Table 0: Key Economic and Social Indicators 2005 -2009*

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	DESCRIPTION	Unit	2005	2006	2007	2008	2009*	
1	Population	(Million)	35.1	36.1	37.2	38.3	39.4	
2	Growth of GDP at Constant Prices	(Per cent)	5.9	6.3	7.0	1.6	2.6	
3	GDP at Market Prices :	(KSh Mn)	1,415,724	1,622,591.0	1,828,788.0	2,077,433.0	2,273,685.0	
4	Total cost of petroleum products	(KSh Mn)	95,669.2	113,719.6	121,776.0	198683.9	157,520.8	
5	Trade balance	(KSh Mn)	-182,670.0	-270,489.0	-330,454.0	-425,704.0	-443,146.9	
6	Money Supply (M3)	(KSh Mn)	558,164	653,036	777,596	901,055	1,045,657	
7	Total domestic credit	(KSh Mn)	529,710	600,017	670,771	827,413	978,319	
8	Balance of Payments (current account balance)	(KSh Mn)	-19,064	-36,823	-69,638	-137,147	-124,446	
9	Coffee-marketed production	('000 tonnes)	47.7	50.5	52.3	38.7	48.9	
10	Tea-marketed production	('000 tonnes)	328.5	310.6	369.6	345.8	314.1	
11	Fresh Horticultural exports	('000 tonnes)	163.2	163.2	192.2	193.1	180.8	
12	Maize-marketed production	('000 tonnes)	416.2	470.7	508.8	340.5	191.0	
13	Wheat-marketed production	('000 tonnes)	122.6	106.1	107.5	82.1	123.1	
14	Sugar-cane production	('000 tonnes)	4,800.8	4,932.8	5,204.2	5,112.0	5,610.7	
15	Milk - marketed production	(Mn litres)	340.0	361.0	423.0	399.0	406.5	
16	Soda ash procuction	('000 tonnes)	360.2	374.2	386.6	502.8	404.9	
17	Manufacturing output	(KSh Mn)	500,215	560,089	626,652.0	703,073.0	738,829	
18	Construction output	(KSh Mn)	144,491	166,188	191,525.0	223,176.0	269,325	
19	Cement Consumption	('000 tonnes)	1,572.5	1,765.8	2,061.4	2,205.8	2,671.2	
20	Petroleum Consumption	('000 tonnes)	2,715.9	3,038.2	3,121.6	3,133.1	3,610.8	
21	Electricity consumption	(GWh)	4,498.4	4,752.4	5,156.6	5,352.2	5,428.7	
22	Tourism earnings [2]	(KSh Mn)	48,874	56,200	65,450	52,710	62,464	
23	New registration of vehicles	(Number)	45,653	52,817	85,324	121,831	161,813	
24	Rail freight	(`000 tonnes)	2,000	1,891	2,304	1,628	1,532	
25	Air passengers handled	('000 No.)	5,905.0	6,324.0	7,039.1	6,376.0	6,888.2	
26	Wage employment	('000 No.)	1,811.6	1,857.6	1,909.8	1,943.9	1,999.3	
27	Education-primary enrolment	('000 No.)	7,591.5	7,632.1	8,330.1	8,563.8	8,831.4	
28	Education-secondary enrolment	('000 No.)	934.1	1,030.1	1,180.3	1,382.2	1,507.5	
29	Education-University enrolment	('000 No.)	92.3	112.2	118.2	122.8	177.7	
30	Education-other post secondary enrolment+	('000 No.)	92.8	93.8	99.4	109.4	97.8	
31	Registered doctors and dentists	(Number)	6,317.0	6,787.0	7,202.0	7,597.0	7,901	
32	GDP Per capita+ (Current):	(KSh)	40,292.0	44,899.0	49,204.0	54,371.0	57,887	
33	GDP Per capita+ (Constant):	(KSh)	33,442	34,574	35,969	35,553	35,461	
34	Net lending/borrowing (% of GDP) at Current Market Prices	(Per cent)	-1.7	-1.6	-3.2	-2.6	-7.4	
35	Net lending/borrowing	(KSh Mn)	-24,320.2	-25,822.9	-57,857.7	-54,433.2	-167,887.7	
36	Recurrent Revenue and Grants	(KSh Mn)	329,486.0	387,483.1	468,243.6	531,472.2	612,561.5	
37	Total Expenditure	(KSh Mn)	432,591.3	508,845.5	664,614.8	672,738.0	886,962.9	
38	External Debt Service Charge as % of GDP[3]	(Per cent)	1.1	1.0	1.0	1.1	1.0	
39	External Debt Service as % of Exports of Goods & Services	(Per cent)	3.9	4.0	3.8	4.2	3.8	
	INDEX NUMBERS: (1982=100)							2005-2009 Annual % Rate of change
	Export volumes		317.7	256.0	278.7	294.0	274.5	(3.6)
	Import volumes		254.1	238.3	270.1	320.0	325.5	6.4
	Terms of trade		71.8	72.0	69.6	77.0	82.1	3.4
	NSE 20 Share: (1966=100)		3,973	5,646	5,445	3,521	3,247	(4.9)
	Consumer Prices+		180	191	199	231	253	8.8
	Real wages+		110.6	114.3	119.4	107.2	102.7	(1.8)
	Agriculture terms of trade: (2001 =100)		78.8	79.5	74.4	61.2	66.8	(4.0)

* Provisional.

+ Revised

[1] More precise measures are given in individual chapters.

[2] 2005 Includes Visa fees and Domestic Tourism earnings

[3] Year ending 30th June

+ Weighted New Kenya Index (October 1997 = 100)

Summary and Outlook

International Scene

The global economy underwent a recession in 2009 due to a deepening of the effects arising from the global financial crisis. The effects were mainly observed in the real and financial sectors. World real Gross Domestic Product (GDP) recorded a negative growth of 0.8 per cent in 2009 compared to 3.0 per cent in 2008.

Most economies in the OECD contracted, with their combined real GDP growth estimated at negative 3.5 per cent in 2009 from 0.6 per cent in 2008. The deepened recession led to adoption of unconventional monetary policy in some OECD countries of ultra-low interest rates in a low inflation environment. This was aimed at promoting investment borrowing to enhance domestic demand and gross fixed capital formation which had declined by 3.7 per cent and 12.1 per cent respectively, in 2009 compared to 2008.

Africa's economic prospects for 2009 were curtailed due to its integration in the global economy through trade, foreign direct investments and remittances. The recession slowed the continent's sustained growth momentum of the past decade to record a slowed real GDP growth of 1.9 per cent in 2009 compared to 5.2 per cent recorded in 2008. This was mainly as a result of reliance on primary commodity exports in the face of a contraction in global demand and consequent declining prices. Private financial inflows to the African continent declined from US$ 28.5 billion in 2008 to US$ 21.0 billion in 2009. Countries in the East African Community (EAC) customs union recorded a decline in the combined real GDP growth which slowed to 4.5 per cent in 2009 from 5.8 per cent in 2008.

Domestic Economy

The economy posted a real GDP growth of 2.6 per cent in 2009 compared to a revised growth of 1.6 per cent in 2008. The growth was mainly supported by resurgence of activities in the tourism sector and resilience in the building and construction industry. However, a mixture of unfavorable weather and sluggish internal and external demands conspired to restrain growth from attaining its potential during the period under review.

The prospects for 2010 look bright, with economic recovery projected to be more assertive in 2010 not only for the Kenyan economy but also for most of the countries in the world. The Kenyan economy is likely to benefit from sufficient rains experienced during the first four months of the 2010 and forecasted to continue to the next half of 2010. The country is also likely to gain through improved demand for Kenyan exports as well as improved tourists arrivals. Implementation of Government's stimulus package through increased public spending on key infrastructural projects is also expected to enhance growth particularly during the year.

Social Scene

The total social sector budget estimates was KSh 236,578.7 million in 2009/2010 as compared to KSh 197,537.4 million in 2008/09 an of 19.8 per cent. During the year under review, the highest share of the social sector expenditure budget was in the Ministries of education and health at 73.8 per cent and 16.0 per cent, respectively. Enrolment in the various levels of education institutions increased, standing at; pre-primary (1.9 million), primary (8.8

million), secondary (1.6 million), university (177,735), other post secondary institutions (97,837) and adult education (291,194).

A total of 664,716 births and 189,985 deaths were recorded albeit low coverage. Hence, the Government has embarked on sensitization campaigns to address the low coverage rates. There were 80,464 registered medical personnel in 2009 compared to 76,883 in 2008. Malaria and diseases of respiratory system constituted the highest incidence of morbidity at 31 per cent and 25 per cent respectively.

Annual benefits for social workers from the NSSF increased by 7.7 per cent while the annual contributions decreased by 0.5 per cent. Women Groups contribution improved from KSh 547.3 million in 2008 to KSh 548.4 million in 2009. To address the plight of the poor and vulnerable households as well as the Orphans and Vulnerable Children (OVC), a financing mechanism is being implemented on a pilot basis. A total of KSh 1.4 billion was allocated in 2009/2010 with KSh 1.0 billion disbursed directly to the recipients. To address the gender disparities in employment, the Government is enforcing the attainment of the target 30 per cent women representation through making women appointments at key decision making levels.

Employment, Earnings and Consumer Prices

Total employment, excluding rural small scale agriculture and pastoralist activities, went up by 4.5 per cent to 10,399.5 thousand in 2009. The modern sector of the economy registered an improvement in job creation, with the number of new jobs being 55.5 thousand in 2009 up from 34.0 thousand in 2008. The private and public sectors recorded positive growths in employment of 3.1 and 2.4 per cent, respectively. This is attributed to favourable business environment, availability of credit from financial institutions and increase in investment opportunities in the country during 2009.

In 2009, the nominal wage bill went up by 7.7 per cent from KSh 707.4 billion in 2008 to KSh 761.6 billion in 2009. The increase in the public sector wage bill was 8.2 per cent which was slightly lower than the growth of 11.0 per cent recorded in 2008. Overall annual average earnings per employee, registered an increase of 4.0 per cent to KSh 378,349.6 per annum in 2009.

On Labour Day 2009, the Government announced new statutory minimum wage rates that reflected a 20.0 per cent increase in wages specified in the Regulative of Wages Agriculture Order 2009 and 18 per cent for General Order, 2009. The last review was done in 2006.
The overall annual inflation decreased from 16.2 per cent in 2008 to 9.2 per cent in 2009. This decline was mainly due to a reduction of crude oil prices in the world market and prudent macroeconomic policy management.

Money, Banking and Finance

The real growth in the financial sector increased by 4.6 per cent in 2009 compared to a 2.7 per cent growth registered in 2008. Key market indicators showed improved performance at the equity market with the volume of shares traded increasing from 855 million in 2008 to 1,124 million shares in 2009. The total value of shares rose to KSh 13,043 million. Market capitalization declined from KSh 854 billion recorded in December 2008 to KSh 832 billion in December 2009, partly attributed to the decline in prices of most shares. The NSE 20 Share Index dropped by 7.8 per cent to close at 3,247 points in December 2009.

In the year under review, the Monetary Policy Committee (MPC) reviewed the Central Bank Rate (CBR) four times to finally stand at 7.00 per cent in November 2009 from 8.50 per cent in December 2008. Minimum cash ratio requirement was reviewed downwards from 6.00 per cent in December 2008 to 4.50 per cent in July 2009. Commercial banks maintained an average liquidity that was above 40.0 per cent. The 91-day Treasury bill interest rate fell by 1.77 percentage points while the interbank interest rate dropped by 3.72 percentage points.

Public Finance

In 2009/10, the expenditure by Central Government is expected to expand by 31.9 per cent to stand at KSh 887.0 billion, of which KSh 663.9 billion is allocated to the recurrent account. Development expenditure accounted for 28.5 per cent of the total expenditure in 2009/10 as compared to 23.1 in 2008/09. In the review period, total expenditure as a percentage of the GDP is expected to rise to 39.0 per cent as compared to 32.4 in 2008/09.

Central Government revenue including grants is expected to record a 15.3 per cent increase to stand at KSh 612.6 billion. Revenue as a per cent of GDP is also expected to rise to 26.9 per cent. The fiscal deficit is expected to widen necessitating increased short term and long term domestic financing by 30.3 and 53.2 per cent, respectively. The stock of total outstanding debt as end June 2009 amounted to KSh 889.9 billion as compared to KSh 748.5 billion owed one year earlier.

The expenditure by local authorities is expected to grow from KSh 25.3 billion in 2008/09 to KSh 29.4 billion in 2009/10. Revenue generated by local authorities is expected to reach KSh16.4 billion from KSh 17.7 billion realised in 2008/09. Further, the local authorities expected to receive KSh 10.4 billion from the Central Government through LATF mechanism compared to KSh 9.3 billion transferred in 2008/09.

International Trade and Balance of Payments

In 2009, domestic exports grew marginally by 0.3 per cent while re-exports declined by 4.1 per cent. This is an indication that total exports stagnated in the review period. On the other hand, total imports grew by 2.3 per cent in 2009 compared to a 27.4 per cent growth recorded in 2008. The stagnation in exports coupled with slow expansion in imports caused the volume of trade to grow by a paltry 1.6 per cent in 2009 compared to relatively faster growth of 26.8 per cent in 2008. This could be attributed mainly to the simultaneous reduction in aggregate demand for goods and services across all major world economies following the recession in 2008. As a result of these developments in exports and imports, the trade deficit deteriorated from KSh 425,705 million in 2008 to KSh 443,147 million in 2009, representing 4.1 per cent compared to a deterioration of 28.8 per cent in 2008. Tea, Horticulture, coffee and articles of apparels and clothing accessories were the leading export earners, collectively accounting for 50.5 per cent of the total domestic export earnings.

Balance of payments position recorded a surplus of KSh 75,180 million in 2009 compared to a deficit of KSh 33,161 million in 2008. The improvement witnessed in the balance of payments position was on account of increased net capital inflows compounded by improvement in the current account balance from a deficit of KSh 137,147 million recorded in 2008 to a deficit of KSh 124,446 million in 2009. The capital and financial account recorded a surplus of KSh 215,864 million compared to a surplus of KSh 83,197 million recorded in 2008 as result of increased inflows of foreign direct investment and capital inflows.

On the basis of annual average exchange rate, the Kenya Shilling depreciated against the US dollar to exchange KSh 77.35 in 2009 compared to KSh 69.18 per US dollar in 2008. Overall, the Kenya shilling depreciated marginally against world currencies as reflected by the trade weighted exchange rate index which deteriorated from 712.85 points as at December 2008 to 718.19 points as at December 2009. This can be partly attributed to the global economic downturn coupled with the decline in remittances inflow from US$ 611.4 million in 2008 to US$ 609.2 million in 2009.

Agriculture

The effects of the global economic recession coupled with drought in various parts of the country resulted in continued contraction of the agricultural sector. As a result, the agricultural sector value added decelerated albeit at a slow pace from a revised growth of negative 4.3 per cent in 2008 to negative 2.7 in 2009. The decline is attributed to lower production of maize, tea, sisal, pyrethrum, rice paddy and horticulture produce in the year under review. Maize production increased marginally to 27.1 million bags in 2009 from 26.0 million bags recorded in 2008. Consequently, the value of marketed cereals declined by 13.4 per cent from KSh 13,398.4 million in 2008 to KSh 11,604.0 million in 2009. The tea sub-sector decelerated by 9.2 per cent from 345.8 thousand tonnes in 2008 to 314.1 thousand tonnes in 2009. The quantity of marketed horticultural produce declined by 6.4 per cent from 193.1 thousand tonnes in 2008 to 180.8 thousand tonnes 2009 mainly as a result of depressed demand for cut flowers and fruits in the international market.

Increased production was however realized in the coffee, wheat, sugarcane and the livestock sub sectors. Coffee production increased by 35.7 per cent from 42.0 thousand tonnes in 2007/08 crop year to 57.0 thousand tonnes in 2008/09 crop year. Wheat production increased from 86.2 thousand tonnes in 2008 to 129.2 thousand tonnes in 2009. The value of livestock and livestock products increased by 16.3 per cent from KSh 30,629.1 million in 2008 to KSh 35,620.1 million in 2009. The volume of marketed milk increased by 2.0 per cent from 399 million litres in 2008 to 407 million litres in 2009.

In 2009, the country was about 60.0 per cent reliant on domestic production of its food requirements. The Self Sufficiency Ratio (SSR) for the year was estimated at 58.7 per cent for vegetable products and 100.5 per cent for animal products. The average per caput supply of calories which was estimated at 1,790 in 2008 increased to 1,797 calories per person per day in 2009. The Import Dependency Ratio (IDR) stood at 42.2 per cent in the year under review.

Environment and Natural resources

Total development expenditure by Government on water supplies and related services is expected to increase by 22.0 per cent from KSh 15,291 million in the Financial Year (FY) 2008/09 to KSh 18,649 million in FY 2009/10, following increased funding . Total earnings from fish landed rose from KSh 11,454 million in 2008 to KSh 12,013 million in 2009 attributed to favorable domestic and export market prices. The value of freshwater fish increased from KSh 10,718 million in 2008 to KSh 11,233 million in 2009, accounting for 93.5 per cent of the total output from the fisheries sub-sector in 2009. Quantity of mineral production however declined by 9.4 per cent from 1,545 thousand tonnes in 2008 to 1,399 thousand tonnes in 2009. Population of most wildlife species declined in the year under review due to severe drought conditions. The forest plantation stocking also decreased from 114.0 thousand hectares in 2008 to 107.0 thousand hectares in 2009, mainly as a result of high planting failures and fire damages.

Energy Volatility of international crude oil prices coupled with the drought experienced in the better part of 2009 increased domestic prices of petroleum products and electricity. During the year under review, the cost of electricity went up as a result of increased thermal power generation. Relative to 2008, the month on month international prices for Murban, the main crude oil imported into the country, was lower in 2009 except for the months of November and December.

The volume of crude oil imported into the country dropped from 1,773.3 thousand tonnes in 2008 to 1,627.9 thousand tonnes in 2009. On the other hand, crude oil intake at the refinery increased marginally from 1,582.7 thousand tonnes to 1,605.0 thousand tonnes during the same period.

Total electricity generation almost stagnated at the 2008 level of 6,455.6 GWh. Hydroelectric power generation declined substantially by 35.0 per cent from 3,267.0 GWh in 2008 to 2122.0 GWh in 2009. However, electricity generation from thermal and geothermal sources rose by 39.7 and 24.5 per cent, respectively, in 2009.

Per capita energy consumption in terms of kilograms of oil equivalent went up by 4.2 per cent from 97.5 kilograms of oil equivalent per person in 2008 to 101.6 kilograms of oil equivalent per person in 2009.

The number of customers connected under Rural Electrification Programme (REP) grew by 27.2 per cent to 205,287 in June 2009 up from 161,354 as at June 2008. This was due to the fact that the Government placed a high premium on the energy sector in recognition of the pivotal role it plays in socioeconomic development, in line with the Kenya Vision 2030.

Manufacturing Manufacturing sector recorded a lackluster performance as the global financial crisis continued to unwind. The sector recorded a decelerated growth of 2.0 per cent in 2009 after registering a revised growth of 3.6 per cent in 2008. Despite the sector being identified as a key driver of the economy, it faced a myriad of challenges ranging from high cost of production, competition from cheap imports, high taxes and low credits from financial institutions. These challenges hampered the sector from realizing its full potential.

The sub-sectors that registered growth include leather and footwear, rubber products, plastic products, non-metallic minerals and miscellaneous manufacture and those in food manufacturing. On the other hand production of beverages, tobacco, textiles, paper and paper products declined significantly.

Direct formal employment in the manufacturing sector registered a growth of 0.3 per cent from 264.1 thousand persons in 2008 to 264.9 thousand persons in 2009. Direct formal employment to Kenyans in the EPZ however contracted marginally from 30.2 thousand persons in 2008 to 30.1 thousand persons in 2009.

The value of manufacturing output rose by 5.1 per cent to KSh 738,829 million while value added increased by 6.3 per cent to KSh 216,833 in 2009.

Building and Construction In the year 2009, building and construction sector's key economic indicators recorded improved performance, with cement consumption increasing by 21.1 per cent to 2,671.2

thousand tonnes in 2009. The increased consumption was mainly a result of several on-going roads and Constituency Development Fund (CDF) construction projects, among others. Loans and advances from commercial banks to the sector expanded by 4.0 per cent from Ksh 29,247 million in 2008 to KSh 30,414 million in 2009. The index of Government expenditure on roads increased to 279.3 in 2009 from 223.8 in 2008.

The total value of reported private building works completed in selected main towns rose by 19.5 per cent to KSh 14,725.8 million in 2009 from KSh 12,323.2 million in 2008. The total estimated cost of reported new private buildings completed increased by 43.5 per cent to KSh 9,038.3 million in 2009. The total value of building plans approved rose by 11.7 per cent from KSh 69,321.7 million in 2008 to KSh 77,443.8 million in 2009. Disbursement of funds by the Kenya Roads Board (KRB) for road construction, rehabilitation and maintenance activities increased by 5.3 per cent from KSh 19.0 billion in 2008/09 to KSh 20.0 billion in 2009/10. The sector's total wage employment increased by 10.1 per cent to stand at 93.4 thousand persons in 2009.

Tourism

The Government's commitment to providing an enabling environment, coupled with successful tourism promotion and political stability, resulted in renewed confidence in the country as a preferred destination. Accordingly, tourism earnings improved by 19.5 per cent from KSh 52.7 billion in 2008 to KSh 62.5 billion in 2009, on account of improved quality and volume of tourists. The number of inbound tourists recovered remarkably by 23.9 per cent from 1,203.2 thousand in 2008 to 1,490.4 thousand in 2009. This positive development was achieved despite a background of the negative economic effects associated with the global economic recession and uncertainties caused by the influenza A(H1N1) outbreak.

Over the review period, the hotels sub-sector recorded impressive business with the number of bed-nights occupied increasing substantially by 68.8 per cent from 3,699.0 thousand in 2008 to 6,242.8 thousand in 2009. The overall rate of beds occupied went up from 26.0 per cent in 2008 to 36.5 per cent in 2009. Similarly, the average occupancy rate for bed-rooms improved from 32.2 per cent in 2008 to 39.3 per cent in 2009. The improved volume of international arrivals coupled with aggressive domestic marketing resulted in the number of visitors to game parks and reserves expanding by 46.0 per cent to 2,383.3 thousand in 2009. The number of visitors to Museums, Snake Parks and other historical sites increased by 54.7 per cent from 493.2 thousand in 2008 to 763.1 thousand in 2009.

Transport, Storage and Communi -cations

The transport, storage and communications sector registered improved performance during the review period, mainly supported by the significant growth in the communications sub-sector. The total number of newly registered vehicles posted a remarkable increase of 32.8 per cent to 161,813 units in 2009 from 121,831 units recorded in 2008. Reported traffic accidents increased by 24.3 per cent from 9,093 in 2008 to 12,369 in 2009. The operations of railway sub-sector declined further for the second consecutive year, with freight tonnage transported decreasing from 1.8 million in 2008 to 1.4 million in 2009, partly due to poor rail infrastructure and obsolete equipment.

Traffic throughput handled at the port of Mombasa expanded by 16.1 per cent to stand at 19,062 thousand tones in 2009 compared to 16,415 thousand tones in 2008. The increase was largely driven by imports which recorded a growth of 24.0 per cent in the review period and accounted for 86.6 per cent of the total cargo handled. In the pipeline transport subsector,

throughput of white petroleum products rose to 4,323.7 thousand cubic metres in 2009 from 3,848.6 thousand cubic metres realized in 2008, registering a growth of 12.3 per cent. The aviation industry also posted a notable 8.0 per cent growth in passenger traffic, recovering from a 9.4 per cent drop recorded in the previous year.

The communications sub-sector continued to witness improved performance. The mobile telecommunications maintained its upward trend by posting a 34.2 per cent growth in the subscriber base, with connections rising to 17.4 million in 2009. The industry also witnessed the issuance of two (2) cable landing rights licenses to The East African Marine System (TEAMS) and Sea Sub-marine Communications (SEACOM) Limited.

Governance The Government in its policy documents has continually addressed the issue of public safety, law and order as one of the foundation on which economic performance is based. The reduction of crime levels improves social and economic development, thus benefiting the Kenyan economy and the quality of life for a very large section of the population. In 2009, crimes reported to Police increased by 13.8 per cent from 63,476 in 2008 to 72,255. The total ammunition recovered and surrendered increased tremendously from 9,621 in 2008 to 114,527 in 2009 while firearms recovered reduced from 716 in 2008 to 423 in 2009 and those surrendered reduced from 334 in 2008 to 163 in 2009.

The number of persons reported to have committed offences increased by 22.9 per cent from 61,438 in 2008 to 75,501 in 2009. Major increases were noted among cases of infanticide (63.2 per cent), causing death by dangerous driving (40.1 per cent) and manslaughter (11.5 per cent). Reductions were noted among offences related to procuring abortion (24.4 per cent), concealing birth (17.4 per cent), suicide (5.2 per cent) and murder (4.6 per cent). The number of persons reported to have been involved in offences related to dangerous drugs increased by 41.4 per cent.

Corruption cases reported to KACC increased by 16 per cent from 3,637 in 2008 to 4,473 in 2009 while cases filed at the judiciary increased from 347,169 in 2008 to 401,295 in 2009 and those disposed of by 17 per cent from 358,244 to 420,901 in the same period. However, pending cases reduced by 12 per cent from 788,595 in 2008 to 696,726 in 2009.

The total convicted prison population increased by 22.4 per cent from 88,242 in 2008 to 107,987 in 2009 while that of remandees increased by 27.5 per cent from 71,411 to 91,024 in the same period. The total daily average population (DAP) increased by 11.9 per cent from 46,602 in 2008 to 52,142 in 2009. There was a reduction of offenders put on probation by 21.3 per cent from 17,529 in 2008 to 13,788 in 2009. The number of offenders serving community service orders increased by 15.2 per cent from 30,813 in 2008 to 35,488 in 2009.

The number of entry permits renewed increased by 80.3 per cent from 3,302 in 2008 to 5,953 in 2009 while passports issued increased by 19.4 per cent from 128,345 to 153,266 in the same period. Aliens registered increased marginally by 7.4 per cent from 17,451 to 18,751 in the period under review. There was a reduction of 3.8 per cent in the number of entry permits issued by Department of Immigration from 11,530 in 2008 to 11,096 in 2009.

The Revised Urban Consumer Price Index

The Consumer Price Index (CPI) is widely used for estimation of the rates of inflation, as a tool in wage negotiations and as a deflator of various macroeconomic indicators. It is of paramount importance that the compilation of the index be based on an unbiased formula and on baskets that reflect most recent consumption patterns. The Kenya Integrated Household Budget Survey (KIHBS), 2005/06 revealed that consumer behaviour, incomes, tastes and preferences had changed over time. This necessitated the revision of the basket of consumer goods and services as well as adoption of new income groups.

The new baskets of goods and services has 234 unique items. As recommended by the International Labour Organization CPI manual (2004) these items have been classified into 12 broad groups, based on the Classification of Individual Consumption by Purpose (COICOP) system. This reclassification of items has called for re-computation of the weights for the groups and subgroups. At the same time, the geometric mean approach (Jevons Index) of averaging the price relatives at the elementary level has been adopted due to its property of producing a more stable index. The modified Laspeyres formula is used at the higher levels of aggregation.

Key Highlights of 2008/09 Kenya Demographic and Health Survey

The Kenya Demographic and Health Survey (KDHS) 2008-09 findings indicate that the proportions of both men and women decline with increasing age, reflecting a relatively young age structure of the Kenyan population. Most of the respondents have some formal education, with 69 per cent of the men and 61 per cent of the women having at least completed primary education.

Total Fertility Rate (TFR) declined from 4.9 in 2003 to 4.6 in 2008. Contraceptive use among currently married women shows an improvement with almost half of them (46 per cent) currently using some method of contraception, up from 39 per cent as recorded in 2003.
The results further show that the under-five-mortality rate decreased to 74 deaths per 1,000 live births in 2008-09 from 115 deaths per 1,000 live births in 2003. Infant mortality rate decreased to 52 deaths per 1,000 live births in 2008-09 from 77 in 2003. On maternal and child health, more than nine out of ten mothers reported visiting a health professional at least once for antenatal care for the most recent birth in the five year period preceding the survey. Overall, 77 per cent of children aged 12-23 months are fully vaccinated and only three (3) per cent of children have not received any vaccines.

The survey found that 61 per cent of households in Kenya report owning at least one mosquito net (treated or untreated), while 54 per cent report owning at least one ITN. Fifty-one per cent of children under five years and 53 per cent of pregnant women were reported to have slept under a mosquito net the night prior to the interview. However the proportion of children under five years and pregnant women who slept under an ITN the night prior to the interview declined to 46 and 48 per cent, respectively.

The survey further revealed that 39 per cent of the married, divorced or separated women aged 15 – 49 years reported to have ever been physically or sexually violated by their husbands or partners during their lifetime compared to 44 per cent in 2003.

The results show that knowledge of HIV prevention methods is widespread, although there are differences between women and men. Three-quarters (75 per cent) of women and 81 per cent of men aged 15 to 49 years know that that people can reduce the risk of getting AIDS virus by using condoms every time they have sexual intercourse. Ninety two per cent of women and 93

per cent of men know that limiting sexual intercourse to one uninfected partner can reduce the chances of getting HIV. Just under 90 per cent of women and men say that abstinence can lower the risk of becoming infected with the virus that causes AIDS.

Outlook Available indicators suggest that the economic recovery is likely to be more assertive in 2010. The economy is likely to benefit from sufficient rains experienced during the first four months of the year and forecasted to continue to the next half of 2010. The country is also likely to gain from a global economic recovery through improved demand for Kenyan exports as well as improved tourists arrivals. When the East Africa Community (EAC) common market protocol takes effect in July 2010, the country is likely to benefit from increased trade with the other East African countries due to the expanded market.

Agriculture is likely to record increased production given the favourable weather conditions, the Government's efforts to boost the sector through rehabilitation and expansion of land under irrigation and provision of subsidies on fertilizer. The benefits emanating from the favourable environment have been realised during the first quarter of 2010 when food prices were considerably lower compared to the same period of 2009, and significantly contributed to the fall in inflation. Exporters of horticultural produce are likely to gain from better international commodity prices which are projected to rise on the strength of improving global economy.

The Government's stimulus package is also expected to enhance growth during the first half of 2010. The downward revision of CBR by the Central Bank to 7.00 in December 2009 started bearing fruits as the banks responded by lowering interest rates during the first four months of 2010 thereby transmitting the gains to the private sector through cheaper credit. Indications of resurgence of confidence in the Nairobi Stock Exchange (NSE) are already being manifested in increased activities at the stock market where the 20-share index has risen from 3,247.44 in December 2009 to 4,289.85 as at mid April 2010. Consequently, the domestic economy is projected to grow by between 4.0 and 5.0 per cent in 2010.

Chapter 1
International Scene

Overview

The global economy went through a recession for the second year running in 2009 that mainly affected the real and financial sectors. World real Gross Domestic Product (GDP) recorded a growth of negative 0.8 per cent in 2009 compared to 3.0 per cent in 2008. This was due to a decline in demand, investment and a contraction in world trade from 3.0 per cent in 2008 to negative 12.5 per cent in 2009. In response to the downturn, many governments employed the use of fiscal stimulus packages and public policy reforms mostly in the financial sector. Notably, most central banks in advanced economies aimed at ensuring a reduction in interest rates, increasing liquidity, and sustaining access to credit by supporting banks with guarantees and capital injections. These remedial measures reduced uncertainty and improved financial conditions leading to increased activity in capital markets and international capital flows in the second half of 2009.

1.2. Generally, global consumer prices eased in 2009 on account of low demand, a decline in cost of production due to lower wages, fuel prices and improved agricultural output in most regions. Low economic activity in the year led to decreased demand and a drop in crude oil prices from an annual average of US$ 91.77 a barrel in 2008 to US$ 53.92 in 2009 (inflation adjusted). The comparatively low oil prices in 2009 caused a decline in growth for most oil exporting countries.

1.3. The global current account balance declined to US$ 24 billion in 2009 from US$ 191 billion and US$ 333 billion in 2008 and 2007, respectively. In developing economies especially those dependent on cross border trade, the impact of the recession was experienced mainly through deterioration in the balance of payments.

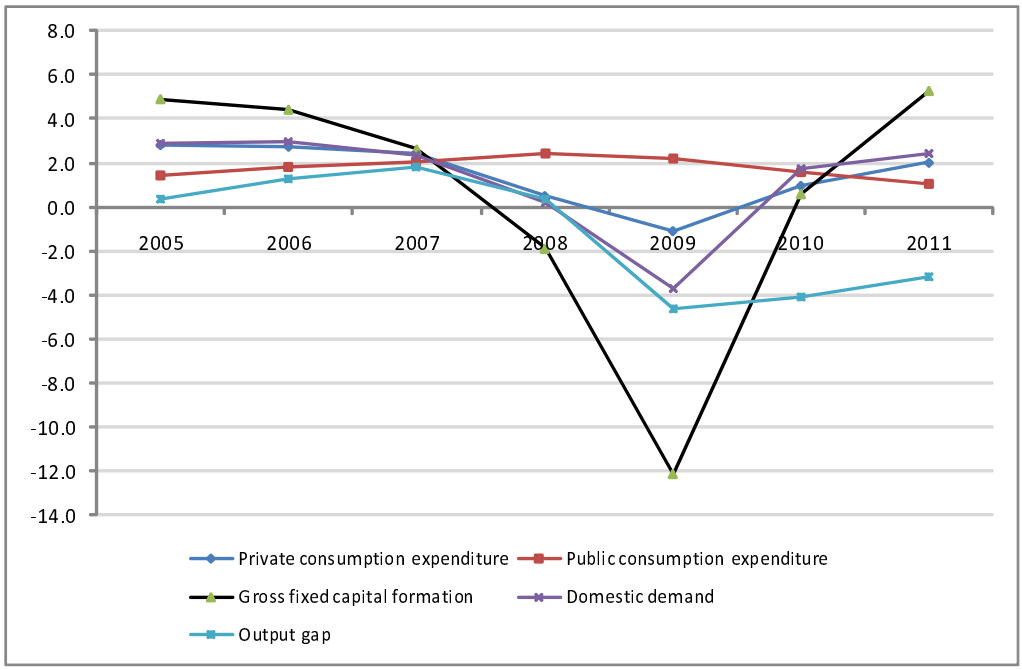
1.4. Estimates indicate that there will be a recovery in 2010 with world output projected to increase by 3.9 per cent. However, the process will be slow and accompanied by the challenges of constrained credit and rising unemployment in many advanced and emerging economies.

Regional Economic Analysis

OECD Countries

1.5. Table 1.1 presents estimated and projected key economic indicators for selected Organization of Economic Cooperation and Development (OECD) countries for the period 2007 to 2011. Most economies in the OECD contracted with their combined growth in real GDP estimated at negative 3.5 per cent in 2009 from 0.6 per cent in 2008. This was due to severe decline in both domestic demand and investments. To enhance recovery, most central banks of the OECD adopted unconventional monetary policy, implementing historically ultra-low interest rates in the absence of high inflation environment to promote investment borrowing. Inflation in the OECD declined from 2.5 per cent in 2008 to 1.3 per cent in 2009. These low inflationary conditions prevailed in most countries in 2009 and are projected to drop to 0.8 per cent in 2010 in the OECD.

Figure 1.1: Trend in Selected Economic Indicators[1] for the OECD, 2005-2011



Source: Generated from OECD database.
[1]Percentage change from the previous year for all indicators except output gap which is the deviation of actual GDP from potential GDP as a per cent of potential GDP.

1.7. A decline in domestic demand, private sector savings and investments in most OECD countries resulted in current account imbalances in 2009. Current account balances as a percentage of GDP in the OECD economy improved to negative 0.9 per cent in 2009 compared to negative 1.6 per cent in 2008. However, Norway, Switzerland and Sweden recorded surpluses.

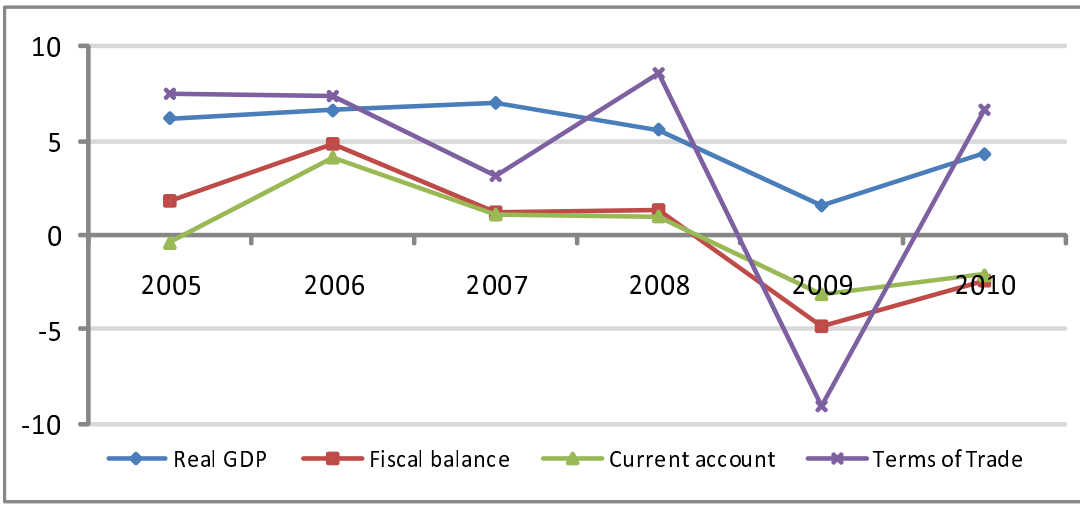
1.8. In the Euro area, the current account deficit eased by 0.2 percentage points to negative 0.6 per cent in 2009 due to worsened government sector saving-investment balances. The differences in the current account balances of countries in the Euro area were due to country-specific adjustments to the recession and other underlying structural factors.

1.9. The unemployment situation in the region worsened from 5.9 per cent in 2008 to 8.2 per cent in 2009, necessitating labour market reforms in most OECD countries to assist households. The level of unemployment is projected to increase to 9.0 per cent in 2010 but may reduce in 2011 as economies respond to growth-enhancing policies.

1.10. Economic performance in OECD countries is expected to improve with increased investments by the private sector. Consequently, gross fixed capital formation and real domestic demand are projected to rise by 0.6 and 1.7 per cent, respectively, in 2010 (Figure 1.1). However, effects of the recession to economies of the OECD are expected to take a longer time to recover to the pre-crisis levels. This is indicated by the projected levels in the output gap of negative 4.1 and 3.2 per cent in 2010 and 2011, respectively. The expected changes from reforms in the financial sector, fiscal and monetary policies being implemented to address the effects of the recession will probably be realized in the long run.

1.14. The region's current account balance recorded a deficit of 3.7 per cent in 2009 from a surplus of 0.2 per cent in 2008, which was accompanied by a worsened fiscal balance as shown in Figure 1.2. In 2009, the terms of trade deteriorated by 9.1 per cent. The region maintained a double-digit inflation with consumer prices increasing by 10.5 per cent in 2009 compared to 11.9 per cent in 2008. The ease in inflation is due to relative stabilisation in food and oil prices which were high in 2008 compared to 2009.

Figure 1.2: Trend in Selected Indicators[1] for Sub-Saharan Africa, 2005-2010



Source: Data from IMF Regional Economic Outlook for SSA

[1] Real GDP and TOT are percentage changes, others are per cent of GDP

East African Community

1.15. Countries in the East African Community (EAC) customs union were not spared from the shocks of the global recession in 2009. The combined real GDP growth in the region is estimated to have declined to 4.5 per cent in 2009 from 5.8 per cent recorded in 2008. All countries with the exception of Kenya recorded decelerated growths in their GDP growth in 2009 compared to 2008 as shown in Figure 1.3. In 2010, GDP growth is projected to increase by 5.1 per cent. Burundi, Tanzania and Kenya are expected to record higher rates of growth in 2010.

1.16. The region has a high dependency on export of agricultural produce mainly horticulture, tea and coffee whose demand in the global market remained largely passive. This resulted in the decline in growth even with a general improvement in the prices of the commodities during the second half of 2009. Most countries in the region are therefore estimated to have had a worsening of their current account deficits in 2009.

1.21. The combined output of **ASEAN-5** countries is estimated to have declined from a growth of 4.7 per cent in 2008 to 1.3 per cent in 2009 and are projected to expand by 4.7 per cent in 2010. However, individual countries are expected to record mixed performance with only Indonesia and Vietnam expected to record improved growth in 2010.

1.22. The stimulus measures implemented by many countries in the Asian continent in 2009 are likely to support domestic demand and sustain growth in 2010. High currency reserves accumulated in 2009 by some countries are likely to boost output in the continent and propel growth to other economies outside Asia.

Middle East and Mashreq

1.23. Majority of countries in the Middle East and Mashreq are heavily dependent on oil with recent increased importance of real estate in growth and employment. In 2009, the total real GDP growth rate in the Middle East was 2.2 per cent compared to 5.4 per cent in 2008, mainly as a result of a dip in oil prices. Among oil exporters in the region, real GDP growth is estimated to have declined from 4.9 per cent in 2008 to 1.3 per cent 2009. Many governments in the region had recourse to increase spending so as to slow any downturn in the non-oil sectors. This led to a fall in the current account surplus from 18.3 per cent in 2008 to 2.6 per cent in 2009.

1.24. In Mashreq countries, real GDP grew by 4.5 per cent in 2009, which was 2.5 percentage points lower than the growth realized in 2008. The non-exporting countries, which have limited connections to the rest of the world through financial markets, were able to rely on the region's oil exporters as outlets for goods and surplus labour, especially in the real estate industry.

Outlook

1.25. In 2010, the global economy is expected to progress on a recovery path from the recession experienced in 2009. Figure 1.4 shows trends in real GDP growth since 2007 and projections for 2010 and 2011. Generally, economic activity is expected to pick up across all regions with positive growth projected for 2010 and 2011. However, a sustained global recovery in 2010 and beyond is likely to depend more on the financial sector ability to provide adequate credit to trigger demand, investment and boost productivity.

1.26. Africa's real GDP is projected to grow at 4.3 per cent in 2010 due to anticipated increase in demand in the global market and a return of Foreign Direct Investments (FDI), higher private portfolio and equity flows. Most EAC economies are projected to grow at a higher rate and also record a substantial reduction in inflation in 2010 compared to 2009.

Chapter 2
Domestic Economy

Overview

The anticipated strong economic recovery, predicted in early 2009, was experienced only during the first quarter of 2009 when a growth of 5.7 per cent was attained. The momentum slowed in the second quarter recording a measly growth of 1.2 per cent and stagnated during the third quarter. There was a moderate rebound in the fourth quarter of 2009 when a growth of 3.4 per cent was realized. Overall, the economy posted a real Gross Domestic Product (GDP) growth of 2.6 per cent in 2009 compared to a revised growth of 1.6 per cent in 2008.

2.2. On one hand, growth was mainly supported by resurgence of activities in the tourism sector, resilience in the building and construction industry, and the Government's intervention through an economic stimulus package. On the other hand, a mixture of unfavorable weather and sluggish internal and external demands restrained growth during the period under review. Slowdown in household borrowing during the year accounted for the lethargic domestic demand while global economic recession subdued external demand. The global economic recession was felt mainly through depressed demand for horticultural produce abroad and inadequate recovery in tourism.

2.3. From the supply side, Transport and Communication, Hotels and Restaurants, and Construction were the main drivers of the economy. Analysis of the sectoral performance reveals that while most sectors maintained positive growths, Agriculture and Forestry contracted by 2.6 per cent in 2009. However, this contraction was slower than the 4.1 per cent recorded in 2008. Key sectors that recorded impressive growths in 2009 include Hotels and Restaurants, Construction, Transport and Communication, and Financial Intermediation. Manufacturing and Wholesale and Retail trade maintained positive growths though slower than in 2008 while Mining and Quarrying, and Electricity and Water recorded substantial declines in the year under review.

2.4. The overall annual inflation fell to 9.2 per cent in 2009 compared to 16.2 per cent in 2008 primarily on account of a decline in food and oil prices. Despite the low inflation experienced in 2009 and Central Bank's attempts to stimulate growth through an expansionary monetary policy, all real interest rates remained negative except for commercial banks' maximum lending rates which stood at 5.6 per cent. The Central Bank reduced the cash ratio requirement and cut the Central Bank Rate (CBR) during the year under review signaling a policy shift with expectations that commercial banks and other lending institutions would pass on the gain to borrowers through cheaper credit.

2.5. In 2009, employment was boosted by the Government's stimulus package designed for labour intensive projects. The jobs created were mostly informal within the Construction, Transport and Storage, and Hotels and Restaurants industries. In the 2009/10 budget, the Government adopted an expansionary approach with the objective of stimulating economic growth, creating employment and improving food security in the country. The implementation process was envisaged to be in form of economic stimulus through increased public spending on key infrastructural projects and public works which were spread throughout the constituencies. As a result, the total Government outlay for the fiscal period 2009/10 is expected rise to KSh

887 billion reflecting a growth of 31.0 per cent.

2.6. The period under review saw stagnation in exports coupled with a deceleration in expansion of imports which resulted to a growth of 1.6 per cent in volume of trade compared to a 27.4 per cent growth in 2008. As a consequence, trade deficit deteriorated in 2009 compared to 2008. However, overall balance of payments position registered a surplus of about KSh 75 billion in 2009 compared to a deficit of KSh 33 billion in 2008 on account of increased net capital inflows.

Sectoral Analysis

Agriculture and Forestry

2.7. The sector's production has been declining since 2005. After contracting by 4.1 per cent in 2008, the sector's value added contracted further by 2.6 per cent in 2009. This performance was attributed to a combination of causes among them poor weather conditions, international uncompetitiveness, and depressed demand of horticultural produce in the international market.

2.8. The decline in the sector's performance was on account of lower production of tea, sisal, pyrethrum, rice paddy, and horticultural produce in 2009. Consequently, the value of marketed cereals declined by 13.4 per cent while quantity of marketed horticultural produce declined by 6.4 per cent during the year under review.

2.9. In addressing the challenge of inadequate rainfall, the Government dramatically increased budgetary allocation to the sector by 48 per cent to KSh 34.5 billion during the 2009/10 financial year from the previous year's allocation of KSh 23.3 billion. This was earmarked to fast track the revival of moribund irrigation schemes while at the same time establishing new ones. These efforts need to be upheld to ensure sustainability of the sector's growth.

Manufacturing

2.10. A number of challenges continued to restrain expansion of the manufacturing sector in 2009 as was the case in 2008. Over the years, the manufacturing industry has been supported by a vibrant domestic demand as well as the regional market. Cheap imports, high cost of production, high cost of credit from financial institutions and drought in the first half of the year hampered growth in the sector. In 2009, the sector grew by a slower rate of 2.0 per cent compared to 3.5 per cent in 2008.

2.11. While the Manufacture of food, beverages and tobacco increased by 2.0 per cent in 2009 compared to a decline of 1.8 per cent in 2008, suppressed demand led to low consumption of some products leading to a scaling down of production of basic household commodities. High cost of power arising from increased thermal generated electricity also contributed to the low growth of the sector. Many manufacturers resorted to cutting down production in order to reduce the amount of capital tied to inventories.

Transport and Communication

2.12. Activities of Transport and storage recovered from the effects of the post election violence experienced in first quarter of 2008 while telecommunications maintained a strong expansion throughout 2009. The sector also gained from fall in international oil prices and continuing improvement of the roads network during the period under review. A combination of these factors propelled the sector's growth to 6.4 per cent in 2009 compared to 3.1 per cent recorded in 2008.

2.13. Different sub-sectors within the industry witnessed varied levels of performance with mobile telephony emerging as the main force underpinning the expansion. Road passenger, water and air transports were also pivotal in this expansion. However, railway transport posted the second consecutive decline in 2009 which was attributed to uncertainties within the concession and poor railway infrastructure.

2.14. There was fierce competition between mobile telephone service providers that resulted in substantial gains to consumers as the calling charges plummeted. During the year, two undersea cables landed on the Kenyan coast bringing the prospects of cheaper high speed internet services to the country.

Hotels and Restaurants

2.15. After suffering a massive shock from post election violence in 2008, the sector's performance indicators point to an impressive recovery in 2009. Volume of international arrivals rose considerably by 23.9 per cent to 1,490 thousand visitors in 2009 compared to 2008 level while tourism earnings rose from KSh 52.7 billion to KSh 62.5 billion within this period. The sector attained a growth of 42.8 per cent in 2009, the highest recorded by any sector in a decade. The sector's turnaround is primarily attributable to improved security coupled with successful tourism promotion and political stability.

2.16. In absolute terms, the sector's real value added was about KSh 19 billion in 2009 compared to about KSh 21 billion attained in 2007. This is an indication that the sector is yet to recover fully from the aftermath of the post-election violence and the after shocks of the global economic meltdown experienced in 2009.

Financial Inter-mediation

2.17. The sector was one of the key drivers of the economic recovery and expanded by 4.6 per cent in 2009 compared to a growth of 2.7 per cent in 2008. During the year, expansion in domestic credit slowed to 18.2 per cent compared to a growth of 23.3 per cent in 2008. This was against a backdrop of tightened credit conditions by lending institutions as they sought to reduce heightened risk of default. In an effort to encourage banks to increase lending, the Central Bank reduced the CBR four times during the year to stand at 7.00 per cent in December 2009. In addition, the minimum cash ratio requirement was also cut from 6.00 per cent in December 2008 to 4.50 per cent by July 2009. However, the banks remained largely non-responsive to these incentives during the year and therefore the lending rates remained high.

2.18. Broad money supply (M3) rose by 15.9 per cent to stand at KSh 1,044 billion in December 2009. The average interest rate on 91 day treasury bills fell to 6.82 per cent in December 2009 from 8.59 per cent in December 2008. In the capital market, the volume of shares traded increased from 855 million in 2008 to 1,124 million in 2009. However, the NSE 20 Share Index fell by 7.8 per cent to stand at 3,247.4 points in December 2009 compared to 3,521.2 in December 2008.

Electricity and Water

2.19. Water catchments that feed into Masinga dam, the main reservoir for the Seven Forks Hydropower Project, have been faced by persistent drought since 2007. Water supply sub-sector encountered similar challenges during the same period. The drought peaked in 2009 leading to one of most difficult operating environment the industry has witnessed in the recent past resulting to 35 per cent reduction in hydro generated power. Faced with a growing demand for electricity, the players in the industry resorted to intensified thermal generation during the period under review.

2.20. The sector recorded a negative growth of 3.1 per cent in 2009 compared to a positive growth 5.4 per cent in 2008. This was attributable to increased use of thermal generation which requires higher intermediate consumption as opposed to hydro and geothermal power generation. In addition, the drought also adversely impacted on water supply further suppressing growth in this sector.

Construction

2.21. The sector registered the second fastest sectoral growth of 14.1 per cent in 2009 compared to an expansion of 8.2 per cent realised in 2008. The industry has persistently maintained robust growths since 2003 and has been instrumental in supporting economic growth in the country. This expansion has mainly been bolstered by investments in roads, energy, residential and non-residential buildings and communications. Construction of roads, residential and commercial buildings has been a major boost in the country's labour market.

2.22. The growth in construction was reflected in cement consumption which grew by 21.1 per cent in 2009. Index of Government's expenditure on roads rose significantly from 223.8 in 2008 to 279.3 per cent in 2009 while data on building works completed reveal sustenance of growth in construction of private homes. Overall cost index of materials declined from 7.6 per cent in 2008 to 3.1 per cent in 2009 implying that the sector benefited from a slight reduction in prices of inputs.

Gross Domestics Product by Activity

2.23. Tabulation of contributions to GDP by the various industries of the economy are shown in Table 2.1 while their corresponding share contribution are depicted in Table 2.2. The value of the total domestic economic activities, measured at current prices, was estimated at KSh 2,274 billion in 2009. The four main sectors; Agriculture and forestry, Wholesale and retail trade, Transport and communication, and Manufacturing collectively contributed 53.7 per cent of the GDP.

2.24. The share of Agriculture and forestry to GDP declined consistently from 27.2 per cent in 2001 to a low of 21.7 per cent in 2007. However, the sector's contribution embarked on an upward trend from 2008 when it revived to 22.7 per cent and maintained the movement in 2009 to stand at 24.4 per cent in 2009.

2.25. There were slight re-alignment in sectors' importance to the GDP with Agriculture and Forestry, Financial Intermediation, Hotels and Restaurants, and Construction increasing their contributions to GDP by 1.7, 1.0, 0.6 and 0.5 percentage points in 2009, respectively. Taxes (less subsidies) on products, Transport and Communication, and Manufacturing eased their contributions by reductions of 1.8, 0.6 and 0.3 percentage points respectively over the same period.

Table 2.1: Gross Domestic Product by Activity, 2005-2009

Current Prices - KSh Million

Industry	2005	2006	2007	2008	2009*
Agriculture and forestry	336,899	379,334	397,057	470,755	555,382
Growing of crops and horticulture	242,246	274,780	289,595	345,841	399,452
Farming of animals	73,549	80,931	82,868	99,699	127,723
Agricultural and animal husbandry services	5,771	7,465	8,573	8,764	9,607
Forestry and logging	15,333	16,157	16,021	16,452	18,600
Fishing	6,313	7,068	7,127	9,450	9,911
Mining and quarrying	6,803	7,884	12,904	14,930	12,426
Manufacturing	149,162	166,777	190,497	203,999	216,833
Manufacture of food, beverages and tobacco	43,298	49,038	57,865	61,194	71,338
All other manufacturing	105,864	117,739	132,632	142,804	145,495
Electricity and water supply	28,766	28,477	26,173	44,992	54,037
Electricity supply	18,733	16,847	13,906	31,860	38,288
Water supply	10,033	11,630	12,267	13,131	15,749
Construction	56,121	63,928	69,556	80,407	99,013
Wholesale and retail trade, repairs	130,474	151,574	177,609	211,455	228,069
Hotels and restaurants	19,357	24,207	29,612	23,745	39,421
Transport and communication	145,524	171,993	194,093	216,959	223,807
Transport and storage	109,282	128,742	139,128	158,746	159,538
Post and telecommunications	36,242	43,251	54,964	58,213	64,269
Financial intermediation	49,864	64,122	88,018	97,806	129,910
Real estate, renting and business services	79,015	88,145	96,273	107,323	116,641
Dwellings, owner occupied and rented	39,348	44,836	49,120	53,338	58,291
Renting and business services	39,667	43,309	47,153	53,985	58,350
Public administration and defence	64,178	86,973	106,862	106,110	103,184
Education	104,413	112,947	123,734	132,489	135,315
Health and social work	37,059	41,068	45,391	51,645	61,665
Other community, social and personal services	53,407	58,249	63,207	71,607	80,933
Private households with employed persons	5,787	6,770	7,176	8,207	10,171
Less: Financial services indirectly measured	-11,514	-15,376	-20,074	-18,231	-28,232
All industries at basic prices	**1,261,625**	**1,444,139**	**1,615,214**	**1,833,646**	**2,048,485**
Taxes less subsidies on products	154,197	178,453	213,574	243,787	225,200
GDP at market prices	**1,415,823**	**1,622,591**	**1,828,788**	**2,077,433**	**2,273,685**

Institutional sector and industry	2005	2006	2007	2008	2009
Corporations, non-profit institutions and households					
Agriculture and forestry	331,150	372,266	389,261	462,801	546,808
Fishing	6,313	7,068	7,127	9,450	9,911
Mining and quarrying	6,803	7,884	12,904	14,930	12,426
Manufacturing	149,162	166,777	190,497	203,999	216,833
Electricity and water supply	26,660	26,091	23,531	41,881	50,599
Construction	51,794	62,624	68,200	78,996	97,576
Wholesale and retail trade, repairs	130,474	151,574	177,609	211,455	228,069
Hotels and restaurants	19,357	24,207	29,612	23,745	39,421
Transport, and communication	142,297	167,451	189,488	212,737	218,834
Financial intermediation	49,864	64,122	88,018	97,806	129,910
Dwellings, owner occupied and rented	39,348	44,836	49,120	53,338	58,291
Other real estate and business services	39,470	43,166	47,002	53,939	58,316
Education	10,556	13,122	14,177	16,080	14,926
Health and social work	19,989	21,640	23,605	27,243	33,525
Other community, social and personal services	50,157	54,603	59,265	66,953	75,481
Private households with employed persons	5,787	6,770	7,176	8,207	10,171
Less: Financial services indirectly measured	-11,514	-15,376	-20,074	-18,231	-28,232
Total value added at basic prices	**1,067,665**	**1,218,825**	**1,356,519**	**1,565,327**	**1,772,865**
General government					
Agriculture and forestry	5,749	7,068	7,796	7,954	8,574
Water supply	2,105	2,386	2,642	3,110	3,438
Construction	4,327	1,303	1,355	1,411	1,436
Transport, and communication	3,227	4,541	4,605	4,222	4,973
Resaearch and technical services	197	142	151	46	34
Public administartion and defence	64,178	86,973	106,862	106,110	103,184
Education	93,858	99,825	109,557	116,409	120,390
Health and social work	17,070	19,428	21,786	24,402	28,140
Other services	3,250	3,646	3,942	4,655	5,452
Total value added at basic prices	**193,960**	**225,313**	**258,695**	**268,319**	**275,620**

* Provisional

Table 2.2 Gross Domestic Product by Activity, 2005-2009

Per cent Contributions to GDP

Industry	2005	2006	2007	2008	2009*
Agriculture and forestry	23.8	23.4	21.7	22.7	24.4
Growing of crops and horticulture	17.1	16.9	15.8	16.6	17.6
Farming of animals	5.2	5.0	4.5	4.8	5.6
Agricultural and animal husbandry services	0.4	0.5	0.5	0.4	0.4
Forestry and logging	1.1	1.0	0.9	0.8	0.8
Fishing	0.4	0.4	0.4	0.5	0.4
Mining and quarrying	0.5	0.5	0.7	0.7	0.5
Manufacturing	10.5	10.3	10.4	9.8	9.5
Manufacture of food, beverages and tobacco	3.1	3.0	3.2	2.9	3.1
All other manufacturing	7.5	7.3	7.3	6.9	6.4
Electricity and water supply	2.0	1.8	1.4	2.2	2.4
Electricity supply	1.3	1.0	0.8	1.5	1.7
Water supply	0.7	0.7	0.7	0.6	0.7
Construction	4.0	3.9	3.8	3.9	4.4
Wholesale and retail trade, repairs	9.2	9.3	9.7	10.2	10.0
Hotels and restaurants	1.4	1.5	1.6	1.1	1.7
Transport and communication	10.3	10.6	10.6	10.4	9.8
Transport and storage	7.7	7.9	7.6	7.6	7.0
Post and telecommunications	2.6	2.7	3.0	2.8	2.8
Financial intermediation	3.5	4.0	4.8	4.7	5.7
Real estate, renting and business services	5.6	5.4	5.3	5.2	5.1
Dwellings, owner occupied and rented	2.8	2.8	2.7	2.6	2.6
Renting and business services	2.8	2.7	2.6	2.6	2.6
Public administration and defence	4.5	5.4	5.8	5.1	4.5
Education	7.4	7.0	6.8	6.4	6.0
Health and social work	2.6	2.5	2.5	2.5	2.7
Other community, social and personal services	3.8	3.6	3.5	3.4	3.6
Private households with employed persons	0.4	0.4	0.4	0.4	0.4
Less: Financial services indirectly measured	-0.8	-0.9	-1.1	-0.9	-1.2
All industries at basic prices	**89.1**	**89.0**	**88.3**	**88.3**	**90.1**
Taxes less subsidies on products	10.9	11.0	11.7	11.7	9.9
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Institutional sector and industry					
Corporations, non-profit institutions and households	75.4	75.1	74.2	75.3	78.0
General government	13.7	13.9	14.1	12.9	12.1

*Provisional

2.26. Table 2.3 shows the contribution of various industries to GDP valued at constant prices (2001 prices). The growth rates as depicted in Table 2.4 are based on constant prices which enable comparison between the years. The table shows that except for Agriculture and Forestry, Mining and Quarrying, and Electricity and Water supply which registered negative growths all the other sectors recorded positive growths.

Table 2.3: Gross Domestic Product by Activity, 2005-2009

Constant 2001 Prices - KSh Million

Industry	2005	2006	2007	2008	2009*
Agriculture and forestry	299,798	312,926	320,423	307,356	299,449
Growing of crops and horticulture	210,951	221,731	227,649	211,302	200,690
Farming of animals	73,694	76,231	78,173	81,391	83,931
Agricultural and animal husbandry services	3,919	3,850	3,665	3,627	3,659
Forestry and logging	11,234	11,115	10,937	11,036	11,170
Fishing	5,751	6,249	6,181	5,363	5,759
Mining and quarrying	5,334	5,554	6,272	6,453	6,179
Manufacturing	115,698	122,953	130,673	135,291	138,003
Manufacture of food, beverages and tobacco	35,112	38,317	41,666	40,928	41,754
All other manufacturing	80,586	84,636	89,007	94,363	96,249
Electricity and water supply	27,862	27,492	30,002	31,617	30,631
Electricity supply	20,462	19,873	22,221	23,579	22,370
Water supply	7,400	7,619	7,781	8,038	8,260
Construction	35,401	37,649	40,405	43,735	49,893
Wholesale and retail trade, repairs	106,095	118,361	131,754	138,051	140,096
Hotels and restaurants	15,572	17,894	20,814	13,298	18,993
Transport and communication	122,317	136,306	156,845	161,699	172,096
Transport and storage	82,430	89,820	96,280	96,368	100,253
Post and telecommunications	39,887	46,486	60,566	65,331	71,843
Financial intermediation	45,030	47,170	50,306	51,659	54,043
Real estate, renting and business services	65,882	68,446	70,860	73,503	75,674
Dwellings, owner occupied and rented	33,250	34,575	35,964	37,420	38,947
Renting and business services	32,632	33,871	34,896	36,083	36,728
Public administration and defence	46,460	45,722	44,791	45,080	45,804
Education	72,963	73,152	76,220	80,732	82,912
Health and social work	27,249	28,146	29,054	30,107	31,428
Other community, social and personal service	45,829	47,815	49,419	50,841	53,103
Private households with employed persons	4,011	4,091	4,173	4,256	4,342
Less: Financial services indirectly measured	-11,261	-11,835	-12,174	-10,484	-12,762
All industries at basic prices	**1,029,991**	**1,088,092**	**1,156,019**	**1,168,557**	**1,195,645**
All industries excl. agriculture and forestry	730,193	775,166	835,595	861,201	896,195
Taxes less subsidies on products	145,143	161,367	180,855	189,083	197,187
GDP at market prices	**1,175,133**	**1,249,459**	**1,336,874**	**1,357,640**	**1,392,832**

Institutional sector and industry	2005	2006	2007	2008	2009
Corporations, non-profit institutions and households					
Agriculture and forestry	295,811	309,034	316,837	303,803	295,852
Fishing	5,751	6,249	6,181	5,363	5,759
Mining and quarrying	5,334	5,554	6,272	6,453	6,179
Manufacturing	115,698	122,953	130,673	135,291	138,003
Electricity and water supply	26,082	25,724	28,313	29,922	28,975
Construction	30,694	32,412	34,810	37,798	43,432
Wholesale and retail trade, repairs	106,095	118,361	131,754	138,051	140,096
Hotels and restaurants	15,572	17,894	20,814	13,298	18,993
Transport, and communication	117,183	130,510	150,109	155,961	165,723
Financial intermediation	45,030	47,170	50,306	51,659	54,043
Dwellings, owner occupied and rented	33,250	34,575	35,964	37,420	38,947
Other real estate and business services	31,960	33,206	34,275	35,457	36,073
Education	8,389	9,494	9,480	11,285	9,709
Health and social work	16,358	17,038	17,862	18,664	19,687
Other community, social and personal service	43,082	45,114	46,900	48,304	50,477
Private households with employed persons	4,011	4,091	4,173	4,256	4,342
Less: Financial services indirectly measured	-11,261	-11,835	-12,174	-10,484	-12,762
Total value added at basic prices	**889,039**	**947,544**	**1,012,549**	**1,022,503**	**1,043,528**
General government					
Agriculture and forestry	3,986	3,892	3,587	3,553	3,597
Water supply	1,780	1,767	1,689	1,695	1,656
Construction	4,708	5,237	5,595	5,936	6,461
Transport, and communication	5,134	5,796	6,737	5,738	6,374
Resaearch and technical services	672	666	621	626	655
Public administartion and defence	46,460	45,722	44,791	45,080	45,804
Education	64,574	63,658	66,739	69,447	73,203
Health and social work	10,890	11,109	11,191	11,443	11,741
Other services	2,747	2,701	2,520	2,536	2,626
Total value added at basic prices	**140,951**	**140,548**	**143,470**	**146,055**	**152,117**

* Provisional

Table 2.4 Growth rates of Gross Domestic Product, 2005-2009

Percentage Changes

Industry	2005	2006	2007	2008	2009*
Agriculture and forestry	6.9	4.4	2.4	-4.1	-2.6
Growing of crops and horticulture	8.0	5.1	2.7	-7.2	-5.0
Farming of animals	4.8	3.4	2.5	4.1	3.1
Agricultural and animal husbandry services	-1.5	-1.8	-4.8	-1.0	0.9
Forestry and logging	2.7	-1.1	-1.6	0.9	1.2
Fishing	9.6	8.7	-1.1	-13.2	7.4
Mining and quarrying	2.7	4.1	12.9	2.9	-4.2
Manufacturing	4.7	6.3	6.3	3.5	2.0
Manufacture of food, beverages and tobacco	8.9	9.1	8.7	-1.8	2.0
All other manufacturing	2.9	5.0	5.2	6.0	2.0
Electricity and water supply	-0.1	-1.3	9.1	5.4	-3.1
Electricity supply	-2.4	-2.9	11.8	6.1	-5.1
Water supply	6.9	3.0	2.1	3.3	2.8
Construction	7.5	6.3	7.3	8.2	14.1
Wholesale and retail trade, repairs	5.6	11.6	11.3	4.8	1.5
Hotels and restaurants	13.3	14.9	16.3	-36.1	42.8
Transport and communication	9.0	11.4	15.1	3.1	6.4
Transport and storage	5.2	9.0	7.2	0.1	4.0
Post and telecommunications	17.7	16.5	30.3	7.9	10.0
Financial intermediation	5.6	4.8	6.6	2.7	4.6
Real estate, renting and business services	3.4	3.9	3.5	3.7	3.0
Dwellings, owner occupied and rented	4.0	4.0	4.0	4.0	4.1
Renting and business services	2.8	3.8	3.0	3.4	1.8
Public administration and defence	-1.3	-1.6	-2.0	0.6	1.6
Education	0.7	0.3	4.2	5.9	2.7
Health and social work	3.2	3.3	3.2	3.6	4.4
Other community, social and personal services	3.0	4.3	3.4	2.9	4.4
Private households with employed persons	2.0	2.0	2.0	2.0	2.0
Less: Financial services indirectly measured	4.3	5.1	2.9	-13.9	21.7
All industries at basic prices	**5.2**	**5.6**	**6.2**	**1.1**	**2.3**
All industries excl. agriculture and forestry	4.6	6.2	7.8	3.1	4.1
Taxes less subsidies on products	11.0	11.2	12.1	4.5	4.3
GDP at market prices	**5.9**	**6.3**	**7.0**	**1.6**	**2.6**
Institutional sector and industry	**2005**	**2006**	**2007**	**2008**	**2009**
Corporations, non-profit institutions and households	6.1	6.6	6.9	1.0	2.0
General government	0.0	-0.3	2.1	1.8	4.2

* Provisional

2.27. Table 2.5 details how the various industries have contributed to economic growth since 2005. While most of the sectors have consistently contributed positively to growth, Agriculture and Forestry, Fishing, Electricity and Water supply, and Hotels and Restaurants have been erratic in their contributions. In 2009, the key sources of growth included Transport and Communication, Construction, Hotels and Restaurants as well as Taxes less subsidies on products with growths of 29.5, 17.5, 16.2 and 23.0 per cent respectively.

Table 2.5 Sources of Growth, 2005-2009

Percentages

Industry	2005	2006	2007	2008	2009*
Agriculture and forestry	29.4	17.7	8.6	-62.9	-22.5
Growing of crops and horticulture	23.9	14.5	6.8	-78.7	-30.2
Farming of animals	5.1	3.4	2.2	15.5	7.2
Agricultural and animal husbandry services	-0.1	-0.1	-0.2	-0.2	0.1
Forestry and logging	0.4	-0.2	-0.2	0.5	0.4
Fishing	0.8	0.7	-0.1	-3.9	1.1
Mining and quarrying	0.2	0.3	0.8	0.9	-0.8
Manufacturing	7.9	9.8	8.8	22.2	7.7
Manufacture of food, beverages and tobacco	4.4	4.3	3.8	-3.6	2.3
All other manufacturing	3.5	5.4	5.0	25.8	5.4
Electricity and water supply	0.0	-0.5	2.9	7.8	-2.8
Electricity supply	-0.8	-0.8	2.7	6.5	-3.4
Water supply	0.7	0.3	0.2	1.2	0.6
Construction	3.8	3.0	3.2	16.0	17.5
Wholesale and retail trade, repairs	8.6	16.5	15.3	30.3	5.8
Hotels and restaurants	2.8	3.1	3.3	-36.2	16.2
Transport and communication	15.3	18.8	23.5	23.4	29.5
Transport and storage	6.2	9.9	7.4	0.4	11.0
Post and telecommunications	9.1	8.9	16.1	22.9	18.5
Financial intermediation	3.6	2.9	3.6	6.5	6.8
Real estate, renting and business services	3.3	3.5	2.8	12.7	6.2
Dwellings, owner occupied and rented	1.9	1.8	1.6	7.0	4.3
Renting and business services	1.3	1.7	1.2	5.7	1.8
Public administration and defence	-0.9	-1.0	-1.1	1.4	2.1
Education	0.8	0.3	3.5	21.7	6.2
Health and social work	1.3	1.2	1.0	5.1	3.8
Other community, social and personal services	2.0	2.7	1.8	6.8	6.4
Private households with employed persons	0.1	0.1	0.1	0.4	0.2
Less: Financial services indirectly measured	-0.7	-0.8	-0.4	8.1	-6.5
All industries at basic prices	78.1	78.2	77.7	60.4	77.0
All industries excl. agriculture and forestry	48.7	60.5	69.1	123.3	99.4
Taxes less subsidies on products	21.9	21.8	22.3	39.6	23.0
GDP at market prices	100.0	100.0	100.0	100.0	100.0

*Provisional

Table 2.6: Annual Production Accounts by Industry, 2005-2009

Industry	2005	2006	2007	2008	2009*
Agriculture and forestry					
Output at basic prices	437,832	490,548	518,275	619,371	688,061
Intermediate consumption	100,933	111,215	121,219	148,616	132,679
Gross value added at basic prices	336,899	379,334	397,057	470,755	555,382
Compensation of employees	46,629	53,336	54,925	55,615	64,092
Gross operating surplus/mixed income	290,270	325,998	342,132	415,140	491,290
Fishing					
Output at basic prices	8,417	9,423	9,503	12,601	13,214
Intermediate consumption	2,104	2,356	2,376	3,150	3,304
Gross value added at basic prices	6,313	7,068	7,127	9,450	9,911
Compensation of employees	842	942	950	1,260	1,321
Gross operating surplus/mixed income	5,471	6,125	6,177	8,190	8,589
Mining and quarrying					
Output at basic prices	12,898	14,631	20,233	22,989	21,009
Intermediate consumption	6,095	6,747	7,329	8,059	8,584
Gross value added at basic prices	6,803	7,884	12,904	14,930	12,426
Compensation of employees	3,798	4,289	5,831	6,543	5,900
Gross operating surplus/mixed income	3,005	3,595	7,073	8,387	6,525
Manufacturing					
Output at basic prices	500,215	560,089	626,652	703,073	738,829
Intermediate consumption	351,053	393,312	436,155	499,075	521,996
Gross value added at basic prices	149,162	166,777	190,497	203,999	216,833
Compensation of employees	50,734	57,827	59,789	62,141	74,767
Gross operating surplus/mixed income	98,428	108,950	130,708	141,857	142,066
Electricity and water					
Output at basic prices	43,644	50,534	55,434	70,527	84,448
Intermediate consumption	14,879	22,057	29,261	25,535	30,412
Gross value added at basic prices	28,766	28,477	26,173	44,992	54,037
Compensation of employees	9,617	11,003	12,421	14,680	16,123
Gross operating surplus/mixed income	19,148	17,474	13,751	30,312	37,914
Construction					
Output at basic prices	144,491	166,188	191,575	223,176	269,325
Intermediate consumption	88,370	102,260	122,019	142,769	170,312
Gross value added at basic prices	56,121	63,928	69,556	80,407	99,013
Compensation of employees	16,253	14,776	16,093	17,722	21,000
Gross operating surplus/mixed income	39,868	49,152	53,463	62,685	78,013
Wholesale and retail trade, repairs					
Output at basic prices	284,676	330,673	387,378	461,324	497,624
Intermediate consumption	154,203	179,099	209,770	249,869	269,556
Gross value added at basic prices	130,474	151,574	177,609	211,455	228,069
Compensation of employees	83,383	98,242	102,868	107,318	134,764
Gross operating surplus/mixed income	47,091	53,332	74,741	104,137	93,305
Hotels and restaurants					
Output at basic prices	59,521	74,509	91,047	75,119	122,970
Intermediate consumption	40,164	50,301	61,435	51,374	83,549
Gross value added at basic prices	19,357	24,207	29,612	23,745	39,421
Compensation of employees	9,670	12,185	14,977	12,092	20,191
Gross operating surplus/mixed income	9,687	12,022	14,635	11,653	19,230
Transport and communication					
Output at basic prices	332,233	409,308	470,157	527,794	541,568
Intermediate consumption	186,709	237,316	276,064	310,835	317,761
Gross value added at basic prices	145,524	171,993	194,093	216,959	223,807
Compensation of employees	65,236	79,661	88,306	96,551	102,521
Gross operating surplus/mixed income	80,288	92,331	105,787	120,409	121,286
Financial intermediation					
Output at basic prices	78,346	99,954	139,381	147,654	190,610
Intermediate consumption	28,482	35,832	51,364	49,848	60,700
Gross value added at basic prices	49,864	64,122	88,018	97,806	129,910
Compensation of employees	25,785	33,324	40,538	45,759	54,977
Gross operating surplus/mixed income	24,079	30,798	47,479	52,047	74,933

Table 2.6: Cont'd **Current Prices - KSh Million**

Industry	2005	2006	2007	2008	2009*
Real estate and business services					
Output at basic prices	96,289	107,519	117,558	131,398	142,675
Intermediate consumption	17,274	19,375	21,285	24,075	26,034
Gross value added at basic prices	79,015	88,145	96,273	107,323	116,641
Compensation of employees	21,329	23,307	25,371	29,189	31,554
Gross operating surplus/mixed income	57,686	64,837	70,902	78,134	85,088
Public administration and defence					
Output at basic prices	107,106	133,353	160,124	165,379	173,734
Intermediate consumption	42,929	46,379	53,261	59,269	70,549
Gross value added at basic prices	64,178	86,973	106,862	106,110	103,184
Compensation of employees	46,157	67,291	85,275	82,048	76,333
Gross operating surplus/mixed income	18,021	19,682	21,587	24,062	26,851
Education					
Output at basic prices	131,058	142,232	157,875	164,954	175,567
Intermediate consumption	26,644	29,285	34,140	32,465	40,252
Gross value added at basic prices	104,413	112,947	123,734	132,489	135,315
Gross operating surplus/mixed income	2,543	2,777	3,046	3,395	3,789
Health and social work					
Output at basic prices	51,426	57,701	64,098	74,533	91,447
Intermediate consumption	14,367	16,633	18,708	22,888	29,782
Gross value added at basic prices	37,059	41,068	45,391	51,645	61,665
Compensation of employees	25,874	29,108	32,499	37,126	42,373
Gross operating surplus/mixed income	11,184	11,960	12,892	14,519	19,292
Other community, social and personal services					
Output at basic prices	87,126	95,847	104,246	117,941	134,438
Intermediate consumption	27,932	30,828	33,863	38,126	43,334
Gross value added at basic prices	59,194	65,019	70,384	79,814	91,104
Compensation of employees	26,090	28,981	31,269	35,626	41,287
Gross operating surplus/mixed income	33,103	36,038	39,115	44,189	49,817
Less: Financial services indirectly measured					
Intermediate consumption	11,514	15,376	20,074	18,231	28,232
Gross value added at basic prices	-11,514	-15,376	-20,074	-18,231	-28,232
All industries at basic prices					
Output at basic prices	2,375,278	2,742,509	3,113,537	3,517,834	3,885,519
Intermediate consumption	1,113,653	1,298,371	1,498,323	1,684,187	1,837,034
Gross value added at basic prices	1,261,625	1,444,139	1,615,214	1,833,646	2,048,485
Other taxes on production	2,932	3,722	4,354	5,436	6,399
Less: Subsidies	-335	-233	-40	-36	-39
Compensation of employees	521,883	611,525	677,555	717,656	802,810
Gross operating surplus/mixed income	737,145	829,125	933,344	1,110,590	1,239,315
Total economy					
Output at basic prices	2,375,278	2,742,509	3,113,537	3,517,834	3,885,519
Taxes on products	154,197	178,453	213,574	243,787	225,200
Intermediate consumption	1,113,653	1,298,371	1,498,323	1,684,187	1,837,034
GDP at market prices	1,415,823	1,622,591	1,828,788	2,077,433	2,273,685
Taxes on production and imports	157,130	182,175	217,929	249,223	231,599
Less: Subsidies	-335	-233	-40	-36	-39
Compensation of employees	521,883	611,525	677,555	717,656	802,810
Gross operating surplus/mixed income	737,145	829,125	933,344	1,110,590	1,239,315

* Provisional

Expenditure on GDP

2.28. Components of GDP from a demand perspective are shown in Table 2.7 while Table 2.8 presents their corresponding percentage shares. The share of the government final consumption expenditure to GDP declined to 16.3 per cent in 2009 from 16.7 per cent in 2008. This decline was compensated in part by a rise in the shares of the private consumption and increase in inventories. The build up in the inventories during the last two years maybe associated with depressed demand which in turn forced producers to hold their products in form of stocks. Both exports and imports of goods and services declined which was in line with reduced volume of trade as reported in Chapter 7.

Table 2.7: Expenditure on the Gross Domestic Product, 2005-2009

Current Prices - KSh Million

Expenditure category	2005	2006	2007	2008	2009*
Government final consumption expenditure	246,056	285,056	327,918	346,769	369,741
Private final consumption expenditure	1,067,448	1,222,686	1,383,677	1,567,780	1,824,764
Gross fixed capital formation	264,728	309,592	355,090	409,597	456,771
Changes in inventories	-25,282	-18,383	-6,240	13,022	18,105
Gross domestic expenditure	**1,552,950**	**1,798,950**	**2,060,445**	**2,337,168**	**2,669,381**
Exports of goods and services	395,208	439,906	490,987	584,504	575,253
Imports of goods and services	523,970	613,856	691,220	879,821	861,788
Discrepancy [1]	-8,365	-2,409	-31,424	35,583	-109,162
Gross domestic product at market prices	**1,415,823**	**1,622,591**	**1,828,788**	**2,077,433**	**2,273,685**

[1] Difference between GDP production approach and GDP expenditure approach

* Provisional

Table 2.8: Expenditure on the Gross Domestic Product, 2005-2009

Percentage Shares

Expenditure category	2005	2006	2007	2008	2009*
Government final consumption expenditure	17.4	17.6	17.9	16.7	16.3
Private final consumption expenditure	75.4	75.4	75.7	75.5	80.3
Gross fixed capital formation	18.7	19.1	19.4	19.7	20.1
Changes in inventories	-1.8	-1.1	-0.3	0.6	0.8
Gross domestic expenditure	**109.7**	**110.9**	**112.7**	**112.5**	**117.4**
Exports of goods and services	27.9	27.1	26.8	28.1	25.3
Imports of goods and services	37.0	37.8	37.8	42.4	37.9
Discrepancy [1]	-0.6	-0.1	-1.7	1.7	-4.8
Gross domestic product at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

[1] Discrepancy expressed as a percentage of GDP

* Provisional

2.29. Details of expenditure on GDP categories in real terms and corresponding growth rates are presented in Tables 2.9 and 2.10 respectively, for the years 2005 to 2009. Government and private final consumptions recorded growths of 5.5 and 3.8 per cent in 2009 compared to a growth of 2.3 per cent and a contraction of 1.3 per cent in 2008, respectively. Exports and imports of goods and services declined by 7.0 and 0.2 per cent in 2009 compared to growths of 7.5 and 6.6 per cent in 2008, respectively. The decline was on account of depressed external demand for Kenyan exports and domestic demand for imports.

Table 2.9: Expenditure on the Gross Domestic Product, 2005-2009

Constant 2001 Prices - KSh Million

Expenditure category	2005	2006	2007	2008	2009*
Government final consumption expenditure	175,227	179,143	185,524	189,726	200,197
Private final consumption expenditure	912,330	984,207	1,056,013	1,042,548	1,082,017
Gross fixed capital formation	219,512	260,211	295,557	323,762	325,705
Changes in inventories including discrepancy	-14,857	-9,606	-4,537	-364	10,080
Gross domestic expenditure	**1,292,213**	**1,413,954**	**1,532,556**	**1,555,672**	**1,617,999**
Exports of goods and services	318,451	328,226	350,046	376,243	349,775
Imports of goods and services	395,842	466,347	517,912	552,301	551,279
Discrepancy [1]	-39,689	-26,374	-27,817	-21,974	-23,664
Gross domestic product at market prices	**1,175,133**	**1,249,459**	**1,336,874**	**1,357,640**	**1,392,832**

[1] Difference between GDP production approach and GDP expenditure approach

* Provisional

Table 2.10: Expenditure on the Gross Domestic Product, 2005-2009

Percentage Change

Expenditure category	2005	2006	2007	2008	2009*
Government final consumption expenditure	-0.8	2.2	3.6	2.3	5.5
Private final consumption expenditure	6.5	7.9	7.3	-1.3	3.8
Gross fixed capital formation	27.8	18.5	13.6	9.5	0.6
Changes in inventories[1]	-2.1	0.4	0.4	0.3	0.8
Gross domestic expenditure	**6.4**	**9.4**	**8.4**	**1.5**	**4.0**
Exports of goods and services	9.4	3.1	6.6	7.5	-7.0
Imports of goods and services	14.9	17.8	11.1	6.6	-0.2
Discrepancy					
Gross domestic product at market prices	**5.9**	**6.3**	**7.0**	**1.6**	**2.6**

[1] Change in changes of inventories as a percentage of GDP of the previous year

* Provisional

Private Consumption

2.30 Details of private consumption by broad categories of Classification of Individual Consumption by Purpose (COICOP) are presented in Table 2.11a while their share contributions to total private consumption are shown on Table 2.11b. Food and beverages constitutes the largest proportion of private consumption with about 46 per cent share. Clothing and footwear and Housing continued on a general declining trend.

Table 2.11a: Private Consumption, 2005-2009

Current Prices - KSh Million

Purpose	2005	2006	2007	2008	2009*
Food and beverages	496,673	561,519	607,367	722,425	834,821
Clothing and footwear	35,505	37,432	40,232	44,555	49,769
Housing	87,623	100,592	109,716	123,073	134,206
All other goods	124,359	144,376	174,884	191,169	209,956
All other services	387,427	451,908	536,187	577,599	693,809
Direct purchases abroad	5,284	8,016	11,296	10,150	9,306
Less: Direct purchases by non-res in Kenya	-69,423	-81,157	-96,005	-101,190	-107,104
Total	**1,067,448**	**1,222,686**	**1,383,677**	**1,567,780**	**1,824,764**

* Provisional

Table 2.11b: Private Consumption, 2005-2009

Percentage Shares

Expenditure category	2005	2006	2007	2008	2009*
Food and beverages	46.5	45.9	43.9	46.1	45.7
Clothing and footwear	3.3	3.1	2.9	2.8	2.7
Housing	8.2	8.2	7.9	7.9	7.4
All other goods	11.7	11.8	12.6	12.2	11.5
All other services	36.3	37.0	38.8	36.8	38.0
Direct purchases abroad	0.5	0.7	0.8	0.6	0.5
Less: Direct purchases by non-res in Kenya	-6.5	-6.6	-6.9	-6.5	-5.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Provisional

Gross Fixed Capital Formation

2.31. Gross Fixed Capital Formation (GFCF) by type of asset and their shares at current prices are presented in Tables 2.12a and 2.12b. In 2009, half of the country's investments in fixed assets was in building and structures. This was mirrored by the sustained housing boom during the year. Transport equipment and Other machinery and equipment eased their share contributions to GFCF to 17.6 and 31.5 per cent in 2009 from 18.0 and 35.3 per cent in 2008.

Table 2.12a: Gross Fixed Capital Formation, 2005-2009

Current Prices - KSh Million

Purpose	2005	2006	2007	2008	2009*
Buildings and structures	123,426	142,161	163,431	190,058	231,001
Transport equipment	75,663	85,562	82,894	73,798	80,310
Other machinery and equipment	64,336	80,546	107,414	144,384	144,102
Cultivated assets	1,229	1,245	1,273	1,279	1,279
Intangible assets	73	78	78	78	78
Total	**264,728**	**309,592**	**355,090**	**409,597**	**456,771**

* Provisional

Table 2.12b: Gross Fixed Capital Formation, 2005-2009

Percentage Shares

Expenditure category	2005	2006	2007	2008	2009*
Buildings and structures	46.6	45.9	46.0	46.4	50.6
Transport equipment	28.6	27.6	23.3	18.0	17.6
Other machinery and equipment	24.3	26.0	30.2	35.3	31.5
Cultivated assets	0.5	0.4	0.4	0.3	0.3
Intangible assets	0.0	0.0	0.0	0.0	0.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Provisional

2.32. Details of the real GFCF and its growth rates for the period 2005 to 2009 are presented in Tables 2.13a and 2.13b, respectively. The value of total fixed assets grew by a paltry 0.6 per cent in 2009 compared to 9.5 per cent in 2008 which was attributed to the slowdown in demand for transport, machinery and other equipments during the period under review. Except for Building and Structures which attained a growth of 15.3 per cent in 2009, all the other type of assets declined during this period. Investment in transport equipments recorded the third consecutive decline in 2009.

Table 2.13a: Gross Fixed Capital Formation, 2005-2009

Constant Prices - KSh Million

Purpose	2005	2006	2007	2008	2009*
Buildings and structures	93,604	98,945	106,425	115,760	133,423
Transport equipment	61,729	76,175	74,064	61,603	60,004
Other machinery and equipment	63,037	83,866	113,656	145,139	131,124
Cultivated assets	1,083	1,166	1,355	1,210	1,107
Intangible assets	59	59	56	51	48
Total	**219,512**	**260,211**	**295,557**	**323,762**	**325,705**

* Provisional

Table 2.13b: Gross Fixed Capital Formation, 2005-2009

Annual Changes

Expenditure category	2005	2006	2007	2008	2009*
Buildings and structures	7.9	5.7	7.6	8.8	15.3
Transport equipment	109.4	23.4	-2.8	-16.8	-2.6
Other machinery and equipment	15.8	33.0	35.5	27.7	-9.7
Cultivated assets	5.8	7.7	16.2	-10.7	-8.5
Intangible assets	-3.8	0.9	-5.0	-10.3	-5.6
Total	**27.8**	**18.5**	**13.6**	**9.5**	**0.6**

* Provisional

Disposable Income and Savings

2.33. Table 2.14 shows derivation of Gross National Income (GNI), Gross National Disposal Income (GNDI) and Per capita disposable income. Real per capita disposable income contracted in 2008 and 2009 by 1.2 and 0.2 per cent, meaning that on average Kenyan residents created less wealth in each of the years compared to the period before. Table 2.15 presents details on the National Disposable Income and Savings. In absolute terms the gross savings declined and therefore its ratio to GDP also declined during the review period.

Table 2.14: Gross Domestic Product and Gross National Income, 2005-2009

	2005	2006	2007	2008	2009*
CURRENT PRICES, KSh Million					
Compensation of employees	521,883	611,525	677,555	717,656	802,810
Consumption of fixed capital	123,575	128,299	136,587	150,180	167,353
Net operating surplus	613,569	700,826	796,757	960,410	1,071,962
Gross domestic product at factor cost	**1,259,028**	**1,440,649**	**1,610,900**	**1,828,246**	**2,042,125**
Taxes on production and imports	157,130	182,175	217,929	249,223	231,599
Subsidies	-335	-233	-40	-36	-39
Gross domestic product at market prices	**1,415,823**	**1,622,591**	**1,828,788**	**2,077,433**	**2,273,685**
Primary incomes					
Receivable from the rest of the world	5,536	7,168	10,812	12,190	13,500
Payable to rest of the world	-13,730	-12,221	-20,518	-15,317	-18,541
Gross national income at market prices	**1,407,629**	**1,617,538**	**1,819,082**	**2,074,306**	**2,268,644**
Current transfers					
Receivable from the rest of the world	**100,897**	133,368	145,875	167,356	184,072
Payable to rest of the world	-5,029	-3,452	-2,723	-6,091	-6,405
Gross national disposable income	**1,503,497**	**1,747,454**	**1,962,234**	**2,235,571**	**2,446,311**
Per capita, KSh					
Gross domestic product at market prices	40,292	44,899	49,204	54,371	57,887
Gross national income at market prices	40,059	44,759	48,943	54,290	57,759
CONSTANT PRICES					
GDP at market prices, KSh Million	1,175,133	1,249,459	1,336,874	1,357,640	1,392,832
Per capita, KSh	33,442	34,574	35,969	35,533	35,461
- Annual percentage change	3.0	3.4	4.0	-1.2	-0.2

* Provisional

Table 2.15: National Disposable Income and Saving

Current Prices - KSh Million

	2005	2006	2007	2008	2009*
Disposable income and saving					
Gross national disposable income	**1,503,497**	**1,747,454**	**1,962,234**	**2,235,571**	**2,446,311**
Consumption of fixed capital	123,575	128,299	136,587	150,180	167,353
Net national disposable income	**1,379,922**	**1,619,155**	**1,825,647**	**2,085,391**	**2,278,958**
Final consumption expenditure					
Private	1,067,448	1,222,686	1,383,677	1,567,780	1,824,764
General government	246,056	285,056	327,918	346,769	369,741
Discrepancy on GDP					
Saving, net	66,418	111,414	114,052	170,843	84,453
General government					
All Other serctors					
Financing of capital formation					
Saving, net	66,418	111,414	114,052	170,843	84,453
Capital transfers, receivable from abroad	7,807	12,142	10,558	6,535	20,178
Capital transfers, payable from abroad	0	0	0	0	0
Total	**74,225**	**123,556**	**124,610**	**177,378**	**104,631**
Gross fixed capital formation	264,728	309,592	355,090	409,597	456,771
Consumption of fixed capital	-123,575	-128,299	-136,587	-150,180	-167,353
Changes in inventories	-25,282	-18,383	-6,240	13,022	18,105
Net lending (+) / Net borrowing (-)	-41,646	-39,354	-87,653	-95,062	-202,893
Total	**74,225**	**123,556**	**124,610**	**177,378**	**104,631**
Discrepancy on GDP	-8,365	-2,409	-31,424	35,583	-109,162
Net lending (+) / Net borrowing (-)	32,579	84,201	36,957	82,316	-98,262
Gross savings	189,993	239,712	250,639	321,022	251,806
Gross savings as a ratio to GDP	13.4	14.8	13.7	15.5	11.1
Gross savings as a ratio to Disposable Income	12.6	13.7	12.8	14.4	10.3

* Provisional

Quarterly Gross Domestic Product

2.34. A summary of the revised economic performance on a quarterly basis is presented in Table 2.16. On average, all the quarters contribute equally to the annual gross domestic product. Agriculture declined in all the quarters of 2009 while Mining and Quarrying contracted in three of the quarters. Construction and Financial Intermediation, Fishing, Public Administration and Education are the only sectors that sustained positive growths in all the quarters. Most of the growth in 2009 came from the first quarter due to existence of political tranquility which was elusive during the same quarter of 2008. The third quarter was the worst performing on account of a peak in the 2009 drought.

Table 2.16: Gross Domestic Product by activity, 2001-2009

Constant 2001 Prices –KSh. Million

Year	Quarter	Agriculture and forestry	Fishing	Mining and quarrying	Manufacturing	Electricty and water	Construction	Wholesale and retail trade	Hotels and restaurants	Transport and communication	Financial intermediation
2001		277,591	6,532	4,915	99,775	19,671	31,829	93,528	11,864	92,932	42,124
2002		269,069	5,119	5,036	99,856	23,749	31,214	91,217	12,425	101,336	41,443
2003		276,087	4,765	5,213	105,820	27,074	31,530	92,602	9,899	104,915	42,064
2004		280,517	5,246	5,195	110,542	27,877	32,932	100,482	13,741	112,260	42,657
2005		299,798	5,751	5,335	115,698	27,862	35,401	106,095	15,572	122,317	45,030
2006		312,926	6,249	5,554	122,953	27,492	37,649	118,361	17,894	136,306	47,170
2007		320,423	6,181	6,272	130,673	30,002	40,405	131,754	20,814	156,845	50,306
2008		307,356	5,363	6,453	135,291	31,617	43,735	138,051	13,298	161,699	51,659
2009		299,449	5,759	6,179	138,003	30,631	49,893	140,096	18,993	172,097	54,043
2001	1	67,651	1,440	1,158	25,680	4,712	7,390	22,718	3,264	20,775	10,947
	2	60,318	1,830	1,301	25,040	4,701	8,927	21,424	2,453	22,933	10,677
	3	73,821	1,645	1,246	25,131	5,123	8,264	23,008	2,739	24,003	10,268
	4	75,801	1,617	1,210	23,925	5,136	7,247	26,377	3,409	25,220	10,231
2002	1	67,968	1,342	1,212	25,335	5,426	7,882	22,981	3,494	24,369	10,278
	2	57,657	985	1,275	24,828	5,999	8,098	22,218	2,618	25,895	10,234
	3	69,628	1,277	1,299	25,230	6,235	7,698	21,373	3,200	24,524	10,461
	4	73,816	1,516	1,250	24,464	6,089	7,536	24,644	3,114	26,548	10,471
2003	1	65,494	1,253	1,282	26,214	6,313	7,812	23,081	2,516	26,630	10,409
	2	58,961	928	1,359	25,875	6,694	8,389	21,238	2,064	23,322	10,364
	3	73,999	1,183	1,284	26,893	6,904	7,758	23,290	2,462	26,855	10,480
	4	77,633	1,401	1,287	26,839	7,163	7,570	24,993	2,857	28,107	10,810
2004	1	70,233	1,336	1,248	27,475	7,199	7,781	25,460	3,518	27,754	10,551
	2	59,042	1,186	1,331	26,911	7,057	8,519	22,622	2,694	25,587	10,559
	3	72,067	1,265	1,373	26,999	6,615	8,945	24,748	3,714	29,336	10,697
	4	79,176	1,458	1,243	29,157	7,006	7,687	27,652	3,816	29,583	10,851
2005	1	69,697	1,609	1,284	28,093	6,951	8,282	24,024	5,113	28,630	11,043
	2	64,209	1,053	1,284	28,919	6,903	8,506	25,184	3,034	28,139	11,158
	3	80,727	1,429	1,433	28,539	6,996	9,600	27,502	3,850	32,590	11,316
	4	85,165	1,660	1,334	30,147	7,011	9,013	29,385	3,575	32,958	11,513
2006	1	69,627	1,688	1,287	30,026	6,799	9,042	27,249	5,207	33,993	11,553
	2	67,544	1,120	1,327	30,237	6,813	8,992	28,661	3,383	33,270	11,780
	3	85,982	1,517	1,441	31,027	6,858	9,746	32,711	4,802	35,541	11,785
	4	89,772	1,925	1,499	31,663	7,022	9,869	29,741	4,503	33,502	12,051
2007	1	75,825	1,561	1,392	31,744	7,173	8,675	29,906	5,510	36,854	12,306
	2	68,856	1,080	1,568	32,637	7,615	9,950	31,997	4,712	38,747	12,568
	3	85,868	1,454	1,614	33,060	7,584	11,181	35,733	5,475	40,969	12,654
	4	89,874	2,086	1,699	33,233	7,630	10,599	34,118	5,116	40,275	12,778
2008	1	72,146	1,400	1,469	31,952	7,824	9,139	33,485	2,791	37,356	12,781
	2	69,055	976	1,683	33,992	7,963	11,358	33,368	2,687	39,394	13,095
	3	81,465	1,377	1,754	34,815	7,832	12,453	37,738	4,024	42,897	12,700
	4	84,690	1,610	1,548	34,532	7,998	10,785	33,460	3,796	42,052	13,083
2009	1	71,464	1,618	1,285	33,553	7,925	11,341	32,629	7,190	43,375	13,124
	2	67,021	1,058	1,600	33,846	8,080	12,617	32,175	3,985	38,419	13,268
	3	78,682	1,431	1,598	34,653	7,510	12,757	38,021	4,092	47,538	13,578
	4	82,282	1,652	1,697	35,950	7,116	13,178	37,271	3,727	42,764	14,072

Table 2.16 Contd. Constant 2001 Prices – KSh Million

Year	Quarter	Real estate, renting, business services	Public administration	Education	Other services	FISIM	All industries at basic prices	All industries excl. agriculture	Taxes on products	GDP at market prices	GDP, seasonally adjusted
2001		58,667	46,760	63,013	69,424	-11,772	906,853	629,262	113,148	1,020,002	
2002		60,452	46,731	64,748	71,453	-10,665	913,184	644,115	112,394	1,025,578	
2003		61,864	46,991	71,045	72,203	-10,315	941,757	665,670	113,894	1,055,651	
2004		63,740	47,062	72,435	74,854	-10,801	978,740	698,223	130,794	1,109,534	
2005		65,882	46,460	72,963	77,089	-11,261	1,029,991	730,193	145,143	1,175,133	
2006		68,447	45,722	73,152	80,053	-11,835	1,088,092	775,165	161,367	1,249,459	
2007		70,860	44,791	76,220	82,646	-12,174	1,156,019	835,595	180,855	1,336,874	
2008		73,503	45,080	80,732	85,204	-10,484	1,168,557	861,201	189,083	1,357,640	
2009		75,674	45,805	82,912	88,873	-12,762	1,195,645	896,196	197,187	1,392,832	
2001	1	14,521	11,798	15,784	17,124	-3,054	221,910	154,259	27,081	248,991	248,728
	2	14,643	11,676	15,689	17,279	-3,017	215,875	155,557	28,981	244,856	257,072
	3	14,872	11,629	15,706	17,433	-2,880	232,009	158,187	28,673	260,682	258,538
	4	14,630	11,657	15,834	17,588	-2,822	237,059	161,259	28,413	265,473	255,451
2002	1	14,493	11,679	16,050	17,742	-2,744	227,507	159,539	31,759	259,266	259,351
	2	15,025	11,672	16,086	17,853	-2,650	217,792	160,134	27,617	245,409	257,943
	3	15,462	11,679	16,205	17,918	-2,659	229,530	159,902	24,702	254,232	251,622
	4	15,472	11,701	16,407	17,940	-2,612	238,356	164,540	28,315	266,671	256,376
2003	1	15,353	11,733	17,715	17,939	-2,559	231,187	165,692	26,668	257,855	258,579
	2	15,952	11,752	17,769	17,975	-2,523	220,119	161,158	26,347	246,467	259,355
	3	14,964	11,757	17,788	18,069	-2,556	241,130	167,131	29,733	270,863	267,178
	4	15,594	11,749	17,773	18,221	-2,677	249,321	171,688	31,146	280,467	269,408
2004	1	15,693	11,744	18,111	18,465	-2,642	243,926	173,693	31,835	275,761	277,750
	2	16,403	11,767	18,053	18,650	-2,674	227,708	168,666	31,105	258,812	272,473
	3	15,566	11,777	18,080	18,806	-2,725	247,262	175,196	32,313	279,575	274,332
	4	16,077	11,774	18,192	18,933	-2,759	259,844	180,668	35,541	295,386	283,949
2005	1	16,059	11,627	18,220	19,052	-2,773	246,910	177,213	34,377	281,287	284,684
	2	16,695	11,593	18,235	19,183	-2,785	241,309	177,100	36,511	277,819	292,349
	3	16,639	11,615	18,249	19,338	-2,821	267,000	186,273	36,028	303,029	295,714
	4	16,489	11,626	18,260	19,516	-2,881	274,772	189,607	38,227	312,998	301,332
2006	1	16,888	11,618	18,304	19,747	-2,894	260,134	190,507	38,053	298,188	303,324
	2	16,889	11,541	18,243	19,934	-2,961	256,772	189,227	38,367	295,138	310,006
	3	16,744	11,392	18,259	20,107	-2,956	284,956	198,974	42,912	327,868	318,374
	4	17,925	11,171	18,345	20,265	-3,024	286,230	196,458	42,035	328,265	316,887
2007	1	17,092	11,205	19,162	20,447	-3,100	275,753	199,928	43,297	319,050	325,726
	2	17,783	11,386	18,938	20,594	-3,124	275,307	206,451	44,147	319,454	335,014
	3	18,296	11,261	18,942	20,735	-3,040	301,785	215,918	46,772	348,557	337,379
	4	17,689	10,938	19,177	20,870	-2,909	303,173	213,299	46,640	349,813	338,979
2008	1	17,418	11,095	20,115	20,998	-2,682	277,287	205,140	45,929	323,215	330,942
	2	19,941	11,354	20,253	21,171	-2,624	283,665	214,611	43,313	326,978	342,875
	3	19,439	11,326	20,252	21,387	-2,503	306,956	225,491	50,820	357,776	345,924
	4	16,706	11,305	20,112	21,648	-2,675	300,649	215,959	49,021	349,670	339,596
2009	1	18,971	11,260	20,835	21,952	-2,890	293,631	222,167	47,913	341,544	349,600
	2	22,409	11,456	20,503	22,180	-3,089	285,529	218,507	45,321	330,849	346,445
	3	18,149	11,520	20,563	22,332	-3,290	309,136	230,454	49,843	358,979	346,401
	4	16,146	11,568	21,011	22,408	-3,493	307,349	225,067	54,110	361,459	350,847

Table 2.17: Growth rates in Quarterly Gross domestic product by Activity

Percentage Changes at Constant Prices 2001

Year	Quarter	Agriculture and forestry	Fishing	Mining and quarrying	Manufacturing	Electricty and water	Construction	Wholesale and retail trade	Hotels and restaurants	Transport and communication	Financial intermediation
2001		10.5	-18.3	8.4	1.6	5.3	3.8	5.7	-3.4	13.8	-10.6
2002		-3.1	-21.6	2.5	0.1	20.7	-1.9	-2.5	4.7	9.0	-1.6
2003		2.6	-6.9	3.5	6.0	14.0	1.0	1.5	-20.3	3.5	1.5
2004		1.6	10.1	-0.4	4.5	3.0	4.4	8.5	38.8	7.0	1.4
2005		6.9	9.6	2.7	4.7	-0.1	7.5	5.6	13.3	9.0	5.6
2006		4.4	8.7	4.1	6.3	-1.3	6.3	11.6	14.9	11.4	4.8
2007		2.4	-1.1	12.9	6.3	9.1	7.3	11.3	16.3	15.1	6.6
2008		-4.1	-13.2	2.9	3.5	5.4	8.2	4.8	-36.1	3.1	2.7
2009		-2.6	7.4	-4.2	2.0	-3.1	14.1	1.5	42.8	6.4	4.6
2001	1	6.5	-36.5	9.0	2.5	-14.5	5.4	3.1	-4.2	14.9	-8.8
	2	11.4	3.8	10.6	5.1	-9.1	9.8	3.4	-2.3	21.6	-10.1
	3	15.3	-2.5	4.9	2.1	30.8	1.7	8.4	-3.1	11.5	-12.8
	4	9.1	-29.0	9.1	-3.1	25.8	-1.9	7.7	-3.6	8.8	-10.7
2002	1	0.5	-6.8	4.6	-1.3	15.2	6.7	1.2	7.0	17.3	-6.1
	2	-4.4	-46.2	-2.0	-0.8	27.6	-9.3	3.7	6.7	12.9	-4.2
	3	-5.7	-22.4	4.2	0.4	21.7	-6.9	-7.1	16.8	2.2	1.9
	4	-2.6	-6.2	3.3	2.3	18.6	4.0	-6.6	-8.6	5.3	2.3
2003	1	-3.6	-6.6	5.8	3.5	16.4	-0.9	0.4	-28.0	9.3	1.3
	2	2.3	-5.8	6.6	4.2	11.6	3.6	-4.4	-21.1	-9.9	1.3
	3	6.3	-7.4	-1.1	6.6	10.7	0.8	9.0	-23.1	9.5	0.2
	4	5.2	-7.6	2.9	9.7	17.6	0.5	1.4	-8.3	5.9	3.2
2004	1	7.2	6.7	-2.7	4.8	14.0	-0.4	10.3	39.8	4.2	1.4
	2	0.1	27.8	-2.1	4.0	5.4	1.5	6.5	30.5	9.7	1.9
	3	-2.6	7.0	6.9	0.4	-4.2	15.3	6.3	50.9	9.2	2.1
	4	2.0	4.1	-3.5	8.6	-2.2	1.5	10.6	33.6	5.2	0.4
2005	1	-0.8	20.4	2.9	2.3	-3.4	6.4	-5.6	45.3	3.2	4.7
	2	8.8	-11.3	-3.6	7.5	-2.2	-0.1	11.3	12.6	10.0	5.7
	3	12.0	12.9	4.4	5.7	5.8	7.3	11.1	3.7	11.1	5.8
	4	7.6	13.9	7.4	3.4	0.1	17.3	6.3	-6.3	11.4	6.1
2006	1	-0.1	4.9	0.2	6.9	-2.2	9.2	13.4	1.8	18.7	4.6
	2	5.2	6.4	3.3	4.6	-1.3	5.7	13.8	11.5	18.2	5.6
	3	6.5	6.2	0.6	8.7	-2.0	1.5	18.9	24.7	9.1	4.1
	4	5.4	15.9	12.4	5.0	0.2	9.5	1.2	25.9	1.7	4.7
2007	1	8.9	-7.5	8.2	5.7	5.5	-4.1	9.8	5.8	8.4	6.5
	2	1.9	-3.5	18.2	7.9	11.8	10.7	11.6	39.3	16.5	6.7
	3	-0.1	-4.1	12.0	6.6	10.6	14.7	9.2	14.0	15.3	7.4
	4	0.1	8.4	13.3	5.0	8.7	7.4	14.7	13.6	20.2	6.0
2008	1	-4.9	-10.3	5.5	0.7	9.1	5.4	12.0	-49.4	1.4	3.9
	2	0.3	-9.6	7.4	4.2	4.6	14.2	4.3	-43.0	1.7	4.2
	3	-5.1	-5.3	8.7	5.3	3.3	11.4	5.6	-26.5	4.7	0.4
	4	-5.8	-22.8	-8.9	3.9	4.8	1.8	-1.9	-25.8	4.4	2.4
2009	1	-0.9	15.5	-12.5	5.0	1.3	24.1	-2.6	157.6	16.1	2.7
	2	-2.9	8.4	-5.0	-0.4	1.5	11.1	-3.6	48.3	-2.5	1.3
	3	-3.4	4.0	-8.9	-0.5	-4.1	2.4	0.7	1.7	10.8	6.9
	4	-2.8	2.6	9.6	4.1	-11.0	22.2	11.4	-1.8	1.7	7.6

Table 2.17 Contd. Percentage changes at constant prices 2001

Year	Quarter	Real estate, renting, business services	Public administration	Education	Other services	FISIM	All industries at basic prices	All industries excl. agriculture	Taxes on products	GDP at market prices	GDP, seasonally adjusted
2001		2.8	-3.1	1.4	3.1	-5.7	5.1	2.8	-0.1	4.5	
2002		3.0	-0.1	2.8	2.9	-9.4	0.7	2.4	-0.7	0.5	
2003		2.3	0.6	9.7	1.0	-3.3	3.1	3.3	1.3	2.9	
2004		3.0	0.2	2.0	3.7	4.7	3.9	4.9	14.8	5.1	
2005		3.4	-1.3	0.7	3.0	4.3	5.2	4.6	11.0	5.9	
2006		3.9	-1.6	0.3	3.8	5.1	5.6	6.2	11.2	6.3	
2007		3.5	-2.0	4.2	3.2	2.9	6.2	7.8	12.1	7.0	
2008		3.7	0.6	5.9	3.1	-13.9	1.1	3.1	4.5	1.6	
2009		3.0	1.6	2.7	4.3	21.7	2.3	4.1	4.3	2.6	
2001	1	3.6	-2.5	1.2	2.3	-2.2	3.1	1.6	-5.6	2.1	0.4
	2	2.1	-3.7	0.8	3.0	-3.0	5.9	3.9	9.2	6.3	3.4
	3	4.1	-3.6	1.2	3.4	-8.1	7.2	3.7	1.4	6.5	0.6
	4	1.3	-2.4	2.3	3.6	-9.4	4.2	2.1	-4.5	3.2	-1.2
2002	1	-0.2	-1.0	1.7	3.6	-10.2	2.5	3.4	17.3	4.1	1.5
	2	2.6	0.0	2.5	3.3	-12.2	0.9	2.9	-4.7	0.2	-0.5
	3	4.0	0.4	3.2	2.8	-7.7	-1.1	1.1	-13.9	-2.5	-2.5
	4	5.8	0.4	3.6	2.0	-7.4	0.5	2.0	-0.3	0.5	1.9
2003	1	5.9	0.5	10.4	1.1	-6.7	1.6	3.9	-16.0	-0.5	0.9
	2	6.2	0.7	10.5	0.7	-4.8	1.1	0.6	-4.6	0.4	0.3
	3	-3.2	0.7	9.8	0.8	-3.9	5.1	4.5	20.4	6.5	3.0
	4	0.8	0.4	8.3	1.6	2.5	4.6	4.3	10.0	5.2	0.8
2004	1	2.2	0.1	2.2	2.9	3.3	5.5	4.8	19.4	6.9	3.1
	2	2.8	0.1	1.6	3.8	6.0	3.4	4.7	18.1	5.0	-1.9
	3	4.0	0.2	1.6	4.1	6.6	2.5	4.8	8.7	3.2	0.7
	4	3.1	0.2	2.4	3.9	3.1	4.2	5.2	14.1	5.3	3.5
2005	1	2.3	-1.0	0.6	3.2	5.0	1.2	2.0	8.0	2.0	0.3
	2	1.8	-1.5	1.0	2.9	4.1	6.0	5.0	17.4	7.3	2.7
	3	6.9	-1.4	0.9	2.8	3.5	8.0	6.3	11.5	8.4	1.2
	4	2.6	-1.3	0.4	3.1	4.4	5.7	4.9	7.6	6.0	1.9
2006	1	5.2	-0.1	0.5	3.7	4.3	5.4	7.5	10.7	6.0	0.7
	2	1.2	-0.4	0.0	3.9	6.3	6.4	6.8	5.1	6.2	2.2
	3	0.6	-1.9	0.1	4.0	4.8	6.7	6.8	19.1	8.2	2.7
	4	8.7	-3.9	0.5	3.8	5.0	4.2	3.6	10.0	4.9	-0.5
2007	1	1.2	-3.5	4.7	3.5	7.1	6.0	4.9	13.8	7.0	2.8
	2	5.3	-1.3	3.8	3.3	5.5	7.2	9.1	15.1	8.2	2.9
	3	9.3	-1.1	3.7	3.1	2.9	5.9	8.5	9.0	6.3	0.7
	4	-1.3	-2.1	4.5	3.0	-3.8	5.9	8.6	11.0	6.6	0.5
2008	1	1.9	-1.0	5.0	2.7	-13.5	0.6	2.6	6.1	1.3	-2.4
	2	12.1	-0.3	6.9	2.8	-16.0	3.0	4.0	-1.9	2.4	3.6
	3	6.2	0.6	6.9	3.1	-17.7	1.7	4.4	8.7	2.6	0.9
	4	-5.6	3.4	4.9	3.7	-8.0	-0.8	1.2	5.1	0.0	-1.8
2009	1	8.9	1.5	3.6	4.5	7.8	5.9	8.3	4.3	5.7	2.9
	2	12.4	0.9	1.2	4.8	17.8	0.7	1.8	4.6	1.2	-0.9
	3	-6.6	1.7	1.5	4.4	31.4	0.7	2.2	-1.9	0.3	0.0
	4	-3.4	2.3	4.5	3.5	30.5	2.2	4.2	10.4	3.4	1.3

Chapter 3
Social Scene

Overview

The Government's commitment to invest in social services to improve the welfare of the population has been consistent in the past years. The total social sector expenditure increased by 19.8 per cent from KSh 197,537.4 million in 2008/09 to KSh 236,578.7 million in 2009/10. The Ministry of Gender, Children and Social Development recorded the highest increase in expenditure of 82.3 per cent followed by the Ministries of Labour and Health recording 42.4 per cent and 38.4 per cent respectively. The total development expenditure under the social sector went up by 68.1 per cent from KSh 27,140.4 million in 2008/09 to KSh 45,631.6 million in 2009/10.

3.2. The number of educational institutions increased from 71,753 in 2008 to 73,089 in 2009. Pre-primary institutions increased from 37,954 in 2008 to 38,247 in 2009. In 2009, the number of primary schools was 26,667 of which 18,543 were public schools and 8,124 private schools. Secondary schools increased by 6.2 per cent from 6,566 in 2008 to 6,971 in 2009. Pre-primary enrolment went up by 11.8 per cent from 1.7 million in 2008 to 1.9 million in 2009. Enrolment in primary education for both public and private schools rose by 2.3 per cent from 8.6 million in 2008 to 8.8 million in 2009. The institutions offering complementary primary education known as Non Formal Schools (NFS) and Non Formal Education (NFE) centers recorded an increase in enrolment from 161,231 in 2008 to 163,340 in 2009 with majority enrolled in Nairobi slum areas and the Arid and Semi Arid Land (ASAL) districts. The total enrolment in secondary schools increased by 9.1 per cent from 1,382,211 in 2008 to 1,507,546 in 2009. Over the last five years, there has been tremendous increase in post secondary education enrolment. Technical and university education enrolment rose from 162,828 in 2005 to 249,928 in 2009. Enrolment in public universities increased from 100,684 to 142,556 students in 2008/09 and 2009/10 academic years respectively. Enrolment in the adult education centres increased by 38.8 per cent between 2008 and 2009, while 13,161 adult learners passed literacy proficiency test in 2009.

3.3. Registration of births and deaths indicated a mixed performance from 2006 to 2009. To raise registration coverage rates, the Government has directed its sensitization efforts in arid and semi arid lands that have low registration while less emphasis has been placed on major urban centers in the country. The number of health facilities increased significantly by 8.2 per cent during the period under review. This development is attributed to continued funding through the Constituency Development Fund (CDF). The number of registered medical personnel increased by 4.7 per cent whereas the number of personnel undergoing training decreased by 17.1 per cent in 2009.

3.4. Cash transfer for Orphans and Vulnerable Children (OVC) was started in 2004, in response to the strong need to protect and assist the highly vulnerable children. In order to cater for the old people, the government increased the allocated fund for social protection for older persons by over half a billion in 2009/10. The direct cash disbursement under social protection for older persons and OVC increased significantly from KSh 549.6 million in 2008/09 to KSh 1,118.8 million in 2009/10.

Social Sector Expenditure

3.5. Table 3.1 shows Central Government expenditure on social sector services over the last five years. Total social sector expenditure increased by 19.8 per cent from KSh 197,537.4 million in 2008/09 to KSh 236,578.7 million in 2009/10. During this period, the Ministry of Gender, Children and Social Development recorded the highest increase of 54.4 per cent in recurrent expenditure followed by the Ministry of Youth Affairs and Sports at 35.1 per cent. The education sector expenditure under the Ministries of education recorded the highest combined share of recurrent expenditure of 73.8 per cent while Ministries of health recorded a share of 16.0 per cent. This indicates the government's commitment on improved financing of the social sector towards meeting the Millennium Development Goals (MDGs) on health and education.

3.6. The total development expenditure of the social sector increased significantly by 68.1 per cent from KSh 27,140.4 million in 2008/09 to KSh 45,631.6 million in 2009/10. Development expenditure in the Ministries of health increased almost threefold while that for Ministries of Labour and Gender, Children and Social Development more than doubled. The budget increase in the Ministries of health was mainly towards improvement of health infrastructure to promote preventive and curative services in the sector. The Ministry of Education development budget increased substantially from KSh 9,021.1 million in 2008/09 to KSh 13,049.2 million in 2009/10, an increase of 44.7 per cent. Similarly the Ministry of Higher Education, Science and Technology recorded an increase of 9.6 per cent of its development expenditure in 2009/10. The Ministry of Youth Affairs and Sports recorded an increase in development expenditure by 32.4 per cent reflecting a commitment towards sustaining the Youth enterprise fund.

Table 3.1: Central Government Expenditure on Social Services, 2005/2006 - 2009/2010

KSh Million

	2005/2006	2006/2007	2007/2008	2008/2009*	2009/201+
RECURRENT EXPENDITURE-					
Ministry of Education	74,609.46	93,296.10	95,745.67	105,734.52	116,877.71
Ministry of Higher Education, Science and Technology[1].. ..	13,748.06	16,901.61	15,919.78	20,356.20	24,063.63
Ministry of Health[2]..	19,000.00	22,324.00	23,766.40	27,689.40	30,500.31
Ministry of Labour	891.00	910.24	932.57	999.55	1,194.82
Office of the Vice President and Ministry of Home Affairs	2,000.00	2,234.25	6,481.64	9,522.51	10,021.45
Ministry of Gender, Children and Social Development	-	-	1,069.50	1,640.16	2,532.00
Ministry of State for National Heritage and Culture	-	-	1,421.31	1,496.38	1,761.42
Minsitry of Youth Affairs and Sports..	-	-	3,168.47	2,958.31	3,995.76
TOTAL	110,248.52	135,666.20	148,505.35	170,397.05	190,947.10
DEVELOPMENT EXPENDITURE-					
Ministry of Education	3,330.14	7,835.62	9,094.92	9,021.13	13,049.24
Ministry of Higher Education, Science and Technology[1].. ..	672.70	733.50	2,108.93	4,767.00	5,223.73
Ministry of Health[2]..	9,943.17	9,832.24	5,430.25	6,947.13	17,435.19
Ministry of Labour	194.00	201.12	347.79	399.71	797.92
Office of the Vice President and Ministry of Home Affairs	2,307.30	2,410.34	1,071.13	1,139.00	1,496.00
Ministry of Gender, Children and Social Development	-	-	1,236.76	1,421.42	3,049.36
Ministry of State for National Heritage and Culture	-	-	420.23	331.56	458.30
Minsitry of Youth Affairs and Sports..	-	-	1,569.85	3,113.41	4,121.82
TOTAL	16,447.32	21,012.82	21,279.85	27,140.37	45,631.56
TOTAL EXPENDITURE	126,695.84	156,679.02	169,785.20	197,537.41	236,578.66

Source: Ministry of Finance

* Provisional.

\+ Revised budget estimates

[1] Expenditure on Youth polytechnics is within the Ministry of Youth Affairs and Sports .

[2] Expenditure is for both Ministry of Medical Services and Ministry of Public Health and Sanitation

3.7. Table 3.2 illustrates the budgetary provision to Local Authorities for implementation of social sector services for the last five years. Local Government expenditure estimate on social services rose by 14.2 per cent from KSh 3, 401.8 million in 2008/09 to KSh 3,885.9 million in 2009/10. Expenditure on education increased by 17.7 per cent from KSh 1,125.6 million in 2008/09 to KSh 1,325.0 million in 2009/10. The expenditure on health and other social services also increased significantly by 14.0 and 10.0 per cent, respectively.

Table 3.2: Local Government Expenditure on Social Services[1], 2005/2006- 2009/2010

KSh million

	2005/2006	2006/2007	2007/2008	2008/2009*	2009/2010+
Education	685.66	981.20	1,061.83	1,125.64	1,324.98
Health	1,105.64	1,314.98	1,481.88	1,428.70	1,628.73
Other Social Services	362.63	474.18	597.49	847.47	932.22
TOTAL EXPENDITURE	2,153.93	2,770.36	3,141.20	3,401.81	3,885.93

* Provisional.

+Revised budget estimates.

[1] Revised

Education

3.8. The expenditure for the Ministries of education and that of Youth polytechnics from Ministry of Youth Affairs and Sports are presented in Table 3.3. The gross total expenditure increased by 13.8 per cent from KSh 139,878.9 million in the 2008/09 to KSh 159,214.3 million in 2009/10. The recurrent budget for general administration and planning under the Ministry of Education that includes salaries for both Teachers Service Commission (TSC) and Ministry of Education (MoE) personnel increased by 11.8 per cent from KSh 81,841.7 million in 2008/09 to KSh 91,520.2 million in 2009/10. During the period under review, the budget for secondary education recorded an increase of 5.2 per cent compared to an increase of 16.2 per cent for primary education. This shows Government's commitment in the implementation of Free Tuition Secondary Education (FTSE) and Free Primary Education (FPE). However, there was a major decline in recurrent expenditure on special education by 82.8 per cent from KSh 506.7 million in 2008/09 to KSh 87.2 million in 2009/10. Under the Ministry of Higher Education, Science and Technology, the budget for university education increased by 34.1 per cent from KSh 12,899.8 million in 2008/09 to KSh 17,300.7 million in 2009/10. The budget estimate for university education does not include revenue generated from module II/parallel degree programmes. Expenditure for technical education declined by 25.2 per cent from KSh 3,815.3 million to KSh 2,853.4 million in 2008/09 and 2009/10 respectively mainly due to elevation of two national polytechnics to university college status.

3.9. Total development expenditure estimate for the Ministries of education rose by 32.5 per cent from KSh 13,788.1 million in the 2008/09 to KSh 18,273.0 million in 2009/10. The Ministry of Education development budget under general administration increased from KSh 626.6 million to KSh 9,987.8 million over the same period due to the inclusion of the economic stimulus package for financing education projects. During the period under review, the budget more than doubled for adult education and pre-primary education. However, primary education development expenditure declined significantly by 74.7 per cent from KSh 7,284.7 million in 2008/09 to KSh 1,844.2 million in the 2009/10 due to withholding of funding by Development Partners under the Kenya Education Sector Support Programme (KESSP). Development expenditure in teacher education also declined by 72.2 per cent. Under the Ministry of Higher Education, Science and Technology, development budget estimates for technical education declined from KSh 1,412.0 in 2008/09 to KSh 1,104.8 million in 2009/10, a decline of 21.8 per cent. On the other hand, university education development expenditure increased by 32.3 percent from KSh 1,967.0 million in 2008/09 to KSh 2,602.9 million in 2009/10. As part of Technical, Industrial, Vocational and Educational Training (TIVET) education, youth polytechnics recorded an increase in development budget by 6.7 per cent from KSh 1,383.0 million in 2008/09 to KSh 1,476.1 million in 2009/10. This can be attributed to continued Government funding of model youth polytechnics in all constituencies.

Table 3.3: Expenditure for the Ministries of Education, 2005/2006 - 2009/2010

KSh million

	2005/2006	2006/2007	2007/2008	2008/2009*	2009/2010+
RECURRENT EXPENDITURE-					
Ministry of Education					
General Administration and Planning[1]	64,139.30	71,277.05	78,338.92	81,841.73	91,520.23
Pre-Primary Education	57	28.73	28.90	182.43	198.24
Primary Education	7,148.60	6,581.80	7,871.04	7,298.79	8,480.48
Secondary Education	2,893.70	14,322.91	8,009.71	14,622.35	15,380.43
Special Education	193.14	450.36	441.07	506.33	87.18
Teacher Education	177.72	206.71	187.69	210.63	210.00
Adult Education	-	40.00	554.01	739.79	613.59
Quality assurance and standards	-	147.40	149.37	171.07	209.63
Policy and planning	-	241.14	164.96	161.40	177.93
Sub Total	**74,609.46**	**93,296.10**	**95,745.67**	**105,734.52**	**116,877.71**
Ministry of Higher Education, Science and Technology					
General administration and planning+	-	305.00	392.00	613.30	723.71
Technical Education....	1,291.10	2,625.00	2,607.03	3,815.30	2,853.42
National Council for Science and Technolog	571.72	118.00	111.80	129.20	185.19
University education	11,885.24	14,158.61	10,941.50	12,899.80	17,300.67
Higher Education support services	-	-	1,484.13	2,239.30	2,402.35
Youth Polytechnics and Training[2]	-	-	775.33	1,272.60	1,322.00
Sub Total	**13,748.06**	**16,901.61**	**15,919.78**	**20,356.20**	**24,063.63**
TOTAL	**88,357.52**	**110,197.71**	**111,665.45**	**126,090.72**	**140,941.35**
DEVELOPMENT EXPENDITURE-					
Ministry of Education					
General Administration and Planning	1,705.04	390.00	471.84	626.59	9,987.79
Pre-Primary Education	-	-	-	23.46	50.08
Primary Education	1,311.60	5,541.82	5,453.51	7,284.67	1,844.24
Secondary Education	170	844.80	165.00	750.19	823.76
Special Education	-	-	-	-	-
Teacher Education	143.50	50.00	19.00	180.00	50.00
Adult Education	-	-	-	5.77	20.00
Quality assurance and standards	-	-	-	-	138.88
Policy and planning		1,009.00	2,985.56	150.45	134.49
Sub Total	**3,330.14**	**7,835.62**	**9,094.92**	**9,021.13**	**13,049.24**
Ministry of Higher Education, Science and Technology					
General Administration and Planning	-	-	-	-	-
Technical Education....	185.00	72.00	284.00	1,412.00	1,104.77
National Council for Science and Technolog	-	-	-	5.00	40.00
University education	487.70	661.50	693.00	1,967.00	2,602.90
Higher Education support services	-	-	-	-	-
Youth Polytechnics and Training[2]	-	-	1,131.93	1,383.00	1,476.06
Sub Total	**672.70**	**733.50**	**2,108.93**	**4,767.00**	**5,223.73**
TOTAL	**4,002.84**	**8,569.12**	**11,203.85**	**13,788.13**	**18,272.97**
GROSS TOTAL EXPENDITURE	**92,360.36**	**118,766.83**	**122,869.30**	**139,878.86**	**159,214.31**

Provisional.

+ Budget Estimates including supplementaries.

1 Inlcudes salaries for teachers and all other education personnel

2 Expenditure is within the Ministry of Youth Affairs and Sports .

3.10. **Number of Educational Institutions**: Table 3.4 indicates the trend in the total number of educational institutions in the country between 2005 and 2009. The number of educational institutions rose from 71,753 units in 2008 to 73,0891 units in 2009. Number of Pre-primary institutions increased from 37,954 units in 2008 to 38,247 units in 2009, mainly from the private sector. Both the public and private sector financing realized new schools and hence the total number of primary schools increased by 1.8 per cent to 26,667 in 2009. In 2009, there were 18,543 public schools and 8,124 private schools. Also, the total number of secondary schools in the country rose from 6,566 in 2008 to 6,971 in 2009, representing an increase of 6.2 per cent. The number of primary teacher training colleges increased from 30 in 2005 to 105 in 2009 as a result of enhanced private sector education investments. In 2009, the number of public universities stood at 7 as compared to 24 private universities. The private universities constitute 11 Chartered, 4 Registered and 9 with letters of interim authority. In the year under review, the total number of youth polytechnics increased by 100 increasing the TIVET institutions to 805.

Table 3.4: Number of Educational Institutions, 2005 - 2009

Number

Category	2005	2006	2007	2008	2009*
Schools:					
Pre-Primary					
Public	22,479	22,796	23,100	23,783	23,823
Private	9,564	10,325	14,163	14,171	14,424
**Total .. ..

provision and teacher support was not implemented. The Pupil Teacher Ratio in ECD was estimated at 21: 1 in 2009 compared to 22: 1 in 2008.

Table 3.5: Pupil Enrolment and Teacher Numbers in Early Childhood Development Centres, 2005 - 2009

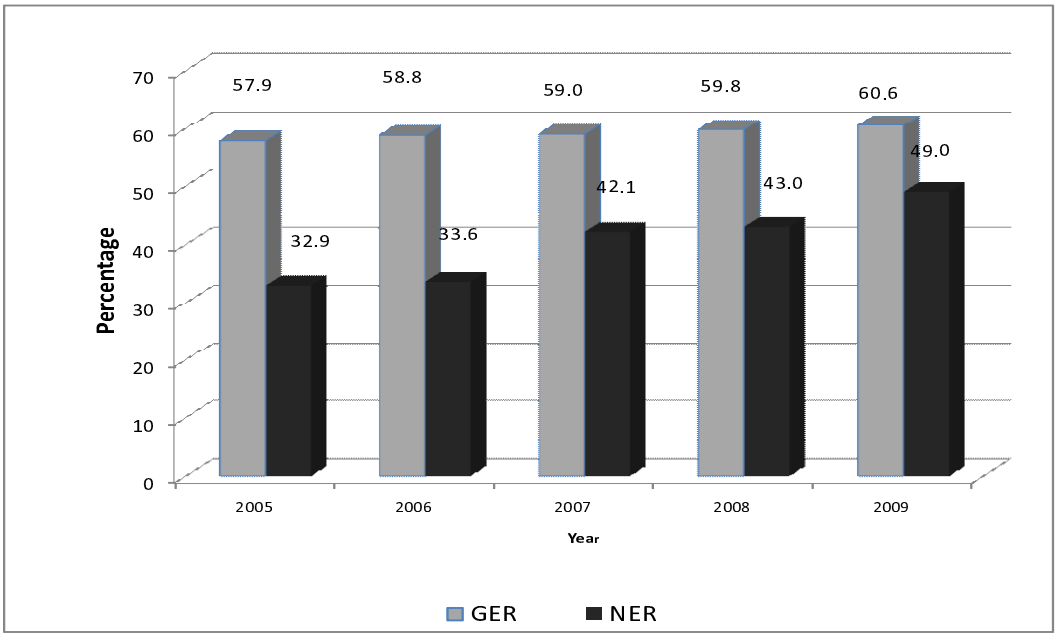
Number

	2005	2006	2007	2008	2009*
Enrolment					
Boys	830,828	866,445	876,163	885,320	967,544
Girls	812,347	805,891	814,930	834,925	946,678
TOTAL	**1,643,175**	**1,672,336**	**1,691,093**	**1,720,245**	**1,914,222**
Trained Teachers	50,972	52,600	54,177	57,976	71,580
Male	4,930	5,176	5,331	5,965	10,346
Female	46,043	47,424	48,846	52,011	61,234
Untrained Teachers	**21,210**	**21,928**	**22,147**	**20,254**	**21,375**
Male	4,109	4,314	4,357	4,124	5,345
Female	17,101	17,614	17,790	16,130	16,030
TOTAL TEACHERS	**72,182**	**74,529**	**76,324**	**78,230**	**92,955**

Source: Ministry of Education

* Provisional

Figure 3.1: Pre-primary GER and NER, 2004-2009



3.12. **Primary Education:** Data on primary school enrolment by standard and sex for the period 2005-2009 is presented in Table 3.6. The year under review marked the seventh year of implementation of Free Primary Education (FPE) with support from Development partners under the Kenya Education Sector Programme. In order to enhance access, more funds were injected into the primary school infrastructure by the Ministry of Education, Constituency Development Fund, Local Authority Transfer Fund and community contribution. The outcome is a rise in classroom capacity in primary schools from 209,000 classrooms in 2008 to 220,000 classrooms in 2009, an increase of 5.3 per cent. The enrolment rose further by 2.3 per cent from 8.6 million pupils in 2008 to 8.8 million in 2009 in primary education for both public and private schools. Figure 3.2 indicates that enrolment in NFE institutions increased

from 143,409 in 2008 to 163,340 in 2009 with majority enrolled in Nairobi slum areas and the ASAL districts. In 2009, there were 1,345 Non formal schools, a majority teaching the formal primary school curriculum and only a third offering NFE learning curriculum.

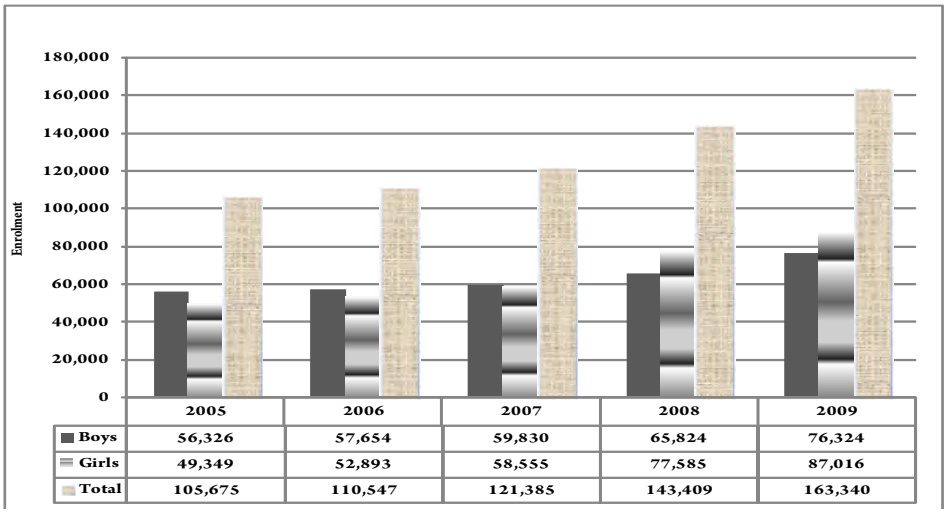
Table 3.6: Primary School Enrolment by Standard and Sex, 2005 – 2009

'000

	2005		2006		2007		2008		2009*	
Class	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls
Standard 1	620.4	585.8	593.2	568.1	638.9	604.2	663.9	652.2	670.9	655.7
Standard 2	575.8	551.6	555.1	534.8	622.4	593.9	632.7	595.8	651.8	638.1
Standard 3	549.2	517.5	542.5	519.7	603.7	584.6	596.4	584.2	624.8	588.2
Standard 4	493.7	469.9	531.8	508.7	572.8	541.0	591.4	580.0	586.4	563.3
Standard 5	449.1	410.8	456.7	442.1	492.0	470.2	543.0	539.0	577.4	558.6
Standard 6	429.3	413.6	430.8	417.9	464.0	444.4	510.1	469.4	523.6	511.5
Standard 7	443.0	430.0	453.0	442.0	487.9	470.1	458.2	445.7	497.5	456.6
Standard 8	342.1	309.6	333.5	302.3	379.2	360.8	366.8	335.1	377.1	350.0
TOTAL ..	3,902.7	3,688.8	3,896.6	3,735.6	4,261.0	4,069.2	4,362.5	4,201.3	4,509.4	4,322.0
GRAND TOTAL	7,591.5		7,632.2		8,330.2		8,563.8		8,831.4	

* Provisional
Source : Ministry of Education

Figure 3.2 Non Formal Schools Enrolment, 2004-2005



3.13. As illustrated in Figure 3.3, Gross enrolment Rate (GER[1]) increased from 109.8 per cent in 2008 to 110.0 per cent in 2009 while Net Enrolment Rate (NER[2]) rose marginally from 92.5 per cent to 92.9 per cent over the same period. In terms of gender, the Gross Enrolment Rate (GER) for boys and girls in 2008 was 112.2 per cent and 107.8 per cent respectively as compared to 112.8 percent for boys and 107.2 percent for girls in 2009. The improvement in NER demonstrates that the country is likely to achieve the MDG target for universal primary education by 2015 despite regional disparities. The number of Kenya Certificate of Primary Education (KCPE) candidates rose from 701,900 in 2008 to 727,045 in 2009, an increase of 3.6 per cent. The primary to secondary schools transition rate increased from 59.9 per cent in 2008 to 64.1 per cent in 2009. Analysis of Figure 3.3 indicates that Primary school Completion

1 GER is total enrolment regardless of age in a given level, expressed as a percentage of eligible official school age population (6-13 yrs)

2 NER is enrolment of official age group in a given level expressed as a percentage of eligible official school age population (6-13 yrs)

Rate (PCR[3]) improved from 79.8 per cent in 2008 to 83.2 per cent in 2009, indicating reduction of wastage in the education system. The Value for Money Audit revealed that majority of the schools had attained an average textbook pupil ratio of 1:2 in 2009 as compared to 1:3 recorded in 2008. In order to streamline grants for provision of teaching and learning materials based on targeting, the Ministry is to implement the findings of the Value for Money Audit report for effective disbursement to all public primary schools.

Figure 3.3: Primary schools Gross Enrolment Rate (GER) and Net Enrolment Rate(NER), 2005-2009

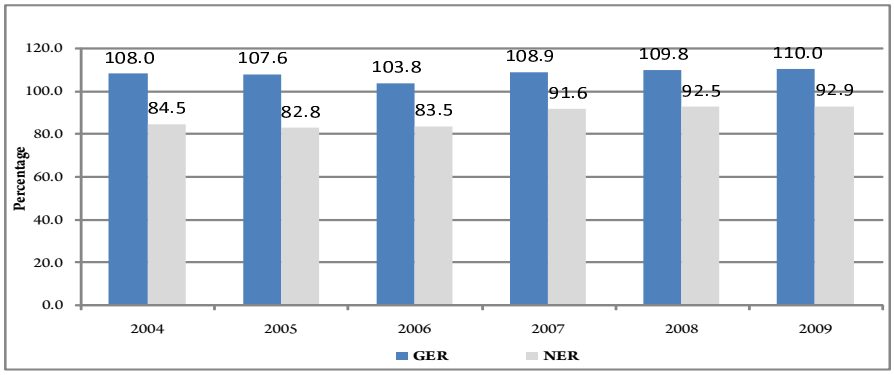
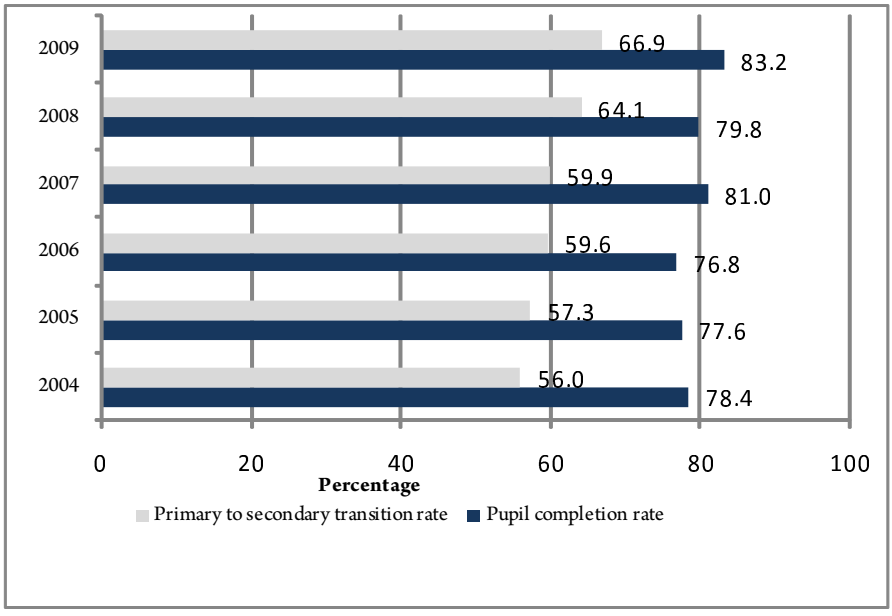


Figure 3.4: Primary to secondary transition rate and Pupil completion rate (PCR), 2005-2009



3 PCR is the total number of pupils graduating at a given level expressed as a percentage of eligible school age population (13 years)

3.14. **Primary Teachers:** The number of public primary school teachers in the country by qualification and sex for the years 2005 to 2009 is shown in Table 3.7. The total number of teachers increased slightly from 170,059 in 2008 to 171,301 in 2009 mostly attributed to the recruited teachers in 2008 who reported on duty at the beginning of 2009. Male teachers constituted 53.9 per cent of the total primary teacher population in 2009. There were a total of 8,372 teachers who were either on study leave and others on disciplinary cases while 6,063 were performing non teaching duties. Majority of the teachers had P1 qualification constituting 58.0 per cent followed by Approved Teachers at 25.6 per cent within the scheme of service for primary school teachers. Public schools Pupil Teacher Ratio rose marginally from 44:1 in 2008 to 45:1 in 2009.

Table 3.7: Number of Public Primary Schools Teachers by Qualification and Sex[1], 2005 - 2009

Number

	2005			2006			2007			2008			2009*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
TRAINED															
Graduate	510	380	890	584	436	1,020	608	470	1,078	658	490	1,148	801	708	1,509
Approved	25,755	21,447	47,202	22,302	18,572	40,874	23,033	20,135	43,168	22,003	21,010	43,013	22,404	21,403	43,807
S1/Diploma	4,338	4,475	8,813	6,786	7,001	13,787	7,060	7,527	14,587	7,054	7,456	14,510	7,133	7,486	14,619
P1	53,985	41,716	95,701	52,616	40,659	93,275	54,741	44,250	98,991	55,241	44,160	99,401	55,235	44,146	99,381
P2	8,688	6,477	15,165	6,541	4,877	11,418	6,805	5,213	12,018	6,802	5,185	11,987	6,801	5,184	11,985
P3	821	972	1,793	778	920	1,698	809	992	1,801	-	-	-	-	-	-
TOTAL	94,097	75,467	169,564	89,607	72,465	162,072	93,056	78,587	171,643	91,758	78,301	170,059	92,374	78,927	171,301
UNTRAINED															
K.C.E./K.C.S.E	538	184	722	338	115	453	568	120	688	-	-	-	-	-	-
K. J. S. E	67	34	101	42	21	63	84	29	113	-	-	-	-	-	-
C. P. E./ Others	405	241	646	254	151	405	556	157	713	-	-	-	-	-	-
TOTAL	1,010	459	1,469	634	287	921	1,208	306	1,514	-	-	-	-	-	-
GRAND TOTA	95,107	75,926	171,033	90,241	72,752	162,993	94,264	78,893	173,157	91,758	78,301	170,059	92,374	78,927	171,301

Source : Ministry of Education

* Provisional

[1]Data exclusively for public schools and does not include teachers on study leave, disciplinary cases and those performing non-teaching duties.

3.15. **Secondary Education:** The Government continued with implementation of the Free Secondary Tuition Education which started in 2008 and whose goal is to enhance access to secondary education. The Government, the African Development Bank and the local communities contributed funds towards infrastructure support that realized increase in number of classrooms from 45,345 in 2008 to 47,567 in 2009. The support for infrastructural development increased the number of Form 1 places and hence a rise in primary to secondary schools transition rate from 64.1 per cent in 2008 to 66.9 per cent in 2009. Table 3.8 presents data on secondary school enrolment for the years 2005 to 2009. The total enrolment increased by 9.1 per cent from 1,382,211 students in 2008 to 1,507,546 students in 2009. The GER increased from 42.5 per cent in 2008 to 45.3 per cent in 2009 as shown in Figure 3.5. The Net Enrolment Rate rose from 28.9 per cent in 2008 to 35.8 per cent in 2009. The number of KCSE candidates increased by 13.5 per cent from 297,301 in 2008 to 337,310 in 2009 of whom 182,764 were boys and 154,546 were girls.

Table 3.8: Enrolment in Secondary Schools by Form and Sex, 2005 - 2009

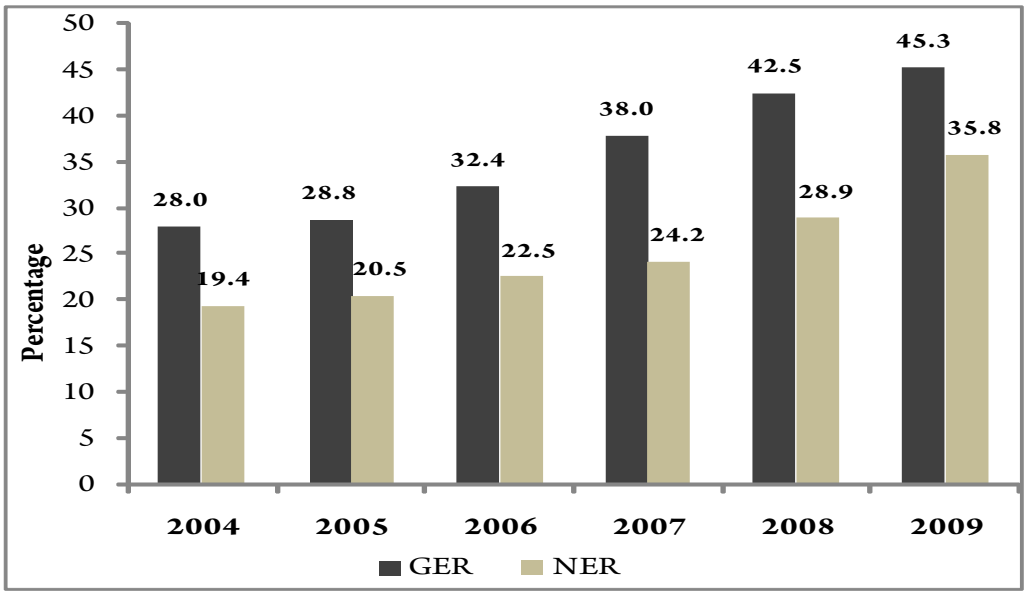
Number

Form	2005		2006		2007		2008		2009*	
	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls
Form 1	139,469	124,384	161,588	137,873	170,650	143,045	207,212	180,461	232,854	212,467
Form 2	122,867	109,471	132,015	119,077	173,165	149,840	196,500	163,164	202,045	175,098
Form 3	120,912	107,770	120,978	115,443	157,572	134,793	181,775	155,798	190,987	156,785
Form 4	110,909	98,367	131,491	111,615	137,304	113,899	161,026	136,275	182,764	154,546
TOTAL	494,157	439,992	546,072	484,008	638,690	541,577	746,513	635,698	808,650	698,896
GRAND TOTAL	934,149		1,030,080		1,180,267		1,382,211		1,507,546	

Source : Ministry of Education

* Provisional.

Figure 3.5: Secondary Schools Gross Enrolment (GER) and Net Enrolment Rate (NER), 2005-2009



3.16. **Secondary School Teachers**: The number of public secondary school teachers by qualification and sex between 2005 and 2009 is shown in Table 3.9. The total number of public secondary school teachers increased by 11.8 per cent from 43,016 in 2008 to 48,087 in 2009. The increase is attributed to the teachers recruited in 2008 and reported on duty at the beginning of 2009. There was no recruitment of secondary school teachers in 2009 due to the court case involving the Ministry and the teachers' union. Over 99 per cent of the all the teachers in public secondary schools are trained. In 2009 the total number of male teachers was 29,901 as compared to 18,186 female teachers. The Pupils Teacher ratio ratio in public secondary schools rose from 28:1 in 2008 to 30: 1 in 2009. The number of teachers either on study leave and those in disciplinary cases were 4,472 in 2009.

Table 3.9: Number of Public Secondary Schools Teachers by Qualification and Sex1, 2005 - 2009

Number

	2005			2006			2007			2008			2009*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
TRAINED															
Graduate	19,734	10,629	30,363	21,565	11,934	33,499	22,431	12,572	35,003	22,131	12,502	34,633	24,009	15,501	39,510
Approved	8,415	4,425	12,840	5,225	2,747	7,972	5,435	2,894	8,329	5,135	2,397	7,532	5,329	2,397	7,726
S1/Diploma	1,541	1,035	2,576	101	68	169	105	72	177	85	65	150	95	74	169
TECHNICAL	449	208	657	371	172	543	386	181	567	365	187	552	361	192	553
TOTAL	30,139	16,297	46,436	27,262	14,921	42,183	28,357	15,719	44,076	27,716	15,151	42,867	29,794	18,164	47,958
UNTRAINED															
Graduate	606	85	691	133	19	152	138	20	158	87	15	102	76	11	87
Dip/Technical	212	96	308	47	21	68	49	22	71	35	12	47	31	11	42
TOTAL	818	181	999	180	40	220	187	42	229	122	27	149	107	22	129
GRAND TOTAL	30,957	16,478	47,435	27,442	14,961	42,403	28,544	15,761	44,305	27,838	15,178	43,016	29,901	18,186	48,087

Source : Ministry of Education

* Provisional

[1]Public schools data and excludes teachers on study leave, disciplinary cases and those performing non-teaching duties

3.17. **Teacher Training Institutions:** Teacher trainees enrolment by year and gender for the period 2005 to 2009 is presented in Table 3.10. Total teacher trainee enrolment in primary teacher training colleges increased by 8.7 per cent from 24,228 in 2008 to 26,324 in 2009. This is mainly attributed to the increased private sector investment in teacher training colleges. Enrolment in diploma teacher training colleges increased by 10.7 per cent from 1,809 trainees in 2008 to 2,002 trainees in 2009. In 2009, the proportion of female enrolment in P1 and Diploma colleges was 51.3 per cent and 40.3 per cent, respectively.

Table 3.10: Teacher Trainees Enrolment by Year and Gender, 2005- 2009

Number

TYPE OF	2005		2006		2007		2008		2009*	
INSTITUTI	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Public Primary Teachers (P 1)										
1st Year	4,589	4,334	4,201	4,589	4,621	4,435	4,134	3,908	4,121	4,313
2nd Year	3,951	4,530	4,589	4,334	4,201	4,589	4,601	4,402	4,260	3,944
Sub Total	**8,540**	**8,864**	**8,790**	**8,923**	**8,822**	**9,024**	**8,735**	**8,310**	**8,381**	**8,257**
Private Prim	**1,340**	**1,456**	**1,474**	**1,586**	**1,524**	**1,599**	**2,672**	**2,702**	**3,453**	**4,231**
SUB TOTAL	**9,880**	**10,320**	**10,264**	**10,509**	**10,346**	**10,623**	**11,407**	**11,012**	**11,834**	**12,488**
Diploma Teachers[1]										
1st Year	305	282	359	295	422	301	254	204	365	322
2nd Year	421	330	301	261	359	295	403	297	445	198
3rd Year	463	334	344	287	301	261	358	293	385	287
SUB TOTAL	**1,189**	**946**	**1,004**	**843**	**1,082**	**857**	**1,015**	**794**	**1,195**	**807**
TOTAL	**11,069**	**11,266**	**11,268**	**11,352**	**11,428**	**11,480**	**12,422**	**11,806**	**13,029**	**13,295**
GRAND TOTAL	**22,335**		**22,620**		**22,908**		**24,228**		**26,324**	

Source: Ministry of Education

*Provisional

[1]Kibabii, Kagumo and Kenya Technical Teachers Training College

3.18. **Technical, Industrial and Vocational Educational Training (TIVET) Institutions**: Enrolment in TIVET institutions for the years 2005 to 2009 is presented in Table 3.11. In 2009, the total enrolment in TIVET institutions was 71,513 as compared to 85,200 in 2008. The lower enrolment was due to upgrading of Kenya Polytechnic University College and Mombasa Polytechnic University College to university college status in 2009. The Youth Polytechnics had the highest enrolment recorded among TIVET institutions at 43.8 per cent followed by Technical training institutes at 31.4 per cent. The current national polytechnics

are Kisumu and Eldoret with a total enrolment of 6,999 students. In 2009, the male student enrolment stood at 50.2 per cent in TIVET institutions with Youth polytechnics having a higher enrolment of female students at 57.8 per cent.

Table 3.11: Student Enrolment by Gender in Technical Institutions, 2005 - 2009

Number

	2005		2006		2007		2008		2009*	
INSTITUTION	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
National Polytechnics										
Kenya Polytechnic[1]	6,410	3,549	6,405	3,329	6,521	3,401	6,602	3,546	-	-
Mombasa Polytechnic[1]	3,111	2,631	3,265	2,710	3,285	3,012	3,456	3,543	-	-
Kisumu Polytechnic	1,349	619	1,410	710	1,489	824	1,768	1,022	2,276	1,472
Eldoret Polytechnic	1,759	820	1,834	832	1,894	858	1,996	987	1,949	1,302
Sub Total	**12,629**	**7,619**	**12,914**	**7,581**	**13,189**	**8,095**	**13,822**	**9,098**	**4,225**	**2,774**
Other TIVET Institutions										
Technical Training Institutes	9,846	8,684	9,925	8,731	10,818	9,517	12,132	9,876	12,514	9,923
Institutes of Technology	4,904	3,943	4,961	4,104	5,407	4,473	5,807	4,768	5920	4813
Sub Total	**14,750**	**12,627**	**14,886**	**12,835**	**16,226**	**13,990**	**17,939**	**14,644**	**18,434**	**14,736**
Youth Polytechnics	8,691	14,196	8,741	14,210	9,528	15,489	12,154	17,543	13,222	18,122
TOTAL	**36,070**	**34,442**	**36,541**	**34,626**	**38,942**	**37,574**	**43,915**	**41,285**	**35,881**	**35,632**
GRAND TOTAL	**70,512**		**71,167**		**76,516**		**85,200**		**71,513**	

Source: Ministry of Higher Education, Science & Technology and Ministry of State for Youth and Sports

* Provisional

[1]Kenya Polytechnic and Mombasa Polytechnic were elevated to University Colleges in 2009

3.19. **University Education:** Student enrolment in both public and private universities for the years 2005/06 to 2008/09 are presented in Table 3.12. Total enrolment in all the universities rose by 44.7 per cent from 122,847 students in the 2008/09 to 177,735 students in 2009/10 academic year. Enrolment in public universities increased from 100,649 students in the 2008/09 academic year to 142,556 students in 2009/10. In 2009/10, the male and female student enrolment in public universities was 89,611 and 52,945, respectively. Part-time students in public universities constituted 32.0 per cent of the total student enrolment in 2009/10 academic year. Student enrolment in private accredited universities accounted for 19.8 per cent of the total university students enrolled in 2009/10 academic year as compared to 18.1 per cent in 2008/2009 academic year.

3.20. The public universities student intake through the Joint Admissions Board (JAB) increased by 23.4 per cent from 17,100 in 2008/09 to 21,100 in 2009/10 academic year. The increase in intake was attributed to establishment of constituent colleges which significantly increased access to university education. The proportion of female student enrolment in university education declined from 40.1 per cent in 2008/2009 to 37.9 per cent in 2009/2010. In order to enhance female enrolments JAB has an affirmative policy of admitting female students with a point lower than their male counterpart. However, the gender disparity in university education enrolment remains high with a gender parity index of 0.61 based on student enrolment.

Table 3.12: Student Enrolment by Gender in Universities, 2005/2006 - 2009/2010

Number

INSTITUTION	2005/2006		2006/2007		2007/2008		2008/2009		2009/2010*	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Public Universities										
Nairobi	**21,940**	**11,765**	**22,513**	**12,426**	**23,513**	**12,826**	**24,162**	**13,253**	**27,159**	**15,201**
Full time	10,800	5,425	10,858	5,536	11,340	5,714	11,624	5,857	14,527	7,800
Part Time	11,140	6,340	11,655	6,890	12,173	7,112	12,538	7,396	12,632	7,401
Kenyatta	**10,896**	**4,787**	**8,845**	**7,891**	**10,172**	**8,425**	**10,652**	**8,713**	**15,615**	**10,876**
Full time	4,356	2,947	5,066	3,285	5,826	3,507	6,176	3,647	12,566	8,444
Part Time	6,540	1,840	3,779	4,606	4,346	4,918	4,476	5,065	3,049	2,432
Moi	**6,831**	**5,314**	**8,604**	**6,059**	**8,674**	**6,158**	**8,982**	**6,379**	**13,600**	**6,699**
Full time	4,311	3,200	5,654	3,554	5,700	3,612	5,928	3,756	7,587	4,024
Part Time	2,520	2,114	2,950	2,505	2,974	2,546	3,054	2,622	6,013	2,675
Egerton	**6,262**	**2,236**	**8,163**	**4,006**	**8,262**	**4,205**	**8,667**	**4,415**	**9,036**	**4,451**
Full time	5,322	1,890	7,319	3,383	7,408	3,551	7,778	3,729	7,920	3,521
Part Time	940	346	844	623	854	654	888	687	1,116	930
Jomo Kenyatta(JKUAT)	**4,207**	**1,673**	**4,460**	**1,845**	**5,450**	**2,512**	**5,723**	**2,594**	**6,510**	**3,206**
Full time	2,240	1,016	2,176	524	2,659	713	2,792	742	3,557	1,274
Part Time	1,967	657	2,284	1,321	2,791	1,799	2,931	1,853	2,953	1,932
Maseno	**2,826**	**1,878**	**2,778**	**1,937**	**3,487**	**2,199**	**3,603**	**2,257**	**3,331**	**2,176**
Full time	2,106	1,420	1,888	1,277	2,370	1,450	2,441	1,494	2,097	1,351
Special	720	458	890	660	1,117	749	1,162	764	1,234	825
Masinde Muliro	**775**	**287**	**1,154**	**656**	**946**	**278**	**965**	**284**	**4,119**	**2,584**
Full time	420	182	620	422	508	179	518	183	2,596	1,741
Part Time	355	105	534	234	438	99	447	101	1,523	843
Kenya Polytechnic University College									6,721	4,211
Mombasa Polytechnic University College									3,520	3,541
SUB-TOTAL	**53,737**	**27,940**	**56,517**	**34,820**	**60,504**	**36,603**	**62,753**	**37,896**	**89,611**	**52,945**
Private Universities										
Private Accredited	4,215	4,624	8,975	6,973	9,688	10,469	10,172	10,992	16,728	12,300
Private Unaccredited	853	947	2,853	2,091	583	392	618	416	3,989	2,162
SUB-TOTAL	**5,068**	**5,571**	**11,828**	**9,064**	**10,271**	**10,861**	**10,790**	**11,408**	**20,717**	**14,462**
TOTAL	**58,805**	**33,511**	**68,345**	**43,884**	**70,775**	**47,464**	**73,543**	**49,304**	**110,328**	**67,407**
GRAND TOTAL	**92,316**		**112,229**		**118,239**		**122,847**		**177,735**	

* Provisional

Source: Commission for Higher Education

3.21. **Commission for Higher Education (CHE)**: The Commission assures quality, ensures increased access and equity and coordinates research in higher education in Kenya. The number of chartered private universities increased from 7 in 2006/07 to 11 in 2008/09, shown in Table 3.13. During the period 2006/07 to 2008/09 a total of 14 constituent colleges and 3 campuses for public universities were established, 5 private universities were given Letters of Interim Authority, 4 were fully accredited (chartered), and 11 post secondary school institutions were granted authority to collaborate with universities to offer specific university programmes.

Table 3.13: Registration of universities and degree offering Institutions

Number

Category of Institutions	2006/07	2008/09
Chartered private universities	7	11
Universities with letter of Interim Authority	4	9
Registered universities	5	4
Institutions approved for collaboration with universities in offering university programmes	18	29
Public universities	6	7
Public university constituent colleges	1	14
Public university campuses established	-	3

Source: Commission for Higher Education

3.22. The number of approved degree programmes and validated diplomas is presented in Table 3.14. As at 2008/09, the Commission for Higher Education had approved 82 degree programmes for private universities, granted authority to collaborate for 46 university programmes and validated 105 diploma programmes for post secondary school institutions. The Commission also facilitates development projects in the universities depending on the available funding levels. In 2006/07, the Commission disbursed to universities a total of KSh 65 million for 21 projects and Ksh 75 million for 23 projects in 2007/2008. The objective of financing the projects is to enhance universities research capabilities and staff development.

Table 3.14: Approved degree programmes and validated diploma programmes as at 2007 and 2009

Number

Programmes	2006/07	2008/09
Approved private university degree programmes	12	82
Approved degree programmes for collaboration with universities	29	46
Validated diploma programmes	50	105

Source: Commission for Higher Education

Vital Statistics

3.23. Civil registration, sometimes referred to as births and deaths registration system, is the recording of vital events under statutory provisions on continuous and permanent basis. The registration records are useful as legal documents and source of data for planning, monitoring, evaluation and implementation of programmes by various stakeholders while for individuals, it is a proof of age, identity, nationality, heritage and civil status.

3.24. Table 3.15 represents registration of births and deaths from 2005 to 2009. The number of births reported reduced by 2.3 per cent from 680,112 in 2008 to 664,716 in 2009. Similarly, the number of deaths recorded reduced by 4.8 per cent from 199,567 in 2008 to 189,985 in 2009. The number of births reported in Rift Valley increased by 8.2 per cent followed by Nairobi (7.6 per cent) and North Eastern (2.1 per cent) while that of deaths increased by 47.2 per cent in North Eastern and 7.0 per cent in Nairobi. Major reductions in birth reports were recorded in Coast (20.3 per cent) and Western (9.5 per cent). The

data further reveals reductions in deaths in Nyanza (15.7 per cent), Western (11.4 per cent) and Coast (10.9 per cent). In order to improve registration coverage rates[4], the department of civil registration has mobilized sensitization activities in arid and semi arid lands districts that have low registration rates as compared to the major urban centers in the country.

4. Coverage rate is the registered births/deaths against the expected births/deaths. Where expected births/deaths is the total population multiplied by crude birth rates / crude death rates respectively.

Table 3.15: Registration of Births and Deaths, 2005 – 2009

Numbers

Province	2005		2006		2007		2008		2009*	
	Births	Deaths	Births	Deaths	Births	Deaths	Births	Deaths	Births	Deaths
Nairobi	59,500	22,500	69,034	24,428	71,884	20,648	83,000	21,248	89,323	22,737
Coast	62,243	16,802	71,588	18,838	74,285	17,332	73,809	15,773	58,808	14,055
North Eastern	5,799	856	7,155	817	16,333	763	17,640	817	18,007	1,203
Eastern	80,601	30,318	144,400	26,972	90,285	28,298	100,000	27,612	95,451	29,660
Central	83,577	27,220	89,623	27,374	92,504	28,312	98,122	25,564	94,688	24,933
Western	70,145	34,873	83,095	30,787	72,267	25,529	79,408	29,112	71,828	25,781
Nyanza	60,963	39,395	69,423	45,935	78,067	38,937	87,723	45,476	85,275	38,357
Rift Valley	118,836	31,795	127,274	34,264	137,509	34,679	139,902	33,965	151,336	33,259
Total	**541,664**	**203,759**	**661,592**	**209,415**	**633,134**	**194,498**	**680,112**	**199,567**	**664,716**	**189,985**

Source: Department of Civil Registration

* Provisional

3.25. Vital statistics generated through civil registration systems are a major source of continuous monitoring of births and deaths over time. Table 3.16 shows the coverage rates of births and deaths by province from 2005 to 2009. Nairobi province recorded minimal improvement in registration of births from 85.4 per cent in 2008 to 85.6 per cent in 2009 while other provinces recorded a drop during the period under review. North Eastern province recorded the lowest registration of births at 25.3 per cent in 2009. On the other hand, all other provinces recorded declines in death registration during the same period apart from North Eastern province which recorded an increase in death registration of 10.7 per cent in 2009, up from 6.3 per cent in 2008. The data also shows that Nairobi province leads other provinces in recording both births and deaths at 85.6 and 75.0 per cent respectively in 2009. Most of the improvement in the coverage rate in the provinces is attributed to social mobilization workshops held in 2009.

Table 3.16: Coverage Rates of Births and Deaths by Province, 2005 – 2009

Percentage

	2005		2006		2007		2008		2009*	
PROVINCE	Births	Deaths	Births	Deaths	Births	Deaths	Births	Deaths	Births	Deaths
Nairobi	67.6	87.9	75.8	90.0	76.4	75.5	85.4	75.2	85.6	75.0
Coast	49.7	46.7	74.9	48.2	66.2	47.1	55.6	42.0	39.0	33.0
North Eastern	8.3	8.9	9.7	5.9	24.6	6.1	25.3	6.3	25.3	10.7
Eastern	37.4	55.3	69.2	58.8	45.0	55.5	47.4	53.7	38.9	49.8
Central	33.0	77.5	66.9	78.7	74.6	79.8	72.6	71.8	63.7	63.7
Western	40.1	61.9	46.8	58.7	40.9	43.9	43.3	49.2	34.5	38.5
Nyanza	27.1	42.2	30.5	50.0	30.8	40.8	37.8	47.2	30.9	33.5
Rift Valley	31.8	45.8	33.3	49.1	32.9	46.1	34.2	44.2	32.6	37.2

Source: Department of Civil Registration

* Provisional

Health Statistics

3.26. The Government continues to give high priority to the improvement of the health status of the population which is a prerequisite to socio-economic development. The number of health institutions by province from 2005 to 2009 is presented in Table 3.17. Health facilities increased significantly by 8.2 per cent from 6,190 in 2008 to 6,696 in 2009. Most of these health facilities continue to be financed through the Constituency Development Fund (CDF). Rift valley province has the largest number of health facilities with slightly over a quarter of the country's total health facilities (25.9 per cent) followed by Central Province (18.7 per cent). North Eastern Province has the least proportion of health facilities, accounting for only 3.5 per cent.

Table 3.17: Number of Health Institutions1 by Province, 2005 - 2009

Number

Province	2005	2006	2007	2008	2009*
Nairobi	389	409	347	387	406
Central	894	972	556	1,199	1,251
Coast	566	624	717	723	770
Eastern	849	952	1,079	942	1,106
North Eastern	139	162	164	198	232
Nyanza	509	601	761	716	773
Rift Valley	1,181	1,308	1,573	1,648	1,732
Western	385	443	392	377	426
Total	4,912	5,471	5,589	6,190	6,696

Source: Health Management Information System, Ministry of Public Health and Sanitation

* Provisional

[1] Includes Voluntary, Counseling and Testing (VCT) Sites

3.27. The National Hospital Insurance Fund (NHIF) is mandated to facilitate access to quality and affordable health care services. Consequently, NHIF collects contributions from individuals and pays hospital benefits to its members and their declared dependants. NHIF resources for the financial year 2004/05 to 2008/09 are shown in Table 3.18 (a). Total receipts maintained an upward trend increasing by 11.7 per cent from KSh 4,811.3 million in 2007/08 to KSh 5,374.0 million in 2008/09. Similarly, benefits accrued to members rose by 36.9 per cent to KSh 2,813.0 million in 2008/09. However, Contribution Net of Benefits declined by 7.1 per cent from Ksh 2,757.2 million in 2007/08 to KSh 2,561.2 million in 2008/09.

Table 3.18 (a): National Hospital Insurance Fund Resources, 2004/05-2008/09

Numbers

Financial Year	2005/06	2006/07	2007/08	2008/09*
Formal Sector	1,540,000	1,620,000	1,775,390	1,923,831
Informal Sector	110,000	201,098	301,106	376,420
Total	**1,650,000**	**1,821,098**	**2,076,496**	**2,300,251**

Source: National Hospital Insurance Fund

* Provisional

3.28. Total registered members grew by 10.8 per cent from 2,076,496 in 2007/08 to 2,300,251 in 2008/09 as shown in Table 3.18(b). In 2008/09, registered membership in both formal and informal sectors rose by 8.4 per cent and 25.0 per cent to 1,923,851 and 376,420 respectively. The informal sector, which has almost quadrupled since the financial year 2005/06, accounted for 16.4 per cent of the total registered membership in 2008/09.

Table 3.18 (b): Registered Members of the National Hospital Fund, 2005/06-2008/09

Numbers

Financial Year	2005/06	2006/07	2007/08	2008/09*
Formal Sector	1,540,000	1,620,000	1,775,390	1,923,831
Informal Sector	110,000	201,098	301,106	376,420
Total	**1,650,000**	**1,821,098**	**2,076,496**	**2,300,251**

Source: National Hospital Insurance Fund

* Provisional

3.29. Table 3.19 presents the number of registered medical personnel and those in training for the years 2008 and 2009. The total number of registered medical personnel increased by 4.7 per cent from 76,883 in 2008 to 80,464 in 2009. However, personnel undergoing training decreased by 17.1 per cent to 7,397 in 2009/10 compared to 8,925 in 2008/09. With the exception of enrolled nurses and public health technicians, there was an increase in number of personnel in all the other categories of registered medical personnel. The number per 100,000 increased slightly for registered nurses and clinical officers to 40 and 15 respectively. However, the ratio decreased for enrolled nurses and public health technicians while it remained constant for other personnel.

Table 3.19: Number of Registered Medical Personnel and in Training, 2008 - 2009

	Registered Medical Personnel				In-Training	
	2008		2009*		2008/09	2009/10*
Type of Personnel	Number	No. Per 100,000 Population	Number	No. Per 100,000 Population	Number	Number
Doctors	6,623	17	6,897	17	3,172	2,437
Dentists	974	3	1,004	3	152	199
Pharmacists	2,860	7	2,921	7	339	349
Pharmaceutical Technologists	1,815	5	1,950	5	509	207
BSc. Nursing	657	2	778	2	731	818
Registered Nurses	14,073	37	15,948	40	1,847	1,989
Enrolled Nurses	31,917	83	31,917	81	-	-
Clinical Officers	5,035	13	5,888	15	1,509	1,076
Public Health officers	6,960	18	7,192	18	666	322
Public Health Technicians	5,969	16	5,969	15	-	-
Total	**76,883**	**203**	**80,464**	**204**	**8,925**	**7,397**

Source: Ministry of Public Health and Sanitation

* Provisional

3.30. The number of undergraduates and post-graduate medical students by course and gender between 2005/06 and 2009/10 is shown in Table 3.20. The number of students enrolled increased by 3.7 per cent from 4,704 in 2008/09 to 4,877 in 2009/10. About 46 per cent of the total registered medical students were enrolled in Bachelor of Science in

medicine and surgery. Except for the Bachelor of Science in Nursing, all the other courses registered more males than females. Post graduate courses accounted for 12.0 per cent of medical students enrolled.

Table 3.20: Number of Undergraduate and Post Graduate Medical Student by Course and Gender, 2005/06-2009/10

Number

Undergraduate	2005/06		2006/07		2007/08		2008/09		2009/10*	
Medical Degree	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Medicine & Surgery	1,384	830	1,762	993	1,492	908	1,186	909	1,290	930
Bsc (Nursing)	267	357	336	465	380	529	323	581	333	583
Dental Surgery	71	66	129	55	70	85	66	50	102	97
Environmental Health	87	50	88	75	117	98	117	90	121	105
Pharmacy	174	127	371	188	265	138	195	140	230	130
Bsc (Biochemistry)	89	72	193	110	177	99	191	161	212	161
Sub-Total	**2,039**	**1,469**	**2,783**	**1,794**	**2,427**	**1,716**	**2,078**	**1,931**	**2,288**	**2,006**
Postgraduate students	297	105	332	141	330	167	385	310	323	260
Total	**2,336**	**1,574**	**3,115**	**1,935**	**2,757**	**1,883**	**2,463**	**2,241**	**2,611**	**2,266**
Grand Total	**3,910**		**5,050**		**4,640**		**4,704**		**4,877**	

Source: University of Nairobi, Moi University, Kenya Methodist University, University of Eastern Africa, Baraton, Kenyatta University and Egerton University

* Provisional

3.31. Table 3.21 shows the number of middle level trainees in public medical training colleges from 2005 to 2009. Total trainees enrolment in Kenya Medical Training College (KMTC) decreased by 12.1 per cent from 6,090 in 2008 to 5,356 in 2009. This is attributed to the recession experienced in the year under review, reduction in government full-time scholarship , stiff competition from private colleges, preference of diploma holders to undertake degree courses instead of higher diploma and delayed KMTC intake for september 2009. Diploma courses accounts for 85.1 per cent of all the courses offered. Diploma in community health nursing had the highest number of trainees followed by diploma in clinical medicine and surgery.

Table: 3.21: Middle Level Medical Trainees in Public Medical Training Colleges, 2005 – 2009

Number

	2005	2006	2007	2008	2009*
Level of Training					
Certificate in Community Nursing	155	107	131	138	122
Certificate in Medical Engineering Technology	161	109	109	181	156
Certificate in Health Records & Information Technology	102	96	116	215	100
Certificate in Nutrition[5]	-	-	-	36	34
Sub-Total	**418**	**312**	**356**	**570**	**412**
Diploma in Community Health Nursing	1,402	2,035	2,380	1,762	1,989
Diploma in Community Nutrition	61	37	75	53	62
Diploma in Environmental Health Sciences	157	350	349	366	322
Diploma in Medical Laboratory Sciences	184	311	348	424	403
Diploma in Clinical Medicine & Surgery	1128	972	1290	1349	1076
Diploma in Medical Engineering Technology	50	42	80	99	97
Diploma in Community Oral Health	39	42	49	38	42
Diploma in Dental Technology	20	27	34	30	28
Diploma in Health Records and Information technology	13	113	57	39	94
Diploma in Occupational Therapy	40	45	50	138	40
Diploma in Orthopaedic Technology	26	31	38	23	36
Diploma in Pharmacy	147	137	199	509	207
Diploma in Physiotherapy	52	55	102	124	99
Diploma in Medical Imaging Sciences	38	53	41	48	36
Diploma in Optical Technology	-	18	25	64	14
Diploma in Nuerophysiology	-	-	31	22	15
Sub Total	**3,357**	**4,268**	**5,148**	**5,088**	**4,560**
Higher Diploma in Pharmacy	12	7	-	7	-
Higher Diploma in Environmental Health Sciences[1]	105	138	91	86	62
Higher Diploma in Medical Laboratory Sciences[2]	67	40	44	61	85
Higher Diploma in Nursing[3]	43	60	70	85	73
Higher Diploma in Clinical Medicine and Surgery[4]	143	66	93	130	40
Higher Diploma in Medical Engineering	-	25	-	7	-
Higher Diploma in Ultra Sound Image Pattern Analysis	7	5	12	16	33
Higher Diploma in Community Health & HIV/AIDS CARE	-	-	23	-	30
Higher Diploma in Sensory Integration	-	-	9	-	-
Higher Diploma in Health Education & Promotion	-	-	30	22	21
Post Graduate Diploma in Medical Education	28	20	26	18	40
Post Graduate Certificate in Medical Education	-	-	30	-	-
Sub-Total	**405**	**361**	**428**	**432**	**384**
Total	**4,180**	**4,941**	**5,932**	**6,090**	**5,356**

Source: Kenya Medical Training College, Ministry of Medical Services

* Provisional

[1]. Includes food science and inspection, epidemiology, solid waste and occupational health

[2] Includes clinical chemistry, haematology, histology, parastology, virology, microbiology, bacterialogy and blood transfusion sciences

[3] Includes Psychiatry Nursing, Community Health Nursing, intensive care, ophthalmic and PeriOperative nursing (reintroduced in September 2008)

[4] Includes paediatrics, orthopaedics, anesthesia, lungs & skin, ent & audiology, reproductive health and opthalmology & cataract surgery

[5] New courses

3.32. Full Immunization Coverage (FIC) of under-one year old children by province between 2005 and 2009 is presented in Table 3.22. For the second year running, coverage declined from 71.0 per cent in 2008 to 64.0 per cent in 2009 with the coverage rates worsening in all the provinces. North Eastern province and Rift Valley province registered the highest and lowest coverage rates respectively.

Table: 3.22: Full Immunization Coverage Rate of Under-One Year Old Children by Province 2005 – 2009.

	2005		2006		2007		2008		2009*	
Provinces	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Nairobi	74,570	75	77,497	76	82,176	78	85,866	74	78,294	62
Central	112,931	93	106,226	88	104,878	85	104,194	86	101,419	78
Coast	68,727	61	86,471	74	94,340	78	90,773	75	81,761	71
Eastern	127,155	67	145,084	78	151,324	78	126,302	64	128,887	60
N/Eastern	16,228	48	25,556	72	29,593	81	33,454	89	30,080	84
Nyanza	107,842	53	136,720	66	135,194	66	149,465	75	158,206	66
R/Valley	189,860	57	228,021	67	251,319	70	228,243	64	240,943	56
Western	103,006	57	110,534	59	129,593	68	129,308	66	132,622	65
National Coverage	**800,319**	**63**	**916,109**	**71**	**978,417**	**73**	**947,605**	**71**	**952,212**	**64**

Source: Kenya Expanded Programme on Immunization

* Provisional

3.33. The incidence of diseases causing morbidity is presented in Table 3.23. The number of cases recorded increased from 28.4 million in 2008 to 32.0 million in 2009. Malaria and diseases of respiratory system combined constituted 56.0 per cent of all morbidity cases reported in 2009.

Table 3.23: Incidence of Diseases Causing Morbidity in Kenya, 2005 - 2009

	2005		2006		2007		2008		2009*	
DISEASE	Number	%	Number	%	Number	%	Number	%	Number	%
Malaria	9,147,412	27.6	8,926,058	28.6	9,610,691	30.8	9,312,357	32.8	9,833,701	31
Disease of the Respiratory System	7,972,443	24.0	7,001,349	22.4	7,626,100	24.5	6,840,004	24.1	8,017,565	25
Disease. of the Skin (Incl. Ulcers)	1,960,723	5.9	1,796,796	5.8	1,912,419	6.1	1,989,432	7.0	2,109,416	7
Diarrhoea Diseases	1,378,620	4.2	1,373,073	4.4	1,453,529	4.7	1,397,659	4.9	1,639,945	5
Intestinal Worms	1,559,272	4.7	1,266,439	4.1	1,349,306	4.3	331,627	1.2	387,066	1
Pneumonia	765,157	2.3	875,459	2.8	1,060,789	3.0	989,095	3.5	1,018,151	3
Accidents (incl. fractures, burns etc)	796,724	2.4	696,906	2.2	737,110	2.4	568,457	2.0	582,881	2
Rheumatism, Joint pains etc	569,411	1.7	538,550	1.7	578,408	1.9	488,908	1.7	558,539	2
Urinary Tract Infections	489,980	1.5	483,904	1.6	551,820	1.8	652,224	2.3	507,910	2
Eye Infection	488,584	1.5	479,405	1.5	507,145	1.6	492,225	1.7	550,395	2
All Other Diseases	8,055,440	24.3	7,789,262	24.9	5,781,561	18.5	5,337,642	18.8	6,755,308	21
TOTAL	**33,183,766**	**100**	**31,227,201**	**100**	**31,168,878**	**100**	**28,399,630**	**100**	**31,960,877**	**100**

Source: Ministry of Public Health and sanitation

* Provisional

Other Social Services

3.34. **National Youth Service (NYS)**: The institution trains the youth in vocational skills. Table 3.24 gives details of recruitment of service men and women from 2005 to 2009. The number of service men and women recruited went down by 24.7 and 43.9 per cent respectively, reflecting an overall decrease of 29.6 per cent. Income earned also went down by 57.2 per cent which can be attributed to decrease in number of servicemen and servicewomen recruited.

Table 3.24: National Youth Services Recruitment and Allowances, 2005-2009

	Recruitment (Numbers)			Income Earned (KSh Million)
Year	Service Men	Service Women	Total	
2005	1,508	523	2,031	7.81
2006	2,917	575	3,492	51.62
2007	2,917	875	3,792	53.97
2008	5,477	1,901	7,378	42.41
2009*	4,125	1,067	5,192	18.17

Source: National Youth Service

* Provisional

3.35. **National Social Security Fund (NSSF):** The Fund serves as key pillar of the social security for workers. It is an indispensable part of the government social policy and an important safety net, especially during old age. The NSSF registers eligible members and collects monthly contributions, invests on behalf of its members and effects payments when due. As shown in Table 3.25, the number of registered employers increased by 18.2 per cent while that of employees went up by 7.1 per cent. Annual benefits increased by 7.7 per cent and annual contribution decreased by 0.5 per cent.

Table 3.25: National Social Security Fund, 2005- 2009

Details	2005	2006	2007	2008	2009*
Registered Employers '000	61.3	57.9	58.8	61.4	72.6
Registered Employees '000					
Male	2,284.1	2,326.0	2,378.9	2,376.8	2,546.6
Female	761.4	775.3	793.0	792.3	848.9
Total	3,045.4	3,101.3	3,171.8	3,169.0	3,395.4
Annual contribution KSh (million)	4,421.60	4,655.08	5,358.39	5,368.57	5,340.97
Annual benefits paid KSh (million)	2,548.81	2,540.20	2,566.77	2,575.57	2,773.37

Source: National Social Security Fund

* Provisional

3.36. **Adult Education**: Education plays a fundamental role in socio-economic development and poverty alleviation. Adult education is designed to provide and enhance the literacy levels of the illiterate population. Efforts have been made to improve literacy levels through development and improvement of adult literacy and non-formal programmes. Table 3.26 gives details of enrolment of adult learners by province and gender. The enrolment of adult learners increased by 38.8 per cent between 2008 and 2009. Eastern province recorded the highest adult learners of 66,237 followed by Rift Valley Province with 55,597. Female still out number male adult learners in all the provinces except North Eastern province. Low female enrolment for literacy classes in North Eastern province is attributed to traditional practices that affect female adult learners adversely.

Table 3.26: Adult Education Enrolment by Province and Gender 2005 – 2009

Number

	2005			2006			2007			2008			2009*		
Province	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Nairobi	389	586	975	2,502	2,388	4,890	2,627	2,165	4,792	3,466	3,394	6,860	2,746	4,170	6,916
Central	3,349	6,624	9,973	2,782	7,154	9,936	2,921	6,816	9,737	4,081	10,016	14,097	4,018	14,387	18,405
Coast	4,796	13,048	17,844	4,290	11,032	15,322	4,505	10,510	15,015	5,723	13,800	19,523	7,227	18,738	25,965
Eastern	5,642	19,403	25,045	7,490	19,261	26,751	7,865	18,251	26,216	13,134	28,037	41,171	19,358	46,879	66,237
North Eastern	3,365	6,515	9,880	1,824	4,691	6,515	1,976	4,409	6,385	6,333	5,093	11,426	7,159	5,793	12,952
Nyanza	6,520	13,305	19,825	5,071	13,041	18,112	5,325	12,425	17,750	11,807	19,806	31,613	11,298	21,062	32,360
Rift Valley	9,868	17,458	27,326	9,545	24,546	34,091	10,025	23,384	33,409	11,969	23,518	35,487	15,985	39,612	55,597
Western	4,973	10,483	15,456	3,834	9,860	13,694	4,026	934	4,960	7,233	12,188	19,421	4,922	25,840	30,762
Grand Total	**38,902**	**87,422**	**126,324**	**37,338**	**91,973**	**129,311**	**39270**	**78,994**	**118,264**	**63,746**	**115,852**	**179,598**	**72,713**	**176,481**	**249,194**

Source: Ministry of Education

*Provisional

3.37. Table 3.27 gives details of adult learners who passed literacy proficiency test by province and gender. At the national level, there was an increase of 16.8 per cent of adult learners who passed the proficiency test between 2008 and 2009. Eastern province recorded the highest number of proficiency graduates of 5,092 while Nairobi province had the least number of 333 adult learners passed literacy proficiency test.

Table 3.27: Adults who Passed Literacy Proficiency Test by Province and Gender 2006-2009

Number

	2006			2007			2008			2009*		
Province	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Nairobi	111	259	370	168	132	300	168	132	300	158	175	333
Central	417	973	1,390	459	1,003	1,462	277	928	1,205	347	938	1,285
Coast	373	928	1,301	410	984	1,394	92	328	420	293	792	1,085
Eastern	1,059	2,723	3,782	1,144	2,359	4,003	859	4,350	5,209	1,441	3,651	5,092
North Eastern	405	945	1,350	467	1,049	1,516	931	315	1,246	697	300	997
Nyanza	985	2,532	3,517	1,064	2,734	3,798	1,128	2,843	3,971	416	1,122	1,538
Rift Valley	1,073	2,537	3,610	1,127	2,664	3,791	701	1,032	1,733	422	947	1,369
Western	495	1,197	1,692	510	1,257	1,767	504	1,237	1,741	320	1,142	1,462
Grand Total	**4,918**	**12,094**	**17,012**	**5,349**	**12,682**	**18,031**	**4,660**	**11,165**	**15,825**	**4,094**	**9,067**	**13,161**

Source: Department of Adult Education, MoE

3.38. **Kenya Certificate of Primary Education (KCPE):** Details of private candidates for KCPE registration by province and gender are shown in Table 3.28. The number of private candidates who registered for KCPE went up by 20.3 per cent in 2009 compared to the previous year. Nairobi province recorded the highest number of candidates followed by North Eastern provincewith 8,250 and 2,145 candidates respectively.

Table 3.28: Private Candidates KCPE Registration by Province and Gender 2005-2009

Numbers

	2006			2007			2008			2009*		
Province	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Nairobi	2,106	2,364	4,470	4,420	2,080	6,500	3,171	2,997	6,168	5,230	3,020	8,250
Central	1,507	97	1,604	1,233	580	1,813	149	388	537	375	283	658
Coast	134	34	168	182	86	268	337	220	557	322	177	499
Eastern	309	226	535	418	197	615	90	289	379	341	140	481
North Eastern	1,301	403	1,704	1,333	628	1,961	2,166	300	2,466	1,499	646	2,145
Nyanza	256	138	394	310	146	456	77	82	159	475	311	786
Rift Valley	2,131	551	2,682	2,062	970	3,032	1,266	735	2,001	1,284	608	1,892
Western	159	85	244	188	89	277	162	105	267	212	155	367
Grand Total	**7,903**	**3,898**	**11,801**	**10,146**	**4,776**	**14,922**	**7,418**	**5,116**	**12,534**	**9,738**	**5,340**	**15,078**

Source: Ministry of Education:Department of Adult Education

* Provisional

3.39. **Gender and Development**: The Government is determined to mainstream gender into government policies, plan, budgets and programmes as one way of realizing the aspirations of Vision 2030 goals. The Government will increase the participation of women through affirmative action of at least 30 per cent representation in all economic, social and political decision-making processes and platforms as well as through economic empowerment. Some of the initiatives on gender mainstreaming put in place by the government include appointment of gender officers in all ministries and state corporations, and development of gender policies to address emerging gender issues. A number of ministries have developed gender policy documents for example policy in education, agriculture among others.

3.40. Women groups represent the primary decision-making outlets for women in Kenya and for socio-economic development. Table 3.29 shows the number of registered women groups, membership, contributions, Government Grants and Women Enterprise Funds. The number of registered women groups increased by 1,078 from 140,482 in 2008 to 141,560 in 2009. There was a slight increase in membership groups from 5,484,275 in 2008 to 5,516,396 in 2009. Women groups' contributions went up from KSh 547.3 million in 2008 to KSh 548.4 million in 2009. Government grants increased from KSh 80.0 million in 2008 to KSh 100.0 million in 2009. This increase is attributed to the large number of registered women groups coupled with big demand for grants and increased awareness creation by the Department of Gender and Social Development.

3.41. **Women Enterprise Fund:** The Fund was gazetted in August 2007 to provide alternative financial services to women who are excluded from the formal and informal financial sectors and commenced operation in 2008. The fund provides accessible and affordable credit to support women to start and/or expand business for wealth and employment creation. In addition to the fund being a flagship project in vision 2030, it is also a demonstration of the government's commitment to the realization of the third Millennium Development Goal (MDG) on gender equality and women empowerment. The Government set aside KSh 500 million in the 2009/10 compared to KSh 315 million in the 2008/09 for Women Enterprise Fund. Each constituency was initially allocated KSh1.0 million which was enhanced by an additional KSh1.0 million with effect from 1st July, 2009, making the total amount available to be KSh 2.0 million. Since its inception the fund has benefited over 166,610 individual women, who have invested the funds in wholesale and retail trade, poultry, dairy farming, hair salons and basket weaving, transports and communications.

Table 3.29: Registered Women Groups by Membership, Contributions, Grants and Women Enterprise Fund, 2005 to 2009

Year	No. of Women Groups	Membership	Group contributions (KSh Million)	Grants by GOK	
				Women Group (KSh Million)	Women Enterprise (KSh Million)
2004	133,135	5,115,980	531.6	46	-
2005	135,294	5,279,691	538.4	48.1	-
2006	136,972	5,353,607	540.3	44.4	-
2007	138,753	5,417,850	544.6	40.1	1
2008	140,482	5,484,275	547.3	80	0.3
2009*	141,560	5,516,396	548.4	100	0.5

Source: Ministry of Gender, Children and Social Development.

* Provisional

3.42. The Government through the Ministry of Gender, Children and Social Development has developed a framework of transferring monthly stipend to the poor and vulnerable households with older citizen of 65 years and above in 44 districts on a pilot basis, under the social protection programme. The other social protection interventions in the ministry include the OVC cash transfer and the urban informal settlements targeted food subsidy.

3.43. **Social Protection Fund (SPF):** The Fund was established for older persons to facilitate access to credit and cash transfer on flexible terms. Table 3.30 shows that the government increased the allocated fund from KSh 4.0 million in 2008/09 to KSh 550.0 million in 2009/10. The direct cash disbursement increased from KSh 3.6 million in 2008/09 to KSh 346.0 million in 2009/10.

3.44. **Cash transfer for Orphans and Vulnerable Children (OVC):** This programme was started in 2004 in response to the strong need to protect and assist the highly vulnerable children and strengthen the capacity of the households to care for OVC within their families and communities. The programme also aims to enhance caretaker's/ guardian's knowledge through training on issues such as nutrition and health care practices as well as improve civil registration for OVC and caregivers. The money is currently directed to the poor households taking care of the OVC. The transfer is expected to improve the monthly income of the targeted households with the specific objective of promoting improved health and education outcomes for OVC. The programme started on a piloted basis targeting 500 OVCs receiving KSh 500 per month. The allocation for OVC increased by 40.8 per cent from KSh 579.0 million in 2008/09 to KSh 815.0 million in 2009/10. Direct cash disbursement increased by 41.5 per cent from KSh 546.0 million in 2008/09 to KSh 772.8 million in 2009/10.

Table 3.30: Allocation of Funds for Social Protection, 2007/08 – 2009/10

KSh Millions

Social Protection Fund for Older Persons	2007/08	2008/09	2009/10*
Allocation (Million)	2	4	550
Direct cash Disbursement (Million)	1.2	3.6	346
Social Protection Fund for OVC			
Allocation (Million)	169.7	579	815
Direct cash Disbursement (Million)	150	546	772.8

Source: Ministry of Gender, Children and Social Development.

* Provisional

3.45. **Decision-making:** Progress in women representation is notable through an increase in key decision making positions with the tenth parliament having the highest number of women representation. The number of women ministers in cabinet increased from 2 in June 2006 to 6 in June 2009. Similarly, the number of permanent secretaries increased from 5 in 2006 to 7 in 2009, Women members of National Assembly increased by 22.2 per cent from 18 in 2006 to 22 in 2009 as shown in Table 3.31. However, there has been only a marginal increase in the appointment of women to decision-making positions and hence, the official target of 30 per cent representation of women is yet to be attained.

Table 3.31 Participation in Decision Making by Gender June 2006 – June 2009

Position/Representation	Jun-06				Jun-09			
	Female	Male	Total	% Female	Female	Male	Total	% Female
Ministers	2	32	34	5.8	6	36	42	14.3
Assistant Ministers	6	40	46	13	6	46	52	11.5
National Assembly	18	204	222	8.1	22	200	222	9.9
Amb/High Commissioners	11	29	40	27.5	11	29	40	27.5
Permanent Secretary (PS)	5	25	30	16.7	7	37	44	15.9
Provincial commissioners	0	8	8	0	1	7	8	12.5
District Commissioners					22	232	254	8.7
District Officers					164	701	865	19
Deputy Secretary	21	77	98	21.4	33	92	125	26.4
Chiefs					96	2483	2579	3.7
Assistant chiefs					458	5438	5896	7.8
Councilors	377	2460	2837	13.3	393	2093	2486	15.8
Lawyers	1708	3277	4985	34.3	1763	3334	5097	34.6

Source: - Department of Gender; Office of the President; Electoral Commission of Kenya and Directorate of Personnel Management (DPM) Compliment Statistics Unit.

Chapter 4
Employment, Earnings and Consumer Prices

Overview

Analysis of the performance of the labour market excluding small scale agriculture and pastoralist activities indicates that most sectors recorded positive growths in 2009. This is attributed to favourable business environment, availability of credit from financial institutions and increase in investment opportunities in the country. As a result, the total number of new jobs recorded for both the formal and informal sectors stood at 445.9 thousand jobs with the modern sector contributing 55.5 thousand. The average annual inflation rate over the same period stood at 9.2 from 16.2 per cent recorded in 2008. Average nominal earnings per employee went up by 4.0 per cent in 2009, which was lower than the increase of 5.8 per cent recorded in 2008. There was a decline in real average earnings by 4.2 per cent, which was an improvement compared to the decrease of 10.2 per cent registered the previous year.

Employment

4.2. Total employment excluding rural small scale agriculture and pastoralist activities stood at 10,399.5 thousand in 2009 up from 9,953.6 thousand registered in 2008, as shown in Table 4.1. A total of 55.4 thousand new jobs were created in the modern sector (wage employment) in the year under review. These were mainly attributed to growths in the communications sector and expansion of financial services network in the country. Wage employment in the modern sector went up by 2.8 per cent in 2009 compared to 1.8 per cent recorded in 2008. Similarly, the informal sector created 390.4 thousand new jobs compared to 440.7 thousand in 2008, constituting 87.6 per cent of all the new jobs created. The decline was attributed to improved school enrolment and transition rates. The level of employment under the self employed and unpaid family workers' category continued to account for an insignificant share of all jobs within the modern sector.

Table 4.1: Total Recorded Employment[1], 2005 - 2009

'000

	2005	2006	2007	2008	2009*
Modern Establishments - Urban and Rural Areas:					
Wage Employees	1,811.6	1,857.6	1,909.8	1,943.9	1,999.3
Self-employed and unpaid family workers	66.8	67.2	67.5	67.4	67.5
Informal Sector[2]	6,626.6	7,068.6	7,501.6	7,942.3	8,332.7
TOTAL	8,505.0	8,993.4	9,478.9	9,953.6	10,399.5

* Provisional

[1] Figures refer to employment stock as at 30th June and excludes small scale farming and Pastrolist activities.

[2] Estimated

Modern Sector

4.3. Wage employment in the modern sector by industry and sector for the period 2005 to 2009 is presented in Table 4.2. Private and public sector employment improved from 1.9 and 1.6 per cent in 2008 to 3.1 and 2.4 per cent in 2009, respectively.

Table 4.2: Wage Employment by Industry and Sector, 2005-2009

'000

	2005	2006	2007	2008	2009*	% change
PRIVATE SECTOR:						
Agriculture and Forestry	272.4	280.3	289.0	289.7	288.0	-0.6
Mining and Quarrying	5.1	5.3	5.6	5.9	5.8	-1.7
Manufacturing	221.7	228.5	237.9	237.2	237.8	0.3
Electricity and Water	1.9	1.9	2.2	2.3	2.2	-4.3
Building and Construction	55.7	57.9	61.2	64.9	73.5	13.3
Wholesale and Retail Trade, Restaurants and Hotels	169.2	179.6	189.8	196.4	209.2	6.5
Transport and Communications	75.1	90.9	117.8	120.5	124.7	3.5
Finance, Insurance, Real Estate and Business Services	72.4	75.5	79.0	81.9	84.3	2.9
Community, Social and Personal Services	283.9	287.8	299.2	307.1	320.3	4.3
TOTAL PRIVATE SECTOR	**1,157.4**	**1,207.7**	**1,281.7**	**1,305.9**	**1,345.8**	**3.1**
PUBLIC SECTOR:						
Agriculture and Forestry	54.8	54.3	50.9	51.0	52.2	2.4
Mining and Quarrying	0.7	0.7	0.7	0.7	0.7	0.0
Manufacturing	31.1	30.8	26.9	26.9	27.5	2.2
Electricity and Water	18.3	17.7	16.8	17.0	17.4	2.4
Building and Construction	22.5	22.0	20.1	19.9	19.9	0.0
Wholesale and Retail Trade, Restaurants and Hotels	6.2	6.3	6.0	6.0	6.3	5.0
Transport and Communications	38.9	40.2	36.1	36.9	38.4	4.1
Finance, Insurance, Real Estate and Business Services	16.5	16.8	14.3	12.6	12.9	2.4
Community, Social and Personal Services	465.2	461.1	456.3	467.0	478.2	2.4
TOTAL PUBLIC SECTOR	**654.2**	**649.9**	**628.1**	**638.0**	**653.5**	**2.4**

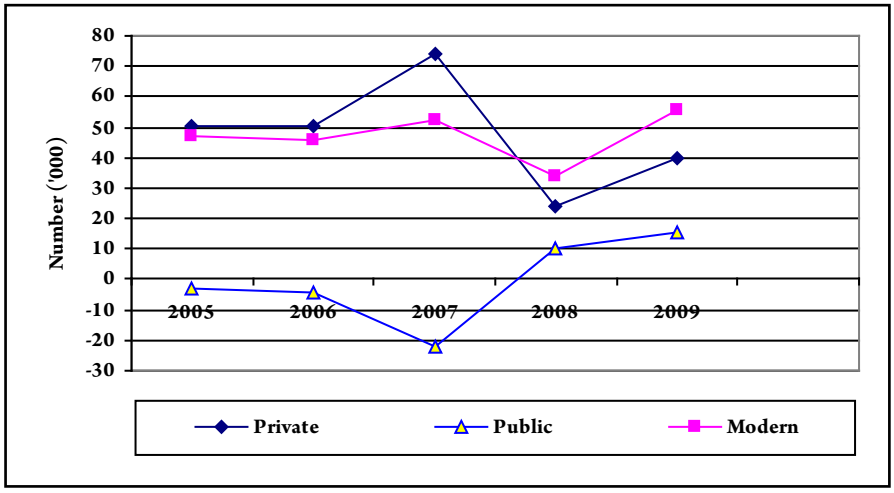
* Provisional.

4.4. **Private Sector:** During the period under review, the share of private sector employment in total wage employment stood at 67.3 per cent. The leading economic activities providing wage employment in the private sector were community, social and personal services; agriculture and forestry; and manufacturing, with contributions of 23.8, 21.4 and 17.7 per cent, respectively. The building and construction industry registered the highest growth in employment by posting a growth of 13.3 per cent. This was attributed to the continued Government funding of roads construction during the year and the thriving private sector real estate construction. Employment creation in the manufacturing industry registered a marginal growth compared to a decline of 0.3 per cent in 2008. The agriculture and forestry industry registered a negative growth in employment during the year due to the poor performance of the sector following prolonged drought. Similarly, employment declined in the mining and quarrying sector despite an expansion in the stone quarrying, clay and sand pits sub-sector.

4.5. **Public Sector:** Most economic activities in the public sector registered positive growths in employment except mining and quarrying and building and construction, which remained at about the same levels as in the previous year. Wholesale and retail trade, restaurants and hotels recorded the highest increase of 5.0 per cent, followed by transport and communications, which registered a 4.1 per cent increase in employment in 2009.

4.6. The trend of new jobs created in the modern sector for the period 2005 to 2009 is presented in Figure 4.1. The economy is on a recovery path from the sharp decline witnessed in 2008, with the private sector creating 39.9 thousand new jobs in the modern sector wage employment. The rate of attrition in the public sector was higher than recruitment in the few years prior to 2008, depicting a negative in the number of new jobs but, the trend is reversed from 2008.

Figure 4.1: New Wage Employment in the Modern Sector, 2005 - 2009



4.7. Details of the wage employment in the public sector by employer are presented in Table 4.3. The public sector continued to recruit during the year to fill positions available due to newly created establishments and those falling vacant due to natural attrition. Growth in employment in the Central Government stood at 1.9 per cent compared 2.4 per cent recorded in 2008. Employment by the Teachers Service Commission (TSC), which is the largest public sector employer, went up by 3.6 per cent, the highest growth in the last five years. The Local Authorities registered the least growth of 0.3 per cent in employment in the public sector.

Table 4.3: Wage Employment in the Public Sector, 2005- 2009

'000

	2005	2006	2007	2008	2009*	Annual Percentage Change 2009/2008
Central Government[1]	189.5	187.7	192.3	196.8	200.6	1.9
Teachers Service Commission ..	232.8	233.3	234.6	236.8	245.4	3.6
Parastatal Bodies[2]..	97.5	97.2	80.6	82.4	84.4	2.4
Majority Control by the Public Sector[3] ..	46.9	46.8	38.8	39.7	40.6	2.4
Local Government	87.5	85.0	81.9	82.3	82.6	0.3
TOTAL	**654.2**	**649.9**	**628.1**	**638.0**	**653.5**	**2.4**

* Provisional.

[1] Covers all civil servants on Government payroll plus casual workers in various ministries.

[2] Refers to Government wholly-owned corporations.

[3] Refers to institutions where the Government has over 50 per cent shares but does not wholly own them.

4.8. Distribution of wage employment in the modern sector by Province is presented in Table 4.4. In 2009, Nairobi Province, which commands the largest share of modern sector wage employment, registered the highest increase (13.8 thousand) in wage employment followed by Rift Valley with 12.4 thousand. Overall, wage employment in all the Provinces went up by about the same rate.

Table 4.4: Wage Employment by Province, 2005 - 2009

'000

Province	2005	2006	2007	2008	2009*	Percentage Change 2008/2007
Nairobi	454.7	466.3	479.3	488.4	502.2	2.8
Coast	224.8	230.4	237.0	241.1	248.0	2.9
North Eastern	16.6	17.1	17.6	17.8	18.3	2.7
Eastern	151.1	155.0	159.3	161.9	166.5	2.9
Central	257.7	264.8	271.9	276.6	284.7	2.9
Rift Valley	407.2	417.3	429.1	437.1	449.5	2.8
Nyanza	179.6	183.8	189.2	192.5	198.0	2.9
Western	119.9	122.9	126.4	128.5	132.1	2.8
TOTAL	**1,811.6**	**1,857.6**	**1,909.8**	**1,943.9**	**1,999.3**	2.8

* Provisional

4.9. Wage employment in major towns for six urban-based industries for the years 2004 and 2009 is presented in Table 4.5. Over the last five years, an estimated 151.1 thousand jobs were generated in the urban areas giving an overall increase of 15.5 per cent. Over the period, Nairobi had the highest wage employment among the major towns, contributing over 40 per cent of the jobs. High growths in wage employment were recorded in the transport and communications; construction; and wholesale and retail trade and hotels and restaurants, in that order. In absolute terms, the highest increase in wage employment was registered in community, social and personal services sector. Manufacturing, on the other hand, recorded the lowest growth in percentage terms. Other towns are expanding job opportunities in almost all urban-based industries.

Table 4.5: Wage Employment by Urban Centres[1] and Selected Industries, 2004 and 2009

'000

Towns	Manufacturing		Building and Construction		Wholesale and Retail Trade, Restaurants and Hotels		Transport and Communications		Finance, Insurance, Real Estate and Business Services		Community, Social and Personal Services		Total	
	2004	2009*	2004	2009*	2004	2009*	2004	2009*	2004	2009*	2004	2009*	2004	2009*
Nairobi	81.2	88.4	39.4	49.2	63.2	75.5	33.9	39.0	40.7	46.7	164.3	187.9	422.7	486.7
Mombasa	33.9	36.9	6.6	8.2	23.5	28.7	35.8	47.1	12.9	14.9	51.7	58.2	164.4	194.0
Kisumu	7.8	8.5	2.4	3.0	4.7	5.7	2.1	2.9	2.4	2.9	22.6	25.5	42.0	48.5
Nakuru	9.5	10.3	2.6	3.2	6.2	7.6	1.8	2.5	2.5	3.0	14.0	15.8	36.6	42.4
Thika	17.7	19.4	0.6	0.7	3.4	4.2	0.5	0.6	1.7	2.0	6.3	7.0	30.2	33.9
Eldoret	17.9	19.6	1.9	2.4	4.4	5.4	1.1	1.3	2.8	3.3	5.5	6.1	33.6	38.1
Malindi	0.5	0.5	0.3	0.3	3.2	3.8	0.3	0.4	0.4	0.4	3.1	3.5	7.8	8.9
Kericho	4.2	4.5	1.0	1.1	1.4	1.8	0.2	0.2	0.5	0.5	5.8	6.4	13.1	14.5
Others	51.3	56.0	5.2	6.4	54.0	66.0	7.9	10.3	23.0	26.3	85.8	96.7	227.2	261.7
TOTAL	**224.0**	**244.1**	**60.0**	**74.5**	**164.0**	**198.7**	**83.6**	**104.3**	**86.9**	**100.0**	**359.1**	**407.1**	**977.6**	**1,128.7**

* Provisional.

[1] Urban centres refer to towns which had a population of 2000 or more persons in 1989.

4.10. Table 4.6 presents details of wage employment by industry and sex. Wage employment for males went up by 36.5 per cent to account for a share of 69.6 per cent of total wage employment. The number of females in wage employment rose from 589.0 thousand in 2008 to 607.9 thousand in 2009, with their share in the total remaining almost at the 2008 level. Educational services followed by agricultural and forestry remained the major female employers. Majority of females employed in the modern sector (55.5 per cent) were working in the community,

social and personal services in 2009. Further analysis of employment status shows that there were 395.1 thousand female regular employees in the year under review. Overall, the increase in females in casual employment stood at 6.0 per cent while regular employment went up by 1.8 per cent relative to the previous year. On the other hand, the male casual proportion to total male wage employment declined slightly to 41.1 per cent in 2009.

Table 4.6: Wage Employment by Industry and Sex, 2008 and 2009

'000

	Male		Female		Total	
INDUSTRY	**2008**	**2009***	**2008**	**2009***	**2008**	**2009***
Agriculture and Forestry ..	251.2	249.5	89.5	90.8	340.7	340.3
Mining and Quarrying ..	5.1	4.9	1.4	1.6	6.5	6.5
Manufacturing	215.1	215.9	49	49.4	264.1	265.3
Electricity and Water ..	15.7	15.9	3.6	3.7	19.3	19.6
Building and Construction	79.3	87.6	5.5	5.8	84.8	93.4
Trade, Restaurants and Hotels	146.9	157.3	55.5	58.1	202.4	215.4
Transport and Communications	124.3	128.6	33.1	34.5	157.4	163.1
Finance, Insurance, Real Estate and Business Services ..	68.9	70.5	25.6	26.7	94.5	97.2
Community, Social and Personal Services-						
Public Administration ..	74.8	75.2	50.4	50	125.2	125.2
Education Services	201.2	207.7	158.4	165.9	359.6	373.6
Domestic Services	59.7	60.6	42.6	43.6	102.3	104.2
Other Services	112.7	117.7	74.4	77.8	187.1	195.5
TOTAL	**1,354.9**	**1,391.4**	**589.0**	**607.9**	**1,943.9**	**1,999.3**
Of which: Regular	785.8	819.5	388.2	395.1	1,174.0	1,214.7
Casual	569.1	571.9	200.8	212.8	769.9	784.6

* Provisional

Wage Earnings in the Modern Sector

4.11. Analysis of total wage payments by industry and sector for the period 2008 to 2009 is shown in Table 4.7. The nominal wage bill went up from KSh 707,371.3 million in 2008 to KSh 761,565.4 million in 2009, translating into the same percentage change as that registered in 2008 (7.7 per cent). The private sector wage bill went up by 7.4 per cent from KSh 481,945.9 million in 2008 to KSh 517,732.6 million in 2009, while that of public sector went up by 8.2 per cent. This increase in the total wage payment in the public sector is lower than the rise of 11.0 per cent recorded between 2007 and 2008. Wage payments in the private sector went up by between 3.3 per cent in the agriculture and forestry and 13.8 per cent in the building and construction. Overall, the public sector accounted for 32.0 per cent of the total wage bill in the modern sector in 2009.

Table 4.7: Estimated Total Wage Payments by Industry and Sector, 2005 – 2009

KSh Million Per Annum

	2005	2006	2007	2008	2009*
PRIVATE SECTOR:					
Agriculture and Forestry	35,557.1	39,190.6	43,416.6	44,639.1	46,124.3
Mining and Quarrying	1,048.1	1,241.8	1,378.1	1,136.3	1,254.1
Manufacturing	44,054.6	48,500.4	53,050.3	56,167.8	59,024.3
Electricity and Water	1,251.3	1,150.2	1,685.4	1,363.0	1,414.0
Building and Construction	16,707.9	18,904.0	21,677.0	25,059.9	28,516.4
Wholesale and Retail Trade, Restaurants and Hotels	72,043.0	81,100.9	91,098.0	83,779.2	86,667.2
Transport and Communications ..	42,612.1	53,209.1	70,702.0	79,711.6	85,815.9
Finance, Insurance Real Estate and Business Services	45,826.4	49,966.5	55,178.3	61,146.9	67,679.1
Community, Social and Personal Services	95,665.3	102,539.1	115,461.6	128,941.2	141,237.3
TOTAL PRIVATE SECTOR	**354,765.8**	**395,802.6**	**453,647.3**	**481,945.0**	**517,732.6**
PUBLIC SECTOR:					
Agriculture and Forestry	8,889.3	9,312.8	9,444.8	10,573.6	11,314.7
Mining and Quarrying	134.6	137.4	145.5	143.1	161.4
Manufacturing	5,286.8	5,757.5	5,468.3	6,379.4	6,772.2
Electricity and Water	8,317.4	8,560.6	8,951.7	9,792.6	10,588.4
Building and Construction	5,478.1	5,806.0	5,882.5	6,396.8	6,744.3
Wholesale and Retail Trade, Restaurants and Hotels	2,630.1	3,028.5	3,366.6	3,385.7	3,908.6
Transport and Communications ..	14,360.8	16,766.2	18,319.6	22,780.1	24,947.2
Finance, Insurance Real Estate and Business Services	12,903.5	14,145.2	12,529.4	10,674.8	11,532.8
Community, Social and Personal Services	120,031.2	128,179.4	139,021.7	155,300.2	167,863.2
TOTAL PUBLIC SECTOR	**178,031.8**	**191,693.6**	**203,130.1**	**225,426.3**	**243,832.8**
TOTAL PUBLIC AND PRIVATE ..	**532,797.6**	**587,496.2**	**656,777.4**	**707,371.3**	**761,565.4**

* Provisional

4.12. A summary of wage payments in the public sector by type of employer is presented in Table 4.8. Total wage bill for Central Government increased by 14.1 per cent from KSh 50,741.6 million in 2008 to KSh 57,891.3 million in 2009. This was mainly as a result of annual salary increments and the slight increase in employment in the civil service. The TSC wage bill rose by 3.2 per cent to KSh 79,699.6 million, and accounted for the largest share of public sector wage bill in 2009. The combined share of the Central Government and TSC wage bill in the total public sector wage bill accounted for 56.4 per cent of the total wage bill.

Table 4.8: Total Wage Payments in the Public Sector[1], 2005 – 2009

KSh million

	2005	2006	2007	2008	2009*
Central Government	39,635.4	42,678.2	46,370.3	50,741.6	57,891.3
Teachers Service Commission ..	57,008.1	62,132.3	68,180.2	77,191.6	79,699.6
Parastatal Bodies[2]...	43,306.6	43,964.1	43,011.8	46,949.1	51,575.4
Majority Control by the Public Sector[3].. ..	27,518.8	27,935.7	27,330.5	29,860.4	32,802.7
Local Government	10,562.9	14,983.2	18,237.3	20,683.6	21,863.8
TOTAL	**178,031.7**	**191,693.6**	**203,130.1**	**225,426.3**	**243,832.8**

* Provisional.

[1] Refers to position as at 30th June, but the June figures are annualised by multiplying by 12 for earnings

[2] Refers to Government wholly-owned corporations

[3] Refers to institutions where the Government has over 50 per cent shareholding but does not fully own them

4.13. As shown in Table 4.9, total wage earnings per employee rose by 4.0 per cent from KSh 363,900.1 in 2008 to KSh 378,349.6 per annum in 2009. Annual average earnings in the private sector increased from KSh 369,068.7 in 2008 to KSh 384,721.6 in 2009, an increase of 4.2 per cent. Average earnings per person remained higher in the private sector compared with that of the public sector, though the gap is narrowing. This is as a result of improvement of remuneration for public servants with a view to harmonising with their counterparts in the private sector. In the private sector, average earnings in the finance, insurance, real estate and business services were the highest, at more than double the national average. On the other hand, workers in agriculture and forestry, mining and quarrying and manufacturing had average earnings lower than the national average.

Table 4.9: Average Wage Earnings per Employee[1], 2005 - 2009

KSh Per Annum

	2005	2006	2007	2008	2009*
PRIVATE SECTOR:					
Agriculture and Forestry	130,574.0	139,802.3	150,236.8	154,062.2	160,138.7
Mining and Quarrying	206,935.6	232,720.3	246,747.6	193,484.0	216,905.1
Manufacturing	198,680.3	212,284.4	222,961.3	236,797.9	248,208.6
Electricity and Water	644,319.4	607,585.8	779,906.3	602,847.2	629,837.6
Building and Construction	300,128.5	326,618.4	353,997.4	385,875.2	387,741.2
Trade, Restaurants and Hotels	425,688.0	451,604.2	479,943.0	426,661.3	414,352.6
Transport and Communications	567,313.6	585,422.5	600,288.4	661,765.2	688,018.1
Finance, Insurance, Real Estate and Business Services	632,803.4	661,545.2	698,707.6	746,896.5	802,874.0
Community, Social & Personal Services	337,036.0	356,347.9	385,871.5	419,813.7	441,166.7
AVERAGE PRIVATE SECTOR	**306,535.9**	**327,743.6**	**353,944.9**	**369,068.7**	**384,721.6**
PUBLIC SECTOR:					
Agriculture and Forestry	162,201.6	171,509.8	185,515.2	207,462.7	216,290.0
Mining and Quarrying	192,238.8	196,316.0	207,817.5	217,883.0	235,361.8
Manufacturing	169,981.5	186,934.4	203,239.1	237,438.8	246,607.4
Electricity and Water	454,471.6	483,658.2	532,720.9	575,132.2	609,132.9
Building and Construction	243,452.6	263,914.4	292,595.2	322,230.1	338,874.4
Trade, Restaurants and Hotels	424,178.7	480,728.1	560,976.3	562,326.0	623,797.6
Transport and Communications	369,143.5	417,079.7	507,358.2	617,092.9	650,257.0
Finance, Insurance, Real Estate and Business Services	781,978.2	841,996.3	875,996.3	845,409.9	897,142.2
Community, Social & Personal Services	258,001.8	277,991.7	304,605.3	332,485.8	350,954.7
AVERAGE PUBLIC SECTOR	**272,123.4**	**294,958.5**	**323,408.6**	**353,321.7**	**373,098.5**
AVERAGE PRIVATE AND PUBLIC SECTOR	**294,290.9**	**316,486.8**	**343,934.7**	**363,900.1**	**378,349.6**
MEMORANDUM ITEMS IN PUBLIC SECTOR:					
Central Government	209,158.0	227,374.7	241,197.7	257,833.5	288,590.6
Teachers Service Commission	244,880.0	266,319.3	290,623.1	325,977.9	324,814.2
Parastatal Bodies[2]	443,958.9	452,363.9	533,789.4	569,553.3	611,130.7
Majority Control by the Public Sector[3]	586,344.3	597,426.3	704,963.0	752,900.5	807,862.2
Local Government	120,784.0	176,372.0	222,694.0	251,234.0	264,800.6
AVERAGE PUBLIC SECTOR	**272,123.4**	**294,958.5**	**323,408.6**	**353,321.7**	**373,098.5**

* Provisional.

[1] Refers to position as at 30th June, but the June figures are annualised by multiplying by 12 for earnings.

[2] Refers to Government wholly-owned corporations.

4.14. Annual average earnings in the public sector rose by 5.6 per cent in 2009 compared to the 4.2 per cent increase for the private sector. In the public sector, annual average earnings for employees in Central Government registered the highest increase of 11.9 per cent while those

for Parastatal bodies and Majority control by the public sector went up by 7.3 per cent. Average earnings for employees of TSC, on the other hand, are reflected as having declined marginally. However, it is worth noting that the total earnings used to compute the average earnings are derive from the Integrated Personel Payroll Database (IPPD) system which excludes some payments paid to the employees of the TSC. Previously the earnings used were derived from Government payroll system, which captured all payments.

Table 4.10: Wage Employment and Average Earnings[1], 2009/2004 and 2009/2008

	EMPLOYMENT		AVERAGE EARNINGS	
	2009/2004*	2009/2008*	2009/2004*	2009/2008*
PRIVATE SECTOR:				
Agriculture and Forestry	8.8	-0.6	29.0	3.9
Mining and Quarrying	18.4	-1.7	13.5	12.1
Manufacturing	12.2	0.3	31.9	4.8
Electricity and Water	15.8	-4.3	6.0	4.5
Building and Construction	35.1	13.3	34.5	0.5
Trade, Restaurants and Hotels	29.4	6.5	6.1	-2.9
Transport and Communications	105.4	3.5	22.1	4.0
Finance, Insurance ,Real Estate and Business Services	20.1	2.9	29.0	7.5
Community, Social & Personal Services	15.7	4.3	35.5	5.1
AVERAGE PRIVATE SECTOR	**21.5**	**3.1**	**32.4**	**4.2**
PUBLIC SECTOR:				
Agriculture and Forestry	-6.5	2.4	41.3	4.3
Mining and Quarrying	0.0	0.0	24	8.0
Manufacturing	-13	2.2	54.4	3.9
Electricity and Water	-7.9	2.4	42.1	5.9
Building and Construction	-13.5	0.0	47.4	5.2
Trade, Restaurants and Hotels	0	5.0	71.1	10.9
Transport and Communications	1.3	4.1	89.8	5.4
Finance, Insurance ,Real Estate and Business Services	-14	2.4	24.4	6.1
Community, Social and Personal Services	2.1	2.4	45.3	5.6
AVERAGE PUBLIC SECTOR	**-0.6**	**2.4**	**47.5**	**5.6**
AVERAGE PUBLIC AND PRIVATE	**13.3**	**2.8**	**36.7**	**4.0**
MEMORANDUM ITEMS IN PUBLIC SECTOR:				
Central Government	3.3	1.9	55.0	11.9
Teacher's Service Commission	4.6	3.6	47.9	-0.4
Parastatal Bodies[2]	-11.5	2.4	40.3	7.3
Majority Control by the Public Sector[3]	-11.5	2.4	40.4	7.3
Local government	-5.5	0.3	117.6	5.4
AVERAGE PUBLIC SECTOR	**-0.6**	**2.4**	**47.5**	**5.6**

* Provisional

[1] Refers to position as at 30th June, but the June figures are annualised by multiplying by 12 for earnings.

[2] Refers to Government wholly-owned corporations.

[3] Refers to institutions where the Government has over 50 per cent shareholding but does not fully own them.

4.15. Table 4.10 presents percentage changes in wage employment and average earnings for the period 2004 to 2009. During the five-year period, total employment rose by 13.3 per cent, with wage employment in the private sector rising by 21.5 per cent compared to a decline of 0.6 per cent in the public sector. The Central Government and TSC are the only public sector employers that recorded positive growths in wage employment, registering 3.3 and 4.6 per cent, respectively. The highest growth in employment over the five year period in the private

sector was recorded in the transport and communication industry.

4.16. Annual average earnings in the country rose by 36.7 per cent over the five-year period with private sector average earnings rising by 32.4 per cent. Earnings in the public sector have gone up by 47.5 per cent in the period under review. Private sector employees in the trade, restaurants and hotels industry registered a negative growth of 2.9 per cent in average earnings in 2009 while those in the building and construction industry recorded a marginal growth. Over the period 2004 to 2009, Local Government employees had the highest increase in average earnings in the public sector.

4.17. Real average earnings per employee by sector and industry are shown in Table 4.11 while percentage changes are shown Table 4.12. Average real earnings dropped by 4.2 per cent from KSh 156,311.8 per annum in 2008 to KSh 149,694.7 per annum in 2009. Real earnings for private and public sector declined by 4.0 and 2.7 per cent, respectively, relative to their 2008 levels. Mining and quarrying was the only industry in the private sector that recorded a positive change in the value of real earnings in the period under review. Real average earnings for all employers in the public sector registered declines, except for Central Government whose real earnings increased by 3.1 per cent over the period.

Table 4.11: Estimated Real Average Wage Earnings per Employee[1], 2005 - 2009

KSh Per Annum

	2005	2006	2007	2008	2009*
PRIVATE SECTOR:					
Agriculture and Forestry	71,542.8	73,613.2	76,031.5	66,176.8	63,359.2
Mining and Quarrying	113,382.0	122,539.3	124,873.4	83,110.2	85,818.9
Manufacturing	108,858.9	111,778.7	112,835.7	101,715.6	98,204.2
Electricity and Water	353,028.9	319,925.4	394,693.0	258,950.5	249,196.3
Building and Construction	164,443.4	171,981.5	179,150.1	165,751.1	153,410.5
Trade, Restaurants and Hotels	233,238.6	237,793.0	242,888.4	183,270.6	163,939.3
Transport and Communications	310,836.7	308,255.3	303,792.5	284,258.5	272,215.6
Finance, Insurance Real Estate and Business Services	346,719.2	348,337.8	353,600.2	320,826.3	317,658.5
Community, Social & Personal Services	184,665.3	187,635.6	195,280.9	180,329.2	174,548.4
AVERAGE PRIVATE SECTOR	**167,954.0**	**172,574.0**	**179,123.6**	**158,531.9**	**152,215.8**
PUBLIC SECTOR:					
Agriculture and Forestry	88,871.9	90,308.8	93,885.1	89,114.7	85,575.5
Mining and Quarrying	105,329.5	103,370.5	105,171.8	93,590.7	93,121.3
Manufacturing	93,134.5	98,430.6	102,854.7	101,990.9	97,570.7
Electricity and Water	249,009.5	254,671.1	269,598.1	247,045.7	241,004.5
Building and Construction	133,390.1	138,964.6	148,075.9	138,412.6	134,076.3
Trade, Restaurants and Hotels	232,411.7	253,128.2	283,897.5	241,544.8	246,806.6
Transport and Communications	202,257.4	219,614.1	256,762.6	265,069.7	257,275.3
Finance, Insurance Real Estate and Business Services	428,453.5	443,354.7	443,322.0	363,142.3	354,955.9
Community, Social & Personal Services	141,361.7	146,377.0	154,153.9	142,817.9	138,855.8
AVERAGE PUBLIC SECTOR	**149,099.1**	**155,310.9**	**163,669.8**	**151,767.9**	**147,617.1**
AVERAGE PRIVATE AND PUBLIC SECTOR	**161,244.9**	**166,646.7**	**174,057.6**	**156,311.8**	**149,694.7**
MEMORANDUM ITEMS IN PUBLIC SECTOR:					
Central Government	114,599.7	119,724.6	122,064.7	110,751.3	114,181.4
Teachers Service Commission	134,172.2	140,230.9	147,077.8	140,022.4	128,513.3
Parastatal Bodies[2]	243,249.4	238,193.0	270,138.8	244,649.3	241,794.9
Majority Control by the Public Sector[3]	321,263.8	314,575.9	356,765.9	323,405.3	319,632.1
Local Government	66,178.7	92,869.0	112,700.4	107,916.5	104,768.8
AVERAGE PUBLIC SECTOR	**149,099.1**	**155,310.9**	**163,669.8**	**151,767.9**	**147,617.1**

* Provisional

[1] Average current earnings adjusted for the rise in consumer prices

[2] Refers to Government wholly-owned corporations

[3] Refers to institutions where the Government has over 50 per cent shareholding but does not fully own them

Table 4.12: Changes in Wage Employment, Prices and Real Earnings, 2005 – 2009

Per cent

	2005	2006	2007	2008	2009*
Wage employment	2.7	2.5	2.8	1.8	2.8
Average earnings at current prices	6.4	7.5	8.7	5.8	4.0
Consumer prices (Inflation rates)[1]	11.9	4.1	4.0	17.8	8.6
Real average earnings[+]	-5.0	3.4	4.4	-10.2	-4.2

* Provisional.

[1] Inflation rates at June of each year

[+] Revised after deflating with the June CPI index

Informal Sector

4.18. The informal sector in Kenya is defined to cover all small-scale activities that are semi-organised, unregulated and use low and simple technologies. The sector has been playing a central role in the economy with its activities growing over the years. The activities are mainly in the manufacturing, building and construction, distributive trades, transport and communication, and community and personal services industries. The policy challenge for the sector is to create an enabling environment that would enhance profitability and competitiveness in order to graduate into the modern sector.

4.19. As shown in Table 4.13, an estimated 8,332.5 thousand persons were engaged in informal sector economic activities in 2009, an increase of 4.9 per cent from the 2008 level. The growth in employment in the sector has been decelerating over the five year period, though it has provided the necessary employment interface between modern sector and small-scale farming and pastoralist activities. The ease of entry into the sector has made it a fall back opening for those leaving training institutions as they await to join the modern sector and those exiting from the modern sector. The slowing down of the sector is attributed to increased enrolment levels in the education and training institutions. In addition, the demographic transition also reduced the rate of growth of the age group cohort entering the job market and therefore likely entrants to the informal economy. Nairobi Province still commands the largest share in informal sector employment, at 24.3 per cent followed by Rift Valley and Central Provinces with 18.9 and 15.8 per cent in that order.

Table 4.13: Number of persons Engaged in the Informal Sector by Province, 2005 - 2009

000

Province	2005	2006	2007	2008	2009*
Nairobi	1,601.1	1,712.1	1,824.5	1,945.1	2,021.6
Central	1,049.1	1,118.9	1,187.2	1,256.4	1,318.9
Nyanza	783.2	832.6	878.4	920.9	979.2
Western	480.2	514.0	548.5	586.2	607.1
Rift Valley	1,254.2	1,337.0	1,417.5	1,498.2	1,575.3
Eastern	609.5	646.8	680.4	709.8	759.9
Coast	818.1	874.2	930.7	990.5	1,031.9
North Eastern	31.2	33.0	34.4	35.4	38.6
TOTAL	**6,626.6**	**7,068.6**	**7,501.6**	**7,942.5**	**8,332.5**
Of which					
Urban	2,584.4	2,756.8	2,925.6	3,097.4	3,141.6
Rural	4,042.2	4,311.8	4,576.0	4,837.7	5,178.8

* Provisional

4.20. Distribution of the informal sector employment by industry is presented in Table 4.14. Employment was highest in the wholesale and retail trades, hotels and restaurants industry, which absorbed 59.1 per cent of total persons employed in the sector followed by manufacturing with 21.1 per cent. Building and construction registered the highest increase in informal employment from 211.4 thousand in 2008 to 230.0 thousand in 2009, an increase of 8.8 per cent.

Table 4.14: Number of persons Engaged in the Informal Sector by Activity, 2005 - 2009

000

Activity	2005	2006	2007	2008	2009*
Manufacturing	1,433.6	1,492.7	1,567.1	1,644.2	1,761.7
Building and Construction	190.2	194.7	202.8	211.4	230.0
Wholesale and Retail Trade, Hotels and Restaurants	3,889.7	4,177.3	4,446.2	4,719.0	4,922.5
Transport and Communications[1]	197.8	214.2	228.8	243.5	252.6
Community, Social and Personal Services	614.1	668.2	715.4	763.0	786.8
Others	301.1	321.5	341.3	361.4	378.9
**TOTAL .. ..

Table 4.15: Gazetted Monthly Basic Minimum Wages for Agricultural Industry, 2005 – 2009

KSh

Type of Employee	2005	2006	2007	2008	2009
UNSKILLED EMPLOYEES	2,285	2,536	2,536	2,536	3,043
STOCKMAN, HERDSMAN AND WATCHMAN	2,638	2,928	2,928	2,928	3,514
SKILLED AND SEMI-SKILLED EMPLOYEES					
House servant or cook	2,607	2,894	2,894	2,894	3,473
Farm foreman	4,120	4,573	4,573	4,573	5,488
Farm clerk	4,120	4,573	4,573	4,573	5,488
Section foreman	2,668	2,961	2,961	2,961	3,553
Farm artisan	3,730	3,030	3,030	3,030	3,636
Tractor driver	2,895	3,213	3,213	3,213	3,856
Combine harvester driver	3,189	3,540	3,540	3,540	4,248
Lorry driver or car driver	3,347	3,715	3,715	3,715	4,458
AVERAGE	**3,060**	**3,396**	**3,396**	**3,396**	**4,076**

Source: Ministry of Labour & Human Resource Development

4.24. As presented in Table 4.16, the average gazetted monthly basic minimum wages in Nairobi, Mombasa and Kisumu cities rose from KSh 8,171 in 2008 to KSh 9,641 in 2009. In other municipalities the average basic minimum monthly wages was increased from KSh 7,578 to KSh 8,942 in 2008 and 2009, respectively. Similarly, in all other towns rose from KSh 6,447 to KSh 7,607 over the same period. Notably, with the implementation of the final phase of harmonised Civil Service salaries in 2008, salary increase for civil servants was mainly due to the normal annual increments.

Table 4.16: Gazetted Monthly Basic Minimum Wages in Urban Areas (Excluding Housing Allowance), 2008 - 2009

KSh

	Nairobi area, Mombasa & Kisumu		Municipalities plus Mavoko & Ruiru Town Councils		All other towns	
Occupation	2008	2009	2008	2009	2008	2009
General labourer	5,195	6,130	4,792	5,655	2,771	3,270
Miner, stone cutter, turnboy, waiter, cook	5,611	6,621	4,978	5,874	3,203	3,778
Night watchman	5,796	6,839	5,373	6,340	3,306	3,901
Machine attendant	5,888	6,948	5,479	6,465	4,441	5,240
Machinist	6,721	7,931	6,288	7,420	5,141	6,066
Plywood machine operator	7,012	8,274	6,471	7,636	5,349	6,312
Pattern designer	8,002	9,442	7,315	8,632	6,237	7,360
Tailor, Driver (medium vehicle)	8,818	10,405	8,105	9,564	7,226	8,527
Dyer, Crawler, Tractor driver, Salesman	9,735	11,487	9,083	10,718	8,198	9,674
Saw doctor, Caretaker (building)	10,774	12,713	10,060	11,871	9,371	11,058
Cashier, Driver (heavy commercial)	11,723	13,833	11,031	13,017	10,343	12,205
Artisan (Ungraded)	7,012	8,274	6,471	7,636	5,349	6,312
Artisan Grade III	8,818	10,405	8,105	9,564	7,226	8,527
Artisan Grade II	9,735	11,487	9,083	10,718	8,198	9,674
Artisan Grade I	11,723	13,833	11,031	13,017	10,343	12,205
AVERAGE	**8,171**	**9,641**	**7,578**	**8,942**	**6,447**	**7,607**

Source: Ministry of Labour and Human Resource Development

4.25. Collective bargaining is an important mechanism for wage determination. The Industrial Court has jurisdiction to arbitrate and register collective bargaining agreements negotiated between employers' and workers' representatives in order to improve terms and conditions of employment. Table 4.17 shows the number of collective bargaining agreements registered by the Industrial Court in 2008 and 2009. The number of agreements registered increased by 27 to 324 in 2009. The agreements registered reflected an average monthly wage of KSh 18,893.40 compared to KSh 14,621.60 in 2008. The monthly house allowance on average was KSh 3,219.30 in 2009, a slight increase from KSh 3,138.00 in the previous year. The number of unionisable employees covered by the agreements registered in 2009 was 83,907 of which 33.4 per cent were in Finance, Insurance, Real Estate, and Business service economic activity sector.

Table 4.17: Collective Bargaining Agreements Registered by the Industrial Court, 2008 and 2009

	No. of Agreements		No. of Unionisable Employees Covered by the Agreements		Monthly Basic Wage (KSh)		Monthly Housing Allowance Offered (KSh)	
	2008	2009*	2008	2009*	2008	2009*	2008	2009*
Agriculture, Forestry, Hunting & Fishing	30	25	39,946	14,773	7,543.60	10,835.00	1,545.30	2,225.80
Mining & Quarrying	3	1	492	109	9,466.60	11,373.90	1,866.70	1,500.00
Manufacturing of :								
Food, Beverage & Tobacco	43	44	9,278	4,991	14,375.20	23,170.40	2,109.10	2,736.70
Textile, Wearing Apparels & Leather Industry	24	20	6,443	5,496	6,846.30	7,856.30	1,821.40	2,018.70
Wood & Wood Industry including Furniture	5	3	145	29	9,503.10	11,055.40	1,541.00	2,033.30
Paper & Paper Products, Printing & Publishing	15	12	773	897	13,062.00	21,006.40	4,273.20	4,320.00
Chemical, Petroleum Rubber & Plastic Product	19	32	820	1,910	12,867.50	18,717.70	2,645.70	2,613.00
Glass, Ceramic & Cement	5	5	573	838	20,414.50	15,556.10	3,644.40	2,165.30
Basic Metal Industries	-	3	-	114	-	11,400.60	-	2,262.00
Electronics & Electrical Products	42	34	1,976	1,513	12,978.00	9,671.60	2,274.80	2,531.00
Other Manufacturing industries	1	2	28	296	9,557.40	32,197.60	1,600.00	3,077.00
Electricity and Water	3	4	298	4,470	17,536.00	22,057.40	5,800.00	8,541.00
Building & Construction	2	6	88	980	22,081.70	9,301.60	6,710.00	1,920.80
Wholesale & Retail Trade, Restaurant & Hotels	23	29	1,057	2,243	9,813.10	14,061.00	2,655.40	4,155.40
Transport and Communication	25	24	11,370	4,978	23,689.20	21,247.10	4,420.40	3,874.60
Finance, Insurance, Real Estate & Business Services	18	25	897	27,985	23,481.30	56,216.30	4,239.80	5,422.40
Community & Social Services	39	55	8,428	12,285	20,730.60	25,462.60	3,061.50	3,330.60
Total/Average	**297**	**324**	**82,612**	**83,907**	**14,621.60**	**18,893.35**	**3,138.00**	**3,219.30**

Source: Ministry of Labour & Human Resource Development

* Provisional

Consumer Price Index

4.26. The overall annual inflation, calculated as a percentage change in the geometric Consumer Price Index (CPI) over two consecutive 12 month period, decreased from 16.2 per cent in 2008 to 9.2 per cent in 2009. This decline was mainly caused by a reversal of slowed economic activities attributed to the aftermath of the 2007 post election violence, inadequate rains, rising oil prices and the global high food prices that were witnessed in the year 2008. In addition, the year 2009 was characterised by a reduction of crude oil prices in the world market and prudent macroeconomic policy management.

4.27. Table 4.18 shows annual inflation rates for the different income groups over the last five years. Inflationary pressures in the Nairobi lower income group eased up the most by recording a drop from 17.9 per cent in 2008 to 8.2 per cent in 2009. Nairobi Upper/Middle income groups and the rest of urban areas registered declines in their inflation rates, albeit at lower rates.

Table 4.18: Annual Inflation Rates 2005-2009

Per cent

Income Group	2005	2006	2007	2008	2009
Nairobi Lower Income Inflation..... ...	11.4	8.7	4.0	17.9	8.2
Nairobi Middle/Upper Income Inflation ...	8.3	4.8	4.1	10.9	7.9
Nairobi Inflation	10.8	8.0	4.0	16.7	8.2
Rest of Urban Towns Inflation ...	9.3	5.4	4.4	15.9	10.0
Kenya Inflation Rate... ...	**10.0**	**6.0**	**4.3**	**16.2**	**9.2**

Notes

I The Nairobi composite index is weighted as 0.8 for lower income group and 0.2 for middle/upper income group while Kenya composite index is weighted as 0.399 for Nairobi and 0.601 for rest of Urban Towns.

II The lower income group comprises households with monthly expenditure below KSh 10,000 in October 1997

III The middle/upper income group comprises households with monthly expenditure above KSh 10,000 in October 1997

4.28. Tables 4.19, 4.20, 4.21, 4.22 and 4.23 show a five year series of the CPI for the Nairobi lower, middle/upper, Nairobi combined, rest of urban areas and the national indices (Kenya), respectively.

4.29. The annual average CPI for Nairobi lower income group rose from 244.53 in 2008 to 264.62 in 2009, recording an annual inflation of 8.2 per cent. The highest index of 271.01 was recorded in March while the lowest index of 258.78 was in July 2009.

4.30. The annual average CPI for the Nairobi middle/upper income groups rose from 190.25 in 2008 and 205.20 in 2009, translating to an annual inflation of 7.9 per cent. The monthly CPI for this income group in 2009 ranged from 198.75 to 209.57, the latter being recorded in the month of April.

Table 4.19: Consumer Price Indices for the Nairobi Lower Income Group, 2005-2009

October 1997=100

Month	2005	2006	2007	2008	2009
January	176.87	199.75	206.76	229.17	260.83
February	180.15	204.75	206.88	229.96	267.84
March	184.38	205.64	207.09	233.61	271.01
April	189.36	202.60	203.03	240.59	270.57
May	189.43	199.49	202.00	245.18	267.19
June	184.63	195.58	203.83	243.21	261.62
July	183.01	193.81	205.38	244.09	258.78
August	182.68	194.68	206.70	248.56	260.00
September	179.99	196.64	208.52	251.65	261.10
October	181.90	198.91	209.46	253.66	264.36
November	183.94	198.36	212.18	258.17	265.81
December	185.85	202.77	216.50	256.47	266.32
Annual average	**183.52**	**199.41**	**207.36**	**244.53**	**264.62**

Table 4.20: Consumer Price Indices, Nairobi Middle/Upper income Group, 2005-2009

October 1997=100

Month	2005	2006	2007	2008	2009
January	152.76	164.20	168.50	182.02	198.75
February	153.63	165.54	169.29	182.70	199.19
March	154.46	165.73	168.69	186.87	208.59
April	157.48	165.92	168.77	190.07	209.57
May	157.55	165.14	168.79	189.03	205.26
June	158.22	163.27	169.39	189.96	203.85
July	157.13	162.18	169.95	191.45	205.09
August	157.64	163.42	171.09	190.90	204.03
September	158.25	164.15	174.55	194.27	206.06
October	158.81	164.70	175.64	196.49	207.97
November	159.17	165.27	176.32	194.88	205.89
December	159.99	166.41	176.87	194.31	208.16
Annual average	**157.09**	**164.66**	**171.49**	**190.25**	**205.2**

Table 4.21: Consumer Price Indices, Overall Nairobi, 2005-2009

October 1997=100

Month	2005	2006	2007	2008	2009
January	172.05	192.64	199.11	219.74	248.42
February	174.84	196.91	199.36	220.51	254.11
March	178.40	197.66	199.41	224.26	258.52
April	182.99	195.26	196.18	230.48	258.37
May	183.05	192.62	195.36	233.95	254.80
June	179.35	189.12	196.94	232.56	250.06
July	177.83	187.48	198.29	233.56	248.04
August	177.67	188.43	199.58	237.02	248.80
September	175.64	190.14	201.73	240.17	250.10
October	177.28	192.07	202.70	242.23	253.08
November	178.99	191.74	205.01	245.51	253.83
December	180.68	195.50	208.58	244.04	254.69
Annual average	**178.23**	**192.46**	**200.19**	**233.67**	**252.74**

Table 4.22: Consumer Price Indices, Rest of Urban areas, 2005-2009

October 1997=100

Month	2005	2006	2007	2008	2009
January	175.97	186.65	196.91	214.16	243.31
February	176.94	189.80	197.84	218.72	250.04
March	178.75	192.27	198.18	221.02	252.29
April	183.75	192.19	197.55	227.61	256.37
May	185.43	192.78	197.26	232.47	255.88
June	184.61	191.13	198.82	234.06	255.85
July	183.33	189.46	199.48	232.76	255.88
August	181.89	189.49	198.76	234.63	255.64
September	181.86	189.94	199.73	236.71	256.81
October	181.53	191.30	201.39	238.12	257.33
November	181.17	192.60	203.25	242.67	257.44
December	182.12	196.37	206.29	244.20	258.75
Annual average	**181.45**	**191.16**	**199.62**	**231.43**	**254.63**

Table 4.23: Consumer Price Indices, Kenya, 2005-2009

October 1997=100

Month	2005	2006	2007	2008	2009
January	174.41	188.62	197.35	215.72	244.49
February	176.10	191.76	197.74	218.66	250.62
March	178.61	193.36	197.83	221.10	253.31
April	183.45	192.51	196.37	227.68	255.87
May	184.48	191.84	195.85	232.27	254.51
June	182.51	189.91	197.60	232.80	252.75
July	181.14	188.46	198.62	232.44	252.00
August	180.21	188.87	198.67	235.05	252.30
September	179.38	189.76	200.10	237.39	253.34
October	179.83	191.18	201.35	238.83	254.60
November	180.71	191.79	203.26	242.99	255.14
December	181.90	195.22	206.15	242.84	255.80
Annual average	**180.23**	**191.11**	**199.24**	**231.48**	**252.89**

4.31. Annual average CPI by broad commodity groups and their corresponding inflation rates are shown in Table 4.24 and Figure 4.2, respectively. The annual average CPI for food and non-alcoholic drinks increased from 283.66 in 2008 to 319.45 in 2009. This translates to an annual food inflation of 12.6 per cent, which was the highest among the broad item groups. The rise in food inflation was mainly due to increases in the prices of maize flour, sugar and beef with bones. The three items collectively accounted for over 10 per cent of food and non-alcoholic drinks expenditure in the review period. The average cost of a 2 Kg packet of maize flour rose by 24.6 per cent, from KSh 70.47 in 2008 to KSh 87.78 in 2009. Sugar prices on the other hand went up by 22.6 per cent from an annual average of KSh 70.60 per Kg in 2008 to KSh 86.59 in 2009 while the price of beef rose by 13.5 per cent from an average of KSh 202.81 per Kg to KSh 230.11. On the other hand, fuel and power index declined by 3.8 per cent mainly

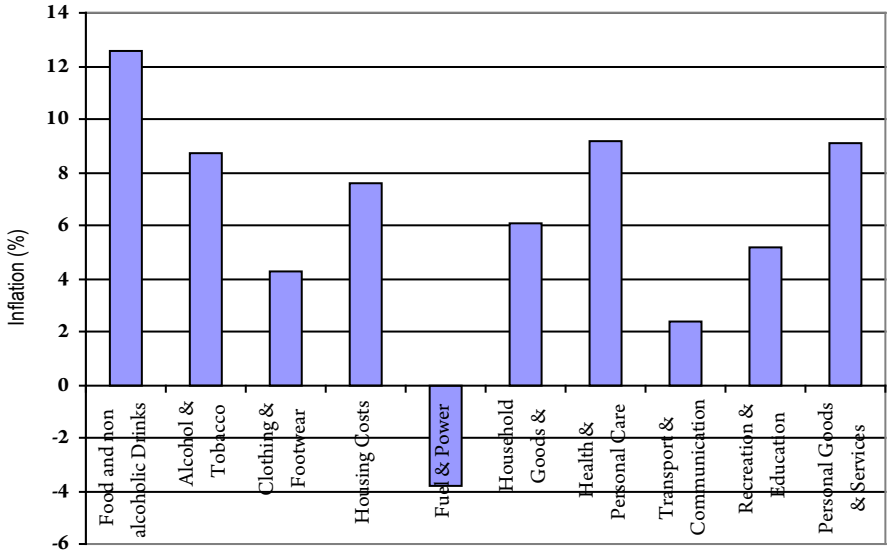
due to reduction in the prices of diesel, paraffin and petrol by 21.2, 17.6 and 15.1 per cent, respectively in 2009. All the broad commodity groupings except Fuel and Power recorded significant increases in their respective price indices.

Table 4.24: CPI and Inflation by Commodities 2008 and 2009

October 1997=100

Broad Item Group	Weights (Percentage)	Annual Average Index 2008	Annual Average Index 2009	% Change
Food and non alcoholic Drinks	50.50	283.66	319.45	12.6
Alcohol & Tobacco	2.97	199.20	216.45	8.7
Clothing & Footwear	9.00	131.66	137.33	4.3
Housing Costs	11.74	175.30	188.66	7.6
Fuel & Power	4.18	342.09	329.12	-3.8
Household Goods & Services	5.82	159.17	168.80	6.1
Health & Personal Care	1.59	202.83	221.43	9.2
Transport & Communication	5.75	227.00	232.48	2.4
Recreation & Education	6.02	159.84	168.10	5.2
Personal Goods & Services	2.45	147.90	161.34	9.1
Weighted average of all Items	**100.00**	**231.48**	**252.89**	**9.2**

Figure 4.2: Inflation Rates by Broad Commodity Groups, 2009



Chapter 5
Money, Banking and Finance

Overview

The Monetary Policy in 2009 remained focused on achieving and maintaining price stability within a single digit inflation rate of 5.0 per cent. The Central Bank of Kenya (CBK) sought to control inflation by limiting growth of broad money supply (the intermediate target) through daily management of reserve money. In the year under review, the Monetary Policy Committee (MPC) reviewed the Central Bank Rate (CBR) four times to finally stand at 7.00 per cent in November 2009 from 8.50 per cent in December 2008. Minimum cash ratio requirement was reviewed downwards from 6.00 per cent in December 2008 to 5.00 per cent and 4.50 per cent in January and July 2009, respectively. The actual average cash ratio maintained by commercial banks rose from 5.57 per cent in December 2008 to 5.96 per cent in December 2009. In the year under review, the minimum liquidity ratio requirement remained at 20.0 per cent. However, banks maintained an average liquidity that was above 40.0 per cent. The 91-day Treasury bill interest rate fell by 1.77 percentage points while the interbank interest rate dropped 3.72 percentage points.

Monetary Indicators and Aggregates

5.2. Monetary indicators are presented in Table 5.1. In 2009, Net foreign assets (NFA) increased to KSh 279.7 billion in June 2009, only to drop to KSh 245.4 billion in December 2009. The drop in NFA in December followed the slowdown in foreign exchange build up by the CBK and the use of the existing foreign exchange reserves to meet external obligations. Growth in domestic credit to private sector (including other public sectors) slowed down to 14.3 per cent in December 2009 compared to 24.5 per cent in December 2008. Domestic credit to Central Government grew by 34.2 per cent to KSh 218.5 billion in December 2009. The increase in total domestic credit (private and Government) led to a 16.0 per cent expansion in broad money supply (M3). Commercial bank's liquidity remained stable at an average ratio of 41.5 per cent during the year in review. The year end values for advances to deposits ratio declined to 71.0 per cent in 2009 from 73.0 per cent in 2008.

Table 5.1: Monetary Indicators, 2005-2009

As at end of	Net Foreign Assets (KSh mn)	DOMESTIC CREDIT (KSh mn)			Money[2] Supply(M3) (KSh mn)	Commercial Bank Liquidity Ratio (per cent)	Advances/ Deposits Ratio (per cent)
		Private[1]	Government	Total			
2005[+] Dec	158,055	410,494	119,215	529,710	558,164	42.3	80
2006 Dec	209,528	465,289	134,728	600,017	653,036	45.3	77
2007 Dec	256,690	533,804	136,968	670,771	777,596	41.4	73
2008 Dec	260,537	664,636	162,777	827,413	901,055	39.3	73
2009* Mar	267,789	672,063	174,926	846,988	906,067	40.7	75
Jun	279,699	693,307	184,355	877,663	950,239	42.5	74
Sep	267,556	708,781	208,562	917,343	986,901	42.5	72
Dec	245,423	759,794	218,525	978,319	1,045,657	40.1	71

Source: Central Bank of Kenya

[1] Includes other public sectors

[2] See Table 5.2 for coverage

[+] Figures Revised

* Provisional

5.3. Table 5.2 presents various monetary aggregates. Narrow money supply (M1) grew to KSh 442.2 billion in 2009 compared to KSh 392.8 billion in 2008. Quasi money deposits of commercial banks and Non Bank Financial Institutions (NBFIs) increased by 21.8 per cent and 27.1 per cent, respectively in the review period. This led to a 17.2 per cent growth in money supply (M2). Broad money supply (M3) grew at the targeted rate of 16.0 per cent in 2009. Overall liquidity (L) expanded by 17.3 per cent due to increase in holding of Treasury bills by commercial banks.

Table 5.2: Money and Quasi-Money Supply, 2005-2009

KSh Million

		Quasi-Money		Broad Money Supply		Overall liquidity
	Money[1] (M1)	Banks	NBFIs	M2	M3	L
2005 Dec	231,156	231,402	13,264	474,883	558,164	706,598
2006 Dec	291,789	250,952	12,984	553,907	653,036	821,749
2007 Dec	373,310	281,635	14,321	666,875	777,596	971,628
2008 Dec	392,778	360,300	13,531	766,393	901,055	1,091,929
2009 Jan	398,736	352,411	12,623	763,649	895,397	1,089,210
Feb	380,498	374,485	13,343	768,191	900,031	1,103,408
Mar	408,327	358,243	14,082	780,513	906,067	1,107,951
Apr	382,784	396,291	14,488	793,307	928,824	1,135,460
May	392,856	387,507	15,353	795,601	928,604	1,139,468
Jun	400,653	396,114	15,591	812,055	950,239	1,166,925
Jul	427,483	386,259	14,964	828,521	973,623	1,199,959
Aug	433,609	383,681	14,888	831,899	982,854	1,212,124
Sep	433,354	400,535	15,508	849,209	986,901	1,218,178
Oct	447,431	407,707	16,645	871,616	1,006,009	1,243,839
Nov	441,038	422,160	16,579	879,608	1,022,424	1,243,607
Dec	442,245	438,804	17,199	898,099	1,045,657	1,280,467

Source: Central Bank of Kenya.

[1] Currency outside banks plus all demand deposits except; those of Central Government, Local Government, Commercial Banks,Non Residents and foreign currency denominated deposits

Consolidated Accounts of the Banking System

5.4. Table 5.3 shows the assets and liabilities of the banking system. The assets and liabilities expanded by 12.5 per cent to KSh 1,223.7 billion in 2009. Contributing to the increase in assets were demand deposit liabilities which grew by 14.2 per cent to KSh 341.3 billion while currency outside banks expanded by 7.6 per cent. Quasi monetary deposit liabilities expanded significantly by 21.8 per cent to KSh 438.8 billion as residents' foreign currency deposits increased by KSh 12.9 billion, as at the end of December 2009. During the period in review, Treasury bill holdings by the commercial banks increased by 23.0 per cent compared to a 1.6 per cent decline recorded in December 2008. The increase resulted from Government's efforts to bridge the budgetary deficit occasioned by increased expenditure on famine relief and infrastructure development through the economic stimulus package. This is reflected in domestic credit to Central Government which grew substantially by 34.2 per cent in December 2009. However, credit to private sector decelerated from 25.7 per cent in 2008 to 14.5 per cent in December 2009. Net foreign assets declined by KSh 15.1 billion, a 5.8 per cent drop, compared to a growth of 1.5 per cent recorded in 2008.

Table 5.3: Consolidated Accounts of the Banking System, 2005 - 2009

KSh Million

	2005	2006	2007	2008	2009*			
	Dec	Dec	Dec	Dec	March	June	Sept	Dec
LIABILITIES-								
1 Money (M1):								
1.1 Demand Deposits	164,795	215,310	277,186	298,899	320,261	313,189	345,609	341,253
1.2 Currency outside banks ..	66,360	76,479	96,124	93,880	88,066	87,465	87,745	100,992
Sub-Total	231,156	291,789	373,310	392,778	408,327	400,653	433,354	442,245
2 Quasi-Money(MS):								
2.1 Call + 7 days Notice Deposits..	27,157	31,590	43,276	33,588	35,311	53,285	48,120	74,256
2.2 Savings Deposits	76,140	87,994	83,617	92,259	95,329	99,407	100,337	110,138
2.3 Time Deposits	158,558	149,183	177,979	235,430	237,502	243,422	252,078	254,410
Sub-Total (quasi-money banks)	**231,402**	**250,952**	**281,635**	**360,300**	**358,243**	**396,114**	**400,535**	**438,804**
Money (M1) & MS (Banks)	**462,558**	**542,741**	**654,945**	**753,078**	**766,570**	**796,767**	**833,889**	**881,049**
3 Quasi-Money (NBFIs)	13,264	12,984	14,321	13,531	14,082	15,591	15,508	17,199
Broad Money Supply (M2)	**474,883**	**553,907**	**666,875**	**766,393**	**780,513**	**812,055**	**849,209**	**898,099**
4 Foreign Currency Deposits	83,281	99,129	110,721	134,662	125,554	138,184	137,691	147,557
Broad Money Supply (M3)	**558,164**	**653,036**	**777,596**	**901,055**	**906,067**	**950,239**	**986,901**	**1,045,657**
5 Treasury Bill Holdings	148,434	168,713	194,032	190,874	201,885	216,686	231,277	234,811
Broad Money Supply (L)	**706,598**	**821,749**	**971,628**	**1,091,929**	**1,107,951**	**1,166,925**	**1,218,178**	**1,280,467**
6 Other Items (Net)	129,600	156,508	149,866	186,895	208,710	207,123	197,998	178,085
Minus Adjustment items	-148,434	-168,713	-194,032	-190,874	-201,885	-216,686	-231,277	-234,811
TOTAL	**687,764**	**809,544**	**927,462**	**1,087,950**	**1,114,777**	**1,157,362**	**1,184,899**	**1,223,742**
ASSETS-								
7 Net Foreign Assets	158,055	209,528	256,690	260,537	267,789	279,699	267,556	245,423
8 Domestic Credit:								
8.1 Central Govt. (Net).. ..	119,215	134,728	136,968	162,777	174,926	184,355	208,562	218,525
8.2 Other Public Bodies ..	12,003	18,465	14,347	11,807	5,935	6,314	17,680	12,482
8.3 Private Sector	398,491	446,824	519,457	652,829	666,128	686,993	691,101	747,312
Sub-Total	**529,709**	**600,017**	**670,771**	**827,413**	**846,988**	**877,663**	**917,343**	**978,319**
TOTAL	**687,764**	**809,544**	**927,462**	**1,087,950**	**1,114,777**	**1,157,362**	**1,184,899**	**1,223,742**

* Provisional

Notes:

(a) Broad Money , **M2,** is money supplied by the Central Bank, Commercial Banks and NBFIs.
The items include currency outside banking institutions, deposits held by non-banking institutions with Central Bank, all deposits as well as certificates of deposits held by the private and other public sectors with banking institutions.
Excluded are Central Government, Local Government and Non-residents deposits with banking institutions.

(b) Broad Money , **M3**, comprises M2 and foreign currency holdings by residents.

(c) Broad Money , **L**, comprises M3 and Treasury Bill holdings by the non-bank public.

(d) Other Items Net Includes SDR allocated by IMF.

(e) Net Foreign Assets includes Government reserve position in the IMF and deposits with crown agents.

(f) Treasury Bill holdings by the non-bank public is not included in total liabilities of the banking sytem.

Sources of Changes in M3 and Real Values of Selected Financial Aggregates

5.5. Changes in broad money supply (M3) and the sources of change for the period 2005-2009 are shown in Table 5.4. During 2009, the growth in M3 comprised of increases of KSh 49.5 billion in currency in circulation and demand deposits, KSh 78.5 billion in time and saving deposits with commercial banks and KSh 3.7 billion deposits with non-bank financial institutions. The main source of change in M3 was total domestic credit that expanded by KSh 150.9 billion attributed to credit to private sector.

Table 5.4: Changes in Money Supply and the Sources[1], 2005 - 2009

KSh million

	2005	2006	2007	2008	2009
MONEY SUPPLY					
1 Currency plus demand deposits	20,524	60,633	81,520	19,468	49,467
2 Quasi-money(MS)	22,163	19,550	30,683	78,665	78,504
3 Quasi-money(NBFIs)	-764	-1,160	764	1,385	3,668
4 Foreign Currency Deposits	4,422	15,849	11,592	23,941	12,963
5 Broad Money supply (M3)..	46,345	94,872	124,560	123,459	144,602
SOURCES OF CHANGES					
6 Net foreign assets	14,926	51,473	47,163	3,847	-15,114
7 All Domestic Credit	28,232	70,307	70,755	156,642	150,906
(a) to Central Government(net)	-2,628	15,513	2,240	25,810	55,748
(b) to other public sector	1,026	6,462	-4,118	-2,540	676
(c) to private sector	29,834	48,333	72,633	133,372	94,483
8 Other Items (Net)	3,188	-26,908	6,643	-37,030	8,810
9 Total sources of changes	46,346	94,873	124,560	123,459	144,602

[1]Compares year-end values

5.6. Trends in real values of selected financial aggregates at 1997 constant prices are presented in Table 5.5. Money supply M3 expanded in real terms by 10.2 per cent in December 2009, compared to 2008 where a decline of 1.6 per cent was recorded while overall liquidity expanded by 19.0 per cent to stand at KSh 501.0 billion. Commercial banks' credit to private sector grew in real terms by 9.5 per cent in December 2009 decelerating 0.9 percentage points from the growth in 2008. However, overall credit by commercial banks declined by 19.3 per cent to reach KSh 223.0 billion in 2009. Deposit liabilities of commercial banks grew by 13.5 per cent and constituted 81 per cent of the total liabilities of the banking system rising from 76 per cent recorded in December 2008. Liabilities of the non bank financial institutions expanded in real terms by 12.8 per cent constituting 3 per cent of the liabilities of the banking system, a trend that has been constant over the last five years. Credit by NBFIs to private sector rose significantly in real terms to KSh 11.9 billion, a 37.9 per cent increase.

Table 5.5: Trends in the Real Value of Selected Financial Aggregates[1] 2005 – 2009, at constant Prices (1997)

KSh million

	2005	2006	2007	2008	2009
1 Money Supply(M3)....	306,852	429,064	377,199	371,049	408,779
2 Overall Liquidity (L)....	388,454	539,914	447,067	420,824	500,573
3 Commercial bank credit to private sector	162,558	221,833	185,988	205,326	224,861
4 Total commercial bank credit	217,125	229,147	255,582	276,404	222,988
5 Commercial Banks' Deposit Liabilities	265,463	390,051	333,391	340,743	386,900
6 Total liabilities of banking system .. .	378,100	531,895	449,897	448,011	478,398
7 NBFIs credit to private sector	7,579	9,486	8,005	8,638	11,915
8 Total NBFIs Credit	7,579	9,486	8,005	8,638	11,915
9 Total liabilities of non-bank financial institutions(NBFIs)	11,929	14,549	13,271	13,879	15,649
Memorandum Item:					
10 Line 5 as per cent of line 6 ..	70	73	74	76	81
11 Line 9 as per cent of line 6 ..	3	3	3	3	3

[1] Deflated by average Consumer Price Indices.

Table 5.6: Principal Interest Rates, 2005-2009

Percent

	2005	2006	2007	2008	2009	
					June	December
CENTRAL BANK OF KENYA						
Average Interest Rate for 91 day Treasury Bills ..	8.07	5.73	6.87	8.59	7.33	6.82
Central Bank Rate[1].. ….	..	10.00	8.75	8.50	8.00	7.00
Repo rate..	7.74	6.34	7.13	6.36	..	..
Inter-bank rate..	7.79	6.34	7.05	6.67	3.08	2.95
COMMERCIAL BANKS[2]						
Average deposits	4.52	4.11	4.32	4.89	5.28	4.84
Savings deposits	1.38	1.36	1.67	1.65	2.08	1.73
Loan and Advances	13.16	13.74	13.32	14.87	15.09	14.76
Overdraft	13.67	13.91	12.96	14.40	14.41	14.13

Source: Central Bank of Kenya.

[1] Introduced in 2006

[2]Weighted average commercial bank interest rates

Nominal and Real Interest Rates

5.7. Principal nominal interest rates for the period 2005-2009 are shown in Table 5.6. The average interest rate on 91-day Treasury bills declined to 7.33 per cent in June 2009 and further to 6.82 per cent in December 2009. The decline may be explained partly by the shift in policy from over reliance on short term Government securities to longer dated Treasury bond securities targeted for infrastructure development. This is in addition to lowering of the Central Bank Rate (CBR) to 7.00 per cent in the fourth quarter of the year. The inter-bank

rate similarly declined by 3.72 percentage points to 2.95 per cent in December 2009. All other interest rates remained at the December 2008 levels.

5.8. Selected real interest rates are presented in Table 5.7. The real interest rate for 91-day Treasury Bills improved from negative 9.0 per cent in 2008 to 1.5 per cent in December 2009. Similarly the real lending rate (max) became positive from negative 2.8 per cent to 9.5 per cent. Both commercial banks real average savings deposit and inter-bank rates also improved but remained negative at 3.0 and 2.4 per cent over the review period.

Table 5.7: Trends in Selected Real Interest Rates,2005- 2009

Percentage

		Year	Nominal Interest	Inflation Rate[1]	Real Interest[2]
1	Average Interest Rate for 91-day Treasury Bills	2005	8.1	4.9	3.2
		2006	5.8	7.3	-1.5
		2007	6.9	5.6	1.3
		2008	8.6	17.8	-9.2
		2009	6.8	5.3	1.5
3	Commercial bank savings deposits (ave) .. .	2005	1.4	4.9	-3.5
		2006	1.4	7.3	-5.9
		2007	1.7	5.6	-3.9
		2008	1.6	17.8	-16.2
		2009	1.7	5.3	-3.6
4	Commercial bank loans and advances (max)	2005	13.2	4.9	8.3
		2006	13.7	7.3	6.4
		2007	13.3	5.6	7.7
		2008	14.8	17.8	-3.0
		2009	14.8	5.3	9.5
5	Inter-Bank Rate	2005	7.8	4.9	2.9
		2006	6.3	7.3	-1.0
		2007	7.1	5.6	1.5
		2008	6.7	17.8	-11.1
		2009	3.0	5.3	-2.4

[1] As at December

[2] Series revised to New CPI

[3] Adjusted for inflation

Central Bank's Balance Sheet

5.9. The Central Bank's balance sheet is presented in Table 5.8. Assets and liabilities of the bank increased by 19.3 per cent in December 2009 compared to a marginal increase recorded in December 2008. Contributing to the increase in assets was an increase in foreign exchange reserves, which grew by 26.2 per cent from KSh 223.5 billion in 2008 to KSh 282.0 billion in 2009 following disbursements of SDR 135.7 million (about US$ 209 million), under the Exogenous Shocks Facility (ESF) by IMF. Other assets (including Kenya Treasury bills and bonds) rose significantly by 16.9 per cent to KSh 6.5 billion mainly due to introduction of the infrastructure bond during the year. The increase in assets was however moderated by a decline in direct advances and overdraft to Government which dropped by 11.2 per cent in December.

Table 5.8: Central Bank of Kenya Assets and Liabilities 2005 - 2009

KSh Million

ASSETS	2005	2006	2007	2008	2009			
					1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
1. Foreign Exchange:-								
1.1 Balances with								
External Banks	128,568	165,907	223,046	221,335	217,380	247,648	219,253	263,019
1.2 Treasury Bills ..	-	-	-	-		15,010	30,010	16,569
1.3 Other Investments ..	650	1,078	1,003	1,976	-	-	-	1,913
1.4 Special Drawing Rights	30	61	47	238	64	-	739	473
TOTAL	**129,248**	**167,046**	**224,096**	**223,549**	**217,444**	**262,658**	**250,002**	**281,974**
2. Advances & Disc. to Banks ..	0	-	7,247	-		-	-	-
3. Direct Advances & Overdraft								
to Kenya Government	47,010	48,795	41,877	50,082	41,373	40,600	42,138	44,496
4. Other Assets including Kenya								
Treasury Bills & Bonds	4,288	5,725	5,148	5,586	14,149	8,457	9,225	6,530
TOTAL ASSETS	**180,546**	**221,566**	**278,368**	**279,217**	**272,966**	**311,715**	**301,365**	**333,000**
LIABILITIES :								
1. Capital and General								
Reserve Fund	6,898	9,645	9,259	14,254	14,254	39,182	27,763	26,304
2. Currency in Circulation-								
2.1 Notes	73,752	85,948	112,308	111,712	104,673	104,003	104,810	119,741
2.2 Coins	3,040	3,740	3,622	4,024	4,035	4,039	4,136	4,549
TOTAL CURRENCY	**76,792**	**89,688**	**115,930**	**115,736**	**108,708**	**108,042**	**108,946**	**124,290**
3 REPO SECURITIES[1]								
3.1 OMO-repo sales	5,251	4,913	10,119	3,971	-	-	-	-
3.2 Repo-tap sales	-	-	-	-	-	-	-	-
TOTAL	**5,251**	**4,913**	**10,119**	**3,971**	**-**	**-**	**-**	**-**
Deposits								
4.1 Kenya Government	43,281	55,904	76,246	50,091	40,502	72,347	60,294	70,451
4.2 Kenya Banks[2]	30,305	35,234	40,881	47,858	46,695	51,901	54,545	57,673
4.3 External Banks	13,592	12,752	19,052	22,153	24,091	37,537	36,975	36,470
4.4 Other	8,375	10,003	5,806	11,734	8,427	1,299	11,173	12,506
TOTAL	**95,553**	**113,893**	**141,985**	**131,836**	**119,715**	**163,084**	**162,987**	**177,100**
5. Other Liabilities	-3,948	3,427	1,075	13,420	30,289	1,407	1,669	5,306
TOTAL LIABILITIES	**180,546**	**221,566**	**278,368**	**279,217**	**272,966**	**311,715**	**301,365**	**333,000**

Source: Central Bank of Kenya

[1] REPOs securities included in the breakdown from January 2001.

[2] Deposits from commercial banks excluding non-bank financial institutions (NBFIs)

5.10. The increase in assets was however, moderated by a decline in direct advances and overdrafts to Government which dropped by 11.8 per cent in December 2009, compared to an increase of 19.6 per cent recorded in 2008. The growth in assets led to an increase in liabilities with the capital and general reserve fund rising by 84.5 per cent to stand at KSh 26.3 billion, while currency in circulation expanded by 7.4 per cent to reach KSh 124.3 billion. All deposits held by the Central Bank rose by 34.3 per cent in December 2009 compared to a decline of 7.1 per cent recorded in 2008. Contributing to this increase were deposits by the Kenya Government, deposits by Kenya banks and deposits by external banks which expanded by 40.6, 20.5 and 64.6 per cent respectively. Other liabilities declined by 60.5 per cent to stand at KSh 5.3 billion in December 2009.

Commercial Banks' credit and liquidity

5.11. Commercial banks' bills, loans and advances are presented in Table 5.9a. Credit to Central Government declined by 60.5 per cent while credit to Local Government and other public entities rose by 42.6 and 40.1 per cent respectively at 31st December 2009. Overall credit to private enterprises engaged in various sectors grew by 14.4 per cent.

Table 5.9a: Commercial Banks - Bills, Loans and Advances*, 2005- 2009

KSh millior

	2005 Dec.	2006 Dec	2007 Dec	2008 Dec	2009 Dec
PUBLIC SECTOR:					
Central Government	2,068	2,502	1,083	332	131
Local Government	630	1,089	973	1,478	2,107
Enterprises, Parastatal bodies and other					
Other Public entities	10,830	16,951	12,398	12,335	17,287
TOTAL PUBLIC SECTOR	**13,529**	**20,542**	**14,454**	**14,144**	**19,525**
PRIVATE ENTERPRISES:					
Agriculture	33,685	33,038	28,128	31,110	38,182
Mining and Quarrying	2,399	3,034	5,971	10,268	8,193
Manufacturing	62,701	70,462	65,103	90,224	87,876
Building and Construction	21,421	30,227	31,576	29,247	30,414
Transport, Storage and Communication .	27,093	39,051	47,125	57,100	63,920
Wholesale and retail trade, hotels and					
restaurants	51,275	53,053	63,703	98,038	107,784
Financial Institutions	13,292	15,185	23,649	17,634	23,817
Other Business	83,827	93,579	118,160	164,992	210,218
TOTAL PRIVATE ENTERPRISES	**295,693**	**337,630**	**383,415**	**498,613**	**570,404**
COMMUNITY AND PERSONAL SERVICES					
(including non-profit making institutions	44,188	48,707	82,957	88,000	87,972
Other Activities (Nes)	38,463	32,351	29,955	41,026	41,905
TOTAL BILLS, LOANS AND ADVANC	**391,172**	**439,230**	**510,780**	**641,783**	**700,281**

Source: Central Bank of Kenya.

[1] Excludes portfolio investment by private enterprises and bank deposits placed with non-bank financial institutions.

5.12. In December 2009, the sectors that received increased commercial banks' credit included financial institutions, agriculture, and transport, storage and communication, which grew by 35.1, 22.7, and 11.9 per cent, respectively. Commercial bank credit to manufacturing; and mining and quarrying sectors declined by 2.6 per cent and 20.2 per cent in the same period. Commercial bank credit to community and social services remained at the 2008 level.

Table 5.9b: Sectoral Shares in Commercial Banks - Bills, Loans and Advances, 2005 - 2009

Per cent

	2005 Dec.	2006 Dec	2007 Dec	2008 Dec	2009 Dec
PUBLIC SECTOR:					
Central Government	0.5	0.6	0.2	0.1	0.0
Local Government	0.2	0.2	0.2	0.2	0.3
Enterprises, Parastatal bodies and other					
Other Public entities	2.8	3.9	2.4	1.9	2.5
TOTAL PUBLIC SECTOR	3.5	4.7	2.8	2.2	2.8
PRIVATE ENTERPRISES:					
Agriculture	8.6	7.5	5.5	4.8	5.5
Mining and Quarrying	0.6	0.7	1.2	1.6	1.2
Manufacturing	16.0	16.0	12.7	14.1	12.5
Building and Construction	5.5	6.9	6.2	4.6	4.3
Transport, Storage and Communication ..	6.9	8.9	9.2	8.9	9.1
Wholesale trade, Hotels, & Restaurants ..	13.1	12.1	12.5	15.3	15.4
Financial Institutions	3.4	3.5	4.6	2.7	3.4
Other Business	21.4	21.3	23.1	25.7	30.0
TOTAL PRIVATE ENTERPRISES	75.6	76.9	75.1	77.7	81.5
COMMUNITY AND PERSONAL SERVICES					
(including non-profit making institutions) .	11.3	11.1	16.2	13.7	12.6
Other Activities (Nes)	9.8	7.4	5.9	6.4	6.0
TOTAL BILLS, LOANS AND ADVANCES	100.0	100.0	100.0	100.0	100.0

5.13. Sectoral shares of credit by commercial banks are shown in Table 5.9b. Over 80 per cent of credit was loaned to private enterprises. Share of loans and advances to the public sector increased from 2.2 per cent in December 2008 to 2.8 per cent in December 2009. Other sectors that recorded improved share of commercial bank credit include; other public entities, agriculture, transport, trade, financial intermediation, and other business services.

5.14. Commercial banks deposit liabilities and liquid assets are presented in Table 5.10. Deposit liabilities grew by 19.6 per cent to KSh 989.7 billon in December 2009 while liquid assets expanded by 22.1 per cent to KSh 396.7 billion over the same period. On average the commercial banks remained liquid at 40.1 per cent which was well above the statutory requirement of 20.0 per cent during 2009.

Table 5.10: Commercial Banks - Deposit Liabilities and Liquid Assets[1], 2005 - 2009

		Deposit Liabilities	Liquid Assets[2]	Overall Liquidity Ratio***
		KSh million	KSh million	per cent
2005	December	482,877	204,320	42.3
2006	December	593,658	269,057	45.3
2007	December	687,286	284,281	41.4
2008	December	827,461	324,997	39.3
2009	January	831,169	332,901	40.1
	February	838,747	335,556	40.0
	March ..	862,226	350,718	40.7
	April	868,541	373,124	43.0
	May	876,868	366,177	41.8
	June	898,947	381,634	42.5
	July	910,127	386,767	42.5
	August	940,390	393,098	41.8
	September.. ..	927,130	394,436	42.5
	October	962,748	397,272	41.3
	November	965,275	395,972	41.0
	December	989,690	396,671	40.1

Source: Central Bank of Kenya

[1] Deposits and Liquid Assets are calculated as an average of three days balances.

[2] Includes notes and coins, balances at Central Bank, net inter-bank balances in Kenya and Overseas (included only if positive) and Treasury Bills.

Consolidated Balance Sheet for Non-Bank Financial Institutions

5.15. Assets and liabilities of the non bank financial institutions are shown in Table 5.11. Overall, the assets and liabilities expanded by 19.5 per cent in December 2009 decelerating from the 22.5 per cent growth recorded in December 2008 to stand at KSh 40 billion. The continued growth in assets held by these institutions may be explained by the turnaround experienced in the mortgage market driven largely by the civil service housing scheme. Supporting the growth in liabilities was a 79.7 per cent increase in Central and Local government deposits coupled with a 66.3 per increase in other liabilities. Credit by the NBFIs to the private sector rose by 45.3 per cent to KSh 30.5 billion in the period under review.

Table 5.11: Assets and Liabilities of the Non Bank Financial Institutions, 2005 - 2009

KSh Million

					2009			
	2005	2006	2007	2008	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
LIABILITIES:								
Deposits-								
Central & Local Government..	1	1	1	542	557	804	460	974
Other Public Sector ..	2,821	2,756	3,091	1,994	1,445	1,364	2,640	1,452
Other Depositors ..	10,592	10,328	11,230	18,004	13,168	14,515	12,868	16,052
Other Liabilities	8,283	9,058	13,036	12,963	15,241	16,672	17,736	21,553
TOTAL LIABILITIES	21,698	22,143	27,358	33,503	30,410	33,355	33,704	40,031
ASSETS:								
Cash and Banks	2,785	2,438	3,234	4,468	4,032	4,325	4,065	6,720
Other Financial Institutions ..	-	-	-	-	-	-	-	-
Associated Companies ..	3,532	3,057	2,472	1,379	1,873	2,116	1,523	510
Investments, Bills,								
Loans & Advances:-								
Public Sector	-	-	-	-	-	-	-	-
Private Sector	13,787	14,438	16,503	20,976	23,012	25,172	22,039	30,478
Other Assets	1,594	2,210	5,149	6,681	1,493	1,742	6,077	2,323
TOTAL ASSETS ..	21,698	22,143	27,358	33,503	30,410	33,355	33,704	40,031

Source: Central Bank of Kenya

Capital Market Indicators

5.16. Key Stock market indicators showed improved performance at the equity market with the volume of shares traded increasing from 855 million in 2008 to 1,124 million shares in 2009, while the value rose to KSh 13,043 million (Table 5.12). Market capitalization declined from KSh 854 billion recorded in December 2008 to KSh 832 billion in December 2009. The decrease in market capitalization may be attributed to the decline in prices of most shares. The NSE 20 Share Index dropped by 7.8 per cent to close at 3,247 points in December 2009.

'Table 5.12: Capital Markets: Nairobi Stock Exchange (NSE), 2005 - 2009

	2005	2006	2007	2008	2009			
					1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Equities Market								
Total No. of Shares (million)	874	1,455	1,938	855	207	378	232	308
Total No. of Deals	176,483	598,301	973,548	121,769	35,328	41,679	29,690	28,188
Total Value of Shares (KSh mn)	36,524	94,953	88,620	11,983	2,414	4,127	3,548	2,954
NSE 20Share Index (Base Jan 1966=100)	3,973	5,646	5,445	3,521	2,805	3,295	3,005	3,247
NSE All Share Index (Base Jan 2008=100)	..	..	..	73	59	71	67	72
Market Capitalization (KSh bn)	462	792	851	854	689	822	772	832
Fixed Income Securities Market								
Total bond Turnover (KSh bn)	13.6	48.6	84.9	7.5	18.5	21.6	20.9	15.9

Source: Nairobi Stock Exchange

Developments in the Financial Sector

Banking, Non Bank Financial and Deposit taking Microfinance Institutions

5.17. The banking sector comprises of 44 commercial banks following approval and issuance of a license to UBA Bank Kenya Ltd in September 2009. Other players in the banking sector included, two mortgage finance companies, one deposit taking microfinance institution and 130 foreign exchange bureaus. During the period ended 31st December 2009, the banking sector registered significant growth in asset base largely supported by growth in deposits, injection of capital and retention of profits

Policy and Legislation

5.18. The Banking (Credit Reference Bureau) Regulations, 2008 became operational in February 2009. The regulations empower CBK to license and oversee credit reference bureaus. The bureaus will collate credit information from banks to be used in facilitating lending decisions. Out of the three applications for credit reference licenses, only Credit Reference Bureau Africa's was approved. Other policy developments include Presidential Assent to the Finance Act, 2009 which amended several statutes including the Banking Act, the Central Bank of Kenya Act and the Microfinance Act.

5.19. The Proceeds of Crime and Anti-Money Laundering Act, 2009 (AML Act) was passed by Parliament and assented to by His Excellency the President in December 2009 and is awaiting gazettement. The CBK hosted a joint IMF/World Bank mission in September 2009 which undertook the updated Financial Sector Assessment Programme (FSAP), the last one having been carried out in 2003.

5.20. The Monetary Policy Committee (MPC) continued to monitor the impact of the global financial crisis on the economy. The Bank operationalised the Horizontal Repo in March 2009 to enhance access as well as improve distribution of liquidity in the inter-bank market. This move was aimed at improving the intermediation process by freeing up liquidity which was not being used optimally for macroeconomic activities.

Capital Markets

5.21. The year ended December 2009 registered mixed performance, relative to 2008. The top ten companies accounted for 73.9 per cent of total equity capitalization in December 2009 against 64.7 per cent recorded in 2008 and 81.8 per cent of equity turnover. In terms of equity stakes, East African institutions continued to be the dominant investors at the NSE with an aggregate shareholding of 74 per cent. However there was some improvement during 2009 in foreign investor shareholding at the NSE, a clear break from a trend in which foreign investor shareholding has been on a steady decline over the past 5 years.

5.22. The Capital Markets Authority (CMA) fronted; The Capital Markets (Corporate Governance) (Market Intermediaries) Regulations 2009; The Capital Markets (Conduct of Business) (Market Intermediaries) Regulations 2009 and Capital Markets (Real Estate Investment Trusts) Regulations, 2009. On enforcement, up to 90 per cent of Nyaga Stockbrokers' clients were compensated, emphasizing CMA's commitment to maintain investor confidence in Kenya's capital markets.

Chapter 6
Public Finance

Overview

The Government in 2009/10 adopted an expansionary fiscal policy in an effort to overcome the major policy challenges of accelerated economic growth to a sustained higher level, create economic opportunities, improve food security and reduce poverty in line with the first medium term plan of the Vision 2030. This intervention will also seek to counter the aftershocks of the global economic crisis as well as the negative impacts of the Post Election Violence (PEV) experienced in 2008. Implementation of this measure will be in the form of an economic stimulus package that entails to a great extent, an increase in public spending through development of key infrastructure facilities and public works among other initiatives. Financing shortfalls that are likely to arise from the increased spending will be offset by increased domestic borrowing combined with savings derived from expenditure rationalization measures pursued during the period under review.

6.2. Fiscal policy in the review period will be premised on the need to strike a balance between supporting the anticipated growth and maintaining medium to long-term debt sustainability through prudent borrowing. Local Authority Transfer Fund (LATF) continues to be the main fiscal transfer mechanism to local authorities channeling significant resources to the local level and at the same time providing a framework for the facilitation of performance improvement.

Overall Results

6.3. In 2009/10, the Government plans to spend KSh 887.0 billion out of which KSh 633.9 billion is budgeted to finance recurrent expenditure while KSh 253.1 billion will cater for development expenditure. The share of development expenditure in total expenditure is expected to improve from 23.1 per cent recorded in 2008/09 to 28.5 per cent in 2009/10 reflecting the government policy to re-orient allocations in favour of development expenditure. Total revenue (including grants) is expected to grow by 15.3 per cent from KSh 531.5 billion to KSh 612.6 billion in the same period. The stock of outstanding public debt as at the end of June 2009 stood at KSh 889.9 billion comprising of KSh 401.7 billion in internal debt and KSh 488.2 billion in external debt. Local authorities' expenditure budget is expected to stand at KSh 29.4 billion in 2009/10, compared to KSh 25.3 billion in 2008/09. Transfers from Central Government through LATF mechanism is expected to grow from KSh 9.2 billion in 2008/09 to KSh 10.4 billion in 2009/10.

6.4. Table 6.1 presents a statement of Central Government operations for the period between 2005/06 and 2009/10. In the year under review, expense which broadly consists of current expenditure and capital transfers is expected to increase by 30.8 per cent from KSh 489.1 billion in 2008/09 to KSh 639.6 billion in 2009/10. Net borrowing is expected to grow from KSh 54.4 billion in 2008/09 to KSh 167.9 billion in 2009/10. This outcome is expected to arise from increased domestic borrowing to finance projects and programmes proposed in the economic stimulus package. Net financing is expected to increase from KSh 90.0 billion in 2008/09 to KSh 102.6 billion in 2009/10, the bulk of which will be sourced from domestic borrowing. Expenditure on acquisition of financial assets (net) is expected to decline from KSh 9.0 billion in 2008/09 to KSh 6.7 billion in 2009/10.

Table 6.1: Statement of Central Government Operations 2005/06 - 2009/10

KSh Million

	2005/06	2006/07	2007/08	2008/09*	2009/10+
1. Revenue[1]	329,486.00	387,483.05	468,243.64	531,472.15	612,561.47
2. Expense (2.1+2.2)	320,404.93	357,124.53	448,762.00	489,130.74	639,644.08
2.1 Current Expenditure	303,180.42	339,778.50	417,381.29	461,297.54	561,663.72
2.2 Capital Transfers	17,224.51	17,346.04	31,380.71	27,833.20	77,980.36
3. Gross Operating Balance(G.O.B) (1-2)	9,081.07	30,358.52	19,481.64	42,341.40	-27,082.61
4. Acquisition of Non-Financial Assets(net)[2]	33,401.26	56,181.45	77,339.31	96,774.62	140,805.13
5. Net lending/Borrowing (3-4)	-24,320.19	-25,822.94	-57,857.67	-54,433.21	-167,887.74
FINANCING (6+7)	37,859.38	37,495.79	38,677.74	90,025.93	102,628.02
6. Net Acquisition of financial assets (6.1+6.2)	1,392.38	1,226.79	46,244.04	9,034.66	6,724.90
6.1. Domestic	1,392.38	1,226.79	46,244.04	9,034.66	6,724.90
6.2. Foreign	-	-	-	-	-
7. Net Incurrence of liabilities (7.1+7.2)	36,467.00	36,269.00	-7,566.30	80,991.27	95,903.12
7.1. Domestic	35,251.00	38,661.00	-13,891.30	69,427.27	99,756.12
7.2. Foreign	1,216.00	-2,392.00	6,325.00	11,564.00	-3,853.00
MEMORANDUM ITEMS:					
8. Public debt Redemption	75,546.78	90,952.99	92,269.42	74,751.29	96,356.58
8.1. External	12,543.44	13,146.92	16,833.59	16,148.06	18,738.14
8.2. Internal	63,003.34	77,806.07	75,435.83	58,603.23	77,618.44

Source: Kenya National Bureau of Statistics and Ministry of Finance

* Provisional

+Revised estimates

[1] incudes grants & AIA

[2] Acquisition of Non financial assets(net) = Acquisition of Non financial assets - Gross Disposal of Non financial assets

6.5. Table 6.2 presents an analysis of key fiscal ratios for the period 2005/06 to 2009/10. The ratio of acquisition of non financial assets (net) to current expenditure is expected to improve from 21.0 per cent in 2008/09 to 25.7 per cent in 2009/10 on account of capital projects identified in the economic stimulus package. Net borrowing as a percentage of revenue and as a percentage of total expenditure is expected to worsen to 27.3 and 19.0 per cent, respectively. The ratio of external grants and loans to acquisition of non-financial assets is expected to decline from 38.3 per cent in 2008/09 to 24.5 per cent in 2009/10. The ratio of revenue to GDP at market prices is expected to increase from 25.6 per cent in 2008/09 to 26.9 per cent in 2009/10. Over the same period, the ratio of expenditure to GDP is expected to increase from 32.4 to 39.0.

Table 6.2: Analysis of Key Fiscal Ratios, 2005/06-2009/10

		2005/06	2006/07	2007/08	2008/09*	2009/10+
1	Gross operating balance as a % of Revenue	2.76	7.83	4.48	5.29	-3.87
2	Gross operating balance as a % of Acquisition of Non financial assets(net)	27.19	54.04	27.20	28.25	-16.51
3	Ratio of Acquisition of Non financial assets(net) to Current Expenditure	11.02	16.53	18.53	20.98	25.68
4	Net lending/Borrowing as % of Revenue ..	-7.38	-6.66	-11.98	-13.45	-27.29
5	Net lending/Borrowing as % of Total Expenditure ..	-5.65	-5.10	-8.47	-10.32	-18.95
6	External Grants and Loans as % of Acquisition of Non financial assets(net)	63.73	23.32	64.44	38.33	24.48
7	Net Short-Term Borrowing as % of Acquisition of nonfinancial assets(net)	1.32	2.23	-57.05	29.72	26.61
8	Revenue as % of GDP at Current Market Prices	23.24	23.92	25.60	25.58	26.94
9	Total Government Expenditure as % of GDP at Current Market Prices	30.38	31.25	36.34	32.38	39.01
10	Net lending/Borrowing as % of GDP at Current Market Prices	-1.72	-1.59	-3.16	-2.62	-7.38

* Provisional

\+ Revised Estimates

6.6. A comparative analysis of budgeted estimates and actual out-turns of revenue and expenditure for the fiscal period 2006/07 to 2009/10 is presented in Table 6.3. The disparity between budgeted and the actual out-turn of recurrent revenue is estimated to decline from a deficit of KSh 14.5 billion in 2008/09 to a surplus of KSh 7.7 billion in 2009/10. This is expected to follow from the continued expansion of the revenue base among other tax administration measures. On the other hand, revised recurrent expenditure is expected to deviate upwards from the budgeted expenditure by 5.3 per cent, equivalent to KSh 31.7 billion. On the contrary, revised development expenditure is expected to be lower than the budgeted expenditure by KSh 13.7 billion in the period under review.

Table 6.3: Comparison of Central Government Budget Estimates with Actual Out-turns, 2006/07 -2009/10

KSh Million

	2006/07			2007/08		
	Budget	Actual	Difference	Budget	Actual	Difference
Recurrent Revenue	373,521.51	371,989.05	-1,532.46	441,466.55	441,530.10	63.55
Recurrent Expenditure[1]	432,423.23	402,248.42	-30,174.81	512,322.37	501,718.54	-10,603.83
Recurrent Balance	-58,901.72	-30,259.37	28,642.35	-70,855.82	-60,188.44	10,667.38
Development Expenditure	113,106.95	106,597.10	-6,509.85	201,676.06	162,896.23	-38,779.83
External Financing (Net)[2]	63,733.25	13,102.00	-50,631.25	59,672.00	26,713.54	-32,958.46
Balance for Domestic Financing (Net)	-108,275.42	-123,754.47	-15,479.05	-212,859.88	-196,371.12	16,488.76
	2008/09*			2009/10+		
	Budget	Actual	Difference	Budget	Actual	Difference
Recurrent Revenue	516,627.50	502,096.77	-14,530.73	569,508.30	577,253.46	7,745.16
Recurrent Expenditure[1]	563,589.32	517,385.13	-46,204.19	602,216.01	633,895.52	31,679.51
Recurrent Balance	-46,961.82	-15,288.36	31,673.46	-32,707.72	-56,642.06	-23,934.35
Development Expenditure	207,509.67	155,352.82	-52,156.85	266,747.06	253,067.33	-13,679.73
External Financing (Net)[2]	59,013.50	52,497.37	-6,516.13	35,308.01	35,308.01	0.00
Balance for Domestic Financing (Net)	-195,457.99	-118,143.81	77,314.18	-264,146.77	-274,401.38	-10,254.61

Source: Ministry of Finance

* Provisional.

\+ Revised budget estimates

'Recurrent expenditure consists of current expenditure , Acquisition of Non financial assets(net) and Consolidated Fund Services from the Recurrent- Estimates

[2] Includes external grants.

6.7. Table 6.4 provides details of Government gross receipts on the recurrent account for the financial years 2005/06 to 2009/10. Total receipts are expected to remain on an increasing trend and are estimated to grow by 15.0 per cent in 2009/10 to stand at KSh 577.3 billion on account of notable growths in the various sources of revenue. Total tax revenue is expected to grow by 15.9 per cent from KSh 459.4 billion in 2008/09 to KSh 532.5 billion in 2009/10 largely due to the continued efforts to meet and surpass the set revenue collection targets coupled with other reforms aimed at strengthening tax administration. Analogously, non-tax revenue is estimated to increase by 4.6 per cent as a consequence of anticipated growths in all components under this category, except sale of goods and services which is expected to decline by 6.1 per cent. Taxes on income, profits and capital gains are expected to record improved growth of 19.4 per cent in 2009/10 compared to 11.7 per cent growth realised in 2008/09. Income tax from corporations is expected to grow by 20.7 per cent in 2009/10 compared to 8.5 per cent growth in 2008/09. Taxes from excise and custom duties are estimated to increase by 11.7 and 12.2 per cent, respectively in the period under review.

Table 6.4: Central Government Gross Receipts on Recurrent Account[1], 2005/06-2009/10

KSh Million

	2005/06	2006/07	2007/08	2008/09*	2009/10+
Taxes on income, profits and capital gains	**114,629.06**	**130,719.00**	**165,078.00**	**184,446.78**	**220,281.00**
Income Tax from individuals (P.A.Y.E)	60,484.93	69,575.00	85,953.00	98,602.62	116,626.00
Income Tax from corporations (other income tax)	54,144.13	61,144.00	79,125.00	85,844.16	103,655.00
Taxes on property	**189.59**	**253.06**	**331.90**	**336.79**	**341.76**
Immovable property	10.59	27.06	61.90	62.52	63.15
Financial and capital transactions	179.00	226.00	270.00	274.27	278.61
Taxes on VAT	**79,925.91**	**96,497.01**	**111,904.51**	**126,854.07**	**148,353.00**
VAT on domestic goods and services	46,093.32	51,341.01	58,277.00	66,216.49	75,673.00
VAT on imported goods and services	33,832.59	45,156.00	53,627.51	60,637.58	72,680.00
Taxes on other goods and services	**61,709.65**	**76,111.19**	**80,736.09**	**91,844.94**	**100,625.81**
Excise taxes	46,645.62	56,123.00	61,905.51	69,872.05	78,066.00
Taxes on specific services	6.38	12.54	0.00	0.00	0.00
Taxes on use of goods and on permission to use the goods or to perform services and activities	2,122.30	1,099.35	70.00	86.18	106.00
Royalties	354.35	401.72	187.80	156.00	176.00
Taxes on goods and services collected as AIA	12,161.00	18,016.00	18,505.00	21,345.00	21,591.00
Other taxes on goods and services	420.01	458.59	67.78	385.71	686.81
Taxes on international trade transactions	**29,861.43**	**40,235.00**	**45,857.77**	**51,201.60**	**57,746.00**
Custom duties	20,511.43	27,927.00	32,944.35	36,180.60	40,600.00
Other taxes on international trade and transactions	9,350.00	12,308.00	12,913.42	15,021.00	17,146.00
Other taxes not elsewhere classified	2,353.23	2,747.87	4,536.39	4,684.29	5,192.19
Total tax revenue	**288,668.86**	**346,563.14**	**408,444.66**	**459,368.47**	**532,539.76**
Social security contributions	0.00	0.00	1,062.00	929.00	1,080.00
Property income	4,423.60	7,352.35	5,004.26	9,794.63	12,403.36
Sale of goods and services	6,868.70	9,635.68	18,749.93	26,796.39	25,149.83
Fines penalties and forfeitures	140.00	360.00	158.52	107.00	121.00
Repayments from domestic lending and on-lending	915.99	663.20	708.56	638.28	817.52
Other receipts not elsewhere classified	8,398.84	7,414.68	7,402.17	4,463.00	5,142.00
Total non-tax revenue	**20,747.14**	**25,425.91**	**33,085.44**	**42,728.30**	**44,713.70**
TOTAL	**309,416.00**	**371,989.05**	**441,530.10**	**502,096.77**	**577,253.46**

Source: Ministry of Finance

* Provisional

\+ Revised Estimates

[1]This account refers to current receipts as well as AIA which is distributed under various heads including sales of goods and services.

6.8. Details on import duty revenue obtained from selected commodities classified by end use for 2005 to 2009 are presented in Table 6.5. Total import duty increased by 14.6 per cent from KSh 29.4 billion in 2008 to KSh 33.7 billion in 2009. Import duty levied on semi-manufactures and the food, drinks and tobacco categories were the major contributors to this growth, expanding by 84.3 and 25.6 per cent, respectively. The revenue growth under the food and drinks category may be partly attributed to an increase in import duty levied on wheat which was instituted to counter the possible influx of cheap imports resulting from a fall in wheat prices in the international market. Revenue from transport equipment grew at a slower pace in 2009 compared to the growth realised in the previous year partly due to zero-rating of duty levied on motor cycles. Duty collected from levies on metals and fuels declined by 4.9 and 5.1 per cent, respectively in the same period.

Table 6.5: Central Government Import Duty Collections for Selected Items[1], 2005 - 2009

KSh million

END-USE CATEGORY	2005	2006	2007	2008	2009*
Food, drinks and tobacco	5,429.06	6,293.43	5,544.30	5,408.49	6,790.61
Basic materials	889.92	1,346.53	1,552.55	1,818.21	2,087.37
Fuels	551.58	548.86	523.65	694.34	659.25
Chemicals	2,183.40	1,084.09	1,062.84	1,283.50	1,446.79
Textiles	512.92	664.21	874.87	851.66	979.19
Semi-manufactures	1,384.42	1,499.40	1,783.89	1,882.74	3,469.81
Metals	1,177.85	1,317.05	2,105.84	1,972.63	1,875.53
Transport Equipment	3,787.79	5,049.44	7,009.68	7,904.23	8,622.63
Machinery	2,567.76	3,044.90	3,984.28	4,261.83	4,417.04
Miscellaneous commodities	1,907.19	2,328.25	3,172.18	3,283.60	3,379.97
**TOTAL .. ..

Table 6.6: Central Government Excise Revenue by Commodities 2005 - 2009

KSh million

	2005	2006	2007	2008	2009*
Beer	9,325.11	10,021.94	11,266.54	11,091.33	13,756.56
Wines and Spirits	574.82	565.76	568.15	1,045.79	1,567.76
Mineral Water..	1,119.88	1,076.94	1,131.26	1,579.17	1,324.75
Cigarettes	4,763.01	5,303.88	6,524.90	6,582.55	6,526.75
Other commodities[1]	450.93	153.19	205.94	1,798.37	557.51
TOTAL	16,233.75	17,121.72	19,696.79	22,097.21	23,733.33

Source: Kenya Revenue Authority

* Provisional.

[1] Includes revenue from Jewellery cosmetics and locally assembled vehicles.

6.10. Table 6.7 details the Central Government financing of acquisition of non-financial assets during 2005/06 to 2009/10. Financing of non financial assets from external sources which comprise of external loans and grants, declined by 18.0 per cent in 2009/10. Domestic financing through treasury bills increased from KSh 37.3 billion in 2008/09 to KSh 40.0 billion in 2009/10 while that from long-term borrowing rose from KSh 40.7 billion in 2008/09 to KSh 62.3 billion in the same period. The increase in domestic financing was to a considerable extent funded by the floating of an infrastructure bond of KSh 14.5 billion issued in February 2010 to fund infrastructure projects and increased domestic borrowing to bridge the financing gap.

Table 6.7: Central Government Financing of Non Financial Assets, 2005/06 - 2009/10

KSh Million

	2005/06	2006/07	2007/08	2008/09*	2009/10+
EXPENDITURE:					
Acquisition of Non financial Assets(net)	33,401.26	56,181.45	77,339.31	96,774.62	140,805.13
TOTAL	**33,401.26**	**56,181.45**	**77,339.31**	**96,774.62**	**140,805.13**
FINANCING:	49,537.28	67,763.00	29,178.88	121,924.64	142,787.13
External Loans (Net)	1,216.00	-2,392.00	6,326.00	23,122.00	7,723.00
External Grants	20,070.00	15,494.00	26,713.54	29,375.37	35,308.01
Long-Term Domestic Borrowing (Net)	27,810.51	53,408.00	40,263.72	40,668.60	62,288.48
SHORT TERM BORROWING:	440.77	1,253.00	-44,124.38	28,758.66	37,467.64
Treasury Bills (Net)	21,754.41	-625.00	-18,208.88	37,301.62	40,025.15
Other Short-Term Borrowing (Net) ..	-21,313.64	1,878.00	-25,915.50	-8,542.95	-2,557.51
CHANGE IN CASH BALANCES[1]: Increase=(-)	-16,136.02	-11,581.55	48,160.42	-25,150.02	-1,982.00
TOTAL	**33,401.26**	**56,181.45**	**77,339.31**	**96,774.62**	**140,805.13**

Source: Central Bank of Kenya and Ministry of Finance

* Provisional.

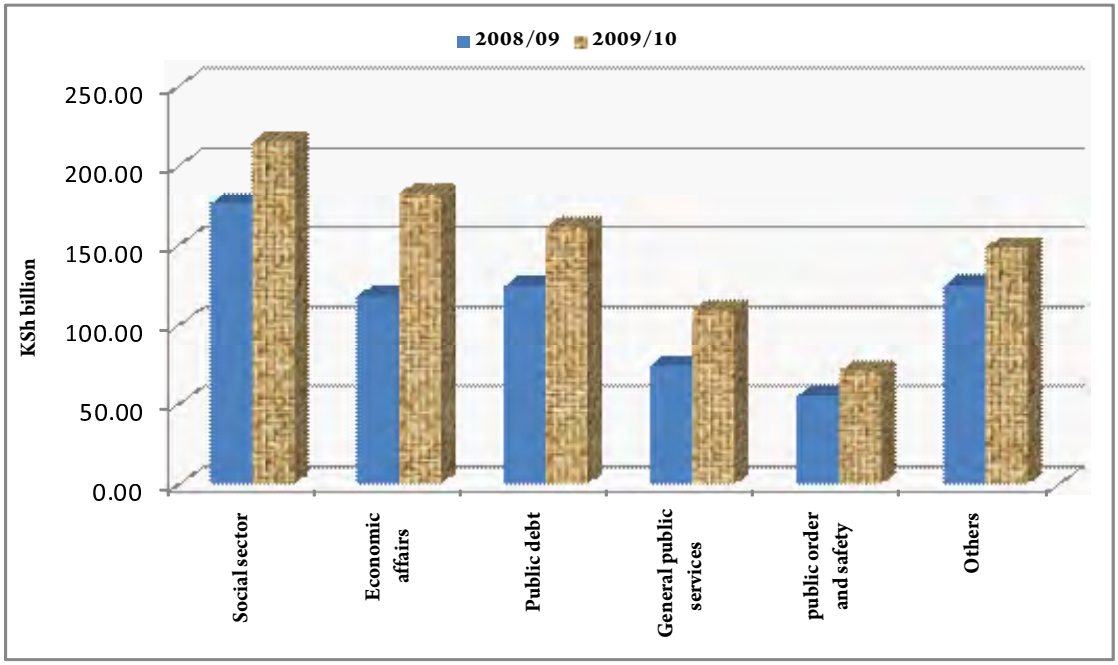
\+ Revised budget estimates

[1] Balancing Item

6.11. Classification of expenditure by functions of Government for the financial years 2006/07 to 2009/10 is shown in Table 6.8. Total government expenditure is expected to grow by 31.9 per cent from KSh 672.7 billion in 2008/09 to KSh 887.0 billion in 2009/10. A large part of this growth will result from expenditure allocation to economic affairs that is expected to increase substantially from KSh 118.0 billion in 2008/09 to KSh 182.6 billion in 2009/10. This growth is expected to be partly driven by funding of the economic stimulus package and infrastructure development. Specifically, expenditure on transport and, fuel and energy is estimated to increase by 70.2 and 17.4 per cent, respectively during the review period. The rise in the budgeted expenditure on transport is attributable to the continued funding of construction and rehabilitation of roads. The expected surge in expenditure on fuel and energy will be as a result of allocation towards development of alternative sources of energy such as geothermal power as well as oil exploration efforts currently going on in various parts of the country.

6.12. Expenditure on the social services, which comprise of education and health, is expected to account for the largest part of total expenditure as shown in Figure 6.1. This is mainly due to funding of Free Tuition Secondary Education (FTSE) and Free Primary Education (FPE) programmes together with increased allocation to cater for basic healthcare. In the year under review, expenditure on general public services and public debt services are expected to increase by 47.4 per cent and 29.4 per cent, respectively.

Figure 6.1: Expenditures by functions of Government, 2008/09- 2009/10



6.13. Economic analysis of Central Government expenditure is provided in Table 6.9. Expenditure on consumption of goods and services that includes compensation of employees and, use of goods and services is expected to increase by 20.0 per cent from KSh 274.1 billion in 2008/09 to KSh 328.8 billion in 2009/10. In particular, expenditure on compensation of employees is expected to increase from KSh 183.1 billion in 2008/09 to KSh 208.8 billion in 2009/10, surpassing the KSh 200 billion mark for the first time. Expenditure on use of goods and services is expected to follow a similar trend to reach KSh 120.0 billion. Interest and principal repayments on public debt are expected to increase by 29.8 and 28.9 per cent, respectively in the review period. Central Government grants to various entities are expected to grow by 29.2 per cent from KSh 107.0 billion in 2008/09 to KSh 138.2 billion in 2009/10. The main contributor to this growth is grants to general government units that include, transfers to parastatals, public universities, the Local Authority Transfer Fund (LATF), the Constituency Development Fund (CDF), and Higher Education Loans Board (HELB) among others. Expenditure on capital transfers is estimated to increase substantially from KSh 27.8 billion in 2008/09 to KSh 78.0 billion in 2009/10 owing to increased funding of capital projects through semi auto nomous government agencies among them being enhancement of the National Grid. The expenditure on acquisition of non financial assets (net) is expected to register a remarkable growth from KSh 96.8 billion in 2008/09 to KSh 140.8 billion in 2009/10. Specifically, expenditure on building and structures is budgeted to increase by 59.2 per cent principally due to the proposed projects under the economic stimulus package.

Table 6.8: Classification of Government Expenditures by Functions of Government (COFOG), 2006/07-2009/10

KSh million

	2006/07			2007/08			2008/09*			2009/10+		
	Recurrent Account	Development Account	Total	Recurrent Account	Development Account	Total	Recurrent Account	Development Account	Total	Recurrent Account	Development Account	Total
General public services	35,489.62	37,708.33	73,197.95	47,573.38	66,711.03	114,284.41	50,878.33	23,136.16	74,014.49	69,597.94	39,503.56	109,101.49
Public debt transactions	109,215.33	0.00	109,215.33	142,115.06	0.00	142,115.06	124,479.22	0.00	124,479.22	161,133.13	0.00	161,133.13
Transfers of general character betw. levels of govt	6,865.85	0.00	6,865.85	8,910.86	0.00	8,910.86	9,921.47	0.00	9,921.47	11,009.26	0.00	11,009.26
Defense	25,122.90	0.00	25,122.90	37,241.12	0.00	37,241.12	40,725.58	0.00	40,725.58	48,525.82	0.00	48,525.82
Public order and safety	38,129.85	3,661.06	41,790.91	45,449.37	5,835.33	51,284.70	51,896.05	3,476.26	55,372.31	63,003.67	7,659.59	70,663.26
Economic affairs	**32,044.75**	**39,376.01**	**71,420.75**	**40,728.97**	**55,463.64**	**96,192.61**	**34,711.67**	**83,281.01**	**117,992.68**	**54,028.29**	**128,551.85**	**182,580.14**
General economic, commercial & labour affairs	10,654.94	3,539.25	14,194.19	4,529.25	2,455.95	6,985.21	8,573.98	3,288.04	11,862.01	5,857.99	5,287.32	11,145.31
Agriculture, forestry, fishing, and hunting	8,987.77	5,153.85	14,141.61	10,804.46	5,938.51	16,742.97	12,068.46	11,210.57	23,279.03	15,761.08	18,772.49	34,533.58
Fuel and energy	512.15	8,460.55	8,972.70	559.32	17,904.42	18,463.74	105.32	30,400.20	30,505.53	758.72	35,052.67	35,811.39
Mining, manufacturing, and construction	129.83	24.14	153.98	243.69	41.34	285.03	515.73	544.57	1,060.30	901.62	1,334.72	2,236.34
Transport	10,632.80	20,473.15	31,105.95	17,416.42	25,689.46	43,105.89	11,544.52	36,806.72	48,351.24	22,037.39	60,577.70	82,615.09
Communication	27.01	117.93	144.94	39.92	77.91	117.82	42.34	136.98	179.32	48.37	461.80	510.17
Other industries	1,100.25	1,607.15	2,707.39	7,135.92	3,356.04	10,491.96	1,861.33	893.93	2,755.26	8,663.13	7,065.14	15,728.26
Environmental protection	3,201.55	1,843.39	5,044.94	3,261.63	2,985.79	6,247.42	4,088.54	2,702.69	6,791.23	2,929.72	8,176.03	11,105.76
Housing and community amenities	3,161.06	5,139.80	8,300.86	4,432.01	8,691.43	13,123.44	3,828.59	17,212.73	21,041.32	5,952.42	19,160.52	25,112.94
Health	**21,259.88**	**6,257.80**	**27,517.68**	**23,231.89**	**4,247.44**	**27,479.33**	**26,408.68**	**5,812.56**	**32,221.23**	**29,974.07**	**17,932.22**	**47,906.29**
Outpatient services	3,181.37	1,358.53	4,539.90	3,045.54	1,152.10	4,197.64	2,325.79	220.67	2,546.46	4,761.02	8,282.22	13,043.24
Hospital services	15,077.69	2,118.96	17,196.65	16,601.38	239.83	16,841.22	20,478.40	1,730.23	22,208.62	20,602.28	4,199.56	24,801.84
Public health services	1,106.62	2,570.39	3,677.01	1,294.59	2,662.42	3,957.01	1,210.64	3,718.52	4,929.15	2,080.40	5,172.65	7,253.05
Health expenditure not elsewhere classified	1,894.20	209.93	2,104.12	2,290.38	193.09	2,483.47	2,393.85	143.15	2,537.00	2,530.36	277.80	2,808.16
Recreation, culture and religion	2,531.08	1,555.50	4,086.57	2,659.28	3,134.44	5,793.72	3,175.41	1,975.97	5,151.38	4,174.52	2,327.80	6,502.32
Education	**100,490.76**	**8,748.15**	**109,238.90**	**115,061.74**	**12,362.43**	**127,424.18**	**129,188.12**	**14,673.57**	**143,861.69**	**147,424.43**	**19,774.05**	**167,198.48**
Administration	71,543.74	1,596.03	73,139.78	81,992.78	2,485.31	84,478.09	83,694.61	2,445.24	86,139.86	101,609.59	14,192.46	115,802.05
Pre-primary and primary education	6,767.07	4,321.66	11,088.73	7,099.58	4,524.75	11,624.33	6,834.11	5,772.31	12,606.42	7,945.73	1,065.31	9,011.04
Secondary education	2,223.43	213.11	2,436.54	1,584.93	167.50	1,752.43	1,559.76	612.10	2,171.86	1,048.55	4.00	1,052.55
Tertiary education	18,874.05	1,608.34	20,482.39	23,534.70	1,357.57	24,892.26	35,456.78	5,466.04	40,922.82	35,618.82	3,738.42	39,357.24
Education expenditure not elsewhere classified	1,082.46	1,009.00	2,091.46	849.75	3,827.31	4,677.06	1,642.86	377.88	2,020.73	1,201.73	773.87	1,975.60
Social protection	24,735.81	2,307.06	27,042.87	31,053.21	3,464.69	34,517.91	38,083.47	3,081.89	41,165.35	36,142.26	9,981.71	46,123.97
TOTAL OUTLAYS[1]	**402,248.42**	**106,597.10**	**508,845.52**	**501,718.54**	**162,896.23**	**664,614.76**	**517,385.13**	**155,352.82**	**672,737.96**	**633,895.52**	**253,067.33**	**886,962.85**

Source: Ministry of Finance

* Provisional

\+ Revised estimates

[1]Total in this Table vary with that in Table 6.9 by Disposal of Non financial Assets

Table 6.9: Central Government Economic Analysis of Expenditure, 2005/06 -2000/10

KSh Million

	2005/06	2006/07	2007/08	2008/09*	2009/10+
EXPENSE					
Consumption expenditure on goods and services:					
Compensation of employees	135,924.33	145,590.39	167,746.20	183,121.51	208,763.19
Use of Goods and Services	66,864.41	64,965.67	89,440.44	90,959.44	119,997.22
Total	**202,788.75**	**210,556.06**	**257,186.64**	**274,080.95**	**328,760.40**
Subsidies	420.52	45.48	34.17	37.21	40.00
Interest:	31,453.19	38,997.39	49,852.67	49,895.16	64,779.37
Domestic	26,988.10	34,250.21	42,854.44	44,067.80	58,438.00
Foreign	4,465.09	4,747.17	6,998.23	5,827.36	6,341.37
Grants to:					
International organisations	1,319.17	1,436.90	1,234.72	989.89	2,064.03
General Government units	51,148.25	55,558.17	78,797.14	96,659.04	126,891.31
Other Grants	0.00	4,886.46	4,849.31	9,310.60	9,242.09
Total grants	**52,467.42**	**61,881.52**	**84,881.17**	**106,959.53**	**138,197.43**
Social benefits	14,420.61	27,338.05	24,615.63	25,859.70	26,968.49
Other expense	1,629.94	960.00	811.00	4,465.00	2,918.03
Total current expenditure	**303,180.42**	**339,778.50**	**417,381.29**	**461,297.55**	**561,663.72**
Capital Grants(TRANSFERS)	17,224.51	17,346.04	31,380.71	27,833.20	77,980.36
1. Total Expense	**320,404.93**	**357,124.53**	**448,762.00**	**489,130.75**	**639,644.08**
2. Acquisition of Non Financial Assets(net)	**33,401.26**	**56,181.45**	**74,386.08**	**96,774.63**	**140,805.13**
Building and structures	19,271.09	36,125.11	55,250.62	74,834.26	119,155.55
Machinery and equipment	10,492.96	12,272.72	15,328.70	16,473.30	17,361.20
Inventories	1,710.04	2,306.60	4,552.03	7,820.18	5,293.98
Valuables	0.00	0.00	0.00	0.00	0.00
Non- produced assets & Land	3,773.08	8,067.38	2,207.95	693.53	2,426.58
Less Disposal of Non financial assets	(1,845.92)	(2,590.36)	(2,953.23)	(3,046.64)	(3,432.17)
Equity Participation and on-lending	1,392.38	1,915.18	46,244.04	9,034.66	6,724.90
3 PUBLIC DEBT REDEMPTION	75,546.78	90,952.99	92,269.42	**74,751.29**	**96,356.58**
4 Total Expenditure (1+2+3)	**430,745.35**	**506,174.16**	**661,661.53**	**669,691.33**	**883,530.68**

Source: Ministry of Finance

* Provisional.

\+ Revised Budget Estimates

6.14. Table 6.10 presents aggregated stock of public debt as at the end of June for the period 2005 to 2009. The national debt management policy seeks to meet Central Government's financing needs at the lowest possible long term borrowing costs as well as facilitate Government's access to financial markets. In view of this, emphasis has been put to contract external loans mainly on concessional terms. The Government has also put in place a framework for recording and monitoring contingent liabilities to ensure that debt remains sustainable in both medium term and long term. In the year under review, the stock of public debt increased from KSh 748.5 billion in 2008 to KSh 889.9 billion in 2009, representing 18.9 per cent increase. In spite of the increase, recent Debt Sustainability Analysis (DSA) based on World Bank-IMF debt sustainability framework showed that Kenya's level of debt is sustainable. Domestic debt stood at KSh 401.7 billion in 2009, and has remained below 45 per cent of total debt for the last five years. Substitution of external financing with domestic financing has been hampered by limited scope to substitute external resources with domestic resources due to its potential risk of crowding out private sector investments.

Table 6.10: Central Government Public Debt, 2005- 2009

KSh million

As at 30th June	Public Debt[1]								
	Stocks			Other debt			Total		
	External	Internal	Total	External	Internal	Total	External	Internal	Total
2005	..	1,057.98	1,057.98	434,453.00	252,443.02	686,896.01	434,453.00	253,501.00	687,954.00
2006	..	1,057.98	1,057.98	431,236.74	285,392.78	716,629.52	431,236.74	286,450.76	717,687.50
2007	..	754.68	754.68	397,138.75	317,647.44	714,786.19	397,138.75	318,402.12	715,540.87
2008	..	754.68	754.68	413,460.29	334,241.45	747,701.73	413,460.29	334,996.13	748,456.41
2009*	..	754.68	754.68	488,203.34	400,986.41	889,189.76	488,203.34	401,741.09	889,944.44

Source: Ministry of Finance/Central Bank of Kenya

* Provisional

[1] Includes Short Term Borrowing.

6.15. Table 6.11 shows the Central Government stock of debt by source for 2005 to 2009. Both stocks of external and internal debts recorded accelerated growths from 4.1 per cent and 5.2 per cent in 2008 to 18.1 per cent and 19.9 per cent 2009, respectively. Total debt from bilateral creditors that had been declining prior to 2009 exhibited a reversed trend to rise by 20.8 per cent in 2009. Japan continued to be the leading bilateral lender despite the significant drop in its lending in 2008, while IDA/IFAD remained the main source of debt from multilateral lenders. Domestic borrowing through treasury bills (excluding REPOs) registered a substantial increase from KSh 76.8 billion in 2008 to KSh 116.8 billion in 2009. This increase was largely taken up by financial institutions in the short term securities' market. Internal debt derived from treasury bonds rose by 14.5 per cent to stand at KSh 360.7 billion in 2009. The increase is partly attributable to the infrastructure bond of KSh 18.5 billion issued in February 2009 to finance infrastructural projects in water and sanitation, energy and road construction.

Table 6.11: Central Government Outstanding Debt by Source, 2005 - 2009

KSh million

Outstanding as at 30th June	2005	2006	2007	2008	2009
EXTERNAL DEBT:					
Lending Countries:					
Germany	12,926.76	13,910.02	13,186.22	15,763.94	16,440.53
Japan	84,550.11	79,463.94	66,963.44	47,266.50	58,655.61
France	18,085.88	18,642.98	18,487.06	22,903.00	28,102.91
U.S.A.	6,050.72	5,842.30	4,719.11	4,461.31	5,275.93
Netherlands	2,205.39	2,752.03	2,369.54	2,317.83	2,140.08
Denmark	2,362.37	2,392.28	2,146.56	2,336.03	2,354.49
Finland	134.12	160.17	117.81	120.11	128.60
Other	31,353.27	31,713.48	29,900.79	31,524.81	39,887.37
Total	157,668.62	154,877.20	137,890.53	126,693.53	152,985.52
International Organisations:					
IDA /IFAD	210,098.84	204,306.43	190,873.70	206,633.48	243,012.66
I.B.R.D	38.10	0.00	0.00	0.00	0.00
O.P.E.C.	76.27	411.51	589.06	587.17	1,685.89
E.E.C/E.I.B.	8,458.82	13,334.94	10,011.30	11,234.75	11,062.78
I.M.F.	13,107.36	11,407.81	7,408.14	17,547.72	18,872.83
Badea	9.22	251.93	372.74	560.12	1,477.43
A.D.F/A.D.B.	23,623.74	25,836.80	21,858.33	30,134.66	32,651.25
Total	255,412.35	255,549.42	231,113.27	266,697.90	308,762.82
Others	21,372.03	20,810.12	28,134.95	20,068.86	26,455.00
Total External	434,453.00	431,236.74	397,138.75	413,460.29	488,203.34
INTERNAL DEBT:					
Treasury Bills[1]	71,938.00	94,776.00	94,422.26	76,848.15	116,794.30
Treasury Bonds	193,367.00	218,357.33	272,199.74	315,189.66	360,743.95
Non Interest bearing debt	35,917.00	35,548.76	35,548.76	34,438.00	33,328.76
Others(includes stocks)	16,580.00	9,156.67	2,519.36	7,082.32	7,690.00
Less govt deposits & on-lending	-64,301.00	-71,388.00	-86,288.00	-98,562.00	-116,815.91
TOTAL INTERNAL(net)[2]	253,501.00	286,450.76	318,402.12	334,996.13	401,741.09
TOTAL UNFUNDED DEBT	687,954.00	717,687.50	715,540.87	748,456.41	889,944.44

Source: Ministry of Finance/Central Bank of Kenya

[1] Excludes Repo Bills

[2] Excludes Government deposits to Central Bank and Commercial Banks

6.16. Government stocks at book value by holders as at 30th June for the period 2005 to 2009 are presented in Table 6.12. The stocks have stagnated for the third year running, principally due to non-maturity of stocks. Central Government and NSSF have continued to hold the bulk of the stocks, jointly accounting for over 96 per cent of the total stocks.

Table 6.12: Government Stocks at Book Value by Holders on Local Register as at 30th June

KSh Million

	2005	2006	2007	2008	2009
PUBLIC BODIES:					
National Social Security Fund	408.80	408.80	408.80	408.80	408.80
Central Government	615.58	615.58	316.10	316.10	316.10
Local Government	1.00	1.00	1.00	1.00	1.00
Other Public Sector	2.20	2.20	2.00	2.00	2.00
OTHER INTERNAL:					
Commercial Banks	28.68	28.68	25.78	25.78	25.78
Insurance Companies	1.70	1.70	1.00	1.00	1.00
Private Individuals	0.03	0.03	0.00	0.00	0.00
TOTAL	**1,057.98**	**1,057.98**	**754.68**	**754.68**	**754.68**

Source: Central Bank of Kenya

6.17. Data on debt servicing charges and, receipts from interest and loan repayment on on-lending is shown in Table 6.13. Total public debt servicing charges declined from KSh 142.1 billion in 2008 to KSh 124.6 billion in 2009 representing a 12.3 per cent drop. Similarly, total receipts from interest and loan repayments declined from KSh 0.7 billion in 2008 to KSh 0.6 billion in 2009. Consequently, net servicing charges dropped from KSh 141.4 billion in 2008 to KSh 124.0 billion in 2009.

Table 6.13: Central Government Debt Servicing Charges, 2005 - 2009

KSh Million

Year ending	Annual Debt Servicing Charges[1]			Interest and Loan Repayment Receipts			Net Servicing Charges		
30th June	External	Internal	Total	External	Internal	Total	External	Internal	Total
2005	15,922.28	92,384.65	108,306.93	..	1,596.58	1,596.58	15,922.28	90,788.07	106,710.35
2006	17,008.53	89,991.44	106,999.97	..	915.99	915.99	17,008.53	89,075.45	106,083.98
2007	17,894.09	112,056.29	129,950.38	..	663.20	663.20	17,894.09	111,393.09	129,287.18
2008	23,831.82	118,290.27	142,122.09	..	708.56	708.56	23,831.82	117,581.69	141,412.89
2009*	21,975.42	102,671.03	124,646.45	..	638.28	638.28	21,975.42	102,032.75	124,008.17

Source: Ministry of Finance

* Provisional

[1]Annual debt servicing Charges =Public debt redemption (Table 6. 1)+Interest(Table 6.9)

6.18. Table 6.14 provides the relationship between debt service charges on external debt and export of goods and services for the years 2005 to 2009. The details informs the assessment of the Government's external debt servicing capacity and measure the cost of servicing debt in terms of the foreign exchange earnings of the country. In the year under review, the ratio of external debt services to exports of goods and services declined by 0.3 percentage points. This resulted from the combined effect of 7.8 per cent decline in external debt servicing charges and a marginal drop in exports of goods and services from KSh 573.5 billion in 2008 to KSh 573.4 billion in 2009.

Table 6.14: Central Government Debt Service Charges on External Debt related to Exports of Goods and Services 2005-2009

	Debt Service Charges on External Debt[1] (Financial Year)	Exports of Goods and Services (Calender Year)	External Debt Service Charges as a Percentage of Exports of Goods and Services
	KSh Million	KSh Million	%
2005	15,922.28	403,628.00	3.94
2006	17,008.53	428,695.00	3.97
2007	17,894.09	475,455.00	3.76
2008	23,831.82	573,501.00	4.16
2009*	21,975.42	573,427.00	3.83

Source: Ministry of Finance and Kenya National Bureau of Statistics

* Provisional.

Local Authorities

6.19. Local Government authorities have been implementing a number of reforms aimed at transforming them into efficient entities. One of the key reforms underway is the introduction of the Local Authority Integrated Financial Operations Management System (LAIFOMS) that will among other benefits result in efficiency and accountability in the way local authorities

manage their financial operations. In addition, the Local Authority Transfer Fund (LATF) has continued to be a crucial avenue for devolving funds from Central Government to the grass roots through the local authorities. This Fund seeks to supplement locally generated resources to enable the local authorities provide services adequately. In 2009/10 financial year, KSh 10.4 billion is expected to be transferred to the local authorities through LATF representing 11.8 per cent increase from KSh 9.3 billion transferred in 2008/09. As shown in Figure 6.2, LATF disbursements have been increasing strongly over the years. This has been in tandem with increases in income tax collected by the Kenya Revenue Authority (KRA).

Table 6.15: Central Government Transfer through LATF to Local Authorities, 2005/06 - 2009/10

KSh million

	2005/06	2006/07	2007/08	2008/09	2009/10*
Nairobi City Council	889.45	1,383.56	1,531.80	1,729.45	1,956.74
Municipal Councils	1,211.62	1,857.00	2,047.11	2,300.59	2,606.51
County Councils	2,356.68	3,503.13	3,846.60	4,304.56	4,831.21
Town Councils	527.95	756.30	824.49	915.41	1,005.54
**TOTAL .. ..

Table 6.16: Expenditure by Local Authorities, 2005/06 - 2009/10

KSh Million

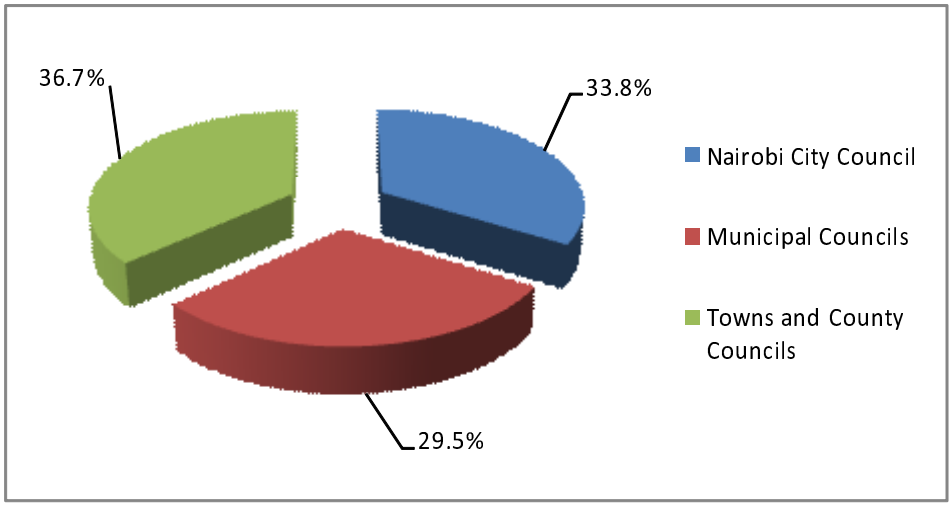
	Local Authorities				
	Nairobi City Council	Other Cities & Municipal Councils	Sub-Total	Town and County Councils	Total
2005/06	4,981.81	4,699.58	9,681.39	5,841.19	15,522.58
2006/07..	6,674.74	5,984.81	12,659.55	7,520.39	20,179.94
2007/08	8,069.90	6,805.05	14,874.95	7,933.98	22,808.93
2008/09*..	8,806.51	7,412.50	16,219.01	9,108.70	25,327.72
2009/10+	9,951.00	8,673.29	18,624.29	10,817.30	29,441.59

Source: Local Authorities

* Provisional

'+ Budget Estimates

Figure 6.3: Proportion of Expenditure by Category of Local Authorities- 2009/10



6.21 Classification of municipal councils' expenditure by main services is provided in Table 6.17. Total expenditure is expected to grow by 14.8 per cent from KSh 16.2 billion in 2008/09 to KSh 18.6 billion in 2009/10. In the year under review, expenditure on community services is expected to increase by 23.6 per cent, while those of social and economic services are expected to increase by 14.2 per cent each. As illustrated in Figure 6.4, expenditure on the economic services category is anticipated to continue to receive preference over the other categories. This is evidenced by a higher growth of expenditure in economic services compared to the other services. Water undertaking is expected to take the bulk of expenditure on economic services accounting for 48.6 per cent.

Table 6.17: Municipal[1] Councils-Current and Capital Expenditure on Main Services, 2005/06-2009/10

KSh Million

		2005/06	2006/07	2007/08	2008/09*	2009/10+
ADMINISTRATION		2,447.79	3,100.77	3,520.22	3,727.56	4,085.32
COMMUNITY SERVICES:	Roads	866.81	1,114.22	1,431.89	1,476.40	1,736.85
	Sanitation	646.41	845.26	921.23	956.84	1,152.77
	Other	245.93	386.96	443.65	476.92	708.40
	Total	1,759.15	2,346.44	2,796.76	2,910.16	3,598.02
SOCIAL SERVICES	Education	685.66	981.20	1,061.83	1,125.64	1,324.98
	Health	1,105.64	1,314.98	1,481.88	1,428.70	1,628.73
	Other	362.63	474.18	597.49	847.47	932.22
	Total	2,153.93	2,770.36	3,141.19	3,401.81	3,885.92
ECONOMIC SERVICES:	General Administration	704.79	1,021.60	1,201.59	1,285.42	1,625.83
	Water Undertaking	1,592.14	2,081.91	2,760.96	3,176.64	3,425.84
	Housing Estates(including staff housing)	513.84	671.91	752.16	865.34	1,058.64
	Other	509.75	666.56	702.07	852.09	944.71
	Total	3,320.52	4,441.98	5,416.78	6,179.49	7,055.02
TOTAL EXPENDITURE		9,681.39	12,659.55	14,874.95	16,219.02	18,624.29

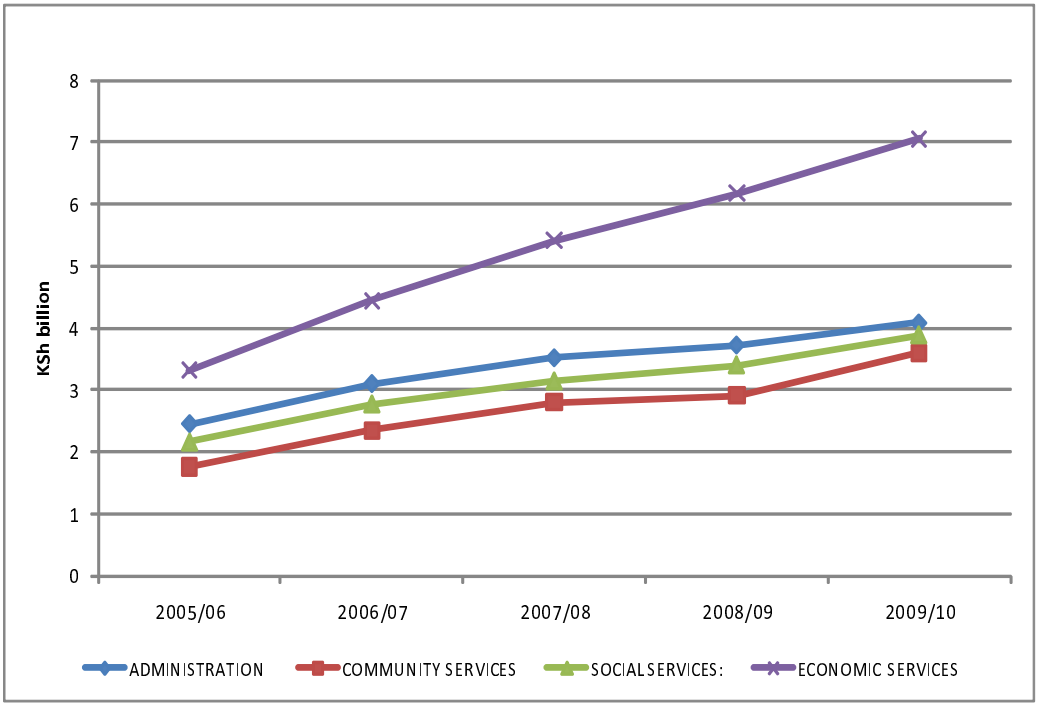
Source: Local Authorities

* Provisional

\+ Estimates

[1] Includes Nairobi City Council

Figure 6.4: Municipal Councils expenditure by main services



6.22. Details of economic classification of expenditure for municipal councils from 2005/06 to 2009/10 are presented in Table 6.18. The proportion of capital expenditure is expected to be about 30.2 per cent of the total expenditure in 2009/10. Current expenditure is expected to grow faster than capital expenditure by 7.5 percentage points. Expenditure on compensation of employees is expected to increase from KSh 7.3 billion in 2008/09 to KSh 7.6 billion in 2009/10. Similarly, expenditure on use of goods and services is estimated to grow from KSh

3.6 billion in 2008/09 to KSh 5.2 billion in 2009/10.

Table 6.18: Municipal Councils - Economic Analysis of Expenditure, 2005/06 - 2009/10

KSh Million

	2005/06	2006/07	2007/08	2008/09*	2009/10+
CURRENT EXPENDITURE:					
Compensation of employees	5,356.53	5,403.24	6,638.33	7,293.96	7,613.48
Use of Goods and Services	3,029.01	3,034.23	3,488.07	3,575.67	5,152.12
Transfer to Households & Enterprises	70.40	83.39	85.69	93.43	98.40
Transfer to Funds (Current)	59.93	78.26	82.67	87.26	91.25
Interest	30.48	39.86	45.82	46.67	48.44
Total	8,546.35	8,638.98	10,340.58	11,096.99	13,003.68
CAPITAL EXPENDITURE:					
Acquisition of Non financial Assets	1,162.69	3,999.73	4,350.18	4,899.20	5,384.76
Loan Repayment[1]	172.35	20.84	184.20	222.82	235.85
Total	1,335.04	4,020.57	4,534.38	5,122.02	5,620.61
TOTAL EXPENDITURE	9,881.39	12,659.55	14,874.96	16,219.01	18,624.29

Source: Local Authorities

* Provisional

\+ Budget Estimates

[1] Includes interest.

6.23. Table 6.19 shows the total receipts generated by municipal councils for the period 2005/06 to 2009/10. Total receipts are expected to decline from KSh 13.3 billion in 2008/09 to KSh 12.0 billion in 2009/10. Contrary to the decline exhibited in 2008/09, revenue from sale of goods and services is expected to increase by 20.6 per cent from KSh 3.4 billion in 2008/09 to KSh 4.1 billion in 2009/10. Direct taxes and indirect taxes are expected to register modest growths of 1.4 and 3.8 per cent, respectively during the review period. In contrast, revenue from current transfers is expected to decline from KSh 2.2 billion in 2008/09 to KSh 1.8 billion in 2009/10.

Table 6.19: Municipal Councils[1] Economic Analysis of Revenue, 2005/06 - 2009/10

KSh Million

	2005/06	**2006/07**	**2007/08**	**2008/09***	**2009/10+**
CURRENT REVENUE:	7,208.66	8,303.03	9,407.40	12,793.55	11,702.12
Direct Taxes (Rates[2])	1,696.26	2,050.21	2,365.28	2,883.85	2,922.81
Indirect Taxes (Licences and cesses)	769.12	853.48	993.68	1,874.17	1,945.15
Income from property	726.35	805.65	896.27	900.32	578.39
Current Transfers[3]	1,294.58	1,468.37	1,701.17	2,187.79	1,827.75
Sale of goods and services[4]	2,722.35	3,125.32	3,451.00	3,432.50	4,100.89
CAPITAL REVENUE:	311.77	312.95	468.26	514.92	327.12
Loans Raised	308.58	309.39	463.99	511.68	323.35
Loan Repayment	3.19	3.56	4.27	3.24	3.77
TOTAL REVENUE	7,520.43	8,615.98	9,875.65	13,308.47	12,029.24

Source: Local Authorities

* Provisional

\+Budget Estimates

[1] Includes Nairobi City Council

[2] Paid by households and enterprises

[3] Excludes LATF

[4] Includes services charge

6.24. Table 6.20 details the economic analysis of expenditure and revenue for towns and county councils for the fiscal period 2005/06 to 2009/10. Total expenditure by towns and county councils is expected to grow from KSh 9.1 billion in 2008/09 to KSh 10.8 billion in 2009/10. Expenditure on compensation of employees is anticipated to increase from KSh 3.5 billion in 2008/09 to KSh 4.2 billion in 2009/10. Expenditure on use of goods and services is expected to follow a similar trend, growing by 14.8 per cent. Expenditure on acquisition of non-financial assets is expected to record a 25.0 per cent growth after declining by 8.1 per cent in 2008/09. Total revenue is expected to almost stagnate at KSh 4.4 billion as a consequence of dismal performance of the various revenue streams. Sale of goods and services is expected to increase modestly from KSh 2.0 billion in 2008/09 to KSh 2.1 billion in 2009/10 and is the only category of current revenue expected to register some growth.

Table 6.20: Town and County Councils- Economic Analysis of Expenditure and Revenue, 2005/06 -2009/10

KSh Million

	2005/06	2006/07	2007/08	2008/09*	2009/10+
CURRENT EXPENDITURE:					
Compensation of employees	1,956.87	2,381.53	2,436.50	3,503.82	4,151.78
Use of Goods and Services	1,569.62	2,340.55	2,646.25	3,004.63	3,448.73
Transfer to Households & Enterprises	305.68	336.12	377.63	324.89	387.59
Transfer to Funds (Current)	67.40	70.01	75.26	72.34	73.49
Total	3,899.57	5,128.21	5,535.64	6,905.68	8,061.58
CAPITAL EXPENDITURE:					
Acquisition of non-financial Assets	1,937.80	2,390.12	2,393.75	2,200.66	2,751.46
Loan Repayments[1]	3.82	2.06	4.59	2.36	4.26
Total	1,941.62	2,392.18	2,398.34	2,203.02	2,755.72
TOTAL EXPENDITURE	5,841.19	7,520.39	7,933.98	9,108.70	10,817.30
CURRENT REVENUE:					
Direct Taxes (Rates[2])	285.69	502.22	388.72	220.47	194.29
Indirect Taxes (Licences and Cesses)	498.17	789.31	765.90	1,380.14	1,377.18
Income from Property	39.89	43.58	178.31	276.02	232.96
Current Transfers[3]	798.34	994.78	797.79	418.93	394.23
Sale of Goods and Services[4]	862.78	1,235.45	1,323.88	1,963.42	2,096.55
Total	2,484.87	3,565.34	3,454.60	4,258.98	4,295.21
CAPITAL REVENUE:					
Loans Raised	106.70	108.01	112.37	98.40	74.69
Total	106.70	108.01	112.37	98.40	74.69
TOTAL REVENUE	2,591.57	3,673.35	3,566.97	4,357.38	4,369.90

Source: Local Authorities

* Provisional.

\+ Estimates

[1] Includes Interest.

[2] Paid by households and enterprises.

[3] Excludes LATF

[4] Includes service charge

Chapter 7
International Trade and Balance of Payments

Overview

Following the global economic downturn experienced in 2009, world trade contracted in volume terms. Kenya's volume of merchandise trade grew by a paltry 1.6 per cent in 2009 compared to 26.8 per cent growth in 2008 while trade balance deteriorated by 4.1 per cent compared to a deterioration of 28.8 per cent in the previous period. In 2009, the value of exports stood at 43.8 per cent of imports, compared to 44.8 per cent in 2008. As reflected by the annual average exchange rate, the Kenya Shilling depreciated against the US dollar to exchange at KSh 77.35 in 2009 compared to KSh 69.18 in 2008.

7.2. During the period under review, domestic exports grew marginally by 0.3 per cent while re-exports declined by 4.1 per cent compared to growths of 23.3 per cent and 71.8 per cent respectively, in 2008. Total imports grew by 2.3 per cent in 2009 compared to a 27.4 per cent growth recorded in 2008. Tea, horticulture, coffee and articles of apparels and clothing accessories were the dominant exports, collectively accounting for 50.5 per cent of the total domestic export earnings from goods.

7.3. The balance of payments position recorded a surplus of KSh 75,180 million in 2009 compared to a deficit of KSh 33,161 million in 2008. This improvement was on account of increased net capital inflows coupled with improvement in the current account balance from a deficit of KSh 137,147 million in 2008 to a deficit of KSh 124,446 million in 2009. The capital and financial account recorded a surplus of KSh 215,864 million in 2009 as a result of increased inflows of foreign direct investment and, short and long term capital inflows.

Balance of Trade

7.4. Table 7.1 and Figure 7.1 present the trade balance from 2005 to 2009. The value of international trade increased by 1.6 per cent compared to a 26.8 per cent increase recorded in 2008. Total exports remained at the 2008 level. Domestic Exports increased slightly by 0.3 per cent while re-exports decreased by 4.1 per cent compared to a 71.8 per cent increase recorded in the previous year. Total imports increased by 2.3 per cent compared to a 27.4 per cent growth recorded in 2008. The value of government imports increased by 11.9 per cent in 2009 while commercial imports rose by 2.2 per cent compared to a 27.7 per cent increase recorded in the previous review period. Trade balance widened further from a deficit of KSh 425,705 million in 2008 to KSh 443,147 million in 2009. In 2009, export earnings covered 43.8 per cent of the total imports.

Table 7.1: Balance of Trade, 2005-2009

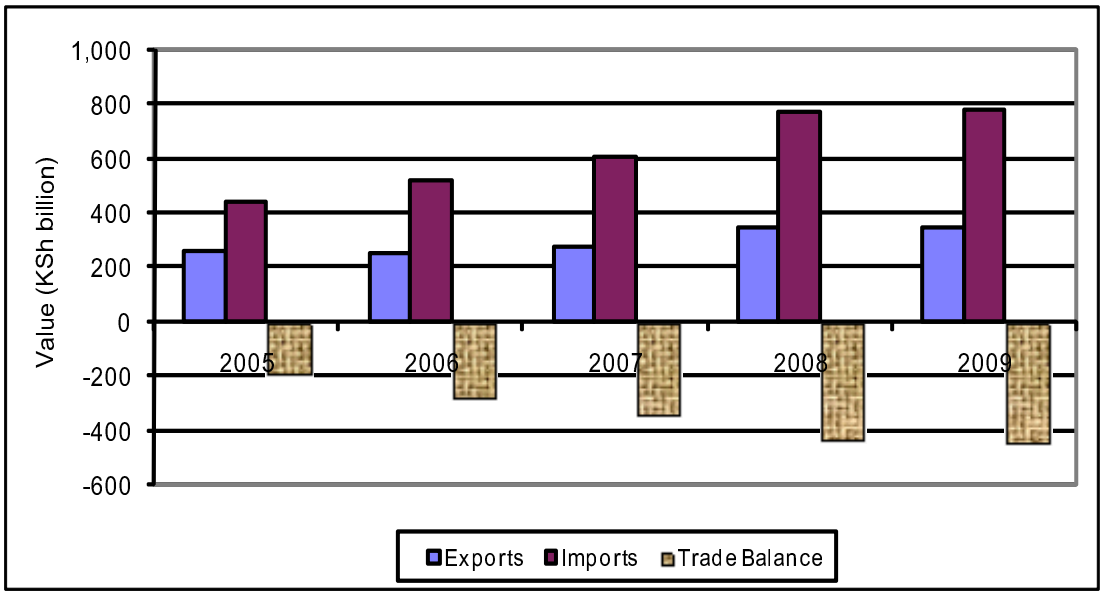
KSh million

DESCRIPTION	2005	2006	2007	2008	2009*
EXPORTS (f.o.b) :					
Domestic Exports	209,918	228,181	261,685	322,660	323,571
Re-exports	50,505	22,813	12,973	22,287	21,378
Total	**260,423**	**250,994**	**274,658**	**344,947**	**344,950**
IMPORTS (c.i.f) :					
Commercial	440,532	510,792	597,877	763,704	780,323
Government	2,561	10,691	7,235	6,947	7,773
Total	**443,093**	**521,483**	**605,112**	**770,651**	**788,097**
BALANCE OF TRADE	**(182,670)**	**(270,489)**	**(330,454)**	**(425,705)**	**(443,147)**
TOTAL TRADE	**703,516**	**772,477**	**879,769**	**1,115,598**	**1,133,047**
COVER RATIO[1] (in percentage)	**58.8**	**48.1**	**45.4**	**44.8**	**43.8**

*Provisional

[1]COVER RATIO =(Total Exports/Total Imports)*100

Figure 7.1: Balance of Trade, 2005 – 2009



Price Changes

7.5. Export and import price indices by commodity groups for the last five years are shown in Table 7.2. The overall export price index which had grown by 18.9 per cent in 2008 rose by 7.3 per cent in 2009. This is partly attributed to a decline of 19.6 per cent in the export index for mineral fuels. Growth in the overall import price index slowed to 0.4 per cent in 2009 from 7.6 per cent registered in 2008. Export and import price indices for non-oil items rose by 13.0 per cent and 6.5 per cent, respectively, in the period under review.

Table 7.2: Price Indices, 2005-2009

1982=100

	2005	2006	2007	2008	2009*
EXPORTS					
Food and live animals	577	692	664	785	920
Beverages and tobacco	314	539	814	824	829
Crude materials, (inedible)	853	1,208	1,308	1,488	1,510
Mineral fuels	745	797	831	1,138	915
Animal and vegetable oils and fats	311	317	433	579	711
Chemicals	458	697	690	936	1,053
Manufactured goods	1,276	1,972	1,589	1,910	2,304
Machinery and transport equipment	674	739	734	784	951
Miscellaneous manufactured articles	892	1,576	2,087	1,646	1,715
All Exports	**676**	**869**	**866**	**1,030**	**1,105**
Non-oil Exports	**658**	**886**	**872**	**1,010**	**1,142**
IMPORTS					
Food and live animals	605	684	467	555	855
Beverages and tobbacco	745	668	880	822	1,216
Crude materials, (inedible)	578	687	684	686	774
Mineral fuels	1,093	1,514	1,640	1,663	1,477
Animals and vegetable oils and fats	939	791	1,115	1,370	1,472
Chemicals	1,031	1,281	1,375	1,723	1,710
Manufactured goods	672	1,079	1,210	1,262	1,266
Machinery and transport equipment	1,040	1,400	1,368	1,431	1,421
Miscellaneous manufactured articles	823	642	843	965	1,161
All imports	**942**	**1,215**	**1,244**	**1,339**	**1,345**
Non-oil Imports	**780**	**980**	**991**	**1,079**	**1,149**

* provisional

7.6. Import price indices for all the categories increased in 2009 except for mineral fuels, chemicals and, machinery and transport equipment. The decline in mineral fuels index was a reflection of the falling oil prices in the world market. During the review period, the import price indices for food and live animals, beverages and tobacco, miscellaneous manufactured articles and inedible crude materials increased significantly by 54.1, 47.9, 20.4 and 12.9 per cent, respectively. The import price indices for animals and vegetable oils and fats increased by 7.4 per cent during the year under review.

Terms of Trade

7.7. Terms of trade refers to the ratio of export price index to import price index. As indicated in Table 7.3, terms of trade for all items and for non-oil items improved by 5 percentage points each to stand at 82 and 99 per cent respectively, in 2009. The improvement is as a result of faster growth in the export unit prices of the commodities compared to the import unit prices. Inspite of this improvement, Kenya's terms of trade remain unfavourable.

Table 7.3: Terms of Trade, 2005-2009

1982 = 100

DESCRIPTION	2005	2006	2007	2008	2009*
All Items	72	72	70	77	82
Non-oil Items	84	90	88	94	99

* provisional

Volume Changes

7.8. Quantum indices which measure changes in the volume of trade are summarized in Table 7.4. The overall quantum index for non-oil exports dropped by 11.7 per cent in 2009 compared to a growth of 8.9 per cent in 2008. The overall index for exports declined by 6.5 per cent compared to a growth of 5.3 per cent registered in 2008. The fall in volume was largely due to the significant declines in manufactured goods, chemicals, food and live animals, inedible crude materials and miscellaneous manufactured goods. The quantum index for mineral fuels and beverages and, tobacco increased substantially by 43.2 per cent and 15.5 per cent, respectively, in the review period.

Table 7.4: Quantum Indices, 2005-2009

1982 =100

	2005	2006	2007	2008	2009*
EXPORTS:					
Food and live animals	271	242	275	284	251
Beverages and tobacco	4,536	4,418	3,435	3,726	4,302
Crude materials, (inedible)	340	282	290	346	321
Mineral fuels	211	76	47	37	53
Animal and vegetable oils and fats	8,543	8,325	8,588	8,797	8,815
Chemicals	1,189	662	882	1,068	851
Manufactured goods	272	200	277	285	223
Machinery and transport equipment	453	572	740	797	799
Miscellaneous manufactured articles	926	1,324	1,024	1,433	1,304
All Exports	**318**	**256**	**279**	**294**	**275**
Non-oil Exports	**358**	**317**	**361**	**393**	**347**
IMPORTS:					
Food and live animals	489	501	987	1,067	1,253
Beverages and tobacco	882	868	933	1,308	749
Crude materials, (inedible)	451	493	657	662	651
Mineral fuels	139	124	118	189	171
Animals and vegetable oils and fats	285	409	399	479	357
Chemicals	313	289	290	300	307
Manufactured goods	417	345	379	418	409
Machinery and transport equipment	267	238	284	307	343
Miscellaneous manufactured articles	404	551	597	504	462
All imports	**254**	**238**	**270**	**320**	**325**
Non-oil Imports	**373**	**357**	**425**	**459**	**476**

*provisional

7.9. The overall import quantum indices for non-oil items and all items rose by 3.7 per cent and 1.9 per cent, respectively, in 2009 compared to higher growths of 8.0 per cent and 18.5 per cent in the previous period. The slow growth was mainly due to significant declines in import quantum indices for; beverages and tobacco; animal and vegetable oils and fats; and miscellaneous manufactured articles. The import quantum index for food and live animals grew by 17.4 per cent while that of machinery and transport equipment and chemicals rose by

11.7 per cent and 2.3 per cent, respectively, in the period under review.

Quantities of Principal Exports and Imports

7.10. Quantities of principal exports and imports are presented in Table 7.5. Export quantities of meals and flours of wheat rose by 78.1 per cent in 2009. Significant increases were recorded in export quantities of animal and vegetable oils, coffee, essential oils, beer made from malt and wire products. Notable declines were recorded in export quantities of fluorspar, stone and gravel and, raw maize which dropped by 94.8, 79.7 and 78.6 per cent, respectively. Other notable declines in exports were recorded for fish and fish preparations, soda ash, horticulture and tea. The declines in horticulture and tea could be attributed to the reduction in the demand for these commodities following the economic recession. Paper and paperboard exports dropped by 63.9 per cent in 2009 mainly due to non–production by Pan Paper Mills Company, a major producer.

7.11. Import quantities of unmilled maize increased more than six times from 243.7 thousand tonnes in 2008 to 1,508.4 thousand tonnes in 2009 while that of unmilled wheat and rice increased by 45.2 per cent and 14.1 per cent, respectively. This could be partially attributed to measures taken by the government to meet food shortages resulting from the drought experienced in 2009. Import quantities of iron and steel, chemical fertilizers, petroleum products and, paper and paper board increased by 46.3, 39.7, 34.6 and 26.4 per cent, respectively. The increase in import quantities of iron and steel could be attributed to the increased demand from the construction industry while that of paper and paperboard was to meet domestic demand. The increase in the import quantity of chemical fertilizers could be explained by the Government policy of subsidizing farm inputs for farmers in a bid to boost agricultural production. Import quantities of sugar, molasses and honey; and, medicinal and pharmaceutical products declined by 12.2 per cent, each, while import quantities of crude petroleum declined by 8.2 per cent in the review period.

Values of principal exports and imports

7.12. The values of principal exports and imports are shown in Table 7.6. Tea, horticulture, coffee and articles of apparels and clothing accessories were the leading exports, collectively accounting for 50.5 per cent of the total domestic export earnings. Earnings from tea exports rose by 7.8 per cent in 2009 compared to 36.5 per cent in 2008, accounting for 21.3 per cent of the total export earnings in 2009. Horticulture, which has been the leading export earner recorded a decline of 8.4 per cent in export value to stand at KSh 65,220 million in 2009. Despite the decline, horticulture was the second leading export earner, contributing 20.2 per cent of the total export earnings. Export earnings from coffee rose by 51.2 per cent from KSh 10,126 million in 2008 to KSh 15,309 million in 2009. The share of coffee earnings in total export earnings increased to 4.7 per cent from 3.1 per cent in 2008. Export earnings from articles of apparels and clothing accessories declined by 20.1 per cent, while its contribution to the total domestic exports declined by 1.1 percentage points. Export earnings from essentials oils increased markedly from KSh 6,427 million in 2008 to KSh 8,231 million in the review period. Export values of animal and vegetable fats, beer made from malt, medicinal and pharmaceutical products and, meals and flours of wheat also increased in the review period. Export earnings were however recorded for fluorspar from KSh 2,191 million in 2008 to KSh 153 million in the year under review. Similarly, soda ash export earnings decreased by 37.0 per cent from KSh 13,185 million in 2008 to KSh 8,305 million in 2009. In the same period, export revenue from metal scrap, paper and paperboard, stone, sand and gravel and raw maize reduced considerably.

7.13. Expenditure on imports of maize rose five times from KSh 6,665 million in 2008 to KSh 33,945 million in the review period while the import value of wheat flour more than doubled to reach KSh 1,525 million in 2009. Other notable growths in imports values were recorded for rice, essential oils and perfumes, second hand clothing and industrial machinery which rose by 26.5, 24.9, 23.8 and 19.7 per cent, respectively. High shares of the import bill were noted for industrial machinery, petroleum products and crude petroleum which stood at 15.5, 12.6 and 6.9 per cent, respectively. Major declines were however recorded in the imports of crude petroleum, bicycles, animal and vegetable fats; and petroleum products that decreased by magnitudes of 33.1, 25.4, 19.2 and 14.8 per cent, respectively.

Table 7.5: Quantities of Principal Exports and Imports, 2005 - 2009

Commodity	Unit of Quantity	2005	2006	2007	2008	2009*
DOMESTIC EXPORTS						
Fish and fish preparations	Tonne	18,352	15,296	16,423	20,989	14,970
Maize(raw)	Tonne	10,854	22,344	27,750	19,002	4,072
Meals and flours of wheat	Tonne	139	622	688	2,286	2,816
Horticulture [1]	Tonne	298,464	301,007	397,271	414,703	338,994
Sugar confectionery	Tonne	31,114	29,130	30,873	27,876	27,196
Coffee, unroasted	Tonne	46,962	45,739	55,151	41,470	59,991
Tea	Tonne	341,171	318,896	370,245	390,003	326,497
Margarine and shortening	Tonne	19,834	29,045	33,241	26,807	26,322
Beer made from malt	000 Lt.	2,943	16,438	44,549	47,870	58,699
Tobacco and tobacco manufactures	Tonne	18,802	31,118	38,785	34,049	33,386
Hides and Skins	Tonne	15,683	11,875	2,416	841	717
Sisal	Tonne	21,079	22,095	22,031	20,693	19,864
Stone, sand and gravel	Tonne	58,956	97,231	151,172	99,990	20,331
Fluorspar	Tonne	102,719	98,126	71,736	105,805	5,504
Soda Ash	Tonne	321,429	317,258	437,035	710,928	512,624
Metal scrap	Tonne	4,035	4,344	9,155	7,303	4,298
Pyrethrum Extract	Tonne	124	122	18	-	-
Petroleum Products	Mn. Lt.	204	98	210	69	76
Animal and Vegetable oils	Tonne	44,362	44,152	50,297	50,516	73,775
Medicinal and pharmaceutical products	Tonne	8,370	7,943	10,244	9,166	8,769
Essential oils	Tonne	48,077	43,300	53,373	65,794	89,372
Insecticides and fungicides	Tonne	2,281	3,408	1,549	5,109	2,918
Leather	Tonne	10,083	16,062	20,049	19,529	13,957
Wood manufactures n.e.s	Tonne	2,394	1,488	1,447	971	866
Paper and paperboard	Tonne	19,699	16,092	20,611	21,990	7,929
Textile yarn	Tonne	3,027	3,560	2,769	2,248	2,183
Cement	Tonne	464,635	551,447	598,178	692,464	684,259
Iron and steel	Tonne	128,109	125,591	106,377	113,853	118,926
Metal containers	Tonne	1,482	2,348	3,761	3,632	3,310
Wire products: nails screws, nuts, etc.	Tonne	6,833	4,180	5,651	4,959	5,702
Footwear	' 000' Pairs	46,288	47,054	47,239	45,918	44,035
Articles of plastic[2]	-	-	-	-	-	-
IMPORTS						
Wheat, unmilled	Tonne	621,838	650,445	564,300	538,498	781,717
Rice	Tonne	228,206	259,154	259,428	259,780	296,292
Maize, unmilled	Tonne	49,621	73,017	100,405	243,656	1,508,414
Wheat flour	Tonne	2,727	2,015	37,288	22,514	21,197
Sugars, Molasses and Honey	Tonne	162,146	183,325	252,964	242,459	212,868
Textile fibres and their waste	Tonne	23,967	23,961	22,545	17,645	16,594
Second - hand clothing	Tonne	44,857	50,268	53,871	57,817	59,677
Crude Petroleum	Tonne	1,773,973	1,643,189	1,598,703	1,773,338	1,627,900
Petroleum products	Mn. Lt.	1,512	1,991	2,047	2,130	2,867
Animal/vegetable fats and oils	Tonne	399,201	475,004	448,821	438,514	514,819
Organic & inorganic chemicals	Tonne	139,605	141,053	183,789	175,047	186,212
Medicinal and pharmaceutical products	Tonne	10,019	9,948	11,243	12,573	11,043
Essential oils & pefumes	Tonne	18,795	21,646	20,394	19,486	21,823
Chemical fertilizers	Tonne	435,737	479,413	344,986	321,277	448,984
Plastics in primary & non-primary forms	Tonne	174,329	194,864	219,818	221,332	266,955
Paper and Paperboard	Tonne	104,928	134,021	152,982	175,981	222,432
Iron and steel	Tonne	436,593	472,558	534,440	466,225	681,873
Non-ferrous metals	Tonne	41,076	36,917	39,138	35,417	43,657
Hand & machine tools	"000"No	5,625	6,357	7,993	6,102	7,040
Industrial Machinery[2]	-	-	-	-	-	-
Agricultural Machinery and Tractors[2]	-	-	-	-	-	-
Bicycles, assembled or partly assembled	"000"No	300	240	241	129	94
Road Motor Vehicles	Nos.	85,212	46,769	65,128	65,638	66,108

* Provisional.

[1] Horticulture includes cut flowers, fruits and vegetables, both fresh and processed.

[2] Some of the items under this heading have either different quantities or none at all, hence the blank.

Table 7.6: Values of Principal Exports and Imports, 2005-2009

KSh Million

Commodity	2005	2006	2007	2008	2009*
DOMESTIC EXPORTS					
Fish and fish preparations	4,607	3,971	4,117	5,131	4,391
Maize(raw)	289	360	563	473	283
Meals and flours of wheat	3	17	19	95	109
Horticulture	44,707	48,813	56,808	71,182	65,220
Sugar confectionery	2,600	2,689	3,050	3,457	3,263
Coffee, unroasted	9,061	9,138	10,425	10,126	15,309
Tea	42,372	47,349	46,754	63,812	68,766
Margarine and shortening	1,374	2,014	2,714	2,923	2,597
Beer made from malt	106	980	1,782	2,065	2,508
Tobacco and tobacco manufactures	5,137	7,869	8,532	9,053	10,411
Hides and skins (undressed)	866	622	143	40	30
Sisal	1,182	1,248	1,389	1,495	1,291
Stone, sand and gravel	102	155	209	135	64
Fluorspar	1,210	1,139	963	2,191	153
Soda ash	3,858	3,976	5,419	13,185	8,305
Metal scrap	374	691	1,814	1,713	752
Pyrethrum extract	1,122	1,086	127	-	-
Petroleum products	6,465	4,299	7,720	4,223	4,466
Animal and Vegatable oils	2,559	2,453	3,453	4,851	5,910
Medicinal and pharmaceutical products	2,648	2,997	4,436	4,457	5,185
Essential oils	5,887	3,779	4,420	6,427	8,231
Insecticides and fungicides	445	707	854	1,642	1,269
Leather	1,611	1,971	3,036	3,313	2,237
Wood manufactures n.e.s	298	484	310	212	160
Paper and paperboard	1,052	911	1,039	1,354	642
Textile yarn	606	712	594	551	549
Cement	2,858	3,849	4,612	7,253	7,766
Iron and steel	8,852	9,025	8,224	10,824	9,073
Metal containers	200	335	348	402	437
Wire products: nails screws, nuts, etc.	381	325	411	478	493
Footwear	1,952	2,279	3,029	2,618	2,665
Articles of plastics	4,386	4,941	4,440	6,136	5,916
Articles of apparel and clothing accessories	14,869	16,561	16,165	17,452	13,948
All other Commodities	50,748	56,998	69,932	80,843	71,172
GRAND TOTAL	**209,918**	**228,181**	**261,685**	**322,660**	**323,571**
IMPORTS					
Wheat, unmilled	7,957	8,019	9,706	13,937	13,841
Rice	3,962	4,540	4,716	5,875	7,430
Maize	924	1,550	1,095	6,665	33,945
Wheat flour	71	35	1,451	668	1,525
Sugars, Mollases and Honey	4,050	5,248	7,694	7,410	8,064
Textile fibres and their waste	2,169	2,453	2,578	2,421	2,499
Second - hand clothing	2,173	2,827	3,232	3,663	4,533
Crude Petroleum	51,529	55,016	49,241	81,453	54,495
Petroleum Products	46,113	64,540	73,088	116,792	99,550
Animal/vegetable fats and oils	14,019	16,974	23,311	34,101	27,569
Organic & inorganic chemicals	7,827	8,803	11,166	13,231	12,612
Medicinal & Pharmaceauticals Products	12,436	15,443	15,948	20,776	22,994
Essential oils & perfumes	4,789	5,465	5,937	6,455	8,060
Chemical Fertilizers	10,653	10,434	8,057	15,507	15,238
Plastics in primary & non-primary forms	18,037	20,399	23,535	27,777	26,462
Paper and Paperboard	6,870	8,088	9,558	12,155	13,756
Iron and Steel	21,084	21,340	26,335	34,829	33,776
Non-ferrous metals	5,397	8,945	10,702	8,910	8,402
Hand & machine tools	764	1,247	1,383	1,110	1,160
Industrial Machinery	48,856	62,079	78,014	100,900	120,794
Agricultural Machinery and Tractors	2,273	2,261	3,105	3,321	3,578
Bicycles, assembled or partly assembled	313	456	441	271	202
Road Motor Vehicles	25,251	36,936	42,678	45,323	50,115
All other Commodities	145,576	158,385	192,143	207,101	217,495
GRAND TOTAL	**443,093**	**521,483**	**605,112**	**770,651**	**788,097**

* Provisional.

Prices Changes of Principal Imports and Domestic Exports

7.14. Tables 7.7, 7.8 and 7.9 present the values, quantities and prices of selected domestic exports and imports. Despite the notable increase in the export unit price of fish and fish preparations, total value of its exports declined by 14.4 per cent. The growth in tea export unit price countered the 16.3 per cent decline in export quantities resulting in an increase in its total earnings. The increase in total value of coffee exports was proportionately higher than that in the volume of exports. Although the export unit price of fluorspar rose by 34.2 per cent in 2009, the total export quantities declined by 94.8 per cent. Likewise, the quantities of tobacco and tobacco manufactures exported declined by 2.0 per cent. However, the increase in the export unit price resulted in a 15.0 per cent growth in its export earnings. In spite of the 5.7 per cent decrease in the unit price of essential oils, export earnings increased by 28.1 per cent because of a 35.8 per cent increase in export volumes.

7.15. The import unit prices of maize and un-milled wheat declined in the review period. In the same period, import unit price of crude petroleum decreased by 27.1 per cent while the import value declined by 33.1 per cent. On the other hand, the 33.7 per cent decline in the import unit price of iron and steel led to a 46.3 per cent increase in the volume of its imports.

Table 7.7: Value, Quantity and Price of Domestic Exports, 2008-2009

Commodity	Value - KSh Million				Quantity					Price - KSh per Unit			
	2008	2009*	Changes	%Change	Unit	2008	2009*	Changes	%Change	2008	2009*	Changes	%Change
Fish and fish preparations	5,131	4,391	(740)	(14.4)	Tonne	20,989	14,970	(6,018)	(28.7)	244,474	293,324	48,850	20.0
Maize(raw)	473	283	(190)	(40.1)	Tonne	19,002	4,072	(14,930)	(78.6)	24,899	69,619	44,720	179.6
Meals and flours of wheat	95	109	14	15.1	Tonne	2,286	4,072	1,786	78.1	41,381	26,731	(14,650)	(35.4)
Horticulture	71,182	65,220	(5,962)	(8.4)	Tonne	414,703	338,994	(75,709)	(18.3)	171,646	192,392	20,746	12.1
Sugar confectionery	3,457	3,263	(194)	(5.6)	Tonne	27,876	27,196	(680)	(2.4)	124,019	119,976	(4,042)	(3.3)
Coffee, unroasted	10,126	15,309	5,184	51.2	Tonnes	41,470	59,991	18,521	44.7	244,167	255,194	11,028	4.5
Tea	63,812	68,766	4,953	7.8	Tonne	390,003	326,497	(63,506)	(16.3)	163,620	210,617	46,997	28.7
Margarine and shortening	2,923	2,597	(326)	(11.1)	Tonne	26,807	26,322	(485)	(1.8)	109,039	98,681	(10,357)	(9.5)
Beer made from malt	2,065	2,508	443	21.4	000 Lt.	47,870	58,699	10,830	22.6	43,138	42,722	(415)	(1.0)
Tobacco and tobacco manufactures	9,053	10,411	1,358	15.0	Tonnes	34,049	33,386	(663)	(1.9)	265,882	311,842	45,960	17.3
Hides and skins (undressed)	40	30	(10)	(25.8)	Tonnes	841	717	(124)	(14.8)	47,291	41,209	(6,082)	(12.9)
Sisal	1,495	1,291	(204)	(13.7)	Tonnes	20,693	19,864	(830)	(4.0)	72,259	64,983	(7,276)	(10.1)
Stone, sand and gravel	135	64	(71)	(52.3)	Tonne	99,990	20,331	(79,659)	(79.7)	1,351	3,167	1,816	134.4
Fluorspar	2,191	153	(2,038)	(93.0)	Tonne	105,805	5,504	(100,301)	(94.8)	20,712	27,796	7,084	34.2
Soda ash	13,185	8,305	(4,880)	(37.0)	Tonne	710,928	512,624	(198,304)	(27.9)	18,546	16,200	(2,345)	(12.6)
Metal scrap	1,713	752	(961)	(56.1)	Tonne	7,303	4,298	(3,005)	(41.2)	234,545	174,968	(59,577)	(25.4)
Pyrethrum extract	0	-	-	-	Tonne	0	-	-	-	-	-	-	-
Petroleum products	4,223	4,466	243	5.8	Mn. Lt.	69	76	8	11.3	61,540,519	58,476,935	(3,063,583)	(5.0)
Animal and Vegatable oils	4,851	5,910	1,059	21.8	Tonne	50,516	73,775	23,259	46.0	96,036	80,109	(15,927)	(16.6)
Medicinal and pharmaceutical products	4,457	5,185	728	16.3	Tonne	9,166	8,769	(396)	(4.3)	486,278	591,302	105,025	21.6
Essential oils	6,427	8,231	1,804	28.1	Tonne	65,794	89,372	23,579	35.8	97,680	92,098	(5,582)	(5.7)
Insecticides and fungicides	1,642	1,269	(372)	(22.7)	Tonne	5,109	2,918	(2,191)	(42.9)	321,357	435,020	113,664	35.4
Leather	3,313	2,237	(1,076)	(32.5)	Tonne	19,529	13,957	(5,572)	(28.5)	169,645	160,249	(9,396)	(5.5)
Wood manufactures n.e.s	212	160	(52)	(24.6)	Tonne	971	866	(106)	(10.9)	218,049	184,378	(33,670)	(15.4)
Paper and paperboard	1,354	642	(712)	(52.6)	Tonne	21,990	7,929	(14,061)	(63.9)	61,571	80,996	19,425	31.5
Textile yarn	551	549	(3)	(0.5)	Tonne	2,248	2,183	(66)	(2.9)	245,161	251,318	6,157	2.5
Cement	7,253	7,766	513	7.1	Tonne	692,464	684,259	(8,205)	(1.2)	10,475	11,350	875	8.4
Iron and steel	10,824	9,073	(1,750)	(16.2)	Tonne	113,853	118,926	5,073	4.5	95,069	76,295	(18,774)	(19.7)
Metal containers	402	437	35	8.6	Tonne	3,632	3,310	(323)	(8.9)	110,745	132,032	21,287	19.2
Wire products: nails screws, nuts, etc.	478	493	15	3.2	Tonne	4,959	5,702	743	15.0	96,385	86,512	(9,874)	(10.2)
Footwear	2,618	2,665	47	1.8	'000' Pairs	45,918	44,035	(1,884)	(4.1)	57,005	60,514	3,509	6.2
Articles of plastics	6,136	5,916	(220)	(3.6)	-	-	-	-	-		-	-	-
Articles of apparel and clothing accessories	17,452	13,948	(3,504)	(20.1)	-	-	-	-	-		-	-	-
All other Commodities	80,843	71,172	(9,672)	(12.0)	-	-	-	-	-		-	-	-
TOTAL	**322,660**	**323,571**	**911**	**0.3**			-	-	-		-	-	-

* Provisional.

Table 7.8: Value, Quantity and Price of Imports, 2008 - 2009

Commodity	Value in - KSh million				Quantity					Price - KSh Per Unit			
	2008	2009*	Changes	%Changes	Unit	2008*	2009*	Changes	%Changes	2008	2009*	Changes	%Changes
Wheat, unmilled	13,937	13,841	(96)	(0.7)	Tonne	538,498	781,717	243,218	45.2	25,881	17,705	(8,176)	(31.6)
Rice	5,875	7,430	1,555	26.5	Tonne	259,780	296,292	36,512	14.1	22,615	25,076	2,461	10.9
Maize	6,665	33,945	27,280	409.3	Tonne	243,656	1,508,414	1,264,758	519.1	27,353	22,504	(4,849)	(17.7)
Wheat flour	668	1,525	856	128.2	Tonne	22,514	21,197	(1,317)	(5.9)	29,675	71,926	42,251	142.4
Sugars, Mollases and Honey	7,410	8,064	654	8.8	Tonne	242,459	212,868	(29,591)	(12.2)	30,563	37,885	7,321	24.0
Textile fibres and their waste	2,421	2,499	78	3.2	Tonne	17,645	16,594	(1,051)	(6.0)	137,211	150,583	13,372	9.7
Second - hand clothing	3,663	4,533	871	23.8	Tonne	57,817	59,677	1,860	3.2	63,347	75,961	12,614	19.9
Crude Petroleum	81,453	54,495	(26,957)	(33.1)	Tonne	1,773,338	1,627,900	(145,437)	(8.2)	45,932	33,476	(12,456)	(27.1)
Petroleum Products	116,792	99,550	(17,242)	(14.8)	Mn. Lt.	2,130	2,867	736	34.6	54,826,188	34,726,294	(20,099,894)	(36.7)
Animal/vegetable fats and oils	34,101	27,569	(6,533)	(19.2)	Tonne	438,514	514,819	76,306	17.4	77,766	53,551	(24,215)	(31.1)
Organic & inorganic chemicals	13,231	12,612	(619)	(4.7)	Tonne	175,047	186,212	11,165	6.4	75,583	67,729	(7,854)	(10.4)
Medicinal & Pharmaceauticals Products	20,776	22,994	2,219	10.7	Tonne	12,573	11,043	(1,530)	(12.2)	1,652,405	2,082,208	429,803	26.0
Essential oils & pefumes	6,455	8,060	1,605	24.9	Tonne	19,486	21,823	2,337	12.0	331,251	369,347	38,096	11.5
Chemical Fertilizers	15,507	15,238	(269)	(1.7)	Tonne	321,277	448,984	127,707	39.7	48,267	33,939	(14,328)	(29.7)
Plastics in primary & non-primary forms	27,777	26,462	(1,315)	(4.7)	Tonne	221,332	266,955	45,622	20.6	125,500	99,125	(26,374)	(21.0)
Paper and Paperboard	12,155	13,756	1,601	13.2	Tonne	175,981	222,432	46,451	26.4	69,069	61,844	(7,225)	(10.5)
Iron and Steel	34,829	33,776	(1,053)	(3.0)	Tonne	466,225	681,873	215,648	46.3	74,705	49,534	(25,170)	(33.7)
Non-ferrous metals	8,910	8,402	(508)	(5.7)	Tonne	35,417	43,657	8,240	23.3	251,569	192,460	(59,109)	(23.5)
Hand & machine tools	1,110	1,160	51	4.6	"000"No	6,102	7,040	938	15.4	181,851	164,824	(17,027)	(9.4)
Industrial Machinery	100,900	120,794	19,894	19.7	-	-	-	-	-	-	-	-	-
Agricultural Machinery and Tractors	3,321	3,578	257	7.7	-	-	-	-	-	-	-	-	-
Bicycles, assembled or partly assembled	271	202	(69)	(25.4)	"000"No	129	94	(35)	(27.1)	2,100,337	2,149,002	48,665	2.3
Road Motor Vehicles	45,323	50,115	4,791	10.6	Nos.	65,638	66,108	470	0.7	690,505	758,073	67,568	9.8
All other Commodities	207,101	217,495	10,394	5.0	-		-	-	-	-	-	-	-
GRAND TOTAL	**770,651**	**788,097**	**17,446**	**2.3**	**-**		**-**	**-**	**-**		**-**	**-**	**-**

* Provisional.

Table 7.9: Prices of Principal Exports and Imports, 2005-2009

KSh/Unit

Commodity	Unit	2005	2006	2007	2008	2009*
DOMESTIC EXPORTS						
Fish and fish preparations	Kg	251	260	251	244	293
Maize(raw)	Tonne	26,626	16,112	20,284	24,899	69,619
Meals and flours of wheat	Tonne	21,583	27,093	28,335	41,381	26,731
Horticulture	Kg	140	155	137	172	192
Sugar confectionery	Kg	84	92	99	124	120
Coffee, unroasted	Kg	193	200	189	244	255
Tea	Kg	124	148	126	164	211
Margarine and shortening	Kg	69	69	82	109	99
Beer made from malt	Lt.	36	60	40	43	43
Tobacco and tobacco manufactures	Kg	273	253	220	266	312
Hides and Skins(undressed)	Kg	55	52	59	47	41
Sisal	Tonne	56,075	56,484	63,048	72,259	64,983
Stone, sand and gravel	Tonne	1,730	1,589	1,386	1,351	3,167
Fluorspar	Tonne	11,780	11,605	13,431	20,712	27,796
Soda Ash	Tonne	12,003	12,531	12,400	18,546	16,200
Metal scrap	Tonne	92,689	159,066	198,151	234,545	174,968
Pyrethrum Extract	Kg	9,048	8,911	7,130	0	1.00
Petroleum Products	Lt.	32	44	37	62	58
Animal and Vegetable oils	Kg	58	56	69	96	80
Medicinal and pharmaceutical products	Kg	316	377	433	486	591
Essential oils	Kg	122	87	83	98	92
Insecticides and fungicides	Kg	195	207	551	321	435
Leather	Kg	160	123	151	170	160
Wood manufactures n.e.s	Tonne	124,494	325,374	214,158	218,049	184,378
Paper and paperboard	Tonne	53,403	56,614	50,394	61,571	80,996
Textile yarn	Kg	200	200	215	245	251
Cement	Tonne	6,151	6,980	7,710	10,475	11,350
Iron and steel	Tonne	69,098	71,860	77,309	95,069	76,295
Metal containers	Tonne	134,934	142,645	92,413	110,745	132,032
Wire products: nails screws, nuts, etc.	Tonne	55,759	77,765	72,756	96,385	86,512
Footwear	Pair	42	48	64	57	61
IMPORTS						
Wheat, unmilled	Tonne	12,796	12,329	17,200	25,881	17,705
Rice	Tonne	17,362	17,518	18,177	22,615	25,076
Maize, unmilled	Tonne	18,621	21,231	10,904	27,353	22,504
Wheat flour	Tonne	26,036	17,428	38,904	29,675	71,926
Sugars, Mollases and Honey	Tonne	24,977	28,625	30,415	30,563	37,885
Textile fibres and their waste	Tonne	90,501	102,374	114,332	137,211	150,583
Second - hand clothing	Tonne	48,442	56,239	59,999	63,347	75,961
Crude Petroleum	Tonne	29,047	33,481	30,800	45,932	33,476
Petroleum products	Lt.	30	32	36	55	35
Animal/vegetable fats and oils	Kg	35	36	52	78	54
Organic & inorganic chemicals	Kg	56	62	61	76	68
Medicinal & Pharmaceauticals Products	Kg	1,241	1,552	1,419	1,652	2,082
Essential oils & pefumes	Kg	255	252	291	331	369
Chemical fertilizers	Tonne	24,448	21,764	23,356	48,267	33,939
Plastics in primary & non-primary forms	Tonne	103,466	104,683	107,065	125,500	99,125
Paper and Paper Products	Tonne	65,474	60,350	62,477	69,069	61,844
Iron and steel	Tonne	48,292	45,158	49,275	74,705	49,534
Non-ferrous metals	Tonne	131,390	242,298	273,427	251,569	192,460
Hand & machine tools	Mn. No.	136	196	173	182	165
Bicycles, assembled or partly assembled	No.	1,044	1,901	1,829	2,100	2,149
Road Motor Vehicles	No.	296,332	789,754	655,298	690,505	758,073

* Provisional.

Composition of Exports

7.16. Export earnings from food and beverages increased marginally by 5.0 per cent in 2009 compared to a growth of 23.4 per cent in the previous period. This was partly on the account of declines recorded in the processed food and beverages for household consumption. The value of export earnings from non-food industrial supplies deteriorated from a 38.7 per cent increase in 2008 to a decline of 5.6 per cent in the review period. This was on account of a 9.0 per cent decline in the processed non-food industrial supplies from KSh 74,037 million in 2008 to KSh 67,367 million in 2009. Export earnings from consumer goods not elsewhere specified decreased by 4.4 per cent following a 16.0 per cent decline in the export earnings from semi-durable consumer goods.

7.17. Domestic exports classified by broad economic category are presented in Table 7.10. Food and beverages continued to be the main export earner accounting for 42.3 per cent of the total domestic export earnings in 2009. During the period under review, the share of non-food industrial supplies in the total earnings from domestic exports declined from 28.7 per cent in 2008 to 27.0 per cent. The share of earnings from fuel and lubricants in 2009 remained at the 2008 levels. Export earnings from machinery and other capital equipment accounted for 2.1 per cent while the share of transport equipment earnings rose to 1.8 per cent in 2009 from 1.1 per cent in 2008.

Table 7.10: Domestic Exports by Broad Economic Category, 2005-2009

KSh Million

DESCRIPTION	2005	2006	2007	2008	2009*
1 FOOD AND BEVERAGES	91,127	97,801	105,549	130,273	136,751
Primary	70,049	76,330	78,558	97,994	107,319
For Industry	10,506	11,151	11,689	11,381	16,710
For Household Consumption	59,543	65,179	66,869	86,613	90,608
Processed	21,078	21,471	26,991	32,279	29,433
For Industry	3,670	3,176	3,543	4,036	5,151
For Household Consumption	17,408	18,295	23,448	28,243	24,282
2. INDUSTRIAL SUPPLIES (Non-Food) ..	51,219	53,715	66,678	92,500	87,342
Primary	11,237	11,999	13,545	18,463	19,975
Processed	39,982	41,716	53,133	74,037	67,367
3. FUEL AND LUBRICANTS	6,894	6,882	8,931	4,589	4,553
Primary	7	15	12	12	9
Processed	6,887	6,867	8,919	4,577	4,543
Motor Spirit	2	199	417	238	318
Other	6,885	6,668	8,502	4,339	4,225
4. MACHINERY & OTHER CAPITAL EQUIPMENT ..	2,252	3,529	4,426	5,566	6,781
Machinery & Other Capital Equipment ..	1,551	2,932	3,518	4,787	5,492
Parts and Accessories	701	597	908	779	1,288
5. TRANSPORT EQUIPMENT	2,206	2,762	3,475	3,672	5,828
Passenger Motor Vehicles	75	68	115	69	100
Other	1,109	1,441	1,888	2,168	3,978
For Industry	1,060	1,368	1,815	2,124	3,944
Non-Industrial	49	73	73	44	34
Parts and Accessories	1,022	1,253	1,473	1,435	1,750
6. CONSUMER GOODS NOT ELSEWHERE SPECIFIED ..	56,072	63,436	72,623	86,036	82,291
Durable	540	629	2,211	2,560	3,234
Semi-Durable	20,512	22,939	22,278	24,091	20,239
Non-Durable	35,020	39,868	48,134	59,385	58,818
7. GOODS NOT ELSEWHERE SPECIFIED ..	148	56	3	24	25
TOTAL	**209,918**	**228,181**	**261,685**	**322,660**	**323,571**
PERCENTAGE SHARES:					
1. Food and Beverages	43.4	42.9	40.3	40.4	42.3
2. Industrial Supplies (Non-Food)	24.4	23.5	25.5	28.7	27.0
3. Fuel and Lubricants	3.3	3.0	3.4	1.4	1.4
4. Machinery and other Capital Equipment ..	1.1	1.5	1.7	1.7	2.1
5. Transport Equipment	1.1	1.2	1.3	1.1	1.8
6. Consumer Goods not elsewhere specified	26.7	27.8	27.8	26.7	25.4
7. Goods not elsewhere specified	0.1	0.0	0.0	0.0	0.0
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Provisional

Composition of Imports

7.18. Presented in Table 7.11 are imports by broad economic category. Total expenditure on fuels and lubricants, and non-food industrial supplies declined by 19.9 per cent and 2.9 per cent, respectively in 2009. Expenditure on food and beverages increased substantially by 68.7 per cent from KSh 53,614 million in 2008 to KSh 90,437 million in 2009 accounting for 11.5 per cent of the total import bill. The expenditure on transport equipment increased by 16.1 per cent from KSh 89,103 million to KSh 103,449 million in the review period. Expenditure on machinery and other capital equipment rose by 7.4 per cent in 2009 compared to an increase of 31.5 per cent in 2008.

7.19. During the review period, expenditure on non-food industrial supplies and, fuel and lubricants continued to contribute the biggest share of the total import bill accounting for 29.4 and 21.0 per cent, respectively. The share of expenditure on transport equipment increased to 13.1 per cent in 2009 from 11.6 per cent in 2008 mainly due to significant increases of 83.0 per cent and 33.1 per cent recorded in the import value of non-industrial and industrial transport equipment, respectively.

Table 7.11: Imports by Broad Economic Category, 2005-2009

KSh million

DESCRIPTION	2005	2006	2007	2008	2009*
1. FOOD AND BEVERAGES	26,421	31,985	42,126	53,614	90,437
Primary	11,433	12,910	18,510	26,207	58,256
For Industry	9,518	10,269	14,157	23,142	53,661
For Household Consumption	1,915	2,641	4,353	3,065	4,595
Processed	14,988	19,075	23,616	27,407	32,181
For Industry	4,259	5,561	5,755	7,875	7,840
For Household Consumption	10,729	13,514	17,861	19,532	24,341
2. INDUSTRIAL SUPPLIES (Non-Food)	144,781	160,883	194,190	238,926	232,091
Primary	8,538	10,318	13,878	15,489	15,160
Processed	136,243	150,565	180,312	223,437	216,931
3. FUEL AND LUBRICANTS	100,581	124,647	126,760	206,642	165,515
Primary	52,262	55,842	50,183	82,945	55,865
Processed	48,319	68,805	76,577	123,697	109,651
Motor Spirit	122	14,552	9,212	14,252	16,726
Other	48,197	54,253	67,365	109,445	92,925
4. MACHINERY AND OTHER CAPITAL EQUIPMENT	56,317	71,677	97,258	127,872	137,288
Machinery and Other Capital Equipment	43,919	56,333	76,515	106,133	112,602
Parts and Accessories	12,398	15,344	20,743	21,739	24,685
5. TRANSPORT EQUIPMENT	83,635	95,718	97,385	89,103	103,449
Passenger Motor Vehicles	12,297	15,890	20,630	22,485	23,761
Other	58,961	64,056	58,556	41,587	57,022
Industrial	57,873	62,203	54,771	38,267	50,948
Non-Industrial	1,088	1,853	3,785	3,320	6,074
Parts and Accessories	12,377	15,772	18,199	25,031	22,666
6. CONSUMER GOODS NOT ELSEWHERE SPECIFIED	30,071	36,137	45,134	53,715	57,712
Durable	4,727	5,239	7,936	10,064	9,905
Semi-Durable	7,797	9,595	12,945	14,699	15,933
Non-Durable	17,547	21,303	24,253	28,952	31,874
7. GOODS NOT ELSEWHERE SPECIFIED	1,295	436	2,259	779	1,606
TOTAL	**443,101**	**521,483**	**605,112**	**770,651**	**788,097**
PERCENTAGE SHARES:					
1. Food and Beverages	6.0	6.1	7.0	7.0	11.5
2. Industrial Supplies (Non-Food)	32.7	30.9	32.1	31.0	29.4
3. Fuel and Lubricants	22.7	23.9	20.9	26.8	21.0
4. Machinery and other Capital Equipment	12.7	13.7	16.1	16.6	17.4
5. Transport Equipment	18.9	18.4	16.1	11.6	13.1
6. Consumer Goods not elsewhere specified ..	6.8	6.9	7.5	7.0	7.3
7. Goods not elsewhere specified	0.3	0.1	0.4	0.1	0.2
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Provisional

Direction of Trade

7.20. Tables 7.12, 7.13 and 7.14 summarize Kenya's direction of trade. The country's total exports remained at the 2008 level. Exports to European Union (EU) declined by 1.3 per cent in 2009. The share of exports to European Union reduced slightly from 25.9 per cent in 2008 to 25.5 per cent during the period under review. The key commodities exported to the EU were horticultural products, tea and coffee. Total exports to the African region marginally increased by 0.1 per cent compared to a 31.1 per cent growth in 2008 and accounted for 47.2 per cent of all exports during the review period.

7.21. Exports to Asia accounted for 17.2 per cent of all exports. Major exports to Asia in 2009 were tea, crude minerals, metallic salts of inorganic acids and, electrical machinery and apparatus. The value of exports to the Middle East increased by 21.1 per cent to stand at KSh19,300 million in 2009. Exports to United Arab Emirates which declined by 12.4 per cent in 2008 increased by 41.7 per cent to reach KSh 10,716 million in 2009. Exports to Iran however declined by 24.8 per cent. Total exports to the Far East declined slightly from KSh 41,310 million in 2008 to KSh 39,935 million in 2009. Major declines were also noted in the exports to India and Indonesia. However, the value of exports to South Korea, Singapore and China rose remarkably by 24.6, 23.2 and 22.5 per cent, respectively.

7.22. Despite Asia being a major source of imports, a 5.7 per cent decline in the value of imports was recorded from the region in the review period compared to a growth of 40.3 per cent in 2008. The share of imports from Asia declined from 60.8 per cent in 2008 to 56.1 per cent during the review period. Imports from Middle East declined by 18.9 per cent compared to an increase of 41.6 per cent recorded in 2008. The value of imports from Iran and Israel which recorded increases of 95.8 per cent and 86.6 per cent in 2008 dropped by 1.7 per cent and 37.3 per cent, respectively, during the review period. The drop in imports from Israel is partly explained by the decrease in the imports of pre-fabricated buildings, auxiliary plants and structures. Imports of sugar and petroleum oils from Saudi Arabia recorded notable increases during the period under review. Imports from Far East Asia rose by 2.9 per cent compared to a 39.5 per cent growth in the previous period. This was mainly driven by declines in the imports of motor vehicles, medicants, industrial machinery and, crude and refined vegetable fats. In 2009, remarkable rises in imports were noted for Pakistan, South Korea and China with increases of 38.0, 29.9 and 17.4 per cent, respectively. The increase in the imports from Pakistan was mainly due to importation of rice while that from South Korea was due to imports of flat-rolled products of iron and steel. On the other hand, major imports from China comprised mainly telecommunications equipment, office machinery, industrial machinery, motor cycles, rubber tyres and, flat-rolled products of iron and steel. During the year under review, imports from Indonesia and India deteriorated by 18.1 per cent and 8.1 per cent, respectively. The decline in imports from Indonesia was mainly due to a reduction in the imports of crude and refined vegetable fats while that from India was attributed to declines in the imports of medicants and, industrial machinery and equipment.

7.23. Imports from European Union increased by 4.3 per cent in 2009 compared to a 10.0 per cent increase recorded in 2008. Imports from United Kingdom increased by 31.9 per cent in the review period reversing the decline recorded in 2008. Notable declines were recorded in imports from Finland, Germany, Belgium and Sweden. The imports from Finland declined on account of decreases recorded in imports of rotating electric plants and parts while decreases in the imports from Sweden dropped due to a decrease in the value of imports of mechanical handling equipment. The drop in imports from Belgium is partly explained by a

decrease in the imports of telecommunication equipment. On the other hand, imports from Germany declined resulting from a reduction in the imports of flat rolled products of iron.

7.24. The share of the value of imports from Africa to the total imports rose from 11.2 per cent in 2008 to 13.3 per cent in the period under review. The value of imports from Africa increased by 21.7 per cent to stand at KSh 104,672 million in 2009. In particular, imports from South Africa rose by 51.1 per cent from KSh 46,691 million in 2008 to KSh 70,561 million in 2009 due to increased imports of unmilled maize from KSh 5,570 million in 2008 to KSh 23,636 million in 2009.

7. 25. The value of imports from America rose by 49.0 per cent compared to a decline of 21.4 per cent in 2008. The value of imports from the United States of America which had dropped by 38.1 per cent in 2008 shot up by 81.7 per cent in 2009. This was due to an increase in the imports of chemical fertilizers, aircrafts and associated equipment and un-milled maize. Imports from Canada rose by 35.5 per cent during the same period, compared to a 56.2 per cent increase in 2008. This could be attributed to the increase in the value of imports of aircraft and associated equipment.

Table 7.12: Total Exports by Destination, 2005-2009

KSh Million

Region	2005	2006	2007	2008	2009*
EUROPE					
WESTERN EUROPE:					
European Union					
Belgium	2,945	2,126	2,596	2,814	3,390
Finland	626	879	894	1,230	1,657
France	5,086	3,837	3,952	4,829	4,250
Germany	5,254	4,633	5,952	6,114	7,351
Italy	2,233	1,986	2,580	2,987	2,417
Netherlands	18,343	19,656	21,919	26,167	26,331
Spain	1,070	1,181	1,633	2,151	1,508
Sweden	1,058	1,106	1,591	1,575	2,497
United Kingdom	23,673	27,237	28,789	37,912	38,496
Other	2,303	2,901	2,757	3,516	213
Sub-total	**62,591**	**65,542**	**72,662**	**89,295**	**88,110**
Other Western Europe	2,287	3,897	4,234	5,390	2,692
Total Western Europe	**64,878**	**69,439**	**76,846**	**94,685**	**90,802**
EASTERN EUROPE:					
Russia	1,362	1,580	1,923	3,410	3,616
Other	211	396	457	307	5,903
Sub-total	**1,573**	**1,976**	**2,381**	**3,716**	**9,519**
TOTAL, EUROPE	**66,451**	**71,415**	**79,277**	**98,513**	**100,321**
AMERICA					
U.S.A	12,053	20,326	19,218	20,512	17,422
Canada	492	606	659	745	1,009
Other	714	555	643	798	459
TOTAL AMERICA	**13,259**	**21,487**	**20,520**	**22,054**	**18,890**
AFRICA					
South Africa	2,144	2,411	2,347	3,641	3,580
Rwanda	7,282	4,765	5,801	8,953	9,536
Egypt	8,848	9,871	9,111	15,490	11,885
Tanzania	19,954	18,288	22,326	29,224	30,087
Uganda	42,679	27,812	33,571	42,285	46,240
Other[1]	39,883	44,839	50,873	62,947	61,405
TOTAL AFRICA	**120,790**	**107,986**	**124,029**	**162,541**	**162,732**
ASIA					
MIDDLE EAST:					
Iran	351	468	246	504	379
Israel	1,481	907	1,096	1,516	1,597
Jordan	116	121	202	150	230
Saudi Arabia	1,121	657	735	1,423	1,415
United Arab Emirates	4,063	4,968	8,627	7,560	10,716
Other .	1,884	2,593	2,829	4,779	4,963
Sub-total	**9,016**	**9,714**	**13,734**	**15,932**	**19,300**
FAR EAST					
China	1,278	1,555	1,471	2,030	2,487
India	4,006	3,749	5,824	6,769	5,137
Indonesia	768	318	420	672	567
Japan	1,860	1,255	1,302	2,340	2,228
South Korea	217	399	318	210	262
Pakistan	14,073	14,547	13,531	13,935	15,172
Singapore	203	168	1,723	1,491	1,838
Other	7,271	6,210	7,905	13,862	12,246
Sub-total	**29,676**	**28,201**	**32,493**	**41,310**	**39,935**
TOTAL, ASIA	**38,692**	**37,915**	**46,227**	**57,241**	**59,236**
AUSTRALIA & OCEANIC					
Australia	701	550	1,100	462	658
Other	193	173	132	219	257
TOTAL	**894**	**723**	**1,232**	**680**	**914**
All Other Countries	13,271	1,860	89	206	427
Aircraft and Ships Stores	7,065	9,287	3,251	3,077	2,429
TOTAL	**20,336**	**11,147**	**3,340**	**3,284**	**2,856**
TOTAL EXPORTS	**260,422**	**250,993**	**274,658**	**344,947**	**344,949**

*Provisional

[1]See Table 7.14 for details

Table 7.13: Imports by Country of Origin, 2005-2009

KSh million

Region	2005	2006	2007	2008	2009*
EUROPE					
WESTERN EUROPE					
European Union					
Belgium	8,063	6,799	6,230	8,188	7,044
Finland	1,645	1,848	5,027	5,343	4,298
France	13,948	10,608	16,491	16,390	15,885
Germany	15,834	18,924	22,166	26,946	22,729
Italy	7,878	12,111	13,223	12,538	13,889
Netherlands	9,687	9,099	9,304	13,218	17,444
Spain	2,985	2,707	4,270	3,385	4,003
Sweden	2,437	3,988	3,980	6,597	6,239
United Kingdom	25,372	27,042	29,419	27,976	36,885
Other	5,379	23,225	11,660	14,621	12,430
Sub-total	**93,228**	**116,351**	**121,771**	**135,201**	**140,846**
Other Western Europe	7,801	10,392	9,309	13,652	10,700
Sub-total	**101,029**	**126,743**	**130,416**	**146,847**	**151,546**
EASTERN EUROPE					
Russian	2,985	3,001	6,561	11,507	4,887
Other	2,056	5,790	3,466	6,098	15,444
Sub-total	**5,041**	**8,791**	**10,027**	**17,606**	**20,331**
TOTAL, EUROPE	**106,070**	**135,534**	**141,095**	**166,459**	**171,878**
AMERICA					
U.S.A	42,558	24,731	44,523	27,549	50,056
Canada	2,298	3,107	2,901	4,532	6,139
Other	6,972	4,489	8,024	11,496	8,721
TOTAL AMERICA	**51,828**	**32,327**	**55,448**	**43,577**	**64,916**
AFRICA					
South Africa	42,648	33,933	35,355	46,691	70,561
Tanzania	3,099	4,514	6,678	7,265	7,809
Uganda	1,396	1,002	5,979	5,221	4,426
Other[1]	15,555	24,164	24,027	26,814	21,876
TOTAL AFRICA	**62,698**	**63,613**	**72,039**	**85,991**	**104,672**
ASIA					
MIDDLE EAST					
Iran	645	574	3,360	6,578	6,468
Israel	2,560	2,861	4,385	8,182	5,129
Jordan	93	655	812	450	551
Saudi Arabia	27,710	26,455	17,597	25,879	27,522
United Arab Emirates	62,791	77,529	89,466	113,810	89,709
Other	13,943	11,703	14,235	29,002	19,494
Sub-total	**107,742**	**119,777**	**129,853**	**183,900**	**148,874**
FAR EAST					
China	22,967	29,721	45,672	63,474	74,524
India .	24,621	37,781	56,817	90,531	83,243
Indonesia	9,922	13,757	18,764	22,928	18,774
Japan	23,067	29,407	41,129	44,840	48,857
South Korea	3,672	9,146	8,599	8,242	10,703
Pakistan	3,316	4,436	5,006	5,620	7,753
Singapore	7,673	25,526	9,352	24,958	26,419
Other	15,921	16,741	18,916	24,277	22,979
Sub-total	**111,159**	**166,515**	**204,256**	**284,870**	**293,251**
TOTAL, ASIA	**218,901**	**286,292**	**334,108**	**468,770**	**442,125**
AUSTRALIA & OCEANIC					
Australia	1,416	2,826	1,527	1,394	2,184
Other	231	266	344	398	2,169
TOTAL	**1,647**	**3,092**	**1,871**	**1,792**	**4,354**
All Other Countries N.E.S.	1,948	626	569	155	152
TOTAL	**1,948**	**626**	**569**	**155**	**152**
GRAND TOTAL	**443,092**	**521,484**	**605,112**	**770,651**	**788,097**

*Provisional

[1]See table 7.14 for details

Table 7.14: Trade with African Countries, 2005-2009

KSh '000

ZONES/COUNTRIES	Total Exports					Total Imports				
	2005	2006	2007	2008	2009*	2005	2006	2007	2008	2009*
EAST AFRICAN COMMUNITY (EAC)										
Tanzania	19,953,695	18,288,422	22,325,810	29,223,947	30,086,582	3,099,493	4,514,229	6,677,909	7,265,089	7,809,234
Uganda	42,679,280	27,812,308	33,570,946	42,285,352	46,239,885	1,395,853	1,001,829	5,978,919	5,221,189	4,426,263
Rwanda[1]	7,282,450	4,765,033	5,801,234	8,953,198	9,535,976	115,489	210,230	88,696	25,327	240,070
Burundi[1]	3,714,366	2,184,269	2,423,978	3,479,476	4,597,172	19,859	338,764	152,770	78,159	92,653
Total, EAC	**73,629,791**	**53,050,032**	**64,121,968**	**83,941,972**	**90,459,615**	**4,630,694**	**6,065,052**	**12,898,294**	**12,589,764**	**12,568,221**
COMESA[2]										
Comoros	51,400	384,249	224,138	391,642	437,716	-	-	7,070	-	-
Congo, D.R	10,170,730	7,626,944	8,307,968	9,852,453	11,323,667	906,410	923,241	1,526,791	985,009	879,448
Djibouti	675,631	851,451	2,264,322	799,248	711,718	112,883	713	1,797,904	1,525,001	44,305
Egypt	8,847,771	9,871,273	9,110,514	15,489,896	11,885,062	6,267,749	8,212,279	11,170,046	10,850,664	9,599,003
Eritrea	1,033,583	573,921	295,996	260,179	563,285	908,176	30,885	708	175,005	23,511
Ethiopia	2,529,949	3,670,951	3,434,281	4,362,771	4,318,774	64,051	119,300	141,605	201,348	237,896
Libya	1,548	2,502	616,399	32,754	76,144	0	100,017	3,713	7,499	11
Madagascar	414,295	521,842	627,347	418,646	705,457	7,707	61,244	60,662	29,271	477,999
Malawi	1,437,465	1,807,669	2,112,795	3,992,151	3,145,307	443,048	256,470	381,672	74,879	121,514
Mauritius	510,803	490,567	637,912	824,094	1,153,342	968,914	413,663	1,279,143	1,533,141	1,280,193
Seychelles	281,341	281,784	286,667	238,964	248,562	236	320,897	214,869	385,765	309,526
Sudan	6,796,743	10,099,845	11,589,457	14,073,437	12,762,795	216,852	86,089	11,277	162,979	11,638
Swaziland	9,438	8,457	3,554	1,726	2,823	2,869,154	3,842,109	3,297,527	4,987,810	5,042,765
Zambia	2,726,356	4,042,931	4,989,945	5,496,235	4,829,710	808,523	1,430,964	2,028,439	1,853,541	1,571,485
Zimbabwe	268,047	119,558	219,364	179,077	356,551	324,055	204,968	434,644	156,030	601,291
Sub-Total	**35,755,100**	**40,353,943**	**44,720,658**	**56,413,275**	**52,520,912**	**13,897,758**	**16,002,839**	**22,356,070**	**22,927,944**	**20,200,586**
Total, COMESA	**89,431,196**	**75,115,553**	**86,516,817**	**111,131,300**	**112,893,945**	**15,428,958**	**17,553,662**	**28,576,455**	**28,252,619**	**24,959,573**
OTHER COUNTRIES										
Algeria	8,361	4,701	2,043	6,118	1,704	-	-	1,235	385,994	3,635
Angola	124,953	311,890	290,132	157,650	123,116	10,198	89,354	829	297	6,830
Ghana	296,366	359,822	409,735	477,502	591,045	30,683	82,434	73,020	9,820	31,636
Nigeria	1,658,655	2,141,252	1,640,402	3,168,499	1,865,382	111,864	75,919	122,098	169,855	182,481
Lesotho	51	11,911	51,921	1,311	16,562	541,792	608,137	628,043	939	133,658
Mozambique	585,939	421,721	681,267	869,507	1,126,207	330,270	183,090	195,284	279,906	104,152
Namibia	9,258	11,293	31,186	106,462	76,860	15,869	22,388	23,870	19,433	328,097
Reunion	413,352	720,094	295,645	122,629	80,033	-	-	-	-	18,261
Somalia	4,925,484	7,596,888	8,330,378	12,848,237	11,214,883	18,699	13,516	12,103	30,161	1,694
South Africa	2,144,158	2,411,118	2,346,677	3,641,006	3,579,505	42,648,274	33,933,051	35,355,424	46,690,926	70,561,130
All Other African Countries	1,238,531	590,976	785,302	522,563	876,609	461,915	6,425,758	372,317	2,885,967	196,927
Sub-Total	**11,405,109**	**14,581,666**	**14,864,688**	**21,921,482**	**19,551,906**	**44,169,564**	**41,433,647**	**36,784,223**	**50,473,299**	**71,568,502**
TOTAL AFRICA	**120,790,000**	**107,985,641**	**124,028,632**	**162,540,840**	**162,732,409**	**62,698,016**	**63,613,281**	**72,038,587**	**85,991,007**	**104,672,235**
Percentage of all Exports/Imports	46.4	43.0	45.2	47.4	47.5	14.2	12.2	11.9	11.2	13.7

* Provisional

[1]Rwanda and Burundi joined EAC in July 2006

[2] Excluding member countries Uganda, Rwanda & Burundi

7.26. Exports to the Common Market for Eastern and Southern Africa (COMESA) increased marginally by 1.5 per cent but remained the main export destination for Kenyan exports to the African region. The share of exports to COMESA increased marginally to 69.5 per cent compared to 68.5 per cent in the previous period. Exports to Libya, Zimbabwe and Eritrea more than doubled while those to Madagascar, Mauritius and Burundi increased significantly by 68.5, 40.0, and 32.1 per cent, respectively. The value of exports to Namibia, Egypt, Angola, Malawi and Zambia declined by 27.8, 23.3, 21.9, 21.2 and 12.1 per cent, respectively. Exports to the East African Community (EAC) rose by 7.8 per cent accounting for 55.6 per cent of all exports to African countries, during the review period.

7.27. Despite the increase in the value of imports from Tanzania, Rwanda and Burundi, the overall value of imports from the EAC region declined due to the reduced value of imports from Uganda. Major import commodities from Tanzania were textile materials and, paper and paperboards. Imports from COMESA declined by 10.5 per cent from KSh 28,272.3 million in 2008 to KSh 25,294.5 million in 2009. The share of imports from COMESA decreased from 32.9 per cent in 2008 to 24.2 per cent during the review period. Imports from Madagascar increased from KSh 29.3 million in 2008 to KSh 478.0 million mainly due to the importation of liquefied propane and butane. Kenya's imports from South Africa rose significantly from KSh 46,690.9 million in 2008 to KSh 70,561.1 million during the review period on account of imports of unmilled maize to the tune of KSh 23,635.8 million against KSh5,569.6 million imported in the previous period. Imports from Algeria dropped from KSh 386 million in 2008 to KSh 3.6 million in the review period owing to a drop in the imports of portland cement. The value of imports from Somalia dropped significantly from KSh 30.2 million in 2008 to KSh 1.7 million in 2009 due to a decline in the imports of sesame seeds and, raw hides and skins.

Balance of Payments

7.28. During the review period, overall balance of payments improved to a surplus of KSh 75,180 million from a deficit of KSh 33,161 million in 2008 as indicated in Table 7.15. This was on account of increased short and long term capital inflows and a reduction in the merchandise trade deficit compared to the previous period. The current account balance improved from a deficit of KSh 137,147 million in 2008 to a deficit of KSh 124,446 million in 2009. The capital and financial account improved from a surplus of KSh 83,197 million in 2008 to KSh 215,864 million in 2009. This could be attributed to increased inflows of foreign direct investment and capital. The invisible trade rose from a surplus of KSh 253,637 million in 2008 to a surplus of KSh 261,609 million in 2009. This can be partly explained by the increase in current transfers.

7.29. The deficit on current account which is financed by capital and financial account narrowed down from KSh 137,147 million in 2008 to KSh 124,446 million in 2009. This is partly explained by the decrease in the visible trade deficit from KSh 390,784 million in 2008 to KSh 386,055 million in 2009. Current transfers increased from KSh 161,265 million in 2008 to stand at KSh 177,667 million in 2009. This impacted positively on the invisible trade which recorded a surplus of KSh 261,609 million in 2009 up from a surplus of KSh 253,637 million recorded in 2008. This is attributable to a 3.8 per cent increase in private current transfers from a surplus of KSh 147,656 million in 2008 to a surplus of KSh 153,212 million in 2009.

7.30. The capital and financial account recorded a surplus of KSh 215,864 million in 2009 up from a surplus of KSh 83,197 million recorded in 2008. This was occasioned by increased

inflows from short and long term investments and foreign direct investment. Whereas total short and long term inflows increased from KSh 74,309 million in 2008 to KSh 189,986 million in 2009, foreign direct investment inflows more than doubled to KSh 7,312 million in 2009 from KSh 3,585 million in 2008. The net deficit in portfolio investment account narrowed marginally from a deficit of KSh 1,805 million in 2008 to a deficit of KSh 1,612 million in 2009.

Table 7.15: Kenya Balance of Payments, 2006-2009

KSh million

	2006			2007+			2008+			2009*		
	Liabilities/ Credits	Assets/ Debits	Net	Liabilities/ Credits	Assets/ Debits	Net	Liabilities/ Credits	Assets/ Debits	Net	Liabilities/ Credits	Assets/ Debits	Net
A. **-CURRENT ACCOUNT**												
1. Goods	253,524	488,086	-234,562	278,174	564,680	-286,506	348,629	739,412	-390,784	348,228	734,283	-386,055
2. Transportation	71,378	48,336	23,042	76,056	52,294	23,762	88,882	59,478	29,404	81,504	65,036	16,468
3. Foreign Travel	49,569	12,820	36,748	61,709	17,808	43,902	52,032	18,375	33,658	53,366	18,118	35,248
4. Other Services - Private	21,763	27,869	-6,106	24,379	29,479	-5,099	33,396	37,183	-3,787	35,187	38,530	-3,343
5. Government Services, n.i.e.	32,462	12,028	20,435	35,137	12,895	22,242	50,562	14,338	36,224	55,142	14,533	40,609
6. Income	7,168	12,221	-5,053	10,812	20,518	-9,706	12,190	15,317	-3,127	13,500	18,541	-5,041
7. Current Transfers	132,145	3,452	128,693	144,653	2,722	141,931	167,356	6,092	161,265	184,072	6,405	177,667
Government	8,928	1,621	7,307	14,819	1,621	13,198	15,239	1,630	13,609	26,157	1,702	24,455
Private	123,217	1,831	121,386	129,834	1,102	128,733	152,117	4,461	147,656	157,915	4,703	153,212
TOTAL CURRENT ACCOUNT	568,009	604,811	-36,803	630,921	700,396	-69,476	753,048	890,195	-137,147	770,999	895,445	-124,446
of which:												
Visible Balance	253,524	488,086	-234,562	278,174	564,680	-286,506	348,629	739,412	-390,784	348,228	734,283	-386,055
Invisible Balance	314,485	116,726	197,759	352,747	135,716	217,031	404,419	150,782	253,637	422,771	161,162	261,609
B. **- CAPITAL & FINANCIAL ACCOUNT**												
8.Capital Account	12,142	-	12,142	10,558	-	10,558	6,535	-	6,535	20,178	-	20,178
9.Direct Investment	3,654	1,727	1,926	49,078	2,426	46,652	6,612	3,028	3,585	10,870	3,557	7,312
10.Portfolio Investment	214	1,702	-1,487	53	1,717	-1,665	681	2,486	-1,805	219	1,831	-1,612
11.Other Investment	82,946	31,747	51,199	140,549	46,005	94,544	148,191	73,309	74,882	161,440	-28,547	189,986
Long Term	25,575	18,713	6,862	71,013	26,743	44,271	83,476	34,349	49,127	116,420	13,896	102,525
Short Term	57,371	13,034	44,337	69,536	19,262	50,274	64,714	38,960	25,755	45,019	-42,442	87,461
TOTAL CAPITAL& FINANCIAL ACCOUNT	98,956	35,176	63,780	200,237	50,148	150,090	162,019	78,822	83,197	192,706	-23,158	215,864
C. -ERRORS AND OMISSIONS			17,469			-17,364			20,788			-16,238
D. -RESERVE ASSETS[1]												
12.Special Drawing Rights	-	-	-	-	-	-	-	-	-	-	-	-
13.Reserve Position in the Fund	-73	-	-73	-68	-	-68	32	-	32	-34	-	-34
14.Foreign Exhange	-44,368	-	-44,368	-63,161	-	-63,161	33,127	-	33,127	-75,122	-	-75,122
15.Other claims	-6	-	-6	-21	-	-24	3	-	3	-24	-	-24
TOTAL MONETARY MOVEMENTS..	-44,446		-44,446	-63,250		-63,250	33,161		33,161	-75,180		-75,180

* Provisional.

\+ Revised.

[1] Official reserves are now defined to exclude commercial banks' foreign assets.

7.31. Table 7.16 presents changes in balance of payments accounts. In 2009, earnings from exports of goods shrunk by KSh 401 million while imports of goods bill decreased by KSh 5,129 million. Net services and income increased by KSh 10,605 million in 2009 against an increase of KSh 17,273 million recorded in 2008. The reduction in net changes was on account of the significant decline in net earnings from government services and income. Net earnings from tourism rose by KSh 1,334 million in the review period, reversing the decline observed in 2008. These changes in the current account resulted in a surplus of KSh 31,736 million in 2009 from a deficit of KSh 67,671 million recorded in 2008. The surplus in the basic balance indicates improvement of Kenya's overall balance of payments position and the accumulation of international reserves.

Table 7.16: Changes in Kenya's Balance of Payments, 2005-2009

KSh million

	2005	2006	2007+	2008	2009*
1. Exports Goods ……	+45,753	-8,054	+24,650	+70,455	-401
2 Imports Goods ……	-78,772	-64,857	-76,594	-174,732	+5,129
Transportation	+3,468	-+397	719	+5,643	+1,591
Travel	+4,452	+2,351	+7,153	-10,244	+1,334
Other Services	+1,421	+8,804	+1,007	+1,313	+1,791
Government services n.e.s.	-2,085	+7,226	+1,807	+13,982	+4,580
Income	+1,823	+3,141	-4,653	+6,579	+1,310
3. Services & Income (net) ……	+9,078	+21,125	6,033	+17,273	+10,605
4. Current Transfers(net) ……	+15,309	+34,047	+13,238	+19,334	+16,403
5. Changes on current account ……	-8,631	-17,739	-32,673	-67,671	+31,736
6. Capital account ……	-3,688	+4,335	-1,584	-4,023	+13,642
7. Direct investment ……	-2,427	+1,056	+44,726	-43,067	+3,728
8. Portfolio investment ……	+2,948	+3,789	+3,152	+3,470	+3,417
9. Other investment - Long term	+22,975	+1,343	+37,408	+4,857	+53,397
10. Change on basic balance (net balance on lines 5-9)	+11,179	-7,217	+51,029	-106,434	+105,920
11. Other investment - Short term	+19,098	-1,638	+5,937	-24,519	+61,707
12. Errors and ommision (net) ……	-12,190	+35,114	-34,833	+38,152	-37,027
13. Net change on all above items (5 - 10) (Net changes on Reserves assets) ……	-18,086	-23,285	-18,804	+96,412	-108,341

* Provisional.

+ Revised

1. A positive entry indicates a change that improves the balance of payments outcome; a negative entry indicates a change worsening the BOP outcome. Thus, an increase in imports or reduction in exports

International Liquidity

7.32. Foreign Assets of Monetary Authorities for the period 2005-2009 are presented in Table 7.17. These assets consist of foreign exchange reserves held by the Central Bank of Kenya (CBK) and Treasury. The Central Bank continued to build up foreign reserves from KSh 221,548 million in December 2008 to KSh 260,161 million in December 2009. The accumulation of reserves resulted from interbank purchases and the balance of payments support under the Exogenous Shock Facility, to mitigate against the adverse effects of the global economic recession. Net Foreign Assets of the Central Bank rose from KSh 198,105 million as at December 2008 to KSh 220,770 million as at December 2009. The position in the reserve fund deteriorated by 3.6 per cent from KSh 1,512 million as at December 2008 to KSh 1,489 million as at December 2009 while Special Drawing Rights (SDRs) halved to KSh 119 million as at December 2009.

7.33. Foreign liabilities to the Central Bank comprising External Banks' Deposits and Use of Bank Credit increased from KSh 2,355 million and KSh 19,535 million as at December 2008 to KSh 3,753 million and KSh 34,109 million as at December 2009, respectively. Foreign exchange holdings of the Central Bank increased significantly by 17.6 per cent from KSh 219,757 million as at December 2008 to KSh 258,514 million as at December 2009.

Table 7.17: Central Monetary Authorities – Foreign Exchange Reserves, 2005-2009

KSh million

	Official Foreign Assets and Liabilities								
	Central Bank Of Kenya					Central Government			Foreign
As at end of:	S.D.R.'s	Foreign Exchange (cash + gold)	External Banks' Deposits	Use of Fund Credit	Total Net Foreign Assets of Central Bank	Reserve Position in IMF	Other Holdings	Total Reserves of Central Government	**Reserves[1] of Central Monetary Authorities**
2005..	30	125,130	4,159	13,571	107,430	1,300	35	1,335	126,495
2006..	61	166,985	934	12,729	153,383	1,357	36	1,393	168,439
2007..	47	224,467	3,879	19,519	201,116	1,267	64	1,331	225,845
2008..									
January ..	236	244,268	1,799	19,124	223,582	1,439	88	1,527	246,031
February ..	47	234,948	1,073	18,704	215,219	1,420	82	1,502	236,497
March	44	210,068	1,458	17,419	191,236	1,322	88	1,411	211,523
April	43	205,895	1,343	16,806	187,789	1,291	81	1,372	207,310
May	18	209,580	1,441	16,747	191,410	1,291	81	1,372	210,970
June	206	220,061	1,145	17,603	201,519	1,291	81	1,372	221,639
July	213	226,993	1,404	18,182	207,620	1,291	81	1,372	228,578
August ..	36	220,748	1,330	17,830	201,625	1,359	36	1,395	222,179
September ..	38	227,589	1,607	18,832	207,188	1,433	38	1,471	229,098
October ..	315	229,870	1,746	19,350	209,088	1,506	40	1,546	231,731
November ..	46	218,917	2,076	18,908	197,979	1,463	39	1,502	220,465
December ..	238	219,757	2,355	19,535	198,105	1,512	40	1,553	221,548
2009..									
January ..	237	215,295	1,583	19,373	194,576	1,512	40	1,553	217,085
February ..	63	214,920	1,907	18,931	194,145	1,512	40	1,553	216,536
March	64	214,116	2,264	19,470	192,446	1,512	40	1,553	215,733
April	63	210,144	1,897	18,677	189,633	1,512	40	1,553	211,760
May	59	224,031	1,983	19,391	202,715	1,512	40	1,553	225,642
June	249	242,758	1,454	35,076	206,477	1,512	40	1,553	244,560
July	912	240,818	1,966	34,850	204,914	1,494	40	1,534	243,265
August ..	745	244,238	2,397	34,813	207,773	1,500	40	1,540	246,523
September ..	739	245,552	2,938	34,642	208,711	1,500	40	1,540	247,831
October ..	746	253,093	3,780	34,640	215,419	1,502	40	1,542	255,381
November ..	510	258,631	3,799	34,895	220,447	1,516	40	1,556	260,697
December ..	119	258,514	3,753	34,109	220,770	1,489	40	1,529	260,161

Source: Central Bank of Kenya

[1]Reserves constitute foreign assets which are readily available for meeting external financial needs

7.34. Table 7.18 indicates the foreign exchange rates for the Kenya Shilling against selected currencies. Overall, the Kenya Shilling depreciated marginally against major world currencies as reflected by the trade weighted exchange rate index which rose to 718.19 as at December 2009. It strengthened against the Japanese Yen and the US Dollar by 4.7 per cent and 2.4 per cent, respectively. In addition, the Kenya Shilling appreciated marginally against the Euro and the Danish Kroner by 0.5 per cent and 0.3 per cent, respectively, as at December 2009. However, the Kenya Shilling weakened notably against the Australian Dollar, South African Rand, Norwegian Kroner, Canadian Dollar and Sterling Pound by 26.4, 23.6, 18.6, 12.9 and 8.5 per cent, respectively. Further, the Kenya Shilling depreciated by 1.0 per cent against the Indian Rupee. The Kenya currency lost against the Uganda Shilling but strengthened against the Tanzania Shilling by 0.2 per cent and 4.7 per cent, respectively.

Table 7.18: Foreign Exchange Rates of Kenya Shilling for Selected Currencies, 2005-2009

	31st Dec. 2005	31st Dec. 2006	31st Dec. 2007	31st Dec. 2008	31st Dec. 2009
1 US Dollar	72.37	69.40	62.68	77.71	75.82
1 Pound Sterling	124.98	136.32	124.32	112.35	121.89
1 Euro[3]	85.91	91.39	90.17	109.48	108.94
1 Norwegian Kroner	10.70	11.08	11.24	11.06	13.12
1 Zambian Kwacha[2] ..	0.02	0.02	0.02	0.02	0.02
1 Danish Kroner	11.51	12.26	12.09	14.68	14.64
1 Canadian Dollar	62.21	59.82	63.16	63.75	71.98
1 Australian Dollar	53.12	53.76	54.49	53.78	67.99
100 Japanese Yen	61.68	58.35	54.94	86.07	82.04
1 Indian Rupee	1.61	1.57	1.59	1.61	1.62
1 Pakistan Rupee[2]	1.22	1.22	1.00	1.07	0.89
100 Burundi Francs[2] ..	7.12	7.12	7.76	6.99	6.01
100 Rwanda Francs[2] ..	13.58	13.58	8.70	7.20	13.02
1 SA Rand	11.38	9.94	8.95	8.27	10.22
TSh/KSh	16.12	18.89	18.00	16.79	17.62
USh/KSh	25.08	26.15	27.06	25.13	25.07
Overall Weighted Index[1] (Base:1982=100)	**623.71**	**639.61**	**604.01**	**712.85**	**718.19**

Source: Central Bank of Kenya

[1]Trade Weighted Fischer's Ideal Index

[2]Via US $ Exchange Rates (Austrialian, Pakistan, Zambia, Rwanda and Burundi).

[3]Countries in the Euro area included in the computation of the Trade Weighted Fischer's Ideal Index are Germany, France, Switzerland, Netherlands,Austria,Belgium, Finland and Italy.

Developments in International Trade

Trade Information

7.35. The Export Promotion Council through the Centre for Business Information in Kenya (CBIK) continued to empower Kenyan exporters by sourcing, collating and disseminating trade information and carrying out business counselling services. The CBIK subscribed to new trade information sources in order to improve on quality and comprehensiveness. These include Interdata, Kompass, Euro monitor and Piers databases. The databases contain a directory of international importers and will enable exporters to access market intelligence.

E- Trade services

7.36. Global dynamism in information technology has prompted business firms to adopt e-commerce strategies to market their goods and services and to transact online. In Kenya, the need for e-trade interventions has been necessitated by the realization that most SMEs with export quality products have difficulties accessing the international market. The Export Promotion Council (EPC), with the support of United States Agency for International Development (USAID), and the Commonwealth Secretariat (COMSEC) developed and commissioned websites for 124 SME exporters. The websites have exposed the beneficiary firms to the vast opportunities availed through enhanced international visibility for their products and ease of transacting business.

Market Prioritization and Product Prioritization Framework

7.37. A structured market prioritization framework was developed to facilitate the selection of export markets, based on empirical data. The prioritization involved the analysis and ranking of Kenya's existing and potential export markets. A product prioritization framework based on the same principles was also developed to market the country's export products.

Trade Fairs and Exhibitions, and Contact Promotion Programmes

7.38. Under the export market development component, the EPC's goal is to identify market opportunities and formulate appropriate export entry strategies for market consolidation and expansion in traditional markets, and diversification into emerging export markets. In this regard, the Council carried out various activities such as market research and investigations, trade fairs and exhibitions, and also conducted promotion programmes. The Council organized and facilitated participation of Kenyan exhibitors in international trade fairs in Zambia, Malawi, Tanzania, Uganda, Egypt, Rwanda, Sudan, Mozambique, DRC, China and USA. The council also facilitated in-coming trade missions that included Sweden Trade delegation and AGOA Trade Forum and the out-going trade missions in South Africa, South Korea and DRC. During these events, the competitiveness of Kenyan products was assessed, agents and distributors appointed, consumer trends studied and joint venture opportunities identified.

Product Development and Adaptation

7.39. Under the Small and Medium Enterprises Development initiative, the Council provides assistance aimed at strengthening export supply base and mainstreaming MSMEs in export processes. This is achieved through the establishment of Export Production Villages (EPVs) and capacity building programmes for SME exporters. The Council established 11 women and youth Export Production Villages (EPVs) in Commercial crafts and textile (hand-woven and hand loomed products) sectors during the year. The EPVs are aimed at empowering producer clusters to diversify and effectively market their products.

SEEP/ EPC Value Chain Project in Western Kenya for Passion Fruit

7.40. The project proposal submitted by the EPC to Small Enterprise Education Programme (SEEP) was accepted in March 2009. The project seeks to improve the passion fruit value chain by increasing the efficiency of the market linkages by helping small scale farmers in Western Kenya form Export Production Villages.

SME Training

7.41. The EPC in collaboration with donor agencies provided training to exporters to enable them respond effectively to opportunities in the export market. So far, over 2,000 exporters have been trained in various areas including export marketing, costing and pricing, product development and adaptation, export logistics and finance. Training of Trainers from both the public and private sector was carried out to build a reservoir of trainers in various fields within the export sector.

CHAPTER 8
Agriculture

Overview

The global economic recession and drought in various parts of the country resulted in lower aggregate agricultural output in 2009. As a consequence, prices of most agricultural commodities recorded an upward trend in response to the decline in production. Performance of the sector continued to decelerate albeit at a slower pace from a revised growth of negative 4.3 per cent registered in 2008 to negative 2.7 per cent in 2009. The aggregate value of marketed crops went up by 3.3 per cent from KSh 148,227.5 million in 2008 to KSh 153,178.9 million in 2009, on account of increased sales of permanent and temporary industrial crops. The value of livestock and products increased by 16.3 per cent from KSh 30,629.1 million in 2008 to KSh 35,620.1 million in 2009. However, the value of marketed cereals declined by 13.4 per cent from KSh 13,398.4 million in 2008 to KSh 11,604.0 million in 2009 due to reduction in the quantity of marketed maize. Over the same period, the value of marketed horticultural produce declined by 14.9 per cent to KSh 49,352.2 million mainly due to lower prices for cut flowers and fruits and reduced demand as a result of the global economic downturn.

8.2. In 2009, the country was about 60.0 per cent reliant on domestic production of its food requirements. The Self Sufficiency Ratio (SSR), a ratio of the quantity of food commodities produced locally in relation to total food available, for the year was estimated at 58.7 for vegetable products and 100.5 for animal products. The average per caput supply of calories which was estimated at 1,790 in 2008 increased to 1,797 calories per person per day in 2009. The Import Dependency Ratio (IDR), which compares the quantities of food commodities imported with the total food supply available for domestic consumption, stood at 42.2 per cent in the year under review.

8.3. The drought experienced in the year under review affected maize production resulting in production of 27.1 million bags in 2009. A total of 1,507 thousand tonnes equivalent to 16.8 million bags of maize valued at KSh 33,944.8 million were imported in the same year. Wheat production and imports increased by 49.9 per cent and 45.2 per cent to 129.2 thousand tonnes and 781.7 thousand tonnes, respectively, in 2009. Coffee production increased by 35.7 per cent from 42.0 thousand tonnes in 2007/08 crop year to 57.0 thousand tonnes in 2008/09 crop year. Despite the area under tea expanding, production continued to fall, recording a decline of 9.2 per cent from 345.8 thousand tonnes in 2008 to 314.1 thousand tonnes in 2009. This was a result of inadequate rainfall in the tea growing zones. The volume of marketed milk increased by 2.0 per cent from 399 million litres in 2008 to 407 million litres in 2009. The slight increase in milk intake can be attributed to the improved milk production in the fourth quarter of 2009.

Agricultural Output and Input

8.4. Table 8.1 presents details of the agricultural output and input. In 2009, production at current prices continued to expand growing by 11.0 per cent from KSh 600,883 million in 2008 to KSh 667, 171 million in 2009. Consequently, value added increased but at a reduced rate of 18.2 per cent in 2009 compared to19.2 per cent in 2008. On the other hand, output at constant prices decelerated by 2.2 per cent in 2009, a slower rate than the 4.0 per cent recorded in 2008. Over the last four years, the agriculture sector value added has been declining albeit with some reversal from a revised negative 4.3 in 2008 to negative 2.7 in 2009 as shown in Figure 8.1.

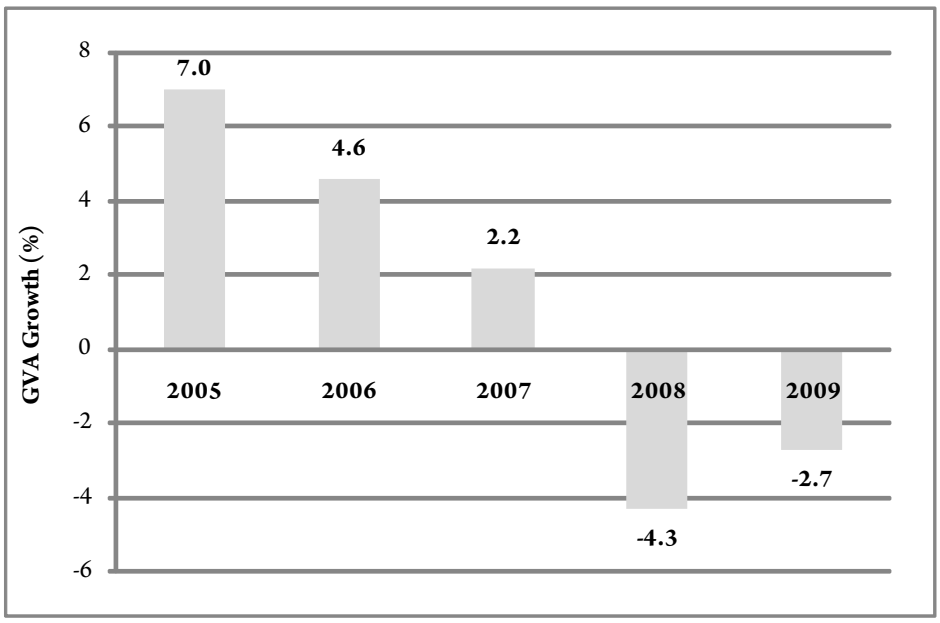
Table 8.1: Agricultural Output and Input, 2005– 2009

KSh Million

	2005	2006	2007	2008	2009*
PRODUCTION AT CURRENT PRICES					
Output at basic prices	420,491	472,334	500,370	600,883	667,171
Intermediate consumption	99,018	109,308	119,334	146,580	130,389
Value added at basic prices, gross	321,473	363,026	381,036	454,303	536,782
PRODUCTION CONSTANT PRICES					
Output	372,526	389,768	400,160	384,280	375,875
Intermediate consumption	84,011	88,063	90,673	87,960	87,595
Value added, gross	288,515	301,705	309,487	296,320	288,280

* Provisional

Figure 8.1: Agriculture Gross Value Added (GVA) Growth Rate, 2005 - 2009



Marketed Production

8.5. Table 8.2 shows the value of marketed production in the agricultural sector for the period 2005 to 2009. The total value of marketed production at current prices increased marginally by 5.6 per cent from KSh 178,856.6 million in 2008 to KSh 188,799.0 million in 2009. Tea, sugarcane, coffee and wheat contributed to the increase in the value of marketed crop output. The aggregate value of marketed crops increased by 3.3 per cent from KSh 148,227.5 million in 2008 to KSh 153,178.9 million in 2009. The value of livestock and products increased by 16.3 per cent from KSh 30,629.1 million in 2008 to KSh 35,620.1 million in 2009.

Table 8.2: Recorded Marketed Production at Current Prices, 2005 - 2009

KSh million

	2005	2006	2007	2008	2009*
CEREALS-					
Maize	6,342.4	7,170.2	7,969.2	8,326.6	4,566.4
Wheat	2,232.3	2,073.4	3,074.1	2,613.8	3,614.9
Others	3,329.5	3,843.2	3,574.3	2,458.1	3,422.7
Total	11,904.2	13,086.8	14,617.6	13,398.4	11,604.0
HORTICULTURE[1]-					
Cut flowers	22,896.8	23,560.6	43,101.5	39,765.9	30,815.0
Vegetables	13,891.4	17,822.9	22,354.3	16,128.7	16,253.6
Fruits	2,049.9	1,737.3	1,797.9	2,071.2	2,283.5
Total	38,838.1	43,120.8	67,253.7	57,965.8	49,352.2
TEMPORARY INDUSTRIAL CROPS-					
Sugar-cane	9,169.6	9,998.9	11,704.3	12,291.1	15,491.1
Pyrethrum	158.1	74.1	98.6	91.9	51.6
Others	859.0	602.5	808.5	786.5	1,166.0
Total	10,186.7	10,675.5	12,611.4	13,169.5	16,708.7
PERMANENT CROPS-					
Coffee	8,999.1	10,023.6	9,089.9	6,859.3	9,563.7
Tea	38,829.9	45,162.0	43,887.0	55,383.1	64,684.8
Sisal	1,289.2	1,228.2	1,492.9	1,451.4	1,265.4
Total	49,118.2	56,413.8	54,469.8	63,693.8	75,513.9
TOTAL CROPS	110,047.2	123,296.9	148,952.5	148,227.5	153,178.9
LIVESTOCK AND PRODUCTS-					
Cattle and Calves ..	13,063.5	13,403.2	13,451.6	13,494.1	14,627.2
Dairy Produce ..	5,313.2	6,494.4	8,462.2	8,368.7	11,496.7
Chicken and eggs	1,901.5	2,186.7	2,575.5	2,788.8	4,344.6
Others	3,980.7	4,291.5	5,202.1	5,977.6	5,151.6
Total	24,258.9	26,375.8	29,691.4	30,629.1	35,620.1
GRAND TOTAL	134,306.1	149,672.7	178,643.9	178,856.6	188,799.0

* Provisional.

8.6. The total value of marketed cereals dropped significantly during the year, reducing from KSh 13,938.4 million in 2008 to KSh 11,604.0 million. This was mainly driven by the 45.2 per cent decrease in the value of marketed maize. This decline was occasioned by the reduced sales of maize grain to the National Cereals and Produce Board (NCPB) and grain millers during the year. At the same time, the value of marketed horticultural produce declined by 14.9 per cent from KSh 57,965.8 million in 2008 to KSh 49,352.2 million in 2009, as a result of the lower value of cut flower sales which decreased by KSh 8,950.9 million in the same period. Despite reduced production, higher tea prices during the review year resulted in the value of marketed tea rising by 16.8 per cent from KSh 55,383.1 million in 2008 to KSh 64,684.8 million in 2009. During the same period, the value of marketed coffee and dairy produce rose by 39.4 and 37.4 per cent, respectively. Each of these commodities registered increased production and higher prices during the year.

8.7. Table 8.3 gives quantum and price indices for sales by broad commodity groups to marketing boards. In 2009, the quantum indices for cereals, horticultural produce and permanent crops declined significantly, leading to a notable reduction in the overall quantum index for crops. The quantum index for livestock products increased from 171.0 in 2008 to 179.5 in 2009 driven by higher milk sales to formal establishments and larger livestock disposals in response to the drought experienced in the Arid and Semi Arid Lands (ASALs) during the year. The overall price index for agricultural marketed production rose from 130.2 in 2008 to 147.2 in 2009. This is as a result of higher prices for several commodities, notably coffee, tea, sugarcane and dairy produce among others.

Table 8.3: Quantum and Price Indices of Sales to Marketing Boards, 2005 -2009

Base: 2001=100

		2005	2006	2007	2008	2009*
QUANTUM	Cereals	105.9	115.6	117.8	81.0	65.9
INDICES	Temporary Industrial Crops ..	123.3	125.6	129.4	126.5	139.1
	Horticulture	179.2	182.4	213.2	214.1	197.3
	Permanent Crops	105.2	103.7	120.9	110.4	101.1
	TOTAL CROPS	78.5	78.9	88.6	79.2	74.1
	Livestock and Products	150.3	162.3	169.7	171.0	179.5
TOTAL GROSS MARKETED PRODUCTION		131.2	136.7	149.1	144.9	143.0
PRICE	Cereals	109.1	108.9	126.6	174.9	171.5
INDICES	Temporary Industrial Crops ..	94.7	97.4	108.2	115.1	132.5
	Horticulture	92.8	101.9	133.1	115.4	105.9
	Permanent Crops	100.9	119.2	99.9	127.0	162.5
	TOTAL CROPS	73.7	83.6	76.2	96.0	116.2
	Livestock and Products[1]	128.1	135.4	144.8	140.0	158.2
TOTAL GROSS MARKETED PRODUCTION		111.3	121.3	124.2	130.2	147.2

* Provisional.

[1] Data on livestock is from slaughter houses

8.8. Commodity price movements present an important indicator for the performance of the agriculture sector. Table 8.4 details average gross commodity prices for the last five years. Most of the commodities reported higher prices during the year. Coffee, tea and sugar cane have significant shares in the value of the country's agricultural production. Each of these crops registered substantially higher gross prices during the year except maize, wheat and sisal. Similarly, each of the livestock products recorded higher prices. The price of pyrethrum remained at the same level observed in the previous year. The higher prices of the agricultural commodities were driven by reduced supply rather than increased demand.

Table 8.4: Average Gross Commodity Prices[1] to Farmers, 2005 -2009

KSh per stated unit

	UNIT	2005	2006	2007	2008	2009*
Coffee	100 Kg	18,885.80	19,837.76	17,391.00	17,721.96	19,544.42
Tea	„	11,824.20	14,541.27	11,874.01	16,015.17	21,264.05
Sisal	„	5,168.30	4,812.50	6,068.11	6,539.59	5,886.93
Sugar-cane	Tonne	1,910.60	2,027.00	2,249.00	2,400.00	2,761.00
Pyrethrum (Pyrethrin equivalent)	Kg	9,658.70	7,349.84	7,373.29	7,372.27	7,373.00
Seed Cotton	100 Kg	1,910.60	2,191.70	2,045.20	2,440.43	2,584.36
Maize	„	1,523.70	1,535.35	1,566.35	2,445.37	2,391.33
Wheat	„	1,821.10	1,949.55	2,858.90	3,183.24	2,936.83
Beef (third grade)	„	11,938.60	12,101.20	14,546.28	15,334.80	15,609.26
Pig meat	„	9,145.10	9,785.44	11,317.80	12,900.85	14,023.90
Milk	100 litres	1,600.00	1,800.00	2,000.00	2,100.00	2,828.00

* Provisional.

[1] The prices are for calendar year & may differ from those based on crop years. In the case of tea and coffee , the prices are for black tea and processed coffee respectively.

8.9. Table 8.5 shows the share of sales to marketing boards by large and small farms for the last five years. The sale by large farms increased by 4.8 per cent from KSh 48,148 million in 2008 to KSh 50,447 million in 2009. Similarly, sale by small farms increased by 5.8 per cent from KSh 130,709 million in 2008 to KSh 138,352 million in 2009. The small farms' value of marketed produce continued its dominance over the review period, contributing more than double the value sold by the large farm sector.

Table 8.5: Sale to Marketing Boards from Large and Small Farms, 2005 -2009

YEAR	LARGE FARMS		SMALL FARMS		TOTAL		PERCENTAGE
	KSh million	Annual Percentage change	KSh million	Annual Percentage change	KSh million	Annual Percentage change	SHARE OF SMALL FARMS
2005	34,828	5.3	98,308	9.0	133,136	8.0	73.8
2006	38,860	11.6	110,813	12.7	149,673	12.4	74.0
2007	43,053	10.8	135,591	22.4	178,644	19.4	75.9
2008	48,148	13.8	130,709	-3.6	178,857	0.1	73.1
2009*	50,447	4.8	138,352	5.9	188,799	5.6	73.3

* Provisional.

8.10. The agriculture sector quantum and price indices for input decreased notably by 27.2 and 7.7 percentage points, respectively, in 2009 as shown in Table 8.6. The negative effects of drought experienced in the year leading to decreased utilisation of inputs partly explain the drop in the inputs quantum index. During the year under review, the Government provided fertiliser and maize seeds at subsidised prices to farmers. This is reflected in the increase in the quantum index for fertiliser. The provision of subsidised fertiliser resulted in an overall decline in the price index from 235.7 in 2008 to 197.6 in 2009. The overall price index for fuel and power rose from 178.9 in 2008 to 183.0 in 2009 as a result of increased price of electricity. The continued persistence of the drought phenomenon resulted in increased use of manufactured feeds by farmers. Consequently, the quantum index for manufactured feeds increased from 341.9 in 2008 to 367.7 in 2009.

Table 8.6: Agricultural Input Indices, 2005 - 2009

Base: 2001=100

	2005	2006	2007	2008	2009*
QUANTUM INDICES-					
Fertilizers	173.7	181.7	216.6	189.5	208.5
Fuel and Power	67.0	60.8	70.7	71.8	49.3
Bags	67.5	82.8	66.9	52.1	72.7
Manufactured Feeds	181.0	194.8	296.3	341.9	367.7
Purchased Seeds	143.0	149.7	171.6	192.5	188.4
Other Material Inputs	108.6	112.9	129.5	145.3	142.1
Total Material Input	118.1	107.8	155.0	220.6	172.5
Service Inputs	112.3	118.7	147.5	264.9	217.3
TOTAL INPUTS	123.8	145.1	147.1	151.5	124.3
PRICE INDICES-					
Fertilizers	127.6	123.8	120.3	235.7	197.6
Fuel and Power	117.4	122.4	131.4	178.9	183.0
Bags	129.3	127.9	155.1	193.9	173.0
Manufactured Feeds	121.7	123.5	142.9	167.4	168.1
Purchased Seeds	97.9	74.6	96.5	92.3	88.4
Other Material Inputs	137.7	131.6	170.3	162.9	133.0
TOTAL MATERIAL INPUT	120.4	119.7	129.4	167.1	160.1
SERVICE INPUTS	124.5	128.2	145.2	187.5	159.2
TOTAL INPUTS	119.2	118.7	128.3	165.7	158.0

* Provisional.

8.11. The total costs incurred in purchasing various inputs in the agricultural sector, as shown in Table 8.7, rose by 23.5 per cent to KSh 32,288 million in 2009 from KSh 26,135 million in 2008. This rise could largely be explained by increase in prices of electricity, which made the value of fuel and power consumed in the sector to rise significantly by 34.5 per cent from KSh 7,262 million in 2008 to KSh 9,770 million in 2009. The expenditure on livestock drugs and medicines more than doubled while the value of manufactured feeds increased by 14.3 per cent in 2009, partly as a result of increased usage due to drought. Farmers on the other hand benefited from subsidised prices of seeds and fertiliser. Consequently, the value of fertiliser reduced by 8.0 per cent from KSh 6,160 million in 2008 to KSh 5,665 million in 2009, while that of purchased seeds declined by 13.0 per cent during the review period.

Table 8.7: Value of Purchased Agricultural Inputs[1], 2005 - 2009

KSh Million

	2005	2006	2007	2008	2009*
MATERIAL INPUTS-					
Fertilizers	3,727	3,560	3,595	6,160	5,665
Other Agricultural Chemicals	1,044	1,204	1,389	1,258	3,941
Livestock Drugs and Medicines	1,313	1,439	942	857	1,855
Fuel and Power	4,861	3,497	5,400	7,262	9,770
Bags	427	544	604	429	521
Manufactured Feeds	2,638	2,242	2,038	4,849	5,544
Purchased Seeds	2,694	2,528	2,548	3,661	3,182
Other Material Inputs	390	405	453	651	566
Total	17,094	15,418	16,968	25,128	31,043
SERVICE INPUTS	583	608	681	1,008	1,245
TOTAL INPUTS	17,667	16,027	17,649	26,135	32,288

[1]Except labour.

*Provisional.

8.12. After a two year deterioration of agriculture terms of trade, 2009 marked an improvement of the index by 5.6 percentage points to 66.8 percentage points from 61.2 points reported in 2008, as shown in Table 8.8. This was as a result of both the price index of consumer goods and inputs increasing by 6.4 percentage points between 2008 and 2009 and the index of output prices rising by 14.8 percentage points in the same period. The price index of purchased inputs reduced by 4.6 per cent from 165.7 points in 2008 to 158.0 points in 2009, while the index for purchased consumer goods rose by 20.6 percentage points from 205.3 points in 2008 to 225.9 points in 2009.

Table 8.8: Price and Terms of Trade Indices for Agriculture, 2005 - 2009

Base: 2001=100

	2005	2006	2007	2008	2009*
General Index of Agricultural Output Prices	100.8	105.9	108.4	113.5	128.3
PRICE PAID					
Purchased Inputs	119.2	118.7	128.3	165.7	158.0
Index of Purchased Consumer Goods-Rural Areas	136	147.8	162.2	205.3	225.9
INDICES OF PRICES PAID	127.9	133.2	145.3	185.5	191.9
Agricultural Sector terms of Trade	78.8	79.5	74.6	61.2	66.8

* Provisional.

8.13. Table 8.9 shows estimates of production of major food security crops for the last five years. After a two year consecutive decrease in maize production, 2009 registered a marginal increase of 4.2 per cent to 27.1 million bags from 26.0 million bags recorded in 2008 due to Government intervention in the provision of cheaper inputs. Potato production decreased sharply by 50.0 per cent from 0.8 million tonnes in 2008 to 0.4 million tonnes in 2009. This was as a result of inadequate rainfall received during the long rains season, which accounts for the bulk of annual potato production. However, there was improved performance in production of beans, millet and sorghum by 79.3 per cent, 50.0 per cent and 83.3 per cent, respectively.

Table 8.9: Estimated Production of Selected Agricultural Commodities, 2005 - 2009

CROP	Unit	2005	2006	2007	2008	2009*
Maize	million bags	32.3	34.6	32.5	26.0	27.1
Beans	"	4.3	5.9	3.5	2.9	5.2
Potatoes	million tonnes	1.0	0.8	1.0	0.8	0.4
Sorghum	million bags	1.7	1.6	1.8	0.6	1.1
Millet	"	0.6	0.8	0.9	0.4	0.6

Source: Ministry of Agriculture

* Provisional.

8.14. Table 8.10 shows the average retail prices for selected food crops. For the second consecutive year, high prices were reported in the country especially in the month of March on account of continued low food supply resulting from low domestic production. At the regional level, all the stated crops except potatoes and beans, recorded increased prices in the month of March 2009 compared to the same month in 2008. Eastern province recorded the highest percentage price increase for all the reported food crops except beans, in the month of March 2009 compared to the same month in 2008.

8.15. At the national level, maize recorded the highest absolute price increase from KSh 19.8 per Kg in March 2008 to KSh 32.5 per Kg in the same month in 2009. At the regional level, the highest price for beans, millet and sorghum were observed in Western province in March 2009, while Eastern province recorded the highest price for same crops in September 2009. Coast province recorded the highest price for potatoes for the months of March and September in the year under review. The highest price for maize was reported in Rift Valley province in the month of March and in Central for the month of September 2009.

Table 8.10: Retail Market Prices for Selected Food Crops, 2005-2009

KSh per Kg.

CROP	Province	2005		2006		2007		2008		2009	
		March	Sept	March	Sept	March	Sept	March	Sept	March	Sept
Maize	Coast	21.5	20.4	21.8	21.2	21.4	20.0	24.2	28.3	33.0	30.0
	Eastern	13.8	16.5	18.2	16.3	12.2	12.1	17.1	29.9	33.5	32.2
	Central	20.7	17.7	19.3	18.4	17.4	15.4	18.7	31.3	29.0	33.8
	Rift Valley	20.5	17.0	16.4	17.1	16.0	18.1	19.7	26.8	34.9	28.8
	Nyanza	16.2	14.3	17.4	14.8	13.0	12.0	19.3	26.0	31.8	31.8
	Western	16.0	14.4	16.8	16.5	13.9	14.6	19.6	25.5	33.0	27.5
	National	18.1	16.7	18.3	17.4	15.6	15.4	19.8	28.0	32.5	30.7
Beans	Coast	42.8	38.9	46.7	40.5	43.0	41.0	61.2	73.3	78.0	70.0
	Eastern	32.6	30.8	44.9	35.5	32.3	35.8	53.4	66.7	75.0	67.3
	Central	40.1	34.4	46.7	37.9	39.7	41.0	52.9	74.5	55.9	67.2
	Rift Valley	38.5	34.6	40.2	34.1	37.0	36.4	59.4	56.0	70.2	68.9
	Nyanza	42.5	35.2	42.9	34.7	33.0	37.0	59.8	67.1	59.1	45.5
	Western	35.9	33.9	44.0	29.0	36.2	39.4	50.0	61.1	80.2	63.3
	National	38.7	34.6	44.2	35.3	36.9	38.4	56.1	66.5	69.7	63.7
Potatoes	Coast	21.1	24.9	36.7	25.5	28.7	30.0	37.3	34.6	37.4	35.0
	Eastern	15.6	12.3	23.6	15.6	18.4	17.3	23.9	24.8	29.8	26.5
	Central	9.5	8.5	15.9	10.2	11.1	11.7	20.8	15.8	22.9	19.6
	Rift Valley	23.9	12.4	18.5	12.0	18.8	18.1	31.4	26.5	25.5	26.2
	Nyanza	12.2	9.6	14.1	11.0	13.0	14.0	21.5	20.0	23.8	19.0
	Western	11.7	8.5	14.4	7.3	11.0	9.0	23.9	24.8	24.7	23.6
	National	15.7	12.7	20.5	13.6	16.8	16.7	26.5	27.0	27.9	25.3
Sorghum	Eastern	27.8	22.0	30.5	21.7	21.0	14.0	20.5	28.3	44.0	43.6
	Nyanza	20.9	12.8	20.5	15.6	15.0	17.0	27.0	28.3	39.5	42.1
	Western	21.1	25.1	20.9	18.2	22.9	23.5	32.0	35.7	44.5	40.0
	National	23.2	20.0	24.0	18.5	19.6	18.2	26.5	30.8	42.7	41.9
Millet	Eastern	32.8	39.2	44.4	42.1	37.0	39.6	38.9	45.2	56.5	69.8
	Rift Valley	32.6	41.0	35.2	33.6	35.3	35.0	43.2	46.8	60.2	54.5
	Nyanza	35.3	31.9	33.3	31.7	32.0	32.0	52.5	57.4	53.5	58.7
	Western	28.6	29.6	34.9	23.6	34.1	35.8	57.5	62.2	76.1	48.3
	National	32.3	35.4	37.0	32.8	34.6	35.6	48.0	52.9	61.6	57.8

8.16. Sales of agricultural produce to various marketing boards for the last five years are as recorded in Table 8.11. Poor performance of the agricultural sector in the year under review is apparent from the volume of sales of most commodities. For the second consecutive year, the sale of maize to marketing boards recorded the highest percentage decline of 43.9 per cent from 340.5 thousand tonnes in 2008 to 191.0 thousand tonnes in 2009. The quantity of maize sold in 2009 shows a notable decrease of 62.5 per cent from the quantity sold in 2007, when the highest sales were recorded. This was as a result of reduced production of maize due to drought in 2009. The reduced production of tea in 2009 led to the quantity sold to drop

substantially by 12.0 per cent. Wheat, coffee and sugarcane, which had recorded reduced sales in year 2008, reported increased sales of 49.9, 26.4 and 9.8 per cent, respectively in 2009. The decline in sales of rice paddy continued for the third consecutive year, with the quantity sold in 2009 reducing by 7.0 per cent compared with the sales for the previous year. Cotton sales registered a significant drop of 18.5 per cent in 2009, which is approximately equal to the decline experienced in 2008. The quantity of pyrethrum sold reduced considerably by 44.0 per cent while that of sisal reduced marginally by 3.2 per cent in the year under review.

Table 8.11: Sale of Selected Crops to Marketing Boards, 2005 - 2009

CROP	UNIT	2005	2006	2007	2008	2009*
Maize[2]	'000 tonnes	416.2	470.7	508.8	340.5	191.0
Wheat[1]	"	122.6	98.6	107.5	82.1	123.1
Coffee	"	47.7	50.5	52.3	38.7	48.9
Tea	"	328.5	310.6	369.6	345.8	304.2
Cotton[1]	"	2.7	3.2	3.3	2.7	2.2
Sugar-cane[1]	mn. tonnes	4.8	4.9	5.2	5.1	5.6
Pyrethrum (Pyrethrin equivalent)	tonnes	16.4	10.1	13.4	12.5	7.0
Sisal	'000 tonnes	25.6	25.5	24.6	22.2	21.5
Rice Paddy [1]	"	34.7	38.3	32.3	24.3	22.6

* Provisional.

[1] No purchases by boards.

[2] Purchases NCPB and millers.

8.17. **Wheat**: The production and imports of wheat for the last five years are as shown in Table 8.12. Wheat production registered an improved performance from 86.2 thousand tonnes in 2008 to stand at 129.2 thousand tonnes in 2009. Imports of wheat also increased to 781.7 thousand tonnes in 2009 from 538.5 thousand tonnes in 2008.

Table 8.12: Production and Imports of Wheat, 2005 - 2009

'000 Tonnes

YEAR	PRODUCTION[1]	IMPORTS	TOTAL
2005	128.7	621.8	750.6
2006	106.1	650.4	756.5
2007	112.9	564.3	677.2
2008	86.2	538.5	624.7
2009*	129.2	781.7	910.9

* Provisional.

[1] Includes retention for seed.

8.18. **Coffee**: The production of coffee, area planted and average yield are presented in Table 8.13. The sub-sector registered a significant increase in production of 35.7 per cent during the 2008/09 crop year from 42.0 thousand tonnes in 2007/08 to 57.0 thousand tonnes. Coffee production from co-operatives and estates increased by 44.8 and 25.4 per cent, respectively in 2008/09. This increase was attributed to favourable weather in the coffee growing areas. Other factors which contributed to this production increase includes better coffee husbandry practices, financing by the Coffee Development Fund which facilitated procurement of inputs and debt waiver of KSh 3.2 billion which motivated the growers.

Table 8.13: Production, Area, and Average Yield of Coffee by Type of Grower, 2004/05 - 2008/09

	2004/05	2005/06	2006/07	2007/08	2008/09*
AREA (Ha) '000					
Co-operatives	128.0	128.0	120.7	118.0	120.0
Estates	42.0	42.0	42.0	37.0	40.0
TOTAL	170.0	170.0	162.7	155.0	160.0
PRODUCTION (Tonnes) '000					
Co-operatives	25.5	27.0	28.4	22.3	32.3
Estates	19.7	21.3	25.0	19.7	24.7
TOTAL	45.2	48.3	53.4	42.0	57.0
AVERAGE YIELD (Kg/Ha.)					
Co-operatives	199.2	211.3	235.0	189.0	269.6
Estates	469.0	506.0	595.0	532.0	616.0

Source: Coffee Board of Kenya

8.19. In the year under review, estates and cooperatives increased the area under coffee bushes by 8.1 and 1.7 per cent, respectively. Similarly, the acreage under coffee in the country increased from 155.0 thousand hectares in 2007/08 to 160.0 thousand hectares in 2008/09. The average yield of coffee in the co-operative subsector was 269.6 Kg/Ha, while the one for estates was 616.0 Kg/Ha.

8.20. **Tea:** The performance of the tea sub-sector is presented in Table 8.14. For a second consecutive year, the sub-sector reported production decline with 2009 recording a 9.2 per cent drop to stand at 314.1 thousand tonnes from 345.8 thousand tonnes in 2008. The smallholder sub-sector, which accounts for the bulk of the tea produced, recorded a drop of 18.2 per cent while the estates subsector registered a 4.8 per cent increase in production. The area planted with tea increased by 0.4 per cent from 157.7 thousand hectares in 2008 to 158.4 thousand hectares in 2009. The average yield for the smallholder decreased from 2,397 kg/ha in 2008 to 1,862 kg/ha in 2009 while that of the estates subsector increased from 2,768 kg/ha to 2,909 kg/ha in the same period. The main factor that led to lower production was adverse weather conditions characterized by inadequate rainfall, in the eastern part of the Rift Valley, where smallholder subsector is predominant. During the period under review, the volume of tea exports decreased by 16.3 per cent to 326.5 thousand tonnes as compared to 390.0 thousand tonnes in 2008.

Table 8.14: Production, Area and Average Yield of Tea by Type of Grower, 2005- 2009

	2005	2006	2007	2008	2009*
AREA (Ha) '000					
Smallholder	92.7	95.8	98.2	107.1	107.3
Estates	48.6	51.3	51.0	50.6	51.1
TOTAL	141.3	147.1	149.2	157.7	158.4
PRODUCTION (Tonnes) '000					
Smallholder	197.7	191.2	229.6	210.9	172.6
Estates	130.8	119.4	140.0	135.0	141.5
TOTAL	328.5	310.6	369.6	345.8	314.1
AVERAGE YIELD (Kg/Ha)[1]					
Smallholder	2,312.0	2,225.0	2,658.0	2,397.0	1,862.0
Estates	3,372.0	2,689.0	3,105.0	2,768.0	2,909.0

Source: Tea Board of Kenya

* Provisional

8.21. **Sugarcane**: As shown in Table 8.15, sugarcane production increased by 9.8 per cent from 5.1 million tonnes in 2008 to 5.6 million tonnes in 2009. This increment was attributed to the aggressive acquisition of cane by Kibos Sugar Company, prompt payment of farmers' proceeds and improved factory performance. A decline of 8.9 per cent in the area under sugarcane was observed in 2009 as a result of existence of over-mature cane in Sony sugar zone and contractual misunderstanding in Mumias zone. On the contrary, the area harvested increased by 20.8 per cent in the same year mainly due to dry weather which enabled continuous harvesting. The sugarcane yield decreased by 10.6 per cent from 72.9 tonnes per hectare to 65.2 tonnes per hectare in 2009.

Table 8.15: Area under Sugar Cane, Area Harvested, Production, and Average Yield, 2005 - 2009

	2005	2006	2007	2008	2009*
Area under cane (Ha)	144,765	147,730	158,568	169,421	154,298
Area harvested (Ha)[1]	56,537	54,621	59,201	54,465	65,774
Production (Tonnes)	4,800,820	4,932,839	5,204,214	5,112,040	5,610,702
Average yield (Tonnes/Ha)	71.46	70.89	70.87	72.94	65.21

Source: Kenya Sugar Board

* Provisionsal

[1] Does not include area harvested by non-contracted farmers

8.22. Sugar production, imports, consumption and exports are presented in Table 8.16. The country recorded increased domestic production of sugar from 517.7 thousand tonnes in 2008 to 548.2 thousand tonnes in 2009, which was the highest production ever achieved in the sugar industry. This was as a result of increased cane deliveries and rehabilitation of a section of the West Kenya Sugar Company. The sugar consumption also went up by 1.4 per cent from 751.5 thousand tonnes in 2008 to 762.0 thousand tonnes in 2009. Imports of sugar fell by 15.6 per cent to 184.5 thousand tonnes from 218.6 thousand tonnes during the period under review. On the other hand, exports of sugar decreased drastically from 44.3 thousand tonnes in 2008 to a mere 2.0 thousand tonnes in 2009 as a result of freezing of the sugar exports.

Table 8.16: Production, Imports and Consumption of Sugar, 2005 – 2009

'000 Tonnes

YEAR	PRODUCTION	IMPORTS	CONSUMPTION	EXPORTS
2005	488.9	167.2	695.6	21.8
2006	475.7	166.3	718.4	13.5
2007	520.4	230.0	741.2	20.8
2008	517.7	218.6	751.5	44.3
2009* ..	548.2	184.5	762.0	2.0

Source: Kenya Sugar Board

* Provisional

8.23. **Horticulture:** Table 8.17 presents a five-year data series for the quantity and value of exports of fresh horticultural produce. The sub-sector recorded a reduction in the quantity of exports for the first time in five years. The quantity of exports of fresh produce decreased by 6.4 per cent between 2008 and 2009, reducing from 193.1 thousand tonnes to 180.8 thousand tonnes. At the same time, the value of exports reduced by 14.8 per cent to stand at KSh 49.4 billion in 2009. Despite weakening of the Kenya Shilling, the level of foreign exchange earnings from the sub-sector was greatly depressed by the direct effect of the decreased volume of cut-flower and vegetable exports during the year. The reduction in quantity of exports was mainly as a result of decreased demand for these products in the international markets occasioned by the global economic recession. Further, the sub-sector faced challenges of increased competition from other exporting countries.

Table 8.17: Exports of Fresh Horticultural Produce[1], 2005 - 2009*

	CUT FLOWERS		FRUITS		VEGETABLES		TOTAL	
YEAR	Volume '000 Tonnes	Value KSh billion	Volume '000 Tonnes	Value KSh billion	Volume '000 Tonnes	Value KSh billion	Volume '000 Tonnes	Value KSh billion
2005	81.2	22.9	18.5	2.0	63.4	13.9	163.2	38.8
2006	86.5	23.6	15.4	1.7	61.3	17.8	163.2	43.1
2007	91.2	43.1	15.7	1.8	85.3	22.4	192.2	67.3
2008	93.7	39.8	17.1	2.1	82.4	16.1	193.1	58.0
2009*	87.0	30.8	21.2	2.3	72.5	16.3	180.8	49.4

Source: Horticultural Crops Development Authority

[1] Excludes exports of processed horticultural produce.

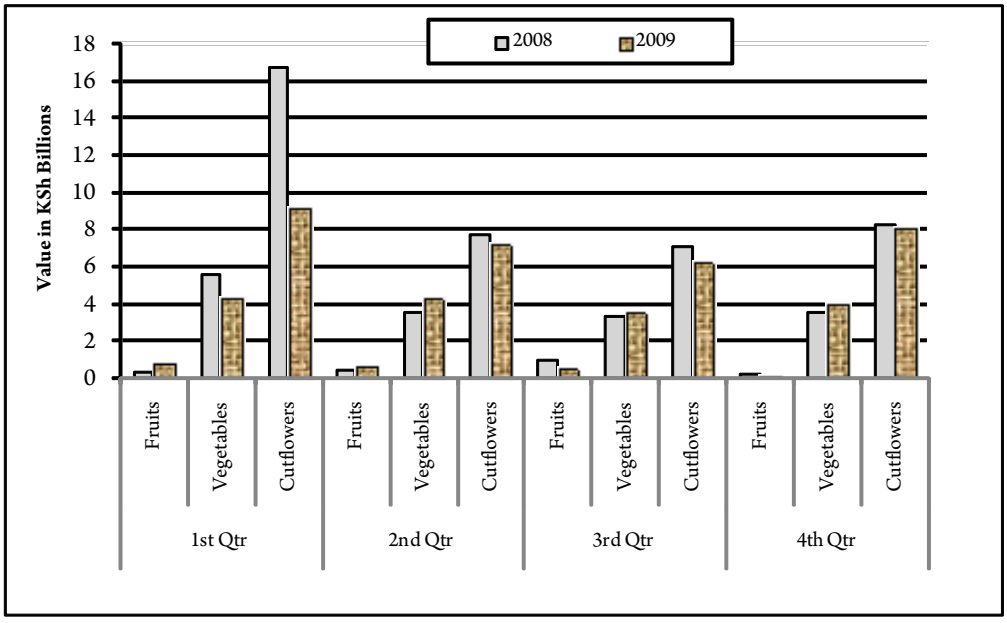
* Provisional.

8.24. Analysis further shows that the reduction in the quantity of exports was mainly driven by reduced exports of vegetables which dropped from 82.4 thousand tonnes in 2008 to 72.5 thousand tonnes in 2009. During this period, the volume of exported cut-flowers reduced by 6.6 thousand tonnes while that of fruits increased by 4.1 thousand tonnes. The large decrease in the volume of exported vegetables may be attributed to reduced demand in the market and increased competition from other producing countries.

8.25. Figure 8.2 presents a quarterly comparison of the value of exports of fruits, vegetables and cut-flowers. The value of vegetable exports declined in the first quarter but increased in the subsequent three quarters. This led to a marginal increase in the value of vegetable exports despite a large decrease in the quantity of exports, suggesting a substantial price increase for

the commodity. Comparing fruit exports between 2008 and 2009, the value decreased only in the third quarter, remaining stagnant in the fourth quarter after recording increases for the first two quarters. In 2009, the value of cut-flower exports remained below that of 2008 for all the quarters. For both years, cut-flowers recorded the highest value of exports during the first quarter.

Figure 8.2: Quarterly Value of Fresh Horticultural Exports, 2008 – 2009



8.26. **Irrigation:** Analysis of the irrigation sub-sector shows mixed performance where the total area cropped and the number of plot holders increased while the total quantity of paddy production declined substantially. As seen in Table 8.18, paddy production in Mwea Scheme, the largest producer, fell by 16.0 per cent, declining to 32,406 metric tonnes in 2009 from 38,560 metric tonnes in the previous year. This could partly be explained by the decline in number of plot holders in the scheme by 32.0 per cent during the year under review. Ahero Scheme resumed growing of rice to produce 2,939 metric tonnes of rice paddy in the review period while Bunyala Scheme doubled its paddy production. Overall, the quantity of paddy production declined by 7.2 per cent, dropping from 40,065 metric tonnes in 2008 to 37,198 metric tonnes in 2009. Crop production in the scheme areas was adversely affected by poor weather with some schemes facing the challenge of inadequate water for irrigation due to the prolonged drought witnessed in most parts of the country. However, the Government is in the process of expanding the area under irrigation by opening up new scheme areas and rehabilitating previously non-operational schemes. Consequently, the area under crop irrigation increased significantly from 9,092 hectares in 2008 to 10,072 hectares in 2009. The gross value of output from all scheme areas declined marginally from KSh 2,160 million to KSh 2,097 million over the same period.

Table 8.18: Progress and Production at Irrigation Scheme Areas, 2004/05 - 2008/09

	2004/05	2005/06	2006/07	2007/08	2008/09*
MWEA-					
Area cropped-Hectares	10,000	10,332	8,325	7,806	7,431
Plot-holders-Number[1]	5,400	5,400	7,267	7,257	4,936
Gross value of output-KSh million ..	1,786	1,775	1,544	2,121	1,782
Payments to plot-holders-KSh million ..	1,066	1,009	919	1,450	1,341
ALL SCHEME AREAS-					
Area cropped-Hectares	10,832	12,501	9,626	9,092	10,072
Plot-holders-Number	6,660	7,329	8,766	8,716	8,931
Gross value of output-KSh million ..	1,880	2,037	1,604	2,160	2,097
Payments to plot-holders-KSh million ..	1,115	1,131	941	1,457	1,535
CROPS PRODUCED - Tonnes					
Mwea-Paddy	59,520	57,422	51,458	38,560	32,406
Ahero-Paddy	741	3,779	851	0	2,939
W.Kano-Paddy	1,348	774	124	938	692
Bunyala-Paddy	1,068	1,010	682	567	1,161
TOTAL PADDY	62,677	62,986	53,113	40,065	37,198

Source: National Irrigation Board

*Provisional

[1]Includes farmers outside Mwea Scheme

8.27. **Dairy Produce:** Figures on production from the livestock sub-sector are presented in Table 8.19. In 2009, the volume of milk delivered to formal establishments recorded a slight increase but still remained below the level recorded two years ago. The quantity of recorded milk production increased marginally from 399 million litres in 2008 to 407 million litres in 2009. The volume of processed whole milk and cream increased by 9.2 per cent during this period, rising from 262 million litres in 2008 to 286 million litres in 2009. Similarly, production of cheese rose from 155 tonnes in 2008 to 188 tonnes in the period under review. At the same time, the production of butter and ghee declined to 1,074 tonnes from 1,218 tonnes in 2008, a decrease of 11.8 per cent.

8.28. **Livestock products**: As shown in Table 8.19, there was a substantial increase in the number of animals slaughtered during the year. The number of cattle slaughtered increased by 8.7 per cent, rising from 1,892 thousand in 2008 to 2,057 thousand in 2009. Over the same period, the number of goats and sheep slaughtered rose from 5,425 thousand to 5,716 thousand. The recorded upsurge in animal slaughtered was mainly as a result of increased disposal of livestock due to the prolonged drought that affected most parts of the country in 2009. The number of slaughtered pigs rose from 198 thousand in 2008 to 221 thousand in 2009.

Table 8.19: Production and Sale of Livestock and Dairy Products, 2005 - 2009

	UNIT	2005	2006	2007	2008	2009*
RECORDED MILK PRODUCTION	Mn. Litres	340	361	423	399	407
MILK PROCESSED:						
Wholemilk and cream	Mn. Litres	191	225	282	262	286
Butter and ghee	Tonnes	1,261	1,549	1,752	1,218	1,074
Cheese	"	270	243	215	155	188
LIVESTOCK SLAUGHTERED						
Cattle and Calves..	'000 Head	1,786	1,911	1,720	1,892	2,057
Sheep and Goats	"	4,220	4,775	5,014	5,425	5,716
Pigs	"	180	176	167	198	221

* Provisional

8.29. **Agriculture Training:** Public institutions continue to play an important role of building capacity in the sector by offering training in various agriculture related courses. As seen in Table 8.20, there has been a persistent increase in the demand for agriculture-based training opportunities in the public universities for both diploma and degree courses. The number of students pursuing degree courses rose from 6,110 in 2008 to 6,735 in the review period, a difference of 625 students. Egerton University recorded an increase of 312 students. This was the largest increase in enrolment among the universities offering agriculture degree courses. At 21.4 per cent, Jomo Kenyatta University of Agriculture and Technology (JKUAT) recorded the highest percentage increase, with its enrolment rising from 734 students in 2008 to 891 students in 2009. Enrolment in agriculture courses shows a strong gender bias, with male students accounting for 67.0 per cent of all degree level agriculture training opportunities in the year.

8.30. Enrolment for diploma level training in Egerton University rose from 1,844 in 2008 to 2,244 students in 2009 while the number of trainees in Bukura Institute dropped substantially from 301 in 2008 to 191 students in 2009. The number of trainees in certificate level remained low but at the levels observed in the previous year. At the same time, enrolment in the animal health institutes has remained at the same levels over the years as a result of restrictions imposed by accommodation facilities and budgetary allocations. Attendance of short term courses in Naivasha Dairy Training School and Athi River Meat Training Institute registered modest increases over the review period.

Table 8.20: Enrolment in Agricultural Training Institutions, 2005 - 2009

Number

	2005			2006			2007			2008			2009*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
DEGREE LEVEL -Public Universities															
Nairobi	980	276	1,256	780	325	1,105	990	324	1,314	850	354	1,204	920	386	1,306
Moi	256	119	375	435	234	669	994	362	1,356	998	385	1,383	1,002	435	1,437
Jomo Kenyatta (JKUAT)	610	172	782	439	172	611	417	202	619	489	245	734	546	345	891
Egerton	1,743	816	2,559	1,820	845	2,665	1,856	856	2,712	1,905	884	2,789	2,045	1,056	3,101
Total	**3,589**	**1,383**	**4,972**	**3,474**	**1,576**	**5,050**	**4,257**	**1,744**	**6,001**	**4,242**	**1,868**	**6,110**	**4,513**	**2,222**	**6,735**
DIPLOMA LEVEL -Public Universities															
Egerton	788	340	1,128	1,319	536	1,855	1,330	657	1,987	1,210	634	1,844	1,410	834	2,244
Total	**788**	**340**	**1,128**	**1,319**	**536**	**1,855**	**1,330**	**657**	**1,987**	**1,210**	**634**	**1,844**	**1,410**	**834**	**2,244**
DIPLOMA LEVEL - MOA															
Bukura Institute of Agriculture	120	44	164	103	40	143	256	118	404	199	102	301	92	99	191
CERTIFICATE LEVEL-															
Kilifi Institute of Agiculture[1]	170	62	232	142	57	199	141	75	216	-	-	-	-	-	-
Naivasha Dairy Training Institute	37	22	59	65	50	115	69	37	106	58	43	101	55	47	102
Total	**207**	**84**	**291**	**207**	**107**	**314**	**210**	**112**	**322**	**58**	**43**	**101**	**55**	**47**	**102**
Animal Health Training Institutes-															
Kabete	78	36	114	84	35	119	104	33	137	90	26	116	90	26	116
Nyahururu	61	23	84	52	28	80	49	26	75	52	28	80	51	27	78
Ndomba	114	58	172	102	70	172	106	60	166	124	56	180	84	63	147
Total	**253**	**117**	**370**	**238**	**133**	**371**	**259**	**119**	**378**	**266**	**110**	**376**	**225**	**116**	**341**
SHORT-TERM VOCATIONAL COURSES-															
Naivasha Dairy Training School	39	21	60	19	8	27	95	36	131	63	17	80	69	43	112
Athi River M.T. School	72	22	94	74	26	100	47	26	73	67	19	86	66	28	94
Total	**111**	**43**	**154**	**93**	**34**	**127**	**142**	**62**	**204**	**130**	**36**	**166**	**135**	**71**	**206**

Source: Ministry of Agriculture & Livestock, Public Universities and Institutions

* Provisional.

[1] Kilifi Institute of Agiculture became an affiliate of JKUAT

8.31. Table 8.21 presents details on the number of cooperative societies and unions in the country. The cooperative movement continued to expand during the review period, with the overall number of unions and societies rising from 11,968 in 2008 to 12,407 in 2009. During the year, agricultural societies comprised 36.9 per cent of all societies and unions. Savings and Credit Societies registered the largest increase in the number of groupings, with its number rising by 278 from 5,350 in 2008 to 5,628 in 2009. The number of unions remained stable, increasing by only one union each year, over the last two years.

Table 8.21: Number of Societies and Unions by Type, 2005 - 2009

Number

TYPE OF SOCIETY	2005	2006	2007	2008	2009*
Coffee	523	542	546	548	555
Sugar-cane	152	152	152	152	159
Pyrethrum	146	146	146	146	146
Cotton	59	59	59	59	59
Dairy	248	252	258	264	273
Multi-produce	1,818	1,835	1,876	1,923	1,894
Farm Purchase	111	113	114	114	114
Fisheries	66	66	67	67	67
Other Agricultural Societies	1,181	1,188	1,196	1,204	1,317
TOTAL	**4,304**	**4,353**	**4,414**	**4,477**	**4,584**
Savings and Credit	4,678	4,876	5,122	5,350	5,628
Other Non-Agricultural Societies	1,885	1,941	2,000	2,041	2,094
TOTAL	**6,563**	**6,817**	**7,122**	**7,391**	**7,722**
Unions	99	99	99	100	101
GRAND TOTAL	**10,966**	**11,269**	**11,635**	**11,968**	**12,407**

Source: Ministry of Co-operatives and Marketing

* Provisional

8.32. As shown in Table 8.22, the total value of sales of agricultural produce by co-operative societies increased substantially during the year, rising from KSh 6,577 million in 2008 to KSh 8,915 million in 2009. This increase in cooperative sales was mainly driven by sales from coffee and dairy sub-sectors whose sales rose by KSh 1,083 million and KSh 1,222 million, respectively. These sub-sectors reported increased production during the period under review. The value of sales from cooperatives dealing with pyrethrum declined by almost 30 per cent due to the decreased production reported for the crop in the year. Pyrethrum, cotton and milk recorded increases in their shares of cooperative sales out of the total marketed value of the crops while the share for sugar cane remained unchanged at 1.7 per cent. However, the share of coffee sales through cooperatives registered a decline of 4.4 percentage points between 2008 and 2009. Overall, the cooperative revenue share in the aggregate for selected commodities increased slightly from 23.7 per cent in 2008 to 25.3 per cent in 2009.

Table 8.22: Sale of Selected Agricultural Produce by Co-operatives and their Contribution to Gross Farm Revenue, 2005 - 2009

YEAR	COFFEE	SUGAR CANE	PYRETHRUM	COTTON	MILK	TOTAL
		Sale KSh million				
2005 ..	3,405	212	105	2	1,933	5,657
2006 ..	3,793	215	112	2	2,247	6,369
2007..	4,887	213	75	2	2,395	7,572
2008..	3,815	214	64	2	2,482	6,577
2009*..	4,898	266	45	2	3,704	8,915
		Percentage Share of sector total				
2005 ..	37.8	2.3	66.4	4.0	35.5	26.4
2006 ..	37.8	2.2	66.1	3.4	34.6	23.7
2007..	53.8	2.0	76.1	3.0	28.3	26.9
2008..	55.6	1.7	69.7	3.0	29.7	23.7
2009*..	51.2	1.7	72.7	3.5	32.2	25.3

* Provisional.

Analysis of Food Balance Sheet, 2006-2009

8.33. A Food Balance Sheet (FBS) is a statistical system of accounting for food supply and utilisation in a country. It gives a comprehensive picture of a country's food security situation over a specified period of time. The elements of food supply are production, imports, stocks and exports, while food utilisation comprises of food, food manufacture, feed, seed, waste and other uses.

8.34. The FBS applies three main indicators, namely Per Caput Food Supply, Self-Sufficiency Ratio (SSR) and Import Dependency Ratio (IDR). Per Caput Supply is a measure of the food available for human consumption during a specific reference period in terms of caloric value, protein and fat contents. The IDR compares the quantities of food commodities produced locally with those imported. This index indicates the extent to which a country depends upon imports. Similarly, the SSR is a ratio of the quantity of food commodities produced locally in relation to total food available. This index is a measure of Self sufficiency.

8.35. Table 8.23 presents key FBS indicators for the period 2006 to 2009. The country has experienced low food supply over the four-year period. The level of caloric supply is far below the Minimum Dietary Energy Requirement (MDER) of 2,250 Kilo-calories per adult equivalent per day as per the World Health Organization (WHO) and Food and Agricultural Organization (FAO) standards, notwithstanding that Per Caput Supply is a crude measure of energy requirement.

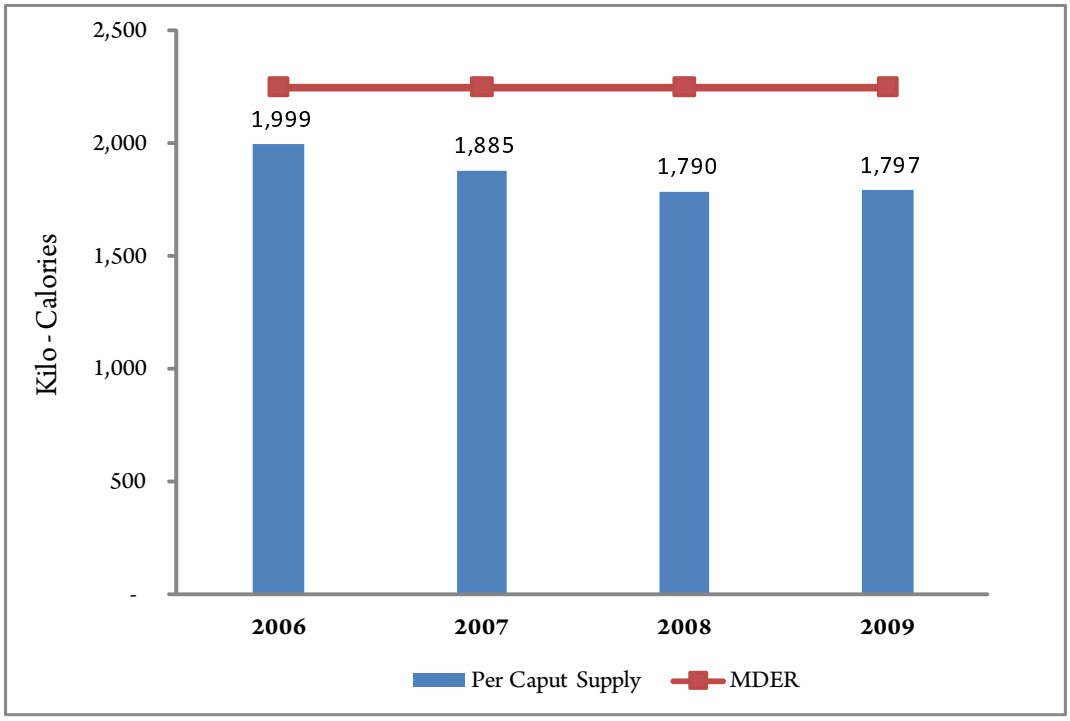
8.36. **Daily Per Caput Supply:** The average per caput supply of calories was estimated at 1,999 calories for the year 2006 which declined to 1,885 calories in 2007. This fell further to 1,790 calories in 2008 but improved slightly in 2009 to 1,797 calories per person per day. At the same time, the supply of proteins declined from 57 grams in 2006 to 51.6 grams in 2009, per person per day. Similarly, the per caput supply of fats decreased from 36 grams to 33.6 grams over the same period.

Table 8.23: Summary of FBS Indicators, 2006-2009

INDICATOR		2006	2007	2008	2009*
Per caput Caloric supply (Kilo - Calories per day)	Total	1,999.0	1,885.0	1,790.0	1,797.0
	Vegetables products	1,863.0	1,748.0	1,657.0	1,657.0
	Animal products	136.0	137.0	133.0	140.0
Per caput supply of proteins (grams per day)	Total	57.0	53.0	48.0	51.6
	Vegetables products	46.0	42.0	38.0	40.6
	Animal products	11.0	11.0	10.0	11.0
Per caput supply of fats (grams per day)	Total	36.0	34.0	33.0	33.6
	Vegetables products	25.0	24.0	23.0	22.7
	Animal products	10.0	11.0	10.0	10.9
SSR (per cent)	Total	78.9	79.3	76.1	61.3
	Vegetable products	77.6	77.8	74.2	58.7
	Animal products	100.9	100.9	100.9	100.5
IDR (per cent)	Total	24.5	24.9	28.2	42.2
	Vegetable products	25.9	26.5	30.2	44.8
	Animal products	1.5	1.5	1.5	1.9

* Provisional

Figure 8.3: Daily per Caput Supply of Calories



8.37. **Caloric supply by main food groups:** Vegetable (plant) products are more widely consumed than animal products. In 2009, vegetable products contributed over 90 per cent of calories and 80 per cent of proteins in the country's food supply. Cereals provide the highest share of calories in the country's diet, contributing more than 47 per cent of all caloric supply and more than 40 per cent of proteins in each of the years under review. Meat is the largest source of animal proteins and fats and contributes more than half of these nutrients. Figures 8.4 and 8.5 present the details on food supply by main groups for 2009.

Figure 8.4: Composition (%) of Caloric Supply by Main Food Groups, 2009

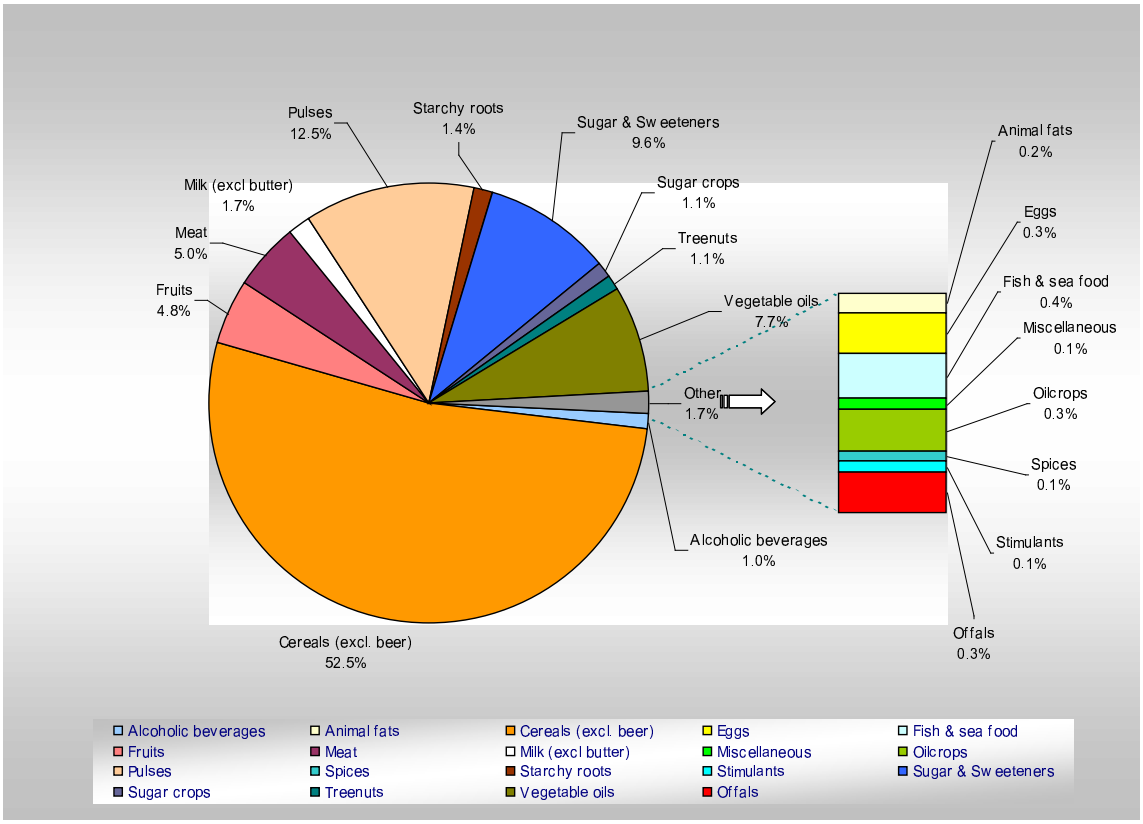
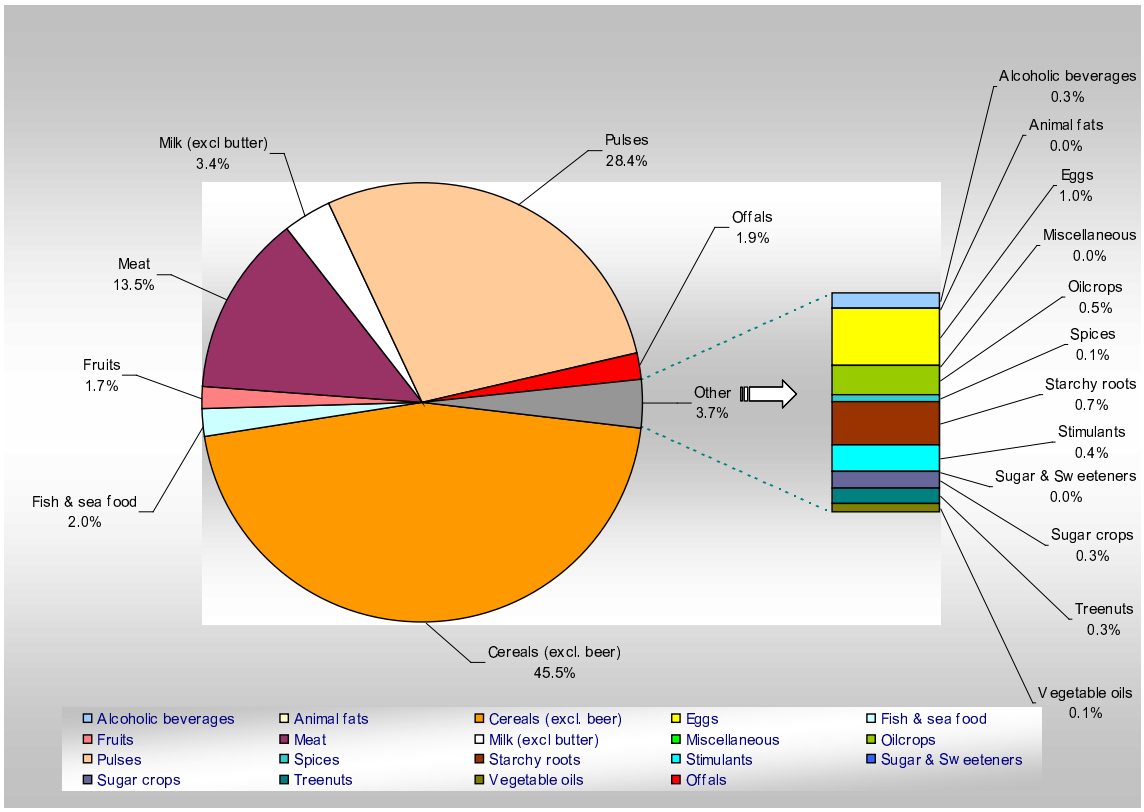
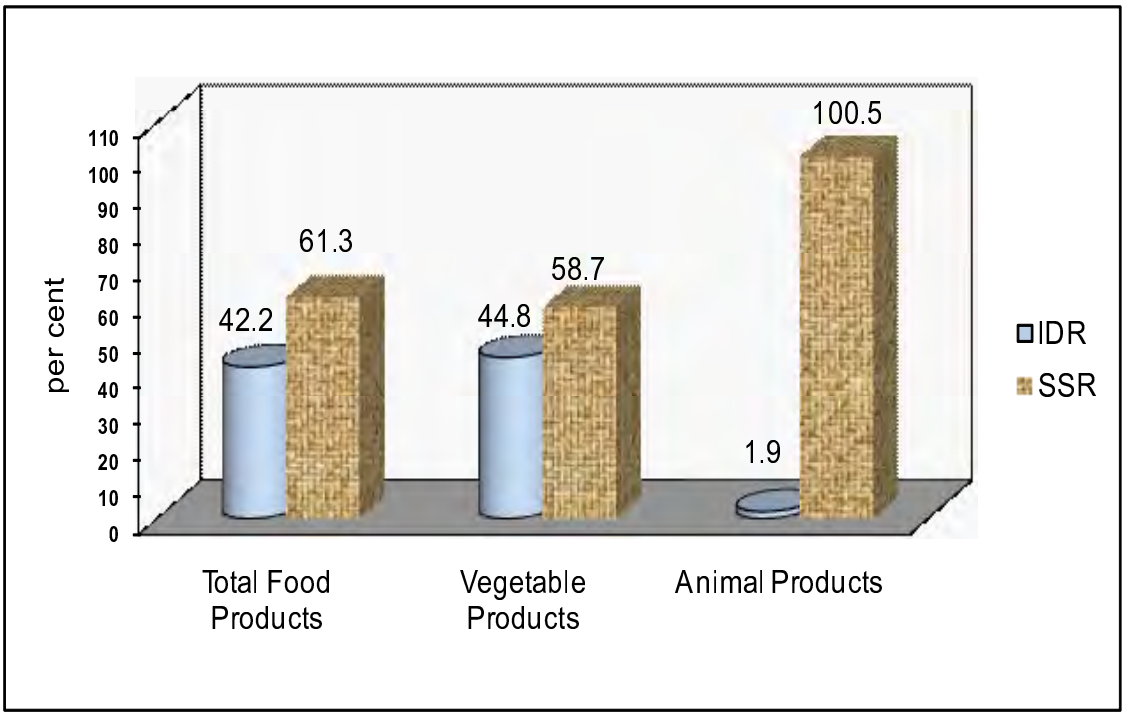


Figure 8.5: Composition (%) of Protein Supply by Main Food Groups, 2009



8.38. **Self Sufficiency Ratio and Import Dependency Ratio:** As shown in Figure 8.6, Kenya produced approximately 60 per cent of its food requirements in 2009. The country's SSR for the year was estimated at 58.7 per cent for vegetable products and 100.5 per cent for animal products. This means the country produces adequate supplies of animal products. On the other hand, the country imports a number of foodstuffs to supplement domestic production or in cases where a commodity is not available locally. Cereals, sugar and sweeteners, and vegetable products are the main commodities imported. In the period 2006-2009, the IDR for cereals rose from 19.8 in 2006 to a high of at 49.4 in 2009 as result of zero rating the maize imports. This indicates increasing reliance on cereal imports due to the reduced domestic production, especially maize.

Figure 8.6: Import Dependency and Self-Sufficiency Ratios, 2009



Tables 8.24 presents detailed information on the food balance sheets for the period 2006 to 2009.

Table 8.24: Detailed FBS Results, 2006 – 2009

FOOD BALANCE SHEET 2006 — Population('000): 36100

Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	PER DAY Proteins	PER DAY Fats
	1000 Metric Tons											Kg.	units	grams	grams
Grand total													1988	56	35
Vegetable prod.													1863	46	25
Animal prod.													125	10	10
Cereals (excl. beer)	3904	957	545	44	5362	101	63	104	573	0	3978	110	937	23	4
Wheat	358	667	0	6	1019	0	8	15	20	0	976	27.0	199	6	1
Maize	3248	77	545	24	3846	80	48	12	522	0	2641	73.2	637	15	2
Rice (Milled Eq.)	43	196	0	0	239	0	0	2	5	0	233	6.4	71	1	0
Barley	41	0	0	13	28	0	1	26	1	0	1	0.0	0	0	0
Oats	4	0	0	0	4	1	0	0	0	0	2	0.1	0	0	0
Millet	79	2	0	0	82	7	2	16	9	0	48	1.3	11	0	0
Sorghum	131	11	0	1	141	14	3	33	16	0	75	2.1	18	1	0
Cereals, other	0	3	0	0	3	0	0	0	0	0	3	0.1	1	0	0
Starchy roots	2197	1	0	0	2197	0	104	1	173	0	1919	53.1	135	2	0
Cassava	657	0	0	0	657	0	0	0	20	0	637	17.6	52	0	0
Potatoes	785	0	0	0	784	0	104	1	78	0	601	16.7	32	1	0
Sweet Potatoes	725	0	0	0	725	0	0	0	72	0	652	18.1	49	0	0
Yams	8	0	0	0	8	0	0	0	0	0	8	0.2	1	0	0
Roots, other	23	0	0	0	23	0	0	0	2	0	21	0.6	1	0	0
Sugar crops	4933	0	0	0	4933	0	0	4150	0	0	783	21.7	17	0	0
Sugar cane	4933	0	0	0	4933	0	0	4150	0	0	783	21.7	17	0	0
Sugar & Sweeteners	572	179	-20	19	712	0	0	34	0	0	678	18.8	182	0	0
Sugar non-centrifugal	23	0	0	0	23	0	0	20	0	0	3	0.1	1	0	0
Sugar (raw equivalent)	527	167	-20	15	660	0	0	7	0	0	652	18.1	176	0	0
Sweeteners, other	0	12	0	4	8	0	0	7	0	0	1	0.0	0	0	0
Honey	22	0	0	0	22	0	0	0	0	0	22	0.6	5	0	0
Pulses	760	17	433	3	1207	0	8	0	120	0	1095	30.3	284	18	1
Beans	532	12	35	2	577	0	0	0	87	0	490	13.6	127	8	1
Peas	0	5	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Pulses, other	228	1	398	1	626	0	8	0	34	0	601	16.6	156	10	1
Treenuts	22	0	0	6	16	0	0	0	0	0	13	0.3	3	0	0
Oilcrops	152	16	0	7	161	10	3	93	7	0	48	1.3	16	1	1
Soybeans	0	8	0	1	7	0	0	0	0	0	7	0.2	2	0	0
Groundnuts	21	1	0	0	22	0	1	0	1	0	20	0.6	8	0	1
Sunflowerseed	12	0	0	0	12	0	0	11	1	0	0	0.0	0	0	0
Cottonseed	13	3	0	1	15	0	2	13	1	0	0	0.0	0	0	0
Coconuts (incl. copra)	60	0	0	0	60	10	0	34	4	0	12	0.3	1	0	0
Sesame seed	10	4	0	5	10	0	0	0	0	0	9	0.2	4	0	0
Oilcrops, other	36	0	0	0	35	0	0	35	0	0	0	0.0	0	0	0
Vegetable oils	38	467	0	58	446	0	0	0	0	222	224	6.2	149	0	17
Soybean oil	0	5	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Sunflower seed oil	3	0	0	0	3	0	0	0	0	0	3	0.1	2	0	0
Cottonseed oil	2	0	0	0	1	0	0	0	0	0	1	0.0	1	0	0
Palm kernel oil	0	2	0	0	2	0	0	0	0	0	2	0.1	1	0	0
Palm oil	0	458	0	52	406	0	0	0	0	220	186	5.2	124	0	14
Copra oil	6	0	0	0	6	0	0	0	0	0	6	0.2	4	0	0
Maize germ oil	14	1	0	0	14	0	0	0	0	0	14	0.4	9	0	1
Oilcrops oil, other	14	1	0	0	15	0	0	0	0	3	12	0.3	8	0	1
Vegetables	1397	10	0	83	1324	0	0	0	104	0	1220	33.8	21	1	0
Tomatoes	330	5	0	0	335	0	0	0	33	0	302	8.4	4	0	0
Onions	68	0	0	0	68	0	0	0	7	0	61	1.7	2	0	0
Vegetables, other	999	5	0	83	921	0	0	0	64	0	857	23.7	15	1	0
Fruits	2441	11	0	212	2240	0	0	6	257	0	1978	54.8	93	1	1
Oranges & mandarins	26	2	0	0	28	0	0	0	3	0	25	0.7	1	0	0
Grapefruit	13	0	0	0	13	0	0	0	1	0	12	0.3	0	0	0
Citrus, other	135	0	0	0	135	0	0	0	14	0	121	3.4	2	0	0
Bananas	600	0	0	0	600	0	0	0	90	0	510	14.1	23	0	0
Plantains	600	0	0	0	600	0	0	6	60	0	534	14.8	36	0	0
Apples (excl. cider)	2	4	0	0	6	0	0	0	0	0	6	0.2	0	0	0
Pineapples	600	0	0	184	416	0	0	0	60	0	357	9.9	14	0	0
Dates	1	1	0	0	2	0	0	0	0	0	2	0.0	0	0	0
Grapes (excl. wine)	1	2	0	0	3	0	0	0	0	0	3	0.1	0	0	0
Fruit, other	463	2	0	28	438	0	0	0	31	0	408	11.3	16	0	1
Stimulants	359	16	5	391	-11	0	0	0	0	0	53	1.5	2	0	0
Coffee	48	1	5	65	-11	0	0	0	0	0	52	1.4	2	0	0
Cocoa Beans	0	2	0	1	2	0	0	0	0	0	2	0.0	0	0	0
Tea	311	13	0	325	-2	0	0	0	0	0	0	0.0	0	0	0

FOOD BALANCE SHEET 2006

Population('000): 36100

Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	PER DAY Proteins	PER DAY Fats
	1000 Metric Tons											Kg.	units	grams	grams
Spices	7	1	0	1	6	0	0	0	0	0	6	0.2	1	0	0
Pimento	5	0	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Cloves	1	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Spices, other	1	1	0	1	1	0	0	0	0	0	1	0.0	0	0	0
Alcoholic beverages	481	7	0	2	486	0	0	0	0	0	485	13.4	20	0	0
Wine	0	4	0	1	3	0	0	0	0	0	3	0.1	0	0	0
Beer	210	2	0	1	211	0	0	0	0	0	211	5.8	7	0	0
Beverages, fermented	248	0	0	0	248	0	0	0	0	0	248	6.9	8	0	0
Beverages, alcoholic	23	1	0	1	23	0	0	0	0	0	23	0.6	5	0	0
Meat	488	0	0	2	487	0	0	0	0	0	503	13.9	73	6	7
Bovine meat	430	0	0	0	430	0	0	0	0	0	430	11.9	62	5	6
Pig meat	0	0	0	2	-2	0	0	0	0	0	15	0.4	5	0	0
Poultry meat	22	0	0	0	22	0	0	0	0	0	22	0.6	2	0	0
Other meat	36	0	0	0	36	0	0	0	0	0	36	1.0	4	0	0
Offals	83	0	0	0	83	0	0	0	0	0	83	2.3	7	1	0
Animal fats	18	4	0	0	22	0	0	13	0	3	5	0.1	3	0	0
Butter, ghee	2	0	0	0	2	0	0	0	0	0	2	0.1	1	0	0
Fats, animal, raw	16	4	0	0	19	0	0	13	0	3	3	0.1	2	0	0
Milk (excl butter)	392	17	0	3	406	17	0	2	68	0	640	17.7	30	2	2
Eggs	87	0	0	0	87	0	5	0	13	0	69	1.9	6	1	1
Fish & sea food	133	24	0	71	86	0	0	0	0	0	87	2.4	5	1	0
Freshwater fish	126	0	0	63	63	0	0	0	0	0	63	1.7	4	1	0
Demersal fish	3	0	0	3	-1	0	0	0	0	0	0	0.0	0	0	0
Pelagic fish	2	22	0	3	21	0	0	0	0	0	21	0.6	1	0	0
Marine fish, other	1	1	0	1	2	0	0	0	0	0	2	0.1	0	0	0
Crustaceans	1	0	0	0	1	0	0	0	0	0	1	0.0	0	0	0
Molluscs other	0	0	0	1	-1	0	0	0	0	0	0	0.0	0	0	0
Miscellaneous	18	7	2	14	13	0	0	7	0	3	3	0	2	0	0
Infant food	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous, other	18	7	2	14	13	0	0	7	0	3	3	0	2	0	0

	FOOD BALANCE SHEET 2007											Population ('000): 37,200			
Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	Proteins	Fats
	1000 Metric Tons											Kg.	units	grams	grams
Grand total													1885	53	34
Vegetable prod.													1748	42	24
Animal prod.													137	11	11
Cereals (excl. beer)	3626	903	545	69	5006	106	71	110	798	0	3921	105	901	22	4
Wheat	354	581	0	5	930	0	10	9	18	0	892	24.0	178	5	1
Maize	2929	103	545	49	3528	80	54	12	742	0	2639	71.0	618	15	2
Rice (Milled Eq.)	32	203	0	0	235	0	0	2	5	0	228	6.1	69	1	0
Barley	41	0	0	13	28	0	1	26	1	0	1	0.0	0	0	0
Oats	4	0	0	0	4	1	0	0	0	0	2	0.1	0	0	0
Millet	120	2	0	0	122	10	2	25	14	0	72	1.9	16	0	0
Sorghum	147	11	0	1	158	16	3	37	18	0	84	2.3	19	1	0
Cereals, other	0	3	0	0	3	0	0	0	0	0	3	0.1	1	0	0
Starchy roots	2023	1	0	0	2024	0	104	1	174	0	1745	46.9	117	1	0
Cassava	398	0	0	0	398	0	0	0	12	0	386	10.4	31	0	0
Potatoes	785	0	0	0	784	0	104	1	78	0	601	16.2	31	1	0
Sweet Potatoes	812	0	0	0	812	0	0	0	81	0	730	19.6	53	0	0
Yams	7	0	0	0	7	0	0	0	0	0	7	0.2	0	0	0
Roots, other	23	0	0	0	23	0	0	0	2	0	21	0.6	1	0	0
Sugar crops	5204	0	0	0	5204	0	0	4150	0	0	1054	28.3	22	0	0
Sugar cane	5204	0	0	0	5204	0	0	4150	0	0	1054	28.3	22	0	0
Sugar & Sweeteners	572	179	-20	19	712	0	0	34	0	0	678	18.2	177	0	0
Sugar non-centrifugal	23	0	0	0	23	0	0	20	0	0	3	0.1	1	0	0
Sugar (raw equivalent)	527	167	-20	15	660	0	0	7	0	0	652	17.5	171	0	0
Sweeteners, other	0	12	0	4	8	0	0	7	0	0	1	0.0	0	0	0
Honey	22	0	0	0	22	0	0	0	0	0	22	0.6	5	0	0
Pulses	562	17	433	3	1009	0	9	0	96	0	921	24.8	232	15	1
Beans	384	12	35	2	429	0	0	0	65	0	364	9.8	91	6	0
Peas	0	5	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Pulses, other	178	1	398	1	576	0	9	0	31	0	553	14.9	140	9	1
Treenuts	22	0	0	6	16	0	0	0	0	0	13	0.3	3	0	0
Oilcrops	152	16	0	7	161	10	3	93	7	0	48	1.3	15	1	1
Soybeans	0	8	0	1	7	0	0	0	0	0	7	0.2	2	0	0
Groundnuts	21	1	0	0	22	0	1	0	1	0	20	0.5	8	0	1
Sunflowerseed	12	0	0	0	12	0	0	11	1	0	0	0.0	0	0	0
Cottonseed	13	3	0	1	15	0	2	13	1	0	0	0.0	0	0	0
Coconuts (incl. copra)	60	0	0	0	60	10	0	34	4	0	12	0.3	1	0	0
Sesame seed	10	4	0	5	10	0	0	0	0	0	9	0.2	4	0	0
Oilcrops, other	36	0	0	0	35	0	0	35	0	0	0	0.0	0	0	0
Vegetable oils	38	435	0	61	412	0	0	0	0	188	224	6.0	144	0	16
Soybean oil	0	5	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Sunflower seed oil	3	0	0	0	3	0	0	0	0	0	3	0.1	2	0	0
Cottonseed oil	2	0	0	0	1	0	0	0	0	0	1	0.0	1	0	0
Palm kernel oil	0	2	0	0	2	0	0	0	0	0	2	0.1	1	0	0
Palm oil	0	426	0	55	371	0	0	0	0	185	186	5.0	120	0	13
Copra oil	6	0	0	0	6	0	0	0	0	0	6	0.2	4	0	0
Maize germ oil	14	1	0	0	14	0	0	0	0	0	14	0.4	9	0	1
Oilcrops oil, other	14	1	0	0	15	0	0	0	0	3	12	0.3	8	0	1
Vegetables	1397	10	0	83	1324	0	0	0	104	0	1220	32.8	20	1	0
Tomatoes	330	5	0	0	335	0	0	0	33	0	302	8.1	4	0	0
Onions	68	0	0	0	68	0	0	0	7	0	61	1.6	2	0	0
Vegetables, other	999	5	0	83	921	0	0	0	64	0	857	23.0	14	1	0
Fruits	2441	11	0	231	2221	0	0	6	257	0	1959	52.6	90	1	1
Oranges & mandarins	26	2	0	0	28	0	0	0	3	0	25	0.7	1	0	0
Grapefruit	13	0	0	0	13	0	0	0	1	0	12	0.3	0	0	0
Citrus, other	135	0	0	0	135	0	0	0	14	0	121	3.3	2	0	0
Bananas	600	0	0	0	600	0	0	0	90	0	510	13.7	23	0	0
Plantains	600	0	0	0	600	0	0	6	60	0	534	14.4	35	0	0
Apples (excl. cider)	2	4	0	0	6	0	0	0	0	0	6	0.2	0	0	0
Pineapples	600	0	0	203	397	0	0	0	60	0	338	9.1	13	0	0
Dates	1	1	0	0	2	0	0	0	0	0	2	0.0	0	0	0
Grapes (excl. wine)	1	2	0	0	3	0	0	0	0	0	3	0.1	0	0	0
Fruit, other	463	2	0	28	438	0	0	0	31	0	408	11.0	16	0	1
Stimulants	423	12	5	454	-13	0	0	0	0	0	60	1.6	2	0	0
Coffee	53	1	5	76	-17	0	0	0	0	0	57	1.5	2	0	0
Cocoa Beans	0	2	0	1	2	0	0	0	0	0	2	0.0	0	0	0
Tea	370	9	0	377	2	0	0	0	0	0	2	0.1	0	0	0

	FOOD BALANCE SHEET 2007										Population ('000): 37,200				
Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	Proteins	Fats
	1000 Metric Tons											Kg.	units	grams	grams
Spices	7	1	0	1	6	0	0	0	0	0	6	0.2	1	0	0
Pimento	5	0	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Cloves	1	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Spices, other	1	1	0	1	1	0	0	0	0	0	1	0.0	0	0	0
Alcoholic beverages	542	7	0	2	547	0	0	0	0	0	546	14.7	21	0	0
Wine	0	4	0	1	3	0	0	0	0	0	3	0.1	0	0	0
Beer	210	2	0	1	211	0	0	0	0	0	211	5.7	7	0	0
Beverages, fermented	309	0	0	0	309	0	0	0	0	0	309	8.3	9	0	0
Beverages, alcoholic	23	1	0	1	23	0	0	0	0	0	23	0.6	5	0	0
Meat	505	0	0	2	503	0	0	0	0	0	604	16.2	84	6	7
Bovine meat	445	0	0	0	445	0	0	0	0	0	445	12.0	62	5	6
Mutton & goat meat	0	0	0	0	0	0	0	0	0	0	85	2.3	11	1	1
Pig meat	0	0	0	2	-2	0	0	0	0	0	15	0.4	5	0	0
Poultry meat	24	0	0	0	24	0	0	0	0	0	24	0.6	2	0	0
Other meat	36	0	0	0	36	0	0	0	0	0	36	1.0	4	0	0
Offals	83	0	0	0	83	0	0	0	0	0	83	2.2	7	1	0
Animal fats	18	4	0	0	22	0	0	13	0	3	5	0.1	3	0	0
Butter, ghee	2	0	0	0	2	0	0	0	0	0	2	0.1	1	0	0
Fats, animal, raw	16	4	0	0	19	0	0	13	0	3	3	0.1	2	0	0
Milk (excl butter)	454	17	0	3	468	17	0	2	68	0	685	18.4	32	2	2
Eggs	89	0	0	0	90	0	5	0	13	0	72	1.9	6	1	1
Fish & sea food	133	24	0	71	86	0	0	0	0	0	87	2.3	5	1	0
Freshwater fish	126	0	0	63	63	0	0	0	0	0	63	1.7	4	1	0
Demersal fish	3	0	0	3	-1	0	0	0	0	0	0	0.0	0	0	0
Pelagic fish	2	22	0	3	21	0	0	0	0	0	21	0.6	1	0	0
Marine fish, other	1	1	0	1	2	0	0	0	0	0	2	0.1	0	0	0
Crustaceans	1	0	0	0	1	0	0	0	0	0	1	0.0	0	0	0
Molluscs other	0	0	0	1	-1	0	0	0	0	0	0	0.0	0	0	0
Miscellaneous	18	7	2	14	13	0	0	7	0	3	3	0	2	0	0
Infant food	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous, other	18	7	2	14	13	0	0	7	0	3	3	0	2	0	0

	FOOD BALANCE SHEET 2008											Population ('000): 38,300			
Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	Proteins	Fats
	1000 Metric Tons											Kg.	units	grams	grams
Grand total													1789	48	33
Vegetable prod.													1657	38	23
Animal prod.													133	10	10
Cereals (excl. beer)	2858	1017	545	44	4377	90	71	68	388	0	3759	98	840	21	3
Wheat	337	555	0	5	887	0	10	6	18	0	853	22.3	166	5	1
Maize	2370	244	545	24	3134	80	54	12	353	0	2635	68.8	599	14	2
Rice (Milled Eq.)	15	202	0	0	217	0	0	2	4	0	210	5.5	62	1	0
Barley	41	0	0	13	28	0	1	26	1	0	1	0.0	0	0	0
Oats	4	0	0	0	4	1	0	0	0	0	2	0.1	0	0	0
Millet	38	2	0	0	41	3	2	8	5	0	23	0.6	5	0	0
Sorghum	54	11	0	1	64	7	3	14	7	0	33	0.9	7	0	0
Cereals, other	0	3	0	0	3	0	0	0	0	0	3	0.1	1	0	0
Starchy roots	2475	1	0	0	2475	0	104	1	195	0	2175	56.8	146	2	0
Cassava	751	0	0	0	751	0	0	0	23	0	728	19.0	56	0	0
Potatoes	800	0	0	0	800	0	104	1	80	0	615	16.1	31	1	0
Sweet Potatoes	895	0	0	0	895	0	0	0	89	0	805	21.0	56	0	0
Yams	6	0	0	0	6	0	0	0	0	0	6	0.2	0	0	0
Roots, other	23	0	0	0	23	0	0	0	2	0	21	0.5	1	0	0
Sugar crops	5112	0	0	0	5112	0	0	4150	0	0	962	25.1	19	0	0
Sugar cane	5112	0	0	0	5112	0	0	4150	0	0	962	25.1	19	0	0
Sugar & Sweeteners	572	179	-20	19	712	0	0	34	0	0	678	17.7	172	0	0
Sugar non-centrifugal	23	0	0	0	23	0	0	20	0	0	3	0.1	1	0	0
Sugar (raw equivalent)	527	167	-20	15	660	0	0	7	0	0	652	17.0	166	0	0
Sweeteners, other	0	12	0	4	8	0	0	7	0	0	1	0.0	0	0	0
Honey	22	0	0	0	22	0	0	0	0	0	22	0.6	5	0	0
Pulses	422	17	433	3	869	0	9	0	76	0	801	20.9	196	13	1
Beans	261	12	35	2	306	0	0	0	46	0	260	6.8	63	4	0
Peas	0	5	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Pulses, other	161	1	398	1	559	0	9	0	30	0	537	14.0	132	8	1
Treenuts	22	0	0	6	16	0	0	0	0	0	13	0.3	3	0	0
Oilcrops	152	16	0	7	161	10	3	93	7	0	48	1.3	15	1	1
Soybeans	0	8	0	1	7	0	0	0	0	0	7	0.2	2	0	0
Groundnuts	21	1	0	0	22	0	1	0	1	0	20	0.5	8	0	1
Sunflowerseed	12	0	0	0	12	0	0	11	1	0	0	0.0	0	0	0
Cottonseed	13	3	0	1	15	0	2	13	1	0	0	0.0	0	0	0
Coconuts (incl. copra)	60	0	0	0	60	10	0	34	4	0	12	0.3	1	0	0
Sesame seed	10	4	0	5	10	0	0	0	0	0	9	0.2	4	0	0
Oilcrops, other	36	0	0	0	35	0	0	35	0	0	0	0.0	0	0	0
Vegetable oils	38	433	0	63	408	0	0	0	0	184	224	5.8	140	0	16
Soybean oil	0	5	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Sunflower seed oil	3	0	0	0	3	0	0	0	0	0	3	0.1	2	0	0
Cottonseed oil	2	0	0	0	1	0	0	0	0	0	1	0.0	1	0	0
Palm kernel oil	0	2	0	0	2	0	0	0	0	0	2	0.0	1	0	0
Palm oil	0	424	0	57	367	0	0	0	0	181	186	4.9	116	0	13
Copra oil	6	0	0	0	6	0	0	0	0	0	6	0.2	4	0	0
Maize germ oil	14	1	0	0	14	0	0	0	0	0	14	0.4	9	0	1
Oilcrops oil, other	14	1	0	0	15	0	0	0	0	3	12	0.3	7	0	1
Vegetables	1397	10	0	83	1324	0	0	0	104	0	1220	31.9	20	1	0
Tomatoes	330	5	0	0	335	0	0	0	33	0	302	7.9	4	0	0
Onions	68	0	0	0	68	0	0	0	7	0	61	1.6	2	0	0
Vegetables, other	999	5	0	83	921	0	0	0	64	0	857	22.4	14	1	0
Fruits	2441	11	0	255	2197	0	0	6	257	0	1935	50.5	86	1	1
Oranges & mandarins	26	2	0	0	28	0	0	0	3	0	25	0.6	1	0	0
Grapefruit	13	0	0	0	13	0	0	0	1	0	12	0.3	0	0	0
Citrus, other	135	0	0	0	135	0	0	0	14	0	121	3.2	2	0	0
Bananas	600	0	0	0	600	0	0	0	90	0	510	13.3	22	0	0
Plantains	600	0	0	0	600	0	0	6	60	0	534	13.9	34	0	0
Apples (excl. cider)	2	4	0	0	6	0	0	0	0	0	6	0.2	0	0	0
Pineapples	600	0	0	226	374	0	0	0	60	0	314	8.2	12	0	0
Dates	1	1	0	0	2	0	0	0	0	0	2	0.0	0	0	0
Grapes (excl. wine)	1	2	0	0	3	0	0	0	0	0	3	0.1	0	0	0
Fruit, other	463	2	0	28	438	0	0	0	31	0	408	10.6	15	0	1
Stimulants	388	8	5	457	-56	0	0	0	0	0	47	1.2	2	0	0
Coffee	42	1	5	58	-10	0	0	0	0	0	45	1.2	2	0	0
Cocoa Beans	0	2	0	1	2	0	0	0	0	0	2	0.0	0	0	0
Tea	346	4	0	399	-48	0	0	0	0	0	0	0.0	0	0	0

FOOD BALANCE SHEET 2008

Population ('000): 38,300

Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	Proteins	Fats
	1000 Metric Tons											Kg.	units	grams	grams
Spices	7	1	0	1	6	0	0	0	0	0	6	0.2	1	0	0
Pimento	5	0	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Cloves	1	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Spices, other	1	1	0	1	1	0	0	0	0	0	1	0.0	0	0	0
Alcoholic beverages	346	7	0	2	351	0	0	0	0	0	351	9.2	15	0	0
Wine	0	4	0	1	3	0	0	0	0	0	3	0.1	0	0	0
Beer	210	2	0	1	211	0	0	0	0	0	211	5.5	6	0	0
Beverages, fermente	114	0	0	0	114	0	0	0	0	0	114	3.0	3	0	0
Beverages, alcoholic	23	1	0	1	23	0	0	0	0	0	23	0.6	5	0	0
Meat	518	0	0	2	516	0	0	0	0	0	617	16.1	84	6	7
Bovine meat	458	0	0	0	458	0	0	0	0	0	458	12.0	62	5	6
Mutton & goat meat	0	0	0	0	0	0	0	0	0	0	85	2.2	11	1	1
Pig meat	0	0	0	2	-2	0	0	0	0	0	15	0.4	5	0	0
Poultry meat	24	0	0	0	24	0	0	0	0	0	24	0.6	2	0	0
Other meat	36	0	0	0	36	0	0	0	0	0	36	0.9	4	0	0
Offals	76	0	0	0	76	0	0	0	0	0	76	2.0	6	1	0
Animal fats	18	4	0	0	22	0	0	13	0	3	5	0.1	3	0	0
Butter, ghee	2	0	0	0	2	0	0	0	0	0	2	0.1	1	0	0
Fats, animal, raw	16	4	0	0	19	0	0	13	0	3	3	0.1	2	0	0
Milk (excl butter)	430	17	0	3	444	17	0	2	67	0	663	17.3	30	2	2
Eggs	84	0	0	0	84	0	5	0	13	0	66	1.7	6	1	0
Fish & sea food	133	24	0	71	86	0	0	0	0	0	87	2.3	5	1	0
Freshwater fish	126	0	0	63	63	0	0	0	0	0	63	1.6	3	1	0
Demersal fish	3	0	0	3	-1	0	0	0	0	0	0	0.0	0	0	0
Pelagic fish	2	22	0	3	21	0	0	0	0	0	21	0.5	1	0	0
Marine fish, other	1	1	0	1	2	0	0	0	0	0	2	0.1	0	0	0
Crustaceans	1	0	0	0	1	0	0	0	0	0	1	0.0	0	0	0
Molluscs other	0	0	0	1	-1	0	0	0	0	0	0	0.0	0	0	0
Miscellaneous	18	7	2	14	13	0	0	7	0	3	3	0	2	0	0
Infant food	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous, other	18	7	2	14	13	0	0	7	0	3	3	0	2	0	0

FOOD BALANCE SHEET 2009 — **Population('000): 39400**

Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	Proteins	Fats
	1000 Metric Tons											Kg.	units	grams	grams
Grand total													1797	52	34
Vegetable prod.													1656	41	23
Animal prod.													140	11	11
Cereals (excl. beer)	2971	2799	545	33	6283	101	72	108	435	0	4246	111	941	23	4
Wheat	337	798	0	6	1129	0	10	23	22	0	1072	28.0	205	6	2
Maize	2439	1508	545	9	4483	80	57	12	378	0	2637	68.6	597	14	2
Rice (Milled Eq.)	25	398	0	2	421	0	0	2	9	0	410	10.7	111	2	0
Barley	16	21	0	14	23	0	0	22	1	0	1	0.0	0	0	0
Oats	4	0	0	0	4	1	0	0	0	0	2	0.1	0	0	0
Millet	56	12	0	0	68	5	2	14	8	0	40	1.0	9	0	0
Sorghum	95	59	0	2	152	15	3	36	17	0	81	2.1	18	1	0
Cereals, other	0	3	0	0	3	0	0	0	0	0	3	0.1	1	0	0
Starchy roots	564	7	0	2	569	0	104	0	51	0	413	10.8	25	0	0
Cassava	82	1	0	0	83	0	0	0	2	0	80	2.1	6	0	0
Potatoes	386	5	0	1	390	0	104	0	39	0	247	6.4	13	0	0
Sweet Potatoes	93	0	0	0	93	0	0	0	9	0	84	2.2	6	0	0
Roots, other	2	0	0	0	3	0	0	0	0	0	2	0.1	0	0	0
Sugar crops	5112	0	0	0	5112	0	0	4150	0	0	962	25.1	19	0	0
Sugar cane	5112	0	0	0	5112	0	0	4150	0	0	962	25.1	19	0	0
Sugar & Sweeteners	572	179	-20	19	712	0	0	34	0	0	678	17.7	172	0	0
Sugar non-centrifugal	23	0	0	0	23	0	0	20	0	0	3	0.1	1	0	0
Sugar (raw equivalent)	527	167	-20	15	660	0	0	7	0	0	652	17.0	166	0	0
Sweeteners, other	0	12	0	4	8	0	0	7	0	0	1	0.0	0	0	0
Honey	22	0	0	0	22	0	0	0	0	0	22	0.6	5	0	0
Pulses	566	7	433	1	1004	0	7	0	99	0	915	23.8	223	14	1
Beans	423	1	35	0	459	0	0	0	69	0	390	10.2	95	6	0
Peas	0	5	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Pulses, other	143	1	398	1	541	0	7	0	30	0	520	13.6	127	8	1
Treenuts	22	0	0	6	16	0	0	0	0	0	13	0.3	3	0	0
Oilcrops	122	8	0	6	124	10	3	83	5	0	24	0.6	6	0	1
Soybeans	0	0	0	0	0	0	0	0	0	0	1	0.0	0	0	0
Groundnuts	12	1	0	0	13	0	1	0	1	0	11	0.3	4	0	0
Sunflowerseed	1	0	0	0	1	0	0	1	0	0	0	0.0	0	0	0
Cottonseed	13	3	0	1	15	0	2	13	1	0	0	0.0	0	0	0
Coconuts (incl. copra)	60	0	0	0	60	10	0	34	4	0	12	0.3	1	0	0
Sesame seed	0	4	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Oilcrops, other	36	0	0	0	35	0	0	35	0	0	0	0.0	0	0	0
Vegetable oils	35	433	0	63	405	0	0	0	0	184	221	5.8	138	0	15
Soybean oil	0	5	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Cottonseed oil	2	0	0	0	1	0	0	0	0	0	1	0.0	1	0	0
Palm kernel oil	0	2	0	0	2	0	0	0	0	0	2	0.0	1	0	0
Palm oil	0	424	0	57	367	0	0	0	0	181	186	4.8	116	0	13
Copra oil	6	0	0	0	6	0	0	0	0	0	6	0.2	4	0	0
Maize germ oil	14	1	0	0	14	0	0	0	0	0	14	0.4	9	0	1
Oilcrops oil, other	14	1	0	0	15	0	0	0	0	3	12	0.3	7	0	1
Vegetables	1397	10	0	83	1324	0	0	0	104	0	1220	31.8	20	1	0
Tomatoes	330	5	0	0	335	0	0	0	33	0	302	7.9	4	0	0
Onions	68	0	0	0	68	0	0	0	7	0	61	1.6	2	0	0
Vegetables, other	999	5	0	83	921	0	0	0	64	0	857	22.3	14	1	0
Fruits	2441	11	0	255	2197	0	0	6	257	0	1935	50.4	86	1	1
Oranges & mandarins	26	2	0	0	28	0	0	0	3	0	25	0.6	1	0	0
Grapefruit	13	0	0	0	13	0	0	0	1	0	12	0.3	0	0	0
Citrus, other	135	0	0	0	135	0	0	0	14	0	121	3.2	2	0	0
Bananas	600	0	0	0	600	0	0	0	90	0	510	13.3	22	0	0
Plantains	600	0	0	0	600	0	0	6	60	0	534	13.9	34	0	0
Apples (excl. cider)	2	4	0	0	6	0	0	0	0	0	6	0.2	0	0	0
Pineapples	600	0	0	226	374	0	0	0	60	0	314	8.2	12	0	0
Dates	1	1	0	0	2	0	0	0	0	0	2	0.0	0	0	0
Grapes (excl. wine)	1	2	0	0	3	0	0	0	0	0	3	0.1	0	0	0
Fruit, other	463	2	0	28	438	0	0	0	31	0	408	10.6	15	0	1
Stimulants	388	8	5	457	-56	0	0	0	0	0	47	1.2	2	0	0
Coffee	42	1	5	58	-10	0	0	0	0	0	45	1.2	2	0	0
Cocoa Beans	0	2	0	1	2	0	0	0	0	0	2	0.0	0	0	0
Tea	346	4	0	399	-48	0	0	0	0	0	0	0.0	0	0	0

FOOD BALANCE SHEET 2009 Population('000): 39400

Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	PER DAY Proteins	PER DAY Fats
	1000 Metric Tons											Kg.	units	grams	grams
Spices	7	1	0	1	6	0	0	0	0	0	6	0.2	1	0	0
Pimento	5	0	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Cloves	1	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Spices, other	1	1	0	1	1	0	0	0	0	0	1	0.0	0	0	0
Alcoholic beverages	480	7	0	2	485	0	0	0	0	0	484	12.6	18	0	0
Wine	0	4	0	1	3	0	0	0	0	0	3	0.1	0	0	0
Beer	210	2	0	1	211	0	0	0	0	0	211	5.5	6	0	0
Beverages, fermented	248	0	0	0	248	0	0	0	0	0	248	6.4	7	0	0
Beverages, alcoholic	22	1	0	1	23	0	0	0	0	0	23	0.6	5	0	0
Meat	557	0	0	2	555	0	0	0	0	0	663	17.3	90	7	8
Bovine meat	498	0	0	0	498	0	0	0	0	0	498	13.0	67	5	6
Mutton & goat meat	0	0	0	0	0	0	0	0	0	0	90	2.3	11	1	1
Pig meat	0	0	0	2	-2	0	0	0	0	0	17	0.4	5	0	0
Poultry meat	23	0	0	0	23	0	0	0	0	0	23	0.6	2	0	0
Other meat	36	0	0	0	36	0	0	0	0	0	36	0.9	4	0	0
Offals	76	0	0	0	76	0	0	0	0	0	76	2.0	6	1	0
Animal fats	18	4	0	0	22	0	0	13	0	3	5	0.1	3	0	0
Butter, ghee	2	0	0	0	2	0	0	0	0	0	2	0.1	1	0	0
Fats, animal, raw	16	4	0	0	19	0	0	13	0	3	3	0.1	2	0	0
Milk (excl butter)	438	22	0	12	447	17	0	2	68	0	665	17.3	30	2	2
Eggs	81	0	0	0	81	0	5	0	12	0	64	1.7	6	0	0
Fish & sea food	151	35	0	67	119	0	0	0	0	0	120	3.1	6	1	0
Freshwater fish	144	12	0	59	96	0	0	0	0	0	96	2.5	5	1	0
Demersal fish	3	0	0	3	-1	0	0	0	0	0	0	0.0	0	0	0
Pelagic fish	2	22	0	3	21	0	0	0	0	0	21	0.5	1	0	0
Marine fish, other	1	1	0	1	2	0	0	0	0	0	2	0.1	0	0	0
Crustaceans	1	0	0	0	1	0	0	0	0	0	1	0.0	0	0	0
Molluscs other	0	0	0	1	-1	0	0	0	0	0	0	0.0	0	0	0
Miscellaneous	18	7	2	14	13	0	0	7	0	3	3	0	2	0	0
Infant food	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous, other	18	7	2	14	13	0	0	7	0	3	3	0	2	0	0

Note: Population figures are based on projections from 1999 Population and Housing Census.

Chapter 9
Environment and Natural Resources

Overview

Kenya's economic growth depends partly on exploitation of natural resources and; environmental goods and services. In 2009, the Government through the Ministry of Environment and Mineral Resources continued to intensify environmental conservation to ensure a clean, secure and sustainable environment without compromising economic growth. Towards this end, the Government enacted the Mining and Minerals Act 2009 and started enforcement of the Environmental Management and Co-ordination Control Regulations, 2009.

9.2 Overall development expenditure on water supplies and related services is expected to increase from KSh 15,291 million in Financial Year (FY) 2008/09 to KSh 18,649 million in FY 2009/10. The quantity of fish landed in the country rose to 145.5 thousand tonnes in 2009 from 135.4 thousand tonnes in 2008. However, the quantity of mineral production declined by 9.4 per cent to 1,399 thousand tonnes in 2009. The population of most wildlife species declined due to severe drought conditions during the period under review. Forest plantation stocking also decreased from 114.0 thousand hectares in 2008 to 107.0 thousand hectares in 2009, mainly as a result of high planting failures and fire damages.

Water Supply

9.3. In 2009, the Ministry of Water and Irrigation continued with its fundamental goal of managing and increasing water supply with a view to ensuring optimal access to available water resources by all households. During the year, the water services boards undertook to develop the urban water supplies infrastructure while the National Water Conservation and Pipeline Corporation provided water schemes in the rural areas. The major works were mainly on expansion and upgrading of the existing water supply systems in the country.

9.4. In pursuit of the policy of provision of clean water to all households within a reasonable distance, the Government through the Ministry of Water and Irrigation continued to maintain a number of Water Purification Points (WPPs) across the country as shown in Table 9.1. During the year, the number of WPPs increased to 209 from 192 in 2008/09 following the construction and completion of 17 major water projects in Central, Eastern, Nyanza, Rift Valley and Western Provinces.

9.5. As shown in Table 9.1, the Ministry of Water and Irrigation in collaboration with other stakeholders in the sector drilled 124 boreholes compared to 115 drilled in FY 2008/09. The number of boreholes drilled in Eastern, Rift Valley and North Eastern Provinces were 36, 32 and 28 boreholes respectively. There was also a notable increase in the number of boreholes drilled in Coast Province during the same period.

9.6. To improve availability of water to all Kenyans especially in the rural areas, the Ministry of Water and Irrigation was also involved in the construction of dams across the country. The major dams under construction include Chemususu, Badasa, Kiserian, Umma in Koibatek, Marsabit, Kajiado and Kitui districts, respectively.

Table 9.1: Water Purification Points (WPP) and Boreholes Drilled 2005/06- 2009/10

	2005/06		2006/07		2007/08		2008/09		2009/10*	
Province	**WPP**	**BH**	**WPP**	**BH**	**WPP**	**BH**	**WPP**	**BH**	**WPP**	**BH**
Central	34	28	34	26	34	7	38	7	42	5
Coast	8	16	8	13	8	15	8	5	8	12
Eastern	28	45	28	79	28	36	29	32	30	36
N/Eastern	7	53	7	10	7	67	7	14	7	28
Nyanza	33	34	33	11	33	4	34	8	41	6
Rift Valley	43	27	43	56	43	32	43	34	45	32
Western	33	24	33	6	33	3	33	-	36	3
Nairobi	-	4	-	6	-	6	-	15	-	2
TOTAL	**186**	**231**	**186**	**207**	**186**	**170**	**192**	**115**	**209**	**124**

Source: Ministry of Water and Irrigation

* Provisional

BH - Borehole (drilled by Government and private sector)

9.7. Development expenditure on water supplies and related services over the period FY 2005/06 to FY 2009/10 is shown in Table 9.2. There has been substantial increase in funding of the water sector by both the Government and Development Partners during the last five years. The overall expenditure is expected to rise from KSh 15,291 million in FY 2008/09 to KSh 18,649 million in FY 2009/10 mainly due to increased allocation to the National Water Conservation and Pipeline Corporation and, National Irrigation Board.

Table 9.2: Development Expenditure on Water Supplies and Related Services 2005/06 - 2009/10

KSh Million

Item	2005/06	2006/07	2007/08	2008/09	2009/10*
Water Development	1,895.9	3,368.0	4,448.5	9,989.0	11,631.6
Training of Water Development Staff	50.0	39.0	40.0	25.0	30.0
Rural Water Supplies	789.8	814.0	80.0	1,056.7	1,052.8
County Council and Urban Water Supplies [1]	1,293.3	300.2	-	-	-
Miscellaneous and Special Water Programmes	236.5	141.5	1,218.0	178.0	208.0
National Water Conservation and Pipeline Corporation	1,974.3	2,031.5	1,733.5	3,002.2	4,201.2
Irrigation Development	112.4	442.6	474.4	629.7	486.0
National Irrigation Board	246.5	455.3	420.0	410.0	1,039.0
TOTAL	6,598.7	7,592.1	8,414.3	15,290.6	18,648.6

Source: Ministry of Water and Irrigation / National Water Conservation and Pipeline Corporation

* Provisional

[1] Funds re-allocated to water services boards since 2007/08

9.8. Expenditure on Water Development is expected to rise by 16.4 per cent from KSh 9,989.0 million in FY 2008/09 to KSh 11,631.6 million in FY 2009/10. Similarly, expenditure on the National Water Conservation and Pipeline Corporation is expected to increase by 39.9 per cent in 2009/10. At the same time, expenditure by National Irrigation Board is expected to more than double. The huge increase in budgetary allocation to the National Irrigation Board was for rehabilitation and expansion of the existing Irrigation schemes as envisioned in the Vision

2030 flagship projects initiative. However, Irrigation Development expenditure is expected to decline from KSh 630.0 million in 2008/09 to KSh 486.0 million in 2009/10.

Fisheries

9.9. The management and development strategy of Fisheries Department in the Ministry of Fisheries Development emphasizes maximisation of returns and utilisation of inland and marine resources. It also includes increased production and supply of fish to provide income and a cheap source of proteins to the rural communities.

9.10. The fishing industry has continued to record improved performance in earnings from fish landings over the last five years. In 2009, the overall quantity of fish landed increased by 7.5 per cent to 145.5 thousand tonnes from 135.4 thousand tonnes in 2008 as shown in Table 9.3. In 2009, the quantity of fresh water fish landed increased by 7.7 per cent to 136.5 thousand tonnes from 126.7 thousand tonnes in 2008. Similarly, Marine fish landings increased to 7.8 thousand tonnes in 2009 from 7.6 thousand tonnes in 2008.

9.11. Total earnings from fish landed rose from KSh 11,454 million in 2008 to KSh 12,013 million in 2009 attributed to increased fish landings and favorable domestic and export market prices. The value of freshwater fish increased from KSh 10,718 million in 2008 to KSh 11,233 million in 2009, accounting for 93.5 per cent of the total revenue generated from the fisheries sub-sector in 2009.

Table 9.3: Quantity and Value of Fish Landed, 2005 -2009

Quantities - Tonnes:	2005	2006	2007+	2008	2009*
Freshwater fish					
Lake Victoria. ..	133,526	143,908	117,231	111,369	120,231
Lake Turkana . ..	2,493	4,559	5,122	8,070	9,118
Lake Naivasha	108	189	203	225	197
Lake Baringo	43	68	173	262	211
Lake Jipe	74	109	96	109	89
Tana River	950	1,024	1112	1302	974
Fish Farming	1,047	1,012	4,245	4,452	4,897
Other areas . ..	785	842	706	883	812
TOTAL ..	139,026	151,711	128,888	126,672	136,529
Marine fish . ..	5,862	6,023	6,355	7,561	7,811
Crustaceans	441	436	618	578	589
Other marine products.	520	500	494	597	602
GRAND TOTAL .	145,849	158,670	136,355	135,408	145,531
Value - KSh million					
Freshwater fish .	7,208	8,071	8,029	10,718	11,233
Marine fish . ..	306	335	422	541	573
Crustaceans . ..	99	123	145	147	154
Other marine products	39	38	43	49	53
TOTAL .	**7,652**	**8,567**	**8,640**	**11,454**	**12,013**

Source: Fisheries Department

* Provisional

+ Revised

Forestry 9.12. Kenya recognises the vital role of afforestation in its development endeavor. This is evidenced by the intensified efforts by the government through Kenya Forest Service in the rehabilitation and conservation of the natural forests. Restoration of the Mau forest and the continued tree planting campaigns on individual farms were some of the achievements in the sub-sector in 2009.

9.13. As shown in Table 9.4, the forest plantation stocking decreased by 6.1 per cent from 114.0 thousand hectares in 2008 to 107.0 thousand hectares in 2009. The decline was mainly attributed to high planting failures and fire damages totaling 8.7 thousand hectares in 2009 compared to 1.0 thousand hectares in 2008. The area planted declined from 5.7 thousand hectares in 2008 to 3.5 thousand hectares in 2009 while the area clear felled slowed down from 3.0 thousand hectares in 2008 to 1.8 thousand hectares during the same period.

Table 9.4: Forest Plantation Stocking, 2005-2009.

Stocking	2005	2006	2007	2008	2009*
Previous Plantation Area.[1].	114.5	117.6	110.5	112.3	114.0
Area Planted.	7.3	6.0	5.5	5.7	3.5
Total	121.8	123.6	116.0	118.0	117.5
Area Clear felled	4.2	2.0	2.0	3.0	1.8
Planting failures/fire damages	-	11.1	1.7	1.0	8.7
Total Area	**117.6**	**110.5**	**112.3**	**114.0**	**107**

Source: Kenya Forest Service

* Provisional

[1] Opening stock at the beginning of the year

9.14. Table 9.5 shows the recorded sale of forest products from 2005 to 2009. Total sale of forest products decreased by 28.6 per cent from 503.7 thousand true cubic metres in 2008 to 359.7 thousand true cubic metres in 2009. The reduced sale of timber was due to non production of forest products by Pan Paper Mills company which became insolvent in 2009. The recorded sale of softwood category declined considerably from 503.7 thousand true cubic metres in 2008 to 347.0 thousand true cubic metres in 2009. The recorded sale of hardwood category of forest products was 12.7 thousand true cubic metres in 2009 despite the total logging ban on this category. This was as result of clearance of hardwood category of forest to pave the way for the construction of water storage dams in various parts of the country.

Table 9.5: Recorded sale of Forest Products, 2005 – 2009

Forest Products	2005	2006	2007	2008	2009*
Timber - '000 true cu. metres-					
Soft wood.	994.0	448.2	423.4	503.7	347.0
Hard wood	-	-	-	-	12.7
TOTAL	994.0	448.2	423.4	503.7	359.7
'000 stacked cu. metres-					
Fuel wood /Charcoal . ..	47.2	44.0	27.7	28.8	0.9
Power &Telegraph Poles	6.3	9.5	18.5	52.0	12.2

Source: Kenya Forest Service

* Provisional.

Mining 9.15. Kenya's mining industry continued to be dominated by production of non metallic minerals comprising industrial minerals such as soda ash, fluorspar, diatomite and gemstones among others. During the year, the Government through the Ministry of Environment and

Mineral Resources enacted the Mining and Minerals Act 2009 which is expected to streamline activities within the sector. The new law requires all licensees to operate for four years with renewals of up to seven years in total.

Tables 9.6: Quantity and Value of Mineral Production, 2005 -2009

Mineral	2005	2006	2007	2008	2009*
Quantities - Tonnes:					
Minerals-					
Soda Ash	360,161	374,210	386,578	502,846	404,904
Fluorspar	109,594	132,030	85,115	130,100	5,500
Salt	26,595	35,024	11,596	24,345	24,125
Crushed Refined Soda	640,291	662,939	843,043	865,788	948,076
Carbon Dioxide	8,723	9,359	11,028	22,030	15,711
Diatomite[1]	243	185	201	72	231
Gold[1]	0.6	0.4	3.0	0.3	1.1
Gemstones[1]	5	5	9	21	39
TOTAL	**1,145,613**	**1,213,752**	**1,349,511**	**1,545,202**	**1,398,587**
Value - KSh million					
Soda Ash	3,782	4,532	4,770	8,882	6,085
Fluorspar	1,062	1,156	996	1,949	123
Salt	110	164	58	139	155
Crushed Refined Soda	48	45	430	442	484
Carbon Dioxide	63	67	79	118	84
Diatomite	10	8	9	4	14
Gold	653	584	3,923	593	2,284
Gemstones	102	94	111	179	141
TOTAL	**6,809**	**6,650**	**6,991**	**12,305**	**9,370**

Source: Department of Mines and Geology

* Provisional

[1] Quantities of production assummed to be equal to exports

9.16. As shown in Table 9.6, the quantity of mineral production declined from 1,545 thousand tonnes in 2008 to 1,399 thousand tonnes in 2009 mainly due to reduced production of soda ash and fluorspar in 2009. Production of soda ash and fluorspar declined from 503 thousand tonnes and 130 thousand tonnes in 2008 to 405 thousand tonnes and 6 thousand tonnes in 2009, respectively. The poor performance in fluorspar production was mainly attributed to the temporary closure of the fluorspar company in March 2009 due to the diminished commodity demand in the export market following the global economic downturn. However, production of crushed refined soda, diatomite, gold and gemstones increased in 2009 compared to the 2008 levels. The increased quantity of gemstones produced in 2009 was largely due to high demand for rough low grade compared to gemstone mined in the previous years.

9.17. Total earnings from mineral production decreased by 23.9 per cent from KSh 12,305 million in 2008 to KSh 9,370 million in 2009. The decrease was attributed to reduced production of the main minerals coupled with reduced export earnings from soda ash. The value for soda ash and flourspar decreased to KSh 6,085 million and KSh 123 million in 2009 from KSh 8,882 million and KSh 1,949 million, respectively in 2008

9.18. The average export prices of soda ash and fluorspar are as shown in Table 9.7. Average price per tonne of fluorspar increased by 48.7 per cent to KSh 22.3 thousand in 2009 from KSh 15.0 thousand in 2008. However, the average price per tonne for soda ash declined by 24.9 per cent to KSh 13.9 thousand in 2009 from KSh 18.5 thousand in 2008.

Table 9.7: Average Export Prices of Soda Ash and Fluorspar, 2005 -2009

KSh per tonne

Mineral	2005	2006	2007	2008	2009*
Soda Ash.....	12,003	12,740	12,812	18,541	13,922
Fluorspar.....	9,689	8,754	11,700	14,982	22,280

Source: Department of Mines and Geology

* Provisional

Refuse Management

9.19. Table 9.8 shows the expenditure on public health by the Nairobi City Council. Total expenditure is expected to increase from KSh 490.5 million in FY 2008/09 to KSh 546.0 million in FY 2009/10. The bulk of the expenditure went into cleaning and administration which accounted for 68.9 per cent of the total public health expenditure budget. Expenditure on refuse removal increased marginally from KSh 158. 4 million in FY 2008/09 to KSh 167.5 million in FY 2009/10.

Table 9.8: Expenditure on Public Health by the Nairobi City Council, 2005/06 -2009/10

KSh million

Expenditure category	2005/06	2006/07	2007/08	2008/09	2009/10*
Cleaning and Administration....	286	273	300	330.2	376.4
Cleaning - General.	4	2	2	1.9	2.1
Refuse Removal	163	153	144	158.4	167.5
Total.	453	428	446	491	546

Source: Nairobi City Council

* Provisional

Wildlife

9.20. Wildlife population estimates derived from aerial sample surveys data are given in Table 9.9. Over the period under review, the population of all wildlife herbivores decline except the Thomson's Gazelle, Grevy's Zebra, Kongoni, Warthog and Ostrich. The declines may be attributed to harsh and dry weather conditions during the period, predation, poaching of certain species, migration, and loss of habitat due to land fragmentation among other causes.

Table 9.9: Wildlife Population Estimates in the Kenya Rangelands, 2005 – 2009

'000 Number

SPECIES	2005	2006	2007	2008	2009*
Elephant	16.8	17.5	19.7	19.4	16.9
Buffalo	22.3	22.1	20.1	18.1	17.5
Giraffe	34.4	31.7	29.3	27.5	25.0
Burchell's Zebra	123.1	115.4	109.0	107.0	103.0
Grevy's Zebra	4.4	4.1	4.0	3.8	3.8
Topi	31.0	27.3	28.5	27.0	24.0
Kongoni	10.0	9.1	9.7	7.4	8.5
Wildebeest	300.3	291.3	291.5	298.0	295.0
Oryx	21.5	22.4	20.0	18.8	18.0
Eland	8.2	8.0	8.9	7.7	7.0
H. Hartebeest	1.0	0.9	0.9	1.0	0.9
Waterbuck	4.1	4.1	4.4	3.7	3.5
Kudus	13.6	12.1	12.5	11.4	10.0
Gerenuk	27.0	26.5	25.0	23.0	21.0
Impala	68.7	62.5	63.4	63.9	63.8
Grant's Gazelle	116.0	117.5	115.0	114.0	112.3
Thomson's Gazelle	48.1	45.1	45.0	47.4	47.5
Warthog	14.5	15.8	16.0	17.5	18.8
Ostrich	26.0	25.4	26.5	26.9	28.0

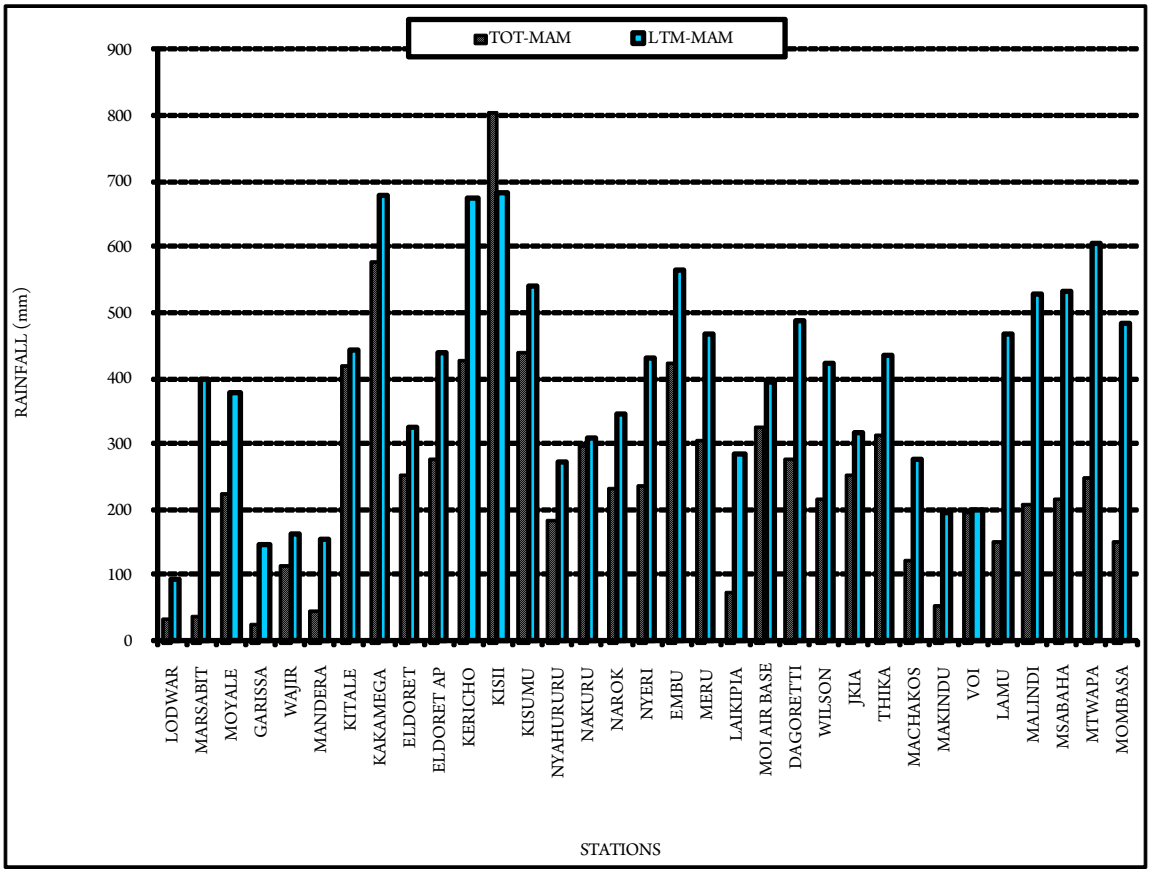
Source: Department of Resource Surveys and Remote Sensing (DRSRS)

* Provisional

Weather Patterns

9.21. The Long Rain (March to May) 2009 analysis indicates that most parts of the country experienced poor rainfall performance. The poor performance was reflected both in the amounts received and the distribution in time and space. The total rainfall (TOT) amounts received over most parts of the country were below 75 per cent of the Long Term Means (LTMs). However, Kisii station recorded total rainfall amounts 100mm higher than its long term mean. Stations in North Eastern and coast (except voi) provinces recorded highly depressed rainfall while Kitale and Nakuru stations recorded a near normal rainfall as shown in figure 9.1.

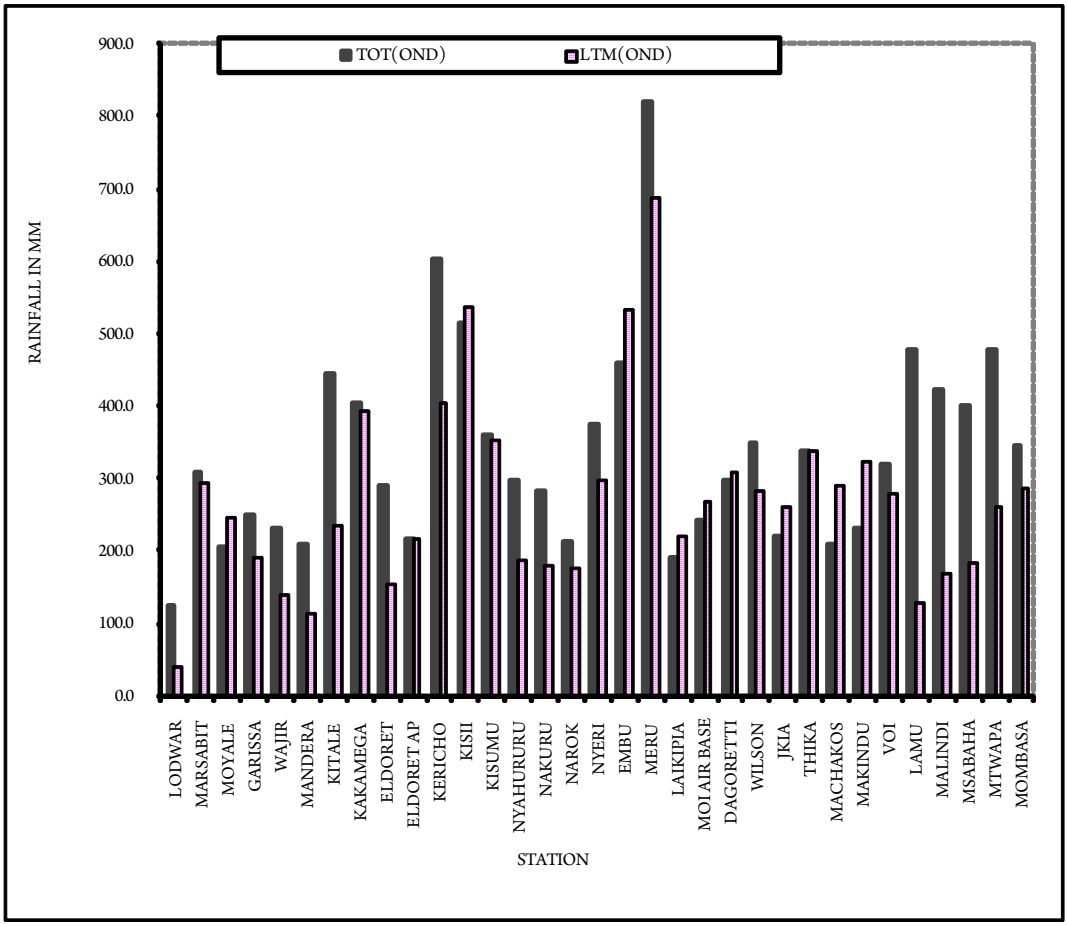
Figure 9.1: March-May 2009, Seasonal Rainfall Performance



TOT-Total rainfall

LTM- Long Term Mean

Figure 9.2: October-December (OND) 2009, Seasonal Rainfall Performance



Source: Kenya Meteorological Department
TOT-Total rainfall
LTM- Long Term Mean

9.22. Most parts of the country experienced enhanced rainfall during the October to December 2009 short rains season as shown in figure 9.2. Locations that experienced highly enhanced rainfall were: Lamu, Malindi, Msabaha, Mombasa, and Mtwapa along the coastal strip; Lodwar, Kitale and Eldoret in the North Rift valley; Nakuru and Nyahururu in the Central Rift; Mandera and Wajir in the Northern parts of the Country; Meru and Embu in Eastern; and Kisumu, Kericho and Kisii in Western parts of the country.

Developments in Environment and Natural Resource

9.23. Climate is a major driving factor for majority of economic activities in the country. During 2009, the Government through the Ministry of Environment and Mineral Resources initiated the formulation of the National Climate Change Response Strategy (NCCRS) in order to address the challenges posed by the current climate variability and change. The strategy seeks to inform nationwide climate change programmes culminating in the formulation of the national climate change policy.

9.24. The United Nations Climate Change Conference was held in Copenhagen, Denmark, between 7th to 18th December 2009. The Copenhagen Accord recognized that climate change is one of the greatest challenges of the present day and that action should be taken to keep any temperature increases to below 2°C. The conference was held back to back with the 15th Conference of the Parties (COP 15) to the United Nations Framework Convention on Climate

Change and the 5th Meeting of the Parties (COP/MOP 5) to the Protocol.

9.25. During the year under review, the National Environment Management Authority (NEMA) began the implementation of the Environmental Management and Co-ordination (Noise and Excessive Vibration Pollution) Control Regulations, 2009. The new regulations cap noise levels to below 65 decibels during the day and 35 decibels during the night. When fully implemented, the new law is expected to curb noise pollution.

9.26. During the same period, NEMA continued to rehabilitate and restore the Nairobi River Basin with the aim of enhancing the ecological integrity and socio-economic value of the river basin. Activities in 2009 focused on removal of solid waste from illegal dumpsites within the river basin and the riparian reserve, clearing of the river channel and tree planting in cleared and cleaned areas. This work was also complemented by the engagement of the youth under the *Kazi Kwa Vijana* (KKV) initiative under the economic stimulus plan.

Chapter 10
Energy

Overview

Volatility of international crude oil prices coupled with drought experienced in the better part of 2009 influenced domestic prices of petroleum products and electricity. During the period under review, the cost of electricity went up as a result of increased thermal power generation following a prolonged drought. The global oil demand declined sharply for the second consecutive year, with inventories and spare production capacity remaining very high by historical standards. This was mainly attributed to the deepening of the global economic recession. The month on month international prices for Murban crude oil, which is the main crude oil imported into Kenya, was lower in 2009 relative to 2008 except for the months of November and December.

10.2. The total quantity of petroleum products imported into the country went up by 17.6 per cent to 4,676.8 thousand tonnes in 2009. Similarly, the total quantity of petroleum products exported increased from 88.7 thousand tonnes in 2008 to 112.5 thousand tonnes in 2009. Imports of crude oil dropped by 8.2 per cent from 1,773.3 thousand tonnes to stand at 1,627.9 thousand tonnes in 2009. During the same period, the total value of petroleum products exported, including re-exports, increased by 14.7 per cent while the total import bill of petroleum products decreased by 20.7 per cent in 2009. Total domestic demand for petroleum products went up by 6.6 per cent in 2009.

10.3. Total electricity generation almost stagnated at the 2008 level. Hydroelectric power generation declined substantially by 35.0 per cent due to inadequate rainfall experienced in the last two years. However, electricity generation from thermal and geothermal sources rose by 39.7 and 24.5 per cent, respectively, in 2009.

Petroleum

10.4. The customer base under the Rural Electrification Programme (REP) expanded by 27.2 per cent to reach 205,287 as at June 2009. This was due to fact that the Government placed a premium on the energy sector in recognition of the pivotal role it plays in socioeconomic development. In addition, the sustained effort by the Kenya Power and Lighting Company (KPLC) to get as many rural households connected as possible, by allowing them to apply in groups, thus making it affordable, contributed to the increase.

10.5. Details of the quantity and value of imports and exports of petroleum products for the period 2005 to 2009 are presented in Table 10.1. The total quantity of petroleum products imported into the country increased by 17.6 per cent in 2009 compared to a growth of 7.7 per cent recorded in 2008. This was attributed to an increase in the imports of petroleum fuels which went up by 34.4 per cent in 2009. On the other hand crude oil imported into the country declined by 8.2 per cent in 2009 from 1,773.3 thousand tonnes recorded in 2008 to 1,627.9 thousand tonnes in 2009.

10.6. The value of imports of petroleum products declined by 20.7 per cent from KSh 198.7 billion in 2008 to stand at KSh 157.5 billion in 2009. The value of crude oil imported into the country dropped by 33.1 per cent from KSh 81.5 billion in 2008 to KSh 54.5 billion in 2009. Similarly, the value of imported petroleum fuels declined by 15.5 per cent compared to a significant increase of 59.3 per cent in 2008. Despite the increase in the quantity of

petroleum imports, the value of imported petroleum products decreased due to reduced oil prices in the international market. Total value of petroleum products exported rose by 9.5 per cent to stand at KSh 3,919.1 million in 2009 while that of re-exports increased by 18.2 per cent during the same period. The net balance of petroleum products declined by 22.4 per cent to attain a value of KSh 147.2 billion in 2009 compared to 189.7 billion in 2008.

Table 10.1: Quantity and Value of Imports, Exports and Re-exports of Petroleum Products[1], 2005 – 2009

	Quantity ('000 Tonnes)					Value (KSh Million)				
Year	2005	2006	2007	2008	2009*	2005	2006	2007	2008	2009*
IMPORTS										
Crude Petroleum	1,774.0	1,643.2	1,598.7	1,773.3	1,627.9	51,528.6	55,015.6	49,240.8	81,452.9	54,495.4
Petroleum Fuels	1,130.9	1,402.7	1,999.9	2,072.1	2,783.9	42,494.0	55,807.2	70,204.8	111,824.8	94,537.8
Lubricating Oils	0.4	2.6	0.0	12.3	0.0	39.6	73.1	10.8	460.7	0.0
Lubricating Greases	66.8	124.4	93.2	118.6	265.0	1,607.0	2,823.6	2,319.6	4,945.5	8,487.6
TOTAL	**2,972.1**	**3,172.9**	**3,691.8**	**3,976.3**	**4,676.8**	**95,669.2**	**113,719.5**	**121,776.0**	**198,683.9**	**157,520.8**
DOMESTIC EXPORTS										
Petroleum Fuels	146.9	44.7	67.4	19.2	46.8	5,829.4	2,220.8	3,098.4	1,096.6	1,688.6
Lubricating Oils	13.3	30.9	37.4	18.4	0.0	255.3	878.8	1,036.6	588.2	0.0
Lubricating Greases	14.0	94.7	111.3	51.1	65.7	362.2	2,459.8	2,627.3	1,893.9	2,230.5
TOTAL	**174.2**	**170.3**	**216.1**	**88.7**	**112.5**	**6,446.9**	**5,559.4**	**6,762.3**	**3,578.7**	**3,919.1**
RE-EXPORTS										
Petroleum Fuels	1,062.7	276.1	6.6	85.0	131.6	36,796.8	8,838.5	373.9	3,868.0	4,303.7
Lubricating Oils	23.9	25.9	1.1	0.0	0.0	780.0	601.4	29.1	0.0	0.0
Lubricating Greases	29.5	21.0	10.6	43.4	66.6	808.9	642.1	320.6	1,527.2	2,074.3
TOTAL	**1,116.1**	**323.0**	**18.3**	**128.4**	**198.2**	**38,385.7**	**10,082.0**	**723.6**	**5,395.2**	**6,378.0**
TOTAL EXPORTS	**1,290.3**	**493.3**	**234.4**	**217.1**	**310.7**	**44,832.6**	**15,641.4**	**7,485.9**	**8,973.9**	**10,297.1**
NET BALANCE						**50,836.6**	**98,078.1**	**114,290.1**	**189,710.0**	**147,223.7**

Source: Kenya Revenue Authority

*Provisional

[1] Excludes other light and medium petroleum oils, preparations and residual petroleum products not else where stated, which are included in Chapter 7

10.7. Table 10.2 presents the volume of crude oil intake at the Kenya Petroleum Refineries Limited (KPRL) by type for the last five years. The total volume of crude oil intake increased marginally from 1,582.7 thousand tonnes in 2008 to 1,605.0 thousand tonnes in 2009. Murban crude oil intake continued to be the main crude oil intake at the refinery accounting for 96.3 per cent of the total crude intake in 2009. Murban crude oil intake at KPRL increased by 15.8 per cent during the period.

Table 10.2: Crude Oil Intake at the Refinery by Type, 2005 - 2009

'000 Tonnes

Crude intake	A.P.I. Gravity	2005	2006	2007	2008	2009*
Arabian Medium	31.0	418.8	457.4	249.8	252.6	84.0
Murban	39.6	1,227.9	1,201.0	1,403.4	1,334.9	1,545.5
Slops[1]	-	(1.5)	(7.3)	9.6	(4.8)	(24.4)
TOTAL		**1,645.2**	**1,651.1**	**1,662.8**	**1,582.7**	**1,605.0**

Source: Kenya Petroleum Refineries Limited

*Provisional.

[1] A mixture of crude oil and pure products realised during processing and is recycled

A.P.I - American Petroleum Institute

10.8. Details of finished petroleum products processed by KPRL are presented in Table 10.3.

Fuel oil, light diesel oil, and illuminating kerosene and jet /turbo fuel were the main products processed at the refinery accounting for 31.0, 23.2 and 22.4 per cent of the total throughput, respectively. Production of illuminating kerosene and jet /turbo fuel, light diesel oil and unleaded motor gasoline regular increased by 13.4, 6.3 and 2.1 per cent, respectively in 2009. During the same period, bitumen production was nearly insignificant which was reflected in the decline in Arabian medium crude oil intake at KPRL. To compensate for the substantial decline, a total of 45,295 tonnes of bitumen was imported during the year to meet the rising demand in construction activities, compared to 31,501 tonnes in 2008. Heavy and marine diesel oil, unleaded motor gasoline premium, Liquefied Petroleum Gas (LPG) and fuel oil, registered declines during the review period.

Table 10.3: Finished Petroleum Products[1], 2005 - 2009

'000 Tonnes

	2005	2006	2007	2008	2009*
OUTPUT-					
Liquefied petroleum gas	28.5	30.1	33.2	32.7	29.4
Motor gasoline premium					
Leaded	171.7	-	-	-	-
Unleaded	3.5	127.1	156.0	134.9	109.5
Motor gasoline regular					
Leaded	58.1	-	-	-	-
Unleaded	3.7	51.4	50.7	46.7	47.7
Illuminating kerosene and					
Jet/turbo fuel	325.6	343.7	338.5	316.9	359.3
Light diesel oil	344.0	334.2	364.0	350.0	371.9
Heavy and Marine diesel oil	22.8	33.3	32.5	24.0	17.8
Fuel oil	589.5	596.2	534.2	515.2	497.9
Bitumen	20.4	17.4	16.6	12.4	0.3
Additives	(3.8)	24.3	40.5	(0.2)	(0.2)
Refinery usage[2]	81.3	93.3	96.5	149.9	171.5
THROUGHPUT=TOTAL OUTPUT	**1,649.0**	**1,651.1**	**1,662.8**	**1,582.7**	**1,605.0**

Source: Kenya Petroleum Refineries Limited.

* Provisional.

[1] Excludes lubricants.

[2] Includes Mogas blending component and fuel use and loss

10.9. Table 10.4 depicts the supply and demand balance for petroleum products. Total domestic demand for petroleum products rose by 15.2 per cent from 3,133.2 thousand tonnes in 2008 to 3,610.8 thousand tonnes in 2009. There was increased demand for all petroleum products except aviation spirit, heavy diesel oil and LPG which declined by 44.0, 20.7 and 11.6 per cent, respectively. The increase in demand was driven by illuminating kerosene, light diesel oil, motor spirit, fuel oil and jet/turbo fuel. Light diesel oil continued to be the main type of fuel sold in the country, followed by fuel oil and jet/turbo oil.

Table 10.4: Petroleum Supply and Demand Balance, 2005 - 2009

'000 Tonnes

	2005	2006	2007	2008	2009*
DEMAND-					
Liquefied petroleum gas	49.4	64.6	77.4	84.4	74.6
Motor spirit (premium and regular)	333.7	358.2	367.1	381.3	461.7
Aviation spirit	2.0	2.0	2.2	2.5	1.4
Jet/turbo fuel	559.1	593.3	638.5	559.2	570.9
Illuminating kerosene	307.0	279.2	265.2	244.7	332.8
Light diesel oil	892.4	1,035.6	1,116.5	1,141.1	1,416.1
Heavy diesel oil	25.5	40.7	40.1	30.0	23.9
Fuel oil	546.7	664.6	614.8	690.0	729.4
TOTAL	**2,715.9**	**3,038.2**	**3,121.8**	**3,133.2**	**3,610.8**
Refinery usage	81.3	93.3	96.5	149.9	171.5
TOTAL DOMESTIC DEMAND	**2,797.2**	**3,131.5**	**3,218.3**	**3,283.1**	**3,782.3**
Exports of petroleum fuels	146.9	44.7	67.4	19.2	46.8
TOTAL DEMAND[1]	**2,944.1**	**3,176.2**	**3,285.7**	**3,302.3**	**3,829.1**
SUPPLY-					
Imports:					
Crude oil	1,774.0	1,643.2	1,598.7	1,773.3	1,627.9
Petroleum fuels	1,130.9	1,402.7	1,999.9	2,072.1	2,783.9
TOTAL	2,904.9	3,045.9	3,598.6	3,845.4	4,411.8
Adjustment[2]	39.2	130.3	(312.9)	(543.1)	(582.7)
TOTAL SUPPLY[1]	**2,944.1**	**3,176.2**	**3,285.7**	**3,302.3**	**3,829.1**

Source: Ministry of Energy, Kenya Revenue Authority & Kenya Petroleum Refineries Limited

* Provisional

[1] Difference is due to rounding

[2] Adjustment for inventory changes and losses in production

10.10. Net domestic sales of petroleum fuels by consumer category for the five year period are presented in Table 10.5 and Figure 10.1. During the year under review, net domestic sales recorded an increase of 15.2 per cent compared to the previous year. All sectors of the economy recorded increased consumption during the period under review, except agriculture and rail transport which declined by 29.1 and 37.0 per cent, respectively. The retail pump outlets and road transport; and aviation sector continued to be the largest consumer of petroleum fuels, jointly accounting for 73.3 per cent of total domestic sales. Consumption in the aviation sector (excluding naval forces) recorded an increase of 4.5 per cent. This is associated with the recovery of the tourism sector. Under the power generation sector, consumption of petroleum fuels rose by 3.3 per cent to stand at 372.2 tonnes in 2009 from 360.4 tonnes in 2008. This was attributed to increased thermal power generation as a result of the prolonged drought. Industrial, commercial and other sub-sector recorded a growth of 18.3 per cent.

Table 10.5: Net Domestic Sale of Petroleum Fuels by Consumer Category, 2005 – 2009

'000 Tonnes

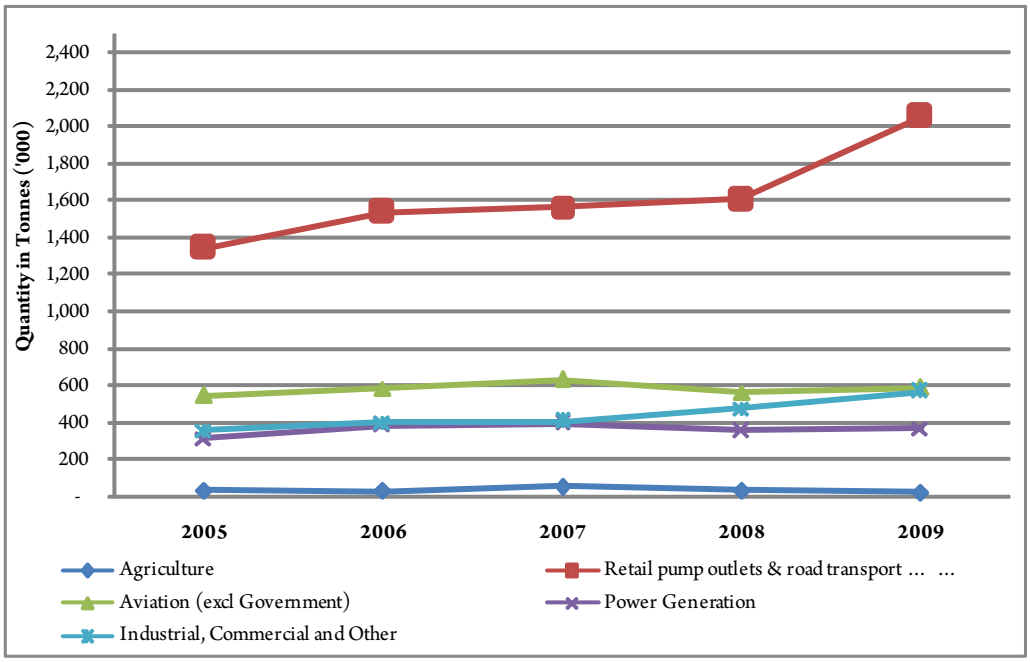
User	2005	2006	2007	2008	2009*
Agriculture	35.7	34.8	56.5	37.1	26.3
Retail pump outlets & road transport	1,344.5	1,542.4	1,570.4	1,609.3	2,054.5
Rail transport	17.9	20.5	16.4	13.5	8.5
Tourism[1]	17.1	8.9	11.6	8.1	8.3
Marine (excl. Naval Forces)	1.3	0.9	0.7	0.8	0.8
Aviation (excl. Government)	549.4	588.0	635.7	567.0	592.4
Power Generation	319.3	386.6	399.9	360.4	372.2
Industrial, Commercial and Other	362.4	405.9	408.8	482.0	570.0
Government	57.8	31.2	8.3	12.5	18.9
Balancing Item	10.4	19.0	13.5	42.5	(41.3)
TOTAL	**2,715.9**	**3,038.2**	**3,121.8**	**3,133.2**	**3,610.8**

Source: Ministry of Energy

*Provisional

[1] Comprises sales to tour operators

Figure 10.1: Sale of Petroleum fuels by Consumer Category, 2005-2009



10.11. Average wholesale prices of petroleum products in Mombasa for the months of December are presented in Table 10.6. Wholesale prices for illuminating kerosene, LPG and light diesel oil registered declines of 21.3, 12.9 and 11.8 per cent, respectively. The decrease in fuel prices in 2009 could partly be attributed to decreased crude oil prices coupled with increased pressure from the Government for oil companies to lower prices in tandem with international oil prices.

Table 10.6: Wholesale Prices1 of Petroleum Products in Mombasa, 2005 - 2009

KSh per Tonne

PRODUCT	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09
Liquefied petroleum gas	57,018	71,794	73,187	79,168	68,983
Premium motor gasoline	59,672	75,399	80,602	104,652	100,989
Regular motor gasoline[2]	58,662	73,864	79,011	81,450	-
Illuminating kerosene	49,591	52,100	58,457	82,206	64,668
Light diesel oil	40,302	65,007	69,698	84,324	74,340
Industrial diesel oil	37,705	60,819	62,022	64,875	69,059
Fuel oil	20,850	33,631	34,941	48,671	47,841

Source: National Oil Corporation

[1] Including duties and VAT.

[2] The products are no longer sold in the market

10.12. Details of Murban crude oil prices in US$/BBL at the international market for the last five years are presented in Table 10.7. International prices for Murban crude oil, which is the main crude oil imported to the country remained volatile during the period under review. The prices showed a generally upward trend fluctuating between a low of US$ 44.95 per barrel in the month of February to a high of US$ 78.60 per barrel in November.

Table 10.7: Murban Adnoc Prices[1], 2005 - 2009

US$/BBL

Month/Year	2005	2006	2007	2008	2009
January	42.10	62.15	54.85	92.25	48.85
February	44.00	60.95	58.75	95.10	44.95
March	50.95	60.85	62.10	102.20	47.55
April	52.55	67.50	67.60	109.35	45.85
May	49.80	68.50	68.40	125.75	60.15
June	55.45	68.85	69.70	134.00	71.65
July	57.10	73.00	73.70	137.35	66.95
August	60.95	72.70	71.75	117.50	72.75
September	61.05	63.25	78.55	98.05	69.10
October	58.00	59.35	81.80	69.25	69.25
November	54.95	59.70	91.75	51.40	78.60
December	56.90	62.05	90.6	42.10	76.10

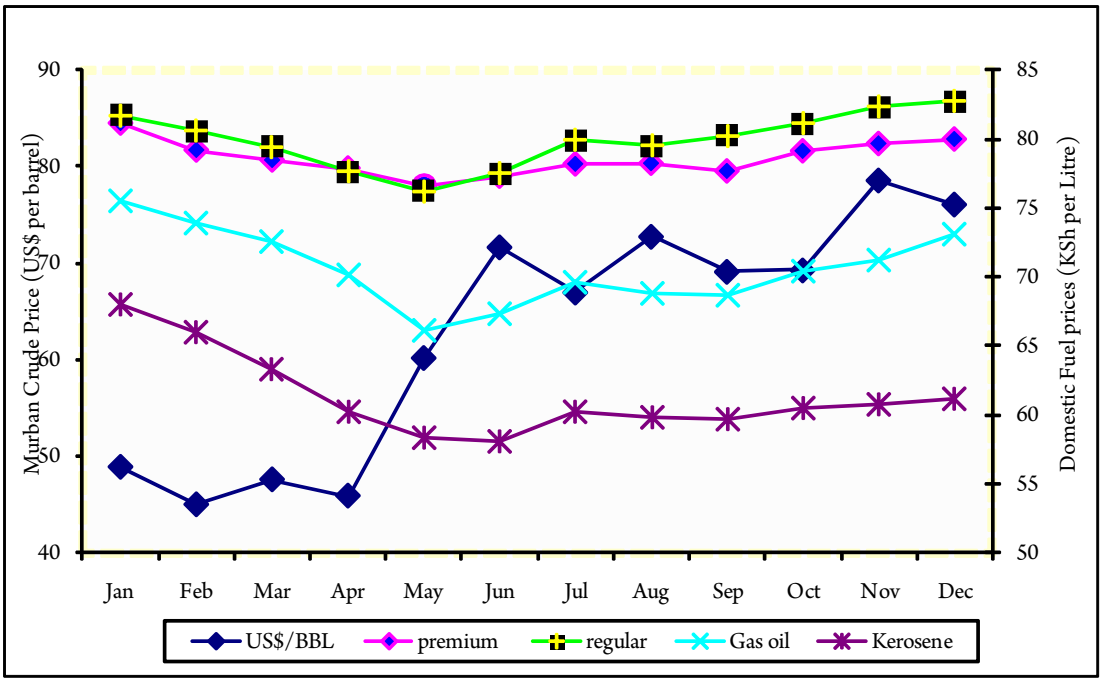
Source : Ministry of Energy

ADNOC : Abu Dhabi National Oil Corporation

[1] Abu Dhabi Free On Board (FOB) Prices

US$/ BBL: US dollars per Barrel

Figure 10.2: International Crude Oil Prices against Domestic Fuel Prices, 2009



10.13. Table 10.8 and Figure 10.2 give details of average retail prices of selected petroleum products in the country from January 2006 to December 2009. Retail prices decreased in tandem with decreased wholesale prices realized during the year under review. Significant decreases in pump prices were recorded during the year under review compared to 2008. The domestic price for motor spirit premium declined by 3.9 per cent from KSh 86.16 per litre in December 2008 to stand at KSh 82.84 per litre in December 2009. Similarly, diesel (gas oil) prices declined by 5.7 per cent from KSh 77.54 per litre to KSh 73.12 per litre while motor spirit regular and illuminating kerosene recorded decreases in December 2009 relative to December 2008. The prices of gas oil and illuminating kerosene peaked at KSh 75.57 per litre and KSh 68.00 per litre, respectively, in January 2009. The retail price of LPG per 13 Kg cylinder rose by 4.9 per cent to stand at KSh 1,936.56 in December 2009 up from KSh 1,845.46 in December 2008, associated with short supply reported in some months during the year.

Table 10.8: Average Retail Prices of Selected Petroleum Products in Kenya, 2006 – 2009

					KSh per Litre	KSh per 13 Kg cylinder
		Motor Spirit				
Year	Month	Premium	Regular	Gas Oil	Illuminating Kerosene	Liquified Petroleum Gas (LPG)
2006	January	63.96	67.58	57.61	53.18	1,494.66
	March	64.22	67.57	57.60	53.47	1,520.05
	June	79.36	79.18	68.60	56.69	1,572.94
	September	83.46	82.91	72.25	59.18	1,587.56
	December	78.90	78.56	67.68	57.04	1,612.26
2007	January	78.49	78.15	67.00	56.75	1,608.19
	March	77.71	77.52	66.01	55.99	1,603.60
	June	79.45	78.97	68.21	57.21	1,590.73
	September	80.10	79.02	68.43	57.58	1,671.63
	December	84.50	82.75	73.95	60.82	1,705.76
2008	January	88.04	86.10	77.69	64.37	1,735.70
	March	91.63	89.99	81.63	66.94	1,783.63
	June	100.43	98.73	93.18	75.45	1,810.07
	September	106.85	103.89	100.77	84.52	1,816.06
	December	86.16	83.61	77.54	71.10	1,845.46
2009	January	84.52	81.73	75.57	68.00	1,918.00
	February	81.69	80.60	73.94	65.94	1,925.00
	March	80.64	79.41	72.59	63.26	1,913.00
	April	79.79	77.62	70.11	60.25	1,925.00
	May	77.88	76.23	66.11	58.27	1,922.00
	June	78.94	77.48	67.26	57.99	1,915.00
	July	80.23	79.89	69.58	60.19	1,910.00
	August	80.30	79.47	68.77	59.75	1,911.00
	September	79.49	80.26	68.71	59.73	1,907.00
	October	81.60	81.13	70.41	60.47	1,914.09
	November	82.37	82.29	71.24	60.78	1,933.56
	December	82.84	82.73	73.12	61.08	1,936.56

Source: Ministry of Energy/ Kenya National Bureau of Statistics

Electricity

10.14. Details of installed capacity and generation of electricity by producer type are shown in Table 10.9 and Figure 10.3. Total installed capacity went up by a decelerated growth rate of 3.4 per cent in 2009 compared to an increase of 6.0 per cent in 2008. This was mainly as a result of increases in geothermal, hydro and thermal oil installations. The commissioning of Rabai Power Limited with capacity of 88.6 Mega Watts (MW), Orpower 4 geothermal plant with 35 MW and IberaAfrica thermal Power (E.A) Ltd with 52.5 MW, coupled with the upgrading of Kaburu power plants, enhanced the power supply capacity. Cogeneration installed capacity remained at the same level of 2.0 MW over the last four years.

10.15. Total electricity generation improved marginally from 6,455.6 Gigawatt hours (GWh) in 2008 to 6,468.8 GWh in 2009. There was a significant decline of 35.0 per cent in hydro power electricity generation due to inadequate rainfall in the last two years. In contrast, total generation from thermal oil and geothermal plants recorded accelerated growths of 39.7 and 24.4 per cent in 2009. The increase was necessary to compensate for the drop in hydro-power generation capacity. Thermal oil power accounted for 46.3 per cent of total electricity generation while hydro and geothermal sources accounted for 32.8 and 20.0 per cent, respectively, during the period under review.

Table 10.9: Installed Capacity and Generation of Electricity[1], 2005 – 2009

	INSTALLED CAPACITY MW[2]					GENERATION GWh[3]								
	Hydro	Thermal Oil	Geo thermal	Co-gene-ration	Total	Hydro[4]	Thermal oil				Geo thermal	Co-gene-ration	Wind	Total
							KenGen	IPP	EPP	Total				
2005	677.3	351.3	128.0	0.0	1,156.6	3,038.9	580.2	926.0	0.0	1,506.2	1,001.6	0.0	0.3	5,547.0
2006	677.3	369.8	128.0	2.0	1,177.1	3,024.8	544.6	942.4	331.6	1,818.6	1,045.7	5.6	0.3	5,895.0
2007	677.3	389.3	128.0	2.0	1,196.6	3,591.5	365.0	847.5	523.3	1,735.8	988.9	8.3	0.1	6,324.6
2008	719.0	418.9	128.0	2.0	1,267.9	3,267.0	521.4	883.0	741.0	2,145.4	1,039.0	4.0	0.2	6,455.6
2009*	730.0	421.5	158.0	2.0	1,311.5	2,122.0	652.6	1,209.0	1,135.0	2,996.6	1,293.0	50.0	7.2	6,468.8

Source: Kenya Power and Lighting Company and Kenya Electricity Generation ompany(KENGEN)

* Provisional

IPP: Independent Power Producers

EPP: Emergency Power Producers

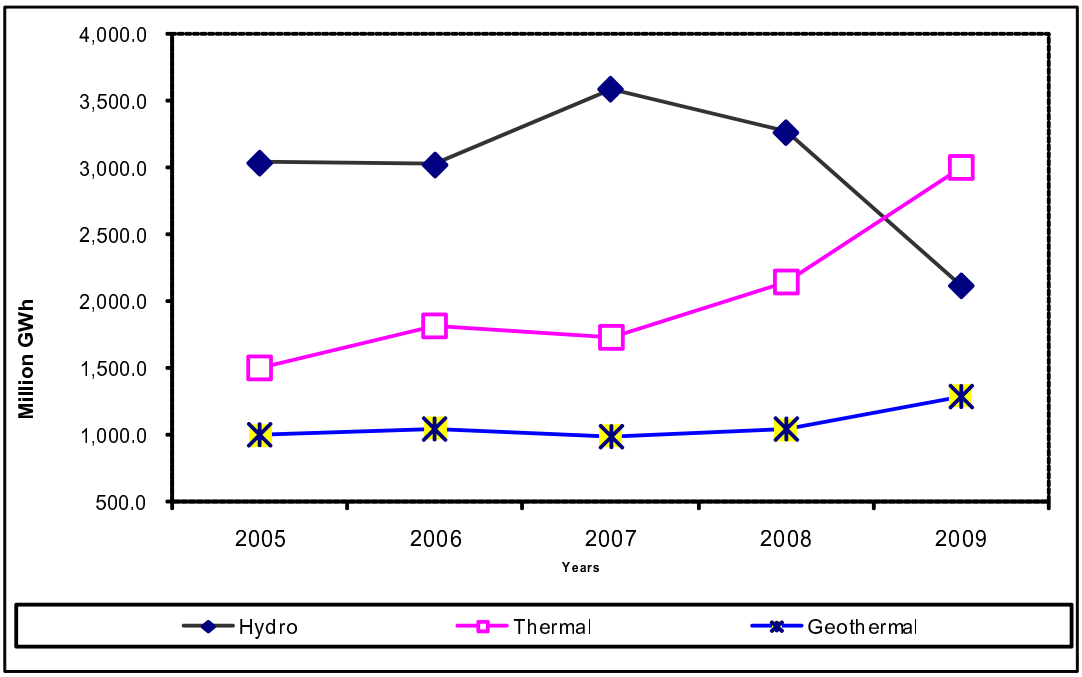
1 Includes generation for industrial establishment with generation capacity of over 100KVA plus emergency supply of 99 MW by contracted generators

2 1 megawatt = million watts = 1,000 kilowatts.

3 Gigawatt hour = 1,000,000 kilowatt hours

4 Includes Imports from Uganda and Tanzania

Figure 10.3: Generation of Electricity by Source, 2005 - 2009



10.16. Demand and supply balance details of electricity energy are shown in Table 10.10. Total Electricity consumption during the five year period shows an increasing trend as depicted in Figure 10.4. During the year, the demand for electricity registered a decelerated growth of 1.4 per cent, moving from 5,352.2 million KWh in 2008 to stand at 5,428.7 million KWh in 2009. Large commercial and industrial establishments continued being the largest consumers of electricity, accounting for 56.3 per cent of the total domestic consumption.

Domestic and small commercial consumption accounted for 37.9 per cent. Off-peak demand declined substantially by 44.4 per cent from 66.2 GWh in 2008 to stand at 36.8 GWh in 2009.

10.17. The demand for electricity for rural electrification registered a growth of 6.4 per cent in 2009. Electricity imports from Uganda and Tanzania went up significantly by 56.0 per cent from 25.0 GWh in 2008 to 39.0 GWh in 2009. Exports to Uganda declined by 34.1 per cent to stand at 27.0 GWh during the same period. Transmission losses and unallocated demand registered a decline of 1.5 per cent compared to a decline of 3.8 per cent realised in 2008, improving slightly to 16.2 per cent of the total demand.

Table 10.10: Electricity Supply and Demand Balance[1], 2005 - 2009

Million KWh

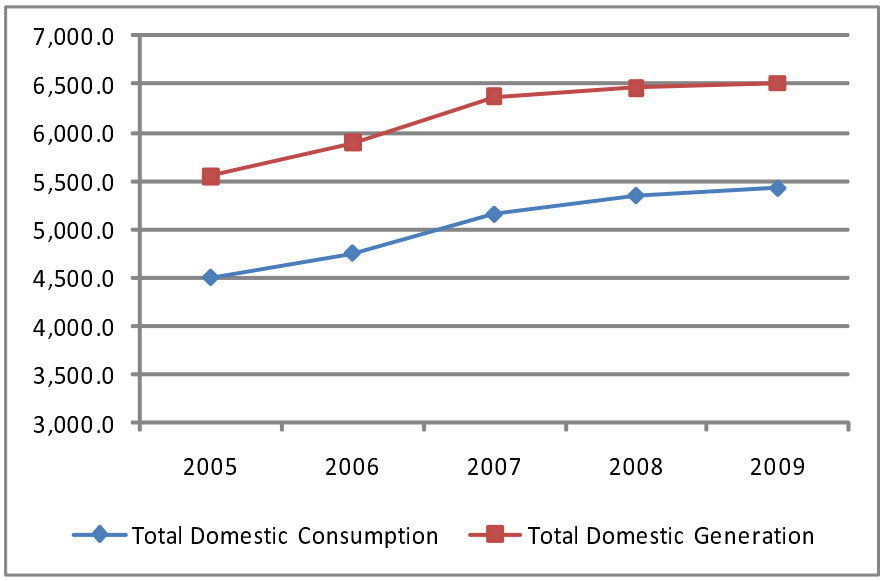
	2005	2006	2007	2008	2009*
DEMAND-					
Domestic and Small Commercial	1,507.7	1,572.4	1,741.8	2,000.8	2,058.1
Large & Medium(Commercial and Industrial)...	2,753.5	2,919.8	3,140.6	3,019.8	3,058.1
Off-peak	52.9	44.6	49.2	66.2	36.8
Street Lighting	8.5	10.0	12.2	26.3	21.3
Rural Electrification	175.8	205.6	212.8	239.1	254.4
TOTAL DOMESTIC DEMAND	**4,498.4**	**4,752.4**	**5,156.6**	**5,352.2**	**5,428.7**
Exports to Uganda	**24.4**	**46.7**	**58.3**	**41.0**	**27.0**
Transmission losses and unallocated demand	1,024.2	1,095.8	1,154.9	1,067.2	1,050.9
TOTAL DEMAND = TOTAL SUPPLY	**5,547.0**	**5,894.9**	**6,369.8**	**6,460.4**	**6,506.6**
of which imports from Uganda and Tanzania ..	27.9	10.8	22.6	25.0	39.0
Net generation	**5,519.1**	**5,884.1**	**6,347.2**	**6,435.4**	**6,467.6**

Source: Kenya Power and Lighting Company

* Provisional

[1] Figures are in calendar year

Figure 10.4: Electricity Supply and Demand, 2005-2009



10.18. Table 10.11 presents details of demand and supply of commercial energy expressed in terms of primary source. Consumption of coal and coke declined by 13.1 per cent in 2009 to stand at 94.6 thousand tonnes of oil equivalent. Total consumption of hydro and geothermal energy declined further by 20.3 per cent in 2009 to stand at 296.9 thousand tonnes of oil equivalent. This was due to a decline in local production of hydro power by 35.0 per cent in 2009. Total energy consumption rose by 10.7 per cent to stand at 4,002.3 thousand tonnes of oil equivalent in 2009 up from 3,614.2 thousand tonnes of oil equivalent in 2008.

Table 10.11: Production, Trade and Consumption of Energy[1] Expressed in Terms of Primary sources, 2005 - 2009

'000 tonnes of Oil Equivalent

	2005	2006	2007	2008	2009*
COAL AND COKE CONSUMPTION	89.3	119.7	109.5	108.8	94.6
Imports of crude oil	1,774.0	1,643.2	1,598.7	1,773.3	1,627.9
Net exports of petroleum	902.7	1,264.7	1,836.0	1,902.9	2,565.6
Stock changes and balancing item	39.2	130.3	-312.9	-543.1	-582.7
TOTAL CONSUMPTION OF LIQUID FUELS	**2,715.9**	**3,038.2**	**3,121.8**	**3,133.1**	**3,610.8**
HYDRO AND GEOTHERMAL ENERGY:-					
Local production of hydro power	261.5	260.1	308.8	280.9	182.4
Local production of geothermal power	86.1	89.9	85.0	89.3	111.2
Imports of hydro power	2.4	0.9	1.9	2.1	3.3
TOTAL CONSUMPTION OF HYDRO AND GEOTHERMAL ENERGY	350.0	350.9	395.8	372.3	296.9
TOTAL LOCAL ENERGY PRODUCTION	347.6	350.0	393.8	370.2	293.6
TOTAL NET IMPORTS	963.0	499.1	-125.9	-18.7	-839.8
TOTAL ENERGY CONSUMPTION	**3,155.2**	**3,508.8**	**3,627.1**	**3,614.2**	**4,002.3**
Local Production As Percentage Of Total	11.0	10.0	10.9	10.2	7.9
Per Capita Consumption In Terms Of Kilograms Of Oil Equivalent	89.9	97.2	97.5	97.5	101.6

Source: Kenya National Bureau of Statistics

* Provisional.

[1] Modern sector only; fuelwood and charcoal are excluded.

10.19. Local production as a percentage of total energy consumption dropped by 2.9 percentage points to stand at 7.3 per cent in 2009. Per capita energy consumption in terms of kilograms of oil equivalent went up by 4.2 per cent from 97.5 in 2008 to 101.6 kilograms of oil equivalent per person in 2009.

Rural Electrification

Development in the Energy Sector

10.20. During the period under review, Kenya Power & Lightning and Rural Electrification Authority (REA) implemented a total of 607 projects spread across all constituencies in the country at a total cost of KSh 3.5 billion. The projects benefited 1,104 market centres, 1,206 public schools, 329 health centres, 186 government/administrative centres, 35 coffee factories, 155 tea buying centres and 149 water projects.

10.21. The cumulative capital expenditure since inception of the Rural Electrification Programme (REP) in 1973 rose to KSh 25 billion during the financial year 2008/2009, up from KSh 20 billion the previous financial year. Total collections from the Rural Electrification Levy increased from KSh 1,555 million to KSh 1619 million over the same period.

10.22. The number of customers connected under the REP rose by 27.2 per cent to stand at 205,287 as at June 2009 from 161,354 customers as at June 2008. Units of electricity sold increased by 4.2 per cent from 240 million units in 2007/2008 to 250 million units in 2008/2009, while revenue realised more than doubled from KSh 2,064 million in 2007/2008 to KSh 4,337 million in 2008/2009.

10.23. In 2009, the Government incorporated the Kenya Electricity Transmission Company (KETRACO) to be responsible for setting up new transmission lines while KPLC retained ownership and operation of the existing transmission systems. The creation of the company was intended to ease the financial burden of funding transmission projects capital investment costs from electricity consumers. During the year under review, the Government also established the Geothermal Development Company Ltd (GDC) to speed up geothermal power production in the country. The company is expected to facilitate development of at least 700 MW geothermal capacity in the next 10 years.

10.24. A total of seven projects with a combined installation capacity of 369.5 MW are currently under implementation. Geothermal projects under construction awaiting commissioning are Olkaria IV with a capacity of 140 MW, Eburru with a capacity of 2.5 MW and Olkaria II 3rd Unit with installation capacity of 35 MW. Hydroelectric power generation projects under implementation are Sang'oro and Tana power station redevelopment with installation capacity of 20 MW each and Kindaruma 3rd Unit and upgrading units 1and 2 with installation capacity of 32 MW. Kipevu III Thermal Plant is the only thermal power generation currently under implementation.

Chapter 11
Manufacturing

Overview

Despite being identified as one of the key drivers of the economy, the manufacturing sector faced various challenges in the year under review. These include high cost of production, competition from cheap imports, high taxes, low credits from financial institutions, and drought in the first part of the year. These factors hampered the sector from realizing its full potential. Production environment was also very challenging over the period as characterized by the prevailing slowdown in the regional economies following the global economic downturn. In the year under review, the sector recorded a decelerated growth of 2.0 per cent in 2009 after registering a revised growth of 3.6 per cent in 2008. The sub-sectors that registered growth include leather and footwear, rubber products, plastic products, non-metallic minerals and miscellaneous manufacture and those in food manufacturing. On the other hand production of beverages, tobacco, textiles, paper and paper products declined significantly.

Employment

11.2. Direct formal employment in the manufacturing sector registered a growth of 0.5 per cent from 264.1 thousand persons in 2008 to 265.3 thousand persons in 2009. Direct formal employment to Kenyans in the EPZ however contracted marginally from 30.2 thousand persons in 2008 to 30.1 thousand persons in 2009.

Manufacturing Output

11.3. The output, compensation of employees and value added at current prices for manufacturing sector in 2005 to 2009 are presented in Table 11.1. Value of manufacturing output rose by 5.1 per cent to KSh 738,829 million in 2009, a slower growth compared to the 12.2 per cent in 2008. Value added increased by 6.3 per cent to stand at KSh 216,009 million in 2009 while compensation of employees went up by KSh 12,626 million to reach KSh 74,767 million in the same period.

Table 11.1: Manufacturing Sector – Output, Compensation of employees and Value Added, 2005 – 2009

Current Prices - KSh Million

YEAR	Value of Output	Intermediate Consumption	Value Added	Compensation of Employees
2005	500,215	351,053	149,162	50,734
2006	560,089	393,312	166,777	57,827
2007+	626,652	436,155	190,497	59,789
2008	703,073	499,075	203,998	62,141
2009*	738,829	521,996	216,833	74,767

* Provisional.

+ Revised

Quantum Indices

11.4. Table 11.2 shows the quantum index of production in the manufacturing sector for the period 2005 to 2009. As indicated, overall production declined by 0.5 per cent in 2009, similar to the decline registered in 2008. Details of the performance of the various sub-sectors are discussed in the subsequent paragraphs.

Table 11.2: Quantum Index of Manufacturing Production, 2005 - 2009

Industry	2005	2006	2007	2008	2009*	Percentage Change 2009/2008
Meat & Dairy Products	118.7	125.3	153.4	142.9	155.3	8.7
Canned Veg Fruits, Fish, Oils & Fats	469.2	556.0	680.5	649.7	679.5	4.6
Grain Mill Products	231.2	253.6	246.9	244.9	255.7	4.4
Bakery Products	202.6	212.8	204.6	194.6	207.0	6.4
Sugar & Confectionery	237.7	232.4	251.3	248.6	264.0	6.2
Miscellaneous Foods	271.1	257.6	295.4	277.2	255.3	-7.9
Food Manufacturing	**235.6**	**239.0**	**268.9**	**258.8**	**264.1**	**2.1**
Beverages	232.6	259.5	314.7	335.1	322.4	-3.8
Tobacco	195.2	273.5	324.8	323.9	293.1	-9.5
Beverages & Tobacco	**229.2**	**263.8**	**319.0**	**337.0**	**321.7**	**-4.5**
Textiles	97.1	102.3	104.1	97.9	80.7	-17.6
Clothing	269.4	379.1	396.6	428.4	360.9	-15.7
Leather & Footwear	116.6	124.4	124.1	126.3	172.4	36.5
Wood & Cork Products	39.2	39.2	39.5	44.2	37.8	-14.4
Furniture and Fixtures	57.6	58.1	58.7	64.0	66.2	3.5
Paper and Paper Products	427.5	414.2	403.4	522.6	327.8	-37.3
Printing and Publishing	419.8	286.8	295.1	240.7	123.8	-48.6
Basic Industrial Chemicals	123.1	108.8	78.2	52.2	53.5	2.5
Petroleum and Other Chemicals	947.6	1,027.0	1,237.3	1,323.2	1,442.2	9.0
Rubber Products	760.3	682.3	895.3	558.3	640.5	14.7
Plastic Products	1,270.5	1,656.3	1,674.8	1,513.9	1,681.2	11.1
Clay and Glass Products	1,472.8	1,836.1	1,791.9	1,751.6	1,747.7	-0.2
Non Metallic Minerals	187.5	222.2	237.0	347.6	467.1	34.4
Metals Products	257.9	282.1	314.5	320.6	364.4	13.7
Non Electrical Machinery	87.9	90.0	83.0	74.1	77.3	4.3
Electrical Machinery	268.8	245.5	180.2	140.5	134.9	-4.0
Transport Equipments	975.7	1,281.7	1,309.9	1,106.7	1,047.4	-5.4
Miscellaneous Manufactures	1,058.6	1,442.6	1,412.7	1,811.1	2,676.7	47.8
Total Manufacturing	**334.1**	**353.5**	**381.5**	**376.5**	**374.5**	**-0.5**

* Provisional

11.5. Food manufacturing sub-sector registered a growth of 2.1 per cent in 2009 after recording a decline of 3.9 per cent in 2008. The meat and dairy products sub-sector grew by 8.7 per cent in 2009 after recording a decline of 7.7 per cent in 2008. Production of beef and, sheep, lamb and goat products registered growths of 13.7 and 14.7 per cent, respectively during the review period. This could be attributed to the drought experienced in 2009 which forced farmers to dispose off their livestock. Processed chicken also recorded a marginal growth of 0.1 per cent. Production of sausages and pork declined by 14.9 and 0.6 per cent, respectively. Production of ice cream, cheese and liquid milk recorded growths of 44.4, 21.4 and 9.4 per cent respectively. Production of liquid milk rose from 260.7 million litres in 2008 to 285.2 million litres in 2009. Production of butter declined further by 28.6 per cent in 2009, as compared to a decline of 29.9 per cent registered in 2008. Milk-based baby food production also dropped by 31.9 per cent in 2009 after registering a significant growth of 45.9 per cent in 2008.

11.6. Production of canned vegetables, fruits, fish, oil and fats recorded a growth of 4.6 per cent in 2009. Edible fats and margarine and edible oils recorded growths of 1.4 and 18.8 per cent, respectively. Production of fruit and vegetable juices, canned fruits and canned vegetables went down by 6.8, 10.4 and 34.2 per cent, respectively during the period under review. Production of canned vegetables decreased from 924.2 tonnes in 2008 to 608.2 tonnes. Processed fish dropped by 27.8 per cent from 12,560.4 tonnes to 9,193 tonnes in 2009.

11.7. The grain and grain mill products sub-sector grew by 4.4 per cent in 2009. Wheat flour production registered an impressive growth of 15.6 per cent from 310.7 thousand metric tonnes in 2008 to 359.3 metric tonnes in 2009 while production of maize meal dropped by 5.4 per cent from 351.2 thousand metric tonnes to 332.4 thousand metric tonnes in 2009. During the review period, maize shortages were experienced resulting into a decline in maize meal production. However, towards the end of the year, there was a Government decision to waive duty on maize grains imports leading to an increase in imports. Milling of rice on the other hand recorded a decline of 12.7 per cent during the period under review.

Table 11.3: Production of Grain Milling Products, 2005 – 2009

'000 Tonnes

YEAR	COMMODITY,		
	Sifted Maize meal	Wheat Flour	Rice
2005	283.1	363.3	39.5
2006	322.8	392.8	39.7
2007	287.5	374.5	33.5
2008	351.2	310.7	26.8
2009*	332.4	359.3	23.4

* Provisional

11.8. Production of bakery products rose by 6.4 per cent during the period under review compared to a decline of 4.9 per cent in 2008. The growth was driven by production of biscuits, scones and cakes which grew by 43.3, 20.3 and 2.6 per cent, respectively. Production of bread on the other hand declined by 1.0 per cent in 2009.

11.9. The sugar and confectionery sub-sector grew by 6.2 per cent driven by sugar production which increased by 5.9 per cent from 517.7 thousand metric tonnes in 2008 to 548.2 thousand metric tonnes in 2009. This was the highest production of sugar ever recorded in the industry. Inspite of this increase, the industry is still faced with a deficit.

11.10. Production in the miscellaneous food industry declined for the second year in a row registering a 7.9 per cent drop in 2009. Production of milled coffee increased by 35.7 per cent from 42 thousand metric tonnes in 2007/08 to 57 thousand metric tonnes in 2008/09. Manufacture of instant coffee decreased by 15.4 per cent in 2009. Tea production dropped by 12.0 per cent from 345.8 thousand metric tonnes in 2008 to 304.2 thousand metric tonnes in 2009. This could be attributed to low rainfall experienced during the period. The manufacture of animal feeds rose by 55.3 per cent from 242.4 thousand metric tonnes in 2008 to 376.5 thousand metric tonnes in 2009.

11.11. Production in the beverages and tobacco sub-sector reduced by 4.5 per cent in 2009 compared to a positive growth of 5.6 per cent recorded in 2008. Output from beverages and tobacco sub-sectors declined by 3.8 per cent and 9.5 per cent, respectively. This was mainly caused by a decline in production of beer and stout, and cigarettes by 6.6 and 9.5 per cent, respectively. Production of soft drinks rose by 5.8 per cent from 340.0 million litres to 359.8 million litres during the period under review while that of spirits decreased by 30.7 per cent in 2009.

11.12. Production in the textiles sub-sector continued on a downward trend registering a decline of 17.6 per cent in 2009. Production of knitted fabrics, gunny bags, blankets and

cotton woven fabrics dropped by 58.3, 29.9, 12.3 and 10.7 per cent, respectively. However, production of cardigans and toweling material rose by 7.4 and 7.0 per cent, respectively during the same period.

11.13. The clothing industry recorded a decline of 15.7 per cent during the period under review. This was caused by the decline in production of; vests, singlets and underwear; trousers and; shirts and t-shirts by 39.3, 26.7 and 22.9 per cent, respectively. However, production of uniforms and overalls and suits for men and boys went up by various margins during the period under review.

11.14. Production of leather and footwear registered a significant growth of 36.5 per cent. This was mainly driven by the production of leather shoes which shot up by 46.5 per cent in 2009. In addition, production of finished leather grew by 20.9 per cent.

11.15. Production of wood and cork products declined by 14.4 per cent, resulting from a 28.6 per cent decline in the production of sawn timber. However, production of furniture and fixtures recorded a modest growth of 3.5 per cent.

11.16. Manufacture of paper and paper products recorded a notable decline of 37.3 per cent. Production of paper and paper products has generally been on a downward trend owing to shortages of raw materials locally and high costs of production. Production of exercise books and duplicating paper dropped by 21.7 and 5.8 per cent respectively. Conversely, production of paper bags and sacks, corrugated paper containers and toilet paper rolls went up by 39.6, 6.7 and 3.3 per cent in that order during the period under review.

11.17. Output from printing and publishing sub-sector recorded a huge decline of 48.6 per cent due to low production of news print after the Pan Paper Mills Company became insolvent during the review period. However, the copies of newspaper produced rose by 6.5 per cent during the same period.

11.18. Production of basic industrial chemicals registered a 2.5 per cent growth during the review period. Production of paints rose by 20.2 per cent to 23.8 million litres from 19.8 million litres produced in 2008, while varnishes and lacquers rose by 15.1 per cent. Tablets and liquid drugs rose by 43.4 and 14.4 per cent, respectively over the same period. At the same time, laundry soaps and detergents rose by 3.2 and 0.1 per cent, respectively. Production of electrodes, fertilizer and insecticides in liquid form increased during the period under review. Production of pyrethrum extract however dropped to 9.2 metric tonnes in 2009 compared to the 17.3 metric tonnes recorded in 2008. Production of oxygen, nitrogen and hydrogen reduced by 7.3 per cent while that of acetylene dropped by 10.7 per cent.

11.19. Production of petroleum and other chemicals registered a growth of 9.0 per cent in 2009. This was partly driven by the production of primers and undercoat which went up by 55.9 per cent in 2009. However, production of washing soap and shoe polish dropped by 10.6 and 1.7 per cent, respectively during the same year. On the other hand, petroleum products from the refinery recorded mixed performance in 2009. Over the same period, production of diesel and bitumen dropped drastically by 59.5 and 28.6 per cent, respectively. Other products which registered a negative growth were motor spirits, LPG and fuel oil which declined by 13.4, 6.6 and 3.9 per cent, respectively. However, production of kerosene and gas oil went up by 19.5 and 16.2 per cent, respectively.

11.20. Rubber products sub-sector recorded a growth of 14.7 per cent in 2009. This was mainly driven by the increase in production of motor vehicle tubes, motor vehicle tyres, and rubber shoes which increased by 61.2, 18.0 and 14.1 per cent, respectively. Production of motor vehicle tyres increased from 283 thousand in 2008 to 334 thousand in 2009 while that of motor vehicle tubes rose from 102.9 thousand in 2008 to 165.9 thousand in 2009.

11.21. Production of plastic products registered a growth of 11.1 per cent in 2009. This was attributed to the increase in the production of PVC pipes, plastic shoes, plastic bottles and polythene bags of 36.3, 16.8, 7.2 and 3.5 per cent, respectively. The non-metallic industry registered a significant growth of 34.4 per cent in 2009. This was mainly driven by the production of clinker, cement and roofing tiles which went up by 79.8, 17.3 and 10.3 per cent, respectively.

11.22. Table 11.4 presents information on the quantity of cement produced, consumed, exported and imported between 2005 and 2009. Local production of cement rose by 15.5 per cent from 2,829.6 thousand metric tonnes in 2008 to 3,267.8 thousand metric tonnes in 2009. Importation of cement also rose tremendously by 88.2 per cent from 18.7 thousand metric tonnes in 2008 to 35.2 thousand metric tonnes in 2009. At the same time, consumption and stocks of cement rose by 21.5 per cent to reach 2,618.8 thousand metric tonnes. Exports of cement to Uganda and Tanzania declined by 2.9 per cent in 2009 whereas those to other countries increased by 15.2 per cent during the period under review. Local producers of cement expanded their production capacity, and two producers also entered the market. The demand for cement remained high as indicated by improved consumption in the review period.

Table 11.4: Cement Production and Utilisation, 2005 - 2009

('000) Tonnes

YEAR	PRODUCTION	IMPORTS	CONSUMPTION AND STOCKS	EXPORTS TO	
				Uganda and Tanzania	All Other Countries
2005	2,123.30	9.8	1,675.90	337.4	119.8
2006	2,405.90	3.8	1,765.80	406.1	237.8
2007	2,615.10	42.5	2,059.50	514	84.1
2008	2,829.60	18.7	2,155.80	626.5	66
2009*	3,267.80	35.2	2,618.80	608.2	76

* Provisional.

11.23. The metal products sub-sector registered a growth of 13.7 per cent in 2009. This was attributed to the production of water tanks and, iron rods and bars by 89.3 and 84.1 per cent, respectively. Production of steel wool and barbed wire, and cork also increased by 30.3 and 23.2 per cent, respectively during the review period. However, gas cylinders production declined significantly by 73.3 per cent from 5,795 in 2008 to 1,547 in 2009. Other products which recorded declines in production were metal cans and tins, razor blades and exhaust pipes. Production of iron sheets declined by 2.7 per cent from 189.3 thousand tonnes in 2008 to 184.1 thousand tonnes in 2009. In the non-electrical machinery sub-sector, production of wheel barrows increased by 4.3 per cent.

11.24. Production of electrical machinery dropped further for the fourth consecutive year. This may be partially explained by the 16.7 per cent decline in production of dry cells. However, production of motor vehicle batteries rose by 11.4 per cent from 431.1 thousand in 2008 to 480.2 thousand in 2009.

11.25. Manufacturing in the transport equipment sub-sector registered a drop in production for the second consecutive year. Production of assembled vehicles declined by 12.0 per cent from 5,747 in 2008 to 5,060 in 2009. Motor vehicle assemblers continued to face intense competition from importers of second-hand vehicles. Further, production of lorry and trailer bodies dropped by 37.7 per cent, whereas those of coaches and buses went up by 19.2 per cent during the period under review.

11.26. Production of miscellaneous manufactures recorded a notable growth of 47.8 per cent in 2009. Ball points, household brushes and illuminated signs production went up by 33.3, 27.3 and 25.2 per cent respectively. However, production of mattresses dropped by 21.0 per cent in the same year.

Investment

11.27. In 2009, Kenya Investment Authority (KenInvest) processed 22 projects cutting across the manufacturing sector. The total capital cost of approved projects dropped drastically from KSh 23.6 billion in 2008 to KSh 2.5 billion in 2009. The approved projects were expected to create employment for 1,136 persons.

Credit to the Manufacturing Sector

11.28. Table 11.5 shows the number and cost of projects approved by the Government to be undertaken within the manufacturing industry in the last five years. In 2009, Industrial Development Bank (IDB) continued to use internally generated resources for short and medium term lending mainly for machinery finance and working capital. The Bank approved one project worth KSh 55 million.

Table 11.5: Industrial Projects Approved By Selected Government or Quasi-Government, 2005-2009

	Number of Projects					Approved Expenditure (KSh Million)				
INSTITUTION	2005	2006	2007	2008	2009*	2005	2006	2007	2008	2009*
Industrial Development Bank Limited (I.D.B Capital.)	-	1	1	2	1	-	37	20	48	55
Development Bank of Kenya (DBK)[1]	20	32	39	26	10	892	960	1,800	1,342	2,200
DBK- Manufacturing	-	-	-	-	2	-	-	-	-	29
Kenya Industrial Estates Limited (K.I.E.)	117	83	69	39	43	30	34	21	12	7
Industrial and Commercial Development Corporation (I.C.D.C.)	-	1	2	1	3	-	1	280	221	21
TOTAL	**137**	**117**	**111**	**68**	**57**	**922**	**1,032**	**2,121**	**1,623**	**2,283**

* Provisional

[1]Expenditure includes ICT,real estate,cut flowers, health services and manufacturing up to 2008

11.29. During the year under review, Development Bank of Kenya (DBK) witnessed increased demand for loans and advances compared to 2008. The bank approved loans and advances amounting to KSh 2.2 billion. Out of this, KSh 29 million was used to finance two projects in the manufacturing sector. The loan for the two projects was used for expansion purposes.

11.30. Project funding by Industrial and Commercial Development Corporation (ICDC) declined from KSh 221 million in 2008 to KSh 21.2 million in 2009. The Corporation financed three small and medium sized enterprises.

11.31. The Kenya Industrial Estates (KIE) disbursed loans worth KSh 6.6 million to 43 projects related to manufacturing activities in 2009. Most of the disbursed loans were for expansion purposes. Out of the 43, six were start up projects, mainly in the area of food processing. Other

sub-sectors that benefited from the loans were textiles, wood and metal fabrication works among others.

Export Processing Zones (EPZ)

11.32. The Export Processing Zones (EPZ) programme recorded a downward trend in the performance of key indicators in 2009, as a result of adverse effects of global economic recession, especially in the United States (US) market which is a prime destination of EPZ exports. The situation was further aggravated by unfavorable business environment characterized by high costs of production and stiff competition from Asian countries. The EPZ programme is undergoing transformation to Special Economic Zones (SEZ) with a wider scope of activities envisaged to meet the objectives of the Vision 2030.

11.33. The number of enterprises operating under the EPZ rose to 83 in 2009 from 74 in 2008. Local ownership of investment within the EPZ rose from 14.3 per cent in 2008 to 19.3 per cent in 2009. Joint ventures were 24.1 per cent compared to 24.7 per cent in 2008, while foreign investment constituted 56.6 per cent, a decline compared to 60.0 per cent reported in 2008. The Authority has started implementing an Incubator project in order to attract and nurture local business. Domestic sales declined by 12.7 per cent to KSh 2,215 million in 2009 from KSh 2,536 million in the previous, as presented in Table 11.6.

11.34. The number of gazetted Export Processing Zones as at end of December 2009 stood at 41, out of which 39 were private while two were public. Three new zones were gazetted one each in Ruiru, Malindi and Eldoret in 2009. However, some zones have been approved for de-gazettement due to requests by the investors as a result of excess capacity among other reasons.

Table 11.6: Selected EPZ performance Indicators 2005-2009

	2005	2006	2007	2008	2009*
Unit- Number					
Gazetted Zones	43	39	41	38	41
Enterprises Operating	68	71	72	74	83
Employment – Locals	38,051	36,767	34,452	30,183	30,115
- Expatriates	800	649	511	469	508
Total Workers	**38,851**	**37,416**	**34,963**	**30,652**	**30,623**
Unit- KSh Million					
Export Sales	20,036	22,893	27,308	28,052	23,351
Domestic Sales[1]	3,738	2,459	2,012	3,150	2,808
Total Sales	**23,774**	**25,352**	**29,320**	**31,202**	**26,159**
Foreign Imports	12,497	12,674	17,263	16,151	16,420
Local Purchases of Goods and Services	2,388	3,253	3,450	4,476	3,942
Investment	18,682	20,320	19,103	20,122	21,366

Source: Export Processing Zones Authority (EPZA)

* Provisional

[1] Domestic sales includes sales to duty free shops and agencies

11.35. Total sales from the EPZ enterprises declined by 16.3 per cent in 2009 to stand at KSh 26,159 million. Exports accounted for KSh 23,351 million, a decrease of 16.8 per cent. Domestic sales also declined by 10.9 per cent to stand at KSh 2,808 million in 2009 from KSh 3,150 million in 2008.

11.36. Imports declined by 24.3 per cent to stand at KSh 12,372 million in the year under

review. A similar trend was observed in the expenditure on local purchases which declined by 11.9 per cent.

11.37. The cumulative capital investment in form of equipment, machinery and other funds invested by the 83 operational enterprises in 2009 rose by 6.2 per cent to stand at KSh 21,366 million.

11.38. The number of Kenyans directly employed in the EPZ contracted marginally to stand at 30,115 in 2009. The bulk of employment was generated by the garment/ apparel enterprises with a total of 24,359 representing 79.5 per cent of the total employment.

11.39. During the year 2009, local expenditure stood at KSh 11,014 million which was a decrease of 3.1 per cent from the previous year. This constitutes the amount of resources spent by EPZ enterprises in purchase of local goods and services, purchase of capital goods, salaries for local employees, electricity, telephone, water, rent, transport and other local costs.

Africa Growth and Opportunity Act (AGOA)

11.40. Africa Growth Opportunity Act (AGOA) initiative aims at increasing exports especially apparels from accredited Sub-Saharan African (SSA) countries to the US market, duty and quota free. Table 11.7 provides a breakdown of the garment/apparel under AGOA.

Table 11.7: Selected EPZ Garment / Apparel Performance Indicators under AGOA, 2005-2009

	2005	2006	2007	2008	2009*	% Growth
Number of Enterprises	25	25	22	18	19	5.6
Employment	34,234	31,813	28,006	25,766	24,359	-5.5
Capital Investment (KSh Million)	9,983	10,317	8,314	7,578	5,490	-27.6
Exports (KSh Million)	14,688	14,774	13,768	15,811	12,480	-21.1

Source: EPZA

*Provisional

11.41. Exports to the US decreased by 21.1 per cent, from KSh 15,811 million in 2008 to KSh 12,480 million in 2009. During the year under review, direct employment in the garment/ apparel sector dropped by 5.5 per cent from 25,766 in 2008 to 24,359 recorded in 2009. This is attributed to scaling down of operations and closure of some firms due to unfavourable business environment characterized by high costs of production and stiff competition from Asian countries. In addition, investment registered a decline of 27.6 per cent in 2009.

Chapter 12

Building and Construction

Overview

The development of physical infrastructure is a critical foundation for the realization of the Kenya Vision 2030. The first Medium Term Plan (2008 – 2012) for the implementation of the Vision targets is to have 64,500 Km of well maintained and motorable roads at a cost of KSh 186.0 billion. Over the Plan period, the Government will concession many toll roads to be built by the private sector.

12.2. In 2009, cement consumption grew by 21.1 per cent to 2,671.2 thousand tonnes. The increase was mainly due to several on-going roads and Constituency Development Fund (CDF) construction projects, among others. Loans and advances from commercial banks to the building and construction sector expanded by 4.0 per cent to KSh 30,414.0 million in 2009. The index of Government expenditure on roads increased from 223.8 in 2008 to 279.3 in 2009. The total value of reported private building works completed in selected main towns rose by 19.5 per cent to KSh 14,725.8 million in 2009 from KSh 12,323.2 million in 2008. The total estimated cost of reported new private buildings completed increased by 43.5 per cent to KSh 9,038.3 million in 2009. The total value of building plans approved rose by 11.7 per cent from KSh 69,321.7 million in 2008 to KSh 77,443.8 million in 2009.

12.3. The overall expenditure by the Ministry of Roads is expected to rise by 43.5 per cent to KSh 60,840.6 million in 2009/10 financial year**.** Disbursement of funds by the Kenya Roads Board (KRB) for road construction, rehabilitation and maintenance activities is expected to increase by 5.3 per cent from KSh 19.0 billion in 2008/09 to KSh 20.0 billion in 2009/10 financial year. The sector's total wage employment increased by 10.1 per cent to stand at 93.4 thousand persons in 2009.

Key Economic Indicators

12.4. Selected key economic indicators in building and construction are presented in Table 12.1. Cement consumption, which remains a key indicator of the sector increased by 21.1 per cent to 2,671.2 thousand tonnes in 2009. This was as a result of road projects being undertaken across the country and increased activities by private home builders. The index of reported private building works completed in main towns increased from 108.2 in 2007 to 137.4 in 2008 largely on account of houses constructed and completed by the private sector. The index of reported public building works completed in main towns increased from 4.5 in 2007 to 5.1 in 2008, mainly attributed to housing projects completed by National Housing Corporation (NHC). The index of Government expenditure on roads increased from 223.8 in 2008 to 279.3 in 2009.

Table 12.1: Selected Key Economic Indicators in Building and Construction[1], 2005 - 2009

1982=100

	2005	2006	2007	2008	2009*
"Index" of reported private building work completed in main towns[2]	36.0	61.0	108.2	137.4	
"Index" of reported public building work completed in main towns[2]	3.2	3.4	4.5	5.1	
"Index" of government expenditure on roads	62.6	201.1	219.4	223.8	279.3
Cement consumption ('000 tonnes)	1,572.5	1,765.8	2,061.4	2,205.8	2,671.2
"Index" of Cement consumption	271.4	304.8	355.8	380.7	461.0
Employment ('000)	78.2	79.9	81.3	84.8	93.4
"Index" of Employment	129.5	132.3	134.6	140.4	154.6
Loans and Advances from Commercial Banks to the sector (KSh mn)	21,421.0	30,277.0	31,576.0	29,247.0	30,414.0

* Provisional.

[1] Actual deflated by various building or construction cost indices.

[2] The average of the actual of two consecutive years is taken in each case for reported completion of buildings

12.5. Total wage employment in building and construction sector went up by 10.1 per cent to stand at 93.4 thousand persons in 2009 from 84.8 thousand persons registered the previous year. Private sector employment rose by 13.2 per cent to 73,545 persons in 2009. Public sector employment went up marginally from 19,852 to 19,902 persons in 2008 and 2009, respectively.

12.6. Data on the annual percentage change in building and construction cost indices for the period 2007 to 2009 is presented in Table 12.2. The overall cost index slowed down to a growth of 4.9 per cent in 2009 from 7.1 per cent growth registered in 2008. This was mainly caused by reductions in the rate of growth of the cost index of building materials from 7.6 per cent in 2008 to 3.1 per cent during the review period. On the other hand, the labour cost index for the sector accelerated, albeit at a lower rate, from 6.1 to 8.8 over the same period. The net effect was a slowdown in the overall cost index from a growth of 7.1 per cent in 2008 to 4.9 per cent in 2009.

Table 12.2: Annual Percentage change in Building and Construction Cost Indices[1], 2007 - 2009

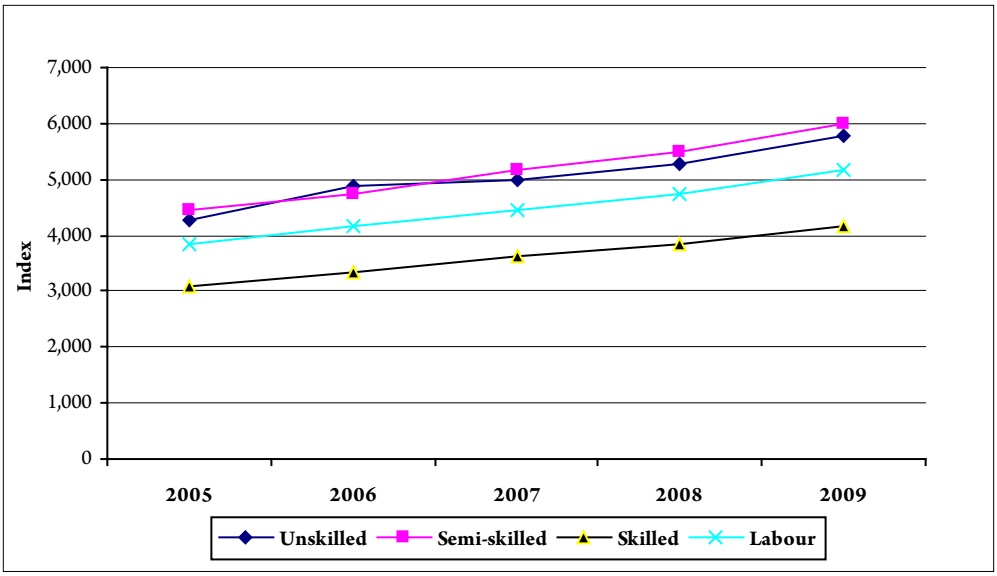
	Materials			Labour			Total Cost		
	2007	2008	2009*	2007	2008	2009*	2007	2008	2009*
Residential Buildings	8.0	7.3	2.4	6.8	6.1	8.8	7.8	7.0	3.8
Non-Residential Buildings	6.9	6.7	5.1	6.8	6.1	8.8	6.9	6.6	6.1
All Buildings	7.5	7.0	3.6	6.8	6.1	8.8	5.3	8.9	4.9
"Other" Construction	4.4	9.2	1.6	6.8	6.1	8.8	5.5	7.8	4.9
Overall Cost Index	6.6	7.6	3.1	6.8	6.1	8.8	6.7	7.1	4.9

* Provisional.

[1] From December to December.

12.7. Figure 12.1 presents the trend in overall labour construction cost indices for the years 2005 to 2009. Overall labour construction cost indices for all cadres of workers increased by bigger percentages in 2009 relative to the growths registered in the previous period. Wages for unskilled labour rose by 9.1 per cent while those for skilled labour registered a growth of 8.6 per cent in 2009.

Figure 12.1: Trend in overall labour construction cost indices, 2005 - 2009 (Base 1982 = 100)



12.8. The value of building plans approved by Nairobi City Council (NCC) and other towns are presented in Table 12.3. The total value of building plans approved registered an increase of 11.7 to stand at KSh 77,443.8 million in 2009. The value of building plans approved by NCC increased by 18.2 per cent from KSh 52,073.0 million recorded in 2008 to KSh 61,555.4 million in 2009. This is attributed to demand for residential, commercial and industrial buildings arising from increase in population. Enforcement of by-laws on building plans by NCC also contributed to the above increase. The value of building plans approved by other towns reduced from KSh 17,248.7 million in 2008 to KSh 15,888.4 million in 2009. The decrease was mainly attributed to non compliance with approval by-laws and non reporting to local authorities.

Table 12.3: Value of Building Plans Approved By Nairobi and Other Towns, 2005 - 2009

KSh Million

Year	Nairobi	Other Towns	Total
2005	23,842.19	13,804.88	37,647.07
2006	21,142.98	5,816.66	26,962.66
2007	59,765.12	7,322.66	67,087.78
2008	52,072.96	17,248.70	69,321.66
2009*	61,555.36	15,888.43	77,443.79

Source: Local Authorities

* Provisional.

12.9. The value of reported private building works completed in selected main towns are shown in Table 12.4. The total value of reported private building works completed in the selected main towns expanded by 19.5 per cent to stand at KSh 14,725.8 million in 2009 from KSh 12,323.2 million in 2008. The NCC registered a 23.2 per cent increase in the value of reported private building works completed to stand at KSh 13,574.2 million in 2009. Malindi town recorded a value of KSh 206.7 million in 2009 from KSh 143.8 million in 2008, an increase of 43.7 per cent. Kisumu town recorded a significant increase from KSh 42.1 million in 2008 to KSh 124.5 million in 2009. In contrast Mombasa and Nakuru recorded declines.

Table 12.4: Value of Reported Private Building[1] Works Completed in Selected Main Towns, 2005 - 2009

KSh million

Year	Nairobi	Mombasa	Kisumu	Nakuru	Malindi	Total
2005	2,241.7	165.1	45.7	125.2	109.5	2,687.2
2006	2,317.6	170.9	60.2	145.6	123.6	2,817.8
2007	9,786.7	831.0	52.5	166.3	132.6	10,969.2
2008	11,018.2	787.0	42.1	332.1	143.8	12,323.2
2009*	13,574.2	530.8	124.5	289.6	206.7	14,725.8

Source: Local Authorities

* Provisional.

[1] Including the value of extension.

12.10. Reported completions of new private buildings in selected main towns are presented in Table 12.5. The total estimated cost of new completed private buildings increased to KSh 9,038.3 million in 2009, an increase of 43.5 per cent. The estimated cost of non- residential units increased by 40.9 per cent to KSh 1,936.7 million in 2009, while that of residential units rose by 44.2 per cent. New residential units increased to 2,851 in 2009 from 2,401 in 2008.

Table 12.5: Reported Completions of New Private Buildings[1] in Selected Main Towns[2], 2005 - 2009

Year	Number		Estimated Cost (KSh Million)		
	Residential	Non-Residential	Residential	Non-Residential	Total
2005	1,815	29	2,145.5	426.9	2,572.4
2006	1,903	31	2,241.2	457.5	2,698.7
2007	2,350	52	4,773.3	1,124.8	5,898.1
2008	2,401	55	4,923.7	1,374.5	6,298.1
2009*	2,851	85	7,101.6	1,936.7	9,038.3

Source: Local Authorities

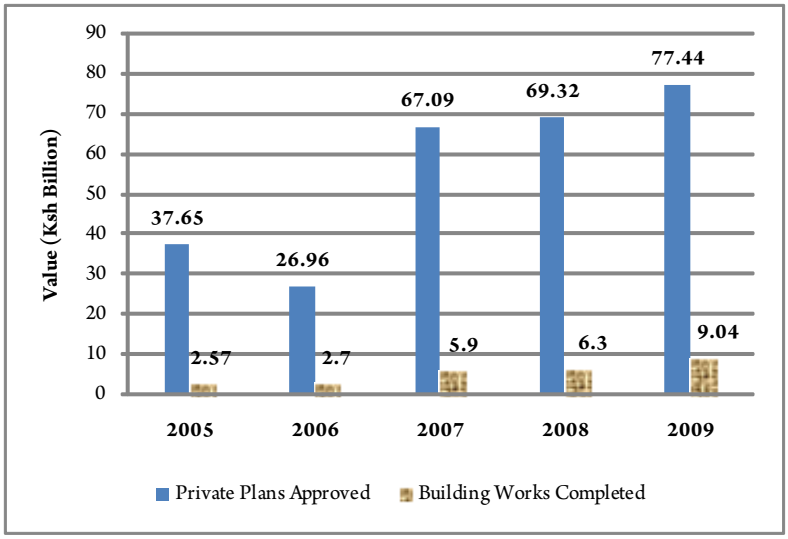
* Provisional

[1] Excluding the value of extensions

[2] Nairobi, Mombasa, Kisumu, Nakuru, Malindi

12.11. Figure 12.2 compares the value of private plans approved and estimated cost of reported new private building works completed in main urban areas. The ratio of reported new private buildings completed to approved plans remains very low. This could be attributed to increased approvals as a result of enforcement of by-laws and non-reporting of completions. In 2009, the ratio stood at 12 completions reported for every 100 private plans approved, a slight improvement from nine for every 100 in 2008.

Figure 12.2: Comparison of Value of Private Plans Approved and Reported New Private Building Works Completed in Main Urban Areas, 2005 - 2009



12.12. The number of reported completions of new public buildings in selected main towns is detailed in Table 12.6. The total estimated cost of reported completions of new public buildings more than doubled to stand at KSh 1,047.0 million in 2009 from KSh 443.0 million recorded in 2008. The estimated cost of residential buildings completed increased significantly from KSh 210.2 million in 2008 to KSh 938.5 million in 2009. On the other hand, estimated cost of non-residential buildings completed decreased significantly from KSh 232.8 million in 2008 to KSh 108.5 million in 2009. Over 80 per cent of reported newly completed public buildings were residential compared to 54.7 per cent in 2008.

Table 12.6: Reported Completions of New Public Buildings[1] in Selected Main Towns[2], 2005 – 2009

Year	Number		Estimated Cost (KSh Million)		
	Residential	Non-Residential	Residential	Non-Residential	Total
2005	360	31	410.8	33.3	444.1
2006	20	13	30.0	20.6	50.6
2007	309	7	507.7	16.1	523.8
2008	88	73	210.2	232.8	443.0
2009*	116	24	938.5	108.5	1047.0

Source: Local Authorities, National Housing Corporation & Ministry of Public Works
* Provisional.
[1] Including the value of extensions.
[2] Nairobi, Mombasa, Kisumu, Nakuru, Malindi

Housing

12.13. The Government has been increasing its budgetary allocation for housing programmes and projects since 2003. The housing sector has been characterised by inadequacy of affordable and decent housing, low level of urban home-ownership, extensive and inappropriate dwelling units, including slums and squatter settlements. To improve this situation, a total of KSh 1.1 billion was allocated for the Kenya Slum Upgrading Programme and the Civil Servants Housing Scheme under the Ministry of Housing in the financial year 2009/10. The following housing projects were ongoing in 2009: Ngara Phase 1 (130 units), Kileleshwa (62 units), Ngara Phase II (526 units) and Kilimani Phase II (20 four-bedroom houses).

12.14 The National Housing Corporation (NHC) continues to play a crucial role in the implementation of the Government's housing policies and programmes**.** In 2009, two housing projects were completed at a total cost of KSh 938.5 million. These included 110 rental flats in Langata Phase III (Nairobi), and 6 mortgage maisonettes in Nairobi. Other works completed were re-roofing and perimeter wall in Karanja road (Nairobi) at a cost of KSh 4.1 million, 1.7 Km access road in Langata (Nairobi) at a cost of KSh 58.8 million , perimeter wall and shop in Mamboleo (Kisumu) at a cost of KSh 18.3 million and 225 repairs in Changamwe (Mombasa) at a cost of KSh 29.6 million. The five housing projects which were under construction as at 31st December 2009 will cost a total of KSh 2,323.9 million upon completion. These consist of 310 flats (Langata Phase II) in Nairobi, 40 flats in Kisii, 80 flats in Kakamega, 105 apartments in Kileleshwa and 110 flats (Madaraka Sector A) in Nairobi. There were also housing schemes at advanced planning stage as at 31st December 2009, which are to be constructed in Nairobi and Nyeri consisting of 953 units at an estimated cost of KSh 3.40 billion. The Corporation advanced rural housing loans amounting to KSh 181.8 million to 165 loanees in 2009.

12.15. The analysis of approved and actual Central Government expenditure for the financial years 2005/06 to 2009/10 is shown in Table 12.7. Actual expenditure on housing increased from KSh 2,853.5 million registered in 2007/08 to KSh 3,333.8 million in 2008/09. Actual expenditure as a percentage of approved expenditure decreased to 88.2 per cent in 2008/09 from 91.2 per cent in 2007/08. Approved expenditure on housing is expected to increase by 8.7 per cent to KSh 4,111.8 million in 2009/10 from KSh 3,781.6 million in 2008/09.

Table 12.7: Approved and Actual[1] Central Government Expenditure on Housing, 2005/06 – 2009/10

Year	Expenditure in KSh Million		Actual Expenditure as Percentage of Approved Expenditure
	Approved	Actual	
2005/06	1615.96	1,056.96	65.4
2006/07	1,992.10	1,969.89	98.9
2007/08	3,130.12	2,853.51	91.2
2008/09*	3,781.60	3,333.80	88.2
2009/10+	4,111.76		

Source: Ministry of Housing

* Provisional

+ Estimates

[1] Actual has a lag of one year

Roads

12.16. Total expenditure on roads for the financial years 2005/06 to 2009/10 is shown in Table 12.8. Overall expenditure for Ministry of Roads rose by 31.0 per cent to KSh 60,840.6 million in 2009/10, with trunk roads taking the highest proportion of the total expenditure (46.9 per cent). Development expenditure on secondary roads decreased from KSh 7,770.7 million in 2008/09 to KSh 6,275.7 million in 2009/10. Expenditure on trunk roads increased by 41.7 per cent to stand at KSh 28,514.6 million in 2009/10 as a result of the on-going rehabilitation of the major highways. Recurrent expenditure (maintenance and repair) on roads increased marginally by 1.7 per cent to KSh 10,344.0 million in 2009/10.

Table 12.8: Total Expenditure on Roads, 2005/06 - 2009/10

KSh Million

	2005/06	2006/07	2007/08	2008/09*	2009/10+
Development:					
Trunk Roads	2,406.00	14,472.91	16,605.30	20,126.60	28,514.63
Primary Roads	1,260.50	5,377.68	7,988.32	7,433.83	11,579.10
Secondary Roads	320.68	1,546.85	2,898.41	7,770.74	6,275.71
Miscellaneous Roads	353.51	2,958.32	2,973.12	948.39	4,127.17
Total	**4,340.69**	**24,355.77**	**30,465.15**	**36,279.56**	**50,496.61**
Recurrent (maint.	6,122.00	6,122.00	11,795.40	10,163.76	10,344.01
Grand Total	**10,462.69**	**30,477.77**	**42,260.55**	**46,443.32**	**60,840.62**

Source: Ministry of Roads

* Provisional

+ Estimates

12.17. The Ministry of Roads continued to provide the regulatory framework, coordination, oversight, supervision and liaison with other ministries for smooth functioning of the road sub-sector. Under the ministry, the Kenya Roads Board (KRB) coordinates and provides funds for road maintenance in the country. Three other autonomous statutory road authorities are Kenya National Highways Authority (KeNHA), Kenya Rural Road Authority (KeRRA) and Kenya Urban Roads Authority (KURA). KeNHA deals with development and management of major roads (Class A, B, C). KeRRA is responsible for development of rural and small town roads (Class D, E and Others). KURA is charged with the development and management of roads in the cities and municipalities. In the 2009/10, the KRB disbursed a total of KSh 20.0 billion from the Roads Maintenance Levy Fund (RMLF) to various roads agencies. KeNHA received KSh 8,150.0 million, KeRRA received KSh 6,930.0 millions, KURA received KSh 2,443.75 million, Kenya Wildlife Services (KWS) received KSh 196.25 million while KRB retained KSh 2,355.0 million for its operations.

12.18. Under the Roads 2000 Programme, the Government with the assistance of development partners rehabilitated and maintained rural roads at a total of KSh 3.5 billion during the 2008/09 financial year. The districts that benefitted were: Kericho, Nakuru, North Nandi, South Nandi, Bomet, Buret, Nyamira, Gucha Kuria, Migori, Suba, Homa Bay, Rachuonyo, Kisumu, Siaya, Bondo, Kisii, Nyando, Meru North, Meru South, Meru Central, Tharaka, Embu, Mbeere, Machakos, Makueni, Trans Nzoia, West Pokot, Uasin Gishu, Keiyo, Marakwet, Kajiado, Trans Mara, Narok, Nyandarua, Muranga, and Maragua

12.19. Table 12.9 represents road network by type and classification as at 1st July 2005 and 1st July 2009. Total kilometres of road under bitumen increased by 0.2 per cent from 8.85 thousand kilometers in 2005 to 8.87 thousand kilometres in 2009. Consequently roads under earth/gravel declined by 2.4 per cent to 53.07 thousand kilometres in 2009. After the partial completion of the Road Inventory and Condition Survey (RICS), the road network was established to be 160,866 Km long comprising of 11,189 Km of paved roads and 149,689 Km of unpaved roads

Table 12.9: Kilometres of Road as at 1st July, 2005 and 1st July, 2009 by Type and Classification

'000 Km

Type of Road	2005		2009*	
	Bitumen	Earth/ Gravel	Bitumen	Earth/ Gravel
A- International Trunk ..	2.89	0.87	2.77	0.82
B- National Trunk	1.43	1.37	1.49	1.16
C- Primary	2.49	5.18	2.70	5.16
D- Secondary	1.17	10.05	1.24	9.48
E- Minor	0.75	25.80	0.58	26.07
F- Special Purpose[1]	0.12	11.09	0.10	10.38
TOTAL	8.85	54.36	8.87	53.07

Source: Ministry of Roads

* Provisional

[1] Special purpose roads include Government access, settlement, rural access, sugar, tea and wheat roads

12.20. Data on road works constructed, maintained and rehabilitated in the year 2009 is presented in Table 12.10. A total of KSh 45,694.7 million was used to construct 1,202.9 kilometres, while KSh 49,200.6 million was used to rehabilitate 1,167.4 kilometres of roads. A total of KSh 1,759.3 million was used to gravel 355.1 kilometres of roads. Overall, a total of KSh 96, 654.6 million was used on the three different types of road works covering a total of 2,725.4 kilometres.

12.21. Holding maintenance which mainly involved recarpeting to improve the riding quality ahead of scheduled major reconstructions works was done on Kenol – Muranga, Mau summit – Kericho and Muranga – Kiriani roads at a total cost of KSh 439.9 million.

Table 12.10: Major Road Works in Progress[1] in 2009

Activity	Length(Km)	Contract Amount KSh Million
Roads constructed		
Bumala-Rumbwa	48.0	905.0
Daraja mbili-Eronge-Miruka	50.0	1,803.7
Dundori-Olkalou-Njabini	100.3	3,485.6
Ebuyango-Ekero	31.0	1,034.4
Emali-Loitokitok	100.0	4,236.2
Ena-Ishiara-Meru	60.0	2,798.5
Farm-Mutuati-Kachilu	38.5	1,388.9
Isiolo-Merille river	136.0	4,875.4
Kabati-Kagunduini road	47.0	1,034.4
Kagio-Kerugoya-Kibirigwi	25.0	1,372.0
Kamukuiywa-Kaptama-Kapsokwony	67.0	2,699.6
Keroka-Nyangusu phase I	40.0	1,885.7
Kipsigak-Serem	53.0	1,365.0
Kitui-Kangonde	45.0	1,019.8
Makutano-Kikuma-Tawa	40.0	1,895.1
Mariakani-Kilifi	56.0	2,500.0
Meru-Mikinduri-Maua	52.0	1,843.0
Mihuti-Wanjerere	33.0	1,451.2
Miri-Itundu	13.7	1,100.8
Mukurweini-Gakonya & Rutune-Wahuaini	31.0	1,113.1
Ndumberi-Limuru-Kagwaru	33.4	1,848.2
Thogoto-Gikambura-Mutarakwa	32.0	1,042.9
Ruiru-Isiolo-Muriri	71.0	2,996.2
Sub-Total	1,202.9	45,694.7
Roads rehabilitated		
Athi River-Namanga	136.0	6,208.7
Embu-Thuchi	32.0	898.9
Kisii-Kilgoris	74.0	1,873.7
Lanet-Njoro Turn Off	16.0	2,971.8
Lewa-Isiolo	29.5	1,586.0
Machakos Turn off-Masii	78.0	1,302.0
Machakos Turn off-Embakasi	45.0	4,258.0
Mai Mahiu-Lanet	94.0	6,146.0
Maji ya Chumvi-Miritini	35.0	2,304.6
Makutano-Embu	46.0	968.1
Muranga-Sagana	55.0	1,613.3
Nairobi-Ruiru	24.0	1,095.8
Nairobi roads	53.9	2,396.6
Njoro Turn Off-Timboroa	84.0	4,383.6
Nkubu-Meru-Lewa	40.0	899.4
Sultan Hamud-Machakos Turn off	55.0	3,040.6
Thika-Gacharage-Githumu	40.0	868.1
Thika-Gatanga-Ndakaini	76.0	1,245.2
Mai Mahiu-Narok	90.0	3,780.5
Thuchi-Nkubu	64.0	1,360.1
Sub-Total	1,167.4	49,200.6
Roads graveled		
Kombewa-Maseno	36.0	109.1
Kapsowar-Chesoi & Iten-Kapspowar	70.0	607.8
Mandera-Elwak	162.0	360.6
Olkokwe-Muchongoi	29.0	230.7
Oria-Pala-Magina-Mirigi	44.0	148.1
Saretho-Dadaab	14.1	303.0
Sub-Total	355.1	1,759.3
Total	**2,725.4**	**96,654.6**

[1] Includes works Completed

Chapter 13
Tourism

Overview

Performance indicators point to a recovery in the tourism sector following massive market re-assurance missions in the key source markets in campaigns to woo tourists back to Kenya. This resulted in tourism earnings improving from KSh 52.7 billion in 2008 to KSh 62.5 billion in 2009, reflecting 18.6 per cent growth. Similarly, the volume of international arrivals expanded significantly by 23.9 per cent from 1,203.2 thousand in 2008 to 1,490.4 thousand in 2009. This positive development was achieved despite a background of the negative economic effects associated with the global economic meltdown and uncertainties brought about by the influenza A(H1N1) outbreak.

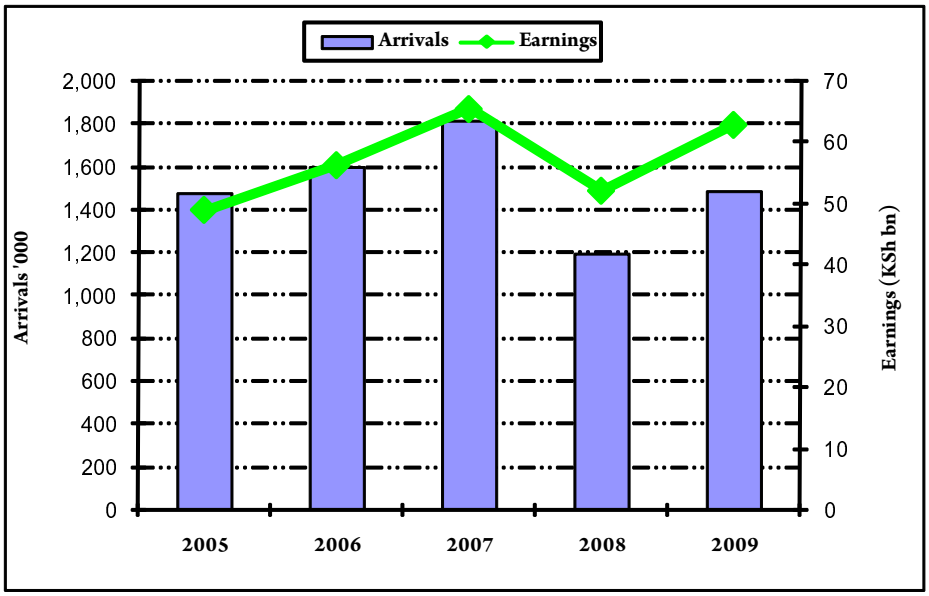
13.2. The Government's commitment to providing an enabling environment, coupled with successful tourism promotion and political stability resulted in the number of bed-nights occupied increasing significantly by 68.8 per cent from 3,699.0 thousand in 2008 to 6,242.8 thousand in 2009. Similarly, the improved volume of international arrivals coupled with aggressive domestic marketing resulted in the number of visitors to game parks and reserves expanding by 45.9 per cent from 1,633.9 thousand in 2008 to 2,383.3 thousand in 2009.

13.3. The number of visitors to museums, snake parks and other historical sites increased by 54.7 per cent from 493.2 thousand in 2008 to 763.1 thousand in 2009. Likewise, the number of local and international conferences held went up by 7.2 and 3.7 per cent respectively, in 2009.

Arrivals and Departures

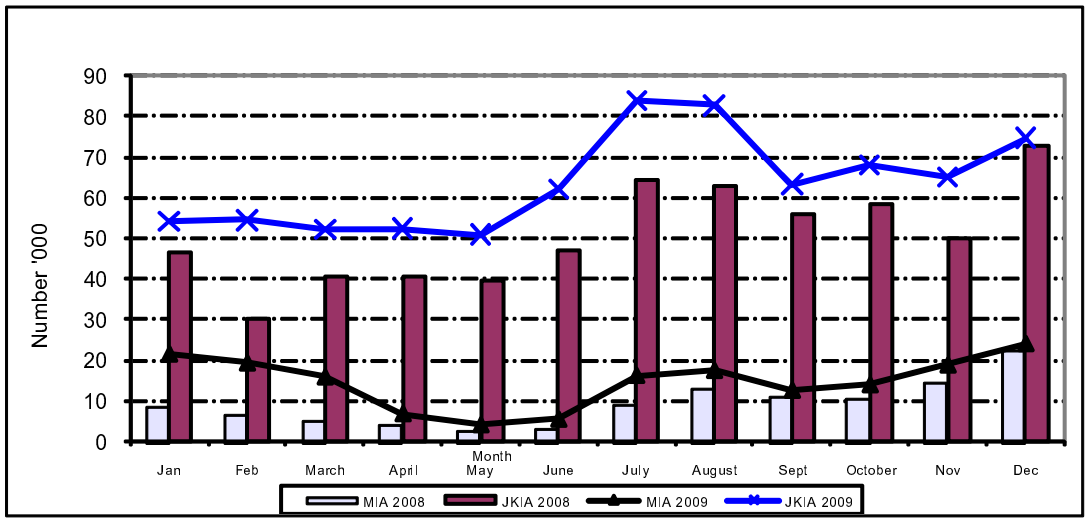
13.4. The Government's strategy to market the country as a safe tourist and investment destination has been crucial in reviving the tourism sector. The recovery of the sector that started during the last quarter of 2008 continued through 2009. This outcome was reflected in the number of inbound tourists that appreciably improved by 23.9 per cent from 1,203.2 thousand in 2008 to 1,490.4 thousand in 2009 as shown in Table 13.1. This robust growth was attributed to stepped up marketing in key source markets and the expanded international route network covered by the national flag carrier, Kenya Airways. The growth reflected a re-examination of the hitherto negative travel advisories in the key source markets. As a result, the decline of both international arrivals and tourism earnings recorded during 2008 reverted to positive as reflected in Figure 13.1.

Figure 13.1: Trends in Visitor Arrivals and Tourism Earnings, 2005 - 2009



13.5. Figure 13.2 shows the monthly international visitor arrivals through the country's major international airports for the period 2008 and 2009. During 2009, more than 60.0 per cent of all inbound tourists to the country came through Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) in Mombasa. Over the review period, visitors' arrivals through JKIA and MIA were generally above the monthly levels achieved during 2008. A comparison of the monthly arrivals reveals notable increases for JKIA during 2009 when compared to 2008. However, the level of arrivals through MIA remained modest over the review period, an indication that charter flights have not fully resumed.

Figure. 13.2: International Arrivals through JKIA and MIA, 2008 - 2009



13.6. The number of international visitor arrivals who visited for purposes of leisure expanded by 13.4 per cent from 936.1 thousand in 2008 to 1,061.2 thousand in 2009 as shown in table 13.1. This accounted for 71.2 per cent of total inbound tourists, compared to 77.8 per cent during 2008. This explains the recovery of visits for purposes other than holiday, which registered substantial increases over the review period. During the first quarter, the number of arrivals went up significantly by 50.1 per cent from 234.7 thousand in 2008 to 352.4 thousand in 2009. This was mainly attributed to recovery by visitor arrivals in all categories during the quarter compared to a corresponding period in 2008. Similarly, the second and third quarters registered impressive performances. However, the fourth quarter reported a modest growth, mainly as a result of the strong base following a recovery achieved during a similar period in 2008.

Table 13.1: Quarterly Visitor Arrivals by Purpose of Visit, 2005-2009

'000

Quarter	Purpose	2005	2006	2007	2008	2009*
1st Qtr.	Holiday	264.6	275.8	298.4	201.6	248.6
	Business	51.8	61.7	75.8	20.4	44.1
	Transit	22.2	36.0	41.2	5.8	21.8
	Other	37.6	48.2	59.2	6.9	37.8
	TOTAL	**375.6**	**421.7**	**474.6**	**234.7**	**352.4**
2nd Qtr.	Holiday	213.4	219.2	263.0	205.6	211.6
	Business	41.9	45.5	51.6	18.6	46.4
	Transit	17.9	28.4	31.3	13.5	23.8
	Other	30.3	23.4	37.9	20.2	34.6
	TOTAL	**303.5**	**316.5**	**383.9**	**257.9**	**316.4**
3rd Qtr.	Holiday	288.6	289.2	380.6	243.7	294.7
	Business	56.6	59.4	64.7	33.1	46.4
	Transit	24.2	38.5	28.2	20.8	29.3
	Other	41.0	46.6	37.8	44.0	50.2
	TOTAL	**410.5**	**433.7**	**511.2**	**341.6**	**420.7**
4th Qtr.	Holiday	296.5	303.2	336.5	285.2	306.3
	Business	55.8	59.6	50.1	37.2	43.6
	Transit	15.5	34.2	30.2	21.8	23.4
	Other	21	31.7	30.3	24.7	27.7
	TOTAL	**388.8**	**428.7**	**447.2**	**369.0**	**401.0**
Year	Holiday	1,063.1	1,087.4	1,278.5	936.1	1,061.2
	Business	206.1	226.2	242.3	109.4	180.6
	Transit	79.8	137.2	130.9	62.0	98.4
	Other	129.9	149.8	165.2	95.8	150.2
	TOTAL	**1,478.9**	**1,600.5**	**1,817.0**	**1,203.2**	**1,490.4**

*Provisional

13.7. As shown in Table 13.2, the volume of international departures went up by 28.4 per cent from 1,143.1 thousand in 2008 to 1,468.2 thousand in 2009. This was in tandem with the improved level of inbound tourists during 2009. Although holiday departures improved by 19.4 per cent, their share contracted from 78.0 per cent in 2008 to 72.5 per cent of total

departures in 2009. Consistent with the volume of arrivals, visitor departures during the first quarter improved significantly by 43.0 per cent. During the quarter, visitor departures by purposes other than holiday more than doubled. Departures during the second to fourth quarters went up by more than 20 per cent on account of significant increase in the number of departing holiday visitors during 2009.

Table 13.2: Quarterly Visitor Departures by Purpose of Visit, 2005-2009

'000

Quarter	Purpose	2005	2006	2007	2008	2009*
1st Qtr.	Holiday	258.9	285.3	314.2	210.1	258.7
	Business	50.8	56.7	65.5	18.9	38.0
	Transit	18.0	29.9	35.4	10.1	22.9
	Other	40.5	46.2	58.9	11.9	39.4
	TOTAL	**368.2**	**418.1**	**474.0**	**251.0**	**359.0**
2nd Qtr.	Holiday	221.9	232.9	270.2	193.4	217.5
	Business	43.6	47.9	49.1	19.9	44.4
	Transit	15.5	18.3	20.8	14.1	17.2
	Other	34.7	31.4	32.6	21.6	23.3
	TOTAL	**315.7**	**330.6**	**372.7**	**249.1**	**302.5**
3rd Qtr.	Holiday	279.3	274.9	352.6	251.5	282.0
	Business	54.8	59.9	63.8	31.9	40.1
	Transit	19.5	27.5	33.0	17.7	32.1
	Other	43.7	45.8	48.1	15.5	44.0
	TOTAL	**397.3**	**408.0**	**497.5**	**316.7**	**398.1**
4th Qtr.	Holiday	267	284.9	295.0	236.6	306.7
	Business	52.4	55.0	53.9	38.1	46.8
	Transit	18.6	41.2	35.4	23.3	25.3
	Other	41.8	40.6	43.7	28.3	29.9
	TOTAL	**379.8**	**421.7**	**427.9**	**326.3**	**408.6**
Year	Holiday	1,027.1	1,077.9	1,232.0	891.7	1,064.9
	Business	201.6	219.5	232.3	108.9	169.3
	Transit	71.6	116.8	124.6	65.2	97.4
	Other	160.7	164.1	183.2	77.3	136.6
	TOTAL	**1,461.0**	**1,578.4**	**1,772.1**	**1,143.1**	**1,468.2**

* Provisional

13.8. The number of departing visitors by country and purpose of visit went up from 1,065.8 thousand in 2008 to 1,331.6 thousand in 2009, reflecting a growth of 24.9 per cent as shown in Table 13.3. This was spurred by improved departures for holiday visitors that went up by 19.4 per cent to account for 80.0 per cent of the total departures. This was supported by increased departures destined to Europe that expanded by 19.6 per cent. However, the share of departures to Europe contracted from 60.3 per cent in 2008 to 57.7 per cent in 2009 as a result of the effects of global recession. Notable increases were also reported for departures to the African continent that went up by 46.1 per cent, mainly as a result of increased frequencies by Kenya Airways. Other substantial departures were by nationals of USA and Canada. Over the review period, business and transit visitor departures went up by 55.5 and 49.4 per cent, respectively.

Table 13.3: Departing Visitors by Country of Residence and Purpose of Visit1, 2007-2009

'000

Country of Residence	Holiday			Business			Transit			Total		
	2007	2008	2009*	2007	2008	2009*	2007	2008	2009*	2007	2008	2009*
Germany	210.7	115.0	121.0	38.1	14.9	20.3	14.4	7.4	8.4	263.2	137.3	149.7
United Kingdom	258.1	185.8	204.2	39.8	18.6	30.3	15.7	12.3	11.5	313.6	216.7	245.9
Switzerland	49.0	32.5	36.4	7.0	3.1	3.3	4.6	2.1	3.4	60.5	37.7	43.1
Italy	115.6	64.0	85.7	24.8	11.7	22.7	6.1	4.5	3.7	146.6	80.2	112.1
France	66.9	36.5	38.9	14.3	4.7	9.3	3.5	1.9	3.0	84.7	43.1	51.3
Scandinavia	31.4	26.8	33.3	7.7	2.5	4.8	4.2	1.6	3.4	43.3	30.9	41.5
Other Europe	122.4	84.7	103.9	23.2	8.1	14.2	9.7	3.7	6.6	155.3	96.5	124.7
TOTAL EUROPE	**854.1**	**545.2**	**623.3**	**154.9**	**63.6**	**105.0**	**58.2**	**33.5**	**40.0**	**1,067.2**	**642.3**	**768.3**
U.S.A	88.8	71.7	107.1	19.6	12.2	13.7	8.4	5.5	6.4	116.8	89.4	127.2
Canada	19.3	15.4	23.0	4.4	1.8	2.6	3.8	1.7	2.5	27.4	18.9	28.1
TOTAL NORTH AMERIC	**108.1**	**87.1**	**130.1**	**24.0**	**14.0**	**16.3**	**12.2**	**7.2**	**8.9**	**144.2**	**108.3**	**155.3**
Uganda	14.6	16.6	32.6	4.2	3.2	5.8	2.1	3.0	4.3	20.9	22.8	42.7
Tanzania	17.9	17.7	33.7	5.1	2.9	6.5	4.7	2.6	5.9	27.6	23.2	46.1
Other Africa	91.4	95.1	111.7	14.1	9.6	11.9	23.4	10.2	22.7	128.9	114.9	146.2
TOTAL AFRICA	**123.9**	**129.3**	**178.0**	**23.4**	**15.7**	**24.2**	**30.2**	**15.8**	**32.9**	**177.5**	**160.8**	**235.0**
India	24.5	28.7	29.3	6.6	4.5	5.5	6.1	2.1	3.4	37.1	35.3	38.2
Japan	15.5	9.6	13.5	5.3	3.8	4.0	1.2	0.8	1.2	22.0	14.2	18.8
Israel	12.0	10.4	7.4	3.1	1.7	2.1	2.4	0.5	1.2	17.5	12.6	10.8
Other Asia	44.5	46.9	47.3	7.9	3.7	7.0	6.3	1.7	4.2	58.7	52.3	58.5
TOTAL ASIA	**96.5**	**95.5**	**97.4**	**22.9**	**13.7**	**18.7**	**15.9**	**5.1**	**10.1**	**135.3**	**114.3**	**126.2**
Australia and New Zealand	22.8	17.0	17.7	4.1	1.1	3.3	1.8	1.1	1.9	28.7	19.2	22.8
All Other Countries	26.7	17.6	18.4	3.1	0.8	1.8	6.3	2.5	3.7	36.0	20.9	24.0
TOTAL	**1,232.0**	**891.7**	**1,064.9**	**232.3**	**108.9**	**169.3**	**124.6**	**65.2**	**97.4**	**1,588.9**	**1,065.8**	**1,331.6**

* Provisional

[1] Excludes visitor whose purpose of visit is "other"

13.9. Table 13.4 shows the trend on the number of days stayed by purpose of visit for the last five years. The total length of stay went up significantly by 41.5 per cent from 11,039.8 to 15,616.5 thousand days in 2008 and 2009, respectively. This was mainly attributed to 39.5 per cent increased days stayed by leisure visitors during 2009. Equally, the length of stay by visitors on business and transit went up significantly over the review period. The increase in length of stay was mainly due to improved confidence in the country by the visitors and the competitive offers by tourism service providers for visitors to stay longer. This resulted in the average length of stay increasing from 10.4 days in 2008 to 11.7 days in 2009.

Table 13.4: Number of Days Stayed[1] by Purpose of Visit, 2005-2009

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Purpose	2005	2006	2007	2008	2009*
Holiday	13,383.8	14,186.8	15,754.4	9,721.9	13,563.0
Business	2,454.4	2,724.4	2,803.6	1,182.8	1,845.5
Transit	142.8	257.0	281.1	135.1	208.0
TOTAL	**15,981.0**	**17,168.3**	**18,839.0**	**11,039.8**	**15,616.5**
Average length of stay in days	12.3	12.1	11.9	10.4	11.7

[1] Excludes days stayed by "Other Visitors" Category

* Provisional

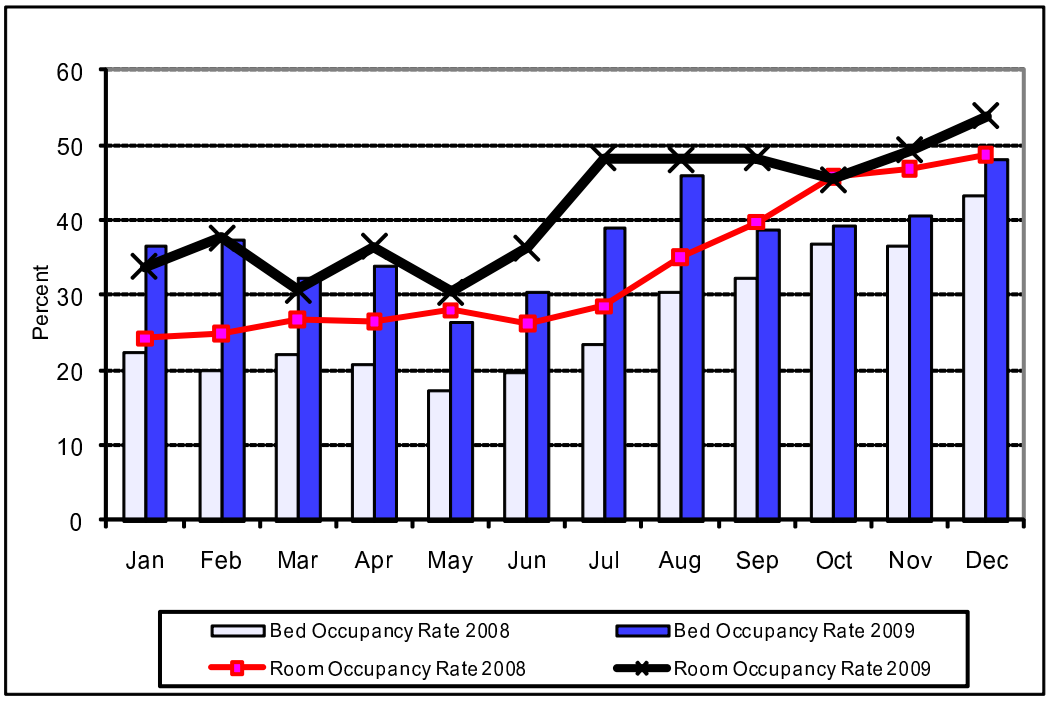
Hotel Occupancy by Country of Residence

13.10. The hotels sub-sector bounced back with improved occupancy reported in most tourism circuits. This impressive performance was achieved as a result of extensive publicity aimed at restoring the country's image as a preferred travel destination. On the domestic front, competitive offers by the industry players paid off especially during holidays, when substantial improvements in hotel occupancy were recorded. This improvement is also associated with *Tembea Kenya Initiative* - a public/private initiative aimed at promoting domestic tourism in

an effort to cushion the industry in absence of inbound tourists.

13.11. During 2009, improved level of confidence in the country translated to increased business in the hotels sub-sector. As shown in Table 13.5, the number of bed-nights occupied in hotels, lodges and other rooming houses went up from 3,699.0 thousand in 2008 to 6,242.8 thousand in 2009, reflecting a 68.8 per cent increase. This outcome was a result of massive marketing campaigns mounted by the Government and industry stakeholders. The diversification away from traditional beaches and wildlife tourism to other circuits in the Western and Northern parts of Kenya also contributed to the improved performance. Over the review period, the overall rate of beds occupancy went up from 26.0 per cent in 2008 to 36.5 per cent in 2009. Similarly, the average occupancy rate for bed-rooms occupied expanded from 32.2 per cent in 2008 to 39.3 per cent in 2009. As shown in Figure 13.3, the occupancy levels for both beds and bedrooms has been on a gradual increase, a reflection of continued recovery in the sector.

Figure 13.3: Monthly Room and Bed Occupancy Rates, 2008 and 2009



13.12. Analysis of bed-nights occupied by country of residence reveals continued dominance by nationals from European countries. Bed-nights occupied by residents from Europe more than doubled during 2009 compared to 2008. Similarly, the share of bed-nights by residents of Europe went up from 35.8 per cent to 44.8 per cent of the total bed-nights occupied in 2008 and 2009, respectively. This was mainly supported by significant improvements in occupancy by residents of Germany, United Kingdom, Italy and France. Occupancy by residents of the African continent increased by 42.5 per cent from 1,850.1 thousand in 2008 to 2,636.5 thousand in 2009. This was attributed to improved occupancy by residents of East Africa with Kenyans being the dominant. Although bed-nights occupied by Kenyans expanded by 37.3 per cent, their share of total bed-nights contracted by 7.9 percentage points to 34.5 per cent in 2009. Bed-nights by nationals of the American continents expanded by 65.4 per cent on account of improved occupancy by residents of U.S.A. Increased occupancy by residents

of Japan, India and China resulted in a growth of 70.5 per cent in bed-nights by nationals from the Asian continent.

Table 13.5: Hotel Bed - Nights Occupancy by Country of Residence, 2005-2009

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Country of Residence	2005	2006	2007	2008	2009*
Permanent Occupants[1]	44.9	23.5	25.0	52.4	29.7
Germany	689.9	917.2	926.1	339.5	685.6
Switzerland	164.3	191.8	174.2	66.8	127.5
United Kingdom	628.4	1,029.4	1,223.1	486.6	909.7
Italy	353.1	479.3	536.5	158.2	383.2
France	183.5	320.4	304.3	63.8	231.8
Scandinavia	88.8	114.8	129.8	48.7	97.3
Other Europe	346.5	487.1	543.7	160.0	363.0
EUROPE	**2,454.6**	**3,540.1**	**3,837.8**	**1,323.7**	**2,798.1**
Kenya Residents	1,129.6	1,374.8	1,869.8	1,566.6	2,150.9
Uganda	37.0	49.2	52.2	43.2	103.0
Tanzania	44.1	55.9	54.7	43.1	71.1
East and Central Africa	55.7	71.6	67.3	41.5	87.1
West Africa	30.2	36.0	35.6	26.3	45.4
North Africa	18.9	25.5	43.9	17.0	25.4
South Africa	51.1	67.8	73.6	52.6	87.8
Other Africa	52.8	56.5	71.8	59.9	65.9
AFRICA	**1,419.5**	**1,737.4**	**2,268.8**	**1,850.1**	**2,636.5**
U.S.A	206.8	242.2	270.9	148.1	233.8
Canada	35.8	48.5	64.0	32.2	58.5
Other America	23.8	24.3	34.2	16.7	33.4
AMERICA	**266.4**	**315.1**	**369.2**	**196.9**	**325.6**
Japan	34.6	37.0	45.7	18.2	37.8
India	44.6	50.8	60.5	51.2	83.3
Middle East	31.3	33.5	38.0	20.0	37.5
China	...	25.0	43.2	20.7	33.2
Other Asia	63.2	35.3	41.7	26.4	41.0
ASIA	**173.8**	**181.6**	**229.2**	**136.5**	**232.8**
Australia and New Zealand	40.6	45.5	56.9	42.3	54.9
All Other Countries	76.8	78.8	152.5	97.1	165.2
TOTAL-OCCUPIED	**4,476.6**	**5,922.1**	**6,939.4**	**3,699.0**	**6,242.8**
TOTAL-AVAILABLE	**10,845.6**	**13,003.5**	**14,711.6**	**14,233.6**	**17,125.3**
Occupancy rate %	**41.3**	**45.5**	**47.2**	**26.0**	**36.5**

*Provisional

[1]Persons staying one month or more in one hotel-includes some block bookings for air crew

13.13. Kenya has a wide range of potential tourist attractions, which have not been fully exploited. The sector's activities are mainly concentrated around the coastal area and in a few National Parks and Game Reserves. However, in the recent past there have been efforts towards regional diversification of the industry.

13.14. Table 13.6 presents bed-nights occupied by zone for the last five years. In 2009, the coastal beach maintained its status as the most preferred destination of leisure by tourists. Occupancy in this zone nearly doubled, increasing from 1,643.7 thousand in 2008 to 3,011.4 thousand in 2009. This resulted in the proportion of bed-nights in the coastal beach to the total expanding by 48.2 per cent in 2009 compared to a decline of 44.4 per cent in 2008. Bed-

nights occupied in the Nairobi High Class increased from 716.2 thousand in 2008 to 1,164.1 thousand in 2009, a growth of 62.5 per cent, while occupancy in Nairobi-Other more than doubled during the same period. This was a reflection of the improved business and conference environment in the city. All other areas equally reported improved performance, which was more pronounced in the Western and Northern zones.

Table 13.6: Hotel bed-nights by Zone, 2005-2009

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Zone	2005	2006	2007	2008	2009*
Coastal-Beach	2273.7	3228.8	3768.1	1643.7	3011.4
Coastal-Other	43.5	108.6	153.5	118.1	152.5
Coastal Hinterland	75.1	83.7	210.5	93.9	210.9
Nairobi-High Class	870.9	946.8	1028.4	716.2	1164.1
Nairobi-Other	180.5	257.2	302.7	224.5	498.1
Central	265.1	300.3	388.9	255.1	347.5
Masailand	361.9	460.9	519.9	231.8	312.8
Nyanza Basin	196.7	284.4	246.6	185.4	213.2
Western	128.0	167.7	234.4	224.6	319.0
Northern	81.2	83.7	86.3	5.7	13.3
TOTAL-OCCUPIED	**4476.6**	**5922.1**	**6939.4**	**3699.0**	**6242.8**
TOTAL-AVAILABLE	**10845.6**	**13003.5**	**14233.6**	**14233.6**	**17125.3**

*Provisional

13.15. Figures 13.4a and 13.4b show the proportion of bed-nights occupied by area along the coastal strip in 2008 and 2009. Although the North Coast remained the most preferred area, the figures reveal that the South Coast is increasing its popularity. This is reflected in the increased share of bed-nights occupied in South Coast that expanded from 20.4 per cent in 2008 to 35.9 per cent in 2009. The proportion of bed-nights in the other coastal areas contracted in 2009 compared to 2008.

Figure 13.4a: Bed-nights Occupancy at the Coast, 2008

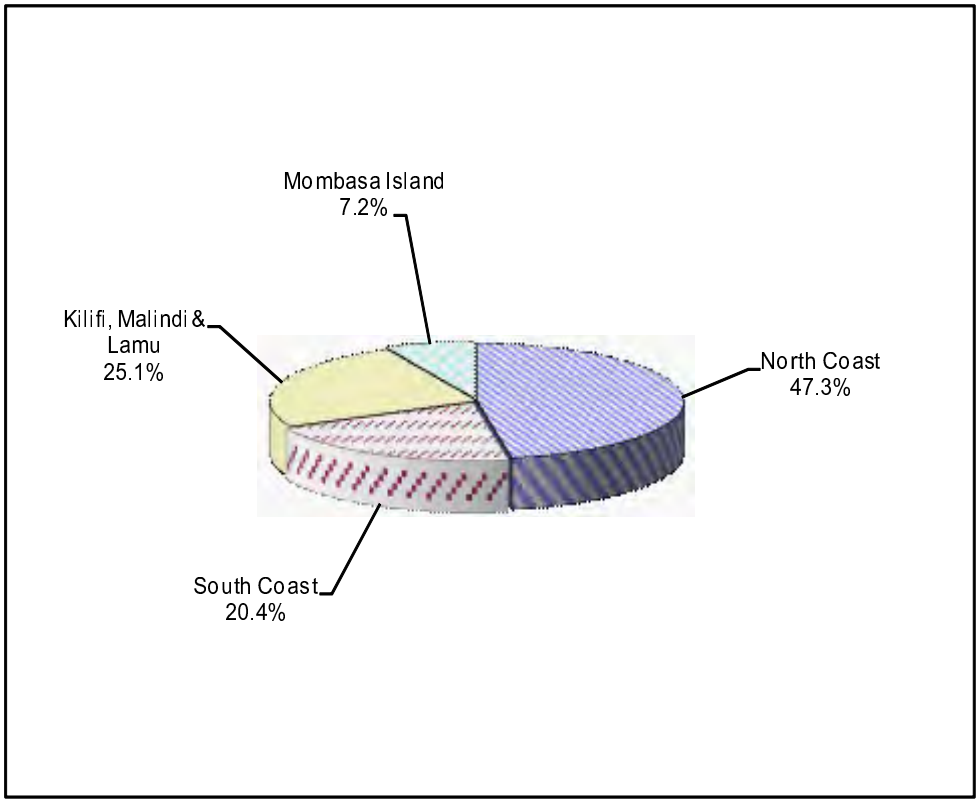
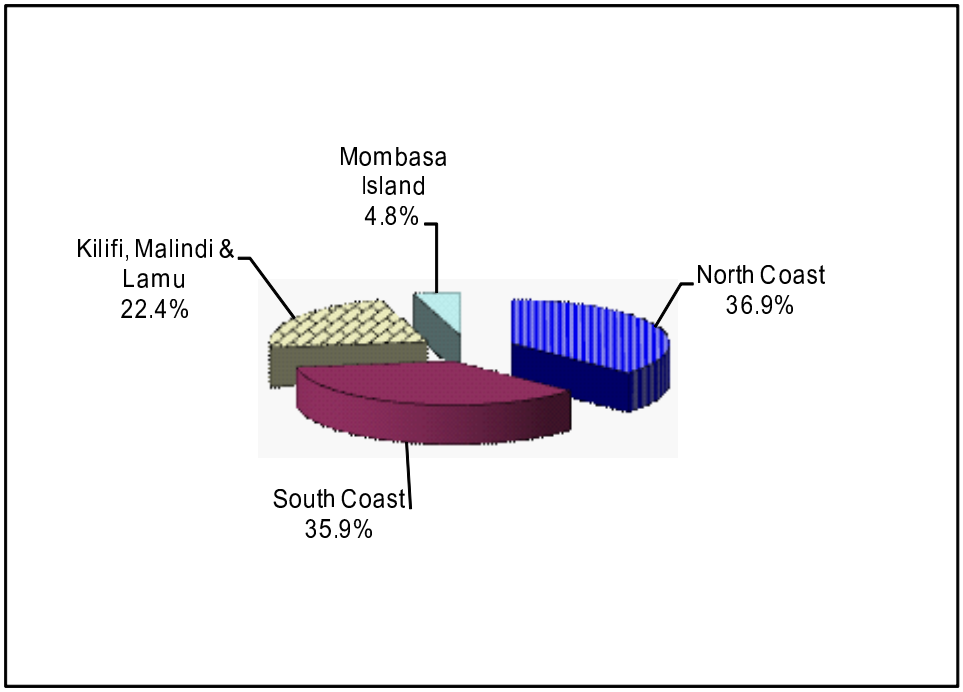


Figure 13.4b: Bed-nights Occupancy at the Coast, 2009



13.16. Details of bed-nights occupied by area and country of residence are shown in Table 13.7. Coast and Nairobi remained the most preferred areas during 2009. The share of bed-nights occupied at the coast went up from 47.6 per cent in 2008 to 50.7 per cent in 2009. Similarly, the share of bed-nights occupied in Nairobi increased marginally from 25.4 per cent in 2008 to 26.6 per cent in 2009. As a result, the share of bed-nights in lodges and "Others" contracted to 7.7 and 15.0 per cent respectively over the period under review. Occupancy along the Coast was dominated by residents of Kenya, United Kingdom, Germany, Italy and France. Similarly, occupancy in Nairobi was mainly by residents of Kenya, United States of America and United Kingdom.

Table 13.7: Hotel bed-nights by Area and Country of Residence, 2008 and 2009

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Country of Residence	Nairobi		Coast		Lodges		Others		Total	
	2008	2009*	2008	2009*	2008	2009*	2008	2009*	2008	2009*
Permanent Occupants[1] ..	3.7	4.3	12.1	7.2	0.0	0.7	36.6	17.5	52.4	29.7
Germany	17.8	40.8	290.8	587.5	28.9	49.5	2.0	7.8	339.5	685.6
Switzerland	6.7	15.8	54.6	104.1	5.1	6.4	0.4	1.3	66.8	127.5
United Kingdom	63.0	118.9	358.9	693.7	60.2	83.5	4.5	13.5	486.6	909.7
Italy	6.4	13.2	140.0	342.7	11.3	25.3	0.6	2.0	158.2	383.2
France	15.8	39.0	30.5	139.3	16.4	49.9	1.1	3.6	63.8	231.8
Scandinavia	16.6	32.0	19.8	43.3	11.1	16.9	1.2	5.0	48.7	97.3
Other Europe	38.5	67.9	92.3	238.6	25.8	43.5	3.4	13.0	160.0	363.0
Kenya	321.8	552.4	584.7	716.5	82.0	85.1	578.2	796.9	1,566.6	2,150.9
Uganda	23.5	62.8	14.6	26.6	0.3	1.0	4.8	12.6	43.2	103.0
Tanzania	25.2	45.5	14.5	20.4	0.4	0.7	3.0	4.4	43.1	71.1
East & Central Africa	32.8	65.8	7.2	15.9	0.4	2.0	1.1	3.5	41.5	87.1
West Africa	22.8	37.5	2.5	5.8	0.4	0.5	0.5	1.6	26.3	45.4
North Africa	15.4	21.7	1.0	2.4	0.3	0.6	0.3	0.7	17.0	25.4
South Africa	34.0	58.5	15.5	23.1	2.3	3.3	0.7	2.9	52.6	87.8
Other Africa	39.0	37.9	17.3	20.3	1.0	4.4	2.5	3.3	59.9	65.9
U.S.A.	73.9	130.3	24.2	41.3	37.8	42.2	12.2	20.0	148.1	233.8
Canada	18.1	36.0	7.3	12.1	5.5	7.7	1.3	2.7	32.2	58.5
Other America	8.3	14.4	3.5	10.5	4.2	6.1	0.7	2.3	16.7	33.4
Japan	8.1	17.9	1.4	4.1	7.4	13.8	1.4	1.9	18.2	37.8
India	28.1	42.0	13.1	27.0	7.7	10.3	2.3	4.0	51.2	83.3
Middle East	11.2	27.4	5.5	7.1	2.9	2.1	0.5	0.9	20.0	37.5
China	10.6	18.0	2.4	4.6	5.6	8.2	2.1	2.4	20.7	33.2
Other Asia	14.7	25.1	6.0	10.1	4.6	3.7	1.1	2.0	26.4	41.0
Australia & New Zealand	14.0	22.9	20.9	22.4	6.3	7.0	1.1	2.6	42.3	54.9
All Other Countries..... ..	70.8	114.4	21.3	37.2	2.7	8.4	2.2	5.3	97.1	165.2
TOTAL	**940.7**	**1,662.2**	**1,761.8**	**3,163.9**	**330.7**	**482.9**	**665.9**	**933.8**	**3,699.0**	**6,242.9**
PERCENTAGE SHARE	**25.4**	**26.6**	**47.6**	**50.7**	**8.9**	**7.7**	**18.0**	**15.0**	**100.0**	**100.0**

* Provisional

[1] Persons staying one month or more in one hotel-includes some block bookings for air crew

13.17. Table 13.8 presents details on bed-nights occupancy in game lodges by foreign and East African residents. Occupancy in tourist resorts located within the game parks and reserves increased in tandem with the volume of visitors to game parks and reserves during 2009. Bed-nights occupied by foreign residents increased by 59.7 per cent from 248.0 thousand in 2008 to 396.0 thousand in 2009. Over the same period, the proportion of foreign residents that opted for full catering went up from 85.2 per cent in 2008 to 95.8 per cent in 2009, indicating diminishing preference for Self Service. Bed-nights occupied by East African residents went up by 5.1 per cent to stand at 86.9 thousand in 2009.

Table 13.8 Game lodges[1] Occupancy, 2007 – 2009

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Category	Bed-Nights Occupied					
	Foreign Residents			E.A. Residents		
	2007	2008	2009*	2007	2008	2009*
Game Reserves	512.9	124.1	167.9	36.8	31.6	22.3
National Parks	269.9	123.9	228.1	51.9	51.1	64.6
TOTAL	**782.8**	**248.0**	**396.0**	**88.7**	**82.7**	**86.9**
Of Which						
Full Catering ..	656.3	211.4	379.2	72.0	71.9	80.7
Self Service	126.4	36.6	16.8	16.7	10.8	6.2

[1]Lodges in National Parks and Game Reserves

*Provisional

Game Parks and Reserves

13.18. Kenya's wildlife tourism is one of the niche products offered to both domestic and international tourists whose main purpose of destination is to observe local fauna. These have traditionally been concentrated in a few game parks and reserves. However, with diversification taking place, more circuits and parks/reserves are beginning to receive increased volumes of visitors.

13.19. Table 13.9 shows the number of visitors to game parks and reserves for the period 2005 to 2009. The number of visitors to these attractions expanded by 46.0 per cent from 1,633.9 thousand in 2008 to 2,385.2 thousand in 2009. All the parks/reserves except Meru and Watamu marine registered increased volume of visitors. Substantial influx of visitors was registered by Maasai Mara game reserve, Impala Sanctuary (Kisumu) and Tsavo East National park. As shown in Figure 13.5, majority of visitors to parks and reserves in 2009 continued to be adult citizens followed by adult non-residents. The increased volume to these attractions by adults is mainly associated with increased number of international arrivals and promotional campaigns within the domestic market.

Table 13.9: Number of Visitors to Parks and Game Reserves, 2005-2009

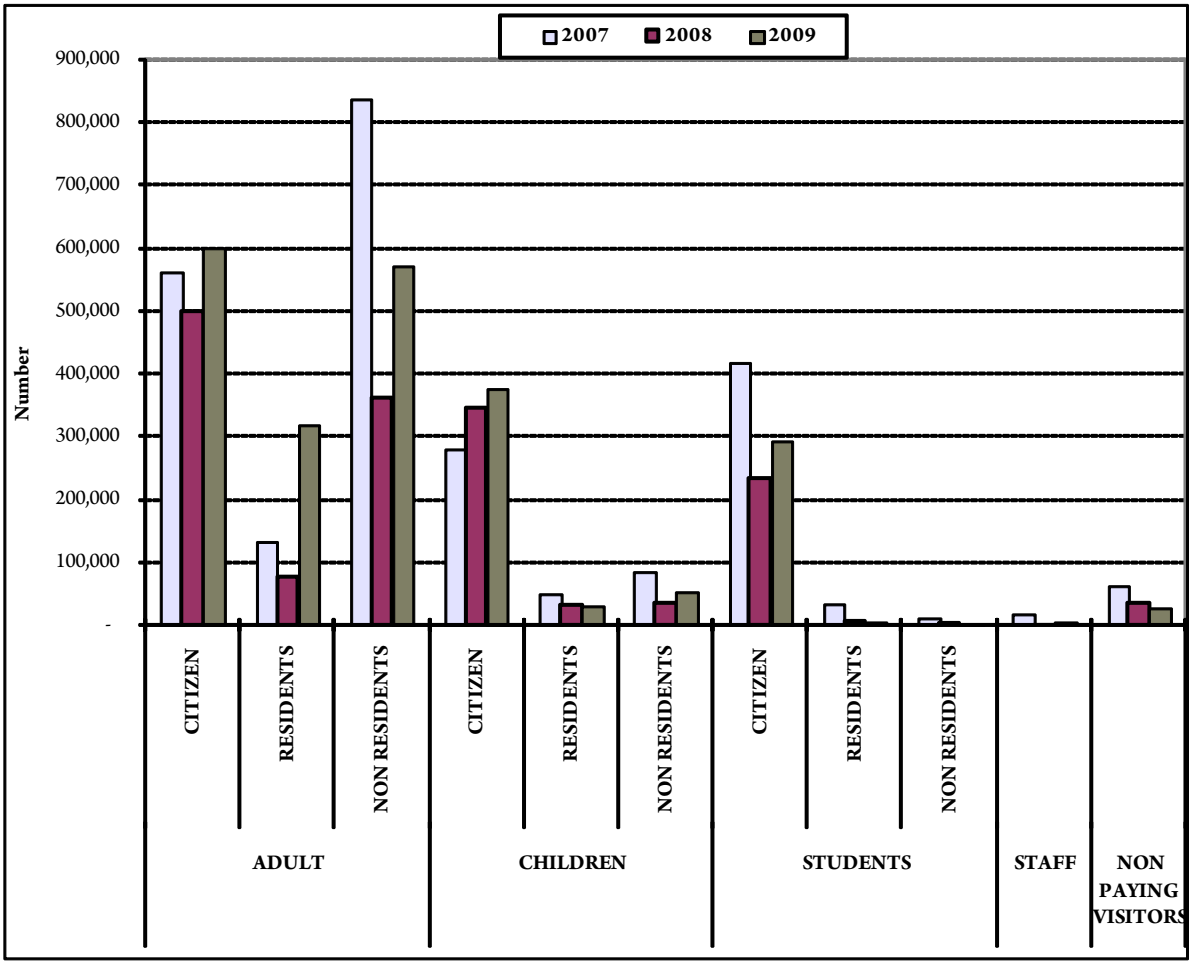
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Park/Reserve	2005	2006	2007	2008	2009*
Nairobi	99.9	101.8	93.0	91.8	102.7
Nairobi Safari Walk	127.5	170.8	205.8	202.1	258.5
Nairobi Mini Orphanage	257.8	227.9	264.8	284.5	450.4
Amboseli	126.2	153.2	156.4	84.7	133.0
Tsavo (West)	105.7	130.9	134.8	71.2	102.7
Tsavo (East)	180.1	223.3	237.1	110.9	203.8
Aberdare	48.3	54.5	50.4	26.2	36.7
Lake Nakuru	344.6	327.0	346.8	137.7	189.3
Maasai Mara	285.2	316.5	311.8	60	157.9
Haller's Park	100.8	128.4	140.9	135.2	137.3
Malindi Marine	32.8	38.3	40.3	29.7	43.4
Lake Bogoria	65.7	68.7	64.9	50.8	79.5
Meru	8.9	12.6	12.8	15.9	15.2
Shimba Hills	17.3	23.7	22.5	13.5	19.4
Mount Kenya	39.5	43.8	39.6	21.7	25.0
Samburu	7.3	8.2	24.9	17.1	18.9
Kisite/Mpunguti	59.2	66.4	59.7	28.1	40.0
Mombasa Marine	36.2	33.2	39.2	26.6	27.9
Watamu Marine	32.4	40.8	32.2	17.4	16.5
Hell's Gate	35.6	61.7	91.2	80.0	87.4
Impala Sanctuary (Kisumu)	87.9	84.3	72.2	79.8	174.6
Mt. Longonot	11.5	22.6	24.7	27.8	30.8
Other[1]	22.5	25.2	29.0	21.5	34.4
TOTAL	**2,132.9**	**2363.7**	**2,495.1**	**1,633.9**	**2,385.2**

* Provisional

[1] Other include Arabuko Sokoke, Ol-Donyo Sabuk, Marsabit, Saiwa swamp, Sibiloi, Chyulu, Ruma National Park, Mwea National Reserve, Central lsland National Park, Kiunga, Mt.Elgon, Nasolot, Ndere, and Kakamega.

Figure 13.5: Visitors to Game Parks and Reserves, 2007-2009



Museums

13.20. Table 13.10 shows the number of visitors to museums, snake parks and historical sites. Visitors to these attractions improved by 54.7 per cent, from 493.2 thousand in 2008 to 763.1 thousand in 2009. This was partly as a result of the re-opening of the snake park and increased visits to the Nairobi museum. Visitors to Gedi Ruins expanded by 43.5 per cent on account of many educational groups on learning tours to understand more about the remains of the once Swahili town. Visitors to Karen Blixen more than tripled during the year, mainly as a result of increased volume of non residents visitors from outside East Africa. The number of visitors to Fort Jesus increased from 115.5 thousand in 2008 to 167.7 thousand in 2009, representing a growth of 45.2 per cent. This is associated with the increase of tourists to the coast as evidenced by their level of bed-occupancy. As shown in Figure 13.6, the number of visitors to museums, snake parks and sites was more concentrated during the second half of the year. This could be attributed to group and school tours which mainly occur during the later half of the year.

Figure 13.6: Monthly Number of Visitors to the Museums, 2009

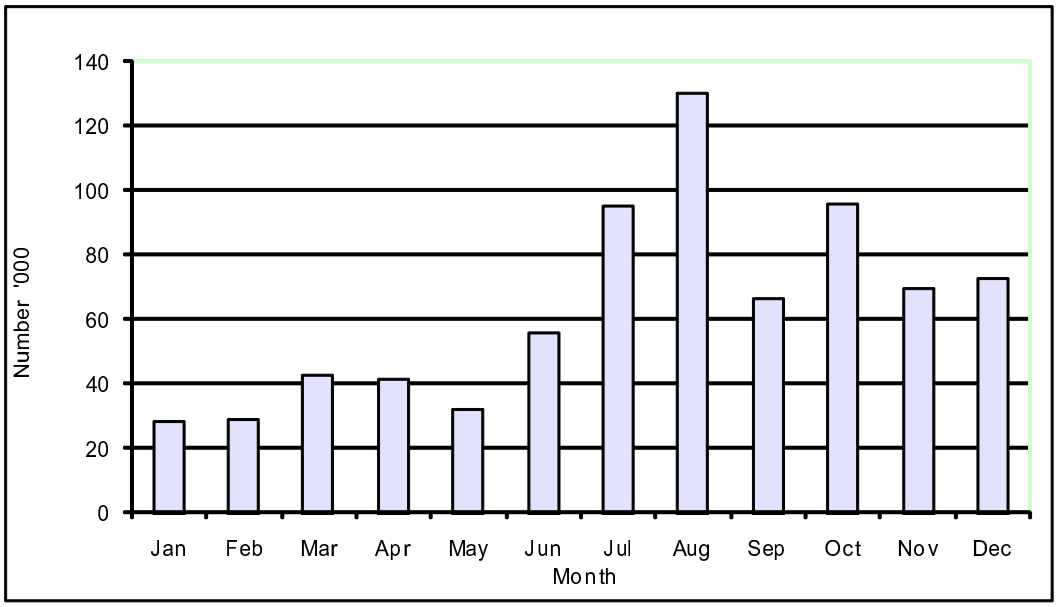


Table 13.10: Number of Visitors to Museums, Snake Parks and Sites, 2005-2009

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Name of Museums	2005	2006	2007	2008	2009*
National Museum:(Main)	242.4	-	-	164.1	232.7
National Museum:(Snake Park)	105.1	127.1	145.8	12.9	69.1
Fort Jesus	127.5	147.3	145.3	115.5	167.7
Kisumu Museum	79.2	83.0	90.0	75.3	89.7
Kitale Museum	42.4	36.9	36.2	23.5	30.6
Gedi	33.5	35.5	38.7	31.0	44.5
Meru Museum	18.9	16.6	18.2	14.3	19.2
Lamu	5.8	4.5	4.6	3.3	4.2
Jumba la Mtwana	7	4.9	7.1	7.0	9.8
Olorgessaile	1.2	1.3	1.7	1.5	1.1
Kariandusi	6.2	7.6	10.9	7.9	10.9
Hyrax Hill	6.6	5.9	7.5	5.0	7.7
Karen Blixen	59.1	55.9	56.2	13.5	40.2
Malindi Museum	14.2	19.7	24.1	9.9	22.9
Kilifi Mnarani	1	0.7	0.5	0.8	1.8
Kabarnet	3.7	2.7	2.2	1.5	2.3
Kapenguria	6.6	3.9	4.4	3.8	5.8
Pete Sites	1.3	0.0	0.0	0.1	0.1
Swahili House	0.8	4.1	0.7	0.4	0.6
Narok Museum	0.4	0.5	2.3	0.5	0.8
German Post	0.1	0.1	0.2	0.1	0.1
Lamu Fort	0.9	-	-	-	-
Takwa Ruins	1.3	1.6	1.8	1.3	1.5
TOTAL	**765.2**	**558.7**	**598.6**	**493.2**	**763.1**

* Provisional

_ not available/closed

Conference Tourism

13.21. Conference tourism is a niche market that revolves around service provision to business travelers attending seminars, workshops, conferences and conventions. This is the largest and fastest growing segment of the modern tourism. However, owing to the country's political environment in early 2008, the sub-sector has not been operating to its optimal capacity. To address this scenario marketing and re-assurance missions both within and at the international markets by the Government and other tourism players were undertaken.

13.22. The number of local and international conferences held improved by 7.2 and 3.7 per cent, respectively in 2009. Likewise, the number of delegates for local conferences went up by 68.0 per cent while those for international more than doubled. As a result, the level of occupancy for conference facilities went up by 8.7 per cent.

Table 13.11: Reported conferences, 2007-2009

Number

	2007		2008		2009*	
	Local	International	Local	International	Local	International
No.of conferences	2,528	234	2,107	189	2,258	196
No.of delegates	372,569	52,318	135,833	12,024	228,165	29,025
No.of delegate days	776,729	227,633	5,807	871	459,512	137,804
No.of delegate days available	4,204,395	4,204,395	5,145,153	5,145,153	5,255,810	5,255,810
Percentage Occupancy	18.5	5.4	0.1	0.0	8.7	2.6

*Provisional

Training

13.23. Since its inception, the Kenya Utalii College (KUC) has been growing both in size and scope. This is driven by the mission of enhancing professionalism and improvement of standards in the field of hospitality through training, consultancy services and innovations. This has resulted in continuous review of the programmes offered in response to market demands. During 2009, the KUC in collaboration with the University of Nairobi (UoN) introduced two degree programmes in the Hospitality, and Tour and Travel Management. A Satellite Campus was also established in the coastal town of Mombasa with first intake expected in May 2010. Progress is also being made with regard to the establishment of a KUC Kisumu Branch in line with the Medium Term Plan of the Vision 2030.

13.24. Table 13.12 shows the performance of KUC training programme for the last five years. The number of graduates increased significantly from 2,416 in 2008 to 3,228 in 2009, reflecting a 33.6 per cent improvement. This was mainly attributed to a massive increase in the number of In-Service and Management Development Programme (MDP) categories. This was also occasioned by the introduction of additional categories covering pubs, entertainment joints and restaurants that had not been covered previously. During the year, graduates for professional courses increased by 20.9 per cent as a result of diversification of the ordinary diploma courses in response to market demand.

Table 13.12 Kenya Utalii College Graduates, 2005-2009

Year	Pioneer course[2]	In-Service	MDP[1]	Professional Courses			Grand Total
				Ordinary	Service Advance	Sub-Total	
2005	660	1,455	235	298	13	311	2,661
2006	770	1,611	276	311	18	329	2,986
2007	1,296	1,808	236	384	35	419	3,759
2008	720	1,119	166	371	40	411	2,416
2009*	722	1,818	191	469	28	497	3,228

Source: Kenya Utalii College

* Provisional

[1]MDP Management Development Programmes

[2]Pioneer is 3 month course

Chapter 14
Transport, Storage and Communications

Overview

The transport, storage and communications sector witnessed improved performance in 2009, largely supported by significant growth recorded in communications sub-sector. Other factors contributing to the growth of the sector include improved performance of the tourism industry, enhanced activities in road and efficiency in cargo handling at the port of Mombasa.

14.2. The number of newly registered vehicles recorded a decelerated growth of 32.8 per cent down from 42.8 per cent in 2008. The growth was mainly propelled by a high registration of motor and auto cycles which accounted for 56.3 per cent of the total units registered. The total number of reported traffic accidents increased from 9,093 in 2008 to 12,369 in 2009. The railway transport sub-sector recorded improvements in passenger traffic, but freight tonnage declined for the second consecutive year which could be attributed to poor rail infrastructure.

14.3. The volume of cargo handled at the port of Mombasa expanded by 16.8 per cent, largely fuelled by imports. Total pipeline throughput of white petroleum products recorded a growth of 12.3 per cent with domestic consumption amounting to 3,155.3 thousand cubic metres in 2009. Total passenger traffic at the main airports expanded by 8.0 per cent mainly attributed to the recovery of tourism industry (from the effects of post election violence in early 2008).

14.4. The communications sub-sector continued to witness improved performance, with the mobile telecommunications maintaining an upward trend by posting a 34.2 per cent growth in the subscriber base in 2009. As Telkom Kenya and Essar Telecoms continued to expand their customer base, fierce competition emerged, resulting to lower tariffs, increased access and affordability of communications services. The industry witnessed the issuance of 2 cable landing rights licenses to The East Africa Marine System (TEAMS) and Sea Submarine Communications (SEACOM) Limited. The landing of the under sea cables on the Kenyan coast not only brought closer the prospect of cheap and high speed communication in the country, but also ensured affordability and improved international connectivity between Kenya and the rest of the world. Another milestone included the successful launch of digital television broadcasting during the year.

Value of Output

14.5. Details of output values for various transport and communications sub-sectors are presented in Table 14.1. The sector posted an output value of KSh 541.6 billion compared to KSh 527.9 billion in 2008. This represented a decelerated growth of 2.6 per cent compared to a 12.3 per cent growth in 2008. The Road Transport sub-sector continued to dominate the the Transport and Communications sector with a contribution of 52.7 per cent of the total output value in the reveiw period.

Table 14.1: Transport and Communications - Value of Output, 2005 -2009

KSh Million

	2005	2006	2007	2008	2009*
Road Transport	159,321	205,305	233,246	273,095	285,418
Railway Transport	4,600	4,553	4,550	4,449	4,295
Water Transport	17,204	21,408	23,233	23,272	12,517
Air Transport	59,670	71,301	80,254	82,993	85,848
Services Incidental to Transport	20,480	29,194	33,977	39,051	38,741
Pipeline Transport	8,270	8,846	8,736	9,222	10,036
Communications	62,687	68,702	86,189	95,773	104,701
Total	**332,231**	**409,308**	**470,184**	**527,854**	**541,557**

* Provisional

Road Transport

Roads

14.6. During the review period, the Government continued with the implementation of the reforms initiated in the roads sub-sector in 2007. The Kenya Roads Act 2007 established three semi-autonomous road agencies with the overall objective of improving the efficiency in the management of roads, thereby promoting competitiveness and value for money. The agencies are: Kenya National Highways Authority (KeNHA), Kenya Rural Roads Authority (KeRRA) and Kenya Urban Roads Authority (KURA). These agencies were operationalised in 2009 with specific objectives of development and maintenance of the national, district and urban road network.

14.7. Table 14.2 presents details of funds disbursed from the Roads Maintenance Levy Fund (RMLF) for purposes of roads maintenance in the country. In 2009/2010 financial year, total funds allocated increased by 3.3 per cent to KSh 20.0 billion from KSh 19.4 billion in 2008/09 financial year.

Table 14.2: Roads Maintenance Funds, 2005/06 - 2009/10

KSh million

	2005/06	2006/07	2007/08	2008/09	2009/10*
Fuel Levy	9,978	14,814	17,999	19,000	19,700
Transit Toll	289	327	270	357	300
Total	**10,267**	**15,141**	**18,269**	**19,357**	**20,000**

Source: Kenya Roads Board

* Provisional

14.8. Total earnings from road transport sub-sector posted a growth of 4.5 per cent in 2009, to stand at KSh 285.4 billion, as shown in Table 14.3. Earnings from passenger traffic contributed 54.6 per cent of the total earnings realized in the road transport industry in 2009.

Table 14.3: Earnings from Road Traffic, 2005 - 2009

	2005	2006+	2007+	2008	2009*
Passenger Traffic	100,296	114,880	126,814	146,072	155,909
Freight Traffic	59,025	90,424	106,432	127,023	129,509
Total Road Traffic Earnings	**159,321**	**205,305**	**233,246**	**273,095**	**285,418**

* Provisional.

+ Revised

New Registration of Motor Vehicles

14.9. The number of newly registered motor vehicles is shown in Table 14.4. The total number of units registered posted a 32.8 per cent increase to stand at 161,813 in 2009. The increase is mainly attributed to higher registration of motor and auto cycles which rose significantly, accounting for 56.3 per cent of the total registered units. Motor and auto cycles have become popular across the country. In rural areas, they have provided relief to long transport queues, while in urban areas they have supplemented both passenger transport and mail delivery. There was an 11.5 per cent increase in the registration of station wagons from 24,747 units in 2008 to 27,599 units in 2009. These make of vehicles are the major mode of motorised passenger transport in the smaller urban centres.

Table 14.4: New Registration of Road Motor Vehicles, 2005 - 2009

Number

Type of Vehicle	2005	2006	2007	2008	2009*
Saloon Cars	14,216	14,829	17,893	18,686	16,930
Station Wagons	10,158	12,631	24,115	24,747	27,599
Panel Vans, Pick-ups, etc	6,308	6,721	9,470	8,983	7,120
Lorries/Trucks	3,113	3,610	6,329	6,691	6,037
Buses and Coaches	885	856	2,006	1,243	1,057
Mini Buses/Matatu	4,076	3,714	4,252	5,206	4,483
Trailers	1,351	1,706	2,193	2,100	2,883
Wheeled Tractors	856	920	1,213	1,262	1,115
Motor and Auto Cycles	3,759	6,250	16,293	51,412	91,151
Three Wheelers	735	1,075	1,072	704	863
Other vehicles	195	505	488	797	2,575
Total Units Registered	**45,653**	**52,817**	**85,324**	**121,831**	**161,813**

Source: Kenya Revenue Authority

* Provisional.

Road Licenses

14.10 The number of driving licenses issued dropped by 3.2 per cent from 202,840 in 2008 to 196,266 in 2009, as presented in Table 14.5. Whereas original and duplicate driving licenses dropped by 3.5 per cent and 2.5 per cent respectively, foreign driving licenses rose by 7.8 per cent. The drop in the issuance of original driving licenses could be partly explained by decreased registration of vehicles especially in the categories of saloon cars, mini buses/ matatu, panel vans/pick-ups and lorries/trucks which are potential sources of employment for newly trained drivers.

Table 14.5: Road Transport Licenses Issued, 2005 - 2009

Number

	2005	2006	2007	2008	2009*
TLB Licenses					
PSV Matatus.	33,352	37,065	41,219	55,042	67,371
PSV Buses and Tourist Vehicles.	6,703	7,559	8,545	10,219	11,885
Freight Transport Vehicles.	23,271	26,881	30,128	33,407	37,249
Total	**63,326**	**71,505**	**79,892**	**98,668**	**116,505**
Driving Licenses					
Original	106,060	126,555	148,485	166,715	160,861
Duplicate..	32,998	35,267	34,960	34,500	33,653
Foreign.....	1,949	1,618	1,738	1,625	1,752
Total.	**141,007**	**163,440**	**185,183**	**202,840**	**196,266**

Source: Kenya Revenue Authority

* Provisional

Road Traffic Accidents

14.11. Details of road traffic accidents recorded in the country are shown in Table 14.6. The number of reported traffic accidents increased by 36.0 per cent to 12,369. Similarly, the total number of persons injured or killed through road traffic accidents rose from 21,420 in 2008 to 26,622 in 2009. The increase in road traffic accidents can be attributed to the flouting of road transport safety rules and regulations by the operators of the passenger service vehicles and other road users. In 2009, human (driver/cyclist) error was singled out as a major cause of reported road accidents in the country. In an effort to reverse the situation, the Government, through the Ministry of Transport (MoT) and other stakeholders in the road transport sector, has developed a comprehensive five-year National Road Safety Action Plan (2009-2014). The plan is to provide mechanisms of improving the road safety knowledge, drivers' skills and safety needs for non-motorised transport, among others. In addition, the National Road Safety Council was re-constituted to co-ordinate road safety efforts and initiatives with a view to reducing road carnage in the country.

Table 14.6: Road Traffic Accidents, 2005 - 2009

Number

	2005	2006	2007	2008	2009*
Total Number of reported Traffic Accidents	**12,399**	**12,201**	**10,225**	**9,093**	**12,369**
Persons Killed or Injured					
1. Killed	2,531	2,715	2,530	2,463	4,072
2. Seriously Injured	7,899	8,722	10,658	9,481	10,644
3. Slightly Injured	12,341	11,828	10,327	9,476	11,906
Total (1+2+3)	**22,771**	**23,265**	**23,515**	**21,420**	**26,622**

Source: Kenya Police Department

* Provisional.

Railway Transport

14.12. Table 14.7 shows the traffic performance of the railway transport sub-sector. Freight tonnage transported declined further by 5.9 per cent from 1,628 thousand tonnes in 2008 to 1,532 thousand tonnes in 2009. The drop in tonnage ferried was reflected in revenue earned from freight traffic then dropped from KSh 4.3 billion in 2008 to KSh 4.0 billion. However, the sub-sector recorded improved performance in passenger traffic with revenue rising by 65.8 per cent after a drop of 26.2 per cent in 2008. Some of the factors that impacted negatively

on the performance of the railway transport sub-sector over the period included poor rail infrastructure and obsolete equipment which resulted in high transportation and maintenance costs, leading to reduced profit margins. The sub-sector also faced competition from major road transporters. To address some of these challenges, the Governments of Kenya and Uganda allowed restructuring of the Rift Valley Railways (RVR) concession to enable injection of the additional capital and managerial skills.

Table 14.7: Railway Traffic, 2005 - 2009

	Unit	2005	2006	2007	2008	2009*
Freight:						
Tonnes	000	2,000	1,891	2,304	1,628	1,532
Tonne-km	Million	1,358	1,313	5,606	1,109	1,060
Revenue	KSh. Mn.	4,010	4,177	4,448	4,266	4,001
Revenue per tonne-Km.	Cts	295	318	79	385	377
Passenger:						
Journeys	000	4,796	4,348	4,500	3,226	4,491
Passenger-Km	Million	489	369	148	105	145
Revenue	KSh. Mn.	233	160	103	76	126
Revenue per passenger-Km.	Cts	48	43	70	72	86

Source: Kenya Railways Corporation/Rift Valley Railways

* Provisional.

Water Transport

14.13. Table 14.8 shows port traffic at the port of Mombasa. Traffic throughput handled at the port of Mombasa increased by 16.1 per cent to 19,062 thousand tonnes in 2009 compared to 16,415 thousand tonnes in 2008. The increase in cargo traffic was largely due to increase of imports which accounted for 86.6 per cent of the total cargo handled. Total imports grew by 24.0 per cent to 16,508 thousand tonnes in 2009 from 13,311 thousand tonnes in 2008. Imports of dry bulk commodities posted a significant increase of 60.5 per cent in the period under review. This category registered 4,641 thousand tonnes in 2009 from 2,891 thousand tonnes in 2008 which was largely on account of the bulk importation of maize, wheat, fertilizer and clinker. Total exports declined by 8.8 per cent mainly on account of the global economic recession. The total number of motor vehicle units landed at the port of Mombasa rose to 95,798 from 87,284 in 2008, registering a 9.8 per cent increase.

14.14. Container traffic grew marginally from 615,733 Twenty-foot Equivalent Units (TEUs) handled in 2008 to 618,816 TEUs in 2009. Transit traffic rose from 4,875 thousand tonnes in 2008 to 4,980 thousand tonnes in 2009. Transhipment traffic posted a 74.9 per cent decline in 2009, registering 105 thousand tonnes compared to 419 thousand tonnes recorded in 2008.

Table 14.8: Traffic handled at Mombasa Port, 2005 – 2009

	Unit	2005	2006	2007	2008	2009*
Containers Traffic	TEUs	436,671	479,355	585,367	615,733	618,816
Ships Docking	No.	1,731	1,857	1,811	1,686	1,748
Imports						
Dry General	000' DWT	3,654	4,099	4,866	4,979	5,435
Dry Bulk	"	2,128	2,344	2,722	2,891	4,641
Bulk Liquids	"	4,918	5,403	5,474	5,441	6,432
Total Imports	"	**10,700**	**11,839**	**13,062**	**13,311**	**16,508**
Of which Transit In	"	*3,202*	*3,473*	*4,042*	*4,471*	*4,612*
Motor Vehicles landed	No.	67,102	65,348	73,818	87,284	95,798
Exports						
Dry General	000' DWT	1,819	1,810	2,102	2,295	2,220
Dry Bulk	"	286	313	205	200	62
Bulk Liquids	"	173	132	167	190	167
Total Exports	"	**2,278**	**2,244**	**2,474**	**2,685**	**2,449**
Of which Transit Out	"	334	335	381	404	368
Total Imports and Exports	"	**12,978**	**14,083**	**15,536**	**15,996**	**18,957**
Transhipment	"	426	318	426	419	105
Grand Total	"	**13,281**	**14,402**	**15,962**	**16,415**	**19,062**

Source: Kenya Ports Authority

* Provisional.

DWT - Deadweight Tonnes

Pipeline Transport

14.15. Pipeline throughput of white petroleum products for the last five years are presented in Table 14.9. Total pipeline throughput increased by 12.3 per cent to 4,323.7 thousand cubic metres in 2009 from 3,848.6 thousand cubic metres in 2008. The increase in throughput was due to increased demand for white petroleum products in the country and the region. Domestic consumption accounted for 73.0 per cent of the total white petroleum products handled by the Kenya Pipeline Company (KPC) in 2009. Throughput for white petroleum products exported declined by 3.9 per cent from 1,215.0 thousand cubic metres in 2008 to 1,168.0 thousand cubic metres in 2009 on account of declines in kerosene illuminating oil and light diesel exports.

14.16. The pumping capacity constraints continued to be a challenge for KPC during 2009. To counter this, KPC is undertaking various capacity enhancement projects such as the Mombasa – Nairobi and Nairobi – Western Kenya pipeline systems enhancements to improve flow rate. During the review period, KPC commissioned the Mombasa – Nairobi pipeline (Line 1) capacity enhancement project. The project entailed the construction of four additional pumping stations at Samburu, Manyani, Makindu and Konza. The Company also upgraded the Kipevu Oil Storage Facility (KOSF) leading to a stable flow rate of 810 cubic metres per hour. The Western Kenya Pipeline extension which was commissioned in 1994 reached its designed full pumping capacity of 220 cubic metres per hour during the review period. The KPC is currently constructing a parallel pipeline from Nairobi to Eldoret to increase the flow rate to about 394 cubic metres per hour in phase 1 of the project.

Table 14.9: Pipeline Throughput of White Petroleum Products, 2005 – 2009

'000 Cu. Metres

	2005	2006	2007	2008	2009*
Exports					
Motor Spirit (Premium)..	362.3	424.2	381.8	417.1	419.5
Kerosene Illuminating Oil..	106.5	112.8	116	110	102.5
Light Diesel Oil..	509.6	555.7	488.9	534.7	484.8
Jet Fuel..	116.7	143.9	144.9	153.2	161.2
Sub-Total	**1095.2**	**1236.6**	**1,131.6**	**1,215.0**	**1,168.0**
Domestic Consumption[1]					
Motor Spirit (Premium)..	386.3	375.1	487.3	456.5	601.2
Motor Spirit (Regular)..	86.6	71.4	66.4	66.0	60.7
Kerosene Illuminating Oil..	269.7	245.1	247.1	218.8	247.8
Light Diesel Oil..	957.2	1,164.5	1,220.2	1,178.6	1,479.3
Jet Fuel..	732.7	733.4	809.9	713.7	766.7
Sub-Total	**2,432.5**	2,589.5	2,830.9	2,633.6	3,155.7
Grand Total	**3,527.7**	**3,826.2**	**3,962.5**	**3,848.6**	**4,323.7**

Source: Kenya Pipeline Company

* Provisional.

[1]Figures do not include volume carried by Kenya Railways and consumption in the coastal area

Air Transport

14.17. **Passenger Traffic**: Information on commercial traffic handled at main airports is presented in Table 14.10. The aviation industry posted a notable growth of 8.0 per cent in passenger traffic, reversing a 9.4 per cent drop recorded in 2008. A total of 6,888.2 thousand passengers were recorded in 2009 against 6,376.0 thousand passengers recorded in 2008. The growth was partly attributed to the ongoing recovery of the tourism sector and introduction of new routes by Kenya Airways (KQ). Passenger traffic through Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) increased by 6.9 per cent and 25.6 per cent, respectively during the review period. Overall, JKIA continued to be the busiest airport accounting for 73.7 per cent of total passenger traffic in 2009.

14.18. **Cargo and Mail Traffic**: Cargo traffic dropped by 12.3 per cent from 320.3 million tonnes in 2008 to 281.1 million tonnes handled in 2009. The decline in total cargo handled was attributed to a general decrease in cargo loaded at all airports for export. This could be explained by the reduced demand for horticultural produce, which form the bulk of export cargo. However, total mail traffic recorded a decelerated growth of 7.2 per cent in 2009 compared to a growth of 26.2 per cent recorded in 2008. Total mail traffic through JKIA recorded a growth of 7.7 per cent in 2009, following increased mail traffic for both landed and loaded mail categories.

Table 14.10: Commercial Traffic at Main Airports, 2005 - 2009

'000

			2005	2006	2007	2008	2009*
Passengers	JKIA	Arrivals	2,144.2	2,244.2	2,471.6	2,390.2	2,555.7
(No)	**Nairobi**	Departures	1,193.8	1,262.2	1,438.9	1,378.4	1,516.2
		In Transit	901.0	942.6	951.2	982.6	1,006.2
		Sub-Total	4,239.0	4,449.0	4,861.7	4,751.2	5,078.1
	MIA	Arrivals	501.0	558.7	620.9	401.6	502.1
	Mombasa	Departures	511.2	568.8	633.4	404.3	512.2
		In Transit	53.5	76.9	91.5	80.8	99.6
		Sub-Total	1,065.7	1,204.4	1,345.8	886.8	1,113.9
		Arrivals	302.8	337.6	397.6	349.0	325.7
	Other Airports	Departures	287.5	311.4	399.3	349.6	316.5
		In Transit	9.5	21.6	34.7	39.4	54.0
		Sub-Total	599.8	670.6	831.6	738.0	696.2
	Total Passenger Traffic		**5,904.5**	**6,324.0**	**7,039.1**	**6,376.0**	**6,888.2**
Cargo	JKIA	Landed	42,168.5	54,223.2	59,496.1	59,218.6	46,949.4
(Tonnes)	**Nairobi**	Loaded	160,410.1	186,897.6	216,286.8	240,091.6	214,583.9
		Sub-Total	202,578.6	241,120.8	275,782.9	299,310.2	261,533.3
	MIA	Landed	1,510.0	1,552.2	1,393.9	1,047.0	1,489.2
	Mombasa	Loaded	6,479.2	7,924.8	7,832.1	5,065.3	4,943.2
		Sub-Total	7,989.2	9,477.0	9,226.0	6,112.3	6,432.4
	Other Airports	Landed	8,961.8	10,112.6	12,247.3	9,079.8	7,472.7
		Loaded	52,846.9	17,746.0	9,005.5	5,837.9	5,649.0
		Sub-Total	61,808.7	27,858.6	21,252.8	14,917.7	13,121.7
	Total Cargo Traffic		**272,376.5**	**278,456.4**	**306,261.7**	**320,340.2**	**281,087.4**
Mail	JKIA	Landed	834.4	1,005.2	629.0	907.8	966.0
(Tonnes)	**Nairobi**	Loaded	425.0	367.6	469.4	519.0	570.0
		Sub-Total	1,259.4	1,372.8	1,098.4	1,426.8	1,536.8
	MIA	Landed	75.6	58.3	28.9	23.2	18.2
	Mombasa	Loaded	110.3	62.1	41.3	25.2	25.7
		Sub-Total	185.9	120.4	70.2	48.4	43.9
	Total Mail Traffic		**1,445.3**	**1,493.2**	**1,168.6**	**1,475.2**	**1,580.7**

Source: Kenya Airports Authority

* Provisional

Communications

14.19. **Postal Services**: Details on the performance of the postal services sub-sector are shown in Table 14.11**.** The number of post offices closed were six reducing the number to 701 in 2009. Private courier operator outlets and licensed courier operators increased by 2.6 and 21.6 per cent, respectively during the review period.

Table 14.11: Postal Services, 2005 – 2009

Item	Unit	2005	2006	2007	2008	2009*
Post Offices..	No.	834	761	719	707	701
Private Courier Operator Outlets.. ..	No.	437	521	554	606	622
Licensed Courier Operators..	No.	90	105	134	148	180
Total Private Letter Boxes:						
Installed	'000	400	410	412	414	405
Rented..	'000	306	323	338	339	350
Private Bags Rented..	No.	913	909	843	892	846
Total EMS Items Handled:	**'000**	**554**	**628**	**826**	**1,345**	**1,589**
Accepted	'000	240	325	446	803	859
Delivered	'000	314	303	380	542	730
Total Registered and Insured Items Posted:	**'000**	**3,126**	**1,680**	**1,679**	**1,736**	**1,368**
Domestic	'000	1,791	1,569	1,583	1,646	1,259
International	'000	1,335	111	96	90	109
Unregistered correspondence handled :	**Millions**	**94**	**84**	**92**	**96**	**89**
Domestic	Millions	75	69	79	85	80
International	Millions	19	15	13	11	9
Parcels handled :	**'000**	**149**	**162**	**150**	**136**	**69**
Domestic	'000	79	78	72	61	25
International	'000	70	84	78	75	44
Money Orders Issued:	**'000**	**1,518**	**2,323**	**2,261**	**1,733**	**838**
Ordinary	'000	608	937	563	439	318
Express	'000	908	1,384	582	172	54
EFT/PostaPay	'000	-	-	1,003	1,121	466
Interstate (E.A.)	'000	2	2	2	1	0.4
Postal Orders Issued:	**'000**	2.00	0.50	0.25	0.13	0.02

*Provisional.

14.20. There was a reduced number of installed private letter boxes by 2.2 per cent from 414 thousand in 2008 to 405 thousand in 2009. On the other hand, use of letter boxes increased from 339 thousand to 350 thousand over the same period. Usage of private bags, however, declined by 5.2 per cent to stand at 846 thousand in the review period. The total number of Expedited Mail Service (EMS) items handled increased by 244 thousand in 2009.

14.21. The total registered and insured domestic and international items posted decreased by 368 thousand items to stand at 1,368 in 2009. This is explained by a 23.5 per cent drop in the domestic items posted that form the bulk of the total registered and insured items posted during the year under review. Likewise, the volume of unregistered correspondence handled for both domestic and international destinations dropped by 7 million, a decline of 7.3 per cent. The total parcels handled declined for the third year in a row. Domestic and international parcels handled decreased by 59.0 per cent and 41.3 per cent to stand at 25 thousand and 44 thousand, respectively. This could be explained by the growing competition from private and licensed courier operators in the market.

14.22. The number of money orders issued dropped further by 51.6 per cent from 1,733 thousand in 2008 to 838 thousand in 2009. This was occasioned by a sharp decline in the use of Electronic Funds Transfer (EFT)/Posta Pay service by Postal Corporation of Kenya

(PCK) customers from 1,121 thousand to 466 thousand in 2009. The number of ordinary and express money orders issued registered negative growths of 27.6 per cent and 68.6 per cent, respectively. The drop in use of money orders could be due to availability of alternative modes of electronic money transfer through the use of mobile phones .

Telecommunications

14.23. The performance of the telecommunications sub-sector is presented in Table 14.12. The sub-sector registered a remarkable growth as evidenced in improved tele-accessibility which rose from 36.4 per cent in 2008 to stand at 46.8 per cent in 2009. This implies that currently, almost half of the country's population has access to telecommunications services. Mobile phone connections expanded further by 34.2 per cent from 12.9 million connections in 2008 to 17.4 million connections in 2009. The mobile telephony capacity increased from 26.0 million in 2008 to 29.0 million in the review period.

Fixed Line and Wireless Telephones

14.24. The capacity of fixed lines, Code Division Multiple Access (CDMA) and other wireless lines rose by 19.4 per cent from 612 thousand in 2008 to 731 thousand in 2009. The subscriber base increased by 32.1 per cent to 696 thousand connections for both fixed and wireless services leading to an increase of 0.4 percentage points in fixed tele-density in 2009. The subscriber growth came mainly from wireless connections which accounted for 64.4 per cent of the total connections. The demand for fixed line connection dropped significantly by 72.4 per cent to 2,259 in 2009, reflecting a shift to the use of mobile phones.

Table 14.12: Telecommunications Traffic, 2005 - 2009

	Unit	2005	2006	2007	2008	2009*
Fixed Lines, CDMA, and other Wireless						
Capacity	'000	517	533	837	612	731
Connections	'000	287	291	339	527	696
Public Call boxes (Telephone Booths)						
Coin Phones	'000	8	5	5	6	5
Card/Prepaid Phones	'000	1	1	1	0.5	0.5
Manual calls made	'000	455	-	-	-	-
Mobile Telephony+						
Mobile Telephone Capacity	'000	6,800	10,600	18,200	25,965	29,000
Connections.	'000	4,479	6,485	9,305	12,934	17,362
Licensed Internet Services Providers (ISPs)	No.	72	51	50	56	52
Tele - Density %	-	0.9	0.9	1.4	1.4	1.8
Tele-Accessibility %	-	14.6	19.9	35	36.4	46.8

* Provisional

+Series revised

14.25. During the year under review, the Government implemented the installation of the Fibre Optic National Network (FONN) and the TEAMS projects. The industry witnessed the issuance of two (2) cable landing rights licenses to the TEAMS Limited and SEACOM Limited. The submarine cable which was launched in the review period will enhance affordability for users and improved international connectivity between Kenya and the rest of the world. The ongoing construction of a fibre optic link connecting all district headquarters in the country will boost considerably the national transmission infrastructure in the country once completed.

Mobile Telephony

14.26. The mobile telephony sub-sector continued to experience intense competition among the four operators – Safaricom Limited, Zain Kenya Limited, Telkom Kenya Limited and Essar. The increased competition was attributed to the rollout of mobile services by new players and expansion of networks of the then existing operators. This further led to intensified promotional offers that resulted in lower call charges, accessibility and affordability of mobile telephony services. Major developments were also noted in the service delivery innovations in the use of mobile telephones. There was intensified provision of financial services via mobile phones by most mobile operators, enabling subscribers to transfer money without the need of holding bank accounts. The mobile phone money transfer subscribers increased to 7.7 million by December, 2009 up from 5.5 million as at December, 2008. The volume of Short Messaging Service (SMS) increased to 3,284.7 million from 361.9 million in 2008.

Internet Penetration

14.27. The internet market continued to expand with the total number of internet users estimated at 3.6 million in June 2009 up from 3.4 million in June 2008. The increase in the number of internet users could be attributed to innovations in internet access by operators from simple personal computer through mobile handsets and portable broadband internet modems. The number of Internet Service Providers (ISPs) issued with licenses by the Communications Commission of Kenya (CCK) was 153 out of which 52 were active/operational compared to 56 in 2008 as shown in Table 14.12.

14.28. **Broadcasting:** During the year under review, the regulatory framework was enhanced when Parliament enacted the Kenya Communications Amendment Act, 2009. The new law expanded the mandate of the CCK to include regulating broadcasting and electronic transactions. Under the new law, penalties were also introduced for cyber related crimes.

Information and Mass Media

14.29. The CCK continued to play an active role in national efforts towards transition from analogue to digital broadcasting which culminated in the launch of digital TV broadcasting, a major milestone in the sub-sector. The transition from analogue to digital TV broadcasting is expected to improve the quality of content produced. As shown in Table 14.13, the number of TV frequencies in operation remained constant at 81 following a decision by CCK to discontinue assignment of analogue TV frequencies in order to prepare the country for transition to digital TV broadcasting. In 2009, a total of 28 Frequency Modulation (FM) new frequencies were assigned to broadcasters compared to 30 FM frequencies assigned in 2008. These included frequencies assigned to the Kenya National Assembly (22), Kenya Broadcasting Corporation (2) and private broadcasters (4). The FM frequencies assigned to the Kenya National Assembly will facilitate live broadcasts of parliamentary proceedings. During the review period, CCK revoked nine (9) FM broadcasting frequencies due to failure by licensees to utilize them within the stipulated period. The number of FM frequencies in use rose from 268 in 2008 to 303 in 2009. During the period under review, the implementation of the Digital Video Broadcasting-Handheld (DVB-H) mobile broadcasting network expanded to Mombasa, Nakuru, Kisumu and Eldoret.

Table 14.13: Number of Radio and TV Frequencies Utilised, 2005 - 2009

Number

	Unit	2005	2006	2007	2008	2009*
Frequencies						
TV Frequencies.	No.	89	123	127	81	81
FM Frequencies.	No.	244	348	368	268	303

Source: Communication Commission of Kenya

* Provisional

14.30. To provide internet access as well as build Information Communication and Technology (ICT) capacity to communities in un-served and under-served areas, the Government, through CCK, continued to support 16 school based ICT centres and 4 community access points established in 2007 by meeting the cost of internet connectivity and maintenance of equipment and software.

14.31. **Print Media:** Table 14.14 presents the number of local daily and weekly newspapers circulated. The number of English daily newspapers circulated expanded by 2.5 per cent from 99,369 thousand copies in 2008 to 101,853 thousand copies in 2009. Similarly, Swahili daily newspapers in circulation witnessed further growth of 4.3 to reach 8,190 thousand copies over the same period. The readership of the English weekly newspapers posted an impressive growth of 29.2 per cent from 12,601 thousand recorded in 2008 to 16,282 thousand in 2009. The Swahili weeklies introduced in 2007 continued to gain popularity, recording a growth of 15.4 per cent during the period under review.

Table 14.14: Local Daily/Weekly Newspapers in Circulation, 2005 -2009

'000 Copies

	2005	2006	2007	2008	2009*
Morning Newspapers-					
English	80,938	89,402	98,479	99,369	101,853
Swahili	6,818	6,603	7,510	7,852	8,190
Other Newspapers-					
English Weeklies	1,282	1,156	9,340	12,601	16,282
Swahili Weeklies[1]	-	-	902	1,060	1,223

* Provisional

[1] New product introduced in 2007

Chapter 15
Governance

Overview

The Government's current blue print Vision 2030 recognizes public safety, law and order as one of the foundations on which economic performance is based. The efficient enforcement of law, maintenance of public safety, guaranteeing of law; and access to justice, safety and the right to live without fear are important elements for economic development of a country. Crimes reported increased by 13.8 per cent from 63,476 in 2008 to 72,255 in 2009. Total ammunition recovered and surrendered increased tremendously from 9,621 in 2008 to 114,527 in 2009 while firearms recovered and surrendered stood at 423 and 163, respectively, during the same period. The total number of persons reported to have committed offences during the period also increased by 22.9 per cent from 61,438 in 2008 to 75,501 in 2009. At the same time, the total number of persons reported to have been involved in offences related to dangerous drugs increased by 41.4 per cent whereas that of persons reported to have caused criminal damage declined by 28.9 per cent.

15.2. Corruption cases handled by Kenya Anti- Corruption Commission (KACC) increased by 15.6 per cent to 4,473 in 2009. The prison population increased by 22.2 per cent from 88,414 in 2008 to 108,032 as at December 2009. In the same period, Daily Average Population (DAP) of prisoners increased by 11.9 per cent. There was a 21.3 per cent reduction in the number of offenders put on probation while those serving community service increased by 15.2 per cent. The number of entry permits renewed increased by 80.3 per cent from 3,302 in 2008 to 5,953 in 2009 while passports issued increased by 19.4 per cent in the same period.

Public Safety, Law and Order

15.3. Public safety, law and order refers to the provision of security, making of good laws, ensuring good governance, and maintaining law and order. In the period under review, crimes reported to the police increased by 13.8 per cent from 63,476 in 2008 to 72,255 in 2009 as detailed in Table 15.1. Reported crimes related to morality, theft of stock, handling of dangerous drugs, against persons and economic crimes recorded increases of 30.6, 26.8, 25.7, 24.5 and 22.4 per cent, respectively.

Table 15.1: Number of Crimes Reported to Police Stations, 2005- 2009

Crimes	2005	2006	2007	2008	Number 2009*
Homicide	2,313	2,090	1,912	2,037	2,214
Offences against morality	3,153	3,525	3,673	3,116	4,068
Other offences against persons	17,304	18,723	17,831	16496	20,539
Robbery	6,936	5,234	3,492	3,401	2,938
Breakings	8,454	7,420	6,337	6,626	7,053
Theft of stock	2,219	2,209	1,568	2,269	2,876
Stealing	12,589	10,874	10,749	11,435	11,972
Theft by servant	2,874	2,700	2,169	2,387	2,732
Vehicles and other thefts	1,718	1,660	1,221	1,387	1,439
Dangerous drugs	6,356	5,821	5,401	4,407	5,541
Traffic offences[1]	38	62	46	120	59
Criminal damage	3,236	3,518	2,770	3,760	3,417
Economic crimes	1,390	1,873	1,908	1,898	2,324
Corruption	107	252	177	133	158
Offences involving police officers	29	76	32	33	56
Offences involving tourists	32	84	10	6	5
Other penal code offences	6,652	6,104	3,732	3,994	4,864
Total	**75,400**	**72,225**	**63,028**	**63,476**	**72,255**

Source: Kenya Police Department

* Provisional

[1] Traffic offences as defined in Appendix 15.1

15.4. Table 15.2 gives the breakdown of offences reported to the Police from 2005 to 2009. The highest number of crimes were reported in Rift Valley Province which almost doubled to stand at 19,716. The second highest number was recorded in Eastern Province though it was only 3.1 per cent higher than 2008 levels. In the same period, cases of crimes reported in Central, Coast and Nyanza Provinces declined by 2,201, 348 and 18 respectively.

Table: 15.2: Number of Crimes Reported to Police by Province, 2005– 2009

Province	2005	2006	2007	2008	Number 2009*
Nairobi	12,300	11,302	6,395	4,667	4,712
R/Valley	15,320	14,730	12,590	9,945	19,716
Central	12,237	10,900	10,187	12,130	9,929
Eastern	9,454	9,812	9,615	9,704	10,003
Nyanza	7,913	7,962	7,756	8,739	8,721
Coast	8,629	8,601	8,182	9,639	9,291
Western	8,546	7,600	7,088	7,402	8,610
North Eastern	605	949	786	849	1,020
Railways[1]	270	204	148	279	149
KAPU[1]	126	165	281	122	104
Total	**75,400**	**72,225**	**63,028**	**63,476**	**72,255**

Source: Kenya Police Department

* Provisional

[1]Kenya Police Services considers Kenya Airports Police Unit (KAPU) and Railways as provinces

15.5. Proliferation of small arms from the neighbouring countries is one of the factors contributing to the rising cases of insecurity in the country in the recent past. To curb this cahllenge , the Government has been giving amnesty to persons who voluntarily surrender the small arms. Other measures include strengthening and harmonizing legislation, increasing cross-border co-operation between neighbouring countries, improving police-community relations and public education and awareness-raising. Table 15.3 presents data on firearms and ammunitions recovered or surrendered to the Government from 2005 to 2009. Total ammunitions either recovered or surrendered increased tremendously from 9,621 in 2008 to 114,527 in 2009 mainly on account of ammunition recovered. Total firearms recovered reduced by 40.9 per cent from 716 in 2008 to 423 in 2009 while those surrendered declined by 51.2 per cent.

Table 15.3: Firearms and Ammunitions Recovered/Surrendered, 2005-2009

Number

Firearms/Ammunitions	2005	2006	2007	2008	2009*
Firearms					
Recovered					
Rifles	132	516	186	238	121
Pistols	216	619	261	252	128
Toy Pistols				226	174
Total	**348**	**1,135**	**447**	**716**	**423**
Surrendered					
Rifles	1,929	39	206	332	163
Pistols	23	-	-	-	-
Toy Pistols	-	-	-	2	-
Total	**1952**	**39**	**206**	**334**	**163**
Ammunitions					
Recovered	4,402	3,346	7,084	8,081	110,047
Surrendered	4,687	264	204	1,540	4,480
Total	**9,089**	**3,610**	**7,288**	**9,621**	**114,527**

Source: Kenya Police Department

* Provisional

15.6. As indicated in Table 15.4, the total number of persons reported to have committed crimes increased by 22.9 per cent from 61,438 in 2008 to 75,501 in 2009. Out of this, about 86 per cent were males. Nairobi Province recorded the highest percentage increase in persons reported to have committed offences, followed by Rift Valley and Western. Though the number of persons reported to have committed crimes in Central Province declined in the review period , that of females rose by almost a third.

Table 15.4: Number of Persons Reported to have Committed Offences by Sex, 2005-2009

Number

Year	Gender	Nairobi	Central	Coast	Eastern	N/Eastern	Nyanza	R/Valley	Western	KAPU	Railways	Total
2005	Male	12,497	9,722	8,526	7,518	633	7,398	12,213	7,610	96	305	66,518
	Female	2,831	1,458	1,396	789	55	1,114	4,420	967	29	45	13,104
	Total	15,328	11,180	9,922	8,307	688	8,512	16,633	8,577	125	350	79,622
2006	Male	10,630	8,352	8,127	7,986	713	4,495	12,118	7,396	125	298	60,240
	Female	2,670	1,354	1,718	898	103	1,298	4,260	2,551	12	59	14,923
	Total	13,300	9,706	9,845	8,884	816	5,793	16,378	9,947	137	357	75,163
2007	Male	8,155	7,963	8,107	8,244	760	7,345	13,426	5,993	175	253	60,421
	Female	1,713	1,049	1,345	1,278	148	504	1,850	1,150	17	9	9,063
	Total	9,868	9,012	9,452	9,522	908	7,849	15,276	7,143	192	262	69,484
2008	Male	3,016	8,930	8,579	9,387	787	8,303	7,068	6,084	142	310	52,606
	Female	1,119	1,436	937	1,706	109	1,195	1,032	1,273	9	16	8,832
	Total	4,135	10,366	9,516	11,093	896	9,498	8,100	7,357	151	326	61,438
2009*	Male	8,673	7,886	8,123	10,605	886	8,443	11,741	8,078	132	215	64,782
	Female	1,667	1,894	1,577	1,817	88	1,114	1,484	1,032	8	18	10,719
	Total	10,360	9,780	9,700	12,422	974	9,557	13,225	9,110	140	233	75,501

Source: Kenya Police Department

* Provisional

15.7. As shown in Table 15.5, the total number of persons reported to have committed offences against morality and other offences against persons increased by 24.6 per cent from 20,241 in 2008 to 25,230 in 2009. Whereas the number of persons reported to have committed offences against morality increased by 20.8 per cent, that of persons who had committed crimes against other persons increased by 25.3 per cent. The data further shows major reductions in crimes among females for offences against morality and increases for offences against other persons. Major increases in offences committed by males were reported for incest, abduction and defilement.

15.8. In Kenya, cases of homicide constitute a capital offence punishable by death. Table 15.6 presents the number of persons reported to have committed homicide offences by sex from 2005 to 2009. There was a marginal increase in the homicide offences reported in the period under review. The data shows high increment in cases of infanticide, death by dangerous driving and manslaughter. However, reductions in crime were noted in procuring abortion, concealing birth, suicide and murder. Analysis by sex shows major increase in offences committed by females.

Table 15.5: Persons reported to have committed Offences against Morality and Other Offences against Persons by Sex, 2005-2009

Number

	2005			2006			2007			2008			2008*		
Offences	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Against morality															
Rape	1,284	2	1,286	1,295	0	1,295	1,149	2	1,151	812	222	1,034	939	4	943
Defilement	980	2	982	1,273	0	1,273	1,779	3	1,782	1,396	232	1,628	2,234	51	2,285
Incest	160	10	170	112	10	122	158	10	168	85	15	100	181	4	185
Unnatural/sodomy	258	0	258	128	0	128	147	0	147	113	8	121	126	0	126
Bestiality	9	61	70	4	11	15	10	1	11	21	1	22	9	0	9
Indecent assault	208	11	219	288	1	289	138	0	138	133	19	152	120	3	123
Abduction	198	7	205	176	10	186	104	8	112	49	12	61	87	6	93
Bigamy	0	0	0	5	0	5	7	1	8	4	4	8	12	1	13
Sub- total	**3,097**	**93**	**3,190**	**3,281**	**32**	**3,313**	**3,492**	**25**	**3,517**	**2,613**	**513**	**3,126**	**3,708**	**69**	**3,777**
Other offences against persons															
Assault	9,234	4,168	13,402	10,823	3,017	13,840	10,454	2,862	13,316	9,414	2,518	11,931	11,700	3,093	14,793
Creating disturban	3,956	1,045	5,001	3,718	1,039	4,757	4,781	1,064	5,845	3,921	827	4,748	5,024	1,102	6,126
Affray (scuffle)	478	227	705	312	244	556	387	258	645	298	138	436	306	228	534
Sub- total	**13,668**	**5,440**	**19,108**	**14,853**	**4,300**	**19,153**	**15,622**	**4,184**	**19,806**	**13,633**	**3,483**	**17,115**	**17,030**	**4,423**	**21,453**
Total	**16,765**	**5,533**	**22,298**	**18,134**	**4,332**	**22,466**	**19,114**	**4,209**	**23,323**	**16,246**	**3,996**	**20,241**	**20,738**	**4,482**	**25,230**

Source: Kenya Police Department

*Provisional

Table 15.6: Persons Reported to Police to have Committed Homicide Offences by Sex, 2005-2009

Number

Offences	2005			2005			2007			2008			2009*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Murder	590	235	825	713	143	856	1,135	156	1,291	1,346	170	1,516	1,304	142	1,446
Manslaughter	237	44	281	260	29	289	16	0	16	51	10	61	54	14	68
Infanticide	8	56	64	5	38	43	5	21	26	2	17	19	0	31	31
Procuring abortion	4	46	50	8	39	47	3	36	39	9	36	45	2	32	34
Concealing birth	9	65	74	7	64	71	3	38	41	24	68	92	7	69	76
Suicide	160	64	224	141	56	197	294	75	369	234	33	267	212	41	253
Causing death by dangerous driving	318	17	335	268	19	287	225	12	237	271	16	287	372	30	402
Total	**1,326**	**527**	**1,853**	**1,402**	**388**	**1,790**	**1,681**	**338**	**2,019**	**1,937**	**350**	**2,287**	**1,951**	**359**	**2,310**

Source: Kenya Police Department

*Provisional

15.9. Information on persons reported to have committed robbery or theft by use of force or threat from 2005 to 2009 is presented in Table 15.7. The number of persons reported to have committed offences related to theft by servant and theft of stock, increased by 61.1 and 49.8 per cent, respectively, in 2009. The data further shows that the number of persons reported to have committed robbery and, theft of vehicles and other thefts reduced by 2.4 and 2.7 per cent, respectively. Major increases were reported for persons who committed offences of robbery of motor vehicles and stealing by employees/servants. The offences that recorded declines included car-jacking, cattle rustling, stealing from buildings, stealing by agents and handling stolen property.

15.10. Table 15.8 presents the number of persons reported to have committed offences related to dangerous drugs and criminal damages. The data reveals major increases in the number of persons reported to have committed offences of drug usage, handling, trafficking and possession. However reductions were reported for cultivation of dangerous drugs. Under criminal damage, reductions were reported for acts of negligence and arson.

15.11. As indicated in Table 15.9, the number of persons reported to have committed offences related to economic crimes, corruption and those involving police officers increased by 1,061, 167 and 82, respectively, in 2009. There was a significant increase in the number of persons reported for having solicited for bribes, fraud/forgery, currency forgery and accepting bribes during the same period. Only false accounting crimes recorded a decline.

Table 15.7: Persons Reported to have Committed Robbery and Theft by Sex, 2005-2009

Number

Offences	2005			2006			2007			2008			2009*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Robbery															
Robbery	2,426	123	2,549	1,662	148	1810	1,177	6	1,183	900	76	976	862	38	900
Robbery with violence	2,735	174	2,909	3,101	140	3,241	2,327	47	2,374	1,823	124	1,947	1,929	87	2,016
Carjacking	398	10	408	215	10	225	76	0	76	182	0	182	65	1	66
Robbery of m/vehicle	477	9	486	159	10	169	46	1	47	47	1	48	104	2	106
Cattle rustling	136		136	92		92	4	0	4	23	0	23	13	0	13
Sub –total	**6,172**	**316**	**6,488**	**5,229**	**308**	**5,537**	**3,630**	**54**	**3,684**	**2,975**	**201**	**3,176**	**2,973**	**128**	**3,101**
Breakings															
House breaking	3,573	134	3,707	3,259	147	3406	3,009	177	3,186	2,794	188	2,982	2,518	131	2,649
Burglary	2,732	65	2,797	2,204	92	2,296	2,353	41	2,394	1,635	43	1,678	1,773	78	1,851
Other breaking	1939	175	2,114	2,017	288	2,305	2,791	176	2,967	1,987	128	2,115	2,412	69	2,481
Sub –total	**8,244**	**374**	**8,618**	**7,480**	**527**	**8,007**	**8,153**	**394**	**8,547**	**6,416**	**359**	**6,775**	**6,703**	**278**	**6,981**
Theft of stock	2,182	17	2,199	2,069	13	2,082	1,797	63	1,860	1,854	52	1,906	2,772	83	2,855
Sub –total	**2,182**	**17**	**2,199**	**2,069**	**13**	**2,082**	**1,797**	**63**	**1,860**	**1,854**	**52**	**1,906**	**2,772**	**83**	**2,855**
Stealing															
Handling stolen property	561	101	662	480	93	573	506	94	600	454	34	488	361	43	404
Stealing from person	981	138	1,119	916	119	1,035	1,096	102	1,198	818	117	935	1,049	130	1,179
Stealing by lodgers/tenants	292	102	394	384	63	447	254	42	296	163	12	175	92	40	132
Stealing from buildings	522	55	577	625	96	721	353	45	398	719	64	783	275	188	463
General stealing	7,685	1654	9,339	6,772	1707	8,479	6,308	973	7,281	6,864	1,065	7,929	8,939	1,461	10,400
Sub –total	**10,051**	**2050**	**12,101**	**9,177**	**2078**	**11,255**	**8,517**	**1256**	**9,773**	**9,018**	**1,292**	**10,310**	**10,716**	**1,862**	**12,578**
Theft by servant															
Stealing by directors	794	103	897	849	124	973	130	28	158	37	12	49	28	7	35
Stealing by agents	162	91	253	290	177	467	230	50	280	183	53	236	219	243	462
Stealing by employee/servant	1,604	490	2,094	1465	560	2,025	1,476	519	1,995	1,207	396	1,603	1,763	781	2,544
Sub –total	**2,560**	**684**	**3,244**	**2,603**	**861**	**3,464**	**1,836**	**597**	**2,433**	**1,427**	**461**	**1,888**	**2,010**	**1,031**	**3,041**
Vehicle and other thefts															
Theft of m/vehicle	841	43	884	717	84	801	475	3	478	461	87	548	515	6	521
Theft from m/vehicle	254	8	262	258	7	265	182	4	186	154	34	188	175	1	176
Theft of m/vehicle parts	388	13	401	332	8	340	264	3	267	221	48	269	242	0	242
Theft of motor cycle	298	4	302	205	2	207	150	0	150	213	18	231	247	17	264
Sub –total	**1,737**	**161**	**1,898**	**1,593**	**236**	**1,829**	**1,071**	**10**	**1,081**	**1,049**	**187**	**1,236**	**1,179**	**24**	**1,203**

Source: Kenya Police Department

*Provisional

Table 15.8: Persons Reported to have Committed Offences Related to Dangerous Drugs and Criminal Damage by Sex, 2005– 2009

Number

Offences	2005			2006			2007			2008			2009*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Dangerous Drugs															
Possession	5,934	434	6,368	4,052	650	4,702	4,614	277	4,891	3,463	332	3,795	4,613	370	4,983
Handling	135	7	142	92	40	132	112	11	123	27	2	29	102	22	124
Trafficking	255	84	339	255	93	348	196	28	224	106	30	136	359	53	412
Cultivating	232	55	287	287	26	313	138	24	162	187	62	249	74	9	**83**
Usage	320	46	366	247	54	301	106	11	117	50	9	59	379	53	432
Sub- Total	**6,876**	**626**	**7,502**	**4,393**	**863**	**5,256**	**5,166**	**351**	**5,517**	**3,833**	**435**	**4,268**	**5,527**	**507**	**6,034**
Criminal Damage															
Malicious damage	2,556	503	3,059	2,109	462	2,571	2,128	371	2,499	2,020	332	2,352	2,707	465	3,172
Arson	468	137	605	555	83	638	326	52	378	532	66	598	477	58	535
Negligent acts	75	21	96	93	14	107	13	3	16	74	18	92	54	25	79
Other criminal damage	40	5	45	42	5	47	118	28	146	42	11	53	115	89	204
Sub – Total	**3,121**	**666**	**3,787**	**2,776**	**564**	**3,340**	**2,585**	**454**	**3,039**	**2,668**	**427**	**3,095**	**3,353**	**637**	**3,990**

Source: Kenya Police Department

*Provisional

Table 15.9: Persons Reported to have Committed Economic Crimes and Corruption by Sex, 2005-2009

Number

Offences	2005			2006			2007			2008			2009*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Economic crimes															
Obtaining by false pretence	759	259	1,018	919	207	1,126	1,191	215	1,406	985	228	1,213	1,548	229	1,777
Currency forgery	138	15	153	189	20	209	181	8	189	60	17	77	248	40	288
False accounting	7		7	24	4	28	21	1	22	32	12	44	18	3	21
Other fraud/forgery	167	56	223	141	32	173	221	15	236	146	35	181	441	49	490
Sub – Total	**1,027**	**330**	**1,357**	**1,235**	**262**	**1,497**	**1,614**	**239**	**1,853**	**1,223**	**292**	**1,515**	**2,255**	**321**	**2,576**
Corruption															
Soliciting for bribes	38		38	66	12	78	74	8	82	20	4	24	22	4	26
Accepting bribes	10	1	11	41	3	44	5	1	6	5	0	5	14	0	14
Accepting free gifts	7		7	5		5	7	0	7	0	1	1	1	0	1
Demanding by false pretence	5	2	7	13	5	18	31	1	32	1	2	3	13	0	13
Other corruption offences	35	7	42	86	2	88	48	5	53	6	4	10	155	1	156
Sub – Total	**63**	**10**	**73**	**153**	**20**	**173**	**165**	**15**	**180**	**32**	**11**	**43**	**205**	**5**	**210**
Offences involving Police officers															
Soliciting for bribes	99	9	108	85	8	93	17	2	19	2	0	2	13	2	15
Accepting bribes	12		12	6	4	10	3	0	3	0	0	0	3	1	4
Accepting free gifts	2	3	5	2	2	4	1	0	1	0	0	0	0	0	0
Demanding by false pretence	12	9	21	18	3	21	0	0	0	0	0	0	3	2	5
Other corruption offences	14		14	6	1	7	29	1	30	35	21	56	105	11	116
Sub – Total	**139**	**21**	**160**	**117**	**18**	**135**	**50**	**3**	**53**	**37**	**21**	**58**	**124**	**16**	**140**

Source: Kenya Police Department

*Provisional

Cases handled by Kenya Anti-Corruption Commission

15.12 Kenya Anti-Corruption Commission (KACC) was established by an Act of Parliament for the purpose of fighting corruption. Table 15.10 presents the number of corruption cases handled by KACC for the period 2005 to 2009. The data shows that corruption cases handled by KACC increased by 15.6 per cent to 4,473 in 2009. The greatest increase was noted for cases referred to public service organizations for administrative interventions and those awaiting investigations. The number of corruption cases forwarded to the Attorney General (AG) reduced by 26.0 per cent from 126 in 2008 to 93 in 2009. The number of corruption cases registered increased from 76 in 2008 to 83 in 2009 while that of convictions reduced from 11 to 6 in the same period.

Table 15.10: The number of cases handled by KACC by Type and action taken, 2005 – 2009

Type of cases	2005	2006	2007	2008	2009*
No. of corruption cases for investigation	755	1,447	1,527	1,038	1,395
Criminal cases referred to other investigative agencies	824	1,075	554	171	170
Cases referred to public service organizations for administrative intervention	1,423	1,548	865	445	605
Pending more information	35	88	92	61	84
Complainants advised on the right authority to report	1,284	3,517	2,441	1,576	1,558
Complainants advised to seek civil redress	1,052	638	1,124	473	537
No further action	305	262	125	104	124
Total	**5,678**	**8,575**	**6,728**	**3,868**	**4,473**
Cases forwarded to AG	66	128	122	126	93
Corruption cases registered	70	102	93	76	83
Convictions obtained	32	28	22	11	6

Source: Kenya Anti-Corruption Commission

* Provisional

Cases handled by Public Prosecutions

15.13. The main role of the Department of Public Prosecution is to undertake criminal prosecutions. Table 15.11 shows murder cases registered and convictions obtained from 2005 to 2009. The number of murder cases registered decreased from 939 in 2008 to 927 in 2009 while that of convictions obtained reduced by 60.

Table 15.11: Registered Murder Cases and Convictions obtained by Station, 2005-2009

Number

	2005		2006		2007		2008		2009*	
Station	**R**	**C**	**R**	**C**	**R**	**C**	**R**	**C**	**R**	**C**
Nairobi	120	30	116	28	92	20	111	8	111	9
Mombasa	32	2	26	3	31	0	35	1	52	0
Kisumu	52	11	41	4	39	1	54	9	48	5
Eldoret	107	17	43	3	49	0	46	7	69	4
Kitale	43	0	42	1	26	0	41	18	44	8
Kakamega	43	8	53	11	41	8	51	3	60	2
Bungoma	89	5	61	6	75	7	52	3	62	2
Meru	92	19	76	10	86	1	88	7	89	5
Machakos	43	16	63	28	77	5	112	15	72	22
Kericho	0	0	0	0	20	7	50	23	40	1
Nyeri	41	15	36	9	54	5	70	21	62	12
Kisii	68	13	48	5	45	2	59	3	78	2
Embu	8	3	7	4	9	2	12	3	14	3
Malindi	25	11	20	5	16	0	26	1	21	1
Nakuru	115	71	100	40	121	20	132	19	105	5
Total	**878**	**221**	**732**	**157**	**781**	**78**	**939**	**141**	**927**	**81**

Source: Department of Public Prosecutions

* Provisional

R - Registered murder cases

C - Murder convictions obtained

15.14. The Kenyan Judiciary is charged with the duty and the power to adjudicate on cases between individuals or between the individual and the state on issues relating to property or liberty. The courts cover civil, criminal, family, commercial, constitutional/judicial review, anti-corruption, city/municipal and children's laws. Table 15.12 shows different types of cases filed, pending and those disposed of in the Law courts in the last five years. There was an increase in the number of cases filed by 15.6 per cent from 347,169 in 2008 to 401,295 in 2009 while those disposed of rose by 17.5 per cent to 420,901 in the same period. However, total pending cases reduced by 12.0 per cent from 788,595 in 2008 to 696,726 in 2009. Pending miscellaneous cases more than tripled while land cases disposed of more than doubled . The highest reduction was noted for pending affiliation cases.

Table 15.12: Cases Handled by Various Magistrates' Courts, 2005-2009

Number

Year	case	Criminal	Traffic	Land	Succession	Affiliation	Miscellaneous	Civil	Total
2005	Filed	171,775	173,680	799	3,583	1,242	5,100	34,628	390,807
	Pending	82,212	378,519	1,509	6,487	3,465	5,216	103,804	581,212
	Disposed of	165,511	147,525	476	2,674	918	3,915	19,574	340,593
2006	Filed	195,098	188,533	1,439	4,146	346	5,380	28,697	423,639
	Pending	127,837	552,438	2,618	30,722	1,191	4,878	94,453	814,137
	Disposed of	178,608	167,637	1,213	3,539	198	5,243	39,646	396,084
2007	Filed	184,980	171,401	1,758	4,464	617	15,688	29,189	408,097
	Pending	149,494	478,302	4,154	9,356	849	15,231	123,386	780,772
	Disposed of	203,102	239,260	1,543	3,145	487	14,060	39,191	500,788
2008	Filed	158,662	120,582	1,933	4,304	2,328	25,267	34,093	347,169
	Pending	122,159	416,134	10,189	29,790	10,432	8,922	190,969	788,595
	Disposed of	146,326	148,919	3,046	3,364	1,775	24,546	30,268	358,244
2009*	Filed	181,151	136,920	1,673	4,889	1,412	33,816	41,434	401,295
	Pending	110,084	358,393	3,548	10,395	378	32,590	181,338	696,726
	Disposed of	166,320	166,945	8,129	3,900	1,522	31,431	42,654	420,901

Source: Judiciary

*Provisional

Notes

1. Filed refers to all cases brought before the magistrates' courts during the year under reference
2. Pending cases refer to the cases which had not been arbitrated on by 31st December during the year under reference
3. Disposed of cases refer to cases that judgment was entered by 31st December during the year under reference

15.15. Table 15.13 presents the distribution of Magistrates and Judges in the Law Courts and High Courts by cadre. The number of magistrates declined to 281 in 2009 from 287 in 2008 ,while that of judges reduced by one in the period under review.

Table 15.13: Distribution of Magistrates and Judges in Law Courts by Cadre, 2005 – 2009

Number

Category of Magistrates	2005	2006	2007	2008	2009*
Chief Magistrate	9	8	14	14	22
Senior Principal Magistrate	15	15	18	17	25
Principal Magistrates	30	35	34	35	52
Senior Resident Magistrates	102	78	100	100	87
Resident Magistrates	77	119	74	116	95
District Magistrate (II)	38	10	12	5	0
Sub-total	271	265	252	287	281
Category of Judges					
Court of Appeal Judges	9	9	11	10	11
High Court Judges	49	49	49	48	46
Sub-total	**58**	**58**	**60**	**58**	**57**
Grand Total	**329**	**323**	**312**	**345**	**338**

Source: Judiciary

* Provisional

15.16 . Table 15.14 shows the convicted prison population by age and sex from 2005 to 2009. The prison population increased by 22.2 per cent to 108,032 in 2009. Male prisoners increased by 17,313 while females increased by 2,305 in the period under review. The prison population aged under 16 years recorded a high decline in 2009. This was on account of the decline in the male prison population under this age group. On the other hand, the prison population for the youth aged 21-25 years increased. In this category, the population of females increased by 72.0 per cent whereas that of males increased by 51.0 per cent. Females still constitute a much lower proportion of 10.4 per cent of all prison population.

Table 15.14: Convicted Prison Population by Age and Sex, 2005 – 2009

Number

Year	Gender	Under 16	16-17	18-20	21-25	26-50	50+	Total
2005	Male	2	3,293	16,685	30,440	33,339	5,936	**89,695**
	Female	0	548	2,198	4,333	4,298	624	**12,001**
	Total	2	3,841	18,883	34,773	37,637	6,560	**101,696**
2006	Male	1,077	4,455	20,710	27,838	37,005	6,700	**97,785**
	Female	12	367	2,797	3,894	5,666	613	**13,349**
	Total	1,089	4,822	23,507	31,732	42,671	7,313	**111,134**
2007	Male	135	2,787	16,301	24,244	29,830	6,791	**80,088**
	Female	-	260	2,071	3,047	3,869	435	**9,682**
	Total	135	3,047	18,372	27,291	33,699	7,226	**89,770**
2008	Male	154	1,959	16,225	20,471	29,339	11,301	**79,449**
	Female	-	263	2,690	2,472	3,257	283	**8,965**
	Total	154	2,222	18,915	22,943	32,596	11,584	**88,414**
2009*	Male	24	2,890	21,770	30,822	32,970	8,286	**96,762**
	Female	25	207	2,453	4,247	3,856	482	**11,270**
	Total	49	3,097	24,223	35,069	36,826	8,768	**108,032**

Source: Kenya Prison Service Department

* Provisional

15.17. Table 15.15 gives the Daily Average Population (DAP) of prisoners by sex for the period 2005 to 2009. The total DAP increased by 11.9 per cent from 46,603 in 2008 to 52,142 in 2009. The DAP of convicted prisoners increased by 19.7 per cent from 25,429 in 2008 to 30,431 in 2009 while that of remandees increased by 2.5 per cent in the same period. The highest rise of DAP was noted for convicted female prisoners. Similarly, DAP of remanded females was higher at 15.8 per cent compared to the 1.9 per cent of males.

Table 15.15: Daily Average Population (DAP) of Prisoners by Sex, 2005 – 2009

Number

Daily Average Population	2005	2006	2007	2008	2009*
Convicted Prisoners					
Males	23,063	24,084	21,373	24,420	29,002
Females	1,261	1,276	876	1,009	1,429
Sub-Total	**24,324**	**25,360**	**22,249**	**25,429**	**30,431**
Remanded Prisoners					
Males	19,484	20,609	17,299	20,231	20,619
Females	1,003	1,186	2,369	943	1,092
Sub -Total	**20,487**	**21,795**	**19,668**	**21,174**	**21,711**
Total	**44,811**	**47,155**	**41,917**	**46,603**	**52,142**

Source: Kenya Prisons Service

* Provisional

15.18. Table 15.16 shows the prison population by duration of sentence from 2005 to 2009. The total convicted prison population increased by 22.2 per cent from 88,242 in 2008 to 108,032 in 2009. Remandees constituted 45.7 per cent followed by persons jailed for one month to 2 years. A higher increase of 41.6 per cent was observed for convicts jailed for a minimum of 2 years. Females constituted 10.6 per cent of the convicts in 2009 with the largest number being sentenced to between one month and two years..

Table 15.16: Prison Population by Sentence Duration, 2005 – 2009

Number

Convicted prison	2005		2006		2007		2008		2009*	
	M	F	M	F	M	F	M	F	M	F
Sentenced to 2 yrs or more	4,316	326	4,716	348	4,657	399	4,585	158	6,248	251
Sentenced to 1 Month -2yrs	63,001	8,525	64,651	9,285	55,640	6,617	56,627	5,959	67,533	7,941
Less than 1 Month	21,652	3,132	26,415	3,702	19,012	2,653	18,162	2,836	22,123	3,073
Committed for debt	726	18	933	14	779	13	75	12	858	5
Total Convicted Prisoners	**89,695**	**12,001**	**96,715**	**13,349**	**80,088**	**9,682**	**79,449**	**8,965**	**96,762**	**11,270**
Committed for safe custody (remands)	243,617	14,635	212,025	13,353	182,272	12,794	160,214	11,942	178,171	13,535
Total	333,312	26,636	309,854	26,702	262,360	22,476	239,663	20,907	274,933	24,805
Number Previously convicted	29,344	3,173	35,871	3,923	30,914	3,610	24,656	1,780	24,906	1,025
Daily Average Population in Prison	42,703	2,279	44,074	2,419	38,672	2,191	44,650	1,952	49,621	2,520
Deaths (Excluding Executions)	570	14	503	13	465	10	751	12	328	2
Prison population (per 100,000 population)	**1,021.70**		**931.30**		**407.30**		**417.10**		**523.70**	

Source: Kenya Prisons Service Department

* Provisional

15.19. Table 15.17 shows the number of convicted prisoners by type of grouped offences. A large increase of 51.7 per cent of convicted prisoners was noted for offences related to employment of aliens without work permits, followed by those related to order and administration of lawful authority. The highest increase was recorded for females jailed for various cases. However, there was a major reduction in the number of females convicted over drug related offences.

Table 15.17: Convicted Prisoners by Type of grouped Offences 2005 – 2009

Number

Type of Offences	2005		2006		2007		2008		2009*	
	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
Order & administration of lawful authority[1]	9,215	922	12,975	835	18,600	885	9,369	726	12,318	1,023
Injurious to public[2]	3,512	370	4,309	401	3,550	215	2,787	190	3,654	180
Against person[3]	4,791	535	5,092	615	4,508	509	4,669	612	5,683	630
Related to property[4]	9,968	555	10,540	605	9,285	502	10,446	423	11,355	505
Attempts & conspiracies[5]	1,797	32	5,400	163	3,892	176	3,636	73	3,816	100
Employment act[6]	1,201	516	135	1471	95	1,073	1,301	1,172	2,451	1,301
Liquor act	21,528	5,747	27,208	5,449	21,596	3,522	19,335	2,957	23,287	4,095
Drugs related[7]	5,289	679	6,165	531	4,060	299	4,543	1,187	5,447	159
Various cases[8]	16,444	1,648	25,921	3,279	14,502	2,501	23,209	1,625	28,751	3,277
Total	**73,745**	**11,004**	**97,745**	**12,644**	**80,088**	**9,682**	**79,295**	**8,965**	**96,762**	**11,270**

Source: Kenya Prisons Service

* Provisional

Notes

1. Treason, incitement to mutiny, and aiding civil disobedience
2. Stealing govt. property, stealing by person in public service, stealing from state corporations
3: Assault, grievous harm, murder etc
4: Theft, robbery with violence, arson
5: Attempts to commit offences, neglect to prevent offence, conspiracies to commit offences
6: Employment of aliens without permit
7: Possession, manufacture, trafficking etc of any quantity
8: By- laws under the local govt. act, traffic act, tax act et

15.20. Information on police, prison and probation officers from 2005 to 2009 is presented in Table 15.18. The total number of Police officers reduced by 8.4 per cent while that of Prison and Probation officers increased by 7.3 and 32.7 per cent, respectively. The number of female officers in probation, police and prisons increased by 45.3, 17.4 and 5.2 per cent, respectively. Male police officers reduced by 10.5 per cent while male probation and prison officers increased by 24.8 and 7.7 per cent, respectively.

Table 15.18: Number of Police, Prison and Probation Officers by Sex, 2005– 2009

Number

Type of Personnel		Police Officers	Prison Officers	Probation Officers
2005	Males	34,063	12,254	196
	Females	2,802	2,511	105
	Total	**36,865**	**14,765**	**301**
2006	Males	35,862	12,366	271
	Females	3,210	2,551	162
	Total	**39,072**	**14,917**	**433**
2007	Males	37,382	13,953	259
	Females	3,615	2,573	156
	Total	**40,997**	**16,526**	**415**
2008	Males	41,727	14,450	286
	Females	3,330	2,805	179
	Total	**45,057**	**17,255**	**465**
2009*	Males	37,342	15,569	357
	Females	3,910	2,952	260
	Total	**41,252**	**18,521**	**617**

Source: Police, Prisons and Probation and Aftercare Departments

* Provisional

Convicted Prisoners handled by Probation and Aftercare

15.21. To decongest the prisons, non-custodial sentences such as community service are used by courts as an alternative to serving full jail terms. Table 15.19 gives the number of offenders on probation and community service by sex and type of offence committed. There was a reduction in the number of offenders put on probation by 21.3 per cent from 17,529 in 2008 to 13,788 in 2009. In the review period, the number of male offenders on probation reduced by 27.4 per cent whereas that of females increased by 28.0 per cent. The number of adult females on probation for murder increased from 3 in 2008 to 85 in 2009.

15.22. Table 15.20 presents the number of offenders serving community service order by sex and type of offence for the period 2005 to 2009. The number of offenders serving community service order increased by 15.2 per cent from 30,813 in 2008 to 35,488 in 2009. This was on account of the increase in absolute terms of male population.

15.23. As presented in Table 15.21, the number of offenders serving aftercare rehabilitation by sex and type of offence from 2005 to 2009. There was a reduction of 36.2 per cent in the number of persons serving aftercare rehabilitation from 986 in 2008 to 678 in 2009. Whereas the number of females serving aftercare rehabilitation increased from 8 to 54, that of males reduced by 31.2 per cent from 978 in 2008 to 624 in 2009.

Table 15.19: Number of Offenders Serving Probation Sentence by Sex and Type of offence, 2005-2009

Number

	2005				2006				2007				2008				2009*			
	Male		Female		Male		Female		Male		Female		Male		Female		Male		Female	
Offence	**Ad**	**Juv**	**Ad**	**Juv**	**Ad**	**Juv**	**Ad**	**Juv**	**Ad**	**Juv**	**Ad**	**Juv**	**Ad**	**Juv**	**Ad**	**Juv**	**Ad**	**Juv**	**Ad**	**Juv**
	3	1	3	-	13	4	6	-	5	9	2	7	7	1	3	-	9	-	85	5
Manslaughter	62	14	25	5	51	15	14	-	47	27	19	3	96	25	17	-	69	9	96	9
Rape (including attempt)	26	19	3	-	45	23	5	-	76	70	-	-	67	26	-	-	72	56	2	1
Assault	1,191	165	563	45	953	94	404	12	946	182	423	40	885	85	321	42	1,114	164	476	57
Other offences against the person	811	117	315	45	705	108	94	32	861	140	305	50	634	73	248	34	1,072	151	243	12
Robbery and Allied offences	84	25	-	-	80	20	4	-	128	54	7	-	68	33	-	16	62	12	50	6
Breakings	615	366	52	7	515	225	21	9	577	193	27	7	253	97	33	3	560	193	17	1
Theft of Stock	179	38	8	3	154	46	3	-	195	56	17	2	122	31	10	-	201	44	14	1
General stealing	1,183	515	196	77	1,267	1,300	195	42	1,145	386	170	47	1,643	164	69	24	1,802	461	186	51
Theft of M/vehicle	3	1	1	-	15	3	1	-	35	5	2	-	9	-	-	-	9	-	1	-
Theft of M/vehicles parts	30	7	-	-	33	13	1	-	23	5	-	-	12	3	-	-	13	2	2	-
Theft from m/ vehicles	20	8	-	-	14	10	-	-	18	2	1	-	34	4	-	-	10	4	1	1
Theft of bicycles	50	4	-	-	23	9	-	-	42	7	-	-	17	2	-	-	36	1	1	-
Theft by servant	164	49	76	43	205	66	55	17	318	96	177	31	127	16	58	13	277	18	87	11
Dangerous drugs	1,838	145	436	37	958	141	251	32	731	114	123	17	852	159	87	25	964	79	101	7
Handling stolen property	120	24	36	7	218	53	64	14	316	46	36	4	174	9	28	-	161	17	24	-
Corruption	21	1	2	-	8	2	1	-	16	1	3	-	33	1	1	-	4	-	5	5
Causing death by dangerous driving	23	3	-	-	11	1	-	-	17	1	-	-	9	-	-	-	50	1	10	-
Other offences against property	645	80	159	17	380	91	91	10	523	126	137	19	821	86	76	7	679	104	102	7
All other penal code offences	1,767	334	723	171	5,524	1,220	1,237	194	1,200	569	766	69	8,247	692	658	143	2,122	738	678	93
TOTAL	**8,835**	**1,916**	**2,598**	**457**	**11,172**	**3,444**	**2,447**	**362**	**7,218**	**2,088**	**2,215**	**296**	**14,110**	**1,506**	**1,606**	**307**	**9,286**	**2,054**	**2,181**	**267**
Sub Total		**10,751**		**3,055**		**14,616**		**2,809**		**9,306**		**2,511**		**15,616**		**1,913**		**11,340**		**2,448**
Grand Total				**13,806**				**17,425**				**11,817**				**17,529**				**13,788**

Source: Probation and Aftercare Department

* Provisional

Notes

1. "Ad" refers to adults
2. "Juv" refers to juveniles

Table 15.20: Number of Offenders Serving Community Service Order by Sex and Offence, 2005 – 2009

Number

Offences	2005				2006				2007				2008				2009*			
	Male		Female		Male		Female		Male		Female		Male		Female		Male		Female	
	Ad	Juv	Ad	Juv	Ad	Juv	Ad	Juv	Ad	Juv	Ad	Juv	Ad	Juv	Ad	Juv	Ad	Juv	Ad	Juv
Murder (including attempt)	-	-	-	-	-	-	1	-	6	-	2	-	-	1	1	-	-	-	-	-
Manslaughter	5	-	1	-	4	-	-	-	2	-	2	-	83	16	29	-	8	-	-	-
Rape (including attempt)	2	-	2	-	7	-	-	-	-	-	-	-	28	24	-	-	15	-	2	-
Assault	954	9	239	5	905	27	187	9	449	6	223	1	483	36	215	10	506	25	122	-
Other offences against the person	1,861	29	583	26	812	1	158	3	565	26	160	4	592	73	141	25	1,018	22	166	2
Robbery and Allied offences	26	1	2	-	25	2	-	-	23	-	2	-	43	6	-	-	42	2	-	-
Breakings	393	43	15	2	241	33	11	5	249	5	11	-	366	46	19	-	261	18	9	-
Theft of Stock	153	9	16	-	120	3	11	-	62	1	5	-	108	14	4	-	136	2	3	-
General stealing	1,752	69	224	30	1,581	67	46	13	1,269	52	135	10	1,356	445	147	75	1,170	39	170	5
Theft of M/vehicle	3	-	1	-	3	-	-	-	12	-	1	2	5	-	-	-	1	1	-	-
Theft of M/vehicles parts	19	2	1	-	10	-	-	-	4	2	-	-	4	-	-	-	4	2	-	-
Theft from m/ vehicles	11	1	-	-	8	-	-	-	3	-	-	-	22	3	-	-	4	-	-	-
Theft of bicycles	19	-	-	-	42	1	-	-	18	-	-	-	24	5	-	-	5	-	-	-
Theft by servant	154	8	52	9	194	19	22	-	156	4	62	-	957	8	135	-	102	8	18	-
Dangerous drugs	421	193	158	2	3,834	49	1,113	16	3,898	38	688	7	3,254	79	212	7	2,344	14	679	-
Handling stolen property	147	8	68	2	110	3	8	-	126	5	18	-	219	36	37	-	102	1	6	-
Corruption	6	1	-	-	-	-	-	-	6	-	-	-	7	1	-	-	-	-	-	-
Causing death by dangerous driving	2	-	-	-	3	-	-	-	3	-	-	-	7	-	-	-	17	-	-	-
Other offences against property	712	34	195	3	5,276	101	1,920	16	454	15	85	2	1,015	56	159	3	1,322	28	181	10
All other penal code offences	24,916	317	7,726	110	19,084	362	3,034	51	21,740	216	3,829	45	16,947	598	2,545	82	22,526	241	4,065	64
TOTAL	**31,556**	**724**	**9,283**	**189**	**32,259**	**668**	**6,511**	**113**	**29,045**	**370**	**5,223**	**71**	**25,520**	**1,447**	**3,644**	**202**	**29,583**	**403**	**5,421**	**81**
SUB-TOTAL	**32,280**		**9,472**		**32,927**		**6,624**		**29,415**		**5,294**		**26,967**		**3,846**		**29,986**		**5,502**	
GRAND-TOTAL	**41,752**				**39,551**				**34,709**				**30,813**				**35,488**			

Source: Probation and Aftercare Department

*Provisional

Notes

1. "Ad" refers to adult

2."Juv" refers to juveniles

Table 15.21: Number of Offenders Serving Aftercare Rehabilitation by Sex and Offence, 2005-2009

Number

Offences	2005		2006		2007		2008		2009*	
	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
Murder (including attempt)	29	46	2	0	15	15	14	1	33	1
Manslaughter	13	20	3	0	17	17	5	0	15	0
Rape (including attempt)	60	90	35	0	86	86	28	0	12	7
Assault	30	45	24	0	70	70	108	0	32	2
Other offences against the person	100	151	32	0	59	59	50	1	53	10
Robbery and Allied offences	40	60	17	0	73	73	31	0	32	0
Breakings	338	507	102	0	171	171	95	1	124	3
Theft of Stock	28	42	14	1	50	51	10	0	28	2
General stealing	296	445	162	4	208	212	233	3	175	20
Theft of M/vehicle	0	0	4	1	2	3	3	0	1	0
Theft of M/vehicles parts	0	0	1	0	6	6	1	0	0	0
Theft from m/ vehicles	0	0	2	0	8	8	2	0	4	0
Theft of bicycles	2	3	1	0	3	3	51	0	1	0
Theft by servant	21	32	23	2	46	48	66	0	7	0
Dangerous drugs	98	147	65	0	38	38	56	0	24	6
Handling stolen property	8	12	12	0	15	15	23	0	7	0
Corruption	4	6	0	0	0	0	1	0	0	0
Causing death by dangerous driving	6	9	0	0	3	3	5	0	0	0
Other offences against property	80	120	40	0	15	15	23	1	21	2
All other penal code offences	194	292	94	1	93	94	173	1	55	1
Total	**1,353**	**2,036**	**633**	**9**	**978**	**987**	**978**	**8**	**624**	**54**
Grand Total	**3,389**		**642**		**1,965**		**986**		**678**	

Source: Probation and Aftercare Department

*Provisional

Cases of Children Handled by Department of Children Services

15.24. Table 15.22 shows the number of general cases handled by the department of children services. The cases handled reduced from 904 in 2008 to 195 in 2009. The highest cases were reported for children in conflict with law. Similarly, as indicated in Table 15.23, the number of cases handled by type of crime reduced from 310 in 2008 to 152 in the period under review.

Table 15.22: Number of General Cases handled by Situation of Children, 2007-2009

Number

Situation of Children	2007	2008	2009*
Child in Conflict with Law	568	269	117
Street Child	89	34	4
Neglected Child	191	16	3
Orphan	45	10	3
Destitute Child	19	8	7
Abandoned Child	74	54	1
Other	111	50	-
Lost Child	102	50	-
Child Abused Drugs	9	2	1
Unspecified	316	411	59
Total	**1,524**	**904**	**195**

Source: Department of Children's Services

*Provisional

Table 15.23: Number ` of Children Cases handled by Type of Crime, 2007-2009

Number

Type of Crime Committed	2007	2008	2009*
Theft	193	82	53
Loitering	174	46	18
Other	64	83	18
Possessing Prohibited Substance	35	14	10
Sexual Defilement	42	21	6
Burglary	37	32	28
Robbery	23	24	13
Assault	15	3	3
Murder	18	-	-
Others	5	3	2
Unspecified	10	2	1
Total	**616**	**310**	**152**

Source: Department of Children's Services

*Provisional

Voter Registration

15.25. Parliament established the Interim Independent Electoral Commission (IIEC) through Section 41A of the Constitution of Kenya following the disbandment of Electoral Commission of Kenya (ECK) in December 2009. No national voter registration exercise was undertaken in 2008 and 2009.

Table 15.24: Number of Registered Voters by Province and Sex, 2004 - 2007

Number

Province	2004			2005			2006			2007		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Nairobi	635,412	325,874	936,808	684,878	386,361	961,286	769,491	505,954	1,071,239	769,491	505,954	1,275,445
Coast	527,907	439,525	940,136	566,735	472,241	967,432	638,383	540,154	1,038,976	638,383	540,154	1,178,537
N/Eastern	126,607	110,705	228,295	136,026	119,737	237,312	166,125	149,631	255,763	166,125	149,631	315,756
Eastern	1,028,613	948,815	1,903,545	1,101,561	1,017,270	1,977,428	1,231,066	1,143,697	2,118,831	1,231,066	1,143,697	2,374,763
Central	966,098	829,127	1,712,992	1,031,973	904,748	1,795,225	1,144,041	1,042,895	1,936,721	1,144,041	1,042,895	2,186,936
Rift Valley	1,438,199	1,230,598	2,585,122	1,573,904	1,365,427	2,668,797	1,770,605	1,587,776	2,939,331	1,770,605	1,587,776	3,358,381
Western	674,208	648,376	1,284,046	710,512	682,498	1,322,584	792,285	772,397	1,393,010	792,285	772,397	1,564,682
Nyanza	870,885	793,782	1,616,474	926,876	848,271	1,664,667	1,047,574	994,106	1,775,147	1,047,574	994,106	2,041,680
TOTAL	6,267,929	5,326,802	11,207,418	6,732,465	5,796,553	11,594,731	7,559,570	6,736,610	12,529,018	7,559,570	6,736,610	14,296,180

Source: Electoral Commission of Kenya

* Provisional

Aliens Registered/ Work Permits and Passports Issued

15.26. The data presented in Table 15.25 reveals that the number of entry permits renewed increased from 3,302 in 2008 to 5,953 in 2009, while passports issued increased by 19.4 per cent to 153,266 over the same period. The number of aliens registered increased by 7.4 per cent from 17,451 in 2008 to 18,751 in the period under review. On the other hand, the number of entry permits declined from 11,530 in 2008 to 11,096 in 2009.

Table 15.25: Number of Aliens Registered and Passports and Entry Permits Issued, 2005-2009

Number

Category	2005	2006	2007	2008	2009*
Entry Permits Issued	9,966	8,452	10,812	11,530	11,096
Passports Issued	88,674	94,156	126,213	128,345	153,266
Entry Permits Renewed	5,054	4,016	4,743	3,302	5,953
Aliens Registered	5,250	26,250	21,365	17,451	18,751

Source: Department of Immigration

* Provisional

Appendix 15.1: Police Department reclassified offences reported to Police in view of new legislations such as the Economic Crimes, starting from 2008 Economic Survey

CODE	OFFENCES	CATEGORY OF OFFENCES	CODE	OFFENCES	CATEGORY OF OFFENCES
1	HOMICIDE	a) Murder	8	THEFT BY SERVANT	c) Stealing by employee/servant
		b) Manslaughter	9	VEHICLE AND OTHER	a) Theft of M/V
		c) Infanticide		THEFTS	b) Theft from M/V
		d) Procuring Abortion			c) Theft of M/V part
		e) Concealing Birth			d) Theft of M/Cycle
		f) Suicide	10	DANGEROUS DRUGS	a) Possession
		g) Causing Death by			b) Handling
		dangerous Driving			c) Trafficking
					d) Cultivating
2	OFFENCES	a) Rape			e) Usage
	AGAINST MORALITY	b) Defilement			
		c) Incest			
		d) Unnatural Offences(Sodomy)	11	TRAFFIC OFFENCES	a) Taking and Driving Motor
		e) Bestiality			Vehicle without Authority
		f) Indecent assault			b) Driving under influence of
		g) Abduction			alcohol
		h) Bigamy			
			12	CRIMINAL DAMAGE	a) Malicious Damage
3	OTHER OFFENCES	a) Assault			b) Arson
	AGAINST PERSONS	b) Creating Disturbance			c) Negligent Acts
		c) Affray			
			13	ECONOMIC CRIMES	a) Obtaining by False Pretense
4	ROBBERY	a) Robbery			b) Currency Forgery
		b) Robbery with Violence			c) Other Fraud/Forgery Offences
		c) Carjacking			
		d) Robbed of M/V	14	CORRUPTION	a) Soliciting for Bribe
		e) Cattle Rustling			b) Accepting Bribe
					c) Accept Free Gifts
5	BREAKING	a) House Breaking			d) Demanding by false pretence
		b) Burglary			e) Other Corruption Offences
		e) Other Breakings			
			15	OFFENCES INVOLVING	a) Soliciting for Bribe
6	THEFT STOCK			POLICE OFFICERS	b) Accepting Bribe
7	STEALING	a) Handling Stolen Property			c) Accept Free Gifts
		b) Stealing from Person			d) Demanding by false pretence
		c) Stealing by Tenants/lodgers			e) Other Criminal Offences
		d) Stealing from a building			
		e) General Stealing	16	OFFENCES INVOLVING	a) Bag Snatching
					b) Other offences Against
				TOURIST	Tourists
					c) Other Offences involving
8	THEFT BY SERVANT	a) Stealing by Directors			Tourist

Chapter 16
The Revised Urban Consumer Price Index

Overview

The Consumer Price Index (CPI) is a measure of the aggregate change in the retail prices paid by consumers for a given fixed basket of goods and services. This basket is normally re-priced at regular intervals, and the cost aggregates compared with those of the same basket in a selected base period. The CPI is widely used for estimation of the rates of inflation, as a tool in wage negotiations and as a deflator of various macroeconomic indicators. It is of paramount importance that the compilation of the index be based on an unbiased formula and on baskets that reflect the most recent consumption patterns.

16.2. The 2005/06 Kenya Integrated Household Budget Survey (KIHBS) findings revealed that there had been changes in the consumer behaviour, incomes, tastes and preferences. This formed the basis for revising the basket of consumer goods and services, the commodity weights, as well as adoption of new income groups. A new index with base period set at February 2009 has been adopted. The geometric mean formula is used in the compilation of the new index and the 12 Division Classification of Individual Consumption by Purpose (COICOP) has been adopted.

Income Groups and Baskets

16.3. For comparability purposes, it is useful to categorize the population into relatively homogeneous groups based on their monthly expenditure. For instance, consumers with low incomes may tend to spend a greater proportion of their income on food and other very basic necessities, while those with higher incomes might spend more of it on luxuries. From the 2005/06 KIHBS, three income groups (lower, middle and upper) were identified for Nairobi province. The categorisation of the income groups was based on consumption patterns and is as follows; lower income group, below KSh 23,670; middle income group, between KSh 23,671 and KSh 120, 000 and upper income group above KSh 120,000.

16.4. The new CPI adopted 10 baskets of goods and services, three in Nairobi province (one each for lower, middle and upper incomes) and one for each of the other seven provinces. The new baskets comprise of 234 distinct commodities up from 216 in the previous baskets. In each province, items that had expenditure of 0.05 per cent and above were selected into the basket. Table 16.1 presents the distribution of the items in each province.

Table 16.1: Number of Commodities in the New Urban CPI Baskets

Basket	Number of Items
Nairobi	
Nairobi Lower	181
Nairobi Middle	190
Nairobi Upper	146
Central	184
Coast	187
Eastern	203
North Eastern	136
Nyanza	197
Rift valley	207
Western	190
Kenya	234

16.5. Some of the new items in the new baskets include; Fresh milk un-packeted, Pork meat, Arrow roots, Wimbi flour, Black grams (njahi), Capsicum (pilipili hoho), Camel meat, Mineral water, Laboratory tests, Optician services, Parking charges, Bicycle (Boda-boda) fares, Cell phone air time, Internet costs, Cellular handset, Computer, Primary and secondary schools transport. The number of towns where retail prices are collected remained 25 as in the previous CPI series, though the Bureau plans to expand the coverage to other major towns (based on Expenditure).

Geometric Mean Methodology

16.6. Compilation of CPI is a hierarchical process that starts with indices at an elementary level which are then aggregated to higher levels. Weights are usually applied at higher levels of aggregation. In the old CPI, the arithmetic formula was used to average the price relatives at the elementary level. Within items, the old practice was to compute unweighted arithmetic averages of price relatives. The resultant index (Carli Index) had an upward bias and was too sensitive to extreme price changes. As recommended by the International Labour Organization (ILO) CPI manual (2004), the geometric mean approach (Jevons Index) is preferred and adopted at the elementary level due to its property of producing a more stable index. The modified Laspeyres formula is then adopted for use at the higher levels of aggregation.

16.7. Taking I_t to be the index at time t, P_{ti} as the price of the i^{th} commodity at time t, p_{0i} as its price at the base period and W_i as its weight, then Index at time t is computed as,

$$= \sum_{i=1}^{n} \frac{p_{0i}q_{0i}}{\sum_{i=1}^{n} p_{0i}q_{0i}} * \left[\frac{p_{ti}}{p_{0i}}\right] = \sum_{i=1}^{n} W_{0i} * \left[\frac{p_{ti}}{P_{0i}}\right]$$

and the modified Laspeyres index at time t is subsequently defined and computed as,

$I_t = \sum_{i=1}^{n} W_{0i} * \left[\frac{p_{ti}}{P_{0i}}\right] = \sum_{i=1}^{n} W_{t-1,i} * \frac{p_{t,i}}{p_{t-1,i}}$. The modified Laspeyres formula uses short-term

price relatives ($\frac{p_{t,i}}{p_{t-1,i}}$), and is algebraically equivalent to the standard Laspeyres formula which uses long term price relatives, ($\frac{p_{ti}}{p_{0i}}$). The chaining process facilitates the introduction of replacement transactions, the introduction of new varieties and new products as need arise. Each item's short-term price relative $\frac{p_{t,i}}{p_{t-1,i}}$ is weighted by its previous period expenditure share, $W_{t-1,i}$ .This is the base period value share, W_{0i}, updated for price changes to the previous period, (t-1) The formula can bring in a new transaction with the current and previous prices of the replacement transaction without imputing the base period price.

Classification of Individual Consumption by Purpose (COICOP)

16.8. The classification of items in the new CPI is based on COICOP as recommended by the ILO CPI Manual 2004. The advantage of using COICOP classification is for international comparison of CPI and inflation. The items in the old baskets were categorized in 10 broad groups which did not exactly conform to the 12-division COICOP. Table 16.2 gives a comparison of the 10 groups and the current 12 divisions. Transport and communications initially given as one division has been split into Transport and Communication. Likewise, the Recreation, Entertainment and Education group was split into Recreation/Culture and the Education broad separate groups.

Table 16.2: Comparison between the Ten Groups and the Twelve Divisions COICOP

Group	Previous CPI Series	Division	New CPI series
1	Food and non-alcoholic drinks	1	Food & Non-Alcoholic Beverages
2	Alcohol and Tobacco	2	Alcoholic Beverages, Tobacco & Narcotics
3	Clothing and Footwear	3	Clothing and Footwear
4	Housing	4	Housing, Water, Electricity, Gas and other Fuels
5	Fuel and Power		
6	Household Goods and Services	5	Furnishings, Household Equipment and Routine Household Maintenance
7	Medical Goods and Services	6	Health
8	Transport and Communications	7	Transport
		8	Communications
9	Recreation, Entertainment and Education	9	Recreation & Culture
		10	Education
		11	Restaurant & Hotels
10	Personal Goods and Services	12	Miscellaneous Goods & Services

16.9. The reclassification of items into the 12 broad categories called for re-computation of the weights for the groups and subgroups. Weights for the broad commodity divisions associated with the three separate resulting baskets for Nairobi are as presented in Table 16.3. Table 16.4 presents similar weights for each of the 7 non-Nairobi provincial baskets.

Weights

16.10. The summary of the expenditure proportion weights as derived from the 2005/06 Kenya Integrated Household Budget Survey were as follows:

Description	Weights (%)
Food & Non-Alcoholic Beverages	36.0
Alcoholic Beverages, Tobacco & Narcotics	2.1
Clothing & Footwear	7.4
Housing, Water, Electricity, Gas and other Fuels	18.3
Furnishings, Household Equipment	6.2
Health	3.1
Transport	8.7
Communication	3.8
Recreation & Culture	2.3
Education	3.1
Restaurant & Hotels	4.5
Miscellaneous Goods & Services	4.5
Total	**100.0**

Table 16.3: Groups Weighting System for the New Urban Provincial CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	RiftValley	Western	Kenya
Food And Non-Alcoholic Beverages	42.535	22.015	6.974	36.647	35.796	35.431	58.715	32.424	34.245	39.276	36.038
Alcohol Beverages, Tobacco And Narcotics	1.578	1.404	1.349	1.932	3.304	2.992	1.087	1.072	2.703	1.624	2.062
Clothing And Footware	4.932	6.586	7.725	8.712	7.447	9.870	12.031	10.014	8.548	10.231	7.428
Housing, Water, Electricity, Gas, And Other Fuels	18.172	23.605	19.785	15.703	21.997	16.104	12.812	15.063	16.134	16.783	18.295
Furnishing, Household Equipment And Routine Household Maintenance	7.249	5.060	5.638	6.500	5.691	7.111	3.208	6.182	4.711	7.892	6.164
Health	2.388	3.052	4.341	4.565	1.645	3.638	1.271	4.730	4.377	3.084	3.130
Transport	6.944	12.432	27.911	9.249	7.043	6.559	1.181	11.360	9.762	5.923	8.659
Communication	3.447	6.404	4.793	3.927	3.418	3.250	1.335	4.666	3.403	3.052	3.824
Recreation And Culture	1.620	3.217	3.898	2.351	2.434	1.926	1.389	2.354	2.537	2.411	2.252
Education	1.614	5.734	5.842	3.345	2.933	3.762	3.049	4.405	3.413	3.075	3.144
Restaurants And Hotels	5.756	4.560	6.571	3.135	3.974	4.638	0.363	2.154	5.145	2.361	4.483
Miscellaneous Goods And Services	3.763	5.932	5.172	3.933	4.316	4.718	3.557	5.576	5.021	4.289	4.521

Note: Regional weights based on proportions of households in the urban centres. Categorisation of income groups was only done in respect of Nairobi Province.

16.11. Tables 16.4 through 16.15 give the individual weights of the 234 commodities of the various baskets. The weights reveal that consumption patterns of items are region specific.

Table 16.4: Percentage of Food and Non-Alcoholic Beverages Item Weights in the New Urban CPI

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Rice- Grade 2	2.450	0.623	-	3.478	3.003	4.833	7.920	2.539	3.295	2.700	2.912
Rice Grade 1	2.199	3.490	5.313	2.449	3.447	1.859	0.700	1.201	1.519	0.545	2.183
Maize Grain - Loose	1.032	0.410	-	0.882	0.528	2.090	1.054	7.709	2.576	7.563	2.002
Green Maize	0.881	0.598	-	0.694	0.346	0.773	0.168	0.562	0.797	0.867	0.703
Beans	1.712	0.338	-	2.511	2.443	3.456	5.017	2.313	2.268	2.198	2.128
Green Grams	0.758	0.550	-	0.758	0.444	0.730	-	0.717	0.821	0.590	0.672
Black Grams (Njahi)	0.286	0.403	-	0.601	-	0.246	-	-	-	-	0.184
Peas	0.435	-	-	0.500	0.530	0.900	-	-	0.561	-	0.406
Groundnuts	0.427	-	-	-	0.157	0.216	-	0.591	0.261	1.262	0.330
Millet Grain - Wimbi	-	0.822	-	-	-	0.514	-	1.107	-	0.852	0.198
Millet Flour - Wimbi	0.638	-	-	0.514	0.290	0.826	-	0.334	0.523	0.397	0.475
Maize Flour - Loose	1.641	0.733	-	0.693	0.343	0.581	0.381	0.405	2.947	1.319	1.316
Maize Flour - Sifted	5.088	3.126	2.173	5.391	6.538	4.871	3.675	1.736	2.966	1.728	4.423
Wheat Flour	1.680	2.665	1.495	2.624	2.518	2.422	6.431	2.101	2.326	2.494	2.274
Cost Of Milling	0.314	1.234	-	-	0.164	0.545	-	2.340	0.602	1.797	0.590
Bread	6.020	0.588	5.753	7.162	6.302	5.739	0.648	5.570	5.274	5.001	5.472
Cakes	0.931	0.747	5.159	0.763	0.489	0.854	-	0.192	0.586	0.337	0.686
Biscuits	0.216	1.319	1.989	0.284	0.319	0.379	0.164	0.479	0.267	0.231	0.344
Breakfast Cereal/Oat	0.217	0.627	2.689	0.220	0.186	0.335	-	-	0.356	-	0.240
Wheat Buns /Scones	1.632	1.337	-	-	0.382	0.382	-	0.504	0.862	1.488	0.973
Pasta (Spaghetti/Macaroni	0.580	0.792	-	0.546	0.775	0.759	5.445	0.195	0.369	0.145	0.672
Beef - With Bones	10.230	10.730	6.438	11.613	11.566	9.563	0.824	7.239	9.409	8.995	9.877
Beef - Without Bones	0.277	1.759	2.869	0.521	0.406	0.643	-	1.016	1.250	0.682	0.649
Minced Meat	-	1.058	2.489	-	0.411	-	-	-	0.365	-	0.191
Sausages	-	1.138	3.016	0.780	0.271	0.475	-	-	0.649	-	0.305
Camel Meat	-	-	-	-	-	0.260	7.287	-	-	-	0.203
PORK	-	0.461	0.859	0.176	-	-	-	-	-	0.493	0.068
Mutton/Goat Meat	1.147	1.468	-	1.151	1.223	2.092	3.743	0.298	2.606	0.959	1.445
CHICKEN	1.440	4.702	8.827	1.413	2.398	1.045	-	2.384	1.594	1.527	1.844
Offals - Matumbo	1.671	1.928	-	0.499	0.703	0.777	-	0.999	1.067	1.038	1.178
Fresh Fish	2.511	3.172	2.691	0.631	4.631	0.838	-	3.898	1.953	3.752	2.655
Dried/Smoked Fish	1.199	0.994	1.033	0.254	0.754	0.227	-	2.257	0.577	2.376	1.001
Milk - Fresh Packeted	8.731	10.196	9.258	0.902	7.346	1.943	2.802	2.827	1.053	1.426	5.518
Milk - Fresh Unpacketed	3.111	1.707	1.450	9.960	1.926	7.675	10.151	6.544	9.721	8.118	5.309
Uht- Fresh Flavoured Milk	-	-	-	-	-	0.180	1.765	0.239	0.254	-	0.112
Baby Milk - Tinned	0.135	1.436	-	-	-	0.177	0.703	-	-	-	0.162
Milk Sour - Mala	0.979	0.913	1.095	-	0.470	0.346	-	0.718	0.428	0.303	0.625
Yogurt (Clotted Milk)	0.133	-	1.034	0.265	-	0.180	-	0.214	-	-	0.095
Eggs	2.172	2.247	1.934	1.521	1.873	1.522	1.129	1.796	2.098	1.591	1.951
Margarine	0.948	1.249	1.263	0.998	1.005	1.091	-	1.334	0.518	1.037	0.929
Cooking Fat	3.035	1.266	-	3.594	1.140	3.102	0.198	2.940	3.096	4.402	2.669
Cooking Oil	0.322	1.627	1.607	0.371	2.445	1.228	8.262	1.422	0.349	0.654	1.090

Table 16.4: Cont'd

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Banana - Ripe	2.060	2.557	1.760	1.653	2.169	1.675	1.222	1.425	1.944	1.183	1.926
Orange	1.263	1.573	1.393	1.042	1.226	1.191	0.197	1.111	1.592	1.461	1.277
Pawpaws	0.463	0.898	1.787	0.594	0.202	0.489	0.658	0.221	0.468	0.165	0.438
Avocado	1.283	0.816	-	0.868	0.418	0.995	-	0.775	1.145	0.609	0.946
Mangoes	1.135	0.611	-	0.506	1.028	0.168	0.293	0.724	0.892	0.631	0.871
Pineapples	0.366	0.463	1.229	0.422	-	0.239	-	0.491	0.594	0.471	0.356
Passion Fruits	0.126	-	-	0.485	-	0.283	-	-	0.170	-	0.123
Apples	-	0.603	1.760	-	0.216	-	-	-	0.171	-	0.101
Lemons	-	-	-	0.832	0.182	0.169	0.206	-	-	0.156	0.115
Melons	0.333	0.796	1.418	-	-	-	0.260	0.186	0.312	-	0.238
Coconut	-	-	-	-	1.354	-	-	-	-	-	0.208
Spinach	0.848	0.819	-	0.716	0.292	0.522	-	-	0.748	-	0.590
Kale-Sukuma Wiki	3.686	1.939	-	2.010	1.896	1.861	0.400	4.640	2.685	2.916	2.862
Capsicums (Pilipili Hoho)	0.192	0.881	-	0.932	0.682	0.448	0.211	0.270	0.217	-	0.380
Coriander Leaves (Dania)	0.415	0.584	0.853	0.348	0.301	0.354	0.261	-	0.220	0.254	0.328
Tomatoes	3.310	2.879	1.718	2.030	4.848	2.859	2.914	3.464	2.286	3.111	3.226
Cabbages	1.434	1.247	-	1.560	1.054	1.494	0.308	1.025	1.179	1.030	1.255
Carrots	0.634	1.027	-	1.163	0.410	0.835	0.298	0.290	0.547	0.278	0.608
Onions	1.553	1.607	1.047	1.394	1.670	1.616	1.495	1.462	1.434	1.544	1.537
Potatoes (Irish)	2.703	2.108	1.477	5.547	2.618	3.723	5.011	1.277	3.392	1.528	2.931
Sweet Potato	0.461	0.318	-	0.216	0.345	0.389	-	0.779	0.348	0.660	0.414
Arrow Roots	0.317	-	-	0.537	0.384	0.381	-	0.278	-	0.452	0.274
Cooking Banana	1.232	0.868	-	1.289	0.768	0.946	-	1.004	0.946	1.568	1.048
Tomato sauces	0.338	-	-	-	0.416	-	0.287	-	0.177	-	0.217
Crisps	0.216	0.438	-	-	-	-	-	-	-	-	0.102
Sugar	5.189	2.892	2.072	6.542	4.936	6.260	13.076	8.130	7.026	7.864	5.998
Chocolate	-	0.410	3.202	-	0.644	0.382	-	0.317	0.182	-	0.204
Drinking Chocolate	0.331	0.319	-	0.241	-	0.601	0.093	0.212	0.267	0.166	0.252
Salt	0.258	-	-	0.481	0.168	0.383	0.394	0.307	0.409	0.462	0.292
Tea Leaves	0.784	0.441	-	1.976	0.796	1.524	1.876	0.863	1.331	1.351	1.040
Mineral Waters	-	0.531	2.721	-	0.395	0.252	0.423	0.413	0.469	0.186	0.237
Soda	1.331	1.820	3.605	1.294	2.182	2.036	0.690	3.003	2.047	1.988	1.780
Squashes	0.391	0.906	1.824	0.601	0.307	0.784	0.206	0.609	0.308	0.351	0.446
Preserved Fruit - Juice	0.168	1.196	1.699	-	0.317	0.469	0.755	-	0.334	0.750	0.316
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.5: Percentage of Alcoholic Beverages, Tobacco and Narcotics Item Weights in the New Urban CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Spirits	8.010	20.760	31.204	3.754	2.531	13.665	-	6.806	4.850	11.748	7.191
Wines	-	5.771	31.920	-	-	-	-	-	4.175	-	1.595
Beer	34.855	51.485	29.857	72.723	36.031	43.201	-	76.207	60.288	46.776	46.900
Traditional Brew	13.612	-	-	-	12.871	-	-	10.690	12.537	20.528	10.137
Cigarettes	39.800	21.984	7.020	23.523	36.401	25.594	6.832	5.513	18.150	20.947	28.165
Miraa (Khat)	3.724	-	-	-	12.166	17.539	93.168	0.784	-	-	6.011
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.6: Percentage of Clothing and Footwear Item Weights in the New Urban CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Men's Coat/Jacket	4.959	2.892	-	2.231	-	2.512	-	2.459	3.002	2.617	2.600
Men's Shirt	6.167	7.371	6.519	4.696	5.897	5.694	7.871	6.058	5.590	7.490	6.075
Men's Suit	4.149	9.391	16.395	10.963	1.104	5.919	-	4.150	3.933	6.062	5.032
Men's Trousers	9.149	5.310	5.546	7.474	10.907	7.501	6.904	6.200	9.804	7.250	8.387
Men's Underpants	-	-	-	1.053	-	0.707	1.080	-	1.555	0.955	0.522
Men's Sweater	-	1.029	2.738	1.631	-	0.877	-	-	1.219	-	0.570
Men's Vest	1.096	-	-	0.804	-	-	1.966	0.806	-	-	0.429
Men's Socks	-	-	-	1.184	-	0.742	-	0.926	1.029	-	0.454
Women's skirts	3.123	1.043	1.090	2.401	4.317	2.509	1.674	2.768	2.613	3.207	2.819
Kanga /Kikoi	3.765	-	2.551	1.218	7.697	1.603	15.432	2.180	1.668	1.921	3.269
Boys Shirt	-	1.271	-	1.352	1.772	1.884	1.336	1.406	1.613	1.841	1.243
Boy's Trousers	-	0.984	-	0.939	1.755	1.874	2.627	4.294	1.011	0.926	1.362
Boy's Suit	5.623	3.059	3.892	2.892	4.460	2.667	2.732	10.983	6.461	4.264	5.332
Boy's Underwear	9.162	5.846	25.703	6.823	9.134	7.218	10.406	5.387	5.054	9.817	7.663
Boy's Socks	2.729	3.064	1.617	2.868	1.958	2.404	-	2.189	2.231	2.808	2.392
Boy's Jacket	1.494	-	1.069	0.874	-	0.600	0.524	1.866	1.856	0.660	1.040
Girl's Socks	2.235	3.809	0.920	2.184	2.093	2.872	-	2.379	2.822	-	2.303
Girl's Trousers	4.234	3.248	0.819	1.957	7.042	2.831	2.186	1.650	1.636	2.254	3.282
Girl's Blouse	-	1.956	-	1.069	-	0.946	-	0.821	1.448	0.776	0.743
Girl's Under ware	3.883	3.548	1.485	4.060	7.604	7.825	2.437	4.488	3.741	8.037	4.937
Girl's Dress	2.018	2.393	-	2.204	1.748	4.270	3.536	1.518	1.860	1.747	2.088
Girl's Skirt	1.219	-	-	-	-	0.686	0.747	1.879	1.026	1.155	0.777
Girl's Night Dress	3.005	5.136	6.797	3.765	1.049	4.870	-	1.227	5.819	0.708	3.259
Children's Shirt	1.788	2.095	-	0.785	5.440	2.344	2.736	1.864	1.086	2.518	2.248
Children's Suit	2.994	1.379	1.603	1.702	-	2.236	-	0.610	1.344	2.583	1.520
Children's Shorts	1.257	0.397	0.216	0.048	0.726	0.489	0.146	0.782	0.366	0.203	0.608
Napkins	1.396	1.443	-	0.782	1.885	0.732	0.511	1.417	0.588	0.863	1.148
Primary School Uniform	3.940	4.130	-	1.906	4.840	2.596	5.327	2.010	2.804	2.685	3.292
Secondary School Uniform	-	2.553	0.812	-	1.209	0.817	1.220	1.573	1.335	0.890	0.991
Laundry (Clothes)	2.407	8.926	8.025	2.168	-	1.964	-	0.685	3.229	1.085	2.462
Tailoring Services	1.546	1.235	-	2.740	2.123	1.708	2.862	2.485	1.651	3.526	1.981
Men's Shoes - Leather	5.291	6.299	5.417	9.255	4.307	4.971	13.973	5.746	8.436	7.608	6.570
Men's Sports Shoes	1.331	4.154	-	1.598	2.215	0.783	0.511	2.435	2.216	0.971	1.927
Women's Shoes - Leather	5.606	-	3.747	3.336	2.384	3.285	7.643	4.087	4.098	4.853	3.775
Women's Shoes - Rubber	1.398	-	1.765	1.120	-	0.949	-	3.697	1.190	1.154	1.172
Women's Rubber Sandals	-	3.475	-	1.615	0.839	1.832	1.251	1.048	1.177	1.019	1.139
Boy's Shoes - Plastics	1.840	1.491	-	-	2.988	1.222	1.097	1.357	-	0.813	1.270
Boy's Sports Shoes	1.194	-	1.276	4.637	1.183	1.711	-	1.179	1.391	1.871	1.481
Girl's Leather Shoe	-	1.073	-	3.666	1.326	3.351	1.266	3.389	2.099	2.866	1.838
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.7: Percentage of Housing, Water, Electricity, Gas and other Fuels Item Weights in the New Urban CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
House/Bungalow	3.745	11.945	10.972	37.895	24.395	38.386	26.288	43.207	29.872	40.924	20.774
Flat	31.737	40.614	17.324	20.042	5.314	7.280	24.739	4.313	3.840	0.564	18.622
Maisonette	3.971	17.262	40.404	-	1.975	-	-	1.123	1.304	-	4.663
Other Houses	39.963	6.112	-	10.260	34.598	13.123	-	6.668	22.406	9.232	24.340
Maintenance And Repair	0.795	1.488	11.598	3.705	8.128	15.372	3.877	11.557	10.282	21.760	6.256
Water Service	6.988	5.173	5.037	6.273	8.581	7.617	20.291	8.724	8.217	6.000	7.406
Electricity	3.446	9.146	11.071	10.237	7.144	4.215	9.604	6.583	5.344	2.913	6.003
Gas (LPG)	2.107	6.850	3.594	3.975	2.263	3.016	-	3.741	4.662	1.807	3.373
Kerosene	0.243	-	-	-	0.152	-	0.221	0.840	0.264	0.333	0.211
Charcoal	7.006	1.410	-	6.921	5.878	10.213	9.151	12.176	10.907	14.590	7.348
Firewood	-	-	-	0.692	1.573	0.778	5.828	1.067	2.903	1.878	1.005
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.8: Percentage of Furnishings, Household Equipment and Routine Household Maintenance Item Weights in the New Urban CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Bed	1.489	2.407	1.365	2.720	2.853	2.372	14.714	2.662	2.969	2.492	2.357
Bed Sheets	0.637	-	-	1.050	1.410	2.789	3.925	2.662	-	2.923	1.093
Blanket	-	-	-	-	-	1.727	-	1.055	1.140	3.923	0.553
Mattress	1.597	1.214	-	2.292	1.940	2.337	3.252	3.115	3.289	3.150	2.131
Sofa Set	4.941	2.060	5.798	6.781	6.335	6.242	1.888	7.898	4.434	6.214	5.372
Coffee Table	0.944	-	-	-	2.379	1.875	-	1.727	-	2.245	1.051
Wall Unit	-	1.333	1.030	1.005	2.886	5.248	2.396	3.426	1.683	1.870	1.549
Electric/Gas Cooker	0.761	1.348	4.661	-	-	1.861	-	-	-	1.049	0.610
Kerosene Stove	56.786	19.940	-	35.379	33.764	27.117	28.911	18.394	30.967	24.413	37.771
Refrigerator	-	2.336	-	1.475	2.896	1.199	2.876	6.090	-	-	1.321
Plate	0.476	0.448	0.158	0.589	-	0.891	1.402	0.834	0.616	1.716	0.560
Cooking Sufuria	0.566	0.422	-	0.698	0.633	0.793	1.143	0.961	1.002	1.172	0.706
Buckets/Basins	-	0.413	2.904	-	1.510	-	-	0.927	-	0.743	0.408
Batteries (Dry Cells)	2.323	-	-	4.045	2.762	5.165	-	6.755	5.551	6.491	3.458
Household Soap/Bar Soap	13.159	6.244	2.533	10.280	6.229	6.382	12.119	10.429	13.176	10.625	10.446
Detergents	5.390	8.316	2.828	5.190	12.932	6.109	11.700	5.667	7.073	3.775	6.893
Insecticide	-	5.272	3.026	0.872	1.740	2.104	-	4.100	1.437	1.368	1.509
Shoe Polish/Cream	2.864	2.248	-	3.193	1.956	2.874	-	3.794	5.042	3.237	3.017
Match Box	2.070	-	-	1.724	1.803	1.432	2.380	1.349	2.403	1.766	1.736
Candles	1.621	-	-	-	-	-	-	0.919	-	0.908	0.693
Domestic Workers	4.376	45.999	75.698	22.707	15.971	21.482	13.294	17.237	19.218	19.919	16.767
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.9: Percentage of Health Item Weights in the New Urban CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Liver Salts And Other Salts	2.835	3.890	-	-	3.870	1.830	-	-	6.060	-	2.826
Cold Tablets/Cough Syrup	6.802	2.825	-	3.871	5.519	4.039	7.496	2.723	1.836	3.807	3.913
Multivitamin/Other Medicine	9.199	6.374	2.069	1.544	-	-	4.522	2.264	1.876	2.973	3.783
Fever/Pain Killers e.g. Panadol	6.472	3.661	1.933	1.277	5.769	3.324	18.594	3.247	2.519	6.433	4.051
Medicine Anti-Malaria	5.409	3.221	-	1.887	11.526	7.249	17.140	4.110	4.136	11.420	5.185
Hypertension Drugs	-	0.557	0.999	1.262	0.878	1.704	-	0.561	0.435	-	0.560
Doctors Service -General	31.918	26.650	7.669	19.132	32.390	34.524	21.371	24.184	23.869	56.199	27.855
Specialist Doctor	15.893	21.357	17.300	2.774	4.930	2.717	-	1.177	30.686	-	14.043
Operation/Surgery	-	16.533	57.469	56.583	-	3.285	-	53.886	3.919	-	16.917
Opticians Services	-	3.689	2.346	-	-	2.073	-	-	2.657	-	1.136
Delivery Charges	14.028	-	-	2.479	7.283	-	-	3.472	-	6.626	4.769
Dental Service	4.016	3.418	5.119	2.931	17.249	5.688	5.491	-	-	-	3.461
X-Ray	2.323	-	3.236	2.148	-	5.014	-	-	-	3.779	1.302
Lab Test	1.105	5.638	1.786	2.874	6.697	6.167	12.810	2.938	4.297	4.871	3.711
Room Charges (Health Facility)	-	2.186	0.073	1.239	3.887	22.385	12.576	1.438	17.709	3.893	6.488
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.10: Percentage of Transport Item Weights in the New Urban CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Car	-	6.447	47.929	13.836	3.682	4.958	-	28.529	5.916	2.052	9.249
Motorcycles	-	-	0.728	-	-	-	-	-	-	-	0.035
Bicycle	0.769	-	0.217	0.864	1.324	-	-	-	1.213	2.520	0.730
Petrol	-	31.524	17.662	20.500	4.299	10.112	-	7.997	37.818	6.961	15.981
Diesel	-	-	6.643	10.353	1.559	3.099	-	-	1.766	4.122	1.940
Driving Lessons	-	-	0.274	-	-	1.288	-	0.808	-	-	0.151
Parking Charges	-	1.022	0.691	-	-	-	-	0.593	1.378	-	0.496
Taxi Fare	-	1.623	1.966	1.666	4.059	21.291	33.297	1.455	4.822	1.013	2.959
City Bus/*Matatu Fares*	6.992	4.455	0.226	1.786	1.208	1.137	37.303	-	1.018	1.353	2.963
Country Bus Fares	18.746	7.158	1.253	2.382	11.780	8.866	29.401	10.045	7.819	25.308	10.916
Matatu Fares	68.338	34.578	2.535	45.758	60.695	48.397	-	27.888	32.885	32.756	44.665
Boda Boda Fares	1.965	-	-	1.622	-	-	-	3.386	0.889	18.580	1.688
Primary/Transport	0.942	2.135	0.850	1.233	1.930	0.852	-	1.070	0.924	2.730	1.314
Secondary/Transport	2.249	1.342	0.233	-	2.320	-	-	0.584	0.895	1.119	1.291
Local Flight	-	1.492	3.496	-	2.648	-	-	16.667	2.658	-	2.996
International Flights	-	8.225	15.295	-	4.496	-	-	0.978	-	1.488	2.626
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.11: Percentage of Communications Item Weights in the New CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Cellular Handset	13.144	8.571	7.541	14.963	11.132	17.939	-	7.153	14.974	19.665	12.179
Local Calls	3.146	2.725	13.580	2.478	6.568	2.498	19.014	13.939	3.745	3.494	4.933
Cell Phone Airtime	83.710	83.786	63.668	82.559	82.300	79.563	80.986	77.309	75.009	76.842	80.717
Internet Cost	-	4.918	15.211	-	-	-	-	1.599	6.272	-	2.171
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.12: Percentage of Recreation and Culture Item Weights in the New CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Radio	4.376	1.998	8.506	3.046	-	2.972	10.299	2.451	2.572	2.994	2.741
Television Sets	19.570	5.968	1.877	12.268	19.742	8.612	4.085	8.642	6.628	11.640	12.301
Radio/Cassette Player	5.978	5.440	-	7.196	10.129	10.884	-	10.102	5.273	15.040	7.350
Computer	-	2.888	13.808	-	-	14.368	-	3.717	2.354	-	2.157
Films Purchase/Developing	-	-	2.157	2.613	-	-	-	-	-	-	0.266
Cinema Entry Fees	-	3.305	10.826	-	7.043	-	-	4.145	-	-	2.284
Disco/Night Club Entry	4.193	15.942	20.954	-	3.153	3.386	-	3.748	2.538	-	5.162
Video Cassette Hire	3.509	6.727	4.768	-	2.687	-	-	-	1.900	2.302	2.733
Books	8.196	14.869	20.457	30.721	13.246	23.747	15.744	21.492	41.968	29.285	21.218
Primary Text Books	9.869	7.471	1.823	7.787	14.406	8.105	24.225	6.001	4.623	5.845	8.492
Secondary Text Books	9.169	5.703	-	3.302	5.405	-	23.918	7.743	3.691	2.430	5.630
Newspaper	15.728	21.364	10.531	23.922	15.633	24.088	12.547	25.050	16.206	20.801	18.499
Magazine	4.153	5.043	4.292	-	-	-	-	2.931	5.435	-	2.962
Exercise Books	10.648	3.281	-	5.358	5.024	-	-	-	3.747	5.543	4.962
Pens	4.610	-	-	3.787	3.532	3.838	9.182	3.978	3.065	4.120	3.241
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.13: Percentage of Education Item Weights in the New CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Pre Primary-Tuition	9.478	1.281	2.269	-	3.279	2.064	2.639	-	2.935	4.032	3.076
Primary-Tuition	36.609	42.402	42.012	45.842	43.762	40.536	22.466	24.492	28.368	38.509	36.853
Primary Boarding Fees	-	-	-	-	-	6.806	-	-	6.556	3.967	1.754
Secondary-Tuition	35.378	31.603	29.225	37.570	47.506	24.107	56.616	30.894	33.196	34.107	35.130
Secondary Boarding Fees	-	2.686	5.422	2.522	5.453	3.640	9.820	3.099	9.521	4.434	4.241
Tertiary-Tuition	18.535	22.028	21.072	14.066	-	22.846	8.458	41.515	19.425	14.951	18.945
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.14: Percentage of Restaurants and Hotels Item Weights in the New CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Cafe And Take-Away: Food	27.843	25.697	8.922	24.927	45.414	11.697	18.718	34.030	13.520	18.975	25.947
Kiosks: Food	39.118	5.415	1.182	23.186	30.645	13.559	81.282	35.181	17.877	24.506	27.081
Restaurants and Hotels: Food	33.039	51.396	43.389	51.888	23.941	61.449	-	30.789	63.341	47.429	42.278
Hotel Accommodation	-	17.492	46.507	-	-	13.295	-	-	5.262	9.090	4.694
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 16.15: Percentage of Miscellaneous Goods and Services Item Weights in the New CPI Basket

Description	Lower	Middle	Upper	Central	Coast	Eastern	North Eastern	Nyanza	Rift Valley	Western	Kenya
Region Weights	**0.297**	**0.099**	**0.015**	**0.077**	**0.155**	**0.052**	**0.016**	**0.082**	**0.163**	**0.044**	**1.000**
Hair Cut (Men)	11.335	5.248	4.660	5.581	6.946	5.870	7.090	5.142	6.765	6.914	7.407
Hair Dressing (Women)	23.850	25.519	20.369	25.986	19.794	27.592	2.140	15.266	19.549	19.694	21.659
Toothbrush	-	-	-	-	-	1.380	3.449	-	2.168	-	0.511
Hair Oil	3.173	2.603	-	2.747	3.046	3.879	9.762	3.435	1.776	3.930	2.924
Toilet Paper	9.325	5.780	2.810	8.154	4.208	7.327	-	5.610	5.655	5.940	6.510
Perfumes	3.503	-	8.203	-	8.360	-	17.900	1.698	3.460	3.847	3.428
Toilet Soap	9.697	5.771	2.207	6.478	10.348	5.217	11.186	4.523	4.666	7.134	7.174
Toothpaste	9.327	4.339	1.796	6.984	8.226	5.299	-	4.834	5.716	7.639	6.715
Body Lotion	4.361	5.648	2.581	6.927	5.598	5.096	12.399	4.770	3.115	3.850	4.788
Deodorant	-	3.053	-	1.737	5.885	1.332	3.843	-	1.339	1.553	1.812
Petroleum Jelly	4.637	1.444	-	4.009	3.535	3.657	-	4.299	4.242	8.156	3.867
Sanitary Pads	7.902	4.600	1.693	7.622	6.541	6.521	5.002	6.894	5.384	6.536	6.420
Watches	1.585	5.282	5.290	2.528	5.236	6.665	5.970	4.947	11.103	4.821	5.261
Purses/Handbags (Ladies)	3.380	6.188	3.361	4.624	1.878	3.212	3.785	7.338	2.750	4.443	3.932
Suitcase/Brief Cases	-	1.947	2.590	1.687	-	1.984	4.903	2.832	2.550	1.712	1.399
Travel Bags	3.421	2.118	2.224	1.502	2.141	1.763	5.669	6.743	3.225	3.929	3.173
Umbrellas	3.289	-	-	3.523	2.258	2.239	6.484	1.550	2.821	3.642	2.406
Car Insurance	-	16.411	34.575	5.993	1.694	3.633	0.417	4.999	3.888	3.697	4.943
Bankers Cheque	1.215	1.266	0.434	-	2.875	4.931	-	10.048	2.669	0.669	2.692
Money Order	-	1.701	7.206	1.623	-	0.952	-	3.990	5.578	-	1.918
Photocopy	-	1.083	-	2.294	1.431	1.451	-	1.085	1.582	1.894	1.060
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

per cent of women having never attended school. Seven out of every ten men (69 per cent) have at least completed primary level of education compared to six out of ten women (61 per cent). About two-thirds of respondents are Protestant, almost one-quarter are Catholic, and about seven (7) per cent are Muslim.

Table 17.1: Background characteristics of respondents

Percent distribution of women and men by background characteristics, Kenya 2008-09

Background characteristic	Women			Men		
	Weighted percent	Weighted number	Unweighted number	Weighted percent	Weighted number	Unweighted number
Age						
15-19	21	1,761	1,767	22.4	776	763
20-24	20	1,715	1,744	18.2	630	620
25-29	17	1,454	1,423	13.9	483	488
30-34	14	1,209	1,180	13.3	461	482
35-39	10.4	877	930	9.9	344	359
40-44	9.1	768	730	8.8	306	291
45-49	7.8	661	670	7.4	257	253
50-54	na	na	na	6	207	209
Marital status						
Never married	31.2	2,634	2,540	44	1524	1502
Married	54.2	4,578	4,682	49	1699	1757
Living together	4.1	350	359	2.3	80	67
Divorced/separated	6.1	512	512	3.8	130	115
Widowed	4.4	369	351	0.9	30	24
Residence						
Urban	25.4	2148	2615	26.1	903	1084
Rural	74.6	6296	5829	73.9	2562	2381
Province						
Nairobi	8.6	728	952	9.4	325	423
Central	10.7	905	973	10.6	368	388
Coast	8	674	1,149	7.6	265	448
Eastern	16.3	1,376	1,127	16.8	581	452
Nyanza	16.4	1,389	1,318	15.9	550	541
Rift Valley	26.8	2,262	1,278	27	935	543
Western	11	927	1,039	10.7	372	451
North Eastern	2.2	184	608	2	7	219
Education						
No education	8.9	752	1,242	4.1	141	209
Primary incomplete	29.9	2,526	2,431	26.6	921	921
Primary complete	26.9	2,272	1,973	25.3	876	863
Secondary +	34.3	2894	2798	44.1	1527	1472

Note: Education categories refer to the highest level of education attended, whether or not that level was completed.
na = Not applicable

Fertility Levels and Trends

17.6. According to the survey findings, the Total Fertility Rate (TFR) was 4.6 births per woman as shown in Table 17.2. This means that on average, a Kenyan woman who is at the beginning of her childbearing years will give birth to 4.6 children by the end of her reproductive period if fertility levels remain constant at the level observed in the three-year period preceding the survey. The results indicate that Kenya's fertility transition may have resumed after a brief stall in the late 1990s to mid 2000s. Figure 17.1 shows the trends in TFR from a high of 8.1 births per woman in 1975-78 to 4.6 in 2006-08. Fertility

2008-09 KDHS. The level of under-five mortality was 74 deaths per 1,000 births during the five-year period preceding the survey, implying that at least 1 in every 14 children born in Kenya during the period died before reaching their fifth birthday. The infant mortality rate recorded in the survey was 52 deaths per 1,000 live births.

Table 17.3: Early Childhood Mortality Rates per 1000 live births

Neonatal, postneonatal, infant, child, and under-five mortality rates for five-year periods preceding the survey, Kenya 2008-09

Years preceding the survey	Neonatal mortality(NN)	Postneonatal mortality (PNN)[1]	Infant mortality (1q0)	Child mortality (4q1)	Under-five mortality (5q0)
0 - 4	31	21	52	23	74
5 - 9	35	32	67	29	95
10 - 14	25	34	59	37	93

[1] Computed as the difference between the infant and neonatal mortality rates

17.8. The rates observed in this survey show a remarkable decline in levels of childhood deaths compared to the rates observed in the 2003 and 1998 KDHS surveys as shown in Table 17.4. The infant mortality rate decreased to 52 deaths per 1,000 live births in 2008-09 from 77 in 2003. Similarly, the under-five-mortality rate decreased to 74 deaths per 1,000 live births in 2008-09 from 115 in 2003. The trend implies that the continuing deterioration in the quality of life amongst the Kenyan population that had been witnessed in the earlier surveys has started to reverse. The improvement in child survival is corroborated by increases in child vaccination coverage, and in ownership and use of mosquito bednets (see later sections), both of which have been shown to reduce child mortality.

Table 17.4: Trends in Early Childhood Mortality Rates

Infant and under-five mortality rates, Kenya, 1994-2007

Survey year	Approximate calendar period	Infant mortality (1q0)	Under-five mortality (5q0)
1998	1993-1997	74	112
2003	1998 - 2002	77	115
2008-09	2003 -2007	52	74

Note: Data for the 1998 survey exclude several northern districts

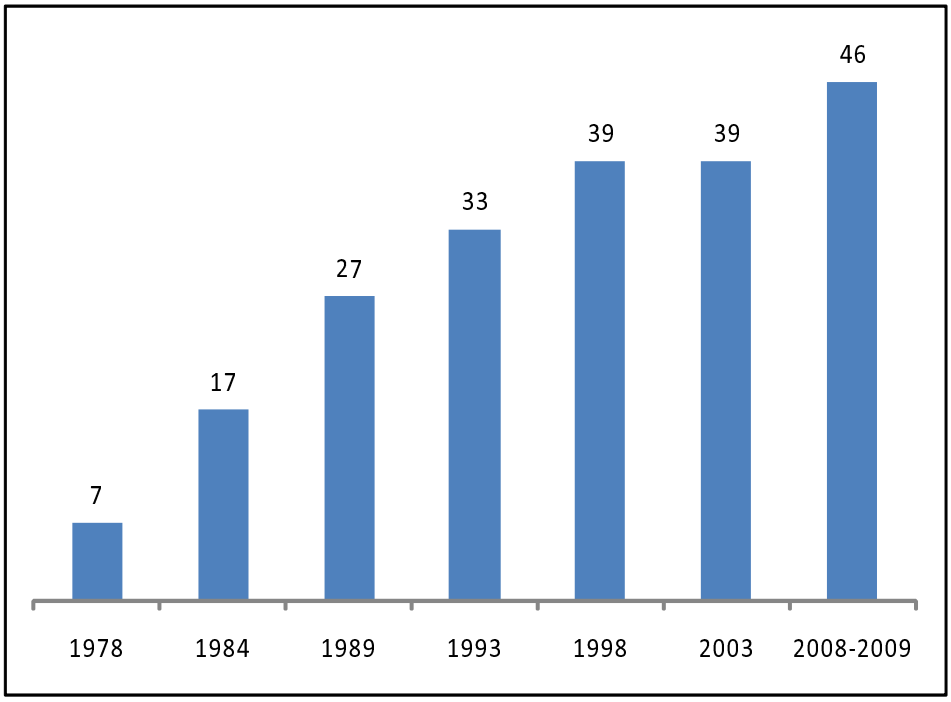
Family Planning

17.9. Information about knowledge and use of contraceptive methods was collected from female respondents and for each method known; the respondent was asked if she had ever used it. Table 17.5 shows the level and key differentials in the current use of contraception by method as reported by currently married women. About half of currently married women (46 per cent) are currently using some method of contraception. Modern methods of contraception are more commonly used (39 per cent) than are traditional methods (6 per cent). Of the modern methods, injectables are the most widely used, while periodic abstinence is the most popular traditional method.

17.10. Contraceptive prevalence peaks among married women in the 30-34 age-group and is lowest for women aged 15-19. A higher percentage of urban women (53 per cent) use contraceptive, compared to their rural counterparts (43 per cent). Married women in Central Province continue to have the highest contraceptive prevalence rate (67 per cent), followed by Nairobi (55 per cent) and Eastern Province (52 per cent). The lowest level of

contraceptive prevalence rate is fuelled by increased use of modern methods. Between 2003 and 2008-09, use of modern methods increased from 32 to 39 per cent of married women, while use of traditional methods over the same time period actually decreased from 8 to 6 per cent of women. Use of female sterilisation, Intra Uterine Devices (IUD), implants and pill remained fairly constant between 2003 and 2008-09, while there was a notable increase in use of injectables.

Figure 17.2 : Trends* in contraceptive Use (Percentage of currently married women using any method)



* Data from the first five sources omit several northern distircts, while the 2003 and 2008-09 KDHS surveys represent the entire country

Maternal and Child Health

17.12. Proper care during pregnancy and delivery are important for the health of both the mother and the baby. Table 17.6 presents the results of key maternity care indicators. More than nine in ten (92 per cent) mothers reported visiting a health professional at least once for antenatal care for the most recent birth in the five-year period before the survey. Coverage is slightly higher in urban areas than in rural areas (96 per cent and 90 per cent, respectively). Coverage is also slightly higher among mothers aged 20-34 compared to those below or above this age bracket. Across provinces, the proportion of mothers reporting that they received antenatal care from a health professional is lower in North Eastern (70 per cent) compared with a range of 88-96 per cent in other provinces. The data indicate a marked improvement since 2003 in medical antenatal care coverage in North Eastern province (25 per cent compared to 70 per cent). As the mother's educational level rises, so does the likelihood that she will see a health professional for care during pregnancy. The results show that 72 per cent of women with no education received antenatal care from a doctor, nurse or midwife, compared with 91 per cent of women with incomplete primary education and 96 per cent of those with higher education.

recommended three doses of DPT/pentavalent and 88 per cent receiving all three doses of polio. The decline in coverage levels reflects dropout rates of 10 per cent for DPT/pentavalent and 9 per cent for polio. The dropout rate represents the proportion of children who receive the first dose of a vaccine but do not go on to get the third dose. The proportion of children vaccinated against measles stood at 85 per cent. Immunization coverage in North Eastern and Nyanza Provinces is low compared to other provinces, with only 48 and 65 per cent, respectively. Coverage levels are close to 86 per cent for children in Central Province and 85 per cent for Rift Valley Province. Coverage is also high (87 per cent) among children whose mothers have been to secondary school.

Table 17.7: Vaccinations by Background Characteristics

Percentage of children age 12-23 months who received specific vaccines at any time before the survey (according to a vaccination card or the mother's report), and percentage with a vaccination card seen, by background characteristics, Kenya 2008-09

Background characteristic	BCG	DPT/ Pentavalent 1	DPT/ Pentavalent 2	DPT/ Pentavalent 3	Polio 0 [1]	Polio 1	Polio 2	Polio 3	Measles	All [2]	No vaccinations	Percentage with a vaccination card	Number of children
Sex													
Male	94.6	94.7	91.1	82.9	58.4	95.5	92.7	84.8	84.1	75.3	4.1	68.8	547
Female	96.6	97	95.2	89.8	60.2	97.2	95.4	90.2	85.9	79.5	2.3	72	550
Residence													
Urban	96.2	96.9	94.7	87.7	61.7	97.1	95.6	88.5	90.4	80.9	2.4	55.3	252
Rural	95.4	95.5	92.7	86	58.6	96.1	93.6	87.2	83.4	76.3	3.5	74.9	844
Province													
Nairobi	93.8	95	88.5	82.2	65.2	94.6	90.2	82.9	87.6	73.1	3.9	41.8	56
Central	90.7	92.7	92.7	92.2	73.5	92.7	92.7	92.3	88.3	85.8	7.3	75.6	74
Coast	96.5	96.5	95.1	86.7	50.8	96.6	94.8	87.1	85.4	75.8	3	78	104
Eastern	97.5	97.1	96.4	91.7	76.2	97.3	97.1	91.5	88.7	84.2	2.5	87.3	157
Nyanza	93	93.6	88.3	77	55.2	95.1	90.7	80.5	78	64.6	4.4	62.2	203
Rift Valley	99.2	98.6	97.4	92.9	62.6	98.7	97.1	92.7	89.3	85	0.8	68.7	347
Western	93.1	93.9	90	81.5	38.3	95.5	93.5	83.5	77.7	73.1	4.2	75.4	129
North Eastern	85	85.9	74.4	57.1	31.1	87.2	74.5	65.5	78.9	48.3	13	47.8	27
Education													
No education	93.8	93.8	90.2	81.2	43.3	94.6	89.2	80.6	78.8	67.4	5	76.8	120
Primary incomplete	95.4	95.7	90.7	82.7	55.3	95.9	92.5	83.9	80.1	71.2	3.6	74.7	375
Primary complete	95.4	95.5	94.6	87.8	60.8	96.5	95.1	90.6	87	80.3	2.8	71	336
Secondary +	97	97.4	96	92.1	70.2	97.6	97.2	91.6	92.1	87	2.2	60.7	266
Total	**95.6**	**95.8**	**93.1**	**86.4**	**59.3**	**96.4**	**94.1**	**87.5**	**85.0**	**77.4**	**3.2**	**70.4**	**1,096**

[1] Polio 0 is the polio vaccination given at birth. The data on polio vaccinations have been adjusted for a likely confusion of polio 0 and polio 1; for children who received three doses of DPT-Pentavalent and polio 0, polio 1, and polio 2, it was assumed that polio 0 was in fact polio 1, polio 1 was polio 2, and polio 2 was polio 3.

[2] BCG, measles and three doses each of DPT and polio vaccine (excluding polio vaccine given at birth)

Malaria

17.15. One of the strategies in the fight against malaria is sleeping under an Insecticide-Treated Mosquito Nets (ITNs). In the 2008-09 KDHS, data were collected from households on ownership, number and use of mosquito nets. The data in Table 17.8 show that 61 per cent of households in Kenya report owning at least one mosquito net (treated or untreated), while

Domestic Violence

17.18. The domestic violence module asked selected women respondents a series of questions concerning domestic violence as shown in Table 17.9. This was the second time the module on domestic violence was administered in KDHS, the first having been done in 2003. Specifically, women who were married or living with a man, separated, or divorced were asked if their current or most recent husband/partner ever physically harmed them, i.e. by pushing, slapping, punching, kicking, or trying to strangle or burn them or threatening them with a weapon. They were also asked if their husband had ever physically forced them to have sexual intercourse or perform other sexual acts when they did not want to. Due to the sensitivity of these questions, if there was more than one eligible woman in the household, the domestic violence section was administered to only one, randomly selected woman.

Table 17.9: Extent of domestic violence

Percentage of currently married, divorced or separated women reporting physical or sexual violence at the hands of their spouse/partner ever and in the last year by background characteristics, Kenya 2008-09

Background characteristic	Physical or Sexual Violence		Sexual Violence		Total
	Ever	Last year	Ever	Last year	
Age					
15-19	29	27.2	8.5	8.5	170
20-29	37.5	31.9	14	12.8	1,691
30-39	40.1	32.7	15.2	13.8	1,356
40-49	42.7	33	15.5	14.3	830
Residence					
Urban	33.7	29.4	13.3	12.5	975
Rural	40.7	33.1	14.8	13.5	3,072
Province					
Nairobi	24.6	22.5	8.2	8.2	311
Central	35.1	26.2	10.4	8.8	467
Coast	29	22.8	13.2	11.4	348
Eastern	31.5	25.9	12.5	11.3	675
Nyanza	54.1	45.2	21.6	19.2	663
Rift Valley	39.8	35.3	15.3	14.7	1,052
Western	50.4	36.9	17.6	16.5	423
North Eastern	32.8	27.5	2.7	2.1	108
Education					
No education	44.9	39.9	13.8	12.4	480
Primary incomplete	47.7	39.9	19.3	17.5	1,252
Primary complete	38.1	31.2	14.4	13.7	1,146
Secondary +	28.3	21.8	9.7	8.7	1,169
Marital status					
Currently married	36.4	30.2	12.9	11.8	3,688
Married once	36.2	29.9	12.6	11.7	3,489
Married more than once	40.9	35.3	17.1	14.4	199
Divorced/separated	65.9	53.1	31	27.8	359
Total 15-49	**39**	**32.2**	**14.5**	**13.3**	**4,047**

17.19. The results show that 39 per cent of married, divorced or separated women aged 15-49 report that they have ever been physically or sexually violated by their husbands or partners, while 32 per cent report that they were victims of such violence in the year preceding the survey. Fifteen per cent of women reported that they have ever been sexually abused, while 13 per cent were abused in the past year. The results further show that older women are more likely than younger women to report having ever been beaten or sexually

Table 17.10: Knowledge of HIV Prevention Methods

Percentage of women and men age 15-49 who, in response to prompted questions, say that people can reduce the risk of getting the AIDS virus by using condoms every time they have sexual intercourse, by having one uninfected sex partner who has no other partners, and by abstaining from sexual intercourse, by background characteristics, Kenya 2008-09

Background characteristic	Women					Men				
	Using condoms[1]	Limiting sexual intercourse to one uninfected partner[2]	Using condoms and limiting sexual intercourse to one uninfected partner	Abstaining from sexual intercourse	Number	Using condoms[2]	Limiting sexual intercourse to one uninfected partner[3]	Using condoms and limiting sexual intercourse to one uninfected partner	Abstaining from sexual intercourse	Number
Age										
15-24	72.9	89.4	67.9	87.5	3,475	79.1	90.5	74.2	87.6	1,406
15-19	67	87.9	61.4	87.4	1,761	75.7	89.2	70.6	87.8	776
20-24	79	91	74.6	87.7	1,715	83.4	92	78.6	87.3	630
25-29	78.5	92.2	75.7	86.6	1,454	76.5	92.1	73.8	91.1	483
30-39	77.7	93	74.2	89.5	2,086	85.7	95.9	84.2	92.7	806
40-49	70.9	93.3	68.3	90	1,429	83.3	95.4	80.6	90.3	563
Marital status										
Never married	73.7	89.9	69.1	88.2	2,634	79.6	90.7	75.1	87.6	1,524
Ever had sex	84	93.1	80.2	88.5	1,224	84.2	90.9	79.2	87.9	995
Never had sex	64.8	87.2	59.4	87.8	1,410	71	90.4	67.4	87.2	529
Married or living together	74.7	92.1	71.4	87.6	4,928	82.4	95.1	80	92.2	1,592
Divorced/separated/widowed	77.7	92.7	73.4	92.4	881	81.8	91.4	79.7	87.3	142
Residence										
Urban	81.4	95.2	79.4	90	2,148	86.1	93.7	82.1	92.5	866
Rural	72.4	90.2	68	87.7	6,296	79.3	92.6	76.1	88.9	2,392
Province										
Nairobi	85.9	94.5	83.4	87.5	728	94.6	94.6	90.5	95.9	314
Central	82.8	95.2	81	93.3	905	87.2	98.4	86.2	91.6	347
Coast	72.7	93.6	70.9	89.3	674	76.5	90.6	71.9	93.3	252
Eastern	70.9	96.2	69	92.4	1,376	79.8	91.2	74.4	86.7	530
Nyanza	81.3	94.4	78.3	91.9	1,389	89.4	96	86.1	96.6	520
Rift Valley	71.5	86.8	65.6	82.4	2,262	80.5	95.2	78.8	90.5	885
Western	74.7	86.3	66.7	88.4	927	67.5	81.6	62	75.7	349
North Eastern	16.7	79.5	14.2	77.3	184	23.4	82.6	20.8	75.9	62
Education										
No education	45.4	78	40.9	76.9	752	45.1	81.6	42.3	78.1	112
Primary incomplete	70.9	89.2	66.2	87.7	2,526	75.7	89.3	71.2	87.6	883
Primary complete	79.4	93.1	75.2	89.4	2,272	81.1	94.7	79	89.5	804
Secondary +	81.9	95.7	79.4	90.9	2,894	87.1	95	83.7	92.3	1,459
Total 15-49	74.7	91.5	70.9	88.3	8,444	81.1	92.9	77.7	89.8	3,258
Men 50-54	na	na	na	na	na	67.4	97.2	66.1	89.7	207
Total 15-54	na	na	na	na	na	80.3	93.2	77	89.8	3,465

na = Not applicable

[1] Using condoms every time they have sexual intercourse

[2] Partner who has no other partners