

REPUBLIC OF KENYA

ECONOMIC SURVEY 1973

Central Bureau of Statistics
Ministry of Finance and Planning

Price: Ten Shillings

ECONOMIC SURVEY

1973

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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.

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ECONOMIC SURVEY, 1973

CHAPTER 1—THE GENERAL ECONOMY

The International Setting

The more notable, and not altogether unrelated, features of the international economic situation in 1972 and the early months of 1973 were the faster rate of growth in the western industrial countries, continued inflation in their economies, a considerable rise in commodity prices and the persistence of unsettled monetary conditions. In terms of growth, 1972 was a buoyant year, with total output in the industrial countries increasing by between 5 and 6 per cent, which was the steepest rise since 1966. Although the prices of industrial commodities continued to rise, those of primary commodities also showed a significant increase. Renewed economic growth and rising prices together led to a growth in world trade of about 9 per cent in volume and 7 to 8 per cent in money terms, to give a value increase of about 17 per cent.

1.2. World economic conditions were therefore favourable from the point of view of developing countries such as Kenya. However, the international monetary system continued to display unsettled conditions, which also had important repercussions, direct and indirect, on the currencies of developing countries. Details of their impact on Kenya are discussed in Chapter 2.

The Growth of the Economy

1.3. Within Kenya, 1972 was a very satisfactory year in terms of gross domestic product (GDP). As shown in Table 1.2, GDP grew by 12.3 per cent at current prices and 6.9 per cent at constant (1964) prices. This growth was rather faster than the expected increase forecast in last year's *Economic Survey*, and was primarily due to the fact that the agriculture sector showed vigorous recovery from the effects of the drought in 1971. Tables 1.1 and 1.2 also contain revised estimates of growth for 1971. These suggest that 1971 was a slightly better year than the preliminary estimates published in last year's *Survey* implied, mainly because the product of "general government" was, in fact, a good deal higher than originally estimated. In absolute terms, gross domestic product in 1972 was K£647 million at current prices and K£554 million at constant 1964 prices, compared with K£576 million and K£518 million in the previous year.

1.4. Table 1.2 also shows the cumulative rate of growth in the economy at 1964 prices, during the nine years since independence. Over this period, the economy has been growing at 6.8 per cent per annum, a rate of growth higher than the average projected in the Development Plans drawn up and implemented since the end of 1963. An attempt is made in Table 1.3 to measure GDP at 1967 prices, in order to assess progress under the current Development Plan, projections for which were made at 1967 prices. The rate projected in the Plan is 6.7 per cent, whereas actual growth last year was fractionally less, 6.6 per cent, compared with 7.3 per cent in 1971. However, performance since the inception of the current Plan period has been slightly better than the projected target.

GROSS DOMESTIC PRODUCT—1964, 1968-1972

Table 1.1 *K£million*

INDUSTRY	AT CURRENT PRICES						AT CONSTANT (1964) PRICES					
	1964	1968	1969	1970	1971	1972*	1964	1968	1969	1970	1971	1972*
GROSS PRODUCT AT FACTOR COST—												
A. *Outside Monetary Economy:*												
Agriculture	73.36	84.96	88.98	91.88	97.34	111. 39	73.36	87.14	89.80	92.72	95.39	98.55
Forestry	1.99	3.11	3.12	3.37	3.84	4.15	1.99	2.23	2.54	2.61	2.72	2.82
Fishing	0.11	0.14	0.14	0.15	0.15	0.15	0.11	0.16	0.15	0.15	0.13	0.14
Building and Construction	5.81	8.65	8.97	9.58	9.97	10.49	5.81	6.56	6.79	6.91	7.08	7.33
Water	2.09	3.11	3.91	4.15	4.47	4.67	2.09	2.20	2.65	2.67	2.75	2.79
Ownership of Dwellings	5.53	8.98	9.58	10.40	11.14	11.90	5.53	6.82	7.09	7.50	7.91	8.31
TOTAL PRODUCT OUTSIDE MONETARY ECONOMY	88.98	108.95	114.70	119.53	126.91	142.75	88.89	105.11	109.02	112.56	115.98	119.94
B. MONETARY ECONOMY—												
1. *Enterprises and Non.Profit Institutions*												
Agriculture	51.97	57.73	63.78	72.68	72.82	90.84	51.97	61.91	69.18	72.92	73.52	85.80
Forestry	1. 88	2.95	3.20	3.80	4.47	4.06	1. 88	2.54	2.60	2.93	3.13	3.06
Fishing	0.85	1.13	1.14	1.18	1.22	1.27	0.85	1.26	1.14	1.03	0.98	1.13
Mining and Quarrying	1.46	2.31	2. 02	2.41	2.93	2.98	1.46	2.24	2.01	2.60	2.72	2.45
Manufacturing and Repair	34.17	50.06	56.84	62.16	71.68	78.33	34.17	44.56	48.59	52.49	59.29	63.63
Building and Construction	6.82	14.79	15.31	16.81	18.89	21.91	6.82	11.82	11.85	12.07	13.14	14.14
Electricity and Water	4.84	6.44	6.93	7.81	8.21	8.82	4.84	5.97	6.44	7.14	7.81	8.85
Transport, Storage and Communica. cations	24.52	36.19	37.81	40.84	43.50	46.66	24.52	38.10	38.57	41.18	43.12	42.18
Wholesale and Retail Trade	32.54	44.20	46.87	55.82	61.57	64.81	32.54	41.19	43.95	48.64	53.08	52.49
Banking, Insurance and Real Estate	9.85	15.51	17.58	21.07	23.62	26.73	9.85	15.12	16.87	19.40	21.14	24.46
Ownership of Dwellings	13.34	1513	16.25	17.06	18.22	19.37	13.34	13.88	14.02	14.46	14.87	15.02
Other Services	11.90	16.51	18.43	20.08	21.68	24.57	11.90	17.12	18.44	20.34	22.63	26.45
TOTAL ENTERPRISES	194.14	262.95	286.16	321.72	348.81	390.35	194.14	255.71	273.66	295.20	315.50	339.66
2. PRIVATE HOUSEHOLDS (DOMESTIC SERVICES)	2.94	3.56	3.87	4.14	4.84	5.12	2.94	3.73	3.47	3.55	3.85	3.80

* Provisional

GROSS DOMESTIC PRODUCT—1964, 1968-1972

Table 1.1—*(Contd.)* *K£million*

INDUSTRY	AT CURRENT PRICES						AT CONSTANT (1964) PRICES					
	1964	1968	1969	1970	1971	1972*	1964	1968	1969	1970	1971	1972*
2. *General Government*—												
Public Administration	16.84	20.32	21.61	23.12	26.31	28.59	16.84	19.26	20.97	21.60	23.43	25.23
Defence	2.19	4.08	4.10	4.66	5.07	5.00	2.19	3.72	3.94	4.18	4.43	4.44
Education	11.20	18.46	23.14	23.78	32.05	36.96	11.20	19.34	21.34	23.94	25.77	28.68
Health	4.69	7.94	8.34	8.94	10.68	11.64	4.69	7.77	8.04	8.94	10.19	11.62
Agricultural Services	4.41	5.79	5.88	6.38	7.83	9.12	4.41	5.54	5.92	5.73	6.94	7.50
Other Services	3.13	7.27	7.94	9.60	13.26	17.34	3.13	6.95	7.97	9.36	11.71	12.88
TOTAL GENERAL GOVERNMENT	42.47	63.85	71.01	76.48	95.21	108.64	42.47	62.57	68.18	73.75	82.47	90.35
TOTAL PRODUCT MONETARY ECONOMY	239.55	330.36	361.04	402.34	448.86	504.11	239.55	322.01	345.31	372.50	401.82	433.81
TOTAL GROSS PRODUCT AT FACTOR COST (Monetary and Non.Monetary)	328.44	439.31	475.74	521.87	575.77	646.86	328.44	427.12	454.33	485.06	517.80	553.75

* Provisional

GROSS DOMESTIC PRODUCT:PERCENTAGE RATES OF GROWTH, 1964-1972

Table 1.2 *Percentages*

Industry	AT CURRENT PRICES			AT CONSTANT (1964) PRICES		
	1964-72* Cumulative	1970-71	1971-72*	1964-72* Cumulative	1970-71	1971-72*
GROSS PRODUCT AT FACTOR COST—						
A. *Outside Monetary Economy:*						
Agriculture	3.6	5.9	14.4	3.7	2.9	3.3
Forestry	9.6	13.9	8.1	4.5	4.2	3.7
Fishing	3.9	—	—	3.0	-13.3	7.7
Building and Construction	7.7	41	5.2	2.9	2.5	3.5
Water	10.5	7.7	4.5	3.6	3.0	1.5
Ownership of Dwellings	10.0	7.1	6.8	5.2	5.5	5.1
TOTAL PRODUCT OUTSIDE MONETARY ECONOMY	6.1	6.2	12.5	3.8	3.0	3.4
B. *Monetary Economy*:						
1. Enterprises and Non-Profit Institutions:						
Agriculture	7.2	0.2	24.7	6.5	0.8	16.7
Forestry	10.1	17.6	-9.2	6.3	6.8	-2.2
Fishing	5.1	3.4	4.1	3.6	-4.9	15.3
Mining and Quarrying	9.3	21.6	1.7	6.7	4.6	9.9
Manufacturing and Repairing	10.9	15.3	9.3	8.1	13.0	7.3
Building and Construction	15.7	12.4	16.0	9.5	8.9	7.6
Electricity and Water	7.8	5.0	7.6	7.8	9.4	13.3
Transport, Storage and Communications	8.4	6.5	7.3	7.0	4.7	-2.2
Wholesale and Retail Trade	9.0	10.3	5.3	6.1	9.1	-1.1
Banking, Insurance and Real Estate	13.3	12.1	13.2	10.6	9.0	15.7
Ownership of Dwellings	4.8	6.8	6.3	1.5	2.8	1.0
Other Services	9.4	8.0	13.3	10.5	11.2	16.9
TOTAL ENTERPRISES	9.2	8.4	11.9	7.2	6.9	7.7
2. Private Households (Domestic Services)	7.2	16.9	5.8	3.2	8.5	-1.3

*Provisional

GROSS DOMESTIC PRODUCT: PERCENTAGE RATES OF GROWTH, 1964-1972

Table 1.2 ¸ (Contd.) *Percentages*

Industry	AT CURRENT PRICES			AT CONSTANT (1964) PRICES		
	1964-72* Cumulative	1970.71	1971-72*	1964-72* Cumulative	1970-71	1971-72*
3. General Government:						
Public Administration	6.9	13.8	8.7	5.2	8.5	7.7
Defence	10.8	8.8	-1.4	9.2	6.0	0.2
Education	16.1	34.8	15.3	12.5	7.6	11.3
Health	12.0	19.5	9.0	12.0	14.0	14.0
Agricultural Services	9.5	22.7	16.5	6.9	21.1	8.0
Other Services	23.8	38.1	30.8	19.3	25.1	10.0
TOTAL GENERAL GOVERNMENT	12.5	24.5	14.1	9.9	11.8	9.6
TOTAL PRODUCT MONETARY ECONOMY	9.7	11.6	12.3	7.7	7.9	8.0
TOTAL GROSS PRODUCT AT FACTOR COST (Monetary and Non-Monetary)	8.8	10.3	12.3	6.8	6.7	6.9

*Provisional

GROSS DOMESTIC PRODUCT

PLAN TAEGETS AND REALISED GROWTH RATES(AT1967 PRICES)

Table 1.3 *Percentages*

INDUSTRY	PLAN TARGETS	REALISED GROWTH RATES		
	Annual increase from 1967 to 1974	1970-71	1971-72*	1967-72* Cumulative
A. OUTSIDE MONETARY ECONOMY—				
Agriculture	3.5	2.8	3.3	3.4
Other	3.8	2.0	3.9	4.7
TOTAL NON-MONETARY PRODUCT	3.6	2.6	3.5	3.5
B. MONETARY ECONOMY—				
1. Enterprises and Non-Profit Institutions:				
Agriculture	6.0	0.9	15.4	7.4
Forestry	8.3	6 9	-2.8	5.9
Fishing	7.9	-10.5	13.5	1.4
Mining and Quarrying	6.6	4.8	-9.9	3.7
Manufacturing and Repairing	8.9	12.9	7.3	9.2
Building and Construction	8.8	8.9	7.7	7.3
Electricity and Water	8.0	9.4	13.4	9.7
Transport, Storage and Communications	9.4	5.9	-1.1	4.1
Wholesale and Retail Trade	7.0	9.3	0.9	6.4
Banking, Insurance, Real Estate	8.9	10.3	15.2	13.4
Ownership of Dwellings	4.0	3.4	0.5	3.5
Other Services	9.0	13.8	15.0	11.1
TOTAL ENTERPRISES	7.7	7.6	7.2	7.6
2. Private Households (Domestic Services)	6.0	8.5	-6.6	0.8
3. General Government	8.0	14.6	9.3	10.3
TOTAL MONETARY PRODUCT	7.8	8.8	7.6	8.0
TOTAL GDP AT FACTOR COST	6.7	7.3	6.6	7.0

*Provisional.

1.5. As already mentioned, the agriculture sector showed a strong recovery, with a rate of growth in real terms of 16.7 per cent. Details of developments affecting individual commodities are set out in Chapter 4. In manufacturing, however, the real growth rate, although not in itself unsatisfactory, fell substantially—to 7.3 per cent, compared with 13 per cent in 1971. The factors which contributed to this slowing down are elaborated in Chapter 6. Among the other major sectors, building and construction also grew rather more slowly, although at the acceptable rate of 7.6 per cent. However, the position was a good deal less satisfactory in two other large sectors, trade and transport and communications. Growth was negative in both, compared

with substantial increases in 1971. In trade, the major factor responsible for the sluggishness of the sector was the decline in external trade, discussed in Chapter 3. This factor was also partly responsible for the slow growth in transport and communications. In the smaller sectors, such as forestry, mining, fishing and ownership of dwellings, the position was somewhat mixed. However, in "other services", which consist of a wide range of activities (including tourism and comprising a substantial proportion of total economic activity), growth was rapid. But a comparison of 1971 and 1972 does underline the fact that in the monetary economy, for enterprises and non-profit institutions as a whole, the satisfactory overall rate of growth was determined primarily by developments in the agricultural sector. Real growth in the remaining major component of the monetary economy, "general government", was more than 2 percentage points lower than in 1971, according to the preliminary estimates shown in the tables.

GROSS DOMESTIC PRODUCT
SECTORAL SHARES, AT CONSTANT (1964) PRICES, 1964, 1968-1972

Table 1.4 *Percentages*

INDUSTRY	1964	1968	1969	1970	1971	1972*
GROSS DOMESTIC PRODUCT AT FACTOR COST—						
A. Outside Monetary Economy:						
Agriculture	22.34	20.40	19.77	19.12	18.42	17.80
Forestry	0.61	0.52	0.56	0.54	0.53	0.51
Fishing	0.03	0.04	0.03	0.03	0.03	0.03
Building and Construction	1.77	1.54	1.49	1.42	1.37	1.32
Water	0.64	0.52	0.58	0.55	0.53	0.50
Ownership of Dwellings	1.68	1.60	1.56	1.55	1.53	1.50
TOTAL PRODUCT OUTSIDE MONETARY ECONOMY	27.06	24.61	24.00	23.21	22.40	21.66
B. Monetary Economy:						
1. Enterprises and Non-Profit Institutions:						
Agriculture	15.82	14.49	15.23	15.03	14.20	15.49
Forestry	0.57	0.59	0.57	0.60	0.60	0.55
Fishing	0.26	0.29	0.25	0.21	0.19	0.20
Mining and Quarrying	0.44	0.52	0.44	0.54	0.53	0.44
Manufacturing and Repairing	10.40	10.43	10.69	10.82	11.45	11.49
Building and Construction	2.08	2.77	2.61	2.49	2.54	2.55
Electricity and Water	1.47	1.40	1.42	1.47	1.51	1.60
Transport, Storage and Communications	7.47	8.92	8.49	8.49	8.33	7.62
Wholesale and Retail Trade	9.91	9.64	9.67	10.03	10.25	9.48
Banking, Insurance and Real Estate	3.00	3.54	3.71	4.00	4.08	4.42
Ownership of Dwellings	4.06	3.25	3.09	2.98	2.87	2.71
Other Services	3.62	4.01	4.06	4.19	4.37	4.78
TOTAL ENTERPRISES	59.11	59.87	60.23	60.86	60.93	61.34
2. Private Households (Domestic Services)	0.90	0.87	0.76	0.73	0.74	0.69
3. General Government:						
Public Administration	5.13	4.51	4.62	4.45	4.52	4.56
Defence	0.67	0.87	0.87	0.86	0.86	0.80
Education	3.41	4.52	4.70	4.94	4.98	5.18
Health	1.43	1.82	1.77	1.84	1.97	2.10
Agricultural Services	1.34	1.30	1.30	1.18	1.34	1.35
Other Services	0.95	1.63	1.75	1.93	2.26	2.33
TOTAL GENERAL GOVERNMENT	12.93	14.65	15.01	15.20	15.93	16.32
TOTAL PRODUCT MONETARY ECONOMY	72.94	75.39	76.00	76.79	77.60	78.34
TOTAL GROSS PRODUCT AT FACTOR COST (Monetary and Non-Monetary)	100.00	100.00	100.00	100.00	100.00	100.00

*Provisional.

1.6. The relative share of each sector in total GDP at 1964 prices is shown in Table 1.4. As in past years, the significance of the non-monetary sector continues to decline and that of "general government" to grow gradually. Within "enterprises and non-monetary institutions" the share of agriculture in 1972 increased by more than one percentage point. The significance of "other services" also grew somewhat, as it has done for several years past.

1.7. The contribution of the public sector to GDP, shown in Table 1.5, remained in 1972 at just under 31 per cent, as in 1971. Although "general government" grew a little faster in 1972, the increase in public sector enterprise activity was considerably slower than in 1971. The most rapid growth since 1964 has been in the enterprise activities of the Government's parastatal bodies, although, in absolute terms, the enterprise organizations of the East African Community (notably its transport corporations) still account for nearly half of public GDP in the enterprise sector. However, their share has been falling for several years, whereas that of the Government's parastatal bodies has risen from 11 per cent to 35 per cent since 1964.

1.8. Total resources available (shown in Table 1.6, together with their allocation between investment and consumption), increased at current prices by over K£47 million in 1972. Of the total, K£169 million went into investment. which includes fixed capital formation and stocks. In fact, the resources going into gross fixed capital formation went up by nearly K£16 million (a rise of 1 percentage point over 1971, to 22 per cent of the total), but there was a drop of K£9 million in stock-building, related primarily to the fall in imports during the year *(see* Chapter 3). At current prices the allocation to gross investment was 23 per cent of all resources available, compared with 24 per cent in 1971. The bulk of the increase in available resources therefore went into consumption. Public consumption rose by K£14 million and private by K£27 million, increases of 12 and 7 per cent over their levels in 1971. The overall share of private consumption in the total remained unchanged in 1972.

1.9. Table 1.7 shows "gross national product", which differs from "gross domestic product" at factor cost, since it takes into account indirect taxes and subsidies and factor payments to and from other countries. The relative significance of the different factors in GDP is also set out in the table. There was little change in the shares of remuneration of employees, rents and operating surplus in 1972.

CONTRIBUTION OF THE SECTOR TO GROSS DOMESTIC PRODUCT, 1964, 1968-1972

Table 1.5

K£million

	1964					1968	1969	1970	1971	1972*				
	Govt.	E.A Community	Kenya tal Bodies	Local Authorities	Total	Total	Total	Total	Total	Kenya Govt.	E.A. Community	Parastatal Bodies	Local Authorities	Total
GENERAL GOVERMENT														
General Administration	5.1	1.7		1.7	8.5	10.1	10.8	11.6	13.4	8.9	3.1	—	2.7	14.7
Justice and Police	8.2	0.1			8.3	10.2	10.8	11.5	12.9	13.7	0.1	—	—	13.8
Defence	2.2	—			2.2	4.1	4.1	4.7	5.1	5.0	—	—	—	5.0
Education	3.6		0.6	7.1	11.2	18.5	23.1	23.8	32.1	32.8	0.2	1.8	2.2	37.0
Health Services	3.2	—	—	1.5	4.7	7.9	8.3	8.9	10.7	10.8	—	—	0.8	11.6
Agricultural and Veterinary Services	3.9	0.3	0.1	0.1	4.4	5.8	5.9	6.4	7.8	8.1	0.7	0.1	0.2	9.1
Other Services	2.0	0.4	—	0.7	3.1	7.3	7.9	9.6	13.3	13.2	0.7	—	3.4	17.3
TOTAL GENERAL GOVERMENT	28.2	2.5	0.7	11.1	42.5	63.9	71.0	76.5	95.2	92.5	4.9	1.9	9.4	108.6
ENTERPRISES														
Agriculture	—	—	-0.1		-0.1	0.2	0.5	0.8	1.1	—	—	1.2	—	1.2
Forestry	1.0	—	—	—	1.0	1.7	1.5	1.6	1.7	1.7	—	—	—	1.7
Mining and Quarrying	—	—	—		—	—	—	—	0.1	—	—	0.1	—	0.1
Manufacturing	0.5	4.0	0.7	0.1	5.3	6.9	7.5	8.5	13.2	1.1	6.6	6.3	0.1	14.1
Building and Construction	1.8	1.6	—	0.3	3.6	5.5	6.3	6.8	7.9	5.6	1.9	0.1	1.6	9.3
Electricity and Water	0.4	—	0.4	0.8	1.6	1.7	1.8	5.0	8.2	0.6	—	6.7	1.5	8.8
Transport and Communications**	0.6	18.1	—		18.7	26.6	27.9	30.0	32.2	0.5	33.1	0.7	—	34.3
Wholesale and Retail Trade	—	—	0.4	—	0.4	1.8	1.5	1.6	2.3	—	—	2.5	—	2.5
Banking and Insurance	—	—	2.8		2.8	5.0	6. 6	8.9	11.5	—	—	13.1	—	13.1
Ownership of Dwellings	2.3	1.4		0.1	3.8	3.8	3.8	4.2	4.4	2.8	1.7	—	0.1	4.6
Other Services	—	—	—	—	—	0.1	0.2	0.2	0.3		—	0.5	—	0.5
TOTAL ENTERPRISES	6.3	25.1	4.2	1.2	37.1	53.3	57. 5	67.5	82.9	12.3	43.3	31.2	3.3	90.2
TOTAL PUBLIC SECTOR	34.8	27.6	4. 9	12.3	79.6	117.2	128.5	144.0	178.1	104.8	48.2	33.1	12.7	198.8

* Provisional

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

TOTAL USE OF RESOURCES, 1964, 1968-1972

Table 1.6 *K£million*

	1964	1968	1969	1970	1971	1972*
G.D.P. at Factor Cost	328.44	439.32	475.74	521.87	575.77	646.86
Of Which						
Non-Monetary	88.89	108.96	114.70	119.53	126.91	142.75
Monetary	239.55	330.36	361.04	402.34	448.86	504.11
+ Indirect Taxes	26.91	43.06	46.62	54.55	67.99	65.54
—Subsidies	-0.35	-2.64	-2.10	-1.16	-0.76	-1.19
=G.D.P. at Market Prices	355.00	479.74	520.26	575.26	643.00	711.21
+Imports of goods and services	95.48	135.44	140.69	170.36	212.93	210.97
—Exports of goods and services	112.83	132.21	144.07	160.36	171.17	190.02
=Import Surplus	-17.35	+ 3.23	-3.38	+ 10.00	+41.76	+ 20.95
Total Resources available for Domestic Investment and Consumption	337.65	482.97	516.88	585.26	684.76	732.16
Gross Fixed Capital Formation	44.32	89.53	93.73	112.71	144.20	159.94
Increase in Stocks	2.30	2.55	8.52	13.39	17.97	9.04
Gross Investment	46.62	92.08	102.25	126.10	162.17	168.98
Public Consumption	49.35	73.52	85.55	94.25	114.95	128.65
Private Consumption	241.68	317.37	329.08	364.91	407.64	434.53
TOTAL CONSUMPTION	291.03	390.89	414.63	459.16	522.59	563.18

*Provisional

Capital Formation

1.10. The level of gross capital formation at current and constant prices, by type of asset, is shown in Table 1.8. At current prices, this rose by nearly 11 per cent in 1972, but at constant 1964 prices the growth was only 3 per cent. These rates compare with 28 and 19 per cent respectively in 1971. The major factor in the decline last year was the substantial fall in the rate of capital formation in transport equipment, which, at both current and constant prices, decreased by about K£5 million. Investment in the private sector was reduced partly by restrictions on the imports of vehicles and partly by what appears to have been a real reduction in the demand for passenger service vehicle licences *(see* Chapter 8). In the public sector, investment in transport equipment is strongly influenced by the East African Community's rail and air activities, and purchases of aircraft and aircraft parts declined substantially. While the fall in the overall rate of growth of capital formation affected both public and private activity, it was more pronounced in the former, having fallen from 62 per cent in 1971 to only 11 per cent last year.

GROSS NATIONAL PRODUCT 1964, 1968-72

Table 1.7 K£*million*

	1964	1968	1969	1970	1971	1972*
FACTOR INCOMES—						
A. Outside Monetary Economy	88.89	108.95	114.70	119.53	126.91	142.75
B. Monetary Economy—						
1. Remuneration of Employees:						
Enterprises	86.15	122.18	129.23	142.51	157.25	171.64
Private Households	2.94	3.56	3.87	4.14	4.84	5.12
General Government	42.47	63.85	71.01	76.48	95.21	108.64
TOTAL REMUNERATION OF EMPLOYEES	131.56	189.59	204.11	223.13	257.30	285.40
2. Rental Surplus (including depreciation)	13.34	15.13	16.25	17.06	18.23	19.37
3. Other Operating Surplus (including depreciation)	94.65	125.64	140.67	162.14	173.32	199.33
TOTAL MONETARY ECONOMY	239.55	330.36	361.04	402.34	448.86	504.11
TOTAL FACTOR INCOMES=GROSS DOMESTIC PRODUCT	328.44	439.31	475.74	521.87	575.77	646.86
Add: Indirect Taxes	26.91	43.06	46.62	54.55	67.99	65.54
Deduct: Subsidies	0.35	2.64	2.10	1.16	0.76	1.19
GROSS DOMESTIC PRODUCT AT MARKET PRICES	355.00	479.73	520.26	575.26	643.00	711.21
Add: FACTOR INCOMES RECEIVED FROM ABROAD	6.10	8.48	12.26	16.87	12.20	14.41
Deduct: FACTOR INCOMES PAID ABROAD	14.79	22.56	22.07	28.37	21.57	24.32
GROSS NATIONAL PRODUCT	346.31	465.65	510.45	563.76	633.63	701.30

*Provisional.

CAPITAL FORMATION BY TYPE OF ASSET, 1964, 1968-1972

Table 1.8 *K£million*

	AT CURRENT PRICES						AT CONSTANT (1964) PRICES					
	1964	1968	1969	1970	1971	1972*	1964	1968	1969	1970	1971	1972*
DWELLINGS—												
PRIVATE:												
(i) Traditional	5.24	8.37	8.72	9.24	9.90	10.49	5.24	6.69	6.75	6.63	6.88	6.77
(ii) Modern	1.23	3.08	4.05	5.65	7.58	8.16	1.23	2.46	3.14	4.06	5.27	5.27
TOTAL	6.47	11.45	12.77	14.89	17.48	18.64	6.47	9.15	9.88	10.69	12.15	12.04
PUBLIC	0.75	3.62	3.45	3.78	6.25	6.28	0.75	2.89	2.67	2.71	4.35	4.05
TOTAL	7.22	15.07	16.22	18.66	23.73	24.92	7.22	12.04	12.55	13.40	16.50	16.09
NON-RESIDENTIAL BUILDINGS—												
PRIVATE	3.24	5.96	8.05	7.56	7.87	8.79	3.24	4.76	6.24	5.43	5.47	5.68
PUBLIC	1.77	7.55	6.14	6.53	9.11	11.84	1.77	6.04	4.75	4.69	6.34	7.64
TOTAL	5.02	13.51	14.19	14.09	16 98	20.64	5.02	10.80	10.99	10.11	11.81	13.32
CONSTRUCTION AND WORKS-												
PRIVATE	3.55	5.51	5.74	4.49	5.69	6 67	3.55	4.40	4.45	3.22	3.96	4.30
PUBLIC	3.44	12.25	12.04	15.96	24.40	30.43	3.44	9.79	9.33	11.46	16.97	19.64
TOTAL	6.99	17.76	17.79	20.45	30.09	37.10	6.99	14.19	13.78	14.68	20.93	23.95
LAND IMPROVEMENT AND PLANTATION DEVELOPMENT—												
PRIVATE	1.59	1.85	1.99	2.06	2.26	2.54	1.59	1.61	1.64	1.72	1.74	1.64
PUBLIC		0.26	0.44	0.30	0.14	0.11		0.23	0.37	0.25	0.10	0.07
TOTAL	1.59	2.11	2.43	2.35	2.40	2.65	1.59	1.84	2.00	1.96	1.84	1.71
TRANSPORT EQUIPMENT-												
PRIVATE	6.01	10.89	12.32	16.34	18.49	16.58	6.01	10.08	11.41	15.87	16.22	13.90
PUBLIC	3.68	4.48	4.76	3.85	7.87	4.77	3.68	4.15	4.41	3.74	6.91	4.00
TOTAL	9.69	15.37	17.09	20.20	26.36	21.35	9.69	14.23	15.82	19.61	23.12	17.90

*Provisional

CAPITAL FORMATION BY TYPE OF ASSET, 1964, 1968-1972

Table 1.8—*(Contd.)* *K£million*

	AT CURRENT PRICES						AT CONSTANT (1964) PRICES					
	1964	1968	1969	1970	1971	1972*	1964	1968	1969	1970	1971	1972*
MACHINERY AND OTHER EQUIPMENT—												
PRIVATE	12.76	19.72	20.95	31.14	36.46	42.97	12.76	18.26	19.39	30.23	31.98	36.02
PUBLIC	1.44	4.74	3.82	3.79	7.78	8.15	1.44	4.39	3.53	3.68	6.82	6.83
TOTAL	14.20	24.46	24.76	34.93	44.23	51.12	14.20	22.65	22.93	33.92	38.80	42.85
BREEDING STOCK AND DAIRY CATTLE — PRIVATE	-0.38	1.24	1.26	2.03	0.40	2.16	-0.38	1.62	1.64	1.84	0.78	1.51
TOTAL PRIVATE—												
(i) Traditional Dwellings	5.24	8.37	8.72	9.24	9.90	10.49	5.24	6.69	6.75	6.63	6.88	6.77
(ii) Other	28.00	48.26	54.37	69.27	78.75	87.87	28.00	43.20	47.91	62.36	65.42	68.31
TOTAL PRIVATE	33.24	56.63	63.09	78.50	88.65	98.36	33.24	49.89	54.65	68.99	72.30	75.08
TOTAL PUBLIC	11.08	32.90	30.65	34.20	55.55	61.58	11.08	27.49	25.06	26.52	41.48	42.24
TOTAL PRIVATE AND PUBLIC	44.32	89.53	93.74	112.71	144.20	159.94	44.32	77.38	79.71	95.52	113.78	117.32

*Provisional

1.11. A breakdown of capital formation by major categories of public organization is shown in Table 1.9. This indicates that, while capital formation in the East African Community had almost doubled in 1971, in 1972 it fell back almost to the 1970 level. The rate of increase in investment by other public organizations also declined. In the case of the Government it decreased from 31 per cent in 1971 to 17 per cent in 1972—the slower rate of growth in construction expenditure is apparent from Table 1.10. There was only a modest growth in public investment in machinery and equipment.

CAPITAL FORMATION: CONSTRUCTION EXPENDITURE BY KENYA GOVERNMENT, 1964, 1967-1972

(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	15,041.3	731.8	182.8	1,457.0	17,412.9
1972*	16,447.4	665.0	94.1	3,456.3	20,662.8

*Provisional

1.12. Capital formation by industry is shown in Table 1.11, and by industry and type of asset in Table 1.12. At current prices, investment in monetary enterprises and non-profit institutions rose by 11 per cent, compared with 30 per cent in 1971. However, there were wide variations in investment in individual sectors. Transport, storage and communications fell substantially, as already indicated, but significant growth took place in agriculture and manufacturing.

CAPITAL FORMATION, PUBLIC SECTOR, 1964, 1967-72
(at current prices)

Table 1.10 K£million

	Kenya Govt.	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	31.03	7.65	5.71	0.44	4.78	2.15	1.45	2.18	11.16	55.55
1972*	36.37	10.81	8.47	0.55	2.95	1.55	0.67	0.04	5.94	61.58

*Provisional

CAPITAL FORMATION BY INDUSTRY, 1964, 1968-1972

Table 1.11 *KÃmillion*

INDUSTRY	AT CURRENT PRICES						AT CONSTANT (1964))PRICES					
	1964	1968	1969	1970	1971	1972*	1964	1968	1969	1970	1971	1972*
A. OUTSIDE MONETARY ECONOMY— Traditional Dwellings	5.24	8.37	8.72	9.24	9.90	10.49	5.24	6.69	6.75	6.63	6.88	6.77
B. MONETARY ECONOMY—												
1. Enterprises and Non-Profit Institutions:												
Agriculture	6.80	10.68	10.82	12.39	12.34	15.52	6.80	9.91	9.83	10.94	10.44	11.48
Forestry	0.22	0.26	0.16	0.19	0.30	0.30	0.22	0.21	0.13	0.16	0.24	0.23
Mining and Quarrying	0.26	0.49	0.64	1.28	1.95	2.17	0.26	0.45	0.59	1.24	1.71	1.82
Manufacturing and Repairing	5.82	12.19	9.46	12.95	18.47	28.70	5.82	10.87	8.42	12.31	15.60	22.97
Building and Construction	1.92	3.85	4.16	6.96	7.76	7.31	1.92	3.48	3.75	6.55	6.64	5.92
Electricity and Water	1.32	3.61	3.81	3.68	6.86	11.32	1.32	3.02	3.14	3.22	5.37	7.93
Transport, Storage and Communications	10.26	16.56	16.71	19.87	27.17	20.87	10.26	14.89	15.14	18.47	23.04	16.62
Wholesale and Retail Trade	3.01	4.26	4.15	4.40	5.75	5.64	3.01	3.68	3.57	3.84	4.63	4.36
Banking, Insurance and Real Estate	0.69	0.97	0.72	1.78	2.87	2.13	0.69	0.84	0.66	1.53	2.13	1.55
Ownership of Dwellings	2.15	6.99	7.84	9.78	14.32	14.88	2.15	5.63	6.12	7.11	10.05	9.70
Other Services	2.29	5.94	8.56	8.30	8.51	8.95	2.29	5.11	7.18	6.93	6.78	6.69
TOTAL ENTERPRISES	34.74	65.80	67.02	81.58	106.31	117.79	34.74	58.09	58.52	72.29	86.63	89.27
2. General Government:												
Public Administration	0.86	1.97	2.21	2 80	3.70	4.59	0.86	1.67	1.82	2.18	2.74	3.16
Education	0.51	2.67	2.59	1.79	1.82	2.60	0.51	2.19	2.14	1.51	1.42	1.81
Health	0.40	1.27	1.99	2.40	2.70	3.04	0.40	1.06	1.65	1.86	1.96	2.05
Agricultural Services	0.74	1.29	1.34	1.87	1.70	1.40	0.74	1.09	1.11	1.54	1.32	1.00
Other Services	1.82	8.16	9.87	13.03	18.07	20.03	1.82	6.58	7.74	9.51	12.84	13.27
TOTAL GENERAL GPVERNMENT	4.34	15.36	17.99	21.89	27.99	31.66	4.34	12.60	14.45	16.60	20.27	21.29
TOTAL MONETARY	39.08	81.16	85.02	103.47	134.30	149.45	39.08	70.69	72.96	88.89	106.90	110.55
C. TOTAL-MONETARY AND NON-MONETARY	44.32	89.53	93.74	112.71	144.20	159.94	44.32	77.38	79.71	95.52	113.78	117.32

* Provisional

CAPITAL FORMATION

ANALYSIS BY INDUSTRY AND TYPE OF ASSET, 1964 AND 1972 AT CONSTANT (1964) PRICES

Table 1.12 *K£million*

INDUSTRY	Dwellings		Non.-Residential Buildings		Construction and Works		Land Improve. ment and Plantation Development		Transport Equipment		Machinery and other Equipment		Breeding Stock and Dairy Cattle		TOTAL	
	1964	1972*	1964	1972*	1964	1972*	1964	1972*	1964	1972*	1964	1972*	1964	1972*	1964	1972*
A. OUTSIDE MONETARY ECONOMY:																
Traditional Dwellings	5.2	6.8	—	—	—	—	—	—	—	—	—	—	—	—	5.2	6 8
B. MONETARY ECONOMY																
I. *Enterprises and Non-Profit Institutions:*																
Agriculture	—	—	0.4	0.5	2.5	1.8	1.6	1.7	0.7	1.3	2.0	4.6	-0.4	1.5	6.8	11.5
Forestry	—	.—	—	—	0.2	—	—	—	—	0.1	—	—	—	—	0.2	0.2
Fishing																
Mining and Quarrying	—	—	—	—	—	—	—	—	—	0.9	0.2	0.9			0.3	1.8
Manufacturing and Repairing	—	—	0.3	1.9	0.2	1.8	—	—	0.6	2.1	4.7	17.3	—	—	5.8	23.0
Building and Construction	—	—	0.3	0.1	0.1	0 .6	—	—	—	0.5	1.5	4.7	—	—	1.9	5.9
Electricity and Water	—	—	—	0.4	0 8	4.9	—	—	0.1	0.1	0.5	2.6	—	—	1.3	7.9
Transport. Storage and Communications	—	—	1.1	0 1	1.1	2.8	—	—	7 1	10.9	0.9	2.8	—	—	10.3	16.6
Wholesale and Retail Trade	—	—	1.0	1.1	0.5	0.1	—	—	0.5	0.7	1.0	2.4	—	—	3.0	4.4
Banking Insurance and Real Estate			0.2	0.8	—	—	—	—	—	—	0.5	0.7	—	—	0.7	1.5
Ownership of Dwellings	2.0	9.3	—	—	—	—	—	—	—	—	0.2	0.4	—	—	2.2	9.7
Other Services	—	—	0.6	2.7	—	0.1	—	—	0.1	0.2	1.6	3.8	—	—	2.3	6.7
TOTAL ENTERPRISES	2.0	9.3	4.0	7.6	5.3	12.1	1.6	1.7	9.1	16.8	13.2	40.2	-0.4	1.5	34.7	89.3

*Provisional

ANALYSIS BY INDUSTRY AND TYPE OF ASSET, 1964 AND 1972 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	1972*	1964	19720	1964	1972*	1964	1972*	1964	1972*	1964	1972*	1964	1972*	1964	1972*
2. *General Government:*																
Public Administration ..	—	—	0·4	2·3	—	—	—	—		0·5	0·1	0·4	—	—	0·9	3·1
Education ..	—	—	0·4	1·0	—	0·3	—	—	0·3	0·1	0·1	0·5	—	—	0·5	1·8
Health	—	—	—	1·5	—	0·1	—		—	0·1	0·3	0·3	—	—	0·4	2·1
Agricultural Services ..	—	—	0·2	0·4	0·3	0·2	—	—	0·1	0·2	0·2	0·2	—	—	0·7	1·0
Other Services ..	—	—	—	0·6	1·4	11·2	—	—	0·1	0·2	0·2	1·3	—	—	1·8	13·3
TOTAL GENERAL GOVERNMENT ..	—	—	1·0	5·8	1·7	11·8	—	—	0·6	1·1	1·0	2·6	—	—	4·3	21·3
TOTAL MONETARY	2·0	9·3	5·0	13·3	7·0	23·9	1·6	1·7	9·7	17·9	14·2	42·8	–0·4	1·5	39·1	110·6
C. TOTAL Monetary and Non-Monetary ..	7·2	16·1	5·0	13·3	7·0	23·9	1·6	1·7	9·7	17·9	14·2	42·8	–0·4	1·5	44·3	117·3

*Provisional

KENYA BALANCE OF PAYMENTS, 1970-1972

K£million

	1970*			1971*			1972		
	Debits/ Assets	Credits/ Liabilities	Net Credits	Debits/ Assets	Credits/ Liabilities	Net Credits	Debits/ Assets	Credits/ Liabilities	Net Credits
A. CURRENT ACCOUNT									
1. Merchandise transactions; Imports (c .f.) Exports (f.o.b.)	152.5	102.0	*Dr.* 50.5	195.7	104.9	*Dr.* 90.9	185.7	120.5	*Dr.* 65.2
2. Non-Monetary Gold Movements	0.1		*Dr.* 0.1	0.2		*Dr.* 0.2	0.4		*Dr.* 0.4
3. Freight and Insurance	0.1	11.1	10.9	0.1	11.4	11.3	0.2	1.17	11.5
4. Other Transportation	9.3	18.7	9.4	8.8	20.2	11.4	9.1	21.5	12.5
5. Foreign Travel	7.4	18.5	11.1	9.1	23.9	14.8	9.7	26.5	16 8
6. International Investment Income	25.0	16.9	*Dr.* 8. 1	21.6	12.2	*Dr.* 9.4	24.3	14.4	*Dr.* 9.9
7. Government Transactions n.e.s.	10.8	12.4	1.6	11.9	13.0	1.1	11.5	13.0	1.9
8. Other Services	7.3	6.3	*Dr.* 1.0	7.8	7.3	*Dr.* 0.4	8.4	6.4	*Dr.* 2.0
9. Private Transfers	6.4	6.8	0.4	6.9	6.9	*Dr.* 0.1	6.6	7.2	0.6
10. Government Transfers	3.7	12.4	8.7	3.6	11.7	8.1	4.1	13.8	9.7
	222.6	205.1	*Dr.* 17.5	265.7	211.5	*Dr.* 54.3	260.0	235.0	*Dr.* 25.0
TOTAL CURRENT ACCOUNT	152.5	102.0	*Dr.* 50.5	195.7	104.9	*Dr.* 90.9	185.7	120.5	*Dr.* 65.2
Of which: Visible Balance	70.1	103.1	33.0	70.0	106.6	36.6	74.3	114.5	40.2
Invisible Balance									
B. LONG TERM CAPITAL MOVEMENTS									
11. Private Enterprises	0.5	15.4	14.9	0 3	17.3	17.0	0.3	16.8	16.5
12. Government Enterprises	*Cr.*4.9	3.1	8.0	*Cr.* 1.2	0.2	1.4		1.1	
13. Local Government		0.1	*Dr.* 0.1		*Dr.* 0. 1	*Dr.* 0.1			14.4
14. Kenya Government	0.8	8.9	8 1		11.2	10.1	0.1	14.9	
	*Cr.*3.6	27.3	30.9	0.2	28.6	28.4	0.4	32.8	32.4
TOTAL LONG TERM CAPITAL MOVEMENTS	219.0	232.1	13.4	265.9	240.1	*Dr.* 25.9	260.4	267.8	7.4
TOTAL CURRENT AND LONG TERM CAPITAL ACCOUNT	13.2	0.1	*Dr.* 13.1	*Cr.* 25.5	*Dr.* 0. 1	25.5	10.5		*Dr.* 10.5
C. MONETARY AND SHORT TERM CAPITAL MOVEMENTS	4.9	2.1	*Dr.* 2.8	2.3	2.3				
15. Central Monetary Institutions	0.5	0.4	*Dr.* 0.9	*Cr.* 1.5	1.5	2.9	*Cr.* 1.5		1.5
16. Accounts with I.M.F. ..	*Cr.* 0.8		0.8	0.6		*Dr.* 0.6	0.5		*Dr.* 0.5
17. Other Monetary Institutions									
18. Other Short Term Capital Movements									
		1.8	*Dr.* 16.0	*Cr.* 24.1	3.7	27.8	9.5	–	*Dr.* 9.5
TOTAL MONETARY AND SHORT TERM CAPITAL MOVEMENTS			*Cr.* 2.6			*Dr.* 1.9			*Cr.* 2.1
BALANCING ITEM									

*Revised

+Provisional.

Balance of Payments

1.13. Revised estimates of the balance of payments for 1970 and 1971 and provisional figures for 1972 are set out in Table 1.13. The final position in 1971 was rather better than suggested by the estimates published in last year's *Survey*—the overall deficit was just under K£26 million, rather than nearly K£32 million. This was a turn-round of K£39 million from the surplus in 1970, and was caused mainly by a sharp increase in imports.

1.14. In 1972, however, the position was reversed and there was an overall surplus of K£7.4 million, primarily due to a sharp reduction in the deficit on current account, which fell from K£54 million to K£25 million. This was largely the result of a decline of nearly K£26 million in the adverse balance for merchandize transactions, but there was a slight improvement in invisible earnings. There was also some growth in capital receipts from abroad. For 1972, these were estimated at K£32.4 million, compared with K£28.6 million in 1971. This growth was entirely in receipts by the Government.

1.15. The overall improvement in the basic balance resulted in an increase in monetary reserves, which went up by K£9.9 million, whereas in 1971 they had declined by over K£21 million. (Details of foreign exchange reserves and movements in trade are presented in Chapters 2 and 3).

CHAPTER 2—MONEY AND BANKING

The "Smithsonian" agreement of December, 1971, which followed the upheaval in the international monetary situation earlier in the year, unfortunately failed to produce any lasting stability. Under the Smithsonian arrangements, a major realignment of the currencies of the industrial countries took place. This included, *inter alia*, the revaluation of the yen and deutschemark, by 17 and 13 1/2 per cent respectively, against the US dollar. In terms of other currencies, this meant that the dollar had been effectively devalued by 7 1\2 per cent, while the yen and the deutschemark were revalued by 13 and 6 3/4 per cent respectively. However, these arrangements did not bring about a conspicuous improvement in the US balance of payments, which showed a greatly increased deficit on current account in 1972. Pressure against the dollar began to build up again and, early in 1973, there was a massive inflow of dollars into West Germany and Switzerland. This led to a second devaluation of the dollar, by 10 per cent, as well as a general "float" of all the other major currencies. Sterling had already been floating since June, 1972.

2.2. The monetary crises of the last few years have made it abundantly clear that fundamental reform of the international monetary system is unavoidable. The problem has two related aspects—a mechanism for speedy and adequate exchange rate adjustments by deficit and surplus countries and the nature and rate of growth of international liquidity. This latter is primarily a question of determining the future of Special Drawing Rights—the initial three-year period for their issue expired at the end of last year. Progress in the discussions on reform is slow. However, a notable development in July, 1972 was the setting up by the International Monetary Fund of the "Committee of Twenty". This replaces the "Committee of Ten", composed solely of industrial countries, which had, for many years, determined international monetary arrangements with little reference to the problems of developing countries.

2.3. These international monetary events have inevitably had repercussions in Kenya. Following the upheavals of 1971, the three East African Governments agreed to peg their currencies to the dollar. Devaluation of the US dollar therefore also meant devaluation of the Kenya shilling. However, in March of this year, soon after the second devaluation of the dollar, the Central Bank altered the previous parity with the dollar from Sh. 7.14 to Sh. 7. Taking into account the structure of Kenya's trade, the effective devaluation of the Kenya shilling was per cent in relation to other (non-dollar) currencies. The overall devaluation of the shilling since late 1971 has been more than 13 per cent.

2.4. In last year's *Survey* mention was made of the sharp drop in foreign exchange reserves during 1971, and of the measures taken by the Government to correct the situation—-these included credit and import restrictions. The trade figures for 1972, discussed in the next chapter, indicate that these

measures achieved their objectives—imports declined by 4.5 per cent. Exports rose by 14.2 per cent, primarily owing to increased agricultural production, which was stimulated by favourable weather conditions. The devaluation of the Kenya shilling in 1971 might also have made a marginal contribution to the increase in exports. At the same time earnings from tourism also rose, as shown in Chapter 7. As a consequence, as shown in Table 2.1, foreign exchange reserves, which had fallen to K£62.7 million in December, 1971, began to rise and, by the end of 1972, had reached K£72.6 million. They have continued to rise into the current year and, at the end of March, 1973, stood at K£85 million.

FOREIGN EXCHANGE RESERVES

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	8,259	1,925	1,319	1,443	12,061	42,064
1967 December	28,858	—2,190	2,239	1,665	1,443	4,329	36,344
1968 December	33,729	1,871	1,997	1,232	1,443	2,689	42,961
1969 December	58,336	2,586	406	1,721	1,443	617	65,109
1970 December	73,472	3,480	494	1,401	4,287	795	83,929
1971 December	55,185	561	187	2,037	4,289	446	62,705
1972—							
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
April	62,125	—208	188	2,115	4,660	446	69,326
May	58,478	989	180	1,965	4,661	446	66,719
June	56,073	— 1,284	150	2,243	4,712	446	62,340
July	58,272	— 1,009	197	3,818	4,712	446	66,436
August	58,821	— 729	189	3,654	4,712	446	67,093
September	61,402	— 1,584	186	2,807	4,712	446	67,969
October	63,402	— 2,099	182	2,961	4,712	446	69,604
November	62,434	228	153	2,156	4,712	446	70,129
December	66,116	— 891	164	2,075	4,712	446	72,622
1973—							
January	65,881	— 1,003	178	2,084	4,712	446	72,298
February	71,596	— 2,196	177	2,596	4,712	446	77,331
March-	79,769	— 2,699	183	2,596	4,712	446	85,007

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

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

+Provisional

MONEY SUPPLY, 1966-1973

Table 2.2 K£'000

As at end of	Currency Outside Banks	Private Demand Deposits	Other Deposits	Total
1966	20,410	38,771	31,091	90,272
1967	22,663	41,099	36,341	100,103
1968	24,611	45,898	43,189	113,698
1969	29,278	51,462	50,051	130,791
1970	35,288	59,392	66,237	160,916
1971	37,422	64,605	73,242	175,269
1972—				
January	37,144	62,983	74,404	174,531
February	37,313	63,658	75,451	176,414
March	38,855	67,030	76,221	182,106
April	38,554	66,777	75,741	181,072
May	38,200	67,199	74,773	180,172
June	37,310	65,823	74,773	177,906
July	37,916	66,025	75,735	179,676
August	39,306	66,641	78,959	184,906
September	40,864	67,215	78,103	186,182
October	41,531	67,946	79,799	189,276
November	42,561	70,693	81,656	195,052
December	45,110	75,916	78,783	199,806
1973—				
January	44,313	75,337	79,693	199,343
February	44,847	78,124	82,874	205,845
March	46,070	80,229	82,758	209,057

COMMERCIAL BANKS—ADVANCES/DEPOSITS AND CASH RATIOS

Table 2.3 *K£ '000*

As at end of	1970 Dec.	1971 Dec.	1972 Dec.	1973 January	1973 February	1973 March
TOTAL ADVANCES/DEPOSITS						
Deposits	146,191	159,336	177,264	175,985	183,847	188,914
Advances	86,943	120,123	121,374	124,751	125,645	123,396
Ratio per cent	59.5	75.4	68.5	70.9	68.3	65.3
PRIVATE ADVANCES/DEPOSITS—						
Deposits	120,296	132,385	148,852	149,219	155,118	158,071
Advances	81,853	111,335	112,177	115,250	115,578	113,656
Ratio per cent	68.0	84.1	75.4	77.2	74.5	71.9
CASH/DEPOSITS—						
Notes, Coins and balances with the Central Bank of Kenya*	25,764	19,534	17,163	14,592	20,318	28,856
Ratio per cent	17.6	12.3	9.7	8.3	11.1	15.3

*Excluding Foreign Notes and Coins.

COMMERCIAL BANKS—BILLS, LOANS AND ADVANCES

Table 2.4 *K£* '000

	1970 Dec.	1971 Dec.	1972 Dec.	1973 Jan.	1973 Feb.	1973 Mar.
PUBLIC SECTOR—						
Central Government	85	196	88	47	64	89
Local Government	705	1,015	1,270	1,360	1,934	1,414
E.A. Community	1,880	4,786	4,528	4,220	3,922	4,388
Total Government	2,670	5,997	5,886	5,627	5,920	5,891
Enterprises, Parastatal bodies and other Public entities	2,420	2,791	3,310	3,874	4,148	2,849
PRIVATE ENTERPRISES—						
Agriculture*	9,287	12,574	12,017	11,968	12,610	12,515
Mining and Quarrying	174	166	1,089	1,254	1,336	1,334
Manufacturing	15,581	24,796	24,329	26,062	25,824	26,091
Building and Construction	3,371	5,294	7,076	6,368	7,048	6,389
Transport, Storage and Communication	2,955	3,944	3,079	3,039	2,934	2,967
Trade:						
Exports	10,028	11,266	8,876	10,608	10,854	11,250
Imports	10,774	10,323	7,808	8,185	7,653	8,818
Domestic	12,984	16,867	17,200	16,553	16,090	13,908
Financial Institutions	2,732	3,391	4,093	4,128	3,480	3,583
Other Businesses	6,560	11,778	14,094	13,549	14,222	13,987
TOTAL PRIVATE ENTERPRISES	74,272	100,399	99,661	101,714	102,051	100,842
PRIVATE HOUSEHOLDS— (including non profit-making institutions)	7,581	10,936	12,517	13,537	13,526	12,816
TOTAL BILLS, LOANS AND ADVANCES	86,943	120,123	121,374	124,752	125,645	122,398

*Including Forestry, Fishing and Wildlife.

2.5. The Central Bank also took steps to prevent illicit transfers of funds abroad through over-invoicing of imports by appointing an international firm to check on the validity of remittances for imports. More recently, the Bank initiated a scheme to register all exporters, with a view to ensuring that earnings from exports are not retained abroad in a manner contrary to exchange control regulations.

2.6. The growth of over 22 per cent in reserves also indirectly affected the money supply, which rose by 19 per cent during the 15 months prior to April, 1973. In value terms, the money supply increased by just under K£34 million during this period. This is indicated in Table 2.2.

2.7. As shown in Table 2.3, bank deposits also rose by 19 per cent during the 15 months after December, 1971. However, advances went up by less than 3 per cent during the same period. Details of advances made are shown in Table 2.4. Borrowings by the commercial sector during these 15 months fell by nearly K£4.5 million. The commercial sector is the largest outlet for bank finance in the form of bills discounted and loans and advances made. Loans and advances to the agricultural sector showed no growth, while those to the manufacturing sector went up by only 15 per cent. However, there was a substantial rise in loans and advances to the building and construction industry and private households, which rose by 21 and 17 per cent respectively. The decline in loans and advances to the commercial sector reflected the consequences of measures by the Central Bank to restrict credit, and the impact of import licensing. The Central Bank attempted to restrict the growth rate in total loans, advances and bills discounted to 12 per cent between February, 1972 and February, 1973. In fact, such advances only rose by 6 per cent, and the advances/deposits ratio declined from 75 per cent at the end of 1971 to 65 per cent in March, 1973. It would seem that the effect of import licensing was much greater than that of the credit curbs, and this was a major factor in the lack of demand for finance from the commercial sector.

ASSETS AND LIABILITIES OF COMMERCIAL BANKS

Table 2.5 K£'000

As at end of	1970 Dec.	1971 Dec.	1972 Dec.	1973 January	1973 February	1973 March
LIABILITIES—						
Deposits:						
Demand	80,288	86,625	99,661	96,485	99,402	44,271
Time	31,095	34,659	35,551	37,096	41,175	40,211
Savings	34,807	38,052	42,052	42,405	43,270	44,431
Balances due to:						
Central Bank	-	250	–	–	–	–
Kenya Banks	1,451	2,333	3,539	3,387	2,780	1,464
E.A. Banks	534	1,288	1,134	1,314	1,213	1,421
Banks abroad	1,374	2,090	2,191	1,888	3,582	3,891
Bills payable and other Loans	1,069	2,110	2,051	1,773	2,167	2,325
Other Liabilities*	48,295	58,203	66,402	65,130	65,088	65,471
ASSETS—						
Cash	4,571	4,898	5,699	6,663	5,735	4,619
Balances due by:						
Central Bank	21,687	14,823	11,632	8,107	14,760	24,220
Kenya Banks	2,501	3,579	3,559	3,725	3,308	2,209
E.A. Banks	1,103	667	705	450	605	411
Banks abroad	4,285	3,270	1,733	1,704	1,994	2,002
Treasury Bills	10,000	3,800	15,764	15,311	15,618	15,151
Bills discounted, Loans and Advances	86,943	120,123	121,374	124,751	125,646	123,396
Investments	15,680	10,892	21,920	22,121	23,921	24,183
Other Assets*	52,144	63,558	70,194	66,599	67,089	67,294
TOTAL ASSETS/LIABILITIES	198,915	225.610	252,587	249,476	258,677	263,485

*The figure for contra items has been included.

2.8. Given the relative lack of growth in bills discounted, loans and advances, the bulk of the increase in money supply was either absorbed by the Government or went into the deposits of commercial banks with the Central Bank. This is apparent from Tables 2.5 and 2.6, which show the assets and liabilities of the Central Bank and the commercial banks. Since the end of 1971, commercial bank holdings of Treasury bills have increased from K£3.8 million to K£15.2 million. Domestic investments by the commercial banks went up from K£10.9 million to K£24.2 million during the same period. Over 90 per cent of these are accounted for by deposits with the Cereals and Sugar Finance Corporation.

ASSETS AND LIABILITIES OF THE CENTRAL BANK OF KENYA

Table 2.6 K£'000

As at end of As at the end of	1970 Dec.	1971 Dec.	1972 Dec.	1973 January	1973 February	1973 March
LIABILITIES—						
Capital	1,300	1,300	1,300	1,300	1,300	1,300
Notes in Circulation	36,879	39,484	47,872	48,029	47,658	48,963
Coins in Circulation	2,066	2,245	2,364	2,365	2,343	2,930
Deposits:						
Government	16,974	9,523	12,060	11,161	9,810	4,879
Kenya Banks	21,429	14,651	11,524	7,786	13,807	24,107
External Banks*	633	570	1,221	1,398	1,642	1,287
Others	2,003	757	1,456	3,199	3,125	4,363
Special Drawing Rights	–	–	6,049	6,049	6,721	6,721
Revaluation Account	–	742	–	–	–	–
Other Liabilities	5,598	3,481	2,312	2,299	3,624	3,850
TOTAL ASSETS/LIABILITIES	86,882	72,753	86,158	83,586	90,030	97,799
ASSETS—						
Foreign Exchange:						
Balance with Banks**	41,746	26,489	32,350	36,832	37,483	44,470
Treasury Bills	6,983	4,389	4,551	2,370	6,626	6,930
Other Investments	22,849	19,968	21,997	19,645	19,771	21,272
Special Drawing Rights	2,080	4,274	6,621	6,621	7,356	7,356
SUB-TOTAL	73,658	55,121	65,520	65,468	71,236	80,029
Kenya Government Securities received from E.A.C.B.	3,211	3,211	3,194	3,194	3,194	3,207
Other Kenya Government Securities	–	–	2,012	225	1,323	1,323
Securities guaranteed by Kenya Government	365	365	393	393	391	391
Advances to Kenya Government	5,000	10,000	10,000	10,000	10,000	10,000
Kenya Treasury Bills	–	499	–	50	50	–
Advances and Discounts	–	–	–	–	–	–
Revaluation Account	3,495	–	1,307	1,307	1,307	1,307
Other Assets	1,153	3,558	3,733	2,950	2,530	1,543
SUB-TOTAL	13,225	17,632	20,639	18,119	18,795	17,771

*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.

2.9. Thus, as shown in Table 2.7, the liquid assets of the commercial banks very nearly doubled after December, 1971, so that the liquidity ratio jumped from 16 per cent to 26 per cent by March 1973, well above the minimum prescribed by the Central Bank.

COMMERCIAL BANKS—LIQUID ASSETS

Table 2.7

	Deposit Liabilities+ K£m.	Liquid Assets*+ K£m.	Minimum Prescribed Liquidity Ratio** %	Current Liquidity Ratio %
1971 December	156.1	24.4	12.5	15.6
1972—				
January	152.9	19.5	12.5	12.8
February	154.9	29.7	12.5	19.2
March	158.3	31.5	12.5	19.9
April	156.9	28.3	12.5	18.0
May	156.9	27.2	12.5	17.3
June	160.3	31.5	12.5	19.7
July	158.0	29.7	12.5	18.8
August	161.6	31.2	12.5	19.3
September	161.9	34.4	12.5	21.2
October	159.5	35.2	15.0	22.1
November	161.4	35.3	15.0	21.9
December	163.0	37.0	15.0	22.7
1973—				
January-	165.5	35.3	15.0	21.3
February	169.8	37.7	15.0	22.2
March	177.5	46.3	15.0	26.1

*Include Notes and Coins, balances at Central Bank, net inter-bank balances in Kenya and overseas (included only if positive) and Treasury Bills. Defined in Central Bank Circular letter to Banks—effective 1st October, 1972.

**As provided for in Banking Act 1968. Till September, 1972 the ratio was fixed at 12.5%. On 1st October, 1972 the prescribed minimum was re-adjusted to 15%—see Economic and Financial Review—Central Bank of Kenya—July-September, 1972—Vol. V No. 1.

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

2.10. With the objective of strengthening the foreign exchange reserves achieved, it has been possible to relax the restrictions on imports and credit. Measures to speed up the processing of applications for import licences have been implemented, and the licensing criteria have been liberalized. The Central Bank has asked the commercial banks to expand their credit facilities, by lifting restrictions on hire purchase for capital equipment and commercial vehicles, and to be more liberal in the provision of credit to new African firms entering the import trade.

CHAPTER 3—TRADE AND COMMERCE

The value of world trade is estimated to have risen by about 17 per cent in 1972 compared with its value in 1971. Of this growth, 7-8 per cent was accounted for by rising prices and 9 per cent by an increase in the volume traded. This price rise was somewhat slower than in 1971 and was partly caused by the rapid change in the supply—demand situation for primary products such as agricultural commodities, food and metals, although prices of manufactured goods also went up, notably in Western Europe.

3.2. These trends in world prices and the extension of domestic import licensing controls had considerable effects on Kenya's external balance of trade (Table3.1). There was a growth of nearly 22 per cent (K£17.1 million) in the value of overseas exports and re-exports whilst such imports fell by 3.5 per cent (K£6.5 million), much of this decrease being in imports by "government"*. These movements led to an improvement in the overseas balance of K£23.6 million, reducing the deficit from its exceptionally high level of 1971 to K£82.2 million.

BALANCE OF TRADE, 1968-1972

Table 3.1 — *K£million*

	1968	1969	1970	1971	1972
IMPORTS—					
From outside East Africa*	114.8	117.0	142.0	184.1	177.6
of which					
Commercial	97.8	100.7	126.5	162.8	160.3
Government	17.0	16.3	15.5	21.3	17.3
From Uganda and Tanzania	12.3	11.8	16.0	16.0	13.5
TOTAL	127.1	128.8	158.0	200.1	191.1
EXPORTS—					
To Markets outside E. Africa-	57.8	63.3	71.6	73.2	90.6
Re-exports	5.2	5.2	5.8	5.2	4.9
To Uganda and Tanzania	26.3	28.8	31.4	33.9	32.8
TOTAL	89.3	97.3	108.8	112.3	128.2
BALANCE OF TRADE—					
With Markets outside E. Africa	—51.8	—48.5	—64.6	—105.7	—82.2
With Uganda and Tanzania	14.0	17.0	15.4	17.9	19.3
TOTAL	—37.8	—31.5	—49.2	—87.8	—62.9

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

* Taken here to include the Kenya Government and the E.A. Community and its Corporations.

3.3. The total value of overseas trade rose by 4 per cent (K£10.5 million) but East African trade fell by 7 per cent (K£3.6 million). Trade with Uganda fell by K£3.1 million, with exports being most affected, resulting in a decline of K£2.2 million in the trade surplus. However, this was compensated for by a rise of K£1.5 million in exports to Tanzania whilst imports fell by K£2.0 million, back to their 1970 value. The overall effect was therefore an improvement in the East African balance of trade of K£1.4 million and the total deficit on visible trade was thus reduced to K£62.9 million, compared with nearly K£88 million in 1971.

IMPORT PRICE INDEX
1964=100

Table 3.2

Overseas Imports—	1968	1969	1970	1971	1972
Food	74	79	84	92	105
Beverages and tobacco	122	128	137	143	160
Basic materials, inedible	100	112	117	127	131
Mineral fuels	102	102	105	106	120
Animal and vegetable oils and fats	90	86	133	131	124
Chemicals	95	91	92	95	102
Textiles	121	131	138	173	180
Metals	98	100	113	117	125
Semi-manufactures	102	105	119	117	129
Machinery and transport equipment	110	108	101	114	119
Consumer goods	106	110	115	129	140
Total Overseas Imports	104	105	107	117	125
East African Imports—					
Food and live animals	100	103	109	127	164
Beverages and tobacco	103	108	127	121	99
Crude materials, inedible	104	107	113	115	137
Electric energy and residual fuel oils	98	87	85	87	82
Animal and vegetable oils and fats	143	153	134	163	195
Chemicals	143	138	118	116	116
Textile yarn, fabrics, made-up articles and related products	97	93	92	89	109
Metals and metal manufactures	120	119	124	128	132
Rubber, paper and paper products	109	113	107	110	109
Consumer goods	96	91	91	67	74
Total East African Imports	109	109	111	113	133
All Imports	104	105	107	117	126

3.4. Overall, the import price index rose by 8 per cent to 126 (1964 = 100), overseas imports rising by 7 per cent whilst those from the partner states went up by 18 per cent. It is interesting to note that many of the price rises were for goods whose total import value had fallen (e.g. the rise in the overseas index of semi-manufactures was partly due to a 37 per cent rise in the price of rubber tyres and tubes, but the value of such imports was less

than 20 per cent of the 1971 level). Of all major overseas imports, only sugar and wheat showed sizeable increases in both the quantity imported and the price pet unit. The world price for crude petroleum rose during 1972, which meant that the value of these imports increased while their quantity remained constant. The rapid inflation in main supplying countries can be seen from the overseas index (Table 3.2), which has risen by 17 per cent since 1970.

3.5. The jump of nearly 18 per cent in 1972 in the price of goods imported from within East Africa was unusually large—it was concentrated in four groups: food and live animals (especially sugar, meat, margarine), crude materials (oil seeds from Uganda), animal and vegetable oils, and textiles (cotton piece goods, blankets, synthetic fibres). Due to a fall in the price of Uganda tobacco, the index for beverages and tobacco fell.

EXPORT PRICE INDEX

1964 = 100

Table 3.3

Overseas Exports—	1968	1969	1970	1971	1972
Agricultural Exports—					
Food and live animals	99	97	112	103	109
Crude materials, excluding sisal	98	97	100	103	114
Sisal	42	46	40	41	52
Total Agricultural Exports	94	92	104	96	105
Other Exports—					
Mineral fuels, lubricants and related materials	109	111	107	108	106
Chemicals	103	121	123	136	145
Manufactured goods	104	96	86	99	100
Total Overseas Exports	94	94	103	99	105
East African Exports—					
Food and live animals	115	121	125	128	125
Beverages and tobacco	96	60	86	153	164
Crude materials, inedible	108	122	128	147	122
Mineral fuels and lubricants	97	94	91	106	111
Animal and vegetable oils and fats	121	109	111	163	152
Chemicals	118	103	102	94	122
Textile yarn, fabrics, made-up articles and related products	91	98	94	101	175
Metals and metal manufactures	103	109	115	130	152
Rubber, paper and paper products	128	126	111	133	148
Machinery and transport equipment	133	143	182	211	220
Consumer goods	136	135	139	153	178
Total East African Exports	114	111	113	126	141
All Exports Excluding Gold	100	99	107	109	118

3.6. The export price index rose by 8 per cent. Overseas export prices for major items are shown in Table 3.13. The most important changes were the increase in world coffee prices (13 per cent), hides and skins (12 per cent), sisal (22 per cent) and soda ash (8 per cent). Prices of exports to Uganda and Tanzania rose by nearly 12 per cent in 1972, giving an increase of over 25 per cent since 1970. Only two groups of items showed a sizeable decrease in their index, and in both cases this followed large rises in 1971. These were crude materials (where wood prices have fallen) and animal and vegetable oils (vegetable oils rose in price by 50 per cent in 1971 and fell by 18 per cent in 1972). Increases in the unit price for soap and insecticides caused the 30 per cent rise in the chemical group index, whilst increases for artificial yarn and sisal and jute sacking led to the rapid rise in textile prices. By far the most important influence in metals was the rise in price of various types of container, and increases for certain types of clothing lifted the consumer goods index.

3.7. Given the slightly more rapid overall increase of export prices compared with import prices, there was a marginal improvement in the terms of trade (*see* Table 3.4). However, the 1972 level is still well below that recorded in 1970. (It should be noted that both the external and East African terms of trade have worsened although the overall terms have improved—this happened because East African exports are relatively more important than such imports and the rise of 12 per cent in their prices had a correspondingly larger effect on the overall export index than the more rapid rise in the price of imports from East Africa).

Table 3.4

TERMS OF TRADE, 1968-1972
(1964=100)

1968		1969	1970	1971	1972
External Trade	90	90	97	85	84
Inter-territorial Trade	105	102	102	112	106
TOTAL TRADE	96	94	99	93	94

Imports

3.8. The fall in imports forecast in last year's *Survey* was rather less than expected—a decrease of 4.5 per cent (nearly K£9 million) when compared with the 1971 level. Table 3.5 shows the value of imports from overseas and from East Africa in broad economic categories. The relative importance of these categories shows no substantial change although fuels and "other capital goods" have grown in importance at the expense of semi-manufactures and transport equipment. Total imports from overseas fell by 3.5 per cent (K£6.5 million) and from the partner states by 15.6 per cent (K£2.5 million).

IMPORTS FROM OVERSEAS AND EAST AFRICA BY BROAD ECONOMIC CATEGORY 1969-1972

Table 3.5

CATEGORY	1969 Overseas	1969 East Africa	1969 Total	1969 Percent of Total	1970 Overseas	1970 East Africa	1970 Total	1970 Percent of Total
1. Food, drink and tobacco	4,114.9	3,730.5	7,845.4	6.1	6,451.9	5,639.7	12,091.6	7.7
2. Basic materials	5,233.5	1,442.9	6,676.4	5.2	4,768.3	2,406.7	7,175.0	4.5
3. Fuels	12,999.9	429.8	13,429.7	10.4	14,558.6	474.8	15,033.4	9.5
4. Chemicals	11,935.2	790.7	12,725.9	9.9	14,816.0	742.9	15,558.9	9.9
5. Textiles	8,834.7	2,526.7	11,361.4	8.8	9,462.6	3,316.8	12,779.2	8.1
6. Semi-manufactures	9,594.7	611.9	10,206.6	7.9	10,963.6	952.2	11,916.2	7.5
7. Metals	11,695.0	1,309.8	13,004.8	10.1	16,311.2	1,211.3	17,522.3	11.1
8. Transport equipment	21,666.4	5.0	21,671.4	16.8	21,662.9	11.1	21,674.0	13.7
9. Other capital goods	21,810.4	430.4	22,240.8	17.3	30,634.6	516 0	31,150.6	19.7
10. Consumer goods	5,729.3	530.8	6,260.1	4.9	7,600.4	713.0	8,313.4	5.3
11. Miscellaneous	3,336.5	11.9	3,348.4	2.6	4,795.6	1.7	4,797.3	3.0
	116,950.5	11,820.4	128,770.9	100.0	142,025.7	15,986.3	158,011.9	100.0
	1971				1972			
1. Food, drink and tobacco	12,522.4	4,926.6	17,449.0	8.7	13,897.7	3,668.4	17,566.1	9.2
2. Basic materials	8,044.5	2,570.4	10,614.9	5.3	7,674.7	1,806.1	9,480.8	5.0
3. Fuels	16,746.8	580.8	17,327.6	8.7	20,407.6	526.6	20,934.2	11.0
4. Chemicals	18,415.2	673.6	19,088.8	9.5	19,234.7	625.0	19,859.7	10.4
5. Textiles	10,513.8	4,059.8	14,573.6	7.3	8,940.4	3,565.1	12,505.5	6.5
6. Semi-manufactures	15,086.5	892.1	15,978.6	8.0	11,702.1	859.1	12,561.2	6.6
7. Metals	19,575.8	1,129.8	20,705.6	10.3	17,937.3	1,207.3	19,144.6	10.0
8. Transport equipment	29,179.3	8.7	29,188.0	14.6	22,621.9	9.5	22,631.4	11.8
9. Other capital goods	41,626.0	466.3	42,092.3	21.0	44,051.7	564.6	44,616.3	23.3
10. Consumer goods	11,095.8	649.3	11,745.1	5.9	9,784.4	638.4	10,422.8	5.5
11. Miscellaneous*	1,299.5	0.6	1,300.1	0.6	1,368.0	0.5	1,368.5	0.7
TOTAL	184,105.5	15,958.0	200,063.6	100.0	177,620.5	13,470.6	191,091.2	100.0

*From 1971 onwards, commercial imports by parcel post have been analysed by commodity.

3.9. Overseas imports of food, drink and tobacco rose by 11 per cent with the value of sugar imports going up by K£3.3 million and those of wheat by K£1.3 million, but maize and rice imports fell by K£1.6 million. The increased imports of sugar and wheat were made necessary by the shortfall in domestic production *(see* Chapter 4). The decline in food imports from East Africa is largely accounted for by fruit and vegetables and margarine and shortenings. Nearly all of the decline in imports of basic materials was caused by a drop in the value of oil seeds and vegetable oils coming from East Africa. Approximately half of the rise of K£3.6 million in imports of fuel was due to an increase in crude petroleum but all petroleum products rose in value.

3.10. A wide range of textile goods was affected by the additional import restrictions imposed in 1972 and this resulted in a fall of K£2.1 million (14 per cent). The influence of these restrictions is also seen in semi-manufactures where the fall of K£3.4 million (21 per cent) is largely explained by the exceptionally large decrease in rubber tyres and tubes imported, the combination of domestic production and restrictions saving K£2.3 million compared with 1971, and by a fall in paper and paper manufactures.

3.11. Mainly owing to the development of domestic manufacturing capacity, metals showed a fall of nearly K£1.6 million, with overseas imports of bars and universal plates declining by K£2.4 million whilst those of tubes rose by K£0.9 million. However, the most significant change has been in the category of transport equipment, a more detailed breakdown of which is given in Table 3.7. With aircraft engines included, there was a fall in value of 24 per cent, K£7.4 million. This decline was spread over both the public and private sectors of the economy but "government" imports of aircraft and aircraft parts and engines fell by over K£4.0 million, whilst imports of railway rolling stock and commercial vehicles rose by nearly K£1.5 million. In the private sector, imports of motor cars and parts dropped by K£1.0 million but the major factor was the decline in purchases of commercial vehicles, which fell by K£3.2 million.

3.12. The increase in "other capital goods" was concentrated in non-electrical machinery, notably for paper mills, sugar refining and construction, all of which are industries where large investment projects are taking place. Consumer goods were affected by the import restrictions and purchases of footwear and clothing fell by K£1 million.

3.13. An indication of the end uses of imports is given in Table 3.8. Although 1972 figures are still provisional they suggest that most of the decline in imports was in intermediate goods purchased by enterprises, although there was also a fall in government imports. The decline in imports of intermediate goods was related to a slowing down in manufacturing activity (*see* paragraph 6.2).

SELECTED NET IMPORTS, 1967-1972

Table 3.6

K£'000

	Crude Petro-leum	Motor Vehicles and Chassis	Agricultural Machinery and Tractors	Industrial Machinery (including electrical)	Iron and Steel	Fabrics of Cotton	Fabrics of Synthetic Fibres	Paper and Paper Products	Pharma-ceutical Products	
1967	9,454	9,534	2,333	17,053	5,596	1,830	1,454	4,805	1,745	
1968	9,656	8,072	2,295	14,690	6,147	2,752	3,183	4,798	2,194	
1969	10,168	9,894	1,911	15,427	6,473	1,923	2,354	5,697	2,459	
1970	11,023	11,473	2,420	22,413	9,004	1,022	3,849	6,648	2,712	
1971	12,798	16,676	3,004	29,972	11,311	1,174	3,776	8,313	3,288	
1972	14,587	13,492	3,266	34,082	10,167	769	3,488	7,702	3,586	

IMPORTS OF TRANSPORT EQUIPMENT*, 1970-1972

Table 3.7 K£'000

	PRIVATE			PUBLIC			TOTAL IMPORTS		
	1970	1971	1972	1970	1971	1972	1970	1971	1972
Railway rolling stock	4.7	11.7	19.1	303.1	2,343.5	3,046.4	307.8	2,355.2	3,065.5
Motor cars	5,896.0	6,488.3	5,838.8	60.1	168.3	106.5	5,956.1	6,656.6	5,945.3
Buses, lorries and chassis for assembly	4,855.8	8,613.9	5,369.3	660.9	1,405.9	2,177.6	5,516.7	10,019.8	7,546.9
Motor vehicle parts	2,743.3	2,808.4	2,424.1	68.3	180.3	84.0	2,816.6	2,988.7	2,508.1
Aircraft	1,741.4	653.6	652.4	3,398.2	1,348.1		5,139.6	2,001.7	652.4
Aircraft parts	250.4	277.4	286.3	1,909.6	3,778.8	1,723.3	2,160.0	4,056.2	2,009.6
Aircraft engines	48.6	223.2	93.9	1,574.2	1,437.1	735.4	1,622.8	1,660.3	829.3
Other	599.6	954.3	806.5	28.1	146.8	87.6	627.7	1,101.1	894.1
TOTAL TRANSPORT EQUIPMENT	16,144.8	20,030.8	15,490.4	8,002.5	**10,808.8**	7,960.8	24,147.3	30,839.6	23,451.2

*Includes aircraft engines which are not included in "Transport equipment" in Table 3.5.

END USE ANALYSIS OF IMPORTS, 1966-1972*

Table 3.8

INDUSTRY OF ORIGIN	Year	ENTERPRISE AND HOUSEHOLD IMPORTS K£'OOO Intermediate Goods	Capital Goods	Final Household Consump-tion Goods	Total Enterprise and Household Imports	Government Imports K£'000	TOTAL RETAINED IMPORTS K.£'000	Percentage Proportion by origin
Imports originating in primary producing industries.	1966	14,094	68	1,222	15,384	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	11.5
	1971	18,324	98	2,686	21,108	59	21,167	11.4
	1972	18,305	110	2,505	20,920	30	20,950	11.5
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	85,483	3,6207	32,892	154.581	8,366	162,947	87.8
	1972	83,042	36,143	32,450	151,635	7,768	159,403	87.5
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	638		412	1,051	523	1,574	0.8
	1972	853		569	1,422	400	1,822	1.0
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	104,445	36,305	35,990	176.740	8,948	185,688	100.0
	1972	102,200	36,253	35,524	173,977	8,198	182,175	100.0
Percentage proportions by usage	1966	54.2	15.5	24.1	93.8	6.2	100.0	
	1967	54.3	20.8	20.2	95.3	4.7	100.0	
	1968	55.9	16.8	22.4	95.1	4.9	100.0	
	1969	57.9	17.2	20.8	95.9	4.1	100.0	
	1970	56.1	18.7	21.2	96.0	3.9	100.0	
	1971	56.2	19.6	19.4	95.2	4.8	100.0	
	1972	56.1	19.9	19.5	95.5	4.5	100.0	

*Provisional

**from 1971 onwards, commercial imports by parcel post have been analyzed by industry of origin.

Table 3.9

ORIGIN OF OVERSEAS (NET) IMPORTS, 1968-1972

REGION/COUNTRY	TOTAL IMPORTS K£'000					PERCENTAGES PROPORTIONS				
	1968	1969	1970	1971	1972	1968	1969	1970	1971	1972
STERLING AREA*—										
United Kingdom	36,110	36,453	41,459	56,249	50,560	31.5	31.2	29.2	30.5	28.5
India	2,870	2,957	3,104	3,649	3,934	2.5	2.5	2.2	2.0	2.2
Hong Kong	1,910	1,519	2,060	2,141	1,696	1.7	1.3	1.5	1.2	1.0
Pakistan	1,602	1,019	531	1,429	298	1.4	0.9	0.4	0.8	0.1
Australia	1,700	2,137	1,884	3,149	3,663	1.5	1.8	1.3	1.7	2.1
Zambia	128	104	133	208	381		0.1	0.1	0.1	0.2
Other	1,730	2,362	2,757	4,432	4,102	1.5	2.0	1.9	2.4	2.3
TOTAL	46,050	46,551	51,928	71,257	64,634	40.1	39.8	36.6	38.7	36.4
U.S.A	7,922	8,736	11,906	16,321	11,954	6.9	7.5	8.4	8.9	6.7
CANADA	773	806	797	960	1,404	0.7	0.7	0. 6	0.5	0.8
E.E.C.—										
West Germany	9,112	9,574	11,197	16,104	16,867	7.9	8.2	7.9	8.7	9.5
Italy	4,841	4,896	6,185	6,956	7,846	4.2	4.2	4.4	3.8	4.4
France	4,103	3,881	5,138	6,771	7,122	3.6	3.3	3.6	3.7	4.0
Netherlands	3,440	4,290	4,100	5,172	4,870	3.0	3.7	2.9	2.8	2.7
Other	2,129	1,642	2,031	2,805	3,532	1.9	1.4	1.4	1.5	2.0
Total	23,625	24,283	28,651	37,808	40,237	20.6	20.8	20.2	20.5	22.6
E.F.T.A. (excluding U.K.) Total	3,982	4,636	5,556	8,054	9,563	3.5	4.0	3.9	4.4	5.4
U.S.S.R. and Eastern Europe	2,555	2,607	1,927	5,289	4,103	2.2	2.2	1.3	2.9	2.3
REST OF THE WORLD—										
Iran	8,944	8,138	8,887	9,991	14,044	7.8	6.9	6.3	5.4	7.9
Japan	7,969	9,344	15,196	19,330	17,870	6.9	8.0	10.7	10.5	10.1
China	1,592	1,151	1,213	1,435	1,213	1.4	1.0	0.8	0.8	0.7
Africa (non-sterling)	924	964	1,043	2,100	1,821	0.8	0.8	0.7	1.1	1.0
Other	5,808	6,310	9,951	10,965	9,317	5.1	5.4	7.0	6.0	5.2
TOTAL	25,237	25,907	36,290	43,821	44,265	22.0	22.1	25.5	23.8	24.9
Parcel Post and Special Transactions**	4,620	3,425	4,970	595	1,461	4.0	2.9	3.5	0.3	0.8
GRAND TOTAL	114,764	116,951	142,025	184,105	177,621	100.0	100.0	100.0	100.0	100.0

*In order to produce a comparable series the countries comprising the Sterling Area have been left unchanged up to 1972.
**From 1971 onwards, commercial imports by parcel post have been analysed by country of origin.

3.14. The country of origin of overseas imports is shown in Table 3.9. The gradual decline in the importance of sterling area imports, which was interrupted in 1971, was resumed with purchases from the United Kingdom and Pakistan being most affected, although the United Kingdom is still by far the largest supplier of imports. The fall in imports of machinery and transport equipment led to a decline in the relative importance of the U.S.A., but Western Europe (excluding Britain) increased its sales to Kenya. The increasing value of petroleum imports is reflected in the figures for Iran, which is now a larger supplier of total imports than the United States.

Exports

3.15. The value of overseas exports was K£17.4 million above the 1971 level but East African exports fell by K£l.l million and re-exports by K£0.3 million. Nearly all of the increase was concentrated in two categories (shown in Table 3.11)—food, drink and tobacco and basic materials, with only minor changes taking place in the other groups. Further details of the agricultural products which contributed to the growth in exports are set out in Chapter 4.

QUANTITIES OF PRINCIPAL OVERSEAS EXPORTS, 1968-1972

Table 3.10

Item	Unit	1968	1969	1970	1971	1972
Coffee	Metric Tons	37,596	50,969	53,725	56,426	63,142
Tea	,,	27,500	32,835	35,063	33,508	47,126
Petroleum products	Million Litres	907	929	1,038	1,145	1,129
Pyrethrum products	Metric Tons	2,168	2,397	1,753	2,676	3,358
Meat products	"	7,095	5,938	6,683	7,180	10,208
Sisal	"	41,896	35,755	44,291	34,713	38,764
Hides and skins		6,989	6,548	5,983	8,271	10,522
Soda ash		112,489	85,938	157,155	149,904	144,717
Cement	"	239,027	309,026	343,069	331,689	372,208
Maize (raw)		277,525	140,893	84*	12*	8*
Canned pineapples	"	5,279	7,959	7,465	10,805	9,734
Butter and ghee	"	1,037	824	656	227	1,979
Beans and peas	"	17,712	10,849	9,583	8,059	21,268
Cotton (raw)		1,688	2,780	5,082	4,606	4,266
Wool		1,798	1,821	1,675	1,313	1,605
Animal feeds	"	28,410	29,870	31,827	21,566	39,403
Cashew nuts	"	8,607	9,141	23,174	10,604	15,540

*Consisting of small shipments of "special purpose" maize sold at about three times the price for ordinary maize. For this reason, no price is shown in Table 3.12.

3.16. Overseas sales of food rose by 32 per cent (K£13.0 million), this growth being largely accounted for by coffee and tea. The value of coffee went up by 27 per cent, a rise caused equally by increases in the price and the quantity of sales, whilst the 38 per cent rise in tea exports was entirely the

EXPORTS TO OVERSEAS AND EAST AFRICA BY BROAD ECONOMIC CATEGORY, 1968-1972

Table 3.11 K£'OOO

CATEGORY	1968		1969		1970		1971		1972	
	Overseas	E.A.	Overseas	E.A.	Overseas	E.A.	Overseas	E.A.	Overseas	E.A.
1. Food, drink and tobacco	34,911.2	5,770.6	38,209.2	7,647.8	44,552.6	8,060.5	40 547.6	7,679.7	53,340.6	9,507.3
2. Basic Materials	9,325.5	955.4	9,548.3	937.5	9,628.3	1,094.9	11 171.8	1,266.3	14,377.5	863.1
3. Fuels	6,320.3	4,683.3	7,817.6	5,124.8	8,370.9	5,814.0	10 504.4	7,210.1	11,306.5	8,172.4
4. Chemicals	2,823.3	3,855.6	2,728.2	4,233.6	3,52.2	4,849.5	4129.8	5,233.4	4,772.0	5,224.6
5. Textiles	350.2	1,918.8	2,938.3	1,505.9	308.0	1,147.7	106.6	1,251.0	425.0	1,298.2
6. Semi-manufactures	2,257.4	3,790.3	354.8	3,716.2	3,384.3	4,244.2	3327.8	3,929.3	3,979.8	3,231.5
7. Metals	500.4	1,459.8	0.8	1,595.8	555.9	1,973.6	573.4	2,366.9	652.0	1,505.3
8. Transport equipment..	0.9	60.4	177.6	126.4	0.7	69.5	81.8	84.3	50.3	112.8
9. Other capital goods	166.6	778.9	859.0	944.2	180.5	1,301.5	175.2	1,433.1	162.4	851.5
10. Consumer goods	735.8	3,052.5	316.0	2,962.5	973.1	2,894.2	317.0	3,442.5	1,134.8	2,025.9
11. Miscellaneous	403.4	8.1		2.3	129.0	0.2	149.8	0.4	188.8	0.7
TOTAL	57,795.0	26,333.7	63,331.7	28,797.0	71,606.9	31,449.8	73.85.2	3,3892.9	90,590.5	32,793.3

result of a higher volume of sales. Other products which increased in value were meat, butter and ghee, and certain dry vegetables; in all cases this was the result of a greater quantity sold, since unit prices fell.

OVERSEAS EXPORT PRICES. 1968-1972

Table 3.12 *K.Sh./Unit*

Item	Unit of Quantity	1968	1969	1970	1971	1972
Coffee unroasted	Kg.	6.81	6.61	8.29	6.92	7.84
Tea	Kg.	7.30	6.87	7.25	7.09	6.99
Petroleum products	1,000 Lt.	134.75	164.12	157.53	154.94	158.44
Maize	100 Kg.	34.41	39.36	*	*	*
Meat and products	Kg.	8.53	8.74	8.53	10.20	9.55
Pyrethrum extract	Kg.	136.77	121.14	132.15	149.79	148.52
Sisal	100 Kg.	87.46	96.05	84.20	87.29	106.7
Hides and skins, undressed	Kg.	4.78	5.71	5.52	5.90	7.18
Wattle extract	Kg.	1.09	1.38	1.52	1.58	1.62
Soda ash.	100 Kg.	20.13	21.03	21.29	24.82	26.74
Cement	100 Kg.	9.83	9.28	9.59	9.44	10.55
Beans, peas, etc	Kg.	0.94	0.97	1.07	1.13	1.04
Cashew nuts, raw	Kg.	1.46	1.49	1.37	1.41	1.35
Wool	Kg.	6.40	6.05	5.45	4.00	4.60
Animal feed	100 Kg.	35.64	34.88	41.07	39.59	18.19
Cotton, raw	Kg.	4.72	5.47	4.82	5.13	5.70
Pineapples, tinned	Kg.	1.67	1.82	1.79	1.78	1.89
Butter and ghee	Kg.	6.16	6.66	7.14	8.17	7.67
Wattle bark	100 Kg.	54.79	63.06	64.79	58.68	54.54

*See footnote to Table 3.10

OVERSEAS EXPORTS, 1971 and 1972, CHANGES IN VALUE, QUANTITY AND PRICE

Table 3.13

	VALUE K£'000			PERCENTAGE CHANGE IN		
	1971	1972	Change	Value	Quantity	Price
Coffee, unroasted	19,530.5	24,769.0	5,238.5	26.8	11.9	13.2
Tea	11,876.1	16,417.2	4,511.1	38.2	40.6	-1.4
Petroleum products	8,868.6	8,942.2	73.6	0.8	-1.4	2.2
Meat and products	3,661.1	4,875.7	1,214.6	33.2	42.2	-6.4
Pyrethrum extract	2,760.6	3,782.3	1,021.7	37.0	38.2	-0.8
Sisal	1,515.1	2,067.7	552.6	36.4	11.7	12.2
Hides and Skins, undressed	2,441.6	3,777.2	1,335.6	54.7	27.2	21.7
Wattle extract	1.206.4	1,688.6	482.2	40.0	36.5	2.5
Soda ash	1,860.4	1,935.0	74.6	4.0	-3.5	7.7
Cement	1,566.5	1,963.6	397.1	25.3	12.2	11.8
Beans, peas etc	455.9	1,103.4	647.5	142.0	163.9	-8.0
Cashew nuts, raw	746.8	1,049.0	302.2	40.5	46.6	-4.3
Wool	262.6	369.4	106.8	40.6	22.2	15.0
Animal feed	426.9	358.3	-68.6	-6.1	82.0	-54.1
Cotton, raw	1,182.4	1,216.2	33.8	2.8	-7.4	11.1
Pineapples tinned	963.6	920.1	-43.5	-4.5	-9.9	6.2
Butter and ghee	92.7	759.0	666.3	718.8	771.8	-6.1
Wood carvings	342.6	439.7	97.1	28.3		
Metal scrap	419.1	434.0	15.9	3.8	28.6	-40.0
Wattle bark	22.4	61.2	38.8	173.2	194.6	-7.1
All other items	12,983.3	13,661.7	677.4	5.2		
TOTAL	73,185.2	90,590.5	17,405.3	23.8	_	_

DIRECTION OF OVERSEAS EXPORTS*, 1968-1972

Table **3.14**

REGION/COUNTRY	TOTAL EXPORTS K£'000					PERCENTAGE PROPORTIONS				
	1968	1969	1970	1971	1972	1968	1969	1970	1971	1972
STERLING AREA**—										
United Kingdom	15,879	15,491	15,585	15,471	20,392	25.9	25.2	20.1	19.7	21.4
Zambia	2,913	4,294	4,292	5,529	4,976	4.6	6.3	5.5	7.1	5.2
India	1,659	1,762	3,043	2,046	2,378	2.7	2.6	3.9	2.6	2.5
Australia	649	595	655	817	769	1.0	0.8	0.8	1.0	0.8
Hong Kong	317	299	533	621	617	9.5	0.4	0.7	0.8	0.6
Pakistan	251	340	280	511	1,212	0.4	0.5	0.4	0.7	1.3
Other	2,861	3,552	4,749	5,044	5,532	4.6	5.2	6.1	6.4	5.8
TOTAL	24,529	26,333	29,137	30,039	35,876	39.0	38.4	37.6	38.3	37.6
U.S.A	4,202	5,229	6,773	5,625	5,491	6.7	7.6	8.7	7.2	5.7
CANADA	1,311	1,440	1,875	1,119	1,753	2.1	2.1	2.4	1.4	1.8
E.E.C.—										
West Germany	5,861	7,867	6,896	7,047	9,480	9.3	11.5	8.9	9.0	9.9
Netherlands	2,882	2,457	3,798	3,435	6,989	4.6	3.6	4.9	4.4	7.3
Italy	1,293	1,431	1,558	1,543	2,909	2.0	2.1	2.0	2.0	3.0
France	1,293	700	558	537	724	2.0	1.0	0.7	0.6	0.8
Other	468	604	592	556	836	0.8	0.9	0.8	0.7	0.9
TOTAL	11,797	13,059	13,402	13,118	20,938	18.7	19.1	17.3	16.8	21.9
E.F.T.A. (excluding U.K.) TOTAL	2,033	2,750	4,397	3,643	4,848	3.2	4.0	5.7	4.7	5.1
U.S.S.R. and Eastern Europe—TOTAL	1,374	1,280	1,050	2,448	1,436	2.2	1.9	1.4	3.1	1.5
REST OF THE WORLD—										
Iran	613	199	337	354	623	0.1	0.3	0.4	0.4	0.6
Japan	1,697	1,305	1,231	2,648	2,093	2.7	1.9	1.6	3.4	2.2
China	437	478	619	876	1,618	0.7	0.7	0.8	1.1	1.7
Africa (non-sterling)	4,989	4,739	4,520	6,248	6,996	7.9	6.9	5.8	8.0	7.3
Other	4,781	4,860	7,220	4,870	6,095	7.6	7.1	9.3	6.2	6.4
TOTAL	12,517	11,581	13,927	14,996	17,425	19.9	16.9	18.0	19.1	18.2
SHIP AND AIRCRAFT STORES	5,172	6,838	6,889	7,354	7,687	8.2	10.0	8.9	9.4	8.1
ALL EXPORTS	62,935	68,510	77,451	78,342	95,454	100.0	100.0	100.0	100.0	100.0

*Excluding gold and currency but including re-exports.
**In order to produce a comparable series the countries comprising the Sterling Area have been left unchanged up to 1972.

3.17. The export value of the basic materials group rose by 27 per cent (K£3.1 million), with the largest single increase coming from hides and skins, for which both price and quantity rose. Pyrethrum extract continued to the most important item in this category and recorded a 38 per cent rise in quantity. There were smaller increases in both wattle extract and cement, but a fall in the volume of soda ash sold was only just offset by a rise in price.

3.18. East African exports rose in the groups food, drink and tobacco and fuels but fell in most other categories, notably consumer goods. A more detailed breakdown of exports to Uganda and Tanzania is given in Tables 3.18 and 3.20.

3.19. The direction of overseas exports is shown in Table 3.14. The major change has been the rise in the relative importance of Western Europe with the share going to the United Kingdom, the EEC and the other EFTA countries rising from 41 per cent in 1971 to 48 per cent in 1972. There has been a corresponding decrease in the importance of sterling area countries (except Britain), Russia and Eastern Europe, the U.S.A. and Japan.

Trade with African Countries

3.20. Despite the overall growth in the value of exports, those to African countries declined slightly during 1972, resulting in a drop of over 5 percentage points in their share of total exports, to 37 per cent (*see* Table 3.15). The main cause of this was the drop of K£2.6 million in sales to Uganda, although sales to Zambia also fell, by over K£0.5 million, mostly in paper products, glassware and footwear. These adverse effects were partially offset by the rise of K£1.5 million in exports to Tanzania, whilst sales to all other African countries rose by K£1.3 million, mostly accounted for by increases to Somalia (tea, lubricating oil, glassware) and Rwanda (petroleum products).

3.21. Imports from all African countries fell by 13 per cent, K£2.5 million, and their share of total imports therefore fell to 8 per cent. This fall was almost entirely the result of a decline in imports from the partner states, particularly Tanzania, whose sales to Kenya fell by K£2.0 million. Apart from a decline of K£350,000 in imports from Rwanda (mainly of tea) and of K£30,000 from Mozambique (mainly of tea and coal), there were no major changes in the level of imports from individual countries.

Trade within the East African Community

3.22. The total volume of trade with the partner states fell from the record level of K£49.9 million in 1971 to K£46.3 million in 1972, a decrease of 7 per cent. However, a drop in the level of imports was the main factor, since exports fell by only K£1.l million (3 per cent) whilst imports fell by K£2.5 million (16 per cent), thus improving the visible balance of trade by K£1.4 million. A detailed breakdown of trade with Tanzania and Uganda is shown in Tables 3.17 to 3.20.

TRADE WITH AFRICAN COUNTRIES, 1968-1972

Table 3 .15

	EXPORTS*					NET IMPORTS				
	1968	1969	1970	1971	1972	1968	1969	1970	1971	1972
MAINLAND—	13,265	15,949	16,698	19,150	16,507	8,650	7,803	10,043	8,026	7,583
Tanzania	13,069	12,848	14,752	14,743	16,286	3,692	4,018	5,938	7,932	5,887
Zambia	2,913	4,294	4,292	5,529	4,976	128	104	133	208	381
Ethiopia	473	501	918	1,016	1,059	7	15	106	163	187
Burundi	315	329	481	413	310	—	—	—	1	—
Somalia	636	881	735	775	1,173	57	18	22	56	75
Sudan	752	204	217	488	618	8	26	20	7	1
Rwanda	679	858	901	881	1,289	66	93	102	353	1
Zaire	584	579	1,115	1,149	1,092	574	527	670	731	742
Malawi	162	181	236	238	263	161	29	93	56	6
Mozambique	180	138	190	231	203	124	169	397	417	118
Egypt	539	334	448	212	276	64	35	34	30	42
Algeria and Libya	69	195	195	441	696	29	2	21	—	—
Ghana and Nigeria	186	206	142	203	266	25	29	14	53	173
Other+	—	—	318	751	500	—	—	10	595	872
INDIAN OCEAN ISLANDS-										
Mauritius	455	494	753	557	702	1	1	1	1	—
Reunion	433	613	637	559	452	—	—	—	—	—
Other#	642	1,200	741	613	919	5	230	106	3	59
TOTAL	35,350	39,804	43,769	47,949	47,587	13,591	13,099	17,711	18,632	16,127
Percentage of all Exports/	39.6	40.9	39.9	42.7	37.1	10.7	10.2	11.2	9.3	8.4

*Including Re-exports (except for East African Trade).
+ Available only from 1970 onwards.
# Madagascar and Seychelles.

TRADE WITH EAST AFRICA, I960, 1968-1972

Table 3.16 K£'000

	1960	1968	1969	1970	1971	1972
EXPORTS—						
To Tanzania	7,608	13,069	12,847	14,752	14,743	16,286
To Uganda	6,163	13,265	15,949	16,698	19,150	16,507
TOTAL	13,771	26,334	28,796	31,450	33,893	32,793
IMPORTS—						
From Tanzania	1,875	3,692	4,018	5,938	7,933	5,887
From Uganda	5,120	8,650	7,804	10,048	8,026	7,583
TOTAL	6,995	12,342	11,822	15,986	15,959	13,470
BALANCE—						
With Tanzania	5,733	9,377	8,829	8,814	6,810	10,398
With Uganda	1,043	4,615	8,145	6,651	11,124	8,924
TOTAL	6,776	13,992	16,974	15,465	17,934	19,322

3.23. Imports from Tanzania fell back from their exceptionally high level in 1971 to K£5.9 million, approximately the same value as in 1970. As can be seen in Table 3.19 there has been a change in the structure of these imports over these three years. By far the largest rise in 1971 was in manufactured goods (notably cotton piece goods) but most of the fall in 1972 was in food (fruit and vegetables) and in basic materials (vegetable oils), so that the relative importance of manufactures has increased considerably since 1970. Exports to Tanzania went up by K£1.5 million. Sales of dairy products, maize and vegetables rose substantially (K£1.5 million), as did lubricating oils and other basic materials (K£0.5 million) but there was a large fall in sales of cement, which accounted for the decrease in value of manufactured exports.

3.24. Imports from Uganda fell by K£2.0 million in 1971, with this decrease spread over all groups except basic materials. There was a further fall in 1972 of K£0.4 million which brought the value of imports to its lowest level since 1966. Sales of fruit, vegetables, margarine, oil seeds and vegetable oils accounted for a drop of K£0.7 million but an increase in tobacco and some manufactured goods partially offset this movement. In total, exports to Uganda dropped by K£2.6 million. In the food sector, sales of wheat rose by nearly K£l.l million and of fresh dairy products by K£0.4 million but, since most other items fell, the overall effect was only a small increase. However, the manufactures group showed a decrease of over K£2.7 million, which was spread over the whole range of such goods, with furniture, clothing, perfumery and soaps being the items most affected. Only cement showed a sizeable increase (K£210,000). Exports were adversely affected by the disturbance Within the distribution sector in Uganda, caused by the transfer of businesses in the second half of 1972.

IMPORTS FROM TANZANIA, 1968-1972

Item	1968	1969	1970	1971	1972
FOOD—					
Meat and meat preparations	66	66	51	28	45
Cereals and cereal preparations	87	160	285	295	121
Fruit and vegetables	248	356	590	1,139	591
Sugar, not refined	4	–	12	22	4
Coffee and tea	112	39	213	46	18
Margarine and shortenings	33	179	164	101	48
Others	464	719	669	477	379
TOTAL	1,014	1,519	1,984	2,108	1,206
BEVERAGES AND TOBACCO—					
Beer	11	–	–	–	–
Cigarettes	2	–	–	—	–
Unmanufactured tobacco	19	163	728	860	788
Other	3	5	7	4	1
TOTAL	35	168	735	864	789
BASIC MATERIALS AND FUELS—					
Oil seeds, oil nuts and oil kernels, etc.	106	38	39	319	207
Vegetable oils	558	185	524	358	56
Electricity	–	–	–	–	–
Petroleum products*	79	1	–	1	–
Other	360	380	561	753	604
TOTAL	1,103	604	1,124	1,430	867
OTHER MANUFACTURED GOODS—					
Soap, cleansing and polishing preparations	64	59	67	49	6
Textile fabrics, articles etc:—					
Cotton piece goods	31	51	247	1,378	993
Other	206	243	248	348	248
Iron and steel	1	1	1	3	172
Aluminium**	258	225	287	391	422
Metal manufactures	140	144	164	216	118
Wireless sets, domestic	205	276	220	227	176
Clothing	52	16	27	52	126
Footwear	65	57	64	40	15
Other	518	654	770	828	749
TOTAL	1,540	1,726	2,094	3,531	3,025
MISCELLANEOUS—	–	1	1	–	–
ALL IMPORTS	3,692	4,018	5,938	7,932	5,887

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

EXPORTS TO TANZANIA, 1968-1972

Table 3.18 *KE'OOO*

Item	1968	1969	1970	1971	1972
FOOD—					
Meat and meat preparations	138	143	148	127	132
Dairy products	498	705	742	936	1,696
Cereals and cereal preparations	965	464	658	86	678
Fruit and vegetables	390	365	495	610	835
Coffee and tea	275	386	458	277	50
Other	603	735	1,200	837	999
TOTAL	2,869	2,798	3,701	2,874	4,390
BEVERAGES AND TOBACCO—					
Beer	216	111	180	252	330
Cigarettes	–	–	–	–	–
Other	89	103	87	88	62
TOTAL	305	214	267	340	392
BASIC MATERIALS AND FUELS—					
Petroleum products*	1,411	1,398	1,260	1,404	1,546
Other	555	470	474	1,110	1,668
TOTAL	1,966	1,868	1,734	2,514	3,214
OTHER MANUFACTURED GOODS					
Chemicals and products:—					
Soap, cleansing and polishing preparations	659	962	957	826	611
Other	1,099	1,137	1,501	1,545	2,098
Bicycle tyres and tubes	80	105	123	107	180
Paper, paper board and manufactures	987	940	1,058	923	1,097
Textile fabrics, articles etc:—					
Piece goods of cotton	–	2	–	39	24
Synthetic fabrics	198	130	51	53	271
Sisal bags and sacks	111	33	2	5	7
Other	621	635	602	550	821
Cement	935	707	1,173	1,096	479
Iron and steel	9	39	118	326	68
Aluminium**	6	16	9	19	7
Metal manufactures	683	705	846	786	593
Clothing	559	389	264	312	249
Footwear	463	405	352	330	379
Other	1,513	1,760	1,994	2,098	1,405
TOTAL	7,923	7,965	9,050	9,015	8,289
ALL EXPORTS	13,069	12,847	14,752	14,743	16,286

*Excluding by-products.

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

IMPORTS FROM UGANDA, 1968-1972

Table 3.19 K£'000

Item	1968	1969	1970	1971	1972
FOOD—					
Meat and meat preparations	4	3	33	1	–
Cereals and cereal preparations	134	94	71	62	60
Fruit and vegetables	157	159	246	250	138
Sugar, not refined	1,324	787	735	19	9
Coffee and tea	58	24	20	14	–
Margarine and shortenings	692	418	688	690	442
Other	336	395	392	438	405
TOTAL	2,705	1,880	2,185	1,474	1,054
BEVERAGES AND TOBACCO—					
Beer	33	15	163	73	–
Cigarettes	2	1	–	1	–
Unmanufactured tobacco ..	640	139	565	405	616
Other	30	9	8	3	4
TOTAL	705	164	736	482	620
BASIC MATERIALS AND FUELS—					
Oil seeds, oil nuts and oil kernels, etc.	148	169	282	198	96
Vegetable oils	670	489	740	703	469
Electricity	498	424	466	570	525
Petroleum products*	3	4	3	3	1
Other	241	183	267	248	375
TOTAL	1,569	1,269	1,757	1,722	1,466
OTHER MANUFACTURED GOODS					
Soap, cleansing and polishing preparations	172	194	105	82	60
Textile fabrics, articles etc:—					
Cotton piece goods	1,759	2,144	2,725	2,130	2,112
Other	43	87	97	204	212
Iron and steel	389	594	620	391	308
Aluminium**	1			1	
Metal manufactures	98	77	139	129	187
Wireless sets, domestic	10	34	68	32	164
Clothing	64	35	31	36	152
Footwear	199	191	306	176	137
Other	929	1,124	1,278	1,168	1,112
TOTAL	3,664	4,480	5,369	4,348	4,444
MISCELLANEOUS	7	11	1	–	–
ALL IMPORTS	8,650	7,804	10,048	8,026	7,583

*Excluding by-products.

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

EXPORTS TO UGANDA, 1968-1972

Table 3.20 K£'000

Item	1968	1969	1970	1971	1972
FOOD—					
Meat and meat preparations	188	223	205	192	215
Dairy products	188	1,482	915	1,038	1,298
Cereals and cereal preparations	982	1,693	988	674	1,768
Fruit and vegetables	332	259	359	436	316
Coffee and tea	95	66	85	44	30
Other	611	700	1,356	1,921	945
TOTAL	2,396	4,423	3,908	4,305	4,572
BEVERAGES AND TOBACCO—					
Beer	120	144	129	129	126
Cigarettes	11	3	–	–	–
Other	70	66	56	29	27
TOTAL	201	213	185	158	153
BASIC MATERIALS AND FUELS—					
Petroleum products*	2,999	3,492	4,340	4,786	4,859
Other	674	702	834	1,176	962
TOTAL	3,673	4,195	5,174	5,962	5,821
OTHER MANUFACTURED GOODS-					
Chemicals and products:—					
Soap, cleansing and polishing preparations	971	907	715	973	742
Other	1,126	1,225	1,677	1,888	1,773
Bicycle tyres and tubes	152	125	164	155	39
Paper, paper board and manufactures	516	492	427	498	394
Textile fabrics, articles, etc:—					
Piece goods of cotton	122	29	59	70	4
Synthetic fabrics	120	86	120	247	51
Sisal bags and sacks	468	384	16	28	–
Other	279	235	297	259	119
Cement	64	220	246	84	294
Iron and steel	50	108	114	152	147
Aluminium**	16	21	14	39	8
Metal manufactures	689	713	832	1,014	679
Clothing	416	386	351	450	87
Footwear	223	314	222	254	110
Other	1,781	1,871	2,177	2,614	1,514
TOTAL	6,993	7,119	7,431	8,725	5,961
MISCELLANEOUS	2	-	–	-	-
ALL EXPORTS	13,265	15,949	16,698	19,150	16,507

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

KENYA EXPORTS TO TANZANIA SUBJECT TO TRANSFER TAX, 1968-1972

Table 3.21 — *K*£

Item	1968	1969	1970	1971	1972
SUBJECT TO TAX FROM 1967—					
Ghee	15,213	2,670	2,880	2,192	8,821
Wheat meal and wheat flour	6	21	–	–	42,488
Vegetable ghee	19,954	65,658	5,017	9,370	–
Margarine	20,727	79,894	125,808	112,856	106,640
Cooking fat, vegetable	5,825	149,870	277,071	151,529	150,942
Sugar unrefined and mill white, including jaggery	8,770	5,486	122	118	–
Sugar confectionery		4,373	13,968	17,410	55,732
Biscuits	39,551	19,053	4,583	4,977	8,797
Ice cream prepared and mixture	4,720	4,839	–	–	–
Beer and ale	–	2,668	832	–	–
Cigarettes and pipe tobacco	8,549	7,961	7,014	7,086	5,908
Paints, enamels etc.	2,609	18,162	7,381	808	5,620
Perfumery, cosmetics, toilet prep, and shampoo	74,005	35,237	33,064	19,499	21,379
Soap, soap powder and detergents	620,581	977,315	938,299	726,846	624,392
Matches	48,278	3,120	–	–	–
Plastic foam, in sheet form	4,597	5,633	6,726	745	230
Articles of plastic materials	19,671	40,612	45,757	30,993	10,403
Bicycle tyres	409	–	–	–	–
Suitcases and handbags of vulcanized fibres or paperboard	4,500	70	1,126	589	5
Writing blocks, registers and similar stationery	28,957	30,959	14,774	13,734	10,668
Envelopes*	8,286		16,694	1,600	1,135
Non-multiwall, block bottom unprinted paper bags, boxes and cartons	91,609	91,597	384,839	240,970	170,973
Woven rayon fabrics in the piece	43,263	1,942	11,489	–	–
Clothing of textile fabric not knitted	353,727	209,247	96,422	130,398	50,134
Clothing accessories of textile fabric knitted or crocheted	99,199	73,549	67,787	106,840	170,071
Stockings and hose	11,370	13,144	7,143	8,845	509
Footwear (excluding gumboots, heavy leather boots etc.)	451,385	338,529	247,960	247,902	284,775
Glass tumblers	3,068	3,432	968	645	223
Nails, ferrous, including roofing nails	18,626	15,093	8,309	4,999	–
Iron and steel buckets	5,612	3,082	1,220	–	2
Metal louvre windows	18,100	33,204	27,353	30,746	2,005
Domestic aluminium hollow-ware	11,452	11,467	14.713	10,171	10,751
Metal furniture and parts	93,627	69,765	85,065	40,201	28,203
Bottles and jars, common, empty	35,311	35,224	30,337	6,164	19,907
Spring matresses etc. of rubber or plastic foam	54,127	17,652	99,464	19,697	2,780
Writing and drawing chalks	2,047	1,054	302	–	–
TOTAL	2,227,731	2,371,583	2,584,485	1,947,930	1,793,493
SUBJECT TO TAX FROM 1968—					
Cotton yarn	315	3,737	27,086	12,189	40,395
Woven fabrics of cotton in the piece		106	114	–	546
Tents, tarpaulins	27,738	48,808	83,868	14,876	4,054
TOTAL	28,053	52,651	110,068	27,065	44,995

KENYA EXPORTS TO TANZANIA SUBJECT TO TRANSFER TAX, 1968-1972

Table 3.21—*(Contd.)* *K£*

Item	1968	1969	1970	1971	1972
SUBJECT TO TAX FROM 1969—					
Vermicelli and fine noodles	–	18,262	12,795	3,370	17,080
Tomato Sauce	–	8,322	11,967	10,274	5,617
Jams	–	27,637	33,644	21,383	12,921
Fruit squashes and cordials	–	8,239	8,709	4,959	2,119
Candles	–	206	2,105	12,777	–
Rubber foam or sponge in sheet form	–	1,565	1,213	1,817	721
TOTAL	–	64,231	70,433	54,580	38,458
SUBJECT TO TAX FROM 1970—					
Broom handles	–		252	122	350
Rubber parts for making sandals	–	–	27,348	31,862	28,039
Crown corks	–	–	27,392	30,134	64,521
Brooms and brushes	–	–	9,841	4,934	1,749
TOTAL	–	–	64,833	67,052	94,659
SUBJECT TO TAX FROM 1971—					
Knitted fabrics	–	–	–	15,110	216,069
TOTAL	–	–	–	15,110	216,069
GRAND TOTAL	2,255,784	2,488,465	2,829,819	2,111,739	2,187,674

*Tax revoked 3-5-1968, reimposed 10-2-1970.

3.25. *Trade in Transfer Taxed Goods.*—In all, 53 items of exports to Tanzania and 32 items to Uganda are subject to transfer tax. (Not all of these appear in Tables 3.21 and 3.22 as they are not separately identifiable from the trade statistics). However, most of the total trade in such products is accounted for by a few items—paper, cement and soap made up 65 per cent of transfer taxed trade to Uganda in 1972.

3.26. The value of this trade with Tanzania has remained remarkably stable over the five-year period shown in Table 3.21. Due to different dates of imposition of these taxes and to the difficulty of separating out all taxed items it is unwise to place complete reliance on these figures, but they do suggest that sales of these products have grown less rapidly than those of untaxed goods. To some extent, of course, this is the result of competing industries being developed within the partner states, and this effect would probably have occurred even without transfer taxes. The value of taxed trade reached a peak in 1970 and since then exports of vegetable fat, soap products and paper bags have declined by K£650,000, whilst no items have shown a correspondingly rapid increase.

KENYA EXPORTS TO UGANDA SUBJECT TO TRANSFER TAX, 1968-1972

Table 3.22 *K£*

ITEM	1968	1969	1970	1971	1972
SUBJECT TO TAX FROM 1967—					
Spirits (excluding vodka)					
Paints, enamels, lacquers, etc.	49,316	77,760	30,725	29,332	38,604
Paper products including drinking straws and corrugated cardboard boxes	118,798	109,315	122,491	122,126	122,234
Domestic aluminium hollow-ware	1,711	1,353	811	40,048	1,004
Blankets	18,913		3		
Suitcases of vulcanized fibre or paper-board	696	5,108	5		
Clothing of textile fabric, woven, knitted or crocheted	243,901	350,117	319,314	339,511	66,036
Footwear (excluding gumboots, etc.)	190,839	204,019	143,060	132,160	5,363
Brooms and brushes (except paint and lavatory brushes)	14,715	9,318	15,323	16,745	3,212
Cement	48,409	88,395	246,367	70,655	292,700
Woven rayon fabrics in the piece					
TOTAL	687,298	845,385	878,099	750,577	529,153
SUBJECT TO TAX FROM 1968—					
Stockings, socks and sockettes	565	1,371	681	1,531	130
Dry cell batteries*	113,385	101,920	209,068		
Ground spices, curry powder and yellow gram flour	1,862	7,668	5,891	8,499	1,298
Fruit juices, cordials and vinegar	1,637	24,776	37,421	50,498	33,265
Tomato sauce	75	3,558	6,311	3,642	2,687
Metal doors and windows		19,875	7,725	17,288	3,420
Sisal rope and twine	573	5,456	8,416	12,603	5,940
TOTAL	118,097	164,624	275,513	94,061	46,740
SUBJECT TO TAX FROM 1969—					
Biscuits		12	4,914	2,593	1,488
Wood and articles of wood		3,258	198,910	339,497	88,761
Soap and soap powder		2,469	671,989	677,685	387,682
Galvanized, corrugated iron sheets	-		1,627		
Matches					
Insulated wire and cable		1,838	78,155	66,405	47,592
TOTAL	–	7,577	955,595	1,086,180	525,523
SUBJECT TO TAX FROM 1971—					
Hessian sisal bags and sheets	–		-	19,636	972
Beds and mattresses		-		247,553	80,353
Plastic sheets, coverings and tiles				6,301	10,917
Bicycle tyres and tubes				18,727	38,845
TOTAL	–	-	-	292,217	131,087
SUBJECT TO TAX FROM 1972—					
Plastic bottles, jars, containers etc. and plastic combs					36
TOTAL	–	–	–	–	36
GRAND TOTAL	805,395	1,017,586	2,109,201	2,223,035	1,232,537

*Tax revoked 5-11-1972.

3.27. The total value of this trade with Uganda shows a much greater degree of fluctuation. It rose by over K£1 million in 1970 following the imposition of the tax on wood and soap in November, 1969 and fell by K£1 million in 1972. This was largely due to the general decline in the value of exports to Uganda, with clothing, footwear, wood, soap and beds being the items most affected, although trade in cement rose.

The Export Promotion Council

3.28. As in previous years, the main activity of the Export Promotion Council (EPC) has been the organization of exhibits at trade fairs all round the world. A Trade Fairs officer informs domestic producers that the EPC will have a stand at various fairs and is responsible for arranging the exhibits supplied by firms. In conjunction with commercial attaches, representatives of the EPC attend the fairs, answering questions and providing information on industry in Kenya. The Council then relays queries from potential buyers back to the firms concerned and helps them to take the necessary action. During 1972, the EPC participated in trade fairs in the United Kingdom, Hungary, Austria, Zambia, Sweden, Germany, the 3rd Asian International Trade Fair, held in India, and the All-Africa Trade Fair in Nairobi.

3.29. An information section was established in September, 1972 which helps to explain various import regulations, such as tariffs and quotas, to prospective exporters. This section now publishes an occasional bulletin on these topics and other relevant subjects. This aspect of the Council's work will be expanded in 1973 and a marketing advisor has been appointed. His duties will basically consist of studies of domestic production, in order to see which areas have unexploited export potential, and then to link producers to possible markets, which will involve liaison work with commercial attach6s overseas.

3.30. In addition to these functions, the EPC also considers exporting problems that arise in various sectors of the economy. There are five subcommittees composed of members of the main Council, together with co-opted members who have special interests in the fields of manufacturing, communications and perishables, trade fairs, agriculture and publicity. These committees also consider ways of encouraging producers to enter the export market, such as improvement of the present system of duty drawbacks.

The Kenya National Trading Corporation

3.31. The financial year up to June, 1972 proved to be one of rapid growth for the Kenya National Trading Corporation (KNTC). Table 3.23 shows an increase in turnover of 25 per cent, the main factors being the growth in sales of sugar and cement. The expansion of domestic demand for

sugar is discussed in paragraph 6.12. In the case of cement, the rise is partly explained by the increased demand from the building and construction industry but also by the fact that 1971/72 was the first complete financial year in which the KNTC had control over distribution of cement. The other major change in the structure of turnover was a fall in sales of textiles and clothing. This would appear to be the result of the import restrictions imposed at the beginning of 1972. In principle, the KNTC has control over the specified imported goods and their domestic production but some local producers do not sell through the KNTC and this may be a factor contributing to the fall in turnover of some items.

KENYA NATIONAL TRADING CORPORATION—TURNOVER EX-DEPOT, 1966/67-1971/72

Table 3.23 K£'000

	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72
Sugar	3,647	4,905	5,571	9,067	11,340	13,805
Salt	–	124	100	410	335	328
Edible Oils		138	526	527	–	–
Rice		437	80	94	89	122
Textiles and Clothing	113	1,423	499	475	2,562	1,927
Cement*	–		106	148	1,476	3,676
Other	–	-	179	206	221	234
TOTAL	3,760	7,206	6,949	10,833	16,023	20,094

*For domestic use only.

CHAPTER 4—AGRICULTURE

Two features affecting agricultural production distinguished conditions in 1972 from those which prevailed in the previous year. The more important was the adequate level of rainfall, which was in marked contrast to the 1971 drought. The commodity price situation was also rather more favourable, although this was of lesser significance. Together, these two factors induced a growth in gross marketed production of over 22 per cent. Farmers' receipts rose by K£19.5 million, the highest absolute increase ever recorded. Supplies of food increased, with maize being especially abundant.

Marketed Agricultural Production

4.2. Marketed production at current prices is shown in Table 4.1. About half the growth in production was accounted for by permanent crops, especially coffee and tea, both of which showed increases of nearly K£4.2 million. However, the rate of growth in tea production, which had been severely affected by drought conditions in 1971, was a good deal higher than for coffee—36 per cent compared with 22 per cent. Another difference was that the bulk of the rise in the value of coffee production was due to better prices, whereas tea prices fell slightly. The value of the maize crop rose by K£3 million or 70 per cent; both production and prices increased. Another crop which displayed major growth was pyrethrum and farmers' receipts from it went up by 45 per cent. The growth of 55 per cent in the value of sisal cuttings was entirely the result of better prices.

4.3. The value of livestock production also rose markedly, by 22 per cent. The average weight of cattle marketed was higher due to the effect of better rainfall on grazing, which also promoted a rise in dairy production. Price conditions for both showed a considerable improvement over the previous year.

4.4. The significance of the major commodity groups in total production is illustrated in Table 4.3. The share of cereals and livestock products in the total did not change, but the significance of "all other temporary crops" declined slightly owing to the substantial increase in the value of permanent crops marketed.

4.5. As shown in Table 4.4, the rise in production was more or less equally distributed between large* and small farms. It is interesting to note that after rising for several years prior to 1967, the share of small farms in total marketed output has subsequently been stagnant. However, it is expected that in future years the significance of small-holdings is likely to grow gradually, primarily from rising pyrethrum, sugar-cane and tea production. This trend would be more pronounced if small-holder yields of coffee were as high and of the same quality as those on the estates.

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*These are defined as whatever remains of the old "Scheduled Areas" and the large holdings in the "Coastal Strip".

GROSS MARKETED PRODUCTION BY COMMODITY, 1967-1972

Table 4.1 K£'000

	1967	1968	1969	1970	1971	1972*
CEREALS—						
Wheat	4,575	6,635	6,583	4,994	5,206	4,160
Maize	4,218	5,405	3,861	2,828	4,276	7,253
Barley	242	242	333	392	437	477
Rice	387	429	577	724	725	859
Other Cereals	218	218	223	62	102	240
TOTAL	9,640	12,940	11,577	9,000	10,746	12,989
TEMPORARY INDUSTRIAL CROPS—						
Castor and other oil seeds	443	569	503	556	400	467
Pineapples	110	140	210	242	295	326
Pyrethrum	2,699	2,622	1,317	1,477	2,423	3,525
Sugar Cane	1,598	2,179	2,942	3,509	3,457	3,038
Tobacco	10	25	26	35	28	31
Cotton	603	700	834	695	878	980
TOTAL	5,463	6,305	5,832	6,514	7,481	8,367
OTHER TEMPORARY CROPS—						
Pulses	466	490	428	236	303	723
Potatoes	288	503	698	1,263	1,652	1,899
Other Temporary Crops	275	244	1,657	1,247	1,542	1,773
TOTAL	1,039	1,237	2,783	2,746	3,497	4,395
PERMANENT CROPS—						
Coffee	13,995	12,266	16,163	21,814	18,922	23,122
Sisal	2,391	2,193	2,250	1,715	1,519	2,362
Tea	8,927	9,335	11,159	13,838	11,803	16,034
Coconut Products	480	490	484	520	545	572
Wattle	869	433	464	420	423	530
Cashew nuts	422	422	423	1,186	944	638
Fruit and Other Permanent Crops	696	670	702	745	1,025	1,230
TOTAL	27,771	25,810	31,645	40,238	35,181	44,494
TOTAL CROPS	43,903	46,291	51,837	58,498	56,905	70,245
LIVESTOCK AND PRODUCTS—						
Cattle and Calves	11,325	11,689	12,218	13,324	13,330	16,510
Sheep, Goats and Lambs	404	440	453	475	733	811
Pigs	577	890	614	750	593	541
Poultry and Eggs	312	358	320	998	1,032	1,167
Wool	528	533	560	346	220	205
Hides and Skins	630	657	675	604	841	967
Dairy Products	6,380	7,126	6,100	6,806	9,300	11,650
TOTAL	20,148	21,673	20,940	23,303	26,049	31,851
UNRECORDED MARKETED PRODUCTION	3,257	3,342	3,425	3,595	3,741	4,085
GROSS FARM REVENUE	67,308	71,306	76,202	85,396	86,695	106,181

*Provisional

AVERAGE GROSS COMMODITY PRICES TO FARMERS, 1967-1972*

Table 4.2 — *KSh. per stated Unit*

	Unit	1967	1968	1969	1970	1971	1972
Coffee	100 kg.	583	640	617	747	636	746
Tea	" "	783	585	619	674	655	601
Sisal	" "	108	93	90	78	68	115
Pyrethrum (extract equivalent)	kg.	397	344	325	310	339	352
Seed Cotton	100 kg.	95	98	97	98	105	115
Maize	" "	35	31	28	28	33	39
Sugar Cane	Metric ton	42	45	45	45	45	50
Rice Paddy	100 kg.	46	46	55	51	51	51
Wheat	" "	57	56	55	45	45	51
Beef (third grade)	" "	266	253	275	275	285	302
Bacon Pigs	" "	405	441	404	355	371	418
Milk	100 Litres	57	59	52	53	65	77

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

SHARES OF COMMODITY GROUPS IN GROSS MARKETED PRODUCTION, 1966-1972

Table 4.3 — *Percentages*

	Cereals	All other temporary crops*	Permanent crops	Livestock and Products	Total
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	12.4	17.0	40.6	30.0	100.0
1972	12.2	15.9	41.9	30.0	100.0

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

GROSS MARKETED PRODUCTION FROM LARGE AND SMALL FARMS, 1965-1972

Table 4.4

	LARGE FARMS		SMALL FARMS		TOTAL		PERCENTAGE SHARE OF SMALL FARMS
	K£million	Annual Percent change	K£million	Annual Percent change	K£million	Annual Percent change	Percent
1965	33.3	-70	23.8	-3.3	57.8	-5.2	41.7
1966	36.0	8.1	32.8	37.4	68.8	20.3	47.5
1967	32.9	-8.6	34.1	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	44.2	15.4	85.4	12.1	51.7
1971	42.1	2.1	44.6	0.9	86.7	1.5	51.4
1972*	51.4	22.0	54.8	22.9	106.2	22.5	51.6

*Provisional

CROP AREAS ON SMALL FARMS AND SETTLEMENT SCHEMES, 1970*

Table 4.5 '000 *Hectares*

	LONG RAINS			SHORT RAINS			BOTH CYCLES		
	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	86.2	37.8	124.0	13.6	18.2	31.8	99.8	56.0	155.8
Other Maize	107.9	382.0	489.9	70.2	289.6	359.8	178.1	671.6	849.7
Bulrush Millet	1.7	12.6	14.3	4.8	30.4	35.2	6.5	43.0	49.5
Finger Millet	10.1	17.7	27.8	0.7	6.3	7.0	10.8	24.0	34.8
Other Millet	1.7	4.5	6.2		0.3	0.3	1.7	4.8	6.5
Sorghum	18.7	85.9	104.6	3.7	26.4	30.1	22.4	112.3	134.7
Wheat	2.0		2.0	6.3		6.3	8.3		8.3
Unimproved Cereals	0.5	2.3	2.8	0.4	1.8	2.2	0.9	4.1	5.0
TOTAL	228.8	503.3	732.1	199.7	329.4	429.1	328.5	832.6	1,161.1
PULSES—									
Beans	2.3	170.0	172.3	11.1	172.7	183.8	13.4	342.7	356.1
Pigeon peas	0.5	67.9	68.4	0.9	45.9	46.8	0.7	56.9	57.6
Cow peas	0.1	35.7	35.8	0.2	33.1	33.3	0.3	68.8	69.1
Field peas		5.0	5.0	0.1	0.5	0.6	0.1	5.5	5.6
Yellow, Green and Black Gram	0.3	10.2	10.5		2.6	2.6	0.3	12.8	13.1
Other Pulses		1.3	1.3		1.3	1.3		2.6	2.6
TOTAL	3.2	290.1	293.3	12.3	256.1	268.4	14.8	489.3	504.
TEMPORARY INDUSTRIAL CROPS—									
Cotton	15.3	10.9	26.2	23.3	20.1	43.4	32.3	30.1	62.4
Sugar cane	12.0	17.9	29.9	6.2	13.0	19.2	9.1	15.5	24.6
Pyrethrum	9.4	7.2	16.6	6.5	4.0	10.5	7.9	5.6	13.5
Ground Nuts	2.3	14.4	16.7	4.4	5.2	9.6	3.4	9.4	12.8
Oil Seeds		10.3	10.3	1.0	4.7	5.7	0.5	7.5	8.0
Other Temporary Industrial Crops	1.2	1.7	2.9	0.2	0.3	0.5	0.7	1.0	1.7
TOTAL	40.2	62.4	102.6	41.6	47.3	88.9	53.9	69.1	123.0
Cassava	12.1	72.4	84.5	16.2	65.0	81.2	14.2	68.7	82.7
English Potatoes	5.1	15.8	20.9	9.6		9.6	14.7	15.8	30.5
Sweet Potatoes	4.0	24.4	28.4	7.1	16.9	24.0	5.5	20.7	26.2
Yams	0.5	7.3	7.8		3.6	3.6	0.3	5.5	5.8
Cabbages	0.1	4.7	4.8	0.1	0.6	0.7	0.2	5.3	5.5
Other Vegetables	0.2	2.7	2.9		0.4	0.4	0.2	3.1	3.3
Other Temporary crops	6.4	2.7	9.1	1.7	0.4	2.1	8.1	3.1	11.2
TOTAL	28.4	130.0	158.4	34.7	86.9	121.6	43.2	122.2	165.4
PERMANENT CROPS—									
Coffee	51.1	11.4	62.5				51.1	11.4	62.5
Tea	19.3	0.2	19.5				19.3	0.2	19.5
Coconuts	0.5	43.9	44.4	2.0	48.2	50.2	0.2	46.1	47.3
Cashew nuts	1.2	35.2	36.4	5.9	43.9	49.8	3.5	39.5	43.0
Pawpaws	0.5	6.9	7.4	0.4	3.7	4.1	0.4	5.3	5.7
Bananas	10.0	70.9	80.9	10.4	51.7	62.1	10.2	61.3	71.5
Other Fruit	0.9	1.0	1.9	1.1	19.5	20.6	1.3	10.2	11.5
Other Permanent Crops	3.9	1.6	5.5	0.2	0.1	0.3	3.7	1.0	4.7
TOTAL	87.4	163.7	251.1	20.0	151.7	171.7	90.7	175.0	265.7
TOTAL CULTIVATION	388.0	538.6	926.6	208.7	415.6	624.3	531.5	796.2	1,328.7

*The following districts are excluded from this table:—

Nakuru, Laikipia, Uasin Gishu, Trans Nzoia, Baringo, West Pokot, Lamu and Tana River. The first lour 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 (4), (5) copied from those obtained in the long rains,

(c) For all other crops except cotton an average is taken of the entries made for the short rains and long rains.

the "mixed crop" columns, addition produces a higher value than that given for total cultivation, owing to the incidence of multiple cropping. This applies also to the totals of the main groups i.e. to cereals, pulses etc.

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

ESTIMATES OF LIVESTOCK NUMBERS BY PROVINCE (EXCLUDING LARGE FARMS), 1970

Table 4.6 '000 *Head*

	Cattle		Sheep and Goats		Poultry	Pigs
	Small Farms	Pastoral Areas*	Small Farms	Pastoral Areas*	Small Farms	Small Farms
Nyanza	1,234		642		3,347	1
Western	756	–	203	–	2,293	5
Rift Valley	1,439	2,252	874	2,642	895	–
Central	484	–	608	–	1,106	24
Coast	260	148	422	93	1,021	2
Eastern	1,612	440	1,535	542	**3,007**	1
North Eastern	–	597	–	291		–
TOTAL	5,785	3,437	4,284	3,568	11,669	33

*Includes all animals in districts which are predominantly pastoral.

LARGE FARMS—AREAS OF MAJOR CROPS, 1968-1972

Table 4.7 '000 *Hectares*

	1968	1969	1970	1971	1972*
Maize	51.8	55.8	59.3	66.3	77.2
Wheat	139.8	137.3	121.1	92.7	89.2
Sugar-cane	26.5	26.1	26.4	28.1	26.9
Pyrethrum	4.9	3.9	3.3	3.7	3.6
Sisal	83.9	85.7	85.1	82.1	73.3
Tea	21.4	21.8	23.8	23.8	22.3
Coffee	28.4	27.6	29.7	28.4	29.4
Wattle	17.5	16.6	17.2	16.6	16.1
Fruit	3.2	2.8	3.7	2.5	4.1
Fodder crops	10.2	9.8	11.7	12.6	12.0
Grass leys	85.6	86.1	98.9	101.9	95.2

*Provisional

LARGE FARMS—LIVESTOCK NUMBERS, 1967-72

Table 4.8 '000 *Head*

	1967	1968	1969	1970	1971	1972*
Dairy Cattle	245.2	280.2	273.1	292.0	279.4	308.0
Beef Cattle	484.5	480.7	500.6	492.3	481.4	488.6
Sheep	477.7	443.9	406.9	438.4	437.4	366.0
Pigs	25.6	28.8	32.3	27.2	26.5	23.2
Poultry	207.6	225.2	219.4	215.8	210.9	219.5

*Provisional

Crop Areas, Livestock Numbers and Inputs Used

4.6. Data on crop areas and livestock numbers are set out in Tables 4.5 to 4.8. Although not all the information presented is for 1972, it can be assumed that there has been little overall change in crop areas and livestock numbers on small-holdings and among pastoralists. On large farms, perhaps the most notable feature was the further decline in the significance of sisal. Numbers of sheep and pigs on large farms also showed a considerable fall.

4.7. The value of agricultural inputs used is shown in Table 4.9. The figures suggest a substantial growth in the value of material inputs used. This rise was particularly prominent for manufactured feeds and bags (the latter due to the large maize crop), but significant increases were also apparent for fertilizers, other agricultural chemicals and livestock drugs and medicines.

Crop Production

4.8. *Maize.*— As shown in the series below, deliveries of maize, mainly from 1971 plantings, to the Maize and Produce Board increased by 45 per cent in 1972:—

	Metric tons
1968	353,000
1969	280,000
1970	206,000
1971	256,590
1972	372,985

This was the highest level of deliveries during the last five years and was the result of favourable weather, higher prices and increased plantings of hybrid seed.

4.9. However, partly because of greater availability of food in rural areas, consumption of maize purchased from the board fell by 7 per cent as shown by the figures below: —

	Metric tons
1968	86,679
1969	157,572
1970	158,238
1971	283,752
1972	262,667

As a result, the storage facilities of the board were severely strained and have had to be enlarged, although the 1971 crop permitted the establishment of a strategic reserve of over 1 million bags (90,000 metric tons) to guard against

Table 4.9

AGRICULTURAL INPUTS, 1965-1972

K£'000

	1965	1966	1967	1968	1969	1970	1971	1972*
MATERIAL INPUTS—								
Fertilizers	2,708	3,212	2,392	2,602	2,922	3,607	3,711	4,134
Other Agricultural Chemicals	918	1,171	1,248	1,536	1,793	2,236	1,640	2,114
Livestock, Drugs and Medicines	558	616	661	704	909	1,321	1,152	1,589
Fuel	1,655	2,018	2,030	2,103	2,441	2,372	2,720	3,025
Power	214	243	253	258	313	358	370	310
Spares and Maintenance of Machinery	848	905	953	788	929	1,042	976	944
Bags	455	587	677	701	815	512	1,057	1,465
Manufactured Feeds	843	998	752	880	1,088	1,354	1,487	1,972
Seeds	434	461	695	584	405	340	800	936
Office Expenses	154	152	150	148	152	159	157	158
Small Implements	247	276	188	235	248	236	318	302
Other	71	84	100	119	141	168	200	338
TOTAL	9,105	10,723	10,099	10,658	12,156	13,705	14,531	17,070
SERVICES INPUTS—								
Marketing, Research and Publicity	1,324	1,614	1,265	905	857	1,028	1,181	1,291
Artificial Insemination	41	41	44	45	50	70	50	21
Aerial Spraying	66	92	92	67	105	93	57	83
Accounting, Secretarial and Auditing Services	382	404	423	440	481	530	556	592
Tractor Services	284	312	379	339	355	371	388	417
Private Veterinary Services	30	30	30	30	30	30	30	30
Government Seed Inspection Services	1	1	1	2	2	4	9	15
Farm Planning and Survey Services								
Governmental Veterinary Innoculation Services	3	17	21	26	26	30	32	25
Insurance	119	150	190	200	200	200	200	200
Transportation	125	158	200	211	243	260	254	295
Other	77	96	120	150	150	150	150	150
TOTAL	2,452	2,915	2,765	2,415	2,499	2,766	2,907	3,127
TOTAL INPUTS	11,557	13,638	12,864	13,073	14,655	16,471	17,438	20,197

*Provisional.

future shortfalls. The even larger crop from 1972 plantings aggravated the storage situation, and so exports were commenced in 1973. These two successive large crops have caused financing problems, which have been made more serious by the formation of the reserve and by exporting surpluses at a loss. However, they have enabled the board to increase subsidized sales for animal feeds and, during its current financial year, the board expects to make 400,000 bags (36,000 metric tons) available for this purpose.

4.10. In order to increase maize production, following the shortage experienced in 1971, the producer price was increased in September of that year from Sh. 30 to Sh. 35 per bag of 90 kilos. This price is also being paid for the 1972 planted crop which is still being delivered. Farmers' planting programmes for the current year have been undertaken on the basis of this price and, if weather conditions are favourable, another very large crop can be expected to be delivered from the end of 1973. To dispose of this, increased exports at a loss will continue to be essential, although some additional growth in domestic consumption will accrue from the needs of two industrial projects being established to produce cornflakes and maize starch (*see* Chapter 6).

4.11. *Wheat.*—The decline in deliveries of wheat, which set in after 1969, continued into 1972, as shown below:—

	Metric tons
1968	216,309
1969	241,558
1970	221,486
1971	205,743
1972	164,383

This level of deliveries was insufficient to meet Kenya's needs, and those of Uganda which are also normally supplied from Kenya. As a result, imports became necessary and most of the 64,821 metric tons received from overseas was required for re-export to Uganda and to maintain an adequate level of stocks. Actual requirements in Kenya during 1972, including seed, were 155,000 metric tons.

4.12. Because of the shortage of maize in 1970/71 there was a sharp increase in wheat flour consumption, which fell back during 1972, as the following figures show:—

1968	74,268
1969	75,847
1970	94,093
1971	116,431
1972	111,903

Despite this drop, there has been a compound annual increase of over 10 per cent since 1969, which seems likely to persist, and enlarged imports will be necessary unless production can be increased. This would require expansion of the area under the crop, which has been declining during the last few years: —

	*Hectares**
1970	126,000
1971	118,000
1972	88,000

4.13. Some steps have been taken to increase output. Farmers are to be paid an additional Sh. 3/30 a bag for 1973 plantings, so that the net average return will be about Sh. 49 per bag of 90 kilos. Other developments expected to contribute to increased production include silo storage facilities at Narok, which will help to promote wheat production in Masailand. Improvements being affected to the Narok road will help to reduce the cost of bulk transport of the wheat to mills in Nakuru or Nairobi. However, to meet the current year's needs, further imports will be necessary to supplement the yield from the 1972 planted crop, which is now being consumed.

4.14. *Rice.*—The production of paddy, which is confined almost entirely to irrigation schemes, is discussed in paragraph 4.50.

4.15. *Pyrethrum.*—The recovery of pyrethrum production which began in 1970 continued in 1972: —

	Metric tons (extract equivalent)
1968	150
1969	81
1970	95
1971	143
1972	185

Small-holders are dominant in the production of this crop and now account for over 90 per cent of output. Production is concentrated primarily in Kisii District and on settlement schemes in Central Province. However, efforts are now being made to encourage cultivation in suitable areas of Meru, Embu, Kericho and Bungoma Districts.

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*These figures differ from those shown in Table 4.7 and represent the Wheat Board's estimates of the area finally harvested.

4.16. In addition to increased production of flowers, a slight improvement in pyrethrins content was also achieved. This was partly the result of better clonal material planted during the last few years. Progress in this direction continues and two new nurseries for large-scale clonal propagation are being developed. Another major development in the industry is the inauguration of work on a new pyrethrum extraction factory.

4.17. World demand for pyrethrum, of which Kenya now supplies about 70 per cent, remains buoyant. A high level of through-put and sales of a more concentrated final product permitted economies in marketing and processing costs, and enabled the Pyrethrum Board to increase pay-out to farmers from Sh. 3/75 to 3/79 per kilo of flowers.

4.18.—*Sugar-cane*.—Sugar production in 1972 was only 90,300 metric tons, a decline of 27 per cent. This was the direct consequence of a fall in cane deliveries of 23 per cent, as illustrated below: —

	Metric tons
1968	947,181
1969	1,300,657
1970	1,451,200
1971	1,378,002
1972	1,062,295

4.19. It would seem that the drop in cane production affected all categories of growers, as shown in Table 4.10. However, the sharpest drop was in production from small-holders co-operatives, which fell to less than half its level in the previous year. In order to promote supplies to existing factories, substantial additional investment is now being made to increase production from the area already under cane, and to extend cultivation to new land. Some recovery of sugar production from these factories is expected during the current year, to be augmented by the output of a new factory now nearing completion at Mumias.

AREA OF CANE HARVESTED AND CANE PRODUCTION, 1971 AND 1972

Table 4.10

	HECTARES		PRODUCTION *(Metric tons)*	
	1971	1972	1971	1972
Factory Estates	8,593	5,415	434,270	351,967
Large Farms	7,063	6,557	532,155	452,399
Small-holders Co-operatives	2,616	1,930	189,661	86,872
Settlement Schemes	2,344	3,800	221,916	171,057
TOTAL	20,615	17,703	1,378,002	1,062,295

4.20. A review of sugar and sugar-cane prices was undertaken in 1972. As a result, the price of cane, which was a standard Sh. 42/25 per metric ton until then, was replaced by a differentiated price of Sh. 50 at the Coast and Sh. 52 for the rest of the country. The price of sugar paid to factories was increased from Sh. 905 per metric ton to Sh. 1,004. The increases were passed on to the consumer by a rise in the retail price of 20 cents per kilogram.

4.21. Some institutional developments, which, it is hoped, will promote more effective co-ordination of production and improved marketing, occurred in 1972. These included the creation of the Sugar Belt Co-operative Union in Nyanza and the setting up of the Kenya Sugar Authority. The functions of the authority will include effective and efficient development of sugar-cane production, advice on the price of cane to growers, the devising of rules and regulations for the industry, research, sugar-cane processing and the utilization of sugar by-products. It will also be responsible for developing and implementing a system of cane testing, the registration of all sugar-cane producers within factory zones and co-ordination of relevant statistical information.

4.22. *Cotton.*—Production in 1972 remained at more or less the same level as in the previous year.

	Metric tons
1968	14,279
1969	17,111
1970	14,017
1971	16,764
1972	16,981

The 1971/72 crop suffered from drought conditions late in 1971 and severe pest infestation in 1972. Strenuous efforts over several years have failed to achieve the objective of a substantial increase in production. The major factor in this has been that the return from cotton has been relatively unfavourable compared with that of other crops. In an effort to overcome this, the Lint and Seed Marketing Board has increased the price paid to growers. It has been able to do this because of buoyant international demand conditions for cotton. The domestic cotton manufacturing industry uses mainly BR grade cotton, but much of Kenya's crop is exported because it consists primarily of the longer staple AR cotton.

4.23. *Horticulture*.*—As shown in Table 4.1, the value of horticultural products in 1972 increased by 24 per cent in terms of returns to farmers. This growth in output helped both to meet domestic demand and to increase exports. The total value of exports increased by nearly K£900,000, with over half of this increase being in exports of dried beans and pulses. There was

*Including output of all fruit, vegetables, potatoes and pulses. In Table 4.1 the category "other temporary crops" consists mainly of vegetables.

also a significant increase in volume of fresh products exported, particularly vegetables and flowers. This is shown in Table 4.11. Britain and West Germany remained the major overseas markets for horticultural products. The proportion of pineapples, both fresh and canned, in total exports has declined, and the fresh pineapple market is becoming increasingly competitive.

EXPORTS OF FRESH HORTICULTURAL PRODUCE, 1968-72

Table 4.11

	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
1972	7,856	833,600

4.24. Severe shortages of air freight capacity continued to be experienced although efforts to increase this have shown some success in terms of space made available by northbound airline traffic, and attempts to secure further increases in capacity are continuing. Further developments to promote horticultural production were implemented in 1972. Two grading and packing stations have been established at Karatina and Yatta, in addition to the one opened at Machakos in 1971. Some of the financial resources for this purpose have been secured from the International Coffee Organization Diversification Fund. As indicated in Chapter 6, another factory to process passion fruit has been opened.

4.25. *Coffee.*—As shown in Table 4.12 coffee production in 1972 rose by 2,500 metric tons. All of this growth came from the larger estates—in fact, output from small-holdings fell fractionally. While the area under the crop was more or less unchanged on both estates and small-holdings, the average yield from the former remained high—1,015 kilograms per hectare compared with 510 kilograms from small-holdings. On the large holdings, production would have been even higher had adequate supplies of picking labour been available at the height of the harvest. Husbandry practices on small-holdings left something to be desired. A decline in the application of fertilizer and manure was apparent, and the sector has also suffered from a shortage of mulch material for several years.

COFFEE PRODUCTION, 1966-72

Table 4.12 '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
1972	34.2	27.8	62.0

4.26. Another disturbing aspect of coffee production in recent years has been the decline in quality, particularly on small-holdings, but the estates have also been affected. This is illustrated in the table below, in the form of proportions of the crop in the various grades.

COFFEE QUALITY, 1969/70-1971/72

Table 4.13

	1969/70	1970/71	1971/72
PER CENT IN STANDARDS 1 TO 3			
Estates	21.6	11.7	10.3
Small-holders	49.0	38.9	23.5
PER CENT IN STANDARDS 4 TO 6			
Estates	72.9	82.3	84.0
Small-holders	47.0	56.1	68.8
PER CENT IN STANDARDS 7 TO 10			
Estates	5.5	6.0	5.7
Small-holders	4.0	5.0	7.7

4.27. The improvement in coffee prices was considerably better than the growth in output. The average price paid to farmers was K£373 per metric ton, a rise of 17 per cent over the average for 1971. This growth in prices reflected a general movement in world markets, but was also partly due to the fact that a greater proportion of the crop was exported to the higher return quota markets. During the 1971/72 international crop year, sales to quota markets amounted to 54,815 metric tons, compared with 36,813 metric tons in 1970/71. Prices have continued to rise into the current year and are K£75 per metric ton above those prevailing two years ago. It is expected that coffee prices will continue to remain buoyant for some time, because of the sharp fall in previously accumulated stocks of coffee, notably in Brazil, thus bringing current production more into line with world demand. How long these favourable demand and supply conditions last will depend primarily upon discipline among the producers.

4.28. *Tea.*—Tea production showed strong recovery from the effects of the drought in 1971, and production rose by 47 per cent, to 53,322 metric tons:—

	Metric tons
1968	29,764
1969	36,060
1970	41,077
1971	36,290
1972	53,322

4.29. As in 1971, small-holder production amounted to 25 per cent of the total. This proportion is expected to rise in the future as more small-holder tea reaches maturity and as the scope of the small-holder tea project expands. It would seem that the area under tea on estates is now more or less static. During 1971/72, another 7,000 hectares were added to the area under tea on small-holdings, so that the total now exceeds the area under the crop on estates. The number of small-holders growing tea has reached nearly 67,000. Plans are now being developed to expand small-holder tea by a further 18,200 hectares.

Table 4.14

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

4.30. Factory construction to process tea already planted is proceeding—two more factories were completed during the year and three more are in process of development. Another significant development during the year was the completion of a factory to make green tea for export to Japan. An important factor in the success of the small-holder tea scheme is efficient transport. This depends primarily on good road communications in the tea areas, in order to transport leaf to the factories within a few hours of plucking. The major programme of construction of tea roads, which has been proceeding for several years, continued in 1972 (*see* Chapter 6).

4.31. While tea production registered major growth, prices remained weak. The overall average price received by farmers fell from Sh. 6/55 per kilogram in 1971 to Sh. 6/01 per kilogram last year. Prices remained weak in the first few months of the current year.

4.32. *Sisal.*—Sisal production has been falling fairly steadily for almost a decade, and was 41,210 metric tons in 1972, 30,000 tons below output ten years earlier. The area under sisal has fallen from 107,000 hectares to just over 73,000 during this period. During the years of low prices, which persisted until last year, very little new planting was undertaken and a large part of the existing area actually consists of old sisal, the yield from which is low. In fact, many estates abandoned production and adopted programmes of diversification into other crops. Small-holder marketed production, which used to amount to a few thousand tons, has virtually ceased. It used to be harvested almost entirely from hedgerows at times of high prices.

4.33. The yield of fibre from cuttings during the last few years was as follows: —

	Metric tons
1968	50,280
1969	49,834
1970	43,930
1971	44,826
1972	41,210

This secular decline has been due primarily to the development of synthetic substitutes, which have become increasingly competitive. It would seem that a good deal of new planting has taken place in response to high prices, although its effect will not be felt for some time, as sisal takes several years to mature. But even this is unlikely to reverse the trend of declining production.

4.34. Sisal prices showed dramatic recovery in 1972, after having fallen to their lowest level for many years. This recovery in price was in response to a substantial fall in world supplies, mainly as a consequence of drought. However, growers in Kenya were unable to take full advantage of the rise in prices because of forward sales made at the previous low prices. But, despite this, the overall average farm-gate price received by growers in 1972 for all grades was K£57 per metric ton compared with K£34 in 1971. The average on-farm price being received now is about K£100. Paradoxically, from a long-term point of view, the industry faces a further restriction in its output because of the current prices. This is because the higher the price of sisal the more competitive synthetic substitutes become. The present price of the fibre is well beyond the ceiling at which synthetics are competitive and will inevitably encourage the installation of new capacity to manufacture synthetics. Experience with other artificial substitutes suggests that the costs of producing these decline sharply as volume grows.

Livestock Production

4.35. *Dairying.*—As shown in Table 4.15, dairy production responded to favourable weather conditions and the volume of milk handled by the Kenya Co-operative Creameries (KCC) rose by 27 per cent in wholemilk equivalent. In order to dispose of this increased production, the KCC achieved substantial increases in sales, primarily in Uganda and Tanzania. Although domestic consumption also increased slightly, its growth was held back by two price increases, in July, 1971 and May, 1972.

DAIRY PRODUCTION, 1969-1972

Table 4.15 '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
1972	119,662	7,095	102,982	26,272	24,841	11,479	172,670	292,331

4.36. It is apparent from Table 4.15 that a greater part of growth in the volume of milk handled went into manufactured goods rather than sales of liquid milk. This factor has important financial implications for the KCC. Despite its achievements in increasing sales, the KCC faces some complex economic problems arising out of the 45 per cent increase in the milk price paid to farmers since July, 1971 (from 53 cents per litre to 77 cents). A major increase in the producer prices, together with the substantial rise in prices paid by consumers, had the effect of promoting milk production while slowing down the growth in consumption, particularly of liquid milk. A growing proportion of output has therefore had to be diverted into manufactured products. The return from these is lower than that from liquid milk, and unsold stocks have also accumulated. This has led to a difficult financial situation and underlined the need for corrective action to resolve the contradictory price structure that now exists.

4.37. *Beef.*—As shown below, deliveries of cattle and calves to the Kenya Meat Commission (KMC) dropped by 5 per cent in 1972.

	Head of Cattle
1968	184,200
1969	184,700
1970	196,100
1971	209,900
1972	199,100

The decline was almost entirely the result of low deliveries in the last quarter of the year, mainly a consequence of restrictions on the movement of livestock for veterinary reasons, which particularly affected Kajiado District. It is also likely that fewer cattle from the Somalia/Kenya border area are now being marketed in Kenya.

4.38. However, as shown in Table 4.16, while the numbers slaughtered by the KMC declined, the actual volume of meat produced was higher, because of an improvement in the quality of the animals delivered, owing to better grazing conditions during the year. The additional meat produced was directed to export markets, so that the proportion of sales outside Kenya reached 54 per cent, compared with just over 50 per cent in 1971. An important recent development in marketing has been the export for the first time of frozen meat to Western Europe. Hitherto, exports to this area have been barred by veterinary restrictions. The constraint to growth now is not so much marketing outlets as production. Efforts to increase output are continuing, and include substantial investments in the range areas and improved marketing facilities. The beef grading structure was redefined in 1971 with a view to encouraging production of higher quality meat, and producer prices were increased. In 1972, producer prices were again raised, by levels varying, according to grade, between 4.4 per cent and 15.9 per cent.

PRODUCTION AND DISPOSAL OF BEEF BY THE KENYA MEAT COMMISSION, 1966-72

Table 4.16

	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	15,615	2,680	11,100	46.9
1971	27,316	13,582	2,780	10,954	50.3
1972	28,605	13,048	3,610	11,947	54.4

4.39. *Sheep and Goats.*—Deliveries of these to the Kenya Meat Com mission are shown in Table 4.17. Sales of sheep declined somewhat but there was a substantial increase in slaughterings of lambs. The number of goats slaughtered remained more or less unchanged.

4.40. *Pigs.*—The decline in pig production, which had been apparent in 1971, continued into last year. Its causes lay mainly in the shortage and high price of feeds throughout 1971 and in the earlier part of 1972. Later in the year sales of subsidized maize for feeds were resumed by the Maize and Produce Board.

DELIVERIES OF SHEEP, LAMBS AND GOATS TO THE KENYA MEAT COMMISSION, 1966-72

Table 4.17 '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
1972	33.2	21.5	46.5

PIG DELIVERIES, 1966-72

Table 4.18 '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
1972	33.9	2.2	3.1*	39.2

*Manufacturing grade

Agricultural Development Services

4.41. *Agricultural Education and Training.*—Agricultural training available ranges from instruction in schools to degree courses in the University of Nairobi. Total enrolments at the more formal agricultural training institutions are shown in Table 4.19. Most of the increase in 1972 was in enrolments in the Faculties of Agriculture and Veterinary Medicine at the University. The first 39 graduates from the Faculty of Agriculture came out in March of this year, and the majority have joined the Ministry of Agriculture, together with 19 graduates from the Faculty of Veterinary Medicine. A development at the University in 1972 was the establishment of a post-graduate diploma in agricultural education. A post-graduate degree in agricultural extension is to be initiated in July of this year.

4.42. At Egerton College, there was also a significant increase in enrolments, which are now fixed at a maximum of 650 students, two-thirds of whom are Kenyans, the rest being from other African countries. A new course in food science and technology is being planned for the college.

TOTAL ENROLMENTS AT AGRICULTURAL TRAINING INSTITUTIONS, 1970-1972

Table 4.19 *Numbers*

	1970	1971	1972
Degree Level—			
University of Nairobi, Faculty of Agriculture	40	81	120
Faculty of Veterinary Medicine	75	210	264
Diploma Level—			
Egerton College	585	590	635
Certificate Level—			
Embu Institute of Agriculture	160	160	160
Animal Health and Industry Training Institute	255	255	255
Short-term Vocational Courses—			
Narosura Farm Mechanization Training Scheme	120	120	60
Naivasha Dairy Training School	120	120	120

4.43. Expansion of the Embu Institute of Agriculture is under way and. when completed, will enable the institute to accommodate 250 students. A similar institute is being built at Butere, also with a capacity of 250 students, the first of whom are expected to be admitted in May, 1974. The Animal Health and Industry Training Institute at Kabete continues to offer training in animal health, range management and leather manufacture. A small number of women are to be admitted to the Institute for the first time this year. The training programme at the Naivasha Dairy Training School has been expanded to include courses in sheep and goat husbandry. The drop in enrolments at the Narosura Farm Mechanization Training Scheme was due to the fact that no courses were offered there in the second half of last year. Development of Farmers Training Centres continued—a new one at Busia is nearly ready and planning of four others, at Ol Joro Orok, Kamwiti, Bungoma and Baringo, is at an advanced stage. Agricultural training is also to be offered at two multi-disciplinary District Development Centres to be built at Embu and Kwale.

4.44. *Agricultural Research.—In* 1972, current and newly started research projects yielded many results of practical value, adding to the considerable body of technical information already available for improving productivity. Areas in which progress was made included the following: —

(a) Maize.—Breeding and agronomy programmes are now supported by plant physiological investigations, providing an insight into the reaction of the maize plant to its environment. Agronomic research has moved into maize growing areas hitherto not under study. Development of high lysine maize has reached a very advanced stage.

(b) Pulses.—A project to study the agronomic factors governing the profitability of canning beans became fully operational in 1972, and now includes the establishment of a collection of bean varieties as the basis for the improvement of bean production, particularly in small-holdings.

(c) *Oil Crops.*—Breeding of better sunflower varieties continued, and received the valuable support of crop physiological research carried out by the University of Nairobi. Negotiations with a donor goverment on technical co-operation in sunflower research resulted in an agreement to begin such co-operation early this year. A modest programme on the improvement of rape-seed was initiated at the Plant Breeding Station, Njoro.

(d) Horticulture.—Research on grapes demonstrated the technical feasibility of grape production in Kenya. Negotiations with the Diversification Fund of the International Coffee Organization led to an agreement for the financing of the intensification of horticultural research, to be implemented from 1973 onwards.

(e) Coffee.—Recommendations for the control of coffee pests and diseases are continuously being revised, pending the results of the long-term breeding programme for disease-resistant varieties, which began in 1971. New methods of high-density, intensive coffee production are now being tested on a small-scale by commercial coffee producers.

(f) Cotton.—Results from research and demonstration plots show that very high yields can be achieved on rain fed small-holder plots, if pests are adequately controlled. Negotiations held in 1972 with the Cotton Research Corporation of London have led to an agreement on intensified co-operation, to take effect in 1973. Construction of a Cotton Research Station at Tebere continued.

(g) Pastures— Research to evaluate systems of pasture and ley production and utilization continued in 1972. Study of the improvement to the low seed production rate of tropical grasses has yielded much information of economic importance. Work on the selection and breeding of pasture grasses continues to receive high priority in the broad pasture research programme.

(h) Seed Certification.—The Kenya Inspection Service for Seeds expanded its activities in response to the rapidly increasing demand for certified seed. Certification and production of wheat seed has now been properly organized.

(i) Soil Survey.—This project became operational in 1972 and has already led to the publication of a number of site evaluation reports. The team concerned has undertaken a major survey of the soils of the Mbere Division in Embu District. This study will be of value for other similar semi-arid areas.

(j) Pesticide Residues.—Agreement was reached with the Centre for Overseas Pest Research, London, on co-operation to reduce pesticide residues in agricultural crops. The first steps towards the implementation of this project include the overseas training of a scientific officer and the conversion of a building for research use.

4.45. Research in animal husbandry and veterinary matters has also continued. Animal husbandry studies are carried out mainly at Naivasha and Lanet. At Naivasha. problems of long intervals between calvings and high losses in calf rearing have been investigated to find practical solutions in breeding, feeding, herd management and fertility. Various aspects of pig. sheep and goat production are also being studied there. At Lanet, research has been going on for several years on intensive beef production in feedlots. Results suggest that such beef production is economically viable in Kenya.

4.46. *Farm Mechanization.*—The operations of the Tractor Hire Service of the Ministry of Agriculture are illustrated in Table 4.20. During 1971 / 72, the service operated 50 tractors. However, its activities were limited by the age of its equipment, and the area worked declined accordingly.

AREA WORKED BY THE TRACTOR HIRE SERVICE, 1967/68—1971/72

Table 4.20 '000 *Hectares*

	1967/68	1968/69	1969/70	1970/71	1971/72
Area Ploughed	5.7	6.9	4.4	4.0	3.1
Area Harrowed	16.1	20.2	12.1	7.1	3.2
Area Planted	5.3	5.3	4.0	2.0	1.5
TOTAL	27.1	32.4	20.5	13.1	7.8

4.47. An important development in this field was the setting up recently of the Mechanization Extension Service, with the objective of assisting farmers in mechanization problems, including mechanization of small-scale agriculture, through giving advice on such matters as the type of agricultural operations which can be mechanised and the nature of the equipment to be used. This service will utilize the results of work done by the Agricultural Machinery Testing Unit at Nakuru. The Unit carries out practical field trials to determine the performance of different types of machinery, mechanization requirements under different local conditions, labour needs in various agricultural operations and related problems.

4.48. *Soil Conservation.*—The Soil Conservation Service is responsible for the construction of dams and waterholes (mainly in high potential areas—in the range areas such activities are performed by the Water Department and the Range Management Division of the Ministry of Agriculture), drainage and terracing works, bush clearing, other infrastructure activity, such as demarcation and fire-breaks, farm mapping and advice on farm plans. The Service operates from 7 stations located in different parts of the country. In 1972/73, ten waterholes and four dams were built, 2,000 hectares terraced or supplied with drainage works and 1,200 hectares cleared of bush. Infrastructure work amounted to 25 per cent of the total work done.

4.49. *Irrigation.*—The area irrigated rose by 9 per cent in 1971/72 and the gross output of the irrigation schemes by 19 per cent. However, the number of settlers grew rather more slowly, by 6 per cent. Details for each of the irrigation schemes are presented in Table 4.21.

PROGRESS OF IRRIGATION AND PRODUCTION AT THE MAJOR IRRIGATION SCHEMES, 1967/68—1971/72

Table 4.21

	1967/68	1968/69	1969/70	1970/71	1971/72
MWEA—					
Hectares cropped	3,130	3,443	3,788	4,311	4,660
Number of plot-holders	1,721	1,894	2,072	2,338	2,578
Paddy yield (metric tons)	17,368	17,466	23,025	24,760	27,938
Gross value of crop (K£)	422,158	424,794	559,434	600,420	679,852
Payments to plot-holders (K£)	268,656	258,490	371,923	378,904	436,614
TANA RIVER—					
Hectares cropped	500	484	536	573	577
Number of plot-holders	266	247	296	354	362
Cotton yield (metric tons)	463	816	1,126	1,278	1,875
Gross value of crop (K£)	24,172	42,589	61,661	69,654	109,814
Payments to plot-holders (K£)	11,628	19,927	38,278	39,328	79,595
PERKERRA—					
Hectares cropped	272	255	258	188	299
Number of plot-holders	484	472	463	465	455
Onion yield (metric tons)	2,410	2,396	2,735	1,600	1,832
Gross value of crop (K£)	39,850	85,130	73,265	60,815	61,425
Payments to plot-holders (K£)	..	43,954	40,308	30,212	17,125
AHERO—					
Hectares cropped	–	212	923	1,321	1,246
Number of plot-holders	–	131	408	519	515
Paddy yield (metric tons)	–	1,052	2,662	2,221	2,128
Gross value of crop (K£)	–	25,473	64,573	56,843	69,139
Payments to plot-holders (K£)	–	16,003	28,558	4,027	19,545
BUNYALA—					
Hectares cropped	–	–	212	212	424
Number of plot-holders		–	131	131	131
Paddy yield (metric tons)	–	–	1,067	1,124	1,683
Gross value of crop (K£)	–	–	25,868	27,494	46,129
Payments to plot-holders (K£)	–	–	16,881	18,763	25,530
TOTAL—					
Hectares cropped	3,902	4,394	5,716	6,605	7,206
Number of plot-holders	2,471	2,738	3,369	3,807	4,041
Gross value of produce (K£)	486,180	577,986	784,801	815,226	966,402

4.50. The Mwea rice scheme remains the most important irrigation project, accounting for well over half the output from the schemes. The figures shown in Table 4.21 refer only to the area actually cropped and do not reveal the major development proceeding at the scheme to expand the area under cultivation by another 1,800 hectares. The milling facilities for

handling the crop are also being expanded. At Galole, on the Tana River, the area cropped was virtually unchanged, but the output and value of the cotton crop increased substantially. For the Perkerra scheme, 1971/72 was a relatively successful year, and production partially recovered from the setback of the previous year. The area cropped went up substantially, although the volume of production, which consists of onions and chillies, did not rise at the same rate. The Ahero Scheme in West Kano, which has been developed in the last few years, did not show any significant changes last year. This is a pilot scheme, and work during the year was confined mainly to assessment of land compensation and preliminary engineering design. The paddy grown on this scheme is of the *basmati* variety which fetches a higher price than the *sindano* grown at Mwea. At Bunyala. another rice scheme, the area cropped doubled because two crops were harvested in one year for the first time. However. yield per hectare declined owing to the incidence of disease.

4.51. *Range Development and Livestock Marketing.*—The development of new range schemes and work on projects already initiated continued during the year. In North-Eastern Province, pan construction work in the pilot area known as the Madogashi/Kalalut grazing unit was completed. In addition, ten boreholes were drilled and over 15,000 sq. kilometres of range land surveyed. Range surveys were also completed in Marsabit and Kitui Districts, and a survey of the Tana River District initiated. Development of group ranches in the Rift Valley and Coast Provinces continued. A critical aspect of range development is the improvement of marketing facilities. This is the responsibility of the Livestock Marketing Division of the Ministry of Agriculture. In 1972, the Division purchased 54,000 head of cattle, which included slaughter animals as well as young stock for finishing on the new ranches or in feedlots. The Division is also responsible for the development of stock routes, and its activities included the drilling of boreholes and the provision of other facilities on holding grounds.

4.52. *Agricultural Credit.*—There are eight parastatal organizations in the country which advance credit to farmers. These are the Agricultural Finance Corporation (AFC), the Co-operative Bank, the Kenya Tea Development Authority, the Pyrethrum Board, the National Irrigation Board, the Agricultural Development Corporation (through its subsidiaries), the Horticultural Crops Development Authority and the Cotton Lint and Seed Marketing Board. Credit from all these agencies, except the AFC, is intended for specific enterprises such as tea, pyrethrum and cotton. Advances by these agencies, excluding lendings under the guaranteed minimum return (GMR) system, are shown in Table 4.22. Total lendings were not very different from those in the previous year; the proportion going to large farmers was 26 per cent. If the K£4.7 million GMR advances in 1971/72 (which went mainly to large farmers to finance current operations) were included, this proportion would be higher. Much of the large farm credit was for range areas, under-

lining the major effort going into their development. Commercial banks also lend to farmers and, at the end of 1972, outstanding bank credit to the agricultural sector amounted to K£12.5 million.

NEW AGRICULTURAL CREDIT ISSUED BY TYPE OF FARMER, 1969/70 to 1971/72

Table 4.22 K£

	1969/70	1970/71	1971/72
SHOTR TERM LOANS —			
Small Scale Farmers	627,549	102,915	178,910
Large Scale Farmers	33,816	—	5,600
Co-operative Societies	569,531	832,384	701,976
Others	—	521,079	542,234
TOTAL	1,230,896	1,456,378	1,428,720
MEDIUM TERM LOANS—			
Small Scale Farmers	752,586	193,553	727,822
Large Scale Farmers	429,045	3,604	31,631
Co-operative Societies	50,896	100,060	3,516
Others	—	—	882
TOTAL	1,232,523	297,217	763,851
LONG TERM LOANS—			
Small Scale Farmers	222,708	401,901	46,324
Large Scale Farmers	681,634	64,365	993,347
Co-operative Societies	97,831	—	—
Others	—	—	721,188
TOTAL	1,002,173	466,266	1,760,859
OTHER LOANS—			
Small Scale Farmers	27,082	514,819	*
Large Scale Farmers	—	1,024,819	*
Co-operative Societies	—	116,998	*
TOTAL	27,082	1,656,141	*
TOTAL	3,492,674	3,876,002	3,953,430

*Includedabove

4.53. Agricultural Development Corporation.—The land transfer activities of the Corporation have been taken over by the Ministry of Lands and Settlement. This had been an important function of the Corporation and after its cession, a working party was set up to examine the future role of the Corporation in the agricultural sector. The farms retained by it are devoted entirely to the production of strategic agricultural inputs, which include hybrid maize seed (of which the Corporation is the largest producer in the country), and high grade dairy cattle, sheep and pigs. The Corporation's objective of producing 1,000 in-calf heifers for sale to small farmers as dairy cattle was achieved. A new venture was the establishment of a commercial beef feedlot at Kitale.

4.54. *Co-operative Societies.*—The number of registered co-operalive societies is shown in Table 4.23, and, net of liquidations, rose from 1,554 in 1971 to 1,632 in 1972, but only 1,059 were active. New registrations last year numbered 84 compared with 55 in 1971. The total turnover of the agricultural societies was just under K£21 million, and was dominated by 3 products, coffee (48 per cent), milk (19 per cent) and pyrethrum (12 per cent).

NUMBER OF REGISTERED CO-OPERATIVE SOCIETIES

Table 4.23 *Numbers*

Province	To 31ST DECEMBER, 1972			Registrations in 1972
	Registrations	Liquidations	Balance in Register	
Central	513	122	391	4
Rift Valley	422	44	378	37
Nyanza	343	102	241	3
Western	238	69	169	5
Eastern	245	64	181	7
Nairobi	187	37	150	19
Coast	137	22	115	9
North Eastern	2	1	1	–
Country-Wide*	6	–	6	–
TOTAL	2,093	461	1,632	84

*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.

4.55. *The Special Rural Development Programme.*—A major evaluation of the SRDP was completed last year. Following this, it was decided to limit the role of the SRDP to the testing of a variety of experimental projects of national importance, rather than expanding it as another form of area development. The experimental work is intended to achieve results which can be replicated throughout the country. In 1972/73, a sum of K£591,000 was ear-marked for the programme. Experience so far has contributed to the decision to strengthen planning at the district level by making grants to district development committees for expenditure on local projects, which include agriculture as well as other aspects of rural development.

Land Adjudication and Registration

4.56. The land adjudication programme has continued to build up momentum. Details of the achievements of the programme during 1972 are shown in Table 4.24. The total area of land registered, adjudicated or under adjudication had reached very nearly 5 million hectares and was 21 per cent higher than the corresponding area a year earlier. Nearly 900,000 hectares were actually registered. Registration and adjudication now cover over 37 per cent of total registrable land. Adjudication is very nearly complete in Western Province and substantial progress was also achieved in other provinces.

PROGRAMME OF LAND REGISTRATION AND ADJUDICATION AS AT 31ST DECEMBER, 1972*

Table 4.24

	Registered Areas		Area Adjudicated but not registered		Area in which adjudication is in progress	Total Land Registered, Adjudicated or under Adjudication	
	'000 Holdings	'000 Hectares	'000 Holdings	'000 Hectares	'000 Hectares	•ooo Hectares	% of Total Registrable Land
NYANZA—							
Kisumu	3.8	5.2	19.4	29.6	44.2	79.0	45 0
Siaya	23.4	39.0	22.2	51.1	46.8	136.9	57.4
Kisii	63.8	148.0	19.0	42.8		190.8	98.1
South Nyanza	22.5	76.7	16.2	74.2	138.0	288.9	50.7
TOTAL	113.5	268.9	76.8	197.7	229.0	695.6	59.0
WESTERN—							
Kakamega	89.0	144.0	45.4	111.5	7.0	262.5	97.7
Bungoma	31.6	142.6	6.4	26.1	17.4	186.1	86.5
Busia	23.7	109.1	8.5	44.9	4.9	158.9	97.7
TOTAL	144.3	395.7	60.3	182.5	29.3	607.5	93.9
RIFT VALLEY—							
Kericho	23.5	95.3	6.6	56.7	45.0	197.0	78.2
Nandi	14.6	78.0	1.7	24.6	10.0	112.6	73.9
Elgeyo Marakwet	8.2	49.0	2.6	17.2	49.6	115.8	59.8
Baringo	5.1	56.0	2.6	23.2	34.5	113.7	11.6
Kajiado**	2.2	601.0		237.6	462.0	1,300.6	77.2
Narok**		223.3		102.4	57.7	383.4	23.8
West Pokot					59.0	59.0	12.6
Laikipia+					77.8	77 8	98.5
TOTAL	53.6	1102.6	13.5	461.7	795.6	2,359.9	43.5
CENTRAL—							
Nyeri	43.9	79.6				79.6	100.0
Murang'a	99.4	153.9				153.9	100.0
Kiambu	39.4	96.4				96.4	100.0
Kirinyaga	28.6	92.2	0.1	3.3		95.5	100.0
TOTAL	211.3	422.1	0.1	3.3		425.4	100.0
EASTERN—							
Embu	43.3	60.7		19.8	82.9	163.4	65.8
Meru	48.5	119.9	3.1	17.9	109.2	247.0	42.0
Machakos	8.3	62.0	2.6	49.2	97.3	208.5	27.6
Kitui				2.2	53.4	55.6	2.2
TOTAL	100.1	242.6	5.7	89.1	342.8	674.5	16.3
COAST—							
Taita	8.0	11.3		1.2	10.8	23.3	11.6
Kwale	0.8	2.6	1.7	13.4	106.8	122.8	22.5
Kilifi				5.1	44.2	49.3	6.8
TOTAL	8.8	13.9	1.7	19.7	161.8	195.4	13.3
ALL PROVINCES	631.6	12,445.8	158.1	954.0	1,558.5	4,958.3	37.4

*All former "trust" land.

**In Narok 122 holdings were registered and 3 holdings adjudicated and in Kajiado 33 holdings were adjudicated.

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

4.57. The number and area of holdings added to the land register is set out in Table 4.25. Compared with 1971, the number of holdings registered went up by 119 per cent and the area by 267 per cent. The disparity in the rates of growth between the two was because a high proportion of the area registered consisted of large group ranches in Kajiado and Narok districts.

NUMBER AND AREA OF HOLDINGS ADDED TO THE LAND REGISTER DURING 1970-1972*

Table 4.25

	1970		1971		1972	
	'000 Holdings	'000 Hectares	'000 Holdings	'000 Hectares	'000 Holdings	'000 Hectares
Kisumu	1.3	2.4	6.4	7.1	–	
Siaya	–	–	1.8	3.8	5.9	12.7
Kisii	–	–	6.1	12.7	9.9	20.0
South Nyanza	–	–	2.8	17.0	5.1	26.6
Kakamega	–	–	1.2	1.1	1.2	3.4
Bungoma	–	–	–	–	8.9	43.1
Busia	–	–	1.7	6.1	6.5	31.1
Kericho	12.2	51.5	4.3	14.0	7.1	29.8
Nandi	2.4	15.5	2.2	9.9	3.6	14.5
Elgeyo Marakwet	–	–	0.5	3.7	0.3	8.5
Baringo	–	–	–	–	0.1	0.7
Kajiado	–		0.5	30.4	0.3	529.9
Narok	–	14.4	–	101.8	–	114.9
Kirinyaga	–	–	–	0.1	2.2	9.4
Embu	–	–	–	–	23.1	10.0
Meru	1.5	3.3	4.5	14.1	3.2	9.1
Machakos	–	–	4.2	15.4	0.9	4.1
Taita	1.2	0.6	–	–	0.8	2.6
TOTAL	18.6	87.7	36.2	237.2	79.1	870.8

*No holdings were added to the land registries in the other districts during 1970 1972, as adjudication was not fully completed in any section.

+In 1971, 36 holdings in Kirinyaga and 27 holdings in Narok were added to the land register.

In 1972,95 holdings in Narok were added to the land register.

Land Settlement

4.58. As shown in Table 4.26, there was no change in the area added to settlement under the "million acre" scheme in 1972, but several hundred additional families were moved into schemes which had been in the process of development. However, the problem of non-repayment of loans remains serious. At the beginning of this year, 52 per cent of the amount billed was unpaid.

4.59. The policy of settlement on sub-divided holdings has been discontinued and a new project adopted for the next phase of the settlement programme. The schemes now being developed are known as *shirika* settlement. Under this project, no sub-division is made—the large holding acquired by purchase is kept intact, to be run as a single unit by members of the *shirika* scheme. Each member gets a plot of about one hectare to grow crops for his own use, and is paid a wage for working on the rest of the farm, which is under the direction of a manager. When a mixed farm is acquired by the Department of Settlement for a scheme of this nature, its membership

potential is assessed. The basis of this assessment is a target income of K£100 for each member. Membership is open to landless and unemployed people. The major benefit of *shirika* schemes over the sub-division approach is the greater efficiency derived from avoiding sub-division into individual holdings.

THE PROGRESS OF LAND SETTLEMENT TO 1972
(Cumulated totals as at the end of each year)

Table 4.26

	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
1972	494,849	140	135	36,118

4.60. Up till April, 1973, 43,264 hectares had been taken over by *shirika* schemes, at a cost of K£2.1 million, and the total number of farmers settled so far is 6,083. A major expansion of the project is now being planned.

4.61. The value of sales by co-operatives on settlement schemes is shown in Table 4.27. During 1972, this increased by 20 per cent. However, it is known that some sales also take place outside co-operative societies, so that the aggregate value of marketed production is higher than the figures show. The growth in sales originated entirely from milk and pyrethrum.

SALES FROM SETTLEMENT SCHEMES THROUGH CO-OPERATIVES, 1965-1972

Table 4.27 K£'000

ITEMS	1965	1966	1967	1968	1969	1970	1971	1972
Milk	354.6	471.7	586.3	645.6	829.7	1,021.7	1,633.9	2,069.9
Butterfat	80.6	100.5	101.8	86.4	56.3	37.6	10.2	7.7
Pyrethrum	276.6	611.1	950.8	748.8	455.4	445.9	516.5	806.8
Beef	55.9	45.5	50 6	83.3	105.3	107.4	101.9	99.0
Wheat and Barley	31.7	49.7	56.9	28.1	13.7	17.3	13.4	5.1
Maize	20.0	65.0	132.0	165.9	164.8	155.4	183.9	144.5
Coffee	17.3	24.7	26.4	20.9	20.6	26.7	27.5	36.6
Sugar-cane		—	135.9	223.4	434.9	609.5	511.9	435.6
Wool	21.1	32.7	34.3	42.5	37.9	26.4	12.7	18.0
Other Products	39.7	28.0	29.4	39.3	28.0	20.5	31.1	24.0
TOTAL	897.5	1,428.9	2,104.4	2,120.2	2,146.6	2,468.4	3,043.0	3,647.2

CHAPTER 5—NATURAL RESOURCES

Water Supplies

The importance attached to water supplies by the Government is underlined by the figures in Table 5.1, which show that aggregate expenditure, including that of the local authorities, increased by 47 per cent during 1972/73 and nearly doubled over the last two years. Expenditures by all the Ministries and departments involved has grown. The bulk of Government expenditure is undertaken through the Water Department, which has primary responsibility for the development of water supplies. There was a particularly sharp growth in local authority expenditure, accounted for primarily by Nairobi City Council.

CENTRAL GOVERNMENT AND OTHER PUBLIC AUTHORITY DEVELOPMENT EXPENDITURE ON WATER SUPPLIES AND RELATED SERVICES, 1968/69—1972/73

Table 5.1 *K*£'000

	1968/69	1969/70	1970/71	1971/72	1972/73*
Water Department	437	506	752	1,402	1,996
Mombasa Pipeline Board	90	66	6	123	264
Ministry of Health	40	13	33	33	43
Ministry of Lands and Settlement	214	89	53	114	314
Ministry of Co-operatives and Social Services	30	33	23	26	29
Local Authorities	401	294	1,638	1,652	2,286
TOTAL	1,212	1,001	2,505	3,350	4,932

* Provisional

5.2. *Water Department.*—In order to streamline the machinery required to fulfill the programme to provide piped water to all homes within the next 20 years, changes were made to the organization of the Water Development Division of the Ministry of Agriculture during 1972. It has now been renamed the Water Department and operates as a distinct unit within the Ministry. Its functions include the conservation, extraction, development, operation and maintenance of water supplies. It also has overall responsibility for matters relating to the control and prevention of water pollution.

5.3. Details of the expenditure of the Water Department during 1972/73 are shown in Table 5.2. Sixty-five per cent of total expenditure went to rural supplies, compared with 47 per cent during the previous year. There was a ten-fold increase in outlays on surveys of water resources and a drop in expenditure for range water.

DEVELOPMENT EXPENDITURES FOR WATER SUPPLIES AND RELATED SERVICES BY THE WATER DEPARTMENT, 1968/69—1972/73

Table 5.2 *K*£'000

	1968/69	1969/70	1970/71	1971/72	1972/73*
Urban Water Supplies	211	81	134	208	180
Rural Water Supplies	139	253	408	654	1,292
Buildings and Works	6	24	69	36	30
Water Resources Surveys	35	11	10	11	115
Lake Victoria Hydrometeoro-logical Surveys	39	41	42	46	50
Dam and Borehole Subsidies	7	10	6	8	8
Livestock Development Project Range Water	—			392	282
Master Plan Study for Water Development		86	85	47	39
TOTAL	437	506	752	1,402	1,996

* Provisional.

5.4. Details of the Department's rural water supply schemes are set out in Table 5.3 by province. The number of projects rose by five and their cost by 53 per cent compared with last year. The entire increase has been in the larger projects.

RURAL WATER SUPPLY PROJECT SCHEMES OPERATIONAL OR EXPECTED TO BE OPERATIONAL BY JUNE, 1973

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			2	200,000	2	200,000
Coast	3	17,500	1	164,000	4	181,500
Eastern	5	28,500	7	243,000	12	271,500
N. Eastern	7	33,500	—	—	7	33,500
Nyanza		—	1	19,400	1	19,400
R. Valley	10	36,200	1	20,000	11	56,200
Western	—	—	3	110,000	3	110,000
TOTAL	25	115,700	15	756,400	40	872,100

5.5. The number of "gazetted" schemes which the Department operates and maintains now stands at 132 (compared with 107 last year), 92 of which are urban. In addition, the Department is responsible for 115 "non-gazetted" schemes, located primarily in institutions. The urban schemes are almost

entirely in small urban centres and the Department plans to increase their number by 50. At present, the range water programme is concentrated mainly in North-Eastern Province, although plans are well advanced to supply water to 350 ranches in 15 other districts.

5.6. A K£12.5 million scheme to develop water supplies from the Sabaki River to supply Malindi and other nearby beach resorts is to be initiated in the near future. This is likely to be the Department's largest single project over the next few years.

5.7. *Mombasa Pipeline Board.*—The Board is responsible for supplying water to Mombasa. General shortages and breakages in the supply system have continued and it is evident that the level of supplies to Mombasa has to be increased and the installations improved. Consequently, plans are under way to carry out expansions and improvements at a cost of about K£1 million.

5.8. *Ministry of Health.*—The Ministry of Health continues to pursue its demonstration programme, which consists of a large number of small schemes widely distributed throughout the country, as shown in Table 5.4.

WHO/UNICEF ASSISTED RURAL WATER SUPPLY PROGRAMME IN KENYA, 1964/65-1972/73

Table 5.4

	Number of Schemes	Number of Districts involved	Total Cost	Value of UNICEF contribution		Estimate of Number of persons benefitted	Average cost per scheme K£	Average cost per capita KSh.
				K£ K£	%of Total			
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
1972/73	82	28	122,762	42,762	35	76,300	1,497	32.18

5.9. *Ministry of Lands and Settlement.*—The Department of Settlement has for many years undertaken water development for its settlement schemes. By the end of last year, 43 schemes had been completed at a cost of K£314,486. Another 14 schemes, to serve 4,844 plots, are being carried out and should be completed by the end of 1973.

5.10. *Ministry of Co-operatives and Social Services.*—The water development activities of this Ministry are related to the self-help schemes which it assists and promotes. Details are shown in Table 5.5. The increase in the value of these schemes slowed down after rising sharply in 1971.

VALUE OF COMMUNITY SELF-HELP WATER SUPPLY AND IMPROVEMENT SCHEMES, 1969-72

Table 5.5

	Unit	1969	1970	1971	1972*
Value of Water Supply Schemes Completed	K£'000	130	135	233	248
Value of Contribution of Beneficiaries:—					
Labour	K£'000	18	21	27	28
Materials	K£'000	30	13	15	22
Cash	K£'000	40	83	108	120
Total value of Beneficiaries' Contribution	K£'000	88	117	150	170
Percentage of Total Cost	%	67.6	86.7	64.4	68.7

* Provisional.

5.11. *Local Authorities.*—Nairobi City Council continues to account for the major part of total expenditure on water by local authorities. The bulk of its outlays are going into the Chania Water Scheme, the first phase of which is almost complete. This scheme is planned in three phases and will ensure adequate water supplies for Nairobi for many years. Although still small in absolute value, the outlays of County Councils on water schemes are expected to more than double in 1973.

CAPITAL EXPENDITURE ON WATER SUPPLY UNDERTAKINGS BY LOCAL AUTHORITIES, 1968-1973

Table 5.6 K£'000

	1968	1969	1970	1971	1972	1973*
Municipalities	587	165	380	1,615	1,498	1,933
County Councils	23	27	15	23	154	353
TOTAL	610	192	395	1,638	1,652	2,286

*Provisional.

5.12. *Groundwater.*—Groundwater is an important source in areas which lack permanent rivers and streams. Exploitation of this source is encouraged through a borehole subsidy paid by the Government. Details of the number of boreholes drilled and the subsidy paid are set out in Table 5.7.

BOREHOLES DRILLED AND SUBSIDY PAID, **1967/68-1971/72**

***Table* 5.7**

	Unit	1967/68	1968/69	1969/70	1970/71	1971/72
Boreholes Drilled	No.	54	81	98	83	67
Successful Boreholes	No.	48	44	67	64	65
Percentage Successful	%	88.9	54.3	68.4	77.1	97.0
Subsidy Paid	K£	2,793	4,049	3,875	1,588	1,456

5.13. *Dam Construction.*—Conservation of surface water through dam construction is promoted by the provision of a 25 per cent subsidy for all dams built in areas with average monthly precipitation of more than 100 mm. and of 40 per cent in areas with lower rainfall. In 1971/72 expenditure on dam construction by Government units (some financed by private funds) was as follows:—

North-Eastern Province	K£78,000
Eastern Province	K£25,000
Rest of the Country	K£95,000
TOTAL	K£ 198,000

The size of the dam construction programme is to be enlarged in the future.

Fisheries

5.14. The size and value of the catch in 1972 is illustrated in Table 5.8. Its volume, although 6 per cent higher than in 1971, remained below that of the two previous years. The value to fishermen of the catch has been more or less constant for the last three years.

5.15. The freshwater catch from Lake Victoria and Lake Rudolf increased significantly, but there was a marked drop in production from Lakes Baringo and Naivasha. The freezing factory at Lake Baringo was closed for most of the year, thus cutting off the main outlet for fish. At Lake Naivasha, the cause of the decline is more difficult to determine—it may be linked to biological factors reflecting apparent overfishing in previous years.

5.16. The marine catch went up by 13 per cent over the previous year but there was a sharp drop in landings of crustaceans.

5.17. The output of deep-sea fishing, consisting mainly of tuna and allied products, is not shown in Table 5.8. This catch is landed by Japanese vessels and handled by a joint Japanese/ICDC firm, and in 1972 amounted to 7,441 metric tons.

Table 5.15

QUANTITY AND VALUE OF FISH;LANDED,11970-72

	1970		1971		1972*	
	Quantity	Value to Fishermen	Quantity	Value to Fishermen	Quantity	Value to Fishermen
	Met. Tons	K£'OOO	*Mel. Tons*	K£'000	*Met. Tons*	K£'000
FRESHWATER FISH—						
Lake Victoria	16,400	744	14,918	767	15,989	841
Lake Rudolf	4,854	51	3,612	51	4,090	51
Lake Baringo	717	12	293	9	58	2
Lake Naivasha commercial ..	1,150	49	484	29	117	12
Lake Naivasha sport	100	7			144	10
Other lakes	985	36	200	8	208	10
Rivers	1,524	84	1,622	80	1,624	81
Fish ponds	121	14	–		–	–
TOTAL	25,851	1,028	21,129	944	22,230	1,008
MARINE FISH—						
Lamu	744	33	1,236	110	1,219	58
Malindi	442	27	928	71	1,547	71
Kilifi	118	8	310	23	172	17
Mtwapa	117	9	–		–	–
Mombasa	787	78	11,847	164	2,176	168
Shimoni	322	24	335	25	471	39
Vanga	237	13	435	22	419	28
Other S. Coast Villages	955	61	1,369	89	1,299	74
Sport fishing	82	6	102	8	108	7
All other areas	3,813	203	–	–	–	—
TOTAL	7,617	460	6,562	512	7,411	463
CRUSTACEANS—						
Lamu	66	15	68	17	66	18
Malindi	7	2	6	2	4	1
Kilifi	16	4	14	4	4	1
Mtwapa	2	–	–		–	–
Mombasa	12	3	119	35	57	23
Shimoni	12	3	5	2	6	2
Vanga	9	1	15	2	20	4
Other S. Coast Villages	35	6	47	8	28	5
TOTAL	159	34	274	71	185	54
OTHER MARINE PRODUCTS—						
Lamu	2		24	1	10	
Malindi		1	2	1	2	2
Kilifi						
Mtwapa	–	–	–		–	
Mombasa	126	4	173	4	110	5
Shimoni						
Vanga						
Other S. Coast Villages	–	–	–	–	–	–
All other areas	–	–	–	–	–	–
TOTAL	134	5	199	7	126	7
All Fisheries	33,761	1,527	28,164	1,533	29,808	1,523
Estimated retail value K£'000	-	3,818		3,873		3,885

* Provisional

Forestry

5.18. The extension of the area of planted forest in 1972 was, at nearly 9,000 hectares, more than for several years, bringing the total planted to nearly 129,000 hectares. Rapid development of the Turbo Afforestation Scheme continued during the year, with 1,462 hectares being planted. The total area of forest in this scheme now exceeds 6,500 hectares, and it is being developed to supply the pulp and paper mill being built at Webuye *(see* Paragraph 5.23).

FOREST PLANTATION AREA, 1966-1972

Table 5.9 '000 *Hectares*

	1966	1967	1968	1969	1970	1971	1972*
Indigenous softwoods	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Indigenous hardwoods	3.8	3.9	4.1	4.0	4.3	4.5	4.5
Exotic Softwoods—							
Cypress	35.1	37.3	40.0	43.0	43.8	47.0	47.4
Pines	40.6	42.5	46.6	49.0	51.1	52.2	57.6
Exotic hardwoods—							
Timber	2.8	2.3	2.5	4.0	2.3	2.3	2.7
Fuel	6.5	6.0	7.0	7.0	9.8	9.3	12.0
TOTAL AFFORESTATION	93.4	96.6	104.8	111.6	115.3	119.9	128.8

* Provisional.

5.19. The Rural Afforestation Extension Scheme, launched two years ago, continued to make progress. In 1972 it was extended to three more districts and another 16 are to be covered by the end of this year.

5.20. Loss of forest through fire was greatly reduced in 1972, to less than 100 hectares compared with 14,500 in 1971. The primary reason for this was that weather conditions were less dry in 1972, although there were also improvements in measures to combat outbreaks of fire.

5.21. Sales of forest products are shown in Table 5.10. These rose a little in 1972, mainly to meet rising domestic demand. Exports of sawn timber during the year fell sharply after rising steadily for many years. The main reason was the drop in exports to the partner states, from 19,715 cu. metres in 1971 to 4,121 cu. metres during 1972.

SALES OF FOREST PRODUCTS, 1966-1972

Table 5.10

	1966	1967	1968	1969	1970	1971	1972*
Timber ('000 true cu metres)—							
Softwood	156	206	191	257	260	240	245
Hardwood	14	15	17	24	24	33	44
TOTAL	170	221	208	281	284	273	289
Fuel ('000 stacked cu metres)—							
Fuelwood	107	91	82	89	65	46	36
Charcoal	147	64	106	107	133	125	148
Power and Telegraph Poles (numbers)	7,000	252	8,342	10,747	14,409	12,501	11,192

* Provisional.

5.22. Exports of charcoal dropped from 58,235 metric tons in 1971 to 11,000 tons in 1972. This decrease was the result of a deliberate effort by the Government to cut down production for export, because this trade was fed by indiscriminate felling of forest and woodland, particularly at the Coast.

5.23. Forest-based industries continue to be developed. A third plywood mill, currently under construction at Eldoret, is expected to start production at the end of the year. In addition, arrangements are being made to build two more mills, one in the Transmara area and the other to the north-east of Mount Kenya, and a fibre board mill is being built at Elburgon. By far the largest forestry-based industrial project, and one of the largest enterprises in the country, is the pulp and paper mill under construction at Webuye. Work on the mill is well advanced and production is expected to commence next year.

Wildlife

5.24. The progress of land registration, particularly in pastoral areas, and increasing pressures on available land, because of rapid population growth, have raised new issues affecting the management of the country's wildlife resources. These are now under discussion and a comprehensive statement of official policy will be contained in the forthcoming Wildlife Management Bill, expected to be debated in the National Assembly later this year. The bill will also contain details of the proposed merger of the National Parks organization and the Game Department.

5.25. Systematic research on effective utilization of wildlife resources in Kenya was initiated in June, 1972, when the Wildlife Management Project was started in Kajiado District. (A pilot project had been in operation since the beginning of the year.) It is envisaged that successful aspects of the project, which aims to maximise returns from wildlife resources, will be replicated in other districts of Kenya. The initial emphasis has been on establishing a successful cropping programme which will allow a sustained annual off-take to be converted to meats, hides and other by-products for the benefit of landowners. Techniques of capture, field processing and marketing animals and products are also being considered. Since such an operation is relatively new to Kenya, markets will have to be developed and tested as supplies become available. The project is being jointly financed by UNDP/FAO and the Game Department.

5.26. An increasing amount of education work to promote public awareness of the value of wildlife is also going on. In 1972, there were some 169 clubs organized by the Wildlife Clubs of Kenya, with more than 7.000 members in secondary schools and training colleges. Following the completion of a new headquarters and the purchase of mobile film and library units, the

society's activities in encouraging youth participation in wildlife conservation have expanded substantially. Wildlife conservation in Kenya also benefits from the activities of the East African Wildlife Society which, in addition to financing its own projects, acts as an agent for projects financed by individuals and international conservation bodies. During 1972, the Society financed expenditures for a major study on the future management of Tsavo National Park, for anti-poaching work in the Masai Mara Game Reserve and for a preliminary study of visitor/vehicle pressure within Kenya's national parks as well as other projects to the value of some K£5,000.

5.27. Population pressure and changing land use in the various wildlife dispersal areas have a bearing on the future viability of the national parks and game reserves. During 1972, several measures that would benefit local inhabitants whilst maintaining the tourist potential of these areas were considered. A scheme was designed to provide the Amboseli area with five new watering points so that the Masai would no longer have to graze their cattle in the area that had been set aside as a future national park. A similar scheme, on a much smaller scale, has been drawn up for the Saiwa Swamp Sitatunga Sanctuary. The Government is also seeking assistance to develop and manage wildlife viewing activities in the dispersal areas of the Nairobi National Park on behalf of the ranchers in the area.

5.28. The number of visitors to national parks is shown in Tables 7.13 and 7.14. Plans are under way to extend the national parks system to include four new national parks (Lake Hannington, Kiunga, Kisiti and East Rudolf) and expand two existing ones (Lake Nakuru and Nairobi). New Game Reserves are to be established in Rahole, Lamu and Koru and the Samburu/ Isiolo Game Reserve is to be extended to incorporate migratory routes of elephant and Grevy's zebra.

5.29. Table 5.11 shows the revenues of the Game Department from its various activities. This represents only a part of direct revenues from game utilization in Kenya.

GAME DEPARTMENT REVENUE, 1970-1972

Table 5.11 K£'000

	1970	1971	1972
Hunting Fees	172	262	350
Trophy Sales/Permits	114	176	400
Capture Fees	5	10	15
TOTAL	291	448	765

Mining and Quarrying

5.30. Quantities and values of minerals produced in 1972 are shown in Tables 5.12 and 5.13. Materials used in the manufacture of cement are shown separately in Table 5.14.

THE QUANTITY OF MINERAL OUTPUT, 1968-1972

Table 5.12

	Unit	1968	1969	1970	1971	1972*
Aquamarine	gm.	13,000	77,796	11,340	—	—
Barytes	Ton.	350	435	447	743	628
Baryl		11	3	4	—	0.421
Carbon Dioxide		819	762	763	1,051	—
Copper	"	38	77	79	73	72
Corundum		43	119	60	—	—
Corundum (Ruby)	gm.	9,090	2,391	2,477	3,340	6,100
Diatomite	Ton.	2,055	2,303	1,601	1,400	1,812
Felspar	"	535	1,560	895	2,650	1,962
Fluorspar Ore (Fluorite)	"	192	1,861	3,904	6,561	10,457
Carnet	Kg.	211	116	—	—	24
Gaylussite..	Ton.	0.08	15	204	—	—
Gold	gm.	994,954	556,847	—	—	34
Guano	Ton.	41	360	638	350	747
Gypsum		501	480	1,057	—	—
Kaolin		1,332	1,472	1,770	—	718
Limestone Products		18,567	24,904	24,149	28,127	22,854
Magnesite.		68	503	4	221	628
Magnetite		—	—	—	—	9,240
Salt (Crude)		33,052	4,924	3,851	—	5,010
Salt (Refined)		27,689	37,361	35,420	43,406	22,756
Sand		—	—	—	—	12,900
Sapphire	gm.	5,611	2,839	903	—	—
Silver	gm. oz.	86,187	51,880	—	—	—
Soda Ash	Ton.	115,398	105,908	167,477	161,260	148,617
Soda Crushed Raw		2,283	2,568	2,879	1,923	3,665
Tourmaline	gm.	91	604	—	—	742
Vermiculite	Ton.	279	776	1,668	1,359	932
Wollastonite	Ton.	1,381	691	100		

*Provisional.

THE VALUE OF MINERAL OUTPUT, 1968-1972

Table 5.13

K£

	1968	1969	1970	1971	1972*
Aquamarine	5,188	2,000	3,190		
Barytes	9,086	11,408	8,760	10,563	11,894
Beryl	2,360	430	480		—
Carbon Dioxide	76,204	71,635	69,802	97,045	—
Copper	14,654	40,444	37,685	26,663	20,176
Corundum	447	4,608	1,170		—
Corundum (Ruby)	—	—	—	—	1,366
Diatomite	30,345	32,241	30,298	28,000	37,233
Felspar	8,350	24,938	13,200	26,005	11,356
Fluorspar Ore (Fluorite)	2,977	23,837	38,577	38,226	126,959
Garnets	60	416	—	—	3,058
Gaylussite	50	9,333	70*		
Gold	448,009	273,821	—		1,287
Guano	400	6,342	11,400	5,899	15,362
Gypsum	1,742	2,006	3,661		—
Kaolin	24,114	36,225	43,375	—	1,006
Limestone products	125,561	180,672	171,835	232,486	184,826
Magnesite	603	4,622	40	1,768	6,479
Magnetite	—	—	—	—	57,450
Salt (Crude)	457,718	39,535	36,299	—	45,690
Salt (Refined)	274,157	358,499	348,298	424,785	224,906
Sand	—	—	—	—	17,178
Sapphire.	1,659	5,286	4,310	—	—
Silver	2,146	1,070	—	—	—
Soda Ash	1,203,552	1,118,046	1,846,890	1,889,226	1,745,815
Soda Crushed Raw.	21,834	24,953	24,358	17,614	34,729
Tourmaline	74	91	—	—	440
Vermiculite	820	2,702	7,931	11,620	6,347
Wollastonite	21,567	6,000	1,700	—	
TOTAL	2,284,433	2,283,805	2,729,856	2,838,422	

*Provisional.

QUANTITY AND VALUE OF MINERALS PRODUCED FOR CEMENT MANUFACTURE, 1971 AND 1972

Table 5.14

	1971		1972	
	Quantity *Metric Tons*	Value *K£*	Quantity *Metric Tons*	Value *K£*
Gypsum	91,872	213,840	73,000	177,463
Kunkur	51,499	28,324	61,757	31,095
Limestone	1,014,696	433,289	1,059,597	238,084
Shale	187,050	93,500	162,000	81,000
Volcanic Ash	1,866	1,866	2,633	5,040
TOTAL	1,346,983	770,819	1,358,987	532,682

5.31. The major feature of the mining industry during the year was the continued development of the two large mineral deposits mentioned in last year's *Survey*. One of these is the fluorspar mine in the Kerio Valley. An initial fluorspar shipment of 12,000 metric tons to Japan has been made with a view to establishing a market outlet in a major consuming country. New concentrating facilities are expected to be in operation by the end of next year to improve the final product, which will also fetch a higher price in export markets, and a new road to the nearest railway station has been built for K£350,000. The second significant recent mining operation is at Kinangoni at the Coast. Steady development of this zinc, lead and silver mine is proceeding. A mobile crushing, milling and concentration plant is to be set up soon and first recovery of concentrates is expected later this year.

5.32. Development at another coastal site, Mrima Hill, where deposits of rare metals are located, has been held back owing to difficulties in evolving an economic method of recovery. However, exploration work is continuing elsewhere at the Coast in a systematic search for other mineral deposits.

5.33. Petroleum exploration is being intensified, mainly in North-Eastern Province but also at the Coast. Two more firms have been licensed to carry out searches and the area is now divided into eight zones for prospecting purposes. One of the new licences is for the off-shore area and applications are being considered from other oil firms seeking off-shore prospecting rights.

5.34. In value terms, soda ash is still the most important mineral item. The size and direction of its exports are shown in Table 5.15. Although the quantity exported declined slightly, better prices were obtained during the year.

QUANTITY AND VALUE OF SODA ASH EXPORTS BY DESTINATION, 1969-1972

Table 5.15

	1969		1970		1971		1972	
	Quantity *metric tons*	Value K£	Quantity *metric tons*	Value K£	Quantity *metric tons*	Value K£	Quantity *metric tons*	Value K£
Japan	26,393	207,255	35,480	275,867	20,800	138,952	16,597	118,235
Thailand	15,777	185,825	20,525	193,233	24,434	239,397	14,968	181,562
Turkey	3,473	40,604	8,112	95,389	4,046	51,422		
Singapore	6,149	75,815	12,800	152,295	10,311	99,869	11,464	154,672
Israel	6,149	75,815	12,800	152,295	10,025	127,759	12,289	170,761
Swaziland	182	2,183	11,208	137,947	16,460	237,138	2,500	35,241
Iran	800	10,195	8,885	110,873	8,905	109,589	1,351	19,562
Other	24,325	275,863	16,119	157,224	54,925	856,295	85,549	1,254,989
TOTAL	85,942	903,513	124,197	1,243,865	149,906	1,860,421	144,718	1,935,022

CHAPTER 6—MANUFACTURING, ELECTRICITY, BUILDING AND CONSTRUCTION

Manufacturing

The growth of industrial production in real terms was a good deal slower in 1972 than the rate achieved in 1971, as shown in Table 6.1. The overall rise in the volume of industrial production was 7.3 per cent, more than 1 percentage point below the development plan target of 8.4 per cent. However, it is likely that the actual increase in production was slightly above 7.3 per cent because the index of production in Table 6.1, in which the base year is 1969, does not fully reflect the impact of new manufacturing plants opened more recently.

6.2. Various factors contributed to the slower expansion of production. In some sectors plant capacity acted as a constraint. This was especially so at the Mombasa oil refinery, whose output is of considerable significance within the industrial sector. Although rapid expansion of the plant is taking place, its throughput during 1972 was slightly less than in the previous year *(see* paragraph 6.22). In some industries, such as paper and printing and, particularly, transport equipment, there was a fall in domestic demand, whilst the decline in the value of exports to Uganda affected a wide range of manufacturing industries *(see* Table 3.20). In other sectors, the availability of inputs was a constraint. In the meat processing industry, this was the result of veterinary regulations which held back supplies to slaughter plants, but in some industries it may have been partly caused by import restrictions leading to shortages of raw materials.

6.3. While production during the year was somewhat below expectations, development of new manufacturing capacity proceeded briskly, and this should be reflected in the level of future output. In almost every category of manufacturing, new plants have been built or existing ones expanded. Details of total investment in the sector during 1972 are shown in Tables 1.11 and 1.12.

6.4. Several of the new projects involved the participation of the Industrial and Commercial Development Corporation (ICDC) and the Development Finance Company of Kenya, both of which are public bodies which have been involved for several years in the development of new activities in the manufacturing sector. They do this primarily through equity investment. Through a subsidiary company, the ICDC is also involved in the development of industrial estates for small manufacturers. Two such estates have already been built, in Nairobi and Nakuru. Both of these are to be expanded, and new ones constructed at Mombasa and Kisumu. In the rural areas, the Government has initiated a rural industrial development programme which is part of a general programme of rural development. Small and medium scale industries will be established, with a view to utilizing local resources. In 1971/72, four rural industrial development centres were set up. at Nyeri, Machakos, Kakamega and Embu, and more are planned.

QUANTITY INDEX OF MANUFACTURING PRODUCTION, 1965-1972
(1969=100)

Table 6.1

	1965	1966	1967	1968	1970	1971	1972*	Percentage change 1971 to 1972
Coffee Milling	89.3	101.2	125.0	75.0	107.3	135.8	129.7	—4.5
Meat Processing	97.1	99.4	107.5	105.2	104.1	100.7	100.3	—0.4
Dairy Products	88.7	99.9	100.5	104.3	105.7	100.6	118.3	17.6
Canning of Fruit and Vegetables	106.4	98.8	92.7	103.4	130.9	141.9	153.1	7.9
Canning and Preserving of Fish	73-1	87.3	86.2	88.8	110.0	90.0	90.0	
Grain Milling	78.8	76.8	84.0	83.8	119.2	116.5	120.3	3.3
Bakery Products	74.2	86.6	91.9	101.1	108.2	151.8	167.5	10.3
Sugar	25.3	31.6	52.5	70.8	108.9	107.7	78.5	—27.2
Confectionery	88.2	104.1	86.5	84.7	97.1	98.2	120.0	22.2
Miscellaneous Food	65.3	62.4	55.3	66.5	102.3	111.8	146.4	30.9
TOTAL FOODSTUFF PROCESSING	83.9	81.3	87.0	89.0	110.4	116.6	124.5	6.8
Beverages	73.5	75.9	75.5	90.5	120.7	141.2	157.3	11.4
Tobacco	92.4	100.4	98.6	99.7	114.6	123.3	152.2	23.4
TOTAL BEVERAGES AND TOBACCO	78.5	82.5	81.7	93.0	119.1	136.4	155.9	14.3
Cotton Ginning	98.7	100 8	103.0	86.5	119.5	130.3	125.1	—3.9
Knitting Mills	55.4	49.0	38.3	72.5	105.1	115.8	107.5	—6.2
Cordage, Rope and Twine	93.6	95.5	112.2	113.5	48.4	96.0	118.4	23.4
Spinning and Weaving	36.4	67.4	73.0	99.6	119.1	132.4	163.9	23.8
TOTAL TEXTILES	65.8	78.2	87.2	102.4	87.8	114.4	132.6	15.9
Footwear	73.1	87.1	79.3	98.8	103.5	128.6	136.1	5.8
Clothing and Wearing Apparel	95.3	87.3	105.4	99.2	124.4	120.4	121.4	0.8
Canvas Goods	88.9	87.8	94.7	129.6	133.4	100.9	103.6	2.7
TOTAL FOOTWEAR AND CLOTHING	84.7	85.9	93.6	100.0	121.3	118.2	121.1	2.5
Wood Product	76.5	61.0	79.4	74.7	102.5	98.6	102.5	4.0
Furniture and Fixtures	66.7	54.2	66.7	66.7	112.5	133.3	179.2	34.4
TOTAL WOOD PRODUCTS AND FURNITURE	72.4	58.1	74.1	71.4	106.7	113.1	134.7	19.0
Paper	70.4	78.9	88.5	73.5	112.0	125.8	128.2	2.0
Printing	69.4	81.2	87.0	101.3	100.0	133.0	143.7	8.1
TOTAL PAPER AND PRINTING	69.6	80.6	86.5	94.7	102.8	131.3	140.0	6.7
Leather and Leather Products	41.5	48.3	64.6	83.9	79.6	96.1	131.5	36.9
Rubber and Rubber Products	49.0	66.9	69.3	91.0	116.5	135.0	163.4	21.0
Chemicals	64.5	70.0	75.1	94.2	99.5	111.4	115.4	3.6
Petroleum Products	84.4	84.9	91.4	89.8	99.9	118.2	116.5	—1.4
Non-Metallic Minerals	74.2	75.4	79.9	89.1	122.6	123.6	132.0	6.9
Metal Products	77.4	77.8	80.7	92.6	109.9	121.9	140.0	14.8
Non-Electrical Machinery	60.9	87.3	94.9	107.6	117.4	119.4	128.3	7.4
Electrical Machinery	63.8	71.7	74.1	92.6	109.7	123.9	129.2	4.3
Transport Equipment	80.5	82.1	89.5	92.2	102.4	112.9	111.1	—1.5
Miscellaneous Manufacturing	57.0	66.4	86.5	91.9	126.4	173.4	174.0	0.3
ALL MANUFACTURING	75.0	78.6	83.3	90.8	108.4	122.0	130.9	7.3

*Provisional

6.5. An important recent development in public sector promotion of industrialization is the setting up of the Industrial Development Bank. The bank will participate in new projects either through equity holdings or by providing loan capital.

6.6. *Food Processing.*—Production in this group of industries rose by 7 per cent in 1972, a rate of growth similar to that in the previous year. However, output either declined or remained stationary in several of the major food processing activities. Sugar production declined by 27 per cent, which was the major factor holding back growth of production in food processing as a whole. There was also a drop, of nearly 5 per cent, in the volume of coffee milled. Meat processing showed almost no change. Further details on the farm production of these items are set out in Chapter 4.

6.7. Meat processing was held back by limited supplies, resulting from veterinary restrictions on the movement of cattle and a significant decline in the number of pigs produced for slaughter. However, some important developments which will affect the future of the industry have taken place recently. For the first time, frozen beef from Kenya has been exported to European markets, from which it was previously excluded on veterinary grounds. It is expected that these shipments will lead to the opening up of a major market for Kenya beef. The Kenya Meat Commission is undertaking substantial capacity expansion, including the construction of a new freezing block at Athi River to supply these new markets. Much of the planned expansion at Athi River has already been completed at a cost of nearly K£1 million. Expansion of the facilities at Mombasa is also planned. The financial position of the Commission has continued to improve and is now strong enough to support this programme.

6.8. In dairy processing, output during the year increased by nearly 18 per cent. However, the rapid influx of milk into the creameries created marketing difficulties. Expansion of capacity of Kenya Co-operative Creameries continued during the year. A new creamery was built at Sotik for K£362,000. Another and much larger plant is to be built at Kitale at a cost of K£600,000 to manufacture milk powder for local and export markets. It is also intended to build two more plants to produce ultra heat treated milk and cheese.

6.9. As shown below, wheat flour production (a major part of the grain milling industry) continued to drop: —

Year	*'000 metric tons*
1968	75.0
1969	89.2
1970	127.9
1971	120.4
1972	116.5

However, domestic consumption of flour continued to rise and this additional demand was met by reducing exports. Although wheat flour production fell, more maize was milled and this helped to maintain the level of production in the industry.

6.10. Development of new facilities for the handling and processing of maize continued. A 20,000 metric ton silo at Nakuru, costing K£350,000, is nearing completion and will supply maize directly to a mill nearby. A K£125,000 factory to manufacture cornflakes for the East African market is under construction and another factory, which will produce maize starch and glucose syrup, is to be built at Eldoret for K£850,000. These two factories will absorb 14,500 metric tons of maize per annum. Other developments in grain milling include another rice mill at Sagana, costing K£200,000, to expand available capacity for the processing of paddy from the Mwea Irrigation Scheme. Bakery production will receive further impetus from the construction of a K£400.000 modern bakery at Kiganjo, to supply northern Kenya with bread.

6.11. Output in the fruit and vegetable canning industries increased by nearly 8 per cent, mainly as a result of an expansion in pineapple processing. A new factory to process high quality passion fruit products was opened at Thika. Canning capacity will be augmented by the building of a K£ 100,000 factory for canning beans and processing groundnuts.

6.12. Sugar production fell drastically during the year: —

Year	*'000 metric tons*
1968	81.4
1969	115.1
1970	125.3
1971	124.3
1972	90.2

However, consumption continued to rise and substantial imports were necessary to meet requirements. The decline was a direct result of the fall in deliveries of cane to the factories *(see* Chapter 4), which was related both to the overall fall in sugar-cane production and to the probable diversion of a larger proportion of cane to jaggery factories. Future production is expected to grow as a result of rising cane supplies and the installation of additional processing capacity. A new mill at Mumias is nearing completion and a major project for increasing sugar-cane production around existing mills is under way.

6.13. A sharp growth in chocolate and sugar confectionery production during 1972 followed completion of a new factory to manufacture cocoa products. Other notable developments in food processing expected to take place this year include the construction of plants to process cashew nuts and to manufacture animal feeds, instant coffee and tea.

6.14. *Beverages and Tobacco.*—Production of beverages and tobacco continued to rise rapidly, increasing by 14 per cent during 1972. Details of the output of individual items are set out in Table 6.2.

PRODUCTION OF BEVERAGES AND TOBACCO, 1966-1972

Table 6.2

	Spirits	Beer	Mineral waters	Cigarettes and cigars
	litres	'000 *litres*	'000 *litres*	*Metric tons*
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	200,116	93,538	36,532	2,593
1972	278,496	104,835	38,610	2,717

Production of beer went up 12 per cent and that of mineral waters by 6 per cent. Output of spirits rose particularly sharply, by 39 per cent. The construction of a new plant to manufacture soft drinks has significantly expanded capacity in this industry. A major programme of expansion of brewery capacity is continuing in Nairobi and Mombasa. A new development in this group is represented by a proposal to build a K£3.3 million plant at Naro Moru to manufacture potable alcohol and bakers' yeast. Almost the entire output of this plant will be destined for export markets. The production of cigarettes and tobacco reached 2,717 metric tons during 1972.

6.15. *Textiles.*—Overall production in this sector rose by nearly 16 per cent. However, there was wide variation in the performance of its individual components. The bulk of the growth was in cordage and spinning and weaving (over 23 per cent in each). Production of cordage had recovered completely from the slump of 1970, and exceeded the high level of production attained in 1968. Significant future increases in production are expected from new plant capacity now being built. This includes a hessian factory at Ruiru to manufacture wall coverings and sisal floor mats, and another at Thika.

6.16. In spinning and weaving, diversification of products continued during the year, and several of the factories concerned introduced new machinery for this purpose, to reinforce the recent trend towards the manufacture of higher quality products, which would help to strengthen the competitive position of Kenya's textile industry. A major addition to capacity for high quality products will be the completion of the K£4.8 million mill being built at Eldoret. This factory will be able to produce over 14 million square metres of cloth annually. A new factory to manufacture sewing thread was completed during the year.

6.17. *Footwear and Clothing and Made-up Textiles.* After the major growth observed in 1971. activity in this group slowed down and showed only a modest increase of 2.5 per cent in 1972. This deceleration was caused by a fall in exports of footwear together with reduced growth in tent manufacturing. It would seem that the clothing industry was not able to take full advantage of the restrictions on imports introduced early in the year, partly because of the high level of stocks then available. Capacity in the industry will be augmented by the completion later this year of a K£280,000 garment factory at Thika to manufacture men's and children's clothing.

6.18. *Wood Products and Furniture; Paper and Printing.*—Developments in some of these industries are discussed in Chapter 5.

6.19. *Leather and Leather Products.*—This group recorded an extremely high rate of growth of 37 per cent in 1972.

6.20 *Rubber and Rubber Products.*—This industry was transformed in 1972, the first full year of operation of a tyre manufacturing plant. This was responsible for the 21 per cent growth in output shown in Table 6.1. However, initial production at the plant has encountered some teething troubles, which have affected the quality of tyres manufactured. Efforts are now being made to correct these by the installation of more testing equipment. The range of tyres being manufactured is also to be enlarged to include new sizes and new types, such as steel cord radial truck tyres.

6.21. *Chemicals.*—Chemical production showed a moderate growth of 4 per cent, to which all branches of the industry except soap manufacturing contributed. Production increases of 13 and 29 per cent were recorded for paints and pyrethrum extraction, the former because of rising demand, especially from the construction industry, and the latter following substantial growth in the production of pyrethrum flowers *(see* Chapter 4). In both industries new investment is continuing. Available capacity for pyrethrum processing will double when the new K£1.5 million extraction factory at Nakuru is completed. Production in the wattle extraction industry rose by 17 per cent but that of miscellaneous chemicals increased by only 1 per cent, although a rising output of pharmaceuticals may be expected, following the opening late last year of a K£500,000 factory.

PRODUCTION OF PAINTS AND DISTEMPERS, 1968-1972

Table 6.3 *'000 litres*

	Paints	Distempers	
1968	2,416	722	
1969	2,976	654	
1970	3,198	529	
1971	3,701	553	
1972	4,166	583	

6.22. *Petroleum.*—The series below shows a slight decline in the throughput of crude oil: —

Year	*Million litres*
1968	2,255
1969	2,510
1970	2,508
1971	2,966
1972	2,925

This was due to interruption of production for a fortnight for essential cleaning. Because domestic demand for petroleum products continued to rise, imports became necessary. However, as shown in Table 6.4, exports were maintained at the same level as in 1971. The capacity of the refinery is currently being increased by 60 per cent and a significant proportion of the K£12.5 million investment has already been made.

EXPORTS OF PETROLEUM PRODUCTS, 1967-1972

Table 6.4 *K£'000*

	1967	1968	1969	1970	1971	1972*
To Tanzania	1,517	1,411	1,398	1,260	1,404	1,546
To Uganda	2,553	2,999	3,492	4,340	4,786	4,859
To Other Countries	7,170	6,111	7,623	8,176	8,869	8,942
TOTAL EXPORTS	11,240	10,521	12,513	13,776	15,059	15,347

*Provisional

6.23. *Non-metallic Minerals.*—The major component of this group is cement, the production of which changed little during 1972. Total exports to Uganda and Tanzania declined while overseas sales increased. Domestic consumption grew slightly. Major expansion of capacity at both of the cement factories is being planned. Another factory, to manufacture asbestos and cement products, is being built adjacent to the Bamburi cement factory.

6.24. *Metal Products.*—The main sources of the growth of 15 per cent in this industry were production from the three steel rolling mills that have been built in recent years and the inauguration of output from two new factories making locks and miscellaneous hand tools and implements. Manufacture of steel welding electrodes was also initiated during the year.

6.25. *Electrical Machinery.*—The most significant development was the completion of a small factory to build radios and record players. Gradual diversification of this plant into electrical household equipment manufacture is foreseen.

CEMENT PRODUCTION AND UTILIZATION, 1965-1972

Table 6.5 '000 *metric tons*

YEAR	PRODUCTION	IMPORTS		EXPORTS		CONSUMPTION AND STOCKS
		From Uganda and Tanzania	From Overseas	To Uganda and Tanzania	To Overseas	
1965	483.8		0.3	186.2	199.4	97.7
1966	470.3	0.1	0.8	154.9	169.6	146.3
1967	493.6	0.2	0.8	87.3	221.2	185.5
1968	543.2	0.1	1.2	123.8	239.0	181.5
1969	642.4	0.2	1.2	110.8	309.0	223.6
1970	792.1	–	1.0	170.2	343.1	279.7
1971	794.0		42.1	149.2	331.7	355.2
1972	799.9	1.8	64.0	97.0	372.2	396.0

Electricity

6.26. Total sales of electricity by type of consumer are detailed in Table 6.6, which shows a growth in 1972 of over 11 per cent. Approximately half the growth was the result of an increase in the number of consumers. As in 1971, the most significant increase in sales occurred in industrial consumption, which went up by 13 per cent, the bulk of this growth being accounted for by new industries. Household consumption recorded an increase of 8 per cent which was mainly due to new consumers, whose number rose by nearly 7 per cent. The rise in sales of off-peak power for water heating and pumping was 12 per cent; there was a smaller growth in the sales of street lighting power.

SALES OF ELECTRICITY BY TYPE OF USER, 1968-1972

Table 6.6 *'000kWh*

	1968	1969	1970	1971	1972*
Domestic and staff quarters	101,247	101,718	107,345	114,405	122,991
Off peak water heating and pumping	82,235	87,126	96,237	105,497	117,941
Industrial	129,550	145,956	173,331	223,507	252,846
Commercial	118,907	151,094	170,753	186,158	204,222
Lighting and power (small consumers)	6,800	7,666	8,516	9,516	9,948
Street Lighting	8,389	8,586	8,671	9,232	9,389
Special Contracts	82,999	73,714	80,907	66,903	77,506
TOTAL SALES	530,127	575,860	645,759	715,218	794,843

*Provisional.

6.27. Figures of local generation and imports of electricity are shown in Table 6.7. Supplies of domestically generated electricity in 1971 had been affected by the low level of the Tana River, resulting in additional imports from Uganda. During 1972, the situation improved considerably—domestic generation increased by 19 per cent and imports fell by 3.5 per cent.

GENERATION, IMPORTS AND CONSUMPTION OF ELECTRICITY, 1968-1972

Table 6.7 '000*kWh*

	1968	1969	1970	1971	1972*
Domestically Generated	401,733	459,432	513,391	557,262	663,426
Imported	224,248	218,147	247,220	293,356	283,168
TOTAL AVAILABLE	625,981	677,489	760,611	850,618	946,595
Internal Usage and Transmission and Distribution losses	95,854	101,629	114,852	135,400	151,751
TOTAL SALES	530,127	575,860	645,759	715,218	794,843

*Provisional.

6.28. During 1972, electricity supplies were made available for the first time in Kajiado and Garissa. At the end of the year, a line to supply farms on Naivasha North Shore was under construction. This line is expected to be connected during the first half of 1973. Plans were also being prepared to supply a large number of consumers situated along the route of the Embu-Chogoria line. In order to save on generating costs, and also to provide for future demand growth, a line from Kiganjo to Nanyuki was constructed and the Nanyuki power station shut down. A further extension to Meru will serve a similar purpose, and will enable the farms in the Timau area to enjoy electricity supply facilities in 1973.

6.29. Schemes in hand at the end of 1972 included an extension from Kakamega to Webuye via Musaga. Early in 1974, when the new "stepdown" on the transmission line is completed at Musaga, the line will be used to feed into the system from Musaga to Kakamega. The Musaga "stepdown" will provide additional capacity and improve the reliability of the existing network in the Nyanza and Western area. Economies in generating cost can then be obtained by shutting down the Homa Bay power station following the construction of an extension from Sotik to Kisii, linking the Homa Bay-Kisii system to the main network. It will also supply at least one tea factory along the route.

6.30. Work is also in progress to extend supplies in Bungoma in Western Province and the Kangema area in Central Province. The largest extensions for individual consumers are to the Nairobi City Council's mid-Chania water scheme and the Kinangoni mining project at the Coast.

6.31. Work has been proceeding on the K£16 million Kamburu hydro-electric project, which will be capable of supplying 200 megawatts when completed. The first 30 megawatt set is to be in operation by the end of the first quarter of 1974. In 1973, the capacity of the network will be increased by the addition of a 13.5 megawatt industrial gas turbine generating set, now being installed in Nairobi. Investigations into the feasibility of generating electricity from geothermal steam have been continuing. But, even if this source can be successfully utilized, it will not be in commercial operation before 1978. A total of K£780,000 has been committed so far in the geothermal power exploration at Olkaria and Eburu (both near Naivasha) and the Lake Hannington area.

Building and Construction

6.32. *Building*—The value of all private building work carried out in the main towns, including new buildings constructed and extensions to existing buildings, is set out in Table 6.8. Although the provisional figures for 1972 show a drop, they are expected to be slightly higher when final data, particularly for Nairobi, have been received. Notable growth took place in some of the other towns, especially Mombasa and Nakuru.

THE VALUE OF ALL PRIVATE BUILDING WORK COMPLETED IN MAIN TOWNS, 1967-1972

Table 6.8 *K£million*

	Nairobi	Mombasa	Nakuru	Kisumu	Kitale	Eldoret	Thika	Others	Total
1967	3.28	0.59	0.06	0.02	0.03	0.03	0.14		4.15
1968	3.63	1.30	0.03	0.16	0.33		0.11		5.57
1969	5.87	1.00	0.12	0.08			0.03		7.09
1970	7.72	1.24	0.15	0.06	0.04		0.01		9.21
1971	10.81	1.19	0.08	0.01	0.05	0.02	0.01		12.18
1972*	8.51	2.45	0.14				0.06	0.04	11.21

*Provisional.

REPORTED COMPLETION OF NEW PRIVATE BUILDINGS IN MAIN TOWNS, 1967-1972

Table 6.9

	NUMBER			ESTIMATED COST *K£ million*		
	Residential	Non-Residential	Total	Residential	Non-Residential	Total
1967	245	107	352	1.44	1.63	3.07
1968	305	160	465	1.81	2.63	4.44
1969	313	147	460	2.58	3.55	6.13
1970	466	129	595	3.85	4.97	8.82
1971	529	154	683	5.38	6.06	11.44
1972*	532	124	656	6.28	4.29	10.57

*Provisional.

PRIVATE AND PUBLIC BUILDING PLANS APPROVED BY THE NAIROBI CITY COUNCIL, 1967-1972

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	
1967	774	520	1,294	66	72	138	2,408	6,366	8,774	1,612	505	2,116	10,891
1968	887	590	1,477	11	74	85	4,430	3,550	7,980	985	519	1,504	9,484
1969	985	544	1,529	9	95	104	4,019	6,881	10,900	655	1,944	2,598	13,498
1970	1,178	551	1,729	43	43	86	8,284	6,240	14,523	2,368	1,815	4,183	18,705
1971	1,132	572	1,714	329	33	362	7,046	5,594	12,640	1,093	921	2,014	14,654
1972	1,101	566	1,667	115	65	180	6,464	6,104	12,568	406	3,639	4,045	16,614
1969													
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	286	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	139	184	1,582	7,493
4th Qr	241	94	335	8	11	19	2,065	473	2,538	318	1,424	1,742	4,280
1971													
1st Qr	240	141	381	1	8	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	1,385	4,626
3rd Qr	343	179	522	4	13	17	2,101	1,852	3,953	76	246	322	4,275
4th Qr	285	134	419	—	4	4	1,557	1,769	3,326	—	8	8	3,334
1972													
1st Qr	245	130	375	11	16	27	1,730	1,468	3,179	46	1,468	1,514	4,711
2nd Qr	305	172	477	66	14	80	1,523	1,348	2,871	121	179	300	3,171
3rd Qr	265	124	389	2	15	17	1,981	1,966	3,947	24	955	979	4,929
4th Qr	286	140	426	36	20	56	1,230	1,323	2,553	215	1,038	1,252	3,805

6.33. Completions of new private buildings in the main towns are shown separately in Table 6.9. Although the total number of private new residential buildings completed in 1972 was only slightly higher than in 1971, their value increased by nearly 17 per cent, showing that the emphasis in private house-building was in higher cost structures.

6.34. Private and public building plans approved by Nairobi City Council during 1972 are shown in Table 6.10. These were valued at K£16.6 million, an increase of 13 per cent over 1971. Over 75 per cent in value terms of total approvals in 1972 was accounted for by private buildings. The value of private non-residential plans approved increased from K£5.6 million to K£6.1 million, while that of residential buildings fell from K£7.0 million to K£6.5 million. The public sector presented a total of 180 plans for approval, of which 115 were for residential buildings. Their total value was over K£4 million, more than twice as high as in 1971.

6.35. A significant feature of the building and construction industry in the last few years has been the rise in construction costs. An indication of these is the prices paid by Ministry of Works for some major inputs, shown in Table 6.11. It is expected that in 1973 the price of stone will fall whilst those of sand, cement and, particularly, skilled labour will rise.

COST OF BUILDING MATERIALS AND LABOUR, 1966, 1970-1973

(1968 = 100)

Table 6.11

	1966	1970	1971	1972	1973*
Ballast	53.6	94.0	104.0	95.0	94.0
Stone (230 x 230 mm.)	63.0	74.1	85.0	85.1	76.0
Sand	63.9	111.1	116.0	127.3	139.0
Cement	98.8	100.0	100.0	100.0	109.0
Mild Steel Rod (12 mm.)		101.5	134.0	95.3	95.0
Timber	74.6	107.1	114.0	114.1	114.0
Skilled labour	69.4	111.1	111.0	111.2	133.0
Semi-skilled labour	93.1	103.4	111.0	111.3	111.0
Unskilled labour	83.0	110.0	111.0	110.0	110.0

*Provisional

6.36. Road Construction.—Road development expenditure in 1972 was approximately K£16.6 million. Out of this total, approximately K£4.9 million was spent on road maintenance and repair, the allocation of which is shown by province in Table 6.12. This allocation is normally related to the size of the road network in each province.

M.O.W. EXPENDITURE ON ROAD MAINTENANCE AND REPAIR, 1972/73

Table 6.12 *K£*

	Coast	Eastern/ North-Eastern	Central	Rift Valley	Nyanza Western
1. Maintenance	331,396	692,323	663,778	747,579	766,631
2. Resealing	87,750	100,950	66,900	89,400	55,000
3. Regravelling	88,960	215,505	195,240	215,260	291,680
4. Other Repairs	95,561	650,079	78,635	51,220	22,373
TOTAL	603,667	1,073,857	1,004,553	1,103,459	1,135,684

6.37. The bulk of road development is undertaken by the Ministry of Works through contractors. During 1972, the various road projects completed were worth K£12.8 million, covering a total of 426 kilometres of bitumen and 846 kilometres of gravel road. The most significant of these projects were the 125 kilometre Athi River-Namanga road (costing K£1.4 million), the 30 kilometre Thika-Kahawa dual-carriageway (K£1.9 million) and the Njoro-Mau Summit-Enangiperi road of 91 kilometres (K£l.5 million).

M.O.W.—ROADS COMPLETED, 1972

Table 6.13

TYPE OF ROAD	BITUMEN		GRAVEL	
	Length Km.	Cost K£'000	Length Km.	Cost K£'000
A—Trunk Roads	215	5,050	176	1,288
B—Primary Roads	128	2,050	148	2,327
C—Secondary Roads	51	920	–	–
D—Minor Roads	32	750	522	415
E—Unclassified	–	–	–	–
TOTAL	426	8,770	846	4,029

6.38. Twelve new projects were started in 1972, covering 433 kilometres of bitumen and 36 kilometres of gravel road, at an estimated cost of K£13.4 million. The four most important, worth a total of K£8.4 million, were roads to serve the tea areas of the south Aberdares (167 kilometres), and roads connecting Yala-Busia (72 kilometres), Eldoret-Nyeru-Chipborio (40 kilometres) and Uplands-Longonot (30 kilometres).

M.O.W.—ROAD PROJECTS STARTED IN 1972

Table 6.14

TYPE OF ROAD	BITUMEN		GRAVEL	
	Length Km.	Cost K£'000	Length Km.	Cost K£'000
A—Trunk Roads	135	3,750		
B—Primary Roads	92	3,500	–	–
C—Secondary Roads	40	1,750	–	–
D—Minor Roads	–	–	–	–
E—Unclassified	166	4,400	36	
TOTAL	433	13,400	36	

*Cost included under Bitumen

6.39. Work on 15 road development projects started prior to 1972, and valued at K£12.5 million, is still progressing according to schedule. These projects cover a total of 519 kilometres, of which 323 kilometres are bitumen. The most significant bitumen roads are Eldoret-Timboroa (61 kilometres), Dandora-Kangundo (58 kilometres), Jamji-Sotik (35 kilometres), Nakuru-Eldama Ravine (90 53 kilometres), and Dagoretti-Ndenderu (27 kilometres).

M.O.W.—ROADS NEARING COMPLETION, 1972

Table 6.15

TYPE OF ROAD	BITUMEN		GRA VEL	
	Length Km.	Cost K£'000	Length Km.	Cost K£'000
A—Trunk Roads	167	4,200	37	*
B—Primary Roads	138	4,950	124	2,300
C—Secondary Roads			35	600
D—Minor Roads	12	250		
E—Unclassified	6	150		
TOTAL	323	9,550	196	2,900

*Cost included under Bitumen.

6.40. The Ministry of Works also undertakes some road development projects using labour drawn from its own resources and the National Youth Service, with some assistance from private consultants. During 1972, road development projects under this scheme cost approximately K£2.5 million, covering 854 kilometres. They included the Nairobi-Addis Ababa road project, for which 80 kilometres of earth-works and 71 kilometres of gravel road were constructed at an approximate cost of K£1 million.

CHAPTER 7—TOURISM

Although the increase in tourist visits and hotel nights spent by tourists in 1972 fell below growth rates in previous years, the overall progress of the industry towards Development Plan targets was satisfactory. The total number of visits to Kenya rose by 7 per cent, but days stayed by visitors went up by 28 per cent, mainly the result of a large increase in visits by persons staying more than a month in Kenya. Total hotel beds occupied rose by 13 per cent, slightly more slowly than in the previous year, while bed capacity increased by 18 per cent so that occupancy rates fell. Although total hotel occupancy was slightly below the Plan target, hotel capacity had, by early 1973, exceeded the target for 1974. If the projections of hotel occupancy for 1974 are to be realized, total hotel nights stayed will have to increase by more than 15 per cent per annum in 1973 and 1974.

BED OCCUPANCY PLANNED AND ACHIEVED, 1970 AND 1972

Table 7.1 '000 *Bed-Nights*

	DEVELOPMENT PLAN PROJECTIONS		ACTUAL BEDS OCCUPIED	
	1970	1972	1970	1972
E.A. Residents	853	958	755	757
Foreign Residents	1,064	1,557	1,148	1,718
TOTAL	1,917	2,515	1,903	2,475

7.2. The provisional tourist expenditure estimate of K£26.5 million showed a rise of 11 per cent over the revised 1971 total of K£23.9 million*. This increase was less rapid than the growth in the number of visitor days, probably because there is a tendency for expenditure to fall with increased length of visit, and so average expenditure per visitor day declined from Sh. 125 to Sh. 109. Achievement of the 1974 target of K£37 million for earnings from tourism will now require an increase of rather more than the projected figure of 15 per cent per annum. The tourist expenditure estimate represents total foreign exchange outlays made on goods and services provided by the private sector and includes an element of "prepayments" made to travel agents abroad in the first place but eventually remittable to Kenya. The overall expenditure figure does not include the earnings of East African Airways and other Kenya-based carriers. Such receipts are included in the balance of payments under "Transportation" while tourist receipts are recorded as credits under "Foreign Travel" (*see* Table 1.13).

*The 1972 figure is, however, based on more detailed information than were previous years', and is therefore not strictly comparable.

Visits and Visitor Days

7.3. There has been a compound annual increase of 14 per cent in the number of arrivals and departures since comprehensive statistics were first collected in 1968. This increase is slightly below the 15 per cent annual target set in the Development Plan largely because of the slowing down of visits in 1972, when the increases in arrivals and departures were 8 per cent and 7 per cent respectively. Since figures of arrivals include some visitors who eventually settle in Kenya, departures are felt to represent a more realistic basis for the assessment of changes.

RECORDED VISITS BY PURPOSE OF VISIT, 1970-1972

Table 7.2 *Thousands*

Purpose of Visit	Arrivals			Departures		
	1970	1971	1972	1970	1971	1972
Holiday	231.7	292.9	328.1	227.2	295.5	345.0
Business	28.5	50.2	50.6	29.8	56.3	42.1
Transit	76.3	68.1	65.6	69.5	47.9	41.3
Other	7.0			12.3		
TOTAL	343.5	411.2	444.3	338.8	399.7	428.4

7.4. The quarterly growth pattern of visits in 1972 shows, compared with the corresponding periods of 1971, an increase of 33 per cent in departures during the first three months, with small changes in the next two quarters and a drop of 10 per cent in the last three months. The large increase in visits in the first quarter was mainly attributable to the OAU All-Africa Trade Fair in February/March. However, the Fair occurred at the height of the normal tourist season so that, to some extent, visitors to the Fair may have substituted for other types of tourists who were unable to make bookings during the period. Another factor which affected the number of visits in the latter part of the year was the reaction to events in Uganda—there was a decline in the number of visits from residents of all areas except Africa and a substantial number of tour bookings were cancelled.

GROWTH PATTERN OF TOURIST HOTEL BED-NIGHTS*, VISITS AND VISITOR DAYS, 1969/70-1971/72

Table 7.3 *Percentage Changes*

	1969/70			1970/71			1971/72		
	Hotel bed nights	Visits	Visitor days	Hotel bed nights	Visits	Visitor days	Hotel bed nights	Visits	Visitor days
1st Quarter	+ 28	+21	+ 15	+ 20	+ 25	+ 32	+29	+ 33	+63
2nd Quarter	+ 17	+ 37	+40	+ 28	+ 5	+ 10	+ 12	- 1	+ 16
3rd Quarter	+24	+ 11	+ 24	+ 32	+27	+ 27	+ 12	+ 1	+ 17
4th Quarter	+29	+27	+ 35	+22	+ 13	+ 30	+ 15	-10	+ 6
TOTAL	+21	+23	+26	+ 25	+ 18	+26	+ 18	+ 7	+ 28

*Spent by non-Kenya residents.

VISITOR DEPARTURES BY COUNTRY OF NATIONALITY AND COUNTRY OF RESIDENCE, 1968-1972

Table 7.4

Thousands

COUNTRY	ALL VISITORS BY NATIONALITY 1968-1972					BY RESIDENCE OF VISIT							
						HOLIDAY		TRANSIT		BUSINESS		TOTAL	
	1968	1969	1970	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972
United Kingdom	86.6	88.1	100.3	100.3	91.9	34.0	40.2	5.3	5.0	9.4	6.9	48.7	52.1
West Germany	15.3	16.1	23.1	37.8	41.3	30.3	34.6	2.5	2.6	2.7	1.9	35.6	39.1
Italy	7.8	8.5	9.6	13.0	15.2	8.7	11.8	1.1	1.0	1.4	1.0	11.3	13.7
France	5.8	6.8	7.9	9.0	11.8	5.5	8.4	0.8	0.6	1.0	0.8	7.2	10.0
Switzerland	6.2	7.5	9.4	13.4	16.9	11.6	15.6	0.8	0.7	1.0	0.8	13.4	17.0
Other European	18.7	20.8	25.6	31.5	32.8	17.4	20.2	3.0	2.5	3.1	2.3	23.5	25.0
TOTAL EUROPEAN	140.4	147.8	175.9	205.0	209.9	107.6	130.8	13.4	12.3	18.7	13.7	139.6	156.7
United States	36.1	42.2	51.5	63.5	72.9	46.6	57.9	4.2	3.4	3.9	3.3	54.7	64.7
Canada	4.1	4.8	5.6	6.9	8.6	3.8	5.6	0.6	0.6	0.5	0.5	4.9	6.6
TOTAL N. AMERICAN	40.2	47.0	57.2	70.4	81.5	50.4	63.5	4.8	4.0	4.5	3.8	59.6	71.3
India	13.6	13.2	17.5	17.9	14.5	7.2	6.0	2.7	2.1	1.3	0.8	11.2	8.9
Japan	1.9	2.7	3.4	3.7	5.1	1.6	3.2	0.7	0.8	1.1	0.9	3.3	4.8
Israel	2.8	3.4	3.9	3.8	3.4	1.9	2.1	1.1	0.6	0.6	0.3	3.6	3.0
Other Asian	3.6	3.6	5.5	5.4	5.5	4.0	4.9	1.3	1.2	1.0	0.7	6.3	6.7
TOTAL ASIAN	21.9	23. 0	30.3	30.9	28.5	14.8	16.1	5.8	4.7	4.0	2.7	24.5	23.5
Kenya* –				3.2	2.4								
Uganda	9.4	11.3	16.0	18.7	16.7	39.4	30.4	4.0	3.5	8.5	6.0	51.8	39.9
Tanzania	32.4	35.3	44.4	50.8	66.8	59.4	74.5	8.3	6.6	14.2	10.6	81.9	91.7
Zambia	1.7	1.3	1.9	1.9	2.6	4.6	6.4	3.7	3.6	1.2	1.2	9.5	11.1
Other African	8.0	6.9	8.8	11.0	13.0	14.2	17.6	7.1	5.7	4.6	3.7	25.9	27.0
TOTAL AFRICAN	51.6	54.9	71.1	85.6	101.4	117.6	129.0	23. 0	19.4	28.4	21.3	169.1	169.7
Australia and New Zealand	2.3	2.6	3.1	4.3	4.8	3.2	3.9	0.7	0.7	0.5	0.4	4.3	4.9
All Other Countries	0.6	0.9	1.3	3.5	2.3	2.0	1.8	0.2	0.2	0.4	0.2	2.6	2.2
TOTAL OTHER	2.9	3.5	4.4	7.8	7.1	5.2	5.6	0.9	0.9	0.9	0.6	6.9	7.2
ALL VISITORS	257.1	276.0	338.8	399.7	428.4	295.5	345.0	47.9	41.3	56.3	42.1	399.7	428.4

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

7.5. Data on visitors' country of residence, which have now been available for two years (Table 7.4), show overall increases for 1972 only in the totals for holiday visitors from North America and Europe. The figures emphasize the contrast between the classifications by country of nationality and by country of residence, the latter being a much more accurate indicator of Kenya's tourist generating areas. By residence classification, 40 per cent of visitors to Kenya in 1972 came from Africa, 37 per cent from Europe and 15 per cent from the United States. Corresponding figures by nationality were 24 per cent, 49 per cent and 17 per cent. The nationality groupings thus underestimate the importance of Africa as an area with potential for Kenya's tourist industry.

7.6. Some information on visitors' method of travel is shown in Table 7.5. There was a substantial decline in the number of visits by sea. Travel by air and road increased by 11 per cent. The decline in the number of journeys by rail and lake was the result of a fall in tourist traffic from Uganda. (Cruise passengers who come ashore at Mombasa are not included in these visitor statistics).

VISITOR DEPARTURES BY METHOD OF TRAVEL, 1968-1972

Table 7.5 *Thousands*

	1968	1969	1970	1971	1972
Air	168.5	180.1	220.7	257.8	285.9
Sea	8.2	9. 2	13.3	16.1	7.9
Road		84.1	96.5	117.3	128.7
Lake	80.4				1.7
Rail		2.6	8.3	8.5	
					4.2
TOTAL	257.1	276.0	338.8	399.7	428.4

7.7. The total number of visitor days spent in Kenya rose by 28 per cent in 1972, much more rapidly than the number of visits (Tables 7.6 and 7.7). The former is in general a better indicator of tourist activity than the number of visits made, since it avoids the problem of distinguishing between *visits* and *visitors.* It is notable that the large increase in the number of visitor days was almost entirely confined to one type of visitor, the result of an increase of 27 per cent in the number of visitors staying over a month and a 28 per cent increase in their average length of stay. Visitors staying less than one month increased by only 6 per cent and there was little change in their average length of stay. While the longer staying visitors make only 6 per cent of total visits, they account for over one-third of total visitor days, so that this total is especially sensitive to changes in their number and length of stay. Increases in the average lengths of stay of these longer staying visitors are apparent in all quarters of 1972, while for the shorter staying visitors, they are evident mainly in the last two quarters. A possible explanation is that some

TOTAL STAY OF DEPARTING VISITORS AND AVERAGE LENGTH OF VISIT, 1968-1972

Table 7.6

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 African	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	749	974	2,476	236	170	91	413	64	492	257	983	736	28	2,973
1971	1,737	873	1,124	3,200	454	80	—	642	101	569	284	1,078	999	62	3,734
1972	1,940	1,001	1,826	4,287	409	72	—	935	138	802	295	1,196	1,331	70	4,768
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
1972—															
1st Qr.	701	379	742	1,681	123	18	—	310	49	273	93	475	599	23	1,822
2nd Qr.	331	149	291	677	77	17	—	215	24	103	60	202	156	11	771
3rd Qr.	501	270	451	1,103	100	20	—	212	36	246	80	322	309	18	1,223
4th Qr.	407	203	342	826	109	16	—	198	28	181	63	198	263	17	952

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	9.2	10.7	9.5	8.7	9.3
1972	5.5	19.8	71.1	12.4	9.7	1.7	—	10.9	8.9	9.8	10.4	13.0	11.3	9.9	11.1

TOTAL STAY OF DEPARTING VISITORS BY RESIDENCE AND PURPOSE OF VISIT, 1971-72

Table 7.7

Thousands of Days

	UGANDA		TANZANIA		OTHER AFRICA		U.K.		WEST GERMANY		OTHER EUROPE		NORTH AMERICA		INDIA		OTHER ASIA		ALL OTHER		TOTAL	
	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972
1st Qr	131	164	148	309	68	112	238	327	133	238	201	329	122	244	3?	36	78	38	20	26	1,121	1,822
2nd Qr	166	104	143	204	53	62	99	110	60	57	70	81	60	87	35	31	70	73	10	12	667	771
3rd Qr	115	76	167	221	88	102	184	225	92	104	136	176	180	221	41	35	79	47	14	20	1,045	1,223
4th Qr	82	42	206	229	62	66	124	131	88	95	136	152	132	163	30	25	27	33	15	16	902	952
TOTAL	444	386	665	964	271	341	644	793	373	493	543	738	494	715	137	126	104	136	59	75	3,734	4,768
Holiday	381	334	555	861	206	278	546	709	345	469	473	676	447	670	120	111	77	111	50	66	3,200	4,287
Business	55	44	95	90	49	48	89	76	24	21	61	54	19	39	13	9	22	21	7	8	454	409
Transit	9	8	14	12	16	15	8	8	4	4	9	8	8	7	5	4	5	4	2	2	80	72
Average Holiday Visit (Days)	9.7	11.0	9.3	11.6	11.0	11.6	16.1	17.6	11.4	13.6	10 9	12.1	8.9	10.5	16.6	19.0	10.2	10.9	9.7	11.7	10.8	12.4
Average Business Visit (Days)	6.4	11.2	6.7	8.5	8.6	10.2	9.5	10.9	8.7	10.7	9.3	11.4	8.7	10.1	9.5	10.9	8.3	11.1	9.5	11.6	8.1	9.7
Average Transit Visit (Days)	2.2	2.4	1.7	1.9	1.5	1.6	1.6	1.6	1.5	1.4	1.6	1.6	1.6	1.8	1.8	7.0	1.6	1.7	1.8	1.8	1.7	1.7
Average Visit (Days)	8.6	9.7	81	10.5	7.7	9.0	13.2	15.2	10.5	12.6	9.8	11.3	8.3	10.0	12.2	14.2	7.8	9.3	8.7	10.5	9.3	11.1

visitors spent a slightly longer time in Kenya, having cut short their intended visits to other East African countries. This would also have the effect of reducing total recorded visits, which include inter-East African travel.

7.8. The seasonal fluctuations evident in earlier years were more pronounced in 1972 (Table 7.3) since growth rates slackened after the first quarter. In future it is hoped to even out these fluctuations by encouraging, among other things, off-peak pricing and conference tourism in the low season months. Substantial conference facilities are already available in Kenya and the Kenyatta Conference Centre, which will open in mid-1973 and accommodate its first large conference in September when the IMF/World Bank Group meet, is expected to be a major factor in the promotion of conference tourism in Kenya.

Hotel Occupancy and Capacity

7.9. Hotel occupancy statistics for the last eight years are summarized in Table 7.8 and given in greater detail in Tables 7.9 to 7.12. Hotel bed occupancy by non-Kenya residents increased less rapidly than in previous years, because of a decline in the number of beds occupied by residents of Uganda and Tanzania and a deceleration in the rate of growth of bed occupancy by non-East African residents—20 per cent compared with 25 per cent in 1971. Kenya residents stayed 7 per cent more nights in hotels than in the previous year.

HOTEL BED OCCUPANCY, 1965, 1969-1972

Table 7.8 '000 *Bed-Nights*

	1965	1969	1970	1971	1972
Permanent occupants*	233.0	243.7	215.7	217.0	189.7
Kenya Residents	175.4	419.5	430.0	440.7	469.4
Residents of Uganda or Tanzania		103.2	109.4	102.7	97.9
Foreign Residents	394.0	876.0	1,148.2	1432.3	1,717.7
TOTAL BEDS OCCUPIED	1,002.5	1,633.3	1,903.1	2,192.8	2,474.7
TOTAL BEDS AVAILABLE ..	2,130.9	3,251.6	3,882.6	4,214.3	4,979.6
Bed Occupancy Rate (per cent)	47.0	50.2	49.0	52.0	49.7

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

7.10. Hotel capacity expanded more rapidly than in 1971, and occupancy rates for beds declined from 52 to 50 per cent and for rooms from 64 to 60 per cent. While beds occupied (Table 7.11) in the Coast Beach area rose faster (at 22 per cent) than in any other tourist zone except the Northern Game Area, capacity grew by 42 per cent, leading to the lowest occupancy rates at the beach since 1967. The rapid increase in capacity in response to expected changes in demand, especially at the Coast and in Nairobi, is an indication of

Table 7.9

HOTEL BEDS AVAILABLE AND OCCUPIED, 1965-1972
'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 Riff		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	25.2	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	29.6	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	287.4	45.9	132.7	305.7	257.5	145.9	49.1	116.3	87.7	30.9	6.4	2.1	39.3	37.4	9.7	31.4	6.2	41.7	1,633.3	3,251.6
1970	388.9	50.7	146.3	293.7	360.5	146.2	62.9	125.9	110.6	28.3	7.5	5.0	50.2	37.3	11.3	26.2	9.5	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
1972	510.1	38.4	252.8	305.8	611.7	149.9	53.7	149.9	164.9	31.7	16.9	9.8	70.0	37.6	27.6	23.0	9.4	43.5	2,474.6	4,979.6
1969-																				
1st Qr.	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 Qr.	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.l	10.0	317.9	775.5
3rd Qr.	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	425.3	848.4
4th Qr.	80.2	12.6	30.0	71.9	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	419.3	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	3.3	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	78.1	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	7.4	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	177	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	162	10.3	5.6	6.2	3.3	10.4	571.0	1,115.8
1972—																				
1st Qr.	149.4	9.3	82.7	80.0	238.3	31.9	19.3	30.2	52.9	7.8	5.7	2.3	23.1	9.4	8.4	5.8	3.7	10.5	770.5	1,236.1
2nd Qr.	93.6	6.5	49.0	70.3	69.0	31.5	7.9	28.1	19.0	6.8	1.8	2.4	9.4	8.9	3.5	4.2	2.5	10.4	424.9	1,180.8
3rd Qr.	137.4	6.5	67.9	79.4	139.8	45.1	13.7	29.7	47.9	9.4	4.9	2.7	20.5	9.3	8.5	7.2	2.1	10.8	643.0	1,244.8
4th Qr.	129.8	16.1	53.2	76.2	164.5	41.3	12.8	29.8	45.2	7.7	4.5	2.3	17.0	10.0	7.2	5.8	1.1	11.8	636.2	1,318.1

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

HOTEL ROOMS AND BEDS AVAILABLE AND OCCUPIED, 1965, 1968-72

Table 7.10

	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 rate (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	56	49	42	35	25	33	30	39	47
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	177	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	192	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	939	761	354	306	27	204	142	146	3,252
Occupancy rate (per cent) ..	63	56	53	47	39	32	38	29	33	50
1970—										
Rooms available ('000 nights)	442	493	485	195	164	25	139	19	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
1972—										
Rooms available ('000 nights)	501	652	748	204	181	34	156	98	100	2,675
Occupancy rate (per cent) ..	79	62	56	59	60	44	44	35	45	60
Beds available ('000 nights)..	900	1,115	1,493	379	401	67	278	168	179	4,980
Occupancy rate (per cent) ..	61	50	51	45	49	40	39	30	30	50

investors' expectations of future growth of the industry. By its very nature, the tourist industry is not amenable to precise forecasts of demand trends so that at any given moment a situation of excess capacity is as likely as one of capacity shortage. What is required now is more vigorous efforts to promote tourism in order to utilize the new capacity being developed.

GROWTH PATTERN OP HOTEL OCCUPANCY, 1965-1972

Table 7.11 *Percentage Changes*

HOTEL GROUP	ANNUAL/COMPOUND PERCENTAGE GROWTH IN BEDS OCCUPIED BY								
	E.A. RESIDENTS			FOREIGN RESIDENTS			TOTAL		
	1965/72	1970/71	1971/72	1965/72	1970/71	1971/72	1965/72	1970/71	1971/72
Nairobi International	- 5	- 29	- 2	+ 15	+ 17	+ 12	+ 12	+ 13	+ 11
Nairobi Other	+ 4	+ 2	+ 3	- 22	+ 34	+ 29	+ 10	+ 12	+ 13
Coast Beach	+ 4	+ 4	- 1	+ 42	+ 31	+ 30	+ 24	+ 23	+ 22
Coast Other	+ 6	+ 3	- 5	+ 9	+ 9	- 30	+ 7	+ 1	- 13
Southern Game Area	+ 4	- 2	+ 14	+ 29	+ 27	+ 18	+ 21	+ 21	+ 17
Northern Game Area	+ 18	+ 62	+ 20	+ 27	+ 42	+ 58	+ 23	+ 50	+ 42
Mount Kenya	+ 6	+ 4	—	+ 20	+ 10	+ 13	+ 12	+ 8	+ 8
Central Rift	- 2	+ 15	- 26	+ 37	+ 65	+ 44	+ 8	+ 31	+ 5
West Kenya	- 3	+ 8	- 3	+ 15	+ 1	—	- 1	+ 7	- 3
TOTAL	+ 3	+ 1		+ 23	+ 25	+ 20	+ 14	+ 15	+ 13

7.11. The situation in game lodges is somewhat different. As shown in Table 7.12, lodge occupancy rates have risen substantially, to a level above the average for the whole country. However, investors' response to expanding demand is delayed by the long gestation periods involved in negotiations for site leases in wildlife areas and by other administrative procedures.

Visits to Wildlife Areas and Other Attractions

7.12. Table 7.13 shows the first comprehensive data on the total number of visits (including season ticket holders and non-paying visitors) to the various national parks. Visits by non-residents rose by 30 per cent between 1971 and 1972, and by residents by 19 per cent. Nairobi and Tsavo West National Parks attracted more than half of all visitors. A relatively high proportion of total visits to the Aberdare National Park, with its specialized game lodges, was made by non-residents, while Lake Nakuru had the highest percentage of visits by school children. Table 7.14 shows the longer series covering paid visits to National Parks. Unfortunately no comparable statistics of visitors to the three County Council Game Reserves are available, although estimates prepared for planning exercises indicate that Amboseli had around 74,000 and the Masai Mara Game Reserve about 30,000 paying visitors in 1971. The 28 per cent compound annual increase since 1965 in the number of nights spent in the lodges in the game reserves is an indication of the growing popularity of these areas. Information on the activities of the Game Department and the National Parks can be found in the Wildlife Section of Chapter 5.

GAME LODGE* OCCUPANCY, 1965, 1971-72

***Table* 7.12**

LODGE LOCATION/TYPE	BEDS OCCUPIED (THOUSAND NIGHTS)						BED OCCUPANCY RATE(%)		
	E.A. Residents			Foreign Residents					
	1965	1971	1972	1965	1971	1972	1965	1971	1972
National Parks	10.0	16.7	22.7	17.8	82.5	92.1	50.6	48.6	52.2
Game Reserves	4.8	13.6	11.4	14.3	78.6	93.3	39.0	56.0	62.9
TOTAL	14.7	30.3	34.1	32.1	161.1	185.5	45.1	51.9	56.8
Full Catering	12.9	17.6	18.2	30.5	159.8	183.8	49.0	53.5	58.7
Self-Service	1.8	12.7	15.9	1.7	1.3	1.6	22.6	37.4	41.4

*Lodges in National Parks and Game Reserves only.

TOTAL NUMBER OF VISITS TO NATIONAL PARKS, 1971-72

Table 7.13 *Numbers*

PARK PARK	PAYING VISITORS								Other/Non-Paying Visitors		Total Visitors		Vehicles/ Vessels	
	Adult Residents		Adult Non-Residents		Children		Season Ticket holders							
	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972
Aberdare .	9,265	8,491	28,183	29,868	1,138	1,577	127	81	968	909	39,681	40,926	1,252	8,473
Lake Nakuru	22,934	28,779	15,927	22,801	13,801	21,169	4,476	4,659	1,921	2,155	59,059	79,563	12,902	24,299
Marine	9,055	11,044	12,560	15,517	3,599	4,967	187	877	1,276	964	26,677	33,369	1,937	6,714
Meru	1,381	2,198	294	561	2,179	2,832	57	58	1,603	2,308	5,514	7,957	816	2,485
Mt. Elgon .	983	2,339	101	418	314	1,016				19	1,398	3,792	309	1,581
Mt. Kenya	2,255	2,643	861	1,294	1,751	1,898	14	18	271	211	5,152	6,064	987	1,713
Nairobi	52,785	61,982	53,814	70,993	33,293	33,286	37,112	29,509	865	1,243	177,869	197,013	43,665	73,548
Shimba Hills	1,977	2,965	1,573	2,442	656	1,088	18	23	4,025	3,719	8,249	10,237	2,368	4,178
Tsavo (East)	16,441	18,354	24,690	33,255	4.185	4,481	35	64	1,691	1,444	47,042	57,598	10,366	18,580
Tsavo (West)	26,387	31,394	32,004	43,844	8,955	9,192	615	447	3,220	814	71,181	85,691	15,329	29,661
TOTAL	143,463	170,189	170,007	220,993	69,871	81,506	42,641	35,736	15,840	13,786	441,822	522,210	89,931	171,232

VISITS* TO NATIONAL PARKS, 1967/68-1971/72

Table 7.14 *Numbers*

	1967/68	1968/69	1969/70	1970/71	1971/72
Nairobi National Park	119,424	133,677	130,903	143,974	153,151
Tsavo National Park (East)	19,773	22,320	31,277	38,654	51,535
Tsavo National Park (West)	32,357	38,460	41,618	57,971	42,568
Lake Nakuru National Park	13,769	39,678	42,654	51,565	56,502
Mountain National Parks	11,644	22,721	32,627	41,295	43,369
Meru National Park	801	1,285	2,267	3,761	4,283
Marine National Parks		16,229	18,939	22,629	29,074
Shimba Hills Nat. Reserve				3,745	5,174
TOTAL	197,768	274,370	300,285	363,594	385,656

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

7.13. The number of visitors to museums, the Snake Park and other sites is shown in Table 7.15. The National Museum provides an opportunity for visitors to Nairobi to learn about Kenya's history, culture and natural resources through various permanent exhibits. Plans are under way to extend the activities of the museum by developing the Institute for African Prehistory, which will absorb the present Centre for Prehistory and Palaeontology and provide physical and technical facilities for research into the prehistory of Africa. The Institute is expected to cost about K£195,000. A survey of buildings that have special historical significance for Kenya may also be carried out in the near future by the Museum Trustees of Kenya. Also under consideration is a Park of Physical Principles that will have exhibits illustrating and explaining various scientific principles. Research into the origins of man has continued, with important discoveries being made on the eastern shores of Lake Rudolf.

VISITORS TO MUSEUMS, SNAKE PARK AND SITES, 1969-1972

Table 7.15 *Numbers*

	1969	1970	1971	1972
National Museum	101,867	124,825	146,925	146,949
Lamu Museum	–	–	–	3,835
Snake Park	73,154	72,602	73,049	86,187
Fort Jesus	49,906	59,054	65,489	69,184
Gedi	17,630	18,885	21,353	23,726
Olorgesailie	2,629	2,961	3,012	6,157
Kariandusi	2,096	2,264	1,394	2,963
Hyrax Hill	1,019	1,241	1,217	3,249

The Development of Tourism

7.14. Direct Government participation in the tourist industry is through the Kenya Tourist Development Corporation (KTDC) which to-date has invested some K£2.1 million. Nearly half of this is in equity investment and the rest in loans for new hotel development, modernization and extensions and the establishment of tourism enterprises by Kenya citizens. In 1972, there was a sharp increase in funds made available for small loans (not exceeding K£30,000) to new Kenyan entrepreneurs to set up tour companies, hotels, curio shops, etc. Four major projects in which the KTDC is an investor were completed in 1972 and another three in which the Corporation has varying degrees of interest will be completed by mid-1973. "Bomas of Kenya", which provides performances of traditional dancing, opened for business early in 1973. The KTDC plans to form a Hotel Management Company to provide management services for hotels in which it is the major shareholder and also to assist Kenyans to own and manage small hotels of up to 50 beds. This project is expected to open up new circuits where demand is not yet sufficient to justify large-scale commercial developments and will also encourage wider geographical distribution of the benefits from tourism.

7.15. The Government also plays a vital role in the provision of the infrastructure needed by the tourist industry. Several road projects, most notably access roads to beach development areas in Watamu, Malindi and Diani, were completed in 1972. A World Bank Loan of K£12.5 million for the Sabaki River Water Pipeline project (to serve Malindi and Watamu) has been approved although the scheme will not be in operation until 1976 at the earliest. Decisions have also been taken to go ahead with improvements and extensions to Nairobi and Mombasa airports (*see* Chapter 8). A Hotel Training Centre is to be constructed in Nairobi at a cost of K£1.5 million. When operational in 1975, it will replace the present Hotel Training School at the Kenya Polytechnic and provide comprehensive training facilities for 500 students. A part of the cost will be covered through the 2 per cent Catering Training Levy introduced under the 1971 Hotels and Restaurants Act. Official publicity for Kenya tourism, through four overseas tourist offices, participation in various trade exhibitions and the provision of promotional materials, has been stepped up in the last few years. A sum of K£320,000 was allocated for tourism promotion in the financial year 1972-73, a slight increase over the allocation for the previous year.

7.16. Late in 1972 it was announced that the Government intended to ensure that the bulk of tourist trades (including tour operators, tour agencies, and retail curio dealers) had 51 per cent Kenyan ownership within two years, by appropriate use of licensing legislation. Significant moves in this direction affecting tourist road transport have already been made. It was also stated that work permits for several tourist occupations would be granted to non-Kenyans only in exceptional circumstances. Smooth implementation of these measures will require intensified complementary training and other assistance programmes.

CHAPTER 8—TRANSPORT AND COMMUNICATIONS

Activity in the transport and communications industries, as measured by total receipts, rose by only 5 per cent in 1972, the slowest increase for several years. In the public sector, which is composed largely of the East African Corporations, growth was less than three per cent, while private sector activity (which accounts for less than a third of the total) increased by nearly 10 per cent, after having fallen by 3 per cent in 1971.

8.2. Road transport and communications were the only industries which recorded significant growth in receipts in 1972, of 11 and 40 per cent respectively. The increase in road transport activity occurred entirely in the private sector. Railway receipts fell by 7 per cent, and those of air transport by 5 per cent as a result of declining public sector activity. Some of the factors affecting these developments are discussed in the following sections.

Road Transport

8.3. Some indication of the expansion in total road transport activity in 1972 is given by the figures of commercial receipts and of consumption of petroleum products used in transport (Tables 8.2 and 8.3). Petrol consumption increased by 10 million litres (4 per cent) and light diesel consumption by 22 million litres (9 per cent), compared with 1971 totals, although there was no change in the consumption of heavy diesel fuel.

8.4. Registrations of new vehicles are shown in Table 8.4. The 1972 total was 16 per cent lower than in 1971. The biggest drop, 36 per cent, was in new buses registered while lorries showed a drop of 27 per cent. Imports of such vehicles fell substantially in 1972—*see* Table 3.7.

8.5. Table 8.5 shows the number of licences issued for vehicles on hire in the years 1967-1972. The 1972 figures show a slight drop, which may be due to fewer vehicles being bought for this purpose during the year. Also, meetings by the Transport Licensing Board were held in the second half of the year, and consequently fewer of the approved applications may have led to the immediate purchase of vehicles. Of the 3,447 licences issued to passenger vehicle operators, 2,653 were given to Africans and 794 to non-Africans. In the case of "B" Licences, 2,265 licences were issued to Africans and 939 to non-Africans.

8.6. The only public sector enterprise in road transport is the Kenatco Transport Company, which is now wholly owned by the Kenya Government. Kenatco's growth in the six years since its establishment has been rapid, as shown by the public road transport receipts given in Table 8.1, although total receipts have fallen since 1970. Its haulage services in Zambia have expanded vastly since 1969 and currently 130 heavy-duty vehicles are plying the routes

Table 8.1

TRANSPORT AND COMMUNICATIONS—VALUE OF RECEIPTS, 1967-1972

K£'OOO

	Railway Transport	Road Transport	Water Transport	Air Transport	Services Incidental to Transport	Total Transport and Storage	Communi-cations	Total Transport, Storage and Com-munications
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		16,965.2	1,662.3	1,453.3	4,592.6	24,673.4	1,373.9	26,047.3
Total	18,142.8	18,493.0	15,718.6	13,411.3	4,734.1	70,499.8	9,036.8	79,536.6
1971—								
Public	18,096.6	1,329.2	17,039.6	15,442.4	144.6	52,052.5	9,079.5	61,132.0
Private		16,176.0	2,224.3	1,872.9	4,777.1	25,050.3	172.6	25,222.9
TOTAL	18,096.6	17,505.2	19,263.9	17,315.3	4,921 .7	77,102.7	9,252.1	86,354.9
1972*—								
Public	16,875.0	1,001.2	17,567.3	14,374.3	127.8	49,945.6	12,742.6	62,688.2
Private		18,392.1	2,014.4	2,116.5	4,950.5	27,473.5	178.0	27,651.5
TOTAL	16,875.0	19,393.3	19,581.7	16,490.8	5,078.3	77,419.1	12,920.6	90,339.7

*Provisional
+lncluding storage

CONSUMPTION OF PETROLEUM PRODUCTS USED IN TRANSPORT, 1968-1972

Table 8.2 *Million Litres*

	1968	1969	1970	1971	1972
Petrol (motor spirit)	197	213	235	264	274
Light Diesel Fuel	177	184	190	241	263
Heavy Diesel Fuel	35	37	42	47	47
Fuel Oil	419	353	392	419	439
Aviation Spirit	7	8	8	6	7
Turbo Fuel	177	203	225	242	278

PASSENGER AND FREIGHT RECEIPTS, 1967-1972

Table 8.3 K£'000

	1967	1968	1969	1970	1971	1972*
Passenger Traffic:						
Rail	1,098.0	1,106.2	1,166.5	1,158.4	1,143.5	1,200.0
Road	4,457.4	3,940.4	5,545.3	6,451.0	5,528.7	6,391.6
Total	5,555.4	5,046.6	6,771.8	7,609.4	6,672.2	7,591.6
Freight Haulage:						
Rail	15,868.0	15,851.6	16,091.8	16,984.4	16,953.1	15,775.0
Road	8,511.8	10,640.5	10,179.2	12,042.0	11,976.4	13,001.7
Total	24,379.8	26,492.1	26,271.0	29,026.4	28,929.5	28,776.7

*Provisional.

NEW MOTOR VEHICLE REGISTRATIONS, 1967-1972

Table 8.4 *Numbers*

	1967	1968	1969	1970	1970	1972
Motor cars	6,014	5,631	6,389	7,680	8,072	6,337
Utilities	4,212	3,465	4,232	4,959	5,514	4,671
Lorries	1,621	1,483	1,760	2,472	2,038	1,494
Buses	339	274	311	435	639	408
Motor cycles	970	1,013	1,244	1,317	1,393	1,437
Others	1,194	1,185	1,045	1,419	1,157	1,419
TOTAL	14,350	13,051	14,981	18,282	18,813	15,766

LICENCES ISSUED FOR VEHICLES ON HIRE, 1967-1972

Table 8.5 *Numbers*

	1967	1968	1969	1970	1971	1972*
Passenger Service Vehicles	2,193	2,102	2,273	3,137	3,457	3,447
Freight Transport Vehicles	2,598	2,622	2,614	3,092	7,055	3,204
TOTAL	4,791	4,724	4,887	6,229	7,100	6,651

*Estimated

between Nairobi, Mombasa and several towns in Zambia. This fleet may soon be expanded to 200 vehicles to cope with Zambia's increased transport requirements as a result of the closure of the Zambia-Rhodesia border. However, the uncertain duration of this trade means there is some risk in the heavy expenditure involved.

8.7. In Kenya, the company serves Nairobi, Mombasa, Garissa, Nanyuki, Nakuru, Kisumu and Turi with a fleet of 60 large vehicles and 70 cars. In Uganda, there are plans to extend services from Kampala to Kabale and through to Kigali in Rwanda. In Tanzania, Arusha, Moshi, Dar-es-Salaam, Iringa and Mbeya receive Kenatco services. Plans are under way for the extension of services to Lubumbashi in Zaire via Ndola, and also for increasing the taxi fleet in Nairobi to cater for the major conferences to be held in 1973. About 70 new cars will be purchased to meet this demand.

8.8. During the last two years the company has made a profit on its operations and has been able to meet some of its financial commitments. However, owing to the heavy losses brought forward from previous years, financial assistance from the Government is still required.

Railways

8.9. Provisional figures of total railway receipts for 1972 show an overall fall of nearly 7 per cent, continuing the decline which began in 1971. Within the total, receipts from passenger traffic rose by 5 per cent, while freight receipts showed a decline of 7 per cent. This fall may have been related to a decrease in freight carried to Uganda following the disruption of the distribution sector there in the second half of 1972. But it certainly also reflected continued competition from road hauliers, which has increased following the improvement of trunk roads, and difficulties hitherto encountered by the railways in adapting their tariff structure to the new situation. Proposals aimed at enabling the railways to tackle this problem are at present under consideration by the E.A. Communications Council.

8.10. Development work during 1972 included the new K£1.1 million sorting yard at Changamwe, which is scheduled for completion in 1974. Work has also begun on additional crossing stations between Mombasa and Nairobi and the welding of rail-joints on this section was continued. The whole route will eventually be continuous-welded except through stations and on sharp curves.

8.11. Installation of a modern "line-clear" signalling system between Nairobi and Nakuru has almost been completed, but cannot be brought into use until associated track re-arrangements at stations are effected. Most of the 70 diesel locomotives on order were delivered in 1972. The heaviest and most powerful (fifteen 92 Class 2,500 h.p. diesel-electrics) are all working on the Kenya-Uganda main line. An order for 350 high-sided wagons was placed in 1972 and delivery to East Africa will begin in May, 1973.

8.12. During 1973, a new industrial area goods shed at Nairobi will be erected and a new railway transit shed costing K£200,000 will be constructed at Kilindini.

8.13. Shipping services run by the Railways Corporation will be improved by the renewal of the engines of the Lake Victoria oil tanker *Nyangumi* at Kisumu, and the tug *Sesse* will be converted to diesel propulsion.

Harbours and Shipping

8.14. The tonnage of freight handled at Mombasa harbour in 1972 is shown in Table 8.6. There was a slight drop of 2 per cent in the overall quantity handled. Most of the decline was caused by the fall in the volume of dry cargo landed, since landings and loadings of bulk liquids increased very slightly.

8.15. Development of new berths at the harbour continued, and it is expected that berths 16 and 17 will be in full operation next year. As the demand for expanded and improved harbour facilities continues to grow, the Government has commissioned a feasibility study for a second port. This exercise is now under way. Mombasa harbour has not yet reached its full capacity utilization and the more extensive use of containerization and other forms of unitization will enable throughput to be increased more rapidly than with conventional handling methods.

8.16. Much of the shipping to and from Mombasa operates under Conference Agreements, providing regular scheduled services at fixed rates. Recent changes in these rates included a 10 per cent rise in November, 1972 for all cargo destined for Europe, and a 12 per cent increase in March, 1973 in the rate for cargo to Australia.

FREIGHT HANDLED AT MOMBASA HARBOUR, 1968-1972

Table 8.6 '000 *Metric Tons*

	1968	1969	1970	1971	1972*
Landed:					
Dry Cargo	939	885	1,166	1,344	1,237
Bulk Liquids	2,375	2,165	2,416	2,549	2,564
Total	3,314	3,050	3,582	3,893	3,801
Loaded:					
Dry Cargo	1,372	1,343	1,358	1,064	1,032
Bulk Liquids	801	698	853	614	622
Total	2,173	2,041	2,211	1,678	1,654
TOTAL FREIGHT HANDLED	5,487	5,091	5,793	5,571	5,455

*Provisional

8.17. The Eastern Africa National Shipping Line (EANSL), a member of the East African Conference Lines, was incorporated in Tanzania in 1966. The Governments of Kenya, Tanzania, Uganda and Zambia each provided one-sixth of the capital, the remaining one-third being held by Southern Line Limited. The EANSL operates four ships, namely, m.v. *Harambee,* m.v. *Uganda,* m.v. *Ujamaa* and m.v. *Mulungushi.* At first these ships, and those chartered by the company, sailed only between Mombasa and ports in Europe, but in 1971 a shipping route to the Far East was opened. Earnings have more than trebled since 1967, but the company shows losses on its operations because of debt servicing commitments on loans for the ships.

Civil Aviation

8.18. *East African Airways Corporation.*—Although, in general, air transport operations in Kenya have shown steady growth, East African Airways has found itself in financial difficulties. By the end of 1971, the airline had an unappropriated loss of K£4.1 million and it is expected that the 1972 deficit may be even larger as a result of management and technical problems. In order to improve its financial position, the airline has cancelled uneconomic routes such as London to New York, Bombay to Hongkong and Addis Ababa to London. Under an agreement negotiated with an overseas airline, experts have been obtained to advise East African Airways on various aspects of finance and management.

8.19. *Commercial Air Traffic.—Commercial* traffic at Nairobi Airport, shown in Table 8.7, continued to show an upward trend. The total number of passengers handled increased by 8 per cent over 1971. The cargo handled at the airport rose by 23 per cent. Traffic at Mombasa and Wilson airports is shown in Tables 8.8 and 8.9. Passengers handled at Mombasa showed a

COMMERCIAL TRAFFIC AT NAIROBI AIRPORT, 1968-1972

Table 8.7

	1968	1969	1970	1971	1972*
PASSENGERS (000's)—					
Landed	248.1	285.6	320.2	378.4	396.4
Embarked	266.8	295.7	328.0	386.4	411.5
In Transit	154.7	199.9	221.4	233.9	272.9
TOTAL ..	669.6	781.2	869.6	998.7	1,080.7
FREIGHT (Metric tons)—					
Cargo: Landed	4,203.8	4,624.4	5,126.3	6,215.7	7,765.6
Loaded	7,202.5	8,835.5	10,222.9	11,391.1	13,974.7
Mail: Landed	920.1	834.2	844.5	958.9	1,032.6
Loaded	712.0	733.1	785.5	836.2	1,044.8
TOTAL	13,038.4	15,027.2	16,979.2	19,401.9	23,817.7

*Provisional

COMMERCIAL TRAFFIC AT MOMBASA AIRPORT, 1968-1972

Table 8.8

	1968	1969	1970	1971	1972*
PASSENGERS (000'S)—					
Landed	45.4	55.5	70.5	78.3	74.7
Embarked	46.1	50.5	64.1	80.4	78.1
In Transit	30.7	24.9	23.1	31.9	41.2
TOTAL ..	122.2	130.9	157.7	190.6	194.0
FREIGHT (Metric tons)—					
Cargo: Landed	373.2	236.6	250.4	273.4	214.7
Loaded	447.0	378.0	315.9	423.6	339.5
Mail: Landed		80.4	77.0	73.4	62.5
Loaded		32.0	58.5	60.0	52.1
TOTAL ..	820.2	727.0	701.8	830.4	668.8

*Provisional

AIR TRAFFIC AT WILSON AIRPORT, 1968-1972

Table 8.9 *Numbers*

	1968	1969	1970	1971	1972*
AIR MOVEMENTS—					
Arrivals	80,191	75,337	72,426	61,998	65,757
Departures	80,165	75,220	72,179	61,775	65,460
PASSENGERS HANDLED—					
Arrivals	6,803	8,145	11,924	10,438	16,672
Departures	6,421	8,044	12,836	9,998	16,112

*Provisional

modest rise, while the estimated figure for cargo handled shows a drop of 19 per cent over 1971. Movements of light charter aircraft are centred on Wilson Airport, and there was a substantial increase in passenger traffic in 1972. At Malindi, a total of 14,765 passengers arrived at the airport and 7,200 metric tons of cargo were handled. The corresponding figures for Kisumu were 2,398 passenger arrivals and 7,024 metric tons of cargo handled.

8.20. With prospects of continuing rapid growth in air traffic, the major airports will receive substantial funds for improving their facilities.

8.21. *Nairobi Airport.*—Development to provide for long-term expansion commenced last year and most of the consultant's work and land acquisition was completed. The facilities in the first stage development include: —

(i) a new passenger terminal capable of processing a total of approximately 2,000 arriving and departing passengers per hour;

(ii) a new 50 metre high control block and tower;

(iii) a new parallel taxiway, passenger and freight apron, access roads and car parks;

(iv) a freight shed, state pavilion, police station, engineering services and other ancillary facilities.

The whole project is expected to cost just over K£16 million.

8.22. *Other Airports.*—Negotiations for major improvements to Mombasa airport have taken place and work will begin before July, 1973. The project will bring the airport up to international standards, capable of accepting the current generation of long-range jet aircraft. It will be fully equipped to handle "Jumbo" jets and will, in particular, meet the requirements of tour operators wishing to operate flights direct from Europe to Mombasa. The major construction works will include a 3,350 metre runway, taxiways, wide apron, drainage, new terminal building capable of handling a total of 1,000 departing and arriving passengers per hour, freight building, fire station, control block and new access road. The total construction cost is estimated at K£8 million.

8.23. At Malindi, K£118,000 was spent on extending and strengthening the runway and apron, and at Wilson airport improvements to runway and taxiway lighting, construction of a new terminal building and other minor works were also carried out in 1972 at a cost of K£6.000.

Posts and Telecommunications

8.24. Table 8.10 shows the main indicators of the development of postal and telecommunications services in Kenya. Twenty-five new post offices were opened in 1972, bringing the total to 433. This was an increase of 6 per cent over 1971 and the number of offices has grown by 30 per cent since 1967. An additional 4,082 post office private boxes were installed in 1972, bringing the total to 58,175, a rise of 45 per cent over the 1967 total. Of these, 55,962 were in use at the end of 1972. There were also 719 private bags rented at the end of the year. In 1972, 7 per cent fewer parcels and 3 per cent more registered and insured items were handled than in 1971. The progress made in the provision of telephone services over the year can be seen from the same table. There was a net increase of 4,265 telephone exchange connections in 1972, bringing the total telephone exchange connections to 43,775 at the end of the year.

POSTAL AND TELECOMMUNICATION SERVICES, 1968-1972

Table 8.10 *Numbers*

	1968	1969	1970	1971	1972
Post Offices	346	374	385	408	433
Post Office Private Boxes	41,763	44,063	46,498	54,093	58,175
Telephone Subscribers' Lines	30,812	33,569	35,034	39,510	43,775
Public Call Offices	246	256	250	288	295
Telegrams Handled (000's)	622	618	663	637	608
Parcels Handled (000's)		864	575	744	695
Manual Telephone Calls Made (000's)					2,418
Registered and Insured Items (000's)		4,401	4,203	4,247	4,388

8.25. As part of the integrated East African telex network, two automatic telex exchanges were opened in October, 1972 at Nairobi and Mombasa, with capacities of 650 and 270 lines respectively, thus providing inter national Telex Subscriber Dialling to and from most overseas countries. There were 270 telex subscribers at the end of 1972.

Broadcasting

8.26. This is a very important means of mass communication in Kenya since a large number of people (especially in the rural areas) cannot read newspapers and so, for many of them, radio has considerable significance. The number of new radios bought in 1972 went up by 13 per cent but purchases of new television sets decreased slightly, by 4 per cent (Table 8.11). These purchases brought the total stock in the country to about 1,050,000 radios and 34,000 television sets at the end of 1972.

NEW RADIOS AND T.V. SETS SOLD AND LICENSED, 1971-72

Table 8.11 Numbers

	1971	1972
Radios	74,824	84,650
Television Sets	2,782	2,658

8.27. A number of development projects were completed in 1972. Among these were the acquisition of new mobile link equipment for on-the-spot coverage for television programmes; new information offices at Homa Bay, Kericho and Meru; a building for the Outside Broadcasting Unit (radio and television); and a transport centre. In addition, a "systems" survey, which sought the most effective and economical way of extending mass communication media services in Kenya, was completed. Improvements to Broadcasting House in Nairobi included a new set of four television recording cameras.

8.28. A total of 1,674 television programmes were presented in 1972, and of these 65 per cent were locally produced—a positive response to the audience survey carried out in 1970, which showed that most people prefer and appreciate locally produced programmes. (A major constraint is still the shortage of experienced local producers). A number of films were shot in rural areas. Radio programmes also had a high local content, particularly focussed on farming, Harambee projects and other activities in the provinces. Outside Broadcast programmes were produced from various towns, and much effort was put into recording programmes from remoter areas.

8.29. A modern micro-wave backbone network will be completed during 1973, carrying 960 channels and extending from Kampala to Mombasa, and then to Dar-es-Salaam and Dodoma. This is a central part of the Telecommunications Development Programme. The extent of development in international telecommunications was emphasized when, in September, 1972, the Mount Longonot satellite tracking station brought live pictures of the Olympic Games in Munich to Kenya's television viewers.

CHAPTER 9—EMPLOYMENT, EARNINGS, MANPOWER 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 refer to the "modern" sector (i.e. 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.

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

9.2. This was attempted in last year's *Survey* and the estimate arrived at for 1971 is shown in Table 9.1. Unfortunately, actual survey data for 1972 on employment in small-holder agriculture and in small-scale rural non-agricultural activities are not available. However, it is likely that there was significant growth in wage employment in these activities. The primary reason for this assumption is that, as shown in Chapter 4, there was a major increase in agricultural production. This was conspicuously so, as far as small-holdings are concerned, in such labour intensive crops as tea, pyrethrum and dairy products. There is evidence to suggest that, in some parts of the country, both large and small farmers found it difficult to secure all the labour they needed for harvesting operations, suggesting that there was at least a temporary constraint on the supply side, created by the growth in other employment outlets.

9.3. The level of rural non-agricultural activities is closely related to farm incomes, so that, when the latter rise, rural non-agricultural activities and employment grow. The multiplier effect of rising agricultural incomes would be felt on top of what appears to be a secular upward trend in the growth of rural non-agricultural services, in response to the growing sophistication of life and general economic development in the rural areas, which in turn partly results from government efforts to promote such development through the provision of training facilities, credit, and improvements of infrastructure. On the basis of these factors, it is not unreasonable to assume

a substantial growth in wage employment in the rural areas. The aggregate number in 1972 of wage employees comparable to the figure shown for 1971 in Table 9.1 might well have approached 1.2 million.

9.4. This does not make full allowance for employment in so-called "informal" activities in the urban areas. A detailed study of employment carried out by a mission from the International Labour Office last year suggested that such "informal" activities are a good deal more important than is usually assumed, and provide employment for about 100,000 persons, including both wage earners and the self-employed.

9.5. The visit of the ILO mission, and its subsequent report and recommendations, attracted a good deal of attention and comment in the country. The mission's proposals for enlarging employment are set in the broad perspective of economic policies which would promote growth and increase incomes as well as multiply job opportunities. The Government has given detailed consideration to its recommendations and intends to publish a sessional paper on them.

9.6. The rest of the discussion of employment and earnings in this chapter is devoted to the results of the annual June enumeration of employees in the "modern" sector, which is defined in the first paragraph of this chapter.

Employment

9.7. In 1972 the amount of wage employment in the "modern" sector increased by 4.4 per cent, or very nearly 30,000 persons, as shown in Table 9.2. However, only one-third of this growth was in the private sector. This is perhaps not surprising, as employment in this sector has been growing only slowly for several years and had to be deliberately accelerated in 1970 and 1971 through the Tripartite Agreement, under which all employers of ten or more persons agreed to augment their labour force by 10 per cent. To some extent, this pre-empted what might have been "normal" growth in 1971 and 1972. Another notable feature of employment in the private sector last year was the fact that its growth was confined almost entirely to agriculture.

9.8. A more detailed breakdown of employment in the private sector by economic activity is set out in Table 9.3. It reveals a very uneven pattern. While the bulk of the growth in numbers took place in agriculture, the increase was higher in percentage terms in building and construction and transport and communications. Growth in manufacturing was only just over 1 per cent. Although insignificant in absolute terms, mining and quarrying suffered the largest rate of decline. The rise in numbers of employees in building and construction and transport and communications more than offset the fall in employment in commerce and services. Within commerce, the fall in employment particularly affected wholesalers, banks and property companies, all areas of activity influenced by the import and credit restrictions discussed in Chapters 2 and 3. Although activity in some mining enterprises has been increasing, in others it has declined quite sharply.

EMPLOYMENT BY MAJOR SECTOR, 1969-1972

Table 9.2

	1969	1970	1971	1972*	Percentage change 1971/72*
	000's	000's	000's	000's	
PRIVATE SECTOR—					
Agriculture and Forestry	178.7	183.7	189.6	198.3	4.6
Rest of Private Sector	211.4	213.6	234.1	235.6	0.6
Total Private Sector	390.1	397.3	423.7	433.9	2.4
PUBLIC SECTOR	237.1	247.2	256.0	275.5	7.6
TOTAL	627.2	644.5	679.7	709.4	4.4

*Provisional

EMPLOYMENT IN THE PRIVATE SECTOR BY INDUSTRY, 1969-1972

Table 9.3

	1969	1970	1971	1972*	Percentage
	000's	000's	000's	000's	1971/72*
Agriculture and Forestry	178.7	183.7	189.6	198.3	4.6
Mining and Quarrying	2.6	2.9	2.9	2.7	-6.9
Manufacturing and Repairs	57.6	62.1	72.1	72.9	1.1
Building and Construction	16.3	17.0	21.0	23.3	11.0
Electricity and Water	2.5	–	–	–	–
Commerce	41.8	39.8	42.5	40.0	-5.9
Transport and Communications	16.0	16.5	16.3	18.1	11.0
Services	74.5	75.3	79.3	78.7	-0.8
TOTAL	390.1	397.3	423.7	433.9	2.4

*Provisional

9.9. The labour force in the various components of the public sector is shown in Table 9.4. Employment by the Government rose by 8 per cent, from 164,300 to 177,000, while that of its para-statal organizations grew even faster, by 23 per cent, although in absolute numbers the increase was only 4,300. This rapid growth is a reflection of the Government's growing direct involvement in various economic activities. After remaining stagnant for two years, following the take-over by the Government of several important local authority functions, employment by local authorities began to move forward in 1972. There was little change in the Community's employment within Kenya, and its share in the total declined slightly. The Government is by far the most important single employer within the public sector, with over 64 per cent of the total.

EMPLOYMENT IN THE PUBLIC SECTOR, 1969-1972

Table 9.4

	1969	1970	1971	*1972**	Per cent in Total	
	000's	000's	000's	000's	1971	1972*
Kenya Government	108.6	159.6	164.3	177.0	64.2	64.2
Parastatal Bodies	17.0	18.4	18.8	23.1	7.3	8.4
Local Authorities	67.3	23.7	23.8	25.8	9.3	9.4
E.A. Community General Fund Services	2.8	3.1	3.2	3.7	1.3	1.3
E.A. Railways Corporation	23.2	22.5	22.6	23.1	8.8	8.4
E.A. Harbours Corporation	1.9	2.2	3.1	3.0	1.2	1.1
E.A. Posts and Telecommunications Corporation	4.8	5.5	5.8	5.8	2.3	2.1
E.A. Airways Corporation	3.3	3.8	3.7	3.9	1.4	1.4
E.A. Cargo Handling Services Limited	8.2	8.7	9.9	9.1	3.9	3.3
Other E.A. Public Bodies **	_	_	0.8	1.0	0.3	0.4
TOTAL	237.1	247.5	256.0	275.5	100.0	100.0

*Provisional

**International Air Radio (E.A.) Limited, E.A. External Telecommunications Co. Limited and Eastern Africa National Shipping Line.

9.10. The distribution of employment by economic activity in the private and public sectors together is shown in Table 9.5. The directions of movements in the various economic activities within the private and public sectors were not the same in all cases. While public employment in agriculture and forestry rose, it fell in building and construction and in transport, storage and communications, both of which had shown an increase in the private sector. On the other hand, public sector employment rose in mining and quarrying and services. The consequences of these movements on the relative significance of each activity within the public and private sector are also illustrated in Table 9.5.

9.11. The whole of the increase in employment in 1972 was among Africans. In fact, as shown in Table 9.6, employment of Asians and Europeans declined and these now make up 5.3 per cent of total wage employment in the modern sector. Overall employment of Europeans and Asians fell by 3.400, from 40,900 to 37,500. As in the three previous years, the bulk of the decline was among Asians rather than Europeans. The number of women employed continues to rise, and was nearly 15 per cent of the total in 1972, having grown by 6.5 per cent, 2 percentage points faster than the growth in total employment.

PUBLIC AND PRIVATE SECTOR EMPLOYMENT BY INDUSTRY, 1971 AND 1972

Table 9.5

	TOTAL EMPLOYMENT (000's)		PERCENTAGE DISTRIBUTION			
			Private		Public	
	1971	1972*	1971	1972*	1971	1972*
Agriculture and Forestry	211.1	225.3	89.8	88.0	10.2	12.0
Mining and Quarrying	3.0	3.2	96.7	84.4	3.3	15.6
Manufacturing and Repairs	92.8	96.1	77.0	75.9	22.3	24.1
Building and Construction	34.8	35.0	60.4	66.6	39.6	33.4
Electricity and Water	5.2	5.6	–		100.0	100.0
Commerce	46.7	44.0	91.0	90.9	9.0	9.1
Transport, Storage and Communications	45.6	45.6	35.7	39.7	64.3	60.3
Services	240.6	254.6	32.9	30.9	67.1	69.1
TOTAL	679.7	709.4	62.3	61.2	37.7	38.8

*Provisional

EMPLOYMENT BY RACE AND SEX, 1969-1972

Table 9.6

	1969	1970	1971	1972*	PER CENT IN TOTAL	
	000's	000's	000's	000's	1969	1972*
Africans	582.0	600.7	638.8	671.9	92.8	94.7
Asians	31.4	30.3	27.3	24.4	5.0	3.4
Europeans	13.8	13.5	13.6	13.1	2.2	1.9
TOTAL	627.2	644.5	679.7	709.4	100.0	100.0
of which **Males** ..	538.1	552.3	581.1	604.4	85.8	85.2
Females	89.1	92.2	98.6	105.0	14.2	14.8

*Provisional

EMPLOYMENT BY CITIZENSHIP, 1971 AND 1972

Table 9.7 000's

	CITIZENS		NON-CITIZENS		TOTAL	
	1971	1972*	1971	1972*	1971	1972*
Africans	634.3	667.5	4.5	4.4	638.8	671.9
Asians	13.9	14.4	13.4	10.0	27.3	24.4
Europeans	1.5	1.7	12.1	11.4	13.6	13.1
TOTAL	649.7	683.6	30.0	25.8	679.7	709.4
PER CENT IN TOTAL	95.6	96.4	4.4	3.6	100.0	100.0

*Provisional.

ASIAN AND EUROPEAN EMPLOYEES BY CITIZENSHIP AND INDUSTRY, 1971 AND 1972

Table 9.8 *Percentages*

	ASIAN						EUROPEAN					
	Citizens		Non-Citizens		Total		Citizens		Non-Citizens		Total	
	1971	1972*	1971	1972*	1971	1972*	1971	1972*	1971	1972*	1971	1972*
Agriculture and Forestry	1.0	0.7	1.2	0.8	2.2	1.5	2.8	3.0	8.2	4.7	11.0	7.7
Mining and Quarrying	0.1	—	0.3	0.2	0.4	0.2	—	—	0.7	0.5	0.7	0.5
Manufacturing and Building and Construc-	12.1	13.0	13.2	11.3	25.3	24.3	1.9	2.1	14.3	13.0	16.2	15.1
				4.3	5.5	5.7	0.3	0.3	3.7	6.1	4.0	6.4
Electricity and Water	0.2	0.2	0.2	0.2	0.4	0.4	—	—	1.2	1.2	1.2	1.2
Commerce	21.7	22.3	12.0	8.5	33.7	30.8	3.3	3.3	17.3	13.5	20.6	16.8
Transport and Com-												
	7.7	7.3	3.5	2.3	11.2	9.6						
Services	9.3	12.2	12.0	15.3	21.3	27.5	3.2	3.9	31.8	39.4	35.0	43.3
TOTAL	53.2	57.1	46.8	42.9	100.0	100.0	12.7	14.4	87.3	85.6	100.0	100.0

*Provisional.

9.12. The nationality distribution of employment continues to show a pronounced decline among non-citizen Europeans and Asians, particularly the latter. At the same time, the absolute number of citizens in employment among these two races has tended to increase gradually. The proportion of Asian citizens among all Asian wage employees rose from being half in 1971 to nearly 60 per cent in 1972. Increasing concentration of Asian and European citizens and non-citizens appears to be taking place in services.

Earnings

9.13. Total earnings in the modern sector in 1972 grew by 10.5 per cent, compared with the growth in employment of 4.4 per cent. Earnings have tended to rise considerably faster than employment for several years. In 1971. the growth of earnings in the public sector had been strongly influenced by the impact of the award recommended by the Ndegwa Commission. Although the bulk of the payments under this award were made in 1971, some were paid in 1972. Earnings in the public sector were also affected by a wage award to teachers in 1972 and by increased employment in para-statal bodies. As a result, the rate of growth in the public sector wage bill was of the same magnitude as for the private sector.

9.14. Although private employment in several economic activities fell, this had no effect on their wage bill, except in mining and quarrying. Agricultural employment rose significantly, but the level of earnings went up faster, by nearly 23 per cent. This was perhaps because farmers had to offer higher wages in order to attract the labour they required.

9.15. As shown in Table 9.11, a large part of the increase in public sector earnings originated within para-statal bodies, employment in which increased by over 23 per cent. However, this rise in numbers was primarily in middle and high level occupations, which are relatively well remunerated, so that the overall earnings of employees in these bodies rose quite sharply. Among East African Community bodies, the fall in earnings of the employees of the E.A. Posts and Telecommunications Corporation was probably related to the transfer of its headquarters from Nairobi to Kampala.

9.16 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. Average earnings per employee rose by 6 per cent, taking the public and private sectors together. A significant proportion of this increase was contributed by the rise of 17 per cent in average earnings within private agriculture. The next highest

EARNINGS BY MAJOR SECTOR, 1969-1972

Table 9.9 — *K£ million*

	1969	1970	1971	1972*
PRIVATE SECTOR—				
Agriculture and Forestry	13.0	13.7	15.1	18.5
Rest of Private Sector	68.9	75.6	82.4	88.9
Total Private Sector	81.9	89.3	97.5	107.4
PUBLIC SECTOR	71.7	79.1	86.8	96.2
TOTAL	153.6	168.5	184.3	203.6

*Provisional

EARNINGS IN THE PRIVATE SECTOR, 1969-1972

Table 9.10 — *K£million*

	1969	1970	1971	1972*
Agriculture and Forestry	13.0	13.7	15.1	18.5
Mining and Quarrying	0.8	1.0	1.0	0.7
Manufacturing and Repairs	19.6	22.7	25.9	28.0
Building and Construction .	5.1	5.6	6.8	7.9
Electricity and Water	1.8	–	–	–
Commerce	20.6	22.8	23.5	24.3
Transport and Communications	6.0	6.9	6.8	8.3
Services	15.0	16.7	18.4	19.7
TOTAL	81.9	89.3	97.5	107.4

*Provisional

EARNINGS IN THE PUBLIC SECTOR, 1969-1972

Table 9.11 — *K£million*

	1969	1970	1971	1972*
Kenya Government	31.8	43.5	49.7	52.9
Parastatal Bodies	4.3	6.6	6.8	11.1
Local Authorities	15.9	7.5	7.6	8.7
E.A.C. General Fund Services	1.5	1.7	1.8	1.8
E.A. Railways Corporation	7.7	8.0	8.0	7.9
E.A. Harbours Corporation	0.7	0.9	1.1	1.2
E.A. Posts and Telecommunications Corp.	3.0	3.5	3.6	2.9
E.A. Airways Corporation	3.6	4.0	3.4	4.7
E.A. Cargo Handling Services Ltd.	3.2	3.6	4.2	4.2
Other E.A. Public Bodies"	N.A.	N.A.	0.6	0.8
TOTAL	71.7	79.3	86.8	96.2

*Provisional
**International Air Radio (E.A.) Ltd., E.A. External Telecommunications Co. Ltd. and Eastern Africa National Shipping Line.

CHANGES IN EMPLOYMENT AND EARNINGS, 1969-1972

Table 9.12

Percentages

	EMPLOYMENT				AVERAGE EARNINGS			
	1969/70	1970/71	1971/72*	1969/72*	1969/70	1970/71	1971/72*	1969/72*
PRIVATE SECTOR—								
Agriculture and Forestry	2.8	3.2	4.6	11.0	2.6	7.1	17.0	28.6
Mining and Quarrying	11.5	—	-6.9	3.8	12.1	3.1	-27.0	-15.7
Manufacturing and Repairs	7.4	16.5	1.1	26.6	7.5	-2.1	-6.7	12.3
Building and Construction	4.3	23.5	11.0	42.9	5.3	-1.7	4.9	8.5
Electricity and Water								
Commerce	-4.8	6.8	-5.9	4.3	16.3	-3.6	10.2	23.5
Transport and Communications	3.1	-1.2	11.0	13.1	11.5	0.4	9.5	22.6
Services	1.1	5.7	-0.8	5.6	10.2	4.5	7.9	24.1
	4.4	3.4	7.6	16.2	5.8	6.0	2.9	15.3
PUBLIC SECTOR								
TOTAL	2.8	5.5	4.4	13.1	6.7	3.7	5.8	17.1

*Provisional.

rises were in commerce and services, despite falling employment in both these sectors. The slow growth of average earnings in building and construction can probably be attributed to the fact that the rise in employment in this group was primarily among unskilled labourers, who can be drawn from the relatively large pool of unemployed in the urban areas.

AVERAGE EARNINGS PER EMPLOYEE, 1969-1972

Table 9.13 *K£*

	1969	1970	1971	1972*
PRIVATE SECTOR—				
Agriculture and Forestry	72.7	74.6	79.9	93.5
Mining and Quarrying	307.7	344.8	355.4	259.3
Manufacturing and Repairs	341.5	367.0	359.4	383.6
Building and Construction	312.9	329.4	323.8	339.6
Electricity and Water	570.3	–	–	–
Commerce	492.8	572.9	552.2	608.5
Transport, Storage and Communications	375.0	418.2	419.7	459.6
Services	201.3	221.8	231.7	249.9
PUBLIC SECTOR	302.6	320.2	339.0	349.0
TOTAL	244.9	261.4	271.2	286.9

*Provisional

Manpower and Kenyanization

9.17. In 1972, a survey of high and middle level manpower was undertaken. This revealed that there were approximately 100,000 persons in this category, of whom 59 per cent are in the private sector and 41 per cent in the public sector. The number of citizens and non-citizens in each of the major occupational categories is shown in Table 9.14.

9.18. Three out of every four persons in this category of manpower were citizens compared with three out of five in 1967, when the last such survey was carried out. However, there remain wide variations in the level of Kenyanization within the different manpower categories. Two-thirds of all professional jobs are still occupied by non-citizens, as are a third of managerial posts. The primary reason for this is that such occupations require a relatively long period of education and training. During the last few years, the facilities required to provide such education and training have been developed and the pace of Kenyanization in these occupations is expected to speed up considerably. Kenyanization within the public sector has progressed further than in the private—the percentage of citizens in the high and middle level occupations in the public sector early in 1972 was 83 per cent, compared with 68 per cent in the private sector.

KENYANISATION OF HIGH AND MIDDLE LEVEL OCCUPATIONS, 1972

Table 9.14

	TOTAL		CITIZENS		NON-CITIZENS	
	No.	%	No.	%	No.	%
Managerial Occupations	15,708	100	9,936	63	5,772	37
Professional Occupations	5,747	100	1,973	34	3,774	66
Semi-professional or technical occupations	31,310	100	23,339	75	7,971	25
Skilled Office and Clerical Occupations	25,625	100	21,179	83	4,446	17
Skilled Manual Occupations	21,431	100	17,834	83	3,597	17
TOTAL	99,821	100	74,261	74	25,560	26

9.19. In 1972, the Government enlarged the number of economic sectors and occupations in which non-citizen employees are required to have work permits. In addition to a large number of individual establishments, the entire building and printing industries, as well as the wholesale and retail trades, were brought within the scope of the regulations requiring work permits for non-citizen personnel. Nearly 10,000 permits were issued during the year. Of course, this is less than the number of non-citizens in wage employment, since a number of industries and occupations are not yet affected by the work permit system.

9.20. The issue of work permits is co-ordinated between the Department of Immigration and the Kenyanization of Personnel Bureau. The Bureau also registers for employment school-leavers who do not continue into further education or training, and who are unable to secure employment through other channels. The number so registered in 1972 was about 5,000, and the number placed in jobs 3,300. Placements in high and middle level occupations of persons other than school-leavers were smaller—250. This is because such posts tend to be filled in other ways (e.g. direct recruitment by employers in the private sector and among para-statal bodies or, in the public service, through the Public Service Commission, the Local Government Commission and the Teachers Service Commission).

9.21. A National Industrial Training Council was established in 1971, under the Industrial Training Act, to encourage and assist industries to establish and develop training schemes for skilled manpower. Under these arrangements, Tripartite Training Committees (made up of representatives of Government, employers and employees) are now operating in the building and civil engineering, sugar, motor engineering, transport and printing and publishing industries. A levy is imposed on employers in these industries and its proceeds used to reimburse costs of training to those employers who operate training programmes. In 1972, for example, the training committee for the building and civil engineering industry reimbursed training costs of K£20,000.

9.22. Other schemes to promote Kenyanization include the National Industrial Vocational Training and Trade Testing Scheme. This was set up in order to establish standards of skills by which workers can be graded through a system of trade testing, to create apprenticeship programmes in various trades and to lay down standards for training, both formal and informal, for persons entering industrial employment in the craft trades. The number of candidates who passed trade tests is set out in Table 9.15. The drop in 1972 is due to the fact that there was a shift of emphasis during the year from trade testing to training.

TRADE TEST PASSES, 1970-1972

Table 9.15

	1970			1971			1972		
	Grade I	Grade II	Grade III	Grade I	Grade II	Grade III	Grade I	Grade II	Grade III
Mechanical Engineering	121	323	1,688	147	294	819	123	272	711
Building	76	369	923	71	232	556	30	223	641
Woodwork	32	53	799	18	86	405	20	81	241
Electrical	75	74	239	15	38	125	15	74	252
Tailoring and Others	16	4	50	7	52	205	13	46	225
TOTAL	320	823	3,699	258	702	2,110	201	696	2,070

9.23. There are 44 apprenticeship programmes in operation under the scheme. The number of apprentices and indentured learner contracts registered in 1972 was 333 compared with a total of 829 during the previous four years. The apprenticeship programme covered the metal, mechanical, automotive, electrical, wood-working, building, printing, textile and agricultural trades.

9.24. A National Industrial and Vocational Training Centre is already in operation in Nairobi. A second centre is expected to start in Kisumu shortly and planning is proceeding for a third which will be located at Mombasa.

Consumer Prices

9.25. The indices of consumer prices for low and middle income wage earners rose substantially during 1971, mainly as a result of new fiscal measures introduced in that year. The rate of growth in these prices slowed down in 1972, as shown in Table 9.16.

PERCENTAGE CHANGES IN CONSUMER PRICES, DECEMBER, 1967 TO APRIL, 1973

Table 9.16

	Dec. 68 to Dec. 69	Dec. 69 to Dec. 70	Dec. 70 to Dec. 71	Dec. 71 to Dec. 72	Dec. 72 to April 73	Dec. 67 to April 73
Nairobi Lower Income Index	-	1.6	7.5	3.0	1.3	14.8
Nairobi Middle Income Index	1.1	2.4	6.3	4.1	2.1	17.8

9.26. The cost of living index of low income wage earners rose by 4.4 per cent and that for middle income earners by 6.3 per cent during the sixteen months since December, 1971. (Details of the various items which make up these indices are set out in Tables 9.17 and 9.18.) The cost of living of high income persons, however, increased rather more rapidly, by 7 per cent.

MIDDLE INCOME INDEX OF CONSUMER PRICES—NAIROBI

(Base: August, 1971 = 100)

(a) Old Weights

Table 9.17

	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
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	92.8	92.0	95.4	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	100.0	100.0	100.0	99.3

(b) 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	100.0
1971—December	100.8	102.0	100.3	99.9	101.0	101.0	100.1	103.0	102.0	100.0	100.5	100.8
1972—												
March	102.8	102.0	101.0	100.3	102.5	103.3	100.3	102.1	102.0	100.0	100.8	101.9
June	103.5	102.0	112.5	100.2	103.8	104.8	105.2	102.3	103.2	100.0	100.8	103.1
September	104.0	104.2	112.6	100.3	105.0	105.1	106.4	104.5	103.4	100.0	103.5	104.1
December	103.7	104.2	113.7	100.5	105.0	105.9	102.1	104.0	105.1	100.0	107.5	104.9
1973—												
January	103.5	104.2	113.7	100.5	105.0	108.8	100.9	102.1	105.1	100.0	108.9	105.3
February	104.3	104.2	114.0	100.8	105.0	109.5	100.1	103.5	105.1	100.0	110.3	106.0
March	104.2	104.2	114.0	100.1	105.0	109.5	104.1	103.0	105.1	100.0	111.6	106.4
April	105.0	104.2	114.0	100.1	105.0	109.5	105.1	103.0	107.9	100.0	112.9	107.2

LOWER INCOME INDEX OF CONSUMER PRICES—NAIROBI

(Base: August, 1971-100)

(a) Old Weights

Table 9.18

	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	1000
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	100.0	98.4

(6) 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	1000
1971—												
December	100.8	102.1	101.2	100.0	100.0	100.1	103.8	106.3	102.3	100.0	100.5	100.9
1972—												
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
June	102.4	102.1	115.4	100.0	100.0	100. 0	103.8	102.3	102.3	100.0	100.8	102.5
September	101.6	104.3	114.9	100.0	100.0	100. 0	104.0	105.9	105.1	100.0	103.5	102.8
December	101.7	104.3	115.8	100.0	100.0	100. 1	108.2	107.4	106.0	100.0	107.5	103.9
1973—												
January	101.7	104.3	115.5	100.0	100.0	100.1	108.2	103.8	106.0	100.0	108.9	104.1
February	102.0	104.3	114.9	100.0	100.0	100.1	108.2	106.6	106.0	100.0	110.3	104.6
March	102.1	107.3	114.1	100.0	100.1	100.1	108.2	105.0	106.0	100.0	111.6	104.8
April	102.3	104.3	115.5	100.0	100.1	100.1	108.2	105.9	106.0	100.0	112.9	105.3

CHAPTER 10—PUBLIC FINANCE IN THE ECONOMY

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

Kenya Government*

10.2. The out-turn of Government revenue and expenditure in 1972/73 and previous years is set out in Table 10.1. For 1972/73, the figures in Table 10.1 have been adjusted to take account of what is likely to be some K£8 million of under-expenditure on development account. However, this adjustment has not been made in the subsequent tables, which are derived entirely from the published estimates and subsequent supplementary estimates. The reason for this is that, at the time of going to press, it is not clear what categories of expenditure will fall short of the amounts budgeted. In Table 10.1, an attempt has been made to show a complete picture of the manner in which the difference between expenditure and revenue from normal sources is financed.

10.3. In 1972/73, the total deficit has increased sharply, to K£61 million. 58 per cent above the deficit in 1971 /72. However, as in 1971/72, the whole of this increase is attributable to the rising level of development expenditure, which has increased nearly nine-fold during the eight years since 1964/65. Total expenditure in 1972/73 is expected to reach K£204.2 million. Of this, K£140.6 million goes into recurrent outlays and K£63.7 million, 31 per cent of the total, into development. In 1971/72, development expenditure was K£24 million lower, and comprised only 24 per cent of the total budget. However, because recurrent revenue grew rather slowly in 1972/73, the surplus on recurrent account, which is normally channelled into the development budget, declined to K£2.2 million. This has meant that virtually the whole of development expenditure had to be financed from internal and external borrowing, which have contributed more or less equal amounts.

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* 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.

OUT-TURN OF REVENUE AND EXPENDITURE*, 1964/65-1972/73

Table 10.1 K£'OOO

	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73*
Recurrent Revenue	49,530	56,355	65,996	77,077	84,703	97,927	123,983	141,628	142,760
Recurrent Expenditure	56,915	63,267	68,529	74,991	80,515	91,136	111,317	128,670	140,560
Recurrent Surplus	-7,385	—6,912	—2,533	+2,086	+4,188	+ 6,791	+ 12,666	+ 12,958	+ 2,200
Development Expenditure	7,542	8,645	9,741	12,219	14,287	19,298	29,733	39,765	63,670
Development Project Earnings and Other Miscellaneous Receipts	2,026	586	408	863	642	400	379	424	500
DEFICIT	—12,901	—14,971	—11,866	—9,270	—9,457	—12,107	—16,688	—26,383	—60,970
INVESTMENT EXPENDITURE—									
Purchase of Equity		48	305	518	334	2,824	9,811	1,780	
Loans to: Public Corporations	5,872	5,607	6,260	6,513	9,253	7,444	5,541	7,999	**
Private Corporations		24	49	325	590	243	405	831	**
Other	208					519		1,477	
TOTAL INCREASE IN INVESTMENT CLAIMS	6,080	5,676	6,614	7,356	10,177	11,030	15,757	12,087	**
TOTAL DEFICIT	—18,981	—20,647	—18,480	—16,626	—23,137	—19,634	—32,445	—38,469	—60,970
FINANCING OF THE DEFICIT—									
External Loans on Recurrent Account	2,723	2,169	2,220	1,267	105	68			
External Loans on Development Account	7,975	7,258	5,619	6,564	7,010	10,706	10,941	11,489	26,840
External Grants to Recurrent Account	4,941	2,573	2,833	1,689	792	528	620	754	1,340
External Grants to Development Account	4,800	2,525	641	213	182	912	204	1,040	1,160
TOTAL EXTERNAL FINANCE	20,439	14,525	11,313	9,733	8,089	12,215	11,765	13,283	29,340

Table 10.1—*(Contd.)* *K£'OOO*

	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73+
LONG TERM DOMESTIC BORROWING ON RECURRENT ACCOUNT	—	1,265	-	—	144	1,238	1,372	-	-
LONG TERM DOMESTIC BORROWING ON DEVELOPMENT ACCOUNT	1,028	741	7,818	8,285	8,134	12,398	6,744	15,552	22,000
SHORT TERM DOMESTIC BORROWING ON RECURRENT ACCOUNT—									
Cereals and Sugar Finance Corporation					677	3,766	1,158	—4,954	1,860
Tax Reserve Certificates	—135	232	18	721	—90	1,290	—1,152	91	—500
Treasury Bills					5,000	—5,000	10,000	6,000	5,000
Other	— 73		1		3	11	4		
SHORT TERM DOMESTIC BORROWING ON DEVELOPMENT ACCOUNT—									
Advances from Central Bank						5,000	5,000		5,000
TOTAL NET SHORT TERM DOMESTIC BORROWING	—208	232	19	721	5,590	5,067	15,002	1,137	11,360
CHANGES IN CASH BALANCES (Increase+)	+2,278	—3,886	+ 670	+2,113	+2,323	+7,778	+2,438	—8,497	+ 1,730

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

1. Recurrent revenue as shown in this table plus external loans and grants and long-term and net short-term domestic borrowing, on recurrent account and equal recurrent revenue as shown in Table 10.10.
2. Recurrent expenditure plus development expenditure and investment expenditure as shown in this table equal total expenditure shown in Tables 10.3 and 10.8. except for 1972/73, for reasons stated in para.10.2.
3. Development project earnings plus external loans and grants and long-term and short term domestic borrowing on development account equal development revenue shown in Table 10.14.

**Included in development expenditure.

+Provisional.

10.4. The growth of total expenditure by functional activities is specified in Table 10.2 and the value of such expenditures in Table 10.3. The pattern of increases in the current financial year is very different from that in the previous year. The most notable feature is the three-fold rise in the rate of growth of outlays on economic and community services, which in 1972/73 account for 35 per cent of total expenditure. To a considerable extent, this growth derives from the sharp increase in development expenditures apparent in Table 10.1.

THE GROWTH OF EXPENDITURE BY FUNCTIONAL ACTIVITIES, 1964/65 TO 1972/73*

Table 10.2 Percentages

Services	1964/65 to 1971/72	1964/65 to 1972/73	1970/71 to 1971/72	1971/72 to 1972/73
General Services	124.2	142.6	31.4	8.2
Financial Obligations	32.0	43.8	-15.3	8.9
Economic and Community Services	175.2	264.3	10.5	32.4
Social Services	353.4	414.8	26.3	13.5
TOTAL EXPENDITURE	155.9	200.8	15.1	17.5

*Provisional

10.5. Within "economic and community services", the largest absolute rise is in expenditure on transport and roads, which went up by K£6.4 million to K£30.6 million. Of this amount, K£19.7 million is estimated to have been incurred on new road development, and the bulk of it was allocated as follows:—

	K£ million
Trunk Roads	6.0
Primary Roads	5.0
Secondary Roads	1.9
Minor and Unclassified Roads	2.8

A large part of the rest, nearly K£4 million, has gone into the development of Nairobi and Mombasa airports.

RECURRENT AND DEVELOPMENT EXPENDITURE ON MAIN SERVICES, 1968/69-1972/73

Table 10.3 *K£million*

Services	1968/69	1969/70	1970/71	1971/72	1972/73*
GENERAL SERVICES—					
Administration and Foreign Affairs	5.39	7.30	8.00	10.66	12.13
Law and Order	11.16	11.96.	13.42	16.98	15.57
Defence	5.56	5.69	6.47	9.29	11.32
Revenue Collection and Financial Control	2.27	2.64	2.54	3.04	4.24
TOTAL	24.38	27.59	30.43	39.97	43.26
FINANCIAL OBLIGATIONS—					
Public Debt	8.95	10.67	18.04	17.03	17.47
International Monetary Organization Subscriptions	0.87	1.07	3.28	0.12	0.35
Pensions and Gratuities	3.76	3.83	3.65	3.77	3.44
Compensation Payments	0.14	0.07	0.03	0.02	0.01
Passages and leave expenses	0.54	0.54	0.58	0.48	0.34
Transfers to local authorities	5.70	4.89	0.85	0.97	2.79
TOTAL	19 97	21.07	26.43	22.39	24.39
ECONOMIC AND COMMUNITY SERVICES—					
Agriculture and Veterinary	13.45	10.94	11.38	14.35	19.84
Forestry	1.54	1.67	1.73	2.30	2.57
Game and National Parks	1.25	1.37	1.76	2.41	3.22
Transport and Roads	9.17	12.79	18.72	24.23	30.60
Electricity and Petroleum	–	2.60	3.97	0.05	0.79
Banking	–	–	2.88	0.25	0.48
Other (including water supplies)	8.78	7.95	10.72	12.96	17.36
TOTAL	34.19	37.32	51.16	56.55	74.86
SOCIAL SERVICES—					
Education	11.89	17.54	27.58	33.68	40.87
Health	5.91	7.94	10.11	12.22	11.96
Other (Labour, Community Development, Housing, etc.)	4.97	6.11	6.57	10.01	10.64
TOTAL	22.77	31.59	44.26	55.91	63.47
UNALLOCABLE	3.67	3.88	4.52	5.71	6.24
TOTAL EXPENDITURE	104.98	121.45	156.80	180.52	212.23

*Provisional

10.6. Another notable feature of Table 10.3 is the continued growth of outlays on agricultural and veterinary services, which rose by 26 per cent in 1971/72, and went up by another 38 per cent (K£5.5 million) in 1972/73. In the years prior to 1969/70, a large part of the relatively high agricultural and veterinary expenditures had been of a transfer nature, going into the purchase of land for settlement purposes. In the last two years, however, only a small proportion of expenditure has been devoted to settlement, so that the growth has gone into new development and extension services.

10.7. The "other" category in economic and community services includes some important activities which benefitted from the growth of one-third in such expenditure. Of the total, K£8 million is development expenditure on commerce and industry, including K£4.6 million in the form of loans to the Industrial and Commercial Development Corporation (ICDC) and other enterprises. The ICDC uses these resources for equity investment, to develop industrial estates and to make loans to small businessmen and industrialists. Of the balance of the amount in this category, K£2.5 million went to water supplies, mainly in the rural areas, and K£1.2 million for land adjudication and registration. The progress of these services is discussed in Chapters 4 and 5.

10.8. Social services is the second largest major category of expenditure and in 1972/73 claimed 30 per cent of total outlays. Expenditure increased by nearly 14 per cent over 1971/72, and the whole of this growth has gone into education, which accounts for two-thirds of the total expenditure on social services. Over 8 per cent of educational outlays have been incurred on development account, to expand facilities for secondary education, teacher training and other vocational institutions. Total expenditures on health and other community services show little change in the current financial year.

10.9. In contrast to its growth of 31 per cent in 1971/72, expenditure on "general services" has risen only 8 per cent in 1972/73. (The sharp rise in 1971/72 was due to the major salary award recommended by the Ndegwa Commission.) These services include law and order, defence, administration and revenue collection. Of the total. K£7 million is development expenditure on buildings, which include the Kenyatta Conference Centre in Nairobi, new headquarters for the Provincial Administration, prisons and buildings for the police and armed forces. The decline in outlays on "law and order" is attributable to the tapering off in development expenditure on police and prisons buildings.

10.10. The other major functional category of expenditure in Table 10.3 is "financial obligations". These include public debt payments, pensions and gratuities, and transfers to local authorities. Expenditure on financial obligations rose by K£2 million and almost all of this growth went into transfers to local authorities, mainly to help finance water and sewerage projects.

10.11. Details of public debt are shown in Tables 10.4 to 10.7. The overall level of public debt in 1972 increased from K£170.1 million to K£194.3 million, by 14 per cent. More than half of this growth was in internal debt, which has been rising much faster than external debt during the last decade—nearly five-fold since 1962, compared with 85 per cent for external debt. The bulk of the internal debt is funded and raised on the local market through issues of government stock. However, in 1971 and 1972. the Government also used local sources to raise significant amounts of unfunded debt. But the vast bulk of the latter remains external, as shown in Table 10.6, in which sources of unfunded debt are detailed. Half of the growth in such external debt in 1972 was in the form of loans from international organizations.

PUBLIC DEBT, 1960-1972

Table 10.4 *K£million*

A 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	18.79	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	32.79	0.95	33.74	64.95	18.04	82.98
1964	32.16	17.09	49.25	35.96	0.90	36.86	68.12	17.99	86.11
1965	32.16	17.59	49.75	44.75	0.94	45.69	76.91	18.53	95.44
1966	32.16	18.32	50.48	53.94	1.02	54.96	86.10	19.34	105.44
1967	32.16	26.27	58.43	58.96	1.21	60.17	91.12	27.49	118.61
1968	27.30	34.77	62.07	58.19	1.40	59.59	85.49	36.17	121.66
1969	27.30	47.81	75.11	65.98	1.33	67.31	93.28	49.14	142.42
1970	27.30	56.91	84.21	74.74	1.19	75.93	102.04	58.10	160.14
1971	21.21	64.21	85.42	73.67	11.04	84.71	94.88	75.24	170.13
1972	21.21	77.66	98.87	84.55	10.88	95.43	105.76	88.54	194.30

*Excluding Short-Term Borrowings.

DEBT SERVICING CHARGES, 1960-72

Table 10.5 *K£million*

As at 30th	ANNUAL DEBT SERVICING CHARGES			INTEREST AND LOANS REPAYMNT RECEIPTS			NET SERVICING CHARGES			Sinking Funds at
	External	Internal	Total*	External	Internal	Total	External	Internal	Total	Maket Value
1960			2.83			1.13			1.70	4.72
1961			3.40			1.51			1.89	5.33
1962	0.95	3.19	4.14	0.20	1.55	1.75	0.75	1.64	2.39	5.28
1963	1.37	3.29	4.66	0.22	1.61	1.85	1.15	1.68	2.83	6.67
1964	1.97	3.24	5.21	0.33	1.71	2.04	1.64	1.53	3.17	7.88
1965	2.61	3.76	6.37	0.56	2.26	2.82	2.05	1.49	3.54	9.05
1966	3.16	4.55	7.71	0.32	2.57	2.89	2.84	1.98	4.82	9.99
1967	4.83	3.50	8.33	0.81	2.79	3.60	4.02	0.71	4.73	11.22
1968	5.27	2.67	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	2.98	3.36	4.40	1.11	5.51	11.36
1970	4.98	5.70	10.68	0.62	3.01	3.64	4.18	2.86	7.04	13.91
1971	11.45	6.20	17.65	0 58	7.35	7.93	10.87	-1.15	9.72	12.84
1972	7.23	9.47	16.70	0.59	4.50	5.09	6.64	4.97	11.61	15.51

*Includes interest payments of (K£million):—
1960 2.34; 1961.2.73; 1962.3.29; 1963—3.66; 1964..05; 1965.4.41; 1966—4.73; 1967—5.25; 1968—5.40; 1969—5.97; 1970—6.61; 1971—7.44; 1972—8.72.

Table 10.6 — SOURCES OF UNFUNDED DEBT, 1965-1972 — K£'000

Outstanding as at June 30th	1965	1966	1967	1968	1969	1970	1971	1972
EXTERNAL DEBT								
Lending Countries								
United Kingdom	37,991	43,627	47,582	44,486	47,830	52,776	46,314	47,209
U.S.A		4,793	4,047	4,581	4,759	4,890	5,733	7,272
West Germany	2,632	2,795	3,297	3,563	3,622	3,896	4,583	4,889
U.S.S.R			195		163	147	130	113
Japan						149	598	599
Israel				456	609	647	566	471
Others	2,114	400				127	869	3,714
Total	42,737	51,613	55,121	53,086	56,983	62,632	58,793	64,267
International Organizations								
I.B.R.D	2,014	1,785	1,873	1,661	1,497	1,195	2,498	6,640
I.D.A.		542	1,961	3,441	7,380	10,633	11,987	13,048
African Development Bank					119	278	386	595
TOTAL	2,014	2,327	3,834	5,102	8,996	12,108	14,871	20,283
TOTAL EXTERNAL	44,751	53,940	58,955	58,188	65,979	74,738	73,664	84,550
INTERNAL (E. AFRICAN) DEBT								
Uganda/Tanzania	455	448	441	454	400	367	333	299
Banks: Central							10,000	10,000
Other	476	557	567	553	465	386	295	199
Insurance Companies			154	268	261	234	207	180
Other	11	10	53	127	202	202	202	202
TOTAL INTERNAL	942	1,015	1,215	1,402	1,328	1,189	11,037	10,880
TOTAL UNFOUNDED DEBT	45,693	54,956	60,170	59,590	67,307	75,927	84,701	95,430

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

Table 10.7 — K£'000

HOLDERS	1968	1969	1970	1971	1972
PUBLIC BODIES:—					
National Social Security Fund	8,148	17,417	17,510	22,533	30,427
Central Government	11,828	9,912	13,411	20,083	18,679
Local Government	1,052	1,078	950	901	833
Kenya Post Office Savings Bank	2,114	2,114	2,551	2,008	3,507
East African Community Institutions	891	891	380	380	3,383
Central Bank	3,510	3,510	3,510	2,010	5,701
Other Public Sector	683	474	472	513	440
OTHER INTERNAL:—					
Commercial Banks	1,766	6,184	8,299	8,374	8,095
Insurance Companies	4,590	4,879	5,280	5,368	6,496
Other Companies	2,083	2,445	4,169	7,341	9,184
Private Individuals	550	780	719	396	259
EXTERNAL:—					
Other East African	353	352	370	370	98
Other Sterling Area	1,735	1,723	1,556	1,371	1,047
Non Sterling Area	42	42	39	13	12
Total	39,345	51,801	59,216	71,661	88,161

Table 10.8 — *K£million*

	1967/68	1968/69	1969/70	1970/71	1971/72
RECURRENT EXPENDITURE					
CONSUMPTION EXPENDITURE ON GOODS AND SERVICES—					
Wages and Salaries:					
Personal Emoluments	24.43	26.32	36.42	47.62	61.54
House Allowances	0.89	1.07	1.27	1.53	2.50
Passages and Leave Expenses	0.54	0.51	0.51	0.56	0.48
Contributions to Pensions Fund	0.41	0.44	0.42	0.49	0.16.
Pay and allowances to Armed Forces:					
Personal Emoluments	3.23	3.22	3.31	3.54	3.96
Pensions and Gratuities	0.10	0.13	0.14	0.15	0.17
TOTAL	29.60	31.70	42.07	53.89	68.80
Other Goods and Services:					
Rent of Fixed Assets:					
(a) Residential	0.26	0.32	0.39	0.64	0.64
(b) Non-residential	0.30	0.35	0.43	0.29	0.44
Maintenance and repairs	2.42	2.54	3.13	3.66	5.15
Travelling expenses	2.31	2.39	2.65	2.91	4.08
Collection costs of income tax, customs and excise duties	1.02	1.10	1.32	1.42	1.42
Miscellaneous other goods and services	8.68	9.10	11.14	13.69	18.33
TOTAL	14.99	15.83	19.06	22.61	30.06
SUBSIDIES—					
To agriculture	2.39	2.76	1.35	1.20	0.79
To other sectors	0.08	0.05	0.03	0.04	0.04
TOTAL	2.47	2.81	1-38	1.24	0.83
INTEREST—					
External Debt	3.54	3.58	3.20	3.33	3.87
Internal Debt	1.86	2.39	3.41	4.12	4.85
TOTAL	5.40	5.98	6-61	7.45	8.72
OTHER TRANSFERS—					
To Households and Un-incorporated Enterprises:					
(a) Persons (including pensions)	4.00	4.29	5.09	4.34	7.67
(b)Private non-profit institutions— Educational	4.73	5.48	3.14	2.66	3.13
(c)Other private non-profit institutions	0.34	0.33	0.19	0.55	0.32
To rest of the world	2.84	1.11	1.27		0.40
To other General Government Agencies:				3.47	
(a) Local Authorities	3.92	5.69	4.79		0.80
(b)E.A. Community	0.12	0.12	0.02	0.75	0.13
(c)Land Settlement	0.51	0.51	0.39		
id) Miscellaneous	1.18	1.38	2.33	0.43	3.12
				4.36	
TOTAL	17.64	18.91	17.22	16.56	15.58
TOTAL RECURRENT EXPENDITURE	70.11	75.22	86.33	101.75	124.00

Table 10.8—*(Contd.)* *K£million*

	1967/68	1968/69	1969/70	1970/71	1971/72
CAPITAL EXPENDITURE					
GROSS CAPITAL FORMATION—					
Residential buildings	1.13	1.42	1.08	2.32	2.46
Non-residential buildings	3.31	4.39	4.11	5.67	6.25
Construction and works	6.77	7.83	10.50	15.75	19.08
Plant, Machinery and Equipment	1.46	1.93	2.11	2.54	4.46
Transport Equipment	0.92	0.75	1.40	1.55	1.97
Land	0.79	0.28	0.83	0.81	2.00
TOTAL	14.38	16.60	20.03	28.64	36.22
INVESTMENT IN COMMERCIAL ENTERPRISES	–	–	2.60	9.81	1.78
LOANS TO OTHER SECTORS—					
To Households and Un-incorporated Enterprises			0.76		1.48
To Corporations	3.31	5.71	4.97	4.35	6.60
To Other General Government Agencies	4.04	4.46	2.69	1.60	2.23
TOTAL	7.35	10.18	8.42	5.95	10.31
LOAN REPAYMENT—					
External Debt	1.85	1.67	1.95	1.91	2.98
Internal Debt	0.09	0.57	1.34	7.60	3.95
Sinking Fund	0.78	0.74	0.78	1.14	1.29
TOTAL	2.72	2.98	4.07	10.65	8.22
TOTAL CAPITAL EXPENDITURE	24.46	29.76	35.12	55.05	56.52
ALL EXPENDITURE	94.57	104.98	121.45	156.80	180.52

10.12. An analysis of public funded debt by holders on the local register is shown in Table 10.7. The most important single source is the National Social Security Fund and its significance continues to grow, accounting in 1972 for 35 per cent of the total book value of all public funded debt on the local register. Other major sources of such finance are commercial banks and insurance and other companies but their share in the total declined from 29 per cent in 1971 to 27 per cent last year.

10.13. An economic analysis of Government expenditure is detailed in Table 10.8*. However, this only includes information up to 1971/72, since the details required to do this analysis for the current financial year are not available. Capital expenditure grew by only 3 per cent, K£1.5 million, and its share in the total declined from 35 per cent in 1970/71 to 31 per cent, although gross capital formation increased by K£7.6 million. The 22 per cent growth of recurrent expenditure was primarily due to a major pay award for civil servants—outlays on wages and salaries increased by nearly K£15 million.

10.14. The functional and economic analysis of government expenditure in 1971/72 is brought together in a cross-tabulation in Table 10.9.

10.15. Revenue receipts on recurrent account are detailed in Table 10.10 The estimates for 1972/73 show an increase of nearly 5 per cent (K£6.9 million), which derives primarily from taxation and short-term borrowing. Although less than 1 per cent of the total, external sources have nearly doubled due to a single grant.

10.16. Details of taxation receipts are shown in Tables 10.11 to 10.13. The growth of the revenue from direct taxation slowed down in 1972/73 after rising for several years. Of the K£4 million increase in 1972/73, K£2.9 million is represented by rising income tax and the rest is from graduated personal tax (GPT). However, this latter source will disappear entirely following the recent announcement by the Government that GPT is to abolished. A new sales tax is to be introduced on imports and domestically manufactured goods—the tax on imports is already operating and domestically manufactured goods are to be brought within its scope in the next financial year. This will significantly increase the importance of indirect taxation as a source of revenue.

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* In this table, the recurrent and capital expenditure categories are not synonymous with the "recurrent" and "development" expenditure as published in the Appropriation Accounts because they are defined on the basis of economic rather than budgetary categories.

ECONOMIC AND FUNCTIONAL CROSS-ANALYSIS OF EXPENDITURE , 1971/72

Table 10.9

K£000

Economic Classification / Functional Classification	RECCURENT 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	2,587	737	—	—	142	—	2	3,469	1,053	—	—	4,521
Administration—Provincial	2,937	507	—	—	—	—	50	3,493	343	—	—	3,836
Foreign Affairs	738	896	—	—	—	164	200	1,998	304	—	—	2,302
Law and Order	10,498	3,501	—	—	12	—	—	14012	2,970	—	—	16,982
Defence	3,988	5,160	—		7	—	—	9,155	135	—	—	9,290
Revenue Collection and Financial Control	967	1,897	13	—		117	8	3,002	37	—	1	3,040
COMMUNITY SERVICES—												
Roads	2,008	1,156	19	—	—	—	209	3,392	18,852	—	—	22,244
Water Works	760	1,284	9	—	—	—	30	2,083	1,221	—	—	3,304
Other	82	17	—	—	—	—	—	99	2	—	—	101
SOCIAL SERVICES—												
Education	22,239	2,894	—	—	6,425	—	1,101	32,659	1,020	—	—	33,679
Health	5,514	3,430	—	—	383	—	15	9,341	2,881	—	—	12,222
Labour	305	65	—	—	31	—	4	405	26	—	—	431
Housing	87	9	—	—	—	—	25	121	380	2,754	—	3,255
Other, including Community Development	2,254	1,164	—	—	180	5	196	3,800	2,348	175	—	6,323
ECONOMIC SERVICES—												
Agriculture	3,459	1,189	796	—	—	2	1,018	6,461	861	3,232	—	10,555
Veterinary	1,823	1,125	—	—	—	—	6	2,954	837	—	—	3,790
Forestry	1,439	467	—	—	6	—	3	1,915	388	—	—	2,303
Game and Fisheries	636	282		—	—	—	—	918	385	5	—	1,307
National Parks and Tourism	17	171	—	—	—	—	333	521	12	571	—	1,104
Lands, Mines, Survey and Geology	1,757	616	—	—	103	—	51	2,527	178	—	—	2,705
Commerce and Industry	606	869	—	—		—	206	1,681	524	4,642	—	6,846
Transport, excluding Roads	452	476	—	—	369	—	9	1,305	657	25	—	1,988
Electricity and Petroleum	—	—	—	—	—	—	—	—	48	—	—	48
Banking and Financial Institutions										250		250

Table 10.9—*(Contd.)* 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										
RECURRENT FINANCIAL OBLIGATIONS—												
Interest				8,720				8,720				8,720
Sinking Fund											744	744
Redemption		89						89			7,475	7,564
Compensation Payments to Designated Officers					19			19				19
Pensions and Gratuities	332				3,439			3,771				3,771
Subscriptions to International Monetary Organizations. .						120		120				120
Passages and Leave Expenses	479							479				479
Transfers to Local Authorities, n.e.s							537	537		433		970
UNALLOCABLE EXPENDITURE—												
Buildings—Residential	724	252						976	82			1,058
Buildings—Non-Residential	724	326						1,050	88			1,138
M.O.W.—Unallocable	1,124	1,252			2			2,379	458			2,837
Government Printer	222	253						475	69			545
Other Unallocable	44	25			5			74	55			129
TOTAL	68,803	30,107	837	8,720	11,124	405	4,004	123,999	36,216	12,087	8,220	180,522

GROSS RECEIPTS ON RECURRENT ACCOUNT, 1968/69-1972/73

Table 10.10 *K£million*

	1968/69	1969/70	1970/71	1971/72	1972/73*
DOMESTIC SOURCES—					
Taxation	65.20	76.18	92.99	107.81	112.73
Interest and repayment of loans	6.42	5.45	9.77	5.09	4.13
Charges for goods and services	7.83	10.99	12.81	13.65	15.56
Reimbursement from other administrations	1.39	1.24	0.95	2.63	1.34
Miscellaneous	3.87	4.07	7.47	12.43	9.00
Loans raised internally	0.10	1.23	1.37	–	–
Short term net borrowings	5.59	0.06	10.01	1.13	6.36
TOTAL	90.40	99.22	135.37	142.74	149.12
EXTERNAL SOURCES—					
Grants under Overseas Service Aid Scheme	0.66	0.45	0.53	0.68	
Other U.K. Grants	0.04	–	0.01		1.34
U.K. Loans	0.11	0.07	–	–	
Other Foreign Loans and Grants	0.09	0.08	0.08	0.09	–
TOTAL	0.90	0.60	0.62	0.11	1.34
TOTAL RECEIPTS	91.30	99.82	135.99	143.51	150.46

*Provisional.

10.17. In 1972/73 the revenue from all indirect taxation showed no change. In fact, as shown in Table 10.12, import duty collections fell substantially.* This was a direct consequence of the fall in imports, discussed in Chapter 3. Excise revenue shows little change. However, receipts from "taxes and licences n.e.s." have more than doubled. The figures in this category reflect the impact of taxes introduced in 1971/72 on hotel accommodation, traditional liquor and consumption of beer and tobacco. A small proportion of the increase is also accounted for by the sales tax on imports, implemented recently.

*The figures in Table 10.12 are on a calendar year basis and are not directly comparable with those in Table 10.11.

GROSS REVENUE FROM TAXATION FOR RECURRENT EXPENDITURE, 1968/69 -1972/73

Table 10.11 *K£million*

	1968/69	1969/70	1970/71	1971/72	1972/73*
DIRECT TAXATION—					
Income Tax	23.61	29.20	37.78	45.04	47.91
Graduated Personal Tax	1.51	2.44	2.68	1.82	3.00
Estate Duties	0.35	0.35	0.35	0.50	0.40
Export Duties	0.31	0.40	0.49	0.44	0.50
TOTAL	25.78	32.39	41.30	47.80	51.81
INDIRECT TAXATION—					
Import Duties	21.83	24.35	28.72	31.50	24.65
Excise Duties	11.79	13.15	15.27	16.21	16.89
Stamp Duties	0.91	1.07	1.28	1.34	1.40
Petrol and Diesel Tax	1.79	2.11	2.39	2.39	2.75
Licences and Fees under the Traffic Act	1 .53	1.10	1.70	2.64	2.68
Taxes and Licences, n.e.s.	1 .21	1 .63	1.69	5.41	12.07
Land Premia and Taxes	0.07	0.13	0.31	0.20	0.10
Royalties	0.29	0.25	0.32	0.32	0.38
TOTAL	39.42	43.79	51.68	60.01	60.92
TOTAL TAXES AND LICENCES	65.20	76.18	92.98	107.81	112.73
Percentage contribution of:—					
Direct Taxes	40	43	44	44	46
Indirect Taxes	60	57	56	56	54

*Provisional

IMPORT DUTY COLLECTIONS, 1968-1972

Table 10.12 K£'000

END USE CATEGORY	1968	1969	1970	1971	1972*
Food, drink and tobacco	2,734	2,403	3,079	4,630	4,745
Basic materials	493	679	723	742	897
Fuels	6,071	6,765	7,400	8,851	6,645
Chemicals	649	671	771	1,051	836
Textiles	4,499	4,128	4,492	4,868	3,809
Semi-manufactures	1,451	1,553	1,685	2,435	1,445
Metals	760	796	961	1,366	1,217
Transport Equipment	2,954	3,627	4,393	5,322	4,371
Machinery	1,010	1,215	1,533	2,229	2,279
Miscellaneous manufactured articles	2,047	1,988	2,725	4,260	3,384
Miscellaneous commodities and transactions	561	682	824	-526	-225
TOTAL	23,229	24,507	28,586	35,228	29,403

*Provisional

EXCISE REVENUE BY COMMODITIES, 1968-1972

Table 10.13 K£'000

COMMODITY	1968	1969	1970	1971	1972*
Beer	4,291	4,334	5,838	6,981	7,647
Sugar	2,540	2,819	3,221	2,713	2,197
Cigarettes	3,381	3,756	4,404	4,885	5,201
Cigars	1	1	–	-	
Matches	146	191	162	186	199
Tobacco	24	35	26	25	24
Spirits	214	223	211	211	246
Mineral Waters	363	434	507	629	654
Biscuits	33	29	26	29	31
Fabrics, woven	386	436	553	622	743
Soap	430	494	487	702	493
Paints and distempers	111	162	161	178	229
TOTAL	11,919	12,914	15,596	17,160	17,664

*Provisional

10.18. The sources of revenue for development expenditure are shown in Table 10.14. The near-doubling of revenue in 1972/73 made possible the sharp growth in development expenditure already noted. Revenue from external sources is expected to rise from K£12.5 million to about K£28 million, thus raising the share of external sources to half. Internally raised development revenue derives primarily from local market issues, and finance from this source is expected to grow from K£15.6 million in 1971/72 to K£22 million in 1972/73. Another important source of funds in the current year was a loan of K£5 million from the Central Bank. As indicated earlier in this chapter, transfers from the recurrent to development account are only K£2.2 million compared with K£17.4 million in 1971/72 and K£21.4 million in 1970/71. The difference between revenue as shown in Table 10.14 and expenditure is met through domestic short-term borrowing.

DEVELOPMENT REVENUE ACCOUNTS, 1968/69-1972/73

Table 10.14 *K£million*

	1968/69	1969/70	1970/71	1971/72	1972/73*
EXTERNAL SOURCES—					
Grants:					
British Government	0.02	0.76	0.04	0.56	0.06
Others	0.16	0.19	0.17	0.48	1.10
TOTAL	0.18	0.95	0.21	1.04	1.16
Loans:					
U.K. Exchequer and C.D.C.	2.24	6.71	2.44	3.23	
U.S.A.I.D	0.03	0.03	0.23	1.26	
I.B.R.D	0.23		1.53	3.24	
West Germany	0.28	0.17	0.94	0.20	
I.D.A	3.95	3.27	1.63	1.08	
Other Foreign Loans	0.29	0.52	4.16	2.48	
TOTAL	7.01	10.71	10.93	11.49	26.84
TOTAL EXTERNAL SOURCES	7.19	11.66	11.14	12.53	28.00
INTERNAL SOURCES—					
Loans:					
Local Market Issues	7.97	12.37	6.74	15.55	22.00
Other Local Loans	0.16	5.02	5.00		5.00
TOTAL	813	17.39	11.74	15.55	27.00
MISCELLANEOUS REVENUES—					
Taxation	0.15	-	0.01		
Development Project Earnings	0.09	0.13	0.17	0.36	0.50
Other	0.40	0.24	0.19	0.07	
TOTAL	0.64	0.37	0.37	0.43	0.50
TOTAL INTERNAL SOURCES	8.77	17.76	12.11	15.98	27.50
TOTAL REVENUE	15.97	29.42	23.25	28.51	55.50

*Provisional.

Local Authorities

10.19. Total expenditure by local authorities is shown in Table 10.15. The figures indicate a growth of over 21 per cent. However, it should be noted that expenditures for 1972 are based on the published estimates of the local authorities and not on actual outlays. Past experience suggests that expenditures are usually below the published estimates. The growth of K£4.5 million in 1972 was evenly distributed between municipalities and county councils. The bulk of the increase in municipal expenditures was in Nairobi. However, growth is also apparent in all the smaller urban centres, although Mombasa shows a slight drop.

10.20. There were increases in all categories of expenditure, as illustrated in Table 10.16. Allocations to trading activities went up by the largest amount, and, as shown in Table 10.17, this was primarily caused by a large rise in expenditure on water undertakings, which could be attributed almost entirely to Nairobi City Council's Chania River water development scheme *(see* Chapter 5). The large expenditure involved in the construction of this scheme is a major factor in the growth of capital expenditure, shown in Table 10.18.

EXPENDITURE OF LOCAL AUTHORITIES, 1967-1972

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	9.06	4.37	13.43	2.83	16.26
1971*	11.62	5.62	17.24	3.86	21.10
1972	13.13	5.83	18.96		

*As shown in Councils' Estimates.

EXPENDITURE ON MAIN SERVICES, 1970-1972

Table 10.16

K£'000

	Services																	
	Administration			Community			Social			Trading			Unallocable			Total		
	1970	1971*	1972	1970	1971*	1972	1970	1971*	1972	1970	1971*	1972	1970	1971*	1972	1970	1971*	1972
Nairobi	742	680	532	2,000	2,178	2798	2,937	3,569	4717	3,377	5,197	5078	1	1	—	9,057	11,625	13125
Mombasa	164	267	289	600	656	663	671	685	964	506	668	372	–73	43	170	1,868	2,318	2458
Nakuru	36	99	57	111	118	162	254	272	353	338	380	375	18	60	6	757	929	955
Kisumu	52	59	43	158	161	143	179	214	245	350	691	230	53	6	—	792	1,132	698
Eldoret	33	34		59	62		83	88	112	108	114	124	—	—	—	283	298	342
Kitale	27	33		34	32	46	40	56	77	81	94	89	1	—	—	183	215	243
Thika	99	107	33	74	112	161	65	86	7	223	292	257	22	—	12	483	597	747
Nyeri	—	14		—	21	22	—	7		—	31	24	—	—	—	—	73	86
Embu	—	3		—	—	30	—	4		—	9	51	—	2	—	—	19	142
Meru	—	7	29	—	3	9	—	6	19	—	9	5	—	—	8	—	25	111
Kakamega	—	10		—	6		—	–1	3	—	1	10	—	–1	2	—	15	51
All Municipalities ..	1,153	1,313	1417	3,036	3,350	4106	4,229	4,986	6621	4,984	7,484	6613	22	112	200	13,425	17,244	18958

*As shown in Councils' Estimates.

MUNICIPAL COUNCILS

Recurrent and Capital Expenditure on Main Services, 1968-1972

Table 10.17 K£'000

SERVICES	1968	1969	1970	1971*	1972*	1972
ADMINISTRATION	996	811	1,153	1,313	1,547	1417
COMMUNITY SERVICES—						
Roads	1,610	1,396	1,334	1,627	1,585	1773
Sanitary Services	1,357	970	1,424	1,138	2,020	1961
Other	182	259	279	584	404	373
TOTAL	3,149	2,625	3,037	3,350	4,009	4,106
SOCIAL SERVICES—						
Health	923	686	804	982	1,201	1493
Education	2,372	2,202	2,354	2,802	2,981	3355
Other	1,077	1,065	1,071	1,202	1,406	1773
TOTAL	4,372	3,953	4,229	4,986	5,587	6621
ECONOMIC SERVICES	—	—	—	—	—	—
TRADING SERVICES—						
Water Undertakings	1,532	1,651	1,304	1,836	3,431	2448
Markets and Slaughter Houses	178	193	195	256	285	479
Breweries and Beer-shops	356	347	320	406	347	282
Housing Estates (including Staff Housing)	2,864	3,346	2,888	4,687	3,788	3277
Hostels	35	28	32	30	33	34
Other	249	252	245	268	453	92
TOTAL	5,214	5,817	4,984	7,484	8,337	6613
UNALLOCABLE EXPENDITURE	31	26	22	112	72	200
TOTAL	13,762	13,234	13,424	17,244	19,551	18958

*Asshown in Councils' Estimates.

MUNICIPAL COUNCILS

Economic Analysis of Expenditure, 1968-1972

Table 10.18 K£'000

	1968	1969	1970	1971 *	1972*	1972
EXPENDITURE ON:						
Wages, Salaries and Allowances	4,597	5,112	5,652	6,404	7,810	7899
Other Goods and Services	2,848	2,422	2,986	3,540	4,009	3768
Loan Charges	1,977	2,106	2,330	2,351	2,537	2546
Transfers (Excluding Compensation and Gratuities)	271	250	292	341	132	480
Capital	3,963	3,523	2,478	4,980	8,288	6077
Net Inter Departmental Transfers	+ 107	-180	-313	-374	-3,225	-1812
TOTAL	13,762	13,234	13,424	17,244	19,551	18,958

*Provisional.

10.21. Figures of municipal revenue are set out in Table 10.19. It is likely that actual revenues were lower than anticipated in the published estimates. For 1971 and 1972, a major source of revenue for municipalities has been loans. This was particularly true for Nairobi City Council, which is financing several large capital projects through borrowings. Nairobi City Council and Mombasa Municipality also rely heavily on GPT revenue, which will be abolished at the end of 1973, and is to be replaced by a system of grants from the Central Government.

MUNICIPAL COUNCILS

ECONOMIC ANALYSIS OF REVENUE, 1968-1972

Table 10.19 K£'000

	1968	1969	1970	1971 *	1972*	1972
Graduated Personal Tax	1,915	2,046	2,297	4,667	4,104	3896
Indirect Taxes (Licences, Cesses and Rates)	2,464	3,192	3,298	3,807	3,777	3863
Income from Property (Buildings and Land Rents)	1,272	1,390	1,484	1,750	1,865	1959
Interest on Investments	167	429	225	211	104	320
Sale of Goods and Services:—						
School Fees	526	497	517	565	616	546
Sale of Water	1,065	1,124	1,303	2,281	1,621	2080
Sale of Beer	474	391	363	393	348	177
Markets and Slaughter Charges	72	46	50	119	78	72
Sewerage and Refusal Removal Charges	869	460	995	487	1,198	1271
Other Sales	622	620	740	694	597	700
Government Grants	286	255	116	211	40	144
Loans Raised ..	2,003	2,157	1,534	4,005	5,681	4186
Miscellaneous (Including Court fines, sale of capital assets, loan repayment, and non-Government grants)	91	347	392	236	451	321
TOTAL	11,826	12,952	13,315	19,426	20,480	19535

* Provisional

10.22. The activities of the county councils declined sharply after the Government took over their functions in education, health and secondary roads. This transfer of activities sharply reduced county council expenditure as well as revenue, a large part of which used to be in the form of government grants to finance the services taken over. However, it seems that county councils' activities are once again moving forward, as shown in Tables 10.20 to 10.22.

COUNTY COUNCILS

EXPENDITURE ON MAIN SERVICES, 1968-1972

Table 10.20 K£'000

SERVICES	1968	1969	1970	1971*	1972*
ADMINISTRATION	1,200	1,306	1,258	1,492	1,952
COMMUNITY SERVICES—					
Roads	1,405	239	28	41	182
Sanitary	107	87	83	292	292
Other	1	1	4	2	10
TOTAL	1,513	327	115	335	484
SOCIAL SERVICES—					
Health	1,257	276	4	–	–
Education	9,124	2,362	35	3	15
Other	289	300	346	454	625
TOTAL	10,670	2,938	385	457	640
ECONOMIC SERVICES—					
Veterinary	204	206	236	305	275
Agriculture	56	43	46	55	85
Forestry	26	22	20	35	29
Other	–	12	13	22	105
TOTAL	286	283	315	417	494
TRADING SERVICES—					
Water Undertakings	200	200	185	326	320
Markets and Slaughter Houses	172	166	176	262	499
Breweries and Beershops	124	111	112	97	168
Housing Estates (including Staff Housing)	79	90	88	138	922
Other	140	21	28	86	73
TOTAL	715	588	589	909	1,982
UNALLOCABLE EXPENDITURE	242	537	163	252	525
TOTAL EXPENDITURE	14,626	5,979	2,826	3,862	6,079

*Provisional.

COUNTY COUNCILS

ECONOMIC ANALYSIS OF EXPENDITURE, 1968-1972

Table 10.21 K£'000

	1968	1969	1970	1971*	1972*
EXPENDITURE ON:—					
Wages, Salaries and Allowances	10,734	3,855	1,507	1,798	2,339
Other Goods and Services	2,951	1,700	916	1,097	1,536
Loan Charges	218	187	163	270	227
Transfers (including Compensation and Gratuities)	253	124	87	152	128
Capital	455	169	219	568	2,057
Net Inter-Departmental Transfers	-82	-56	-67	-22	-208
	14,529	5,979	2,826	3,862	6,079

*Provisional.

COUNTY COUNCILS

ECONOMIC ANALYSIS OF REVENUE, 1968-1972

Table 10.22 K£'000

	1968	1969	1970	1971*	1972*
Graduated Personal Tax	2,490	1,178	274+	265+	239+
Indirect Taxes (Licences, Cesses and Rates)	962	1,035	1,123	1,312	1,558
Income from Property (Building and Land Rent)	365	326	403	492	579
Interest on Investment	63	57	66	53	51
Sale of Goods and Services:—					
School Fees	3,234	836	3	4	3
Other	826	749	797	944	1,102
Government Grants	3,658	2,340	68	212	173
Loans Raised	19	1	3	111	1,157
Miscellaneous (including court fines, sale of Capital assets and non-Government Grants)	134	138	111	153	118
TOTAL	11,751	6,660	2,848	3,545	4,980

*Provisional.

+Area Council Poll Rates.

East African Community—General Fund Services

10.23 The functional analysis of the expenditure incurred in Kenya for the General Fund Services of the East African Community is shown in Table 10.23. (This excludes the outlays of the self-contained transport and communications corporations of the Community.) In 1971/72, after several years of stagnation, General Fund Services expenditure rose by 35 per cent. Most of this increase was in revenue collection and financial control services (i.e. the activities of the East African Customs and Excise Department and the East African Income Tax Department). However, outlays on economic services also rose. The economic analysis of General Fund Services expenditures, shown in Table 10.24, suggests that a major part of this growth went into wages and salaries.

EAST AFRICAN COMMUNITY
(GENERAL FUND SERVICES)

EXPENDITURE IN KENYA BY MAIN SERVICES, 1967/68-1971/72

Table 10.23 — *K£million*

	1967/68	1968/69	1969/70	1970/71	1971/72*
GENERAL SERVICES—					
Central Administration	0.32	0.26	0.32	0.45	0.38
Law and Order	0.09	0.07	0.08	0.09	0.13
Revenue Collection and Financial Control	2.06	2.04	1.96	2.21	3.41
Total	2.47	2.37	2.36	2.75	3.92
SOCIAL SERVICES—					
Education	0.38	0.43	0.38	0.14	0.27
Health	002	003	0.03	0.02	0.04
Total	0.40	0.46	0.41	0.16	0.32
ECONOMIC SERVICES—					
Agriculture and Veterinary	0.58	0.58	0.62	0.63	0.87
Commerce and Industry	0.07	0.06	0.06	0.08	0.11
Transport	0.83	1.16	1.51	1.57	1.91
Meteorology	0.38	0.46	0.62	0.67	0.99
Total	1.86	2.26	2.81	2.94	3.88
FINANCIAL OBLIGATIONS—					
Public Debt	0.30	0.04	0.05	0.06	0.06
Pensions and gratuities	0.30	0.42	0.35	0.41	0.37
Compensation Payments	0.05	0.04	0.02	0.01	0.02
Total	0.65	0.50	0.42	0.48	0.45
UNALLOCABLE EXPENDITURE	0.39	0.56	0.03	0.01	0.02
TOTAL	5.77	6.15	6.03	6.34	8.57

*Provisional.

EAST AFRICAN COMMUNITY

(GENERAL FUND SERVICES)

ECONOMIC ANALYSIS OF EXPENDITURE IN KENYA, 1967/68-1971/72

Table 10.24 *K£'000*

	1967/68	1968/69	1969/70	1970/71	1971/72*
RECURRENT EXPENDITURE					
CONSUMPTION EXPENDITURE ON GOODS AND SERVICES					
Wages and Salaries:					
Personal Emoluments	2,860	2,861	3,055	3,223	4,844
House Allowances	349	419	504	561	750
Passages and Leave Expenses	41	40	48	48	65
Total	3,250	3,320	3,607	3,832	5,659
Other Goods and Services:					
Maintenance and Repairs	339	153	382	325	501
Transport and Travelling	144	149	167	187	276
Equipment, Postal and Incidental Expenses	125	312	223	367	593
Miscellaneous	364	322	325	330	302
Total	973	936	1,097	1,208	1,672
TOTAL CONSUMPTION EXPENDITURE	4,223	4,256	4,704	5,039	7,331
Interest on Internal Debt	28	2	1	2	2
Transfers to:					
Individuals	79	240	141	163	147
Private non profit-making Educational Institutions	349	383	274		44
Rest of the World	554	618	661	639	255
Kenya Government	334	500			
Total	1,316	1,741	1,076	802	446
TOTAL RECURRENT EXPENDITURE	5,567	5,997	5,780	5,843	7,779
CAPITAL EXPENDITURE					
Gross Capital Formation:					
Residential Buildings	29		5	185	342
Non-Residential Buildings	15	17	16		41
Construction and Works	1		9	1	
Plant Machinery and Equipment	105	85	152	269	326
Vehicles	36	21	26	18	28
Total	186	123	208	473	737
Loan Repayment to other Sectors	12	36	47	26	54
TOTAL CAPITAL EXPENDITURE	198	159	255	499	791
TOTAL EXPENDITURE	5,766	6,156	6,035	6,343	8,570

*Provisional

CHAPTER 11—EDUCATION

Enrolments in Kenya's schools increased rather more rapidly in 1972 than in the previous year, with rises of 10 per cent and 15 per cent being recorded in primary and secondary schools, compared with 7 per cent and 11 per cent respectively in 1971. (It should be noted here that the enrolment figures are for March in the reporting year, and thus understate the average level of enrolments for the year as a whole). The number of schools increased by 6 per cent to a total of 7,606, accompanied by a faster rise of almost 9 per cent in the total number of teachers. Kenyanization of this profession is virtually complete in primary schools and is proceeding steadily in secondary education. Although the 20 per cent increase in the number of Kenya students at the University of Nairobi was much slower than the record 43 per cent growth in 1971/72, the total number of undergraduate Kenya students attending Universities in East Africa rose faster, by 25 per cent.

MINISTRY OF EDUCATION EXPENDITURE, 1967/68-1971/72

(a) Recurrent Expenditure

Table 11.1 — K£ 000

	1967/68	1968/69	1969/70	1970/71	1971/72
Administrative and General	349.2	399.3	819.7	992.3	2,540.0
Primary Education	42.2	5.4	3,929.3	10,309.8	12,654.9
Secondary Education	3,374.4	3,961.5	4,150.6	4,735.7	5,344.5
Technical Education	520.4	550.4	599.0	735.7	874.0
Teachers Education	1,064.0	1,151.4	1,229.7	1,270.6	1,416.1
Special Schools	775.5	87.4	92.8	108.5	127.3
Teachers Service Commission	–	–	89.5	84.9	87.2
Higher Education	1,018.6	1,212.0	1,461.6	2,878.8	3,333.8
Other Schemes and Services .	256.5	516.7	–	–	–
TOTAL NET EXPENDITURE	6,698.9	7,884.1	12,372.4	21,116.3	26,377.9

(b) Development Expenditure

K£'000

	1967/68	1968/69	1969/70	1970/71	1971/72
Primary Education					
Secondary Education	355.8	492.8	557.7	754.1	983.6
Teachers Education	61.4	34.5	27.8	4.9	90.9
Kenyatta College	–	–	–	8.5	31.6
Technical Education	65.7	37.6	96.0	55.3	123.8
Higher Education	262.3	232.6	385.7	508.1	515.2
I.D.A. Project ..	1,141.3	1,874.4	308.7	41.9	356.1
Special Schools	–	10.0	10.0	35.5	37.5
Site Surveys	–	–	–	34.7	22.3
TOTAL NET EXPENDITURE	1,886.0	2,682.0	1,385.9	1,443.0	2,161.1

11.2. Total expenditure by the Ministry of Education in recent years is detailed in Table 11.1, and reflects the rapid increase in the provision of educational services in this period. The discontinuity in government expenditure on primary education reflects the take-over of responsibility for county council schools in 1970. Municipal authorities spent K£3.1 million

on education in 1972, virtually the same as in 1971. These totals are not included in Table 11.1, which also excludes expenditure by private assisted and unaided schools (particularly significant in secondary education), and development expenditure on primary schools, usually financed on a self-help basis.

Primary Education

11.3. A rise of 10 per cent in primary school enrolments was recorded in 1972, compared with 7 per cent in 1971. The process of absorbing assisted and unaided schools into the maintained group was continued, although at a slower rate than in the previous year, and there was a large increase in the number of boarding school places, mainly serving areas with scattered populations.

PRIMARY SCHOOL ENROLMENTS BY CATEGORY, 1971-1972

Table 11.2 *Numbers*

	1971			1972		
	Boys	Girls	Total	Boys	Girls	Total
Maintained	868,416	633,229	1,501,645	947,507	709,686	1,657,193
Assisted	9,662	8,760	18,422	7,634	8,202	15,836
Unaided	2,929	2,502	5,431	1,479	1,411	2,890
TOTAL	881,007	644,491	1,525,498	956,620	719,299	1,675,919
Day Pupils	875,578	635,832	1,511,410	945,416	708,099	1,653,515
Boarders	5,429	8,659	14,088	11,204	11,200	22,404

11.4. The number of pupils entering the school system in Standard 1 showed a particularly large increase (16 per cent) and probably reflected improved economic conditions in agricultural and pastoral areas as they recovered from the drought conditions of 1971. This brought the average enrolment in Standard 1 classes to 40 pupils, the Development Plan target for primary schools; however, this target will only be attained in the higher standards if rather lower drop-out rates occur than in recent years.

11.5. The overall average size of primary classes remained at 34 pupils in 1972. The tendency for class sizes to rise in Standards 6 and 7, after being at a minimum in Standard 5, as pupils repeat their studies, is clearly shown in Table 11.4. The practice of allowing pupils to repeat is officially discouraged, and hence there is a strong incentive for schools to under-report its extent. The figures in Table 11.5 are therefore believed substantially to understate the true position—if some schools entirely exclude details of repeaters when reporting their enrolments, then of course all primary enrolment figures and related statistics will be inaccurate. Repeating stems essentially from the high pressure on secondary school places, and.

ENROLMENT IN PRIMARY SCHOOLS BY STANDARD, 1965, 1968-1972

Table 11.3

	NUMBERS						Percentage Increase	
	1965	1968	1969	1970	1971	1972	1965-72	1971-72
Standard 1	195,733	250,757	253,298	296,459	306,896	357,366	83	16
Standard 2	165,754	207,755	224,645	241,458	261,660	279,696	69	7
Standard 3	139,285	178,537	197,669	221,235	230,998	256,870	84	11
Standard 4	135,124	158,899	171,573	191,901	207,711	220,994	64	6
Standard 5	126,428	132,701	142,680	158,082	177,547	192,329	52	8
Standard 6	122,714	134,247	141,785	154,603	167,536	185,424	51	11
Standard 7	121,269	146.784	150,647	163,851	173,150	183,240	51	6
Standard 8	36,036	–	–	–	–	–	–	–
TOTAL	1,042,146	1,209,680	1,282,297	1.427,589	1,525,498	1,675,919	61	10

AVERAGE ENROLMENT PER CLASS IN PRIMARY SCHOOLS, 1968-1972

Table 11.4 *Numbers*

	1968	1969	1970	1971	1972
Standard 1	35	35	39	38	40
Standard 2	31	32	34	34	34
Standard 3	29	31	33	33	33
Standard 4	29	30	31	31	31
Standard 5	29	29	30	30	29
Standard 6	32	31	32	32	31
Standard 7	36	37	37	36	35
ALL CLASSES	31	32	34	34	34

although there is some evidence to suggest that it performs a useful function in enabling able but relatively young pupils to have a second chance at obtaining a secondary school place, it is recognized as a major problem by the educational authorities.

11.6. Table 11.5 also shows provincial variations in the utilization and provision of primary educational opportunities. The overall percentage of children aged 6-12 who are enrolled in primary schools rose to 70 in 1972, and it appears that the 1974 target of 75 per cent enrolment (implying 192,000 enrolments on present population projections) can be achieved for the country as a whole. However, in four provinces (and, *a fortiori*, many districts) the rates of increase needed to achieve this target are unlikely to occur, not least because even existing facilities are underutilized. This is partly a problem of access, when the area served by a school is large (a difficulty somewhat eased by the provision of boarding schools), and of finding fees, which the fee remission programme is intended to reduce (no primary school fees are paid at all in 10 districts). But it also reflects more fundamental social attitudes about formal education which can only slowly be eroded.

Secondary Education

11.7. Secondary school enrolments rose by 15 per cent in 1972, the increase being more or less equally divided between maintained and unaided schools. In contrast with 1971, when boarding schools absorbed almost all the total increase, day pupils accounted for most of the rise in 1972 enrolments.

11.8. The total number of pupils in assisted schools actually fell slightly, since one school was taken over by the Government as part of the policy of absorbing assisted and unaided institutions. In addition, responsibility for 32 Form 1 classes in unaided schools was assumed by the Government, which is following a procedure of taking over Form 1 in the first year, Form 2 in the second year and so on in selected schools.

PRIMARY SCHOOL ENROLMENTS BY PROVINCE, 1970-1972

Table 11.5

	Enrolments(000's)			ENROLMENTS AS PERCENTAGE OF:					Percentage of "Repeaters"in Total Enrolment	
				SCHOOL PLACES *		Population				
						Aged 5-14	Aged 6—12+			
	1970	1971	1972	1971	1972	1971	1971	1972	1971	1972
Central	349.4	371.9	407.8	91	84	70	102	108	7.9	9.0
Coast	84.0	87.4	96.1	75	80	34	49	52	4.0	4.2
Eastern	289.9	315.5	339.6	86	83	54	80	83	3.6	3.2
Nairobi	61.2	67.5	71.8	107	103	61	83	84	4.3	4.2
North Eastern	3.4	4.7	5.0	86	96	7	10	10	2.0	2.8
Nyanza	234.9	249.0	269.8	75	81	38	53	55	4.5	4.5
Rift Valley	203.0	228.8	250.9	78	78	35	48	51	4.0	4.0
Western	201.8	200.7	234.9	87	100	46	68	77	4.0	3.1
TOTAL	1,427.6	1,525.5	1,675.9	84	84	46	66	70	5.0	5.0

*assuming40 places per existing primary class.

+usingpopulation estimates from "Kenya Statistical Digest" September, 1972.

11.9. A rather faster rate of increase in Form 1 enrolments was recorded in 1972 than in 1971, with the result that Standard 7 pupils had a slightly better chance of entering secondary schools. There was no overall change in the number of pupils per class, which remained at 35.

11.10. Enrolments in Forms 5 and 6, which prepare pupils for the Higher School Certificate, continued to rise at the planned rate of 20 per cent per annum. Pupils in these forms accounted for 4 per cent of all secondary school enrolments in 1972. There is a slight bias towards science subjects in Forms 5 and 6, and, although it is intended that this emphasis should become stronger in due course, the present structure is likely to be maintained until it is clear that students with scientific training can be easily absorbed in the labour market or in higher education.

SECONDARY SCHOOL ENROLMENTS BY CATEGORY, 1971 AND 1972

Table 11.6 *Numbers*

	1971			1972		
	Boys	Girls	Total	Boys	Girls	Total
Maintained	53,903	19,361	73,264	60,658	23,172	83,830
Assisted	4,063	3,719	7,782	4,128	3,536	7,664
Unaided	40,013	19,663	59,676	46,509	23,907	70,416
TOTAL	97,979	42,743	140,722	111,295	50,615	161,910
Day Pupils	55,732	20,814	76,546	65,360	23,402	88,762
Boarders	42,247	21,929	64,176	45,935	27,213	73,148

ENROLMENT IN SECONDARY SCHOOLS BY FORM, 1965, 1968-72

Table 11.7

	NUMBERS						Percentage Increase	
	1965	1968	1969	1970	1971	1972	1965/72	1971/72
Form 1	19,015	35,624	39,836	41,043	46,246	53,480	181	16
Form 2	12,566	28,467	33,824	37,339	37,423	43,878	249	17
Form 3	7,760	19,547	20,637	24,540	28,378	30,993	299	9
Form 4	6,784	14.565	17,279	19,317	23,103	26,869	296	16
Form 5	1,130	1,769	2,068	2,606	3,014	3,688	226	22
Form 6	721	1,389	1,602	2,010	2,558	3,002	316	17
TOTAL	47,976	101,361	115.246	126.855	140,722	161,910	237	15

ARTS AND SCIENCE ENROLMENTS, FORMS 5 AND 6, 1969-1972

Table 11.8 *Numbers*

		1969	1970	1971	1972
Form 5	Arts	907	1,165	1,325	1,618
	Science	1,161	1,441	1,689	2,070
Form 6	Arts	741	889	1,100	1,390
	Science	861	1,121	1,458	1,612
TOTAL	Arts	1,648	2,054	2,425	3,008
	Science	2,022	2,562	3,147	3,682
	Percentage Science	55	55	56	55

AVERAGE ENROLMENT PER CLASS IN SECONDARY SCHOOLS, 1967-1972

Table 11.9 *Numbers*

	1967	1968	1969	1970	1971	1972
Form 1	34	36	36	35	37	38
Form 2	35	34	35	35	35	36
Form 3	33	33	33	34	36	36
Form 4	30	32	32	33	34	35
Form 5	20	21	23	26	25	27
Form 6	17	18	19	22	23	23
ALL CLASSES	33	33	34	34	35	35

SECONDARY SCHOOL ENROLMENTS BY PROVINCE AND SEX, 1969-1972

Table 11.10

	Enrolments ('000s)				Form 1 enrolment as percentage of previous year's Standard 7			
	1969	1970	1971	1972	1969	1970	1971	1972
Central	29.0	29.0	32.1	37.1	25	25	27	33
Coast	10.5	11.8	13.5	14.4	44	45	47	47
Eastern	13.8	17.3	19.4	23.5	21	24	24	24
Nairobi	22.9	23.7	24.3	25.3	107	103	104	106
North-Eastern	0.1	0.2	0.2	0.3	22	17	51	57
Nyanza	15.5	16.7	18.5	22.3	19	19	19	23
Rift Valley	13.7	15.4	18.0	20.4	26	23	27	29
Western	11.7	12.8	14.8	18.6	23	21	22	26
TOTAL	115.2	126.9	140.7	161.9	27	27	28	31
Girls	32.2	37.5	42.7	50.6	26	28	28	30
Boys	83.1	89.3	98.0	111.3	27	27	28	31

Table 11.11 CITIZENSHIP or PUPILS IN SECONDARY SCHOOLS, 1970-1972 *Numbers*

	Kenya Citizens			Non-Citizens			All Pupils			Percentage of Kenya Citizens			
	1970	1971	1972	1970	1971	1972	1970	1971	1972	1969	1970	1971	1972
Form 1	39,092	44,418	51,915	1,951	1,828	1,595	41,043	46,246	53,480	95	95	96	97
Form 2	35,439	35,727	42,315	1,900	1,696	1,563	37,339	37,423	43,878	94	95	95	96
Form 3	22,839	26,763	29,527	1,701	1,615	1,466	24,540	28,378	30,993	90	93	94	92
Form 4	17,626	21,587	25,422	1,691	1,516	1,447	19,317	23,103	26,869	90	91	93	95
Form 5	2,441	2,761	3,409	165	253	279	3,014	3,014	3,688	**86**	94	92	92
Form 6	1,751	2,330	2,691	259	228	311	2, 010	2,558	3,002	84	87	91	90
TOTAL	119,188	133,586	155,279	7,667	7,136	6,631	126,855	140,722	161,910	93	94	95	96

11.11. The provincial distribution of secondary school enrolments is set out in Table 11.10, together with information on the percentage of Standard 7 pupils entering Form 1. This latter section of the table should be interpreted with some care, since Nairobi and Mombasa secondary schools in particular serve other areas, but it does show some striking variations. The rise in the percentage of Kenya citizens in secondary schools continued in 1972, when they accounted for 96 per cent of the total (Table 11.11).

11.12. The results of secondary examinations taken in recent years are shown in Table 11.12. The number of school candidates for the K.J.S.E has fallen as more pupils have gone on to take their School Certificate in Form 4, but the number of primary teachers sitting the exam has continued to rise. Candidates for the School Certificate have increased by more than 50 per cent since 1969; the marked change in the ratio of full passes to passes at the lower E.A.C.E. standard from 1971 onwards largely reflects the policy introduced in that year of not awarding full passes to any private (non-school) candidate. Despite a decline in the overall pass rate, the number of successful candidates for the Higher School Certificate has increased by nearly two-thirds since 1969. Apart from being eligible for admission to the Universities, holders of such certificates are also required for training for occupations which need a strong basic education. At lower educational levels also, a significant proportion of successful examination candidates will continue with their education rather than enter the labour market, but it is clear that the number of qualified school-leavers is rising rapidly; many of them will be unable to find wage employment quickly. Consequently the possibility of making secondary curricula more practically orientated, to equip more school leavers for self-employment with, for instance, agricultural and industrial skills, is under consideration.

PERFORMANCE OF CANDIDATES IN SCHOOL EXAMINATIONS, 1969-1972

Table 11.12

	1969	1970	1971	1972
KENYA JUNIOR SECONDARY EXAMINATION—				
Number of Candidates (excluding teachers)	27,670	27,501	17,252	
Percentage of Passes	27	28	28	
SCHOOL CERTIFICATE—				
Number of Candidates	20,438	23,146	27,467	31,326
Percentage of full passes	48	49	38	40
Percentage of EACE passes	34	32	43	38
HIGHER SCHOOL CERTIFICATE—				
Number of Candidates	1,987	2,438	3,191	3,696
Percentage of full passes	46	46	43	41
Percentage with one principal subject only	20	22	22	21
TOTAL CANDIDATES	50,095	53,085	47,910	

NUMBER OF SCHOOLS BY PROVINCE, 1971 and 1972

Table 11.13

Numbers

	PRIMARY SCHOOLS		SECONDARY SCHOOLS								ALL SCHOOLS	
			Maintained		Assisted		Unaided		Total			
	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972
Central	1,026	1,056	76	85	2	1	109	158	187	244	1,213	1,300
Coast	467	493	22	24	3	3	29	34	54	61	521	554
Eastern	1,419	1,476	52	60	–	–	92	101	144	161	1,563	1,637
Nairobi	104	105	16	16	13	13	40	40	69	69	173	174
North-Eastern	31	37	1	3	–	–	2	—	3	3	34	40
Nyanza	1,319	1,385	52	57	–	–	81	99	133	156	1,452	1,541
Rift Valley	1,155	1,201	45	50	1	1	65	71	111	122	1,266	1,323
Western	851	904	48	51	–	–	60	82	108	133	959	1,037
TOTAL	6,372	6,657	312	346	19	18	478	585	809	949	7,181	7,606
Pupils per School	239	252	221	242	410	426	125	120	174	171	232	242

Schools

11.13. All provinces had more primary schools in 1972 than in 1971, with North-Eastern Province showing the largest percentage increase and Nairobi the smallest, the overall increase being 285, or 4 per cent. Total secondary schools rose by 140 (17 per cent), as a result of increases of 22 and 11 per cent respectively in unaided and maintained schools. The increase of 45 per cent in the number of unaided schools in Central Province is particularly striking. The size of both primary and secondary schools, measured in terms of pupils enrolled, continued to rise overall, except for a small decline in the size of unaided secondary schools, probably the result of their rapid expansion in number during the year.

Technical and Vocational Education

11.14. Statistical information on activity in this field is incomplete. The figures in Table 11.14 can therefore be taken only as a rough indication of recent trends, as they are not by any means comprehensive. In particular, lower level courses such as those at village polytechnics and farmers training centres are not included, nor in-service courses run by private firms. (Some information on trade test passes is given in Chapter 9.) The decline in enrolments at the Kenya Polytechnic reflects the phasing out of several elementary courses for unskilled students—enrolments for advanced courses have continued to rise. A similar trend is apparent at Mombasa Polytechnic where, however, total enrolments in 1972 showed a small increase over 1971. In technical secondary schools vocational and trade courses have now been phased out and students take wholly technical subjects up to Form 4 level, giving them better qualifications for obtaining employment.

ENROLMENTS IN TECHNICAL AND VOCATIONAL EDUCATION, 1970-1972

Table 11.14 *Numbers*

	1970	1971	1972
Trade Courses and Secondary Trade Courses	2,426	3,051	3,214
Mombasa Polytechnic	883	953	961
Kenya Polytechnic	2,858	2,811	2,650

11.15. The Industrial Training Levy introduced in 1971 has now been extended to include the motor-vehicle and printing, publishing and allied trades, as well as the sugar and building and construction industries initially covered. Firms are entitled to draw back some of the expenses incurred in sponsoring their employees for technical training.

11.16. Government plans for the extension of technical education include the National Industrial and Vocational Training Centre (N.I.V.T.C.) in Kisumu, which will be completed this year, the expansion of the Nairobi

N.I.V.T.C., and the development of a similar institution in Mombasa. The proposed Technical Teachers Training College for Nairobi is awaiting the acquisition of a suitable site.

Teachers

11.17. The total number of teachers in primary and secondary education grew by 9 per cent in 1972, compared with the 18 per cent increase in 1971, and the overall percentage of Kenya citizens in the profession continued to rise. Nearly four-fifths of primary school teachers are professionally qualified and only 1 per cent are non-citizens. In secondary schools 63 per cent of teachers are citizens, the same proportion of the total being professionally qualified.

SCHOOL TEACHERS BY QUALIFICATION AND CITIZENSHIP, 1971 AND 1972

Table 11.15 *Numbers*

	Kenya Citizens		Non-Citizens		Total		Percentage of Kenya Citizens	
	1971	1972	1971	1972	1971	1972	1971	1972
PRIMARY SCHOOLS—								
Professionally Qualified	36,616	40,884	1,001	715	37,617	41,599	97	98
Not Professionally Qualified	11,644	11,862	135	75	11,779	11,937	99	99
TOTAL PRIMARY	48,260	52,746	1,136	790	49,396	53,536	98	99
Percentage Professionally Qualified	76	77	88	90	76	78		
SECONDARY SCHOOLS —								
Professionally Qualified	2,214	2,684	1,693	1,785	3,907	4,469	57	60
Not Professionally Qualified	1,533	1,760	931	877	2,464	2,637	62	67
TOTAL SECONDARY	3,747	4,444	2,624	2,662	6,371	7,106	59	63
Percentage Professionally Qualified	59	60	65	67	61	63	–	–
TOTAL TEACHERS	52,007	57,190	3,760	3,452	55,767	60,642	93	94

11.18. Despite the increased supply of teachers in 1972, the expansion of enrolments in both primary and secondary education meant that there was virtually no change in either pupil-teacher or teacher-class ratios during the year. There are still 6 districts in Kenya where teacher-class ratios are less than one for primary schools.

11.19. Total enrolments in training courses for primary school teachers rose by only 3 per cent to 7,478 in 1972, the slow growth being largely accounted for by a fall in enrolments for P3 training (i.e. for the lowest grade of primary teacher). The abolition of this intake of school leavers with C.P.E., and the in-service training of existing P3 staff, is part of an overall plan to upgrade the quality of teaching staff which also includes the diversion of school-leavers with School Certificate to the PI teaching

TEACHER-CLASS AND PUPIL-TEACHER RATIOS BY PROVINCE, 1971 and 1972

Table 11.16 Numbers

	PRIMARY SCHOOLS				SECONDARY SCHOOLS			
	Teachers per Class		Pupils per Teacher		Teachers per Class		Pupils per Teacher	
	1971	1972	1971	1972	1971	1972	1971	1972
Central	1.12	1.02	32	33	1.50	1.55	23	22
Coast	1.09	1.14	28	28	1.50	1.51	24	24
Eastern	1.11	1.06	31	31	1.62	1.54	23	24
Nairobi	1.26	1.23	34	34	1.56	1.52	21	22
North Eastern	1.24	1.62	28	23	1.71	1.88	18	18
Nyanza	1.05	1.11	29	29	1.84	1.52	19	24
Rift Valley	1.07	1.09	29	29	1.55	1.62	23	23
Western	1.00	1.05	35	36	1.53	1.62	23	22
Total	1.09	1.08	31	31	1.58	1.55	22	23

grade rather than secondary school teaching. The number of teacher trainees for secondary schools actually fell by 13 per cent in 1972, the result of a lower intake following overproduction of this grade of teacher. It is intended that ultimately S1 (secondary) teachers will be drawn only from students with Higher School Certificate and further training. There were 250 Kenya students on degree and diploma courses in education at the University of Nairobi in 1972/73, 186 at Kenyatta University College, and 194 at Makerere and Dar es Salaam Universities.

University Education

11.20. The total number of students at the University of Nairobi rose by 12 per cent in 1972/73 compared with the record expansion of 24 per cent the previous year. The number of Kenyans attending under-graduate courses rose by 20 per cent (nearly half of the increase being students in the new Faculty of Education) and there was a 17 per cent rise in post-graduate students. Teaching staff totalled 540 in 1972/73 and recurrent expenditure was K£3.6 million.

DEGREES AWARDED BY THE UNIVERSITY OF NAIROBI, 1972

Table 11.17 *Numbers*

FALCULTY	Total Awards	AWARDS				Awards TO Kenya STUDENTS
		First Class	SECOND CLASS		PASS pass	
			Upper	Lower		
Architecture, Design and Development	81	–	5	24	52	54
Arts	157	3	23	81	50	137
Commerce	106	1	12	64	29	39
Education	47	–	2	2	43	40
Engineering	112	5	20	46	41	38
Medicine	37	–	–	–	37	34
Science	92	2	16	35	39	80
Veterinary Science	47	–	–	–	47	8
Law	14	–	–	12	2	13
TOTAL	693	11	78	264	340	443
of which:-						
Degrees	617	11	78	264	264	378
Diplomas*	76	–	–	–	76	65

*Not classified.

11.21. Developments during the academic year included the provision of new teaching facilities in the Faculties of Veterinary Medicine, Architecture, Design and Development, and Agriculture at a cost of over K£1.3 million. A Faculty of Science building costing over K£500,000 will be opened in 1974. Non-teaching projects completed during 1972/73 included four halls of residence for a total of 1,200 students, a Central Catering Unit,

UNIVERSITY OF NAIROBI—KENYA STUDENTS BY FACULTY, 1967/68-1972/73

Table 11.18 *Numbers*

	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73
Undergraduate Courses:—						
Arts	276	319	387	588	791	802
Science	138	142	203	267	330	299
Commerce	86	108	127	135	204	253
Architecture	32	27	48	66	116	88
Engineering	117	133	124	167	220	266
Veterinary Science	39	42	52	66	90	117
Medicine	19	52	102	169	252	323
Building and Land Economics	–	36	62	73	102	149
Agriculture	–	–	–	40	81	122
Law	–	–	–	55	106	139
Home Economics	–	–	–	4	8	–
Education	–	–	–	–	–	204
TOTAL	707	859	1,105	1,630	2,300	2,762
Postgraduate Courses	44	25	72	107	200	234
Diploma Courses:—						
Domestic Science	27	38	26	19	–	–
Art/Design	22	12	10	6	–	–
Architecture	1	–	–	–	–	–
Land Development and Survey	17	–	–	–	9	–
Advanced Nursing	–	10	13	13	24	29
Journalism	–	–	–	13	12	13
Education	–	–	–	–	8	14
TOTAL	66	60	49	51	53	56
Other Courses	–	3	–		–	–
All Kenya Students	822	947	1,226	1,788	2,553	3,052
Students from Other Countries	698	832	1,014	998	890	790*
TOTAL	1,520	1,779	2,240	2,786	3,443	3,842

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

a University swimming pool and the expansion of staff housing. The problem of student accommodation will be further eased by the extension of the Women's Hall of Residence and the hostels at Kenyatta National Hospital and Kabete, but it will re-occur if there is a further increase in enrolments without a corresponding provision for additional student hostels.

11.22. Kenyatta University College enrolled its first undergraduates in 1972/3. Most of the total of 233 students were on degree courses in education but 26 students were studying fine arts and eight home economics. The only non-Kenya students were 13 undergraduates from Uganda.

UNIVERSITIES IN EAST AFRICA—FIRST DEGREE STUDENTS by FACULTY, 1970/71-1972/73

Table 11.19

	1970/71			1971/72			1972/73*		
	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	831	1,201	41	1,010	1,300	44	967	695	..
B.Sc	393	519	43	392	909	30	340	198	
B.Com	135	408	25	225	437	34	263	77	
B.Ed	74	789	9	28	64	30	210	2	
TOTAL COMMON FACULTIES	1,433	2,917	33	1,655	2,710	38	1,780	972	
Engineering	167	284	37	220	243	48	287	499	
Medicine	250	510	33	355	559	39	323	196	
Veterinary Science	66	158	29	90	325	22	117	141	..
Other Professional Faculties	385	759	34	472	1,001	32	977	673	
TOTAL PROFESSIONAL FACULTIES	868	1,711	34	1,137	2,128	35	1,704	1,509	
TOTAL	2,301	4,628	33	2,792	4,838	37	3,484	2,481	

*Including Kenyatta University College.

+Excluding students at Makerere University—figures are not available.

11.23. The total number of Kenya students at university in East Africa showed a further increase of 20 per cent to a total of 3,781 in 1972/73 (for undergraduates only, the rise was 25 per cent to a total of 3,484). There were 226 Kenya students at Makerere and 293 at Dar es Salaam, while Ugandan and Tanzanian students accounted for 315 and 264 respectively of the total of 790 non-Kenya students enrolled at the University of Nairobi; this total has been falling since 1969/70. Estimates of the number of Kenya students on higher education courses outside East Africa vary widely, but there are around 725 such students holding government-channelled scholarships, and it can be assumed that this figure is likely to be swollen considerably by students who are able to finance themselves or are sponsored from private sources.

Adult Education

11.24. This field covers many aspects of functional education, some of which are under the control of the Adult Education Division of the Ministry of Co-operatives and Social Services. The number of Government aided schools providing national literacy and functional education rose from 832 in 1971 to 945 in 1972. There were also some 500 other centres operating, organized either on a self-help basis or by voluntary organizations. The total number of enrolments in all centres rose from 60,000 in 1971 to about 100,000 in 1972. An additional 45 centres with a total enrolment of 1,125 students were operated under the Experimental Functional Literacy Programme. The Formal Vocational and Technical Education Section of the Division had 2,826 students enrolled in 120 classes, and of these 873 sat for the C.P.E. in 1972. An innovation was the awarding of proficiency certificates in reading, comprehension and arithmetic. During the year, 3,548 such certificates were issued.

11.25. The Institute of Adult Studies at the University of Nairobi functioned on an enlarged scale during 1972. Its six extra-mural centres organized 107 seminars and public meetings, with a total attendance of 9,947. At its evening classes, which last 10 or 20 weeks, 4,343 students were enrolled in 162 classes. The Radio and Correspondence Course Unit had 167 persons enrolled in its K.J.S.E. preparatory courses and 1,152 for the unqualified teachers programme. At the Adult Studies Centre, 25 residential courses of between a week and three months were organized for 719 participants, accounting for a total of over 10,000 student days. Its Headquarters Training and Research Unit ran a one-year diploma course and also offered adult education training to various ministries and teacher training colleges. Together with the Ministry of Finance and Planning, the Unit has also organized seminars at provincial centres aimed at promoting a better understanding of the national Development Plan in order to encourage more local participation in the planning process.

CHAPTER 12—HEALTH, HOUSING AND OTHER SOCIAL SERVICES

Total public expenditure on health and social services continued to rise in 1972, as shown in Tables 12.1 and 12.2. However, the rate of its growth was somewhat slower than in the previous year. Provisional figures of government expenditure on health show a slight rise but it is expected that actual expenditure will be slightly higher than estimated. In 1971/72 there had been a sharp growth in expenditure by the Ministry of Labour on re-equipment of the National Youth Service with new machinery, particularly for road building. This was one of the factors responsible for the substantial growth of total expenditure on social services in that year, but was not repeated in 1972/73. One of the notable features of the current year is the growth in outlays on housing. The housing expenditures of local authorities represent some double-counting of the outlays shown for the Ministry of Housing, because a substantial part of such local authority expenditures consists of funds made available by this Ministry.

CENTRAL GOVERMENT EXPENDITURE ON SOCIAL SERVICES*, 1968/69-1972/73

Table 12.1 K£'000

	1968/69	1969/70	1970/71	1971/72	1972/73**
RECURRENT EXPENDITURE—					
Ministry of Health	4,734	6,083	7,525	9,642	9,490
Ministry of Housing	63	68	81	98	96
Ministry of Labour	1,000	1,089	1,288	1,497	1,584
Ministry of Co-operatives and Social Services+	318	328	407	486	518
DEVELOPMENT EXPENDITURE—					
Ministry of Health	1,172	1,850	2,626	2,601	2,488
Ministry of Housing	2,130	2,453	2,721	3,158	4,766
Ministry of Labour++	75	16	108	1,193	78
Ministry of Co-operatives and Social Services+	74	134	291	334	464
TOTAL EXPENDITURE	9,566	12,021	15,047	19,009	19,483

*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 GOVERMENT EXPENDITURE ON SOCIAL SERVICES, 1968-1972

Table 12.2 K£,000

	1968	1969	1970	1971	1972*
Health	2,180	962	1,473	1,052	1,899
Housing	2,943	3,436	3,768	5,835	8,612
Other Social Services	1,366	1,552	1,107	1,964	2,514
TOTAL	6,489	5,950	6,348	8,851	13,025

*Provisional.

Health, Nutrition and Family Planning

12.2. *National Hospital Insurance Fund.*—Receipts into and benefits paid out of the National Hospital Insurance Fund are set out in Table 12.3. In 1971/72, receipts increased by 8 per cent, while benefits rose by 17 per cent. This had the effect of reducing the difference between the two to K£248,941. As an incentive to encourage voluntary contributions (contributions are compulsory for all employees earning over K£600 per annum), those who make them now enjoy the same benefits as compulsory contributors The National Hospital Insurance Fund Act was amended in 1972, to the effect that any person who elects to become a contributor cannot opt out.

NATIONAL HOSPITAL INSURANCE FUND, 1968/69-1971/72

Table 12.3 *K£*

	Receipts*	Benefits	Contributions Net of Benefits
1968/69	845,775	574,966	270,809
1969/70	964,666	622,786	341,880
1970/71	950,659	665,327	285,332
1971/72	1,026,576	777,635	248,941

*Includes both compulsory and voluntary contributions.

12.3. *Hospitals and Health Centres.*—The total number of hospital beds and cots is shown by province in Table 12.4. There was a rise of 8 per cent in 1972. During the year, two new hospitals were completed, at Garissa and Busia, with a total of 225 beds. Three other hospitals are under construction at 0l Kalou, Siaya and Mathari (maximum security unit for mental patients). Extensions to existing hospitals were either in progress or completed at Kenyatta National Hospital and the Naivasha, Kangundo, Kakamega, Kiambu, Thomson's Falls, Gatundu, Nandi Hills, Kisii, Kabarnet, Thika and Machakos hospitals.

12.4. Construction of new health centres was started at Mbere, Migori and Vihiga and other centres are planned for Tetu, Kapenguria and Kwale. A survey of rural health services was carried out in 1972 to obtain data for the further development of such services, including the training of medical personnel for the rural areas.

HOSPITAL BEDS AND COTS BY PROVINCE, 1971-1972

Table 12.4 *Numbers*

PROVINCE	Government	Mission	Other*	Total
Central	1,319	1,376	30	2,725
Coast	1,276	212	360	1,659
Eastern	1,177	1,571	7	2,755
North Eastern	168		—	168
Nyanza	954	693	120	1,767
Rift Valley	1,507	890	485	2,882
Western	627	1,200	-	1,827
Nairobi	2,567	120	1,587	4,267
Total 1972	9,404	6,062	2,589	18,055
Total 1971	8,359*	4,118*	2,048 *	16,711*

*Excludes costs, which are included in other figures.

12.5. *Medical Personnel.*—The total number of doctors, dentists, pharmacists, nurses and midwives in Kenya is shown in Table 12.5. Caution must be exercised in interpreting the numbers shown, as these include some personnel who may have registered but are no longer active or, in the case of doctors, who may be engaged solely in research. There was an increase in all categories of personnel except pharmacists, whose numbers dropped for the second year in succession.

REGISTERED MEDICAL PERSONNEL, 1969-1972

Table 12.5 *Numbers*

	1969	1970	1971	1972*	
MEDICAL PRACTITIONERS—					
Registered	1,090	1,218	1,405	1,601	+
Licensed	213	306	381	480	
TOTAL	1,303	1,524	1,786	2,081	+
Dentists	55	87	87	..	#
Pharmacists	169	170	148	143	
NURSES—					
Registered	3,099	3,452	3,789	4,141	
Enrolled	3,872	4,182	4,657	5,174	
TOTAL	6,971	7,634	8,446	9,315	
MIDWIVES—					
Registered	1,473	1,593	1,712	1,844	
Enrolled	1,584	1,754	2,024	2,237	
TOTAL	3,057	3,347	3,736	4,081	

*Provisional

+Includes dentists

#Included in Registered Medical Practitioners

12.6. The number of medical personnel available is still far below national needs, particularly in rural areas (there is a severe mal-distribution in favour of urban areas). The training of medical personnel thus receives major emphasis in health policy. A major project for the training of para-medical personnel, who are a crucial element in the expansion of rural health services, was started at Nakuru last year to supplement existing training facilities. New training centres for nurses and midwives are also under construction or planned at Kisii, Muranga, Nyeri, Kakamega, Machakos, Mombasa, Homa Bay and Eldoret. Sixteen doctors graduated from the Faculty of Medicine at the University of Nairobi and the enrolment of first year students is now over 100, compared with 73 last year.

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 these diseases are reported, although there has been an improvement in coverage. A significant drop occurred in new cases of leprosy and schistosomiasis.

REPORTED CASES OF SOME INFECTIOUS DISEASES, 1969-1972

Table 12.6 *Numbers*

Disease	1969	1970	1971	1972
Acute Poliomyelitis	424	71	144	245
Anthrax	307	169	259	229
Brucellosis	98	65	55	45
Cerebro-Spinal Meningitis	216	127	83	36
Dysentry	18,030	15,438	18,939	14,368
Encephalitis (Primary)	48	15	7	50
Infectious Hepatitis	788	924	768	746
Kala-Azar	272	23	121	155
Leprosy	691	609	607	349
Schistosomiasis	11,526	14,709	11,633	9,012
Tetanus	677	627	538	495
Trypanosomiasis	37	14	34	40
Typhoid Fever	215	217	185	161
Cholera*	–	–	768	45
Small Pox	–	–	–	–

*Includes laboratory confirmed cases only.

12.8. *Family Planning.*—The progress of the National Family Planning Programme since its initiation in 1968 is shown in Tables 12.7 and 12.8. (Prior to 1968 such services were provided mainly in urban areas by voluntary bodies). The number of clinics providing family planning services rose from 250 in 1971 to 282 in 1972 (excluding mobile clinics).

ATTENDANCE AT FAMILY PLANNING CLINICS, 1967-1972

Table 12.7

YEAR	NATIONAL PROGRAMME		NAIROBI CITY COUNCIL		TOTAL		
	First visits	Re-Visits	First Visits	Re-visits	First visits	Re-visits	Total
1967*	4,840	5,985	1,519	7,878	6,359	13,863	20,222
1968*	10,870	17,068	2,240	11,742	13,110	28,810	41,920
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
1972	36,908	133,095	8,297	39,184	45,205	172,279	217,484

*Revised figures supplied by the Family Planning Association of Kenya.

The figures show a somewhat disturbing situation with respect to first visits, the growth of which is illustrated below: —

Year	*Growth in first visits* %
1969	127
1970	18
1971	17
1972	10

The provincial breakdown set out in Table 12.8 shows that in some provinces there was an actual decline.

ATTENDANCE AT FAMILY PLANNING CLINICS BY PROVINCE, 1971-1972

Table 12.8

PROVINCE	First Visits		Re-visits		Total	
	1971	1972	1971	1972	1971	1972
Central	11,427	10,776	36,973	42,258	48,400	53,034
Coast	4,055	3,752	12,297	13,473	16,352	17,225
Eastern	5,484	6,803	17,673	22,299	23,157	29,102
North Eastern						
Nyanza	2,456	2,671	5,539	6,285	7,995	8,956
Rift Valley	4,492	4,456	10,626	12,550	15,118	17,006
Western	1,901	2,104	4,621	6,967	6,522	9,071
Nairobi*	11,285	14,002	50,927	67,384	62,212	81,386
Province not stated		641		1,063		1,704
TOTAL	41,100	45,205	138,656	172,279	179,756	217,484

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

12.9. The National Family Planning Programme has reached the end of what might be regarded as the initial phase, which was necessary in order to acquire experience and develop basic facilities. The next phase, which will be introduced shortly, will aim at increasing vastly the availability of family planning services, together with the necessary motivational work.

12.10. *Malnutrition.*—Expansion of nutrition services is regarded as an essential component of public health work, and operates through educational and advisory services. The field workers employed under the anti-malnutrition programme now cover nearly all Government hospitals and about 70 health centres. The total number of field staff grew from 82 in 1971 to 137 in 1972.

12.11. Various aspects of the programme are pursued at different institutions—training of field officers (including refresher courses) at Karen College, therapeutic dietetics at Kenyatta National Hospital and field research at the Medical Research Centre, which carries out analysis of locally available foods to develop low cost, high protein diets for children.

housing

12.12. Severe pressure on the supply of housing is the inevitable consequence of rapid growth in population and, in the urban areas, the even faster rate of in-migration. Much of the housing built in the country is in the form of traditional dwellings constructed in rural areas out of local materials; even such housing requires a rising input of purchased goods, partly because of the shortage of freely available traditional materials and partly as a result of the introduction of new materials and concepts of house-building. The estimated value of such dwellings built in 1972 is set out in Table 1.8. In the urban sector, private house building accounts for a substantial proportion of the total number of units built. Details of this and the number and value of residential buildings completed in the main towns, and approvals by Nairobi City Council of plans for new construction, are shown in Chapter 6.

12.13. Increasing resources are being devoted to public housing, which is the overall responsibility of the Ministry of Housing. Its participation in house-building is undertaken through the National Housing Corporation, which makes funds and technical assistance available to local authorities and, where necessary, directly undertakes housing projects. Details of the National Housing Corporation's activities are set out in Table 12.9. The number and value of housing and service plots completed in 1972 were considerably higher, compared with the previous year. Although the bulk of the National Housing Corporation's investments are concentrated in the larger towns and, notably, in Nairobi, the smaller urban centres are receiving increasing attention. Approximately 37 per cent of the housing units completed in 1972 cost less than K£900, compared with 11 per cent in 1971.

NATIONAL HOUSING CORPORATION PROJECTS BY PROVINCE, 1969-1972

Table 12.9

	UNITS COMPLETED				SITE AND SERVICE PLOTS COMPLETED*			
	1969	1970	1971	1972	1969	1970	1971	1972
Central	119	220		6		161		1,078
Coast	50	174	208	589	–	–	100	150
Eastern	121	50	–	16	–	–	–	–
Nairobi	1,218	1,341	1,290	1,505	–	–	1,260	741
North Eastern	–	–	8	26	–	–	–	–
Nyanza	173	4	20	42	–	–	105	35
Rift Valley	199	192	177	313	48	8	–	96
Western	–	85	34	–	–	–	–	–
TOTAL	1,880	1,290	1,737	2,497	48	169	1,465	2,100

*Site and service plots include all plots in self-help schemes on which services have been completed.

12.14. The bulk of high cost housing tends to be financed privately, by borrowing from banks, insurance companies or building societies. One of the latter, the Housing Finance Company of Kenya, is a public organization. At the end of 1972, its net mortgage loans totalled K£7.3 million, compared with K£4.5 million at the end of 1971.

Other Social Services

12.15. The rest of this chapter is devoted to a brief description of other social services, most of which fall under the Ministry of Labour and the Ministry of Co-operatives and Social Services.

12.16. *Community Development.*—Provisional figures suggest that in 1972 the value of self help projects increased by 13 per cent to reach a total of K£2.9 million. The major categories of projects carried out are shown in Table 12.10. As in previous years, expenditure on schools continued to expand and accounted for most of the increase in the value of projects.

12.17. Contributions from people living in the areas where projects are located rose by 21 per cent in 1972. Of these contributions, K£856,000 was in labour, K£550,000 in materials and K£1,204,000 in cash. The latter accounted for 46 per cent of the total and suggests that rural savings are probably not as low as is often assumed.

VALUE OF SELF-HELP SCHEMES, 1970-1972

Table 12.10 K£'000

Project	1970	1971	1972*
CAPITAL PROJECTS—			
Residential Buildings	172	46	52
Schools	1,003	1,273	1,667
Community Halls and Social Centres	170	181	86
Health Centres and Dispensaries	194	171	178
Other Non-Residential Buildings	296	239	274
Roads	40	32	39
Water Works	135	219	190
Cattle Dips	197	172	247
Other Construction and Land Improvement Projects	36	199	157
TOTAL	2,243	2,532	2,889
OTHER PROJECTS	72	41	30
ALL PROJECTS	2,315	2,572	2,919
Of which			
Peoples' Contributions	2,023	2,159	2,611
Other Contributions	292	413	308

*Provisional

12.18. *Youth.*—The Youth Development Programme continued to make progress in project development and organization, and the number of aided projects rose from 30 in 1971 to 53 in 1972. The programme aims at providing young people with skills, understanding and values which encourage them to look for occupations in their rural home areas and to contribute to rural development by building up the economic strength of their own communities. During the year, courses were offered to 2,950 students. In addition, over 10,000 young people are estimated to have attended 152 youth centres in the country.

12.19. *Other Social Welfare Measures.*—These are largely the responsibility of the Social Welfare Division of the Ministry of Co-operatives and Social Services. Actual policies and objectives in this field were outlined in a sessional paper published in 1971. The following services were provided during 1972: —

(i) Under the Relief of Distress (Public Assistance) Programme over 15,000 persons were helped in Nairobi, Central, Western, Nyanza and North Eastern Provinces.

(ii) Another Day Care Training Centre was opened at Embu, and the 30 persons trained there brought the strength of qualified staff to 90.

(iii) A pre-school feeding scheme was launched in collaboration with the National School Feeding Council. In the 12 pilot scheme districts, some 11,000 children were provided with food.

(iv) Child Welfare Institutions cared for about 17,000 children during the year.

12.20. *National Youth Service.*—At the end of 1972, 3,260 men and women were enrolled in the scheme. This brought to 17,481 the number enlisted into the Service since its inception. During the year, 587 men and 33 women were placed in jobs, which was lower than the comparable figure of 793 in 1971.

12.21. The Service has continued to undertake major construction projects. Its Remote Areas Airstrip Construction Unit has completed seven airstrips at Namanga, Ferguson's Gulf, Amboseli, Samburu, Lolokwe, Nanyuki and Malika. The building of the Addis Ababa-Nairobi and the Thika-Garissa roads continued to make progress during the year. The Service also continued to help in the organization of official functions and public occasions.

12.22. *National Social Security Fund.*—In 1972, the Fund received contributions of K£7.85 million and paid out benefits of K£0.64 million. Total contributions, benefits, net contributions and investment since the Fund was inaugurated in 1966 are shown in Table 12.11. Most of the investments are in Kenya Government stock. During the year, another 293 employers and 100,945 employees were registered with the Fund, bringing net total registration to 22,016 employers and 670,956 employees.

NATIONAL SOCIAL SECURITY FUND CONTRIBUTIONS AND BENEFITS, 1966—1972

Table 12.11 *K£million*

	Year	Contributions Received	Benefits Paid	Contributions Net of Benefits	Annual Investments*
1966		1.17		1.17	1.16
1967		4.56	0.02	4.54	3.67
1968		5.57	0.15	5.42	7.47
1969		6.06	0.22	5.84	6.80
1970		6.52	0.56	5.96	5.90
1971		7.32	0.63	6.69	7.82
1972		7.85	0.64	7.21	8.96
	TOTAL	39.05	2.22	36.83	41.78

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

CHAPTER 13—THE OUTLOOK FOR 1973

International economic conditions in the current year are generally not unfavourable in terms of their probable impact on growth in developing countries. Overall economic growth in the industrial countries is expected to be 6-7 per cent, somewhat faster than in 1972. With one or two exceptions. commodity prices are expected to remain fairly buoyant and, in some cases, to show further rises. World trade will probably expand by 15-16 per cent in value terms. This will reflect an increase in volume as well as rising prices, for both primary products and manufactured goods. Greater stability in monetary conditions can be expected following the major re-adjustments of currency parities earlier this year.

13.2. In Kenya's own economy, overall economic conditions for 1973 can be viewed with reasonable optimism. Although the long rains have been somewhat patchy so far, it would seem that, except in one or two areas, the amount of rainfall has been sufficient to maintain the volume of agricultural production, although it is unlikely that the rate of growth recorded in 1972 can be sustained. Marketed production of most cash commodities will probably show only a small increase in volume, although tea production should increase considerably. However, farm incomes are expected to rise substantially as a result of favourable commodity prices.

13.3. The prices fetched by Kenya's coffee have continued to rise, and sisal prices have held steady at the high level reached a few months ago. Tea prices, however, are expected to remain weak and the growth in the value of tea production will derive entirely from rising volume. For crops consumed mainly within the domestic market, the relatively high prices paid in 1972 have been carried into the current year, and have even increased slightly for one or two crops, such as wheat. It is expected that the overall effect of these changes in output and prices will lead to a growth in marketed agricultural production of 6-8 per cent.

13.4. In other sectors of the economy, the position is likely to be a mixed one. It is expected that manufacturing production will rise faster than it did last year. Although the level of sales of manufactured products may be adversely affected by the implementation of a sales tax later this year, production will be helped by the easing of import restrictions, which had interrupted the supply of imported inputs during 1972 and in the early part of 1973. The growth in building and construction activity is expected to be at least as high as in 1972; approvals of new building plans by Nairobi City Council in the early months of this year were high, and there is plenty of building and road construction work in the pipeline from last year. Activity in wholesale and retail trade, which had suffered from the impact of import restrictions, should move forward again, and may also be helped by a rising

level of agricultural and industrial production. The positive effects of growing activity in these sectors on transport are, however, likely to be neutralized by sluggishess in tourism, which is expected to remain at more or less the same level as last year.

13.5. Government expenditure is expected to rise by 10 per cent, on both recurrent and development accounts. This will be a slower growth for development expenditure than in 1972/73, but the product of "general government" should again show a significant rise.

13.6. Taking all these factors into account, gross domestic product in 1973 is likely to grow by between 8 and 10 per cent at current prices, and about 5 per cent in real terms.

13.7. The value of exports is expected to rise substantially, almost all of the increase arising from sales of agricultural commodities. Virtually the whole of the additional tea production will be exported; coffee and sisal earnings will reflect high prices; the large maize crop from 1972 plantings is well above domestic requirements and substantial exports of maize are being made. Exports of other agricultural products are also expected to rise slightly. Overall, exports are likely to grow by about K£20 million.

13.8. Imports, however, might increase by a slightly larger amount, KE20-25 million, since the restrictions imposed in 1972 have been eased on most products, and stocks, which had been run down last year, will be replenished.

13.9. The expected developments in overseas trade will have a small adverse effect on the visible balance, but the relative stagnation in invisible earnings will be more than offset by long-term capital inflows, and a small overall balance of payments surplus is likely.