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REPORT AND RECOMMENDATION

OF THE

PRESIDENT

OF THE

INTERNATIONAL DEVELOPMENT ASSOCIATION

TO THE

EXECUTIVE DIRECTORS

ON A

PROPOSED CREDIT

TO THE

REPUBLIC OF KENYA

FOR AN

INTEGRATED RURAL HEALTH AND FAMILY PLANNING PROJECT

April 14, 1982

CURRENCY EQUIVALENTS

Currency Units	-	Kenya Shillings (KSh)
KSh 1.00	-	US$0.10[1]
US$1.00	-	KSh 10.00
US$1.00	-	SDR 0.85128

MEASURES

Metric		British/US Equivalents
1 kilometer (km)	-	0.62 mile (mi)
1 square kilometer (sq km)	-	0.39 square mile (sq mi)

ABBREVIATIONS AND ACRONYMS

CO	-	Clinical Officer
DANIDA	-	Danish Agency for International Development
ECN	-	Enrolled Community Nurse
FP	-	Family Planning
GDP	-	Gross Domestic Product
IDA	-	International Development Association
I&E	-	Information and Education
MCH	-	Maternal and Child Health
MOEPD	-	Ministry of Economic Planning and Development
MOH	-	Ministry of Health
NFWC	-	National Family Welfare Center
NGO	-	Non-Governmental Organization
ODA	-	British Overseas Development Association
RHC	-	Rural Health Center
SDP	-	Service Delivery Point
SIDA	-	Swedish International Development Authority
UNICEF	-	United Nations Children's Fund
UNFPA	-	United Nations Fund for Population Activities
USAID	-	United States Agency for International Development

FISCAL YEAR

Government	-	July 1 to June 30

1/ Since September 1981, the Kenya Shilling has been pegged to the SDR at a rate of SDR = KSh 11.95. The rate vis-a-vis the dollar has fluctuated since that time. A rate of US$1.00 = KSh 10.00 has been used in evaluating this Project.

REPUBLIC OF KENYA

INTEGRATED RURAL HEALTH AND FAMILY PLANNING PROJECT

CREDIT AND PROJECT SUMMARY

BORROWER:	Government of Kenya.
IMPLEMENTING AGENCIES:	National Council on Population and Development, Ministry of Health, Ministry of Economic Planning and Development, Non-Government Organizations.
AMOUNT:	SDR 20.5 million (US$23.0 million equivalent).
TERMS:	Standard.
PROJECT DESCRIPTION:	The proposed project would consist of two parts. Part A would set up a new interagency information and education program for the promotion of the small family norm. Part B would strengthen rural health and family planning services. The objectives of the project are: (a) to continue the efforts begun under the first IDA-financed project to reduce fertility; and (b) to improve the accessibility and quality of rural health services to reduce mortality and morbidity in rural areas. The project would have a duration of three years and constitutes the first phase of a six-year program.
RISKS:	The project faces two principal risks. First, since population growth is a sensitive issue in the prevailing political climate and support for family planning is developing very slowly, success of the project is dependent upon strong and consistent support of Government authorities for the coordinating Council to be established under the project. However, the project marks the beginning of renewed Government efforts to reduce fertility as stipulated in Kenya's Fourth Development Plan. Second, as the capacity of the Ministry of Health to utilize project resources effectively is limited, the project is designed to strengthen the implementation capabilities of the MOH through substantial staffing and training components. The MOH has agreed to a comprehensive management study (about 3 months) to be conducted by consultants in early 1982. Implementation of the recommendations of the study is expected to strengthen MOH systems.

ESTIMATED COST:

Components	Local	Foreign	Total
	--------US$ million--------		
Family Planning Information and Education	7.4	1.5	8.9
Family Planning Services	0.9	1.1	2.0
Manpower and Training	7.5	2.1	9.6
Drug Supplies	0.5	5.0	5.5
Rural Health Facilities Construction	3.1	1.5	4.6
Transport	0.6	2.0	2.6
Maintenance	2.4	1.1	3.5
Health Information System	0.9	0.4	1.3
Health Education	1.2	0.1	1.3
Experimental Community-Based Program	0.4	0.4	0.8
Support to Non-Government Organizations	2.9	1.3	4.2
Innovative Activities	0.5	0.4	0.9
Total Base Cost	28.3	16.9	45.2
Physical Contingencies	1.3	0.7	2.0
Price Contingencies	7.2	3.9	11.1
Total Project Cost Net of Taxes and Duties[1]	36.8	21.5	58.3
Taxes and Duties	3.0	-	3.0
Total Project Cost	39.8	21.5	61.3

FINANCING PLAN:

	Local	Foreign	Total	% of Net Project Cost
	---------------US$ million---------------			
Government of Kenya	6.5	4.0	10.5	18.0
IDA	16.6	6.4	23.0	39.4
SIDA	3.8	6.0	9.8	16.8
DANIDA	5.8	2.7	8.5	14.6
USAID	3.3	0.7	4.0	6.9
ODA	-	1.2	1.2	2.1
UNICEF	0.3	0.4	0.7	1.2
UNFPA	0.5	0.1	0.6	1.0
Project Cost Net of Taxes and Duties	36.8	21.5	58.3	100
Taxes and Duties	3.0	-	3.0	-
Total Project Cost	39.8	21.5	61.3	

1/ Including Project Preparation Facility advance of US$332,000.

ESTIMATED
DISBURSEMENT:

Bank Group Fiscal Year:	1982[2]	1983	1984	1985	1986	1987
Annual	0.3	0.6	4.1	7.6	8.4	2.0
Cumulative	0.3	0.9	5.0	12.6	21.0	23.0

RATE OF RETURN: Not applicable.

STAFF APPRAISAL REPORT: Report No. 3049A-KE, dated April 14, 1982.

MAP: IBRD No. 13969.

2/ Disbursements from Project Preparation Facility.

INTERNATIONAL DEVELOPMENT ASSOCIATION

REPORT AND RECOMMENDATION OF THE PRESIDENT
TO THE EXECUTIVE DIRECTORS ON A PROPOSED
CREDIT TO THE REPUBLIC OF KENYA FOR AN
INTEGRATED RURAL HEALTH AND FAMILY PLANNING PROJECT

1. I submit the following report and recommendation on a proposed Development Credit to the Republic of Kenya of SDR 20.5 million (US$23.0 million equivalent), on standard terms, to assist in the financing of an Integrated Rural Health and Family Planning Project. The Government of Kenya would obtain cofinancing from SIDA, DANIDA, USAID, ODA, UNICEF and UNFPA in an amount of US$24.8 million equivalent.

PART I - THE ECONOMY

2. A report entitled "Kenya - Country Economic Memorandum and Annex on Agricultural Issues" (Report No. 3456-KE), dated June 1981, has been distributed to the Executive Directors. A summary of social and economic data is in Annex I. A Basic Economic Report on Kenya is now nearing completion.

Long-Term Economic Growth and Structural Problems

3. Kenya became an independent nation in 1963. During the entire period since then the country has experienced remarkable continuity in both political leadership and development strategy. That strategy has been to promote rapid economic growth by means of public investment, encouragement of both smallholder and large-scale farming, and promotion of accelerated industrialization, by providing incentives for private, including foreign, investment in modern industry. The Kenyan development model can be characterized as "mixed", in the sense that it incorporates a diversity of organizational forms and incentives and combines private enterprise with a significant amount of Government participation and guidance. The country has made a smooth transition to new leadership following President Kenyatta's death in 1978.

4. Kenya's first decade as an independent nation was one of remarkable growth and structural transformation. Total GDP grew at an annual average rate of 6.6% during 1964-73. Both agriculture and manufacturing grew rapidly, at 4.7% and 8.4% per annum respectively. The expansion of agriculture was stimulated by redistribution of large estates to smallholders, rapid diffusion of hybrid maize, and growth of smallholder output. Growth of manufacturing was made possible very largely by the expansion of domestic demand due to rising agricultural incomes, while investment for domestic production was being encouraged by high levels of protection, a liberal attitude towards foreign investment, and active Government promotion of and participation in manufacturing ventures.

5. Following this period of rapid growth, the rate of growth of per capita income declined substantially after 1974. Kenya remains a poor country, still heavily rural and dependent upon agriculture. Average GNP per

capita in 1980 was US$420. Agriculture accounted for more than a third of GDP and about two-thirds of exports (other than refined petroleum products) in 1978-81. Since the growth of the industrial sector has been largely confined to the major urban areas, agriculture remains the principal source of income in the rural areas where over 80% of the population live and work. Kenya still has significant problems of poverty and underemployment. It is estimated that about one-fourth of the population have incomes which place them below the absolute poverty line.

6. The most fundamental problem Kenya faces is posed by the rapid growth rate of population, currently estimated by the Government to be 3.9% per year, which is among the highest in the world. This is, ironically, partly the result of Kenya's past success in raising health and general living standards, which has resulted in a steady decline in mortality and has probably resulted in an increase in the country's already high fertility rate.

7. With rapidly increasing population, pressure is beginning to mount on Kenya's limited arable land. Of Kenya's total land area of about 575,000 sq km, about 520,000 sq km are categorized as potentially productive. However, on the basis of annual rainfall and fertility, only 9% can be regarded as high potential land, with 9% of medium potential and 81% low potential arid- and semi-arid areas. Thus, less than 20% of the land area has good arable potential, and much of it is now densely settled.

8. Rapid population growth has created other problems as well. First, there is the strong likelihood that, unless growth slows dramatically or ways are found to increase the rate at which income earning opportunities in agriculture expand, excess rural labor will be pushed into urban areas. Even if the non-agricultural sector were to grow very rapidly, it probably will be unable to absorb all the new urban labor force entrants, resulting in rising urban unemployment and underemployment. Second, considerable budgetary pressure has already been created by the growing demand for social services, especially education. Finally, efforts to improve the distribution of income and alleviate poverty will be impeded by the relative lack of access to land and education for the children of the poorest section of the population.

9. A second problem area has developed in the manufacturing sector. The rapid growth of industry in the past was based largely on investments in simple import-substitution industries by multinational companies. To a lesser extent, manufacturing production has also catered to the export market in neighboring countries, particularly in the protected East African Community (EAC) market. The scope for further industrialization along these lines is limited, as most of the easy import-substitution possibilities have been exhausted and the EAC preference for Kenyan goods has been abolished. The past pattern of industrialization has left the sector increasingly dependent on imported raw materials, components and spare parts, and therefore it is vulnerable in case of a shortage of foreign exchange. To maintain growth it will be necessary to reorient industry toward increased use of domestic inputs and increased production for export.

10. A third major problem has been the slow growth in agricultural output, which has averaged only about 2.9% per year over 1972-79. This reflects generally less favorable climatic conditions, a weakening of the structural

factors fueling earlier growth and problems of policy and institutional support. The latter, which has been one of the most serious impediments to sectoral performance, includes inconsistencies in pricing policy and inadequacies in marketing and input supply. In addition, the concentration of land holdings, insecure land tenure issues and problems in planning, and execution of agricultural projects and programs are inhibiting agricultural growth. Measures to deal with these problems are essential to revitalize the agricultural sector.

11. Other problems are the slow growth and lack of diversification of exports which have consistently grown at a slower pace than GDP, and the rising cost of oil imports which has had an adverse effect on the balance of payments. From 1964-74, the volume of exports expanded at an average annual rate of 4.6%, but over the past five years, export volume has grown more slowly. In 1980, export volume was 3% below the 1976 level. To some extent, this is a reflection of production problems in agriculture and industry, but it is also an indicator of the need to direct more resources toward export-oriented activities.

Economic Performance 1974-1981

12. Kenya's growth performance since 1974 has been especially vulnerable to swings in the country's international terms of trade. The GDP growth rate fell sharply during 1974-75 when the dramatic increase in petroleum and other import prices required restrictive economic policies, accelerated rapidly in 1976-77 as the impact of the "coffee boom" following frost damage in Brazil worked its way through the economy, but began to decelerate in mid-1977 with the rapid decline in coffee prices.

13. During 1978-80, Kenya again experienced strong external shocks as a result of the latest round of petroleum price increases and declining coffee prices. The effects of these external shocks on balance-of-payments and incomes were compounded by poor weather affecting coffee and maize production. As a result, GDP growth slowed to 3.1% in 1979 and about 4.0% in 1980. GDP growth is estimated to have recovered somewhat in 1981 to 4.2%, still not substantially greater than population growth. The trade deficit rose sharply in 1978, and foreign exchange reserves were rapidly depleted. The balance on current account deteriorated from an exceptional surplus of US$60 million in 1977 to a deficit of over US$650 million in 1978, while reserves fell by US$200 million. In order to prevent further depletion of the country's foreign exchange reserves, the Government introduced a program of import restrictions in late 1978, effecting a sharp decline in imports and reductions in Kenya's revenue gap and current account deficit in 1979. This, together with increased external borrowing, resulted in a recuperation of about US$179 million in gross reserves in the same year. The improvement in the balance-of-payments proved to be short-lived. The increase in petroleum prices, combined with the need for additional food imports, resulted in a 25% rise in the value of imports in 1980. While exports rose by 16%, this was not sufficient to prevent a rise in the current account deficit to almost US$900 million and, despite increased external borrowing, a decline of US$195 million in foreign exchange reserves. Preliminary estimates for 1981 indicate a moderate reduction in the deficit to about US$750 million.

Fourth Five-Year Development Plan, 1979-83

14. The emphasis of the Fourth Five-Year Development Plan is on restoring growth to the levels that prevailed before 1974, while alleviating poverty through creation of income earning opportunities and provision of social services to meet the basic needs of the population. The Plan correctly identifies the key problems that Kenya faces and sets forth a development strategy appropriate to their solutions. It is sharply focussed, explicit in its recommendations, and shows a sound awareness of constraints on development.

15. The Fourth Plan recognizes the strong link between agricultural growth and poverty alleviation. One of the most significiant changes proposed in the Plan is increased access to land through legalizing subdivision of high-potential large farms. In addition, the Plan proposes that a National Land Commission be established to review ways of encouraging land use intensification and labor absorption. The Plan also proposes that marketing and pricing policies pay closer attention to the structure of domestic and international prices and that the marketing system be made more competitive and efficient to improve prices to farmers. Research and extension services are to be more closely linked to the needs of small farmers. Finally, in addition to projects to increase larger scale commercial and smallholder production, a series of integrated rural development projects in semi-arid areas is proposed to redress the neglect in these areas.

16. The major thrust of industrial policy will be to effect a transition from import substitution to a strategy emphasizing industrial efficiency and export diversification. This will involve further rationalization of tariffs and elimination of quantitative restrictions on imports over a five-year period. This policy will be very difficult to carry forward over the next few years when, because of balance of payments problems, there is likely to be considerable pressure to increase, rather than reduce, protection. The Plan proposes no fundamental change in Kenya's traditionally liberal policy on foreign investment with the important exception that review and approval of projects for which special concessions or Government participation are being sought will rely more on economic criteria and will be centralized in the Ministry of Finance. On the whole, the Plan calls for a more limited role for Government in terms of direct participation and intervention. However, efforts will be made to restructure industrial investment incentives to encourage employment and decentralization. Finally, while there are doubts in Kenya about how dynamic a role the informal sector can play in the development process, the Plan is more specific in its recommendations for aid to small firms (provision of financial and technical support and ending of unnecessary licensing and other restrictions) than the previous Plan.

17. The Fourth Plan acknowledges the heavy burden rapid population growth places on the economy and places high priority on the promotion of family planning. The target for new acceptors during 1979-83 is 700,000, compared to 280,000 recruited during 1974-78. In order to achieve this, the number of field educators will be more than tripled (from 430 to over 1,300) and the number of fixed delivery points doubled (from 315 to 630). Although Kenya is doing more to promote family planning than most other African countries, the rate of population growth is projected to remain extremely

high (3.9%) because of strong cultural and traditional factors, and even greater efforts will be required to bring about a significant decline in fertility.

18. Due to Kenya's worsening financial and budgetary constraints, which had not been anticipated when the Plan was written, implementation of the Fourth Plan has been very slow so far. As a result, the Government had to reassess the Plan targets and had already introduced a revised shortrun economic program incorporated in Sessional Paper (SP) No. 4 of 1980, while maintaining the overall development strategy set out in the original Plan document. The Sessional Paper identifies and deals with Kenya's short- and medium-term problems in a frank and consistent manner. It offers, among other things, a revised set of policy initiatives designed to overcome the country's urgent financial problems resulting from continuing budgetary and balance-of-payments pressures.

Structural Adjustment and Economic Prospects

19. The Government is determined to carry out the strategy outlined in the Plan despite adverse international and domestic circumstances and administrative adjustments. In order to do so, it has devised and is executing a program of structural adjustment.

20. The Government's first program, which was supported by the Bank Group and an EEC Special Action Credit, involves: (a) revising of the Government's investment program to make it more consistent with the country's new economic circumstances; (b) ensuring the country's creditworthiness by improving external debt management and introducing better planning and control of external borrowing; (c) beginning the process of rationalization of the trade regime; (d) improving the incentives for exports and ensuring that exports are competitive; and (e) reviewing and revising interest rate policy to ensure that it is consistent with development objectives. The program has, on the whole, been carried out satisfactorily. However, actions have been slower than anticipated in some areas and more rapid in others. While the general thrust of the program has been maintained, attempts to execute the policy measures have revealed some weaknesses in planning and administration that need to be remedied.

21. A second structural adjustment lending operation is now under discussion which, in addition to supporting continuation of the process of rationalization of the system of industrial protection and improvement of incentives for export, will include measures aimed at revitalizing the agricultural sector, increasing domestic supplies of energy and encouraging conservation and policy initiatives in population.

22. While the structural adjustment program should have a favorable impact on the balance-of-payments over the longer term, the first years of the 1980's are going to be difficult ones for Kenyan policymakers and for the Kenyan economy. The prospect is for an unfavorable world environment in which the country's international terms of trade are likely to continue to deteriorate. In addition, debt service obligations will be high because of high borrowing associated with the large current account deficits of the past three years. At the same time, the Government's fiscal operations are likely to be subjected to extreme pressure because of slower growing revenues and

demands for increased expenditures. It is within this context that critical policy decisions must be made involving a fundamental restructuring of the pattern of development. Kenya's easy options have been exhausted and the Government must now come to grips with the country's basic structural problems.

23. Given the adverse external circumstances, it is unlikely that positive growth of GDP per capita can be maintained during 1981-83. However, growth prospects appear somewhat better from about 1983 onward provided the Government's structural adjustment program is continued and there is adequate external assistance to enable its successful implementation. The country's terms of trade should also stabilize, the growth of external debt should decelerate, and current account deficits should remain stable over the next few years. It should, therefore, be possible to follow gradually more expansionary policies and a growth rate of GDP around 5% per year should be attainable during the second half of the decade. A feasible growth scenario would then be one in which GDP increases at a pace equal to that of population in the years 1982-83, then gradually accelerates, averaging about 4% per year during the first half of the decade and over 5% by the end of the decade.

External Debt

24. The expansion of government and government-guaranteed commercial borrowing in recent years has adversely affected the debt service ratio, which has risen from 3.7% in 1977 to about 12.2% in 1981. This includes service payments on a notional 50% share of the debt of EAC corporations. The debt service ratio is expected to increase steadily from about 15% in 1982 to a peak of 21.5% in 1991. Debt service payments to the Bank in 1981 accounted for 14.3% of total debt service payments; the IDA share was 1.2%. The Bank's share of total debt service payments is expected to rise to about 22.8% by 1986, while IDA's share would rise to 1.3%. The Bank is currently holding 19.4% of Kenya's total outstanding and disbursed external debt, and IDA 10.7%. The Bank's share is expected to rise to 24% and IDA's to about 12.5% by 1986. The expected rise in Bank exposure is attributable largely to anticipated repayments of loans with short maturities. An additional factor, however, is the gradual switch from other donors from loans to straight grants (including conversion of some loans to grants). Because of the long-term balance-of-payments constraint, Kenya's development program will require substantial financing in excess of public savings and available non-Bank Group external capital combined, and we therefore expect to continue our practice of financing a substantial portion of total project costs, including some local costs when necessary.

East African Community (EAC)

25. The developments affecting the EAC were outlined to the Executive Directors in a memorandum dated December 29, 1977 (R77-312) and in a statement made on May 6, 1980 (SecM80-364). One of the positive results of the ongoing mediation effort has been the Partner States' decision, taken upon the Mediator's recommendation, that the East African Development Bank -- one of the former Community's institutions -- should continue, and a revised charter to this effect has been enacted. The three Governments also commented on the Mediator's proposal for the three Partner States and during

their meeting in Nairobi in July 1981, decided to commence negotiations based on the Mediator's proposals. They started on December 14, 1981 in Arusha and continued in February in Kampala.

PART II - BANK GROUP OPERATIONS IN KENYA

26. To date, Kenya has received 38 Bank loans, including three on Third Window terms, and 35 IDA credits amounting to US$1,363.2 million, which supported 66 operations. In addition, Kenya has been one of the beneficiaries of 10 loans totalling US$244.8 million which have been extended for the development of common services (railways, ports, telecommunications, and finance for industry), operated regionally for the three partner states of the EAC. Annex II contains summary statements of Bank loans and IDA credits to Kenya and to the EAC corporations, and notes on the execution of ongoing projects.

27. The Bank Group has begun to reorient its lending program to assist the Government in its efforts to restructure the economy. This has meant the inclusion in the program of non-project assistance, and a first credit in support of the Government's structural adjustment program was approved in 1980. A second program is at present under discussion with the Government. Recent economic work has also focused on the structural problems in specific sectors, including the energy sector, and the Basic Economic Report, now nearing completion, is expected to address comprehensively the issues of income distribution, population growth and appropriate long-term agricultural and industrial policies.

28. Support of the structural adjustment efforts is, however, not limited to non-project assistance. The selection of projects for financing and their design have been influenced by the need to complement policy actions under the structural adjustment program. Continuing priority has thus been given to the agricultural sector, but increasing emphasis also has been placed on sectors such as population and energy. Projects approved in FY81 included a Fifth Education Project, a Railways Project, and a fourth line of credit to the Agricultural Finance Company. So far in FY82, a Petroleum Exploration Promotion Project, a Third Forestry Project and a Cotton Processing and Marketing Project have been approved, while an Agricultural Technical Assistance Project and the Second Structural Adjustment Program are expected to be presented to the Board shortly. Operations that have been appraised include an urban transport project, a telecommunications project, and a fourth power project. Projects under preparation include a grain storage and marketing project and an urban (small towns) project.

29. Project implementation has deteriorated in recent years, in contrast to the successful implementation performance in the past. Factors accounting for implementation delays have varied widely, but some of the more pervasive factors have been institutional/management constraints, procurement problems, and budgetary constraints leading to a lack of local financing. These factors, together with delays in preparing and submitting reimbursement claims have led to a deteriorating disbursement record. A comparison with the disbursement rate for the total of other loans/credits in the East Africa region indicates that in 1976, Kenya's disbursement rate was 38.6% as against 20.7% for the region; while in 1980, Kenya's disbursement rate had decreased

to 8.5% as against 16.5% for the region. An in-depth review of the causes of the poor project implementation performance and poor disbursements, has been undertaken by the Bank Group and the problems and possible solutions, were discussed with the Government in March 1982, at a country implementation review meeting (CIR). The discussions were frank and constructive, and the Government informed the Bank Group of several new initiatives to improve performance. These included:

(a) A task force had been established to monitor the administration of agencies in seeking reimbursement from the Bank Group. The use of Procedure III (direct payment to suppliers) would be extended to more projects;

(b) A Project Implementation Committee will be set up by June 1982, comprising the three Permanent Secretaries of the coordinating ministries (Office of the President, Finance and Planning) with a permanent secretariat. A detailed reporting system will be established. The Office of the President will be in overall charge of this operation;

(c) The Government is establishing priorities for rationalizing the existing project commitments in order to live within present financial and administrative limitations. The Government will consider reducing the scope of some projects, eliminating some altogether, and stretching out the implementation periods of others. Some decisions on Bank Group projects were agreed during the CIR between the Government and the Bank Group, including, for example, the cancellation of a large portion (about $23 million) of the Sugar Rehabilitation Project. It was further agreed to have another meeting in September 1982 to review more projects in the same fashion.

International Finance Corporation (IFC)

30. IFC has committed a total of US$59.1 million for eight operations in Kenya. These include loans for five companies: Pan African Paper Mills, Ltd.; Kenya Hotel Properties, Ltd.; Tourism Promotion Services (Kenya) Ltd.; Rift Valley Textiles (Ltd.); and Bamburi Portland Cement Company, Ltd. Also included are a US$2.0 million credit line to the Commercial Bank of Kenya, a US$5.0 million credit line to the Commercial Finance Company of Kenya and US$1.3 million in equity to the Development Finance Company of Kenya. As of December 31, 1981, IFC held for its own account US$44.3 million comprising US$35.0 million of loans and US$9.3 million of equity. A Summary of IFC Investments in Kenya is included in Annex II.

PART III - THE RURAL HEALTH AND FAMILY PLANNING SECTORS

Background

31. Rapid population growth remains one of the most serious problems facing Kenya.[1] Kenya's population was close to 16 million in 1981 and its

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1/ A detailed analysis of the population situation in Kenya, and its interrelationship with development is contained in a recent World Bank report entitled "Population and Development in Kenya" (Report No. 2775-KE, May 1980).

current rate of increase, 3.9% per annum, is the highest recorded for any country. It affects all aspects of the economy: balance of payments deficits are aggravated by food imports in a country traditionally an agricultural exporter, efforts to provide adequate levels of health services, education, housing and other social infrastructure are seriously undermined, burgeoning urban unemployment persists, particularly among youth, and pressures on arable land and natural resources lead to unacceptably low levels of subsistence, especially among the rural population. A continuation of population growth at the present rate would imply that Kenya would have about 250 million inhabitants by 2050, and one billion by 2085, roughly equal to the present population of China.

32. Kenya's rate of population growth has been increasing since the 1950s. This increase has been due mainly to a rapidly falling mortality rate, but also due to a rise in fertility of some 20-25 percent over the last three decades. These phenomena are closely linked to improved health services and general living conditions, which have enhanced the biological ability of women to bear children in a situation of very high desired family size. Further improvements in health services and general living conditions need not, however, lead to further increases in the rate of population growth, provided that the average desired family size falls, and that good quality family planning services are made widely available. In Kenya, there are already at work some factors that tend to reduce desired family size. Urbanization is one such factor, as it has been observed that women in metropolitan areas have a total fertility rate one-third lower than that of rural women. Education of women beyond four years of schooling is another such factor. Falling rates of infant and child mortality have been observed in other countries to be followed, with a time lag, by a decrease in the number of desired pregnancies. These factors need to be reinforced by a greatly stepped-up government effort to inform and educate the public on population issues, family planning services, and benefits from smaller families.

Family Planning

33. Voluntary efforts in family planning (FP) began as early as 1955 in Nairobi and Mombasa where private FP associations initiated efforts to provide information and modern birth control methods to people of all income levels. In 1961, these Associations formed the Family Planning Association of Kenya (FPAK). In the public sector, Kenya was the first sub-Saharan African country to adopt an official family planning program. Because the 1963 demographic survey revealed Kenya's population growth rate to be 3% per annum, and attendant socio-economic pressures were recognized as serious constraints in reaching medium- and long-term development goals, the Government officially recognized the importance of family planning and announced in 1966 the adoption of family planning as part of its development policy. Responsibility for implementing the program was assigned to the Ministry of Health (MOH). In late 1966, MOH announced its intention of making family planning an integral part of its maternal and child health (MCH) services and began to train health staff in FP techniques. The national program was officially launched in 1967, under the following guidelines: (i) MCH and FP services were to be integrated; (ii) acceptance of the services was to be wholly voluntary, and individual customs and values were to be fully respected; and (iii) emphasis was to be placed on reduced family size and wider spacing of children. Following the 1969 census, which confirmed earlier survey findings

of high fertility in Kenya, a senior administrator was appointed to head the MCH/FP unit and to draft a five-year program for FY75-79. This program was prepared and implemented with assistance from IDA and several other external assistance agencies (paragraphs 36-37). In 1978, while introducing the Fourth Development Plan (FY79-83), President Moi identified the heavy burden of population growth as one of the highest priority problems to be solved. He drew attention to the long-term consequences of Kenya's high population growth and provided a strong statement of the Government's intention to achieve a reduction in the growth rate. To this end, the Government has resolved to strengthen the ongoing MCH/FP program and to undertake a major new broad-based interagency Information and Education (I&E) program. However, due to political sensitivity, progress has been impeded.

34. The major problems facing the Government in providing improved FP services are: (i) inadequate access by rural families to such services; (ii) low quality of service due to insufficient and poorly-trained staff, especially in the rural areas; and (iii) the almost universal desire for large families. These are long-standing problems which directly affect the acceptance and use rates of family planning techniques. Whereas about 86% of the MOH Rural Health Centers (RHC) offer daily FP services, only about 12% of the MOH dispensaries and less than 1% of the Non-Governmental Organization (NGO) rural health facilities offer such service. A limited number of MOH and NGO facilities offer part-time FP services, but these are generally unreliable. Even the facilities which offer daily FP services are not actually able to provide them on a continuous basis. With too few facilities and a widely dispersed population, many people have to travel long distances to obtain FP services (paragraph 42). Frequently only one nurse in each facility is trained to provide FP services, and other staff are not permitted to assume the nurse's responsibilities when she is on leave (about four months of the year), not even to resupply or dispense pills. Furthermore, although ECNs are responsible for FP services at RHFs, their basic training does not adequately cover FP and needs to be supplemented by in-service FP instruction. This lack of quality service and its discontinuity is a serious deficiency, making the program largely ineffective. This situation is compounded by a negative attitude on the part of many health field staff towards FP services.

35. The desire for large families in Kenya is deeply-rooted. Of all the married women interviewed in the Kenya World Fertility Survey (1977-78), only 17 percent stated that they wanted no more children, and even among those with eight children, only 48 percent wanted no more. The mean desired family size was estimated at 7.2. These attitudes towards fertility are reflected in weak community support for FP services and in the lack of general awareness of population pressure. This pattern is being experienced by many national programs elsewhere in Africa and can be remedied only by intensive motivational programs and improved coverage.

36. The first IDA-financed project, carried out during 1974-79, was designed to help the Government overcome these problems (Project Performance Audit Report, Report No. 3536, June 28, 1981). Specific project components included: (i) introduction of full-time MCH/FP services in 400 MOH facilities; (ii) establishment of eight Enrolled Community Nurse training schools; (iii) in-service FP training for nursing staff; (iv) the introduction of a new category of MCH/FP motivational workers--the Family Health

Field Educators; (v) strengthening of the MOH's capacity to produce health educational materials; and (vi) the establishment of a central planning and support unit for the MCH/FP program, the National Family Welfare Center (NFWC). The total project cost, estimated at US$38.8 million, was financed by the Government, IDA and six other external aid agencies (DANIDA, Federal Republic of Germany, ODA, SIDA, UNFPA and USAID).

37. The project's programmatic targets were generally achieved, but its demographic goals were not. In predicting a decline in the population growth rate from 3.3 percent in 1974 to 3.0 percent by 1979, the project had assumed that the birth rate would decline from 50 to 47 per thousand and the death rate would remain at 17 per thousand. Instead, by 1979, the birth rate had climbed to about 53 per thousand and the death rate had fallen to about 14 per thousand. The percentage of married women of reproductive age using a modern method of contraception remained very low, at about 5 percent. Performance in maternal and child health was much more encouraging. It is estimated that about 65-70 percent of pregnant women and about 55-60 percent of newborn children are being reached by health services. In retrospect, two lessons stand out: (i) the project concentrated too heavily on the supply side of FP services; and (ii) the project relied excessively on the MOH as the vehicle to achieve the objectives. Hence, the opportunity to tap the resources of other Government agencies and the private sector was lost. It is now recognized that a broad involvement of organizations other than MOH is important for the achievement of fertility reduction objectives, which presupposes wide community cooperation and support.

38. A large increase in contraceptive use will not occur in Kenya until the average desired family size starts to fall from its present very high level. To facilitate this decline, parents' awareness of the benefits which would accrue to their families by limiting family size needs to be enhanced. Thus, the need exists to establish a multi-media information and education program. Accessibility to FP services in rural areas is still well below potential, requiring extension of provision of FP services to all existing and planned MOH rural health facilities on a continuous basis, and, at the same time, making them more readily available by extending the number and range of well-trained MOH personnel permitted to provide such services.

Rural Health

39. As with FP services, the expansion and improvement of rural health services is an explicit and high priority goal of the Government's Fourth Plan. The bulk of the disease burden in rural areas, where about 85% of the population lives, consists of diseases that either could be prevented or substantially reduced in their gravity through simple, primary level interventions. These diseases include acute respiratory infections, malaria, skin diseases, diarrhea, and intestinal worms, and account for about 87% of the outpatient cases treated in rural health facilities. By improving the coverage and quality of rural health services, the incidence of these common diseases could be lowered, thereby reducing pressure on hospitals and improving the overall allocation of resources in the rural health sector.

40. While there has been a marked improvement in the health of Kenya's population over the last three decades, much more needs to be done before its health indicators approach those of developed countries. The infant

mortality rate, though low by African standards, is still more than four times the average for developed countries. Moreover, with the high rate of population growth, a considerable effort needs to be made merely to maintain the present health service standards. With the population doubling about every 18 years, proportional increases are needed in the numbers of health service facilities, staff, drugs, support systems and other basic health inputs, if deterioration of services is to be prevented.

41. For purposes of administration, the MOH has subdivided the country into 254 areas known as rural health units. In the typical unit, a Rural Health Center (RHC) is the center of a cluster of several dispensaries which provide first contact outpatient curative services, and in some cases, MCH and FP services. RHCs provide a wider range of outpatient curative services than dispensaries, and usually a full range of MCH/FP services. Each RHC is headed by a Clinical Officer (CO)--a paramedic trained to perform most of the functions normally performed by physicians in developed countries. The CO is assisted by several Enrolled Community Nurses (ECNs) and by one or two Family Health Field Educators whose main task is to recruit MCH and FP clients. A dispensary is usually staffed by an ECN and a patient attendant. The main referral points for RHCs and dispensaries are at district hospitals, which provide a wide range of outpatient services, as well as pediatric, medical, general surgical and obstetrical and gynaecological inpatient services.

42. By 1980, there were about 830 MOH rural health facilities in Kenya, including about 220 RHCs and 610 dispensaries. In addition, there were about 375 rural health facilities operated by NGOs, most of them Church-sponsored. For the country as a whole, over 40 percent of the households were within 4 km of a rural health facility, and nearly 80 percent were within 8 km. The percentage of households farther than 8 km from a facility ranged from about 8 percent in Central Province to almost 45 percent in Eastern Province. In addition to the insufficient number of health facilities in rural areas, many facilities occupy old and sub-standard housing which badly need rehabilitation and improved maintenance, as well as vehicles and equipment to enhance and modernize their operation.

43. Despite considerable training efforts during the last decade, substantial shortfalls of staff remain for both MOH and NGO health facilities which adversely affect the quality of service. Current shortfalls for the two main categories of staff at MOH rural health facilities, COs and ECNs, amount to about 30 percent and 35 percent, respectively. The quality of services also suffers because of deficiencies in basic training, e.g., insufficient training of COs in obstetrics and gynaecology and MCH/FP, and inadequate training of ECNs in diagnosis, prescription and FP services. In-service and refresher training for all rural health facility staff has been very limited. Another important factor is the irregular availability of drugs. On any given day, about 25 percent of the facilities are closed because of lack of drugs. Although some of the shortages are due to insufficient budgets, drugs could be made more available through a more equitable distribution at different levels of the health system, emphasis on the use of generic drugs, and the improved monitoring of supplies.

44. Consolidation of existing rural health services through better staffing, improved drug supplies, and physical upgrading of substandard facilities is required. Such efforts would result in more efficient utiliza-

tion of existing facilities and a much enlarged service capacity. Consolidation would be aided by strengthening support systems (transport, maintenance, health information and health education), and reorganization of district management. Moreover, experimental community-based health care systems should be promoted as a potentially important, cost effective addition to the formal health system. Support for rural health and FP services provided by NGO facilities is also important.

Organization and Financing

45. The civil service head of the MOH is the Permanent Secretary, and the professional branch is headed by the Director of Medical Services. At the provincial level, the Provincial Medical Officer of Health is responsible for all health services. In each district, health services are administered by a District Medical Officer of Health. The operations of the MOH's headquarters have been hampered by shortages of qualified staff, unclear reporting lines, insufficient delegation of authority, inadequate financial planning and control mechanisms, and other managerial problems. With a view to improving its overall organization and management, the MOH has agreed to a comprehensive management study to be conducted in 1982 by outside consultants, financed by SIDA (about 3 months). Once the study is undertaken, the MOH will prepare a timetable for the implementation of those recommendations of the consultants' report to which MOH, SIDA and IDA agree, not later than three months after completion of the final version of the report (Section 4.03, draft Development Credit Agreement (DCA)).

46. The MOH's share of total Government expenditures was 6.2 percent in FY81, and current forward budget projections indicate that it should reach 6.8 percent by FY84. About 70% of the MOH's budget is absorbed by hospitals, located mainly in the urban areas. For equity and efficiency, it is important that future additions to the MOH budget be largely directed towards rural health and preventive/promotive services. About 18 percent of MOH's development budget for FY81 was financed by external assistance, most of which (97 percent) was earmarked for rural health facilities. The chief contributors were SIDA and DANIDA (68 percent).

PART IV - THE PROJECT

Background

47. The proposed project was prepared by the Government of Kenya with the assistance of local and foreign consultants. The Government presented the project to IDA with a request for financing in July 1980. A joint appraisal mission with representatives of SIDA, DANIDA, USAID, ODA and the UNFPA was conducted in October/November 1980, under the leadership of IDA staff. Subsequently, the UNICEF expressed interest in participating in the project. A follow-up mission visited Kenya in May 1981. Funds under the Project Preparation Facility have been provided for start-up activities. Negotiations were held in Washington, D.C., from March 29 to April 2, 1982. The government's delegation was led by Mr. G.R. M'Mwirichia, Permanent Secretary, Ministry of Health. A Staff Appraisal Report entitled: "Kenya: Integrated Rural Health and Family Planning Project, No. 3409A-KE, dated

April 14, 1982, has been distributed to the Executive Directors separately. A credit and project summary appears at the beginning of this report, and a supplementary project data sheet is given in Annex III.

Project Objectives and Description

48. The objective of the project is to reduce fertility and mortality/morbidity in rural areas by increasing demand for, and improving the accessibility and quality of family planning (FP) and rural health services. This objective will be achieved by:

(a) establishing a new, broad-based program of information and education (I&E) activities on population and family planning;

(b) increasing the number of rural health facilities offering FP services, with trained personnel;

(c) reducing staffing shortfalls in rural health facilities, through deployment of additional staff, construction of two new government paramedic schools, and training;

(d) providing rural health facilities with a steady supply of essential drugs;

(e) improving and upgrading dispensaries of the Ministry of Health (MOH) and Non-Governmental Organizations (NGO), and construction of one MOH Rural Health Center (RHC), four dispensaries, and staff housing;

(f) strengthening MOH support systems - transport, maintenance, health information, and health education;

(g) establishing an experimental community-based health care system;

(h) supporting NGO rural health services; and

(i) promoting innovative activities to be identified during project implementation.

Component (a), aimed at creating demand for FP services, will be denoted as Part A of the project. The remaining components, aimed at increased accessibility and higher quality services in family planning and rural health, will be denoted as Part B. The two Parts are complementary and mutually reinforcing. The project, to be carried out over three years, would be the first phase of a six-year program.

Detailed Features

49. Part A - Family Planning Demand Creation. The new National Council on Population and Development, located in the Office of the Vice President and Ministry of Home Affairs, will be responsible for implementing the I&E program on population and family planning. Its main functions will be to

provide policy guidance for the program, determine its scope and direction, approve annual plans and budgets prepared by participating agencies, oversee the management of funds, and coordinate, monitor and evaluate program activities. The Council will consist primarily of representatives of the participating agencies. The full Council will meet only a few times a year, with most decisions taken on its behalf by a five-member Executive Committee consisting of representatives of MOH and the Ministry of Economic Planning and Development (MOEPD), two NGOs, and the head of the Council's Secretariat to be established under the project. Council members will be appointed and appropriate policy and procedural guidelines adopted by October 1, 1982 and the Council will be maintained and continue its operations until the Closing Date (Section 3.10, Draft DCA). The Secretariat, with about seven professional staff, three administrative officers and accountants, and support staff, would perform the day-to-day operations of the Council. Staffing of the key positions in the Secretariat will be a condition of Credit effectiveness (Section 6.01 (a), draft DCA).

50. The content of the I&E activities included in the proposed project has been specified for the first year only. In subsequent years, content and the specific items to be financed by the Government and participating donors would be determined by the Council, annually reviewed by the donors, during the preparation of annual plans and budgets, conditioned by achievements in previous years. In an effort to change deeply-rooted attitudes towards high fertility, the I&E program would address wide and previously-neglected audiences, including adult men and women, youth, professional, civic and other influential local groups, current FP users (to reinforce use) and former acceptors, and MOH and other government staff. To reach the desired variety of audiences, methods for disseminating information on family planning would range from interpersonal to multi-media communication, including workshops, newsletters, audio-visual materials, billboards, and post-partum education programs. In the long run, as the program develops, it is expected that creation of family planning demand would be sought by the Council through legislation to provide an incentive/disincentive system for encouraging small family size and to enhance the status of women.

51. During the first year, the <u>Rural Services Coordination and Training Unit in MOEPD</u> would assemble the data-base required for program implementation and coordination, and encourage its utilization through an information and training program. The MOH <u>National Family Welfare Center</u> (NFWC) would (i) prepare newsletters on family planning and test their impact on MOH staff, (ii) strengthen MOH in-clinic and extension education on family planning through MOH training programs, support materials for MOH service and health education staff, a pilot scheme to stimulate local group discussion via audio cassettes, and a pilot post-partum education program, and (iii) provide support for interpersonal communication on family planning through decentralized use of mass media, and produce mass media materials such as films, cinema slides and, as an experiment, billboards at locations frequented by men. The <u>Family Planning Association of Kenya (FPAK)</u> would (i) conduct workshops to encourage private doctors to offer FP services and to enlist the support of Members of Parliament for the Council's I&E program, (ii) train traditional birth attendants in family planning, the I&E program, improved delivery techniques and basic maternal and child health, (iii) provide in-service training for FPAK staff and support materials for its field

educators, and (iv) carry out or subcontract evaluations of FPAK programs. The project would support the Kenya Catholic Secretariat's Family Life Education Program which is designed to increase Catholic's understanding of the population problem and to educate couples in methods of family planning acceptable to Catholics. The MCH/FP and I&E services program of the Maendeleo ya Wanawake, Kenya's largest women's organization, would provide training for field staff, local leaders, and the members of the organization. The project would support the activities of the National Christian Council of Kenya which conducts a curriculum development program and teacher training in family life education methods, including workshops for tutors in teacher training schools, headmasters of secondary schools, and education officials and leaders at the district and provincial level. The Adolescent Health FP and I&E Program of the Protestant Churches MedicalAssociation intends to encourage its members to reach youths in their areas through workshops and training courses for heads of participating institutions, headmasters and teachers. The Salvation Army FP and I&E Program intends to carry out an education program, aimed at men, with the help of male workers who would be recruited and trained by trainer/supervisors. Complementary FP services would be provided by Salvation Army health staff. In addition, a component of Unprogrammed Activities would be included for activities as shall be agreed upon between the Borrower and the Association.

52. Part B - Family Planning and Rural Health Services. The project would substantially increase the availability of FP services in rural areas by increasing the number of health facilities offering such services and widening the range of trained personnel to provide them. Funds for equipment, and operating and maintenance (O&M) costs would be provided under the project to establish about 300 new MCH/FP service delivery points (SDPs) in existing MOH facilities, representing an increase of about 120% over the present level. In addition, about 30 NGO health centers and dispensaries would become MCH/FP SDPs. In keeping with MOH's new policy, service staff in all MOH health facilities, in addition to nurses trained in family planning, would be authorized to supply non-clinical contraceptives and to resupply orals, and would be trained accordingly. Thus, the project would provide funds for equipment, vehicles and O&M costs to increase the number of ECNs trained in family planning by NFWC from 120 to 300 per year, introduce in-service FP training for about 90 COs each year, and provide short-term on-the-job training by district health staff for ECNs without FP training, patient attendants, and Family Health Field Educators. The MOH would prepare, by December 31, 1982, a detailed timetable for converting all MOH rural health facilities into full MCH/FP SDPs (Schedule 2, Part B, Section 1, draft DCA). To assist in this expanded effort in FP, funds would be provided for short-term management consultant services for NFWC, limited research in FP-related operations proposed by NFWC and approved by IDA, and attendance to short FP workshops in other developing countries with FP experience.

53. To reduce staffing shortfalls in rural health facilities, over a hundred ECNs, patient attendants and subordinate staff would be deployed to 37 dispensaries to be upgraded under the project (paragraph 55), and, by 1984, about 45 COs, 500 ECNs, 16 Public Health Officers, 245 Public Health Technicians, 50 Laboratory Technicians, 50 statistical/general purpose clerks and 350 subordinate staff would be deployed to presently understaffed rural health facilties. In order to improve MOH's information on the allocation of rural health staff, MOH would set up a system, by December 31, 1982, to show

the number, type and posting by specific facility of rural health staff (Schedule 2, Part B, Section 5, draft DCA). In addition, funds for civil works, equipment, vehicles and O&M costs would be provided under the project to establish a new school for COs in Western Province (65 students per year) and a new ECN school (50 students per year). So as to reduce present rates of attrition in such schools, MOH would carry out, by December 31, 1982, a study of the causes of CO and ECN student attrition and possible remedies and an investigation of the feasibility of shortening ECN training (Section 4.04, draft DCA). By not later than December 31, 1982, MOH would select the specific locations for the two schools and engage architects to prepare designs, cost estimates, and bid documents and to supervise construction (Section 3.07 (b), draft DCA). Short in-service training courses for about 1,000 patient attendants would be provided at the district level, concentrating on simple curative and MCH treatment, and refresher courses would be provided for tutors at ECN schools (about 15 students each year) to update their skills in diagnosis, prescription and MCH/FP services.

54. Funds for equipment, vehicles and O&M costs would be included under the project to support an expanded nationwide program to provide MOH rural health facilities with a steady supply of essential drugs, to be packaged in sealed kits for each facility and resupplied on the basis of patient attendance reports. The Drug Management Unit in MOH (supported by DANIDA) would be enlarged to manage this expanded drug supply system, and district Rural Health Management Teams would be responsible for distribution, supervision, reporting and forecasting needs. The program is presently being tested in two pilot districts, with encouraging initial results. It is expected that the system would be extended to all districts by mid-1985. Short training and refresher courses in diagnosis and precription would be conducted at the Rural Health Training Centers (RHCs with training capability) for COs, ECNs and patient attendants in rural health facilities, and for COs and public health nurses at district and provincial headquarters (totalling about 4,000 staff). In order to help MOH to advise the Government on the means of financing expanded drug supplies, MOH would, by June 30, 1984, carry out a study, with terms of reference acceptable to SIDA, DANIDA and IDA, on the options for financing the expanding supply of drugs (Section 4.06, draft DCA).

55. To expand and improve the number of rural health facilities in priority rural areas, the project would provide funds for civil works, equipment, vehicles and O&M costs for: (i) improvement of about 25 substandard dispensaries (each with 3 staff houses); (ii) upgrading of about 37 dispensaries in densely populated areas (each with 4 staff houses); (iii) construction of one RHC and 4 dispensaries in unserved areas; and (iv) other staff houses where their lack is a serious constraint to ECN recruitment. In addition, about 30 NGO dispensaries and health centers would be improved. The project's emphasis on dispensary improvement and upgrading reflects the Government's high priority on the extension of rural health and MCH/FP services below the RHC level where these services are already well established. The results of a study by MOH to select the dispensaries to be improved and upgraded and to determine the locations of new facilities, including a mapping exercise based on the 1979 Population Census, would be submitted to IDA for comments not later than December 31, 1982 (Schedule 2, Part B, Section 9 (f), draft DCA).

56. The project would strengthen MOH support systems in: (i) transport for rural health services; (ii) maintenance of health facilities, equipment and vehicles; (iii) health information; and (iv) health education. To improve transport, the project would provide vehicles for district rural health management teams and for provincial rural health supervisors, ambulances for district and provincial hospitals, motor boats with ambulance equipment for RHCs on the coast or lake, motorcycles for public health technicians at RHCs and subcenters, and bicyles for ECNs at RHCs and dispensaries. Funds for civil works, equipment, vehicles and O&M costs would be included in the project to establish six maintenance training schools, each attached to an existing Rural Health Training Center or a district hospital. Each school would function as a maintenance unit for its district, providing training in: (i) maintenance and repair of health facilities, equipment and, to a lesser extent, vehicles (36 maintenance technicians trained each year): (ii) driving, first aid, and minor vehicle maintenance and minor repairs (120 MOH drivers trained each year); and (iii) use of health equipment, trouble-shooting and minor equipment repairs. By not later than December 31, 1982, the Government would select the school locations and engage architects to prepare designs, cost estimates and bid documents and to supervise construction (Section 3.07 (b), draft DCA). In April 1980, two units in MOH formerly entrusted with data collection were merged into a consolidated unit, the Health Information System, to meet the information needs of MOH management and to service as the focus for MOH and to serve as and to serve as the focus for MOH research and evaluation activities. Under the project, funds for vehicles, equipment and O&M costs would be provided to support this unit. In addition, a Health Information System Advisory Committee would be established to ensure coordination with other interested Government agencies and to provide a forum for drawing on experience outside Kenya. Funds would also be included for fellowships and training, technical assistance, and studies. Funds for equipment, vehicles and O&M costs would be provided under the project to help strengthen the existing health education system by: (i) improving the use of existing resources through increased staffing and training; (ii) adapting health education to local cultures and languages; and (iii) introducing more efficient forms of communications via radio and the regular school curriculum. To promote decentralization in health education, MOH would establish positions for 7 provincial and 41 district Health Education Officers by June 30, 1983 (Schedule 2, Part B, Section 13 (d), draft DCA).

57. In an attempt to provide primary health care over a wide area at low cost, community-based health workers with limited training would be supported under the project (equipment, vehicles and O&M costs) to provide front-line services and to refer patients to rural health facilities and hospitals. Although the NGOs have 14 such programs in Kenya, this would mark MOH's first experimental steps in this area. The workers would be part time employees of the communities they serve, operating out of their homes in the treatment of common ailments, health education, family planning counselling, motivation and client follow-up, administration of simple vaccines, and campaigns against communicable diseases. The MOH would support the program through training, technical supervision, drugs and supplies, and evaluation. The program would be organized at three levels, i.e. MOH headquarters, districts and communities, and would be phased in gradually to cover about 400,000 people by 1988 (about 2% of that year's projected rural population). It would be carefully monitored and evaluated by MOH before further expansion.

58. Support for NGO rural health services under the project would represent an advance in the coordination of health services in rural areas. The participating NGOs are coordinated by the Kenya Catholic Secretariat and the Protestant Churches Medical Assocation, which would implement this project component in coordination with MOH. Funds would be included in the project for civil works, equipment, vehicles, and O&M costs for: (i) introducing MCH/FP services in 30 upgraded NGO RHCs and dispensaries; (ii) converting 3 NGO nursing schools into standard MOH-type ECN schools; and (iii) expanding NGO outreach services (i.e. 6 mobile clinics and 12 ECNs to provide community-based health services). By December 31, 1982, the Kenya Catholic Secretariat and the Protestant Churches Medical Association would, in cooperation with MOH, submit the locations of the above facilities to IDA (Section 3.07, draft DCA).

59. A small portion of the total project cost (about 2%) would be reserved for innovative activities, as yet unidentified, that would contribute to the extension of rural health and FP services. Such activities could include the extension of MCH/FP services to non-church NGOs or a study of the present nutritional situation and possible interventions and would be subject to approval by the cofinancier financing such activity.

Project Costs and Financing

60. Total project cost net of US$3.0 million equivalent in taxes and duties (and including project preparation advance expenditures) is estimated at US$58.3 million equivalent, of which US$21.5 million, or about 37%, represents foreign exchange costs. Cost estimates are based on prices as of November 1981. The contingency allowance of US$13.1 million equivalent, representing 23% of total project costs, includes: (a) physical contingencies estimated at 15% of the base cost for civil works, and 10% for furniture and equipment; and (b) price contingencies averaging 24% of base cost and physical contingencies. Price contingencies for local costs were calculated on the assumption of a 13% inflation rate in 1981 and 1982, 9% in 1983, and 8% annually thereafter. Price contingencies for the foreign exchange component were calculated on the assumption of an inflation rate of 9% for 1981, 8.5% for 1982, 7.5% in 1983 and 6% annually thereafter.

61. To finance the project, the Government of Kenya would contribute US$10.5 million equivalent, or about 18% of net project cost. IDA would contribute US$23.0 million equivalent, or about 39% of net project cost. The remaining US$24.8 million would be contributed by six bilateral and multilateral donors. Total external financing would cover about 82% of net project cost, including 100% of the foreign exchange costs and about 71% of the local costs. Financing of Parts A and B by IDA, SIDA, DANIDA, USAID, ODA, UNICEF and UNFPA would be on a parallel basis. As a condition of credit effectiveness, the Government would complete arrangements satisfactory to IDA for the external assistance (Section 6.01 (b), draft DCA). The Government's contribution to annual Part B expenditures would represent about 2.5% of the total MOH budget for FY81 on the average for the three-year project period. This fiscal burden is reasonable, given the high priority attached by Government to rural health and FP services. Subsequent to the six-year program period, the annual incremental recurrent costs implied by Part B activities would amount to about KSH 125 million equivalent in FY88 (at 1981 prices), representing about 15% of MOH's recurrent budget for FY81. Given the

expected growth of real GNP over the period 1981-88 (about 4-5 percent per year), the above increase in recurrent costs should be manageable, implying a modest shift in the composition of expenditures within the MOH's budget in favor of rural health and preventive services and against hospital based curative care.

Procurement and Disbursements

62. For expenditures to be financed from the proposed IDA credit, the following procurement procedures would apply. Civil works contracts over US$2 million would be let through ICB. Contracts below US$2 million would be awarded after local competitive bidding following Government procedures which are acceptable to the Association. For vehicles and equipment, ICB would apply for contracts exceeding US$100,000 equivalent; contracts below US$100,000 equivalent would be let through local competitive bidding provided that the aggregate does not exceed US$1,000,000; and for small purchases up to US$50,000 equivalent each, up to an aggregate of US$500,000, prudent shopping could be used, on the basis of at least three quotations. Contracts for furniture exceeding US$50,000 equivalent would be let through local competitive bidding; for purchases of less than US$50,000 equivalent, up to an aggregate of US$250,000, negotiated purchases on the basis of three suppliers' quotations could be used. In all cases, appropriate packaging, subject to IDA's approval, would be conducted. For items other than civil works procured under ICB, preference may be accorded at the government's request to local manufacturers at 15% of the c.i.f. bid price of such goods, or the amount of customs duty and other import taxes levied on a non-exempt importer, whichever is lower.

63. The proceeds of the IDA credit would be disbursed as follows: (a) civil works, 80% of total; (b) furniture, equipment and vehicles, 100% of foreign expenditures, 100% of local expenditures ex-factory, and 70% of local expenditures for imported goods procured locally; (c) consultant fees and allowances, 100% of total; (d) incremental salaries and allowances, 90% of total; and (e) other incremental operating and maintenance costs, 70% of total. For (a), (b) and (c), disbursements would be fully documented. Disbursements against (d) and (e) would be made against statements of expenditure, with the supporting documents retained by the Borrower and made available for inspection by IDA supervision missions and independent auditors.

Project Implementation

64. Organization and Management. The information and education (I&E) activities of Part A would be carried out by the Council through its Secretariat and the participating ministerial agencies and NGOs. The Director of the Secretariat would be appointed as Project Director, Part A. The Secretariat would receive policy guidance from the National Council but would be under the administrative direction of the Permanent Secretary, Office of the Vice President and Ministry of Home Affairs. Most of Part B would be executed by MOH, with the exception of the NGO component. Although the MOH project components would mainly be carried out by existing MOH units, with strengthening provided under the project, a Core Project Unit would be established for (i) monitoring and supervising project activities, (ii) keeping project accounts; (iii) preparing disbursement applications, and (iv) preparing progress reports and financial statements for donors. The head of

the Core Project Unit would also be appointed as Project Director, Part B, and would report to the Director of Medical Services. In addition to the Director, the Staff would consist of about 12 professionals and several support staff. The filling of key professional level positions of the Core Project Unit with full-time personnel with experience and qualifications acceptable to IDA would be a condition of effectiveness (Section 6.01 (a), draft DCA). In addition, a Steering Committee would be formed, comprised of the Permanent Secretary of MOH (Chairman), Director of Medical Services, Chief Nursing Officer, Deputy Secretary for Development of MOH, and the Director of the Core Project Unit (Secretary), to meet quarterly to discuss progress and to solve any interministerial coordination problems which may arise during project implementation.

65. Staffing. The staff positions for the Secretariat under Part A of the project and the Core Project Unit under Part B would be filled by Kenyans, with experience and qualifications acceptable to IDA. Although the consultants under the project are expected to be predominantly expatriates, qualified Kenyans would be eligible. The terms of reference for Part A consultants would be prepared by the Secretariat, approved by the Council, MOEPD and IDA. The terms of reference for Part B consultants for the Drug Management Unit and the Community-Based Health Care component would be prepared by MOH in consultation with DANIDA and UNICEF, respectively. The terms of reference for all other Part B consultants would be prepared by the Core Project Unit, approved by MOH management and IDA.

66. Annual Plans and Budgets. Implementation of Part A activities would be based on annual plans and budgets to be prepared by the Council's Secretariat and reviewed by the funding agencies. Starting with the first project year, all implementing agencies of Part A would submit proposals to the Council for activities they propose to carry out the following year. The Council would evaluate, rank and consolidate these proposals based on the funds available, the agencies' performance in implementing Part A activities in the previous year, and policy guidelines issued by the Council's Executive Committee. The Borrower would submit by March 31 of each year (beginning March 31, 1983) the draft annual work program and budget for the following fiscal year to the funding agencies supporting Part A of the project for their approval (Section 3.08, draft DCA).

67. Monitoring and Evaluation. The monitoring and evaluation of Part A activities would be the responsibility of the National Council. Part B monitoring and evaluating would be the responsibility of the Core Project Unit, assisted by other MOH units as appropriate. The Drug Management Unit would monitor the new system for rural drug supplies. Special evaluation provisions have been made for the community-based health care component. The most important form of evaluation is that of outputs--in the present case, declines in fertility, mortality and morbidity. The Government would engage a qualified institution to conduct a fertility/mortality survey during the course of the project to allow an assessment of progress towards the goals of declines in fertility and mortality (Section 4.05, draft DCA).

68. Accounts and Audits. Under Part A, the Council will maintain separate project accounts for expenditures incurred by the Council.

The participating agencies (ministries and NGOs) would keep similar accounts for their corresponding project expenditures. Summaries of these accounts would be submitted quarterly to the Council, which would use them to prepare consolidated project accounts for Part A. The MOH Core Project Unit, working in close cooperation with the Accounting Division and other relevant MOH units under Part B, would maintain separate detailed project accounts for all Part B expenditures except those related to NGOs. The latter will maintain their own detailed project accounts and submit quarterly summaries to the Project Director, Part B. All accounts and records will be consistent with sound accounting practice. Responsibility for auditing MOH and NGO project accounts rests with the Auditor General. The Project Directors of Parts A and B would be responsible for preparing an annual report summarizing all project financial transactions in the period and the state of project accounts at the end of the period, starting with FY82/83. The financial reports, accompanied by suitable auditors' reports, would be submitted to IDA not later than December 31 of each year, starting with December 31, 1983, for FY82/83 operations (Sections 4.01 (a), (b) and (c), and 4.02 (a) and (b), draft DCA).

Benefits and Risks

69. The project marks the beginning of a period of renewed governmental efforts to reduce fertility. Reduction of fertility to replacement level is likely to be a long and complex process, and it is difficult to forecast the impact that project activities might have on FP use and birth rates. However, in view of the experience in other countries and what is known about Kenyan parents' present attitudes regarding family size, if the proposed six-year program is successfully implemented, the percentage of married women of reproductive age using a modern method of contraception is likely to lie somewhere between 10 and 17 percent by 1988. This would roughly correspond to a crude birth rate of between 51 and 48 per thousand (down from the present level of about 53 per thousand). These levels would still be extremely high. However, the reversal of the present trend implied even by a small decline in the crude birth rate would be a major breakthrough for Kenya's development prospects. Experience in many Asian and Latin Amercian countries shows that, once the birth rate starts to decline in a developing country, it usually continues to do so, often at an accelerating pace.

70. The project would generate substantial benefits for the rural population in the form of improved health services, as compared with the no-project alternative. The scope of beneficiary groups would vary by component. The drug supplies component would benefit the entire rural population. Improvements in support systems would also be nationwide in scope. Strengthening of rural health facility staffing and the construction program would benefit selected rural populations now receiving lower-than-average accessibility to services. By the end of the project the experimental community-based health care component would directly benefit some 150,000 rural inhabitants. If successful, the experiment would be of great value to the rest of the rural population since it would establish a strong case for nationwide replication.

71. Part A is subject to serious risk in view of the prevailing political climate. Both its colonial history and the multi-ethnic composition of Kenya's population contribute to an environment where population growth is a

sensitive issue and political support for FP is developing very slowly. In some circles, present population density is perceived to be very low and perceptions of population pressures are not widely shared. Success or failure of the project is dependent upon the willingness of Government authorities to render strong support to the coordinating Council. Only a strong and committed coordinating Council with a Presidental mandate can ensure the Council's ability to reach its goals. There are favorable signs that such sustained support will be forthcoming. The success of Part B rests on MOH's capability to utilize project resources effectively and to meet the exacting administrative requirements of so complex a project. Much will depend on the caliber of the recruits for the Core Project Unit. The provision for about 14 man-years of advisory services and other regular additional staff to assist in the implementation of various Part B components would help to lessen this risk. MOH has agreed to a comprehensive management study (about 3 months)to be undertaken in 1982 by independent consultants (paragraph 45). It is expected that implementation of the study's recommendations which are agreeable to MOH will strengthen MOH's implementation capabilities.

PART V - LEGAL INSTRUMENTS AND AUTHORITY

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

73. Conditions of effectiveness include: (i) the appointment of key professional and administrative staff in the Secretariat of the National Council on Population and Development (Section 6.01 (a), draft DCA); (ii) appointment of key professional level staff in the MOH Core Project Unit (Section 6.01 (a), draft DCA); and (iii) the Government will make arrangements satisfactory to the Association to obtain external assistance amounting to no less than US$24.8 million equivalent for the purposes of the project (Section 6.01 (b), draft DCA).

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

PART VI - RECOMMENDATION

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

A.W. Clausen
President
by
Ernest Stern

Attachments
Washington, D.C.
April 14, 1982

TABLE 3A
KENYA - SOCIAL INDICATORS DATA SHEET

LAND AREA (THOUSAND SQ. KM.) TOTAL 582.6 AGRICULTURAL 60.4	KENYA 1960 /b	1970 /b	MOST RECENT ESTIMATE /b	REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) /a MIDDLE INCOME AFRICA SOUTH OF SAHARA	MIDDLE INCOME LATIN AMERICA & CARIBBEAN
GNP PER CAPITA (US$)	100.0	170.0	380.0	794.2	1616.2
ENERGY CONSUMPTION PER CAPITA (KILOGRAMS OF COAL EQUIVALENT)	150.4	122.1	180.1	707.5	1324.1
POPULATION AND VITAL STATISTICS					
POPULATION, MID-YEAR (THOUSANDS)	8189.0	11253.0	15274.0	.	.
URBAN POPULATION (PERCENT OF TOTAL)	7.4	10.2	13.8	27.7	64.2
POPULATION PROJECTIONS					
POPULATION IN YEAR 2000 (MILLIONS)			34.1	.	.
STATIONARY POPULATION (MILLIONS)			109.0	.	.
YEAR STATIONARY POPULATION IS REACHED			2095	.	.
POPULATION DENSITY					
PER SQ. KM.	14.1	19.3	26.2	55.0	34.3
PER SQ. KM. AGRICULTURAL LAND	145.2	191.4	244.4	130.7	94.5
POPULATION AGE STRUCTURE (PERCENT)					
0-14 YRS.	47.6	48.9	50.0	46.0	40.7
15-64 YRS.	49.8	48.6	47.6	51.2	55.3
65 YRS. AND ABOVE	2.6	2.5	2.4	2.8	4.0
POPULATION GROWTH RATE (PERCENT)					
TOTAL	2.4	3.2	3.4	2.8	2.4
URBAN	5.2	6.4	6.8	5.1	3.7
CRUDE BIRTH RATE (PER THOUSAND)	52.0	52.7	51.3	46.9	31.4
CRUDE DEATH RATE (PER THOUSAND)	24.0	17.5	13.4	15.8	8.4
GROSS REPRODUCTION RATE	3.6	3.8	3.8	3.2	2.3
FAMILY PLANNING					
ACCEPTORS, ANNUAL (THOUSANDS)	..	30.9	61.0	.	.
USERS (PERCENT OF MARRIED WOMEN)	..	1.0	..	..	..
FOOD AND NUTRITION					
INDEX OF FOOD PRODUCTION PER CAPITA (1969-71=100)	99.0	100.0	86.0	89.9	108.3
PER CAPITA SUPPLY OF					
CALORIES (PERCENT OF REQUIREMENTS)	99.0	99.0	88.0	92.3	107.6
PROTEINS (GRAMS PER DAY)	70.0	68.0	52.0	52.8	65.8
OF WHICH ANIMAL AND PULSE	29.0	28.0	20.0	16.1	34.0
CHILD (AGES 1-4) MORTALITY RATE	34.0	22.5	15.2	20.2	7.6
HEALTH					
LIFE EXPECTANCY AT BIRTH (YEARS)	41.3	49.1	54.7	50.8	64.1
INFANT MORTALITY RATE (PER THOUSAND)	126.0/c	119.0	91.0	..	70.9
ACCESS TO SAFE WATER (PERCENT OF POPULATION)					
TOTAL	..	15.0	17.0	27.4	65.7
URBAN	..	100.0	100.0	74.3	79.7
RURAL	..	2.0	4.0	12.6	43.9
ACCESS TO EXCRETA DISPOSAL (PERCENT OF POPULATION)					
TOTAL	..	50.0	55.0	..	59.9
URBAN	..	85.0	98.0	..	75.7
RURAL	..	45.0	48.0	..	30.4
POPULATION PER PHYSICIAN	10690.6	7830.9/d	11625.2/d	13844.1	1728.2
POPULATION PER NURSING PERSON	2230.0/c,d	1474.1/d	1085.7/d	2898.6	1288.2
POPULATION PER HOSPITAL BED					
TOTAL	807.0/c	774.1	770.8	1028.4	471.2
URBAN	..	..	602.1	423.0	558.0
RURAL	..	..	802.8	3543.2	..
ADMISSIONS PER HOSPITAL BED	..	..	..	..	..
HOUSING					
AVERAGE SIZE OF HOUSEHOLD					
TOTAL	..	4.7	..	..	..
URBAN	..	4.7	..	..	..
RURAL	..	4.7	..	..	..
AVERAGE NUMBER OF PERSONS PER ROOM					
TOTAL	..	..	..	..	..
URBAN	2.5/c	..	..	..	..
RURAL	..	..	..	..	..
ACCESS TO ELECTRICITY (PERCENT OF DWELLINGS)					
TOTAL	..	..	..	..	..
URBAN	..	..	..	..	..
RURAL	..	..	..	..	..

TABLE 3A
KENYA - SOCIAL INDICATORS DATA SHEET

	KENYA 1960 /b	KENYA 1970 /b	KENYA MOST RECENT ESTIMATE /b	REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) /a MIDDLE INCOME AFRICA SOUTH OF SAHARA	MIDDLE INCOME LATIN AMERICA & CARIBBEAN
EDUCATION					
ADJUSTED ENROLLMENT RATIOS					
PRIMARY: TOTAL	47.0	60.0	99.0	73.7	101.7
MALE	64.0	70.0	105.0	96.8	103.0
FEMALE	30.0	49.0	94.0	79.0	101.5
SECONDARY: TOTAL	2.0	8.0	18.0	16.2	35.3
MALE	3.0	12.0	22.0	25.3	34.9
FEMALE	2.0	5.0	14.0	14.8	35.6
VOCATIONAL ENROL. (% OF SECONDARY)	..	2.0	2.0	5.3	30.1
PUPIL-TEACHER RATIO					
PRIMARY	42.0	34.0	33.0	36.2	29.6
SECONDARY	15.0	21.0	25.0	23.6	15.7
ADULT LITERACY RATE (PERCENT)	20.0/c	30.0	45.0	..	80.0
CONSUMPTION					
PASSENGER CARS PER THOUSAND POPULATION	8.0	8.5	8.0	32.3	42.6
RADIO RECEIVERS PER THOUSAND POPULATION	7.0	44.4	36.8	69.0	215.0
TV RECEIVERS PER THOUSAND POPULATION	0.3	1.4	4.2	8.0	89.0
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION	13.0	13.8	11.2	20.2	62.8
CINEMA ANNUAL ATTENDANCE PER CAPITA	1.0	..	0.4	0.7	3.2
LABOR FORCE					
TOTAL LABOR FORCE (THOUSANDS)	3299.8	4319.7	5530.0	.	.
FEMALE (PERCENT)	34.5	34.3	33.5	36.7	22.6
AGRICULTURE (PERCENT)	86.0	82.0	78.4	56.6	35.0
INDUSTRY (PERCENT)	5.0	7.0	9.6	17.5	23.2
PARTICIPATION RATE (PERCENT)					
TOTAL	40.3	38.4	36.2	37.2	31.8
MALE	53.3	50.9	48.5	47.1	49.0
FEMALE	27.5	26.1	24.1	27.5	14.6
ECONOMIC DEPENDENCY RATIO	1.2	1.3	1.4	1.3	1.4
INCOME DISTRIBUTION					
PERCENT OF PRIVATE INCOME RECEIVED BY					
HIGHEST 5 PERCENT OF HOUSEHOLDS	..	20.2/e	..	..	..
HIGHEST 20 PERCENT OF HOUSEHOLDS	..	52.6/e	..	..	..
LOWEST 20 PERCENT OF HOUSEHOLDS	..	3.9/e	..	..	..
LOWEST 40 PERCENT OF HOUSEHOLDS	..	11.7/e	..	..	..
POVERTY TARGET GROUPS					
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US$ PER CAPITA)					
URBAN	..	..	150.0	381.2	..
RURAL	..	..	112.0	156.2	187.6
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US$ PER CAPITA)					
URBAN	..	..	179.0	334.3	513.6
RURAL	..	..	106.0	137.6	362.2
ESTIMATED POPULATION BELOW ABSOLUTE POVERTY INCOME LEVEL (PERCENT)					
URBAN	..	..	10.0	..	..
RURAL	..	..	55.0	..	..

.. 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 1976 and 1979.

/c 1962; /d Registered, not all practicing in the country; /e Urban only.

May, 1981

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 majority 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: 1978 data.

GNP PER CAPITA (US$) - GNP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1977-79 basis); 1960, 1970, and 1979 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 1979 data.

POPULATION AND VITAL STATISTICS
- Total Population, Mid-Year (thousands) - As of July 1; 1960, 1970, and 1979 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 1979 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; 1960, 1970 and 1979 data.
  - Per sq. km. agricultural land - Computed as above for agricultural land only; 1960, 1970 and 1978 data.
- Population Age Structure (percent) - Children (0-14 years), working-age (15-64 years), and retired (65 years and over) as percentages of mid-year population; 1960, 1970, and 1979 data.
- Population Growth Rate (percent) - total - Annual growth rates of total mid-year populations for 1950-60, 1960-70, and 1970-79.
- Population Growth Rate (percent) - urban - Annual growth rates of urban populations for 1950-60, 1960-70, and 1970-79.
- Crude Birth Rate (per thousand) - Annual live births per thousand of mid-year population; 1960, 1970, and 1979 data.
- Crude Death Rate (per thousand) - Annual deaths per thousands of mid-year population; 1960, 1970, and 1979 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 1979.
- 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 1979 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 comprise 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 1979 data.

HEALTH
- Life Expectancy at Birth (years) - Average number of years of life remaining at birth; 1960, 1970 and 1979 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 WHOs principal/general hospitals, and rural hospitals local or rural hospitals and medical and maternity centers. Specialized hospitals are included only under total.
- 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 quaters 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 housewives, students, etc., covering population of all ages. Definitions in various countries are not comparable; 1960, 1970 and 1979 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 1979 data.
- Industry (percent) - Labor force in mining, construction, manufacturing and electricity, water and gas as percentage of total labor force; 1960, 1970 and 1979 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 1979 data. These are based on 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
- The following estimates are very approximate measures of poverty levels, and should be interpreted with considerable caution.
- 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".

Economic and Social Data Division
Economic Analysis and Projections Department
May 1981

Population: 15.865 million (1980)
GNP Per Capita: US$420 (1980)

KENYA - ECONOMIC INDICATORS

Indicator	1980 Amount (million US$ at current prices)	Annual Growth Rate (%) Actual/a 1976	1977	1978	1979	1980	Projected/a 1981	1982	1986	1991	1995
National Accounts											
Gross domestic product at m.p.	5986.0	2.1	9.5	7.4	4.2	2.4	3.1	3.3	4.5	5.5	5.5
Agriculture	1463.8	1.9	10.0	4.2	-1.0	-1.2	2.0	3.2	3.7	4.0	4.0
Industry	865.3	-0.4	13.1	10.9	6.8	3.8	4.0	4.0	5.0	7.0	7.0
Services	1934.9	4.1	5.8	7.0	7.5	4.7	4.0	4.1	4.9	5.6	5.6
Consumption	5962.4	-3.5	7.9	15.3	6.6	2.3	7.1	-0.5	3.6	4.3	4.3
Gross Investment	1882.0	12.0	35.9	23.9	-24.8	17.3	-14.8	2.0	4.6	5.5	5.5
Exports of GNFS	1980.5	6.3	5.6	-4.3	-8.3	5.2	-13.7	4.6	4.8	6.5	6.5
Imports of GNFS	2832.8	-2.7	18.3	26.6	-19.8	8.9	-12.8	-6.4	2.3	3.1	3.1
Gross National Savings	870.4	17.0	64.6	-27.4	-27.1	64.4	-13.6	29.6	8.0	9.4	9.7
Prices											
GDP deflator/b	100.0	71.2	83.6	85.7	91.9	100.0	108.0	115.6	145.9	195.2	246.5
Exchange rate (KSh./US$)	7.4202	8.3671	8.2766	7.7294	7.4753	7.4202	9.091	9.091	9.091	9.091	9.091

	Share of GDP at market prices (%) (at current prices)/c Actual 1974	1979	1980	Projected 1986	1991	1995	Average Annual Growth Rate (%)/a 1974-79	1981-86	1986-91	1990-95
Gross domestic product at m.p.	100.0	100.0	100.0	100.0	100.0	100.0	4.7	4.2	5.2	5.5
Agriculture/d	35.4	34.3	32.5	31.0	29.2	27.6	4.4	3.5	3.9	4.0
Industry/d	20.7	26.1	21.8	22.4	23.7	25.1	6.1	4.6	6.5	7.0
Services/d	43.9	39.6	45.7	46.7	47.1	47.3	4.9	4.6	5.3	5.6
Consumption	81.5	84.2	85.3	81.9	77.6	74.3	5.6	2.7	4.0	4.3
Gross Investment	25.8	22.7	26.9	22.9	23.0	23.0	-1.5	5.0	5.3	5.5
Exports GNFS	33.7	25.5	28.3	24.5	25.7	26.7	-1.2	4.7	6.2	6.5
Imports GNFS	40.9	32.4	40.5	29.3	26.4	24.0	-2.0	1.3	3.0	3.1
Gross national savings	14.5	13.0	12.1	15.7	19.0	22.4	0.6	12.2	9.2	9.7

PUBLIC FINANCE	As % of GDP 1974	1979	1980
Current revenues	16.0	24.7	24.8
Current expenditures	14.3	22.5	23.0
Surplus (+) or deficit (-)	1.8	2.2	1.8
Capital expenditure	6.1	9.7	10.1
Foreign financing	2.0	4.2	5.4

OTHER INDICATORS	1974-79	1981-86	1986-91	1990-95
GNP growth rate (%)	4.9	4.1	5.1	5.6
GNP per capita growth rate (%)	1.0	0.2	1.3	1.9
Energy consumption growth rate (%)	4.9	2.5	3.1	3.3
ICOR	7.8	5.4	4.5	4.2
Marginal savings rate	.268	.333	.322	.375
Import elasticity	-0.4	0.3	0.6	0.6

/a Growth rates for historical years are based in constant 1976 prices; projected years in constant 1980 prices.
/b KSh. deflator based in 1976 prices.
/c Projected years in constant 1980 prices.
/d Share of GDP at factor cost.

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EA1DA

Population: 15.865 million (1980)
GNP Per Capita: US$420 (1980)

KENYA - EXTERNAL TRADE

Indicator	Amount (million US$ at current prices)	Annual Growth Rate (%)/a											
		Actual					Projected						
	1980	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1991
EXTERNAL TRADE													
Merchandise exports	1247.2	6.4	4.0	-7.7	-2.1	3.2	-13.2	4.6	4.6	4.8	4.8	4.8	6.4
Primary/b	963.4	12.4	9.0	-3.7	4.8	-7.3	-18.3	4.8	4.8	4.8	4.9	4.9	6.2
Manufactures/c	283.8	0.4	-5.4	-18.6	-3.1	29.6	3.9	4.0	4.0	4.7	4.7	4.7	6.8
Merchandise imports	2612.2	-3.8	22.0	16.4	-18.3	14.7	-11.4	-6.4	3.1	2.5	2.3	2.3	3.0
Food/d	111.2	5.3	3.0	70.0	-19.2	57.6	-23.0	-9.1	1.2	1.2	1.2	1.2	0.0
Petroleum/e	778.6	-8.3	4.0	2.9	0.9	16.7	-9.1	-5.2	2.7	2.7	2.7	2.7	3.0
Machinery and equipment/f	706.4	-16.7	36.0	29.4	-28.4	19.0	-9.5	-2.9	5.5	3.4	3.4	3.4	4.0
Others	1016.0	..	..	..	..	..	-13.1	-9.6	1.8	1.8	1.2	1.0	2.5
PRICES/g													
Export price index		73.2	102.8	81.2	83.7	100.0	93.2	98.5	106.4	114.8	124.0	132.7	186.1
Import price index		65.2	69.6	68.7	76.8	100.0	99.1	104.3	115.1	127.0	140.0	150.5	216.7
Terms of trade index		112.3	147.8	118.2	108.9	100.0	94.1	94.5	92.4	90.4	88.6	88.2	85.9

	Composition of Merchandise Trade (%) (at constant 1980 prices)						Average Annual Increase (%)/a			
	1974	1979	1981	1986	1991	1995	1974-79	1981-86	1986-91	1990-95
Exports										
Primary	71.0	83.0	72.9	73.1	73.1	72.6	2.1	4.8	6.2	6.3
Manufactures/h	29.0	17.0	27.1	26.9	26.9	27.4	-11.3	4.4	6.3	7.0
Imports										
Food	6.6	5.3	3.7	3.4	2.9	2.1	-10.4	-0.3	-	-
Petroleum	21.2	23.7	30.6	31.1	31.2	38.9	-2.8	1.5	3.0	3.0
Machinery and equipment	22.8	35.5	27.6	30.2	31.5	25.6	1.7	2.9	3.9	3.9
Others	49.4	35.5	38.1	35.3	34.3	33.4	..	-0.1	2.4	2.6

/a Historical growth rates are based in 1976 prices; projected growth rates in 1980 prices
/b Based on weighted quantum indices (base year = 1976) of food, live animals, and crude materials
/c Excludes petroleum products. Value of manufactured exports are deflated by international inflation index to arrive at constant price series.
/d Based on quantum index (base year = 1976) for SITC 0.
/e Based on quantum index (base year = 1976) for SITC 3.
/f Based on quantum index (base year = 1976) for SITC 7.
/g Indices for historical years (1976-80) are based in 1976; those for projection years are based in 1980.
/h Excludes petroleum products.

April 7, 1982
EAIDA

Population: 15.865 million (1980)
GNP per capita: US$420 (1980)

KENYA - BALANCE OF PAYMENTS, EXTERNAL CAPITAL AND DEBT
(million US$ at current prices)

	Actual					Projected				
	1976	1977	1978	1979	1980	1981	1982	1986	1991	1995
BALANCE OF PAYMENTS										
Exports of goods and services	1184.6	1614.9	1581.0	1629.6	2032.8	1651.7	1821.5	2933.0	5447.0	9033.5
of which: Merchandise f.o.b.	743.9	1130.9	955.8	1017.5	1242.5	1008.3	1114.7	1809.3	3423.4	5758.4
Imports of goods and services	1300.3	1653.9	2332.6	2206.8	3069.4	2639.9	2650.1	4221.9	7091.7	10547.5
of which: Merchandise c.i.f.	975.0	1279.0	1875.7	1779.2	2632.8	2294.4	2260.8	3610.0	6008.9	9086.3
Net transfers	32.3	66.5	91.1	100.1	139.6	153.6	168.9	247.3	398.3	583.1
Current Account Balance	-83.4	27.5	-660.6	-477.0	-897.0	-834.6	-659.7	-1041.6	-1246.5	-930.8
Private direct investment	37.7	54.5	32.1	66.4	61.2	66.4	73.1	107.0	172.3	252.3
M&LT loans (net)	111.9	145.6	410.1	412.5	515.3	460.2	552.6	866.3	1066.9	654.1
Official	..	..	..	..	..	(304.4)	(546.4)	(401.3)	(568.1)	(829.4)
Private	..	..	..	..	..	(155.7)	(6.2)	(464.9)	(498.9)	(-175.3)
Other Capital	19.1	44.7	17.6	187.0	125.9	108.0	99.0	118.1	93.8	147.3
Change in reserves	-85.3	-272.3	200.8	-188.9	194.6	200.0	-65.0	-49.7	-86.6	-122.9
International Reserves	425.9	698.2	497.4	686.3	491.7	291.7	356.7	546.4	905.2	1337.1
Reserves as months imports	4.3	5.2	3.8	5.1	2.9	1.5	1.5	1.5	1.5	1.5
EXTERNAL CAPITAL AND DEBT										
Gross Disbursements	180.9	231.6	285.1	376.8	420.8	566.0	689.5	1151.6	1738.4	1637.3
Official grants/a	..	..	..	.	..	..	..	..	..	..
Concessional loans	63.3	64.7	104.5	149.9	179.6	215.8	313.5	329.3	509.6	675.9
DAC	46.1	33.7	54.0	94.0	81.2	133.0	127.0	158.6	223.2	292.5
OPEC	-	-	-	-	-	19.5	50.3	37.6	52.7	69.1
IDA	13.6	17.7	16.3	21.5	71.6	30.5	90.8	75.7	140.9	192.6
Other	3.6	13.3	34.2	34.4	26.8	32.8	45.4	57.5	92.8	121.6
Non-concessional loans	117.6	166.8	180.6	226.8	241.2	350.2	376.0	822.3	1228.8	961.4
Offical export credits	18.8	11.0	17.6	8.5	10.1	26.5	55.5	75.2	105.4	138.2
IBRD	66.7	34.7	42.3	36.7	40.0	77.2	197.2	112.3	214.4	294.8
Other official	2.1	11.5	7.6	4.8	21.0	11.1	10.1	1.9	-	-
Private	30.0	109.6	113.1	176.8	170.0	235.4	113.2	633.0	909.0	528.5
External Debt										
Debt outstanding and disbursed	700.8	917.2	1083.7	1433.2	1743.8	2336.3/b	2888.9/b	5817.3/b	10873.3/b	14359.5/b
Official	605.2	709.6	792.8	977.6	1179.6	1593.3	2139.7	4117.2	6651.1	9506.3
Private	95.6	207.6	290.9	455.6	564.2	743.0	749.2	1700.1	4222.1	4853.2
Undisbursed debt	629.1	780.7	1056.6	1252.8	1304.5	1383.7	1323.0	1584.2	2518.1	3319.7
Debt Service/a										
Total service payments	65.3	74.6	121.6	120.2	183.0	201.8	271.2	531.3	1193.7	1652.1
Interest	31.8	39.6	52.4	70.6	104.5	96.0	134.3	245.9	522.3	668.9
Payments as % of exports	5.7	4.8	7.9	7.6	9.2	12.2	14.9	18.1	21.9	18.3
Averge interest rate on new loans (%)										
Official	4.5	4.0	4.0	3.8	3.0	3.0	3.0	3.0	3.0	3.0
Private	7.7	7.7	7.7	12.0	8.0	9.0	9.0	9.0	9.0	9.0
Average maturity of new loans (years)										
Official	26.0	30.0	28.0	32.0	32.0	28.0	28.0	28.0	28.0	28.0
Private	9.5	11.9	13.0	11.9	5.9	10.0	10.0	10.0	10.0	10.0

	As % of Debt Outstanding at End of 1980
Maturity structure of debt outstanding	
Maturities due within 5 years	-
Maturities due within 10 years	8.0
Interest structure of debt outstanding	
Interest due within first year	100.0

/a Official grants are included in transfers in the balance of payments current account. Transfers are projected to grow at an annual rate of 10%.

/b Includes Kenya's notional share of 45% of EAC debt.

April 7, 1982
EA1DA

ANNEX II
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THE STATUS OF BANK GROUP OPERATIONS IN KENYA

A. Statement of Bank Loans and IDA Credits as of December 31, 1981

Loan or Credit #	Year	Borrower	Purpose	Amount (Less Cancellations) US$ Million Bank[1]	TW	IDA[1]	Undisbursed
Sixteen (16) Loans and Seventeen (18) Credits Fully Disbursed				266.68		183.72	
477	1974	Kenya	Livestock			17.50	9.39
537	1975	Kenya	Group Farm Rehabilitation			7.50	3.67
1105	1975	Kenya	Sites and Services	8.00			3.60
1167	1976	Kenya	Mombasa & Coastal Water Supply	35.00			0.31
1184	1976	Kenya	Third Education	10.00			8.43
(650	(1977	(Kenya	(Integrated Agric. Development			10.00	(3.72
(1303-T	(1977	(Kenya	(Integrated Agric. Development		10.00		(10.00
1304-T	1977	Kenya	Wildlife and Tourism		17.00		9.68
1305	1977	Kenya	Rural Access Roads	4.00			4.00
1389	1977	Kenya	South Nyanza Sugar	25.00			5.49
(692	(1977	(Kenya	(Third Agriculture			20.00	(1.35
(1390-T	(1977	(Kenya	(Third Agriculture		5.00		(5.00
1438	1977	IDB	Third Industrial Dev. Bank	20.00			6.46
(722	(1977	(Kenya	(Bura Irrigation Settlement			6.00	(.07
(1449	(1977	(Kenya	(Bura Irrigation Settlement	34.00			(34.00
750	1978	Kenya	Small Scale Industry			10.00	8.63
1520	1978	NCC	Second Urban Water Supply	30.00			19.64
(791	(1978	(Kenya	(Second Urban			25.00	(22.01
(1550	(1978	(Kenya	(Second Urban	25.00			(25.00
797	1978	Kenya	Fourth Education			23.00	20.23
1636	1979	Kenya	Sugar Rehabilitation	72.00			67.83
1637	1979	Kenya	Rural Water Supply	20.00			19.89
858	1979	Kenya	Narok Agricultural Development			13.00	12.41
1680	1979	Kenya	Telecommunications	20.00			14.10
1684	1979	Kenya	Highway Sector	90.00			85.90
914	1979	Kenya	Smallholder Coffee Improvement			27.00	26.18
959	1980	Kenya	Second Integrated Agric. Dev.			46.00	44.90
962	1980	Kenya	Baringo Pilot			6.50	5.95
1799	1980	Kenya	Third Power (Olkaria Geothermal)	40.00[2]			16.44
1817	1980	IDB	Fourth Industrial Dev. Bank	30.00			28.40
1045	1980	Kenya	Export Promotion Technical Asst.			4.50	4.50
1051	1980	Kenya	Fisheries			10.00	10.00
1107	1981	Kenya	Fifth Education[4]			35.90	35.90
1976	1981	Kenya	Railway	58.00			58.00
(1143	(1981	(Kenya	(Fourth Agriculture[3,4]			9.40	9.40
(1995	(1981	(Kenya	(Fourth Agriculture[3]	25.00			25.00
2065	1982	Kenya	Petroleum Exploration	4.00			4.00
			Total	816.68	32.00	455.02	669.48
			of which has been repaid	46.15	-	2.58	
			Total now outstanding	770.53	32.00	452.44	
			Amount sold 11.81				
			of which has been repaid 11.81	.00			
		TOTAL now held by Bank and IDA		770.53	32.00	452.44	
		TOTAL undisbursed		426.49	24.68	218.31	669.48

1/ Prior to exchange adjustment.
2/ Includes Loan S-12 ($9.0 million).
4/ IDA-6 Credit amounts expressed in dollar equivalents of SDR's.
3/ Not yet effective.

B. Summary Statement of Bank Loans for Common Services Involving Kenya, Tanzania and Uganda as of December 31, 1981

Loan No.	Year	Borrower	Purpose		Amount (less cancellations) Bank[1]	Undisbursed
					-----US$ million-----	
Six loans fully disbursed					135.80	
638-EA	1969	EAHC	Second Harbours		35.00	0.52
865-EA	1972	EAHC	Third Harbours		26.50	0.35
914-EA	1972	EAPTC	Third Telecom.		32.50	0.28
1204-EA	1976	EADB	Second Dev. Finance		15.00	3.26
Total					244.80	4.41
of which has been repaid					68.89	
Total now outstanding					175.91	
Amount sold				24.36		
of which has been repaid				24.36	0.00	
Total now held by Bank[1]					175.91	
Total undisbursed					4.42	4.41

1/ Net of exchange adjustments.

C. Status of Projects in Execution[1]
(As of September 30, 1981)

There are currently 31 projects under execution in Kenya.

AGRICULTURAL SECTOR

Credit No. 477-KE - Second Livestock Project: US$17.5[2] million Credit of April 5, 1974; Effective Date: December 2, 1974; Closing Date: December 31, 1982[3]

The implementation of this project has been hampered by a number of policy and institutional issues. Consequently, disbursements have been exceedingly slow and the outstanding balance as of December 31, 1980, the closing date, was US$14.3 million. Agreement was reached with the Government that the credit would be extended for a period of two years to December 31, 1982, if a number of conditions necessary to resolve the above issues were implemented by November 1980. These conditions implied a more realistic and modified project with decreased project costs. Agreement was also reached between the Government and the Agricultural Finance Corporation (AFC) with the Association that since the total amount of the credit could not be utilized even with the proposed new closing date, the Government would request a cancellation of US$4.0 million and a reallocation between categories in Schedule 1 of the Credit Agreement, once the conditions were met. This has now been done.

Credit No. 537-KE[4] - Group Farm Rehabilitation Project: US$7.5 million Credit of March 26, 1975; Effective Date: September 30, 1975; Closing Date: December 31, 1981

The Project faces major problems. The progress of rehabilitation of existing project farms is encountering a variety of legal, social, political and financial problems. Despite project efforts to recruit

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1/ These notes are designed to inform the Executive Directors regarding the progress on 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.

2/ Net of cancellations, an amount of US$4.0 million was cancelled on December 30, 1980, since the total amount of the credit could not be utilized.

3/ The new closing date will be effective once the countersigned letter from AFC is received.

4/ Loan No. 1093-KE, US$7.5 million, was cancelled on May 11, 1981, retroactive to November 30, 1980, at Government request.

qualified farm managers, most of the farms continue to suffer from inadequate financial and operational management. The majority of project farm group owners would like to subdivide, but are constrained by large debts for common assets and by the absence of a clear Government policy and guidelines on legal subdivision of group farms. Although rehabilitation of a few farms, particularly coffee estates, seems to be proceeding satisfactorily, the Bank and the Government are jointly reviewing the project objectives in light of difficulties encountered, and the Government has undertaken a study of the financial impact of various alternative solutions to the financial problems of group farms and will review the implications of sub-division for the regions concerned. In the interim, recruitment of additional farms has stopped, and the cancellation of the total loan amount of US$7.5 million, at Government's request, has been effected.

Loan No. 1132-KE/Credit No. 565-KE - Second Forestry Plantation Project: US$9.9 million[5] Loan and US$10.0 million Credit of June 27, 1975; Effective Date: September 25, 1975; Closing Date: December 31, 1981

The Project is a continuation of the first Kenya Forestry Planatation Project (Loan 641-KE), to complete the Government's long-term afforestation program target of 130,000 ha. of sawlog and 24,000 ha. of pulpwood plantations by 1980. The credit and the loan are now fully disbursed. A Completion Report is under preparation. At completion, the plantation program was 35% below target due to a variety of reasons, including bad weather conditions as well as poor and deteriorating management. The building and labor housing programs were considerably behind schedule.

Loan No. 1303-T-KE/Credit No. 650-KE - Integrated Agricultural Development Project: US$10.0 million Loan and US$10.0 million Credit of July 9, 1976; Effective Date: March 15, 1977; Closing Date: December 31, 1981

The reorientation of the project towards assisting large numbers of subsistence farmers rather than progressive smallholder farmers has led to a number of difficulties. Late release of credit funds has led to delayed application of farm inputs, and expected yield increases were therefore not achieved. Measures are now being taken to ensure availability of credit funds at the appropriate time. The overall balance between numbers of borrowers and infrastructural support--staff, storage and transport--at cooperative union level has been improving, and greater efforts have been made to improve the input supply and marketing systems.

Loan No. 1389-KE - South Nyanza Sugar Project: US$25.0 million Loan of April 15, 1977; Effective Date: November 3, 1977; Closing Date: March 31, 1983

The sugar factory is in operation, agricultural development has advanced well and nucleus estate development is complete including drainage. Yields from outgrowers' cane have been projected somewhat higher as compared

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5/ Net of cancellations, an amount of US$0.1 million was cancelled on July 20, 1979 since items which were to have been financed under the loan were not procured in accordance with Bank guidelines.

with 1980 yields; however, actual 1981 production may well fall short of management expectations if the amount and distribution of rainfall are not favorable. All civil works are virtually completed, work on minor roads is improving and major road works are proceeding satisfactorily. Certain weaknesses in project management, particularly cane handling and transport, have become apparent, and consultants are being employed to rectify this problem. Although statutory sugar prices were changed in April 1981 by about 10%, SONY (the Project entity) is experiencing serious financial difficulties. KSA and SONY will review the situation to ascertain what financial assistance will be required from Government and if the Bank's legal requirements have been satisfied.

Loan No. 1390-T-KE/Credit No. 692-KE - Third Agricultural Credit Project: US$5.0 million Loan and US$5.0 million Credit of April 15, 1977; Effective Date: September 14, 1977; Closing Date: December 31, 1981

The closing date of the Project has been postponed one year to compensate for initial disbursement problems related to budgetary cutbacks and cumbersome administration of reimbursement requests and to reallocate underutilized credit funds for medium-scale farmers and livestock holders to the small-scale farmer category, where AFC commitments have exceeded appraisal estimates. The balance of funds for onlending, about $3.2 million, is expected to be fully drawn down by AFC by end 1981. The new, computerized accounts system is now operational, and is being programmed to provide improved arrears reporting, budgeting and financial control.

Loan No. 1449-KE/Credit No. 722-KE - Bura Irrigation Settlement Project: US$34.0 million Loan and US$6.0 million Credit of June 22, 1978; Effective Date: June 27, 1978; Closing Date: June 30, 1984

Despite a slow start-up, project implementation is proceeding satisfactorily. However, a detailed review of cost estimates indicates that the Project will experience serious cost overruns; the revised estimate is about twice the appraisal figure, and there seems to be little scope for reduction. The Government has indicated that it will proceed with the Project despite the significant burden on its finances, and is currently reviewing its budget and seeking additional external assistance. No supplementary IDA financing is proposed.

Loan No. 1636-KE - Sugar Rehabilitation Project: U$72.0 million Loan of December 20, 1978; Effective Date: September 20, 1979; Closing Date: March 31, 1985

Implementation of this Project is facing a serious problem. The Government has indicated reluctance to sign the Subsidiary Financing Agreements for two of the three factories to be rehabilitated under the Project, and has now confirmed its intention formally to the Bank. Developments in these project areas are in suspense since the companies have not given evidence that they have a viable financing plan and since the Government has not provided detailed plans for the complementary field and infrastructural development. Rehabilitation of the third factory has been held up by delays in the recruitment of consultants; serious cost over-runs are expected. Cane supply is expected to drop unless cane prices are significantly increased. In spite of the economic difficulties facing the sugar production sector, investments in new factories are being projected. A study to review sugar marketing prospects is due to start soon, and appropriate changes in project design will be discussed immediately thereafter.

Credit No. 858-KE - Narok Agricultural Development Project: US$13.0 million Credit of December 20, 1978; Effective Date: June 28, 1979; Closing Date: December 31, 1983

Implementation is proceeding slowly due to difficulties in developing effective credit programs adapted to the special circumstances of the traditional Masai farmers of the district. Land adjudication, initially an obstacle to medium-term lending by AFC, is proceeding relatively well, the construction of a central Farmers' Training Center is finished, and project staffing is nearly complete; however, project coordination and supervision of extension services has been weak due to a change in the District Agricultural Office (DAO) and the continued lack of an Assistant DAO. Disbursements for seasonal and medium-term loans are likely to proceed more slowly than expected, because of the need for intensive extension work and resolution of disputes on land issues and credit terms. The Government has requested the reallocation of some credit funds to other areas, including improvement of critical access roads, and this proposal is under review.

Credit No. 914-KE - Smallholder Coffee Improvement Project: US$27.0 million Credit of June 11, 1979; Effective Date: April 3, 1980; Closing Date: March 31, 1984

Principal project activities started slowly due to the lower than estimated 1980/81 Government budgetary allocations, the first since the Credit Agreement was signed, to finance SCIP lending operations for coffee factory rehabilitation/construction and farm improvements. However, most project personnel are in post and it is expected that the Project will be fully staffed shortly. Training has made good progress, but training programs need to be expanded and accelerated. Financial difficulties are expected to continue to prevail in the near future, and whether Project infrastructure, equipment and personnel will be utilized in an optimal fashion will depend on future Government funding of the Project.

Credit No. 962-KE - Baringo Semi-Arid Areas Project: US$6.5 million Credit of March 12, 1980; Effective Date: June 10, 1980; Closing Date: October 31, 1984

Project activities are proceeding well given the remoteness of the project area and the pilot nature of the project. The internationally-recruited technical staff and the local agricultural and livestock extension staff are all in place. Due to the 1980/81 Government budget constraints, allocations for the project were only a third of the amount requested and approved in project Work Plans. This shortfall has had a particular impact on construction of project housing, which is sorely inadequate, and the budget for project field services, which consequently remain limited. Despite these problems, the project team has launched a number of experiments in dry-land and irrigated farming, soil conservation and water harvesting, and range management. Project demonstrations have attracted local interest, and participation of area residents in project activities is increasing.

Credit 959-KE - Second Integrated Agricultural Development Project: US$46.0 million Credit of April 23, 1980; Effective Date: July 2, 1980; Closing Date: April 30, 1986

IADP II faces many of the same problems as IADP I, mainly high drop out rates of project recruited farmers and low credit repayment rates. These problems are partly related to the inefficiencies of the farm input delivery system, the financial and managerial weaknesses of cooperative intermediaries, and inadequate marketing arrangements for smallholder production. Supervision of the project has emphasized streamlining of the credit and agricultural input delivery system and greater technical assistance to cooperatives and the strengthening of the Ministry of Cooperative Development's extension and audit services. IADP II provides significantly more support than IADP I for infrastructure, including rural access roads, rural water supplies, small-scale irrigation, and resource/soil conservation. Most infrastructure components are in the planning stage with construction to start in 1981/82. General delays in project implementation are expected due to severe Government budgetary constraints, which have resulted in cuts in the Annual Work Plan programs.

Credit No. 1051-KE - Fisheries Development Project: US$10.0 million Credit of July 14, 1980; Effective Date: October 9, 1980; Closing Date: September 30, 1987

Project start-up activities are proceeding satisfactorily. The Project Manager and key Area Managers have been appointed. An early problem regarding a potential project overlap with a proposed Kenyan/Nordic cooperative fisheries project was resolved in May 1981 by the Nordics withdrawing from the project. A subsidiary financing agreement between the Government and the Cooperative Bank of Kenya for the cooperative credit program is being finalized. Recruitment of technical asistance for the fish farming center and boat building components is scheduled to be completed by December 1981.

EDUCATION SECTOR

Loan No. 1184-KE - Third Education Project: US$10.0 million Loan of December 31, 1975; Effective Date: March 17, 1976; Closing Date: June 30, 1982

Physical implementation of the project is about 3-1/2 years behind schedule. Government is taking measures to counter cost overruns and difficulties in making available their financial contributions by, inter alia, phasing activities in the project implementation period. The rate of progress towards achievement of educational objectives is linked to the rate of progress of physical implementation of the project. Minimal progress in preparation of a new and appropriate curriculum has been made by the Kenya Institute of Education, who has a leading role in improvement of primary education. Provisions under the Fifth Education Project for strengthening the Project Unit will likely benefit achievements by a more efficient management of implementation activities.

Credit No. 797-KE - Fourth Education Project: U$23.0 million Credit of June 7, 1978; Effective Date: August 25, 1978; Closing Date: December 31, 1982

Physical implementaton of the project is about 22 months behind schedule (about 17% of completion). Revised total project cost increased to about KShs 329 million representing approximately 28% cost overrun in civil works in terms of local currency. The Technical Assistance program as well as the pursuance of educational objectives under the Credit are proceeding satisfactorily.

Credit No. 1107-KE - Fifth Education Project: US$40.0[6] million Credit of May 7, 1981; Effective Date: July 30, 1981; Closing Date: June 30, 1986

This Credit became effective on July 30, 1981.

WATER SUPPLY SECTOR

Loan No. 1167-KE - Mombasa and Coastal Water Supply Project: US$35.0 million Loan of October 5, 1975; Effective Date: January 13, 1976; Closing Date: June 30, 1982

Full scale operational capacity is now at least 30 months behind schedule. Although there is a substantial cost overrun, this is not seen as a major problem since Government is fully committed to earliest project completion and is providing the additional funds, 80% local currency, as needed. Regarding key personnel vancancies requiring the Ministry of Water Development's (MWD) attention, MWD is fully aware of this situation and, while progress is slow, remedial action is being taken. The Water Engineering Department of the MWD was able to start small scale operations, by means of temporary arrangements, in December 1980 and helped estimate substantially Mombasa's water shortage during the 1980 year end dry season, and the project was formally commissioned in April 1981. The Closing Date has been postponed by two years to June 30, 1982.

Loan No. 1520-KE - Second Nairobi Water Supply Project: US$30.0 million Loan of March 27, 1978; Effective Date: December 20, 1978; Closing Date: December 31, 1982

Implementation started on schedule but completion is now forecast about 21 months behind schedule due to difficulties with tender evaluations and delays by the Borrower in contract administration and in concluding satisfactory arrangements for construction supervision. Most supply contracts financed by other donors and the construction contracts being financed by the Bank now have been awarded. Good progress is being made on detailed design and tendering for the remaining contracts. Bid prices to date have been favorable, but due largely to the delays there is an estimated increase of 35% in local currency costs and 5% in total costs. Water supply

6/ IDA Credit US$40 Million equivalent SDR 31.4 million at time of negotiatons.

and sewerage operations are in sound financial condition. However, the Borrower has been slow in fulfilling financial covenants pertaining to external audits.

Loan No. 1637-KE - Rural Water Supply Project: US$20.0 million Loan of December 20, 1978; Effective Date: January 24, 1980; Closing Date: July 1, 1985

The original project included 33 schemes but since two schemes are proposed to be joined together and three schemes are being constructed under other programs, only 29 schemes remain. The implementation is about 18 months behind schedule due to late effectiveness and slow start by the Ministry of Water Development (MWD) in preparing studies for the schemes. The training program is progressing satisfactorily; bids for MWD vehicles and construction equipment are being evaluated; MWD's reorganization has been generally implemented although some improvements are still to be completed. Water tariffs were changed in April 1981, on Presidential order and MWD will submit to the Bank computations showing the impact on revenues and the covering of O&M costs.

TRANSPORT SECTOR

Loan No. 1305-KE/Credit No. 651-KE - Rural Access Roads Projects: US$4.0 million Loan and US$4.0 million Credit of July 9, 1976; Effective Date: October 7, 1976; Closing Date: June 30, 1983

Progress on the Rural Access Roads Program (RARP) was reviewed in depth by all donors and discussed with Government during the Annual Review Meeting held in October 1980. The project is about two years behind schedule due to administration and procurement problems which delayed establishment of construction units. All eight Bank-financed construciton units are fully equipped, and are now operational, and satisfactorily staffed since these problems were resolved in the beginning of 1978. By September 15, 1980, 646 km of access roads had been constructed, of which only 135 km were gravelled due to the above-mentioned delays and later to the labor shortage. The decline of annual output and productivity of construction units, also due to a shortage of labor, was increased from 30 km per annum to 33 km per annum primarily because the Government granted a daily minimum wage increase that was proposed by MOTC. The labor supply has been adequate since June 1980, following the May wage increase.

Loan No. 1684-KE - Highway Sector Project: US$90.0 million Loan of April 30, 1979; Effective Date: June 18, 1979; Closing Date: June 30, 1985

Implementation of the Government's Highway Sector Plan has been delayed by about one year because a critical shortage of funds has caused a reduction in the highway work program. While this has not yet affected the project appreciably, the continuation of this trend in FY82 could touch projects included in the Sector Loan. The two contracts for construction of Uplands-Limmuru (11 km) and Nairasha-Nakuru (56 km) were recently signed and mobilization is satisfactory. The contracts for strengthening the Mau Summit-Kismu road (136 km) is being retendered while the Nakuru-Timboroa road

(81 km) tender documents are completed. The remaining two subprojects, the Nairobi-Thika and Longonot-Uplands roads, are under design. The regravelling of gravel roads projections were achieved during the past two years (1979-80). Resealing of paved roads is behind schedule with only 18% of the appraisal target accomplished due to shortage of bitumen and poor organization. Bitumen is now being imported and four resealing units out of the six planned are operational. The resealing operation is now progressing. The funds allocated for road maintenance are about 15% below appraisal estimates but with better organization and utilization of existing resources, the targets could be achieved.

Loan 1976-KE - Railways Project: US$58.0 million Loan of May 7, 1981; Effective Date: September 3, 1981; Closing Date: December 31, 1985

This Loan became effective on September 3, 1981, following the receipt of the Subsidiary Loan Agreement between the Government and Kenya Railway.

POWER SECTOR

Loan No. 1799-KE - Olkaria Geothermal Power Project: US$40.0 million Loan of April 25, 1980; Effective Date: November 18, 1980; Closing Date: June 30, 1983

This Loan includes the US$9.0 million for the Engineering Loan (S-12-KE), refinanced under this project. Progress under the loan has been satisfactory. Drilling is proceeding on schedule; fabrication of the new drill rig and accessories has ben completed, and erection of the rig at the site is expected to be completed by the end of the year. Miscellaneous supplies and equipment have been purchased under International Shopping procedures. The project is expected to be completed ahead of schedule and within the estimated cost.

INDUSTRIAL SECTOR

Loan No. 1438-KE - Third Industrial Development Bank Project: US$20.0 million Loan of June 22, 1977; Effective Date: November 10, 1977; Closing Date: July 1, 1982

Seventeen sub-projects have been approved under this Loan. As at February 28, 1981, US$20.0 million has been fully committed and as at September 30, US$13.5 million had been disbursed.

Credit No. 750-KE - Small Scale Industry Project: US$10.0 million Credit of November 28, 1977; Effective Date: June 26, 1978; Closing Date: December 31, 1982

Kenya Industrial Estates (KIE) is making efforts to improve its slow implementation rate and high arrears of clients. The Association is seeking Government assistance in correcting two problems, noted previously, caused by the transfer in March 1980 of a loan portfolio from another DFC (ICDC): (i) that KIE complete the reconciliation of the individual subloan amounts stated in the transfer agreement with available documentation and receive compensation for the doubtful debts in the portfolio; and (ii) a proposal to increase KIE's paid-in share capital to maintain the debt/equity ratio below 3, the ceilig (3:1) of the IDA Project Agreement. As of September 30, 1981, US$3.9 million was committed for 73 subloans and some technical assistance, to 57 subprojects, but only US$1.2 million had been disbursed. About half of the commitments were for eight subprojects with the remainder allocated to smaller free-limit subprojects.

Loan No. 1817-KE - Fourth Industrial Development Bank Project: US$30.0 million Loan of June 16, 1980; Effective Date: August 21, 1980; Closing Date: December 31, 1985

Ten subprojects have been approved under the Loan to date. As at September 30, 1980, US$14.9 million had been committed and US$ 930,000 had been disbursed.

TECHNICAL ASSISTANCE

Credit No. 1045-KE - Export Promotion Technical Assistance Project: US$4.5 million Credit of July 14, 1980; Effective Date: October 15, 1980; Closing Date: June 30, 1985

This Credit became effective on October 15, 1980.

TELECOMMUNICATIONS SECTOR

Loan No. 1680-KE - First Telecommunications Project: US$20.0 million Loan of April 11, 1979; Effective Date: August 16, 1979; Closing Date: June 30, 1983

The Project is now progressing satisfactorily. Bid awards for all Bank-financed goods have been completed and contracts signed. Initial delays in procurement of goods are likely to cause about a year's delay in project completion. Kenya Posts and Telecommunications Corporation (KPTC) has completed the installation of a total of 960 lines of extension equipment in eight manual exchanges using its own funds. The balance of a total of 570 lines in four exchanges is expected to be in service in 1981. KPTC has now completed design of cable networks and buildings.

URBAN SECTOR

Loan No. 1105-KE/Credit No. 543-KE - Sites and Services Project: US$8.0 million Loan and US$8.0 million Credit of May 6, 1975; Effective Date: September 25, 1975; Closing Date: June 30, 1982

Overall project execution continues to be satisfactory but there are mounting delays in implementation causing a slippage of two years due primarily to construction delays. Infrastructure has been completed for the first 1,000 plots and most beneficiaries have constructed satisfactory housing. Infrastructure for an additional 2,700 plots is about 30% complete and construction of infrastructure for the remaining 2,300 plots is expected to begin soon. Cost recovery continues to be good. One primary school is now operational, but designs for the remaining schools are behind schedule. One health center is under construction; however, the Bank does not plan to disburse against its costs as its design was too expensive and was not approved by the Bank. The design of the other health center should be submitted for approval soon. Tenders have been invited for all other community facilities. Technical assistance components are completed or scheduled for completion in conjunction with the project. Project costs for the first phase remain close to appraisal estimates but are expected to exceed original estimates for the remaining components because of delays incurred. The credit is fully disbursed and disbursements under the loan have started. Although loan disbursements are expected to increase rapidly now that the construction activities are progressing satisfactorily, the Closing Date has been postponed one year.

Loan No. 1550-KE/Credit No. 791-KE - Second Urban Project: US$25.0 million Loan and US$25.0 million Credit of May 75, 1978; Effective Date: October 3, 1978; Closing Date: December 31, 1983

Progress in implementation of physical components of the project is generally satisfactory. Consultants for detailed design and engineering of Phase I sites in all three cities (Nairobi, Mombasa and Kisumu) are making good progress. Appointment of consultants for Phase II sites has now been completed and design work is underway. The Housing Development Departments are operational in all three cities with most key posts filled. Recruitment of other staff is underway. Progress on studies included in the project is slower than expected. Municipal finance reforms have been delayed pending Cabinet approval of a paper on the subject.

WILDLIFE AND TOURISM SECTOR

Loan No. 1304-T-KE - Wildlife and Tourism Project: US$17.0 million Loan of July 9, 1976; Effective Date: November 10, 1976; Closing Date: June 30,1982

After initial delays, project implementation is accelerating. Officers for the Project Management Unit have been appointed, and six key Wildlife Planning Unit positions have been filled. The Ministry of Transport and Communications has appointed various consultants for the design and construction of all physical project components. The Tourism Pricing Study and the Very Large Herbivores Study have been completed, and recommendations contained in these two studies are under review by the Government. The anti-poaching units are fully staffed and deployed, and initial effectiveness of the units appears satisfactory. Draft amendments to the Wildlife (Conservation and Management) Act of 1976 to fulfill the requirements of the supplementary letter giving detailed proposals for anti-poaching operations have been approved by the Ministry of Environment and Natural Resources and are now in the final stages of processing.

EAST AFRICAN COMMUNITY

There are currently four projects in execution in the East African Community.[7]

Loan No. 638-EA - Second Harbours Project: US$35.0 million Loan of August 25, 1969; Date of Effectiveness: December 26, 1969; Closing Date: December 31, 1977

The Second Harbours project included financing for five general cargo berths and a single buoy tanker terminal for the Port of Dar-es-Salaam; two general cargo berths and a bulk cement wharf for Mombasa; tugs, lighters, cargo handling equipment, offices, housing and general improvements for both ports. Construction of all major project elements has been completed and a joint project completion report was issued in January 1979 for the Second and Third Harbours projects. General cargo throughput has increased above appraisal forecasts for Dar-es-Salaam, and cargo handling productivity has generally 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 has already been disbursed.

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. The slippage in 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$32.2 million of the loan has now been disbursed.

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: June 30, 1982

7/ 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 Dates for Loans 638-EA, 865-EA and 914-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.

The Loan is fully committed and disbursements are expected to be completed by the Closing Date of June 30, 1982. The economic difficulties of the three countries in which EADB operates has had a negative impact on EADB's portfolio. Helping clients to service their debts, therefore, continues to be EADB's priority.

D. Statement of IFC Investment in Kenya as at December 31, 1981

Fiscal Year	Obligor	Type of Business	Amount in US$ Million Loan	Equity	Total
1967, 1968, and 1973	Kenya Hotel Properties	Hotels	5.2	0.7	5.9
1970, 1974, 1977 and 1979	Pan African Paper Mills	Pulp and Paper	22.2	6.3	28.5
1972	Tourism Promotion Services	Hotels	2.4	-	2.4
1976	Rift Valley Textiles Ltd.	Textiles	6.3	2.8	9.1
1977	Kenya Commercial Bank Ltd.	Capital Market	2.0	-	2.0
1980	Development Finance Company of Kenya Ltd.	Development Finance	-	1.3	1.3
1981	Kenya Commercial Finance	Money & Capital Market	5.0	-	5.0
1982	Bamburi Portland Cement Co., Ltd.	Cement & Construction Material	4.9	-	4.9
	Total Gross Commitments		48.0	11.1	59 1
	less cancellations, terminations, repayments and sales		13.0	1.8	14.8
	Total Commitments now held by IFC		35.0	9.3	44.3
	Total Undisbursed		15.0	-	15.0

KENYA - INTEGRATED RURAL HEALTH AND FAMILY PLANNING PROJECT

SUPPLEMENTARY PROJECT DATA SHEET

I. Timetable of Key Events

(a)	Time taken to prepare:	24 months
(b)	Prepared by Government and RMEA:	
(c)	Date of first major presentation to the Bank Group:	January 1978
(d)	Appraisal Mission:	October-November 1980
(e)	Negotiations:	April 1982
(f)	Planned Date of Effectiveness:	October 1982

II. Special Bank Group Implementation Actions

None.

III. Special Conditions

(a) MOH will prepare a timetable for implementation of recommendations of the management consultants' report not later than three months following completion of the report (paragraph 45);

(b) the National Council members will be appointed and appropriate policy and procedure guidelines adopted by October 1, 1982 and the Council will be maintained and continue its operations until the Closing Date (paragraph 49);

(c) MOH will prepare a timetable for conversion of Government RHFs not presently functioning as SDPs, and for their interim conversion into limited SDPs supplying contraceptives and resupplying orals, by December 31, 1982 (paragraph 52);

(d) MOH will set up a system to show the number, type and posting of staff in specific facilities by December 31, 1982 (paragraph 53);

(e) Locations should be selected for new CO, ECN and maintenance training schools and architects appointed to prepare designs, not later than December 31, 1982 (paragraphs 53 and 56);

(f) A study will be conducted of causes of ECN and CO student attrition and possible remedies, and the feasibility of shortening ECN training, not later than December 31, 1982 (paragraph 53);

(g) MOH will conduct a study on the options for financing the expanding supply of drugs, by June 30, 1984 (paragraph 54);

(h) MOH should conduct a survey of existing RHFs to determine locations of dispensaries to be improved and upgraded, new dispensaries and housing to be built, together with designs and cost estimates, not later than December 31, 1982 (paragraph 55);

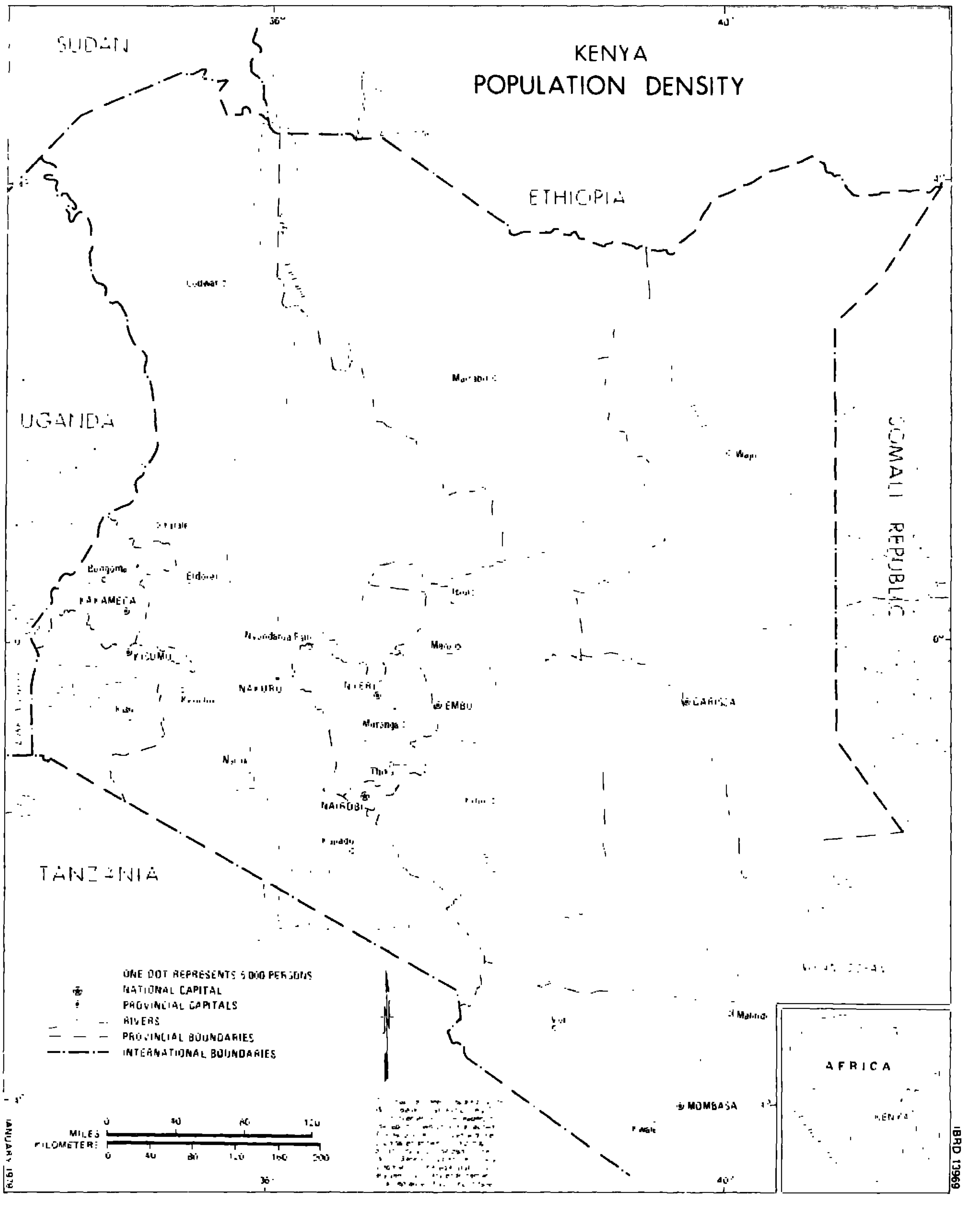
(i) MOH will establish seven provincial, and 51 district health education officer posts, by June 30, 1983 (paragraph 56);

(j) Locations will be identified for 30 NGO MCH/FP service delivery points, three nursing schools and three RCHs to be upgraded, not later than December 31, 1982 (paragraph 58);

(k) Draft annual plans prepared by the Borrower will be submitted by March 31 of each year for the following year for the I&E program (paragraph 66);

(l) An institution will be engaged to conduct a fertility/mortality survey during the course of the project (paragraph 67); and

(m) Annual reports on project financial transactions will be submitted annually, not later than December 31 of each year, starting with December 31, 1983 (paragraph 68).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