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Washington, D.C.

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PUBLIC DISCLOSURE AUTHORIZED

McNamara Papers

Contracts
Kenya (1968-1980)

RETURN TO ARCHIVES IN MC C3-120

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BOX # 11

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The World Bank Group
Archives



1771108

A1993-012 Other #: 11

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Contacts with member countries: Kenya - Correspondence 01

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WBG Archives

KENYA

KENYA

1. 5/16/68 Bruce McKenzie, Minister of Agriculture and Animal Husbandry,
accompanied by two
- 4/17/69 Ambassador Nabwera
2. 5/7/69 Vice President Daniel Teroitich Arap Moi
3. 5/22/69 Ambassador Leonard O. Kibingi
Counselor of the Embassy Mwashumbe
4. 6/27/69 Bruce McKenzie, Minister of Agriculture and Animal Husbandry
5. 1/15-17/70 Brakel MemCon re visit to Kenya
- 1/15/70 Mrs. Grace Onyango, Mayor
(Kisumu)
- " Bruce McKenzie, Minister of Agriculture and Animal Husbandry
J.W. Khaoya, Assistant Minister of Agriculture and Animal Husbandry
Maina Wanjigi, Assistant Minister of Agriculture and Animal Husbandry
Philip Ndegwa, Permanent Secretary, Ministry of Agriculture and
Animal Husbandry
- 1/15/70 F. Isaac Moreithi, General Manager, Kenya Tea Development Authority
(Mwea)
- 1/15/70 Sidney Meadows, Chairman, Range Management Division, Ministry of
(Sultan Agriculture and Animal Husbandry
Hamud)
- 1/15/70 Bruce Stedman, UNDP Representative
(Nakuru)
- 1/16/70 Dr. Zakariah Onyanka, Minister for Economic Planning
(Mombasa) J.C. Osogo, Minister of Commerce and Industry
J.H. Angaine, Minister for Lands and Settlement
James Nyamweya, Minister of Public Works
Ronald G. Ngala, Minister for Power and Communications
Odongo Omano, Minister of Natural Resources
J.L.M. Shako, Minister for Tourism and Wildlife
T. Arap Towett, Minister of Education
Mwai Kibaki, Minister of Finance
- " President Jomo Kenyatta
- " Humphrey Slade, former Speaker
- " Charles Rubia, former Mayor
- " Dr. Louis S.B. Leakey, noted anthropologist
- 1/16/70 Dr. Arthur T. Porter, Principal, University College
(Nairobi)

1/17/70? Vice President Daniel T. Arap Moi
(Nairobi)

" Isaac Lugonzo, Mayor of Nairobi

" P.N. Sifuma, President, Kenya National Farmers' Union

" E. Marsden, Assistant Editor, East African Standard
P. McDonald, Chief Reporter

" Rev. Andrew Hake, popular church leader

" Boaz Omeri, Editor-in-Chief, Nation Group
Philip Ochieng, Columnist

" John Kamau, General Secretary, National Christian Council in Kenya
5a. January '70 "Random Thoughts" *(filed in Kamau's office)*

6. 2/11/70 Taita Towet, Minister of Education
Ambassador Leonard O. Kibingi
P.J. Gachathi, Permanent Secretary, Ministry of Education

7/30/70 Bruce McKenzie, Minister of Agriculture and Animal Husbandry;
Chairman, Coffee Diversification Fund
Accompanied by Alexandre Beltrao, Executive Director, Coffee
Diversification Fund; Rene Montes, Chairman of the Board
Hernan Uribe, Executive Director, Colombian National Diversification
Fund (Memo of Conversation filed in Memos for Record file)

7. 7/22/71 Mr. John P. Mbouga, Town Clerk, City Council of Nairobi; Eisenhower
Fellow

9/28/71 Njoro Mungai, Minister for Foreign Affairs (with delegation from
Organization of African Unity -- MemCon filed Mauritania)

7/26/72 Francis Njiri, Eisenhower Exchange Fellow

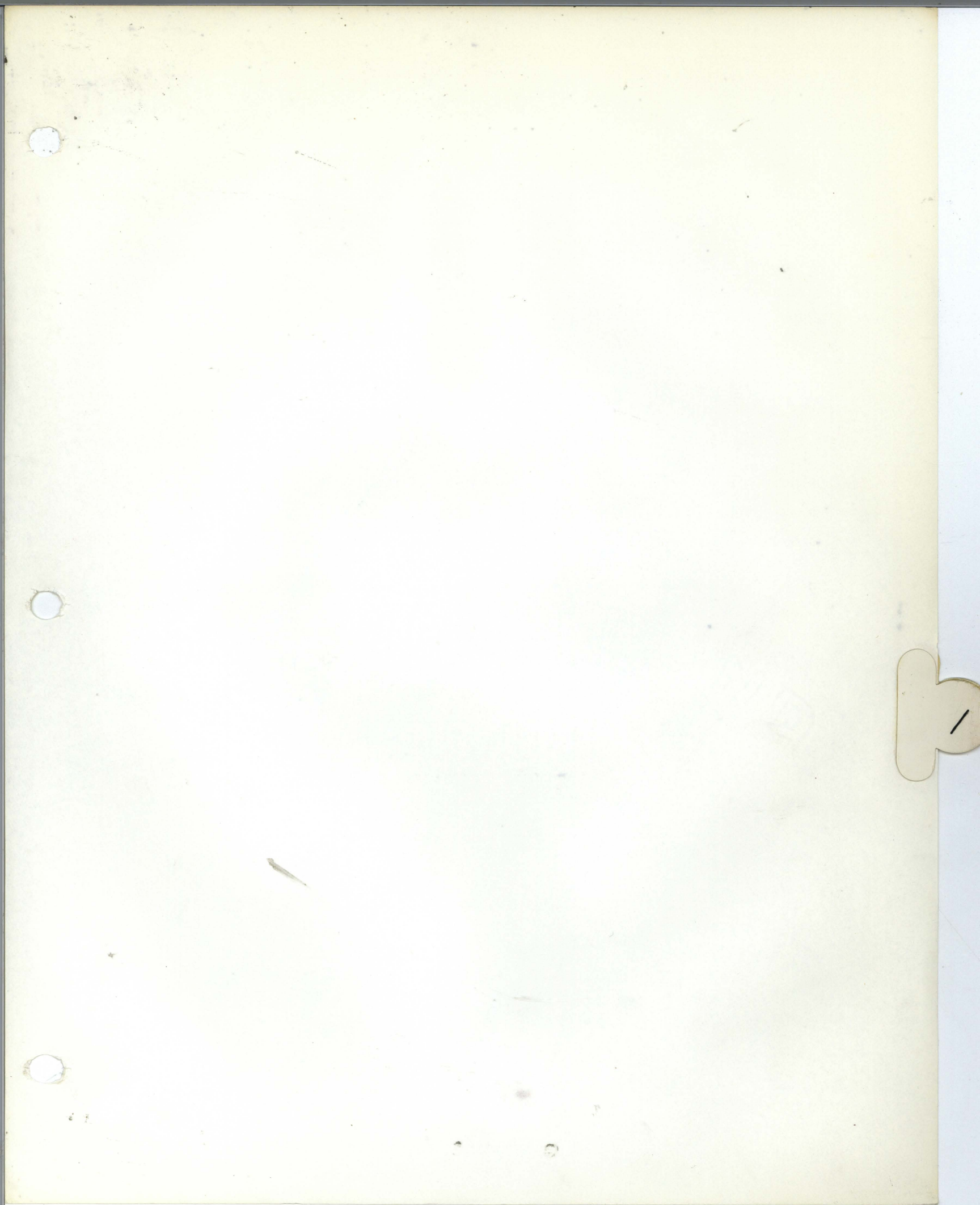
8. 8/2/73 Sammy Lui, Director, Voice of Kenya Radio

9/24/73 Mwai Kibaki, Minister of Finance and Economic Planning
(Nairobi)

" Attorney General Njonjo
Philip Ndegwa, Permanent Secretary in the Finance Ministry
Father Muhoho
(separately) Mr. and Mrs. John Block
Mr. and Mrs. Parker
Mr. and Mrs. Bruce McKenzie

12/3/74 Ambassador Leonard Oliver Kibinge (farewell call)

9. 8/30/75 Mwai Kibaki, Minister of Finance
Nicholas Nganga, Permanent Secretary, Ministry of Finance and Planning
10. 5/13/77 Ambassador John P. Mbouga
6/6-9/77 Joseph Magari, Senior Planning Officer, Ministry of Finance and Planning
(Bellagio, Denmark)
11. 9/24/77 Mwai Kibaki, Minister of Finance & Planning
(Annual Meeting) Mr. Kibinge, Permanent Secretary, Ministry of Finance & Planning
John P. Mbogua, Ambassador to the U. S.
12. 9/30/77 Mwai Kibaki, Minister of Finance
L. O. Kibinge, Permanent Secretary to the Treasury
H. Mule, Deputy Permanent Secretary (Planning), Ministry of Finance and Planning
2/9/78 Bruce MacKenzie, former Minister of Agriculture
13. 1/9/80 Ambassador John Mbogua
14. 1/16-19/80 RMcN Notes (*Filed in RMcN office*)
(Kenya)
15. 1/17/80 Mwai Kibaki, Vice President of Kenya
(Kenya) Nicholas Ng'ang'a, Permanent Secretary, Ministry of Finance
Harris Mule, Permanent Secy, Ministry of Economic Planning and Development
Mr. Mathenge
Duncan Ndegwa
1/18/80 Daniel T. arap Moi, President of Kenya
Mr. Kibaki, Vice President
Mr. Njonjo, Attorney General
Zachariah Onyonka, Minister of Economic Planning and Development
Godfrey Gitahi Kariuki, Minister of State
Robert John Ouku
16. 10/1/80 Mwai Kibaki, V. President and Minister of Finance
Annual Meeting Harris Mule, Perm. Secretary to the Ministry of Finance
Y.O. Masakhlia, Perm. Secretary to Ministry of Planning
John Mbogua, Amb.
Alfred Vienna, Act. Director, External Aid, Min. of Finance



May 16, 1968

MEMORANDUM OF CONVERSATION WITH BRUCE MCKENZIE, MINISTER OF AGRICULTURE, KENYA

1. McKenzie serves as Minister of Agriculture and in addition functions as Minister of Finance during the frequent absences or illnesses of his colleague. In addition, he is responsible for agricultural education in which he takes a deep interest. He is the most impressive LDC minister I have met to date.
2. When asked to comment on Bank operations in Kenya, he expressed great appreciation for the technical assistance he had obtained from the Bank, but had these complaints:
 - a. Bank projects, particularly small projects with political significance, take far too long to prepare and process.
 - b. The Agricultural Advisory Service is invaluable and should be expanded both for East Africa and other areas of the world.
 - c. Bank operations could be expedited by decentralization of authority.
3. When I expressed concern about Kenya's high population growth rate, he immediately agreed it was one of their major problems. He appeared to welcome my emphasis on the need for greater effort to meet the problem, perhaps because he stated that, while the majority of their Cabinet favored a stronger government population control program, the President was reluctant to move in this direction.
4. He is grateful for the assistance he has already received in the field of education from Mr. Ballentine, and he strongly urged that the Bank expand its activities in this field.

RMcN

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
(Through: ~~Mr. J. Burke Knapp~~)
FROM: A. G. El Emery *ayllz*
SUBJECT: Kenya - Visit of the Minister of Agriculture and Animal Husbandry:
The Honorable Bruce McKenzie, M.P.

DATE: May 13, 1968

1. Existing Bank Loans and IDA Credits

Loan or Cr. No.	Year	Borrower	Purpose	Amount (U.S.\$million)		
				Bank	IDA	Undisbursed as at Apr. 30, 1968
256-KE	1960	Colony of Kenya	Agriculture and Roads	5.6	-	-
* 303-KE	1961	Colony of Kenya	Land Development and Settlement	4.6	-	2.3
64-KE	1964	Kenya	Smallholder Tea I	-	2.8	1.2
70-KE	1964	Kenya	Trunk Roads I	-	4.5	0.7
77-KE	1965	Kenya	Tea Roads I	-	3.0	1.6
93-KE	1966	Kenya	Secondary Education I	-	7.0	6.0
104-KE	1967	Kenya	Agricultural Roads	-	5.3	4.4
105-KE	1967	Kenya	Smallholder Agricultural Cr.	-	3.6	3.6
Total (less cancellations)				10.2	26.2	19.8
of which has been repaid to Bank and others				3.3		
Total now outstanding				6.9		
Amount sold				4.3		
of which has been repaid				3.2	1.1	
Total now held by Bank and IDA				5.8	26.2	
Total undisbursed						19.8

- * This is a problem project principally because of a deterioration in the organization, management and staffing of the Department of Settlements in the Ministry of Lands and Settlements. We have just had a mission in the field, which cooperated with a similar mission from the United Kingdom Ministry of Overseas Development and the Commonwealth Development Corporation, who have lent the Kenya Government considerable sums of money for land development and settlement. Our mission has recommended improvements in management and staffing and a letter is being sent to the Kenya Government. If the Government takes the action requested in this letter, the Executive Directors will be requested to postpone the closing date another year.

In addition to the above loans and credits, the Bank has made three loans totalling \$75 million for the common services of East Africa, of which two are for railways and harbors and a third for posts and telecommunications. Each one is guaranteed jointly and severally by Kenya, Tanzania and Uganda, with the first loan (made in 1955 and completely disbursed) also being guaranteed by the United Kingdom. As of April 30, 1968 \$23.3 million of the other two loans remained undisbursed.

2. Pending and Prospective Credits

- A. Livestock Development - about \$3.6 million credit: This proposed credit, which has been negotiated and which is likely to be presented to the Executive Directors in June, is for the development of four different types of ranching enterprises, livestock movement and marketing facilities, range water resources and ancillary technical services. The Government of Sweden is proposing to lend \$3.6 million equivalent concurrently for the project. The project cannot be presented to the Executive Directors until certain legislation has been passed by the Kenya Legislative Assembly. This is expected by the end of this month.
- B. Trunk Roads II - about \$10.7 million credit: This proposed credit, which has been negotiated and which is likely to be presented to the Executive Directors in June, is for the engineering and construction of about 285 miles of trunk roads, the construction of 10 new highway bridges, the engineering of about 225 miles of secondary/feeder roads and a staff training scheme.
- C. Smallholder Tea Development II - about \$2.4 million credit: This proposed credit, which has been negotiated and which is likely to be presented to the Executive Directors in June, would be the second IDA credit to assist in the financing of a very successful program of tea development by African smallholders. To date about 26,000 acres of smallholder tea have been planted and the new program calls for a further 35,000 acres. The Commonwealth Development Corporation (CDC) proposes to lend \$1.2 million equivalent concurrently for the project and is expected to provide additional funds for related investment in tea factories.
- D. Other more immediate Projects: Projects in the more immediate pipeline (with estimated credits in parenthesis) are: Nairobi Water Supply (about \$7 million); Forestry (about \$3 million); Fishing (about \$1 million); Secondary/Feeder Roads (about \$11 million); and Agricultural Roads (about \$4 million).
- E. Other more distant Projects: Projects in the more distant pipeline include: Agricultural Education, Tea Roads, Hydroelectric Power, Nairobi and Mombasa Airport Development, Secondary and Technical Education, Teacher Training and New Media Development and Meat Processing.

3. Studies

The Bank is Executing Agent for a UNDP financed Transport Coordination Study for East Africa, which is principally examining the question of road/rail competition in East Africa. The study is scheduled for completion at the end of this year.

4. Possible Points to be raised by Mr. McKenzie

The Minister has given no indication of the points he would like to discuss, but it is possible he may bring up the following:

- A. Financial assistance for an Agricultural Education project:
This would be based on the findings of the Weir Commission on Agricultural Education and Training, which we would support in principal. The Commission recommended the establishment of an Agricultural Faculty at the University College, Nairobi, the expansion of Edgerton College (Diploma level), the expansion of certificate level training at Embu and elsewhere, and the provision of further Farmers' Training Centers. We do not have full details of the project or its likely cost, but it is likely that a project identification and preparation mission, which would also cover a similar project in Tanzania, might be in the field about September of this year.
- B. Livestock Development Project: (See paragraph 2A above).
Mr. McKenzie wrote you (April 6, copy of letter attached) that the Head of Livestock Marketing Division (LMD) would be an appointee of his Ministry and that the Chief Marketing Officer would be the responsible officer for the proposed Livestock Development project. However, it was agreed during negotiations that the Head of the Livestock Division would be the project officer and IDA would be consulted about this appointment. In a letter dated April 30 to the Kenya Treasury, we replied "... that the head of the Livestock Marketing Division is the person who should be responsible for the execution of the LMD functions under the project. It is for this reason that we wish to be consulted on the appointment of the Head of the LMD instead of the appointment of one of his subordinates. This position was agreed during negotiations". The Minister may argue that the Head of LMD will be concerned with livestock marketing throughout Kenya and not just for the project. In the same letter to the Treasury we wrote : "... it has always been our expectation that the Head of the LMD would be responsible for livestock marketing operations over the whole country, and not just those within the project area; this is made quite clear in the relevant draft Supplementary Letter. We consider that it is appropriate to establish a national livestock-marketing organisation in Kenya at this time, and we consider the building of such an institution an important aspect of the project ..."

- C. Financial assistance for a Kano Plains Irrigation Scheme: The UNDP is financing a five-year Pilot Irrigation project in the Kano Plains in north-west Kenya. ADS in Nairobi is providing two of its officers to help execute the project. Progress so far is impressive. Mr. McKenzie is under great political pressure to do something for this heavily populated area and may press for IDA assistance for a larger scheme. However, the present scheme is only a pilot project with four years to run, and there are sociological as well as economic problems connected with it, for which the answers must be found before embarking upon a larger scheme. The Minister may also or alternatively raise the question of the reimbursement by the Government of the cost of our two ADS officers managing the pilot project. We have followed our standard procedures in costing the services of these officers and can see no valid reasons for making an exception in this case.
- D. Secondary/Feeder Roads: We were handed the application for this project during the negotiations for the Trunk Road Project. At the time the Government wished to amend the Trunk Road project to include detailed engineering of Settlement and two other roads. The leader of the Kenya delegation was told it was too late to amend the Trunk Road project, but that sympathetic consideration would be given to including retroactive financing of this engineering work in the Secondary/Feeder road project.

5. Political Situation

After a period of troubled political history, which affected the pattern and rate of growth, Kenya became independent in December 1963. Under the leadership of President Jomo Kenyatta, the Government steadily gained the confidence of both Africans and non-Africans, maintained law and order and provided the political stability necessary for a more rapid growth of the economy. There are, however, tribal differences, which, coupled with unemployment, some degree of land hunger and a widening distribution of incomes, could cause trouble in the future. These are being exploited by the small opposition party led by Mr. Oginga-Odinga. Kenya recently settled her differences with Somalia and enjoys good international relations. The Government has avoided heavy involvement in international and inter-African politics, and concentrated its efforts mainly on the domestic front. One important consequence of this has been a steady and substantial inflow of public and private financial and technical assistance. Recently the Government has been subject to increasing pressure to increase the pace of Kenyanisation of the private sector of the economy. The steps which it took may have some temporary adverse effects upon the development of the economy.

6. The Economy

Over the past three years GDP at constant prices has grown at an average rate of nearly 5 percent. With the population increasing at about 3 percent a year, per capita GDP has increased at about 2 percent a year. Within the overall rate there have been considerable fluctuations, largely caused by variations in weather. The last economic mission projected a growth rate of about 5-1/2% between 1964 and 1970 but as a result of the devaluation of sterling and other currencies the growth rate may be somewhat less than that projected by the mission. Much will depend upon the trend of commodity export prices; upon the effects of the Transfer Duties imposed by Tanzania and Uganda on Kenya exports under the Treaty for East African Cooperation, which came into effect on December 1, 1967; and upon how soon coffee berry disease can be overcome, so that Kenya can take advantage of her new higher coffee quota.

Under the stimulus of a rapidly increasing rate of investment in both the public and private sectors, imports are increasing more rapidly than exports, and the current account deficit is increasing. The growing merchandise trade deficit is, however, being partially offset by earnings from tourism, which is the fastest growing sector of the economy. The current account deficits have been somewhat more than offset by net capital inflows, with the result that Kenya's foreign exchange reserves have increased to the equivalent of about four months imports.

Public finances have been generally well managed. Increasing amounts of domestic funds are being provided to help finance public development expenditure. Kenya has been very successful in obtaining external loans. Debt service in 1966 was 6.1 percent of export earnings.

The Economic Committee concluded that Kenya's economic performance and prospects could be considered sufficiently satisfactory to warrant continued Bank/IDA financing. It also said that an economic case existed for the Bank Group to finance a part of local costs.

BIOGRAPHIC SKETCH
OF
BRUCE ROY MCKENZIE
MINISTER OF AGRICULTURE

On June 7, 1963 Bruce McKenzie, formerly Minister of Land Settlement and Water Development, was named Minister of Agriculture, a portfolio he had held from 1959 to 1961. He is the only white member of the cabinet.

Born in January 1919 at Richmond, Natal, South Africa, McKenzie was educated at Hilton College in the same province. He attended an agricultural college in Natal and on the outbreak of World War II, joined the South African Air Force. McKenzie was transferred to the Royal Air Force for the duration of the war and served in North Africa, Malta, Corsica, Italy, France and Germany. At the age of 24 he attained the South African rank of colonel (one of the youngest holders of that rank on record); he holds the Distinguished Flying Cross. Demobilized in 1946, McKenzie came to Kenya and began farming, eventually building up one of the best farms in the Rift Valley. He was a member of the Legislative Council in 1957 and became Minister for Agriculture, Animal Husbandry and Water Resources in June 1959. He held this position until April 1961 when he resigned to join the opposition to the government of the Kenya African Democratic Union.

McKenzie is a member of the board of Egerton Agricultural College, a former vice chairman of the Nakuru County Council and a past president of the Royal Agricultural Society of Kenya. He is married and has three children.

Telegrams: "MINAG", Nairobi
Telephone: Nairobi 21701-21705



OFFICE OF
THE MINISTER FOR AGRICULTURE
RHODES HOUSE
KENYATTA AVENUE
P.O. Box 30028, NAIROBI

When replying please quote
Ref. No. ... MCK...2...
and date

.....6th April, 1968.....

Robert McNamara, Esq.,
International Development Association,
1818 H Street N.W.,
WASHINGTON D.C. 20433,
U. S. A.

AFRICA DEPT.

A. G. El Emary APR 15 1968

Dear Mr. McNamara.

*HET
Cvt
HET
CB
JB*

- El Emary
- [unclear]
- [unclear]
- Larsen
- Div. D
- Div.
- Div.
- Div.
- Op. Files

RANGE LIVESTOCK DEVELOPMENT PROJECT

The Treasury will be sending you shortly ~~confir-~~ Files
mation of the establishment of the organisations and
sections of Government, as required by the Agreements
to be entered into between us in respect of the above
project.

With specific reference to the Livestock Market-
ing Division, I wish to give you early notice that,
in recognition of the fact that my Ministry must
maintain cattle purchase operations and a purchase
fund of over £400,000 outside the area or provision of
the project, I have decided that the Head of the
Division shall be our own appointee and that the senior
project officer, whom you have so far designated as
Head of Division, shall be redesignated Chief Marketing
Officer, together with others of that grade, would then
carry the title 'Senior', in conformity with normal
Government terminology.

The Head of Livestock Marketing Division would
then have overall responsibility for livestock market-
ing in Kenya and the Chief Marketing Officer would have
specific responsibility for the project areas and all
staff appointed under the project.

I am sure that you will understand that we cannot
suspend livestock marketing outside the project area
without causing an immediate shortage of meat in the
urban centres, a worsening of overgrazing and damage
to local economies. At the same time, I believe that
you would prefer that staff employed under the project
should be allowed to concentrate full-time on the
project area.

Yours sincerely,
Bruce McKenzie
(BRUCE MCKENZIE)
MINISTER

BRM/LDS

RECEIVED APR 15 1968

cc: Messrs. Ich, Steops, Elliott, Frances
Africa D file

cc: Swedish Embassy
Swedish International Development Authority

2

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: May 6, 1969

FROM: A. G. El Emary *ay el E*SUBJECT: Your meeting with the Vice-President of Kenya

Attached is a short note about Mr. Daniel Moi, Vice-President of Kenya, whom you have agreed to see at 2:30 p.m. on Wednesday, May 7.

Attachment

RClements:rp

President has seen

Vice-President Moi of Kenya

Mr. Daniel T. Arap Moi became Vice-President of Kenya in 1967. Since that time he has considerably increased his political stature and expanded his popular base in Kenya, and he is expected to be a prominent contender to succeed President Kenyatta. Formerly a leader of the opposition KADU (Kenya African Democratic Union) Party, which was wound up in 1964, Mr. Moi is reported to get along well with most politicians within the ruling KANU (Kenya African National Union) Party, of which he is now a member. He is, however, from a minority tribe (the Tugens), a fact which would count heavily against him in any struggle for power with the majority Kikuyu.

Mr. Moi has a reputation for firmness and moderation. He has been extremely tough in dealing with opponents of the Government and notably with Mr. Oginga Odinga, his arch-opponent and predecessor in the Vice-Presidency. He is fiercely anti-Communist, as evidenced by his attitude towards the Eastern European and Chinese Embassies in Nairobi.

Mr. Moi, who was born in 1924, was in the teaching profession 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; he is a member of the Board of Governors of a girls' high school. Mr. Moi left the 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 made Minister for Home Affairs, a position he still holds.

Mr. Moi has deputized for President Kenyatta at various Summit Conferences in Africa. He has travelled widely and has visited Ethiopia, Formosa, Germany, Greece, India, Japan, Lebanon, the United Arab Republic and the United Kingdom as well as the United States.

Mr. Moi is currently on an official visit to the United States. He arrived in New York last Thursday and before arriving in Washington at noon Wednesday will have visited Cape Kennedy, the Tennessee Valley Authority and the Firestone Company at Akron, Ohio, where we understand he will discuss the possibility of Firestone establishing a tire plant in Kenya. During his tour of the U.S. Mr. Moi will also be visiting some farms and irrigation projects. His schedule for his 2-1/2 day stay in Washington includes meetings with Secretary of State Rogers, Secretary of the Interior Hickel, Senator Kennedy, Mr. J. Edgar Hoover, congressmen and hopefully President Nixon.

Mr. McNamara - to go, please.
RHS 5/27
OFFICE MEMORANDUM

TO: The Record

DATE: May 26, 1969

FROM:

O. Myhrer

A.T.

SUBJECT:

Visit of Mr. Kibinge, New Kenya Ambassador

1. Mr. Kibingi, the new Ambassador of Kenya, called on Mr. McNamara on May 22 at 4:30 p.m. He was accompanied by Mr. Mwashumbe, the Counsellor at the Embassy, whom Mr. Kibinge introduced as his "deputy", and who had also recently arrived in Washington. Mr. Bihute, Alternate Executive Director for Kenya, and I were also present.
2. The Ambassador said that the purpose of his visit was to establish contact. In the conversation, he took the opportunity to plug for more IDA money to Kenya. Mr. McNamara explained that IDA funds naturally were in short supply and that the basic criteria for allocating them were balance-of-payments position and average income per head. Kenya enjoyed a relatively comfortable balance-of-payments position, not least due to its important revenue from tourism, and although the income level was modest, there were many other member countries with lower income. Mr. McNamara added that the Bank Group planned a substantial increase in lending to Kenya.
3. The Ambassador repeated the invitation which Mr. Moi, the Vice-President of Kenya, had extended during his earlier visit, for Mr. McNamara to come to Kenya. Mr. McNamara replied that he would very much like to go to Kenya, both because of the wellknown natural attractions of the country and because of the responsibilities of his office.

cc: Mr. Stechan
Mr. Bihute
Mr. El Emary

President has seen

4

Briefing Paper for Mr. McNamara

KENYA - Visit of the Minister of Agriculture and Animal Husbandry,
The Honorable B. McKenzie

BIOGRAPHY

The Honorable Bruce McKenzie born 1919 in South Africa; Agricultural College education; served in South African Air Force 1939-45; took up farming in Kenya in 1946; member Kenya Legislative Council 1957-63; Minister for Agriculture, Animal Husbandry and Water Resources 1959-61; Minister for Land Settlement and Water Development 1962-63; elected to House of Representatives (KANU) 1963; Minister for Agriculture and Animal Husbandry since 1963. He is the only white member of the Cabinet.

Nairobi Water Supply Project

The stated purpose of the visit is to discuss this project. The lending program provides for a Bank loan of \$10 million to the City Council of Nairobi, to be presented to the Executive Directors in June 1970. The loan would cover the foreign exchange component of the total \$16 million cost. The project is designed to secure Nairobi's required water up to 1978; it would divert water from Chania river or other rivers nearer to Nairobi, include treatment facilities, a transmission main as well as a system of distribution. The proposal forms part of a ten-year development program which ultimately would include construction of a dam on the Chania river. The Bank was first contacted in 1966. Difficulty in formulating the project prompted Mr. McKenzie to write a letter to you on August 21, 1968, following which two Bank staff members visited Nairobi for one week in September 1968 to assist in defining the project. Consultants had further talks in Washington on November 29. According to our latest information the consultants are expected to have prepared a set of alternative proposals by September 1969 on the basis of which the project will be selected. A decision to send an appraisal mission must await the results of this selection. The present timetable provides for departure of the appraisal mission in October 1969.

The German Ambassador in Kenya has indicated that German financial assistance, on an untied basis, might be made available for the Nairobi Water Supply project. We have indicated interest in a joint financing arrangement with Germany, preferably on the same lines as established with SIDA.

At the beginning of this month, we learned that a British contracting firm, Sir Lindsay Parkinson & Co. Ltd, is interested in providing a turn-key arrangement for the entire water project, i.e. including the dam on

the Chania river. We do not know the conditions and terms of the financing offered, nor the charges for carrying out the work. The possibility that this offer may include concealed costs cannot be excluded and joint financing with the Germans would seem more desirable.

Other Proposed Lending to Kenya

In the immediate pipeline ahead of the Nairobi Water Supply proposal, we have three loan/credit proposals in an advanced stage of consideration: Highways (\$23.0 million), Forest Planting (\$2.8 million) and Education (\$10.0 million). Subject to Loan Committee approval, negotiations on the Highways and Forestry projects are planned for July-August and the Education project shortly thereafter. A sizable part of the Education project would be concerned with agricultural education.

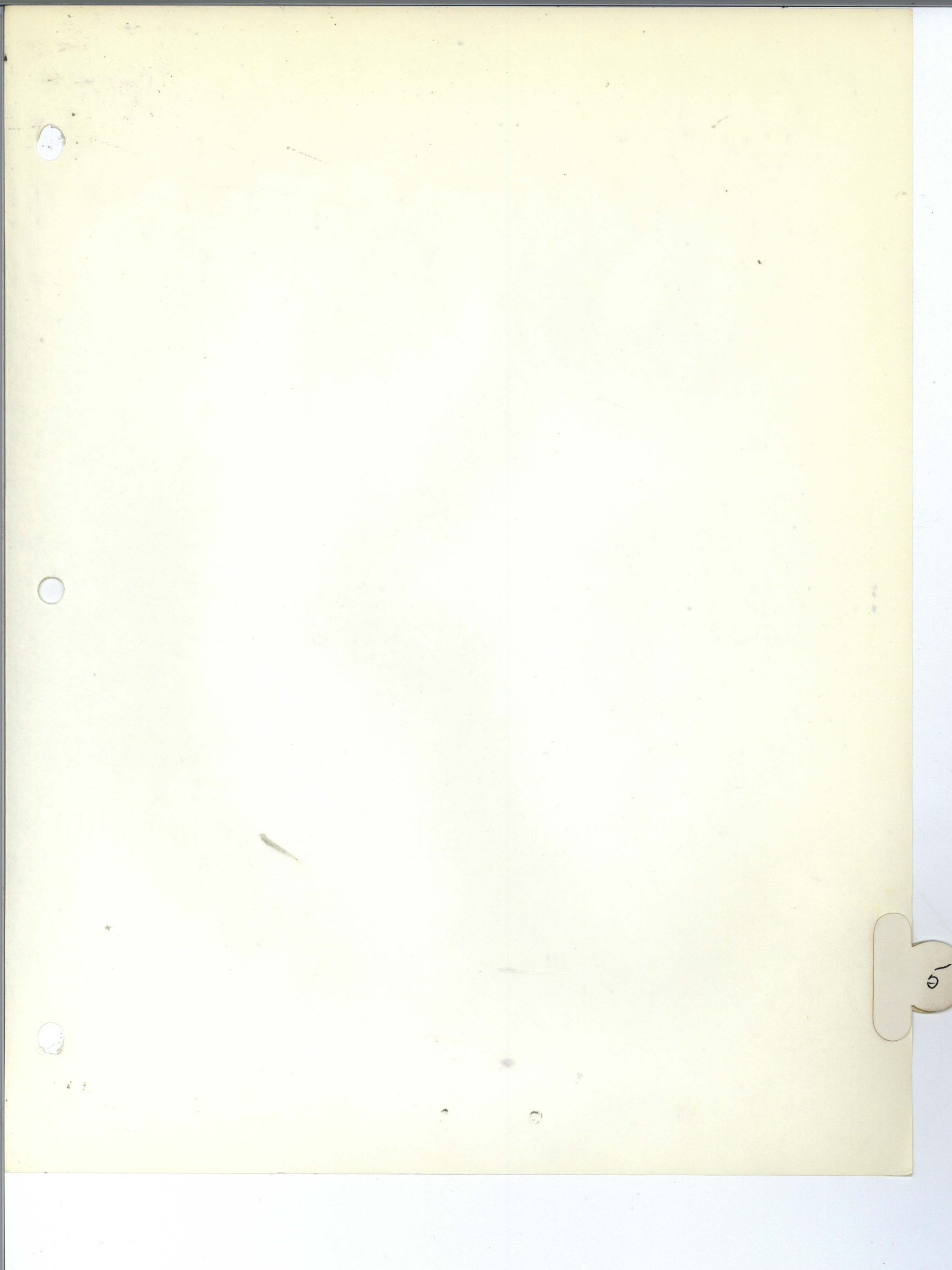
Economic Justification for Sugar Road Component of the Proposed Highways Loan

The proposed loan for Highways includes \$3.4 million for roads in a sugar growing area. The Bank Group has supported the sugar scheme, first, by financing land development and settlement in the scheme area and, second, by financing the first phase of the program for road construction. Doubts have now been raised within the Bank of the economic viability of the sugar scheme as a whole and the sugar road component of the proposed Highways loan could be left out. The Loan Committee is expected to consider the proposal next week and the Government has not yet been informed about this possibility, but Mr. McKenzie has, independently, requested the services of a staff member to study economic aspects of the sugar scheme. We have agreed to the request, and the scope and timing of the study will be discussed with Mr. McKenzie during his present visit before seeing you.

Other Possible Topics

Although Mr. Gichuru, Minister of Finance, is not now coming, Mr. McKenzie may well wish to discuss with you matters of general economic and development interest beyond the purview of his own ministry.

June 24, 1969



Headquarters:
Washington, D.C. 20433, U.S.A.

*to see
see 2/4*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION



Permanent Mission in Eastern Africa
Uniafric House - Koinange Street at Sadler Lane - Nairobi, Kenya
P.O. Box 30577 - Telephone 23421 - Cable Address: INTBAFRAD



Letter No. 72

January 30, 1970

Mr. Leif Christoffersen
Personal Assistant to the President
International Bank for Reconstruction
and Development
Washington, D.C. 20433

Dear Leif:

I am attaching a paper which I dictated last weekend containing salient points raised during Mr. McNamara's visit to East Africa.

As you will note I have tried to cover the more important points made by the various Government officials and other people Mr. McNamara met at which I was present - in particular when such points were not covered in the documents handed to us in support of their words - plus some factual information they supplied. I have not given, of course, Mr. McNamara's own reaction - unless he made certain commitments or promises (of which there are only a few examples). I have also refrained from going into the details of matters which although rather extensively discussed at various meetings do not seem to need much elaboration at this stage, such as the railway loan problem, - which appears to be solved now - and the location of industry within the E.A. Community, which will no doubt be looked into in detail by the forthcoming industrial mission to East Africa. I did not put in anything about the Murchison Falls project either because I was not present at most of what was said on this subject in Uganda. I hope that this record, put together in rather a hurry, will be of some use to Mr. McNamara. Please let me know if there is anything else that he might want me to do on this score.

I now plan to arrive in Washington on February the 15th and will give you a call soon after my arrival if only to hear how your unexpected trip to Norway for such sad reasons worked out.

All the best.

RECEIVED Yours sincerely,

1810 FEB -3 AM 1:32

Willem
Willem Brakel

c.c. Mr. Lejeune

SECTION
COMMUNICATIONS

President has seen

IV. KENYA

1. The meeting with the various Ministers concerned with economic development, under the chairmanship of Mr. Kibaki, Minister of Finance, started with a brief discussion of some of the Bank's general policies such as the present interest rate, the possibility of increasing Bank Group financing for local currency expenditures, the need to maintain a high level of IDA type assistance to credit-worthy but still relatively poor countries such as Kenya and the desirability to strengthen the Nairobi Office so as to discuss and resolve problems during the project preparation stage rather than once the loan or credit is made.
2. The meeting subsequently went into some aspects of the Bank's current lending operations in Kenya, such as the Bank's emphasis on technical secondary education as opposed to general secondary education and Kenya's intention to include some technical subjects in general secondary schools; the status of Nairobi water supply project; the need for World Bank assistance in determining further steps with regard to the Tana River irrigation scheme and the desirability for the World Bank Group to provide finance for industrial development and for building up the infrastructure required for tourism.
3. The meeting then went into some more fundamental development problems, particularly that of under and unemployment which is made worse by the rapid past expansion of primary school education (under the Harambee system): 160,000 pupils finished primary school last year of which 20% went to secondary schools. The need for adequate vocational and technical training and the great urgency of sound rural development aimed at improving rural incomes and employment and at the same time providing more of the basic services such as roads, electricity, housing and water supply to rural areas was discussed in some detail. The importance of agricultural credit and ~~related~~ inputs in particular to the smallholder farms (averaging about 10 acres in Kenya) preferably at terms of interest lower than the present rate (between 7 to 10%) was stressed as well by the Government, as was the need for Bank financial assistance for road maintenance in order to enable the Government to divert some of its road building funds to the development of farm to market roads in the rural areas.
4. The Minister of Agriculture mentioned the long term importance of large scale irrigation schemes for which the Tana River produced by far the greatest potential. Ultimately these schemes might give employment to 300,000 farmers plus another 300,000 engaged in ancillary activities. He would appreciate it greatly if a World Bank team could come out to Kenya to advise the Government on the next phase of the Tana River development scheme which presumably would be the establishment of a 10,000 acre pilot scheme in order to follow-up on the much smaller (3,000 acres) scheme which had been managed by ILACO (a Dutch consultant firm), and to help prepare appropriate terms of reference for this next phase.

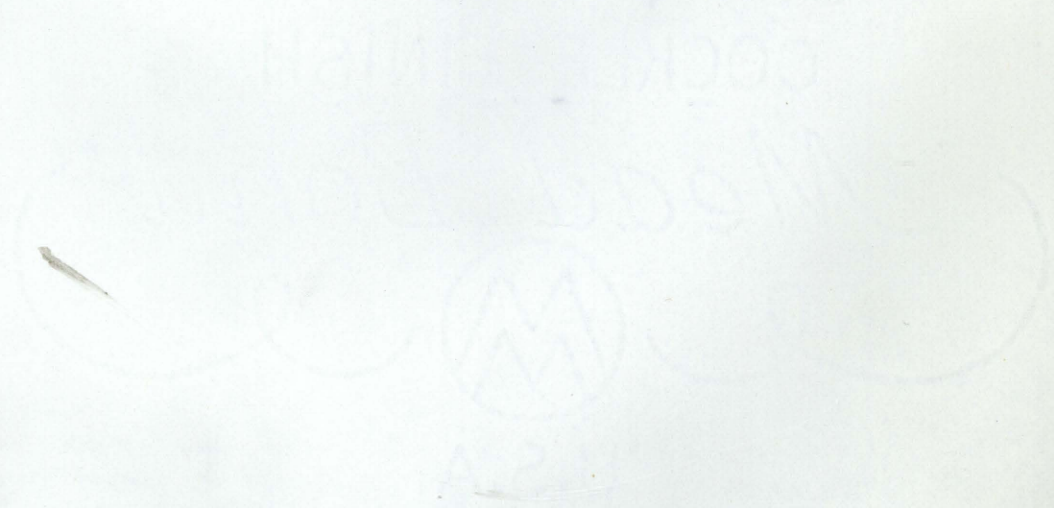
5. The Minister of Planning stressed the need to select priorities in the right way taking into account real economic costs and benefits. From this view point rural development seemed to be of higher order of priority than say housing or perhaps even at this stage irrigation. He commented on the crudeness of manpower estimates arrived at by various surveys; however, there was no doubt that within 5 years time there would be a serious problem of unemployment among university-educated people unless drastic changes in the curriculum are made right now.
6. In the industrial field the Government plans to be a partner in certain large scale ventures such as Broderick Falls. For the rest, private business will continue to be encouraged. It is hoped that the Bank Group can help in the financing of Kenya's industrialization efforts through lending to an appropriate development financing institution (ICDC, presumably).
7. The problem of allocation of industries within the three countries of the E.A. Community still is a difficult problem. There is need to strengthen in particular those units of the Community's Secretariat which deal with such matters as licensing of industry and tariff protection, in order to make it possible for the Community to have an independent and objective view point of its own on such politically sensitive matters. As to the expansion of the Community with new members, each of the countries involved still has to do a good deal of homework; Ethiopia is coming back from her original idea of applying for full membership; Burundi decided from the start to ask for association rather than membership; Somalia has asked the U.N. Economic Commission for Africa for help in studying the implications of various methods of joining the Community; Zambia's case appears to be furthest advanced.
8. In subsequent discussions with the Nairobi City Council it was pointed out that the labour force in Nairobi increases at 10% each year. The present labour force is about 205,000 of which some 60,000 (30%) are unemployed. About the same number of people are living in slum conditions. Their number can be expected to rise to some 175,000 by 1980 and to 1 million by year 2000 unless drastic measures are taken.
9. In the meeting with the Farmers Union the need for lenient credit conditions for African farmers who have taken over previous European farms was particularly stressed. Longer period of grace are needed in order to give the new farmers the chance to overcome teething problems. In addition extension services at a much higher density than ~~that~~ existing in the past are required (as an example the German team at Kitale of 9 people for 100 farms was mentioned). Labour-intensive projects including irrigation should be stressed for future development which seem to have especially good prospects in livestock, cotton, oil seeds and horticulture. A great deal of research in new varieties will be required. Something should also be done with respect to/disincentives provided by expensive inputs (such as the high cost of fuel) in agricultural production.

/remove the

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MEMORANDUM OF CONVERSATIONS IN KENYA, JANUARY 1970 (Brakel Memo)

FILED UNDER TANZANIA



OFFICE MEMORANDUM

TO: Record

FROM: Michael L. Lejeune

SUBJECT: Kenya - Second Education Project

DATE: March 10, 1970

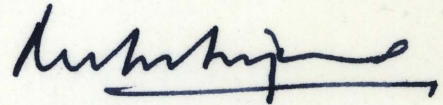
At his own request the Minister of Education of Kenya, Mr. Towett, saw Mr. McNamara on Wednesday, February 11.* He raised with Mr. McNamara the question of including within the proposed IDA credit a component of secondary schools. Mr. McNamara said he didn't know enough to comment on this to the Minister but asked me to discuss it with him.

This matter had been controversial as between IDA and Kenya for some weeks. When I returned from Kenya, I looked into it and was fully satisfied that we should not at this stage finance secondary schools. I talked with the Minister and the Permanent Secretary following Mr. McNamara's meeting with them and it was clear from my discussion with them that the Permanent Secretary and other concerned officials were well aware of our position and had no serious quarrel with it. The Minister seemed less well informed and was obviously "trying on" the possibility of restoring this item to the project. He was unconvincing and I talked him out of it without too much difficulty.

With strong support from Mr. Ballantine, however, we did add an item to the project for technical assistance in revising the secondary school curriculum. This slightly increased the amount of the credit, making it just over instead of just under \$6 million, an increase which I cleared with Mr. Knapp.

The Minister did not seem unhappy with the outcome.

cc: Mr. McNamara
Mr. Knapp
Mr. Cope
Mr. Hornstein



MLL:neb

* Mr. Towett was accompanied by Mr. P.J. Gachathi, the Permanent Secretary of the Ministry of Education, and His Excellency L.O. Kibinge, Ambassador of Kenya to the U.S.

Mr. Lejeune attended for the Eastern Africa Department.

President has seen

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Michael L. Lejeune

SUBJECT: KENYA: Visit of Mr. Mbogua, Town Clerk,
City Council of Nairobi

DATE: July 22, 1971

1. Mr. Mbogua (brief biographical sketch attached) is the Chief Executive Officer of the City, which is the recipient of a Bank loan for \$8.3 million made in December 1970 for the Nairobi Water Supply Project. We are also involved in an Urban Development Study launched by the City in 1970.

Nairobi Water Supply Project

2. A summary of the project and the loan is attached. The loan was declared effective in March 1971 and the project is getting under way satisfactorily. Major equipment and civil works contracts have been awarded recently. A recent supervision mission has pointed out that staffing deficiencies, if not rectified urgently, may affect the City's performance. The City has a shortage of certified surveyors, which is delaying the survey work which must precede laying of the pipeline by the contractor. The City has also been unable to recruit the full complement of second level engineering staff for its Water and Sewerage Department. We have impressed upon the City the need to step up its recruitment effort and have suggested that the Government can assist in this matter by reducing delays in issue of work permits to expatriates retained by the City.

Nairobi Urban Development

3. You may recall that during the course of your visit to Kenya in 1970, the City Council had made a plea for Bank assistance for the Urban Development Study which the City was preparing to undertake. In response to this request we offered to assist by "ideas and occasional visits" during the course of the studies. We have had a continuing exchange of views through correspondence and visits by two missions for reviewing and commenting on the studies. The last visit was in March this year.

4. The last mission reported very favorably on the progress of the studies and was particularly impressed by the data collected by the study group, as well as the knowledge and expertise on the housing problem readily available in Nairobi itself. The central theme of the mission's recommendation is that the data collected by the study should

President has seen

July 22, 1971

lead to formulation of interim investment proposals, which need not await completion of all the phases of the study. Such interim proposals would not only permit the City to start programs for alleviating the immediate problems, like housing, but would have a salutary effect on the attitude of senior officials of the City and Government, who tend to look upon the study as more of an academic exercise rather than a crucial phase which will have an impact on the shape and scope of their future activities.

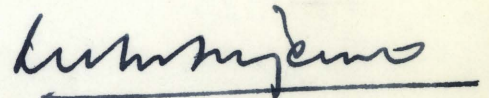
5. The City has accepted this recommendation and plans to prepare a site and service scheme as one of the interim proposals. We have indicated that the Bank would be prepared to consider the financing of an appropriate site and service project which fits into the goals of the overall study.

6. To help expedite the preparation of the site and service proposal, the City is now attempting to obtain additional UNDP Technical Assistance and desires that the Bank endorse this request. We believe that the City is underestimating the data it has already collected and the resources locally available and is overestimating its manpower needs. If, in fact, the only purpose of obtaining such additional technical assistance is to prepare the site and service project (and we are still awaiting clarification from the City on this point), we are of the opinion that this can be accomplished more expeditiously by utilizing the expertise available locally from bodies like the Housing Research Unit of the University of Nairobi, with some reinforcement, if necessary, from short-term consultants. We might also offer to send a brief mission to assist in organizing such an effort.

7. A note on the Nairobi Urban Study is attached.

8. Mr. Mbogua has been in the United States since February this year and it is possible that he may not be fully aware of the matters that have transpired during his absence from Nairobi. He has requested, and we have agreed, to meet with him before his meeting with you this afternoon. We expect to brief him on the developments that have taken place and our views on the City's proposals for obtaining additional technical assistance. While it is possible he may not raise the issue with you during the course of the meeting, I would suggest that Mr. Kaji, the loan officer in my Department dealing with Kenya, be present at the meeting.

Attachments



cc: (and cleared): Messrs. Armstrong/Callejas (Water Supply)
Messrs. Strombom/Madavo (Urban Dev.)

GSKaji:neb

Biographical Sketch

MBOGUA, John Peter

Town Clerk, City Council of Nairobi.

Age: 39

Educated: Makerere College, Uganda (BA, 1957)
McGill University, Canada (MA, 1961)
Institute of Local Government Administration,
Birmingham, UK (Certificate, 1966).

Previous positions held were:

Director of Social Services and Housing, City
Council of Nairobi

Lecturer of Sociology, Plattsburg University, New York

Teacher of Geography, Kangaru Secondary School, Kenya

Mr. Mbogua is the 1971 Eisenhower Fellow from Kenya. Under the fellowship program Mr. Mbogua has spent time with the City of Philadelphia, the Fels Center of Government Administration, University of Pennsylvania, the Institute of Public Administration, New York and the US Department of Housing and Urban Development.

<u>Board Date</u>	<u>Country</u>	<u>Project Description</u>	<u>Pro-ject Cost</u>	<u>IBRD Loan</u>	<u>IDA Credit</u>	<u>Economic Rate of Return</u>	<u>Remarks</u>
11-17-70	KENYA	Increase the capacity of the Nairobi water supply system to meet demand through 1980. Provides for construction of intake and ancillary works on Chania River, installation of raw water pumping station, water treatment plant, transmission main to Nairobi, strengthening and expansion of distribution system and consultant services. Includes retroactive finance of \$50,000 for consultant services provided after January 1, 1970.	\$12.1	\$8.3	-	n.a. (the internal financial rate of return is estimated at 18%).	The project is the first phase of a long-range development of the Chania River, representing the Bank Group's first direct lending to a municipality (City Council of Nairobi). Nairobi's existing water supply is almost fully utilized; the city's population is growing at a rate of 6% per year; and water consumption is expected to increase at a rate of 6% per year. The City Council of Nairobi is an established borrower in both U.K. and local financial markets. Present outstanding loans which have been raised on the general credit of the City total \$42.5 million equivalent.

July 22, 1971

Kenya: Nairobi Urban Development

Background

1. Since November, 1970, the Nairobi City Council has had underway an Urban Development Study which will define (a) a long-term strategy for dealing with urban growth in Nairobi and (b) a medium-term capital program (up to 1980) to tackle the city's current problems. The study will take about two years and cost approximately (US\$644,000). The cost is being borne by the UN technical assistance (US\$134,000), the Central Government (US\$140,000) and the Nairobi City Council. The study is being carried out by a team made up of an engineer and planner, from Colin Buchanan and Partners (a UK consulting firm), two experts provided through UN technical assistance, and local staff. During the preparatory stages of the study in 1969, the Bank was asked and agreed to assist the study with "ideas and occasional visits". A Special Projects Department mission visited Nairobi in March, 1971 to review the study and to investigate the possibility of a "site and service" project in Nairobi.

2. The mission found that Nairobi is doing a commendable job in carrying out their urban development study. They also concluded that Nairobi has a serious squatter problem which could be solved in part through a 'site and services' type project. Nearly 166,000 of the city's 540,000 inhabitants live in squatter areas without adequate water or sewerage facilities. In presenting the mission's findings to the Nairobi City Council the Bank indicated it would be willing to consider an interim urbanization project (e.g., site and services scheme) provided that it was formulated in the context of their on-going urban development study. The Nairobi City Council is now considering the formulation of such a project.

Interim Project Formulation: Request for UNDP Financing

3. The NCC believes that the preparation of this project will require additional staff over and above the present Urban Study Team (18-24 man months at cost of between \$56,000 and \$70,000). They plan to ask UNDP to finance the interim Urbanization project formulation exercise and require that we endorse such a request.

4. While this is one possible approach, we feel that it overestimates the time and manpower needed for project formulation, and underestimates the wealth of material already assembled by the present study.

5. The Urban Division believes that the City Council could put together a project much more quickly by drawing on the expertise available in the National Christian Council of Kenya (NCCCK) and the Housing Research Unit (HRU) at the University of Nairobi; both the NCCCK and the HRU have been working on squatter problems in Nairobi and are familiar with local conditions. An additional brief mission to Nairobi from the Special Projects Department and possibly short term consultant assistance may be all that is required to aid the existing team in formulating the project.

Special Projects Department
July 22, 1971

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THOMAS B. McCABE
*Chairman of the Finance Committee
Scott Paper Company, Philadelphia*

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215 • KINGSLEY 6-1738

CABLE: EIFFELL

June 24, 1971

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Lynn*

Mr. Robert S. McNamara, President
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Mr. McNamara:

Our current Eisenhower Fellow from Kenya, John P. Mbogua, will be winding up his program in late July with a short visit to Washington, July 22 and 23. Mr. Mbogua would like to have a brief meeting with you, if possible, to review the plans and progress of the World Bank loan to Nairobi for water system expansion, and some other ideas he has developed since being in this country. We would be most grateful if a meeting could be arranged.

For your information and use, I have enclosed copies of his resume. He plans to visit AID also, during this final visit to Washington.

Thank you for your cooperation. I shall look forward to hearing from you office.

Sincerely,

Margaret Leonard
Mrs. Richard Leonard
Program Officer

ML: eas
Enclosures

EISENHOWER EXCHANGE FELLOWSHIP, INC.

1911 K STREET, N.W. WASHINGTON, D.C. 20004

CHAIRMAN OF THE BOARD OF TRUSTEES ROBERT O. ANDERSON, Chairman

- BOARD OF TRUSTEES: ROBERT O. ANDERSON, Chairman; JOHN F. BROWN, Vice Chairman; ...

June 24, 1971

Mr. Robert P. McManis, President International Bank for Reconstruction and Development 1818 R Street, N.W. Washington, D.C. 20433

Dear Mr. McManis:

Our current Ambassador Fellow from Kenya, John F. McGowan will be winding up his program in late July with a short visit to Washington, July 22 and 23. Mr. McGowan would like to have a dated meeting with you, if possible, to review the plans and progress of the World Bank loan to assist for water system expansion, and some other items he has developed since being in this country. We would be most grateful if a meeting could be arranged.

For your information and use, I have enclosed copies of his resume. He plans to visit AID also, during this final visit to Washington.

Thank you for your cooperation. I shall look forward to hearing from you again.

Sincerely,

Mrs. Richard Leonard Program Officer

Enclosures

RECEIVED SECTION 1971 JUN 25 10 38

RECEIVED

1971 EISENHOWER FELLOW FROM
KENYA

John Peter MBOGUA
P.O. Box 7624
Nairobi, Kenya

Age: 39
English: Fluent
Married

EDUCATION

Makerere University College, Uganda, B.A., 1957
McGill University, Montreal, M.A., 1961
Institute of Local Government Administration, Birmingham, Certificate, 1966

PRESENT POSITION

Town Clerk, Nairobi City Council

RESPONSIBILITIES

City Manager and Chief Executive Officer of the City Council for this city of 500,000 population, with 6% annual growth rate.

PREVIOUS POSITIONS

Director of Social Services and Housing, Nairobi City Council
Lecturer of Sociology, Plattsburgh University, New York
Teacher of Geography, Kangaru Secondary School, Kenya

PROFESSIONAL INTERESTS IN THE UNITED STATES

Urban Administration in the U.S., especially with regard to management techniques.
City Manager form of government.
Constitution, function, and inter-relationships with other municipal authorities of City Councils.
Role of local authorities as planning and development bodies on the national scale.
Promotion of industrial investment in Kenya and Nairobi: agricultural, natural resources, and tourism development.
University doctoral programs in urban studies.
Community development groups.

Eisenhower Exchange Fellowships

Origin

Established in 1953 to honor President Eisenhower "for his contribution to humanity as a soldier, statesman, and world leader." Founded as a unique contribution to the furtherance of world peace through international understanding, the Fellowships are independent of any governmental, political, or academic affiliation.

Purpose

Unlike academic and research fellowships they are essentially leader grants, providing a period of travel and observation for men who have already demonstrated outstanding leadership achievement in their respective countries and professions. The Fellowships enable these rising leaders to meet their professional counterparts, as well as leaders and ordinary people from other walks of life, throughout the United States. The Eisenhower Fellows thus acquire broad experience to apply to their own countries' development, as well as a thorough understanding of the United States, its people and institutions, its accomplishments and aspirations.

Selection Procedure

The countries to receive Fellowships each year are designated by a Trustees' Selection Committee after consultation with businessmen, economists, the Department of State, and other authorities familiar with current trends and developments abroad. With the aid of the American diplomatic mission in each designated country, a local nominating committee is appointed, usually consisting of three prominent citizens of that country and two resident Americans. The nominating committee also includes a former Eisenhower Fellow when possible. This committee chooses one of the economic or social fields of greatest importance to that country's advancement and nominates several key candidates from that field, a process sometimes requiring competitive screening of many applicants. Final selection of one nominee from each designated country rests with the selection committee in the United States.

What the Fellowships Provide

The Fellowships provide six to eight months of professional consultations, visits, seminars, field trips and on-the-job assignments in all parts of the United States. EEF pays all expenses for travel to, from and within the United States for each Fellow and provides a reasonable allowance for living expenses during his stay. Each Fellow is invited to bring his wife, provided she can remain in the United States for at least three months, and provided she has a reasonable knowledge of English.

A detailed program tailored to his individual professional objectives is drawn up and administered for each Fellow by the Executive Director and the Fellowships' staff. Arrangements are made to introduce the Fellows to business executives, government officials, educators, engineers, scientists, and professional leaders of all kinds. The Fellows visit industries, schools, banks, farms, marketing centers, laboratories, transportation hubs, historic sites, and other places of special or general interest. They also have opportunities to meet private American citizens and to observe American home life. Each Fellow is urged to undertake intensive inquiries along the lines he believes will be most useful to him and to his country. At the same time, however, he is expected to explore his field broadly throughout the United States, rather than spend a major portion of his time in any single location.

Support of the Fellowships

Since their inception in 1953, the Eisenhower Exchange Fellowships have been generously supported by more than 1500 corporations, foundations, and individuals, whose imaginations have been captured by the Fellowships' concept of "training in leadership as a positive force for international understanding." Each year the number of contributors has been higher than the year before, a further evidence of the growing esteem in which the Fellowships are held.

Sponsored Fellowships

In 1967 the concept of Sponsored Fellowships was established. Under this arrangement, corporations, foundations, and individuals, with an annual commitment of \$10,000, may specify an area of interest,

such as medicine, legal training, or agriculture, and a broad geographical area, such as the Middle East, which coincides with their interests. The selection of the individual Fellow, however, remains basically a function of EEF.

Success of the Fellowships

Beginning with fifteen Fellows in 1954, the number of Fellowships awarded each year has gradually increased to a current level of 45.

Almost all of the Fellows, both foreign and American, have risen to even higher positions of responsibility as a consequence of their Fellowship experience. The Honorable Suleyman Demirel, is now Prime Minister of Turkey, the first Eisenhower Fellow to rise to the pinnacle of his country's leadership. Dr. Luis A. Siles has been elected Vice President of Bolivia and Yien-Si Tsiang has recently been appointed Secretary-General of the Executive Yuan, the highest administrative position in the Republic of China. Four former Fellows currently hold cabinet posts in Argentina. Other cabinet and subcabinet posts are or have been held by Fellows in Afghanistan, The Republic of China, Indonesia, Iran, Norway, Philippines and Saudi Arabia. Several Fellows have become ambassadors, governors and members of parliaments and legislatures. Many hold other high posts in government, public health, education, transportation, agriculture, finance, marketing, manufacturing, construction, utilities, and communications, to cite representative fields.

Board of Trustees

Control of Eisenhower Exchange Fellowships, Inc. is vested in a Board of Trustees drawn from leaders in business, government, communications, and education. Robert O. Anderson, Chairman, Atlantic Richfield Company, was elected Chairman of the Board of Trustees in February 1969, succeeding Thomas B. McCabe, Chairman of the Finance Committee, Scott Paper Company, who had served as Chairman since 1953.

Staff

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Eisenhower Exchange Fellowships

Origin

Established in 1953 to honor President Eisenhower "for his contribution to humanity as a soldier, statesman, and world leader." Founded as a unique contribution to the furtherance of world peace through international understanding, the Fellowships are independent of any governmental, political, or academic affiliation.

Purpose

Unlike academic and research fellowships they are essentially leader grants, providing a period of travel and observation for men who have already demonstrated outstanding leadership achievement in their respective countries and professions. The Fellowships enable these rising leaders to meet their professional counterparts, as well as leaders and ordinary people from other walks of life, throughout the United States. The Eisenhower Fellows thus acquire broad experience to apply to their own countries' development, as well as a thorough understanding of the United States, its people and institutions, its accomplishments and aspirations.

Selection Procedure

The countries to receive Fellowships each year are designated by a Trustees' Selection Committee after consultation with businessmen, economists, the Department of State, and other authorities familiar with current trends and developments abroad. With the aid of the American diplomatic mission in each designated country, a local nominating committee is appointed, usually consisting of three prominent citizens of that country and two resident Americans. The nominating committee also includes a former Eisenhower Fellow when possible. This committee chooses one of the economic or social fields of greatest importance to that country's advancement and nominates several key candidates from that field, a process sometimes requiring competitive screening of many applicants. Final selection of one nominee from each designated country rests with the selection committee in the United States.

What the Fellowships Provide

The Fellowships provide six to eight months of professional consultations, visits, seminars, field trips and on-the-job assignments in all parts of the United States. EEF pays all expenses for travel to, from and within the United States for each Fellow and provides a reasonable allowance for living expenses during his stay. Each Fellow is invited to bring his wife, provided she can remain in the United States for at least three months, and provided she has a reasonable knowledge of English.

A detailed program tailored to his individual professional objectives is drawn up and administered for each Fellow by the Executive Director and the Fellowships' staff. Arrangements are made to introduce the Fellows to business executives, government officials, educators, engineers, scientists, and professional leaders of all kinds. The Fellows visit industries, schools, banks, farms, marketing centers, laboratories, transportation hubs, historic sites, and other places of special or general interest. They also have opportunities to meet private American citizens and to observe American home life. Each Fellow is urged to undertake intensive inquiries along the lines he believes will be most useful to him and to his country. At the same time, however, he is expected to explore his field broadly throughout the United States, rather than spend a major portion of his time in any single location.

Support of the Fellowships

Since their inception in 1953, the Eisenhower Exchange Fellowships have been generously supported by more than 1500 corporations, foundations, and individuals, whose imaginations have been captured by the Fellowships' concept of "training in leadership as a positive force for international understanding." Each year the number of contributors has been higher than the year before, a further evidence of the growing esteem in which the Fellowships are held.

Sponsored Fellowships

In 1967 the concept of Sponsored Fellowships was established. Under this arrangement, corporations, foundations, and individuals, with an annual commitment of \$10,000, may specify an area of interest,

such as medicine, legal training, or agriculture, and a broad geographical area, such as the Middle East, which coincides with their interests. The selection of the individual Fellow, however, remains basically a function of EEF.

Success of the Fellowships

Beginning with fifteen Fellows in 1954, the number of Fellowships awarded each year has gradually increased to a current level of 45.

Almost all of the Fellows, both foreign and American, have risen to even higher positions of responsibility as a consequence of their Fellowship experience. The Honorable Suleyman Demirel, is now Prime Minister of Turkey, the first Eisenhower Fellow to rise to the pinnacle of his country's leadership. Dr. Luis A. Siles has been elected Vice President of Bolivia and Yien-Si Tsiang has recently been appointed Secretary-General of the Executive Yuan, the highest administrative position in the Republic of China. Four former Fellows currently hold cabinet posts in Argentina. Other cabinet and subcabinet posts are or have been held by Fellows in Afghanistan, The Republic of China, Indonesia, Iran, Norway, Philippines and Saudi Arabia. Several Fellows have become ambassadors, governors and members of parliaments and legislatures. Many hold other high posts in government, public health, education, transportation, agriculture, finance, marketing, manufacturing, construction, utilities, and communications, to cite representative fields.

Board of Trustees

Control of Eisenhower Exchange Fellowships, Inc. is vested in a Board of Trustees drawn from leaders in business, government, communications, and education. Robert O. Anderson, Chairman, Atlantic Richfield Company, was elected Chairman of the Board of Trustees in February 1969, succeeding Thomas B. McCabe, Chairman of the Finance Committee, Scott Paper Company, who had served as Chairman since 1953.

Staff

President and Executive Director: J. Hampton Barnes. Assistant Director: Samuel C. Townsend. Four Program Officers. Two Secretaries.

MEMORANDUM FOR THE RECORD

Visit of Messrs. Sammy Lui, Director of the National Program of the Voice of Kenya Radio, and Ben Soumahoro, Deputy Director of the Television Branch of the Cote d'Ivoire, August 2, 1973

The two journalists posed a series of questions.

1. How can the Bank best deal with the 24 least developed countries which are located in Africa? Mr. McNamara pointed to the increased lending to the least developed countries which had received loans under 89 projects in the last five years compared to 29 in the previous five years and 44 in the total 25 previous years of the Bank's existence.
2. If all developing countries were to channel their assistance through the World Bank, would the World Bank be ready to assume that responsibility? Mr. McNamara mentioned that the Fourth IDA Replenishment negotiations did not indicate that the developed countries had any such intentions but, if that would be the case, he said the Bank is prepared to process the necessary number of projects and the real constraint is the absorptive capacity of developing countries.
3. How can the Bank get its message of development through and how can its assistance reach the less fortunate parts of the population? Mr. McNamara said that, first of all, the message is that the Bank wishes to work for the benefit of all the people of each nation according to the national priorities which may vary among countries. Secondly, the Bank must ensure that the effects of its assistance reaches the correct target population. He said that he would address this problem in Nairobi. He also described the Bank's way of working through economic analysis and lending programs in planning its work.
4. Can IFC's terms be softened so that it can become more active in Africa? Mr. McNamara said that IFC will become more active but it will not lower its interest rate since that would most likely lead to a subsidy in the form of increased profits to entrepreneurs rather than lower prices to the consumers.
5. Could Mr. McNamara send the message to Africa in advance of the Annual Meeting? Mr. McNamara replied that he would consider that in consultation with Mr. Merriam.

AL
August 3, 1973

President has seen

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: July 31, 1973

FROM: John E. Merriam

SUBJECT: Visiting African Radio Journalists

This week the Information & Public Affairs Department is host to Mr. Sammy Lui of Nairobi, representing the Voice of Kenya, and Mr. Ben Soumahoro of the radio/television network of the Ivory Coast. They are here to learn about the World Bank in preparation for the Nairobi meeting, and are undertaking a series of interviews, some of which they are taping, and seminars with Bank officials regarding our work in Africa.

You have agreed to meet with them briefly at 6:15 p.m. on Thursday, August 2, for about fifteen minutes of off-the-record discussion about the Bank's work (no taping, or recording involved), to be preceded by picture-taking in your reception room. This will give them an opportunity to have a personal contact with you which will carry with them on their return. This would also be a mark of our interest in the African media.

We have chosen radio (and television) as the principal media through which we wish to work during this pre-Annual Meeting season in Africa because it reaches the broadest audience, and can be directed selectively to various parts of the continent.

I have met with both of these gentlemen. Mr. Sammy Lui is the Director of the National Program of the Voice of Kenya Radio. Mr. Brantley, now with the Joint Secretariat in Nairobi, has reported independently (on learning of Lui's invitation) that he is extremely influential in information circles in Kenya. He is most cooperative and clearly has both a good future in his field and a firm grasp of the information opportunities available through African radio networks.

Mr. Ben Soumahoro of Abidjan is the Deputy Director of the Television Branch of the Cote d'Ivoire system; he is also active in radio work. He has familiarized himself in past years quite thoroughly with the Bank's activities. Mr. Soumahoro has limited English, but is a highly intelligent and serious individual. I think you will find meeting with both of these men rewarding.

I shall accompany them along with an interpreter (Mr. Fall) to your office. We have arranged for a photographer to be in your reception room at the outset for the brief picture-taking session.

JEM:rgw

President has seen

OFFICE MEMORANDUM

TO: Files

DATE: September 1, 1975

FROM: Anders Ljungh, Div. Chief, EA CPI *AL*SUBJECT: KENYA: Mr. McNamara's Meeting with Finance Minister Kibaki --
August 30, 1975

In addition to the Minister and Mr. McNamara, others present were Messrs. Knapp, Husain, Please, Burmester and Nganga, Permanent Secretary, Ministry of Finance and Planning of Kenya.

Mr. Kibaki said that the Kenyan economy would experience another difficult year and that the balance of payments deficit in 1976 would be larger than that in 1975. There would be a need to borrow substantial amounts abroad. However, crops such as maize and wheat were showing good prospects, as were the exports of tea and coffee. Tourism was recovering from its low in 1973 and 1974 to the level of 1972. However, expenditures on essential imports, such as oil and capital goods, were increasing at an alarming rate.

Mr. McNamara said he was impressed with the difficult decisions taken on economic programs but hoped that there could be a greater commitment in various parts of the Government to increase agricultural production and the participation of the poorest farmers. The organization of the Ministry needed to be more effective. Mr. Kibaki said that the Agriculture Ministry, other agencies and the President himself were becoming aware of the great importance of increasing agricultural production and spreading the benefits of growth, and that there would be progress in terms of better performance in the near future.

In the political sphere, Mr. Kibaki feared that the political debate over the next few months would be acrimonious due to the number of labor leaders seeking prominence in Parliament.

Mr. McNamara asked about the assistance which would be envisaged from OPEC. Mr. Kibaki said that so far results had been discouraging. No program loans had been obtained but there were discussions under way about projects sponsored by Iran, Kuwait and possibly Saudi Arabia. Further contacts would be made during the Annual Meeting week.

The Minister felt that the recent review meeting in the East African Community had progressed well and that the countries had stated what aspects of cooperation they would like to have reviewed, resulting in a terms of reference. This would gradually remove areas of friction, while not threatening the viability of the Treaty itself. He felt that the major stumbling block in the Community would be the economic viability of the Railways, which would need substantial infusion of funds, perhaps as much as KSh120 million. The East African Airways had concluded a satisfactory contract for maintenance with Eastern Airlines and the Ports and Telecommunications Corporations were in reasonable balance. He was looking forward to the Bank's assistance in reviewing the status of accounts, assets and operations of the Railways.

He felt that the real problem of the Community was a political one and it was essential that certain members of the Community refrain from supporting disgruntled elements of other members. Mr. McNamara offered any assistance he could usefully give and Mr. Kibaki expressed appreciation for the recent visit of Mr. Husain, which had brought to the attention of the heads of state the importance of the EAC problem.

Mr. McNamara said that Kenya could be of great assistance to the Bank and to other developing countries by bringing to the attention of OPEC and OECD countries the need to consider a substantial increase in IDA's resources through the 5th Replenishment, and also to discuss with other member countries the need to refinance the Bank through a capital increase. The preference of the management of the Bank would be for a two-step increase: first an immediate selective increase analagous to the Fund quota increases, and secondly a general capital increase, and possibly a change in the Articles of Agreement about four years hence. He expected to submit a memorandum to the Executive Directors in late Fall for action in early 1976.

Mr. McNamara said that OPEC countries had been quite helpful during recent months in supporting the Third Window and were now beginning to accept the rationale for an increase in their share of the Bank's capital. Mr. Kibaki said that he would speak to the British and Scandinavian governments on his way back to Kenya. He again expressed his great appreciation for the Bank's leadership and assistance to Kenya and said that when the Bank decides to give a program loan other donors change toward a much more favorable attitude.

ALjungh:nff

cc: Messrs. McNamara, President
Knapp, Sr. Vice President, Operations
Husain, RVP, EA
Please, Director, EA CPI
Loh, Div. Chief, EA CPI

SENIOR DELEGATION MEMBERS

Mr. Mwai Kibaki: Minister for Finance and Planning and Governor for the Bank and Fund. A Kikuyu, he was born in 1931 and educated at Makerere (B.A.) (which has produced many of the leading politicians in East Africa) and the London School of Economics (B.Sc.). He was a lecturer at Makerere from 1959 to 1960, became a national executive officer of KANU (the only official political party in Kenya at present) in 1961 and in this position was appointed to the Central Legislative Assembly 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. Upon his assumption of office as Minister of Finance, Minister Kibaki headed the Kenya delegation to the Consultative Group meeting in February 1970 and again in April 1972. He has also attended the Annual Meetings in Copenhagen in 1970, and in Washington in 1971 and 1972. He is one of Kenya's ablest and most visible Cabinet members and has had over six years' experience as Minister of Finance and Planning, during which he has had the opportunity to acquire considerable knowledge of Bank Group operations. He has developed a reputation as a hard-working technocrat and is one of the confidants in Kenyatta's inner circle. His influence and stature has increased as he has taken an independent posture in recent political upheaval.

Mr. Nicholas Nganga: Permanent Secretary, Ministry of Finance and Planning; Alternate Governor for the Bank. He is in his late thirties. Prior to assuming his present position in September 1974, he was a Deputy Secretary in the Ministry of Finance and Planning.

Mr. Duncan Ndegwa: Governor of the Central Bank of Kenya and Alternate Governor for the Fund, is a Kikuyu born in Nyeri in 1925. He was educated at Alliance High School and Makerere College, where he received a teaching diploma. He also attended St. Andrews University, Scotland, where he received his M.A. degree. He previously held a number of senior civil service posts including that of Permanent Secretary to the Ministry of Finance and Permanent Secretary, Office of the President.

BRIEFING NOTE
FOR YOUR MEETING WITH THE KENYA
AMBASSADOR TO THE UNITED STATES
Mr. John P. Mbogua
=====

Kenya is one of the major recipients of Bank and IDA funds in Africa. To date the Bank has lent \$396.9 million and IDA \$179.7 million supporting 39 operations. This year we expect the Board to approve seven projects for a total of 155 million (about \$12 per capita) of which \$40 million in IDA and \$32 million on Third Window Terms. Kenya has enjoyed a high level of lending primarily because of her pragmatic and prudent economic management and her high capacity to absorb funds for sound projects.

Over the past few years the Bank has enjoyed excellent cooperation and frank exchanges with the Kenyan Government. The dialogue with the country has led to important new policy directions taken both in our economic and project work. In our economic work we have assisted the Government in restructuring its policies towards domestic-resource based production, greater attention towards employment creation and improvement of the small farmers' production. We are, however, still concerned about the extent to which the benefits of growth have benefitted the poorest people in the country and with Government support we are soon commencing a study of this problem.

In our project work new policy directions have also been taken. The sites and services approach is a case in point. When in the early 70s we first started discussing the sites and services approach (with its emphasis on the requirements of low income dwellers), the Kenyan Government, including Mr. Mbogua as town clerk of the Nairobi City Council, was most reluctant to accept this approach. Government officials, including Mr. Mbogua, are now praising the Bank for its persistence as the Dandora Sites and Services Project (signed in 1975) in Nairobi is going extremely well and the first 1,000 dwellers have moved in.

The population project (\$12 million credit signed in 1974) was our first population project in sub-Saharan Africa which also met initially with some controversy. Family planning now forms an integral part of health services in Kenya and has been enthusiastically supported as a component in the forthcoming Bura Irrigation Project and other schemes we are supporting in Kenya. Mr. Mbogua himself, originally a skeptic on this topic, is now fully behind the Government's efforts and requested a copy of your recent speech on this topic. 1/

1/ His wife, no doubt, has had an influence on him. She is a health and family planning worker.

The Kenya Government is belatedly becoming aware of the environmental destruction taking place in the country today. Soil erosion is perhaps the most serious problem facing the country. Recently the Government established a Land Use Committee to determine appropriate land use policies particularly in regard to areas to be reforested and to serve as water catchment areas. The Government is now about to seek our support in a reforestation project which has two objectives: (i) to plant fast-growing species to provide fuel-food, and (ii) to conserve soil by planting trees, including fruit trees.

The most imminent environmental problem facing the Government, however, is the poaching of wildlife, one of Kenya's vital resources. You may want to stress our concern in this respect and that in connection with the recent Wildlife and Tourism Project we expect to assist the Government in any way possible to combat this problem, provided the Government put its weight behind the measures which they and we know to be required. ✓

JOHN P. MBOGUA

Kenya's Ambassador to the United States

Mr. John Mbogua was born in Nairobi in 1931. He went to Makerere University in 1954 and graduated with a BA (Honours) degree in 1958. He also holds a Masters Degree in Economics and Geography from McGill University, Canada. He worked in the Nairobi City Council from the late sixties to the fall of 1976 as Town Clerk when he left to take up a position in private industry and was appointed Ambassador this year.

Mr. Mbogua is quite familiar with the World Bank operations having been involved with the first Nairobi Water Supply Project and skillfully negotiated the first Site and Service Project in Kenya. Bank staff have been impressed by his excellent management of the Nairobi City Council under very difficult circumstances. He is keen to play an active role in Bank/Kenyan relations, which we endorse given his grasp of Bank issues and political support in Kenya. Based on his experience in the Nairobi City Council he has written a number of articles covering a wide range of urban and other development issues.

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OFFICE MEMORANDUM

TO: Files

DATE: September 26, 1977

FROM: Stanley Please, Director, EAL

SUBJECT: Kenya - Meeting Between Mr. McNamara and Mr. Kibaki, Minister of Finance & Planning

1. Mr. McNamara met with Mr. Kibaki on September 24, 1977. Also present were Messrs. Kibinge (Permanent Secretary, Ministry of Finance and Planning), Mbogua (Ambassador to the US), Madinga (Alternate ED), Knapp, Wapenhans, Koch-Weser and myself.
2. Mr. McNamara began the meeting by expressing the Bank's admiration for Kenya's progress and its specific admiration for Mr. Kibaki as a major leader of this progress. However, it was essential for him to emphasize that over the past year or so we had been disappointed in the failure of the Government to follow up on agreed policy understandings in such areas as industry and on agreed project conditions such as beef pricing. The Bank's program in Kenya was very large and could not be sustained at the level we hoped to achieve unless we could be assured that the Government would undertake its obligations.
3. Mr. Kibaki felt that Kenya's achievements were being underestimated particularly in the light of (a) comparisons with other developing countries, (b) actions already taken in relation to agriculture and industry in particular, and (c) the need to ensure that further action on policies to improve development performance did not undermine the attempt to achieve price stabilization and other short-run objectives which were being urged upon them by the IMF. He was particularly disturbed by what he called the "shocking letter" he had received from the Bank threatening suspension of disbursements unless further action on beef prices was immediately taken in accordance with the Bank's Livestock Project Review Report. Action had already been taken as recently as March of this year to raise beef prices and further action at the forthcoming agricultural price review was intended. However, he could not accept the Review Mission's recommendation to reduce the price of immatures. This recommendation ran contrary to the need to ensure both an incentive price and an equitable price to the pastoralists in the semi-arid areas who represented some of the poorest people in the country. Furthermore he believed the Review Mission underemphasized the transportation and other marketing costs associated with livestock development in the North East. The administration of the project was weak and this had to be corrected in addition to action on prices.
4. Mr. McNamara stated that there was a clear difference of understanding both on the narrow issue of beef pricing and on a range of other important issues. If the Minister and his associates had the time during the Annual Meeting he would suggest that the Bank staff present him with a list of problem areas which should provide an agenda for detailed discussions during the week. If at the end of the week issues remained unresolved between the delegation and Bank staff, Mr. McNamara would welcome a further meeting with the Minister.
5. Mr. Kibaki welcomed this proposal and said that he and his staff would make themselves free for the discussions. He added that he hoped Mr. McNamara would make another visit to Kenya in order to see for himself what

had been achieved. Mr. McNamara said that he would give serious consideration to the invitation.

SPlease/lo

cc: Messrs. Wapenhans
North
Loh
Adler
Hendry
Walden
Hablutzel
O'Brien
Burmester/Koch-Weser

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OFFICE MEMORANDUM

TO: Files

FROM: Stanley Please

SUBJECT: KENYA - Meeting Between Mr. Kibaki,
Minister of Finance and
Mr. McNamara

DATE: October 3, 1977

1. Mr. McNamara met for a second occasion during the Annual Meeting with Mr. Kibaki on 30 September 1977. Also present were Messrs. Kibinge (Permanent Secretary, Ministry of Finance), Mule (Deputy Permanent Secretary, Ministry of Finance), Knapp, Wapenhans, Koch-Weser and myself.
2. Mr. Kibaki stated that he and his delegation had had very good meetings with Bank staff during the week. In particular a process had been set in motion under the Bank's leadership to resolve the East African Community problems. On other issues there had been long discussions and a better understanding between the Bank and the Government but he was anxious that this understanding by the Bank of Kenyan problems should be increased. He wanted "more" not "less" Bank involvement in these problems because the Government valued very highly the reports and discussions with the Bank. He hoped the Bank's office in Nairobi would be brought more fully into these discussions and that the tendency to move from purely project considerations would gather momentum.
3. Mr. Kibaki felt that this was the explanation of our differences between the Bank and the Government over beef pricing. The Government had over the past few years gained political acceptance for annual reviews of agricultural prices. Grain and milk prices had been raised to very high levels and the export prices for coffee, tea and pyrethrum were also very good albeit weakening a little. This, therefore, in the Government's view was the time to raise the profitability of some of the subsectors which had so far been neglected -- e.g. horticulture, poultry, etc.. In this wider context it would be foolish to raise the price of beef other than by a small amount because beef producers were making high profits except in the newer and high cost areas of the coastal region where the company ranches being financed by the Bank were located. Other more selective measures would have to be used. 1/

1/ In the course of this discussion Mr. Kibaki stated that the Bank and the Government had reached agreement during the week on the beef pricing issue -- a point to which Mr. McNamara subsequently drew the attention of Messrs. Knapp and Wapenhans for it conflicted with the information given to Mr. McNamara by Mr. Wapenhans in his briefing memorandum to Mr. McNamara of 30 September 1977. The failure to reach agreement has been obvious. When Mr. Kibaki stated that we had reached agreement during the week I believe he meant that we had reached a better understanding of each others' positions which is, I believe, correct.

4. Mr. Kibaki informed Mr. McNamara that preliminary work for a new development plan was underway. The ILO and the Bank were making important contributions to this work. It was intended that the focus of the new plan would be on the meeting of the basic needs of the people and particularly on the means by which the standard of living of the 15% of the population living in the marginal semi-arid areas could be improved. There was political acceptance of the need to refocus policy in this direction. With high profits being made in other parts of the country (coffee growers, etc.) the time was politically appropriate for dealing with the very poor.

5. Finally Mr. Kibaki drew attention to the rising constraint being imposed on Kenya's development programs by the security situation on its borders. Defense expenditure was rising and preempting budgetary funds which could otherwise be available for development.

6. Mr. McNamara reiterated the Bank's concern over the delays experienced in acting on important issues of development policy. He emphasized that the projected Bank lending program could only be adopted if there was confidence in the ability of the Government to take appropriate policy action. Therefore, if it were agreeable to the Government, he would propose that in two or three months time, more intensive discussions on the issues which concern the Bank should be held in Kenya to be attended on the Bank side either by himself or Mr. Knapp and by Messrs. Wapenhans and/or Please.

7. Mr. Kibaki welcomed this proposal and stated that he felt that such a visit would lead to a better appreciation of Kenyan achievements and a better understanding of its problems.

cc: Messrs. Knapp, Wapenhans, Adler, Gulhati, Loh, North,
O'Brien, Walden/Peberdy, Koch-Weser

SPlease:rb

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OFFICE MEMORANDUM

TO: Files

DATE: January 15, 1980

FROM: Bengt G. Sandberg, Chief, EAIDA

SUBJECT: Mr. J. Mbogua's call on Mr. McNamara

1. Mr. John Mbogua, Kenya's Ambassador to the United States called on Mr. McNamara on January 9, 1980. Messrs. Wapenhans, Koch-Weser and Sandberg were also present.
2. In response to Mr. Mbogua's wish for a pleasant visit to Kenya, Mr. McNamara said that he was delighted to have this opportunity to visit the country. He said that he was particularly interested in learning how the Kenyan Government planned to make the necessary adjustment to the rising cost of oil. In this connection he noted the progress that was being made in the negotiations for a program loan, which he felt would be helpful in dealing with this problem.
3. The second major subject that he looked forward to discussing with President Moi and Vice President Kibaki was the Government's plans for dealing with the important problem of population growth. In this connection he also wanted to find out why earlier efforts, by the Government and the Bank, had not been particularly successful. He felt that it was disturbing that it had not been possible to make more headway since the prospect of continued population growth at about 3.9% (probably one of the highest in the world) was frightening.
4. The Ambassador noted that Mr. McNamara would find a receptive audience in Kenya where the problem was getting increased attention. He also said that part of the problem was the success of Kenya's development efforts which had resulted in a decrease in the death rate to such an extent that life expectancy in Kenya was now the highest in East Africa. While, as Mr. McNamara had noted, this might have been expected to result also in a desire for smaller families, Mr. Mbogua felt that this was a matter of time and education to change prevailing attitudes.
5. Finally, Mr. McNamara and Mr. Wapenhans urged that the Government study the report of the EAC Mediator, Dr. Umbricht, with care and an open mind, when it was received so that a settlement could be reached.

BGS:pa

cc: Messrs. Stern
Wapenhans
Kraske
Koch-Weser
Tsui

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President
FROM: Mr. Jochen Kraske, Director, EA1 (through Mr. Ernest Stern, VP0)
SUBJECT: Meeting with Mr. Mbogua

ES/Ans.

DATE: January 9, 1979

You are meeting this afternoon with Mr. John Mbogua, Kenyan Ambassador to the United States. I understand that this is a courtesy call and that there are no particular issues that the Ambassador wants to raise.

A biographical sketch of the Ambassador is attached.

BGS:mc

1/9

CURRICULUM VITAE

Ambassador John Peter Mbogua

Date of Birth : 12-10-1931
Place of Birth : Nairobi
Address : Box 47624, Nairobi, Kenya
Civil Status : Married
Wife's Name - Sarah Mbogua
Date of Marriage - April 4, 1970
No. of children - 3 girls and 1 son

EDUCATION AND RELATED BACKGROUND:

1939-1946 : Kiambaa Primary School - Kiambu District
Examination - Common Entrance

1947-1950 : Kagumo Intermediate School, Nyeri
Examination - K.P.E. - Passed

1951-1953 : Alliance High School
Examination - Cambridge School
Certificate - Passed 1st Division
(School Prefect and a Senior Athlete)

1954-1958 : Makerere University College
Graduated, B.A.
Subjects: History, Geography, Sociology.

1959-1961 : McGill University - Montreal, Quebec, Canada
Obtained a Masters Degree in Economic
Geography in 1961.

Thesis: Peasant farming in Barbados in
the background of large-scale
sugar plantation culture.

Stayed in Barbados - West Indies
for three months at Bellairs
Institute for the purpose of this
survey.

PROFESSIONAL TRAINING:

- 1966 : Attended a course at the University of Birmingham, U.K. Obtained a Diploma in Local Government Administration.
- 1971 : For six months toured U.S.A. under Eisenhower Fellowship.

Visited following cities:

Philadelphia	New York	Washington, D.C.
Houston	Miami	San Diego
Los Angeles	Seattle	San Francisco
Vancouver	Chicago	Cleveland
Boston	Montreal	Toronto
Atlanta	Georgia	Memphis
Birmingham	Denver	etc.

While in U.S.A. under Eisenhower Fellowship, I attended a course at Austin, Texas on Grid Management Systems organized for City Managers in U.S.A.

EMPLOYMENT:

While in Canada, McGill University, I worked for the International Civil Aviation Organization, an agent of ~~U.S.~~ as Documents Control Officer. U.N.

- 1961-1962 : Worked as a lecturer in Sociology at Plattsburgh State University, New York
- 1962 : On my return to Kenya, I taught at Kangaru Secondary School, also worked with the Income Tax Department.
- 1963 July : Joined Nairobi City Council as a Trainee Administrator in the Social Services and Housing Department.
- 1964-1967 : Worked as Director of Social Services and Housing - Nairobi City Council
- 1967 July to 1976 November : Worked as Town Clerk (City Manager) - Nairobi City Council
- 1976 November to 1977 January 19 : Worked as Public Affairs Manager - Kenya Cannery Ltd., a subsidiary of Del Monte Corporation with Headquarters in San Francisco.

1977 January 20 : Appointed Ambassador Extraordinary and Plenipotentiary of Kenya to the U.S.A.

TRAVELS:

Apart from the U.S.A. and Canada, have toured the following countries:

Thailand, Philippines, Turkey, India, Singapore, Puerto Rico, West Germany, Italy, France, England, Denmark, Poland.

HOBBIES:

Swimming and Tennis.

SOCIAL AND OTHER ACTIVITIES:

A Trustee of Edelvale Home.
Patron of Boy Scout - Local Association
Member of Kenya Federation of Labour Management Committee
Member of Management Committee Civil Servants Club
A Trustee of Kenya National Museum.

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OFFICE MEMORANDUM

TO: Files

FROM: J.D. North

SUBJECT: Notes on the Meeting between Mr. McNamara and Mr. Mwai Kibaki,
Vice-President of Kenya

DATE: January 25, 1980.

Mr. McNamara met Mr. Kibaki on January 17, 1980. The meeting lasted just over one hour. Mr. McNamara was accompanied by Messrs. Wapenhans, William Clark, Koch-Weser, Madinga and myself. Also present were Messrs. Nganga, Mule, Mathenge and Duncan Ndegwa.

Mr. Kibaki referred to Kenya's present financial difficulties and said that their problems were now much better understood than in the past. The effect of the oil price increases had been cushioned earlier by the favorable coffee receipts and as a result hard decisions were deferred. The underlying problems began to bite in 1978 when coffee prices went down. And Kenya had been forced to increase spending on defence.

He felt that it was important that the legislators were made aware of the seriousness of the situation and was proposing to prepare a sessional paper on it. Mr. Kibaki said he valued the Bank's support, not least because it helped convince other donors.

Government was improving its own effectiveness by reorganizing ministerial portfolios, but it was beginning to feel the shortage of manpower to implement programs. It was unlikely that Civil Service pay rises could be avoided, if the Civil Service was to be able to compete at all with the private sector. Trade Unions had behaved well over the last four years or so and pressure for wage increases could not be resisted for much longer. It was important however to keep up the momentum of the last two development plans particularly in the rural areas. The position of peasant farmers had been improving, although urban migration went on in spite of this.

Mr. McNamara said that important external changes are impacting the economies of non-oil producing developing countries and that Kenya's problems are typical. What was wanted was 'structural adjustment' lending, such as was proposed shortly for Kenya. And it was possible that the situation was even more serious than Mr. Kibaki thought and that a further 'structural adjustment' loan would be needed in another year. It was not too early to start thinking about the changes to accompany the next loan.

Mr. McNamara said he had been shocked to know that Kenya's population growth rate was 3.9% p.a. He felt that the First Population Project had failed to make any impact. He believed the forthcoming population seminar should be used to make clear to Government participants the real nature of the problem. Kenya faced the prospect of a population of 90 million.

Mr. Kibaki responded that population control was now discussed freely in Kenya and that family planning was not even being opposed by the Roman Catholic Clergy.

Mr. Wapenhans asked about the effectiveness of the family planning delivery system in rural areas and Mr. Kibaki said that it was a question of ease of access to advice and the right manpower. Mr. Mule concurred with this but stressed the importance of information and education, which would be catered for in the second project.

In reply to Mr. McNamara's question regarding increasing exports, Mr. Kibaki said that cotton, coffee, tea, beef, dairy products and horticulture were all being expanded and they would form the basis for new industries. But the increase of factor prices has tended to deter investors. However, smaller industries are beginning to look more attractive, and more manufacturers are examining potential for fuller plant utilization; second shifts were beginning to be introduced.

Mr. Nganga referred to the problem of food reserves and Mr. McNamara suggested that it would be worthwhile approaching the US regarding the 17 million tons of grain (much of it maize) which had been held back from Russia.

cc: Messrs. Wapenhans, Kraske, Sandberg

OFFICE MEMORANDUM

TO: Files

FROM: J.D. North

DATE: January 24, 1980

SUBJECT: Notes of a Meeting between Mr. McNamara and Mr. Moi, President
of the Republic of Kenya, January 18, 1980

Mr. McNamara, accompanied by Mr. Wapenhans, Mr. Austin Madinga and myself met President Moi at Kisumu State House on January 19th. Present at the meeting were Vice-President, Mr. Kibaki, the Attorney General, Mr. Njonjo, and Ministers, Ouko, Onyonka, Kariuki. The meeting lasted about 45 minutes.

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President Moi outlined Kenya's present difficult financial situation. He said that over 20 percent of Kenya's foreign exchange earnings were being spent on oil imports and that this was having a serious effect on the Five Year Development Plan. He pointed out that this situation was largely outside Kenya's control and expressed a hope that the foreign assistance which was in the pipeline would be speeded up. He acknowledged his concern about delays in implementation of development projects, and explained the steps he had taken to improve Government efficiency by redistributing ministerial portfolios. He indicated some of his priority areas for the future--urban improvement (in which the central government would be concerned to counter petty opposition from local politicians), the development of geothermal power, the need for an integrated approach to development and the reclamation of arid and semi-arid areas.

President Moi also stressed the seriousness of the population problem and the need to produce fewer children so that they could be fed properly. He said he gave this message in all his talks with Kenyans in rural areas.

Mr. McNamara responded by saying that oil prices will continue to rise in real terms for the foreseeable future. Therefore non-oil producing developing countries had to adjust their policies to handle a permanent change in factors external to their economies. He stated the Bank's readiness to help such countries that are willing to make the structural changes. He referred to the forthcoming structural adjustment loan to Kenya and stated his belief that a second such loan would be needed (and would be forthcoming) in another year.

Mr. McNamara said he had been shocked by the figures he had recently seen on Kenya's population growth rate, which was now the highest in the world. He was gratified by President Moi's public emphasis on population control, saying that the most important step to take was to let people know authoritatively that the population problem was the biggest single problem facing Kenya now. He pointed out that, even if fertility rates eased now, the population would continue to grow and he did not envisage Kenya's population stabilizing at less than 45-50 million. He stressed employment

creation as a major long-term objective. President Moi concurred and added that this was the reason that Kenya was giving importance to development of areas such as the Kerio Valley, the Lake Basin and the Tana River area).

Mr. McNamara went on to praise the skill of Mr. Kibaki as a financial manager and the quality of Kenyan staff. He said that the problems facing Kenya called for skilled political direction.

President Moi said that there must be a way to get developed and developing countries to sit down together and discuss their common economic problems. If the situation was to be arrested, a brake must be found. How could Kenya, for example, implement its Development Plan in the present circumstances?

Mr. McNamara said that, whilst there had been no progress to date, the situation was now so bad it was clearly in the interests of all to come together. The UN, the IMF, the Bank and others, including the Brandt Commission, agreed it was time to get all parties together. The Brandt Commission would make recommendations on this and Mr. McNamara was hopeful that the next six to twelve months would see some progress.

Mr. Kibaki said that the Bank had kept reminding the developed nations and Mr. McNamara agreed that this message had been given at Belgrade, Japan, Germany and the US must do more and Mr. Schismdt has proposed that German ODA will increase at twice the rate of the national budget in future. Regarding the US, Mr. Carter, Mr. Vance were very supportive of the Bank, but Congress was too concerned with domestic affairs.

cc: Messrs. Wapenhans, Kraske, Sandberg.

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OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: October 16, 1980

FROM: Bengt G. Sandberg, Division Chief, EALDA

SUBJECT: KENYA - Meeting of Delegation with Mr. McNamara

1. The Vice President and Minister of Finance of Kenya, Mr. Mwai Kibaki called on Mr. McNamara on October 1, 1980. Messrs. Harris Mule, Permanent Secretary to the Ministry of Finance, Y.O. Masakhlia, Permanent Secretary to the Ministry of Planning, John Mbogua, Kenya's Ambassador to the United States and Alfred Vienna, Acting Director External Aid in the Ministry of Finance accompanied the Vice President. For the Bank Messrs. Stern, Wapenhans, Kraske, Koch-Weser and Sandberg also attended the meeting.
2. Mr. McNamara congratulated the Kenyan Government and Mr. Kibaki personally for the steps taken to restructure Kenya's industry in particular recent trade reforms.
3. Mr. Kibaki said that the current account situation was unlikely to improve this year and would continue to be difficult. Most main exports faced difficulties in the form of falling prices and production problems. In the meantime, the price of imports continued to go up; in the current year Kenya expected to spend 35% of its export earnings on petroleum and prices of capital goods were also rising. One hopeful area was food production and Mr. Kibaki stressed that Kenya would have enough food to survive without importing as much as last year. On the fiscal side the Government was reducing various programs but the deficit was nevertheless expected to rise from about 7% of GDP to about 10%.
4. Mr. McNamara noted that many governments had not focussed on the problems facing them in the next few years. He was very concerned that the international community was not sufficiently aware of the need to find solutions to the rapidly rising financing needs of developing countries. Mr. McNamara expressed dissatisfaction that the Group of 24 had not supported the proposed energy affiliate more strongly. While the case for supplementing the Bank and the IMF as sources of financing was urgent, every country or group of countries seemed to find some reason for opposing one solution or another causing the discussion to be stalemated. He felt that the African Caucus needed to focus on the structural adjustment problem and the need to expand the ability of the Bank and the IMF to meet them; the place to express concern was in the Boards of the two institutions. Finally, Mr. McNamara noted that lending to some countries would have to increase which would either be at the expense of others or come out of additional resources. While there was general agreement that expanded resources were needed, opinion differed about how it was to be done.
5. Finally, Mr. McNamara said that he was impressed with the determination shown by the Government in dealing with the problem of rapidly rising population. Mr. Kibaki assured Mr. McNamara that President Moi gave high priority to addressing the population problem and that the Government was determined to continue its efforts to reduce the population growth rate.

Cleared with and cc: Mr. Kraske (EAL)

cc: Mr. McNamara's Office (2); Mr. Stern (VPO)

Messrs. Wapenhans(EANVP); Adler, Bronfman, Hendry (EAP); Tsui, Ms. Deen (EAL)
Madinga (EDS); RMEA

BGSandberg:lrd