapid growth of the population was generating increasing pressures on the land, education and health services, and the labor market.

(e) Overexpansion of the public sector and the inadequate definition of the relative roles of the private and public sectors, was fully recognized as a structural issue in 1982 with submission of the Report of the Working Party on Government Expenditures.

2. The Bank's structural adjustment operations have supported measures in the areas of trade and industry, agriculture, public expenditures, energy, external debt management, resource mobilization (interest rates), and population. The most significant components -- in terms of Government staff time, Bank staff time, and intended impact on the economy -- have been trade and industry, public expenditures, and agriculture.

3. The trade and industry component has consisted of rationalization, through import liberalization, of excessive protection for the industrial sector; and export promotion. The announced new import policy has consisted of staged replacement of quantitative import restrictions (QRs) by equivalent tariffs, implying initially raising some tariffs, and subsequent tariff rationalization with the objective of a more uniform and

moderate structure of tariff protection. It was agreed that industrial studies would be undertaken to provide a basis for the new tariff structure and transitional adjustment assistance measures. The Government intended to develop an export promotion program which might, for example, have included: simplifying the administration of export compensation to enhance its reliability; export finance; more reliable access to imported inputs; duty drawbacks; or manufacturing in bond.

4. In the actual event, the schedule for phasing out of QRs, toward an objective of no more than 12% of import items subject to QR by June 1985, was disrupted in 1982 by foreign exchange problems. In response, the Government devalued the shilling by 15% in late 1982 and reduced the fiscal deficit. However, at the present time 71% of import items are subject to restricted availability of foreign exchange. The industrial studies intended to provide the basis for the new tariff structure are far behind schedule. These were tariff increases in 1980, 1981, and 1982, and tariffs reductions in 1983. The net effect of these tariffs adjustments on the structure of effective protection has not been measured, but it appears that effective protection remains generally very high. In the area of export promotion, some proposals have been conceptualized, and intentions were announced in the June 1983 budget speech regarding export finance and manufacturing in bond, but no measures have been implemented so far.

5. The most significant elements of the agricultural component have been pricing, and grain marketing reform. In the area of pricing, the Government has generally observed principles that producer prices should provide adequate incentives for farmers and should be within the limits of import and export parity, and that consumer subsidies would be avoided. In the area of grain marketing reform, the Government informed the Bank in December 1983 that it had decided that the role of the National Cereals and Produce Board (a parastatal with a legal monopoly) would be redefined to be a market stabilization and food security function, and that grain marketing would be opened to private traders. These decisions effectively reaffirmed policy intentions which had been announced earlier in the Plan. However, no plan of action, to implement these decisions has been developed yet.

6. Under the public expenditure component, the Government intended to strengthen public expenditure planning by amplifying its Forward Budget with a better-defined multi-year public investment program, and by reviewing parastatal financial plans during the annual and forward budget process. Preparation of the Public Investment Program was delayed due to repeated downward revisions, arising from revenue shortfalls, in the medium-term expenditure ceilings; furthermore, agency submissions were generally deficient. Eventually a Public Investment Program was prepared, and circulated to the Consultative Group meeting, where it was endorsed. Progress in reviewing parastatal financial plans has been disappointing, which the Government has attributed partly to an inadequate legal framework. A State Corporation Bill which would strengthen the authority of the Minister of Finance with respect to parastatal expenditures has been drafted, but not yet enacted.

7. With regard to the other components, the status of implementation is as follows: (a) an external borrowing plan was prepared, but data on parastatal and private sector external debt remain incomplete; (b) in agreement with the IMF, interest rates have been raised and have become positive in real terms; (c) energy pricing has been generally appropriate, but a well-defined investment program with an adequate analytical underpinning has not yet been prepared; (d) a National Council on Population and Development was established, but specific targets for family planning acceptors, average family size, and population growth have not yet been developed, nor has a well-defined fertility reduction program been devised.

<u>Assessment</u>

8. In order to achieve their intended impact on the economy, the measures included in a structural adjustment program must be implemented reasonably effectively, and on a reasonably timely schedule. In the case of Kenya, most of the planned measures were either implemented well behind schedule, or still have not yet been implemented. The following factors appear to have contributed to weak program implementation:

(a) Divided or inadequate Government commitment on some issues, particularly import liberalization and grain marketing reform.

(b) Weak inter-unit communication and coordination in Government.

(c) Diversion of the attention of key Government officials to the difficult short-term situation arising from an unsuccessful coup attempt in August 1982, suspension of the 1982 IMF program, and related continuing adjustments in the foreign exchange and budgetary situation.

9. Because of delays in the implementation of measures, the second tranches of both the first and second operations were released significantly later than originally planned. The timing of a possible third operation will depend on the implementation of measures which were agreed upon earlier, but which remain to be implemented.

10. Actual developments in the Kenyan economy have differed considerably from earlier Bank staff expectations. The differences are greatest in the area of the external sector. Whereas it had been expected that both export receipts and import payments would increase steadily, in the actual event export receipts have stagnated and import payments have fallen sharply. This is due partly to the actual evolution of the external environment, and partly to the non-implementation of planned structural adjustment measures of export promotion and import liberalization. The current account deficit has come down sharply because of demand management measures and the intensification of import restrictions during 1982/83. In sum, the Government has been more successful at stabilizing the economy than at bringing about the structural adjustments necessary for the restoration of sustained growth of per capita incomes.

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FORM NO. 590 (1–79)

THE WORLD BANK
IBRD AND IDA – SUPERVISION SUMMARY

This summary is [ ] the initial summary [ ] part of a mission report [ ] an annual update

For detailed instructions on completion of this form, please see Attachment A to the Annex of OMS 3.50.

THIS FORM IS A STOCKROOM ITEM.

Regional Office:	Project Name:	Project Code:	Loan / Credit x No.:	L/C Amount ($xx.xm):
EA	Integrated Rural Health and Family Planning	2KENNN02	1238KE	23.0

Country:	Borrower/Beneficiary:	Board Date:	Signing Date:	Effective Date:
Kenya	Government of Kenya	5/4/82	8/27/82	2/9/83

Projects Dept./Div. Name:	Org. Code No.:	Projects Officer:	Loan Officer:
PHND1	306/10	H. Diaz	G. McBride

SECTION 1: SUMMARY PROJECT DESCRIPTION The project consists of two parts. Part A: establishment of a new interagency information and education program for the promotion of the small family norm. Part B: interventions in the form of manpower development, construction of facilities, and strenghtening of logistics and support systems, aimed at strengthening the provision of health services in rural areas, including provision of family planning services.

SECTION 2: PERFORMANCE RATING

	This Summary	Last Summary
STATUS: 1 - Problem-free or Minor Problems; 2 - Moderate Problems; 3 - Major Problems	2	2
TREND: 1 - Improving; 2 - Stationary; 3 - Deteriorating	2	2
TYPES OF PROBLEMS: F - Financial; M - Managerial; T - Technical; P - Political; O - Other *(Explain in Section 6.)* If more than one type of problem, enter most critical factor first.	F M	F M (~~M F~~)
IMPLEMENTATION STATUS: 1 - Problem-free or Minor Problems; 2 - Moderate Problems; 3 - Major Problems		
Disbursements	2	1
Estimated Cost	1	2
Anticipated Completion	2	2
Compliance with Loan Conditions	2	2
Project Finances	2	2
Management Performance	2	2
Procurement Progress	1	1
Performance of Consultants	1	1
Reporting	1	2
DEVELOPMENT IMPACT: 1 - Problem-free or Minor Problems; 2 - Moderate Problems; 3 - Major Problems		
Expected Benefits	2	2
Rate of Return	NA	NA
Institution-Building	2	2

SECTION 3: PROJECT DATA

Estimated/Actual:	Project Completion (Mo./Yr.)	Loan/Credit Closing (Mo./Day/Yr.)	Total Project Cost ($xx.xm)	of which: Foreign Currency ($xx.xm)	of which: Local Currency ($xx.xm)	Cumulative Disbursements through most recent Quarter ended (/ /) ($xx.xm)
Appraisal Est.	6, 85	12, 31, 86	61 . 3	21 . 5	39. 8	1.6 (Est.)
Last Summary (/ /)	6, 86	12, 31, 86	55 . 0	19 . 3	35. 7	
Current	6, 86	12, 31, 86	55 . 0	19 . 3	35. 7	0 .52 (Actual)

SECTION 4: MISSION SCHEDULE

	No. of Staff on Mission	No. of Days in Country	Return to HQ (Mo./Day/Yr.)	Final Report Date (Mo./Day/Yr.)
Latest/Present Mission	3	12	12,05,83	12,09,83 (FS)*
Previous Mission	2	12	09,06,83	10,13,83 (FS)*

Next Mission Departure (Mo./Yr.) 4,84

Recommended interval between missions (Months) 5

End of period covered by latest progress report (Mo./Day/Yr.) 10,31,83

* *Type of Report: FS = Full Supervision; CS = Combined Full/B-T-O; C = Completion; A = Appraisal; O = Other (explain below)*

Names of Mission Members	Mission Members' Specializations
Hugo Diaz	Economist
H.W. Franckson	Architect
G. Clarkson	Public Health Specialist

Number of members on both present and previous mission:

None [ ]
One [X]
Two or More [ ]

SECTION 5: COMMENTS *(Explain "Other" in Section 2 and clarify, if necessary, data in Sections 3 and 4.)*

SECTION 6: SUMMARY OF PROJECT STATUS, TREND AND MAJOR PROBLEMS

SECTION 7: MISSION RECOMMENDATIONS AND MANAGEMENT ACTION REQUIRED

The enclosed drafts of the letters to be sent to the Ministry of Health and the Office of the Vice President and Ministry of Home Affairs summarize the mission's understanding of key issues and actions agreed with the Government of Kenya.

The next supervision mission is recommended for April 1984.

NAME OF PREPARING OFFICER:	INITIALS:	DATE:
Hugo Diaz		12/9/83

ЭTION 6: SUMMARY OF PROJECT STATUS, TREND AND MAJOR PROBLEMS

.art-up of project implementation was slow, mainly due to administrative constraints. These constraints are easing now, but at the same time financial constraints (a result of the difficult economic situation) are becoming increasingly important. Because of these constraints, project completion date is now estimated as June 30, 1986, instead of June 30, 1985. In Part A of the project, the National Council on Population and Development (NCPD) and its Secretariat have been established. The Government is presently seeking to upgrade Secretariat positions, especially that of Director, in order to enhance the Secretariat's image and effectiveness. Actual population information and education activities financed from NCPD funds, which are being carried out by six non-governmental organizations started in mid-1983 and seem to be progressing well. An evaluation of these activities will be conducted shortly by the Secretariat. Participation of government agencies in Part A has been disappointing so far, but it is expected that it will be much stronger in FY 1984/85. In Part B, implementation of the largest components--family planning services, manpower and training, drug supplies, construction of rural health facilities, maintenance, transport and the non-governmental organizations component--is proceeding well, although some delays relative to the original timetable are expected. Some modest progress has been achieved in the implementation of the remaining, small "software" oriented components (health education, community-based health care, health information system, and innovative activities). Details of project execution are given in Annexes 2 and 5.

December 12, 1983

Mrs. Nydia Maraviglia, PHNDI

Hugo Diaz, PHNDI

60188

KENYA: Integrated Rural Health and Family Planning Project
Fifth Supervision Mission Report

In accordance with terms of reference dated November 17, 1983, a supervision mission for the above project visited Kenya November 21 to December 2, 1983. Enclosed please find the full supervision report.

cc: Donor Agencies
Mr. Berg, SIDA, Nairobi
Ms. Johansson, SIDA
Mr. Loose, DANIDA
Mr. Nyholm, DANIDA, Nairobi
Ms. Gilbert, USAID
Ms. Herrick, USAID, Nairobi
Mr. Allison, ODA
Messrs. Hall/Kerr, British High Commission, Nairobi
Mr. N'diaye, UNFPA
Mr. Ehrhardt, UNFPA/UNDP, Nairobi
Ms. Kellock, UNICEF, Nairobi
Mr. Mayrides, UNICEF

cc: Mr. Ducker, EANVP
Mr. Hattori, CTRVP
Mr. Wyss, EAP
Mr. Kapur, OED (2)
Mr. Loh, EAP
Mr. Bronfman, EAP
Mr. Kraske, EA1
Mr. Dunn, EA1 (2)
Mr. McBride, EA1
Mr. Rajagopala, PAS (2)
Mr. Swahn, EDC
Mr. Gruss, LEG
Mr. Helne, LOA
Mr. Loos, Nairobi, Kenya
Ms. Wardle, EA1
Mr. North, PHN (o/r)
Dr. Kanagaratnam, PHN
Mr. Berg, PHN
Mr. Warford, PHNPRU
Ms. Husain, PHND2
Mr. Denning, PHND3
Mr. Franckson, PHNDI
Mr. Yun, PHNDI
Dr. Clarkson, PHNDI
Files: Kenya II CR1238KE

HDiaz:ma

Kenya Integrated Rural Health and Family Planning Project
Fourth Supervision Mission Report

ABBREVIATIONS USED

CHW	Community Health Worker
CO	Clinical Officer
DANIDA	Danish Agency for International Development
ECN	Enrolled Community Nurse
FHFE	Family Health Field Educator
FP	Family Planning
IDA	International Development Association
IEC	Information, Education and Communications
IRHFP	Integrated Rural Health and Family Planning (Project)
MOH	Ministry of Health
MCH	Maternal and Child Health
MOW	Ministry of Works
MEPD	Ministry of Economic Planning and Development
NGO	Non-governmental Organization
NCPD	National Council on Population and Development
NFWC	(MOH's) National Family Welfare Center
ODA	British Overseas Development Administration
RHC	Rural Health Center
RHF	Rural Health Facility
SDP	Service Delivery Point
SIDA	Swedish International Development Authority
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WHO	World Health Organization

Mr. D. Mwiraria

Permanent Secretary

Office of the Vice President and

Ministry of Home Affairs

P.O. Box 30520

Nairobi, Kenya

Re: KENYA: Integrated Rural Health and
Family Planning Project

Dear Mr. Mwiraria:

On behalf of my colleagues, Mr. H. Diaz and Dr. G. Glarkson, I would like to thank you for the valuable assistance extended to them by you and your staff during the course of their visit to Nairobi, November 17 to December 2, 1983. In this letter, we are summarizing mission observations and actions agreed with you and Mr. D. Kaniaru concerning the implementation of Part A activities.

Our reading of the first Part A progress report produced by Secretariat staff indicates that good progress is being made in the implementation of the information, education and communications activities carried out by the six non-governmental organizations (NGOs) which are thus far participating in the program. However, a more definite judgement will have to await the results of the planned evaluation by Secretariat staff, to be completed by February 1984. We need not emphasize the importance that we attach to this evaluation, not only as a means of guiding future allocation of Part A funds, but also as a tool to assist the NGOs to improve the effectiveness of their activities.

We are also very much encouraged by your efforts to upgrade Secretariat positions and to attract additional qualified staff with a communications background. These efforts should enhance the Secretariat's image vis-a-vis participating agencies, and improve its effectiveness in dealing with those agencies.

While continuing to monitor the implementation of ongoing activities, Secretariat staff, and the Executive Committee of the National Council on Population and Development, should now turn their close attention to the preparation of the FY1984/85 Part A Work Plan. As agreed during our recent discussion, submissions by NGOs should be received in the Secretariat by early January, in order to fit with the overall budgetary cycle. We understand that, subject to approval of a larger allocation of funds by Treasury, two or three new NGOs would be incorporated into the program. It is also of utmost importance that the Council should actively encourage a stronger participation by government ministries. We understand that, in addition to the Ministry of Health and the Ministry of Finance and Planning--which have been participating in Part A, but were handicapped in the present fiscal year by their failure to budget for their Part A activities--three other government ministries--Culture and Social Services, Education, and Information and Broadcasting--are expected to submit proposals. We very much welcome this widening of the program.

Also, as agreed, we expect that the FY1984/85 Work Plan will include a component of in-service training for staff of the Secretariat, and possibly of participating agencies as well. We are presently in the process of identifying suitable consultants to assist you with this training, in accordance with your request.

Finally, we look forward to the finalization of the Population Policy Guidelines and their endorsement by Cabinet (and, at a later date, by Parliament). This is a key step towards legitimizing the role of the Council as the entity responsible for population policymaking in the country, and for reviewing the implementation of those policies and ensuring that corrective actions are carried out as needed.

We would be most grateful for your personal attention and support concerning the various matters discussed above, in order to facilitate the implementation of this important project.

We are sending copies of this letter to Mr. S. Nyachae, Permanent Secretary, Office of the President; Mr. H. M. Mule, Permanent Secretary, Ministry of Finance and Planning; Mr. J.A. Kipsanai, Permanent Secretary, Ministry of Health; and to the representatives of the agencies cofinancing the project. A separate letter on the status of implementation of Part B of the project has been sent to Mr. J.A. Kipsanai.

Sincerely yours,

Nydia Maraviglia
Deputy Division Chief
Division I
Population, Health and Nutrtion
Department

Cleared with and cc: Ms. Maraviglia, PHND1
Mr. McBride, EA1

Mr. J.A. Kipsanai

Permanent Secretary

Ministry of Health

P.O. Box 30016

Nairobi, Kenya

Re: KENYA: Integrated Rural Health and Family Planning Project

Dear Mr. Kipsanai:

On behalf of my colleagues, Mr. H. Diaz, Dr. G. Clarkson and Mr. H.W. Franckson, I would like to thank you for the valuable assistance extended to them by your staff during the course of their visit to Nairobi, November 17-December 2, 1983. In this letter we are summarizing mission observations and actions agreed with Dr. Koinange, Dr. Maneno, and other officials concerned with the implementation of Part B project activities. Throughout we will make reference to the appropriate paragraphs of the Aide-Memoire left by the review mission. However, rather than duplicating all information contained in that document, we will try here to highlight the main areas of concern calling for your close attention.

Compliance with Dated IDA Credit Conditions (Para. 2 of Aide Memoire). Conditions (b) to (m) of para. 8.01 of the Appraisal Report are the responsibility of MOH. In the Attachment to this letter we summarize our understanding of the status of compliance with these conditions, and actions expected thereof, based on our discussions in Kenya. We would be grateful for your confirmation that this understanding is correct.

Staffing of the Core Project Team (Section V of Aide Memoire). Earlier in 1983, the Core Project Team lost its Senior Accountant. The Ministry of Health (MOH) is still in the process of obtaining a replacement. We consider this appointment to be of extreme importance. We were encouraged, on their other hand, to learn that a Senior Program Evaluator and a Health Planner (both provided by SIDA under technical assistance arrangements) have taken up their positions in the Core Project Team.

Implementation of MOH Activities in Part A (Paras. 8-9 of Aide Memoire.) The review mission learned with great concern that the activities of the Information and Education division of the National Family Welfare Center (NFWC) have been severely handicapped in recent months by the lack of paper and other printing materials, due to delay in procurement. Also, a request for tendering of art work to be conducted in connection with the production of family planning posters and flipcharts was reportedly submitted to MOH officials about a year ago, and again no action has been taken. The division is also handicapped by MOH's failure to fill several vacancies. Also, as pointed out in the Aide Memoire of the previous mission, no vote was secured in the FY1983/84 Development Budget for the participation of the NFWC in Part A. We trust that an adequate vote will be included in next year's budget.

Family Planning Services Component (Para. 17 of Aide Memoire). We are pleased with the progress of the family planning training of enrolled community nurses. However, as you know, no new service delivery points can be established until the equipment kits are procured. We understand that in the Revised 1983/84 Budget you have reallocated funds to enable purchase of 200 kits in the present fiscal year. Your staff is now awaiting an updated quotation by UNICEF on the cost of the 200 kits, and will fill a withdrawal application for us to pay UNICEF the full cost of the kits as soon as the quotation is received. The 200 kits should arrive in Kenya around June 1984. It has also been agreed that the remaining 200 kits will be ordered from UNICEF as soon as the next fiscal year begins, and for this adequate budgetary provision will have to be made in the FY1984/85 Development Budget.

Manpower and Training (Para. 18 of Aide Memoire). The training of the district Rural Health Management Teams, and the preliminary work for the construction of the ECN and clinical officers schools, are proceeding well. With regard to the appointment of additional staff to rural health facilities, we have been assured by your staff that it will proceed in FY83/84 in line with the assumptions of the Appraisal Report. While this is encouraging, we continue to be concerned about the fact that your information system cannot readily provide data on net additions of staff to rural health facilities, which prevents program managers from monitoring the reduction in staff shortfalls that is presumably taking place. USAID has recently supplied your Ministry with a long-term information systems specialist. We hope that the entire area of manpower data would be a high priority for the consultant's work.

Drug Supplies (Para. 19 of Aide Memoire). Implementation of this component is proceeding very well. We were very pleased to learn after the previous review mission that your Ministry reached a compromise with SIDA and DANIDA on the matter of local drugs procurement, and we sincerely hope that this agreed arrangement will prove satisfactory to all concerned.

Construction of MOH Rural Health Facilities (Para. 20 of Aide Memoire). Implementation of this component is proceeding well. Actual construction is still expected to start as scheduled in July 1984.

Transport (Para. 21 of Aide Memoire). Bids for the first group of IDA-financed vehicles, together with miscellaneous equipment, were in the process of being evaluated at the time of the mission's visit. Contracts are expected to be awarded before the end of December. Direct payment by IDA will be made, but the corresponding vote in MOH's budget will suffice to purchase only a fraction of the total value of the package in the present fiscal year. Hence delivery of the goods will probably have to be staggered between FY83/84 and FY84/85.

Maintenance (Para. 22 of Aide Memoire). The establishment of the two maintenance training schools is expected to proceed as planned. The strengthening of MOH's program for maintenance of unregistered rural health facilities, on the other hand, will not start in FY83/84, as no budget allocation exists for this purpose. We hope you can make a start in FY1984/85, at least in a limited scale.

Health Information System (Para. 23 of Aide Memoire). We were encouraged to learn that a candidate for the post of Deputy Director has been identified. As you know, we feel strongly that this is a key appointment to further the implementation of this component. Together with the long-term information systems consultant referred to above, the Deputy Director could initiate the task, anticipated at appraisal, of streamlining MOH's data collection and processing and increasing its usefulness to management.

Health Education (Para. 24 of Aide Memoire). Progress in this component continues to be encouraging. To take full advantage of the existing health education production unit, it is urgent that the needed repairs be conducted. We understand that your staff have reallocated funds in the FY1983/94 Budget to enable the repairs to take place within the present fiscal year.

Community-Based Health Care (Para. 5 of Aide Memoire). Progress in the implementation of this component continues to be very slow. The Director of the headquarters unit has now taken up his post, but thus far has only a part-time clinical officer as support staff. To speed up implementation, it is essential that adequate support staff and other necessary resources be made available as soon as possible.

Non-Government Organizations (Para. 26 of Aide Memoire). The construction program for this component is proceeding very well. Bid invitations have been sent to a list of prequalified contractors for the 30 upgrading projects of maternal and child health/family planning service delivery points. Construction is expected to start in February 1984 for all 30 projects.

Innovative Activities (Para 27. of Aide Memoire). We were sorry to learn that the response to Ministry of Health's invitation to non-governmental organizations to submit proposals to be funded under this component has not been encouraging. We tend to agree with your staff's judgement that the poor response reflects lack of project preparation capabilities rather than weak interest. Hence we would expect the planned workshop on basic project preparation methodologies to improve response.

The Cooper and Lybrand Management Study (Para. 2(h) of Aide Memoire). The mission was informed that a broad outline of how your Ministry intends to proceed in implementing the recommendations of the study will be produced shortly by your staff. This would be followed by a more detailed implementation plan and timetable. We look forward to receiving copies of those documents, and pursue the matter of implementation further in the course of the next review mission.

Next IDA Review Mission. The next mission is tentatively scheduled for April 1984. We will inform you of the exact dates as soon as possible.

We would be most grateful for your personal attention and support concerning the various matters discussed above, in order to facilitate the implementation of this important project.

We are sending copies of this letter to Mr. S. Nyachae, Permanent Secretary, Officer of the President; Mr. H. M. Mule, Permanent Secretary, Ministry of Finance and Planning; Mr. D. Mwiraria, Permanent Secretary, Office of the Vice President and Ministry of Home Affairs; and to the representatives of the agencies cofinancing the project. A separate letter on the status of implementation of Part A of the project has been sent to Mr. D. Mwiraria.

Sincerely yours,

Nydia Maraviglia
Deputy Division Chief
Division I
Population, Health and Nutrtion
Department

Cleared with and cc: Ms. Maraviglia, PHND1
Mr. McBride, EA1

Attachment: Compliance with Credit Conditions

A. Conditions of Credit Effectiveness:

A.1. Conditions Met:

	A.1. Conditions Met	Status
8.02(a)	The government will fill the following positions in the Secretariat of the National Council on Population and Development with full-time personnel whose experience and qualifications are acceptable to IDA: Director, Financial Controller, Administrative Officer, and Accountant. The government will also fill the following positions in the MOH's Core Project Unit with full-time personnel whose experience and qualifications are acceptable to IDA: Director, Financial Controller, Senior Program Evaluator, Procurement Officer, and Administrative Secretary.	The four positions in the Secretariat of the NCPD have been filled to IDA's satisfaction, although two of the appointees (Director and Accountant) have been already changed once. In the MOH's Core Project Team, four of the five positions have been filled to IDA's satisfaction: Project Director, Procurement Officer, Administrative Secretary and Program Evaluator. In the case of the Financial Controller, MOH and IDA have agreed that a Senior Accountant should be appointed instead. A senior Accountant had been appointed to the Core Project Team, but was recently redeployed to a district-level post (in line with recent decentralization efforts). The MOH is now in the process of obtaining a replacement. An Accountant I (level immediately below Senior Accountant) has taken the place of the Senior Accountant until the replacement arrives.

8.02(b) The Government will make arrangements satisfactory to the Association to obtain external assistance amounting to no less than US$24.8 million equivalent.	The Agreements with SIDA, DANIDA, USAID and ODA have been signed. The agreement with UNICEF for project-specific contributions will be formalized when MOH finalizes the detailed plan of operations for the component to be financed by UNICEF (community-based health care), but the corresponding funds have been included in the 1982-84 country agreement. A similar situation prevails with regard to the UNFPA contribution.

B. Other Credit Conditions (Dated Covenants):

B.1. Conditions upon which Action Pending:

8.01(a) The government will appoint the members of the National Council on Population and Development and will issue appropriate policy and procedural guidelines, by October 1, 1982. The Council will submit by March 31 of each year (beginning with March 31, 1983) the draft annual work-plan for the following year for the interagency I&E program to the funding agencies supporting Part A for their approval, and will subsequently	The Part A work plan for FY83/84 has been submitted to the donor agencies involved in financing Part A. The plan includes proposals for the continuation of the programs started in FY82/83. No new implementing agencies have been added because of budgetary problems. The plan has been reviewed and approved by the funding donor agencies (USAID and IDA), and a financing plan setting the contributions of the donor agencies and Government has been agreed upon.

	agree with those agencies on a detailed financing plan for the activities in the work-plan.	
8.01(b)	The MOH will prepare a detailed timetable for the conversion of all Government RHFs not presently functioning as MCH/FP SDPs into full SDPs, and for their interim conversion into limited SDPs supplying non-medical contraceptives and resupplying oral contraceptives, by December 31, 1982.	The NFWC has identified all 300 locations for new maternal and child health/family planning (MCH/FP) service delivery points (SDPs). The program of in-service training of ECNs is also progressing well. Originally, the budgetary allocation granted to MOH in FY1983/84 would have permitted purchase on only 40 equipment kits, enough to establish 40 SDPs. However, MOH is in the process of reallocating funds within its Development Budget in order to enable purchase of 200 kits in FY1983/84. These kits will be procured through UNICEF, and are expected to be available in June 1984. The remaining 200 kits to be purchased are expected to be available around December 1984.
8.01(c)	The MOH will set up a system to show the number, type and posting by specific facility of rural health staff, by December 31, 1982.	The main constraint for the development of a system to show the number, type and posting by specific facility of rural health staff has been the lack of cooperation of district-level staff. Certain categories of staff

		(especially ECNs) are posted by MOH to the districts, and they are assigned to district hospitals or rural health facilities by the District Officer of Health. Thus the cooperation of the latter is needed for headquarters to keep an up-to-date manpower information system. Reporting from the districts, however, has been unsatisfactory. The Senior Program Evaluator recently incorporated to the MOH's Core Project Team and the Health Information Consultant also recently recruited are now working on this problem, with a view to developing a suitable reporting system.
8.01(d)	The MOH will conduct a study of the causes of ECN and CO student attrition and possible remedies, and of the feasibility of shortening ECN training, not later than December 31, 1982.	A report on the causes of ECN and CO student attrition is expected shortly. With regard to the possibility of shortening ECN training, the MOH has taken the position that no such shortening is possible. The MOH will explain its position to IDA in writing.
8.01(e)	The MOH will conduct a study, the terms of reference of which would be agreed upon with IDA, SIDA and DANIDA, of the options available for financing	A WHO-financed consultant has recently completed the field work for an economic and financial analysis of the essential drugs program (for rural health facilities). A

	the expanding supply of drugs in government facilities, by June 30, 1984.	report is expected shortly. Once the latter is available, IDA, SIDA, DANIDA and MOH will jointly determine any needed follow-up.
8.01(f)	The MOH will establish the following posts: (i) seven provincial health education officers; and (ii) 41 district health education officers, by June 30, 1983.	The MOH is still studying the career structure for Health Education Officers (HEOs), as a preliminary step to creating posts of District and Provincial HEOs at appropriate grade levels. Thirty-two districts already have HEOs functioning as <u>de facto</u> district HEOs.
8.01(g)	The MOH will complete the interior of the building housing its health education production unit, by December 31, 1982.	The MOH is in the process of reallocating funds within its FY1983/84 Development Budget to conduct the needed repairs to the Health Education Production Unit. The total estimated cost of the repairs is K.sh. 1.3 million.
8.01(h)	The MOH will prepare a timetable for implementation of those recommendations of the management consultant's report to which MOH, SIDA and IDA agree, not later than three months after completion of the final version of the report.	MOH has prepared a written response to SIDA and IDA on the recommendations of the consultants' report. Many of the recommendations are agreeable to MOH, and for a number of these a start has already been made by MOH. The MOH will shortly provide a broad outline of how it intends to proceed with the implementation of the agreed

		recommendations. A more detailed implementation plan will be produced at a later date.
8.01(i)	The Project Directors of Parts A and B will each submit to IDA an annual report summarizing all project financial transactions in the period, and the state of project accounts by the end of the period, accompanied by suitable auditor's reports, not later than December 31 of each year, starting with December 31, 1983.	The first Project Financial Report is due December 31, 1983. It is expected that all project financial transactions for the first project year (July 1, 1982 to June 30, 1983) will be reflected in the report, and classified according to three dimensions: (a) functional project components, (b) type of expenditure (civil works, salaries, etc.), and (c) financing agency. Amounts reimbursed by donors should also be indicated.
8.01(j)	The MOH will engage a qualified institution to conduct a fertility/mortality survey during the course of the project.	Work on the 1983 National Demographic Survey is proceeding well. Field work has been completed, and coding and editing are being carried out. Estimates of fertility and mortality from the survey are expected to be available in late 1984.
8.01(k)	The MOH should select the locations for the new CO, ECN, and maintenance training schools to be built under the project, and select and appoint	The locations of the CO (Mombasa), ECN (Embu), and the two maintenance training schools (Meru and Kifili) have been selected. The MOW is still in the process of selecting private

	qualified architects to prepare the corresponding designs, detailed cost estimates, bid documents and priced furniture and equipment lists, and to supervise construction, not later than December 31, 1982.	consultant architects to prepare the final designs, detailed cost estimates, bid documents and priced furniture and equipment lists. The selection is being done on the basis of criteria agreed among MOW, MOH, SIDA and DANIDA. However, there has been a long delay in finalizing the selection. A list of three firms had been proposed by MOW, but turned out to be unacceptable to SIDA and DANIDA. Discussions continue, and it is expected that the issue will be settled very shortly.
8.01(1)	The MOH should conduct a survey of its existing RHFs and with the help of this survey and criteria agreed with the appraisal mission, determine the locations of the approximately 25 dispensaries to be upgraded, and the one new RHC and four new dispensaries Type I and six sets of dispensary staff houses to be built. Details of the above should be submitted to IDA for its review, together with the corresponding preliminary type designs	The locations of 25 MOH dispensaries to be improved, 37 MOH dispensaries to be upgraded, and the one new RHC and four new dispensaries Type I and six sets of dispensary staff houses to be built, have been finalized and agreed to by IDA. Priced lists of furniture and equipment are under preparation and are expected to be finalized by March 1984.

and priced lists of furniture and equipment, not later than December 31, 1982.

8.01(m)	The Kenya Catholic Secretariat and the Protestant Churches Medical Association should, in cooperation with MOH, determine the locations of the new 30 MCH/FP service delivery points to be established, and of the three nursing schools and thre RHCs to be upgraded. The list of these locations should be submitted to IDA for its review, together with the corresponding preliminary type designs and priced lists of furniture and equipment, not later than December 31, 1982.	Locations for the 30 MCH/FP service delivery points to be established in existing NGO clinics, and of the three NGO nursing schools and three NGO RHCs to be upgraded have been selected and agreed to by IDA. Priced lists of furniture and equipment are under preparation and are expected to be available by the time contractors start work (around February 1984, for the 30 MCH/FP service delivery points).

Kenya Integrated Rural Health and Family Planning Project

Fifth Supervision Mission Report

EXECUTION OF PROJECT

I. Budgetting of Project Expenditures

1. The budgetary cycle of FY1984/85 has not yet started. Presently, the two implementing ministries (MOH and Office of the Vice President and Ministry of Home Affairs) are in the process of producing their revised estimates for FY1983/84. The MOH will be able to reallocate some funds from other parts of its Development Budget to fund certain key project items (see Annex 2, 8.01(b) and (g) above). The NCPD Secretariat will make a request, in its Revised Estimates, for an increase in its FY1983/84 allocation for NGOs. If this is approved by Ministry of Finance and Planning, a revised financing plan for Part A for the present fiscal year will be agreed upon by the NCPD Secretariat, USAID and IDA.

II. Implementation of Project Components: Part A.

Expenditures out of FY1982/83 Allocation.

2. In FY1982/83, K£ 192,500 were approved by Ministry of Finance for the NCPD Secretariat and Part A NGOs. Of this amount, K£ 100,000 were allocated to NGOs. Almost all of these funds (about 93%) have been spent so far (NGO allocations have no deadline for their spending, since

government considers them as having been "spent" at the time they are transferred from Government to NGOs). Of the K£ 92,500 allocated to the Secretariat itself, about K£ 31,000 (33.5%) were spent; the balance was cancelled at the end of the FY1982/83.

FY1983/84 Budget Allocation

3. In FY1983/84, K£ 547,800 were approved by Ministry of Finance for the NCPD Secretariat and Part A NGOs. This is to be divided as follows: K£ 147,800 for the Secretariat, and K£ 400,000 for the NGOs. One-half of the NGOs' allocation was transferred to them in early November. The Secretariat has thus far spent about K£ 12,000 (about 8%) of its FY1983/84 allocation.

Implementation of IEC Programs

4. NGOs. Start-up of the activities of the six NGOs participating in Part A (Protestant Churches Medical Association, Kenya Catholic Secretariat, National Christian Council of Kenya, Salvation Army, Family Planning Association of Kenya, and Maendeleo Ya Wanawake) has been slow. Nonetheless, a number of activities have alredy been initiated, and prospects are encouraging. A detailed progress report on these activities has been recently prepared by the NCPD Secretariat and distributed to the donors. It is expected that with the recent infusion of funds (Para. 3 above), the pace of implementation of NGO programs will accelerate.

5. Information and Education Division of MOH. The various activities of this division reported in the previous aide-memoire continue. However, the division has been severely handicapped by the lack of paper and other printing materials, which has prevented the completion of several activities related to materials production. Since the materials are not available from the Government Supplies Branch, they have to be procured through open tender. A request was submitted to the responsible unit of MOH to this effect several months ago, but no tendering has yet taken place. The delay appears to be partly due to the fact that the division's request is being packaged with other similar requests from MOH units. The mission has expressed its deep concern to MOH over this issue. Also, a request for tendering for art work to be conducted in connection with the production of posters and flipcharts was reportedly submitted to MOH about a year ago, and again no action has yet been taken. (The latter request is for an estimated cost of less than Ksh. 40,000, and hence it does not have to be submitted to the Central Tender Board).

6. The Information and Education division has also ben handicapped by MOH's failure to fill several vacant positions. Since 1981, the division has lost four health education officers, none of whom has been replaced. There is also a vacancy for a journalist/writer and an audio-visual officer. The NFWC has also requested the establishment of four additional positions of audio-visual officers which are urgently needed. Given the key role this division should play in the context of Part A programs, the mission strongly urged MOH to take speedy action in all these matters. The mission has also been assured that adequate budgetary provision will be

made in the FY1984/85 Development Budget for the division's participation in Part A.

Activities of the Secretariat

7. Support to NGOs. Experience so far shows that most NGOs already participating in Part A, or interested in doing so, have weak project preparation capabilities. To alleviate this constraint, the Secretariat will conduct a workshop to teach basic project preparation methodologies. The mission suggested that the Secretariat should liaise with MOH in this regard, as MOH faces a similar problem with regard to the preparation of innovative activities proposals (see para. 25 below).

8. Research. The Secretariat is in the process of defining priorities for research to be funded under Part A. The mission advised that the first priority should be for research projects supporting the population policymaking function of the NCPD, including operations research addressed at breaking obvious bottlenecks in the family planning program--e.g., the very long (about 18 months) waiting time for women who want to undergo sterilization. The Secretariat staff agreed to consider these suggestions and will write a position paper on the subject for NCPD discussion.

9. Monitoring and Evaluation of NGO Programs. In the present fiscal year, the Secretariat will undertake a formal evaluation of ongoing NGO programs funded under Part A. This is in addition to the regular monitoring of these programs, which is conducted on the basis of the

receipt of financial and progress reports from the NGOs, visits to project areas by Secretariat staff, and periodic discussions with Nairobi-based NGO officials. The planned evaluation will cover at least four program dimensions, i.e., (i) actual activities conducted versus planned activities, (ii) actual expenditures incurred versus planned expenditures, (iii) an assessment of the quality of the organization of the activities, and (iv) impact evaluation. A detailed evaluation plan is under preparation. The results of the evaluation are expected to be available by the end of February 1984.

10. Preparation of the FY1984/85 Part A Work Plan. The NCPD Secretariat will soon start the process towards the preparation of the FY1984/85 Part A Work Plan. In order to fit with the budgetary cycle, submissions by NGOs should be received by the Secretariat by early January, since by mid-February the Secretariat would have to submit draft estimates to Ministry of Finance and Planning, including invididual amounts allocated to NGOs. If the total allocation to the Secretariat and NGOs is increased, as is expected, two or three new NGOs could be added to the program. It is also expected that the Ministry of Culture and Social Services will resubmit its FY1983/84 proposal, which could not be included in the present year's plan because no vote was secured by that Ministry. The Ministry of Health and the Ministry of Finance and Planning are also expected to participate, and they have been reminded by Secretariat staff that they will have to make provision in their own Development Budget to this effect. The mission was also assured that the Ministry of Education is preparing a proposal for the introduction of population education in the

schools, to be included in the FY1984/85 Part A Work Plan. The Ministry of Information is also expected to submit a proposal. Thus the prospects are for a much stronger Part A program in FY1984/85.

11. On the mission's advice, Secretariat staff agreed to include a component for the training and development of its own staff, as part of the FY1984/85 Work Plan. This component should be the first phase of a long-run (say, five years) internal training plan. This training is urgently needed as Secretariat staff presently lack substantial experience in the organization and management of a comprehensive population communications program. The training should be designed so as to provide them with access to the rich body of accummulated experience with this type of programs in other regions of the world with better developed population programs. At the request of Secretariat staff, the mission agreed to provide a short list of consultants that could be utilized as trainers (to conduct short in-country seminars/workshops in various areas of population IEC).

12. Staffing. There are two professional-level vacancies in the Secretariat, one for a Communications Expert and the other for a Planning Officer. The Secretariat intends to advertise them shortly. The mission was also informed that the Government intends to upgrade some of the existing Secretariat positions, especially that of Director and replace the present Director with a more senior civil servant in an effort to increase the influence and prestige of the Secretariat.

Activities of the NCPD and its Executive Committee

13. Due to the recent general elections and other circumstances (e.g. leave of the Chairman), the Council and its Executive Committee have not met since the last review mission. The Executive Committee is expected to meet again in the current month (December 1983).

Population Policy Guidelines

14. The Guidelines are being finalized and will be sent to the Cabinet shortly. An accompanying Cabinet Memorandum is under preparation.

III. Implementation of Project Components: Part B

15. Family Planning Services (Paras. 4.26 to 4.33 of Appraisal Report):

(a) Development of 300 MCH/FP Service Delivery Points (SDPs):

Refer to Annex 2, 8.01 (b). The training of ECNs is proceeding well. In the training period from September 27, 1983, to November 25, 1983, 101 ECNs were trained (31 at the NFWC and 70 in six decentralized training centers). The total number of ECNs trained since the beginning of the project is 376.

(b) Training of Clerical Officers in FP. Up to September 1983, 42 COs had received FP training under the project. The course was subsequently temporarily suspended pending an evaluation, which has now been conducted. A report will be issued shortly. It is expected that the course will be offered again starting in January 1984.

(c) Role of FHFEs and Patient Attendants in FP Service Provision. A total of 454 FHFEs have been retrained by the NFWC since the project started, or about 56% of the total number of FHFEs. This training has been mainly in motivation; the FHFEs are not yet being trained to supply contraceptives. However, it is expected that such training would start in January 1984. No decisions have yet been taken by MOH on the issue of utilizing patient attendants for FP work.

(d) Family Planning SDPs in Nairobi. Four SDPs are now operating on a daily basis. There is at least one ECN in each trained in FP at the NFWC. The Nairobi Medical Department still considers the change to daily oepration to be experimental. Discussions continue between that department and NFWC with a view to increasing the number of SDPs operating daily.

(e) Contraceptive Prevalence Survey. Work for this survey is proceeding well. The pilot survey will be launched in December 1983. The main survey is expected to be conducted in April 1984.

(f) New FP Project to be Financed by GTZ. The MOH has entered an agreement with the German Goverment for a new FP project. The project is to have a duration of five years and a total cost of about Ksh. 35 million. Components initially identified include FP training of MOH medical officers, district public health nurses and nurse tutors; seminars for private medical practitioners; renovation of a building to serve as a hostel for NFWC trainees; provision of vehicles; and information, education and communications activities involving use of public means of transport and other innovative media.

(g) Performance of the FP Program. Measurements of the performance of the FP program, in terms of new and repeater acceptors, have been hampered in the past by underreporting by SDPs. In the present system of reporting, each time an FP client uses the services, a form is supposed to be completed and sent to the NFWC for information purposes. At the NFWC, the forms are tabulated (manually). The system is very cumbersome and underreporting widespread. The Research and Evaluation division of the NFWC is in the process of completing a study to estimate the extent of underreporting in the present system. All SDPs in four districts have been visited by NFWC staff, who counted the number of FP acceptors over a recent period directly from SDP registers. A report is under preparation, but preliminary indications are that underreporting is in the order of 40%. It is expected that the study will prompt an overhaul of the FP reporting system. Rather than requesting the sending of individual forms for acceptors, the NFWC should concentrate on getting simple (but prompt and complete) counts of acceptors from SDPs through the district health authorities. The NFWC should also make periodic estimates of continuation rates by contraceptive method, and use these estimates together with acceptor information to produce periodic estimates of continuing users and contraceptive prevalence rates, using available mathematical formulas. It is expected that the reorganization of the FP service statistics system will be a high priority item in the general reorganization of the MOH's information system (Para. 21 below).

16. Manpower and Training (Paras 4.34 to 4.43 of Appraisal Report).

(a) Strengthening of District-Level Management. The training of District Health Management Teams is proceeding well. The first phase of training has now been completed. During this phase, the teams were given instruction in general planning and management principles; developed 5-year district health development plans; and carried management problem-solving exercises related to one major management problem in each district. The next training phase, to start in January 1984, will focus on the development of annual health plans.

(b) Additional Staff for Rural Health Facilities. The MOH has confirmed that in FY1983/84 additional staff will be posted to RHFs in accordance with the provisions of the Appraisal Report. MOH has also decided that during the present 5-year Development Plan (FYs 1983/84 to 1987/88), 50% of all graduating ECNs will be posted to RHFs. Moreover, over the same period, all COs are to be phased out of hospitals, and many will be redeployed to RHFs. As a preliminary step, COs are presently being redeployed from inpatient to outpatient services within the hospital sector.

(c) New Schools for ECNs and COs. Refer to Annex 2, 8.01 (k).

17. Drug Supplies for Rural Health Facilities (Paras 4.44 to 4.49 of Appraisal Report). This component continues to proceed well. Eighteen districts have been covered so far. MOH has decided to speed up the implementation of the program, and it is now expected that the entire country will be covered by the end of 1984. Contraceptives are now being packed in separate kits and added to the essential drugs distribution system. Due to the success of the program, WHO is organizing in Nairobi two new workshops on the program in December 1983 (one for West African participants and another for East African participants). Procurement of locally produced drugs, a point of dispute at the time of the last review mission, is now proceeding smoothly. However, it is too early to tell if the procedures agreed upon by Government and donors will enable satisfactory procurement, as these procedures have not yet been thoroughly tested. The procedures will be reviewed by the MOH and donors (SIDA and DANIDA) after a reasonable time lapse.

18. Construction of MOH Rural Health Facilities (Paras. 4.50 to 4.53 of Appraisal Report). Refer to Annex 2, 8.01 (1). The MOW has proposed three consultant architect firms to conduct the in-site survey of the 62 improvement/upgrading projects. The mission evaluated the selection and determined that the firms' capabilities for the job are adequate. It is expected that further architectural work beyond the survey will be

conducted in-house by MOW. Actual construction is expected to start in July 1984.

19. Transport (Para. 4.54 of Appraisal Report). This component consists of the procurement and deployment of vehicles to improve mobility of rural health services. Bids for the first group of IDA-financed vehicles, comprising all IDA-financed vehicles included in the first and second project year according to the appraisal report, have been received and are being evaluated. (The international competitive bidding also included miscellaneous IDA-financed equipment). Contracts are expected to be signed by December 30, 1983. Bid documents for the second group of IDA financed vehicles and equipment will start to be prepared in early 1984, with bidding expected to take place in June 1984.

20. Maintenance (Paras 4.55 to 4.58 of Appraisal Report). This component consists of two parts: (i) establishment of two maintenance training schools, and (ii) strengthening of the MOH's program for maintenance of unregistered RHFs. The first of these activities is expected to proceed as planned (refer to Annex 2, 8.01(k). Implementation of (ii) is expected to start in FY1984/85, possibly limited to one province (in view of budgetary constraints).

21. Health Information System (Paras. 4.59 to 4.62 of Appraisal Report). Since the last mission, a well-qualified Senior Health Information Consultant has been appointed, initially for a period of 18 months. A candidate for the post of deputy director of the Health Information Unit

has been identified and is to be appointed very shortly. A statistical officer at Level "J" has been sent to Exeter College in the United Kingdom for a 9-month training course. The refresher training of statistical clerks has also continued: since the last mission, 35 clerks in Nyanza Province have been trained. With the appointment of the Senior Health Information Consultant, the task of rationalizing and decentralizing the health information system has started. A complete reorganization of the system is planned, over a period of several years.

22. Health Education (Paras. 4.63 to 4.65 of Appraisal Report). Three health education manuals are currently under preparation by Health Education Unit staff: (i) for health workers, (ii) for primary school teachers, and (iii) for health education officers. Several workshops have been conducted since the last review mission in this connection. Contracts for the production of a 30-minute health education film to be used in mobile vans have been awarded. The development of a health education curriculum for school grades one to three is about to be completed and will be initially introduced in 15 selected schools. The second issue of a Health Education Newsletter for MOH service staff has been produced and is ready for printing. In general, progress in this component continues to be encouraging.

23. Community-Based Health Care (Paras. 4.66 to 4.77 of Appraisal Report). Progress in the implementation of this component continues to be slow. The Director of the headquarters unit charged with coordinating the program has now taken up his post, but he has only a part-time CO as

support staff. (A public health nurse has also been assigned to the unit, but has not yet joined). The training of Community Health Workers (CHWs) has not started yet; it is now expected that it will start in January 1984 in two districts, Kakamega and Nakuru. According to MOH, the initiation of the training of CHWs has been delayed because of the realization that more preparatory work was needed to create a favorable environment for the introduction of the CHWs. To this effect, during the past quarter, a seminar was held at the Africal Medical Research Foundation (AMREF), with participation of Provincial level health staff, AMREF, UNICEF and the Aga Khan Foundation. District Health management teams in the starting nine districts will also attend similar seminars in the near future. To speed up implementation of this component, it is essential that the Director of the headquarters unit be provided with adequate support staff and other necessary resources as soon as possible. MOH management assured the mission they are taking the necessary steps in this regard.

24. Non-Government Organizations (Paras 4.66 to 4.77 of Appraisal Report). Refer to Annex 2, 8.01 (m). The construction program for this component is proceeding well. Bid invitations have been sent to a list of prequalified contractors for the 30 upgrading construction projects. Construction is expected to start in February 1984 for all 30 projects. it has now been decided that the number of nursing schools and rural health centers to be upgraded will remain as originally planned, i.e., three of each. Bid documents for the schools and rural health centers are under preparation.

25. Innovative Activities (Para. 4.83 of Appraisal Report). The response to MOH's invitation (to NGOs) to submit proposals for funding under this component has not been very enouraging: so far, only two proposals have been received. The constraint seems to be the NGOs lack of capacity to develop proposals, rather than lack of interest on their part. The MOH will shortly organize a workshop, with AMREF's assistance, to teach basic project preparation methodology to NGOs. The two proposals received so far are of acceptable quality and will be submitted to the MOH's Innovative Activities Sub-Committee.

IV. Staffing of MOH's Core Project Team

26. Since the last review mission, a Senior Program Evaluator and a Senior Health Planner (both provided by SIDA) have taken up their posts. The first of these two staff will be devoted full-time to work in the project, while the second will also have other responsibilities. It is expected that these appointments will considerably strengthen the team.

27. The team's Senior Accountant has not yet been replaced, but an Accountant I is filling in until a suitable candidate can be identified. He is supported by an Accountant II and other clerical staff. Although the present staff seem to have the accounts situation under control, the mission urged MOH to continue to press for the appointment of a Senior Accountant as soon as possible.

V. Progress Reports

28. The Third Part B Progress Report, covering the period August-October 1983, has been produced by MOH. The first Part A Progress Report was recently produced, covering the period from the beginning of the project up to November 1983. The reports are of acceptable quality.

VI. Next IDA Review Mission

29. The next mission is planned for April 1984.

ANNEX 6
Page 1 of 3

Kenya Integrated Rural Health and Family Planning Project --
Fifth Supervision Mission Report

Officials Met by the Mission

Office of the Vice President and Ministry of Home Affairs

Mr. D. Mwiraria Permanent Secretary

art A, and Director

Kenya Integrated Rural Health and Family Planning Project --
Fifth Supervision Mission Report

Officials Met by the Mission

Office of the Vice President and Ministry of Home Affairs

Mr. D. Mwiraria	Permanent Secretary
Mr. D. Kaniaru	Project Director, Part A, and Director of NCPD Secretariat
Mr. J. Muchira	Accountant, NCPD Secretariat
Mr. M. Kimani	Planning Officer, NCPD Secretariat
Ms. M. Thiongo	Program Coordinator, NCPD Secretariat
Mr. L. Ettyang	Program Officer, NCPD Secretariat
Ms. A. Thairo	Program Officer, NCPD Secretariat

Ministry of Economic Planning and Development

Mr. L. Ngugi	Chief Economist

National Council on Population and Development

Mr. P. Mbithi	Chairman

Ministry of Finance

Mr. E. K. Adagala	Undersecretary
Mr. Tuva	External Aid Division

Ministry of Health

Dr. W. Koinange	Director, of Medical Services
Dr. J. Maneno	Project Director, Part B
Mr. F. Mworia	Deputy Project Director, Part B
Dr. J. Kigondu	Director, NFWC
Mr. N. Kyonzo	Head, Research and Evaluation, NFWC
Mr. N. Nzioka	Head, Information and Education, NFWC
Mr. I. Qureshi	Information and Education Adviser, NFWC
Mr. Marsden	Architect, Planning and Implementation Unit
Dr. Oduori	Director, Community Based Health Care Program

Mr. Ngugi	Administrative Assistant, Core Project Team
Mr. Itotia	Accountant I, Core Project Team
Mr. Kihiko	Accountant II, Core Project Team
Ms. C. Lwenya	Procurement Officer, Core Project Team
Dr. R. Gibson	Planning Advisor
Mr. Kimuhu	Administrative Officer, NFWC
Mr. Erricsson	Senior Program Evaluator, Core Project Team
Mr. Anderson	Senior Health Planner, Core Project Team

Ministry of Works

Mr. G. Nyaseme	Chief Architect

Family Planning Association of Kenya

Mrs. M. Odera	Research and Evaluation Officer

University of Nairobi

Prof. R. Henin	Population Studies and Research Institute

Kenya Catholic Secretariat

Ms. Rose Wahone

Protestant Churches Medical Association

Dr. G. Irvine	Project Director

USAID, Nairobi

Ms. A. Herrick	Director of Resident Mission
Mr. G. Merritt	Population Officer
Dr. R. Brittanick	Public Health Officer

SIDA

Mr. S. Berg	Resident Representative
Ms. C. Gjerdrum	Senior Program Officer

DANIDA

Mr. P. Larsen	Program Officer

UNFPA

Mr. D. Ehrhardt	Program Coordinator
Mr. C. Olenja	Program Officer
Mr. Ajayi	Desk Officer (New York)

UNICEF

Ms. S. Kellock	Program Officer

British High Commission, Nairobi

Mr. A. Kerr
Mr. J. Drummond

World Bank's Resident Mission for Eastern Africa

Mr. D. Loos	Resident Representative
Mr. M. Baig	Deputy Resident Representative
Mr. V. Fernando	Controller
Mr. Y. Guillou	Controller

12

FORM NO. 1917
(12–82)

EAN PROJECTS DEPARTMENT
ROUTING OF NON-APPRAISAL REPORTS

COUNTRY:	L/C NUMBER:	PROJECT NAME:
KENYA	1304-T-KE	Wildlife and Tourism Project

TYPE OF REPORT: Back-to-Office Supervision Report

	STATE WHICH PARTS OF REPORT EACH ADDRESSEE SHOULD FOCUS ON		CLEARANCE REQUIRED BY CLOSE OF BUSINESS ON: a/
	For Information	For Discussion/Action	
Mr. Wyss	Form 590		
Mr. Bronfman	x		
Mr. Christoffersen			
Mr. Loh			
Mr. Gusten	x		
Mr. Parsons			
EAN Programs Div. Chief (Insert name: D. Dunn)	x		
Country Economist b/ (Insert name: A.Uluatam)	x		
Loan Officer (Insert name: G.McBride)	x		
OPS/PAS c/ V. Rajagopalan (3)	x		
Ms. Ramachandran d/	Form 590		

COMMENTS BY ORIGINATING DIVISION CHIEF: e/

Slow but steady progress. No specific issues.

FROM (SIGNATURE OF DIVISION CHIEF OR DEPUTY):	DATE:
Jozsef B. Buky, Chief, EAPWU	April 20, 1983

FOOTNOTES:

a/ Dates by which draft letters (give annex number) would be issued if no comments are received (deadline by c.o.b. five full working days from date of delivery).

b/ Only if report contains issues which require his/her attention and/or decision.

c/ Where points are flagged to or guidance sought from persons in the Operations Policy Staff (OPS) or Projects Advisory Staff (PAS), their names should be listed.

d/ Supervision Reports (Form No. 590) only.

e/ State if the report raises any issues? if so, indicate relevant paragraph numbers, and/or briefly describe the issue(s) involved.

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

April 20, 1983

TO: Mr. Jozsef B. Buky, Chief, EAPWU

FROM: H. Hechtenberg, EAPWU

SUBJECT: KENYA: Wildlife and Tourism Project
Loan No. 1304 T-KE
Full Supervision Report

1. In accordance with terms of reference dated February 24, 1983, I visited Kenya from March 16 to 26, 1983, to review progress on the implementation of the above project.

2. Further to my back-to-office report of April 5, 1983, attached please find the supervision summary (Form 590) and the following annexes:

ANNEX I : Copies of the letter sent to the Permanent Secretary, Ministry of Tourism and Wildlife, and to the Project Manager;

ANNEX II : Compliance with Major Loan Conditions;

ANNEX III : Revised Schedule of Disbursements;

ANNEX IV : Places visited and officials met on the mission;

ANNEX V : Project Execution.

HH/pp

cc: Messrs. Wyss, Bronfman, Gusten (EAP); Kraske, Dunn, McBride, Thomas, Uluatam (EA1): Rajagopalan (PAS)(3); Madavo (URB)(3), Simmons (URB); Helne (LOA); van Puymbroek (LEG); Westin (EAPWU); Loos (RMEA); EA Info Center.

FORM NO. 590
(1–79)

THE WORLD BANK

IBRD AND IDA – SUPERVISION SUMMARY

This summary is: [ ] the initial summary; [X] part of a mission report; [ ] an annual update

For detailed instructions on completion of this form, please see Attachment A to the Annex of OMS 3.50.

THIS FORM IS A STOCKROOM ITEM.

Regional Office:	Project Name:	Project Code:	Loan [X] Credit [ ] No.:	L/C Amount ($xx.xm):
EAP	KENYA: Wildlife and Tourism Project	2KENQQ01	1304-T-KE	$17.0m

Country:	Borrower/Beneficiary:	Board Date:	Signing Date:	Effective Date:
Kenya	Republic of Kenya	7/1/76	7/9/76	11/10/76

Projects Dept./Div. Name:	Org. Code No.:	Projects Officer:	Loan Officer:
EAP/Water Supply/Urban	126/60	H. Hechtenberg	D. Thomas

SECTION 1: SUMMARY PROJECT DESCRIPTION The project consists of development of selected wildlife areas (Part I); improvements at Lake Turkana National Park (Part II); construction of gameproof barriers (Part III); establishment of a Wildlife and Fisheries Institute (Part IV); assistance for the Wildlife Clubs (Part V); establishment of a Wildlife Planning Unit (Part VI); studies on Wildlife and Tourism Development (Part VII); and equipping of anti-poaching units (Part VIII).

SECTION 2: PERFORMANCE RATING

	This Summary	Last Summary
STATUS: 1 - Problem-free or Minor Problems; 2 - Moderate Problems; 3 - Major Problems	1	2
TREND: 1 - Improving; 2 - Stationary; 3 - Deteriorating	2	2
TYPES OF PROBLEMS: F - Financial; M - Managerial; T - Technical; P - Political; O - Other *(Explain in Section 6.)* If more than one type of problem, enter most critical factor first.	F	P
IMPLEMENTATION STATUS: 1 - Problem-free or Minor Problems; 2 - Moderate Problems; 3 - Major Problems		
Disbursements	2	1
Estimated Cost	1	1
Anticipated Completion	1	2
Compliance with Loan Conditions	2	2
Project Finances	2	1
Management Performance	1	1
Procurement Progress	1	1
Performance of Consultants	2	1
Reporting	1	2
DEVELOPMENT IMPACT: 1 - Problem-free or Minor Problems; 2 - Moderate Problems; 3 - Major Problems		
Expected Benefits	1	1
Rate of Return	1	1
Institution-Building	1	1

SECTION 3: PROJECT DATA

Estimated/Actual:	Project Completion (Mo./Yr.)	Loan/Credit Closing (Mo./Day/Yr.)	Total Project Cost ($xx.xm)	of which: Foreign Currency ($xx.xm)	Local Currency ($xx.xm)	Cumulative Disbursements through most recent Quarter ended (03/31/83) ($xx.xm)
Appraisal Est.	06,81	06,30,82	36.4	17.0	19.4	13.0 (Est.)
Last Summary (05/19/82)	03,84	06,30,84	36.4	17.0	19.4	
Current	03,84	06,30,84	32.1	17.0	15.1	10.9 (Actual)

SECTION 4: MISSION SCHEDULE

	No. of Staff on Mission	No. of Days in Country	Return to HQ (Mo./Day/Yr.)	Final Report Date (Mo./Day/Yr.)
Latest/Present Mission	1	11	03,31,83	04,20,83 (FS)*
Previous Mission	2	12	05,06,82	05,24,82 (CS)*

Next Mission Departure (Mo./Yr.) 10,83

Recommended interval between missions (Months) 6–7

End of period covered by latest progress report (Mo./Day/Yr.) 12,31,82

* *Type of Report: FS = Full Supervision; CS = Combined Full/B-T-O; C = Completion; A = Appraisal; O = Other (explain below)*

Names of Mission Members	Mission Members' Specializations
H. Hechtenberg	Sr. Municipal Engineer

Number of members on both present and previous mission:

None [ ]
One [X]
Two or More [ ]

SECTION 5: COMMENTS *(Explain "Other" in Section 2 and clarify, if necessary, data in Sections 3 and 4.)*

SECTION 6: SUMMARY OF PROJECT STATUS, TREND AND MAJOR PROBLEMS

6.1 Construction of most housing and community facilities, except the Naivasha Institute, has been completed. Occupation of several facilities, however, is delayed pending completion of water supply and electrical installations arranged by the Ministry of Works and Housing. The Naivasha Institute is now not expected to be completed before early 1984.

6.2 Following the postponement of the Closing Date to June 30, 1984, further financing from the Loan will cover the remaining civil works, activities of the Project Management Unit, the Wildlife Planning Unit and the road construction units, and the erection of further game-proof barriers. Performance on all these activities is satisfactory.

6.3 In March the Treasury ordered various expenditure control measures restricting all spending against recurrent and capital works budgets, with the exception of salaries and wages and specifically mentioned allocations. All aid assisted projects, including the Wildlife and Tourism Project, are being reviewed in order to recommend continuation, reduction in scope or cancellation. At the time of the mission a decision had not been made.

6.4 Government intends to propose to increase the percentage of expenditures to be financed from proceeds of the Loan, raising the overall financing of the remaining components from about 48% to 76%, because actual foreign exchange requirements for those parts, consisting mainly of operation of plant and vehicles, have risen considerably above those estimated at appraisal. Additional funds could be met from expected savings under the project, estimated at about US$2.7 million. The savings result mainly from the devaluation of the Kenya Shilling against the US Dollar.

SECTION 7: MISSION RECOMMENDATIONS AND MANAGEMENT ACTION REQUIRED

7.1 The mission recommends that:

(a) letters be sent to:

(i) The Permanent Secretary, Ministry of Tourism and Wildlife; and,
(ii) the Project Manager summarizing major points of discussions held during the mission (Annex I, Attachment 1 and 2); and

(b) favorable consideration be given to Government's proposal for an amendment of disbursement percentages when such a request is received.

7.2 The next supervision mission should be scheduled for September/October 1983

NAME OF PREPARING OFFICER:	INITIALS:	DATE:
Heinz Hechtenberg	HH	April 20, 1983

The World Bank / 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 477-1234 • Cables: INTBAFRAD

April 12, 1983

Mr. A.W.Mbogho
Permanent Secretary
Ministry of Tourism and
Wildlife
P.O. Box 30027
Nairobi, Kenya

Dear Mr. Mbogho:

Re: Wildlife and Tourism Project
Loan NO. 1304-T-KE

I would like to thank you and officials of your Ministry for the cooperation and courtesies extended to Mr. Hechtenberg during his recent visit to Kenya when progress on the above project was reviewed. We have had the opportunity to discuss the findings of the mission and I would like to communicate to you the main items which, I understand, were discussed during the visit.

We are pleased to note that overall progress during the recent months has been satisfactory. There are, however, two areas of concern which I would like to discuss briefly.

First, we understand that the Treasury issued a circular to all Government departments on March 4, 1983, drastically restricting all Government expenditures and affecting current as well as capital budgets. A review regarding future handling of aid supported projects was being carried out but had not been completed at the time of Mr. Hechtenberg's departure. As a consequence, virtually all activities under the project came to a temporary standstill. We would, therefore, appreciate it if you could inform us as soon as any decision regarding the continuation of the project is taken.

Total cost of remaining activities to be financed from the Loan were reviewed with the Project Manager. From the review it appears that savings from Loan proceeds in the region of US$2.7 million could be expected if financing according to present disbursement percentages would continue. These savings seems to result mainly from changes in the exchange rate of the KShs. against the US Dollar, the currency of the Loan, during the period of implementation. The review further revealed that the foreign exchange portion of the remaining items to be financed, i.e. mainly operation of construction equipment and plant and vehicles, seem to have increased considerably since the time of project appraisal in 1973/76.

We understand that you have forwarded a proposal to the Treasury for an increase of the percentages of expenditures to be financed from the Loan for several Loan categories, which would increase the overall financing of the components remaining to be financed from about 48% to about 70 to 75%. We look forward to receive a corresponding request from the Treasury for our review. In addition to accelerated disbursements of Loan proceeds such measure would hopefully also assist Government to cope with its difficulty budgetary situation.

The second item of concern relates to physical components of the project. Many housing and community facilities for park staff and anti-poaching forces have been completed and would be ready for occupation save for lack of water and/or power, furniture and other items. The reason seems to be the rather slow progress by the Ministry of works and Housing in initiating works to be carried out by subcontractors and/or suppliers.

Although final agreements with County Councils regarding the management of National Reserves as foreseen under the project have not yet been reached we are pleased to learn that efforts are continuing. We understand that His Excellency, the President has directed in November 1982 that the collection and distribution of revenues in the Samburu/Buffalo Springs Reserves become the responsibility of the Wildlife Department of your Ministry, and that further details are now being worked out. Regarding Masai Mara, we understand negotaitions are progressing well.

As you will recall, two studies were carried out as part of the project, i.e. the tourism pricing study and a study of very large herbivores. We understand the results and recommendations given in the studies are being reviewed by Government and would appreciate receiving its views on them.

The mission reported that the assistance provided by CIDA to the Wildlife Planning Unit (WPU) over the past three years will now phase out by July 1983. It was also reported that steps are being taken to replace the leaving Canadian staff by suitable local staff. We would appreciate it if special attention and support would be extended to the Unit so that its important tasks can continue. As mentioned by the mission funds were provided under the project for the staffing, including consultants, and operation of the WPU. These are at your disposal.

As mentioned above, we look forward to receiving your views and information, in particular in respect of the financing of further activities and the future of the project at your earliest convenience.

In view of his interest in these matters, I have taken the liberty of sending a copy of this letter to the Permanent Secretary, Ministry of Finance.

Yours sincerly,

Jozsef B. Buky
Chief
Water Supply and Urban Development Division
Eastern Africa Projects Department

cc: Mr. H.M. Mule, Permanent Secretary, Ministry of Finance
P.O. Box 30007, Nairbi, Kenya.

cw & cc: Mr. Thomas (EA1)
cc: Messrs. Baig (RMEA); Simmons (URB); Helne (LOA).

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April 20, 1983

Mr. B.G. Kinuthia
Project Manager
Wildlife and Tourism Project
P.O. Box 42076
Nairobi, Kenya

Dear Mr. Kinuthia:

Re: Wildlife and Tourism Project
Loan No. 1304-T-KE

I should like to thank you, Mr. Barrah and your staff for the cooperation and courtesies extended to Mr. Hechtenberg during his recent visit to Kenya to review the progress in implementation of the above project.

I understand that the estimated total project cost and, in particular, the cost of activities remaining to be financed from the Loan were reviewed and that from this review it appears that savings from Loan proceeds in the order of US$2.7 million could be expected if financing in accordance with present disbursement percentages would continue. This seems to result mainly from changes in the rate of exchange between the currency of Kenya and the U.S. Dollar, the currency of the Loan. As I further understand that the Government intends to request that percentages of expenditures to be financed from the Loan be increased for several Loan categories in order to cover foreign exchange requirements which have increased beyond levels estimated at the time of project appraisal, a separate letter has been sent to the Permanent Secretary of the Ministry of Tourism and Wildlife dealing with this and other broader aspects of project implementation.

Below I would like to summarize and review further subjects discussed during the mission.

A copy of the progress report for the quarter ending December 1983, receipt of which we had acknowledged by our letter of March 22, was received by the mission and discussed with you. We find the report well prepared and have no further comments to offer.

The mission, assisted by Mr. J. Dambski of our Resident Mission, discussed with you and the project accountant the status of accounts and audits and procedures used for disbursements against statement of expenditures. We are pleased to note that project accounts are up-to-date and that procedures used in connection with statements of expenditures were found satisfactory. We are concerned, however, about the rather slow performance in auditing the accounts. Audit reports for FY1978/79 and1979/80 are long overdue. We would appreciate your following up on their completion by the Controller and Auditor General's office and look forward to receiving copies of the certificates soon.

It was reported that one of the three aircrafts of the anti-poaching forces financed from proceeds of the Loan crashed about two months ago and has been written off. We understand payment from the insurance company has been received. As mentioned in the discussion with Treasury officials, the aircraft should be replaced soon in order to enable the anti-poaching unit concerned to continue its successful operation. Please keep us informed on how this is planned to be done.

Regarding the agreements with County Councils for the management of National Reserves as foreseen under the project, we are pleased to note that negotiations are continuing and that some progress is being made. Again, we would appreciate being kept informed on further developments.

Progress made in the implementation of construction contracts and of game viewing tracks by the road construction units was found generally to be satisfactory. As mentioned earlier, however, the delays in the occupation of housing and community facilities experienced due to delays in arrangements for completion of water supply and electrical installation components by the Ministry of Works and Housing raise concern. Your continued effort in expediting the activities appears to be required to minimize unnecessary cost to Government.

We learned with regret that the completion of the Naivasha Institute will be delayed further due to the accidental death of the main contractor. We understand that legal implications have been resolved now and that work is progressing.

It appears advisable to expedite the procurement of vehicles and equipment not included in the civil works contract so that these would be available at the time of completion of the construction.

The mission reported that bids have been received for the erection of game-proof fences at Meru National Park, Shimba Hills and the Naivasha Institute. The evaluation of the bids and recommendations for award of contracts sent to the Central Tender Board were discussed by you with the mission which found the evaluation well done. We look forward to receiving the Central Tender Board's decision soon for our review and formal concurrence.

Finally, regarding the temporary suspension of expenditures ordered by the Treasury, we hope that a favorable decision for the continuation of project activities will be reached soon so that progress can continue and that activities and disbursements can be completed by the Closing Date of June 30, 1984.

May I again thank you for the excellent support to the mission.

With best regards,

Yours sincerely,

Jozsef B. Buky,
Chief
Water Supply and Urban Development Division
Eastern Africa Projects Department

cc: Mr. D. Sindiyo, Director, Wildlife Conservation and Management Department, P.O. Box 40241, Nairobi, Kenya

cw & cc: Mr. Thomas (EA1)
cc: Messrs. Baig (RMEA); Simmons (URB); Helne (LOA).

KENYA: WILDLIFE AND TOURISM PROJECT

COMPLIANCE WITH MAJOR LOAN CONDITIONS

Conditions not Complied with:

Section 4.03	maintain insurance with responsible insurers, against such risks and in such amounts, in relation to the facilities included in the Project, as shall be consistent with appropriate practice. (Insurance policies are maintaned only in respect of aircraft. Losses and/or damages in respect of Government vehicles and other facilities are covered through provisions in the annual budget. Confirmation on this policy is being awaited).

Conditions on which action pending:

Section 3.07 (a)	agreements in writing with County Councils regarding the management of National Reserves included in the Project and the payment of certain minimum returns to the Councils. (Because of County Council's reluctance to conclude such agreements, slow progress has been made so far. See Annex V, paras. 14 to 16).
Section 4.02 (c)	furnish to the Bank audited accounts of the Project Management Unit not later than four months after the end of each financial year. (Accounts for 1978/79 and 1979/80 have been audited in 1982. Certificates from the Auditor General are expected in May 1983. Accounts for 1980/81 have been completed and sent to the Auditor General. The 1981/82 are presently being finalized.)

Conditions Met:

Section 3.02/3.10	establishment and staffing of a Project Management Unit.
Section 3.07	entering into guaranteed minimum return from Wildlife (GMRW) agreements with ranchers in the Amboseli and Masai Mara areas.

Section 3.08	all road and other construction within parks and reserves included in the project are carried out in accordance with development plans prepared by the Wildlife Planning Unit and approved by the Ministry.
Section 3.11	proper maintenance of existing gameproof barriers and adequate budgetary provision for such purposes.
Section 3.12	the organization and staffing and maintaining of an anti-poaching section within the Service.

KENYA: WILDLIFE AND TOURISM PROJECT

SCHEDULE OF DISBURSEMENTS

(as of April 1983)

IBRD Fiscal Year and Semester	Actual Total Disbursement	Appraisal Estimate	Latest Revised Estimate (April 1982)	New Disbursement Estimate	Actual or Latest Estimated Disbursements as % of Appraisal Estimates
1977					
1st					
2nd		375			
1978					
1st		4,175			
2nd		5,905			
1979					
1st		7,885			
2nd		10,060			
1980					
1st		12,300			
2nd		13,955			
1981					
1st		15,365			
2nd		16,340			
1982					
1st		17,000			
2nd					
1983					
1st	10,863 1/		14,000	13,000	76.5
2nd			15,500	15,500	91.2
1984					
1st			16,500	16,500	97.1
2nd			17,000	17,000	100.1
Closing Date		6/30/82	6/30/84	6/30/84	

1/ As of April 12, 1983.

ANNEX IV

Officials met on the Mission

Ministry of Tourism and Wildlife

Mr. J. Gitau	Deputy Secretary
Mr. C.N. Chomba	Sr. Assistant Secretary
Mr. D.M. Sindiyo	Director Wildlife Conservation and Management Department (WCMD)
Mr. J.O. Ochoki	Deputy Director, WCMD
Mr. D.M. Mbuvi	Principal, Naivasha Institute
Mr. M.K. Kaittany	Head, Wildlife Planning Unit (WPU)
Mr. T. Goss	Sr. Warden, Anti-Poaching Forces
Mr. B.G. Kinuthia	Project Manager
Mr. J. Barrah	Assistant Project Manager
Mr. A.G. Maina	Project Accountant
Mr. R.O. Oguya	Warden, Amboseli National Park
Mr. J. Naiguran	Sr. Warden, Mara National Reserve

Ministry of Finance

Mr. S. Shitemi	Director, External Aid Department

Canadian High Commission

Mr. P. Fauteaux	Second Secretary (Project Officer for WPU)

Regional Mission in Eastern Africa (RMEA)

Mr. D.E. Loos	Director
Mr. M.T. Baig	Deputy Res. Rep., Kenya
Mr. J. Dambski	Sr. Disbursement Officer

KENYA: WILDLIFE AND TOURISM PROJECT
PROJECT EXECUTION

Staffing of Project Management Unit (PMU)

1. The former Project Accountant, Mr. Kimani, has been sent for further training. He has been replaced by Mr. A.G. Maina who appears to be well qualified for the position.

2. With project activities slowing down now the backlog of work in the accounts section has been reduced considerably and overall situation has improved.

Wildlife Planning Unit (WPU)

3. The mission was informed that the assistance provided by CIDA to the WPU will terminate at the end of July 1983 and that the last Canadian staff member will depart at that time.

4. The Unit is now integrated in the Wildlife Conservation and Management Department (WCMD). Both the Director, WMCD and the Head of WPU, assured the mission that adequate Kenyan staff will be provided, if necessary by secondment from the Department, to ensure the continuing operation of the Unit.

5. The mission has repeatedly pointed out that Loan proceeds are available to partly finance staffing, including expatriates and/or consultancy services for the Unit if need arises and if Government is prepared to use Loan funds for that purpose. However, Government's reluctance to use Loan proceeds for such purposes seems to continue.

6. Details on the present and future work program of WPU are contained in the quarterly progress report for the period ending December 1982. Regarding work directly related to the Bank-financed project, it consists mainly of he establishment of management plans for Amboseli National Park and for Masai Mara and Samburu/Buffalo Springs National Reserves. While the plan for Amboseli was completed some time ago, the management plan for Masai Mara is in its draft final stage. It has been presented to the Wildlife Department and to the Narok County Council for review and comments. Only minor revisions are anticipated and publication of the plan is expected soon. Work on the Samburu/Buffalo Springs management plan is progressing and now scheduled for completion by the end of 1983.

Reporting and Audit Requirements

7. A copy of the quarterly progress report for the period ending December 1982 was received by the mission and discussed with the Project Manager. No particular issues evolved.

8. A review of project accounts was carried out with assistance from Mr. Dambski, Senior Disbursement Officer of RMEA, with particular attention to Statement of Expenditure (SOE) procedures. Items claimed against SOE on withdrawal application No. 50 of January 19, 1983, and falling under categories 5(b) and 8(c) were examined. The supporting documents were produced and found in order both in respect of correct amounts requested and the eligibility of the underlying expenditures.

9. Final project accounts for FY1978/79, 1979/80 and 1980/81 have been completed and audited by the Controller and Auditor General. He is expected to issue certificates within the next couple of months. The FY1981/82 project accounts are being finalized.

Tourism Pricing Study and Study of Very Large Herbivores

10. Both studies were financed from proceeds of the Loan and were completed by consultants some time ago. Government, however, has not yet completed its review of the studies and the recommendations contained therein. Attention was drawn to the provision of Section 3.09(b) of the Loan Agreement which requires Government to consult with the Bank on findings of the studies and on measures planned to be adopted by Government following the studies.

Anti-Poaching Activities

11. Poaching of wildlife in general does not seem to pose a serious problem anymore, although subsistance poaching appears to be increasing somewhat in the Narok area. Besides Narok anti-poaching activities are concentrating in Lamu District where shifta gangs are currently involved in poaching. Statistics on anti-poaching activities are given in the quarterly progress report of December 1982.

12. The anti-poaching unit headquarters established under the project at Manyani (Tsavo National Park) and at Garissa are now occupied and have improved living conditions of the forces considerably. The facilities built near Narok will be occupied when water will become available; currently estimated by about May 1983.

13. One of the three aircrafts financed from the Loan crashed about two months ago and has been written off. Payment from insurance has been received and the Treasury has been requested to use the funds to replace the aircraft, possibly by a second-hand plane if funds are not sufficient to buy a new one. Of the vehicles all trucks are operational, but four of the landrovers had to be written off. These have been replaced by Government.

14. It was reported by the Head of the anti-poaching units that in prosecuting cases of poaching, court procedures have improved because a special unit of the CID has been assigned to carry out investigations and some cases were presented by the Attorney General himself.

Agreements with County Councils

15. The Loan Agreement (Section 3.07(a)) foresees that Government shall enter into agreements in writing with Narok, Samburu and Isiolo County Councils, providing for Government to manage on behalf of the Councils, the Masai Mara, Samburu, Buffalo Springs and Shaba National Reserve and to pay to the Councils certain minimum returns from the Reserves. However, so far the County Councils concerned have been reluctant to conclude such agreements.

16. At the request of the Bank, Government has given an assurance that it will provide or cause to be provided funds adequate for the maintenance and operations of facilities included under the project located in areas under the jurisdiction of the Councils until negotiations have been finalized.

17. Some progress is now being made. For Samburu and Buffalo Springs National Reserves, His Excellency, the President directed in November 1982, that the collection and distribution of revenues become the responsibility of the Wildlife Department in the Ministry of Tourism and Wildlife. Details on how this is to be accomplished are, however, still being worked out. Regarding Masai Mara, negotiations are continuing on the basis of the draft Management Plan prepared by the WPU.

Implementation of Physical Project Components

18. Almost all civil works and building contracts for staff housing and community facilities, with the exception of the Naivasha Institute have been completed. However, only few of the facilities are occupied because of the Ministry of Works and Housing's slow progress in appointing subcontractors for remaining water supply and electrical installation and also suppliers for furniture, equipment and tools for workshops. According to the Ministry's procedures separate tender must be invited for such items even in cases where provision was made in construction contracts as Prime Cost (P.C.) or Provisional Sum (P.S.) items.

19. The status of individual contracts is as follows:

(a) Anti-poaching Unit Headquarters at Garissa. All facilities are occupied and furnished. The E.A. Power and Lighting Company has just completed the power supply from the power network at Garissa;

(b) Anti-poaching Unit Headquarters at Manyani (Tsavo West National Park). Work is complete and facilities are occupied. Furniture is being supplied and the installation of workshop plant is in progress;

(c) Anti-poaching Unit Headquarters at Narok. Construction work is complete. Work on the water distribution tank and installation of equipment for the workshop is still ongoing. Completion is expected by May 1983;

(d) Anti-poaching staff houses at Ngong. The two houses have finally been completed. Work on the electrical connection and on water supply is progressing and is expected to be completed by July 1983;

(e) Amboseli National Park Headquarters. Construction has been completed and facilities are scheduled to be taken over in April. Tenders for the supply of furniture have been invited and bids are due by April 8. Supply is expected by about June. Fuel tanks for electric generators are also out for tender. Construction of the access road, however, has not yet started. The Ministry of Works has invited tender and completion of works is now estimated by early 1984;

(f) Amboseli Park Improvements (Entrance Gates and Houses). The contract has been completed with the exception of water supply which is in progress;

(g) Samburu/Buffalo Springs Headquarters at Archer's Post. All works are complete and were taken over in February 1983;

(h) Samburu/Buffalo Springs Reserves Improvements. Except for water supply to one gate and adjacent staff houses, construction has been completed. Temporarily, water will be supplied by tanker;

(i) Masai Mara National Reserve Headquarters. Completion of construction is scheduled for April 1983. However, water supply is not yet available and a contract has not yet been awarded. An order for the crane and compressor for the workshop has been placed by the subcontractor. He is not waiting for the issue of an import licence. The provision of fuel storage tanks is also being awaited;

(j) Masai Mara Improvements. Due to heavy rains, transport to the sites was very difficult. Therefore, the time for completion was extended to April 1984;

(k) Naivasha Institute. The contract for the construction of the academic facilities commenced in March 1981, but only about 50% has been completed so far. Following the death of the main contractor in a traffic accident in November 1982 work came to a standstill because legal implications had to be resolved. Work has continued recently and completion is now scheduled for early 1984. In the meantime, tender documents are being prepared for equipment not included in the civil works contract for issue in August. Delivery is expected by early 1984, in time for the completion of construction. Vehicles to be financed from the Loan are proposed to be procured through normal Government contract procedures. A steering committee under the chairmanship of the principle has been set up to deal with all aspects of the Institute;

(l) Staff housing for the Institute, built under a separate contract is complete. Water, however, is not yet available because the water supply component is part of the contract for the Institute. The contractor has been asked to give priority to water supply so that availability is now expected by mid-1983; and,

(m) Construction of the Fishery Station, which originally was included in the contract for the Institute, has been deleted from the present contract because the site for the establishment of the Station at the shore of Lake Naivasha became unavailable. A new site has been acquired and is presently being surveyed so that design can be prepared. It appears doubtful that this component can be completed before the Closing Date of June 30, 1984.

Construction of Gameproof Barriers

20. About 160 km of game moats have been dug, mainly in the area of the Aberdare National Park, at the cost of about K£216,000.

21. Experience has shown that generally high tensil steel fences of various configurations are more effective and require less maintenance than moats. The following lengths of fences have so far been erected under the project:

(a) 25 km at Loita Hills (Masai Mara);
(b) 29 km at Shimba Hills National Reserve;
(c) 25 km at Meru National Park and Manyani; and
(d) about 20 km of electric wires on top of game moats in the Aberdares.

22. To complete the program, tenders have been invited and received for:

(a) 20 km at Meru National Park;
(b) 20 km at Shimba Hills National Reserve; and
(c) 18 km at the Naivasha Institute.

A copy of the bid evaluation was received by the mission. Recommendations for the award of contracts have been sent to the Central Tender Board and its decision/concurrence is being awaited. The total cost of (a) and (b) is about KShs. 3.4 million and for (c) about KShs. 2 million. The erection of the fence for the Naivasha Institute would be financed from Category 3(a), Civil Works.

23. According to Schedule 1 to the Loan Agreement only 25% of expenditures for game-proof barriers would be financed from the Loan, based on the assumption that most barriers would consist of hand-dug moats. As foreign exchange requirements for the erection of fences is much higher Government proposes to request an increase of the percentage to 80% which could be financed from anticipated savings (see paras 28 to 30). The request appears to be justified.

Construction of Game Viewing Tracks

24. The three road construction units established under the project have commenced work and the following lengths (including drifts and culverts) have been completed so far:

(a) about 200 km at Amboseli National Park;
(b) about 100 km at Masai Mara;
(c) about 18 km at Samburu; and
(d) about 40 km at Shaba National Reserve were graded. Murram was provided for some sections.

25. The mission visited Amboseli National Park and found the tracks well constructed. The provision of additional tracks greatly facilitates the effort of the park rangers to prevent vehicles from driving across the open land. As a consequence vegetation in the park has improved noticeable.

26. Because of the various expenditure control measures ordered by the Treasury on March 4 (see para. 32) all activities of the road construction unit came to a halt and equipment and staff are sitting idle awaiting Treasury's decision on whether the project may continue.

Disbursements and Project Cost

27. Disbursements from proceeds of the Loan amount to about US$10.9 million, about 64% of the total Loan, or about 85% of the revised disbursement estimate of April 1982. Main reasons for the rather slow progress in disbursements are (i) late start of project implementation; (ii) cumbersome procedures by Ministry of Works and Housing in selection of engineering consultants, tendering and award of contracts, and (iii) consequent late start of civil works contracts. The devaluation of the Kenya currency against the US Dollar also contributed to slower disbursement than anticipated at the time of appraisal. A revised schedule of disbursements is presented in Annex III.

28. The estimated total project costs were reviewed with the Project Manager and compared with the appraisal estimate (see Attachment 1). Whereas costs expressed in K£ are expected to increase by about 9%, they are expected to decrease by about 12% if expressed in US Dollar, the currency of the Loan. The revised cost estimate is based on the assumption that following expenditures would continue to be financed until the Closing Date of June 30, 1984:

(a) Completion of civil works, variation orders, retention money and costs incurred due to remeasurements/price fluctuations as provided for in contracts;

(b) Performance of consultants;

(c) Operation of Project Management and Wildlife Planning Units;

(d) Operation of vehicles and aircraft for Anti-Poaching Units;

(e) Operation of road construction units;

(f) Procurement of vehicles and equipment for the Naivasha Institute; and,

(g) Erection of game-proof fences at Meru, Shimba Hills and Naivasha, for which bids were already received.

29. A review of the projected schedule of expenditures and disbursements for the remaining period of implementation revealed that an amount of about US$2.7 million could be expected to be saved from proceeds of the Loan if financing according to present disbursement percentages would continue. The amount was arrived at from the following brief calculation:

	US$ (million)
Total Loan	17.0
Amount disbursed	10.9
Balance	6.1
Estimated disbursements to June 30, '984, at present percentages of expenditures to be financed	3.4
Anticipated savings	2.7

30. These savings seem to result mainly from the devaluation of the Kenya Shilling against the US Dollar because all expenditures were made in Kenya Shillings. On the other hand, actual foreign exchange requirements, particularly for components remaining to be financed and consisting mainly of operation of plant and vehicles, have risen considerably above those estimated at appraisal in 1975/76. For example, the operation of road construction equipment is financed under Category 1 at 40%, and the erection of game-proof fences under Category 2(b) at 25% (see para. 21).

31. Government, therefore, intends to propose an increase in percentage of expenditures to be financed from the Loan for all disbursement categories except for salaries and consultant services which are local expenditures. The proposed increases would result in an overall financing of remaining activities of about 76% as compared with about 48% in the past and could be financed from anticipated savings. The mission reviewed Government's preliminary proposal and is of the opinion that it is well justified. The increase in financing would also assist Government in its effort to deal with the serious budgetary situation. In its meeting with Treasury officials the mission was informed that a detailed request was being prepared and would be submitted to the Bank shortly.

33. Originally, an interministerial committee was given the task to review all foreign aid assisted projects within three weeks and to recommend continuation, reduction or cancellation of individual projects. AT the time of the mission this task had not yet been completed. It was indicated, however, that the Wildlife Project was not on the "hit list". Treasury officials confirmed that they would "argue" for the continuation of the project.

34. After the return of the mission, the Division was advised by RMEA that implementing Ministries have submitted their proposals to the Treasury which in turn has consolidated and forwarded them to the Office of the President. The Office of the President's review is currently in hand and should be completed by the end of April. Early in May discussions are planned with aid donors.

REVISED ESTIMATE OF PROJECT COSTS

	Appraisal Estimate (K£'000)	Revised Estimate (K£'000)
Park Improvements		
A. Amboseli	(326.2)	(339.0)
Improvements	30.7	315.0
Game Viewing Tracks	240.0	- 1/
Vehicles	55.5	24.0
B. Masai Mara:	(338.2)	(920.0)
Improvementes	80.8	882.6
Game Viewing Tracks	240.0	- 1/
Vehicles	17.4	37.4
C. Samburu/Buffalo Springs:	(312.6)	(404.0)
Improvements	44.6	379.7
Game Viewing Tracks	240.0	- 1/
Vehicles	28.0	24.3
D. Lake Turkana:	(98.5)	(81.5)
Improvements	50.0	40.0
Vehicles	48.5	41.5
Sub total	1,075.5	1,744.5
Park Headquarters		
E. Amboseli:	(723.5)	(1,190.0)
Headquarters		(1,170.0)
Water Supply		20.0
F. Masai Mara:	(635.7)	(973.0)
Headquarters		954.0
Water Supply		20.0
G. Samburu/Buffalo Springs	(558.5)	(1,042.0)
Headquarters		1,022.0
Water Supply		.20.0
Sub total	1,917.7	3,206.0

1/ Cost included in operation of road construction units (H).

		Appraisal Estimate (K£'000)	Revised Estimate (K£'000)
H.	Road Construction Units:	(1,533.6)	(1,886.5)
	Equipment	856.8	936.5
	Operation and Maintenance	676.8	950.0
I.	Game Proof Barriers:	(615.2)	(745.0)
	Fences - Meru I & Manyani		
	Fences - Meru II, Aberdares, Loita, Shimba Hills		
	Moats (future)		
J.	Naivasha Institute:	(1,264.3)	(2,936.0)
	Staff Housing & External Works	320.3	2,436.0
	Institute	743.0	
	Vehicles	201.0	500.0
	Aircraft		
K.	Wildlife Clubs:	22.8	27.0
L.	Anti-Poaching Units:	(1,479.6)	(3,055.0)
	Headquarters at Garissa	192.3	652.2
	Headquarters at Manyani	192.3	642.5
	Headquarters at Narok	192.3	462.8
	Houses (2) at Ngong		50.0
	Vehicles and aircraft	337.2	474.2
	Operating Costs	516.0	700.0
	Camping Equipment	15.0	15.0
	Radios	34.5	8.3
	Narok Water Supply		50.0
	Technical Assistance		
M.	Wildlife Planning Unit:	(1,210.3)	(860.5)
	Personnel	504.5	200.0
N.	Pricing Study		131.6
	V.L.H. Study	538.2	360.0
	Other studies and equipment		
	Vehicles	28.8	26.8
	Operating Costs	90.0	93.3
	Other Expenditures	48.8	48.8

		Appraisal Estimate (K£'000)	Revised Estimate (K£'000)
O. Project Administration:			
Project Management Unit:		(492.9)	(596.0)
Personnel		409.5	400.0
Vehicles		24.4	50.0
Operating Costs		54.0	150.0
Others		5.0	5.0
P. Professional Services		697.5	980.0
	Sub total	10,309.4	16,036.5
Contingencies	(42.2%)	(4,355.9)	
Physical Increase		822.0	
Price Increase		3,533.9	
	GRAND TOTAL K£(000)	14,665.3	16,036.5
	US$(000)	36,435.5	32,073.0
	(Rate of Exchange)	(1:0.4025)	(1:0.50)

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