


REPUBLIC OF KENYA

# *ECONOMIC SURVEY*

# *ίηεγ*

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

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# *ECONOMIC SURVEY*

# *1975*

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NOTES:

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

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# *ECONOMIC SURVEY, 1975*

## CHAPTER 1—THE INTERNATIONAL SCENE IN 1974

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

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

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

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

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

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

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

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

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

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

*Percentage Increase,* 1973-1974

| | *Consumer Prices* | *Hourly Wage Rates (or Hourly Earnings)* |
|---|---|---|
| United States | 12.2 | 9.5 |
| Canada | 12.4 | 8.0 |
| Japan | 21.0 | 25.6 |
| France | 15.2 | 20.3 |
| West Germany | 5.9 | 12.5 |
| Italy | 24.5 | 20.5 |
| United Kingdom | 19.5 | 21.0 |

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

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

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

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

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

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

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

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

## CHAPTER 2—THE DOMESTIC ECONOMY

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

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

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

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

### Sectoral Analysis of Gross Domestic Product

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

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

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

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

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

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

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

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

GROSS DOMESTIC PRODUCT, 1964, 1970-1974

Table 2.1

K£million

| | CURRENT PRICES | | | | | | CONSTANT (1964) PRICES | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1964 | 1970 | 1971 | 1972 | 1973 | 1974* | 1964 | 1970 | 1971 | 1972 | 1973 | 1974* |
| GROSS PRODUCT AT FACTOR COST | | | | | | | | | | | | |
| A. *Outside Monetary Economy:* | | | | | | | | | | | | |
| Agriculture | 75.57 | 95.50 | 100.37 | 115.06 | 120.14 | 130.61 | 75.57 | 95.58 | 98.24 | 101.46 | 104.39 | 107.31 |
| Building and Construction | 5.81 | 9.58 | 9.97 | 10.57 | 11.26 | 11.76 | 5.81 | 6.91 | 7.08 | 7.38 | 7.75 | 7.96 |
| Water | 2.09 | 4.15 | 4.47 | 4.67 | 4.87 | 5 07 | 2.09 | 2.67 | 2.75 | 2.79 | 2.84 | 2.88 |
| Ownership of Dwellings | 5.53 | 10.40 | 11.14 | 11.90 | 12.69 | 13.54 | 5.53 | 7.50 | 7.91 | 8.31 | 8.73 | 9.16 |
| TOTAL PRODUCT OUTSIDE MONETARY ECONOMY | 89.00 | 119.63 | 125.95 | 142.20 | 148.96 | 160.98 | 89.00 | 112.66 | 115.98 | 119.94 | 123.71 | 127.31 |
| B. MONETARY ECONOMY— | | | | | | | | | | | | |
| 1. *Enterprises and Non-Profit Institutions* | | | | | | | | | | | | |
| Agriculture | 53.08 | 72.29 | 72.81 | 88.94 | 103.00 | 114.52 | 53.08 | 74.04 | 73.52 | 83.31 | 89.92 | 89.22 |
| Forestry | 1.88 | 3.80 | 4.47 | 4.24 | 5.10 | 5.49 | 1.88 | 2.93 | 3.13 | 3.40 | 4.01 | 4.01 |
| Fishing | 0.85 | 1.18 | 1.22 | 1.26 | 1.35 | 1.44 | 0.85 | 1.03 | 0.98 | 1.12 | 1.12 | 1.04 |
| Mining and Quarrying | 1.46 | 2 41 | 2.93 | 2.13 | 3.28 | 3.59 | 1.46 | 2.60 | 2.72 | 2.50 | 3.60 | 3.42 |
| Manufacturing and Repair | 34.17 | 62.16 | 71.68 | 84.35 | 98.90 | 118.69 | 34.17 | 52.49 | 59.29 | 63.61 | 70.78 | 76.11 |
| Building and Construction | 6.82 | 16.81 | 18.89 | 24.28 | 27.51 | 30.90 | 6.82 | 12.07 | 13.14 | 15.67 | 16.03 | 14.72 |
| Electricity and Water | 4.84 | 7.81 | 8.21 | 8.94 | 9.38 | 10. 21 | 4.84 | 7.14 | 7.81 | 8.85 | 9.09 | 9.75 |
| Transport Storage and Communications | 24.52 | 40.84 | 43.50 | 47.03 | 53.66 | 63.07 | 24.52 | 41.18 | 43.12 | 42.43 | 45.21 | 48.05 |
| Wholesale and Retail Trade | 32.98 | 42.24 | 51.16 | 54.58 | 63.05 | 81.36 | 32.98 | 37.56 | 44.60 | 42.64 | 45.49 | 47.01 |
| Banking, Insurance and Real Estate | 9.85 | 21.07 | 23.62 | 25.72 | 28.81 | 33.28 | 9.85 | 19.64 | 21.09 | 21.72 | 22.99 | 23.56 |
| Ownership of Dwellings | 13.34 | 21.57 | 24.61 | 28.12 | 31.16 | 36.46 | 13.34 | 17.85 | 18.76 | 19.59 | 20.55 | 21.61 |
| Other Services | 11.90 | 20.08 | 21.68 | 26.27 | 30.30 | 35.84 | 11.90 | 20.34 | 22.63 | 26.59 | 30.67 | 34.16 |
| TOTAL ENTERPRISES | 195. 69 | 312.26 | 344.78 | 395.86 | 455.50 | 534.85 | 195.69 | 288.87 | 310.79 | 331.43 | 359.46 | 372.66 |
| 2. PRIVATE HOUSEHOLDS (DOMESTIC SERVICES) | 2.94 | 4 .14 | 4.84 | 5.12 | 6. 15 | 7.27 | 2.94 | 3.55 | 3.85 | 3 .80 | 4.22 | 4.78 |
| 3. GENERAL GOVERNMENT | | | | | | | | | | | | |
| Public Administration | 16.84 | 23.12 | 26.80 | 29.06 | | | 16.84 | 21.60 | 23.91 | 26.38 | | |
| Defence | 2.19 | 4.66 | 5.07 | 5.34 | | | 2.19 | 4.18 | 4.43 | 4.72 | | |
| Education | 11.20 | 23.78 | 32.05 | 37.18 | | | 11.20 | 23.94 | 25.77 | 29.70 | | |
| Health | 4.49 | 8.44 | 10.68 | 11.85 | | | 4.69 | 8.94 | 10.19 | 11.62 | | |
| Agricultural Services | 4.41 | 6.38 | 7.83 | 8.55 | | | 4.41 | 5.73 | 6.94 | 7.66 | | |
| Other Services | 3.13 | 9.60 | 12.06 | 13.36 | | | 3.13 | 9.36 | 10.51 | 12.13 | | |
| TOTAL GENERAL GOVERNMENT | 42.47 | 76.48 | 94.49 | 105.34 | 114.24 | 131.90 | 42.47 | 73.75 | 81.75 | 92.21 | 98.53 | 102.47 |
| TOTAL PRODUCT MONETARY ECONOMY | 241.10 | 392.88 | 444.11 | 506.32 | 575.89 | 674.02 | 241.10 | 366.17 | 396.39 | 427.44 | 462.21 | 479.91 |
| TOTAL GROSS PRODUCT AT FACTOR COST (Monetary and Non-Monetary) | 330.10 | 512.51 | 570.06 | 648.52 | 724.85 | 835.00 | 330.10 | 478.83 | 512.37 | 547.38 | 585.92 | 607.22 |
| GROSS DOMESTIC PRODUCT PER CAPITA *K£* | 36.26 | 45.66 | 48.84 | 53.74 | 58.07 | 64.67 | 36.26 | 42.66 | 43.90 | 45.36 | 46.94 | 47.03 |

*Provisional

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

*Table 2.2*

*Percentages*

| | CURRENT PRICES | | | CONSTANT (1964) PRICES | | |
|---|---|---|---|---|---|---|
| | 1964-1974* Cumulative | 1972-73 | 1973-74* | 1964-1974* Cumulative | 1972-73 | 1973-74* |
| OUTSIDE MONETARY ECONOMY | | | | | | |
| Agriculture, Forestry and Fishing | 5.6 | 4.4 | 8.7 | 3.6 | 2.9 | 2.8 |
| Building and Construction | 7.3 | 6.5 | 4.4 | 3.2 | 5.0 | 2.7 |
| Water | 9.2 | 4.3 | 4.1 | 3.3 | 1.8 | 1.4 |
| Ownership of Dwellings | 9.4 | 6.6 | 6.7 | 5.2 | 5.0 | 4.9 |
| TOTAL PRODUCT OUTSIDE MONETARY ECONOMY | 6.1 | 4.8 | 8.1 | 3.6 | 3.1 | 2.9 |
| MONETARY ECONOMY— | | | | | | |
| Enterprises and Non-Profit Institutions | | | | | | |
| Agriculture | 8.0 | 15.8 | 11.2 | 5.3 | 7.9 | −0.8 |
| Forestry | 11.3 | 20.3 | 7.6 | 7.8 | 17.9 | |
| Fishing | 5.4 | 7.1 | 6.7 | 2.0 | — | −7.2 |
| Mining and Quarrying | 9.4 | 54.0 | 9.4 | 8.9 | 44.0 | −5.0 |
| Manufacturing and repairing | 13.2 | 17.2 | 20.0 | 8.3 | 11.3 | 7.5 |
| Building and Construction | 16.2 | 13.3 | 12.3 | 8.0 | 2.3 | −8.2 |
| Electricity and Water | 7.8 | 4.9 | 8.8 | 7.2 | 2.7 | 7.3 |
| Transport, Storage and Communications | 9.9 | 14.1 | 17.5 | 7.0 | 6.6 | 6.3 |
| Wholesale and Retail Trade | 9.5 | 15.5 | 29.0 | 3.6 | 6.7 | 3.3 |
| Banking, Insurance and Real Estate | 12.9 | 12.0 | 15.5 | 9.1 | 5.8 | 2.5 |
| Ownership of Dwellings | 10.6 | 10.8 | 17.0 | 4.9 | 4.9 | 5.2 |
| Other Services | 11.6 | 15.3 | 18.3 | 11.1 | 15.3 | 11.4 |
| TOTAL ENTERPRISES | 10.6 | 15.1 | 17.4 | 6 .6 | 8.4 | 3.7 |
| Private Households | 9.5 | 20 .1 | 18.2 | 4.9 | 11.0 | 13.3 |
| General Government | 12.0 | 8.4 | 15.5 | 9.2 | 6.8 | 4.0 |
| TOTAL PRODUCT MONETARY ECONOMY | 10.8 | 13.7 | 17.0 | 7.1 | 8.1 | 3.8 |
| TOTAL GROSS PRODUCT AT FACTORY COST | 9.7 | 11.8 | 15.2 | 6.2 | 7.0 | 3.6 |
| GROSS DOMESTIC PRODUCT PER CAPITA | 5.9 | 8.0 | 11.4 | 2.6 | 3.5 | 0. |

*Provisional

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

2.12. Table 2.3 sets out a comparison by industry of target rates for the Plan period 1974.1978, along with the rates actually achieved in 1973 and 1974. The average annual rate of growth of the GDP in 1973 and 1974 was only 5.0 per cent, compared with the 1974-1978 plan target of 7.4 per cent. Sectors which failed to achieve their target growth rates by a large margin include agriculture because of poor climatic conditions and sharply higher input costs; construction, because of a fall in new capital projects; and the general Government sector, because of the need to contain recurrent expenditure.

GROSS DOMESTIC PRODUCT

PLAN TARGETS AND REALISED GROWTH RATES (AT 1972 PRICES)

*Table* 2.3 *Percentages*

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

**Structure of the Economy**

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

GROSS DOMESTIC PRODUCT

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

*Table* 2.4 *Percentages*

| | 1964 | 1970 | 1971 | 1972 | 1973 | 1974* |
|---|---|---|---|---|---|---|
| OUTSIDE MONETARY ECONOMY— | | | | | | |
| AGRICULTURE, FORESTRY AND FISHING | 22.89 | 19.96 | 19.17 | 18.54 | 17.82 | 17.67 |
| Fishing | 1.76 | 1.44 | 1.38 | 1.35 | 1.32 | 1.31 |
| Building and Construction | 0.63 | 0.56 | 0.54 | 0.51 | 0.48 | 0.47 |
| Water | 1.68 | 1.57 | 1.57 | 1.52 | 1.49 | 1.51 |
| Ownership of Dwellings | | | | | | |
| TOTAL PRODUCT OUTSIDE MONETARY ECONOMY | 26.96 | 23.53 | 22.64 | 21.91 | 21.11 | 20.97 |
| Enterprises and Non.profit Institutions— | | | | | | |
| Agriculture | 16.08 | 15.46 | 14.35 | 15.22 | 15.35 | 14.69 |
| Forestry | 0.57 | 0.61 | 0.61 | 0.62 | 0.68 | 0.66 |
| Fishing | 0.26 | 0.22 | 0.19 | 0.20 | 0.19 | 0.17 |
| Mining and Quarrying | 0.44 | 0.54 | 0.53 | 0.46 | 0.61 | 0.56 |
| Manufacturing and Quarrying | 10.35 | 10.96 | 11.57 | 11.62 | 12.08 | 12.53 |
| Building and Construction | 2.07 | 2.52 | 2.56 | 2.86 | 2.74 | 2.42 |
| Electricity and Water | 1.47 | 1.49 | 1.52 | 1.62 | 1.55 | 1.60 |
| Transport, Storage and Communications | 7.43 | 8.60 | 8.42 | 7.75 | 7.72 | 7.91 |
| Wholesale and Retail Trade | 9.99 | 7.84 | 8.70 | 7.79 | 7.76 | 7.74 |
| Banking, Insurance Real Estate | 2.98 | 4.10 | 4.12 | 3.97 | 3.92 | 3.88 |
| Ownership of Dwellings | 4.04 | 3.73 | 3.66 | 3.58 | 3.51 | 3.56 |
| Other Services | 3.60 | 4.25 | 4.42 | 4.86 | 5.23 | 5.63 |
| TOTAL ENTERPRISES | 59.28 | 60.33 | 60.66 | 60.55 | 61.35 | 61.37 |
| Private Households | 0.89 | 0.74 | 0.75 | 0.69 | 0.72 | 0.79 |
| GENERAL GOVERNMENT— | | | | | | |
| Public Administration | 5.10 | 4.51 | 4.67 | 4.82 | | |
| Defence | 0 66 | 0.87 | 0.86 | 0.86 | | |
| Education | 3.39 | 5.00 | 5.03 | 5.42 | | |
| Health | 1.42 | 1.87 | 1.92 | 2.12 | | |
| Agricultural Services | 1.34 | 1.20 | 1.35 | 1.40 | | |
| Other Services | 0.95 | 1.95 | 2.05 | 2.22 | | |
| TOTAL GENERAL GOVERNMENT | 12.87 | 15.40 | 15.95 | 16.85 | 16.82 | 16.87 |
| TOTAL PRODUCT MONETARY ECONOMY | 73.04 | 76.47 | 77.36 | 78.09 | 78.89 | 79.03 |
| TOTAL GROSS PRODUCT AT FACTOR COST (Monetary and Non.Monetary) | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

*Provisional

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

**Resource Allocation**

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

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

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

*Table* 2.5 *K £ million*

| | 1964 | 1972 | 1973 | 1974* |
|---|---|---|---|---|
| G.D.P. at Factor Cost | 330.10 | 648.52 | 724.85 | 835.00 |
| Of Which | | 506.32 | | |
| Non.Monetary | 89.00 | 1424.20 | 148.96 | 160.98 |
| Monetary | 241.10 | | 575.89 | 674.02 |
| + Indirect Taxes | 26.91 | 64.60 | 92.28 | 120.00 |
| —Subsidies | -0.35 | 1.30 | 2.26 | 2.77 |
| =G.D.P. at Market Prices | 356.66 | 711.82 | 814.87 | 952.23 |
| Imports of goods and services | 101.91 | 216.16 | 251.78 | 413.27 |
| — Exports of goods and services | 119.26 | 200.11 | 240.58 | 332.21 |
| =Import Surplus | -17.35 | +16.05 | +11.20 | +81.06 |
| Total Resources available for Domestic Investment and Consumption | 339.31 | 727.87 | 826.07 | 1,033.29 |
| Gross Fixed Capital Formation | 44.32 | 160.37 | 17518 | 189.78 |
| Increase in Stocks | 2.0 | 1.30 | 59.34 | 105.00 |
| Gross Investment | 46.62 | 161.67 | 234.52 | 294.78 |
| Public Consumption | 49.35 | 127.30 | 140.80 | 169.00 |
| Private Consumption | 243.34 | 438.90 | 450.75 | 569.51 |
| TOTAL CONSUMPTION | 292.69 | 566.20 | 591.55 | 738.51 |

*Provisional

**Distribution**

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

GROSS NATIONAL PRODUCT AT CURRENT PRICES 1964, 1970-1974

*Table* 2.6 — *K£million*

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

*Provisional.

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

*Table 2.7* *K£million*

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

*Provisional

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

*Table* 2.7—(*Contd.*) k£million.

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

*Provisional

CAPITAL FORMATION BY INDUSTRY, 1964, 1970-1974

*Table* 2.8 k£*million*

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

*Provisional

## Gross Fixed Capital Formation

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

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

*Table* 2.9 k£'000

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

*Provisional

## CHAPTER 3—BALANCE OF PAYMENTS

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

3.2. Kenya's unfavourable balance on current account rose sharply from K£47.5 million in 1973 to K£ 116.1 million in 1974. This current account deficit amounts to the equivalent of 12.2 per cent of the total GDP at market prices in 1974. A figure as high as this (in terms of GDP) is unprecedented for Kenya. In 1973 the comparable deficit was equal to 5.8 per cent of the GDP and in 1972 to 3.4 per cent. The adverse decline was mainly caused by the deterioration in the deficit on merchandise account*. The value of merchandise exports rose from K£I60.6 million in 1973 to K£207.4 million in 1974: an increase of 29.1 per cent. But the increase in the value of imports of merchandise was much steeper. These rose by 70.9 per cent in value from K£215.9 million in 1973 to K£368.9 million in 1974. The debit on merchandise account as a result nearly trebled from K£55.3 million to K£I61.5 million between 1973 and 1974. Over a third of this deficit on merchandise transactions is accounted for by the increase in the value of imports of fuel and lubricants. Substantial increases were also recorded in the values of imports of other commodities. The terms of trade as a result swung heavily against Kenya. Effective depreciation of Kenyan currency by 5.7 per cent against the currencies of its major trading partners had some impact on the worsening terms of trade.

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

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

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

KENYA BALANCE OF PAYMENT, 1972-1974

*Table* 3.1 *k£million*

| | 1972 | | | 1973 | | | 1974* | | |
|---|---|---|---|---|---|---|---|---|---|
| | Debits/ Assets | redits/ Liabili-ties | Net Credits | Debits/ Assets | Credits/ Liabili-ties | Net Credits | Debits/ Assets | Credits/ Liabili-ties | Net Credits |
| A. CURRENT ACCOUNT | | | | | | | | | |
| 1. Merchandise transactions; Imports (c.i.f.) Exports (f.o.b.) | I86.0 | 120.5 | Dr. 65.5 | 215.9 | 160.6 | Dr. 55.3 | 368.9 | 207.4 | Dr. 161.5 |
| 2. Non-Monetary Gold Movements | 0.4 | — | Dr. 0.4 | 0.2 | — | Dr. 0.2 | 0.9 | | Dr. 0.9 |
| 3. Freight and Insurance | 0.4 | 12.0 | 11.7 | 1.8 | 13.2 | 11.4 | 1.1 | 18.3 | 17.2 |
| 4. Other Transportation | 9.3 | 21.1 | 11.8 | 9.9 | 24.2 | 14.3 | 20.8 | 62.6 | 41.8 |
| 5. Foreign Travel | 9.9 | 27.3 | 17.4 | 11.0 | 24.3 | 13.3 | 13.1 | 27.0 | 13.9 |
| 6. International Investment Income | 25.1 | 12.9 | Dr. 12.3 | 45.7 | 10.2 | Dr. 35.5 | 48.3 | 14.3 | Dr. 34.0 |
| 7. Government Transactions n.e.s. | 11.5 | 5.8 | Dr. 5.7 | 10.4 | 5.0 | Dr. 5.4 | 11.5 | 7.0 | Dr. 4.5 |
| 8. Other Services | 8.2 | 13.3 | 5.1 | 11.2 | 13.3 | 2.1 | 6.0 | 9.9 | 3.9 |
| 9. Private Transfers | 6.4 | 6.8 | 0.4 | 8.1 | 8.4 | 0.3 | 9.0 | 8.2 | Dr. 0.8 |
| 10. Government Transfers | 4.2 | 17.4 | 13.2 | 3.9 | 11.4** | 7.5 | 5.4 | 14.2** | 8.8 |
| TOTAL CURRENT ACCOUNT | 261..52 | 37.2 | Dr.24.3 | 318.1 | 270.6 | Dr.47.5 | 485.0 | 368.9 | Dr.116.1 |
| Of which: Visible Balance | 186.4 | 120.5 | Dr. 65.9 | 216.1 | 160.6 | Dr. 55.5 | 369.8 | 207.4 | Dr. 162.4 |
| Invisible Balance | 75.1 | 116.7 | 41.6 | 102.0 | 110.0 | 8.0 | 115.2 | 161.5 | 46.3 |

KENYA BALANCE OF PAYMENT, 1972-74

Table 3.1-(contd.)

K £ million

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

*Provisional.

**Excludes capital grants.

+Includes capital grants.

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

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

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

USE OF RESOURCES AND BALANCE OF PAYMENTS

*Table 3.2* *k £ million*

| Gross Domestic Product at Market Prices= Gross Domestic Expenditure | USE OF RESOURCES | | | | | BALANCE OF PAYMENTS | | |
|---|---|---|---|---|---|---|---|---|
| | CONSUMPTION | | Gross Capital Formation | Exports of Goods and Services | Imports of Goods and Services | Deficit on goods and Services | Net Factor Income payable abroad plus net transfers | Deficit on Balance of Payments Current Account |
| | Private | Government | | | | | | |
| 1974 Estimates | | | | | | | | |
| 952.2 | 569.5 | 169.0 | 294.8 | 332.2 | 413.3 | 81.1 | 35.0 | 116.1 |
| Illustrative Figures for 1977 | | | | | | | | |
| *Example* 1 1,102.0 | 588.0 | 187.4 | 341.4 | 429.7 | 444.5 | 14.8 | 40.3 | 55.1 |
| *Example* 2 1,102.0 | 616.8 | 187.4 | 312.6 | 379.2 | 394.0 | 14.8 | 40.3 | 55.1 |
| *Example* 3 1,102.0 | 640.0 | 201.1 | 275.7 | 426.4 | 441.2 | 14.8 | 40.3 | 55.1 |

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

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

BALANCE OF PAYMENTS AND CAPITAL FORMATION, 1973-1974

*Table* 3.3 *k£million*

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

## CHAPTER 4—MONEY AND BANKING

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

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

FOREIGN EXCHANGE RATES, 1973-1974

*Table* 4.1

| | MEAN RATES IN KENYA SHILLINGS | | Percentage Change |
|---|---|---|---|
| | 29th Dec., 1973 | 31st Dec., 1974 | |
| U.S. Dollar per Unit | 6.90 | 7.14286 | 3.52 |
| Sterling Pound per Unit | 16. 0028 | 16.7535 | 4.69 |
| Canadian Dollar per Unit | 6.9276 | 7.2121 | 4.11 |
| Deutsche Mark per Unit | 2.5540 | 2.9625 | 15.99 |
| French Francs per 100 Units | 146.7630 | 160.92 | 9.65 |
| Swiss Franc per 100 Units | 212.4510 | 280.53 | 32.04 |
| Netherlands Guilder per 100 Units | 244.5015 | 285.64 | 16.83 |
| Italian Lira per 100 Units | 1.1340 | 1.1025 | −2.78 |
| Belgian Franc | 16.7325 | 19.78 | 18.21 |
| Japanese Yen per 100 Units | 2.4626 | 2.3735 | −3.62 |
| Swedish Krona per 100 Units | 150.9375 | 175.32 | 16.15 |
| Norwegian Krona per 100 Units | 120.5085 | 137.03 | 13.71 |
| Danish Krona per 100 Units | 109.9860 | 126.71 | 15.21 |
| Austrian Shilling per Units | 34.7415 | 41.75 | 20.17 |
| Indian Rupee per 100 Units | 85.3477 | 89.35 | 4.69 |
| Pakistan Rupee | 69.6421 | 72.09 | 3.51 |
| Zambian Kwacha per 100 Units | 1,073.3364 | 1,111.11 | 3.52 |
| Australian Dollar per 100 Units | 1,026.3700 | 935.00 | −8.90 |
| Finnish Markka per 100 Units | 179.1930 | 200.3 | 11.78 |
| Burundi Franc per 100 Units | 8.7619 | 9.0702 | 3.52 |

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

PRINCIPAL INTEREST RATES, 1973-1974

*Table* 4.2 *Percent*

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

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

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

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

FOREIGN EXCHANGE RESERVES, 1967-1975

*Table* 4.3 *K£'000*

| As at end of Month | Central Bank of Kenya* | COMMERCIAL BANKS | | Govern-ment** | I.M.F Gold tranche | Estimated share of E.A.C.B. Assets | Total |
|---|---|---|---|---|---|---|---|
| | | Net Balances with Banks outside Kenya | Other | | | | |
| 1967 December | 28,858 | -2,190 | 2,239 | 1,665 | 1,443 | 4,329 | 36,344 |
| 1968 December | 33,729 | 1,871 | 1,997 | 1,232 | 1,443 | 2,689 | 42,961 |
| 1969 December | 58,336 | 2,586 | 406 | 1,721 | 1,443 | 617 | 65,110 |
| 1970 December | 73,472 | 3,480 | 494 | 1,401 | 4,287 | 795 | 83,929 |
| 1971 December | 55,185 | 561 | 187 | 2,037 | 4,289 | 446 | 62,705 |
| 1972 December | 66,116 | -891 | 164 | 2,075 | 4,712 | | 72,176 |
| 1973 December | 73,844 | -612 | 252 | 3,013 | 5,289 | | 81,786 |
| 1974— | | | | | | | |
| January | 73,598 | -2,673 | 263 | 3,005 | 5,290 | – | 79,483 |
| February | 74,141 | -2,323 | 299 | 2,158 | 5,289 | – | 79,564 |
| March | 78,137 | 984 | 321 | 2,861 | 5,296 | – | 87,599 |
| April | 81,315 | 632 | 303 | 3,667 | 5,296 | – | 91,213 |
| May | 74,324 | 68 | 218 | 3,667 | 5,319 | – | 83,596 |
| June | 70,074 | -2,215 | 202 | 3,667 | 5,319 | – | 77,047 |
| July | 74,336 | -2,428 | 315 | 3,701 | 5,319 | | 81,243 |
| August | 62,068 | -4,275 | 346 | 2,508 | | | 60,647 |
| September | 62,996 | -2,523 | 414 | 2,681 | | | 63,568 |
| October | 62,300 | -5,262 | 402 | 2,408 | | | 59,848 |
| November | 66,555 | -2,031 | 353 | 2,458 | | | 67,335 |
| December | 67,175 | -4,175 | 356 | 2,458 | | | 65,814 |
| 1975— | | | | | | | |
| January- | 72,724 | -3,168 | 432 | 2,458 | | | 72,446 |
| February | 74,246 | -2,542 | 494 | 2,458 | | – | 74,656 |

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

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

MONEY SUPPLY, 1967-1975

*Table* 4.4 K£'000

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

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

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

*Table* 4.5

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

K£000

| | CHANGE DURING YEAR | | CHANGES DURING EACH QUARTER OF 1974 | | | |
|---|---|---|---|---|---|---|
| | 1973 | 1974 | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| | CHANGES IN MONEY SUPPLY (AND SAVINGS DEPOSITS) | | | | | |
| 1. Deposits of Commercial Banks— | | | | | | |
| 1.1 Demand | 28,089 | 11,926 | 5,188 | 10,305 | -15,021 | 11,454 |
| 1.2 Time | 14,190 | -813 | 4,190 | 4,193 | -1,875 | -7,321 |
| 1.3 Savings | 8,413 | 8,661 | 2,387 | 916 | 3,107 | 2,251 |
| 2. Notes in Circulation | 4,313 | 5,080 | 2,389 | -672 | 3,892 | -529 |
| 3. TOTAL | 55,005 | 24,854 | 14,154 | 14,742 | -9,897 | 5,855 |
| | EXPLANATORY CHANGES | | | | | |
| 4. Advances and Discounts of Central Bank | | 11,815 | | 88 | 11,089 | 638 |
| 5. Loans and Advances by Commercial Banks | 40,033 | 46,755 | 10,515 | 19,227 | 11,407 | 5,606 |
| 6. Government Securities and Advances to Government— | | | | | | |
| 6.1 Central Bank | -2,213 | 4,448 | -2,496 | 593 | 3,979 | 2,372 |
| 6.2 Commercial Banks | 7,222 | -6,706 | 2,466 | -5,018 | -5,919 | 1,765 |
| 6.3 Deposits of Government with Central Bank | -4,463 | 14,671 | 3,667 | - 1,628 | 4,750 | 7,882 |
| 6.4 Net Securities and Advances | 546 | 12,413 | 3,637 | -6,053 | 2,810 | 12,019 |
| 7. Investments— | | | | | | |
| 7.1 Central Bank | 5,414 | 3,040 | 3,039 | 37 | -39 | 3 |
| 7.2 Commercial Banks | 811 | -10,792 | -749 | -728 | -4,897 | -4,418 |
| Total | 6,225 | -7,752 | 2,290 | -691 | -4,936 | -4,415 |
| 8. Foreign Assets— | | | | | | |
| 8.1 Central Bank | 8,324 | -6,669 | 4,293 | -8,063 | -7,078 | 4,179 |
| 8.2 Commercial Banks | 2,381 | 985 | 662 | 1,707 | 963 | -2,347 |
| 8.3 Total | 10,705 | -5,684 | 4,955 | -6,356 | -6,115 | 1,832 |
| 9. Other Assets (net) + Revaluation | 3,509 | 1,494 | -7,558 | 10,631 | -11,602 | 10.022 |
| 10. Deposits of Non-Resident Banks— | | | | | | |
| 10.1 With Central Bank | 217 | -13,929 | -210 | -1,431 | -3,312 | -8,975 |
| 10.2 With Commercial Banks | -2,107 | -4,546 | 934 | -4,905 | -1,271 | 696 |
| 10.3 Total | -1,890 | -18,475 | 724 | -6,336 | -4,583 | -8,279 |
| 11. Other Inter-bank Deposits | -436 | 364 | 2,376 | 105 | 1,221 | -3,338 |
| 12. Other Deposits with Central Bank* | -1,277 | -724 | -1,801 | -4,216 | -223 | -2,916 |
| 13. Borrowings from Central Bank | | -12,698 | | | -9,524 | -3,174 |
| 14. Bills Payable | -2,410 | -1,354 | 316 | -89 | 559 | -2,140 |
| 15. General Reserve Fund | | -1,300 | -1,300 | | | |
| TOTAL | 55,005 | 24,854 | 14,154 | 14,742 | -9,897 | 5,855 |

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

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

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

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

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

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

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

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

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

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

COMMERCIAL BANKS—LIQUID ASSETS, 1972-1975

*Table* 4.6

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

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

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

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

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

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

*Table* 4.7 K£'000

| | CHANGE DURING YEAR | | CHANGE DURING EACH QUARTER OF 1974 | | | |
|---|---|---|---|---|---|---|
| | 1973 | 1974 | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Deposits of Kenya Commercial Banks with the Central Bank | -469 | 7,977 | 1,899 | 120 | 128 | 5,830 |
| | EXPLANATORY CHANGES | | | | | |
| 2. Advances and Discounts | | 11,815 | | 88 | 11,089 | 638 |
| 3. Net Advances to Government— | | | | | | |
| 3.1 Advances to Government. Treasury Bills and Government Securities | -2,213 | 4,448 | -2,496 | 593 | 3,979 | 2,372 |
| 3.2 Government deposits | -4,463 | 14,671 | 3,667 | -1,628 | 4,750 | 7,882 |
| 3.3 Net Advances | 6,676 | 19,119 | 1,171 | -1,035 | 8,729 | 10,254 |
| 4. Other Securities | 5,414 | 3,040 | 3,039 | 37 | -39 | 3 |
| 5. Foreign Exchange | 8,324 | -6,669 | 4,293 | -8,063 | -7,078 | 4,179 |
| 6. Other Assets (net) | -733 | 7,596 | -2,264 | 5.913 | -4,430 | 8,376 |
| 7. Deposit Liabilities— | | | | | | |
| 7.1 Non-Resident | 212 | -13,929 | -210 | -1,431 | -3,312 | -8,975 |
| 7.2 Resident | -1,277 | -724 | -1,801 | 4,216 | -223 | -2,916 |
| 7.3 Total | -1,060 | -14,653 | -2,011 | 2,785 | -3,535 | —-11,891 |
| 8. Notes in Circulation | - 5,738 | -10,971 | -1,029 | 395 | -4,608 | -5,729 |
| 9. General Reserve Fund | — | -1,300 | - 1,300 | - | - | — |
| GROSS TOTAL | -469 | 7,977 | | 1,899 | 120 | 128 |

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

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

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

*Table* 4.8 *K£*'000

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

*Including Forestry, Fishing and Wildlife

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

## CHAPTER 5—EMPLOYMENT, EARNINGS AND CONSUMER PRICES

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

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

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

PERSONS ENGAGED: RECORDED TOTALS, 1972-1974

Table 5.1 '000s

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

## Employment

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

WAGE EMPLOYMENT BY MAJOR SECTOR, 1971-1974

*Table* 5.2

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

*Provisional

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

WAGE EMPLOYMENT IN NEW ESTABLISHMENTS BY ACTIVITY, 1973-1974

*Table* 5.3

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

*Provisional.

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

WAGE EMPLOYMENT IN THE PRIVATE SECTOR, 1971-1974

*Table* 5.4

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

*Provisional

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

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

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

*Table* 5.5

| | 1971 | 1972 | 1973 | 1974* | Percentage change 1971/74* |
|---|---|---|---|---|---|
| | *OOO's* | *OOO's* | *OOO's* | *OOO's* | |
| Agriculture and Forestry | 189.6 | 197.9 | 220.6 | 213.7 | -3.1 |
| Mining and Quarrying | 2.8 | 2.7 | 2.4 | 3.1 | 29.2 |
| Manufacturine | 67.4 | 67.1 | 73.3 | 81.7 | 11.5 |
| Construction | 21 .0 | 23.4 | 23.7 | 29.3 | 23.6 |
| Trade. Restaurants and Hotels | 47.4 | 46.0 | 44.7 | 55.4 | 23.9 |
| Transport and Communication | 16.3 | 18.1 | 16.6 | 17.6 | 6.0 |
| Financing, Insurance, Real Estate and Business Services | 14.8 | 14.8 | 17.1 | 18.7 | 9.4 |
| Community, Social and Personal Service[c] | 64.4 | 62.9 | 64.1 | 76.7 | 19.7 |
| TOTAL | 423.7 | 432.8 | 462.4 | 496.2 | 7.3 |

* Provisional

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

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

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

WAGE EMPLOYMENT IN THE PUBLIC SECTOR, 1971-1974

*Tabic* 5.6

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

* Provisional

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

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

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

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

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

*Table* 5.7 WAGE EMPLOYMENT BY RACE AND SEX, 1971-1974

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

*Provisional

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

WAGE EMPLOYMENT BY RACE AND CITIZENSHIP, 1973-1974

*Table* 5.8 *OOO's*

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

*Provisional

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

## Earnings

5.15. Total earnings from wage employment in the modern sector went up by K£43.1 million from K£231.2 million in 1973 to KE274.3 million in 1974, an increase of 18.6 per cent compared with an increase of 11.8 per

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

*Table* 5.9 *000's*

| | ASIANS | | | | | | EUROPEANS | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Citizens | | Non-Citizens | | Total | | Citizens | | Non-Citizens | | Total | |
| | 1973 | 1974* | 1973 | 1974* | 1973 | 1974* | 1973 | 1974* | 1973 | 1974* | 1973 | 1974* |
| Agriculture and Forestry | 0.2 | 0.2 | 0.1 | 0.1 | 0.3 | 0.3 | 0.2 | 0.2 | 0.5 | 0.5 | 0.7 | 0.7 |
| Mininu and Quarrying | — | 0.1 | — | | — | 0.1 | — | — | — | | — | — |
| Manufacturing | 2.6 | 2.5 | 2.0 | 1.8 | 4.6 | 4.3 | 0.2 | 0.2 | 1.0 | 0.9 | 1.2 | 1.1 |
| Electricity and Water | — | — | — | | — | — | — | — | 0.1 | — | 0.1 | — |
| Construction | 0.4 | 0.5 | 0.8 | 0.9 | 1.2 | 1.4 | 01 | — | 0.6 | 0.5 | 0.7 | 0.5 |
| Trade, Restaurants and Hotels | 2.9 | 4.1 | 1.8 | 1.1 | 4.7 | 5.2 | 0.2 | 0.3 | 0.8 | 0.7 | 1.0 | 1.0 |
| Transport and Communication | 1.4 | 1.4 | 0.4 | 0.3 | 1.8 | 1.7 | 0.1 | 0.2 | 0.6 | 0.5 | 0.7 | 0.7 |
| Financing, Insurance, Real Estate and Business Services | 1.9 | 1.9 | 0.6 | 0.6 | 2.5 | 2.5 | 0.2 | 0.2 | 1.2 | 1.2 | 1.4 | 1.4 |
| Community, Social and Personal Services | 2.1 | 2.2 | 2.7 | 2.4 | 4.8 | 4.6 | 0.5 | 0.4 | 3.2 | 2.9 | 3.7 | 3.3 |
| TOTAL | 11.5 | 12.9 | 8.4 | 7.2 | 19.9 | 20.1 | 1.5 | 1.5 | 8.0 | 7.2 | 9.5 | 8.7 |

*Provisional.

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

EARNINGS BY MAJOR SECTOR, 1971-1974

*Table* 5.10 *K£million*

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

*Provisional

EARNINGS IN THE PRIVATE SECTOR BY INDUSTRY, 1971-1974

*Table* 5.11 *K£million*

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

*Provisional

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

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

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

EARNINGS IN THE PUBLIC SECTOR, 1971-1974

*Table* 5.12 *K£million*

| | 1971 | 1972 | 1973 | 1974* |
|---|---|---|---|---|
| Central Government | 37.9 | 39.9 | 42.4 | 49.1 |
| Paranatal Bodies | 19.8 | 23.2 | 31.2 | 40.5 |
| Majority Control by the Public Sector | 2.6 | 4.0 | 5.2 | 5.9 |
| Local Government | 7.6 | 8.9 | 9.2 | 10.6 |
| E.A.C. General Fund Services | 1.8 | 1.8 | 2.1 | 2.7 |
| E.A. Railways Corporation | 8.0 | 7.9 | 9.9 | 9.4 |
| E.A. Harbours Corporation | 1.1 | 1.2 | 1.2 | 1.6 |
| E.A. Posts and Telecommunications Corporation | 3.6 | 2.9 | 3.1 | 3.2 |
| E.A. Airways Corporation.. | 3.4 | 4.7 | 4.2 | 4 4 |
| E.A. Cargo Handling Services Ltd. | 4.2 | 4.2 | 4.4 | 4.7 |
| Other E.A. Public Bodies** | 0.6 | 0.8 | 1.1 | 0.8 |
| TOTAL | 90.6 | 99.5 | 114.1 | 132.8 |

*Provisional

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

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

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

AVERAGE WAGE EARNINGS PER EMPLOYEE, 1971-1974

*Table* 5.13 *K£*

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

*Provisional

CHANGES IN WAGE EMPLOYMENT AND AVERAGE EARNINGS, 1971-1974

*Table* 5.14

Percentages

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

*Provisional

## Consumer Prices

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

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

*Table* 5.15

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

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

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

*Table* 5.16 *K£*

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

* Provisional.

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

CHANGES IN WAGE EMPLOYMENT, AVERAGE WAGES AND CONSUMER PRICES, 1971-1974

*Table* 5.17 *Percentage*

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

*Provisional.

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

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

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

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

*Base: August, 1971 = 100*

*Table* 5.18

| | Food | Drinks and Tobacco | Fuel. Light and Water | Personal Care and Health | Recreation and Enter-tainment | Transport | Furniture and Utensils | House hold Operation | Clothing and Footwear | School Fees | Rent | All Groups |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| WEIGHT | 522 | 43 | 45 | 13 | 10 | 28 | 26 | 10 | 56 | 48 | 199 | 1000 |
| 1971— | | | | | | | | | | | | |
| December | 100.8 | 102.1 | 101.2 | 100.0 | 100.0 | 100.1 | 103.8 | 106.3 | 102.3 | 100.0 | 100.5 | 100.9 |
| 1972— | | | | | | | | | | | | |
| December | 101.7 | 104.3 | 115.8 | 100.0 | 100.0 | 100.1 | 108.2 | 107.4 | 106.0 | 100.0 | 107.5 | 103.9 |
| 1973— | | | | | | | | | | | | |
| March | 102.1 | 104.3 | 114.1 | 100.0 | 100.0 | 100.1 | 108.2 | 105.0 | 106.0 | 100.0 | 111.6 | 104.8 |
| June | 104.9 | 104.3 | 117.2 | 100.0 | 100.0 | 100.1 | 127.4 | 108.6 | 130.6 | 100.0 | 115.5 | 109.1 |
| September | 111.4 | 104.3 | 118.5 | 107.5 | 100.0 | 117.2 | 151.5 | 117.4 | 160.0 | 100.0 | 131.0 | 118.6 |
| December | 113.4 | 104.3 | 120.3 | 114.2 | 100.0 | 117.2 | 163.8 | 120.4 | 166.6 | 100.0 | 131.0 | 119.5 |
| 1974— | | | | | | | | | | | | |
| March | 124.4 | 104.3 | 129.9 | 113.4 | 120.0 | 146.4 | 187.6 | 129.3 | 187.1 | 66.8 | 131.0 | 128.0 |
| June | 130.1 | 104.3 | 136.9 | 113.4 | 120.0 | 146.4 | 187.6 | 120.2 | 187.1 | 66.8 | 131.0 | 131.2 |
| September | 136.9 | 119.7 | 161.1 | 143.6 | 130.0 | 146.4 | 192.1 | 175.0 | 204.3 | 66.8 | 131.0 | 138.6 |
| December | 139.3 | 119.7 | 136.9 | 143.6 | 1300 | 146.4 | 192.1 | 170.6 | 204.3 | 66.8 | 131.0 | 138.7 |
| 1975— | | | | | | | | | | | | |
| January. | 139.5 | 119.7 | 139.4 | 1450 | 130.0 | 148.6 | 224.8 | 167.4 | 213.1 | 66.8 | 131.0 | 140.3 |
| February | 160.0 | 122.5 | 141.9 | 145.0 | 130.0 | 157.5 | 224.8 | 168.4 | 213.1 | 66.8 | 131.0 | 151.5 |
| March | 160.9 | 122.5 | 140.8 | 143.6 | 130.0 | 157.5 | 224.8 | 178.0 | 213.1 | 80.1 | 131.0 | 152.6 |

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

*Base: August, 1971=100*

*Table* 5.19

| | Food | Beverages and Tobacco | Fuel, Light and Water | Personal Care and Health | Recre-ation and Enter-tainment | Transport | Furniture and Utensils | House-hold Operation | Clothing and Footwear | School Fees | Rent | All Groups |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| WEIGHT | 412 | 44 | 50 | 23 | 13 | 65 | 26 | 23 | 51 | 69 | 224 | 1000 |
| 1971— | | | | | | | | | | | | |
| December | 100.8 | 102.0 | 100.3 | 99.9 | 101.0 | 101.0 | 100.1 | 103.0 | 102.0 | 100.0 | 100.5 | 100.8 |
| 1972— | | | | | | | | | | | | |
| December | 103.7 | 104.2 | 113.7 | 100.5 | 105.0 | 105.9 | 103.5 | 104.0 | 105.1 | 100.0 | 107.5 | 105.0 |
| 1973— | | | | | | | | | | | | |
| March | 104.2 | 104.2 | 114.0 | 100.1 | 105.0 | 109.5 | 104.1 | 103.0 | 105.1 | 100.0 | 111.6 | 106.4 |
| June | 107.8 | 104.2 | 115.4 | 101.9 | 109.4 | 114.8 | 106.2 | 105.9 | 107.9 | 100.0 | 115.5 | 109.5 |
| September | 111.8 | 104.2 | 117.3 | 106.2 | 111.1 | 118.7 | 132.9 | 110.0 | 132.4 | 100.0 | 131.0 | 117.1 |
| December | 114.4 | 104.2 | 118.3 | 107.8 | 111.1 | 121.6 | 130.7 | 110.3 | 132.4 | 100.0 | 131.0 | 118.4 |
| 1974— | | | | | | | | | | | | |
| March | 125.6 | 104.2 | 127.0 | 135.9 | 111.1 | 134.7 | 134.6 | 118.9 | 145.0 | 84.3 | 131.0 | 124.8 |
| June | 128.1 | 114.0 | 131.8 | 134.0 | 113.5 | 141.8 | 155.9 | 115.3 | 151.5 | 84.3 | 131.0 | 127.8 |
| September | 135.1 | 116.1 | 133.5 | 148.1 | 129.7 | 143.8 | 182.2 | 141.7 | 163.3 | 84.3 | 131.0 | 133.4 |
| December | 136.4 | 116.1 | 131.8 | 150.2 | 129.7 | 149.4 | 189.7 | 139.3 | 170.5 | 84.3 | 131.0 | 134.7 |
| 1975— | | | | | | | | | | | | |
| January | 136.7 | 116. 1 | 132.8 | 150.3 | 129.7 | 149.4 | 189.7 | 137.7 | 170.5 | 84.3 | 131.0 | 134.9 |
| February | 156.5 | 120. 2 | 137.1 | 150.9 | 132.3 | 150.6 | 189.7 | 138.1 | 170.5 | 84.3 | 131.0 | 143.6 |
| March | 159.0 | 120. 2 | 137.8 | 151.0 | 132.3 | 178.9 | 194.4 | 142.8 | 176.5 | 129.3 | 131.0 | 150.1 |

## CHAPTER 6—PUBLIC FINANCE

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

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

### Kenya Government

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

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

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

Table 6.1

K£000

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

*Table* 6.1—(*Contd*.) *K£'* 000

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

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

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

**Included in development expenditure.

+Provisional.

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

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

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

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

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

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

*Provisional.

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

*Table* 6.3 *K£million*

| | 1970/71 | 1971/72 | 1972/73 | 1973/74 | 1974/75* |
|---|---|---|---|---|---|
| DIRECT TAXATION— | | | | | |
| Income Tax | 37.78 | 45.04 | 50.20 | 56.24 | 71. 00 |
| Graduated Personal Tax | 2.68 | 1.82 | 3.25 | 1 .49 | - |
| Estate Duties | 0.35 | 0.50 | 0.43 | 0.50 | 0.50 |
| Export Duties | 0.49 | 0.44 | 0.68 | - | - |
| TOTAL | 41.30 | 47.80 | 54.57 | 58.23 | 71.50 |
| INDIRECT TAXATION— | | | | | |
| Sales Tax | | | 2.70 | 31.99 | 45.00 |
| Import Duties | 28.72 | 31.50 | 26.99 | 39.77 | 43.73 |
| Excise Duties | 15.27 | 16.21 | 16.84 | 20.85 | 23.39 |
| Stamp Duties | 1.28 | 1.34 | 1.34 | 2.21 | 2.40 |
| Petrol and Diesel Tax | 2.39 | 2.39 | 2.36 | - | |
| Licences and Fees under the Traffic Act | 1.70 | 2.64 | 2.94 | 2.97 | 3.02 |
| Taxes and Licences, n.e.s. | 1.69 | 5.41 | 8.74 | 3.73 | 3.86 |
| Land Premia and Taxes | 0.31 | 0.20 | 0.27 | 0.34 | 0.34 |
| Royalties | 0.32 | 0.32 | 0.39 | 0.43 | 0.47 |
| TOTAL | 51.68 | 60.01 | 62.57 | 102.29 | 122.21 |
| TOTAL TAXES AND LICENCES | 92.99 | 107.81 | 117.14 | 160.52 | 193.71 |
| Percentage contribution of:— | | | | | |
| Direct Taxes | 44 | 44 | 47 | 36 | 37 |
| Indirect Taxes | 56 | 56 | 53 | 64 | 63 |

*Provisional

IMPORT DUTY COLLECTIONS, 1970-1974

*Table* 6.4 K£000

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

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

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

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

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

*Table* 6.5 EXCISE REVENUE BY COMMODITIES, 1970-1974 K£'000

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

*Table* 6.6 DEVELOPMENT REVENUE **1970/71-1974/75 *K£million*

| | 1970/71 | 1971/72 | 1972/73 | 1973/74 | 1974/75* |
|---|---|---|---|---|---|
| EXTERNAL SOURCES— | | | | | |
| *Grants:* | | | | | |
| British Government | 0.04 | 0.56 | 0.01 | 1.41 | |
| Others | 0.17 | 0.48 | 0.28 | 1.77 | |
| TOTAL | 0.21 | 1.04 | 0.29 | 3.19 | 5.98 |
| *Loans:* | | | | | |
| U.K. Exchequer and C.D.C. | 2.44 | 3.23 | 4.00 | 117 | |
| U.S.A.I.D | 0.23 | 1.26 | 0.02 | 0.50 | |
| I.B.R.D | 1.53 | 3.24 | 2.63 | 2.08 | |
| West Germany | 0.94 | 0.20 | 0.23 | 1.30 | |
| I.D.A | 1.63 | 1.08 | 5.63 | 2.72 | |
| Other Foreign Loans | 4.16 | 2.48 | 12.15 | 6.68 | |
| TOTAL | 10.93 | 11.49 | 24.66 | 14.45 | 25.34 |
| TOTAL EXTERNAL SOURCES: | 11.14 | 12.53 | 24.95 | 17.64 | 31.32 |
| INTERNAL SOURCES— | | | | | |
| *Loans:* | | | | | |
| Local Market Issues | 6.74 | 15.55 | 21.30 | 18.85 | 15.00 |
| Other Local Loans | 5.00 | | | | 4.40 |
| TOTAL | 11.74 | 15.55 | 21.30 | 18.85 | 19.40 |
| MISCELLANEOUS REVENUES— | | | | | |
| Development Project Earnings | 0.17 | 0.36 | 0.20 | 0.19 | |
| Other | 0.20 | 0.07 | 0.41 | 0.39 | 1.77 |
| TOTAL | 0.37 | 0.43 | 0.61 | 0.58 | 1.77 |
| TOTAL INTERNAL SOURCES | 12.11 | 15.98 | 21.91 | 19.43 | 21.17 |
| TOTAL REVENUE | 23.25 | 28.51 | 46.86 | 37.07 | 52.49 |

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

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

*Table* 6.7

*K£million*

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

*Provisional

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

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

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

*Table* 6.8 *Percentages*

| | 1964/65 to 1973/74 | 1964/65 to 1974/75 | 1972/73 to 1973/74 | 1973/74 to 1974/75 |
|---|---|---|---|---|
| General Services | 171 .4 | 207.2 | 13.3 | 13.2 |
| Financial Obligations | 65.2 | 116.0 | 16.2 | 30.8 |
| Economic and Communitv Services | 268.1 | 410.2 | 14.2 | 38.4 |
| Social Services | 479.1 | 669.1 | 13.9 | 33.4 |
| TOTAL EXPENDITURE | 226.3 | 324.4 | 14.3 | 30.1 |

*Provisional

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

*Table 6.9*

K£'000

| ECONOMIC CLASSIFICATION / FUNCTIONAL CLASSIFICATION | RECURRENT EXPENDITURE | | | | | | | | CAPITAL EXPENDITURE | | | Total Recurrent and Capital Expenditure |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | CONSUMPTION EXPENDITURE | | Subsidies | Interest on Public Debt | 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 | 2,940 | 1,901 | 22 | | 17 | | | 4,879 | 1,432 | | | 6,310 |
| Administration—Provincial | 3,051 | 670 | | | | | 50 | 3,771 | 720 | | | 4,491 |
| Foreign Affairs | 721 | 1,159 | | | | 233 | | 2,113 | 43 | | | 2,156 |
| Law and Order | 11,247 | 4,952 | | | 11 | | | 16,211 | 1,870 | | — | 18,081 |
| Defence | 4,735 | 8,096 | | | 14 | 1 | | 12,845 | 1,414 | | | 14,259 |
| Revenue Collection and Financial Control | 1,124 | 1,811 | — | — | 7 | 109 | — | 3,052 | 35 | — | 1 | 3,087 |
| COMMUNITY SERVICES— | | | | | | | | | | | | |
| Roads | 1,162 | 5,783 | 18 | | | — | | 6,963 | 19,678 | | | 26,641 |
| Water Works | 1,098 | 1,548 | 4 | | 89 | | | 2,739 | 2,060 | | | 4,799 |
| Other | 72 | 10 | | | | | | 82 | | | | 82 |
| SOCIAL SERVICES— | | | | | | | | | | | | |
| Education | 30,900 | 3,260 | 15 | | 9,916 | 8 | 131 | 44,230 | 1,894 | | | 46,124 |
| Health | 6,932 | 4,278 | 12 | | 585 | | | 11,808 | 2,623 | | — | 14,431 |
| Labour | 300 | 79 | | | 32 | 12 | | 423 | 12 | | | 435 |
| Housing | 90 | 12 | | | | | | 102 | 586 | 3,723 | | 4,411 |
| Other, including Community Development | 2,833 | 1,569 | — | — | 396 | 95 | 435 | 5,328 | 699 | 6 | — | 6,033 |
| ECONOMIC SERVICES— | | | | | | | | | | | | |
| Agriculture | 4,087 | 527 | 2,687 | | 17 | 3 | 544 | 7,865 | 2,109 | 5,235 | | 15,209 |
| Veterinary | 1,369 | 1,734 | | | 14 | | 1 | 3,118 | 772 | 73 | | 3,963 |
| Forestry | 1,775 | 647 | 9 | | | 1 | | 2,432 | 359 | | | 2,791 |
| Game and Fisheries.. | 675 | 419 | | | 12 | | | 1,106 | 265 | 4 | — | 1,375 |
| National Parks and Tourism | 11 | 289 | | | | | 316 | 616 | 481 | 578 | | 1.675 |
| Lands, Mines, Survey and Geology | 1,836 | 786 | | | 2 | | 1 | 2,625 | 139 | | | 2,765 |
| Commerce and Industry | 792 | 565 | — | | | — | 57 | 1,413 | 361 | 6,946 | — | 8,720 |
| Transport, excluding Roads | 420 | 1,281 | | | | | | 1,700 | 4,456 | 110 | | 6,266 |
| Electricity and Petroleum | | | | | | | | | 872 | 39 | | 911 |
| Banking and Financial Institutions | — | — | — | — | — | — | — | — | — | 450 | — | 450 |

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

Table 6.9_(contd.)

K £'000

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

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

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

*Table* 6.10—*(Contd.)* *K£million*

| | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
|---|---|---|---|---|---|
| CAPITAL EXPENDITURE | | | | | |
| GROSS CAPITAL FORMATION— | | | | | |
| Residential buildings | 1.08 | 2.32 | 2.46 | 2.80 | 2.34 |
| Non-residential buildings | 4.11 | 5.67 | 6.25 | 6.55 | 7.26 |
| Construction and works | 10.50 | 15.75 | 19.08 | 24.92 | 28.34 |
| Plant, Machinery and Equipment | 2.11 | 2.54 | 4.46 | 3.39 | 2.58 |
| Transport Equipment | 1.40 | 1.55 | 1.97 | 1.52 | 1.67 |
| Land | 0.83 | 0.81 | 2.00 | 1.32 | 1.71 |
| TOTAL | 20.03 | 28.64 | 36.22 | 40.51 | 43.90 |
| INVESTMENT IN COMMERCIAL ENTERPRISES | 2.60 | 9.81 | 1.78 | 2.75 | 3.94 |
| LOANS TO OTHER SECTORS— | | | | | |
| To Households and Un-incorporated Enterprises | 0.76 | | | 0.06 | 0.09 |
| To Corporations.. | 4.97 | 4.35 | 6.60 | 5.24 | 6.17 |
| To Other General Government Agencies | 2.69 | 1.60 | 3.69 | 9.00 | 8.01 |
| TOTAL | 8.42 | 5.95 | 10.31 | 14.30 | 14.27 |
| LOAN REPAYMENT— | | | | | |
| External Debt | 1.95 | 1.91 | 2.98 | 3.18 | 3.56 |
| Internal Debt | 1.34 | 7.60 | 3.95 | 1.63 | 1.28 |
| Sinking Fund | 0.78 | 1.14 | 1.29 | 1.33 | 1.39 |
| TOTAL | 4.07 | 10.65 | 8.22 | 6.14 | 6.22 |
| TOTAL CAPITAL EXPENDITURE | 35.12 | 55.05 | 56.52 | 63.70 | 68.33 |
| ALL EXPENDITURE | 121.45 | 156.80 | 180.52 | 201 .41 | 230.17 |

PUBLIC DEBT, 1962-1974

*Table* 6.11 *K£million*

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

* Excluding Short-Term Borrowings.

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

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

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

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

## Local Authorities

6.20. A summary of the expenditure of Municipalities and County Councils is given in Table 6.15. The figures are based on Councils' estimates. Total expenditures of all Local Authorities rose from K£26.5 million in 1973 to K£29.5 million in 1974 the expenditure, however, of County Councils in this period tell from K£6.8 million to K£5.3 million. This decline was more than offset by the increase in expenditure of Nairobi City Council from K£13.5 million in1973 to K£15 million in 1974, and of other Municipal Councils from K£6.2 million1973 to K£9.2 million in 1974.

DEBT SERVICING CHARGES, 1962-74

*Table* 6.12 *K£mlllion*

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

*Includes interest payments of *K£million:—*

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

SOURCES OF UNFUNDED DEBT, 1967-1974

*Table* 6.13 *K£000*

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

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

*Table* 6.14 *K£'000*

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

*Provisional

EXPENDITURE OF LOCAL AUTHORITIES, 1969-1974

*Table 6.15* *K£million*

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

*As shown in Councils' Estimates.

MUNICIPAL COUNCILS: EXPENDITURE ON MAIN SERVICES, 1972-1974

*Table* 6.16

k£'000

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

*As shown in Councils' Estimates.

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

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

*Table* 6.17 K£'000

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

* As shown in councils Estimates.

MUNICIPAL COUNCILS: ECONOMIC ANALYSIS OF EXPENDITURE, 1970-1974

*Table 6.18* *K£'000*

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

*Provisional.

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

MUNICIPAL COUNCILS: ECONOMIC ANALYSIS OF REVENUE, 1970-1974

*Table* 6.19 K£'000

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

*Provisional

COUNTY COUNCILS: EXPENDITURE ON MAIN SERVICES, 1970-1974

*Table* 6.20 *K£'000*

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

*Provisional.

COUNTY COUNCILS: ECONOMIC ANALYSIS OF EXPENDITURE, 1970-1974

*Table* 6.21 *K£'000*

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

*Provisional.

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

COUNTY COUNCILS: ECONOMIC ANALYSIS OF REVENUE, 1970-1974

*Table* 6.22 — *K£* 000

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

*Provisional.

+Area Council Poll Rates.

**East African Community**

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

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

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

*Table* 6.23 *K£million*

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

*Provisional

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

*Table* 6.24

K£'000

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

*Provisional

## CHAPTER 7—TRADE

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

### Value of Trade

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

*Table* 7.1 BALANCE OF TRADE, 1970-1974 *K£million*

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

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

the total value of imports rose from K£218.1 million in 1973 to K£366.4 million in 1974, an increase of 68 per cent. Of the total increase of K£11483 million, K£580milion was en-counted for for by higher imports of fuel and lubricants. The value of these imports increased from K£23.1 million in 1973 to K£81.1 million in 1974. Government imports increased only slightly from K£18.4 million to K£19.1 million.

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

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

**Volume of Trade**

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

**Price Changes**

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

IMPORT PRICE INDEX, 1970-1974

*Table* 7.2 *1964=100*

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

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

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

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

EXPORT PRICE INDEX, 1970-1974

*Table* 7.3 *1964=100*

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

## Terms of Trade

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

TERMS OF TRADE, 1970-1974

*Table* 7.4 *1964=100*

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

## Imports

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

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

TOTAL IMPORTS, 1971-1974
By Broad Economic Category

*Table* 7.5

K£'000

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

SELECTED NET IMPORTS, 1969-1974

*Table* 7.6 K£000

| | Crude Petro-leum | Motor Vehicles and Chassis | Agricultural Machinery and Tractors | Industrial Machinery (including electrical) | Iron and Steel | Fabrics of Cotton | Fabrics of Synthetic Fibres | Paper and Paper Products | Pharma-ceutical Products | Fertilizers |
|---|---|---|---|---|---|---|---|---|---|---|
| 1969 | 10,168 | 9,894 | 1,911 | 15,427 | 6,473 | 1,923 | 2,354 | 5,697 | 2,459 | 2,272 |
| 1970 | 11,023 | 11,473 | 2,420 | 22,413 | 9,004 | 1,022 | 3,849 | 6,648 | 2,712 | 3,041 |
| 1971 | 12,798 | 16,676 | 3,004 | 29,972 | 11,311 | 1,174 | 3,776 | 8,313 | 3,288 | 3,063 |
| 1972 | 14,587 | 13,492 | 3,266 | 34,082 | 10,167 | 769 | 3,488 | 7,702 | 3,586 | 3,745 |
| 1973 | 17,557 | 11.464 | 3,028 | 38,861 | 14,410 | 618 | 6,749 | 10,171 | 3,944 | 4,331 |
| 1974 | 67,027 | 22,226 | 3,284 | 40,479 | 26,958 | 1,272 | 8,253 | 17,497 | 6,546 | 15,271 |

TOTAL EXPORTS,' 1971-1974
Bv Broad Economic Category

Table 7.7

| | VALUE k£' 000 | | | | PERCENTAGE SHARE | | | |
|---|---|---|---|---|---|---|---|---|
| | 1971 | 1972 | 1973 | 1974 | 1971 | 1972 | 1973 | 1974 |
| **1. Food and Beverages** | 47,928 | 62,520 | 74,506 | 82,101 | 44.8 | 50.7 | 46.2 | 38.8 |
| Primary | 37,459 | 48,833 | 59,657 | 67,071 | 35.0 | 39.6 | 37.0 | |
| For Industry | 21,493 | 26,906 | 37,310 | 40,498 | 20.1 | 21.8 | 23.1 | 19.2 |
| For Household Consumption | 15,966 | 21,927 | 22,347 | 26,574 | 14.9 | 17.8 | 13.8 | 12.6 |
| Processed | 10,469 | 13,687 | 14, 849 | 15,029 | 9.8 | 11.1 | 9.2 | 7.1 |
| For Industry | 1,169 | 1,045 | 1,772 | 2,099 | 1.1 | 0.8 | 1.1 | 1.0 |
| For Household Consumption | 9,300 | 12,642 | 13,077 | 12,930 | 8.7 | 10.2 | 8.1 | 6 1 |
| **2. Industrial Supplies 'Non-Food)** | 28,731 | 31,608 | 51,670 | 67,807 | 26.8 | 25.6 | 32.0 | 32.1 |
| Primary | 10,895 | 14,879 | 28,543 | 36,838 | 10.2 | 12.0 | 17.7 | 17.4 |
| Processed | 17,836 | 16,729 | 23,127 | 30,969 | 16.6 | 13.6 | 14.3 | 14.7 |
| **3. Fuel and Lubricants** | 18,356 | 19,274 | 21,285 | 45,624 | 17.1 | 15.6 | 13.2 | 21.6 |
| Primary | 69 | 69 | 88 | 99 | 0.1 | 0.1 | 0.1 | — |
| Processed | 18,287 | 19,205 | 21,197 | 45,524 | 17.1 | 15.6 | 13.1 | 21.5 |
| Motor Spirit | 2,639 | 2,888 | 3,275 | 5,953 | 2.5 | 2.3 | 2.0 | 2.8 |
| Other | 15, 648 | 16,317 | 17,922 | 39,572 | 14.6 | 13.2 | 11.1 | 18 7 |
| **4. Machinery and other Capital Equipment** | 1,145 | 956 | 1,125 | 2,009 | 1.1 | 0.8 | 0.7 | 1.0 |
| Machinery and other Capital Equipment | 1,125 | 931 | 1,083 | 1,900 | 1.1 | 0.8 | 0.6 | 0.9 |
| Parts and Accessories | 20 | 25 | 43 | 109 | — | — | — | 0.1 |
| **5 Transport Equipment** | 538 | 549 | 713 | 1,188 | 0.5 | 0.4 | 0.4 | 0.6 |
| Passenger Motor Vehicles | — | — | — | — | — | — | — | — |
| Other | 97 | 53 | 38 | 486 | 0.1 | — | — | 0.2 |
| Industrial | 97 | 53 | 38 | 486 | 0.1 | — | — | 0.2 |
| Non-Industrial | — | | — | — | — | — | — | — |
| Parts and Accessories | 44! | 496 | 675 | 702 | 0.4 | 0.4 | 0.4 | 0.3 |
| **6. Consumer Goods not elsewhere specified** | 10,229 | 8,286 | 11,932 | 12,330 | 9.6 | 6.7 | 7.4 | 5.8 |
| Durable | 561 | 227 | 329 | 374 | 0.5 | 0.2 | 0.2 | 0.2 |
| Semi-Durable | 3,921 | 2,876 | 4,200 | 3,771 | 3.7 | 2.3 | 2.6 | 1.8 |
| Non-Durable | 5,747 | 5,183 | 7,403 | 8,185 | 5.4 | 4.2 | 4.6 | 3.9 |
| **7. Goods not elsewhere specified** | 151 | 190 | 157 | 223 | 0.1 | 0.2 | 0.1 | 0.1 |
| TOTAL | 107,078 | 123,384 | 161,388 | 211,282 | 100.0 | 100.0 | 100.0 | 100.0 |

*Excluding Re-exports.

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

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

**Exports**

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

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

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

## QUANTITIES OF PRINCIPAL OVERSEAS EXPORTS, 1970-1974

*Table* 7.8

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

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

## OVERSEAS EXPORT PRICES. 1970-1974

*Table* 7.9

*K.Sh./Unit*

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

**see* footnote to Table 7.8

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

*Table* 7.10

| | Value K£000 | | | Percentage Change in | | |
|---|---|---|---|---|---|---|
| | 1973 | 1974 | Change | Value | Quantity | Price |
| Coffee, unroasted | 35,776.7 | 38,387.4 | 2,610.7 | 7.3 | -4.8 | 12.7 |
| Tea | 16,963.8 | 19,386.8 | 2,423.0 | 14.2 | -3.6 | 18.7 |
| Petroleum products | 9,488.4 | 26,184.9 | 16,696.5 | 176.0 | 3.3 | 31.5 |
| Meat and products | 3,761.3 | 4,512.5 | 751.2 | 20.0 | 3.6 | 15.7 |
| Pyrethrum extract | 2,920.3 | 4,536.3 | 1,616.0 | 55.3 | 32.6 | 17.1 |
| Sisal | 4,776.8 | 16,956.6 | 12,179.8 | 255.0 | 60.9 | 120.7 |
| Hides and Skins, undressed | 5,186.1 | 4,441.5 | -744.6 | -14.4 | 10.4 | -22.4 |
| Wattle extract | 1,214.6 | 1,434.1 | 219.5 | 18.1 | 6.7 | 11.0 |
| Soda ash. | 2,815.6 | 2,703.6 | -112.0 | -4.0 | -30.9 | 39.0 |
| Cement . | 2,565l.8 | 3,986l.5 | 1,420l.7 | 55.4 | 131.4 | 37l.0 |
| Beans, pern etc. | 1,173l.2 | 1,544l.6 | 371l.4 | 31.6 | -36l.1 | 106.2 |
| Cashew nuts, raw | 608l.9 | 1,612.9 | 1,004.0 | 164.9 | 117.2 | 21.5 |
| Wool | 806.5 | 692.0 | -114.5 | -14.2 | -10.4 | -4.2 |
| Animal Teed | 962.7 | 296.8 | 665.9 | -69.2 | -68.8 | -1.4 |
| Cotton, raw | 1,373.1 | 1,135.7 | -237.4 | -17.3 | -30.6 | 19.3 |
| Pineapples tinned | 1,481.2 | 1,411.6 | -69.6 | -4.7 | -35.4 | 46.8 |
| Butter and ghee | 691.8 | 458.5 | -233.3 | -33.7 | -38.3 | 7.5 |
| Wood carvings | 755.1 | 620.6 | 134.5 | -17.8 | | |
| **Metal scrap** | 530.8 | 768.6 | 237.8 | 44.8 | 13.2 | 27.4 |
| **Wattle bark** | 135.3 | 70.3 | 65.0 | -48.0 | 69.4 | 28.0 |
| All other items | 28,648.1 | 31,804.3 | 3,516.2 | 11.0 | | |
| TOTAL | 122,636.1 | 162,946.1 | 40,310.0 | 32.9 | | |

**Direction of Trade**

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

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

*Table* **7.1**

ORIGIN OF TOTAL IMPORTS, 1970-1974

| | VALUE K£000 | | | | | PERCENTAGE SHARES | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1970 | 1971 | 1972 | 1973 | 1974 | 1970 | 1971 | 1972 | 1973 | 1974 |
| E.EC.— | | | | | | | | | | |
| United Kingdom | 41,459 | 56,249 | 50,560 | 50,742 | 63,949 | 26.2 | 28.1 | 26.5 | 23. 3 | 17.4 |
| West Germany | 11,197 | 16,104 | 16,867 | 20,312 | 36,193 | 7.1 | 8.0 | 8.8 | 9.3 | 9.9 |
| Italy | 6,185 | 6,951 | 7,846 | 8,165 | 12,396 | 3.9 | 3.5 | 4.1 | 3.7 | 3.4 |
| France | 5,138 | 6,771 | 7,122 | 6,583 | 12,705 | 3.2 | 3.4 | 3.7 | 3.0 | 3.5 |
| Netherlands | 4,100 | 5,177 | 4,870 | 7,926 | 14,372 | 2.6 | 2.6 | 2.5 | 3.6 | 3.9 |
| Other | 2,923 | 4,177 | 5,135 | 5,532 | 8,705 | 1.8 | 2.1 | 2.7 | 2.5 | 2.4 |
| TOTAL | 71,002 | 95,429 | 92,400 | 99.260 | 148,320 | 44.9 | 47.7 | 48.4 | 45.5 | 40.5 |
| Other Western Europe Total | 6,161 | 8,928 | 9,415 | 11,430 | 19,526 | 3.9 | 4.5 | 4.9 | 5.2 | 5.3 |
| Eastern Europe Total | 3,476 | 5,289 | 4,103 | 5,379 | 10,706 | 2.2 | 2.6 | 2.1 | 2.5 | 2.9 |
| U.S.A | 11,906 | 16,321 | 11,954 | 16,762 | 20,788 | 7.5 | 8.2 | 6.2 | 7.7 | 5.7 |
| CANADA | 796 | 960 | 1,404 | 1,964 | 2,811 | 0.5 | 0.5 | 0.7 | 0.9 | 0 8 |
| AFRICA— | | | | | | | | | | |
| Tanzania | 5,938 | 7,932 | 5,887 | 7,627 | 9,568 | 3.8 | 4.0 | 3.1 | 3.5 | 2.6 |
| Uganda | 10,048 | 8,026 | 7,583 | 4,668 | 3,766 | 6.4 | 4.0 | 4.0 | 2.1 | 1.0 |
| Zambia | 133 | 208 | 381 | 569 | 2,001 | 0.1 | 0.1 | | 0.3 | 0.6 |
| Other | 1,700 | 2,466 | 2,276 | 1,718 | 2,134 | 1.1 | 1.2 | 1.1 | 0.8 | 0.6 |
| TOTAL | 17,819 | 18,632 | 16,127 | 14,582 | 17,469 | 11.3 | 9.3 | 8.4 | 6.7 | 4.8 |
| MIDDLE EAST— | | | | | | | | | | |
| Iran | 8,888 | 9,991 | 14,044 | 15,648 | 36,406 | 5.6 | 4 9 | 7.3 | 7.2 | 9.9 |
| Other | 5,403 | 5,630 | 4,707 | 5,324 | 34,852 | 3.4 | 2.8 | 2.5 | 2.4 | 9.5 |
| TOTAL | 14,291 | 15,621 | 18,751 | 20,972 | 71,258 | 9. 0 | 7.8 | 9. 8 | 9.6 | 19.4 |
| FAR EAST AND AUSTRALIA— | | | | | | | | | | |
| Australia | 1,884 | 3,143 | 3,663 | 2,218 | 2,046 | 1.2 | 1.6 | 1.9 | 1.0 | 0.5 |
| Japan | 15,196 | 19,330 | 17,870 | 25,998 | 40,438 | 9.6 | 9.7 | 9.4 | 11.9 | 11.0 |
| India | 3,104 | 3,649 | 3,934 | 4,032 | 6,480 | 2.0 | 1.8 | 2.0 | 1.8 | 1.8 |
| China (Mainland) | 1,213 | 1,435 | 1,213 | 1,613 | 4,186 | 0.8 | 0.7 | 0.6 | 0.7 | 1.1 |
| Other | 5,618 | 8,517 | 6,447 | 8,971 | 16,320 | 3.6 | 4.2 | 3.4 | 4.1 | 4.4 |
| TOTAL | 27,015 | 36,074 | 33,127 | 42,832 | 69,470 | 17.1 | 18.0 | 17.4 | 19.6 | 18.8 |
| All other countries. | 576 | 2,214 | 2,349 | 4,223 | 5,718 | 0.4 | 1.1 | 1.2 | 1.9 | 1.6 |
| Parcel Posts and Special Transactions | 4,970 | 595 | 1,461 | 684 | 294 | 3.1 | 0.3 | 0.8 | 0.3 | 0.1 |
| TOTAL | 158,012 | 200,064 | 191,091 | 218,089 | 366,361 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Table* 7.12

DESTINATION OF TOTAL EXPORTS* 1970-1974

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

*Excluding gold and currency but including Re-Exports.

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

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

**Kenya Export Promotion Council**

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

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

TRADE WITH AFRICAN COUNTRIES, 1970-1974

*Table* 7.13

K£'OOO

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

*Including Re-exports (except for East African Trade).
** Madagascar and Seychelles.

*Table 7.14*

TRANSFER *or* MANUFACTURED GOODS WITHIN E.A. COMMON MARKET, 1970-1974

| TRANSFERS FROM / TRANSFERS TO | KENYA K£'000 | TANZANIA K£'000 | UGANDA K£'000 | TOTAL Transfers of Manu-factured Goods K£'000 | Total of All Transfers K£'000 | Proportion of Transfers in Relation to Transfers of Manufactured Goods | | | Percentage of Transfers of Manufactured Goods To Total Transfers | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | KENYA | TANZANIA | UGANDA | KENYA | TANZANIA | UGANDA |
| 1970 | | | | | | | | | | | |
| Kenya | | 3,128.2 | 8,053.4 | 11,181.6 | 15,986.3 | 2.416 | | | | | |
| Tanzania | 13,294.1 | | 1,612.0 | 14,906.1 | 16,746.8 | | 0.283 | | — | | |
| Uganda | 13,718.0 | 1,096.8 | | 14,814.8 | 18,135.3 | — | | 0.652 | | | |
| Total Transfers of Manu. Goods | 27,012.2 | 4,225.0 | 9,665 4 | 40,902.5 | | = | | | | | |
| Total of all Transfers | 31,449.8 | 7,375.7 | 12,042.7 | | 50,868.4 | | | | 85.9 | 573 | 80.3 |
| 1971 | | | | | | | | | | | |
| Kenya | | 5,061.7 | 6,664.9 | 11,726.6 | 15,958.0 | 2.515 | | | | | |
| Tanzania | 12,950.3 | | 841.3 | 13,791.6 | 15,559.5 | | 0.489 | | | — | |
| Uganda | 16,547.3 | 1,684.8 | | 18,232.1 | 21,047.4 | | | 0.412 | | | |
| Total Transfers of Manu. Goods | 29,497.6 | 6,746.5 | 7,506.2 | 43,750.3 | | | — | — | | | |
| Total of all Transfers | 33,892.2 | 9,829.7 | 8,842.3 | | 52.564.2 | — | | | 870 | 68.6 | 84.9 |
| 1972 | | | | | | | | | | | |
| Kenya | | 3,267.4 | 5,806-9 | 9.074.3 | 13,470.5 | 3-049 | | | — | | — |
| Tanzania | 13,956.4 | | 237-7 | 14,194.1 | 16,577.3 | | 0.271 | | | • | |
| Uganda | 13,710-7 | 585.4 | | 14,296.2 | 17,276.2 | | | 0-423 | | | |
| Total Transfers of Manu. Goods | 27,667.1 | 3,852.8 | 6,044.6 | 37.564.6 | | | — | | | | |
| Total of all Transfers | 32,793.3 | 6,656.3 | 7,874.4 | | 47,324.0 | | | | 84.4 | 57.9 | 76.8 |
| 1973 | | | | | | | | | | | |
| Kenya | | 4,940-2 | 3,409.0 | 8,349.2 | 12,295.8 | 3-849 | | | | | |
| Tanzania | 14,825.7 | | 127.0 | 14,952.7 | 16,966.1 | | 0.384 | | | | |
| Uganda | 17,312.6 | 804.8 | | 18,117.4 | 22,782.0 | | | 0.195 | | | |
| Total Transfers of Manu. Goods | 32,138.3 | 5,745.0 | 3,536.0 | 41,419.3 | | | = | | | | |
| Total of all Transfers | 38,751.5 | 8,511.7 | 4,780.7 | | 52,043.9 | | | | 82.9 | 67.5 | 74.0 |
| 1974 | | | | | | | | | | | |
| Kenya | | 5,365.9 | 1,830.2 | 7,196.1 | 13,334.2 | 5-582 | | | | | |
| Tanzania | 15,587.6 | | 11.2 | 15,598.8 | 19,061.3 | | 0.402 | | | | |
| Uganda | 24.534.9 | 957.5 | | 25,492 4 | 30,597.1 | | | 0.072 | | | |
| Total Transfers of Manu. Goods | 40,122.5 | 6,323.4 | 1,841.4 | 48,287.3 | | | | — | | | |
| Total of all Transfers | 48,336.1 | 10,878.1 | 3,778.4 | | 62.992.6 | | | | 83.1 | 58-1. | 48.7 |

## CHAPTER 8—AGRICULTURE

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

### Marketed Agricultural Production

8.2. The value of marketed production at current prices is set out in Table 8.1. In 1974, the value of gross marketed production at current prices rose by 19 per cent, increasing farmers receipts by K£23.4 million. However, the value of gross marketed production was virtually constant at 1973 prices; there being only an insignificant increase of 1 per cent. This was with a few exceptions due to lack of overall increase in volume of production. Maize deliveries to the Maize and Produce Board fell by 17 per cent during the year and there was a one per cent drop in the value of the crop at current prices. Tea production also fell, particularly in the earlier part of the year. However, favourable international prices helped to compensate the farmers and the value of the crop actually increased by 15 per cent. Coffee growers also benefitted from high world prices in the earlier part of 1974. which boosted the total value of the crop by 5 per cent despite the decline in production. The small-holder coffee growers put up an impressive performance and increased their output to the record level of 39.300 metric tons. Small-holders also fared very well in production of sugar-cane and pyrethrum. Both crops achieved record yields and in both cases small-scale farmers significantly increased their share of the total output. For the second year running, sisal recorded spectacular increases in value. Production increased by almost 50 per cent, but the predominant cause of the 160 per cent increase in the value of the crop was still the escalating world prices. By the end of the year, however, there were indications that the current boom in the price of sisal was slowing down, as indicated in Chapter 7 on Trade.

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

GROSS MARKETED PRODUCTION BY COMMODITY, 1969-1974

*Table* 8.1 *K£,000*

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

*Provisional

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

AVERAGE GROSS COMMODITY PRICES TO FARMERS, 1969-1974*

*Table* 8.2 *KSh. per stated Unit*

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

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

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

SHARES OF COMMODITY GROUPS IN MARKETED PRODUCTION, 1969-1974

*Table* 8.3 *Percentages*

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

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

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

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

Table 8.4

| | LARGE FARMS | | SMALL FARMS | | TOTAL | | PERCENTAGE SHARE OF SMALL FARMS |
|---|---|---|---|---|---|---|---|
| | K£ *million* | Annual Percent change | *K£million* | Annual Percent change | *K£ million* | Annual Percent change | *Percent* |
| 1969 | 37.9 | 10.2 | 38.3 | 7.0 | 76.2 | 8.5 | 50.3 |
| 1970 | 41.2 | 8.7 | 44.2 | 15.4 | 854 | 12.1 | 51.7 |
| 1971 | 42.1 | 2.1 | 44.6 | 0.9 | 86.7 | 1.5 | 51.4 |
| 1972 | 50.3 | 19.4 | 55.6 | 24.8 | 105.9 | 22.2 | 52.5 |
| 1973 | 60.0 | 19.2 | 63.3 | 13.8 | 123.3 | 16.4 | 51.3 |
| 1974* | 72.0 | 20.1 | 74.6 | 17.9 | 146.7 | 18.9 | 50.9 |

*Provisional

LARGE FARMS—AREAS OF MAJOR CROPS, 1969-1974

Table 8.5 '000 Hectares

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

*Provisional

LARGE FARMS —LIVESTOCK NUMBERS, 1969-1974

*Table* 8.6 '000 *Head*

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

*Provisional

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

Table 8.7

AGRICULTURAL INPUTS,** 1969-1974

K£,000

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

*Provisional

** Except labour

## Agricultural Inputs

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

CHEMICAL, MEDICINAL AND FEED INPUTS, 1969-1974

*Table* 8.8 KÃ000

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

*Provisional.

**Crop Production**

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

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

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

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

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

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

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

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

| | *Metric Tons* |
|---|---|
| 1970 | 221,486 |
| 1971 | 205,743 |
| 1972 | 164,383 |
| 1973 | 124,572 |
| 1974 | 159,462 |

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

| | *Metric Tons* |
|---|---|
| 1970 | 94,093 |
| 1971 | 116,431 |
| 1972 | 111,903 |
| 1973 | 130,222 |
| 1974 | 128,673 |

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

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

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

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

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

| | *Metric Tons* |
|---|---|
| 1970 | 95 |
| 1971 | 143 |
| 1972 | 185 |
| 1973 | 157 |
| 1974 | 196 |

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

8.17. *Sugar-cane.*—Factory production of sugar had a successful year in 1974. Sugar production increased by 18 per cent to 164.300 metric tons. This was a direct result of higher cane deliveries which, as indicated in Table 8.9, increased by 11 per cent to a record level of 1,719,083 tons. All categories of growers, except large farms, registered higher output. The performance of small-holders was particularly impressive. Their production increased by 159 per cent in 1974 and this sector is now the second largest group of producers after factory estates. Co-operative societies also fared well and increased their output by 204 per cent. A major factor in the expanded small farm output has been the initiation of production at the sugar factory in Mumias. The factory had its first complete year of production in 1974.

CANE PRODUCTION BY TYPE OF GROWER, 1971-1974

*Table* 8.9 *Metric Tons*

| | 1971 | 1972 | 1973 | 1974 |
|---|---|---|---|---|
| Factory Estates | 434,270 | 351,967 | 534,132 | 622,056 |
| Large Farms | 532,155 | 452,399 | 570,595 | 228,358 |
| Small-Holders | 100,262 | 86,872 | 165,361 | 427,595 |
| Co-operative Societies | 89,399 | | 78.444 | 238,117 |
| Settlement Schemes | 221,916 | 171,057 | 196,530 | 202,957 |
| TOTAL | 1,378,002 | 1,062,295 | 1,545,062 | 1,719,083 |

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

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

| | *Metric Tons* |
|---|---|
| 1970 | 14,017 |
| 1971 | 16,764 |
| 1972 | 16,981 |
| 1973 | 16,177 |
| 1974 | 15,024 |

8.20. The current problem with cotton is one of limited supply and not excess demand. The world shortage of man-made fibres, owing to the high crude oil prices, has helped to boost the price of lint. The producer price in Kenya of first grade and second grade cotton has been raised from K.Sh. 1.40 to K.Sh. 2.00 and from K.Sh. 0.65 to K.Sh. 1.00 per kilo respectively. Also short term credit facilities, guaranteed by the Cotton Lint and Seed Marketing Board, have been extended to the growers. These measures have not so far been successful in stimulating production.

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

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

EXPORTS OF FRESH HORTICULTURAL PRODUCE, 1969-1974

*Table* 8.10

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

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

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

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

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

*Table* 8.11

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

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

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

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

COFFEE PRODUCTION, 1969-1974

*Table* 8.12 '000 *Metric Tons*

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

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

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

| | *Metric Tons* |
|---|---|
| 1970 | 41,077 |
| 1971 | 36,290 |
| 1972 | 53,322 |
| 1973 | 56,578 |
| 1974 | 53,440 |

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

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

*Table* 8.13

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

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

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

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

| | *Metric Tons* |
|---|---|
| 1970 | 43,930 |
| 1971 | 44,826 |
| 1972 | 41,210 |
| 1973 | 58,054 |
| 1974 | 86,526 |

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

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

**Livestock Production**

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

DAIRY PRODUCTION, 1970-1974

*Table* 8.14

| | RECORDED MILK PRODUCTION ε '000 litres ** | MILK PROCESSED BY THE KCC | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Wholemilk and cream '000 litres** | Butter and ghee '000 kgs | Cheese '000 kgs | Evaporated milk '000 kgs | Dried whole-milk powder '000 kgs | Dried skim-milk powder '000 kgs | Other products '000 kgs |
| 1970 | 232,013 | 103,138 | 5,493 | 484 | 2,678 | 2,286 | 2,440 | 338 |
| 1971 | 220,351 | 108,374 | 4,092 | 495 | 2,679 | 2,320 | 3,228 | 393 |
| 1972 | 268,437 | 124,550 | 5,696 | 730 | 4,826 | 2,927 | 4,080 | 235 |
| 1973 | 279,658 | 148,816 | 5.543 | 988 | 5,129 | 3,697 | 3,814 | 159 |
| 1974 | 249,843 | 160,009 | 4,357 | 558 | 3,249 | 2,592 | 3,019 | 71 |

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

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

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

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

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

PRODUCTION AND DISPOSAL OF CARCASS BEEF BY THE KENYA MEAT COMMISSION, 1969-1974
*Table* 8.15

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

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

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

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

DELIVERIES OF SHEEP, LAMBS AND GOATS TO THE KENYA MEAT COMMISSION, 1969-1974

*Table* 8.16 '000 *Head*

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

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

PIG DELIVERIES, 1969-1974

*Table* 8.17 '000 *Head*

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

*The grade was changed from Larders in 1972.

## Agricultural Development Services

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

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

TOTAL ENROLMENTS AT AGRICULTURAL TRAINING INSTITUTIONS, 1971-1974

*Table* 8.18 *Numbers*

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

*Includes short courses of 1—2 weeks

**Includes short course seminars

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

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

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

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

*Table* 8.19

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

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

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

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

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

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

*Table* 8.20 *K£*

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

*Included above

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

## Land Adjudication and Registration

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

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

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

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

*Table* 8.21

| | Registered Areas | | Area Adjudicated but not Registered | | Area in which adjudication is in progress | Total Land Registered, Adjudicated or under Adjudication | |
|---|---|---|---|---|---|---|---|
| | *'000 Holdings* | *'000 Hectares* | *'000 Holdings* | *'000 Hectares* | *'000 Hectares* | *'000 Hectares* | % of Total Registrable Land |
| NYANZA— | | | | | | | |
| Kisumu | 17.1 | 21.4 | 9.5 | 36.0 | 42.0 | 99.4 | 72.3 |
| Siaya | 469 | 81.5 | 59.4 | 47.8 | 87.4 | 216.7 | 87.4 |
| Kisii | 134.3 | 172.8 | 10.2 | 19.1 | | 191.9 | 100.0 |
| South Nyanza | 41.3 | 168.8 | 1.9 | 28.0 | 118.0 | 314.8 | 57.8 |
| TOTAL | 239.6 | 444.5 | 81.0 | 130.9 | 247.4 | 822.8 | 73.2 |
| WESTERN— | | | | | | | |
| Kakamega | 164.3 | 241.8 | 4.7 | 11.4 | 8 2 | 261.4 | 98.5 |
| Bungoma | 36.8 | 179.4 | 3.5 | 13.4 | 5.0 | 197.8 | 93.2 |
| Busia | 31.0 | 138.7 | 5.5 | 9.0 | 8.7 | 156.4 | 96.1 |
| TOTAL | 232.1 | 559.9 | 13.7 | 33.8 | 21.9 | 615.6 | 96.2 |
| RIFT VALLEY— | | | | | | | |
| Kericho | 31.5 | 127.6 | 4.5 | 49.7 | 41.7 | 219.0 | 88.3 |
| Nandi | 17.2 | 91.7 | 4.2 | 17.3 | 17.6 | 126.6 | 83.1 |
| Elgeyo Marakwet | 10.9 | 65.0 | | | 41.8 | 106.8 | 55.1 |
| Baringo | 7.3 | 78.3 | 1.4 | 6.0 | 23.5 | 107.8 | 11.0 |
| Kajiado | 2.3 | 876.3 | 0.1 | 204.5 | 329.9 | 1,410.7 | 83.8 |
| Narok** | 0.1 | 354.1 | | 25.2 | 274.7 | 654.0 | 40.6 |
| West Pokot | | | | | 101.7 | 101.7 | 21.7 |
| Laikipia+ | | | | | 69.0 | 69.0 | 87.3 |
| Samburu | | | | | 286.7 | 286.7 | 16.4 |
| TOTAL | 69.3 | 1,593.0 | 10.2 | 302.7 | 1,186.6 | 3,082.3 | 43.0 |
| CENTRAL— | | | | | | | |
| Nyeri | 43.9 | 79.6 | | | — | 79.6 | 100.0 |
| Murang'a | 99.4 | 153.9 | | | | 153.9 | 100.0 |
| Kiambu | 39.4 | 96.4 | | | | 96.4 | 100.0 |
| Kirinyaga | 28.1 | 88.8 | 1.2 | 4.2 | | 93.0 | 97.4 |
| TOTAL | 210.8 | 418.7 | 1.2 | 4.2 | | 422.9 | 99.4 |
| EASTERN— | | | | | | | |
| Embu | 43.3 | 64 8 | 6.1 | 40.2 | 85.3 | 190.1 | 76.5 |
| Meru | 57.2 | 135.6 | 18.8 | 42.0 | 122.3 | 299.9 | 45.2 |
| Machakos | 16.3 | 96.6 | 4.4 | 79.2 | 346.9 | 522.7 | 70.1 |
| Kitui** | 1.1 | 4.8 | | 28.9 | 48.4 | 82.1 | 31.4 |
| TOTAL | 117.9 | 301.8 | 29.3 | 190.3 | 602.9 | 1,094.8 | 34.4 |
| COAST— | | | | | | | |
| Taita | 8.0 | 8.3 | 1.7 | 1.1 | 9.2 | 18.6 | 10.5 |
| Kwale | 7.7 | 68.2 | 0.8 | 2.3 | 74.9 | 145.0 | 26.6 |
| Kilifi | 2.1 | 6.1 | 1.6 | 8.4 | 47.5 | 62.0 | 8.9 |
| TOTAL | 17.8 | 82.6 | 4.1 | 11.8 | 131.6 | 226.0 | 15.9 |
| ALL PROVINCES | 887.5 | 3,400.5 | 139.5 | 673.7 | 2,190.4 | 6,264.4 | 44.9 |

*All former "trust" land.

**ln Narok and Kitui only 1 holding was adjudicated,

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

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

Table 8.22

| | 1970 | | 1971 | | 1972 | | 1973* | | 1974 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | '000 Holdings | 'ooo Hectares | '000 Holdings | '000 Hectares | *000 Holdings | '000 Hectares | '000 Holdings | '000 Hectares | 'ooo Holdings | '000 Hectares |
| Kisumu | 1.3 | 2.4 | 6.7 | 7.1 | | | 7.7 | 9.9 | 6.2 | 6.3 |
| Siaya | — | — | 1.8 | 3.8 | 5.9 | 12.7 | 23.5 | 42.5 | | |
| Kisii | — | — | 6.1 | 12.7 | 9.9 | 20.0 | 66.4 | 20.7 | 4.1 | 4.1 |
| South Nyanza | — | — | 2.8 | 17.0 | 5.1 | 26.6 | 7.8 | 46.6 | 11.0 | 45.5 |
| Kakamega | — | — | 1.2 | 1.1 | 1.2 | 3.4 | 61.0 | 82.7 | 14.3 | 15.1 |
| Bungoma | — | — | — | — | 9.9 | 43.1 | 5.2 | 36.8 | — | |
| Busia | — | — | 1.7 | 6.1 | 6.5 | 31.1 | 6.5 | 26.1 | 0.8 | 3.5 |
| Kericho | 12.2 | 51.5 | 4.3 | 14.0 | 7.1 | 29.8 | 3.9 | 15.7 | 4.1 | 16.6 |
| Nandi | 2.4 | 15.5 | 2.2 | 9.9 | 3.6 | 14.5 | 1.4 | 7.5 | 1.2 | 6.2 |
| Elgeyo Marakwct | — | — | 0.5 | 3.7 | 0.3 | 8.5 | 1.6 | 11.8 | 1.1 | 4.2 |
| Baringo | — | — | — | — | 0 1 | 0.7 | 1.4 | 5.2 | 0.8 | 17.1 |
| Kajiado | — | — | 0.5 | 30.4 | 0.3 | 529.9 | 0.1 | 178.8 | — | 96.5 |
| Narok | — | 14.4 | — | 101.8 | — | 114.9 | — | 93.4 | | 37.4 |
| Kirinyaga | — | — | — | 0.1 | 2.2 | 9.4 | — | 1.4 | | |
| Embu | — | — | — | — | 23.1 | 10.0 | — | — | 0.4 | 4.1 |
| Meru | 1.5 | 3.3 | 4.5 | 14.1 | 3.2 | 9.1 | 0.2 | | 6.6 | 17.4 |
| Machakos | | — | 4.2 | 15.1 | 0.9 | 4.1 | 5.5 | 22.9 | 2.5 | 11.7 |
| Kitui | — | — | — | — | — | — | — | — | 1.1 | 4.8 |
| Taita | 1.2 | 0.6 | — | — | 0.8 | 2.6 | — | | | |
| Kwale | — | — | — | — | — | — | 5.7 | 15.9 | 2.2 | 49.7 |
| Kilifi | — | — | | | — | | 0.4 | 1.5 | 1.7 | 4.6 |
| TOTAL | 18.6 | 87.7 | 36.2 | 237.2 | 79.1 | 870.4 | 197. 3 | 619.4 | 58.1 | 344.8 |

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

## CHAPTER 9—NATURAL RESOURCES

### Water Supplies

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

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

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

*Table 9.*1 *K£'000*

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

*Provisional

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

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

*Table* 9.2 *K*£'000

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

*Provisional.

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

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

*Table* 9.3

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

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

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

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

*Table* 9.4 *K£'000*

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

*Provisional.

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

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

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

*Table* 9.5

| | Number of Schemes | Number of Districts involved | Total Cost *K£* | Value of UNICEF contribution | | Estimate of Number of persons benefitted | Average cost per scheme *K£* | Average cost per capita *KSh.* |
|---|---|---|---|---|---|---|---|---|
| | | | | *K£* | % of Total | | | |
| 1967/68 | 34 | 13 | 50,000 | 33,000 | 67 | 49,000 | 1,470 | 20.42 |
| 1968/69 | 42 | 20 | 71,400 | 40,300 | 57 | 80,000 | 1,700 | 17.85 |
| 1969/70 | 24 | 14 | 32,400 | 12,900 | 40 | 26,300 | 1,360 | 24.64 |
| 1970/71 | 46 | 6 | 95,460 | 32,590 | 34 | 47,100 | 2,075 | 40.54 |
| 1971/72 | 40 | 8 | 92,439 | 33,079 | 35 | 50,100 | 2,310 | 36.90 |
| 1972/73 | 82 | 28 | 122,762 | 42,762 | 35 | 76,300 | 1,497 | 32.18 |
| 1973/74 | 93 | 31 | 63,384 | – | – | 81,450 | 682 | 15.56 |
| 1974/75 | 119 | 33 | 100,000 | – | – | 11 5,000 | 869 | 17.40 |

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

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

*Table* 9.6 *K£'000*

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

*Provisional.

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

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

*Table* 9.7

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

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

**Fisheries**

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

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

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

QUANTITY AND VALUE OF FISH LANDED, 1972-1974

Table 9.8

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

* Provisional

**Forestry**

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

FOREST PLANTATION AREA, 1968-1974

*Table* 9.9 '000*Hectares*

| | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974* |
|---|---|---|---|---|---|---|---|
| Indigenous softwoods | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 | 4.9 | 4.9 |
| Indigenous hardwoods | 4.1 | 4.0 | 4.3 | 4.5 | 4.4 | 4.6 | 4.9 |
| Exotic Softwoods— | | | | | | | |
| Cypress | 40.0 | 43.0 | 43.8 | 47.0 | 47.4 | 49.9 | 52.9 |
| Pines | 46.6 | 49.0 | 51.1 | 52.2 | 57.6 | 58.8 | 62.0 |
| Exotic hardwoods— | | | | | | | |
| Timber | 2.5 | 4.0 | 2.3 | 2.3 | 1.6 | 1.6 | 1.7 |
| Fuel | 7.0 | 7.0 | 9 8 | 9.3 | 7.7 | 8.2 | 8.8 |
| TOTAL AREA | 104.8 | 111.6 | 115.3 | 119.9 | 123.3 | 128.1 | 135.2 |

* Provisional.

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

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

SALES OF FOREST PRODUCTS, 1968-1974

*Table* 9.10

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

* Provisional.

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

9.19. The opening of the K£17 million pulp and paper mill at Webuye during the fourth quarter of 1974 was a landmark in forest-based industries. The mill, which has an initial log intake of 275.000 cubic metres, is expected to produce some 45,000 metric tons of paper a year. In addition, three plywood mills, with an output capacity of 3.8 million square metres are now in production. Two other plywood mills are to be constructed in Transmara and north-east Mt. Kenya regions. When in operation the five mills are expected to produce some 5.4 million square metres of plywood annually. A fibreboard mill at Elburgon was also completed towards the end of last year, with an output capacity of 700 metric tons of manufactured hardboard for domestic use.

**Wildlife**

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

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

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

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

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

Table 9.11 GAME DEPARTMENT REVENUE, 1970-1974 K£'000

| | 1970 | 1971 | 1972 | 1973 | 1974* |
|---|---|---|---|---|---|
| Hunting fees | 172 | 262 | 350 | 468 | 423 |
| Trophy sales/Permits | 114 | 176 | 400 | 300 | 483 |
| Capture fees | 5 | 10 | 15 | 8 | 14 |
| TOTAL | 291 | 448 | 765 | 776 | 920 |

*Provisional.

**Mining**

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

Table 9.12 THE QUANTITY OF MINERAL OUTPUT, 1970-1974

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

*Provisional.

THE VALUE OP SALES OF MINERAL OUTPUT, 1970-1974

*Table* 9.13 *K£*

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

*Provisional.

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

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

*Table* 9.14

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

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

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

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

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

## CHAPTER 10—FUEL AND POWER

### Fuel

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

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

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

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

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

Table 10.1

| | 1970 | | 1971 | | 197 2 | | 1973 | | 1974 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | Value K£'000 | Quantity | Value *K£"000* | Quantity | Value *K£"000* | Quantity | Value *K£"000* | Quantity | Value K£'000 |
| IMPORTS— | | | | | | | | | | |
| Crude Petroleum *'000 metric tons* | 2,205.6 | 11,022.8 | 2,540.6 | 12,797.8 | 2,499.2 | 14,586.7 | 2,716.0 | 17,557.4 | 2,807.8 | 67,027.0 |
| Fuels *'000 litres* | 223,813.0 | 2,359.6 | 143,591.1 | 1,428.2 | 259,595.5 | 2,717.3 | 162,091.3 | 2,021.3 | 254,485.9 | 6.279.7 |
| Lubricating oils *'000 litres* | 25,560.2 | 476.4 | 53,004.4 | 1,647.8 | 78,995.4 | 2,411.0 | 76,923.8 | 2,450.0 | 111,684.3 | 6,885.4 |
| Lubricating greases *metric tons* | 191.2 | 39.1 | 278.2 | 40.6 | 153.1 | 29.5 | 179.6 | 35.3 | 373.2 | 95.9 |
| EXPORTS— | | | | | | | | | | |
| Fuels *'000 litres* | 1,727,550.9 | 13,776.0 | 1,849,186.9 | 15,058.5 | 1,831,343.9 | 15,347.9 | 1,867,195.3 | 16,127.3 | 1,812,511.4 | 37,981.0 |
| Lubricating oils *'000 litres* | 6.5 | 1.5 | 43,741.5 | 2,388.7 | 60,248.8 | 3,607.8 | 64,628.3 | 4,495.0 | 65,311.4 | 6,728.5 |
| Lubricating greases *metric tons* | 1.4 | 0.2 | 633.6 | 57.6 | 1,399.9 | 137.2 | 1,908.2 | 259.3 | 2,671.4 | 470.3 |

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

*Prices K.Sh. Per Litre*

| *Dates Prices became effective* | *Premium Grade Petrol* | *Regular Grade Petrol* | *Gas oil* |
|---|---|---|---|
| 22-3-71 | 1.19 | 1.09 | 0.82 |
| 2-1-73 | 1.24 | 1.14 | 0.84 |
| 12-8-73 | 1.28 | 1.18 | 0.88 |
| 17-11-73 | 1.40 | 1.28 | 0.96 |
| 12-2-74 | 1.62 | 1.50 | 1.1 6 |
| 12-5-74 | 1.72 | 1.60 | 1.26 |
| 16-6-74 | 1.92 | 1.80 | 1.26 |
| 20-2-75 | 2.03 | 1.91 | 1.36 |

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

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

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

*Table* 10.2 *Ten thousand litres*

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

*Liquified petroleum gas.

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

DOMESTIC FUEL SALES, 1970-1974

*Table* 10.3 '000 *Litres*

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

*Liquified petroleum gas.

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

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

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

CONSUMPTION OF REFINED PETROLEUM PRODUCTS BY SECTOR, 1974*

*Table* 10.4 '000 *Litres*

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

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

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

**Electricity**

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

SALES OF ELECTRICITY BY TYPE OF USER, 1970-1974

*Table* 10.5 '000 *kWh*

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

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

GENERATION, IMPORTS AND CONSUMPTION OF ELECTRICITY, 1970-1974

*Table* 10.6 *'000 kWh*

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

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

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

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

## CHAPTER 11—MANUFACTURING

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

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

### Investment

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

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

11.5. The DFCK approved six new projects, and allocated finance for participation in three existing industries. The total investment will be K£1.3 million. The new projects are in such diverse fields as ship repair, textiles, chemicals and shoe manufacture. The total amount disbursed in 1974 was K£1.l million, an increase of 30.3 per cent over the amount disbursed in 1973.

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

QUANTITY INDEX OF MANUFACTURING PRODUCTION, 1967-1974

*Table* 11.1 *1969=100*

| | 1967 | 1968 | 1970 | 1971 | 1972 | 1973 | 1974* | Percentage change 1973 to 1974 |
|---|---|---|---|---|---|---|---|---|
| Coffee Milling | 125.0 | 75.0 | 107.3 | 135.8 | 129.7 | 149.3 | 117.6 | -11.2 |
| Meat Processing | 107.6 | 105.2 | 108.4 | 100.1 | 100.6 | 82.0 | 73.1 | -10.8 |
| Dairy Products | 100.5 | 104.3 | 105.7 | 100.6 | 121.4 | 135.2 | 120.8 | -10.7 |
| Canning of Fruit and Vegetables | 92.7 | 103.4 | 130.9 | 141.9 | 154.4 | 204.4 | 172.5 | -15.6 |
| Canning and Preserving of Fish | 86.2 | 88.8 | 110.0 | 90.0 | 90.0 | 90.0 | 90.0 | |
| Grain Milling | 84.0 | 83.8 | 119.2 | 116.5 | 120.1 | 130.8 | 131.3 | 0.4 |
| Bakery Products | 91.9 | 101.1 | 115.4 | 160.0 | 188.5 | 205.1 | 214.5 | 4.6 |
| Sugar | 52.5 | 70.8 | 108.9 | 107.7 | 79.2 | 121.4 | 142.8 | 17.6 |
| Confectionery | 86.5 | 84.7 | 97.1 | 98.2 | 120.0 | 125.9 | 62.4 | -50.4 |
| Miscellaneous Food | 55.3 | 66.5 | 102.3 | 113.3 | 146.4 | 160.5 | 140.9 | -12.3 |
| TOTAL FOODSTUFF PROCESSING | 87.0 | 89.0 | 111.8 | 118.1 | 127.7 | 141.6 | 135.4 | -4.4 |
| Beverages | 75.5 | 90.5 | 120.7 | 141.2 | 162.6 | 198.2 | 228.2 | 15.1 |
| Tobacco | 98.8 | 99.7 | 114.6 | 123.3 | 127.6 | 143.7 | 169.6 | 18.0 |
| TOTAL BEVERAGES AND TOBACCO | 81.7 | 93.0 | 119.1 | 136.4 | 153.3 | 183.7 | 212.6 | 15.7 |
| Cotton Ginning | 103.0 | 86.5 | 119.5 | 130.3 | 125.1 | 119.2 | 110.5 | -7.3 |
| Knitting Mills | 38.3 | 72.5 | 110.2 | 127.3 | 120.5 | 118.3 | 116.4 | -1.7 |
| Cordage, Rope and Twine | 112.2 | 113.5 | 48.4 | 82.3 | 118.4 | 147.7 | 118.3 | -20.0 |
| Spinning and Weaving | 74.7 | 107.4 | 128.6 | 146.5 | 142.6 | 146.2 | 184.4 | 26.1 |
| TOTAL TEXTILES | 87.2 | 102.4 | 91.8 | 11 5.5 | 127.5 | 138.4 | 139.4 | 0.7 |
| Footwear | 79.3 | 98.8 | 103.5 | 128.6 | 136.1 | 125.5 | 130.1 | 3.7 |
| Clothing and Wearing Apparel | 105.4 | 99.2 | 124.4 | 120.4 | 121.4 | 75.8 | 58.3 | -23.1 |
| Canvas Goods | 80.6 | 103.2 | 133.4 | 100.9 | 96.3 | 100.6 | 102.0 | 1.4 |
| TOTAL FOOTWEAR AND CLOTHING | 93.6 | 100.0 | 121.3 | 118.2 | 119.6 | 93.3 | 85.3 | -8.6 |
| Wood Products | 79.4 | 74.7 | 102.5 | 98.6 | 105.1 | 111.2 | 115.5 | 3.9 |
| Furniture and Fixtures | 66.7 | 66.7 | 112.5 | 133.3 | 195.9 | 216.7 | 270.8 | 25.0 |
| TOTAL WOOD PRODUCTS AND FURNITURE | 74.1 | 71.4 | 106.7 | 113.1 | 143.1 | 155.4 | 180.7 | 16.3 |
| Paper | 85.1 | 73.5 | 112.0 | 125.8 | 128.2 | 144.7 | 163.1 | 12.7 |
| Printing | 87.0 | 101.3 | 111.6 | 136.8 | 113.4 | 135.3 | 166.2 | 22.8 |
| TOTAL PAPER AND PRINTING | 86.5 | 94.7 | 111.7 | 134.2 | 116.9 | 137.5 | 165.4 | 20.3 |
| Leather and Leather Products | 64.6 | 83.9 | 79.6 | 102.0 | 130.4 | 140.4 | 133.3 | -5.1 |
| Rubber and Rubber Products | 69.3 | 91.0 | 116.5 | 135.0 | 161.8 | 193.0 | 197.9 | 2.5 |
| Chemicals | 77.9 | 94.5 | 101.4 | 113.0 | 117.8 | 124.6 | 125.8 | 1.0 |
| Petroleum Products | 91.4 | 89.8 | 99.9 | 118.2 | 116.5 | 122.3 | 1325 | 8.3 |
| Nor-Metallic Minerals | 79.9 | 89.1 | 122.8 | 123.5 | 132.0 | 130.0 | 138.6 | 6.6 |
| Metal Products | 82.4 | 92.6 | 111.1 | 121.9 | 132.9 | 165.8 | 171.3 | 3.3 |
| No -ElectricalMachinery | 94.9 | 107.6 | 117.4 | 119.4 | 128.3 | 216. 9 | 173.4 | -20.8 |
| electrical Machinery. | 74.1 | 91.4 | 115.0 | 123.9 | 124.1 | 138.6 | 154.0 | 11.1 |
| Transport Equipment | 89.5 | 92.2 | 102.4 | 112.1 | 110.9 | 115.6 | 121.4 | 5.0 |
| Misellaneousmanufacturing | 86.5 | 91.9 | 126.4 | 173.4 | 174.8 | 132.6 | 150.2 | 13.3 |
| ALL MANUFACTURING | 84.7 | 90.8 | 110.0 | 121.6 | 127.8 | 140.2 | 149.4 | 6.6 |

*Provisional.

**Individual Industries**

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

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

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

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

PRODUCTION OF GRAIN MILL PRODUCTS, 1968-1974

*Table* 11.2

| *Year* | Wheat Flour | Sifted Maizemeal | Rice | Broken Rice |
|---|---|---|---|---|
| | *'000 Metrie tons* | *Metric tons* | *Metric tons* | *'000 Metric tons* |
| 1968 | 75.0 | 57.0 | | |
| 1969 | 89.2 | 80.0 | | |
| 1970 | 127 .9 | 80.0 | | |
| 1971 | 120.4 | 102.0 | | |
| 1972 | 116.5 | 102.5 | 17.3 | 2.1 |
| 1973 | 133.8 | 122.0 | 19.7 | 4.1 |
| 1974* | 128.1 | 160.5 | 20.6 | 2.7 |

*Provisional

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

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

| | '000 *Metric Tons* |
|---|---|
| 1969 | 115.1 |
| 1970 | 125.1 |
| 1971 | 124.3 |
| 1972 | 91.1 |
| 1973 | 139.6 |
| 1974 | 164.3 |

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

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

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

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

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

PRODUCTION OF BEVERAGES AND TOBACCO, 1968-1974

*Table* 11.3

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

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

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

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

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

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

11.21. Little progress has been made on implementing the K£972,250 raw wool processing project to be established in Nakuru. The current problems are mainly the feasibility of the proposed technical co-operation agreements, and the uncertainties over whether an adequate supply of high quality wool will be forthcoming. The implementation of the K£100.000 PVC—coated fabric factory has also been held back due to similar problems.

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

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

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

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

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

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

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

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

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

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

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

| | *Million Litres* |
|---|---|
| 1968 | 2,255 |
| 1969 | 2,510 |
| 1970 | 2,508 |
| 1971 | 2,966 |
| 1972 | 2,925 |
| 1973 | 3,069 |
| 1974 | 3,325 |

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

EXPORT OF PETROLEUM FUELS, 1969-1974

*Table* 11.4 *K£'000*

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

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

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

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

| | 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 |
| 1973 | 792.2 | 0.2 | 16.8 | 16.2 | 432.7 | 360.3 |
| 1974 | 856.5 | | 0.4 | 39.5 | 490.7 | 326.7 |

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

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

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

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

## CHAPTER 12—BUILDING AND CONSTRUCTION

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

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

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

### Completions

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

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

RESIDENTIAL BUILDINGS—COST INDEX

*Table* 12.1

*December, 1972=100*

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

NON-RESIDENTIAL BUILDINGS—COST INDEX

*Table* 12.2 *December, 1973-100*

| INPUT | 1973 | | | | 1974 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | As at the End of | | | | |
| | March | June | September | December | March | June | September | December |
| 1. Sand | 100.0 | 100.0 | 107.7 | 107.7 | 107.7 | 107.7 | 107.7 | 115.4 |
| 2. Aggregate | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 105.9 | 105.9 |
| 3. Cement | 102.0 | 103.6 | 106.3 | 106.3 | 106.3 | 134.0 | 150.8 | 150.8 |
| 4. (i) Concrete Blocks (Hollow) | 100.0 | 110.3 | 110.3 | 110.3 | 121.4 | 121.4 | 136.5 | 136.5 |
| (ii) Stone Blocks | 105.3 | 105.3 | 105.3 | 105.3 | 119.9 | 119.9 | 133.3 | 133.8 |
| Blocks | 100.0 | 108.1 | 108.1 | 108.1 | 119.9 | 119.9 | 135.8 | 135.8 |
| . Hardcore Filling | 105.4 | 105.4 | 105,4 | 105.4 | 110,9 | 110.9 | 110.9 | 110.9 |
| 6. Floor Tiles | 108.4 | 108.4 | 108,4 | 108.4 | 166.8 | 207.8 | 207.8 | 207.8 |
| 7. Reinforcing Mild Steel Rods | 100.0 | 115.0 | 118.8 | 126.3 | 156.3 | 173.5 | 192.3 | 192.3 |
| 8. (i) Timber | 100.0 | 100.0 | 110.0 | 110.0 | 110.0 | 116.2 | 160.2 | 160,2 |
| (ii) Doors | 100.0 | 100.0 | 173.7 | 202.6 | 202.6 | 202.6 | 202.6 | 223.2 |
| Timber and Doors | 100.0 | 100.0 | 122.7 | 128.5 | 128.5 | 133.4 | 168.7 | 172,8 |
| 9. (i) Hardware | 128.5 | 128.5 | 140.2 | 140.2 | 151.9 | 151.9 | 160.1 | 164,2 |
| (ii) Windows | 100.0 | 100.0 | 110.0 | 110.0 | 110.0 | 112.5 | 112.5 | 112.5 |
| Hardware and Windows | 105.7 | 105.7 | 116.0 | 116.0 | 118.4 | 120.4 | 122.0 | 122,8 |
| 10. Paints | 100.0 | 100,0 | 107.1 | 107.1 | 141.3 | 141.3 | 153.5 | 155.5 |
| 11. Glass | 100.0 | 100.0 | 164.0 | 164.0 | 164.0 | 196.0 | 230.0 | 262.0 |
| 12. Roofing Materials | 102.8 | 102.8 | 113.1 | 113.1 | 140.9 | 137.7 | 137.0 | 147.1 |
| 13. (i) Drainage waste and water service | 100.0 | 100.0 | 121.3 | 121.3 | 121.3 | 121.3 | 121.3 | 114.3 |
| Plumbing and Sanitary Fixtures | 101.3 | 119.4 | 126.4 | 136.5 | 141.2 | 149.1 | 150.3 | 149.4 |
| 14. (i) Switch-Gear | 100.0 | 100.0 | 111.1 | 111.1 | 133.3 | 133.3 | 155.6 | 155.6 |
| (ii) Conduit | 122.2 | 122.2 | 133.3 | 133.3 | 144.5 | 144.5 | 144.5 | 177.8 |
| (iii) Fittings | 104.8 | 104.8 | 118.3 | 118.3 | 121.9 | 128.6 | 135.7 | 135.7 |
| (iv) Accessories | 107.2 | 107.2 | 118.3 | 118.3 | 139.4 | 160.8 | 200.0 | 214.4 |
| (v) Wiring | 100.0 | 115.3 | 120.8 | 140.1 | 140.1 | 168.1 | 168.1 | 168.1 |
| Electrical Installations | 107.0 | 109.5 | 120.2 | 123.2 | 135.4 | 141.2 | 155.4 | 164.8 |
| ALL MATERIALS | 100.3 | 107.5 | 114.2 | 117.3 | 129.8 | 142.4 | 155.1 | 157.2 |
| 15.(i) Unskilled Labour | 100.0 | 100.0 | 113.6 | 113.6 | 113.6 | 113.6 | 131.8 | 131.8 |
| (ii) Semi-Skilled Labour | 100.0 | 100.0 | 113.0 | 113.0 | 133.0 | 113.0 | 133.6 | 133.6 |
| (iii) Skilled Labour | 100.0 | 100.0 | 105.0 | 105.0 | 105.0 | 105.0 | 105.0 | 111.7 |
| LABOUR | 100.0 | 100.0 | 109.7 | 109.7 | 109.7 | 109.7 | 120.9 | 123.8 |
| NON-RESIDENTIAL BUILDING COST INDEX | 100.9 | 105.1 | 112.8 | 114.9 | 123.4 | 131.9 | 144.1 | 146.5 |

BUILDINGS—COST INDEX

*Table* 12.3 — *December, 1972=100*

| INPUT | 1973 | | | | 1974 | | | |
|---|---|---|---|---|---|---|---|---|
| | As at the end of | | | | | | | |
| | March | June | September | December | March | June | September | December |
| 1. Sand | 100.0 | 100.0 | 107.7 | 107.7 | 107.7 | 107.7 | 107.7 | 115.4 |
| 2. Aggregate | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 105.9 | 105.9 |
| 3. Cement | 102.0 | 103.7 | 106.3 | 106.3 | 106.3 | 134.0 | 150.7 | 150.8 |
| 4. (i) Concrete Blocks | 100.0 | 103.7 | 103.7 | 103.7 | 118.5 | 124.3 | 137.1 | 137.1 |
| (ii) Stone Blocks | 105.2 | 105.2 | 105.2 | 105.2 | 119.8 | 119.8 | 133.2 | 133.2 |
| BLOCKS | 101.0 | 104.0 | 104.0 | 104.0 | 118.8 | 123.4 | 136.3 | 136.3 |
| 5. Hardcore Filling | 105.5 | 105.5 | 105.5 | 105.5 | 111.1 | 111.1 | 111.1 | 111.1 |
| 6. Floor Tiles | 108.3 | 108.3 | 125.0 | 125.0 | 166.7 | 208.3 | 208.3 | 208.3 |
| 7. Reinforcing Mild Steel Rods | 100.0 | 115.1 | 118 8 | 126.4 | 156.5 | 173.4 | 192.3 | 192.3 |
| 8. (i} Timber | 100.0 | 100.0 | 110.0 | 110.0 | 110.0 | 116.3 | 160.4 | 160.4 |
| (ii Doors | 100.0 | 100.0 | 162.4 | 193.1 | 193.1 | 193.1 | 193.1 | 220.2 |
| TIMBER AND DOORS | 100.0 | 100.0 | 120.4 | 126.6 | 126.6 | 131.6 | 166.9 | 172.8 |
| 9. (i Hardware | 128.5 | 128.5 | 140.2 | 140.2 | 151.9 | 151.9 | 160.0 | 164.1 |
| (ii Windows | 100.0 | 100.0 | 110.0 | 110.0 | 110.0 | 117.1 | 117.1 | 117.1 |
| HARDWARE AND WINDOWS | 105.7 | 105.7 | 116 0 | 116.0 | 118.4 | 124.1 | 125.7 | 1265 |
| 10. Paints | 100.0 | 100.0 | 102.0 | 102.0 | 141.3 | 141.3 | 153.5 | 155.5 |
| 11. Glass | 100.0 | 100.0 | 141.6 | 141.6 | 141.6 | 158.6 | 176.6 | 203.2 |
| 12. Roofing Materials | 100.9 | 100.9 | 111.1 | 111.1 | 137.2 | 135.9 | 139.7 | 152.7 |
| 13. (i Drainage waste and water service | 100. 0 | 100 .0 | 120.6 | 120.6 | 120.6 | 120.6 | 120.6 | 112.3 |
| (ii) Trapped Gully | 100.0 | 100.0 | 125.0 | 125.0 | 125.0 | 125.0 | 125.0 | 140.0 |
| (.ii) Sanitary Fixtures | 100.7 | 110.6 | 118.9 | 127.5 | 145.1 | 156.1 | 158.8 | 157.3 |
| Plumbing AND SANITARY FIXTURES . . | 100 5 | 106.9 | 119.7 | 125.3 | 136.8 | 144 0 | 145.8 | 144.5 |
| **14. (i** Switch-Gear | 109.4 | 109.4 | 132.1 | 132.1 | 158.5 | 158.5 | 194.3 | 194.3 |
| (i) Conduit | 122.2 | 122.2 | 133.3 | 133.3 | 144.4 | 144.4 | 144.4 | 177.8 |
| (ii) Fittings | 101.9 | 101.9 | 109.3 | 109.3 | 127.0 | 136.4 | 143.9 | 143.9 |
| (IV) Accessories | 107.1 | 107.1 | 118.3 | 118.3 | 139.4 | 155.3 | 200.0 | 214.4 |
| (v Wiring | 100.0 | 115.0 | 120.9 | 140.1 | 140 .1 | 162.1 | 162.1 | 168.2 |
| ELECTRICAL INSTALLATIONS | 111.1 | 113.9 | 126.2 | 129.8 | 144.1 | 152.5 | 165.7 | 179.0 |
| ALL MATERIALS | 101.9 | 105.1 | 112.8 | 115.1 | 128.4 | 139.6 | 151.5 | 154.2 |
| 15. (i) Unskilled Labour | 100.0 | 100.0 | 113.6 | 113.6 | 113 | 113.6 | 131.8 | 131.8 |
| (ii) Semi-Skilled Labour | 100.0 | 100.0 | 113.0 | 113.0 | 113.0 | 113.0 | 133.6 | 133.6 |
| (iii) Skilled Labour | 100.0 | 100.0 | 105.0 | 105 0 | 105.0 | 105.0 | 105.0 | 111.7 |
| LABOUR | 100.0 | 100.0 | 109.7 | 109.7 | 109. 7 | 109.7 | 120.9 | 123.8 |
| BUILDINGS COST INDEX | 101.3 | 103.7 | 111.9 | 113 6 | 123.2 | 131.3 | 143.0 | 145.7 |

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

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

*Table* 12.4 *K£'million*

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

*Provisional.

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

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

*Table* 12.5

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

*Provisional.

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

REPORTED COMPLETIONS OF NEW PUBLIC BUILDINGS, 1969-1974

Table 12.6

| | NEW | | | | | | EXTENSIONS | | | Total Cost K £'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| | NUMBER | | | COST k£'000 | | | Cost k£'000 | | | |
| | Res. | Non-Res. | Total | Res. | Non-Res. | Total | Res. | Non-Res. | Total | |
| 1969 | 423 | 129 | 552 | 1,330.9 | 1,073.9 | 2,404.7 | 34.9 | 49.1 | 84.0 | 2,488.7 |
| 1970 | 446 | 13.1 | 577 | 2,122.8 | 2,103.7 | 4,226.5 | 0.9 | 28.6 | 29.5 | 4,256.0 |
| 1971 | 521 | 108 | 629 | 2,115.1 | 1,179.5 | 3,294.6 | 4.1 | 549.3 | 553.4 | 3,848.0 |
| 1972 | 997 | 235 | 1,232 | 3,049.3 | 1,883.9 | 4,933.2 | 24.2 | 121.1 | 145.3 | 5,078.6 |
| 1973* | 721 | 85 | 806 | 1,929.0 | 5,446.9 | 7,375.9 | 2.5 | 26.7 | 29.2 | 7,405.1 |
| 1974 | 494 | 84 | 577 | 757.4 | 2.467.6 | 3,224.9 | 2.5 | 22.2 | 24.7 | 3,249.7 |

*Provisional.

**Plans Approved**

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

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

| | NUMBER OF PLANS | | | | | | ESTIMATED COST K£'000 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PRIVATE | | | PUBLIC | | | PRIVATE | | | PUBLIC | | | All |
| | Residential | Non-Residential | Total | Residential | Non-Residential | Total | Residential | Non-Residential | Total | Residential | Non-Residential | Total | Buildings |
| 1969 | 985 | 544 | 1,529 | 9 | 95 | 104 | 4,019 | 6,881 | 10,900 | 655 | 1,944 | 2,598 | 13,498 |
| 1970 | 1,178 | 551 | 1,729 | 43 | 43 | 86 | 8,284 | 6,240 | 14,523 | 2,368 | 1,815 | 4,183 | 18,705 |
| 1971 | 1,132 | 572 | 1,704 | 329 | 33 | 362 | 7,046 | 5,594 | 12,640 | 1,093 | 921 | 2,014 | 14,654 |
| 1972 | 1,101 | 566 | 1,667 | 115 | 65 | 180 | 6,464 | 6,104 | 12,568 | 406 | 3,639 | 4,045 | 16,614 |
| 1973 | 2,527 | 441 | 2,968 | 216 | 31 | 247 | 9,376 | 5,361 | 14,737 | 1,947 | 2,815 | 4,761 | 19,498 |
| 1974 | 2,221 | 353 | 2,574 | 183 | 25 | 208 | 11,204 | 5,547 | 16,751 | 1,325 | 2.333 | 3,658 | 20,410 |
| 1972— | | | | | | | | | | | | | |
| 1st Qr. | 245 | 130 | 375 | 11 | 16 | 27 | 1,730 | 1,468 | 3,197 | 46 | 1,468 | 1,514 | 4,711 |
| 2nd Qr. | 305 | 172 | 477 | 66 | 14 | 80 | 1,523 | 1,348 | 2,871 | 121 | 179 | 300 | 3,171 |
| 3rd Qr. | 265 | 124 | 389 | 2 | 15 | 17 | 1,981 | 1,966 | 3,947 | 24 | 955 | 979 | 4,926 |
| 4th Qr. | 286 | 140 | 426 | 36 | 20 | 56 | 1,230 | 1,323 | 2,553 | 215 | 1,038 | 1,252 | 3,805 |
| 1973— | | | | | | | | | | | | | |
| 1st Qr. | 1,283 | 82 | 1,365 | 179 | 7 | 186 | 3,604 | 596 | 4,200 | 791 | 173 | 963 | 5,163 |
| 2nd Qr. | 507 | 139 | 646 | 2 | 11 | 13 | 2,173 | 2,732 | 4,905 | 6 | 544 | 550 | 5,455 |
| 3rd Qr. | 437 | 110 | 547 | 23 | 9 | 32 | 2,009 | 849 | 2,858 | 296 | 2,072 | 2,368 | 5,226 |
| 4th Qr. | 300 | 110 | 410 | 12 | 4 | 16 | 1,590 | 1,184 | 2,774 | 854 | 26 | 880 | 3,654 |
| 1974— | | | | | | | | | | | | | |
| 1st Qr. | 404 | 73 | 477 | 160 | 8 | 168 | 3,003 | 1,587 | 4,590 | 661 | 793 | 1,454 | 6,044 |
| 2nd Qr. | 525 | 111 | 636 | 14 | 9 | 23 | 3,296 | 1,450 | 4,746 | 538 | 1,134 | 1,672 | 6,418 |
| 3rd QR. | | | | | | | | | | | | | |
| 4th Qr. | 1 ,292 | 169 | 1,461 | 9 | 9 | 8 | 4,90817 | 2,509 | 7,416 | 166 | 1 | 406 | |
| 1975— | | | | | | | | | | | | | |
| 1st Qr.* | 456 | 106 | 562 | 4 | 10 | 14 | 3,374 | 2,871 | 6,245 | 353 | 1,699 | 2,052 | 8,297 |

*Provisional

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

*Table* 12.8

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

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

**Housing and Housing Needs**

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

12.11. Nairobi City Council's waiting list for houses indicates a growing shortage of houses in Nairobi, and probably in the country as a whole. The number on the waiting list in Nairobi had risen to a peak of 27.756 by March. 1975. In Nairobi 60 per cent of the people on the waiting list earned less than K.Sh. 833 a month compared with a rental of K.Sh. 650 a month for a three-bedroomed flat in Nairobi's most recently completed housing scheme. The sharp rise in building costs is making it progressively more difficult for people on low incomes to be provided with adequate housing.

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

*Table* 12.9 *K£* '000

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

National Housing Corporation Projects by Province, 1970-1974

Table 12.10

Numbers

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

**Road Construction**

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

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

*Table* 12.11 K£'000

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

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

**WaterDevelopment**

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

M.O.W. ROADS COMPLETED, 1974

*Table* 12.12

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

MINISTRY OF WORKS—ROADS STARTED, 1974

*Table 12.13*

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

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

*Table* 12.14

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

## CHAPTER 13—TOURISM

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

BED OCCUPANCY PLANNED AND ACHIEVED, 1972 AND 1974

*Table* 13.1 '000 *Bed-Nights*

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

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

RECORDED VISITS BY PURPOSE OF VISITS, 1972-1974

*Table* 13.2 *Thousands*

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

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

Table 13.3

VISITOR DEPARTURES BY COUNTRY OF RESIDENCE, 1972-1974

*Thousands*

| | HOLIDAY | | | BUSINESS | | | TRANSIT | | | TOTAL | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1972 | 1973 | 1974 | 1972 | 1973 | 1974 | 1972 | 1973 | 1974 | 1972 | 1973 | 1974 |
| United Kingdom | 40.2 | 38.3 | 36.8 | 6.9 | 6.8 | 6.4 | 5.0 | 3.9 | 2.6 | 52.1 | 49.0 | 45.8 |
| West Germany | 34.6 | 32.2 | 31.6 | 1.9 | 1.9 | 2.0 | 2.6 | 2.2 | 1.3 | 39.1 | 36.3 | 34.9 |
| Italy | 11.8 | 13.5 | 16.2 | 1.0 | 1.0 | 1.1 | 1.0 | 1.3 | 1.0 | 13.7 | 15.8 | 18.4 |
| France | 8.4 | 9.0 | 9.2 | 0.8 | 0.9 | 0.9 | 0.6 | 0.7 | 0.4 | 10.0 | 10.5 | 10.5 |
| Switzerland | 15.6 | 17.7 | 19.7 | 0.8 | 0.9 | 0.8 | 0.7 | 0.7 | 0.5 | 17.0 | 19.2 | 21.0 |
| Other Europe | 20.2 | 22.8 | 27.9 | 2.3 | 2.5 | 2.4 | 2.5 | 2.5 | 1.7 | 25.0 | 27.8 | 31.9 |
| Total Europe | 130.8 | 133.4 | 141.4 | 13.7 | 13.9 | 13.5 | 12.3 | 11.3 | 7 5 | 156.7 | 158.6 | 162.4 |
| United States | 57.9 | 45.4 | 41.5 | 3.3 | 3.7 | 3.1 | 3.4 | 2.9 | 1.8 | 64.7 | 52.0 | 46.4 |
| Canada | 5.6 | 5.1 | 5.5 | 0.5 | 0.5 | 0.5 | 0.6 | 0.5 | 0.4 | 6.6 | 6.1 | 6.4 |
| Total N. America | 63.5 | 50.4 | 47.0 | 3.8 | 4.2 | 3.6 | 4.0 | 3.4 | 2.2 | 71.3 | 58.1 | 52.8 |
| India | 6.0 | 4.5 | 5 0 | 0.8 | 0.6 | 0 6 | 2.1 | 1.5 | 1.3 | 8.9 | 6.6 | 7.0 |
| Japan | 3.2 | 3.9 | 4.2 | 0.9 | 1.1 | 0.9 | 0.8 | 0.8 | 0.4 | 4.8 | 5.8 | 5.6 |
| Israel | 2.1 | 1.5 | 0.9 | 0.3 | 0.2 | 0.1 | 0.6 | 0.4 | 0.1 | 3.0 | 2.1 | 1.2 |
| Other Asia | 4.9 | 5.1 | 6.2 | 0.7 | 0.9 | 0.8 | 1.2 | 1.1 | 1.2 | 6.7 | 7.1 | 8.1 |
| Total Asia | 16.1 | 15.0 | 16.3 | 2.7 | 2.8 | 2.5 | 4.7 | 3.7 | 3.1 | 23.5 | 21.5 | 21.9 |
| Uganda | 30.4 | 14.1 | 18.5 | 6.0 | 7.3 | 7.6 | 3.5 | 1.8 | 1.5 | 39.9 | 23.3 | 27.6 |
| Tanzania | 74.5 | 63.1 | 51.4 | 10.6 | 9.4 | 10.1 | 6.6 | 5.2 | 3.8 | 91.7 | 77.8 | 65.3 |
| Zambia | 6.4 | 7.8 | 8.6 | 1.2 | 1.1 | 1.5 | 3.6 | 3.5 | 2.8 | 11.1 | 12.3 | 12.8 |
| Other Africa | 17.6 | 19.5 | 20.8 | 3.7 | 4.3 | 4.0 | 5.7 | 5.8 | 4.5 | 27.0 | 29.7 | 29.3 |
| Total Africa | 129.0 | 104.6 | 99.3 | 21.3 | 22.1 | 23.2 | 19.4 | 16.3 | 12.5 | 169.7 | 143.0 | 135.0 |
| Australia and New Zealand | 3.9 | 3.6 | 4.2 | 0.4 | 0.3 | 0 3 | 0.7 | 0.5 | 0.4 | 4.9 | 4.5 | 4.9 |
| All Other Countries | 1.8 | 1.9 | 2.1 | 0.2 | 0.4 | 0.2 | 0.2 | 0.2 | 0.1 | 2.2 | 2.4 | 2.5 |
| Total Other | 5.6 | 5.5 | 6.3 | 0.6 | 0.7 | 0.6 | 0.9 | 0.7 | 0.6 | 7.2 | 6.9 | 7.4 |
| Total | 345.0 | 309.0 | 310.3 | 42.1 | 43.7 | 43.4 | 41.3 | 35.4 | 25.9 | 428.4 | 388.1 | 379.6 |

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

**Visitors and Visitor Days**

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

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

VISITOR DEPARTURES BY METHOD OF TRAVEL, 1970-1974

*Table* 13.4 *Thousands*

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

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

Table 13.5

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

Total Stayi Thousands of Days)

| | 0-14 Days | 15-28 Days | Over 28 Days | Holiday | Business | Transit | East Africa | Other Africa | U.K. | West Germany | Other Europe | North America | Asia | All Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1972 | **1,940** | **1,001** | **1,826** | **4,287** | **409** | **72** | **1,350** | **341** | **793** | **493** | **738** | **715** | **262** | **75** | **4,768** |
| 1973 | **1,763** | **1,033** | **1,639** | **3,951** | **423** | **61** | **991** | **411** | **762** | **442** | **803** | **690** | **262** | **74** | **4,435** |
| 1974 | **1,966** | **1,057** | **1,383** | **3,918** | **440** | **48** | **961** | **411** | **679** | **444** | **975** | **594** | **256** | **86** | **4,406** |
| 1972— | | | | | | | | | | | | | | | |
| 1st Qr. | 701 | 379 | 742 | 1,681 | 123 | 18 | 473 | 112 | 327 | 238 | 329 | 244 | 73 | 26 | 1,822 |
| 2nd Qr. | 331 | 149 | 291 | 677 | 77 | 17 | 309 | 62 | 110 | 57 | 81 | 87 | 54 | 12 | 771 |
| 3rd Qr. | 501 | 270 | 451 | 1,103 | 100 | 20 | 297 | 102 | 225 | 104 | 176 | 221 | 77 | 20 | 1,221 |
| 4th Qr. | 407 | 203 | 342 | 826 | 109 | 16 | 271 | 66 | 131 | 95 | 152 | 163 | 58 | 16 | 952 |
| 1973— | | | | | | | | | | | | | | | |
| 1st Qr. | 483 | 370 | 490 | 1,223 | 105 | 15 | 218 | 97 | 286 | 172 | 287 | 200 | 64 | 19 | 1,343 |
| 2nd Qr. | 359 | 169 | 445 | 841 | 116 | 16 | 291 | 105 | 153 | 85 | 124 | 127 | 71 | 17 | 973 |
| 3rd Qr. | 489 | 275 | 406 | 1,052 | 106 | 15 | 246 | 118 | 185 | 90 | 195 | 239 | 78 | 22 | 1 173 |
| 4th Qr. | 432 | 216 | 298 | 835 | 96 | 15 | 237 | 91 | 139 | 95 | 196 | 124 | 49 | 16 | 946 |
| 1974— | | | | | | | | | | | | | | | |
| 1st Qr. | 564 | 386 | 456 | 1,285 | 109 | 12 | 242 | 106 | 245 | 166 | 396 | 162 | 68 | 22 | 1,407 |
| 2nd Qr. | 372 | 163 | 304 | 721 | 104 | 13 | 227 | 93 | 124 | 77 | 142 | 96 | 61 | 18 | 839 |
| 3rd Qr. | 484 | 318 | 388 | 1,070 | 107 | 13 | 240 | 123 | 185 | 100 | 233 | 209 | 76 | 24 | 1,191 |
| 4th Qr. | 546 | 190 | 234 | 841 | 119 | 9 | 253 | 88 | 124 | 101 | 203 | 127 | 52 | 22 | 970 |

Average Length of stay (Days)

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1972 | **5.5** | **19. 8** | **71.1** | **12. 4** | **9.7** | **1.7** | **10. 3** | **9. 0** | **15. 2** | **12. 6** | **11. 3** | **10. 0** | **11.1** | **10.5** | **11.1** |
| 1973 | **5.6** | **19. 9** | **64.2** | **12. 8** | **9. 7** | **1.7** | **9. 8** | **9. 8** | **15. 6** | **12. 2** | **10. 9** | **11.9** | **12.2** | **10.7** | **11.4** |
| 1974 | **6.5** | **19. 9** | **61.7** | **12. 6** | **10. 1** | **1.9** | **10. 3** | **9. 8** | **14. 8** | **12.7** | **11.9** | **1.12** | **11.7** | **11.6** | **11.6** |
| 1972— | | | | | | | | | | | | | | | |
| 1st Qr. | 5.7 | 2 . 1 | 87.8 | 13.3 | 10.3 | 1.8 | 10. 7 | 10.0 | 16.9 | 14.6 | 12.6 | 10.4 | 10.9 | 13.2 | 12.2 |
| 2nd Qr. | 5.0 | 19.4 | 65.4 | 11.2 | 8.8 | 1.9 | 9.3 | 8.2 | 13.2 | 10.7 | 10.3 | 9.0 | 10. 8 | 7.9 | 9.8 |
| 3rd Qr. | 5.4 | 19.6 | 58.1 | 12.0 | 9.9 | 1.6 | 10.2 | 9.1 | 15.3 | 10.9 | 10.3 | 9.6 | 11.1 | 9.3 | 10.0 |
| 4th Qr. | 5.7 | 19.8 | 68.4 | 12.5 | 9.7 | 1.7 | 10.7 | 8.1 | 13.5 | 11.9 | 10.6 | 10.8 | 11.9 | 10.8 | 10.0 |
| 1973— | | | | | | | | | | | | | | | |
| 1st Qr. | 6.0 | 20.1 | 70.3 | 14.2 | 9.9 | 1.6 | 9.8 | 10.8 | 17.3 | 13.4 | 11.9 | 13.0 | 14.0 | 13.3 | 12.7 |
| 2nd Qr. | 5.6 | 19.8 | 65.6 | 14.0 | 10.6 | 1.8 | 10.9 | 10.4 | 16.3 | 12.8 | 12.0 | 13.3 | 12.8 | 12.0 | 12.2 |
| 3rd Qr. | 5.6 | 1. 9 | 56.5 | 12.1 | 9.5 | 1.6 | 9.7 | 9.1 | 14.6 | 10.6 | 10.4 | 11.7 | 11.4 | 9.6 | 10.9 |
| 4th Qr. | 5.5 | 19.7 | 65.0 | 11.0 | 8.8 | 19 | 8.8 | 9. 1 | 13. 3 | 11.4 | 9.8 | 9.7 | 10.7 | 9.1 | 10.0 |
| 1974— | | | | | | | | | | | | | | | |
| 1st Qr. | 6.5 | 19.8 | 63.6 | 13.3 | 10.5 | 1.9 | 10.7 | 11.0 | 16.0 | 13.0 | 12.2 | 11.8 | 12.8 | 12.3 | 12.4 |
| 2nd Qr. | 5.7 | 20.0 | 66. 4 | 12.2 | 9.6 | 1.8 | 9.4 | 9.0 | 14.2 | 12.7 | 11.5 | 10.8 | 11.8 | 10.3 | 10.8 |
| 3rd Qr. | 6.1 | 20. 0 | 55.2 | 12.8 | 10.1 | 1.8 | 10.1 | 9.6 | 15.9 | 12.5 | 12.2 | 11.5 | 12.0 | 10.8 | 11.7 |
| 4th Qr. | 7.4 | 19.9 | 65.8 | 11.9 | 10.3 | 2.1 | 11.2 | 9.4 | 12.2 | 12.2 | 11.4 | 10.6 | 10.1 | 13.2 | 11.2 |

Note..— Countries shown are countries of residence.

FIRST VISITS AND REVISITS BY COUNTRY OF RESIDENCE, 1972-1974

*Table* 13.6

| | FIRST VISITS | | | RE-VISITS | | | TOTAL | | | REVISIT RATIO* | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1972 | 1973 | 1974 | 1972 | 1973 | 1974 | 1972 | 1973 | 1974 | 1972 | 1973 | 1974 |
| | *000's* | *000's* | *000's* | *000's* | *000's* | *000's* | *000's* | *000's* | *000's* | | | |
| Uganda | 31.2 | 18.0 | 20.9 | 7.1 | 5.2 | 6.8 | 38.4 | 23.1 | 27.7 | 0.23 | 0.29 | 0.32 |
| Tanzania | 75.0 | 62.6 | 54.6 | 20.0 | 15.0 | 12.4 | 95.0 | 77.6 | 67.0 | 0.27 | 0.24 | 0.23 |
| TOTAL EAST AFRICA | 106.2 | 80.6 | 75.5 | 27.2 | 20.1 | 19.2 | 133.4 | 100.7 | 94.7 | 0.26 | 0.25 | 0.25 |
| Other Africa | 36.2 | 37.0 | 38.4 | 5.4 | 5.4 | 5.3 | 41.5 | 42.3 | 43.9 | 0.15 | 0.15 | 0.14 |
| U.K | 46.3 | 47.0 | 46.0 | 8.3 | 6.6 | 5.5 | 54.6 | 53.5 | 51.5 | 0.18 | 0.14 | 0.12 |
| West Germany | 34.0 | 312 | 29.0 | 6.9 | 5.9 | 4.5 | 40.9 | 37.0 | 33.5 | 0.20 | 0.19 | 0.15 |
| Other Europe | 58.3 | 65.9 | 71.7 | 11.4 | 10.5 | 9.0 | 69.7 | 76.3 | 80.6 | 0.16 | 0.16 | 0.12 |
| North America | 55.0 | 49.5 | 45.2 | 15.8 | 8.9 | 8.0 | 70.8 | 58.4 | 53.1 | 0.29 | 0.18 | 0.18 |
| India | 9.0 | 6.7 | 6.6 | 1.4 | 0.8 | 0.8 | 10.4 | 7.5 | 7.4 | 0.16 | 0.12 | 0.12 |
| All others | 19.0 | 19.1 | 20.0 | 4.1 | 2.7 | 2.8 | 23.1 | 21.8 | 22.8 | 0.22 | 0.14 | 0.14 |
| TOTAL FOREIGN | 257.7 | 256.3 | 256.9 | 53.3 | 40.7 | 36.0 | 310.9 | 297.0 | 292.8 | 0.21 | 0.16 | 0.14 |
| TOTAL | 363.9 | 336.9 | 332.3 | 80.4 | 60.8 | 55.2 | 444.3 | 397.7 | 387.5 | 0.22 | 0.18 | 0.17 |

*See text.

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

*Table* 13.7 'OOOs

| | FROM UGANDA | | FROM TANZANIA | | FROM ELSEWHERE | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| | E A R . | F.R. | E.A.R. | F.R. | E.A.R. | F.R. | E.A.R. | F.R. |
| **FIRST VISITS** | | | | | | | | |
| 1972— | | | | | | | | |
| Holiday | 20.8 | 16.4 | 53.9 | 26.0 | 5.5 | 148.7 | 80.3 | 190.9 |
| Business | 4.0 | 1.8 | 7.2 | 2.0 | 1.8 | 20.9 | 13.1 | 24.6 |
| Transit | 3.7 | 3.7 | 4 . 1 | 4.7 | 5.0 | 33.8 | 12.8 | 42.2 |
| TOTAL | 28.7 | 21.7 | 65 .1 | 32.8 | 12 .3 | 203.3 | 106.2 | 257.7 |
| 1973— | | | | | | | | |
| Holiday | 7.8 | 5.2 | 44.5 | 30.0 | 5.6 | 159.3 | 57.9 | 194.4 |
| Business | 5.4 | 1.3 | 6.4 | 2.3 | 1.4 | 18.9 | 13.2 | 22.6 |
| Transit | 1.7 | 1.5 | 3.8 | 5.3 | 4.0 | 32.4 | 9.5 | 39.3 |
| TOTAL | 14.8 | 8.0 | 54.8 | 37.6 | 11.0 | 210.7 | 80.6 | 256.3 |
| 1974- - | | | | | | | | |
| Holiday | 6.9 | 6.0 | 36.8 | 32.7 | 6.2 | 154.9 | 49.9 | 193.7 |
| Business | 5.8 | 1.4 | 7.6 | 3.3 | 2.1 | 19.8 | 15.6 | 24.4 |
| Transit | 1.7 | 1.6 | 3.6 | 5.5 | 4.6 | 31.6 | 10.0 | 38.8 |
| TOTAL | 14.5 | 9.0 | 48.0 | 41.6 | 13.0 | 206.3 | 75.5 | 256.9 |
| **REVISITS** | | | | | | | | |
| 1972— | | | | | | | | |
| Holiday | 3.6 | 6.2 | 13.3 | 27.2 | 0.6 | 6.1 | 17.4 | 39.4 |
| Business | 1.9 | 1.0 | 4.1 | 2.0 | 0.8 | 3.2 | 6.8 | 6.2 |
| Transit | 0.7 | 1.0 | 1.5 | 2.3 | 0.8 | 4.3 | 3.0 | 7.7 |
| TOTAL | 6.2 | 8.2 | 1 8. 8 | 31.5 | 2.2 | 13.6 | 27.2 | 53.3 |
| 1973. | | | | | | | | |
| Holiday | 1.3 | 0.8 | 9.2 | 22.3 | 0.4 | 5.2 | 10.9 | 28.4 |
| Business | 2.5 | 0.6 | 3.8 | 2.0 | 0.6 | 2.8 | 7.0 | 5.5 |
| Transit | 0.5 | 0.4 | 1.0 | 2.4 | 0.8 | 4.0 | 2.2 | 6.8 |
| TOTAL | 4.3 | 1.8 | 14.0 | 26.8 | 1.8 | 12.0 | 20.1 | 40.7 |
| 1974— | | | | | | | | |
| Holiday | 1.5 | 1.3 | 7.1 | 18.4 | 0.5 | 4.2 | 9.1 | 24.0 |
| Business | 3.1 | 0.6 | 4 .1 | 2.4 | 0.9 | 2.9 | 8.0 | 5.8 |
| Transit | 0.7 | 0.3 | 0.9 | 2.1 | 0.4 | 3.9 | 2.0 | 6.2 |
| TOTAL | 5.2 | 2.2 | 12.1 | 22.9 | 1.8 | 10.9 | 19.2 | 36.0 |
| **TOTAL** | | | | | | | | |
| 1972— | | | | | | | | |
| Holiday | 24.4 | 22. 6 | 67.2 | 53.1 | 6.1 | 154.7 | 97.7 | 230.4 |
| Business | 6.0 | 2.7 | 11.3 | 3.9 | 2.6 | 24.1 | 19.9 | 30.7 |
| Transit | 4.5 | 4.6 | 5.5 | 7.1 | 5.8 | 38.1 | 15.8 | 49.8 |
| TOTAL | 34.8 | 30.0 | 83.9 | 64.3 | 14.5 | 216.8 | 133.4 | 310.9 |
| 1973— | | | | | | | | |
| Holiday | 9 . 1 | 6.0 | 53.8 | 52.3 | 6.0 | 164.5 | 68.8 | 222.8 |
| Business | 7.9 | 2.0 | 10.2 | 4.3 | 2.1 | 21.8 | 20.2 | 28.0 |
| Transit | 2.2 | 1.9 | 4.8 | 7.8 | 4.8 | 36.4 | 11.7 | 46.1 |
| TOTAL | 19 .1 | 9.9 | 68.8 | 64.4 | 12.8 | 222.7 | 100.7 | 297.0 |
| 1974— | | | | | | | | |
| Holiday | 8.4 | 7.4 | 43.9 | 51 .2 | 6.7 | 159.1 | 59.0 | 217.6 |
| Business | 8.9 | 2.0 | 11.7 | 5.6 | 3.0 | 22.6 | 23.6 | 30.3 |
| Transit | 2.4 | 1.9 | 4.6 | 7.6 | 5.0 | 35.4 | 12.0 | 44.9 |
| TOTAL | 19.7 | 11.3 | 60.1 | 64.4 | 14.8 | 217.2 | 94.7 | 292.8 |

E.A.R.—East African Residents.

F.R.—Foreign Residents.

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

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

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

**Hotel Occupancy**

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

Table 13.8 HOTEL BED OCCUPANCY, 1970-1974 '000 Bed-Nights

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

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

*Table* 13.9

## HOTEL BEDS OCCUPIED BY AREA, 1966-1974

'000 Bed-nights

| | NAIROBI | | | | COASTAL | | | | OTHER | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | High class+ | | Other | | Beach | | Other | | Coast Hinterland | | Masai-land | | Nyanza Basin | | Western | | Central | | Northern | | | |
| | 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 | Foreign Residents | E.A. Residents | Total Beds Occupied | Total Beds Available |
| 1966 | 162.1 | 36.0 | 137.7 | 259.0 | 128.1 | 121.2 | 35.9 | 77.1 | 24.7 | 13.5 | 24.0 | 8.5 | 2.5 | 31.2 | 1.0 | 20.4 | 38.5 | 53.1 | - | 0.5 | 1,174.6 | 2,136.5 |
| 1967 | 162.7 | 43.3 | 173.9 | 267.2 | 164.2 | 109.7 | 37.9 | 92.7 | 26.3 | 13.1 | 31.3 | 9.2 | 3.4 | 31.6 | 0.6 | 2.6 | 40.0 | 65.7 | - | 0.4 | 1,293.8 | 2,473.6 |
| 1968 | 170.4 | 44.7 | 197.0 | 300.4 | 209.5 | 149.1 | 31.5 | 118.1 | 29.5 | 17.8 | 42.6 | 8.6 | 4.5 | 30.6 | 0.8 | 18.5 | 38.9 | 72.0 | 1.2 | 0.5 | 1,486.0 | 2,847.5 |
| 1969 | 219.2 | 41.0 | 200.3 | 309.6 | 261.0 | 156.1 | 45.6 | 106.3 | 38.1 | 19.7 | 50.4 | 11.0 | 5.1 | 24.9 | 1.0 | 15.2 | 53.5 | 72.0 | 2.0 | 0.4 | 1,632.7 | 3,251.4 |
| 1970 | 328.3 | 43.2 | 206.9 | 301.3 | 364.3 | 152.8 | 59.1 | 120.5 | 50.4 | 16. 9 | 60.3 | 11.5 | 8.9 | 24.2 | 0.6 | 14.3 | 67.6 | 71.0 | 1.9 | 0.4 | 1,904.3 | 3,881.9 |
| 1971 | 397.6 | 32.9 | 253.1 | 304.6 | 474.0 | 153.6 | 66.5 | 121.3 | 65.6 | 15. 8 | 74.0 | 12.1 | 8.4 | 29.2 | 1.2 | 13.5 | 89.5 | 75.8 | 2.0 | 1.7 | 2,192.5 | 4,215.3 |
| 1972 | 454.0 | 27.6 | 308.8 | 316.8 | 613.1 | 150.1 | 52.7 | 117.0 | 77.8 | 18.9 | 87.2 | 12.9 | 8.2 | 26.1 | 1.8 | 16.0 | 110.6 | 69.3 | 3.5 | 2.6 | 2,474.7 | 4 979.6 |
| 1973 | 484.3 | 58.9 | 291.2 | 468.5 | 656.5 | 156.0 | 52.5 | 143.4 | 82.6 | 18.0 | 101.1 | 15.8 | 5.8 | 34.0 | 2.5 | 14.2 | 114.4 | 76.7 | 4.6 | 2.9 | 2,783.8 | 5,853.6 |
| 1974 | 506.1 | 51.3 | 284.5 | 462.2 | 765.6 | 185.3 | 68.3 | 154.4 | 82.9 | 19.7 | 106.9 | 16.7 | 4.1 | 38.2 | 2.4 | 13.8 | 128.2 | 82.6 | 3.0 | 2.9 | 2,979.0 | 6,4142 |
| 1973. | | | | | | | | | | | | | | | | | | | | | | |
| 1st Qr | 133.9 | 13.0 | 75.0 | 117.7 | 257.3 | 26.7 | 17.0 | 33.8 | 28.2 | 3.9 | 29.8 | 3.6 | 1.8 | 8.2 | 1.0 | 4.0 | 35.9 | 19.0 | 1.9 | 0.6 | 813.9 | 1,441.7 |
| 2nd Qr | 91.3 | 16.5 | 57.0 | 118.0 | 79.1 | 37.5 | 8.8 | 29.7 | 10.7 | 3.8 | 12.4 | 3.9 | 0.9 | 8.8 | 0.3 | 3.8 | 14.7 | 19.7 | 0.3 | 0.6 | 522.9 | 1,392.7 |
| 3rd Qr | 133.1 | 15.1 | 85.4 | 116.4 | 134.7 | 46.7 | 11.8 | 28.7 | 22.6 | 5.0 | 31.0 | 4.3 | 1.8 | 8.7 | 0.8 | 3.7 | 34.5 | 18.1 | 1.0 | 0.6 | 709.5 | 1,477.5 |
| 4thQr | 126.1 | 14.2 | 75.6 | 116.6 | 185.3 | 44.5 | 14.0 | 40.2 | 20.9 | 5.3 | 27.8 | 4.1 | 1.3 | 8.6 | 0.6 | 3.0 | 29.3 | 19.8 | 0.9 | 0.9 | 739.4 | 1,540.5 |
| 1974 | | | | | | | | | | | | | | | | | | | | | | |
| 1st Qr | 150.0 | 13.4 | 90.9 | 110.9 | 266.6 | 30.0 | 18.9 | 38.9 | 26.6 | 4.8 | 33.4 | 3.3 | 1.5 | 8.6 | 0.9 | 3.3 | 44.2 | 17.9 | 1.6 | 0.5 | 866.0 | 1,580.9 |
| 2nd Qr | 94.6 | 13.1 | 56.6 | 116.6 | 111.3 | 44.5 | 13.1 | 37.2 | 12.4 | 4.4 | 12.7 | 4.2 | 0.7 | 8.8 | 0.3 | 3.2 | 18.1 | 21.0 | 0.3 | 0.7 | 574.0 | 1,571.1 |
| 3rd Qr | 131.8 | 12.1 | 75.6 | 116.5 | 171.3 | 58.8 | 18.0 | 39.8 | 22.8 | 5.5 | 32.3 | 5.2 | 1.1 | 10.0 | 0.6 | 3.8 | 34.8 | 23.2 | 0.7 | 0.6 | 764.5 | 1,633.7 |
| 4th Qr | 129.6 | 12.7 | 61.4 | 118.2 | 216.4 | 52.1 | 18.3 | 38.5 | 21.1 | 5.0 | 28.6 | 4.1 | 0.8 | 10.7 | 0.6 | 3.5 | 31.1 | 20.5 | 0.4 | 1.0 | 774.5 | 1,628.5 |
| 1974 | | | | | | | | | | | | | | | | | | | | | | |
| 1974— | | | | | | | | | | | | | | | | | | | | | | |
| January | 49.4 | 4.6 | 32.0 | 38.2 | 103.2 | 12.4 | 7.4 | 13.4 | 9.2 | 1.8 | 12.1 | 1.1 | 0.6 | 2.9 | 0.3 | 1.0 | 14.6 | 6.3 | 0.6 | 0.2 | 311.2 | 542.4 |
| | | | | | | | | | | | 12.5 | 1.2 | 0.6 | 2.9 | 0.3 | 1.1 | 17.2 | 5.3 | 0.6 | 0.2 | 290.1 | 492.3 |
| March | 50.3 | 4.8 | 30.7 | 38.8 | 71. 4 | 7.5 | 5.7 | 13.2 | 6.9 | 1.5 | 8.8 | 1.1 | 0.3 | 2.8 | 0.3 | 1.2 | 12.4 | 6.3 | 0.4 | 0.2 | 264.7 | 546.2 |
| April | 37.5 | 4.5 | 23.7 | 36.8 | 48.6 | 24.8 | 5.3 | 14.0 | 6.1 | 2.1 | 5.1 | 1.4 | 0.2 | 3.3 | 0.1 | 1.1 | 7.7 | 6.9 | | 0.2 | 229.2 | 531.0 |
| May | 26.0 | 4.3 | 14.8 | 40.6 | 29.7 | 8.5 | 3.3 | 12.0 | 2.4 | 1.0 | 2.8 | 1.2 | 0.2 | 2.7 | 0.1 | 1.2 | 3.9 | 5.9 | 0.1 | 0.2 | 160.8 | 525.1 |
| June | 31.1 | 4.4 | 18.1 | 39.2 | 33.0 | 11.2 | 4.5 | 11.3 | 3.9 | 1.3 | 4.8 | 1.6 | 0.3 | 2.8 | 0.1 | 1.0 | 6. 6 | 8.1 | 0.2 | 0.3 | 184.0 | 514.9 |
| July | 50.8 | 4.5 | 31.2 | 39 .9 | 52.5 | 14.9 | 5.8 | 12.3 | 8.2 | 1.8 | 12. 5 | 2.2 | 0.5 | 3.4 | 0.2 | 1.4 | 13.0 | 7.6 | 0.3 | 0.2 | 263.2 | 546.1 |
| August | 42.1 | 3. 9 | 25.0 | 39.2 | 66.2 | 28.6 | 6.6 | 15.5 | 8.7 | 2.3 | 11.5 | 1.9 | 0.3 | 3.6 | 0.2 | 1.2 | 12.7 | 8.7 | 0.3 | 0.3 | 278.7 | 555.1 |
| September | 38.9 | 3.7 | 19.4 | 37.3 | 52.7 | 15.3 | 6.0 | 11.9 | 6.0 | 1.5 | 8.3 | 1.1 | 0.2 | 3.0 | 0.1 | 1.2 | 9.1 | 6.8 | 0.1 | 0.2 | 222.6 | 532.5 |
| October | 44.1 | 4.4 | 18.9 | 39.6 | 65.7 | 15.8 | 5.6 | 12.3 | 7.2 | 1.7 | 11.1 | 1.5 | 0.2 | 3.4 | 0.2 | 1.5 | 12.5 | 7.6 | 0.1 | 0.4 | 253.9 | 550.8 |
| November | 40.4 | 4.2 | 20.3 | 39.5 | 66.7 | 10.5 | 5.8 | 11.9 | 5.9 | 1.2 | 7.8 | 0.9 | 0.3 | 3.9 | 0.1 | 1.0 | 7.5 | 5.3 | | 0.2 | 233.6 | 520.4 |
| December | 45.0 | 4.1 | 22.2 | 39.1 | 84.0 | 25.7 | 6.9 | 14.3 | 8.1 | 2.2 | 9.7 | 1.6 | 0.2 | 3.4 | 0.2 | 1.0 | 11.1 | 7.6 | 0.2 | 0.4 | 287.0 | 557.3 |

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

Table 13.10

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

| | NAIROBI | | COASTAL | | OTHER | | | | | | All Hotels |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | High Class | Other | Beach | Mombasa Island | Coast Hinter-land | Masai land | Nyanza Basin | Western | Central | Northern | |
| 1970— | | | | | | | | | | | |
| Rooms available—*'000 nights* | 384 | 553 | 498 | 182 | 81 | 84 | 61 | 32 | 238 | 7 | 2,120 |
| Occupancy rate—*per cent* | 72 | 67 | 59 | 52 | 47 | 49 | 47 | 40 | 40 | 23 | 61 |
| Beds available—*'000 nights* | 700 | 909 | 986 | 336 | 183 | 173 | 109 | 50 | 423 | 13 | 3,882 |
| Occupancy rate—*per cent* | 53 | 60 | 52 | 53 | 37 | 41 | 30 | 30 | 33 | 17 | 49 |
| 1971— | | | | | | | | | | | |
| Rooms available—*'000 nights* | 389 | 609 | 537 | 189 | 84 | 93 | 64 | 34 | 263 | 13 | 2,275 |
| Occupancy rate—*per cent* | 82 | 66 | 65 | 69 | 54 | 52 | 52 | 35 | 42 | 17 | 64 |
| Beds available—*'000 nights* | 716 | 1,028 | 1,067 | 349 | 195 | 192 | 118 | 55 | 472 | 25 | 4,215 |
| Occupancy rate—*per cent* | 60 | 54 | 59 | 54 | 42 | 45 | 32 | 27 | 35 | 15 | 52 |
| 1972— | | | | | | | | | | | |
| Rooms available—*'000 nights* | 441 | 713 | 748 | 204 | 87 | 94 | 63 | 36 | 272 | 17 | 2,675 |
| Occupancy rate—*per cent* | 79 | 64 | 56 | 59 | 60 | 60 | 47 | 40 | 42 | 23 | 60 |
| Beds available—*'000 nights* | 802 | 1,213 | 1,493 | 379 | 202 | 199 | 118 | 59 | 483 | 32 | 4,980 |
| Occupancy rate—*per cent* | 60 | 52 | 51 | 45 | 48 | 50 | 29 | 30 | 37 | 19 | 50 |
| 1973 | | | | | | | | | | | |
| Rooms available—*'000 nights* | 569 | 794 | 849 | 236 | 127 | 123 | 62 | 36 | 302 | 24 | 3,123 |
| Occupancy rate—*per cent* | 72 | 66 | 53 | 61 | 43 | 54 | 51 | 38 | 40 | 19 | 58 |
| Beds available—*'000 nights* | 1,063 | 1,381 | 1,677 | 443 | 280 | 252 | 115 | 58 | 544 | 41 | 5,855 |
| Occupancy rate—*per cent* | 51 | 55 | 48 | 44 | 36 | 46 | 34 | 29 | 35 | 18 | 48 |
| 1974— | | | | | | | | | | | |
| Rooms available—*'000 nights* | 581 | 861 | 1,008 | 270 | 129 | 137 | 68 | 43 | 317 | 16 | 3,430 |
| Occupancy rate—*per cent* | 71 | 61 | 53 | 61 | 43 | 51 | 51 | 33 | 43 | 21 | 57 |
| Beds available—*'000 nights* | 1,093 | 1,488 | 1,995 | 498 | 279 | 280 | 119 | 61 | 570 | 31 | 6,414 |
| Occupancy rate—*per cent* | 51 | 50 | 48 | 45 | 37 | 44 | 36 | 27 | 37 | 19 | 46 |

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

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

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

Visits to Came Reserves, National Parks and Other Attractions

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

HOTEL GUEST-NIGHTS BY COUNTRY OF RESIDENCE, 1974*

Table 13.11

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

*Provisional.

GAME LODGE* OCCUPANCY, 1972-1974

*Table* 13.12

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

*Ledgesin National Parks and Game Reserves only.

TTAL, 1972-1974

*Table* 13.13

Numbers

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

Table 13.13—(Contd.)

Numbers

| | Season Ticket holders | | | Other/Non-Paving Visitors | | | Total Visitors | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1972 | 1973 | 1974 | 1972 | 1973 | 1974 | 1972 | 1973 | 1974 |
| Aberdare | 81 | 243 | 79 | 909 | 826 | 1,096 | 40,926 | 42,222 | 39,973 |
| Lake Nakuru | 4,659 | 4,449 | 3,694 | 2,155 | 2,647 | 3,738 | 79,563 | 98,447 | 95,067 |
| Marine | 877 | 759 | 1,439 | 964 | 378 | 526 | 33,369 | 30,160 | 35,777 |
| Meru | 58 | 355 | 287 | 2.308 | 3,850 | 5,465 | 7,957 | 15,671 | 21,418 |
| Mt. Elgon | | — | — | 19 | 48 | 282 | 3,792 | 4,216 | 3,989 |
| Mt. Kenya | 18 | 21 | 8 | 211 | 226 | 259 | 6,064 | 6,924 | 8,151 |
| Nairobi | 29,509 | 37,992 | 18,225 | 1,243 | 2,084 | 564 | 197,013 | 277,359 | 159,263 |
| Shimba Hills | 23 | 7 | 4 | 3,719 | 2,503 | 2,422 | 10,237 | 10,018 | 11,119 |
| Tsavo (East) | 64 | 23 | 176 | 1,444 | 3,972 | 3,079 | 57,598 | 64,280 | 64,758 |
| Tsavo (West) | 447 | 513 | 42 | 814 | 1,564 | 1,323 | 85,691 | 92,018 | 91,627 |
| Total | 35,736 | 44,362 | 23,954 | 13,786 | 18,098 | 18,754 | 522,210 | 641,315 | 531,142 |

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

*Table 13.14* *Numbers*

| | 1971 | 1972 | 1973 | 1974 |
|---|---|---|---|---|
| National Museum | 131,008 | 146,490 | 151,819 | 140,670 |
| Lamu Museum | – | 3,835 | 5,502 | 5,545 |
| Snake Park | 73,049 | 86,187 | 89,991 | 86,681 |
| Fort Jesus | 65,489 | 69,184 | 71,306 | 77,759 |
| Gedi | 21,353 | 23,726 | 24,570 | 28,444 |
| Olorgesailie | 3,012 | 6,157 | 3,597 | 2.593 |
| Kariandusi | 1,374 | 2,963 | 1,967 | 2,554 |
| Hyrax Hill | 1,217 | 3,249 | 1,640 | 2,022 |
| Jumba la Mtwana | – | – | 79 | 1,588 |
| TOTAL | 296,502 | 341,791 | 350,471 | 347,856 |

**The Development of Tourism**

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

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

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

## CHAPTER 14—TRANSPORT AND COMMUNICATIONS

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

### Road Transport

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

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

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

TRANSPORT AND COMMUNICATIONS—VALUE OF RECEIPTS, 1969-1974

*Table* 14.1 K£'000

| | Railway Transport | Road Transport | Water Transport | Air Transport | Services Incidental to Transport** | Total Transport | Communi-cations | Total Transport and Com-munications |
|---|---|---|---|---|---|---|---|---|
| 1969— | | | | | | | | |
| Public | 17,258.3 | 1,004.3 | 13,637.7 | 11,278.2 | 139.7 | 43,318.2 | 6,894.9 | 50,213.1 |
| Private | | 14,720.2 | 1,625.8 | 1,569.1 | 3,913.0 | 21,828.1 | 995.4 | 22,823.5 |
| Total | 17,258.3 | 15,724.5 | 15,263.5 | 12,847.3 | 4,052.7 | 65,146.3 | 7,890.3 | 73,036.6 |
| 1970— | | | | | | | | |
| Public | 18,142.8 | 1,527.8 | 14,056.3 | 11,958.0 | 141.5 | 45,826.4 | 7,662.9 | 53,489.3 |
| Private | | 16,965.2 | 1,662.3 | 1,453.3 | 4,592.6 | 24,673.4 | 1,373.9 | 26,047.3 |
| Total | 18,142.8 | 18,493.0 | 15,718.6 | 13,411.3 | 4,734.1 | 70,499.8 | 9,036.8 | 79,536.6 |
| 1971— | | | | | | | | |
| Public | 18,096.6 | 1,329.2 | 17,039.6 | 15,442.4 | 144.6 | 52,052.5 | 9,079.5 | 61,132.0 |
| Private | | 16,176.0 | 2,224.3 | 1,872.9 | 4,777.1 | 25,050.3 | 172.6 | 25,222.9 |
| TOTAL | 18,096.6 | 17,505.2 | 19,263.9 | 17,315.3 | 4,921.7 | 77,102.7 | 9,252.1 | 86,354.9 |
| 1972— | | | | | | | | |
| Public | 16,875.0 | 1,254.1 | 14,275.6 | 15,040.7 | 125.5 | 47,570.9 | 11,493.4 | 59,064.3 |
| Private | | 17,964.4 | 2,014.4 | 2,116.5 | 4,950.5 | 27,045.8 | | 27,045.8 |
| TOTAL | 16,875.0 | 19,218.5 | 16,290.0 | 17,157.2 | 5,076.0 | 74,616.7 | 11,493.4 | 86,110.1 |
| 1973*— | | | | | | | | |
| Public | 16,783.3 | 1,287.4 | 14962.9 | 18,874.4 | 160.9 | 52,068.9 | 12,521.5 | 64,590.4 |
| Private | | 28,422.8 | 2,432.9 | 2,691.9 | 5,599.1 | 39,146.7 | | 39,146.7 |
| Total | 16,783.3 | 29,710.2 | 17,395.8 | 21,566.3 | 5,760.0 | 91,215.6 | 12,521.5 | 103,737.1 |
| 1974*— | | | | | | | | |
| Public | 19,121.6 | 2,377.0 | 23.907.7 | 23,780.5 | 200.6 | 69,387.4 | 12,577.2 | 81,964.6 |
| Private | | 28,564.2 | 2,976.0 | 3,197.9 | 8,184.1 | 42,922.2 | | 42,922.2 |
| Total | 19,121.6 | 30,941 .2 | 26,883.7 | 26,978.4 | 8,384.7 | 112,309.6 | 12,577.2 | 124,886.8 |

*Provisional
**Including storage

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

*Table* 14.2 *K£000*

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

*Provisional.

## MOTOR VEHICLE STOCK, 1973-1974

*Table* 14.3 *Numbers*

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

*Provisional

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

*Table* 14.4 *Numbers*

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

UTILIZATION OF APPROVED APPLICATIONS, 1971-1974

*Table* 14.5 *Numbers*

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

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

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

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

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

**Railways**

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

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

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

**Harbours and Shipping**

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

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

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

FREIGHT HANDLED AT MOMBASA HARBOUR, 1970-1974

*Table* 14.6 '000 *Metric Tons*

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

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

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

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

**Civil Aviation**

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

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

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

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

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

COMMERCIAL TRAFFIC AT NAIROBI AIRPORT, 1970-1974

*Table* 14.7

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

COMMERCIAL TRAFFIC AT MOMBASA AIRPORT, 1970-1974

*Table* 14.8

| | 1970 | 1971 | 1972 | 1973 | 1974 |
|---|---|---|---|---|---|
| PASSENGERS—*OOO's* | | | | | |
| Landed | 70.5 | 78.3 | 75.1 | 87.4 | 115.9 |
| Embarked | 64.1 | 80.4 | 76.5 | 87.3 | 117.3 |
| In Transit | 23.1 | 31.9 | 40.5 | 41.2 | 57.1 |
| TOTAL | 157.7 | 190.6 | 192.1 | 215.9 | 2903 |
| FREIGH.T—*Metric tons* | | | | | |
| Cargo: Landed | 250.4 | 273.4 | 227.6 | 254.9 | 309.0 |
| Loaded | 315.9 | 423.6 | 326.1 | 349.6 | 437.1 |
| Mail: Landed | 77.0 | 73.4 | 64.6 | 64.5 | 69.8 |
| Loaded | 58.5 | 60.0 | 52.6 | 47.0 | 48.2 |
| TOTAL | 701.8 | 830.4 | 670.9 | 716.0 | 864.1 |

AIR TRAFFIC AT WILSON AIRPORT, 1970-1974

*Table* 14.9 *Numbers*

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

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

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

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

**Posts and Telecommunications**

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

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

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

POSTAL AND TELECOMMUNICATION SERVICES, 1970-1974

*Table* 14.10 *Numbers*

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

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

EXTERNAL TELECOMMUNICATIONS TRAFFIC, 1970-1974

*Table* 14.11

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

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

## Information and Mass Media

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

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

*Table* 14.12 *Numbers*

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

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

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

DAILY AVERAGE NEWSPAPER CIRCULATION*, 1972-1974

*Table* 14.13

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

*A small fraction circulates outside Kenya.

## CHAPTER 15—EDUCATION

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

### Public Expenditure

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

MINISTRY OK EDUCATION EXPENDITURE, 1968/69-1973/74

*(a)* **Recurrent Expenditure**

*Table* 15.1 K£'000

| | 1968/69 | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
|---|---|---|---|---|---|---|
| Administrative and General | 399.3 | 819.7 | 992.3 | 2,540.0 | 1,729.8 | 2,371.8 |
| Primary Education | 5.4 | 3,929.3 | 10,309.8 | 12,654.9 | 16,023.3 | 22,092.8 |
| Secondary Education | 3,961.5 | 4,150.6 | 4,735.7 | 5,344.5 | 6,221.7 | 6,685.9 |
| Technical Education | 550.4 | 599.0 | 735.7 | 874.0 | 997.5 | 1,073.0 |
| Teachers Education | 1,151.4 | 1,229.7 | 1,270.6 | 1,416.1 | 1,499.8 | 1,596.2 |
| Special Schools | 87.4 | 92.8 | 108.5 | 127.3 | 137.5 | 1494 |
| Teachers Service Commission | – | 89.5 | 84.9 | 87.2 | 114.0 | 131.2 |
| Higher Education | 1,212.0 | 1,461.6 | 2,878.8 | 3,333.8 | 4 620.3 | 4.740.0 |
| Other Schemes and Services | 516.7 | – | – | – | 1,019.5 | – |
| TOTAL EXPENDITURE | 7,884.1 | 12,372.4 | 21,116.3 | 26,377.9 | 32,363.4 | 38,840.3 |

(b) **Development Expenditure**

*K£000*

| | 1968/69 | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
|---|---|---|---|---|---|---|
| Primary Education | | – | – | | 16.4 | 21.0 |
| Secondary Education | 492.8 | 557.7 | 754.1 | 983.6 | 1,011.0 | 1,358.7 |
| Teachers Education | 34.5 | 27.8 | 4.9 | 90.9 | 70.5 | 36.7 |
| Kenyatta College | – | – | 8.5 | 31.6 | 55.2 | 102.4 |
| Technical Education | 37.6 | 96.0 | 55.3 | 123.8 | 44.8 | 225.1 |
| Higher Education | 232.6 | 385.7 | 508.1 | 515.2 | 524.3 | 274.8 |
| I.D.A. Project | 1,874.4 | 308.7 | 41.9 | 356.1 | 1,006.8 | 614.0 |
| Special Schools | 10.0 | 10.0 | 355 | 37.5 | 37.5 | 41.7 |
| Site Surveys | – | – | 34.7 | 22.3 | 7.4 | 12.3 |
| TOTAL EXPENDITURE | 2,682.0 | 1,385.9 | 1,443.0 | 2,161.1 | 2,773.9 | 2,686.7 |

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

**Primary Education**

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

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

PRIMARY SCHOOL ENROLMENTS BY CATEGORY, 1973-1974

*Table* 15.2 *Numbers*

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

* Provisional

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

ENROLMENT IN PRIMARY SCHOOLS BY STANDARD, 1969-1974

*Table* 15.3

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

*Provisional

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

AVERAGE ENROLMENT PER CLASS IN PRIMARY SCHOOLS, 1969-1974

*Table* 15.4 *Numbers*

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

*Provisional.

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

PRIMARY SCHOOL ENROLMENTS BY PROVINCE, 1972-1974

*Table* 15.5

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

*assuming 40 places per existing primary class.
**Provisional.
+using population estimates from "Kenya Statistical Digest" September, 1972.

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

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

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

**Secondary Education**

15.11. Total enrolments in secondary and high schools are set out in Table 15.7. They rose by about 21.000 in 1974. compared with a rise of about 13,000 in 1973. During the year the Government registered 170 new schools, of which 23 were classified as Maintained, 108 as Harambee. 38 as Private schools and I as Technical school. The small increase in enrolment in Maintained schools despite an addition of 23 schools is due to non-response from 34 schools in this category. Data available however reflect a very high increase of enrolment in Harambee and Aided schools. The Harambee schools enroll leavers unable to get places in Maintained and Aided schools; and a large percentage of their enrolments are primary school failures.

15.12. During the year the Government converted five high-cost schools—the Kenya High. Nairobi, Lenana. Limuru Girls and Highlands-Eldoret—from Assisted to Maintained status. The annual fees at these schools were as a result reduced from K.Sh 3.240 to K.Sh. 1,800. This will induce children from middle-income families to apply for entrance into these five schools and thereby help to realize the Government's plans for providing equal schooling opportunities to all.

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

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

*Table 15.6* *Numbers*

| | STANDARD 1 | | STANDARD 2 | | STANDARD 3 | | STANDARD 4 | |
|---|---|---|---|---|---|---|---|---|
| | 1973 | 1974* | 1973 | 1974* | 1973 | 1974* | 1973 | 1974* |
| Central | 89,806 | 141,609 | 79,208 | 88,256 | 68,135 | 79,410 | 62,012 | 68,794 |
| Coast | 23,809 | 56,220 | 18,637 | 23,471 | 15,047 | 19,638 | 12,785 | 15,714 |
| Eastern | 81,519 | 176,320 | 64,989 | 88p102 | 55,367 | 69,568 | 48,848 | 58,315 |
| Nairobi | 13,277 | 14,620 | 13,021 | 13,215 | 11,756 | 12,914 | 11,118 | 11,426 |
| North Eastern | 1,836 | 2,769 | 1,318 | 1,596 | 1,016 | 1,297 | 651 | 1,114 |
| Nyanza | 56,003 | 249,098 | 47,742 | 81,330 | 43,019 | 64,722 | 39,529 | 55,052 |
| Rift Valley | 60,843 | 173,134 | 49,806 | 75,284 | 43,668 | 59,583 | 36,425 | 48,522 |
| Western | 52,277 | 145,170 | 42,215 | 66p121ddddddddddddddwzpt{wddddddddddddddywpvyx | | | 32,866 | 42,947 |
| TOTAL | 379,370 | 958,940 | 316,936 | 437,375 | 274,081 | 360,386 | 244,234 | 301,884 |

*Provisional.

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

SECONDARY SCHOOL ENROLMENTS BY CATEGORY, 1973-1974

*Table* 15.7 *Numbers*

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

*Provisional

ENROLMENT IN SECONDARY SCHOOLS BY FORM, 1969-1974

*Table* 15.8

| | *Numbers* | | | | | | Percentage Increase | |
|---|---|---|---|---|---|---|---|---|
| | 1969 | 1970 | 1971 | 1972 | 1973 | 1974* | 1972/73 | 1973/74* |
| Form 1 | 39,836 | 41,043 | 46,246 | 53,480 | 58,693 | 64,966 | 10 | 11 |
| Form 11 | 33,824 | 37,339 | 37,423 | 43,878 | 46,782 | 52,107 | 7 | 11 |
| Form III | 20,637 | 24,540 | 28,378 | 30,993 | 34,021 | 38,373 | 10 | 13 |
| Form IV | 17,279 | 19,317 | 23,103 | 26,869 | 28,094 | 31,537 | 5 | 12 |
| Form V | 2,068 | 2,606 | 3,014 | 3,688 | 3,596 | 4,724 | 25 | 31 |
| Form VI | 1,602 | 2,010 | 2,558 | 3,002 | 3,581 | 4,072 | 19 | 14 |
| TOTAL | 115.246 | 126,855 | 140,722 | 161,910 | 174,767 | 195,779 | 8 | 12 |

*Provisional

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

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

SECONDARY SCHOOL ENROLMENTS BY PROVINCE AND SEX, 1971-1974

*Table* 15.9

| | Enrolments *'000s* | | | | Form 1 enrolment as percentage of previous year's Standard 7 | | | |
|---|---|---|---|---|---|---|---|---|
| | 1971 | 1972 | 1973 | 1974* | 1971 | 1972 | 1973 | 1974 |
| Central | 32.1 | 37.1 | 41.7 | 514 | 27 | 33 | 36 | 39 |
| Coast | 13.5 | 14.4 | 15.4 | 17.4 | 47 | 47 | 45 | 45 |
| Eastern | 19.4 | 23.5 | 24.7 | 35.4 | 24 | 24 | 25 | 31 |
| Nairobi | 24.3 | 25.3 | 25.6 | 21.1 | 104 | 106 | 100 | 71 |
| North-Eastern | 0.2 | 0.3 | 0.4 | 0.4 | 51 | 57 | 47 | 33 |
| Nyanza | 18.5 | 22.3 | 23.0 | 28.8 | 19 | 23 | 23 | 23 |
| Rift Valley | 18.0 | 20.4 | 22.3 | 21.4 | 27 | 29 | 29 | 29 |
| Western | 14.8 | 18.6 | 21.7 | 20.2 | 22 | 26 | 28 | 26 |
| TOTAL | 140.7 | 161.9 | 174.8 | 195.8 | 28 | 31 | 32 | 33 |
| Girls | 42.7 | 50.6 | 57.5 | 68.6 | 28 | 30 | 32 | 35 |
| Boys | 98.0 | 111.3 | 117.2 | 127.2 | 28 | 31 | 32 | 33 |

*Provisional

**Schools**

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

**Technical and Vocation Education**

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

NUMBER OF SCHOOLS BY PROVINCE, 1973-1974

*Table* 15.10 *Numbers*

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

*Provisional

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

ENROLMENTS IN TECHNICAL AND VOCATIONAL EDUCATION, 1972-1974

*Table 15.11* *Numbers*

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

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

**Teachers**

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

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

SCHOOL TEACHERS BY QUALIFICATION AND CITIZENSHIP, 1973-1974

*Table* 15.12 *Numbers*

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

*Provisional

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

**University Education**

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

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

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

*Table 15.13* *Numbers*

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

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

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

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

*Table* 15.14

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

**Education Extension Programme**

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

ADULT EDUCATION CENTRES, 1974

*Table 15.15*

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

## CHAPTER 16—HEALTH AND OTHER SOCIAL SERVICES

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

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

*Table* 16.1 K£'000

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

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

**Provisional.

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

++Expenditure by the national Youth Service.

LOCAL GOVERNMENT EXPENDITURE ON SOCIAL SERVICES, 1970-1974

*Table* 16.2 *K£000*

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

*Provisional

## Health and Family Planning

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

HOSPITAL BEDS AND COTS BY PROVINCE, 1973-1974

*Table* 16.3 *Numbers*

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

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

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

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

REGISTERED MEDICAL PERSONNEL 1969, 1972-1974

*Table* 16.4 *Numbers*

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

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

REPORTED CASES OF SOME INFECTIOUS DISEASES, 1971-1974

*Table* 16.5 *Numbers*

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

*Provisional.

**Includes laboratory confirmed cases only.

16.6. *Family Planning.*—Reported attendances at family planning clinics between 1967 and 1974 are shown in Table 16.6. While the total number of first visits and revisits continued to rise, the rate of increase has steadily declined to a very low figure of 10 per cent in 1974. It is obvious that further measures need to be undertaken to promote adoption of family planning methods if the five-year family planning programme is to achieve its goal of recruiting 640.000 acceptors by the end of the Plan period.

ATTENDANCE AT FAMILY PLANNING CLINICS, 1967-1974

*Table* 16.6

| | *Numbers* | | | Percentage 1ncrease |
|---|---|---|---|---|
| | First visits | Re-visits | Total | |
| 1967 | 6,359 | 13,863 | 20,222 | .. |
| 1968 | 13,110 | 28,810 | 41,920 | 107 |
| 1969 | 29,761 | 72,879 | 102,640 | 145 |
| 1970 | 35,136 | 113,695 | 148,831 | 45 |
| 1971 | 41,100 | 138,656 | 179,756 | 21 |
| 1972 | 45,205 | 172,279 | 217,484 | 21 |
| 1973 | 50,054 | 211,307 | 261,361 | 20 |
| 1974* | 51,446 | 236,370 | 287,816 | 10 |

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

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

ATTENDANCE AT FAMILY PLANNING CLINICS BY PROVINCE, 1973-1974

*Table* 16.7 *Numbers*

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

**See* Table 16.6 footnote.

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

## Social Security

16.9. *The Hospital Insurance Fund.*—The total number of contributors to the Hospital Insurance Fund which had risen from 60,000 in 1966/67 to 106.500 in 1972/73, dropped slightly to 105,000 at the end of 1973/74. The drop was the result of the withdrawal of the Fund's coverage of voluntary contributors. (The number of compulsory contributors in fact increased by 1.000 in 1973/74). Owing to this decline the receipts of the Fund also fell from K£1.19 million in 1972/73 to K£1.17 million in 1973/74. The total of benefits paid by the Fund, however, rose sharply by 21 per cent in 1973/74. The increase in the amount of benefits paid was partly the result of the increase in rates of benefits payable in respect of a number of hospitals, and partly as a result of inclusion of more hospitals in the list of institutions for which the Fund's benefits can be availed. Details on financial operations of the Fund are set out in Table 16.8.

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

*Table* 16.8 *K£*

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

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

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

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

NATIONAL SOCIAL SECURITY FUND CONTRIBUTIONS AND BENEFITS, 1966-1974

*Table* 16.9 *K£million*

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

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

## Other Social and Welfare Services

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

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

VALUE OF SELF-HELP SCHEMES, 1971-1974

*Table* 16.10 K£'000

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

*Provisional.

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

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

*Table* 16.11 *Numbers*

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

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

16.14. *National Youth Service.*—The Service had enrolled 20,031 youths by the end of 1974 since its inception. In addition to vocational training in engineering, woodwork, masonry, plumbing, electrical maintenance and agriculture, the service men and women are offered further training in mathematics, English, Swahili. science and civics at the Gilgil Centre. The service has since its inception completed a number of projects, the most prominent of which are clearance of 7.200 hectares of bush for tse-tse fly control around Lake Victoria, building of airport earth works at Embakasi; and road projects including 56 kilometers linking Kiambu and Nyandarua District over the Aberdares, 55 kilometers of new road between Thika and Kitui, 480 kilometers of road linking Kenya and Ethiopia and 390 kilometers of roads in the second phase of settlement roads' scheme embracing Timborua. Burnt Forest. Turbo. Dundori and Kinangop.

## CHAPTER 17—THE OUTLOOK FOR 1975

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

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

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

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

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

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

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

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

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

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

**GPK 731—3,500—5/75**