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BRIEF FOR MR. CLAUSEN - EASTERN AFRICA REGION: Overview, Statistical Tables

①



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OFFICE MEMORANDUM

TO: Mr. Ernest Stern
FROM: Willi A. Wapenhans
SUBJECT: Regional Brief for Mr. Clausen

DATE: April 21, 1981

I attach a copy of the revised Eastern Africa brief for Mr. Clausen.

Attachment

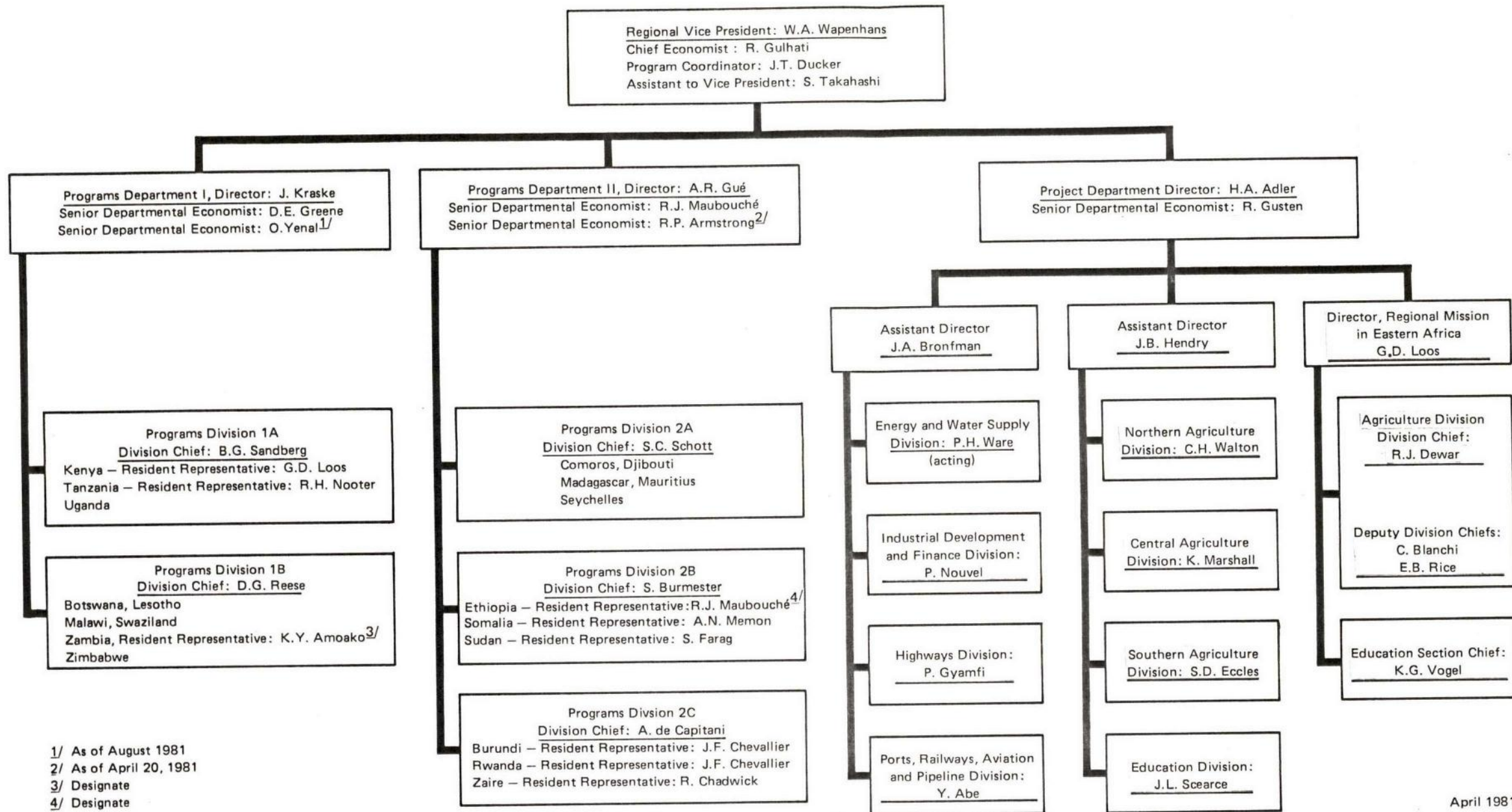
cc: Messrs. Baum
 Vibert
 Regional Vice Presidents
 Eastern Africa Management Group
 Eastern Africa Assistant Directors
 Division Chiefs
 Senior Economists

STakahashi: cdf

BRIEF ON
EASTERN AFRICA REGION

Eastern Africa Regional Office
April 14, 1981

EASTERN AFRICA REGION
Organization Chart

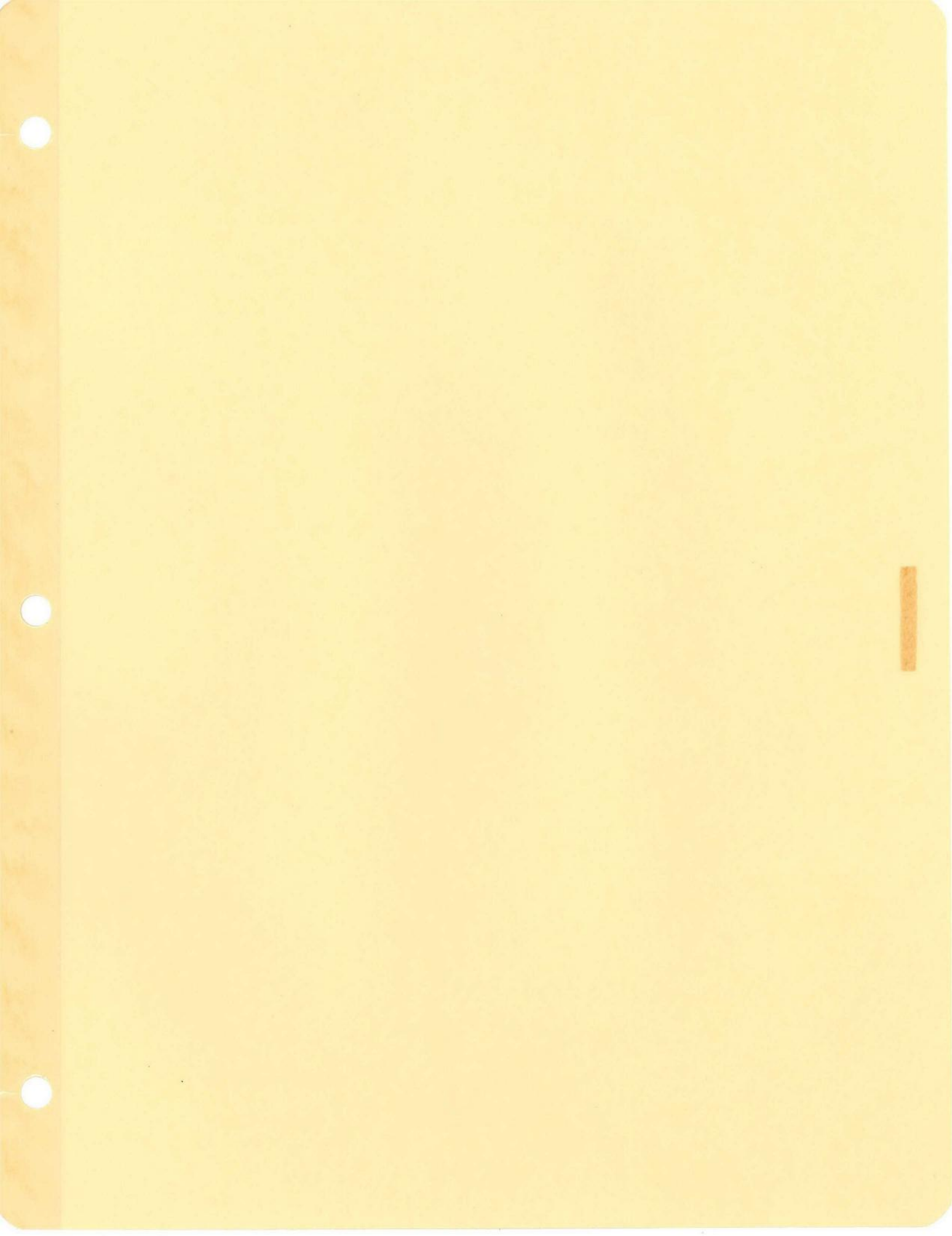


1/ As of August 1981
2/ As of April 20, 1981
3/ Designate
4/ Designate

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EASTERN AFRICA REGION

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I. Overview

Eastern Africa Region: Overview

1. The Region consists of 20 countries, many of which have had a disappointing development record and which face rather bleak prospects during the 1980's. Longer-term trends in the future will depend on the pace of policy and institutional reform, as well as on external support. This overview will emphasize both the similarities and the sharp differences that characterize these countries. It will summarize past Bank operational experience and major issues we confront today. The overview section is followed by a set of tables illustrating the Bank's program in this Region and by five country cases which illustrate a number of generalizations offered below.

The Past Record: Main Facts

2. Very few countries have experienced spectacular growth rates in GDP, but many managed to raise per capita incomes significantly during the 1960's and early 1970's. Substantial advance was also made in raising school enrollment and literacy rates and improving the health of the people. This momentum was not sustained during recent years, and in several cases, per capita incomes have tended to fall. The main explanation for lagging growth lies in the behavior of the agricultural sector, which looms large in most countries. The pace of production slowed down and both food and cash crops were affected. Since farmers constitute the bulk of the market for manufactures, the agricultural setback had repercussions on industrial output as well.

3. Lagging production was accompanied by a growing imbalance in external accounts. This was the combined result of a slowdown or decline in the volume of exports and a substantial deterioration in the terms of trade. The first oil price rise in 1973 did not have a major direct impact, because oil was a small part of the total import bill. Much more important in precipitating foreign exchange crises were: (i) the sharp, sustained increase in prices of imported capital goods; (ii) large fluctuations in export prices, with some drastic falls in prices e.g., copper and sugar in 1975 and coffee in 1978; (iii) widespread drought affecting many countries in 1973/74 and in 1980/81; (iv) the incidence of border conflicts, revolutions and internal strife disrupting transport and production; landlocked countries 1/ in particular suffered from dislocation of transport; and (v) the breakdown of the East African Community in 1977. Superimposed on all these factors was the 1979 oil price increase, which has had a major impact. Despite restrictions in consumption, oil imports now account for about 20% of the total import bill in most countries.

4. The scarcity of foreign exchange has been a recurring feature in many countries during recent years. To cope with it, governments that could (Sudan, Zaire, Zambia and Mauritius) borrowed on hard terms; and some of them accumulated arrears in payments. Other governments drew down their foreign exchange reserves and then clamped down on imports. There took place a substantial curtailment of the import of intermediate goods leading to a fall in the utilization of existing capacity, not only in agriculture, industry, transport and construction, but also in government-provided social and economic services. In

1/ Botswana, Burundi, Lesotho, Malawi, Rwanda, Swaziland, Uganda, Zambia and Zimbabwe.

fact, the point has been reached in a number of cases at which the exchange constraint undermines export production which, in turn, further accentuates the scarcity of imports in the next round.

Diagnosis

5. What lies behind the grim economic picture of Eastern Africa today? The following factors are important in many of the countries:

- (i) Issues other than development have preoccupied the political authorities.
- (ii) The public sector has been assigned a large role for which it is not yet ready. There is an acute shortage of managerial, professional, and technical skills.
- (iii) The rate of growth of population has risen and outdistanced technical progress and improvements in the capacity to organize economic development.
- (iv) Economic instability of external and internal origin has disrupted economic plans and budgets, as well as private sector activity.

Political Nexus

6. Most of these countries gained independence within the last quarter century. Many still bear the mark of their erstwhile colonial ties to Britain, Belgium or France. However, the experience of independence and the declining influence of these ex-metropolises as world powers has led Eastern African governments to diversify their political and economic links. Countries surrounding the Republic of South Africa are a special category. The political struggle for Zimbabwe preoccupied the Front-Line States (Tanzania, Zambia, Botswana, Angola and Mozambique) for a decade or more. Economic sanctions imposed by the UN on S. Rhodesia after its unilateral declaration of independence led Tanzania and Zambia to build costly alternative transport routes. Together with Malawi, Swaziland and Lesotho, the Front-Line States are seeking ways to reduce what they regard as "excessive dependence" on South Africa by establishing regional coordination mechanisms, particularly in the transport sector. The issue is specially acute in Botswana, Lesotho and Swaziland, which depend very heavily on South Africa for trade, public revenue and employment. While the latter's apartheid policies are resolutely opposed in political forums, bilateral economic relations between South Africa and its smaller neighbors are conducted on a pragmatic, low-key basis.

7. Another distinct group are the Indian Ocean countries, i.e. Djibouti, Somalia, Madagascar, Comoros, Seychelles and Mauritius. Recent years have seen a growing great-power rivalry in this area, enhancing the geo-political,

strategic importance of these states, many of which have tiny populations. With the exception of Madagascar, which has adopted a pronounced non-aligned posture, the rest of the group have capitalized on their locational importance and as a result have secured relatively large sums as official development assistance on a per capita basis.

8. Internally, Eastern African countries are passing through the very early phases of political evolution. Tribal or other sectional links tend to be much stronger than national identities. Civil war has plagued the Sudan, Ethiopia, Uganda, Zaire, Rwanda and Burundi at different points of time. This tumultuous history has produced large numbers of refugees, especially in Somalia, Sudan and Zaire, which alone have over 2 million refugees. In some countries "returnees", i.e. persons who crossed an international border as refugees and who later returned voluntarily, are also large in number. These disputes also led to a significant diversion of resources from economic to military/police uses in Ethiopia, Somalia, Uganda, Tanzania and Zimbabwe.

9. Political events are a datum for Bank operations, but they have the following implications for our work in Eastern Africa:

- Angola and Mozambique became independent in 1975 but neither has yet joined the Bank and both have close ties with the USSR. They also provide optional routes to the sea for member countries such as Zambia, Zaire and Zimbabwe. Disruption of rail services in Angola and Mozambique has affected the flow of essential goods to and from landlocked mining areas in Zambia and Zaire. Meanwhile Angola and Mozambique have joined with other Southern Africa states in developing regional cooperation.
- From time to time, officials of Mozambique have expressed some interest in Bank/IDA but remain skeptical about joining the IMF. Mozambican President Machel is close to Zimbabwe's Mugabe and will watch closely the latter's experience after joining the Bank/IMF in 1980.
- Namibia cannot consider membership till independence is achieved.
- The search for suitable ideologies has led to sharp changes in policy regimes. At present, these governments are an extremely diverse set, ideologically. At one extreme there are Kenya and Malawi pursuing capitalistic philosophies, and at the other end of the spectrum there is Marxist-Leninist Ethiopia. Many varieties of mixed economies and of African Socialism lie in the middle. Despite efforts to avoid partiality, in some countries the Bank is regarded by some as a western capitalist institution, representing a policy line inconsistent with their own development model. This perceived difference of view has occasionally impaired a constructive dialogue on economic policy issues with governments.

Role of the Public Sector

10. A major historical trend has been the expansion of the public sector, not only in the traditional area of physical infrastructure and social services, and in supporting and regulating private economic activity, but also in directly producing agricultural and industrial commodities. Total government expenditure has risen rapidly in most countries. As a proportion of GDP, it has reached 42% in Zaire, 40% in Zambia and nearly 30% in Tanzania. In addition, there has taken place a dramatic rise in the number of parastatal authorities in Tanzania, Zambia, Sudan, Ethiopia and Madagascar to displace foreign private enterprises and to exploit new production opportunities.

11. Barring some exceptions e.g. the Kenya Tea Development Authority, some Ethiopian industrial enterprises, and some utilities (especially power utilities) there is considerable disappointment with the record of public sector activity. There is considerable evidence that public entities (i) have unclear, overlapping objectives; (ii) lack key personnel, but are over-staffed; (iii) suffer from shortage of timely information required for their work; and (iv) require large budget subsidies.

12. For example, Bank/IDA agriculture and rural development projects in the public sector encounter a variety of problems, with "managerial" problems being cited most frequently. The nature of a "managerial" problem varies widely, but it typically involves vacancies in key positions, shortage of qualified support staff, obstacles in the decision-making process and inability to collect and use information to improve project performance. The lack of key staff is often among financial personnel, which may then be reflected in a supplementary "financial" problem arising from a lack of proper accounts, late financial reporting and inability to determine a project's financial status. Increasingly, however, one is aware that the broader environment in which a management functions is also a factor. The political/administrative structure determines whether the staff assigned to a project from the limited total supply of skilled manpower available are adequate in terms of quantity and quality; it determines whether procurement orders are processed in a timely manner; it fixes the annual budgetary allocations. It is particularly important in setting pricing policies for agricultural commodities, in the context of pressures exerted by influential urban interest groups. A "management" problem, therefore, may reflect much more than project-specific conditions.

13. Our attempts to study the management of public enterprises, and more broadly to analyze public administration and institutional issues have had varied success. We have had some success with some enterprises, such as port, railway, and utility enterprises, for which expertise is available, which have relatively well-specified, largely technical objectives and for which principles of good management are fairly well established. We have been less successful in areas of public administration such as central economic ministries, local governments etc. which have broader roles to play and where non-technical criteria (e.g. political, sociological) are more prominent. In these areas there

is not much expertize either within the Bank staff or in the development professional community. Our advice in the past may have helped to strengthen autonomous public enterprises, but sometimes at the expense of central government agencies. In any case, governments are not always receptive to Bank advice on public administration issues, which touch sensitive political nerves. At best, progress is likely to be slow and uncertain but, given the magnitude of the problem, the Bank must expand work in this field.

Shortage of Human Resources

14. The scarcity of human skills is now recognized as a critical problem which will be neither quickly nor easily solved. The problem stems from the lack of educational opportunity until recent times. The general picture at the time of independence was one of low levels of literacy and numeracy, low proportions of school-age children actually enrolled, very few vocational training facilities, and a very small university-educated elite which was weighted heavily toward liberal arts and the law rather than science and technical subjects. Independence saw the launching of ambitious programs of socio-economic development and of rapid Africanization of the civil service and public sector institutions. The rate of Africanization varied from country to country, but it would be fair to say that all countries suffered to some extent because trained and experienced expatriate officials at all levels were asked to depart before replacements, adequate in numbers and quality, were available. The strain on the slowly growing body of trained people has reached serious proportions. Vacancies in key staff positions and very frequent transfer of trained staff are the most common manifestations of this fundamental imbalance between needs and availability. This situation is further complicated in some countries (e.g. Sudan and Somalia) by a continuing drain of skilled people to the oil-producing regions of the mid-East and in other countries by a significant stream of political exiles.

15. The countries of Eastern Africa have initiated programs of educational development whose major objectives include universal basic education, relevant vocational and technical training, cost reduction and greater efficiency in the operation of the educational system, and equity of educational opportunity (as between rural/urban populations, males and females and among regions of the same country.) The countries are prepared to allocate very high proportions of their recurrent budgets to the education sector (typically in the 10-25% range). Rapid quantitative gains in enrollment often entail overcrowded and inadequate facilities and poorly qualified teachers; the latter being another result of the low levels of educational attainment from which the countries started at independence.

16. Technical assistance has played a substantial role in filling personnel gaps. Although we are not a major source of such aid, Bank/IDA projects identify needs for critical skills and provide finance for importing them. In addition, because governments have difficulty in identifying and preparing viable projects and in supervising adequately consultants who may be hired for

this purpose, the Bank has established a permanent Regional Mission in Eastern Africa (RMEA) in Nairobi,^{1/} whose primary function is to assist governments in preparing agricultural projects. Typically, RMEA requests that a project preparation team be established by the government and then assists the team to carry out its assignment. In cases where the government team is weak, RMEA may undertake a substantial part of the work itself; when consultants are used, RMEA assists in defining the work, selecting suitable consultants, and reviewing their work. This assistance undoubtedly speeds the identification/ preparation phase considerably. It is sometimes difficult for governments to understand that RMEA assistance in preparation does not guarantee acceptance of a project by a Bank Headquarters appraisal team -- a difficulty also encountered when the FAO Cooperative Program undertakes preparation for the Bank.

17. In addition to the RMEA activities, the Bank created an Agricultural Development Service (ADS) in 1965. This initially drew upon the experience of a small group of expatriates who had served in previous colonial regimes and were being released from government service under Africanization programs. Their experience in Africa made them a valuable resource from which to fill the needs for project managers, agriculturists and financial controllers in the rapidly expanding number of Bank/IDA-financed projects. Over time, the ADS has grown in numbers to over 50 positions, drawn from a wider group of nationalities, and fills a wider range of specialist positions. ADS is administered from Nairobi by RMEA, and its staff serve under fixed-term contracts with governments which are financed on a full cost basis from Bank/IDA loans or credits. It is important to note that RMEA does not solicit assignments for staff to serve under ADS, but will respond only when a government makes a specific request for such assistance. Given this stance by the Bank, the continuing growth of requests for ADS staff suggests that performance by ADS has generally been good and that this form of technical assistance support is welcomed by African governments.

18. Notwithstanding all these Bank initiatives and technical assistance from other sources, the shortage of middle- and high-level manpower will continue to constrain the pace of development activity for a considerable period ahead. In several countries, there is the need to consolidate existing investments, improve existing institutions and complete on-going projects rapidly. These aims cannot be fulfilled if governments insist on starting many new projects which will accentuate the competition for the very inadequate stock of managerial and professional manpower.

^{1/} While RMEA proper is to be considered as a technical mission rendering substantive support to member governments throughout the Region, the Director also serves as the Bank's Resident Representative in Kenya. Resident Representatives are also stationed in Burundi, Ethiopia, Rwanda, Somalia, Sudan, Tanzania, Zaire and Zambia.

Population Growth, Technology and Rural Development

19. Falling death rates combined with continued high fertility have caused the demographic momentum to build up substantially. Several countries now have population growth rates exceeding 3% per annum, implying a doubling in less than 24 years. It is likely that in many cases these growth rates will rise further before the decline starts. An influential view in Africa is that rapid population growth poses no economic problems, given the plentiful endowment of natural resources and present densities, which are low compared to those in South Asia, for example. This view is fallacious on at least three counts.

20. First, Rwanda, Burundi and Mauritius already have high population densities. Second, the agriculture 1/ of many parts of the Region is limited by the relatively poor quality of soils, low or erratic rainfall and a lack of location-specific, proven technical packages to transfer to farmers. There are, of course, parts of the Region which have excellent soils and good rainfall -- these are the areas which have dense populations who are comparatively well off and who supply the high-value export production. Other areas are less well endowed -- particularly where (i) rainfall is less than 800 mm per annum; (ii) the soils are fragile or exhausted; (iii) the pastures are badly over-grazed; and (iv) the rainfall is above 800 mm but subject to considerable fluctuation in timing and volume. It is in these less well endowed areas that one finds the bulk of the rural poor, in large measure because the resource base on which they depend is itself so poor. As population grows in the more favored areas, people and livestock are pushed into the marginal lands, the steeper slopes, the lower rainfall areas. The greater intensity of land use, resulting from population growth, further exacerbates the existing problems and leads to overcultivation and pasture degradation. Efforts to reach the rural poor, therefore, tend to be concentrated in those less-favored areas, where available technical packages may only secure a slight improvement. Many countries will have increasing difficulty remaining self-sufficient in food. Recurring droughts coupled with population growth which cannot be accommodated on productive land, have already brought food shortages to several countries. Other countries may be in a better position in terms of area expansion possibilities, but the realization of this potential requires substantial investment in physical infrastructure, expansion of delivery systems and the reform of policies affecting producer incentives. The record of recent years does not suggest that these requirements can be easily fulfilled.

1/ Agricultural resources constitute the bulk of the total natural endowment in most countries. The exceptions are Zimbabwe, Zambia, Zaire and Botswana. These four economies have substantial production and potential reserves of non-ferrous metals. Only Botswana, however, has experienced a substantial mineral-based economic expansion; the others have not yet capitalized on their rich potential.

21. Third, the expanding population has meant a high rate of urbanization; the proportion of the population living in cities and towns has risen from 12% to about 15% during the 1970's. Since costs of physical and social infrastructure have, in fact, been much higher in urban than in rural areas, a substantial proportion of annual investment has been absorbed in maintaining per capita standards. A major fiscal burden has thereby been placed on governments. The provision of facilities for education, health, water, sewerage and housing are a charge on the budget to varying degrees. If population is growing rapidly, so also is this budgetary cost, leaving less funds available for other uses, such as promoting commodity production.

22. So far, Kenya and Mauritius are the only Eastern African governments which have adopted an official policy to curb the rate of population growth. The Bank has assisted with a family planning project in Kenya. In a few other countries, such as Lesotho and Rwanda, there is increasing public acceptance of the need for a demographic objective. How to convince other governments to adopt effective anti-natalist policies remains an issue which has not yet been resolved.

Economic Instability

23. For many countries, exports are dominated by one or two primary commodities, especially coffee, tea, sugar, cotton and copper; because world prices for them fluctuate widely, substantial disturbances, exogenous in origin, occur in incomes, savings and public revenues. Natural calamities take their toll as well and increase economic instability. It would be possible in theory to cope with these fluctuations by maintaining an adequate level of foreign exchange reserves and buffer stocks of food and other key items. In practice, not even one country has managed to pursue such a contracyclical policy. Instead, governments have tended to ride the terms of trade escalator in both directions. Economic planning has not made much progress under these conditions. Government decisions tend to be taken in an ad-hoc manner; the long-term consequences of these decisions are seldom recognized.

24. Dealing with instability has been mainly the function of the IMF through its Compensatory Financing Facility, regular drawings, and Extended Fund Facility (EFF) (Kenya, Sudan). The Bank has tried to help through (i) the provision of non-project assistance in some cases, e.g. Kenya, Sudan, Tanzania, Zambia; (ii) technical assistance in planning by acting as executing agent for the UNDP; and (iii) project lending and policy advice aimed at promoting diversification of exports and production.

Where do we go from here

25. This diagnosis suggests that the development problems of Eastern Africa are complex and solutions to some aspects are largely a function of time (e.g., integrating diverse cultural and ethnic groups into a cohesive national identity and gaining political and institutional maturity). The Bank is not equipped to contribute much to this process. However, we can make a significant contribution toward:

- (i) stimulating policy reform by African governments and supporting it;
- (ii) providing and helping to mobilize as well as improving the effectiveness of external assistance.

26. Policy reform to initiate structural change is an urgent matter in Eastern Africa. Many governments do not have the staff capacity to sift the facts, analyze the issues and consider various options. The Bank has supported some countries in such efforts, most recently in preparing Structural Adjustment Loans (SALs) in Kenya, Malawi and Mauritius and sector focussed SAL's (Sudan, Tanzania), as well as through the process of aid coordination.^{1/} Present staff capacity for policy reform and aid coordination work is rather limited and we will have to strengthen our capacity for continuous support of these and other countries in the Region.

27. External capital plays a substantial role in financing investment in Eastern Africa and this will continue to be the case in the period ahead. Many countries, however, do not have access to Euro-dollar borrowing and those that do (e.g. Kenya, Mauritius, Zimbabwe) need to pursue a prudent debt policy. Raising funds on commercial terms can easily strain these economies, given their limited capacity to save and to transfer these savings in foreign exchange to service foreign loans. Because they are poor and because they have limited creditworthiness, we do not visualise a large expansion of IBRD lending; the amount planned rises by only 13 percent in FY79-83, compared to the previous five years (Table IIA). In addition, opportunities for the use of IBRD resources may arise in a few select cases of "enclave" projects based on export-oriented minerals and energy exploitation. Our capacity to meet the external capital needs of Eastern Africa will depend in large part on the future of IDA and the scale on which its resources are replenished. If IDA has to be rationed much more severely in the future than has been the case so far, then we will need to re-examine this entire matter. Although, the IDA solution is much

^{1/} Formal Consultative Groups exist for Ethiopia, Kenya, Mauritius, Sudan, Tanzania, Uganda, Zaire, Zambia. The Consultative Group for Ethiopia has not met since the revolution in 1974.

to be preferred, a larger amount of IBRD lending may be better for Eastern Africa than either commercial borrowing on a big scale or a sharp fall in real per capita availability of external resources.

28. Official development assistance per head is quite large in many Eastern African countries, compared to the average for other Regions. This aid is not always well directed; and its effectiveness could be improved through policy reform by recipients and better coordination among donors. The Bank chairs eight Consultative Groups of donors; recently these groups have focused on structural adjustment and the related need for non-project aid. In view of the persistent crisis, this emphasis will have to be continued and reinforced.

29. There are at present 240 projects under active supervision. About 12% of these have "major problems" related to management (i.e. issues of the type summarized in paragraph 12 above), lack of adequate budgetary support, or poor recovery of loans made to farmers. Similar problems, but of lesser intensity, affect another 38% of the portfolio. Altogether, project implementation and disbursements are lagging behind appraisal estimates in one-half of the portfolio. To support regular supervision activities, the Region and governments have recently begun to conduct joint "implementation reviews" periodically. The aim is to identify obstacles which require remedial action at sectoral or national levels.

30. It is against this background that we have formulated the country lending programs for FY81-85 (see Table IIB). Emphasis continues to be on agriculture and rural development, although progress in smallholders agriculture at or near subsistence levels is slow because: (i) reaching large numbers of smallholders imposes enormous communication and logistical problems; (ii) it takes time to build effective management teams and to integrate them with the broader environment in which they must work; (iii) good technical packages for food crops and traditional livestock are not readily available and must be worked out and tested under location-specific conditions; (iv) the use of expatriates is a necessary stopgap measure, but ultimate success awaits the longer term process of training locally enough skilled staff at all levels; and (v) viable institutions can only be created and maintained by sustained efforts over extended periods. The implications of this for lending are that we should support smaller rural development projects in the initial stages, with more clearly defined pilot or experimental aspects to them. The Region has also begun to tackle some of the technical problems through projects which deal essentially with the organization and development of research capabilities, and the building of strong extension services.

31. Because of the current serious economic situation, the Bank is increasingly concerned, with deterioration in the utilization of existing investments. Frequently, output has declined, partly due to diversion of resources to new schemes, partly due to loss of managerial and technical skills, partly due to inadequate incentives to producers and partly due to general scarcities and lack of operation and maintenance. In a number of countries (e.g., Sudan, Zaire),

rehabilitation plays an important role in our lending activities. We are involved also in grain storage and marketing projects and in a few types of commodity processing. Forestry, too, is an increasing component in the agriculture sector, both for pulp operations, timber and for wood energy. We have also made a start on projects which aim at developing and strengthening national agricultural research capabilities.

32. A major impediment to industrial progress is the fact that many Eastern African economies have a small home market for manufactures. Attempts to promote trade with nearby African neighbours have not proved to be durable; witness the collapse of the East African Community. The Bank is supporting a mediation effort aimed at a financial settlement among erstwhile partner states of this community. Meanwhile, thought is already being given by member governments to new arrangements for economic cooperation in the Region. We are monitoring initiatives taken by the Economic Commission for Africa, the Organization of African Unity and the Southern African Development Coordination Conference.

33. A substantial share of lending will be directed to transport, mainly for maintenance and rehabilitation of the existing network and for upgrading institutional capacity through technical assistance. Transport infrastructure remains grossly under-developed in Africa and in view of the large distances involved, costs of hauling commodities are onerous. Transport assumes added significance because of the large number of land-locked countries in the Region. Practically all mineral transport is dependent upon transit privileges and access to port facilities in neighboring countries. This tends to encourage political leverage attached to the control of vital transport links. In the absence of a reliable code of conduct, there remains the potential danger of over-investment in inter-country links. The emphasis of our lending program during the near-term is not so much on expanding capacity as on effectively maintaining and utilizing the present network and removing obvious transport bottlenecks to commodity production. The Bank's programs, oriented on country priorities and economic justification, are thus much less ambitious than the programs of the Transport Decade for Africa, developed by the Economic Commission for Africa of the United Nations.

34. A small but important part of the lending will be for energy development, including power. As indicated above, the share of oil imports in the total import bill has now climbed to about 20%, even though volume has stagnated. The energy crisis has a double face and presents a double challenge: how to reduce the dependence of the modern sector, especially transport, on oil imports and how to bridge the gap between the demand and supply of fuel for domestic uses in rural areas. Aforestation and forest management assume a dramatically increased role.

35. Only Zaire is currently producing oil in meaningful quantities. Recent oil discoveries in Sudan are expected to eventually result in the substitution of 40% of total oil imports. Efforts (assisted by the Bank) are under

way in Tanzania, Madagascar, Somalia and Kenya to promote increased exploration for oil and gas. Further assistance is under consideration for Sudan, Zaire and Uganda. Hydroelectricity is the most important primary source of commercial energy in the Region and offers large potential for future expansion. The capital costs of this expansion are likely to be high, however, and decisions on timing of investments are of critical importance. This expansion will allow many countries to satisfy future increases in electricity demand from renewable sources. Hydroelectricity expansion would also substitute for some oil used in steam and diesel power generation and could eventually lead to electrification of rail transport. However, it can displace oil used in transportation and industry, sectors which account for about 85% of total oil consumption, to a limited extent only. Coal production and reserves are found in Zimbabwe, Zambia, Botswana, Swaziland, Tanzania, and in small quantities in Zaire and Madagascar. Coal exports may contribute foreign exchange to a few countries, but the potential for domestic consumption may be limited by competition from hydroelectricity.

36. As a result of population growth, the demand for fuelwood is outstripping available supplies and leading to serious ecological problems. Fuelwood is burned directly for cooking and heating, or, when the fuelwood source is too distant and rural incomes somewhat higher, it is consumed as charcoal. When trees and bushes for firewood are used up, animal dung or other organic residues are substituted. The combined effects of both these actions is a deterioration in the quality of the soils that must produce food for most of the people in the Region. In the overpopulated highlands of Ethiopia, Kenya, Tanzania, Rwanda, Burundi, Comoros and Madagascar, among others, there is visible evidence of deforestation and soil erosion. Around river catchment areas, water run-off on eroded hills carries the top soil to the sea or to the bottom of dam reservoirs, thereby reducing their capacity. Forestation and reforestation programs, some at the village level, are under way in many countries in the Region; but a much more intensive and concerted effort is probably called for to tackle this very serious problem.

EAN
4/14/81

Statistical
Tables

II. Statistical Tables

II. Statistical Tables

II. A. Lending Volume - Eastern Africa

	Annual					5-Year Totals			
	FY79	80	81	82	83	Through FY68	FY69- FY73	FY74- FY78	FY79- FY83
Dollar Millions									
IBRD	266.0	150.5	278.0	282.2	285.0	859.0	536.1	1114.6	1261.7
IDA	379.8	664.5	662.3	678.8	895.5	192.0	534.1	1393.6	3280.9
TW	-	-	-	-	-	-	-	129.8	-
Total	<u>645.8</u>	<u>815.0</u>	<u>940.3</u>	<u>961.0</u>	<u>1180.5</u>	<u>1051.0</u>	<u>1070.2</u>	<u>2638.0</u>	<u>4542.6</u>
Constant FY80\$	695.2	815.0	878.8	842.2	972.4		2667.3	3800.0	4203.6
No. of Operations	35	38	41	44	45	80	93	170	203
IBRD	9	8	11	12	9	50	31	61	51
IDA	26	30	30	32	36	30	62	101	152
TW	-	-	-	-	-	-	-	8	-
Total	<u>35</u>	<u>38</u>	<u>41</u>	<u>44</u>	<u>45</u>	<u>80</u>	<u>93</u>	<u>170</u>	<u>203</u>

Memo: No. of Countries in Region

	1977	1981
IBRD only	1	4
IDA only	5	11
IBRD/IDA blend	<u>10</u>	<u>5</u>
Total	<u>16</u>	<u>20</u>
Median per capita income (\$1979)	US\$335	

II. B. NUMBER OF IBRD/IDA OPERATIONS BY SECTOR - EASTERN AFRICA REGION
(BLEND PROJECTS COUNTED AS IBRD)

SECTOR	ANNUAL					5-YEAR TOTALS				MEMO FY81-85
	FY79	FY80	FY81	FY82	FY83	THRU 68	FY69-73	FY74-78	FY79-83	
AGRIC. & RURAL DEVT.	11	13	14	14	14	13	34	34	66	71
URBANIZATION	0	2	1	1	1	0	0	7	5	7
SMALL SCALE INDUSTRY <u>A/</u>	0	0	0	1	1	0	1	1	2	3
POP., HEALTH & NUTRITION	0	0	0	1	1	0	0	1	2	4
WATER SUPPLY & SEWERAGE	2	2	1	4	4	1	3	7	13	15
EDUCATION	2	3	6	2	3	7	12	20	16	17
OIL, GAS & COAL	0	3	0	3	1	0	0	1	7	5
POWER	1	3	0	3	3	14	5	10	10	10
NON-FUEL MINERALS	0	0	0	0	0	0	2	2	0	0
DFC <u>B/</u>	3	6	2	5	1	2	5	21	17	18
INDUSTRY <u>C/</u>	2	0	0	2	0	0	0	3	4	5
TRANSPORTATION	11	2	4	6	11	38	27	30	34	38
TELECOMMUNICATIONS	1	0	3	0	0	4	3	3	4	6
PROGRAM LENDING & SAL	0	3	5	2	5	1	1	4	15	20
OTHER <u>D/</u>	2	1	5	0	0	0	0	4	8	5
TOTAL REG 2	35	38	41	44	45	80	93	170	203	224

- A/ INCLUDES SMALL SCALE ENTERPRISES AND SMALL SCALE INDUSTRY.
B/ EXCLUDES LENDING FOR SMALL SCALE ENTERPRISES.
C/ EXCLUDES SMALL SCALE INDUSTRY, MINING AND COAL PRODUCTION;
INCLUDES TOURISM LENDING THROUGH FY79.
D/ MULTISECTORAL TECHNICAL ASSISTANCE LOANS AND CREDITS.

II.C. AMOUNT OF IBRD/IDA LENDING BY SECTOR - EASTERN AFRICA REGION
(NOMINAL \$ MILLION)

SECTOR	ANNUAL					5-YEAR TOTALS				MEMO
	FY79	FY80	FY81	FY82	FY83	THRU 68	FY69-73	FY74-78	FY79-83	FY81-85
AGRIC. & RURAL DEVT.	198.6	242.5	304.0	283.8	312.0	101.2	272.5	740.0	1340.9	1801.8
URBANIZATION	.0	21.0	15.0	30.2	50.0	.0	.0	117.5	116.2	195.2
SMALL SCALE INDUSTRY ^{A/}	.0	.0	.0	15.0	10.0	.0	4.0	10.0	25.0	32.0
POP., HEALTH & NUTRITION	.0	.0	.0	40.0	15.0	.0	.0	12.0	55.0	125.0
WATER SUPPLY & SEWERAGE	26.0	24.9	9.0	65.0	76.5	1.1	22.1	118.0	201.4	255.5
EDUCATION	26.5	35.1	157.0	17.0	62.0	48.4	117.0	224.1	297.6	369.0
OIL, GAS & COAL	.0	48.5	.0	90.0	25.0	.0	.0	20.0	163.5	150.0
POWER	9.0	115.0	.0	42.0	125.0	284.8	121.4	358.6	291.0	262.0
NON-FUEL MINERALS	.0	.0	3.0	.0	.0	.0	34.5	105.5	3.0	3.0
DFC ^{B/}	19.2	88.5	30.0	110.0	20.0	4.0	37.5	175.9	267.7	347.0
INDUSTRY ^{C/}	74.0	.0	.0	51.0	.0	.0	.0	102.0	125.0	154.0
TRANSPORTATION	265.0	42.5	133.0	82.0	356.0	549.3	383.8	465.5	878.5	961.0
TELECOMMUNICATIONS	20.0	.0	40.2	.0	.0	22.2	47.4	49.4	60.2	160.2
PROGRAM LENDING & SAL	.0	192.5	210.0	125.0	129.0	40.0	30.0	105.0	656.5	732.0
OTHER ^{D/}	7.5	4.5	39.1	10.0	.0	.0	.0	14.5	61.1	59.1
TOTAL REG 2	645.8	815.0	940.3	961.0	1180.5	1051.0	1070.2	2638.0	4542.6	5606.8

- ^{A/} INCLUDES SMALL SCALE ENTERPRISES AND SMALL SCALE INDUSTRY.
^{B/} EXCLUDES LENDING FOR SMALL SCALE ENTERPRISES.
^{C/} EXCLUDES SMALL SCALE INDUSTRY, MINING AND COAL PRODUCTION;
INCLUDES TOURISM LENDING THROUGH FY79.
^{D/} MULTISECTORAL TECHNICAL ASSISTANCE LOANS AND CREDITS.

II.D. LENDING BY COUNTRY - EASTERN AFRICA REGION

COUNTRY	1979 GNP PER CAPITA	1979 POPULATION (MILLION)		AVERAGE	LENDING PER CAPITA	
				ANNUAL LENDING FY78-80 \$ MILLION	FY78-80 ANN. AV.	FY81-83 ANN. AV.
					(US\$)	(US\$)
KENYA	380	15.307	IBRD	112.0	7.32	8.89
			IDA	73.3	4.79	6.34
TANZANIA	270	17.390	IBRD	35.3	2.03	.00
			IDA	95.5	5.49	7.32
ETHIOPIA	130	31.799	IBRD	.0	.00	.00
			IDA	8.0	.25	3.27
MALAWI	200	5.852	IBRD	1.0	.17	2.85
			IDA	23.8	4.07	8.79
ZIMBABWE	480 <u>a/</u>	6.913 <u>a/</u>	IBRD	.0	.00	7.47
			IDA	.0	.00	2.17
SUDAN	370	17.885	IBRD	.0	.00	.00
			IDA	101.3	5.67	5.03
MADAGASCAR	290	8.513	IBRD	.0	.00	.00
			IDA	43.3	5.09	6.47
ZAMBIA	510	5.468	IBRD	12.1	2.21	6.16
			IDA	12.4	2.27	2.50
BURUNDI	180	4.589	IBRD	.0	.00	.00
			IDA	18.1	3.94	8.19
RWANDA	210	4.651	IBRD	.0	.00	.00
			IDA	16.7	3.58	7.56
ZAIRE	260	27.535	IBRD	.0	.00	.00
			IDA	28.2	1.02	1.30
MAURITIUS	1040	.936	IBRD	14.6	15.56	23.15
			IDA	.0	.00	.00
SOMALIA	130 <u>a/</u>	3.853	IBRD	.0	.00	.00
			IDA	19.7	5.10	6.40
UGANDA	290	12.797	IBRD	.0	.00	.00
			IDA	24.2	1.89	3.44
BOTSWANA	730	.773	IBRD	9.6	12.46	19.84
			IDA	.0	.00	.00
COMOROS	210	.394	IBRD	.0	.00	.00
			IDA	3.4	8.63	10.15
LESOTHO	340	1.309	IBRD	.0	.00	.00
			IDA	12.8	9.80	5.09
SWAZILAND	650	.540	IBRD	8.4	15.49	12.35
			IDA	.0	.00	.00
DJIBOUTI	450	.320	IBRD	.0	.00	.00
			IDA	.0	.00	13.54
SEYCHELLES <u>b/</u>	1400	.65	IBRD	-	-	-
			IDA	-	-	-

EASTERN AFRICA

a/ 1978 figures.

b/ World Bank Atlas 1980

II. E. Economic and Sector Work Program - Eastern Africa Region

Functional Classification of Economic and Sector Reports^{1/}, FY80-82
(in staffweeks)

	FY80	FY81	FY82	No. of Reports in Period	
	(Actual)	(Estimate)	(Budget)	Completed	In Process
<u>Economic</u>					
I. Basic Economic Reports	200	45	20	2	-
II. Country Economic Memoranda	295	363	241	19	5
III. Special Economic Reports	50	305	522	34	11
Poverty, Employment, Income Distribution and Basic Needs	-	40	106	3	3
Resource Mobilization and Allocation	25	75	160	13	1
International Trade and Finance	10	18	40	2	-
External Debt and Creditworthiness	10	12	5	3	1
Development Planning	-	80	100	5	3
Public Enterprises	5	30	71	4	2
Development Administration	-	50	40	4	1
Other	-	-	-	-	-
Total ^{2/}	545	713	783	55 ^{3/}	16
<u>Sector</u>					
I. Rural Development and Agriculture	350	288	476	36	12
II. Industry (except small scale)	30	{ 110	{ 109	14	4
III. Small Scale Industries	41			6	-
IV. Energy and Power	11	61	43	10	2
V. Urban and Regional Development	40	21	20	3	-
VI. Population, Health and Nutrition	-	75	53	8	1
VII. Water Supply and Sewerage	-	-	24	2	-
VIII. Education	37	86	40	12	-
IX. Telecommunications	-	-	5	2	-
X. Transportation	69	50	68	14	4
XI. Other	-	-	-	-	-
Total	578	691	838	107 ^{4/}	23

^{1/} Includes COPD managed.

^{2/} Excludes CPPs.

^{3/} Includes both formal and informal reports.

^{4/} Includes both formal and informal reports managed by EAN and by COPDs.

II. F. Budget by Major Function - Eastern Africa Region

	<u>Staff Year Applications a/</u>				<u>Staff Year Sources a/</u>		
	<u>FY79 Actual</u>	<u>FY80 Actual</u>	<u>FY81 Actual</u>		<u>FY79 Actual</u>	<u>FY80 Actual</u>	<u>FY81 Program</u>
1. Lending	84.5	80.4	87.9				
2. Supervision	45.9	55.7	51.6	1. Professional Staff <u>c/</u>	223.2	223.0	227.6
3. Economic & Sector	32.1	28.4	35.0	2. Consultants	13.1	17.0	15.7
4. Other Direct Output	9.7	10.7	10.9	3. Cooperative Programs	10.8	8.3	9.8
5. Support to other units <u>b/</u>	5.6	5.2	4.0	4. CPS	3.0	2.9	3.9
6. Management & Admin.	33.0	31.7	31.9	5. DPS	3.5	1.3	3.0
7. Overhead	<u>46.9</u>	<u>48.7</u>	<u>43.7</u>	6. Other	<u>4.1</u>	<u>8.3</u>	<u>5.0</u>
Total	<u>257.7</u>	<u>260.8</u>	<u>265.0</u>	Total	<u>257.7</u>	<u>260.8</u>	<u>265.0</u>

Memo: Admin. expenses (\$000)

<u>12192</u>	<u>15626</u>	<u>15653</u>
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Memo: Authorized positions -

Professional	202	206	220
Assistant	26	28	32
Secretarial	<u>100</u>	<u>99</u>	<u>110</u>
Total	<u>328</u>	<u>333</u>	<u>362</u>

a/From PAB's Table VIK of 12/01/80.

b/To COPDs, other regions, DPS, etc., IFAD.

c/Including overtime.

Note: Authorized special positions for IFAD work include 3 prof, 1 assistant, and 2 secretarial.

II. G. Eastern Africa Staffing Data

PROFESSIONAL STAFF BY DISCIPLINE

<u>CATEGORY</u>	<u>NO. OF POSITIONS</u>
VICE PRESIDENT, DIRECTORS AND ASSISTANT DIRECTORS	7
ADMINISTRATIVE OFFICERS	3
LOAN OFFICERS AND OPERATIONS OFFICERS	41
COUNTRY ECONOMISTS	36
PROJECT ECONOMISTS	39
TECHNICAL SPECIALISTS	65
FINANCIAL ANALYSTS AND ACCOUNTANTS	26
SPECIALIZED DEP. STAFF	<u>3</u>
TOTAL PROFESSIONAL STAFF POSITIONS	<u>220</u> <u>1/</u>

<u>GRADE</u>	<u>NO. OF STAFF</u> <u>2/</u>
Q	1
P	3
O	5
N	18
M	73
L (t)	38
L	50
K	22
J	<u>-</u>
Sub-total J and above	210
F - I	29
A - E	<u>106</u>
TOTAL	<u>345</u>

1/ Excludes Positions funded by IFAD.

2/ Based on staff on duty as of January 31, 1981