

ECONOMIC SURVEY

1972

Ten Shillings . 1972

ECONOMIC SURVEY

1972

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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.

ECONOMIC SURVEY, 1972

CHAPTER 1—THE GENERAL ECONOMY

The International Setting

From the point of view of developing countries, the three outstanding features of 1971 were the upheaval in the international monetary system, the fall in the rate of growth of world trade and the continued sharp inflation in industrial countries. These factors were not altogether unrelated. The uncertainties in the monetary system were apparent for most of the year and affected the flow of trade. They also caused interruptions in trade as the industrial countries manoeuvred in response to, or in anticipation of, action by other industrial countries which might affect their currencies. The monetary uncertainties culminated in the announcement by the United States Government of non-convertibility of the dollar. This precipitated a situation which was eventually resolved by the establishment of new parities between the major international currencies.

1.2. International trade grew sharply during 1969 and 1970 but expanded by only 10 per cent in 1971, with a large part of this growth attributable to rising prices of manufactured goods. For Kenya, and for other developing countries, continued inflation in the industrial countries led to a sharp increase in the value of imports and consequent adverse effects on the balance of payments, made worse by weak commodity prices. Inflation in the industrial countries was accompanied by relative stagnation in economic growth in most of them. This was reflected in the level of their imports. Another significant feature of the international situation was the decline in capital flows to developing countries.

1.3. Within the East African Community, the growth in the volume of trade between the partner states slowed down. Kenya's imports from Uganda and Tanzania declined by 12 per cent, compared with a growth of 36 per cent the previous year. However, exports to the partner states rose a little, but the growth was only 4 per cent compared with a rise of 9 per cent the previous year.

1.4. The operation of these factors in the context of Kenya's economy is discussed in greater detail in Chapters 2 and 3.

The Growth of the Economy

1.5. Basic data on the growth of the economy in national accounts terms are shown in Tables 1.1 and 1.2. In last year's ***Economic Survey*** a rate of growth of gross domestic product (GDP) for 1971 of 6 to 7 per cent at current prices was forecast. In the event it was higher—8.4 per cent—but below the increase of 10.5 per cent realized the previous year. At constant 1964 prices, growth in 1971 was 5.7 per cent, one percentage point below the cumulated average of 6.6 per cent over the last few years. In absolute terms, gross domestic product at current prices was K£568.5 million, compared with K£524.4 million the previous year. At constant 1964 prices, GDP was K£513.4 million.

GROSS DOMESTIC PRODUCT—1964, 1967-1971

Table 1.1

K£million

INDUSTRY	AT CURRENT PRICES						AT CONSTANT (1964) PRICES					
	1964	1967	1968	1969	1970	1971*	1964	1967	1968	1969	1970	1971*
GROSS PRODUCT AT FACTOR COST—												
A. *Outside Monetary Economy:*												
Agriculture	73.36	85.19	84.96	88.98	91.88	96.47	73.36	84.15	87.14	89.80	92.72	95.35
Forestry	1.99	2.84	3.11	3.12	3.37	3.57	1.99	2.17	2.23	2.54	2.61	2.75
Fishing	0.11	0.14	0.14	0.14	0.15	0.15	0.11	0.14	0.16	0.15	0.15	0.13
Building and Construction	5.81	7.95	8.65	8.97	9.58	10.12	5.81	6.29	6.56	6.79	6.91	7.18
Water	2.09	2.69	3.11	3.91	4.15	4.54	2.09	2.18	2.20	2.65	2.67	2.79
Ownership of Dwellings	5.53	8.16	8.89	9.58	10.40	11.14	5.53	6.46	6.82	7.09	7.50	7.91
TOTAL PRODUCT OUTSIDE MONETARY ECONOMY	88.89	106.97	108.95	114.70	119.53	125.99	88.89	101.39	105.11	109.02	112.56	116.11
B. MONETARY ECONOMY—												
1. *Enterprises and Non-profit Institutions*												
Agriculture	51.97	54.52	57.73	63.78	72.68	69.51	51.97	57.44	61.91	69.18	72.92	72.61
Forestry	1.88	2.60	2.95	3.20	3.80	4.44	1.88	2.31	2.54	2.60	2.93	3.19
Fishing	0.85	1.18	1.13	1.14	1.18	1.20	0.85	1.06	1.26	1.14	1.03	0.94
Mining and Quarrying	1.46	2.04	2.31	2.02	2.41	2.68	1.46	2.04	2.24	2.01	2.60	2.72
Manufacturing and Repair	34.17	44.73	50.06	56.84	64.95	75.09	34.17	40.93	44.56	48.59	52.49	59.46
Building and Construction	6.82	12.39	14.79	15.31	16.81	19.58	6.82	9.90	11.82	11.85	12.07	13.62
Electricity and Water	4.84	6.32	6.44	6.93	7.81	8.06	4.84	5.56	5.97	6.44	7.14	7.79
Transport Storage and Communications	24.52	32.68	36.19	37.81	40.84	44.09	24.52	35.34	38.10	38.57	41.18	43.98
Wholesale and Retail Trade	32.54	40.15	44.20	46.87	55.82	61.15	32.54	38.42	41.19	43.95	48.64	51.01
Banking, Insurance and Real Estate..	9.85	13.11	15.51	17.58	21.07	23.73	9.85	13.06	15.12	16.87	19.40	21.42
Ownership of Dwellings	13.34	14.33	15.13	16.25	17.06	18.22	13.34	13.48	13.88	14.02	14.46	14.87
Other Services	11.90	15.36	16.51	17.32	18.88	20.35	11.90	15.76	17.12	18.44	20.34	22.41
TOTAL ENTERPRISES	194.14	239.41	262.95	285.05	323.31	348.10	194.14	235.30	255.71	273.66	295.20	314.02
2. PRIVATE HOUSEHOLDS (DOMESTIC SERVICES)	2.94	3.73	3.56	3.87	4.14	4.31	2.94	3.65	3.73	3.47	3.55	3.63

•Provisional

GROSS DOMESTIC PRODUCT—1964, 1967-1971

Table 1.1—*(Contd.)* *K£million*

INDUSTRY	AT CURRENT PRICES						AT CONSTANT (1964) PRICES					
	1964	1967	1968	1969	1970	1971*	1964	1967	1968	1969	1970	1971*
2. *General Government*—												
Public Administration	16.84	18.77	20.32	21.61	23.65	26.72	16.84	17.90	19.26	20.97	21.89	23.84
Defence	2.19	4.02	4.08	4.10	4.66	5.16	2.19	3.74	3.72	3.94	4.18	4.46
Education	11.20	13.95	18.46	23.14	23.76	29.72	11.20	17.35	19.34	21.34	23.94	24.90
Health	4.69	6.28	7.94	8.34	8.97	9.95	4.69	7.40	7.77	8.04	8.94	9.82
Agricultural Services	4.41	4.89	5.79	5.88	6.34	7.13	4.41	4.75	5.54	5.92	5.81	6.22
Other Services	3.13	5.09	7.27	7.94	10.03	11.41	3.13	4.93	6.95	7.97	9.42	10.40
TOTAL GENERAL GOVERNMENT	42.47	53.01	63.85	71.01	77.42	90.09	42.47	56.06	62.57	68.18	74.19	79.64
TOTAL PRODUCT MONETARY ECONOMY	239.55	296.15	330.36	359.93	404.87	442.50	239.55	295.01	322.01	345.31	372.94	397.29
TOTAL GROSS PRODUCT AT FACTOR COST (Monetary and Non.Monetary)	328.44	403.12	439.31	474.63	524.40	568.49	328.44	396.40	427.12	454.33	485.50	513.40

*Provisional

GROSS DOMESTIC PRODUCT: PERCENTAGE RATES OF GROWTH, 1964-1971

Table 1.2 *Percentages*

INDUSTRY	AT CURRENT PRICES			AT CONSTANT (1964) PRICES		
	1964-71* Cumulative	1969-70	1970-71*	1964-71* Cumulative	1969-70	1970-71*
GROSS PRODUCT AT FACTOR COST—						
A. Outside Monetary Economy:						
Agriculture	3.9	3.3	5.0	3.8	3.3	2.8
Forestry	8.7	8.0	5.9	4.7	2.8	5.4
Fishing	4.5	7.1	–	2.4	–	-13.3
Building and Construction	8.3	6.8	5.6	3.1	1.8	3.9
Water	11.6	6.1	9.4	4.2	0.8	4.5
Ownership of Dwellings	10.5	8.6	7.1	5.2	5.8	5.5
TOTAL PRODUCT OUTSIDE MONETARY ECONOMY	5.0	4.2	5.4	3.9	3.3	3.2
B. Monetary Economy.						
1. Enterprises and Non.Profit Instutitions:						
Agriculture	4.3	14.0	-4.4	4.9	5.4	-0.4
Forestry	13.0	18.8	16.8	7.9	12.7	8.9
Fishing	5.0	3.5	1.7	1.5	-9.6	-8.7
Mining and Quarrying	9.1	19.3	11.2	9.3	29.4	4.6
Manufacturing and Repairing	11.9	14.3	15.6	8.2	8.0	13.3
Building and Construction	16.3	9.8	16.5	10.4	1.9	12.8
Electricity and Water	7.6	12.7	3.2	7.0	10.9	9.1
Transport Storage and Communications	8.7	8.0	8.0	8.7	6.8	6.8
Wholesale and Retail Trade	9.4	191	9.5	6.7	10.7	4.9
Banking, Insurance and Real Estate	13.4	19.8	12.6	11.7	15.0	10.4
Ownership of Dwellings	4.6	5.0	6.8	1.5	3.1	2.8
Other Services	8.0	9.0	7.8	9.4	10.3	10.2
TOTAL ENTERPRISES	8.7	13.4	7.0	7.1	7.9	6.4
2. Private Households (Domestic Services)	5.7	7.0	4.1	3.0	2.3	2.3

•Provisional

GROSS DOMESTIC PRODUCT: PERCENTAGE RATES OF GROWTH, 1964-1971

Table 1.2—*(Contd.)* *Percentages*

Industry	AT CURRENT PRICES			AT CONSTANT (1964) PRICES		
	1964-71* Cumulative	1969-70	1970-71*	1964-71* Cumulative	1969-70	1970-71*
3. General Government:						
Public Administration	6.9	9.4	13.0	5.1	4.4	8.9
Defence	13.0	13.7	10.7	10.7	6 1	6.7
Education	14.9	2.7	25.1	12.1	12.2	4.0
Health	11.3	7.6	10.9	11.1	11.2	9.8
Agricultural Services	7.1	7.8	12.5	5.0	-1.9	7.1
Other Services	20.3	26.3	13.8	18.7	18.2	10.4
TOTAL GENERAL GOVERNMENT	11.3	9.0	16.4	9.4	8.8	7.3
TOTAL PRODUCT MONETARY ECONOMY	9.2	12.5	9.3	7.5	8.0	6.5
TOTAL GROSS PRODUCT AT FACTOR COST (Monetary and Non-Monetarv)	8.2	10.5	8.4	6.6	6.9	5.7

*Provisional

1.6. An attempt has also been made to measure GDP at 1967 prices in order to assess performance under the current Development Plan projections, which were made on the basis of 1967 prices. This is done in Table 1.3. The realized rate of growth was the same as at 1964 prices, 5.7 per cent, compared with 6.5 per cent the previous year. Real growth was therefore one percentage point below the target of the current Development Plan. However, it is interesting to note that over the entire period 1967 to 1971, the cumulative average rate of growth was 6.7 per cent, primarily due to the high level of achievement in GDP at the end of the 1964-70 Plan period.

GROSS DOMESTIC PRODUCT

PLAN TARGETS AND REALISED GROWTH RATES (AT 1967 PRICES)

Table 1.3 *Percentage*

INDUSTRY	PLAN TARGETS	REALISED GROWTH RATES		
	Annual increase from 1967 to 1974	1969-70	1970-71*	1967-71* Cumulative
A. OUTSIDE MONETARY ECONOMY—				
Agriculture	3.5	3.3	2.8	3.3
Other	3.8	5.9	4.7	5.5
TOTAL NON-MONETARY PRODUCT ..	3.6	3.8	3.2	3.8
B. MONETARY ECONOMY—				
1. *Enterprises and Non-Profit Institutions:*				
Agriculture	6 0	4.6	-1 .7	5.5
Forestry	8.3	12.9	9 0	8.6
Fishing	7.9	-3.1	-12.1	-1.9
Mining and Quarrying	6.6	28.8	4.6	7.4
Manufacturing and Repairing ..	8.9	8.0	13.3	9.7
Building and Construction	8.8	1.9	12.9	8.4
Electricity and Water	8.0	10.6	9.2	8.8
Transport, Storage and Communications	9.4	5.5	7.4	6.0
Wholesale and Retail Trade ..	7.0	10.4	5.0	7.2
Banking, Insurance, Real Estate	8.9	14.1	9.8	13.0
Ownership of Dwellings	4.0	2.9	3.4	4.2
Other Services	9.0	10.8	10.9	9.4
TOTAL ENTERPRISES	7.7	7.4	6.4	7.6
2. Private Households (Domestic Services)	6.0	2.3	2.2	-2.2
3. General Government	8.0	7.7	7.3	8.8
TOTAL MONETARY PRODUCT	7.8	7.4	6.6	7.8
TOTAL G D P AT FACTOR COST	6.7	6.5	5.7	6.7

* Provisional.

1.7. The principal reason for a slower rate of growth in 1971 was the negative growth of product in the agricultural sector. This was caused by drought. However, activity in other major sectors advanced more rapidly than anticipated and helped to cushion the effect of reduced agricultural production. Particularly striking growth was apparent in manufacturing, which had a record year and achieved a rate of growth over two-thirds above that envisaged in the current Development Plan. A less spectacular but impressive level of achievement was also recorded in the building and construction sector. Another major sector in which activity grew faster than envisaged in the Development Plan was "other services", which includes tourism. Although its rate of growth had fallen somewhat, "general government" grew by 7.3 per cent (compared with 9 per cent the previous year) at

GROSS DOMESTIC PRODUCT

SECTORAL SHARES, AT CONSTANT (1964) PRICES 1964, 1967-1971

Table 1.4 *Percentages*

INDUSTRY	1964	1967	1968	1969	1970	1971
GROSS DOMESTIC PRODUCT AT FACTOR COST—						
A. Outside Monetary Economy:						
Agriculture .	22.34	21.23	20.40	19.77	19.10	18.57
Forestry	0.61	0.55	0.52	0.56	0.54	0.53
Fishing	0.03	0.04	0.04	0.03	0.03	0.03
Building and Construction	1.77	1.59	1.54	1.49	1.42	1.40
Water	0.64	0.55	0.52	0.58	0.55	0.54
Ownership of Dwellings	1 .68	1.63	1.60	1.56	1.54	1.54
TOTAL PRODUCT OUTSIDE MONETARY ECONOMY	27.06	25.58	24.61	24.00	23.19	22.62
B. Monetary Economy:						
1. Enterprises and Non-Profit Institutions:						
Agriculture	15.82	14.49	14.49	15.23	15.02	14.14
Forestry .	0.57	0.58	0.59	0.57	0.60	0.62
Fishing	0.26	0.27	0.29	0.25	0.21	0.18
Mining and Quarrying	0.44	0.51	0.52	0.44	0.54	0.53
Manufacturing and Repairing	10.40	10.33	10.43	10.69	10.81	11.58
Building and Construction	2.08	2.50	2.77	2.61	2.49	2.65
Electricity and Water	1.47	1.40	1.40	1.42	1.47	1.52
Transport, Storage and Communications	7.47	8.92	8.92	8.49	8.48	8.57
Wholesale and Retail Trade	9.91	9.69	9.64	9.67	10.02	9.94
Banking, Insurance and Real Estate	3.00	3.29	3.54	3.71	4.00	4.17
Ownership of Dwellings	4.06	3.40	3.25	3.09	2.98	2.90
Other Services	3.62	3.98	4.01	4.06	4.19	4.37
TOTAL ENTERPRISES	59.11	59.36	59.87	60.23	60.80	61.16
2. Private Households (Domestic Services). .	0.90	0.92	0.87	0.76	0.73	0.71
3. General Government:						
Public Administration	5.13	4.52	4.51	4.62	4.51	4.64
Defence	0.67	0.94	0.87	0.87	0.86	0.87
Education	3.41	4.38	4.52	4.70	4.93	4.85
Health	1.43	1.87	1.82	1.77	1.84	1.91
Agricultural Services	1.34	1.20	1.30	1.30	1.20	1.21
Other Services	0.95	1.24	1.63	1.75	1.94	2.03
TOTAL GENERAL GOVERNMENT	12.93	14.14	14.65	15.01	15 28	15.51
TOTAL PRODUCT MONETARY ECONOMY	72.94	74.42	75.39	76.00	76.81	77.38
GROSS PRODUCT AT FACTOR COST (Monetary and Non-Monetary)	100.00	100.00	100.00	100.00	100.00	100.00

* Provisional.

1964 prices. The much higher rate of growth at current prices was to a large extent the result of increases in the salaries of civil servants. The rate of growth in the wholesale and retail trade sector fell significantly, to half that of the previous year, largely reflecting the decline in agricultural production. A more detailed description of developments in the activities mentioned above is to be found in the relevant sector chapters.

1.8. The relative share of each sector in total GDP at 1964 prices is set out in Table 1.4. The figures for 1971 support the trend apparent over the previous several years of a gradual decline in the share of non-monetary product. Within the group "enterprises and non-profit making institutions", the significance of agriculture declined in 1971 because of the fall in farm production noted above.

1.9. The significance of the public sector in gross domestic product at current prices is illustrated in Table 1.5; its total product increased by 17 per cent in 1971. The public sector's share of the total had been rising more rapidly (from 24 per cent in 1964 to 30 per cent in 1971) than the growth of aggregate GDP over the last few years and underlines the Government's policy of vigorous involvement in all aspects of the economy. The sharpest growth during this period has been in the "enterprise" activities of the parastatal bodies whose share in public sector product has grown from 6 per cent in 1964 to 15 per cent in 1971. "General government" has also been growing fast enough to maintain a constant share in the rapidly rising public sector GDP. However, the significance of local authorities has declined following the assumption of most of their responsibilities by the Government. The East African Community's share has also tended to fall, declining from 35 per cent in 1964 to 26 per cent in 1971.

1.10. Total resources available in the economy and their allocation between investment and consumption at current prices are shown in Table 1.6. In 1971 they were K£80 million above the level in 1970; nearly half the growth in available resources was attributable to a rise in the import surplus. Of the increase, 35 per cent went into gross fixed capital formation and 11 per cent into additional stocks. The share of gross fixed capital formation in the total increased from 19 per cent in 1970 to 21 per cent in 1971 and that that of stocks rose from 2.3 to 3.4 per cent. Taken as a whole, gross investment in 1971 accounted for 24 per cent of available resources, compared with 21 per cent in 1970. The rest was absorbed in rising public and private consumption although the overall share of consumption declined slightly. However, because imports at rising prices account for a larger share of capital formation and stock building, it is likely that the real growth in consumption (which has a smaller imported component) was higher than that suggested by the figures.

CONTRIBUTION OF THE PUBLIC SECTOR TO GROSS DOMESTIC PRODUCT, 1964 1967-1971

Table 1.5

K£million

	1964					1967	1968	1969	1970	1971*				
	Kenya Govt-	E.A. Comm- unity	Parasta- tal Bodies	Local Autho- rities	Total	Total	Total	Total	Total	Kenya Govt-	E.A. Comm- unity	Parasta- tal Bodies	Local Autho- rities	Total
GENERAL GOVERNMENT														
General Administration	5.1	1.7		1.7	8.5	9.0	10.1	10 8	12.1	8 6	2.9		2.2	13.6
Justice and Police	8.2	0 1			8.3	9.8	0.2	10 8	11.6	13.0	0.1			13.1
Defence	2.2				2.2	4 0	4.1	4.1	4.7	5.2				5.2
Education	3.6		0.6	7.1	11.2	13.9	18.5	23.1	23.8	26.3	0.1	1.5	1.8	29.7
Health Services	3.2			1.5	4.7	6.3	7.9	8.3	9.0	9.3			0.6	9.9
Agricultural and Veteri- nary Services	3.9	0.3	0.1	0.1	4.4	4.9	5.8	5.9	6.3	6.4	0 6	0 1		7.1
Other Services	2.0	0.4		0.7	3.1	5.1	7.3	7.9	10.0	7.6	0.7			11.4
TOTAL GENERAL GOVERNMENT	28.2	2.5	0.7	11.1	42.5	53.0	63.9	71.0	77.4	76.3	4.4	16	7.8	90.1
ENTERPRISES														
Agriculture			.0 1		- 1	-0.3	0 2	0.5	0 8	0.4		0.3		0.7
Forestry	1.0				1.0	1.4	1.7	15	1.6	1.7				1.7
Mining and Quarrying														
Manufacturing	0.5	4.0	0.7	0.1	5.3	6.2	6.9	7.5	8.5	11	5.8	4.3	0.1	114
Building and Construction	1.8	1.6		0.3	3.6	5.1	5.5	6.3	6.8	4.8	1.9	0.1	1.7	8.6
Electricity and Water .	0.4		0.4	0.8	1.6	2.1	1.7	1.8	5.0	0 5		6.2	1.3	8.0
Transport and Communi- cations**		181			18.7	23.5	25.8	27.9	30.0		29.3	0.7		31.9
Wholesale and Retail Trade	0.6		0.4		0.4	M	1.8	1.5	1.6	1.8		1.8		1.8
Banking and Insurance			2.8		2.8	4.1	5.0	6.6	8 9			10.2		10.2
Ownership Dwellings		14			3.8	3.8	3.8	3.8	4.2		1.7		0.1	4.4
Other Services	2.3						0.1	0.2	0.2	2 6		0.2		0.2
TOTAL ENTERPRISES	6.6	25.1	4.2	1.2	37.1	47.2	52.5	57.5	67.5	13.0	38.8	24.0	3.2	79.0
TOTAL PUBLIC SECTOR	34.8	27.6	4.9	12.3	79.6	100.2	116.4	128.5	144.9	89.3	43.1	25.6	11.0	169.0

*Provisional

**Including Transport and Communication Corporations of the East African Community.

Total Use of Resources, 1964, 1967-1971

Table 1.6 *K£million*

	1964	1967	1968	1969	1970	1971*
G.D.P. at Factor Cost	328.44	403.12	439.32	474.63	524.40	568.49
Of Which						
Non-Monetary	88.89	106.97	108.96	114.70	119.53	125.99
Monetary	239.55	296.15	330.36	359.93	404.87	442.50
+ Indirect Taxes	26.91	35.97	43.06	46.62	54.55	62.94
—Subsidies	-0.35	-1.55	-2.64	-2.10	-1.16	-0.97
=G.D.P. at Market Prices	355.00	437.54	479.74	519.15	577.79	630.46
+ Imports of goods and services	95.48	129.32	135.44	140.69	170.36	208.88
— Exports of goods and services	102.11	125.28	132.21	144.07	160.36	171.50
=Import Surplus	-6.63	+4.04	+3.23	-3.38	+10.00	+37.38
Total Resources available for Domestic Investment and Consumption	348.37	441.58	482.97	515.77	587.79	667.84
Gross Fixed Capital Formation	44.32	82.21	89.53	93.73	112.71	140.93
Increase in Stocks	2.30	6.65	2.55	8.52	13.39	22.60
Gross Investment	46.62	88.86	92.08	102.25	126.10	163.53
Public Consumption	49.35	62.23	73.52	85.55	94.25	105.03
Private Consumption	252.40	290.49	317.37	327.97	367.44	399.28
Total Consumption	301.75	352.72	390.89	413.52	461.69	504.31

*Provisional

1.11. The relative significance of the different "factors" in GDP is set out in Table 1.7. The proportion of product going into wages rose a little, from 43 per cent in 1970 to 44 per cent in 1971, and the share of rentals and operating surplus declined correspondingly. The same table also shows a measure of "national income" which differs from "gross domestic product at factor cost" in that it takes into account indirect taxes and subsidies as well as factor payments and receipts to and from abroad. Yet another measurement of activity, which leaves out this last category, is known as "gross domestic product at market prices". Product at market prices in 1971 increased a little faster than GDP at factor cost reflecting relatively higher increases in the level of indirect taxes and a slight fall in subsidies.

GROSS NATIONAL PRODUCT 1964,1967-71

TABLE 1.7 K£ MILLION

	1964	1967	1968	1969	1970	1971*
FACTOR INCOMES—						
A OUTSIDE MONETARY ECONOMY	88.89	106.97	108.95	114.70	119.53	125.99
MONETARY ECONOMY—						
B 1. REMUNERATION OF EMPLOYEES:						
ENTERPRISES	86.15	110.35	122.18	128.55	143.17	155.52
PRIVATE HOUSEHOLDS	2.94	3.73	3.56	3.87	4.14	4.31
GENERAL GOVERNMENT	42.47	53.01	63.85	71.01	77.42	90.09
TOTAL REMUNERATION OF EMPLOYEES	131.56	167.09	189.59	203.43	224.73	249.92
2. RENTAL SURPLUS (INCLUDING DEPRECIATION)	13.34	14.33	15.13	16.25	17.06	18.22
3. OTHER OPERATING SURPLUS (INCLUDING DEPRECIATION)	94.65	114.71	125.64	140.25	163.07	174.37
TOTAL MONETARY ECONOMY	239.55	296.15	330.36	359.93	404.87	442.50
TOTAL FACTOR INCOMES=GROSS DOMESTIC PRODUCT	328.44	403.12	439.31	474.63	524.40	568.49
ADD: INDIRECT TAXES	26.91	35.97	43.06	46.62	54.55	62.94
DEDUCT: SUBSIDIES	0.35	1.55	2.64	2.10	1.16	0.97
GROSS DOMESTIC PRODUCT AT MARKET PRICES	355.00	437.54	479.73	519.15	577.79	630.46
ADD: FACTOR INCOMES RECEIVED FROM ABROAD	6.10	5.94	8.48	12.26	16.87	13.84
DEDUCT: FACTOR INCOMES PAID ABROAD	14.79	19.50	22.56	22.07	28.37	28.08
GROSS NATIONAL PRODUCT	346.31	423.98	465.65	509.34	566.29	616.22

*PROVISIONAL.

TOTAL USE OF RESOURCES, 1964, 1967-1971

Table **1.6** ***K£million***

	1964	1967	1968	1969	1970	1971*
G.D.P. at Factor Cost	328.44	403.12	439.32	474.63	524.40	568.49
Of Which						
Non-Monetary	88.89	106.97	108.96	114.70	119.53	125.99
Monetary	239.55	296.15	330.36	359.93	404.87	442.50
Indirect Taxes	26.91	35.97	43.06	46.62	54.55	62.94
Subsidies	-0.35	-1.55	-2.64	-2.10	-1.16	-0.97
=G.D.P. at Market Prices	355.00	437.54	479.74	519.15	577.79	630.46
+Imports of goods and services	95.48	129.32	135.44	140.69	170.36	208.88
— Exports of goods and services	102.11	125.28	132.21	144.07	160.36	171.50
=Import Surplus	-6.63	+4.04	+3.23	-3.38	+10.00	+3738
Total Resources available for Domestic Investment and Consumption	348.37	441.58	482.97	515.77	587.79	667.84
Gross Fixed Capital Formation	44.32	82.21	89.53	93.73	112.71	140.93
Increase in Stocks	2.30	6.65	2.55	8.52	13.39	22.60
Gross Investment	46.62	88.86	92.08	102.25	126.10	163.53
Public Consumption	49.35	62.23	73.52	85.55	94.25	105.03
Private Consumption	252.40	290.49	317.37	327.97	367.44	399.28
TOTAL CONSUMPTION ..	301.75	352.72	390.89	413.52	461.69	504.31

Provisional

1.11. The relative significance of the different "factors" in GDP is set out in Table 1.7. The proportion of product going into wages rose a little, from 43 per cent in 1970 to 44 per cent in 1971, and the share of rentals and operating surplus declined correspondingly. The same table also shows a measure of "national income" which differs from "gross domestic product at factor cost" in that it takes into account indirect taxes and subsidies as well as factor payments and receipts to and from abroad. Yet another measurement of activity, which leaves out this last category, is known as "gross domestic product at market prices". Product at market prices in 1971 increased a little faster than GDP at factor cost reflecting relatively higher increases in the level of indirect taxes and a slight fall in subsidies.

CAPITAL FORMATION BY TYPE OF ASSET, 1964, 1967-1971

Table 1.8 (*Cont'd.*) *K£millions*

	AT CURRENT PRICES						AT CONSTANT (1964) PRICES					
	1964	1967	1968	1969	1970	1971*	1964	1967	1968	1969	1970	1971*
MACHINERY AND OTHER EQUIPMENT—												
PRIVATE	12.76	19.62	19.72	20.95	31.14	40.71	12.76	18.41	18.26	19.39	30.23	35.40
PUBLIC	1.44	3.51	4.74	3.82	3.79	4.65	1.44	3.29	4.39	3.53	3.68	4.05
TOTAL	14.20	23.13	24.46	24.76	34.93	45.36	14.20	21.70	22.65	22.93	33.92	39.45
BREEDING STOCK AND DAIRY CATTLE — PRIVATE	.0.38	1.30	1.24	1.26	2.03	2 06	.0.38	106	1.62	1.64	1.84	1.87
TOTAL PRIVATE—												
(i) Traditional Dwellings	5.24	7.52	8.37	8.72	9.24	9.74	5.24	6.01	6.69	6.75	6.63	6.78
(ii) Other	28.00	46.16	48.26	54.37	69.27	80.81	28.00	41.30	43.20	47.91	62.36	66.89
TOTAL PRIVATE	33.24	53.68	56.63	63 09	78.50	90.55	33.24	47.31	49.89	54.65	68.99	73.66
TOTAL PUBLIC	11.08	28.53	32.90	30.65	34.20	50.38	11.08	24.22	27.49	25.06	26.52	36.51
TOTAL PRIVATE AND PUBLIC	44.32	82.21	89.53	93.74	112.71	140.94	44.32	71.53	77.38	79.71	95.52	110.17

•Provisional

Capital Formation

1.12. Capital formation by type of asset is set out in Table 1.8. Total capital formation at current prices rose from K£112.7 million in 1970 to K£140.9 million in 1971. This was a growth of 25 per cent, compared with 20 per cent in 1970 and, because GDP rose rather more slowly than in 1970, the share of gross investment in GDP went up from 21 per cent to 25 per cent. At constant 1964 prices, capital formation growth in 1971 was somewhat slower than at current prices—15 per cent, compared with 20 per cent in 1970, suggesting that prices of goods and services going into investment rose rather faster than in 1970. The slower real growth in capital formation was entirely due to a slackening of the pace of private investment, which at constant prices increased by 7 per cent compared with 26 per cent in 1970. However, public sector investment grew more rapidly, 38 per cent compared with 6 per cent in 1970.

1.13. The slower rate of growth in private sector investment was due to a slowing down in investment in machinery and equipment, which is the largest component of the total private sector investment (about half), and a decline in purchases of transport equipment. At constant prices, capital formation of machinery and equipment in the private sector went up 17 per cent, compared with 56 per cent in 1970, while purchases of transport equipment actually declined by 6 per cent, whereas they had risen 39 per cent in 1970. There was a particularly large increase in the prices of machinery and transport equipment (which are largely imported), as a comparison of the current and constant price figures for these items as Table 1.8 shows.

1.14. A much higher level of growth is apparent in construction work, 47 per cent compared with 7 per cent in 1970. This was due entirely to a rise of 61 per cent in public capital formation for construction and works. A breakdown of capital formation by the Government in construction is set out in Table 1.9 and shows details of the growth of expenditure on roads and water works. The outlays of municipal authorities on such works also increased sharply in 1971.

Capital Formation : Construction Expenditure By Kenya Government, 1964, 1967-1971
(at current prices)

Table 1.9 K£'000

	Roads	Water Works	Soil Conservation	Other	Total
1964	428.9	196.1	220.1	798.5	1,643.5
1967	4,622.7	126.5	243.0	1,221.9	6,214.1
1968	5,814.3	207.3	252.2	1,021.4	7,295.2
1969	7,826.1	243.1	255.9	1,121.6	9,446.6
1970	11,532.4	280.6	263.5	1,331.4	13,407.9
1971*	15,274.3	989.3	308.1	1,504.3	18,076.0

*Provisional

CAPITAL FORMATION, PUBLIC SECTOR, 1964, 1967-71
(at current prices)

Table 1.10 *K£million*

	Kenya Govt.	Parastatal Bodies	Local Authorities	EAST AFRICAN COMMUNITY EXPENDITURE IN KENYA						Total
				General Fund	E.A.R.	E.A.H.	E.A.P. & T.	E.A.A.	Total	
1964	4.23	0.60	1.44	0.11	4.01		0.49	0.20	4.82	11.08
1967	12.76	3.29	3.67	0.20	5.74		1.51	1.36	8.81	28.53
1968	14.96	5.21	5.31	0.21	3.95	1.23	1.79	0.24	7.42	32.90
1969	17.91	2.29	4.13	0.09	2.51	0.38	1.32	1.96	6.31	30.65
1970	23.67	1.97	2.96	0.34	1.73	0.59	1.30	1.48	5.60	34.20
1971*	31.59	5-61	7.97	0.49	1.80	0.65	1.42	0.56	5.21	50.38

*Provisional

CAPITAL FORMATION BY INDUSTRY, 1964, 1967-1971

Table 1.11

K£million

INDUSTRY	AT CURRENT PRICE						AT CONSTANT (1964)) PRICES					
	1964	1967	1968	1969	1970	1971*	1964	1967	1968	1969	1970	1971*
A. OUTSIDE MONETARY ECONOMY— TRADITIONAL DWELLINGS	5.24	7.52	8.37	8.72	9.24	9.74	5.24	6.01	6.69	6.75	6.63	6.78
B. MONETARY ECONOMY—												
1. ENTERPRISES AND NON-PROFIT INSTITUTIONS:												
AGRICULTURE	6.80	9.38	10.68	10.82	13.39	14.64	6.80	8.26	9.91	9.83	10.94	12.07
FORESTRY	0.22	0.35	0.26	0.16	0.19	0.38	0.22	0.31	0.21	0.13	0.16	0.30
MINING AND QUARRYING	0.26	0.58	0.49	0.64	1.28	1.19	0.26	0.55	0.45	0.59	1.24	1.03
MANUFACTURING AND REPAIRING	5.82	9.96	12.19	9.46	12.95	17.81	5.82	9.05	10.87	8.42	12.31	15.19
BUILDING AND CONSTRUCTION	1.92	4.05	3.85	4.16	6.96	7.89	1.92	3.73	3.48	3.75	6.55	6.70
ELECTRICITY AND WATER	1.32	6.35	3.61	3.81	3.68	8.49	1.32	5.38	3.02	3.14	3.22	6.48
TRANSPORT, STORAGE OF COMMUNINICATIONS	10.26	16.34	16.56	16.71	19.87	21.23	10.26	14.92	14.89	15.14	18.47	17.78
WHOLESALE AND RETAIL TRADE	3.01	3.71	4.26	4.15	4.40	5.33	3.01	3.31	3.68	3.57	3.84	4.38
BANKING, INSURANCE AND REAL ESTATE	0.69	0.76	0.97	0.72	1.78	1.47	0.69	0.68	0.84	0.66	1.53	1.14
OWNERSHIP OF DWELLINGS	2.15	5.26	6.99	7.84	9.78	13.30	2.15	4.24	5.63	6.12	7 11	9.33
OTHER SERVICES	2.29	5.12	5.94	8.56	8.30	9.39	2.29	4.43	5.11	7.18	6.93	7.33
TOTAL ENTERPRISES	34.74	61.87	65.80	67.02	81.58	101.13	34.74	54.85	58.09	58.52	72.29	81.73
2. GENERAL GOVERNMENT:												
PUBLIC ADMINISTRATION	0.86	1.81	1.97	2.21	2.80	4.08	0.86	1.56	1.67	1.82	2.18	3.03
	0.51	1.82	2.67	2.59	1.79	1.58	0.51	1.50	2.19	2.14	1.51	1.22
HEALTH	0.40	1.31	1.27	1.99	2.40	2.93	0.40	1.13	1.06	1.65	1.86	2.15
AGRICULTURAL SERVICES	0.74	1.55	1.29	1.34	1.87	1.91	0.74	1.32	1.09	1.11	1.54	1.46
OTHER SERVICES	1.82	6.33	8.16	9.87	13.03	19.56	1.82	5.16	6.58	7.74	9.51	13.80
TOTAL GENERAL GOVERNMENT ..	4.34	12.83	15.36	17.99	21.89	30.06	4.34	10.67	12.60	14.45	16.60	21.67
TOTAL MONETARY	39.08	74.70	81.16	85.02	103.47	131.19	39.08	65.52	70.69	72.96	88.89	103.40
C TOTAL—MONETARY AND NON.MONETARY	44.32	82.21	89.53	93.74	112.71	140.94	44.32	71.53	77.38	79.71	95.52	110.17

*PROVISIONAL

ANALYSIS BY INDUSTRY AND TYPE OF ASSET, 1964 AND 1971* AT CONSTANT (1964) PRICES

Table 1.12 *KlmilUon*

INDUSTRY	Dwellings		Non-Residential Buildings		Construction and Works		Land Improvement and Plantation Development		Transport Equipment		Machinery and other Equipment		Breeding Stock and Dairy Cattle		TOTAL	
	1964	1971	1964	1971	1964	1971	1967	1971	1964	1971	1964	1971	1964	1971	1964	1971
A. OUTSIDE MONETARY ECONOMY:																
Traditional Dwellings	5.2	6.8													5.2	6.8
B. MONETARY ECONOMY																
1. *Enterprises and Non-Profit Institutions:*																
Agriculture	—	—	0.4	0.4	2.5	1.6	1.6	1.9	0.7	1.2	2.0	5.1	-0.4	1.9	6.8	12.1
Forestry		—	—	—	0.2	0.1	—	—	—	0.1	—	0.1	—	—	0.2	0.3
Fishing																
Mining and Quarrying										0.2	0.2	0.8	—	—	0.3	1.0
Manufacturing and Repairing	—	—	0.3	0.6	0.2	0.6	—	—	0.6	1.7	4.7	12.3	—	—	5.8	15.2
Building and Construction			0.3	0.2	0.1	0.4	—	—	—	1.0	1.5	5.1	—	—	1.9	6.7
Electricity and Water				—	0.8	3.6	—	—	0 1	0.1	0.5	2.8	—	—	1.3	6.5
Transport, Storage and Communications..			1.1	0.7	1.1	2.0	—	—	7.1	12.1	0.9	3.0	—	—	10.3	17.8
Wholesale and Retail Trade ..			1.0	1.0	0.5	—	—	—	0.5	0.6	1.0	2.8	—	—	3.0	4.4
Banking Insurance and Real Estate			0.2	0.5	—	—	—	—	—	—	0.5	0.6	—	—	0.7	1.1
Ownership of Dwellings	2.0	8.9									0.2	0.4	—	—	2.2	9.3
Other Services ..	—	—	0.6	3.0	—	0.3	—	—	0.1	0.2	1.6	3.8	—	—	2.3	7.3
TOTAL ENTERPRISES ..	2.0	8.9	4.0	6.5	5.3	8.7	1.6	1.9	9.1	17.1	13.2	36.7	-0.4	1.9	34.7	81.7

•Provisional

CAPITAL FORMATION

ANALYSIS BY INDUSTRY AND TYPE OF ASSET, 1964 AND 1971* AT CONSTANT (1964) PRICES

Table 1.12 (*Continued*) *K£million*

INDUSTRY	Dwellings		Non-Residential Buildings		Construction and Works		Land Improvement and Plantation Development		Transport Equipment		Machinery and other Equipment		Breeding Stock and Dairy Cattle		TOTAL	
	1964	1971	1964	1971	1964	1971	1964	1971	1964	1971	1964	1971	1964	1971	1964	1971
2. *General Government:*																
Public Administration			0.4	2.0		0.1	–	–				0.4	–		0.9	3.0
Education			0.4	0.6					0.3			0.5			0.5	1.2
Health				1.6								0.5			0.4	2.2
Agricultural Services			0.2	0.3	0.3	0.5			0.1			0.5			0.7	1.5
Other Services				0.6	1.4	12.2			0.1			0.8			1.8	13.8
TOTAL GENERAL GOVERNMENT	–	–	1.0	5.0	1.7	12.9	–	–	0.6	1.1	1.0	2.7	–	–	4.3	21.7
TOTAL MONETARY	2.0	8.9	5.0	11.5	7.0	21.6	1.6	1.9	9.7	18.2	14.2	39.4	-0.4	1.9	39.1	103.4
C. TOTAL Monetary and Non. Monetary	7.2	15.7	5.0	11.5	7.0	21.6	1.6	1.9	9.7	18.2	14.2	39.4	-0.4	1.9	44.3	110.2

*Provisional

1.15. The significance of the elements responsible for public sector capital formation can be seen in Table 1.10. The importance of the Government has grown from 38 per cent of the total to 63 per cent since 1964. However, that of the East African Community has shrunk, its share falling from 44 per cent to 10 per cent over the same period.

1.16. Capital formation by asset and industry is shown in Tables 1.11 and 1.12. The slackening of the rate of growth in machinery and transport equipment investment is apparent from the figures for the manufacturing and transport sectors. "Other services" under "general government" are primarily roads and incorporate figures mentioned above for construction and works. Table 1.12 also shows a sharp growth in such investment in the electricity and water sector, attributable to the construction of hydro-electric dams, transmission lines, water works and sewerage facilities. At constant prices, "general government" slightly increased its share of total investment.

Balance of Payments

1.17. The balance of payments is set out in Table 1.13. At the time this Survey is prepared only part of the information required to compile a full balance of payments for the immediate past year is available. This is particularly so for data on private and government "enterprise" capital flows. However, the main developments in 1971 are clear and the supplementary details to be received later will not affect the basic structure of the accounts.

1.18. Table 1.13 also contains final accounts for 1969 and revised estimates for 1970. The main reason for the differences in estimates published for 1969 and 1970 in last year's Survey arises from revision of figures of long term capital movements of private and Government enterprises. These revisions have resulted in a higher estimate of net private capital receipts and a reduction in the estimate of net capital receipts of Government enterprises. The net effect of both these movements on the capital accounts for 1970, however, is to leave the net credits more or less unchanged at K£29 million. Changes resulting in the net decline of the overall surplus for 1970 have been caused by revisions made to the estimates on current account flows. As a result, the net deficit on current account has increased by K£2.2 million over the figure of K£14.4 million published last year.

1.19. The main feature in the balance of payments estimates for 1971 is the turn-round from an overall balance of payments surplus of K£12.6 million in 1970 to a deficit of K£31.5 million in 1971. The deficit on current account has risen to a record level of K£53.8 million and, unlike previous

Kenya Balance op Payments 1969-1971

Table 1.13

K£million

	1969			1970			1971*		
	Debits/ Assets	Credits/ 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.) Exports (f.o.b.)	121.3	90.2	Dr. 31.1	152.2	102.0	Dr. 50.2	192.8	104.6	Dr. 88.2
2. Non.Monetary Gold Movements	0.1	0.2	0.1	0.1		Dr. 0.1	0.1		Dr. 0.1
3. Freight and Insurance	0 1	10.3	10.2	0.1	11.1	0.1	0.1	11.1	11.0
4. Other Transportation	8.7	17.1	8.4	9.3	18.7	9.4	10.0	18 9	8.9
5. Foreign Travel	8.0	16.7	8.7	5.3	18.5	13.2	5.9	24.1	18.2
6. International Investment Income	21.9	12.4	Dr. 9.5	28.4	16.9	Dr. 11.5	28.1	13.8	Dr. 14.3
7. Government Transaction n.e.s.	10.0	11.5	1.5	10.8	12.4	1.6	11.3	13.0	1.7
8. Other Services	7.0	7.7	0.7	7.3	8.2	0.9	7.4	7.9	0.5
9. Private Transfers	5.7	6.6	0.9	6.4	6.8	0.4	5.9	7.0	1.1
10. Government Transfers	4.0	11.2	7.2	3.7	12.4	8.7	3.9	11.3	7.4
Total Current Account	186.8	183.9	Dr. 2.9	223.6	207.0	Dr. 16.6	265.5	211.7	Dr. 53.8
Of which Visible Balance	121.3	90.2	Dr. 31.1	152.2	102.0	Dr. 50.2	192.8	104.6	Dr. 88.2
Invisible Balance	65.5	93.7	28.2	71.4	105.0	33.6	72.7	107.1	34.4
B. Long Term Capital Movements									
11. Private Enterprises	1.9	14.9	13.0	2.1	18.4	16.3	1.7	10.2	8.5
12. Government Enterprises		0.4	0.9			4.9		0.5	1.7
13. Local Government	Cr. 0.5			Cr. 4.9	Dr. 0.1	Dr. 0.1	Cr. 1.2	Dr. 0.1	Dr. 0.1
14. Kenya Government		7.4	6.3		8.9	8.1		10.3	12.2
	1.1			0.8			Cr. 1.9		
Total Long Term Capital Movements	2.5	22.7	20.2	Cr. 2.0	27.2	29.2	Cr. 1.4	20.9	22.3
Total Current and Long Term Capital Account	189.3	206.6	18.3	221.6	234.2	12.6	264.1	232.6	Dr. 31.5
C. Monetary and Short Term Capital Movements									
15. Central Monetary Institutions	22.5	_0.2	Dr. 22.3	13.2	0.1	Dr. 13.1	Cr. 25.5		25.5
16. Accounts with I.M.F				4.9	2.1	2.8	2.3	2.3	
17. Other Monetary Institutions	1.0	0.3	Dr. 0.7	0.5	Dr. 0.4	Dr. 0.9	Cr. 1.4	1.5	2.9
18. Other Short Term Capital Movements	Cr. 0.3	Dr. 0.1	0.2	Cr. 0.9		0.9	0.3		Dr. 0.3
Total Monetary and Short Term Capital Movements	23.2	0.4	Dr. 22.8	17.7	1.8	Dr. 15.9	Cr. 24.3	3.8	28.1
Balancing Item			Cr. 5.5			Cr. 3.3			Cr. 3.4

*Provisional.

years, movements on capital account have not yielded a sufficiently large increase in net receipts to counter-balance this deficit. In fact, the receipts on capital account are estimated to have been lower by K£7 million in 1971 than in 1970, and the fall was particularly apparent in the net capital receipts of private and government "enterprises". Estimates of capital movements on the Government account indicate an increase (see Chapter 10).

1.20. The overall consequence of the net deficit in the balance of payments in 1971 has been a net outflow in monetary and short-term capital movements of K£28.1 million (the difference between the overall deficit in the basic balance of K£31.5 million and in the liquidity balance of K£28.1 million is errors and omissions). This takes into account the effects of the de facto devaluation of the Kenya currency in 1971. The background of these changes is set out in more detail in the next chapter. The record deficit of K£53.8 million on current account is the net result of a deficit of K£88.2 million in the visible account and a surplus of K£34.4 million in the invisible account. The reasons for the increase in the visible deficit are discussed in Chapter 3.

1.21. Over 50 per cent of the invisible surplus was in net credits from "foreign travel". These increased from K£13.2 million in 1970 to K£18.2 million, with the gross receipts from tourism having risen from K£18.5 million to K£24.1 million. Net receipts from "freight and insurance" and "other transportation"—the other two main credit items in the invisible balance—covering freight receipts on Uganda and Tanzania traffic passing through Kenya, and Mombasa harbour earnings, stayed more or less constant in 1971. The increase in net debits of "international investment income" from K£11.5 million in 1970 to K£14.3 million in 1971, was caused by the decline in credit receipts on Central Bank Overseas investments, following the drop in its foreign exchange holdings in 1970 and 1971.

CHAPTER 2—MONEY AND BANKING

From a monetary point of view, 1971 was a memorable year marked by major international and domestic developments which had significant long and short-term implications for the economy.

2.2. The year started with considerable uncertainty in the international monetary situation. The major reserve currency, the U.S. dollar, was under heavy pressure created by a persistent and worsening balance of payments deficit. Growing amounts of U.S. dollars were being accumulated in several European countries, partly because of the U.S. trade deficit and partly because of the high level of interest rates in Europe. The pressure on the dollar continued to increase until, in August, the U.S. Government announced far-reaching measures, including non-convertibility of the dollar. These measures precipitated more concrete discussion among the "group of ten" on the need for a major realignment of the more important world currencies if severe disruption of international monetary and trade relations was to be avoided. Several governments of the major industrial countries reacted by "floating" their currencies.

2.3. In subsequent negotiations, agreement was reached on new exchange parities. Most of the western European countries and Japan accepted an upward revaluation of their currencies in relation to the dollar, the highest revaluation being that of the Japanese yen, by nearly 17 per cent. In return, the United States accepted a formal devaluation of the dollar.

2.4. Inevitably, the world monetary situation also had consequences for Kenya. One of these arose from the fact that for a short while after the U.S. dollar became inconvertible, Tanzania's currency was pegged to the dollar while those of Kenya and Uganda remained pegged to sterling. As a result, transactions between the partner states were suspended for a few days while a joint approach was agreed, this resulting in all three pegging their currencies to the dollar. The subsequent devaluation of the dollar therefore meant the de facto devaluation of the Kenya shilling in relation to other currencies such as sterling and the franc. Although the upward revaluation of other major currencies was not uniform, the overall effect of these changes was a devaluation of the Kenya currency of the order of 6 per cent.

2.5. A more important development from a domestic point of view was the fall in the country's foreign exchange reserves. This began with a slowing down in their growth in the second half of 1970 and culminated in a sharp deterioration, which became apparent in the second quarter of 1971. The level of foreign exchange reserves is shown in Table 2.1.

Table 2.1 K£'000

As at end of Month	Central Bank of Kenya*	COMMERCIAL BANKS		Govern-ment**	I.M.F. Gold tranche	Estima-ted share of E.A.C.B. Assets	Total
		Net Balances with Banks outside Kenya	Other				
1966 December	17,057	8,260	1,925	1,319	1,443	12,061	42,065
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	1,722	1,443	617	65,110
1970 December	73,472	3,480	494	1,401	4,287	795	83,929
1971—							
January	75,459	5,528	443	1,551	4,287	795	88,063
February	76,035	4,873	434	1,209	4,287	795	87,633
March	77,769	4,420	151	2,081	4,287	385	89,093
April	71,471	2,720	130	1,681	4,287	385	80,674
May	72,247	1,002	117	1,379	4,289	385	79,419
June	67,084	1,811	123	1,374	4,289	410	75,091
July	62,990	1,684	138	1,820	4,289	410	71,331
August	63,581	-894	172	1,462	4,289	410	69,020
September	57,487	435	127	1,914	4,289	446	64,698
October	57,498	-1,588	126	1,609	4,289	446	62,380
November	55,739	175	142	1,544	4,289	446	62,335
December ..	55,185	561	187	2,037	4,289	446	62,705
1972-							
January	57,066	335	242	1,880	4,289	446	64,258
February	58,762	630	201	2,440	4,289	446	66,768
March+	60,289	-500	192	2,306	4,289	446	67,022

*Includes net balances with the Banks of Tanzania and Uganda.
**Includes Overseas Securities of the Kenya Post Office Savings Bank.
+Provisional.

2.6. After reaching a record level of K£89.1 million at the end of March, 1971, foreign exchange reserves declined sharply over the next seven months to K£62.4 million at the end of October, remaining more or less unchanged until the end of the year. (The actual fall in reserves would have been somewhat larger than suggested by these figures had it not been for a further allocation of K£2.2 million of Special Drawing Rights to Kenya in 1971.) A drop in reserves of this magnitude was unprecedented. They had accumulated steadily for several years and had more than doubled between December 1966 and March 1971. The causes of the decline in reserves related to both domestic and international factors.

2.7. The rapid increase in foreign exchange holdings up to 1970 had been accompanied by a growth of 78 per cent in the total money supply, which is shown in Table 2.2. In the context of the domestic financial market, this growth in foreign reserves was finding its way into rising deposits of shillings in the commercial banking system.

Money Supply, 1966-1971
(As at 31st December)

Table 2.2 K£'000

	1966	1967	1968	1969	1970	1971
Currency outside Banks	20,410	22,663	24,611	29,278	35,288	37,422
Private Demand Deposits	38,771	41,099	45,898	51,462	59,392	64,605
Other Private Deposits	31,091	36,341	43,189	50,051	66,237	73,242
Total	90,272	100,103	113,698	130,791	160,916	175,269

This rapid rise in the money supply did not, however, induce a similar growth in loans and advances by banks; the ratio of advances to deposits, shown in Table 2.3, had dropped to the low level of 59.5 per cent at the end of 1970. Banks were then urged by the Government to use their excess liquidity to increase loans and advances for development purposes, particularly to smaller enterprises in rural areas. These then began to rise, and the advances/deposits ratio stood at 75.4 per cent at the end of 1971. However, as in the past, the commercial banks tended to increase advances to those sectors which have a higher propensity to import.

Commercial Banks—Advances/Deposits and Cash Ratios
(As at 31st, December)

Table 2.3 K£'000

	1966 Old Series	1967 Old Series	1968	1969	1970	1971
Total Advances/Deposits						
Deposits	77,430	85,103	95,129	112,933	146,191	159,336
Advances	55,513	68,002	66,789	70,025	86,943	120,123
Ratio per cent	71.7	80.0	70.2	62.0	59.5	75.4
Private Advances/Deposits—						
Deposits	64,893	73,683	84,137	96,352	120,296	132,385
Advances	55,595	65,152	63,720	68,304	81,853	111,335
Ratio per cent	85.7	88.4	75.7	70.9	68.0	84.1
Cash/Deposits—						
Notes and Coins* and balances with the Central Bank of Kenya	4,343	8,215	14,334	27,475	25,764	19,534
Ratio	5.6	9.7	15.1	24.3	17.6	12.3

*Excluding Foreign Notes and Coins.

COMMERCIAL BANKS—BILLS, LOANS AND ADVANCES

(As at 31st December)

Table 2.4 K£'000

	1966 Old Series	1967 Old Series	1968	1969	1970	1971
PUBLIC SECTOR—						
Central Government	827	897	726	25	85	196
Local Government	88	403	345	228	704	1,015
E.A. Community				353	1,880	4,786
Government Total	915	1,300	1,071	606	2,669	5,997
Enterprise Parastatal bodies and other Public entities	–	–	1,997	1,115	2,421	2,791
PRIVATE ENTERPRISES*—						
Agriculture**	6,276	9,325	7,774	8,619	9,287	12,574
Mining and Quarrying	75	96	155	109	174	166
Manufacturing	8,299	10,944	12,722	15,128	15,581	24,796
Building and Construction	1,078	1,519	1,786	2,177	3,371	5,294
Transport, Storage and Communication	701	1,117	1,429	2,910	2,955	3,944
Trade:			8,666	8,010	10,028	11,266
Exports	22,953	25,728	9,640	7,863	10,774	10,323
Imports			9,840	10,234	12,984	16,867
Domestic	489	778	805	1,242	1,401	3,370
Real Estate	4,767	3,889	3,352	3,438	2,732	3,391
Financial Institutions	7,057	10,312	4,799	4,730	4,986	8,408
Other Businesses						
TOTAL PRIVATE ENTERPRISES	51,695	63,708	60,968	64,460	74,273	100,399
PRIVATE HOUSEHOLDS— (including non-profit making institutions)	2,902	2,994	2,753	3,846	7,581	10,936
TOTAL BILLS, LOANS AND ADVANCES	55,513	68,002	66,789	70,025	86,943	120,123

*Public enterprises are included under this heading for old series.

**Including Forestry, Fishing and Wildlife.

2.8. Among the other factors which contributed to the rising level of imports, the most important was the rapid rise in the price of imports from industrial countries, which were experiencing a high degree of inflation throughout 1970 and 1971. This factor alone accounted for about K£18 million or 30 per cent of the rise in overseas imports. The uncertainty in international money markets, noted above, also promoted accelerated import payments and delayed export receipts so that the normal leads and lags in the balance of payments tended to work against Kenya.

2.9. However, it would be misleading to attribute the growth in imports to speculative and international inflationary pressures alone. A substantial part of the rise in imports was directly related to capital investment in the economy, as shown in Chapters 1 and 3. Enlarged food imports also became necessary in order to meet the shortfall between domestic production and requirements. Another factor was the rapid growth of output in manufacturing, resulting in increased imports of raw materials and intermediate products. The relative significance of these influences is shown in the next chapter. The increased ease of access to bank credit, noted above, stimulated and facilitated imports. As shown in Chapter 10, Government expenditure on development also rose and was one of the sources of the growth in imports

ASSETS AND LIABILITIES OF THE CENTRAL BANK OF KENYA, 1966-1971
(As at 31 st, December)

Table 2.5 K£'000

	1966	1967	1968	1969	1970	1971
LIABILITIES—						
Capital	667	667	667	667	1,300	1,300
Notes in Circulation	14,769	23,135	24,969	30,016	36,879	39,484
Coins in Circulation		952	1,479	1,779	2,066	2,245
Deposits:						
Government	4,989	2,726	2,399	6,756	16,974	9,523
Kenya Banks	1,302	5,135	11,556	23,669	21,429	14,651
External Banks*	319	344	359	587	633	570
Others		462	79	585	2,003	757
Revaluation Account						742
Other Liabilities	456	367	1,189	2,374	5,598	3,481
TOTAL ASSETS/LIABILITIES	22,501	33,788	42,697	66,433	86,881	72,753
ASSETS—						
Foreign Exchange:						
Balance with Banks**	2,390	9,765	16,362	36,730	41,746	26,489
Treasury Bills	11,670	6,240	9,396	6,895	6,983	4,389
Other Investments	2,920	9,275	7,971	14,671	22,849	19,969
Special Drawing Rights					2,080	4,274
SUB-TOTAL	16,979	25,280	33,729	58,296	73,658	55,121
Kenya Government Securities received from E.A.C.B.	3,510	3,226	3,226	3,197	3,211	3,211
Other Kenya Government Securities		386	386	350	365	365
Securities of Public Entities						
Advances to Kenya Govt. ..			850		5,000	10,000
Advances and Discounts	150			296		499
Revaluation Account		3,578	3,574	3,495	3,495	
Other Assets+	1,862	1,318	932	799	1,154	3,557
SUB-TOTAL	5,522	8,508	8,968	8,137	13,225	17,632

*Excluding deposits from banks of Tanzania and Uganda.
**Including net balances with Banks of Tanzania and Uganda.
+Excluding balances with Banks of Tanzania and Uganda.

for investment purposes. Another cause of foreign exchange outflows was the acquisition by the Government of a part of the foreign holdings in the banking, oil refining and electricity industries, as an expression of its policy of establishing a greater national stake in strategic industries.

2.10. Conditions in 1971 were unfavourable for foreign exchange inflows. As shown in Chapter 3, earnings from exports of goods were relatively stagnant, although invisibles showed some improvement. There was also a drop in both public and private capital receipts from overseas, partly as a result of a general reduction in such outflows to developing countries.

ASSETS AND LIABILITIES OF COMMERCIAL BANKS
(As at 31st December)

Table 2.6 K£'000

	1966 Old Series	1967 Old Series	1968	1969	1970	1971
LIABILITIES—						
Deposits:						
Demand	49,799	51,232	55,934	64,421	80,288	86,625
Time	9,744	12,199	13,790	19,657	31,095	34,659
Savings	17,139	21,532	25,406	28,855	34,807	38,052
Balances due to:						
Central Bank	–	–	–	300	–	250
Kenya Banks	407	1,862	3,197	1,105	1,451	2,333
E.A. Banks	704	1,582	792	659	534	1,288
Banks abroad	2,999	5,678	1,228	1,651	1,374	2,090
Bills payable and other Loans	1,866	1,504	722	658	1,069	2,110
Other Liabilities*	24,307	23,367	30,386	43,874	48,295	58,203
ASSETS—						
Cash	3,042	3,246	3,249	3,709	4,571	4,898
Balances due by:						
Central Bank	1,301	4,968	11,359	24,172	21,687	14,823
Kenya Banks	441	2,444	3,777	1,435	2,501	3,579
E.A. Banks	1,920	1,778	2,089	2,086	1,103	667
Banks abroad	10,042	3,244	1,802	2,810	4,285	3,270
Treasury Bills				2,993	10,000	3,800
Bills discounted, Loans and Advances	55,513	68,002	66,789	70,025	86,943	120,123
Investments	4,245	4,655	4,757	7,333	15,680	10,892
Other Assests*	31,212	30,759	37,631	46,617	52,144	63,558
TOTAL ASSETS/LIABILITIES	107,715	119,096	131,453	161,180	198,915	225,610

*The figure for contra items has been included.

2.11. The Government adopted a variety of measures to stem the outflow. The first of these was an attempt to mop up the excess liquidity of the commercial banks. The Central Bank ceased to pay interest on bankers' deposits and the Government reintroduced Treasury Bills at the end of 1970. (The success of 1971 Treasury Bill issues as a means of absorbing

excess cash is not clearly apparent from Table 2.6, which shows the assets and liabilities of the commercial banks at the end of the year, because the value of Treasury Bills held by the banks declined substantially in November and December for reasons explained in paragraph 2.14.) Quite apart from their use as a tool of monetary policy, Treasury Bills are also a source of relatively low cost finance for development; due to the strong demand for them during 1971, their effective rate of interest was lowered from 4.0 to 1.3 per cent.

2.12. This move was followed in June, 1971 by measures to control the movement of funds out of Kenya. In his budget speech in June, 1971, the Minister for Finance imposed a 121/2per cent tax on gross dividends and interest paid by corporations to residents and non-residents, and a 20 per cent tax on all fees and royalties payable to non-residents. At the same time, a Capital Issues Committee was set up by the Treasury to screen all proposed public stock issues. It was felt that such issues, whose number was rising, were being used increasingly as measures to collect capital funds for repatriation overseas, to the detriment of fund-raising for new development.

2.13. The following month, the Central Bank announced further measures aimed directly at curtailing imports. These consisted of measures to increase the minimum cash payment on all hire purchase contracts* for new cars, imported furniture, carpets and electrical household goods to 40 per cent; to prohibit "factoring", whereby banks acquired liabilities of importing firms on their import orders at discounted rates; to prohibit operation of foreign bank accounts by local firms; and to restrict lending by commercial banks to credit financing institutions to the amounts outstanding on 26th July, 1971.

2.14. In November, 1971, the Government further restricted credit by requiring the commercial banks to deposit 5 per cent of their deposit liabilities in cash with the Central Bank; this was not treated as part of the normal 121/2per cent liquidity requirement. A number of banks were obliged to re-discount their holdings of short-term Treasury Bills at the Central Bank in order to meet these commitments; some bankers also withdrew deposits with the Cereals and Sugar Finance Corporation to meet their pressing cash needs. A concomitant fall in demand for Treasury Bills resulted in higher interest rates on issues in early 1972.

* It would appear that this measure has had no tangible effect in curtailing hire purchase credit. The total number of registered hire purchase agreements of less than K£4,000 in value increased from 4,352 in July, 1971 to 4,463 in September, 1971 and 5,100 in January, 1972. In value terms this amounted to an average of K£450,000 new credit being created every month—the bulk of it being spent on imported goods such as cars and household durables.

2.15. Taken together, these measures to restrict credit could be regarded as successful, but they failed to discriminate satisfactorily between importers, at whom they were really aimed, and small African businesses and priority development projects. The cash deposits scheme was subsequently revoked at the beginning of 1972 and replaced by alternative credit controls and restrictions on imports. The latter consisted of restrictions on the availability of foreign exchange for non-essential imports and goods having locally produced substitutes. The new credit controls took the form of instructions to banks to divert credit to productive sectors, like agriculture, and away from the financing of imports.

2.16. All these measures have had an effect and it would appear that the drain on reserves has been checked. In fact, the reserves have been rising since the beginning of this year and, as shown in Table 2.1, they stood at K£67.0 million at the end of March, 1972. Part of this growth is accounted for by a new allocation of K£2.3 million of SDR's to Kenya. However, even excluding this, reserves have risen by K£2.0 million since the end of last year. Preliminary figures for April indicate a further increase of K£2 million.

CHAPTER 3—TRADE

There was a marked reduction in the rate of growth of world trade during 1971. While its total value is estimated to have risen about 10 per cent, about half of this growth was attributable to rising prices. Among the factors explaining the slow growth of trade were sluggishness in the economies of the major industrial countries and monetary uncertainties. As in the previous year, the growth at current prices of exports from industrial countries was higher (about 11 per cent) than the rise in exports from developing countries (about 9 per cent). A large part of the growth in the exports of developing countries consisted of petroleum products. Imports into developing and industrial countries grew at about the same rate—11 per cent.

3.2. The figures of Kenya's trade presented in this chapter must be regarded as provisional. At the time of writing, the Annual Trade Report prepared by the East African Customs and Excise Department was not available. Estimates of overseas and East African trade have therefore had to be made. It is believed that the overall aggregates are very near to the actual levels of trade. However, although estimates are based on ten months figures, there might be considerable variations in individual items. Another factor which could not be taken into account in making estimates is that certain adjustments to annual figures are normally made by the East African Customs and Excise Department. The tentative nature of the data should be borne in mind in drawing conclusions from this chapter. Discussion of trade within the East African Community has been limited by the fact that certain details of such trade were not available at the time of going to press.

3.3. The total value of external trade grew by nearly 16 per cent in 1971, compared with 18 per cent in 1970. However, in contrast to 1970, the growth in trade in 1971 was largely due to a sharp rise in imports, nearly K£40 million, or 25 per cent. The growth in exports was only K£2.1 million, or 2 per cent.

3.4. The steep rise in imports and relative stagnation in exports was reflected in a sharp deterioration in the visible balance of trade, as shown in Table 3.1. Imports totalled K£197.7 million and exports K£110.9 million. The bulk of the growth of imports was in the commercial sector, but Government imports also rose. This rise was entirely in purchases from overseas with imports from Uganda and Tanzania actually declining by K£2 million. However, exports to Uganda and Tanzania rose by K£1.4 million. The effect of the large growth in imports was a deficit in the merchandise account of K£86.8 million, compared with K£49.2 million in 1970. (It should be noted that this deficit does not correspond to that shown for merchandise transactions in the balance of payments, set out in Table 1.13, because the

latter includes a variety of adjustments.) The general reasons for the deterioration in the balance of trade have already been mentioned in Chapter 2. Briefly, for imports these were related to a significant increase in prices, rapid growth in capital formation and consequent imports of investment goods, increasing requirements of the manufacturing sector for raw materials and intermediate products and a high level of consumer demand. There was also a substantial amount of speculative importing for the building up of stocks. Exports were affected by drought and a fall in the prices of the two largest export items—coffee and tea (*see* Chapter 4).

BALANCE OF TRADE, 1967-1971*

Table 3.1 — *K£million*

	1967	1968	1969	1970	1971*
IMPORTS—					
From outside East Africa+	106.5	114.8	117.0	142.0	183.7
of which					
Commercial	88.3	97.8	100.7	126.5	162.2
Government	18.2	17.0	16.3	15.5	21.4
From Uganda and Tanzania	13.5	12.3	11.8	16.0	14.0
TOTAL	120.0	127.1	128.8	158.0	197.7
EXPORTS—					
To Markets outside E. Africa+	53.3	57.8	63.3	71.6	73.2
Re-exports	6.1	5.2	5.2	5.8	4.9
To Uganda and Tanzania	26.5	26.3	28.8	31.4	32.8
TOTAL	85.9	89.3	97.3	108.8	110.9
BALANCE OF TRADE—					
With Markets outside E. Africa	-47.2	-51.8	-48.5	-64.6	-105.6
With Uganda and Tanzania	13.0	14.0	17.0	15.4	18.8
TOTAL	-34.3	-37.8	-31.5	-49.2	-86.8

*Provisional

+Described in the Annual Trade Report as "Net Imports",

+Described in the Annual Trade Report as "Domestic Exports".

3.5. The consequences of inflation in the industrial countries from which Kenya's imports are mostly derived can be clearly seen in Table 3.2. The inflationary trend in these countries started in 1970 and continued into 1971, when the import price index rose 10 per cent. There was also a small rise in the prices of imports from the partner states in the East African Community. On the other hand, export prices dropped, as illustrated in Table 3.3. The drop in the prices of agricultural exports was primarily attributable to the fall in prices for tea and coffee.

IMPORT PRICE INDEX
1964 = 100

Table 3.2

Overseas Imports—	1967	1968	1969	1970	1971*
Food	76	74	79	81	101
Beverages and tobacco	117	122	128	137	145
Basic materials, inedible	104	100	112	117	120
Mineral fuels	102	102	102	105	102
Animal and vegetable oils and fats	102	90	86	137	126
Chemicals	93	95	91	92	114
Textiles	118	121	131	141	161
Metals	98	98	100	126	107
Semi-manufactures	107	102	105	113	132
Machinery and transport equipment	107	110	108	103	115
Consumer goods	105	106	110	106	128
Total Overseas Imports	102	104	105	115	126
East African Imports—					
Food and live animals	103	100	103	109	144
Beverages and tobacco	114	103	108	127	106
Crude materials, inedible	108	104	107	113	122
Electric energy and residual fuel oils	98	98	87	85	87
Animal and vegetable oils and fats	111	143	152	134	155
Chemicals	119	143	138	118	150
Textile yarn, fabrics, made-up articles and related products	89	97	93	92	93
Metals and metal manufactures	114	120	119	124	133
Rubber, paper and paper products	114	109	113	107	118
Consumer goods	77	96	91	91	52
Total East African Imports	103	109	109	111	115
All Imports	102	104	105	115	125

* Provisional

3.6. The overall effect of rising import prices and falling export prices was a further deterioration in the terms of trade, shown in Table 3.4. Terms of trade fell by eight points (1966=100), the sharpest fall in any recent year. In 1970, although prices of imports had risen significantly, those of exports had also improved, so that the overall deterioration in the terms of trade was only two points. The consequences for the balance of payments of these unfavourable developments have been discussed in Chapters 1 and 2.

Imports

3.7. A significant growth in imports in 1971 had been forecast in last year's *Survey*. In the event, imports rose very much faster than expected. As shown in Table 3.5, which summarizes imports by broad economic category, the value of imports in almost all categories went up. Although there were variations in the rate of growth for different categories, such variations were relatively minor except for the "miscellaneous" group.

EXPORT PRICE INDEX
1964 = 100

Table 3.3

Overseas Exports	1967	1968	1969	1970	1971*
Agricultural Exports—					
Food and live animals	95	99	97	112	104
Crude materials, excluding sisal	104	98	97	100	106
Sisal	47	42	46	40	43
Total agricultural exports	92	94	92	104	98
Other Exports—					
Mineral fuels, lubricants and related materials	109	109	111	117	108
Chemicals	104	103	121	120	117
Manufactured goods	97	104	96	86	114
Total Overseas exports	93	94	94	103	101
East African Exports—					
Food and live animals	111	115	121	125	117
Beverages and tobacco	121	96	60	86	143
Crude materials, inedible	97	108	122	128	161
Mineral fuels and lubricants	102	97	94	91	108
Animal and vegetable oils and fats	106	121	109	111	164
Chemicals	116	118	103	102	84
Textile yarn, fabrics, made-up articles and related products	199	91	98	94	93
Metals and metal manufactures	116	103	109	115	150
Rubber, paper and paper products	122	128	126	112	124
Machinery and transport equipment	112	133	143	182	219
Consumer goods	125	136	135	135	145
Total East African Exports	144	114	111	114	116
All Exports Excluding Gold	100	100	99	107	106

*Provisional

TERMS OF TRADE, 1967-1971
(1964 = 100)

Table 3.4

	1967	1968	1969	1970	1971*
External Trade	91	90	90	90	80
Inter-territorial Trade	111	105	102	103	101
TOTAL TRADE	98	97	95	93	85

*Provisional

TOTAL IMPORTS* BY BROAD ECONOMIC CATEGORY, 1964, 1970 and 1971**

Table 3.5

	IMPORTS K£000			PER CENT OF TOTAL		
	1964	1970	1971**	1964	1970	1971**
1. Food, drinkand tobacco	12,090.9	12,091.6	14,802.0	13.7	7.7	7.5
2. Basic materials	3,756.0	7,175.0	10,633.8	4.3	4.5	5.4
3. Fuels	9,692.1	15,033.4	16,859.6	11.1	9.5	8.5
4. Chemicals	7,116.8	15,558.9	19,468.3	8.1	9.9	9.8
5. Textiles	9,386.1	12,779.2	13,919.5	10.7	8.1	7.0
6. Semi-manufactures	5,480.7	11,916.2	16,169.7	6.2	7.5	8.2
7. Metals	7,570.0	17,522.3	20,904.1	8.6	11.1	10.6
8. Transport equipment	11,350.2	21,674.0	30,596.3	12.9	13.7	15.5
9. Other capital goods	13,478.0	31,150.6	42,019.1	15.3	19.7	21.3
10. Consumer goods	4,408.5	8,313.4	11,674.6	5.0	5.3	5.9
11. Miscellaneous	3,620.1	4,797.3	629.7	4.1	3.0	0.3
TOTAL	87,948.9	158,011.9	197,676.7	100.0	100.0	100.0

*Overseas and East African imports taken together.
** Provisional

3.8. The total value of imports from Uganda and Tanzania declined. A broad economic category classification of these is shown in Table 3.6, in which the aggregates presented in Table 3.5 are broken down between imports from overseas and from the partner states. The major drop in imports from the latter was in the group "food, drink and tobacco" but this was more than made up by overseas imports in the same category. The value of imports from outside East Africa increased by 29 per cent. More than half of this growth was accounted for by investment goods such as metals, transport equipment, agricultural machinery and tractors and other capital items, although "Transport Equipment" also includes private motorcars, imports of which rose.

3.9. The marked increase in overseas imports of "food, drink and tobacco" (a growth of 65 per cent) was primarily accounted for by sugar and maize. Imports of the former amounted to nearly 72,000 metric tons, compared with 21,223 metric tons in 1970. Not only has the quantity imported more than doubled to meet the shortfall between domestic production and consumption but the average c.i.f. price was also higher, K£53 per metric ton, compared with K£44 per ton in 1970. This increase in price can be attributed to two main factors—the unavailability of sugar from Uganda (which is usually imported at a somewhat lower price) and a rise in the world free market price of sugar last year. Imports of maize became essential because domestic production declined due to the drought. The value of these imports was K£900,000, compared with K£387,000 in 1970. Imports of wheat were also necessary for the same reason and were valued at K£300,000; there had been none in 1970.

IMPORTS FROM OVERSEAS* AND FROM EAST AFRICA BY BROAD ECONOMIC CATEGORY, 1967-1971

Table 3.6 K£'000

CATEGORY	1967		1968		1969		1970		1971**	
	Overseas	East Africa	Overseas	East Africa	Overseas	East Africa	Overseas	East Africa	Overseas	East Africa
1. Food, drink and tobacco	5,205.5	5,397.0	5,843.7	4,457.8	4,114.9	3,730.5	6,451.9	5,639.7	10,663.4	4,138.6
2. Basic materials	2,782.6	1,956.9	3,786.9	2,092.2	5,233.5	1,442.9	4,768.3	2,406.7	8,031.8	2,602.0
3. Fuels	11,955.9	720.9	13,193.8	580.1	12,999.9	429.8	14,558.6	474.8	16,364.1	495.5
4. Chemicals	8,075.1	703.5	11,245.8	615.6	11,935.2	790.7	14,816.0	742.9	18,979.4	488.9
5. Textiles	7,529.9	2,632.1	10,322.7	2,038.4	8,834.7	2,526.7	9,462.6	3,316.8	10,812.0	3,107.5
6. Semi-manufactures	7,102.9	676.1	8,385.0	759.5	9,594.7	611.9	10,963.6	952.2	15,231.7	938.0
7. Metals	11,045.6	825.2	11,171.0	886.6	11,695.0	1,309.8	16,311.2	1,211.3	19,797.8	1,106.3
8. Transport equipment	21,032.2	5.7	18,447.2	8.6	21,6664	5 0	21,662.9	11.1	30,587.1	9.2
9. Other capital goods	23,024.0	118.7	21,104.3	343.1	21,810.4	430.4	30,634.6	516.0	41,551.4	467.7
10. Consumer goods	4,226.2	464.4	6,056.5	552.6	5,729.3	530.8	7,600.4	713.0	11,024.3	650.3
11. Miscellaneous	4,556.3	14 8	5,207.1	7.5	3,336.5	11.9	4,795.6	1.7	629.0	0.7
TOTAL	106,534.2	13,515.2	114,764.0	12,342.0	116,950.5	11,820.4	142,025.7	15,986.3	183,672.0	14,004.7

*Overseas imports exclude Zanzibar, which is included in East African imports.
**Provisional.

SELECTED NET IMPORTS, 1967-1971

Table 3.7 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
1967	9,454	9,534	2,333	17,053	5,598	1,830	1,454	4,805	1,745	1,601
1968	9,656	8,072	2,295	14,690	6,147	2,752	3,183	4,798	2,194	1,875
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	7,532	1,022	3,849	6,648	2,712	3,041
1971	12,437	16,259	4,720	30,634	11,541	4,192	3,957	8,225	3,436	2,991

* Provisional.

3.10. Additional imports of industrial inputs, such as basic materials, fuels and chemicals, accounted for 22 per cent of the growth in total imports. Manufacturing activity grew sharply last year, as shown in Chapter 6, and this led to a growth in inputs required by local industry; there were also imports attributable to stock-building. This factor does **serve** to underline the dependence of a substantial part of Kenya industry on imported intermediate goods and has relevance for the balance of payments implications of industrialization policy; the operations of a large new tyre plant led to a sharp rise in the imports of crude rubber and jute imports more than trebled due to increased activity in the bag and cordage industry. While the value of imported refined petroleum products declined, that of crude petroleum increased as throughput at the refinery in Mombasa was stepped up. There was also a rise in the price of crude oil imported from the Persian Gulf. Imports of chemical materials used in industry, such as chemical elements and compounds and plastic materials also increased. However, after having risen sharply in 1970, imports of fertilizers and insecticides declined, suggesting that a substantial part of the imports in 1970 had gone into stocks.

3.11. In the "semi-manufactures" category, imports of paper and paper products and synthetic yarn and thread accounted for most of the growth. The major part of the rise of K£3.4 million in consumer goods imports was spread over a variety of durables; imports of clothing also rose, by nearly K£4.1 million.

3.12. Imports of transport equipment are shown in Table 3.8. Their total value rose 30 per cent, although the share of public imports of such equipment grew even faster, by 40 per cent. This growth was apparent for all categories except aircraft. For the private sector, the largest growth was in imports of buses, lorries and chassis for assembly, and not in private cars.

3.13. An indication of the end uses to which imports are put is given in Table 3.9. This shows economic categories which are different from those in Tables 3.5 and 3.6. Although there was no marked change in the relative sizes of these categories, the share of capital goods in total imports was a little higher.

3.14. The regional distribution of imports is shown in Table 3.10. In the last few years there has been a gradual downward trend in the share of the sterling area in total imports, but this was halted in 1971, as a result of a considerable increase in imports from the United Kingdom. The proportion of imports originating in the European Economic Community hardly changed, while the share of imports from the United States rose slightly. However, the share of the U.S.S.R and other Eastern European countries doubled in 1971, although the overall significance of imports from these countries remained small-2.7 per cent of the total. For the first time in several years there was almost no change in Japan's share of imports.

IMPORTS OF TRANSPORT EQUIPMENT*,1969-1971**

Table 3.8

K£'000

	PRIVATE			PUBLIC			TOTAL IMPORTS		
	1969	1970	1971**	1969	1970	1971**	1969	1970	1971**
Railway rolling stock	60	4.7	12.7	948.4	303.1	2,381.1	954.4	307.8	2,393.8
Motor cars	4,845.5	5,896.0	6,373.2	68.8	60.1	170.0	4,914.3	5,956.1	6,543.2
Buses, lorries and chassis for assembly	3,867 0	4,855.8	8,295.0	1,112.5	660.9	1,420.3	4,979.5	5,516.7	9,715.3
Motor vehicle parts	2,416.6	2,748 .3	2,898.1	671	68.3	103.6	2,483.7	2,816.6	3,001.7
Aircraft	675.7	1,741.4	685.2	4,476.8	3,398.2	1,470.7	5,152.5	5,139.6	2,155.9
Aircraft parts	216.1	250.4	253.6	2,025.2	1,909.6	4,007.4	2,241 .3	2,160.0	4,261 .0
Aircraft engines	198.8	48.6	194.0	1,731.7	1,574.2	1,570.0	1,930.5	1,622.8	1,764.0
Other	882.8	599.6	1,421.8	57.9	28.1	199.5	940.7	627.7	1,621.3
TOTAL TRANSPORT ..	13,108.5	16,144.8	20,133.6	10,488.4	8,002.5	11,322.6	23,596.9	24,147.3	31,456.2

*Includesaircraftengineswh ich are not included in "Transport equipment" in Tables 3.5 and 3.6

**Provisional.

END USB ANALYSIS OF IMPORTS, 1966-1971

Table 3.9

INDUSTRY OF ORIGIN	ENTERPRISE AND HOUSEHOLD IMPORTS K.£'000					Government Imports K£'000	TOTAL RETAINED IMPORTS	
	Year	Intermediate Goods	Capital Goods	Final Household Consump-tion Goods	Total Enterprise and Household Imports		K£'000	Percentage Proportion by origin
Imports originating in primary producing industries.	1966	14,094	68	1,222	15,384	15,590	15,974	14.5
	1967	12,381	122	1,447	13,950	20	13,970	12.7
	1968	12,132	125	1,578	13,835	106	13,941	12.1
	1969	12,416	96	1,262	13,774	32	13,806	11.7
	1970	15,145	128	1,674	16,947	10	16,957	11.3
	1971	17,550	130	2,000	19,680	1,000	20,680	11.0
Imports originating in manufacturing industries (including electricity).	1966	45,439	17,081	21,173	83,693	5,782	89,475	80.9
	1967	47,060	22,817	17,286	87,163	4,397	91,560	83.0
	1968	52,166	19,262	20,038	91,466	4,751	96,217	83.4
	1969	55,528	20,125	20,099	95,752	4,677	100,429	85.2
	1970	67,359	27,474	25,096	119,929	5,776	125,704	85.2
	1971	84,590	37,470	30,944	153,004	7,360	160,364	85.3
Imports not classified according to industry of origin.	1966	427		4,246	4,673	459	5,132	4 6
	1967	433		3,559	3,992	715	4,707	4.3
	1968	217		4,199	4,416	821	5,237	4.5
	1969	340	—	3,113	3,453	153	3,606	3.1
	1970	319		4,580	4,899	26	4,925	3.3
	1971	320		6,536	6,856	100	6,956	3.7
Total use of imports	1966	59,960	17,149	26,641	103,750	6,831	110,581	100.0
	1967	59,874	22,939	22,292	105,105	5,132	110,237	100.0
	1968	64,515	19,387	25,815	109,717	5,678	115,395	100.0
	1969	68,284	20,221	24,474	112,979	4,862	117,841	100.0
	1970	82,823	27,602	31,350	141,774	5,812	147,586	100.0
	1971	102,460	37,600	39.480	179,540	8,460	188,000	100.0
Percentage proportions by usage	1966	54.2	15.5	241	93.8	6.2	100 0	
	1967	54.3	20.8	20.2	95.3	4.7	1000	
	1968	55.9	16.8	22.4	951	4.9	1000	
	1969	57.9	17.2	20.8	95.9	41	100.0	
	1970	561	18.7	21.2	960	3.9	100.0	
	1971	54.5	200	21 0	95.5	4.5	100 0	

*Provisional

ORIGIN OF OVERSEAS (NET) IMPORTS, 1967-1971*

Table 3.10

REGION/COUNTRY	TOTAL IMPORTS K£'000					PERCENTAGE PROPORTIONS				
	1967	1968	1969	1970	1971*	1967	1968	1969	1970	1971*
STERLING AREA—										
United Kingdom	34,989	36,110	36,453	41,459	56,473	32.8	31.5	31.2	29.2	30.7
India	3,178	2,870	2,957	3,104	3,669	3.0	2.5	2.5	2.2	2.0
Hong Kong	1,291	1,910	1,519	2,060	2,065	1.2	1.7	1.3	1.5	1 1
Pakistan	1,381	1,602	1,019	531	1,523	1.3	1.4	0.9	0.4	0.8
Australia	1,354	1,700	2,137	1,884	2,890	1.3	1.5	1.8	1.3	1.6
Zambia	2	128	104	133	209	—	—	0 1	0 1	0.1
Other	2,582	1,730	2,362	2,757	3,853	2 4	1.5	2.0	1.9	2 1
TOTAL	44,777	46,050	46,551	51,928	70,682	42.0	40.1	39.8	36.6	38.5
U.S.A	7,764	7,922	8,736	11,906	17,647	7.3	6.9	7.5	8.4	9.6
CANADA	745	773	806	797	896	0.7	0.7	0.7	0.6	0.5
E.E.C.—										
West Germany	10,560	9,112	9,574	11,197	16,163	9.9	7.9	8.2	7.9	8.8
Italy	3,879	4,841	4,896	6,185	7,212	3.6	4.2	4.2	4.4	3.9
France	3,850	4,103	3,881	5,138	6,461	3.6	3.6	3.3	3.6	3.5
Netherlands	2,825	3,440	4,290	4,100	4,861	2.7	3.0	3.7	2.9	2.6
Other	2,290	2,129	1,642	2,031	2,797	2.2	1.9	1.4	1.4	1.5
TOTAL	23,404	23,625	24,283	28,651	37,494	22.0	20 6	20.8	20.2	20.4
E.F.T.A. (excluding U.K.) TOTAL	3,751	3,982	4,636	5,556	8,021	3.5	3.5	4.0	3.9	4.4
U.S.S.R. and Eastern Europe	2,084	2,555	2,607	1,927	4,962	2.0	2.2	2.2	1.3	2.7
REST OF THE WORLD—										
Iran	8,575	8,944	8,138	8,887	9,726	8.0	7.8	6.9	6.3	5.3
Japan	5,827	7,969	9,344	15,196	19,930	5.5	6.9	8.0	10.7	10.9
China	876	1,592	1,151	1,213	1,396	0.8	1.4	1.0	0.8	0.8
Africa (non-sterling)	1,160	924	964	1,043	2,283	1.1	0.8	0.8	0.7	1.3
Other	3,493	5,808	6,310	9,951	10,288	3.3	5 1	5.4	7.0	5.6
TOTAL	19,931	25,237	25,907	36,290	43,623	18.7	22.0	22.1	25.5	23.8
Parcel Post and Special Transactions	4,077	4,620	3,425	4,970	347	3.8	4.0	2.9	3.5	0.2
GRAND TOTAL	106,534	114,764	116,951	142.025	183,672	100.0	100.0	100.0	100.0	100.0

*Provisional

Exports

3.15. As indicated earlier in this chapter, the value of exports in 1971 was only K£2.1 million above the level in 1970, when they had risen by K£11.5 million. The modest growth in 1971 was made up of a rise of K£1.6 million in overseas exports and K£1.4 million in exports to Uganda and Tanzania; re-exports declined by K£0.9 million. Data on exports by broad economic category, the quantity of principal exports and export prices are presented in Tables 3.11 to 3.14.

3.16. As shown in Table 3.12 the relative stagnation of exports was mainly due to the drop in exports in the food, drink and tobacco group, which fell by K£4 million compared with 1970. The major cause of the drop was the decline in the value of tea, coffee and cashew nut exports. Taken together, exports of these commodities had fallen by K£5.1 million compared with those of 1970. The reasons for this are mentioned in Chapter 4. While the quantity of exports of coffee actually rose slightly, its price fell by 15 per cent. In the case of tea, the bulk of the decline in the value of exports was attributable to a fall in volume although the prices received were also slightly lower. The quantity of some other agricultural exports, particularly sisal and cashew nuts also fell. Some growth in exports of meat products and pyrethrum extract was not sufficient to compensate for this decline.

QUANTITIES OF PRINCIPAL OVERSEAS EXPORTS, 1967-1971

Table 3.11

Item	Unit	1967	1968	1969	1970	1971*
Coffee	Metric Tons	50,748	37,596	50,969	53,725	56,088
Tea	Metric Tons	18,481	27,500	32,835	35,063	31,671
Petroleum products	Million Litres	1,028	907	929	1,038	1,163
Pyrethrum products	Metric Tons	1,895	2,168	2,397	1,753	2,542
Meat products	"	8,281	7,095	5,938	6,683	6,923
Sisal	"	41,443	41,896	35,755	44,291	31,872
Hides and Skins	"	6,859	6,989	6,548	5,983	7,759
Soda Ash	"	98,330	112,489	85,938	157,155	164,311
Cement	"	221,189	239,027	309,026	343,069	348,215
Maize (raw)	"	79,848	277,525	140,893	84**	12**
Canned pineapples	"	6,169	5,279	7,959	7,465	11,414
Butter and ghee	"	746	1,037	824	656	210
Beans and peas	"	5,632	17,712	10,849	9,583	6,700
Cotton (raw)	"	3,111	1,688	2,780	5,082	4,273
Wool ..	"	1,418	1,798	1,821	1,675	1,301
Animal feeds	"	25,361	28,410	29,870	31,827	27,944
Cashew nuts ..	"	7,770	8,607	9,141	23,174	13,995

*Provisional.

**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 Tables 3.13 and 3.14.

EXPORTS TO OVERSEAS* AND EAST AFRICA BY BROAD ECONOMIC CATEGORY, 1967-1971

Table 3.12

K£'000

CATEGORY	1967		1968		1969		1970		1971**	
	Overseas	E.A.	Overseas	E.A.	Overseas	E.A.	Overseas	E.A.	Overseas	E.A.
1. Food, drink and tobacco	30,842.6	7,456 8	34,911.2	5,770.6	38,209.2	7,647.8	44,552.6	8,060.5	40,347.6	7,053.8
2. Basic Materials	9,127.9	780.6	9,325.5	955.4	9,548.3	937.5	9,628.3	1,094.9	11,471.8	1,225.3
3. Fuels	7,336.9	4,377.9	6,320.3	4,683.3	7,817.6	5,124.8	8,370.9	5,814.0	10,604.4	6,913.1
4. Chemicals	2,416.2	3,649.8	2,823.3	3,855.6	2,728.2	4,233.6	3,523.2	4,849.5	4,129.8	5,129.4
5. Textiles..	281.3	1,711.2	350.2	1,918.8	381.9	1,505.9	308.0	1,147.7	406.6	1,224.3
6. Semi-manufactures	1,885.1	3,011.1	2,257.4	3,790.3	2,938.3	3,716.2	3,384.3	4,244.2	3,827.8	3,980.0
7. Metals	273.8	1,615.9	500.4	1,459.8	354.8	1,595.8	555.9	1,973.6	673.4	2,219.0
8. Transport equipment	0.2	60.8	0.9	60.4	0.8	126.4	0.7	69.5	81.8	71.3
9. Other capital goods	116.9	432.3	166.6	778.9	177.6	944.2	180.5	1,301.5	175.2	1,605.0
10. Consumer goods	647.1	3,193.9	735.8	3,052.5	859.0	2,962.5	973.1	2,894.2	1,317.0	3,329.0
11. Miscellaneous	375.1	102.4	403.4	8.1	316.0	2.3	129.0	0.2	149.8	
TOTAL	53,303.1	26,393 2	57,795.0	26,333.7	63,331.7	28,797.0	71,606.9	31,449.8	73,185.2	32,750.2

*Overseas Exports exclude Zanzibar, which is included in East African Exports.
**Provisional

EXPORT PRICES, 1967-1971

Table 3.13 *K.Sh./ Unit*

Item	Unit of Quantity	1967	1968	1969	1970	1971*
Coffee unroasted	Kg.	6.17	6.81	6.61	8.29	7.03
Tea	Kg.	8.00	7.30	6.87	7.25	7.10
Petroleum products	1,000 Kg.	139.54	134.75	164.12	157.53	157.83
Maize	100 Kg.	35.21	34.41	39.36	**	**
Meat and products	Kg.	6.90	8.53	8.74	8.53	9.77
Pyrethrum extract	Kg.	148.17	136.77	121.14	132.15	149.80
Sisal	100 Kg.	99.62	87.46	96.05	84.20	87.76
Hides and skins, undressed	Kg.	5.08	4.78	5.71	5.52	5.77
Wattle extract	Kg.	1.07	1.09	1.38	1.52	1.58
Soda ash	100 Kg.	20.78	20.13	21.03	21.29	24.90
Cement	100 Kg.	9 09	9.83	9.28	9.59	9.30
Beans, peas, etc.	Kg.	1.16	0.94	0.97	1.07	1.13
Cashew nuts, raw	Kg.	1.39	1.46	1.49	1.37	1.44
Wool	Kg.	6.90	6.40	6.05	5.45	3.93
Animal feed	100 Kg.	36.55	35.64	34.88	41.07	35.54
Cotton, raw	Kg.	4.04	4.72	5.47	4.82	5.02
Pineapples, tinned	Kg.	1.77	1.67	1.82	1.79	1.77
Butter and ghee	Kg.	6.80	6 16	6.66	7.14	8.00
Wattle bark	100 Kg.	54.91	54.79	63.06	64.79	58.68

*Provisional.
***See* footnote to Table 3.11

OVERSEAS EXPORTS, 1970 AND 1971,* CHANGES IN VALUE, QUANTITY AND PRICE

Table 3.14

	VALUE K£'000			PERCENTAGE CHANGE IN		
	1970	1971	Change	Value	Quantity	Price
Coffee, unroasted	22,259.1	19,715.4	-2,543.7	-11.4	4.4	-15.2
Tea	12,704.5	11,243.2	-1,461.3	-11.6	-9.7	-2.1
Petroleum products	8,175.6	9,177.8	1,002.2	12 2	12.0	0 2
Maize	4.3	2.3	-2.0	-46.5	-85.7	
Meat and products	2,853.1	3,381.9	528.8	18.5	3.6	14.5
Pyrethrum extract	1,748.4	2,516.6	768.2	43.9	26.9	13.4
Sisal	1,864.8	1,398.5	-466.3	-25.0	-28.0	4.2
Hides and Skins, undressed	1,653.0	2,238.4	585.4	35.4	29.7	4.5
Wattle extract ..	1,141.4	1,298.4	157.0	13.8	9.5	3.9
Soda ash	1,672.8	2,045.7	372.9	22.3	4.6	17.0
Cement	1,644.5	1,629.6	-14.9	-0.9	1.5	-2.4
Beans, Peas etc.	512.3	378.6	-133.7	-26.1	-30.1	5.6
Wool	1,588.1	1,007.6	-580.5	-36.6	-39.6	5.1
Animal feed	372.6	255.6	-117.0	-31.4	-22.3	-11.7
Cotton, raw	653.6	496.6	-157.0	-24.0	-12.2	-13.5
Pineapples tinned	1,225.5	1,072.5	-153.0	-12.5	-15.9	4.1
Butter and Ghee	669.3	1,010.1	340.8	50.9	52.9	-1.1
Wood Carvings	234.2	84.0	-150.2	-64.1	-68.0	12 0
Metal Scrap	298.5	360.5	62 0	20.8		
Wattle bark	423.2	398.9	-24.3	-5.7	-1.7	-4.4
other items	28.3	22.7	-5.6	-19.8	-11.5	-9.4
TOTAL	9,879.8	13,450.3	3,276.7	33.2	—	—
		73,185.2	1,284.5			

*Provisional

DIRECTION OF OVERSEAS EXPORTS', 1967-1971

Table 3.15

REGION/COUNTRY	TOTAL EXPORTS K£'000					PERCENTAGE PROPORTIONS				
	1967	1968	1969	1970	1971**	1967	1968	1969	1970	1971
STERLING AREA—										
United Kingdom	14,781	15,879	15,491	15,585	15,405	24.9	25.9	25.2	20.1	19.7
Zambia	2,623	2,913	4,294	4,292	5,500	4.4	4 6	6.3	5.5	7.0
India	1,507	1,659	1,762	3,043	2,050	2.5	2.7	2.6	3.9	2.6
Australia	641	649	595	655	814	1.1	1.0	0.8	0.8	1.0
Hong Kong	337	317	299	533	623	0.6	0.5	0.4	0.7	0.8
Pakistan	393	251	340	280	485	0.7	0.4	0.5	0.4	0.6
Other	4,070	2,861	3,552	4,749	4,911	6.9	4.6	5.2	6.1	6.3
TOTAL	24,352	24,529	26,333	29,137	29,788	411	39.0	38.4	37.6	38.2
U.S.A	3,828	4,202	5,229	6,773	5,598	6.5	6.7	7.6	8.7	7.2
CANADA	2,136	1,311	1,440	1,875	1,125	3.6	2 1	2.1	2.4	1.4
E.E.C.—										
West Germany	4,943	5,861	7,867	6,896	7,045	8.3	9 3	11.5	8.9	9.0
Netherlands	2,457	2,882	2,457	3,798	3,421	4.1	4.6	3.6	4.9	4.4
Italy	1,454	1,293	1,431	1,558	1,546	2.5	2.0	2.1	2.0	2.0
France	559	1,293	700	558	538	0.9	2.0	1.0	0.7	0.7
Other	458	468	604	592	561	0.8	0.8	0.9	0.8	0.7
TOTAL	9,871	11,797	13,059	13,402	13,112	16.6	18.7	19.1	17.3	16 8
E.F.T.A. (excluding U.K.) TOTAL	2,689	2,033	2,750	4,397	3,646	4.5	3.2	4.0	5.7	4.7
U.S.S.R. and Eastern Europe—TOTAL	884	1,374	1,280	1,050	2,383	1.5	2.2	1.9	1.4	3.0
REST OF THE WORLD—										
Iran	223	613	199	337	353	0.4	0 1	0.3	0.4	0.4
Japan	1,247	1,697	1,305	1,231	2.647	2.1	2.7	1.9	16	3.4
China	1,092	437	478	619	876	1.8	0.7	0.7	0.8	1.1
Africa (non-sterling	2,970	4,989	4,739	4,520	6,257	5.0	7.9	6.9	5.8	8.0
Other	4,302	4,781	4,860	7,220	4,982	7.3	7.6	7.1	9.3	6.4
TOTAL	9,834	12,517	11,581	13,927	15,115	16.6	19.9	16.9	18.0	19.3
SHIP AND AIRCRAFT STORES	5,714	5,172	6,838	6,889	7,339	9.6	8.2	10.0	8.9	9.4
ALL EXPORTS	59,308	62,935	68,510	77,451	78,105	100.0	100.0	100.0	100.0	100.0

*Excluding gold and currency but including re-exports.
**Provisional.

3.17. The growth apparent in Table 3.12 in exports of basic materials is largely a reflection of the growth in exports of pyrethrum extract and, to a small extent, soda ash. Exports of fuel, consisting almost entirely of refined petroleum products, continued to display the upward trend of the last few years.

3.18. The direction of overseas exports is illustrated in Table 3.15. Only very minor changes from the pattern of the previous year appear to have taken place. The sterling area remains the major outlet for Kenya's exports and accounted for over 38 per cent of these in 1971. The share of the U.S.S.R. and other East European countries more than doubled although they took only 3 per cent of the total value of exports. Japan's share also doubled but, again, this was only a very small part of Kenya's total exports.

Trade with African Countries

3.19. The total value of exports to African countries was K£46.9 million in 1971, a growth of K£3.1 million over the 1970 figure. Of this increase K£2.3 million was accounted for by exports to the partner states in the East African Community. However, there was a substantial growth of 28 per cent in exports to Zambia, which rose from K£4.3 million to K£5.5 million. Exports to all other African countries except Ethiopia, Algeria and Libya declined or remained constant. The share of exports to African countries in the overall total was 44 per cent, compared with 40 per cent in 1970.

3.20. While exports to African countries rose, imports from them fell by K£0.5 million. This drop was entirely due to a decline in imports from Uganda. Imports from all other African countries increased and there was a particularly notable growth in those from Rwanda and Malawi, although these consisted mainly of tea which was subsequently re-exported.

Trade within the East African Community

3.21. At K£46.8 million, the total volume of trade between the partner states of the East African Community was K£0.6 million less than during the previous year. However, as shown in Table 3.17, exports to the partner states rose by K£1.3 million while imports declined by nearly K£2 million. Details of trade with Uganda and Tanzania are set out in Tables 3.18 to 3.21.

3.22. As shown in Table 3.18, there was a modest increase in imports from Tanzania. This was accounted for primarily by a rise of K£358,000 in the imports of manufactured goods, mainly in textiles and aluminium products. Exports to Tanzania (shown in Table 3.19) declined by K£1.1 million. There was a fall of K£1.2 million in exports of food and food preparations andof K£0.4 million in "other manufactured goods". The decline in these two groups was partly compensated by a growth of K£0.6 million in exports ofbasic materials and fuel.

TRADE WITH AFRICAN COUNTRIES, 1967-1971*

Table 3.16 — *K*£'000

	EXPORTS**					NET IMPORTS				
	1967	1968	1969	1970	1971	1967	1968	1969	1970	1971
MAINLAND—										
Uganda	14,796	13,265	15,949	16,698	19,025	10,165	8,650	7,803	10,043	7,863
Tanzania	11,663	13,069	12,848	14,752	13,725	3,350	3,692	4,018	5,938	6,142
Zambia	2,623	2,913	4,294	4,292	5,500	131	128	104	133	209
Ethiopia	279	473	501	918	1,073	18	7	15	106	168
Burundi	384	315	329	481	421					1
Somalia	7	636	881	735	681	–	57	18	22	52
Sudan	435	752	204	217	688	5	8	26	20	6
Rwanda	467	679	858	901	836	40	66	93	102	352
Zaire	451	584	579	1,115	1,106	528	574	527	670	743
Malawi	126	162	181	236	216	335	161	29	93	669
Mozambique	127	180	138	190	299	339	124	169	397	508
Egypt	130	539	334	448	168	23	64	35	34	36
Algeria and Libya	14	69	195	195	408	28	29	2	21	4
Ghana and Nigeria	76	186	206	142	127	16	25	29	14	11
Other+	–	–	–	318	829	–	–	–	10	412
INDIAN OCEAN ISLANDS—										
Mauritius	821	455	494	753	568	3	1	1	1	2
Reunion	405	433	613	637	620	–				
Other+	513	642	1,200	741	611	170	5	230	106	4
TOTAL	33,317	35,350	39,804	43,769	46,901	15,151	13,591	13,099	17,711	17,182
Percentage of all Exports/ Imports.	38.8	39.6	40.9	39.9	44.3	12.6	10.7	10.2	11.2	8.7

*Provisional
**Including Re-exports (except for East African Trade),
+Available only for 1970 and 1971.
+Madagascar and Seychelles.

TRADE WITH EAST AFRICA, 1960-1971

Table 3.17

K£'000

	1960	1967	1968	1969	1970	1971*
EXPORTS—						
To Tanzania	7,608	11,382	13,069	12,847	14,752	13,725
To Uganda	6,163	14,796	13,265	15,949	16,698	19,025
TOTAL	13,771	26,178	26,334	28,796	31,450	32,750
IMPORTS—						
From Tanzania	1,875	3,288	3,692	4,018	5,938	6,142
From Uganda	5,120	10,165	8,650	7,804	10,048	7,863
TOTAL	6,995	13,453	12,342	11,822	15,986	14,005
BALANCE—						
With Tanzania	5,733	8,094	9,377	8,829	8,814	7,583
With Uganda	1,043	4,631	4,615	8,145	6,651	11,162
TOTAL	6,776	12,725	13,992	16,974	15,465	18,745

*Provisional

3.23. Details of trade with Uganda are shown in Tables 3.20 and 3.21. The decline of K£2.2 million in imports from Uganda affected all categories except "basic materials and fuels". Imports in the food group fell by K£0.7 million, entirely due to the virtual disappearance of imports of sugar since Uganda had no surplus for sale to Kenya. There was also a substantial fall in purchases of unprocessed tobacco. The decline in imports of manufactured goods was made up of a fall in purchases of iron and steel, footwear and "other imports". While imports from Uganda declined, exports to Uganda rose by K£2.3 million. This growth was primarily in manufactured goods and affected a wide range. There was also a growth of 13 per cent in exports of basic materials and fuels.

The Export Promotion Council

3.24. The main functions of the Export Promotion Council are to undertake liaison between exporters and the Government, to collect and disseminate information about export markets and to promote Kenya exports by participation in international trade fairs and other exhibitions. Last year, the Government grant to the Council was increased by K£10,000 in order to help improve the commercial intelligence services it provides, and to set up a library of information for exporters.

3.25. During 1971 the Council participated in several trade fairs. One of these was in Sweden and, as a follow-up, it is planning to carry out a survey of the Swedish market this year. The Council has done a good deal of work on the Zambian market and this has contributed to the growth in exports to Zambia. Other fairs in which the Council participated last year were in Italy, Tanzania, Yugoslavia, Japan, Somalia and Germany. During 1972, it was actively involved in the O.A.U. Trade Fair held in Nairobi in February. This was a major event in which thirty-six African countries participated. It is hoped that the Fair itself and the concurrent symposium on trade and development will lead to increased intra-African trade.

3.26. The Export Promotion Council also assists exporters by providing training facilities and it participated actively during the current year in a 5.week export marketing course. The Council continues to examine a variety of ways and means to promote exports from Kenya.

IMPORTS FROM TANZANIA, 1967-1971*

Table 3.18 K£'000

Item	1967**	1968	1969	1970	1971*
FOOD—					
Meat and meat preparations	114	66	66	51	24
Cereals and cereal preparations	131	87	160	285	155
Fruit and vegetables	353	248	356	590	952
Sugar, not refined	2	4	–	12	33
Coffee and tea	51	112	39	213	181
Margarine and shortenings	15	33	179	164	128
Others	190	464	719	669	359
TOTAL	856	1,014	1,519	1,984	1,832
BEVERAGES AND TOBACCO—					
Beer	8	11	–	–	–
Cigarettes	4	2	–	–	–
Unmanufactured tobacco	269	19	163	728	508
Other	4	3	5	7	7
TOTAL	285	35	168	735	515
BASIC MATERIALS AND FUELS—					
Oil seeds, oil nuts and oil kernels, etc.	173	106	38	39	214
Vegetable oils	320	558	185	524	460
Electricity	–	–	–	–	–
Petroleum products+	106	79	1	–	–
Other	264	360	380	561	669
TOTAL	923	1,103	604	1,124	1,343
OTHER MANUFACTURED GOODS—					
Soap, cleansing and polishing preparations	18	64	59	67	33
Textile fabrics, articles etc:—					
Cotton piece goods	43	31	51	247	481
Other	206	206	243	248	322
Iron and steel	1	1	1	1	3
Aluminium+	199	258	225	287	391
Metal manufactures	112	140	144	164	211
Wireless sets, domestic	107	205	276	220	237
Clothing	49	52	16	27	39
Footwear	106	65	57	64	42
Other	375	518	654	770	693
TOTAL	1,216	1,540	1,726	2,094	2,452
MISCELLANEOUS—	8	–	1	1	–
ALL IMPORTS	3,288	3,692	4,018	5,938	6,142

*Provisional.
**Excluding Zanzibar.
+Excluding by-products.
+Excluding domestic aluminium-ware which is included in metal manufactures.

EXPORTS TO TANZANIA, 1967-1971*

Table 3.19 K£'000

Item	1967**	1968	1969	1970	1971*
FOOD—					
Meat and meat preparations	135	138	143	148	125
Dairy products	566	498	705	742	601
Cereals and cereal preparations	970	965	464	658	78
Fruit and vegetables	411	390	365	495	424
Coffee and tea	383	275	386	458	250
Other	340	603	735	1,200	999
TOTAL	2,805	2,869	2,798	3,701	2,477
BEVERAGES AND TOBACCO—					
Beer	281	216	111	180	251
Cigarettes	194	–	–	–	–
Other	422	89	103	87	38
TOTAL	897	305	214	267	289
BASIC MATERIALS AND FUELS—					
Petroleum products+	1,517	1,411	1,398	1,260	1,358
Other	434	555	470	474	949
TOTAL	1,951	1,966	1,868	1,734	2,307
OTHER MANUFACTURED GOODS					
Chemicals and products—:					
Soap, cleansing and polishing preparations	332	659	962	957	793
Other	942	1,099	1,137	1,501	1,601
Bicycle tyres and tubes	59	80	105	123	119
Paper, paper board and manufactures	858	987	940	1,058	933
Textile fabrics, articles etc:—					
Piece goods of cotton	23	–	2	–	44
Synthetic fabrics	103	198	130	51	2
Sisal bags and sacks	111	111	33	2	6
Other	506	621	635	602	562
Cement	526	935	707	1,173	1,075
Iron and steel	31	9	39	118	80
Aluminium!	4	6	16	9	23
Metal manufactures	705	683	705	846	785
Clothing	139	559	389	264	248
Footwear	301	463	405	352	286
Other	1,046	1,513	1,760	1,994	2,095
TOTAL	5,686	7,923	7,965	9,050	8,652
ALL EXPORTS	11,382	13,069	12,847	14,752	13,725
–					

*Provisional.

**Excluding Zanzibar.

+Excluding by-products.

+Excluding domestic aluminium-ware, which is included in metal manufactures.

IMPORTS FROM UGANDA, 1967-1971

K£'000

TABLE 3.20

ITEM	1967	1968	1969	1970	1971*
FOOD—					
MEAT AND MEAT PREPARATIONS	23	4	3	33	2
CEREALS AND CEREAL PREPARATIONS	177	134	94	71	81
FRUIT AND VEGETABLES	286	157	159	246	217
SUGAR, NOT REFINED	1,242	1,324	787	735	15
COFFEE AND TEA	61	58	24	20	17
MARGARINE AND SHORTENINGS	888	692	418	688	723
OTHER	403	336	395	392	411
TOTAL	3,080	2,705	1,880	2,185	1,466
BEVERAGES AND TOBACCO—					
BEER	128	33	15	163	58
CIGARETTES	51	2	1		1
UNMANUFACTURED TOBACCO ..	958	640	139	565	231
OTHER	20	30	9	8	4
TOTAL	1,157	705	164	736	294
BASIC MATERIALS AND FUELS—					
OIL SEEDS, OIL NUTS AND OIL KERNELS, ETC.	71	148	169	282	164
VEGETABLE OILS	824	670	489	740	850
ELECTRICITY	553	498	424	466	481
PETROLEUM PRODUCTS**	2	3	4	3	
OTHER	267	241	183	267	240
TOTAL	1,717	1,569	1,269	1,757	1,735
OTHER MANUFACTURED GOODS					
SOAP, CLEANSING AND POLISHING PREPARATIONS	267	172	194	105	87
TEXTILE FABRICS, ARTICLES ETC.:					
COTTON PIECE GOODS	2,314	1,759	2,144	2,725	2,229
OTHER	68	43	87	97	90
IRON AND STEEL	400	389	594	620	386
ALUMINIUM		1			1
METAL MANUFACTURES	99	98	77	139	114
WIRELESS SETS, DOMESTIC		10	34	68	30
CLOTHING	101	64	35	31	34
FOOTWEAR	72	199	191	306	170
OTHER	884	929	1,124	1,278	1,196
TOTAL	4,205	3,664	4,480	5,369	4,337
MISCELLANEOUS	6	7	11	1	—
ALL IMPORTS	10,165	8,650	7,804	10,048	7,832

*PROVISIONAL.

**EXCLUDING BY-PRODUCTS.

+EXCLUDING DOMESTIC ALUMINIUM-WARE, WHICH IS INCLUDED IN METAL MANUFACTURES.

EXPORTS TO UGANDA 1967-1971

TABLE 3.21 K£'000

ITEM	1967	1968	1969	1970	1971*
FOOD—					
MEAT AND MEAT PREPARATIONS	161	188	223	205	188
DAIRY PRODUCTS	1,174	188	1,482	915	719
CEREALS AND CEREAL PREPARATIONS	1,026	982	1,693	988	860
FRUIT AND VEGETABLES	352	332	259	359	441
COFFEE AND TEA	111	95	66	85	66
OTHER	521	611	700	1,356	1,852
TOTAL	3,345	2,396	4,423	3,908	4,126
BEVERAGES AND TOBACCO—					
BEER	82	120	144	129	123
CIGARETTES	182	11	3	—	—
OTHER	90	70	66	56	38
TOTAL	354	201	213	185	161
BASIC MATERIALS AND FUELS—					
PETROLEUM PRODUCTS**	2,553	2,999	3,492	4,340	4,695
OTHER	572	674	702	834	1,137
TOTAL	3,125	3,673	4,194	5,174	5,832
OTHER MANUFACTURED GOODS-					
CHEMICALS AND PRODUCTS:—					
SOAP, CLEANSING AND POLISHING PREPARATIONS	1,038	971	901	715	858
OTHER	1,322	1,126	1,225	1,677	1,725
BICYCLE TYRES AND TUBES	123	152	125	164	175
PAPER, PAPER BOARD AND MANUFACTURES	497	516	492	427	520
TEXTILE FABRICS, ARTICLES, ETC.—					
PIECE GOODS OF COTTON ..	108	122	29	59	63
SYNTHETIC FABRICS	249	120	86	120	729
SISAL BAGS AND SACKS	58	468	384	16	51
OTHER	552	279	235	297	217
CEMENT	162	64	220	246	53
IRON AND STEEL	49	50	108	114	158
ALLUMINIUM	3	16	21	14	52
METAL MANUFACTURES	487	689	713	832	1,078
CLOTHING	1,251	416	386	351	469
FOOTWEAR	281	223	314	222	272
OTHER	1,733	1,781	1,871	2,177	2,486
TOTAL	7,913	6,993	7,119	7,431	8,906
MISCELLANEOUS	58	2	—	—	—
ALL EXPORTS	14,796	13,265	15,949	16,698	19,025

*PROVISIONAL.
**EXCLUDING BY-PRODUCTS.
+EXCLUDING DOMESTIC ALUMINIUM-WARE WHICH IS INCLUDED IN METAL MANUFACTURES.

Kenya National Trading Corporation

3.27. The structure and working of the Kenya National Trading Corporation (KNTC) were discussed in last year's *Survey* and no major changes in its organization occurred in 1971. However, it is noticeable from Table 3.22 that the relative importance of various goods handled has altered radically. In the case of cement, all domestic production is now distributed via the KNTC whilst the growth in turnover of textiles reflects rising levels of production, the expanding market and the increasing scope of the KNTC. Edible oils ceased to be dealt in owing to supply problems. It is unlikely that there will be such a large rise in turnover in 1971/72, since no major expansions have been taking place.

KENYA NATIONAL TRADING CORPORATION—TURNOVER EX-DEPOT 1966/67-1970/71

Table 3.22 K£'000

	1966/67	1967/68	1968/69	1969/70	1970/71
Sugar	3,647	4,905	5,571	9,067	11,340
Salt	–	124	100	410	335
Edible Oils	–	138	526	527	
Rice	–	437	80	94	89
Textiles and Clothing	113	1,423	499	475	2,562
Cement*	–	–	106	148	1,476
Other	–	–	179	206	221
TOTAL	3,760	7,206	6,949	10,833	16,023

*For domestic use only.

CHAPTER 4—AGRICULTURE

Agricultural production during 1971 was adversely affected by drought as well as by a drop in prices of the two major export crops, coffee and tea. As a result the value of gross marketed production, at K£83.5 million, was 3.7 per cent less than that for 1970. Apart from its impact on crops for sale, the drought also affected subsistence food production to the extent that famine relief measures had to be launched in some parts of the country. The most serious shortfall in food supplies was in the dry northern parts of the country where the population relies mainly on its livestock herds for its food supply. Drought not only reduced yields of milk and other livestock products, but also caused substantial mortality among livestock. There was also a shortage of food in arable farming areas, particularly in Eastern and Central Provinces. Imports of maize to meet requirements became necessary.

4.2. On the whole, the international commodity prices situation was unfavourable and there was a particularly significant decline in the prices received for coffee and tea. However, to some extent, the fall in the prices of export crops was compensated by better prices for commodities produced primarily for domestic consumption. This was particularly so for maize, meat and milk.

4.3. Despite these problems, considerable progress was made during the year in the provision of agricultural development services. A major advance was apparent in the adjudication and registration of land; the Range Development Programme moved forward more rapidly; a significant growth in the provision of credit for farmers took place; almost all irrigation schemes were enlarged; new schemes for settling small-holders were developed; other projects such as the Special Rural Development Programme and artificial insemination services were consolidated and expanded. In the field of agricultural research, a number of new and important projects were initiated to enlarge the opportunities available to small-holders for increasing output and incomes.

Marketed Agricultural Production

4.4. Marketed production at current prices is shown in Table 4.1. The decline of K£3.2 million over 1970 was due largely to the fall in the value of the two main crops, coffee and tea. While the output of coffee was, in fact, slightly higher than in 1970 (following the continued recovery from coffee berry disease), output in money terms fell by nearly 15 per cent because of a drop of 16 per cent in producer prices. The value of tea production dropped by 20 per cent due to a fall in the quantity produced and in prices received. Although overall production of maize in the country fell, deliveries to the Maize and Produce Board rose, probably because of the higher prices offered. The notable rise in pyrethrum production was largely due to the Pyrethrum Board's efforts to induce farmers to plant more pyrethrum. But for drought, the output of this crop would have been higher.

GROSS MARKETED PRODUCTION BY COMMODITY, 1966-1971

Table 4.1 K£'000

	1966	1967	1968	1969	1970	1971*
CEREALS						
Wheat	3,491	4,575	6,635	6,583	4,994	4,638
Maize	2,697	4,218	5,405	3,861	2,828	4,276
Barley	278	242	242	333	392	437
Rice	367	387	429	577	724	761
Other Cereals	171	218	218	223	62	102
TOTAL	6,994	9,640	12,940	11,577	9,000	10,214
TEMPORARY INDUSTRIAL CROPS—						
Castor and other oil seeds	388	443	569	503	556	400
Pineapples	95	110	140	210	242	295
Pyrethrum	2,253	2,699	2,622	1,317	1,477	2,423
Sugar Cane	991	1,598	2,179	2,942	3,509	3,456
Tobacco	30	10	25	26	35	28
Cotton	681	603	700	834	695	878
TOTAL	4,717	5,463	6,305	5,832	6,514	7,480
OTHER TEMPORARY CROPS—						
Pulses	644	466	490	428	236	303
Potatoes	257	288	503	698	1,263	1,300
Other Temporary Crops	321	275	244	1,657	1,247	1,400
TOTAL	1,132	1,039	1,237	2,783	2,746	3,003
PERMANENT CROPS—						
Coffee	18,619	13,995	12,266	16,163	21,814	18,627
Sisal	3,090	2,391	2,193	2,250	1,715	1,736
Tea	9,906	8,927	9,335	11,159	13,838	10,955
Coconut Products	479	480	490	484	520	543
Wattle	771	869	433	464	420	423
Cashew nuts	425	422	422	423	1,186	944
Fruit and Other Permanent Crops	580	696	670	702	745	750
TOTAL	33,870	27,771	25,810	31,645	40,238	33,980
TOTAL CROPS	46,713	43,903	46,291	51,837	54,898	54,677
LIVESTOCK AND PRODUCTS—						
Cattle and Calves	10,921	11,325	11,689	12,218	13,324	13,330
Sheep, Goats and Lambs	438	404	440	453	475	500
Pigs	600	577	890	614	750	598
Poultry and Eggs	275	312	358	320	998	800
Wool	477	528	533	560	346	300
Hides and Skins	592	630	657	675	604	677
Dairy Products	5,660	6,380	7,126	6,100	6,806	9,300
TOTAL	18,963	20,148	21,673	20,940	23,303	25,505
UNRECORDED MARKETED PRODUCTION	3,153	3,257	3,342	3,425	4,950	3,381
GROSS FARM REVENUE	68,883	67,308	71,306	76,202	86,751	83,563

*Provisional

AVERAGE GROSS COMMODITY PRICES TO FARMERS, 1967-1971*

Table 4.2 *KSh. per stated Unit*

	Unit	1967	1968	1969	1970	1971
Coffee	100 kg.	583	640	617	747	626
Tea	99 99	783	585	619	674	603
Sisal		108	93	90	78	77
Pyrethrum (extract equivalent)	kg.	397	344	325	310	339
Seed Cotton	100 kg.	95	98	97	98	104
Maize		35	31	28	28	33
Sugar Cane	Metric ton	42	45	45	45	45
Rice Paddy	100 kg.	46	46	55	51	51
Wheat		57	56	55	45	45
Beef (third grade)		266	253	275	275	247
Bacon Pigs	100	405	441	404	355	371
Milk	Litres	57	59	52	53	65

*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.

4.5. Although the number of cattle and calves sold for slaughter increased, the amount of meat produced fell, mainly because the average weight of the animals had declined due to a reduction in available grazing as a result of drought. Pig and poultry production suffered from inadequacy of supplies of manufactured feed because insufficient maize was available for this purpose. The value of dairy production at current prices increased substantially despite a 10 per cent fall in milk deliveries to the Kenya Co-operative Creameries. The growth in the value of production was attributable entirely to higher prices.

4.6. A breakdown of the share of commodity groups in marketed production is set out in Table 4.3. Because of the substantial fall in the value of output of coffee and tea, the share of permanent crops declined and, consequently, that of other commodity groups increased. Taking as a whole the seven years shown in the table, it would appear that the share of each commodity group has been relatively stable.

SHARES OF COMMODITY GROUPS IN GROSS MARKETED PRODUCTION, 1965-1971

Table 4.3 *Percentages*

	Cereals	All other temporary crops*	Permanent crops	Livestock and Products	Total
1965	12.2	13.1	46.3	28.4	100.0
1966	10 2	12.0	49.3	27.6	100.0
1967	14.4	15.9	40.2	29.5	100.0
1968	18.4	15.3	37.0	29.3	100.0
1969	15.1	15.8	41.5	27.5	100.0
1970	10.4	16.5	46.3	26.8	100.0
1971	12.2	16.8	40.6	30.4	100.0

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

GROSS MARKETED PRODUCTION FROM LARGE AND SMALL FARMS, 1965-1971

Table 4.4

	LARGE FARMS		SMALL FARMS		TOTAL		PERCENTAGE SHARE OF SMALL FARMS
	K£'000	Annual Percent change	*K£*'000	Annual Percent change	K£'000	Annual Percent change	Percent
1965	33.3	-7.0	23.8	-3.3	57.8	-5.2	41.7
1966	36.0	81	32.8	37.4	68.8	20.3	47.5
1967	32.9	-8.6	341	4.3	66.9	2.8	51.0
1968	34.4	4.9	35.8	5.9	70.2	4.9	51.0
1969	37.9	10.2	38.3	7.0	76.2	8.5	50.3
1970	41.2	8.7	45.5	21.4	86.7	13 8	52.5
1971	41.1	-0.2	42.5	-6.6	83.6	-3.6	50.8

4.7. The share in gross marketed production of large and small farms is shown in Table 4.4. "Large farms" in this context are defined as whatever remains of the old scheduled areas and the large holdings in the coastal strip. Until 1967 there was an increase in the small farms' share of marketed production. This reflected a substantial growth in the value of output on these farms, especially from coffee, and a tendency for the value of output from large farms to decline, mainly due to a fall in their area following the establishment of settlement schemes on former large farms. It is interesting to note that between 1967 and 1970, despite a rise in the value of output from small farms from K£34.1 million to K£45.5 million, the share of small-holdings in marketed production was relatively stable, while, in 1971, their share actually declined a little. This decline was largely due to the fact that coffee production on small-holdings had not recovered from the consequences of coffee berry disease as effectively as output on larger estates. Although most of the growth in pyrethrum production in 1971 originated on small-holdings, this was insufficient to compensate for the declining output of coffee and, to a smaller extent, tea. In addition, the value of milk production on small-holdings grew more slowly compared with large farms.

4.8. There are, however, many opportunities for a continued growth of small-holder production, especially through more widespread adoption of the high yielding hybrid maize varieties, more intensive vegetable production, higher tea and pyrethrum output, and more small farms growing sugar.cane. All these crops can provide the opportunity for farmers to achieve higher levels of income per hectare. Furthermore, because of the labour intensive nature of many of the cultivation practices, such as weeding and harvesting of maize and vegetables, tea plucking and cane cutting, they could

CROP AREAS ON SMALL FARMS AND SETTLEMENT SCHEMES, 1969/70*

Table 4.5 — 000 *Hectares*

	1969 SHORT RAINS			1970 LONG RAINS			CROP YEAR 1969/701		
	Single Crop (1)	Mixed Crop (2)	Total (3)	Single Crop (4)	Mixed Crop (5)	Total (6)	Single Crop (7)	Mixed Crop (8)	Total (9)
CEREALS—									
Improved Maize	15.0	12.4	27.4	100.4	39.1	139.5	115.4	51.5	166.9
Other Maize	75.6	309.6	385.2	124.1	418.8	542.9	199.7	689.3	889.0
Bulrush Millet	2.7	31.6	34.3	3.7	11.5	15.2	6.4	43.1	49.5
Finger Millet	2.7	11.1	13.8	10 9	19.7	30 6	13 6	30.8	44.4
Other Millet	0.3	0.3	0.6	2.3	9.3	11.6	2.6	22.3	24.9
Sorghum	6.6	46.9	53.5	17.8	85.6	103.4	24.4	132.5	156.9
Wheat	7.6	0.4	8.0	4.2	–	12.2	11.8	0.4	12.2
Other Cereals	0.3	0.3	0.6	0.6	2 1	2.7	0.9	2.4	3.3
PULSES—									
Beans ..	6.9	157.7	164.6	10.0	161 2	171.2	16.6	318.5	335.1
Pigeon peas	6.7	71.2	77.9	–	57.1	57.1	6.7	64.3	71.0
Cow peas	0.2	40 2	40.4	0.1	35.5	35 6	0.3	75.7	76.0
Field peas	0 1	5.5	5 6	0.6	7.7	8.3	0.7	13.8	14.5
Yellow, Green and Black Gram	0.4	7.6	8.0	–	4.0	4.0	0.4	11.6	12 0
Other Pulses	–	1.9	1.9	–	0.7	0.7		1.4	1.4
TEMPORARY INDUSTRIAL CROPS—									
Cotton	15.9	10 3	26.2	22.8	22.4	45.2	19.6	19.8	39.8
Sugar cane	19.0	22.7	41.7	16.1	21.8	37.9	22.2	22.8	45.0
Pyrethrum	11.9	8.4	20.3	18.4	1.5	19 9	15.4	5.0	20.4
Ground Nuts	2.5	12.2	14.7	0.9	5.5	6.4	2.6	14.8	17 4
Oil Seeds	0 1	8.5	8.6	5.8	14.7	20.5	5.5	17.8	23.3
Other Temporary Industrial Crops	1.9	4.6	6.5	1.9	3.4	5.3	0.2	6.4	6.6
OTHER TEMPORARY CROPS—									
Cassava	23.1	54.6	77.7	13.8	77.1	90.9	18.6	69.1	87.7
English Potatoes	6.4	14 5	20.9	6.4	15.3	21.7	12.8	28.0	40.8
Sweet Potatoes	6 1	16.5	22.7	4.6	25.0	29 6	5.5	23.1	28.6
Yams	0.2	16.0	16 2	0.7	11.4	12.1	0 6	14.3	14.9
Cabbages	5.0	5.7	10.7	0.5	6.1	6.6	3.8	11.4	15.2
Other Vegetables	1.0	12.1	13.1	0.1	5.8	5.9	0.7	15.2	15.9
Other Temporary crops	1.4	1.4	2.8	5.3	0.8	6.1	4.8	4.4	9.2
PERMANENT CROPS—									
Coffee			–	66.4	13 8	80 2	66.4	13.8	80.2
Tea			–	22.1	0.3	22.4	22.1	0.3	22.4
Coconuts	0.7	32.8	33.5	1.0	38.7	39.7	0.8	35.8	36.6
Cashew nuts	2.0	28.6	30.6	1.5	37.4	38.9	1.8	70.1	71.9
Pawpaws	–	5.5	5.5	–	28.8	28.8	–	24.6	24.6
Bananas	11.2	69.0	80.2	11.6	75.8	87.4	12.2	72.8	85.0
Other Fruit	1.1	17.5	18.6	0.9	20.5	21.4	1.1	22.5	23.6
Other Permanent Crops	3 1	1.4	4.5	4.5	5.0	9.5	4.9	2.3	7.2
TOTAL	250.5	445.9	696.4	470.6	609.0	1,079.6	621.0	956.4	1,577.4

*The following districts are excluded from this table:—

Nakuru, Laikipia, Uasin Gishu, Trans Nzoia, Baringo, West Pokot, Lamu and Tana River. The first four are predominantly large farm areas and crop areas for these are in the data for large farms.

+The method for obtaining the entries in columns (7) and (8) is as follows:—

(a) For crops planted twice a year, the appropriate entries for short and long rains are added,
(b) For tea and coffee, which are measured in the long rains only (hence no entries in columns (1), (2) and (3), the entries are copied from those obtained in the long rains,
(c) For all other crops an average is taken of the entries made for the short rains and long rains.

In the "mixed crop" columns, addition produces a higher value than that given for total cultivation, owing to the incidence of multiple cropping.

The measurement of crop areas is undertaken using objective methods. For crop identification, however, it is sometimes necessary to rely on reports given by the farmers themselves. This applies particularly to cereals.

also provide additional job opportunities within the agricultural sector. However, producers may well require price incentives to grow a large area under these crops, while raising income and employment on small farms will also require an increase in the provision of agricultural services to small-holders.

Crop Areas and Livestock Numbers

4.9. Revised sample census figures for the total area under crops on small farms in all the main small-holder districts in 1969/70 are presented in Table 4.5. Maize and beans, which are normally interplanted, account for a substantial proportion of the total area, while improved maize, sorghum, cassava, coffee and bananas are also important. There was probably a small decline in the numbers of cattle, sheep and goats in North-Eastern Province and the northern parts of Rift Valley and Eastern Provinces due to mortality from drought during 1971.

PROVISIONAL ESTIMATES OF LIVESTOCK NUMBERS BY PROVINCE (EXCLUDING LARGE FARMS), 1971*

Table 4.6 '000 *Head*

	Cattle	Sheep and Goats	Poultry	Pigs
Nyanza	1,174	605	3,385	22
Western	903	139	1,799	11
Rift Valley	3,400	2,864	829	2
Central	558	667	1,436	1
Coast	172	355	1,008	2
Eastern	1,512	1,382	2,903	1
TOTAL	7,719	6,012	11,360	39

*Data for 1971 are not available for North Eastern Province.

4.10. Census data on the large farms indicate that there were small increases in the area under most crops during 1971 (*see* Table 4.7). It should be noted, however, that there are small discrepancies between these figures and some of those quoted in the following section for individual enterprises, obtained from statutory boards, mainly because the latter sometimes refer to a slightly different production period. There was an increase in all types of livestock on these farms during the year *(see* Table 4.8),

LARGE FARMS. AREAS OF MAJOR CROPS, 1967-1971

Table 4.7 '000 *Hectares*

	1967	1968	1969	1970	1971*
Maize ..	57.6	51.8	55.8	59.3	61.0
Wheat ..	133.1	139.8	137.3	121.1	125.4
Sugar cane	21.9	26.5	26.1	26.4	28.4
Pyrethrum	4.8	4.9	3.9	3.3	3.5
Sisal ..	103.4	83.9	85.7	85.1	90.0
Tea	20.7	21.4	21.8	23.8	25.0
Coffee ..	28.7	28.4	27.6	29.7	30.5
Wattle ..	18.3	17.5	16.6	17.2	17.5
Fruit	3.2	3.2	2.8	3.7	4.5
Fodder crops	11.3	10.2	9.8	11.7	12.7
Grass leys	79.0	85.6	86.1	98.9	99.5

*Provisional

LARGE FARMS—LIVESTOCK NUMBERS, 1967-71

Table 4.8 '000 *Head*

	1967	1968	1969	1970	1971*
Dairy Cattle	245.2	280.2	273.1	292.0	300.0
Beef Cattle	484.5	480.7	500.6	492.3	498.5
Sheep ..	477.7	443.9	406.9	438.4	450.4
Pigs	25.6	28.8	32.3	27.2	30.2
Poultry	207.6	225.2	219.4	215.8	218.0

*Provisional

Crop Production

4.11. *Maize.*—Deliveries of maize to the Maize and Produce Board were 256,590 metric tons in 1971, an increase of 25 per cent over the 206,000 metric tons delivered in 1970, but substantially below the amount delivered in 1968 and 1969, as the following series shows: —

	Metric tons
1968	353,000
1969	280,000
1970	206,000
1971	256,590

4.12. Deliveries of maize were at a relatively high level during the first and last quarters of the year, especially in the final quarter when deliveries at 91,611 metric tons were 31.6 per cent above the amount delivered in the same period of 1970. This increase partly reflected the higher price paid to producers (*see* below) and a lowering of acceptance standards by the Board.

4.13. Sales of maize by the Board during 1971 rose to 283,752 tons, 79 per cent above the 1970 level. This sharp increase in sales was partly due to the high demand for maize in those areas most affected by the drought,

notably Eastern and Central Provinces, and to the fall in the price of sifted maize meal. It is also clear that there has been a strong upward trend in consumption over the last few years, as the following series of maize sales by the Board indicates: —

	Metric tons
1968	86,679
1969	157,572
1970	158,238
1971	283,752

The shortfall in production in 1971 was made up by running down stocks and importing maize, although it was also necessary to slow down sales of maize temporarily during the year.

4.14. To increase maize production in 1972, producer prices were raised in September 1971 from Sh. 30 to Sh. 35 per 90 kilo bag. In the longer term, increased production can be expected as the area planted under the high yielding hybrid maize varieties grows. By the end of 1971, 202,000 hectares had been planted under hybrid maize, an increase of 33 per cent on the 1970 figure. The experience with both maize and wheat *(see* below) in 1971 indicates that while measures are necessary to raise production, attention must also be focused on the influence of relative wheat, maize and dairy prices on the production of these two crops and on the factors affecting consumption.

4.15. *Wheat.*—As shown below, wheat deliveries in 1971 were 205,869 metric tons, 7 per cent below production in 1970: —

	Metric tons
1968	216,309
1969	241,558
1970	221,486
1971	205,869

Deliveries in 1971 were mainly composed of production from the 1970 planted crop, which was 114,994 metric tons, the balance being from the first plantings of the 1971 planted crop.

4.16. One of the main features during 1971 was the sharp increase in domestic consumption of flour which rose to 116,431 metric tons (155,241 metric tons of wheat equivalent), 24 per cent above the previous year's level. This was partly due to the continued growth in the consumption of bread and flour in recent years, as the following series of internal flour sales shows.

	Metric tons
1968	74,268
1969	75,847
1970	94,093
1971	116,431

The rise in flour consumption was also accentuated by the shortage of maize meal in 1971. During the third quarter of the year for example, when the shortage of maize was most severe, flour consumption was 43 per cent above the level recorded in the third quarter of 1970. At the end of the year, both the level of stocks of wheat, at 70,256 metric tons, and exports of flour at 11,700 metric tons, were well below the previous year's levels, and the Wheat Board has undertaken to import 59,500 metric tons of wheat during 1972 to supplement local supplies. A large part of this importation is intended to meet the requirements of Uganda which are normally catered for by Kenya's output.

4.17. There was a further decline in the area under wheat to 118,000 hectares for the 1971 planted wheat crop (delivered in 1972), compared with 126,000 hectares for the 1970 planted crop. The fall in the area under wheat was largely a consequence of the lower producer prices introduced in 1969, following a period of excess production. Since then marginal producers have gone out of production, one result of this being that average wheat yields have risen as these farmers ceased to grow wheat.

4.18. While the improvement in yields is expected to continue, it is recognized that the area planted is insufficient to meet Kenya's and Uganda's requirements of wheat in the future. It is therefore hoped to increase the area under wheat in Masailand, and sites for two stores have already been selected in the Narok area to cater for the increased production. A significant development in 1971 was the improvement in bulk-handling and storage facilities at a number of mills, while plans are under way to construct a wheat silo at Nakuru. It is hoped that these developments will lead to lower handling costs, encouraging existing producers to expand production as returns improve.

4.19. *Rice.*—The production of paddy, which is confined almost entirely to irrigation schemes, is discussed in Paragraphs 4.65 to 4.68.

4.20. *Pyrethrum.*—Pyrethrum production continued to expand with 143 metric tons of extract equivalent produced in 1971, 51 per cent above the level recorded in 1970:

	Metric tons
1968	150
1969	81
1970	95
1971	143

The growth in production largely reflected the effect of measures taken earlier to stimulate output. Production would have been higher but for the effect of the drought which resulted in a considerable decline in output in the second quarter of the year. However, production levels achieved in the second half of the year were well above levels recorded in previous years and production is expected to increase significantly in 1972.

4.21. The preference for pyrethrum as opposed to other toxic chemicals on world markets, as noted in last year's *Survey,* has meant that, for the second year running, demand has been considerably in excess of supply. Kenya was unable to meet export demand for this crop and therefore, providing the price remains competitive, the market prospects are good.

4.22. *Sugar-cane.*—Sugar production in 1971 remained at virtually the same level as in 1970, at 124,073 metric tons. This was obtained from 1,382,984 metric tons of cane, 68,216 metric tons less than the amount harvested for white sugar production in 1970. The rate of growth of production was therefore substantially below that attained in previous years, as the following series of cane production shows:—

	Metric tons
1968	947,181
1969	1,300,657
1970	1,451,200
1971	1,382,984

4.23. The fall in cane production was the result of the drought, and also of a decrease in the area under cane on settlement schemes from 2,548 hectares in 1970 to 2,344 hectares in 1971 (*see* Table 4.9). There was, however, a growth in jaggery production during the year, with an estimated 150,000 to 200,000 metric tons of sugar-cane being used for this purpose. Consumption of sugar in 1971, estimated at 185,251 metric tons, was substantially in excess of production and the balance was met from imports. However, the planned increase in production capacity for the industry should narrow the gap between local production and consumption in the next few years.

AREA OF CANE HARVESTED AND CANE PRODUCTION, 1971

Table 4.9

	Hectares	Production (Metric Tons)
Factory Estates	8,593	494,047
Large Farms	7,062	551,052
Small-holders Co-operatives*	2,616	169,504
Settlement Schemes	2,344	168,381
TOTAL	20,615	1,382,984

*Outside settlement schemes.

4.24. Developments planned during 1972 include an increase in the capacity of Muhoroni sugar factory and in the area under cane on the Muhoroni Settlement Scheme. Construction of a sugar factory at Mumias in Western Province will commence during the year and it is hoped that it will be in production by mid.1973. This will bring the number of sugar

factories in the country to five. The factory will process cane from a nucleus estate and from small-holders in the Mumias area. Plans are also in hand to establish an Outgrowers Association to represent the small-holders' interests. In an attempt to increase sugar production, producer prices were raised in March 1972. A further development in early 1972 was the creation of a Sugar Authority which is intended to have advisory functions on the production and marketing of sugar,

4.25. *Cotton.*—Cotton production rose to 16,100 metric tons in 1971, despite the effect of the drought which coincided with the cotton picking period in Eastern and Central Provinces, lowering the yields from these two areas:

1968	14,279
1969	17,111
1970	14,017
1971	16,100

It was also evident, however, that there was considerable variation in the average yields from different schemes. During 1970/71, for example, cotton yields from the Tana Irrigation Scheme were at the relatively high level of 2,230 kgs. per hectare, whilst, on the new Lamu cotton block project, yields from the 161 hectares of cotton which had been planted during 1971 were well below the 1,000 kgs. per hectare which had been planned for.

4.26. Although cotton production was below the level attained in 1969, it is still hoped that a substantial increase in production will be achieved in future years, especially since cotton could become an important crop in some of the drier areas of the country. For these reasons a pre-investment study of the cotton industry has been authorized to examine those factors which act as restraints on the profitable cultivation of cotton, and to suggest ways of developing cotton production. The working party which had been examining a number of aspects of the industry, as noted in last year's *Survey,* has now submitted its report.

4.27. It is planned to establish 1,215 hectares of cotton at Mbere and during 1971 sixty hectares of bush had been cleared. It is hoped that this pilot scheme will also provide guidelines for an intended intensive crop production scheme in Meru and Machakos districts in which cotton will play an important role.

4.28. *Horticulture.*—The horticulture industry is growing rapidly and, as a result of developments in 1971, further increases in production and exports of both canned and fresh products can be expected in 1972. Exports of canned horticultural products (mainly pineapples) increased from 9,790 metric tons in 1970 to an estimated 12,845 metric tons in 1971*, valued at K£1.1 million.

* As indicated in Chapter 3 exact figures of exports for the year were not available at the time of going to press.

4.29. One of the main pineapple canning firms has plans to increase its capacity, while measures are also being taken to increase production by small-holders. In an attempt to increase the profitability of production for small-holders growing pineapples for canning, plans have been drawn up to establish a co-operative scheme at Thika. Essential services will be provided by a canning company which will process their output. The area under passion fruit was increased in 1971 in Central Province and a second factory for the production of passion fruit juice was opened at Thika. The production of beans (Mexican 142 variety) fell to 1,873 metric tons from the 2,604 metric tons recorded during 1969/70. However, this produce is in great demand by both local and overseas processors and, in order to stimulate production, producer prices were raised from Sh. 86 to Sh. 100 per 90 kilo bag in January 1972.

4.30. Exports of fresh horticultural produce rose to 5,123 metric tons, 59 per cent above the previous year's level. Within this category, a substantial increase was recorded in the exports of pineapples (which now account for over 30 per cent of fresh horticultural exports), capiscums, brinjals and cut flowers. A grading and packing station for all horticultural produce has been constructed at Machakos with funds made available by the International Coffee Organization under their crop diversification programme. It is intended to establish a second such station later this year.

EXPORTS OF FRESH HORTICULTURAL PRODUCE, 1968-71

Table 4.10

	Volume (Metric Tons)	Value (K£)
1968	1,476	156,481
1969	2,519	267,026
1970	3,224	342,088
1971	5,123	543,600

4.31. New markets for exports of fresh produce were found in Europe, and, now that the East African Community has achieved association with the E.E.C., it is hoped that a larger quantity of Kenya's exports of fresh produce will be sold in European markets in the future. Export demand is running at a high level, but one of the chief constraints the industry faces is the shortage of air cargo space. This shortage has already resulted in a loss of tonnage as goods perish while waiting to be transported. There is an urgent need to find ways of increasing the cargo space for horticultural produce on flights to Europe and to improve storage facilities if the rate of growth of the industry is to be maintained.

4.32. *Coffee.*—Coffee production continued to rise, totalling 59,500 metric tons in the calendar year 1971, 1,200 metric tons higher than in 1970. As may be seen from the table below, all of the increase came from the estates, production on small-holder co-operatives declining from 30,400 metric tons to 28,000 metric tons.

COFFEE PRODUCTION, 1966-71

Table 4.11 '000 *Metric Tons*

	Estates	Small-holders	Total
1966	28.4	28.5	56.9
1967	19.2	28.2	48.0
1968	18.8	20.8	39.6
1969	26.8	25.6	52.4
1970	27.9	30.4	58.3
1971	31.5	28.0	59.5

4.33. A large part of the increase in production on the estates was the result of higher overall yields which averaged 1,138 kgs. per hectare in 1971 compared with 933 kgs. per hectare in 1970, while yields on small-holdings declined from 554 to 519 kgs. per hectare over the same period. This situation may have arisen in certain areas as a result of the outbreak of coffee berry disease during the second quarter of the year and the greater ability of estates to combat the disease. It was also apparent during the year that the quality of the crop declined, a trend which was most evident on the estates. While this deterioration in quality was partly due to the drought, it is clearly essential that this trend is arrested to maintain Kenya's reputation as a producer of high quality coffee and to keep export prices at the highest level possible.

4.34. Production in 1971 was considerably in excess of Kenya's initial quota of 49,597 metric tons, later reduced to 44,000 metric tons as world coffee production increased. The over-production in relation to the quota and the decline in quality contributed to the fall in market prices during the year. Prices in quota markets declined, while an increasing proportion of Kenya's coffee (26 per cent as opposed to 0.6 per cent in 1970) was sold in non-quota markets at lower prices. This latter trend was mainly the result of efforts to increase sales in non-quota markets following the reduction in the coffee quota. With an increase in unsold stocks over the 1970 level, and the need to spread revenue earned from sales over all deliveries, including unsold stocks, average producer prices declined from K£374 to K£313 per metric ton between 1970 and 1971. For the 1971/72 season, Kenya's quota has been set at 42,817 metric tons, but production is expected to surpass the previous season's with the consequent need to sell an even larger proportion of output in the low price non-quota markets.

4.35. *Tea.*—Tea production was 36,290 metric tons in 1971, 11.7 per cent below the 1970 output, largely due to the effect of the drought which caused production to fall in most of the tea growing districts. However, a substantial increase in tea production was recorded in the final quarter of the year following the arrival of the short rains. The level of production in recent years is illustrated in the following series: —

	Metric tons
1968	29,764
1969	36,060
1970	41,077
1971	36,290

4.36. There was a significant development in the role of the small-holder in the tea industry during the year. The area under tea on small-holdings increased from 16,229 hectares in 1969/70 to 19,230 hectares, compared with an estimated 25,000 hectares under tea on estates. Tea production from small-holdings rose to 8,915 metric tons, slightly above the level recorded in 1970. This amounted to 25 per cent of the total tea production, compared with 18 per cent in 1970. Furthermore, a substantial growth in production can be expected in the future as more of the tea on small-holdings reaches maturity. The number of small-holders growing tea increased to 53,400 by the end of 1971, while the average area of tea grown by each small-holder rose to 0.36 hectares.

THE DEVELOPMENT OF SMALL-HOLDER TEA—TO 1970/71

Table 4.12

	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

4.37. Tea exports, at 30,072 metric tons, were below the quantity exported in both 1969 and 1970. The fall in production and exports was also accompanied by a fall in prices, mainly due to the effect of increased exports from other producing countries, especially India. The average producer price fell from K£335 per metric ton in 1970 to K£296 in 1971. An important feature of the world tea market in 1971 was the informal quota agreement among major producers as a means of maintaining prices. This agreement came to an end in March 1972 and was not renewed. At present the majority

of African tea producing countries are not in favour of a long term quota agreement such as that proposed by the two main producers, India and Sri Lanka. This view reflects the feeling that there are good market prospects for a continued growth of tea production from most African countries, and an awareness of the important role tea could play in raising incomes and employment within the agricultural sector.

4.38. Other developments in the tea industry during the year included the establishment of four new tea factories by the Kenya Tea Development Authority (KTDA) for the processing of small-holder's tea. There are now ten tea factories run by the KTDA. It was mentioned in last year's *Survey* that there were good market prospects for green tea in Japan. Following negotiations in 1971 with Japanese investors, a pilot green tea factory is being built in Embu District, with the KTDA and the Japanese participants each having 50 per cent equity interest. If this scheme is a success, it is planned to establish eight more green tea factories.

4.39. *Sisal.*—The almost continual decline in sisal production, apparent since 1965, was halted in 1971 when production was 44,826 metric tons. Production would almost certainly have been higher but for the effect of the drought, while some estates also restricted production during the year in order to reduce unsold stocks.

	Metric tons
1968	50,280
1969	49,834
1970	43,930
1971	44,826

Sisal prices improved during the first half of the year, but prices for Kenya sisal were lowered in September due to increased competition from other producers. However, prices were steady in the final quarter of the year and at K£68 per metric ton (UG grade, c.i.f. London), were slightly above the levels recorded at the beginning of the year. Exports of sisal declined from 44,291 to 31,822 metric tons between 1970 and 1971; the 1970 figures did, however, reflect the disposal of a large quantity of unsold stocks. Local consumption increased during the year from 7,124 to 10,046 metric tons.

4.40. Market prospects for the crop in 1972 appear reasonably good. Prices rose in early 1972 while sales, which had been well above average in the final quarter of 1971, continued to increase. It was agreed at a session of the FAO's Hard Fibre Group in 1971 to continue with the current arrangement to restrict the supplies of sisal coming on to the world market, with national quotas being kept at the same level as in 1971. Under these arrangements, Kenya has a quota of 50,000 metric tons for raw fibre and defined manufactures.

Livestock Production

4.41. *Dairying.*—It may be seen from Table 4.13 that, during 1971, milk deliveries to the Kenya Co-operative Creameries (KCC) fell by 10.6 per cent to 229,575 thousand litres of wholemilk equivalent. Since the KCC gave priority to meeting the demand for liquid milk, wholemilk sales were slightly higher than in 1970. The effect of the drought was therefore reflected in a sharp decline in sales of manufactured dairy products, especially butter and ghee, a decline accentuated by a fall in the intake of cream which is normally used in the production of these items. With supplies of milk products falling short of domestic demand during the first half of the year, exports of dairy products to Uganda and Tanzania fell.

DAIRY PRODUCTION, 1969-1971

Table 4.13 '000 *litres wholemilk equivalent*

	Whole-milk Sales	MILK USED FOR MANUFACTURE OF						All Milk
		Cheese	Butter	Ghee	Dried Powder-ed Milk	Other Milk products	Total	
1969	101,982	4,474	88,918	21,107	13,099	4,660	132,258	234,240
1970	103,011	4,606	105,395	18,905	17,625	7,286	153,816	256,827
1971	105,779	4,715	79,163	13,398	18,739	7,781	123,796	229,575

4.42. From the point of view of the dairy industry, the year could be divided into two distinct halves. The effect of the drought on milk supplies was felt mainly in the first half of the year, especially the first quarter. Between January and June, deliveries of milk were only 92,036 thousand litres, 29 per cent below the comparable figure in 1970. Accordingly there were shortages of most milk products including liquid milk, during this period.

4.43. With effect from 1st July 1971 producer prices were raised from an average of 53 cents per litre in the previous year to 77 cents per litre, a rise of 45 per cent. Dairying therefore become an extremely profitable enterprise and, with adequate rainfall during the second half of the year, deliveries of milk to the KCC during this period were 137,539 thousand litres, 8.8 per cent above the level recorded during the same period in 1970. Sales of milk and milk products increased substantially, although the average retail price rise of 18 per cent on liquid milk may have slowed down the rate of growth of consumption. Retail prices of other dairy products were also raised and. by the end of the year, it became apparent that the magnitude of the producer response to the increased price meant that supply was growing more rapidly than demand. To improve the financial position of the dairy industry, retail prices for milk were raised in May, 1972 while the Dairy Board was also suspended and its functions absorbed by the Ministry of Agriculture.

4.44. A further growth in the number of co-operative societies and collection centres under the Rural Dairy Development scheme was recorded in 1971. They numbered 538 at the end of the year and handled nearly 91 million litres of milk during 1970/71.

4.45. *Beef.*—Deliveries of cattle and calves to the Kenya Meat Commission (KMC) rose by 5.5 per cent to 209,900 head, as the following series shows: —

	Head of Cattle
1968	184,200
1969	184,700
1970	196,100
1971	209,900

Supplies of cattle during the first half of the year were relatively low owing to the drought and the enforcement of quarantine restrictions following the outbreak of foot-and-mouth disease in some of the main beef-rearing areas towards the end of 1970. However, there was a substantial increase in supplies in the second half of the year following higher rainfall and the lifting of the disease control restrictions.

4.46. Production of meat by the KMC fell to 26,542 metric tons during 1971; although the number of cattle delivered to the KMC increased, average carcase weights were lower as a result of the drought. Prices were increased for most grades of cattle in July 1971. A further measure was the introduction of a premium of 20 cents per kg., cold dressed weight, on cattle fed from feedlots, in order to stimulate producers to adopt this practice, leading to an improvement in the quality and quantity of meat supplied. The grading system was also re-defined early in 1971 in the hope of encouraging the production of higher quality meat.

PRODUCTION AND DISPOSAL OF BEEF BY THE KENYA MEAT COMMISSION, 1966-71

Table 4.14

	Total Production (metric tons)	**Local Sales (metric tons)**	EXPORTS		**Percentage of Production Exported**
			Chilled or Frozen (metric tons)	**Canned (metric tons)**	
1966	27,867	13,315	2,848	11,704	52.3
1967	31,449	14,692	3,451	13,306	53.3
1968	30,445	16,575	3,376	10,494	45.6
1969	27,524	15,366	1,531	10,627	44.2
1970	29,395	17,677	522	11,196	39.9
1971	26,542	11,086	2,362	13,094	58.2

4.47. Sales of meat on the local market declined during 1971 to 11,086 metric tons, most of the decrease occurring in the second quarter of the year, when supplies fell. There was, however, an increase in the quantity of production exported, and export demand remained considerably in excess of available supplies. For these reasons, in February 1972 the KMC announced a further increase in producer prices for cattle delivered to the Athi River plant in an attempt to increase supplies.

4.48. *Sheep and Goats.*—Deliveries of sheep and goats fell in 1971 compared with 1970. In the case of goats and hair sheep, part of this decline was due to the effect of the drought in North-Eastern Province, the source of a large proportion of these animals. Demand for exotic sheep remained at a high level, although supplies to the KMC fell during the year. This fall however may have reflected producers' ability to secure higher prices from other buyers during the first half of 1971. With effect from August 1971, the prices of exotic sheep sold to the KMC were left to be determined by market forces in an attempt to maintain and increase supplies of high quality lamb and mutton.

DELIVERIES OF SHEEP, LAMBS AND GOATS TO THE KENYA MEAT COMMISSION, 1966-71

Table 4.15 '000 *Head*

	Sheep	Lambs	Goats
1966	41.8	7.8	13.3
1967	39.1	7.6	20.4
1968	28.6	7.6	9.9
1969	49.0	11.6	38.4
1970	50.4	14.4	47.3
1971	37.8	15.3	46.8

4.49. *Pigs.*—The supply of pigs to the Uplands Bacon Factory and other smaller processors declined sharply in 1971. The fall was largely due to the decline in the relative profitability of pig production, especially in the second half of the year, when dairying offered substantially higher returns. The main reason for the fall in returns to pig producers over the year as a whole was the shortage of maize for pig feed, and the high prices they had to pay for those supplies that were available. As a consequence, a number of producers left the industry. Estimates of livestock numbers show that there was a sharp decline in the pig population in Central Province, especially among the small-holders who were dependent on purchased feeds and therefore most seriously affected by higher feed prices.

PIG DELIVERIES, 1966-71

Table 4.16 '000 *Head*

	Baconers	Porkers	Larders	Total
1966	35.5	17.9	1.8	55.5
1967	33.2	13.9	1.4	48.5
1968	40.6	10.0	1.3	51.9
1969	41.4	9.8	1.3	52.5
1970	49.5	9.1	1.9	60.5
1971	42.8	7.0	1.5	51.3

4.50. In response to this situation, grading and price changes were made in July, 1971, while producer prices were again raised with effect from April, 1972. An additional purpose of the price changes made in 1971 was to encourage the production of heavy pigs, which provide meat suitable for both bacon and other manufactured products. However, the continued shortage of maize for pig feed will act as a constraint on the growth of the industry.

4.51. During the financial year 1970/71, sales of pig-meat from the Uplands factory to the local market increased by 14.5 per cent. There was also a growth in the number of pigs sold for slaughter to other processors, from 3,368 head in 1969/70 to 3,963 in 1970/71. Although Upland's exports by weight to Uganda and Tanzania fell, there was a growth in exports to countries outside East Africa. A revision of export prices during 1971 resulted in a substantial increase in revenue from exports of pig products and meant that they became quite profitable.

Agricultural Development Services

4.52. *Agricultural Education and Training.*—There are a wide variety of training courses provided for those working at all levels in the agricultural sector. They range from instruction in secondary schools to degree courses at the University of Nairobi, while several training courses, for which the Ministry of Agriculture has responsibility, are provided for both extension staff and farmers.

TOTAL ENROLMENTS AT AGRICULTURAL TRAINING INSTITUTIONS, 1969.1971

Table 4.17 *Numbers*

	1969	1970	1971
Degree Level.			
University of Nairobi, Faculty of Agriculture		40	81
Faculty of Veterinary Medicine	70	75	210
Diploma Level—			
Egerton College	585	585	590
Certificate Level—			
Embu Institute of Agriculture	106	160	160
Animal Health and Industry Training Institute	250	255	255
Short-term Vocational Courses—			
Narosura Farm Mechanization Training Scheme ..	65	120	120
Naivasha Dairy Training School	60	120	120

4.53. During 1970 the Faculty of Agriculture at the University of Nairobi established a three-year B.Sc. course in agriculture, and the first students are expected to graduate in March, 1973. As shown in Table 4.17, the number of students admitted to the University in 1971 to study agriculture and veterinary medicine rose sharply. During 1971 firm plans were also made for post-graduate courses in agriculture to commence in the near future. Post-graduate students will study for an M.Sc and will have the option of concentrating on either plant protection or range management research, the latter course to be affiliated with the range management research project at Kiboko. Enrolments for the secondary schools course in agricultural principles and practices continue to rise as shown in Table 4.18.

ENROLMENTS FOR THE AGRICULTURAL PRINCIPLES AND PRACTICES COURSES IN SCHOOLS, 1966, 1970 AND 1971

Table 4.18 *Numbers*

	Form I	Form II	Form III	Form IV
1966	389	394	170	48
1970	2,205	1,785	680	450
1971	3,165	2,205	850	759

4.54. As a result of the rapid growth of the horticultural industry in recent years, a new course in horticulture was established at Egerton College during 1971. An interesting course offered at both Egerton College and Embu Institute of Agriculture in recent years is the Diploma in Agriculture, with home economics, for women. Since women play an important role in many small-holdings throughout Kenya, it was felt desirable to provide them with the opportunity for training with a view to joining the Extension Service, which has recruited the classes which have graduated so far from each institution. The Ministry of Agriculture also hopes to undertake an appraisal of the manpower requirements of the food industry in the near future. When this study has been completed, a food science and technology course may be established at Egerton College.

4.55. The Farmer's Training Centre (FTC) at Taita was completed during the year, bringing the total number of centres to thirty-two. A further centre at Busia is under construction while the FTCs at Kwale and Embu have been designated as District Development Centres in accordance with the aims of the Development Plan. The FTCs play an extremely important role in providing farmers with an opportunity to learn of new and improved techniques under conditions similar to those which exist on their own farms. It became apparent during the year however, that, owing to financial difficulties, some FTCs were unable to provide adequate demonstrations of farm activities, while others had to close down for part of the year. A recent report looked into the problems faced by the FTCs and made various recommendations as to how these problems might be overcome.

4.56. An imbalance in the supply of certain categories of qualified personnel from agricultural training institutions and the demand for their services became more apparent during the year. It is evident that the demand for dairy technologists has fallen, and the intake of students to study dairy technology at Egerton College has been considerably reduced as a result. There also appears to be a surplus of farm managers, largely due to the reluctance of large farmers in the private sector to employ trained managers at salaries commensurate with the responsibilities entailed.

4.57. *Agricultural Research.*—The year 1971 saw considerable progress in the field of agricultural research. Important results were obtained from a number of research projects while, with technical assistance from donors, several new projects were initiated. Most of these projects have attempted to fulfill one or more of the following aims: —

(a) To make their results as relevant as possible to those farming in different ecological conditions.

(ft) To contribute to the diversification of agriculture, especially in marginal coffee areas.

(c) To develop crops and products which could earn foreign exchange and to develop local varieties of seeds which are at present imported, thus saving foreign exchange.

4.58. Progress was made in a number of current projects, including the following: —

(a) Horticulture.—Research into potatoes at Limuru is continuing with the aim of producing a variety which is resistant to blight and bacterial wilt.

(b) Sugar.—Trials have been conducted at Kibos research station and on farmers' own plots with the aim of producing a local variety which is resistant to disease and which has a high sucrose content.

(c) *Cereals.*—A number of trials have been conducted during the year at Njoro on varieties of wheat seed which are of high quality and have a high nutrient content. It is intended to distribute these as certified seed to farmers.

(d) Pasture Research and Animal Husbandry.—These two areas of research are carried on at a number of centres throughout the country. Research to evaluate systems of pasture and leys continued at Kitale. Results of breeding experiments at Naivasha in 1971 showed that the length of the heat period in Friesian cows may be shorter than had been previously thought, which has implications for the artificial insemination of these animals. At Lanet, research into concentrate feeding of beef cattle on feedlots for finishing

purposes showed that this system can be highly profitable, provided that the correct combination of length of feeding period and rations is used in relation to the breed, weight and age of the animal. There is also some evidence of economies of scale in this operation. The project is now entering the next phase which is to train livestock officers in the establishment and operation of feedlots to assist farmers who may be interested in intensive beef production.

4.59. A number of new research projects commenced during 1971 and these included: —

(a) Grain Legumes.—Although a large area is under legumes and oil seeds in Kenya, little research has been conducted in this field. However, these crops have great potential as a source of protein, in providing opportunities for local processing, and as a source of foreign exchange. A research programme is therefore under way to determine which agronomic factors are limiting yields.

(b) Maize.—While hybrid maize is grown in many parts of Kenya, not all farmers are realizing the full potential of these high yielding varieties. A project has therefore been started to undertake research in different areas on the most effective local production techniques.

(c) Coffee Breeding.—Coffee berry disease has affected yields in recent years, especially on small-holdings where farmers are unable to afford the cost of chemical spraying. Research is therefore under way to breed disease resistant varieties. If the research programme is successful, farmers may have to engage in a major replanting programme to replace existing varieties.

(d) Soil Survey.—With a rising population and increasing pressure on the land, it was felt necessary to determine the most appropriate system of land utilization throughout the medium and high potential areas of the country. Therefore a five year-soil survey project has been started to investigate the distribution and potential of soils in these areas.

There are also plans to establish a National Scientific Research Council which will advise on, and co-ordinate, research programmes carried out by all research institutions throughout Kenya.

4.60. The East African Community's Agricultural and Forestry Organization continued to perform research work complementary to that described above, and in areas similar to those outlined in last year's *Survey*.

4.61. *Extension Service.*—The value of research programmes, such as those outlined above, depends on the extent to which the improved practices are transmitted to the farmer by the Extension Service. It is now recognized

that extension officers need to give farmers more advice of a farm management nature, both to advise on particular practices and to suggest changes in farm plans if product prices alter. Some progress has been made in this direction already with data collection and farm planning procedures orientated towards farm management requirements, while further training in farm management for extension workers is envisaged. It is still the general aim to make the Service more specialized, implying a phasing out of the Junior Agricultural Assistants. However, it has been recognized that this is unlikely to occur in the near future, and therefore during 1971 most of these officers were given additional training to improve the quality of their advice to farmers.

4.62. *Artificial Insemination Service.*—The AIS carried out 326,672 inseminations during 1971, 30 per cent more than in 1970. An increase in the number of inseminations was recorded in all provinces, while an additional district, Taita, was also covered during the year. Part of this increase was due to the reduction in the fee for the AIS from Sh. 10 to Sh. 1 mid-way through the year. The average number of inseminations per month during the second half of the year was 32,800 as opposed to 22,216 during the same period in 1970. During the year there was a reduction in the overall cost per insemination from Sh. 14/88 in 1970 to Sh. 12/20 in 1971. The fall is partly explained by greater efficiency of the AIS. The number of inseminators employed fell from 306 to 266 and the number of inseminations per inseminator per day rose from 2.2 to 3.4 during the year.

NUMBER OF INSEMINATIONS BY PROVINCE, 1969-1971

Table 4.19 *Numbers*

PROVINCE	NUMBER OF INSEMINATIONS		
	1969	1970	1971
Central	77,062	115,116	155,508
Eastern	24,702	28,055	33,916
Rift Valley	107,462	91,810	114,410
Nyanza	2,573	3,727	5,272
Western	2,197	12,544	16,844
Coast		—	722
ALL PROVINCES	214,677	251.252	326,672

4.63. *Farm Mechanization.*—The Tractor Hire Service (THS), which commenced operations in 1966, now has a fleet of 56 tractors. During 1971 these were used on the Masai Wheat Scheme, on projects in South Nyanza and Lamu and on smallholdings in Nyeri and Taita district. It may be seen

from Table 4.20 that the area worked by the THS has fallen sharply in the last two years. This means that fixed costs have to be spread over lower operating hours resulting in a rise in costs per meter hour, from Sh. 44 in 1970 to Sh. 70 in 1971. The decline in the area worked by the THS reflects the increasing use by farmers of private contractors' machinery or their own tractors, especially in the Masai wheat area. It was, however, one of the aims of the THS to encourage this trend. Individual farmers can apply to the Agricultural Finance Corporation for loans to meet part of the purchase price of a tractor. Courses in the use and maintenance of farm machinery are conducted at Eldoret and Eldama Ravine.

AREA WORKED BY THE TRACTOR HIRE SERVICE, 1966/67-1970/71

Table 4.20 '000 *Hectares*

	1966/67	1967/68	1968/69	1969/70	1970/71
Area Ploughed	4.3	5.7	6.9	4.4	4.0
Area Harrowed	12.1	16.1	20.2	12.1	7.1
Area Planted	2.4	5.3	5.3	4.0	2.0
TOTAL	18.8	27.1	32.4	20.5	13.1

4.64. *Soil Conservation.*—The Soil Conservation Service provides both an advisory and operational service to farmers in all provinces. Free advice on farm plans is given, while operating activities such as drainage, terracing and contour ridging are charged for. During 1971 the Service surveyed a total of 6,845 hectares on small farms and 15,912 hectares on large farms, while planning advice was given for a further 5,973 hectares on small farms.

4.65. *Irrigation*—The year 1970/71, the fifth year of the National Irrigation Board's operations, saw the completion of most of the physical development work initiated in 1966, as well as the completion of the 1,200 hectare extension at Mwea. During 1970/71 a number of new projects were started, including a 240 hectare extension to the Tana River scheme and preliminary work on the 1,000 hectare site of the West Kano pilot scheme. Increasing emphasis was placed on raising yields from the main enterprises and on encouraging farmers to diversify their holdings.

4.66. The performance of the individual schemes may be seen in Table 4.21. On nearly all schemes there was an increase in the number of plot. holders, the area cropped and the gross value of production. The average payments to plot-holders declined owing to a fall in rice yields at Ahero and Mwea and difficulties with onions at Perkerra. The quantity of paddy produced increased slightly from 26,734 metric tons in 1969/70 to 28,105 metric tons in 1970/71.

PROGRESS OF IRRIGATION AND PRODUCTION AT THE MAJOR IRRIGATION SCHEMES, 1966/67-1970/71

Table 4.21

	1966/67	1967/68	1968/69	1969/70	1970/71
MWEA—					
Hectares cropped	2,830	3,130	3,443	3,788	4,311
Number of plot-holders	1,588	1,721	1,894	2,072	2,338
Paddy yield (metric tons)	13,854	17,368	17,466	23,025	24,760
Gross value of crop (K£)	336,766	422,158	424,794	559,434	600,420
Payments to plot-holders (K£)	208,310	268,656	258,490	371,923	378,904
TANA RIVER—					
Hectares cropped	494	500	484	536	573
Number of plot-holders	278	266	247	296	354
Cotton yield (metric tons)	594	463	816	1,126	1,278
Gross value of crop (K£)	31,476	24,172	42,589	61,661	69,654
Payments to plot-holders (K£)	14,859	11,628	19,927	38,278	39,328
PERKERRA—					
Hectares cropped	269	272	255	258	188
Number of plot-holders	395	484	472	463	465
Onion yield (metric tons)	2,608	2,410	2,396	2,735	1,600
Gross value of crop (K£)	83,834	39,850	85,130	73,265	60,815
Payments to plot-holders (K£)			43,954	40,308	30,212
AHERO—					
Hectares cropped			212	923	1,321
Number of plot-holders	-		131	408	519
Paddy yield (metric tons) ..			1,052	2,662	2,221
Gross value of crop (K£)		–	25,473	64,573	56,843
Payments to plot-holders (K£)			16,003	28,558	4,027
BUNYALA—					
Hectares cropped				212	212
Number of plot-holders				131	131
Paddy yield (metric tons)				1,067	1,124
Gross value of crop (K£)				25,868	27,494
Payments to plot-holders (K£)				16,881	18,763
TOTAL—					
Hectares cropped	3,593	3,902	4,394	5,716	6,605
Number of plot-holders	2,261	2,471	2,738	3,369	3,807
Gross value of produce (K£)	452,076	486,180	577,986	784,801	815,226

4.67. At Mwea, the Board's main irrigation scheme and the country's largest source of rice, total paddy production increased to 24,760 metric tons. This was chiefly due to an increase in the area under paddy since average yields at 5,743 kgs. per hectare were slightly below the 6,078 kgs. per hectare obtained in 1969/70. The research station at Mwea conducted trials during the year to find varieties yielding more than *Sindano,* the standard variety, but only one variety consistently produced higher yields. However, higher rates of application of fertilizer were found to increase yields from *Sindano* and will be applied for the 1971/72 crop.

4.68. On the two rice schemes in western Kenya, at Ahero and Bunyala, contrasting movements in output were recorded. At Ahero, total paddy production fell to 2,221 metric tons, chiefly due to a decline in yields, which fell to 5,039 kgs. per hectare. One of the problems on the scheme in the past has been a water shortage resulting from the inadequacy of the pumping station. This meant that farmers only achieved an average of 1.10 crops per year, during 1969/70, instead of two as expected. An important development during 1971 was the electrification of the pumping station, which increased the availability of water and, as a result, raised the average number of crops grown per year to 1.57. On the Bunyala scheme output rose to 1,124 metric tons, reflecting a rise in yields to 5,302 kgs. per hectare. On both schemes yields have been lower than expected and farmers have been unable to obtain two crops per year. Both factors are partly due to the incidence of blast disease on *Sindano*. With effect from 1971/72 both schemes are growing *Basmati* rice, a variety which has greater resistance to blast.

4.69. The Perkerra irrigation scheme, one of the country's main sources of onions, was affected by adverse weather conditions and fluctuating onion prices during the year. Total onion production fell to 1,600 metric tons, mainly due to the drought, which affected the ability of the crop to bulb and led to a reduction in yields to 8.51 metric tons per hectare. The resulting shortage of onions in the first half of the year led to high onion prices; prices during May were Sh. 1/05 per kg. Prices then declined to less than half this amount later in the year as production increased, while there was also some importation of onions from Tanzania which contributed to the lower market prices. In view of the price fluctuations, farmers have been encouraged to grow other crops as well, although the majority appear reluctant to do so.

4.70. Output from the Tana River scheme continued to rise and 1,278 metric tons of seed cotton were produced in 1970/71. This increase was partly a result of the larger area under cotton, but yields also rose, to 2,230 kgs. per hectare, because of effective chemical control of pests. The quality of the crop remained high with over 98 per cent in the top AR grade. Farmers have also been encouraged to grow other crops such as groundnuts, cow peas and grams. The success of cotton production on this scheme has far exceeded expectations and could provide invaluable guidelines for the future development of the Lower Tana basin.

4.71. *Range Development*.—The prospects for the expansion of the beef industry are extremely good, and the range management programme plays an important part in providing the opportunity to make profitable use of the large tracts of semi-arid land throughout the country. Within the main range area of North-Eastern Province, the drought did not have quite as serious an effect on the numbers of cattle as had at first been feared, chiefly because of cattle movements to other areas. During 1971, the establishment of ranches on un-utilized and under-utilized land neared completion, while

substantial improvements in the standards of husbandry and in carcase weights were recorded on some of these ranches. One of the main problems has been the reluctance of the farmers to sell female cattle, but this is gradually being overcome. The research at Lanet on beef cattle yielded some interesting results during the year (*see* Paragraph 4.58), while research continued at Kiboko to determine methods of resource management for various species of livestock under different rotational grazing systems.

4.72. *Livestock Marketing.*—The Livestock Marketing Division plays an extremely important role in the current growth of the beef industry. It is responsible for the provision of well watered stock routes to assist in the marketing of cattle and the transfer of immature stock from range to better grazing areas. During 1971 the Division handled some 50,000 head of cattle, the number being affected by the drought, which reduced cattle movements to market during the first half of the year. In 1971 the Division established holding grounds at Migori and Kapenguria (as part of the Special Rural Development Programme) and another near Marsabit, opening up a sales route which had formerly been closed; a new stock route from Wajir to Garissa was also developed. The Division increased its use of lorries for transporting cattle and three cattle road trains now operate in Wajir and Marsabit districts. During the drought this method was found to be beneficial in maintaining the carcase weight of animals transported to market. The Division also extended its activities into Rift Valley and Central Provinces, and intends to disseminate market information to keep cattle producers better informed of livestock prices.

4.73. *Agricultural Credit.*—The Agricultural Finance Corporation (AFO is the main source of agricultural credit in Kenya. During 1971 there was a considerable growth in its loan activities with 9,105 loans valued at K£7.2 million being approved, compared with 7,643 loans valued at K£5.5 million issued in 1970.

4.74. It may be seen from Table 4.22 that a large proportion of the loans were short-term advances for wheat and maize. Two thirds of the amount of the "Guaranteed Minimum Return" loans were issued to large farms, although approximately 70 per cent of persons receiving loans were small scale farmers. The large farms also received 166 land purchase and development loans. Small-holders received a total of 2,782 loans, the most important of which were the IDA small scale loans for the financing of cattle rearing and ancillary purposes. Most of the small-holders who received these loans were in the consolidated areas. The AFC approved 61 ranch development loans valued at K£1.3 million, compared with 25 loans valued at K£0.7 million in 1970. During the year, arrears on loan repayments were recorded for the GMR, small scale and large scale lending programmes. In the case of the latter, some rescheduling of loan repayments occurred and there was increased supervision by Ministry of Agriculture staff in order to improve the loan repayment situation and to raise production.

THE NUMBER AND AMOUNT OF LOANS APPROVED BY THE AGRICULTURAL FINANCE CORPORATION, 1971

Table 4.22

TYPE OF LOAN	Number of Loans	Amount of Loan
	No.	K£
IDA small scale	2,387	427,784
IDA tractor	15	13,375
IDA/SIDA ranch	61	1,305,798
KFW smallholder	370	60,945
KFW large scale	17	33,665
AFC small scale	10	3,760
AFC land purchase and development	166	1,218,139
Vihiga SRDP	76	1,067
GMR (i) Wheat	2,115	2,360,980
(ii) Hybrid maize	3,888	1,785,234
TOTAL	9,105	7,210,747

4.75. A number of other institutions also provide credit for agricultural purposes. These include the KTDA, which provides credit in the form of fertilizers. During 1970/71, it issued 1,701 metric tons of fertilizer valued at approximately K£50,000 under this scheme. The Horticultural Crops Development Authority loaned K£9,950 to small-holders specifically to finance expenditure on passion fruit cultivation. The Co-operative Bank issued short and medium-term loans to co-operative societies, amounting to K£739,585, compared with K£208,175 loaned in 1970, although a large proportion of the increase represented a loan to one society to assist it in purchasing a large farm. Lending by the commercial banks to the agricultural sector also rose from K£9.3 million in 1970 to K£12.6 million in 1971.

4.76. *The Agricultural Development Corporation.*—The Corporation's main functions in 1971 included the implementation of the Stamp Land Purchase Programme and the supply of strategic inputs to the agricultural sector, while it also has holdings in a number of commercial enterprises within agriculture. In 1971, the ADC's farming operations yielded a profit of K£6,068, but its other activities were less successful and an overall loss of K£80,000 was made during the financial year 1970/71.

4.77. The Stamp Land Purchase Programme came to an end in 1971, by which time the ADC had purchased 104 large farms of 63,315 hectares. Fifty four of these have been leased or sold to citizen farmers (some having been sub-divided, making a total of 60 farms sold), while the remaining 50 are being farmed on a transitional basis by the ADC until suitable purchasers can be found. The Corporation also retains a small number of farms for the

purpose of producing essential inputs, such as seed maize, while high grade dairy and beef cattle, sheep and pigs are also maintained. During the year the Corporation became the largest single producer of seed maize and high yields were obtained. In recent years, emphasis has been placed on improving the quality of livestock and high standards have now been attained. This was confirmed at the All-Africa Trade Fair in early 1972 when a number of participating OAU countries placed export orders for the ADC's grade dairy cattle. The financial problems of the heifer production scheme were overcome during the year and an output of 2,000 calves is forecast for 1973. This production will include some 1,000 in-calf heifers, mainly for distribution to small-holders, and it is anticipated that settlement schemes will absorb a large proportion of the output.

4.78. *Co-operative Societies.*—In recent years considerable emphasis has been placed on consolidating the progress made among co-operative societies after the rapid growth in their numbers during the 1960's. Accordingly, only 55 new societies were registered during 1971. It may be seen from Table 4.23 that the total number of societies registered is 1,554, of which some 900 are active. The majority of the societies market and process produce from small-holders and during the year their turnover amounted to K£21.7 million. The turnover of the country-wide co-operatives was K£36.7 million, making a grand total of K£58.4 million. The National Co-operative College provided in-service training in book-keeping, administration and management for 200 co-operative officers and leaders during the year, while many other officers attended seminars at the college.

NUMBER OF REGISTERED CO-OPERATIVE SOCIETIES

Table 4.23 *Numbers*

Province	TO 31ST DECEMBER, 1971			Registrations in 1971
	Registrations	Cancellations	Balance in Register	
Central	509	121	388	6
Rift Valley	385	43	342	24
Nyanza	340	101	239	5
Western	233	69	164	2
Eastern	238	63	175	7
Nairobi	168	35	133	6
Coast	128	22	106	5
North Eastern	2	1	1	
Country-Wide*	6	–	6	–
TOTAL	2,009	455	1,554	55

*Country-wide organizations are those whose operations and membership is not confined to any one particular province and include the K.C.C., K.F.A., K.P.C.U., the Co-operative Bank, etc.

4.79. *Special Rural Development Programme.—The* background, approach and aims of the SRDP were outlined in last year's *Survey.* The scheme, as originally conceived, was to plan and evaluate a number of rural development projects in selected divisions, including additional divisions as a second phase, before applying the experience gained to planning on a wider scale. During 1971, considerable progress was made with the projects initiated in the five selected divisions. The Agricultural projects included the establishment of a small-holder credit scheme in Vihiga; holding grounds as mentioned in Paragraph 4.72; a training course for extension staff in Tetu; and feeder roads in several divisions.

4.80. During 1971 the SRDP personnel in the divisions were engaged in planning, assisting and co-ordinating various projects. A notable feature has been the responsibility given to the field staff at all levels, which has resulted in a considerable degree of understanding of, and commitment to, the aims and methods of the programme. By the end of the year it was felt sufficient experience of the methods and techniques of rural planning had been gained at the divisional level for the second phase of the programme to be omitted, and for the SRDP to move straight to district planning. Those divisions previously scheduled to be included in the second phase will be considered for the district plans. Expenditure during 1971/72 for this, and for the establishment of a further SRDP project in Kwale, is estimated at K£360,712. The programme has not been without its difficulties, however, especially in establishing an effective evaluation system. This is recognized to be necessary in order to give planners the opportunity to learn from projects and techniques which have been implemented in other areas.

Land Adjudication and Registration

4.81. This programme, which commenced during the 1950's, showed a substantial increase in the number of hectares in small-holder and pastoral areas registered, adjudicated and under adjudication. This progress was encouraging, given the importance of delineating holdings for the purpose of future development (for example, in the high potential areas of Narok) and for giving small-holders the opportunity of greater access to credit when they have a title to their land. As shown in Table 4.24, 1,575,000 hectares on 552,600 holdings have been registered to date. During the year, adjudication registers have been prepared for 875,000 hectares on 196,700 holdings (cols. 3 and 4) but not declared final until all complaints have been heard. Adjudication is in progress on another 1,632,600 hectares, a substantial increase over the 1970 figure of 574,500 hectares. The total land registered, adjudicated and under adjudication amounted to 4,082,600 hectares, which represents 31.0 per cent of the former trust land.

PROGRESS OF LAND REGISTRATION AND ADJUDICATION AS AT 31ST DECEMBER, 1971*

Table 4.24

	Registered Areas		Areas Adjudicated		Area in which adjudication is in process	Total Land Registered, Adjudicated or under Adjudication	
	000 Holdings	'000 Hectares	'000 Holdings	'000 Hectares	'000 Holdings	'000 Hectares	% of Total Registrable Land
NYANZA—							
Kisumu	3.8	5.2	14.2	19.0	32.1	56.3	32.0
Siaya	17.5	26.3	26.3	44.6	46.8	177.7	49.3
Kisii	53.9	128.0	13.7	42.1	17.9	188.0	96.7
South Nyanza	17.4	50.1	17.6	55.4	67.6	173.1	30.4
TOTAL	92.6	209.6	71.8	161.1	164.4	535.1	45.4
WESTERN—							
Kakamega	87.8	140.6	65.1	93.0	18.1	251.7	93.6
Bungoma	22.7	99.5	14.1	68.9	16.2	184.6	85.8
Busia	17.2	77.6	12.6	64.9	15.2	157.7	96.7
TOTAL	127.7	317.7	91.8	226.8	49.5	594.0	91.9
RIFT VALLEY							
Kericho	16.4	65.5	12.7	69.4	25.6	160.5	63.7
Nandi	11.0	63.5	4.1	20.9	25.1	109.5	71.9
E. Marakwet	7.9	40.5	3.1	23.6	31.4	95.5	49.3
Baringo		55.3	2.0	5.3	26.9	87.5	8.9
Kajiado	1.9	71.1	0.2	314.0	773.2	1,158.3	68.8
Narok		108.4	0.1	22.2	233.0	363.6	22.6
West Pokot					19.2	19.2	4.1
TOTAL	42.2	404.3	22.2	455.4	1,134.4	1,994.1	37.3
CENTRAL—							
Nyeri	43.9	79.6				79.6	100.0
Muranga	99.4	153.9				153.9	100.0
Kiambu	39.4	96.4				96.4	100.0
Kirinyaga	26 4	82.8	1.8	6.8	5.9	95.5	100.0
TOTAL	209.1	412.7	1.8	6.8	5.9	425.4	100.0
EASTERN—							
Embu	20.2	50.7			56.1	106 8	43.0
Meru	45.3	110.8	5.7	14.6	93.4	218.8	37.2
Machakos	7.4	57.9	0.9	4.1	65.5	127.5	16.9
Kitui				10.8	10.8	10.8	0.4
TOTAL	72.9	219.4	6.6	18.7	225.8	463.9	11.2
COAST—							
Taita	8.0	11.3			10.9	22.2	11.0
Kwale			2.5	6.7	33.5	40.2	7.4
Kilifi					8.2	8.2	1.1
TOTAL	8.0	11.3	2.5	6.7	52.6	70.6	4.8
ALL PROVINCES	552.6	1,575.0	196.7	875.7	1,632.6	4,082.6	31.0

*All Former "trust" land.
+In Narok 41 holdings were registered.

4.82. This programme was completed some years ago in Central Province and is nearing completion in Western Province, with over 84 per cent of the land registered or adjudicated. During 1971 a total of 36,200 holdings was registered, comprising 237,200 hectares, nearly three times the area registered during 1970. A large proportion of this was in the pastoral area of Narok *(see* Table 4.25).

NUMBER AND AREA OF HOLDINGS ADDED TO THE LAND REGISTER DURING 1971*

Table 4.25

	000 Holdings	'000 Hectares
Kisumu	6.4	7.1
Siaya	1.8	3.8
Kisii	6.1	12.7
South Nyanza	2.8	17.0
Kakamega	1.2	1.1
Busia	1.7	6.1
Kericho	4.3	14.0
Nandi	2.2	9.9
Elgeyo Marakwet	0.5	3.7
Kajiado	0.5	30.4
Narok+	–	101.8
Kirinyaga+	–	0.1
Meru	4.5	14.1
Machakos	4.2	15.4
TOTAL	36.2	237.2

*No holdings were added to the land register in other districts in 1971.

+36 holdings in Kirinyaga were added to the land register and 27 holdings in Narok.

Land Settlement

4.83. The "million acre settlement scheme" was completed during 1970; the additional 458 hectares purchased during 1971 were for other settlement. Most of the 140 planned schemes have been established, providing the opportunity for 35,528 settlers to farm their own plots. The progress of land settlement is set out in Table 4.26.

THE PROGRESS OF LAND SETTLEMENT TO 1971*

(Cumulated totals as at the end of each year)

Table 4.26

Year	Hectares Purchased	Total Number of Schemes Planned	Total Number of Schemes Settled	Total Number of Families Settled
1963	235,988	59	49	10,441
1964	342,913	94	77	19,300
1965	425,586	119	98	26,089
1966	471,076	135	109	29,096
1967	479,665	135	118	31,531
1968	484,984	137	130	33,195
1969	490,993	139	134	33,581
1970	494,391	140	135	33,883
1971	494,849	140	135	35,528

*The Department of Settlement now produces figures on the progress of settlement and sales from Settlement Schemes on a calendar year basis rather than for each financial year as before. Thus figures for 1971 therefore refer to the period January-December, while to give a consistent series, data for earlier years have been converted to each calendar year.

4.84. The value of marketed production from the schemes showed a considerable increase during the year. Sales through the schemes' co-operatives were slightly over K£3 million, 23 per cent above the level recorded in 1970.

SALES FROM SETTLEMENT SCHEMES THROUGH CO-OPERATIVES, 1964-1971

Table 4.27 K£'000

ITEMS	1964	1965	1966	1967	1968	1969	1970	1971
Milk	201.4	354.6	471.7	586.3	645.6	829.7	1,021.7	1,633.9
Butterfat	61 .7	80.6	100.5	101.8	86.4	56.3	37.6	10.2
Pyrethrum	66.3	276.6	611.1	950.8	748.8	455.4	445.9	516.5
Beef	41.8	55.9	45.5	50.6	83.3	105.3	107.4	101.9
Wheat and Barley	17.7	31.7	49.7	56.9	28.1	13.7	17.3	13.4
Maize	3.7	20.0	65.0	132.0	165.9	164.8	155.4	183.9
Coffee	6.9	17.3	24.7	26.4	20.9	20.6	26.7	27.5
Sugar-cane	–	–	–	135.9	223.4	434.9	609.5	511.9
Wool	5.6	21.1	32.7	34.3	42.5	37.9	26.4	12.7
Other Products	25.6	39.7	28.0	29.4	39.3	28.0	20.5	31.1
TOTAL	430.7	897.5	1,428.9	2,104.4	2,120.2	2,146.6	2.468.4	3,043.0

4.85. It may be seen from Table 4.27 that there has been an almost continual growth in sales from the schemes, reflecting an increase in the numbers of farms established during the peak years of settlement, 1963.66, and a rise in sales from most farms in the following years. However, the growth in incomes has not been matched by an improvement in the loan repayment situation. Only a small number of settlers were fully up to date with their loan repayments at the end of 1971. Half the total amount billed was in arrears and the outstanding loans amounted to K£4.6 million. This situation has arisen partly as a result of tight budgets and partly as a consequence of the tolerant attitude displayed towards chronic defaulters. However, measures are being considered which might improve the loan repayment situation.

4.86. With the completion of settlement on the "million acre scheme", increasing attention has been paid to alternative ways of settling large numbers of landless people. In recent years a number of "Haraka" (squatter) schemes have been established. During 1971, a new form of settlement was introduced—the "Shirika" (co-operative) scheme. On these schemes, individuals are given subsistence plots, but most of the farm is worked on a co-operative basis. During the year 2,018 farmers were settled on 14.862 hectares in Nakuru District, while it is intended to settle considerably larger numbers on some 26,300 hectares in several areas in 1972. While both types of settlement can provide a livelihood for a relatively large number of people per unit of land, successful intensive production will also depend on proper organization of these schemes and the provision of technical advice.

CHAPTER 5—NATURAL RESOURCES

Water Supplies

An important project which will be of value in the planning of water development schemes was initiated in 1971. This is a major study whose objectives are to identify problems in providing community water supplies and sewerage, examine water pollution, establish design and selection criteria, map out surface and groundwater resources, propose a ten-year development programme and make recommendations on general water development policies. The study is scheduled to be completed before the middle of next year.

5.2. Several ministries and departments and a large number of local authorities are involved in the provision of water supplies. The particularly rapid growth in their development expenditures in 1970/71 has not been maintained in the current financial year, although there has been an increase of over 50 per cent. The fastest growing area of expenditure was the Water Development Division, whose activities are concentrated in rural areas whilst expenditures by local authorities, whose outlays are mainly in urban districts, rose by one-third. Details of the activities of each organization are discussed in the rest of this section.

CENTRAL GOVERNMENT AND OTHER PUBLIC AUTHORITY DEVELOPMENT EXPENDITURE ON WATER SUPPLIES AND RELATED SERVICES, 1967/68-1971/72

Table 5.1 K£'000

	1967/68	1968/69	1969/70	1970/71	1971/72*
Water Development Division	318	437	506	752	1,402
Mombasa Pipeline Board	220	90	66	6	94
Ministry of Health	33	40	13	33	33
Ministry of Lands and Settlement	97	214	89	53	114
Ministry of Co-operatives and Social Services	14	30	33	23	26
Local Authorities	762	401	294	1,638	2,190
TOTAL	1,444	1,212	1,001	2,505	3,859

* Provisional

5.3. *Water Development Division.*—The Water Development Division (W.D.D.) of the Ministry of Agriculture is responsible for the provision-of potable water in all areas of the country. In the current Development Plan, the W.D.D. is allocated responsibility for devising and implementing the Government's rural water supplies programme. The Division was re-organized in the middle of last year in order to carry out its duties more effectively.

The W.D.D. now operates and maintains 107 "gazetted" schemes, compared with 88 a year ago. In addition it has responsibility for over a hundred "non-gazetted", mainly institutional, schemes.

5.4. A breakdown of the development expenditure of the W.D.D. mentioned in Table 5.1 is shown in Table 5.2. The bulk of the growth during 1971/72 was in rural water supply projects and in those connected with livestock development.

DEVELOPMENT EXPENDITURES FOR WATER SUPPLIES AND RELATED SERVICES BY THE WATER DEVELOPMENT DIVISION, 1967/68-1971/72

Table 5.2 *K£'000*

	1967/68	1968/69	1969/70	1970/71	1971/72*
Urban Water Supplies	162	211	81	134	208
Rural Water Supplies	58	139	253	408	654
Buildings and Works	25	6	24	69	36
Water Resources Surveys	36	35	11	10	11
Lake Victoria Hydrometeoro-logical Surveys	30	39	41	42	46
Dam and Borehole Subsidies	6	7	10	6	8
Livestock Development Project Range Water	—	—	1	—	392
Master Plan Study for Water Development	—	—	86	85	47
TOTAL	318	437	506	752	1,402

* Provisional.

5.5. The provision of water supplies in the range areas is a key element in livestock development, and in areas where modern types of ranches are being established, a major part of development investment is for water. Development in North-Eastern Province, mainly the construction and excavation of tanks and the drilling of bore-holes, accounts for most projects in range areas.

5.6. At present, nineteen rural water supply schemes are in operation. The geographical distribution and the size of the operational schemes are illustrated in Table 5.3. While expenditure on such schemes almost doubled over the last year, their numbers have grown only slightly, indicating a concentration on "larger" projects.

5.7. In addition to expanding rural water supplies, the W.D.D. also plans to devote more attention to the provision of water for the smaller urban growth centres through new supplies and augmentation of existing schemes.

RURAL WATER SUPPLY PROJECT SCHEMES OPERATIONAL OR EXPECTED TO BE OPERATIONAL BY JUNE, 1972

Table 5.3

PROVINCE	Small Projects (less than K£10,000)		Larger Projects (K£10,000 and over)		All Projects	
	No.	Cost (K£)	No.	Cost (K£)	No.	Cost (K£)
Central	3	17,500	1	150,000	4	167,500
Coast	5	28,500	6	143,000	11	171,500
Eastern	7	33,500	–	–	7	33,500
N. Eastern	–	–	1	19,400	1	19,400
Nyanza	10	36,200	–	–	10	36,200
R. Valley	–	–	2	44,000	2	44,000
Western						
TOTAL	25	115,700	10	356,400	35	472,100

5.8. *Mombasa Pipeline Board.*—This Board is responsible for supplying water to Mombasa although the actual operation and maintenance of its system is undertaken by the W.D.D. During (he last year, the Board's supply suffered somewhat from breakages in the Mzima/Mombasa pipeline, through which the bulk of the city's requirements are supplied.

5.9. *Ministry of Health.*—For several years the Ministry of Health has undertaken a long-term demonstration programme on rural water supplies with assistance from WHO and UNICEF. The extent of development in the demonstration scheme during 1971/72 is set out in Table 5.4.

W H O / U N I C E F ASSISTED RURAL WATER SUPPLY PROGRAMME IN KENYA, 1962/63-1971/72

Table 5.4

	Number of Schemes	Number of Districts involved	Total Cost K£	Value of UNICEF contribution		Estimate of Number of persons benefited	Average cost per scheme K£	Average cost per capita KSh.
				K£	Total			
1962/63	34	10	65,700	45,300	69	34,500	1,931	38.06
1964/65	39	15	75,300	52,000	69	33,500	1,931	44.91
1966/67	63	12	63,900	26,000	41	66,000	1,014	19.35
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

5.10. *Ministry of Lands and Settlement.*—For several years, the Department of Settlement has been involved in water development projects on settlement schemes. By the end of the 1970, thirty-three schemes supplying 5,544 plots had been completed and, during 1971, three more serving 931 plots were installed; another twenty-three schemes are under construction.

5.11. *Ministry of Co-operatives and Social Services.*—The water development schemes of this Ministry are part of the activities of its Community Development Department. The Department assists and promotes self-help water projects. Details of such projects completed in 1971 are set out in Table 5.5.

VALUE OF COMMUNITY SELF-HELP WATER SUPPLY AND IMPROVEMENT SCHEMES 1968-71

Table 5.5

	Unit	1968	1969	1970	1971*
Value of Water Supply Schemes Completed	K£'000	124	130	135	142
Value of Contribution of Beneficiaries:—					
Labour	K£'000	22	18	21	21
Materials	K£'000	46	30	13	13
Cash	K£'000	39	40	83	82
Total value of Beneficiaries' Contribution	K£'000	107	88	117	116
Percentage of Total Cost	*V*	86.0	67.6	86.7	81.7

* Provisional.

5.12. *Local Authorities.*—Nairobi City Council accounts for the major part of the expenditures by local authorities and, after several years of relatively low levels of expenditure, its outlays on water development rose sharply in 1971. This was the main factor in the four-fold growth in expenditure on water supply undertakings by municipalities. Nairobi City Council is now involved in the Chania Water Supply Scheme, its biggest water supply undertaking. The first stage of the scheme is now under construction and is expected to be completed by the middle of 1974; it will eventually provide 54 million litres of water per day for the city. Capital expenditure on water supply undertakings by local authorities is shown in Table 5.6.

CAPITAL EXPENDITURE ON WATER SUPPLY UNDERTAKINGS BY LOCAL AUTHORITIES, 1967-1972

Table 5.6 K£'000

	1967	1968	1969	1970	1971	1972*
Municipalities	874		165	380	1,615	2,158
County Councils	39	23	27	15	23	32
TOTAL	913	610	192	395	1,638	2,190

*Provisional.

5.13. *Groundwater.*—The scarcity of permanent rivers and streams makes groundwater an important resource in Kenya. Exploitation of these supplies for agricultural, livestock and domestic purposes is encouraged by a borehole subsidy scheme. To date, about 4,000 boreholes have been drilled in the country, a large proportion of those sunk during the last three years being in North-Eastern Province. The number of boreholes drilled and other related data are shown in Table 5.7.

BOREHOLES DRILLED AND SUBSIDY PAID, 1966/67-1970/71

Table 5.7

	Unit	1966/67	1967/68	1968/69	1969/70	1970/71
Boreholes Drilled	No.	48	54	81	98	83
Successful Boreholes	No.	42	48	44	67	64
Percentage Successful		87.5	88.9	54.3	68.4	77.1
Subsidy Paid	K£	3,470	2,793	4,049	3,875	1,588

Fisheries

5.14. Provisional figures for 1971 indicate that primary fish production fell by 16 per cent to 28,200 metric tons, from 33,700 metric tons in 1970. The catch in 1971 was therefore just slightly more than half the 55,000 metric tons target set for 1974 in the current Development Plan. The decline in production has been evident to varying extents in all the important fisheries. Details of the catch by area are illustrated in Table 5.8.

5.15. The marine catch fell from an estimated 7,900 metric tons in 1970 to 7,035 in 1971. However, the value of the catch rose by over 18 per cent to K£590,000 indicating that fishermen got better average prices for their catches. Deep sea fishing should receive a major impetus following the completion of a large cold store in Mombasa.

5.16. Output from Lake Victoria showed a particularly sharp decline, from 16,400 metric tons in 1970 to 14,918 metric tons in 1971. It is possible that a part of this decline was "statistical" but, nevertheless, there is a distinct drop in catch per fishing unit. This drop occurred largely because inshore operations increased while very few motorized boats, which can reach distant waters where fish are plentiful, were added to the fishing fleet. The contrast between the size of catch near shore and further away is evident from the fact that the average catch at Homa Bay was 12 kilos per craft day, compared with 37 kilos for Marenga.

5.17. Fishing in Lake Naivasha has been affected by the falling water level. The catch in 1971 was only 284 metric tons, compared with 1,150 metric tons in 1970. The average weight of fish caught has declined, probably due to increased competition for food. However, fishermen obtained better prices.

QUANTITY AND VALUE OF FISH LANDED, 1969-71

Table 5.8

	1969		1970		1971*	
	Quantity	Value to Fishermen	Quantity	Value to Fishermen	Quantity	Value to Fishermen
	M. Tons	K£'000	*M. Tons*	K£'000	*M. Tons*	*K£*'000
FRESHWATER FISH—						
Lake Victoria	17,442	802	16,400	744	14,918	767
Lake Rudolf	3,753	29	4,854	51	3,612	51
Lake Baringo	503	9	646	12	293	9
Lake Naivasha commercial	809	34	1,150	48	284	29
Lake Naivasha sport	120	8	120	8	—	—
Other lakes	1,000	40	985	36	200	8
Rivers	1,524	84	1,524	84	1,622	80
Fish ponds	121	14	121	14	—	—
TOTAL	25,272	1,021	25,800	1,027	21,129	944
MARINE FISH—						
Lamu	1,270	41	744	33	1,236	110
Malindi ..	1,200	67	442	26	928	71
Kilifi	117	8	109	7	310	23
Mtwapa	121	9	117	9	—	—
Mombasa	446	55	798	78	1,847	614
Shimoni	211	20	322	24	335	25
Vanga	202	10	237	13	435	22
Other S. Coast Villages	1,008	62	955	61	1,369	89
Sport fishing	125	10	82	6	102	8
All other areas	1,630	65	3,803	203	—	—
TOTAL	6,396	346	7,609	460	6,562	512
CRUSTACEANS—						
Lamu	61	10	67	14	68	18
Malindi	15	3	7	2	6	3
Kilifi	8	2	13	3	14	4
Mtwapa	1	—	2	—	—	—
Mombasa	39	9	12	2	119	35
Shimoni	12	3	12	3	5	2
Vanga	4	—	10	1	15	2
Other S. Coast Villages	27	4	40	7	47	8
TOTAL	167	32	163	33	274	71
OTHER MARINE PRODUCTS—						
Lamu	5	—	2	—	24	1
Malindi	15	2	—	1	2	1
Kilifi	—	—	—	—	—	—
Mtwapa	—	—	—	—	—	—
Mombasa	165	8	126	4	173	4
Shimoni	—	—	—	—		—
Vanga	—	—	—	—		—
Other S. Coast Villages	—	—	—	—		—
All other areas	—	—	—	—		
TOTAL	185	10	128	5	199	7
All Fisheries	32,020	1,409	33,700	1,525	28,164	1,533
Estimated retail value K£'000 . .		3,510	—	3,659	3,873	

* Provisional

5.18. The catch from Lake Rudolf also declined, although, in the case of this fishery, the decline was not related to conditions in the lake itself. The catch was 3,612 metric tons compared with 4,854 in the previous year. However, as at the other fisheries, fishermen received higher prices. The potential of Lake Rudolf as a major fishery is very large and development

to exploit this resource is proceeding gradually. In 1971, twenty new fishing vessels were put on the lake. An important step in the promotion of research and survey work in the fishery was the introduction of a 75.ton research vessel.

5.19. Commercial catches in other lakes had, at 200 metric tons, declined to about a fifth of the level in 1970. However, catches in rivers showed a small growth and exceeded 1,600 tons. This growth in river production has been due partly to the completion of a processing installation on the Tana River. Fishing is also now carried out at the Kindaruma Dam and river production is likely to show further growth in future.

5.20. Sport fishing continues to grow in popularity and there are now about six hundred boats in use, almost equally distributed between Lake Naivasha and the Coast. Lake Rudolf is also becoming a popular fishing resort.

Forestry

5.21. As shown in Table 5.9, progress continued to be made in the afforestation programme with 4,600 hectares of new forest being planted. This was 300 hectares more than plantings in 1970; 1,200 hectares of the new plantings were in the Turbo Afforestation Scheme. This is intended to supply the paper mill being built at Broderick Falls, and now covers 4,903 hectares, which is about 20 per cent of the total planned area.

FOREST PLANTATION AREA, 1965-1971

Table 5.9 '000 *Hectares*

	1965	1966	1967	1968	1969	1970	1971*
Indigenous softwoods	4.6	4.6	4.6	4.6	4.0	4.6	4.6
Indigenous hardwoods	3.7	3.8	3.9	4.1	4.0	4.3	4.5
Exotic Softwoods—							
Cypress	33.1	35.1	37.3	40.0	43.0	43.8	47.0
Pines	38.2	30.6	42.5	46.6	49.0	51.1	52.2
Exotic hardwoods—							
Timber	2.8	2.8	2.3	2.5	4.0	2.3	2.3
Fuel	6.7	6.5	0.6	7.0	7.0	9.8	9.3
TOTAL AFFORESTATION	89.1	92.4	97.7	104.8	111.0	115.3	119.9

* Provisional.

5.22. In last year's *Survey* mention was made of the proposed rural afforestation scheme. During 1971, concrete steps to promote this scheme were undertaken. Trials with different tree species were started at the Galole Irrigation Scheme and in the marginal areas of the Coast, Nyanza and Eastern

provinces in order to determine the most suitable species for these regions. Nurseries are being established to supply seedlings at subsidized rates and additional staff have been dispatched to the areas mentioned above.

5.23. Fire continues to constitute a hazard to the forest estate; 14,500 hectares of natural and planted forest were destroyed by fire in 1971. It is estimated that the value of the timber lost was K£438,000.

5.24. Sales of forest products continued to increase, as shown in Table 5.10. Exports of sawn timber grew particularly rapidly, rising from 29,542 cubic metres in 1970 to 42,060 cubic metres last year. Eighty per cent of these exports went to Uganda and Tanzania.

SALES OF FOREST PRODUCTS, 1965-1971

Table 5.10

	1965	1966	1967	1968	1969	1970	1971*
Timber ('000 true cu. metres)—							
Softwood	196	156	206	191	257	260	275
Hardwood	17	14	15	17	24	24	37
TOTAL	213	170	221	208	281	284	312
Fuel ('000 stacked cu. metres)—							
Fuelwood	117	107	91	82	89	65	63
Charcoal	73	147	64	106	107	133	142
Power and Telegraph Poles (numbers)	10,871	7,000	252	8,342	10,747	14,409	15,284

* Provisional.

5.25. Exports of charcoal continued to rise, growing from 35,800 tons in 1970 to 54,900 tons in 1971, an increase of 53 per cent. The value of charcoal exports has grown even more rapidly, to nearly K£800,000. The increase in the price obtained for exports has made charcoal production even more profitable than before, and gives cause for concern since production of such charcoal is largely a result of indiscriminate fellings of forest and woodland. The continued growth of production suggests that measures taken to limit this have not been very effective.

5.26. Output in industries based on forestry continues to rise. Production of plywood in 1971 was 928,198 square metres compared with 743,317 square metres in 1970. Arrangements are being made to expand the capacity of the two existing plywood factories to 2.5 million square metres per annum, and a third plywood mill is under construction at Eldoret. When completed it will have a capacity of 1.5 million square metres. There are also plans to establish a fibreboard factory at Nakuru or Elburgon.

5.27. Work on the construction of the K£13 million pulp and paper factory at Broderick Falls continues. This is one of the largest industrial enterprises to be built in the country.

Wildlife

5.28. Although the value of wildlife as an economic resource is apparent, there is a need to study its various aspects more fully. A major five-year project to examine ways of maximizing economic returns was started at the beginning of this year. The questions to be studied by the Wildlife Management Project will include all aspects of wildlife utilization, including game viewing and photography, sport hunting, game cropping for meat and other products and trapping for export. Particular attention will be paid to assessing the available resources, the effects and the practical problems of utilization, and the economic benefits at the local and national level. Initially, the project will concentrate on the newly-registered ranches in the Kajiado District of Masailand but it is hoped eventually to draw up a wildlife plan for the whole country.

5.29. The number of visitors to national parks is shown in Table 7.13. Development work in all the national parks, particularly road-building, continued during 1971. Funds are now available for the proposed Kitengela extension to Nairobi National Park, but the problem of finding alternative land for the Masai settled in this area has not yet been solved. Several other schemes to develop new parks are under discussion. In addition to the national parks there are also three important game reserves run by county councils with the assistance of the Game Department.

5.30. The proportion of visitors who come to Kenya on hunting safaris is very small but since they stay longer and spend much more per day than average tourists, they account for a disproportionately large share of total tourist expenditure. Various fees have to be paid to the Game Department for hunting and a part of the receipts is remitted to the local authorities in whose areas the hunting blocks are situated. There was a general increase in the level of hunting fees in 1971 and the receipts of the Game Department from this and other sources are shown in Table 5.11. The item "trophy sales and permits" consists largely of the proceeds of sales of ivory and skins obtained through game control and anti-poaching work.

GAME DEPARTMENT REVENUE, 1970 AND 1971

Table 5.11 K£'000

	1970	1971
Hunting Fees	172	262
Trophy Sales/Permits	114	176
Capture Fees	5	10
TOTAL	291	457

5.31. Research in Kenya and elsewhere in Africa has demonstrated that substantial returns can be obtained by game cropping of certain species of antelope. Following the recent lifting of the ban on sales of game meat—a long standing obstacle to commercial development—a pilot scheme for cropping impala and Thomson's gazelle has been initiated on ranchland in the Rift Valley. Of course, a great deal of research and development work will be essential before game cropping can be carried out on a large scale.

5.32. An increasing amount of education work is being carried out in Kenya, aimed at spreading public awareness of the value of wildlife and other natural resources. Most activity centres on schools; each year increasing numbers of children visit the National Museum and the National Parks Conservation Education Centre, and many lectures and film shows are organized. A much smaller number of students are also able to go on trips to wildlife areas. The Wildlife Clubs of Kenya are the largest society involved, and receive help from many local and overseas bodies. The donation of funds for a new headquarters and mobile film and library units should enable their activities to be expanded substantially in 1972. There are at present over 6,000 members in more than 130 clubs in secondary schools and teacher training colleges, forming a pool of young people interested in wildlife from which the staff of wildlife organizations may be drawn in the future.

Mining and Quarrying

5.33. The quantity and value of minerals produced in 1971 are shown in Tables 5.12 and 5.13. Minerals used in the manufacture of cement are excluded from these tables but are shown separately in Table 5.14.

THE QUANTITY OF MINERAL OUTPUT, 1967-1971

Table 5.12

	Unit	1967	1968	1969	1970	1971
Aquamarine	gm.	—	13,000	1,766	11,340	
Barytes	Ton	212	356	435	447	743
Beryl		17	11	3	4	
Carbon Dioxide		819	819	762	763	1,051
Copper		11	38	77	79	73
Corundum		25	43	119	60	
Corundum (Ruby)	gm.	—	9,090	2,391	2,477	3,340
Diatomite	Ton.	1,886	2,055	2,303	1,601	1,400
Felspar		402	535	1,560	895	2,650
Fluorite	*ft*	—	192	1,861	3,904	6,561
Gavlussite		—	—	15	204	—
Gold	Troy oz.	33,366	31,989	17,903	—	—
Guano	Ton.	346	41	360	638	350
Gypsum		246	501	480	1,057	
Kaolin		1,456	1,332	1,472	1,770	
Limestone Products		19,041	18,567	24,091	24,149	28,127
Magnesite		422	68	503	4	221
Salt		27,339	28,790	42,287	39,271	43,406
Sapphire	gm.	1,652	5,611	2,839	903	
Silver	Troy oz.	3,038	2,771	1,668	—	—
Soda Ash	Ton.	104,754	117,230	105,913	167,477	161,260
Soda Crushed Raw		3,224	2,283	2,568	2,879	1,923
Vermiculite		251	279	776	1,668	1,359
Wollastonite		12	1,381	691	100	

The Value of Mineral Output, 1967-1971

Table 5.13

K£

	1967	1968	1969	1970	1971
Aquamarine		5,188	2,000	3,190	
Barytes	2,550	9,086	11,408	8,760	10,563
Beryl	2,163	2,360	430	480	
Carbon Dioxide	70,115	76,204	71,635	69,802	97,045
Copper	5,500	14,654	40,444	37,685	26,663
Corundum	960	447	4,608	1,170	
Diatomite	27,840	30,345	32,241	30,298	28,000
Felspar	1,940	8,350	24,938	13,200	26,005
Fluorite		2,977	23,837	38,577	38,225
Gaylussite		50	9,333	70*	
Gold	420,118	448,009	273,821		
Guano	6,138	400	6,342	11,400	5,899
Gypsum	1,022	1,742	2,006	3,661	
Kaolin	22,512	24,114	36,225	43,375	
Limestone Products	128,420	125,561	180,672	171,835	232,486
Magnesite	3,690	603	4,622	40	1,768
Salt	241,048	281,558	398,034	384,597	424,785
Sapphire	2,706	1,659	5,286	4,310	
Silver	1,821	2,146	1,070		
Soda Ash	1,093,521	1,203,552	1,118,046	1,846,890	1,889,226
Soda Crushed Raw	28,715	21,834	24,953	24,358	17,614
Vermiculite	741	820	2,702	7,931	11,620
Wollastonite	36	21,567	6,000	1,700	
All other Minerals	308	1,207	3,152	26,527	29,543
Total	2,063,535	2.284.433	2,283,805	2,729,856	2,838,422

*Sales only—most of the 1970 gaylussite output was used for processing tests.

Quantity and Value of Minerals Produced for Cement Manufacture, 1970 and 1971

Table 5.14

	1970		1971	
	Quantity Metric Tons	Value K£	Quantity Metric Tons	Value K£
Gypsum	59,020	119,540	91,872	213,840
Kunkur	57,118	28,768	51,499	28,324
Limestone	1,048,321	437,868	1,014,696	433,289
Shale	144,000	72,000	187,050	93,500
Volcanic Ash	863	1,536	1,866	1,866
Total	1,309,322	659,712	1,346,983	770,819

The most important aspect of the mineral industry last year was the commencement of commercial activity for exploitation of two major deposits which, when fully developed, will lead to major growth in the output of mining in Kenya and make a significant contribution to foreign exchange earnings from mineral exports.

5.34. One of these deposits is at Kinangoni, north of Mombasa. Exploration has so far revealed a vein containing at least two million tons of lead and silver ore. There arc indications that the size of the deposit might

well be much larger. Mining operations are being carried out by the Industrial and Commercial Development Corporation (I.C.D.C.) and a Rumanian organization. It is expected that the mine will cost about K£2.5 million to develop. A pilot dressing plant is being installed and initial production is to commence this year.

5.35. The second important mining development is the exploitation of a fluorspar ore deposit in the Kerio Valley. It is expected that by the end of this year production will reach 100,000 tons of ore. The high grades of this ore are utilized in aluminium and chemical industries and the lower grades in steel making. The I.C.D.C. has a majority share-holding in the enterprise. The installation of a concentrating and cleaning plant was completed in 1971 at a cost of K£0.5 million. Associated infrastructure development, especially for transport, is likely to cost another K£0.5 million. Bulk handling facilities are being developed at Mombasa to facilitate exports.

5.36. More licences have been granted or are being considered for a fluorspar ore deposit in the Kerio Valley. It is expected that by the end of Valley. Deposits of zinc are also believed to exist at the Coast. To the north of Mombasa there is a deposit of glass sand from which supplies are drawn for the local glass industry but which also offers prospects for exports. In last year's *Survey* mention was made of the development of europium and niobium at Mrima Hill, also in Coast Province. However, exploitation has been delayed due to unforseen difficulties associated with concentrating these rare earths, and efforts are being made to resolve these technical problems. A plant to process gaylussite near Amboseli is nearing completion. Mining of vermiculite is expected to receive new impetus following the formation, with Japanese participation, of a new company to exploit this mineral.

5.37. One of the less encouraging aspects of mining is the lack of success in petroleum exploration, which has been going on for several years. In fact, the firm which has undertaken the bulk of this has drastically reduced its operations. However, interest is still being shown in certain parts of the country, mainly in the North-Eastem Province but also along the Coast, within the off-shore limits.

5.38. The most important mineral in value terms is still soda ash, production of which during the last few years was as follows:

	Metric tons
1967	104,800
1968	117,400
1969	102,700
1970	160,100
1971	161,260

The quantity and value of exports of soda ash are shown in Table 5.15.

QUANTITY AND VALUE OF SODA ASH EXPORTS BY DESTINATION, 1968-1971

Table 5.15

1968		1969		1970		1971	
Quantity *metric tons*	Value K£	Quantity *metric tons*	Value K£	Quantity *metric tons*	Value K£	Quantity *metric tons*	Value K£
54,599	356,484	26,393	207,255	35,980	275,867	20,800	138,952
12,285	145,702	15,777	185,825	20,525	193,233	24,434	239,397
11,581	130,121	3,473	40,604	8,112	95,389	4,046	51,422
4,198	51,489	6,149	75,815	12,800	152,295	10,311	99,869
4,198	51,489	6,149	75,815	12,800	152,295	10,025	127,759
		182	2,183	11,208	137,947	16,460	237,138
700	8,921	800	10,195	8,885	110,873	8,905	109,589
27,983	316,787	24,325	275,863	16,119	157,224	54,925	856,295
112,495	1,132,238	85.942	903,513	124,197	1,243,865	149,906	1,860,421

Natural Resources and the Human Environment

5.39. The foregoing sections have largely concentrated on economic aspects of the development of Kenya's major natural resources. However, there is a danger that the piecemeal exploitation of resources as economic development proceeds can have unintended and sometimes disastrous effects on the environment. There are already clear indications that this is happening to some extent in Kenya as a result, for instance, of the destruction of indigenous forest and the overstocking of rangeland. This is a situation whose implications the Government is anxious to study. The Working Committee on the Human Environment in Kenya was established in April, 1971, and subsequently prepared a National Report. This report, which surveys three major aspects of the human environment in Kenya—human settlements, rational management of natural resources and pollution—forms part of the basic documentation prepared for the 1972 United Nations Conference on the Human Environment in Stockholm, in which Kenya participated. It reviews the country's current and potential environmental problems, existing and proposed measures for their alleviation and indicates areas for future international co-operation. It is expected that a permanent secretariat will shortly be established in the Ministry of Natural Resources to co-ordinate action in this important field.

CHAPTER 6—MANUFACTURING, ELECTRICITY, BUILDING AND CONSTRUCTION

Manufacturing

Industrial production in real terms rose by 13.2 per cent in 1971, a rate of growth well ahead of both the 8.1 per cent achieved in 1970 and the growth target for the sector in the current Development Plan (8.4 per cent in output). In fact, the growth achieved in 1971 was the highest for many years. This is apparent from Table 6.1 which shows a quantity index of production of the various components of the manufacturing sector. However, achieved growth is to some extent understated since the base weights used in the index refer to 1969 and therefore do not fully reflect the output of major plant opened subsequently, such as the tyre factory which began operations in 1971.

6.2. Nearly all the major groups mentioned in Table 6.1 showed a significant increase in output. Of course, there were variations in their performance with the slowest growing sub-sectors being food industries, clothing and wearing apparel, non-metallic minerals and non-electrical machinery. In the food group, the major growth shown by the coffee milling industry is somewhat different from that mentioned in Chapter 4, because the data in Table 6.1 show only the actual throughput in the coffee mills and this may or may not be the same as farm production over a calendar year, to which figures in Chapter 4 refer. The main factors affecting output and new investment for individual industry groups are discussed below.

6.3. *Food Processing.*—Output in this group rose by 4 per cent overall in 1971 though there was a wide variation in production within this total. Coffee milling is mentioned above. Other sub-groups were affected by the drop in agricultural production due to drought *(see* Chapter 4), this being particularly true for dairy products. Meat production was affected by a substantial drop in the number of pigs delivered for slaughter, and a drop in the average weight of cattle slaughtered also had some bearing on meat output. Canning and preserving of fish declined because of a fall in the size of the catch, as mentioned in Chapter 5. Although meat processing did not do so well in 1971 output for the current year is expected to be substantially higher due to enlarged deliveries of cattle for slaughter. The Kenya Meat Commission, which was in financial difficulties a few years ago, has now overcome them entirely and is pursuing plans for major further growth. Although pig production was rather low, a new factory to manufacture sausages was opened last year. In dairy processing, a new plant to prepare long life ultra heat treated milk was opened during the year. The growth in the sales of such milk and good export prospects have encouraged initiation of work on a second plant.

QUANTITY INDEX OF MANUFACTURING PRODUCTION, 1964-1971
(1969=100)

Table 6.1

	1964	1965	1966	1967	1968	1970	1971	Percentage change 1970 to 1971
Coffee Milling	88.1	89.3	101.2	125.0	75.0	107.3	135.8	26.6
Meat Processing	95.9	97.1	99.4	107.5	105.2	104.1	101.1	-2.9
Dairy Products	87.1	89.7	99.6	94.7	100.6	103.7	88.0	15.1
Canning of Fruit and Vegetables	119.8	106.4	98.8	92.7	103.4	130.9	141.9	8.4
Canning and Preserving of Fish	63.4	73.1	87.3	86.2	88.8	110.0	90.0	-18.2
Grain Milling	80.3	78.8	76.8	84.0	83.8	119.2	116.5	-2.3
Bakery Products	64.0	74.2	86.6	91.9	101.1	108.2	148.7	37.4
Sugar	30.7	25.3	31.6	52.5	70.8	108.9	107.7	-1.1
Confectionery	90.6	88.2	104.1	86.5	84.7	97.1	98.2	1.1
Miscellaneous Food	54.1	65.3	62.4	55.3	66.5	102.3	112.5	10.0
TOTAL FOODSTUFFS PROCESSING	75.6	77.4	81.2	86.0	88.4	110.1	114.5	4.0
Beverages	70.8	73.5	75.9	75.5	90.5	120.7	142.3	17.9
Tobacco	119.9	92.4	100.4	98.6	99.7	114.6	123.3	7.6
TOTAL BEVERAGES AND TOBACCO	83.9	78.5	82.5	81.7	93.0	119.1	137.2	15.2
Cotton Ginning	74.6	98.7	100.8	103.0	86.5	119.5	130.3	9.0
Knitting Mills	58.0	55.4	49.0	38.3	72.5	105.1	106.3	1.1
Cordage, Rope and Twin	91.0	93.6	95.5	112.2	113.5	48.4	96.0	98.3
Spinning and Weaving . .	18.8	36.4	67.4	73.0	99 6	119.1	132.4	11.2
TOTAL TEXTILES	58.4	64.9	77.9	84.9	99.8	87.8	113.1	28.8
Footwear	55.0	73.1	87.1	79.3	98.8	103.5	128.6	24.3
Clothing and Wearing Apparel	92.4	95.3	87.3	105.4	99.2	124.4	120.4	-3.2
Canvas Goods	71.8	88.9	87.8	94.7	129.6	133 4	143.6	7.6
TOTAL FOOTWEAR AND CLOTHING	79.7	88.5	87.3	97.0	102.4	121.3	127.4	5.0
Wood Products	51.3	76.5	61.0	79.4	74.7	102.5	112.6	9.9
Furniture and Fixtures	70.8	66.7	54.2	66.7	66.7	112.5	158.4	40.8
Paper	44.5	70.4	78.9	88.5	73.5	112.0	136.4	21.8
Printing	61.5	69.4	81.2	87.0	101.3	111.6	142.4	27.6
TOTAL PAPER AND PRINTING	57.5	69 6	80.6	86.5	94.7	111.7	141.0	26.2
Leather and Leather Products	46.5	41.5	48.3	64.6	83.9	71 .5	89.6	25.3
Rubber and Rubber Products	46.4	49.0	66.9	69.3	91.0	116.4	135.0	16.0
Chemical	56.5	60.0	65.0	71.6	92.5	100.0	110.1	10.1
Petroleum Products	71.2	84.4	84.9	91.4	89.8	99.9	118.2	18.3
Non-Metalic Minerals	67.5	74.2	75.4	79.9	89.1	122.6	124.8	1.8
Metal Products	74.5	77.4	77.8	80.7	92.6	109.9	122.1	11.1
Non-Electrical Machinery	58.4	60.9	87.3	94.9	107.6	117.4	119.4	1.7
Electrical Machinery	60.5	63.8	71.7	74.1	92.6	109.7	118.1	7.7
Transport Equipment	78.3	80.5	82.1	89.5	92.2	102.4	117.4	14.6
Miscellaneous Manufacturing	55.8	57.0	66.4	86.5	91.9	126.4	173.4	37.2
ALL MANUFACTURING	70.3	74.6	78.5	84.2	91.7	108.0	122.3	13.2

*Provisional

6.4. The growth in the fruit and vegetable canning industry last year was quite modest compared with the sharp rise of 1970. Production and canning of pineapples particularly has not grown as rapidly as had been

expected, but expansion is continuing. At Thika, a new passion fruit processing factory has been built and another canning plant near Nakuru is doubling its capacity for producing tomato paste.

6.5. Output of grain mill products fell by 5.9 per cent, largely the result of a decline in wheat flour production, as shown in the following series: —

Year	*'000 metric tons*
1967	73.5
1968	75.0
1969	89.2
1970	127.5
1971	120.4

However, domestic consumption of flour continued to rise and this growth in consumption was met by running down stocks and a reduction in the level of exports. Rising consumption of flour gave a boost to production in the bakery industry. Virtually all establishments engaged in baking are working at full capacity and a new bakery was opened in Nakuru. Domestic production of rusks, hitherto not made in Kenya, is to start shortly.

6.6. Sugar production fell for the first time for several years, as shown below: —

Year	*'000 metric tons*
1967	60.4
1968	81.4
1969	115.1
1970	125.3
1971	124.1

However, consumption continued to rise and exceeded 185,000 metric tons during the year, so that imports to meet the shortfall reached a record level. Consumption now exceeds the industry's processing capacity. Work was initiated last year on a new K£3.4 million sugar factory at Mumias, with a planned capacity of 50,000 metric tons per annum. However, demand is rising so fast that even this additional factory is unlikely to be sufficient to meet requirements and so expansion of capacity in existing mills is being pushed forward.

6.7. In several food processing industries there appears to be spare capacity, the main constraint on its use being a lack of raw material supplies—demand for many of the products, both domestically and outside Kenya, is such as to support higher levels of production.

6.8. *Beverages and Tobacco.*—This group continued to grow rapidly in 1971. The actual quantities produced of the various items included in it are set out in Table 6.2. The output of beer rose nearly 18 per cent and

that of mineral waters by over 19 per cent, though it is likely that the growth of beer production was held back due to lack of available plant capacity. A programme of brewery expansion, including makings, at a cost of K£11 million, is being implemented over the next few years. Part of this programme is a plant to manufacture barley syrup, from barley purchased by the brewery industry. Both makings and barley syrup have good export potential. The main producer of cigarettes is continuing to modernize equipment and might move to two-shift working by the end of the current year if the trend of rising demand persists. A new warehouse for the storage of leaf tobacco is being built at a cost of K£166,000. Production of soft drinks will receive substantial new capacity when a K£1.5 million factory now being built to process cocoa beans and manufacture soft drinks is completed.

PRODUCTION OF BEVERAGES AND TOBACCO, 1965-1971

Table 6.2

	Spirits *litres*	Beer '000 *litres*	Mineral waters '000 *litres*	Cigarettes and cigars *Metric tons*
1965	115,745	49,460	17,302	1,670
1966	139,120	50,088	19,602	1,816
1967	137,997	48,839	21,075	1,788
1968	164,760	60,001	22,748	1,764
1969	169,965	64,757	27,876	1,814
1970	180,441	79,533	31,429	2,081
1971	200,114	93,537	37,444	2,242

6.9. *Textiles.*—In contrast to the fall of 12 per cent in textile production in 1970, output in 1971 rose by nearly 29 per cent. However, the bulk of this growth was accounted for by the change in the fortunes of the cordage, rope and twine sector, where production doubled. The depressed state of the cordage industry and the consequential laying-off of labour were noted in last year's *Survey,* but with the recovery of production in 1971, employment rose. Expansion of a rope and twine factory will double available capacity for these products by the end of the current year.

6.10. Spinning and weaving activity showed an encouraging growth and major expansion in the activities of a firm handling synthetic fibre took place. There was a rise of 13 per cent in the production of fabrics, as shown below: —

Year	*'000 sq. metres*
1967	6,277
1968	17,685
1969	19,853
1970	22,238
1971	25,184

Plans to manufacture new textile products include development of a K£1.1 million factory to make sewing thread for domestic use and for export. However, further growth is being held back by restrictions on the development of new capacity arising from delays in licensing by the East African Industrial Licensing Council (which is responsible for authorising additional plant in the textile industry in East Africa).

6.11. *Footwear, Clothing and Made-up Textiles.*—Although output in this group as a whole increased only modestly, there was a major rise of over 24 per cent in the production of footwear. However, production of clothing and wearing apparel declined slightly. Canvas goods manufacture maintained a steady growth. In addition to supplying domestic needs, this industry is also exporting its products. Plans already in hand for expansion in this group include a K£100,000 factory to manufacture high quality shirts. Expansion is also contemplated in blanket and woollen garments manufacture.

6.12. *Wool Products and Furniture.*—Plywood, one of the major products of this group, has already been mentioned in Chapter 5, which gave details of the expansion taking place in its production. Output of furniture and fixtures continued to grow because of a high level of building activity and because certain types of office furniture which used to be imported are now manufactured domestically.

6.13. *Paper and Printing.*—This industry recorded a rise in production of nearly 22 per cent. A firm which converts waste into paper products is undertaking an expansion programme, and growth on an even larger scale is taking place in packaging. Book production activity continued to rise as the number of new titles published rose. As indicated in Chapter 5, construction of the large paper mill at Broderick Falls is proceeding.

6.14. *Leather and Leather Products.*—Following a drop in production in 1970, some recovery took place last year, although output is still below the level of 1969. The decline in production appears to be linked to the fall in the output of sole leather because of increased use of rubber for shoe soles.

6.15. *Rubber and Rubber Products.*—As indicated in paragraph 6.1 the rise of 16 per cent between 1970 and 1971 shown in the index for this group under-estimates actual growth. The size and nature of this industry has been transformed by the opening of a tyre factory completed at a cost of nearly K£6 million. Production of other rubber products has also been rising. These include retreading as well as the manufacture of bicycle tyres.

6.16. *Chemicals.*—Production of chemicals rose by 10 per cent in 1971. The chemical industry is composed of several activities covering a wide range of manufacturing products.

6.17. Paint manufacturers have added to the range of their products by initiating manufacture of goods such as marine paints, preservatives, and electrical insulating and impregnating varnishes. Production of paints and distempers is shown in Table 6.3.

PRODUCTION OF PAINTS AND DISTEMPERS, 1967-1971

Table 6.3

	Paints '000 *litres*	Distempers '000 *litres*
1967	1,349	344
1968	2,416	722
1969	2,976	654
1970	3,198	529
1971	4,060	635

6.18. There are two extraction industries in the group—wattle and pyrethrum; production of the former was unchanged but that of the latter rose following an increase in the delivery of flowers. Other chemical products contributed to the growth of production. Output of basic industrial chemicals rose by 19 per cent. A nitrous oxide plant, opened last year, can meet all East African requirements for this product. The quantity and range of pharmaceuticals manufactured in the country is rising. Production of other chemical products such as matches and printing inks also grew.

6.19. *Petroleum.*—Throughput of crude oil in the refinery at Mombasa increased by 18.3 per cent, as indicated in the following series: —

	Million litres
1968	2,255
1969	2,510
1970	2,508
1971	2,966

The value of exports of petroleum products is shown in Table 6.4. These products are now one of the largest items of exports from Kenya and their value exceeds K£15 million.

EXPORTS OF PETROLEUM PRODUCTS, 1966-1971

Table 6.4 K£'000

	1966	1967	1968	1969	1970	1971*
To Tanzania	2,062	1,517	1,411	1,398	1,260	1,358
To Uganda	2,369	2,553	12,999	3,492	4,340	4,695
To Other Countries	5,678	7,170	6,111	7,623	8,176	9,178
TOTAL EXPORTS	10,109	11,240	110,521	12,513	113,776	15,232

*Provisional

6.20. Plans for a major expansion at the refinery at a cost of K£12.5 million are now under way. This expansion has been made necessary by rapid growth in demand which has led to importation of some petroleum products. Completion is expected in 1974 and capacity will be augmented by 60 per cent by that date.

6.21. ***Non-metallic Minerals.***—This group is composed of clay, glass and cement industries, by far the most important being cement. The output of this item, shown in Table 6.5, increased only slightly in 1971. This was partly because a major addition to capacity was completed in 1970 when output increased by 150,000 metric tons. A large part of the output of cement continues to be exported and bulk storage and handling facilities at the port of Mombasa have been completed to facilitate this.

CEMENT PRODUCTION AND UTILIZATION, 1965-1971

Table 6.5 '000 *metric tons*

	Production	Consumption	Exports to to Uganda and Tanzania	Overseas Exports
1965	483	98.2	186.2	199.4
1966	470	140.2	154.9	169.6
1967	493	195.3	87.3	221.2
1968	543	234.7	123.8	239.0
1969	642	269.7	110.8	309.0
1970	792	287.9	170.2	343.1
1971	804*	376.2	155.9	261.6

*Provisional.

6.22. *Metal Products.*—The rise of 11 per cent in the output of this group reflects to a large extent the opening of a steel mill late in 1970. Towards the end of 1971 another plant, a combined rolling mill and foundry, started production. However, although these plants now manufacture a wide range of steel products, they are not yet able to utilize all existing capacity. Other developments in this group in 1971 included a small factory to make forestry saws as well as plans for a major expansion of an existing enterprise which manufactures stainless steel equipment.

6.23. *Electrical Equipment.*—In the past, this industry has concentrated mainly on products such as batteries. However, production of more complex items has started during the last year or two. A factory to produce radios has been built and there are plans for expansion into the household electrical equipment field. A factory to manufacture and assemble electrical switch. gear has been opened. An assembly line for telephones has been installed and it is hoped this will gradually lead to actual manufacture.

6.24. *Miscellaneous Manufacturing.*—The most important item in miscellaneous manufacturing is plastics. Demand to meet household and packing needs continues to rise and output in the industry has grown rapidly. Wider usage of plastic materials such as piping is also contributing to growth. Other manufacturing activities in the miscellaneous group are also expanding. A K£150,000 factory to manufacture pre-fabricated panels for the building industry is expected to start operations in the current year. Another operation to manufacture building material from wheat straw has been inaugurated.

Electricity

6.25. Total sales of electricity by type of consumer are detailed in Table 6.6. Consumption has been increasing at an average rate of 10 per cent per year over the last 4 years. Between 1970 and 1971 sales went up by 10.8 per cent. The most significant increases in sales of electricity, analysed by type of use, have been taking place in industrial consumption. Total consumption of electricity by industry has been increasing on the average by 21 per cent per year between 1967 and 1971. The increase in 1971, however, was even larger than the average and amounted to 28.9 per cent. This reflects the demand for increased supply of electricity from industrial areas, particularly in Nairobi, Mombasa and Nakuru. The next important category of users to record a significant increase in consumption is that of household consumers. Their consumption of electricity went up by 11.7 per cent during 1971.

6.26. The number of new consumer connections rose by 6,849 between 1970 and 1971. Lower cost housing units built by Nairobi City Council and new blocks of flats in the city accounted for a significant proportion of this increase.

SALES OF ELECTRICITY BY TYPE OF USER, 1967-1971

Table 6.6 *'000 kWh*

	1967	1968	1969	1970	1971*
Domestic and staff quarters	97,689	101,247	101,718	107,345	114,405
Off peak water heating and pumping	77,965	82,235	87,126	96,237	105,497
Industrial	103,148	129,550	145,956	173,331	223,507
Commercial	100,586	118,907	151,094	170,753	186,158
Lighting and power (small consumers)	6,206	6,800	7,666	8,516	9,516
Street Lighting	8,135	8,389	8,586	8,671	9,232
Special Contracts	91,833	82,999	73,714	80,907	66,903
TOTAL SALES	485,562	530,127	575,860	645,759	715,218

*Provisional.

6.27. During 1971 the maximum demand on the distribution system reached 135.51 megawatts. Figures of local generation and imports of electricity are shown in Table 6.7. Supplies of domestically generated electricity have increased by 63.6 per cent between 1967 and 1971, compared with an increase of 21.2 per cent in the supplies of imported electricity. As a result, the share of imported electricity in total supplies had dropped from 41.6 per cent to 34.6 per cent over this period. The growth in domestically generated supply during this period derived from the hydro electric power station at Kindaruma, which became fully operational in 1968, and the commissioning of the extensions to the thermal station at Kipevu at the Coast in 1971. The increase of 8.2 per cent in domestically generated supply between 1970 and 1971 is the result of fuller utilization of the generating capacity at Kipevu made possible by the linking up of the Coast to the main grid system covering the rest of the country.

GENERATION, IMPORTS AND CONSUMPTION OF ELECTRICITY, 1967-1971

Table 6.7 '000 *k Wh**

	1967	1968	1969	1970	1971**
Domestically Generated	339,365	401,710	459,432	512,943	555,245
Imported	241,982	224,248	218,147	247,220	293,356
TOTAL AVAILABLE	581,347	625,958	677,489	760,163	848,601
Internal Usage and Transmission and Distribution losses	95,785	95,831	101,629	114,404	133,383
TOTAL SALES	485,562	530,127	575,860	645,759	715,218

*Kilowatt hours
**Provisional.

6.28. Large annual increases in the supply of electricity are the result of timely implementation of an extensive capital development programme designed to ensure sufficient capacity in the system to meet the envisaged increases in demand. Capital development undertaken over the past few years has been described in the previous issues of the *Survey*. In July, 1971, civil engineering work on the Kamburu hydro-electric development scheme was initiated. It is expected that the first power from this scheme will be brought on the line towards the second half of 1974. Over-head line extensions totalling 260 kilometres were laid during 1971. These include extension of electric supply to Sotik township and the tea estates in the area, as well as extension of the power lines from Embu to Chogoria and from Nyeri to Kiganjo. The extension of bulk supply to Kiganjo is part of the programme to link up Nanyuki to the main supply system—expected to be completed in late 1972. Work is also proceeding on the erection of the power line to Kajiado and installation of a thermal generating station at Garissa in the North. Eastern Province. Both these projects are expected to be finished in 1972.

6.29. These last two developments are classified as "amenity" schemes and are a continuation of the planned development to extend the provision of electric power in rural areas. Rural electrification is to be accelerated even further and the Government is negotiating assistance for this purpose.

6.30. The investigations noted in last year's *Survey* to assess the potential of geo-thermal resources in the Rift Valley have yielded promising results. In 1971, for the first time, a geo-thermal well at Olkaria was "flashed" and subsequently brought into full test production. In view of the encouraging results achieved in 1971, it has been decided to continue with the exploration.

Building and Construction

6.31. This section is devoted primarily to the building component of the sector. Road works and the construction activities of the East African Community's transport organizations are discussed in greater detail in Chapter 8; some information on public housing projects is included in Chapter 12. An element of construction is also a part of other activities such as agriculture (particularly irrigation development), and natural resources (particularly water supplies)—developments in these activities are discussed in the appropriate chapters.

6.32. The value of all private building work carried out in the seven main towns of the country, including new buildings under construction and extensions to existing buildings, is set out in Table 6.8. In 1971 this was only slightly higher than in 1970. However, there was a significant growth for Nairobi while completions in most other towns actually declined.

THE VALUE OF ALL PRIVATE BUILDING WORK COMPLETED IN MAIN TOWNS, 1966-1971

Table 6.8 *K£million*

	Nairobi	Mombasa	Nakuru	Kisumu	Kitale	Eldoret	Thika	Total
1966	1.70	0.52	0.02	0.03	0.01		0.02	2.30
1967	3.13	0.59	0.06	0.03	0.03	0.03	0.16	4.02
1968	3.55	1.33	0.02	0.04	—	—	0.03	4.97
1969	5.79	0.97	0.06	0.03	0.03	—		6.87
1970	7.71	1.24	0.15	0.06	0.04	—	0.01	9.21
1971*	8.5	0.83	0.0	0.06		0.04	0.0	9.54

*Provisional.

6.33. The figures shown in Table 6.8 include extensions as well as new buildings. Separate details for new private buildings completed in the main towns are set out in Table 6.9. The value of non-residential buildings completed was unchanged (at current prices), but that of residential buildings rose by over K£0.5 million.

REPORTED COMPLETION OF NEW PRIVATE BUILDINGS IN MAIN TOWNS, 1966-1971

Table 6.9

	NUMBER			ESTIMATED COST *Kf. million*		
	Residential	Non Residential	Total	Residential	Non Residential	Total
1966	121	69	190	0.62	1.15	1.77
1967	245	107	352	1.44	1.61	3.06
1968	305	160	465	1.81	2.63	4.44
1969	313	147	460	2.58	3.55	6.13
1970	463	120	583	3.69	4.62	8.31
1971*	435	102	537	2.10	4.57	8.68

6.34. Private and public building plans approved by Nairobi City Council during 1971 are shown in Table 6.10. Compared with 1970, the value of approvals fell 22 per cent in 1971. Of total approvals in 1971, 86 per cent in value terms were for private buildings. Although approvals for both private and public buildings fell, the latter declined more sharply, being less than 50 per cent of the projects approved in 1970. Residential buildings accounted for 56 per cent of total approvals—almost the same proportion as in 1970.

6.35. A significant feature of the building and construction industry during the last few years has been the rise in construction costs. One indicator of such costs is the prices paid by the Ministry of Works for some major items of building costs. These are shown in Table 6.11. It is interesting to note that the prices of almost all items listed have declined in the current year. Although these figures do give an indication of costs, it should be noted that they refer entirely to Government term contracts and may not relate to prices applicable to the building industry in general. However, it is quite likely that, in relation to demand, capacity in the building and construction industry, on both the building and the materials production sides, is now such as to generate more competition and thus affect prices. While the prices of materials have declined in 1972, the actual cost per square metre probably has not. An indicator of this cost is an index of the cost per square metre of completed residential buildings of between 650 and 1,000 square metres in *the* main towns. This index, shown below, suggests a rise of 3.2 per cent during 1971.

	1964=100
1967	140.1
1968	154.5
1969	152.9
1970	164.8
1971	170.1

However, in 1970 this index had risen nearly 8 per cent. Taken together, the index and Table 6.11 suggest a significant slowing down in the growth of building and construction costs.

PRIVATE AND PUBLIC BUILDING PLANS APPROVED BY THE NAIROBI CITY COUNCIL, 1966-1972

Table 6.10

	NUMBER OF PLANS						ESTIMATED COST (K£1000)						
	PRIVATE			PUBLIC			PRIVATE			PUBLIC			All Buildings
	Residential	Non-Residential	Total	Residential	Non-Residential	Total	Residential	Non-Residential	Total	Residential	Non-Residential	Total	
1966	610	486	1,096	13	32	45	1,714	2,450	4,164	80	1,242	1,322	5,486
1967	774	520	1,294	66	72	138	2,408	6,366	8,774	1,612	505	2,117	10,891
1968	887	590	1,477	11	80	91	4,430	3,551	7,981	985	519	1,504	9,485
1969	985	544	1,529	9	95	104	4,019	6,881	10,900	655	1,943	2,598	13,498
1970	1,178	551	1,729	43	43	86	8,284	6,240	14,523	2,368	1,814	4,183	18,706
1971	1,132	572	1,714	329	33	362	7,045	5,595	12,640	10,94	921	2,015	14,653
1968 –													
1st Qr. ..	204	129	333	4	17	21	838	3,545	4,383	13	823	836	5,219
2nd Qr. ..	224	145	369	2	24	26	733	722	1,455	351	145	496	1,951
3rd Qr. ..	386	124	410	1	34	35	1,140	1,302	2,442	3	370	373	2,815
4th Qr. ..	271	146	417	2	20	22	1,308	1,312	2,620	288	605	893	3,513
1970 –													
1st Qr. ..	303	144	447	4	9	13	1,513	1,791	3,303	565	15	581	3,884
2nd Qr. ..	292	120	412	27	14	41	1,885	886	2,771	87	191	278	3,049
3rd Qr. ..	342	193	535	4	9	13	2,821	3,090	5,911	184	1,582	1,582	7,493
4th Qr. ..	241	94	335	8	11	19	2,065	473	2,538	378	1,424	1,742	4,280
1971													
1st Qr. ..	240	141	391	1	8	1,9	1,345	775	2,120	6	292	298	2,416
2nd Qr. ..	264	118	382	324	8	332	2,042	1,199	3,241	1,011	375	1,386	4,627
3rd Qr. ..	343	179	522	4	13	17	2,101	1,852	3,953	77	246	323	4,276
4th Qr. ..	285	135	419	–	4	4	1,557	1,769	3,326		8	8	3,334
1972													
1st Qr. ..	245	130	375		16	27	1,731	1,468	3,237	46	1,468	1,512	4,751

COST OF BUILDING MATERIALS AND LABOUR,1966, 1969-1972

(1968 = 100)

Table 6.11

	1966	1969	1970	1971	1972*
Ballast	53.6	100.0	94.0	109.5	95.0
Stone (230x230 mm.)	63.0	85.2	74.1	98.9	85.1
Sand	63.9	100.0	111.1	118.1	127.3
Cement	98.8	100.0	100.0	101.6	100.0
Mild Steel Rod (12 mm.)	..	100.0	101.5	103.0	95.3
Timber	74.6	107.1	107.1	125.9	114.1
Skilled labour	69.4	100.0	111.1	127.8	111.2
Semi-skilled labour	93.1	103.4	103.4	119.0	111.3
Unskilled labour	83.0	110.0	110.0	127.0	110.0

*Provisional

6.36. The Government continues to promote programmes for the introduction of more African contractors into the building and construction industry. The agency responsible for the implementation of these efforts is the National Construction Corporation, which promotes its objects through financial assistance, sub-contracting and training. Last year, the corporation issued 135 loans, valued at K£240,000, to African contractors, compared with ninety in 1970, and also signed twenty-two surety bonds. It handled and sub-let to African contractors 122 building projects worth K£1.8 million. In addition to awarding sub-contracts, the Corporation also provides a lot of technical assistance. As far as training is concerned, twenty-two short-term courses were launched during the year, amounting to eighty-five training days. The Corporation is now considering expanding its activities to promote further African participation in the industry through new channels and is examining quarry and plant hire projects for this purpose.

CHAPTER 7—TOURISM

The rapid growth in Kenya's tourist traffic in 1970 continued in 1971, with the number of completed visits during the year rising by 18 per cent. There was a small increase in the average length of visit to 9.3 days, and total days stayed rose by 26 per cent. Expenditure per visitor day averaged Sh. 126 and total earnings from the tourist industry are provisionally estimated to have been K£24.1 million, a 30 per cent increase on the previous year. Hotel bed occupancy rates improved substantially, and approximately 2,000 new hotel beds were installed during the year. Overall progress towards achieving the targets set for tourism in the 1970.74 Development Plan has been satisfactory.

7.2. Hotel construction is proceeding broadly as planned, a total of over 13,000 beds being available in early 1972. Hotel occupancy has grown in line with expectations, but this has occurred only because nights stayed by foreign residents have increased faster than was forecast. These have risen by 26 per cent per annum since 1968 rather than by the expected 21 per cent, thus making up the shortfall caused by the relative stagnation in nights stayed by East African residents. These grew by less than one per cent per annum instead of the anticipated 6 per cent. This faster growth in foreign visitor nights, together with a small rise in expenditure per visitor day, increased foreign exchange earnings by 30 per cent, far exceeding the forecast 15 per cent per annum growth, and compensating for the slow rise of earnings in 1969 and 1970. The 1974 earnings target of K£37 million now requires a continued increase of 15 per cent per annum, and it would appear that this can be achieved if the number of visitors increases as planned. However, it should be emphasised that the 1971 tourist earnings figure is a provisional estimate which may be amended in due course.

BED OCCUPANCY PLANNED AND ACHIEVED, 1969 AND 1971

Table 7.1 '000 *Bed-Nights*

	DEVELOPMENT PLAN PROJECTIONS		ACTUAL BEDS OCCUPIED	
	1969	1971	1969	1971
E.A. Residents	805	905	757	760
Foreign Residents	879	1,287	876	1,432
TOTAL	1,684	2,192	1,633	2,193

7.3. It is already apparent that the development of the tourist industry makes demands on Kenya resources which are no longer marginal—in particular road construction, airport expansion and accommodation development must be undertaken specifically to meet the needs of tourism. In

future, the planning of new tourist circuits and facilities will have to take into account all the direct and indirect costs of development. This will enable comparisons to be made with the expected flow of benefits, both in a narrow commercial sense, and for the whole economy, especially with regard to net foreign exchange earnings, and employment creation. It will be necessary to try to identify which types of tourist bring most net benefits to the economy; to examine and develop the relevant markets; and to provide an appropriate "mix" of facilities and attractions. The development strategy which maximises the benefits from tourism may not be necessarily the one which maximises gross magnitudes such as visits, receipts and investment.

Visits and Visitor Days

7.4. A new system for collecting immigration statistics was introduced in 1971, the main changes being in the definitions used to classify visitors, and in the extension of the coverage of visitors to include Kenya citizens resident outside Kenya. The changes in definitions of purpose of visit, which are now more closely in line with recommended international practice, being based on the traveller's stated purpose of visit rather than the type of pass issued, mean that detailed comparisons with previous years are of doubtful validity. However, it is possible to compare total visit figures. These showed increases of 20 per cent and 18 per cent for arrivals and departures respectively in 1971, while there was a compound annual increase of 16 per cent for the period since comprehensive visit statistics were first collected in 1968. Since the arrival figures include some visitors who eventually stay in Kenya as permanent immigrants, only departure statistics are commented on in the following paragraphs.

RECORDED VISITS BY PURPOSE OF VISIT, 1969-1971

Table 7.2 *Thousands*

Purpose of Visit	Arrivals			Departures		
	1969	1970	1971	1969	1970	1971
Holiday	186.3	231.7	292.9	171.6	227.2	295.5
Business	28.2	268.5	50.2	29.3	29.8	56.3
Transit	72.4	76.3	68.1	63.8	69.5	47.9
Other	6.5	7.0		11.3	12.3	
TOTAL	293.3	343.5	411.2	276.0	338.8	399.7

7.5. The rapid increase in West German visitors to Kenya during 1971 is one of the most striking features of the nationality breakdown given in Table 7.3, and is the result of a large increase in air charter package tour traffic from continental Europe which has also brought faster than average growth in visits by Italian, Swiss and "other European" nationals. Visits

VISITOR DEPARTURES BY COUNTRY OF NATIONALITY AND COUNTRY OF RESIDENCE, 1968-1971

Table **7.3**

Thousands

COUNTRY	ALL VISITORS BY NATIONALITY 1968-1971				BY RESIDENCE AND PURPOSE OF VISIT, 1971			
	1968	1969	1970	1971	Holiday	Transit	Business	Total
United Kingdom	86.6	88.1	100.3	100.3	34.0	5.3	9.4	48.7
West Germany	15.3	16.1	23.1	37.8	30.3	2.5	2.7	35.6
Italy	7.8	8.5	9.6	13.0	8.7	1.1	1.4	11.2
France	5.8	6.8	7.9	9.0	5.5	0.8	1.0	7.2
Switzerland	6.2	7.5	9.4	13.4	11.3	0.7	1.0	13.0
Other European	18.7	20.8	25.6	31.5	17.8	3.0	3.1	23.8
TOTAL EUROPEAN	140.4	147.8	175.9	205.0	107.6	13.4	18.5	139.6
United States	36.1	42.2	51.5	63.5	46.6	4.2	3.9	54.7
Canada	4.1	4.8	5.6	6.9	3.8	0.6	0.5	4.9
TOTAL N. AMERICAN	40.2	47.0	57.2	70.4	50.4	4.8	4.5	59.7
India	13.6	13.2	17.5	17.9	7.2	2.7	1.3	11.2
Japan	1.9	2.7	3.4	3.7	1.6	0.7	1.1	3.3
Other Asian	3.6	3.6	5.5	5.4	4.0	1.3	1.0	6.3
TOTAL ASIAN	19.1	19.5	26.4	27.0	12.8	4.7	3.3	20.9
Kenya*				3.2				
Uganda	9.4	11.3	16.0	18.7	39.4	4.0	8.4	51.8
Tanzania	32.4	35.3	44.4	50.8	59.4	8.2	14.2	81.9
Zambia	1.7	1.3	1.9	1.9	4.6	3.7	1.2	9.5
Other African	8.0	6.9	8.8	11.0	14.2	7.1	4.6	25.9
TOTAL AFRICAN	51.6	54.9	71.1	85.6	117.6	23.0	28.4	169.1
Australia and New Zealand	2.3	2.6	3.1	4.3	3.0	0.6	0.4	4.1
Israel	2.8	3.4	3.9	3.8	1.9	1.0	0.6	3.6
All other Countries	0.6	0.9	1.3	3.5	0.3	2.7	0.4	2.8
TOTAL OTHER	5.7	6.9	8.3	11.1	5.2	4.3	1.4	10.5
ALL VISITORS	257.1	276.0	338.8	399.7	295.5	47.9	56.3	399.7

*Kenya citizens resident outside Kenya were not included in tourist statistics until 1971.

by British nationals, however, showed no change compared with the 1970 total. This probably reflects the difficulties British tour operators face in organizing charter flights to Kenya, and a reduction in the number of visits to Kenya by British nationals resident in Uganda and Tanzania, following the introduction of currency restrictions. Nearly all other nationality groups showed increases.

7.6. Table 7.3 also shows the first comprehensive data to be published on visitors' country of residence. Because there is no series for earlier years, it is not possible to examine growth trends, but it is interesting to make comparisons with the nationality breakdown. These reveal that the data on nationality give a misleading picture of the main areas which generate tourist traffic for Kenya. In particular, although British *nationals* rank first in total visits to Kenya, British *residents* rank fourth after residents of Tanzania, Uganda and the United States. This is because of the large number of British nationals resident outside the United Kingdom, especially those living in Uganda, Tanzania, Zambia and other African countries. Residents of African countries accounted for over 40 per cent of tourist traffic in 1971, whereas African nationals constituted only slightly more than 20 per cent. Nationality and residence appear to be more consonant in the case of North American, West German and other (non-British) European visitors, but it is clear that the data on residence of visitors will be more useful for most planning purposes, especially those involving marketing and publicity.

7.7. Some information on visitors' method of travel when leaving Kenya is shown in Table 7.4. Travel by air predominates, but the substantial number of journeys by road, rail and lake reflects both travel to Kenya by residents of Uganda and Tanzania, and foreign tourist traffic between the three East African countries. The number of travellers leaving Kenya by road for Somalia and Ethiopia is negligible. Sea travel appears to be becoming relatively more popular, traffic having nearly doubled since 1968, while journeys by air and "other" modes of transport have both increased by roughly fifty per cent during this period.

VISITOR DEPARTURES BY METHOD OF TRAVEL, 1968-1971

Table 7.4 000's

	1968	1969	1970	1971
Air	168.5	180.1	220.7	263.7
Sea	8.2	9.2	13.3	16.0
Other*	80.4	86.7	104.8	120.0
TOTAL	257.1	276.0	338.8	399.7

*Road, rail and lake.

TOTAL STAY OF DEPARTING VISITORS AND AVERAGE LENGTH OF VISIT, 1968-1971

Table 7.5

Total Stay (Thousands of Days)

Year/Quarter	BY LENGTH OF STAY			BY TYPE OF VISITOR				BY NATIONALITY OF VISITOR							
	0-14 Days	15-28 Days	Over 28 Days	Holiday	Business	Transit	Other	East Africa	Other African	North American	Asian	British	Other European	All Others	**Total**
1968	953	511	976	1,860	389	145	46	304	65	381	196	882	592	20	2,440
1969	1,019	572	761	1,895	236	142	79	315	53	386	185	822	567	25	2,352
1970	1,250	479	974	2,476	236	170	91	413	64	492	257	983	736	28	2,973
1971	1,757	873	1,124	3,200	454	80	–	642	101	569	284	1,078	999	**62**	**3,734**
1968—															
1st Qr.			. .	661	105	42	–	80	15	112	53	330	213	5	808
2nd Qr.				342	101	35	3	64	17	61	48	173	114	4	481
3rd Qr.				498	94	37	18	79	19	130	51	217	146	5	647
4th Qr.				359	89	31	25	81	14	78	44	162	119	6	**504**
1969—															
1st Qr.				628	62	33	16	79	10	107	40	263	233	5	739
2nd Qr.				318	63	35	17	70	15	53	44	162	84	5	433
3rd Qr.				544	59	39	25	82	15	139	53	236	135	7	667
4th Qr.				405	49	35	24	84	13	87	49	161	115	6	**513**
1970—															
1st Qr.	339	262	247	718	51	38	41	97	13	122	52	304	251	9	848
2nd Qr.	270	126	212	470	62	53	23	97	16	80	71	216	121	7	608
3rd Qr.	314	194	317	710	59	44	11	99	19	177	70	273	182	6	825
4th Qr.	327	168	198	578	64	35	16	120	16	113	65	191	181	6	**693**
1971—															
1st Qr.	541	311	269	966	133	22	–	148	25	145	69	362	350	22	1,121
2nd Qr.	327	143	197	547	100	20	–	146	21	73	65	204	147	10	667
3rd Qr.	466	245	333	927	97	20	–	160	29	204	80	300	256	14	1,045
4th Qr.	404	174	324	759	124	19	_	187	26	147	69	212	245	15	902

Average Length of Visit (Days)

1968	4.4	19.5	67.5	12.1	11.5	2.1	10.5	7.3	6.7	9.5	8.9	10.2	11.0	6.6	9.5
1969	4.4	19.1	54.0	11.0	8 1	2.2	7.1	6.8	6.6	8.2	8.1	9.4	9.5	7.2	8.5
1970	5.4	19.5	53.1	10.9	7.9	2.4	7.5	6.8	6.0	8.6	8.5	9.8	9.7	5.6	8.8
1971	5.2	19.7	55.7	10.8	8 1	1.7		8.8	7.8	8 1	9.1	11.7	9.5	8.7	9.3

7.8. The total stay of visitors leaving Kenya in a given year is, in some respects, a better indicator of tourist activity than the number of visits made, especially as it avoids the problem of distinguishing between visitors and visits (many visitors to Kenya enter Kenya more than once in the course of their East African itineraries, and hence are recorded again in the arrival statistics, and ultimately in the departure statistics). An increase of 26 per cent in total visitor days was recorded in 1971, and the average length of visit rose from 8.8 to 9.3 days. Increases in the total stay of African and "other European" visitors were particularly rapid, the result of rising numbers of, such visitors and a lengthening of their average stay. Data on length of stay by country of residence are available for 1971 only but, as with the visitor figures already commented on above, show substantial differences from the analysis by nationality—*(see* Tables 7.5 and 7.6).

TOTAL STAY OF DEPARTING VISITORS, BY RESIDENCE AND PURPOSE OF VISIT, 1971

Table 7.6 *Thousands of Days*

	Uganda/ Tanzania	Other Africa	U.K.	West Germany	Other Europe	North America	India	Other Asia	All Others	Total
1st Qr.	279	68	238	133	20	122	32	28	20	1,121
2nd Qr.	259	53	99	60	70	60	35	20	10	667
3rd Qr. . .	282	88	184	92	136	180	41	29	14	1,045
4th Qr. . .	288	62	124	88	136	132	30	27	15	902
Total 1971	1,109	271	644	372	543	494	137	104	59	3,734
Holiday	936	206	546	345	473	447	120	77	50	3,200
Business	150	49	89	24	61	39	13	22	7	454
Transit	23	16	8	4	9	8	5	5	2	80
Average Visit* (Days) ..	8.6	7.7	13.2	10.5	9 .8	8.3	11.8	7.8	8.7	9.3

*The figures in Table 7.3 may be used in conjunction with this table to obtain average length of visit estimates by purpose of visit.

Hotel Occupancy and Capacity

7.9. The hotel occupancy statistics for the last seven years are summarized in Table 7.7 and shown in more detail in the next four tables. The number of hotel beds occupied by tourists (i.e. non-Kenya residents) increased by 22 per cent in 1971, despite a 6 per cent fall in hotel occupancy by residents of Uganda and Tanzania. For non-East African residents, occupancy rose by 25 per cent (compared with 31 per cent in 1970) and accounted for the major part of the 15 per cent overall increase, since occupancy by Kenya residents and "permanent residents" grew much more slowly. Since hotel statistics were first collected in 1965, occupancy by East African residents and by non-East African residents has risen at average rates of 4 per cent and 24 per cent per annum respectively. A total of over one and a half million nights were spent in Kenya hotels and game lodges in 1971, rather less than half the total recorded visitor days shown in Table 7.4. The major reason for this discrepancy is that the hotel statistics cover only accommodation licensed by the Ministry of Tourism, while many tourists stay, for at least part of their visit, in private homes, hostels and other forms of accommodation not covered in the statistics.

7.10. The analysis of the hotel occupancy statistics presented in Table 7.10 indicates some of the changes in the pattern of hotel occupancy which have occurred since 1965. This has altered only slightly for East African residents over the period, but the rapidly increasing popularity of the coast among other visitors is clearly apparent.

HOTEL BED OCCUPANCY, 1965, 1968-1971

Table 7.7 '000 *Bed-Nights*

	1965	1968	1969	1970	1971
Kenya Residents		417.6	419.3	430.0	440.7
Residents of Uganda or Tanzania		97.9	103.3	109.4	102.7
Foreign Residents	394.0	726.4	875.6	1,148.2	1432.3
Permanent residents*	233.0	244.2	234.3	215.7	217.0
TOTAL BEDS OCCUPIED	1,002.5	1,486.3	1,632.9	1,903.1	2,192.8
TOTAL BEDS AVAILABLE ..	2,130.9	2,850.0	3,261.5	3,882.6	4,214.3
Bed Occupancy Rate (per cent)	47.0	52.2	50.2	49.0	52.0

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

7.11. Overall room and bed occupancy rates improved in 1971, after two years at lower levels, but were still below the best yet achieved, in 1966. It is interesting to note that, despite relatively low overall occupancy rates in areas apart from Nairobi and the coast, bed occupancy rates in full. catering game lodges in wildlife areas were higher than the country-wide average. Apart from the minor falls in bed occupancy in Nairobi "other", Mount Kenya and West Kenya hotels, all hotel groups showed improvement. This was partly because total bed capacity, measured in terms of bed-nights available, increased by only 9 per cent in 1971, compared with 19 per cent in 1970. However, a large number of projects were completed in late 1971 and early 1972, and the effect of these on capacity will be felt this year—of the 2,000 beds added to total capacity between January 1971 and January 1972, 1,200 were in new hotels and extensions opened after the end of November. Approximately half of these extra beds were located at the coast and a quarter in Nairobi. It is expected that a larger expansion in new hotels and extensions will take place during 1972, including two new hotels of 680 and 150 beds in Nairobi, at least three lodges of 100 or more beds each, several new hotels at the coast and widespread extensions, particularly to Nairobi and coast hotels. The overall growth in hotel capacity has so far been reasonably well in line with the Development Plan. But there is some danger that problems of water supply at the coast will restrict the rate of expansion there in the near future. Nevertheless, applications have been invited for the design of a 2,000-bed resort complex at Diani, on the south coast.

HOTEL BEDS AVAILABLE AND OCCUPIED, 1965-1971

Table 7.8 '000 *Bed-Nights*

Year/Quarter	NAIROBI				COASTAL				OTHER										Total Beds Occupied	Total Beds Available
	International		Other		Beach		Other		Southern Game Area		Northern Game Area		Mt. Kenya Area		Central Rift		West Kenya			
	Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied			
	Foreign Residents	E.A. Residents	Foreign Residents	E.A. Residents	Foreign Residents	E.A. Residents	Foreign Residents	E.A. Residents	Foreign Residents	E.A. Residents	Foreign Residents	E.A. Residents	Foreign Residents	E.A. Residents	Foreign Residents	E.A. Residents	Foreign Residents	E.A. Residents		
1965	194.1	52.5	61.1	234.9	53.1	112.9	28.4	77.4	27.9	23.5	3.2	3.0	19.5	25.0	3.1	27.3	3.5	51.9	1,002.5	2,130.9
1966	223.2	50.7	83.7	251.1	122 8	115.1	41.1	83.1	48.7	21.8	3.4	2.1	27.7	25.3	7.1	25.8	3.8	52.0	1,188.5	2,159.5
1967	241.5	46.8	95.6	264.6	159.8	107.7	42.4	94.7	57.7	21.3	2.2	1.1	29.9	30.8	7.8	36.5	4.4	53.0	1,297.5	2,494.2
1968	243.1	45.3	124.3	299.4	204.9	140.0	36.1	127.4	72.6	26.4	5.0	1.7	28.0	35.8	7.1	35.5	5.3	48.6	1,486.3	2,850.0
1969	287.2	45.2	132.8	305.8	257.4	146.0	491	116.4	87.6	30.9	6.5	2.2	39.3	37.4	9.5	31.4	6.3	41.8	1,632.9	3,251.6
1970	388.9	50.7	146.3	293.7	360.5	146.2	62.9	125.5	110.6	28.3	7.5	5.0	50.2	37.3	11.8	26.2	9.4	41.6	1,903.1	3,882.6
1971	455.5	39.2	195.2	298.3	471.9	151.9	68.6	122.9	139.9	27.8	10.7	8.2	61.9	38.0	19.3	29.3	9.3	44.9	2,192.8	4,214.3
1968—																				
1st Quarter	68.2	9.9	31.6	81.5	76.3	24.9	10.7	30.2	26.5	6.0	1.2	0.6	8.0	10.4	2.4	8.7	1.5	13.4	412.0	686.4
2nd Quarter	47.9	11.7	21.0	72.8	27.6	26.7	6.7	30.3	8.0	4.8	0.7	0.2	3.2	8.4	0.8	8.2	0.9	12.0	291.8	683.4
3rd Quarter	65.1	11.7	38.0	70.8	51.5	46.2	9.4	36.1	20.5	8.8	1.6	0.5	9.1	9.2	2.2	9.8	1.8	11.6	403.9	728.7
4th Quarter	61.9	12 0	33.7	74.3	49.5	42.2	9.4	30.7	17.6	6.8	1.5	0.5	7.6	7.7	1.7	8.9	1.2	11.7	378.6	751.5
1969—																				
1st Quarter	75.1	12.4	42.1	79.2	100 0	32.2	15.1	27.3	29.2	6.3	2.8	0.5	13.6	9.3	3.8	8.4	2.2	11.6	470.8	764.7
2nd Quarter	53.5	9.4	28.2	79.7	33.4	25.6	7.4	27.8	10.2	6.4	0.5	0.5	5.1	9.2	0.8	9.1	1.1	10.0	317.8	775.5
3rd Quarter	78.4	10.8	32.5	75.0	56.3	46.5	13.3	30.5	24.6	9.5	2.1	0.5	10.9	10.9	2.9	7.3	1.7	10.8	424.5	848.4
4th Quarter	80 2	12 6	29.9	72.2	67.8	41.7	13.3	30.8	23.6	8.7	1.1	0.7	9.7	8.0	2.0	6.7	1.3	9.4	419.8	863.0
1970																				
1st Qr.	115.6	13.1	40.5	75.2	143.5	30 0	18.8	33.6	38.9	8.2	2.9	0.8	16.8	8.9		7.1	3.3	10.1	570.6	951.0
2nd Qr.	67.7	12.9	29.2	74.0	38.8	26.6	10.4	27.3	11.5	5.6	0.8	0.9	6.1	8.9	***1.0***	6.5	2.0	10.1	340.3	933.9
3rd Qr.	104.3	13.4	38.4	70.7	74.0	50.3	16.3	31.8	31.9	7.8	2.4	1.5	15.0	9.3	4.2	5.6	2.6	11.1	490.6	983.5
4th Qr.	101.5	11.3	38.2	73.8	104.1	39.3	17.3	33.3	28.3	6.7	1.4	1.9	12.1	10.1	3.1	7.1	1.6	10.4	501.5	1,014.2
1971—																				
1st Qr.	126.7	11.6	52.7	781	169.5	28.2	22.2	30.6	44.5	6.4	4.0	1.9	20.6	10.0	4.3	9.7	2.2	11.6	634.7	1,038.2
2nd Qr.	84.9	8.8	38.4	75.7	59.8	31.5	10.9	27.7	15.1	5.4	0.8	1.7		8.2	3.1	5.7	1.1	11.8	398.0	979.2
3rd Qr.	124.3	7.6	54.3	73.6	118.0	46.8	18.7	34.0	42.8	8.4	3.2	2.4		9.6	6.3	7.7	2.7	11.1	589.0	1,081.1
4th Qr.	119.7	11.2	49.8	70.9	124.6	45.5	16 8	30.6	37.5	7.6	2.7	2.2	16.2	10.3	5.6	6.2	3.3	10.4	571.0	1,115.8

NOTE.—Annual totals include revisions and may differ slightly from the sum of quarterly figures.

HOTEL ROOMS AND BEDS AVAILABLE AND OCCUPIED, 1965, 1967-71

Table 7.9

	NAIROBI		COASTAL		OTHER					ALL HOTELS
	Inter-National	Other	Beach	Other	Southern Game Area	Northern Game Area	Mt.Kenya Area	Central Rift	West Kenya	
1965—										
Rooms available ('000 nights)	243	399	168	145	71	11	78	66	89	1,269
Occupancy rale (per cent) ..	*79*	*59*	*56*	*57*	*43*	*36*	*42*	*36*	*50*	*58*
Beds available ('000 nights)..	389	595	341	251	148	25	137	102	144	2,131
Occupancy rate (per cent) ..	*63*	*50*	*49*	*42*	*35*	*25*	*33*	*30*	*39*	*47*
1967—										
Rooms available ('000 nights)	242	383	303	169	91	8	86	*11*	88	1,443
Occupancy rate (per cent) ..	*89*	*72*	*53*	*60*	*51*	*25*	*50*	*49*	*52*	*64*
Beds available ('000 nights)..	389	592	561	301	198	19	167	121	147	2,494
Occupancy rate (per cent) ..	*74*	*61*	*48*	*46*	*40*	*17*	*36*	*37*	*39*	*52*
1968—										
Rooms available ('000 nights)	242	445	356	193	99	12	94	78	90	1,611
Occupancy rate (per cent) ..	*88*	*72*	*56*	*60*	*56*	*34*	*46*	*43*	*47*	*64*
Beds available (000 nights)..	400	701	681	353	225	27	174	136	150	2,850
Occupancy rate (per cent) ..	*72*	*60*	*51*	*46*	*44*	*25*	*36*	*31*	*36*	*52*
1969—										
Rooms available ('000 nights)	318	475	388	191	138	12	113	81	88	1,804
Occupancy rate (per cent) ..	*76*	*67*	*59*	*61*	*49*	*43*	*45*	*34*	*45*	*61*
Beds available ('000 nights)..	524	774	761	354	306	27	204	142	146	3,252
Occupancy rate (per cent) ..	*63*	*57*	*53*	*47*	*39*	*32*	*38*	*29*	*33*	*50*
1970—										
Rooms available ('000 nights)	442	493	485	195	164	25	139	79	93	2,116
Occupancy rate (per cent)	*74*	*65*	*59*	*67*	*48*	*33*	*42*	*35*	*46*	*61*
Beds available ('000 nights)..	787	821	951	369	356	46	254	140	160	3,883
Occupancy rate (per cent) ..	*56*	*54*	*53*	*52*	*39*	*28*	*34*	*27*	*32*	*49*
1971—										
Rooms available ('000 nights)	447	552	533	193	176	29	152	94	100	2,276
Occupancy rate (per cent) ..	82	65	65	68	54	38	43	36	46	64
Beds available ('000 nights)..	802	943	1,050	364	387	53	272	168	176	4,214
Occupancy rate (per cent) ..	*62*	*52*	*59*	*53*	*43*	*36*	*37*	*29*	*31*	*52*

GEOGRAPHICAL PATTERN OF HOTEL OCCUPANCY, 1965-1971

Table 7.10(a)

	PERCENTAGE DISTRIBUTION OF BEDS OCCUPIED BY					
	E.A. Residents		Foreign Residents		Total	
	1965	1971	1965	1971	1965	1971
Nairobi International	8.6	5.1	49.3	32.0	24.6	22.6
Nairobi Other	38.6	39.2	15.5	13.7	29.5	22.5
Coast Beach	18.6	19.9	13.5	33.0	16.6	28.4
Coast Other	12.7	16.1	7.2	4.8	10.6	8.7
Southern Game Area	3.9	3.6	7.1	9.8	5.1	7.6
Northern Game Area	0.5	1.1	0.8	0.7	0.6	0.9
Mount Kenya	4.1	5.1	4.9	3.9	4/4	4.6
Central Rift	4.5	4.0	0.8	1.4	3.0	2.2
West Kenya	8.5	5.9	0.9	0.7	5.5	2.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

GROWTH PATTERN OF HOTEL OCCUPANCY, 1965-1971

Table 7.10(b)

	ANNUAL/COMPOUND PERCENTAGE GROWTH IN BEDS OCCUPIED BY					
	E.A. Residents		Foreign Residents		Total	
	1965/71	1970/71	1965/71	1970/71	1965/71	1970/71
Nairobi International	-5	-23	+15	+7	+12	+13
Nairobi Other	+4	+2	+21	+4	+9	+12
Coast Beach	+5	+4	+44	+31	+25	+23
Coast Other	+8	+3	+16	+9	+10	+1
Southern Game Area	+3	-2	+31	+27	+22	+21
Northern Game Area	+8	+62	+22	+42	+20	+50
Mount Kenya	+6	+4	+19	+10	+13	+8
Central Rift	+1	+15	+36	+65	+9	+31
West Kenya	-2	+8	+18	+1	—	+7
TOTAL	+4	+1	+24	+14	+14	+15

GAME LODGE* OCCUPANCY, 1965 AND 1971

Table 7.11

LODGE LOCATION/TYPE	BEDS OCCUPIED (THOUSAND NIGHTS)				BED OCCUPANCY RATE (%)	
	E.A. Residents		Foreign Residents			
	1965	1971	1965	1971	1965	1971
National Parks	10.0	16.7	17.8	82.5	50.6	48.6
Game Reserves	4.8	13.6	14.3	78.6	39.0	56.0
TOTAL	14.7	30.3	32.1	161.1	45.1	51.9
Full Catering	12.9	17.6	30.5	159.8	49.0	53.5
Self-Service	1.8	12.7	1.7	1.3	22.6	37.4

*Lodges in National Parks and Game Reserves only.

Seasonal Pattern

7.12. One of the problems which Kenya's tourist industry faces is the marked seasonal pattern of tourist traffic. Some indication of the quarterly variations encountered can be seen in Table 7.12, which covers the main series of tourist statistics. The quarterly figures are shown as percentages of their respective annual totals. Figures above or below 25 indicate "high" and "low" quarters in terms of seasonal variation. The second quarter is low for all series, the contrast with the first quarter being particularly marked in the occupancy of hotels and game lodges despite a slight improvement in 1971. If these fluctuations can be evened out it will be possible to achieve better utilization of capacity in the tourist industry, and hence to increase profitability and reduce the total cost of necessary facilities. To achieve this aim will require efforts in a number of directions, including increased publicity, more specialized marketing, improved roads and other facilities, an extension of off-peak pricing, the encouragement of conference tourism, and the selective issue of air landing rights. There has not yet been time for the effects of action already taken in some of these fields to be felt, but an intensification of effort is certainly required if any significant impact on the problem is to become apparent. However, it is worth mentioning that many other countries experience seasonal patterns in their tourist traffic which are much more marked than those found in Kenya.

Tourist Expenditures

7.13. Total foreign exchange receipts from tourism in 1971 are estimated to have been K£24.1 million, a 30 per cent increase on the 1970 total of K£18.5 million. This rapid increase resulted from a 26 per cent growth in visitor days coupled with a rise in average expenditure per visitor day from Sh. 120 to Sh. 126. The significance of this

QUARTERLY VARIATIONS IN TOURIST SERIES, 1965*, 1968-1971

Table 7.12 — *Percentages of Annual Totals*

SERIES	YEAR	QUARTER			
		1st.	2nd.	3rd.	4th.
VISITORS ARRIVING	1968	27.8	18.4	26.4	27.3
	1969	24.2	19.6	29.1	27.2
	1970	25.4	18.5	26.3	29.8
	1971	26.3	19.1	28.0	26.6
HOLIDAY VISITORS ARRIVING	1968	28.1	17.1	27.3	27.5
	1969	23.9	18.5	30 0	27.6
	1970	25.6	17.4	26.3	30.7
	1971	26.1	17.3	29.0	27.7
VISITORS DEPARTING	1968	30.2	19 8	27.1	23.0
	1969	26.9	20.1	28.8	24.2
	1970	26.6	22.3	26.1	25.0
	1971	28.1	19 8	28.1	24.0
TOTAL STAY OF VISITORS DEPARTING	1968	33.1	19.8	26.6	20.5
	1969	31.4	18.4	28.4	21.8
	1970	28.5	20.5	27.7	23.3
	1971	30 0	17.8	28.0	24.1
ALL HOTEL BEDS OCCUPIED	1965	26.5	21.0	26.3	26.1
	1968	27.7	19 6	27.2	25.5
	1969	28.8	19.5	26.0	25.7
	1970	29.8	18.2	25.7	26.3
	1971	28.9	18.2	26.9	26.0
HOTEL BEDS OCCUPIED BY RESIDENTS OF KENYA.	1968	24.3	23.4	26.9	25.5
	1969	25.1	23.7	26.2	25.0
	1970	25.2	23.2	26.1	25.5
	1971	24.7	23.1	26.4	25.8
HOTEL BEDS OCCUPIED BY NON-RESIDENTS	1968	30 5	16.6	27.4	25.4
	1969	31.4	16.7	25.8	26.1
	1970	32.8	15 4	25.3	26.5
	1971	30.8	16.0	27.1	26.1
HOTEL BEDS Occupied IN NAIROBI HOTEL OCCUPIED IN NAIROBI INTERNATIONAL HOTELS	1968	27.1	20.6	26.6	25.6
	1969	26.3	18.9	27.0	27.8
	1970	29.3	18.3	26.7	25.6
	1971	29.7	28.9	26.7	26.3
HOTEL BEDS OCCUPIED IN BEACH HOTELS	1965	26.5	21.7	25.5	26.2
	1968	29.3	15.7	28.4	26.6
	1969	32.8	14.6	25.5	27.1
	1970	34.8	13.2	23.8	28.3
	1971	31.6	14 6	25.6	27.3
HOTEL BEDS OCCUPIED IN GAME LODGES	1965	29.7	16 4	29.3	24.5
	1968	30.5	13.4	30.4	25.7
	1969	30.0	14.6	28.9	26.5
	1970	31.9	13.1	28.7	26.3
	1971	30.5	13 0	29.6	26.9

*Where available.

estimate should perhaps be clarified. It represents total foreign exchange expenditures by tourists on goods and services and includes an element of "prepayments", made to travel agents abroad, which must be remitted to Kenya, unless Exchange Control regulations are infringed. Although the bulk of these expenditures are received in the first instance by private sector firms in the tourist industry, particularly hotels, shops and travel companies, their effects are widespread. The Government benefits from taxes paid directly by tourists, especially the airport and hotel taxes, from import duties paid on goods consumed by tourists, and from company and income taxes paid by firms and individuals. The County Councils in certain districts also receive fees from visitors to game reserves and hunting blocks. Expenditures by tourists indirectly help to create construction work, and to increase employment and income for farmers, fishermen and traders who supply the needs of the tourist industry, as well as creating employment and incomes in the tourist industry proper. Some of the total earnings from tourism are remitted abroad to pay for imports of goods and services needed by the industry, but it is believed that well over half are retained and are available to pay for imports in other sectors of the economy or to increase foreign exchange reserves. It should be noted that the overall tourist expenditure estimate does not include the earnings of East African Airways and other Kenya-based carriers from transporting visitors—these receipts are included in the balance of payments under "Transportation" while tourist receipts are recorded as credits under "Foreign Travel"—*see* Table 1.13.

Visits to Wildlife Areas and Other Attractions

7.14. The number of visits to the country's national parks by visitors paying daily entry fees increased by 21 per cent in the financial year 1970/71 (the latest for which figures are available), particularly rapid growth being apparent in Meru and Tsavo (West) parks. However, the series shown here does not include visits on season tickets or special passes, information on these visitors being collected for the first time in 1971. This suggests that, overall, the "paying visitors" series covers rather less than 90 per cent of all visits (rather less than 80 per cent for Nairobi National Park, which attracts a particularly large number of season ticket holders). On this basis, there were probably well over 400,000 visits to national parks in 1970/71. There are as yet no statistics of visitors to the three County Council game reserves, and so the 30 per cent per annum increase in the number of visitor nights spent in their game lodges since 1965 remains the only indication of the growth in their popularity (*see* Table 7.11). Information on the activities of the National Parks and Game Department in 1971 may be found in the Wildlife Section of Chapter 5.

VISITS* TO NATIONAL PARKS, 1966-1971

Table 7.13 *Numbers*

	1966/67	1967/68	1968/69	1969/70	1970/71
Nairobi National Park	116,531	119,424	133,677	130,903	143,974
Tsavo National Park (East)	25,146	19,773	22,320	31,277	38,654
Tsavo National Park (West)	36,624	32,357	38,460	41,618	57,971
Lake Nakuru National Park	—	13,769	39,678	42,654	51,565
Mountain National Parks	8,835	11,644	22,721	23,627	41,295
Meru National Park	50	801	1,285	2,267	3,761
Marine National Parks	—	—	16,229	18,939	22,629
Shimba Hills Nat. Reserve	—	—	—	—	3,745
TOTAL	187,186	197,768	274,370	300,285	363,594

*Visits for which entry fees were paid. Visits on season tickets and special passes are not included—see text.

7.15. Visitors to Nairobi have easy access to many exhibits on Kenya's history, culture and natural resources, which are displayed at the National Museum. A new hall which will house an exhibition on aspects of conservation in Kenya is at present under construction. The trustees of the museum are also responsible for all areas of historical and archaeological interest in Kenya and particular emphasis is at present being placed on the development of sites at the coast. A new museum was opened on Lamu island in 1971; Siyu Fort on the nearby island of Pate is to be partially restored; and it is hoped to improve access to some of the many other sites in Lamu District. A ruined Arab village at Jumba la Mtwana, near Mombasa, is being cleared, and should be open to the public in July. Research into the origins of man is one of the National Museum's major activities, and important new discoveries have been made in the last three years on the eastern shores of Lake Rudolf, in the area which will soon become a National Park. Exhibitions of finds from this site and of traditional handicrafts from Lamu have recently been staged.

VISITORS TO THE NATIONAL MUSEUM, SNAKE PARK AND SITES, 1969-1971

Table 7.14 *Numbers*

	1969	1970	1971
National Museum	101,867	124,825	146,925
Snake Park	73,154	72,602	73,049
Fort Jesu	49,906	59,054	65,489
Gedi	17,630	18,885	21,353
Olorgesailie	2,629	2,961	3,012
Kariandusi	2,096	2,264	1,394
Hyrax Hill	1,019	1,241	1,217

The Development of Tourism

7.16. Most of the development of tourist accommodation, transport and entertainment facilities in Kenya is undertaken by private companies, and it is expected that this situation will continue. However, in recent years the Government has participated to an increasing extent in such activities, largely through the Kenya Tourist Development Corporation. The K.T.D.C.'s loan investments and shareholdings totalled K£1.85 million at the end of 1971. During 1971, loan approvals totalled K£172,500 for new hotel and lodge development, K£134,500 for hotel modernization and extension, and K£63,500 for the establishment or expansion of tourist enterprises by Kenya citizens. Total loans actually drawn by April. 1972 were only K£134,700, chiefly because of delays in implementing projects. Since its establishment in 1966, the K.T.D.C. has also made equity investments totalling K£1.1 million, mainly in tourist hotels, although it also has shares in a local charter airline. New projects under construction in which the K.T.D.C. has an interest include three game lodges, several hotels at the coast and a hotel in Nairobi. Several other projects are under consideration, some of them in areas which at present do not have many tourist visitors. The K.T.D.C. is also involved, through a subsidiary company, in the development of a "traditional" village near Nairobi. Work on the second stage of this project is now under way.

7.17. The Government plays a vital role in the provision of infrastructure for tourist development. Many roads have been constructed to meet the needs of tourism, and airport development has been undertaken principally because of increases in tourist traffic. Among projects completed in 1971 were the Athi River-Namangj tarmac road and extensions to the Nairobi airport passenger terminal. The Kijabe-Narok road is to be completed this year, and work on the development of Mombasa airport may be initiated. A number of other projects are also in progress, including the provision of access roads to coast hotel sites and the upgrading of roads in national parks.

7.18. Official publicity for Kenya tourism is a function of the Ministry of Tourism and Wildlife, which has overall responsibility for the development of the industry. The budget for publicity was increased substantially to K£300,000 in 1971/72, and has enabled a new tourist office to be set up in Stockholm. An official classified Hotel Guide was also published for the first time. In order to help finance increased Government expenditure on tourist development, an hotel tax was introduced in the middle of 1971. At about the same time, a new Hotels and Restaurants Act came into force, which, as well as providing for control over standards, introduced an Hotel Training levy which will be used to finance the training of hotel staff.

CHAPTER 8—TRANSPORT AND COMMUNICATIONS

The total value of receipts in the transport and communications sector is set out by type of service in Table 8.1, broken down into public and private sector activity. Receipts in the sector increased by 9 per cent in 1971. Transport activity continues to be dominated by the public sector, which accounted for 68 per cent of total receipts, one percentage point less than in 1970; this means that it grew slightly more slowly than private sector activity during 1971. Except in road transport and services incidental to transport, the bulk of public sector activity is accounted for by the corporations of the East African Community.

8.2. The growth in the level of transport activity in 1971 is also apparent from figures of fuel consumption, shown in Table 8.2.

Road Transport

8.3. It is apparent from Table 8.1 that road transport activity has been growing rapidly in recent years. In 1970, its size in terms of receipts only slightly exceeded that of the railways but last year road transport moved ahead and its receipts were 16 per cent higher than those of the railways. The relative shares of road and rail receipts are set out separately for passenger traffic and freight haulage in Table 8.3. The bulk of the growth in road transport activity in 1971 has been in freight haulage.

8.4. The rapid increase in road transport activity in recent years has been largely the result of Government investment in road building, details of which are shown in Chapter 10. Briefly, expenditure on road development in the current financial year is expected to be K£16.5 million, K£2.8 million higher than expenditure in 1970/71.

8.5. Registrations of new vehicles are shown in Table 8.4. The total number was not very much higher than in 1970. Licences issued for vehicles on hire are indicated in Table 8.5. The number of licences issued went up by 14 per cent, although this was a slower growth than in 1970. The fact that the number of vehicles licensed for commercial purposes exceeded new registrations in 1971 suggests a fall in the degree of licence evasion.

8.6. It would seem that most of the growth in road transport activity in 1971 was derived from more intensive use of existing vehicles rather than from an increase in their number. Table 8.2 gives figures for the consumption of petroleum products used in transport. These show a particularly sharp rise in the consumption of light diesel fuel, which grew by 25 per cent. Consumption of diesel fuel was stimulated by a fall in its price following the abolition of consumption tax on it. The primary objective behind the removal of this tax was to assist farmers, while a sharp increase in licence fees for road transporters was introduced at the same time to ensure that this industry continued to contribute towards the cost of maintaining the road network.

TRANSPORT AND COMMUNICATIONS—VALUE OF RECEIPTS, 1966-1971

Table 8.1 K£'000

	Railway Transport	Road Transport	Water Transport	Air Transport	Services Incidental to Transport+	Total Transport and Storage	Communi-cations	Total Transport, Storage and Com-munications
1966—								
Public	16,977.0		11,896.6	7,432.0	135.2	36,440.8	5,322.9	41,763.7
Private		10,378.4	864.3	1,338.3	3,134.8	15,715.8	1,213.1	16,928.9
Total	16,977.0	10,378.4	12,760.9	8,770.3	3,270.0	52,156.6	6,536.0	58,692.6
1967—								
Public	16,966.0	174.9	11,207.3	8,932.8	153.9	37,434.9	5,445.1	42,880.0
Private		12,794.3	889.1	1,335.6	3,239.8	18,258.8	1,368.5	19,627.3
Total	16,966.0	12,969.2	12,096.4	10,268.4	3,393.7	55,693.7	6,813.6	62,507.3
1968—								
Public	16,957.9	577.6	12,753.1	10,362.4	156.6	40,807.6	6,039.0	46,846.6
Private		14,003.2	1,662.4	1,471.1	4,017.0	21,153.6	988.2	22,141.8
Total	16,957.9	14,580.8	14,415.5	11,833.5	4,173.6	61,961.2	7,027.2	68,988.4
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		16,96.2	1,662.3	1,453.3	4,592.6	24,673.4	1,373.9	26,043.3
Total	18,142.8	18,49.0	15,718.6	13,411.3	13,411.3	4,734.1	70,499.8	79,536.6
1971*—								
Public	18,142.7	1,602.7	16,422.4	12,549.2	161.3	49,389.0	8,102.9	57,491.9
Private		19,662.7	1,745.3	1,540.5	5,109.7	28,058.2	1,442.6	29,500.8
TOTAL	18,142.7	51,265.4	18,167.7	14,389.7	5,271.0	77,447.3	9,545.5	86,992.8

*Provisional
+Including storage

CONSUMPTION OF PETROLEUM PRODUCTS USED IN TRANSPORT, 1967-1971

Table 8.2 *Million Litres*

	1967	1968	1969	1970	1971
Petrol (motor sprit)	184	197	213	235	264
Light Diesel Fuel	148	177	184	190	241
Heavy Diesel Fuel	33	35	37	42	47
Fuel Oil	458	419	353	392	419
Aviation Spirit	10	7	8	8	6
Turbo Fuel	154	177	203	225	242

PASSENGER AND FREIGHT RECEIPTS, 1966-1971

Table 8.3 K£'000

	1966	1967	1968	1969	1970	1971*
Passenger Traffic:						
Rail	1,123.3	1,098.0	1,106.2	1,166.5	1,158.4	1,171.9
Road	4,262.8	4,457.4	3,940.4	5,545.3	6,451.0	7,244.5
Total	5,386.1	5,555.4	5,046.6	6,771.8	7,609.4	8,416.4
Freight Haulage:						
Rail	15,853.5	15,868.0	15,851.6	16,091.8	16,984.4	17,181.5
Road ..	6,115.6	8,511.8	10,640.5	10,179.2	12,042.0	14,021.0
Total	21,969.1	24,379.8	26,492.1	26,271.0	29,026.4	31,202.5

*Provisional

NEW MOTOR VEHICLE REGISTRATIONS, 1966-1971

Table 8.4 *Numbers*

	1966	1967	1968	1969	1970	1971
Motor cars	5,579	6,014	5,630	6,299	7,680	8,069
Utilities	3,636	4,212	3,465	4,232	4,959	5,499
Lorries	1,231	1,621	1,483	1,760	2,469	2,044
Buses	239	339	271	311	435	633
Motor cycles	871	978	1,016	1,244	1,317	1,390
Others	1,301	1,186	1,186	1,045	1,427	1,154
TOTAL	12,857	14,350	13,051	14,981	18,287	18,789

LICENCES ISSUED FOR VEHICLES ON HIRE, 1966-1971

Table 8.5 *Numbers*

	1966	1967	1968	1969	1970	1971*
Passenger Service Vehicles	2,210	2,193	2,102	2,273	3,137	3,502
Freight Transport Vehicles	2,363	2,598	2,622	2,614	3,092	3,598
TOTAL	4,573	4,791	4,724	4,887	6,229	7,100

*Provisional

8.7. The only public sector enterprise in road transport is the KENATCO company, which is owned by a statutory corporation. The receipts of this firm increased by 5 per cent in 1971 and, for the first time since it was started, it made a small profit on both its freight and passenger transport activities. During the year the company concentrated on more intensive utilization of its existing fleet and the only new purchases were of a replacement nature. It also rationalized operations by closing down uneconomic depots and cutting down short distance haulage work while expanding long distance activities.

8.8. For several years, the Government has promoted increased African participation in road transport. This policy was continued in 1971 and a large number of African transporters now play a major part in the industry.

Railways

8.9. Although road transport has been growing rapidly in recent years, the railways remain a major carrier—particularly of bulk goods transported over long distances. The administration of the railways is anxious to modify the tariff structure in order to make the railways more competitive and has placed proposals to this effect before the Communications Council of the East African Community.

8.10. New equipment brought into service in 1971, included 47 diesel locomotives and a large number of wagons. A major improvement to the permanent way was accomplished by the elimination of joints in the Mombasa/Nairobi section of the track. This has resulted in improvement of the riding quality and has reduced wear and tear on rolling stock. Design work on a new marshalling yard at Changamwe near Mombasa is proceeding.

Harbours

8.11. The tonnage of freight handled at Mombasa harbour in 1971 is shown in Table 8.6. There was a growth of 9 per cent in the quantity of freight landed, but freight loaded declined by 24 per cent, leading to a fall of 4 per cent in the total handled.

FREIGHT HANDLED AT MOMBASA HARBOUR, 1967-1971

Table 8.6 '000 *Metric Tons*

	1967	1968	1969	1970	1971
Landed:					
Dry Cargo		939	85	1,166	1,344
Bulk Liquids		2,375	2,165	2,416	2,549
Total	2,879	3,314	3,050	3,582	3,893
Loaded:					
Dry Cargo		1,372	1,343	1,358	1,064
Bulk Liquids		801	698	853	614
Total	2,104	2,173	2,041	2,211	1,678
TOTAL FREIGHT HANDLED	4,983	5,487	5,091	5,793	5,571

8.12. Development of new berths at the harbour continued. In anticipation of future requirements for harbour facilities the Government is examining the possibility of developing a new port. Of course, this does not mean that Mombasa harbour has reached full capacity utilization—there is still room for new deep water berths, and the more extensive use of con. tainerization will also increase capacity. When the area of deep water along the shore is fully utilized, the possibility of building finger berths will still remain.

Civil Aviation

8.13. Commercial traffic at Nairobi Airport, shown in Table 8.7, continued to rise in 1971. The total number of passengers handled increased by 14 per cent and cargo throughput went up 8 per cent. Similar data for Mombasa airport are set out in Table 8.8. The number of passengers handled in Mombasa rose faster..29 per cent, although the tonnage of cargo handled there remains modest.

COMMERCIAL TRAFFIC AT NAIROBI AIRPORT, 1967-1971

Table 8.7

	1967	1968	1969	1970	1971*
PASSENGERS (000'S)—					
Landed	220.6	248.1	285.6	320.2	371.0
Embarked	233.7	266.8	295.7	328.0	386.7
In Transit	141.1	154.7	199.9	221.4	230.2
TOTAL	595.4	669.6	781.2	869.6	988.0
FREIGHT (Metric tons)—					
Cargo: Landed	3,131.7	4,203.8	4,624.4	5,126.3	5,705.0
Loaded	5,665.9	7,202.5	8,835.5	10,222.9	11,089.1
Mail: Landed	855.0	920.1	834.2	844.5	861.0
Loaded	688.1	712.0	733.1	785.5	788.3
TOTAL	10,340.8	13,038.4	15,027.2	16,979.2	18,443.4

*Provisional.

Table 8.8 COMMERCIAL TRAFFIC AT MOMBASA AIRPORT, 1967-1971

	1967	1968	1969	1970	1971*
PASSENGERS (000'S)—					
Landed	40.7	45.4	55.5	70.5	85.5
Embarked	40.5	46.1	50.5	64.1	88.0
In Transit	25.1	30.7	24.9	23.1	30.0
TOTAL	106.3	122.2	130.9	157.7	203.5
FREIGHT (Metric tons)—					
Cargo: Landed	441.1	373.2	236.6	250.4	278.0
Loaded	357.0	447.0	378.0	315.9	427.8
Mail: Landed			80.4	77.0	73.4
Loaded			32.0	58.5	60.6
TOTAL	798.1	820.2	727.0	701.8	831.3

*Provisional

8.14. Movements of smaller aircraft are centred on Wilson Airport in Nairobi. Figures for 1971, shown in Table 8.9, suggest some decline in the traffic handled at this airport.

Table 8.9 AIR TRAFFIC AT WILSON AIRPORT, 1967-1971 *Numbers*

	1967	1968	1969	1970	1971*
AIR MOVEMENTS—					
Arrivals	74,639	80,191	75,337	72,426	61,998
Departures	74,667	80,165	75,220	72,179	61,775
PASSENGERS HANDLED—					
Arrivals	7,343	6,803	8,145	11,924	10,251
Departures	7,042	6,421	8,044	12,836	9,686

*Provisional

8.15. Existing facilities at all airports are being improved. An important stage in the expansion programme at Nairobi Airport was completed when the first "Jumbo" jet landed earlier this year on the lengthened runway. Passenger handling facilities have also been expanded while enlarged arrival and departure halls have been opened. Mechanized facilities for baggage are also now in use. Further development of the airport facilities continues. Improvements are proceeding at Mombasa and Kisumu and the Government is pursuing negotiations to raise finance for a major reconstruction of Mombasa airport in order to make it suitable for large jet aircraft.

Posts and Telecommunications

8.16. The major indicators of the development of postal and telecommunications services are shown in Table 8.10. All facilities have continued to grow. Twenty three new post offices were opened in 1971 and the number of telephone subscribers increased by nearly 4,500. Nine new exchanges were added to the existing 173; another nine were extended and seven were

converted either from manual to automatic or from "hypothetical" to manual, giving an increase in effective capacity of 21 per cent. The new exchanges are at Funyula, Ukwala, Siaya, Garissa, Laikipia, Olpejeta, Chogoria. Kendu Bay and Tiriki.

POSTAL AND TELECOMMUNICATIONS SERVICES, 1967-1971

Table 8.10 *Numbers*

	1967	1968	1969	1970	1971
Post Offices	332	346	374	385	408
Post Office Private Boxes	40,048	41,763	44,063	46,498	54,093
Telephone Subscribers' Lines	29,401	30,812	33,569	35,034	39,510
Public Call Offices	231	246	256	250	288
Telegrams Handled (000's)	545	622	618	663	637

8.17. International telecommunications were also improved and a new international telephone switching centre is to be opened during the year, giving East Africa access to more foreign countries via the earth satellite station at Mount Longonot. Additional circuits were added to those available via this station during 1971.

8.18. International telex links are also being extended and the telex service is to be placed on an automatic system this year. This will enable subscribers to make all their inland and the majority of their international calls directly. A major programme for the extension of telex facilities is under way.

Broadcasting

8.19. The major development in broadcasting in 1971 has been increased emphasis on the "local" element in broadcasts. For television broadcasting the local content now makes up 60 per cent of all broadcasts. The quality and scope of local television programmes is being enhanced by the setting up of a documentary TV Unit. Sound broadcasting directed at the rural areas was increased and the more active involvement of rural people encouraged by the establishment of another outside broadcasting unit.

8.20. Other developments in broadcasting included a Technical Systems Survey, the main objective of which was to survey the entire country with a view to future development of broadcasting services, extension of the medium wave broadcasting system and a follow-up to the audience survey undertaken in 1970 to assess the popularity of the programmes broadcast.

CHAPTER 9—EMPLOYMENT. EARNINGS AND CONSUMER PRICES

The statistical data available on employment in the various sectors of the economy differ in coverage and timing. Although the bulk of the data in this chapter refers to the "modern" sector, that is, all urban establishments, large-scale farms, other large enterprises in the rural areas and the public sector, it is possible from other information available to build up a national picture of wage employment.

9.2. Economic activity outside the modern sector is located in small farms and small-scale rural non-agricultural enterprises. A sample survey of small-holdings suggests a level of employment of over 342.000 in 1971. Although no similar survey of the rural non-agricultural enterprises was carried out in 1971, the results of one undertaken in 1969 indicated employment in such activities of 81,700. During the two years since this survey was carried out. it is likely that rural non-agricultural activity has expanded under the impetus of public development programmes and also under its own momentum. However, it is possible that the development of such activities in 1971 was slowed down by the relative stagnation in small-holder farm incomes which create the demand for the output of rural agricultural activities.

TOTAL WAGE EMPLOYMENT IN THE ECONOMY, 1970 AND 1971

Table 9.1

	1970	1971*	PER CENT IN TOTAL	
	000's	000's	1970	1971*
The "Modern" Sector	644.5	679.7	60.6	60.9
Small-holdings	329.9	342.3	31.0	30.6
Rural non-agricultural activities	90.0	95.0	8.4	8.5
TOTAL	1,064.4	1,117.0	100.0	100.0

*Provisional

9.3. An estimate of overall employment developed from these figures is shown in Table 9.1 together with figures for 1970. A comparison of the two years suggests a growth of 47,600 wage paid jobs in 1971, an increase of nearly 5 per cent. However, this was still somewhat short of the current Development Plan target of 70.000 new jobs annually. All the estimates of employment in Table 9.1 refer to the situation on the day of the enumerator's visit and make no allowance for seasonal factors. Since these visits to to farms tend to be concentrated in the off-peak season, it is likely that they do not show the highest levels of farm employment. The estimates for

non-agricultural activities leave out employment in woodland and forest areas because of problems of access, but it is known that a large number of people are engaged in small scale forestry and charcoal burning. Even in the "modern" sector there is evidence of growing activity among the so-called "unorganized" enterprises. By their very nature, these are not easy to include in statistical inquiries and only a small proportion are included in the above figures. Taking these factors into consideration, it is clear that the overall level of employment is higher than the figures in Table 9.1 suggest.

9.4. Mention was made in last year's *Survey* of the Tripartite Agreement under which employers of ten or more persons agreed to increase their labour force by 10 per cent and trade unions accepted wage restraint during the twelve months of the Agreement, which became effective on 1st July, 1970. For all practical purposes, the Agreement was confined to the "modern" sector. It was expected that, if all employers of ten or more persons increased their labour force by 10 per cent, a growth in employment of 40,000.45,000 persons was likely. Formally, the Tripartite Agreement lasted up to the middle of 1971 and its termination coincided with the annual statistical inquiry on employment. The results show a growth in employment in the "modern" sector between 1970 and 1971 of 35,200. It is apparent that the employment objective of the Agreement was in large measure attained. However, it is likely that some growth in employment would have taken place even without the Argeement.

9.5. Another feature of the Tripartite intake was that its effect tended to be concentrated primarily on employees in the low wage brackets. Quite apart from the consequences of wage restraint, accepted by the trade unions, the absorption of a large number of persons into the low wage bracket affected the level of average earnings. Earnings of the civil service were affected in the opposite direction by the implementation of the wage increases recommended by the report of the Commission of Inquiry into the Public Service, popularly known as the Ndegwa Commission. The wage increases recommended by the Commission were accepted by the Government and implemented from 1st July, 1971. The effect was a substantial increase in the public sector wage bill and in the average earnings of civil servants.

9.6. The rest of this chapter is devoted to a detailed discussion of employment and earnings in the "modern" sector.

Employment

9.7. Employment in the private and public sectors is shown in Table 9.2. In 1971, it showed the highest growth in any recent year—5.5 per cent. Another interesting feature is that the growth was faster in the private sector, where employment had been relatively stagnant for several years. There was an increase of 6.8 per cent for the private sector, and 3.4 per cent for the public sector.

EMPLOYMENT BY MAJOR SECTOR, 1968-1971

Table 9.2

	1968	1969	1970	1971 *	Percentage change 1970/71*
	000's	000's	000's	000's	
PRIVATE SECTOR—					
Agriculture and Forestry	173.0	178.7	183.7	189.6	3.2
Rest of Private Sector	211.5	211.4	213.3	234.3	9.8
Total Private Sector	384.5	390.1	397.0	423.9	6.8
PUBLIC SECTOR	221.9	237.1	247.5	255.8	3.4
TOTAL	606.4	627.2	644.5	679.7	5.5

9.8. A more detailed breakdown of employment by economic activity in the private sector is shown in Table 9.3. All major sectors except transport and communications showed an increase with growth in manufacturing and repairs and building and construction being particularly notable. Employment in agriculture and forestry continued to maintain the steady but modest growth which has been evident in recent years. Commerce and services activities showed the largest growth rate for several years. As in 1970, there was a decline in recorded employment in transport and communications, but figures of employment in transport need to be interpreted particularly cautiously. A large segment of transport activity is of a very small scale nature and is in the hands of "unorganized" establishments which are not adequately covered in the statistics.

EMPLOYMENT IN THE PRIVATE SECTOR BY INDUSTRY, 1968-1971

Table 9.3

	1968	1969	1970	1971*	Percentage
	000's	000's	000's	000's	1970/71*
Agriculture and Forestry	173.0	178.7	183.7	189.6	3.2
Mining and Quarrying	2.9	2.6	2.9	2.9	
Manufacturing and Repairs	58.2	57.6	61.8	72.0	16.5
Building and Construction	18.1	16.3	17.0	21.0	23.5
Electricity and Water	2.7	2.5			—
Commerce	40.2	41.8	39.8	42.5	6.8
Transport and Communications	15.8	16.0	16.5	16.3	-1.2
Services	73.6	74.5	75.3	79.6	5.7
TOTAL	384.5	390.1	397.0	423.9	6.8

*Provisional

No employment is shown against "electricity and water" because almost all activity in this field is now part of the public sector, following the acquisition by the Government of a majority shareholding in the East African Power and Lighting Company.

9.9. Employment in the public sector is set out in Table 9.4 by type of employer. Government employment, after rising sharply in 1970 following the taking over of some of the functions of local authorities, grew more slowly last year, by 2.8 per cent. Local authorities and parastatal bodies of the Government showed no change; while there was a 7 per cent increase in employment in Kenya by the East African Community and its various corporations.

EMPLOYMENT IN THE PUBLIC SECTOR, 1968-1971

Table 9.4

	1968	1969	1970	1971*	Percent in Total	
	000's	000's	000's	000's	1970	1971*
Kenya Government	99.1	108.6	159.6	164.0	64.5	64.1
Parastatal Bodies	14.1	17.0	18.4	18.9	7.4	7.4
Local Government	63.1	67.3	23.7	23.8	9.6	9.3
E.A. Community General Fund Services	2.9	2.8	3.1	3.2	1.3	1.3
E.A. Railways Corporation	25.3	23.2	22.5	22.6	9.1	8.8
E.A. Harbours Corporation	—	1.9	2.2	3.1	0.9	1.2
E.A. Posts and Telecommunications Corporation	4.8	4.8	5.5	5.8	2.2	2.3
E.A. Airways Corporation	3.0	3.3	3.8	3.7	1.5	1.4
E.A. Cargo Handling Services Limited	9.6	8.2	8.7	9.9	3.5	3.9
Other E.A. Public Bodies		—	—	0.8	—	0.3
TOTAL	221.9	237.1	247.5	255.8	100.0	100.0

*Provisional

In the public sector, the Government is still by far the largest employer with just over 64 per cent of the total. However, the share of the Community and its organizations in employment within Kenya edged up very slightly to 19 per cent.

9.10. Employment in the private and public sectors taken together is shown by economic activity in Table 9.5. In agriculture and forestry, the relative share of public and private employment remained unchanged, i.e. both grew at 3.2 per cent. It is interesting to note that, for the first time, there is public sector employment in mining and quarrying. This follows the establishment of a major mining enterprise with majority public sector participation (*see* Chapter 5). Overall, however, there was a fractional decline in the share of the public sector in total employment. The number of employees rose in each economic activity, including transport, storage and communications, in which a small increase in public sector employment more than compensated for the decline of employment by the private sector.

PUBLIC AND PRIVATE SECTOR EMPLOYMENT BY INDUSTRY, 1970 AND 1971*

Table 9.5

	TOTAL EMPLOYMENT (000's)		PERCENTAGE DISTRIBUTION			
			Private		Public	
	1970	1971	1970	1971	1970	1971
Agriculture and Forestry	204.5	211.1	89.8	89.8	10.2	10.2
Mining and Quarrying	2.9	3.0	100.0	96.7	—	3.3
Manufacturing and Repairs	82.3	92.8	75.1	77.6	24.9	22.4
Building and Construction	30.8	34.8	55.2	60.3	44.8	39.7
Electricity and Water	4.8	5.2	—	—	100.0	100.0
Commerce	42.5	46.7	93.6	91.0	6.4	9.0
Transport, Storage and Communications	44.9	45.6	36.7	35.7	63.3	64.3
Services	231.8	240.6	32.5	33.1	67.5	66.9
TOTAL	644.5	679.7	61.6	62.4	38.4	37.6

*Provisional

9.11. Employment by race is shown in Table 9.6. The proportion of Africans in the total has continued to rise reaching 94 per cent in 1971; consequently, the proportion of Europeans and Asians was lower. In fact, the number of Africans in employment increased by 38,100, which was slightly higher than the growth in "modern" sector employment as a whole. This was due to an absolute drop of 2,900 in the numbers of Europeans and Asians in wage-paid jobs. The overall numbers of males and females in employment are shown in the same table. Female employment in 1971 accounted for about 14.5 per cent of the total and was 1 per cent higher than in 1970.

EMPLOYMENT BY RACE AND SEX, 1968-1971

Table 9.6

	1968	1969	1970	1971*	PER CENT IN TOTAL	
	000's	000's	000's	000's	1968	1971*
Africans	559.0	582.0	600.7	638.8	92.2	94.0
Asians	32.1	31.4	30.3	27.3	5.3	4.0
Europeans	15.3	13.8	13.5	13.6	2.5	2.0
TOTAL	606.4	627.2	644.5	679.7	100.0	100.0
of which Males	524.4	538.1	552.3	581.1	86.5	85.5
Females	82.0	89.1	92.2	98.6	13.5	14.5

*Provisional.

9.12. The nationality of employees is set out in Table 9.7. The drop in the employment of Asians and Europeans is directly related to the fall in the number of non-citizens in jobs. The overall proportion of these fell from 5.2 per cent in 1970 to 4.4 per cent in 1971. However, there was a small increase of 500 in the numbers of Asian and European employees who were citizens. The distribution by nationality and economic activity of Europeans and Asians in wage-paid jobs is shown in Table 9.8 in percentage terms. The number of Asian citizens in employment overtook that of non-citizens last year. The growth was particularly apparent in three sectors, commerce, manufacturing and repairs and transport and communications. However, the proportion of citizen Asians differed between industries, being higher in commerce and transport and communications, whilst non-citizens predominated in building and construction, services and manufacturing and repairs. Among the Europeans, the bulk of wage employees remained non-citizens. This fact is also reflected in the nationality composition of employment by economic activity.

EMPLOYMENT BY CITIZENSHIP, 1970 AND 1971

Table 9.7 000's

	CITIZENS		NON-CITIZENS		TOTAL	
	1970	1971*	1970	1971*	1970	1971*
Africans	596.0	634.3	4.7	4.5	600.7	638.8
Asians	13.6	13.9	16.7	13.4	30.3	27.3
Europeans	1.3	1.5	12.2	12.1	13.5	13.6
TOTAL	610.9	649.7	33.6	30.0	644.5	679.7
PER CENT IN TOTAL	94.8	95.6	5.2	4.4	100.0	100.0

*Provisional

Earnings

9.13. Earnings in the "modern" sector are given in Table 9.9. In 1971 they exceeded K£184 million, a growth of 9 per cent over the total for 1970. The growth in earnings may be compared with the rise of 5.5 per cent in employment in this sector. As in most recent years, the rate of growth in earnings was considerably in excess of the rise in employment. However, it is likely that earnings would have risen faster but for the restraining influence of the Tripartite Agreement mentioned earlier in this chapter. Overall earnings rose at the same rate for both the private and the public sectors, although, as shown in Table 9.2, the rate of growth in employment was twice as fast in the private sector.

Table 9.8

	ASIANS						EUROPEANS					
	Citizens		Non-Citizens		Total		Citizens		Non-Citizens		Total	
	1970	1971	1970	1971	1970	1971	1970	1971	1970	1971	1970	1971
Agriculture and Forestry	0.6	1.0	1.4	1.2	2.0	2.2	1.8	2.8	7.4	8.2	9.2	11.0
Mining and Quarrying	0.2	0 1	0.5	0.3	0.7	0.4	–	–	0.7	0.7	0.7	0.7
Manufacturing and Repairs	8.9	12.1	12.6	13.2	21.1	25.3	1.6	1.9	11.6	14.3	13.2	16.2
Building and Construction	1.2	11	6.0	4.4	7.2	5.5	0.3	0.3	3.3	3.7	3.6	4.0
Electricity and Water	0.3	0.2	0.5	0.2	0.8	0.4	0.1	–	1.2	1.2	1.3	1.2
Commerce	16.7	21.7	14.7	12.0	31.4	33.7	2.4	3.3	15.8	17.3	18.2	20.6
Transport and Communications	4.9	7.7	3.7	3.5	8.6	11.2	0.6	1.2	7.5	10.1	8.1	11.3
Services	11.9	9.3	15.9	12.0	27.8	21.3	2.5	3.2	43.2	31.8	45.7	35.0
TOTAL	44.7	53.2	55.3	46.8	100.0	100.0	9.3	12.7	90.7	87.3	100.0	100.0

*Provisional.

EARNINGS BY MAJOR SECTOR, 1968-1971

Table 9.9 — *K£million*

	1968	1969	1970	1971*
PRIVATE SECTOR—				
Agriculture and Forestry	12.3	13.0	13.7	15.1
Rest of Private Sector	66.9	68.9	75.5	82.5
Total Private Sector	79.2	81.9	89.2	97.6
PUBLIC SECTOR	67.1	71.7	79.3	86.7
TOTAL	146.2	153.6	168.5	184.3

*Provisional

9.14. Earnings by economic activity in the private sector are indicated in Table 9.10. Except for transport and communications, the wage bill for all sectors rose. This was also true of earnings for almost all categories of public organizations except the Government, as shown in Table 9.11. The reason for this lies in the effects of the wage awards for Government employees recommended by the Ndegwa Commission. Thus, while Government employment rose by less than 3 per cent, its total wage bill grew by 14 per cent. Of course, this was not caused entirely by the Ndegwa award but was also partially due to the normal "creep" in personal emoluments within the civil service.

EARNINGS IN THE PRIVATE SECTOR, 1968-1971

Table 9.10 — *K£million*

	1968	1969	1970	1971*
Agriculture and Forestry	12.3	13.0	13.7	15.1
Mining and Quarrying	0.7	0.8	1.0	1.0
Manufacturing and Repairs	18.9	19.6	22.6	25.9
Building and Construction	4.6	5.1	5.6	6.8
Electricity and Water	1.4	1.8	—	–
Commerce	20.9	20.6	22.8	23.5
Transport and Communications	6.3	6.0	6.9	6.8
Services	14.1	15.0	16.7	18.4
TOTAL	79.1	81.9	89.2	97.6

*Provisional.

EARNINGS IN THE PUBLIC SECTOR, 1968-1971

Table 9.11 *K£million*

	1968	1969	1970	1971*
Kenya Government	29.4	31.8	43.5	49.6
Parastatal Bodies	3.9	4.3	6.6	6.8
Local Government	14.5	15.9	7.5	7.6
E.A.C. General Fund Services	1.6	1.5	1.7	1.8
E.A. Railways Corporation	8.2	7.7	8.0	8.0
E.A. Harbours Corporation	N.A.	0.7	0.9	1.1
E.A. Posts and Telecommunications Corp.	2.9	3.0	3.5	3.6
E.A. Airways Corporation..	3.2	3.6	4.0	3.4
E.A. Cargo Handling Services Ltd.	3.5	3.2	3.6	4.2
Other E.A. Public Bodies	N.A.	N.A.	N.A.	0.6
TOTAL	67.1	71.7	79.3	86.7

*Provisional

9.15. Percentage changes in employment and earnings as well as in the absolute level of average earnings are shown in Tables 9.12 and 9.13. The growth in average earnings was less than the rise in employment. Average earnings in some large components of the private sector, including manufacturing and repairs, building and construction and commerce, actually declined. The rise in average earnings within the public sector was due almost entirely to higher earnings by Government employees. The reason for the relatively slow growth in average earnings was directly related to the fact that most of the intake of employees under the Tripartite Agreement was of unskilled labour and therefore in the lowest category of earnings. The figures shown in Table 9.13 also indicate that, during the last three years as a whole, employment and average earnings have tended to grow at about the same rate.

AVERAGE EARNINGS PER EMPLOYEE, 1968-1971

Table 9.12 *K£*

	1968	1969	1970	1971*
PRIVATE SECTOR—				
Agriculture	71.1	72.7	74.6	78.4
Mining and Quarrying	241.4	307.7	344.8	355.4
Manufacturing and Repairs	324.7	341.5	367.0	359.6
Building and Construction	254.1	312.9	329.4	323.8
Electricity and Water	518.5	570.3	—	—
Commerce	520.0	492.8	572.9	552.2
Transport, Storage and Communications	398.7	375.0	418.2	419.7
Services	191.6	201.3	221.8	231.7
PUBLIC SECTOR	302.4	302.6	320.2	339.0
TOTAL	241.1	344.9	261.4	271.2

*Provisional.

CHANGES IN EMPLOYMENT AND EARNINGS, 1968-1971*

Table 9.13 *Percentages*

	EMPLOYMENT				AVERAGE EARNINGS			
	1968/69	1969/70	1970/71	1968/71	1968/69	1969/70	1970/71	1968/71
THE PRIVATE SECTOR—								
Agriculture and Forestry	3.3	2.8	3.2	9.6	2.3	2.6	5.1	10.3
Mining and Quarrying	-10.3	11.5			27.5	12.1	3.1	47.2
Manufacturing and Repairs	-1.9	7.4	16.5	23.7	5.2	7.5	-2.0	10.7
Building and Construction	-9.9	4.3	23.5	16.0	23.1	5.3	-1.7	27.4
Electricity and Water	-7.4		—	—	10.0	—	—	—
Commerce	4.0	-4.8	6.8	5.7	-5.2	16.3	-3.6	6.2
Transport and Communications	1.3	3.1	-1.2	3.2	-5.9	11.5	0.4	5.3
Services	1.2	1.1	5.7	8.2	5.1	10.2	4.5	20.9
PUBLIC SECTOR	7.1	4.4	3.4	15.3	0.1	5.8	6.0	12.1
TOTAL	3.4		5.5	12.1	1.6	6.7	3.7	12.5

*Provisional.

Consumer Prices

9.16. In 1971 there was a substantial increase in consumer prices. In fact, the growth in these was the highest for any year since 1966, as shown in Table 9.14. During the year, the Nairobi lower income index rose by 7.5 per cent and the middle income index by 6.3 per cent. The bulk of this growth took place around the middle of the year, due to a rise in the prices for food items and higher taxation measures announced in the budget. However, since August, 1971, there has been a little change in the two indices mentioned above.

PERCENTAGE CHANGES IN CONSUMER PRICES, DECEMBER, 1966 TO APRIL, 1972

9.14

	Dec. 66 to Dec. 67	Dec. 67 to Dec. 68	Dec. 68 to Dec. 69	Dec. 69 to Dec. 70	Dec. 70 to Dec. 71	Dec. 71 to April 72	Dec. 66 to April 72
Nairobi Lower Income Index	0.7	0.8	0	1.6	7.5	0.6	11.4
NairobiMiddle Income Index	2.8	0.7	1.1	2.4	6.3	1.9	16.0

9.17. New indices were introduced last year with a weighting pattern derived from new surveys of urban households. These new weights were "spliced" into the old ones in order to obtain comparable data for previous years. However, unlike the old indices, the new ones also include rent. The new index for the low income group covers households earning up to K£240 per annum (compared with K£210 for the old index) and the middle income index households in the income group from K£240 to K£840 (compared with incomes between K£210 and K£750 in the old index). The significant growth in the prices of food, drink and tobacco between March and August is clearly apparent in both indices. For the lower income index there was little change in the prices of other commodities but the middle income index showed increases in several other groups.

MIDDLE INCOME INDEX OF CONSUMER PRICES—NAIROBI

(Base: August, 1971 = 100)

(a) Old Weights

Table 9.15

	Food	Beverages and Tobacco	Clothing and Footwear	Furniture and Utensils	Fuel Light and Water	House-hold Operation	Personal Care and Health	Recre-ation and Enter-tainment	Transport and Travel	Miscel-laneous	All Groups
WEIGHT	409	106	120	62	44	43	37	24	98	57	1000
1966—December	83.3	86.4	83.6	98.0	80.3	98.1	87.1	91.7	97.1	98.2	88.5
1967—December	89.2	90.2	88.9	92.9	85.4	96.3	93.2	91.7	97.6	98.2	91.0
1968—December	88.9	91.6	90.1	96.8	89.0	97.4	93.5	91.7	97.6	98.7	91.6
1969—December	90.2	92.0	93.2	96.3	90.3	97.0	93.9	91.7	97.6	99.0	92.6
1970—December	98.8	92.0	93.4	97.1	96.8	98.9	96.8	100.0	97.7	100.0	94.8
1971—											
March	92.6	92.0	96.2	97.0	97.9	98.6	97.9	100.0	97.7	100.0	94.9
June	95.0	92.0	100.0	100.0	100.0	100.0	99.1	100.0	100.0	100.0	96.9
July	98.2	100.0	100.0	100.0	100.0	100.0	99.3	100.1	100.0	100.0	100.0

(A) New Weights

	Food	Beverages and Tobacco	Fuel, Light and Water	Personal Care and Health	Recre-ation and Enter-tainment	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—												
August	100 0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
September	100.6	102.0	100.0	100.0	100.0	100.0	100.0	100.3	100.0	100.0	100.1	100.5
October	99.7	102.0	100.0	100.0	100.0	100.0	100.0	101.6	100.0	100.0	100.3	100.2
November	100.4	102.0	100.0	100.0	101.1	101.0	100.1	101.7	102.0	100.0	100.4	100.7
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—												
January	102.2	102.0	102.0	100.3	101.1	101.0	100.3	103.0	102.0	100.0	100.7	101.4
February	102.3	102.0	102.3	100.7	101.1	103.2	100.5	103.3	102.0	100.0	100.8	101.5
March	102.8	102.0	101.0	100.3	102.5	103.2	100.3	102.1	102.0	100.0	100.8	101.9
April	103.5	102.0	110.4	100.2	102.5	103.2	100.3	102.9	102.0	100.0	100.8	102.7

LOWER INCOME INDEX OF CONSUMER PRICES—NAIROBI

(Base: August, 1971 = 100)

(a) Old Weights

Table 9.16

	Food	Drinks and Tobacco	Fuel, Light and Water	Personal Care and Health	Recreation and Enter-tainment	Transport	House-hold Operation	Clothing and Footwear	Miscel-laneous	All Groups
WEIGHT	671	70	52	19	11	26	53	79	10	100
1966—December	89.6	83.5	85.2	85.6	81.8	99.9	94.3	95.9	100.0	91.1
1967—December	91.5	86.0	87.5	91.7	95.4	100 0	96.7	95.3	100.0	91.7
1968—December	91.7	88.3	90.7	89.4	95.4	100.0	97.8	98.4	100.0	92.4
1969—December	90.3	91.0	93.8	91.7	95.4	100.0	102.0	101.2	100.0	92.4
1970—December	92.5	91 0	95.8	100.0	95.4	100.0	100.2	100.9	100.0	93.9
1971—										
March	91.7	91 0	97.5	100.0	100.0	100.0	100.3	100.0	100.0	93.5
June	94.4	91.0	100.5	100.0	100.0	100.0	100.8	99.9	100.0	95.4
July	97.5	100.3	100 5	100.0	100.0	100.0	100.8	99.7	1000	98.4

(b) New Weights

	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	552	43	45	13	10	28	26	10	56	48	199	100
1971—												
August	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	000.0	100.0
September	100.6	102.1	100 8	100.0	100.0	100.0	100.0	100.6	100.0	100.0	100.1	100.5
October	99.8	102.1	100.8	100.0	100.0	100.0	100.0	103.1	100.0	100.0	100.3	100.1
November	100.3	100.1	100.8	100.0	100 0	100.0	100.0	100.3	100.0	100.0	100.4	100.4
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—												
January	101.2	102.1	101.2	100.0	100.0	100.1	103.8	105 6	102.3	100.0	100.7	101 2
February	101.7	102.1	102.3	100.0	100.0	100.1	103.8	106 6	102.3	100.0	100 8	101.3
March	101.8	102.1	102.1	100.0	100.0	100.1	103.8	104.2	102.3	100.0	100.8	101.6
April	102.3	102.1	113.5	100.0	100 0	100.1	103.8	106.2	102.3	100.0	100.8	102.0

CHAPTER 10—PUBLIC FINANCE IN THE ECONOMY

This chapter does not discuss the entire public sector but only the "general government" part of it, which includes the Government, local authorities and the General Fund Services of the East African Community (but not its "enterprise" function). The chapter contains an analysis of the various aspects of the budgets of the three levels of Government mentioned above. Details of their revenue and expenditure are presented in separate sections in the rest of this chapter.

Kenya Government

10.2. It should be noted that the figures in this chapter differ from those which appear in the published Appropriation Accounts. The principal reasons for this are the elimination of double-counting due to transfers between the recurrent and development accounts and the showing of revenue and expenditure gross of revenue collection costs and appropriations-in-aid.

10.3. The out-turn of Government revenue and expenditure in recent years is given in Table 10.1. The provisional figures for 1971/72 show a rise in expenditure of 19 per cent, K£ 29.5 million, compared with a growth of 29 per cent in the previous financial year. The growth of revenue in the current and previous financial year has been approximately constant, between 15 and 16 per cent. However, in the current year, both recurrent and development revenue show an increase whereas only current revenue had done so in 1970/71. The provisional estimates for 1971/72 show a deficit of K£14 million, nearly twice that of 1970/71. However, it is likely that, as in previous years, the final deficit will be lower because taxation receipts may be larger and development outlays smaller than expected. The sharp rise in the deficit is almost entirely due to the stepping up of development expenditures, which are expected to be K£12.5 million higher than in 1970/71. During the last financial year, the Government adopted a policy of financing long-term expenditure by means of short-term paper, so that a larger apparent "deficit" can be incurred in order to promote development.

OUT-TURN OF REVENUE AND EXPENDITURE
1967/68-1971/72

Table 10.1 *K£million*

	REVENUE			EXPENDITURE			Surplus/ Deficit
	Re-current	Develop-ment	Total	Re-current	Develop-ment	Total	
1967/68	80.75	15.92	96.67	74.99	19.58	94.57	+2.10
1968/69	91.33	15.97	107.30	80.51	24.46	104.98	+2.32
1969/70	99.82	29.42	129.24	91.14	30.33	121 46	+7.77
1970/71	125.97	23.26	149.23	111.32	45.49	156.81	-7.58
1971/72*	139.94	32.21	172.15	128.32	57.99	186.31	-14.16

*Provisional.

10.4. A summary of the growth of expenditure by function is shown in Table 10.2. The pattern of additional allocations in 1971/72 shows several changes from that in the previous financial year. Almost a third of the increase in expenditure went to general services; the outlay on financial obligations dropped; expenditure on economic, community and social services rose by K£21.3 million. The details of functional expenditure are set out in Table 10.3.

THE GROWTH OF EXPENDITURE BY FUNCTIONAL ACTIVITIES, 1964/65 TO 1971/72*

Table 10.2 *Percentages*

Services	1964/65 to 1970/71	1964/65 to 1971/72	1969/70 to 1970/71	1970/71 to 1971/72
General Services	70.7	126 8	10.3	32.3
Financial Obligations	55.8	37.9	35.4	-12.5
Economic and Community Services	148.8	202.6	37.0	17.1
Social Services	258.8	360.3	40.2	28.3
TOTAL EXPENDITURE	122.3	167.3	29.1	18.8

*Provisional

10.5. The growth of K£10 million in outlays on general services is distributed more or less evenly over administration and foreign affairs, law and order and defence. Three-quarters of this additional expenditure was of a recurrent nature and K£4.3 million of it was incurred because of salary increases for civil servants. Much of the K£3.3 million rise in develop ment expenditure on general services is going into Government buildings, including staff housing.

10.6. The growth of expenditure on social services was K£12.5 million -a 28 per cent increase. Over half of this increase has gone to education. There was also an increase of K£1 million on housing expenditures in the form of loans to the National Housing Corporation and the Housing Finance Company of Kenya. In relative terms, the largest growth in this group has been in "other" social services and has largely been on development work, including a re-equipment programme for the National Youth Service, the development of sound and television broadcasting facilities, improvements in library and museum services and development of co-operatives and village polytechnics. Expenditure on health in 1971/72 grew only moderately so that its share in total outlays on social services fell. About half of the growth in health expenditure has been in personal emoluments, with the rest going to development projects, mostly the setting up of new training facilities.

RECURRENT AND DEVELOPMENT EXPENDITURE ON MAIN SERVICES
1967/68-1971/72

Table 10.3 — *K£million*

Services	1967/68	1968/69	1969/70	1970/71	1971/72*
GENERAL SERVICES—					
Administration and Foreign Affairs	4.97	5.39	7.30	8.00	11.60
Law and Order	11.17	11.16	11.96	13.42	16.51
Defence	6.13	5.56	5.69	6.47	9.29
Revenue Collection and Financial Control	2.04	2.27	2.64	2.54	3.05
TOTAL	24.31	24.38	27.59	30.43	40.45
FINANCIAL OBLIGATIONS—					
Public Debt	8.09	8.95	10.67	18.04	17.77
International Monetary Organization Subscriptions	0.47	0.87	1.07	3.28	0.35
Pensions and Gratuities	3.60	3.76	3.83	3.65	3.58
Compensation Payments	2.30	0.14	0.07	0.03	0.03
Passages and leave expenses	0 57	0.54	0.54	0.58	0.31
Transfers to local authorities	3.98	5.70	4.89	0.85	1.35
TOTAL	19.01	19.97	21.07	26.43	23.39
ECONOMIC A N D COMMUNITY SERVICES—					
Agriculture and Veterinary	11.70	13 45	10.94	11.38	16.21
Forestry	1.62	1.54	1.67	1.73	2.66
Game and National Parks	1.46	1.25	1.37	1.76	2.93
Transport and Roads	7.30	9.17	12.79	18.72	23.02
Electricity and Petroleum	—	—	2.60	3.97	0.06
Banking	—	—	—	2.88	0.62
Other (including water supplies)	7.31	8.78	7.95	10.72	14.41
TOTAL	29.39	34.19	37.32	51.16	59.91
SOCIAL SERVICES—					
Education	9.84	11.89	17.54	27.58	34.76
Health	5.13	5 91	7.94	10.11	11.16
O t h e r (Labour, Community Development, Housing, etc.)	3.57	4.97	6.11	6.57	10.88
TOTAL	18.54	22.77	31.59	44.26	56.80
UNALLOCABLE	3.31	3.67	3.88	4.52	5.75
TOTAL EXPENDITURE	94.56	104.98	121.45	156.80	186.30

*Provisional.

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*Provisional.

10.12. Outlays on financial obligations in 1971/72 show a fall of K£3 million compared with the previous financial year. This drop was mainly because of a decrease in subscriptions to international financial organizations —such payments had been exceptionally high in 1970/71. Another factor which contributed to the decline in expenditure on financial obligations was a drop of nearly K£1 million in redemption payments on the public debt, which had been pushed up in 1970/71, because a railway loan became due for repayment. This fall had the effect of reducing the share of debt servicing charges in total expenditure by 2 percentage points in 1971/72—from 11.5 in 1970/71 to 9.5 in 1971/72.

10.13. The level of the public debt is shown in Table 10.4. External debt actually fell (following repayment of the railway loan mentioned above) by over K£7 million, but the internal debt rose by K£17 million. Although the bulk of the debt is still external, internal debt now accounts for 44 per cent of the total, compared with 36 per cent in the previous year. Both funded and unfunded internal debt increased in 1971. The whole of the growth in unfunded debt was accounted for by borrowings of K£10 million from the Central Bank.

PUBLIC DEBT 1960-1971

Table 10.4 *K£million*

As at 30th June	PUBLIC DEBT*								
	FUNDED			UNFUNDED			TOTAL		
	External	Internal	Total	External	Internal	Total	External	Internal	Total
1960	32.53	16.32	48.85	11.72	2.35	14 04	44.25	18.64	62.89
1961	32.53	16.79	49.32	11.79	1.06	19.85	51.32	17.85	69.17
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	12.79	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	118.16
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 04	64.21	85.25	73.67	11.04	84.71	94.71	75.24	169.94

*Excluding Short-Term Borrowings.

10.14. Details of debt servicing charges and the market value of sinking funds, which cover 15 per cent of the funded debts, are shown in Table 10.5.

10.15. An analysis of unfunded debt by source is shown in Table 10.6. The proportion of external debt from bilateral sources has been declining, although it is still the dominant element in the total. At the same time, the share of international organizations has been rising and was nearly 18 per cent of the total in 1971.

Table 10.5

DEBT SERVICING CHARGES, 1960-71

K£million

As at 30th June	ANNUAL DEBT SERVICING CHARGES			INTEREST AND LOANS REPAYMENT RECEIPTS			NET SERVICING CHARGES			Sinking Funds at Market Value
	External	Internal	Total*	External	Internal	Total	External	Internal	Total	
1960			2.83			1.13			1.70	4.72
1961			3.40		1.55	1.51			1.89	5.33
1962	0.95	3.19	4.14	0.20	1.61	1.75	0.75	1.64	2.39	5.28
1963	1.37	2.29	4.66	0.22	1.71	1.85	1.15	1.68	2.83	6.67
1964	1.97	3.24	5.21	0.33	2.26	2.04	1.64	1.53	3.17	7.88
1965	2.61	3.76	6.37	0.56	2.57	2.82	2.05	1.49	3.54	9.05
1966	3.16	4.55	7.71	0.32	2.79	2.89	2.84	1.98	4.82	9.99
1967	5.83	3.50	8.33	0.81		3.60	4.02	0.71	4.73	11.22
1968	5.27	2.67	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	2.79	3.36	4.40	1.11	5.51	11.36
1970	4.98	5.70	10.68	0.62	3.13	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

*Includes interest payments of

Year	*Interest (K£m)*
1960	2.34
1961	2.73
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

Table 10.6

SOURCE OF UNFUNDED DEBT, 1964-1971

Outstanding as at June 30th	1964	1965	1966	1967	1968	1969	1970	1971
EXTERNAL DEBT								
Lending Countries								
United Kingdom	29,489	37,991	43,627	47,582	44,486	47,830	52,776	46,314
U.S.A			4,793	4,047	4,581	4,759	4,890	5,733
West Germany	1,579	2,632	2,795	3,297	3,563	3,622	3,896	4,583
U.S.S.R				195		163	147	130
Japan							149	598
Israel					456	609	647	566
Others	3,015	2,114	400				127	869
TOTAL	34,083	42,737	51,613	55,121	53,086	56,983	62,632	58,793
International Organizations								
I.B.R.D.	1,881	2,014	1,785	1,873	1,661	1,497	1,195	2,498
I.D.A.			542	1,961	3,441	7,380	10,633	11,987
African Development Bank						119	278	386
TOTAL	1,881	2,014	2,327	3,834	5,102	8,996	12,108	14,871
TOTAL EXTERNAL	35,964	44,751	53,940	58,955	58,188	65,979	74,738	73,664
INTERNAL (E. AFRICAN) DEBT								
Uganda/Tanzania	461	455	448	441	454	400	367	333
Banks: Central								10,000
Other	429	476	557	567	553	465	386	295
Insurance Companies				154	288	261	234	207
Other	13	11	10	53	127	202	202	202
TOTAL INTERNAL	904	942	1,015	1,215	1,402	1,328	1,189	11,037
TOTAL UNFUNDED DEBT	36,867	45,693	54,956	60,170	59,590	67,307	75,927	84,701

10.16. An analysis of public funded debt by holders on the local register is set out in Table 10.7. The National Social Security Fund continues to be the largest single source of internal borrowing and in 1971 accounted for 30 per cent of the internally raised debt.

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

Table 10.7 K£'000

HOLDERS	1967	1968	1969	1970	1971
PUBLIC BODIES:—					
National Social Security Fund	3,603	8,148	17,417	17,510	22,533
Central Government	18,614	11,828	9,912	13,411	20,083
Local Government	961	1,052	1,078	950	901
Kenya Post Office Savings Bank	2,114	2,114	2,114	2,551	887
East African Community Institutions	864	891	891	380	380
Central Bank	3,510	3,510	3,510	3,510	2,010
Other Public Sector	664	683	474	472	513
OTHER INTERNAL:—					
Commercial Banks	1,723	1,766	6,184	8,299	8,374
Insurance Companies	3,770	4,590	4,879	5,280	5,368
Other Companies	1,250	2,083	2,445	4,169	6,998
Private Individuals	541	550	780	719	1,860
EXTERNAL:—					
Other East African	353	353	352	370	370
Other Sterling Area	1,763	1,735	1,723	1,556	1,371
Non Sterling Area	42	42	42	39	13
TOTAL	29,772	39,345	51,811	59,211	71,661

10.17. An economic analysis of Government expenditure is laid out in Table 10.8. Because the necessary details for such analysis are not yet available for the current financial year only information up to 1970/71 is included. In examining this table it is necessary to note that the "economic" categories shown have a specific technical meaning; for example, "capital expenditure" as used here is not synonymous with "development expenditure" as used in the budget.

10.18. Wages and salaries remained the principal component of expendi- in 1970/71. Their level increased sharply in 1969/70 and again in 1970/71. The growth in such expenditure during these two years was the result of the Government assuming responsibility for primary education, health and roads from the county councils. When details for 1971/72 become available, it is expected that another substantial growth in wages and salaries will be apparent, following the wage award to civil servants recommended by the Ndegwa Commission.

Table 10.8 — *K£million*

	1966/67	1967/68	1968/69	1969/70	1970/71
RECURRENT EXPENDITURE					
CONSUMPTION EXPENDITURE ON GOODS AND SERVICES—					
Wages and Salaries:					
Personal Emoluments	22.99	24.43	26.32	36.72	47.62
House Allowances	0.83	0.89	1.07	1.27	1.53
Passages and Leave Expenses	0.51	0.54	0.51	0.51	0.56
Contributions to Pensions Fund	0.45	0.41	0.44	0.42	0.49
Pay and allowances to Armed Forces:					
Personal Emoluments	3.14	3.23	3.22	3.31	3.54
Pensions and Gratuities	0.09	0.10	0.13	0.41	0.15
TOTAL	28.01	29.60	31.70	42.07	53.89
Other Goods and Services:					
Rent of Fixed Assets:					
(a) Residential	0.25	0.26	0.32	0.39	0.64
(b) Non-residential	0.29	0.30	0.35	0.43	0.29
Maintenance and repairs	1.83	2.42	2.54	3.13	3.66
Travelling expenses	2.35	2.31	2.39	2.65	2.91
Collection costs of income tax, customs and excise duties	1.00	1.02	1.10	1.32	1.42
Miscellaneous other goods and services	8.02	8.68	9.10	11.14	13.69
TOTAL ..	13.74	14.99	15.83	19.06	22.61
SUBSIDIES—					
To agriculture	0.53	2.39	2.76	1.35	1.20
To other sectors	0.09	0.08	0.05	0.03	0.04
TOTAL	0.62	2.47	2.81	1.38	1.24
INTEREST—					
External Debt	3.74	3.54	3.58	3.20	3.33
Internal Debt	1.51	1.86	2.39	3.41	4.12
TOTAL	5.25	5.40	5.98	6.61	7.45
OTHER TRANSFERS—					
To Households and Un-incorporated Enterprises:					
(a) Persons (including pensions)	4.36	4.00	4.29	5.09	4.34
(*b*) Private non-profit institutions (Educational)	3.62	4.73	5.48	3.14	2.66
(c) Other private non-profit institutions	0.25	0.34	0.33	0.19	0.55
To rest of the world	3.40	2.84	1.11	1.27	3.47
To other General Government Agencies:					
(a) Local Authorities	2.99	3.92	5.69	4.79	
(b) E.A. Community	0.12	0.12	0.12	0.02	0.75
(c) Land Settlement	0.69	0.51	0.51	0.39	
id) Miscellaneous	1.73	1.18	1.38	2.33	0.43
					4.36
TOTAL	17.16	17.64	18.91	17.22	16.56
TOTAL RECURRENT EXPENDITURE	64.79	70.11	75.22	86.33	101.75

Table 10.8—(Contd.) *K£million*

	1966/67	1967/68	1968/69	1969/70	1970/71
CAPITAL EXPENDITURE					
GROSS CAPITAL FORMATION—					
Residential buildings	0.49	1.13	1.42	1.08	2.32
Non-residential buildings	1.62	3.31	4.39	4.11	5.67
Construction and works	5.42	6.77	7.83	10.50	15.75
Plant, Machinery and Equipment	1.42	1.46	1.93	2.11	2.54
Transport Equipment	0.86	0.92	0.75	1.40	1.55
Land	0.21	0.79	0.28	0.83	0.81
TOTAL	10 01	14.38	16.60	20.03	28.64
INVESTMENT IN COMMERCIAL ENTERPRISES	—	—	—	2.60	9.81
LOANS TO OTHER SECTORS—					
To Households and Un-incorporated Enterprises				0.76	
To Corporations	3.75	3.31	5.71	4.97	4.35
To Other General Government Agencies	2.86	4.04	4.46	2.69	1.60
TOTAL	6.61	7.35	10 18	8.42	5.95
LOAN REPAYMENT—					
External Debt	2.84	1.85	1.67	1.95	1.91
Internal Debt	0.09	0.09	0.57	1.34	7.60
Sinking Fund	0.55	0.78	0.74	0.78	1.14
TOTAL	3.47	2.72	2.98	4.07	10.65
TOTAL CAPITAL EXPENDITURE	20.10	24.46	29.76	35.12	55.05
ALL EXPENDITURE	84.88	94.57	104.98	121.45	156.80

10.19. Although expenditures on wages and salaries have continued to rise, the share of all recurrent expenditure in the total has been declining gradually over the last few years. This is a direct consequence of the rapid growth in capital expenditure (which has gone up by 174 per cent over the period shown in Table 10.8, increasing its share of the total from 24 to 35 per cent). Expenditure on tangible assets has accounted for more than half of the growth in capital expenditure over the last five years. The factors behind the rise in loan repayments have already been mentioned earlier in this chapter (*see* Paragraph 10.12).

10.20. The functional and economic analysis of the Government's expenditure is brought together in Table 10.9. This analysis identifies consumption and capital expenditure by main services.

Table 10.9

K £'000

ECONOMIC CLASSIFICATION / FUNCTIONAL CLASSIFICATION	RECURRENT EXPENDITURE								CAPITAL EXPENDITURE			Total Recurrent and Capital Expenditure
	CONSUMPTION EXPENDITURE		Subsidies	Interest on Public Debit	Transfers to Households	Transfers to Rest of the World	Other Transfers	Total Recurrent Expenditure	Gross Capital Formation	Loans and Investment in Government Enterprises	Loan Repayments to other Sectors	
	Wages and Salaries	Other										
GENERAL SERVICES—												
Administration—Central ..	1,386	497			15			1,898	1,023			2,927
Administration—Provincial	2,501	663					100	3,264	205			3,469
Foreign Affairs	432	637				127		1,196	417			1,613
Law and Order	9,623	1,872			30			11,525	1,890			13,415
Defence	2,868	3,374			153			6,415	58			6,473
Revenue Collection and Financial Control	506	1,909	15		1	17		2,448	12			2,460
COMMUNITY SERVICES—												
Roads	1,538	1,097					158	2,793	14,157	160		17,110
Water Works	754	1,040	6					1,800	590			2,390
Other	74	17			10			100	6			106
SOCIAL SERVICES—												
Education	18,034	3,154				23	4,962	26,173	1,411			27,584
Health	4,599	2,425		25	334			7,383	2,727			10,110
Labour	196	131						327	23			350
Housing	60	18						78	534	2,188		2,800
Other, including Community Development	17,07	344			747	5	209	3,012	406			3,418
ECONOMIC SERVICES—												
Agriculture	1,706	988	1,203		11	2	733	4.643	1.626	1,720		7,989
Veterinary	1,474	1,272						2,746	641			3,387
Forestry	864	413						1,277	452			1,729
Game and Fisheries	390	322					1	713	284			997
National Parks and Tourism	5	10					245	260	75	429		764
Lands, Mines, Survey and Geology	1,288	378			19			1,685	186			1,871
Commerce and Industry	724	544					354	1,623	394	4,271	64	6,352
Transport, excluding Roads	272	497					4	773	833			1,606
Electricity and Petroleum					— *t*					3,970		3,970
Banking and Financial Institutions										2,883		2,884

Table 10.9—*(Comd.)*

K£million

ECONOMIC CLASSIFICATION / FUNCTIONAL CLASSIFICATION	RECURRENT EXPENDITURE								CAPITAL EXPENDITURE			Total Recurrent and Capital Expenditure
	CONSUMPTION EXPENDITURE		Subsidies	Interest on Public Debit	Transfers to Households	Transfers to Rest of the World	Other Transfers	Total Recurrent Expenditure	Gross Capital Formation	Loans and Investment in Government Enterprises	Loan Repayments to other Sectors	
	Wages and Salaries	Other										
RECURRENT FINANCIAL OBLIGATIONS—												
Interest				7,449				7,449				7,449
Sinking Fund				5				5			1,145	1,150
Redemption											9,446	9,446
Compensation Payments to Designated Officers	17					324		341				341
Pensions and Gratuities	373				2,961			3,334				3,334
Subscriptions to International Monetary Organizations						3,283		3,283				3,283
Pasages and Leave Expenses	582							582		—		582
Transfers to Local Authorities, n.e.s			—				849	849				849
UNALLOCABLE EXPENDITURE—												
Buildings—Residential	344	553						897				897
Buildings—Non-Residential	662	142						804				804
M.O.W!-—Unallocable	694	770						1,464	613			2,077
Government Printer	188	300						488	98			1,586
Other Unallocable	30	41						71	82			153
TOTAL	53,890	23,408	1,229	7,479	4,281	3,781	7,615	101,700	28,743	15,621	10,655	156,719

10.21. Gross receipts on recurrent account are analysed in Table 10.10. Provisional estimates for the current financial year suggest that these are likely to grow by 11 per cent, compared with 26 per cent in 1970/71. This reduced rate of growth is directly related to the slowing down in the expected growth of taxation receipts although their overall level should rise by 13 per cent. "Miscellaneous" receipts show a particularly sharp growth in 1971/72. They are made up of surpluses accruing from the Central Bank and other commercial enterprises, as well as Kenya's share of unspent balances from the East African Community. This item also includes withdrawals from renewal funds maintained by the Ministry of Works. The rise of K£1.6 million in receipts from charges for goods and services is entirely made up of primary school fees, which are now received directly by the Government.

GROSS RECEIPTS ON RECURRENT ACCOUNT, 1967/68-1971/72

Table 10.10 — *K£million*

	1967/68	1968/69	1969/70	1970/71	1971/72*
DOMESTIC SOURCES—					
Taxation	59.85	65.20	76.18	92.99	104.78
Interest and repayment of loans	5.85	6.42	5.45	9.77	5.09
Charges for goods and services	7.18	7.83	10.99	12.81	14.47
Reimbursement from other administrations	1.40	1.39	1.24	0.95	3.08
Miscellaneous	2.78	3.87	4 07	7.47	12.46
Loans raised internally	0.72	5.73	1.29	1.37	..
TOTAL	77.78	90.44	99.22	125.36	139.88
EXTERNAL SOURCES—					
Grants under Overseas Service Aid Scheme	1.58	0.66	0.45	0.53	
Other U.K. Grants	0.03	0.04	—	0.01	
U.K. Loans	1.27	0.11	0.07		
Other Foreign Loans and Grants	0.09	0.09	0.08	0.08	0.06
TOTAL	2.97	0.90	0.60	0.62	0.06
TOTAL RECEIPTS	80.75	91.34	99.82	125.98	139.94

*Provisional

10.22. A breakdown of taxation receipts is set out in Table 10.11. The share of direct taxes in the total is expected to be fractionally higher in 1971/72 than in the previous year. Total receipts from income and graduated personal taxes are expected to rise by nearly K£5.5 million. Much of the rise in income tax (which grew by nearly 12 per cent in 1971/72 and 29 per cent in 1970/71) consists of receipts of a once-and-for-all nature caused

by changes in tax payment procedures. These are intended to reduce the time lag between earnings and payments and to put most collection on a pay-as-you-earn basis. The growth of graduated personal tax is related to the assumption of revenue sources from county councils, following the above. mentioned reduction in their responsibilities.

GROSS REVENUE FROM TAXATION FOR RECURRENT EXPENDITURE, 1967/68-1971/72

Table 10.11 — *K£million*

	1967/68	1968/69	1969/70	1970/71	1971/72*
DIRECT TAXATION—					
Income Tax	22.97	23.61	29.20	37.78	42.25
Graduated Personal Tax	0.41	1.51	2.44	2.68	3.70
Estate Duties	0.37	0.35	0.35	0.35	0.40
Export Duties	0.41	0.31	0.40	0.49	0.40
TOTAL	24.16	25.78	32.39	41.30	46.75
INDIRECT TAXATION—					
Import Duties	19.95	21.83	24.35	28.72	30.03
Excise Duties	10.45	11.79	13.15	15.27	16.24
Stamp Duties	0.79	0.91	1.07	1.28	1.30
Petrol and Diesel Tax	1.68	1.79	2.11	2.39	2.40
Licences and Fees under the Traffic Act	1.40	1.53	1.10	1.70	2.49
Taxes and Licences, n.e.s.	1.08	1.21	1.63	1.69	5.11
Land Premia and Taxes	0.12	0.07	0.13	0.31	0.09
Royalties	0.22	0.29	0.25	0.32	0.36
TOTAL ..	35.69	39.42	43.79	51.68	58.02
TOTAL TAXES AND LICENCES	59.85	65.20	76.18	92.98	104.77
Percentage contribution of:—					
Direct Taxes	40	40	43	44	45
Indirect Taxes ..	60	60	57	56	55

*Provisional

10.23. Among indirect taxes, there is a growth of K£3.4 million in receipts from "other taxes and licences". These accrue from new taxes levied for the first time on hotel accommodation and on the consumption of beer, "traditional" liquor and tobacco. Receipts from import and excise duties are expected to rise by over 5 per cent. The sharp growth in import duties in 1970/71 reflected the high level of imports in 1971; in the current financial year revenue from import duties is expected to grow more slowly as the restrictions imposed to conserve foreign exchange take effect.

10.24. Details of import and excise duty collection by item are shown in Tables 10.12 and 10.13.

IMPORT DUTY COLLECTIONS, 1967-1971

Table 10.12 — *K*£'000

END USE CATEGORY	1967	1968	1969	1970	1971*
Food, drink and tobacco	2,206	2,734	2,403	3,079	4,046
Basic materials	216	493	679	723	748
Fuels	5,627	6,071	6,765	7,400	8,107
Chemicals	468	649	671	771	1,082
Textiles	3,537	4,499	4,128	4,492	5,018
Semi-manufactures	995	1,451	1,553	1,685	2,020
Metals	565	760	796	961	1,382
Transport Equipment	3,162	2,954	3,627	4,393	5,454
Machinery	748	1,010	1,215	1,533	2,167
Miscellaneous manufactured articles	1,364	2,047	1,988	2,725	2,347
Miscellaneous commodities and transactions	420	561	682	824	575
TOTAL	19,307	23,229	24,307	28,586	32,946

*Provisional

EXCISE REVENUE BY COMMODITIES, 1967-1971

Table 10.13 — K£'000

COMMODITY	1967	1968	1969	1970	1971*
Beer	3,343	4,291	4,334	5,838	6,722
Sugar	1,891	2,540	2,819	3,221	2,710
Cigarettes	3,065	3,381	3,756	4,404	4,841
Cigars	1	1	1	–	–
Matches	96	146	191	162	180
Tobacco	33	24	35	26	24
Spirits	176	214	223	211	218
Mineral Waters ..	357	363	434	507	616
Biscuits	32	33	29	26	29
Fabrics, woven ..	386	386	436	553	580
Soap	437	430	494	487	740
Paints and distempers	42	111	162	161	170
TOTAL	9,590	11,919	12,914	15,596	16,830

* Provisional

10.25. Direct sources of development revenue are given in Table 10.14. It is apparent that the share of external sources has risen sharply between 1970/71 and 1971/72, from 48 per cent to 56 per cent. This is the result of increases in external loans which are expected to reach K£17.5 million, having been between K£10 and 11 million in the two previous financial years. This

DEVELOPMENT REVENUE ACCOUNTS, 1967/68-1971/72

Table 10.14 — *K£million*

	1967/68	1968/69	1969/70	1970/71	1971/72*
EXTERNAL SOURCES—					
Grants:					
British Government	0.17	0.02	0.76	0.04	
Others	0.04	0.16	0.19	0.17	0.50
TOTAL	0.21	0.18	0.95	0.21	0.50
Loans:					
U.K. Exchequer and C.D.C.	3.29	2.24	6.71	2.44	
U.S.A.I.D	0.61	0.03	0.03	0.23	
I.B.R.D.	0.08	0.23		1.53	
West Germany	0.54	0.28	0.17	0.94	
I.D.A	1.47	3.95	3.27	1.63	
Other Foreign Loans	0.58	0.29	0.52	4.16	
TOTAL	6.56	7.01	10.71	10.93	17.50
TOTAL EXTERNAL SOURCES	6.77	7.19	11.66	11.14	18.00
INTERNAL SOURCES—					
Loans:					
Local Market Issues	7.95	7.97	12.37	6.74	14.00
Other Local Loans	0.61	0.16	5.02		
TOTAL	8.56	8.13	17.39	11.74	14.00
MISCELLANEOUS REVENUES—					
Taxation		0.15		0.01	
Development Project Earnings	0.08	0.09	0.13	0.17	0.19
Other	0.77	0.40	0.24	0.19	0.02
TOTAL	0.85	0 64	0.37	0.37	0.21
TOTAL INTERNAL SOURCES	9 41	8.77	17.76	12.11	14.21
TOTAL REVENUE ,.	15.92	15.97	29.42	23.25	32.21

*Provisional.

growth has been made possible by the ability of the Kenya Government to implement development projects for which overseas finance is available. The total for development revenue shown in the table is much below the level of total development expenditure. The difference has been financed by two indirect sources of finance—surpluses in recurrent revenue which are transferred to development accounts, and, in recent years, from short term borrowings. The importance of these indirect sources has been increasing and their share of all development expenditure has risen from 11.4 per cent in 1966/67 to

44.5 per cent in 1971/72. The series below illustrates the size of transfers from the recurrent account: —

	K£ million
1966/67	3.6
1967/68	4.0
1968/69	6.0
1969/70	6.0
1970/71	21.4
1971/72	13.0

The abnormally high figure for 1970/71 consists of a surplus of K£13.4 million from the recurrent revenue of 1970/71, and of K£8.0 million from surpluses of previous years. The fall in these transfers in 1971/72 and the rise in external loans marks a reversal in the trend of the past few years, in which an increasing amount of development expenditure has been financed locally.

Local Authorities

10.26. Total expenditure by local authorities is shown in Table 10.15. Outlays by county councils dropped radically following the takeover of their responsibilities for primary education, health and secondary roads by the Government. However, the expenditures of municipal councils have been rising and account for almost the whole of the growth in local authority expenditure in 1971. As might be expected, most of the growth in absolute terms is accounted for by Nairobi and Mombasa municipal councils. A very small part of the increase in expenditure by municipalities was caused by the up-grading of the urban authorities in Nyeri, Embu, Meru and Kakamega to municipal status in 1971.

EXPENDITURE OF LOCAL AUTHORITIES, 1967-1971

Table 10.15 *K£million*

	MUNICIPALITIES			COUNTY COUNCILS	TOTAL
	Nairobi City Council	Other Municipal Councils	Total		
1967	7.74	3.99	11.73	12.02	23.75
1968	8.85	4.91	13.76	14.63	28.39
1969	9.21	4.02	13.23	5.99	19.22
1970*	10.25	5.35	15.60	3.73	19.33
1971*	14.75	8.25	23.00	3.86	26.86

*As shown in Councils' Estimates.

MUNICIPAL COUNCILS

EXPENDITURE ON MAIN SERVICES 1969-1971

Table 10.16 K£'000

	SERVICES																	
	ADMINISTRATION			COMMUNITY			SOCIAL			TRADING			UNALLOCABLE			TOTAL		
	1969	1970*	1971*	1969	1970*	1971*	1969	1970*	1971*	1969	1970*	1971*	1969	1970*	1971*	1969	1970*	1971*
Nairobi	453	547	540	1,685	2,667	3,977	2,798	3,479	4,045	4,282	3,559	6,182	2	1	5	9,220	10,253	14,749
Mombasa	196	218	288	594	776	1,726	580	732	1,015	654	1,217	1,841	36	35	73	2,060	2,978	4,943
Nakuru	23	47	99	110	122	118	230	240	272	301	321	380	-11	14	60	653	744	929
Kisumu	45	52	59	111	174	162	166	170	214	297	322	691		6	6	619	724	1,132
Eldoret	37	38	39	48	64	50	77	88	91	100	121	128	-1	—	-1	261	311	307
Kitale	20	27	33	26	37	32	42	48	56	77	86	94	—	1	—	165	199	215
Thika	37	61	107	52	85	112	60	98	86	106	145	292			—	255	289	597
Nyeri	—	—	14	—	—	21	—	—	7	—		31				—	—	73
Embu	—	—	3	—	—	—	-	—	4			9			2	—	—	18
Meru	—	—	7	—	—	3	-	—	5			9						24
Kakamega	—	—	10	—	—	6		—	-1	—	—	1	—	—	-1	—	—	15
ALL MUNICIPALITIES ..	811	990	1,199	2,626	3,925	6,207	3,953	4,855	5,794	5,817	5,771	9,658	26	57	144	13,233	15,598	23,002

*As shown in Councils' Estimates.

MUNICIPAL COUNCILS

RECURRENT AND CAPITAL EXPENDITURE ON MAIN SERVICES, 1967-1971

Table 10.17 K£'000

SERVICES	1967	1968	1969	1970*	1971*
ADMINISTRATION	862	996	811	989	1,200
COMMUNITY SERVICES—					
Roads	1,210	1,610	1,396	1,726	2,948
Sanitary Services	1,284	1,357	970	1,557	2,854
Other	237	182	259	641	405
TOTAL	2,731	3,149	2,625	3,924	6,207
SOCIAL SERVICES—					
Health	812	923	686	915	1,052
Education	1,819	2,372	2,202	2,688	3,231
Other	623	1,077	1,065	1,252	1,510
TOTAL	3,611	4,372	3,953	4,855	5,793
ECONOMIC SERVICES	–	–	–	1	1
TRADING SERVICES—					
Water Undertakings	1,518	1,532	1,651	1,284	2,571
Markets and Slaughter Houses	155	178	193	202	393
Breweries and Beer-shops	229	356	347	397	393
Housing Estates (including Staff Housing)	1,966	2,864	3,346	3,597	5,697
Hostels	32	35	28	35	33
Other	278	249	252	254	570
TOTAL	4,178	5,214	5,817	5,769	9,657
UNALLOCABLE EXPENDITURE	347	31	26	57	146
TOTAL	11,730	13,762	13,232	15,596	23,003

*As shown in Councils' Estimates.

MUNICIPAL COUNCILS

ECONOMIC ANALYSIS OF EXPENDITURE, 1967-1971

Table 10.18 K£'000

	1967	1968	1969	1970*	1971*
EXPENDITURE ON:					
Wages, Salaries and Allowances	4,195	4,597	5,112	5,898	6,623
Other Goods and Services	2,462	2,848	2,422	3,010	3,106
Loan Charges	1,760	1,977	2,106	2,207	2,491
Transfers (Excluding Compensation and Gratuities)	229	271	250	288	291
Capital	3,022	3,963	3,523	4,189	10,551
Net Inter Departmental Transfers	+62	+107	-180	+4	-60
TOTAL	11,730	13,763	13,233	15,596	23,003

*Provisional.

10.27. A summary of expenditure by broad category is set out in Table 10.16 for each municipal authority, and more detailed analysis by type of expenditure is presented for all municipalities in Tables 10.17 and 10.18.

10.28. The largest growth in municipal expenditure was on trading services. Housing estates and water undertakings are the largest elements of these services. The growth in expenditures on these was largely due to increasing capital outlays on water and housing development. The substantial increase in expenditures on roads and sanitary services was also of a capital nature.

10.29. A large part of the capital expenditure of municipal councils was financed from loans—revenue derived in this manner increased by K£6.2 million, as shown in Table 10.19. Loans raised by Nairobi City Council amounted to K£6.0 million and those by Mombasa municipal council were K£2.7 million. Collections of graduated personal tax also increased.

MUNICIPAL COUNCILS

ECONOMIC ANALYSIS OF REVENUE, 1967-1971

Table 10.19 K£'000

	1967	1968	1969	1970*	1971*
Graduated Personal Tax	2,688	1,915	2,046	1,990	2,638
Indirect Taxes (Licences, Cesses and Rates)	2,263	2,464	3,191	3,162	3,682
Income from Property (Buildings and Land Rents)	1,139	1,272	1,390	1,559	1,659
Interest on Investments	350	167	429	116	250
Sale of Goods and Services:—					
School Fees	453	526	497	549	593
Sale of Water	1,060	1,065	1,124	1,320	1,470
Sale of Beer	350	474	391	417	359
Markets and Slaughter Charges	58	72	46	88	72
Sewerage and Refusal Removal Charges	715	869	460	967	1,069
Other Sales	598	622	620	733	836
Government Grants	211	286	255	278	749
Loans Raised ..	1,356	2.003	2,157	2,666	8,875
Miscellaneous (Including Court fines, sale of capital assets, loan repayment, and non-Government grants)	132	91	347	483	484
TOTAL	11,373	11,826	12,953	14,328	22,736

*Provisional

10.30. Details of the expenditure and revenue of county councils are set out in Tables 10.20, 10.21, and 10.22. No striking differences from the previous year are apparent.

COUNTY COUNCILS

EXPENDITURE ON MAIN SERVICES, 1967-1971

Table 10.20 K£'000

SERVICES	1967	1968	1969	1970*	1971*
ADMINISTRATION	1,044	1,200	1,306	1,346	1,492
COMMUNITY SERVICES—					
Roads	1,276	1,405	239	214	41
Sanitary	60	107	87	127	292
Other	20	1	1	1	2
TOTAL	1,356	1,513	327	342	335
SOCIAL SERVICES—					
Health	1,111	1,257	276	8	
Education	7,281	9,124	2,362	42	3
Other	224	289	300	480	454
TOTAL	8,616	10,670	2,938	530	457
ECONOMIC SERVICES—					
Veterinary	167	204	206	269	305
Agriculture	42	56	43	73	55
Forestry	20	26	22	28	35
Other	16		12		22
TOTAL	245	286	283	370	417
TRADING SERVICES—					
Water Undertakings	167	200	200	226	326
Markets and Slaughter Houses	151	172	166	255	262
Breweries and Beershops	76	124	111	132	97
Housing Estates(including Staff Housing)	58	79	90	169	138
Other	76	140	21	98	86
TOTAL	528	715	588	880	909
UNALLOCABLE EXPENDITURE	233	242	537	259	252
TOTAL EXPENDITURE	12,022	14,626	5,979	3,727	3,862

*Provisional.

COUNTY COUNCILS

ECONOMIC ANALYSIS OF EXPENDITURE, 1967-1971

Table 10.21 K£'000

	1967	1968	1969	1970*	1971*
EXPENDITURE ON:—					
Wages, Salaries and Allowances	8,686	10,734	3,855	1,815	1,798
Other Goods and Services	2,624	2,951	1,700	1,017	1,094
Loan Charges	174	218	187	246	270
Transfers (including Compensation and Gratuities)	222	253	124	164	152
Capital	273	455	169	498	568
Net Inter Departmental Transfers	+42	.82	-56	.13	-20
	12,021	14,629	5,979	3,727	3,862

*Provisional.

ECONOMIC ANALYSIS OF REVENUE, 1967-1971

Table 10.22 K£'000

	1967	1968	1969	1970*	1971*
Graduated Personal Tax	2,706	2,490	1,178	299t	265+
Indirect Taxes (Licences, Cesses and Rates)	726	962	1,035	1,439	1,312
Income from Property (Building and Land Rent)	247	365	326	479	492
Interest on Investment	63	63	57	46	53
Sale of Goods and Services:—					
School Fees	2,700	3,234	836	—	4
Other	615	826	749	926	944
Government Grants	3,515	3,658	2,340	63	212
Loan Raised	8	19	1	26	111
Miscellaneous (including court fines, sale of Capital assests and non-Government Grants)	133	134	138	145	153
TOTAL	10,713	11,751	6,660	3,423	3,546

*Provisional.

+Area Council Poll Rates.

East African Community—General Fund Services

10.31. The functional analysis of the expenditure inccurred in Kenya for the Generay Fund Services of the East African Community is shown in Table 10.23. The expenditure excludes outlays of the self-contained transport and communications corporations of the Community. Total expenditure on the General Fund Services in 1970/71 was K£1.7 million higher than in the previous year, most of the growth going into general and economic services. In the former, almost the whole of the increase went to revenue collection services through rising personal emoluments. Most of the rise in capital expenditure shown in Table 10.25 went into economic services, thus accounting for the bulk of the overall growth in expenditure in this sector.

10.32. The out-turn of revenue and expenditure allocated to Kenya is shown in Table 10.24. with the transfer of many of the departments of the General Fund Services to Arusha, the size of the deficit has been falling. In 1969/70 it was reduced to K£13,000 and in 1970/71 a surplus was recorded for the first time.

EAST AFRICAN COMMUNITY
(GENERAL FUND SERVICES)

EXPENDITURE IN KENYA BY MAIN SERVICES, 1966/67-1970/71

Table 10.23 — *K£million*

	1966/67	1967/68	1968/69	1969/70	1970/71*
GENERAL SERVICES—					
Central Administration	0.47	0.32	0.26	0.32	0.35
Law and Order	0.11	0.09	0.07	0.08	0.10
Revenue Collection and Financial Control	1.81	2.06	2.04	1.96	2.83
Total	2.38	2.47	2.37	2.36	3.28
SOCIAL SERVICES—					
Education	0.26	0.38	0.43	0.3	0.13
Health	0.02	0 .02	0.0	0.03	0.04
Total	0.28	0.40	0.46	0.41	0.17
ECONOMIC SERVICES—					
Agriculture and Veterinary	0.52	0.58	0.58	0.62	0.91
Commerce and Industry	0.09	0.07	0.06	0.06	0.09
Transport	0.77	0.83	1.16	1.51	1.77
Meteorology	0.33	0.38	0.46	0.62	0.91
Total	1.71	1.86	2.26	2.81	3.68
FINANCIAL OBLIGATIONS—					
Public Debt	014	0.30	0 04	0.05	0.05
Pensions and gratuities	0.25	0.30	0.42	0.35	0.47
Compensation Payments	0.34	0.05	0 04	0.02	0.03
Total	0.73	0.65	0.50	0.42	0.55
UNALLOCABLE EXPENDITURE	0.03	0.39	0.56	0.03	0.02
TOTAL	5.13	5.77	6.15	6.03	7.70

*Provisional

EAST AFRICAN COMMUNITY
(GENERAL FUND SERVICES)

OUT-TURN OF EXPENDITURE AND REVENUE ALLOCATED TO KENYA, 1966/67-1970/71

Table 10.24 — K£'000

	1966/67	1967/68	1968/69	1969/70	1970/71*
EXPENDITURE	5,127	5,766	6,156	6,035	7,708
REVENUE	3,968	4,390	5,142	6,048	7,907
DEFICIT/SURPLUS	-1,159	-1,376	-1,014	-13	+ 199

*Provisional.

EAST AFRICAN COMMUNITY
(GENERAL FUND SERVICES)

ECONOMIC ANALYSIS OF EXPENDITURE IN KENYA, 1966/67-1970/71

Table 10.23 — *K£'000*

	1966/67	1967/68	1968/69	1969/70	1970/71*
RECURRENT EXPENDITURE					
CONSUMPTION EXPENDITURE ON GOODS AND SERVICES					
Wages and Salaries:					
Personal Emoluments	2,797	2,860	2,861	3,055	4,208
House Allowance	330	349	419	504	648
Passages and Leave Expenses	45	41	40	48	57
Total	3,173	3,250	3,320	3,607	4,913
Other goods and Services:					
Maintenance and Repairs	340	339	153	382	431
Transport and Travelling	117	144	149	167	227
Equipment Postal and Incidental Expenses	127	125	312	223	511
Miscellaneous	194	364	322	325	267
Total	778	973	936	1,097	1,436
TOTAL CONSUMPTION EXPENDITURE	3,950	4,223	4,256	4,704	6,349
Interest on Internal Debt	43	28	2	1	2
Transfers to:					
Individuals	79	79	240	141	192
Private non-profit making Educational Institutions	237	349	383	274	27
The Rest of the World	555	554	618	661	313
Kenya Government		334	500		
Total	871	1,316	1,741	1,076	532
TOTAL RECURRENT EXPENDITURE	4,863	5,567	5,997	5,780	6,883
CAPITAL EXPENDITURE					
Gross Capital Formation:					
Residential Buildings	40	29		5	86
Non-Residential Buildings	10	15	17	16	
Construction and Works	4	1		9	37
Plant Machinery and Equipment	149	105	85	152	633
Vehicles	11	36	21	26	25
Total	213	186	123	208	781
Loan Repayment to other Sectors	51	12	36	47	44
TOTAL CAPITAL EXPENDITURE	263	198	159	255	825
TOTAL EXPENDITURE	5,127	5,766	6,156	6,035	7,708

*Provisional

CHAPTER 11—EDUCATION

The provision of educational services continued to expand in 1971. Primary and secondary school enrolments rose by 7 per cent and 11 per cent respectively, and the number of schools increased by 275 to 7,181. Kenyanization of the teaching profession is virtually complete in primary schools and is progressing steadily in other institutions; the number of students on teacher training courses continues to rise. The development of higher education is receiving particular attention as the main way of meeting the country's needs for high-level manpower; the University of Nairobi provided 24 per cent more student places in 1971/72 than in the previous year, and a substantial number of Kenyans were studying at other institutions in East Africa and abroad. The overall pattern of development of the educational system has recently been examined in two major reports—one dealing with curriculum development and the other with the teaching service—and their recommendations are being studied.

MINISTRY OF EDUCATION EXPENDITURE 1966/67-1970/71

(a) Recurrent Expenditure

Table 11.1 K£'000

	1966/67	1967/68	1968/69	1969/70	1970/71
Administrative and General	287.3	349.2	399.3	819.7	992.3
Primary Education	58.6	42.2	5.4	96.9	119.7
Primary District Education Boards				3,832.5	10,190.1
Secondary Education	2,748.0	3,374.4	3,961.5	4,150.6	4,735.7
Technical Education	524.5	520.4	550.4	599.0	735.7
Teachers Education	919.3	1,064.0	1,151.4	1,229.7	1,270.6
Special Schools		775.5	87.4	92.8	108.5
Teachers Service Commission				89.5	84.9
Higher Education	910.8	1,018.6	1,212.0	1,461.6	2,878.8
Other Schemes and Services	344.2	256.5	516.7		
TOTAL NET EXPENDITURE	5,792.7	6,698.9	7,884.1	12,372.4	21,116.3

(6) Development Expenditure

K£'000

	1966/67	1967/68	1968/69	1969/70	1970/71
Primary Education	102.7	355.8	492.8	557.7	754.1
Secondary Education	181.6	61.4	34.5	27.8	4.9
Teachers Education	2.0				8.5
Kenyatta College	97.4	65.7	37.6	96.0	55.3
Technical Education	146.8	262.3	232.6	385.7	508.1
Higher Education	170.4	1,141.3	1,874.4	308.7	41.9
I.D.A. Project			10.0	10.0	35.5
Special Schools	700.9				34.7
Site Surveys					
TOTAL NET EXPENDITURE	700.9	1,886.0	2,682.0	1,385.9	1,443.0

11.2. The rapid expansion of educational services has necessarily meant a large increase in expenditure by the Ministry of Education, as detailed in Table 11.1. The large jump in total recurrent expenditure between 1969/70 and 1970/71 reflects the take-over of responsibility for county council schools

by the central Government at the beginning of 1970. The municipalities' expenditure on education totalled K£2.7 million in 1970 and K£3.2 million in 1971. The completion of a large international aid project caused a fall in total development expenditure after 1968/69, but, with the initiation of a new project under this scheme, development expenditure is expected to rise to K£2.4 million in 1971/72. It should be noted that Table 11.1 covers only expenditures by the Ministry of Education; those incurred by private assisted and unaided schools are undocumented, but must account for a significant proportion of all expenditure in the field of education.

Primary Education

11.3. There was a continued fall in the number of pupils in assisted and unaided primary schools in 1971 following the Government's policy of absorbing such schools into the maintained group. Overall, primary school enrolments rose by 7 per cent to over one and half million pupils—rather higher than the total for 1971 projected in the Development Plan.

PRIMARY SCHOOL ENROLMENTS BY CATEGORY, 1970-1971

Table 11.2 *Numbers*

	1970			1971		
	Boys	Girls	Total	Boys	Girls	Total
Maintained	808,091	570,485	1,378,576	868,416	633,229	1,501,645
Assisted	21,732	15,692	37,424	9,662	8,760	18,422
Unaided	6,484	5,105	11,589	2,929	2,502	5,431
TOTAL	836,307	591,282	1,427,589	881,007	644,491	1,525,498
Day Pupils	829,772	582,586	1,412,358	875,578	635,832	1,511,410
Boarders	6,535	8,696	15,231	5,429	8,659	14,088

11.4. However, the number of pupils entering Standard 1 rose by only 4 per cent, compared with 17 per cent in 1970, while the Development Plan target is an increase of 6 per cent per annum. Partly as a result of this, the number of pupils per class in Standard 1 fell from 39 in 1970 to 38 in 1971, whilst the overall average number of pupils per primary class remained at 34. The most economic size of class for Kenya is believed to be 40 at present, but progress towards achieving this target is relatively slow. This is partly because of high drop-out rates from the lower standards (some 35,000 children appeared to have left the school system from Standard 1 in 1970/71, mainly because of problems in meeting school fees) which mean that there are not enough pupils to raise class sizes. However, another cause is that schools in remoter parts of the country cannot serve a large enough area to provide the necessary numbers of pupils.

ENROLMENT IN PRIMARY SCHOOLS BY STANDARD, 1965, 1967-1971

Table 11.3

	NUMBERS						Percentage Increase	
	1965	1967	1968	1969	1970	1971	1965-71	1970-71
Standard 1	195,733	228,769	250,757	253,298	296,459	306,896	57	4
Standard 2 ..	165,754	183,634	207,755	224,645	241,458	261,660	58	8
Standard 3	139,285	165,640	178,537	197,669	221,235	230,998	66	4
Standard 4	135,124	146,912	158,899	171,573	191,901	207,711	54	8
Standard 5	126,428	124,832	132,701	142,680	158,082	177,547	40	12
Standard 6 ..	122,714	136,848	134,247	141,785	154,603	167,536	37	8
Standard 7	121,269	147,544	146,784	150,647	163,851	173,150	43	6
Standard 8 ..	36,036							
TOTAL .	1,042,146	1,133,179	1,209,680	1,282,297	1,427,589	1,525,498	46	7

AVERAGE ENROLMENT PER CLASS IN PRIMARY SCHOOLS, 1967-1971

Table 11.4 *Numbers*

	1967	1968	1969	1970	1971
Standard 1	34	35	35	39	38
Standard 2	32	31	32	34	34
Standard 3	29	29	31	33	33
Standard 4	28	29	30	31	31
Standard 5	28	29	29	30	30
Standard 6	33	32	31	32	32
Standard 7	36	36	37	37	36
ALL CLASSES	30	31	32	34	34

11.5. After reaching a minimum in Standard 5, class sizes rise again in Standards 6 and 7, as some pupils "repeat" their studies. Repeating is to a large extent the outcome of the competition for secondary school places; pupils who have done well, but fail to obtain secondary school places, are allowed to try again. This practice is officially discouraged and, for this reason, the overall percentages quoted in Table 11.5, based on reported figures, almost certainly understate the true position.

11.6. Table 11.5 also shows the considerable differences which exist between provinces in participation in primary education. The Government's aim is to eliminate these differences as rapidly as possible, and to have 75 per cent of the population aged 6 to 12 in primary schools by 1974. Despite the progress made so far, enrolments will have to rise very rapidly indeed, especially in some outlying districts, if this target is to be achieved. However, it is not simply a matter of providing additional facilities such as classrooms and teachers. It is clear from Table 11.5 that in several provinces the available facilities are under-utilized. This is partly a result of inability to pay fees, and the Government's fee remission programme is intended to assist poorer parents. However, social attitudes to education vary and are also partly responsible.

Secondary Education

11.7. The number of pupils in secondary schools rose by 11 per cent in 1971, the increase being almost entirely accounted for by new boarding school places. Boarding schools now provide over 45 per cent of secondary school places; this is a sharp contrast with their negligible role in primary education, since they are often the only practical form of providing secondary education for children whose homes are widely scattered. Assisted and unaided *harambee* secondary schools account for a significant proportion of enrolments, and actually increased their share of the total to 48 per cent in 1971, following a 12 per cent increase in unaided school enrolments. It is Government policy gradually to take over responsibility for unaided and assisted secondary schools; once a school is selected the procedure is to take over Form 1 in the first year, Form 2 in the second year, and so on. An additional 30 Form I's were taken over in 1971.

PRIMARY SCHOOL ENROLMENTS BY PROVINCE 1969-1971

Table 11.5

	ENROLMENTS (000'S)			ENROLMENTS AS PERCENTAGE OF:				Percentage of "Repeaters" in 1971 Enrolment
				AVAILABLE SCHOOL PLACES*	POPULATION			
					Aged 5-14	Aged 6-12		
	1969	1970	1971	1971	1971	1969	1971	
Central	312.0	349.4	371.9	91	70	93	98	7.9
Coast	76.8	84.0	87.4	75	34	46	48	4.0
Eastern	269.7	289.9	315.5	86	54	70	76	3.6
Nairobi	60.9	61.2	67.5	107	61	92	81	4.3
North Eastern ..	3.3	3.4	4.7	86	7	6	9	2.0
Nyanza	206.5	234.9	249.0	75	38	46	53	4.5
Rift Valley	183.2	203.0	228.8	78	35	41	48	4.0
Western	169.9	201.8	200.7	87	46	60	65	4.0
TOTAL	1,282.3	1,427.6	1,525.5	84	46	59	65	5.0

*assuming 40 places per existing primary class.

SECONDARY SCHOOL ENROLMENTS BY CATEGORY, 1970 AND 1971

Table 11.6 *Numbers*

	1970			1971		
	Boys	Girls	Total	Boys	Girls	Total
Maintained	49,653	17,181	66,834	54,048	19,216	73,264
Assisted	3,969	3,758	7,727	4,055	3,727	7,782
Unaided	35,705	16,589	52,294	39,684	19,992	59,676
TOTAL	89,327	37,528	126,855	97,787	42,935	140,722
Day Pupils	56,241	20,188	76,429	55,732	20,814	76,546
Boarders	33,086	17,340	50,426	42,247	21,929	64,176

11.8. Total enrolments in secondary schools have nearly trebled since 1965, growing much more rapidly than primary enrolments, although their absolute number remains less than 10 per cent of the primary total. Total enrolments in Forms 5 and 6 increased by over 20 per cent in 1971, in line with the planned expansion, following the opening of 14 new Form 5's during the year. It is intended that there should be increased emphasis on science education in these forms, which prepare pupils for the Higher School Certificate, and there has been a slow move in this direction in recent years.

ENROLMENT IN SECONDARY SCHOOLS BY FORM 1965, 1967-71

Table 11.7

	NUMBERS						Percentage Increase	
	1965	1967	1968	1969	1970	1971	1965/71	1970/71
Form I	19,015	31,805	35,624	39,836	41,043	46,246	143	13
Form 2	12,566	26,592	28,467	33,824	37,339	37,423	196	
Form 3	7,760	16,880	19,547	20,637	24,540	28,378	266	16
Form 4	6,784	10,756	14,565	17,279	19,317	23,103	241	20
Form 5	1,130	1,622	1,769	2,068	2,606	3,014	167	16
Form 6	721	1,124	1,389	1,602	2,010	2,558	255	27
TOTAL	47,976		101,361	115,246	126,855	140,722	193	11

ARTS AND SCIENCE ENROLMENTS, FORMS 5 AND 6, 1968-1971

Table 11.8 *Numbers*

		1968	1969	1970	1971
Form 5	Arts	843	907	1,165	1,325
	Science	926	1,161	1,441	1,689
Form 6	Arts	639	741	889	1,100
	Science	750	861	1,121	1,458
TOTAL	Arts	1,482	1,648	2,054	2,425
	Science	1,672	2,022	2,562	3,147
Percentage Science		53	»	55	56

11.9. The number of pupils per secondary class rose to 35 in 1971 from 34 in 1970; Form 5 recorded the only fall in average class size.

AVERAGE ENROLMENT PER CLASS IN SECONDARY SCHOOLS, 1967-1971

Table 11.9 *Numbers*

	1967	1968	1969	1970	1971
Form 1	34	36	36	35	37
Form 2	35	34	35	35	35
Form 3	33	33	33	34	36
Form 4	30	32	32	33	34
Form 5	20	21	23	26	25
Form 6	17	18	19	22	23
ALL CLASSES	33	33	34	34	35

11.10. Table 11.10 sets out secondary school enrolments by province, and also shows the percentage of Standard 7 pupils who were able to enter secondary schools in 1971. The table should be interpreted with some care, since Nairobi and Mombasa secondary schools in particular also serve other areas. The rising trend in the percentage of Kenya citizens in secondary schools, which has been noted for several years, continued in 1971. Girls appear to have the same chance of going to secondary schools as boys, once they have reached Standard 7. The sharp improvement in educational opportunity in North-Eastern Province reflects abnormally low Standard 7 enrolments in 1971, probably because of the drought conditions, rather than a rapid increase in secondary school places.

SECONDARY SCHOOL ENROLMENTS BY PROVINCE AND SEX, 1968-1971

Table 11.10

	Enrolmer ts ('000s)				Form 1 enrolment as percentage of previous year's Standard 7			
	1968	1969	1970	1971	1968	1969	1970	1971
Central	22.8	29.0	29.0	32.1	25	25	25	27
Coast	8.9	10.5	11.8	13.5	40	44	45	47
Eastern	11.1	13.8	17.3	19.4	17	21	24	24
Nairobi	22.7	22.9	23.7	24.3	102	107	103	104
North-Eastern	0.1	0.1	0.2	0.2	36	22	17	51
Nyanza	12.9	15.5	16.7	18.5	18	19	19	19
Rift Valley	12.2	13.7	15.4	18.0	22	26	23	27
Western	10.6	11.7	12.8	14.8	21	23	21	22
TOTAL	101.4	115.2	126.9	140.7	24	27	27	28
Girls	26.2	32.2	37.5	42.7		26	28	28
Boys	75.2	83.1	89.3	98.0		27	27	28

Table 11.11

CITIZENSHIP OF PUPILS IN SECONDARY SCHOOLS, 1968-1971

Numbers

	Kenya Citizens			Non-Citizens			All Pupils			Percentage of Kenya Citizens			
	1969	1970	1971	1969	1970	1971	1969	1970	1971	1968	1969	1970	1971
Form 1	37,743	39,092	44,418	2,093	1,951	1,828	39,836	41,043	46,246	94	95	95	96
Form 2	31,701	35,439	35,727	2,123	1,900	1,696	33,824	37,339	37,423	92	94	95	95
Form 3	18,652	22,839	26,763	1,985	1,701	1,615	20,637	24,540	28,378	90	90	93	94
Form 4	15,493	17,626	21,587	1,786	1,691	1,516	17,279	19,317	23,103	87	90	91	93
Form 5	1,788	2,441	2,761	280	165	253	2,068	3,014	3,014	83	86	94	92
Form 6	1,342	1,751	2,330	260	259	228	1,602	2,010	2,558	76	84	87	91
TOTAL	106,719	119,188	133,586	8,527	7,667	7,136	115,246	126,855	140,722	89	93	94	95

11.11. Despite the rapid rise in the number of candidates for secondary school examinations in the last five years, pass rates have shown little change since 1968 (when an especially large increase in candidates caused a marked deterioration in performance). The apparently poor performance of candidates in the 1971 School Certificate examination largely reflects the new policy of not awarding full passes to any private candidate. Although the K.J.S.E. and School Certificate examinations are taken by pupils intending to continue their education, as well as by school-leavers, it is clear that the number of qualified school-leavers is rising rapidly. However, not all can be easily absorbed into the labour force; it is apparent that a number of employers are aiming to raise the quality of their intake by recruiting Form IV leavers rather than those from Form II.

PERFORMANCE OF CANDIDATES IN SCHOOL EXAMINATIONS, 1967, 1969-1971

Table 11.12

	1967	1969	1970	1971
KENYA JUNIOR SECONDARY EXAMINATION—				
Number of Candidates (Including teachers)	18,868	38,210	41,223	30,775
Percentage of Passes	35	22		15
CAMBRIDGE SCHOOL CERTIFICATE—				
Number of Candidates	12,108	20,438	23,146	27,467
Percentage of full passe	56	48	49	38
CAMBRIDGE HIGHER SCHOOL CERTIFICATE—				
Number of Candidates	946+	1,987	2,438	3,191
Percentage of full passes ..	42	46	46	44
Percentage with one principal subject only	37	20	22	22
TOTAL	31,922	60,635	66,807	61,433

+Excluding private candidates

Schools

11.12. The provincial distribution of schools is shown in Table 11.13. There was an increase in the number of primary schools in all provinces in 1971, with particularly rapid expansion occurring in Eastern Province. The average number of pupils per school rose to 239 .There was a net increase of 26 secondary schools in the country; there were five fewer unaided schools in operation in 1971, but 31 additional maintained schools. All provinces except Central Province had more secondary schools than in 1970, and the average number of pupils per school rose from 162 to 174.

NUMBER OF SCHOOLS BY PROVINCE, 1970 AND 1971

Table 11.13 *Numbers*

	PRIMARY SCHOOLS		SECONDARY SCHOOLS								ALL SCHOOLS	
			Maintained		Assisted		Unaided		Total			
	1970	1971	1970	1971	1970	1971	1970	1971	1970	1971	1970	1971
Central	1,008	1,026	68	76	2	2	121	109	191	187	1,199	1,213
Coast	442	467	20	22	3	3	26	29	49	54	491	521
Eastern	1,313	1,419	45	52	—	—	91	92	136	144	1,449	1,563
Nairobi	103	104	15	16	13	13	37	40	65	69	168	173
North-Eastern	20	31	1	1	—	—	—	2	1	3	21	34
Nyanza	1,315	1,319	46	52	—	—	87	81	133	133	1,448	1,452
Rift Valley	1,085	1,155	41	45	1	1	62	65	104	111	1,189	1,266
Western	837	851	45	48	—	—	59	60	104	108	941	959
TOTAL	6,123	6,372	281	312	19	19	483	478	783	809	6,906	7,181
Pupils per School	233	239	238	221	407	410	108	125	162	174	225	232

11.13. However, it should be noted that an expansion in the number of schools, while it may be justified as a means of extending the geographical coverage of educational services, is not the only way to increase school places. New schools generally begin as single stream establishments; these are slightly more expensive to establish and run than new streams added to existing schools. However, the main advantage of multi-stream schools is that they are able to maintain much higher educational standards; this is clearly borne out in their students' examination performance.

Technical and Vocational Education

11.14. An increasing supply of trained craftsmen and technicians is an essential requirement for accelerating economic development. Some details of enrolments in training institutions are given in Table 11.14, but it should be emphasized that this table is not comprehensive, and covers only institutions from which data are readily available. In particular, lower level courses such as those at village polytechnics and farmers' training centres, and courses run by private firms for their employees are not included. A survey for 1970 indicated that courses at the professional and semi-professional level accounted for approximately half of all enrolments, with skilled courses accounting for 30 per cent and mainly unskilled courses for the remainder. This breakdown does not include apprentices and indentured learners, whose numbers have fluctuated around one thousand in the last three years.

ENROLMENTS IN TECHNICAL AND VOCATIONAL EDUCATION, 1969-1971

Table 11.14 *Numbers*

	1969	1970	1971
Trade Courses and Secondary Trade Courses	2,344	2,426	3,051
Mombasa Technical Institute	623	883	953
Kenya Polytechnic	2,041	2,858	2,811
Pre-Service and In-Service Training:			..
Medical	3,217	3,715	
Agricultural, Electrical, Aviation	1,715	2,477	
Accounting, Commercial, Secretarial	2,265	3,335	

11.15. An Industrial Training Levy was introduced in 1971; so far it is payable only by the building and construction and sugar industries, although its extension to the motor industry and financial institutions is expected shortly. The levy, whose basis varies between industries and is designed to avoid the taxation of employment as such, is used to finance training schemes, and is administered by the National Industrial Training Council through tripartite sub-committees for each industry.

11.16. Several plans for the expansion of technical education are under way. Perhaps the most striking of these are the *harambee* institutes of technology proposed for several areas of the country; it is not yet clear when these will eventually come into operation but they will add substantially to trained manpower in due course. Government projects include the establishment of a new National Industrial and Vocational Training Centre in Kisumu, (on which construction work has begun) in addition to the existing one in Nairobi, and the development of a Technical Teachers Training College in which all such teacher training will be centralized. Mombasa Technical Institute was upgraded to Polytechnic status in 1971, and, as a result, will offer more part-time courses.

Teachers

11.17. The total number of teachers in primary and secondary education rose sharply, by 18 per cent, in 1971 while the percentage of Kenya citizens in the profession increased slightly faster. Primary teaching is now almost wholly Kenyanized. The majority of secondary teachers are Kenyans (59 per cent), a marked change from 1969 when non-citizens were 53 per cent of the total. However, the rapid increase in teaching staff has resulted in a falling percentage of qualified teachers in secondary education. This trend is likely to be reversed as soon as the increasing numbers of students in teacher training colleges enter employment.

11.18. The in-service training scheme for teachers mentioned in last year's *Survey* is now in progress, and will also help to improve the quality of staff. In 1971, 1,200 teachers were upgraded from unqualified to qualified status, and 500 from P2 to PI grade, following their successful completion of training courses.

SCHOOL TEACHERS BY QUALIFICATION AND CITIZENSHIP 1970 AND 1971

Table 11.15

	Kenya Citizens		Non-Citizens		Total		Percentage of Kenya Citizens	
	1970	1971	1970	1971	1970	1971	1970	1971
PRIMARY SCHOOLS—								
Professionally Qualified	32,157	36,616	772	1,001	32,929	37,617	98	97
Not Professionally Qualified	8,432	11.644	118	135	8,550	11,779	99	99
TOTAL PRIMARY	40,589	48,260	890	1,136	44,479	49,396	98	98
Percentage Professionally Qualified	79	76	87	88	74	76		
SECONDARY SCHOOLS —								
Professionally Qualified	1,858	2,214	1,823	1,693	3,681	3,907	50	57
Not Professionally Qualified	1,263	1,533	937	931	2,200	2,464	57	62
TOTAL SECONDARY	3,121	3,747	2,760	2,624	5,881	6,371	53	59
Percentage Professionally Qualified	60	59	66	65	63	61		
TOTAL TEACHERS	43,710	52,007	3,650	3,760	47,360	55,767	92	93

PUPIL-TEACHER AND TEACHER-CLASS RATIOS BY PROVINCE, 1969 AND 1971

Table 11.16 *Numbers*

	PRIMARY SCHOOLS				SECONDARY SCHOOLS			
	Teachers per Class		Pupils per Teacher		Teachers per Class		Pupils per Teacher	
	1969	1971	1969	1971	1969	1971	1969	1971
Central	1.09	1.12	32	32	1.49	1.50	23	23
Coast	1.01	1.09	29	28	1.47	1.50	24	24
Eastern	0.99	1.11	35	31	1.56	1.62	22	23
Nairobi	1.22	1.26	33	34	1.57	1.56	21	21
North Eastern	1.18	1.24	30	28	1.75	1.71	20	18
Nyanza	0.87	1.05	32	29	1.57	1.84	21	19
Rift Valley	0.84	1.07	32	29	1.56	1.55	22	23
Western	0.85	1.00	39	35	1.56	1.53	22	23
TOTAL	0.96	1.09	33	31	1.54	1.58	22	22

11.19. The increasing supply of teachers has brought a rise in teacher-class ratios and a fall in pupil-teacher ratios in primary and secondary schools in virtually all provinces. However, the average number of teachers per class in primary schools is only slightly above one in several provinces, and it is likely that some primary teachers are still experiencing difficulties in these areas. One possible solution to this problem would be the amalgamation of two standards (where numbers in each are small) to form a single class; guidelines for putting such a policy into effect are at present being considered.

11.20. Total enrolments in training courses for primary school teachers rose by 8 per cent in 1971 to 7,244; it is planned to rationalize the organization of primary teacher training and expand facilities as part of the I.D.A. Education Project. Ultimately, only secondary school leavers will be eligible to become primary school teachers. Enrolments in teacher training colleges for secondary schools also increased, from 1,268 in 1970 to 1,384 in 1971. In 1972, there has been a big increase in applications from Form 6 school-leavers for secondary teacher training courses, for the Bachelor of Education degree at Kenyatta College and for the first degree courses at the University of Nairobi which incorporate a teaching qualification.

University Education

11.21. The total number of students at the University of Nairobi rose by 24 per cent between 1970/71 and 1971/72; enrolments of Kenya students increased by 43 per cent. The number of Kenyans on undergraduate courses expanded by 41 per cent, with all Faculties showing substantial increases, while Kenyan postgraduates nearly doubled. Examination results for 1970/71 are shown in Table 11.17.

DEGREES AWARDED BY THE UNIVERSITY OF NAIROBI, 1971

Table 11.17 *Numbers*

Faculty	Total Examinees	AWARDS				Awards to Kenya Students
		First Class	SECOND CLASS		Pass	
			Upper	Lower		
Architecture, Design and Development	79	1	9	25	19	23
Arts	178	2	29	74	71	150
Commerce	110	—	6	33	67	27
Education	30	1	1	1	25	19
Engineering..	123	5	42	42	34	48
Medicine	9	—	—	_	9	5
Science	74	1	7	21	36	54
Veterinary Science	46	—	—	—	35	11
TOTAL	649	10	94	196	296	337
Of which:-						
Degrees	604	10	94	196	254	308
Diplomas*	45			—	42	29

* Not classified.

Table 11.18 *Numbers*

	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72
Undergraduate Courses:—						
Arts	187	276	319	387	588	791
Science	97	138	142	203	267	330
Commerce	51	86	108	127	135	204
Architecture	17	32	27	48	66	116
Engineering	105	117	133	124	167	220
Veterinary Science	32	39	42	52	66	90
Medicine	—	19	52	102	169	252
Building and Land Economics	—	—	36	62	73	102
Agriculture	—	—	—	—	40	81
Law	—	—	—	—	55	106
Home Economics	—	—	—	—	4	8
TOTAL	489	707	859	1,105	1,630	2,300
Postgraduate Courses	44	44	25	72	107	200
Diploma Courses:—						
Domestic Science	27	27	38	26	19	—
Art/Design	23	22	12	10	6	—
Architecture	1	1	—	—	—	—
Land Development and Survey	17	17	—	—	—	9
Advanced Nursing	—	—	10	13	13	24
Journalism	—	—	—	—	13	12
Education	—	—	—	—	—	8
TOTAL	68	66	60	49	51	53
Other Courses	—	—	3	—	—	—
All Kenya Students	601	822	947	1,226	1,788	2,553
Students from Other Countries	550	698	832	1,014	998	890
TOTAL	1,151	1,520	1,779	2,240	2,786	3,443

11.22. Despite the construction of new halls of residence in 1971, the provision of student accomodation is likely to remain a major constraint on the growth of the University; teaching space also needs to be expanded. Plans have been approved for the construction of some additional accommodation and facilities, and further improvements recommended by the

UNIVERSITIES IN EAST AFRICA—FIRST DEGREE STUDENTS BY FACULTY, 1969/70-1971/72

Table 11.19

	1969/70			1970/71			1971/72		
	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	583	1,174	33	831	1,201	41	1,010	1,300	44
B.Sc	261	669	28	393	519	43	392	909	30
B.Com.	127	223	36	135	408	25	225	437	34
B.Ed	134	561	19	74	789	9	28	64	30
TOTAL COMMON FACULTIES	1,105	2,627	30	1,433	2,917	33	1,655	2,710	38
Engineering	124	226	35	167	284	37	220	243	48
Medicine	214	439	33	250	510	33	355	559	39
Veterinary Science	52	148	26	66	158	29	90	325	22
Other Professional Faculties	230	473	33	385	759	34	472	1,001	32
TOTAL PROFESSIONAL FACULTIES	620	1,286	33	868	1,711	34	1,137	2,128	35
TOTAL	1,725	3,913	31	2,301	4,628	33	2,792	4,838	37

University Grants Committee report for 1972-75 are under discussion. Kenyatta College became a constituent college of the University in 1971/72; Kenya Science Teachers College may attain similar status shortly.

11.23. The number of Kenya students in the three East African Universities rose by 15 per cent in 1971/72, and their share in total enrolments also increased, to 37 per cent (*see* Table 11.19), entirely because of the growth of the University of Nairobi. There were 322 Kenya students at Makerere and 264 at Dar es Salaam (a total of 586, compared with 677 in 1970/71), while 890 non-Kenyan students were enrolled at the University of Nairobi—108 fewer than in the previous academic year. It is estimated that some 3,000 Kenyans are currently engaged in higher education courses in countries outside East Africa.

CHAPTER 12—HEALTH, HOUSING AND SOCIAL SERVICES

The expansion of social services continues to be a major pre-occupation of the Government—the development of educational facilities has already been discussed in the previous chapter. An indication of the resources going into social services other than education can be obtained from Tables 12.1 and 12.2, which show expenditure during the last five years. On a per capita basis expenditure nearly doubled from Sh. 15 to Sh. 29, taking outlays by the Government and the local authorities together. The development of individual social services is discussed in the rest of this chapter.

CENTRAL GOVERNMENT EXPENDITURE ON SOCIAL SERVICES*, 1967/68-1971/72

Table 12.1 K£'000

	1967/68	1968/69	1969/70	1970/71	1971/72**
RECURRENT EXPENDITURE—					
Ministry of Health	4,320	4,734	6,083	7,525	7,468
Ministry of Housing	54	63	68	81	95
Ministry of Labour	995	1,000	1,089	1,288	1,487
Ministry of Co-operatives and Social Services+	281	318	328	407	457
DEVELOPMENT EXPENDITURE—					
Ministry of Health	872	1,172	1,850	2,626	3,073
Ministry of Housing	818	2,130	2,453	2,721	3,637
Ministry of Labour+	43	75	16	126	136
Ministry of Co-operatives and Social Services+	73	74	134	291	389
TOTAL EXPENDITURE	7,458	9,566	12,021	15,065	16,743

*Excluding education and some other social services defined as Social Services for National Accounts purposes, but not commented on in this chapter.
**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, 1967-1971

Table 12.2 K£'000

	1967	1968	1969	1970	1971*
Health	1,923	2,180	962	1,473	1,052
Housing	2,023	2,943	3,436	3,768	5,835
Other Social Services	1,204	1,366	1,552	1,107	1,964
TOTAL	5,151	6,489	5,950	6,348	8,851

*Provisional

Health and Family Planning

12.2. Responsibility for the provision of health services has been taken over from the rural authorities by the Government. The fact that health expenditure by local authorities remains significant is largely due to greater outlays by the municipalities, which continue to control their own health services. Total Government expenditure on health and family planning services continues to rise, although all of the growth in 1970/71 was in development expenditure on new hospitals, clinics, training and other facilities. Individual aspects of health services are discussed below.

12.3. *National Hospital Insurance Fund.*—Total receipts of the National Hospital Insurance Fund and benefits paid out are shown in Table 12.3. While receipts in 1970/71 fell slightly, benefits paid out increased. The fund is financed primarily through compulsory contributions by all employees earning over K£600 per annum. Employees earning less than this amount can join as voluntary contributors. However, voluntary contributions have been low and it is intended to make contributions compulsory also for those who were formerly exempt from obligatory contributions.

NATIONAL HOSPITAL INSURANCE FUND, 1968/69-1970/71

Table 12.3 *K£*

	Receipts*	Benefits
1968/69	845,775	574,966
1969/70	964,666	622,786
1970/71	950,659	665,327

*Includes both compulsory and voluntary contributions.

12.4. *Hospitals and Health Centres.*—The number of hospitals, hospital beds and cots is shown by province in Table 12.4. A comparison with 1970 indicates a growth in the number of beds and cots of 6 per cent and 63 per cent respectively in 1971. The total number of health centres and dispensaries throughout the country was just under 800 in 1971. During the year, extensions and improvements were either started or completed to hospitals at Loitokitok, Malindi, Meru, Kangundo, Kiambu, Nakuru, Naivasha, Kakamega and to the Kenyatta National Hospital in Nairobi. Two hospitals are under construction in Garissa and Nyandarua districts and new ones are planned for Siaya, Makueni, Nyamira, Mathari (Maximum Unit) and Migori. However, while substantial expansion of medical facilities continues to take place, pressure on the number of beds at present available remains heavy.

HOSPITAL BEDS BY PROVINCE, 1971

Table 12.4

PROVINCE	Government	Mission	Other	Total Beds	Total Cots
Central	1,171	1,053	22	2,246	486
Coast	1,152	166	285	1,603	206
Eastern	1,008	982	7	1,997	287
North Eastern	106			106	2
Nyanza	840	539	95	1,474	243
Rift Valley	1,770	719	384	2,873	266
Western	447	645	—	1,092	169
Nairobi	1,865	14	1,255	3,134	527
TOTAL 1971	8,359	4,118	2,048	14,525	2,186
TOTAL 1970	8,402	3,921	1,644	13,967	1,338

12.5. *Medical Personnel.*—In 1971 there were about 14,000 registered doctors, dentists, pharmacists, nurses and midwives in Kenya. Details for 1971 and the two previous years are shown in Table 12.5.

REGISTERED MEDICAL PERSONNEL, 1969-1971

Table 12.5 *Numbers*

	1969	1970	1971
MEDICAL PRACTITIONERS—			
Registered	1,090	1,218	1,405
Licensed	213	306	381
TOTAL	1,303	1,524	1,786
Dentists	55	87	87
Pharmacists	169	170	148
NURSES—			
Registered	3,099	3,452	3,789
Enrolled	3,872	4,182	4.612
TOTAL	6,971	7,634	8,401
MIDWIVES—			
Registered	1,473	1,593	1,713
Enrolled	1.584	1,754	2,024
TOTAL	3,057	3,347	3,737

While health facilities are expanding and the numbers of doctors and nurses registered are rising, the number of pharmacists has actually fallen, revealing a serious constraint in this essential category of personnel. The figures in Table 12.5 show a growth of 262 in the number of registered medical practitioners. It is likely that some of these are expatriate research doctors who are not active medical practitioners. The total also includes others who were once, but are no longer, in active practice.

12.6. Future improvements in health services will depend largely on growth in the number of trained medical personnel of all categories. There should be a significant increase in the number of doctors in the next few years as more students of the medical school of the University of Nairobi graduate. The number of first year students in the school has risen from 20 in 1967/68, when the first intake was accepted, to 73 in 1970/71. The first group of doctors from the University of Nairobi has just graduated. Training facilities now under development will help to bring about a major growth in the numbers of nurses and para-medical personnel in the next few years. What is needed is not simply an increase in numbers but also a better distribution through the country. At present, there is a heavy concentration of doctors in Nairobi and other towns, with very low doctor-population ratios in the rural areas.

12.7. *Public Health.*—Reported cases of some infectious diseases are shown in Table 12.6. In interpreting these figures, it should be noted that not all cases of the diseases shown are reported, although there has been an improvement in reporting. The most notable feature of the table is the appearance of cholera cases in 1971. The outbreak was immediately followed by an intensive immunization campaign and quickly brought under control. More recently, more than two million children were immunized against polio. Although no cases of yellow fever or smallpox have been reported in recent years, continued surveillance is maintained, and regular anti-smallpox vaccination campaigns are carried out.

REPORTED CASES OF SOME INFECTIOUS DISEASES, 1969-1971

Table 12.6 *Numbers*

Disease	1969	1970	1971
Acute Poliomyelitis	424	71	144
Anthrax	307	169	259
Brucellosis	98	65	55
Celebro-Spinal Meningitis	216	127	83
Dysentry	18,030	15,438	18,939
Encephalitis (Primary)	48	15	7
Infectious Hepatitis	788	924	768
Kala-Azar	272	23	121
Leprosy	691	609	607
Schistosomiasis	11,526	14,709	11,633
Tetanus	677	627	538
Trypanosomiasis	37	14	34
Typhoid Fever	215	217	185
Cholera*			768

*Includes laboratory confirmed cases only.

12.8. *Family Planning.*—The development of the National Family Planning Programme, inaugurated in 1968, is illustrated in Tables 12.7 and 12.8. Prior to that year such services were provided mainly in urban areas by voluntary bodies.

ATTENDANCE AT FAMILY PLANNING CLINICS, 1967-1971

Table 12.*10* *K*£'000

YEAR	NATIONAL PROGRAMME		NAIROBI CITY COUNCIL		TOTAL		
	First visits	Re-Visits	First Visits	Re-visits	First visits	Re-visits	Total
1967 ..			1,519	7,878	1,519	7,878	9,397
1968 ..	9,471	6,149	2,240	11,742	11,711	17,891	29,602
1969 ..	24,640	47,915	5,121	24,964	29,761	72,879	102,640
1970 ..	29,440	79,122	5,696	34,573	35,136	113,695	148,831
1971 ..	35,269	108,899	5,831	29,757	41,100	138,656	179,756

ATTENDANCE AT FAMILY PLANNING CLINICS BY PROVINCE, 1970-1971

Table 12.8

PROVINCE	First Visits		Re-visits		Total	
	1970	1971	1970	1971	1970	1971
Central	10,198	11,427	28,768	36,973	38,966	48,400
Coast	2,751	4,055	8,475	12,297	11,226	16,352
Eastern	4,404	5,484	13,050	17,673	17,454	23,157
North Eastern						
Nyanza	1,851	2,456	4,022	5,539	5,873	7,995
Rift Valley	3,966	4,492	7,929	10,626	11,895	15,118
Western	1,450	1,901	2,869	4,621	4,319	6,522
Nairobi*	10,516	11,285	48,582	50,927	59,098	62,212
TOTAL	35,136	41,100	113,695	138,656	148,831	179,756

*Data from Nairobi clinics run by the Nairobi City Council and the Family Planning Association.

12.9. The monthly average of first visits to clinics in 1971 was 3,416, a growth of 17 per cent over 1970. Average monthly re-visits also increased, by 22 per cent. Although these figures suggest a substantial growth of visitors to family planning clinics, they represent only a small fraction of the women of child-bearing age. This is partly a consequence of lack of facilities but is also related to insufficient appreciation of the nature and value of the services offered. Existing family planning clinics, which now number 250, can handle a much larger number of visitors than they receive.

12.10. A recent study carried out for the Family Planning Association of Kenya suggests a need to step up publicity and educational work to demonstrate the benefits of family planning. The Government is now considering an ambitious programme to do this as well as to expand family planning facilities.

12.11. *Malnutrition.*—At the end of 1971 nutrition staff in the field consisted of 6 provincial nutrition supervisors and 76 field workers recruited from among enrolled nurses and midwives (in 1970 the total number of nutrition field workers was 60). Twenty students are undergoing training at the Karen College of Nutrition. In addition to carrying out nutrition education activities, the Nutrition Centre is also of assistance to such agencies as the Red Cross and Freedom from Hunger.

12.12. Three dieticians have been provided by the Nutrition Centre and two of them are working at the Kenyatta National Hospital and the third in a Mombasa hospital. Their primary function is to ensure an adequate diet for patients in hospitals. The Centre is also undertaking research to test the effectiveness of nutrition field workers and their teaching methods.

Housing

12.13. The housing needs of the country continue to outstrip new construction. Large-scale housing development of the magnitude required to meet needs will absorb vast amounts of investment. Thus, while the provision of a decent home for every family is the Government's long term housing policy, construction in any one year can only satisfy a small part of housing needs. The bulk of the housing built in the country is constructed by the private sector and consists of traditional dwellings and more modem buildings. The value of traditional dwellings built is shown in Table 1.8. Some details of private housing construction in the modern sector are set out in Chapter 6, and show the number and value of residential buildings completed in the main towns as well as approvals by Nairobi City Council of plans for new construction.

12.14. Two important agencies in the financing of private house-building are the Housing Finance Company of Kenya (HFCK) and the East African Building Society. These two organizations are primarily concerned with higher cost housing units. At the end of 1971, net mortgage loans of the HFCK totalled K£4.5 million compared with K£3.5 million at the end of 1970. There was a growth of similar size in deposits with the HFCK. Most lending to date has been for housing projects in the Nairobi area, but it is planned to lend money in other urban areas of the country. The East African Building Society wrote 231 new mortgages during 1971 with a value of K£1.04 million. At the end of the year the Society had a membership of over 17,000. Other sources of finance for private house-building include insurance companies and commercial banks.

12.15. The Ministry of Housing's major agency for public housing development is the National Housing Corporation. The unit cost of houses financed by the Corporation fell significantly in 1971, in keeping with the policy of directing the Corporation's efforts into low cost housing. This is illustrated in Table 12.9. The Corporation is financing house-building in almost all municipalities as well as for many county councils.

NATIONAL HOUSING CORPORATION PROJECTS BY PROVINCE, 1969-1971

Table 12.9 *K*£'000

	UNITS COMPLETED			COST PER UNIT (K£)		
	1969	1970	1971	1969	1970	1971
Central	119	483		962	776	
Coast	50	174	308	923	1,026	705
Eastern	121	50	—	870	1,194	—
Nairobi	1,218	1,341	2,793	1,593	1,205	817
North Eastern	—		8	—	—	1,688
Nyanza	173	7	125	1,143	4,353+	402
Rift Valley	247	200	177	687	738	663
Western	—	85	34	—	850	883
TOTAL	1,928	2,340	3,445	1,336	1,060	786

+Special projects.

12.16. Some house-building is undertaken by the Ministry of Works for civil servants, and during the financial year 1970/71. nearly a thousand housing units were constructed. These were mainly of an "institutional" nature. Some "institutional" housing is also built by the Forest Department and the East African Community for their employees.

*

Other Social Services

12.17. The rest of this chapter is taken up with a brief description of other social services, most of which fall under the Ministry of Co-operatives and Social Services, though some are the responsibility of the Ministry of Labour.

12.18. *Community Development.*—Preliminary estimates suggest that the value of self-help projects undertaken in 1971 was K£2.6 million compared with K£2.3 million in 1970, an increase of 11 per cent. Details of the projects undertaken are set out in Table 12.10, which indicates particularly rapid growth in school, water works and other construction and land investment projects.

12.19. The value of the contributions from people living in the areas where the projects are located rose by 7 per cent. These contributions take the form of cash, materials and labour. It is likely that in some districts cash contributions tended to be diverted into funds raised for the colleges of science and technology now being promoted on a voluntary basis. The assessment of the benefits of these proposed institutions should perhaps take into account this element of diversion of effort from smaller village self-help projects.

VALUE OF SELF-HELP SCHEMES, 1970-1971

Table 12.10 K£'000

Project	1970	1971
CAPITAL PROJECTS—		
Residential Buildings	172	46
Schools	1,003	1,273
Community Halls and Social Centres	170	181
Health Centres and Dispensaries	194	171
Other Non-Residential Buildings	296	239
Roads	40	32
Water Works	135	219
Cattle Dips	197	172
Other Construction and Land Improvement Projects	36	199
TOTAL	2,243	2,532
OTHER PROJECTS	72	41
ALL PROJECTS	2,315	2,572
Of which		
Peoples' Contributions	2,023	2,159
Other Contributions	292	413

12.20. *Adult Education.*—This is a broad field with many aspects, ranging from the provision of formal training for examinations to extension work for farmers and general "social" education. An important facet is the promotion of functional literacy. This involves not merely imparting the 3 R's but also conveying a notion of the significance and relevance of technical, economic and social considerations to the daily lives of people. In 1971 there were 2,032 literacy classes with a total enrolment of 60,000. Of these, 832 classes were Government-aided and the rest run on a self-help and voluntary agency basis. Because of the emphasis of the adult literacy campaign on functional literacy, Government-aided classes are normally sited in areas which have other development projects. The staff available for Adult Education increased to 85 in 1971 and there is now a Provincial Adult Education Officer in each province.

12.21. Adult education activities also include formal and vocational training and in 1971 there were 130 registered classes for such training, with 3,300 students in Nairobi, Mombasa, Eldoret, Kisumu, Nakuru and Kitale. Courses are also run at the District Training Centres and during 1971 short courses were provided at 25 of them, in subjects such as catering for mothers and local leadership.

12.22. The Institute of Adult Studies, which has centres at Nairobi, Mombasa, Kisumu, Nakuru, Kakamega and Nyeri as well as 25 sub-centres, mainly undertakes formal education. At its Headquarters Training and Research Unit it offers adult education training services to various ministries

and teachers' colleges as well as a one year university diploma course in Adult Education. Eight students were enrolled for the diploma course in 1971/72 and it is planned to raise this number in 1972/73. One of the notable branches of the Institute is the Radio Correspondence Course Unit, inaugurated in 1969.

12.23. *Vocational Rehabilitation.*—The main objective of the Vocational Rehabilitation Scheme is the promotion of the individual welfare of the disabled person through providing him with sufficient skills to be self. supporting and economically independent. In 1971, special attention was given to the development of rural vocational rehabilitation centres and four of these were established with facilities for 50 disabled boarders.

12.24. About 70 per cent of the disabled persons trained are absorbed in Government services; others are helped to set up their own businesses. Voluntary agencies play an important role in rehabilitation work and have been allocated K£25,000 as grants-in-aid during the current financial year.

12.25. *Youth.*—The Youth Development Division of the Ministry of Co-operatives and Social Services is active in the field of out-of-school youth education and training. At the end of 1971 there were 181 youth centres in the country with over 12,000 members. Almost all provinces now have a Provincial Pre-Vocational Youth Officer. Work is also proceeding to set up a centre for research and training in order to assess the impact of youth training activities, develop suitable curricula and carry out training of instructors. In addition to its direct activities, the Division also participates in youth training programmes at the village polytechnics.

12.26. *National Youth Service*—At the end of 1971, the National Youth Service had 3,645 persons enlisted, bringing the total of past and present members to 16,665. During 1971, the Service was able to place in employment 793 members, 216 being women.

12.27. Progress on its major construction projects continued. The Thika-Garissa road it is building reached Kitui during the year, the first phase of the Kinangop road project was completed, and the road to Ethiopia was pushed beyond Marsabit. Its special remote areas air-field construction units completed two air-strips and commenced work on a third. Practical training continued to be provided at the Youth Service farms, which cover 5,000 hectares and help to feed the Service as well as provide surpluses for sale.

12.28. *National Social Security Fund.*—Contributions received by the Fund in 1971 were K£7.3 million. This brings total contributions since its inception to K£31.0 million, while total benefits paid out have been K£1.6 million. Contributions received are invested mainly in Kenya Government

stock and other local investments. An additional 565 employers and 62,011 employees were registered with the Fund in 1971, bringing the total of each to 21,600 and 562,000 respectively.

NATIONAL SOCIAL SECURITY FUND CONTRIBUTIONS AND BENEFITS, 1966-1971

Table 12.11 *K£million*

Year	Contributions Received	Benefits Paid	Contributions Net of Benefits
1966	1.2		1.2
1967	4.5	—	4.5
1968	5.6	0.2	5.4
1969	6.1	0.2	5.8
1970	6.4	0.6	5.8
1971	7.3	0.6	6.7
TOTAL	31.0	1.6	29.4

CHAPTER 13—THE OUTLOOK FOR 1972

International economic conditions in 1972 appear to be less unsettled than they were last year. Although monetary reform is being widely discussed, there is unlikely to be a repetition of the upheavals of 1971. The economies of the United States and other industrial countries are likely to grow a good deal faster than last year, which should help to promote growth in world trade. However, a fairly high rate of inflation in the industrial economies is likely to continue through the year, thus making imports from them more expensive.

13.2. In the Kenya economy, the recovery of agriculture from the effects of last year's drought will be a major determinant of the rate of growth. Although the long rains were late in arriving, it would seem that the level of precipitation is going to be satisfactory and a large volume of agricultural output can be anticipated. A major recovery has already taken place in the production of tea and output during the first four months of the year was 18,497 metric tons, nearly twice the level in the same period of 1971. A sharp growth is also evident in the production of pyrethrum in 1972, and its output up to the end of April was 160 per cent above that in the corresponding period of last year. The output of coffee is difficult to predict but is likely to remain about the same as last year. The bulk of cereal deliveries for the current year have already been made and production is likely to be slightly higher than last year. Cuttings of sisal might respond to the favourable price developments for this crop. Improved rainfall conditions should contribute to a significant rise in the production of milk and meat, which is also being stimulated by improved prices.

13.3. The international commodity price situation is somewhat mixed. Coffee and tea prices show little sign of improvement, but there has been a sharp rise in the price of sisal in recent weeks. Crops which are grown mainly for domestic consumption should benefit from price increases within the past twelve months. Prices paid to sugarcane growers and meat producers have been raised recently; wheat growers can look forward to a "bonus" on top of the guaranteed price, and maize and dairy farmers will continue to enjoy the higher prices announced last year. It is expected that these factors will produce a growth in marketed agricultural production of about 15 per cent. Given the large weight of agriculture in the economy, this should have a major impact on gross domestic product.

13.4. In the non-agricultural sector the overall level of activity is also expected to remain high. The restrictions on imports should stimulate a more rapid growth in manufacturing production, both of items already made within the country (but which are also imported from abroad) and of new products which could be made by using available technology. The excess

capacity which exists in some industries should provide the necessary flexibility for an expansion of manufacturing production. The substantial growth expected in agricultural output should also lend impetus to the processing industries. The building and construction sector still has a good deal of work in the pipeline, from projects already started. Approvals of building plans by the Nairobi City Council for the first quarter of 1972 were well above those of the first quarter last year. Public road building projects and other works are expected to maintain a high level of activity. Overall, the building and construction sector should do at least as well as it did last year. Tourism is expected to perform very well again. Statistics of hotel occupancy by foreign residents in the first quarter of the current year show a growth of 27 per cent, compared with 16 per cent during the same period last year. Although the import restrictions are expected to have an adverse effect on the wholesale and retail trade sector, a high level of activity in agriculture and manufacturing should help to counteract this.

13.5. Government expenditure, particularly development expenditure, is expected to increase. However, the growth of overall expenditure will be rather less than last year and "general government" product is expected to grow more slowly than in 1971 when, at current prices, it increased by over 16 per cent.

13.6. Taking these factors into account gross domestic product in 1972 is likely to grow between 8 and 10 per cent at current prices.

13.7. The level of exports should be considerably above that in 1971. Almost the whole of the expected growth of about 15,000 metric tons of tea production is likely to be exported. If prices remain at the same level as last year, the value of tea exports should grow by between K£4.5 and K£5 million. The value of pyrethrum exports should also rise significantly. Although the output of sisal is unlikely to increase much, the recent sharp rise in its price will raise foreign exchange earnings from this commodity. Exports of meat and meat products and of horticultural items are also expected to grow. However, owing to rising domestic consumption, there is likely to be a fall in overseas sales of petroleum products. The overall effect should be a growth in overseas exports of K£6 to K£8 million, although it is hoped that exports to Uganda and Tanzania will remain at the same level as last year.

13.8. While exports are likely to rise, imports are expected to fall substantially, primarily because of the import restrictions which came into force this year. These restrictions affect consumer goods such as food products, textiles and durables. The expected drop in imports of most food products will be counterbalanced to some extent by a growth in overseas purchases of sugar. However, a substantial fall in all imports of consumer goods will be apparent. It appears that imports of uncontrolled items have also fallen in the first few months of this year. The impact of the controls is likely to reduce overseas imports by K£15 to K£20 million.

13.9. A reduction of this magnitude in imports and the expected growth in exports will obviously have a marked favourable effect on the balance of payments. This will be reinforced by the growth in invisible income from tourism. Overall, the current account might improve by about K£25 million—that is, the normal deficit in the current account should fall by this amount, reducing it by half. Long.term capital inflows are also expected to rise while outflows fall. For the balance of payments as a whole, a position of near surplus could well develop.

13.10. Employment in the modern sector should benefit from the increased activity in agriculture, manufacturing and building and construction. However, the growth in the number of jobs in the modern sector is likely to be slower than in 1971, when it was reinforced to a substantial degree by the effects of the Tripartite Agreement.