



REPUBLIC OF KENYA

# *ECONOMIC* *...SURVEY*

*Central Bureau of Statistics*  
*Ministry of Finance and Planning*

Price: Twenty-Five Shillings

# *ECONOMIC SURVEY*

## *1975*

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# NOTES:

1. Figures may not add to totals because of rounding.
2. The following conventional signs are used in the tables:  
" — " Means nil or negligible (less than half the final digit shown).  
" . . " Means figures not available.
3. All figures quoted in tons are metric tons.

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## ***ECONOMIC SURVEY, 1975***

### **CHAPTER 1—THE INTERNATIONAL SCENE IN 1974**

The year 1974 started with an oil crisis and with accelerating inflation, and ended with a recession—the deepest recession experienced by most industrial countries since the end of the Second World War. The squeeze on oil supplies did not in fact last long. Total world production of oil, which before 1973 had been rising at an annual rate of 7 to 8 per cent, was probably about 2 per cent lower in 1974 than in 1973. Industrial countries, with some small help from measures to conserve oil, were able to avoid any cutback in industrial production purely on account of lack of energy supplies.

1.2. Nevertheless, the indirect effects from the rise in oil prices—crude oil prices were nearly 4 times as high in 1974 as in 1973—were profound. The huge increases in the value of oil imports of OECD and most other industrial countries had a substantial deflationary influence on their economies. (The increases in oil prices had the same deflationary effect as an equivalent increase in indirect taxes would have done). In different circumstances, many of the industrial countries would no doubt have wished to offset this deflationary influence through fiscal and monetary measures. But because most of these countries were running huge deficits in the current account of their Balance of Payments, and because combating inflation had been given top priority by most of them, they did not do so. Indeed, many of them—America and West Germany in particular—followed a restrictive monetary policy to slow down inflation. The combined effect of higher oil prices and a restrictive monetary policy quickly put their economies into recession. Such countries were prepared to undergo a lower growth rate, and some rise in unemployment, as the sacrifice that had to be made to counter inflation.

1.3. The effects of these various restrictive influences on production of the major industrial countries are clearly seen in the following figures comparing the average rates of growth of Gross Domestic Product (GDP) at constant prices for the period 1963-1973 with those for 1974:—

*Annual Percentage Rates of Growth of GDP at Constant Prices*

	Average 1963-1973	1974
United States	4.4	-2.2
Canada	5.5	3.6
Japan	10.4	-3.5
France	5.7	4.7
West Germany	4.7	0.4
Italy	4.7	3.9
United Kingdom	2.9	-0.3

The figures for 1974, being averages for the whole year, do not reveal the gathering downward momentum during the second half of the year. In the United States and Japan, GDP (at constant prices) for the last quarter of 1974 was about 4 per cent lower than that for the last quarter of 1973, and that for West Germany was 1 per cent lower.

1.4. The decline in industrial production, as might be expected, was even more severe than in GDP. The volume of industrial production in the United States in the last quarter of 1974 was nearly 5 per cent lower than in the same quarter a year earlier. Similar comparisons for other countries indicate that the volume of production was 1 per cent lower in Canada, 12 per cent lower in Japan, 3 per cent lower in France, 6 per cent lower in West Germany and Italy, and 2 per cent lower in the United Kingdom. The general pattern of recession was remarkably similar in all these countries. In nearly all of them car production was particularly severely hit: partly owing to the generally depressed economic climate, and partly owing to the higher petrol prices. The output of consumer durables was also sharply lower. Other industries to suffer were textiles and the basic metal industries. Residential building—as is nearly always the case when the money supply is restricted and interest rates rise—also declined sharply. In the first half of 1974, investment in new plant and equipment, which is planned well in advance, was well maintained, and in some industrial countries even increased. This acted as a major support to their economies during this period. However, from the middle of the year, as confidence waned, investment started to fall. Hence the accelerated falls in production towards the end of the year.

1.5. Although this was the general pattern amongst the major industrial countries, some of the smaller countries—Spain, Denmark, Austria, Finland, Norway, Belgium and Holland—suffered less severely. But in all these countries the rise in their GDP at constant prices for 1974 was considerably below the average annual increases of the previous decade.

1.6. The downturn in industrial production in the major industrial countries inevitably led to a rise in unemployment in them. By the end of 1974 the unemployment rate exceeded 7 per cent in the United States and 6 per cent in Canada, and on comparable definitions would have been about 4.5 per cent in the United Kingdom, 4 per cent in West Germany, France and Italy, and 2 per cent in Japan. Such figures, however, are apt to give a misleading impression. They take no account of the large number of workers on short time. In some of these countries car workers were only working a three or four-day week. In Japan particularly the quoted rate of unemployment bears little relation to the unused labour potential.

1.7. The major industrial countries have met with varying success in their efforts to combat inflation, as the undermentioned figures indicate:—

	<i>Percentage Increase, 1973-1974</i>	<i>Hourly Wage Rates (or Hourly Earnings)</i>
United States	12.2	9.5
Canada	12.4	8.0
Japan	21.0	25.6
France	15.2	20.3
West Germany	5.9	12.5
Italy	24.5	20.5
United Kingdom	19.5	21.0

The percentage increases in consumer prices refer to the changes between December, 1973 and December, 1974. Those on wage rates (or hourly earnings) to the changes between November, 1973 and November, 1974 (except for America and France where the comparisons run from December and October, respectively). West Germany has been the most successful of the major industrial countries in combating inflation (as attested to by the rise in consumer prices), with the United States and Canada coming next. Japan, Italy and the United Kingdom appear to have made little progress in this respect. In none of these countries, however—except possibly in West Germany—has the rate of inflation been brought down anywhere near to a figure that would have been considered acceptable five years ago. The figures indicate that inflation is likely to be a world problem for several years to come. They underline the immense difficulties—once inflation has been occurring for several years, of bringing it under control again. Solutions are at best long term.

1.8. The fall or slowdown in industrial production of the major industrial countries was of course reflected in world trade. World trade (at current values) was 44 per cent higher in 1974 than in 1973, a part of this rise being on account of higher oil prices. But in volume, growth decline from 15 per cent in 1973 to less than 5 per cent in 1974—a degree of deceleration without precedent in the post-war period. Although figures are not yet available, it seems more than likely that world trade for the last six months of 1974 compared with that in the same period in 1973 in real terms may have shown no rise at all. and may even have fallen.

1.9. Rather surprisingly, despite the slowing down of production in industrial countries that commenced in the last quarter of 1973, the prices of commodity exports of primary producing countries continued to rise and, in most cases, did not reach their peak until the second quarter of 1974. This delayed reaction to the slowdown in activity in industrial countries was due, it appears, to their re-stocking of inventories which, owing to the earlier high demand for raw materials, had reached low levels. But since the second quarter, the falls in the prices of such commodity exports have frequently been substantial. The figures stated below detail the general picture:—

*Prices of Primary Producers' Commodity Exports: Indices, 1968-1970=100*

	<i>Food Products</i>	<i>Agricultural Industrial Materials</i>	<i>Metals and Minerals</i>	<i>All Products</i>
1973	152.1	181.4	117.0	150.0
1974	235.9	189.7	164.5	203.5
1974—				
1st Quarter	231.3	219.6	160.2	201.2
2nd Quarter	227.2	195.4	190.7	208.6
3rd Quarter	235.3	182.5	154.7	198.8
4th Quarter	267.1	162.1	144.2	205.1

Even though the falls from the second quarter of 1974 onwards were often quite substantial, average prices for all these categories were substantially higher in 1974 than in 1973.

1.10. It is, however, the recent trend in commodity prices that is of acute concern. The averages shown above do not reveal the very divergent trends for different commodities. Copper prices on the London Metal Exchange fell between April and December, 1974, by nearly 60 per cent, and tin, zinc and lead prices fell by 21, 56 and 24 per cent, respectively. The prices of natural rubber in Singapore markets, owing to the world-wide cutback in car production halved during 1974. The prices of cotton declined 40 per cent from their peak, and of wool and cocoa by 30 per cent. The fall in coffee prices was less severe, about 15 per cent. In contrast to these falls, tea prices during 1974 rose by some 40 per cent, and sugar prices soared, more than trebling.

1.11. In sum 1974 witnessed the worst recession in industrial countries since the end of the Second World War, with industrial activity falling, unemployment rising, world trade decelerating—and with these tendencies becoming much more marked during the second half of the year. The prices of exports of primary producing countries generally reached a peak in the second quarter of 1974, and from then on have fallen persistently and substantially. Tea and sugar, exceptionally, are commodities whose prices moved against the trend, in 1974.

## CHAPTER 2—THE DOMESTIC ECONOMY

A slow-down in the rate of growth of Kenya's economy had been expected in 1974, but in the event, the extent of the decline in the rate of growth was more than that anticipated. A growth rate in GDP of 5 per cent at constant prices had been forecast, at this time last year. There had been a poor agricultural season in 1973/74, and also there were numerous indications of the impact of the rise in petroleum prices on various sectors of the economy. As it turned out, the provisional estimate of the rate of growth in GDP at constant prices is only 3.6 per cent or 0.2 per cent per capita, although at current prices, the GDP is estimated to have recorded a substantial rise of 15.2 per cent.

2.2. Higher import prices, owing mainly, though not entirely to the rise in oil prices, were a major factor in reducing the rate of growth. Consequently the value of Kenya's export of goods and services, in terms of the volume of imports of goods and services they can be exchanged for, was markedly lower. Indeed GDP in real terms is estimated to have declined by approximately 2.2 per cent, after allowing for the deterioration in terms of trade. Since the population is increasing by 3.3 per cent a year, real per capita income is estimated to have fallen by 5.5 per cent in 1974. in contrast to the small rise of 0.2 per cent in GDP per head, when measured at constant prices. This is the first time since independence that a decline in per capita income has been recorded.

2.3. The year 1974 witnessed a sharp increase in prices and a smaller rise in average earnings of paid employees. Retail price indices rose by 16.1 and 13.8 per cent, respectively for the people in lower and middle income brackets. In contrast, average income per paid employee rose by slightly less than 10 per cent. Average real earnings of paid employees accordingly fell by around 6 per cent. The incidence of this decline was unevenly spread among different occupational and industrial groups. Generally the employees in the lower income groups received more adequate compensation for higher prices, than employees in the higher income brackets.

2.4. However, in 1974 despite the fall in real capita income, there appears to have been no decrease in average per capita consumption at constant prices. Standards of living were maintained by reducing the level of savings, as indicated by the sharp decrease in domestic savings as a percentage of GDP. The levels of consumption and capital formation were sustained by borrowing heavily resources from abroad, via the current deficit in the balance of payments on goods and services. Otherwise either consumption or capital formation or both would have had to be significantly reduced.

### **Sectoral Analysis of Gross Domestic Product**

2.5. Figures on the sectoral breakdown of the GDP, both at current and constant prices are given in Table 2.1, and the growth rates are detailed in

Table 2.2. No attempt is made to adjust the constant price estimates for the changes in the terms of trade referred to in paragraph 2.2 above.

2.6. In the face of the current difficult period, it is useful to review the performance of the economy in a time span longer than the immediate past year. GDP at constant prices has increased since 1964 at an annual average rate of 6.2 per cent. The contribution to the GDP of many sectors has grown in this period at an average annual rate of 7 per cent or more a year; these sectors include mining and quarrying, manufacturing; building and construction; banking, insurance and real estate; electricity and water; other services; and general government.

2.7. The increase of 7.5 per cent in the contribution of manufacturing sector, to the GDP at constant prices in 1974, is a satisfactory performance, although appreciably lower than the growth rate of 11.3 per cent in 1973. Expansion of production in the manufacturing sector was held back by a decline in the output of food processing and of footwear and clothing industries, while there was virtually no growth in the production of the textile industries. These together account for over 45 per cent of the total output of the manufacturing sector. However output of the printing industry and industries producing electrical machinery, and paper and related products increased significantly. Furthermore new manufacturing capacity brought on stream in recent years helped to sustain the increase in output of beverages, tobacco and petroleum products, and cement and pyrethrum extract.

2.8. The contribution to the GDP by building and construction sector at constant prices fell by 8.2 per cent in 1974 compared to a rise of 2.3 per cent in 1973. The big rise in building costs, together with the consequences of the credit squeeze, seem to have been the main factors in slowing down the level of activity in this sector. The slowdown was more pronounced in building as opposed to construction activity.

2.9. The total GDP of the agriculture sector at constant prices, was only a little higher in 1974 than in 1973. The dry weather conditions affected the output of certain crops and livestock products. The increase was due solely to the rise in non-monetary production of the agricultural sector; monetary production in fact declined marginally by 0.8 per cent at constant prices.

2.10. Transport, wholesale and retail trade and banking, insurance and real estate sectors, all achieved some growth in 1974, when their contribution to the GDP is measured in constant prices. In no case was the growth rate substantial, with figures ranging from 2.5 per cent to 6.3 per cent. However the services sector had a relatively successful year and achieved a growth rate of 11.4 per cent.

2.11. The contribution of the general Government sector to the GDP, at constant prices, increased by 4.0 per cent in 1974. This compares with an increase of 6.8 per cent in 1973, and with an average increase of 9.2 per cent



## GROSS DOMESTIC PRODUCT, 1964, 1970-1974

Table 2.1

K£million

	CURRENT PRICES						CONSTANT (1964) PRICES					
	1964	1970	1971	1972	1973	1974*	1964	1970	1971	1972	1973	1974*
GROSS PRODUCT AT FACTOR COST												
A. <i>Outside Monetary Economy:</i>												
Agriculture	75.57	95.50	100.37	115.06	120.14	130.61	75.57	95.58	98.24	101.46	104.39	107.31
Building and Construction	5.81	9.58	9.97	10.57	11.26	11.76	5.81	6.91	7.08	7.38	7.75	7.96
Water	2.09	4.15	4.47	4.67	4.87	5.07	2.09	2.67	2.75	2.79	2.84	2.88
Ownership of Dwellings	5.53	10.40	11.14	11.90	12.69	13.54	5.53	7.50	7.91	8.31	8.73	9.16
TOTAL PRODUCT OUTSIDE MONETARY ECONOMY	89.00	119.63	125.95	142.20	148.96	160.98	89.00	112.66	115.98	119.94	123.71	127.31
B. MONETARY ECONOMY—												
1. <i>Enterprises and Non-Profit Institutions</i>												
Agriculture	53.08	72.29	72.81	88.94	103.00	114.52	53.08	74.04	73.52	83.31	89.92	89.22
Forestry	1.88	3.80	4.47	4.24	5.10	5.49	1.88	2.93	3.13	3.40	4.01	4.01
Fishing	0.85	1.18	1.22	1.26	1.35	1.44	0.85	1.03	0.98	1.12	1.12	1.04
Mining and Quarrying	1.46	2.41	2.93	2.13	3.28	3.59	1.46	2.60	2.72	2.50	3.60	3.42
Manufacturing and Repair	34.17	62.16	71.68	84.35	98.90	118.69	34.17	52.49	59.29	63.61	70.78	76.11
Building and Construction	6.82	16.81	18.89	24.28	27.51	30.90	6.82	12.07	13.14	15.67	16.03	14.72
Electricity and Water	4.84	7.81	8.21	8.94	9.38	10.21	4.84	7.14	7.81	8.85	9.09	9.75
Transport Storage and Communica-	24.52	40.84	43.50	47.03	53.66	63.07	24.52	41.18	43.12	42.43	45.21	48.05
tions	32.98	42.24	51.16	54.58	63.05	81.36	32.98	37.56	44.60	42.64	45.49	47.01
Wholesale and Retail Trade	9.85	21.07	23.62	25.72	28.81	33.28	9.85	19.64	21.09	21.72	22.99	23.56
Banking, Insurance and Real Estate	13.34	21.57	24.61	28.12	31.16	36.46	13.34	17.85	18.76	19.59	20.55	21.61
Ownership of Dwellings	11.90	20.08	21.68	26.27	30.30	35.84	11.90	20.34	22.63	26.59	30.67	34.16
Other Services												
TOTAL ENTERPRISES	195.69	312.26	344.78	395.86	455.50	534.85	195.69	288.87	310.79	331.43	359.46	372.66
2. PRIVATE HOUSEHOLDS (DOMESTIC SERVICES)	2.94	4.14	4.84	5.12	6.15	7.27	2.94	3.55	3.85	3.80	4.22	4.78
3. GENERAL GOVERNMENT												
Public Administration	16.84	23.12	26.80	29.06			16.84	21.60	23.91	26.38		
Defence	2.19	4.66	5.07	5.34			2.19	4.18	4.43	4.72		
Education	11.20	23.78	32.05	37.18			11.20	23.94	25.77	29.70		
Health	4.49	8.44	10.68	11.85			4.69	8.94	10.19	11.62		
Agricultural Services	4.41	6.38	7.83	8.55			4.41	5.73	6.94	7.66		
Other Services	3.13	9.60	12.06	13.36			3.13	9.36	10.51	12.13		
TOTAL GENERAL GOVERNMENT	42.47	76.48	94.49	105.34	114.24	131.90	42.47	73.75	81.75	92.21	98.53	102.47
TOTAL PRODUCT MONETARY ECONOMY	241.10	392.88	444.11	506.32	575.89	674.02	241.10	366.17	396.39	427.44	462.21	479.91
TOTAL GROSS PRODUCT AT FACTOR COST (Monetary and Non-Monetary)	330.10	512.51	570.06	648.52	724.85	835.00	330.10	478.83	512.37	547.38	585.92	607.22
GROSS DOMESTIC PRODUCT PER CAPITA K£	36.26	45.66	48.84	53.74	58.07	64.67	36.26	42.66	43.90	45.36	46.94	47.03

\*Provisional

## GROSS DOMESTIC PRODUCT:PERCENTAGE RATES OF GROWTH, 1964-1974

Table 2.2

Percentages

	CURRENT PRICES			CONSTANT (1964) PRICES		
	1964-1974* Cumulative	1972-73	1973-74*	1964-1974* Cumulative	1972-73	1973-74*
OUTSIDE MONETARY ECONOMY						
Agriculture, Forestry and Fishing	5.6	4.4	8.7	3.6	2.9	2.8
Building and Construction	7.3	6.5	4.4	3.2	5.0	2.7
Water	9.2	4.3	4.1	3.3	1.8	1.4
Ownership of Dwellings	9.4	6.6	6.7	5.2	5.0	4.9
TOTAL PRODUCT OUTSIDE MONETARY ECONOMY	6.1	4.8	8.1	3.6	3.1	2.9
MONETARY ECONOMY—						
Enterprises and Non-Profit Institutions						
Agriculture	8.0	15.8	11.2	5.3	7.9	-0.8
Forestry	11.3	20.3	7.6	7.8	17.9	
Fishing	5.4	7.1	6.7	2.0	—	-7.2
Mining and Quarrying	9.4	54.0	9.4	8.9	44.0	-5.0
Manufacturing and repairing	13.2	17.2	20.0	8.3	11.3	7.5
Building and Construction	16.2	13.3	12.3	8.0	2.3	-8.2
Electricity and Water	7.8	4.9	8.8	7.2	2.7	7.3
Transport, Storage and Communications	9.9	14.1	17.5	7.0	6.6	6.3
Wholesale and Retail Trade	9.5	15.5	29.0	3.6	6.7	3.3
Banking, Insurance and Real Estate	12.9	12.0	15.5	9.1	5.8	2.5
Ownership of Dwellings	10.6	10.8	17.0	4.9	4.9	5.2
Other Services	11.6	15.3	18.3	11.1	15.3	11.4
TOTAL ENTERPRISES	10.6	15.1	17.4	6.6	8.4	3.7
Private Households	9.5	20.1	18.2	4.9	11.0	13.3
General Government	12.0	8.4	15.5	9.2	6.8	4.0
TOTAL PRODUCT MONETARY ECONOMY	10.8	13.7	17.0	7.1	8.1	3.8
TOTAL GROSS PRODUCT AT FACTORY COST	9.7	11.8	15.2	6.2	7.0	3.6
GROSS DOMESTIC PRODUCT PER CAPITA	5.9	8.0	11.4	2.6	3.5	0.
IProvisional						

during the past decade. The lower percentage in 1974, was recorded, despite a substantial increase in the output of education services following the extension of primary education.

2.12. Table 2.3 sets out a comparison by industry of target rates for the Plan period 1974-1978, along with the rates actually achieved in 1973 and 1974. The average annual rate of growth of the GDP in 1973 and 1974 was only 5.0 per cent, compared with the 1974-1978 plan target of 7.4 per cent. Sectors which failed to achieve their target growth rates by a large margin include agriculture because of poor climatic conditions and sharply higher input costs; construction, because of a fall in new capital projects; and the general Government sector, because of the need to contain recurrent expenditure.

#### GROSS DOMESTIC PRODUCT

##### PLAN TARGETS AND REALISED GROWTH RATES (AT 1972 PRICES)

Table 2.3

Percentages

	Plan Targets	Average Realised Growth Rates
	Annual increase from 1972 to 1978	1973 and 1974
A. NON-MONETARY SECTOR	3.8	3.0
B. MONETARY SECTOR—		
Agriculture	6.7	1.7
Forestry	9.0	9.3
Fishing	5.0	—6.0
Mining and Quarrying	16.9	18.5
Manufacturing and Repairing	10.2	8.4
Building and Construction	7.2	—3.0
Electricity and Water	9.0	5.0
Transport, Storage and Communica- tions	7.2	10.9
Wholesale and Retail Trade	7.2	4.2
Other enterprises and households	7.2	8.3
General Government	10.1	4.4
TOTAL MONETARY SECTOR	8.4	5.6
TOTAL GROSS DOMESTIC PRODUCT	7.4	5.0

### Structure of the Economy

2.13. Details on the percentage contribution of the various sectors to GDP at constant prices, are set out in Table 2.4. The share of the non-monetary sector in total GDP has fallen from 27 per cent in 1964 to 21 per cent in 1974. Also noticeable in the table are certain other long-term trends. The

GROSS DOMESTIC PRODUCT  
SECTOR SHARES, AT CONSTANT (1964) PRICES, 1964, 1970-1974

Table 2.4

Percentages

	1964	1970	1971	1972	1973	1974*
OUTSIDE MONETARY ECONOMY—						
AGRICULTURE, FORESTRY AND FISHING	22.89	19.96	19.17	18.54	17.82	17.67
Fishing	1.76	1.44	1.38	1.35	1.32	1.31
Building and Construction	0.63	0.56	0.54	0.51	0.48	0.47
Water	1.68	1.57	1.57	1.52	1.49	1.51
Ownership of Dwellings						
TOTAL PRODUCT OUTSIDE MONETARY ECONOMY	26.96	23.53	22.64	21.91	21.11	20.97
Enterprises and Non-profit Institutions—						
Agriculture	16.08	15.46	14.35	15.22	15.35	14.69
Forestry	0.57	0.61	0.61	0.62	0.68	0.66
Fishing	0.26	0.22	0.19	0.20	0.19	0.17
Mining and Quarrying	0.44	0.54	0.53	0.46	0.61	0.56
Manufacturing and Quarrying	10.35	10.96	11.57	11.62	12.08	12.53
Building and Construction	2.07	2.52	2.56	2.86	2.74	2.42
Electricity and Water	1.47	1.49	1.52	1.62	1.55	1.60
Transport, Storage and Communications	7.43	8.60	8.42	7.75	7.72	7.91
Wholesale and Retail Trade	9.99	7.84	8.70	7.79	7.76	7.74
Banking, Insurance Real Estate	2.98	4.10	4.12	3.97	3.92	3.88
Ownership of Dwellings	4.04	3.73	3.66	3.58	3.51	3.56
Other Services	3.60	4.25	4.42	4.86	5.23	5.63
TOTAL ENTERPRISES	59.28	60.33	60.66	60.55	61.35	61.37
Private Households	0.89	0.74	0.75	0.69	0.72	0.79
GENERAL GOVERNMENT—						
Public Administration	5.10	4.51	4.67	4.82		
Defence	0.66	0.87	0.86	0.86		
Education	3.39	5.00	5.03	5.42		
Health	1.42	1.87	1.92	2.12		
Agricultural Services	1.34	1.20	1.35	1.40		
Other Services	0.95	1.95	2.05	2.22		
TOTAL GENERAL GOVERNMENT	12.87	15.40	15.95	16.85	16.82	16.87
TOTAL PRODUCT MONETARY ECONOMY	73.04	76.47	77.36	78.09	78.89	79.03
TOTAL GROSS PRODUCT AT FACTOR COST (Monetary and Non.Monetary)	100.00	100.00	100.00	100.00	100.00	100.00

\*Provisional

share of GDP contributed by the monetary sector in agriculture has been slowly, but steadily declining; it fell from 16.1 per cent in 1964 to 14.7 per cent in 1974. By contrast, the share of manufacturing; banking, insurance and real estate; other services; and general Government sectors have all been rising.

### Resource Allocation

2.14. The total supply of resources, set out in Table 2.5 increased at current prices, from K£826.1 million in 1973 to K£1,033.3 million in 1974. Gross capital formation, including an increase in stocks, accounted for 28.5 per cent of the total supply; 55.1, and 16.4 per cent, respectively, of the remainder were accounted for by private and Government consumption. The value of gross capital formation was substantially enhanced in 1974 by an abnormal increase in stocks, due to advance purchases of imports on a substantial scale. A distinctive feature of gross capital formation in 1974

was the increase in the share which was financed from abroad. As indicated in Chapter 3, the proportion of gross capital formation which was financed from abroad nearly doubled from 20.3 per cent in 1973 to 39.4 per cent in 1974.

TOTAL USE OF RESOURCES, AT CURRENT PRICES, 1964, 1970-1974

Table 2.5

*K £ million*

	1964	1972	1973	1974*
G.D.P. at Factor Cost	330.10	648.52	724.85	835.00
Of Which		506.32		
Non.Monetary	89.00	1424.20	148.96	160.98
Monetary	241.10		575.89	674.02
+ Indirect Taxes	26.91	64.60	92.28	120.00
—Subsidies	-0.35	1.30	2.26	2.77
=G.D.P. at Market Prices	356.66	711.82	814.87	952.23
Imports of goods and services	101.91	216.16	251.78	413.27
—Exports of goods and services	119.26	200.11	240.58	332.21
=Import Surplus	-17.35	+16.05	+11.20	+81.06
Total Resources available for Domestic Investment and Consumption	339.31	727.87	826.07	1,033.29
Gross Fixed Capital Formation	44.32	160.37	175.18	189.78
Increase in Stocks	2.0	1.30	59.34	105.00
Gross Investment	46.62	161.67	234.52	294.78
Public Consumption	49.35	127.30	140.80	169.00
Private Consumption	243.34	438.90	450.75	569.51
TOTAL CONSUMPTION	292.69	566.20	591.55	738.51

\*Provisional

### Distribution

2.15. Table 2.6 shows the distribution of factor incomes and also states Gross National Product (GNP). The figures on the distribution of factor incomes need to be interpreted with caution. The operating surpluses of farmers, retailers, transport operators, and persons in service industries contain a large element of labour costs, which are not imputed to the total of remuneration of employees. GNP is lower than GDP by the amount of net factor incomes paid abroad.

## GROSS NATIONAL PRODUCT AT CURRENT PRICES 1964, 1970-1974

Table 2.6

K£million

	1964	1970	1971	1972	1973	1974*
FACTOR INCOMES—						
A. Outside Monetary Economy	89.00	119.63	125.95	142.20	148.96	160.98
B. Monetary Economy—						
1. Remuneration of Employees:						
Enterprises	86.15	137.67	152.62	175.45	198.60	232.66
Private Households	2.94	4.14	4.84	5.12	6.15	7.27
General Government	42.47	76.48	94.49	105.34	114.24	131.90
TOTAL REMUNERATION OF EMPLOYEES	131.56	218.29	251.95	285.91	318.99	371.83
2. Rental Surplus (including depreciation)	13.34	21.57	24.61	28.12	31.16	36.46
3. Other Operating Surplus (including depreciation)	96.20	153.01	167.55	192.31	225.75	265.74
TOTAL MONETARY ECONOMY	241.10	392.88	444.11	506.32	575.89	674.02
TOTAL FACTOR INCOMES=GROSS DOMESTIC PRODUCT	330.10	512.51	570.06	648.52	724.85	835.00
Add: Indirect Taxes	26.91	54.55	67.99	64.60	92.28	120.00
Deduct: Subsidies	0.35	1.16	0.76	1.30	2.26	2.77
GROSS DOMESTIC PRODUCT AT MARKET PRICES	356.66	565.90	637.29	711.82	814.87	952.23
Add: FACTOR INCOMES RECEIVED FROM ABROAD	6.10	16.87	12.34	12.92	10.22	14.30
Deduct: FACTOR INCOMES PAID ABROAD	15.54	34.52	31.48	34.61	54.20	57.33
GROSS NATIONAL PRODUCT	347.22	548.25	618.15	690.13	770.89	909.20

\*Provisional.

## CAPITAL FORMATION BY TYPE OF ASSET, 1964, 1970-1974

Table 2.7

K£million

	CURRENT PRICES						CONSTANT (1964) PRICES					
	1964	1970	1971	1972	1973	1974*	1964	1970	1971	1972	1973	1974*
DWELLINGS- PRIVATE: (i) Traditional (ii) Modern	5.24 1.23	9.24 5.65	9.90 7.58	10.43 8.62	11.01 7.64	11.73 9.59	5.24 1.23	6.63 4.06	6.88 5.27	6.73 5.57	6.42 4.45	5.59 4.57
TOTAL	6.47	14.89	17.48	19.05	18.65	21.32	6.47	10.69	12.15	12.30	10.87	10.16
PUBLIC	0.75	3.78	6.25	5.33	5.33	7.30	0.75	2.71	4.35	3.44	3.11	3.48
TOTAL	7.22	18.66	23.73	24.38	23.98	28.62	7.22	13.40	16.50	15.74	13.98	13.64
NON-RESIDENTIAL BUILDINGS. PRIVATE	3.24	7.56	7.87	9.34	9.13	6.58	3.24	5.43	5.47	6.03	5.32	3.14
PUBLIC	1.77	6.53	9.11	11.13	11.42	13.89	1.77	4.69	6.34	7.18	6.66	6.62
TOTAL	5.02	14.09	16.98	20.47	20.55	20.47	5.02	10.11	11.81	13.21	11.98	9.76
CONSTRUCTION AND WORKS— PRIVATE	3.55	4.49	5.69	5.07	6.74	11.84	3.55	3.22	3.96	3.27	3.93	5.64
PUBLIC	3.44	15.96	24.40	32.14	38.37	44.37	3.44	11.46	16.97	20.75	22.36	21.14
TOTAL	6.99	20.45	30.09	37.21	45.11	56.21	6.99	14.68	20.93	24.02	26.29	26.78
LAND IMPROVEMENT AND PLANTATION DEVELOPMENT— PRIVATE	1.59	2.06	2.26	2.58	2.34	3.88	1.59	1.72	1.74	1.66	1.52	2.51
PUBLIC		0.30	0.14	0.14	0.12	0.06		0.25	0.10	0.09	0.07	0.04
TOTAL	1.59	2.35	2.40	2.72	2.46	3.94	1.59	1.96	1.84	1.75	1.59	2.55
TRANSPORT EQUIPMENT— PRIVATE	6.01	16.34	18.49	16.85	11.10	22.42	6.01	15.87	16.22	12.21	11.99	13.14
PUBLIC	3.68	3.85	7.87	7.44	4.00	4.40	3.68	3.74	6.91	2.49	2.65	2.58
TOTAL	9.69	20.20	26.36	20.28	22.10	26.82	9.69	19.61	23.12	14.70	14.64	15.72

\*Provisional

## CAPITAL FORMATION BY TYPE OF ASSET, 1964, 1970-1974

Table 2.7—(Contd.)

k£million.

	CURRENT PRICES						CONSTANT (1964) PRICES					
	1964	1970	1971	1972	1973	1974*	1964	1970	1971	1972	1973	1974*
MACHINERY AND OTHER EQUIPMENT—												
PRIVATE	12.76	31.14	36.46	43.88	44.75	34.46	12.76	30.23	31.98	31.80	29.63	20.20
PUBLIC	1.44	3.79	7.78	8.72	14.60	17.52	1.44	3.68	6.82	6.32	9.67	10.27
TOTAL	14.20	34.93	44.23	52.60	59.35	51.99	14.20	33.92	38.80	38.12	39.30	30.47
BREEDING STOCK AND DAIRY CATTLE —												
PRIVATE	-0.38	2.03	0.40	2.71	1.60	0.70	-0.38	1.84	0.78	1.83	0.93	0.42
TOTAL PRIVATE—												
(i) Traditional Dwellings	5.24	9.24	9.90	10.43	11.01	11.73	5.24	6.63	6.88	6.73	6.41	5.59
(ii) Other	28.00	69.27	78.75	89.05	90.33	89.49	28.00	62.36	65.42	63.37	57.78	49.62
TOTAL PRIVATE	33.24	78.50	88.65	99.48	101.34	101.22	33.24	68.99	72.30	69.10	64.19	55.21
TOTAL PUBLIC	11.08	34.20	55.55	60.89	73.85	87.55	11.08	26.52	41.48	40.27	44.53	44.13
TOTAL PRIVATE AND PUBLIC	44.32	112.71	144.20	160.37	175.19	188.77	44.32	95.52	113.78	109.37	108.72	99.34

\*Provisional



## CAPITAL FORMATION BY INDUSTRY, 1964, 1970-1974

Table 2.8

k£million

	CURRENT PRICES						CONSTANT (1964) PRICES					
	1964	1970	1971	1972	1973	1974*	1964	1970	1971	1972	1973	1974*
OUTSIDE MONETARY ECONOMY— Traditional Dwellings	5.24	9.24	9.90	10.43	11.01	11.73	5.24	6.63	6.88	6.73	6.42	5.59
B. MONETARY ECONOMY—												
1. Enterprises and Non-Profit Institutions:												
Agriculture	6.80	12.39	12.34	15.40	14.95	19.00	6.80	10.94	10.44	10.59	9.50	10.83
Forestry	0.22	0.19	0.30	0.26	0.25	0.52	0.22	0.16	0.24	0.18	0.16	0.27
Mining and Quarrying	0.26	1.28	1.95	1.36	1.36	2.83	0.26	1.24	1.71	0.98	0.87	1.54
Manufacturing and Repairing	5.82	12.95	18.47	28.02	29.02	24.64	5.82	12.31	15.60	19.96	18.88	13.82
Building and Construction	1.92	6.96	7.76	8.51	9.14	8.15	1.92	6.55	6.64	6.03	5.97	4.59
Electricity and Water	1.32	3.68	6.86	10.34	15.70	14.38	1.32	3.22	5.37	6.93	9.53	7.29
Transport, Storage and Communications	10.26	19.87	27.17	21.54	25.54	3.71	10.26	18.47	23.04	15.10	16.44	17.41
Wholesale and Retail Trade	3.1	4.40	5.75	6.54	6.70	5.85	3.01	3.84	4.63	4.60	4.30	3.29
Banking, Insurance and Real Estate	0.69	1.78	2.87	1.77	1.49	1.78	0.69	1.53	2.13	1.21	0.96	0.98
Ownership of Dwellings	2.15	9.78	14.32	14.39	13.40	17.22	2.15	7.11	10.5	9.32	7.85	8.24
Other Services	2.29	8.30	8.51	8.74	11.20	13.36	2.29	6.93	6.78	6.01	6.92	7.06
TOTAL ENTERPRISES	34.74	81.58	106.31	116.86	128.76	139.44	34.74	72.29	86.63	80.91	81.37	75.31
2. General Government:												
Public Administration	0.86	2.80	3.70	4.84	4.87	4.26	0.86	2.18	2.74	3.19	2.89	2.14
Education	0.51	1.79	1.82	3.58	3.87	4.09	0.51	1.51	1.42	2.42	2.36	2.06
Health	0.40	2.40	2.70	2.94	2.84	3.55	0.40	1.86	1.96	1.92	1.69	1.75
Agricultural Services	0.74	1.87	1.70	1.08	1.62	3.01	0.74	1.54	1.32	0.74	0.98	1.50
Other Services	1.82	13.03	18.07	20.65	22.21	22.70	1.82	9.51	12.84	13.46	13.01	10.99
TOTAL GENERAL GOVERNMENT	43.4	21.89	27.99	33.09	35.41	37.60	4.34	16.60	20.27	21.73	20.93	18.44
TOTAL MONETARY	39.08	103.47	134.30	149.95	164.17	177.04	39.08	88.89	106.90	102.64	102.30	93.75
TOTAL—MONETARY AND NON-MONETARY	44.32	112.71	144.20	160.37	175.19	188.77	44.32	95.52	113.78	109.37	108.72	99.34

\*Provisional

## Gross Fixed Capital Formation

2.16. Gross fixed capital formation is analysed, respectively, by type of asset, and by investing sector, in Tables 2.7 and 2.8, at both current and constant prices. Gross fixed capital formation declined by 8.4 per cent in 1974 at constant prices. The decline is mainly accounted for by the drop in investment in machinery and equipment, and much of the overall fall was due to the decrease in capital formation by the private sector. In 1974 investment at current prices in machinery and equipment constituted 27.5 per cent of total gross fixed capital formation; construction and works 29.8 per cent; transport equipment 14.2 per cent; non-residential buildings 10.8 per cent; and modern residential buildings in the public and private sectors 8.9 per cent. The general Government sector accounted for 21.2 per cent of the capital formation at current prices, in 1974. The balance of the expenditure on gross capital formation in the monetary sector was incurred by public and private enterprise sectors of the economy. Transport sector incurred 17.9 per cent of the monetary expenditure; followed by manufacturing sector with 13.9 per cent; agriculture 10.7 per cent; ownership of dwellings 9.7 per cent; and electricity and water 8.1 per cent. As indicated in Table 2.9 approximately 59 per cent of the expenditure incurred by Kenya Government, on construction in 1974 was on roads, while a further 11 per cent was incurred on water works.

CAPITAL FORMATION: CONSTRUCTION EXPENDITURE BY  
KENYA GOVERNMENT, 1964, 1970-1974  
(at current prices)

Table 2.9 k£'000

	Roads	Water Works	Soil Conservation	Other	Total
1964	429	196	220	799	1,644
1970	11,532	281	264	1,331	13,408
1971	15,041	732	183	1,457	17,413
1972	16,747	1,236	96	2,965	21,045
1973	17,920	1,608	104	5,619	25,250
1974*	17,231	3,177	262	8,536	29,207

\*Provisional

### CHAPTER 3—BALANCE OF PAYMENTS

Higher oil prices and recession in the western world had an inevitable profound effect on Kenya's balance of payments. Detailed figures on the balance of payments for 1972-1974 are set out in Table 3.1.

3.2. Kenya's unfavourable balance on current account rose sharply from K£47.5 million in 1973 to K£116.1 million in 1974. This current account deficit amounts to the equivalent of 12.2 per cent of the total GDP at market prices in 1974. A figure as high as this (in terms of GDP) is unprecedented for Kenya. In 1973 the comparable deficit was equal to 5.8 per cent of the GDP and in 1972 to 3.4 per cent. The adverse decline was mainly caused by the deterioration in the deficit on merchandise account\*. The value of merchandise exports rose from K£160.6 million in 1973 to K£207.4 million in 1974: an increase of 29.1 per cent. But the increase in the value of imports of merchandise was much steeper. These rose by 70.9 per cent in value from K£215.9 million in 1973 to K£368.9 million in 1974. The debit on merchandise account as a result nearly trebled from K£55.3 million to K£161.5 million between 1973 and 1974. Over a third of this deficit on merchandise transactions is accounted for by the increase in the value of imports of fuel and lubricants. Substantial increases were also recorded in the values of imports of other commodities. The terms of trade as a result swung heavily against Kenya. Effective depreciation of Kenyan currency by 5.7 per cent against the currencies of its major trading partners had some impact on the worsening terms of trade.

3.3. In physical volume total exports declined by 1.9 per cent between 1973 and 1974, while imports increased by 4.4 per cent. It is somewhat surprising in a situation such as the one outlined above, that the volume of imports should have risen as it did. In view of the steep rises in the prices of imports, some fall in the volume of imports might have been expected, despite both the rise in GDP and the inelastic demand for imports in the short run. The explanation appears to lie in the heavy stock-piling of imported goods that occurred in the later months of 1974. But for this stock building the trend of the unfavourable balance on merchandise account—K£65.9 million in the first half of 1974 and K£95.6 million in the second—would have been a cause for even greater anxiety than is the case.

3.4. The adverse balance on merchandise account was partially offset by a rise in the net credit balance on 'invisible' transactions. This net credit balance rose from K£8 million in 1973 to K£46.3 million in 1974. The rise was mainly due to an increase in the level of net credit receipts from freight and insurance and other transportation. The credits from other transportation were particu-

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\*Figures on exports and imports of merchandise as noted in this chapter differ from those detailed in Chapter 7 on Trade due to valuation and coverage adjustments.

## KENYA BALANCE OF PAYMENT, 1972-1974

Table 3.1

k£million

	1972			1973			1974*		
	Debits/ Assets	redits/ Liabili- ties	Net Credits	Debits/ Assets	Credits/ Liabili- ties	Net Credits	Debits/ Assets	Credits/ Liabili- ties	Net Credits
A. CURRENT ACCOUNT									
1. Merchandise transactions; Imports (c.i.f.) Ex- ports (f.o.b.)	186.0	120.5	Dr. 65.5	215.9	160.6	Dr. 55.3	368.9	207.4	Dr. 161.5
2. Non-Monetary Gold Movements	0.4	—	Dr. 0.4	0.2	—	Dr. 0.2	0.9		Dr. 0.9
3. Freight and Insurance	0.4	12.0	11.7	1.8	13.2	11.4	1.1	18.3	17.2
4. Other Transportation	9.3	21.1	11.8	9.9	24.2	14.3	20.8	62.6	41.8
5. Foreign Travel	9.9	27.3	17.4	11.0	24.3	13.3	13.1	27.0	13.9
6. International Investment Income	25.1	12.9	Dr. 12.3	45.7	10.2	Dr. 35.5	48.3	14.3	Dr. 34.0
7. Government Transactions n.e.s.	11.5	5.8	Dr. 5.7	10.4	5.0	Dr. 5.4	11.5	7.0	Dr. 4.5
8. Other Services	8.2	13.3	5.1	11.2	13.3	2.1	6.0	9.9	3.9
9. Private Transfers	6.4	6.8	0.4	8.1	8.4	0.3	9.0	8.2	Dr. 0.8
10. Government Transfers	4.2	17.4	13.2	3.9	11.4**	7.5	5.4	14.2**	8.8
TOTAL CURRENT ACCOUNT	261.52	37.2	Dr. 24.3	318.1	270.6	Dr. 47.5	485.0	368.9	Dr. 116.1
Of which: Visible Balance	186.4	120.5	Dr. 65.9	216.1	160.6	Dr. 55.5	369.8	207.4	Dr. 162.4
Invisible Balance	75.1	116.7	41.6	102.0	110.0	8.0	115.2	161.5	46.3

## KENYA BALANCE OF PAYMENT, 1972-74

Table 3.1-(contd.)

K £ million

	1972			1973			1974 *		
	Debits/ Assets	Credits/ Liabili- ties	Net Credits	Debits/ Assets	Credits/ Liabili- ties	Net Credits	Debits/ Assets	Credits/ Liabili- ties	Net Credits
B. CAPITAL MOVEMENTS									
11. Private									
11.1 Short-term	0.3	2.5	2.2	0.3	5.9	5.6	0.3	16.5	16.2
11.2 Long-term	Cr. 1.0	14.3	15.3	Cr. 0.8	30.6	31.4	0.4	35.0	34.6
12. Government	0.8	15.9	15.1	1.1	17.6+	16.5	3.9	26.9+	23.0
13. Government Enterprise	Cr. 1.5	Dr. 1.3	0.2	Cr. 0.9	0.2	1.1	-	5.4	5.4
TOTAL	Cr. 1.4	31.4	32.8	Cr. 0.3	54.3	54.6	4.6	83.8	79.2
C. MONETARY SECTOR									
14. Central Bank of Kenya									
14.1 With I.M.F.									
14.1.1. Holdings of S.D.R.'s				0.7	0.5	Dr. 0.2	Cr. 6.3		6.3
14.1.2. S.D. Account	—	—						13.5	13.5
14.1.3. Other	—		Dr. 10.5	10.4		Dr. 10.4	Cr. 5.7	4.5	10.2
14.2 All other transactions	— 10.5					Dr. 0.3	Cr. 3.6	6.4	2.8
15. Other Financial Institutions	Cr. 1.5		1.5	2.4	2.1				
TOTAL	9.0		Dr. 9.0	13.5	2.6	Dr. 10.9	Cr. 8.4	24.4	32.8
TOTAL CAPITAL ACCOUNT (B + C)	7.6	31.4	23.8	13.2	56.9	43.7	Cr. 3.8	108.2	112.0
Errors and Omissions	—		0.5	—	—	3.8	—	—	4.1

\*Provisional.

\*\*Excludes capital grants.

+Includes capital grants.

larly high because of the large rise in receipts from bunkering (on account of higher oil prices) and the increase in receipts by East African Airways and the Eastern African National Shipping Line. Receipts from foreign travel were also higher by 9 per cent.

3.5. The 1974 deficit on the current account of K£116.1 million was financed by a net inflow of short-term private capital of K£16.2 million—K£13 million of this being accounted for by increased trade credits; by a net inflow of long-term capital into the private sector of K£34.6 million; by net borrowing and receipts of capital grants by the government of K£23 million; by the net borrowing (relevant to Kenya) by the corporations of the East African Community of K£5.4 million; and by a net decrease in the foreign assets of the monetary sector of K£32.8 million. Monetary sector's foreign assets decreased by K£8.4 million while its liabilities to non-residents increased by K£24.4 million. The latter includes an increase of K£13 million in the deposit liabilities of the Central Bank of Kenya to the International Monetary Fund under the provisions of the 'oil facility' loan made available to Kenya by the Fund.

3.6. As mentioned above, the balance of payments deficit on current account last year amounted to the equivalent of 12.2 per cent of total GDP in 1974. A deficit of this level in terms of total resources, if it is likely to continue, would point to the need to modify the structure of the economy. In Table 3.2 an attempt is made to illustrate the implications on resource allocation, of the reduction of the deficit in the current account balance to 5 per cent of the GDP. were this to be done in three years from 1974. Estimated figures in 1974 are noted as a point of reference. In the calculation of the first set of illustrative figures, it has been assumed that the GDP would grow at 5 per cent a year in the next three years; that gross capital formation would account for the same proportion of GDP as in 1974; that government consumption would grow at 3.5 per cent a year; and that imports would constitute 45, 40 and 10 per cent, respectively, of the value of private consumption, gross capital formation and exports. In the second set of figures allowance is made for the effect of the abnormal increase in stocks in 1974 on the values of gross capital formation and imports. Consequently the import content in the values of consumption, gross capital formation and exports is reduced, respectively, to 40, 35 and 10 per cent. The third example is based on the same assumptions as the first except that gross capital formation is taken at 25 per cent of GDP and Government consumption at constant prices is assumed to grow at 6 per cent a year. The precise assumptions could be varied indefinitely. But on almost any set of assumption the indication is that the rate of growth of consumption will need to be less than the rate of growth of GDP—if the deficit on the current account of the balance of payments is to be reduced to an equivalent of 5 per cent of GDP in the next three years. To the extent that the assumed growth rate of GDP can be maintained with a lower ratio of capital formation to GDP, then consumption would

USE OF RESOURCES AND BALANCE OF PAYMENTS

Table 3.2

*k £ million*

Gross Domestic Product at Market Prices= Gross Domestic Expenditure	USE OF RESOURCES					BALANCE OF PAYMENTS		
	CONSUMPTION		Gross Capital Formation	Exports of Goods and Services Estimates	Imports of Goods and Services	Deficit on goods and Services	Net Factor Income payable abroad plus net transfers	Deficit on Balance of Payments Current Account
	Private	Government						
952.2	569.5	169.0	294.8	332.2	413.3	81.1	35.0	116.1
Illustrative Figures for 1977								
Example 1 1,102.0	588.0	187.4	341.4	429.7	444.5	14.8	40.3	55.1
Example 2 1,102.0	616.8	187.4	312.6	379.2	394.0	14.8	40.3	55.1
Example 3 1,102.0	640.0	201.1	275.7	426.4	441.2	14.8	40.3	55.1

increase at a rate faster than the figures indicated in the illustrative examples. Nevertheless to alter the structure of the economy so that more resources can be devoted to exports will almost certainly mean that private consumption would grow at a rate slower than the rate of growth of GDP.

3.7. Table 3.3 details estimates on the level of actual gross capital formation and its financing in 1973 and 1974. In 1973 domestic savings financed 80 per cent of gross capital formation. This proportion had fallen to 61 per cent in 1974. A concomitant of any improvement in the current account of the balance of payments will be a reduction in the margin between gross capital formation and domestic savings. To achieve this, without reducing capital formation—and so lowering the rate of growth of the economy—will require a higher propensity to save. Consequently, consumption will need to grow at a slower rate than GDP.

BALANCE OF PAYMENTS AND CAPITAL FORMATION, 1973-1974

Table 3.3

*k£million*

Gross Capital Formation		Financing of Gross Capital Formation	
1973			
Gross Fixed Capital Formation	175.2	Net borrowing from Rest of the World	44.8
Increase in Stocks	59.3	Capital transfers from Rest of World	2.7
		Domestic Saving (including consumption of fixed capital)	187.0
TOTAL	234.5	TOTAL	234.5
1974			
Gross Fixed Capital Formation	189.8	Net Borrowing from Rest of the World	111.8
Increase in Stocks	105.0	Capital transfers from Rest of the World	4.3
		Domestic Saving (including consumption of fixed capital)	178.7
TOTAL	294.8	TOTAL	294.8



## CHAPTER 4—MONEY AND BANKING

The most noteworthy financial changes during 1974 were the small depreciation of the Kenya currency on foreign exchange markets, the rise in interest rates, and the quite rapid increase in the money supply during the first half of the year, followed by a small fall during the second.

4.2. Foreign exchange rates for some principal currencies at the end of December, 1973 and December, 1974, are given in Table 4.1. Kenya's currency depreciated only slightly in terms of the U.S. dollar and the £ sterling, but to a considerably greater extent in terms of the Deutsche mark, Swiss franc and Belgian franc. The Kenyan shilling since January, 1974, has been tied to the U.S. dollar and changes in foreign exchange rates are a reflection of the general depreciation of the dollar in terms of most European currencies—the lira excepted. The Kenyan shilling appreciated in terms of the Japanese yen, Italian lira and Australian dollar. Weighting the percentage changes both for the currencies shown in the table and for those not shown, according to the relative importance of Kenya's trade with these countries, reveals a depreciation of 5.7 per cent of the Kenya shilling in 1974.

FOREIGN EXCHANGE RATES, 1973-1974

Table 4.1

	MEAN RATES IN KENYA SHILLINGS		Percentage Change
	29th Dec., 1973	31st Dec., 1974	
U.S. Dollar per Unit	6.90	7.14286	3.52
Sterling Pound per Unit	16.0028	16.7535	4.69
Canadian Dollar per Unit	6.9276	7.2121	4.11
Deutsche Mark per Unit	2.5540	2.9625	15.99
French Francs per 100 Units	146.7630	160.92	9.65
Swiss Franc per 100 Units	212.4510	280.53	32.04
Netherlands Guilder per 100 Units	244.5015	285.64	16.83
Italian Lira per 100 Units	1.1340	1.1025	-2.78
Belgian Franc	16.7325	19.78	18.21
Japanese Yen per 100 Units	2.4626	2.3735	-3.62
Swedish Krona per 100 Units	150.9375	175.32	16.15
Norwegian Krona per 100 Units	120.5085	137.03	13.71
Danish Krona per 100 Units	109.9860	126.71	15.21
Austrian Shilling per Units	34.7415	41.75	20.17
Indian Rupee per 100 Units	85.3477	89.35	4.69
Pakistan Rupee	69.6421	72.09	3.51
Zambian Kwacha per 100 Units	1,073.3364	1,111.11	3.52
Australian Dollar per 100 Units	1,026.3700	935.00	-8.90
Finnish Markka per 100 Units	179.1930	200.3	11.78
Burundi Franc per 100 Units	8.7619	9.0702	3.52

4.3. A general rise also occurred in interest rates in 1974 as shown in Table 4.2. The Central Bank of Kenya raised its rates for the rediscount of Treasury bills and for the rediscount of, or advances against, other types of securities. This step—together with the raising of the legal minimum rates on saving and time deposits and on "commercial" loans—has tended to have a general upward influence on the structure of interest rates. The rate of interest on commercial bank time and saving deposits rose from 3 to 5 per cent, and on commercial bank loans and advances from 7 to 8 per cent (minimum rates) respectively in 1974. The rate on Treasury bills also rose significantly.

PRINCIPAL INTEREST RATES, 1973-1974

Table 4.2	Percent	
	31ST DECEMBER	
	1973	1974
CENTRAL BANK OF KENYA		
Re-discount Rate for Treasury Bills	1.5959	6.00
Advances against Treasury Bills	5.2866	7.00
Bills and Notes under Crop Finance Scheme:—		
Discounts	5.50	7.00
Advances	6.00	7.00
Other Bills and Notes:—		
Discounts	5.50	7.00
Advances	6.50	7.00
Advances against Kenya Government Securities	6.50	7.00
KENYA COMMERCIAL BANKS		
Time Deposits:—		
Minimum 30 days (7 days notice)	3.00	5.125
3 months—less than 6 months	3.50	5.125
6 months—less than 9 months	3.75	5.375
9 months—12 months (incl.)	4.00	5.625
12 months (K.Sh. 100,000.250.000)	4.50	5.875
Savings Deposits	3.00	5.00
Loans and Advances (Minimum)	7.00	8.00
OTHER FINANCIAL INSTITUTIONS		
Kenya Post Office Savings Bank deposits	3.00	3.00
Agricultural Finance Corporation, Loans	7.50	8.00
Hire Purchase Companies and Merchant Banks:—		
Deposits (time)	3.00-7.50	5.00-7.50
Loans	7.00-12.00	8.00-12.00
Building Societies:—		
Deposits	5.50-6.50	5.50-6.50
Loans	7.50-10.00	7.50-11.00

4.4. Interest rates on loans and advances, despite the rise that took place during the year, are still low in comparison with similar rates in many other countries if a distinction is made between nominal and real rates of interest. Since the percentage annual rise in the general price level is well in excess of the long-term interest rates, and since there is an indication that the

rise in prices will continue, the real rates of interest, when inflation is allowed for, are negative. The continuing disparity between the nominal and real rates of interest would tend to encourage commodity speculation and the accumulation of stocks, and induce investment in fixed capital that is too capital intensive.

4.5. Foreign exchange reserves noted in Table 4.3 fell during 1974 by some K£16 million. This figure by itself does not take account of the increase in liabilities of the monetary sector to non-residents. This increased liability amounted to nearly K£17 million in 1974. Of this sum K£13 million is accounted for by the increased deposit liability of the Central Bank of Kenya to the International Monetary Fund—under the provision of the so-called "oil facility" loan.

FOREIGN EXCHANGE RESERVES, 1967-1975

Table 4.3

K£'000

As at end of Month	Central Bank of Kenya*	COMMERCIAL BANKS		Government**	I.M.F. Gold tranche	Estimated share of E.A.C.B. Assets	Total
		Net Balances with Banks outside Kenya	Other				
1967 December	28,858	-2,190	2,239	1,665	1,443	4,329	36,344
1968 December	33,729	1,871	1,997	1,232	1,443	2,689	42,961
1969 December	58,336	2,586	406	1,721	1,443	617	65,110
1970 December	73,472	3,480	494	1,401	4,287	795	83,929
1971 December	55,185	561	187	2,037	4,289	446	62,705
1972 December	66,116	-891	164	2,075	4,712		72,176
1973 December	73,844	-6 1 2	252	3,013	5,289		81,786
1974—							
January	73,598	-2,673	263	3,005	5,290	-	79,483
February	74,141	-2,323	299	2,158	5,289	-	79,564
March	78,137	984	321	2,861	5,296	-	87,599
April	81,315	632	303	3,667	5,296	-	91,213
May	74,324	68	218	3,667	5,319	-	83,596
June	70,074	-2,215	202	3,667	5,319	-	77,047
July	74,336	-2,428	315	3,701	5,319		81,243
August	62,068	-4,275	346	2,508			60,647
September	62,996	-2,523	414	2,681			63,568
October	62,300	-5,262	402	2,408			59,848
November	66,555	-2,031	353	2,458			67,335
December	67,175	-4,175	356	2,458			65,814
1975—							
January-	72,724	-3,168	432	2,458			72,446
February	74,246	-2,542	494	2,458		-	74,656

\*Includes net balances with the Banks of Tanzania and Uganda.

\*\*Includes Overseas Securities of the Kenya Post Office Savings Bank.

MONEY SUPPLY, 1967-1975

Table 4.4

K£'000

As at end of	Currency Outside Banks	Private Demand Deposits	Other Deposits	Total
1967	22,663	41,099	36,341	100,103
1968	24,611	45,898	43,189	113,698
1969	28,945	51,462	50,051	130,458
1970	35,288	59,391	66,237	160,916
1971	37,422	64,605	73,242	175,269
1972	45,110	75,916	78,783	199,809
1973	49,505	98,178	100,015	247,698
1974—				
January	49,627	97,284	102,263	249,174
February	50,653	102,416	103,956	257,025
March	51,964	102,269	105,477	259,710
April	50,640	103,141	107,837	261,618
May	51,408	107,262	107,740	266,410
June	50,769	108,211	110,122	269,102
July	50,599	99,728	111,784	262,111
August	53,556	99,587	110,281	263,424
September	54,872	100,855	111,759	267,486
October	54,260	98,100	110,458	262,840
November	55,490	93,161	109,811	258,462
December	54,286	105,958	106,943	267,186
1975—				
January	52,939	99,139	107,790	259,868
February	53,163	105,114	111,390	269,667

4.6. The money supply detailed in Table 4.4 increased by approximately 8 per cent in 1974 as a whole—having risen by about 10 per cent in the first half of the year. But during the second half of the year it fell by approximately 2 per cent. Table 4.5 indicates the precise causes of the change in money supply. The table details a consolidated statement of the changes in assets and liabilities of the Central Bank of Kenya and the commercial banks. The total of items 1 and 2 adds up to the change in the money supply and in savings deposits. Items 4 to 15 note the 'explanatory' changes in the other assets and liabilities that account for the changes in the money supply and in savings deposits. An increase in asset holding contributes to an increase in the money supply—unless the increased asset holding is offset by an increase in some liability other than the money supply, e.g., an increased deposit of the Government, or of non-resident banks. Such increased liabilities therefore have a negative sign.

4.7. For the year as a whole, the increase in the money supply was caused mainly by the increase in loans and advances of the commercial banks, and an increase in holdings of Government securities net of Government deposits. These changes were only partially offset by a decrease in investment holdings,

Table 4.5

CENTRAL BANK OF KENYA AND COMMERCIAL BANKS: CHANGES IN MONEY SUPPLY, 1973-1974

K.£000

	CHANGE DURING YEAR		CHANGES DURING EACH QUARTER OF 1974			
	1973	1974	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
CHANGES IN MONEY SUPPLY (AND SAVINGS DEPOSITS)						
1. Deposits of Commercial Banks—						
1.1 Demand	28,089	11,926	5,188	10,305	-15,021	11,454
1.2 Time	14,190	-813	4,190	4,193	-1,875	-7,321
1.3 Savings	8,413	8,661	2,387	916	3,107	2,251
2. Notes in Circulation	4,313	5,080	2,389	-672	3,892	-529
3. TOTAL	55,005	24,854	14,154	14,742	-9,897	5,855
EXPLANATORY CHANGES						
4. Advances and Discounts of Central Bank		11,815		88	11,089	638
5. Loans and Advances by Commercial Banks	40,033	46,755	10,515	19,227	11,407	5,606
6. Government Securities and Advances to Government—						
6.1 Central Bank	-2,213	4,448	-2,496	593	3,979	2,372
6.2 Commercial Banks	7,222	-6,706	2,466	-5,018	-5,919	1,765
6.3 Deposits of Government with Central Bank	-4,463	14,671	3,667	-1,628	4,750	7,882
6.4 Net Securities and Advances	546	12,413	3,637	-6,053	2,810	12,019
7. Investments—						
7.1 Central Bank	5,414	3,040	3,039	37	-39	3
7.2 Commercial Banks	811	-10,792	-749	-728	-4,897	-4,418
Total	6,225	-7,752	2,290	-691	-4,936	-4,415
8. Foreign Assets—						
8.1 Central Bank	8,324	-6,669	4,293	-8,063	-7,078	4,179
8.2 Commercial Banks	2,381	985	662	1,707	963	-2,347
8.3 Total	10,705	-5,684	4,955	-6,356	-6,115	1,832
9. Other Assets (net) + Revaluation	3,509	1,494	-7,558	10,631	-11,602	10,022
10. Deposits of Non-Resident Banks—						
10.1 With Central Bank	217	-13,929	-210	-1,431	-3,312	-8,975
10.2 With Commercial Banks	-2,107	-4,546	934	-4,905	-1,271	696
10.3 Total	-1,890	-18,475	724	-6,336	-4,583	-8,279
11. Other Inter-bank Deposits	-436	364	2,376	105	1,221	-3,338
12. Other Deposits with Central Bank*	-1,277	-724	-1,801	-4,216	-223	-2,916
13. Borrowings from Central Bank		-12,698			-9,524	-3,174
14. Bills Payable	-2,410	-1,354	316	-89	559	-2,140
15. General Reserve Fund		-1,300	-1,300			
TOTAL	55,005	24,854	14,154	14,742	-9,897	5,855

\*Deposits other than those of Government, Kenya Commercial Banks and non-resident banks.

a decline in foreign assets, and an increase in deposit liabilities to non-resident banks. The increased advances and re-discounts of the Central Bank and the increased borrowings of the commercial banks, although not consolidated in the table, just about offset each other.

4.8. The small fall in the money supply in the second half of the year was due primarily to the much smaller expansion of loans and advances by the commercial banks. This slower expansion was slightly more than offset by a fall both in investment and foreign exchange holdings, and in other assets, as well as by an increased deposit liability to non-resident banks.

4.9. The slower expansion of loans and advances by commercial banks during the second half of 1974 was the direct result of the following measures taken in the middle of the year:—

(i) The Central Bank imposed a 12 per cent ceiling on the rate of expansion in commercial bank credit to the private sector. It stipulated, however, that the credit needs of the agricultural sector and of small African enterprises should be met in full, and that credit extended to finance industrial raw materials should reflect price increases. This ceiling was also applied to all public enterprises except the Cereals and Sugar Finance Corporation, which finances advances to farmers producing scheduled crops, and provides credit for the marketing of wheat, maize and sugar.

(ii) The Central Bank extended the application of the 15 per cent liquidity ratio\* to cover both the commercial banks as well as other financial institutions. This measure, it was intended, would indirectly slow-up the growth in the money supply by inducing other institutions to take up new issues of Treasury Bills, which would otherwise have been taken up by the commercial banks.

(iii) The Central Bank, at the same time that it took these measures, permitted the effective lending rate of the commercial banks to rise to 10 per cent.

4.10. The Central Bank also announced steps to encourage capital in-flows from abroad. Foreign controlled companies were asked to turn more to overseas markets for their financial requirements and with a few exceptions their local borrowing was restricted to 20 per cent of their investment in this country. To ensure compliance with this regulation, the Central Bank withdrew permission for foreign firms to remit interim dividends or profits prior to the finalization of the annual accounts of their firms. The Central Bank also withdrew its general permission for local borrowing by firms whose non-resident ownership exceeds 15 per cent. Another step taken by the Central Bank was to raise the effective ceiling on the interest rate on import credits to 11 per cent. The idea was to encourage the financing of imports through foreign money markets rather than through local bank credits, thus deferring the payment of foreign exchange.

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\*Liquidity ratio is the ratio of the sum of cash, balances with the Central Bank, Treasury Bills, and balances with other banks to demand deposits.

4.11. As a result of the fall in the money supply in the second half of 1974, and because a continued tight restraint on the money supply would quite clearly deter expansion of the domestic economy, the Central Bank in recent months has reversed its previous policy. It is now encouraging the commercial banks to increase their lending. This is all the more necessary since the continued likely decline in foreign exchange holdings—on account of the prospective heavy deficit in the current account of the balance of payments—would otherwise tend to decrease the money supply. Monetary and fiscal policy alone are unlikely to be sufficiently effective to achieve the dual aims of encouraging the domestic economy to continue to expand at a satisfactory rate, and of reducing the deficit on the current account of the balance of payments to more manageable proportions. The structure of Kenya's economy needs to change, production for export being increased. As exports expand and the current deficit in the balance of payments is reduced, some restraint seems likely to be needed to curtail private consumption to prevent excess effective demand. The timing of demand management will be all important.

COMMERCIAL BANKS—LIQUID ASSETS, 1972-1975

Table 4.6

	Deposit Liabilities+	Liquid Assets*+	Current Liquidity Ratio**
	<i>K£ m.</i>	<i>K£ m.</i>	<i>Percent</i>
1972 December	163.0	37.0	22.7
1973 December	211.4	48.4	23.0
1974—			
January	213.8	46.2	21.0
February	218.1	51.1	23.0
March	223.8	54.7	24.0
April	229.8	49.7	22.0
May	231.7	46.6	20.0
June	235.5	46.2	20.0
July	235.6	46.8	20.0
August	212.1	43.2	20.0
September	227.7	41.4	18.0
October	224.1	43.6	19.0
November	222.9	39.2	18.0
December	180.0	47.8	27.0
1975—			
January	226.1	49.8	22.0
February	230.7	48.5	21.0

\*Includes Notes and Coins, balances at Central Bank, net inter-bank balances in Kenya and overseas (included only if positive) and Treasury Bills.

\*\*Till September, 1972 the ratio was fixed at 12.5%. On 1st October, 1972 the prescribed minimum was re-adjusted to 15%.

Deposits and Liquid Assets are calculated as an average of three balance days.

4.12. Tables 4.6 and 4.7 show, respectively, the liquidity ratios of the commercial banks and the changes in assets and liabilities of the Central Bank. The liquidity ratio of the commercial banks even in February, 1975

## CENTRAL BANK OF KENYA: CHANGES IN ASSETS AND LIABILITIES, 1973-1974

Table 4.7

K£'000

	CHANGE DURING YEAR		CHANGE DURING EACH QUARTER OF 1974			
	1973	1974	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Deposits of Kenya Commercial Banks with the Central Bank	-4 69	7,977	1,899	120	128	5,830
	EXPLANATORY CHANGES					
2. Advances and Discounts		11,815		88	11,089	638
3. Net Advances to Government—						
3.1 Advances to Government— Treasury Bills and Government Securities	-2,213	4,448	-2,496	593	3,979	2,372
3.2 Government deposits	-4,463	14,671	3,667	-12 628	4,750	7,882
3.3 Net Advances	6,676	19,119	1,171	-1,035	8,729	10,254
4. Other Securities	5,414	3,040	3,039	37	-3 9	3
5. Foreign Exchange	8,324	-6,669	4,293	-8,063	-7,078	4,179
6. Other Assets (net)	-733	7,596	-2,264	5,913	-4,430	8,376
7. Deposit Liabilities—						
7.1 Non-Resident	212	-13,929	-210	-1,431	-3,312	-8,975
7.2 Resident	-1,277	-7 24	-12801	4,216	-223	-2,916
7.3 Total	-1,060	-14,653	-2,011	2,785	-3,535	-11,891
8. Notes in Circulation	-5,738	-10,971	-1,029	395	-4,608	-5,729
9. General Reserve Fund	—	-1,300	-1,300	—	—	—
GROSS TOTAL	-469	7,977		1,899	120	128



was still well in excess of the prescribed minimum ratio of 15 per cent. The major part of the liquidity reserves of the commercial banks is their reserve deposits held with the Central Bank. These increased in 1974 by some K£8 million. As indicated in Table 4.7 this was the result of the increase in loans and rediscounts by the Central Bank, and the increase in its holding of Government securities net of changes in Government deposits. These more than exceeded the decrease in foreign assets and the increase in foreign liabilities and notes in circulation.

4.13. Table 4.8 indicates that, between 31st December, 1973 and 31st December, 1974, the largest percentage increases in bills, loans and advances of commercial banks were on account of enterprises in mining and quarrying, manufacturing, building and construction sectors and for the financing of foreign trade.

COMMERCIAL BANKS—BILLS, LOANS AND ADVANCES, 1971-1975

Table 4.8

K£'000

	1971 Dec.	1972 Dec.	1973 Dec.	1974 Dec.	1975 Jan.	1975 Feb.
PUBLIC SECTOR—	196	88	224	4	20	16
Central Government	1,015	1,270	1,584	1,497	976	984
Local Government	4,786	4,528	4,866	1,248	2,502	2,422
E A. Community						
Total Government	5,997	5,886	6,674	2,749	3,498	3,422
Enterprises, Parastatal bodies and other Public entities	2,791	3,310	4,539	8,027	7,797	7,418
PRIVATE ENTERPRISES—	12,574	12,017	17,798	20,472	20,625	21,898
Agriculture*	166	1,089	1,649	5,397	5,676	5,560
Mining and Quarrying	24,796	24,329	27,919	40,883	42,587	41,654
Manufacturing	5,294	7,076	7,969	14,704	11,869	11,382
Building and Construction						
Transport, Storage and Com- munication	3,944	3,079	3,659	7,008	5,641	6,578
Trade:	11,266	8,876	12,028	17,719	14,527	15,606
Exports	10,323	7,808	9,424	15,145	15,179	13,952
Imports	16,867	17,200	19,238	26,119	25,728	26,546
Domestic	3,391	4,093	11,821	6,899	7,539	6,630
Financial Institutions	11,778	14,094	19,123	24,090	29,273	29,625
Other Businesses						
TOTAL PRIVATE ENTERPRISES	100,399	99,661	130,628	178,436	178,644	179,431
PRIVATE HOUSEHOLDS— (including non profit-making institutions)	10,936	12,517	19,565	18,950	17,242	17,595
TOTAL BILLS, LOANS AND ADVANCES	120,123	121,374	161,406	208,162	207,181	207,866

\*Including Forestry, Fishing and Wildlife

4.14. The Kenya Stock Market, in common with Stock Markets nearly all over the world, had a bad year. The price index fell from 234.00 at the end of 1973 to 176.67 at the end of 1974. a fall of about 24.5 per cent.

## CHAPTER 5—EMPLOYMENT, EARNINGS AND CONSUMER PRICES

While wage employment in 1974 went up by 8.5 per cent, total earnings increased by 18.6 per cent. Both these figures and the subsequent figures on employment and earnings in this chapter do not take account of the effect of the down-turn in the economy in the second half of 1974. They are based on a count of employees and their earnings obtained through a survey conducted annually in June. Details relate to the number of employees in jobs on 30th June and to their earnings in the month of June. The latter are subsequently 'blown up' to an annual figure of total earnings, taking into account the 'fringe' benefits and the known increases in wage rates. In any appraisal on employment and earnings the overall growth rates quoted above therefore need to be scaled downward. This has been done in the text of this chapter wherever relevant.

5.2. The survey referred to above—in addition to the establishments both in rural and urban areas in the modern sector—also covers urban establishments in the informal sector. By and large such establishments are run by self-employed individuals. In 1974 the survey recorded a total count of 76,200 self-employed persons engaged in such informal establishments in the urban sector compared with a count of 41,400 individuals in 1973. A part of this increase can be attributed to a more effective coverage of such employees in 1974. Nevertheless it is apparent that employment is growing at a much faster rate in the informal sector than the formal sector, and an increasing number of prospective employees who fail to secure formal employment turn to the informal sector. The incentive to seek such employment was particularly strong in 1974 on account of the lack of growth in agricultural production. This must have increased the flow of migrants into the urban areas. Overall employment in rural areas covered in the survey declined in 1974, and employment in rest of the rural areas is not expected to have increased either. Employment in the informal sector in urban areas, especially in Nairobi and western Kenya, was particularly hit by the outbreak of cholera towards the end of 1974. This led to the closure of a substantial number of informal establishments engaged in selling of food and catering services.

5.3. The overall aggregates on employment described above are set out in Table 5.1. The rest of this chapter deals with employment and earnings in the modern sector of the economy.

PERSONS ENGAGED: RECORDED TOTALS, 1972-1974

Table 5.1	'000s		
	1972	1973	1974
Modern Establishments—Urban and Rural Areas— Wage Employees	719.8	761.4	826.3
Self-employed and unpaid family workers	50.0	54.0	55.9
Informal Establishments—Urban Areas	33.9	41.4	76.2
TOTAL	803.7	856.8	958.4

## Employment

5.4. There was a net addition in employment of 64,900 in 1974—an increase of 8.5 per cent, compared with an addition of 41,600 in 1973—an increase of 5.8 per cent. Overall, therefore, employment grew at a faster rate in 1974 than in 1973. Aggregate figures on employment in the private and public sectors of the economy are set out in Table 5.2. The employment in the private sector went up by 33,700 in 1974, the remaining increase of 31,200 being in the public sector. The increase in employment therefore was larger in absolute terms in the private sector than the public sector. However, in terms of rates of growth, employment increased at a much faster rate of 10.4 per cent in the public sector compared to a growth of 7.3 per cent in the private sector.

WAGE EMPLOYMENT BY MAJOR SECTOR, 1971-1974

Table 5.2

	1971	1972	1973	1974*	Annual Percentage Change	
	000's	000's	000's	000's	1972/73	1973/74
PRIVATE SECTOR—						
Agriculture and Forestry	189.6	197.9	220.6	213.7	11.5	-3.1
Rest of Private Sector	234.1	234.9	241.8	282.5	2.9	16.8
Total Private Sector	423.7	432.8	462.4	496.2	6.8	7.3
PUBLIC SECTOR	267.5	287.0	298.9	330.1	4.1	10.4
TOTAL	691.2	719.8	761.4	826.3	5.8	8.5

\*Provisional

5.5. Approximately 18,000 of the net addition in employment of 64,900, i.e. 27.7 per cent, was accounted for by employment in new establishments. Most of these new establishments were in the private sector. Figures on employment in these new establishments classified by activity are shown in Table 5.3. The distribution of the increase in employment in the new establishments in 1974 is very similar to the pattern of distribution in 1973. Over a third of the increase of 18,000 was accounted for by the new establishments in agriculture. New establishments in construction, trade including hotels and restaurants and manufacturing accounted for a further 18, 15, and 11 per cent respectively of the balance.

## WAGE EMPLOYMENT IN NEW ESTABLISHMENTS BY ACTIVITY, 1973-1974

Table 5.3

	EMPLOYMENT 000's		PERCENTAGE DISTRIBUTION	
	1973	1974*	1973	1974*
Agriculture and Forestry	5.7	6.8	40.4	37.8
Mining and Quarrying	0.2	0.3	1.4	1.7
Manufacturing	1.7	1.9	12.1	10.6
Construction	1.5	3.3	10.7	18.3
Trade, Restaurants and Hotels	2.5	2.7	17.7	15.0
Transport and Communication	0.3	0.5	2.1	2.8
Financing, Insurance, Real Estate and Business Services	0.7	1.5	5.0	8.3
Community, Social and Personal Services	1.5	1.0	10.6	5.5
TOTAL	14.1	18.0	100.0	100.0
CHANGE IN OVERALL WAGE EMPLOYMENT	41.6	64.9	-	-

\*Provisional.

5.6. The breakdown of employment in private sector by status classification of the employing establishments is detailed in Table 5.4. Two-thirds of the increase in employment in the private sector in 1974 occurred in incorporated companies. This represents an increase of 8.3 per cent. In relative terms, the most significant growth was recorded in employment by the co-operatives, which went up by over 46 per cent. In absolute terms, however, the increase in employment in co-operatives amounted to only 4,300, compared with an increase of 22,500 jobs in incorporated companies. The proportionate share of each category of establishment in total employment in the private sector was more or less unchanged.

## WAGE EMPLOYMENT IN THE PRIVATE SECTOR, 1971-1974

Table 5.4

	1971	1972	1973	1974*	Percent in Total	
	000's	000's	000's	000's	1973	1974*
Minority shareholding by the Public Sector		20.5	25.4	26.0	5.0	5.2
Incorporated Companies		232.0	269.6	292.1	58.8	58.9
Co-operatives		9.0	9.3	13.6	2.0	2.7
Other Private Sector		171.3	158.1	164.5	34.2	33.2
TOTAL	423.7	432.8	462.4	496.2	100.0	100.0

\*Provisional

5.7. Employment in the agriculture and forestry sectors fell by 6,900 in 1974, a net decline of 3.1 per cent despite an increase in employment of 6,800 in new agricultural establishments referred to above. All in all, therefore, 13,700 individuals employed in the agricultural sector lost their jobs in 1974.

The decline in employment was partly confined to tea and coffee estates whose production was restricted by the drought in 1974. Sisal estates, on the other hand, increased their employment with the continuing boom in the international market prices of this commodity. The absolute share of employment in the agriculture sector as a proportion of total employment in the private sector declined from 47.7 per cent in 1973 to 43.1 per cent in 1974. A breakdown of employment in the private sector by industrial classification of the establishments is set out in Table 5.5.

WAGE EMPLOYMENT IN THE PRIVATE SECTOR BY INDUSTRY, 1971-1974

Table 5.5

	1971	1972	1973	1974*	Percentage change 1971/74*
	000's	000's	000's	000's	
Agriculture and Forestry	189.6	197.9	220.6	213.7	-3.1
Mining and Quarrying	2.8	2.7	2.4	3.1	29.2
Manufacturing	67.4	67.1	73.3	81.7	11.5
Construction	21.0	23.4	23.7	29.3	23.6
Trade, Restaurants and Hotels	47.4	46.0	44.7	55.4	23.9
Transport and Communication	16.3	18.1	16.6	17.6	6.0
Financing, Insurance, Real Estate and Business Services	14.8	14.8	17.1	18.7	9.4
Community, Social and Per- sonal Service <sup>c</sup>	64.4	62.9	64.1	76.7	19.7
TOTAL	423.7	432.8	462.4	496.2	7.3

\* Provisional

5.8. In absolute terms manufacturing, services, and trade including catering are, after agriculture, the other significant sectors of employment in the private sector. With the decline of employment in agriculture in 1974, they increased their combined share of employment in the private sector from 39.4 per cent in 1973 to 43.1 per cent in 1974—equal to that of agriculture. Trade including catering services, other services and manufacturing recorded increases in employment of 23.9, 19.7 and 11.5 per cent, respectively, in 1974. Employment in construction also went up by 23.6 per cent. In absolute terms employment in trade and catering services went up by 10,700, restaurants and hotels accounting for 3,700 of this. The construction sector had an increase of 5,600, mainly on account of road construction, while employment in services sector went up by 12,600, mainly in enterprises engaged in technical and business services. The increase of 8,400 jobs in the manufacturing sector was accounted for by the growth of employment in sugar refining and spinning and weaving of textiles. As indicated above, these increases are based on a count of employees effected once in the middle of the year. The effects on employment of the down-turn in the economy in the second half of 1974

are not therefore reflected in these increases. On the basis of evidence available it is estimated that employment began to taper off in the second half of 1974.

5.9. Wage employment in the public sector increased by 31,200, a rise of 10.4 per cent in 1974, compared with an increase of 11,900, a rise of 4.1 per cent in 1973. Detailed breakdown of wage employment in the public sector is set out in Table 5.6. Almost three-quarters of the increase in 1974 is accounted for by the additional in-take of about 24,000 teachers, owing to the introduction of free education in Standards 1 to 4 in primary schools in the country. If they are excluded, the rise in employment in the public sector would have been scaled down to 7,200, a growth of 2.4 per cent.

WAGE EMPLOYMENT IN THE PUBLIC SECTOR, 1971-1974

Table 5.6

	1971	1972	1973	1974*	Per cent in Total	
	000's	000's	000's	000's	1973	1974*
Central Government	125.6	133.0	135.7	139.5	45.4	42.4
Parastatal Bodies	62.4	71.0	76.1	101.1	25.5	30.6
Majority Control by the Public Sector	6.6	7.4	10.0	12.6	3.3	3.8
Local Government	23.8	25.8	27.0	27.8	9.0	8.4
E.A. Community General Fund Services	3.2	3.7	3.8	4.2	1.3	1.3
E.A. Railways Corporation	22.6	23.3	23.4	21.6	7.8	6.5
E.A. Harbours Corporation	3.1	3.0	3.3	3.2	1.1	1.0
E.A. Posts and Telecommunications Corporation	5.8	5.8	5.6	6.0	1.9	1.8
E.A. Airways Corporation	3.7	3.9	3.7	3.7	1.2	1.1
E.A. Cargo Handling Services Limited	9.9	9.1	9.4	9.3	3.1	2.8
Other E.A. Public Bodies**	0.8	1.0	1.1	1.1	0.4	0.3
TOTAL	267.5	287.0	298.9	330.1	100.0	100.0

\* Provisional

\*\*International Aeradio (E.A.) Ltd., E.A. External Telecommunication Company Ltd., and Eastern Africa National Shipping line.

5.10. The increase in employment of teachers by the Teachers' Service Commission has raised the share of parastatal bodies in total employment of the public sector from 25.5 per cent in 1973 to 30.6 per cent in 1974. Almost 50 per cent of the remaining increase of employment in the public sector—the increase in employment by parastatal bodies excluded, is accounted for by the increase in employment in the Kenya Government. Employment in the Kenya Government went up by 3,800 in 1974, a large proportion of it being accounted for by the takeover of income tax collection from the East African Community. The only other tier of the public sector

to have significantly increased employment is the enterprises in which the public sector has a majority shareholding. Employment in these enterprises increased by 2,600, a rise of 26 per cent. However, the share of employment in these enterprises as a proportion of total public sector employment rose only marginally from 3.3 per cent in 1973 to 3.8 per cent in 1974. The enterprises that account for this increase are Mumias Sugar Company, East African Power and Lighting Company, and the new game lodges built by the Kenya Tourist Development Corporation.

5.11. Employment in the general fund services of the East African Community increased by 10.5 per cent in 1974. The only other East African Community organization to have increased employment in 1974 is the East African Posts and Telecommunications Corporation. Employment in the East African Railways Corporation, the largest of the East African Community organizations fell by 1,800, a decline of 7.7 per cent. The decline was mainly confined to the laying off of casual employees. The total employment in the East African Community organizations consequently fell from 50,300 in 1973 to 49,100 in 1974. This resulted in a consequent drop in their share of total employment in the public sector from 16.8 per cent in 1973 to 14.8 per cent in 1974.

5.12. A breakdown of wage employment by race and sex is shown in Table 5.7. The share of Africans in wage employment went up from 96.1 per cent in 1973 to 96.5 per cent in 1974. The number of African employees rose by 65,500 in 1974, an increase of 8.9 per cent. The number of Asian employees in this period went up only marginally by 200, while that of Europeans declined by 800. The number of female employees increased by 7,400, a rise of 6.5 per cent in 1974. There was, however, a slight decline in their share as a proportion of total employees from 15.0 per cent in 1973 to 14.7 per cent in 1974. This is due to male teachers constituting a larger proportion of the in-take of new teachers by the Teachers' Service Commission.

WAGE EMPLOYMENT BY RACE AND SEX, 1971-1974

Table 5.7

	1971	1972	1973	1974*	PER CENT IN TOTAL	
	000's	000's	000's	000's	1971	1974*
Africans	650.3	681.5	732.0	797.5	94.1	96.5
Asians	27.3	25.2	19.9	20.1	3.9	2.4
Europeans	13.6	13.1	9.5	8.7	2.0	1.1
TOTAL	691.2	719.8	761.4	826.3	100.0	100.0
of which Males	590.9	613.3	647.5	705.0	85.0	85.3
Females	100.3	106.5	113.9	121.3	15.0	14.7

\*Provisional

5.13. Details on employment by citizenship are noted in Table 5.8. Citizens constituted 97.7 per cent of total employees in 1974 compared to 97.4 per cent in 1973. The number of non-citizen employees declined from 19,800 in 1973 to 18,900 in 1974, though the number of African non-citizens in employment in Kenya increased by 1,100 from 3,400 in 1973 to 4,500 in 1974. The number of Asian citizens in employment increased by 1,400 in 1974 while that of European citizens remained the same. The number of non-citizen European and Asians in employment in 1974 was 7,200 each, a decline of 1,400 and 800, respectively.

WAGE EMPLOYMENT BY RACE AND CITIZENSHIP, 1973-1974

Table 5.8

000's

	CITIZENS		NON-CITIZENS		TOTAL	
	1973	1974*	1973	1974*	1973	1974*
Africans	728.6	793.0	3.4	4.5	732.0	797.5
Asians	11.5	12.9	8.4	7.2	19.9	20.1
Europeans	1.5	1.5	8.0	7.2	9.5	8.7
TOTAL	741.6	807.4	19.8	18.9	761.4	826.3
PER CENT IN TOTAL	97.4	97.7	2.6	2.3	100.0	100.0

\*Provisional

5.14. The distribution of European and Asian wage employees by citizenship and industry is set out in Table 5.9. The total number of Asians in employment increased from 19,900 to 20,100, and the proportion of citizen Asians in this number rose from 57.8 per cent to 64.1 per cent. Over 25 per cent of the Asian employees are deployed in trade and catering services, 80 per cent of them being citizens. A further 22.9 and 21.4 per cent, respectively, are engaged in the services and manufacturing sectors. With the decline in the number of non-citizen European employees, the share of European citizens as a proportion of total European employees increased from 15.8 per cent in 1973 to 17.2 per cent in 1974. Almost 38 per cent of the European employees are engaged in the services sector. A further 16.1, 12.6, and 11.5 per cent, respectively, are employed in financial and related services, manufacturing, and trade and catering services sectors.

### Earnings

5.15. Total earnings from wage employment in the modern sector went up by K£43.1 million from K£231.2 million in 1973 to K£274.3 million in 1974, an increase of 18.6 per cent compared with an increase of 11.8 per



ASIAN AND EUROPEAN WAGE EMPLOYMENT BY CITIZENSHIP AND INDUSTRY, 1973-1974

Table 5.9

000's

	ASIANS						EUROPEANS					
	Citizens		Non-Citizens		Total		Citizens		Non-Citizens		Total	
	1973	1974*	1973	1974*	1973	1974*	1973	1974*	1973	1974*	1973	1974*
Agriculture and Forestry	0.2	0.2	0.1	0.1	0.3	0.3	0.2	0.2	0.5	0.5	0.7	0.7
Mininu and Quarrying	—	0.1	—	—	—	0.1	—	—	—	—	—	—
Manufacturing	2.6	2.5	2.0	1.8	4.6	4.3	0.2	0.2	1.0	0.9	1.2	1.1
Electricity and Water	—	—	—	—	—	—	—	—	0.1	—	0.1	—
Construction	0.4	0.5	0.8	0.9	1.2	1.4	0.1	—	0.6	0.5	0.7	0.5
Trade, Restaurants and Hotels	2.9	4.1	1.8	1.1	4.7	5.2	0.2	0.3	0.8	0.7	1.0	1.0
Transport and Communication	1.4	1.4	0.4	0.3	1.8	1.7	0.1	0.2	0.6	0.5	0.7	0.7
Financing, Insurance, Real Estate and Business Services	1.9	1.9	0.6	0.6	2.5	2.5	0.2	0.2	1.2	1.2	1.4	1.4
Community, Social and Personal Services	2.1	2.2	2.7	2.4	4.8	4.6	0.5	0.4	3.2	2.9	3.7	3.3
<b>TOTAL</b>	11.5	12.9	8.4	7.2	19.9	20.1	1.5	1.5	8.0	7.2	9.5	8.7

\*Provisional.

cent in 1973. Details on earnings by major sectors are set out in Table 5.10. The share of public sector in the total earnings declined from 49.4 per cent in 1973 to 48.4 per cent in 1974, with an equivalent rise in the share of private sector from 50.6 per cent in 1973 to 51.6 per cent in 1974.

EARNINGS BY MAJOR SECTOR, 1971-1974

Table 5.10

*K£million*

	1971	1972	1973	1974*
PRIVATE SECTOR—				
Agriculture and Forestry	15.1	18.6	20.6	20.5
Rest of Private Sector	82.4	88.7	96.5	121.0
Total Private Sector	97.5	107.3	117.1	141.5
PUBLIC SECTOR	90.6	99.5	114.1	132.8
TOTAL	188.1	206.8	231.2	274.3

\*Provisional

EARNINGS IN THE PRIVATE SECTOR BY INDUSTRY, 1971-1974

Table 5.11

*K£million*

	1971	1972	1973	1974*
Agriculture and Forestry	15.1	18.6	20.6	20.5
Mining and Quarrying	1.0	0.7	0.8	1.0
Manufacturing	24.0	25.3	29.3	34.9
Construction	6.8	7.6	8.4	10.3
Trade, Restaurants and Hotels	21.5	21.6	21.9	27.8
Transport and Communication	6.8	8.3	7.7	11.2
Financing, Insurance, Real Estate and Business Services	10.4	12.7	13.7	16.2
Community, Social and Personal Services	11.9	12.5	14.7	19.6
TOTAL	97.5	107.3	117.1	141.5

\*Provisional

5.16. Total earnings in the private sector increased by 20.8 per cent in 1974 compared with an increase of 9.1 per cent in 1973. A breakdown of earnings by the activity of employing establishments is set out in Table 5.11. The most notable feature is the constant level of total earnings in the

agriculture sector at a time when earnings rose significantly in all other sectors; by 45.4 per cent in transport, 33.3 per cent in services, 26.9 per cent in trade and catering services, 25 per cent in mining and quarrying, 22.6 per cent in construction, 19.1 per cent in manufacturing, and 18.2 per cent in financial and related services. The increases are much higher than the comparable increases in 1973. Average earnings consequently went up by 37.2 per cent in transport and communications, 8.1 per cent in financial and related services, 6.9 per cent in manufacturing, 5.4 per cent in other services and 2.4 per cent in trade and catering services. Average earnings in agriculture, owing both to the decline in employment and stagnation in earnings also went up by 2.7 per cent. However, in contrast, average earnings declined by 3.2 per cent in mining and quarrying and 0.8 per cent in construction.

5.17. Earnings in the public sector are detailed in Table 5.12. Total earnings in 1974 in the public sector increased at a slower rate than in the private sector. The total earnings went up by 16.4 per cent in 1974 compared with an increase of 14.7 per cent in 1973. The paranatal bodies recorded the largest increase of 29.8 per cent owing to the big in take of teachers by the Teachers' Service Commission. Earnings of the Kenya Government employees went up by 15.8 per cent, of employees in local authorities by 15.2 per cent, and of employees in the general fund services of the East

#### EARNINGS IN THE PUBLIC SECTOR, 1971-1974

Table 5.12

*K£million*

	1971	1972	1973	1974*
Central Government	37.9	39.9	42.4	49.1
Paranatal Bodies	19.8	23.2	31.2	40.5
Majority Control by the Public Sector	2.6	4.0	5.2	5.9
Local Government	7.6	8.9	9.2	10.6
E.A.C. General Fund Services	1.8	1.8	2.1	2.7
E.A. Railways Corporation	8.0	7.9	9.9	9.4
E.A. Harbours Corporation	1.1	1.2	1.2	1.6
E.A. Posts and Telecommunications Corporation	3.6	2.9	3.1	3.2
E.A. Airways Corporation..	3.4	4.7	4.2	4.4
E.A. Cargo Handling Services Ltd.	4.2	4.2	4.4	4.7
Other E.A. Public Bodies**	0.6	0.8	1.1	0.8
TOTAL	90.6	99.5	114.1	132.8

\*Provisional

\*\*International Aeradio (E.A.) Ltd., E.A. External Telecommunications Co. Ltd. and Eastern Africa National Shipping Line.

African Community by 28.6 per cent. The increase in earnings of employees in the Kenya Government and the general fund services is mainly accounted for by salary increases during 1974. The employees of the general fund services were awarded salary increases ranging between 4 per cent for the higher paid and 20 per cent for the lower paid employees. The award was announced in August, 1974 and back-dated to July, 1973. Similarly, employees in the Kenya Government earning less than K.Sh. 2,000 per month were awarded salary increases in November, 1973, ranging from 4 per cent for the higher paid to 25 per cent for the lower paid. Earnings of employees in the East African Harbours Corporation and the enterprises in which the public sector has a majority shareholding also rose by 33.3 and 13.5 per cent, respectively. There were no significant increases in earnings of the other organizations of the East African Community constituting the rest of the public sector. In fact, earnings in the East African Railways Corporation declined by 5.1 per cent. Overall average earnings in the public sector went up by 5.4 per cent in 1974 compared with an increase of 10.1 per cent in 1973.

5.18. These details on average wages per employee by industry and annual changes in employment and average earnings are given in Table 5.13 and 5.14.

AVERAGE WAGE EARNINGS PER EMPLOYEE, 1971-1974

Table 5.13

K£

	1971	1972	1973	1974*
PRIVATE SECTOR—				
Agriculture and Forestry	79.6	94.0	93.4	95.9
Mining and Quarrying	357.1	259.3	333.3	322.6
Manufacturing	356.1	377.0	399.7	427.2
Electricity and Water	—	—	—	—
Construction	323.8	324.8	354.4	351.5
Trade, Restaurants and Hotels	453.6	469.6	489.9	501.8
Transport and Communication	417.2	458.6	463.9	636.4
Financing, Insurance, Real Estate and Business Services	702.7	858.1	801.2	866.3
Community, Social, and Personal Services	184.8	198.7	229.3	255.5
PUBLIC SECTOR	339.0	346.7	381.7	402.3
TOTAL	272.1	287.3	303.7	332.0

\*Provisional

CHANGES IN WAGE EMPLOYMENT AND AVERAGE EARNINGS, 1971-1974

Table 5.14

Percentages

	EMPLOYMENT				AVERAGE EARNING			
	1971/72	1972/73	1973/74*	1971/74*	1971/72	1972/73	1973/74*	1971/74*
PRIVATE SECTOR—								
Agriculture and forestry	4.4	11.5	-3.1	12.7	18.1	-0.6	2.7	20.5
Mining and Quarrying	-3.6	-11.1	29.2	10.7	-27.4	28.5	-3.2	-9.7
Manufacturing	-0.4	9.2	11.5	21.2	5.9	6.0	6.9	20.0
Electricity and Water	—	—	—	—	—	—	—	—
Construction	11.4	1.3	23.6	39.5	0.3	9.1	-0.8	8.6
Trade, Restaurants and Hotels	-3.0	-2.8	23.9	16.9	3.5	4.3	2.4	10.6
Transport and Communication	11.0	-8.3	6.0	8.0	9.9	1.2	37.2	52.5
Financing, Insurance, Real Estate and Business Services	—	15.5	9.4	26.4	22.1	-6.6	8.1	23.3
Community, Social and Personal Services	-2.3	1.9	19.7	19.1	7.5	15.4	11.4	38.3
PUBLIC SECTOR	7.3	4.5	10.4	23.4	2.3	10.1	5.4	18.7
TOTAL	4.1	5.8	8.5	19.5	5.6	5.7	9.3	22.0

\*Provisional

## Consumer Prices

5.19. Consumer price indices went up by 16.1 per cent and 13.8 per cent, respectively, for the lower and middle income groups, compared with increases of 15.0 per cent and 12.8 per cent in 1973. Details on these increases in various periods since 1969 are shown in Table 5.15.

PERCENTAGE CHANGES IN CONSUMER PRICES, DECEMBER, 1969-MARCH, 1975

Table 5.15

	Dec. 71 to Dec. 72	Dec. 72 to Dec. 73	Dec. 73 to Dec. 74	Dec. 74 to March 75	Dec. 69 to March 75
Nairobi Lower Income index	3.0	15.0	16.1	10.0	65.2
Nairobi Middle Income Index	4.2	12.8	13.8	11.4	62.1

5.20. If these price increases are taken into account, the overall real average wage earnings per employee declined by an estimated 6.0 per cent in 1974. Excepting for the real wages of employees in transport and communications which went up by 18.0 per cent, the real wages in all other activity groups of the private sector declined; by 20.1 per cent in mining and quarrying, by 14.7 per cent in construction, by 11.9 per cent in trade and catering services, by 11.6 per cent in agriculture, by 8.1 per cent in manufacturing, by 7.0 per cent in financial and related services and by 4.3 per cent in other services. Real wages in the public sector also fell by 9.3 per cent overall. Further details on real average wages as well as changes in overall aggregates on wage employment, consumer prices and on current and real average wages are set out in Tables 5.16 and 5.17.

ESTIMATED REAL AVERAGE WAGE EARNINGS\*\* PER EMPLOYEE, 1971-1974

Table 5.16

K£

	1971	1972	1973	1974*
PRIVATE SECTOR—				
Agriculture and Forestry	81.6	91.4	83.4	73.7
Mining and Quarrying	366.3	252.2	297.6	247.8
Manufacturing	365.2	366.7	356.9	328.1
Construction	332.1	316.0	316.4	270.0
Trade, Restaurants and Hotels	465.2	456.8	437.4	385.4
Transport and Communication	427.9	446.1	414.2	488.9
Financing, Insurance, Real Estate and Business Services	720.7	834.7	715.4	665.4
Community, Social and Personal Services	189.5	193.3	204.7	196.2
PUBLIC SECTOR	347.7	337.3	340.8	309.0
TOTAL	279.1	279.5	271.2	255.0

\* Provisional.

\*\*Average current earnings adjusted for the rise in consumer prices. The consumer price indices are based on August 1971.

Table 5.17

Percentage

	1971	1972	1973	1974*
Wage employment	7.2	4.1	5.8	8.51
Current prices average wages	4.1	5.6	5.7	9.31
Consumer prices**	3.7	5.4	8.9	16.3
Real average wages	0.4	0.1	-3.0	-6.0

\*Provisional.

\*\*Percentage increases are derived from a composite weighted index of both the lower and the middle income indices calculated as an average of the indices for all 12 months.

5.21. The sharpest increase in consumer prices ever witnessed occurred in February, 1975, when within one month the lower and middle income consumer price indices went up by 8.0 and 6.4 per cent, respectively. As indicated in Tables 5.18 and 5.19 the indices on food products for both the lower and middle income groups have risen by 15.3 and 16.3 per cent, respectively between January and March, 1975. This was owing to the increases in prices of maize and wheat flour, beef, bread, rice, sugar and milk. These price increases were approved by the Government to compensate the country's farmers for increases in farm costs and also to encourage further production so as to achieve self-sufficiency in food supplies.

5.22. These general price increases complemented further the sharp increases over the last 15 months in the prices of other commodity groups included in the indices. In the last 15 months transport costs for example have gone up by 34.4 and 47.1 per cent, respectively, for the lower and middle income groups. The prices of clothing and footwear have risen by 27.9 and 33.3 per cent, and of fuel and lighting by 17.0 and 16.5 per cent respectively.

LOWER INCOME INDEX OF CONSUMER PRICES—NAIROBI, 1971-1975

Base: August, 1971 = 100

Table 5.18

	Food	Drinks and Tobacco	Fuel, Light and Water	Personal Care and Health	Recreation and Enter- tainment	Transport	Furniture and Utensils	House hold Operation	Clothing and Footwear	School Fees	Rent	All Groups
WEIGHT	522	43	45	13	10	28	26	10	56	48	199	1000
1971— December	100.8	102.1	101.2	100.0	100.0	100.1	103.8	106.3	102.3	100.0	100.5	100.9
1972— December	101.7	104.3	115.8	100.0	100.0	100.1	108.2	107.4	106.0	100.0	107.5	103.9
1973— March	102.1	104.3	114.1	100.0	100.0	100.1	108.2	105.0	106.0	100.0	111.6	104.8
June	104.9	104.3	117.2	100.0	100.0	100.1	127.4	108.6	130.6	100.0	115.5	109.1
September	111.4	104.3	118.5	107.5	100.0	117.2	151.5	117.4	160.0	100.0	131.0	118.6
December	113.4	104.3	120.3	114.2	100.0	117.2	163.8	120.4	166.6	100.0	131.0	119.5
1974— March	124.4	104.3	129.9	113.4	120.0	146.4	187.6	129.3	187.1	66.8	131.0	128.0
June	130.1	104.3	136.9	113.4	120.0	146.4	187.6	120.2	187.1	66.8	131.0	131.2
September	136.9	119.7	161.1	143.6	130.0	146.4	192.1	175.0	204.3	66.8	131.0	138.6
December	139.3	119.7	136.9	143.6	130.0	146.4	192.1	170.6	204.3	66.8	131.0	138.7
1975— January	139.5	119.7	139.4	145.0	130.0	148.6	224.8	167.4	213.1	66.8	131.0	140.3
February	160.0	122.5	141.9	145.0	130.0	157.5	224.8	168.4	213.1	66.8	131.0	151.5
March	160.9	122.5	140.8	143.6	130.0	157.5	224.8	178.0	213.1	80.1	131.0	152.6



## MIDDLE INCOME INDEX OF CONSUMER PRICES—NAIROBI, 1971-1975

Base: August, 1971=100

Table 5.19

	Food	Beverages and Tobacco	Fuel, Light and Water	Personal Care and Health	Recre- ation and Entertain- ment	Transport	Furniture and Utensils	House- hold Operation	Clothing and Footwear	School Fees	Rent	All Groups
WEIGHT	412	44	50	23	13	65	26	23	51	69	224	1000
1971— December	100.8	102.0	100.3	99.9	101.0	101.0	100.1	103.0	102.0	100.0	100.5	100.8
1972— December	103.7	104.2	113.7	100.5	105.0	105.9	103.5	104.0	105.1	100.0	107.5	105.0
1973— March	104.2	104.2	114.0	100.1	105.0	109.5	104.1	103.0	105.1	100.0	111.6	106.4
June	107.8	104.2	115.4	101.9	109.4	114.8	106.2	105.9	107.9	100.0	115.5	109.5
September	111.8	104.2	117.3	106.2	111.1	118.7	132.9	110.0	132.4	100.0	131.0	117.1
December	114.4	104.2	118.3	107.8	111.1	121.6	130.7	110.3	132.4	100.0	131.0	118.4
1974— March	125.6	104.2	127.0	135.9	111.1	134.7	134.6	118.9	145.0	84.3	131.0	124.8
June	128.1	114.0	131.8	134.0	113.5	141.8	155.9	115.3	151.5	84.3	131.0	127.8
September	135.1	116.1	133.5	148.1	129.7	143.8	182.2	141.7	163.3	84.3	131.0	133.4
December	136.4	116.1	131.8	150.2	129.7	149.4	189.7	139.3	170.5	84.3	131.0	134.7
1975— January	136.7	116.1	132.8	150.3	129.7	149.4	189.7	137.7	170.5	84.3	131.0	134.9
February	156.5	120.2	137.1	150.9	132.3	150.6	189.7	138.1	170.5	84.3	131.0	143.6
March	159.0	120.2	137.8	151.0	132.3	178.9	194.4	142.8	176.5	129.3	131.0	150.1

## CHAPTER 6—PUBLIC FINANCE

In a developing country like Kenya the activities of Government, and particularly of the Central Government, have an important and pervasive influence over the whole economy. Through its fiscal measures it influences the general level of demand; it is a large employer; and it is a substantial purchaser of goods and services. Moreover, it can foster private investment in different ways and to some extent influence its regional distribution. This Chapter details the expenditures of the Central Government and of Local Authorities classified into functional and economic categories; their respective revenues; and statistics on the outstanding debt of the Central Government. A functional and economic analysis is also given on the expenditure in Kenya of the General Fund Services of the East African Community. Other operations of the East African Community have been dealt with in the respective sectoral chapter of the survey.

6.2. As a prelude to examining the separate accounts of the Central Government, Local Authorities and the East African Community, some general trends are of interest. Total wage employment of General Government, i.e. for the Central Government, Local Authorities, and the General Fund Services of the East African Community relevant to Kenya—rose by five thousand, or by 3 per cent. The 1974 figure represents nearly 21 per cent of the total number of wage employed persons. Pertinent, too, is the marked slowing down in the rate of expansion of GDP at constant prices of the General Government sector in the context of national accounts. The growth of GDP of the General Government sector slowed down from 6.8 per cent between 1972 and 1973 to 4.0 per cent between 1973 and 1974. The Government policy is to continue to restrain the rate of expansion at constant prices of its expenditure.

### Kenya Government

6.3. General Outline.—The main aggregates of revenue and expenditure of the Central Government for 1974/75 and for earlier years are given in Table 6.1. Recurrent revenue rose from K£190.1 million in 1973/74 to K£229.8 million in 1974/75; and recurrent expenditure increased from K£163.7 million to K£202.4 million, yielding a slightly larger recurrent surplus of K£27.4 million in 1974/75 compared with the surplus of K£26.3 million in 1973/74. Development expenditure including outlays on investment increased from K£66.4 million in 1973/74 to K£96.9 million in 1974/75.

6.4. The overall deficit in 1974/75 is estimated at K£67.8 million compared with K£39.5 million in 1973/74. The deficit in 1974/75 will be financed it is expected by foreign loans and capital grants of K£25.3 million and K£7.3 million, respectively; by long-term domestic borrowing of K£15 million; and by net short-term domestic borrowing of K£23.3 million. The Government's cash balance with the Central Bank is estimated to increase by K£3.2 million.

OUT-TURN OF REVENUE AND EXPENDITURE\*, 1966/67-1974/75

Table 6.1

K£000

	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75+
Recurrent Revenue	65,996	77,077	84,703	97,959	124,010	141,628	148,999	190,070	229,834
Recurrent Expenditure	68,529	74,991	80,515	91,136	111,317	128,670	139,578	163,726	202,438
Recurrent Surplus	-2,533	+ 2,086	+ 4,188	+ 6,823	+ 12,693	+ 12,958	+ 9,421	+ 26,344	+27,396
Development Expenditure	9,741	12,219	14,287	19,298	29,733	39,765	44,775	48,230	96,927
Development Project Earnings and Other Miscellaneous Receipts	408	863	642	413	383	424	606	582	1,765
DEFICIT	-11,866	-9,270	-9,457	-12,062	-16,657	-26,383	-34,748	-21,304	-67,766
Investment Expenditure—									**
Purchase of Equity	305	518	334	2,824	9,811	1,780	2,752	3,941	**
Loans to: Public Corporations	6,260	6,513	9,253	7,444	5,541	9,461	13,392	13,075	**
Private Corporations	49	325	590	243	405	831	852	1,101	**
Other				519	—	15	57	93	
TOTAL INCREASE IN INVESTMENT CLAIMS	6,614	7,356	10,177	11,030	15,757	12,087	17,053	18,210	**
TOTAL DEFICIT	-18,480	-16,626	-19,634	-23,092	-32,414	-38,469	-51,801	-39,514	-67,766
FINANCING OF THE DEFICIT—									
External Loans on Recurrent Account	2 220	1,267	105	-69					
External Loans on Development Account	5,619	6,564	7,010	10,706	10,941	11,489	24,657	14,454	25,342
External Grants to Recurrent Account	2,833	1,689	792	496	593	754	227	327	1,311
External Grants to Development Account	641	213	182	899	197	1,040	294	3,186	5,979
TOTAL EXTERNAL FINANCE	11,313	9,733	8,089	12,170	11,731	13,283	25,178	17,967	32,632

Table 6.1—(Contd.)

K£'000

	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75+
LONG TERM DOMESTIC BORROWING ON RECURRENT ACCOUNT			144	-1,238	1,372				
LONG TERM DOMESTIC BORROWING ON DEVELOPMENT ACCOUNT	7,818	8,285	8,134	12,398	6,744	15,552	21,303	18,853	15,000
SHORT TERM DOMESTIC BORROWING ON RECURRENT ACCOUNT—	*								
Cereals and Sugar Finance Corporation			677	3,764	1,158	-4,954	2,074	-1,623	-2,000
Tax Reserve Certificates	18	721	-90	1,290	-1,152	91	-269	-1,867	-800
Treasury Bills			5,000	-5,000	10,000	6,000	5,000	600	16,400
Other	1		3		-4				
Gold Tranche									5,300
SHORT TERM DOMESTIC BORROWING ON DEVELOPMENT ACCOUNT—									
Advances from Central Bank				5,000	5,000				4,400
TOTAL NET SHORT TERM DOMESTIC BORROWING	19	721	5,590	5,054	15,002	1,137	6,805	-2,890	23,300
CHANGES IN CASH BALANCES (Increase+)	+ 670	+ 2,111	+ 2,322	+ 7,770	+ 2,433	-8,498	+ 1,486	-5,584	+ 3,166

\*This table details Kenya Government's deficit and its financing. The details in this table are set out in such a way as to isolate distortions caused by items of 'investment' expenditure. These items consist of expenditures on purchase of equity in 'commercial' enterprises and loans and advances to various sectors of the economy. Similarly, recurrent revenue, as shown in this table, excludes grants and long-term and short-term domestic financing. Basic aggregates in this table can be reconciled as follows:—

1. Recurrent expenditure plus development expenditure and investment expenditure as shown in this table equal total expenditure shown in Tables 6.7 and 6.10.
2. Development project earnings plus external loans and grants and long-term and short term domestic borrowing on development account equal development revenue shown in Table 6.6.

\*\*Included in development expenditure.

+Provisional.

6.5. The surplus on the recurrent budget of K£27.4 million is not precisely the same as Government savings since recurrent expenditure contains an element of gross capital formation, repayment of debt, and transfer payments to other Government accounts. But these are relatively small in magnitude and therefore the recurrent surplus can be taken as a rough measure of Government saving. Similarly development expenditure is not precisely equivalent to gross capital formation, for it excludes certain expenditures on gross capital formation that are included in recurrent expenditure. None-the-less the difference between development expenditure and the recurrent surplus can be considered as an approximate measure of the extent to which the Central Government is directly influencing the level of effective demand in the economy. The indirect effects through the 'multiplier' are of course much larger. The direct stimulus to demand in 1974/75 so calculated is estimated to amount to K£69.5 million. This stimulus, however, was in 1974/75 far more than offset by the powerful drag on effective demand caused by the huge deficit on goods and services in the Balance of Payments.

6.6. Government savings as approximated above appear in 1974/75 to have accounted for 15 per cent of total domestic savings as detailed in Chapter 3 on the Balance of Payment. This percentage is only an approximation since the estimate of domestic savings has been obtained as a residual and may therefore have a large margin of error. Furthermore, the domestic savings figure refers to the calendar year 1974 and not to the fiscal year 1974/75.

6.7. Government's short-term borrowing through Treasury Bills and Tax Reserve Certificates is always of special interest. If the Treasury Bills are taken up by the banking system, the money supply, as the Government spends the funds, is increased. Further, the liquidity ratios of the commercial banks are improved. The effect is the same when the Government borrows from the Central Bank and draws on the resulting deposit. In 1974/75 the sale of Treasury Bills and Tax Reserve Certificates, together with the borrowing from the Central Bank, amounted to K£20 million.

6.8. *Recurrent Revenue.*—The bulk of such revenue is derived from taxation, as indicated in Table 6.2. Apart from receipts from taxes, the next largest source of revenue is the receipts from sales of goods and services.

*Table 6.2*      GROSS RECEIPTS ON RECURRENT ACCOUNT, 1970/71-1974/75      K£MILLION

	1970/71	1971/72	1972/73	1973/74	1974/75
Taxation	92.99	107.81	117.14	160.52	193.71
Interest and repayment of loans	9.77	5.09	4.64	4.98	5.56
Charges for goods and services	12.81	13.65	15.47	15.81	15.76
Reimbursement from other administrations	0.95	2.63	2.17	3.11	2.79
Miscellaneous	7.47	12.43	9.58	5.64	12.00
TOTAL RECEIPTS	123.98	141.63	149.00	190.07	229.83

\*Provisional.

## GROSS REVENUE FROM TAXATION FOR RECURRENT ACCOUNT 1970/71-1974/75

Table 6.3

K£million

	1970/71	1971/72	1972/73	1973/74	1974/75*
DIRECT TAXATION—					
Income Tax	37.78	45.04	50.20	56.24	71.00
Graduated Personal Tax	2.68	1.82	3.25	1.49	—
Estate Duties	0.35	0.50	0.43	0.50	0.50
Export Duties	0.49	0.44	0.68	—	—
TOTAL	41.30	47.80	54.57	58.23	71.50
INDIRECT TAXATION—					
Sales Tax			2.70	31.99	45.00
Import Duties	28.72	31.50	26.99	39.77	43.73
Excise Duties	15.27	16.21	16.84	20.85	23.39
Stamp Duties	1.28	1.34	1.34	2.21	2.40
Petrol and Diesel Tax	2.39	2.39	2.36	—	—
Licences and Fees under the Traffic Act	1.70	2.64	2.94	2.97	3.02
Taxes and Licences, n.e.s.	1.69	5.41	8.74	3.73	3.86
Land Premia and Taxes	0.31	0.20	0.27	0.34	0.34
Royalties	0.32	0.32	0.39	0.43	0.47
TOTAL	51.68	60.01	62.57	102.29	122.21
TOTAL TAXES AND LICENCES	92.99	107.81	117.14	160.52	193.71
Percentage contribution of:—					
Direct Taxes	44	44	47	36	37
Indirect Taxes	56	56	53	64	63

\*Provisional

## IMPORT DUTY COLLECTIONS, 1970-1974

Table 6.4

K£000

END USE CATEGORY	1970	1971	1972	1973	1974
Food, drink and tobacco	3,079	4,630	4,745	4,268	2,999
Basic materials	723	742	897	1,120	1,756
Fuels	7,400	8,851	6,645	10,108	10,522
Chemicals	771	1,051	836	1,061	1,316
Textiles	4,492	4,868	3,809	4,119	6,006
Semi.manufactures	1,685	2,435	1,445	1,964	4,206
Metals	961	1,366	1,217	1,742	2,907
Transport Equipment	4,393	5,322	4,371	4,784	8,524
Machinery	1,533	2,229	2,279	3,535	3,762
Miscellaneous manufactured articles	2,725	4,260	3,384	2,795	4,751
Miscellaneous commodities and transactions	824	-526	-225	-448	-178
TOTAL	28,586	35,228	29,403	35,048	46,572

6.9. The yield from tax revenue in 1974/75 was influenced by the tax changes announced in last year's budget. The main changes in direct taxes were the reduction of the threshold exemption limit for income tax from K£960 to K£720 for a family of four children or more; the increase in the rate of tax on company profits from 40 to 45 per cent, and that on profits of foreign branches from 47.5 to 52.5 per cent; and the increase in the rate of tax on dividends paid to non-residents from 12.5 to 15 per cent. Indirect taxes, too, were increased. The level of sales tax was increased on beer, cigarettes and tobacco, petrol, wines, spirits, refrigerators, washing machines, cameras, mechanical handling equipment, and motor cars. The betting tax, too, was raised from 5 to 7.5 per cent. However, there was also a reduction of duties on certain imports. Duties on imports of fish, meat and milk products were lowered from 50 to 25 per cent; on vegetable oils from 40 to 20 per cent; and on margarine from 50 to 25 per cent. Furthermore, the introduction of subsidy payments of 10 per cent on the value of exports of manufactured goods was a significant innovation to promote exports of manufactured goods to reduce the soaring balance of payments deficit on current account.

6.10. As in previous years, the largest sources of tax revenue were the receipts from income tax, sales tax, import duties and excise taxes. These are detailed in Table 6.3. Together, these four taxes accounted for 94.5 per cent of all tax revenue in 1974/75. The revenue from each of these four taxes was higher in 1974/75 than in 1973/74. The largest increases in percentage terms were in sales tax and income tax. Import duties were also higher. This was on account of the large increase in the value of imports due to price rises. Further details of imports and excise duties are given in Tables 6.4 and 6.5.

6.11. In 1974/75 direct taxes constituted 37 per cent of total tax revenue, and indirect taxes 63 per cent. Total revenue from taxation was approximately per cent of total GDP and 26 per cent of the GDP of the Monetary Sector, in 1974.

*Development Revenue.*—Details on development revenue are noted in Table 6.6. External receipts from loans and grants increased significantly from K£17.6 million in 1973/74 to K£31.3 million in 1974/75. Receipts of grants rose from K£3.2 million to K£6.0 million, and of loans from K£14.5 million to K£25.3 million. Receipts on development account from domestic source of revenue also increased, but only slightly—from K£19.4 million in 1973/74 to K£21.2 million in 1974/75. These figures exclude treasury bills and recurrent budget surplus.

Table 6.5

## EXCISE REVENUE BY COMMODITIES, 1970-1974

K£'000

	1970	1971	1972	1973	1974
Beer	5,838	6,981	7,647	9,793	11,116
Sugar	3,221	2,713	2,197	2,848	3,556
Cigarettes	4,404	4,885	5,201	5,802	6,776
Cigars	-	-	-	-	-
Matches	162	186	199	247	228
Tobacco	26	25	24	3	12
Spirits	211	211	246	333	316
Mineral Waters	507	629	654	805	953
Biscuits	26	29	31	36	34
Fabrics, woven	553	622	743	670	753
Soap	487	702	493	867	664
Paints and distem- pers	161	178	229	227	224
<b>TOTAL</b>	<b>15,596</b>	<b>17,160</b>	<b>17,664</b>	<b>21,632</b>	<b>24,632</b>

Table 6.6

## DEVELOPMENT REVENUE \*\*1970/71-1974/75

K£million

	1970/71	1971/72	1972/73	1973/74	1974/75*
<b>EXTERNAL SOURCES—</b>					
<i>Grants:</i>					
British Government	0.04	0.56	0.01	1.41	
Others	0.17	0.48	0.28	1.77	
<b>TOTAL</b>	<b>0.21</b>	<b>1.04</b>	<b>0.29</b>	<b>3.19</b>	<b>5.98</b>
<i>Loans:</i>					
U.K. Exchequer and C.D.C.	2.44	3.23	4.00	1.17	
U.S.A.I.D.	0.23	1.26	0.02	0.50	
I.B.R.D.	1.53	3.24	2.63	2.08	
West Germany	0.94	0.20	0.23	1.30	
I.D.A.	1.63	1.08	5.63	2.72	
Other Foreign Loans	4.16	2.48	12.15	6.68	
<b>TOTAL</b>	<b>10.93</b>	<b>11.49</b>	<b>24.66</b>	<b>14.45</b>	<b>25.34</b>
<b>TOTAL EXTERNAL SOURCES:</b>	<b>11.14</b>	<b>12.53</b>	<b>24.95</b>	<b>17.64</b>	<b>31.32</b>
<b>INTERNAL SOURCES—</b>					
<i>Loans:</i>					
Local Market Issues	6.74	15.55	21.30	18.85	15.00
Other Local Loans	5.00				4.40
<b>TOTAL</b>	<b>11.74</b>	<b>15.55</b>	<b>21.30</b>	<b>18.85</b>	<b>19.40</b>
<b>MISCELLANEOUS REVENUES—</b>					
Development Project Earnings	0.17	0.36	0.20	0.19	
Other	0.20	0.07	0.41	0.39	1.77
<b>TOTAL</b>	<b>0.37</b>	<b>0.43</b>	<b>0.61</b>	<b>0.58</b>	<b>1.77</b>
<b>TOTAL INTERNAL SOURCES</b>	<b>12.11</b>	<b>15.98</b>	<b>21.91</b>	<b>19.43</b>	<b>21.17</b>
<b>TOTAL REVENUE</b>	<b>23.25</b>	<b>28.51</b>	<b>46.86</b>	<b>37.07</b>	<b>52.49</b>

\*Provisional.

\*\*Excludes Treasury bills and recurrent budget surplus.



RECURRENT AND DEVELOPMENT EXPENDITURE ON MAIN SERVICES,  
1970/71-1974/75

Table 6.7

*K£million*

	1970/71	1971/72	1972/73	1973/74	1974/75*
GENERAL SERVICES—					
Administration and Foreign Affairs	8.00	10.66	12.06	12.96	15.04
Law and Order	13.42	16.98	15.76	18.08	19.66
Defence	6.47	9.29	11.95	14.26	16.35
Revenue Collection and Financial Control	2.54	3.04	2.96	3.09	3.73
TOTAL	30.43	39.97	42.72	48.38	54.78
FINANCIAL OBLIGATIONS—					
Public Debt	18.04	17.03	16.77	18.20	24.37
International Monetary Organization Subscriptions	3.28	0.12	0.20	0.45	0.23
Pensions and Gratuities	3.65	3.77	3.91	4.92	3.76
Compensation Payments	0.03	0.02	0.02	0.01	0.01
Passages and leave expenses	0.58	0.48	0.61	0.54	0.41
Transfers to local authorities	0.85	0.97	2.61	3.89	7.86
TOTAL	26.43	22.39	24.12	28.01	36.63
ECONOMIC AND COMMUNITY SERVICES—					
Agriculture and Veterinary	11.38	14.35	14.22	19.17	31.98
Forestry	1.73	2.30	2.35	2.79	3.14
Game and National Parks	1.76	2.41	2.95	3.05	4.44
Transport and Roads	18.72	24.23	29.09	32.91	37.65
Electricity and Petroleum	3.97	0.05	1.15	0.91	2.40
Banking	2.88	0.25	0.38	0.45	1.79
Other (including water supplies)	10.72	12.96	16.09	16.37	23.30
TOTAL	51.16	56.55	66.23	75.65	104.70
SOCIAL SERVICES—					
Education	27.58	33.68	40.38	46.12	62.58
Health	10.11	12.22	12.77	14.43	19.17
Other (Labour, Community Development, Housing, etc.)	6.57	10.01	9.54	10.88	13.28
TOTAL	44.26	55.91	62.70	71.43	95.03
UNALLOCABLE	4.52	5.71	5.64	6.69	8.24
TOTAL EXPENDITURE	156.80	180.52	201.41	230.17	299.36

\*Provisional

6.13. *Functional analysis of expenditure.*—Functional analysis of total expenditure—including both recurrent and development expenditure—is detailed for 1974/75 and for earlier years in Table 6.7. In 1974/75 the expenditure on economic and community services was 35 per cent of total expenditure, on social services 31.7 per cent, on general services 18.3 per cent, and on financial obligations 12.2 per cent. Expenditure on agriculture and veterinary, on transport and roads, and on other services (including water supplies) accounted for 88.8 per cent of the total expenditure on economic and community services. Expenditure on transport and roads was the largest single item in this category of expenditure. Expenditure on education accounted for about two-thirds of the total expenditure on social services, and it increased by nearly 35.7 per cent owing to the introduction of free education for Standards 1 to 4 in primary schools. The largest item of expenditure on general services was that on law and order; expenditures on defence, and on administration and foreign affairs each being slightly lower. Just under three-quarters of the expenditure on financial obligations was on public debt, which includes both redemptions and interest payments.

6.14. Rates of growth of expenditure by the main functions are stated in Table 6.8. Expenditures on social services, economic and community services, and financial obligations were each more than 30 per cent higher in 1974/75 than in 1973/74. General services expenditure was held back and only increased by 13.2 percent.

THE GROWTH OF EXPENDITURE BY FUNCTIONAL ACTIVITIES, 1964/65—1974/75\*

Table 6.8

*Percentages*

	1964/65 to 1973/74	1964/65 to 1974/75	1972/73 to 1973/74	1973/74 to 1974/75
General Services	171.4	207.2	13.3	13.2
Financial Obligations	65.2	116.0	16.2	30.8
Economic and Community Services	268.1	410.2	14.2	38.4
Social Services	479.1	669.1	13.9	33.4
TOTAL EXPENDITURE	226.3	324.4	14.3	30.1

\*Provisional

6.15. A simultaneous functional and economic classification of Government expenditure is given in Table 6.9. The figures relate to the financial year 1973/74. The highest 'consumption' expenditure was on education, followed by that on law and order, defence, health, roads, and agriculture. The ranking of gross capital formation was different. By far largest expenditure was on roads, followed by expenditures on transport, health and agriculture.

Table 6.9

ECONOMIC CLASSIFICATION   FUNCTIONAL CLASSIFICATION		RECURRENT EXPENDITURE							CAPITAL EXPENDITURE			Total Recurrent and Capital Expend- ture	
		CONSUMPTION EXPENDITURE		Subsidies	Interest on Public Debt	Transfers to House- holds	Transfers to Rest of the World	Other Transfers	Total Recurrent Expendi- ture	Gross Capital Forma- tion	Loans and Invest- ment in Govern- ment Enter- prises		Loan Repay- ments to other Sectors
		Wages and Salaries	Other										
GENERAL SERVICES—													
Administration—Central		2,940	1,901	22		17			4,879	1,432			6,310
Administration—Provincial		3,051	670					50	3,771	720			4,491
Foreign Affairs		721	1,159				233		2,113	43			2,156
Law and Order		11,247	4,952			11			16,211	1,870		—	18,081
Defence		4,735	8,096			14	1		12,845	1,414			14,259
Revenue Collection and Financial Control		1,124	1,811	—	—	7	109	—	3,052	35	—	1	3,087
COMMUNITY SERVICES—													
Roads		1,162	5,783	18					6,963	19,678			26,641
Water Works		1,098	1,548	4		89			2,739	2,060			4,799
Other		72	10						82				82
SOCIAL SERVICES—													
Education		30,900	3,260	15		9,916	8	131	44,230	1,894			46,124
Health		6,932	4,278	12		585			11,808	2,623		—	14,431
Labour		300	79			32	12		423	12			435
Housing		90	12						102	586	3,723		4,411
Other, including Community Development		2,833	1,569	—	—	396	95	435	5,328	699	6	—	6,033
ECONOMIC SERVICES—													
Agriculture		4,087	527	2,687		17	3	544	7,865	2,109	5,235		15,209
Veterinary		1,369	1,734			14		1	3,118	772	73		3,963
Forestry		1,775	647	9			1		2,432	359			2,791
Game and Fisheries..		675	419			12			1,106	265	4	—	1,375
National Parks and Tourism		11	289					316	616	481	578		1,675
Lands, Mines, Survey and Geology		1,836	786			2		1	2,625	139			2,765
Commerce and Industry		792	565	—			—	57	1,413	361	6,946	—	8,720
Transport, excluding Roads		420	1,281						1,700	4,456	110		6,266
Electricity and Petroleum										872	39		911
Banking and Financial Institutions		—	—	—	—	—	—	—	—		450	—	450

ECONOMIC AND FUNCTIONAL CROSS-ANALYSIS OF EXPENDITURE, 1973/74

Table 6.9\_(contd.)

K £'000

ECONOMIC CLASSIFICATION		RECURRENT EXPENDITURE								CAPITAL EXPENDITURE			Total Recurrent and Capital Expendi- ture
		Consumption Expenditure		Subsidies	Interest on Public Debt	Transfers to House- holds	Transfers to Rest of the World	Other Transfers	Total Recurrent Expendi- ture	Gross Capital Forma- tion	Loans and Invest- ment in Govern- ment Enter- prises	Loan Repay- ments to other Sectors	
		Wages and Salaries	Other										
FUNCTIONAL CLASSIFICATION													
58	RECURRENT FINANCIAL OBLI- GATIONS—												
Interest		—	—	—	11,975	—	—	—	11,975	—	—	—	11,975
	Sinking Fund	—	—	—	—	—	—	—	—	—	—	458	458
	Redemption	—	—	—	—	—	—	—	—	—	—	5,766	5,766
	Compensation Payments to	—	—	—	—	11	—	—	11	—	—	—	11
	Pensions and Gratuities	213	—	—	—	4,706	—	—	4,919	—	—	—	4,919
	Subscriptions to International	—	—	—	—	—	450	—	450	—	—	—	450
	Passages and Leave Expenses	543	—	—	—	—	—	—	543	—	—	—	543
	Transfers to Local Authori- ties, n.e.s.	—	—	—	—	—	—	2,805	2,805	90	995	—	3,890
	UNALLOCABLE EXPENDITURE—												
	gs—Residential	248	1,239	—	—	—	—	—	1,487	—	—	—	1,487
	Buildings—Non-Residential	276	1,374	—	—	—	—	—	1,650	—	—	—	1,650
	M.O.W.—Unallocable	465	899	—	—	23	—	149	1,537	813	52	—	2,402
	Government Printer	264	315	—	—	—	—	—	579	107	—	—	687
	Other Unallocable	54	399	—	—	2	—	—	454	11	—	—	465
TOTAL		80,229	45,604	2,768	11,975	15,854	913	4,489	161,832	43,899	18,210	6,225	230,167

Table 6.10 ECONOMIC ANALYSIS OF EXPENDITURE, 1969/70-1973/74 *K£million*

	1969/70	1970/71	1971/72	1972/73	1973/74
RECURRENT EXPENDITURE					
CONSUMPTION EXPENDITURE ON GOODS AND SERVICES—					
<i>Wages and Salaries:</i>					
Personal Emoluments	36.42	47.62	61.54	62.63	71.06
House Allowances	1.27	1.53	2.50	3.06	3.72
Passages and Leave Expenses	0.51	0.56	0.48	0.55	0.46
Contributions to Pensions Fund	0.42	0.49	0.16	0.02	
Pay and allowances to Armed Forces:					
Personal Emoluments	3.31	3.54	3.96	4.27	4.78
Pensions and Gratuities	0.14	0.15	0.17	0.20	0.21
TOTAL	42.07	53.89	68.80	70.73	80.23
<i>Other Goods and Services:</i>					
Rent of Fixed Assets:					
(a) Residential	0.39	0.64	0.64	0.68	0.83
(b) Non-residential	0.43	0.29	0.44	0.50	0.63
Maintenance and repairs	3.13	3.66	5.15	11.52	13.16
Travelling expenses	2.65	2.91	4.08	4.34	5.10
Collection costs of income tax, customs and excise duties	1.32	1.42	1.42	1.00	0.46
Miscellaneous other goods and services	11.14	13.69	18.33	19.95	25.42
TOTAL	19.06	22.61	30.06	37.99	45.60
SUBSIDIES—					
To agriculture	1.35	1.20	0.79	1.67	2.69
To other sectors	0.03	0.04	0.04	0.09	0.08
TOTAL	1.38	1.24	0.83	1.76	2.77
INTEREST—					
External Debt	3.20	3.33	3.87	5.46	5.03
Internal Debt	3.41	4.12	4.85	5.17	6.94
TOTAL	6.61	7.45	8.72	10.64	11.98
OTHER TRANSFERS—					
TO Households and Un-incorporated Enterprises:					
(a) Persons (including pensions)	5.09	4.34	7.67	8.78	9.62
(o) Private non-profit institutions- Educational	3.14	2.66	3.13	3.28	5.28
(c) Other private non-profit institutions	0.19	0.55	0.32	0.72	0.95
To rest of the world	1.27		0.40	0.53	0.91
To other General Government Agencies:		3.47			
(o) Local Authorities	4.79		0.80	0.79	2.81
W E.A. Community	0.02	0.75	0.13	0.20	0.28
(c) Land Settlement	0.39				
(d) Miscellaneous	2.33	0.43	3.12	2.28	1.40
TOTAL	17.22	16.56	15.58	16.59	21.26
TOTAL RECURRENT EXPENDITURE	86.33	101.75	124.00	137.71	161.83

ECONOMIC ANALYSIS OF EXPENDITURE, 1969/70-1973/74

Table 6.10—(Contd.)

K£million

	1969/70	1970/71	1971/72	1972/73	1973/74
CAPITAL EXPENDITURE					
GROSS CAPITAL FORMATION—					
Residential buildings	1.08	2.32	2.46	2.80	2.34
Non-residential buildings	4.11	5.67	6.25	6.55	7.26
Construction and works	10.50	15.75	19.08	24.92	28.34
Plant, Machinery and Equipment	2.11	2.54	4.46	3.39	2.58
Transport Equipment	1.40	1.55	1.97	1.52	1.67
Land	0.83	0.81	2.00	1.32	1.71
TOTAL	20.03	28.64	36.22	40.51	43.90
INVESTMENT IN COMMERCIAL ENTERPRISES	2.60	9.81	1.78	2.75	3.94
LOANS TO OTHER SECTORS—					
To Households and Un-incorporated Enterprises	0.76			0.06	0.09
To Corporations..	4.97	4.35	6.60	5.24	6.17
To Other General Government Agencies	2.69	1.60	3.69	9.00	8.01
TOTAL	8.42	5.95	10.31	14.30	14.27
LOAN REPAYMENT—					
External Debt	1.95	1.91	2.98	3.18	3.56
Internal Debt	1.34	7.60	3.95	1.63	1.28
Sinking Fund	0.78	1.14	1.29	1.33	1.39
TOTAL	4.07	10.65	8.22	6.14	6.22
TOTAL CAPITAL EXPENDITURE	35.12	55.05	56.52	63.70	68.33
ALL EXPENDITURE	121.45	156.80	180.52	201.41	230.17

PUBLIC DEBT, 1962-1974

Table 6.11

K£million

As at 30th June	PUBLIC DEBT*								
	FUNDED			UNFUNDED			TOTAL		
	Exter- nal	Inter- nal	Total	Exter- nal	Inter- nal	Total	Exter- nal	Inter- nal	Total
1962	32.16	17.09	49.25	25.08	1.10	26.18	57.24	18.20	75.44
1963	32.16	17.09	49.25	32.79	0.95	33.74	64.95	18.04	82.98
1964	32.16	17.09	49.25	35.96	0.90	36.86	68.12	17.99	86.11
1965	32.16	17.59	49.75	44.75	0.94	45.69	76.91	18.53	95.44
1966	32.16	18.32	50.48	53.94	1.02	54.96	86.10	19.34	105.44
1967	32.16	26.27	58.43	58.96	1.21	60.17	91.12	27.49	118.61
1968	27.30	34.77	62.07	58.19	1.40	59.59	85.49	36.17	121.66
1969	27.30	47.81	75.11	65.98	1.33	67.31	93.28	49.14	142.42
1970	27.30	56.91	84.21	74.74	1.19	75.93	102.04	58.10	160.14
1971	21.21	64.21	85.42	73.67	11.04	843.70	94.88	75.24	170.13
1972	21.21	77.66	98.87	84.55	10.88	95.43	105.76	88.54	194.30
1973	21.21	99.22	120.42	105.29	10.73	116.01	126.50	109.95	236.43
1974	21.21	118.52	139.72	115.13	10.61	125.74	136.34	129.13	265.46

\* Excluding Short-Term Borrowings.

6.16. *Economic analysis of expenditure.*—The current expenditure of government on goods and services rose from K£108.7 million in 1972/73 to K£125.8 million in 1973/74, as stated in Table 6.10. Government 'consumption' in 1973/74—i.e. expenditure on goods and services for its own use excluding receipts from sales of goods and services—was K£110.1 million. Subsidies to agriculture at just under K£2.7 million were K£1 million higher than in the previous year; and transfers at K£21.3 million were K£4.7 million higher. Salaries and wages accounted for 34.9 per cent of total expenditure in 1973/74.

6.17. Gross capital formation also increased slightly from K£40.5 million in 1972/73 to K£43.9 million in 1973/74. Expenditure of K£28.3 million on construction and works and K£7.3 million on non-residential buildings accounted for the bulk of gross capital formation in 1973/74.

6.18. *Public debt.*—Total public debt amounted, as stated in Table 6.11, to K£265.5 million on 30th June, 1974. Of this K£139.7 million was funded and K£125.7 million unfunded. Approximately K£21 million of the funded debt and K£115.1 million of the unfunded debt was held externally. Further details on analysis of sources of public debt are set out in Tables 6.12, 6.13 and 6.14. By far the largest holder of the funded debt was the National Social Security Fund. Of the external unfunded debt of K£115.1 million, K£82 million was due to foreign countries and K£33.1 million to International Organizations. The largest debts were due to the United Kingdom, K£48.3 million; to the United States, K£12.9 million; to IBRD, K£9.7 million; and to ~~852~~ K£21.9 million. In the year 1973/74 the increase in the public debt was K£29.0 million compared with K£42.1 million in 1972/73.

6.19. Interest payments on the external debt in 1973/74 amounted to K£5 million, and repayment of principal to K£3.6 million. During the last three years, new external borrowing has averaged about K£21.4 million a year. If the borrowing continues at this rate, debt service charges will be about equal to the annual new borrowing of, say, K£22 million in less than nine years time. This estimate is based on an assumed grace period of five years before amortization of a loan commences, on loans having a 25-year maturity, and on an interest rate of 5 per cent.

## **Local Authorities**

6.20. A summary of the expenditure of Municipalities and County Councils is given in Table 6.15. The figures are based on Councils' estimates. Total expenditures of all Local Authorities rose from K£26.5 million in 1973 to K£29.5 million in 1974 the expenditure, however, of County Councils in this period fell from K£6.8 million to K£5.3 million. This decline was more than offset by the increase in expenditure of Nairobi City Council from K£13.5 million in 1973 to K£17.1 million in 1974, and of other Municipal Councils from K£6.2 million in 1973 to K£9.2 million in 1974.

Table 6.12

## DEBT SERVICING CHARGES, 1962-74

K£million

As at 30th June	ANNUAL DEBT SERVICING CHARGES			INTEREST AND LOAN REPAYMENT RECEIPTS			NET SERVICING CHARGES			Sinking Funds at Market Value
	Exter- nal	Inter- nal	Total*	Exter- nal	Inter- nal	Total	Exter- nal	Inter- nal	Total	
1962	0.95	3.19	4.14	0.20	1.55	1.75	0.75	1.64	2.39	5.28
1963	1.37	3.29	4.66	0.22	1.61	1.85	1.15	1.68	2.83	6.67
1964	1.97	3.24	5.21	0.33	1.71	2.04	1.64	1.53	3.17	7.88
1965	2.61	3.76	6.37	0.56	2.26	2.82	2.05	1.49	3.54	9.05
1966	3.16	4.55	7.71	0.32	2.57	2.89	2.84	1.98	4.82	9.99
1967	4.83	3.50	8.33	0.81	2.79	3.60	4.02	0.71	4.73	11.22
1968	5.27	2.63	7.91	0.74	3.13	3.87	4.53	-0.50	4.03	11.01
1969	4.78	4.09	8.87	0.38	2.98	3.36	4.40	1.11	5.51	11.36
1970	4.98	5.70	10.68	0.62	3.01	3.64	4.18	2.86	7.04	13.91
1971	11.45	6.20	17.65	0.58	7.35	7.93	10.87	-1.15	9.72	12.84
1972	7.23	9.47	16.70	0.59	4.50	5.09	6.64	4.97	11.61	15.51
1973	8.88	7.67	16.55	0.68	3.97	4.64	8.20	3.70	11.91	15.94
1974	8.64	9.40	18.04	0.01	4.96	4.97	8.63	4.44	13.07	16.37

\*Includes interest payments of K£million:—

1962—3.29; 1963—3.66; 1964—4.05; 1965—4.41; 1966—4.73; 1967—5.25; 1968—5.40; 1969—5.97;  
1970—6.61; 1971—7.44; 1972—8.72; 1973—10.64; 1974—11.98.

Table 6.13

## SOURCES OF UNFUNDED DEBT, 1967-1974

K£000

Outstanding as at June 30th	1967	1968	1969	1970	1971	1972	1973	1974
EXTERNAL DEBT								
<i>Lending Countries</i>								
United Kingdom	47,582	44,486	47,830	52,776	46,314	47,209	48,014	48,275
U.S.A.	4,047	4,581	4,759	4,890	5,733	7,272	13,611	12,903
West Germany	3,297	3,563	3,622	3,896	4,583	4,889	4,869	6,319
U.S.S.R.	195		163	147	130	113	97	89
Japan				149	598	599	690	2,177
Israel		456	609	647	566	471	374	275
Others				127	869	3,714	8,950	11,960
TOTAL	55,121	53,086	56,983	62,632	58,793	64,267	76,605	81,998
<i>International Organizations</i>								
I.B.R.D.	1,873	1,661	1,497	1,195	2,498	6,640	9,122	9,682
I.D.A.	1,961	3,441	7,380	10,633	11,987	13,048	18,674	21,935
African Development Bank			119	278	386	595	885	1,508
TOTAL	3,834	5,102	8,996	12,108	14,871	20,283	28,681	33,125
TOTAL EXTERNAL	58,955	58,188	65,979	74,738	73,664	84,550	105,286	115,123
INTERNAL (E. AFRICAN) DEBT								
Uganda/Tanzania	441	454	400	367	333	299	265	231
Banks: Central					10,000	10,000	10,000	10,000
Other	567	553	465	386	295	199	108	56
Insurance Companies	154	268	261	234	207	180	154	126
Other	53	127	202	202	202	202	201	201
TOTAL INTERNAL	1,215	1,402	1,328	1,189	11,037	10,880	10,728	10,614
TOTAL UNFUNDED DEBT	60,170	59,590	67,307	75,927	84,701	95,430	116,013	125,737



ANALYSIS OF PUBLIC FUNDED DEBT AT BOOK VALUE BY HOLDERS ON LOCAL REGISTER,  
AS AT 31ST DECEMBER

Table 6.14

K£'000

	1970	1971	1972	1973	1974*
PUBLIC BODIES:—					
National Social Security Fund	17,510	22,533	30,427	34,677	48,690
Central Government	13,411	20,083	18,679	25,524	18,627
Local Government	950	901	833	805	721
Kenya Post Office Savings Bank	2,551	2,008	3,507	4,870	4,851
East African Community Institutions	380	380	3,383	4,895	5,085
Central Bank	3,510	2,010	5,701	4,576	8,285
Other Public Sector	472	513	440	417	385
OTHER INTERNAL:—					
Commercial Banks	8,299	8,374	8,095	10,375	9,813
Insurance Companies	5,280	5,368	6,496	6,182	5,851
Other Companies	4,169	7,341	9,184	11,172	13,087
Private Individuals	719	396	259	251	249
EXTERNAL:—					
Other East African	370	370	98	94	160
Other Sterling Area	1,556	1,371	1,047	870	493
Non Sterling Area	39	13	12	8	7
TOTAL	59,216	71,661	88,161	104,716	116,304

\*Provisional

EXPENDITURE OF LOCAL AUTHORITIES, 1969-1974

Table 6.15

K£million

	MUNICIPALITIES			COUNTY COUNCILS	TOTAL
	Nairobi City Council	Other Municipal Councils	Total		
1969	9.21	4.02	13.23	5.99	19.22
1970	9.06	4.37	13.43	2.83	16.26
1971	11.11	4.56	15.67	3.45	19.12
1972	13.13	5.77	18.90	3.52	22.42
1973*	13.50	6.19	19.70	6.80	26.49
1974*	15.04	9.20	24.24	5.26	29.50

\*As shown in Councils' Estimates.

## MUNICIPAL COUNCILS: EXPENDITURE ON MAIN SERVICES, 1972-1974

Table 6.16

K£000

	SERVICES																	
	ADMINISTRATION			COMMUNITY			SOCIAL			TRADING			UNALLOCABLE			TOTAL		
	1972	1973*	1974*	1972	1973*	1974*	1972	1973*	1974*	1972	1973*	1974*	1972	1973*	1974*	1972	1973*	1974*
	1972	1973*	1974*	1972	1973*	1974*	1972	1973*	1974*	1972	1973*	1974*	1972	1973*	1974*	1972	1973*	1974*
Nairobi	532	506	871	2,798	3,353	3,801	4,717	4,896	6,055	5,078	4,748	4,308		1	1	13,125	13,504	15,035
Mombasa	289	398	538	663	750	861	964	1,032	1,256	372	399	530		77	72	2,389	2,655	3,256
Nakuru	57	88	48	162	175	183	366	414	461	375	464	433	101	4	22	968	1,140	1,147
Kisumu	79	100	150	143	182	764	245	406	655	230	216	1,069				698	905	2,638
Eldoret	43	48	51	63	68	109	112	113	176	124	139	648				342	368	984
Kitale	34	33	47	46	47	55	77	92	92	87	92	93				243	263	287
Thika	199	83	66	161	124	148	117	110	134	257	136	191	12			747	453	539
Nyeri	33	47	42	22	28	27	7	6	8	24	47	44				86	128	121
Embu	64	46	39	20	22	29	7	7	13	51	15	3				142	90	84
Meru	59	71	36	19	11	10	19	16	6	5	6	4	8	4	1	111	109	57
Kakamega	29	41	46	9	15	14	3	8	7	10	19	17	2		2	51	82	86
ALL MUNICIPALITIES	1,417	1,462	1,933	4,107	4,778	6,002	6,634	7,099	8,862	6,613	6,281	7,340	131	79	98	18,902	19,698	24,235

\*As shown in Councils' Estimates.

6.21. *Municipal Councils.*—A functional analysis of the total expenditure of Municipal Councils is set out in Table 6.16. Expenditure by Nairobi City Council accounted for 62 per cent of the total expenditure by all Municipalities in 1974. Social services accounted for 40.3 per cent of all the total expenditure of Nairobi City Council in 1974. A further 28.7 per cent was incurred on trading services, and 25.3 per cent on community services. The pattern of expenditure by the other Municipalities varied somewhat; but generally the expenditure on social services and trading services amounted to about two-thirds of their total expenditure. As indicated in Table 6.17, the bulk of the expenditure by Municipalities in 1974 on community services was on roads and sanitary services while education and health, water undertakings and housing estates accounted for most of the expenditure on social services and trading services. Salaries and wages, as stated in Table 6.18 amounted to 40.3 per cent of the total expenditure of all Municipalities in 1974.

MUNICIPAL COUNCILS: RECURRENT AND CAPITAL EXPENDITURE ON  
MAIN SERVICES, 1970-1974

Table 6.17

K£'000

	1970	1971	1972	1973*	1974*
ADMINISTRATION	1,153	1,097	1,417	1,462	1,933
COMMUNITY SERVICES—					
Roads	1,334	1,369	1,773	2,184	2,863
Sanitary Services	1,424	1,090	1,961	1,971	2,595
Other	279	671	373	623	543
TOTAL	3,037	3,130	4,107	4,778	6,002
SOCIAL SERVICES—					
Health	804	1,469	1,506	1,794	2,202
Education	2,354	2,645	3,355	3,554	4,503
other	1,071	673	1,773	1,751	2,157
TOTAL	4,229	4,788	6,634	7,099	8,862
ECONOMIC SERVICES	—	—	—	—	—
TRADING SERVICES—					
Water Undertakings	1,304	1,709	2,448	2,430	1,676
Markets and Slaughter Houses"	195	256	479	314	371
Breweries and Beer-shops	320	425	282	328	284
Housing)estate("cluding Staff					
Hostels	2,888	4,007	3,277	3,073	4,890
Other	32	30	34	40	11
Other	245	132	92	95	99
TOTAL	4,984	6,559	6,613	6,281	7,340
UNALLOCABLE EXPENDITURE	22	96	131	79	98
TOTAL	13,424	15,668	18,902	19,698	24,235

\* As shown in councils Estimates.

## MUNICIPAL COUNCILS: ECONOMIC ANALYSIS OF EXPENDITURE, 1970-1974

Table 6.18

K£'000

	1970	1971	1972	1973*	1974*
EXPENDITURE ON:					
Wages, Salaries and Allowances	5,652	6,251	7,892	9,029	9,756
Other Goods and Services	2,986	3,481	3,775	4,389	5,323
Loan Charges	2,330	2,279	2,546	2,884	3,336
Transfers (Excluding Compensation and Gratuities)	292	543	480	507	436
Capital	2,478	3,821	6,077	5,096	6,253
Net Inter Departmental Transfers	-313	-707	-1,868	-2,209	-868
TOTAL	13,424	15,668	18,902	19,698	24,235

\*Provisional.

6.22. Total revenue of Municipal Councils, detailed in Table 6.19, rose from K£19.5 million in 1973 to K£22.5 million in 1974. Approximately 20.7 per cent of total revenue in 1974 was derived from indirect taxes, a further 9.6 per cent from income from property, 10.5 per cent from the sale of water, 6.5 per cent from sewerage charges, 15 per cent from Government grants, and 27.4 per cent from loans.

## MUNICIPAL COUNCILS: ECONOMIC ANALYSIS OF REVENUE, 1970-1974

Table 6.19

K£'000

	1970	1971	1972	1973	1974*
Graduated Personal Tax	2,297	4,723	3,896	4,286	172
Indirect Taxes (Licences, Cesses and Rates)	3,298	3,850	3,863	4,116	4,655
Income from Property (Buildings and Land Rents)	1,484	1,780	1,959	2,068	2,162
Interest on Investments	225	226	320	324	191
Sale of Goods and Services:—					
School Fees	517	525	546	711	598
Sale of Water	1,303	2,235	2,080	1,986	2,356
Sale of Beer	363	354	177	216	204
Markets and Slaughter Charges	50	131	72	90	92
Sewerage and Refuse Removal Charges	995	569	1,271	1,170	1,460
Other Sales	740	677	700	661	870
Government Grants	116	269	144	95	3,382
Loans Raised	1,534	3,081	4,186	3,179	6,175
Miscellaneous (Including Court fines, sale of capital assets, loan repayment, and non-Government grants)	392	168	321	548	205
TOTAL	13,315	18,588	19,535	19,450	22,522

\*Provisional

COUNTY COUNCILS: EXPENDITURE ON MAIN SERVICES, 1970-1974

Table 6.20

K£'000

	1970	1971	1972	1973*	1974*
<b>ADMINISTRATION</b>	1,258	1,555	1,476	2,130	2,041
<b>COMMUNITY SERVICES—</b>					
<b>Roads</b>	28	24	14	183	154
<b>Sanitary</b>	83	101	258	428	188
<b>Other</b>	4	3	1	3	12
<b>TOTAL</b>	115	129	273	613	354
<b>SOCIAL SERVICES—</b>					
<b>Health</b>	4		2	1	5
<b>Education</b>	35	11		112	
<b>Other</b>	346	429	438	773	692
<b>TOTAL</b>	385	439	441	886	697
<b>ECONOMIC SERVICES—</b>					
<b>Veterinary</b>	236	230	206	304	277
<b>Agriculture</b>	46	57	48	49	47
<b>Forestry</b>	20	18	21	25	25
<b>Other</b>	13	10	3	30	6
<b>TOTAL</b>	315	315	278	409	355
<b>TRADING SERVICES—</b>					
<b>Water Undertakings</b>	185	212	225	423	286
<b>Markets and Slaughter Houses</b>	176	250	250	478	373
<b>Breweries and Beershops</b>	112	83	61	159	80
<b>Housing Estates (including Staff Housing)</b>	88	145	151	1,104	484
<b>Other</b>	28	79	195	236	305
<b>TOTAL</b>	589	769	881	2,401	1,528
<b>UNALLOCABLE EXPENDITURE</b>	163	241	168	356	286
<b>TOTAL EXPENDITURE ..</b>	2,826	3,448	3,517	6,795	5,261

\*Provisional.

COUNTY COUNCILS: ECONOMIC ANALYSIS OF EXPENDITURE, 1970-1974

Table 6.21

K£'000

	1970	1971	1972	1973*	1974*
<b>EXPENDITURE ON:—</b>					
<b>Wages, Salaries and Allowances</b>	1,507	1,875	1,900	2,424	2,175
<b>Other Goods and Services</b>	916	1,102	1,021	1,453	1,684
<b>Loan Charges</b>	163	231	149	300	319
<b>Transfers (including Compensation and Gratuities)</b>	87	87	79	136	207
<b>Capital</b>	219	179	348	2,666	858
<b>Net Inter-Departmental Transfers</b>	-67	-26	+ 20	-184	+ 19
<b>TOTAL</b>	2,826	3,448	3,517	6,795	5,261

\*Provisional.

6.23. *County Councils.*—An analysis of the expenditure of County Councils is given in Tables 6.20, 6.21 and 6.22.

COUNTY COUNCILS: ECONOMIC ANALYSIS OF REVENUE, 1970-1974

Table 6.22

K£000

	1970	1971	1972	1973*	1974*
Graduated Personal Tax	274+	114+	13+	250+	26+
Indirect Taxes (Licences, Cesses and Rates)	1,123	1,342	1,539	1,641	1,738
Income from Property (Building and Land Rent)	403	472	542	619	773
Interest on Investment	66	61	77	53	71
Sale of Goods and Services:—					
School Fees	3	1	3	1	51
Other	797	966	984	1,417	1,350
Government Grants	68	11	19	67	9
Loans Raised	3	55	16	2,253	481
Miscellaneous (including court fines, sale of Capital assets and non-Government Grants)	111	166	150	331	284
TOTAL	2,848	3,188	3,342	6,632	4,784

\*Provisional.

+Area Council Poll Rates.

### East African Community

6.24. A functional and an economic analysis of the expenditure incurred in Kenya by the General Fund Services of the East African Community are detailed in Tables 6.23 and 6.24. Figures are given for 1973/74 and for earlier years. Total expenditure in Kenya amounted to K£9.2 million in 1973/74, compared with K£8.6 million in 1972/73. The largest expenditures in 1973/74 were incurred on revenue collection and financial control, K£2.5 million; agriculture and veterinary services, K£0.8 million; transport, K£2.8 million; and meteorology, K£1.6 million.

6.25. Recurrent expenditure on goods and services amounted to K£5.9 million in 1973/74 and gross capital formation to K£2.5 million. Salaries and wages accounted for 46.8 per cent of the total expenditure in Kenya.

EAST AFRICAN COMMUNITY: GENERAL FUND SERVICES: EXPENDITURE IN KENYA BY  
MAIN SERVICES, 1969/70-1973/74

Table 6.23

*K£million*

	1969/70	1970/71	1971/72	1972/73*	1973/74*
GENERAL SERVICES—					
Central Administration	0.32	0.45	0.33	0.66	0.36
Law and Order	0.08	0.09	0.12	0.10	0.09
Revenue Collection and Financial Control	1.96	2.21	2.49	3.00	2.50
Total	2.36	2.75	2.93	3.76	2.95
SOCIAL SERVICES—					
Education	0.38	0.14	0.17	0.24	0.22
Health	0.03	0.02	0.07	0.12	0.07
Total	0.41	0.16	0.24	0.36	0.29
ECONOMIC SERVICE—					
Agriculture and Veterinary	0.62	0.63	0.75	0.70	0.84
Commerce and Industry	0.06	0.08	0.09	0.10	0.10
Transport	1.51	1.57	2.12	2.6	2.79
Meteorology	0.62	0.67	0.80	0.93	1.58
Total	2.81	2.94	3.76	3.88	5.31
FINANCIAL OBLIGATIONS—					
Public Debt	0.05	0.06	0.06	0.01	0.03
Pensions and gratuities	0.35	0.41	0.42	0.12	0.56
Compensation Payments	0.02	0.01	—	—	—
Total	0.42	0.48	0.47	0.13	0.60
UNALLOCABLE EXPENDITURE	0.03	0.01	0.16	0.42	—
TOTAL	6.03	6.34	7.57	8.56	9.15

\*Provisional

EAST AFRICAN COMMUNITY: GENERAL FUND SERVICES: ECONOMIC ANALYSIS OF EXPENDITURE  
in KENYA, 1969/70-1973/74

Table 6.24

K£'000

	1969/70	1970/71	1971/72	1972/73*	1973/74*
RECURRENT EXPENDITURE					
CONSUMPTION EXPENDITURE ON GOODS AND SERVICES					
<i>Wages and Salaries:</i>					
Personal Emoluments	3,055	3,223	3,627	4,282	3,637
House Allowances	504	561	774	821	592
Passages and Leave Expenses	48	48	55	65	58
Total	3,607	3,832	4,456	5,168	4,287
<i>Other Goods and Services:</i>					
Maintenance and Repairs	382	325	198	284	161
Transport and Travelling	167	186	235	339	234
Equipment, Postal and Incidental Expenses	223	353	723	900	769
Miscellaneous	325	344	331	463	450
Total	1,097	1,208	1,487	1,986	1,614
TOTAL CONSUMPTION EXPENDITURE	4,704	5,039	5,942	7,154	5,901
<i>Interest on Internal Debt</i>	1	2	2	2	2
<i>Transfers to:</i>					
Individuals	141	163	150	120	217
Private non profit-making Educational Institutions	274	638	321	10	14
Rest of the World	661				521
Kenya Government					
Total	1,076	801	471	130	752
TOTAL RECURRENT EXPENDITURE	5,780	5,842	6,416	7,286	6,653
CAPITAL EXPENDITURE					
<i>Gross Capital Formation:</i>					
Residential Buildings	5	184	364	319	1,040
Non-Residential Buildings	16	8	88	107	216
Construction and Works	9	1	1	6	28
Plant Machinery and Equipment	152	269	365	675	1,167
Vehicles	26	18	337	159	35
Total	208	473	1,154	1,260	2,486
<i>Loan Repayment to other Sectors</i>	47	27	—	10	13
TOTAL CAPITAL EXPENDITURE	255	500	1,154	1,270	2,498
TOTAL EXPENDITURE	6,035	6,342	7,570	8,556	9,153

\*Provisional



## CHAPTER 7—TRADE

The severe recession in industrial countries, the consequent deceleration of world trade, the huge rise in oil prices, and the resultant adverse shift in the terms of trade, were the various influences which had the inevitable profound effect on Kenya's trade. The direct and indirect effects of the huge rise in oil prices in particular on Kenya and other developing countries were severe.

### Value of Trade

7.2. The values of imports and exports and of the balance of trade are detailed in Table 7.1. The figures given refer to those compiled by the Customs and Excise Department. They differ from those given in Chapter 3 on the Balance of Payments because of valuation and coverage adjustments made to them.

BALANCE OF TRADE, 1970-1974					<i>K£million</i>
Table 7.1	1970	1971	1972	1973	1974
IMPORTS—					
From outside East Africa*	142.0	184.1	177.6	205.8	353.0
of which					
Commercial	126.5	162.8	160.3	187.4	333.9
Government	15.5	21.3	17.3	18.4	19.1
From Uganda and Tanzania	16.0	16.0	13.5	12.3	13.3
TOTAL	158.0	200.1	191.1	218.1	366.4
EXPORTS—					
TO Markets outside E.Africa**	71.6	73.2	90.6	122.6	162.9
Re-exports	5.8	5.2	4.9	6.3	7.2
To Uganda and Tanzania	31.4	33.9	32.8	38.8	48.3
TOTAL	108.8	128.2		167.7	218.4
BALANCE OF TRADE—					
With Markets outside E. Africa	-64.6	-105.7	-82.2	/76.9	/182.9
With Uganda and Tanzania	15.4	17.9	19.3	26.5	35.0
TOTAL	-49.2	-87.8	-62.9	-50.4	-147.9

\*Described in the Annual Trade Report as "Net imports" .

\*\*Described in the Annual Trade Report as "Domestic Exports".

the total value of imports rose from K£218.1 million in 1973 to K£366.4 million in 1974, an increase of 68 per cent. Of the total increase of K£11483 million, K£580million was en-counted for for by higher imports of fueland lubricants. The value of these imports increased from K£23.1 million

in 1973 to K£81.1 million in 1974. Government imports increased only slightly from K£18.4 million to K£19.1million.

7.4. Total exports increased from K£167.7 million in 1973 to K£218.4 million in 1974, an increase of 30 per cent. Exports of fuel and lubricants in this period rose from K£21.3 million to K45.6 million.

7.5. The total deficit in the balance of trade, as a result was K£147.9 million in 1974 against K£50.4 million in 1973. An adverse balance of K£182.9 with markets outside East Africa was partially offset by a favourable balance of K£35.0 million with Uganda and Tanzania.

### Volume of Trade

7.6. The total volume of imports was 4.4 per cent higher in 1974 than in 1973. Imports excluding oil imports rose by 3.7 per cent in volume, while oil imports increased by 8.0 per cent. Total exports fell slightly in volume by 1.9 per cent. Exports of petroleum and oil products were 7.2 per cent lower in volume and those of all other products by 1.0 per cent.

### Price Changes

7.7. The price index (1964=100) of all imports rose from 150 in 1973 to 241 in 1974, an increase of 61 per cent. The price index of imports of petroleum and oil products rose by 246 per cent; and of all other imports

IMPORT PRICE INDEX, 1970-1974

Table 7.2

	1964=100				
Overseas Imports—	1970	1971	1972	1973	1974
Food	84	92	104	136	191
Beverages and tobacco	137	143	160	176	176
Basic materials, inedible	117	127	131	138	186
Mineral fuels	105	106	120	133	433
Animal and vegetable oils and fats	133	131	124	168	313
Chemicals	92	95	102	134	302
Textiles	138	173	174	203	274
Metals	113	117	126	159	243
Semi-manufactures	119	117	129	150	233
Machinery and transport equipment	101	114	138	151	171
Consumer goods	115	129	140	155	229
<b>Total Overseas Imports</b>	<b>107</b>	<b>117</b>	<b>130</b>	<b>150</b>	<b>247</b>
East African Imports-					
Food and live animals	109	127	164	188	199
Beverages and tobacco	127	121	99	124	164
Crude materials, inedible	113	115	137	153	193
Electric energy and residual fuel oils	85	87	82	77	84
Animal and vegetable oils and fats	134	163	195	174	272
Chemicals	118	116	116	133	163
Textile yarn, fabrics, made-up articles and related products ,.	92	89	109	121	181
Metals and metal manufactures	124	128	132	140	181
Rubber, paper and paper products	107	110	109	126	161
Consumer goods	91	67	74	90	119
<b>Total East African Imports</b>	<b>111</b>	<b>113</b>	<b>133</b>	<b>144</b>	<b>187</b>
<b>All Imports</b>	<b>107</b>	<b>117</b>	<b>131</b>	<b>150</b>	<b>241</b>

by 42 per cent. While the soaring prices of oil and oil products were foreseen the rise in the prices of all other imports is larger than was anticipated.

7.8. Details on the price indices of component categories of imports between 1970-1974 are stated in Table 7.2. The prices of chemicals rose by 125 per cent, of animal and vegetable oils and fats by 86 per cent, of textiles by 35 per cent, of metals by 53 per cent, and of consumer goods by 48 per cent. These price rises refer to imports from outside East Africa. The large price rise for chemicals is the consequence of the indirect effects of the rise in oil prices, since the prices of many chemicals such as fertilizers are closely related to oil prices. Kenya, with its large agricultural sector, imports significant quantities of fertilizers and insecticides.

7.9. The price index (1964 = 100) of all exports including to East Africa rose from 138 in 1973 to 180 in 1974, an increase of 30 per cent. Changes in the prices of component categories of exports are stated in Table 7.3. Between 1973 and 1974 the prices of exports of petroleum and petroleum products rose by 158 per cent, and of all other exports by 20 per cent.

EXPORT PRICE INDEX, 1970-1974

Table 7.3 1964=100

Overseas Exports—	1970	1971	1972	1973	1974
<i>Agricultural Exports—</i>					
Food and live animals	112	103	109	124	135
Crude materials, excluding sisal	100	103	114	149	156
Sisal	40	41	52	101	223
Total Agricultural Exports	104	96	105	125	152
<i>Other Exports—</i>					
Mineral fuels, lubricants and related materials	107	108	106	117	360
Chemicals	123	136	145	156	197
Manufactured goods	86	99	110	128	172
Total Overseas Exports	103	99	107	127	168
East African Exports—					
Food and live animals	125	128	125	137	186
Beverages and tobacco	86	153	164	173	146
Crude materials, inedible	128	147	122	149	196
Mineral fuels and lubricants	91	106	111	125	265
Animal and vegetable oils and fats	111	163	152	198	371
Chemicals	102	94	122	135	152
Textile yarn, fabrics, made-up articles and related products	94	101	175	158	265
Metals and metal manufactures	115	130	152	159	190
Rubber, paper and paper products	111	133	148	168	239
Machinery and transport equipment	182	211	220	278	218
Consumer goods	139	153	178	251	223
Total East African Exports	113	126	141	160	204
All Exports Excluding Gold	107	109	119	138	180

## Terms of Trade

7.10. Table 7.4 details the changes in the terms of trade. There would have been an adverse shift in Kenya's terms of trade even without any rise in oil prices. With the increase in oil price however the overall deterioration in terms of trade was severe. The index of the terms of trade (1964=100) fell from 92 in 1973 to 75 in 1974. By the last quarter of 1974, this index had fallen further to 65. The price index of imports had risen to 297 in the last quarter of 1974 as against 241 for the whole of 1974; while that of exports rose to 194, as against 180 for the whole year. The index of imports other than oil was 255 for the last quarter of 1974 against 214.7 for the whole year; and that of exports other than oil was 156.4 compared with 167.5 for the whole year. The terms of trade were therefore deteriorating progressively throughout 1974.

TERMS OF TRADE, 1970-1974

Table 7.4

1964=100

	1970	1971	1972	1973	1974
External Trade	97	85	82	85	68
Inter-territorial Trade	102	112	106	111	109
TOTAL TRADE	99	93	91	92	75

## Imports

7.11. *Broad Economic Categories.*—Details on imports classified by broad economic categories are given in Table 7.5. The most significant change in 1974 was the huge increase in the value of fuel and oil imports. These imports went up by 251 per cent in value. The value of imports of fuel and lubricants as a percentage of total imports consequently rose from 10.6 per cent in 1973 to 22 per cent in 1974.

7.12. The value of imports of industrial supplies (non-food) increased from K£84.5 million in 1973 to K£145.5 million in 1974; while their share of total imports rose only marginally from 38.7 per cent to 39.7 per cent. Imports of machinery and other capital equipment were about the same in value as in 1973, although considerably lower in real terms. Also the share of these imports as a proportion of the value of total imports fell sharply, from 18.6 per cent in 1973 to 10.8 per cent in 1974. The value of imports of transport equipment on the other hand rose very much in line with that of total imports, increasing from K£24.4 million in 1973 to K£41.4 million in 1974. Imports of transport equipment accounted for 11.3 per cent of the total imports in 1974. Imports of consumer goods in this period rose by 42.5

TOTAL IMPORTS, 1971-1974  
By Broad Economic Category

Table 7.5

					K£'000			
	VALUE				PERCENTAGE SHARES			
	1971	1972	1973	1974	1971	1972	1973	1974
<b>1. Food and Beverages</b>	19,100	19,173	21,569	24,467	9.5	10.0	9.9	6.7
<i>Primary</i>	4,817	4,709	6,681	4,418	2.4	2.5	3.1	1.2
For Industry	1,251	2,455	4,815	2,619	0.6	0.3	2.2	0.7
For Household Consumption	3,566	2,254	1,866	1,799	1.8	1.2	0.9	0.5
<i>Processed</i>	14,283	14,464	14,888	20,049	7.1	7.6	6.8	5.5
For Industry	4,812	3,873	4,672	7,630	2.4	2.0	2.1	2.1
For Household Consumption	9,471	10,591	10,216	12,419	4.7	5.5	4.7	3.4
<b>2. Industrial Supplies (Non-Food)</b>	70,437	66,035	84,507	145,443	35.2	34.6	38.7	39.7
<i>Primary</i>	5,884	4,952	5,307	9,288	2.9	2.6	2.4	2.5
<i>Processed</i>	64,553	61,083	79,200	136,155	32.3	32.0	36.3	37.2
<b>3. Fuels and Lubricants</b>	16,933	20,542	23,120	81,147	8.5	10.7	10.6	22.1
<i>Primary</i>	13,193	14,816	17,904	67,461	6.6	7.7	8.2	18.4
<i>Processed</i>	3,740	5,726	5,216	13,686	1.0	3.0	2.4	3.7
Motor Spirit	630	1,230	1,036	2,125	0.3	0.6	0.5	0.6
Other	3,110	4,496	4,180	11,561	1.6	2.4	1.9	3.1
<b>4. Machinery, and other Capital Equipment</b>	31,874	36,107	40,607	39,642	15.9	18.9	18.6	10.8
<i>Machinery and other Capital Equipment</i>	29,234	32,976	37,754	36,115	14.6	17.3	17.3	9.8
<i>Parts and Accessories</i>	2,640	3,131	2,852	3,527	1.3	1.6	1.3	1.0
<b>5. Transport Equipment</b>	35,663	26,290	24,440	41,362	17.8	13.8	11.2	11.3
<i>Passenger Motor Vehicles</i>	6,657	5,945	4,650	9,300	3.3	3.1	2.1	2.5
<i>Other</i>	12,678	9,496	8,914	12,081	6.3	5.0	4.1	3.3
Industrial	12,345	9,273	8,768	11,826	6.2	4.9	4.0	3.2
Non-Industrial	333	223	146	255	0.2	0.1	0.1	0.1
<i>Parts and Accessories</i>	16,328	10,848	10,876	19,981	8.2	5.7	5.0	5.5
<b>6. Consumer Goods not elsewhere specified</b>	24,750	21,576	23,352	33,178	12.4	11.3	10.7	9.1
<i>Durable</i>	6,533	4,510	5,143	6,957	3.3	2.4	2.4	1.9
<i>Semi-Durable</i>	10,667	8,955	9,316	15,034	5.3	4.7	4.3	4.1
<i>Non-Durable</i>	7,550	8,111	8,893	11,187	3.8	4.2	4.1	3.1
<b>7. Goods not elsewhere specified</b>	1,305	1,368	495	1,121	0.6	0.7	0.2	0.3
<b>TOTAL</b>	200,064	191,091	218,089	366,361	100.0	100.0	100.0	100.0

SELECTED NET IMPORTS, 1969-1974

Table 7.6

K£000

	Crude Petro- leum	Motor Vehicles and Chassis	Agricultural Machinery and Tractors	Industrial Machinery (including electrical)	Iron and Steel	Fabrics of Cotton	Fabrics of Synthetic Fibres	Paper and Paper Products	Pharma- ceutical Products	Fertilizers
1969	10,168	9,894	1,911	15,427	6,473	1,923	2,354	5,697	2,459	2,272
1970	11,023	11,473	2,420	22,413	9,004	1,022	3,849	6,648	2,712	3,041
1971	12,798	16,676	3,004	29,972	11,311	1,174	3,776	8,313	3,288	3,063
1972	14,587	13,492	3,266	34,082	10,167	769	3,488	7,702	3,586	3,745
1973	17,557	11,464	3,028	38,861	14,410	618	6,749	10,171	3,944	4,331
1974	67,027	22,226	3,284	40,479	26,958	1,272	8,253	17,497	6,546	15,271

TOTAL EXPORTS,' 1971-1974  
By Broad Economic Category

Table 7.7

	VALUE k£' 000				PERCENTAGE SHARE			
	1971	1972	1973	1974	1971	1972	1973	1974
<b>1. Food and Beverages</b>	47,928	62,520	74,506	82,101	44.8	50.7	46.2	38.8
Primary	37,459	48,833	59,657	67,071	35.0	39.6	37.0	—
For Industry	21,493	26,906	37,310	40,498	20.1	21.8	23.1	19.2
For Household Consumption	15,966	21,927	22,347	26,574	14.9	17.8	13.8	12.6
Processed	10,469	13,687	14,849	15,029	9.8	11.1	9.2	7.1
For Industry	1,169	1,045	1,772	2,099	1.1	0.8	1.1	1.0
For Household Consumption	9,300	12,642	13,077	12,930	8.7	10.2	8.1	6.1
<b>2. Industrial Supplies 'Non-Food)</b>	28,731	31,608	51,670	67,807	26.8	25.6	32.0	32.1
Primary	10,895	14,879	28,543	36,838	10.2	12.0	17.7	17.4
Processed	17,836	16,729	23,127	30,969	16.6	13.6	14.3	14.7
<b>3. Fuel and Lubricants</b>	18,356	19,274	21,285	45,624	17.1	15.6	13.2	21.6
Primary	69	69	88	99	0.1	0.1	0.1	—
Processed	18,287	19,205	21,197	45,524	17.1	15.6	13.1	21.5
Motor Spirit	2,639	2,888	3,275	5,953	2.5	2.3	2.0	2.8
Other	15,648	16,317	17,922	39,572	14.6	13.2	11.1	18.7
<b>4. Machinery and other Capital Equipment</b>	1,145	956	1,125	2,009	1.1	0.8	0.7	1.0
Machinery and other Capital Equipment	1,125	931	1,083	1,900	1.1	0.8	0.6	0.9
Parts and Accessories	20	25	43	109	—	—	—	0.1
<b>5. Transport Equipment</b>	538	549	713	1,188	0.5	0.4	0.4	0.6
Passenger Motor Vehicles	—	—	—	—	—	—	—	—
Other	97	53	38	486	0.1	—	—	0.2
Industrial	97	53	38	486	0.1	—	—	0.2
Non-Industrial	—	—	—	—	—	—	—	—
Parts and Accessories	441	496	675	702	0.4	0.4	0.4	0.3
<b>6. Consumer Goods not elsewhere specified</b>	10,229	8,286	11,932	12,330	9.6	6.7	7.4	5.8
Durable	561	227	329	374	0.5	0.2	0.2	0.2
Semi-Durable	3,921	2,876	4,200	3,771	3.7	2.3	2.6	1.8
Non-Durable	5,747	5,183	7,403	8,185	5.4	4.2	4.6	3.9
<b>7. Goods not elsewhere specified</b>	151	190	157	223	0.1	0.2	0.1	0.1
<b>TOTAL</b>	107,078	123,384	161,388	211,282	100.0	100.0	100.0	100.0

\*Excluding Re-exports.

per cent from K£23.3 million to K£33.2 million. Their share in the total value of imports however dropped from 10.7 per cent in 1973 to 9.1 per cent in 1974.

7.13. *Selected Imports.*—The values of imports of certain selected items are detailed in Table 7.6. In addition to increase in the value of oil imports significant increases were recorded in the value of net imports of iron and steel, paper and paper products, pharmaceutical products and fertilizers. The value of imports of fertilizers more than trebled from K£4.3 million in 1973 to K£15.3 million in 1974.

## **Exports**

7.14. *Broad Economic Categories.*—Details on exports classified by broad economic categories are set out in Table 7.7. The value of exports of fuel and lubricants rose from K£21.3 million in 1973 to K£45.6 million in 1974. This increase was, as indicated, due to the rise in the prices of petroleum and oil products. The share of fuel and lubricants in total exports rose from 13.2 per cent in 1973 to 21.6 per cent in 1974. These exports in 1974 replaced those of tea as the second largest foreign exchange earner after coffee. Exports of food and beverages also increased in value from K£74.5 million in 1973 to K£82.1 million in 1974. However, their share as a proportion of the total exports declined from 46.2 per cent in 1973 to 38.8 per cent in 1974. The value of exports of industrial supplies (non-food) increased in line with that of all exports.

7.15. *Selected Exports.*—Tables 7.8, 7.9 and 7.10 detail particulars on quantities, prices and values of the principal exports. The volumes of coffee and tea exports were 4.8 per cent and 3.6 per cent lower, respectively, in 1974 than in 1973. However, the values of coffee and tea exports were 7.3 and 14.2 per cent higher, due to respective price increases of 12.7 and 18.7 per cent. Exports of sisal increased significantly by 255 per cent in value, owing to the compounded effect of a rise of 60.9 per cent in volume exported and a price rise of 120.7 per cent. Other significant increases were also recorded in exports of other products; exports of pyrethrum extract rose by 55.3 per cent in value and 32.6 per cent in quantity; of cement, by 55.4 per cent in value and 13.4 per cent in volume; and of cashew nuts, by 164.9 per cent in value and 117.2 per cent in volume. However, the values of exports of animal feedstuffs, raw cotton, and hides and skins were all lower in 1974 than in 1973.

7.16. Average prices of Kenya's principal exports, as recorded in Table 7.9 were generally higher in 1974 than in 1973. These averages however do not take account of the persistent decline in prices of most primary products since the middle of 1974. Coffee and sisal prices have since the middle of the year declined by 15 and 40 per cent, respectively. Tea prices, exceptionally, have however continued to strengthen.



QUANTITIES OF PRINCIPAL OVERSEAS EXPORTS, 1970-1974

Table 7.8

	Unit	1970	1971	1972	1973	1974
Coffee	Metric Tons	53,725	56,426	63,142	75,317	71,608
Tea		35,063	33,508	47,126	51,472	49,595
Petroleum products	Million Litres	1,038	1,145	1,129	1,219	1,259
Pyrethrum products	Metric Tons	1,753	2,676	3,358	3,438	4,566
Meat products	"	6,683	7,180	10,208	6,336	6,564
Sisal		44,291	34,713	38,764	44,800	72,070
Hides and skins		5,983	8,271	10,522	8,226	9,082
Soda ash		157,155	149,904	144,717	201,880	139,510
Cement		343,069	331,689	372,208	432,694	490,651
Maize (raw)	"	84*	12*	8*	199,544	44,681
Canned pineapples	"	7,465	10,805	9,734	13,352	8,663
Butter and ghee		656	227	1,979	1,860	1,147
Beans and peas		9,583	8,059	21,268	16,283	10,408
Cotton (raw)		5,082	4,606	4,266	4,780	3,318
Wool	"	1,675	1,313	1,605	1,498	1,343
Animal feeds	"	31,827	21,566	39,403	29,711	9,293
Cashew nuts	"	23,174	10,604	15,540	9,368	20,350

\*Consisting of small shipments of "special purpose" maize sold at about three times the price for ordinary maize. For this reason, no price is shown in Table 7.9.

OVERSEAS EXPORT PRICES, 1970-1974

Table 7.9

K.Sh./Unit

	Unit of Quantity	1970	1971	1972	1973	1974
Coffee unroasted	Kg.	8.29	6.92	7.84	9.50	10.71
Tea	Kg.	7.25	7.09	6.99	6.59	7.82
Petroleum products	1,000 Lt.	157.53	154.94	158.44	155.64	204.70
Maize	100 Kg.	*	*	*	56.02	74.40
Meat and products	Kg.	8.53	10.20	9.55	11.88	13.75
Pyrethrum extract	Kg.	132.15	149.79	148.52	164.10	192.20
Sisal	100 Kg.	84.20	87.29	106.70	213.20	470.56
Hides and skins, undressed	Kg.	5.52	5.90	7.18	12.61	9.78
Wattle extract	Kg.	1.52	1.58	1.62	1.91	2.12
Soda ash	100 Kg.	21.29	24.82	26.74	27.89	38.76
Cement	100 Kg.	9.59	9.44	10.55	11.86	16.25
Beans, peas, etc	Kg.	1.07	1.13	1.04	1.44	2.97
Cashew nuts, raw	Kg.	1.37	1.41	1.35	1.30	1.58
Wool	Kg.	5.45	4.00	4.60	10.76	10.31
Animal feed	100 Kg.	41.07	39.59	30.03	64.80	63.88
Cotton, raw	Kg.	4.82	5.13	5.70	5.74	6.85
Pineapples, tinned	Kg.	1.79	1.78	1.89	2.22	3.26
Butter and ghee	Kg.	7.14	8.17	7.67	7.44	8.00
Wattle bark	100 Kg.	64.79	58.68	54.54	51.90	66.42

\*see footnote to Table 7.8

OVERSEAS EXPORTS: CHANGES IN VALUE, QUANTITY AND PRICE, 1973-1974

Table 7.10

	Value K£000			Percentage Change in		
	1973	1974	Change	Value	Quantity	Price
Coffee, unroasted	35,776.7	38,387.4	2,610.7	7.3	-4.8	12.7
Tea	16,963.8	19,386.8	2,423.0	14.2	-3.6	18.7
Petroleum products	9,488.4	26,184.9	16,696.5	176.0	3.3	31.5
Meat and products	3,761.3	4,512.5	751.2	20.0	3.6	15.7
Pyrethrum extract	2,920.3	4,536.3	1,616.0	55.3	32.6	17.1
Sisal	4,776.8	16,956.6	12,179.8	255.0	60.9	120.7
Hides and Skins, undressed	5,186.1	4,441.5	-744.6	-14.4	10.4	-22.4
Wattle extract	1,214.6	1,434.1	219.5	18.1	6.7	11.0
Soda ash	2,815.6	2,703.6	-112.0	-4.0	-30.9	39.0
Cement	2,565.8	3,986.5	1,420.7	55.4	131.4	371.0
Beans, pern etc.	1,173.2	1,544.6	371.4	31.6	-36.1	106.2
Cashew nuts, raw	608.9	1,612.9	1,004.0	164.9	117.2	21.5
Wool	806.5	692.0	-114.5	-14.2	-10.4	-4.2
Animal Teed	962.7	296.8	-665.9	-69.2	-68.8	-1.4
Cotton, raw	1,373.1	1,135.7	-237.4	-17.3	-30.6	19.3
Pineapples tinned	1,481.2	1,411.6	-69.6	-4.7	-35.4	46.8
Butter and ghee	691.8	458.5	-233.3	-33.7	-38.3	7.5
Wood carvings	755.1	620.6	-134.5	-17.8		
Metal scrap	530.8	768.6	237.8	44.8	13.2	27.4
Wattle bark	135.3	70.3	-65.0	-48.0	69.4	28.0
All other items	28,648.1	31,804.3	3,156.2	11.0		
TOTAL	122,636.1	162,946.1	40,310.0	32.9		

### Direction of Trade

7.17. Imports.—Table 7.11 details particulars of imports by country. The most significant changes in the pattern of the import trade are the decline in the share of imports from the EEC by a further 5 points to 41 per cent of the total value of all imports and an increase in the share of imports from Middle East owing to the rise in oil prices from 10 per cent of the total value of imports in 1973 to just over 19 per cent in 1974. The United Kingdom is still the main source of imports though its share of imports dropped a further 6 percentage points to 17.4 per cent in 1974. Iran, Kenya's main supplier of petroleum products accounted for 9.9 per cent of the total value of imports in 1974. It has now edged West Germany out of the third position as a source of imports. Japan is the second largest supplier with a share of 11.0 per cent in total value of imports.

7.18. Imports from Tanzania fell from 3.5 per cent of the total value of imports in 1973 to 2.6 per cent in 1974, despite an increase in value from K£7.6 million in 1973 to K£9.6 million in 1974. Imports from Uganda however fell in 1974 both in absolute value from K£4.7 million in 1973 to K£3.8 million in 1974, and as a proportion of total imports from 2.1 per cent to 1.0 per cent.

ORIGIN OF TOTAL IMPORTS, 1970-1974

Table 7.1

	VALUE K£000					PERCENTAGE SHARES				
	1970	1971	1972	1973	1974	1970	1971	1972	1973	1974
E.E.C.—										
United Kingdom	41,459	56,249	50,560	50,742	63,949	26.2	28.1	26.5	23.3	17.4
West Germany	11,197	16,104	16,867	20,312	36,193	7.1	8.0	8.8	9.3	9.9
Italy	6,185	6,951	7,846	8,165	12,396	3.9	3.5	4.1	3.7	3.4
France	5,138	6,771	7,122	6,583	12,705	3.2	3.4	3.7	3.0	3.5
Netherlands	4,100	5,177	4,870	7,926	14,372	2.6	2.6	2.5	3.6	3.9
Other	2,923	4,177	5,135	5,532	8,705	1.8	2.1	2.7	2.5	2.4
TOTAL	71,002	95,429	92,400	99,260	148,320	44.9	47.7	48.4	45.5	40.5
Other Western Europe Total	6,161	8,928	9,415	11,430	19,526	3.9	4.5	4.9	5.2	5.3
Eastern Europe Total	3,476	5,289	4,103	5,379	10,706	2.2	2.6	2.1	2.5	2.9
U.S.A	11,906	16,321	11,954	16,762	20,788	7.5	8.2	6.2	7.7	5.7
CANADA	796	960	1,404	1,964	2,811	0.5	0.5	0.7	0.9	0.8
AFRICA—										
Tanzania	5,938	7,932	5,887	7,627	9,568	3.8	4.0	3.1	3.5	2.6
Uganda	10,048	8,026	7,583	4,668	3,766	6.4	4.0	4.0	2.1	1.0
Zambia	133	208	381	569	2,001	0.1	0.1	0.1	0.3	0.6
Other	1,700	2,466	2,276	1,718	2,134	1.1	1.2	1.1	0.8	0.6
TOTAL	17,819	18,632	16,127	14,582	17,469	11.3	9.3	8.4	6.7	4.8
MIDDLE EAST—										
Iran	8,888	9,991	14,044	15,648	36,406	5.6	4.9	7.3	7.2	9.9
Other	5,403	5,630	4,707	5,324	34,852	3.4	2.8	2.5	2.4	9.5
TOTAL	14,291	15,621	18,751	20,972	71,258	9.0	7.8	9.8	9.6	19.4
FAR EAST AND AUSTRALIA—										
Australia	1,884	3,143	3,663	2,218	2,046	1.2	1.6	1.9	1.0	0.5
Japan	15,196	19,330	17,870	25,998	40,438	9.6	9.7	9.4	11.9	11.0
India	3,104	3,649	3,934	4,032	6,480	2.0	1.8	2.0	1.8	1.8
China (Mainland)	1,213	1,435	1,213	1,613	4,186	0.8	0.7	0.6	0.7	1.1
Other	5,618	8,517	6,447	8,971	16,320	3.6	4.2	3.4	4.1	4.4
TOTAL	27,015	36,074	33,127	42,832	69,470	17.1	18.0	17.4	19.6	18.8
All other countries.	576	2,214	2,349	4,223	5,718	0.4	1.1	1.2	1.9	1.6
Parcel Posts and Special Transactions	4,970	595	1,461	684	294	3.1	0.3	0.8	0.3	0.1
TOTAL	158,012	200,064	191,091	218,089	366,361	100.0	100.0	100.0	100.0	100.0

## DESTINATION OF TOTAL EXPORTS\* 1970-1974

	VALUE K£' 000					PERCENTAGE SHARES				
	1970	1971	1972	1973	1974	1970	1971	1972	1973	1974
E.E.C.—										
United Kingdom	15,585	15,471	20,392	20,622	18,702	14.3	13.8	15.9	12.3	8.6
West Germany	6,825	7,047	9,480	13,571	17,874	6.3	6.3	7.4	8.1	8.2
Italy	1,557	1,543	2,909	3,687	4,440	1.4	1.4	2.3	2.2	2.0
France	558	537	724	1,460	1,863	0.5	0.5	0.6	0.9	0.9
Netherlands	3,799	3,435	6,989	8,096	11,445	3.5	3.1	5.4	4.8	5.2
Other	1,476	1,199	1,769	4,380	10,582	1.4	1.1	1.4	2.6	4.8
TOTAL	29,800	29,232	42,263	51,816	64,906	27.4	26.1	33.0	30.9	29.7
Other western Europe Total	6,183	5,080	7,319	11,110	11,627	5.7	4.5	5.7	6.6	5.3
Eastern Europe Total	1,943	2,450	1,437	2,256	2,993	1.8	2.2	1.1	1.4	1.4
U.S.A.	6,772	5,625	5,491	7,532	8,029	6.2	5.0	4.3	4.5	3.7
CANADA	1,877	1,119	1,753	2,706	3,328	1.7	1.0	1.4	1.6	1.5
Africa—										
Tanzania	14,752	14,743	16,286	16,854	19,049	13.6	13.1	12.7	10.1	8.7
Uganda	16,698	19,150	16,507	21,898	29,287	15.3	17.1	12.9	13.1	13.4
Zambia	4,292	5,529	4,976	7,282	10,913	3.9	4.9	3.9	4.3	5.0
Other	8,080	8,527	9,827	13,054	19,345	7.4	7.6	7.7	7.8	8.9
TOTAL	43,822	47,949	47,596	59,088	78,594	40.2	42.7	37.1	35.2	36.0
Middle East—										
Iran	337	353	623	592	331	0.3	0.3	0.5	0.4	0.2
Other	2,048	2,708	1,725	3,048	4,297	1.9	2.4	1.3	1.8	2.0
TOTAL	2,385	3,061	2,348	3,640	4,628	2.2	2.7	1.8	2.2	2.1
Far East and Australia—										
Australia	655	817	769	670	1,140	0.6	0.7	0.6	0.4	0.5
Japan	1,231	2,648	2,093	5,031	5,364	1.1	2.4	1.6	3.0	2.5
India	3,044	2,046	2,378	1,587	2,820	2.8	1.8	1.9	0.9	1.3
China (Mainland)	619	876	1,618	3,070	1,787	0.6	0.8	1.3	1.8	0.8
Other	2,195	2,132	3,001	6,856	10,860	2.0	1.9	2.3	4.1	5.0
TOTAL	7,744	8,519	9,859	17,214	21,970	7.1	7.6	7.7	10.3	10.1
All Other Countries	1,475	1,852	2,494	5,271	8,200	1.4	1.6	1.9	3.1	3.8
Aircrafts and Ships Stores	6,900	7,354	7,688	7,047	14,134	6.3	6.6	6.0	4.2	6.5
ALL EXPORTS	108,901	112,241	128,247	167,680	218,410	100.0	100.0	100.0	100.0	100.0

\*Excluding gold and currency but including Re-Exports.

7.19. *Exports.*—The details on the direction of Kenya's exports by country of destination are given in Table 7.12. For the second year running, the share of exports to EEC has fallen slightly as proportion of the total value of exports from 30.9 per cent in 1973 to 29.7 per cent in 1974. Exports to the United Kingdom which was the largest buyer in 1972, fell both in value from K£20.4 million in 1972 to K£18.7 million in 1974, and as a proportion of total exports from 15.9 per cent of the total value of exports in 1972, to 8.6 per cent in 1974. Uganda is now the largest single buyer of Kenya's exports. Exports to Uganda rose from K£21.9 million in 1973 to K£29.3 million in 1974, and in the latter year accounted for 13.4 per cent of the value of Kenya's total exports. Exports to Tanzania also rose from K£16.8 million in 1973 to K£19.0 million in 1974. However, the share of exports to Tanzania as a proportion of the total value of exports fell from 10.1 per cent in 1973 to 8.7 per cent in 1974. Kenya's exports to other African countries have grown steadily in recent years and in 1974 accounted for 13.9 per cent of the total value of exports. Of these other African countries, Zambia is the largest buyer.

7.20. Further particulars of trade between African and the East African countries are given in Tables 7.13 and 7.14.

### **Kenya Export Promotion Council**

7.21. The activities of the council were continued during 1974. The marketing section of the council organized business missions to selected European countries such as Sweden, Denmark, West Germany, and Switzerland. A number of Kenya industries were put in direct contact with potential buyers. Market surveys were undertaken in the United Kingdom and the results made available to appropriate industries. Fact-finding missions were also sent by the council to African countries including Zambia and Zaire. The council also organized Kenya's participation in trade fairs in Holland, Japan, Zambia, Sweden and Iran.

7.22. The council hopes to undertake further fact-finding studies in Kenya as well as market research studies in the markets in eastern and central Africa and in the Middle East. Two industrial engineers are to be deployed by the council to work in the fields of food processing and small scale industries, with a specific objective of promoting product adaptation for export.

## TRADE WITH AFRICAN COUNTRIES, 1970-1974

Table 7.13

K£'000

	EXPORTS*					NET IMPORTS				
	1970	1971	1972	1973	1974	1970	1971	1972	1973	1974
MAINLAND—										
Uganda	16,698	19,150	16,507	21,898	29,287	10,048	8,026	7,583	4,668	3,766
Tanzania	14,752	14,743	16,286	16,854	19,049	5,938	7,932	5,887	7,627	9,568
Zambia	4,292	5,529	4,976	7,283	10,913	133	208	381	567	2,001
Ethiopia	918	1,016	1,059	1,800	2,315	106	163	187	174	158
Burundi	481	413	310	512	593	—	1	—	—	22
Somalia	735	775	1,173	1,290	1,502	22	56	75	69	245
Sudan	218	488	618	1,046	924	20	7	1	1	6
Rwanda	901	881	1,289	1,579	2,978	102	353	1	—	300
Zaire	1,115	1,149	1,092	910	1,105	670	731	742	534	367
Malawi	236	238	263	317	494	93	56	6	5	15
Mozambique	190	231	203	188	92	397	417	118	96	15
Egypt	264	212	276	242	1,922	34	30	42	23	53
Algeria and Libya	195	441	696	419	551	22	—	—	—	—
Ghana and Nigeria	142	203	266	233	644	14	53	173	351	445
Other	555	751	509	962	2,052	114	595	872	403	469
INDIAN OCEAN ISLANDS—										
Mauritius	753	557	702	1,376	984	1	1	—	1	6
Reunion	637	559	452	654	854	—	—	—	—	—
Other**	741	613	919	1,527	2,333	106	3	59	64	33
TOTAL	43,822	47,949	47,596	59,090	78,592	17,820	18,632	16,127	14,585	17,469
Percentage of all Exports/ Imports.	40.2	42.7	37.1	35.2	35.9	11.3	9.3	8.4	6.7	4.7

\*Including Re-exports (except for East African Trade).

\*\*Madagascar and Seychelles.

Table 7.14

[illegible]

## CHAPTER 8—AGRICULTURE

The dry climatic conditions, which were particularly prevalent in the earlier half of the year, and the major increases in the prices of agricultural inputs were the two factors which dominated agricultural production and marketing in 1974. On the whole 1974 was a disappointing year for agriculture. Record yields were nevertheless attained for a few crops during the course of 1974 and in each case small-holders made a significant contribution to the higher output. The Government continued to offer a wide range of agricultural development services to help farmers realise higher incomes, despite the prevailing difficult economic conditions.

### **Marketed Agricultural Production**

8.2. The value of marketed production at current prices is set out in Table 8.1. In 1974, the value of gross marketed production at current prices rose by 19 per cent, increasing farmers receipts by K£23.4 million. However, the value of gross marketed production was virtually constant at 1973 prices; there being only an insignificant increase of 1 per cent. This was with a few exceptions due to lack of overall increase in volume of production. Maize deliveries to the Maize and Produce Board fell by 17 per cent during the year and there was a one per cent drop in the value of the crop at current prices. Tea production also fell, particularly in the earlier part of the year. However, favourable international prices helped to compensate the farmers and the value of the crop actually increased by 15 per cent. Coffee growers also benefitted from high world prices in the earlier part of 1974, which boosted the total value of the crop by 5 per cent despite the decline in production. The small-holder coffee growers put up an impressive performance and increased their output to the record level of 39,300 metric tons. Small-holders also fared very well in production of sugar-cane and pyrethrum. Both crops achieved record yields and in both cases small-scale farmers significantly increased their share of the total output. For the second year running, sisal recorded spectacular increases in value. Production increased by almost 50 per cent, but the predominant cause of the 160 per cent increase in the value of the crop was still the escalating world prices. By the end of the year, however, there were indications that the current boom in the price of sisal was slowing down, as indicated in Chapter 7 on Trade.

8.3. There was no change in value of livestock and livestock products in 1974. Production was curtailed by the dry weather conditions and the high costs of manufactured feed. Beef deliveries were generally of a lower grade than for previous years, and there was a growing tendency among livestock producers to find alternative marketing outlets outside the Kenya Meat Commission (KMC). Dairy farmers were also affected by low yields. Although the Kenya Co-operative Creameries (KCC) recorded their highest ever output of wholemilk and cream in 1974, this was attained at the expense of all other dairy products which together registered a drop of 28 per cent.



## GROSS MARKETED PRODUCTION BY COMMODITY, 1969-1974

Table 8.1

K£,000

	1969	1970	1971	1972	1973	1974*
CEREALS—						
Wheat	6,583	4,994	5,206	4,160	3,865	7,011
Maize	3,861	2,828	4,276	7,252	8,571	8,482
Barley	333	392	437	477	976	1,151
Rice	577	724	725	859	906	974
Other Cereals	223	62	102	205	173	139
TOTAL	11,577	9,000	10,746	12,953	14,491	17,757
TEMPORARY INDUSTRIAL CROPS—						
Castor and other oil seeds	503	556	400	272	235	497
Pineapples	210	242	295	326	412	384
Pyrethrum	1,317	1,477	2,423	3,662	3,259	4,244
Sugar Cane	2,942	3,509	3,457	3,038	4,453	5,916
Tobacco	26	35	28	31	30	34
Cotton	834	695	878	980	983	1,167
TOTAL	5,832	6,514	7,481	8,309	9,372	12,242
OTHER TEMPORARY CROPS—						
Pulses	428	236	303	753	416	1,027
Potatoes	698	1,263	1,652	1,723	1,551	1,706
Other Temporary Crops	1,657	1,247	1,542	1,773	1,596	1,756
TOTAL	2,783	2,746	3,497	4,249	3,563	4,489
PERMANENT CROPS—						
Coffee	16,163	21,814	18,922	24,165	32,772	34,474
Sisal	2,250	1,715	1,519	1,862	7,051	18,350
Tea	11,159	13,838	11,803	16,034	16,766	19,255
Coconut Products	484	520	545	572	515	540
Wattle	464	420	423	530	468	472
Cashew nuts	423	1,186	944	638	862	959
Fruit and Other Permanent Crops	702	745	1,025	1,080	972	1,069
TOTAL	31,645	40,238	35,181	44,881	59,406	75,119
TOTAL CROPS	51,837	58,498	56,905	70,244	86,832	109,607
LIVESTOCK AND PRODUCTS—						
Cattle and Calves	12,218	13,324	13,330	16,510	16,353	17,610
Sheep, Goats and Lambs	453	475	733	825	795	1,137
Pigs	614	750	593	631	651	728
Poultry and Eggs	320	998	1,032	1,207	1,360	1,104
Wool	560	346	220	205	503	480
Hides and Skins	675	604	841	1,170	1,205	1,298
Dairy Products	6,100	6,806	9,300	10,890	11,305	10,100
TOTAL	20,940	23,303	26,049	31,438	32,172	32,457
UNRECORDED MARKETED PRODUCTION	3,425	3,595	3,741	4,100	4,299	4,600
GROSS FARM REVENUE	76,202	85,396	86,695	105,931	123,303	146,664

\*Provisional

8.4. As is shown in Table 8.2, average gross commodity prices for all crops rose in 1974. In January, 1975, further price rises were announced which increased the prices of maize, sugar, wheat and milk by 38, 50, 11 and 7 per cent respectively. These increases have all been necessary to help farmers meet the steady rise in costs of agricultural inputs and sustain and increase agricultural production.

AVERAGE GROSS COMMODITY PRICES TO FARMERS, 1969-1974\*

*Table 8.2* *KSh. per stated Unit*

	Unit	1969	1970	1971	1972	1973	1974
Coffee	100 kg.	630	747	636	779	921	984
Tea	"	619	674	650	601	593	721
Sisal	"	90	78	68	90	243	424
Pyrethrum (extract equivalent)	kg.	325	310	357	396	415	434
Seed Cotton	100 kg.	98	99	105	115	122	155
Maize	"	28	28	33	39	39	46
Sugar Cane	Metric ton	45	45	45	50	52	62
Rice Paddy	100 kg.	55	51	48	51	50	59
Wheat	"	55	45	51	51	57	80
Beef (third grade)	"	275	273	285	302	346	413
Bacon Pigs	"	404	355	370	418	426	567
Milk	100 Litres	52	53	69	77	77	77

\*These prices are for calendar year deliveries and reflect actual payouts, although average prices for two crop seasons which overlap during a calendar year might have differed.

8.5. Table 8.3 indicates the significance of the major commodity groups in total production. The most significant changes were the increase in the proportionate share of permanent crops and an almost equivalent decline in the proportionate share of livestock and livestock products in the total marketed production in 1974.

SHARES OF COMMODITY GROUPS IN MARKETING PRODUCTION, 1969-1974

*Table 8.3* *Percentages*

	Cereals	All other temporary crops*	Permanent crops	Livestock and Products	Total
1969	15.1	15.8	41.5	27.5	100.0
1970	10.4	16.5	46.3	26.8	100.0
1971	12.4	17.0	40.6	30.0	100.0
1972	12.2	15.7	42.4	29.7	100.0
1973	11.7	14.0	48.2	26.1	100.0
1974	12.1	14.6	51.2	22.1	100.0

\*Including "unrecorded marketed production" which consists almost entirely of temporary food crops.

8.6. Large\* and small farms continued to account for roughly equal shares of the gross marketed production, as indicated in Table 8.4. The slight increase in the large farm share was the result of the continued favourable marketing conditions for sisal growers. Tables 8.5 and 8.6 detail crop areas and livestock numbers for large farms for 1974 and the previous five years.

GROSS MARKETED PRODUCTION FROM LARGE AND SMALL FARMS, 1969-1974

Table 8.4

	LARGE FARMS		SMALL FARMS		TOTAL		PERCENT- AGE SHARE OF SMALL FARMS
	<i>K£ million</i>	Annual Percent change	<i>K£million</i>	Annual Percent change	<i>K£ million</i>	Annual Percent change	<i>Percent</i>
1969	37.9	10.2	38.3	7.0	76.2	8.5	50.3
1970	41.2	8.7	44.2	15.4	85.4	12.1	51.7
1971	42.1	2.1	44.6	0.9	86.7	1.5	51.4
1972	50.3	19.4	55.6	24.8	105.9	22.2	52.5
1973	60.0	19.2	63.3	13.8	123.3	16.4	51.3
1974*	72.0	20.1	74.6	17.9	146.7	18.9	50.9

\*Provisional

LARGE FARMS—AREAS OF MAJOR CROPS, 1969-1974

Table 8.5

'000 Hectares

	1969	1970	1971	1972	1973	1974*
Maize	55.8	59.3	66.3	77.2	75.8	64.0
Wheat	137.3	121.1	92.7	89.2	83.6	89.7
Sugar-cane	26.1	26.4	28.1	26.9	27.1	29.3
Pyrethrum	3.9	3.3	3.7	3.6	3.2	4.3
Sisal	85.7	85.1	82.1	67.9	74.0	81.8
Tea	21.8	23.8	23.8	23.8	25.5	26.3
Coffee	27.6	29.7	28.4	29.4	28.6	28.5
Wattle	16.6	17.2	16.6	16.1	13.7	13.6
Fruit	2.8	3.7	2.5	4.1	4.2	4.9
Fodder crops	9.8	11.7	12.6	12.0	12.4	12.0
Grass leys	86.1	98.9	101.9	95.2	92.0	57.8

\*Provisional

LARGE FARMS —LIVESTOCK NUMBERS, 1969-1974

Table 8.6

'000 Head

	1969	1970	1971	1972	1973	1974*
Dairy Cattle	273.1	292.0	279.4	308.0	302.1	300.2
Beef Cattle	500.6	492.3	48.4	488.7	480.1	574.3
Sheep	406.9	438.4	437.4	366.0	349.8	357.0
Pigs	32.3	27.2	26.5	23.3	20.0	17.7
Poultry	219.4	215.8	210.9	219.6	246.8	338.9

\*Provisional

\*\* These include remainder of the large farms in the old "scheduled" areas and the large holdings in the "Coastal Strip".

AGRICULTURAL INPUTS, \*\* 1969-1974

Table 8.7

K£,000

	1969	1970	1971	1972	1973	1974,
MATERIAL INPUTS—						
Fertilizers	2,922	3,607	3,711	4,224	5,893	12,766
Other Agricultural Chemicals	1,793	2,236	1,640	2,936	3,124	4,142
Livestock, Drugs and Medicines	909	1,321	1,152	1,683	1,488	1,624
Fuel	2,441	2,372	2,720	3,028	3,337	4,756
Power	313	358	370	430	445	470
Spares and Maintenance of Machinery	929	1,042	919	946	921	1,046
Bags	815	512	1,057	1,465	1,780	2,288
Manufactured Feeds	1,088	1,354	1,487	2,124	2,841	4,377
Seeds	405	340	800	736	1,206	1,669
Office Expenses	152	159	157	158	158	162
Small Implements	248	236	318	302	201	220
Other	141	168	200	238	283	337
TOTAL	12,156	13,705	14,531	18,270	21,677	33,857
SERVICES INPUTS—						
Marketing, Research and Publicity	857	1,028	1,181	1,848	1,788	1,828
Artificial Insemination	50	70	50	18	15	15
Aerial Spraying	105	93	57	83	75	151
Accounting, Secretarial and Auditing Services	481	530	556	595	630	78
Tractor Services	355	371	388	425	450	684
Private Veterinary Services	30	30	30	30	30	467
Government Seed Inspection Services	2	4	9	16	17	30
Governmental Veterinary Inoculation Services	26	30	32	23	18	18
Insurance	200	200	200	200	200	15
Transportation	243	260	254	292	313	200
Other	150	150	150	150	150	314
TOTAL	2,499	2,766	2,907	3,680	3,687	150
TOTAL INPUTS	14,655	16,471	17,438	21,950	25,364	37,657

\*Provisional

\*\* Except labour

## Agricultural Inputs

8.7. The continuing rise in the costs of essential agricultural inputs has been a major source of concern for all farmers during 1974. As indicated in Table 8.7 the total value of all inputs rose by 48 per cent in 1974. This increase is attributed entirely to rising costs. Indeed for certain inputs the escalating prices actually caused a considerable reduction in the quantities used. Material inputs, which now account for 90 per cent of the total and are predominantly imported, registered particularly sharp increases in prices. The total value of these inputs in 1974 was 56 per cent higher than in 1973 and 85 per cent higher than in 1972. The value of fertilizers, the most important input item, recorded the highest single rise of all inputs and increased by 117 per cent to almost K£12.8 million. Other inputs which recorded high increases were, other agricultural chemicals, fuel and manufactured feeds; value of these inputs rose by 33, 42, and 54 per cent respectively. Table 8.8 details a further breakdown of chemical, medicinal and feed inputs.

CHEMICAL, MEDICINAL AND FEED INPUTS, 1969-1974

Table 8.8

	1969	1970	1971	1972	1973	1974*
OTHER AGRICULTURAL CHEMICALS—						
Insecticides	435	531	588	773	786	1,178
Fungicides	991	1,275	703	1,609	1,620	2,141
Herbicides	367	430	349	540	716	819
Plant hormones				14	2	4
TOTAL	1,793	2,236	1,640	2,936	3,124	4,142
LIVESTOCK DRUGS AND MEDICINES—						
Dips, Spray fluids	615	707	666	703	765	775
Vaccines	146	422	263	628	460	532
Other livestock drugs	148	192	223	352	263	318
TOTAL	909	1,321	1,152	1,683	1,488	1,624
MANUFACTURED FEEDS—						
Pig feed	63	82	149	188	324	560
Poultry feed	792	1,057	913	1,219	1,590	2,367
Cattle feed	146	118	352	637	844	1,422
Other feeds	87	97	73	80	84	27
TOTAL	1,088	1,354	1,487	2,124	2,841	4,377

\*Provisional.

### Crop Production

8.8. *Ock/g.*—The following figures detail deliveries of maize to the Maize and Produce Board in the last few years:—

	Metric Tons
1970	206,000
1971	257,000
1972	372,985
1973	440,801
1974	365,354

The drop of 17 per cent in deliveries in 1974 reflects poor yields from the 1973/74 planted crop. Early deliveries in 1975, however, have been significantly higher than in the previous years. The improved weather conditions in the latter half of 1974 and early 1975 in the principal maize growing areas of western Kenya indicate good prospects for further increased deliveries during the course of the year.

8.9. Because of the poor yields from the 1973/74 crop, the quantity of maize purchases from the Maize and Produce Board for local consumption increased substantially by 60 per cent. Figures on sales of maize by the Board for local consumption in recent years are noted below:—

	Metric Tons
1970	158,238
1971	283,752
1972	194,727
1973	227,370
1974	363,163

Consequently, the level of maize reserves held by the board had by October, 1974, fallen well below the "strategic reserve" minimum of 2 million bags to around 1.5 million bags. There was, however, a sharp reversal in the level of maize stocks held by the board at the beginning of 1975. With the rise in the level of deliveries to the board, maize stocks had risen to nearly 4 million bags by April, 1975, and the lack of storage space was beginning to be a constraint.

8.10. Apart from the favourable weather conditions, the announcement in January, 1975, of a 30 per cent increase in the price paid to farmers for maize was a major contributing factor to the recent heavy increases in deliveries. The price was raised from K.Sh. 50 to K.Sh. 65 for a 90 kilo bag. This incentive stimulated additional sales to the Maize and Produce Board and current indications are that prospects in 1975 for high yields and large surpluses are very favourable.

8.11. *Wheat*.—Deliveries of wheat increased by 28 per cent in 1974, over the low figure for 1973. This rise was mostly due to the increased acreages being planted under wheat in the 1973/74 crop season. Deliveries for the past 5 years are noted below: —

	<i>Metric Tons</i>
1970	221,486
1971	205,743
1972	164,383
1973	124,572
1974	159,462

As can be seen, despite the increase in 1974, deliveries are still below the average for previous years. Consumption of wheat flour in 1974, on the other hand, remained at a high level as indicated in the following series: —

	<i>Metric Tons</i>
1970	94,093
1971	116,431
1972	111,903
1973	130,222
1974	128,673

The 1974 consumption figure of 128,673 metric tons of wheat flour is equivalent to 171,550 tons of whole wheat. The country therefore still failed to achieve its stated aim of self-sufficiency in wheat. An additional 13,103 tons had to be imported to supplement local production.

8.12. *Wheat farming*, being almost exclusively a large farm activity, entails a high degree of mechanization and usage of large quantities of fertilizer. Consequently rising input costs have hit wheat growing particularly hard. It is hoped that the recent increases in prices will reverse the trend. The producer price of wheat has been raised 5 times since 1973 from KSh. 57 per 90 kilo bag in 1973, to K.Sh. 100 per bag in 1975. Current forecasts indicate a favourable response from the farmers. Higher acreages are being planted under wheat, though this would still not be enough to prevent further importation in 1975.

8.13. *Rice*.—The production of paddy, which is confined almost entirely to irrigation schemes, is discussed in paragraphs 8.43 and 8.44.

8.14. *Pyrethrum*.—Deliveries of pyrethrum recovered significantly in 1974. Total production for the year reached the record figure of 14,441 metric tons, an increase of 24 per cent over the previous year's figure. Higher deliveries were recorded from both large and small scale farms, though small-holders increased their share of production from 85 per cent in 1973 to 87 per cent in 1974.

8.15. There has also been a continual improvement in the pyrethrum content of the flowers for both large and small scale farmers from an average of 1.28 per cent in January, 1973 to 1.41 per cent in December, 1974. The combination of high yields and improved pyrethrum content resulted in a record level of production of pyrethrum extract as shown below: —

	<i>Metric Tons</i>
1970	95
1971	143
1972	185
1973	157
1974	196

8.16. The 25 per cent increase in production of pyrethrum extract in 1974 was the result both of the favourable climatic conditions, and of the intensive efforts by the Pyrethrum Marketing Board to increase production per hectare through selective breeding programmes and improved management practices. The Pyrethrum Board also increased its payout to farmers from K.Sh. 4.04 to K.Sh. 4.30 per kilo of pyrethrins.

8.17. *Sugar-cane.*—Factory production of sugar had a successful year in 1974. Sugar production increased by 18 per cent to 164,300 metric tons. This was a direct result of higher cane deliveries which, as indicated in Table 8.9, increased by 11 per cent to a record level of 1,719,083 tons. All categories of growers, except large farms, registered higher output. The performance of small-holders was particularly impressive. Their production increased by 159 per cent in 1974 and this sector is now the second largest group of producers after factory estates. Co-operative societies also fared well and increased their output by 204 per cent. A major factor in the expanded small farm output has been the initiation of production at the sugar factory in Mumias. The factory had its first complete year of production in 1974.

Table 8.9

CANE PRODUCTION BY TYPE OF GROWER, 1971-1974

*Metric Tons*

	1971	1972	1973	1974
Factory Estates	434,270	351,967	534,132	622,056
Large Farms	532,155	452,399	570,595	228,358
Small-Holders	100,262	86,872	165,361	427,595
Co-operative Societies	89,399	86,872	78,444	238,117
Settlement Schemes	221,916	171,057	196,530	202,957
TOTAL	1,378,002	1,062,295	1,545,062	1,719,083



8.18. Sugar and sugar-cane prices rose substantially in 1975. The price of cane for Coast growers was increased from K.Sh. 60 to K.Sh. 90 per metric ton and for growers in the rest of the country from K.Sh. 62 to K.Sh. 92. At the same time the price paid to factories for refined sugar was raised from K.Sh. 1,230 to K.Sh. 1,860 per metric ton while the retail price increased by K.Sh. 1.10 to K.Sh. 3.50 per kilo. During 1974, planning was completed for two new sugar factories in Nzoia and Sare Valley. They are expected to be operational by 1979.

8.19. *Cotton*.—Drought and pest infestation affected cotton production in 1974. Cotton is a crop which requires frequent spraying, and farmers have been inhibited by high costs from undertaking this preventive measure. Only the cotton growers on the irrigation schemes seem to be currently achieving satisfactory margins from their crop. Production as a result declined by a further 7 per cent, as shown below, despite intensive efforts to increase the acreage under cotton:—

	<i>Metric Tons</i>
1970	14,017
1971	16,764
1972	16,981
1973	16,177
1974	15,024

8.20. The current problem with cotton is one of limited supply and not excess demand. The world shortage of man-made fibres, owing to the high crude oil prices, has helped to boost the price of lint. The producer price in Kenya of first grade and second grade cotton has been raised from K.Sh. 1.40 to

K.Sh. 2.00 and from K.Sh. 0.65 to K.Sh. 1.00 per kilo respectively. Also short term credit facilities, guaranteed by the Cotton Lint and Seed Marketing Board, have been extended to the growers. These measures have not so far been successful in stimulating production.

8.21. *Horticulture*\*.—The total farm value of horticultural products continued to increase in 1974 and almost all commodities recorded a rise in output. As indicated in Table 8.10, this increase was also reflected in a rise in exports in 1974, although at a somewhat slower rate than for previous years. The lower rate of increase in exports was partly caused by the suspension of the preferential air freight rates of K.Sh. 3 per kilo over the LATA fixed rate of K.Sh. 4.40 per kilo. Consequently, pineapples and certain vegetables could be air-freighted only through charter operators at increased freight rates. This has caused certain importers to cut down their orders by

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\*Including output of all fruit, vegetables, potatoes and pulses. In Table 8.1 the category "other temporary crops" consist mainly of vegetables.

EXPORTS OF FRESH HORTICULTURAL PRODUCE, 1969-1974

Table 8.10

	Volume <i>Metric Tons</i>	Value <i>KU</i>
1969	2,519	267,026
1970 .....	3,224	342,088
1971	5,123	543,600
1972	7,856	833,600
1973*	10,158	1,478,553
1974*	11,335	1,692,475

\*In 1973 a separate valuation was introduced for cut flowers. The 1973 and 1974 value figures are therefore not comparable with previous years.

almost 50 per cent. The United Kingdom continued to be the major market for horticultural exports. However, both West Germany, which absorbs 90 per cent of exports of cut flowers, and Switzerland increased their quantity of imports by over 30 per cent each, thereby substantially increasing their share of the total market.

8.22. Table 8.11 shows the quantity and volume of horticultural produce handled by the two major grading stations at Karatina and Yatta. The 7.2 per cent reduction in volume handled by the grading station at Karatina was entirely due to a fall in the volume of cannery tomatoes, which yield low returns. At Yatta the volume of output increased by 18 per cent. This figure would have been considerably larger if the irrigation furrow had not been closed for repair for three months in 1974. Of significant interest is the fact that, although the volume of output for both stations together decreased by 5 per cent, the value of grower payments increased by 96 per cent. To a large extent this is a reflection of rising prices, though improved grading and better farming practices have also contributed to this increase. The new grading and packing station at Kinangop, which was opened in 1973, experienced a number of initial problems. These resulted in the volume of potatoes handled not being up to expectations. It is anticipated that in 1975 the operations of the station will be significantly expanded.

QUANTITY AND VALUE OF PRODUCE HANDLED BY KARATINA AND YATTA HORTICULTURAL GRADING STATIONS, 1973-1974

Table 8.11

	VOLUME <i>Kgs.</i>		PAID TO GROWERS <i>K£</i>	
	1973	1974	1973	1974
Karatina	720,152	668,160	16,069	31,149
Yatta	76,993	90,708	2,343	4,972
TOTAL	797,145	758,868	18,412	36,121

8.23. *Coffee*.—The total volume of coffee deliveries to the Coffee Board dropped by 1.5 per cent, as shown in Table 8.12, from 71,200 tons in 1973 to 70,100 tons in 1974. The small-holder sector, however, registered an 8.9 per cent increase in production to a record level of 39,300 metric tons, increasing its share of total production from 51 per cent in 1973 to 56 per cent in 1974. The decline in production in the large estates was mainly owing to the irregular weather pattern in 1974. This was particularly so in the marginal coffee growing areas where irrigation could not be effectively applied owing to lack of adequate water supply.

8.24. There was also an overall decline in the quality of coffee in 1974 compared with that in the previous year. Deliveries of high grade coffee in classes 1 to 3 dropped by 14 per cent from the small-holder sector and by 5 per cent from the large estates. A further indication of the decline in quality was the significant increase in the deliveries of Mbuni, a lower grade of coffee: they rose from 3.5 per cent to 8.5 per cent of the total crop volume between 1973 and 1974. Congestion at the coffee factories as well as the adverse weather conditions contributed to this overall decline.

8.25. Despite the production difficulties noted above, Kenya benefitted from high international coffee prices in the earlier part of 1974 and realised an overall price of KE503 per metric ton. The overall average payment of K£491 per metric ton to coffee growers was the highest for almost two decades. In terms of farmers' net yields, however, this price rise was largely offset by the increasing input costs.

COFFEE PRODUCTION, 1969-1974

*Table 8.12* *'000 Metric Tons*

	Estates	Small-holders	Total
1969	26.8	25.6	52.4
1970	27.9	30.4	58.3
1971	31.5	28.0	59.5
1972	34.2	27.8	62.0
1973	35.1	36.1	71.2
1974	30.8	39.3	70.1

8.26. Indications are that production in 1975 is likely to be high. World prices, however, have been declining, and if deliveries of sub-standard coffee continue to rise, their disposal would only be possible at heavily discounted prices. For farmers to maintain their current income levels it is imperative that the industry continues to produce high quality coffee. Good quality Kenya coffee still attracts premium prices.

8.27. Tea.—Owing to the dry weather the output of tea declined by 50 per cent in the first quarter of 1974 compared with the output in the same period in 1973. However, there was a considerable improvement in output by the end of the year, and tea yields for the whole of 1974 were only 5 per cent lower than the record figure for 1973. Tea exports were nevertheless affected and fell by 4 per cent to 49,647 metric tons. The figures given below detail tea yields in the last few years:—

	<i>Metric Tons</i>
1970	41,077
1971	36,290
1972	53,322
1973	56,578
1974	53,440

8.28. Further planting of tea has continued to take place. As shown in Table 8.13, an additional 3,489 hectares of tea were planted by the small-holders in 1973/74. This, however, fell short of the target allocation of 3,645 hectares due to the prolonged drought, which had curtailed planting.

THE DEVELOPMENT OF SMALL-HOLDER TEA—TO 1973/74

Table 8.13

	Total Hectares at end of year	Number of growers at end of year
Up to 1964/65	5,133	22,343
1965/66	6,479	29,693
1966/67	8,424	32,599
1967/68	10,772	37,953
1968/69	13,409	42,596
1969/70	16,229	48,443
1970/71	19,230	53,400
1971/72	26,228	66,897
1972/73	30,895	79,314
1973/74	34,384	90,135

8.29. Although tea production figures were lower in 1974 than 1973, international prices for tea rose steadily throughout the year, thereby increasing farmer prices for tea from K.Sh. 5.93 per kilo in 1973 to KSh. 7.21 in 1974, a rise of 22 per cent.

8.30. A loan agreement was signed in 1974 to extend small-holder tea plantations by a further 14,771 hectares in the Development Plan period 1974-1978, through a provision of a credit scheme for small-holders. In addition, arrangements were made to obtain capital finance for the construction of 17 tea factories.

8.31. *Sisal*.—Production of sisal increased significantly in 1974 for the second year running. The following series on the yield of fibre cuttings indicate that the production increased by nearly 50 per cent in 1974 over that in 1973:—

	<i>Metric Tons</i>
1970	43,930
1971	44,826
1972	41,210
1973	58,054
1974	86,526

This increased production was made possible by the re-opening of closed estates and by the cropping of hedgerow sisal. By the end of 1974, however, there were indications that sisal output was slowing down.

8.32. The recovery of the sisal industry started in 1972 because of the major increases in world prices of sisal. These have in the past two years risen by over 500 per cent. These increases were caused both by a substantial fall in world supplies of hard fibres as well as by the increased cost of synthetic substitutes. However, signs of a weakening in demand were apparent during the last quarter of 1974. Prices of synthetic fibres are now becoming more competitive against sisal. Consequently, the sisal industry in Kenya must now concentrate on keeping production costs as low as possible and developing processing plants for manufactured cordage, which continues to have a high demand in the world market.

### **Livestock Production**

8.33. *Dairying*.—Dairy production declined by 11 per cent during 1974. Yields were adversely affected both by the dry climatic conditions, which resulted in a scarcity of water supply and animal pasture, and by the high prices and irregular supplies of alternative feed inputs. The low yields induced the farmers to concentrate on selling liquid milk instead of butterfat; its production consequently declined by 36 per cent over the previous years' figure. Quantities of dairy products processed by the KCC over the past five years are shown in Table 8.14. Wholemilk and cream production increased by 7 per cent in 1974 to the record level of 160 million litres—most of it being pre-packed milk. This production was undertaken at the expense of all other dairy products, which registered an average drop of 28 per cent. Although the change-over was caused by the decline in deliveries, it also reflected changes in consumer preference induced by the rising costs of living.

DAIRY PRODUCTION, 1970-1974

Table 8.14

	RECORDED MILK PRODUCTION '000 litres **	MILK PROCESSED BY THE KCC						
		Wholemilk and cream '000 litres**	Butter and ghee '000 kgs	Cheese '000 kgs	Evaporated milk '000 kgs	Dried whole- milk powder '000 kgs	Dried skim- milk powder '000 kgs	Other products '000 kgs
1970	232,013	103,138	5,493	484	2,678	2,286	2,440	338
1971	220,351	108,374	4,092	495	2,679	2,320	3,228	393
1972	268,437	124,550	5,696	730	4,826	2,927	4,080	235
1973	279,658	148,816	5,543	988	5,129	3,697	3,814	159
1974	249,843	160,009	4,357	558	3,249	2,592	3,019	71

\*Deliveries of milk and butter fat to the Kenya Co-operative Creameries and other sales licensed by the Kenya Dairy Board.

† \*Whole milk equivalent.

8.34. The value of exports of milk and other dairy products also fell, decreasing in 1974 by 33 per cent. In January 1975 the producer price of milk was increased from K.Sh. 3.50 to K.Sh. 3.75 per gallon. Dairy farming has been particularly badly affected by rising input costs; and the above measure is intended to improve the relative competitiveness of the industry over other agricultural enterprises.

8.35. Beef.—The following figures detail deliveries of cattle and calves to the KMC:—

	Head of Cattle
1970	196,100
1971	209,900
1972	199,100
1973	155,000
1974	159,500

Deliveries in 1974 indicate a 3 per cent rise over the previous year's figures, but were still approximately 13 per cent below the average for recent years and were also of a lower quality. The ratio of deliveries of high grade cattle to deliveries of lower grades was in 1974 significantly inferior to that in previous years. The number of high grade cattle delivered to slaughterhouses fell by 28 per cent during the year to 32,938 head, and was only 21 per cent of the total compared with 30 per cent in 1973. As shown in Table 8.15 the KMC's output of meat, consequently, fell by 13 per cent in 1974 compared with that in 1973. Sales to the domestic markets dropped by 29 per cent. Sales to the export markets were, however, maintained, and in fact increased slightly by 4 per cent owing to the higher sales of canned meat.

PRODUCTION AND DISPOSAL OF CARCASS BEEF BY THE KENYA MEAT COMMISSION, 1969-1974

Table 8.15

	Total Production  metric tons	Local Sales  metric tons	EXPORTS		Percentage of Production Exported
			Chilled or Frozen metric tons	Canned metric tons	
1969	26,219	14,232	2,011	9,976	45.7
1970	27,993	15,621	2,680	9,692	44.2
1971	26,094	13,611	2,780	9,703	47.8
1972	26,905	12,780	3,992	10,133	52.5
1973	22,694	11,752	3,068	7,874	48.2
1974	19,770	8,374	2,873	8,523	57.6

8.36. Although dry climatic conditions were the predominant cause of low deliveries to the KMC, part of the decline is accounted for by the growing competition from the slaughterhouses in rural areas. In January, 1975, the Government announced that the farm price of beef was to be decontrolled.

This measure should help to stimulate further deliveries of beef to the KMC even though the consumer price will continue to remain controlled. Although the export price of beef declined in 1974, there are strong indications that the price levels will revive in the long run.

8.37. *Sheep and Goats*.—As indicated in Table 8.16, deliveries of sheep and goats to the KMC have been declining very steeply over the past few years. The 1974 deliveries are 50 per cent below those of 1973 and 82 per cent below those of 1972. Poor pasture conditions and changes in ownership of sheep producing farms in the highlands account for some of the decline in numbers of animals being delivered for slaughter. Farmers, however, are also changing their marketing practices and are increasingly selling their stock to outlets other than the KMC.

DELIVERIES OF SHEEP, LAMBS AND GOATS TO  
THE KENYA MEAT COMMISSION, 1969-1974  
Table 8.16 '000 Head

	Sheep	Lambs	Goats
1969	49.0	11.6	38.4
1970	50.4	14.4	47.3
1971	37.8	15.3	46.8
1972	33.2	21.5	46.5
1973	12.4	5.4	17.7
1974	6.6	4.8	6.5

8.38. *Pigs*.—Upland Bacon Factory undertook an intensive pig procurement drive in 1974 to try to stem the steady decline from 1971 of pig deliveries to the factory. Measures included the establishment of feed depots, and provision of field services, and credit facilities and also increased prices to pig producers. As Table 8.17 shows, the decline in pig deliveries was thereby arrested. However, despite the above measures, pig production continues to be affected by the mounting input costs.

PIG DELIVERIES, 1969-1974  
Table 8.17 '000 Head

	Baconers	Porkers	Manufac- tures*	Total
1969	41.4	9.8	1.3	52.5
1970	49.5	9.1	1.9	60.5
1971	42.8	6.3	2.0	51.0
1972	33.9	2.2	3.1	39.2
1973	31.0	1.2	1.8	34.1
1974	29.9	2.6	1.9	34.5

\*The grade was changed from Larders in 1972.



### Agricultural Development Services

8.39. The Development Plan 1974-1978 calls for increased amounts of public expenditure to be incurred on programmes geared to helping large numbers of farmers to intensify production. Development of small-holder farming areas is given a high priority in these programmes.

8.40. *Agricultural Education and Training.*—In 1974 emphasis continued to be placed on provision of a wide range of agricultural training facilities and services. Table 8.18 details enrolments at the larger training institutions. The Faculty of Agriculture at the University increased its annual intake of students from 40 in 1973 to 59 in 1974. However, the intake into the Faculty of Veterinary Medicine and the number of students at Egerton College were approximately the same. Of the 208 students who graduated from Egerton College, 148 were Kenyans. Nearly all of them were absorbed into Government service. The expansion and renovation of the Institute of Agriculture at Embu was completed during last year and the institute is hoping to enrol its full capacity of 250 students by early 1976. The new institute at Bukura admitted its first intake of 80 students in June, 1974. Construction work on new Farmers Training Centres at Ol Joro Orok, Kamweti, Bungoma and Baringo as well as on the new District Development Centre at Embu is expected to be completed in June, 1975; the District Development Centre at Matuga is expected to be ready by January, 1976.

TOTAL ENROLMENTS AT AGRICULTURAL TRAINING INSTITUTIONS, 1971-1974

Table 8.18

Numbers

	1971	1972	1973	1974
DEGREE LEVEL—				
University of Nairobi, Faculty of Agriculture	81	120	120	163
Faculty of Veterinary Medicine	210	264	296	304
DIPLOMA LEVEL—				
Egerton College	590	635	630	624
CERTIFICATE LEVEL—				
Embu Institute of Agriculture	160	160	160	153
Animal Health and Industry Training Institute	255	255	255	264
Water Department Training School	82	180	259	253
SHORT-TERM VOCATIONAL COURSES—				
Narosura Farm Mechanization Training Scheme	120	60	60	100*
Naivasha Dairy Training School	120	120	120	402**

\*Includes short courses of 1—2 weeks

\*\*Includes short course seminars

8.41. *Agricultural Research.*—In keeping with the goals of the Development Plan, the Research Division of the Ministry of Agriculture has continued to develop a varied programme of research to improve production techniques and to develop better varieties of crops and livestock.

8.42. The research development programme on horticultural production includes research on the breeding of blight resistant potatoes. Research is also being undertaken on the breeding of superior sugar-cane varieties, and varieties of the small cereals, such as wheat, barley, triticale, oats and rape-seed. The recurrent research programmes in 1974 included the seed inspection service, the soil survey project, and the grain storage project, as well as the research work being undertaken at the Radio-Isotope Laboratory.

8.43. *Irrigation.*—Most irrigation schemes continued to record encouraging returns during the year 1973/74, although some setbacks were experienced. The average net income per plot-holder in all irrigation schemes rose to K£167, an increase of 5 per cent on the previous year. The gross return, too, per hectare for all schemes recorded an increase of 6 per cent, rising to K£150. Details of the progress and performance of each scheme are set out in Table 8.19.

PROGRESS OF IRRIGATION AND PRODUCTION AT THE MAJOR IRRIGATION SCHEMES,  
1968/69- 1973/74

Table 8.19

	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74
MWEA--						
Area cropped— <i>Hectares</i>	3,443	3,788	4,311	4,660	4,766	5,534
Plot-holders— <i>Numbers</i>	1,894	2,072	2,338	2,578	2,562	3,001
Paddy yield— <i>metric tons</i>	17,466	23,025	24,760	27,938	31,220	30,819
Gross value of crop— <i>K£</i>	424,794	559,434	600,420	679,852	760,995	918,774
Payments to plot-holders— <i>K£</i>	258,490	371,923	378,904	436,614	495,086	619,607
TANA—						
Area cropped— <i>Hectares</i>	484	536	573	577	709	856
Plot-holders— <i>Numbers</i>	247	296	354	362	465	583
Cotton yield— <i>metric tons</i>	816	1,126	1,278	1,875	2,004	2,272
Gross value of crop— <i>K£</i>	42,589	61,661	69,654	109,814	123,961	151,560
Payments to plot-holders— <i>K£</i>	19,927	38,278	39,328	79,595	74,611	90,656
PERKERRA—						
Area cropped— <i>Hectares</i>	255	258	188	299	236	260
Plot-holders— <i>Numbers</i>	472	463	465	455	418	372
Onion yield— <i>metric tons</i>	2,396	2,735	1,600	1,746	994	1,644
Chillies yield <i>metric tons</i>				86	165	186
Gross value of crop— <i>K£</i>	85,130	73,265	60,815	61,425	77,814	102,117
Payments to plot-holders— <i>K£</i>	43,954	40,308	30,212	17,125	32,317	50,477
AHERO—						
Area cropped— <i>Hectares</i>	212	923	1,321	1,246	1,693	1,525
Plot-holders— <i>Numbers</i>	131	408	519	515	518	519
Paddy yield— <i>metric tons</i>	1,052	2,662	2,221	2,128	2,977	2,273
Gross value of crop— <i>K£</i>	25,473	64,573	56,843	69,139	117,595	90,940
Payments to plot-holders— <i>K£</i>	16,003	28,558	4,027	19,545	41,554	5,600
BUNYALA—						
Area cropped— <i>Hectares</i>		212	212	424	417	342
Plot-holders— <i>Numbers</i>		131	131	131	131	129
Paddy yield— <i>metric tons</i>		1,067	1,124	1,683	746	471
Gross value of crop— <i>K£</i>	—	25,868	27,494	46,129	29,644	18,763
Payments to plot-holders— <i>K£</i>		16,881	18,763	25,530	7,416	2,052
TOTAL—						
Area cropped— <i>Hectares</i>	4,394	5,716	6,605	7,206	7,821	8,517
Plot-holders— <i>Numbers</i>	2,738	3,369	3,807	4,041	4,094	4,604
Gross value of produce— <i>K£</i>	577,986	784,801	815,226	966,402	1,110,009	1,282,154
Payments to Plot-holders— <i>K£</i>	338,374	495,948	471,234	578,409	650,984	768,392

8.44. The acreage under rice at Mwea was increased by 768 hectares owing to the recently completed extension to the scheme. Paddy yields, however, were lower both because of soil fertility problems in the new area, and because 1,200 hectares of basmati rice were planted on the scheme for the first time. Although basmati yields are lower than the yields for sindano rice, the returns on the crop are considerably higher; and this, as well as the generally higher producer prices, led to an overall increase of 21 per cent in the gross value of output from the scheme. Setbacks were, however, experienced at the Ahero scheme, which harvests two rice crops a year. There was an overall reduction in crop area due to land preparation problems, and to insect and hail damage reducing the yields per hectare for the first crop to approximately half that of the second crop. Similar problems affected production at the Bunyala scheme. For the second year running, severe disease and hail damage caused a catastrophic failure of the paddy production. A new disease resistant rice strain has been introduced, and preliminary indications on the success of the crop are promising. At the Tana scheme, where cotton is the major crop, the results were more encouraging. An additional 118 plot-holders were settled on the scheme in 1974; and although yields per hectare were slightly lower than for the previous year, the increases in producer prices were enough to maintain a satisfactory level of gross and net incomes for the farmers. At Perkerra, which produces both onions and chillies, results were most satisfactory. Both crops registered higher yields and values. A new fast-maturing variety of onion was introduced; this helped to increase the yield per hectare by over 50 per cent. This high yield together with a higher acreage under onions, raised the overall yields to 1,644 metric tons—an increase of 65 per cent. The production of chillies was also satisfactory and showed a 13 per cent increase in output over the previous year's figure.

8.45. *Livestock Marketing*.—Activities of the Livestock Marketing Division of Ministry of Agriculture were severely constrained during 1973/74 by the very dry weather conditions. Only 23,000 head of cattle were purchased from the northern districts, as against 53,900 in the previous year. Purchases in the latter half of 1974, however, increased considerably. A new development project establishing 31 buying centres equipped with weighbridges and with mechanized transportation of stock is expected to be implemented in the next few months. In addition, the division completed a successful experiment to establish the feasibility of rearing zebu cattle in feedlots in the northern range areas. The experiment established that, under good management, unimproved stock could produce high quality meat for export. High costs of cattle feed have, however, curtailed any further development of the project in the coming year.

8.46. *Agricultural Credit*.—The total value of loans issued to farmers during 1973/74, excluding loans granted under the guaranteed minimum return (GMR) system and the loans granted through the commercial banks,

amounted to K£7.9 million. Table 8.20 details the total value of loans issued by the nine major parastatal organizations; the Co-operative Bank of Kenya, the Agricultural Finance Corporation, the Settlement Fund Trustees, the Kenya Tea Development Authority, the Agricultural Development Authority, the Pyrethrum Marketing Board, the Horticultural Development Authority, the Cotton Lint and Seed Marketing Board and the National Irrigation Board. The total loans issued by these organizations rose by 18 per cent, mainly in short term loans. Of significant interest is the fact that large farms, which in 1972/73 were the largest recipient group with 43 per cent of the total value of loans, only accounted for 20 per cent of the loans in 1973/74, but co-operative societies increased their share of the total from 21 per cent in 1972/73 to 51 per cent in 1973/74.

NEW AGRICULTURAL CREDIT ISSUED BY TYPE OF FARMER, 1970/71—1973/74

Table 8.20

K£

	1970/71	1971/72	1972/73	1973/74
SHORT TERM LOANS—				
Small Scale Farmers	102,915	178,910	190,049	768,190
Large Scale Farmers		5,600	21,476	141,894
Co-operative Societies	832,384	701,976	723,517	1,562,824
Others	521,079	542,234	584,800	
TOTAL	1,456,378	1,428,720	1,519,842	2,472,908
MEDIUM TERM LOANS—				
Small Scale Farmers	193,553	727,822	728,412	509,252
Large Scale Farmers	3,604	31,631	31,285	3,948
Co-operative Societies	100,060	3,516	156,525	908,951
Others		882	53,350	26,059
TOTAL	297,217	763,851	969,572	1,448,210
LONG TERM LOANS—				
Small Scale Farmers	401,901	46,324	34,750	26,770
Large Scale Farmers	64,365	993,347	1,829,317	895,939
Co-operative Societies			60,872	73,700
Others		721,188		
TOTAL	466,266	1,760,859	1,924,939	996,409
OTHER LOANS—				
Small Scale Farmers	514,819	*	*	188,985
Large Scale Farmers	1,024,819	*	*	
Co-operative Societies	116,998			93,192
TOTAL	1,656,141	*	*	282,176
TOTAL	3,876,002	3,953,430	4,414,353	5,199,703

\*Included above

8.47. The total value of GMR loans fell in 1973/74 by 27 per cent to K£2.4 million. The Agricultural Finance Corporation restricted new loans solely to those farmers who had fully paid off their loans for previous years.

#### **Land Adjudication and Registration**

8.48. Details of the land adjudication and registration programme are set out in Table 8.21. During the course of 1974, the total area of land registered, adjudicated or under adjudication increased by 5 per cent to almost 6.3 million hectares. This figure represents almost 45 per cent of all registerable land, leaving 7.7 million hectares where adjudication has not yet started.

8.49. Table 8.22 shows the number and area of holdings added to the Land Register in 1974. There was a decline in both the number of holdings and of hectares registered compared with that in the previous year. This is partly because the registration has been concentrated in the larger group ranches, and partly because difficulties have been encountered in establishing sectional boundaries in the range areas\*. Owing to registration problems in the field, the whole programme has fallen behind the targets set in the 1974-1978 Development Plan.

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\*It should also be noted that in Table 8.22, holdings with a total of 43,600 hectares which were registered before March, 1974, have been included in the 1973 totals.

PROGRAMME OF LAND REGISTRATION AND ADJUDICATION AS AT 31ST DECEMBER, 1974\*

Table 8.21

	Registered Areas		Area Adjudicated but not Registered		Area in which adjudication is in progress	Total Land Registered, Adjudicated or under Adjudication	
	'000 Holdings	'000 Hectares	'000 Holdings	'000 Hectares	'000 Hectares	'000 Hectares	% of Total Registrable Land
NYANZA—							
Kisumu	17.1	21.4	9.5	36.0	42.0	99.4	72.3
Siaya	46.9	81.5	59.4	47.8	87.4	216.7	87.4
Kisii	134.3	172.8	10.2	19.1		191.9	100.0
South Nyanza	41.3	168.8	1.9	28.0	118.0	314.8	57.8
TOTAL	239.6	444.5	81.0	130.9	247.4	822.8	73.2
WESTERN—							
Kakamega	164.3	241.8	4.7	11.4	8.2	261.4	98.5
Bungoma	36.8	179.4	3.5	13.4	5.0	197.8	93.2
Busia	31.0	138.7	5.5	9.0	8.7	156.4	96.1
TOTAL	232.1	559.9	13.7	33.8	21.9	615.6	96.2
RIFT VALLEY—							
Kericho	31.5	127.6	4.5	49.7	41.7	219.0	88.3
Nandi	17.2	91.7	4.2	17.3	17.6	126.6	83.1
Elgeyo Marakwet	10.9	65.0			41.8	106.8	55.1
Baringo	7.3	78.3	1.4	6.0	23.5	107.8	11.0
Kajiado	2.3	876.3	0.1	204.5	329.9	1,410.7	83.8
Narok**	0.1	354.1		25.2	274.7	654.0	40.6
West Pokot					101.7	101.7	21.7
Laikipia+					69.0	69.0	87.3
Samburu					286.7	286.7	16.4
TOTAL	69.3	1,593.0	10.2	302.7	1,186.6	3,082.3	43.0
CENTRAL—							
Nyeri	43.9	79.6			—	79.6	100.0
Murang'a	99.4	153.9				153.9	100.0
Kiambu	39.4	96.4				96.4	100.0
Kirinyaga	28.1	88.8	1.2	4.2		93.0	97.4
TOTAL	210.8	418.7	1.2	4.2		422.9	99.4
EASTERN—							
Embu	43.3	64.8	6.1	40.2	85.3	190.1	76.5
Meru	57.2	135.6	18.8	42.0	122.3	299.9	45.2
Machakos	16.3	96.6	4.4	79.2	346.9	522.7	70.1
Kitui**	1.1	4.8		28.9	48.4	82.1	31.4
TOTAL	117.9	301.8	29.3	190.3	602.9	1,094.8	34.4
COAST—							
Taita	8.0	8.3	1.7	1.1	9.2	18.6	10.5
Kwale	7.7	68.2	0.8	2.3	74.9	145.0	26.6
Kilifi	2.1	6.1	1.6	8.4	47.5	62.0	8.9
TOTAL	17.8	82.6	4.1	11.8	131.6	226.0	15.9
ALL PROVINCES	887.5	3,400.5	139.5	673.7	2,190.4	6,264.4	44.9

\*All former "trust" land.

\*\*In Narok and Kitui only 1 holding was adjudicated,

+In Laikipia "trust" land accounts for only 8 % of the area of the district.

NUMBER AND AREA OF HOLDINGS ADDED TO THE LAND REGISTER DURING 1970-1974

Table 8.22

	1970		1971		1972		1973*		1974	
	'000 Holdings	'000 Hectares	'000 Holdings	'000 Hectares	*000 Holdings	'000 Hectares	'000 Holdings	'000 Hectares	'000 Holdings	'000 Hectares
Kisumu	1.3	2.4	6.7	7.1			7.7	9.9	6.2	6.3
Siaya	—	—	1.8	3.8	5.9	12.7	23.5	42.5		
Kisii	—	—	6.1	12.7	9.9	20.0	66.4	20.7	4.1	4.1
South Nyanza	—	—	2.8	17.0	5.1	26.6	7.8	46.6	11.0	45.5
Kakamega	—	—	1.2	1.1	1.2	3.4	61.0	82.7	14.3	15.1
Bungoma	—	—	—	—	9.9	43.1	5.2	36.8	—	—
Busia	—	—	1.7	6.1	6.5	31.1	6.5	26.1	0.8	3.5
Kericho	12.2	51.5	4.3	14.0	7.1	29.8	3.9	15.7	4.1	16.6
Nandi	2.4	15.5	2.2	9.9	3.6	14.5	1.4	7.5	1.2	6.2
Elgeyo Marakwet	—	—	0.5	3.7	0.3	8.5	1.6	11.8	1.1	4.2
Baringo	—	—	—	—	0.1	0.7	1.4	5.2	0.8	17.1
Kajiado	—	—	0.5	30.4	0.3	529.9	0.1	178.8	—	96.5
Narok	—	14.4	—	101.8	—	114.9	—	93.4	—	37.4
Kirinyaga	—	—	—	0.1	2.2	9.4	—	1.4	—	—
Embu	—	—	—	—	23.1	10.0	—	—	0.4	4.1
Meru	1.5	3.3	4.5	14.1	3.2	9.1	0.2	6.6	6.6	17.4
Machakos	—	—	4.2	15.1	0.9	4.1	5.5	22.9	2.5	11.7
Kitui	—	—	—	—	—	—	—	—	1.1	4.8
Taita	1.2	0.6	—	—	0.8	2.6	—	—	—	—
Kwale	—	—	—	—	—	—	5.7	15.9	2.2	49.7
Kilifi	—	—	—	—	—	—	0.4	1.5	1.7	4.6
TOTAL	18.6	87.7	36.2	237.2	79.1	870.4	197.3	619.4	58.1	344.8

\*12,700 holdings comprising 43,600 hectares registered by March 1974 are included in 1973 totals.

## CHAPTER 9—NATURAL RESOURCES

### Water Supplies

The national strategy for water development was strengthened in November, 1974, when the Government upgraded the former Water Department to a separate Ministry of Water Development. This Ministry now has the overall responsibility for the community's water supplies and sewerage, and for the protection of water supplies against pollution. Nairobi's water supply is the only major scheme that will not be incorporated into the Ministry's activities.

9.2. Public expenditures on water development are stated in Table 9.1. During the five-year period, 1970/71-1974/75, total expenditures more than trebled to a record figure of K£8.2 million in 1974/75. The increase of K£2.3 million has raised the expenditure in 1974/75 by 38.8 per cent over the previous year. The Ministry of Water Development accounts for almost half of the total expenditures. Nairobi City Council continues to account for the bulk of the expenditure on water supplies incurred by local authorities.

CENTRAL GOVERNMENT AND OTHER PUBLIC AUTHORITY DEVELOPMENT EXPENDITURE ON  
WATER SUPPLIES AND RELATED SERVICES, 1970/71—1974/75

Table 9.1

K£'000

	1970/71	1971/72	1972/73	1973/74	1974/75*
Ministry of Water Development	752	1,402	2,375	2,912	4,147
Mombasa Pipeline Board	6	123	264	333	474
Ministry of Health	33	33	43	63	100
Ministry of Lands and Settlement	53	43	17	95	21
Ministry of Housing and Social Services	23	26	29	33	38
Local Authorities	1,638	1,652	2,086	2,482	3,435
TOTAL	2,505	3,279	4,814	5,918	8,215

\*Provisional

9.3. *Ministry of Water Development.*—Details of the expenditures undertaken by the Ministry of Water Development are set out in Table 9.2. Total outlays of the Ministry on water supplies and related services rose by 42.4 per cent, from K£2.9 million in 1973/74 to K£4.1 million in 1974/75. Over 50 per cent of this expenditure was incurred on development of rural water supplies. The Sabaki River water supply project remains the largest single project to be undertaken by the Ministry; This project is estimated to cost K£27 million when completed and will considerably relieve the current critical shortage of water at the Coast, including Mombasa Municipality.



DEVELOPMENT EXPENDITURES FOR WATER SUPPLIES AND RELATED SERVICES BY THE  
MINISTRY OF WATER DEVELOPMENT, 1970/71—1974/75

Table 9.2

K£'000

	1970/71	1971/72	1972/73	1973/74	1974/75*
Urban Water Supplies	134	208	180	45	386
Rural Water Supplies	408	654	1,292	1,141	2,252
Buildings and Works	69	36	30	120	—
Water Resources Surveys	10	11	80	138	200
Lake Victoria Hydrometeorological Surveys	42	46	50	52	57
Dam and Borehole Subsidies	6	8	8	105	174
Livestock Development Project	—	392	282	450	428
Range Water	—	—	—	—	—
Master Plan Study for Water Development	85	47	316	454	—
County Council Water Supply	—	—	—	—	145
Miscellaneous programmes ..	—	—	137	407	505
<b>TOTAL</b>	<b>752</b>	<b>1,402</b>	<b>2,375</b>	<b>2,912</b>	<b>4,147</b>

\*Provisional.

9.4. The provincial distribution of water projects being executed by the Ministry is shown in Table 9.3. The number of rural schemes completed or currently nearing completion rose to 84; and their total cost was K£2.9 million, against K£1.7 million in 1974. The number of gazetted water schemes now stands at 184. of which 92 are in urban areas. The number of large projects which account in 1974/75 for 93 per cent of the total cost rose to 50, and their estimated cost increased to K£2.8 million, against K£2.4 million in the previous year. However, since the figures refer to schemes that are expected to be operational by the middle of 1975, their total cost is different from the estimates shown in Table 9.2, which include all projects under construction.

RURAL WATER SUPPLY PROJECT SCHEMES OPERATIONAL OR EXPECTED to BE OPERATIONAL BY JUNE, 1975

Table 9.3

PROVINCE	Small Projects <i>less than K£10,000</i>		Larger Projects <i>K£10,000 and over</i>		All Projects	
	No.	Cost K£	No.	Cost K£	No.	Cost K£
Central	1	9,000	7	998,000	7	998,000
Coast	5	30,000	8	336,000	11	345,000
Eastern	7	34,000	7	173,000	12	203,000
N. Eastern	1	8,000	4	50,000	11	84,000
Nyanza	18	90,000	11	597,000	12	605,000
R-Valley	—	—	8	273,000	26	363,000
Western	—	—	5	339,000	5	339,000
<b>TOTAL</b>	<b>34</b>	<b>171,000</b>	<b>50</b>	<b>2,766,000</b>	<b>84</b>	<b>2,937,000</b>

9.5. The Ministry of Water Development has undertaken the responsibility of developing water supplies in ranch and range areas in the country, mainly in the North-Eastern Province to assist the Government's development programme for livestock. In addition, supply work continues in Kajiado, Narok. Tana River, West Pokot and Samburu districts, where beef ranches have been established. When fully implemented, the programme will have cost K£6 million during the plan period, 1974-1978.

9.6. *Local Authorities.*—Development expenditures by local authorities shown in Table 9.4 have gone up almost ninefold since 1970. because of the heavy development programmes undertaken by municipalities. Nairobi City Council, which recently completed Chania Phase I water scheme, continues to account for the major part of the 1974/75 total expenditures. Plans for the council to embark on Phase II development of the scheme are well advanced. When completed, the project will supply some 26 million gallons of water per day. This will augment the current supplies considerably.

CAPITAL EXPENDITURE ON WATER SUPPLY UNDERTAKINGS  
BY LOCAL AUTHORITIES, 1970-1975

Table 9.4

K£'000

	1970	1971	1972	1973	1974	1975*
Municipalities	380	1,615	1,498	1,965	2,322	3,380
County Councils	15	23	154	121	160	55
TOTAL	395	1,638	1,652	2,086	2,482	3,435

\*Provisional.

9.7. *Mombasa Pipeline Board.*—The board is responsible for the development of bulk water supplies for the Mombasa Municipality and the adjacent coastal areas. It provides the Ministry of Water Development with the bulk water supply, and the Ministry is responsible for the operation and maintenance of the water supply within Mombasa and the adjacent areas. During the past three years there have been persistent shortages of water in the Mombasa area and the board has taken measures to improve the existing pipeline from Mzima Springs at an approximate cost of K£1.7 million. This is expected partly to alleviate the shortages likely to occur until the Sabaki River project becomes fully operational.

9.8. *Ministry of Health.*—Although the WHO/UNICEF aid scheme terminated three years ago, the Ministry of Health has continued to assist demonstration programmes designed to acquaint the rural population with the benefits of using safe water. Details of the programme are set out in Table 9.5. The programme currently covers 33 districts, and it consists of 115 schemes benefiting some 115,000 people at a total cost of K£100,000.

**WHO/UNICEF ASSISTED RURAL WATER SUPPLY PROGRAMME IN KENYA, 1967/68-1974/75**

Table 9.5

	Number of Schemes		Number of Districts involved	Total Cost K£	Value of UNICEF contribution		Estimate of Number of persons benefitted	Average cost per scheme K£	Average cost per capita KSh.
					K£	% of Total			
1967/68		34	13	50,000	33,000	67	49,000	1,470	20.42
1968/69		42	20	71,400	40,300	57	80,000	1,700	17.85
1969/70		24	14	32,400	12,900	40	26,300	1,360	24.64
1970/71		46	6	95,460	32,590	34	47,100	2,075	40.54
1971/72		40	8	92,439	33,079	35	50,100	2,310	36.90
1972/73		82	28	122,762	42,762	35	76,300	1,497	32.18
1973/74		93	31	63,384	—	—	81,450	682	15.56
1974/75		119	33	100,000	—	—	115,000	869	17.40

9.9. *Ministry of Housing and Social Services.*—Water supplies are among the many self-help development projects promoted by the Department of Social Services. Last year the number of projects completed rose by 72 to 332. The beneficiaries' contribution to these projects accounted for 86.4 per cent of the total cost. Details of the expenditure are set out in Table 9.6.

VALUE OF COMMUNITY SELF-HELP WATER SUPPLY AND IMPROVEMENT SCHEMES,  
1970-1974

Table 9.6

K£'000

	1970	1971	1972	1973	1974*
Value of Water Supply Schemes Completed	135	233	205	260	332
Value of Contribution of Beneficiaries:—					
Labour	21	27	38	61	130
Materials	13	15	27	23	35
Cash	83	108	98	127	122
Total value of Beneficiaries' Contribution	117	150	163	211	287
Percentage of Total Cost	86.7	64.4	79.5	81.2	86.4

\*Provisional.

9.10. *Ground Water.*—In dry areas, especially the northern and eastern Kenya where permanent rivers and streams are rare, ground water is a major source of supply. The Government encourages the exploitation of ground water through a borehole subsidy. Table 9.7 gives details on the number of boreholes drilled and the subsidy paid. The amount of subsidy increased significantly in 1973/74.

BOREHOLES DRILLED AND SUBSIDY PAID, 1969/70-1973/74

Table 9.7

	Unit	1969/70	1970/71	1971/72	1972/73	1973/74
Boreholes Drilled	No.	98	83	67	84	94
Successful Boreholes	No.	67	64	65	70	85
Percentage Successful	%	68.4	77.1	97.0	83.3	92.0
Subsidy Paid	K£	3,875	1,588	1,456	1,800	30,064

9.11. *Dam Construction.*—The conservation of surface water through dam construction is an important source of water supply, especially in areas of low rainfall. In addition to operating a dam construction unit the Ministry of Water Development promotes individual efforts through a dam subsidy scheme. The subsidy varies from 25 per cent of costs in high rainfall areas to 40 per cent in areas of low rainfall. During 1973/74 five private dams were constructed at a total cost of K£30,000, of which K£12,000 was subsidy paid by the Government.

### Fisheries

9.12. Table 9.8 sets out details on the quantity and value of fish landed between 1972 and 1974. Figures for 1974 indicate that the quantity of fish caught declined by 341 metric tons while its value increased by 12.5 per cent from K£1.6 million in 1973 to K£1.8 million. The decline in total fish catch is largely accounted for by a sharp decline in marine catches.

9.13. Landings from freshwater fisheries increased by 14 per cent in value in 1974 and accounted for 88 per cent by fresh weight of all landings. There has been a steady annual rise in amount of fish caught from Lakes Victoria, Rudolf and Baringo.

9.14. Total marine fish yields dropped by 12 per cent in 1974 despite a slight increase in value of 1.4 per cent. The sharp decline in quantity of marine fish catch contributed to the overall decline of total fish landed in 1974. Overall, Kenya is still a net importer of fish and fishery products. In 1974 a total of 3567 metric tons of fish was imported, an increase of 1554 tons over 1973.

QUANTITY AND VALUE OF FISH LANDED, 1972-1974

Table 9.8

	1972		1973		1974*	
	Quantity	Value to Fishermen	Quantity	Value to Fishermen	Quantity	Value to Fishermen
	Mel. Tons	K£'000	Mel. Tons	K£'000	Mel. Tons	K£'000
FRESH WATER FISH—						
Lake Victoria	15,989	841	16,797	906	17,175	1,050
Lake Rudolf	4,090	51	4,927	72	5,731	130
Lake Baringo	58	2	89	3	122	7
Lake Naivasha commercial	117	12	62	9	39	8
Lake Naivasha sport	—	—	—	—	—	—
Other lakes	208	10	1,188	70	572	56
Rivers	1,624	81	1,835	107	1,526	81
Fish ponds	—	—	—	—	—	—
TOTAL	22,086	998	24,898	1,167	25,165	1,332
MARINE FISH—						
Lamu	1,219	58	1,126	65	858	74
Malindi	1,547	71	372	43	391	63
Kilifi	172	17	114	13	142	21
Mtwapa	—	—	—	—	—	—
Mombasa	2,176	168	1,082	171	936	119
Shimoni	471	39	211	18	191	23
Vanga	419	28	321	27	107	37
Other S. Coast Villages	1,299	74	235	18	203	19
Sport fishing	108	7	86	11	88	15
TOTAL	7,411	463	3,547	366	3,116	371
CRUSTACEANS—						
Lamu	66	18	69	22	60	20
Malindi	4	1	4	1	12	4
Kilifi	4	1	4	1	5	2
Mtwapa	—	—	—	—	—	—
Mombasa	57	23	89	28	14	5
Shimoni	6	2	6	2	3	1
Vanga	20	4	14	3	12	4
Other S. Coast Villages	28	5	24	4	15	4
TOTAL	185	54	210	61	121	40
OTHER MARINE PRODUCTS—						
Lamu	10	—	50	2	24	1
Malindi	2	2	49	8	18	5
Kilifi	—	—	10	2	3	1
Mtwapa	—	—	—	—	—	—
Mombasa	110	5	150	6	128	8
Shimoni	4	1	8	1	5	1
Vanga	—	—	—	—	—	—
Other S. Coast Villages	—	—	—	—	—	—
AH other areas	—	—	—	—	1	—
TOTAL	126	8	267	19	179	16
All Fisheries	29,808	1,523	28,922	1,612	28,581	1,759

\* Provisional

### Forestry

9.15. As stated in Table 9.9 the forest plantation programme continued to grow in 1974 at about the same rate it has since 1968; and a total of 30,400 hectares of new forests have been planted in this period. During 1974 alone, some 7,100 hectares were planted, 2,300 hectares more than in 1973, and the planted acreage increased by 5.5 per cent. About 1,500 hectares, or 21 per cent of the planted area, was within the Turbo afforestation scheme, earmarked to supply timber to the giant pulp and paper factory at Webuye.

## FOREST PLANTATION AREA, 1968-1974

Table 9.9

'000Hectares

	1968	1969	1970	1971	1972	1973	1974*
Indigenous softwoods	4.6	4.6	4.6	4.6	4.6	4.9	4.9
Indigenous hardwoods	4.1	4.0	4.3	4.5	4.4	4.6	4.9
Exotic Softwoods—							
Cypress	40.0	43.0	43.8	47.0	47.4	49.9	52.9
Pines	46.6	49.0	51.1	52.2	57.6	58.8	62.0
Exotic hardwoods—							
Timber	2.5	4.0	2.3	2.3	1.6	1.6	1.7
Fuel	7.0	7.0	9.8	9.3	7.7	8.2	8.8
TOTAL AREA	104.8	111.6	115.3	119.9	123.3	128.1	135.2

\* Provisional.

9.16. The rural afforestation scheme progressed steadily, six more districts being covered during 1974, in addition to the twenty districts already covered by the end of 1973. The Forest Department made available over 1.6 million seedlings to the rural population in 1974 at a subsidized rate.

9.17. Fire continued to be the most destructive hazard for the forests mainly owing to the persistent drought. During 1974, a total of 69,200 hectares of indigenous and plantation forests were destroyed. The total loss was estimated at K£1.5 million. Of the total sales of timber shown in Table 9.10, 15,800 cubic metres were exported; 9,500 cubic metres being sales to markets outside East Africa.

## SALES OF FOREST PRODUCTS, 1968-1974

Table 9.10

	1968	1969	1970	1971	1972	1973	1974*
Timber '000 true cu. metres—							
Softwood	191	257	260	240	243	254	254
Hardwood	17	24	24	33	48	54	66
TOTAL	208	281	284	273	291	308	320
Fuel '000 stacked cu. metres—							
Fuelwood	82	89	65	46	37	42	37
Charcoal	106	107	133	125	150	163	128
Power and Telegraph Poles numbers	8,342	10,747	14,409	12,501	13,000	13,414	17,384

\* Provisional.

9.18. Total exports of charcoal during 1974 remained almost at the same level as in 1973. At 24,354 metric tons, the quantity was only 953 metric tons lower than in the preceeding year. But because of higher prices, export values rose by K£65,079 to K£378,198 in 1974.

9.19. The opening of the K£17 million pulp and paper mill at Webuye during the fourth quarter of 1974 was a landmark in forest-based industries. The mill, which has an initial log intake of 275,000 cubic metres, is expected to produce some 45,000 metric tons of paper a year. In addition, three plywood mills, with an output capacity of 3.8 million square metres are now in production. Two other plywood mills are to be constructed in Transmara and north-east Mt. Kenya regions. When in operation the five mills are expected to produce some 5.4 million square metres of plywood annually. A fibreboard mill at Elburgon was also completed towards the end of last year, with an output capacity of 700 metric tons of manufactured hardboard for domestic use.

### **Wildlife**

9.20. The Government is committed to the preservation of wildlife as an important natural resource asset. With increasing population and land pressures the Government is endeavouring to rationalise the management of wildlife through sound planning. A new Wildlife Management Bill is soon to be presented to the Parliament. The bill clearly defines the flow of revenues to the Government, the county councils and the landowners in the game dispersal areas adjacent to the national parks and game reserves.

9.21. The five-year UNDP/FAO wildlife management project which was started in 1971 has, as its primary objective, the identification and implementation of a wildlife management plan for Kenya as well as introducing new techniques for wildlife cropping, processing and marketing. During 1974, the project established that wildebeest could be successfully harvested and marketed. However, the continuing lack of cold storage facilities made it impossible to test the sale of game meat in markets outside Kenya. Research in Kenya has demonstrated that substantial returns can be obtained by careful game cropping. Work is already underway on preparing a comprehensive document in which all the relevant technological and marketing data will be clearly set out. This should prove useful in the future if game cropping is to be undertaken on a commercially viable scale. Future plans for wildlife cropping have been drawn up for Kajiado District including Amboseli, Athi-Kapiti and Uaso Nyiro wildlife areas. These areas were selected because they contain a large percentage of the total medium-sized wild herbivores.

9.22. In October, 1974, the Amboseli Game Reserve was designated a full National Park. As compensation to the ranchers who lost their grazing rights within the reserve, the Government with the financial assistance from the New York Zoological Society, has embarked on an ambitious water project which will cost an estimated K£270,000. The project will provide adequate water to grazers outside the National Park. A similar scheme which is to be financed by IBRD is currently underway in Masai Mara in Narok District.

9.23. As a result of the Government's plan to further develop the tourist industry, negotiations are currently going on for loan finance from the IBRD for a wildlife and tourism project. This project will include the opening of new parks and game reserves and the development of the existing ones as well as provision of infrastructural support in undertaking planning, training research, and building of access roads. The institutional framework for this project will be formulated as soon as the new bill referred to above is passed by the Parliament.

9.24. Table 9.11 below details the revenue of the Game Department from 1970-1974. This, however, represents only a small portion of the total revenue accruing to Kenya from game utilization.

Table 9.11		GAME DEPARTMENT REVENUE, 1970-1974					K£'000
		1970	1971	1972	1973	1974*	
Hunting fees		172	262	350	468	423	
Trophy sales/Permits		114	176	400	300	483	
Capture fees		5	10	15	8	14	
TOTAL		291	448	765	776	920	

\*Provisional.

### Mining

9.25. Mineral mining activity in 1974 made a relatively modest but growing contribution to the economy in export earnings. This is indicated by the value of exports which rose from K£3.79 million in 1973 to K£4.22 million in 1974, a growth of 11.4 per cent. There was a significant increase in the output of minerals—excluding soda ash for export. The export value of these minerals increased from K£0.97 million in 1973 to K£1.52 million; an increase of 56.1 per cent. Details of output and sales of important minerals produced are shown in Table 9.12 and 9.13.

Table 9.12 THE QUANTITY OF MINERAL OUTPUT, 1970-1974

	Unit	1970	1971	1972	1973	1974*
Barytes	Ton.	447	743	628	903	
Carbon Dioxide	"	763	1,051		1,666	
Copper	"	79	73	72		
Diatomite	Ton.	1,601	1,400	1,812	1,241	1,657
Felspar	"	895	2,650	1,962	1,461	
Fluorspar Ore (Fluorite)	"	3,904	6,561	10,457	26,733	
Garnet	Kg-			24	17	
Gold	Gm.			34	4,238	6,662
Guano	Ton.	638	350	747	682	352
Limestone Products	"	24,149	28,127	22,854	32,286	
Magnesite	"	4	221	628	1,517	
Magnetite	"			9,240	12,345	19,780
Salt (Crude)	"	50,415	54,359	37,362	35,002	
Salt (Refined)	"	34,300	43,406	22,783	27,688	19,826
Sand	"			12,900	12,511	
Sapphire	Gm.	903			450	
Soda Ash	Ton.	159,870	161,260	164,160	205,550	155,997
Soda Crushed Raw	"	2,932	1,932	3,710	4,211	1,546

\*Provisional.



THE VALUE OF SALES OF MINERAL OUTPUT, 1970-1974

Table 9.13

K£

	1970	1971	1972	1973	1974*
Barytes	8,760	10,563	11,894	21,085	
Carbon Dioxide	69,802	97,045		162,500	
Copper	37,685	26,663	20,176		
Diatomite	30,298	28,000	37,233	27,302	39,768
Felspar	13,200	26,005	11,356	10,250	
Fluorspar Ore (Fluorite)	38577	38226	129959	306,742	
Garnets			3,058	41,208	70,605
Gold			1,287	4,091	11,000
Guano	11,400	5,899	15,362	14,428	10,984
Limestone Products	171,835	232,486	184,826	227,441	
Magnesite	40	1,768	6,479	12,136	
Magnetite			57,450	123,450	98,900
Salt (Crude)	36,299		45,690	27,631	
Salt (Refined)	348,298	424,785	224,906	270,433	195,962
Sand			17,178	20,238	
Sapphire	4,310			50,399	
Soda Ash	1,733,619	1,889,316	1,745,815	2,087,194	2,243,932
Soda Crushed Raw	27,046	17,614	34,729	39,159	12,469
TOTAL	2,531,169	2,798,370	2,544,398	3,445,687	

\*Provisional.

9.26. Soda ash continued to be the most important mineral in value terms. The output of this mineral, however, declined substantially; production fell by 26.1 per cent from 205,550 tons in 1973 to 151,997 tons in 1974. The decline in production was due to difficulties experienced in obtaining sufficient railway wagons for the transportation of the commodity. The quantity exported as a result declined from 201,881 tons in 1973 to 130,515 tons in 1974, as shown in Table 9.14 with a comparable decline in value from K£2.82 million to K£2.70 million.

QUANTITY AND VALUE OF SODA ASH EXPORTS BY DESTINATION, 1970-1974

Table 9.14

	1971		1972		1973		1974	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	<i>metric tons</i>	<i>K£</i>	<i>metric tons</i>	<i>K£</i>	<i>metric tons</i>	<i>K£</i>	<i>metric tons</i>	<i>K£</i>
Japan	20,800	138,952	16,597	118,235	7,600	60,471	3,546	40,753
Thailand	24,434	239,397	14,968	181,562	37,929	499,408	31,646	513,494
Turkey	4,046	51,422						
Singapore	10,311	99,869	11,464	154,672	19,029	263,876	17,500	354,515
Israel	10,025	127,759	12,289	170,761	13,883	205,018	11,817	247,016
Swaziland	16,460	237,138	2,500	35,241			700	26,170
Iran	8,905	109,589	1,351	19,562	6,692	114,020		
Other	54,925	856,295	85,549	1,254,989	116,748	1,672,771	74,303	1,521,648
TOTAL ..	149,906	1,860,421	144,718	1,935,022	201,881	2,815,564	139,512	2,703,596

9.27. These transportation problems also adversely affected the production of refined salt which declined from 27,731 tons in 1973 to 19,826 tons in 1974. Salt production will, however, be boosted substantially by the establishment of a third salt refinery plant in Mombasa and a salt-works complex north of Malindi at a total cost of K£1.38 million. The Mombasa refinery will have the capacity to produce 80,000 tons of coarse salt per year.

9.28. The most significant developments in mineral mining in 1974 were in the exploitation of fluorspar in Kerio Valley and zinc, lead and silver at Kinangoni at the Coast. In 1974, the value of exports of fluorspar nearly doubled reaching a new peak of K£522,709. Approximately, 70 per cent of this commodity is exported to Japan. The first output of the Kinangoni mines of 797 tons of lead worth K£69,507 was exported to Poland.

9.29. There was also growth in the output of gemstones particularly ruby found in Tsavo National Park West. Tsavorite (green grossular garnet) from Mgama Ridge in Taita/Taveta district and gold from western Kenya. The output of gold rose from 4,238 grams in 1973 to 6,662 grams in 1974.

9.30. Oil exploration continued during the year with a record of some nineteen companies operating on nine prospecting licences. The main work included seismic, geophysical and photogeological exploration. It is anticipated that a few companies may proceed to drilling test wells in 1975.

## CHAPTER 10—FUEL AND POWER

### Fuel

Petroleum products assumed a new significance in the economy in 1974 owing to the enormous increases in the prices of fuels and lubricants during the year. Soaring oil prices among other factors slowed down the rate of growth of the economy in 1974. The most direct repercussion of the increase in prices was the worsening of balance of payments indicated in Chapter 3 on account of the sharp rise in the value of imports noted in Chapter 7. The value of total imports in 1974 went up by 68 per cent. Approximately 39.2 per cent of this increase was due to the rise in the value of petroleum products. Fuels and lubricants in 1974 accounted for 22.1 per cent of total imports in value terms compared with 10.6 per cent in 1973. The large increase in the value of imports was only partially compensated for by an increase in the value of exports of petroleum products, as shown in Table 10.1.

10.2. *Prices.*—The rapid increases in the cost of oil are apparent from the figures noted below detailing changes in prices of crude petroleum since 1971. It is not practical to note all the dates except those when the most significant changes occurred. It should also be noted that the prices depend on the grade of the crude oil and those given below are average prices of various grades combined: —

<i>Date</i>	<i>F.O.B. Price per Barrel U.S. Dollar.</i>
1.6.71	1.86
1.12.72	1.95
1.1.73	2.14
1.7.73	2.55
1.8.73	2.62
1.10.73	2.73
16.10.73	4.15
1.12.73	4.25
1.1.74	9.00
14.3.74	11.50
10.6.74	10.52
14.10.74	10.13

The price of crude petroleum nearly doubled in 1973 and an almost further trebling in price occurred between December, 1973, and the end of first quarter 1974. However, prices had eased slightly towards the end of 1974.

QUANTITY AND VALUE of IMPORTS AND EXPORTS OF PETROLEUM PRODUCTS, 1970-1974

Table 10.1

	1970		1971		1972		1973		1974	
	Quantity	Value K£'000	Quantity	Value K£'000	Quantity	Value K£'000	Quantity	Value K£'000	Quantity	Value K£'000
IMPORTS—										
Crude Petroleum '000 metric tons	2,205.6	11,022.8	2,540.6	12,797.8	2,499.2	14,586.7	2,716.0	17,557.4	2,807.8	67,027.0
Fuels '000 litres	223,813.0	2,359.6	143,591.1	1,428.2	259,595.5	2,717.3	162,091.3	2,021.3	254,485.9	6,279.7
Lubricating oils '000 litres	25,560.2	476.4	53,004.4	1,647.8	78,995.4	2,411.0	76,923.8	2,450.0	111,684.3	6,885.4
Lubricating greases metric tons	191.2	39.1	278.2	40.6	153.1	29.5	179.6	35.3	373.2	95.9
EXPORTS—										
Fuels '000 litres	1,727,550.9	13,776.0	1,849,186.9	15,058.5	1,831,343.9	15,347.9	1,867,195.3	16,127.3	1,812,511.4	37,981.0
Lubricating oils '000 litres	6.5	1.5	43,741.5	2,388.7	60,248.8	3,607.8	64,628.3	4,495.0	65,311.4	6,728.5
Lubricating greases metric tons	1.4	0.2	633.6	57.6	1,399.9	137.2	1,908.2	259.3	2,671.4	470.3

10.3. Retail prices in the country, however, did not move up equally rapidly as can be seen in the series below which detail the Nairobi retail prices of three of the main petroleum products: —

<i>Prices K.Sh. Per Litre</i>				
<i>Dates Prices became effective</i>	<i>Premium Grade Petrol</i>	<i>Regular Grade Petrol</i>	<i>Gas oil</i>	
22-3-71	1.19	1.09	0.82	
2-1-73	1.24	1.14	0.84	
12-8-73	1.28	1.18	0.88	
17-11-73	1.40	1.28	0.96	
12-2-74	1.62	1.50	1.16	
12-5-74	1.72	1.60	1.26	
16-6-74	1.92	1.80	1.26	
20-2-75	2.03	1.91	1.36	

Retail prices in the other parts of the country moved upwards in the same proportion. As indicated the prices of petroleum products were relatively stable prior to 1973. However, they have increased substantially since then.

10.4. *Production.*—Details of throughput and output of the refinery at Mombasa are shown in Table 10.2. In the five years since 1970 the volume of crude petroleum processed by the refinery has grown by 32.6 per cent while that of processed products has increased by 28.3 per cent. There is, however, a wide variation in the output of individual products. The output of some products has had to be reduced because of decline in demand in the export market. This is particularly so for the output of bitumen in 1974. Production of fuel oil on the other hand registered a significant increase of 22.1 per cent in 1974. The output of export residue has also recorded a large increase since 1970. This item is a fuel oil residue which cannot undergo further processing in the refinery at Mombasa and is therefore exported overseas. Its growth depends to a great extent on the quality of the basic crude oil. The production of motor gasoline (mogas) rose by 10.9 per cent in 1974.

OIL REFINERY: THROUGHPUT AND OUTPUT OF FINISHED PETROLEUM PRODUCTS,  
1970-1974

Table 10.2		Ten thousand litres				
		1970	1971	1972	1973	1974
THROUGHPUT						
Crude petroleum		250,831.0	296,621.7	292,526.3	306,858.0	332,548.5
OUTPUT						
L.P.G.*		1,705.2	2,155.1	2,446.8	2,774.5	3,058.0
Mogas		39,574.7	44,125.5	43,809.2	44,938.3	49,844.7
Kerosene		38,072.8	46,644.0	44,788.7	46,027.5	47,963.1
Gas oil		32,409.0	40,204.2	40,078.5	44,317.5	46,665.1
Diesel		14,321.7	16,782.9	18,584.7	18,530.0	18,020.9
Fuel oil		85,165.9	102,466.6	62,629.5	69,238.1	84,561.1
Bitumen		9,015.5	4,878.8	4,472.0	4,793.3	3,645.7
Export residue		24,772.2	26,869.5	53,728.0	66,833.5	60,726.8
TOTAL OUTPUT		245,037.1	284,126.6	270,537.4	297,452.7	314,485.8

\*Liquified petroleum gas.

10.5. *Consumption.*—Details of domestic fuel sales in recent years are set out in Table 10.3. It would appear that the increase in prices of oil in 1974 has to a certain extent reduced consumption. The overall domestic consumption of various fuels (including turbo fuel sold to foreign airlines) declined by 2.5 per cent to 1.50 million litres in 1974 from 1.54 million litres in 1973. This overall decline was due mainly to a drop in the consumption of the three main products; motor spirit by 3.0 per cent, turbo fuel by 6.7 per cent, and diesel fuel by 3.3 per cent.

Table 10.3 DOMESTIC FUEL SALES, 1970-1974 '000 Litres

	1970	1971	1972	1973	1974
L.P.G. *	12,757	15,177	18,191	12,017	12,362
Motor spirit	235,148	271,462	292,537	321,041	311,489
Aviation spirit	8,442	6,079	6,979	7,662	7,786
Turbo fuel**	224,540	242,422	278,245	341,769	318,881
Lighting kerosene	56,948	56,591	66,579	65,731	67,674
Power kerosene	1,496	1,600	1,569	1,272	595
Light diesel fuel	190,027	248,539	277,792	302,549	297,899
Heavy diesel fuel	42,327	47,075	50,223	54,845	47,599
Fuel oil	392,073	419,855	452,652	432,871	437,098
TOTAL	1,163,758	1,308,800	1,444,767	1,539,757	1,501,383

\*Liquified petroleum gas.

\*\*Includes sales to foreign airlines at airports in Kenya.

10.6. These three products plus fuel oil account for over 90 per cent of total sales. Fuel oil is the most important product in terms of domestic sales. Its share of total sales, however, has declined from 33.7 per cent in 1970 to 29.1 per cent in 1974 because of the decline in demand for utilization in generation of electricity. Sales of fuel oil nonetheless went up 1.0 per cent in 1974 compared with those in 1973, owing to purchases by the paper mill at Webuye, which has just come into production. The consumption of this product is expected to continue to increase on account of increased demand, particularly from Webuye Paper Mill, and a swing from the use of the more expensive diesel fuel.

10.7. Details on consumption of refined petroleum products in 1974 by sectors are set out in Table 10.4. The bulk of motor spirit, 92.1 per cent in 1974, is sold to the private sector. Retail sales alone account for over 81 per cent of total sales of motor spirit. Over 57 per cent of domestic consumption of motor spirit in 1974 was accounted for by sales of the predominant premium grade, though indications are that motorists appear to be shifting to the cheaper grade of motor spirit due to increases in oil prices.

CONSUMPTION OF REFINED PETROLEUM PRODUCTS BY SECTOR, 1974\*

Table 10.4

'000 Litres

	Premium Motor Petrol	Regular Motor Petrol	Illuminative Kerosene Light	Aviation Turbine Fuel	Light Diesel Fuel	Heavy Diesel Fuel	Fuel Oil	L. P. G.
PRIVATE—								
Agriculture	3,00	5,233	1,582		32,161	10,140	18,710	34
Industry	7,34	4,987	12,07		37,736	14,156	148,136	2,54
Retail Sales	160,13	100,874	49,333		113,180	509	233	5,102
Hotels	441	202	39		264	961	2,051	2,140
Local Airlines				80,391				
Local Shipping	89	100	19		1,443	57	8,533	
All other Users	5,226	6,094	6,655		56,610	9,032	29,433	2,806
TOTAL	176,703	117,490	70,035	80,391	241,394	34,855	207,096	12,436
PUBLIC—								
Central Government, Local Government and								
East African Community	5,19	18,621	509	—	29,419	2,441	4,507	969
East African Railways	179	859	338		32,435		146,921	
East African Power and Lighting	137	31	803		5,824	10,082	84,571	
TOTAL	5,735	19,511	1,650		67,678	12,523	235,999	969
TOTAL DOMESTIC CONSUMPTION	182,438	137,001	71,685	80,391	309,072	47,378	443,095	13,405
OVERSEAS SHIPPINGS								
OVERSEAS AIRLINE		—		242,759	36,798	83,943	313,120	—
TOTAL	182,438	137,001	71,685	323,150	345,870	131,321	756,215	13,405

\*The figures in this table are only broadly and not exactly comparable with figures in Table 10.3, due to different sources used for compilation of the tables.

10.8. Although as noted above, there was a decline of 3.0 per cent in the total consumption of motor spirit, its retail sales for private consumption increased in 1974. Sales of premium petrol for private consumption in 1974 went up by 1.0 per cent and those of regular petrol by 13.7 per cent. This rise in the consumption can be attributed to the increase in imports of private motor vehicles in 1974, which added 12 per cent to the number of vehicles. The agricultural sector consumed less of both premium and regular grades of petrol in 1974. Its consumption of the former declined by 33.6 per cent and the latter by 32.0 per cent. In fact, the increases in the prices of oil seem to have effectively reduced consumption of nearly all types of fuels by the agricultural sector in 1974, with the exception of light diesel fuel whose consumption went up by 47.6 per cent owing to increased utilization on tea estates. The industrial sector registered a rise of 7.5 per cent in consumption of premium petrol in 1974, while there was a large drop of 26.3 per cent in the consumption of regular petrol. This had an effect of a net drop of 9.6 per cent in the consumption of petrol by the industrial sector. Industrial sector consumption in 1974 of fuel oil went up by 10.4 per cent, of liquified petroleum gas by 28.7 per cent and of illuminating kerosene by nearly 8 times. The latter two products, however, are minor in terms of total sales.

### Electricity

10.9. The steady expansion of the electricity industry, evident since 1970, slowed down slightly in 1974. This is indicated in the growth of sales of electricity, which increased by 7.6 per cent in 1974 compared with a growth of 8.2 per cent in 1973. The rate of growth in 1974 is 3 percentage points below the Plan target of 10.6 per cent. The growth in sales was held back by a reduction in consumption for off peak water heating and pumping and for street lighting. Details on sales of electricity by type of consumer are set out in Table 10.5. The most significant increase was in the sales for lighting and small consumers, which went up by 15.4 per cent. Sales to industry, which account for 34.2 per cent of the total, increased by 10.7 per cent.

SALES OF ELECTRICITY BY TYPE OF USER, 1970-1974

Table 10.5

'000 kWh

	1970	1971	1972	1973	1974
Domestic and staff quarters	107,345	114,405	122,991	129,141	139,039
Off peak water heating and pumping	96,237	105,497	117,941	121,282	120,670
Industrial	173,331	223,507	252,846	285,912	316,607
Commercial	170,753	186,158	204,222	223,938	239,486
Lighting and power (small consumers)	8,516	9,516	9,948	10,842	12,513
Street Lighting	8,671	9,232	9,389	10,447	10,066
Special Contracts	80,907	66,903	77,506	78,159	86,505
TOTAL SALES	645,759	715,218	794,843	859,721	924,886



10.10. There was substantial growth in domestic generation of electricity. As shown in Table 10.6, the volume of domestically generated electricity went up by 10.6 per cent in 1974. This rate of growth equals the planned target growth rate stipulated in the Development Plan, 1974-78. As a result of this increase, imports from Uganda were reduced by 2.1 per cent.

GENERATION, IMPORTS AND CONSUMPTION OF ELECTRICITY, 1970-1974

Table 10.6

'000 kWh

	1970	1971	1972	1973	1974
Domestically Generated	513,391	557,262	664,171	723,271	799,641
Imported	247,220	293,356	283,168	302,379	295,975
TOTAL AVAILABLE	760,611	850,618	947,339	1,025,650	1,095,616
Internal Usage and Transmission and Distribution losses	114,852	135,400	152,496	165,929	170,730
TOTAL SALES	645,759	715,218	794,843	859,721	924,886

10.11. The expansion of electricity supply system continued in 1974. A total of 148 kilometres of overhead and underground power lines, ranging from medium voltage to 66,000 volts, and a record figure of 4,375 consumer service lines were installed. In addition, the bulk supply substation at Musaga was commissioned, and those at Lessos and Lanet were further reinforced to improve the supply system in western parts of Kenya.

10.12. The operation at Kamburu in the second half of last year of the first two generating units with a capacity of 30 megawatts each will greatly enhance domestic generation of hydro-electric power. The 132 kilovolt transmission lines from Kindaruma to Kamburu and Kamburu to Juja were commissioned in July last year. Preliminary work commenced on the proposed hydro-electric station at Gitaru on the Tana River situated between Kamburu and Kindaruma.

10.13. Work was initiated on lines for supplying electricity to Butere, Kabarnet and Lodwar in 1974. The line to Butere had been installed by the end of the year while construction work had commenced on the Kabarnet supply line and planning was at an advanced stage for the line to Lodwar. Installation of supply lines to Bungoma, Ol Kalou and Yala was also completed in 1974. Work has reached an advanced stage on the project to supply Voi, Mwatate and Wundanyi. Electricity is expected to be made available in these areas in the first half of 1975. A 33-kilovolt line was constructed between Sotik and Kisii; this resulted in the Homa Bay diesel generating station being closed. During its four years of operation the demand on the Homa Bay power station increased significantly from 36 kilowatts to 648 kilowatts.

## CHAPTER 11—MANUFACTURING

The growth of industrial production in 1974 was well below the planned target rate of growth of 10.1 per cent stipulated in the Development Plan, 1974-1978. The overall rise of 6.6 per cent was nevertheless a creditable performance in the face of the extremely difficult economic conditions.

11.2. Table 11.1 indicates that expansion was held back mainly by a decline in the output of food processing, and of footwear and clothing industries. Together these industries account for nearly 20 per cent of total manufacturing output. Only a trifling rate of expansion was achieved by the textile industry. In several sub-groups, however, the new manufacturing capacity brought on stream in the last few years helped to sustain production in 1974. This was especially so for beverages and tobacco, petroleum, cement and pyrethrum extract. Significant increases occurred, too, in the output of the furniture, electrical machinery, paper and printing industries.

### Investment

11.3. Investment planned for new lines of production continues to be a notable feature of the manufacturing sector. Plans were announced in 1974 to invest in a nylon-yarn plant, in the construction of a dry dock, in factories to produce printed fabrics, and asbestos tiles, and a plant to assemble commercial vehicles. Investment was also initiated in 1974 to increase existing capacities in the food processing, beverage, textile, paper, chemical and non-metallic and metal product industries.

11.4. Several of the new projects involved the participation of the Industrial and Commercial Development Corporation (ICDC), the Industrial Development Bank (IDB) and the Development Finance Company (DFCK). As at 31st December, 1974, the IDB had approved five new projects requiring a total investment of nearly K£1.5 million, and had participated in the expansion of four existing enterprises, a further K£1.5 million being committed. These projects include the Webuye Paper Mill, the processing of fresh vegetables and cashew nuts, and the manufacture of textiles, of malleable pipe fittings, and of oil and air filters. A total of K£619,650 was in fact disbursed during the year. Indication are that the IDB will continue to expand its activities rapidly. It intends to finance a further nine new projects in 1975 requiring an additional K£3.0 million.

11.5. The DFCK approved six new projects, and allocated finance for participation in three existing industries. The total investment will be K£1.3 million. The new projects are in such diverse fields as ship repair, textiles, chemicals and shoe manufacture. The total amount disbursed in 1974 was K£1.1 million, an increase of 30.3 per cent over the amount disbursed in 1973.

11.6. Other investments in manufacturing industry—either announced or completed during the year, are mentioned in the comments below on specific industries.

QUANTITY INDEX OF MANUFACTURING PRODUCTION, 1967-1974

Table 11.1

1969=100

	1967	1968	1970	1971	1972	1973	1974*	Percentage change 1973 to 1974
Coffee Milling	125.0	75.0	107.3	135.8	129.7	149.3	117.6	-11.2
Meat Processing	107.6	105.2	108.4	100.1	100.6	82.0	73.1	-10.8
Dairy Products	100.5	104.3	105.7	100.6	121.4	135.2	120.8	-10.7
Canning of Fruit and Vegetables	92.7	103.4	130.9	141.9	154.4	204.4	172.5	-15.6
Canning and Preserving of Fish	86.2	88.8	110.0	90.0	90.0	90.0	90.0	0.4
Grain Milling	84.0	83.8	119.2	116.5	120.1	130.8	131.3	4.6
Bakery Products	91.9	101.1	115.4	160.0	188.5	205.1	214.5	17.6
Sugar	52.5	70.8	108.9	107.7	79.2	121.4	142.8	-50.4
Confectionery	86.5	84.7	97.1	98.2	120.0	125.9	62.4	-12.3
Miscellaneous Food	55.3	66.5	102.3	113.3	146.4	160.5	140.9	
TOTAL FOODSTUFF PROCESSING	87.0	89.0	111.8	118.1	127.7	141.6	135.4	-4.4
Beverages	75.5	90.5	120.7	141.2	162.6	198.2	228.2	15.1
Tobacco	98.8	99.7	114.6	123.3	127.6	143.7	169.6	18.0
TOTAL BEVERAGES AND TOBACCO	81.7	93.0	119.1	136.4	153.3	183.7	212.6	15.7
Cotton Ginning	103.0	86.5	119.5	130.3	125.1	119.2	110.5	-7.3
Knitting Mills	38.3	72.5	110.2	127.3	120.5	118.3	116.4	-1.7
Cordage, Rope and Twine	112.2	113.5	48.4	82.3	118.4	147.7	118.3	-20.0
Spinning and Weaving	74.7	107.4	128.6	146.5	142.6	146.2	184.4	26.1
TOTAL TEXTILES	87.2	102.4	91.8	115.5	127.5	138.4	139.4	0.7
Footwear	79.3	98.8	103.5	128.6	136.1	125.5	130.1	3.7
Clothing and Wearing Apparel	105.4	99.2	124.4	120.4	121.4	75.8	58.3	-23.1
Canvas Goods	80.6	103.2	133.4	100.9	96.3	100.6	102.0	1.4
TOTAL FOOTWEAR AND CLOTHING	93.6	100.0	121.3	118.2	119.6	93.3	85.3	-8.6
Wood Products	79.4	74.7	102.5	98.6	105.1	111.2	115.5	3.9
Furniture and Fixtures	66.7	66.7	112.5	133.3	195.9	216.7	270.8	25.0
TOTAL WOOD PRODUCTS AND FURNITURE	74.1	71.4	106.7	113.1	143.1	155.4	180.7	16.3
Paper	85.1	73.5	112.0	125.8	128.2	144.7	163.1	12.7
Printing	87.0	101.3	111.6	136.8	113.4	135.3	166.2	22.8
TOTAL PAPER AND PRINTING	86.5	94.7	111.7	134.2	116.9	137.5	165.4	20.3
Leather and Leather Products	64.6	83.9	79.6	102.0	130.4	140.4	133.3	-5.1
Rubber and Rubber Pro- ducts	69.3	91.0	116.5	135.0	161.8	193.0	197.9	2.5
Chemicals	77.9	94.5	101.4	113.0	117.8	124.6	125.8	1.0
Petroleum Products	91.4	89.8	99.9	118.2	116.5	122.3	132.5	8.3
Non-Metallic Minerals	79.9	89.1	122.8	123.5	132.0	130.0	138.6	6.6
Metal Products	82.4	92.6	111.1	121.9	132.9	165.8	171.3	3.3
Non-Electrical Machinery	94.9	107.6	117.4	119.4	128.3	216.9	173.4	-20.8
Electrical Machinery	74.1	91.4	115.0	123.9	124.1	138.6	154.0	11.1
Transport Equipment	89.5	92.2	102.4	112.1	110.9	115.6	121.4	5.0
Miscellaneous manufacturing	86.5	91.9	126.4	173.4	174.8	132.6	150.2	13.3
ALL MANUFACTURING	84.7	90.8	110.0	121.6	127.8	140.2	149.4	6.6

\*Provisional.

### Individual Industries

11.7. *Food Processing.*—The output of this group of industries decreased by just over 4 per cent. This was the first decline in production for some years. The decline was due to a drop in agricultural production on account of the drought (*see* Chapter 8). Particularly affected were coffee milling, processing of meat and dairy products and canning of vegetables and fruits. The sugar confectionery industry, which was severely affected by an influx of imports of sweets and the rise in price of sugar, recorded the largest decline in output in this group of industries.

11.8. Output in meat processing continued to decline in 1974. Production fell by a further 10.8 per cent owing to shortage of livestock. Nevertheless, the Kenya Meat Commission continued with the modernization and expansion of its plants at Athi River and Mombasa in anticipation of increased deliveries in future.

11.9. Dairy production fell by 10.7 per cent, accounted for by a decline in the deliveries of fresh milk to the Kenya Co-operative Creameries. The rising trend since 1967 in the production of canned fruits and vegetables was also interrupted in 1974; production fell by nearly 16 per cent. The decline in output was mainly due to a drop in deliveries of pineapples.

11.10. Table 11.2 shows the changes in the output of the grain milling industry. Production of maize flour increased significantly during the year, but that of wheat flour declined. Requirement of maize flour for domestic consumption during the year was met by running down existing stocks. A maize silo in Nairobi is being extended at a cost of K£400,000 to meet the rising demand for maize flour in the city.

PRODUCTION OF GRAIN MILL PRODUCTS, 1968-1974

Table 11.2

Year	Wheat Flour			Sifted Maizemeal		Rice		Broken Rice		
	'000	Metric	tons	Metric	tons	Metric	tons	'000	Metric	tons
1968		75.0			57.0					
1969		89.2			80.0					
1970		127.9			80.0					
1971		120.4			102.0					
1972		116.5			102.5		17.3			2.1
1973		133.8			122.0		19.7			4.1
1974*		128.1			160.5		20.6			2.7

\*Provisional

11.11. Production of sugar, now one of the most important food processing industries in the country, amounted to 164,309 metric tons in 1974, a growth of 17.7 per cent over the output of the previous year. The higher production

was due to the expanded capacity which came on line with the initiation of production at the Mumias factory; and also to an increase in deliveries of cane. The series below show the production of sugar over the past few years: —

	'000 <i>Metric Tons</i>
1969	115.1
1970	125.1
1971	124.3
1972	91.1
1973	139.6
1974	164.3

11.12. The increase in local production of sugar now meets approximately 73 per cent of the estimated domestic demand. This is a significant achievement during a period when world sugar prices were rising rapidly. Imports of sugar, consequently, fell from 77,483 metric tons in 1973 to 70,703 metric tons in 1974. Sugar production will again be boosted by the expansion of the factory at Mumias and the development of sugar-cane growing in Chemilil area. The former will cost K£1.9 million, and a loan agreement of K£2.9 million has been signed for the latter.

11.13. Because of financial constraints total investment in food processing fell from K£11.6 million in 1973 to K£8.2 million in 1974; and the execution of a number of food processing projects was delayed. The most significant projects affected were the K£1.5 million vegetable dehydrating plant, which is now expected to go into production late this year; the cashewnut processing plant, the investment outlay for which is now estimated to cost K£2.3 million; the K£50,000 bakery, which was to have been built at Kakamega; and the expansion of the biscuit factory in Nairobi. However, some projects were completed on schedule in 1974. Notable amongst these are the K£1 million instant tea factory, the edible vegetable oil extraction plant constructed in Nakuru at a cost of K£500,000, the bean processing factory built at a cost of K£140,000, and three new tea factories completed at a total cost of K£897,848.

11.14. Moreover, the Kenya Tea Development Authority (KTDA) commenced construction of four new tea factories in Kericho, Kisii, Kirinyaga and Meru Districts. These are expected to be completed during 1975. This investment of approximately K£1.3 million has been prompted by increased production of tea in these districts. KTDA plans to construct two further factories in Nyeri and Murang'a Districts at a cost of K£800,000.

11.15. *Beverages and Tobacco.*—After a period of relatively rapid expansion, production in the beverage and tobacco industries slowed down slightly. This is reflected in the overall growth of 15.7 per cent in 1974 compared with that of 19.8 per cent in 1973. However, this is one of the industries which has

consistently maintained a high level of production since 1968, as shown in Table 11.3. Production of mineral waters went up by 20.9 per cent and that of beer by 14.1 per cent. The expansion of capacity recently undertaken should help to meet rising domestic demand. There are further plans to build a brewery at Kisumu at a cost of K£11 million.

PRODUCTION OF BEVERAGES AND TOBACCO, 1968-1974

Table 11.3

	Spirits	Beer	Mineral waters	Cigarettes
	<i>litres</i>	<i>'000 litres</i>	<i>'000 litres</i>	<i>Million</i>
1968	164,760	60,001	22,748	2,055
1969	169,965	64,757	27,876	2,114
1970	180,441	79,533	31,429	2,426
1971	200,116	93,538	36,532	2,610
1972	278,496	109,137	38,610	2,709
1973	336,722	133,306	46,555	3,050
1974	355,255	155,521	56,267	3,706

11.16. *Textiles*.—Overall production in this group rose only marginally in 1974, by less than 1.0 per cent. The large growth in the output of spinning and weaving mills was off-set by an equally large decline in the output of the bag and cordage industry.

11.17. Production of ginned cotton, which is characterised by seasonal variations, decreased by 7.3 per cent in 1974, mainly owing to a decline in deliveries of raw cotton. The relatively low deliveries of raw cotton in recent years are partly due to the unattractive prices offered. The incentive given late last year to farmers through prices to grow more cotton may enhance the activity in this industry. Production of knitting mills also continued to decline in 1974. As in 1973, production in this industry was affected by the relaxation of import control on imported knitwear, and output fell by 1.7 per cent.

11.18. The production of bag and cordage after recovering in 1973 fell sharply in 1974. Its output declined by 20 per cent. The production of sisal fibre had increased substantially, but the bulk of the output was exported to take advantage of the high prices on world markets. Despite this poor performance, expansion of capacity in this industry is continuing. One of the existing factories has plans to step up its production capacity from 9 million gunny bags to 17 million. Another firm has plans to diversify its products by investing K£1 million to increase its production capacity of baler twine to 12,000 tons and binder twine to 3,000 tons a year.

11.19. The upward trend in the production of the spinning and weaving industry has been helped by the diversification of products, notably printed fabrics and blended shirting material. This move seems to have strengthened the competitive position of this industry vis-a-vis imports. There was an increase in output of 26.1 per cent, in 1974.

11.20. Several new projects announced or completed in 1974 have, or will, increase the productive capacity of textiles. The expansion of the mills at Kisumu and at Thika has already been completed. Plans are underway to expand another mill at Thika into a fully integrated textile mill at a cost of approximately K£2.9 million. This investment is mainly geared to expanding the mill's weaving capacity and to installing equipment for printing and finishing of textiles. This will raise the annual production capacity of the mill from 8 million to 11.5 million square metres of fabric. Plans have also been announced for the construction of two new large textiles mills; the first one an integrated mill at Nanyuki at a cost of K£6 million, and the other a nylon filament yarn mill to be built in Thika at a cost of approximately K£5.3 million. When completed the former will comprise a fully integrated cotton textile mill with spinning, preparation, weaving and finishing facilities. This mill will have an initial production capacity of 10 million linear metres, of which 7 million will be for printed cotton. Another smaller knitted fabric factory is to be built at Nakuru at a cost of K£105,000. Indications are that the current plan target of investment by 1976 of K£15.39 million in this industry will be surpassed.

11.21. Little progress has been made on implementing the K£972,250 raw wool processing project to be established in Nakuru. The current problems are mainly the feasibility of the proposed technical co-operation agreements, and the uncertainties over whether an adequate supply of high quality wool will be forthcoming. The implementation of the K£100,000 PVC—coated fabric factory has also been held back due to similar problems.

11.22. *Footwear, Clothing and Made-up Textiles.*—Activity in this industry has shown a declining trend since 1971. Production of this group fell by a further 8.6 per cent in 1974, though there was a wide variation in the range of performance by its individual sections. The decline was mainly due to a decrease of 23.1 per cent in the output of the clothing industry, which in the last two years has been faced with severe competition from imported clothes. Most firms in this industry rely partly on the export market, since the domestic demand is not large enough to utilize fully the available production capacity. With the restriction since 1972 of exports of these commodities into Uganda and Tanzania, a number of firms have had to lay off staff and cut back on output.

11.23. The initial impact of the sales tax on shoes introduced in 1973/74 seems to have terminated; demand in 1974 increased by 4.0 per cent after a decline of 8.0 per cent in 1973. There was an improvement in the supply of imported materials required for made-up textiles other than clothing, and production in 1974 increased slightly by 1.4 per cent. The bulk of the output of this group is exported.

11.24. *Wood Products and Furniture.*—Rising domestic demand led to an increase in the output of the furniture industry. But the production of sawn-

timber for building and construction declined, attributable to a fall in the level of activity in the building industry. The only notable development in the saw-milling industry was the completion of a new K£150,000 mill in Nyeri. There are plans to revive the project for construction at Nyandarua of a pencil factory whose implementation was shelved three years ago owing to technical difficulties.

11.25. *Paper and Printing*.—The index for this industry, based on imports of kraft and machine-made paper as well as on imports of newsprint, maintained a strong upward trend and recorded a rise of 20.3 per cent in 1974. This growth reflects larger supplies of paper in the country in 1974. The commencement of production at the paper mill should enable the country to save a large part of the K£17.5 million of foreign exchange spent last year on paper imports. The unbleached section of the pulp and paper complex at the mill came into operation towards the end of the year and the first output was recorded in February this year.

11.26. *Leather and Leather Products*.—After a recovery in production in 1973, activity slowed down slightly, although it was still higher than the level reached in 1972. The decline in production appears to be linked to the fall in exports of these commodities.

11.27. *Rubber and Rubber Products*.—Although the index shows an overall rise in the production of this industry, it does not reflect fully the decline in the output of the major plant in this group, the tyre factory. The reason is that the weights used in the index refer to 1969 when the tyre factory was not in operation. Production in the tyre factory declined drastically in 1974 owing to depressed business conditions; and to the heavy influx of imported tyres into the local market. At the end of the year production was reduced from 20,000 tyres and tubes a month to just over 5,000 a month. A number of employees were made redundant.

11.28. *Chemicals*.—Production of this group of industries increased by only 1.0 per cent. But there was considerable variation in the performance of its individual components. The chemical industry is composed of several activities covering a wide range of manufactured products. Overall growth was held down mainly by a decline of 14 per cent in the production of soap, and 8.3 per cent in that of the oil extraction industries. However, the production of wattle increased slightly and that of pyrethrum extract significantly. Production of the latter reached a new peak of 195,613 kg., helped by a larger supply of pyrethrum flowers. There was also a satisfactory growth in the production of basic industrial chemicals, which increased by 4.5 per cent; and of miscellaneous chemicals, whose output rose by 5.4 per cent. The level of activity in the paint industry was unchanged.

11.29. Developments in this industry include the signing of an agreement for the construction of a K£18.75 million fertilizer plant in Mombasa with a production capacity of 240,000 tons a year; and the completion of a K£150,000



factory in Mombasa to manufacture a wide range of cosmetics and perfumes. Plans have also been announced to build a pharmaceutical factory in Nairobi at a cost of K£250,000.

11.30. *Petroleum*.—Annual throughput of crude oil in the refinery at Mombasa increased by 8.3 per cent in 1974. The new capacity brought on stream by the completion of the K£12.5 million extension in the second half of the year has been utilized, though not fully. Indeed, the new processing capacity of 4.2 million tons is unlikely to be fully utilized in the near future because of lack of demand. Throughput figures handled by the refinery since 1968 have been: —

	<i>Million Litres</i>
1968	2,255
1969	2,510
1970	2,508
1971	2,966
1972	2,925
1973	3,069
1974	3,325

11.31. Petroleum products are now a major export item and, of the individual export items, they rank second only to coffee. The value of fuel exports to different markets is shown in Table 11.4. During 1974 the value rose by over 135.5 per cent owing to soaring oil prices. In contrast, exports to Tanzania declined despite the rise in oil prices, because the refinery in Dar es Salaam no longer exports in bulk to Zambia, and concentrates on its domestic market.

EXPORT OF PETROLEUM FUELS, 1969-1974

Table 11.4

*K£'000*

	1969	1970	1971	1972	1973	1974
To Tanzania	1,398	1,260	1,404	1,546	1,759	1,619
To Uganda	3,492	4,340	4,786	4,859	4,880	10,177
To Other Countries	7,623	8,176	8,869	8,942	9,488	26,185
TOTAL EXPORTS	12,513	13,776	15,059	15,347	16,127	37,981

11.32. *Non-Metallic Minerals*.—Cement, glass and clay products are the major components of the output of this group of industries. The output of cement and glass increased in 1974, but that of clay products declined significantly. This decline in production had very little effect on the overall index for this industry. The output of cement and glass products increased in response to the growing demand from overseas markets. But production of clay products, which is sold largely in the domestic market, declined because of the slump in building activity.

11.33. Cement is by far the most important item in this group and details of its output and disposal are shown in Table 11.5. Production during 1974 rose by 8.1 per cent, but domestic consumption fell because of a fall in building activity. This fall in domestic consumption was more than offset by increases of 143.8 per cent in exports to Uganda and Tanzania and of 13.4 per cent in those to overseas countries. New developments in this group include the expansion of the Mombasa cement factory at a cost of K£7.5 million; the construction of K£750,000 asbestos sheeting factory at Bamburi; and plans to build an asbestos floor tile factory in Nairobi at a cost of K£300,000.

Table 11.5 CEMENT PRODUCTION AND UTILIZATION, 1965-1974 '000 metric tons

	PRODUCT- ION	IMPORTS		EXPORTS		CONSUMP- TION AND STOCKS
		From Uganda and Tan- zania	From Over- seas	To Uganda and Tanza- nia	To Overseas	
1965	483.8	—	0.3	186.2	199.4	97.7
1966	470.3	0.1	0.8	154.9	169.6	146.3
1967	493.6	0.2	0.8	87.3	221.2	185.5
1968	543.2	0.1	1.2	123.8	239.0	181.5
1969	642.4	0.2	1.2	110.8	309.0	223.6
1970	792.1	—	1.0	170.2	343.1	279.7
1971	794.0		42.1	149.2	331.7	355.2
1972	799.9	1.8	64.0	97.0	372.2	396.0
1973	792.2	0.2	16.8	16.2	432.7	360.3
1974	856.5		0.4	39.5	490.7	326.7

11.34. *Metal Products.*—The output of several industries in this group was adversely affected by the relaxation of import controls in 1974. The industries most affected were those engaged in manufacturing rolled steel bars and rods, corrugated iron sheets and hardware. The only important new development in this industry is the malleable pipe fittings factory. Its construction will begin in the second half of the year and is expected to cost K£125,000.

11.35. *Non-electrical and Electrical Machinery.*—The overall index for this group recorded an increase of 10.4 per cent, despite a fall in the output of non-electrical machinery. The increase was due to a rise in the production of electrical goods of 11.1 per cent, prompted by increased demand.

11.36. *Transport Equipment.*—The overall increase of 5.0 per cent in the output of this industry in 1974 was mainly due to a sharp growth in the output of motor vehicle assembly and aircraft repair. A major development in this sector was the signing of an agreement to establish a K£2.8 million vehicle assembly plant in Thika. The completion of K£200,000 bicycle factory in Nakuru during the year will enable the country to save about K£200,000 a year in foreign exchange.

11.37. *Miscellaneous Manufacturing.*—The most important item in miscellaneous manufacturing is plastics. Demand increased substantially in 1974, and led to a 13.3 per cent growth in output. A factory to manufacture carbon papers and typewriter ribbons was completed in Nairobi at a cost of K£200,000.

## CHAPTER 12—BUILDING AND CONSTRUCTION

The volume of monetary output in real terms in this sector fell by 8 per cent in 1974. This is the first fall recorded in many years and must be seen in context of the fact that higher construction activity year by year is a necessary precursor to satisfactory GDP growth in the future. However, 1974 was a difficult year. Against the background of soaring building costs and the financial constraints of the credit squeeze, the result was probably a satisfactory one. The level of building plans approved indicates that no recovery in building output can be anticipated in 1975 and the attainment of any growth in the sector as a whole will depend largely on the government's own capital expenditure.

12.2. Gross fixed capital formation in the form of building and construction, at current and constant prices, in recent years is detailed in Chapter 2 on Domestic Economy. Although gross fixed capital formation in building and construction in monetary sector was higher at current prices in 1974 than in 1973, at constant prices it was lower. The largest percentage fall was in non-residential building.

12.3. Table 12.1 gives details of the rise in residential building costs. The index is comprehensive and some of the component categories consist of a number of items. The index rose by very nearly 28.9 per cent between the fourth quarters of 1973 and 1974. In this period, labour costs went up by approximately 12.9 per cent; but the prices of materials soared even higher by 34 per cent. The price of floor tiles rose by 66.6 per cent, reinforced mild steel rods by 51.5 per cent, timber and doors by 36.7 per cent, paints by 54.3 per cent, and cement by 41.8 per cent. The index of non-residential building costs, in which the component items are differently weighted, moved very much in line with the index of residential building costs. For the period stated it rose by approximately 27.5 per cent, with the result that the index of costs for all buildings—a weighted combination of the cost indices for both residential and non-residential building—recorded an overall rise of 28.2 per cent. Details of these last two indices are given in Tables 12.2 and 12.3.

### Completions

12.4. Tables 12.4, 12.5 and 12.6 show, respectively, for recent years, the overall value of all reported private building work completed in main towns; the overall number of private completions of residential and non-residential buildings in these main towns and their cost; and the reported completions of new public buildings. All values are expressed in terms of current prices.

12.5. In 1974, as indicated in Table 12.4, nearly 95 per cent in value terms of all private building work completed occurred in Nairobi and Mombasa. Both in Nairobi and Mombasa the value of private completions, at current

RESIDENTIAL BUILDINGS—COST INDEX

Vcdng 12.1

F gego dgt."3; 94? 322"

INPUT	1973				1974			
	AS AT THE END OF							
	March	June	September	December	March	June	September	December
1. Sand	100.0	100.0	107.7	107.7	107.7	107.7	107.7	115.4
2. Aggregate	100.0	100.0	100.0	100.0	100.0	100.0	105.9	105.9
3. Cement	102.0	103.6	106.3	106.3	106.3	134.0	150.7	150.7
4. (i) Concrete Block (Solid)	100.0	100.0	100.0	100.0	117.0	125.9	137.5	137.5
(ii) Stone Blocks	105.2	105.2	105.2	105.2	119.8	119.8	133.1	133.1
Blocks	101.0	101.0	101.0	101.0	117.5	124.7	136.6	136.6
5. Hardcore filling	105.5	105.5	105.5	105.5	111.2	111.2	111.2	111.2
6. Floor Tiles	108.3	108.3	125.0	125.0	166.7	208.3	208.3	208.3
7. Reinforcing Mild Steel Rods	100.0	115.3	119.2	126.9	157.7	173.1	192.3	192.3
8. (i) Timber	100.0	100.0	110.0	110.0	110.0	116.3	160.4	160.4
(ii) Doors	100.0	100.0	159.1	190.4	190.4	190.4	190.4	220.0
Timber and Doors	100.0	100.0	119.8	126.0	126.0	131.1	166.4	172.3
9. (i) Hardware	128.5	128.5	140.2	140.2	140.2	140.2	160.0	164.0
(ii) Windows	100.0	100.0	110.0	110.0	110.0	119.7	119.7	119.7
Hardware and Windows	105.7	105.7	116.0	116.0	118.4	126.1	127.8	128.6
10. Paints	100.0	100.0	100.8	100.8	141.3	141.3	153.5	155.5
11. Glass	100.0	100.0	116.2	116.2	116.2	116.2	116.2	136.6
12. Roofing Materials	100.0	100.0	110.2	110.2	135.3	135.1	141.0	153.6
13. (i) Drainage waste and water service	100.0	100.0	120.4	120.4	120.4	120.4	120.4	111.7
(ii) Trapped Gully	100.0	100.0	125.0	125.0	125.0	125.0	125.0	140.0
(iii) Sanitary Fixtures	100.0	100.0	112.6	117.9	143.4	155.0	158.0	156.2
Plumbing and Sanitary Fixtures	100.0	100.0	116.0	119.1	134.3	141.2	143.0	139.6
14. (i) Switch-Gear	114.3	114.3	142.9	142.9	142.9	171.4	214.3	214.3
(ii) Conduit	122.2	122.2	133.3	133.3	144.4	144.4	144.4	177.8
(iii) Fittings	100.0	100.0	103.2	103.2	130.5	146.3	149.5	149.5
(iv) Accessories	107.1	107.1	118.3	118.3	139.4	160.7	200.0	214.4
(v) Wiring	100.0	115.0	121.0	140.1	140.1	168.2	168.2	168.2
ELECTRICAL INSTATIONS	112.5	115.5	128.2	132.1	143.9	151.6	169.2	184.0
ALL MATERIALS	102.2	103.3	111.7	113.3	127.3	137.4	148.8	151.8
15. (i) Unskilled Labour	100.0	100.0	113.6	113.6	113.6	113.6	131.8	131.8
(ii) Semi-Skilled Labour	100.0	100.0	113.0	113.0	113.0	113.0	133.6	133.6
(iii) Skilled Labour	100.0	100.0	105.0	105.0	105.0	105.0	105.0	111.7
LABOUR	100.0	100.0	109.7	109.7	109.0	109.7	120.9	123.8
RESIDENTIAL BUILDINGS COST INDEX	101.7	102.5	111.2	112.5	123.0	130.0	143.0	145.0

NON-RESIDENTIAL BUILDINGS—COST INDEX

Vcdng 12.2

F gego dgt."3; 95/322

INPUT	1973				1974			
	March	June	September	As at the End of		June	September	December
				December	March			
1. Sand	100.0	100.0	107.7	107.7	107.7	107.7	107.7	115.4
2. Aggregate	100.0	100.0	100.0	100.0	100.0	100.0	105.9	105.9
3. Cement	102.0	103.6	106.3	106.3	106.3	134.0	150.8	150.8
4. (i) Concrete Blocks (Hollow)	100.0	110.3	110.3	110.3	121.4	121.4	136.5	136.5
(ii) Stone Blocks	105.3	105.3	105.3	105.3	119.9	119.9	133.3	133.8
Blocks	100.0	108.1	108.1	108.1	119.9	119.9	135.8	135.8
Hardcore Filling	105.4	105.4	105.4	105.4	110.9	110.9	110.9	110.9
6. Floor Tiles	108.4	108.4	108.4	108.4	166.8	207.8	207.8	207.8
7. Reinforcing Mild Steel Rods	100.0	115.0	118.8	126.3	156.3	173.5	192.3	192.3
8. (i) Timber	100.0	100.0	110.0	110.0	110.0	116.2	160.2	160.2
(ii) Doors	100.0	100.0	173.7	202.6	202.6	202.6	202.6	223.2
Timber and Doors	100.0	100.0	122.7	128.5	128.5	133.4	168.7	172.8
9. (i) Hardware	128.5	128.5	140.2	140.2	151.9	151.9	160.1	164.2
(ii) Windows	100.0	100.0	110.0	110.0	110.0	112.5	112.5	112.5
Hardware and Windows	105.7	105.7	116.0	116.0	118.4	120.4	122.0	122.8
10. Paints	100.0	100.0	107.1	107.1	141.3	141.3	153.5	155.5
11. Glass	100.0	100.0	164.0	164.0	164.0	196.0	230.0	262.0
12. Roofing Materials	102.8	102.8	113.1	113.1	140.9	137.7	137.0	147.1
13. (i) Drainage waste and water service	100.0	100.0	121.3	121.3	121.3	121.3	121.3	114.3
Plumbing and Sanitary Fixtures	101.3	119.4	126.4	136.5	141.2	149.1	150.3	149.4
14. (i) Switch-Gear	100.0	100.0	111.1	111.1	133.3	133.3	155.6	155.6
(ii) Conduit	122.2	122.2	133.3	133.3	144.5	144.5	144.5	177.8
(iii) Fittings	104.8	104.8	118.3	118.3	121.9	128.6	135.7	135.7
(iv) Accessories	107.2	107.2	118.3	118.3	139.4	160.8	200.0	214.4
(v) Wiring	100.0	115.3	120.8	140.1	140.1	168.1	168.1	168.1
Electrical Installations	107.0	109.5	120.2	123.2	135.4	141.2	155.4	164.8
ALL MATERIALS	100.3	107.5	114.2	117.3	129.8	142.4	155.1	157.2
15. (i) Unskilled Labour	100.0	100.0	113.6	113.6	113.6	113.6	131.8	131.8
(ii) Semi-Skilled Labour	100.0	100.0	113.0	113.0	133.0	113.0	133.6	133.6
(iii) Skilled Labour	100.0	100.0	105.0	105.0	105.0	105.0	105.0	111.7
LABOUR	100.0	100.0	109.7	109.7	109.7	109.7	120.9	123.8
NON-RESIDENTIAL BUILDING COST INDEX	100.9	105.1	112.8	114.9	123.4	131.9	144.1	146.5

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## BUILDINGS—COST INDEX

Table 12.3

December, 1972=100

INPUT	1973				1974			
	As AT THE END OF							
	March	June	September	December	March	June	September	December
1. Sand	100.0	100.0	107.7	107.7	107.7	107.7	107.7	115.4
2. Aggregate	100.0	100.0	100.0	100.0	100.0	100.0	105.9	105.9
3. Cement	102.0	103.7	106.3	106.3	106.3	134.0	150.7	150.8
4. (i) Concrete Blocks	100.0	103.7	103.7	103.7	118.5	124.3	137.1	137.1
(ii) Stone Blocks	105.2	105.2	105.2	105.2	119.8	119.8	133.2	133.2
BLOCKS	101.0	104.0	104.0	104.0	118.8	123.4	136.3	136.3
5. Hardcore Filling	105.5	105.5	105.5	105.5	111.1	111.1	111.1	111.1
6. Floor Tiles	108.3	108.3	125.0	125.0	166.7	208.3	208.3	208.3
7. Reinforcing Mild Steel Rods	100.0	115.1	118.8	126.4	156.5	173.4	192.3	192.3
8. (i) Timber	100.0	100.0	110.0	110.0	110.0	116.3	160.4	160.4
(ii) Doors	100.0	100.0	162.4	193.1	193.1	193.1	193.1	220.2
TIMBER AND DOORS	100.0	100.0	120.4	126.6	126.6	131.6	166.9	172.8
9. (i) Hardware	128.5	128.5	140.2	140.2	151.9	151.9	160.0	164.1
(ii) Windows	100.0	100.0	110.0	110.0	110.0	117.1	117.1	117.1
HARDWARE AND WINDOWS	105.7	105.7	116.0	116.0	118.4	124.1	125.7	126.5
10. Paints	100.0	100.0	102.0	102.0	141.3	141.3	153.5	155.5
11. Glass	100.0	100.0	141.6	141.6	141.6	158.6	176.6	203.2
12. Roofing Materials	100.9	100.9	111.1	111.1	137.2	135.9	139.7	152.7
13. (i) Drainage waste and water service	100.0	100.0	120.6	120.6	120.6	120.6	120.6	112.3
(ii) Trapped Gully	100.0	100.0	125.0	125.0	125.0	125.0	125.0	140.0
(iii) Sanitary Fixtures	100.7	110.6	118.9	127.5	145.1	156.1	158.8	157.3
Plumbing AND SANITARY FIXTURES	100.5	106.9	119.7	125.3	136.8	144.0	145.8	144.5
14. (i) Switch-Gear	109.4	109.4	132.1	132.1	158.5	158.5	194.3	194.3
(i) Conduit	122.2	122.2	133.3	133.3	144.4	144.4	144.4	177.8
(ii) Fittings	101.9	101.9	109.3	109.3	127.0	136.4	143.9	143.9
(iv) Accessories	107.1	107.1	118.3	118.3	139.4	155.3	200.0	214.4
(v) Wiring	100.0	115.0	120.9	140.1	140.1	162.1	162.1	168.2
ELECTRICAL INSTALLATIONS	111.1	113.9	126.2	129.8	144.1	152.5	165.7	179.0
ALL MATERIALS	101.9	105.1	112.8	115.1	128.4	139.6	151.5	154.2
15. (i) Unskilled Labour	100.0	100.0	113.6	113.6	113	113.6	131.8	131.8
(ii) Semi-Skilled Labour	100.0	100.0	113.0	113.0	113.0	113.0	133.6	133.6
(iii) Skilled Labour	100.0	100.0	105.0	105.0	105.0	105.0	105.0	111.7
LABOUR	100.0	100.0	109.7	109.7	109.7	109.7	120.9	123.8
BUILDINGS COST INDEX	101.3	103.7	111.9	113.6	123.2	131.3	143.0	145.7

prices, was higher in 1974 than in 1973. However, after deflation by the index of building costs, completions were respectively 19 per cent and 6 per cent lower in Nairobi and Mombasa in 1974 than in 1973, while for each one of the other main towns the value of completions was lower at both current and constant prices.

THE VALUE OF ALL REPORTED PRIVATE BUILDING WORK COMPLETED IN MAIN TOWNS,  
1968-1974

Table 12.4

K£million

	Nairobi	Mombasa	Nakuru	Kisumu	Kitale	Eldoret	Thika	Others	Total
1968	3.75	1.3	0.03	0.16	0.33	..	0.11		5.68
1969	6.05	1.01	0.12	0.08			0.03		7.29
1970	8.40	1.24	0.16	0.06	0.04		0.01		9.9
1971	11.29	1.22	0.08	0.14	0.05	0.02	0.01		12.81
1972	9.88	2.72	0.6	0.18			0.06	0.06	13.6
1973	5.82	1.76	0.38	0.02	0.03	0.90	0.16	0.06	9.13
1974*	5.97	2.09	0.24	0.01	-	0.07	0.11	0.03	8.52

\*Provisional.

12.6. In Kenya as a whole, residential building held up better—both in terms of the number of reported completions and their value—than non-residential building. The value of reported completions for residential building in the main towns rose from K£4 89 million in 1973 to K£6.01 million in 1974, while that for non-residential building fell from K£2.45 million to K£1.81 million. These changes are shown in Table 12.5. The figures when they are converted to constant prices reveal a net overall decline in activity in real terms in residential completions which fell by 2.8 per cent, in 1974.

REPORTED COMPLETIONS OF NEW PRIVATE BUILDINGS IN MAIN TOWNS, 1968-1974

Table 12.5

	NUMBER			ESTIMATED COST K£million		
	Residential	Non-Residential	Total	Residential	Non-Residential	Total
1968	314	166	480	1.84	2.69	4.53
1969	329	151	479	2.65	3.63	6.28
1970	470	131	601	3.92	4.98	8.90
1971	535	165	700	5.39	6.24	11.63
1972	576	148	724	6.64	5.13	11.77
1973*	830	97	927	4.89	2.45	7.34
1974*	844	61	905	6.01	1.81	7.82

\*Provisional.

12.7. Table 12.6 indicates that the number of reported completions of public buildings was also lower in 1974 than in 1973; and that the overall value of such buildings, both residential and non-residential was lower by more than half at current prices.

#### REPORTED COMPLETIONS OF NEW PUBLIC BUILDINGS, 1969-1974

Table 12.6

	NEW						EXTENSIONS			Total Cost K £'000
	NUMBER			COST k£'000			Cost k£'000			
	Res.	Non-Res.	Total	Res.	Non-Res.	Total	Res.	Non-Res.	Total	
	Res.	Non-Res.	Total	Res.	Non-Res.	Total	Res.	Non-Res.	Total	
1969	423	129	552	1,330.9	1,073.9	2,404.7	34.9	49.1	84.0	2,488.7
1970	446	13.1	577	2,122.8	2,103.7	4,226.5	0.9	28.6	29.5	4,256.0
1971	521	108	629	2,115.1	1,179.5	3,294.6	4.1	549.3	553.4	3,848.0
1972	997	235	1,232	3,049.3	1,883.9	4,933.2	24.2	121.1	145.3	5,078.6
1973*	721	85	806	1,929.0	5,446.9	7,375.9	2.5	26.7	29.2	7,405.1
1974	494	84	577	757.4	2,467.6	3,224.9	2.5	22.2	24.7	3,249.7

\*Provisional.

#### Plans Approved

12.8. Tables 12.7 and 12.8 give details of private and public buildings plans approved by Nairobi City Council and by other municipalities. No plans were approved in the third quarter of 1974 by Nairobi City Council because the council had then been dissolved for civic elections. As an indication of building projects in the pipeline, the figures of plan approvals for the third and fourth quarters of 1973 plus those for the first quarter of 1974 are compared with those of the corresponding quarters in 1974 and 1975. On this basis, for Nairobi, the value of approvals of all building plans for the former period is K£ 14.92 million against K£ 16.25 million for the later period. No figures are available for the first quarter of 1975 for other municipalities. However, a comparison of the value of plan approvals by these municipalities in the last three quarters of 1973 and in the same period in 1974 indicates an increase in value of plan approvals from K£6.25 million to K£9.55 million. Thus the value of work in the pipeline at current prices, has increased in Nairobi and in other municipalities. However, in real terms, the value of approvals for these periods, for Nairobi and other municipalities taken together, appears to be about 5 per cent lower—implying that the level of building activity in 1975 will be reduced or at best remain at about the same level as in 1974. As indicated in Chapter 2, the value of building output in 1974 was relatively depressed, being below that of 1973. The year 1975 will therefore be the second year of relative stagnation in building activity.



PRIVATE AND PUBLIC BUILDING PLANS APPROVED BY THE NAIROBI CITY COUNCIL, 1969-1975

	NUMBER OF PLANS						ESTIMATED COST K£'000						
	PRIVATE			PUBLIC			PRIVATE			PUBLIC			All Buildings
	Resi- dential	Non- Resi- dential	Total	Resi- dential	Non- Resi- dential	Total	Resi- dential	Non- Resi- dential	Total	Resi- dential	Non- Resi- dential	Total	
1969	985	544	1,529	9	95	104	4,019	6,881	10,900	655	1,944	2,598	13,498
1970	1,178	551	1,729	43	43	86	8,284	6,240	14,523	2,368	1,815	4,183	18,705
1971	1,132	572	1,704	329	33	362	7,046	5,594	12,640	1,093	921	2,014	14,654
1972	1,101	566	1,667	115	65	180	6,464	6,104	12,568	406	3,639	4,045	16,614
1973	2,527	441	2,968	216	31	247	9,376	5,361	14,737	1,947	2,815	4,761	19,498
1974	2,221	353	2,574	183	25	208	11,204	5,547	16,751	1,325	2,333	3,658	20,410
1972—													
1st Qr.	245	130	375	11	16	27	1,730	1,468	3,197	46	1,468	1,514	4,711
2nd Qr.	305	172	477	66	14	80	1,523	1,348	2,871	121	179	300	3,171
3rd Qr.	265	124	389	2	15	17	1,981	1,966	3,947	24	955	979	4,926
4th Qr.	286	140	426	36	20	56	1,230	1,323	2,553	215	1,038	1,252	3,805
1973—													
1st Qr.	1,283	82	1,365	179	7	186	3,604	596	4,200	791	173	963	5,163
2nd Qr.	507	139	646	2	11	13	2,173	2,732	4,905	6	544	550	5,455
3rd Qr.	437	110	547	23	9	32	2,009	849	2,858	296	2,072	2,368	5,226
4th Qr.	300	110	410	12	4	16	1,590	1,184	2,774	854	26	880	3,654
1974—													
1st Qr.	404	73	477	160	8	168	3,003	1,587	4,590	661	793	1,454	6,044
2nd Qr.	525	111	636	14	9	23	3,296	1,450	4,746	538	1,134	1,672	6,418
3rd Qr.													
4th Qr.	1,292	169	1,461	9	9	8	4,908	17	2,509	7,416	166	1	406
1975—													
1st Qr. *	456	106	562	4	10	14	3,374	2,871	6,245	353	1,699	2,052	8,297

\*Provisional

PRIVATE AND PUBLIC BUILDING PLANS APPROVED BY OTHER MUNICIPALITIES 1972-1974

Table 12.8

	NUMBER OP PLANS						ESTIMATED COST							k£'000
													Build-ings	
	Resi-dential	Non-Resi-dential	Total	Resi-dential	Non-Resi-dential	Total	Resi-dential	Non-Resi-dential	Total	Resi-dential	Non-Resi-dential	Total		
1972	406	246	652	6	10	16	2,274	3,552	5,827	143	97	240	6,066	
1973	503	278	781	7	14	21	2,576	4,433	7,009	196	2,005	2,201	9,210	
1974	578	311	889	21	11	32	5,029	4,709	9,738	3,094	216	3,310	13,048	
1972—														
1st Qr	76	50	126	1	—	1	370	397	767	—	—	—	767	
2nd Qr	123	72	195	1	4	5	676	1,298	1,974	—	5	5	1,979	
3rd Qr	121	68	189	3	3	6	689	924	1,613	143	89	231	1,844	
4th Qr.	86	56	142	1	3	4	539	934	1,473	—	3	3	1,476	
1973—														
1st Qr	136	67	203	1	4	5	712	392	1,104	1	1,857	1,858	2,962	
2nd Qr.	114	71	185	1	2	3	732	1,016	1,749	1	35	36	1,785	
3rd Qr	114	72	186	3	6	9	534	1,836	2,370	190	86	276	2,646	
4th Qr	139	68	207	2	2	4	598	1,189	1,787	4	27	31	1,818	
1974—														
1st Qr	162	103	265		4	4	2,173	1,166	3,339	—	159	159	3,498	
2nd Qr.	142	59	201		2	2	1,010	1,514	2,524	—	4	4	2,528	
3rd Qr	151	65	216		3	3	1,318	1,406	2,724	—	48	48	2,772	
4th Qr	123	84	207	21	2	23	528	623	1,151	3,094	5	3,099	4,250	

12.9. Figures on the value of plan approvals in Tables 12.7 and 12.8 also indicate that while private sector building in Nairobi, both residential and non-residential, may be in real terms at about the same level in 1975 as in 1974, the level of the public sector building will be lower. The reverse, however, is likely to be the case in other municipalities. In their case the indications are that the value of private building will be lower than in the previous year and that of public sector building higher.

### Housing and Housing Needs

12.10. The value of houses completed, and the number of units built, by the National Housing Corporation are stated in Tables 12.9 and 12.10. The number of units completed by the National Housing Corporation was about 31.7 per cent higher in 1974 than in 1973, but still approximately 42 per cent lower than in 1972. The cost of these houses was K£2.45 million in 1974 against K£2.14 million in 1973. Slightly more than half of the units completed in 1974 were in Nairobi and the Coast. Percentage-wise the sharpest increases in the number of units completed were in Central Province followed by Eastern Province and Rift Valley Province.

12.11. Nairobi City Council's waiting list for houses indicates a growing shortage of houses in Nairobi, and probably in the country as a whole. The number on the waiting list in Nairobi had risen to a peak of 27,756 by March, 1975. In Nairobi 60 per cent of the people on the waiting list earned less than K.Sh. 833 a month compared with a rental of K.Sh. 650 a month for a three-bedroomed flat in Nairobi's most recently completed housing scheme. The sharp rise in building costs is making it progressively more difficult for people on low incomes to be provided with adequate housing.

NATIONAL HOUSING CORPORATION—VALUE OF HOUSES COMPLETED, 1970-1974

Table 12.9

K£ '000

PROVINCE	1970	1971	1972	1973	1974
Central	337		6	37	184
Coast	179	198	1,119	486	290
Eastern	60	—	16	44	88
Nairobi	1,617	1,526	3,042	899	1,396
North Eastern	—	14	29	13	—
Nyanza	30	17	44	77	41
Rift Valley	147	117	169	89	408
Western	72	30	—	500	47
TOTAL	2,442	1,902	4,425	2,145	2,454

National Housing Corporation Projects by Province, 1970-1974

Table 12.10

Numbers

	Units Completed					Site and Service Plots Completed				
	1970	1971	1972	1973	1974	1970	1971	1972	1973	1974
Central	220		6	34	168	161		1,078		
Coast	174	208	589	257	300		100	150		
Eastern	50	—	16	34	71					
Nairobi	1,341	1,290	1,505	302	432		1,260	741		
North Eastern	—	8	26	6						
Nyanza	4	20	42	70	25	—	105	35		
Western	85	34	—	238	32					
Rift Valley	192	177	313	153	413	8		96	96	—
Total	2,066	1,737	2,497	1,094	1,441	169	1,465	2,100	96	

## Road Construction

12.12. Total expenditure by the Ministry of Works in 1973/74 and 1974/75 on the construction of new roads and on maintenance of existing roads is stated in Table 12.11. Total capital expenditure on roads fell from K£19.68 million in 1973/74 to K£17.60 million in 1974/75, but maintenance expenditure rose from K£6.94 million to K£7.98 million. Capital expenditure on trunk roads and primary roads declined from K£13.02 million to K£9.67 million while that on secondary roads, minor roads and unclassified roads increased to K£6.04 million from K£4.25 million. This shift in emphasis from the construction of trunk and primary roads to secondary, minor and unclassified roads is consistent with the policy outlined in the Development Plan. 1974-78.

TOTAL EXPENDITURE ON ROADS, 1973/74-1974/75

Table 12.11		K£'000	
	1973/74	1974/75	
DEVELOPMENT			
Trunk Roads	7,340.25	4,956.00	
Primary Roads	5,678.28	4,718.00	
Secondary Roads	499.53	1,403.00	
Minor	3,056.68	264.00	
Unclassified	692.17	4,377.00	
Miscellaneous	1,300.32	544.20	
Implementation of road maintenance organization	1,110.64	1,335.00	
TOTAL	19,677.87	17,597.20	
RECURRENT (maintenance and repair)	6,944.82	7,980.48	
TOTAL	26,622.69	25,577.68	

12.13. The classification, length and cost of new roads completed in 1974 are given in Table 12.12. Details of roads started and in progress are stated in Tables 12.13 and 12.14. There was a marked drop in the length and cost of bitumen roads completed in 1974; on the other hand, the mileage and cost of new gravel roads went up significantly. A total of K£7.8 million was spent on construction of these roads, which cover a distance of 605 kilometres. The most significant of the bitumen road projects completed during the year were Yala-Busia road. 72 kilometres, Kijabe-Narok road. 53 kilometres, and the Waa-Msambweni road. 47 kilometres.

## Water Development

12.14. As shown in Chapter 9 a total of K£8.2 million was spent on water supplies and related services in 1974/75 compared with K£5.9 million in 1973/74. The large increase emphasises a change in priorities in public sector development activity.

## M.O.W. ROADS COMPLETED, 1974

Table 12.12

	BITUMEN		GRAVEL	
	Length Km.	Cost K£'000	Length Km.	Cost K£'000
Trunk Roads	221	4,611.4	37	
Primary Roads	—	—	8	350.0
Tourist and Tea Roads	31	1,763.4	184	
Township Roads	15	485.6	109	573.8
TOTAL	267	6,860.4	338	

## MINISTRY OF WORKS—ROADS STARTED, 1974

Table 12.13

	BITUMEN		GRAVEL	
	Length Km.	Cost K£'000	Length Km.	Cost K£'000
Trunk Roads	31.0	1,788.4		
Primary Roads	62.0	3,203.7	8	
Township Roads	0.5	189.4	—	—
Secondary Roads	6.0	370.7	—	—
Sugar and Other Minor Roads	4.0	49.2	80	900.0
TOTAL	103.5	5,601.4	88	900.0

## M.O.W.—ROADS PROJECTS IN PROGRESS, 1974

Table 12.14

	BITUMEN		GRAVEL	
	Length Km.	Cost K£'000	Length Km.	Cost K£'000
Trunk Roads	65.3	1,798.1		
Primary Roads	111.0	3,191.0	—	—
Secondary Roads	35.0	412.1	—	—
Tea Roads	174.0	6,283.7	522.0	
Bridges	—	599.4	—	—
TOTAL	385.3	12,284.3	522.0	

## CHAPTER 13—TOURISM

There was no growth in tourism in 1974. The number of visitors to Kenya fell by 3 per cent, though the visitors stayed longer on average. There was therefore little change in the overall number of days spent in the country, the totals being 4.41 million visitor days in 1974 and 4.44 million days in 1973. However, the number of nights spent at hotels by foreign and East African residents rose to 2.98 million in 1974 from 2.78 million in 1973 and 2.47 million in 1972. The growth rate in guest nights stayed at hotels in 1974 was 7 per cent while total tourist expenditure increased by 9 per cent in 1974. These growth rates of bed occupancy and tourist receipts are well below the average rates planned for the 1974-1978 plan period. Indeed tourist receipts in 1974 in real terms, i.e. after allowing for price rises actually fell, whereas the Development Plan anticipates an annual rate of increase of 16 per cent to 1978. Planned and actual bed occupancy figures are detailed in Table 13.1.

BED OCCUPANCY PLANNED AND ACHIEVED, 1972 AND 1974

Table 13.1

'000 Bed-Nights

	DEVELOPMENT PLAN PROJECTIONS		ACTUAL BEDS OCCUPIED	
	1972	1974	1972	1974
E.A. Residents	958	1,076	757	1,027
Foreign Residents	1,557	2,280	1,718	1,952
TOTAL	2,515	3,356	2,475	2,979

13.2. Holiday travel in 1974 was adversely affected by the major recession experienced in industrial countries, by increased airfares and by the persistent losses of the major tour operators. Table 13.2 shows that as per arrival statistics, the number of visitors on holiday declined by 5 per cent in 1974 while the number of business visitors increased by 11 per cent. Departure statistics give a somewhat different picture of a slight increase in holiday visitors and a small fall in the number of business visitors.

RECORDED VISITS BY PURPOSE OF VISITS, 1972-1974

Table 13.2

Thousands

	Arrivals			Departures		
	1972	1973*	1974*	1972	1973	1974
Holiday	328.1	291.6	276.7	345.0	309.0	310.3
Business	50.6	48.3	53.9	42.1	43.7	43.4
Transit	65.6	57.9	56.9	41.3	35.4	25.9
TOTAL	444.3	397.7	387.5	428.4	388.1	379.6

\*From July 1973, the arrivals series is based on a 10 per cent sample.

VISITOR DEPARTURES BY COUNTRY OF RESIDENCE, 1972-1974

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Table 13.3

	HOLIDAY			B BUSINESS			TRANSIT			TOTAL		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
United Kingdom	40.2	38.3	36.8	6.9	6.8	6.4	5.0	3.9	2.6	52.1	49.0	45.8
West Germany	34.6	32.2	31.6	1.9	1.9	2.0	2.6	2.2	1.3	39.1	36.3	34.9
Italy	11.8	13.5	16.2	1.0	1.0	1.1	1.0	1.3	1.0	13.7	15.8	18.4
France	8.4	9.0	9.2	0.8	0.9	0.9	0.6	0.7	0.4	10.0	10.5	10.5
Switzerland	15.6	17.7	19.7	0.8	0.9	0.8	0.7	0.7	0.5	17.0	19.2	21.0
Other Europe	20.2	22.8	27.9	2.3	2.5	2.4	2.5	2.5	1.7	25.0	27.8	31.9
Total Europe	130.8	133.4	141.4	13.7	13.9	13.5	12.3	11.3	7.5	156.7	158.6	162.4
United States	57.9	45.4	41.5	3.3	3.7	3.1	3.4	2.9	1.8	64.7	52.0	46.4
Canada	5.6	5.1	5.5	0.5	0.5	0.5	0.6	0.5	0.4	6.6	6.1	6.4
Total N. America	63.5	50.4	47.0	3.8	4.2	3.6	4.0	3.4	2.2	71.3	58.1	52.8
India	6.0	4.5	5.0	0.8	0.6	0.6	2.1	1.5	1.3	8.9	6.6	7.0
Japan	3.2	3.9	4.2	0.9	1.1	0.9	0.8	0.8	0.4	4.8	5.8	5.6
Israel	2.1	1.5	0.9	0.3	0.2	0.1	0.6	0.4	0.1	3.0	2.1	1.2
Other Asia	4.9	5.1	6.2	0.7	0.9	0.8	1.2	1.1	1.2	6.7	7.1	8.1
Total Asia	16.1	15.0	16.3	2.7	2.8	2.5	4.7	3.7	3.1	23.5	21.5	21.9
Uganda	30.4	14.1	18.5	6.0	7.3	7.6	3.5	1.8	1.5	39.9	23.3	27.6
Tanzania	74.5	63.1	51.4	10.6	9.4	10.1	6.6	5.2	3.8	91.7	77.8	65.3
Zambia	6.4	7.8	8.6	1.2	1.1	1.5	3.6	3.5	2.8	11.1	12.3	12.8
Other Africa	17.6	19.5	20.8	3.7	4.3	4.0	5.7	5.8	4.5	27.0	29.7	29.3
Total Africa	129.0	104.6	99.3	21.3	22.1	23.2	19.4	16.3	12.5	169.7	143.0	135.0
Australia and New Zealand	3.9	3.6	4.2	0.4	0.3	0.3	0.7	0.5	0.4	4.9	4.5	4.9
All Other Countries	1.8	1.9	2.1	0.2	0.4	0.2	0.2	0.2	0.1	2.2	2.4	2.5
Total Other	5.6	5.5	6.3	0.6	0.7	0.6	0.9	0.7	0.6	7.2	6.9	7.4
Total	345.0	309.0	310.3	42.1	43.7	43.4	41.3	35.4	25.9	428.4	388.1	379.6



13.3. It is estimated that tourist visitors to Kenya spent a total of K£26.5 million in 1974, an increase of 9 per cent over the estimated expenditure of K£24.3 million in 1973. However, both figures are below the estimate of K£27.3 million for tourist expenditures in 1972. The expenditure estimates are based on gross spending by tourists. No reduction is made for the cost of imported goods and services used in the tourist trade, and the figures exclude international airfares paid to local and foreign carriers.

#### Visitors and Visitor Days

13.4. Table 13.3 sets out details on visitor departures from 1972 to 1974. Persons on holiday from European countries increased in all three years, the increase in 1974 being 6.0 per cent, and there were also more holiday visitors from Asia and Australasia in 1974. However the number of such visitors from North America and from elsewhere in Africa declined both in 1973 and 1974. The percentage fall since 1972 from North America was 26 per cent and from other African countries 23 per cent.

13.5. Table 13.4 gives a summary of visitor departures by method of travel from 1970 to 1974. The number of all departures by air increased from 77 per cent of the total in 1973 to 79 per cent in 1974. Visitor departures by sea declined by 38 per cent during 1974. The high proportion of departures by air reflects the continuing increase in the share of visits by non-East African residents as a proportion of total visits—the proportion rising from 69 per cent in 1972 to 74 per cent in 1973 and to 76 per cent in 1974, as shown in Table 13.3.

VISITOR DEPARTURES BY METHOD OF TRAVEL, 1970-1974

Table 13.4

Thousands

	1970	1971	1972	1973	1974
Air	220.7	257.8	285.9	297.6	301.5
Sea	13.3	16.1	7.9	4.2	2.6
Road	96.5	117.3	128.7	84.0	72.7
Lake			1.7	1.7	1.8
Rail	8.3		4.2	0.6	1.0
TOTAL	338.8	399.7	428.4	388.1	379.6

13.6. Total average length of stay of all visitors rose slightly from 11.4 days in 1973 to 11.6 days in 1974. Foreign non-East African residents had an average visit of 12.0 days, and East African residents stayed on average 10.3 days a visit. Among the former group, residents of India and the U.K. had the longest periods of stay of 14.0 and 14.8 days, respectively. In comparison, visitors from West Germany had an average length of visit of 12.7 days and those from U.S.A. and Canada 11.2 days. Holiday visitors had an average length of stay longer than that of businessmen, 12.6 against 10.1 days.

Table 13.5

## Total Stay of Departing Visitors and Average Length of Visit, 1972-1974

Total Stay: Thousands of Days)

	0-14 Days	15-28 Days	Over 28 Days	Holiday	Business	Transit	East Africa	Other Africa	U.K.	West Germany	Other Europe	North America	Asia	All Other	Total
1972	<b>1,940</b>	<b>1,001</b>	<b>1,826</b>	<b>4,287</b>	<b>409</b>	<b>72</b>	<b>1,350</b>	<b>341</b>	<b>793</b>	<b>493</b>	<b>738</b>	<b>715</b>	<b>262</b>	<b>75</b>	<b>4,768</b>
1973	<b>1,763</b>	<b>1,033</b>	<b>1,639</b>	<b>3,951</b>	<b>423</b>	<b>61</b>	<b>991</b>	<b>411</b>	<b>762</b>	<b>442</b>	<b>803</b>	<b>690</b>	<b>262</b>	<b>74</b>	<b>4,435</b>
1974	<b>1,966</b>	<b>1,057</b>	<b>1,383</b>	<b>3,918</b>	<b>440</b>	<b>48</b>	<b>961</b>	<b>411</b>	<b>679</b>	<b>444</b>	<b>975</b>	<b>594</b>	<b>256</b>	<b>86</b>	<b>4,406</b>
1972—															
1st Qr.	701	379	742	1,681	123	18	473	112	327	238	329	244	73	26	1,822
2nd Qr.	331	149	291	677	77	17	309	62	110	57	81	87	54	12	771
3rd Qr.	501	270	451	1,103	100	20	297	102	225	104	176	221	77	20	1,221
4th Qr.	407	203	342	826	109	16	271	66	131	95	152	163	58	16	952
1973—															
1st Qr.	483	370	490	1,223	105	15	218	97	286	172	287	200	64	19	1,343
2nd Qr.	359	169	445	841	116	16	291	105	153	85	124	127	71	17	973
3rd Qr.	489	275	406	1,052	106	15	246	118	185	90	195	239	78	22	1 173
4th Qr.	432	216	298	835	96	15	237	91	139	95	196	124	49	16	946
1974—															
1st Qr.	564	386	456	1,285	109	12	242	106	245	166	396	162	68	22	1,407
2nd Qr.	372	163	304	721	104	13	227	93	124	77	142	96	61	18	839
3rd Qr.	484	318	388	1,070	107	13	240	123	185	100	233	209	76	24	1,191
4th Qr.	546	190	234	841	119	9	253	88	124	101	203	127	52	22	970
Average Length of stay (Days)															
1972	<b>5.5</b>	<b>19.8</b>	<b>71.1</b>	<b>12.4</b>	<b>9.7</b>	<b>1.7</b>	<b>10.3</b>	<b>9.0</b>	<b>15.2</b>	<b>12.6</b>	<b>11.3</b>	<b>10.0</b>	<b>11.1</b>	<b>10.5</b>	<b>11.1</b>
1973	<b>5.6</b>	<b>19.9</b>	<b>64.2</b>	<b>12.8</b>	<b>9.7</b>	<b>1.7</b>	<b>9.8</b>	<b>9.8</b>	<b>15.6</b>	<b>12.2</b>	<b>10.9</b>	<b>11.9</b>	<b>12.2</b>	<b>10.7</b>	<b>11.4</b>
1974	<b>6.5</b>	<b>19.9</b>	<b>61.7</b>	<b>12.6</b>	<b>10.1</b>	<b>1.9</b>	<b>10.3</b>	<b>9.8</b>	<b>14.8</b>	<b>12.7</b>	<b>11.9</b>	<b>1.12</b>	<b>11.7</b>	<b>11.6</b>	<b>11.6</b>
1972—															
1st Qr.	5.7	2.1	87.8	13.3	10.3	1.8	10.7	10.0	16.9	14.6	12.6	10.4	10.9	13.2	12.2
2nd Qr.	5.0	19.4	65.4	11.2	8.8	1.9	9.3	8.2	13.2	10.7	10.3	9.0	10.8	7.9	9.8
3rd Qr.	5.4	19.6	58.1	12.0	9.9	1.6	10.2	9.1	15.3	10.9	10.3	9.6	11.1	9.3	10.0
4th Qr.	5.7	19.8	68.4	12.5	9.7	1.7	10.7	8.1	13.5	11.9	10.6	10.8	11.9	10.8	10.0
1973—															
1st Qr.	6.0	20.1	70.3	14.2	9.9	1.6	9.8	10.8	17.3	13.4	11.9	13.0	14.0	13.3	12.7
2nd Qr.	5.6	19.8	65.6	14.0	10.6	1.8	10.9	10.4	16.3	12.8	12.0	13.3	12.8	12.0	12.2
3rd Qr.	5.6	1.9	56.5	12.1	9.5	1.6	9.7	9.1	14.6	10.6	10.4	11.7	11.4	9.6	10.9
4th Qr.	5.5	19.7	65.0	11.0	8.8	1.9	8.8	9.1	13.3	11.4	9.8	9.7	10.7	9.1	10.0
1974—															
1st Qr.	6.5	19.8	63.6	13.3	10.5	1.9	10.7	11.0	16.0	13.0	12.2	11.8	12.8	12.3	12.4
2nd Qr.	5.7	20.0	66.4	12.2	9.6	1.8	9.4	9.0	14.2	12.7	11.5	10.8	11.8	10.3	10.8
3rd Qr.	6.1	20.0	55.2	12.8	10.1	1.8	10.1	9.6	15.9	12.5	12.2	11.5	12.0	10.8	11.7
4th Qr.	7.4	19.9	65.8	11.9	10.3	2.1	11.2	9.4	12.2	12.2	11.4	10.6	10.1	13.2	11.2

Note.— Countries shown are countries of residence.

FIRST VISITS AND REVISITS 6701 BHM: FGSB79 %48%4

Table 13.6

	FIRST VISITS			REVISITS			TOTAL			REVISIT RATIO*		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
	000's	000's	000's	000's	000's	000's	000's	000's	000's			
Uganda	31.2	18.0	20.9	7.1	5.2	6.8	38.4	23.1	27.7	0.23	0.29	0.32
Tanzania	75.0	62.6	54.6	20.0	15.0	12.4	95.0	77.6	67.0	0.27	0.24	0.23
TOTAL EAST AFRICA	106.2	80.6	75.5	27.2	20.1	19.2	133.4	100.7	94.7	0.26	0.25	0.25
Other Africa	36.2	37.0	38.4	5.4	5.4	5.3	41.5	42.3	43.9	0.15	0.15	0.14
U.K	46.3	47.0	46.0	8.3	6.6	5.5	54.6	53.5	51.5	0.18	0.14	0.12
West Germany	34.0	31.2	29.0	6.9	5.9	4.5	40.9	37.0	33.5	0.20	0.19	0.15
Other Europe	58.3	65.9	71.7	11.4	10.5	9.0	69.7	76.3	80.6	0.16	0.16	0.12
North America	55.0	49.5	45.2	15.8	8.9	8.0	70.8	58.4	53.1	0.29	0.18	0.18
India	9.0	6.7	6.6	1.4	0.8	0.8	10.4	7.5	7.4	0.16	0.12	0.12
All others	19.0	19.1	20.0	4.1	2.7	2.8	23.1	21.8	22.8	0.22	0.14	0.14
TOTAL FOREIGN	257.7	256.3	256.9	53.3	40.7	36.0	310.9	297.0	292.8	0.21	0.16	0.14
TOTAL	363.9	336.9	332.3	80.4	60.8	55.2	444.3	397.7	387.5	0.22	0.18	0.17

\*See text.

FIRST VISITS AND REVISITS BY PURPOSE OF VISIT AND ORIGIN, 1972-1974

Table 13.7

'000s

	FROM UGANDA		FROM TANZANIA		FROM ELSEWHERE		TOTAL	
	E.A.R.	F.R.	E.A.R.	F.R.	E.A.R.	F.R.	E.A.R.	F.R.
<b>FIRST VISITS</b>								
1972—								
Holiday	20.8	16.4	53.9	26.0	5.5	148.7	80.3	190.9
Business	4.0	1.8	7.2	2.0	1.8	20.9	13.1	24.6
Transit	3.7	3.7	4.1	4.7	5.0	33.8	12.8	42.2
TOTAL	28.7	21.7	65.1	32.8	12.3	203.3	106.2	257.7
1973—								
Holiday	7.8	5.2	44.5	30.0	5.6	159.3	57.9	194.4
Business	5.4	1.3	6.4	2.3	1.4	18.9	13.2	22.6
Transit	1.7	1.5	3.8	5.3	4.0	32.4	9.5	39.3
TOTAL	14.8	8.0	54.8	37.6	11.0	210.7	80.6	256.3
1974—								
Holiday	6.9	6.0	36.8	32.7	6.2	154.9	49.9	193.7
Business	5.8	1.4	7.6	3.3	2.1	19.8	15.6	24.4
Transit	1.7	1.6	3.6	5.5	4.6	31.6	10.0	38.8
TOTAL	14.5	9.0	48.0	41.6	13.0	206.3	75.5	256.9
<b>REVISITS</b>								
1972—								
Holiday	3.6	6.2	13.3	27.2	0.6	6.1	17.4	39.4
Business	1.9	1.0	4.1	2.0	0.8	3.2	6.8	6.2
Transit	0.7	1.0	1.5	2.3	0.8	4.3	3.0	7.7
TOTAL	6.2	8.2	18.8	31.5	2.2	13.6	27.2	53.3
1973—								
Holiday	1.3	0.8	9.2	22.3	0.4	5.2	10.9	28.4
Business	2.5	0.6	3.8	2.0	0.6	2.8	7.0	5.5
Transit	0.5	0.4	1.0	2.4	0.8	4.0	2.2	6.8
TOTAL	4.3	1.8	14.0	26.8	1.8	12.0	20.1	40.7
1974—								
Holiday	1.5	1.3	7.1	18.4	0.5	4.2	9.1	24.0
Business	3.1	0.6	4.1	2.4	0.9	2.9	8.0	5.8
Transit	0.7	0.3	0.9	2.1	0.4	3.9	2.0	6.2
TOTAL	5.2	2.2	12.1	22.9	1.8	10.9	19.2	36.0
<b>TOTAL</b>								
1972—								
Holiday	24.4	22.6	67.2	53.1	6.1	154.7	97.7	230.4
Business	6.0	2.7	11.3	3.9	2.6	24.1	19.9	30.7
Transit	4.5	4.6	5.5	7.1	5.8	38.1	15.8	49.8
TOTAL	34.8	30.0	83.9	64.3	14.5	216.8	133.4	310.9
1973—								
Holiday	9.1	6.0	53.8	52.3	6.0	164.5	68.8	222.8
Business	7.9	2.0	10.2	4.3	2.1	21.8	20.2	28.0
Transit	2.2	1.9	4.8	7.8	4.8	36.4	11.7	46.1
TOTAL	19.1	9.9	68.8	64.4	12.8	222.7	100.7	297.0
1974—								
Holiday	8.4	7.4	43.9	51.2	6.7	159.1	59.0	217.6
Business	8.9	2.0	11.7	5.6	3.0	22.6	23.6	30.3
Transit	2.4	1.9	4.6	7.6	5.0	35.4	12.0	44.9
TOTAL	19.7	11.3	60.1	64.4	14.8	217.2	94.7	292.8

E.A.R.—East African Residents.

F.R.—Foreign Residents.

13.7. Table 13.5 also illustrates the seasonal variation among visitors on holiday. There are noticeable sharp fluctuations between quarters. For instance, in 1974, if an index figure of 100 represents the number of visitor days in the first quarter the figures for the second, third and fourth quarters were 56, 83 and 65. From the same table it is further apparent that there was a decline in total visitor days in 1974 among long-staying visitors, i.e. visitors staying in Kenya for over 28 days and an increase of the average length of visit among the visitors staying in Kenya for less than 28 days. Generally shorter-staying visitors spend more per day than do longer-staying visitors.

13.8. Table 13.6 presents a summary of first visits and revisits from 1972 to 1974. First visits refer to those visitors who, on arrival in Kenya, declare that they have not been in Kenya during the 30 days prior to their current visit. The visits of those who indicate that they have been in Kenya during that period are classified as revisits. Hence the total of the first visits may be taken to be roughly equal to the number of visitors during the given year. However, the concept of a visit is deemed to be more accurate and useful than that of a visitor since the former is actually a better measure of the volume of tourism.

13.9. In 1974 the number of first visits by non-East African residents was 256,900 compared with 256,300 in 1973 and approximately 258,000 in 1972. Furthermore in 1974 first visits by non-East African residents accounted for 77 per cent of the total first visits compared with 71 per cent in 1972. The revisit ratio for East African residents remained the same as in 1973 at 0.25; that of foreign residents fell from 0.16 to 0.14. Residents of North America had the highest revisit ratio in 1974, although their ratio remained the same as in 1973 at 0.18. Table 13.7 details an analysis of first visits and revisits by resident group and purpose of visit.

#### Hotel Occupancy

13.10. Table 13.8 gives a summary of hotel occupancy statistics for the last five years. Bed occupancy has been growing at an average annual rate of 12 per cent between 1970 and 1974, while hotel capacity has been increasing at 13 per cent per year. Consequently, the occupancy rate has declined from 49 per cent in 1970 to 46 per cent in 1974.

	1970	1971	1972	1973	1974
Permanent occupants*	216	217	190	347	333
Kenya Residents	430	441	469	505	553
Residents of					
Uganda and Tanzania	110	103	98	136	141
Foreign Residents	1,148	1,432	1,718	1,795	1,952
Total Beds Occupied	1,904	2,193	2,475	2,784	2,979
Total Beds Available	3,882	4,215	4,980	5,855	6,414
Bed Occupancy Rate per cent	49	52	50	48	46

\* Persons staying one month or more in one hotel—includes some block bookings for aircrew.

## HOTEL BEDS OCCUPIED BY AREA, 1966-1974

'000 Bed-nights

	NAIROBI				COASTAL				OTHER												Total Beds Occupied	Total Beds Available
	High class+		Other		Beach		Other		Coast Hinterland		Masai- land		Nyanza Basin		Western		Central		Northern			
	For- eign Resi- dents	E.A. Res- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	e. a. Res- dents	For- eign Resi- dents	E.A. Res- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents		
1966	162.1	36.0	137.7	259.0	128.1	121.2	35.9	77.1	24.7	13.5	24.0	8.5	2.5	31.2	1.0	20.4	38.5	53.1	-	0.5	1,174.6	2,136.5
1967	162.7	43.3	173.9	267.2	164.2	109.7	37.9	92.7	26.3	13.1	31.3	9.2	3.4	31.6	0.6	2.6	40.0	65.7	-	0.4	1,293.8	2,473.6
1968	170.4	44.7	197.0	300.4	209.5	149.1	31.5	118.1	29.5	17.8	42.6	8.6	4.5	30.6	0.8	18.5	38.9	72.0	1.2	0.5	1,486.0	2,847.5
1969	219.2	41.0	200.3	309.6	261.0	156.1	45.6	106.3	38.1	19.7	50.4	11.0	5.1	24.9	1.0	15.2	53.5	72.0	2.0	0.4	1,632.7	3,251.4
1970	328.3	43.2	206.9	301.3	364.3	152.8	59.1	120.5	50.4	16.9	60.3	11.5	8.9	24.2	0.6	14.3	67.6	71.0	1.9	0.4	1,904.3	3,881.9
1971	397.6	32.9	253.1	304.6	474.0	153.6	66.5	121.3	65.6	15.8	74.0	12.1	8.4	29.2	1.2	13.5	89.5	75.8	2.0	1.7	2,192.5	4,215.3
1972	454.0	27.6	308.8	316.8	613.1	150.1	52.7	117.0	77.8	18.9	87.2	12.9	8.2	26.1	1.8	16.0	110.6	69.3	3.5	2.6	2,474.7	4,979.6
1973	484.3	58.9	291.2	468.5	656.5	156.0	52.5	143.4	82.6	18.0	101.1	15.8	5.8	34.0	2.5	14.2	114.4	76.7	4.6	2.9	2,783.8	5,853.6
1974	506.1	51.3	284.5	462.2	765.6	185.3	68.3	154.4	82.9	19.7	106.9	16.7	4.1	38.2	2.4	13.8	128.2	82.6	3.0	2.9	2,979.0	6,414.2
1973,																						
1st Qr	133.9	13.0	75.0	117.7	257.3	26.7	17.0	33.8	28.2	3.9	29.8	3.6	1.8	8.2	1.0	4.0	35.9	19.0	1.9	0.6	813.9	1,441.7
2nd Qr	91.3	16.5	57.0	118.0	79.1	37.5	8.8	29.7	10.7	3.8	12.4	3.9	0.9	8.8	0.3	3.8	14.7	19.7	0.3	0.6	522.9	1,392.7
3rd Qr	133.1	15.1	85.4	116.4	134.7	46.7	11.8	28.7	22.6	5.0	31.0	4.3	1.8	8.7	0.8	3.7	34.5	18.1	1.0	0.6	709.5	1,477.5
4th Qr	126.1	14.2	75.6	116.6	185.3	44.5	14.0	40.2	20.9	5.3	27.8	4.1	1.3	8.6	0.6	3.0	29.3	19.8	0.9	0.9	739.4	1,540.5
1974																						
1st Qr	150.0	13.4	90.9	110.9	266.6	30.0	18.9	38.9	26.6	4.8	33.4	3.3	1.5	8.6	0.9	3.3	44.2	17.9	1.6	0.5	866.0	1,580.9
2nd Qr	94.6	13.1	56.6	116.6	111.3	44.5	13.1	37.2	12.4	4.4	12.7	4.2	0.7	8.8	0.3	3.2	18.1	21.0	0.3	0.7	574.0	1,571.1
3rd Qr	131.8	12.1	75.6	116.5	171.3	58.8	18.0	39.8	22.8	5.5	32.3	5.2	1.1	10.0	0.6	3.8	34.8	23.2	0.7	0.6	764.5	1,633.7
4th Qr	129.6	12.7	61.4	118.2	216.4	52.1	18.3	38.5	21.1	5.0	28.6	4.1	0.8	10.7	0.6	3.5	31.1	20.5	0.4	1.0	774.5	1,628.5
1974—																						
January	49.4	4.6	32.0	38.2	103.2	12.4	7.4	13.4	9.2	1.8	12.1	1.1	0.6	2.9	0.3	1.0	14.6	6.3	0.6	0.2	311.2	542.4
March	50.3	4.8	30.7	38.8	71.4	7.5	5.7	13.2	6.9	1.5	8.8	1.1	0.3	2.8	0.3	1.1	17.2	5.3	0.6	0.2	290.1	492.3
April	37.5	4.5	23.7	36.8	48.6	24.8	5.3	14.0	6.1	2.1	5.1	1.4	0.2	3.3	0.1	1.1	7.7	6.9	0.4	0.2	264.7	546.2
May	26.0	4.3	14.8	40.6	29.7	8.5	3.3	12.0	2.4	1.0	2.8	1.2	0.2	2.7	0.1	1.2	3.9	5.9	0.1	0.2	229.2	531.0
June	31.1	4.4	18.1	39.2	33.0	11.2	4.5	11.3	3.9	1.3	4.8	1.6	0.3	2.8	0.1	1.0	6.6	8.1	0.2	0.3	184.0	514.9
July	50.8	4.5	31.2	39.9	52.5	14.9	5.8	12.3	8.2	1.8	12.5	2.2	0.5	3.4	0.2	1.4	13.0	7.6	0.3	0.2	263.2	546.1
August	42.1	3.9	25.0	39.2	66.2	28.6	6.6	15.5	8.7	2.3	11.5	1.9	0.3	3.6	0.2	1.2	12.7	8.7	0.3	0.3	278.7	555.1
September	38.9	3.7	19.4	37.3	52.7	15.3	6.0	11.9	6.0	1.5	8.3	1.1	0.2	3.0	0.1	1.2	9.1	6.8	0.1	0.2	222.6	532.5
October	44.1	4.4	18.9	39.6	65.7	15.8	5.6	12.3	7.2	1.7	11.1	1.5	0.2	3.4	0.2	1.5	12.5	7.6	0.1	0.4	253.9	550.8
November	40.4	4.2	20.3	39.5	66.7	10.5	5.8	11.9	5.9	1.2	7.8	0.9	0.3	3.9	0.1	1.0	7.5	5.3	0.2	0.2	233.6	520.4
December	45.0	4.1	22.2	39.1	84.0	25.7	6.9	14.3	8.1	2.2	9.7	1.6	0.2	3.4	0.2	1.0	11.1	7.6	0.2	0.4	287.0	557.3

Note.—Annual totals include revision and may differ slightly from the sums of quarterly and monthly figures,  
+Includes A\*, A and B\* hotels.

HOTEL ROOM AND BED AVAILABILITY AND OCCUPANCY RATES, BY AREA, 1970-1974, 1970-1974

Table 13.10

	NAIROBI		COASTAL		OTHER						All Hotels
	High Class	Other	Beach	Mombasa Island	Coast Hinter- land	Masai land	Nyanza Basin	Western	Central	Northern	
1970—											
Rooms available—'222'pki j wu"	384	553	498	182	81	84	61	32	238	7	2,120
Occupancy rate—r gt'egpv"	72	67	59	52	47	49	47	40	40	23	61
Beds available—'222'pki j wu"	700	909	986	336	183	173	109	50	423	13	3,882
Occupancy rate—r gt'egpv"	53	60	52	53	37	41	30	30	33	17	49
1971—											
Rooms available—'222'pki j wu	389	609	537	189	84	93	64	34	263	13	2,275
Occupancy rate—r gt'egpv	82	66	65	69	54	52	52	35	42	17	64
Beds available—'222'pki j wu	716	1,028	1,067	349	195	192	118	55	472	25	4,215
Occupancy rate—r gt'egpv	60	54	59	54	42	45	32	27	35	15	52
1972—											
Rooms available—'222'pki j wu"	441	713	748	204	87	94	63	36	272	17	2,675
Occupancy rate—r gt'egpv"	79	64	56	59	60	60	47	40	42	23	60
Beds available—'222'pki j wu"	802	1,213	1,493	379	202	199	118	59	483	32	4,980
Occupancy rate—r gt'egpv"	60	52	51	45	48	50	29	30	37	19	50
1973—											
Rooms available—'222'pki j wu	569	794	849	236	127	123	62	36	302	24	3,123
Occupancy rate—r gt'egpv	72	66	53	61	43	54	51	38	40	19	58
Beds available—'222'pki j wu"	1,063	1,381	1,677	443	280	252	115	58	544	41	5,855
Occupancy rate—r gt'egpv"	51	55	48	44	36	46	34	29	35	18	48
1974—											
Rooms available—'222'pki j wu"	581	861	1,008	270	129	137	68	43	317	16	3,430
Occupancy rate—r gt'egpv"	71	61	53	61	43	51	51	33	43	21	57
Beds available—'222'pki j wu"	1,093	1,488	1,995	498	279	280	119	61	570	31	6,414
Occupancy rate—r gt'egpv	51	50	48	45	37	44	36	27	37	19	46

13.11. In 1974, 66 per cent of the total bednights was occupied by foreign non-East African residents, with East African residents and permanent occupants accounting for the balance. There was a decline of 4 per cent in nights stayed by permanent occupants. Occupancy by Kenya residents rose by 10 per cent, compared with a 9 per cent rise in bed occupancy by foreign residents. These statistics are confined to nights spent by registered visitors in hotel and game lodges. A high proportion, it is believed, of the unregistered nights are accounted for by domestic tourists.

13.12. Tables 13.9 and 13.10 give a summary of bed occupancy by stated tourist zones from 1966 to 1974. Nairobi hotels accounted for 44 per cent of total occupancy in 1974 compared with 40 per cent by the coastal and beach hotels. Hotel capacity, as indicated by beds availability in Table 13.10, grew more rapidly at the Coast, particularly in the Coastal Beach hotels, where capacity rose by nearly 18 per cent in 1974. The capacity of hotels in Nairobi increased by only 6 per cent. There was a substantial rise in capacity in hotels and lodges located in game areas—indicated by an expansion rate of 11 per cent in the capacity of hotels and lodges in Masailand tourist circuit.

13.13. Table 13.11 sets out details of hotel occupancy in 1974 by country of residence. Among foreign non-East African residents, visitors from the residential category of European countries grouped together as 'Other Europe' were the most predominant (in terms of guestnights), followed by visitors from West Germany, U.S.A./Canada and U.K.; U.S.A. and Canadian residents accounted for the largest proportion of bednights in Nairobi, and the Coast is apparently more popular with West Germans and residents of 'Other Europe'. The table also shows the growing importance of domestic tourism as indicated by the share of bednights by Kenyan residents. Among the non-resident groups, residents of West Germany used hotel accommodation for 99 per cent of their time spent in Kenya and residents of U.S.A. and Canada and U.K. stayed in hotels for 57 per cent and 46 per cent of their total visitor days, respectively. The non-hotel bednights are largely accounted for by nights spent camping and staying with relatives and friends. A small proportion of these bednights may also have been spent in small hotels not covered by the 'Monthly Survey of Hotels'—a survey mainly restricted to hotels catering for tourists. Occupancy statistics on game lodges are detailed separately in Table 13.12.

#### Visits to Came Reserves, National Parks and Other Attractions

13.14. The total number of visitors to National Parks and Wildlife areas was 17 per cent lower in 1974 than in 1973. As indicated in Table 13.13, the decline occurred in visits by nearly all categories of visitors except the non-paying visitors. Large numbers of visitors were attracted mainly to Nairobi, Lake Nakuru and Tsavo national parks. Table 13.14 gives a summary of visitors, from 1971 to 1974, to Museums and the Snake Park, as well as to other historic and scenic sites. Overall there were 2,600 fewer visitors in 1974 than in 1973, despite an increase in the number of visitors to Fort Jesus and to the historic sites of Gedi and Kariandusi.



HOTEL GUEST-NIGHTS BY COUNTRY OF RESIDENCE, 1974\*

Table 13.11

COUNTRY OF RESIDENCE	NAIROBI HOTELS		COAST HOTELS		OTHER HOTELS		TOTAL HOTELS	
	'000 Bed-nights	per cent	'222'Dgf" pki j vu	per cent	222'Dgf/ pki j vu"	per cent	222'Dgf/ pki j vu"	per cent
Kenya	154.8	11.9	268.4	22.9	129.7	25.9	552.9	18.6
Uganda	66.9	5.1	13.0	1.1	2.6	0.5	82.4	2.8
Tanzania	40.9	3.2	15.5	1.3	2.5	0.5	58.9	2.0
Other Africa	65.8	5.0	25.1	2.1	3.2	0.6	94.0	3.1
United Kingdom	150.6	11.6	124.7	10.6	34.3	6.9	309.6	10.4
West Germany	71.6	5.5	311.6	26.6	56.3	11.2	439.4	14.7
Scandinavia	60.5	4.6	27.8	2.4	14.9	3.0	103.2	3.5
Other Europe	147.1	11.3	270.5	23.0	124.9	24.9	542.5	18.2
U.S.A./Canada	195.1	14.9	39.5	3.4	101.7	20.3	336.4	11.3
Asia	52.6	4.0	11.3	1.0	8.6	1.7	72.5	2.4
All other Countries	43.8	3.4	7.4	0.6	2.9	0.6	54.2	1.8
Permanent occupants	254.4	19.5	58.8	5.0	19.8	3.9	333.0	11.2
TOTAL	1,304.1	100.0	1,173.6	100.0	501.3	100.0	2,979.0	100.0

\*Provisional.

GAME LODGE\* OCCUPANCY, 1972-1974

Table 13.12

LODGE LOCATION/TYPE	BEDS OCCUPIED <i>Thousand Nights</i>						BED OCCUPANCY RATE <i>Percentage</i>		
	E.A. Residents			Foreign Residents					
	1972	1973	1974	1972	1973	1974	1972	1973	1974
National Parks	22.7	23.4	28.4	92.1	94.0	89.6	52.2	45.4	45.1
Game Reserves	11.4	14.0	16.0	93.3	108.3	118.2	62.9	52.2	50.0
TOTAL	34.1	37.4	44.4	185.5	202.4	207.8	56.8	48.6	47.6
Full Catering	18.2	22.7	29.2	183.8	200.5	205.4	58.7	49.1	50.0
Self-Service	15.9	14.8	15.2	1.6	1.9	2.4	41.7	43.6	42.7

\*Ledgesin National Parks and Game Reserves only.

Vcdng 13.13

T T A L , 1972-1974

Numbers

	Adult Residents			Adult Non-Residents			Children		
	1972	1973	1974	1972	1973	1974	1972	1973	1974
Aberdare	8,491	9,844	9,742	29,868	29,035	27,075	1,577	2,274	1,981
Lake Nakuru	28,779	36,128	34,809	22,801	32,155	31,874	21,169	23,068	20,952
Marine	11,044	10,188	11,969	15,517	14,096	16,113	4,967	4,739	5,730
Meru	2,198	5,210	7,722	561	2,135	3,927	2,832	4,121	4,017
Mt. Elgon	2,339	2,808	2,488	418	271	234	1,016	1,089	985
Mt. Kenya	2,643	3,117	3,495	1,294	1,581	2,049	1,898	1,979	2,340
Nairobi	61,982	104,809	60,879	70,994	70,250	49,758	33,286	62,224	29,837
Shimba Hills	2,965	3,575	3,643	2,442	2,692	3,777	1,088	1,241	1,273
Tsavo (East)	18,354	19,156	19,688	33,255	35,492	36,062	4,481	5,637	5,753
Tsavo (West)	31,394	31,895	32,356	43,844	48,168	48,363	9,192	9,878	9,543
<b>Total</b>	<b>170,189</b>	<b>226,730</b>	<b>186,791</b>	<b>220,993</b>	<b>235,875</b>	<b>219,232</b>	<b>81,506</b>	<b>116,250</b>	<b>82,411</b>

Table 13.13—(Contd.)

Numbers

	Season Ticket holders			Other/Non-Paving Visitors			Total Visitors		
	1972	1973	1974	1972	1973	1974	1972	1973	1974
Aberdare	81	243	79	909	826	1,096	40,926	42,222	39,973
Lake Nakuru	4,659	4,449	3,694	2,155	2,647	3,738	79,563	98,447	95,067
Marine	877	759	1,439	964	378	526	33,369	30,160	35,777
Meru	58	355	287	2,308	3,850	5,465	7,957	15,671	21,418
Mt. Elgon	—	—	—	19	48	282	3,792	4,216	3,989
Mt. Kenya	18	21	8	211	226	259	6,064	6,924	8,151
Nairobi	29,509	37,992	18,225	1,243	2,084	564	197,013	277,359	159,263
Shimba Hills	23	7	4	3,719	2,503	2,422	10,237	10,018	11,119
Tsavo (East)	64	23	176	1,444	3,972	3,079	57,598	64,280	64,758
Tsavo (West)	447	513	42	814	1,564	1,323	85,691	92,018	91,627
<b>Total</b>	<b>35,736</b>	<b>44,362</b>	<b>23,954</b>	<b>13,786</b>	<b>18,098</b>	<b>18,754</b>	<b>522,210</b>	<b>641,315</b>	<b>531,142</b>

## VISITORS TO MUSEUMS, SNAKE PARK AND SITES, 1971-1974

Table 13.14

Numbers

	1971	1972	1973	1974
National Museum	131,008	146,490	151,819	140,670
Lamu Museum	—	3,835	5,502	5,545
Snake Park	73,049	86,187	89,991	86,681
Fort Jesus	65,489	69,184	71,306	77,759
Gedi	21,353	23,726	24,570	28,444
Olorgesailie	3,012	6,157	3,597	2,593
Kariandusi	1,374	2,963	1,967	2,554
Hyrax Hill	1,217	3,249	1,640	2,022
Jumba la Mtwana	—	—	79	1,588
TOTAL	296,502	341,791	350,471	347,856

**The Development of Tourism**

13.15. It is generally recognized that Kenya's tourism has great potential both as a foreign exchange earner and as a major employer in the modern sector. The Government has therefore laid down specific policy objectives and targets aimed at maximizing economic returns from tourism, with particular emphasis being placed on the expansion of employment and the Kenyanization of the tourist industry. However, given the prevailing economic conditions in tourist generating countries, the agencies concerned with development of tourism will need to increase their promotional efforts if the targets set in the 1974-1978 Development Plan are to be realized. Services for tourists also need to be maintained at competitive rates.

13.16. Government expenditure on direct tourist activities and infrastructure is expected to total K£59 million during the Development Plan period, 1974-1978. A significant proportion of these funds will be channelled through the Kenya Tourism Development Corporation (KTDC). Private investment in the industry is also expected to exceed K£26 million. The KTDC had invested a total of K£4.8 million in various tourist-related projects in the country during the financial year ending 30th June, 1974. Completed projects with whole or partial financial assistance from the KTDC included the 300-bed Robinson Baobab Hotel at Diani Beach, the 50-bed Marsabit Lodge and the Ngong Hills Hotel. Many more KTDC assisted projects, including Tsavo Motel, Kiambu Tourist Club and Karatina Holiday Inn, are nearing completion.

13.17. The Kenyanization of the tourist trade continued to gain prominence in 1974 with the KTDC assisting Kenyans in the purchase of hotels previously owned by non-citizens, as well as in providing funds for renovating and modernizing hotels owned by Kenyans. The Corporation issued loans totalling K£514,546 in 1973/74 compared with K£391,292 in 1972/1973—a rise of nearly 32 per cent. The appraisal study on ribbon development at Diani tourist resort complex and on the wildlife and tourism project to be financed by the World Bank is still underway. The latter project is geared towards the infrastructural development of up-country tourist circuits based on wildlife areas. During 1974, four additional game reserves were gazetted, including the Kora Game Reserve in Tana River District and Lake Bogoria (formerly Lake Hannington) Reserve at Baringo. The Game Department accelerated its anti-poaching programme following a rise in poaching activities in the country. It established an Anti-poaching Control Unit, with its headquarters at Isiolo.

## CHAPTER 14—TRANSPORT AND COMMUNICATIONS

Table 14.1 sets out details on the output of Transport and Communications sector in current prices. The output increased by 20.4 per cent in 1974. Over 82 per cent of the rise was accounted for by the increase in output of the public sector, which went up by 26.9 per cent compared with an increase of 9.6 per cent in the output of the private sector. The overall growth is almost exactly the same as in 1973. A large proportion of it is the result of the increases in basic tariff rates of the East African railways and harbours corporations. Both the East African Airways Corporation and the East African National Shipping Line also put up their fares and freight charges. Consequently, the largest increase of 54.5 per cent was recorded in the output of water transport, which includes harbour operations. Output of services incidental to transport, a large proportion of these being inter-connected with the harbour operations, recorded the next largest rise of 45.6 per cent. Output of air transport and railways also increased by 25.1 and 13.9 per cent respectively. Road transport registered only a modest increase of 4.1 per cent, while the increase of 0.4 per cent in the output of communications was nominal.

### Road Transport

14.2. Further details on the output of road transport are given in Table 14.2. Although there was a rise of 13.9 per cent in freight earnings from road transport, comparable receipts from passenger transport declined by 13.5 per cent. The growth in road traffic was affected by rising costs. The share of road transport in the total output of the sector declined from 28.6 per cent in 1973 to 24.8 per cent in 1974.

14.3. Overall figures on the total number of 'live' vehicles on the road in 1973 and 1974 are set out in Table 14.3. There was an increase of 12.1 per cent in the total number of vehicles in 1974. The number of saloon cars went up by 10.8 per cent, of utilities and pick-ups by 11.7 per cent and station wagons by 20.7 per cent. The number of lorries, buses and mini-buses increased, respectively, by 9.4, 13.3 and 33.8 per cent. Over half of all the vehicles in the country are based in the Nairobi area.

14.4. Tables 14.4 and 14.5 detail the number of licences issued for vehicles on hire. The total number of licences issued in 1974 went up by 7.4 per cent. This represents a substantial increase in view of the fact that all vehicles under 3 tons in tare-weight had been exempted from licensing by the Presidential decree in June, 1973. However, of the 532 licences issued only 202 or 38 per cent were utilized. The decline in the utilization rate is the result of the rise in costs of operating vehicles and the consequential drop in the profit margin in road transport.

TRANSPORT AND COMMUNICATIONS—VALUE OF RECEIPTS, 1969-1974

Table 14.1

K£'000

	Railway Transport	Road Transport	Water Transport	Air Transport	Services Incidental to Transport**	Total Transport	Communi- cations	Total Transport and Com- munications
1969—								
Public	17,258.3	1,004.3	13,637.7	11,278.2	139.7	43,318.2	6,894.9	50,213.1
Private		14,720.2	1,625.8	1,569.1	3,913.0	21,828.1	995.4	22,823.5
Total	17,258.3	15,724.5	15,263.5	12,847.3	4,052.7	65,146.3	7,890.3	73,036.6
1970—								
Public	18,142.8	1,527.8	14,056.3	11,958.0	141.5	45,826.4	7,662.9	53,489.3
Private		16,965.2	1,662.3	1,453.3	4,592.6	24,673.4	1,373.9	26,047.3
Total	18,142.8	18,493.0	15,718.6	13,411.3	4,734.1	70,499.8	9,036.8	79,536.6
1971—								
Public	18,096.6	1,329.2	17,039.6	15,442.4	144.6	52,052.5	9,079.5	61,132.0
Private		16,176.0	2,224.3	1,872.9	4,777.1	25,050.3	172.6	25,222.9
TOTAL	18,096.6	17,505.2	19,263.9	17,315.3	4,921.7	77,102.7	9,252.1	86,354.9
1972—								
Public	16,875.0	1,254.1	14,275.6	15,040.7	125.5	47,570.9	11,493.4	59,064.3
Private		17,964.4	2,014.4	2,116.5	4,950.5	27,045.8		27,045.8
TOTAL	16,875.0	19,218.5	16,290.0	17,157.2	5,076.0	74,616.7	11,493.4	86,110.1
1973*—								
Public	16,783.3	1,287.4	14,962.9	18,874.4	160.9	52,068.9	12,521.5	64,590.4
Private		28,422.8	2,432.9	2,691.9	5,599.1	39,146.7		39,146.7
Total	16,783.3	29,710.2	17,395.8	21,566.3	5,760.0	91,215.6	12,521.5	103,737.1
1974*—								
Public	19,121.6	2,377.0	23,907.7	23,780.5	200.6	69,387.4	12,577.2	81,964.6
Private		28,564.2	2,976.0	3,197.9	8,184.1	42,922.2		42,922.2
Total	19,121.6	30,941.2	26,883.7	26,978.4	8,384.7	112,309.6	12,577.2	124,886.8

\*Provisional

\*\*Including storage

## ROAD AND RAIL PASSENGER AND FREIGHT RECEIPTS, 1969-1974

Table 14.2

K£000

	1969	1970	1971	1972*	1973*	1974*
Passenger Traffic:						
Rail	1,166.5	1,158.4	1,143.5	1,200.0	1,100.0	1,262.0
Road	5,545.3	6,451.0	5,528.7	7,642.7	10,552.2	9,125.6
Total	6,711.8	7,609.4	6,672.2	8,842.7	11,652.2	10,387.6
Freight Haulage:						
Rail	16,091.8	16,984.4	16,953.1	15,775.0	15,683.3	17,860.6
Road	10,179.2	12,042.0	11,976.4	11,575.8	19,158.0	21,815.6
Total	26,271.0	29,026.4	28,929.5	27,350.8	34,841.3	39,676.2

\*Provisional.

## MOTOR VEHICLE STOCK, 1973-1974

Table 14.3

Numbers

	1973	1974*
Saloon Cars	70,660	78,312
Station Wagons	10,457	12,623
Utilities and Pick-ups	35,828	40,004
Lorries	17,943	19,635
Buses	2,532	2,870
Mini-buses	991	1,326
Special purpose vehicles	426	533
Trailers	7,359	8,000
Rollers, graders, cranes	957	1,200
Wheeled tractors	7,710	8,822
Crawler tractors	268	282
Motor-Cycles	8,966	10,332
Three-wheelers	125	147
TOTAL ALL VEHICLES	164,222	184,086

\*Provisional

## LICENCES ISSUED FOR VEHICLES ON HIRE, 1969-1974

Table 14.4

Numbers

	1969	1970	1971	1972	1973	1974
Passenger Service Vehicles	2,273	3,137	3,255	3,447	3,380	3,583
Freight Transport Vehicles	2,614	3,092	3,394	3,418	3,767	4,096
TOTAL	4,887	6,229	6,649	6,865	7,147	7,679



## UTILIZATION OF APPROVED APPLICATIONS, 1971-1974

Table 14.5

Numbers

	1971		1972		1973		1974	
	Passenger	Freight	Passenger	Freight	Passenger	Freight	Passenger	Freight
	Approved applications	Utilized certificates	Rate of utilization	percentage	Approved applications	Utilized certificates	Rate of utilization	percentage
	255	251	440	373	354	424	203	329
	181	175	284	256	101	226	71	131
	71	70	65	69	29	53		40

14.5. *Kenatco*.—Apart from a small fleet of road transport vehicles owned by East African Railways Corporation the only public sector enterprise in road transport is the KENATCO Transport Company which is wholly state-owned. The company undertakes freight haulage in eastern and central Africa. It also operates a taxi fleet in Nairobi and offers forwarding and clearing services in Kenya.

14.6. Kenatco stepped up its movement of cargo to and from Zambia in 1974. Until the end of November, 1974, when Tanzania Government imposed a ban on heavy duty vehicles operating into Tanzania from Kenya, Kenatco was transporting on an average 9,000 tons of cargo per month to Zambia and hauling back similar tonnages of Zambian exports to Mombasa Port. Tanzania Government's ban has seriously affected the company's operations to Zambia. Since then Kenatco has been operating single units of 10-ton carrying capacity to Zambia. Zambia has also stopped importing and exporting its cargo through Mombasa Port. The company now transports only Kenya exports to Zambia. These, have been declining, owing to increased transportation costs; such costs being affected by Tanzanian Government's ban on heavy vehicles.

14.7. There has, however, been a gradual increase in local traffic during 1974. The shortage of railway wagons has created a sudden demand for road transport and since early 1975 the company is transporting 5,000 tons of Soda Ash per month from Magadi to Mombasa. Kenatco has also been engaged in transporting sugar from the Chemilil and Mumias mills to various destinations within Kenya.

14.8. The traffic to Sudan has been maintained. With the opening up of southern Sudan, Kenatco is anticipating an increase in demand for road transport to that country. The present road conditions have prevented the company from expanding its operations into Ethiopia. The roads to eastern Zaire have also been surveyed and the company is now offering transport facility to that part of Zaire. In spite of problems of backload cargo from Rwanda, there has been an increase in traffic to that country. Operations to Burundi have also begun though as yet they are on a small scale.

## **Railways**

14.9. Railway revenues, which had been declining since 1971, showed improvement in 1974. This was a direct result of new tariff rates introduced in May and October, 1974. Provisional receipts for 1974 as shown in Table 14.2 increased by 13.9 per cent. The increased earnings were, however, not matched by increased traffic. The corporation's ability to move traffic has continued to deteriorate rapidly. This inability to move traffic has been attributed to lack of spare parts, which has kept wagons and locomotive engines out of service for long periods. Rolling stock has also been tied up for long periods in Tanzania.

14.10. The Railways Corporation is going through a difficult period of rationalization—involving dieselization and regionalization of its services. These efforts have run into trouble owing to the financial crises facing the corporation. In the Kenya region passenger train services were completely halted in February, 1975, due to shortage of spare parts. This situation, expected to last at least six months, is costing the railway operations in Kenya at least K£100,000 in lost revenue a month. In March, 1975, the World Bank suspended disbursement of the remaining S18 million of a S42 million loan. This was owing to the failure by the East African Community partner states to meet certain obligations, including authorization of inter-state transfer of Railway's funds.

14.11. Capital expenditure on rolling stock and other capital projects declined in 1974. The Development Plan had budgeted for an expenditure of K£7.3 million on rolling stock in 1974, whereas only K£0.5 million of rolling stock was imported during the year. However, work was being undertaken on five other main projects in 1974. The projects included construction of a marshalling yard at Changamwe; re-alignment of Nairobi / Mombasa line; improvement to the formation on the Nairobi/Embakasi line; installation of diesel refueling facilities at Nakuru; and survey of the Kerio Valley. These projects were still in progress in 1975. Total expenditure on these projects amounted to just over K£1 million, in 1974.

## **Harbours and Shipping**

14.12. Over two-thirds of East Africa's sea trade passes through the port of Mombasa. The port serves Kenya and Uganda, and to a limited extent Tanzania, Rwanda, Burundi and Zambia. Until early 1974, trade traffic to and from northern Tanzania passed through this port. Since then this traffic has been switched to Tanga. Also because of the ban on all heavy road vehicles in Tanzania, the Zambian cargo has not since January, 1975, been handled in Mombasa.

14.13. Table 14.6 details the tonnage of freight handled at Mombasa. There was a drop of 3 per cent in the overall quantity handled in 1974 compared with that in 1973. This reduction in 1974 appears to have been due to

lower arrivals of oil in bulk following advance purchases in 1973. There were decreases in volume of exports: a 30 per cent fall in volume of general dry cargo, and a 23 per cent fall in volume of bulk oils were only partially offset by increases of 38 per cent and 310 per cent, respectively, in the volume of bulk cement and mollasses. With import cargo, the volume of general dry cargo handled at Mombasa increased by 10 per cent and that of bulk oils decreased by 8 per cent.

#### FREIGHT HANDLED AT MOMBASA HARBOUR, 1970-1974

*Vcdng* 14.6

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	1970	1971	1972	1973	1974
Landed:					
Dry Cargo	1,058	1,330	1,237	1,175	1,292
Bulk Liquids	2,466	2,638	2,564	2,998	2,762
Total	3,524	3,968	3,801	4,173	4,054
Loaded:					
Dry Cargo	1,439	1,457	1,418	1,820	1,724
Bulk Liquids	813	913	703	731	744
Total	2,252	2,370	2,121	2,551	2,468
TOTAL FREIGHT HANDLED	5,776	6,338	5,922	6,724	6,522

14.14. A total of 1,699 ships with a net registered tonnage of 6,538,370 called at the port in 1974, compared with 1,778 ships with net registered tonnage of 6,988,937 in 1973. During the year the average number of ships calling in per month was 141, with the month of August recording the highest number of 164 ships.

14.15. During 1974 the port experienced many operational problems, owing to acute shortage of cargo handling equipment, non-availability of railway rolling stock, and lack of proper documentation of import cargo. Consequently, the port got congested. This led to the imposition of a 10 per cent import surcharge in April, 1974, by the Europe/East Africa Conference Lines. This surcharge was raised to 15 per cent later in the year, and a further 10 per cent surcharge was to be imposed on exports from December, 1974. However, port performance improved during the fourth quarter of the year with the arrival of some of the cargo handling equipment acquired under the current development programme. Partial operation of berth number 16 in the fourth quarter also contributed to the elimination of the congestion. This improved performance led to the cancellation of the proposed export surcharge. In January, 1975, the 15 per cent import surcharge was also revised downwards to 10 per cent.

14.16. The development programme is continuing to be implemented during 1975. Further handling equipment has arrived and includes forklifts, lighters, pontoons and tugboats. Twenty-four cranes are expected later in 1975. The two new berths, numbers 16 and 17, now under construction will also be fully operational by the end of 1975. These two berths will add to the harbour another 366 metres of berthing length and a surfaced stacking area of 130,000 square metres. These berths are being constructed to be able to handle container traffic should the need arise. The construction is expected to cost about K£5 million.

### **Civil Aviation**

14.17. *East African Airways Corporation.*—Aviation industry the world over had to cope with a difficult situation in 1974, mainly owing to inflation and economic recession in the major traffic generating countries of the world. This resulted in a drop in the traffic flow in many regions of the world. Under the circumstances the East African Airways performed well in 1974. East African Airways and its subsidiary Simbair earned a record operating surplus of K£2 million in 1974. The operating surplus was realized in spite of a 26.3 per cent rise in operating expenses in 1974 over 1973. The rise was mainly due to increase in cost of fuel. Revenue realized during the year topped K£27.9 million, and was 31.2 per cent higher than in 1973. This reflects the success of revenue generating programme instituted by the management during 1974.

14.18. The airline operated 34,583 block hours during 1974, a rise of 1,352 hours over 1973. A total of 651,045 passengers were carried in 1974, 17.6 per cent more than in 1973. Passenger load factor for the year was 53.6 per cent, 10 points above that for 1973. During the year, on-time performance for scheduled flights averaged 85.5 per cent.

14.19. *Commercial air traffic.*—Commercial traffic handled at Nairobi Airport is detailed in Table 14.7. The total number of passengers handled in 1974 increased by 6 per cent only, a slight improvement over the rise in 1973. This reflects the poor performance of the air industry as a whole in the last two years as opposed to average annual rise of 13 per cent in earlier years. There was an increase of 9 per cent in total freight handled. This increase was accounted for mainly by a 12 per cent rise in the value of landed cargo and an 8 per cent rise in the value of loaded cargo.

14.20. Details on traffic at Mombasa Airport, set out in Table 14.8, indicate that passenger traffic at that Airport increased by 34 per cent in 1974 and freight handled rose by 21 per cent. There was reduced activity at Wilson Airport, as shown in Table 14.9. The number of aircraft movements at Wilson Airport dropped overall (arrivals and departures) by 2 per cent. At Malindi 5,666 passengers passed through the airport, an increase of 61

per cent over 1973. However, only 1,265 passengers passed through Kisumu Airport during the year, due to construction work, which curtailed the number of flight movements.

COMMERCIAL TRAFFIC AT NAIROBI AIRPORT, 1970-1974

Table 14.7

	1970	1971	1972	1973	1974
PASSENGERS— <i>OOO's</i>					
Landed	320.2	378.4	409.8	418.4	430.3
Embarked	328.0	386.4	438.9	415.3	437.0
In Transit	221.4	233.9	283.1	315.2	352.0
TOTAL	869.6	998.7	1,131.8	1,148.9	1,219.3
FREIGHT— <i>Metric tons</i>					
Cargo: Landed	5,126.3	6,215.7	7,314.8	8,459.7	9,455.0
Loaded	10,222.9	11,391.1	16,373.6	17,890.2	19,382.0
Mail: Landed	844.5	958.9	1,057.7	917.0	1,026.3
Loaded	785.5	836.2	1,186.8	1,035.4	1,077.8
TOTAL	16,979.2	19,401.9	25,932.9	28,302.3	30,941.1

COMMERCIAL TRAFFIC AT MOMBASA AIRPORT, 1970-1974

Table 14.8

	1970	1971	1972	1973	1974
PASSENGERS— <i>OOO's</i>					
Landed	70.5	78.3	75.1	87.4	115.9
Embarked	64.1	80.4	76.5	87.3	117.3
In Transit	23.1	31.9	40.5	41.2	57.1
TOTAL	157.7	190.6	192.1	215.9	290.3
FREIGHT— <i>Metric tons</i>					
Cargo: Landed	250.4	273.4	227.6	254.9	309.0
Loaded	315.9	423.6	326.1	349.6	437.1
Mail: Landed	77.0	73.4	64.6	64.5	69.8
Loaded	58.5	60.0	52.6	47.0	48.2
TOTAL	701.8	830.4	670.9	716.0	864.1

AIR TRAFFIC AT WILSON AIRPORT, 1970-1974

Table 14.9

*Numbers*

	1970	1971	1972	1973	1974
CASUAL AIR MOVEMENTS—					
Arrivals	72,426	61,998	65,818	65,969	64,707
Departures	72,179	61,775	65,531	65,758	64,476
PASSENGERS HANDLED—					
Arrivals	11,924	10,438	15,400	14,242	15,272
Departures	12,836	9,998	15,000	13,852	15,135

14.21. *Nairobi Airport*.—Nairobi Airport, which handles over 75 per cent of East Africa's air traffic, is undergoing expansion to cater for the anticipated traffic needs in the 1980's. Work is progressing well on the K£19 million development programme. The new complex when completed will include a new taxi-way, passenger and freight aprons, passenger terminal building, state pavilion, control tower and access roads. The new facilities will be able to handle arrivals and departures of 1,000 passengers or 42 aircraft an hour. The programme is expected to be completed by the end of 1976—a little behind schedule. A K£1 million catering complex is also being built in order to meet the demands of the expanding airport. The 10,000 square feet complex will have a capacity to provide 18,000 meals a day. The complex will have a 75-foot tower with a control room to monitor aircraft catering requirements and to ensure the delivery of food. The tower is to be equipped with a computer, VHF radio and closed circuit TV.

14.22. *Mombasa Airport*.—Expansion work to up-grade Port Reitz Airport to international standards is progressing well. The first phase of work on civil construction and electrical installations is expected to be completed in 1976. The work on the second phase which consists of construction of the terminal building will be finished in 1977. The whole programme is estimated to cost about K£10 million.

14.23. *Kisumu Aerodrome*.—Civil works and the construction of sealed runway, apron and taxi ways were almost finished in 1974. The buildings are expected to be ready by mid-1976. The total cost of the construction is estimated at about K£600,000.

#### **Posts and Telecommunications**

14.24. *East African Posts and Telecommunications Corporation*.—The corporation has embarked on a 3-year development plan in which telephone communications will undergo substantial expansion and improvement. Mombasa is to get STD facilities and a 3,000 line telephone exchange. In January, 1975, the corporation signed a contract for the provision of power supply systems and rectifiers for nine telephone exchanges, three of which are in Kenya. Delivery of the equipment is to start in August, 1975, and installation is expected to be completed in 1976.

14.25. Table 14.10 sets out the main indicators on development of postal and telecommunications services in Kenya in 1974. Forty-six new post offices were opened in 1974, raising the total to 506. This is an increase of 10 per cent over 1973. Thus there is now one post office to every 25,518 people in the country. In order to meet the plan target of a post office for every 22,900 people by 1978, an additional 72 post offices will have to be set up during the period 1975-1978. There were 72,141 post office private boxes at the end of 1974, an increase of 7,181 boxes over 1973. Of these, 64,123 were rented while 662 were private bags. The number of parcels handled by the post offices in 1974 fell by 1 per cent and the number of registered insured items

increased by 6 per cent. The number of ordinary letters handled in 1974 decreased by 17 per cent. The progress made in the provision of telephone services in 1974 is also noted in the table. There were 2,751 new telephone exchange connections in 1974, bringing the total to 49,654 at the end of the year. Telephone exchange extensions went up by 9 per cent from 58,467 in 1973 to 63,699 in 1974.

POSTAL AND TELECOMMUNICATION SERVICES, 1970-1974

Table 14.10

Numbers

	1970	1971	1972	1973	1974
Post Offices	385	408	433	460	506
Post Office Private Boxes	46,498	54,093	58,175	64,960	72,141
Telephone Subscribers' Lines	35,034	39,510	43,775	46,903	49,654
Public Call Offices	250	288	295	315	335
Telegrams Handled—000's	663	637	608	528	532
Parcels Handled—000's	575	744	695	661	657
Manual Telephone Calls Made	..	..	2,418	3,791	4,161
Registered and Insured Items—000's	4,203	4,247	4,388	4,047	4,304
Telex Subscribers	184	184	270	451	556
Ordinary letters handled <i>Million</i>			107	116	96

14.26. *External Telecommunications.*—The External Telecommunications Company became a wholly owned subsidiary of the EAP&T in January, 1974. It has continued to expand its services in 1974. The company installed a message switching computer at a cost of K£450,000 in October, 1974. This facility is capable of reading international telegrams automatically at the peak rate of 10,000 messages an hour. Construction of Extelcoms House in Mombasa was completed by the end of 1974 and technical equipment installed early in 1975. The branch is now operational. Table 14.11 details the main indicators on the development of external telecommunications in East Africa. International telegrams are expected to continue to register absolute declines owing to diversion of messages to telex circuits, and to continued expansion of overseas telephone calls.

EXTERNAL TELECOMMUNICATIONS TRAFFIC, 1970-1974

Table 14.11

	1970	1971	1972	1973	1974
Telegraph Service <i>Numbers of cables</i>	464,852	402,282	482,266	487,030	306,528
Telephone Service <i>paid minutes</i>	324,464	532,601	1,097,536	1,712,524	1,962,960
Telex Service <i>paid minutes</i>	270,959	346,153	420,846	560,009	874,056
*Leased Circuits Revenue <i>K£</i>	212,209	278,460	396,141	398,133	325,768

\*Includes leased circuits, press reception and transmission equipment, hire and maintenance.

## Information and Mass Media

14.27. *Broadcasting.*—The Ministry of Information and Broadcasting established a microwave link for television between Nairobi and Mombasa using EAP & T microwave network. It is now therefore possible to effect simultaneous TV transmission in the whole country. An extra emergency radio studio and a modern film processing complex were installed in Mombasa during the year. Plans are in hand to install a short-wave transmitter to improve radio reception in the north-east region of the country and to extend broadcasting to the Middle East. In 1974 nearly all programmes broadcast on the General Service and 70 per cent of the programmes produced and screened on TV were local. Table 14.12 details the number of new radio and TV sets sold and licensed in the country.

NEW RADIOS AND T.V. SETS SOLD AND LICENSED, 1972-1974

Table 14.12 Numbers

	1972	1973	1974
Radios	84,650	85,243	77,869
Television Sets	2,658	2,575	2,647

14.28. *Kenya Institute of Mass Communication.*—This institute undertakes training in the vital communications field. The institute started operating in 1968, and caters for the training needs of the Ministry of Information and Broadcasting. It offers courses ranging from 15 months to three years in engineering, programme production and information. In 1974, about 51 trainees were recruited to pursue courses for senior technicians, junior technical operators and information and radio and television programme assistants.

14.29. *Newspapers.* Newspapers have continued to play an important role in the spreading of information in all fields. In addition to the daily papers, there are several weekly, monthly and other periodicals covering a wide range of interests in culture, education, religion, trade and the professions. Table 14.13 details the average circulation per issue of the major newspapers in the country.

DAILY AVERAGE NEWSPAPER CIRCULATION\*, 1972-1974

Table 14.13

	1972	1973	1974
MORNING NEWSPAPERS			
English Language	49,013	50,976	48,090
Swahili	23,074	24,761	25,252
OTHER NEWSPAPERS			
English Weeklies	45,713	47,348	62,798
Swahili Weeklies	56,657	64,079	50,269

\*A small fraction circulates outside Kenya.



## CHAPTER 15—EDUCATION

The outstanding event of the year was the provision of free primary school education for pupils in Standards 1 to 4. This is a big stride forward in social, cultural and economic development. However, the consequent large increase in enrolments in primary schools has meant, at least temporarily, an increase in the size of classes, and the use of a considerably higher proportion of unqualified teachers. Other significant events were a small rise in the proportion of primary school-leavers going on to secondary schools, and a substantial rise in enrolments at technical institutes and colleges. The Kiambu Institute of Science and Technology opened its doors to its first students; and some of the other institutes of technology are expected to start operating in the near future.

### Public Expenditure

15.2 Detailed breakdowns of the total expenditure incurred by the Ministry of Education in the Financial Year 1973/74 are shown in Table 15.1. The total expenditure rose by 18.2 per cent from K£35.1 million in 1972/73 to K£41.5 million in 1973/74. The rise was mainly in recurrent expenditure which increased by 20 per cent from K£32.4 million to K£38.8 million in this period. This increase was mainly due to more primary school teachers being

#### MINISTRY OF EDUCATION EXPENDITURE, 1968/69-1973/74

**(a) Recurrent Expenditure**

K£'000

Table 15.1

	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74
Administrative and General	399.3	819.7	992.3	2,540.0	1,729.8	2,371.8
Primary Education	5.4	3,929.3	10,309.8	12,654.9	16,023.3	22,092.8
Secondary Education	3,961.5	4,150.6	4,735.7	5,344.5	6,221.7	6,685.9
Technical Education	550.4	599.0	735.7	874.0	997.5	1,073.0
Teachers Education	1,151.4	1,229.7	1,270.6	1,416.1	1,499.8	1,596.2
Special Schools	87.4	92.8	108.5	127.3	137.5	149.4
Teachers Service Commission	—	89.5	84.9	87.2	114.0	131.2
Higher Education	1,212.0	1,461.6	2,878.8	3,333.8	4,620.3	4,740.0
Other Schemes and Services	516.7	—	—	—	1,019.5	—
<b>TOTAL EXPENDITURE</b>	<b>7,884.1</b>	<b>12,372.4</b>	<b>21,116.3</b>	<b>26,377.9</b>	<b>32,363.4</b>	<b>38,840.3</b>

**(b) Development Expenditure**

K£000

	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74
Primary Education	—	—	—	—	16.4	21.0
Secondary Education	492.8	557.7	754.1	983.6	1,011.0	1,358.7
Teachers Education	34.5	27.8	4.9	90.9	70.5	36.7
Kenya College	—	—	8.5	31.6	55.2	102.4
Technical Education	37.6	96.0	55.3	123.8	44.8	225.1
Higher Education	232.6	385.7	508.1	515.2	524.3	274.8
I.D.A. Project	1,874.4	308.7	41.9	356.1	1,006.8	614.0
Special Schools	10.0	10.0	35.5	37.5	37.5	41.7
Site Surveys	—	—	34.7	22.3	7.4	12.3
<b>TOTAL EXPENDITURE</b>	<b>2,682.0</b>	<b>1,385.9</b>	<b>1,443.0</b>	<b>2,161.1</b>	<b>2,773.9</b>	<b>2,686.7</b>

employed to take care of the increase in Standard 1 enrolment. The development expenditure on the other hand decreased by 3.2 per cent from K£2.8 million in 1972/73 to K£2.7 million in 1973/74. Municipal councils continued to expand their education activity and spent K£4.2 million in 1974, an increase of 17 per cent over the 1973 expenditure. Additional expenditures were incurred both by the emerging institutes of science and technology and by assisted and unaided schools.

### Primary Education

15.3. Enrolment in primary schools rose by over 51 per cent in 1974 compared with 8 per cent in 1973. This large increase in enrolment is mainly due to the provision of free primary education in Standards 1 to 4.

15.4. The breakdown of primary school enrolments in the three categories of schools is shown in Table 15.2. Enrolments went up in all the three categories; notable increases being recorded in the number of pupils attending assisted and unaided schools. Boarders constituted 1 per cent of the total number of pupils; and their number increased by 25 per cent in 1974, thereby slightly more than offsetting the 20 per cent decrease in 1973.

PRIMARY SCHOOL ENROLMENTS BY CATEGORY, 1973-1974

Table 15.2

Numbers

	1973			1974*		
	Boys	Girls	Total	Boys	Girls	Total
Maintained	1,017,093	783,383	1,800,476	1,479,472	1,216,586	2,696,058
Assisted	7,217	7,092	14,309	14,749	14,045	28,794
Unaided	803	429	1,232	5,269	4,277	9,546
TOTAL	1,025,113	790,904	1,816,017	1,499,490	1,234,908	2,734,398
Day Pupils	1,016,421	781,580	1,798,001	1,488,245	1,223,694	2,711,939
Boarders	8,692	9,324	18,016	11,245	11,214	22,459

\* Provisional

15.5. Breakdown of enrolment in primary schools by standard is detailed in Table 15.3. Large increases in enrolment have been recorded for Standards 1 to 4, higher than those for Standards 5 to 7. Cohort analysis of enrolment by standard reveals that the increases in enrolment in Standards 2, 3 and 4 in 1974 over those respectively reported in Standards 1, 2 and 3 in 1973 runs counter to the past trends in which a higher standard during any current year reported fewer pupils than the number of pupils reported in the immediately lower standards in the previous year. This reversal of past trend in 1974 may be due to re-enrolment of pupils who had dropped out because of their inability to pay school fees in the past.

ENROLMENT IN PRIMARY SCHOOLS BY STANDARD, 1969-1974

Table 15.3

	<i>Numbers</i>						Percentage Increase	
	1969	1970	1971	1972	1973	1974*	1972/73	1973/74*
Standard 1	253,298	296,459	306,896	357,366	379,370	958,940	6	153
Standard 2	224,645	241,458	261,660	279,696	316,936	437,375	13	38
Standard 3	197,669	221,235	230,998	256,870	274,081	360,386	7	31
Standard 4	171,573	191,901	207,711	220,994	244,324	301,884	11	24
Standard 5	142,680	158,082	177,547	192,329	206,558	233,003	7	13
Standard 6	141,785	154,603	167,536	185,424	199,873	223,260	8	12
Standard 7	150,647	163,851	173,150	183,240	194,875	219,550	6	13
TOTAL	1,282,297	1,427,589	1,525,498	1,675,919	1,816,017	2,734,398	8	51

\*Provisional

15.6. The average enrolment per class for all classes rose by 9 per cent, from 34 in 1973 to 37 pupils in 1974. As indicated in Table 15.4, significant increases took place in the average enrolment per class in Standards I to 3; with Standard 1 registering an average enrolment of 43 pupils.

AVERAGE ENROLMENT PER CLASS IN PRIMARY SCHOOLS, 1969-1974

Table 15.4						Numbers
	1969	1970	1971	1972	1973	1974*
Standard 1	35	39	38	40	40	43
Standard 2	32	34	34	34	36	39
Standard 3	31	33	33	33	34	37
Standard 4	30	31	31	31	33	34
Standard 5	29	30	30	29	31	30
Standard 6	31	32	32	31	32	31
Standard 7	37	37	36	35	34	31
ALL CLASSES	32	34	34	34	34	37

\*Provisional.

15.7. Primary school enrolments by province are set out in Table 15.5. All provinces registered larger increases in 1974 than in 1973. Nyanza, Rift Valley and Western Provinces reported the highest increases, with Nyanza almost doubling its enrolment. At the other extreme Nairobi reported only a 7 per cent increase. These figures reveal the expected pattern of increases resulting from the introduction of free primary education. Since Nairobi and probably Central Province had attained an almost 100 per cent enrolment rate for children of primary school-going age, the elimination of fees induced only slightly larger demands for primary school places in these two areas.

PRIMARY SCHOOL ENROLMENTS BY PROVINCE, 1972-1974

	ENROLMENTS 000'S			ENROLMENTS AS PERCENTAGE OF:			
				AVAILABLE SCHOOL PLACES*		POPULATION + AGED 6-12	
	1972	1973	1974**	1973	1974**	1973	1974**
Central	407.8	443.5	540.8	93	93	114	134
Coast	96.1	103.1	152.0	75	87	54	77
Eastern	339.6	370.6	521.8	86	90	88	120
Nairobi	71.8	76.4	81.4	103	82	87	89
North Eastern	5.0	6.4	8.7	81	90	13	18
Nyanza	269.8	291.1	573.0	78	100	58	110
Rift Valley	250.9	279.1	456.7	81	93	55	87
Western	234.9	245.8	400.0	92	90	77	122
TOTAL	1,675.9	1,816.0	2,734.4	86	92	73	107

\*assuming 40 places per existing primary class.

\*\*Provisional.

+using population estimates from "Kenya Statistical Digest" September, 1972.

15.8. The extent to which available school places were being utilized by individual provinces is also stated in Table 15.5. The Coast, Eastern, North-Eastern, Nyanza and Rift Valley Provinces registered increases in 1974 in the utilization of the available places, with Nyanza attaining optimum utilization. Western Province and Nairobi on the other hand showed a decrease in their utilization. The decrease in Nairobi, when compared with that in other provinces may be due to an outflow of pupils to rural areas since enrolment in Nairobi is strictly tied to the primary school entrance age.

15.9. The overall percentage of children aged 6 to 12 enrolled in primary schools rose to 107 per cent in 1974 compared with 73 per cent in 1973. The increase in percentage above 100 is explained by the fact that although the denominator in this proportion represents projected number of children in the age group 6 to 12 years, the numerator in most provinces, except Nairobi, also includes pupils who are aged over 12 years.

15.10. Enrolments into Standards 1 to 4 by province for 1973 and 1974 are shown in Table 15.6. Compared to 1973, enrolment in Nyanza in 1974 quadrupled in Standard I and doubled in Standard 2 to 4. In other provinces the increase in enrolments was more heavily concentrated in Standard 1.

#### **Secondary Education**

15.11. Total enrolments in secondary and high schools are set out in Table 15.7. They rose by about 21,000 in 1974, compared with a rise of about 13,000 in 1973. During the year the Government registered 170 new schools, of which 23 were classified as Maintained, 108 as Harambee, 38 as Private schools and 1 as Technical school. The small increase in enrolment in Maintained schools despite an addition of 23 schools is due to non-response from 34 schools in this category. Data available however reflect a very high increase of enrolment in Harambee and Aided schools. The Harambee schools enroll leavers unable to get places in Maintained and Aided schools; and a large percentage of their enrolments are primary school failures.

15.12. During the year the Government converted five high-cost schools—the Kenya High, Nairobi, Lenana, Limuru Girls and Highlands-Eldoret—from Assisted to Maintained status. The annual fees at these schools were as a result reduced from K.Sh. 3,240 to K.Sh. 1,800. This will induce children from middle-income families to apply for entrance into these five schools and thereby help to realize the Government's plans for providing equal schooling opportunities to all.

15.13. The enrolment in secondary school by Form given in Table 15.8, indicates higher retention rates from Form I to II and from Form III to IV than from Form II to III. The figures, however, reveal a larger enrolment in Form VI in 1974 than was reported in Form V in 1973. The figure on enrolment into Form I, also suggests that only 33.3 percent of 1973 primary school-

REPORTED ENROLMENT: STANDARDS 1 TO 4 BY PROVINCE, 1973-1974\*

Table 15.6

Numbers

	STANDARD 1		STANDARD 2		STANDARD 3		STANDARD 4	
	1973	1974*	1973	1974*	1973	1974*	1973	1974*
Central	89,806	141,609	79,208	88,256	68,135	79,410	62,012	68,794
Coast	23,809	56,220	18,637	23,471	15,047	19,638	12,785	15,714
Eastern	81,519	176,320	64,989	88,020	55,367	69,568	48,848	58,315
Nairobi	13,277	14,620	13,021	13,215	11,756	12,914	11,118	11,426
North Eastern	1,836	2,769	1,318	1,596	1,016	1,297	651	1,114
Nyanza	56,003	249,098	47,742	81,330	43,019	64,722	39,529	55,052
Rift Valley	60,843	173,134	49,806	75,284	43,668	59,583	36,425	48,522
Western	52,277	145,170	42,215	66,215	43,668	59,583	32,866	42,947
TOTAL	379,370	958,940	316,936	437,375	274,081	360,386	244,234	301,884

\*Provisional.

leavers obtained a place in secondary schools in 1974. Although the percentage is higher than that reported in 1973, there is still clearly a large proportion of primary school-leavers who fail to get a place in secondary schools. This will tend to produce more and more youngsters with no specific training entering the labour market as job seekers. More secondary education is being provided through institutes of technology and village polytechnics to rectify this imbalance.

#### SECONDARY SCHOOL ENROLMENTS BY CATEGORY, 1973-1974

Table 15.7

Numbers

	1973			1974*		
	Boys	Girls	Total	Boys	Girls	Total
Maintained	66,335	25,767	92,102	67,061	26,913	93,974
Assisted	3,906	3,430	7,336	5,563	4,226	9,789
Unaided	46,955	28,374	75,329	54,625	37,391	92,016
TOTAL	117,196	57,571	174,767	127,249	68,530	195,779
Day Pupils	62,867	24,555	87,422	..	..	..
Boarders	54,329	33,016	87,345	..	..	..

\*Provisional

#### ENROLMENT IN SECONDARY SCHOOLS BY FORM, 1969-1974

Table 15.8

	Numbers						Percentage Increase	
	1969	1970	1971	1972	1973	1974*	1972/73	1973/74*
Form I	39,836	41,043	46,246	53,480	58,693	64,966	10	11
Form II	33,824	37,339	37,423	43,878	46,782	52,107	7	11
Form III	20,637	24,540	28,378	30,993	34,021	38,373	10	13
Form IV	17,279	19,317	23,103	26,869	28,094	31,537	5	12
Form V	2,068	2,606	3,014	3,688	3,596	4,724	25	31
Form VI	12,602	2,010	2,558	3,002	3,581	4,072	19	14
TOTAL	115,246	126,855	140,722	161,910	174,767	195,779	8	12

\*Provisional

15.14. In 1973, Central, Nairobi and Eastern Provinces, in that order, enrolled more secondary school students than the rest. However, in 1974 the order was changed slightly; and Central, Eastern and Nyanza Provinces had a higher enrolment rate. These provincial variations, shown in Table 15.9, should be interpreted with caution because there is widespread exchange of students who have either attained the Certificate of Primary Education (CPE)

or the East African Certificate of Education (EACE) into secondary schools outside their provinces. Also Nairobi and Mombasa serve as catchment areas for many students from rural areas.

#### SECONDARY SCHOOL ENROLMENTS BY PROVINCE AND SEX, 1971-1974

Table 15.9

	Enrolments '000s				Form 1 enrolment as percentage of previous year's Standard 7			
	1971	1972	1973	1974*	1971	1972	1973	1974
Central	32.1	37.1	41.7	51.4	27	33	36	39
Coast	13.5	14.4	15.4	17.4	47	47	45	45
Eastern	19.4	23.5	24.7	35.4	24	24	25	31
Nairobi	24.3	25.3	25.6	21.1	104	106	100	71
North-Eastern	0.2	0.3	0.4	0.4	51	57	47	33
Nyanza	18.5	22.3	23.0	28.8	19	23	23	23
Rift Valley	18.0	20.4	22.3	21.4	27	29	29	29
Western	14.8	18.6	21.7	20.2	22	26	28	26
TOTAL	140.7	161.9	174.8	195.8	28	31	32	33
Girls	42.7	50.6	57.5	68.6	28	30	32	35
Boys	98.0	111.3	117.2	127.2	28	31	32	33

\*Provisional

### Schools

15.15. The provincial distribution of primary and secondary schools is set out in Table 15.10. The Eastern and Coast Provinces registered the largest growth in primary schools, and the Eastern and Central Provinces the largest growth in unaided secondary schools. The total number of secondary schools is higher than the figure of 971 reported in Table 15.10 if the non-response noted in paragraph 15.11 is taken into account.

### Technical and Vocation Education

15.16. The expansion and diversification of technical and vocational education continued in 1974. The Government recognizes the important role skilled technicians can play in promoting rapid economic development. Technical subjects are taught in the country in four technical schools up to Form IV. The Mombasa and Kenya Polytechnics also play an important role in this field of education. The start of construction work to build a technical school at Nyeri and expansion of technical schools at Kisumu, Mawego, Meru, Nakuru, Thika, Machakos and Kabete will further expand the facilities to teach technical subjects.



NUMBER OF SCHOOLS BY PROVINCE, 1973-1974

Table 15.10

Numbers

	PRIMARY SCHOOLS		SECONDARY SCHOOLS								ALL SCHOOLS	
	1973	1974*	Maintained		Assisted		Unaided		Total		1973	1974*
			1973	1974*	1973	1974*	1973	1974*	1973	1974*		
Central	1,065	1,092	90	92	1	1	150	184	241	277	1,306	1,369
Coast	525	618	24	25	3	3	33	35	60	63	585	681
Eastern	1,573	1,853	65	70	—	—	81	140	146	210	1,719	2,063
Nairobi	110	112	16	17	12	12	38	17	66	46	176	158
North-Eastern	39	43	3	4	—	—	1	—	4	4	43	47
Nyanza	1,399	1,457	60	65	—	—	80	86	140	151	1,539	1,608
Rift Valley	1,285	1,453	53	54	1	1	69	65	123	120	1,408	1,573
Western	932	1,040	52	48	—	—	70	52	122	100	1,054	1,140
TOTAL	6,928	7,668	363	375	17	17	522	579	902	971	7,830	8,639
Pupils per School	262	356	254	238	432	536	144	152	196	192	254	338

\*Provisional

15.17. Table 15.11 details for 1972, 1973 and 1974, enrolment figures in secondary technical schools, and at the Mombasa and Kenya Polytechnics. Enrolment in technical secondary schools increased by 4 per cent in 1974 over 1973. But the enrolment in the two polytechnics decreased, probably owing to the introduction of advanced courses that require higher entrance qualifications, and to the phasing out of elementary courses designed to cater for unskilled students.

#### ENROLMENTS IN TECHNICAL AND VOCATIONAL EDUCATION, 1972-1974

Table 15.11

Numbers

	1972	1973	1974
Secondary Technical Schools	3,214	3,525	3,659
Mombasa Polytechnic	961	1,005	930
Kenya Polytechnic	2,650	2,706	2,547

15.18. The construction of the various institutes of technology continued in 1974. while the Kiambu Institute of Science and Technology had started to operate in 1973. It now offers courses in building and engineering, and business education. The former course is of three years duration and includes training in masonry, carpentry, plumbing and electrical installation. The business education course is of 20 months duration. The first intake of students for the business education course graduated at the end of March, 1975. The institute also plans to offer advanced courses in building engineering, farm management (specializing in coffee farming) and accountancy.

### Teachers

15.19. The total number of teachers in primary and secondary schools, detailed in Table 15.12, rose by 34 per cent compared with an increase of 5 per cent in 1973. Most of the increase was in the recruitment of unqualified teachers to be employed in the primary schools. The total number of unqualified teachers in primary schools rose from 12,618 in 1973 to 26,208 in 1974. Consequently, in the primary schools the proportion of qualified teachers as a percentage of the total fell from 78 to 66. The table further reveals that Kenya is near to attaining self-sufficiency in the provision of teaching staff by its citizens. In 1974 the number of non-citizen teachers was further reduced to 3 per cent of the total compared to 5 per cent in 1973.

15.20. The expansion of 17 colleges to train teachers for primary schools was completed during 1974. More primary school teachers can now be trained in these colleges; and this will help to implement Development Plan target of being self-sufficient in the number of teachers, and to lower the primary school teachers-pupil ratio. In addition to the normal teacher-training programme, in-service training courses were also undertaken. A total of 1,199

## SCHOOL TEACHERS BY QUALIFICATION AND CITIZENSHIP, 1973-1974

Table 15.12

Numbers

	Kenya Citizens		Non-Citizens		Total		Percentage of Kenya Citizens	
	1973	1974*	1973	1974*	1973	1974*	1973	1974*
PRIMARY SCHOOLS—								
Professionally Qualified	43,269	51,500	656	632	43,925	52,132	99	99
Not Professionally Qualified	12,561	26,156	57	52	12,618	26,208	100	100
TOTAL PRIMARY	55,830	77,656	713	684	56,543	78,340	99	99
Percentage Professionally Qualified	78	66	92	92	78	66	—	—
SECONDARY SCHOOLS —								
Professionally Qualified	3,070	3,313	1,680	1,303	4,750	4,616	65	72
Not Professionally Qualified	1,794	2,191	844	762	2,638	2,953	68	74
TOTAL SECONDARY	4,864	5,504	2,524	2,065	7,388	7,569	66	73
Percentage Professionally Qualified	63	60	67	63	64	61	—	—
TOTAL TEACHERS	60,694	83,160	3,237	2,749	63,931	85,909	95	97

\*Provisional

in-service trainees completed training during 1974, and a further 3,000 were trained at the end of the year. Plans were also completed for the construction of the Kenya Technical Teachers' College. This step in due course will help to introduce the teaching of technical subjects in primary schools, and to expand them in secondary schools.

### University Education

15.21. The distribution of Kenya students at the University of Nairobi by the type of course is detailed in Table 15.13. The figures show that the total number of Kenyan students rose by 14 per cent in 1974/75, compared with a rise of 32 per cent in 1973/74. The number of Kenyan students pursuing courses in science, commerce, veterinary science, medicine, building and land economics and education increased. The number studying education showed the largest rise of 61 per cent. This increase is due to the determined effort being made by the government to be self-sufficient in teaching. A major decline in enrolment occurred in the number of Kenyan students pursuing Arts courses. The number of post-graduate students rose by 34 per cent in 1974/75. These various increases fall within Development Plan goals and within the planned targets on enrolment for science and science-related disciplines. Based on the large number of higher-school leavers it is anticipated that the 1975/76 intake will be much larger than that for 1974/75.

15.22. The total number of Kenyan students at the Kenyatta University College increased by 56 per cent from 537 in 1973/74 to 836 in 1974/75. It is the government's policy to develop this institute into a University to cater for all types of undergraduate and post-graduate training in education.

UNIVERSITY OF NAIROBI—KENYA STUDENTS BY FACULTY, 1969/70-1974/75

Table 15.13

Numbers

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75
Undergraduate Courses:—						
Arts	387	588	791	802	785	577
Science	203	267	330	299	298	417
Commerce	127	135	204	253	351	374
Architecture	48	66	116	88	123	92
Engineering	124	167	220	266	389	366
Veterinary Science	52	66	90	117	155	187
Medicine	102	169	252	323	396	469
Building and Land Economics**	62	73	102	149	200	216
Agriculture	—	40	81	122	146	160
Law	—	55	106	139	161	177
Home Economics	—	4	8	—	—	—
Education	—	—	—	204	583	941
TOTAL	1,105	1,630	2,300	2,762	3,587	3,976
Postgraduate Courses	72	107	200	234	358	481
Diploma Courses:—						
Domestic Science	26	19	—	—	—	—
Art/Design	10	6	—	—	—	—
Diplomacy	—	—	—	—	7	14
Land Development and Survey	—	—	9	—	—	—
Advanced Nursing ..	13	13	24	29	31	37
Journalism	—	13	12	13	19	30
Adult Education	—	—	8	14	14	12
TOTAL	49	51	53	56	71	93
Other Courses	—	—	—	—	—	29
All Kenya Students	1,226	1,788	2,553	3,052	4,016	4,579
Students from Other Countries	1,014	998	890	790*	604	486
TOTAL	2,240	2,786	3,443	3,842	4,620	5,065

\*Including 24 postgraduate vacation students not classified by faculty or citizenship.

\*\*Including B.A. Design.

15.23. Table 15.14 shows the distribution of first-degree students in universities in East Africa by type of course being pursued. In 1974/75 Kenyan students constituted 47 per cent of the total number of students in East African universities, compared with 44 per cent in 1973/74.

## UNIVERSITIES IN EAST AFRICA—FIRST DEGREE STUDENTS BY FACULTY, 1972/73-1974/75

Table 15.14

	1972/73			1973/74			1974/75		
	Kenya Students	Other Students	Percentage Kenya Students	Kenya Students	Other Students	Percentage Kenya Students	Kenya Students	Other Students	Percentage Kenya Students
FIRST DEGREE COURSES—									
B.A	1,034	1,338	44	982	1,779	36	877	2,061	30
B.Sc	354	615	37	337	839	29	494	1,228	29
B.Com.	263	367	42	362	301	55	387	266	59
B.Ed	210	4	98	1,120	24	98	1,777	44	98
TOTAL COMMON FACULTIES	1,861	2,324	44	2,801	2,943	49	3,535	3,599	50
Engineering	287	580	33	389	411	49	366	496	42
Medicine	365	658	36	401	642	38	477	689	41
Veterinary Science	117	201	37	155	213	42	187	231	45
Other Professional Faculties	927	1,699	35	820	1,608	34	699	972	42
TOTAL PROFESSIONAL FACULTIES	1,696	3,138	35	1,765	2,874	38	1,729	2,388	42
TOTAL	3,557	5,462	39	4,566	5,817	44	5,264	5,987	47

### Education Extension Programme

15.24. This programme aims to provide both functional and formal education to adults. The institutions involved in the provision of adult education include the Social Services Department in the Ministry of Housing and Social Services, the University of Nairobi, the county councils and the various self-help groups all over the country. The Board of Adult Education plays an important role in co-ordinating and advising on all matters related to adult education. A breakdown of the number of adult classes by number of students and category of centre in 1974 is given in Table 15.15. Major declines have been reported in the total number of self-help and formal education centres. The total number of students enrolled at the centres has also therefore declined. The number of self-help centres dropped from 700 in 1973 to 540 in 1974, and of formal education centres from 150 in 1973 to 138 in 1974. On the other hand, the number of government-aided centres rose by 5 per cent from 973 centres in 1973 to 1,019 centres in 1974. This increase however was not enough to offset the decrease in the number of students enrolled in the adult education programme, on account of the closure of self-help adult studies centres.

ADULT EDUCATION CENTRES, 1974

Table 15.15

	CLASSES	STUDENTS
Government Aided Centres	1,019	22,497
Self-Help Centres Unaided	540	11,703
County Council/Local Government Aided Centres	50	2,119
Formal Education Centres Aided and Unaided	138	2,273
TOTAL	1,747	38,592

## CHAPTER 16—HEALTH AND OTHER SOCIAL SERVICES

Rapid expansion of the provision of health and other social services has been a major concern of the government since independence. The total expenditures by central government and local authorities, set out in Tables 16.1 and 16.2, underline this commitment. The total expenditures (both recurrent and development) have risen by almost 90 per cent from K£20 million in 1970/71 to K£38 million in 1974/75. The bulk of expenditure on social services, between 70-80 per cent, is borne by the central government, with the municipal authorities incurring the major proportion of expenditures shown for local authorities. The increases in expenditure by central government in 1974/75 have been incurred mainly in expansion of health services and provision of housing. The increase in expenditure by local authorities in 1974 is accounted for by the rise in expenditure on housing while the expenditure by local authorities on health and other social services also increased modestly. Both the central and the local government expenditures on health and social services have been dealt with in further detail in Chapter 6 on Public Finance.

### CENTRAL GOVERNMENT EXPENDITURE ON SOCIAL SERVICES\*, 1970/71-1974/75

<i>Vcdng</i> 16.1	K£'000				
	1970/71	1971/72	1972/73	1973/74	1974/75**
Recurrent Expenditure—					
Ministry of Health	7,525	9,642	10,617	12,145	12,976
Ministry of Housing	81	98	92	102	112
Ministry of Labour	1,288	1,497	1,610	1,928	2,029
Ministry of Co-operatives and Social Services	407	486	543	625	785
Development Expenditure—					
Ministry of Health	2,626	2,601	2,183	2,321	5,037
Ministry of Housing	2,721	3,158	4,168	4,308	6,009
Ministry of Labour++	108	1,193	53	34	20
Ministry of Co-operatives and Social Service+	291	334	471	413	562
TOTAL EXPENDITURE	15,047	19,009	19,737	21,876	27,530

\*Excluding education (see Chapter 15) and some other services defined as Social Services for national accounts purposes.

\*\*Provisional.

+Includes only expenditure by Department of Community Development, Adult Education and other Social Services.

++Expenditure by the national Youth Service.

LOCAL GOVERNMENT EXPENDITURE ON SOCIAL SERVICES, 1970-1974

Table 16.2

K£000

	1970	1971	1972	1973	1974*
Health	808	1,469	1,509	1,794	2,207
Housing	2,976	4,151	3,401	4,177	5,374
Other Social Services	1,417	1,101	2,209	2,524	2,849
TOTAL	5,201	6,722	7,119	8,496	10,430

\*Provisional

### Health and Family Planning

16.2. *Hospitals and health centres.*—The number of hospital beds and cots available in government and mission hospitals analysed by provinces is shown in Table 16.3. (The number excludes beds in private institutions and in self-help health centres). The increase in the former is accounted for by the addition of beds in the existing wards, and the increase in the latter by the improved statistical coverage of such institutions. The need to add beds to existing government hospitals has resulted in over-crowding in many hospitals. The number of beds in government hospitals is expected to increase in the current year with the completion of the new hospitals at Ol Kalou and Siaya and with the completion of the extensions to the maximum security unit of Mathari Mental Hospital and at Kenyatta National Hospital, and to the hospitals in Kabarnet and Thika.

HOSPITAL BEDS AND COTS BY PROVINCE, 1973-1974

Table 16.3

Numbers

	Government	Mission	Total
Central	1,506	1,663	3,169
Coast	1,334	190	1,524
Eastern	1,255	1,456	2,711
North Eastern	241		241
Nyanza	954	703	1,657
Rift Valley	1,574	1,384	2,958
Western	654	1,026	1,680
Nairobi	2,767	227	2,994
Total 1974	10,285	6,649	16,934
Total 1973	9,829	5,768	15,597

16.3. The government is endeavouring to provide a health centre for every 50,000 people in the Development Plan period, 1974-1978. In addition to the health centres at Mbere, Migori and Vihiga, which started functioning during



1974, eleven new centres are under construction at Kikoneni, Mariakani, Igegania, Warazo, Sagana, Munyu, Maragua, Gilgil, Turbo. Burnt Forest and Yala.

16.4. *Medical Personnel.*—The total number of doctors, dentists, pharmacists and nurses in Kenya is set out in Table 16.4. Only about 450 of the total number of doctors and dentists were in government service in 1974. Figures for all categories should be interpreted with caution as they include registered personnel, some of whom may not be in active service. The table also excludes para-medical personnel, e.g. dental technologists, medical laboratory technologists, occupational therapists, pharmaceutical technologists, physiotherapists, etc. There were 896 and 942 such personnel under training in 1973 and 1974, respectively at the Medical Training Centre in Nairobi and other centres in the country.

REGISTERED MEDICAL PERSONNEL 1969, 1972-1974

Table 16.4

Numbers

	1969	1972	1973	1974
Doctors and Dentists	..	..	892	1,242
Pharmacists	169	143	141	202
NURSES				
Registered	3,099	4,141	4,490	4,876
Enrolled	3,872	5,174	5,783	..
MID WIVES				
Registered	1,473	1,844	1,980	2,171
Enrolled	1,584	2,237	2,502	2,764

16.5. *Public Health.*—The number of reported cases of certain infectious diseases increased in 1974. These are noted in Table 16.5. Significant increases were recorded in reported cases of poliomyelitis, cholera and cerebro-spinal meningitis. The outbreaks of the latter two attained epidemic proportions in the last quarter of 1974. Cholera was mainly confined to Nyanza Province and cerebro-spinal meningitis to Machakos District. These diseases were contained in the areas mentioned by effective control measures being promptly instituted. Some of the increases in other diseases, in particular dysentery, are the result of improved coverage and diagnosis. It is anticipated that the coverage of these diseases will become more effective as the Ministry of Health extends its reporting system in the country. A pilot survey is currently under way in three districts in the country to test revised procedures for reporting of health statistics.

REPORTED CASES OF SOME INFECTIOUS DISEASES, 1971-1974

Table 16.5

Numbers

	1971	1972	1973		1974*	
			Cases	Deaths	Cases	Deaths
Acute Poliomyelitis	144	245	190	7	583	30
Anthrax	259	229	282	2	212	2
Brucellosis	55	45	94	2	65	—
Cerebro-Spinal Meningitis	83	36	97	37	153	36
Dysentery	18,939	14,368	19,208	77	28,866	65
Encephalitis (Primary)		50	3	—	5	1
Infectious Hepatitis	768	746	819	21	1,483	33
Kala-Azar	121	155	196	8	174	4
Leprosy	607	349	262	9	326	13
Schistosomiasis	11,633	9,012	2,847	—	1,792	—
Tetanus	538	495	663	272	815	215
Trypanosomiasis	34	40	13	2	9	—
Typhoid Fever	185	161	196	11	241	14
Cholera"	768	45	—	—	413	43
Small Pox	—	—	—	—	—	—

\*Provisional.

\*\*Includes laboratory confirmed cases only.

16.6. *Family Planning*.—Reported attendances at family planning clinics between 1967 and 1974 are shown in Table 16.6. While the total number of first visits and revisits continued to rise, the rate of increase has steadily declined to a very low figure of 10 per cent in 1974. It is obvious that further measures need to be undertaken to promote adoption of family planning methods if the five-year family planning programme is to achieve its goal of recruiting 640,000 acceptors by the end of the Plan period.

ATTENDANCE AT FAMILY PLANNING CLINICS, 1967-1974

Table 16.6

	Numbers			Percentage Increase
	First visits	Re-visits	Total	
1967	6,359	13,863	20,222	..
1968	13,110	28,810	41,920	107
1969	29,761	72,879	102,640	145
1970	35,136	113,695	148,831	45
1971	41,100	138,656	179,756	21
1972	45,205	172,279	217,484	21
1973	50,054	211,307	261,361	20
1974*	51,446	236,370	287,816	10

\*Includes late returns not included in Table 16.7J and therefore the difference in Totals.

16.7. Attendances at the family planning clinics are detailed by provinces in Table 16.7. Nairobi and Central Province lead the rest of the country in the number of both the first visits and revisits and acceptors. Another notable feature is the high number of acceptors as a percentage of the first visit—over 90 per cent in all provinces.

ATTENDANCE AT FAMILY PLANNING CLINICS BY PROVINCE, 1973-1974

Table 16.7

Numbers

	First Visits		Re-visits		Total		Acceptors	
	1973	1974*	1973	1974*	1973	1974*	1973	1974
Central	10,939	11,224	49,580	55,133	60,519	66,357	10,248	10,714
Coast	4,527	4,366	15,904	18,802	20,431	23,168	4,283	4,190
Eastern	7,720	7,956	26,717	28,485	34,437	36,441	7,382	7,529
North Eastern	—	—	—	—	—	—	—	—
Nyanza	2,712	2,202	8,433	8,587	11,145	10,789	2,601	2,166
Rift Valley	4,011	4,109	14,204	16,632	18,215	20,741	3,916	4,033
Western	3,154	3,490	10,214	13,218	13,368	16,708	2,966	3,306
Nairobi	16,123	16,070	85,098	90,167	101,221	106,237	15,125	15,291
Province not stated	868	1,305	1,157	1,634	2,025	2,939	821	1,276
TOTAL	50,054	50,722	211,307	232,658	261,361	283,380	47,342	48,505

\*See Table 16.6 footnote.

16.8. *Health extension services.*—The Health Education Division of Ministry of Health continued to conduct in-service courses for health workers in 1974. The Division also organized several open seminars on health education and family health. Campaigns on community health education in support of control of communicable diseases and immunization against these diseases were also undertaken in various districts. The Health Education Division participated in most agricultural shows to reach a larger section of the population and also increased its circulation of published materials—especially of the family planning calendar.

### Social Security

16.9. *The Hospital Insurance Fund.*—The total number of contributors to the Hospital Insurance Fund which had risen from 60,000 in 1966/67 to 106,500 in 1972/73, dropped slightly to 105,000 at the end of 1973/74. The drop was the result of the withdrawal of the Fund's coverage of voluntary contributors. (The number of compulsory contributors in fact increased by 1,000 in 1973/74). Owing to this decline the receipts of the Fund also fell from K£1.19 million in 1972/73 to K£1.17 million in 1973/74. The total of benefits paid by the Fund, however, rose sharply by 21 per cent in 1973/74. The increase in the amount of benefits paid was partly the result of the increase in rates of benefits payable in respect of a number of hospitals, and partly as a result of inclusion of more hospitals in the list of institutions for which the Fund's benefits can be availed. Details on financial operations of the Fund are set out in Table 16.8.

NATIONAL HOSPITAL INSURANCE FUND, 1966/67—1973/74

Table 16.8

K£

	Receipts*	Benefits**	Contributions Net of Benefits
1966/67	693,659	343,683	349,976
1967/68	799,930	582,249	217,681
1968/69	845,775	574,966	270,809
1969/70	964,666	622,786	341,880
1970/71	950,659	665,327	285,332
1971/72	1,026,576	777,635	248,941
1972/73	1,189,255	883,152	306,103
1973/74	1,166,705	1,072,758	93,947

\*Includes both compulsory and voluntary contributions and other receipts but 1966/67 and 1967/68 include only members contributions.

\*\*Benefits exclude other payments e.g. management expenses.

16.10. *National Social Security Fund*.—Accumulated figure of net employers and employees registered with the National Social Security Fund rose from 22,508 and 702,848 in 1973 to 23,288 and 745,978 in 1974 respectively. The number of employees registered accounts for over 90 per cent of employees in the "modern" sector. The contributions paid into and the benefits paid out by the Fund rose by K£1.1 million and K£0.14 million, respectively, during 1974. The total accumulated contributions and benefits paid at the end of 1974 amount to K£57 million and K£4.28 million, respectively. Legislation is being drafted to extend the coverage of the Fund to enterprises employing less than five employees. Financial details of the Fund for the period 1966-1974 are set out in Table 16.9.

NATIONAL SOCIAL SECURITY FUND CONTRIBUTIONS AND BENEFITS, 1966-1974

Table 16.9

K£million

	Contributions Received	Benefits Paid	Contributions Net of Benefits	Annual Investments*
1966	1.17		1.17	1.16
1967	4.46	0.02	4.44	3.67
1968	5.45	0.15	5.30	7.47
1969	5.82	0.22	5.60	6.80
1970	6.37	0.56	5.81	5.90
1971	7.32	0.63	6.69	7.82
1972	7.85	0.64	7.21	8.96
1973	8.73	0.96	7.77	9.09
1974	9.83	1.10	8.73	7.75
TOTAL	57.00	4.28	52.72	58.62

\*Annual investments are made up of net contributions plus investment income and bank interest.

## Other Social and Welfare Services

16.11. The remaining sections of this chapter detail provision of other social services, most of which are the concern of Ministry of Housing and Social Services.

16.12. *Community Development*.—Details on the value of different types of self-help projects are set out in Table 16.10. The total value of work undertaken on these projects increased by 11 per cent in 1974. It is estimated that 46 per cent of the total contributions by people are in the form of voluntary labour.

### VALUE OF SELF-HELP SCHEMES, 1971-1974

Table 16.10

K£'000

Project	1971	1972	1973	1974*
Education	1,249	1,531	1,667	1,839
Nurseries	113	155	478	381
Health	167	190	180	195
Social Welfare and Recreation	75	273	1,080	1,103
Domestic	40	66	48	78
Water Supplies	233	205	208	331
Transport and Communication	30	41	27	37
Agriculture	304	500	318	465
Miscellaneous	374	156	85	111
TOTAL	2,584	3,116	4,090	4,540
<i>Of which</i>				
People's Contributions	2,193	2,708	3,700	4,151
Other Contributions	391	409	390	389

\*Provisional.

16.13. *Youth Development Programme*.—This programme is oriented towards employment creation through establishment of village polytechnics. The number of such projects in this programme has increased from 73 to 100 in 1974/75. It is estimated that there are over 7,000 trainees participating in this programme which offers courses in 35 different skills. The most notable development in 1974 was the establishment of a centre for research and training at Karen to provide specialist services to the field projects in this programme. The purpose of this service is to ensure that training is diversified to meet the needs of rural development. The details on development of village polytechnics are set out in Table 16.11. These indicate that between 70 and 80 per cent of graduates were either employed or undergoing further training after leaving the village polytechnics.

VILLAGE POLYTECHNIC "GRADUATES" BY SEX AND TYPE OF EMPLOYMENT, 1973-1974\*

Table 16.11

Numbers

Status	BOYS		GIRLS		TOTAL	
	1973	1974	1973	1974	1973	1974
Self-Employed	207	912	56	218	263	1,130
Employed—						
Locally	189	585	62	45	251	630
Other Areas	200	189	38	55	238	244
Further Training	68	6	9	1	77	7
Unemployed	144	104	48	78	192	182
Unknown	61	213	84	85	145	298
TOTAL	869	2,009	297	482	1,166	2,491

\*Data refer to surveys conducted in September, 1973 and in February-June, 1974.

16.14. *National Youth Service*.—The Service had enrolled 20,031 youths by the end of 1974 since its inception. In addition to vocational training in engineering, woodwork, masonry, plumbing, electrical maintenance and agriculture, the service men and women are offered further training in mathematics, English, Swahili, science and civics at the Gilgil Centre. The service has since its inception completed a number of projects, the most prominent of which are clearance of 7,200 hectares of bush for tse-tse fly control around Lake Victoria, building of airport earth works at Embakasi; and road projects including 56 kilometers linking Kiambu and Nyandarua District over the Aberdares, 55 kilometers of new road between Thika and Kitui, 480 kilometers of road linking Kenya and Ethiopia and 390 kilometers of roads in the second phase of settlement roads' scheme embracing Timborua, Burnt Forest, Turbo, Dundori and Kinangop.

## CHAPTER 17—THE OUTLOOK FOR 1975

The prospects for 1975 on the world scene are not favourable. The world economy has passed through a difficult period since the second half of 1974. Attempts made to contain the high level of inflation and the severe balance of payments deficits have accentuated the downturn of the business cycle, which became apparent in the first half of 1974. In developing countries the fall in prices of the exports of primary commodities has been severe and sharp. Meanwhile prices of exports from developed economies are still rising. No significant increase in the world trade can be anticipated for 1975. The current attempts to stimulate output and earnings in the major market economies, particularly U.S.A. and West Germany, are unlikely to lead to a recovery in world trade before 1976.

17.2. The three main features of the domestic economy during 1974 were the slow-down in the rate of increase in production; the large increase in the deficit on the current account of the balance of payments; and a large rise in prices. The rest of this chapter details the outlook on these three aspects of the economy during 1975.

17.3. Agriculture is expected to have a better year in 1975 than 1974 if the current favourable weather conditions prevail for rest of the year. Increased agricultural production should occur in both the monetary and non-monetary sectors of the economy. Production in manufacturing sector should continue to advance with a slightly higher growth rate in constant prices in 1975 than in 1974. The building and construction sector on the other hand is likely to pass through a second year of reduced or stagnant output as a result of the decline in the volume of work, both in the pipeline and at the planning stage. Most of the other sectors however, should attain increased levels of output. For all sectors combined, it is forecast that Kenya may achieve a growth of between 4.0 to 5.5 per cent in the GDP at constant prices in 1975, compared with a growth rate of 3.6 per cent in 1974. There may be some further deterioration in the terms of trade in 1975, because of higher import prices and lower export prices which will reduce the gains in GDP in real terms.

17.4. The growth rate of 4.0 to 5.5 per cent at constant prices for 1975 is well below the target rate laid down in the 1974-1978 Development Plan. Kenya has been faced in 1974 with the impact of the rise in oil prices and the onset of general world recession as the plan was put into operation. At this stage it is difficult to foresee the overall growth rate prescribed in the plan being achieved.

17.5. Despite the anticipated increase in production, the deficit on the current account of the balance of payments is expected to be lower in 1975. The level of both the actual importations into Kenya, and the foreign exchange allocations for imports were substantially lower in the first quarter

of 1975 than in the comparable period of 1974. The large build-up of stocks in the last quarter of 1974 should tend to reduce imports in 1975; as may also the less liberal credit terms by exporting countries. Moreover, the rise in import prices—if the long-term elasticity of demand is somewhat lower than the short-term—should also have an influence. The combined effect of these various factors should induce a considerably lower volume of imports. It is expected that this lower volume will more than offset rises in import prices. Some decline in the total value of imports therefore seems probable in 1975.

17.6. Exports in 1975 are expected to increase in volume by a small margin compared with their level in 1974. However, export prices at the end of 1974 were lower than the average for 1974; and no upturn is envisaged until late 1975. Coffee prices in particular are likely to be lower in 1975 than in 1974; and this will more than offset any rise in tea and pyrethrum prices.

17.7. In the final out-turn, the decline in the value of imports is expected to be larger than that of exports, and some reduction of the deficit should thus occur.

17.8. In addition the overall net deficit on the current account is also likely to be further reduced by the expected increase in the net surplus on 'invisible' transactions. Larger net credits are anticipated on freight, insurance and other transportation receipts. However no significant improvement is foreseen in the level of receipts from tourism, owing to the current and the anticipated state of recession in the major tourist generating countries.

17.9. Prices, the third main feature of the domestic economy went up by an overall average of 16 per cent in 1974. Inflation has already led to consumer prices being raised by 11.5 per cent in the first four months of 1975. The major cause of this sharp rise was the need to raise producer prices to farmers to compensate them for the rise in input prices in 1974 and to encourage increased production of basic staple foods. Recent wage increases will cause a further rise in the level of domestic prices and so will increased import prices. Accordingly the domestic price level in 1975 is expected to record an increase comparable to that in 1974.