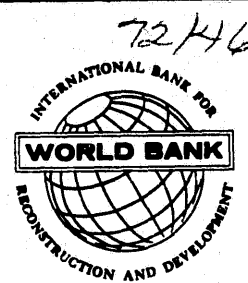


INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



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Bank Press Release No. 72/46
June 29, 1972

Subject: \$8.0 million loan to the East
African Development Bank

The World Bank has approved a loan equivalent to \$8.0 million for the East African Development Bank (EADB) to help finance industrial projects in the East African Community, constituted by Kenya, Tanzania and Uganda.

The EADB was established under the Treaty for East African Cooperation in 1967 and commenced operations in 1968. The three Community Partner States own 94% of its shares. EADB's main objective is to promote balanced industrial development among the Partner States. Its Board of Directors is appointed by the Partner States, and its Director General appointed by the Community Authority, which consists of the three Heads of State.

Up to the end of 1971, the EADB had assisted 24 industrial projects in the Community with loans, equity investments and guarantees totaling the equivalent of \$17.2 million. The World Bank's loan to EADB which will be jointly and severally guaranteed by the Government of Kenya, Tanzania and Uganda will help finance the import requirements of industrial projects for which the EADB provides financial assistance.

East Africa is in the initial stages of industrialization, with manufacturing accounting for about 10% of the gross national product of the three Partner States. The processing of agricultural products accounts for about half of industrial output, and other consumer goods for most of the remainder.

The potential for future industrial growth in East Africa is considerable, both for the expanding domestic market and for exports. The Community is currently studying the feasibility of establishing several multi-national industries to serve the whole region.

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The World Bank has previously made loans to other East African Community organizations to help finance investments in railways, harbors and telecommunications. In addition, over 40 loans and credits to the Partner States have been provided for projects in agriculture, forestry, education, power, transportation and water supply. The International Finance Corporation (IFC) currently has three investments in Kenya and one in Uganda.

The borrower is the East African Development Bank (EADB). The loan will carry an interest rate of 7½% per annum and will be repaid substantially in conformity with the amortization schedules of EADB's sub-loans. Relending terms to EADB's borrowers will be at 8%-9%, plus an evaluation fee of 1% of investment. The amortization period will be dependent on the particular project, but not in excess of 15 years.