Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No. P-1712a-EA

REPORT AND RECOMMENDATION OF THE PRESIDENT TO THE EXECUTIVE DIRECTORS ON A PROPOSED LOAN TO THE EAST AFRICAN DEVELOPMENT BANK WITH THE JOINT AND SEVERAL GUARANTEES OF KENYA, TANZANIA AND UGANDA

January 23, 1976

CURRENCY EQUIVALENTS 1/

SDR 1.0	=	Shillings (Shs) 9.66
SDR 1.0	=	US$1.20
US$1.0	=	Shillings (Shs) 9.05
Sh. 1.0	=	US$ .12

GOVERNMENT FISCAL YEAR

July 1 to June 30

1/ In October 1975, the three East African Community currencies were pegged to the value of the Special Drawing Rights (SDR) of the International Monetray Fund. An SDR/US$ conversion rate of 1.2 has been assumed for purposes of this report, although the actual rate is floating.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
REPORT AND RECOMMENDATION OF THE PRESIDENT
TO THE EXECUTIVE DIRECTORS
ON A PROPOSED SECOND LOAN
TO THE EAST AFRICAN DEVELOPMENT BANK
WITH THE JOINT AND SEVERAL GUARANTEES OF
KENYA, TANZANIA AND UGANDA

1. I submit the following report and recommendation on a proposed second loan to the East African Development Bank (EADB) to be jointly and severally guaranteed by Kenya, Tanzania and Uganda, for the equivalent of $15 million to help finance the foreign exchange component of industrial projects in the East African Community. The interest on the loan would be 8-1/2 percent per annum. Amortization will conform substantially to the aggregate of the amortization schedules applicable to the specific investment projects financed out of the proceeds of the loan.

PART I. THE EAST AFRICAN COMMUNITY

2. Economic cooperation between all three Partner States began in 1923 when what is now Tanzania joined the customs union initiated between Kenya and Uganda in 1917. Closer integration was encouraged and developed under the common British colonial administration. At the pre-independence peak of communal relations the three territories had what amounted to a common market (common external tariffs and free factor movement), as well as a single currency, one taxation system and common services in communications and transportation.

3. Following independence, more nationalistic viewpoints emerged in all three countries. Perhaps inevitably, each of the countries began to question the balance between the costs and benefits of their economic relationship. Uganda and Tanzania were particularly concerned about the growing economic strength of Kenya and what they felt were the disproportionate advantages of the relationship to Kenya. The location of all the common services headquarters in Nairobi provided a symbol of the inequity they felt was growing. Hence, in the mid-60s the growth of individual national identities brought about a reversal of the integration process. Separate currencies and national banks were established. Tanzania's imposition of import restrictions on Ugandan and Kenyan goods initiated wide ranging trade restrictions.

4. The Treaty for East African Cooperation. Concerned about the deterioration of the common market and common services, a Commission on East African Cooperation was appointed in 1965 to review the existing arrangements and suggest improvements. The resulting recommendations formed the basis of the Treaty for East African Cooperation, which was

signed in June 1967.

5. This treaty marked the beginning of the East African Community and provided for the continuation of the common market and common services with a number of modifications. The changes were primarily designed to increase the benefits of cooperation to Tanzania and Uganda and to promote a more balanced industrial growth between Kenya and the other two members. The first of these objectives was to be achieved by the reorganization, relocation and decentralization of the common services. While the commercial services (in transport and communications) continued on a regional basis in the form of community corporations, their headquarters were distributed between the Partner States. The second objective was to be ensured through limited facilities for the imposition of duties on intercountry trade (transfer taxes) and through the establishment of the East African Development Bank (EADB). Its resources would be invested in projects in such a way to favor Tanzania and Uganda and to assist in the complementary development of the industrial sectors in the Partner States. The remaining services were decentralized as far as possible and headquarters relocated among the three countries.

6. Strains in the Community. A period of adjustment and reorganization followed the signing of the Treaty, and during the late sixties and early seventies there were promising signs that a viable community was emerging. The community corporations were providing efficient services to the Partner States: investment plans were prepared and being implemented, corporate management was good and the levels of services and revenues were expanding. However, in the past three years political and economic developments have led to serious strains among the Partner States and an accompanying deterioration in the trend torward regional integration. On the national level the primary factor in this deterioration has been the divergent development paths chosen by Kenya, Tanzania and Uganda. In spite of similar colonial histories, these three countries are today operating under markedly different political and economic systems. With the passage of time the ability of their leaderships to join together and meaningfully address and solve community problems has been reduced. The fact that the Authority of the Community (composed of the 3 Heads of State) has not met since 1971 symbolizes this growing separation. Furthermore, these developments have been aggravated by international economic developments and the resulting balance of payments difficulties each country has faced. During times marked by economic hardship the Community is an obvious and politically attractive target for criticism by individual Partner States.

7. Yet these developments should be viewed in a realistic context. After the signing of the Treaty there has been a tendency to extol and emphasize its long run objective of regional integration. As a result, observers have been discouraged with the emergence of nationalism and the tendency to follow immediate national interests, often at variance with the interests of the Community. It is now clear that the Treaty is more appropriately viewed as an attempt to maintain

some vestige of an integrated market for goods and mutually beneficial regional services in an era when the centrifugal political and economic forces following independence could be expected to be growing stronger. One should therefore judge the Community not in terms of deviations from the grandiose language of the ideals embodied in the Treaty but in terms of what each institution has managed to achieve in terms of regional cooperation in what at times have been understandably nationalistic environments.

8. The increase in tensions between the Partner States has led to a substantial loosening of economic ties. The effectiveness of the common market has been diminished by restrictions on trade and financial transfers. With respect to the four common service corporations (Harbours, Airways, Railways and Posts and Telecommunications) the last three years have been marked by the re-emergence of the conviction on the part of individual states that they are being assessed more than their share of the costs of regional services. Perhaps unavoidably, the strains noted above have created an environment where the corporations are open to direct intervention by individual Partner States in day-to-day operations, investment planning and even hiring and firing. The leadership of the headquarters corporate management has on occasion been seriously undermined by instances of regional staff responding only to directives from national governments. The common services organizations obviously cannot act as unified corporations when instructions to staff go unanswered or when lower level national civil servants interfere in important policy matters.

9. While the actual levels of intervention and resulting operating difficulties have varied widely in the three client corporations of the Bank (Harbours, Posts and Telecommunications and Railways), there can be no question that the present Railways situation reflects the potential for serious difficulties within the existing environment. Having consistently suffered the most disruption, the East African Railways almost came to a halt last year. At that time needed reduction in headquarter's authority made coordination impossible: supplies could not be purchased, staff could not be moved, operating statistics were limited, workshops were not fully operational, and wagons and locmotives were not in the regions where most needed. As a result, operations and services deteriorated and there was a fall in traffic carried. In Kenya, passenger service was suspended between February and September 1975 while in Uganda the major export crop, coffee, could not be moved to Mombasa for export. In addition, all traffic was halted between Kenya and Tanzania. Of more long term interest, no formal development plan has been accepted since the plan covering 1969-72. The resulting lack of investment planning and coordination may seriously restrict recovery from the present situation.

10. The particular issue which has provided a focus for the dissatisfaction within the Community as presently organized has been the transferring of funds from regional corporation offices to the

central headquarters. The inability of regional offices to transfer needed funds to headquarters or to agree on the appropriate size of transfers of available funds has been the major cause of recent difficulties in the Community. The failure to transfer funds has in turn considerably delayed the repayment of external debt which now threatens the credit standings of the corporations. It was these delays that led in 1974 to the suspension of some Bank loans to the corporations. An initial agreement on the transfer issue was reached between the member governments with Bank assistance in July 1974. However, as this agreement was never fully implemented, disbursements under Loan No. 674-EA (East African Railways III) were suspended in February 1975. A second attempt to resolve the immediate problems of loan repayment and begin to establish a framework under which the long range development of the Community could be achieved was undertaken by a Bank mission in June/July 1975. After that mission's return, important understandings were reached in both areas. On the general question of the future of the EAC, a decision was made to review the entire EAC package as now incorporated in the 1967 Treaty. For this purpose, a commission has been appointed consisting of three Cabinet level officials from each country with Mr. William Demas, President of the Caribbean Development Bank, as Chairman. The Commission which started its work in November 1975 is expected to submit its report by end-1976. To address the immediate financial and managerial problems that remain pending the acceptance of a long range proposal, the Governments of the Partner States reached three major accords. To deal with the transfer problem, an arrangement was reached on the mechanism for the transfer of funds from the regions to the corporation headquarters. To ensure a workable plan for railway decentralization, a consulting firm has been appointed to study reorganization of the railways (financed under IBRD Loan 674-EA). Finally, the Governments approved the appointment of consultants to examine the financial status of the Bank's three client corporations. This is viewed as a necessary step in providing a basis for the anticipated decentralization of the corporations and is being financed by the United Kingdom. The above two consultants studies, which are expected to be completed in the first half of this year, would be available for the Treaty Review Commission's consideration.

11. Hopefully, this broad agreement between the Partner States will provide a basis for the short term financial operations of the Community Corporations. It should be noted that in substance, the 1975 accord is quite similar to that reached during the July 1974 meeting. The major change has been a growing political awareness at the highest levels in each Partner State of the potential costs of allowing a continuation of the past difficulties. The June/July 1975 mission emphasized to all three Heads of State the economic costs of allowing a continued deterioration in the valuable community assets. Both that mission and more recent missions have noted consistent and substantial commitments to policies and procedures which address Community problems in a pragmatic manner. Indeed, the Partner States'

concern with the Railways situation and their firm desire to prevent similar levels of deterioration in the other corporations should allow for honest and positive assessments by the States of the organizational and operational changes that need to be made to reestablish full support in the corporations. With regard to the meeting of external obligations, including debt repayments, the Partner States have managed to pull together on recent occasions and make the payments, although often in a belated manner. As a result, the suspension of Loan 674-EA has been lifted and the remainder of the Loan will be used to finance consultant services and emergency supplies for the Railways.

12. It is now clear that the fundamental political and economic forces in Kenya, Tanzania and Uganda are seeking important modifications in Community arrangements, particularly for the corporations. The issue of national control and its relationship to the effective functioning of the corporations is obviously critical. The extent of the decentralization of corporation services to the national level will probably vary depending on organization involved, but it is clear that some major changes will be made. It is the Bank's intention to assist in the decentralization and reorganization process in order to ensure that the changes endorsed by the Partner States are implemented through as rational and efficient a process as possible. As an impartial but interested development agency, the Bank has a role to play in assisting the countries in maintaining a constructive dialogue between themselves, as well as with the Bank, for a full understanding of the problems of and the opportunities from regional integration of the economies and services. In order to oversee Bank assistance during the present critical stage of the Community's development, a senior staff member has recently been appointed the East African Community Coordinator in the Bank. A task force of Projects and Legal staff has also been constituted to assist the Coordinator in this important work. The Bank, through the Coordinator, is keeping in close touch with Community developments, including the progress of the Review Commission's work, and is maintaining liaison with other external donors.

13. In contrast to the problems encountered by the Corporations, the East African Development Bank has weathered minor and major crises with consistent resilience. One reason for this is the very nature of EADB's operations: as the repayment schedules of EADB's loans are individualized by country, there is no room to debate the sharing of benefits and costs. Secondly, EADB is a source of much needed foreign exchange for the Partner States and as an institution is highly regarded by the Partner States who have relied on it for technical advice. All three Partner States expressed firm commitments to EADB. Finally, if EADB is judged in terms of its contribution to regional cooperation in the context of the difficulties that have been present, its numerous accomplishments should be recognized. While it has not been able to finance region-wide proposals, it has promoted a more rational pattern of industrial investment in the region. For example, as a result of its involvement in a tire plant in Tanzania it was able to persuade the Ugandans not to undertake

a similar investment at that time but to buy from the Tanzanian factory. EADB negotiated with both governments and through its good offices an agreement under which Uganda could purchase a 25% equity holding in the tire plant emerged. In another case, concerning a proposed Kenya textile investment, EADB's research department determined that in light of similar expansion plans in Tanzania and Uganda, market possibilities anticipated by the Kenya company were unrealistic. EADB was subsequently able to persuade its Kenya client to reduce its proposed mill capacity by about a third. EADB has also promoted regional integration by promoting a number of projects in Kenya and Tanzania which utilize raw materials from other Partner States. Examples include a textile mill in Kenya using cotton from Uganda and Tanzania and a Tanzanian soap factory using caustic soda from Kenya. Although it is not inconceivable that national banks could have performed these functions, EADB's unique position as an independent community body has undoubtedly resulted in greater regional integration than might otherwise be the case.

14. At the end of 1974, the total outstanding disbursed debt of all the Community organizations was about $250 million. The creditworthiness of the East African Community is based on the creditworthiness of each of the three Partner States, which jointly and severally guarantee all external Community debts. Kenya has, since independence, continued to follow a conservative policy with respect to external borrowing. In the early 1970's it had accumulated new commitments at a rate of approximately 8.5% per year, somewhat less than the rate of growth of the economy in current prices. While recently new commitments have grown somewhat more rapidly in current prices, Kenya's total debt service ratio is low, about 6% even when a notional one third of the East African Community is included, and is expected to rise to 12.5% by 1975. Therefore Kenya can afford to resort to borrowing on commercial terms without impairing long term creditworthiness. Tanzania has received substantial external capital aid on very favorable terms. The Government has also been successful in reducing the amount of tied aid and in keeping supplier credits to a minimum. The overall debt service ratio (including the notional one third of Community debt) is about 6% and is expected to increase to 13% by 1985. In view of this low ratio, reflecting the Government's prudent debt management, there is scope for additional lending for Tanzania on conventional Bank terms. On the basis of reported debt in 1974 Uganda's debt service ratio was approximately 8% (with the allocation of one third of the Community debt) excluding supplier credits on which data are not available. If the entire debt of the Community is allocated to each Partner State individually the resulting debt service ratios are 6.4% in Kenya, 8.6% in Tanzania and 11.5% in Uganda.

PART II. BANK GROUP LENDING TO THE COMMUNITY

15. Starting in 1955 with a loan to the East African High Commission for the development of East African Railways, the Bank has to date made a total of nine loans to three common services corporations (Railways, Harbours and Posts and Telecommunications) and to EADB totaling $230 million. In addition, the Bank Group has extended loans and credits to the three Partner States for projects across the entire spectrum of Bank lending sectors. Summary statements of Bank loans/IDA credits to the EAC common services organizations and comments on the progress made in execution of projects are in Annex II. Summary statements of Bank loans and IDA credits to Kenya, Tanzania and Uganda are also provided in Annex II.

16. While the exact form of the reorganized Community services remains to be determined, the development of the transport and communications infrastructures to facilitate national programs of the Partner States would continue to be an important aspect of the development of the three countries. We anticipate a continuing role in investment in the sectors where we have previously lent in the EAC. Following the July 1975 agreement, field appraisal of a fourth Posts and Telecommunications Project has been completed and a Railways project and a Harbours project will be ready for appraisal later this calendar year. In each instance the organizational and guarantee questions will be resolved before conclusion of lending arrangements.

PART III. INDUSTRIAL SECTOR

17. East Africa is still in the early stages of industrialization. The economies of all three States remain overwhelmingly agrarian -- manufacturing accounts for only slightly greater than 10% of the Community's total GDP. Yet the industrial sector had been a center of impressive growth in Tanzania and Kenya before the oil crisis and related economic changes from 1973-74. In Uganda, the expulsion of non-citizens has been the overriding factor in the industrial sector and has had serious negative effects on economic growth.

18. Until recently, the primary focus of industrialization in all three countries had been on import substitution. Import controls and specific duties and tariffs have been used to protect local infant industries. As import licensing is wholly under national authorities (unlike tariffs), it has been increasingly resorted to. While the limited information on Uganda makes it difficult to discuss its future strategy, it is clear that Kenya and Tanzania appear to be moving away from traditional import substitution strategies. This reflects both the reduced possibilities for further import substitution and a recognition of the balance of trade constraints that both countries will face in the near future. To address these constraints, both countries are emphasizing the importance of increasing industrial exports. The Bank is assisting this effort, particularly through its economic work and DFC projects.

19. The transfer tax system introduced in the 1967 Treaty for East African Cooperation has not resulted in substantial progress toward its intended goal of reducing the gap in the levels of industrial development between the three countries although it might possibly have helped in preventing a deterioration. About half of the manufacturing sector's value added in 1972 originated in Kenya, 30% in Tanzania and marginally above 20% in Uganda. While Tanzania's share remained constant between 1968 and 1972, Uganda's share has declined, with Kenya's increasing accordingly.

20. Attempts to form regional industries to take advantage of economies of scale and efforts to allot certain industries to specific countries have not to date been successful. However, as indicated in paragraph 13 above, in its operations EADB has attempted to ensure that investment proposals do not involve duplication of capacity within the Community. In addition, EADB has encouraged the use of raw materials from the Partner States when feasible. Of the nine projects being financed under the first Bank loan to EADB, three utilize raw materials from other Partner States and three others have a sufficient production capacity to service more than one Partner State market.

21. A major proportion of trade between the member states is in manufacturing -- about 80% of total intra-community trade. There is little doubt that the industrial sector in Kenya has benefitted substantially from its access to Ugandan and Tanzanian markets. In 1974, 45% of Kenya's total industrial exports were to the EAC while in the case of Tanzania the percentage is only 22%, partly reflecting the rapid decline in exports to Uganda since the military takeover in 1971. Therefore, while the countries' present relationships are strained, trade between them in manufactured goods is important to their economies and is likely, therefore, to be of significance in determining the future basis on which cooperation can be easily and profitably re-established.

22. A brief discussion of the industrial sector in each member State follows:

23. Kenya. In Kenya, the Government has made substantial progress in its drive for Kenyanization of employment and ownership, particularly in trade and agriculture. However, in manufacturing it has encouraged the participation of non-citizens as well as Kenyans and has emphasized the value of joint ventures with foreign investors. Private ownership is the basic organizational form in the industrial sector, but where private initiative is not forthcoming, the Kenyan Government has expressed the willingness to take a minority or majority interest in new investments.

24. Growth of manufacturing output averaged 8.8% per year from 1964-73 in Kenya. Its contribution to GDP increased from 10.4% to 12% over that period and recently the manufacturing sector has displaced agriculture as the largest contributor to GDP within the monetary economy. Employment in the industrial sector grew at a rate 50% higher than all modern sector employment and in 1973 represented approximately 13% of total wage employment. To enable industry to make an even greater contribution to alleviating the growing unemployment problem, the Government is encouraging labor intensive industry through price and wage policies and a small-scale business development program.

25. The Kenyan economy was hard hit by the recent inflation and the rapid rise in import prices with the resulting shortages in foreign exchange. The industrial sector therefore faces a particularly difficult adjustment period, since it is almost wholly dependent upon imported capital equipment and spare parts. The Government's reaction has been to attempt to shift the emphasis of industrialization toward domestic resource based manufacturing and exports. Foreign exchange and credit guidelines have been established by the government to support its strategies, and a 10% export subsidy has been introduced on exports outside the EAC. In addition, the recent devaluation should provide a strong incentive for export expansion. The Bank is now discussing some major industrial policy issues, including promotion of small-scale business. A preparation mission for a small-scale business project is scheduled for spring 1977.

26. Tanzania. Since the Arusha Declaration in 1967, Tanzania has moved toward a centrally planned economy. The Government has acquired a majority interest in nearly all manufacturing enterprises and financial institutions. Almost all major projects initiated after 1967 have been

public sector projects, sometimes on the basis of joint ventures with foreign companies. Public sector institutions have assumed direct responsibility for most external and domestic wholesale trade, while retail trade is still predominantly in the private sector. In managing the economy, increasing emphasis has been placed on central planning and direct economic controls whilst the role of the market has been de-emphasized. During 1964-73, manufacturing had been the most rapidly growing sector in Tanzania. The real rate of growth in this sector was 9.5% and its contribution to GDP increased from 8% to 10%. Total employment in firms of over ten employees more than doubled between 1965 and 1972 and by 1973, 15% of Tanzania's wage earners were employed in manufacturing.

27. However, it appears that the growth rate of manufacturing output slowed down in the later years of the 1964-73 period. This was primarily the result of operational problems (to some extent inevitable, given the major structural change in the economy) and a number of poor investments. The resulting difficulties were compounded by external economic developments in 1973 and 1974. While export prices of Tanzania's major crops fell, the import price rise and increasing costs of capital and other imports aggravated the deterioration in Tanzania's terms of trade. In addition, two years of crop failures in Tanzania necessitated massive food imports at a time when grain prices were at record highs.

28. While Tanzania will continue to face economic difficulties over the next few years, massive food imports have ceased thereby reducing somewhat the foreign exchange shortage. Looking to the future the Government now regards the industrial sector as a major focus of attention and potential source of growth. The Government has adopted a basic industry strategy emphasizing industries that utilize domestic natural resources for the home market and exports. Recognizing the severe resource constraint, it has adopted a pragmatic attitude toward addressing the operational problems and is carefully reviewing the economic potential of proposed investments. These new policies should foster growth in the sector and the Bank is anticipating major involvement in a number of industrial proposals now being prepared by the Government and consultants.

29. Uganda. During the 60's, industrial output in Uganda grew at an average annual rate of 6.5%. In 1970-71, the entire economy stagnated as a result of adverse weather conditions which affected the major cash crops and corresponding processing industries. The period 1972-75 has been dominated by the expulsion of non-citizens and the take-over of the industrial sector by Ugandan nationals. Operating problems caused by inadequately trained management have been compounded by a lack of foreign exchange for raw materials and spare parts.

30. Recent decisions indicate Government recognition of these problems. Firstly, eight Government enterprises have been established in important industrial sectors to identify problems and propose solutions. Particular attention has been focused on the sugar and textile industries, traditionally major export earners in Uganda. Secondly, the Government has recruited foreign staff (primarily from Pakistan and India) to occupy key advisory positions in both public enterprises and those allocated to Uganda nationals. In addition, the Government has decided to make regular allocations of foreign exchange for the raw materials and spare parts needed by priority industries.

31. Available information indicates that although foreign exchange reserves remain low, the severe controls imposed by Government have been successful in restricting the outflow of foreign exchange. Assuming that the Ugandan Government continues its effort to review systematically the problems facing each industry there is substantial potential for expansion in the industrial sector from its presently depressed level. Nevertheless, as these measures have only been taken recently, it will take time for the sector to show real signs of recovery.

PART IV. THE PROJECT

32. A report entitled "East African Community - Appraisal of the East African Development Bank" (No. 866-EA, dated January 15, 1976) is being circulated to the Executive Directors separately. A Loan and Project Summary is included in Annex III. Negotiations were held in Washington on November 3-7, 1975. EADB was represented by Mr. I. Simba, Director General; Kenya was represented by Mr. C. Mbindyo, Ministry of Finance; Tanzania was represented by Mr. R. Mariki, Ministry of Finance; and Uganda was represented by Mr. Odong, Ministry of Finance.

History and Objectives of EADB

33. EADB is one of the institutions of the East African Community. It was created in 1967 under the Treaty for East African Cooperation signed by Kenya, Tanzania and Uganda, and began operations in July 1968. Each Partner State currently holds 30.8% of EADB's equity, the balance being held by various foreign banks. The Bank has been in dialogue with EADB since its inception; in June 1972 the Bank approved a first loan of US$8 million which is now fully committed. The projects financed under that loan have attractive economic rates of return and are expected to make substantial contributions to the industrial development of the Community. The initial loan to EADB was the first made by the Bank to a development finance company in the East African Community.

34. EADB's Charter identified its main objectives as providing financial and technical assistance to promote industrial development in the Partner States in such a way as to correct the imbalance in industrial development between the

Partner States and to undertake investments which would make the economies of the three States increasingly complementary in the industrial sector. EADB also has a Statement of Operating Policies which is designed to safeguard EADB's financial viability; the provisions are both reasonable and prudent.

Board of Directors

35. All three Partner States are represented on the Board, which is EADB's highest authority on operational matters. The Board takes an active interest in all EADB's operations and meets regularly. Unlike other community organizations, EADB is not responsible to any of the Community councils or ministers but to the Authority of the Community (i.e. the three Heads of State). Major decisions such as amendments to the Charter therefore require the approval of the Authority.

Management and Organization

36. EADB's chief executive and only Director General since inception is Mr. Iddi Simba, a Tanzanian. He has provided exceptional leadership and has developed a very competent senior management team and staff. Nearly all the professional staff, which now number 36, are from East Africa.

37. The Director General, the Directors of Operations, Finance and Administration, and Research and Project Promotion plus the major support functions are located at the headquarters in Kampala. Following the political changes in Uganda in 1973 EADB's operations were reorganized on a decentralized basis. Regional offices headed by Regional Managers were formed in Nairobi, Dar-es-Salaam and Kampala with complete appraisal and supervision teams. By early 1974, the regional offices were fully operational and the volume of loan approvals has steadily increased as the regional appraisal teams have become familiar with standardized appraisal procedures. The speed and efficiency with which the reorganization was implemented is a clear indication of EADB's management capability.

Operations

38. Since its establishment, EADB has approved $40.7 million (Shs 328 million) in loans. Two thirds of these loans have been for foreign exchange costs and the remainder for local costs. In both value and number, 75% of EADB's 52 loans have been to manufacturing projects and 21% to processing projects. This lending has encompassed a wide variety of industrial subsectors; textiles, iron and steel, wood industries, plastics and rubber, cement, salt and sugar. Following the reduction in operations during its reorganization (para. 37) EADB has rapidly expanded its financing activity. Between early 1974 and March 1975, 28% of EADB's total number of loans were approved. In the future this growth is expected to be maintained and expanded.

39. To correct the imbalance in industrial development between the Partner States, the Charter included an investment formula which stipulated that 38.75% of EADB's investments should be made in Uganda and Tanzania and only 22.5% in Kenya. Although on the basis of loan approvals EADB has been reasonably successful in complying with this formula, actual disbursements

have lagged substantially in Uganda which accounted for only 24% of EADB's disbursements as of March 31, 1975. This was primarily the result of the deferment and indefinite postponement of some previously approved projects due to lack of management and skilled manpower following the departure of the non-citizens in 1973, and shortages of foreign exchange for raw materials and spare parts.

40. EADB has played a significant role in trying to achieve the complementary development of the Partner States' industrial sectors. EADB has financed many projects designed to service the market of more than one Partner State or make use of more than one Community source of raw materials. By having operations in all three Partner States, EADB has been able to provide valuable intelligence on Community industrial sector developments and influence the design and size of many projects in order to prevent duplication of productive capacity. Furthermore, EADB has cooperated extensively with the other development banks in East Africa. In the many jointly financed projects undertaken, the experience and expertise of EADB's appraisal staff has been of assistance to the newer national institutions. EADB's single project investment capability remains larger than that of the national development banks although the margin continues to be eroded as the national banks grow. Because of EADB's multinational ownership, the findings of the analyses and studies undertaken by EADB has been considered independent of national bias by member governments. EADB has the staff and resources to independently undertake studies on behalf of Government or private clients.

41. Although some of these functions could have been performed by the national banks, EADB has been in a unique position as a respected and independent community body to play an important role in the development of the Community's industrial sector through its financing of economically and financially attractive projects.

Lending Terms

42. EADB currently charges an interest rate of 10% per annum on all new loans, with a commitment fee of 1% and a one time service charge of 1% on the total loan amount. The maximum maturity of the loan is 15 years. EADB is currently seeking the approval of its board to raise its onlending rate to 11% in a first phase and 12% later on if circumstances warrant it, although it is expected that the increase will be resisted by some member governments. Under the proposed loan, the foreign exchange risk will be borne by EADB's sub-borrowers.

Portfolio

43. As of March 31, 1975, EADB had loans outstanding totalling Shs 156 million and equity investments totalling Shs 7 million. At the same date, approximately 41% of the loan portfolio outstanding (Shs 64 million) was affected by arrears of over three months. In Uganda, the arrears-affected portfolio amounted to Shs 23 million from six projects. Four of these projects were taken over by Ugandan nationals in 1973 following the departure of non-citizens. An understanding has recently been reached between the Ugandan Government and EADB for the repayment of monies outstanding on projects taken over by Ugandan nationals. The monies are to be repaid in three installments through mid-1976; the first installment amounting to Shs 3.6 million was paid in October 1975. Another project in arrears is no longer operational but this loan is guaranteed by the Ugandan Government and is being discussed between

EADB and the Government. The remaining Uganda project, Uganda Cement Industries, is currently in financial difficulties.

44. In Tanzania, the arrears-affected portfolio amounts to Shs 34 million from four projects. EADB undertook major supervisory missions to these projects in 1974 and made proposals for their recovery. In only one case (Nyanza Salt Mines, Shs 14 million) has little progress been made and EADB agreed to make suitable provisions for this project by the end of the year if adequate progress is not made. In Kenya, the arrears-affected portfolio amounts to Shs 7 million from three projects, all of which are expected to recover from their current operating problems.

Audit

45. Following the departure of EADB's original auditors from Kampala, the 1974 audit did not fully comply with the Bank's requirements. This matter was reviewed during negotiations and the Bank has agreed to the reappointment of the present auditors for a further year subject to their fully complying with Bank auditing requirements.

Financial Condition

46. EADB's financial condition is basically sound due to the large equity base of the bank (Shs 158 million as of December 31, 1974). The net loan portfolio at the same date was Shs 146 million of which only Shs 52 million has been funded from term liabilities. EADB's debt/equity ratio is therefore low at .3:1 and the bank has a large debt capacity available to fund future investments. The debt/equity limit is 4:1. Although current provisions at Shs 5.6 million may not adequately reflect the state of the portfolio, fully providing for the two major Ugandan and Tanzanian projects in arrears would not significantly impair the equity bse or financial condition of EADB. Net profit as a percent of average net worth increased to 4.4% in 1974 despite rising administrative expenses incurred in 1973/74 following the decentralization of the organization.

Prospects

47. EADB's project pipeline at March 31, 1975 includes sixteen projects accepted for appraisal, involving a potential EADB investment of some Shs 170 million; many of these projects are of a regional nature. Further project proposals involving an EADB investment of Shs 100 million have been received but not yet accepted for appraisal. The pipeline under appraisal includes four Ugandan projects involving a potential EADB investment of Shs 50 million. The differential formula is unlikely to inhibit EADB's investment operations. EADB considers that the steps recently taken by the Ugandan Government to rehabilitate the industrial sector (forming parastatal institutions in priority industries, recruiting foreign technical advisors and allocating foreign exchange for the import of raw materials and spare parts) are likely to result in EADB being able to identify bankable projects meeting EADB's normal investment criteria prior to the 1978 review, thereby allowing it to comply with the formula. In any case, the differential formula may be reconsidered in the forthcoming Treaty review. EADB intends to disburse funds on new projects in Uganda following receipt of the repayments discussed in para. 43. EADB does not foresee problems in continuing to invest in the industrial sectors of Tanzania and Kenya.

48. EADB will continue to fill its Community role in the future (para. 40) and in particular is currently attempting to identify and promote projects in the agricultural processing sector in which investments might be made in all three Partner States. Three main projects are under consideration -- a Lake Victoria fisheries complex, a beef ranching complex and a fruit and vegetables complex.

Resource Requirements

49. As of March 31, 1975, EADB's forecast resource requirements to meet projected commitments to December 31, 1977 amounted to Shs 47 million in local currency and Shs 230 million in foreign exchange. Local currency requirements will be met through net cash generation and repayments to EADB from previous local currency financings. In June 1975, EADB signed an agreement with the Swedish International Development Authority (SIDA) for a second loan of Shs 60 million to be committed over a three-year period which will cover approximately 26% of the foreign exchange requirements to December 31, 1977. For the remaining foreign exchange gap, discussions with other lenders have been initiated but are unlikely to result in loans to EADB until mid-/late 1976. Therefore, a Bank loan of $15 million is proposed to cover approximately 50% of EADB's foreign exchange needs and 40% of EADB's total resource requirements to December 31, 1977.

Terms of the Bank Loan

50. The proposed Bank loan would be on terms similar to those for other development finance companies. It will be repayable in accordance with the aggregate of the amortization schedules for sub-loans and investments financed by EADB out of the proceeds of the proposed loan.

51. Prior Bank approval would be necessary for each sub-project requiring Bank funds in excess of $650,000 and the aggregate free limit would be a $5.0 million. This should allow the Bank to review about 40% of the projects by number and at least 65% by value of the financing to be provided. The proposed loan would be restricted to financing the cost of imported goods and services needed for EADB-approved investments.

PART V. LEGAL INSTRUMENTS AND AUTHORITY

52. The draft Loan Agreement between the Bank and the East African Development Bank, the draft Guarantee Agreements between the Republic of Kenya, the United Republic of Tanzania, the Republic of Uganda, respectively, and the Bank, the Report of the Committee provided for in Article III, Section 4(iii) of the Articles of Agreement of the Bank and the text of a draft resolution approving the proposed Loan are being distributed to the Executive Directors separately.

53. The legal structure of the loan documents follows the similar pattern used for all the Bank's loans for projects in the East African Community. As in past loans, a number of modifications have been made in the Bank's General Conditions to adapt them for the three guarantors (see Schedule 2 to the draft Loan Agreement). The draft Loan Agreement contains provisions normally used for development finance company projects. The draft Guarantee Agreements are substantially similar to each other and Section 2.01 of each of these Agreements provides for the joint and several guarantee of the three guarantors.

54. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Bank.

PART VI. RECOMMENDATION

55. I recommend that the Executive Directors approve the proposed loan.

Robert S. McNamara
President

Attachments

Washington, D.C.
January 22, 1976

COUNTRY DATA - KENYA

AREA
582,644 km2

POPULATION
12.48 Million (mid-1973)

DENSITY
.. Per km2 of arable land

SOCIAL INDICATORS

	Kenya 1960	Kenya 1970	Reference Countries: Tanzania 1970	Korea 1970	Mauritius * 1970
GNP PER CAPITA US$ (ATLAS BASIS) /1	..	170 /a	120 /a,b	310 /a	300 /a
DEMOGRAPHIC					
Crude birth rate (per thousand)	50 /c	48 /d	47 /e	28	25 /a,ae
Crude death rate (per thousand)	20 /c	18 /d	22 /e	8	8 /a,ae
Infant mortality rate (per thousand live births)	..	55	160-165 /e	..	64 /a,ac
Life expectancy at birth (years)	40-45 /c	49 /o	43	65	63
Gross reproduction rate /2	..	3.4 /ag	3.2 /ag	2.4 /ag	2.2 /ag
Population growth rate /3	3.3	3.2 /f	3.0 /f	2.2 /f	2.2 /f
Population growth rate - urban	..	7 /g,h	5 /b,i	6 /k	2 /l
Age structure (percent)					
0-14	46 /m,n	48 /o	44 /e	40 /a	40 /r
15-64	51 /m,n	48 /o	53 /e	57 /a	56 /r
65 and over	3 /m,n	4 /o	3 /e	3 /a	4 /r
Age dependency ratio /4	1.0 /m	1.1 /o	0.9 /e	0.8 /a	0.8 /r
Economic dependency ratio	1.2 /p	1.1 /p,r,v	1.2	1.4	1.6
Urban population as percent of total	8 /h,m	10 /h,o	7 /q,u	41 /k	44 /l
Family planning: No. of acceptors cumulative (thous.)	..	..	..	..	..
No. of users (% of married women)	..	..	..	..	..
EMPLOYMENT					
Total labor force (thousands)	3,300 /v	5,400 /r	5,600 /e,c	12,100 /i	250
Percentage employed in agriculture	..	86 /r	91 /e,b	46 /i	30
Percentage unemployed	..	..	..	4.1 /i	17
INCOME DISTRIBUTION					
Percent of national income received by highest 5%	..	..	34 /e	15 /y,r	..
Percent of national income received by highest 20%	..	..	60 /e	37 /y,r	..
Percent of national income received by lowest 20%	..	..	5 /e	10 /y,r	..
Percent of national income received by lowest 40%	..	..	14 /e	24 /y,r	..
DISTRIBUTION OF LAND OWNERSHIP					
% owned by top 10% of owners	..	..	..	28	..
% owned by smallest 10% of owners	..	..	..	2	..
HEALTH AND NUTRITION					
Population per physician	11,000 /m,s	6,550 /r,s	27,940 /b,r	1,870 /a	3,890 /r
Population per nursing person	1,610 /m,s,t	3,700 /r	6,530 /b,r	1,360 /r,s	910 /r
Population per hospital bed	810 /m	810	700 /b,o	1,850 /a	250 /r
Per capita calorie supply as % of requirements /5	103 /aa	101	73	103	104
Per capita protein supply, total (grams per day) /6	75 /aa	71	43	65	50
Of which, animal and pulse	32 /aa	29	23	19 /o,v	19
Death rate 1-4 years /7	..	..	..	..	4.5 /r
EDUCATION					
Adjusted /8 primary school enrollment ratio	49	67	37 /w	98 /a	105
Adjusted /8 secondary school enrollment ratio	3 /x	9 /x	3 /w	41	30 /o
Years of schooling provided, first and second level	13	13	13	12	14
Vocational enrollment as % of sec. school enrollment	12 /x	2 /r,x	4 /w	15 /r	1 /w
Adult literacy rate %	..	35 /u,r,ab	..	92 /a,ab,ah	..
HOUSING					
Average No. of persons per room (urban)	2.5 /m,v	..	..	2.7	..
Percent of occupied units without piped water	..	..	..	80 /ac	..
Access to electricity (as % of total population)	..	..	..	80 /a	..
Percent of rural population connected to electricity	..	..	..	40 /a	..
CONSUMPTION					
Radio receivers per 1000 population	9	41 /a	16 /a	128 /r	128 /a
Passenger cars per 1000 population	8 /ad	9 /a,ad,af	3 /a,ad	2 /a	16 /a
Electric power consumption (kwh p.c.)	50	78 /a	31 /a	392 /a	301 /a
Newsprint consumption p.c. kg per year	0.4	0.5 /a	0.1 /a	3.7 /a	0.8 /a

Notes: Figures refer either to the latest periods or to the latest years. Latest periods refer in principle to the years 1956-60 or 1966-70; the latest years in principle to 1960 and 1970.

/1 The Per Capita GNP estimate is at market prices for years other than 1960, calculated by the same conversion technique as the 1972 World Bank Atlas.

/2 Average number of daughters per woman of reproductive age.

/3 Population growth rates are for the decades ending in 1960 and 1970.

/4 Ratio of under 15 and 65 and over age brackets to those in labor force bracket of ages 15 through 64.

/5 FAO reference standards represent physiological requirements for normal activity and health, taking account of environmental temperature, body weights, and distribution by age and sex of national populations.

/6 Protein standards (requirements) for all countries as established by USDA Economic Research Service provide for a minimum allowance of 60 grams of total protein per day, and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are somewhat lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

/7 Some studies have suggested that crude death rates of children ages 1 through 4 may be used as a first approximation index of malnutrition.

/8 Percentage enrolled of corresponding population of school age as defined for each country.

/a 1972; /b Mainland Tanzania; /c UN estimate for African population, based on analysis of data from 1962 post-censal sample survey; /d UN estimate for 1965-70; /e 1967; /f 1960-72; /g 1962-69; /h 2000 or more inhabitants; /i 1974; /j 15 gazetted townships, 1957-67; /k Seoul city and municipalities of 5000 or more; /l Proclaimed townships, according to enlarged limits as of August 1963, plus town of Makeburg; /m 1962; /n Based on complete enumeration of non-African population and of urban African population and on a 10 percent sample of rural African population; /o 1969; /p Ratio of population under 15 and 65 and over to total labor force; /q 16 gazetted townships; /r 1971; /s Number on the register, not all working in the country; /t Including midwives, assistant midwives and nurses; /u 1973; /v Estimate; /w 1968; /x Secondary schooling includes teacher training at the third level; /y Households; /z 15 years and over; /aa 1961; /ab Definition of literacy unknown; /ac Water piped inside; /ad Including vehicles operated by police and other government security organizations; /ae Registered only; /af Including light commercial vehicles; /ag UN estimate for 1970-75; /ah 10 years and over.

* Mauritius has been selected as an example of a predominantly agricultural economy, which is following some enlightened policies designed to diversify production and promote accelerated industrialization.

ECONOMIC DEVELOPMENT DATA
(Amounts in millions of U.S. dollars)

NATIONAL ACCOUNTS	Actual 1964 1/	Actual 1972 1/	Actual 1973 2/	Prelim. 1974	Projected 1975	Projected 1980	1964-1972	1973-1974	1974-1975	1975-1980	As Percent of GDP 1973	1974	1980
	At 1973 Prices and Exchange Rates						Average Annual Growth Rates						
Gross Domestic Product	1,030	1,735	2,322	2,433	2,526	3,225	6.7	4.8	3.8	5.0	100.0	104.9	107.0
Gains from Terms of Trade (+)	10	- 15	-	-113	- 137	- 212					-	-4.9	-7.0
Gross Domestic Income	1,040	1,721	2,322	2,320	2,389	3,012	6.5	-0.1	3.0	4.7	100.0	100.0	100.0
Import (incl. NFS)	296	500	718	732	744	869	6.1	1.9	1.6	3.2	30.9	31.6	28.9
Exports " (import capacity)	350	443	686	588	570	747	2.8	-14.3	-3.1	5.6	29.5	25.3	24.8
Resource Gap	- 53	57	32	144	174	122					1.4	6.2	4.0
Consumption Expenditures	838	1,426	1,686	1,760	1,964	2,389	6.6	4.4	11.6	4.0	72.6	75.9	79.3
Investment " (incl. stocks)	149	352	668	703	599	745	11.6	5.2	-14.8	4.4	28.8	30.3	24.7
Domestic Savings	202	295	636	560	424	623	5.9	-12.0	-24.3	8.0	27.4	24.1	20.7
National Savings	211	298	511	500	362	528	5.0	-2.2	-27.6	7.8	22.0	21.6	17.5

MERCHANDISE TRADE

	Annual Data at Current Prices 1970	1971	1973	1974	As Percent of Total 1973	1974
Imports						
Capital goods	122.4	170.5	175.2	200.8	27.7	19.6
Intermediate goods (excl. fuels)	173.2	214.2	272.6	435.9	43.1	42.5
Fuels and related materials	41.3	47.4	67.0	227.2	10.6	22.1
of which: Petroleum	(41.3)	(47.4)	(67.0)	(227.2)	(10.6)	(22.1)
Consumption goods	105.8	128.1	117.6	161.9	18.6	15.8
Total Merch. Imports (cif)	442.7	560.2	632.4	1,025.8	100.0	100.0
Exports						
Primary products (excl. fuels)	144.7	135.8	256.2	291.5		
Fuels and related materials	40.3	51.4	61.7	127.7		
of which: Petroleum	(40.3)	(51.4)	(61.7)	(127.7)		
Manufactured goods	103.6	112.6	150.1	172.3		
Total Merch. Exports (fob)	288.6	299.8	468.0	591.5		
Tourism and Border Trade	25	76	70			

Merchandise Trade Indices	1973	1974	1975	1980
Export Price Index	100	135	146	222
Import Price Index	100	161	177	267
Terms of Trade Index	100	84	82	83
Exports Volume Index	100	98	105	135

VALUE ADDED BY SECTOR

	Annual Data at 1964 - Prices and Exchange Rates 1964	1972	1973	1974p/	Average Annual Growth Rates 1964-1972	1972-1973	1973-1974	As Percent of Total 1964	1972	1973	1974
Agriculture	156	246	266	264	5.8%	8.1%	-0.8%	23	20	20	20
Industry and Mining	119	229	253	264	8.5%	10.5%	4.3%	20	21	22	20
Service	400	722	774	816	7.6%	7.2%	5.4%	57	59	58	60
Total	675	1,197	1,294	1,344	7.4%	8.1%	3.9%	100	100	100	100

PUBLIC FINANCE

(Central Government)	In current prices and exchange rates 64/65	71/72	72/73	73/74	74/75	75/76
Current Receipts	138	398	419	493	669	711
Current Expenditures	159	337	374	395	569	644
Budgetary Savings	- 21	61	45	98	100	67
Expenditure in Development Budget	38	145	173	191	246	381

CURRENT EXPENDITURE DETAILS

As % Total Current Expend.)	Actual 1964/65	1972/73	1973/74	Prelim. 1974/75	Estim. 1975/76	Proj. 1977/78
Education	11	28	27	28	28	27
Other Social Services	8	14	11	11	11	9
Agriculture	9	4	8	6	6	7
Other Economic Services	3	11	11	12	13	15
Administration and Defense	30	26	25	28	27	21
Other (incl. C.F. Expenditures)	39	18	17	14	15	21
Total Current Expenditures (incl. C.F. expenditures)	100	100	100	100	100	100

DETAIL ON PUBLIC SECTOR INVESTMENT PROGRAM

	US $ million At end 1975/76 P and ER	% of Total (1974 /75 - 1977 /78)
Social Sectors	199	16
Agriculture	445	35
Industry and Mining	42	3
Power and communications	78	6
Transport and construction	232	18
Other	280	22
Total Expenditures	US$ 1,276 million	100%

SELECTED INDICATORS
(Calculated from 3-year averaged data)

	1965-1970	1975-1980	1981-1985
Average ICOR	3.3	4.7	3.3
Import Elasticity	1.0	0.6	0.7
Marginal Domestic Savings Rate	0.29	0.29	0.29
Marginal National Savings Rate	0.22	0.30	0.29

FINANCING

Public Sector Savings	389	30
Domestic Borrowing	347	27
Foreign Project Aid	540	43
Total Financing	US$ 1,276 million	100%

LABOR FORCE AND OUTPUT PER WORKER

	Total Labor Force In Millions 1971	% of Total 1971	Value Added Per Worker (1971-- Prices & Exc. Rates) In U.S. Dollars 1971	Percent of Average 1971
Agriculture	4,647	86	109	36
Industry	141	3	1,426	475
Service	301	6	1,286	429
Total	5,377	100	300	100

- nil or negligible
-- less than half the smallest unit shown

1/ In 1967-69 prices and exchange rates.
2/ Revised figures.
p/ Preliminary figures.

EACP1A
October 22, 1975

BALANCE OF PAYMENTS, EXTERNAL ASSISTANCE AND DEBT

(amounts in millions of U.S. dollars at current prices)

	Actual 1970	1971	1972	1973	Prelim. 1974	Projected 1975	1976	1977	1978	1980	1985	Avg. Annual Growth Rate 1974-1980 (%)
SUMMARY BALANCE OF PAYMENTS												
Exports (incl. NFS)	473	509	560	685	930	1023	1196	1358	1553	2005	3892	13.6
Imports (incl. NFS)	525	655	632	742	1182	1288	1442	1601	1785	2238	4008	11.2
Resource Balance (X-M)	-52	-146	-72	-56	-252	-265	-246	-243	-232	-233	-116	
Interest (net)) Direct Investment Income) Workers' Remittance)	-23	-25	-34	-101	-94	-110	-138	-168	-196	-258	-350	24.5
Current Transfers (net)	26	58	38	22	22	20	18	16	14	10	10	-12.2
Balance on Current Accounts	-49	-113	-68	-135	-324	-356	-366	-395	-414	-481	-457	
Private Direct Investment	59	48	43	45	97	60	65	70	75	86	120	-2.0
Official Capital Grants	1/	1/	1/	2/	2/	15	25	40	40	40	40	-
Public M&LT Loans												
Disbursements	30 3/	48 3/	68 3/	61 3/	90 4/	249	305	349	396	504	570	36.0
-Repayments	-7 3/	-8 3/	-11 3/	-13 3/	-18	-22	-36	-80	-119	-172	-273	57.0
Net Disbursements	23 3/	40 3/	57 3/	48 3/	72	227	269	269	277	332	297	26.5
SDR Use	-	-	-	-	18	-	-	-	-	-	-	.
Use of IMF Credit	-	-	-	-	53	54	32	36	5	-	-	.
Short Term Credit (Net)	-	-2	6	2	45	-	-	-	-	-	-	.
Use of Reserves (+)	-50	72	-25	-29	16	-	-25	-20	17	23	-	.
Errors and Omissions	11	-52	-19	69	3	-	-	-	-	-	-	.
GRANT AND LOAN COMMITMENTS												
Official Grants & Grant-like	..	..	..	..	..							
Public M&LT Loans												
IBRD	8.3	23.0	29.0	34.0	10.4							
IDA	18.7	-	28.0	-	33.5							
Other	-	-	-	-	43.0							
Other Multilateral	1.5	3.5	-	1.1	-							
Governments	10.5	40.4	20.0	55.2	96.0							
Suppliers	1.1	7.3	-	-	-							
Financial Institutions	-	2.5	17.3	1.6	-							
Bonds	-	-	-	-	-							
Public Loans n.e.i.	2.1	-	-	-	-							
Total Public M&LT Loans	42.2	76.7	94.3	91.9	182.9							

EXTERNAL DEBT	Actual Debt Outstanding on Dec. 31, 1974 p/ Disbursed Only	Percent
World Bank	62.2	13.8
IDA	74.6	16.6
Other Multilateral	5.0	1.1
Governments	251.4	55.9
Suppliers	9.9	2.2
Financial Institutions	19.4	4.3
Bonds	27.4	6.1
Public Debts n.e.i	..	..
Total Public M&LT Debt	449.8	100.0
Other M&LT Debts	38.0	..
Short-term Debt (disb. only)	..	..

DEBT AND DEBT SERVICE	Actual 1970	1971	1972	1973	Prelim. 1974
Public Debt Out. & Disbursed	283.7	311.9	366.7	401.4	487.8
Interest on Public Debt	11.5	12.3	14.8	16.1	18.3
Repayments on Public Debt	7.3	7.8	10.7	12.9	18.3
Total Public Debt Service	18.8	20.1	25.5	28.8	36.6
Other Debt Service (net)	..	..	..	..	..
Total Debt Service (net)	..	..	..	..	..
Burden on Export Earnings (%)					
Public Debt Service	4.0	3.9	4.6	4.2	4.0
Total Debt Service	..	..	..	..	..
TDS+Direct Invest. Inc.	9.8	9.2	9.8	14.7	12.4
Average Terms of Public Debt					
Int. as % Prior Year DO&D	4.3	4.3	4.7	4.4	4.6
Amort. as % Prior Year DO&D	2.7	2.8	3.4	3.5	4.6
IBRD Debt Out. & Disbursed					
" as % Public Debt O&D	1.9	3.8	8.9	12.4	13.3
" as % Public Debt Service	7.6	2.1	5.4	10.0	11.7
IDA Debt Out. & Disbursed					
" as % Public Debt O&D	11.2	11.2	12.0	15.8	15.4
" as % Public Debt Service	0.8	1.2	1.3	1.7	1.4

. not applicable
.. not available
- nil or negligible
p/ preliminary figures

1/ Included in current transfers.
2/ Included in Public Loans.
3/ Source: World Bank External Debt Statistics (Kenya only).
4/ Including capital grants.

EACP1A
October 22, 1975

COUNTRY DATA - TANZANIA

AREA
945,087 km 2

POPULATION
14.0 million (mid-1973)

DENSITY
147 /a Per km2 of arable land

SOCIAL INDICATORS

	Tanzania 1960	Tanzania 1970	Reference Countries: Kenya 1970	Korea 1970	Malaysia* 1970
GNP PER CAPITA US$ (ATLAS BASIS) /1	..	120 /b,d	170 /b	310 /b	430 /b
DEMOGRAPHIC					
Crude birth rate (per thousand)	46 /c,d	47 /e	48 /f	28	35 /g,o
Crude death rate (per thousand)	25 /c,d	22 /e	18 /f	8	7 /g,ai,p
Infant mortality rate (per thousand live births)	225	160-165 /e	55	..	39 /g,o
Life expectancy at birth (years)	38 /c	43	49 /m	65	65 /g,m
Gross reproduction rate /2	..	3.2 /s	3.4 /s	2.4 /s	2.6 /s
Population growth rate /3	2.2	3.0 /h	3.2 /h	2.2 /n	2.9 /n
Population growth rate - urban	..	5 /d,i	7 /j,ag	6 /k	..
Age structure (percent)					
0-14	42 /c,d,l	44 /e	48 /n	40 /b	45 /g
15-64	56 /c,d,l	53 /e	48 /m	57 /b	52 /g
65 and over	2 /c,d,l	3 /e	4 /m	3 /b	3 /g
Age dependency ratio /4	0.8 /c,d,l	0.9 /e	1.1 /n	0.8 /b	0.9 /g
Economic dependency ratio /4	1.2	1.2	1.1 /o,u,y	1.4	1.6 /g
Urban population as percent of total	4 /c,d,p	7 /n,q	10 /j,m	41 /k	29 /g,m
Family planning: No. of acceptors cumulative (thous.)	..	..	..	..	220 /g
No. of users (% of married women)	..	..	..	..	15 /g
EMPLOYMENT					
Total labor force (thousands)	4,900 /v	5,600 /d,e	5,400 /o	12,100 /w	2,900 /g
Percentage employed in agriculture	89 /v	91 /d,e	86 /o	16 /w	47 /g
Percentage unemployed	..	..	..	4.1 /w	8 /g
INCOME DISTRIBUTION					
Percent of national income received by highest 5%	..	34 /e	..	15 /o,t	28 /t
Percent of national income received by highest 20%	..	60 /e	..	37 /o,t	56 /t
Percent of national income received by lowest 20%	..	5 /e	..	10 /o,t	3 /t
Percent of national income received by lowest 40%	..	14 /e	..	24 /o,t	11 /t
DISTRIBUTION OF LAND OWNERSHIP					
% owned by top 10% of owners	..	..	..	28	..
% owned by smallest 10% of owners	..	..	..	2	..
HEALTH AND NUTRITION					
Population per physician	20,000 /d,am	27,940 /d,o	6,590 /o,v	1,670 /b	1,770 /g,o
Population per nursing person	8,774 /d,am	6,530 /d,o	3,200 /o	1,360 /o	1,140 /g,o
Population per hospital bed	530 /d,an	700 /d,o	810	1,660 /b	290 /g,o
Per capita calorie supply as % of requirements /5	69 /an	73	101	103	94 /g
Per capita protein supply, total (grams per day) /5	42 /an	43	71	65	49 /g
Of which, animal and pulse	22 /x	23	29	19 /m,y	20 /g,z
Death rate 1-4 years /7	..	..	..	..	6 /aa
EDUCATION					
Adjusted /8 primary school enrollment ratio	25	37 /aa	67	98 /b	89 /g
Adjusted /8 secondary school enrollment ratio	2	3 /aa	9 /ab	41	34 /g
Years of schooling provided, first and second level	13	13	13	12	13 /g
Vocational enrollment as % of sec. school enrollment	23	4 /aa	2 /o,ab	15 /o	3 /g
Adult literacy rate %	..	49 /b,ac,ad	35 /n,ac,ad	92 /n,ac,ae	89 /n,ac,ae
HOUSING					
Average No. of persons per room (urban)	1.8 /af	..	..	2.7	2.3 /ap,aq
Percent of occupied units without piped water	..	30 /e,ao	..	80 /ak	65
Access to electricity (as % of total population)	..	..	..	80 /c	13.4
Percent of rural population connected to electricity	..	..	..	40 /b	30.1
CONSUMPTION					
Radio receivers per 1000 population	2	16 /n	41 /..	127 /b	40 /..
Passenger cars per 1000 population	..	3 /n,..,an	9 /..,a..,ar	2 /..	33 /..,y
Electric power consumption (kwh p.c.)	15 /d	31 /b	78 /b	392 /b	414 /b,g
Newsprint consumption p.c. kg per year	0.1 /aj	0.1 /..	0.6 /n	3.3 /n	2.9 /g,n

Notes: Figures refer either to the latest periods or to the latest years. Latest periods refer in principle to the years 1956-60 or 1966-70; the latest years in principle to 1960 and 1970.

/1 The Per Capita GNP estimate is at market prices for years other than 1960, calculated by the same conversion technique as the 1972 World Bank Atlas.

/2 Average number of daughters per woman of reproductive age.

/3 Population growth rates are for the decades ending in 1960 and 1970.

/4 Ratio of population under 15 and 65 and over to population of ages 15-64 for age dependency ratio and to labor force of ages 15-64 for economic dependency ratio.

/5 FAO reference standards represent physiological requirements for normal activity and health, taking account of environmental temperature, body weights, and distribution by age and sex of national populations.

/6 Protein standards (requirements) for all countries as established by USDA Economic Research Service provide for a minimum allowance of 60 grams of total protein per day, and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are somewhat lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

/7 Some studies have suggested that crude death rates of children ages 1 through 4 may be used as a first approximation index of malnutrition.

/8 Percentage enrolled of corresponding population of school age as defined for each country.

/a Excluding forests and pastures; /b 1972; /c 1967; /d Mainland Tanzania; /e 1967; /f UN estimate, 1965-70; /g West Malaysia; /h 1960-72; /i 15 gazetted townships, 1957-67; /j 2,000 or more inhabitants; /k Seoul City and municipalities of 5,000 or more inhabitants; /l African population; /m 1969; /n 1973; /o 1971; /p 33 gazetted townships; /q 16 gazetted townships; /r Gazetted areas of 10,000 or more inhabitants; /s 1970-75 UN estimate; /t Households; /u Ratio of population under 15 and 65 and over to total labor force; /v Number on the register, not all working in the country; /w 1974; /x 1961-63; /y Estimate; /z 1964-66; /aa 1968; /ab Secondary schooling includes teacher-training at the third level; /ac Definition unknown; /ad 15 years and over; /ae 1966; /af 1958, Zanzibar; /ag 1962-69; /ah Including vehicles operated by police and other governmental security organizations; /ai Registered only; /aj 1963; /ak Water piped inside; /al 10 years and over; /am 1962; /an 1961; /ao Inside or outside; /ap UN estimate; /aq Number of rooms includes rooms used only for professional or business purposes; /ar Including light commercial vehicles.

* Malaysia is selected as the objective country because its population is comparable in size and its economic development is several steps ahead.

ECONOMIC DEVELOPMENT DATA
(Amounts in millions of U.S. dollars)

NATIONAL ACCOUNTS	Actual 1973	Actual 1974	Projected 1975	Projected 1976	Projected 1980	1967-1972	1973-1974	1975-1980	1981-1985	1973	1975	1980
	At 1973 Prices and Exchange Rates					Average Annual Growth Rates				As Percent of GDY		
Gross Domestic Product	1819.2	1863.9	1952.4	2035.2	2450.1	4.9	2.5	4.6	5.4	100.0	104.1	104.0
Gains from Terms of Trade (+)	-	-29.1	-77.6	-70.1	-95.0					-	-4.1	-4.0
Gross Domestic Income	1819.2	1834.8	1874.8	1965.1	2355.2	4.5	0.9	4.7	5.4	100.0	100.0	100.0
Import (incl. NFS)	519.8	517.4	419.1	424.3	527.4	6.8	-0.5	4.7	6.5	28.6	22.4	22.4
Exports " (import capacity)	417.0	309.5	276.9	314.1	384.3	2.6	-25.6	4.4	7.1	22.9	14.8	16.3
Resource Gap	102.8	207.9	142.1	110.1	143.1					5.7	7.6	6.1
Consumption Expenditures	1538.6	1635.4	1597.1	1637.6	1941.2	4.8	6.3	4.0	5.3	84.6	85.2	82.4
Investment " (incl. stocks)	406.6	407.3	419.8	437.6	557.1	8.4	0.2	5.8	5.6	22.4	22.4	23.7
Domestic Savings	280.6	199.4	277.6	327.5	414.0	2.7	-28.9	8.3	4.3	15.4	14.8	17.6
National Savings	286.8	207.1	270.3	323.9	374.1	3.4	-27.8	6.7	3.9	15.8	14.4	15.9

MERCHANDISE TRADE	Annual Data at Current Prices 1972	1973	1974	1975	1976	1980	As Percent of Total 1973	1975	1980
Imports									
Capital goods	125.2	135.1	185.7	168.6	191.0	329.6	29.4	25.7	29.3
Intermediate goods (excl. fuels)	154.4	169.4	189.2	209.1	225.8	378.2	36.8	31.9	33.7
Fuels and related materials	41.3	53.1	148.5	170.4	194.9	301.1	11.6	26.0	26.8
of which: Petroleum	(41.3)	(53.1)	(148.5)	(170.4)	(194.9)	(301.1)	(11.6)	(26.0)	(26.8)
Consumption goods	82.9	102.2	215.1	108.0	76.0	114.8	22.2	16.5	10.2
Total Merch. Imports (cif)	403.8	439.8	738.5	656.1	687.6	1123.7	100.0	100.0	100.0
Exports									
Primary products (excl. fuels)	208.6	263.6	309.8	263.9	326.3	471.0	79.8	75.0	69.8
Fuels and related materials	30.7	12.5	18.5	20.3	24.7	52.5	3.8	5.8	7.8
of which: Petroleum	(30.7)	(12.5)	(18.5)	(20.3)	(24.7)	(52.5)	(3.8)	(5.8)	(7.8)
Manufactured goods	49.1	54.4	55.4	67.5	79.5	151.2	16.5	19.2	22.4
Total Merch. Exports (fob)	288.4	330.5	383.7	351.7	430.5	674.7	100.0	100.0	100.0
Tourism and Border Trade	..	..	..	..	..	..			

Merchandise Trade Indices	Average 1973 = 100					
Export Price Index	89.6	100.0	142.0	135.3	149.4	192.3
Import Price Index	86.7	100.0	155.4	173.2	182.8	239.9
Terms of Trade Index	100.2	100.0	91.4	78.1	81.8	80.2
Exports Volume Index	109.7	100.0	81.2	85.0	92.2	115.0

VALUE ADDED BY SECTOR	Annual Data at 1973 Prices and Exchange Rates						Average Annual Growth Rates 1967-72	1972-74	1975-80	As Percent of Total 1973	1975	1980
Agriculture	640.6	647.7	634.1	665.8	685.8	784.7	2.6	-0.5	3.3	39.3	37.9	35.6
Industry and Mining	206.6	208.7	210.8	217.1	228.0	281.1	5.0	0.6	5.3	12.7	12.3	12.7
Service	737.0	790.0	834.3	876.0	919.8	1141.6	6.1	6.4	5.4	48.0	49.8	51.7
Total	1584.2	1646.4	1679.2	1758.9	1833.5	2207.3	4.5	3.0	4.6	100.0	100.0	100.0

PUBLIC FINANCE (Central Government)	Actual FY72	FY73	FY74	Est. FY75	Budget FY76	As Percent of GDP 2/ FY72	FY73	FY74
	(in millions of current T. shillings)							
Current Receipts	1859	2357	3002	3884	4007	17.7	19.7	23.2
Current Expenditures	1717	2134	2685	3694	3530	16.4	17.8	20.8
Budgetary Savings	142	223	317	190	477	1.3	1.9	2.5
Other Public Sector 1/	241	264	..	..	..	2.3	2.2	..
Public Sector Investment	1694	1836	1996	2301	..	16.2	15.3	15.4

CURRENT EXPENDITURE DETAILS As % Total Current Expend.)	Actual FY1972	FY1973	Prelim. FY1974	Est. FY1975
Education	17.5	16.7	14.8	16.1
Other Social Services)	12.5	11.8	11.7	14.6
Agriculture) Other Economic Services)	28.3	25.4	31.4	23.2
Administration and Defense) Other)	41.8	46.1	42.2	46.1
Total Current Expenditures	100.0	100.0	100.0	100.0

SELECTED INDICATORS (Calculated from 3-year averaged data)	1965-1970	1973-1975	1976-1980	1981-1985
Average ICOR	2.9	6.3	4.7	4.3
Import Elasticity	1.6	-1.3	1.0	1.2
Marginal Domestic Savings Rate	0.1	-0.9	0.2	0.2
Marginal National Savings Rate	0.2	-1.8	0.2	0.1

LABOR FORCE AND OUTPUT PER WORKER	Total Labor Force: In Millions 1971	% of Total 1971	Value Added Per Worker (in current prices): In U.S. Dollars 1971	Percent of Average 1971
Agriculture	5.3	91	98	43
Industry	0.1	2	1590	694
Service	0.4	7	2170	948
Total	5.8	100	229	100

. not applicable
.. not available
- nil or negligible
-- less than half the smallest unit shown

1/ Parastatal contribution to net current income.
2/ Averaged from calendar year.

EACPIA
October 10, 1975

BALANCE OF PAYMENTS, EXTERNAL ASSISTANCE AND DEBT
(amounts in millions of U.S. dollars at current prices)

	Actual 1972	Actual 1973	Actual 1974	Estimated 1975	Projected 1976	1977	1978	1979	1980	1985	Avg. Annual Growth Rate 1972-1980
SUMMARY BALANCE OF PAYMENTS											
Exports (incl. NFS)	397.5	417.0	481.0	479.9	574.4	643.0	718.7	816.2	922.1	1832.7	11.1
Imports (incl. NFS)	476.1	519.8	804.2	726.2	775.8	883.5	989.4	1113.1	1265.4	2451.4	13.0
Resource Balance (X-M)	-78.6	-102.8	-323.1	-246.3	-201.3	-240.5	-270.6	-297.0	-343.3	-618.7	28.8
Interest (net)	)-3.4	10.4	-6.8	-18.7	-24.8	-30.1	-32.7	-35.6	-39.8	-66.1	34.2
Direct Investment Income	)	-5.5	0.5	-11.2	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	.
Workers' Remittance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.
Current Transfers (net)	-1.7	0.7	15.7	22.4	22.4	15.0	15.0	15.0	15.0	15.0	.
Balance on Current Accounts	-83.7	-97.2	-313.7	-253.9	-205.7	-257.6	-290.4	-319.6	-370.1	-671.8	
Private Direct Investment	-	1.5	2.7	2.8	2.8	2.8	2.8	2.8	2.8	2.8	.
Official Capital Grants	16.0	16.0	20.0	25.0	27.5	30.3	33.3	36.6	40.3	65.0	12.5
Public M&LT Loans											
Disbursements	110.6	88.4	95.8 2/	193.7 3/	112.9 4/	111.3 5/	133.5 5/	160.8 5/	191.4 5/	354.0 5/	11.2
-Repayments	-15.4	-18.3	-11.8	-22.0	-18.4	-21.1	-27.4	-30.3	-39.6	-89.4	12.5
Net Disbursements	95.2	70.1	84.0	171.7	94.5	90.2	106.1	130.5	151.8	264.6	6.0
Other M&LT Loans 1/	...	...	...	...	..	..	..	..	..	..	.
Disbursements											
-Repayments											
Net Disbursements	4.5	9.9	3.5	2.9	..	..	..	..	..	..	
Use of IMF Resources	-	-	46.3	34.9							
Capital Transactions n.e.i.	28.2	-29.3	66.2	16.6							
Change in Net Reserves	-60.2	-20.5	91.0	-							
GRANT AND LOAN COMMITMENTS											
Official Grants & Grant-like											
Public M&LT Loans											
IBRD	-	-	65.0	30.0							
IDA	10.8	28.8	61.2	34.0							
Other 6/	-	-	-	50.1							
Other Multilateral	3.3	1.8	7.1	-							
Governments	49.3	94.9	112.5	161.0							
Suppliers	-	-	-	-							
Financial Institutions	-	-	-	-							
Bonds	-	-	-	-							
Public Loans n.e.i.	-	-	-	-							
Total Public M&LT Loans	63.4	125.5	245.8	275.1							

EXTERNAL DEBT	Actual Debt Outstanding on Dec. 31, 1974 Disbursed Only	Percent
World Bank	40.9	7.6
IDA	63.3	11.8
Other Multilateral	10.4	1.9
Governments	389.9	72.5
[illegible]	0.1	-
[illegible] Institutions	12.3	2.3
Bonds	7.9	1.5
Public Debts n.e.i	13.0	2.4
Total Public M&LT Debt	537.9	100.0
Notional one-third share of EAC debt	86.0	.
of which: World Bank	(38.0)	.
Other	(48.0)	.
TOTAL	623.9	.

	Actual 1972	1973	1974	Est. 1975
DEBT AND DEBT SERVICE 7/				
Public Debt Out. & Disbursed	335.6	416.4	565.2	789.7
Interest on Public Debt	6.9	8.2	8.9	12.2
Repayments on Public Debt	29.0	11.4	12.7	22.0
Total Public Debt Service	35.8	19.6	21.6	34.2
Other Debt Service (net)	..	..	..	..
Total Debt Service (net)	..	..	..	..
Burden on Export Earnings (%)				
Public Debt Service	9.0	4.7	4.5	7.1
Total Debt Service	..	..	..	..
FDS+Direct Invest. Inc.	10.2	6.0	4.4	9.5
Average Terms of Public Debt				
Int. as % Prior Year DO&D	2.7	2.4	2.1	2.1
Amort. as % Prior Year DO&D	11.1	3.4	3.1	3.9
IBRD Debt Out. & Disbursed				
" as % Public Debt O&D	7.2	7.9	7.3	9.7
" as % Public Debt Service 9/	3.6	11.2	13.0	16.9
IDA Debt Out. & Disbursed				
" as % Public Debt O&D	14.6	13.8	13.2	9.6
" as % Public Debt Service 9/	1.1	2.0	2.8	1.9

. not applicable
.. not available
... not available separately but included in total

e staff estimate
- nil or negligible
-- less than half the smallest unit shown

1/ Parastatal and Private M&LT loans.
2/ Includes drawing on Arab Fund for Africa ($7.1 m.)
3/ Includes bilateral and multilateral program assistance of $91.0 m.
4/ Includes proposed IBRD program loan of $30.0 m.
5/ No program assistance assumed.
6/ IMF Oil Facility and Credit Tranche.
7/ Not including Tanzania's share in EAC debt.

9/ IBRD and IDA Debt Service as % of Public Debt Service

EACPIA
October 10, 1975

COUNTRY DATA - UGANDA

AREA
236,036 km2

POPULATION
10.83 million (mid-1973)

DENSITY
.. Per km2 of arable land

SOCIAL INDICATORS

	Uganda 1960	Uganda 1970	Reference Countries: Kenya 1970	Ghana 1970	Malaysia* 1970
GNP PER CAPITA US$ (ATLAS BASIS) /1	..	140 /a	180 /a	300 /a	490 /a
DEMOGRAPHIC					
Crude birth rate (per thousand)	42 /b	43 /c,d	48 /c,d	47 /c,d	35 /g,h
Crude death rate (per thousand)	20 /b	18 /c,d	18 /c,d	18 /c,d	7 /g,h
Infant mortality rate (per thousand live births)	160 /e	..	55 /d	156 /d	41 /g,h
Life expectancy at birth (years)	..	50 /d,i	50 /d,i	46 /c,d	64 /g,k
Gross reproduction rate /2	2.6 /l	3.0 /d,i	3.4 /d,i	3.2 /d,i	2.4 /d,g,i
Population growth rate /3	2.5	2.8 /m	3.2 /m	2.6 /m	2.9 /m
Population growth rate - urban	..	7 /n,o	7 /q,r	5 /f	..
Age structure (percent)					
0-14	41 /l	46 /k	48 /k	47	45 /g
15-64	57 /l	50 /k	48 /k	49	52 /g
65 and over	2 /l	4 /k	4 /k	4	3 /g
Age dependency ratio /4	0.8 /l	1.0 /k	1.1 /k	1.0	0.9 /g
Economic dependency ratio /4	1.1 /d,u	1.1 /d,u	1.3 /d,j,u	1.3 /d	1.6 /g
Urban population as percent of total	5 /l,v	7 /o,w	10 /k,r	29 /h	29 /g,p
Family planning: No. of acceptors cumulative (thous.)	..	..	..	11	220 /g
No. of users (% of married women)	..	..	..	2 /d	8 /g
EMPLOYMENT					
Total labor force (thousands)	3,000 /d	4,300 /d	4,300 /d,j	3,300 /d	2,900 /g
Percentage employed in agriculture	89 /d	86 /d	86 /d,j	54 /d	47 /g
Percentage unemployed	..	..	..	6 /d	6 /g,ac
INCOME DISTRIBUTION					
Percent of national income received by highest 5%	..	17 /ab	..	..	28 /ad
Percent of national income received by highest 20%	..	47 /ab	..	..	56 /ad
Percent of national income received by lowest 20%	..	6 /ab	..	..	3 /ad
Percent of national income received by lowest 40%	..	17 /ab	..	..	11 /ad
DISTRIBUTION OF LAND OWNERSHIP					
% owned by top 10% of owners	..	..	..	..	..
% owned by smallest 10% of owners	..	..	..	..	..
HEALTH AND NUTRITION					
Population per physician	13,000 /ae,af	8,650 /h,ag	6,550 /h,ag	12,950 /h,af	4,770 /g,h
Population per nursing person	7,310 /ae,af	5,180 /h	3,700 /h	1,070 /h,af	1,140 /g,h
Population per hospital bed	680 /ae	640	810	780 /h	290 /g,h
Per capita calorie supply as % of requirements /5	93 /ae	96	101	96	94 /g,ai
Per capita protein supply, total (grams per day) /6	56 /ae	55	71	46	49 /g,ai
Of which, animal and pulse	..	31 /ai	29	10 /t	20 /g,ai
Death rate 1-4 years /7	..	..	..	..	4 /g
EDUCATION					
Adjusted /8 primary school enrollment ratio	44	46 /ag	67	89	89 /g
Adjusted /8 secondary school enrollment ratio	5	4 /ag,aj	9 /ak	5	34 /g
Years of schooling provided, first and second level	11-13	11-13	13	15	13 /g
Vocational enrollment as % of sec. school enrollment	12	9	2 /h,ak	23	3 /g
Adult literacy rate %	..	25 /o,z	35 /s,o,z	..	77 /o,Zs
HOUSING					
Average No. of persons per room (urban)	..	..	..	..	2.3
Percent of occupied units without piped water	..	..	..	..	65 /x
Access to electricity (as % of total population)	..	..	..	..	43 /al
Percent of rural population connected to electricity	..	..	..	..	30 /al
CONSUMPTION					
Radio receivers per 1000 population	14 /aa	26 /w,aa	41 /w	85 /w	40 /g,w
Passenger cars per 1000 population	3	3 /w	9 /w	4 /a	34 /g,w
Electric power consumption (kwh p.c.)	40	54 /w	78 /w	368 /w	414 /g,w
Newsprint consumption p.c. kg per year	0.1 /s	0.2 /a	0.5 /w	0.6 /a	2.9 /a,g

Notes: Figures refer either to the latest periods or to the latest years. Latest periods refer in principle to the years 1956-60 or 1966-70; the latest years in principle to 1960 and 1970.

/1 The Per Capita GNP estimate is at market prices for years other than 1960, calculated by the same conversion technique as the 1972 World Bank Atlas.

/2 Average number of daughters per woman of reproductive age.

/3 Population growth rates are for the decades ending in 1960 and 1970.

/4 Ratio of population under 15 and 65 and over to population of ages 15-64 for age dependency ratio and to labor force of ages 15-64 for economic dependency ratio.

/5 FAO reference standards represent physiological requirements for normal activity and health, taking account of environmental temperature, body weights, and distribution by age and sex of national populations.

/6 Protein standards (requirements) for all countries as established by USDA Economic Research Service provide for a minimum allowance of 60 grams of total protein per day, and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are somewhat lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

/7 Some studies have suggested that crude death rates of children ages 1 through 4 may be used as a first approximation index of malnutrition.

/8 Percentage enrolled of corresponding population of school age as defined for each country.

/a 1973; /b Estimate for African population based on births and deaths during a given period according to the results of 1959 sample survey; /c 1965-70; /d Estimate; /e Estimate for African population based on births and deaths reported for 12-month period preceding 1959 post-censal sample survey; /f Towns with population of 5,000 and over; /g West Malaysia; /h 1971; /i 1970-75; /j 1968; /k 1969; /l 1959; /m 1960-72; /n 1959-72; /o Definition not available; /p Gazetted areas with population of 10,000 or more; /q 1962-69; /r 2,000 or more inhabitants; /s 1963; /t 1966-68; /u Ratio of population under 15 and 65 and over to total labor force; /v The population of all settlements as small as trading centers with population as low as 100 persons; /w 1972; /x Inside only; /y 1967; /z 15 years and over; /aa Registered only; /ab African male employees; /ac Registered applicants for work; /ad Households; /ae 1961; /af Number on the register, not all working in the country; /ag Government only; /ah Assistant nurses and midwives included; /ai 1964-66; /aj Following the re-organization of the school system in 1966, junior secondary classes have been included in education at the third level; /ak Secondary schooling includes teacher training at the third level; /al Percentage of dwellings with electric lighting.

* Malaysia has been selected as an objective country for Uganda because of the similarities in population size, and economic structure. Malaysia is at a more advanced level, which makes it a reasonable objective country for Uganda.

UGANDA

ECONOMIC INDICATORS

GROSS NATIONAL PRODUCT IN 1973

	US$ Mln.	%
GNP at Market Prices	1532	100.0
Gross Domestic Investment	114	7.4
Gross National Saving	163	10.6
Current Account Balance	49	3.2
Exports of Goods, NFS	330	21.5
Imports of Goods, NFS	245	16.0

ANNUAL RATE OF GROWTH (%, constant prices)

	1960 -65	1965 -70	1971 - 72
GNP at Market Prices	..	..	..
Gross Domestic Investment	..	..	..
Gross National Saving	..	..	..
Current Account Balance	.	.	.
Exports of Goods, NFS	6.0	4.2	..
Imports of Goods, NFS	15.8	3.5	..

OUTPUT, LABOR FORCE AND PRODUCTIVITY IN 1973

	Value Added		Labor Force 1/		V. A. Per Worker	
	US$ Mln.	%	Mln.	%	US $	%
Agriculture	758.0	54.5	..	..	..	..
Industry	142.0	10.2	..	..	..	..
Services	490.0	35.3	..	..	..	..
Unallocated	-	-	..	..	..	..
Total/Average	1390.0	100.0		100.0	..	100.0

GOVERNMENT FINANCE

	General Government (Mln.) 197	General Government % of GDP 197	General Government % of GDP 196 -7	Central Government (Sh. Mln.) 1972	Central Government % of GDP 1972	Central Government % of GDP 1965- 70
Current Receipts				1508.5	14.4	13.5
Current Expenditure				1763.0	16.8	12.8
Current Surplus	(No information available but totals			-254.5	-2.4	0.8
Capital Expenditures	for all items only slightly higher than			550.7	5.3	3.9
External Assistance (net)	for Central Government)			150.0	1.4	1.8

MONEY, CREDIT and PRICES

	1965	1969	1970	1971	1972	1973
		(Million Sh. outstanding end period)				
Money and Quasi Money	..	1435	1686	1696	2157	2927
Bank credit to Public Sector	..	356	635	994	1501	2347
Bank Credit to Private Sector	..	827	849	874	939	1147
		(Percentages or Index Numbers)				
Money and Quasi Money as % of GDP	..	17.2	17.8	16.4	20.6	25.0
General Price Index (1970 = 100)	..	91.1	100.0	115.8	112.3	139.7
Annual percentage changes in:						
General Price Index	..	11.8	9.8	15.8	-3.0	24.4
Bank credit to Public Sector	..	31.9	78.4	56.5	51.0	56.4
Bank credit to Private Sector	..	23.6	2.7	2.9	7.4	22.2

NOTE: All conversions to dollars in this table are at the average exchange rate prevailing during the period covered.

1/ Total labor force; unemployed are allocated to sector of their normal occupation. "Unallocated" consists mainly of unemployed workers seeking their first job.

.. not available
. not applicable

TRADE PAYMENTS AND CAPITAL FLOWS

BALANCE OF PAYMENTS

	1969	1971	1972 Preliminary
	(Millions US $)		
Exports of Goods, NFS	251.6	281.0	289.1
Imports of Goods, NFS	237.9	339.5	249.2
Resource Gap (deficit = -)	13.7	-58.5	39.9
Interest Payments (net)	-17.5	-22.4	-16.2
Workers' Remittances	..	..	..
Other Factor Payments (net)	..	..	..
Net Transfers	- 2.4	- 4.8	- 5.9
Balance on Current Account	- 6.2	-85.7	17.8
Direct Foreign Investment	- 6.4	0.2	-57.7
Net MLT Borrowing			
Disbursements	21.5	54.8	48.9
Amortization	7.0	23.0	11.0
Subtotal	14.5	31.8	37.9
Capital Grants	-	-	-
Other Capital (net)	9.3	-0.5	-0.3
Other items n.e.i 1/	-9.5	13.1	9.7
Increase in Reserves (+)	1.7	-41.1	7.4
Gross Reserves (end year)	53.1	..	..
Net Reserves (end year)	52.3	..	..
Fuel and Related Materials			
Imports	11.6	15.2	15.3
of which: Petroleum	(11.6)	(15.2)	(15.3)
Exports	0.0	0.0	0.0
of which: Petroleum	(0.0)	(0.0)	(0.0)

MERCHANDISE EXPORTS (AVERAGE 1972-74)

	US $ Mln	%
Coffee	197.3	64.3
Raw Cotton	46.5	15.2
Copper	16.1	5.2
Tea	16.2	5.3
Cotton Fabrics	2.2	0.7
All other commodities	28.5	9.3
Total	306.9	100.0

EXTERNAL DEBT, DECEMBER 31, 1974

	US $ Mln
Public Debt, incl. guaranteed	246.4
Non-Guaranteed Private Debt	..
Total outstanding & Disbursed	..

DEBT SERVICE RATIO for 1972 2/

	%
Public Debt, incl. guaranteed	3.7
Non-Guaranteed Private Debt	..
Total outstanding & Disbursed	..

IBRD/IDA LENDING, Dec. 31, 1974 (Million US $):

	IBRD	IDA
Outstanding & Disbursed	4.1	36.8
Undisbursed	-	11.8
Outstanding incl. Undisbursed	4.1	48.6

RATE OF EXCHANGE

Through 1972	1973	Since Nov. 1975
US$1.00 = Sh.7.14	US$1.00 = Sh.7.02	US$1.00 = Sh.8.05
Sh.1.00 = US$0.14	Sh.1.00 = US$0.14	Sh.1.00 = US$0.12

1/ Includes allocation of SDRs.
2/ Ratio of Debt Service to Exports of Goods and Non-Factor Services.

.. not available

. not applicable

Eastern Africa Region - CP1A
January 9, 1976

A. SUMMARY STATEMENT OF BANK LOANS FOR COMMON SERVICES GUARANTEED BY KENYA, TANZANIA AND UGANDA AS AT NOVEMBER 30, 1975

o.	Year	Borrower	Purpose	(US$ million) Amount less cancellations Bank	Undisbursed
hree loans fully disbursed				75.0	
38 EA	1969	EAHC	Harbours	35.0	3.2
74 EA	1970	EARC	Railways	42.4	14.1
75 EA	1970	EAPTC	Telecommunications	10.4	.0 *
43 EA	1972	EADB	Development Finance	8.0	3.9
65 EA	1972	EAHC	Harbours	26.5	15.8
14 EA	1973	EAPTC	Telecommunications	32.5	11.7
		Total		229.8	48.7
		of which has been repaid		30.9	
		Total now outstanding		198.9	
		Amount sold	24.4		
		of which has been repaid	24.4		
		Total now held by Bank		198.9	
		Total undisbursed		48.7	

balance $24,428.61

B. STATEMENT OF BANK LOANS AND IDA CREDITS TO KENYA AS AT NOVEMBER 30, 1975

Loan or Credit #	Year	Borrower	Purpose	Amount (less cancellations) Bank	IDA 1/	Undisbursed
Four (4) loans and nine (9) credits, fully disbursed				34.7	40.0	
185	1970	Kenya	Education		6.1	2.0
714	1970	NCC	Water Supply	8.3		2.2
224	1970	Kenya	Road Maintenance		12.6	2.5
745	1971	TRDC	Hydroelectric Develop.	23.0		.6
276	1972	Kenya	Highways		22.0	7.2
826	1972	Kenya	Nairobi Airport	29.0		5.9
344	1972	Kenya	Agricultural Credit		6.0	2.0
932	1973	Kenya	Highways	29.0		25.3
946	1973	IDB	DFC	5.0		1.8
468	1974	Kenya	Population		12.0	12.0
477	1974	Kenya	Livestock		21.5	21.2
993	1974	Kenya	Tea Factories	10.4		9.1
1093	1975	Kenya	Group Farm Credit	7.5		7.5
537	1975	Kenya	Group Farm Credit		7.5	7.5
1105	1975	Kenya	Site and Service	8.0		8.0
543	1975	Kenya	Site and Service		8.0	8.0
1117	1975	Kenya	Program Loan	30.0		15.9
565	1975	Kenya	Agriculture-Forestry		10.0	10.0
1132	1975	Kenya	Agriculture-Forestry	10.0		10.0
1133	1975	Kenya	Transportation-Pipeline	20.0		20.0
1147	1975	TRDC	Hydroelectric Develop.	63.0		63.0
1148	1975	IDB	DFC	10.0		10.0
1167	1975	Kenya	Mombasa & Coastal W.S.	35.0		35.0
			TOTAL	322.9	145.7	286.7
			of which has been repaid	7.4	0.1	
			Total now outstanding	315.5	145.6	
			Amount sold 5.1 of which has been repaid 4.4	.7		
			Total now held by Bank and IDA	314.8	145.6	
			Total undisbursed	214.3	72.4	286.7

1/ Net of exchange adjustment.

C. STATEMENT OF BANK LOANS AND IDA CREDITS TO TANZANIA AS AT NOVEMBER 30, 1975

No.	Year	Borrower	Purpose	(US$ million) Amount less cancellations Bank	IDA 1/	Undisbursed
Three loans and six credits fully disbursed				65.2	43.4	
586 TA	1969	Tanzania	Roads	7.0		1.9
149 TA	1969	Tanzania	Education		5.0	0.9
217 TA	1970	Tanzania	Tobacco		9.0	1.8
715 TA	1974	TANESCO	Power	5.0		1.5
232 TA	1971	Tanzania	Education		3.3	1.6
265 TA	1972	Tanzania	Roads		6.5	3.3
287 TA	1972	Tanzania	Smallholder Tea		10.8	5.1
371 TA	1973	Tanzania	Education		10.3	10.0
382 TA	1973	Tanzania	Livestock 2/		18.5	16.0
454 TA	1974	Tanzania	Cotton		17.5	17.2
460 TA	1974	Tanzania	Tanzania Investment Bank		6.0	3.3
1014 TA	1974	Tanzania	Cashewnut	21.0		13.8
495 TA	1975	Tanzania	Sites and Services		8.5	7.4
507 TA	1975	Tanzania	Highway Maintenance		10.2	10.2
508 TA	1975	Tanzania	Rural Development		10.0	9.8
513 TA	1975	Tanzania	Sugar		9.0	7.8
1041 TA	1975	Tanzania	Sugar	9.0		9.0
580 TA	1975	Tanzania	Dairy		10.0	10.0
1128 TA	1975	Tanzania	Textile	15.0		15.0
1172 TA	1975	Tanzania	TIB II	15.0		15.0
			Total 3/	137.2	177.6	160.6
			of which has been repaid	.9	2.4	
			Amount sold .01 of which has been repaid .01			
			Total now outstanding	136.3	175.2	
			Total undisbursed	56.2	104.4	160.6

1/ Net of exchange adjustments

2/ Includes grant participation of $6.2 million of which $4.3 million is undisbursed.

3/ An additional credit of $6 million for a Technical Assistance Project was approved by the Executive Directors on November 25, 1975 and a credit for a Maize Project was approved by the Executive Directors on December 23, 1975.

D. STATEMENT OF BANK LOANS AND IDA CREDITS TO UGANDA AS AT NOVEMBER 30, 1975

NO.	YEAR	BORROWER	PURPOSE		Amount Less Cancellations BANK	IDA 1/	UNDISBURSED
One loan (1) and four (4) Credits fully disbursed					8.4	19.6	
164 UG	1969	Uganda	Roads		-	11.6	1.8
212 UG	1970	Uganda	Tobacco		-	4.0	1.3
258 UG	1971	Uganda	Education II		-	7.3	5.6
		Total			8.4	42.5	
		of which has been repaid			4.5		
		Total now outstanding			3.9		
		Amount sold		8.3			
		of which has been repaid		4.5	3.8		
		Total now held by Bank & IDA			0.1	42.5	
		Total undisbursed				8.7	8.7

1/ Exclusive of Exchange Adjustment

E. Statement of IFC Investments in Kenya as at Dec. 31, 1975

Year	Obligor	Type of Business	Amount in US$ Million Loan	Equity	Total
1968 & 1973	Kenya Hotel Properties	Hotels	5.2	0.7	5.9
1970 & 1974	Pan African Paper Mills	Pulp & Paper	11.9	5.7	17.6
1972	Tourism Promotion Services	Hotels	2.4	-	2.4
1976	Rift Valley Textiles, Ltd.	Textiles	6.3	2.8	9.1
	Total Gross Commitments less cancellations, terminations, repayments and sales		25.8	9.2	35.0
			7.4	1.7	9.1
	Total Commitments now held by IFC		18.4	7.5	25.9
	Total Undisbursed		9.0	0.7	9.7

E. EAST AFRICAN COMMUNITY

Loan No. 674-EA - Third Railways Project: $42.4 million Loan of May 25, 1970: Date of Effectiveness: October 30, 1970; Closing Date - June 30, 1976

The physical execution of the original project has been seriously delayed due to administrative and political problems within the Community and the East African Railways Corporation's unsatisfactory procedures for procurement, investment planning and coordination. In November 1974, the Executive Directors approved a reallocation of the uncommitted balance of the Loan to be used for consultant services and emergency investments. Following a series of difficulties (including the suspension of this Loan) agreements were reached in July 1975 between the Partner States, the Bank and EARC on how to meet EARC's external obligations. Agreement was also reached for the hiring of consultants to assist EARC with outstanding organizational and financial issues. Coopers and Lybrand (financial consultants hired by ODM) expect to complete their asset studies in early 1976 and CANAC (technical consultants) are expected to commence the decentralization study shortly. A letter amending the Loan Agreement has been signed and it is expected that the project can now be concluded.

Loan No. 638-EA - Second Harbours Project: $35.0 million Loan of August 25, 1969: Date of Effectiveness: December 16, 1969; Closing Date - December 31, 1976

Loan No. 865-EA - Third Harbours Project: $26.5 million Loan of December 18, 1972: Date of Effectiveness: April 16, 1973; Closing Date - June 30, 1976

Considerable delays have occurred in implementing the project financed partly by Loan 638-EA. However, construction is now more than 95 percent complete. The Closing Date has been postponed from December 31, 1975 to December 31, 1976. The major civil works financed partly by Loan 865-EA were completed in September 1975, six months behind schedule. Some smaller project elements intended to be financed under Loan 865-EA, will have to be deleted. Serious cost overruns for cargo handling equipment, tugs and lighters financed by CIDA have occurred, and its credit has been increased accordingly from Can.$ 26.0 million to Can.$ 33.5 million. Port labor productivity has stagnated in Mombasa and declined in Dar es Salaam. At the same time cargo throughput has declined considerably for Mombasa and increased above forecasts for Dar es Salaam, where the three berths financed under Loan 865-EA are now being used, although transit sheds and open storage areas for them have not yet been completed.

Loan No. 843-EA - East African Development Bank Project: $8.0 million Loan of June 28, 1972: Date of Effectiveness: September 28, 1972; Closing Date - May 31, 1976

Operations of the Bank have been decentralized and the newly formed regional office teams are now competent in dealing with all aspects of development financing operations. The entire first loan has now been committed by EADB.

Loan No. 675-EA - Second Telecommunications Project: $10.4 million Loan of May 25, 1970; Date of Effectiveness: November 9, 1970; Closing Date - December 31, 1975

This project has been completed, but the Closing Date of the Loan was extended from June 30, 1975 to December 31, 1975 to enable final payments from the Loan Account. Except for a very small amount, the project account has been drawn down as of December 31, 1975.

Loan No. 914-EA - Third Telecommunications Project: $32.5 million Loan of June 22, 1973; Date of Effectiveness: September 19, 1973; Closing Date - December 31, 1976

Problems within the EAC have only marginally affected the Posts and Telecommunications Corporation due to the considerable existing decentralization of operating authority. Deterioration of the corporate cash position and rate of return has been slight in comparison to other Community Corporations and the situation has improved by a rate increase allowed by the Community in February 1975. All major items have been completed by mid-1975, except two microwave links which, due to a long lead time for delivery, will be delayed by 12 months.

EAST AFRICA

Loan and Project Summary

Borrower: The East African Development Bank.

Guarantors: The Governments of Kenya, Tanzania and Uganda, jointly and severally.

Amount: US$15.0 million equivalent in various currencies.

Terms and Conditions: Repayable substantially in conformity with the aggregate of the amortization schedules for sub-loans and investments for which withdrawals from the Loan Account are approved or requested; interest at 8-1/2% per annum;

Relending Terms: EADB currently charges an interest rate of 10% per annum on all new loans with a commitment fee of 1% and a one time service charge of 1% on the total loan amount; the period of amortization will depend on the project but will not exceed 15 years; exchange risk to be borne by the Borrower.

Purpose: To meet part of EADB's financial requirements for the financing of the import components of industrial projects through 1977.

Final Date for Project Submission: March 31, 1978

Closing Date March 31, 1980

Free Limit: $650,000 for individual sub-projects; $5.0 million aggregate limit.

Debt Covenants: Maximum debt/equity ratio of 4:1, as defined in the Loan Agreement.

Estimated Disbursements: ($US millions)

Calendar Year	1977	1978	1979	1980
Annually	2.0	5.3	5.2	2.5
Cummulative	2.0	7.3	12.5	15.0

Procurement: Through normal commercial channels.

	Year Ending December 31				
	1975	1976	1977	1978	1979
	(in Shs million)				
Projected Commitments:					
Local currency loans	15	20	24	28	32
Foreign currency loans	81	85	108	127	151
Equity	2	2	2	2	2
TOTAL	98	107	134	157	185
Projected Income Statement:					
Total revenue	20.3	27.0	35.3	45.0	59.1
Financial and administrative expenses	12.2	15.4	20.5	27.2	35.2
Provisions	2	2	3	3	4
Net Income	6.1	9.6	11.8	14.8	19.9
As a % of net worth	3.8	5.7	6.6	7.7	9.5

	ACTUAL 1974	Year Ending December 31 1975	1976	1977	1978	1979
			(in Shs million)			
Projected Balance Sheet:						
Current Assets	40	44	50	54	56	60
Portfolio (Net) Loans	146	192	249	324	423	536
Investments	7	9	11	13	15	17
Fixed Assets (Net)	19	23	24	25	26	27
TOTAL ASSETS	212	268	334	416	520	640
Current liabilities	2	2	2	2	2	2
Long-term debt	52	102	158	228	317	417
Net worth	158	164	174	186	201	221
TOTAL LIABILITIES AND EQUITY	212	268	334	416	520	640
Debt/equity ratio	.33	.6	.9	1.2	1.6	1.9