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**Report No.P-2441-TA**

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

January 4, 1979

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### CURRENCY EQUIVALENTS

Currency Unit	= Tanzania Shilling (TSh)
US\$1.00	= TSh 8.00
TSh 1.0	= US\$0.125

(As the Tanzania Shilling is officially valued at a fixed rate of 9.66 TSh to the SDR, the US Dollar/Tanzania Shilling exchange rate is subject to change. Conversions in this report were made at US\$1.00 to TSh 8.00 which is close to the 1978 average exchange rate.)

### ABBREVIATIONS AND ACRONYMS

CIDA	= Canadian International Development Agency
EAC	= East African Community
MCT	= Ministry of Communications and Transport
MOW	= Ministry of Works
SIDA	= Swedish International Development Authority
TAZARA	= Tanzania-Zambia Railway Authority
TANZAM	= Tanzania-Zambia
TRC	= Tanzania Railway Corporation
vpd	= vehicle per day

### FISCAL YEAR

Government: July 1 - June 30

TANZANIA

FIFTH HIGHWAY PROJECT

CREDIT AND PROJECT SUMMARY

BORROWER: United Republic of Tanzania

AMOUNT: US\$20.5 million equivalent

TERMS: Standard

PROJECT DESCRIPTION: The proposed project comprises the second stage of the Borrower's trunk roads maintenance program, extending it to the maintenance and rehabilitation of 2,700 km of trunk roads in 11 regions in the northern and western parts of the country. The project draws on the experience gained from the first stage financed under the ongoing Highway Maintenance Project (Credit No. 507-TA). The project aims at increasing the long-term road maintenance capability of the Ministry of Works through provision of technical assistance for on-the-job and formal training including overseas training of engineers. The project would also finance road maintenance, rehabilitation and zonal workshop equipment and materials, training aids for the Morogoro Training School and construction of base and road camps and a small number of houses for technical experts. The proposed project also includes a pilot program for repair and rehabilitation of road maintenance equipment serving the regional and district roads in the Mwanza Region and Zanzibar.

Project benefits consist mainly of savings in vehicle operating costs. Such savings will directly accrue to transport operators and thereafter are expected to be passed on to transport users (mainly farmers and bus passengers) in the form of reduced rates and fares. An increasing government concern with improving road maintenance and the planned close monitoring of implementation will minimize the risks of the proposed project.

<u>ESTIMATED PROJECT CAPITAL COSTS: 1/</u>	<u>-----US\$ Million-----</u>		
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
Equipment, Vehicles & Spare Parts	0.91	11.71	12.62
Road Maintenance Materials	0.39	0.62	1.01
Civil Works	2.33	0.56	2.89
Pilot Regional Program	0.02	0.42	0.44
Technical Assistance & Training	<u>0.21</u>	<u>4.19</u>	<u>4.40</u>
Base Costs	3.86	17.50	21.36
Physical Contingencies	0.30	0.61	0.91
Price Contingencies	<u>0.90</u>	<u>2.54</u>	<u>3.44</u>
Total Capital Costs	<u>5.06</u>	<u>20.65</u>	<u>25.71</u>

<u>FINANCING PLAN:</u>	<u>-----US\$ Million-----</u>			
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>%</u>
IDA	-	20.50	20.50	80
Government	<u>5.06</u>	<u>0.15</u>	<u>5.21</u>	<u>20</u>
Project Capital Cost	<u>5.06</u>	<u>20.65</u>	<u>25.71</u>	<u>100</u>

<u>ESTIMATED DISBURSEMENTS:</u>	Fiscal Year	<u>-----US\$ Million-----</u>					
		<u>80</u>	<u>81</u>	<u>82</u>	<u>83</u>	<u>84</u>	<u>85</u>
Annual		0.5	4.6	5.1	4.1	4.7	1.5
Cumulative		0.5	5.1	10.2	14.3	19.0	20.5

RATE OF RETURN: 70 percent

STAFF APPRAISAL REPORT: Report No. 2187a-TA, dated December 27, 1978  
Highways Division, Eastern Africa Region

MAP: IBRD 13777

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1/ As goods imported under the project would be free of taxes and duties, the cost estimates include only negligible amounts of taxes.

INTERNATIONAL DEVELOPMENT ASSOCIATION

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

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1. I submit the following report and recommendation on a proposed credit to the United Republic of Tanzania of US\$20.5 million equivalent on standard terms to help finance a Fifth Highway Project.

PART I - THE ECONOMY\*

2. A Basic Economic Mission visited Tanzania in August 1976. The Basic Economic Report was distributed in December 1977 (Report No. 1616-TA). A summary of social and economic data is in Annex I.

Profile of the Economy

3. Tanzania is one of the 25 least developed countries in the world with a per capita income in 1977 of US\$200. The economy is still heavily dependent on agriculture: 90% of the labor force is engaged in agriculture and approximately 40% of GDP and two-thirds of total exports are derived from agricultural production. Average rural incomes are much below average urban incomes and there is considerable regional variation in rural incomes owing largely to differences in climate and land fertility. Overall population density is low, though a few areas are considered overpopulated. Population growth is estimated at 2.7% per annum with both fertility and mortality at relatively high levels.

4. Since the Arusha Declaration in 1967 Tanzania has pursued a socialist development strategy. Banking, insurance, and most large-scale enterprises in manufacturing, plantation agriculture, and wholesale trade are under state control. Controls are used extensively to direct economic activity, including import licensing, foreign exchange control, price control, the reservation of some activities to the state or cooperative sector, and detailed Government investment planning. The second major feature of Tanzania's development strategy is its strong emphasis on rural development and social programs to benefit the poor. This is reflected in ambitious programs for the provision of rural water supplies and health services and in the decision to achieve universal entry into primary education by 1977. The Government policy of settling the rural population into villages is an important element in its attempt to facilitate the provision of economic and social services in rural areas.

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\* This section is substantially the same as that of the President's Report on the Mufindi Pulp and Paper Project dated December 20, 1978.

Long Term Economic Trends

5. In the decade 1967-77 real GDP at factor cost grew at an annual average rate of 4.6%, or about 1.8% per annum per capita. While economic growth was severely disrupted by the economic crisis following the failure of rains and large increases in import prices in 1973 and 1974, it has since resumed with improved weather in 1976 and 1977.

6. The Government has an impressive record of domestic resource mobilization. Between 1966/67 and 1976/77 the share of recurrent revenue rose from 14.3% to 20.2% of GDP. This has been achieved through a combination of highly progressive direct taxes and proportional or moderately progressive indirect taxes. Except during the economic crisis in 1974-75, the rate of national savings has also been high: gross national savings fluctuated at around 16-17% of GNP from the mid-1960's through 1973, fell to half that level during the crisis years and recovered to the pre-crisis level in 1976/77. These are extremely high levels of savings for a country at Tanzania's income level.

7. Some progress has also been made in achieving the Government's objective of a more equitable income distribution. While the average urban-rural income gap widened in the early 1960's, this undesirable outcome has since been arrested and the gap remained approximately constant between 1969 and 1975. It is likely that the gap has been slightly reduced since 1976 due to continued recovery of agricultural production and higher producer prices. Regional income differentials in rural areas have tended to widen slightly. Within the urban sector there has been a dramatic narrowing of the post-tax income differential between the highest-paid government officials and minimum wage earners from 50 to 1 in 1961 to 8 to 1 in 1975. However, the overall formal urban sector earnings structure has remained relatively stable while a large informal sector has emerged comprising large numbers of unemployed, underemployed and other workers with earnings significantly below the official urban minimum wage. The policies of wage restraint and higher producer prices pursued since 1975 should have a beneficial impact on almost all dimensions of income distribution and the basic needs oriented programs in rural water and health and in universal primary education (para. 4 above) are resulting in a significant redirection in public expenditures toward the rural poor.

8. Despite satisfactory performance on growth, domestic resource mobilization, and income distribution there are other areas in which performance has been less than satisfactory. The most worrying long-term trend is the slow growth of agricultural production. From 1967-77 agriculture grew at an annual rate of 2.7%, the same as the rate of growth of population. In the past three years agricultural growth has been higher, but this was primarily a reflection of the recovery to the long-term trend from the drought years 1973-1975. In addition, the recovery has been limited to subsistence agriculture; monetary agricultural production was only 2.2% higher in 1977 than in 1972.

9. Slow agricultural growth has been largely responsible for a second problem, the disappointing slow growth of export volume: while the total

volume of exports of goods and services was 7.7% higher in 1976 than in 1966, the volume of exports of goods alone was actually lower in 1976 than a decade earlier. From 1966-71, the volume of exports of goods and services grew at 7.7% per year, but this was followed by a decline after 1971, a sharp drop in 1974, and only a partial recovery by 1976. Increased levels of foreign assistance and high coffee prices have mitigated the worst effects of the decline in export volume, even so the Government has had to impose stricter import controls with particularly adverse effects on industrial production following the crisis of 1974-75. Only recently have these controls been relaxed.

#### Recent Economic Performance

10. The economy continued its recovery in 1977. Total GDP increased by 5.9%. There was no significant change in export volume but the boom in coffee prices helped raise mainland commodity export receipts from TSh 3,828 million to TSh 4,585 million. International reserves were US\$280 million at the end of 1977. However, with the fall of coffee prices in 1978 and increased import levels, reserves have fallen rapidly; by September 1978 they fell to about \$120 million.

11. Recovery has been aided by good economic management. The Government has continued to adhere to the principal elements of the policy package introduced at the time of appraisal and negotiation of the Program Loan (No. 1063-TA) in late 1974. These include reallocation of investment in favor of directly productive sectors, higher agricultural producer prices, constraints on wages and salaries, and price and tax increases to restrain private consumption. Since mid-1976 the Government has also succeeded in bringing Government spending under control and has begun to relax import controls. Because excessive Government spending and borrowing from the banking system was threatening to undermine financial stability and the entire program of recovery in early 1976, a program of budgetary control was developed by the Government and supported by IMF assistance and a Program Credit (No. 688-TA) in early 1977. Through the imposition of new budgetary control measures and the reimposition of a progressive tax on coffee exports, the Government was able to reduce Government debt to the banking system and in 1977-78 hold bank borrowing to nearly zero. The Program Credit was also designed to support selected relaxation of import controls in order to provide needed imports of spare parts and raw materials for increased capacity utilization. After some delays, the availability of essential maintenance imports has increased.

12. In addition, the Government has experimented in recent months with measures to increase labor productivity. These have included layoffs of some redundant workers and consultancy studies of the operational problems of individual firms. Of potentially greater importance in the Budget Speech in June 1978 the Finance Minister called for the adoption of a payment-by-result wage system to stimulate productivity; discussions on this matter are now in process among Finance and the other involved ministries.

13. Tanzania continues to attract large amounts of foreign assistance on concessional terms. Because of the very concessional terms on which aid has been given to Tanzania and the Government's policy of limiting higher cost commercial loans and supplier's credits, the overall debt service ratio has remained low. Including a notional 40% share of the debt of the East African Community Corporations, it was less than 8% in 1977 and projected at less than 10% through 1985. In 1977 the Bank held 14% of Tanzania's external debt (for the Bank Group, it was 26%) and received 27% of Tanzania's debt service (29% for the Bank Group). We were projecting these to remain at about 30% through the 1980s, but the recent decisions of many donors to switch to grant terms and to forgive past debts will lead to a higher level of Bank exposure. However, with the Bank debt service ratio at only about 3%, this is not expected to be a problem.

#### East African Community (EAC)

14. The recent developments in the East African Community were outlined in a report to the Executive Directors dated December 19, 1977 (R77-312). Dr. Victor Umbricht, the independent mediator appointed by the Partner States, has visited East Africa on numerous occasions and has begun work on the questions involved in appraising the assets and liabilities of the EAC Corporations and making recommendations on their allocation. The de facto breakup of the Community is expected to have some impact on Tanzania's budget as new national corporations take over the services formerly provided by the EAC Corporations. While substantial initial investments are required (particularly in the formation of the airways corporation, the rehabilitation of the railways and the improvement of the Dar es Salaam port), the burden on the Government budget should be temporary as the new corporations are expected to become self-financing. A major development related to the EAC difficulties was the closure of the border with Kenya. Kenya was a major trading partner of Tanzania and in the short run considerable adjustments have had to be made in locating new suppliers for some items and developing alternative outlets for some manufactured goods and agricultural products.

#### PART II - BANK GROUP OPERATIONS IN TANZANIA\*

15. Tanzania joined the Bank, IDA and IFC in 1962. Beginning with an IDA credit for education in 1962, 36 IDA credits and 16 Bank loans, of which two on Third Window loans, amounting to \$630.5 million have so far been approved for Tanzania. In addition, Tanzania has been a beneficiary of 10 loans totalling \$244.8 million which have been extended for the development of

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\* This section is substantially the same as that of the President's Report on the Mufindi Pulp and Paper Project, dated December 20, 1978.

the common services and development bank operated regionally by Tanzania, Kenya and Uganda through their association in the East African Community. IFC investments in Tanzania, totalling \$4.7 million, were made to the Kilombero Sugar Company in 1960 and 1964. This Company encountered financial difficulties and in 1969 IFC and other investors sold their interest in the Company to the Government. A new IFC investment of \$1.75 million in soap manufacturing in Mbeya was approved by the Executive Directors on June 8, 1978. Annex II contains summary statements of Bank loans, IDA credits and IFC investments to Tanzania and the East African Community organizations as of November 30, 1978 and notes on the execution of ongoing projects.

16. In keeping with Tanzania's overall development strategy Bank Group lending operations are increasingly focusing on the rural sector and directly productive projects. Up to the end of FY72, 10 out of 14 loans and credits made to Tanzania had been for infrastructure including five lending operations in the highway subsector. The overwhelming majority of the operations approved since then have been for directly productive projects. Furthermore, a number of Bank Group supported infrastructure projects have been closely linked with specific productive activities. For example, the Urban Water Supply Project (Loan No. 1354-TA) approved in January 1976, will support the Industrial Complex in Morogoro (Loans No. 1385-T-TA and 1386-TA). Directly productive projects recently approved include the Tanzanian Investment Bank Project (Loan No. 1498-TA), the Second Cashewnut Processing Project (Credit No. 801-TA), the Tobacco Handling Project (Credit No. 802-TA), and the Mwanza/Shinyanga Rural Development Project (Credit No. 803-TA). In addition, a Tourism Rehabilitation Project (Credit No. 860-TA) and a Sixth Education Project (Credit No. 861-TA) were approved by the Board on December 12, 1978. Projects which have been appraised include a Second Urban Water Supply Project, lines of credit to the Tanzania Rural Development Bank, the Tanzania Investment Bank and Tanzania Development Finance Limited and a Smallholder Tea Consolidation Project. A rural development project in Mara, a harbours project, an agricultural services project and a food grain storage and milling project are also under preparation.

17. Although the comparatively high proportion of undisbursed loans and credits, detailed in Annex II, is in larger part a result of the recent approval of many of these projects, it also reflects the fact that overall project implementation has been slower than was projected. It is clear in retrospect that both the Bank Group and Tanzania have been optimistic regarding Tanzania's absorptive capacity. The causes of the difficulties in implementation are varied. Some stem from the scarcity of suitably trained and experienced manpower, some reflect the problems in identifying agronomic input packages appropriate to the needs of smallholder farmers while others result from the strains associated with attempting a "frontal attack" on poverty. These problems have been compounded by frequent and drastic administrative changes, which -- though potentially the source of long-term benefits -- have certainly disrupted orderly execution of projects and made parts of earlier project concepts obsolete. In general, difficulties have been most severe in agriculture, particularly in the smallholder rural

sector. As our lending program has increasingly concentrated on this sector, these problems have become correspondingly more apparent and severe. By contrast, the "modern" sector projects have tended to fare better: the Tanzania Investment Bank, Mwanza Textile, Morogoro Industrial Estate and Cashewnut Processing Projects, for example, are proceeding well.

18. As the Bank Group's lending program has expanded, increasing attention has been given to measures designed to improve project implementation. A course was conducted in Dar es Salaam in 1973 and again in 1978 on Bank Group procurement with the relevant Government officials. A special project implementation unit was set up in the Ministry of Agriculture and nine Agricultural Development Services staff have been assigned to Bank Group financed projects. The need to establish a close and continuous working level dialogue between responsible Tanzanian officials and Bank Group staff on implementation problems was one of the prime reasons for the expansion of the Resident Mission to two professionals in October 1976. In February 1977 a regular Government/Bank Group review of project implementation was established. Discussions on the entire Bank Group program chaired by the Ministry of Finance and attended by Bank Group staff and officials from implementing agencies, were to be held on a monthly basis. Periodically these reviews are conducted on an "in-depth" basis and deal in detail with individual problem projects and problems which are affecting project implementation across a number of sectors. As a result of these efforts, there has been a noticeable improvement in project implementation. Actions agreed to during the reviews have been completed relatively fast and coordination and communication between Finance and the various ministries and agencies responsible for project implementation has improved markedly.

19. The Government has become increasingly conscious of the importance of effective implementation. In addition to fully supporting the project implementation review system, the Ministry of Finance has set up a unit to oversee project performance. Furthermore, there have been more consistent responses to Bank suggestions and a willingness to openly discuss project problems raised by Bank staff. As a consequence, the disbursement record of Bank Group financed projects has improved somewhat over the last two years, and a recent analysis indicated that the Tanzanian disbursement performance is about equal to the Bank-wide average. While there is still a potential for further significant improvements, as a number of long-term bottlenecks remain, it is likely that the Government can implement its investment program, including Bank Group and other foreign aided projects, more effectively than in the past.

### PART III - THE TRANSPORT SECTOR

#### Background

20. Tanzania's transport system comprises roads (about 45,000 km); two railway systems (totalling about 3,600 km of track); three main ocean ports

and a number of important lake ports; two international airports and over 50 smaller airfields. In addition, a 900 km pipeline conveys crude oil between Dar es Salaam and Zambia border.

21. In the highway subsector, while the Government has concentrated road investments in recent years on bituminizing existing roads rather than building new ones, only 3,000 km of roads (7%) are paved and about 900 km (2%) are engineered gravel. Many of the remaining roads are in poor condition and are often impassable during the rainy season. The average road density is among the lowest in Eastern Africa, 35 km per 1,000 km<sup>2</sup> (2.3 km per 1,000 inhabitants), and varies considerably from one region to another reflecting development and settlement patterns. The Ministry of Works (MOW) is responsible for construction and maintenance of trunk roads, while regional administrations are responsible for the rest of the road network.

22. Two railway systems now serve Tanzania: the Tanzania Railway Corporation (TRC) and the Tanzania-Zambia Railway Authority (TAZARA). TRC was established as a corporate entity in 1977 to operate that part of the East African Railways Corporation system located within Tanzania territory. TRC now manages and operates the 2,600 km, 1.00 meter gauge railway in central and northern Tanzania. TAZARA, financed by the Peoples' Republic of China and owned jointly by Tanzania and Zambia, commenced operations in 1976 and consists of 1.067 meter gauge track extending 970 km from Dar es Salaam to the Zambian border and 820 km into Zambia. The principal traffic at present is, and for some years expected to continue to be, Zambia's exports of copper and its imports.

23. The principal Tanzania ocean ports of Dar es Salaam, Tanga and Mtwara, are now managed and operated by the Tanzania Harbours Authority created in 1977 to take over these ports from the East African Harbours Corporation. The major port facility is Dar es Salaam and it handles about 85% of the total Tanzania traffic; nearly half of the tonnage through that port represents Zambian traffic. The major domestic shipping line is the Tanzania Coastal Shipping Line Limited, a parastatal corporation established in 1971 with a monopoly on carrying freight and passengers between coastal and island ports south of Dar es Salaam. Some transport services are also provided on Lake Victoria and Lake Tanganyika. On Lake Tanganyika, Burundi-owned ships transport considerable cargo between Bujumbura and Kigoma, the western terminus of TRC.

24. With its vast distances, difficult terrain and limited road network, domestic air service is particularly important in Tanzania. A national airline, Air Tanzania, was formed in 1977, following termination of the operations of the East African Airways Corporation, to service a wide network of domestic routes.

#### Transport Policies and Priorities

25. Tanzania's transport priorities and policies have changed over the years. Before independence and during the early sixties, transport infrastructure was geared to serving Tanzania's external trade. Since

the late sixties, however, expansion of transport infrastructure had been largely directed towards providing neighboring landlocked Zambia access to the Dar es Salaam port. During this period, the Tanzania-Zambia (TANZAM) Highway, the Tanzania-Zambia oil pipeline and TAZARA were completed and Dar es Salaam port underwent a major expansion. With the completion of these Zambia-linked investments, the Government is now focusing on Tanzania's domestic transport problems. Accordingly, it is placing high priority on rehabilitating the road network particularly in rural areas and on improving and rehabilitating the transport systems formerly under EAC control. A major emphasis in the Third Five-Year Plan (FY77-81) is on maintenance and rehabilitation to protect previous investments and to reduce waste and loss of production caused by impassable and rough roads. This is also the focus of the ongoing Highway Maintenance Project (Credit No. 507-TA). Most of the externally financed regional rural development projects and agricultural projects also include relevant road improvement/rehabilitation components. The situation with regard to the national corporations which assumed responsibility for the former EAC Corporations is reviewed above (paras. 22-24). The Government has requested the Bank Group to finance a harbours project to expand and improve the Dar es Salaam port facilities (para. 16), the Canadian Government has agreed to provide substantial financial assistance to the railways system and significant investments are being made in the new national airline.

#### Transport Planning

26. The Ministry of Communications and Transport (MCT) is responsible for planning investments in all transport modes except the highways, which are the responsibility of the Ministry of Works (MOW). Transport investment programs are prepared by MCT, MOW and the Regions (under the guidance of the Prime Minister's Office) and reviewed by the Ministry of Finance. Transport planning capability is weak in both ministries and inadequate data hampers meaningful planning. To address this problem, MCT and MOW's planning units are being expanded and strengthened with bilateral assistance. In addition, with assistance from SIDA, MCT is planning on carrying out a National Transport Study covering all modes of transport.

#### The Highway Subsector

27. The road network in Tanzania totals about 45,000 km. The trunk road system of some 9,300 km links the country's 20 regional capitals and connects Tanzania with neighboring countries. Twenty-nine percent of the trunk roads are bitumen surfaced, mostly in fair condition, with relatively high traffic volumes averaging 350 vehicles per day (vpd) but ranging as high as 1,400 vpd. These roads carry about 75% of the total annual traffic flow on the trunk road system. The rest of the trunk road system consists of gravel or earth roads mostly in poor condition. Traffic volumes on these roads average 55 vpd while the most heavily trafficked 4% carry between 150 to 200 vpd. The secondary road system (7,694 km) links other centers of economic activity with the trunk road network and regional and district roads (27,990 km) form the tertiary system.

28. In 1973, the Government decentralized responsibility for secondary, district and regional roads by making regional authorities responsible for their planning, construction and maintenance, leaving MOW responsible for the planning, construction and maintenance of trunk roads. However, shortages of qualified staff, lack of equipment and workshop facilities and lack of funds have adversely affected both MOW and the regional administrations. As a result, with the exception of the bitumen roads, the road network is in poor condition. A special problem has emerged in regard to the maintenance of the trunk roads. Although MOW has overall responsibility and is allocated funds for this purpose, actual works are carried out by work crews under the regional administrations: this has led to some diversion of MOW equipment to other uses. To overcome this problem MOW has posted its engineers in some regions to oversee trunk road maintenance work; this has been successful in substantially reducing the diversion of equipment. Under the proposed project the Government agreed that by March 31, 1979 it will adopt a management system which would enable MOW to exercise full authority and control over trunk road maintenance programs and equipment and thereafter would develop a program, in consultation with the Association, to implement this management system (Section 3.05 of the draft Development Credit Agreement).

29. Total annual recurrent expenditures on trunk roads have increased significantly in recent years. During the period 1973/74 to 1975/76 trunk road recurrent expenditures stabilized at about TSh35 million per annum which were inadequate to meet maintenance needs. At that time, the Government concentrated its financial resources on the productive sectors (agriculture and industry) because of the drought and shortage of foreign exchange. Since then, however, budgetary allocations and expenditures for roads have increased to reasonable levels. In 1976/77 recurrent expenditures on trunk roads increased to TSh104 million and in 1977/78 reached about TSh112 million. This level of expenditures is expected to be maintained and further augmented as traffic growth from expanded economic development increases the need for maintenance. Government policy is to maintain an adequate level of expenditures for road maintenance and it has been agreed that it will progressively apply and continue to apply its improved road maintenance capacity to its trunk road system in accordance with sound engineering and financial practices (Section 4.05 of the draft Development Credit Agreement). The Association expects to review annually with the Government the sufficiency of the funds allocated for road maintenance.

30. Annual traffic growth in Tanzania during the past five years has been estimated at only 2 to 5%, which is much below the annual rate of 7 to 8% prevailing in other Eastern African countries. This low growth rate is attributed to the villagization program, reduced agricultural production due to the severe droughts in the early seventies, restrictions on vehicle imports to conserve foreign exchange and incomplete traffic counts. However, this situation is changing as the Government has relaxed the restrictions on importation of vehicles and spare parts, and as the Government's policy of increasing agricultural production is now showing some results. Until 1974, MCT undertook regular traffic counts for the entire trunk road system. Due to budgetary limits and administrative constraints, traffic counts are now undertaken only sporadically or on an ad hoc basis. However, in the future, it has been agreed that regular and systematic traffic counts on the trunk road network will be made (Section 4.04 of the draft Development Credit Agreement).

Bank Group Strategy and Experience in the Highway Sector

31. The Bank's strategy in the highway sector is to support Government programs which are designed to lower transport cost by improving road rehabilitation and maintenance. In addition, the Bank supports the Government's long-term objective of developing an organization capable of executing the necessary maintenance operations through on-the-job and formal training of Tanzanian maintenance staff.

32. Four highway projects have been financed by the Bank Group with loans and credits totalling US\$56.2 million. The First Highway Project (Credit No. 48-TA) in 1964 was supplemented by Credit No. 115-TA in 1968. These two credits financed construction of a total of 860 km of roads. The Second Highway Project (Credit No. 142-TA and Loan No. 586-TA) assisted in the construction of the TANZAM Highway and was successfully completed in 1972. A Third Project (Credit No. 265-TA) focuses on road construction in southern Tanzania and betterment of feeder roads and a fourth, the Highway Maintenance Project (Credit No. 507-TA) is aimed at improving road maintenance--both are still in progress. A Trucking Industry Rehabilitation and Improvement Project (Credit No. 743-TA) was approved in October 1977 mainly to assist the Government in the development of five public trucking companies and the associated technical training. In addition, a number of rural development and agricultural projects include road construction components.

33. Two major difficulties have arisen in previous highway projects. The most critical has been cost overruns: the First Project required a supplemental credit and in the Third Project, African Development Bank agreed to finance part of the original project in order to complete it in its entirety. The other difficulty has been with the availability and effectiveness of the technical assistance provided for under the projects. The Project Audit Report on the First Highway Project highlighted the delay in recruiting technical assistance as a cause of the implementation problems and concluded that the training component intended to improve Tanzania's highway administration was not effectively implemented. These problems as well as a shortage of local staff and a severe shortage of housing for expatriates have been handicapping the implementation of the ongoing Highway Maintenance Project. However, that project, after a slow start, is now improving. With the delivery of most of the equipment and arrival of expatriate technical advisors in 1977, maintenance of the trunk road system in the project area is increasing in quantity and improving in quality. As the proposed project depends heavily on the success of the technical assistance and training, special efforts have been taken to deal with potential problems in these areas (paras. 38, 45, 48 and 49). In addition, the Government has agreed to review MOW's staffing to improve manpower allocation and utilization within MOW. The results and recommendations of this review, including an implementation schedule, shall be furnished to the Association for comments by March 31, 1979 (part D of Schedule 2 to the draft Development Credit Agreement).

PART IV - THE PROJECT

34. The proposed project was prepared by the Government of Tanzania with the assistance of consultants as the second phase of the Government's program to improve the maintenance of trunk roads in Tanzania. The first phase was financed under the ongoing Highway Maintenance Project (paras. 32-33); approved in 1974, it covers the maintenance of some 3,300 km of roads in the southern and eastern half of the country and is attempting to develop an adequate Tanzanian maintenance organization. The proposed project, which covers the remaining regions of the country and continues the effort at developing a maintenance capacity was appraised in April 1978. A staff appraisal report entitled "Tanzania Fifth Highway Project" (Report No. 2187a-TA, dated December 27, 1978) is being circulated separately to the Executive Directors. Negotiations were held in Washington from November 28 to 30, 1978 and the Tanzanian delegation was led by Mr. D. Mloka, Principal Secretary, Ministry of Works. A credit and project summary is at the beginning of this report and a supplementary project data sheet is in Annex III.

Project Objectives and Description

35. The main objectives of the proposed project are to improve the condition of the trunk road network in the northern and western areas of the country in order to reduce transport costs and promote economic development, and to increase the long-term road maintenance capability of MOW through formal and on-the-job training of local road maintenance personnel at all levels. Specifically, the project would include financing for:

- (i) procurement of road maintenance and rehabilitation equipment including an initial stock of spare parts;
- (ii) procurement of zonal workshop equipment and tools;
- (iii) construction of road camps for the various project crews and houses for expatriate technical advisors;
- (iv) procurement of an initial stock of road maintenance materials such as bitumen, reinforcement steel and steel culverts;
- (v) rehabilitation of existing equipment in the Mwanza Region and Zanzibar; and
- (vi) technical assistance for improving highway maintenance operations and support for formal and on-the-job training of local staff.

Detailed Features

36. Road Maintenance and Rehabilitation Equipment. The project includes the establishment and equipping of 16 routine maintenance, four rehabilitation and two regravelling crews for gravel and earth roads; six routine maintenance

crews for paved roads; a bridge and culvert maintenance crew and an ancillary equipment pool. Road equipment, vehicles, mobile workshops and workshop equipment, mechanics tool sets and a two-way radio communication system would be provided under the project. The project also provides for an initial stock of spare parts for the new equipment. During its seven years estimated life, the equipment procured under the project is expected to be used to regravell 600 km of gravel and earth roads, rehabilitate 1,440 km of gravel and earth roads and maintain these 2,040 km of roads. Also, 600 km of bitumen roads in the project area would be maintained by the routine maintenance crews. In addition, as the gravel road maintenance crews are trained and gain experience they are expected to expand their operations to maintain some of the remaining lower priority sections of the trunk road system which do not need immediate regravelling or rehabilitation but require regular routine maintenance to keep them in usable condition.

37. Zonal Workshop Equipment and Tools. MOW is embarking on a program of building and equipping a number of zonal workshops throughout the country to service, repair and overhaul the country's heavy equipment including that for road maintenance. This program is financed largely from MOW's own resources. To help in improving these workshops, the project provides about \$600,000 for the purchase of specialized tools and equipment. Specific items to be financed will be decided and agreed when the number and type of workshops are determined.

38. Construction of Base and Road Camps, and Housing for Expatriate Technical Advisors. The project provides for the construction of about 28 base and road camps for the various maintenance, regravelling and rehabilitation crews to be established under the project. In addition, due to the severe shortage of appropriate housing, particularly in Dar es Salaam, recruitment and retention of the experts essential to the implementation of the ongoing Highway Maintenance Project has been below the scheduled level; project implementation has suffered accordingly. Therefore, in order to ensure the proper and timely implementation of the proposed project, funds are provided for the construction of about 16 Grade A houses in accordance with the Government standards, to house expatriate advisors; the standards were examined and found reasonable. These houses will be owned by the Government and after completion of the project would be occupied by MOW's other expatriate advisors or rented to MOW's staff.

39. Road Maintenance Materials. As road maintenance in Tanzania has been suffering from a lack of sufficient and appropriate materials, the project provides for the procurement of an initial stock of essential materials including about 2,500 tons of bitumen, 250 tons of steel reinforcement bars, 100 tons of steel plate, 2,500 meters of culverts as well as explosives and detonators. The materials requirements for the project will be reviewed annually with the Government to ensure availability in sufficient quantity and quality.

40. Pilot Program for Regional Roads Maintenance. The Regions' road maintenance capacity is weak and suffers from lack of equipment, workshops, skilled manpower and application of appropriate technologies. The project will assist a pilot program to improve the maintenance of regional and

secondary roads by financing the purchase of spare parts and the rehabilitation of existing road maintenance equipment in Mwanza Region and Zanzibar. In addition, technical experts financed under the project will advise these pilot efforts on technical matters including assessment and application of different technologies with appropriate mixes of labor and equipment; planning and management of rural road maintenance programs; and determining a satisfactory level of recurrent cost funding for maintenance. Training of regional equipment operators, workshop personnel and key road maintenance staff will also be provided at the Morogoro Training School. The main objective of this pilot program is to determine how the planning and work undertaken by the regional administrations on rural roads can be improved. The activities under this pilot program will be coordinated with the other aid agencies involved in attempts to improve regional rural roads.

41. Technical Assistance and Training. The proposed project will finance about 612 man-months of consultant and technical services at a cost of about US\$60,000 per man-year. A team of 18 maintenance experts will be employed over 24 to 36 months to provide on-the-job training and advice to MOW's staff, regional staff and field personnel. Also provision for 24 months of consultant services for planning is included. Training aids will be purchased and 4 instructors will be employed over 18 to 24 months for the Morogoro Training School where formal classroom training of technicians and field staff will be undertaken. This would complement the training program financed under the ongoing Highway Maintenance Project. In addition, in view of the small number of engineers graduating from the Dar es Salaam University and in order to help MOW's long-term staff requirements, the project will also provide for the training, exclusively for MOW under the Government's normal bonding arrangements, of about 120 Tanzanian high school graduates in a four-year engineering program at the Roorkee University in India or equivalent institution. Enrollment under this program will be phased over two years and securing sufficient numbers of candidates is not expected to present any problem.

#### Project Costs and Financing

42. The total project capital cost <sup>1/</sup> is estimated at US\$25.7 million equivalent. This cost estimate includes an adequate margin of contingencies and is based on recent bids and quotations. The foreign exchange component would amount to US\$20.6 million equivalent or 80% of total costs. Details of project costs are included in the credit and project summary. The proposed IDA credit of US\$20.5 million equivalent would finance about 80% of the total project cost; almost the entire foreign exchange cost. The Government would finance the balance of US\$5.2 million equivalent. In addition, the Government would make the necessary recurrent funds available for the adequate maintenance of the entire trunk road system. The additional recurrent expenditures required by the project over five years would be about 10% of the estimated total expenditures of MOW during that period. Local expenditures on trunk roads are financed from the general revenues to which road users contribute through duties on vehicle importation and taxes on ownership and use.

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<sup>1/</sup> Capital cost includes \$1.0 million for purchase of an initial stock of road maintenance materials.

### Procurement and Disbursements

43. Contracts for new road maintenance and workshop equipment, related spare parts, vehicles and road maintenance materials estimated to cost about US\$16.5 million, including contingencies, will be grouped and procured on the basis of international competitive bidding in accordance with Bank Group guidelines. A preference margin equal to 15% of the c.i.f. cost of competing imports or the customs duty, whichever is lower, would be granted to local manufacturers. As the remaining goods would involve minor individual purchases for specialized items, they would not attract international competition: training aids (about US\$0.1 million) would be procured by calling competitive quotations following existing Government procedures and spare parts for the pilot program (about US\$0.5 million) would be procured through local representatives of equipment suppliers after local competitive bidding. Most of the equipment, spare parts and tools are expected to be imported as Tanzania does not manufacture these items. Equipment suppliers will be required to provide an adequate service organization in Tanzania including training of mechanics, service personnel and equipment operators, and maintaining a reasonable inventory of spare parts. Civil works contracts for construction of base and road camps (about US\$3.0 million) and housing for expatriate advisors (about US\$0.6 million) are unlikely to attract international competition: as camps only require simple low standard construction and are located in various rural areas and as houses will be located in Dar es Salaam and several rural centers, they will be built by local contractors after local competitive bidding or, if the Association should so agree, by force account. Off-the-shelf items costing under US\$15,000 each up to a total of US\$200,000 may be purchased according to normal Government procurement procedures which are satisfactory. All consultants and experts financed under the project would be selected in accordance with Bank Group guidelines and employed on terms and conditions satisfactory to the Borrower and the Association (Section 3.02 of the draft Development Credit Agreement).

44. Disbursements from the credit would be on the basis of: (i) 100% of the foreign expenditures on directly imported equipment, materials, vehicles and spare parts; on technical assistance and on overseas training; (ii) 70% of local expenditures for locally procured equipment, vehicles, materials and spare parts; and (iii) 15% of total expenditures on road camp construction and 40% of total expenditures on house construction. All withdrawal claims will be fully documented except for those expenditures made under item (iii) above which would be supported by certified statements of expenditures if construction is carried out by force account. It is recommended that expenditures incurred after January 1, 1979 for 3 technical experts up to an amount of US\$40,000, be financed retroactively under the IDA Credit.

### Project Implementation and Training

45. MOW through the maintenance section of its Roads and Aerodromes Division, will be responsible for overall project implementation. All road works will be by force account through the gravelling, rehabilitation and maintenance units to be established under the project. This arrangement is satisfactory as it has been successful under the ongoing maintenance project.

The road maintenance technical assistance team to be financed under the project will operate in an advisory capacity within MOW, mainly to train and advise local executive staff to ensure that they can cope with their responsibilities after the departure of expatriates. To avoid delay in project implementation, as experienced under the ongoing Highway Maintenance Project, it will be a condition of credit effectiveness (Section 5.01(a) of the draft Development Credit Agreement) that advisors to the Maintenance Management Engineer, the Maintenance Administrator and the Plant and Procurement Engineer have been recruited and are in post to plan and initiate project implementation and to prepare bid documents for equipment. Retroactive financing of expenditures for these advisors is recommended (para. 44).

46. The work methods that will be used in carrying out the proposed project have been designed to use as much labor as possible given the availability of experienced supervisory staff and the need to rehabilitate and maintain the badly deteriorated trunk road system as effectively and quickly as possible.

47. To support MOW's program for building and equipping zonal workshops (para. 37) MOW will submit to the Association, for its review and approval, the technical specifications and lists of equipment to be purchased for the zonal workshops (Para. A(3) of Schedule 3 of the draft Development Credit Agreement). To strengthen and improve regional road maintenance management and operations in Mwanza region and Zanzibar under a pilot program (para. 40), a detailed implementation program, including a list of spare parts for repair and rehabilitation of existing regional equipment and a plan for deploying technical assistance, will be submitted by December 31, 1979 for review and approval by the Association (Section 3.08 of the draft Development Credit Agreement).

48. In order to avoid the problems encountered under the ongoing Highway Maintenance Project in assigning and appointing local staff to fill vacancies in MOW's maintenance section, which contributed to the delays in implementation, the Borrower would appoint local staff, having qualifications and experience satisfactory to the Borrower and the Association, to each position in MOW's maintenance section to which advisors are to be provided under the project, prior to the employment of the respective advisors but not later than December 31, 1979 (Section 3.02(b) of the draft Development Credit Agreement). The appointment in post of local staff to six key positions will be a condition of credit effectiveness (Section 5.01(b) of the draft Development Credit Agreement).

49. On-the-job training provided by the road maintenance experts (para. 41) will be supplemented by formal training courses given at MOW's Training School at Morogoro. To ensure adequate provision for training of field technicians, the project provides for additional training aids, the continuation of three training advisor posts and the addition of an advisor to the instructor for electrical systems (Section 3.02(c) of the draft Development Credit Agreement). In view of the problems faced in recruiting trainees for the Morogoro Training School, as experienced during implementation of the ongoing Highway Maintenance Project, it will be a

condition of disbursement for training advisors that a two-year recruitment and training program satisfactory to the Borrower and the Association has been prepared (Para. 4(b) of Schedule 1 of the draft Development Credit Agreement). To reduce Tanzania's reliance on expatriate road engineers, efforts are required to boost the number of engineers in MOW. Thus, the project provides for the training, exclusively for MOW, of 120 high school graduates in a four-year engineering program (para. 41). The Government will, by June 1, 1979, make arrangements satisfactory to the Association for this training program (Section 3.04 of the draft Development Credit Agreement).

50. The proposed project is designed to be implemented over five years and provides for the development of recording and reporting procedures to establish the data on actual production rates for adequate maintenance work on trunk roads. The implementation program will be reviewed annually to take into consideration changes in road conditions and transport priorities: the Borrower shall by April 30, 1979, and by each April 30 thereafter until the project has been completed, submit to the Association for its review a detailed annual project implementation program, including exact locations, designs, construction details, cost estimates, proposed budgetary allocations and actions to be taken in connection with implementation of the management system for trunk road maintenance (Section 3.06 of the draft Development Credit Agreement). Also, to ensure efficient utilization of the equipment and tools provided under the project, such equipment will only be deployed after the related technical advisors are in post (Section 4.03 of the draft Development Credit Agreement).

#### Project Benefits and Justification

51. The proposed project would rehabilitate, regravell and maintain about 2,700 km of primary roads in urgent need of routine and periodic maintenance by providing equipment, spare parts, tools and materials. In addition, it would increase the long-term road maintenance capability of MOW through on-the-job and formal training of local road maintenance personnel at all levels and by providing overseas training for about 120 engineers.

52. Benefits have been calculated for the rehabilitation, regravelling and routine maintenance of 2,040 km of earth and gravel roads as well as the routine maintenance of 600 km of bitumen roads, and consist of savings in vehicle operating costs for the projected traffic using these roads. The savings will directly accrue to transport operators, both private and public. Thereafter, these savings should be passed on to transport users, mainly farmers and bus passengers, since based on experience rates and fares for intercity road transport are generally cost-based as a result of competition between transporters. Benefits of helping to create a strong road maintenance capability in Tanzania are not quantified, but in the long-run are probably as important as the short-term benefits resulting from upgrading the road network and reducing transport costs. Also unquantified are the benefits that transport users will reap in the form of more reliable, faster, and in the case of passengers, more comfortable, transport services.

53. The project's economic rate of return is estimated at 70%. A sensitivity analysis indicates that the project remains economically viable even with considerably lower benefits and higher costs: assuming a 25% increase in costs (capital and recurrent) and a decrease of 20% in benefits, the rate of return declines to 39%.

#### Risks

54. Because of the project's high rate of return, the risk of mis-allocation of resources is minimal. No special problems are expected in the procurement of equipment because experience was gained under the ongoing Highway Maintenance Project. Government is expected to be in a position to provide the necessary local finance for capital and recurrent expenditures to implement the project on schedule.

55. Based on experience with the ongoing Highway Maintenance Project, staffing arrangements pose some risk. Consultants may be slow in providing the appropriate experts while Government may encounter delays in expanding its maintenance staff and providing counterparts to be trained. In addition, selection of candidates to be trained as operators may be slow. These risks remain although the recent assignment and posting of most of the required local staff under the ongoing project indicates an increasing Government concern with improving road maintenance and a commitment to providing the necessary staff. A number of project features are also designed to minimize these risks including close monitoring of project implementation, provision of retroactive financing to employ experts to help the Government in preparing for the implementation, inclusion of a housing element, and conservative productivity estimates for the rehabilitation, regravelling and routine maintenance units.

56. The project is not expected to have any detrimental impact on the environment. In fact, soil erosion on project roads will be less than at present as drainage facilities (culverts and ditches) are rehabilitated and better maintained. Also, dust formation on the project roads during the dry season will be lower as a result of an adequate layer of gravel on the roads. This is expected to improve visibility, safety and comfort.

#### PART V - LEGAL INSTRUMENTS AND AUTHORITY

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

58. Special conditions of the project are listed in Section III of Annex III. The draft Development Credit Agreement includes the following additional conditions of effectiveness and disbursement:

- (a) appointment in post of three key technical advisors (condition of effectiveness, para. 45);
- (b) appointment in post of six local staff to the key positions for which road maintenance advisors are provided under the project (condition of effectiveness, para. 48); and
- (c) preparation of a two-year recruitment and training program satisfactory to the Borrower and the Association with respect to trainees at the Morogoro Training School (condition of disbursement for related advisors, para. 49).

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

PART VI - RECOMMENDATION

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

Robert S. McNamara  
President

Attachments

January 4, 1979  
Washington, D.C.

TABLE 3A  
TANZANIA - SOCIAL INDICATORS DATA SHEET

LAND AREA (THOUSAND SQ. KM.)	TANZANIA			REFERENCE GROUPS (ADJUSTED AVERAGES - MOST RECENT ESTIMATE) /a		
	TOTAL	MOST RECENT		SAME GEOGRAPHIC REGION /c	SAME INCOME GROUP /d	NEXT HIGHER INCOME GROUP /e
		1960 /b	1970 /b			
TOTAL	945.1					
AGRICULTURAL	508.3					
<b>GNP PER CAPITA (US\$)</b>	70.0 /f	110.0 /f	200.0 /f	223.6	182.9	432.3
<b>ENERGY CONSUMPTION PER CAPITA (KILOGRAMS OF COAL EQUIVALENT)</b>	41.0	62.0	69.0	86.7	88.9	251.7
<b>POPULATION AND VITAL STATISTICS</b>						
TOTAL POPULATION, MID-YEAR (MILLIONS)	9.6 /f	12.9 /f	15.5 /f	.	.	.
URBAN POPULATION (PERCENT OF TOTAL)	4.6	5.5	7.3	13.6	15.0	24.2
<b>POPULATION DENSITY</b>						
PER SQ. KM.	10.0	14.0	16.0	18.4	46.8	42.7
PER SQ. KM. AGRICULTURAL LAND	20.0	26.0	30.0	53.6	254.1	95.0
<b>POPULATION AGE STRUCTURE (PERCENT)</b>						
0-14 YRS.	42.5 /f,g	44.4 /h	46.7	44.4	43.6	44.9
15-64 YRS.	55.5 /f,g	53.0 /h	50.9	52.7	53.3	52.8
65 YRS. AND ABOVE	2.0 /f,g	2.6 /h	2.4	2.8	2.9	3.0
<b>POPULATION GROWTH RATE (PERCENT)</b>						
TOTAL	2.3	3.0 /f	2.7 /f	2.6	2.4	2.7
URBAN	5.0	5.6	7.5 /i	5.8	4.0	8.8
<b>CRUDE BIRTH RATE (PER THOUSAND)</b>	51.5	50.5	47.0	46.9	44.3	42.2
<b>CRUDE DEATH RATE (PER THOUSAND)</b>	27.1	23.0	20.1	20.6	19.7	12.4
<b>GROSS REPRODUCTION RATE</b>	..	3.2	3.3	3.1	2.9	3.2
<b>FAMILY PLANNING</b>						
ACCEPTORS, ANNUAL (THOUSANDS)	..	..	..	.	.	.
USERS (PERCENT OF MARRIED WOMEN)	..	..	..	2.5	14.6	14.2
<b>FOOD AND NUTRITION</b>						
<b>INDEX OF FOOD PRODUCTION PER CAPITA (1970=100)</b>	91.6	100.0	107.5	94.2	96.4	104.3
<b>PER CAPITA SUPPLY OF CALORIES (PERCENT OF REQUIREMENTS)</b>	69.0	88.0	86.0	90.1	92.3	99.5
<b>PROTEINS (GRAMS PER DAY)</b>	42.0	43.0	47.1	55.2	50.0	56.8
<b>OF WHICH ANIMAL AND PULSE</b>	22.0 /j	23.0	20.0	17.1	13.9	17.5
<b>CHILD (AGES 1-4) MORTALITY RATE</b>	..	..	..	..	..	7.5
<b>HEALTH</b>						
<b>LIFE EXPECTANCY AT BIRTH (YEARS)</b>	35.7	41.8	44.5	43.7	45.8	53.3
<b>INFANT MORTALITY RATE (PER THOUSAND)</b>	190.0	160.0 /h	..	138.4	102.7	82.5
<b>ACCESS TO SAFE WATER (PERCENT OF POPULATION)</b>						
TOTAL	..	13.0	39.0	22.4	26.4	31.1
URBAN	..	61.0	88.0	66.3	63.5	68.5
RURAL	..	9.0	36.0	10.4	14.1	18.2
<b>ACCESS TO EXCRETA DISPOSAL (PERCENT OF POPULATION)</b>						
TOTAL	..	..	17.0	23.9	16.1	37.5
URBAN	..	..	88.0	70.3	65.9	69.5
RURAL	..	..	14.0	14.2	3.4	25.4
<b>POPULATION PER PHYSICIAN</b>	21750.0 /f,g	21570.0 /f	20760.0 /f	21757.5	13432.7	9359.2
<b>POPULATION PER NURSING PERSON</b>	9240.0 /f,g	4890.0 /f	3180.0 /f	3473.8	6983.3	2762.5
<b>POPULATION PER HOSPITAL BED</b>						
TOTAL	570.0 /f,g	700.0 /f	..	645.4	1157.6	786.5
URBAN	..	..	..	172.9	183.3	278.4
RURAL	..	..	..	1292.6	1348.8	1358.4
<b>ADMISSIONS PER HOSPITAL BED</b>	..	..	..	19.2	19.5	19.2
<b>HOUSING</b>						
<b>AVERAGE SIZE OF HOUSEHOLD</b>						
TOTAL	..	4.4 /h	..	4.9	5.2	..
URBAN	..	3.2 /h	..	5.0	4.8	..
RURAL	..	4.5 /h	..	4.7	5.3	..
<b>AVERAGE NUMBER OF PERSONS PER ROOM</b>						
TOTAL	..	..	..	..	..	..
URBAN	1.8 /m	..	..	..	1.8	2.3
RURAL	..	..	..	..	..	..
<b>ACCESS TO ELECTRICITY (PERCENT OF DWELLINGS)</b>						
TOTAL	..	..	..	..	25.9	28.3
URBAN	..	..	..	..	..	..
RURAL	..	..	..	..	8.7	10.3

TABLE 3A  
TANZANIA - SOCIAL INDICATORS DATA SHEET

	TANZANIA			REFERENCE GROUPS (ADJUSTED AVERAGES - MOST RECENT ESTIMATE) <sup>/a</sup>		
	1960 <sup>/b</sup>	MOST RECENT ESTIMATE <sup>/b</sup>		GEOGRAPHIC REGION <sup>/c</sup>	SAME INCOME GROUP <sup>/d</sup>	NEXT HIGHER INCOME GROUP <sup>/e</sup>
		1970 <sup>/b</sup>				
<b>EDUCATION</b>						
ADJUSTED ENROLLMENT RATIOS						
PRIMARY: TOTAL	24.0	35.0	57.0	52.1	62.9	75.8
FEMALE	16.0	28.0	46.0	37.6	45.9	67.9
SECONDARY: TOTAL	2.0	3.0	3.0	8.0	14.4	17.7
FEMALE	1.0	2.0	2.0	5.0	8.8	12.9
VOCATIONAL (PERCENT OF SECONDARY)	23.0	..	..	7.2	6.6	7.4
PUPIL-TEACHER RATIO						
PRIMARY	45.0	47.0	53.0	43.2	38.5	34.3
SECONDARY	20.0	19.0	20.0	22.8	19.8	23.5
ADULT LITERACY RATE (PERCENT)	9.5	28.1 <sup>/h</sup>	49.0 <sup>/n</sup>	20.3	36.7	63.7
<b>CONSUMPTION</b>						
PASSENGER CARS PER THOUSAND						
POPULATION	3.0	2.5	2.6	3.9	3.1	7.2
RADIO RECEIVERS PER THOUSAND						
POPULATION	2.0	11.0	16.0	40.1	31.1	71.1
TV RECEIVERS PER THOUSAND						
POPULATION	..	0.3	..	2.2	2.8	14.1
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION						
	3.0	5.0	3.0	3.9	6.0	16.3
CINEMA ANNUAL ATTENDANCE PER CAPITA						
	0.5	..	..	1.2	1.4	1.6
<b>EMPLOYMENT</b>						
TOTAL LABOR FORCE (THOUSANDS)	4900.0 <sup>/o</sup>	5600.0 <sup>/f,h</sup>	6300.0 <sup>/n</sup>	.	.	.
FEMALE (PERCENT)	37.1	36.6	36.3	32.6	24.2	28.0
AGRICULTURE (PERCENT)	96.0 <sup>/a</sup>	91.0 <sup>/f,h</sup>	83.1	73.3	60.7	54.1
INDUSTRY (PERCENT)	3.8	5.0	..	..	..	..
PARTICIPATION RATE (PERCENT)						
TOTAL	44.7	43.5	42.2	42.0	39.8	37.8
MALE	56.9	53.7	54.3	54.8	53.3	50.3
FEMALE	32.8	31.5	30.3	27.3	19.6	20.9
ECONOMIC DEPENDENCY RATIO	1.1 <sup>/o</sup>	1.2 <sup>/f,h</sup>	1.2	1.2	1.3	1.3
<b>INCOME DISTRIBUTION</b>						
PERCENT OF PRIVATE INCOME RECEIVED BY						
HIGHEST 5 PERCENT OF HOUSEHOLDS	..	33.5	..	25.7	20.3	19.5
HIGHEST 20 PERCENT OF HOUSEHOLDS	..	63.3	..	35.1	45.1	48.9
LOWEST 20 PERCENT OF HOUSEHOLDS	..	2.3	..	5.8	5.7	5.9
LOWEST 40 PERCENT OF HOUSEHOLDS	..	7.8	..	14.5	16.8	15.7
<b>POVERTY TARGET GROUPS</b>						
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
URBAN	..	..	117.0	108.8	88.5	155.9
RURAL	..	..	89.0	74.1	71.9	97.9
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
URBAN	..	..	146.0	124.4	100.8	143.7
RURAL	..	..	45.0	59.6	42.0	87.3
ESTIMATED POPULATION BELOW POVERTY INCOME LEVEL (PERCENT)						
URBAN	..	..	25.0	26.8	46.0	22.9
RURAL	..	..	85.0	47.6	48.0	36.7

.. Not available  
. Not applicable.

**NOTES**

<sup>/a</sup> The adjusted group averages for each indicator are population-weighted geometric means, excluding the extreme values of the indicator and the most populated country in each group. Coverage of countries among the indicators depends on availability of data and is not uniform.

<sup>/b</sup> 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 1973 and 1977.

<sup>/c</sup> Africa South of Sahara; <sup>/d</sup> Low Income (\$280 or less per capita, 1976); <sup>/e</sup> Lower Middle Income (\$281-550 per capita, 1976); <sup>/f</sup> Mainland Tanzania; <sup>/g</sup> 1957; <sup>/h</sup> 1967; <sup>/i</sup> 1967-73; <sup>/j</sup> 1961-63; <sup>/k</sup> 1962; <sup>/l</sup> Registered, not all practice in the country; <sup>/m</sup> 1958, Zanzibar only; <sup>/n</sup> 1972; <sup>/o</sup> 1963.

## 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 adjusted group averages for each indicator are population-weighted geometric means, excluding the extreme values of the indicator and the most populated country in each group. Coverage of countries among the indicators depends on availability of data and is not uniform. Due to lack of data, group averages for Capital Surplus Oil Exporters and indicators of access to water and excreta disposal, housing, income distribution and poverty are simple population-weighted geometric means without the exclusion of extreme values.

**LAND AREA** (thousand sq. km)

**Total** - Total surface area comprising land area and inland waters.

**Agriculture** - Most recent estimate of agricultural area used temporarily or permanently for crops, pastures, market and kitchen gardens or to lie fallow.

**GNP PER CAPITA (US\$)** - GNP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1975-77 basis); 1960, 1970, and 1977 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.

**POPULATION AND VITAL STATISTICS**

**Total population, mid-year (billions)** - As of July 1; if not available, average of two end-year estimates; 1960, 1970, and 1977 data.

**Urban population (percent of total)** - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries.

**Population density**

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

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

**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.

**Population growth rate (percent) - total, and urban** - Compound annual growth rates of total and urban mid-year populations for 1950-60, 1960-70, and 1970-75.

**Crude birth rate (per thousand)** - Annual live births per thousand of mid-year population; ten-year arithmetic averages ending in 1960 and 1970 and five-year average ending in 1975 for most recent estimate.

**Crude death rate (per thousand)** - Annual deaths per thousand of mid-year population; ten-year arithmetic averages ending in 1960 and 1970 and five-year average ending in 1975 for most recent estimate.

**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 1975.

**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 (1970=100)** - Index number of per capita annual production of all food commodities.

**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 distributions of population, and allowing 10 percent for waste at household level.

**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 a minimum allowance of 60 grams of total protein per day and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are 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.

**Per capita protein supply from animal and pulse** - Protein supply of food derived from animals and pulses in grams per day.

**Child (ages 1-4) mortality rate (per thousand)** - Annual deaths per thousand in age group 1-4 years, to children in this age group.

**HEALTH**

**Life expectancy at birth (years)** - Average number of years of life remaining at birth; usually five-year averages ending in 1960, 1970, and 1975.

**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.

**Admissions per hospital bed** - Total number of admissions to or discharges from hospitals divided by the number of beds.

**HOUSING**

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

**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, and female** - Total and female enrollment of all ages at the primary level as percentages of respectively primary school-age population; 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, 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.

**EMPLOYMENT**

**Total labor force (thousands)** - Economically active persons, including armed forces and unemployed but excluding housewives, students, etc. Definitions in various countries are not comparable.

**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.

**Industry (percent)** - Labor force in mining, construction, manufacturing and electricity, water and gas as percentage of total labor force.

**Participation rate (percent) - total, male, and female** - Total, male, and female labor force as percentages of their respective populations. These are ILO's adjusted participation rates reflecting age-sex structure of the population, and long time trend.

**Economic dependency ratio** - Ratio of population under 15 and 65 and over to the labor force in age group of 15-64 years.

**INCOME DISTRIBUTION**

**Percentage of private income (both in cash and kind) received by richest 5 percent, richest 20 percent, poorest 20 percent, and poorest 40 percent of households.**

**POVERTY TARGET GROUPS**

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

**Estimated relative poverty income level (US\$ per capita) - urban and rural** - Relative poverty income level is that income level less than one-third per capita personal income of the country.

**Estimated population below poverty income level (percent) - urban and rural** - Percent of population (urban and rural) who are either "absolute poor" or "relative poor" whichever is greater.

TANZANIA  
ECONOMIC DEVELOPMENT DATA SHEET

	Actual		Est. 1978	Revised					Gross Rates			1974 Share of GNP	
	1974	1975		1977	1978	1979	1980	1981	1982	1983			
<b>A. NATIONAL ACCOUNTS</b> (Million US \$ at 1974-76 Prices)													
1. GDP	2386.2	2446.8	2612.2	2737.6	2876.1	3026.9	3183.1	4107.2	5329.9	5.1	5.1	3.1	100.0
2. Gains from Trade of Trade (TOT)	76.9	-68.7	29.8	109.0	23.0	-8.2	-42.3	-102.1	-166.1				-3.1
3. Gross Domestic Income	2469.1	2378.1	2582.4	2846.6	2899.1	3018.7	3140.8	4005.1	5163.8	6.8	3.3	3.0	96.9
4. Imports	911.1	756.2	682.0	743.7	780.7	806.7	837.7	996.4	1190.2	3.6	4.0	3.2	22.3
5. Exports - Volume	670.0	607.9	537.7	553.6	574.4	594.7	620.3	788.5	1041.1	0.7	3.9	4.6	19.5
6. Exports - TT adjusted	566.9	639.2	567.3	642.3	597.3	386.5	578.0	686.4	875.0	-0.1	-4.4	3.1	16.4
7. Resource Gap - TT adjusted	366.2	317.0	114.3	81.1	183.3	222.2	259.7	310.0	313.3				5.9
8. Total Consumption	2318.0	2176.1	2300.1	2383.4	2481.4	2586.6	2722.8	3421.6	4294.1	5.7	4.5	4.7	80.6
9. Investment	307.3	319.0	336.6	344.6	401.0	454.3	477.8	693.5	1185.0	6.0	5.6	5.7	22.2
10. National Savings	183.9	260.6	358.9	328.5	492.8	514.9	503.9	666.8	946.8	-0.8	-1.6	5.7	17.8
11. Domestic Savings	141.1	202.0	302.3	443.2	417.8	432.3	418.1	583.5	849.7	-0.7	-3.3	6.9	16.3
12. GNP at Current US \$	2446.3	2533.6	2708.8	3387.8	3943.9	4328.5	4878.1	8814.1	16043.0				
<b>B. SECTOR OUTPUT</b> (Share of GNP at 1974-76 Prices)													
1. Industry	17.2	15.8	15.8	16.0	16.3	16.7	17.1	19.5	22.8	6.0	7.7	8.7	
2. Agriculture	38.8	40.2	40.0	39.3	38.6	37.8	37.3	34.3	31.4	2.4	3.3	3.2	
3. Services	44.0	44.0	44.2	44.7	45.1	45.5	45.6	46.2	46.3	5.6	5.8	5.2	
<b>C. PRICES (1974-76 = 100)</b>													
1. Export Price Index	99.1	90.7	112.6	137.2	129.3	132.4	135.0	177.9	242.1		-0.5	9.4	
2. Import Price Index	85.5	104.9	104.7	114.6	124.3	134.3	144.8	204.3	288.0		8.1	7.1	
3. Terms of Trade Index	111.0	86.5	105.5	119.7	104.0	98.6	93.2	87.1	84.0				
4. GDP Deflator (US\$)	94.1	101.5	103.6	123.8	137.1	143.0	153.0	214.6	301.0		7.3	7.0	
5. Average Exchange Rate (TSh to US\$1.00)	7.143	7.414	8.379										
<b>D. SELECTED INDICATORS</b>													
1. ICOR	3.9	4.3	4.1	4.1									
2. Import Elasticity	1.6	-3.6	1.1	0.7									
3. Average Domestic Savings Rate	15.5	9.7	14.6	14.9									
4. Average National Savings Rate <sup>1/2</sup>	15.2	16.9	17.6	16.6									
5. Marginal Capital Savings Rate	0.2	0.2	-0.1	0.2									
6. Investment/GNP	28.3	31.7	26.8	24.1									
7. Investment/GDP	18.7	21.3	20.9	21.9									
8. Resource Gap/GDP	3.2	10.9	6.2	7.4									
<b>E. EMPLOYMENT</b>													
1971													
1. Labor Force			5.8										
2. Employment (% share)			100.0										
2.1 Agriculture			91.0										
2.2 Industry			2.0										
2.3 Services			7.0										
<b>F. PUBLIC FINANCE <sup>2/</sup></b> (Million Shillings)													
	1965/66	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	Est.				
1. Current Revenue	716	1482	1859	2337	3023	3946	3919	4762					
1.1 Tax Revenue	602	1364	1431	1927	2608	3161	3302	4143					
2. Current Expenditure	707	1631	1791	2223	2783	3981	3718	4600					
2.1 General Administration	267	333	366	740	944	1281	1137						
3. Government Savings	9	52	79	134	238	-15	293	362					
4. Foreign Grants	..	..	38	62	214	377	645	1640					
5. Surplus Available for Financing	..	..	..	..	..	..	..	..					
Development Expenditure	..	32	117	196	432	362	848	2022					
6. Development Expenditure	238	489	886	956	1442	2223	2253	2709					
7. Overall Deficit	-11	-837	-787	-760	-1180	-1832	-1422	-687					
8. Financing of the Deficit													
External Loans	83	270	347	456	447	661	..	..					
Domestic Borrowing:													
Long-term	..	254	258	269	346	482	..	..					
Short-term	..	313	164	35	377	720	..	..					

<sup>1/2</sup> Domestic Savings as a percentage of Gross Domestic Income.  
<sup>2/</sup> National Savings as a percentage of Gross National Income.  
Central Government

TANZANIA

BALANCE OF PAYMENTS AND EXTERNAL ASSISTANCE  
(Million US \$)

	1974	1975	1976	1977	1978	1979	1980	1985	1990
<b>A. SUMMARY OF BALANCE OF PAYMENTS</b>									
1. Exports (incl. NFS)	485.9	460.7	605.5	739.7	742.7	787.8	937.3	1402.9	2520.9
2. Imports (incl. NFS)	779.0	791.5	727.9	852.8	970.5	1086.3	1213.5	2036.1	3429.2
3. Resource Balance	-313.1	-332.8	-122.4	93.0	227.8	298.5	-376.2	633.7	-908.3
4. Net Factor Service Income	-8.8	-10.3	-24.6	-21.1	-18.7	-21.0	-27.3	-75.3	-143.8
1. Net Interest Payments of which	-13.6	-16.1	-18.8	-16.1	-13.7	-16.0	-22.3	-65.3	-133.8
Interest on Public M & LT Loans	(-8.5)	(-11.1)	(-12.5)	(-15.1)	(-17.6)	(-20.2)	(-27.7)	(-79.1)	(-161.9)
2. Direct Investment Income	( )	( )	( )	( )	( )	( )	( )	( )	( )
3. Workers Remittance (Net)	(4.8)	(5.8)	(-5.8)	(-5.0)	(-5.0)	(-5.0)	(-5.0)	(-10.0)	(-10.0)
4. Other Factor Service Income (Net)	( )	( )	( )	( )	( )	( )	( )	( )	( )
5. Current Transfers (Net)	30.1	71.0	77.9	94.9	110.4	129.4	167.9	235.6	362.5
6. Balance on Current Account	-291.8	-272.1	-69.1	-19.2	-136.1	-190.1	-255.7	-473.4	-689.6
7. Private Direct Investment	24.5	27.5	12.3	20.0	20.0	24.0	28.0	35.0	35.0
<b>Public M &amp; LT Loans</b>									
8. Disbursements <sup>1/</sup>	143.1	229.9	116.8	215.8	187.2	271.6	315.5	528.2	818.7
9. Amortisation <sup>1/</sup>	-14.9	-15.3	-15.3	-26.5	-27.3	-28.2	-41.4	-51.0	-101.5
10. Net Disbursements <sup>1/</sup>	128.2	214.6	101.5	189.3	159.9	243.4	274.1	477.2	717.2
<b>Other M &amp; LT Loans</b>									
11. Disbursements <sup>2/</sup>	18.2	19.9	11.6	7.2	4.7	1.2	0.6	0.0	0.0
12. Amortisation <sup>2/</sup>	-3.0	-3.2	-6.2	-7.1	-5.1	-5.2	-5.3	-5.3	0.0
13. Net Disbursements <sup>2/</sup>	15.2	16.7	5.4	0.1	-0.4	-4.0	-4.9	-5.3	0.0
14. Use of IMF Resources <sup>3/</sup>	46.3	28.6	24.3	-24.4	-9.0	-39.0	-20.3	0.0	0.0
15. Short-term Capital Transactions	24.1	0.0	-18.9	0.0	0.0	0.0	0.0	0.0	0.0
16. Capital Transactions, n.e.i.	-31.4	-56.0	-31.2	0.0	0.0	0.0	0.0	0.0	0.0
17. Change in Reserves (- = increase)	84.8	38.7	-24.2	-165.8	-34.4	-34.3	-21.2	-33.5	-56.8
<b>B. GRANTS AND LOANS COMMITMENTS</b>									
1. Official Grant	100.0	187.9	123.7						
2. Total Public M & LT Loans	260.4	152.3	183.0						
2.1 IBRD	65.0	30.0	37.0						
2.2 IDA	61.2	10.0	52.0						
2.3 Other Multilateral	7.1	18.0	5.0						
2.4 Governments	127.1	94.3	77.3						
of which centrally planned economies <sup>4/</sup>	76.5	5.4	-						
2.5 Suppliers	-	-	-						
2.6 Financial Institutions	-	-	11.7						
2.7 Bonds	-	-	-						
2.8 Public Loans, n.e.i.	-	-	-						
3. Other M & LT Loans (where available) <sup>5/</sup>	5.6	2.9	6.0						
<b>C. MEMORANDUM ITEMS</b>									
1. Grant Element of Total Commitments	63.5	69.6	71.3						
2. Average Interest (Percent)	2.2	3.3	3.3						
3. Average Maturity (Years)	32	42	36						

<sup>1/</sup> Includes financing of projected balance of payments deficit (1977-1990) on 50% Bank/50% IDA terms.  
<sup>2/</sup> Disbursement and repayment of Bank loans for EAC projects of which Tanzania's share is a notional 40 percent.  
<sup>3/</sup> Net of "Drawing" and "Repayment by Purchase".  
<sup>4/</sup> Includes CMEA countries, People's Republic of China, North Korea, Socialist Republic of Vietnam.  
<sup>5/</sup> Represents a notional 40 percent of Bank loans for EAC projects.

TANZANIA  
DEBT AND CREDITWORTHINESS 1/

	<u>ACTUAL</u>		
	1974	1975	1976
<b>A. <u>MEDIUM AND LONG TERM DEBT</u> (Disbursed Only)</b>			
1. Total Debt Outstanding (DOD: End of Period) <u>1/</u>	697.7	923.7	1030.7
2. Including Undisbursed	1258.4	1385.6	1544.6
3. Public Debt Service	23.5	26.5	27.8
1. Interest	8.6	11.2	12.5
4. Other M & LT Debt Service <u>2/</u>	8.1	8.2	12.4
<b>B. <u>DEBT BURDEN 1/</u></b>			
1. Debt Service Ratio	6.8	7.5	6.7
2. Debt Service/GDP	1.4	1.4	1.5
3. Public Debt Service/Government Revenue	6.5	6.5	7.8
<b>C. <u>TERMS</u></b>			
1. Interest on Total DOD/Total DOD	2.1	1.9	1.8
2. Total Debt Service/Total DOD	4.9	4.0	3.9
<b>D. <u>DEPENDENCY RATIOS FOR M &amp; LT DEBT 1/</u></b>			
1. Gross Disbursements/Imports (incl. NFS)	20.7	31.5	17.6
2. Net Transfer/Imports (incl. NFS)	16.8	22.2	10.5
3. Net Transfer/Gross Disbursements	88.9	89.8	83.3
<b>E. <u>EXPOSURE 1/</u></b>			
1. IBRD Disbursements/Gross Total Disbursements	10.3	21.0	14.7
2. Bank Group Disbursements/Gross Total Disbursements	14.0	28.1	36.8
3. IBRD DOD/Total DOD	12.9	15.3	15.3
4. Bank Group DOD/Total DOD	22.0	24.0	25.9
5. IBRD Debt Service/Total Debt Service	20.9	26.2	32.3
6. Bank Group Debt Service/Total Debt Service	23.1	28.2	34.7
<b>Outstanding Dec. 31, 1976</b>			
	<b>Amount</b>	<b>Percent</b>	
	(US \$ million)		
<b>F. <u>EXTERNAL DEBT</u> (Disbursed Only)</b>			
1. IBRD	90.1	9.9	
2. Bank Group	108.9	11.9	
3. Other Multilateral	18.1	2.0	
4. Governments	655.8	71.8	
of which Centrally Planned Economies <u>3/</u>	292.5	32.0	
5. Suppliers	22.2	2.4	
6. Financial Institutions	8.2	0.9	
7. Bonds	3.4	0.4	
8. Public Debt n.e.i.	7.1	0.8	
9. Total Public M & LT Debt	913.8	100.0	
10. Other M & LT Debt <u>1/</u>	116.9	12.8	
11. Total Public Debt (incl. Undisbursed)	1414.0	154.7	
12. Total M & LT Debt (incl. Undisbursed) <u>1/</u>	1544.6	169.0	

1/ Includes a notional 40 percent share of loans to the EAC.

2/ Represents a notional 40 percent share of debt service on loans to the EAC.

3/ Includes CMEA countries, People's Republic of China, North Korea, Socialist Republic of Vietnam.

THE STATUS OF BANK GROUP OPERATIONS IN TANZANIA

A. STATEMENT OF BANK LOANS AND IDA CREDITS TO TANZANIA  
AS OF NOVEMBER 30, 1978

No.	Year	Borrower	Purpose	(US\$ million)			Undis- bursed
				Bank 1/	TW	IDA 1/	
Four loans and thirteen credits fully disbursed				70.2		90.8	
586-TA	1969	Tanzania	Roads	7.0			1.4
287-TA	1972	Tanzania	Smallholder Tea			10.8	1.8
371-TA	1973	Tanzania	Education			10.3	3.4
382-TA 2/	1973	Tanzania	Livestock			18.5	5.4
454-TA	1974	Tanzania	Cotton			17.5	11.3
460-TA	1974	Tanzania	Tanzania Investment Bank			6.0	1.0
1014-TA	1974	Tanzania	Cashewnut	21.0			5.6
495-TA	1974	Tanzania	Sites and Services			8.5	3.0
507-TA	1974	Tanzania	Highway Maintenance			10.2	5.3
508-TA	1974	Tanzania	Rural Development			10.0	6.9
1041-TA	1974	Tanzania	Sugar	9.0			2.0
580-TA	1975	Tanzania	Dairy			10.0	6.9
1128-TA	1975	Tanzania	Textile	15.0			3.4
1172-TA	1975	TIB	Tanzania Investment Bank	15.0			2.5
601-TA	1976	Tanzania	Technical Assistance			6.0	4.8
606-TA	1976	Tanzania	National Maize Program			18.0	12.6
607-TA	1976	Tanzania	Education			11.0	9.2
1306T-TA	1976	Tanzania	Power		30.0		21.6
1307-TA	1976	Tanzania	Forestry	7.0			5.5
652-TA	1976	Tanzania	Fisheries			9.0	8.8
658-TA	1976	Tanzania	Tobacco Processing			8.0	2.3
1354-TA	1977	Tanzania	Urban Water Supply	15.0			14.7
1385T-TA	1977	Tanzania	Morogoro Industrial Complex		11.5		7.3
1386-TA	1977	Tanzania	Morogoro Industrial Complex	11.5			7.3
703-TA 3/	1977	Tanzania	Rural Development (Tabora)			7.2	6.6
732-TA	1977	Tanzania	Second Sites and Services			12.0	12.0
743-TA	1977	Tanzania	Trucking			15.0	14.8
1498-TA	1977	TIB	Tanzania Investment Bank	15.0			14.8
801-TA	1978	Tanzania	Second Cashewnut			27.5	24.4
802-TA 4/	1978	Tanzania	Tobacco Handling			14.0	14.0
803-TA 4/	1978	Tanzania	Rural Dev. (Mwanza/Shinyanga)			12.0	12.0
1607-TA 4/	1978	Tanzania	Morogoro Textile	25.0			25.0
833-TA 4/	1978	Tanzania	Morogoro Textile			20.0	20.0
Total				210.7	41.5	352.3	297.6
of which has been repaid				4.6	-	7.0	
Total now outstanding				206.1	41.5	345.3	
Amount sold							0.1
of which has been repaid							0.1
Total now held by Bank and IDA 1/				206.1	41.5	345.3	
Total undisbursed				82.2	28.9	186.5	297.6

1/ Net of exchange adjustments.

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

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

4/ Not yet effective.

B. SUMMARY STATEMENT OF BANK LOANS FOR COMMON SERVICES GUARANTEED  
BY KENYA, TANZANIA AND UGANDA AS OF NOVEMBER 30, 1978

Loan No.	Year	Borrower	Purpose	(US\$ million)	
				Amount (less cancellations) Bank 1/	Undisbursed
Five loans fully disbursed				93.4	
638-EA	1969	EAHC	Harbours	35.0	0.9
674-EA	1970	EARC	Railways	42.4	3.1
865-EA	1972	EAHC	Harbours	26.5	1.1
914-EA	1973	EAPTC	Telecommunications	32.5	5.6
1204-EA	1976	EADB	Development Finance	<u>15.0</u>	<u>8.3</u>
Total				244.8	19.0
of which has been repaid				<u>46.4</u>	
Total now outstanding				198.4	
Amount sold			24.4		
of which has been repaid			<u>24.4</u>	<u>0.0</u>	
Total now held by Bank 1/				<u>198.4</u>	
Total undisbursed				<u>19.0</u>	<u>19.0</u>

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1/ Net of exchange adjustments.

C. PROJECTS IN EXECUTION 1/  
(As of November 30, 1978)

There are currently 30 projects under execution in Tanzania.

AGRICULTURAL SECTOR

Credit No. 287-TA - Smallholder Tea Project: US\$10.8 million  
Credit of March 3, 1972; Date of Effectiveness - July 26,  
1972; Closing Date - December 31, 1979

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

Credit No. 382-TA - Second Livestock Development Project:  
US\$18.5 million Credit of May 23, 1973; Date of Effectiveness -  
September 28, 1973; Closing Date - December 31, 1979

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This project was the subject of an in-depth review in November 1976. Since the review, significant progress has been made in alleviating the financial problems of the meat processing parastatal (TPL), in correcting some of the deficiencies in the livestock marketing parastatal (TLMC), and in adopting some of the decentralized management recommendations in the ranching parastatal (NARCO). However, TPL needs to improve its overall efficiency, and NARCO's financial situation is unsatisfactory. A financing proposal for NARCO is currently being prepared for presentation to Treasury and the two financing institutions (TRDB and NBC) in order to return NARCO to financial viability. The village livestock development component continues to have

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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.

the same organizational problems evident during the review and the seriousness of the situation has been recognized by the Prime Minister's Office. In summary, significant progress has been made since the review but major problems remain and require continued attention. The closing date of the Credit may have to be postponed by 12 months in order to complete the ranch development program.

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

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

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

Construction of the five factories and ancillary facilities is proceeding in accordance with the revised completion schedule which is about nine months behind the appraisal estimate. Processing plant and machinery has been delivered to two factories, and is under shipment for the remaining three factories. The Cashewnut Authority (CATA) take over of the industry and the consolidation of its activities are proceeding slowly. Its management capabilities are limited. Therefore, while the Government's consultants have effectively supervised construction and the project includes provision of technical assistance for factory operation, the development of CATA is important to future progress and is receiving close attention.

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

Project implementation and disbursements remain well behind appraisal estimates. During the past six months, progress has been slow due to continued weak management at both the regional and district levels, the loss of significant numbers of trained agricultural and cooperatives staff as a result of their appointment as Village Managers, and the outbreak of cholera in two of the region's three districts. To allow for a period of consolidation of project management, only four additional

villages are to be included in the investment program for the next fiscal year, bringing the total number of project villages to 61. A Joint-Mid-term Evaluation of the project was conducted in late October 1978.

Credit No. 513-TA and Loan No. 1041-TA - Kilombero Sugar Development Project: US\$9.0 million Credit and US\$9.0 million Loan of September 27, 1974; Date of Effectiveness - February 14, 1975; Closing Date - December 31, 1979

The development of estate cane plantations has been completed. Kilombero Sugar Company's (KSC) land development on behalf of outgrowers continues and is expected to exceed appraisal estimates due to lower than expected cane yields. The inability of the transport system to supply cane to both factories is a serious constraint to sugar production and the operation of the new management advisory agreement show some weaknesses (mainly because Tanzanian senior staff could not be found to fill the line positions vacated by expatriates). After heavy losses in 1977, mostly due to difficulties in starting operations of the new factory, KSC is expected to break-even. Phase III of the Sugar Study has been started and should be completed by March 1979. The Sugar Development Corporation has requested Finance to consider KSC's proposals as to the debt-equity ratio under the project and the terms of the Government loans; a decision on this matter is expected soon.

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

With the change in TAFICO's management in August 1977, the project appears to be progressing satisfactorily after the initial delay in implementation. All formalities with regard to the establishment of the commercial centers both for the coastal and Lake Tanganyika fisheries have been completed, and steps have been initiated for the construction of boats and procurement of engines and fishing gear. Of the four Ujamaa villages identified for investment under the Ujamaa Pilot Fisheries Program two have been selected and their investment plans have been prepared. It is expected that active fishing operations in all cases should begin before the end of 1978.

Credit No. 606-TA - National Maize Project: US\$18.0 million Credit of January 29, 1976; Date of Effectiveness - May 28, 1976; Closing Date - June 30, 1980

Although the project has made some satisfactory progress with regard to village participation, delivery of inputs, and concentration on high potential maize regions, it is beset by a number of problems which must be overcome if the project is to achieve its primary objective. The project's extension services are seriously understaffed, and the deficiencies of extension services and the Government's continued indecision on its reorganization are

constraints affecting project implementation. Farmers' contributions to the financing of project inputs vary from Region to Region; in areas of high maize potential about 80% of the inputs have been distributed in the agreed manner, but in the remaining Regions contributions have ranged from 13% to 42%. A recent decrease in the subsidy element from 75% to 50% for all inputs has doubled the cost to the farmers of fertilizer. Many of the difficulties experienced result from limited cooperation between the central ministry responsible for the overall project and the regional authorities in charge of local implementation. Proposals to improve project implementation by modifying authority for input financing and by increasing regional responsibility for assessing, ordering and distributing input requirements are under preparation. Another problem is the tendency for villages to place undue emphasis on monoculture of maize. A joint RMEA/ Headquarters mission recently reviewed the above difficulties and its recommendations have been largely endorsed by the Government.

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

Development of the parastatal dairy farms continues to be successfully implemented and the milk processing expansion is almost completed. The loan security/occupancy rights problems have been resolved for most farms. A shortage of suitable cattle and lack of milk pasteurizing facilities at Mbeya are imminent problems. The Ujamaa component proceeds slowly and the Tanzania Rural Development Bank is actively investigating alternative means of assisting village milk production and consumption. The foot and mouth disease control investigation has commenced.

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

Although the project got off to a slow start, project implementation has improved considerably and is now more or less on schedule. The nurseries are well stocked and maintained, and the current planting program should be on schedule. Progress on fire protection, road construction and buildings is satisfactory. All posts are now filled and management has been reinforced. There are no serious procurement nor disbursement problems, although both are still slightly behind schedule.

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

Improvements to the existing line were completed in April 1978, a year behind schedule. The delay did not interfere with processing, as the

crop was only 14.5 m kg against an estimated 20 m kg. Equipment for the new line is arriving and the line will be operative by April 1979 when factory capacity will be about 40 m kg against probable production of 20-26 m kg. Efforts will therefore be made to step up production during the 1978/79 season to ensure a good factory throughput in 1979. Building work at Morogoro is proceeding satisfactorily. TAT/TTPC are preparing a properly coordinated building program to cover the balance of the project, and proposals are awaited from the Treasury rationalizing the financial and functional responsibilities of these entities. The study of TAT's financial system will commence as soon as the cholera quarantine is relaxed and TAT have been requested to employ a Systems Accountant without further delay. TTPC's accounts for 1976/77 have been audited and the report is expected shortly.

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

Good progress has been made in project implementation, although overall implementation is somewhat behind schedule, largely as a result of delays in the delivery of vehicles and equipment. Key staff of the Project Secretariat has been in post since early 1978, and the Secretariat is functioning well. The agricultural component is, however, facing serious problems. The 1977/78 program of village trials (which are intended to validate the Project's technical packages prior to dissemination to farmers) was a failure as a result of lack of transport and poor coordination between regional and district-level staff. The 1978/79 trials programs faces problems as a result of a shortage of staff to assist in the conduct of these trials following the appointment of over 50 percent of the region's trained agricultural extension staff as Village Managers.

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

This credit became effective on October 2, 1978.

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

This credit is not yet effective.

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

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

This credit is not yet effective.

EDUCATION SECTOR

Credit No. 371-TA - Fourth Education Project: US\$10.3  
million Credit of April 13, 1973; Date of Effectiveness -  
July 2, 1973; Closing Date - December 31, 1979

Physical implementation, particularly the execution of civil works, has improved considerably and overall completion of the project has reached 91%. However, to allow sufficient time for completion, the Closing Date has been postponed by 18 months to December 31, 1979. Total project cost is now estimated at about TSh 109 million, an increase of approximately 5% over the appraisal estimate of TSh 104 million. The Government do not foresee any financial problem in providing the required additional funds. Three Community Education Centers out of eight have started operating programs for village development, education and training for youth and adults. The two Vocational Training Centers are in operation at almost full capacity. The technical assistance and fellowship programs are approaching completion and matching funds disbursed. Savings under the technical assistance and fellowship component of the project are estimated at approximately US\$1.3 million.

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

Progress in physical implementation is satisfactory. Construction of extensions to fifteen secondary schools is progressing well and construction of 1,500 houses for village Management Technicians, although delayed, shows some improvements. Housing construction is in line with VMT training which will be extended until mid-1980 as a result of the reassignment of over 500 VMTs as Village Managers in January 1978. There are also delays in recruitment of experts by UNESCO to assist a secondary school facilities survey and in recruitment of accountancy experts for the National Board of Accountants and Auditors. Implementation of a separate review of accountancy training and a survey of primary schools are progressing slowly. Despite these delays, project completion can be expected by the initial Closing Date of June 30, 1982 and no financial problems are envisaged at present.

TRANSPORTATION SECTOR

Credit No. 265-TA - Third Highway Project: 1/ US\$6.5 million Credit of August 6, 1971; Date of Effectiveness - October 12, 1971; Closing Date - December 31, 1978

The contract for the road construction component of this project was signed in March 1974, two years later than scheduled and at a cost much higher than estimated. The Bank reduced the primary road construction component from 200 km to 82 km and transferred US\$1.9 million balance from the completed Second Highway Project (Loan 586-TA) to meet the higher costs. The AfDB made a loan of 4 million units of account (US\$4.8 million equivalent) for the other 118 km. The 66 km of new construction on the primary road is complete except for about 1/4 km of bridge approaches. Additional investigatory work by the MOW on the remaining 16 km of existing sealed road has confirmed the feasibility of undertaking minimum improvements and resealing this section. The Mara betterment work has been completed and the Geita work is scheduled for completion in mid-1979. Government has received the final reports of the two preinvestment studies. Funds available under Credit 265-TA have been fully disbursed, and only US\$1.4 million of the funds reallocated from Loan 586-TA remain undisbursed.

Credit No. 507-TA - Highway Maintenance Project: US\$10.2 million Credit of August 21, 1974; Date of Effectiveness - November 20, 1974; Closing Date - June 30, 1979

Orders have been placed and deliveries are well advanced for about US\$6 million worth of equipment and bids for a further US\$0.5 million worth will be called shortly. A contract for 634 man-months of technical assistance has been signed and 17 of the 31 experts have commenced their duties in the country. Construction of road camps, deployment of equipment and training of maintenance personnel are in hand. Maintenance work has commenced on several trunk roads.

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

An initial supervision mission has just completed its discussions with the Government on project start-up. The Project Coordinator has been appointed and this should assist in initiating project execution.

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1/ The Second Highway Project included Loan 586-TA which was for US\$7.0 million. In 1975, surplus funds of US\$1.9 million were allocated to the Third Highway Project, and the Closing Date was postponed to December 31, 1978.

URBAN SECTOR

Credit No. 495-TA - National Sites and Services Project;  
US\$8.5 million Credit of July 12, 1974; Date of Effectiveness -  
October 3, 1974; Closing Date - December 31, 1979

Infrastructure construction has been completed satisfactorily on all project sites. Construction of health facilities in Dar es Salaam is nearing completion. Education facilities for the Dar es Salaam sites have been tendered; the rest of the community facilities in the project are to be tendered soon. Progress on the lending program administered by the Tanzania Housing Bank is slow but likely to pick up. Total project cost is estimated (at current exchange rates) at US\$15 million, compared to the appraisal estimate of US\$16.7 million.

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

This credit became effective on April 3, 1978. Progress on implementation is satisfactory for the residential components. Preparation of the small scale industry component is also making satisfactory progress. The Consultants' report on the Land Rent and Service Charge Study was approved by the Government in January 1978 and a pilot test of the new system for cost recovery proposed in the study is to be carried out in Morogoro.

WATER SUPPLY SECTOR

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

The implementation of the institutional arrangements in connection with the project, which includes mainly the establishment and operation of an Urban Water Supply Fund within the Ministry of Water, Energy and Minerals and an Urban Water Supply Unit in Morogoro, has been delayed by as much as a year. Out of three senior advisors to be provided under the project, only one is on duty. Out of five main contracts needed to construct the works in Morogoro, one is practically completed, two are being awarded and the bidding documents for the last two contracts are being finalized. Nine-month delay in the physical construction of the work in Morogoro resulted mainly from MWEM's poor administrative capability and difficulties due to the Tanzania/Kenya border closure. Project implementation is expected to improve significantly when the technical and financial advisors funded under the project report for duty.

POWER SECTOR

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

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The project is financed by IBRD, SIDA and KfW. All contracts have been awarded. The main civil contractor has not yet completed its mobilization; therefore, principal civil construction works at Mtera is five months behind schedule. Current estimated project cost is US\$117 million compared to appraisal estimate of US\$89 million, a cost overrun of 31%. The foreign exchange gap in IBRD/SIDA-financed portion is about US\$14.1 million. SIDA has indicated that it would be prepared to increase its allocation to cover its proportionate share of the cost overruns (about US\$6 million). At present, the Bank has no plans to make any additional contribution to bridge the gap. By early 1979, the issue should be reviewed and arrangements made for the necessary funds.

INDUSTRIAL SECTOR

Credit No. 460-TA - Tanzania Investment Bank Project:  
US\$6.0 million Credit of February 13, 1974; Date of Effectiveness - April 18, 1974; Closing Date - December 31, 1979

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This Credit has been fully committed. Because of a reallocation of funds from a subproject previously approved to a new one still under implementation, the credit is still not fully disbursed and the closing date has been postponed to December 31, 1979.

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

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This Loan is fully committed and disbursements are proceeding satisfactorily.

Loan No. 1128-TA - Mwanza Textile Project: US\$15.0 million  
Loan of June 19, 1975; Date of Effectiveness - October 6, 1975; Closing Date - July 1, 1979

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The project provides for expansion of an existing textile mill and is designed to increase annual fabric production capacity by 20 million linear meters. Project implementation performance has been acceptable. There has been a deterioration in the operating performance of the existing Mwanza plant as well as some other textile mills. The National Textile Corporation

(TEXCO), the holding company for state-owned textile mills, has agreed to institute an immediate action program to improve the operating performance of existing mills.

Credit No. 601-TA - Technical Assistance Project: US\$6.0 million Credit of January 9, 1976; Date of Effectiveness - September 14, 1976; Closing Date - June 30, 1980

With the arrival of a new project team leader from TATA in February 1978, the project is now expected to be implemented smoothly. Total commitments as of May 31, 1978 was US\$2.1 million of which US\$1.7 million, US\$0.3 million and US\$0.1 million were for consultancy services, training and project unit services, respectively. The procedures for processing proposals are being streamlined and it is expected that the pace of commitments and disbursements will be increased as a result.

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

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

Loan No. 1498-TA - Tanzania Investment Bank: US\$15.0 million Loan of December 28, 1977; Date of Effectiveness - April 3, 1978; Closing Date - June 30, 1981

This Loan became effective on April 3, 1978.

#### EAST AFRICAN COMMUNITY

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

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1/ Since October 1, 1977, the East African Community loans (excluding the East African Development Bank) have been disbursed on the basis of separate national guarantees. The agreed allocation of undisbursed balances for each loan, as proposed in a report to the Executive Directors dated December 29, 1977 (R77-312) and approved on January 12, 1978, is given in this Annex.

Loan No. 638-EA - Second Harbours Project: US\$35.0 million  
Loan of August 25, 1969; Date of Effectiveness - December 2,  
1969; Closing Date - December 31, 1977

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

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The Second Harbours project included financing for five general cargo berths and a single bay tanker terminal for the Port of Dar es Salaam; two general cargo berths and a bulk cement wharf for Mombasa; tugs, lighters, cargo handling equipment, offices, housing and general improvements for both ports. The Third Harbours project included three new deep water berths, modernization of two berths and a lighterage quay, a training school building and central repair area for Dar es Salaam; modernization of several berths and a lighterage quay, construction of a tug berth, cold storage facilities and a training building in Mombasa and improvement of a lighterage quay in Tanga. Construction of all major project elements has been completed. Of the minor project elements, only two are still under construction, namely the improvement of lighterage facilities in Tanga and reconstruction of sheds in Mombasa. Both are expected to be completed before mid-1978. Because of shortage of funds under both loans, the following minor project elements have not been submitted for Bank financing: the second phase of modernization of the lighterage quay and a training school for Dar es Salaam; modernization of the lighterage quay and a training school for Mombasa. Locally financed contracts have been awarded for these project elements with the exception of the modernization of the lighterage quay in Mombasa. General cargo throughput has increased above appraisal forecasts for Dar es Salaam, and cargo handling productivity has improved with increasing throughput; however, port labor productivity has stagnated in Mombasa where general cargo throughput has declined considerably. The ports of Kenya and Tanzania are now functioning completely independently of each other. Legislation to establish a Tanzania Harbours Authority has been enacted, and a Kenya Port Authority is expected to be established soon. Management of Ports in both countries is competent. Some US\$33.8 million of Loan 638-EA and US\$25.4 million of Loan 865-EA has already been disbursed. The agreed allocation of undisbursed funds at October 1, 1977 between the countries concerned is given below:

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

The closing date for Loan No. 638-EA has 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 (referred to in a report to the Executive Directors dated December 29, 1977-R77-312), were are continuing disbursements.

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

The original purpose of the project was to complete the Railways' 1969-1972 Development Program, including track improvement, procurement of rolling stock and other equipment, and to finance studies of the economic feasibility of certain railway lines and services. The physical execution of the original project has been seriously delayed due to administrative and political problems within the Community. In November 1974, the Executive Directors approved a reallocation of the uncommitted balance of the Loan to be used for consultant services and emergency investments in track material. All three countries have now enacted legislation to establish their own Railways Corporations. The agreed allocation of undisbursed funds at October 1, 1977 among the various countries concerned is given below:

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

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

The project included provision for procurement of local telephone exchange equipment, cables and subscriber apparatus, microwave and UHF/VHF systems and multiplex equipment, interurban cables and wires, automatic switching and signalling equipment, telegraph, telex and data equipment, and training. All major works other than microwave and UHF/VHF system construction have now been completed, despite initial delays caused by staffing and other problems associated with the reallocation of the headquarters. Funds disbursed to date total US\$26.9 million and the balance has been committed for cables and subscriber apparatus, microwave and associated multiplex equipment. Because of the long lead time required for the microwave equipment, the project is expected to be fully completed by mid-1979. The Closing Date has accordingly been postponed to December 31, 1979. The agreed allocation of undisbursed funds at October 1, 1977 among the countries concerned is given below:

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

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

Over the last year, the environment within the Community has had a negative impact on EADB operations. Level of operations both for appraisal and supervision has been depressed, and there has been some deterioration in the state of the portfolio with the arrears affected portfolio rising to 50% as of June 30, 1977. However, EADB has been able to retain nearly all its staff who are both adequate in number and technically competent to continue the operation of the institution and effect some recovery in the portfolio. Some US\$6.7 million has been disbursed to date, and the uncommitted balance amounts to US\$3.0 million.

D. STATEMENT OF IFC INVESTMENT IN TANZANIA  
As of November 30, 1978

<u>Fiscal Year</u>	<u>Obligor</u>	<u>Type of Business</u>	<u>Amount in US\$ Million</u>		
			<u>Loan</u>	<u>Equity</u>	<u>Total</u>
1960 and 1964	Kilombero Sugar Company	Food Processing	3.96	0.70	4.66
1978	Highland Soap	Soap Manufacture	<u>1.37</u>	<u>0.38</u>	<u>1.75</u>
	Total gross commitments		5.33	1.08	6.41
	Less cancellations, terminations, repayments and sales		<u>3.96</u>	<u>0.70</u>	<u>4.66</u>
	Total commitments now held by IFC		<u>1.37</u>	<u>0.38</u>	<u>1.75</u>
	Total Undisbursed		<u>1.37</u>	<u>0.38</u>	<u>1.75</u>

TANZANIA

FIFTH HIGHWAY PROJECT

SUPPLEMENTARY PROJECT DATA SHEET

I. Timetable of Key Events

(a) Time taken to prepare project:	10 months
(b) Preparation by:	Government and Consultants
(c) Initial discussion with IDA:	November 1976
(d) First IDA mission:	June 1977
(e) Date of departure of appraisal mission:	April 3, 1978
(f) Date of completion of negotiations:	November 30, 1978
(g) Planned date of effectiveness:	April 30, 1979

II. Special Bank Implementation Action

NONE.

III. Special Conditions

- (1) By March 31, 1978 or such later date as the Association may accept, the Borrower shall adopt a management system with operational guidelines which would enable MOW to determine and exercise full authority and control over trunk road maintenance programs and equipment and thereafter, develop a program in consultation with the Association to implement such management system (para. 28);
- (2) Appointment in post of experienced and qualified advisors to the Maintenance Management Engineer, the Maintenance Administrator and the Plant and Procurement Engineer (condition of effectiveness, para. 45);
- (3) Appointment in post of six local staff to the key positions for which road maintenance advisors are provided under the project (condition of effectiveness, para. 48);
- (4) Preparation of a two-year recruitment and training program, satisfactory to the Borrower and the Association with respect to trainees at the Morogoro Training School (condition of disbursement for related advisors, Para 49); and
- (5) Detailed annual project implementation programs will be submitted to the Association for review by April 30 of each year during implementation, starting in 1979 (para. 50).



