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Report No. P-2878-TA

**REPORT AND RECOMMENDATION
OF THE
PRESIDENT OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
TO THE
EXECUTIVE DIRECTORS
ON A
PROPOSED CREDIT
TO THE
UNITED REPUBLIC OF TANZANIA
FOR A
COCONUT PILOT PROJECT**

September 18, 1980

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CURRENCY EQUIVALENTS

Currency Unit	=	Tanzania Shilling (Tsh)
Tsh 1.0	=	US\$0.12
US\$1.00	=	Tsh 8.30
US\$1.00	=	SDR 0.755068

(As the Tanzania Shilling is officially valued in relation to a basket of the currencies of Tanzania's trading partners, the US Dollar/Tanzania Shilling exchange rate is subject to change. Conversions in this report were made at US\$1.00 to Tsh 8.30 which is close to the 1979 average exchange rate. The US\$/SDR exchange rate used in this report is that of June 30, 1980.)

WEIGHTS AND MEASURES

<u>Metric</u>		<u>British/US Equivalent</u>
1 hectare (ha)	=	2.47 acres
1 kilogram (kg)	=	2.20 pounds (lb)

ABBREVIATIONS AND ACRONYMS

FRG	-	Federal Republic of Germany
GOT	-	Government of Tanzania
GTZ	-	German Agency for Technical Cooperation
MOA	-	Ministry of Agriculture
PPMB	-	Project Preparation and Monitoring Bureau of the Ministry of Agriculture

FISCAL YEAR

Government - July 1 - June 30

TANZANIACOCONUT PILOT PROJECTCredit and Project Summary

Borrower: United Republic of Tanzania
Beneficiary: Ministry of Agriculture
Amount: SDR 5.2 million (US\$6.8 million) equivalent
Terms: Standard

Project

Description: The proposed project would, over a five year period, prepare a firm base for the rehabilitation of the coconut industry in Tanzania. It would finance varietal trials and improved maintenance and rehabilitation trials over an area of about 1,200 ha; a seed garden for the production of hybrid seed nuts; soil and hydrological surveys; the preparation of a feasibility study for the next phase of coconut development; and technical assistance, consulting services, and training of Tanzanian staff. The project faces few risks, although the proposed implementation schedule is dependent on the timely acquisition of seed nuts from other coconut growing countries.

Estimated
Project Costs:

	<u>Local</u>	<u>Foreign</u>	<u>Total</u> ^{1/}
	-----US\$ Thousand-----		
Varietal Trials	842	899	1,741
Improved Maintenance and Rehabilitation Trials	500	1,217	1,717
Seed Garden	85	365	450
Soil and Hydrological Surveys	-	422	422
Technical Assistance, Consulting Services and Training	-	<u>1,805</u>	<u>1,805</u>
Sub-Total	<u>1,427</u>	<u>4,708</u>	<u>6,135</u>
Physical Contingencies:	120	271	391
Price Contingencies:	<u>573</u>	<u>1,445</u>	<u>2,018</u>
Total Project Cost	2,120	6,424	8,544

^{1/} The project would be exempted from identifiable taxes and duties.

<u>Financing Plan</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>%</u>
	-----US\$ million-----			
IDA	.4	6.4	6.8	80
Government of Tanzania	<u>1.7</u>	<u>-</u>	<u>1.7</u>	<u>20</u>
Project cost	2.1	6.4	8.5	100

Estimated
Disbursements

IDA Fiscal Year	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
	-----US\$ Million-----					
Annual	1.0	1.3	1.2	1.4	1.2	0.7
Cumulative	1.0	2.3	3.5	4.9	6.1	6.8

Rate of Return: Not Applicable.

Staff Appraisal
Report:

Report No. 2906-TA dated August 14, 1980.

INTERNATIONAL DEVELOPMENT ASSOCIATION

REPORT AND RECOMMENDATION OF THE PRESIDENT
TO THE EXECUTIVE DIRECTORS
ON A PROPOSED CREDIT
TO THE UNITED REPUBLIC OF TANZANIA
FOR A COCONUT PILOT PROJECT

1. I submit the following report and recommendation on a proposed credit to the United Republic of Tanzania of SDR 5.2 million (US\$6.8 million) equivalent on standard terms to help finance adaptive research and development work essential to the future rehabilitation of the coconut industry in Tanzania. The proceeds of the credit would be made available to the Ministry of Agriculture.

PART I - THE ECONOMY 1/

2. A Basic Economic Mission visited Tanzania in August 1976 and the Basic Economic Report was distributed in December 1977 (Report No. 1616-TA). A new Country Economic Memorandum is expected to be issued later this year, based on the findings of two economic missions to Tanzania in March and June 1980. A summary of social and economic data is in Annex I.

Profile of the Economy

3. Tanzania is one of the 30 least developed countries in the world with a per capita income in 1979 of US\$271. The economy is still heavily dependent on agriculture: 90% of the labor force is engaged in agriculture and approximately 50% of GDP and about 80% of total exports are derived from agricultural production. The industrial sector is still small, producing about 10% of GDP, approximately the same percentage as 11 years ago. The service sector produces about 40% of GDP. Overall population density is low, though a few areas are considered overpopulated. Population growth is estimated at more than 3.0% per annum with both fertility and mortality at relatively high levels.

4. Since the Arusha Declaration in 1967, Tanzania has pursued a socialist development strategy. Banking, insurance, and most large-scale enterprises in manufacturing, plantation agriculture, transportation, and wholesale trade are under state control. There is extensive state intervention in economic activity, including import licensing, foreign exchange

1/ This section is essentially the same as that of the President's Report on the Second Technical Assistance Project dated July 17, 1980.

controls, price control, the reservation of some activities to the state or cooperative sector, and detailed Government investment planning. The second major feature of Tanzania's development strategy is its strong emphasis on rural development and social programs to benefit the poor and reduce inequalities in income distribution. This is reflected in ambitious Government programs for the provision of rural water supplies, health services and universal primary education.

Long Term Economic Trends

5. In the period 1966-79, real GDP at factor cost grew at an annual average rate of 4.7%, or about 1.7% per annum per capita. While economic growth was severely disrupted by the economic crisis following the failure of rains and large increases in import prices in 1973 and 1974, the economy recovered with annual growth of 5 to 6% for 1976 through 1979. 1/ During the seventies the service sector was the fastest growing sector at 6.3% per year.

6. Achieving and sustaining a high level of investment has been a major element in Tanzania's development strategy. In line with this, and led by a rapid expansion of public investments, the ratio of gross investment to GDP rose to a peak of 26% in 1971 from around 15% in the mid-1960s. With the completion of the Tanzania-Zambia Railway (TAZARA) in the early 1970s, this ratio fell to 21% in 1973 and has remained close to that level since. Although Tanzania has managed to sustain a high investment ratio, this success has not been matched by a similar performance in the mobilization of domestic savings or in the return on the investments undertaken. Domestic savings rose from 15% of GDP in 1966 to 17-18% in the early 1970s, fell to only 7-8% in 1974 and 1975, recovered to an average 15.7% in 1976 and 1977, but then fell to an average of only 7.2% in 1978 and 1979. Estimates of the incremental capital-output ratio (ICOR) show it increasing throughout the 1970s to a peak of 5.3 in 1973 and then declining to between 3.0-4.1 from 1975 to 1978. This improvement largely reflects the good performance of subsistence agriculture as recorded in the official statistics. For the monetary sector--where all the public investment is concentrated and where the data on returns are presumably more accurate--the ICOR has consistently been higher (around 5-7) and has shown no appreciable improvement during the 1970s.

7. By 1978, the last year for which data are available, progress had also been made in achieving the Government's objective of more equitable income distribution. Between 1969 and 1975, the average urban rural gap remained approximately constant, halting the trend towards an increasing gap in the early 1960s. Moreover, it is likely that this gap was slightly reduced from 1976 to 1978 due to continued recovery of agricultural production and higher producer prices. However, regional income differentials in rural areas have tended to widen slightly. Within the formal urban sector there has been

1/ These figures, derived from the official National Accounts Statistics, include very high estimates of growth in subsistence agriculture. More realistic estimates of overall economic growth would probably be 1.0 to 1.5% lower.

a dramatic narrowing of the post-tax income differential between the highest-paid government officials and minimum wage earners, from 50 to 1 in 1961 to 8 to 1 in 1975. In May 1980, minimum wages were increased by up to 40%, decreasing this differential even further. However, a large informal sector has emerged comprising large numbers of unemployed and underemployed workers with earnings significantly below the official urban minimum wage. The policies of wage restraint and higher producer prices pursued since 1975 should have a beneficial impact on almost all dimensions of income distribution, and the basic needs oriented programs in rural water, health and primary education (para. 4 above) are resulting in a redirection in public expenditures toward the rural poor.

8. Despite progress in external resource mobilization and income distribution, some major economic problems have begun to manifest themselves in recent years. Exports have failed to keep pace with the growth of the rest of the economy; the overall export index is down almost one-third since 1966. This poor performance in exports is due to the poor growth rate of agricultural cash crops. While official agricultural output estimates have increased impressively in recent years (an average of 8.1% per annum from 1975 to 1979), most of this growth has been in the hard-to-measure subsistence sector; the monetary economy, and especially the productive monetary sector, have lagged well behind. This failure of export growth has led to increasing dependency on foreign loans and grants to pay for imports.

9. A second increasingly serious problem is the deceleration of the growth of domestic revenues. Recurrent revenues rose from 15% of GDP in 1967/68 to 22% in 1974/75, but since then have eroded steadily to 17.8%. While still at a high ratio to GDP compared to most other developing countries, Government revenues have been growing more slowly than GDP in recent years. At the same time, recurrent expenditures have been higher than budgeted. As a result, public sector savings have been well below expectations and the Government has had to rely more upon borrowing (both foreign and local) and external aid for financing development than was planned.

Recent Economic Developments

10. During 1975-77, the Government adhered to the program agreed to at the time of the Program Loan (No. 1063-TA) in late 1974. This program included redirecting investment to the directly productive sectors of industry and agriculture, higher agricultural producer prices, constraints on wages and salaries, price and tax increases to restrain consumption and tight control of imports. These policies, aided by the boom in coffee prices, succeeded in keeping government spending under control with low levels of borrowing from the banking system and led to a balance of payments surplus of almost US\$130 million in 1977. Food production increased and government stocks of most foodgrains reached record levels. In 1978, the Government was able to ease import restrictions and begin to import the spares and raw materials needed by all the major sectors in the economy.

11. Unfortunately, the price of coffee, Tanzania's major export, began to fall at the same time that imports were liberalized. Also, in October 1978, war broke out with Uganda and the resulting imports of military equipment and mobilization of resources required for the war effort put an increasing strain on the balance of payments and the domestic budget. Consequently, the current account showed a deficit of more than US\$600 million in 1978 and the overall balance of payments was more than US\$300 million in deficit. The Government's foreign reserves were rapidly drawn down and the country was forced to delay payment of about US\$65 million in import bills.

12. The situation continued to be bad in 1979. The overall balance of payments for 1979 is estimated at US\$40 million in deficit, and arrears on import payment were estimated at about US\$160 million by the end of the year. At the same time, the domestic budget deficit has increased substantially. A recurrent budget deficit of almost TSh 2.2 billion (US\$265 million), was recorded in FY1978/79 and government borrowing from the banking system was TSh 3 billion (US\$360 million), a major component in the increase in the money supply of about 39%. In an effort to deal with the increasing balance of payments deficit, import licenses were reduced by almost 40% in real terms from the 1978 level and the Government announced a 10% devaluation in January 1979. In addition, the FY1979/80 budget called for a reduction in the level of recurrent expenditure and borrowing from the banking system of TSh 1.67 billion; however, recurrent expenditures increased to TSh 9.1 billion (23% over budget) as spending agencies, due to the lack of budgetary discipline, were able to exceed their allocations. Government borrowing from the banking system was again about TSh 3 billion, 83% above the planned amount. In early 1979, the Government arranged for almost US\$75 million in funds from the IMF from a First Credit Tranche, the Trust Fund and the Export Compensatory Fund, and negotiations for further assistance were completed in August 1980. Agreement on a two-year program is scheduled to go to the IMF Board in mid-September and is expected to provide up to US\$260 million over two years. The program agreed to with the IMF will provide a start for a comprehensive program to deal with Tanzania's economic problems, but more work still needs to be done to bring about a gradual improvement of the supply situation. The Bank is working closely with the Government in developing such a program.

13. Tanzania continues to attract large amounts of foreign assistance on concessional terms. Because of the very concessional terms on which aid has been given to Tanzania and the Government's reluctance in the past to use higher cost commercial loans and supplier's credits, the overall debt service ratio has historically been less than 10%. However, the debt service burden is expected to increase as past loans fall due for repayment and new borrowings, including some on commercial terms, are required to meet the widening balance of payments gap. This, together with the poor export prospects, could raise the debt service ratio to 15%-20% during the 1980s. In 1979, the Bank held 13% of Tanzania's external debt (for the Bank Group, it was 30%) and received 33% of Tanzania's debt service (37% for the Bank Group). We are projecting this debt service share to fall to around 25% during the coming decade.

14. Tanzania's development program will require resources in excess of domestic savings and external capital made available to finance the foreign exchange costs of projects. Given the Government's efforts to mobilize domestic resources and in view of our support for its increased emphasis on local cost intensive rural investments, the Bank Group will continue to finance a high proportion of total costs including, in appropriate cases, a portion of local costs.

East African Community (EAC)

15. Developments in the East African Community were outlined in a report to the Executive Directors dated December 19, 1977 (R77-312). Dr. Victor Umbricht, the independent mediator appointed by the Partner States, has visited East Africa on numerous occasions and has now prepared reports on the results of his fact-finding work on the EAC Corporations and the General Services, and the methodology adopted in appraising the assets and liabilities. In late March 1980, the mediator presented to the three Governments his proposals for the allocation of these assets and liabilities, for their consideration. The next step would be the start of negotiations among the three Governments based on the mediators proposals. According to his terms of reference, the mediator would be available to assist in arriving at a definitive settlement. The mediator's report and recommendations on the future structure of the East African Development Bank (EADB) have been accepted by the Partner States. The revised EADB Charter along with the Treaty amending and re-enacting the new Charter have been submitted to the three Governments for signature as soon as they are constitutionally ready; this is expected shortly.

16. The de facto breakup of the Community has had some impact on Tanzania's budget as new national entities take over the services formerly provided by the EAC Corporations. A major development related to the EAC difficulties was the closure of the border with Kenya. Kenya was a major trading partner of Tanzania and considerable adjustments have had to be made in locating new suppliers for some items and developing alternative outlets for some manufactured goods and agricultural products.

PART II - BANK GROUP OPERATIONS IN TANZANIA

17. Tanzania joined the Bank, IDA and IFC in 1962. Beginning with an IDA credit for education in 1963, 46 IDA credits and 19 Bank loans, of which two on Third Window terms, amounting to US\$892.5 million have so far been approved for Tanzania. In addition, Tanzania has been a beneficiary of 10 loans totalling US\$244.8 million which have been extended for the development of the common services and development bank operated regionally by Tanzania, Kenya and Uganda through their association in the East African Community. IFC investments in Tanzania, totalling US\$4.7 million, were made to the Kilombero Sugar Company in 1960 and 1964. This Company encountered financial difficulties and in 1969, IFC and other investors sold their interest in the Company to the Government. A new IFC investment of US\$1.7 million in

soap manufacturing in Mbeya was approved by the Executive Directors on June 8, 1978 and an investment of US\$1.5 million in metal product manufacturing was approved on May 10, 1979. Annex II contains summary statements of Bank loans, IDA credits and IFC investments to Tanzania and the East African Community organizations and notes on the execution of ongoing projects.

18. To support Tanzania's overall development strategy Bank Group lending operations have assisted a wide spectrum of activities. Nearly every sector in which the Bank Group has operational capacity has received some attention. While this broad involvement in Tanzania's development efforts will be continued, future work is expected to concentrate on three general areas: (i) agriculture; (ii) transport and communications; and (iii) education. As agriculture and related activities constitute the largest single sector in the economy, it has received 30% of the Bank Group's direct lending to Tanzania. The lending program in agriculture features three main types of projects. A series of regional rural development projects are focusing on production but also supporting the development of the regional infrastructure needed to remove production constraints. The Kigoma Project (Credit No. 508-TA) was the first of these, and similar projects have recently been approved for Tabora (Credit No. 703-TA) and Mwanza/Shinyanga (Credit No. 803-TA) regions. Another group of projects in agriculture are centred on particular promising crops (such as maize, tea, tobacco and pyrethrum) and are the responsibility of the Ministry of Agriculture or of one of its parastatals, and typically support their capacity to provide support services for the sector. A third set of projects is designed to improve general support services for the agricultural sector. An example of this is the recently-approved Tanzania Rural Development Bank Project (Credit No. 987-TA).

19. Alongside agriculture, there has been a major focus in Bank Group work on transport and communications and education. Transportation difficulties are continuously cited as critical constraints to development in Tanzania. Indeed, the Government's inability to ensure the timely availability of inputs or the regular collection of crops has been a major bottleneck to increased production in the agriculture sector. Furthermore, during the seventies transport investments were primarily concentrated around the Tanzania-Zambia Corridor and since 1977 no systematic investment program has been prepared for the subsectors which were overseen by EAC Corporations. The major objectives of proposed Bank Group activities are therefore to develop a more balanced investment program in transport and communications and to provide institution-building assistance to the ministries and newly established national corporations responsible for railways, ports and telecommunications. Shortages in skilled manpower are also a worsening bottleneck to development. Bank Group involvement in education has supported both specialized training and the development of the secondary education sector to assist the Government in meeting its manpower needs.

20. Projects which have been recently approved or appraised reflect the above outlined priorities. Those approved include a Pyrethrum Project (Credit No. 1007-TA), a Foodgrain Storage and Milling Project (Credit No. 1015-TA), a Tea Processing Project (Credit No. 1037-TA), a Dar es Salaam Port

Engineering Project (Credit No. S-24-TA) and a Seventh Education Project (Credit No. 1056-TA). Projects which have been appraised include a rural development project for Mara Region, a telecommunications project and a small scale industries project.

21. Although the comparatively high undisbursed proportion of loans and credits, detailed in Annex II, is to some extent a result of the recent approval of many of these projects, it also reflects the fact that overall project implementation has been slower than was projected. It is clear in retrospect that both the Bank Group and Tanzania have been optimistic regarding Tanzania's absorptive capacity. The causes of the difficulties in implementation are varied. Some stem from the scarcity of suitably trained and experienced manpower, which has triggered the Bank Group's expanded efforts in education and training over the past five years. Other implementation problems reflect the difficulty of identifying agronomic input packages appropriate to the needs of smallholder farmers or result from the strains associated with attempting a "frontal attack" on poverty. These problems have been compounded by frequent and drastic administrative changes, which -- though potentially the source of long-term benefits -- have certainly disrupted orderly execution of projects and made parts of earlier project concepts obsolete. In addition, the Uganda war (para. 11) has had some impact on project implementation. In the early stages of the war, there was some diversion of equipment and manpower; however these problems have largely been solved. The more serious problem over the medium term is the financial implications of the war. If general economic problems resulting from the war are not resolved, the availability of adequate local funds could become a major constraint to implementation. In general, difficulties have been most severe in agriculture, particularly in the smallholder rural sector. As our lending program has been increasingly concentrated on this sector, these problems have become correspondingly more apparent and severe. By contrast, the "modern" sector projects have tended to fare better: the Tanzania Investment Bank, Mwanza Textile and Morogoro Industrial Estate Projects, for example, are proceeding well.

22. As the Bank Group's lending program has expanded, increasing attention has been given to measures designed to improve project implementation. Courses on Bank Group procurement have been conducted in Dar es Salaam for the relevant Government officials. A special project implementation unit was set up in the Ministry of Agriculture and 11 Agricultural Development Services staff have been assigned to Bank Group financed projects in agriculture and rural development. The need to establish a close and continuous working level dialogue between responsible Tanzanian officials and Bank Group staff on implementation problems was one of the prime reasons for the expansion of the Resident Mission to two professionals in October 1976. In February 1977 a regular Government/Bank Group review of project implementation was established. Discussions on Bank Group financed projects chaired by the Ministry of Finance (MOF) and attended by Bank Group staff and officials from implementing agencies deal in detail with individual problem projects and problems which are affecting project implementation across a number of sectors. As a result of these efforts, there has been some improvement in project implementation.

23. The Government is very conscious of the importance of effective implementation. In addition to supporting the project implementation review system, the Government has assigned particular responsibility for the supervision of project performance to the Ministry of Planning and Economic Affairs. Furthermore, there has been a general willingness to openly discuss project problems raised by Bank staff. As a consequence, the disbursement records of Bank Group financed projects have improved somewhat over the last two years, and a recent analysis indicated that the Tanzanian disbursement performance is about equal to the Bank-wide average. While there is still a potential for further significant improvements, the Government is implementing much of its investment program, including Bank Group and other foreign aided projects, more effectively than in the past.

PART III - THE AGRICULTURAL SECTOR AND COCONUT SUBSECTOR

General Background

24. Agriculture and related activities constitute the largest single sector in the Tanzanian economy. Most agricultural production is from small-holdings using family labour. Large-scale agriculture is confined to a small number of private estates and state farms producing sisal, coffee, tea, sugar, rice and livestock. Estate production has diminished in importance since Independence and the state farm program remains small. Tanzania's livestock herd, which is the second largest in Africa, is grazed extensively over the 40% of the country which is free from tsetse fly infestation. It is largely managed along traditional lines.

25. The recent performance of the agricultural sector has been disappointing. During the seventies, subsistence production appears to have barely kept pace with population growth. Indeed, early in the decade, food production was very problematical and Tanzania became increasingly dependent on imports of maize, rice and wheat. A severe drought in 1973 and 1974 resulted in poor harvests and large imports of foodgrains. Following this, the Government introduced a number of policies to increase food crop production. Along with favorable weather conditions, these have had some effect in stimulating food production. However, in the meantime, export crop production has actually been declining (particularly in coffee, cotton, sisal and cashewnuts) and sustained efforts will be required just to maintain export earnings at current levels (see paragraph 8 above).

26. The Government of Tanzania (GOT) has undertaken a wide-ranging program to support the development of the agricultural sector in conjunction with efforts to achieve balanced regional growth and more equitable income distribution. However, GOT has tended to concentrate its efforts on achieving self-sufficiency in food production and has only recently begun to focus attention on the expansion of export production. The proposed project would assist the Government on both counts, as coconuts are both a major food item in Tanzania's coastal regions and a potential source of foreign exchange.

Agricultural Services

27. The Ministry of Agriculture (MOA) is responsible for the overall planning and monitoring of the sector as well as for coordinating agricultural research, training and extension services, pricing policy, seed multiplication and supervision of agricultural parastatals. Agricultural research is undertaken by a wide variety of Government agencies and while MOA has been given the responsibility for overall coordination, resources for research have not always been allocated in accordance with development priorities. Agricultural extension services are manned by staff trained by MOA, but are under the control of the regional administrations or cash crop authorities. The links between research and extension are weak, and field staff are often poorly trained and inadequately supervised. A major review of both the research and the extension systems has been undertaken, and the Bank Group has made recommendations for basic improvements in these areas. Credit for the rural sector is provided by the National Bank of Commerce, which is the sole source of short-term credit for marketing parastatals and by the Tanzania Rural Development Bank (TRDB) which provides long-, medium- and short-term credit to villages and farmers. IDA has recently approved a project to strengthen TRDB's operations.

Marketing and Pricing

28. Marketing parastatals are responsible for the marketing and processing of most major crops and livestock products. GOT has progressively enlarged the role and scope of these institutions, and this has placed severe strains on their physical and managerial resources. Overall operational efficiency is often low, and marketing margins are correspondingly high. GOT is aware of these problems and is beginning to address them. The Bank Group is assisting in this process through its analysis of and support for parastatals involved in recent projects and in its economic and sector work.

29. The control of producer and wholesale prices of all principal agricultural crops (except vegetables, fruit, nuts, fish and eggs) is an important tool of GOT policy. Responsibility for the formulation of pricing recommendations rests with MOA, whose Market Development Bureau (MDB) carries out annual price reviews for major crops, taking into account international prices, domestic production costs, the need for incentives to producers, the financial position of parastatals and interregional equity. MDB is currently being financed by IDA, on a provisional basis, under the National Maize Project (Cr. No. 606-TA) and will receive further IDA funds and long-term technical assistance under the Grain Storage and Milling Project (Cr. No. 1015-TA).

Coconut Production

30. Coconut is the only cash crop, apart from cashewnut, which is planted extensively in Tanzania's coastal regions, including the islands of Zanzibar, Pemba and Mafia. Grown over an area of about 125,000 hectares (90,000 on the mainland and 35,000 on the islands), the fresh nuts and oil are important items in the local diet. They are also a significant source of cash income for smallholders, who tend about 95% of the area under cultivation.

31. Surplus coconuts used to be made into copra 1/, sold to local processing mills and relied upon for a substantial portion of Tanzania's vegetable oil requirements. However, owing to increased consumption of fresh nuts and an apparent decline in overall production, progressively smaller quantities of copra have become available for sale to local mills or for export. As a result, since 1977, Tanzania has become a net importer of copra and coconut oil.

32. The peak production period for the East African Tall variety is normally between 15 and 30 years of age. Three quarters of Tanzania's coconut palms, however, are over 50 years old. This age, as well as widespread neglect, of the existing groves account for the low yields common along the Coast. There are no reliable data on production among smallholders, but current yields probably average 20 nuts/palm/year. Improved management could raise output even from existing trees to 40 nuts/palm over a three-to-four-year period.

33. In general, coconut smallholdings are poorly managed. Palm densities vary from 70 to 300 palms per hectare, compared with a recommended density of 143 for pure stands of Tall. Maintenance is usually confined to annual burning of undergrowth, an operation which often damages and retards the growth of the palms. Intercropping with cassava and maize is normal while the palms are young, but fertilizer is rarely used. Moreover, the seedlings supplied to farmers through Government programs have usually been unselected ones.

34. Management of the few coconut plantations and estates in the country (except the Mafia Plantation) is also minimal. The larger estates were previously owned and managed by European settlers, but are now State-owned. Mafia Coconut Ltd. manages an area of 2,800 ha reasonably well, but has not been able to afford the use of fertilizer for the last several years, with a consequent decline in production. Present yields are estimated to be about 30-35 nuts/palm/year.

35. An estimated 20-25% of palms particularly in the Tanga, Pangani and Bagamoyo areas have been affected by disease. The disease has not yet been identified; nor has its cause been determined. The major insect pest is the Rhinoceros beetle which causes considerable damage. Farm hygiene, particularly the proper disposal of dead palm trunks and other organic debris which serve as breeding grounds for the beetle, is generally ignored by farmers.

Marketing and Processing

36. The marketing and pricing of fresh coconuts is not subject to state control. Copra, however, is purchased by village councils for delivery to the National Milling Corporation (for processing into oil) or to the General Agricultural Products Export Corporation (for sale to export markets). As

1/ Copra is the dried coconut 'meat' from which oil is derived.

with other scheduled crops, the copra price is fixed annually by Government, and has recently been increased to restore its approximate parity with the export price. However, the average return to producers from fresh nuts remains almost twice as high and farmers currently have little incentive to produce copra. Indeed, no farmer produces it unless there are obvious obstacles (such as transport) to the sale of fresh nuts. Plantations are also converting to the more lucrative trade in fresh nuts. Current production is estimated at 175 million nuts (of which only 6 million are sold as copra). Demand for fresh nuts is expected to increase to 420 million by the year 2000, with an additional 300 million still necessary to meet projected requirements for oil.

37. The coconut offers a wide range of processing possibilities. In addition to copra for oil production, they include coir fibre, shell flour, charcoal, alcohol and copra cake (used as a livestock feed). In Tanzania, very little has been attempted along these lines. The existing oil mills have a crushing capacity of nearly 20,000 tons of copra, but are operating well below capacity as a result of the shortage of raw material. The supply of copra is unlikely to improve until the large effective demand for fresh coconuts has been satisfied.

Research and Extension

38. Until 1970, coconut research was carried out by the Ministry of Agriculture, mainly at the Chambezi Experimental Station in the Coast Region. However, no information on those early trials is available and their results appear not to have been put to practical use. Since 1970, research on coconut has been undertaken at Mlingano Agricultural Research Institute (MARI) in the Tanga region. The current program is extremely limited and reflects the low priority previously accorded to coconuts. Some agronomic trials are also being carried out at Chambezi, but supervised from MARI. Two Tanzanian officials have been assigned duties on coconut research, but both would benefit from additional training and experience.

39. The lack of past emphasis on coconuts is also reflected in the absence of a proper extension program for improved coconut production. Regional attempts at coconut extension have centred on the establishment of nurseries to raise seedlings for farmers. However, there are no reliable sources of good seed nuts and the seedlings distributed have been unselected ones.

The National Coconut Development Project

40. With the assistance of the Federal Republic of Germany, the Government has already begun the first phase of a National Coconut Development Project. As agreed in April 1979, the project is intended to develop disease and pest control measures, examine the potential for developing improved varieties, undertake training for Tanzanian staff in husbandry and extension techniques and assist the Government in the preparation of a Coconut Master Plan. The Project is being implemented by the German Agency for Technical

Cooperation (GTZ). To ensure complementarity and cost-effectiveness in these efforts, the Government has proposed that GTZ also manage the proposed IDA-financed project.

PART IV - THE PROJECT

41. The proposed project was prepared by the Government of Tanzania with the assistance of the FAO/Bank Group Cooperative Program and was appraised in October 1979. To ensure full completion of pre-project activities, an advance of US\$288,000 under the Project Preparation Facility (PPF) was granted in May 1980. A staff appraisal report entitled "Coconut Pilot Project," Report No. 2906-TA dated August 14, 1980 is being circulated separately to the Executive Directors. Negotiations were held in Dar es Salaam in July 1980. The Tanzanian Delegation was led by Dr. S.A. Madallali, Principal Secretary of the Ministry of Agriculture, and included representatives of the Ministry of Finance and the Ministry of Agriculture in Zanzibar. A Credit and Project Summary is at the front of this Report and a Supplementary Project Data Sheet is attached as Annex III.

Objectives and Description of the Project

42. The proposed Pilot Project would, over a five year period (1980/81 - 1984/85), help to develop a strong base for the future rehabilitation of the coconut industry in Tanzania. In close cooperation with FRG-financed activities (see paragraph 40), the project would provide guidance for the planning and implementation of future large scale coconut projects through the formulation of a technical package for improved production and the training of local staff. Specifically, the project would include financing for:

- (a) varietal trials at three sites in mainland Tanzania and one site on Zanzibar, covering a total of about 200 ha;
- (b) improved maintenance and rehabilitation trials on a total of about 1,000 ha on the Chambezi Experimental Station and Zegereni State Farm on the mainland and at the Government plantations in Zanzibar;
- (c) a 100 ha seed garden for the production of hybrid seed nuts;
- (d) soil and hydrological surveys to assist in the selection of varietal trial sites and the seed garden site and in the preparation of a coconut land suitability map;
- (e) technical assistance, consulting and management services and training for Tanzanian staff; and

- (f) the preparation of a feasibility study for the next phase of the coconut development program.

Implementation and Detailed Features

43. The Ministry of Agriculture would have overall responsibility for the implementation of the project. However, to assist MOA and to achieve close cooperation and coordination between the German- and IDA-financed activities, GTZ would undertake joint management of both coconut development projects (see para. 40 above). The GTZ Project Team Leader, who is already in Tanzania, would assume the role of overall Project Manager and the services of the FRG-financed Plant Breeder would also be made available to the project. The appointment of such management consultants would be a condition of effectiveness of the proposed credit (Section 5.01(b) of the draft Development Credit Agreement), and their appointment would be on terms and conditions satisfactory to the Association (Section 3.02(f) of the draft Development Credit Agreement).

Varietal Trials

44. To permit selection of the most appropriate varieties of coconut for each region, the proposed project would provide for a set of trials at four sites in Tanga, Dar es Salaam-Coast and Mtwara-Lindi regions and in Zanzibar. The trials would involve the testing of about thirty varieties, including an especially promising variety from the Ivory Coast, and would assess their precocity, yield and resistance to disease and pests, as well as their nutrient requirements. Nurseries to raise seedlings for the trials would be established at each of the four sites. Those on the mainland would also produce selected seedlings of the existing East African Tall variety from the third year onward for distribution to farmers by the Regional agricultural authorities. This would allow the concept of selected seedlings and improved husbandry practices to be introduced to farmers. Approximately 33,000 seedlings (enough to cover 230 ha) would be distributed from each of the three nurseries every year. The nursery in Zanzibar would not distribute seedlings to farmers, as the present density of palms there is already high. Four Tanzanian agronomists have been assigned to these proposed trials and are currently undergoing preparatory training. The selection of sites for the varietal trials and the appointment of an internationally recruited Coconut Agronomist to plan and supervise the trials would be conditions of effectiveness of the proposed credit (Sections 5.01(a) and (c) of the draft Development Credit Agreement).

Improved Maintenance and Rehabilitation Trials

45. The objective of these trials would be to test known improved methods of maintenance and rehabilitation of coconuts with a view to introducing them more widely in the country or adapting them to local conditions. The results of these trials would permit the development of a general technical package for use in a rehabilitation program. Large blocks of existing coconuts located at Chambezi Experimental Station and Zegereni State Farm on the mainland, and at Government plantations in Zanzibar, would be used for this purpose. Provision would be made for the necessary machinery and equipment, fertilizer and other maintenance facilities required to carry

out these trials. In Zanzibar, MOA would make eight tractors available for the trials from its existing fleet (Section 3.01(b) of the draft Development Credit Agreement). Each of the trial sites would also serve as a training base for local staff, both in management and crop husbandry. To ensure early progress in these trials, MOA has already assigned local staff to act as Assistant Plantation Managers in Zanzibar. However, the appointment of an internationally recruited Plantation Manager would be a condition of disbursement for the maintenance and rehabilitation trials (Paragraph 5(a) of Schedule 1 of the draft Development Credit Agreement).

Seed Garden

46. To establish a local source of improved high yielding planting material, a seed garden would be established on Mafia Island. The project would provide for importation of the necessary seed nuts and for their planting and maintenance in the seed garden. The selection of a site for the seed garden would be a condition of effectiveness of the proposed credit (Section 5.01(a) of the draft Development Credit Agreement); the allocation of land for this purpose would also be a condition of disbursement for the seed garden (paragraph 5(b) of Schedule 1 of the draft Development Credit Agreement).

Soil and Hydrological Survey

47. To improve existing knowledge of coconut growing areas, the project would provide for a comprehensive soil and hydrological survey of these areas. Particular objectives of the survey would be the selection of sites for the varietal trials and proposed seed garden, as well as the preparation of a land suitability map to be used in the planning of future coconut rehabilitation projects.

Technical Assistance, Consulting Services and Training

48. To strengthen MOA's capacity to implement the project, funds would be provided for the employment of an experienced Coconut Agronomist and a Plantation Manager (Sections 3.02(b) and (c) of the draft Development Credit Agreement). The average cost of such personnel (including salaries, international travel and subsistence) would be US\$8,000 per man-month. These internationally-recruited specialists would plan and implement the varietal trials, as well as the maintenance and rehabilitation trials, and interpret results. They would also be responsible for on-the-job training of Tanzanian staff in coconut husbandry, replanting and rehabilitation methods and plantation management. To supplement this, the project would provide for short-term training in coconut-growing countries (e.g., Ivory Coast, Sri Lanka and Malaysia) with a view to creating a core of local staff with knowledge of coconut rehabilitation programs.

49. Additional expertise would be needed from time to time to provide guidance or second opinions on specific technical aspects of the project (e.g., soil fertility, plant nutrition, plant diseases). Six man-months of short-term consultancies would therefore be financed under the project

(Sections 3.02(d) and (e) of the draft Development Credit Agreement), at an average cost of US\$12,000 per man-month. To assist Project staff in monitoring and evaluating crop responses, provision would be made for overseas laboratory services (e.g., for foliar analysis) to supplement facilities available within the country. In addition, funds would be provided for GOT to finance the project implementation services of GTZ and to engage consultants in the preparation of a feasibility study for the next phase of coconut development (Sections 3.02(a) and (d) of the draft Development Credit Agreement).

Project Costs and Financing Plan

50. The total cost of the project is estimated at Tsh 70.9 million (US\$8.5 million). 1/ The foreign exchange component would amount to US\$6.4 million or 75% of total costs. Details of project costs are included in the Credit and Project Summary. The proposed IDA Credit of SDR 5.2 million (US\$6.8 million) would finance about 80% of total costs - 100% (US\$6.4 million) of the foreign exchange costs and 19% (US\$0.4 million) of local costs. Provision for the financing of local costs is consistent with recent practice for Tanzania, where the Government's fiscal resources are strained. The Government would provide the remaining US\$1.7 million of project costs, which appears a reasonable burden over the project period.

Procurement and Disbursements

51. Orders for vehicles, tractors, attachments and spare parts (US\$0.70 million) would be bulked as far as possible and would be procured on the basis of international competitive bidding in accordance with Bank Group guidelines. Contracts for vehicles and tractors estimated to cost less than US\$100,000 equivalent would be procured (up to an aggregate of US\$100,000) in accordance with GOT's local competitive bidding procedures which are acceptable to the Association. Orders for tools, office equipment, pump sets and barbed wire fencing (US\$0.66 million) would be bulked as far as possible and procured according to local competitive bidding procedures. Contracts for the construction of offices, stores and garages at each of the varietal trial sites (US\$128,000) would be too small and scattered to attract international interest, and hence would be awarded using local competitive bidding procedures. As coconut seed nuts of the required varieties are only available in the Ivory Coast and 2-3 countries in Asia, their procurement would be on the basis of availability, price and freight cost. Local seed nuts (US\$0.30 million) and fertilizer (US\$0.9 million) would be procured according to local procedures.

52. Disbursements under the credit would be on the basis of (a) 100% of the foreign expenditures and 85% of the local expenditures on fertilizer, vehicles, tractors and related attachments and spare parts; (b) 100% of foreign expenditures on imported seed nuts, technical assistance, consulting services, training and laboratory services; (c) 100% of the costs of locally procured seed nuts; and (d) 95% of the costs of constructing and equipping

1/ The project would be exempted from identifiable taxes and duties.

basic facilities at the varietal trial sites. Disbursements against all expenditures would be fully documented, except for those under (c) above which would be on the basis of statements of expenditures. Certain expenditures to be incurred after April 1, 1980 on consulting services in the selection of sites for the varietal trials and seed garden, as well as on preliminary surveys for land suitability mapping (US\$150,000), would be financed retroactively under the credit.

Accounts and Auditing, Monitoring and Reporting

53. Separate accounts of expenditures under the Project would be kept by the project implementation agency. These accounts would be audited by independent auditors acceptable to the Association, and would be submitted to GOT and the Association within six months of the end of each financial year. The auditors would specifically review and comment on the procedures used for control of disbursements against statements of expenditures.

54. Project implementation would be monitored closely by the Project Preparation and Monitoring Bureau of MOA. The project management team would submit detailed progress reports on a quarterly basis to the Principal Secretary of MOA and the Association. Within six months of the completion of disbursements, MOA together with GTZ would prepare and submit a Project Completion Report to the Association, analyzing the implementation and impact of the project in the light of its original objectives (Section 3.05(c) of the draft Development Credit Agreement).

Project Benefits and Risks

55. As the principal focus of the Pilot Phase is on research and development, it is not possible to quantify the benefits of the proposed project. However, it is expected to provide a firm foundation for future coconut development in Tanzania by preparing integrated technical packages for rehabilitation and expansion of production, developing precise information on the suitability of existing and prospective areas for coconut cultivation, and establishing a core of Tanzanian personnel with experience and expertise in coconut husbandry and rehabilitation techniques. The project will also provide opportunities for testing and developing approaches to farmer participation. The full impact of the project would only be felt when its results are applied on an extensive basis in subsequent phases.

56. The prospects for effective implementation of the project are sound, particularly as its day-to-day management will be contracted out to an agency with working experience in Tanzania and responsibility for a complementary coconut project in the country. There is some risk of delays in implementation of the varietal trials component, owing to the seasonal availability of specific varieties of seednuts required. However, contacts have been established with potential suppliers to keep such possible delays to a minimum, and the first batch of seednuts has already been imported with funds provided through the Project Preparation Facility.

PART V - LEGAL INSTRUMENTS AND AUTHORITY

57. The draft Development Credit Agreement between the United Republic of Tanzania and the Association and the Recommendation of the Committee provided for in Article V, Section 1 (d) of the Articles of Agreement are being distributed to the Executive Directors separately.

58. Specific conditions of the project are listed in Section III of Annex III of this Report. The draft Development Credit Agreement includes the following conditions precedent to its effectiveness:

- (a) selection of the sites required for the undertaking of varietal trials and the establishment of a seed garden (Section 5.01 (a) of the draft Development Credit Agreement);
- (b) appointment of management consultants for the implementation of the project (Section 5.01 (b) of the draft Development Credit Agreement); and
- (c) appointment of a Coconut Agronomist to the project by the Ministry of Agriculture (Section 5.01 (c) of the draft Development Credit Agreement).

59. I am satisfied that the proposed Credit would comply with the Articles of Agreement of the Association.

PART VI - RECOMMENDATION

60. I recommend that the Executive Directors approve the proposed Credit.

Robert S. McNamara
President

Attachments

Washington, D.C.
September 18, 1980

TANZANIA - SOCIAL INDICATORS DATA SHEET

LAND AREA (THOUSAND SQ. KM.)	TANZANIA			REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) ^{/a}			
	1960	/b	1970	MOST RECENT ESTIMATE	/b	LOW INCOME AFRICA SOUTH OF SAHARA	MIDDLE INCOME AFRICA SOUTH OF SAHARA
TOTAL	945.1						
AGRICULTURAL	498.0						
GNP PER CAPITA (US\$)	70.0		120.0	230.0		228.9	726.2
ENERGY CONSUMPTION PER CAPITA (KILOGRAMS OF COAL EQUIVALENT)	41.0		62.0	65.0		80.0	699.4
POPULATION AND VITAL STATISTICS							
POPULATION, MID-YEAR (MILLIONS)	10.2		13.3	16.9		.	.
URBAN POPULATION (PERCENT OF TOTAL)	4.8		6.9	10.8		17.3	28.9
POPULATION PROJECTIONS							
POPULATION IN YEAR 2000 (MILLIONS)				32.0		.	.
STATIONARY POPULATION (MILLIONS)				92.0		.	.
YEAR STATIONARY POPULATION IS REACHED				2145		.	.
POPULATION DENSITY							
PER SQ. KM.	11.0		14.0	18.0		27.4	61.7
PER SQ. KM. AGRICULTURAL LAND	21.0		26.0	34.0		82.6	126.0
POPULATION AGE STRUCTURE (PERCENT)							
0-14 YRS.	42.7		44.4	45.7		44.9	45.5
15-64 YRS.	54.3		52.5	51.2		52.2	51.6
65 YRS. AND ABOVE	3.0		3.1	3.1		2.8	2.8
POPULATION GROWTH RATE (PERCENT)							
TOTAL	2.2		2.7	3.0		2.7	2.7
URBAN	5.0		6.3	8.9		6.8	4.9
CRUDE BIRTH RATE (PER THOUSAND)							
CRUDE DEATH RATE (PER THOUSAND)	47.0		47.0	48.0		47.4	46.8
GROSS REPRODUCTION RATE	22.0		19.0	16.0		19.6	16.4
FAMILY PLANNING	..		3.2	3.2		3.2	3.2
ACCEPTORS, ANNUAL (THOUSANDS)	..		..	93.6		.	.
USERS (PERCENT OF MARRIED WOMEN)	..		..	..		..	..
FOOD AND NUTRITION							
INDEX OF FOOD PRODUCTION PER CAPITA (1969-71=100)	95.0		104.0	91.0		91.8	94.0
PER CAPITA SUPPLY OF							
CALORIES (PERCENT OF REQUIREMENTS)	85.0		91.0	89.0		90.2	92.7
PROTEINS (GRAMS PER DAY)	44.0		49.0	49.0		53.0	53.0
OF WHICH ANIMAL AND PULSE	17.0		21.0	21.0		18.4	15.6
CHILD (AGES 1-4) MORTALITY RATE	32.0		25.0	20.0		27.7	21.3
HEALTH							
LIFE EXPECTANCY AT BIRTH (YEARS)	42.0		47.0	51.0		45.3	50.1
INFANT MORTALITY RATE (PER THOUSAND)	..		155.0/c	..		..	..
ACCESS TO SAFE WATER (PERCENT OF POPULATION)							
TOTAL	..		13.0	39.0		23.2	31.0
URBAN	..		61.0	88.0		58.0	66.8
RURAL	..		9.0	36.0		16.8	..
ACCESS TO EXCRETA DISPOSAL (PERCENT OF POPULATION)							
TOTAL	..		..	17.0		28.9	..
URBAN	..		..	88.0		67.0	..
RURAL	..		..	14.0		..	..
POPULATION PER PHYSICIAN							
POPULATION PER NURSING PERSON	21020.0/d		24770.0	15450.0		30910.4	14508.2
POPULATION PER HOSPITAL BED	10440.0/d,e		3830.0	2760.0		5793.2	3279.5
TOTAL	570.0/d		..	440.0		1198.9	1141.5
URBAN	..		..	..		..	..
RURAL	..		..	..		..	..
ADMISSIONS PER HOSPITAL BED							
TOTAL	..		..	..		..	..
URBAN	..		..	..		..	..
RURAL	..		..	..		..	..
HOUSING							
AVERAGE SIZE OF HOUSEHOLD							
TOTAL	..		4.4/c	..		..	..
URBAN	..		3.2/c	..		..	..
RURAL	..		4.5/c	5.3		..	..
AVERAGE NUMBER OF PERSONS PER ROOM							
TOTAL	..		..	..		..	..
URBAN	..		..	..		..	..
RURAL	..		..	..		..	..
ACCESS TO ELECTRICITY (PERCENT OF DWELLINGS)							
TOTAL	..		..	..		..	..
URBAN	..		..	..		..	..
RURAL	..		..	..		..	..

TABLE 3A
TANZANIA - SOCIAL INDICATORS DATA SHEET

		TANZANIA			REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) ^{/a}	
		1960 ^{/b}	1970 ^{/b}	MOST RECENT ESTIMATE ^{/b}	LOW INCOME AFRICA SOUTH OF SAHARA	MIDDLE INCOME AFRICA SOUTH OF SAHARA
EDUCATION						
ADJUSTED ENROLLMENT RATIOS						
PRIMARY:	TOTAL	25.0	38.0	70.0	57.7	61.7
	MALE	33.0	46.0	79.0	74.2	69.2
	FEMALE	18.0	30.0	60.0	54.1	51.4
SECONDARY:	TOTAL	2.0	3.0	3.0	10.0	20.6
	MALE	2.0	4.0	5.0	13.7	29.2
	FEMALE	1.0	2.0	2.0	7.1	14.7
VOCATIONAL ENROL. (% OF SECONDARY)		23.0	..	..	6.8	7.0
PUPIL-TEACHER RATIO						
PRIMARY		45.0	46.0	50.0	45.0	36.6
SECONDARY		20.0	19.0	20.0	25.2	24.3
ADULT LITERACY RATE (PERCENT)		9.5 ^{/d}	28.1 ^{/c}	66.0	25.5	..
CONSUMPTION						
PASSENGER CARS PER THOUSAND POPULATION						
		3.0	2.5	2.7	3.6	38.8
RADIO RECEIVERS PER THOUSAND POPULATION						
		2.0	11.0	19.0	31.5	83.5
TV RECEIVERS PER THOUSAND POPULATION						
		..	0.3	..	1.8	..
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION						
		3.0	5.0	4.5	4.6	24.2
CINEMA ANNUAL ATTENDANCE PER CAPITA						
		0.5	..	0.2	..	0.7
LABOR FORCE						
TOTAL LABOR FORCE (THOUSANDS)		4734.5	5841.7	7035.0	.	.
FEMALE (PERCENT)		37.1	36.6	34.0	33.5	38.1
AGRICULTURE (PERCENT)		89.3	86.0	83.0	80.7	54.3
INDUSTRY (PERCENT)		3.8	5.0	6.0	8.1	17.8
PARTICIPATION RATE (PERCENT)						
TOTAL		44.7	43.5	42.2	42.2	38.8
MALE		56.9	55.7	54.3	55.1	48.4
FEMALE		32.8	31.5	30.3	29.5	29.4
ECONOMIC DEPENDENCY RATIO		1.0	1.1	1.2	1.2	1.3
INCOME DISTRIBUTION						
PERCENT OF PRIVATE INCOME RECEIVED BY						
	HIGHEST 5 PERCENT OF HOUSEHOLDS	..	33.5	..	..	..
	HIGHEST 20 PERCENT OF HOUSEHOLDS	..	63.3	..	..	..
	LOWEST 20 PERCENT OF HOUSEHOLDS	..	2.3	..	..	..
	LOWEST 40 PERCENT OF HOUSEHOLDS	..	7.8	..	..	..
POVERTY TARGET GROUPS						
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
	URBAN	..	..	147.0	138.2	..
	RURAL	..	..	109.0	86.1	..
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
	URBAN	..	..	125.0	107.0	..
	RURAL	..	..	74.0	65.0	..
ESTIMATED POPULATION BELOW ABSOLUTE POVERTY INCOME LEVEL (PERCENT)						
	URBAN	..	..	10.0	..	..
	RURAL	..	..	60.0	66.9	..

.. Not available
. Not applicable.

NOTES

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

^{/b} Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961; for 1970, between 1969 and 1971; and for Most Recent Estimate, between 1974 and 1978.

^{/c} 1967; ^{/d} 1962; ^{/e} Registered, not all practicing in the country.

DEFINITIONS OF SOCIAL INDICATORS

Notes: Although the data are drawn from sources generally judged the most authoritative and reliable, it should also be noted that they may not be internationally comparable because of the lack of standardized definitions and concepts used by different countries in collecting the data. The data are, nonetheless, useful to describe orders of magnitude, indicate trends, and characterize certain major differences between countries.

The reference groups are (1) the same country group of the subject country and (2) a country group with somewhat higher average income than the country group of the subject country (except for "Capital Surplus Oil Exporters" group where "Middle Income North Africa and Middle East" is chosen because of stronger socio-cultural affinities). In the reference group data the averages are population weighted arithmetic means for each indicator and shown only when at least half of the countries in a group has data for that indicator. Since the coverage of countries among the indicators depends on the availability of data and is not uniform, caution must be exercised in relating averages of one indicator to another. These averages are only useful in comparing the value of one indicator at a time among the country and reference groups.

LAND AREA (thousand sq.km.)

Total - Total surface area comprising land area and inland waters.
Agricultural - Estimate of agricultural area used temporarily or permanently for crops, pastures, market and kitchen gardens or to lie fallow; 1977 data.

GNP PER CAPITA (US\$) - GNP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1976-78 basis); 1960, 1970, and 1978 data.

ENERGY CONSUMPTION PER CAPITA - Annual consumption of commercial energy (coal and lignite, petroleum, natural gas and hydro-, nuclear and geothermal electricity) in kilograms of coal equivalent per capita; 1960, 1970, and 1978 data.

POPULATION AND VITAL STATISTICS

Total Population, Mid-Year (millions) - As of July 1; 1960, 1970, and 1978 data.

Urban Population (percent of total) - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries; 1960, 1970, and 1978 data.

Population Projections

Population in year 2000 - Current population projections are based on 1980 total population by age and sex and their mortality and fertility rates. Projection parameters for mortality rates comprise of three levels assuming life expectancy at birth increasing with country's per capita income level, and female life expectancy stabilizing at 77.5 years. The parameters for fertility rate also have three levels assuming decline in fertility according to income level and past family planning performance. Each country is then assigned one of these nine combinations of mortality and fertility trends for projection purposes.

Stationary population - In a stationary population there is no growth since the birth rate is equal to the death rate, and also the age structure remains constant. This is achieved only after fertility rates decline to the replacement level of unit net reproduction rate, when each generation of women replaces itself exactly. The stationary population size was estimated on the basis of the projected characteristics of the population in the year 2000, and the rate of decline of fertility rate to replacement level.

Year stationary population is reached - The year when stationary population size has been reached.

Population Density

Per sq. km. - Mid-year population per square kilometer (100 hectares) of total area.

Per sq. km. agricultural land - Computed as above for agricultural land only.

Population Age Structure (percent) - Children (0-14 years), working-age (15-64 years), and totals (65 and over) as percentages of mid-year population; 1960, 1970, and 1978 data.

Population Growth Rate (percent) - Total - Annual growth rates of total mid-year populations for 1950-60, 1960-70, and 1970-78.

Population Growth Rate (percent) - Urban - Annual growth rates of urban populations for 1950-60, 1960-70, and 1970-78.

Crude Birth Rate (per thousand) - Annual live births per thousand of mid-year population; 1960, 1970, and 1978 data.

Crude Death Rate (per thousand) - Annual deaths per thousand of mid-year population; 1960, 1970, and 1978 data.

Gross Reproduction Rate - Average number of daughters a woman will bear in her normal reproductive period if she experiences present age-specific fertility rates; usually five-year averages ending in 1960, 1970, and 1977.

Family Planning - Acceptors, Annual (thousands) - Annual number of acceptors of birth-control devices under auspices of national family planning program.

Family Planning - Users (percent of married women) - Percentage of married women of child-bearing age (15-44 years) who use birth-control devices to all married women in same age group.

FOOD AND NUTRITION

Index of Food Production per Capita (1969-71=100) - Index of per capita annual production of all food commodities. Production excludes seed and feed and is on calendar year basis. Commodities cover primary goods (e.g. sugarcane instead of sugar) which are edible and contain nutrients (e.g. coffee and tea are excluded). Aggregate production of each country is based on national average producer price weights; 1961-65, 1970, and 1978 data.

Per capita supply of calories (percent of requirements) - Computed from energy equivalent of net food supplies available in country per capita per day. Available supplies include domestic production, imports less exports, and changes in stock. Net supplies exclude animal feed, seeds, quantities used in food processing, and losses in distribution. Requirements were estimated by FAO based on physiological needs for normal activity and health considering environmental temperature, body weights, age and sex distribution of population, and allowing 10 percent for waste at household level; 1961-65, 1970, and 1977 data.

Per capita supply of protein (grams per day) - Protein content of per capita net supply of food per day. Net supply of food is defined as above. Requirements for all countries established by USDA provide for 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 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; 1961-65, 1970 and 1977 data.

Per capita protein supply from animal and pulse - Protein supply of food derived from animals and pulses in grams per day; 1961-65, 1970 and 1977 data.

Child (ages 1-4) Mortality Rate (per thousand) - Annual deaths per thousand in age group 1-4 years, to children in this age group; for most developing countries data derived from life tables; 1960, 1970 and 1977 data.

HEALTH

Life Expectancy at Birth (years) - Average number of years of life remaining at birth; 1960, 1970 and 1978 data.

Infant Mortality Rate (per thousand) - Annual deaths of infants under one year of age per thousand live births.

Access to Safe Water (percent of population) - total, urban, and rural - Number of people (total, urban, and rural) with reasonable access to safe water supply (includes treated surface waters or untreated but uncontaminated water such as that from protected boreholes, springs, and sanitary wells) as percentages of their respective populations. In an urban area a public fountain or standpost located not more than 200 meters from a house may be considered as being within reasonable access of that house. In rural areas reasonable access would imply that the housewife or members of the household do not have to spend a disproportionate part of the day in fetching the family's water needs.

Access to Excreta Disposal (percent of population) - total, urban, and rural - Number of people (total, urban, and rural) served by excreta disposal as percentages of their respective populations. Excreta disposal may include the collection and disposal, with or without treatment, of human excreta and waste-water by water-borne systems or the use of pit privies and similar installations.

Population per Physician - Population divided by number of practicing physicians qualified from a medical school at university level.

Population per Nursing Person - Population divided by number of practicing male and female graduate nurses, practical nurses, and assistant nurses.

Population per Hospital Bed - total, urban, and rural - Population (total, urban, and rural) divided by their respective number of hospital beds available in public and private general and specialized hospital and rehabilitation centers. Hospitals are establishments permanently staffed by at least one physician. Establishments providing principally custodial care are not included. Rural hospitals, however, include health and medical centers not permanently staffed by a physician (but by a medical assistant, nurse, midwife, etc.) which offer in-patient accommodation and provide a limited range of medical facilities. For statistical purposes urban hospitals include WHO's principal general and specialized hospitals, and rural hospitals local or rural hospitals and medical and maternity centers.

Admissions per Hospital Bed - Total number of admissions to or discharges from hospitals divided by the number of beds.

HOUSING

Average Size of Household (persons per household) - total, urban, and rural - A household consists of a group of individuals who share living quarters and their main meals. A boarder or lodger may or may not be included in the household for statistical purposes.

Average number of persons per room - total, urban, and rural - Average number of persons per room in all urban, and rural occupied conventional dwellings, respectively. Dwellings exclude non-permanent structures and unoccupied parts.

Access to Electricity (percent of dwellings) - total, urban, and rural - Conventional dwellings with electricity in living quarters as percentage of total, urban, and rural dwellings respectively.

EDUCATION

Adjusted Enrollment Ratios

Primary school - total, male and female - Gross total, male and female enrollment of all ages at the primary level as percentages of respective primary school-age populations; normally includes children aged 6-11 years but adjusted for different lengths of primary education; for countries with universal education enrollment may exceed 100 percent since some pupils are below or above the official school age.

Secondary school - total, male and female - Computed as above; secondary education requires at least four years of approved primary instruction; provides general, vocational, or teacher training instructions for pupils usually of 12 to 17 years of age; correspondence courses are generally excluded.

Vocational enrollment (percent of secondary) - Vocational institutions include technical, industrial, or other programs which operate independently or as departments of secondary institutions.

Pupil-teacher ratio - primary, and secondary - Total students enrolled in primary and secondary levels divided by numbers of teachers in the corresponding levels.

Adult literacy rate (percent) - Literate adults (able to read and write) as a percentage of total adult population aged 15 years and over.

CONSUMPTION

Passenger Cars (per thousand population) - Passenger cars comprise motor cars seating less than eight persons; excludes ambulances, hearses and military vehicles.

Radio Receivers (per thousand population) - All types of receivers for radio broadcasts to general public per thousand of population; excludes unlicensed receivers in countries and in years when registration of radio sets was in effect; data for recent years may not be comparable since most countries abolished licensing.

TV Receivers (per thousand population) - TV receivers for broadcast to general public per thousand population; excludes unlicensed TV receivers in countries and in years when registration of TV sets was in effect.

Newspaper Circulation (per thousand population) - Shows the average circulation of "daily general interest newspaper", defined as a periodical publication devoted primarily to recording general news. It is considered to be "daily" if it appears at least four times a week.

Cinema Annual Attendance per Capita per Year - Based on the number of tickets sold during the year, including admissions to drive-in cinemas and mobile units.

LABOR FORCE

Total Labor Force (thousands) - Economically active persons, including armed forces and unemployed but excluding households, students, etc. Definitions in various countries are not comparable; 1960, 1970 and 1978 data.

Female (percent) - Female labor force as percentage of total labor force.

Agriculture (percent) - Labor force in farming, forestry, hunting and fishing as percentage of total labor force; 1960, 1970 and 1978 data.

Industry (percent) - Labor force in mining, construction, manufacturing and electricity, water and gas as percentage of total labor force; 1960, 1970 and 1978 data.

Participation Rate (percent) - total, male, and female - Participation or activity rates are computed as total, male, and female labor force as percentages of total, male and female population of all ages respectively; 1960, 1970, and 1973 data. These are ILO's participation rates reflecting age-sex structure of the population, and long time trend. A few estimates are from national sources.

Economic Dependency Ratio - Ratio of population under 15 and 65 and over to the total labor force.

INCOME DISTRIBUTION

Percentage of Private Income (both in cash and kind) - Received by richest 5 percent, richest 20 percent, poorest 20 percent, and poorest 40 percent of households.

POVERTY TARGET GROUPS

Estimated Absolute Poverty Income Level (US\$ per capita) - urban and rural - Absolute poverty income level is that income level below which a minimal nutritionally adequate diet plus essential non-food requirements is not affordable.

Estimated Relative Poverty Income Level (US\$ per capita) - urban and rural - Rural relative poverty income level is one-third of average per capita personal income of the country. Urban level is derived from the rural level with adjustment for higher cost of living in urban areas.

Estimated Population Below Absolute Poverty Income Level (percent) - urban and rural - Percent of population (urban and rural) who are "absolute poor".

TANZANIA
Economic Development Data Sheet

Annex I
Page 4 of 6

	NATIONAL ACCOUNTS (Million US \$ at 1977 Prices)										Average 1972-77	% Annual Growth Rates 1977-85	% Annual Growth Rates 1985-90	1977 Share of GDP	
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1985					1990
A. NATIONAL ACCOUNTS															
(Million US \$ at 1977 Prices)															
1. GDP	2773.9	2662.2	3004.7	3119.4	3364.1	3542.4	3734.1	3890.2	4089.7	5105.8	6502.2	5.0	4.7	4.9	100.0
2. Gains from Terms of Trade (TT)	-161.0	-207.5	-348.9	-345.7	-69.9	-116.1	139.2	492.4	492.4	251.8	276.4	5.6	4.4	5.1	-3.3
3. Gross Domestic Income	2612.9	2454.7	2655.8	2773.7	3294.2	3658.5	3873.9	3715.6	3897.3	4854.1	6223.9	-5.9	4.1	3.8	96.7
4. Imports	1084.7	1010.8	895.4	839.4	731.0	686.9	628.9	700.8	766.4	1102.8	1330.4	-8.2	3.5	5.1	22.7
5. Exports - Volume	1054.7	1004.5	241.3	734.5	684.5	686.3	539.5	522.9	522.9	655.2	1164.7	-5.2	-0.6	6.2	19.4
6. Exports - TT adjusted	895.7	803.5	400.5	324.7	265.9	116.1	378.5	378.5	401.8	447.6	444.2	6.6	4.9	4.5	3.3
7. Resource Gap - TT adjusted	195.0	207.5	204.2	204.2	268.2	2966.6	3404.5	3421.1	3540.6	4371.5	5448.3	1.0	4.2	5.6	84.3
8. Total Consumption	2183.0	1866.2	2007.5	2007.5	2555.0	2654.9	2654.9	2654.9	2654.9	3421.1	4122.0	1.1	1.8	9.0	19.0
9. Investment	430.6	484.5	304.1	304.1	218.7	671.9	537.1	325.0	416.6	617.9	951.7	194.4	1.2	1.2	15.2
10. National Savings	449.9	468.4	252.7	218.7	639.3	439.7	439.7	439.7	439.7	482.5	775.6	-0.4	1.2	10.0	12.4
11. Domestic Savings	1564.1	1866.2	2239.1	2564.4	2761.4	3542.4	4335.7	4686.5	5393.1	9941.7	18603.0	17.8	13.8	13.3	
12. GDP at current US \$															
B. SECTOR OUTPUT															
(Share of GDP at 1977 Prices) ^{1/}															
1. Industry	16.3	17.5	16.0	15.1	14.4	13.8	13.0	12.7	12.3	12.3	13.2	1.3	3.1	6.4	
2. Agriculture	51.1	54.0	46.8	48.6	50.4	51.0	50.8	50.4	50.1	48.3	47.1	4.7	3.8	4.4	
3. Services	32.7	28.5	37.2	36.4	35.3	35.2	36.2	36.8	37.8	39.3	39.0	6.3	6.0	5.1	
C. PRICES															
1. Export Price Index	36.4	43.3	64.2	63.6	76.7	100.0	91.0	95.9	102.5	142.2	190.8	22.4	4.5	6.0	
2. Import Price Index	87.1	80.0	73.7	67.2	82.1	100.0	113.8	127.7	146.3	196.8	250.7	18.4	8.8	5.0	
3. Terms of Trade	42.7	54.0	87.1	92.8	92.1	100.0	80.0	75.1	70.1	72.2	76.1				
4. GDP Deflator (US \$)	56.4	70.1	74.5	82.2	82.1	100.0	116.1	120.5	132.5	194.7	286.1	12.1	8.7	8.7	
5. Average Exchange Rate (TSh/US\$)	7.143	7.021	7.143	7.414	8.379	8.274	7.689								
D. SELECTED INDICATORS															
1972-77															
1978-85															
1985-90															
1. ICOR	4.40	3.93	3.93	3.72											
2. Import Elasticity	-0.22	0.11	0.11	0.77											
3. Average Domestic Savings Rate	17.2	7.3	7.3	11.4											
4. Average National Savings Rate	19.0	10.9	10.9	13.8											
5. Marginal National Savings Rate	-0.24	0.27	0.27	0.25											
6. Import/GDP	29.8	23.2	23.2	20.9											
7. Investment/GDP	2.40	18.9	18.9	19.4											
8. Resource Gap/GDP	7.8	7.8	9.4	8.0											
E. PUBLIC FINANCE^{2/}															
(Million TSh/Inflings)															
1965/66															
1972/73															
1973/74															
1974/75															
1975/76															
1976/77															
1977/78															
1978/79															
1. Current Revenue	716	2357	3023	3946	3919	5250	6082	6702	6082	6702					
1. Tax Revenue	602	1927	2510	3161	3302	4644	5317	5721	5317	5721					
2. Current Expenditure	707	2223	2785	3961	3716	5022	5847	7670	7670	7670					
4. Reserve Grants	9	134	238	15	203	228	235	-969	235	1250					
5. Surplus Available for Financing	..	62	214	317	469	626	709	1250	709	1250					
6. Development Expenditure	..	196	452	362	672	894	944	281	944	281					
7. Overall Deficit	238	956	1642	2225	2253	2763	3585	5057	3585	5057					
8. Financing of the Deficit	..	-760	-1190	-1863	-1581	-1869	-2641	-4176	-2641	-4176					
External Loans	83	456	467	661	564	777	660	1200	660	1200					
Domestic Borrowings:															
Banking System	..	269	521	384	570	..	464	3195	..	464					
Other	..	202	202	308	447	..	1517	581	..	1517					

^{1/} In 1966 prices and 1977 index base year.
^{2/} Central Government.

EALDA
January 3, 1980

TANZANIA

Balance of Payments and External Assistance
(Million US\$)

	Actual							Preliminary	Projection		
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1985	1990
A. Summary of Balance of Payments											
1. Exports (incl. NFS)	384.3	434.6	476.0	467.0	632.1	686.3	613.9	672.0	765.2	1289.4	2222.0
2. Imports (incl. NFS)	466.1	546.8	779.8	793.8	697.1	802.4	1210.7	1155.3	1353.2	2170.2	3335.5
3. Resource Balance	-81.1	-112.2	-303.8	-326.8	-65.0	-116.1	-596.8	-483.3	-588.0	-880.8	-1113.6
4. Net Factor Service Income	-5.9	7.4	-5.2	-7.3	21.5	-18.7	-24.6	-47.5	-66.5	-137.0	-266.8
1. Net Interest Payments of which:	3.2	11.2	8.9	-3.1	-17.9	-16.4	-15.8	-37.8	-55.9	-119.8	-239.2
(Interest on Public M & LT Loans)	(-11.1)	(-12.5)	(-13.6)	(-16.2)	(-19.5)	(-22.1)	(-24.7)	(-27.8)	(-35.0)	(-121.8)	(-250.2)
2. Direct Investment Income)											
3. Workers Remittance (Net))											
4. Other Factor Service Income (Net))	-9.1	-18.6	-14.1	-4.2	-3.6	-2.3	-8.8	-9.7	-10.6	-17.1	-27.6
5. Current Transfers (Net)	-4.2	5.0	45.2	92.9	55.4	116.1	175.0	195.0	218.4	384.9	678.3
6. Balance on Current Account	<u>-91.9</u>	<u>-114.6</u>	<u>-263.8</u>	<u>-241.2</u>	<u>-31.1</u>	<u>-18.7</u>	<u>-446.4</u>	<u>-335.8</u>	<u>-436.1</u>	<u>-632.8</u>	<u>-702.0</u>
7. Private Direct Investment	0.0	0.0	0.0	0.0	0.0	5.0	5.4	5.7	6.1	8.6	12.0
8. Capital Grants	14.0	18.6	6.5	34.9	2.9	13.9	0.0	0.0	0.0	0.0	0.0
Public M & LT Loans											
9. Disbursements 1/	109.5	113.6	161.3	249.5	122.4	177.8	173.2	210.5			
10. Amortization 1/	-34.2	-23.7	-18.8	-18.0	-21.9	-26.4	-26.8	-54.8			
11. Net Disbursements 1/	75.3	89.9	142.5	231.5	100.5	151.4	146.4	155.8			
12. Use of IMF Resources	0.0	0.0	60.3	25.2	23.7	8.8	17.0	30.0			
13. Short-term Capital Transactions	7.2	-17.9	7.5	-5.1	-38.3	35.1	60.0	120.0			
14. Capital Transactions, n.e.i.	54.8	49.0	-47.4	-30.1	-10.8	-26.0	0.0	0.0			
15. Change in Reserves (- = increase)	-59.4	-25.0	94.4	-15.2	-46.9	-169.5	229.0	24.3			
B. Grants and Loans Commitment											
1. Official Grants 2/	9.8	23.6	51.1	127.8	119.0	130.0	200.0	216.0			
2. Public M & LT Loans	65.4	107.1	260.4	151.8	194.1	197.3	225.3	269.9			
2.1 IBRD	-	-	65.0	30.0	37.0	53.0	25.0	66.0			
2.2 IDA	10.8	22.6	61.2	10.0	52.0	49.2	73.5	63.0			
2.3 Other Multilateral	3.3	1.8	7.1	18.0	10.8	33.5	27.6	18.2			
2.4 Governments, of which:	47.1	82.8	127.1	93.7	82.7	61.3	98.3	30.0			
Centrally planned economies	4.9	3.0	76.5	5.4	-	-	2.6	-			
2.5 Suppliers	-	-	-	-	-	-	-	80.0			
2.6 Financial Institutions	4.2	-	-	-	12.7	0.3	-	10.0			
2.7 Bonds	-	-	-	-	-	-	-	-			
2.8 Public Loans, n.e.i. 3/	-	-	-	-	-	-	-	2.8			
3. Other M & LT Loans (where available)	26.4	18.6	5.6	2.9	6.0	-	-	-			
C. Memorandum Items											
1. Grant Element of Total Commitments	49.2	83.4	63.1	56.4	66.6	56.8	45.5	32.8			
2. Average Interest	3.6	0.6	2.3	3.0	2.2	3.2	4.5	5.4			
3. Average Maturity (Years)	28.1	47.8	32.2	31.9	38.8	35.1	32.8	25.5			

1/ Includes financing of projected balance of payments deficit (1979-1990) on blend Bank/IDA terms.

2/ Excludes technical assistance grants.

3/ Represents commitments to cover projected balance of payments deficit.

EALDA
January 2, 1980

TANZANIA
1/
Debt and Creditworthiness

	1972	1973	1974	Actual 1975	1976	1977	1978
A. <u>Medium and Long-Term Debt</u> (Disbursed Only) (US \$ Million)							
1. Total Debt Outstanding (DOD: End of Period)	441.7	557.1	728.3	917.1	1029.2	1123.4	1213.1
2. Including Undisbursed	835.5	987.3	1280.5	1359.0	1555.9	1649.3	1806.4
3. Public Debt Service	43.3	39.3	32.4	34.1	41.6	48.4	49.6
3.1 Interest	11.1	12.3	13.6	16.2	19.5	22.1	24.7
4. Other M & LT Debt Service	..	..	..	..	..	..	..
B. <u>Debt Burden</u>							
1. Debt Service Ratio	11.3	9.3	6.8	7.3	6.6	7.1	7.8
2. Debt Service/GDP	2.8	2.1	1.4	1.3	1.5	1.4	1.1
3. Public Debt Service/Government Revenue	14.7	10.3	6.6	6.4	7.6	7.0	5.8
C. <u>Terms</u>							
1. Interest on Total DOD/Total DOD	2.5	2.2	1.9	1.8	1.9	2.0	2.0
2. Total Debt Service/Total DOD	9.8	7.1	4.4	3.7	4.0	4.3	4.1
D. <u>Dependency Ratios for M & LT Debt</u>							
1. Gross Disbursements/Imports (incl. NFS)	23.5	20.8	20.7	31.4	17.6	22.2	14.5
2. Net Transfer/Imports (incl. NFS)	16.2	18.4	18.3	29.2	14.4	18.9	12.4
3. Net Transfer/Gross Disbursements	68.8	79.1	88.3	92.8	82.1	85.2	85.8
E. <u>Exposure</u>							
1. IBRD Disbursements/Gross Total Disbursements	16.9	19.1	10.4	21.0	14.0	17.2	17.8
2. Bank Group Disbursements/Gross Total Disbursements	19.4	21.8	14.0	28.2	37.2	37.8	31.6
3. IBRD DOD/Total DOD	12.2	13.4	12.4	15.4	15.1	16.3	17.3
4. Bank Group DOD/Total DOD	23.1	23.8	21.1	24.2	25.7	29.3	31.3
5. IBRD Debt Service/Total Debt Service	10.2	15.3	20.4	26.4	34.1	33.1	40.5
6. Bank Group Debt Service/Total Debt Service	11.1	16.3	22.5	28.4	36.5	35.5	43.5

Outstanding December 31, 1978
Amount Percent
(US \$ Million)

F. <u>External Debt</u> (Disbursed Only)		
1. IBRD	209.9	17.3
2. Bank Group	379.2	31.3
3. Other Multilateral	61.2	5.0
4. Governments	714.1	58.9
of which Centrally Planned Economies	317.3	26.2
5. Suppliers	16.5	1.4
6. Financial Institutions	18.8	1.5
7. Bonds	20.3	1.7
8. Public Debt, n.e.i. ^{1/}	3.1	6.3
9. Total Public M & LT Debt ^{1/}	1213.1	100.0
10. Total Public Debt (incl. undisbursed) ^{1/}	1806.4	148.9

G. <u>Debt Profile</u>		
1. Total Debt Service 1979-83/Total DOD End of 1978	60.5%	

^{1/} Includes Tanzania's notional share of 40% of EAC debt.
^{2/} Represents DOD on loans to cover projected balance of payments deficit.

THE STATUS OF BANK GROUP OPERATIONS IN TANZANIA

A. STATEMENT OF BANK LOANS AND IDA CREDITS TO TANZANIA
AS OF JULY 31, 1980

No.	Year	Borrower	Purpose	(US\$ million)			
				Bank 1/	TW	IDA 1/	Undisbursed
Five loans and thirteen credits fully disbursed				77.2		91.2	
287-TA	1972	Tanzania	Smallholder Tea			10.8	0.8
371-TA	1973	Tanzania	Fourth Education			10.3	1.6
382-TA	2/ 1973	Tanzania	Livestock			18.5	1.8
454-TA	1974	Tanzania	Cotton			17.5	7.7
460-TA	1974	Tanzania	Tanzania Investment Bank			6.0	0.1
1014-TA	1974	Tanzania	Cashewnut	21.0			1.5
495-TA	1974	Tanzania	Sites and Services			8.5	1.7
507-TA	1974	Tanzania	Highway Maintenance			10.2	2.4
508-TA	1974	Tanzania	Rural Development			10.0	4.4
1041-TA	1974	Tanzania	Sugar	9.0			0.8
580-TA	1975	Tanzania	Dairy			10.0	5.9
1128-TA	1975	Tanzania	Textile	15.0			2.2
1172-TA	1975	TIB	Tanzania Investment Bank	15.0			1.5
601-TA	1976	Tanzania	Technical Assistance			6.0	2.1
606-TA	1976	Tanzania	National Maize Program			18.0	9.6
607-TA	1976	Tanzania	Fifth Education			11.0	6.3
1306T-TA	1976	Tanzania	Power		30.0		5.5
1307-TA	1976	Tanzania	Forestry	7.0			3.4
652-TA	1976	Tanzania	Fisheries			9.0	7.6
658-TA	1976	Tanzania	Tobacco Processing			8.0	1.1
1354-TA	1977	Tanzania	Urban Water Supply	15.0			8.1
1385T-TA	1977	Tanzania	Morogoro Industrial Complex		11.5		3.2
1386-TA	1977	Tanzania	Morogoro Industrial Complex	11.5			3.0
703-TA	3/ 1977	Tanzania	Rural Development (Tabora)			7.2	5.5
732-TA	1977	Tanzania	Second Sites and Services			12.0	11.3
743-TA	1977	Tanzania	Trucking			15.0	10.5
1498-TA	1977	TIB	Tanzania Investment Bank	15.0			4.6
801-TA	1978	Tanzania	Second Cashewnut			27.5	10.2
802-TA	1978	Tanzania	Tobacco Handling			14.0	13.1
803-TA	1978	Tanzania	Rural Dev. (Mwanza/Shinyanga)			12.0	10.6
1607-TA	1978	Tanzania	Morogoro Textile	25.0			24.8
833-TA	1978	Tanzania	Morogoro Textile			20.0	18.5
860-TA	1979	Tanzania	Tourism Rehabilitation			14.0	13.7
861-TA	1979	Tanzania	Sixth Education			12.0	12.0
875-TA	1979	Tanzania	Mufindi Pulp and Paper			30.0	26.5
1650-TA	1979	Tanzania	Mufindi Pulp and Paper	30.0			29.8
876-TA	4/ 1979	Tanzania	Fifth Highway			20.5	20.5
1745-TA	1979	TDFL	Tanganyika Development Finance Co., Ltd.	11.0			9.9
1750-TA	1979	TIB	Tanzania Investment Bank	25.0 ^{5/}			24.0
S-24-TA	1979	Tanzania	Dar es Salaam Port Engineering			2.5	2.5
987-TA	4/ 1980	Tanzania	Tanzania Rural Dev. Bank			10.0	10.0
1007-TA	4/ 1980	Tanzania	Pyrethum			10.0	10.0
1015-TA	4/ 1980	Tanzania	Grain Storage & Milling			43.0	43.0
1037-TA	4/ 1980	Tanzania	Smallholder Tea			14.0	14.0
S-27-TA	4/ 1980	Tanzania	Songo-Songo Petroleum			30.0	30.0
1056-TA	4/ 1980	Tanzania	Education VII			25.0	25.0
Total				276.7	41.5	563.7	462.8
of which has been repaid				10.4	-	7.9	
Total now outstanding				266.3	41.5	555.8	
Amount sold							0.1
of which has been repaid							0.1
Total now held by Bank and IDA 1/				266.3	41.5	555.8	
Total undisbursed				114.1	8.7	340.0	462.8

1/ Net of exchange adjustments.

2/ Includes Norwegian participation of \$6.2 million of which \$5.6 million has been disbursed.

3/ Amount excludes Canadian participation of \$4.8 million.

4/ Not yet effective.

5/ Excludes \$15.0 million EEC Special Action Credit being administered by IDA.

B. SUMMARY STATEMENT OF BANK LOANS FOR COMMON SERVICES GUARANTEED
BY KENYA, TANZANIA AND UGANDA AS OF JULY 31, 1980

Loan No.	Year	Borrower	Purpose	(US\$ million)	
				Amount (less cancellations) Bank 1/	Undisbursed
Five loans fully disbursed				93.4	
638-EA	1969	EAHC	Harbours	35.0	0.5
674-EA	1970	EARC	Railways	42.4	0.1
865-EA	1972	EAHC	Harbours	26.5	0.3
914-EA	1973	EAPTC	Telecommunications	32.5	0.7
1204-EA	1976	EADB	Development Finance	15.0	5.2
Total				244.8	6.8
of which has been repaid				<u>58.7</u>	
Total now outstanding				186.1	
Amount sold			24.4		
of which has been repaid			<u>24.4</u>	<u>0.0</u>	
Total now held by Bank 1/				<u>186.1</u>	
Total undisbursed				<u>6.8</u>	<u>6.8</u>

1/ Net of exchange adjustments.

C. PROJECTS IN EXECUTION 1/
(AS OF JULY 31, 1980)

There are currently 37 projects under execution in Tanzania.

AGRICULTURAL SECTOR

Credit No. 287-TA - Smallholder Tea Project: US\$10.8 million
Credit of March 3, 1972; Date of Effectiveness - July 26,
1972; Closing Date - December 31, 1980

After initial serious management problems, the Tanzania Tea Authority (TTA) has finally reached a satisfactory level of senior staffing and this has had a clear impact on the working of TTA and resulted in improved control over field activities. Factory engineers have been appointed for all factories. Because of weak extension and poor farm practices in the past, about 1,600 ha of the 9,671 ha planted since 1971 must be infilled or rehabilitated, and yields have been lower than anticipated. In line with the 1976 survey of the tea industry, additional planting has been carried out and effective rehabilitation and infilling has been achieved except in the Bukoba area. Recommendations of the survey regarding crop yields, husbandry techniques, field organization, TTA structure and extension activities are also being implemented. Furthermore, market trends in tea have taken a favorable turn. In general, progress on the project is improving. The closing date has been postponed to allow sufficient time for completion of the Mwakaleli factory.

Credit No. 382-TA - Second Livestock Development Project:
US\$18.5 million Credit of May 23, 1973; Date of Effectiveness -
September 28, 1973; Closing Date - December 31, 1980

This project was the subject of an in-depth review in November 1976 and again in January 1979. Although progress has been made in alleviating the financial problems of the meat processing parastatal (TPL), in correcting some of the deficiencies in the livestock marketing parastatal (TLMC), and in adopting some of the decentralized management recommendations in the ranching parastatal (NARCO), TPL will still need to improve its overall efficiency, and NARCO its unsatisfactory financial situation. In the meat processing component, the settlement of a dispute between the Livestock Development Authority (LIDA)

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

and the contractor should permit the completion of three meat plants in Kawe, Shinyanga and Mbeya by the end of 1980. There is little change in other project components, where major difficulties remain to be resolved. The Credit should be fully disbursed by the new Closing Date, December 31, 1980.

Credit No. 454-TA - Geita Cotton Project: US\$17.5 million
Credit of January 17, 1974; Date of Effectiveness -
April 5, 1974; Closing Date - December 31, 1982

The project continued to show good progress since the appointment in October 1977 of a new Project Manager. However, in view of the failure of the crop technical packages to give economic responses, the project must now be considered to be an infrastructure and adaptive research project rather than an agricultural production project. A major objective is now to develop a more soundly based and productive agricultural strategy. The most significant progress has been in the trial program with about 50 well distributed and supervised trial sites and improved credit recovery. Recruitment of staff has been more vigorously pursued since the Project Implementation Reviews began. Project problems remaining are the lack of senior staff, the shortage of extension staff, delay in deliveries of some equipment and financing of road construction. The project will continue to be kept under close review.

Loan No. 1014-TA - Cashewnut Development Project: US\$21.0
million Loan of June 24, 1974; Date of Effectiveness -
September 26, 1974; Closing Date - December 31, 1981

Construction of the five factories and ancillary facilities is proceeding well in accordance with the revised completion schedule. Processing plant and machinery has been delivered to two factories, and is under shipment for the remaining three. However, the project continues to face problems arising from a sharp decline in the marketed production of raw nuts. The producer price has been recently increased and the Cashewnut Authority (CATA) is considering the introduction of additional incentive and tree-planting schemes for farmers, but these measures are not likely to have a significant impact for several years. As a result, the completed cashewnut factories are expected to operate well below capacity through 1980/81.

Credit No. 508-TA - Kigoma Rural Development Project: US\$10.0
million Credit of August 21, 1974; Date of Effectiveness -
November 20, 1974; Closing Date - December 31, 1980

Despite senior staff changes in the Region and continuing procurement constraints, construction of agricultural and other training facilities, as well as water supply and feeder roads, is proceeding satisfactorily. The coffee rehabilitation and expansion program, and the land-use surveying and mapping, are also making reasonable progress. While the keeping of crop records is not yet regular or systematic, there has been a substantial increase

in maize, bean and cotton production in the Project area. However, the village fertilizer trials have yet to produce conclusive results, and recommendations for recasting the trials are under review. The Project is not likely to be completed before June 30, 1982.

Credit No. 513-TA and Loan No. 1041-TA - Kilombero Sugar Development Project: US\$9.0 million Credit and US\$9.0 million Loan of September 27, 1974; Date of Effectiveness - February 14, 1975; Closing Date - December 31, 1980

Project work is virtually completed except for purchase of some vehicles and completion of the sugar survey and the training program. In view of this, the closing date has been postponed by 12 months. Kilombero Sugar Company's (KSC) land development on behalf of outgrowers continues and is expected to exceed appraisal estimates due to lower than expected cane yields. A new management advisory agreement for a further two years with emphasis on agriculture will be financed by the Netherlands. Phase III of the Sugar Study has been started and should be completed shortly. With regard to the Sugar Development Corporation's request to Treasury to consider KSC's proposals as to its debt-equity ratio, the Treasury has decided to provide KSC TSh. 100 million as equity and TSh. 100 million as loan from Dutch/Danish sources. The loan will be at an interest rate of 7% p.a. with 30 years repayment including 5 years of grace. The Subsidiary Loan Agreement is under preparation and is expected to be signed by the Treasury shortly.

Credit No. 652-TA - Fisheries Development Project: US\$9.0 million Credit of July 12, 1976; Date of Effectiveness - October 12, 1976; Closing Date - December 31, 1981

The Project continues to progress on all fronts at a very slow pace. There has been a delay in the procurement of boats for the Kigoma Commercial Center, a major shortfall in the purchase of boats for the coastal centers and a postponement of procurement of lake transport facilities (pending adequate fish catches on Lake Tanganyika). However, engines for the coastal vessels have been received and are being assembled for installation and the first fully equipped boat should be operational by June 1980. Loans to five villages have already been approved by TRDB under the Ujamaa Village Program. Negotiations are also in progress with the Crown Agents of the U.K. for the provision of technical assistance staff.

Credit No. 606-TA - National Maize Project: US\$18.0 million Credit of January 29, 1976; Date of Effectiveness - May 28, 1976; Closing Date - December 31, 1982

Although the project has made some satisfactory progress with regard to village participation, delivery of inputs and concentration of high potential maize regions, it is beset by a number of problems which must be overcome if the project is to achieve its primary objective. Following a midterm

review of the project, the Government submitted in September 1978 draft proposal for a three year Intensification Phase in six regions where potential for increasing production exists, extending the project period from July 1979 to June 1982. The project has therefore been redesigned in order to intensify the project activities during the remaining period. The redesign of the project has been agreed upon by the Government, BADEA (the co-financier) and the Association.

Credit No. 580-TA - Dairy Development Project: US\$10.0 million Credit of August 15, 1975; Date of Effectiveness - November 13, 1975; Closing Date - April 30, 1981

There was some improvement in project implementation during 1979 as a result of stricter budget and cost control by the Livestock Development Authority (LIDA) and the Dairy Farming Company (DAFCO). Farm management is also improving and production costs per litre of milk are somewhat lower than in 1978. However, the financial prospects for the parastatal farms remain poor and Ujamaa village development is negligible. The Government is considering alternative approaches to re-capitalization of the dairy farms and has also requested a reallocation of credit funds from Ujamaa village production to smallholder dairying. The project will continue to be kept under close review.

Loan No. 1307-TA - Sao Hill Forestry Project: US\$7.0 million Loan of July 12, 1976; Date of Effectiveness - October 12, 1976; Closing Date - June 30, 1982

After a slow start and serious management problems during the first year, project implementation has improved considerably and is now ahead of schedule. Plantation targets have been exceeded in spite of labor shortages, a lack of equipment and a prolonged drought during the last planting season. All key staff have been appointed and there are no serious procurement or disbursement problems.

Credit No. 658-TA - Tobacco Processing Project: US\$8.0 million Credit of September 16, 1976; Date of Effectiveness - February 15, 1977; Closing Date - December 31, 1981

Improvements to the existing line were completed except for installation of the main circuit breaker equipment. Building work at Morogoro is proceeding satisfactorily. TAT/TTPC are preparing a properly coordinated building program to cover the balance of the project, and proposals are awaited from the Treasury rationalizing the financial and functional responsibilities of these entities. TAT's financial position is critical due to high bank overdrafts. The Treasury has agreed to reimburse TAT TSh. 29 million representing the local contribution it has spent on the project. In addition, TAT has also claimed TSh. 13 million from the Treasury to meet the cost incurred by them during 1977-78. TTPC's accounts for 1976/77 have been audited and the report is expected shortly.

Credit No. 703-TA and Credit No. 703-TA-5 - Tabora Rural
Development Project: US\$12.0 million Credits 1/ of May 11,
1977; Date of Effectiveness - November 11, 1977;
Closing Date - June 30, 1983

Project implementation has slowed down considerably as a result of severe and continuing shortages of construction materials and diesel fuel. These shortages have affected all components, except land-use planning which is proceeding satisfactorily. The roads and water supply programs have been the worst affected and are also suffering from shortages of technical staff. The agricultural trials and production program, too, appears to have been disrupted by the recent drought. Project management is attempting to resolve the materials shortages by increasing the use of local substitutes. However, overall progress in institution-building is likely to remain slow.

Credit No. 801-TA - Second Cashewnut Development Project;
US\$27.5 million Credit of June 14, 1978; Date of Effectiveness -
October 2, 1978; Closing Date - December 31, 1984

Project implementation is progressing satisfactorily. Factory construction is ahead of schedule despite a shortage of cement. However, the appointment of key staff and the maintenance of up-to-date accounts at existing cashewnut factories continue to pose difficulties. As with the First Project, the prospects for operation of the new facilities at full capacity are rather poor.

Credit No. 802-TA - Tobacco Handling Project: US\$14.0 million
Credit of June 14, 1978; Date of Effectiveness - January 5, 1979;
Closing Date - April 30, 1983

The project has made a slow start. Procurement of vehicles and equipment is also lagging. However, progress on recruitment of technical assistance has been good. The Building Engineer, Financial Systems Development Assistant and Transport Officer are all in post. Three suitable candidates have been identified for the five posts of Regional Accountant and advertisement of the other two have been done.

Credit No. 803-TA - Rural Development Project (Mwanza/
Shinyanga): US\$12.0 million Credit of June 14, 1978;
Date of Effectiveness - March 5, 1979;
Closing Date - December 31, 1984

While some of the senior support staff have been recruited, most key posts remain to be filled, and although good progress has been made in the livestock, water resource and forestry components, the expected implementation of an experimental program of agricultural extension has not been initiated.

1/ Credit No. 703-TA-5 (US\$4.8 million) is financed under the special CIDA arrangement; Credit No. 703-TA is an IDA Credit of US\$7.2 million.

Future supervision missions will pay particular attention to progress made by the agricultural extension staff towards improving the extension system. The effects of the Uganda war are still being felt in the project's area causing problems for the supplies situation.

EDUCATION SECTOR

Credit No. 371-TA - Fourth Education Project: US\$10.3 million Credit of April 13, 1973; Date of Effectiveness - July 2, 1973; Closing Date - December 31, 1980

All facilities have been completed with the exception of three Community Education Centers. The project is expected to be completed by the revised Closing Date of December 31, 1980. All completed facilities are in operation with the exception of the Bagamoyo College of National Education which will be used for the in-service training of primary school science teachers.

Credit No. 607-TA - Fifth Education Project: US\$11.0 million Credit of January 29, 1976; Date of Effectiveness - March 23, 1976; Closing Date - June 30, 1982

Progress in physical implementation is satisfactory. The Village Management Technicians' training program is on schedule and will meet the target of 1500 trained technicians in July 1980. The primary education sub-sector review and the secondary education facilities survey are in progress. Preparation of diversified curricula for general secondary education and staffing plans for the project secondary schools are also in preparation. There are reasonable prospects that the project will be completed by its Closing Date.

Credit 861-TA - Sixth Education Project - US\$12.0 million Credit of January 22, 1979; Date of Effectiveness - June 25, 1979; Closing Date - June 30, 1985

This credit became effective on June 25, 1979. The Ministry of Labor has appointed a representative to the Project Unit and is working with the Ministry of Education on a plan for coordinating project implementation.

TOURISM SECTOR

Credit No. 860-TA - Tourism Rehabilitation Project US\$14.0 million Credit of January 22, 1979; Date of Effectiveness - August 24, 1979; Closing Date - June 30, 1983

This credit became effective on August 24, 1979. Project implementation is progressing satisfactorily. Recruitment of project coordinator is being finalized and the consultants for the rehabilitation of project lodges and hotels, have been appointed.

TRANSPORTATION SECTOR

Credit No. 507-TA - Highway Maintenance Project: US\$10.2 million Credit of August 21, 1974; Date of Effectiveness - November 20, 1974; Closing Date - December 31, 1980

After a slow start, project implementation improved and all equipment procured through ICB has been delivered. However, rehabilitation, regravelling and routine maintenance activities have been seriously affected by the war in Uganda and by the termination of some expatriate technical assistance. However, it is necessary to recast the project by amending its scope to address the problems which have been encountered in its implementation; these changes will bring the project in line with the Fifth Highway Project. The Closing Date has been postponed to December 31, 1980 to allow for completion of the project and the disbursement. The technical assistance contract with the consulting firm "ORT" expired in November 1979, and the Government is now recruiting individual experts to complete the project.

Credit No. 743-TA - Trucking Industry Rehabilitation and Improvement Project: US\$15 million Credit of November 3, 1977; Date of Effectiveness - April 3, 1978; Closing Date - June 30, 1983

Implementation planning is progressing well. Initial progress in the recruitment of technical assistance has been good, with 24 people in post or approved out of a total of 29. The project is experiencing some problem with equity contribution for the proposed project transport companies. The Treasury proposed to provide the balance of the equity contribution for 1979/80. The National Transport Coordination (NTC) has submitted a report to the Treasury regarding the availability and distribution of vehicle spare parts in recent years. NTC has also commissioned a study of the role and objective of the National Institute of Transport. The design of the transport data collection system is progressing well.

Credit No. 876-TA - Fifth Highway Project; US\$20.5 million Credit of March 2, 1979; Closing Date - December 31, 1984

This Credit is not yet effective. It is a continuation of the Highway Maintenance Project (Credit No. 507-TA) aimed at maintaining the national trunk road system and will draw upon experience gained during the previous project.

PORTS SECTOR

Credit No. S-24-TA - Dar es Salaam Ports Engineering Project: US\$2.5 million Credit of February 27, 1980; Closing Date - September 30, 1980

This Credit is not yet effective.

URBAN SECTOR

Credit No. 495-TA - National Sites and Services Project;
US\$8.5 million Credit of July 12, 1974; Date of Effectiveness -
October 3, 1974; Closing Date - December 31, 1980

Infrastructure construction has been completed satisfactorily on all project sites. Construction of health facilities in Dar es Salaam is completed and ready of occupation. Education facilities for the Dar es Salaam sites have been completed; the rest of the community facilities in the project are nearing completion. Progress on the lending program administered by the Tanzania Housing Bank is slow although satisfactory progress is being made in the implementation of the action program to improve it. Total project cost is estimated (at current exchange rates) at US\$15.9 million, compared to the appraisal estimate of US\$16.7 million. The closing date has been postponed by six months to allow for completion of the remaining construction activities.

Credit No. 732-TA - Second National Sites and Services
Project: US\$12.0 million Credit of November 3, 1977; Date of
Effectiveness - April 3, 1978; Closing Date - June 30, 1982

Progress on implementation is satisfactory for the residential components although overall implementation progress is slow. Preparation of the small scale industry component is also making satisfactory progress. All project staff have now been appointed. The Consultants' report on the Land Rent and Service Charge Study was approved by the Government in January 1978 and a pilot test of the new Urban Charge System for cost recovery proposed in the study was carried out in Morogoro. However, progress in the implementation of this system in other areas is slow. Disbursements are substantially behind appraisal estimates. These issues will be reviewed during the next supervision mission.

WATER SUPPLY SECTOR

Loan No. 1354-TA - Urban Water Supply Project: US\$15.0 million
Loan of January 5, 1977; Date of Effectiveness - March 2, 1977;
Closing Date - June 30, 1981

Of the five main contracts for water supply works in Morogoro, contract for exploratory drilling at Mindu Dam site is completed, two contracts for plant (pumping and treatment) are in the stage of final inspection of goods prior to shipment to Tanzania, and two construction contracts were awarded in December 1978 and March 1979. Completion of the water works expansion is expected in February 1981, 21 months behind schedule, but a pilot operation is scheduled to commence in November 1980. Project cost is now estimated at US\$27.6 million, 43% over the appraisal estimate of US\$19.2 million. In December 1978, the Government approved an increase in its contribution to the project to cover the financing gap. Some progress has been made

towards creation of a parastatal national urban water supply authority and increase in tariff to maintain their levels in real terms at the level existing in July 1976. Progress in project implementation and the expected large increase in project costs will have to be closely monitored.

ENERGY SECTOR

Loan No. 1306-T-TA - Kidatu Hydroelectric Project Phase II;
US\$30 million Loan on Third Window Terms of August 12, 1976;
Date of Effectiveness - March 1, 1977; Closing Date -
December 31, 1981

The project is financed by IBRD, SIDA and KfW. All contracts have been awarded. Project construction is on schedule at all sites. TANESCO has obtained approval on its tariff increase. Current estimated project cost is US\$97.8 million compared to appraisal estimate of US\$89 million, a cost overrun of 28%. This is mainly due to underestimation of the project costs by the engineering consultants. KfW has already increased its contribution to the project and SIDA has indicated that it would be prepared to increase its allocation to cover its proportionate share of the cost overruns. Plans to make any additional contribution by the Bank to bridge the gap is being reviewed. An EEC Special Action Credit (No. 55-7A) in the amount of US\$7.0 million, to be administered by IDA, has been allocated to this project.

Credit No. S-27-TA - Songo-Songo Petroleum Exploration Project:
US\$30.0 million Credit of June 30, 1980; Closing Date -
September 30, 1982

This credit is not yet effective.

INDUSTRIAL SECTOR

Credit No. 460-TA - Tanzania Investment Bank Project:
US\$6.0 million Credit of February 13, 1974; Date of Effectiveness -
April 18, 1974; Closing Date - June 30, 1980

This Credit has been fully committed. Because of a reallocation of funds from a subproject previously approved to a new one still under implementation, the credit is still not fully disbursed; however, since the credit is expected to be fully disbursed within 3 months, the closing date was not postponed.

Loan No. 1171-TA - Tanzania Investment Bank: US\$15.0 million
Loan of November 12, 1975; Date of Effectiveness - February 20,
1976; Closing Date - December 31, 1980

This loan is fully committed and disbursements are proceeding satisfactorily.

Loan No. 1498-TA - Tanzania Investment Bank: US\$15.0 million Loan of December 28, 1977; Date of Effectiveness - April 3, 1978; Closing Date - June 30, 1983

This loan is now fully committed and disbursements are proceeding satisfactorily.

Loan No. 1750-TA 1/ - Tanzania Investment Bank: US\$25.0 million Loan of August 20, 1979; Date of Effectiveness - February 5, 1980; Closing Date - June 30, 1984

This loan became effective on February 5, 1980.

Loan No. 1128-TA - Mwanza Textile Project: US\$15.0 million Loan of June 19, 1975; Date of Effectiveness - October 6, 1975; Closing Date - June 30, 1981

The project provides for expansion of an existing textile mill and is designed to increase annual fabric production capacity by 20 million linear meters. Project implementation performance has been acceptable and all technical installations are now operating satisfactorily. The National Textile Corporation (TEXCO), the holding company for state-owned textile mills, has agreed to institute an immediate action program to improve the operating performance of existing mills. The project was technically completed in October 1978 with a savings of about US\$1.7 million. In order for TEXCO to utilize this amount for rehabilitation of the existing facilities and in order for the loan to be fully disbursed, the Closing Date has been postponed to June 30, 1981.

Credit No. 601-TA - Technical Assistance Project: US\$6.0 million Credit of January 9, 1976; Date of Effectiveness - September 14, 1976; Closing Date - June 30, 1981

Total commitments as of March 31, 1980 were US\$4.74 million (net of cancellations) for consultancy services, training and project unit services. The procedures for processing proposals have been streamlined and are working well. However, a large number of studies under the project have just been approved and hence the credit will not be fully committed until December 1980. The Closing Date has, therefore, been postponed to June 30, 1981 to allow adequate time to complete disbursements for the remaining studies.

Loan No. 1385-T-TA/Loan No. 1386-TA - Morogoro Industrial Complex: US\$11.5 million Loan on Third Window Terms and US\$11.5 million Bank loan, both of April 6, 1977; Date of Effectiveness - July 6, 1977; Closing Date - December 31, 1982

Project implementation is proceeding satisfactorily in spite of some initial delays in the appointment of consultants and start-up of procurement. Although there will be some delays in the start-up of individual components of the Industrial Complex, completion of the project is still scheduled for July 1982. Revised capital cost estimates are only slightly higher than those contained in the Appraisal Report.

1/ In addition, a US\$15.0 million EEC Special Action Credit in support of this project is being administered by IDA.

Credit No. 833-TA/Loan No. 1607-TA - Morogoro Textile Project:
US\$20.0 million Credit and US\$25.0 million Loan of June 29,
1978; Date of Effectiveness - May 7, 1979; Closing Date -
June 30, 1985

This loan and this credit became effective on May 7, 1979. Preparation of tender documents are progressing satisfactorily and no delay in project completion is anticipated.

Credit No. 875-TA/Loan No. 1650-TA - Mufindi Pulp and Paper
Project: US\$30.0 million Credit and US\$30.0 million Loan
of April 6, 1979; Closing Date - December 31, 1983

This loan and this credit became effective on April 15, 1980.

Loan No. 1745-TA - Tanganyika Development Finance Company, Ltd.
(TDFL) Project: US\$11.0 million Loan of July 27, 1979; Date of
Effectiveness - November 1, 1979; Closing Date - December 31, 1983

This loan became effective on November 1, 1979. About 70% of the loan amount has been committed.

EAST AFRICAN COMMUNITY

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

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

Loan No. 865-EA - Third Harbours Project: US\$26.5 million
Loan of December 18, 1972; Date of Effectiveness - April 16,
1973; Closing Date - June 30, 1978

The Second Harbours project included financing for five general cargo berths and a single bay tanker terminal for the Port of Dar es Salaam; two general cargo berths and a bulk cement wharf for Mombasa; tugs, lighters,

1/ Since October 1, 1977, the East African Community loans (excluding the East African Development Bank) have been disbursed on the basis of separate national guarantees. The agreed allocation of undisbursed balances for each loan, as proposed in a report to the Executive Directors dated December 29, 1977 (R77-312) and approved on January 12, 1978, is given in this Annex. The closing date for Loans 638-EA, 674-EA and 865-EA have passed. However, since the amount allocated to and guaranteed by each Partner State is clearly identified under the terms of the Agreement signed on January 25, 1978 as proposed in the above report (R77-312), we are continuing disbursements.

cargo handling equipment, offices, housing and general improvements for both ports. The Third Harbours project included three new deep water berths, modernization of two berths and a lighterage quay, a training school building and central repair area for Dar es Salaam; modernization of several berths and a lighterage quay, construction of a tug berth, cold storage facilities and a training building in Mombasa and improvement of a lighterage quay in Tanga. Construction of all major project elements has been completed and a joint project completion report was issued in January 1979. Because of shortage of funds under both loans, the following minor project elements have not been submitted for Bank financing: the second phase of modernization of the lighterage quay and a training school for Dar es Salaam; modernization of the lighterage quay and a training school for Mombasa. Locally financed contracts have been awarded for these project elements with the exception of the modernization of the lighterage quay in Mombasa. General cargo throughput has increased above appraisal forecasts for Dar es Salaam, and cargo handling productivity has improved with increasing throughput; however, port labor productivity has stagnated in Mombasa where general cargo throughput has declined considerably. Legislation to establish a Tanzania Harbours Authority and a Kenya Ports Authority has been enacted. Management of Ports in both countries is competent. Some US\$34.5 million of Loan 638-EA and US\$25.6 million of Loan 865-EA has already been disbursed. The agreed allocation of undisbursed funds at October 1, 1977 between the countries concerned is given below:

<u>For Loan No. 638-EA</u>	(US\$ million)
Kenya	0.7
Tanzania	<u>0.6</u>
Total	<u>1.3</u>
 <u>For Loan No. 865-EA</u>	
Kenya	1.7
Tanzania	<u>0.3</u>
Total	<u>2.0</u>

Loan No. 674-EA - Third Railways Project: US\$42.4 million
Loan of May 25, 1970; Date of Effectiveness - October 30,
1970; Closing Date - June 30, 1978

The original purpose of the project was to complete the Railways' 1969-1972 Development Program, including track improvement, procurement of rolling stock and other equipment, and to finance studies of the economic feasibility of certain railway lines and services. The physical execution

of the original project has been seriously delayed due to administrative and political problems within the Community. 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 in track material. All three countries have now enacted legislation to establish their own Railways Corporations. The agreed allocation of undisbursed funds at October 1, 1977 among the various countries concerned is given below:

	<u>\$ Million</u>
Kenya	2.0
Tanzania	3.8
Uganda	<u>1.9</u>
Total	<u>7.7</u>

On January 12, 1978, the Executive Director approved the utilization of US\$1.2 million equivalent to finance the East African Mediation effort. This amount, in addition to US\$0.5 million provided by UNDP for this purpose, is expected to cover the total estimated cost of the mediation service.

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

The project included provision for procurement of local telephone exchange equipment, cables and subscriber apparatus, microwave and UHF/VHF systems and multiplex equipment, interurban cables and wires, automatic switching and signalling equipment, telegraph, telex and data equipment, and training. All project items except the microwave radio system have been completed; this system is likely to be completed by mid-1980. The slippage of the project's completion was due to initial delays in procurement caused by staffing and other problems associated with the relocation of headquarters. About US\$30.7 million of the loan had been disbursed to date. The agreed allocation of undisbursed funds as at October 1, 1977 among the countries concerned is as follows:

	<u>\$ Million</u>
Kenya	2.4
Tanzania	3.5
Uganda	<u>0.1</u>
Total	<u>6.0</u>

Loan No. 1204-EA - East African Development Bank: US\$15.0 million Loan of March 1, 1976; Date of Effectiveness - June 7, 1976; Closing Date - March 31, 1980

The environment within the Community has continued to have a negative impact on EADB operations. Level of operations both for appraisal and supervision has been depressed, but there has been some improvement in the state of the portfolio with the arrears affected portfolio falling from 50% as of June 30, 1977 to 43% as of June 30, 1979. Some US\$9.1 million of the loan has been disbursed to date, and the uncommitted balance amounts to US\$3.0 million.

D. STATEMENT OF IFC INVESTMENT IN TANZANIA
AS OF JULY 31, 1980

<u>Fiscal Year</u>	<u>Obligor</u>	<u>Type of Business</u>	<u>Amount in US\$ Million</u>		
			<u>Loan</u>	<u>Equity</u>	<u>Total</u>
1960 and 1964	Kilombero Sugar Company	Food Processing	3.96	0.70	4.66
1978	Highland Soap and Allied Products Limited	Soap Manufacture	1.38	0.36	1.74
1979	Metal Products Limited	Household Utensils	<u>1.33</u>	<u>0.18</u>	<u>1.51</u>
	Total gross commitments		6.67	1.24	7.91
	Less cancellations, terminations, repayments and sales		<u>3.96</u>	<u>0.70</u>	<u>4.66</u>
	Total commitments now held by IFC		<u>2.71</u>	<u>0.54</u>	<u>3.25</u>
	Total Undisbursed		<u>0.83</u>	<u>-</u>	<u>0.83</u>

TANZANIA

COCONUT PILOT PROJECT

SUPPLEMENTARY PROJECT DATA SHEET

Section I. Timetable of Key Events.

- (a) First presentation to the Association
and date of first Association Mission : May 1979
- (b) Appraisal mission : October 1979
- (c) Completion of negotiations : July 1980
- (d) Estimated date of effectiveness : December 1980

Section II. Special Association Implementation Actions.

The Association has approved a PPF advance of US\$288,000 to finance the importation of improved seednuts, the recruitment of a Coconut Agronomist and initial training for Tanzanian project staff. Provision is also being made in the proposed credit for US\$150,000 in retroactive financing to assist in the identification of appropriate sites for the varietal trials and seed garden, both of which would be required at an early stage in project implementation.

Section III. Special Conditions.

- (a) It would be a condition of effectiveness that the Government appoint management consultants for the implementation of the project (para. 43);
- (b) The Government would assign four local agronomists to assist in the varietal trials, as well as four Assistant Plantation Managers to assist in the rehabilitation and maintenance trials (paras. 44 and 45).
- (c) The Government would make available eight tractors for the rehabilitation and maintenance trials in Zanzibar (para. 45).
- (d) It would be a condition of disbursement against the rehabilitation and maintenance trials that an internationally recruited Plantation Manager be appointed (para. 45).

- (e) It would be a condition of effectiveness that the sites for the varietal trials and the seed garden be selected (paras. 44 and 46).
- (f) It would be a condition of effectiveness that the Coconut Agronomist be appointed (paras. 44 and 48).
- (g) The Government would employ agricultural consultants to prepare a feasibility study for the next phase of the rehabilitation of the coconut industry (para. 49).