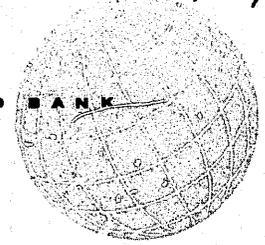


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WORLD BANK



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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PRESS RELEASE NO. 484

June 26, 1957

SUBJECT: \$4.8 million loan to Ruanda-Urundi

The World Bank today made a loan equivalent to \$4.8 million for improvement of transport in Ruanda-Urundi, a United Nations Trust Territory in central Africa administered by Belgium. The loan will help to finance the construction of a modern port on Lake Tanganyika at Usumbura, the administrative capital; and the building of a 25-mile paved highway from Usumbura up 4,500 feet to the central plateau where most of the population and economic activity are concentrated.

The Belgian-American Banking Corporation is participating in the loan, without the World Bank's guarantee, to the extent of \$359,000 representing the first four maturities falling due semi-annually from January 15, 1961 through July 15, 1962.

The two projects form a vital link between the Trust Territory and the rest of the world. Most of Ruanda-Urundi's exports and imports pass through the port of Usumbura, the volume reaching about 200,000 tons in 1956. The road from Usumbura to Kigali on the central plateau is the most important and heavily traveled section of the country's road network. The bulk of the coffee and minerals, the chief exports, are produced on the plateau and brought down the highway by truck for shipping through the port of Usumbura. Most of the country's imports are carried over the same road on the return trip.

At the port, the Bank's loan will help to finance the construction of two quays built around an interior basin with breakwaters to protect the entrance from the high waves caused by the prevailing southwesterly winds. The replacement of inadequate and obsolete facilities by a modern port will expedite the movement of goods, reduce costs and provide for growing traffic. The cost is estimated at the equivalent of \$2.7 million and construction is expected to take about two and a half years.

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The new highway will replace the worst and most difficult stretch of the road between Usumbura and Kigali; it will be shorter, it will traverse more favorable terrain, and will be built to higher standards. Making allowance for contingencies, the road will cost about \$3.4 million equivalent and it too will take about two and a half years to complete. Contracts on both projects are being let on the basis of international competitive bidding.

The loan was made to the Trust Territory of Ruanda-Urundi and is guaranteed by the Kingdom of Belgium. It is for a term of 20 years and bears interest of 5-5/8% including the 1% commission which is allocated to the Bank's Special Reserve. Amortization payments will begin January 15, 1961.

After having been approved by the Bank's Executive Directors, the loan documents were signed on June 26, 1957 by His Excellency, Baron Silvercruys, Belgian Ambassador in Washington, on behalf of the Kingdom of Belgium, by Baron Dhanis, Belgian Congo Affairs Counselor, on behalf of the Trust Territory of Ruanda-Urundi, and by Mr. J. Burke Knapp, Vice President, on behalf of the World Bank.

Supplemental Statement on Loan to Ruanda-Urundi

Ruanda-Urundi lies just south of the equator in the Great Lakes region of Central Africa, 1,000 miles from the Indian Ocean and 2,000 miles from the Atlantic. For centuries the country consisted of two kingdoms ruled by the Batutsi tribe who came into the region from the north in search of pasture for their herds and now make up about one-tenth of the population. The Batutsi established hegemony over the native farmers (Bahutu) by inducing the latter to give services in return for the use of cattle, which were considered to be a symbol of wealth and prestige.

Sheltered by mountains and marshes, Ruanda-Urundi long remained isolated. Because of a reasonably good climate and the inaccessibility of the country, the inhabitants were spared the ravages which tropical disease and the slave trader brought to neighboring areas of Africa. But one result of this was a rapidly growing population which has for some time now pressed against the limits of the country's sparse resources.

Some 4.4 million people live in Ruanda-Urundi in an area of about 21,000 square miles. Periodic famine used to cut down the rate of growth of the population but better food and health conditions have resulted in a fairly steady increase of 100,000 a year in recent times. The average density of population is over 200 per square mile, one of the highest in Africa.

Ruanda-Urundi was first explored in the 1890's and prior to the first World War was part of German East Africa. But it was not until after the country was mandated to Belgium in 1923 under the League of Nations that European influence in the area became significant. Even today, when the country is administered by Belgium as a United Nations Trust Territory, Europeans number only 6,500.

The area is still very primitive. Most of the population is engaged in subsistence farming; cash crops account for only 3% of the cultivated area. The 900,000 head of cattle in the Territory are still more valuable as symbols

of social standing than they are as producers of wealth.

To combat famine and improve agriculture, the Belgian Administration has promoted cultivation of food on a certain minimum acreage, introduced erosion control, improved the security of tenure and installed storage facilities. A dense network of roads has been built to ensure orderly administration and rapid supply of food in case of emergency.

In the 1930's coffee and cotton were introduced as cash crops for African farmers and some mines were opened up. At present about half the families market part of their produce, and about 15% of the adult males work for wages. The large employers are the Administration and several tin and wolfram mining companies. Usumbura, the administrative capital, has become an active commercial center.

Education has spread, mainly due to the work of religious missions, but still only one out of five school-age children attends school. Technical skills are lacking and consequently the productivity of labor is low, much lower than in neighboring Belgian Congo.

In the early 1950's the Administration drew up an investment program and the Belgian Government agreed to finance it. The equivalent of about \$30 million has been spent; the Administration now intends to step up the rate of public investment to accelerate the growth of output and incomes. Present plans include three transport projects, hitherto postponed for lack of funds. In addition to the port and road projects being financed with the World Bank's loan, the Administration is building an international airport at Usumbura. A hydroelectric power plant to serve the tin mines in the north of the country is also under consideration.

Investment in social services continues and possibilities of reclaiming certain uncultivated and thinly populated areas through drainage and irrigation are being studied. Belgium is prepared to put up about two-thirds of the capital needed to finance the proposed work and to offer its guarantee to secure the remainder.