REPUBLIC OF KENYA

KNBS
KENYA NATIONAL BUREAU OF STATISTICS
Keeping you Informed

ECONOMIC SURVEY 2014

KENYA NATIONAL BUREAU OF STATISTICS

Price: KSh 1,500

Economic Survey 2014

Kenya National Bureau of Statistics
P.O Box 30266-00100
Herufi House
Nairobi

Tel. 254-2-317583/6/8
Fax:254-2-315977
http://www.knbs.or.ke
E-mail:directorgeneral@knbs.or.ke

ISBN: 9966-767-47-9

All Rights Reserved Copyright©2014

Extracts may be published if the source is duly acknowledged

Foreword

The Economic Survey is an annual publication of the Kenya National Bureau of Statistics (KNBS). It presents socio-economic highlights of the economy for the last five years. The report forms an important source of input into the budgeting process, planning, monitoring and policy formulation processes.

Vision

The Vision of the Bureau is "to be a centre of excellence in statistics production and management"

Mission

The mission of the Bureau is "to effectively manage and coordinate the entire National Statistical System to enhance Statistical Production and Utilization".

Mandate

The KNBS is a Semi Autonomous Government Agency (SAGA) mandated by law (Statistics Act 2006) to collect, analyze and disseminate socio-economic statistics needed for planning and policy formulation in the country.

Organization

The Kenya National Bureau of Statistics comprises of six Directorates namely;
Production Statistics
Macroeconomic Statistics
Strategy and Development
Finance and Administration
Population and Social Statistics
Information and Communication Technology

Teamwork

We are committed to face challenges and opportunities of the 21st Century together with our stakeholders.

Director General
Kenya National Bureau of Statistics

Table of Contents

Foreword ... iii

List of Acronyms ... xxxii

Summary and Outlook ... 1

Chapter 1 ... 10

International Scene ... 10

Overview ... 10
Regional Economic Analysis ... 10
Organisation for Economic Co-operation and Development ... 10
Euro Area ... 11
The United States of America ... 12
United Kingdom ... 12
Japan ... 12
Brazil, Russia, India, Indonesia, China and South Africa ... 12
Outlook ... 14
Association of South Eastern Asia Nations ... 14
Sub-Saharan Africa ... 14
East African Community ... 14
Southern African Development Community ... 14
Maghreb ... 14

Chapter 2 ... 16

Domestic Economy ... 16

Overview ... 16
Sectoral Analysis ... 17

Chapter 3 ... 37

Social Scene ... 37

Overview ... 37
Social Sector Expenditure ... 38
Education ... 39
Health Statistics ... 53
Other Social Services ... 61
Gender and Development ... 62

Chapter 4 ... 65

Employment, Earnings and Consumer Prices ... 65

Overview ... 65
Employment ... 65
Formal Sector Employment ... 66
Wage Earnings in the Modern Sector ... 71
Developments in the Labour Market ... 79
Consumer Price Index ... 81

Chapter 5 85

Money, Banking and Finance 85

Overview 85
Monetary Indicators and the Consolidated Balance Sheet of the Banking System 85
Sources of Change in M3 and Real Values of Selected Financial Aggregates 88
Nominal and Real Interest Rates 89
Central Bank of Kenya Balance Sheet 91
Commercial Banks' credit and liquidity 91
Capital Markets 94
Insurance sector 95
Developments in the Financial Sector 95

Chapter 6 97

Public Finance 97

Overview 97
National Government 97
County Governments 109

Chapter 7 114

International Trade and Balance of Payments 114

Overview 114
Balance of Trade 114
Price Changes 115
Terms of Trade 116
Volume changes 116
Quantities of Principal Exports and Imports 117
Values of Principal Exports and Imports 119
Prices of Principal Exports and Imports 121
Composition of Exports 123
Composition of Imports 124
Direction of Trade 125
Balance of Payments 131
International Liquidity 133
Foreign Exchange Rates 134
Export Market Developments 135

Chapter 8 137

Agriculture 137

Overview 137
Agricultural Output and Input 137
Marketed Production 138
Food Balance Sheet, 2012 - 2013 154
FBS Indicators 154
Caloric Supply by Main Food Groups 156

Chapter 9 ..... **161**

Environment and Natural Resources **161**

Overview 161
Water Supply 161
Fisheries 162
Forestry 163
Mining 164
Refuse Management 165
Wildlife 166
Environment Impact Assessments 166
Weather Patterns 167
Recent Developments in Environment and Natural Resources 168

Chapter 10 ..... **170**

Energy **170**

Overview 170
Petroleum 170
Electricity 177
Developments in the Energy Sector 180

Chapter 11 ..... **182**

Manufacturing **182**

Overview 182
Manufacturing Output 182
Quantum Index 183
Cement Production and Utilization 187
Credit to Manufacturing Sector 187
Export Processing Zones 189
African Growth and Opportunity Act (AGOA) 190
Industrial Producer Prices 191

Chapter 12 ..... **192**

Building and Construction **192**

Overview 192
Key Economic Indicators 192
Housing 197
Roads 199
Developments in the Sector 203

Chapter 13 ..... **204**

Tourism **204**

Overview 204
Arrivals and Departures 204
Hotel Occupancy by Country of Residence 208
National Parks and Game Reserves 213
Museums, Snake Parks and Historical Sites 215
Conference Tourism 217

Training 217

Chapter 14 219

Transport and Storage 219

Overview 219
Value of Output 219
Road Transport 220
New Registration of Motor Vehicles and Motor Cycles 220
Road Licenses 222
Road Traffic Accidents 223
Railway Transport 223
Water Transport 224
Pipeline Transport 225
Air Transport 226
Cargo and Mail Traffic 227
Postal Services 228
Developments in the Transport and Storage sector 229

Chapter 15 231

Information Communication and Technology 231

Overview 231
Value of Output 231
Mobile and Fixed Telephone 232
Voice call traffic 232
Message Services Traffic 234
Internet services 234
Broadband Services 235
Tariffs 237
Domains 238
Media Frequencies and Mobile Transceivers 238
Information Society 239
Newspaper's Circulation 239

Chapter 16 241

Governance 241

Overview 241
Public Safety, Law and Order Statistics 241
Ethics and Corruption Statistics 248
Environmental Crimes Statistics 249
Public Prosecution Statistics 249
Judiciary Statistics 250
Prison Statistics 252
Police, Prisons and Probation Personnel Statistics 254
Probation and Aftercare Statistics 254
Immigration Statistics 257
National Identity Cards Statistics 257
Registration of Voters Statistics 257

Chapter 17 260

Revised 2009 National Accounts Statistics 260

Introduction 260
Rationale for Rebasing and Benchmarking 261
Revision Results of 2009 Estimates 262
2009 Supply and Use Tables (SUT) 266

Chapter 18 280

Highlights of Foreign Investment Survey 2013 280

Introduction 280
Foreign Liabilities 280
Flows of External Liabilities by Country 283
Foreign Assets 284
Private Sector Debt 286
Trade in Services 288
Investor Perception in 2013 289

Chapter 19 290

Highlights of Spatial Dimensions of Well-Being in Kenya 290

Background 290
SAE Assumptions and caveats 290
National Poverty Incidence 291
County Poverty Incidence 292
County Poverty gap 292
Contribution to National Poverty by County 297

List of Tables

Table 0: Key Economic and Social Indicators 2009 - 2013 9
Table 1.1: Key Economic Indicators and Projections for Selected OECD Countries, 2011-2015 11
Table 1.2: Real GDP Growths, Consumer Prices and Current Account Balances for Selected Regions and Countries. 13
Table 2.1: Gross Domestic Product by Activity, 2009-2013 20
Table 2.2: Gross Domestic Product by Activity, 2009-2013 21
Table 2.3: Gross Domestic Product by Activity, 2009-2013 22
Table 2.4: Growth rates of Gross Domestic Product, 2009-2013 23
Table 2.5: Sources of Growth, 2009-2013 24
Table 2.6: Annual production accounts by industry, 2009-2013 26
Table 2.7: Expenditure on the Gross Domestic Product, 2009-2013 28
Table 2.8: Expenditure on the Gross Domestic Product, 2009-2013 28
Table 2.9: Expenditure on the Gross Domestic Product, 2009-2013 29
Table 2.10: Expenditure on the Gross Domestic Product, 2009-2013 30
Table 2.11a: Private Consumption, 2009-2013 30
Table 2.11b: Private Consumption, 2009-2013 31
Table 2.12a: Gross Fixed Capital Formation, 2009-2013 31
Table 2.12b: Gross Fixed Capital Formation, 2009-2013 31
Table 2.13a: Gross Fixed Capital Formation, 2009-2013 32
Table 2.13b: Gross Fixed Capital Formation, 2009-2013 32
Table 2.14: Gross Domestic Product and Gross National Income, 2009-2013 33
Table 2.15: National Disposable Income and Saving, 2009-2013 34
Table 2.16 : Gross domestic product by activity, 2009-2013 35
Table 2.16 Gross domestic product by activity, 2009-2013, Cont'd 35
Table 2.17: Growth Rates in Quarterly Gross domestic product by activity, 2009 - 2013 36
Table 3.1: National Government Expenditure on Social Services, 2009/10 - 2013/14 39
Table 3.2: Expenditure for the Ministry of Education, Science and Technology 2009/10 - 2013/14 40
Table 3.3: Number of Educational Institutions, 2009 – 2013 41
Table 3.4: Pupil Enrolment and Teacher Numbers in ECD Centres, 2009 - 2013 42
Table 3.5: Primary School Enrolment by Class and Sex, 2009 – 2013 43
Table 3.6: Number of Candidates by Sex and Mean Subject Score in KCPE, 2009-2013 44
Table 3.7: Number of Public Primary School Teachers by Qualification and Sex[1], 2009 - 2013 46
Table 3.8: Enrolment in Secondary Schools by Level and Sex, 2009 – 2013 47
Table 3.9: National trends in KCSE candidates mean grade by Sex, 2009-2013 48
Table 3.10: Number of Public Secondary School Teachers by Qualification and Sex[1], 2009 – 2013 49
Table 3.11: Teacher Trainees Enrolment by Year and Sex, 2009- 2013 50
Table 3.12: Student Enrolment in Technical Institutions by Sex, 2009 – 2013 51
Table 3.13: Student Enrolment[1] by Sex in Universities, 2010/2011 - 2013/2014 52
Table 3.14: Registration of Universities and Other Institutions offering Degree Programmes, 2009-2013 53
Table 3.15: Approved degree programmes and validated diploma programmes, 2009-2013 53
Table 3.18: Registered Deaths by Major Causes, 2010 – 2013 54
Table 3.19 (a): National Hospital Insurance Fund Resources, 2008/09 to 2012/13 54
Table 3.19 (b): Registered Members of the National Hospital Insurance Fund, 2008/09-2012/13 55
Table 3.20: Number of Registered Medical Personnel and those in Training, 2012-2013 55
Table 3.21: Number of Undergraduate and Post Graduate Medical Student by Course and Sex, 2009/2010-2013/2014 56
Table 3.22: Middle Level Medical Trainees in Public Medical Training Colleges, 2009 – 2013 57
Table 3.23: Full Immunization Coverage (FIC) Rate of Under-One Year Old Children by County, 2011-2013 58
Table 3.24: Incidence of Diseases in Kenya, 2009-2013 60
Table 3.25: National Youth Services Recruitment and Allowances, 2009-2013 61
Table 3.26: National Social Security Fund, 2009- 2013 61
Table 3.27: Registered Women Groups by Membership, Contributions, GoK Grants and Women Enterprise Fund, 2009 to 2013. 63
Table 3.28: Government Allocation and Receipt 64
Table 3.29: Women Participation in Key Decision making positions, 2012–2013 64
Table 4.1: Total Employment[1], 2009 - 2013 65
Table 4.2: Wage Employment by Industry and Sector, 2009 - 2013 67

List of Tables

Table 4.3 Wage Employment in the Public Sector, 2009 - 2013 69
Table 4.4: Wage Employment by Industry and Sex, 2012 and 2013 70
Table 4.5: Total Wage Payments by Industry and Sector[1], 2009 - 2013 72
Table 4.6: Total Wage Payments in the Public Sector[1], 2009 - 2013 73
Table 4.7: Average Wage Earnings per Employee[1], 2009 - 2013 74
Table 4.8: Percentage Changes in Wage Employment and Average Earnings[1], 2013/2008 and 2013/2012 76
Table 4.9: Estimated Real Average Wage Earnings per Employee[1], 2009 - 2013 77
Table 4.10: Changes in Wage Employment, Prices and Real Earnings, 2009 - 2013 78
Table 4.11: Number of Persons Engaged in the Informal Sector by Activity[1], 2009 - 2013 78
Table 4.12: Gazetted Monthly Basic Minimum Wages for Agricultural Industry, 2009 – 2013 79
Table 4.13: Gazetted Monthly Basic Minimum Wages in Urban Areas[1], 2012 -2013 80
Table 4.14: Collective Bargaining Agreements Registered by the Industrial Court, 2012 and 2013 81
Table 4.15: CPI and Inflation by Commodities, 2012 -2013 82
Table 4.16: Annual Inflation Rates, 2009 - 2013 82
Table 4.17: Consumer Price Indices for the Nairobi Lower Income Group, 2009 - 2013 83
Table 4.18: Consumer Price Indices, Nairobi Middle income Group, 2009 - 2013 83
Table 4.19: Consumer Price Indices, Nairobi Upper Income Group, 2009 - 2013 84
Table 4.20: Consumer Price Indices, Overall Nairobi, 2009 - 2013 84
Table 5.1: Monetary Indicators, 2009-2013 86
Table 5.2: Money and Quasi Money Supply, 2009-2013 87
Table 5.3: Consolidated Accounts of the Banking System, 2009-2013 88
Table 5.4: Changes in Money Supply and the Sources[1], 2009-2013 89
Table 5.5: Trends in the Real Values of Selected Financial Aggregates[1], 2009 -2013 89
Table 5.6: Principal Interest Rates, 2009-2013 90
Table 5.7: Trends in Selected Real Interest Rates[1], 2009-2013 90
Table 5.8: Central Bank of Kenya Assets and Liabilities, 2009 – 2013 91
Table 5.9a: Commercial Banks Bills, Loans and Advances[1], 2009 -2013 92
Table 5.9b: Commercial Banks' Bills, Loans and Advances Sector Shares[1], 2009 -2013 93
Table 5.10: Commercial Banks-Deposit Liabilities and Liquid Assets[1], 2009 -2013 94
Table 5.11: Gross Secondary Markets Statistics, 2009-2013 94
Table 6.1: Statement of National Government Operations, 2009/10 - 2013/14 98
Table 6.2: Analysis of Key Fiscal Ratios, 2009/10-2013/14 99
Table 6.3: Comparison of National Government Budget Estimates with Actual Out-turns, 2010/11 -2013/14 100
Table 6.4: National Government Gross Receipts on Recurrent Account, 2009/10-2013/14 101
Table 6.5: Import Duty Collections for Selected Items, 2009 - 2013 102
Table 6.6: Excise Revenue by Selected Commodities, 2009 - 2013 102
Table 6.7: National Government Financing of Non Financial Assets, 2009/10-2013/14 103
Table 6.8: Classification of National Government Expenditure by Functions of Government (COFOG), 2010/11-2013/14 104
Table 6.9: Economic Analysis of National Government Expenditure, 2009/10 -2013/14 106
Table 6.10: National Government Public Debt, 2009- 2013 107
Table 6.11: National Government Outstanding Debt by Source, 2009 -2013 108
Table 6.12: National Government Debt Servicing Charges, 2009- 2013 109
Table 6.13: The Ratio of National Government Debt Service Charges on External Debt to Exports of Goods and Services, 2009-2013 109
Table 6.14: Annual County Government Revenue, 2013/14 111
Table 6.15: Economic classification of County Governments Expenditure, 2013/14 112
Table 6.16: Classification of County Governments Expenditure by Functions , 2013/14 113
Table 7.1: Balance of Trade[1], 2009-2013 115
Table 7.2: Export and Import Price Indices, 2009 - 2013 115
Table 7.3: Terms of Trade, 2009-2013 116
Table 7.4: Quantum Indices, 2009 – 2013 116
Table 7.5a: Quantities of Principal Exports, 2009- 2013 118
Table 7.5b: Quantities of Principal Imports, 2009 - 2013 119
Table 7.6a: Values of Principal Exports, 2009 – 2013 120
Table 7.6b: Values of Principal Imports, 2009 – 2013 121
Table 7.7a: Prices of Principal Exports, 2009-2013 122

Table 7.7b: Prices of Principal Imports, 2009-2013 123
Table 7.8: Domestic Exports by Broad Economic Category, 2009 – 2013 124
Table 7.9: Total Imports by Broad Economic Category, 2009 - 2013 125
Table 7.10: Value of Total Exports by Destination, 2009 - 2013 127
Table 7.11: Value of Imports by Country of Origin, 2009 – 2013 128
Table 7.12: Trade with African Countries, 2009 - 2013 130
Table 7.13: Balance of Payments, 2010-2013 132
Table 7.14: Changes in Balance of Payments, 2009-2013 133
Table 7.15: Central Monetary Authorities: Foreign Exchange reserves, 2009-2013 134
Table 7.16: Foreign Exchange Rates[1] of Shilling for Selected Currencies, 2009 – 2013 135
Table 8.1: Agricultural Output and Input, 2009 - 2013 138
Table 8.2: Recorded Marketed Production at Current Prices, 2009 – 2013 139
Table 8.3: Volume and Price Indices of Sales to Marketing Boards, 2009 -2013 140
Table 8.4: Average Gross Commodity Prices[1] to Farmers, 2009 -2013 141
Table 8.5: Sale to Marketing Boards from Large and Small Farms, 2009-2013 141
Table 8.6: Agricultural Input Indices, 2009 - 2013 142
Table 8.7: Value of Purchased Agricultural Inputs[1], 2009 – 2013 143
Table 8.8: Price and Terms of Trade Indices for Agriculture, 2009 – 2013 143
Table 8.9: Estimated Production of Selected Agricultural Commodities, 2009 – 2013 144
Table 8.10: Retail Market Prices for Selected Food Crops, 2009 – 2013 144
Table 8.11: Sale of Selected Crops to Marketing Boards, 2009– 2013 145
Table 8.12: Production and Imports of Wheat, 2009 – 2013 145
Table 8.13: Production, Area, and Average Yield of Coffee by Type of Grower, 2008/09- 2012/13 146
Table 8.14: Production, Area and Average Yield of Tea by Type of Grower, 2009 – 2013 146
Table 8.15: Area under Sugar Cane, Area Harvested, Production and Average Yield, 2009 – 2013 147
Table 8.16: Production, Imports and Exports of Sugar, 2009 – 2013 147
Table 8.17: Exports of Fresh Horticultural Produce[1], 2009 - 2013 148
Table 8.18: Production at Irrigation Schemes, 2008/09- 2012/13 150
Table 8.19: Production of Livestock and Dairy Products, 2009 – 2013 151
Table 8.20: Enrolment in Agricultural Training Institutions, 2009 – 2013 152
Table 8.21: Table 8.21: Number of Societies and Unions by Type, 2009 – 2013 153
Table 8.22: Sale of Selected Agricultural Produce by Co-operatives and their Contribution to Gross Farm Revenue, 2009 – 2013 154
Table 8.23: Food Balance Sheet, 2009-2013 155
Table 8.24 (a): Food Balance Sheet, 2013 157
Table 8.24 (b): Food Balance Sheet, 2012 159
Table 9.1: Water Purification Points and Boreholes Drilled, 2009/10- 2013/14 161
Table 9.2: Development Expenditure on Water Supplies and Related Services, 2009/10 - 2013/14 162
Table 9.3: Quantity and Value of Fish Landed, 2009 -2013 163
Table 9.4: Government Forest Plantation Stocking, 2009-2013 164
Table 9.5: Recorded Sale of Forest[1] Products, 2009 – 2013 164
Table 9.6: Quantity and Value of Mineral Production, 2009-2013 165
Table 9.7: Average Export Prices of Soda Ash and Fluorspar, 2009 -2013 165
Table 9.8: Expenditure on Public Health by the Nairobi City County, 2009/10 -2013/14 166
Table 9.9: Wildlife Population Estimates in the Kenya Rangelands, 2009 – 2013 166
Table 9.10: Number of Environment Impact Assessments (EIA) by Sectors, 2011-2013 167
Table 10.1: Quantity and Value of Imports, Exports and Re-exports of Petroleum Products[1], 2009 – 2013 171
Table 10.2: Crude Oil Intake at the KPRL by Type, 2009- 2013 171
Table 10.3: Quantity of Finished Petroleum Products[1], 2009 – 2013 172
Table 10.4: Petroleum Supply and Demand, 2009 – 2013 173
Table 10.5: Net Domestic Sale of Petroleum Fuels by Consumer Category, 2009–2013 174
Table 10.6: Wholesale Prices[1] of Petroleum Products in Mombasa, 2009 – 2013 175
Table 10.7: Murban ADNOC Prices[1], 2009 – 2013 175
Table 10.8: Average Retail Prices of Selected Petroleum Products in Kenya, 2009 – 2013 177
Table 10.9: Installed Capacity and Generation of Electricity[1], 2009 – 2013 178
Table 10.10: Electricity Supply and Demand Balance, 2009 – 2013 179
Table 10.11: Production, Trade and Consumption of Energy[1] by Primary Sources, 2009 - 2013 180
Table 11.1: Manufacturing Output, Compensation of Employees and Value Added, 2009-2013 183

List of Tables

Table 11.2: Quantum Index+ of Manufacturing Production, 2009-2013 184
Table 11.3: Cement Production and Utilization, 2009-2013 187
Table 11.4: Industrial Projects and Loans Advanced By Selected Industrial Financial Institutions and Other Commercial Banks, 2009-2013 188
Table 11.5: Industrial Projects by Approved KIE, 2009 -2013 189
Table 11.6: Selected EPZ Performance Indicators, 2009-2013 189
Table 11.7: Selected EPZ Garment / Apparel Performance Indicators under AGOA, 2009-2013 190
Table 11.8: Percentage Changes on Producer Prices, 2011 to 2013 191
Table 12.1: Selected Key Economic Indicators in Building and Construction, 2009 – 2013 193
Table 12.2: Annual Average Percentage change in Building and Construction Cost Indices[1], 2011 – 2013 193
Table 12.3: Annual Percentage Changes in Building and Construction Average Wages, 2009-2013 194
Table 12.4: Value of Building Plans Approved by Nairobi County and other Counties, 2009– 2013 195
Table 12.5: Value of Reported Private Building[1] Works Completed in Selected Counties, 2009 – 2013 195
Table 12.6: Reported completions of New Private and Public Buildings[1] in Counties[2], 2009 – 2013 196
Table 12.7: Reported Value of New Private and Public Buildings[1] from Counties[2], 2009 – 2013 196
Table 12.8: NHC Housing Loans Advanced by County, 2012/2013 198
Table 12.9:Approved and Actual Government Expenditure on Housing, 2009/10 – 2013/14 198
Table 12.10: Total Expenditure on Roads, 2009/10 - 2013/14 199
Table 12.11: Status of Roads 2000 Programme, December2013 200
Table 12.12: Kilometres of Road as at 1st July,2009 and1stJuly,2013by Type and Classification 200
Table 12.13: Major Road Works in Progress[1] in 2013-14 201
Table 12.14: Status of Railway line and Station Construction as at 2012/2013 203
Table 12.15: Development and Recurrent Expenditure on Railways, 2011/12 and 2012/13 203
Table 13.1: International Visitor Arrivals by Purpose of Visit, 2009-2013 206
Table 13.2: International Visitor Departures by Purpose of Visit, 2009-2013 207
Table 13.3: Departing Visitors by Country of Residence and Purpose of Visit[1], 2011-2013 208
Table 13.4: Number of Visitor-Days Stayed[1] by Purpose of Visit, 2009-2013 208
Table 13.5: Hotel Bed - Nights Occupancy by Country of Residence, 2009-2013 210
Table 13.6: Hotel Bed-Nights by Zone, 2009-2013 211
Table 13.7: Hotel Bed-Nights Occupancy by Area and Country of Residence, 2012 and 2013 212
Table 13.8: Game Lodges[1] Occupancy, 2011 – 2013 213
Table 13.9: Number of Visitors to National Parks and Game Reserves, 2009-2013 214
Table 13.10: Number of Visitors to Museums, Snake Parks and Historical Sites, 2009-2013 216
Table 13.11: Indicators on Conference Tourism, 2011-2013 217
Table 13.12: Kenya Utalii College Graduates, 2009-2013 218
Table 14.1: Transport and Storage - Value of Output, 2009 - 2013 220
Table 14.2: Roads Maintenance Funds, 2009/10 - 2013/14 220
Table 14.3: Earnings from Road Traffic, 2009- 2013 220
Table 14.4: New Registration of Road Motor Vehicles and Motor cycles, 2009 - 2013 221
Table 14.5: Road Transport Licenses Issued, 2009 - 2013 222
Table 14.6: Road Traffic Accidents, 2009 - 2013 223
Table 14.7: Railway Traffic, 2009 - 2013 224
Table 14.8: Traffic handled at Mombasa Port, 2009 - 2013 225
Table 14.9: Pipeline Throughput of White Petroleum Products, 2009 - 2013 226
Table 14.10: Commercial Traffic at Main Airports, 2009 - 2013 227
Table14.11: Postal Services, 2009 - 2013 229
Table 15.1: Communications Output, Intermediate Consumption and Value Added, 2009 - 2013 231
Table 15.2: Fixed and Mobile Network Services, 2009-2013 232
Table 15.3: Phone call Traffic, 2009-2013 234
Table 15.4: Message Traffic, 2009-2013 234
Table 15.5: Internet Providers, Users and Subscriptions 2009-2013 235
Table 15.6: Broadband Services, 2010-2013 237
Table 15.7: Fixed and Mobile Charges, 2009-2013 238
Table 15.8: Registered Domains, 2009-2013 238
Table 15.9: Media Frequencies and Mobile Transceivers, 2009-2013 239
Table 15.10: Key Indicators Measuring Information Society, 2009-2013 239
Table 15.11: Local Daily/Weekly Newspapers in Circulation, 2009 – 2013 240
Table 16.1: Number of Crimes Reported to the Police, 2009 – 2013 242

Table 16.2: Number of Crimes Reported to the Police by County, 2011-2013 242
Table 16.3: Firearms and Ammunition Recovered or Surrendered, and Drugs Seized, 2009 – 2013..... 243
Table 16.4: Number of Persons Reported to the Police to have Committed Offences by sex, 2009 - 2013 244
Table 16.5: Number of Persons Reported to have committed Offences against Morality and Other Offences against Persons by Sex, 2009-2013 245
Table 16.6: Persons Reported to the Police to have Committed Homicide by Sex, 2009 - 2013..... 247
Table 16.7: Persons Reported to the Police to have Committed Robbery and Theft by Sex, 2009 - 2013 247
Table 16.8: Persons Reported to have Committed Offences Related to Drugs, Criminal Damage, economic Crimes and Corruption by Sex, 2009 - 2013 248
Table 16.9(a): Number of Cases Handled by EACC by Action Taken, 2009 -2013 249
Table 16.9(b): Number of Cases Forward to the DPP and Action Taken, 2009 -2013 249
Table 16.10: Number of Environmental Crimes Reported to NEMA, 2009 - 2013 249
Table 16.11: Registered Murder cases and Convictions obtained by High Court Station, 2009 – 2013..... 250
Table 16.12: Cases Handled by Various Courts, 2009 – 2013 251
Table 16.13: Number of Magistrates, Judges and Practising Lawyers, 2009 – 2013..... 251
Table 16.14: Prison Population by Sentence Duration and by Sex, 2009 - 2013 252
Table 16.15: Daily Average Population of Prisoners by Sex, 2009-2013 253
Table 16.16: Convicted Prison Population by Age and Sex, 2009 - 2013 253
Table 16.17: Convicted Prisoners by Type of Offence, 2009 -2013 254
Table 16.18: Number of Police, Prisons and Probation officers, 2009 - 2013 254
Table 16.19: Number of Offenders Serving Probation Sentence, Community Service and Aftercare by Sex and Type of Offence, 2012 and 2013..... 256
Table 16.20: Number of Passports Issued, Foreign Nationals Registered and Work Permits Issued, 2009 – 2013 257
Table 16.21: Identity Card Applications Made, Processed and Collected, 2011 - 2013..... 257
Table 16.22: Number of Registered Voters by County and by sex, 2013 258
Table 17.1: Magnitude of revisions[1] by economic activities..... 263
Table 17.2: Economic Structures in the Previous and Revised Estimates 264
Table 17.3: Production structures (input-output ratios) and the corresponding relative change..... 265
Table 17.4: Absolute and relative changes between revised and previous 2009 estimates..... 266
Table 17.5: Expenditure shares in the previous and revised 2009 GDP estimate 266
Table 17.6: Simplified Supply Table 267
Table 17.7: Simplified Use Table..... 267
Table 17.8: Supply Table, 2009 269
Table 17.9: Use Table, 2009 271
Table 18.1: Stock of External Liabilities, 2009 - 2011 281
Table 18.2: Flows of External Liabilities, 2009 – 2011..... 282
Table 18.3: Flows of External Liabilities by Country, 2009 - 2011 284
Table 18.4: Stock of External Assets, 2009 - 2011 285
Table 18.5: Flows of External Assets, 2009 - 2011..... 286
Table 18.6: Stock of Private Sector External Debt (PSED) Liabilities, 2009 - 2011..... 287
Table 18.7: Flows of Private Sector External Debt Liabilities, 2009 - 2011..... 288
Table 19.1: Poverty Incidence by Urban and Rural..... 291
Table 19.2: Poverty Estimates at the County Level 295
Table 19.3: Poverty Headcount Ratio, Contribution to National Poverty and County Ranking..... 298

List of Figures

Figure 2.1: Share of Expenditure on the Gross Domestic Product, 1984-2013 29
Figure 3.1: Pre-primary Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2009-2013 42
Figure 3.2: Non-Formal Education Centres Enrolment, 2009-2013 43
Figure 3.3: Primary school Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2009-2013 44
Figure 3.4: Secondary School Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2009-2013 47
Figure 3.5: Adult Education Enrolment by Sex, 2010-2013 62
Figure 3.6: Private Candidates KCPE Registration by Sex, 2009-2013 62
Figure 4.1: Trend of New Jobs in the Wage Employment in the modern sector, 2009 - 2013 68
Figure 8.1: Agriculture Gross Value Added (GVA), GrowthRate, 2009 - 2013 138
Figure 8.2: Quarterly Value of Fresh Horticultural Exports, 2012 – 2013 149
Figure 8.3: Import Dependency and Self-Sufficiency Ratios, 2013 155
Figure 8.4: Caloric Supply by Main Food Groups, 2013 156
Figure 9.1: Long Rains (March to May) Performance, 2013 167
Figure 9.2: Short Rains (October to December) Performance, 2013 168
Figure 10.1: Sale of Petroleum Fuels by Major Consumer Category, 2009-2013 174
Figure 10.2: International Crude Oil Prices and Domestic Fuel Prices, 2013 176
Figure 10.3: Generation of Electricity by Source, 2009-2013 178
Figure 10.4: Electricity Demand and Supply, 2009-2013 179
Figure 12.1: Trend in Labour Construction Cost Indices, 2009 – 2013 (Base 1982 = 100) 194
Figure 12.2: Comparison of Value of Private Plans Approved and Reported New Private Buildings Works Completed in Main Urban Towns, 2009-2013 197
Figure 13.1: Number of Visitor Arrivals and Tourism Earnings, 2009 – 2013 204
Figure 13.2(a): Number of Visitor Arrivals through MIA, 2012 and 2013 205
Figure 13.2(b): Number of Visitor Arrivals through JKIA, 2012 and 2013 205
Figure 13.3: Monthly Bed and Room Occupancy Rates, 2013 209
Figure 13.4: Bed-Nights Occupancy at the Coast, 2012 and 2013 211
Figure 13.5: Visitors to National Parks and Game Reserves, 2011-2013 215
Figure 13.6: Monthly Number of Visitors to the Museums, Snake Parks and Historical Sites, 2013 217
Figure 14.1: Percentage Share of New Vehicle Registration, 2012-2013 222
Figure 15.1: Roaming Traffic, 2009 – 2013 233
Figure 15.2: Utilized and Non-Utilized Bandwidth, 2013 236
Figure 15.3: Average price of one-minute local call, 2009-2013 237
Figure 17.1: Contribution of the main economic activities to GDP increase, in percentage 262
Figure 18.1: Stock of External Liabilities, 2009 - 2011 281
Figure 18.2: Net Inflows of External Liabilities, 2009 – 2011 283
Figure 18.3: Stock of External Assets, 2009 - 2011 285
Figure 18.4: Net Outgoing Private Investment Assets, 2009 - 2011 286
Figure 18.5: Expenditure on services provided by non-residents 289
Figure19. 1: Mountain of Poverty 293
Figure 19.2: Poverty Incidence (Headcount Ratio): Percentage of individuals below poverty line by County 294
Figure 19.3: Poverty Gap by County 296
Figure 19.4: Contribution to National Poverty by County 299

List of Appendices

Appendix 16.1: Classification of Offences by the Kenya Police Service 259
Appendix 16.2: Description of Offences 259
Appendix 17.1: Comparison between the 2009 revised1 and previous 2009 estimates 272
Appendix 17.2: Classification of Product by Activities 273
Appendix 17.3: Classification of Economic Activities 275
Appendix 17.4: Glossary 277

List of Acronyms

ADF	African Development Fund
ADNOC	Abu Dhabi National Oil Corporation
AfDB	African Development Bank
AG	Attorney General
AGOA	African Growth and Opportunity Act
AIA	Appropriation In Aid
AIDS	Acquired Immuno-Defficiency Syndrome
API	American Petroleum Institute
ASALs	Arid and Semi-Arid Lands
ASEAN	Association of South Eastern Asia Nations
ATM	Automatic teller machine
BCG	Bacillus Calmete Guérin
BEC	Broad Economic Category
BH	Boreholes
BIS	Bank for International Settlement
BoP	Balance of Payments
BPS	Bits per Second
BRIICS	Brazil,Russia,India,Indonesia,China and South Africa
CAK	Communications Authority of Kenya
CAPS	Cost of Agricultural Production Survey
CBIK	Centre for Business Information in Kenya
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CDF	Constituency Development Fund
CDMA	Code Division Multiple Access
CHE	Commission for Higher Education
CIP	Census of Industrial Production
CMA	Capital Markets Authority
COFOG	Classification of Functions of Government
COICOP	Classification of Individual Consumption by Purpose
COMESA	Common Market for Eastern and Southern Africa
COMSEC	Commonwealth Secretariat
COP 15	15th Conferences of the Parties
CPI	Consumer Price Index
CRA	Commission on Revenue Allocation
CRB	Credit Reference Bureau
CRR	Cash Reserve Ratio
CTDLT	Catering and Training Development Levy Trustee
DAP	Daily Average Population
DBK	Development Bank of Kenya
DBK	Development Bank of Kenya
DFRDS	District Focust for Rural Development Strategy
DPT	Diphtheria Pertussis Tetanus
DSA	Debt Sustainability Analysis
DSL	Digital subscriber Line
DVB – H	Digital Video Broadcasting – Handheld
DWT	Dead Weight Tonnes

EAC	East African Community
EACC	Ethics and Anti-Corruption Commission
ECD	Early Childhood Development
ECF	Extended Credit Facility
EEC	European Economic Commission
EFA	Education For All
EFT	Electronic Funds Transfer
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EMS	Expedited Mail Services
EPC	Export Promotion Council
EPP	Emergency Power Producers
EPVs	Export Production Villages
EPZ	Export Processing Zone
EPZA	Export Processing Zone Authority
ESF	Exogenous Shocks Facility
ESP	Economic Stimulus Package
EU	European Union
FAL	Foreign Assets and Liabilities
FBS	Food Balance Sheet
FDEI	Foreign Direct Equity Investment
FDI	Foreign Direct Investment
FGT	Foster, Greer and Thorbecke
FIC	Full Immunization Coverage
FIS	Foreign Investment Survey
FM	Frequency Modulation
FOB	Free on Board
FONN	Fibre Optic National Network
FOSA	Front Office Savings Activities
FPE	Free Primary Education
FSTE	Free Secondary Tuition Education
FY	Financial Year
GDC	Geothermal Development Company
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GFCF	Gross Fixed Capital Formation
GFS	Government Finance Statistics
GNDI	Gross National Disposal Income
GNI	Gross National Income
GNR	General Fertility Rate
GOB	Gross Operating Balance
GoK	Government of Kenya
GPI	Gross Premium Income
GSM	Global System for Mobile Communication
GVA	Gross Value Added
GWh	GigaWatt Hours
HELB	Higher Education Loans Board
HIV	Human Immuno deficiency Virus
IBRD	International Bank for Reconstruction & Development

IC	Intermediate Consumption
ICDC	Industrial and Commercial Development Corporation
ICT	Information, Communication and Technology
IDA	International Development Agency
IDB	Industrial Development Bank
IDR	Import Dependency Ratio
IEBC	Independent Elections and Boundaries Commission
IFAD	International Fund for Agricultural Development
IFS	International Financial Services
IGAD	Intergovernmental Authority on Development
IIP	International Investment Position
ILO	International Labour Organisation
ILRI	International Livestock Research Institute
IMF	International Monetary Fund
IOT	Input-Output Tables
IPP	Independent Power Producers
ISIC REV 4	International Standard of Industrial Classification Revision 4
ISPs	Internet Service Providers
ISS	Intergrated Survey of Services
IT	Information Technology
JAB	Joint Admissions Board
JICA	Japan International Co-operation Agency
JKIA	Jomo Kenyatta International Airport
KAPU	Kenya Airports Police Unit
KARI	Kenya Agricultural Research Institute
KCB	Kenya Commercial Bank
KCPE	Kenya Certificate of Primary Education
KCSE	Kenya Certificate of Secondary Education
KeNHA	Kenya National Highways Authority
KenInvest	Kenya Investment Authority
KENTRADE	Kenya Trade Network Agency
KeRRA	Kenya Rural Roads Authority
KESSP	Kenya Education Sector Support Programme
KETRACO	Kenya Electricity Transmission Company
KFS	Kenya Forest Service
KIE	Kenya Industrial Estates
KIHBS	Kenya Integrated Household Budget Survey
KNBS	Kenya National Bureau of Statistics
KOSF	Kipevu Oil Storage Facility
KPC	Kenya Pipeline Corporation
KPLC	Kenya Power and Lighting Company
KPRL	Kenya Petroleum Refinery Limited
KRA	Kenya Revenue Authority
KRB	Kenya Roads Board
KSh	Kenya Shillings
KTDC	Kenya Tourism Finance Corporation
KUC	Kenya Utalii College
KURA	Kenya Urban Roads Authority
KW	Kilo watt

KWS	Kenya Wildlife Service
L	Overall Liquidity
LAIFOMS	Local Authority Integrated Financial Operation Management Systems
LAPPSET	Lamu Port and South Sudan Ethiopia Transport
LATF	Local Authority Transfer Fund
LFS	Labour Force Survey
LLO	Local Loop Operators
LPG	Liquefied Petroleum Gas
LTM	Long Term Mean
M1	Narrow Money Supply
M2	Broad Money Supply (Money supplied by CBK, Commercial banks &
-	NBFIs)
M3	Broad Money Supply (M2 plus Foreign Currency Holding by Residents)
MAM	March April May
Mbps	Megabits per second
MCA	Members of County Assembly
MCH	Maternal and Child Health
MDER	Minimum Dietary Energy Requirement
MDGs	Millennium Development Goals
MDP	Management Development Programme
MEWNR	Ministry of Environment, Water and Natural Resources
MG	Metre Gauge
MIA	Moi International Airport
MMS	Multimedia Messaging Service
MoAL&F	Ministry of Agriculture, livestock and Fisheries
MoE	Ministry of Education
MoH	Ministry of Health
MPC	Monetary Policy Committee
MTEF	Medium Term Expenditure Framework
MTN	Mobile Telephone Network
MTP	Medium Term Plan
MW	Mega Watt
n.e.c	Not elsewhere classified
NAS	National Accounts Statistics
NBFI	Non-Bank Financial Institutions
NCC	Nairobi City Council
NCCAP	National Climate Change Action Plan
NCPB	National Cereals and Produce Board
NCRP	Nairobi Commuter Rail Project
NEMA	National Environment Management Authority
NER	Net Enrolment Rate
NFA	Net Foreign Assets
NFE	Non Formal Education
NFS	Non Formal Schools
NHC	National Housing Corporation
NHIF	National Hospital Insurance Fund
NIB	National Irrigation Board
NIP	National Incomes Policy
NPA	National Plan of Action

NPISH	Non-Profit Institutions Serving Households
NPLs	Non-performing Loans
NSE	Nairobi Stock Exchange
NSSF	National Social Security Fund
NTSA	National Transport and Safety Authority
NWCPC	National Water Corporation and Pipeline Corporation
NYS	National Youth Service
OECD	Organisation of Economic Cooperation and Development
OMO	Open Market Operations
OND	October, November, December
OPEC	Organization of Petroleum Exporting Countries
OVC	Orphans and Vulnerable Children
PAYE	Pay As You Earn
PCK	Postal Corporation of Kenya
PCR	Pupil Completion Rate
PI	Portfolio Investment
POP	Point of Presence
PPI	Producer Price Index
PSDA	Private Sector Development Authority
PSED	Private Sector External Debt
PSVs	Public Service Vehicles
PTR	Pupil Teacher Ratio
RBS	Risk Based Supervision
REA	Rural Electrification Authority
REP	Rural Electrification Programme
RICS	Road Inventory and Condition Survey
RMLF	Roads Maintenance Levy Fund
RSI	System of Rice Intensification
SACMEQ -	Southern and Eastern African Consortium for Monitoring Education Quality
SAE	Small Area Estimation
SAGA	Semi Autonomous Government Agency
SAM	Social Accounting Matrix
SCMP	Sub-Catchment Management Plans
SDD	Special Dimensions of Development
SDRs	Special Drawing Rights
SEACOM	Sea Submarine Communications
SEEP	Small Enterprise Education Programme
SEZ	Special Economic Zones
SG	Standard Gauge
SGR	Standard Gauge Railway
SME	Small and Medium Enterprises
SMS	Short Messaging Service
SNA	System of National Accounts
SOEs	State Owned Enterprises
SPF	Social Protection Fund
SSA	Sub-Saharan Africa
SSR	Self Sufficiency Ratio
STIs	Sexually Transmitted Infections

SUT	Supply and Use Tables
TEAMS	The East Africa Marine System
TEUs	Twenty-Foot Equivalent Units
TIVET	Technical Industrial and Vocational Educational Training
TLB	Transport Licensing Board
TOT	Total Rainfall
TSA	Tourism Satellite Account
TSC	Teachers Service Commission
UAE	United Arab Emirates
UK	United Kingdom
UNFCC	United Nations Framework on Climate Change
UoN	University of Nairobi
US$/BBL	US Dollar per Barrel
USA	United States of America
VAT	Value Added Tax
VCT	Voluntary Counseling and Testing
VoIP	Voice over Internet Protocol
WEF	Women Enterprise Fund
WHO	World Health Organisation
WMS	Welfare Monitoring Survey
WPP	Water Purification Points
WRUA	Water Resource Users Associations
WSB	Water Services Board

Summary and Outlook

International Scene

In 2013, the global real Gross Domestic Product (GDP) grew at a slightly slower rate than had been forecasted. The world economy is estimated to have expanded by 3.0 per cent compared to 3.1 per cent in 2012. The lower performance was observed across most regions and major economic groups. The real GDP of the Euro Area improved slightly by contracting by 0.4 per cent in 2013 compared to a contraction of 0.6 per cent in 2012. The improvement in economic activity was driven by improved private sector confidence as a result of fiscal consolidation, external re-balancing and reforms in banking supervision within the European Union (EU).

Growth in Sub-Saharan Africa and the East African Community (EAC) remained relatively robust with real GDP estimated to have expanded by 5.0 and 6.1 per cent, respectively in 2013. This was due to an increase in trade and investment with emerging market economies. Global trade recorded a growth of 3.0 per cent in 2013, similar to that recorded in 2012

The 2014 outlook for most economies and the overall global economy is promising with real GDP projected to grow at 3.7 per cent as major economies stabilize. Growth in Sub-Saharan Africa is projected to reach 6.0 per cent, fueled by stronger internal and external demands.

Domestic Scene

In 2013, Kenya's Gross Domestic Product (GDP) is estimated to have expanded by 4.7 per cent compared to a growth of 4.6 per cent in 2012. The macroeconomic environment remained stable for the better part of the year. The overall average inflation rate eased from 9.4 per cent experienced in 2012 to 5.7 per cent in 2013. The improved supply of basic foods, lower international oil prices and lower costs of electricity mainly accounted for the easing of the inflationary pressures. The year witnessed a restraint in national government borrowing, while the setting up of the county governments impacted positively on economic growth as public consumption expenditure rose in line with the devolved system of government. There was deterioration in the terms of trade as both the volume of exports and international prices for key exports decreased. The current account deficit worsened by Ksh 52,702 million in 2013, representing a decline of 14.7 per cent compared to 2012 as international prices for the main exports; tea, coffee, and horticultural produce fell. Transport and communication, wholesale and retail trade, taxes on products and manufacturing were the major drivers of growth in 2013. By virtue of its significant weight, the agriculture sector was also a key driver of the growth despite negative shocks that slowed its growth in 2013 compared to that of 2012. The sector was negatively impacted on by the erratic weather pattern and a fall in international prices of tea, coffee and horticultural products in 2013 resulting to lower performance of some of its key subsectors. Hotels and restaurants was the only sector that negatively contributed to the growth. This was due to shocks emanating from insecurity concerns in the country and slow Euro zone recovery. . Challenges that impacted on the growth prospects of the country include; slowed business confidence due to the general election during the first quarter, rising incidents of insecurity, and insufficient rains during the fourth quarter of 2013.

Social Scene

During the review period, the Government expenditure in the social sector continued to increase in tandem with the growing demand for social services. The total expenditure in the social sector for the national government is expected to increase by 7.1 per cent from KSh 369.1 billion in 2012/13 to KSh 395.4 billion in 2013/14. Total development expenditure

on the social sector for the national government is expected to increase from KSh 56.2 billion 2012/13 to KSh 83.1 billion in 2013/14. Ministry of Education, Science and Technology combined with Teachers Service Commission (TSC) are expected to spend the largest share (83.0 per cent) of the total recurrent expenditure. The total number of education institutions increased from 78,098 in 2012 to 80,172 in 2013, an increase of 2.7 per cent. During the same period, the number of Technical, Industrial and Vocational Educational Training (TIVET) institutions rose by 6.7 per cent in 2013 while number of public universities increased to 22 with many constituent colleges becoming fully chartered. The number of teachers in public primary schools increased by 4.5 per cent to 199,686 in 2013 while teachers in public secondary schools increased by 1.8 per cent. In 2013, enrolment at teacher training institutions, TIVET institutions and universities increased by 20.6, 15.9 and 34.9 per cent respectively.

The number of health institutions stood at 7,995 in 2013 while National Hospital Insurance Fund (NHIF) total receipts from members increased by 25.6 per cent in 2012/13. NHIF registered members grew by 13.6 per cent while their accrued benefits increased by 37.3 per cent. The number of registered medical personnel rose by 7.3 per cent during the review period. Funds allocated for the Orphans and Vulnerable Children (OVC) increased from KSh 1,081.4 million in 2012 to KSh 4,763.1 million in 2013 while the direct cash disbursement increased from KSh 1,030.3 million in 2012 to KSh 4,524.9 million in 2013. The budget allocation for social protection fund for older persons rose from KSh 1,519.2 million in 2012 to KSh 3,168.0 million in 2013 mainly due to increase in number of targeted households from 49,000 to 164,000.

Employment, Earnings and Consumer Prices

The total number of persons engaged in both formal and informal sectors excluding small scale farmers and pastoralists increased from 12,782.0 thousand in 2012 to 13,524.8 thousand in 2013. Out of these, the number of wage employees in the modern sector was 2,265.7 thousand persons while self-employed and unpaid family workers was 83.8 thousand persons. During the review period, the economy generated 742.8 thousand new jobs, out of which the informal sector is estimated to have created 625.9 thousand jobs, which constituted 84.3 per cent of all new jobs. The formal sector registered 116.8 thousand new jobs with public sector contributing 26.3 thousand new jobs which were partly attributed to recruitments done in the implementation of devolved system of Government and employment of more teachers. Likewise, growth in the formal-private and informal sectors was attributed to notable economic growth especially in labour intensive sectors including; wholesale and retail trade, and construction.

Nominal average earnings per person in the modern sector increased from KSh 440,364.6 per annum in 2012 to KSh 497,488.0 per annum in 2013. The increase was mainly as a result of rise in the minimum wage by 14.0 per cent and the award of 18.2 per cent salary increase on average to unionisable employees who registered their disputes with the industrial court. The overall annual average inflation rate declined from 9.4 per cent in 2012 to 5.7 per cent in 2013, mainly due to favourable weather conditions coupled with lower domestic prices of petroleum products. The peaceful March 2013 general elections reinforced political stability thereby cushioning consumers from price shocks similar to the ones witnessed in 2007. As a result, real average earnings per employee increased by 7.7 per cent in 2013 compared to a 3.1 per cent decline in 2012.

Money, Banking and Finance

The financial sector registered a growth of 7.2 per cent in 2013 up from an increase of 6.5 per cent recorded in 2012. During the review period, monetary policy was geared towards

achieving stability in inflation and exchange rates. The Central Bank of Kenya (CBK) employed various monetary policy instruments key among them being Central Bank Rate (CBR) and Open Market Operations (OMO). As a result, broad money supply, (M3) grew by 13.3 per cent to KSh 1,957.5 billion in December 2013, which was close to the monetary policy target of KSh 1,968.8 billion.

Net foreign assets of the banking system grew by 18.7 per cent to KSh 389.2 billion in December 2013. Domestic credit by the banking system grew by 13.5 per cent to KSh 20.2 billion in the same year. In contrast, credit to National Government declined by 2.5 per cent while credit to private sector grew by 18.6 per cent. Central Bank's assets increased by 22.8 per cent to KSh 682.6 billion in December 2013 while those of the banking system went up by 14.4 per cent to KSh 2,396.3 billion. National Government deposits in the CBK more than doubled while external banks deposits including International Monetary Fund (IMF) grew significantly by 12.7 per cent. Over the same period, currency in circulation increased by 11.9 per cent to KSh 210.0 billion. Total commercial banks' credit expanded by 17.1 per cent to KSh 2,046.2 billion where credit to National Government and the private sector accounted for 22.7 per cent and 61.2 per cent, respectively. The banking system liquidity remained stable above the statutory requirement of 20.0 per cent for the better part of the year. Commercial banks' deposit liabilities and liquid assets grew by 12.2 per cent and 26.2 per cent respectively in the review period. The 91- day Treasury bill rate and interbank interest rate rose to 9.5 and 9.1 per cent, respectively, in December 2013. However, overdraft and maximum lending dropped to 16.51 and 16.99 per cent, respectively, in the same period.

In the capital market, the total number of shares traded, market capitalization and Nairobi Security Exchange (NSE) 20-Share index increased by 38.7, 51.0 and 19.2 per cent, respectively. In the insurance sector, the overall assets grew by 18.4 per cent to KSh 358.0 billion while total Liabilities increased by 14.2 per cent to KSh 259.8 billion in 2013. In the same line, total investments for the entire industry rose by 20.8 per cent to KSh 284.5 billion.

Public Finance

Public spending in 2013/14 was anchored on priorities of the Second Medium Term Plan (MTP II), fiscal decentralization provided in the Constitution and consideration of the emerging global and domestic challenges. Specifically, public expenditure will primarily be skewed towards the continuous development of both human and physical capital. In 2013/14, the National Government is expected to spend KSh 1,567.6 billion compared to KSh 1,241.4 billion spent in 2012/13. Total revenue is expected to grow by 21.9 per cent from KSh 835.1 billion in 2012/13 to KSh 1,017.7 billion in 2013/14. Total outstanding public debt as at the end of June 2013 stood at KSh 1,673.9 billion out of which domestic borrowing accounted for 53.1 per cent of the total stock of debt. A total of KSh 210.0 billion was allocated to the county governments through the County Revenue Act, 2013 out of which KSh 190.0 billion was for the equitable share component while KSh 20.0 billion was allocated as part of the conditional grant.

International Trade and Balance of Payments

Total exports declined by 3.0 per cent from KSh 517.8 billion in 2012 to KSh 502.3 billion in 2013. Total imports, on the other hand, increased by 2.8 per cent from KSh 1,374.6 billion in 2012 to KSh 1,413.3 billion in 2013. Trade balance deteriorated further by 6.3 per cent from a deficit of KSh 856.7 billion in 2012 to KSh 911.0 billion in 2013. Volume of external trade increased slightly by 1.2 per cent to KSh 1,915.6 billion during the year under review. The export-import ratio declined from 37.7 per cent in 2012 to 35.5 per cent in 2013, while the terms of trade for all items gained by 2.4 percentage points from 78.7 per cent in 2012 to

81.1 per cent.

Africa was the main destination of exports in 2013, accounting for 46.1 per cent of total exports; most of which was destined to EAC and COMESA (70.7 per cent) countries. Exports to European countries accounted for 24.6 per cent of total value of exports, with the bulk of exports destined to European Union (EU) countries. Asia was the largest source of imports in 2013, accounting for 63.5 per cent of the total value of imports, with India, China, Japan and UAE being the main sources. However, imports from United Arab Emirates (UAE) declined by 21.7 per cent due to marked drop in importation of crude petroleum oils.

The gross foreign reserves increased by 11.4 per cent from KSh 480.7 billion as at December 2012 to KSh 535.3 billion as at December 2013 while the net foreign assets of Central Bank increased by 10.3 per cent to KSh 430.7 billion as at December 2013. Foreign liabilities increased by 16.1 per cent to KSh 102.7 billion in 2013. Trade weighted exchange rate index improved by 3.6 per cent from 110.42 in 2012 to 106.42 in 2013, a reflection of the appreciation of the Kenyan Shilling against the currencies of the major trading partners.

The overall balance of payments position declined to a surplus of KSh 73.9 billion in 2013 from a surplus of KSh 122.9 billion in 2012 with the current account balance worsening by 14.7 per cent in 2013, reflecting a 10.9 per cent of Gross Domestic Product (GDP). The increase in the short term net capital flows resulted in the capital and financial account net inflows increasing by 6.2 per cent to KSh 464.9 billion in the review period, a reflection of increased participation by foreign investors at the Nairobi Securities Exchange market

Agriculture

The agriculture sector displayed mixed performance during the year with different crops' performance depending mainly on weather conditions experienced. Erratic performance of both the long and short rains in different regions, led to a decline in overall agricultural production in 2013. The agriculture sector real gross value added growth decelerated in 2013 to 2.9 per cent from a revised growth of 4.2 per cent in 2012. Apart from rice and wheat, most cereal crops recorded significant declines in production during the review period. The volume of fresh horticultural exports increased from 205.7 thousand tonnes in 2012 to 213.8 thousand tonnes in the review year. Pasture availability led to less disposals of cattle resulting in the number of slaughters reducing from 2,194.2 thousand to 2,147.3 thousand animals in 2013. However, the year recorded notable increases in the output of processed milk products following an increase in the volume of milk deliveries to processors from 495.2 million litres in 2012 to 523 million litres in 2013.

Following depressed output of major crops, the total value of marketed agricultural production declined marginally from KSh 344.6 billion in 2012 to 334.7 billion in 2013. This was mainly driven by reductions in the marketed value of maize, cut flowers, fruits, coffee, tea, sisal and some livestock products. During the year, farmers received lower gross prices for maize, coffee, tea, cotton and most fresh horticultural products leading to a deterioration of the agricultural-sector terms of trade.

Environment and Natural Resources

The Government continued to review and enforce policy measures that govern exploitation, management and conservation of the environment and natural resources. Completion of new water projects, rehabilitation and expansion of existing water supplies is expected to enhance accessibility to improved water sources. Total development expenditure on water supplies and related services is expected to increase to KSh 44.5 billion in 2013/14 from KSh 20.5 billion in 2012/13. Total fish output grew by 5.1 per cent to 161.8 thousand metric tonnes from 154.0

thousand metric tonnes in 2012. Total forest plantation area increased by 2,200 hectares from 127.1 thousand hectares in 2012 to 129.3 thousand hectares in 2013, on account of improved forest management. The total value of mineral output declined by 28.6 per cent from KSh 27.6 billion in 2012 to KSh 19.7 billion in 2013. The decline was mainly as a result of fall in production of gold, a high value commodity, due to uncertainty in the price of gold in the export markets. Effective management of waste through collection, processing, recycling and disposal was taken up by most of the county governments as a priority.

There was a decrease in the population of most wildlife herbivores in the Kenya rangelands in 2013 due to harsh climatic conditions in a number of parks in the Rift Valley and poaching of some species such as elephants. The onset of the long rains was timely, but not evenly distributed in the country, and ceased earlier than normal. However, there were floods in some parts of the country resulting in good pasture and availability of water for livestock. Furthermore, there was enhanced water level for the generation of hydroelectric power.

Energy

Rising oil production in 2013 in the USA resulted in an overall growth in global oil supply. Consequently, Crude prices for Murban decreased slightly to an average of US Dollars 110.10 per barrel in 2013 from an average of US Dollars 112.97 per barrel the previous year.

The quantity of petroleum products imported into the country declined by 3.5 per cent from 4,142.5 thousand tonnes in 2012 to 3,996.2 thousand tonnes in 2013. There was no import of crude oil in the second half of the year following the closure of Kenya Petroleum Refineries Limited (KPRL). Total domestic demand for petroleum products increased from 3,638.0 thousand tonnes to 3,707.9 thousand tonnes in 2013. The import bill of petroleum products declined to KSh 315.4 billion.

Total installed electricity generating capacity increased from 1,606.1 Mega Watts (MW) in 2012 to 1,717.8 MW in 2013. Similarly, total electricity generation expanded by 7.6 per cent from 7,851.3 Gigawatt hours (GWh) in 2012 to 8,447.9 GWh in 2013, hydro power generation accounting for 52.5 per cent of the total. Total generation from geothermal plants rose to 1,488.0 GWh in 2013.

The number of connections under the Rural Electrification Programme (REP) rose by 18.5 per cent to stand at 453,544 customers as at the end of June 2013 from 382,631 customers in 2012. During the period under review, the Government implemented a total of 2,036 electrification projects spread across all the constituencies at an estimated cost of KSh 5.0 billion.

Manufacturing

The manufacturing sector's output in real terms grew by 4.8 per cent in 2013, a higher growth compared to the 3.2 per cent growth recorded in 2012. This may be attributed to increased investor confidence, stable exchange rates, lower interest rates and ease in inflationary pressure during the year. The volume of output, as measured by the quantum index, grew by 2.6 per cent in 2013. Increased production quantities were registered in the manufacture of cement, rubber, sugar, fabricated metal, basic metals, furniture, pharmaceutical, prepared and preserved fruits; and vegetables while refined petroleum products, processing and preserving of fish, manufacture of electrical equipment, beverages and tobacco sub-sectors recorded declines. The overall Producer Price Index (PPI) rose marginally by 0.4 per cent in 2013 compared to a 3.3 per cent increase in 2012.

The total value of loans advanced to the manufacturing sector rose from KSh 170.0 billion

in 2012 to KSh 183.7 billion. Out of the loans advanced to the sector, the value of approved projects by development credit financiers amounted to KSh 1,105.2 million.

Formal employment in manufacturing sector expanded by 3.4 per cent from 271.0 thousand persons in 2012 to 280.3 thousand persons in 2013. Employment in the Export Processing Zones (EPZ) rose to 40,204 persons in the period under review.

Total sales from EPZ enterprises increased from KSh 44,273 million in 2012 to KSh 49,514 million in 2013, with exports accounting for 88.1 per cent. Export value of articles of apparel under African Growth and Opportunity Act (AGOA) increased by 7.5 per cent to stand at KSh 23,989 million in 2013.

Building and Construction

In 2013, the building and construction sector expanded by 5.5 per cent up from a growth of 4.8 per cent registered in 2012. Wage employment in the sector grew by 12.2 per cent from 116.1 thousand persons in 2012 to 130.3 thousand persons in 2013. Cement consumption increased by 6.9 per cent in 2013 to 4,266.5 thousand tonnes compared to 3.1 per cent increase in 2012. Overall construction cost index increased from 5.6 per cent in 2012 to 7.2 per cent in 2013. This was driven by the cost of materials index of which increased by 5.7 per cent in 2013 compared to a growth of 4.3 per cent the previous year and that of residential buildings that went up by 7.3 per cent. The index of reported private building works completed in main towns rose from 381.2 in 2012 to 401.2 in 2013 while the index of reported public building works completed in main towns increased to 103.7 from 86.9 in 2012 as a result of several housing projects completed by National Housing Corporation (NHC) and Housing Finance across the country. During the review period, commercial bank loans and advances to the building and construction sector rose by 2.3 per cent to KSh 70.8 billion mainly due to increased financing of real estate development. Disbursement of funds by the Kenya Roads Board (KRB) to the various road agencies is expected to increase by 3.3 per cent from KSh 24.4 billion in 2012/13 to KSh 25.2 billion in 2013/14.

Tourism

The Tourism sector suffered a number of setbacks that led to contraction in international visitor arrivals, resulting in a decline in tourism earnings in 2013. The number of international visitor arrivals decreased by 11.2 per cent from 1,710.8 thousand in 2012 to 1,519.6 thousand in 2013. Consequently, tourism earnings decreased by 2.1 per cent from KSh 96.0 billion in 2012 to KSh 94.0 billion in 2013.

The number of bed-nights occupied decreased by 3.8 per cent from 6,860.8 thousand in 2012 to 6,596.7 thousand in 2013. Local conferences decreased by 14.6 per cent from 3,338 in 2012 to 2,849 in 2013. Likewise, the number of international conferences held in Kenya decreased by 8.8 per cent from 328 in 2012 to 299 in 2013. Consistent with the decrease in the number of international visitor arrivals, the number of visitors to national parks and game reserves decreased from 2,492.2 thousand in 2012 to 2,337.7 thousand in 2013. Similarly, visitors to museums, snake parks and other historical sites recorded a 6.5 per cent decrease to 770.8 thousand in 2013 compared to 824.6 thousand in 2012.

Transport and Storage

The Transport and Storage sector recorded a growth of 3.3 per cent in total output value to KSh 645.8 billion in 2013 with road transport-sub sector accounting for 64.3 per cent of the total output value. Total cargo throughput handled at the port of Mombasa rose from 21,920 thousand tonnes in 2012 to 22,307 thousand tonnes in 2013, translating into an increase of 1.8 per cent.

During the review period, the total volume of refined petroleum products transport through the pipeline registered a growth of 6.5 per cent. The throughput of the petroleum products destined for the export markets and domestic consumption increased by 7.2 and 6.1 per cent, respectively.

The railway transport sub-sector posted declines in both volume of cargo transported and passenger journeys. The freight tonnage transported and passenger journeys dropped by 12.9 and 1.5 per cent, respectively, in 2013. The total passenger traffic handled at the main airports dropped by 4.1 per cent during the year under review. Similarly, total cargo handled at the main airports recorded a drop of 11.3 per cent over the same period.

Information, Communication and Technology

The fixed telephone penetration in the country decreased to record 0.5 per cent in 2013 compared to 0.6 per cent registered in 2012. The mobile penetration on the other hand, remained unchanged to stand at 74.9 per cent in 2013 however; the mobile telephony subscription grew by 2.9 per cent in 2013 compared to a growth 12.8 per cent recorded in 2012. The mobile money has been widely used in the country due to its convenience and efficient. In the year under review, mobile money transfers amounted to KSh 914 billion in 2013 an increase of 36.0 per cent from 2012. This growth was ascribed to the 35 per cent increase in the mobile money subscribers. Total domestic SMS traffic tripled in the year under review to stand at 19 billion short messages. Total international traffic decreased by 14.4 per cent in 2013 compared to an increase 13.9 percent in 2012. The decline was mainly attributed to stiff competition from Voice over Internet Protocol (VoIP) that is relatively affordable. The internet usage in the economy has been increasing over the years due to the affordable services it offers and the adoption of the new mobile and internet devices. In 2013, the number of estimated internet users stood at 21.3 million, up from 13.5 million in 2012. This contributed to an internet penetration of 31.7 per cent in 2013. With the demand of using internet, broadband subscriptions also grew from 1.0 million in 2012 to 1.4 million in 2013 this increase resulted to an increase in the broadband penetration recording 3.4 per cent in 2013 up from 2.5 per cent in 2012.

Governance

The first general election under the current constitution was held on 4th March 2013. Following the election, the new system of government comprising a national government and a devolved system of 47 Counties came into effect. In the period under review, two new High Courts were opened in Garissa and Homa Bay. There was an increase in the number of Senior and Principal Magistrates from 130 in 2012 to 183 in 2013. Institutional reforms in prosecution included enactment of Office of the Director of Public Prosecution Act 2013 and establishment of Office of the Director of Public Prosecution (ODPP) Advisory Board.

Overall, the number of crimes reported to the Police declined by 7.7 per cent from 77,852 in 2012 to 71,832 in 2013. The number of cases handled by the Ethics and Anti-Corruption Commission reduced by 8.7 per cent from 2,978 in 2012 to 2,719 in 2013. Court cases disposed of declined in all courts except the Court of Appeal and the Supreme Court. The total number of persons in Kenyan prisons increased by 11.4 per cent from 204,551 in 2012 to 227,918 in 2013 with that of convicted prisoners increasing by 21.5 per cent. The quantity of drugs seized increased almost four times from 4,735 Kg in 2012 to 17,122 Kg in 2013.

The number of Police officers in service reduced marginally from 42,586 in 2012 to 42,145 in 2013. The number of passports issued dropped by 13.0 per cent from 171,169 in 2012 to

148,940 in 2013. Applications for new National Identity (ID) cards reduced by 38.0 per cent from 2,503,568 in 2012 to 1,552,355 in 2013.

Outlook

The macroeconomic stability witnessed in 2013 spilled into the first quarter of 2014 and is likely to continue to the rest of the year. In 2014, macroeconomic stability might be supported by a projected stable low inflation, moderate interest rates and a possible restraint in domestic government borrowing and thus create a conducive environment for improved economic growth. Private consumption is also likely to improve given the stable interest rates and low inflation regime.

Manufacturing sector's performance is projected to maintain its current growth path supported by increased private and public consumption. Similarly, the financial intermediation sector is likely to maintain its momentum in 2014 mainly on account of enhanced performance in most of the sectors and technological advances.

World trade volume is projected to expand at 4.8 per cent in 2014 supported by an increase in global commodity demand and may therefore see Kenya's exports register significant growth during the year. Similarly, the global economy is expected to post an enhanced growth of 3.7 per cent in 2014 and is therefore likely to impact positively on the economy, in particular, increased flows of external remittances, foreign investments and tourism earnings. Recent discoveries of petroleum oil, natural gas and other minerals are likely to trigger more foreign direct investment inflows. Investments in the construction industry is likely to remain robust against a background of stable interest rates coupled with the ongoing government infrastructural projects and the private sector's resilient participation especially in the real estate development.

However, the economy is still faced with a number of potential internal and external risks. Domestic oil retail prices have been on an upward trend since January despite the global prices easing downwards. The weather pattern has so far been erratic and poses a threat to the agriculture sector which is heavily dependent on rain fed farming. Already, the erratic rains have partly been responsible for interrupted planting patterns in some maize and other cereal crops growing areas. Furthermore, if the rains are insufficient, electricity and water supply sector will be adversely affected, leading to higher costs of energy. Insecurity concerns remain a key obstacle to the tourism industry and might therefore lead to underperformance of the sector. Though most of the county governments have laid the necessary governance structures, there still remains a significant challenge that may hinder proper implementation of their budgets denying the country the anticipated level of grassroot induced growths. The persistent widening of current account deficit continues to pose a serious threat to the macroeconomic stability.

Based on the above scenarios and considering that the country has commenced implementation of the Medium Term Plan II, the country's prospects for enhanced growth are positive

Table 0: Key Economic and Social Indicators 2009 - 2013

	DESCRIPTION	Unit	2009	2010	2011	2012	2013*	
1	Population	(Million)	37.7	38.5	39.5	40.7	41.8	
2	Growth of GDP at Constant Prices	(Per cent)	2.7	5.8	4.4	4.6	4.7	
3	GDP at Market Prices :	(KSh Mn)	2,375,971.2	2,570,334.4	3,047,392.4	3,403,534.4	3,797,987.8	
4	Total cost of petroleum products	(KSh Mn)	160,192.5	200,780.0	337,749.2	326,921.6	315,374.2	
5	Trade balance	(KSh Mn)	-443,147.7	-537,411.9	-788,145.3	-856,740.0	-911,029.2	
6	Money Supply (M3)	(KSh Mn)	1,045,656.7	1,271,638.0	1,514,152.0	1,727,686.0	1,957,492.2	
7	Total domestic credit	(KSh Mn)	978,319.0	1,267,940.0	1,532,051.0	1,767,756.8	2,007,162.8	
8	Balance of Payments (current account balance)	(KSh Mn)	-124,139.9	-187,677.3	-340,178.7	-359,676.7	-412,379.4	
9	Coffee-marketed production	('000 tonnes)	48.9	38.9	30.0	46.1	38.4	
10	Tea-marketed production	('000 tonnes)	304.2	399.0	377.9	369.4	432.5	
11	Fresh Horticultural Produce exports	('000 tonnes)	180.7	228.3	216.2	205.7	213.8	
12	Maize-marketed production	('000 tonnes)	191.0	294.6	405.8	387.3	316.4	
13	Wheat-marketed production	('000 tonnes)	123.1	190.2	100.9	155.0	185.0	
14	Sugar-cane production	('000 tonnes)	5,610.7	5,695.1	5,307.3	5,824.0	6,671.2	
15	Milk sold centrally	(Mn litres)	406.5	515.7	549.0	495.2	523.0	
16	Manufacturing output	(KSh Mn)	770,370.2	842,506.3	1,015,541.8	1,049,344.5	1,097,082.2	
17	Construction output	(KSh Mn)	265,754.5	289,023.8	319,730.5	353,314.7	394,881.3	
18	Cement Consumption	('000 tonnes)	2,671.2	3,104.8	3,870.9	3,991.2	4,266.5	
19	Petroleum Consumption	('000 tonnes)	3,610.8	3,765.7	3,857.9	3,638.0	3,707.9	
20	Electricity consumption	(GWh)	5,428.7	5,754.7	6,273.6	6,414.4	6,928.1	
21	Tourism earnings	(KSh Mn)	62,500.0	73,700.0	97,890.0	96,020.0	93,970.0	
22	New registration of vehicles	(Number)	161,813.0	196,456.0	205,841.0	173,044.0	222,178.0	
23	Rail freight	(`000 tonnes)	1,532.0	1,572.0	1,596.0	1,394.0	1,214.0	
24	Air passengers handled	('000) No.	6,888.3	7,516.4	8,721.7	8,583.8	8,231.6	
25	Wage employment	('000) No.	1,959.0	2,016.2	2,084.1	2,155.8	2,265.7	
26	Education-primary enrolment	('000) No.	8,986.4	9,381.2	9,857.9	9,995.2	10,182.6	
27	Education-secondary enrolment	('000) No.	1,472.6	1,653.4	1767.7	1,914.8	2,104.3	
28	Education-University enrolment	('000) No.	177.5	177.6	198.3	240.6	324.6	
29	Education-other post secondary enrolment (TIVET+TTC)	('000) No.	107.3	111.1	133.7	158.4	185.1	
31	Registered doctors and dentists	(Number)	7,659.0	8,027.0	8,479.0	9,077.0	9,727.0	
32	GDP Per capita (Current):	(KSh)	62,981.6	66,807.2	77,061.2	83,723.7	90,876.2	
33	GDP Per capita (Constant):	(KSh)	36,962.0	38,345.5	38,956.0	39,620.5	40,345.2	
34	at Current Market Prices	(Per cent)	-4.8	-5.2	-5.9	-6.8	-7.9	
35	Net lending/borrowing	(KSh Mn)	-114,941.7	-151,626.5	-219,364.0	-231,211.1	-300,017.0	
36	Recurrent Revenue and Grants	(KSh Mn)	542,945.1	651,410.0	725,521.8	830,319.6	1,006,862.0	
37	Total Expenditure	(KSh Mn)	789,360.6	956,226.2	1,016,708.7	1,241,396.4	1,567,601.0	
38	External Debt Service Charge as % of GDP	(Per cent)	1.0	0.9	1.0	1.0	1.2	
39	External Debt Service as % of Exports of Goods & Services	(Per cent)	4.2	4.6	3.6	3.7	4.9	
	INDEX NUMBERS							**2009-2013 Annual % rate of change**
40	Export volumes: (2009=100)		100.0	91.8	114.0	113.4	103.7	0.9
41	Import volumes: (2009=100)		100.0	95.3	106.0	104.8	106.7	1.6
42	Terms of trade		100.0	88.1	84.1	78.7	81.1	-5.1
43	NSE 20 Share: (1966=100)		3247.0	4433.0	3205.0	4133.0	4927.0	11.0
44	Consumer Price Index: (Feb 2009=100)		102.1	106.3	121.2	132.5	140.1	8.2
45	Real wages		95.7	95.3	87.1	84.4	90.9	-1.3
46	Agriculture terms of trade: (2001 =100)		66.6	65.9	55.7	52.9	46.6	-8.6

* Provisional.

Chapter 1

International Scene

Overview

In 2013, the global real Gross Domestic Product (GDP) grew at a slightly slower rate than what was forecasted. The world economy is estimated to have expanded by 3.0 per cent compared to 3.1 per cent in 2012. This lower performance was observed across most regions and major economic groups. Growth in Sub-Saharan Africa (SSA) and the East African Community (EAC) remained relatively robust with real GDP estimated to have expanded by 5.0 and 6.1 per cent, respectively, in 2013. This was due to an increase in trade and investment with emerging market economies. Global trade recorded a growth of 3.0 per cent in 2013, similar to that recorded in 2012.

1.2. Commodity prices were more stable in 2013, with world inflation easing to 1.5 per cent from 2.1 per cent in 2012. Oil prices were on a downward trend as global demand weakened. The Murban crude oil price averaged US$ 110.10 per barrel in 2013 compared to US$112.97 per barrel in 2012.

1.3. The unemployment rate in the Organisation for Economic Co-operation and Development (OECD) region remained unchanged at 8.0 per cent as a result of depressed economic activities that continued to hamper growth in the labour market. The United States of America, United Kingdom and Japan recorded slight improvements in unemployment while that of the Euro Area worsened from 11.3 per cent in 2012 to 12.0 per cent in 2013. Subdued import demand in OECD economies resulted in slower growth in the emerging economies of Brazil, Russia, India, Indonesia, China and South Africa (BRIICS).

Regional Economic Analysis

Organisation for Economic Co-operation and Development

1.4. Table 1.1 presents key economic indicators and projections for OECD countries. The OECD economies recorded a decelerated growth in real GDP of 1.2 per cent in 2013 compared to 1.6 per cent in 2012. The slower growth was attributed to a decline in investment inflows and tight liquidity conditions. However, the rate of unemployment in the OECD economies remained the same at 8.0 per cent in 2013. Inflation rate slowed to 1.4 per cent in 2013 as a result of reduced food and energy prices. The OECD's expansionary fiscal policy has stabilised the economic block and supported growth prospects.

Table 1.1: Key Economic Indicators and Projections for Selected OECD Countries, 2011-2015

	2011	2012	2013*	2014[1]	2015[1]
	(Percentage change from the previous year)				
World Real GDP Growth	3.7	3.1	3.0	3.7	3.9
World Trade Growth[2]	6.3	3.0	3.0	4.8	5.9
Real GDP Growth	Percentage change				
United States of America	1.8	2.8	1.7	2.9	3.4
United Kingdom	1.1	0.1	1.4	2.4	2.5
Japan	-0.6	1.9	1.8	1.5	1.0
Euro Area	1.6	-0.6	-0.4	1.0	1.6
Total OECD	1.9	1.6	1.2	2.3	2.7
Inflation (GDP Deflator)	Percentage				
United States of America	2.0	1.7	1.5	1.8	2.0
United Kingdom	2.3	1.7	2.1	1.6	1.9
Japan	-1.9	-0.9	-0.5	1.2	1.3
Euro Area	1.2	1.3	1.5	1.0	1.1
Total OECD	1.8	1.5	1.4	1.7	1.9
Current Account Balances	Per cent of GDP				
United States of America	-2.9	-2.7	-2.5	-2.9	-3.1
United Kingdom	-1.5	-3.8	-3.4	-2.5	-2.3
Japan	2.0	1.1	0.9	1.2	1.5
Euro Area	0.7	1.9	2.6	2.6	2.8
Total OECD	-0.6	-0.5	-0.2	-0.2	-0.2
Unemployment Rate	Percentage				
United States of America	8.9	8.1	7.5	6.9	6.3
United Kingdom	8.1	7.9	7.8	7.5	7.2
Japan	4.6	4.3	4.0	3.9	3.8
Euro Area	10.1	11.3	12.0	12.1	11.8
Total OECD	8.0	8.0	8.0	7.8	7.5

Source: OECD Economic Outlook No.94 and World Economic outlook Jan 2014

* Provisional

[1]Projections

[2]Refers to arithmetic average of world merchandise import and export volumes.

Assumptions Underlying Projections

The cut-off date for information used in the projection is 14th November 2013.

The projections assume unchanged exchange rates from those that prevailed on 25th October 2013.

Euro Area

1.5. The real GDP of the Euro Area contracted by 0.4 per cent in 2013 compared to a contraction of 0.6 per cent in 2012. This slight improvement in economic activity was driven by improved private sector confidence as a result of fiscal consolidation, external re-balancing and reforms in banking supervision within the European Union (EU).

1.6. Unemployment in the Euro Area increased to 12.0 per cent in 2013 from 11.3 per cent in 2012. The situation was especially bad in Greece and Spain where youth unemployment was estimated to be above 60 per cent. Persistent output gaps resulted in a rise in the inflation rate to 1.5 per cent in 2013 from 1.3 per cent in 2012.

The United States of America

1.7. The United States of America (USA) economy posted a slower growth of 1.7 per cent in 2013 compared to 2.8 per cent in 2012. The slow growth was due to fiscal contraction, lower consumer and business confidence coupled with uncertainties linked to the debt ceiling, and a government shut-down during the third quarter of the year.

1.8. The unemployment rate decreased to 7.5 per cent in 2013 from 8.1 per cent in 2012. The decline was attributed to a reduction in the labour force participation occasioned by demographic trends and discouraged workers leaving the labour force. Inflationary pressure eased with the inflation rate declining to 1.5 per cent in 2013 compared to 1.7 per cent in 2012. A tightening of the monetary policy led to a rise in long-term interest rates. However, there was no significant change in the exchange rate of US Dollar.

United Kingdom

1.9. In the United Kingdom, real GDP expanded significantly from 0.1 per cent in 2012 to 1.4 per cent in 2013. The growth was supported by increased private sector confidence, continued monetary stimulus and policy-induced recovery in the housing market. There was a marginal change in the unemployment rate from 7.9 per cent in 2012 to 7.8 per cent in 2013, as a result of employment growth in the private sector.

Japan

1.10. The Japanese economy recorded a slower growth of 1.8 per cent in real GDP in 2013 supported by increased exports. The unemployment rate reduced from 4.3 per cent in 2012 to 4.0 per cent in 2013. The nominal and real effective exchange rates of the Yen depreciated against other major currencies. The large depreciation of the Yen increased import prices while domestic deflation eased to 0.5 per cent in 2013 compared to 0.9 per cent in 2012.

Brazil, Russia, India, Indonesia, China and South Africa

1.11. The emerging economies of Brazil, Russia, India, Indonesia, China and South Africa (BRIICS) experienced slower real GDP growth of 4.1 per cent in 2013 from 4.3 per cent in 2012 as shown in Table 1.2. The deceleration was mainly attributed to supply side constraints, policy actions and tightening of financial conditions. Brazil's real GDP expanded by 2.5 per cent in 2013 compared to 0.9 per cent in 2012, fuelled by strong investment demand. Inflation increased by 0.4 percentage points to 5.9 per cent in 2013. Inflationary pressure was high with average consumer prices rising by 6.3 per cent in 2013 compared to 5.4 per cent in 2012.

1.12. In China, real GDP was estimated to have expanded by 7.6 per cent in 2013, reflecting a gradual slow-down in growth as policy measures aimed at slowing credit and raising cost of capital reduced aggregate demand. India's economy grew by 3.8 per cent in 2013, compared to a growth of 3.2 per cent in 2012. This was mainly due to a favourable monsoon season, higher export growth and structural policies that supported investment. Russia's real GDP recorded a slower growth of 1.5 per cent in 2013 compared to 3.4 per cent in 2012. This was mainly due to high capital outflows and uncertainty related to the Euro Area.

Table 1.2: Real GDP Growths, Consumer Prices and Current Account Balances for Selected Regions and Countries

	Real GDP Growth Rates				Inflation				Current Account Balances(Percent of GDP)			
	2011	2012+	2013*	2014[1]	2011	2012+	2013*	2014[1]	2011	2012+	2013*	2014[1]
BRIICS	**5.8**	**4.3**	**4.1**	**4.7**	**6.8**	**5.6**	**6.8**	**6.2**	**0.2**	**-0.8**	**-2.0**	**-1.9**
Brazil	2.7	0.9	2.5	2.5	6.6	5.4	6.3	5.8	-2.1	-2.4	-3.4	-3.2
Russia	4.3	3.4	1.5	3.0	8.4	5.1	6.7	5.7	5.1	3.7	2.9	2.3
India	6.3	3.2	3.8	5.1	8.4	10.4	10.9	8.9	-4.2	-4.8	-4.4	-3.8
Indonesia	6.5	6.2	5.3	5.5	5.4	4.3	7.3	7.5	0.2	-2.7	-3.4	-3.1
China	9.3	7.7	7.6	7.3	5.4	2.7	2.7	3.0	1.9	2.3	2.5	2.7
South Africa	3.5	2.5	2.0	2.9	5.0	5.7	5.9	5.5	-3.4	-6.3	-6.1	-6.1
Sub-Saharan Africa	**5.5**	**4.9**	**5.0**	**6.0**	**9.3**	**9.0**	**6.9**	**6.3**	**-1.4**	**-3.0**	**-4.0**	**-4.0**
EAC-5	**5.9**	**5.3**	**6.1**	**6.4**	**13.2**	**11.5**	**6.9**	**5.6**	**-11.3**	**-12.8**	**-12.4**	**-12.7**
Kenya	**4.4**	**4.6**	**4.7**	**6.2**	**14.0**	**9.4**	**5.7**	**5.0**	**-9.6**	**-10.6**	**-10.9**	**-7.3**
Tanzania	6.4	6.9	7.0	7.2	12.7	16.0	8.5	5.8	-13.6	-15.3	-14.9	-14.1
Uganda	6.2	2.8	5.6	6.5	18.7	14.0	5.0	4.9	-12.5	-10.5	-12.0	-13.9
Rwanda	8.2	8.0	7.5	7.5	5.7	6.3	5.7	6.8	-7.2	-11.4	-11.6	-11.5
Burundi	4.2	4.0	4.5	4.7	14.9	11.8	10.0	5.7	-13.7	-17.5	-15.8	-16.8
SADC	**4.2**	**3.7**	**3.4**	**4.3**	**7.4**	**7.1**	**6.8**	**6.1**	**-2.4**	**-4.7**	**-5.0**	**-5.6**
WAEMU	**1.3**	**6.5**	**6.0**	**6.4**	**3.6**	**2.8**	**2.0**	**2.1**	**-1.7**	**-5.8**	**-7.1**	**-7.7**
CEMAC	**3.9**	**5.5**	**3.8**	**5.4**	**2.5**	**3.9**	**2.5**	**3.2**	**0.8**	**-1.4**	**-1.7**	**-2.4**
ASEAN-5	**4.3**	**6.1**	**5.0**	**5.4**	**7.1**	**4.2**	**4.6**	**4.6**	**3.4**	**2.4**	**1.7**	**1.2**
Indonesia	6.5	6.2	5.3	5.5	5.4	4.3	7.3	7.5	0.2	-2.7	-3.4	-3.1
Malaysia	5.1	5.6	4.7	4.9	3.2	1.7	2.0	2.6	11.6	6.1	3.5	3.6
Philippines	3.6	6.8	6.8	6.0	4.7	3.2	2.8	3.5	3.2	2.9	2.5	2.2
Thailand	0.1	6.5	3.1	5.2	3.8	3.0	2.2	2.1	1.7	0.0	0.1	-0.2
Vietnam	6.2	5.2	5.3	5.4	18.7	9.1	8.8	7.4	0.2	5.8	5.6	3.3
Maghreb	**-10.6**	**24.2**	**2.5**	**8.6**	**6.1**	**5.3**	**4.2**	**5.3**	**-1.0**	**-3.1**	**-10.5**	**-7.8**
Algeria	2.6	3.3	3.1	3.7	4.5	8.9	5.0	4.5	8.9	5.9	1.8	1.3
Libya	-62.1	104.5	-5.1	25.5	15.9	6.1	3.6	9.4	9.1	29.2	-4.7	-4.7
Mauritania	3.6	6.9	6.4	6.4	5.7	4.9	4.2	5.2	-7.6	-32.7	-34.3	-22.6
Morocco	5.0	2.7	5.1	3.8	0.9	1.3	2.3	2.5	-8.1	-10.0	-7.2	-6.1
Tunisia	-1.9	3.6	3.0	3.7	3.5	5.6	6.0	4.7	-7.3	-8.1	-8.0	-6.6
Mashreq[2]	**2.0**	**2.2**	**2.2**	**2.6**	**6.8**	**6.6**	**6.4**	**5.5**	**-9.0**	**-12.5**	**-9.8**	**-8.9**
Egypt	1.8	2.2	1.8	2.8	11.1	8.6	6.9	10.3	-2.6	-3.1	-2.6	-0.9
Jordan	2.6	2.8	3.3	3.5	4.4	4.8	5.9	3.2	-12.0	-18.1	-9.9	-9.1
Lebanon	1.5	1.5	1.5	1.5	5.0	6.6	6.3	3.1	-12.4	-16.2	-16.7	-16.7

Source: World Economic Outlook, November 2013 and Regional Economic Outlook - Various Issues

* Provisional

+ Revised

[1] Projections

[2] Excludes Syria due to unavailability of data

Southern African Development Community(SADC) includes; Angola, Botswana , Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

West African Economic and Monetary Union (WAEMU)includes; Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo.

Economic and Monetary Union of Central Africa (CEMAC) and includes; Cameroon, Chad, Central African Republic, Equatorial Guinea,Gabon,and Republic of Congo

Association of South Eastern Asia Nations

1.13. The real GDP growth for Association of South Eastern Asia Nations (ASEAN-5) declined by 5.0 per cent in 2013 compared to 6.1 per cent in 2012. Despite the slower growth rate, the economic performance in the ASEAN countries was supported by increased cross-border investments and trade, and strong domestic demand. Inflation in the ASEAN region rose from 4.2 per cent in 2012 to 4.6 per cent in 2013. The current account surplus as a percentage of GDP was 1.7 per cent in 2013, down from 2.4 per cent in 2012.

Sub-Saharan Africa

1.14. Despite the slow global economic recovery, strong investment demand supported growth in most Sub-Saharan countries in 2013. During the year under review, the region's real GDP grew by 5.0 per cent compared to 4.9 per cent growth in 2012. Lower food prices and continued prudent monetary policies in the region led to further reduction in inflation to 6.9 per cent in 2013 from 9.0 per cent in 2012. The current account balance deficit as a percentage of GDP widened to 4.0 per cent in 2013 from 3.0 per cent in 2012, despite increased investment in export-oriented activities and infrastructure. In addition, some Sub-Saharan Africa (SSA) countries recorded much lower savings during the review period.

East African Community

1.15. As shown in Table 1.2, the East African Community's real GDP growth accelerated from 5.3 per cent in 2012 to 6.1 per cent in 2013. Inflation in the East African Community (EAC) member economies reduced significantly from 11.5 per cent in 2012 to 6.9 per cent in 2013. The reduction in inflation level was attributed to lower increases in food and fuel prices in the region. However, inflation remained high in Burundi. The region's current account balance deficit as a percentage of GDP improved slightly to 12.4 per cent in the year under review compared to 12.8 per cent in 2012.

Southern African Development Community

1.16. The Southern African Development Community (SADC) recorded slower real GDP growth of 3.4 per cent in 2013 compared to 3.7 per cent growth in 2012, mainly due to a slow-down in the South African economy. Inflation in the region eased to 6.8 per cent in 2013 from 7.1 per cent in 2012. This was moderated by the reduction in food prices as well as maintenance of tight monetary policies. The current account balance deficit as a percentage of GDP worsened from 4.7 per cent in 2012 to 5.0 per cent in 2013.

Maghreb

1.17. The Maghreb region's real GDP increased by 2.5 per cent in 2013 compared to 24.2 per cent growth in 2012 mainly on account of political stabilization in Libya. However, Libya's progress toward restoring oil output to pre-civil war levels was adversely affected by workers' strikes and deteriorating security. Inflation rate eased to 4.2 per cent in 2013 compared to 5.3 per cent in 2012 while the current account balance deficit as a percentage of GDP worsened from 3.1 per cent in 2012 to 10.5 per cent in 2013. This is explained by a large imbalance in Mauritania which recorded a deficit of 34.3 per cent despite high exports especially from the mining sector.

Outlook

1.18. The 2014 outlook for most economies and the overall global economy is promising with real GDP projected to grow at 3.7 per cent as the major economies stabilize. Global commodity demand is projected to increase, leading to a growth in world trade from 3.0 per cent in 2013 to 4.8 per cent in 2014.

1.19. In the OECD and Euro Area real GDP growth is projected at 2.3 per cent and 1.0 per cent, respectively. However, a slower recovery in the financial assets markets could restrict the impact of monetary policy and stifle growth in some emerging market economies.

1.20. Growth in Sub-Saharan Africa is projected to continue on an upward trend at 6.0 per cent fueled by stronger internal and external demands. Real GDP growth in the EAC-5 is projected at 6.4 per cent in 2014 with Tanzania and Rwanda projected to record growth above 7.0 per cent.

1.21. In Asia, increased global demand is expected to boost the economies of the ASEAN-5 which are projected to grow by 5.4 per cent in 2014. Ongoing economic recovery from the political unrests in Libya and Tunisia is projected to lead to a growth of 8.6 per cent in the Maghreb countries in 2014.

Chapter 2

Domestic Economy

Overview

A number of positive and negative factors shaped Kenya's economic performance in 2013. On the positive side, the country experienced a relatively low and stable inflation, moderate interest rates and a stable Shilling against major trading currencies. Overall price indices for both imports and exports rose. However, overall export price index rose faster than that of imports leading to growth in terms of trade. The setting up of the county governments also impacted positively on economic growth as public consumption expenditure rose in line with the devolved system of government. The year witnessed restraint in National Government borrowing. As a result, the macroeconomic environment remained stable for the better part of the year. On the other hand; uncertainty due to the general election held in March, rising incidents of insecurity, and insufficient rains during the fourth quarter of 2013 impacted negatively on the country's economic growth. Consequently, the country's Gross Domestic Product (GDP) is estimated to have expanded by 4.7 per cent in 2013 compared to a growth of 4.6 per cent in 2012.

2.2. Overall inflation rate eased from 9.4 per cent experienced in 2012 to 5.7 per cent in 2013. Improved supply of basic foods, lower international oil prices and lower costs of electricity mainly accounted for the easing of the inflationary pressures. During the year, weighted commercial banks' lending interest rates gradually declined from 18.13 per cent in January to 16.99 per cent in December 2013. The decline was in line with the review of the Central Bank Rate (CBR) from 11.0 per cent that prevailed in December 2012 to 9.5 per cent in January 2013 and further to 8.5 per cent in May 2013. The CBR remained at the May level for the remainder of the year.

2.3. The trade balance worsened on account of a decline in exports and an increase in imports. The most notable declines in exports were in: mineral fuels, animal and vegetable oils and fats; and machinery and transport equipment. Imports of beverages and tobacco increased significantly. Poor international prices of key exports: tea, coffee and fresh horticultural products also contributed to the deterioration of the trade balance. The current account deficit worsened by KSh 52,702 million in 2013, representing a decline of 14.7 per cent compared to 2012.

2.4. During the first quarter of 2013, growth was restricted in some key sectors of the economy as many producers adopted a wait-and-see attitude, typically associated with general elections. The second quarter witnessed a rebound, albeit slowly, as business and private confidence was restored after a smooth political transition. However, the Westgate Mall attack impacted negatively on tourism in the third and fourth quarters of the year. The re-organization of operations and service delivery into the national and county governments' structures also shaped the economic growth in 2013.

2.5. Transport and communication; wholesale and retail trade; taxes on products and manufacturing were the major drivers of growth in 2013. By virtue of its significant weight, the agriculture sector was also a key driver despite negative shocks that slowed its growth in 2013, compared to 2012. The sector was negatively impacted by the erratic weather pattern

and a fall in international prices of tea, coffee and fresh horticultural products in 2013 resulting to underperformance of some of its key sub-sectors. Hotels and restaurants was the only sector that negatively contributed to the growth against a backdrop of serious shocks that emanated from insecurity fears of the general elections, the fire that gutted parts of the arrival lounge of JKIA in August 2013 and the Westgate Mall attack.

Sectoral Analysis

Agriculture

2.6. Poor rainfall in some ecological zones during the "short rains" season and unfavourable international prices for key export crops dampened the sector's growth to 2.9 per cent in 2013 against a growth of 4.2 per cent in 2012. Credit extended to the sector from commercial banks expanded by 3.9 per cent in 2013 albeit at a slower rate compared to 7.4 per cent in 2012.

2.7. Overall value of marketed production slowed from KSh 344,612.4 million to KSh 334,739.4 million during the review period partly due to depressed production of certain major crops among them maize, beans, coffee, cut flowers and fruits. However, the sector was boosted by increased production of tea, wheat, vegetables, potatoes and sugarcane on account of good prices paid to farmers in 2013.

2.8. The value of marketed maize decreased by 23.1 per cent from KSh 13,153.0 million in 2012 to KSh 10,121.1 million in 2013. This was mainly attributed to lower volumes and reduction in prices. Unfavourable international prices coupled with lower production of coffee and tea resulted in a contraction of earnings by 29.0 per cent and 5.5 per cent, respectively.

2.9. In the horticulture sub-sector, the value of marketed fresh produce declined by 7.9 per cent in 2013, on account of low export volumes and depressed unit prices in the international market. The marketed production of livestock and its products increased with all the subsectors recording growths.

Manufacturing

2.10. The sector's gross value added expanded by 4.8 per cent in 2013 compared to a slower growth of 3.2 per cent in 2012. Broadly, the acceleration in growth was experienced in manufacturing of both food and non-food products, which grew by 4.7 per cent and 5.0 per cent, respectively, in 2013. The commercial banks' credit extended to the manufacturing sector grew by 7.3 per cent in 2013 compared to a 15.8 per cent growth recorded in 2012.

2.11. Manufacturing of non-food products was mainly propelled by increased manufacture of rubber products, fabricated and basic metals; and furniture and pharmaceutical products. However, the manufacture of refined petroleum products fell by 48.6 per cent as a result of reduced processing of crude oil. The resulting shortfall was met by an increase in imports of processed fuel and lubricants which rose by 6.3 per cent. The growth in manufacture of food, beverages and tobacco was primarily driven by enhanced growth in the production of: sugar; and processed and preserved fruits and vegetables, which grew by 21.5 per cent, and 12.1 per cent, respectively.

Transport and communication

2.12. The sector recorded an improved growth of 6.0 per cent in 2013 compared to a revised growth of 4.7 per cent in 2012. The enhanced growth in the sector was mainly on account of an accelerated growth in post and telecommunication which expanded by 9.3 per cent while transport and storage grew by 3.6 per cent during the review period. Credit extended

by commercial banks to the sector increased by 18.1 per cent in 2013. Within the transport sub-sector, air and land transport recorded the most significant growths of 3.8 per cent and 4.0 per cent, respectively. The communication sector was supported by the continued rapid expansion in mobile telephony and related service activities. A continued expansion in mobile broadband utilization increased access to internet for many users.

Financial intermediation

2.13. During the year under review, the sector recorded an overall growth of 7.2 per cent in 2013 compared to 6.5 per cent in 2012. At the start of the year, credit demand was generally low due to uncertainty associated with the general election. However, with the peaceful conclusion of March 2013 general election, the demand for credit greatly improved. Broad money supply (M3) grew by 13.3 per cent in 2013 compared to 14.1 per cent in 2012 which was largely due to the positive increase in the net foreign assets and domestic credit.

2.14. Interest rates recorded a mixed movement during the review period. In the first half of 2013, the Central Bank of Kenya reviewed the Central Bank Rate downwards from 11.0 per cent in December 2012 to 8.5 per cent in order to consolidate the policy gains achieved by the low and stable inflation rate.

Electricity and water

2.15. For the last two years, the sector greatly benefited from good rains within the water catchment regions for hydro-power generation coupled with enhanced investments in infrastructure. Consequently, the sector posted a growth of 5.9 per cent in 2013 compared to a growth of 10.3 per cent recorded in 2012, which was a rebound from a contraction of 2.6 per cent in 2011. Generation of electricity by hydro and geo-thermal expanded by 10.4 per cent and 17.5 per cent, respectively, while generation by thermal shrank by 1.8 per cent in 2013. The resulting energy mix led to a higher gross value added of the electricity sub-sector as hydro and geo-thermal power generations are cheaper than thermal. In terms of installed capacity, there was substantial increase in geo-thermal and a marginal decline in hydro. Installed capacity for thermal generation also increased albeit at a slower rate. The demand for electricity in the country increased by 8.0 per cent in 2013 compared to an increase of 2.2 per cent in 2012.

Construction

2.16. The sector recorded an overall growth of 5.5 per cent in 2013 compared to 4.8 per cent in 2012. This was attributed to increased spending on infrastructural development by the Government and improved private sector construction activities. Cement consumption, a key indicator in the construction industry grew by 6.9 per cent during the period under review from 3,937.3 metric tonnes to 4,266.5 metric tonnes in 2013. The commercial banks' credit extended to the sector increased by 2.3 per cent in 2013.

Hotel and restaurants

2.17. The hotels and restaurants sector recorded a contraction of 4.5 per cent in 2013 compared to a growth of 2.6 per cent in 2012. The sector was faced with both external and internal challenges that impacted negatively on its performance. The challenges included a sluggish growth in tourist source markets, a fire at Jomo Kenyatta International Airport (JKIA) which caused a temporary disruption, and insecurity incidents. Visitor arrivals in the second half of the year fell significantly impacting negatively on the sector leading to a decline of 11.2 per cent from 1,710.8 thousand in 2012 to 1,519.6 thousand in 2013. During

the year under review, hotel bed-nights utilisation rate declined by 3.9 per cent compared to a decline of 2.2 per cent in 2012. The decline in occupancy rate is attributed to a decline in tourists arriving from traditional source countries in Europe for hotels, especially at the coast.

Gross Domestic Product by Activity

2.18. GDP by activity and their contributions by industry are presented in Table 2.2. Nominal GDP rose from KSh 3,403.5 billion in 2012 to KSh 3,798.0 billion in 2013, an increase of 11.6 per cent. The agricultural sector's contribution to GDP increased slightly to 25.3 per cent in 2013 compared to 24.6 per cent in 2012. The other leading industries in contribution to GDP are wholesale and retail trade and repairs; manufacturing; and transport and communication at 10.2, 8.9 and 9.1 per cent, respectively. However, all these sectors recorded lower shares to GDP compared to the previous year.

Table 2.1: Gross Domestic Product by Activity, 2009-2013

Current Prices, KSh Million

Industry	2009	2010	2011	2012+	2013*
Agriculture and forestry	555,288	545,849	725,024	837,425	961,819
Growing of crops and horticulture	399,474	405,265	545,599	622,022	735,490
Farming of animals	127,704	109,535	144,804	174,394	186,829
Agricultural and animal husbandry services	9,571	10,861	12,298	15,858	13,895
Forestry and logging	18,539	20,188	22,323	25,151	25,605
Fishing	9,903	14,637	15,091	16,313	17,227
Mining and quarrying	12,083	17,650	21,153	23,610	22,480
Manufacturing	234,556	252,122	292,401	321,723	338,378
Manufacture of food, beverages and tobacco	75,615	79,162	97,053	105,933	113,385
All other manufacturing	158,941	172,960	195,348	215,789	224,993
Electricity and water supply	53,172	52,044	31,849	47,803	53,193
Electricity supply	37,853	34,278	11,148	23,771	24,027
Water supply	15,318	17,766	20,702	24,033	29,166
Construction	97,445	109,232	125,132	142,261	166,906
Wholesale and retail trade, repairs	233,001	260,869	320,917	357,550	387,752
Hotels and restaurants	39,421	42,546	50,517	56,337	56,520
Transport and communication	234,752	257,039	305,092	328,152	345,616
Transport and storage	172,244	192,626	239,057	256,426	269,450
Post and telecommunications	62,508	64,413	66,035	71,726	76,167
Financial intermediation	128,732	143,471	193,044	177,592	183,973
Real estate, renting and business services	116,657	123,162	134,733	146,303	156,161
Dwellings, owner occupied and rented	58,291	61,598	65,098	68,803	71,824
Renting and business services	58,366	61,564	69,634	77,500	84,337
Public administration and defence	118,662	141,960	152,445	186,339	256,025
Education	142,235	158,687	176,416	207,065	253,768
Health and social work	60,196	64,738	74,237	81,850	72,914
Other community, social and personal services	79,423	84,598	96,734	108,614	132,312
Private households with employed persons	10,171	11,217	13,227	15,114	17,082
Less: Financial services indirectly measured	-25,762	-21,652	-31,787	-27,758	-36,818
All industries at basic prices	**2,099,935**	**2,258,171**	**2,696,226**	**3,026,293**	**3,385,308**
Taxes less subsidies on products	276,036	312,164	351,167	377,242	412,680
GDP at market prices	**2,375,971**	**2,570,334**	**3,047,392**	**3,403,534**	**3,797,988**

Institutional sector and industry	2009	2010	2011	2012+	2013*
Corporations, non-profit institutions and households					
Agriculture and forestry	546,797	536,256	714,202	823,271	950,149
Fishing	9,903	14,637	15,091	16,313	17,227
Mining and quarrying	12,083	17,650	21,153	23,610	22,480
Manufacturing	234,556	252,122	292,401	321,723	338,378
Electricity and water supply	50,165	48,379	27,665	43,218	47,112
Construction	95,948	107,464	123,054	140,012	164,507
Wholesale and retail trade, repairs	233,001	260,869	320,917	357,550	387,752
Hotels and restaurants	39,421	42,546	50,517	56,337	56,520
Transport, and communication	230,058	252,724	299,859	322,188	337,110
Financial intermediation	128,732	143,471	193,044	177,592	183,973
Dwellings, owner occupied and rented	58,291	61,598	65,098	68,803	71,824
Other real estate and business services	58,316	61,504	69,558	77,457	84,337
Education	15,622	18,061	20,088	23,015	28,042
Health and social work	33,525	34,920	38,805	42,153	45,112
Other community, social and personal services	74,341	78,852	89,648	100,903	109,314
Private households with employed persons	10,171	11,217	13,227	15,114	17,082
Less: Financial services indirectly measured	-25,762	-21,652	-31,787	-27,758	-36,818
Total value added at basic prices	**1,805,169**	**1,920,619**	**2,322,541**	**2,581,502**	**2,824,100**
General government					
Agriculture and forestry	8,491	9,593	10,822	14,153	11,670
Water supply	3,007	3,666	4,185	4,585	6,081
Construction	1,497	1,768	2,078	2,249	2,399
Transport, and communication	4,694	4,315	5,234	5,963	8,507
Research and technical services	50	60	76	43	0
Public administartion and defence	118,662	141,960	152,445	186,339	256,025
Education	126,613	140,626	156,328	184,050	225,726
Health and social work	26,671	29,818	35,432	39,697	27,803
Other services	5,082	5,746	7,086	7,711	22,998
Total value added at basic prices	**294,766**	**337,552**	**373,685**	**444,790**	**561,208**

* Provisional

+ Revised

Table 2.2: Gross Domestic Product by Activity, 2009-2013

Per cent Contributions to GDP

Industry	2009	2010	2011	2012+	2013*
Agriculture and forestry	23.4	21.2	23.8	24.6	25.3
Growing of crops and horticulture	16.8	15.8	17.9	18.3	19.4
Farming of animals	5.4	4.3	4.8	5.1	4.9
Agricultural and animal husbandry services	0.4	0.4	0.4	0.5	0.4
Forestry and logging	0.8	0.8	0.7	0.7	0.7
Fishing	0.4	0.6	0.5	0.5	0.5
Mining and quarrying	0.5	0.7	0.7	0.7	0.6
Manufacturing	9.9	9.8	9.6	9.5	8.9
Manufacture of food, beverages and tobacco	3.2	3.1	3.2	3.1	3.0
All other manufacturing	6.7	6.7	6.4	6.3	5.9
Electricity and water supply	2.2	2.0	1.0	1.4	1.4
Electricity supply	1.6	1.3	0.4	0.7	0.6
Water supply	0.6	0.7	0.7	0.7	0.8
Construction	4.1	4.2	4.1	4.2	4.4
Wholesale and retail trade, repairs	9.8	10.1	10.5	10.5	10.2
Hotels and restaurants	1.7	1.7	1.7	1.7	1.5
Transport and communication	9.9	10.0	10.0	9.6	9.1
Transport and storage	7.2	7.5	7.8	7.5	7.1
Post and telecommunications	2.6	2.5	2.2	2.1	2.0
Financial intermediation	5.4	5.6	6.3	5.2	4.8
Real estate, renting and business services	4.9	4.8	4.4	4.3	4.1
Dwellings, owner occupied and rented	2.5	2.4	2.1	2.0	1.9
Renting and business services	2.5	2.4	2.3	2.3	2.2
Public administration and defence	5.0	5.5	5.0	5.5	6.7
Education	6.0	6.2	5.8	6.1	6.7
Health and social work	2.5	2.5	2.4	2.4	1.9
Other community, social and personal services	3.3	3.3	3.2	3.2	3.5
Private households with employed persons	0.4	0.4	0.4	0.4	0.4
Less: Financial services indirectly measured	-1.1	-0.8	-1.0	-0.8	-1.0
All industries at basic prices	**88.4**	**87.9**	**88.5**	**88.9**	**89.1**
Taxes less subsidies on products	11.6	12.1	11.5	11.1	10.9
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Institutional sector and industry					
Corporations, non-profit institutions and households	76.0	74.7	76.2	75.8	74.4
General government	12.4	13.1	12.3	13.1	14.8

* Provisional

+ Revised

2.19. Table 2.3 shows the estimated values of GDP, at constant prices, broken down into contributions by the various industries and taxes less subsidies on products. In addition, the table presents the contribution to GDP by broad institutional sectors. Corresponding growth rates are provided in Table 2.4. Wholesale and retail trade; mining and quarrying; financial intermediation; and transport and communication recorded high growths of 7.5, 7.4, 7.2 and 6.0 per cent, respectively, in 2013. Hotels and restaurants; and agriculture and forestry recorded the slowest growths during the year.

Table 2.3: Gross Domestic Product by Activity, 2009-2013

Constant 2001 Prices, KSh Million

Industry	2009	2010	2011	2012+	2013*
Agriculture and forestry	299,431	318,586	323,415	337,064	346,935
Growing of crops and horticulture	200,700	215,851	215,733	226,928	234,724
Farming of animals	83,914	87,834	92,619	94,598	96,205
Agricultural and animal husbandry services	3,659	3,620	3,639	3,667	3,717
Forestry and logging	11,158	11,281	11,424	11,872	12,289
Fishing	5,564	5,713	5,891	6,093	6,422
Mining and quarrying	6,163	6,763	7,244	7,545	8,102
Manufacturing	137,060	143,263	148,198	152,959	160,247
Manufacture of food, beverages and tobacco	41,810	43,214	43,908	46,094	48,384
All other manufacturing	95,250	100,049	104,289	106,865	111,863
Electricity and water supply	30,397	33,292	32,443	35,800	37,915
Electricity supply	22,348	24,999	23,901	26,934	28,634
Water supply	8,049	8,293	8,542	8,866	9,281
Construction	49,270	51,492	53,728	56,327	59,434
Wholesale and retail trade, repairs	143,460	154,942	166,186	181,103	194,738
Hotels and restaurants	18,993	19,796	20,775	21,322	20,366
Transport and communication	171,994	182,181	191,248	200,289	212,282
Transport and storage	100,205	107,131	112,942	116,726	120,919
Post and telecommunications	71,789	75,050	78,306	83,564	91,363
Financial intermediation	55,375	60,379	65,095	69,349	74,353
Real estate, renting and business services	75,674	78,089	80,888	83,583	87,209
Dwellings, owner occupied and rented	38,947	40,548	42,228	43,991	45,840
Renting and business services	36,728	37,541	38,660	39,592	41,368
Public administration and defence	46,031	47,085	48,271	49,584	51,935
Education	82,952	86,651	90,836	95,746	100,466
Health and social work	31,352	31,786	32,892	34,009	35,143
Other community, social and personal services	52,156	53,507	55,952	57,753	59,624
Private households with employed persons	4,342	4,428	4,517	4,607	4,699
Less: Financial services indirectly measured	-11,945	-11,260	-11,843	-11,729	-13,778
All industries at basic prices	**1,198,270**	**1,266,694**	**1,315,734**	**1,381,404**	**1,446,091**
All industries excl. agriculture and forestry	898,839	948,108	992,319	1,044,340	1,099,156
Taxes less subsidies on products	196,117	208,607	224,785	229,249	240,058
GDP at market prices	**1,394,387**	**1,475,302**	**1,540,520**	**1,610,653**	**1,686,149**

Institutional sector and industry	2009	2010	2011	2012+	2013*
Corporations, non-profit institutions and households					
Agriculture and forestry	295,834	315,063	319,890	333,490	343,390
Fishing	5,564	5,713	5,891	6,093	6,422
Mining and quarrying	6,163	6,763	7,244	7,545	8,102
Manufacturing	137,060	143,263	148,198	152,959	160,247
Electricity and water supply	28,953	31,875	31,060	34,388	36,395
Construction	42,809	44,622	46,175	48,178	50,655
Wholesale and retail trade, repairs	143,460	154,942	166,186	181,103	194,738
Hotels and restaurants	18,993	19,796	20,775	21,322	20,366
Transport, and communication	165,511	175,302	182,788	192,202	203,601
Financial intermediation	55,375	60,379	65,095	69,349	74,353
Dwellings, owner occupied and rented	38,947	40,548	42,228	43,991	45,840
Other real estate and business services	36,073	36,881	37,985	38,911	40,656
Education	9,713	10,018	10,770	11,247	12,658
Health and social work	19,687	19,614	20,420	21,067	21,713
Other community, social and personal services	49,715	51,286	53,610	55,378	57,648
Private households with employed persons	4,342	4,428	4,517	4,607	4,699
Less: Financial services indirectly measured	-11,945	-11,260	-11,843	-11,729	-13,778
Total value added at basic prices	**1,046,255**	**1,109,233**	**1,150,989**	**1,210,100**	**1,267,704**
General government					
Agriculture and forestry	3,597	3,523	3,525	3,574	3,545
Water supply	1,444	1,417	1,383	1,412	1,520
Construction	6,461	6,870	7,553	8,149	8,780
Transport, and communication	6,483	6,879	8,460	8,087	8,681
Research and technical services	655	660	674	682	712
Public administartion and defence	46,031	47,085	48,271	49,584	51,935
Education	73,239	76,633	80,065	84,499	87,808
Health and social work	11,665	12,173	12,472	12,941	13,430
Other services	2,441	2,221	2,342	2,376	1,976
Total value added at basic prices	**152,015**	**157,462**	**164,745**	**171,304**	**178,387**

* Provisional

+ Revised

Table 2.4: Growth rates of Gross Domestic Product, 2009-2013

Percentage Changes

Industry	2009	2010	2011	2012+	2013*
Agriculture and forestry	-2.6	6.4	1.5	4.2	2.9
Growing of crops and horticulture	-5.0	7.5	-0.1	5.2	3.4
Farming of animals	3.1	4.7	5.4	2.1	1.7
Agricultural and animal husbandry services	0.9	-1.1	0.5	0.8	1.4
Forestry and logging	1.1	1.1	1.3	3.9	3.5
Fishing	3.8	2.7	3.1	3.4	5.4
Mining and quarrying	-4.5	9.7	7.1	4.1	7.4
Manufacturing	1.3	4.5	3.4	3.2	4.8
Manufacture of food, beverages and tobacco	2.2	3.4	1.6	5.0	5.0
All other manufacturing	0.9	5.0	4.2	2.5	4.7
Electricity and water supply	-3.0	9.5	-2.6	10.3	5.9
Electricity supply	-5.2	11.9	-4.4	12.7	6.3
Water supply	3.6	3.0	3.0	3.8	4.7
Construction	12.7	4.5	4.3	4.8	5.5
Wholesale and retail trade, repairs	3.9	8.0	7.3	9.0	7.5
Hotels and restaurants	42.8	4.2	4.9	2.6	-4.5
Transport and communication	6.4	5.9	5.0	4.7	6.0
Transport and storage	4.0	6.9	5.4	3.3	3.6
Post and telecommunications	10.0	4.5	4.3	6.7	9.3
Financial intermediation	7.2	9.0	7.8	6.5	7.2
Real estate, renting and business services	3.0	3.2	3.6	3.3	4.3
Dwellings, owner occupied and rented	4.1	4.1	4.1	4.2	4.2
Renting and business services	1.8	2.2	3.0	2.4	4.5
Public administration and defence	1.6	2.3	2.5	2.7	4.7
Education	2.7	4.5	4.8	5.4	4.9
Health and social work	4.4	1.4	3.5	3.4	3.3
Other community, social and personal services	2.6	2.6	4.6	3.2	3.2
Private households with employed persons	2.0	2.0	2.0	2.0	2.0
Less: Financial services indirectly measured	13.9	-5.7	5.2	-1.0	17.5
All industries at basic prices	**2.6**	**5.7**	**3.9**	**5.0**	**4.7**
All industries excl. agriculture and forestry	4.4	5.5	4.7	5.2	5.2
Taxes less subsidies on products	3.8	6.4	7.8	2.0	4.7
GDP at market prices	**2.7**	**5.8**	**4.4**	**4.6**	**4.7**
Institutional sector and industry					
Corporations, non-profit institutions and households	2.3	6.0	3.8	5.1	4.8
General government	4.1	3.6	4.6	4.0	4.1

* Provisional

+ Revised

2.20. Table 2.5 shows the various sectors' contributions to the GDP growth from 2009 to 2013. Wholesale and retail trade was the leading source of GDP growth in 2013 and accounting for 18.1 per cent followed by transport and communication which contributed 15.9 per cent of the growth. Despite recording a slower growth in 2013, agriculture and forestry accounted for 13.1 per cent of the growth, representing the fourth largest share to the GDP growth. Taxes less subsidies on products also contributed significantly to the GDP growth to account for 14.3 per cent during the review period. On the other hand, a contraction of gross value added of the hotels and restaurants contributed a 1.3 per cent slowdown in GDP growth.

Table 2.5: Sources of Growth, 2009-2013

Percentages

Industry	2009	2010	2011	2012+	2013*
Agriculture and forestry	-21.3	23.7	7.4	19.5	13.1
Growing of crops and horticulture	-28.6	18.7	-0.2	16.0	10.3
Farming of animals	6.8	4.8	7.3	2.8	2.1
Agricultural and animal husbandry services	0.1	0.0	0.0	0.0	0.1
Forestry and logging	0.3	0.2	0.2	0.6	0.6
Fishing	0.5	0.2	0.3	0.3	0.4
Mining and quarrying	-0.8	0.7	0.7	0.4	0.7
Manufacturing	4.8	7.7	7.6	6.8	9.7
Manufacture of food, beverages and tobacco	2.4	1.7	1.1	3.1	3.0
All other manufacturing	2.4	5.9	6.5	3.7	6.6
Electricity and water supply	-2.5	3.6	-1.3	4.8	2.8
Electricity supply	-3.3	3.3	-1.7	4.3	2.3
Water supply	0.8	0.3	0.4	0.5	0.5
Construction	14.9	2.7	3.4	3.7	4.1
Wholesale and retail trade, repairs	14.6	14.2	17.2	21.3	18.1
Hotels and restaurants	15.3	1.0	1.5	0.8	-1.3
Transport and communication	28.0	12.6	13.9	12.9	15.9
Transport and storage	10.4	8.6	8.9	5.4	5.6
Post and telecommunications	17.5	4.0	5.0	7.5	10.3
Financial intermediation	10.0	6.2	7.2	6.1	6.6
Real estate, renting and business services	5.8	3.0	4.3	3.8	4.8
Dwellings, owner occupied and rented	4.1	2.0	2.6	2.5	2.5
Renting and business services	1.7	1.0	1.7	1.3	2.4
Public administration and defence	1.9	1.3	1.8	1.9	3.1
Education	5.9	4.6	6.4	7.0	6.3
Health and social work	3.5	0.5	1.7	1.6	1.5
Other community, social and personal services	3.6	1.7	3.7	2.6	2.5
Private households with employed persons	0.2	0.1	0.1	0.1	0.1
Less: Financial services indirectly measured	-3.9	0.8	-0.9	0.2	-2.7
All industries at basic prices	80.5	84.6	75.2	93.6	85.7
All industries excl. agriculture and forestry	101.9	60.9	67.8	74.2	72.6
Taxes less subsidies on products	19.5	15.4	24.8	6.4	14.3
GDP at market prices	100.0	100.0	100.0	100.0	100.0

* Provisional

+Revised

2.21. Table 2.6 presents the production accounts for the various sectors of the economy for the period 2009 to 2013. Details on components of value added, compensation of employees and gross operating surplus/mixed income, are also reflected in the same table. In 2013, primary and secondary industries[1] contributed KSh 1,094.0 billion and KSh 1,640.8 billion which translated to 18.0 per cent and 26.9 per cent of the total output of goods and services, respectively. All services contributed KSh 3,337.1 billion representing 55.1 per cent of the economy's output. In terms of contribution to the gross valued added, services accounted for 54.1 per cent while primary and secondary industries accounted for 28.8 per cent and

[1] Primary industries constitutes: Agriculture, Forestry and Fishing while Secondary industries constitutes:Mining and quarrying; Manufacturing; Electricity and Water Supply; and Construction

17.1 per cent, respectively. The disparities in primary and secondary industries contribution to output and gross value added can be explained by the fact that most of the activities for the former are labour intensive resulting in a smaller proportion of intermediate consumption to the output.

Table 2.6: Annual production accounts by industry, 2009-2013

Current Prices, KSh Million

Industry	2009	2010	2011	2012+	2013*
Agriculture and forestry					
Output at basic prices	687,188	699,763	906,554	1,029,334	1,071,062
Intermediate consumption	131,901	153,914	181,530	191,909	109,243
Gross value added at basic prices	555,288	545,849	725,024	837,425	961,819
Compensation of employees	64,009	70,262	78,638	90,777	97,833
Gross operating surplus/mixed income	491,279	475,587	646,386	746,648	863,985
Fishing					
Output at basic prices	13,204	19,516	20,122	21,751	22,969
Intermediate consumption	3,301	4,879	5,030	5,438	5,742
Gross value added at basic prices	9,903	14,637	15,091	16,313	17,227
Compensation of employees	1,320	1,952	2,012	2,175	2,297
Gross operating surplus/mixed income	8,583	12,686	13,079	14,138	14,930
Mining and quarrying					
Output at basic prices	20,666	27,019	31,317	33,787	33,237
Intermediate consumption	8,584	9,369	10,164	10,177	10,757
Gross value added at basic prices	12,083	17,650	21,153	23,610	22,480
Compensation of employees	5,803	7,552	9,065	9,818	9,565
Gross operating surplus/mixed income	6,280	10,098	12,088	13,792	12,915
Manufacturing					
Output at basic prices	770,370	842,506	1,015,542	1,049,345	1,097,082
Intermediate consumption	535,815	590,384	723,141	727,623	758,704
Gross value added at basic prices	234,556	252,122	292,401	321,723	338,378
Compensation of employees	74,988	83,472	95,780	112,155	128,837
Gross operating surplus/mixed income	159,568	168,650	196,622	209,568	209,541
Electricity and water					
Output at basic prices	90,816	95,907	92,962	109,013	115,611
Intermediate consumption	37,644	43,863	61,112	61,210	62,418
Gross value added at basic prices	53,172	52,044	31,849	47,803	53,193
Compensation of employees	17,379	20,564	21,082	22,773	26,162
Gross operating surplus/mixed income	35,793	31,480	10,767	25,030	27,031
Construction					
Output at basic prices	265,755	289,024	319,731	353,315	394,881
Intermediate consumption	168,311	179,792	194,599	211,054	227,975
Gross value added at basic prices	97,445	109,232	125,132	142,261	166,906
Compensation of employees	21,061	24,310	28,720	33,842	39,363
Gross operating surplus/mixed income	76,384	84,922	96,412	108,419	127,543
Wholesale and retail trade, repairs					
Output at basic prices	508,590	569,554	700,801	780,788	846,898
Intermediate consumption	275,589	308,684	379,884	423,238	459,146
Gross value added at basic prices	233,001	260,869	320,917	357,550	387,752
Compensation of employees	134,765	156,567	185,146	192,235	194,590
Gross operating surplus/mixed income	98,236	104,302	135,771	165,315	193,162
Hotels and restaurants					
Output at basic prices	122,970	132,696	157,807	176,120	177,365
Intermediate consumption	83,549	90,151	107,290	119,782	120,846
Gross value added at basic prices	39,421	42,546	50,517	56,337	56,520
Compensation of employees	20,191	21,803	26,001	29,014	29,111
Gross operating surplus/mixed income	19,230	20,743	24,516	27,323	27,408
Transport and communication					
Output at basic prices	544,522	608,728	706,637	740,263	773,063
Intermediate consumption	309,770	351,688	401,544	412,111	427,447
Gross value added at basic prices	234,752	257,039	305,092	328,152	345,616
Compensation of employees	102,714	121,773	141,479	152,659	165,264
Gross operating surplus/mixed income	132,038	135,267	163,613	175,493	180,353
Financial intermediation					
Output at basic prices	182,699	224,919	285,968	271,494	287,247
Intermediate consumption	53,967	81,448	92,924	93,903	103,275
Gross value added at basic prices	128,732	143,471	193,044	177,592	183,973
Compensation of employees	55,553	63,843	78,249	87,311	89,821
Gross operating surplus/mixed income	73,180	79,628	114,795	90,281	94,152

* Provisional

+ Revised

Table 2.6: Cont'd

Current Prices, KSh Million

Industry	2009	2010	2011	2012+	2013*
Real estate and business services					
Output at basic prices	142,725	150,468	165,114	179,783	192,329
Intermediate consumption	26,068	27,307	30,381	33,480	36,168
Gross value added at basic prices	116,657	123,162	134,733	146,303	156,161
Compensation of employees	31,585	33,423	37,894	41,992	45,802
Gross operating surplus/mixed income	85,072	89,739	96,839	104,311	110,359
Public administration and defence					
Output at basic prices	187,043	222,478	254,977	303,041	407,232
Intermediate consumption	68,381	80,518	102,532	116,702	151,207
Gross value added at basic prices	118,662	141,960	152,445	186,339	256,025
Compensation of employees	91,806	112,632	119,709	150,223	216,204
Gross operating surplus/mixed income	26,856	29,327	32,736	36,116	39,821
Education					
Output at basic prices	182,510	204,364	223,827	264,183	321,907
Intermediate consumption	40,275	45,676	47,411	57,118	68,138
Gross value added at basic prices	142,235	158,687	176,416	207,065	253,768
Compensation of employees	121,971	136,316	152,331	181,173	226,677
Gross operating surplus/mixed income	3,789	4,138	4,619	5,096	5,619
Health and social work					
Output at basic prices	86,469	91,711	107,433	123,990	113,792
Intermediate consumption	26,272	26,974	33,195	42,139	40,877
Gross value added at basic prices	60,196	64,738	74,237	81,850	72,914
Compensation of employees	40,904	44,107	51,983	58,355	47,590
Gross operating surplus/mixed income	19,293	20,630	22,254	23,495	25,324
Other community, social and personal services					
Output at basic prices	131,587	140,586	161,413	181,258	217,315
Intermediate consumption	41,992	44,771	51,452	57,530	67,922
Gross value added at basic prices	89,594	95,815	109,962	123,728	149,394
Compensation of employees	40,529	43,773	50,794	57,132	77,247
Gross operating surplus/mixed income	49,065	52,042	59,168	66,596	72,147
Less: Financial services indirectly measured					
Intermediate consumption	25,762	21,652	31,787	27,758	36,818
Gross value added at basic prices	-25,762	-21,652	-31,787	-27,758	-36,818
All industries at basic prices					
Output at basic prices	3,937,115	4,319,239	5,150,203	5,617,464	6,071,992
Intermediate consumption	1,837,180	2,061,068	2,453,978	2,591,171	2,686,684
Gross value added at basic prices	2,099,935	2,258,171	2,696,226	3,026,293	3,385,308
Other taxes on production	6,837	12,189	7,997	9,085	20,534
Less: Subsidies	-39	-41	-42	-43	-22
Compensation of employees	824,578	942,349	1,078,884	1,221,632	1,396,363
Gross operating surplus/mixed income	1,268,559	1,303,673	1,609,387	1,795,618	1,968,433
Total economy					
Output at basic prices	3,937,115	4,319,239	5,150,203	5,617,464	6,071,992
Taxes on products	276,036	312,164	351,167	377,242	412,680
Intermediate consumption	1,837,180	2,061,068	2,453,978	2,591,171	2,686,684
GDP at market prices	2,375,971	2,570,334	3,047,392	3,403,534	3,797,988
Taxes on production and imports	282,873	324,353	359,163	386,326	433,214
Less: Subsidies	-39	-41	-42	-43	-22
Compensation of employees	824,578	942,349	1,078,884	1,221,632	1,396,363
Gross operating surplus/mixed income	1,268,559	1,303,673	1,609,387	1,795,618	1,968,433

* Provisional

+ Revised

2.22. A breakdown of gross domestic product by expenditure type for the period 2009 to 2013 and the corresponding shares are presented in Tables 2.7 and 2.8, respectively. The private final consumption expenditure increased by 6.9 per cent in 2013 to KSh 2,846.3billion from KSh 2,657.2billion in 2012. Gross fixed capital formation at current prices increased by 4.7 per cent in 2013 compared to an increase of 15.3 per cent in 2012. There was a slower rise in the value of imported goods and services compared to exports during the review period. Share of the private final consumption expenditure to the GDP declined from 78.1 per cent in 2012 to 74.9 per cent in 2013. On the other hand, share of government final consumption rose from 17.2 per cent in 2012 to 19.6 per cent in 2013.

Table 2.7: Expenditure on the Gross Domestic Product, 2009-2013

Current Prices, KSh Million

Expenditure category	2009	2010	2011	2012+	2013*
Government final consumption expenditure	383,847	439,667	498,881	584,840	744,915
Private final consumption expenditure	1,855,038	1,993,100	2,350,742	2,657,187	2,846,328
Gross fixed capital formation	465,111	518,538	609,255	702,223	735,352
Changes in inventories	6,365	-14,015	16,228	-6,967	-46,020
Gross domestic expenditure	**2,710,361**	**2,937,290**	**3,475,106**	**3,937,283**	**4,280,575**
Exports of goods and services	571,305	709,209	879,542	956,357	957,346
Imports of goods and services	886,480	1,021,873	1,374,401	1,520,748	1,540,636
Discrepancy [1]	-19,215	-54,292	67,146	30,642	100,703
Gross domestic product at market prices	**2,375,971**	**2,570,334**	**3,047,392**	**3,403,534**	**3,797,988**

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

* Provisional

+ Revised

Table 2.8: Expenditure on the Gross Domestic Product, 2009-2013

Percentage Shares

Expenditure category	2009	2010	2011	2012+	2013*
Government final consumption expenditure	16.2	17.1	16.4	17.2	19.6
Private final consumption expenditure	78.1	77.5	77.1	78.1	74.9
Gross fixed capital formation	19.6	20.2	20.0	20.6	19.4
Changes in inventories	0.3	-0.5	0.5	-0.2	-1.2
Gross domestic expenditure	**114.1**	**114.3**	**114.0**	**115.7**	**112.7**
Exports of goods and services	24.0	27.6	28.9	28.1	25.2
Imports of goods and services	37.3	39.8	45.1	44.7	40.6
Discrepancy [1]	-0.8	-2.1	2.2	0.9	2.7
Gross domestic product at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

[1] Discrepancy expressed as a percentage of nominal GDP

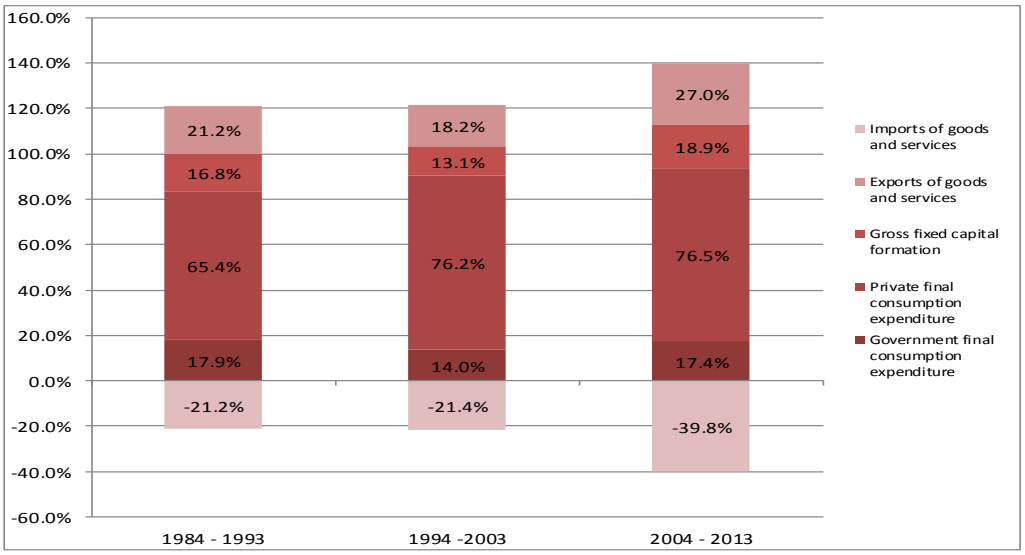
* Provisional

+ Revised

2.23. An analysis of ten year averages of a breakdown of GDP total expenditure by its components: private consumption, government spending, investment, exports and imports is presented in Figure 2.1. The figure shows an increased share of investment spending from a low of 13.1 per cent between 1994 and 2003 to 18.9 per cent between 2004 and 2013. There has been a significant rise in the share of expenditure on imported goods and services to 39.8 per cent over the last decade,

2004-2013, about double the value of imports in the previous decades (1984-1993 and 1994-2003).

Figure 2.1: Share of Expenditure on the Gross Domestic Product, 1984-2013



2.24. Real expenditure on GDP based on 2001 prices between 2009 and 2013 is presented in Table 2.9 and the corresponding percentage changes in Table 2.10. There was a significant rise in real government final consumption expenditure by 9.6 per cent in 2013 to reach KSh 255.8 billion compared to a 5.7 per cent increase in 2012. There was a slowed growth of 2.3 per cent in gross fixed capital formation in 2013 compared to double digit growths in 2012 and 2011.

Table 2.9: Expenditure on the Gross Domestic Product, 2009-2013

Constant 2001 Prices, KSh Million

Expenditure category	2009	2010	2011	2012+	2013*
Government final consumption expenditure	197,528	209,960	220,929	233,493	255,801
Private final consumption expenditure	1,094,202	1,173,376	1,207,292	1,277,591	1,334,547
Gross fixed capital formation	332,776	358,492	403,551	450,020	460,392
Changes in inventories including discrepancy	1,117	-7,833	1,455	-5,381	-15,211
Gross domestic expenditure	**1,625,623**	**1,733,995**	**1,833,227**	**1,955,722**	**2,035,529**
Exports of goods and services	340,310	399,586	435,994	462,195	475,024
Imports of goods and services	567,756	602,122	696,383	777,027	798,643
Discrepancy [1]	-3,791	-56,157	-32,317	-30,237	-25,761
Gross domestic product at market prices	**1,394,387**	**1,475,302**	**1,540,520**	**1,610,653**	**1,686,149**

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

* Provisional

+ Revised

Table 2.10: Expenditure on the Gross Domestic Product, 2009-2013

Percentage Change

Expenditure category	2009	2010	2011	2012+	2013*
Government final consumption expenditure	3.8	6.3	5.2	5.7	9.6
Private final consumption expenditure	5.0	7.2	2.9	5.8	4.5
Gross fixed capital formation	2.8	7.7	12.6	11.5	2.3
Changes in inventories[1]	0.6	-0.6	0.6	-0.4	-0.6
Gross domestic expenditure	**5.0**	**6.7**	**5.7**	**6.7**	**4.1**
Exports of goods and services	-9.3	17.4	9.1	6.0	2.8
Imports of goods and services	2.8	6.1	15.7	11.6	2.8
Discrepancy					
Gross domestic product at market prices	**2.7**	**5.8**	**4.4**	**4.6**	**4.7**

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

* Provisional

+ Revised

2.25. Table 2.11a presents details of households and Non-Profit Institutions Serving Households (NPISH)expenditures on final consumption while Table 2.11b shows the respective shares of these expenditures. Food and beverages accounted for about half of total private final consumption while "all other services[2]" accounted for over a third. Over the last five years, the shares for all the consumption categories seem relatively stable.

Table 2.11a: Private Consumption, 2009-2013

Current Prices, KSh Million

Expenditure category	2009	2010	2011	2012+	2013*
Food and beverages	852,877	872,452	1,098,413	1,256,412	1,356,698
Clothing and footwear	49,451	56,376	56,397	65,916	71,653
Housing	139,409	151,691	155,982	179,116	160,949
All other goods	216,545	256,724	282,604	334,460	362,233
All other services	694,233	770,748	898,422	972,600	1,036,990
Direct purchases abroad	8,800	7,257	9,880	7,969	11,401
Less: Direct purchases by non-res in Kenya	-106,277	-122,147	-150,955	-159,286	-153,596
Total	**1,855,038**	**1,993,100**	**2,350,742**	**2,657,187**	**2,846,328**

* Provisional

+ Revised

[2] Includes education, health, transport, communication, financial, insurance, hotels and restaurants, repairs and domestic services

Table 2.11b: Private Consumption, 2009-2013

Percentage Shares

Expenditure category	2009	2010	2011	2012+	2013*
Food and beverages	46.0	43.8	46.7	47.3	47.7
Clothing and footwear	2.7	2.8	2.4	2.5	2.5
Housing	7.5	7.6	6.6	6.7	5.7
All other goods	11.7	12.9	12.0	12.6	12.7
All other services	37.4	38.7	38.2	36.6	36.4
Direct purchases abroad	0.5	0.4	0.4	0.3	0.4
Less: Direct purchases by non-res in Kenya	-5.7	-6.1	-6.4	-6.0	-5.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Provisional

+ Revised

2.26. The estimated values of gross fixed capital formation by asset type at current prices and the respective shares are provided in Tables 2.12a and 2.12b. Investments in fixed assets increased from KSh 702.2 billion in 2012 to KSh 735.4 billion in 2013, representing a nominal growth of 4.7 per cent. Although investment in transport equipment in nominal terms declined, its value in real terms rose by 2.1 per cent as reflected in Table 2.13b. The gradual decline in share of building and structures in Gross Fixed Capital Formation (GFCF) since 2009 was reversed in 2013 when it increased to 46.2 per cent from 43.1 per cent in 2012.

Table 2.12a: Gross Fixed Capital Formation, 2009-2013

Current Prices, KSh Million

Type of Asset	2009	2010	2011	2012+	2013*
Buildings and structures	227,624	247,656	273,685	302,946	340,075
Transport equipment	84,830	96,670	102,149	132,332	128,963
Other machinery and equipment	151,300	172,794	231,623	265,128	264,474
Cultivated assets	1,279	1,341	1,718	1,738	1,759
Intangible assets	78	78	80	80	82
Total	**465,111**	**518,538**	**609,255**	**702,223**	**735,352**

* Provisional

+ Revised

Table 2.12b: Gross Fixed Capital Formation, 2009-2013

Percentage Shares

Type of Asset	2009	2010	2011	2012+	2013*
Buildings and structures	48.9	47.8	44.9	43.1	46.2
Transport equipment	18.2	18.6	16.8	18.8	17.5
Other machinery and equipment	32.5	33.3	38.0	37.8	36.0
Cultivated assets	0.3	0.3	0.3	0.2	0.2
Intangible assets	0.0	0.0	0.0	0.0	0.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Provisional

+ Revised

2.27. Table 2.13a presents estimated volume measures of gross fixed capital formation by asset type for the period 2009 to 2013 while the subsequent growth rates are provided in Table 2.13b. Total GFCF in real terms increased by 2.3 per cent in 2013 to KSh 460.4 billion in 2013 mainly supported by a strong growth in buildings and structures.

Table 2.13a: Gross Fixed Capital Formation, 2009-2013

Constant Prices, KSh Million

Type of Asset	2009	2010	2011	2012+	2013*
Buildings and structures	131,461	137,083	141,884	148,098	155,797
Transport equipment	63,143	68,642	67,794	86,107	87,920
Other machinery and equipment	136,956	151,563	192,596	214,544	215,445
Cultivated assets	1,169	1,158	1,234	1,232	1,192
Intangible assets	48	46	43	39	39
Total	**332,776**	**358,492**	**403,551**	**450,020**	**460,392**

* Provisional

+ Revised

Table 2.13b: Gross Fixed Capital Formation, 2009-2013

Annual Changes

Type of Asset	2009	2010	2011	2012+	2013*
Buildings and structures	13.6	4.3	3.5	4.4	5.2
Transport equipment	2.5	8.7	-1.2	27.0	2.1
Other machinery and equipment	-5.6	10.7	27.1	11.4	0.4
Cultivated assets	-3.4	-1.0	6.6	-0.2	-3.3
Intangible assets	-5.6	-3.2	-7.3	-7.9	-1.0
Total	**2.8**	**7.7**	**12.6**	**11.5**	**2.3**

* Provisional

+ Revised

2.28. Trends in national accounts aggregates are indicated in Table 2.14 and Table 2.15. The nominal Gross National Income (GNI) at market prices grew by 11.2 per cent to reach KSh 3,768.8 billion in 2013. Primary incomes received from the rest of the world remained almost at the 2012 level. However, primary incomes payable to the rest of the world jumped by 49.0 per cent rising to KSh 44.2 billion in 2013 from KSh 29.6 billion in 2012.

2.29. Transfers receivable from the rest of the world, which include grants and remittances from migrant workers, increased by 13.8 per cent in 2013 to reach a high of KSh 274.2 billion from KSh 240.9 billion in 2012. The gross national disposable income reached KSh 4,038.9 billion, an increase of 11.5 per cent in its nominal value in 2013 compared to an increase of 9.8 per cent in 2012 as shown on Table 2.15.

2.30. The level of borrowing to finance the country's gross fixed capital formation declined by 19.8 per cent to KSh 233.2 billion in 2013 on account of improved savings. Gross savings as a ratio of GDP improved from 11.3 per cent in 2012 to 11.8 per cent in 2013.

Table 2.14: Gross Domestic Product and Gross National Income, 2009-2013

	2009	2010	2011	2012+	2013*
CURRENT PRICES, KSh Million					
Compensation of employees	824,578	942,349	1,078,884	1,221,632	1,396,363
Consumption of fixed capital	167,580	180,623	199,060	215,706	231,435
Net operating surplus	1,100,979	1,123,050	1,410,327	1,579,913	1,736,998
Gross domestic product at factor cost	**2,093,136**	**2,246,022**	**2,688,271**	**3,017,251**	**3,364,796**
Taxes on production and imports	282,873	324,353	359,163	386,326	433,214
Subsidies	-39	-41	-42	-43	-22
Gross domestic product at market prices	**2,375,971**	**2,570,334**	**3,047,392**	**3,403,534**	**3,797,988**
Primary incomes					
Receivable from the rest of the world	13,500	11,428	19,825	15,201	14,989
Payable to rest of the world	-16,426	-23,125	-25,091	-29,619	-44,160
Gross national income at market prices	**2,373,045**	**2,558,637**	**3,042,126**	**3,389,116**	**3,768,817**
Current transfers					
Receivable from the rest of the world	181,107	185,889	241,348	240,850	274,152
Payable to rest of the world	-6,405	-3,424	-4,120	-3,351	-4,020
Gross national disposable income	**2,547,747**	**2,741,102**	**3,279,354**	**3,626,615**	**4,038,949**
Per capita, KSh					
Gross domestic product at market prices	62,982	66,807	77,061	83,724	90,876
Gross national income at market prices	62,904	66,503	76,928	83,369	90,861
CONSTANT PRICES					
GDP at market prices, KSh Million	1,394,387	1,475,302	1,540,520	1,610,653	1,686,149
Per capita, KSh	36,962	38,346	38,956	39,621	40,345
Annual percentage change	0.1	3.7	1.59	1.7	1.8

* Provisional

+ Revised

Table 2.15: National Disposable Income and Saving, 2009-2013

Current Prices, KSh Million

	2009	2010	2011	2012+	2013*
Disposable income and saving					
Gross national disposable income	**2,547,747**	**2,741,102**	**3,279,354**	**3,626,615**	**4,038,949**
Consumption of fixed capital	167,580	180,623	199,060	215,706	231,435
Net national disposable income	**2,380,167**	**2,560,479**	**3,080,294**	**3,410,910**	**3,807,514**
Final consumption expenditure					
Private	1,855,038	1,993,100	2,350,742	2,657,187	2,846,328
General government	383,847	439,667	498,881	584,840	744,915
Saving, net	141,281	127,712	230,671	168,883	216,271
General government					
All Other sectors					
Financing of capital formation					
Saving, net	141,281	127,712	230,671	168,883	216,271
Capital transfers, receivable from abroad	20,178	19,030	20,861	19,890	8,417
Capital transfers, payable abroad	0	0	0	0	0
Total	**161,459**	**146,742**	**251,532**	**188,773**	**224,688**
Gross fixed capital formation	465,111	518,538	609,255	702,223	735,352
Consumption of fixed capital	-167,580	-180,623	-199,060	-215,706	-231,435
Changes in inventories	6,365	-14,015	16,228	-6,967	-46,020
Net lending (+) /Net borrowing (-)	-142,437	-177,158	-174,891	-290,778	-233,210
Total	**161,459**	**146,742**	**251,532**	**188,773**	**224,688**
Discrepancy on GDP	-19,215	-54,292	67,146	30,642	100,703
Gross savings	308,862	308,335	429,731	384,588	447,705
Gross savings as a ratio to GDP	13.0	12.0	14.1	11.3	11.8
Gross savings as a ratio to Disposable Income	12.1	11.2	13.1	10.6	11.1

* Provisional

+ Revised

2.31. Table 2.16 presents revised quarterly gross value added by industries and GDP at constant prices. The quarterly series have been aligned to the respective annual estimates. Table 2.17 shows the revised quarterly growth rates in 2013. The economy recorded a downward trend in growth rates from one quarter to the next with the first quarter achieving the highest growth of 5.7 per cent compared to a revised growth of 3.8 per cent of a similar quarter in 2012. On the other hand, comparison of quarter to quarter shows that the economy recorded a slowed growth of 1.0 per cent in the fourth quarter compared to 1.5 per cent in the third quarter of 2013.

Table 2.16 : Gross domestic product by activity, 2009-2013

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
2009	1	70,990	1,405	1,291	33,463	7,931	11,359	32,813	7,194	45,314	13,410
	2	66,276	1,124	1,605	33,695	8,073	12,593	32,625	3,986	40,556	13,732
	3	78,761	1,372	1,645	34,380	7,439	12,585	39,048	4,091	51,403	13,984
	4	83,404	1,663	1,622	35,522	6,954	12,734	38,974	3,721	34,721	14,250
2010	1	75,208	1,460	1,555	35,681	7,682	11,496	26,461	7,126	48,861	14,164
	2	68,420	1,201	1,687	35,468	8,484	13,127	36,612	3,978	42,773	14,736
	3	85,647	1,400	1,745	36,347	8,680	13,296	43,856	4,501	52,974	15,440
	4	89,311	1,653	1,776	35,767	8,447	13,573	48,014	4,191	37,573	16,039
2011	1	75,239	1,476	1,702	37,143	8,038	12,699	28,815	7,515	51,498	15,971
	2	71,143	1,231	1,816	36,420	8,197	13,262	38,763	4,090	44,578	15,934
	3	85,790	1,468	1,858	37,282	7,718	13,632	47,074	4,611	55,338	16,610
	4	91,243	1,716	1,868	37,352	8,490	14,134	51,535	4,558	39,834	16,579
2012	1	76,433	1,555	1,775	37,843	8,969	12,739	30,757	7,714	55,649	16,491
	2	72,466	1,323	1,906	37,405	8,871	14,014	42,400	4,187	46,683	16,955
	3	91,526	1,567	1,906	38,162	8,812	13,815	50,792	4,712	57,440	17,696
	4	96,639	1,648	1,958	39,549	9,149	15,758	57,153	4,709	40,518	18,207
2013	1	81,594	1,742	1,963	39,866	9,850	14,741	33,350	6,723	57,241	18,484
	2	75,698	1,426	2,063	39,491	9,698	14,696	45,997	3,867	48,810	18,321
	3	92,842	1,586	2,146	41,537	9,298	15,356	54,333	4,978	59,294	18,494
	4	96,802	1,668	1,930	39,353	9,069	14,642	61,056	4,799	46,937	19,053

Table 2.16 Gross domestic product by activity, 2009-2013, Cont'd

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
2009	1	18,875	11,281	20,872	21,760	-2,853	295,105	224,114	47,720	342,825	352,367
	2	22,318	11,494	20,646	21,918	-3,004	287,636	221,360	45,168	332,804	347,477
	3	18,178	11,585	20,627	22,042	-3,059	314,080	235,320	50,342	364,422	348,390
	4	16,304	11,671	20,807	22,130	-3,029	301,448	218,045	52,887	354,336	345,943
2010	1	19,630	11,461	21,843	22,213	-2,788	302,055	226,847	45,656	347,711	358,101
	2	22,532	11,746	21,640	22,322	-2,764	301,960	233,540	50,990	352,950	368,663
	3	18,889	11,885	21,561	22,485	-2,811	335,894	250,247	54,931	390,824	372,972
	4	17,038	11,994	21,607	22,701	-2,898	326,786	237,474	57,031	383,817	374,262
2011	1	20,654	11,780	22,539	23,006	-2,937	315,139	239,900	50,017	365,156	376,982
	2	22,937	12,058	22,612	23,248	-2,927	313,365	242,222	51,731	365,096	381,629
	3	19,737	12,176	22,745	23,461	-3,033	346,468	260,678	60,010	406,478	387,494
	4	17,559	12,256	22,939	23,646	-2,946	340,763	249,519	63,028	403,791	393,028
2012	1	21,419	12,090	23,840	23,802	-2,809	328,266	251,833	50,627	378,893	391,901
	2	23,548	12,355	23,930	23,980	-2,833	327,189	254,724	54,297	381,486	399,114
	3	20,500	12,510	23,981	24,181	-2,966	364,634	273,108	60,678	425,312	405,353
	4	18,116	12,630	23,995	24,405	-3,121	361,315	264,675	63,647	424,962	412,725
2013	1	22,235	12,650	25,460	24,651	-3,305	347,245	265,652	53,194	400,440	414,913
	2	24,378	12,935	25,334	24,836	-3,369	344,181	268,484	55,054	399,235	417,789
	3	21,157	13,133	25,274	24,959	-3,473	380,912	288,071	63,926	444,838	423,970
	4	19,438	13,218	24,397	25,020	-3,631	373,752	276,950	67,884	441,636	428,364

Table 2.17: Growth Rates in Quarterly Gross domestic product by activity, 2009 - 2013

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
2009	1	-1.5	-0.6	-11.9	4.7	2.5	24.5	-1.9	158.4	22.6	5.6
	2	-4.2	15.9	-4.6	-0.9	2.5	11.0	-2.1	48.5	3.9	5.4
	3	-3.4	0.6	-6.2	-1.2	-4.2	1.0	3.5	1.6	19.9	10.1
	4	-1.4	2.9	4.6	2.9	-12.6	17.8	16.2	-2.2	-18.8	7.7
2010	1	5.9	3.9	20.4	6.6	-3.1	1.2	-19.4	-0.9	7.8	5.6
	2	3.2	6.9	5.1	5.3	5.1	4.2	12.2	-0.2	5.5	7.3
	3	8.7	2.0	6.0	5.7	16.7	5.7	12.3	10.0	3.1	10.4
	4	7.1	-0.6	9.5	0.7	21.5	6.6	23.2	12.6	8.2	12.6
2011	1	0.0	1.1	9.4	4.1	4.6	10.5	8.9	5.5	5.4	12.8
	2	4.0	2.5	7.7	2.7	-3.4	1.0	5.9	2.8	4.2	8.1
	3	0.2	4.9	6.5	2.6	-11.1	2.5	7.3	2.4	4.5	7.6
	4	2.2	3.8	5.2	4.4	0.5	4.1	7.3	8.8	6.0	3.4
2012	1	1.6	5.3	4.3	1.9	11.6	0.3	6.7	2.6	8.1	3.3
	2	1.9	7.5	4.9	2.7	8.2	5.7	9.4	2.4	4.7	6.4
	3	6.7	6.7	2.6	2.4	14.2	1.3	7.9	2.2	3.8	6.5
	4	5.9	-3.9	4.8	5.9	7.8	11.5	10.9	3.3	1.7	9.8
2013	1	6.8	12.0	10.6	5.3	9.8	15.7	8.4	-12.8	2.9	12.1
	2	4.5	7.8	8.2	5.6	9.3	4.9	8.5	-7.6	4.6	8.1
	3	1.4	1.2	12.6	8.8	5.5	11.2	7.0	5.6	3.2	4.5
	4	0.2	1.2	-1.4	-0.5	-0.9	-7.1	6.8	1.9	15.8	4.7

Table 2.17: Growth Rates in Quarterly Gross domestic product by activity, 2009-2013, Cont'd

Percentage changes at constant prices 200

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
2009	1	8.2	1.1	3.7	3.4	6.3	6.6	9.5	3.5	6.2	3.2
	2	11.8	0.6	2.1	3.4	14.3	1.5	3.4	4.0	1.9	-1.4
	3	-6.5	1.8	2.0	3.2	22.2	2.3	4.4	-0.8	1.9	0.3
	4	-2.2	2.8	3.0	2.8	13.5	0.0	0.5	8.9	1.2	-0.7
2010	1	4.0	1.6	4.7	2.1	-2.3	2.4	1.2	-4.3	1.4	3.5
	2	1.0	2.2	4.8	1.8	-8.0	5.0	5.5	12.9	6.1	2.9
	3	3.9	2.6	4.5	2.0	-8.1	6.9	6.3	9.1	7.2	1.2
	4	4.5	2.8	3.8	2.6	-4.3	8.4	8.9	7.8	8.3	0.3
2011	1	5.2	2.8	3.2	3.6	5.3	4.3	5.8	9.6	5.0	0.7
	2	1.8	2.7	4.5	4.1	5.9	3.8	3.7	1.5	3.4	1.2
	3	4.5	2.5	5.5	4.3	7.9	3.1	4.2	9.2	4.0	1.5
	4	3.1	2.2	6.2	4.2	1.7	4.3	5.1	10.5	5.2	1.4
2012	1	3.7	2.6	5.8	3.5	-4.4	4.2	5.0	1.2	3.8	-0.3
	2	2.7	2.5	5.8	3.2	-3.2	4.4	5.2	5.0	4.5	1.8
	3	3.9	2.7	5.4	3.1	-2.2	5.2	4.8	1.1	4.6	1.6
	4	3.2	3.1	4.6	3.2	5.9	6.0	6.1	1.0	5.2	1.8
2013	1	3.8	4.6	6.8	3.6	17.7	5.8	5.5	5.1	5.7	0.5
	2	3.5	4.7	5.9	3.6	18.9	5.2	5.4	1.4	4.7	0.7
	3	3.2	5.0	5.4	3.2	17.1	4.5	5.5	5.4	4.6	1.5
	4	7.3	4.7	1.7	2.5	16.3	3.4	4.6	6.7	3.9	1.0

Chapter 3

Social Scene

Overview

Government expenditure in the social sector continued to increase in tandem with the growing demand for social services. The growth in expenditure will mainly emanate from the restructuring of government ministries, devolution of certain functions, hiring of employees and implementation of salary awards during the year under review. Other programmes that are anticipated to contribute to the rise in the social services expenditure include the Laptop project in primary schools, increase in public universities, expansion and revamping of Technical, Industrial and Vocational Educational Training Institutions (TIVET) and infrastructure development as a result of devolution. During the same period, total expenditure in the social sector for the national government is expected to increase by 7.1 per cent from KSh 369.1 billion in 2012/13 to KSh 395.4 billion in 2013/14. Total development expenditure on the social sector for the national government is expected to increase from KSh 56.2 billion 2012/13 to KSh 83.1 billion in 2013/14. Ministry of Education, Science and Technology combined with Teachers Service Commission (TSC) are expected to spend the largest share (83.0 per cent) of the total recurrent expenditure.

3.2. The total number of education institutions increased from 78,098 in 2012 to 80,172 in 2013, an increase of 2.7 per cent. The increase in the number of institutions may partly be attributed to investment by the government and the private sector in the infrastructure development to increase access to education. The number of Technical, Industrial and Vocational Educational Training (TIVET) institutions rose by 6.7 per cent in 2013 while number of public universities increased from 8 to 22. Pre-primary schools enrolment rose by 2.5 per cent from 2,405,504 in 2012 to 2,465,605 in 2013. Enrolment at primary level rose by 1.9 per cent to 10.2 million in 2013 while enrolment at secondary level increased by 9.9 per cent to 2.1 million in 2013. The number of teachers in public primary schools increased by 4.5 per cent to 199,686 in 2013 while teachers in public secondary schools increased by 1.8 per cent. In 2013, enrolment at teacher training institutions, TIVET institutions and universities increased by 20.6, 15.9 and 34.9 per cent, respectively.

3.3. During the review period, total registered births increased by 8.6 per cent from 801,815 in 2012 to 870,599 in 2013 while death registration rose by 6.1 per cent to 199,237 in 2013. There were mixed trends within counties in both registration of births and deaths. In 2013, pneumonia and malaria remained the leading killer diseases accounting for 11.8 per cent and 12.2 per cent of the total deaths respectively in 2013. Cancer and AIDS were nationally ranked third and fourth with 13,720 and 11,448 cases respectively, in the same period.

3.4. Total receipts to National Hospital Insurance Fund (NHIF) increased by 25.6 per cent in 2012/13. NHIF registered members grew by 13.6 per cent while their accrued benefits increased by 37.3 per cent. The number of registered medical personnel rose by 7.3 per cent during the review period. The Full Immunization Coverage (FIC) rate for children under one year decreased to 74.0 per cent in 2012/13. The two main incidences of diseases causing morbidity were malaria and respiratory diseases. Incidences of malaria have been on the decline since 2009 while respiratory diseases have been on the increase.

3.5. Funds allocated for the Orphans and Vulnerable Children (OVC) increased from KSh 1,081.4 million in 2012 to KSh 4,763.1 million in 2013 while the direct cash disbursement increased from KSh 1,030.3 million in 2012 to KSh 4,524.9 million in 2013. The budget

allocation for social protection fund for older persons rose from KSh 1,519.2 million in 2012 to KSh 3,168.0 million in 2013 mainly due to implementation of the social protection policy that saw the number of targeted households increase from 49,000 in 2012 to 164,000 in 2013.

Social Sector Expenditure

3.6. National Government expenditure on social sector services for the period 2009/10 to 2013/14 is presented in Table 3.1. Total expenditure in the social sector is expected to increase by 7.1 per cent from KSh 369.1 billion in 2012/13 to 395.4 billion in 2013/14. The recurrent expenditure is expected to decline slightly from KSh 312.9 billion in 2012/13 to KSh 312.3 billion in 2013/14. Recurrent expenditure in the Ministry of Health is expected to be lower than the 2012/13 level to stand at KSh 22.6 billion in 2013/14 owing to devolution of health services. The recurrent expenditure for the Ministry of Labour, Social Security and Services is expected to increase substantially to KSh 7.9 billion in 2013/14, mainly attributed to increase allocation to the social protection programme. During the period under review, the gross recurrent expenditure for the Ministry of Education, Science and Technology is expected to grow by 11.2 per cent to KSh 259.1 billion in 2013/14 from KSh 233.1 billion in 2012/13. The rise in expected spending is attributed to the increase in the number universities, implementation of salary awards, and promotion of teachers and expansion of TSC functions to the counties.

3.7. The social sector total development expenditure for the national government is expected to grow by 47.9 per cent from KSh 56.2 billion 2012/13 to KSh 83.1 billion in 2013/14. Development expenditure for the Ministry of Education, Science and Technology is expected to increase by 41.9 per cent from KSh 27.0 billion in 2012/13 to KSh 38.3 billion in 2013/14 principally as a consequence of allocation to the class one laptop project. Development expenditure for the Ministry of Labour, Social Security and Services is expected to increase from KSh 1.1 billion in 2012/13 to KSh 8.1 billion in 2013/14. Development expenditure for youth development is expected to more than double to KSh 10.3 billion in 2013/14 mainly on account of a substantial increase in allocation for youth empowerment services.

Table 3.1: National Government Expenditure on Social Services, 2009/10 - 2013/14

KSh Millior

	2009/10	2010/11	2011/12	2012/13*	2013/14+
RECURRENT EXPENDITURE-					
Ministry of Education, Science and Technology.	138,844.99	159,686.74	186,328.45	233,102.87	259,139.47
Ministry of Health	23,097.10	33,184.81	42,952.55	54,810.99	22,622.34
Ministry of Labour, Social Security and Services	1,137.30	1,817.24	1,780.90	1,560.21	7,913.90
Prison Service Department and Probation and Aftercare Department	9,357.90	13,769.38	13,494.00	15,146.80	17,263.54
Gender and Social development[1]	68.95	73.06	86.50	190.14	245.98
Ministry of Sports, Culture and Arts	1,757.70	1,763.87	1,728.59	1,705.04	3,275.25
Youth development [2]	5,414.80	6,102.62	5,980.57	6,410.33	1,819.84
TOTAL	**179,678.74**	**216,397.72**	**252,351.56**	**312,926.38**	**312,280.32**
DEVELOPMENT EXPENDITURE-					
Ministry of Education, Science and Technology	15,560.86	19,313.30	21,131.64	27,019.50	38,312.19
Ministry of Health	3,722.80	15,226.49	20,245.77	21,217.03	24,132.25
Ministry of Labour, Social Security and Services	266.30	1,066.99	746.89	1,080.80	8,073.84
Prison Service Department and Probation and Aftercare Department	1,283.90	1,485.78	1,040.05	1,783.24	1,182.08
Gender and Social Development	391.14	299.32	346.01	210.21	147.56
Ministry of Sports, Culture and Arts	421.90	631.00	441.70	571.70	946.43
Youth development[2]	4,971.80	4,012.67	2,808.87	4,280.03	10,282.32
TOTAL	**26,618.70**	**42,035.55**	**46,760.93**	**56,162.50**	**83,076.68**
TOTAL EXPENDITURE	**206,297.44**	**258,433.27**	**299,112.49**	**369,088.89**	**395,356.99**

Source: The National Treasury

* Provisional

\+ Revised Estimates

[1] includes gender, child services and the cash transfer programme

[2] includes Youth empowerment services and youth polytechniques and training

Education

3.8. **Expenditure:** Table 3.2 shows the expenditure for the Ministry of Education, Science and Technology. Total expenditure is expected to grow by 17.2 per cent from KSh 260.1 billion in 2012/13 to KSh 304.9 billion in 2013/14. Similarly, total recurrent expenditure is expected to increase by 11.2 per cent to KSh 259.1 billion in 2013/14 from KSh 233.1 billion in 2012/13. Recurrent budget on pre-primary education dropped significantly mainly due to transfer of pre-primary education function to the County Governments. The recurrent expenditure on university education is expected to increase by 10.4 per cent from KSh 42.4 billion in 2012/13 to KSh 46.8 billion in 2013/14 while that on higher education support services is expected to increase by 23.5 per cent to stand at KSh 6.2 billion in 2013/14. The increase may partly be attributed to an increase in the number of public universities to 22 in 2013 and salary awards for university staff.

3.9. Ministry of Education, Science and Technology total development expenditure is expected to grow by 41.9 per cent from KSh 27.0 billion in 2012/13 to KSh 38.3 billion in 2013/14. Development expenditure on primary education is expected to grow considerably from KSh 330.0 million in 2012/13 to KSh 16.1 billion in 2013/14. The increase may be attributed to standard one laptop project and the required infrastructure, and capacity building for teachers.

Table 3.2: Expenditure for the Ministry of Education, Science and Technology 2009/10 - 2013/14

KSh Million

	2009/10	2010/11	2011/12	2012/13*	2013/14+
RECURRENT EXPENDITURE-					
Ministry of Education, Science and Technology					
General Administration and Planning[1]	92,330.45	118,657.64	112,982.41	147,122.08	167,579.03
Pre-Primary Education	186.32	393.38	376.07	1,676.21	24.30
Primary Education	7,970.51	9,188.74	9,705.76	9,393.31	10,655.85
Secondary Education	14,455.54	149.80	17,142.23	21,261.42	21,324.55
Special Education	279.31	193.90	435.33	651.84	926.31
Teacher Education	197.37	4,641.21	6,842.60	541.30	649.20
Adult Education	576.69	647.37	996.13	1,123.83	988.31
Technical Education	2,885.12	1,898.84	2,552.05	1,234.43	1,272.46
National Council for Science and Technology	188.35	478.88	608.68	701.00	753.96
University education	16,266.50	18,022.66	29,197.80	42,389.23	46,760.93
Higher Education support services	2,199.80	3,961.80	3,958.77	5,027.38	6,208.17
Youth Polytechnics and Training[2]	981.20	1,052.52	1,031.47	1,419.40	1,041.67
Quality assurance and standards	160.60	220.60	251.18	306.58	215.53
Policy and planning	167.23	179.40	247.98	254.86	739.20
Sub Total	**138,844.99**	**159,686.74**	**186,328.45**	**233,102.87**	**259,139.47**
DEVELOPMENT EXPENDITURE-					
Ministry of Education, Science and Technology					
General Administration and Planning	8,382.10	7,009.58	5,685.49	3,731.80	4,883.65
Pre-Primary Education	17.00	52.08	17.85	52.28	37.00
Primary Education	1,210.44	3,965.88	1,122.57	329.96	16,071.77
Secondary Education	823.76	2,876.80	2,055.90	3,814.51	420.00
Special Education	-	-	7.00	9.00	5.40
Teacher Education	50.00	958.00	1,431.06	1,144.46	395.45
Adult Education	20.00	20.00	268.00	27.00	32.40
Technical Education	1,088.30	1,123.61	4,586.24	6,398.55	4,527.58
National Council for Science and Technology	3.20	0.50	-	262.00	140.40
University education	2,340.40	2,574.21	5,183.31	7,998.72	6,692.78
Youth Polytechnics and Training [2]	1,476.06	608.04	425.63	802.21	496.44
Quality assurance and standards	57.90	106.20	77.70	186.00	446.00
Policy and planning	91.70	18.39	270.88	2,263.00	1,915.39
Sub Total	**15,560.86**	**19,313.30**	**21,131.64**	**27,019.50**	**38,312.19**
GROSS TOTAL EXPENDITURE	**154,405.85**	**179,000.03**	**207,460.09**	**260,122.37**	**304,884.53**

Source: The National Treasury

* Provisional

\+ Revised Estimates

1 Includes salaries for teachers and all other education personnel

2 Expenditure is within the Ministry of Devolution and Planning - Department of Youth Affairs

3.10. **Number of Educational Institutions**: Table 3.3 presents the number of educational institutions from 2009 to 2013. The total number of education institutions increased from 78,098 in 2012 to 80,172 in 2013, representing an increase of 2.7 per cent. The number of pre-primary schools increased from 39,758 in 2012 to 40,145 in 2013. The number of primary schools rose by 3.3 per cent from 29,161 in 2012 to 30,122 in 2013. This increase was higher than the 2.1 per cent registered in 2012. The number of secondary schools increased at a slower rate of 7.9 per cent from 8,197 in 2012 to 8,848 in 2013. The increase in the number of institutions is attributable to the continued investment in infrastructure development to accommodate the growth in enrolment occasioned by the Free Day Secondary Education (FDSE) and Free Primary education (FPE). The number of Teacher Training Colleges increased by 4.5 per cent from 246 in 2012 to 257 in 2013 while that of diploma teacher training colleges remained the same. The number of Technical, Industrial and Vocational Educational Training institutions rose by 6.1 per cent in 2012 to 748 in 2013. The policy on revamping

TIVET institutions by the National government and devolution of youth polytechnics to the county has partly contributed to the rise. In 2013, 14 university colleges were granted charters to offer degree programmes, thereby increasing the number of public universities to 22.

Table 3.3: Number of Educational Institutions, 2009 – 2013

Number

Category	2009	2010	2011	2012	2013*
Schools:					
Pre-Primary:					
Public	23,823	23,980	24,588	24,654	24,702
Private	14,424	14,543	14,912	15,104	15,443
Total	**38,247**	**38,523**	**39,500**	**39,758**	**40,145**
Primary:					
Public	18,543	19,059	19,848	20,307	21,205
Private	8,124	8,430	8,719	8,854	8,917
Total	**26,667**	**27,489**	**28,567**	**29,161**	**30,122**
Secondary:					
Public	5,019	5,296	5,311	6,188	6,807
Private	1,952	1,972	1,986	2,009	2,041
Sub Total	**6,971**	**7,268**	**7,297**	**8,197**	**8,848**
Teacher Training Colleges:					
Pre-primary:					
Public	20	20	20	20	22
Private	51	101	102	105	109
Total	**71**	**121**	**122**	**125**	**131**
Primary:					
Public	20	21	21	21	22
Private	85	89	91	97	101
Sub Total	**105**	**110**	**112**	**118**	**123**
Secondary[1]	3	3	3	3	3
Total	**179**	**234**	**237**	**246**	**257**
TIVET Institutions					
Youth Polytechnics	579	582	585	647	701
Institutes of Technology	17	14	14	14	9
Technical Training Institutes	19	26	26	35	35
National Polytechnics	2	2	2	3	3
Polytechnic University Colleges	2	2	2	2	-
Total	**619**	**626**	**629**	**701**	**748**
Universities					
Public	7	7	7	8	22
Private	24	25	27	27	30
Total	**31**	**32**	**34**	**35**	**52**
GRAND TOTAL	**72,714**	**74,172**	**76,264**	**78,098**	**80,172**

Source : Ministry of Education, Science and Technology

* Provisional

[1] Diploma teacher training colleges

3.11. **Pre -Primary Education**: Table 3.4 shows pupil enrolment and number of teachers in Early Childhood Development (ECD) centres from 2009 to 2013. The total enrolment in pre-primary schools rose by 2.5 per cent from 2,405,504 in 2012 to 2,465,605 in 2013

with more girls enrolled than boys. The total number of ECD teachers increased by 1.2 per cent from 99,889 in 2012 to 101,062 in 2013. The number of trained ECD teachers increased from 80,526 in 2012 to 83,814 in 2013, while that of untrained teachers continued to decline. In 2013, the Pupil Teacher Ratio in ECD remained at the 2012 level of 24:1. As shown in Figure 3.1, the Gross Enrolment Rate (GER) increased from 66.3 per cent in 2012 to 69.0 per cent in 2013 while the Net Enrolment Rate (NER) grew marginally from 53.3 per cent in 2012 to 53.5 per cent in the review period. This suggests low participation level at Pre-primary education. Enrolment in pre-primary education as depicted by the trend in GER for the last five years remains far below the set Education For All (EFA) target of 80.0 per cent. However, devolution of pre-primary education to counties is expected to increase the enrolment rates.

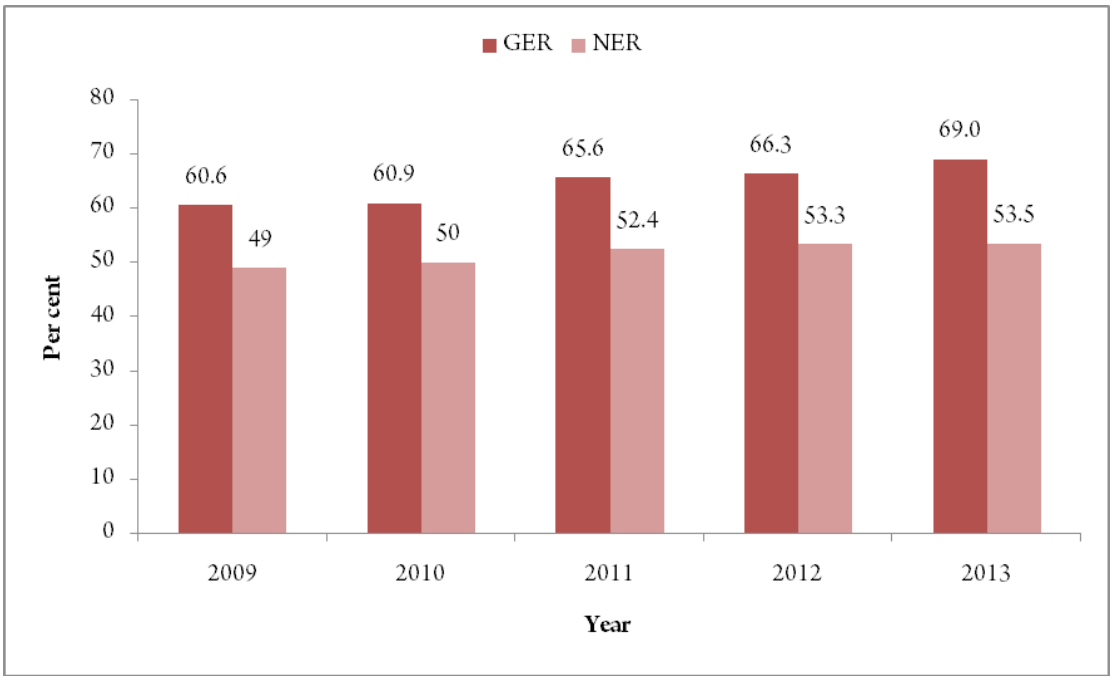
Table 3.4: Pupil Enrolment and Teacher Numbers in ECD Centres, 2009 - 2013

Number

	2009	2010	2011	2012	2013*
Enrolment					
Boys	967,544	1,100,890	1,175,530	1,199,041	1,230,593
Girls	946,678	1,092,181	1,194,518	1,206,464	1,235,012
TOTAL	**1,914,222**	**2,193,071**	**2,370,049**	**2,405,504**	**2,465,605**
Number of Trained Teachers					
Male	10,346	10,553	10,658	13,450	13,854
Female	61,234	62,459	64,957	67,076	69,960
Sub Total	**71,580**	**73,012**	**75,615**	**80,526**	**83,814**
Number of Untrained Teachers					
Male	5,345	5,356	5,372	4,342	3,430
Female	16,030	16,062	16,158	15,021	13,818
Sub Total	**21,375**	**21,418**	**21,530**	**19,363**	**17,248**
TOTAL	**92,955**	**94,429**	**97,146**	**99,889**	**101,062**

Source: Ministry of Education, Science and Technology

Figure 3.1: Pre-primary Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2009-2013



3.12. **Primary Education:** Primary school enrolment by class and sex for the period 2009 to 2013 is shown in Table 3.5. The total enrolment in both public and private schools rose by 2.0 per cent from 10.0 million in 2012 to 10.2 million in 2013, with 8.1 million enrolled in public schools. Enrolment in Standard one increased by 1.8 per cent to 1,568.5 thousand in 2013 with enrolment of boys and girls increasing by 2.6 per cent and 0.7 per cent respectively.

Table 3.5: Primary School Enrolment by Class and Sex, 2009 – 2013

'000

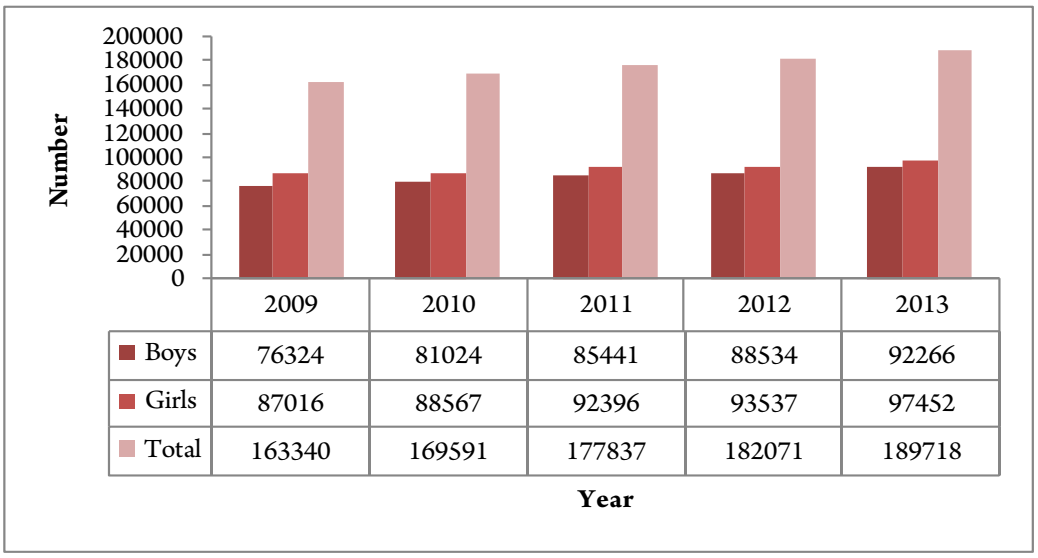
	2009		2010		2011		2012		2013*	
Class	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls
Standard 1	696.7	684.4	736.7	731.8	754.5	749.4	770.3	772.5	790.3	778.2
Standard 2	663.9	625.2	679.9	656.1	691.1	688.8	725.0	727.5	760.7	715.8
Standard 3	625.8	613.0	643.3	607.5	665.1	647.0	664.0	661.7	686.2	657.3
Standard 4	620.6	608.6	633.0	608.8	674.1	648.4	625.7	628.1	653.4	626.3
Standard 5	569.8	565.6	582.8	584.8	620.7	622.9	654.5	629.4	651.2	644.8
Standard 6	535.3	492.6	558.0	562.1	594.3	588.7	602.6	598.4	618.0	622.9
Standard 7	480.8	467.7	531.3	523.4	565.8	557.4	560.2	546.5	561.4	571.2
Standard 8	384.9	351.6	386.8	354.7	411.9	377.7	424.3	404.6	427.9	417.0
TOTAL	4,577.7	4,408.7	4,751.9	4,629.3	4,977.7	4,880.2	5,026.5	4,968.7	5,149.1	5,033.4
GRAND TOTAL ..	8,986.4		9,381.2		9,857.9		9,995.2		10,182.6	

Source : Teachers Service Commission

* Provisional

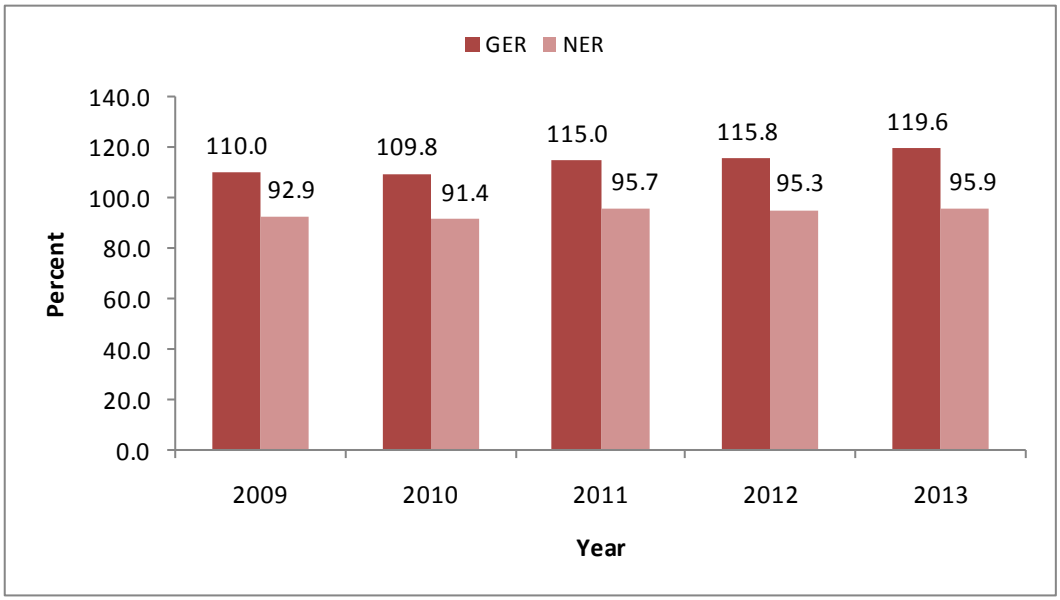
3.13. Figure 3.2 shows enrolment in Non-Formal Education (NFE) centres from 2009 to 2013. The NFE enrolment rose by 2.5 per cent from 182,071 in 2012 to 186,631 in 2013. Enrolment for boys increased by 3.7 per cent while that of girls increased by 1.4 per cent, during the same period.

Figure 3.2: Non-Formal Education Centres Enrolment, 2009-2013



3.14. Primary School GER and NER from 2009 to 2013 are as shown in Figure 3.3. Since the introduction of Free Primary Education in 2003, the GER has remained above 100.0 per cent, indicating enrolment of over-age and under-age pupils. The GER increased from 115.8 per cent in 2012 to 119.6 per cent in 2013 while the NER increased from 95.3 per cent in 2012 to 95.9 per cent in 2013. The NER participation rates in primary school education have remained significantly high.

Figure 3.3: Primary school Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2009-2013



3.15. **Kenya Certificate of Primary Education (KCPE)**: The mean subject percentage score in KCPE and the number of candidates by sex from 2009 to 2013 is shown in Table 3.6. The number of candidates grew by 3.4 per cent from 811,930 in 2012 to 839,759 in 2013. The number of female candidates rose by 4.3 per cent from 396,310 in 2012 to 413,390 in 2013 compared to an increase of 2.6 per cent for the male candidates. The national mean score declined from 55.95 in 2012 to 54.13 in 2013. In 2013, all subjects except English Language registered declines in the mean scores with Social Studies recording the highest decline. The mean score for English Language continued to rise for the second consecutive year to 53.06 in 2013. Religious Education had the highest mean score followed by Science at 70.43 and 61.82 respectively, in 2013.

Table 3.6: Number of Candidates by Sex and Mean Subject Score in KCPE, 2009-2013

Number

	2009	2010	2011	2012	2013*
Number of candidates					
Male	381,600	388,221	400,814	415,620	426,369
Female	345,500	357,859	375,400	396,310	413,390
Total	**727,100**	**746,080**	**776,214**	**811,930**	**839,759**
Subject	Mean score (%)				
English Langauage	45.76	49.12	47.10	48.16	53.06
English Composition	40.48	42.7	42.45	42.43	41.90
Kiswahili Lugha	57.28	52.76	41.46	46.38	45.78
Kiswahili Insha	53.68	50.3	54.68	54.98	52.43
Mathematics	49.56	53.8	52.18	56.30	52.86
Science	59.92	60.86	67.48	62.76	61.82
Social Studies	62.42	64.93	56.32	60.87	54.75
Religious Education	61.60	60.07	62.45	75.75	70.43
National Mean Score	**53.84**	**54.32**	**53.02**	**55.95**	**54.13**

Source: Kenya National Examination Council

* Provisional

3.16. **Primary Teachers:** Table 3.7 shows the number of public primary school teachers by qualification and sex from 2009 to 2013. There was an increase of 4.9 per cent in the total number of teachers in public primary schools from 191,034 in 2012 to 199,686 in 2013. The increase can be attributed to recruitment of teachers in the year under review. The upgrading of teachers who had completed degree and diploma courses resulted in a significant increase in the number of graduate teachers from 6,865 in 2012 to 19,273 in 2013 with the number of female graduate teachers overtaking their male counterparts. The number of diploma teachers almost doubled from 15,569 in 2012 to 34,048 in 2013. The major effect of upgrading was a decline in the number of approved graduate teachers by 2.3 per cent and the number of P1 by 9.7 per cent.

3.17. The number of P2 teachers dropped drastically from 7,751 in 2012 to nil in 2013. The huge decline was due to government abolishing P2 grade and upgrading all P2 holders to P1.The P2 level was abolished by the Teachers Service Commission (TSC), and subsequently all teachers at this level were promoted to P1 level. The pupil teacher ratio was 41:1 in 2013.

Table 3.7: Number of Public Primary School Teachers by Qualification and Sex[1], 2009 - 2013

Number

	2009			2010			2011			2012			2013*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
TRAINED															
Graduate	801	708	1,509	895	778	1,673	3,210	3,052	6,262	3,484	3,381	6,865	9,448	9,825	19,273
Approved	22,404	21,403	43,807	22,388	21,401	43,789	29,801	20,982	50,783	32,347	23,246	55,593	29,964	20,195	50,159
S1/Diploma	7,133	7,486	14,619	7,109	7,407	14,516	6,439	7,744	14,183	6,989	8,580	15,569	14,528	19,520	34,048
P1	55,235	44,146	99,381	48,862	42,734	91,596	47,965	48,014	95,979	52,063	53,193	105,256	48,287	47,919	96,206
P2	6,801	5,184	11,985	3,847	4,007	7,854	3,209	3,851	7,060	3,484	4,267	7,751	-	-	-
Contract Teachers	-	-	-	7,085	6,875	13,960	-	-	-	-	-	-	-	-	-
TOTAL	92,374	78,927	171,301	90,186	83,202	173,388	90,624	83,643	174,267	98,367	92,667	191,034	102,227	97,459	199,686

Source: Ministry of Education, Science and Technology and Teachers Service Commision

* Provisional

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

3.18. **Secondary Education:** Enrolment in secondary schools by class and sex from 2009 to 2013 is presented in Table 3.8. The total enrolment in both public and private secondary schools increased by 10.5 per cent from 1.9 million in 2012 to 2.1 million in 2013. Total enrolment of boys rose by 10.7 per cent while that of girls increased by 9.0 per cent. The retention rate at secondary school level declined from 92.4 per cent in 2012 to 90.0 per cent in 2013. The retention rate for girls was 88.0 per cent compared to the boys rate of 92.0 per cent.

Table 3.8: Enrolment in Secondary Schools by Level and Sex, 2009 – 2013

Number

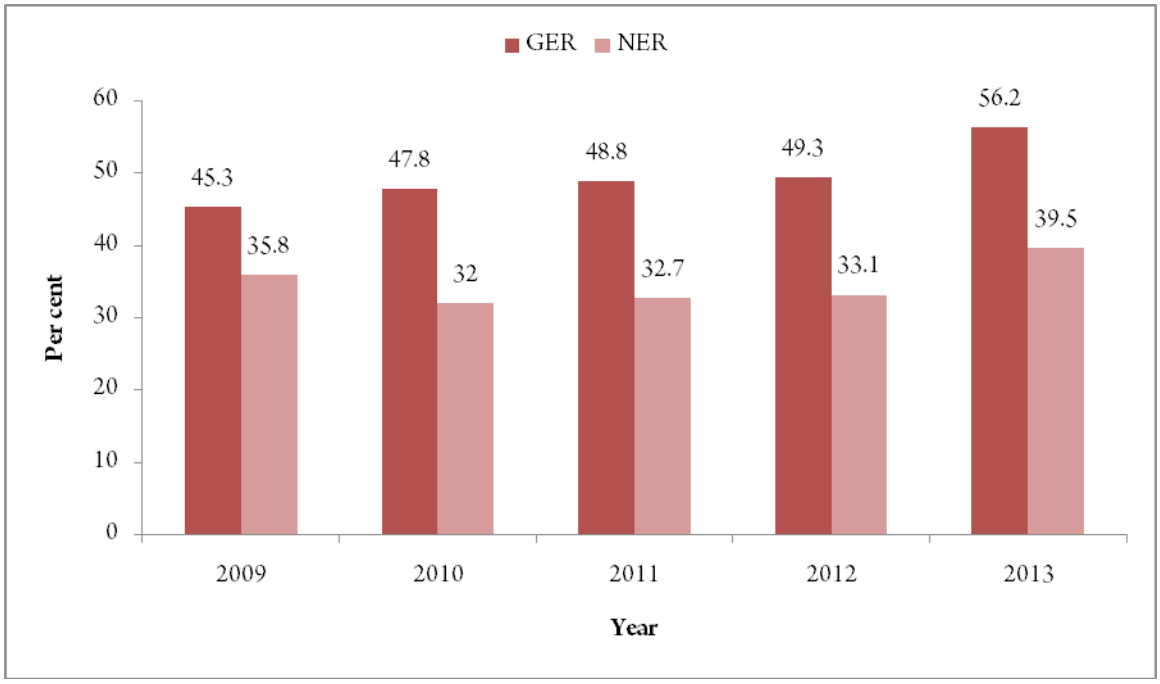
	2009		2010		2011		2012		2013*	
Level	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls
Form 1	232,854	212,467	266,707	232,226	276,965	244,636	282,555	249,573	327,775	289,753
Form 2	202,045	175,098	232,145	211,799	240,552	219,469	274,195	239,743	288,238	253,739
Form 3	170,281	142,579	216,786	181,823	224,637	188,408	239,149	218,278	267,221	228,869
Form 4	182,764	154,546	169,899	141,999	206,552	166,501	223,132	188,198	244,463	204,204
TOTAL	787,944	684,690	885,537	767,847	948,706	819,014	1,019,031	895,792	1,127,697	976,565
GRAND TOTAL	**1,472,634**		**1,653,384**		**1,767,720**		**1,914,823**		**2,104,262**	

Source : Ministry of Education, Science and Technology

* Provisional.

3.19. Secondary school GER has been on an upward trend since 2009 as shown in Figure 3.4. The GER increased from 49.3 per cent in 2012 to 56.2 per cent in 2013 and the Net Enrolment Rate (NER) for secondary schools increased by 6.4 percentage units to stand at 39.5 per cent in 2013. Expansion of NER in secondary schools may be attributed to the Free Day Secondary Education (FDSE) in addition to increase in the number of schools.

Figure 3.4: Secondary School Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2009-2013



3.20. **Kenya Certificate of Secondary Education (KCSE):** The number of candidates by mean grade attained in KCSE from 2009 to 2013 is presented in Table 3.9. The number of KCSE candidates increased by 3.0 per cent from 432,443 in 2012 to 445,520 in 2013. The number of female candidates grew by 4.6 per cent to 202,539 in 2013 compared to an increase of 1.7 per cent for the number of male candidates. The number of candidates who scored a

minimum university entry score of C+ declined marginally from 123,704 in 2012 to 123,374 in 2013. The number of candidates who scored A minus and above increased by 10.4 per cent from 11,210 in 2012 to 12,490 in 2013. The number of males who scored A plain increased from 1,277 in 2012 to 1,855 in 2013 while that of females increased from 698 in 2012 to 867 in 2013.

Table 3.9: National trends in KCSE candidates mean grade by Sex, 2009-2013

Number

	2009		2010		2011		2012		2013*	
KCSE Grade	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
A	629	301	934	632	1,315	615	1,277	698	1,855	867
A-	3,035	1,387	4,425	2,140	6,322	2,741	5,947	3,288	6,276	3,492
B+	6,361	2,979	8,620	4,117	11,150	5,240	11,753	5,977	10,776	6,237
B	9,601	5,359	11,616	6,557	14,793	8,151	15,962	9,221	15,315	9,341
B-	13,312	8,511	15,103	9,624	18,344	11,771	18,936	12,174	18,216	12,648
C+	17,171	12,402	19,502	13,864	22,474	16,742	22,180	16,291	21,836	16,515
C	22,327	17,418	24,329	19,440	27,631	22,334	27,134	21,771	26,492	22,079
C-	27,067	22,669	28,178	24,232	31,955	26,890	31,582	27,166	32,385	28,378
D+	30,133	25,943	30,497	26,265	34,093	29,760	35,655	31,548	37,703	34,100
D	29,846	29,173	29,532	27,329	32,995	31,397	37,694	35,872	39,672	38,505
D-	19,956	22,318	20,245	20,962	23,741	23,532	26,436	25,997	28,542	27,251
E	3,037	2,881	3,227	2,971	3,684	2,916	4,263	3,621	3,913	3,126
Total	**182,475**	**151,341**	**196,208**	**158,133**	**228,497**	**182,089**	**238,819**	**193,624**	**242,981**	**202,539**
Grand Total	**333,816**		**354,341**		**410,586**		**432,443**		**445,520**	

Source: Kenya National Examinations Council

* Provisional

3.21. **Secondary School Teachers:** The number of secondary school teachers for the period 2009 to 2013 is shown in Table 3.10. The total number of public secondary school teachers increased by 1.8 per cent from 64,338 in 2012 to 65,494 in 2013. This was mainly due to the replacement of teachers who had exited. Female graduate teachers increased by 3.3 per cent from 19,731 in 2012 to 20,378 in 2013 compared to an increase of 1.0 per cent for the number of male graduate teachers. The number of approved graduate teachers declined by 28.9 per cent from 7,941 in 2012 to 5,645 in 2013 mainly due to the implementation of scheme of service which is based on professional competency by the Teachers Service Commission. The number of SI/Diploma teachers almost doubled from 3,579 in 2012 to 6,303 in 2013. This can be attributed to absorption of more diploma teachers to replace those who had left the service. The number of trained secondary school teachers increased by 1.9 per cent while that of untrained secondary school teachers declined by 31.4 per cent from 229 in 2012 to 157 in 2013. Despite the embargo on employment of untrained teachers by the TSC, there was an increase in the number of untrained graduate teaching special subjects.

Table 3.10: Number of Public Secondary School Teachers by Qualification and Sex[1], 2009 – 2013

Number

TEACHERS	2009			2010			2011			2012			2013*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
TRAINED															
Graduate……	24,009	15,501	39,510	24,989	15,475	40,464	27,815	16,832	44,647	31,783	19,731	51,514	32,111	20,378	52,489
Approved……	5,329	2,397	7,726	5,297	2,345	7,642	4,677	2,511	7,188	5,159	2,782	7,941	3,787	1,858	5,645
S1/Diploma……	95	74	169	81	59	140	2,132	1,730	3,862	2,056	1,523	3,579	3,689	2,614	6,303
Dip/Technical……	361	192	553	324	165	489	621	244	865	719	356	1,075	326	141	467
Cert./Technical……													324	109	433
Contract Teachers……	..	..	..	2,435	1,765	4,200	..	..	..						-
TOTAL	**29,794**	**18,164**	**47,958**	**33,126**	**19,809**	**52,935**	**35,245**	**21,317**	**56,562**	**39,717**	**24,392**	**64,109**	**40,237**	**25,100**	**65,337**
UNTRAINED															
Graduate……	76	11	87	75	9	84	6	2	8	6	4	10	134	15	149
Dip/Technical……	31	11	42	21	7	28	152	13	165	165	54	219	6	2	8
TOTAL…… ……	**107**	**22**	**129**	**96**	**16**	**112**	**158**	**15**	**173**	**171**	**58**	**229**	**140**	**17**	**157**
GRAND TOTAL…… ..	**29,901**	**18,186**	**48,087**	**33,222**	**19,825**	**53,047**	**35,403**	**21,332**	**56,735**	**39,888**	**24,450**	**64,338**	**40,377**	**25,117**	**65,494**

Source : Teachers Service Commission

* Provisional

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

3.22. **Teacher Training Institutions:** Table 3.11 presents teacher trainee enrolment by year and sex from 2009 to 2013. The growth in the number of public and private teacher training institutions has led to an increase in teacher trainee enrolment by 20.6 per cent from 30,729 in 2012 to 37,068 in 2013. The enrolment of P1 teacher trainees grew by 22.3 per cent from 28,952 in 2012 to 35,397 in 2013. P1 enrolment at private teacher training colleges rose by 27.5 per cent compared to an increase in enrolment of 18.9 per cent for the public training colleges. Enrolment of diploma trainees declined by 6.0 per cent from 1,777 in 2012 to 1,671 in 2013 compared to an increase of 7.6 per cent registered in 2012. First year diploma enrolments declined by 13.3 per cent while second year enrolment rose marginally from 537 in 2012 to 547 in 2013.

Table 3.11: Teacher Trainees Enrolment by Year and Sex, 2009- 2013

Number

TYPE OF INSTITUTION/ CERTIFICATION	2009		2010		2011		2012		2013*	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Public primary (P 1)										
1st Year	4,121	4,313	4,579	4,763	4,372	4,444	4,403	4,497	5,249	5,435
2nd Year	4,260	3,944	4,233	4,175	4,579	4,763	4,365	4,402	4,967	5,357
Sub Total	**8,381**	**8,257**	**8,812**	**8,938**	**8,951**	**9,207**	**8,768**	**8,899**	**10,216**	**10,792**
Private primary (P 1)	**3,453**	**4,231**	**4,353**	**4,287**	**4,918**	**4,844**	**5,342**	**5,943**	**6,997**	**7,392**
Total P 1	**7,684**		**8,640**		**9,762**		**11,285**		**14,389**	
SUB TOTAL	**11,834**	**12,488**	**13,165**	**13,225**	**13,869**	**14,051**	**14,110**	**14,842**	**17,213**	**18,184**
Diploma[1]										
1st Year	365	322	460	328	338	206	422	245	313	265
2nd Year	445	198	361	311	344	231	332	205	250	297
3rd Year	385	287	441	175	345	187	343	230	256	290
SUB TOTAL	**1,195**	**807**	**1,262**	**814**	**1,027**	**624**	**1,097**	**680**	**819**	**852**
TOTAL	**13,029**	**13,295**	**14,427**	**14,039**	**14,896**	**14,675**	**15,207**	**15,522**	**18,032**	**19,036**
GRAND TOTAL	**26,324**		**28,466**		**29,571**		**30,729**		**37,068**	

Source: Ministry of Education, Science and Technology

*Provisional

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

3.23. **Technical, Industrial and Vocational Educational Training Institutions (TIVET)**: Enrolment in TIVET institutions from 2009 to 2013 is presented in Table 3.12. The total enrolment rose by 15.9 per cent from 127,691 in 2012 to 148,009 in 2013. Enrolment in technical training institutes and institutes of technology increased by 19.6 per cent from 46,784 in 2012 to 55,945 in 2013 compared to a decline of 4.1 per cent in 2012. Student enrolment in National Polytechnics and Technical Universities rose by 47.9 per cent from 13,853 in 2012 to 20,495 in 2013. Enrolment in youth polytechnics increased by 6.7 per cent from 67,054 in 2012 to 71,569 in 2013 mainly attributable to the Government's subsidy on tuition fee for the Youth Polytechnics to the labour market.

Table 3.12: Student Enrolment in Technical Institutions by Sex, 2009 – 2013

Number

INSTITUTION	2009		2010		2011		2012		2013*	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Technical University of Kenya[1]	2,642	1,156	2,904	1,357	2,360	4,512	1,698	1,024	4,814	2,607
Technical University of Mombasa[1]	3,518	2,152	2,041	3,276	3,558	1,794	2,190	1,150	3,048	1,506
Kisumu Polytechnic	2,276	1,472	1,798	781	1,990	936	2,256	1,136	2,223	1,267
Eldoret Polytechnic	1,949	1,302	1,903	1,718	3,132	2,145	2,730	1,669	3,081	1,949
Sub Total	**10,385**	**6,082**	**8,646**	**7,132**	**11,040**	**9,387**	**8,874**	**4,979**	**13,166**	**7,329**
Other TIVET Institutions										
Technical Training Institutes	12,514	9,923	12,908	9,970	16,719	13,255	16,263	12,505	18,936	15,407
Institutes of Technology	5,920	4,813	6,035	4,858	10,179	8,607	11,890	6,126	13,020	8,582
Sub Total	**18,434**	**14,736**	**18,943**	**14,829**	**26,898**	**21,862**	**28,153**	**18,631**	**31,956**	**23,989**
Youth Polytechnics	13,222	18,122	14,384	18,720	15,648	19,338	40,233	26,821	42,942	28,627
TOTAL	**42,041**	**38,940**	**41,973**	**40,680**	**53,586**	**50,587**	**77,260**	**50,431**	**88,064**	**59,945**
GRAND TOTAL		**80,981**		**82,653**		**104,173**		**127,691**		**148,009**

Source: Ministry of Education, Science & Technology

* Provisional

[1] Diploma and Certificate courses only

3.24. **University Education:** The student enrolment by sex in public and private universities from 2010/11 to 2013/14 academic years is shown in Table 3.13. The overall university student enrolment increased by 34.9 per cent from 240,551 in 2012/13 to 324,560 in 2013/14. The increase is attributable to higher enrolment levels in the public universities following the introduction of new courses in addition to upgrading of university colleges. Male student enrolment increased by 42.6 per cent from 135,436 in 2012/13 to 193,185 in 2013/14 while female student enrolment rose by 25.0 per cent to 131,375 in 2013/14. During the same period, enrolment at public universities increased by 41.3 per cent from 195,528 in 2012/13 to 276,349 in 2013/14. Enrolment in private universities increased by 7.1 per cent from 45,023 in 2012/13 to 48,211 in 2013/14.

Table 3.13: Student Enrolment[1] by Sex in Universities, 2010/2011 - 2013/2014

Number

INSTITUTION	2010/11		2011/12		2012/13		2013/14*	
	Male	Female	Male	Female	Male	Female	Male	Female
Public Universities								
Nairobi	31,237	18,127	27,084	17,219	30,710	20,185	38,693	25,376
Kenyatta	18,739	13,795	21,328	15,892	25,633	31,559	37,758	32,248
Moi	11,963	9,143	14,124	11,409	17,372	14,273	12,477	9,579
Egerton	6,095	4,453	7,050	5,095	4,577	3,101	7,044	4,896
Jomo Kenyatta (JKUAT)	6,677	2,713	9,818	4,119	19,048	9,870	19,729	10,847
Maseno	3400	1927	2809	1742	3,953	2,159	3,922	2,247
Masinde Muliro	4,142	2,320	10,958	6,402	6,295	3,901	5,606	3,445
Technical University of Kenya	850	135	187	642	405	135	5,102	1,915
Technical University of Mombasa	2,828	1,226	1,000	1,038	1,828	524	3,993	1,050
Chuka							7,318	2,663
Karatina							2,700	2,014
Kisii							913	531
Meru							2,001	903
Multi Media							697	331
South Eastern							1,988	1,037
Jaramogi Oginga Odinga							1,259	771
Laikipia							857	574
University of Eldoret							8,059	4,507
Kabianga							1,004	681
Dedan Kimathi							675	246
Pwani							2,666	1,591
Masai Mara							2,585	1,851
SUB-TOTAL	**85,931**	**53,839**	**94,358**	**63,558**	**109,821**	**85,707**	**167,046**	**109,303**
Private Universities								
Private Accredited	17,564	13,763	18,864	14,575	20,788	16,884	21,113	18,895
Private Unaccredited	4,228	2,292	4,478	2,427	4,827	2,524	5,026	3,177
SUB-TOTAL	**21,793**	**16,055**	**23,342**	**17,002**	**25,615**	**19,408**	**26,139**	**22,072**
TOTAL	**107,724**	**69,894**	**117,700**	**80,560**	**135,436**	**105,115**	**193,185**	**131,375**
GRAND TOTAL	**177,618**		**198,260**		**240,551**		**324,560**	

Source: Individual Universities

* Provisional

[1]Enrolments excludes Diploma/Certificate.

3.25. **Registration of Universities and other Institutions offering Degree Programmes:** Table 3.14 presents information on the registration of universities and degree offering institutions from 2009 to 2013. The number of chartered private universities increased from 15 in 2012 to 17 in 2013. This was due to the award of charter to Kenya College of Accountancy University (KCAU) and the Adventist University of Africa. In the same period, Umma University was granted a letter of interim authority. The number of public universities increased to 22 and the number of public university constituent colleges stood at 9 in 2013 after granting of charters to most of them.

Table 3.14: Registration of Universities and Other Institutions offering Degree Programmes, 2009-2013

Number

Category of Institutions	2009	2010	2011	2012	2013*
Chartered private universities	11	13	14	15	17
Universities with letter of Interim Authority	9	9	11	12	11
Registered universities	4	3	2	2	2
Institutions approved for collaboration with universities in offering university programmes	29	32	33	0	0
Public universities	7	7	7	8	22
Public university constituent colleges	14	15	23	23	9
Private university constituent colleges	..	..	4	4	5
Public university campuses established	3	30	30	33	33

Source: Commission for University Education

* Provisional

.. Data not available

3.26. The number of approved degree programmes and validated diplomas are shown in Table 3.15. The number of private university degree programmes approved by the Commission for University Education rose from 160 in 2012 to 362 in 2013. The other category of programmes for collaboration with universities and validated diploma programmes remained at the 2012 levels.

Table 3.15: Approved degree programmes and validated diploma programmes, 2009-2013

Number

Programme	2009	2010	2011	2012	2013*
Approved private university degree programmes	82	87	109	160	362
Approved degree programmes for collaboration with universities	46	49	38	38	38
Validated diploma programmes	105	113	134	140	140

Source: Commision for University Education

* Provisional

Health Statistics

3.27. Total registered births increased by 8.6 per cent from 801,815 in 2012 to 870,599 in 2013. Overall birth registration coverage rose from 55.3 per cent in 2012 to 58.4 in 2013. At county level, Garissa, Nairobi, Mombasa, Kiambu, Kirinyaga and Embu registered had coverage of over 70.0 per cent. The lowest coverage rates were registered in the arid and semi arid counties except Garissa. Death registration at the national level rose by 3.5 per cent from 187,811 in 2012 to194, 332 in 2013. This represents a 45.0 per cent coverage rate.

3.28. Table 3.18 presents the number of registered deaths by major causes for the period 2010 to 2013. Malaria and Pneumonia were the leading killer diseases; accounting for 12.2 per cent and 11.8 per cent of the total reported cases respectively, in 2013. Nationally, Cancer and AIDS were ranked third and fourth with 13,720 and 11,448 cases, respectively.

Table 3.18: Registered Deaths by Major Causes, 2010 – 2013

Number

Cause	2010	2011	2012	2013*
Malaria	30,505	26,652	24,772	23,789
Pneumonia	22,204	22,632	22,051	22,918
Cancer	11,995	11,527	12,574	13,720
AIDS	13,656	11,274	11,111	11,448
Tuberclosis	11,712	11,149	10,611	11,186
Anaemia	7,985	7,984	8,169	8,124
Road traffic accidents	3,892	4,382	4,997	4,942
Other accidents	3,757	4,726	4,630	4,857
Heart disease	4,634	4,404	5,188	4,544
Menengitis	4,371	4,497	4,480	4,265
Other causes	70,389	73,425	79,228	84,539
Total	185,100	182,652	187,811	194,332

Source: Department of Civil Registration

*Provisional

3.29. **National Hospital Insurance Fund:** Resources for the Fund for the period 2008/09 to 2012/13 are presented in Table 3.19 (a). Total receipts of the fund rose by 25.6 per cent from KSh 9,595.6 million in 2011/12 to KSh 12,054.9 million in 2012/13. Similarly, benefits accrued to members increased substantially by 37.3 per cent to KSh 8,236.2 million in 2012/13 from KSh 5,999.8 million in 2011/12. Total contributions net of benefits rose by 6.2 per cent to KSh 3,818.7 million in 2012/13 from KSh 3,595.8 million in 2011/12. The increase for both receipts and benefits can be attributed to expansion of coverage especially the informal sector.

Table 3.19 (a): National Hospital Insurance Fund Resources, 2008/09 to 2012/13

KSh million

Financial Year	2008/09	2009/10	2010/11	2011/12	2012/13*
Receipts	5,079.0	6,025.7	6,765.8	9,595.6	12,054.9
Benefits	2,813.0	3,110.0	3,677.4	5,999.8	8,236.2
Contributions Net of Benefits	**2,266.0**	**2,915.7**	**3,088.3**	**3,595.8**	**3,818.7**

Source: National Hospital Insurance Fund

* Provisional

3.30. **National Hospital Insurance Fund Membership:** Table 3.19 (b) presents the number of registered members of the National Hospital Insurance Fund. The number of registered members increased by 13.5 per cent from 3.34 million in 2011/12 to KSh 3.8 million in 2012/13. The formal sector had the highest share, accounting for 70.6 per cent of the total registered membership. Over the same period, the informal sector registered an increase of 24.2 per cent compared with 9.7 per cent increase in the formal sector. The increase in registered members may be attributed to efforts made by the Fund to expand membership through enhanced compliance in the formal sector, social marketing and public information, and education activities for the informal sector.

Table 3.19 (b): Registered Members of the National Hospital Insurance Fund, 2008/09-2012/13

Number

Financial Year	2008/09	2009/10	2010/11	2011/12	2012/13*
Formal Sector	1,800,000	2,286,205	2,197,940	2,441,795	2,679,370
Informal Sector	376,470	555,730	688,746	898,364	1,115,424
Total	**2,176,470**	**2,841,935**	**2,886,686**	**3,340,159**	**3,794,794**

Source: National Hospital Insurance Fund

* Provisional

3.31. Table 3.20 gives the number of registered medical personnel and those in training in 2012 and 2013. The number of registered medical personnel increased by 7.3 per cent from 104,913 in 2012 to 112,576 in 2013. This led to the increase in the ratio of registered medical personnel per 100,000 from 259 in 2012 to 269 in 2013. The registered nurses cadre had the highest ratio of 91 per 100,000 Population while that of registered dentists continue to be the lowest at 3 per 100,000 Population. The doctors' cadre of medical personnel was 21 per 100,000 Population.

Table 3.20: Number of Registered Medical Personnel and those in Training, 2012-2013

Type of Personnel	Registered Medical Personnel				In-Training	
	2012		2013*			
	Number	No. Per 100,000 Population	Number	No. Per 100,000 Population	2012/2013*	2013/2014*
Doctors	8,092	20	8,682	21	3,170	3,457
Dentists	985	2	1,045	3	268	291
Pharmacists	2,076	6	2,202	5	466	826
Pharmaceutical Technologists	5,236	13	6,204	15	444	434
BSc. Nursing	1,532	4	1,873	4	2,148	2,736
Registered Nurses	35,148	86	37,907	91	2,224	2,708
Enrolled Nurses	26,621	65	26,841	64	276	279
Clinical Officers	11,185	28	13,216	32	1,262	1,125
Public Health Officers	8,069	20	8,637	21	1080	568
Public Health Technicians[1]	5,969	15	5,969	14	0	0
Total	**104,913**	**258**	**112,576**	**269**	**11,338**	**12,424**

Source: Health Management Information System, Ministry of Health , Clinical Officers Council, Nursing Council of Kenya, Medical Practitioners & Dentists Board, Universities

* Provisional

[1] Training phased out

3.32. Table 3.21 presents the number of undergraduate and post graduate medical students by course and sex from 2009/2010 to 2013/2014. The number of medical students increased by 18.1 per cent from 8,131 in 2012/13 to 9,602 in 2013/14 academic years. Students undertaking Bachelor of Science in Medicine and Surgery accounted for 36.0 per cent of the total medical students in 2013/14. There was an increase in the number of registered medical students in all the courses except in Environmental Health, which dropped from 1,080 in 2012/13 to 1,043 in 2013/2014. More males were registered in all the courses, with exception of Bachelor of Science Nursing. Students in Post graduate courses accounted for 11.7 per cent of the total medical students during the review period.

Table 3.21: Number of Undergraduate and Post Graduate Medical Student by Course and Sex, 2009/2010- 2013/2014

Number

Undergraduate	2009/10		2010/11		2011/12		2012/13		2013/14*	
Medical Degree	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Medicine & Surgery	1,290	930	1,317	1,074	1,373	1,099	1,649	1,521	1,784	1,673
Bsc. Nursing	333	583	577	1,090	630	1,302	781	1,368	1,042	1,531
Dental Surgery	102	97	103	91	118	100	138	130	147	144
Environmental Health	121	105	286	233	307	233	409	671	570	473
Pharmacy	230	130	281	205	168	130	207	259	389	265
Bsc. Biochemistry	212	161	623	433	321	180	186	194	275	186
Sub-Total	**2,288**	**2,006**	**3,187**	**3,126**	**2,917**	**3,044**	**3,370**	**4,143**	**4,207**	**4,272**
Postgraduate students	323	260	784	550	243	342	335	283	662	461
Total	**2,611**	**2,266**	**3,971**	**3,676**	**3,160**	**3,386**	**3,705**	**4,426**	**4,869**	**4,733**
Grand Total	**4,877**		**7,647**		**6,546**		**8,131**		**9,602**	

Source: University of Nairobi, Moi University, Kenya Methodist University, University of Eastern Africa, Baraton, Kenyatta University, Egerton University , Aga Khan University Hospital & Masinde Muliro University of Science

* Provisional

3.33. Table 3.22 shows the total number of registered middle level medical trainees in public training colleges from 2009 to 2013. The number of middle level medical trainees enrolled in the Kenya Medical Training College (KMTC) rose by 2.6 percent, from 7,909 in 2012 to 8,118 in 2013. Enrolment of students in Diploma courses increased by 3.7 per cent to 6,505 in 2013. Enrolment of students in Higher Diploma courses increased from 297 in 2012 to 394 in 2013. However, the enrolment at certificate level declined by 7.9 per cent from 1,323 in 2012 to 1,219 in 2013.

Table 3.22: Middle Level Medical Trainees in Public Medical Training Colleges, 2009 – 2013

Level of Training	2009	2010	2011	2012	2013*
Certificate in Community Nursing	130	128	184	278	279
Certificate in Medical Engineering Technology	129	167	76	84	94
Certificate in Health Records & Information Technology	155	553	722	781	528
Certificate in Nutrition	23	55	196	180	318
Sub-Total	**437**	**903**	**1,178**	**1,323**	**1,219**
Diploma in Community Health Nursing	2,039	2,200	1,029	2,662	2,708
Diploma in Community Nutrition	80	47	72	138	187
Diploma in Environmental Health Sciences	400	552	464	589	568
Diploma in Medical Laboratory Sciences	407	482	429	411	459
Diploma in Clinical Medicine & Surgery	1,260	1,114	1,134	1,156	1,125
Diploma in Medical Engineering Technology	81	34	55	75	118
Diploma in Community Oral Health	42	51	40	41	47
Diploma in Dental Technology	32	38	39	39	36
Diploma in Health Records and Information technology	83	97	225	255	381
Diploma in Occupational Therapy	43	60	42	44	44
Diploma in Orthopaedic Technology	37	37	32	35	25
Diploma in Pharmacy	224	298	406	448	434
Diploma in Physiotherapy	98	108	117	143	109
Diploma in Medical Imaging Sciences	36	72	115	165	143
Diploma in Optical Technology	22	22	25	22	28
Diploma in Registered Nursing-Mental Health &Psychiatry5	-	-	-	50	93
Diploma in Nuerophysiology	15	19	14	16	-
Sub Total	**4,899**	**5,231**	**4,238**	**6,289**	**6,505**
Higher Diploma in Pharmacy	-	-	-	5	-
Higher Diploma in Environmental Health Sciences1	62	45	21	6	4
Higher Diploma in Medical Laboratory Sciences2	56	54	18	15	18
Higher Diploma in Nursing3	61	48	81	52	163
Higher Diploma in Clinical Medicine and Surgery4	74	70	48	83	112
Higher Diploma in Medical Engineering	-	2	60	27	-
Higher Diploma in Ultra Sound Image Pattern Analysis	33	24	49	21	36
Higher Diploma in Community Health & HIV/AIDS CARE	32	54	45	58	33
Higher Diploma in Health Education & Promotion	21	24	25	18	17
Higher Diploma in Medical Education5	-	-	-	17	11
Post Graduate Diploma in Medical Education6	18	16	20	-	-
Post Graduate Certificate in Medical Education6	22	-	-	-	-
Sub-Total	**379**	**337**	**367**	**297**	**394**
Total	**5,715**	**6,471**	**5,783**	**7,909**	**8,118**

Source: Kenya Medical Training College, Ministry of Health

* 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

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

5. New course started to replace Post Graduate Certificate and Post Graduate Diploma in Medical Education

6. Courses Discontinued.

3.34. Table 3.23 presents Full Immunization Coverage rate of under one year old children by county for years 2011 to 2013. The number of cases of children fully immunized reduced from 1,094,603 in 2012 to 1,003,358 in 2013. The Full Immunization Coverage declined from 83.0 per cent in 2012 to 74.0 per cent in 2013. This could be attributed to the strike by

health workers during the review period. Wajir, Garissa and Busia counties registered more than 100.0 per cent coverage.

Table 3.23: Full Immunization Coverage (FIC) Rate of Under-One Year Old Children by County, 2011-2013

County	2011		2012		2013	
	Number	%	Number	%	Number	%
Nairobi	101,055	95	111,502	95	96,196	75
Kiambu	41,181	86	41,004	83	34,402	68
Kirinyaga	9,326	71	11,167	82	11,169	80
Murang'a	17,944	74	17,032	68	14,476	56
Nyandarua	14,668	84	13,442	74	12,919	70
Nyeri	16,094	95	10,431	60	13,780	77
Kilifi	31,807	74	37,580	85	37,051	81
Kwale	19,789	77	22,571	85	23,438	85
Lamu	2,869	85	3,139	90	2,990	83
Mombasa	29,642	94	30,089	92	26,761	80
Taita Taveta	7,209	86	6,791	79	6,886	78
Tana River	6,465	60	7,197	65	6,553	57
Embu	12,173	90	11,876	87	13,193	96
Meru	29,655	74	31,782	79	24,105	59
Tharaka Nithi	8,651	84	10,635	102	8,748	83
Kitui	37,946	114	23,787	71	24,480	72
Machakos	26,912	89	28,568	94	25,828	84
Makueni	24,570	98	21,436	85	20,361	80
Isiolo	4,292	92	4,026	86	4,255	90
Marsabit	7,260	89	7,925	97	7,671	93
Garissa	20,713	213	11,583	124	11,768	130
Mandera	9,949	83	8,663	75	7,813	70
Wajir	13,480	164	9,095	115	10,706	140
Homabay	37,465	100	33,829	89	31,377	80
Kisumu	16,539	47	28,872	81	27,079	74
Migori	40,371	103	33,364	83	33,142	81
Siaya	20,479	67	27,456	88	24,423	77
Kisii	29,829	73	39,623	95	31,422	74
Nyamira	13,887	70	13,234	65	20,032	97
Baringo	12,829	62	14,884	70	14,258	65
Bomet	15,818	57	11,976	42	17,144	58
Kajiado	20,667	78	22,236	82	16,352	58
Elgeyo Marakwet	13,060	89	12,129	80	10,310	66
Kericho	24,996	95	27,259	100	14,727	53
Laikipia	12,102	92	11,203	83	11,755	84
Nakuru	53,933	97	57,619	101	46,781	79
Nandi	15,202	57	22,008	80	20,009	71
Narok	22,010	55	28,633	69	24,394	57
Samburu	6,010	64	6,651	68	5,313	53
Trans Nzoia	15,658	48	20,483	62	18,880	55
Turkana	11,483	53	17,429	78	15,248	66
Uasin Gishu	26,494	84	26,759	83	24,653	74
West Pokot	11,216	49	12,410	53	11,812	48
Bungoma	45,794	72	41,188	63	40,314	61
Busia	23,529	125	32,749	170	23,046	117
Kakamega	48,869	77	54,512	84	56,899	86
Vihiga	18,417	100	16,776	89	18,439	96
Kenya	**1,050,307**	**82**	**1,094,603**	**83**	**1,003,358**	**74**

Source: Ministry of Health

*Provisional

3.35. The incidences of disease causing morbidity for the period 2009 to 2013 are presented in Table 3.24. Malaria and respiratory diseases continued to be the leading diseases accounting for 54.2 per cent of the total disease causing morbidity. The number of malaria cases has been declining since 2010. On the other hand, incidences of respiratory diseases have been on the rise since 2009. Overall, cases of morbidity increased substantially by 10.8 per cent to 43,636,517 in 2013 from 39,390,685 in 2012.

Table 3.24: Incidence of Diseases in Kenya, 2009-2013

DISEASE	2009		2010		2011		2012		2013*	
	Number	%	Number	%	Number	%	Number	%	Number	%
Malaria ……	9,833,701	31	11,371,889	29.7	11,150,223	26.4	9,445,107	24	8,808,471	20.2
Respiratory Diseases ……	8,017,565	25	9,760,371	25.5	11,098,928	26.3	12,215,993	31	14,823,864	34.0
Diseases of the Skin (Incl. Ulcers)……	2,109,416	7	2,718,570	7.1	2,882,050	6.8	3,051,026	8	3,648,361	8.4
Diarrhoeal Diseases……	1,639,945	5	1,818,078	4.8	2,024,812	4.8	2,081,487	5	2,226,107	5.1
Intestinal Worms……	387,066	1	419,298	1.1	374,886	0.9	357,844	1	349,632	0.8
Pneumonia……	1,018,151	3	1,081,317	2.8	1,100,997	2.6	1,135,046	3	1,282,996	2.9
Accidents (incl. fractures, burns etc)…	582,881	2	708,721	1.9	780,908	1.9	846,287	2	927,861	2.1
Rheumatism, Joint pains etc ……	558,539	2	659,192	1.7	750,888	1.8	845,397	2	1,081,245	2.5
Urinary Tract Infections……	507,910	2	638,758	1.7	778,433	1.8	912,646	2	1,091,371	2.5
Eye Infection……	550,395	2	643,986	1.7	689,004	1.6	717,983	2	778,073	1.8
All Other Diseases ……	6,755,308	21	8,441,917	22.1	6,701,348	15.9	7,781,869	20	8,618,536	19.8
TOTAL …… ……	**31,960,877**	**100.0**	**38,262,097**	**100.0**	**38,332,477**	**100.0**	**39,390,685**	**100.0**	**43,636,517**	**100.0**

Source: Ministry of Health

* Provisional

Other Social Services

3.36. National Youth Service (NYS) trains young Kenyans in vocational skills and competencies to prepare them for technical work in order to cope with challenges faced in their life time as well as self sustainability. The number of men and women recruited by the NYS and allowances paid from 2009 to 2013 are shown in Table 3.25. The number of both service men and women recruited rose by 26.3 per cent and 37.1 per cent in 2013, respectively. The number of service men and women increased by 29.4 per cent from 5,827 in 2012 to 7,543 in 2013. Allowances paid grew by 29.4 per cent from KSh 4.1 million in 2012 to KSh 5.3 million in 2013.

Table 3.25: National Youth Services Recruitment and Allowances, 2009-2013

Year	Recruitment (Numbers)			Allowances Paid
	Service Men	Service Women	Total	KSh Million
2009	4,125	1,067	5,192	18.17
2010	3,600	999	4,599	3.22
2011	3,660	1,507	5,167	4.23
2012	4,130	1,697	5,827	4.08
2013*	5,216	2,327	7,543	5.28

Source: National Youth Service

*Provisional

3.37. **National Social Security Fund (NSSF):** National Social Security Fund (NSSF) is a social security service provider for workers in Kenya. It prepares the workers to secure their future against economic and social distress. Details of registered employers and employees; and, annual contribution and benefits are presented in Table 3.26. The number of registered employers increased marginally while that of registered employees increased from 3,955.9 thousand in 2012 to 3,956.3 thousand in 2013. Annual benefits to workers rose from KSh 2,765.34 million in 2012 to KSh 2,844.59 million in 2013.

Table 3.26: National Social Security Fund, 2009- 2013

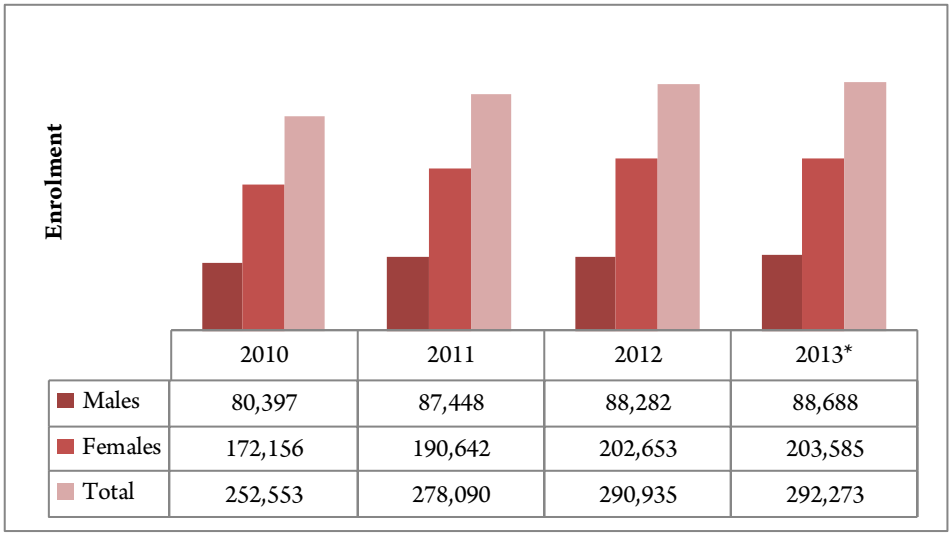
Details	2009	2010	2011	2012	2013*
Registered Employers '000	72.6	72.6	84.2	92.12	92.1
Registered Employees '000					
Male	2546.55	2553.53	2719.99	2,954.69	2955.01
Female	848.85	848.56	945.19	1,001.21	1001.25
Total	3395.40	3402.01	3665.18	3,955.90	3956.26
Annual contribution KSh (million)	5340.97	5341.71	5990.56	6,571.10	6571.57
Annual benefits paid KSh (million)	2773.37	2773.35	2357.07	2,765.34	2844.59

Source: National Social Security Fund

* Provisional

3.38. **Adult Education:** The Government is committed to eradicating illiteracy among citizens through adult education programmes managed by the Department of Adult Education. Details of adult learners' enrolment are shown in Figure 3.5. During the year under review, the enrolment of adult learners increased by 0.5 per cent with more females than of males.

Figure 3.5: Adult Education Enrolment by Sex, 2010-2013



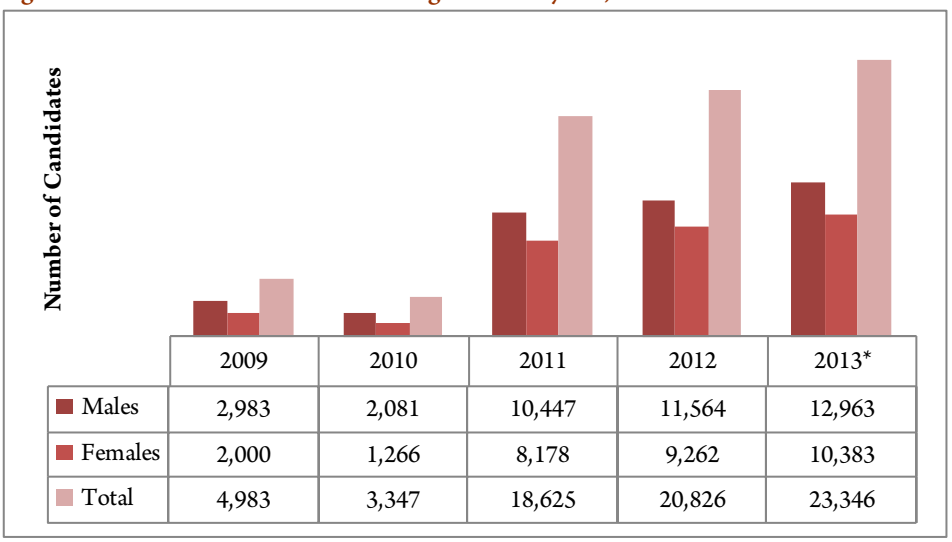
	2010	2011	2012	2013*
Males	80,397	87,448	88,282	88,688
Females	172,156	190,642	202,653	203,585
Total	252,553	278,090	290,935	292,273

Source: Ministry of Education, Science and Technology

*Provisional

3.39. Figure 3.6 shows the number of private candidates who registered for KCPE from 2009 to 2013. The number of private registered candidates increased from 20,826 in 2012 to 23,346 in 2013 reflecting an increase of 12.1 per cent. Majority of the privately registered candidates were males.

Figure 3.6: Private Candidates KCPE Registration by Sex, 2009-2013



	2009	2010	2011	2012	2013*
Males	2,983	2,081	10,447	11,564	12,963
Females	2,000	1,266	8,178	9,262	10,383
Total	4,983	3,347	18,625	20,826	23,346

Source: Ministry of Education, Science and Technology

*Provisional

Gender and Development:

3.40. The Government is committed to realisation of Millennium Development Goal 3 (MDG 3) on gender equality and women empowerment. To achieve this goal the Government has shown its commitment by mainstreaming gender issues into its development plans, budgets and policies. Women groups represent the primary decision-making outlets for women in Kenya and the potential for community driven development. Table.3.27 shows the number of registered women groups, membership, contributions, Government grants and Women enterprise funds. The number of registered women groups increased by 1.6 per cent from 145,856 in 2012 to 148,190 in 2013. Total membership and group contributions increased by

2.4 per cent and 2.9 per cent respectively, in 2013.

3.41. **Women Enterprise Fund (WEF):** Women Enterprise Fund was established with a mandate of providing sustainable solutions to the challenges Kenyan women face. The fund is meant to empower women to venture or expand their businesses. The fund promotes financial inclusion of women by removing barriers that have prevented them from participating fully in the economic development of the country. Interest free loans are provided to registered self help groups through respective constituencies. Women enterprise fund declined from KSh 352 million in the 2012 to KSh 167 million in the 2013 following the transfer of KSh 185 million to Uwezo fund as part of devolved funds.

Table 3.27: Registered Women Groups by Membership, Contributions, GoK Grants and Women Enterprise Fund, 2009 to 2013.

Year	No. of Women Groups	Membership	Group contributions (KSh Million)	Grants by GOK[1]	
				Women Group (KSh Million)	Women Enterprise Fund (KSh million)
2009	141,560	5,516,396	548.4	100	500
2010	142,783	5,579,639	551.2	80	490
2011	143,792	5,618,064	553.8	80	440
2012	145,856	5,734,543	568.7	70	352
2013*	148,190	5,872,172	585.2	0	167

Source: Ministry of Labour, Social Security and Services

* Provisional

[1] grants by National government only

3.42. **Social Protection Fund:** The Social Protection Fund was established to facilitate access to credit and cash transfer in a bid to attain a meaningful and better quality of life of poor and vulnerable individuals. Table 3.28 shows that the Government increased the allocated fund for social protection for older persons from KSh 1,519.2 million in 2012 to KSh 3,168.0 million in 2013. The direct cash disbursement increased from KSh 1,478.0 million in 2012 to KSh 2,919.0 million in 2013. The increase in allocation and direct cash disbursement was attributed to increased monthly capital transfers from KSh 1,500 to KSh 2,000 per household. Subsequently, the number of targeted households increased from 49,000 in 2012 to 164,000 in 2013.

3.43. The funding allocated for Orphans and Vulnerable Children (OVC) increased from KSh 1,081.4 million in 2012/13 to KSh 4,763.1 million in 2013/14. The direct cash disbursement increased from KSh 1,030.3 million in 2012/13 to KSh 4,524.9 million in 2013/14. This increased allocation and direct cash disbursement was attributed to increased capital transfers and increased number of targeted households from 44,000 in 2012 to 135,000 in 2013.

Table 3.28: Government Allocation and Receipt

Financial Year	Social Protection Fund for Older Persons		Social Protection Fund for OVC	
	Allocation (KSh million)	Direct cash Disbursement (KSh million)	Allocation (KSh million)	Direct cash Disbursement (KSh million)
2009/10	550.0	346.0	815.0	772.8
2010/11	530.0	394.0	827.7	766.9
2011/12	1,000.0	949.5	1,026.9	896.9
2012/13	1,519.2	1,478.0	1,081.4	1,030.3
2013/14*	3,168.0	2,919.0	4,763.1	4,524.9

Source: Ministry of Labour, Social Security and Services

* Provisional

3.44. **Women in Decision-Making:** The implementation of the constitution has resulted to an increase in the number of women who have been elected to participate in politics and high-level decision-making as shown in Table 3.29. Women in the National Assembly constituted 19.7 per cent of total legislators in 2013. This is the highest number of women legislators ever recorded in Kenya and is an improvement from the proportion of 9.9 per cent in the 10th parliament. Women Cabinet Secretaries and Principal Secretaries constituted 33.3 per cent and 26.9 per cent respectively. The number of women Senators and Deputy Governors constituted 26.9 per cent and 19.2 per cent, respectively. Women County Commissioners constituted 36.2 per cent of the total while Women in County Assemblies constituted 6.1 per cent. The number of women magistrates increased from 174 in 2012 to 182 in 2013, while that of women judges increased from 44 in 2012 to 45 in 2013. The number of high court judges increased from 80 in 2012 to 86 in 2013. Except for court of appeal judges, high court judges, magistrates and lawyers, the country has not met the 30 per cent representation of either sex in high level decision making organs.

Table 3.29: Women Participation in Key Decision making positions, 2012–2013

Categories	2012				2013*			
	F	M	Total	(%) F	F	M	Total	(%) F
Ministers/Cabinet Secretaries	6	36	42	14.3	6	12	18	33.3
National Assembly	22	200	222	9.9	69	281	350	19.7
Permanent/Principal secretaries	7	37	44	15.9	7	19	26	26.9
Diplomatic Corps	14	53	67	20.9	15	48	63	23.8
Senators	0	0	0	0	18	49	67	26.9
Governors	0	0	0	0	0	47	47	0
Deputy Governors	0	0	0	0	9	38	47	19.2
County commissioners	16	31	47	34	17	30	47	36.2
Sub-County Commissioners	28	262	290	9.7	31	264	295	10.5
Deputy secretaries	42	107	149	28.2	49	121	170	28.8
Supreme court	1	5	6	16.7	2	5	7	28.6
Court of appeal judges	8	19	27	29.6	8	18	26	30.8
High court judge[1]	35	45	80	43.7	35	51	86	40.7
Magistrates	174	281	455	38.2	182	228	410	44.4
Kadhis	0	18	18	0	0	18	18	0
Chiefs	96	2,483	2,579	3.7	98	2,492	2,590	3.8
Assistant Chiefs	458	5,438	5,896	7.8	471	5,415	5,886	8
Lawyers	2,274	3,897	6,171	36.8	2,430	4,040	6,470	37.6
Councillors/MCA	393	2,093	2,486	15.8	88	1,362	1,450	6.1

Source: Various

* Provisional

Chapter 4

Employment, Earnings and Consumer Prices

Overview

Employment in Kenya is categorized into three sectors namely; formal (modern), informal and small scale agriculture or subsistence farming and pastoralist activities. In this chapter, the employment data excludes small scale agriculture and pastoralist activities. The total number of persons engaged in both the formal and informal sectors increased by 5.8 per cent in 2013 to stand at 13,524.8 thousand. Consequently, in 2013, 742.8 thousand jobs were created out of which 116.8 thousand were in the formal sector. The expansion of jobs in the public sector was mainly attributed to recruitment in the devolved structures and employment of more teachers. The growth in the formal-private and informal sectors may be attributed to expansion in sectors that are labour intensive including; wholesale and retail trade, Information, Communication and Technology (ICT) and construction.

4.2. Nominal average earnings per person in the modern sector increased from KSh 440,364.6 per annum in 2012 to KSh 497,488.0 per annum in 2013. The increase was largely attributed to the rise in the minimum wage by 14.0 per cent and the award of a salary increase of 18.2 per cent on average for unionisable employees who registered their disputes with the industrial court. The overall annual inflation rate declined from 9.4 per cent in 2012 to 5.7 per cent in 2013. As a result, real average earnings per employee increased by 7.7 per cent in 2013 compared to a 3.1 per cent decline in 2012.

Employment

4.3. Employment in the modern and informal sectors excluding small scale farming and pastoralists activities improved from 12,782.0 thousand persons in 2012 to 13,524.8 thousand persons in 2013, representing an increment of 5.8 per cent, as shown in Table 4.1. In the year under review, a total of 116.8 thousand jobs were created in the modern sector. The increase of jobs created in the modern sector was mainly attributed to increased activities in the construction and service industries as well as expansion of the social sectors of health, education and security. The number of wage employees in the modern sector increased from 2,155.8 thousand persons in 2012 to 2,265.7 thousand persons in 2013. This was a 5.1 per cent increase compared to a growth of 3.4 per cent in 2012. Total number of self-employed and unpaid family workers increased by 9.0 per cent to stand at 83.8 thousand persons in 2013, which was higher than 4.2 per cent in 2012. The informal sector is estimated to have created 625.9 thousand jobs, which constituted 84.3 per cent of all new jobs.

Table 4.1: Total Employment[1], 2009 - 2013

'000

	2009	2010	2011	2012	2013*
Modern Establishments - Urban and Rural Areas:					
Wage Employees	1,959.0	2,016.2	2,084.1	2,155.8	2,265.7
Self-employed and unpaid family workers	67.5	69.8	73.8	76.9	83.8
Informal Sector[2]	8,676.6	9,371.1	9,958.3	10,549.4	11,175.3
TOTAL	**10,703.1**	**11,457.1**	**12,116.2**	**12,782.0**	**13,524.8**

* Provisional

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

[2] Estimated

Formal Sector Employment

4.4. Wage employment in the formal sector by industry and sector is presented in Table 4.2. Total wage employment in this sector of the economy grew by 5.1 per cent from 2,155.8 thousand jobs in 2012 to 2,265.7 thousand jobs in 2013. This translated to 109.9 thousands new jobs.

4.5. **Private sector:** The private sector employment in the modern sector wage employment increased from 1,493.6 thousand persons in 2012 to 1,577.3 thousand persons in 2013. This represented a 5.6 per cent increase compared to 3.7 per cent growth in 2012. Overall, the private sector created 83.7 thousand jobs in 2013 compared to 52.8 thousand jobs created in 2012. Jobs created in the private sector in 2013, accounted for 76.1 per cent of all new jobs in the formal sector.

4.6. The construction industry registered the highest increase in private sector employment with a growth of 13.5 per cent in 2013, providing 13.3 thousand new jobs. This was the second highest number in absolute terms following the 14.2 thousand new jobs registered in the wholesale and retail trade; repair of motor vehicles and motorcycles. Employment in financial and insurance activities went up by 9.9 per cent compared to a growth of 5.8 per cent in 2012. This was mainly attributed to the expansion of financial and insurance services to rural areas by increasing branch networks and embracing agency banking. Human health and social work activities registered a growth of 8.9 per cent in employment compared to 7.1 per cent recorded in 2012. Employment in information and communication; and arts, entertainment and recreation, went up by 8.3 per cent and 7.5 per cent, respectively. The industries that recorded double digit growth in wage employment in the private sector were agriculture, forestry and fishing; manufacturing; wholesale and retail trade; and repair of motor vehicles and motorcycles in 2013. Employment in transport and storage industry registered a slower growth of 1.5 per cent compared to that of 3.6 per cent recorded in 2012.

4.7. **Public sector:** In 2013, wage employment in the public sector registered a 4.0 per cent growth compared to an increase of 2.9 per cent recorded in 2012. Most industries in the public sector recorded marginal growths in 2013 while the rest remained at the same level as in the previous year. The leading activities that contributed to the increase in employment in the public sector were education and public administration and defence; compulsory social security which accounted for 41.8 per cent and 31.6 per cent, respectively. Water supply, sewerage, waste management and remediation activities recorded the highest growth of 12.5 per cent. Human health and social work sector grew by 4.9 per cent in the review period while financial and insurance activities rose by 2.9 per cent. Education services recorded a growth of 3.6 per cent in 2013, which was slightly higher than the 3.3 per cent growth recorded in 2012.

Table 4.2: Wage Employment by Industry and Sector, 2009 - 2013

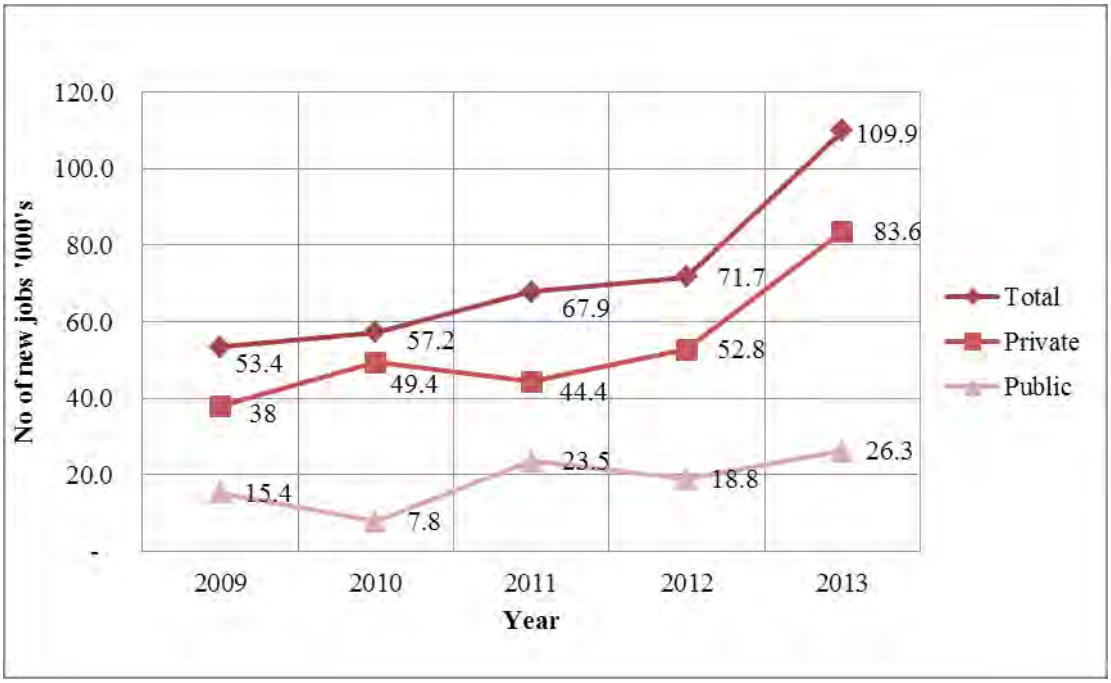
'000

	2009	2010	2011	2012	2013*	% change
PRIVATE SECTOR:						
Agriculture, forestry and fishing	285.9	289.3	289.0	295.5	303.8	2.8
Mining and quarrying	7.6	7.8	8.0	8.3	8.7	4.8
Manufacturing	234.4	236.7	245.2	245.4	254.1	3.5
Electricity, gas, steam and air conditioning supply	1.0	1.1	1.1	1.1	1.1	0.0
Water supply; sewerage, waste management and remediation activities	1.2	1.2	1.3	1.3	1.4	7.7
Construction	73.0	81.4	88.8	98.7	112.0	13.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	171.1	180.6	189.6	197.1	211.4	7.2
Transportation and storage	52.5	53.8	56.1	58.1	59.0	1.5
Accommodation and food service activities	58.7	61.8	64.2	67.6	72.3	7.0
Information and communication	70.4	76.2	78.8	83.9	90.9	8.3
Financial and insurance activities	41.2	44.6	48.5	51.3	56.4	9.9
Real estate activities	3.6	3.5	3.6	3.7	3.8	2.7
Professional, scientific and technical activities	52.9	54.4	55.6	56.9	59.5	4.6
Administrative and support service activities	3.8	4.0	4.2	4.5	4.8	6.7
Public administration and defence; compulsory social security	0.0	0.0	0.0	0.0	0.0	0.0
Education	96.1	98.0	100.9	106.9	112.8	5.5
Human health and social work activities	60.9	65.2	68.9	73.8	80.4	8.9
Arts, entertainment and recreation	3.6	3.8	3.9	4.0	4.3	7.5
Other service activities	24.8	27.0	27.3	28.2	29.8	5.7
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	103.4	105.0	104.8	106.3	109.7	3.2
Activities of extraterritorial organizations and bodies	0.9	1.0	1.0	1.0	1.1	10.0
TOTAL PRIVATE SECTOR	1,347.0	1,396.4	1,440.8	1,493.6	1,577.3	5.6
PUBLIC SECTOR:						
Agriculture, forestry and fishing	42.7	42.0	41.4	42.2	42.9	1.7
Mining and quarrying	0.7	0.7	0.7	0.7	0.7	0.0
Manufacturing	26.9	25.0	25.0	25.6	26.2	2.3
Electricity, gas, steam and air conditioning supply	10.3	10.6	10.3	13.2	13.6	3.0
Water supply; sewerage, waste management and remediation activities	6.7	6.4	6.3	7.2	8.1	12.5
Construction	19.5	18.7	17.3	17.4	18.3	5.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	0.8	0.9	0.8	0.9	1.0	11.1
Transportation and storage	16.8	16.9	16.8	17.1	17.4	1.8
Accommodation and food service activities	1.3	1.3	1.4	1.3	1.4	7.7
Information and communication	1.8	1.7	1.7	1.8	1.8	0.0
Financial and insurance activities	8.7	9.5	9.6	10.3	10.6	2.9
Real estate activities	0.0	0.0	0.0	0.0	0.0	0.0
Professional, scientific and technical activities	5.8	5.7	5.7	5.8	5.9	1.7
Administrative and support service activities	0.0	0.0	0.0	0.0	0.0	0.0
Public administration and defence; compulsory social security	186.5	190.8	206.0	207.4	217.8	5.0
Education	252.1	258.0	269.1	277.9	288.0	3.6
Human health and social work activities	29.2	29.4	29.0	30.9	32.4	4.9
Arts, entertainment and recreation	2.2	2.2	2.2	2.4	2.4	0.0
Other service activities	0.0	0.0	0.0	0.0	0.0	0.0
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0.0	0.0	0.0	0.0	0.0	0.0
Activities of extraterritorial organizations and bodies	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL PUBLIC SECTOR	612.0	619.8	643.3	662.1	688.5	4.0
TOTAL WAGE EMPLOYMENT	1,959.0	2,016.2	2,084.1	2,155.8	2,265.7	5.1

* Provisional.

4.8. Figure 4.1 shows the number of new jobs created in the wage employment in the modern sector for the period 2009 to 2013. There was an increase in the total number of jobs created in the modern sector from 71.7 thousand jobs in 2012 to 109.9 thousand jobs in 2013.

Figure 4.1: Trend of New Jobs in the Wage Employment in the modern sector, 2009 - 2013



4.9. Table 4.3 presents details of wage employment in the public sector by type of employer. There was an overall increase in employment in the public sector by 4.0 per cent as compared to 2.9 per cent in 2012. The number of persons employed by the County governments rose by 10.3 per cent from 37.7 thousand persons recorded in 2012 to 41.6 thousand persons in 2013. This increase was mainly due to implementation of the devolved system of Government, which resulted in recruitment of County staff. The Teachers Service Commission (TSC), which is the largest employer in the public sector, registered a 3.8 per cent growth in employment in 2013 following recruitment of more teachers. Employment in the National Government continued to register an upward growth of 4.3 per cent in 2013 compared to an increase of 1.2 per cent recorded in 2012. This was mainly on account of recruitment in the essential services of security, Judiciary and Parliament. Employment in both parastatal bodies and institutions with majority control by the Government went up marginally by 2.1 per cent compared to 5.3 per cent recorded in 2012.

Table 4.3 Wage Employment in the Public Sector, 2009 - 2013

'000

	2009	2010	2011	2012	2013*	Annual Percentage Change 2013/2012
National Government[1]	200.6	212.0	219.9	222.6	232.2	4.3
Teachers Service Commission	245.4	243.0	258.7	267.6	277.7	3.8
Parastatal Bodies[2]	84.4	84.8	86.0	90.6	92.5	2.1
Majority Control by the Government[3]	40.6	40.8	41.4	43.6	44.5	2.1
County governments[4]	41.0	39.2	37.3	37.7	41.6	10.3
TOTAL	**612.0**	**619.8**	**643.3**	**662.1**	**688.5**	4.0

* Provisional.

[1] Includes employees of Judiciary and Parliament.

[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] Data up to 2012 refer to Local Authorities

4.10. Distribution of wage employment in the formal sector by industry and sex for the years 2012 and 2013 is presented in Table 4.4. Female employment in 2013 accounted for 35.9 per cent of the total wage employment in the formal sector. The number of female wage employees rose from 789.0 thousand persons in 2012 to 813.2 thousand persons in 2013. The education sector remained the major female employer in 2013 engaging 168.4 thousand persons with a share of 20.7 per cent of the total female employment. This was followed by agriculture, forestry and fishing, which employed 128.9 thousand female thus absorbing a further 15.9 per cent of the total female employment. However, the number of female engaged in transport and storage, and in the activities of real estate went down by 3.8 per cent and 5.9 per cent, respectively. Proportions of female employees in mining and quarrying, electricity and water, and construction remained low. The number of male engaged in all the industries, registered improvements with the highest increases in absolute terms being in construction, wholesale and retail trade; repair of motor vehicles and motorcycles, and education. Out of the total wage employees in 2013, 2,011.2 thousand persons were on regular terms of which 36.4 per cent were females. Employees engaged in casual terms in 2013 accounted for 11.2 per cent of the total employees compared to 10.2 per cent in 2012. Female casual employees constituted 31.5 per cent of all casual workers.

Table 4.4: Wage Employment by Industry and Sex, 2012 and 2013

`000

INDUSTRY	Male		Female		Total	
	2012	2013*	2012	2013*	2012	2013*
Agriculture, forestry and fishing	209.9	217.8	127.8	128.9	337.7	346.7
Mining and quarrying	7.3	7.6	1.7	1.8	9.0	9.4
Manufacturing	192.8	201.5	78.1	78.8	270.9	280.3
Electricity, gas, steam and air conditioning supply	10.3	10.7	4.0	4.0	14.3	14.7
Water supply; sewerage, waste management and remediation activities	5.6	6.3	2.9	3.2	8.5	9.5
Construction	94.2	106.7	21.9	23.6	116.1	130.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	147.0	159.2	51.0	53.2	198.0	212.4
Transportation and storage	62.2	63.9	13.0	12.5	75.2	76.4
Accommodation and food service activities	44.5	48.1	24.4	25.6	68.9	73.7
Information and communication	52.4	57.3	33.3	35.4	85.7	92.7
Financial and insurance activities	33.8	37.2	27.8	29.8	61.6	67.0
Real estate activities	2.0	2.2	1.7	1.6	3.7	3.8
Professional, scientific and technical activities	44.4	46.9	18.3	18.5	62.7	65.4
Administrative and support service activities	3.4	3.6	1.1	1.2	4.5	4.8
Public administration and defence; compulsory social security	133.5	141.6	73.9	76.2	207.4	217.8
Education	220.8	232.4	164.0	168.4	384.8	400.8
Human health and social work activities	41.6	45.3	63.1	67.5	104.7	112.8
Arts, entertainment and recreation	4.1	4.3	2.3	2.4	6.4	6.7
Other service activities	17.2	18.5	11.0	11.3	28.2	29.8
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	38.9	40.6	67.4	69.1	106.3	109.7
Activities of extraterritorial organizations and bodies	0.7	0.8	0.3	0.3	1.0	1.1
TOTAL	1,366.6	1,452.5	789.0	813.2	2,155.6	2,265.7
Of which: Regular	1,212.2	1,278.2	722.7	733.0	1,934.9	2,011.2
Casual	154.4	174.3	66.3	80.2	220.7	254.5

* Provisional

Wage Earnings in the Modern Sector

4.11. Earnings (wages and salaries, and other regular payments), as presented in this chapter, relates to remuneration in cash and in kind paid to employees for time worked or work done. It also includes remuneration for time not worked, such as annual vacation and other paid leave or holidays. These exclude employers' contributions paid to social security and pension schemes. It also excludes benefits received by employees under these schemes, severance and termination pay. They relate to employees' gross remuneration, that is, the total before any deductions are made by the employer in respect of taxes, contributions of employees to social security and pension schemes, life insurance premiums, union dues and other obligations of employees. Earnings are different from total labour cost or compensation of employees, as the latter refers to the cost incurred by the employer in the employment of labour. Labour cost comprises remuneration for work performed, payments in respect of time paid for but not worked, bonuses and gratuities, the cost of food, drink and other payments in kind, cost of workers' housing borne by employers, employers' social security expenditures, cost to the employer for vocational training, welfare services and miscellaneous items, such as transport of workers, work clothes and recruitment, together with taxes. Earnings therefore, are part of the total labour costs.

4.12. Total earnings disaggregated by industry and sector for the period 2009 to 2013 are presented in Table 4.5. Overall, wage payments went up from KSh 949.3 billion in 2012 to KSh 1,127.2 billion in 2013. This was an increase of 18.7 per cent in 2013, which was higher compared to the growth of 10.2 per cent registered in 2012. Private sector wage payments increased from KSh 628.2 billion in 2012 to KSh 737.7 billion in 2013, reflecting a 17.4 per cent growth. Similarly, the public sector earnings went up by 21.3 per cent to stand at KSh 389.5 billion compared to 15.4 per cent registered in 2012. Wage payments in the private sector for workers in various economic activities went up by between 11.1 per cent and 23.9 per cent in 2013. The public sector accounted for 34.6 per cent of the total earnings in the formal sector in 2013, with public administration and defense; compulsory social security and education sectors jointly accounting for 71.7 per cent of the total public sector earnings.

Table 4.5: Total Wage Payments by Industry and Sector[1], 2009 - 2013

KSh Million Per Annum

	2009	2010	2011	2012	2013*
PRIVATE SECTOR:					
Agriculture, forestry and fishing	46,376.6	47,970.8	49,961.9	53,822.1	62,821.3
Mining and quarrying	1,619.1	1,710.8	1,834.7	2,045.5	2,460.3
Manufacturing	57,447.4	58,948.1	62,243.9	66,360.9	77,117.3
Electricity, gas, steam and air conditioning supply	915.9	941.6	983.6	1,041.4	1,194.1
Water supply; sewerage, waste management and remediation activities	151.7	167.8	164.7	167.0	186.9
Construction	28,673.0	32,437.8	35,866.7	40,594.9	50,285.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	68,688.9	72,476.8	78,959.9	83,667.5	98,502.1
Transportation and storage	37,402.8	39,660.8	43,358.6	47,686.0	54,210.5
Accommodation and food service activities	19,939.5	20,436.5	21,031.3	21,488.0	23,943.1
Information and communication	45,744.3	48,783.3	50,310.7	53,804.0	62,669.9
Financial and insurance activities	48,397.8	53,440.1	59,896.1	64,563.4	78,185.3
Real estate activities	687.3	672.1	685.3	728.0	827.3
Professional, scientific and technical activities	32,873.6	34,500.9	36,175.2	39,023.4	46,054.1
Administrative and support service activities	3,294.1	3,560.6	3,862.4	4,383.8	5,430.4
Public administration and defence; compulsory social security	0.0	0.0	0.0	0.0	0.0
Education	63,705.5	65,055.2	67,769.7	74,530.1	87,406.2
Human health and social work activities	31,807.6	34,664.3	37,381.0	40,130.0	47,046.3
Arts, entertainment and recreation	1,478.4	1,549.0	1,634.7	1,767.2	2,086.9
Other service activities	11,172.7	12,418.6	12,834.5	13,801.1	16,232.3
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	15,214.6	15,433.3	15,567.2	16,166.1	18,340.9
Activities of extraterritorial organizations and bodies	2,244.2	2,266.7	2,327.7	2,398.4	2,665.7
TOTAL PRIVATE SECTOR	**517,835.0**	**547,095.1**	**582,849.8**	**628,168.8**	**737,666.3**
PUBLIC SECTOR:					
Agriculture, forestry and fishing	8,974.2	8,476.3	9,187.3	10,447.1	12,135.7
Mining and quarrying	125.6	120.1	137.8	155.3	183.9
Manufacturing	13,016.1	12,117.1	12,620.5	14,031.0	16,128.9
Electricity, gas, steam and air conditioning supply	8,602.1	8,638.8	8,527.5	11,873.8	13,613.8
Water supply; sewerage, waste management and remediation activities	1,934.7	1,938.1	2,133.3	2,884.2	3,878.9
Construction	6,559.4	6,391.3	6,274.2	7,098.4	8,603.7
Wholesale and retail trade; repair of motor vehicles and motorcycles	600.0	710.0	698.2	923.0	1,310.7
Transportation and storage	12,230.7	12,500.9	13,578.1	15,690.7	18,418.8
Accommodation and food service activities	595.2	638.3	765.3	876.5	1,102.6
Information and communication	717.6	705.7	731.7	837.8	983.6
Financial and insurance activities	8,566.5	9,359.4	9,750.7	11,338.8	13,061.1
Real estate activities	0.0	0.0	0.0	0.0	0.0
Professional, scientific and technical activities	1,998.5	1,970.8	2,069.8	2,319.7	2,694.7
Administrative and support service activities	0.0	0.0	0.0	0.0	0.0
Public administration and defence; compulsory social security	77,024.6	81,116.6	93,151.9	107,068.7	131,196.1
Education	80,052.1	92,271.7	105,331.2	119,139.0	147,947.8
Human health and social work activities	10,889.2	11,453.6	12,286.7	15,281.2	16,916.6
Arts, entertainment and recreation	939.5	939.1	994.4	1,182.8	1,324.0
Other service activities	0.0	0.0	0.0	0.0	0.0
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0.0	0.0	0.0	0.0	0.0
Activities of extraterritorial organizations and bodies	0.0	0.0	0.0	0.0	0.0
TOTAL PUBLIC SECTOR	**232,826.0**	**249,347.8**	**278,238.6**	**321,148.0**	**389,500.9**
TOTAL PUBLIC AND PRIVATE	**750,661.0**	**796,442.9**	**861,088.4**	**949,316.8**	**1,127,167.2**

* Provisional

[1] Annualised June wages.

4.13. Total wage payments in the public sector by type of employer are summarized in Table 4.6. The County governments had the highest increase of 59.0 per cent in earnings in the public sector; rising from KSh 12.5 billion in 2012 to KSh 19.8 billion in 2013. This was mainly due to the establishment of County Governments. The Teachers Service Commission (TSC), which had the highest contribution to the total public sector earnings had an increment of 24.4 per cent rising from KSh 115.3 billion in 2012 to KSh 143.5 billion in 2013. This accounted for 36.8 per cent of all the public sector earnings. The increase was as a result of the recruitment of more teachers and Collective Bargaining Agreements between the teachers unions and TSC. The National Government earnings went up by 15.8 per cent. This was attributed to the recruitment of officers in the disciplined forces, recruitment of Judiciary staff and implementation of negotiated agreements between the Government and doctors, nurses and public university employees. Parastatal bodies and institutions with majority control by the Government both had their earnings increased by 18.0 per cent in 2013 compared to 14.3 per cent in 2012.

Table 4.6: Total Wage Payments in the Public Sector[1], 2009 - 2013

KSh million

	2009	2010	2011	2012	2013*
National Government	57,891.3	64,220.7	73,171.9	88,728.8	102,729.5
Teachers Service Commission	79,699.6	87,844.9	101,859.7	115,276.7	143,456.5
Parastatal Bodies[2]	51,575.4	52,522.3	55,975.6	63,971.4	75,466.9
Majority Control by the Government[3]	32,802.7	33,405.0	35,601.4	40,686.8	47,998.1
County governments[4]	10,857.0	11,354.9	11,630.0	12,484.5	19,849.9
TOTAL	**232,826.0**	**249,347.8**	**278,238.6**	**321,148.0**	**389,500.9**

* Provisional.

[1] Annualised June wages

[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] Data up to 2012 refer to Local Authorities

4.14. Annual average wage earnings per employee for the period 2009 to 2013 are presented in Table 4.7. Overall, annual average earnings grew by 13.0 per cent to KSh 497,488 in 2013 compared to a 6.6 per cent increase in 2012, translating to an average monthly earning of KSh 41,457.3. Annual average earnings per employee in the public sector were slightly higher than in the private sector and registered an increment of 16.6 per cent compared with 11.2 per cent recorded in the private sector. In the private sector, the highest average earnings were in activities of extraterritorial organizations and bodies followed by the financial and insurance activities. On the other hand, the lowest average earnings in the private sector were in water supply; sewerage, waste management and remediation activities. In the public sector, average earnings for workers in the wholesale and retail trade were the highest, followed by those in the financial and insurance activities.

Table 4.7: Average Wage Earnings per Employee[1], 2009 - 2013

KSh Per Annum

	2009	2010	2011	2012	2013*
PRIVATE SECTOR:					
Agriculture, forestry and fishing	162,263.3	165,757.7	172,761.8	182,148.4	206,787.0
Mining and quarrying	213,545.5	218,968.8	229,388.6	245,938.1	282,309.6
Manufacturing	245,118.3	249,071.0	253,890.7	270,480.1	303,479.9
Electricity, gas, steam and air conditioning supply	873,116.0	889,116.0	920,934.0	957,190.0	1,067,110.0
Water supply; sewerage, waste management and remediation activities	122,858.0	134,790.0	126,514.0	126,042.0	135,126.0
Construction	392,883.2	398,664.8	403,945.0	411,200.3	449,113.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	401,412.4	401,220.3	416,527.8	424,598.2	465,843.5
Transportation and storage	712,583.2	737,628.3	772,632.2	821,081.5	919,070.5
Accommodation and food service activities	339,546.4	330,436.8	327,437.3	317,897.6	331,090.6
Information and communication	649,371.1	639,856.1	638,834.0	640,989.8	689,627.8
Financial and insurance activities	1,174,360.9	1,197,779.5	1,234,259.4	1,257,786.3	1,385,773.1
Real estate activities	191,727.8	191,423.0	191,800.7	196,717.0	216,286.6
Professional, scientific and technical activities	621,522.6	634,476.8	650,903.0	685,631.1	773,640.7
Administrative and support service activities	869,850.8	896,189.1	921,367.5	980,710.6	1,119,902.1
Public administration and defence; compulsory social security	0.0	0.0	0.0	0.0	0.0
Education	662,957.0	663,943.5	671,951.5	696,887.8	775,187.0
Human health and social work activities	522,600.9	531,684.8	542,170.4	544,017.3	585,451.3
Arts, entertainment and recreation	405,152.9	410,436.9	420,772.4	437,107.1	487,136.6
Other service activities	450,750.2	460,407.4	470,868.8	489,384.1	545,513.5
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	147,132.0	146,926.0	148,492.0	152,150.0	167,208.0
Activities of extraterritorial organizations and bodies	2,369,748.0	2,329,624.0	2,313,842.0	2,299,566.0	2,477,432.0
TOTAL PRIVATE SECTOR	**384,429.3**	**391,769.1**	**404,521.3**	**420,570.1**	**467,689.7**
PUBLIC SECTOR:					
Agriculture, forestry and fishing	210,310.8	201,691.1	221,813.9	247,525.5	286,611.4
Mining and quarrying	187,114.0	179,522.0	204,382.0	227,088.0	266,544.0
Manufacturing	483,420.0	484,934.8	505,042.3	548,492.7	623,496.7
Electricity, gas, steam and air conditioning supply	836,212.0	814,056.0	828,560.0	901,918.0	1,017,368.0
Water supply; sewerage, waste management and remediation activities	286,672.0	304,536.0	339,484.0	397,930.0	484,010.0
Construction	336,672.0	342,696.0	362,188.0	407,744.0	476,612.0
Wholesale and retail trade; repair of motor vehicles and motorcycles	769,202.0	812,407.3	905,560.3	1,065,808.1	1,305,495.8
Transportation and storage	728,492.6	740,663.4	806,109.0	920,112.1	1,073,947.1
Accommodation and food service activities	458,576.0	494,388.0	554,128.0	661,016.0	819,424.0
Information and communication	403,834.9	405,787.6	423,430.0	468,830.2	543,022.7
Financial and insurance activities	979,921.3	989,991.5	1,017,713.4	1,096,491.9	1,247,105.5
Real estate activities	0.0	0.0	0.0	0.0	0.0
Professional, scientific and technical activities	346,120.6	346,789.4	362,618.4	400,158.1	463,440.9
Administrative and support service activities	0.0	0.0	0.0	0.0	0.0
Public administration and defence; compulsory social security	412,965.3	425,130.2	452,120.0	516,128.0	610,239.1
Education	317,513.3	357,422.0	391,592.6	428,750.7	520,291.8
Human health and social work activities	373,031.3	389,937.4	423,080.1	493,913.7	528,594.9
Arts, entertainment and recreation	428,396.0	427,046.0	443,314.0	489,572.0	563,512.0
Other service activities	0.0	0.0	0.0	0.0	0.0
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0.0	0.0	0.0	0.0	0.0
Activities of extraterritorial organizations and bodies	0.0	0.0	0.0	0.0	0.0
TOTAL PUBLIC SECTOR	**380,454.3**	**402,328.5**	**432,521.6**	**485,016.0**	**565,755.2**
TOTAL PRIVATE AND PUBLIC SECTOR	**383,187.6**	**395,014.7**	**413,164.1**	**440,364.6**	**497,488.0**
MEMORANDUM ITEMS IN PUBLIC SECTOR:					
National Government	288,590.6	302,927.7	332,750.9	398,601.8	442,462.0
Teachers Service Commission	324,814.2	361,457.1	393,736.7	430,779.8	516,593.8
Parastatal Bodies[2]	611,130.7	619,686.5	650,670.8	705,717.6	815,809.5
Majority Control by the Government[3]	807,862.2	819,172.3	860,130.9	932,898.0	1,078,430.0
County governments[4]	264,800.6	289,691.9	311,998.2	331,342.1	477,448.6
TOTAL PUBLIC SECTOR	**380,454.3**	**402,328.5**	**432,521.6**	**485,016.0**	**565,755.2**

* Provisional.

[1] Annualised June 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] Data up to 2012 refer to Local Authorities

4.15. Table 4.8 presents percentage changes in wage employment and average earnings for the period 2008/2013 and 2012/2013. During the five year period, total wage employment rose by 18.9 per cent with the private sector rising by 20.5 per cent while that of the public sector grew by 15.4 per cent. In the private sector the highest increase in wage employment was registered in construction with 73.6 per cent. This increase can be attributed to infrastructure projects such as roads, irrigation projects and power projects and the increased investment in real estate. In the private sector, financial and insurance activities, human health and social work activities showed growth of 44.2 per cent and 41.5 per cent, respectively.

4.16. Annual average earnings in the economy have risen by 35.7 per cent over the five year period with public sector earnings rising by 57.0 per cent compared to 26.6 per cent for the private sector. In the public sector, employees in the Local/County Governments recorded a large increase of 90.0 per cent. Increase in earnings of the various industries in the private sector ranged from 3.3 per cent in activities of extraterritorial organizations and bodies, to 48.1 per cent in mining and quarrying. Decline in average earnings within the private sector was recorded in accommodation and food service activities, over the five year period with a drop of 9.3 per cent.

Table 4.8: Percentage Changes in Wage Employment and Average Earnings[1], 2013/2008 and 2013/2012

	EMPLOYMENT		AVERAGE EARNINGS	
	2013/2008*	2013/2012*	2013/2008*	2013/2012*
PRIVATE SECTOR:				
Agriculture, forestry and fishing	5.6	2.8	32.6	13.5
Mining and quarrying	14.5	4.8	48.1	14.8
Manufacturing	8.4	3.5	30.0	12.2
Electricity, gas, steam and air conditioning supply	10.0	0	27.7	11.5
Water supply; sewerage, waste management and remediation activities	16.7	7.7	4.3	7.2
Construction	73.6	13.5	15.0	9.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	31.9	7.2	14.4	9.7
Transportation and storage	10.5	1.5	39.1	11.9
Accommodation and food service activities	30.0	7.0	-9.3	4.2
Information and communication	38.4	8.3	7.3	7.6
Financial and insurance activities	44.2	9.9	22.7	10.2
Real estate activities	8.6	2.7	19.1	9.9
Professional, scientific and technical activities	14.9	4.6	35.5	12.8
Administrative and support service activities	37.1	6.7	43.6	14.2
Public administration and defence; compulsory social security	0	0	0	0
Education	21.4	5.5	26.3	11.2
Human health and social work activities	41.5	8.9	7.0	7.6
Arts, entertainment and recreation	22.9	7.5	27.2	11.4
Other service activities	24.2	5.7	27.3	11.5
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	8.1	3.2	18.8	9.9
Activities of extraterritorial organizations and bodies	22.2	10.0	3.3	7.7
TOTAL PRIVATE SECTOR	**20.5**	**5.6**	**26.6**	**11.2**
PUBLIC SECTOR:				
Agriculture, forestry and fishing	1.2	1.7	44.3	15.8
Mining and quarrying	0	0	55.3	17.4
Manufacturing	-1.9	2.3	34.0	13.7
Electricity, gas, steam and air conditioning supply	41.7	3.0	27.7	12.8
Water supply; sewerage, waste management and remediation activities	20.9	12.5	85.1	21.6
Construction	-6.6	5.2	51.2	16.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	66.7	11.1	89.8	22.5
Transportation and storage	20.8	1.8	47.1	16.7
Accommodation and food service activities	7.7	7.7	102.2	24.0
Information and communication	0	0	41.9	15.8
Financial and insurance activities	16.5	2.9	30.1	13.7
Real estate activities	0	0	0	0
Professional, scientific and technical activities	1.7	1.7	46.0	15.8
Administrative and support service activities	0	0	0	0
Public administration and defence; compulsory social security	21.2	5.0	59.8	18.2
Education	16.7	3.6	68.4	21.4
Human health and social work activities	10.2	4.9	54.6	7.0
Arts, entertainment and recreation	14.3	0.0	37.9	15.1
Other service activities	0	0	0	0
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0	0	0	0
Activities of extraterritorial organizations and bodies	0	0	0	0
TOTAL PUBLIC SECTOR	**15.4**	**4.0**	**57.0**	**16.6**
TOTAL PRIVATE AND PUBLIC SECTOR	**18.9**	**5.1**	**35.7**	**13.0**
MEMORANDUM ITEMS IN PUBLIC SECTOR:				
National Government	18.0	4.3	71.6	11.0
Teachers Service Commission	17.3	3.8	58.5	19.9
Parastatal Bodies[2]	12.2	2.1	43.2	15.6
Majority Control by the Government[3]	12.2	2.1	43.2	15.6
County governments[4]	1.7	10.3	90.0	44.1
TOTAL PUBLIC SECTOR	15.4	4.0	57.0	16.6

* Provisional.

[1] Annualised June 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] Data up to 2012 refer to Local Authorities

Table 4.9: Estimated Real Average Wage Earnings per Employee[1], 2009 - 2013

KSh Per Annum

	2009	2010	2011	2012	2013*
PRIVATE SECTOR:					
Agriculture, forestry and fishing	159,003.7	156,952.7	142,884.6	136,892	148,138
Mining and quarrying	209,255.8	207,337.2	189,718.5	184,833	202,240
Manufacturing	240,194.3	235,840.4	209,983.2	203,277	217,406
Electricity, gas, steam and air conditioning supply	855,576.7	841,886.2	761,669.0	719,367	764,454
Water supply; sewerage, waste management and remediation activities	120,390.0	127,630.0	104,634.9	94,726	96,801
Construction	384,990.9	377,487.8	334,087.3	309,034	321,735
Wholesale and retail trade; repair of motor vehicles and motorcycles	393,348.7	379,907.5	344,494.1	319,103	333,720
Transportation and storage	698,268.7	698,445.5	639,014.3	617,076	658,402
Accommodation and food service activities	332,725.5	312,884.0	270,810.7	238,913	237,186
Information and communication	636,326.4	605,867.0	528,355.0	481,730	494,034
Financial and insurance activities	1,150,770.1	1,134,153.5	1,020,808.3	945,278	992,737
Real estate activities	187,876.4	181,254.6	158,631.0	147,841	154,943
Professional, scientific and technical activities	609,037.4	600,773.4	538,336.7	515,280	554,219
Administrative and support service activities	852,377.1	848,583.6	762,027.5	737,044	802,273
Public administration and defence; compulsory social security	0.0	0.0	0.0	0.0	0.0
Education	649,639.4	628,674.8	555,745.2	523,740	555,327
Human health and social work activities	512,102.8	503,441.7	448,408.2	408,851	419,404
Arts, entertainment and recreation	397,014.1	388,634.5	348,004.7	328,504	348,974
Other service activities	441,695.4	435,950.5	389,437.4	367,792	390,794
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	144,176.4	139,121.3	122,812.0	114,347	119,784
Activities of extraterritorial organizations and bodies	2,322,144.0	2,205,874.4	1,913,689.5	1,728,217	1,774,778
TOTAL PRIVATE SECTOR	**376,706.8**	**370,958.3**	**334,564.0**	**316,075.5**	**335,042.5**
PUBLIC SECTOR:					
Agriculture, forestry and fishing	206,086.1	190,977.3	183,453.8	186,025.4	205,322.1
Mining and quarrying	183,355.2	169,985.8	169,036.5	170,665.9	190,946.2
Manufacturing	473,708.9	459,175.0	417,701.0	412,214.5	446,659.3
Electricity, gas, steam and air conditioning supply	819,414.0	770,813.4	685,270.0	677,828.0	728,820.0
Water supply; sewerage, waste management and remediation activities	280,913.3	288,359.1	280,774.1	299,060.6	346,734.1
Construction	329,908.9	324,492.0	299,551.7	306,436.2	341,434.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	753,750.1	769,252.3	748,954.0	800,998.1	935,228.3
Transportation and storage	713,858.5	701,319.4	666,701.7	691,501.7	769,352.0
Accommodation and food service activities	449,364.0	468,126.1	458,297.9	496,780.4	587,017.3
Information and communication	395,722.6	384,232.1	350,202.7	352,345.0	389,009.5
Financial and insurance activities	960,236.4	937,403.2	841,711.5	824,058.2	893,398.9
Real estate activities	0.0	0.0	0.0	0.0	0.0
Professional, scientific and technical activities	339,167.7	328,367.9	299,907.7	300,735.1	331,998.8
Administrative and support service activities	0.0	0.0	0.0	0.0	0.0
Public administration and defence; compulsory social security	404,669.6	402,547.3	373,931.0	387,891.2	437,161.8
Education	311,135.0	338,435.8	323,871.1	322,223.6	372,725.6
Human health and social work activities	365,537.8	369,223.9	349,913.3	371,196.2	378,673.7
Arts, entertainment and recreation	419,790.3	404,361.3	366,647.9	367,933.3	403,687.6
Other service activities	0.0	0.0	0.0	0.0	0.0
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0.0	0.0	0.0	0.0	0.0
Activities of extraterritorial organizations and bodies	0.0	0.0	0.0	0.0	0.0
TOTAL PUBLIC SECTOR	**372,811.7**	**380,956.8**	**357,722.0**	**364,509.3**	**405,294.6**
TOTAL PRIVATE AND PUBLIC SECTOR	**375,490.0**	**374,031.6**	**341,712.1**	**330,951.9**	**356,389.4**
MEMORANDUM ITEMS IN PUBLIC SECTOR:					
National Government	282,793.3	286,836.2	275,205.5	299,565.5	316,970.0
Teachers Service Commission	318,289.2	342,256.5	325,644.4	323,748.5	370,076.4
Parastatal Bodies[2]	598,854.2	586,768.8	538,144.8	530,375.5	584,427.9
Majority Control by the Government[3]	791,633.7	775,657.9	711,381.1	701,110.7	772,563.5
County governments[4]	259,481.3	274,303.5	258,041.7	249,017.0	342,033.6
TOTAL PUBLIC SECTOR	**372,811.7**	**380,956.8**	**357,722.0**	**364,509.3**	**405,294.6**

* Provisional.

1: Average earnings adjusted for the rise in consumer prices. Annualised June earnings deflated by June CPI

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 Data up to 2012 refers to Local Authorities

4.17. Table 4.9 presents average earnings per employee by sector adjusted for inflation. There was an overall increase of 7.7 per cent in the real average earnings and this was attributed to pay increments and new positions created with higher pay, and the decrease in inflation rates. The real average wage earnings in the private sector recorded 6.0 per cent increase compared to the public sector, which recorded 11.2 per cent growth.

Table 4.10: Changes in Wage Employment, Prices and Real Earnings, 2009 - 2013

Percentage

	2009	2010	2011	2012	2013*
Wage employment	2.8	2.9	3.4	3.4	5.1
Average earnings at current prices	4.5	3.1	4.6	6.6	13.0
Consumer prices (Inflation rates)[1]	9.9	3.5	14.5	10.0	4.9
Real average earnings	-4.9	-0.4	-8.6	-3.1	7.7

* Provisional.

[1] June inflation rates

4.18. Employees' average earnings in 2013 rose by 13.0 per cent, the highest increase in the last five years. Inflation rates went up by 4.9 per cent in 2013, less than half of what it was in 2012. The downward trend recorded over the past four years in real average earnings reversed to record an increase of 7.7 per cent in 2013.

4.19. The informal sector is characterized by small scale-activities that are semi-organized, unregulated and use low and simple technologies while employing few persons. It offers opportunities to the most vulnerable populations such as the women, unemployed youth and in worst cases children. The sector plays a vital role in the economic development by increasing competition, fostering innovation, besides generating employment. Over the years, it has expanded into activities of manufacturing and information, communication and technology.

4.20. Table 4.11 presents the number of persons engaged in the informal sector. The sector recorded an increase of 5.9 per cent in employment in 2013 to stand at 11,175.3 thousand persons. Urban areas recorded higher growth in employment in this sector at 16.7 per cent compared with a marginal increase of 0.8 per cent in the rural areas. Wholesale and retail trade, hotels and restaurants registered the largest increase of 301.8 thousand persons.

Table 4.11: Number of Persons Engaged in the Informal Sector by Activity[1], 2009 - 2013

`000

Activity	2009	2010	2011	2012	2013*
Manufacturing	1,769.9	1,890.8	1,964.7	2,044.4	2,238.9
Construction	224.9	238.3	261.3	282.5	292.9
Wholesale and Retail Trade, Hotels and Restaurants.	5,175.3	5,605.3	6,007.0	6,406.5	6,708.3
Transport and Communications[2]	268.3	291.6	308.9	328.7	346.1
Community, Social and Personal Services	843.2	918.5	967.4	1,029.4	1,086.7
Others	395.0	426.8	449.0	457.9	502.4
TOTAL	**8,676.6**	**9,371.3**	**9,958.3**	**10,549.4**	**11,175.3**
Urban	2,867.8	3,082.8	3,248.5	3,411.9	3,982.9
Rural	5,808.8	6,288.5	6,709.8	7,137.5	7,192.4

* Provisional

[1] Estimated

[2] Includes mainly support services to transport activity

Developments in the Labour Market

Classification of Forms of Work

4.21. The 19th conference of Labour Statisticians was held in Geneva Switzerland in October 2013. During the conference, one of the resolutions made was on Statistics of work, employment and labour underutilization. In this resolution, five mutually exclusive forms of work were identified for separate measurement. These forms of work are distinguished on the basis of the intended destination of the production (for own final use; or for use by others, i.e. other economic units) and the nature of the transaction (i.e. monetary or non-monetary transactions, and transfers), as follows: (a) own-use production work comprising production of goods and services for own final use; (b) employment work comprising work performed for others in exchange for pay or profit; (c) unpaid trainee work comprising work performed for others without pay to acquire workplace experience or skills; (d) volunteer work comprising non-compulsory work performed for others without pay; (e) other work which include such activities as unpaid community service and unpaid work by prisoners. The form of work identified as employment sets the reference scope of activities for labour force statistics. The concept labour force refers to the current supply of labour (employed plus unemployed) for the production of goods and services in exchange for pay or profit.

Wage Award and Registered Collective Bargaining Agreement

4.22. The Government announced new statutory minimum wage rates that reflected a 14.0 per cent increase in the wages specified in both the Regulation of Wages Agriculture Order, 2013 and the Regulation of Wages (General) Order, 2013. In real terms, real minimum wages increased by 9.3 per cent in 2013.

Table 4.12: Gazetted Monthly Basic Minimum Wages for Agricultural Industry, 2009 – 2013

KSh

Type of Employee	2009	2010	2011	2012	2013
Unskilled employees	3,043	3,347	3,765	4,258	4,854
Stockman, Herdsman and Watchman	3,514	3,865	4,348	4,917	5,606
SKILLED AND SEMI-SKILLED EMPLOYEES:					
House servant or cook	3,473	3,820	4,298	4,861	5,542
Farm foreman	5,488	6,037	6,792	7,681	8,757
Farm clerk	5,488	6,037	6,792	7,681	8,757
Section foreman	3,553	3,908	4,397	4,973	5,669
Farm artisan	3,636	4,000	4,500	5,089	5,802
Tractor driver	3,856	4,242	4,772	5,397	6,153
Combine harvester driver	4,248	4,673	5,257	5,945	6,778
Lorry driver or car driver	4,458	4,904	5,517	6,239	7,113
AVERAGE	**4,076**	**4,483**	**5,044**	**5,704**	**6,503**

Source: Ministry of Labour, Social Security & Services

4.23. Table 4.12 presents gazetted monthly basic wages for the agricultural industry. The lowest paid category of workers, unskilled employees had their monthly wages raised from KSh 4,258 in 2012 to KSh 4,854 in 2013. The category of workers with the highest minimum wage, in the agricultural industry were farm foreman and farm clerks was increased to KSh 8,757 in 2013.

4.24. As shown in Table 4.13, the average gazetted monthly basic minimum wages in Nairobi, Mombasa and Kisumu cities went up from KSh 13,471 in 2012 to KSh 15,357 in 2013. In other municipalities, Mavoko, Ruiru and Limuru town councils, the average basic minimum monthly wages was increased from KSh12,515 in 2012 to KSh 14,267 in 2013. Similarly, the wages in all other towns rose from KSh 10,646 to KSh 12,136 over the same period.

Table 4.13: Gazetted Monthly Basic Minimum Wages in Urban Areas[1], 2012 -2013

KSh

Occupation	Nairobi , Mombasa & Kisumu Cities		All Municipalities and Mavoko , Ruiru & Limuru Town Councils		All other towns	
	2012	2013	2012	2013	2012	2013
General labourer	8,579	9,781	7,915	9,024	4,577	5,218
Miner, stone cutter, turnboy, waiter, cook	9,266	10,564	8,221	9,372	5,288	6,029
Night watchman	9,571	10,912	8,873	10,116	5,459	6,224
Machine attendant	9,724	11,086	9,049	10,316	7,334	8,361
Machinist	11,100	12,655	10,384	11,839	8,490	9,679
Plywood machine operator	11,580	13,202	10,687	12,184	8,834	10,071
Pattern designer	13,214	15,065	12,081	13,773	10,301	11,743
Tailor, Driver (medium vehicle)	14,564	16,603	13,385	15,259	11,935	13,606
Dyer, Crawler, Tractor driver, Salesman	16,078	18,329	15,001	17,102	13,539	15,435
Saw doctor, Caretaker (building)	17,793	20,284	16,614	18,940	15,477	17,645
Cashier, Driver (heavy commercial)	19,360	22,071	18,219	20,770	17,083	19,474
Artisan (Ungraded)	11,580	13,202	10,686	12,184	8,834	10,071
Artisan Grade III	14,564	16,603	13,385	15,259	11,913	13,581
Artisan Grade II	15,730	17,932	15,002	17,102	13,539	15,435
Artisan Grade I	19,361	22,071	18,219	20,770	17,083	19,474
AVERAGE	**13,471**	**15,357**	**12,515**	**14,267**	**10,646**	**12,136**

Source: Ministry of Labour, Social Security & Services

[1] Excluding Housing Allowance

4.25. The number of Collective Bargaining Agreements registered with the Industrial Court went up from 256 in 2012 to 293 in 2013. As shown in Table 4.14, these agreements benefited 380,103 unionisable employees, compared with 76,001 employees who benefited from the agreements registered in 2012. The agreements offered an overall basic minimum wage of KSh 31,988.5 per month and average monthly housing allowance of KSh 4,732.6 representing a 18.0 per cent and 27.1 per cent increase, respectively. The number of unionisable employees increased from 10,317 in 2012 to 292,162 in 2013.

Table 4.14: Collective Bargaining Agreements Registered by the Industrial Court, 2012 and 2013

	No. of Agreements		No. of Unionisable Employees Covered by the Agreements		Average Monthly Basic Wage (KSh)		Average Monthly Housing Allowance Offered (KSh)	
	2012	2013*	2012	2013*	2012	2013*	2012	2013*
Agriculture, Forestry, Hunting & Fishing	17	20	5,923	26,670	14,104.5	18,987.8	2,090.3	2,998.4
Mining & Quarrying	3	2	446	84	19,161.0	16,547.9	4,700.0	3,600.0
Manufacturing of :								
Food, Beverage & Tobacco	34	31	5,691	5,471	22,214.5	27,358.7	3,164.4	4,098.9
Textile, Wearing Apparels & Leather Industry	21	22	4,668	7,090	13,299.8	9,758.7	2,475.5	2,508.4
Wood & Wood Industry including Furniture	5	2	161	48	15,326.6	12,641.0	2,228.1	2,500.0
Paper & Paper Products, Printing & Publishing	10	12	550	1,178	19,049.2	21,097.4	3,277.8	3,291.8
Chemical, Petroleum Rubber & Plastic Product	16	26	1,527	4,654	26,529.6	17,487.7	3,454.5	3,645.4
Glass, Ceramic & Cement	5	6	721	1,104	13,717.5	82,268.4	4,269.6	7,883.5
Basic Metal Industries	0	2	0	451.0	0	16,767.7	0	5,990.0
Electronics & Electrical Products	32	35	1,901	3,472	18,103.0	16,710.0	2,822.7	3,487.8
Other Manufacturing industries	1	4	746	1,691	13,160.0	25,858.9	2,700.0	3,734.4
Electricity and Water	5	12	6,848	3,599	34,018.4	66,513.3	6,755.3	8,456.9
Building & Construction	5	3	52	1,062	12,047.6	12,753.7	1,718.6	4,518.0
Wholesale & Retail Trade, Restaurant & Hotels	16	35	5,111	7,629	37,107.5	21,616.2	2,899.8	2,882.6
Transport and Communication	34	21	11,995	5,248	38,795.1	29,008.7	5,890.4	3,274.1
Finance, Insurance, Real Estate & Business Services	15	19	19,344	18,490	103,949.6	105,261.7	7,158.2	10,896.3
Community & Social Services	37	41	10,317	292,162	33,084.7	43,166.0	3,991.3	6,687.1
Total/Average	**256**	**293**	**76,001**	**380,103**	**27,104.3**	**31,988.5**	**3,724.8**	**4,732.6**

Source: Ministry of Labour, Social Security & Services

* Provisional

Consumer Price Index

4.26. The average annual Consumer Price Index (CPI) increased from 132.53 in 2012 to 140.11 in 2013. This represented a deceleration in the overall annual inflation from 9.4 per cent in 2012 to 5.7 per cent in 2013. Favourable weather conditions coupled with a decline in domestic prices of petroleum products were the main contributing factors to the observed lower inflation numbers in 2013. Lower prices of basic food items contributed significantly to easing up of inflationary pressures. The peaceful general election in March 2013 reinforced political stability there by cushioning consumers from price shocks as opposed to the one observed in 2007

Table 4.15: CPI and Inflation by Commodities, 2012 -2013

February 2009=100

Broad Item Group	Weights (Per cent)	Annual Average Index 2012	Annual Average Index 2013	% Change
Food & Non-Alcoholic Beverages	36.03	144.92	155.44	7.3
Alcoholic Beverages, Tobacco & Narcotics	2.06	132.99	141.02	6.0
Clothing & Footwear	7.43	123.22	129.65	5.2
Housing, Water, Electricity, Gas and other Fuels	18.30	127.99	133.82	4.6
Furnishings, Household Equipment and Routine Household Maintenance	6.16	124.39	129.72	4.3
Health	3.13	120.49	125.68	4.3
Transport	8.67	140.64	147.38	4.8
Communication	3.82	79.54	78.35	(1.5)
Recreation & Culture	2.25	120.51	127.90	6.1
Education	3.14	112.92	118.80	5.2
Restaurant & Hotels	4.49	139.91	149.90	7.1
Miscellaneous Goods & Services	4.52	121.75	127.37	4.6
Weighted average of all Items	**100.00**	**132.53**	**140.11**	**5.7**

4.27. Table 4.15 shows percentage changes in the indices of the 12 broad Classification of Individual Consumption by Purpose (COICOP) divisions. Food and non-alcoholic beverages with the largest weight recorded the highest annual index increase of 7.3 per cent from 144.92 in 2012 to 155.44 in 2013. There was significant increase in prices of fresh packeted milk, beef with bones, fresh unpacketed milk, kales (sukuma wiki) and fresh fish over the year. Prices of potatoes, cooking fat and sifted maize flour declined over the year 2013.

4.28. Restaurant and hotels' index went up by 7.1 per cent from 139.91 in 2012 to 149.9 in 2013. This change was attributed to the high price changes in kiosk café and take away foods. Housing, water, electricity, gas and other fuels index went up by 4.6 per cent. The change was mainly contributed by increase in house rents and charcoal. On the other hand, the prices of petrol, diesel, electricity and gas went down.

4.29. Alcoholic beverages, tobacco and narcotics annual index increased by 6.0 per cent from 132.99 in 2012 to 141.02 in 2013. Under this category, prices of beer, traditional brew and khat (miraa) went up significantly.

Table 4.16: Annual Inflation Rates, 2009 - 2013

Per cent

Income Group	2009	2010	2011	2012	2013
Nairobi Lower Income Inflation	12.4	4.7	15.1	9.5	5.9
Nairobi Middle Income Inflation	6.1	2.1	9.9	7.8	4.5
Nairobi Upper Income Inflation	6.4	5.6	9.9	5.8	3.4
Nairobi Inflation	11.2	4.2	14.1	9.0	5.5
Rest of Urban Towns Inflation	10.2	4.0	14.3	9.7	5.9
Kenya Inflation Rate	**10.5**	**4.1**	**14.0**	**9.4**	**5.7**

Note:

1: The lower income group comprises households with monthly expenditure below KSh 23, 670 in October 2005

2: The middle income group comprises households with monthly expenditure between KSh 23,671 and KSh 119,999 in October 2005

3 The upper income group comprises households with monthly expenditure above KSh 120,000 in October 2005

4.30. Table 4.16 shows annual inflation rate by income groups over the five years. Nairobi lower income group annual inflation rate reduced from 9.5 per cent in 2012 to 5.9 per cent in 2013. The rest of urban areas' inflation rate eased from 9.7 per cent in 2012 to 5.9 per cent in 2013.

Table 4.17: Consumer Price Indices for the Nairobi Lower Income Group, 2009 - 2013

February 2009=100

Month	2009	2010	2011	2012	2013
January	97.38	105.60	111.59	134.21	138.55
February	100.00	106.16	114.08	134.38	139.72
March	101.59	105.78	117.46	136.85	141.17
April	102.24	106.38	121.32	137.61	142.91
May	102.56	106.85	121.77	138.00	142.84
June	102.65	106.67	123.70	136.21	142.68
July	102.84	107.61	124.83	134.44	142.94
August	103.56	108.11	126.64	133.18	142.82
September	104.23	108.73	128.27	133.61	146.54
October	104.58	108.38	129.60	134.13	146.18
November	104.59	108.80	131.23	135.14	146.29
December	105.37	110.33	133.09	136.49	146.93
Annual average	**102.63**	**107.45**	**123.63**	**135.35**	**143.30**

4.31. Table 4.17 shows that the annual average CPI for Nairobi lower income group rose from 135.35 in 2012 to 143.30 in 2013. The highest index of 146.93 was recorded in December while the lowest of 138.55 was recorded in January 2013.

4.32. Tables 4.18, 4.19, 4.20, 4.21 and 4.22 present a five year series of CPI for the Nairobi middle and upper income groups, overall Nairobi, rest of urban areas and the aggregated national indices.

Table 4.18: Consumer Price Indices, Nairobi Middle income Group, 2009 - 2013

February 2009=100

Month	2009	2010	2011	2012	2013
January	99.78	102.93	106.64	121.65	125.13
February	100.00	102.95	107.26	121.37	125.79
March	100.46	103.34	108.86	122.53	126.89
April	100.95	103.52	111.35	123.49	127.57
May	100.91	103.39	112.42	123.66	127.08
June	101.15	103.09	112.95	123.31	126.80
July	101.44	103.34	113.83	121.96	127.56
August	102.06	103.39	115.05	122.03	127.61
September	102.01	103.70	116.57	122.40	131.11
October	102.30	103.97	118.86	123.12	130.91
November	102.49	104.65	120.95	123.36	130.66
December	102.71	103.83	121.73	123.51	130.88
Annual average	**101.35**	**103.51**	**113.87**	**122.70**	**128.16**

Table 4.19: Consumer Price Indices, Nairobi Upper Income Group, 2009 - 2013

February 2009=100

Month	2009	2010	2011	2012	2013
January	99.78	105.51	110.90	123.72	126.64
February	100.00	105.56	111.29	123.63	126.91
March	99.92	106.23	111.95	124.12	127.77
April	100.04	106.32	113.12	124.90	127.88
May	100.08	107.30	113.93	124.98	127.25
June	100.78	107.39	118.28	124.83	126.93
July	101.60	107.62	120.18	124.26	127.09
August	102.25	107.07	120.90	124.74	127.72
September	103.33	107.67	121.83	124.87	132.57
October	103.03	107.89	123.51	125.72	132.47
November	103.85	109.24	124.52	125.51	132.40
December	104.26	109.09	124.03	125.46	132.51
Annual average	**101.58**	**107.24**	**117.87**	**124.73**	**129.01**

Table 4.20: Consumer Price Indices, Overall Nairobi, 2009 - 2013

February 2009=100

Month	2009	2010	2011	2012	2013
January	97.76	104.95	110.37	130.78	134.86
February	100.00	105.36	112.33	130.84	135.88
March	101.25	105.21	115.18	132.91	137.22
April	101.85	105.69	118.60	133.73	138.64
May	102.07	106.03	119.22	134.05	138.45
June	102.22	105.84	120.90	132.67	138.26
July	102.46	106.58	122.00	131.04	138.63
August	103.15	106.93	123.63	130.17	138.58
September	103.66	107.48	125.21	130.58	142.29
October	103.97	107.30	126.78	131.16	141.98
November	104.06	107.81	128.49	131.94	142.00
December	104.69	109.04	130.01	132.94	142.51
Annual average	**102.26**	**106.52**	**121.06**	**131.90**	**139.11**

Chapter 5

Money, Banking and Finance

Overview

In 2013, the Central Bank of Kenya (CBK) sought to constrain the annual growth in broad money supply (M3) by setting monthly growth targets consistent with the main objective of achieving and maintaining a low and stable range of inflation, of 5.0 per cent with a margin of 2.5 per cent on either side. In pursuance of this objective, the CBK employed a combination of monetary policy instruments key among them; Open Market Operations (OMO), the Central Bank Rate (CBR) and Cash Reserve Ratio (CRR). At the beginning of the year, demand for credit was generally low due to the pre-election political uncertainty at the time, which impacted negatively on the business environment. However, with the peaceful conclusion of the March 2013 general elections, the industry experienced an upward growth in demand for credit. With the stable macroeconomic environment the real returns on financial sector investments were positive in 2013.

5.2. During the first half of 2013, the CBK reduced CBR from 11.0 per cent in December 2012 to 8.50 per cent, a reduction of 2.50 percentage points, while the CRR was maintained at 5.25 per cent of deposit liabilities. The aim was to consolidate the policy gains achieved as evidenced by the low and stable inflation rate and stable exchange rates. The 91- day Treasury bill rate dropped to 6.21 per cent in June 2013 from 8.30 per cent in December 2012 before gradually rising over the second half to stand at 9.52 per cent in December 2013. Over the same period, the interbank interest rate rose from 5.84 per cent in December 2012 to 7.14 per cent and 8.98 per cent in June and December 2013, respectively. The total commercial banks bills loans and advances to various economic sectors expanded by 17.1 per cent to KSh 2,046.2 billion in December 2013 up from KSh 1,747.6 billion in December 2012. This was attributed to the drop in cost of borrowing and increased available investment opportunities owing to the fairly stable macroeconomic environment.

5.3. In the capital market, the Nairobi Stock Exchange 20-share index recorded a 19.2 per cent growth. The number of shares traded and the market capitalization increased substantially to stand at KSh 7.6 billion and KSh 1921.0 billion, respectively. In the pensions industry, the total industry assets grew by 15.5 per cent in the first half of the year 2013. Assets and membership of the Individual Retirement Benefits Schemes increased substantially by 37.9 per cent and 37.2 per cent respectively. In the insurance industry, total assets grew by 18.4 per cent while total investments increased by 20.8 per cent.

Monetary Indicators and the Consolidated Balance Sheet of the Banking System

5.4. Monetary indicators are presented in Table 5.1. Net foreign assets of the banking system grew by 18.7 per cent from KSh 327.8 billion in December 2012 to KSh 389.2 billion in December 2013. This growth was 8.3 percentage points higher than that recorded in December 2012. Overall, domestic credit by the banking system grew by 13.5 per cent in December 2013 compared to 15.4 per cent growth recorded in December 2012.

Table 5.1: Monetary Indicators, 2009-2013

As at end of:	Net Foreign Assets (KSh Million)	Domestic Credit (KSh million)			Broad Money Supply[2] (M3) (KSh Million)	Commercial Bank Liquidity Ratio (per cent of deposit liabilities)	Advances/ Deposits Ratio (per cent)
		Private[1]	National Government	Total			
2009 Dec ...	245,304	759,794	218,525	978,319	1,045,657	40.1	70.9
2010 Dec ...	271,491	920,671	347,270	1,267,940	1,271,638	44.3	74.0
2011 Dec ...	296,965	1,203,946	328,435	1,532,051	1,514,152	37.8	79.0
2012 Dec ...	327,821	1,345,209	422,548	1,767,757	1,727,686	35.8	79.3
2013 Mar ...	321,314	1,373,492	451,213	1,824,705	1,755,742	42.5	80.2
Jun ...	362,989	1,416,229	442,844	1,859,074	1,820,879	42.9	80.8
Sep ...	374,637	1,505,894	412,564	1,918,458	1,861,957	40.8	81.4
Dec ...	389,179	1,595,205	411,957	2,007,163	1,957,492	40.3	82.3

Source: Central Bank of Kenya

[1] Includes other public bodies

[2] See Table 5.2 and 5.3 for details

5.5. Credit to National Government declined by 2.5 per cent in December 2013 compared to an increase of 28.8 per cent recorded in December 2012, however credit to private sector grew by 18.6 per cent. Broad money supply (M3) grew by 13.3 per cent to KSh 1,957.5 billion in December 2013 and was close to the target of KSh 1,968.8 billion, an indication that monetary policy was achieving the desired results. The banking system liquidity remained stable above the statutory requirement of 20.0 per cent remaining for most of the year above 40.0 per cent with the exception of the month of November where it recorded 39.5 per cent. Advances to deposits ratio rose gradually from 79.0 per cent in December 2012 to 82.0 per cent in December 2013. This was an indication of a higher increase in credit than the growth in mobilised deposits, leading to the decline in liquidity ratio.

5.6. Monetary aggregates are presented in Table 5.2. Narrow money supply (M1) grew by 10.9 per cent in the year to December 2013. Growth in quasi money deposits with the banks decelerated from 23.7 per cent recorded in December 2012 to 11.3 per cent in December 2013. Similarly, money supply (M2) expanded by 11.1 per cent in December 2013 compared to an expansion of 17.2 per cent in December 2012. Expansion of the overall liquidity (L) gained pace from 14.9 per cent in December 2012 to 16.6 per cent in December 2013.

Table 5.2: Money and Quasi Money Supply, 2009-2013

KSh Million

		Money[1] (M1)	Quasi-Money		M2	M3	L
			Banks	Others[2]			
2009	Dec	442,245	438,804	17,199	898,099	1,045,657	1,280,440
2010	Dec	577,206	506,654	15,490	1,099,234	1,271,638	1,558,158
2011	Dec	622,731	613,279	18,089	1,253,958	1,514,152	1,854,928
2012	Dec	710,844	758,515		1,469,399	1,727,686	2,130,549
2013	Jan	704,022	751,954		1,455,976	1,729,897	2,132,657
	Feb	715,446	755,794		1,471,240	1,747,890	2,151,136
	Mar	720,697	756,980		1,477,677	1,755,742	2,180,650
	Apr	753,865	778,776		1,532,641	1,802,280	2,239,916
	May	751,365	792,372		1,543,737	1,823,398	2,273,120
	Jun	752,825	795,056		1,547,882	1,820,879	2,278,286
	Jul	756,360	797,643		1,554,003	1,835,803	2,310,734
	Aug	758,948	816,575		1,575,523	1,849,974	2,341,820
	Sep	778,542	814,854		1,593,396	1,861,957	2,381,994
	Oct	789,853	806,740		1,596,593	1,879,114	2,407,697
	Nov	794,348	829,784		1,624,132	1,919,518	2,446,031
	Dec	788,319	844,526		1,632,845	1,957,492	2,484,480

Source: Central Bank of Kenya.

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

[2] Following the conversions and mergers there are no operational Non Bank Financial Institutions (NBFIs).

5.7. Table 5.3 shows the consolidated accounts of the banking system for the period 2009 to 2013. The banking system assets increased by 14.4 per cent to KSh 2,396.3 billion in December 2013. The increase in assets was on account of an 18.7 per cent growth in net foreign assets and 13.5 per cent increase in total domestic credit. The highest contributor to the credit expansion was the private sector, which grew by 20.1 per cent and accounted for 64.9 per cent of total assets. The increase in liabilities was mainly due to growth in demand deposits and currency outside banks, which increased by 11.0 per cent and 10.5 per cent, respectively. Quasi-money deposits and foreign currency deposits increased by 11.3 per cent and 25.7 per cent, respectively, and contributed to the overall growth of the entire banking system's liabilities.

Table 5.3: Consolidated Accounts of the Banking System, 2009-2013

KSh Million

	2009	2010	2011	2012	2013*			
LIABILITIES-	December	December	December	December	March	June	September	December
1. Money (M1):								
1.1 Demand Deposits	341,253	454,179	485,628	562,991	570,562	604,712	632,104	624,960
1.2 Currency outside banks	100,992	123,027	137,103	147,893	150,135	148,113	146,438	163,359
Sub-Total	442,245	577,206	622,731	710,884	720,697	752,825	778,542	788,319
2. Quasi-Money(MS):								
2.1Call + 7 days Notice Deposits	52,718	39,621	61,197	75,667	78,594	82,179	82,920	87,569
2.2 Savings Deposits	109,924	134,799	150,129	185,628	180,705	190,162	196,203	201,718
2.3 Time Deposits	276,162	332,233	401,953	496,998	497,682	522,715	535,731	555,239
Sub-Total (quasi-money banks)	455,854	522,028	631,227	758,515	756,980	795,056	814,854	844,526
Money(M1) & MS(Banks)	898,099	1,099,234	1,253,958	1,469,399	1,477,677	1,547,882	1,593,396	1,632,845
3. Quasi-Money (NBFIs)[1]	17,199	15,490	18,089	0	0	0	0	0
Broad Money Supply(M2)	898,099	1,099,234	1,253,958	1,469,399	1,477,677	1,547,882	1,593,396	1,632,845
4. Foreign Currency Deposits	147,557	172,404	260,193	258,287	278,064	272,998	268,561	324,647
Broad Money Supply(M3)	1,045,657	1,271,638	1,514,152	1,727,686	1,755,742	1,820,879	1,861,957	1,957,492
5. Treasury Bill Holdings	234,783	286,520	340,776	402,864	424,908	457,407	520,037	526,988
Overall Liquidity(L)	1,280,440	1,558,158	1,854,928	2,130,549	2,180,650	2,278,286	2,381,994	2,484,480
6. Other Items (Net)	177,967	267,792	315,194	367,881	390,278	401,184	431,138	438,850
TOTAL	**1,223,624**	**1,539,431**	**1,829,346**	**2,095,566**	**2,146,020**	**2,222,063**	**2,293,096**	**2,396,342**
ASSETS-								
7. Net Foreign Assets	245,304	271,491	296,965	327,821	321,314	362,989	374,637	389,179
8. Domestic Credit:								
8.1 National Govt. (Net)	218,525	347,270	328,435	422,548	451,213	442,844	412,564	411,957
8.2 Other Public Bodies	12,482	22,180	30,809	49,814	45,140	36,196	40,070	39,620
8.3 Private Sector	747,312	898,490	1,173,137	1,295,395	1,328,352	1,380,034	1,465,824	1,555,586
Sub-Total	**978,319**	**1,267,940**	**1,532,381**	**1,767,757**	**1,824,705**	**1,859,074**	**1,918,458**	**2,007,163**
TOTAL	**1,223,624**	**1,539,431**	**1,829,346**	**2,095,566**	**2,146,020**	**2,222,063**	**2,293,096**	**2,396,342**

Source: Central Bank of Kenya.

* Provisional

[1] Following the conversions and mergers there are no operational NBFIs since December 2011

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 National Government, County Government and Non-residents deposits with banking institutions.

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

(c) Overall Liquidity, **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 Change in M3 and Real Values of Selected Financial Aggregates

5.8. Changes in Broad Money Supply (M3) and the sources are shown in Table 5.4. Broad Money Supply (M3) expanded by 13.3 per cent. Contributing to this change were; narrow money constituting 33.7 per cent, quasi-money (banks) constituting 37.4 per cent and foreign currency deposits by residents constituting 28.9 per cent. The increase in foreign currency deposits was significant having changed by KSh 66.4 billion compared to a decline of KSh 1.9 billion recorded in 2012. The sources of change in M3 were mainly net foreign assets and domestic credit.

Table 5.4: Changes in Money Supply and the Sources[1], 2009-2013

KSh Million

	2009	2010	2011	2012	2013
MONEY SUPPLY CHANGES					
1 Currency plus demand deposits (M1)	49,467	134,961	45,525	88,153	77,436
2 Quasi-money (Banks)	78,504	67,850	106,625	127,288	86,010
3 Quasi-money (NBFIs)	3,667	-1,709	2,599		
4 Foreign Currency Deposits	12,895	24,847	87,789	-1,907	66,360
5 Broad Money supply (M3)	144,602	225,982	242,513	213,534	229,806
SOURCES OF CHANGES					
6 Net foreign assets	-5,745	26,186	25,804	30,856	61,358
7 All Domestic Credit	141,418	289,621	264,111	235,376	239,417
(a) to National Government (net)	55,748	128,744	675,375	94,102	-10,579
(b) to other public sector	676	9,698	8,629	19,006	-10,195
(c) to private sector	84,995	151,178	274,646	122,257	260,191
8 Other Items (Net)	8,929	-89,825	-47,402	-52,698	-70,969
9 Total sources of change (6+7+8)	144,602	225,982	242,513	213,534	229,806

[1]Compares year-end values

5.9. Trends for selected real financial aggregates are presented in Table 5.5. Money Supply (M3) expanded in real terms by 5.8 per cent to KSh 1,360.8 billion in December 2013. In the same period the real overall liquidity stood at KSh 1,727.1 billion, a growth of 8.9 per cent while real commercial banks' credit grew from 1,315.1 billion to KSh 1,422.4 billion. Deposit liabilities grew by 4.7 per cent to KSh 1,306.8 billion while total liabilities of the banking system grew by 6.7 per cent. The ratio of commercial bank deposit liabilities to total liabilities dropped to 78.4 per cent in December 2013 down from 80.0 per cent in December 2012.

Table 5.5: Trends in the Real Values of Selected Financial Aggregates[1], 2009 -2013

KSh Million

	2009	2010	2011	2012	2013
1 Money Supply (M3)	999,099	1,163,455	1,163,926	1,286,647	1,360,787
2 Overall Liquidity (L)	1,223,454	1,435,436	1,442,188	1,586,201	1,727,133
3 Commercial bank credit to private sector	545,007	645,714	674,166	723,722	870,489
4 Total commercial bank credit	669,101	812,275	917,663	1,315,063	1,422,428
5 Commercial Banks' Deposit Liabilities	945,624	1,103,278	1,115,527	1,248,326	1,306,795
6 Total liabilities of banking system	1,132,141	1,415,976	1,406,216	1,560,952	1,665,862
Memorandum item:					
7 Line 5 as per cent of line 6	83.5	77.9	79.3	80.0	78.4

[1] Deflated by December Consumer Price Indices.

Nominal and Real Interest Rates

5.10. Nominal interest rates are shown in Table 5.6. Interest rates recorded mixed movements over the review period. During the first half of 2013, the CBK reduced CBR from 11.0 per cent in December 2012 to 8.50 per cent. The aim was to consolidate the policy gains achieved of the low and stable inflation rate and stable exchange rates. The 91- day Treasury bill rate dropped to 6.21 per cent in June 2013 from 8.30 per cent in December 2012 before gradually rising over the second half to stand at 9.52 per cent in December 2013. Over the same period the interbank interest rate rose from 5.84 per cent in December 2012 to 7.14 per cent and 8.98 per cent in June and December 2013, respectively. The average savings deposits interest rates remained fairly unchanged at December 2012 levels. The overdraft and maximum lending interest rates dropped by 1.28 and 1.16 percentage points, to 16.51 per cent and 16.99 per cent, respectively. The spread between the deposits and lending interest rates narrowed by 2.71 percentage points although the deposits rates remained low while the lending rates remained high.

Table 5.6: Principal Interest Rates, 2009-2013

Per cent

	2009	2010	2011	2012	2013	
	December	December	December	December	June	December
CENTRAL BANK OF KENYA						
91 day Treasury Bills Rate	6.82	2.28	18.30	8.30	6.21	9.52
Central Bank Rate	7.00	6.00	18.00	11.00	8.50	8.50
Repo rate	..	..	17.59	6.85	7.93	..
Inter-bank rate	2.94	1.18	21.75	5.84	7.14	8.98
COMMERCIAL BANKS[1]						
Average deposits	4.84	3.59	6.99	6.80	6.65	6.65
Savings deposits	1.73	1.45	1.59	1.60	1.73	1.58
Loan and Advances (maximum)	14.76	13.87	20.04	18.15	16.97	16.99
Overdraft	14.13	13.69	20.20	17.79	16.92	16.51
Loans-Deposits Spread	9.92	10.28	13.05	13.05	10.32	10.34

Source: Central Bank of Kenya.

[1]Weighted average commercial bank interest rates

5.11. Trends in selected real interest rates for the period 2009 to 2013 are presented in Table 5.7. In 2013, the real interest rates remained positive with the exception of the savings deposit rate, which stood at negative 5.6 per cent deteriorating further from negative 1.6 per cent in 2012. The 91-day Treasury Bills real interest rate reduced by 2.7 percentage points to stand at 2.4 per cent in December, 2013. Inter-bank real interest rates declined from 2.6 per cent in 2012 to 1.8 per cent in 2013. In real terms, the loans and advances maximum lending rate dropped significantly from 15.0 per cent to 9.8 per cent implying better lending environment.

Table 5.7: Trends in Selected Real Interest Rates[1], 2009-2013

Percentage

	Year	Nominal Interest	Inflation Rate	Real Interest[2]
1 Average Interest Rate for 91-day Treasury Bills	2009	6.82	8.02	-1.20
	2010	2.28	4.51	-2.23
	2011	18.30	18.93	-0.63
	2012	8.30	3.20	5.10
	2013	9.52	7.15	2.37
2 Commercial bank savings deposits (average)	2009	1.73	8.02	-6.29
	2010	1.45	4.51	-3.06
	2011	1.60	18.93	-17.33
	2012	1.60	3.20	-1.60
	2013	1.58	7.15	-5.57
3 Commercial bank loans and advances (maximum)	2009	14.76	8.02	6.74
	2010	13.87	4.51	9.36
	2011	20.04	18.93	1.11
	2012	18.15	3.20	14.95
	2013	16.99	7.15	9.84
4 Inter-Bank Rate	2009	2.94	8.02	-5.08
	2010	1.18	4.51	-3.33
	2011	21.75	18.93	2.82
	2012	5.84	3.20	2.64
	2013	8.98	7.15	1.83

[1] As at December

[2] Real Interest Rate equals Nominal Rate minus Inflation Rate

Central Bank of Kenya Balance Sheet

5.12. The CBK assets and liabilities increased by 22.8 per cent to stand at KSh 682.6 billion in December 2013 as presented in Table 5.8. The growth in assets was mainly due to a 15.9 per cent growth in foreign exchange balances with external banks to stand at KSh 566.0 billion and 61.3 per cent growth in other assets including treasury bills and bonds. Direct Advances, including overdrafts to the Government, increased by 34.3 per cent in 2012 to KSh 34.2 billion in 2013.

5.13. Growth of liabilities was mainly due to 34.2 per cent increase in the deposits held at the Central Bank of Kenya to KSh 397.0 billion. The Government deposits in the CBK more than doubled to stand at KSh 115.5 billion in December 2013. Deposits from external banks including International Monetary Fund (IMF) grew by 12.7 per cent in the review period. The capital and general reserve fund declined by 24.4 per cent to KSh 59.8 billion in December 2013 from a growth of 60.4 per cent registered in December 2012. Over the same period, currency in circulation increased by 11.9 per cent to KSh 210.0 billion.

Table 5.8: Central Bank of Kenya Assets and Liabilities, 2009 – 2013

KSh Million

	2009	2010	2011	2012	2013			
ASSETS					1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
1. Foreign Exchange:-								
1.1 Balances with External Banks	263,019	301,590	314,010	488,588	457,643	525,038	543,034	566,040
1.2 Treasury Bills	16,569	-	35,506	-	-	-	-	-
1.3 Other Investments	2,267	-	8,705	80	1,766	1,770	1,848	1,894
1.4 Special Drawing Rights	119	24,829	1,431	596	4,036	4,036	4,036	4,036
TOTAL	**281,974**	**326,419**	**359,652**	**489,264**	**463,445**	**530,844**	**548,918**	**571,969**
2. Advances & Disc. to Banks	-	1,280	-	-	-	-	-	9,978
3. Direct Advances & Overdraft to Kenya Government	11,640	22,733	26,221	25,462	25,373	6,999	34,187	34,187
4. Other Assets including Kenya Treasury Bills & Bonds	39,386	42,857	63,463	41,226	63,131	62,547	67,991	66,501
TOTAL ASSETS	**333,000**	**393,289**	**449,335**	**555,952**	**551,950**	**600,390**	**651,095**	**682,635**
LIABILITIES :								
1. Capital and General Reserve Fund	26,304	28,103	49,297	79,078	53,245	54,380	48,785	59,769
2. Currency in Circulation-								
2.1 Notes	119,741	135,412	169,096	181,946	180,694	177,517	178,903	203,988
2.2 Coins	4,549	4,639	3,145	5,797	5,419	5,611	5,848	6,008
TOTAL CURRENCY	124,290	140,051	172,241	187,743	186,113	183,128	184,752	209,996
3. Deposits								
3.1 Kenya Government	70,451	58,700	13,709	46,296	6,310	57,324	102,797	115,542
3.2 Kenyan Banks[1]	57,673	75,425	91,455	111,137	128,352	135,341	107,602	110,773
3.3 External Banks	36,470	36,490	62,076	123,919	120,253	127,903	130,285	139,694
3.4 Other	12,506	20,842	13,329	14,446	15,940	19,933	26,373	30,948
TOTAL Deposits	177,100	191,457	180,569	295,798	270,855	340,501	367,057	396,957
4. Foreign Liabilities	26,585	30,578	0	1,202	1,467	800	1,359	270
5. Other Liabilities	-21,279	3,100	47,228	-7,869	40,269	21,581	49,142	15,644
TOTAL LIABILITIES	**333,000**	**393,289**	**449,335**	**555,952**	**551,950**	**600,390**	**651,095**	**682,635**

Source: Central Bank of Kenya

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

Note: The table refers to end period

Commercial Banks' credit and liquidity

5.14. Table 5.9a shows the total commercial banks' credit to the various sectors of the economy for the period 2009 to 2013. In 2013, sectors that recorded significant growth in credit included, real estate (22.5 per cent), wholesale and retail trade, hotel and restaurants (21.4 per cent), transport, storage and communication (18.1 per cent), mining and quarrying (11.0 per cent). However, financial institutions recorded a reduction of 8.5 per cent in credit during the review period. The increased demand for credit followed the peaceful general elections of March 2013, drop in cost of borrowing and increased investment opportunities owing to the fairly stable macroeconomic environment. The total

credit expanded by 17.1 per cent to KSh 2,046.2 billion in December 2013 up from KSh 1,747.6 billion in December 2012. There was a 9.0 per cent and 18.7 per cent increase in credit in the public and private sector, respectively. Credit to National Government, including commercial banks' investment in government securities, increased by 12.5 per cent to KSh 465.0 billion in December 2013, from a higher growth of 50.0 per cent in December 2012.

Table 5.9a: Commercial Banks Bills, Loans and Advances[1], 2009 -2013

KSh Million

	2009 Dec	2010 Dec	2011 Dec	2012 Dec	2013 Dec
PUBLIC SECTOR:					
National Government (net)[2]	245,995	352,557	275,632	413,475	464,961
County Government (net)[3]	6,730	116	2,314	2,888	228
Enterprises, Parastatal bodies and other Public entities	19,212	22,297	28,494	46,926	39,847
TOTAL PUBLIC SECTOR	**271,937**	**374,970**	**306,440**	**463,289**	**505,036**
PRIVATE ENTERPRISES:					
Agriculture	38,182	43,045	55,161	59,235	61,549
Mining and Quarrying	8,193	14,584	25,271	25,048	27,804
Manufacturing	87,876	112,222	146,197	169,262	181,687
Building and Construction	45,768	32,637	50,805	69,183	70,770
Transport, Storage and Communication	63,920	60,136	87,359	75,776	89,488
Wholesale and retail trade, hotels and restaurants	107,784	136,010	172,561	191,230	232,179
Real Estate	52,835	98,866	137,409	161,940	198,337
Financial Institutions	23,817	22,807	29,919	32,689	29,924
Other Business	172,505	205,914	247,366	270,443	360,460
TOTAL PRIVATE ENTERPRISES	**600,880**	**726,221**	**952,049**	**1,054,807**	**1,252,199**
Community and Personal Services (including Non-Profit Making Institutions)	87,972	120,586	158,147	174,900	226,200
Other Activities (nec)	41,905	41,211	55,211	54,599	62,728
TOTAL BILLS, LOANS AND ADVANCES	**1,002,694**	**1,262,988**	**1,471,847**	**1,747,595**	**2,046,163**

Source: Central Bank of Kenya.

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

[2] Data on Credit to National Government include investments in Government Securities

[3] Data for up to 2012 refers to Local Authorities

5.15. Table 5.9b shows the percentage share of commercial banks' credit by various sectors. Commercial banks credit to National Government accounted for 22.7 per cent in 2013. Overall, there was a decline in share of credit to public sector from 26.5 per cent in December 2012 to 24.7 per cent in December 2013. On the other hand, the share of commercial banks credit to private enterprises increased from 60.4 per cent in December 2012 to 61.2 per cent in December 2013. Private sector enterprises that recorded significant proportions of credit included wholesale and retail trade, hotels and restaurants (11.3 per cent), other business (17.6 per cent), real estate (9.7 per cent), and manufacturing (8.9 per cent). Credit to community and personal services accounted for 14.2 per cent of the total commercial bank credit.

Table 5.9b: Commercial Banks' Bills, Loans and Advances Sector Shares[1], 2009 -2013

Percentage

	2009 Dec	2010 Dec	2011 Dec	2012 Dec	2013 Dec
PUBLIC SECTOR:					
National Government [2]	24.5	27.9	18.7	23.7	22.7
County Government[3]	0.7	0.0	0.2	0.2	0.0
Enterprises, Parastatal bodies and other Public entities	1.9	1.8	1.9	2.7	1.9
TOTAL PUBLIC SECTOR	27.1	29.7	20.8	26.5	24.7
PRIVATE ENTERPRISES:					
Agriculture	3.8	3.4	3.7	3.4	3.0
Mining and Quarrying	0.8	1.2	1.7	1.4	1.4
Manufacturing	8.8	8.9	9.9	9.7	8.9
Building and Construction	4.6	2.6	3.5	4.0	3.5
Transport, Storage and Communication	6.4	4.8	5.9	4.3	4.4
Wholesale and retail trade, hotels and restaurants	10.7	10.8	11.7	10.9	11.3
Real Estate	5.3	7.8	9.3	9.3	9.7
Financial Institutions	2.4	1.8	2.0	1.9	1.5
Other Business	17.2	16.3	16.8	15.5	17.6
TOTAL PRIVATE ENTERPRISES	59.9	57.5	64.7	60.4	61.2
Community and Personal Services (including Non-Profit Making Institutions)	8.8	9.5	10.7	10.0	11.1
Other Activities (nec)	4.2	3.3	3.8	3.1	3.1
TOTAL BILLS, LOANS AND ADVANCES	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Central Bank of Kenya.

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

[2] Data on Credit to National Government includes investments in Government Securities

[3] Data for upto 2012 refers to Local Authorities

5.16. Table 5.10 shows commercial banks' deposit liabilities and liquid assets. Commercial banks deposit liabilities grew by 12.2 per cent in December 2013 compared to a growth of 15.5 per cent in December 2012 and 20.3 per cent in December 2011. The growth may be attributed to increased branches and innovations in the banking sector such as mobile banking and agent banking as well as growth in exports earnings and remittances. Commercial banks' liquid assets rose by 26.2 per cent to KSh 757.3 billion. The overall liquidity ratio remained above the statutory 20.0 per cent rising gradually from 35.8 per cent in December 2012 to 43.7 per cent in May 2013 but declined over the second half of the year to 40.3 per cent in December 2013.

Table 5.10: Commercial Banks-Deposit Liabilities and Liquid Assets[1], 2009 -2013

	Deposit Liabilities (KSh Million)	Liquid Assets[2] (KSh Million)	Overall Liquidity Ratio (Per cent)
2009 December	989,690	396,671	40.1
2010 December	1,206,765	534,947	44.3
2011 December	1,451,189	548,300	37.8
2012 December	1,675,878	599,907	35.8
2013 January	1,686,618	713,135	42.3
February	1,683,465	716,304	42.5
March	1,696,678	720,705	42.5
April	1,736,949	736,564	42.4
May	1,763,724	770,884	43.7
June	1,753,022	751,209	42.9
July	1,761,436	732,861	41.6
August	1,793,246	734,829	41.0
September	1,804,857	736,593	40.8
October	1,817,839	744,062	40.9
November	1,829,042	722,089	39.5
December	1,879,825	757,296	40.3

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.

Capital Markets

5.17. Table 5.11 shows the performance of various capital market indicators for the period 2009 to 2013. The total number of shares traded increased by 38.7 per cent to KSh 7.6 billion while market capitalisation increased by 51.0 per cent to KSh 1,921.0 billion in December 2013. Nairobi Securities Exchange (NSE) 20-Share index went up by 19.2 per cent from 4,133 points in 2012 to 4,927 points in 2013. Similarly, the total number of deals registered a growth of 24.6 per cent increasing from 342,235 in 2012 to 426,327 in 2013. However, total bond turnover decreased by 20.0 per cent to KSh 452 billion in 2013 while the number of custodians and investment banks remained 15 and 10, respectively, in 2013. The number of fund managers increased to 22 while stockbrokers decreased to 11 over the same period.

Table 5.11: Gross Secondary Markets Statistics, 2009-2013

	2009	2010	2011	2012	2013				
					1st Qr	2nd Qr	3rd Qr	4th Qr	Total
Equities Market									
Total No. of Shares Traded (million)	3,169	7,546	5,721	5,464	1,782	2,103	1,775	1,916	7,576
Total No. of Deals	134,885	127,379	355,738	342,235	98,388	114,173	100,147	113,619	426,327
Total Value of Shares Traded (KSh bn)	38	25	79	86	34	39	42	40	156
NSE 20 Share Index (Base Jan 1966=100)	3,247	4,433	3,205	4,133	4,861	4,790	4,793	4,927	
Market Capitalization (KSh bn)	834	1,167	868	1,272	1,600	1,618	1,791	1,921	
Fixed Income Securities Market									
Total bond Turnover (KSh bn)	111	479	446	565	67	195	88	103	452
Capital Markets, Licensed/approved Institutions									
Securities Exchange (NSE)	1	1	1	1	1	1	1	1	1
Central Depositories (CDSC)	1	1	1	1	1	1	1	1	1
Investment Banks	17	19	11	10	10	10	10	10	10
Stockbrokers	8	7	5	12	11	11	11	11	11
Investment advisers	20	23	18	18	16	17	16	16	16
Fund Managers	16	16	19	21	20	20	21	22	20
Collective Investment Schemes	11	11	16	16	16	16	16	16	16
Authorized depositories/Custodians	11	12	14	15	15	15	15	15	15
Credit Rating Agencies	1	1	1	1	2	2	2	2	2
Venture Capital Companies	1	1	1	1	1	1	1	1	1

Source: Capital Markets Authority and Nairobi Securities Exchange

Insurance sector

5.18. In 2013, the assets of insurance sector amounted to KSh 358.0 billion representing a growth of 18.4 per cent. The assets of general insurance business increased by 10.6 per cent to KSh 129.0 billion while assets of life insurance business increased by 24.1 per cent to KSh 195.9 billion. Liabilities of entire insurance industry amounted to KSh 259.8 billion increasing by 14.2 per cent. Liabilities of the general business insurers amounted to KSh 78.7 billion while the liabilities of the life insurers amounted to KSh 167.4 billion recording increases of 1.8 per cent and 21.0 per cent, respectively.

5.19. Gross premiums of the insurance sector grew by 20.6 per cent to KSh 131 billion in 2013 from KSh 108.6 billion recorded in 2012. The premium income reported under life insurance business amounted to KSh 44.3 billion while general business premiums were KSh 86.7 billion. The total investments for the sector amounted to KSh 284.5 billion a growth of 20.8 per cent. The investments constituted 79.5 per cent of the total assets. Investments under life insurance business amounted to KSh 181.4 billion contributing a 63.7 per cent of total for sector investments while, general business investments were KSh 103.1 billion.

5.20. The gross claims of the general insurance business insurers grew by 13.6 per cent from KSh 29.4 billion in December 2012 to KSh 33.4 billion in December 2013. Benefit payments for the life insurers grew by 38.9 per cent over the review period from KSh16.9 billion to KSh 23.5 billion.

Developments in the Financial Sector

Banking Sector

5.21. In 2013, Kenya's banking sector comprised 43 commercial banks, 1 mortgage finance company, 9 deposit taking microfinance institutions, 7 representative offices of foreign banks, 101 foreign exchange bureaus, 1 money remittance provider and 2 credit reference bureaus.

5.22. The level of gross Non-Performing Loans (NPLs) grew by 30.8 per cent from KSh 61.6 billion in December 2012 to KSh 80.6 billion in December 2013. This was attributed mainly to high interest rates and the reduced economic activities during the period towards and after the March 2013 general elections. Similarly, the ratio of gross NPLs to gross loans increased from 4.5 per cent in December 2012 to 5.0 per cent in December 2013. On the other hand, the coverage ratio which is measured as a percentage of specific provisions to total NPLs declined from 57.6 per cent to 44.4 per cent in December 2013 due to a higher growth in NPLs than the increase in provisions. The quality of assets, measured as a proportion of net non-performing loans to gross loans deteriorated from 1.5 per cent in December 2012 to 2.2 per cent in December 2013.

5.23. The Government through CBK continued to implement measures aimed at improving the efficiency of the banking sector as well as financial inclusion. The proportion of the adult population using formal financial services increased from 41.3 per cent in 2009 to 66.7 per cent in 2013. Commercial banks have increased their branch network as well as number of ATMs and their distribution. The banking sector is expected to maintain its growth momentum on the backdrop of a stable macro-economic environment, domestic and regional expansion, increased use of ICT and the increased economic activities through the devolved system of government.

5.24. Since inception of Credit Referencing Bureaus (CRBs) in 2010 there has been increasing demand for credit reports by banks, as well as individual customers. The increased usage is a demonstration on the importance of these reports in enhancing credit appraisal

standards. Banks have incorporated credit reference reports in their credit risk appraisal processes. As the use of Credit Information Sharing (CIS) mechanism increases, banks are expected to grant credit facilities at competitive terms to borrowers with good track records.

Capital Markets

5.25. Nairobi Security Exchange (NSE) market is the largest Securities Exchange in East and Central Africa. The NSE has 59 out of the 93 listed companies in the East African region and is the fourth largest market in Africa. With annualized returns standing at 36.0 per cent, the NSE is the second best performing market on the continent. The value of listed securities (debt and equity) currently stands at KSh 1.7 trillion.

Pensions industry

5.26. In 2013, the pension industry put in place various policies and development initiatives geared towards the development and growth of the retirement benefit sector. The policy developments were specifically geared towards increase in the pension coverage and promotion of good governance and risk management of pension funds. The NSSF Act, 2013 was enacted with a view of improving the adequacy of benefits as well as providing basic social security for its members and their dependants. The new fund differs from the old fund in that it has both the pension contributory fund and the provident fund. The contribution rates have also been enhanced from the current KSh 400 (KSh 200 employees and KSh 200 employer) to 12 per cent of the pensionable earnings (employer contribution at 6 per cent of the employee's pensionable earnings and employees contributions at 6 per cent of the employee pensionable earnings deducted from the employee earnings).

5.27. During the period, there were 16 registered fund managers, 31 administrators and 10 custodians. The total industry assets grew by 15.5 per cent from KSh 548.7 billion in December 2012 to KSh 633.5 billion as at June 2013. The amount was composed of the KSh 511.5 billion attributed to the private occupational schemes and KSh 122 billion of the mandatory NSSF provident fund. Similar to other periods, a large proportion of the pension funds were invested in the traditional asset classes with investments in government securities accounting for 33.3 per cent while quoted equities accounted for 23.3 per cent of the total funds under management. Investment in other assets classes were as follows: immovable property, 19.2 per cent; guaranteed funds, 10.3 per cent; fixed income, 4.0 per cent, fixed deposits, 5.2 per cent; offshore, 2.4 per cent; cash, 1.7 per cent; and unquoted equity, 0.6 per cent.

5.28. The membership of the Individual Retirement Benefits Schemes grew considerably during the period from 75,402 members in June 2012 to 103,977 members in June 2013 while the assets grew from KSh 12.1 billion in June 2012 to KSh 16.6 billion in June 2013. The growth in membership in the individual retirement benefit schemes may be attributed to increased awareness.

Chapter 6

Public Finance

Overview

Fiscal policy in 2013/14 was informed by the priorities of the Second Medium Term Plan (MTP II) of the Vision 2030, emerging global and domestic challenges as well as the transition to a devolved system of government. In addition, public spending was to a considerable extent skewed towards reorientation of expenditure towards priority programmes in education, health, agriculture and infrastructure under the Medium Term Expenditure Framework (MTEF) aimed at accelerating socio-economic development. Specifically, substantial amounts of resources were allocated to fund education and health services, investment in initiatives aimed at expanding the National Electricity Grid, and expansion and rehabilitation of the country's infrastructure. Financing of this development agenda requires multi-pronged approaches for resource mobilization. Towards this end, the Government has been undertaking measures aimed at expanding the revenue base and increasing tax compliance through integration of technology in revenue collection. The Government purposes to bridge the financing gap by contracting loans mainly on concessional terms, conscious of ramifications of imprudence in debt management.

6.2. **Recent Fiscal Development:** The Value Added Tax (VAT) Act, 2013 introduced fundamental changes in the administration of VAT. This law provides for the adoption of information technology in the administration of the tax regime and the advancements that have been made in the business environment while taking into account international best practices. The law is also expected to reduce the costs related to the administration and compliance while raising the revenue obtained from VAT.

6.3. **Overall Fiscal Results:** In 2013/14, the National Government is expected to spend KSh1,567.6 billion compared to KSh 1,241.4 billion spent in 2012/13. Total revenue is expected to grow by 21.9 per cent from KSh 835.1 billion in 2012/13 to KSh 1,017.7 billion in 2013/14. Total outstanding public debt as at the end of June 2013 stood at KSh 1,673.9 billion out of which domestic borrowing accounted for 53.1 per cent. A total of KSh 210.0 billion was allocated to the county governments through the County Allocation of Revenue Act, 2013, out of which KSh 190.0 billion was for the equitable share component while KSh 20.0 billion was allocated as part of the conditional grant.

National Government

6.4. Table 6.1 presents the statement of National Government operations for the period 2009/10 to 2013/14. Total revenue is expected to surpass one trillion Kenya shillings for the first time to stand at KSh 1,017.7 billion in 2013/14. Total expense is anticipated to record a 22.1 per cent increase in the review period to stand at KSh 1,134.3 billion. Consequently, gross operating balance is expected to worsen from KSh 94.0 billion in 2012/13 to KSh 116.5 billion in 2013/14. As a result, the net borrowing is expected to deteriorate further to a deficit of KSh 300.0 billion in the review period.

Table 6.1: Statement of National Government Operations, 2009/10 - 2013/14

KSh Million

	2009/10	2010/11	2011/12	2012/13*	2013/14+
1. Revenue[1]	574,135.08	673,287.95	736,106.55	835,074.16	1,017,739.47
2. Expense (2.1+2.2)	574,253.05	733,348.08	859,195.05	929,091.54	1,134,285.29
2.1 Current Expenditure	525,671.23	641,408.73	700,412.80	802,472.96	929,276.07
2.2 Capital Transfers	48,581.82	91,939.35	158,782.24	126,618.57	205,009.22
3. Gross Operating Balance(G.O.B) (1-2)	**-117.97**	**-60,060.13**	**-123,088.50**	**-94,017.38**	**-116,545.82**
4. Acquisition of Non-Financial Assets(net)[2]	114,823.72	91,566.37	96,275.52	137,193.72	183,471.20
5. Net lending/Borrowing (3-4)	**-114,941.70**	**-151,626.50**	**-219,364.02**	**-231,211.10**	**-300,017.02**
FINANCING (6+7)	199,475.11	171,839.00	134,619.88	208,340.63	151,696.24
6. Net Acquisition of financial assets (6.1+6.2)	5,659.95	6,394.62	5,755.36	9,839.56	11,128.00
6.1. Domestic	5,659.95	6,394.62	5,755.36	9,839.56	11,128.00
6.2. Foreign	-	-	-	-	-
7. Net Incurrence of liabilities (7.1+7.2)	193,815.16	165,444.38	128,864.51	198,501.07	140,568.24
7.1. Domestic	151,479.26	92,498.00	76,036.61	169,776.28	83,648.78
7.2. Foreign	42,335.90	72,946.38	52,827.90	28,724.79	56,919.45
MEMORANDUM ITEMS:					
8. Public debt Redemption	91,714.97	121,656.66	92,495.17	162,745.13	213,953.00
8.1. External	18,134.06	23,521.74	25,666.08	34,336.70	85,253.00
8.2. Internal	73,580.91	98,134.92	66,829.09	128,408.43	128,700.00

* Provisional

+Revised estimates

[1] includes grants

[2]Acquisition of non financial assets(net) equals to acquisition of non financial assets minus gross disposal of on financial assets

6.5. Table 6.2 provides key fiscal ratios for the period 2009/10 to 2013/14. With regard to the main fiscal balances, Gross Operating Balance as a percentage of revenue remained relatively stable in the last two fiscal years while that of net borrowing has increased steadily over the same period owing to a growth in the acquisition of non-financial assets. Total external loans and grants are expected to rise by 20.9 per cent in 2012/13 and by 31.0 per cent in 2013/14. The proportion of acquisition of non-financial assets to current expenditure has remained low over the review period and is expected to stand at 19.7 per cent in 2013/14. Net short term borrowing kinked in 2012/13 and is expected to decline in 2013/14 owing to a considerable increase in maturity of treasury bills which almost matched the net short term borrowing. The ratio of revenue to GDP is expected to stand at 26.8 per cent while that of total expenditure is anticipated to rise by 4.8 percentage points. Net borrowing as a proportion of GDP is expected to worsen from negative 6.8 per cent in 2012/13 to negative 7.9 per cent in 2013/14.

Table 6.2: Analysis of Key Fiscal Ratios, 2009/10-2013/14

		2009/10	2010/11	2011/12	2012/13	2013/14
1	Gross operating balance as a % of Revenue	-0.02	-8.92	-11.34	-11.26	-11.45
2	Gross operating balance as a % of Acquisition of Non financial assets (net)	-0.10	-65.61	-86.67	-68.53	-63.52
3	Ratio of Acquisition of Non financial assets (net) to Current Expenditure	21.84	14.28	13.75	17.10	19.74
4	Net lending/Borrowing as % of Revenue	-20.02	-22.52	-24.41	-27.69	-29.48
5	Net lending/Borrowing as % of Total Expenditure ..	-14.56	-15.86	-17.68	-18.63	-19.14
6	External Grants and Loans as % of Acquisition of Non financial assets (net)	36.87	54.88	54.87	20.94	31.02
7	Net Short-Term Borrowing as % of Acquisition of nonfinancial assets (net)	55.33	-49.59	-5.82	85.98	1.11
8	Revenue as % of GDP at Current Market Prices	23.4	26.4	24.2	24.5	26.8
9	Total Government Expenditure as % of GDP at Current Market Prices	32.1	37.5	33.4	36.5	41.3
10	Net lending/Borrowing as % of GDP at Current Market Prices	-4.8	-5.2	-5.9	-6.8	-7.9

6.6. Table 6.3 presents a comparative analysis between the budgeted and actual out-turns of revenue and expenditure for the period 2010/11 to 2012/13, and revisions on the 2013/14 original estimates. In 2012/13, actual revenue collected stood at 90.7 per cent of the budgeted estimates. This was mainly attributable to the concerted efforts instituted by the Kenya Revenue Authority (KRA) to meet the set revenue targets, although shortfalls still persist. Absorption of funds meant for recurrent expenditure stood at 94.0 per cent in 2012/13 while the appropriation of development funds remained relatively low at 66.2 per cent, mainly due to lengthy procurement processes and delayed disbursement of donor funds.

Table 6.3: Comparison of National Government Budget Estimates with Actual Out-turns, 2010/11-2013/14

KSh Million

	2010/11			2011/12		
	Budget	Actual	Difference	Budget	Actual	Difference
Recurrent Revenue	651,494.67	651,409.99	74,027.11	752,214.18	725,521.78	-26,692.40
Recurrent Expenditure[2]	787,918.09	708,807.13	-33,185.18	753,443.75	754,732.91	1,289.16
Recurrent Balance	-136,423.42	-57,397.14	107,212.29	-1,229.58	-29,211.14	-27,981.56
Development Expenditure	377,614.05	244,158.60	-75,988.38	399,862.53	261,975.78	-137,886.75
External Financing (Net)[1]	123,107.62	50,249.68	-70,279.72	52,827.90	52,827.90	0.00
Balance for Domestic Financing (Net)	-390,929.86	-251,306.06	112,920.95	-348,264.21	-278,008.90	70,255.31
	2012/13*			2013/14+		
	Budget	Actual	Difference	Printed Budget	Revised Budget	Difference
Recurrent Revenue	915,088.93	830,319.56	-84,769.37	1,006,862.03	1,006,862.03	0.00
Recurrent Expenditure[2]	1,001,759.45	941,192.13	-60,567.33	1,043,902.38	1,163,665.41	119,763.04
Recurrent Balance	-86,670.52	-110,872.56	-24,202.05	-37,040.35	-156,803.39	-119,763.04
Development Expenditure	453,225.02	300,204.23	-153,020.79	635,177.67	403,935.55	-231,242.11
External Financing (Net)[1]	127,454.33	28,724.79	-98,729.55	56,919.45	18,575.13	-38,344.32
Balance for Domestic Financing (Net)	-412,441.21	-382,352.01	30,089.20	-615,298.56	-542,163.81	73,134.75

Source: The National Treasury

* Provisional

+ Revised budget estimates

[1] Includes external grants

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

6.7. Table 6.4 details revenue receipts on the recurrent account for the fiscal period 2009/10 to 2013/14. Total ordinary revenue is expected to surpass one trillion Kenya shillings for the first time to stand at KSh 1,006.9 billion in 2013/14 compared to KSh 830.3 billion realized in 2012/13. Tax revenue which forms the bulk share of revenue is anticipated to expand by 23.3 per cent from KSh 786.2 billion in 2012/13 to KSh 969.1 billion in 2013/14. This growth is projected on a background of the VAT Act, 2013 and the reversal of excise duty remission on containerized beer, `Keg'. In addition, KRA has been undertaking measures to increase tax compliance by enforcing the use of electronic tax registers and implementing the *i-tax* system to facilitate online payment of taxes and widen the tax base. Non-tax revenue is expected to decline mainly due to a significant drop in expected revenue from other receipts in this category.

Table 6.4: National Government Gross Receipts on Recurrent Account, 2009/10-2013/14

KSh Million

	2009/10	2010/11	2011/12	2012/13*	2013/14+
Taxes on income, profits and capital gains	**219,496.84**	**272,263.87**	**328,908.78**	**378,345.09**	**459,300.14**
Income tax from individuals (P.A.Y.E)	121,524.51	144,267.92	174,774.70	207,428.33	251,297.76
Income tax from corporations (other income tax)	97,972.33	127,995.95	154,134.08	170,916.75	208,002.38
Taxes on property	**269.37**	**352.10**	**490.30**	**653.73**	**743.30**
Immovable property	86.12	132.60	83.18	169.58	192.82
Financial and capital transactions	183.25	219.50	407.12	484.15	550.48
Value Added Tax (VAT)	**141,970.70**	**171,880.75**	**176,386.07**	**198,409.25**	**236,522.99**
VAT on domestic goods and services	78,859.16	90,211.14	81,495.51	102,672.87	123,456.37
VAT on imported goods and services	63,111.53	81,669.61	94,890.56	95,736.38	113,066.61
Taxes on other goods and services	**99,335.01**	**108,701.54**	**105,771.60**	**115,766.42**	**159,419.76**
Excise taxes	74,112.08	80,566.54	78,884.26	87,446.03	129,006.73
Taxes on use of goods and on permission to use the goods or to perform services and activities	193.43	2,464.00	565.59	1,010.10	1,148.49
Royalties	33.20	0.00	0.00	0.00	0.00
Taxes on goods and services collected as AIA	24,996.31	25,671.00	26,321.76	27,310.28	29,264.54
Taxes on international trade transactions	**57,205.80**	**66,670.45**	**76,473.85**	**84,073.92**	**102,921.68**
Custom duties	41,271.12	46,071.81	51,711.78	57,929.68	69,345.69
Other taxes on international trade and transactions	15,934.69	20,598.64	24,762.07	26,144.23	33,575.99
Other taxes not elsewhere classified	**5,355.62**	**6,800.04**	**7,857.10**	**8,947.33**	**10,173.12**
TOTAL TAX REVENUE	**523,633.34**	**626,668.74**	**695,887.71**	**786,195.74**	**969,080.99**
Social security contributions	341.05	659.58	110.87	584.48	664.55
Property income	9,844.04	12,917.61	17,277.13	19,640.47	20,750.77
Sale of goods and services	1,848.20	1,891.37	7,366.72	8,636.64	9,819.86
Fines penalties and forfeitures	229.41	289.63	1,078.88	1,476.94	1,679.28
Repayments from domestic lending and on-lending	571.48	1,159.75	1,611.56	1,355.93	1,400.00
Other receipts not elsewhere classified	6,477.55	7,823.31	2,188.91	12,429.36	3,466.58
TOTAL NON-TAX REVENUE	**19,311.72**	**24,741.25**	**29,634.07**	**44,123.82**	**37,781.04**
TOTAL ORDINARY REVENUE	**542,945.06**	**651,409.99**	**725,521.78**	**830,319.56**	**1,006,862.03**

Source: The National Treasury

* Provisional

+ Revised Estimates

6.8. Table 6.5 shows details of import duty levied on selected commodities for the period 2009 to 2013. Import duty collections grew by 9.6 per cent in 2013, compared to a growth of 8.8 per cent realised in 2012. This increase was attributed to a sustained growth of import duty on transport equipment for road construction projects as well as the increased import of vehicles in the review period. Import duty from food, drinks and tobacco category recorded a growth of 15.9 per cent in 2013 which was a decline from a growth of 18.2 per cent in 2012. The decelerated growth may partly be explained by the effects of the implementation of common external tariff on grains. Import duty derived from semi-manufactures improved from a 32.3 per cent drop in 2012 to register a growth of 5.4 per cent in 2013.

Table 6.5: Import Duty Collections for Selected Items, 2009 - 2013

KSh Million

END-USE CATEGORY	2009	2010	2011	2012	2013*
Food, drinks and tobacco ..	6,790.61	7,994.73	8,179.12	9,667.38	11,207.96
Basic materials	2,087.37	2,341.22	2,369.59	2,930.71	2,887.86
Fuels	659.25	807.75	967.30	1,201.96	1,017.90
Chemicals	1,446.79	1,936.18	2,360.59	2,685.71	2,779.13
Textiles	979.19	1,268.64	1,508.64	1,564.91	1,607.42
Semi-manufactures[1]	3,469.81	3,044.92	6,187.93	4,187.87	4,412.02
Metals	1,875.53	2,226.71	3,390.43	3,795.67	3,679.55
Transport Equipment	8,622.63	9,854.53	10,134.55	12,186.21	15,148.74
Machinery	4,417.04	4,845.40	6,401.12	6,850.25	6,428.76
Miscellaneous commodities .	3,379.97	4,553.33	4,822.31	5,317.13	6,062.88
TOTAL	**33,728.19**	**38,873.41**	**46,321.58**	**50,387.79**	**55,232.22**

Source: Kenya Revenue Authority

* Provisional

[1] Excludes non-metallic mineral manufactures

6.9. Table 6.6 shows the excise revenue by selected commodities for the period 2009 to 2013. The growth of excise revenue decelerated in 2013 to 3.5 per cent from 15.9 per cent growth recorded in 2012. Excise revenue from beer increased marginally despite the reversal of excise duty on containerized beer while that of cigarettes grew by 7.1 per cent. Excise duty from wines and spirits recovered from a drop of 15.0 per cent in 2012 to a growth of 25.8 per cent in 2013.

Table 6.6: Excise Revenue by Selected Commodities, 2009 - 2013

KSh Million

	2009	2010	2011	2012	2013*
Beer	13,756.56	14,701.54	14,456.04	16,544.52	16,886.17
Wines and Spirits	1,567.76	2,163.38	2,837.84	2,413.40	3,036.86
Mineral Water..	1,324.75	1,285.19	1,639.95	1,776.02	2,252.14
Cigarettes	6,526.75	7,324.45	7,626.79	9,527.65	10,199.78
Other commodities[1]	557.51	954.52	1,101.27	1,788.44	787.01
TOTAL	23,733.33	26,429.10	27,661.89	32,050.03	33,161.96

Source: Kenya Revenue Authority

* Provisional

[1] Includes revenue from jewellery, cosmetics and locally assembled vehicles

6.10. Total financing of acquisition of non-financial assets is expected to increase from KSh137.2 billion in 2012/13 to KSh183.5 billion in 2013/14 as presented in Table 6.7. Domestic financing is expected to account for the bulk of the total financing in the review period with long term borrowing expected to be dominant over short term financing. The significant drop in short term financing was mainly as a result of considerable maturity of both treasury bills and other short term borrowing instruments during the current financial year. Capital revenue derived from external loans and grants is expected to almost double to stand at KSh 56.9 billion in 2013/14.

Table 6.7: National Government Financing of Non Financial Assets, 2009/10-2013/14

KSh Million

	2009/10	2010/11	2011/12	2012/13*	2013/14+
EXPENDITURE:					
Acquisition of Non financial Assets (Net).	114,823.72	91,566.37	96,275.52	137,193.72	183,471.20
TOTAL	**114,823.72**	**91,566.37**	**96,275.52**	**137,193.72**	**183,471.20**
FINANCING:	**193,815.16**	**165,444.38**	**128,864.51**	**198,501.07**	**140,568.24**
External Loans	11,145.88	51,068.42	42,243.13	23,970.19	46,042.01
External Grants	31,190.02	21,877.96	10,584.77	4,754.59	10,877.44
Long-Term Domestic Borrowing (Net).....	87,946.79	137,904.90	81,635.42	51,818.61	81,614.96
SHORT TERM BORROWING:	**63,532.47**	**-45,406.90**	**-5,598.81**	**117,957.67**	**2,033.82**
Treasury Bills (Net)	39,274.08	-30,875.45	-4,265.71	124,330.34	43,295.47
Other Short-Term Borrowing (Net)	24,258.39	-14,531.45	-1,333.10	-6,372.67	-41,261.65
CHANGE IN CASH BALANCES[1]: Increase=(-).....	-78,991.44	-73,878.01	-32,589.00	-61,307.35	42,902.97
TOTAL	**114,823.72**	**91,566.37**	**96,275.52**	**137,193.72**	**183,471.20**

Source: Central Bank of Kenya and The National Treasury

* Provisional.

\+ Revised budget estimates

[1] Balancing item

6.11. Table 6.8 presents the functional classification of National Government expenditure for the period 2010/11 to 2013/14. Total Government outlays are expected to record a 26.3 per cent growth in the review period to stand at KSh 1,567.6 billion. Expenditure on economic affairs is projected to expand by 20.7 per cent from KSh 257.6 billion in 2012/13 to KSh 310.8 billion in 2013/14. This growth is mainly on account of increase in funding of the agricultural sector, construction and rehabilitation of roads and investment in renewable energy sources. Expenditure on health services at the National Government level is expected to be lower at KSh 38.5 billion in 2013/14 owing to devolution of health services. On the other hand, expenditure on education is expected to increase by 37.2 per cent from KSh 220.3 billion in 2012/13 to KSh 302.2 billion in 2013/14 principally due to expenditure on wages and salaries for teachers and the standard one laptop project. The proposed expenditure reflects the reorientation of expenditure towards priority programmes in education, health, agriculture and infrastructure under the Medium-Term Expenditure Framework, aimed at accelerating socio-economic development.

Table 6.8: Classification of National Government Expenditure by Functions of Government (COFOG), 2010/11-2013/14

KSh Million

	2010/11			2011/12			2012/13*			2013/14+		
	Recurrent Account	Development Account	Total	Recurrent Account	Development Account	Total	Recurrent Account	Development Account	Total	Recurrent Account	Development Account	Total
General public services	**83,338.73**	**37,662.23**	**121,749.35**	**77,565.18**	**32,992.37**	**110,557.55**	**134,203.53**	**33,775.08**	**167,978.60**	**149,639.28**	**40,669.81**	**190,309.08**
Public debt transactions	190,334.48	0.00	**190,334.48**	187,686.28	0.00	**187,686.28**	255,695.76	0.00	**255,695.76**	340,521.00	0.00	**340,521.00**
Transfers of general character betw. levels of govt.	12,145.48	0.00	**12,145.48**	17,003.72	0.00	**17,003.72**	21,498.00	0.00	**21,498.00**	0.00	0.00	**0.00**
Defense	53,328.09	1,056.09	**54,384.18**	63,711.16	1,324.35	**65,035.52**	72,728.57	0.00	**72,728.57**	80,535.99	0.00	**80,535.99**
Public order and safety	68,309.49	6,078.25	**74,387.74**	79,716.08	7,240.84	**86,956.92**	92,826.94	9,387.68	**102,214.62**	187,833.28	13,373.34	**201,206.63**
Economic affairs	**62,901.68**	**138,821.64**	**201,723.32**	**63,079.65**	**138,981.89**	**202,061.54**	**73,749.27**	**183,855.23**	**257,604.51**	**68,477.26**	**242,356.30**	**310,833.56**
General economic, commercial & labour affairs	10,667.20	9,133.19	**19,800.39**	11,662.91	5,160.76	**16,823.67**	11,909.25	10,765.04	**22,674.29**	12,611.20	22,240.69	**34,851.89**
Agriculture, forestry, fishing, and hunting	18,505.90	23,065.91	**41,571.80**	14,709.82	13,942.72	**28,652.54**	21,133.73	20,882.03	**42,015.76**	14,288.94	35,714.72	**50,003.65**
Fuel and energy	1,806.96	36,284.76	**38,091.72**	2,221.47	40,631.30	**42,852.77**	1,886.84	61,035.92	**62,922.76**	2,075.79	75,038.80	**77,114.59**
Mining, manufacturing and construction	234.98	349.57	**584.55**	190.94	224.27	**415.21**	265.17	312.07	**577.24**	607.51	606.48	**1,214.00**
Transport	24,322.84	61,591.80	**85,914.64**	25,329.90	61,874.55	**87,204.44**	31,921.12	83,828.72	**115,749.83**	31,379.28	99,238.80	**130,618.08**
Communication	123.09	0.00	**123.09**	372.21	3,767.02	**4,139.23**	2,071.02	4,078.49	**6,149.51**	2,214.96	6,944.87	**9,159.84**
Other industries	7,240.71	8,396.42	**15,637.13**	8,592.40	13,381.28	**21,973.68**	4,562.15	2,952.97	**7,515.12**	5,299.57	2,571.95	**7,871.52**
Environmental protection	3,002.32	2,693.25	**5,695.57**	3,095.61	6,875.85	**9,971.46**	4,474.13	19,243.30	**23,717.43**	4,663.45	32,564.65	**37,228.09**
Housing and community amenities	5,962.46	19,340.18	**25,302.64**	6,348.70	22,932.96	**29,281.66**	4,193.46	8,964.71	**13,158.17**	2,883.61	10,815.53	**13,699.14**
Health	**30,859.20**	**17,051.38**	**47,910.58**	**38,168.98**	**22,934.13**	**61,103.11**	**49,459.35**	**22,392.40**	**71,851.74**	**19,125.27**	**19,408.22**	**38,533.49**
Outpatient services	6,744.45	5,991.05	**12,735.50**	7,924.68	8,380.05	**16,304.73**	8,300.28	6,346.78	**14,647.06**	730.00	6,087.20	**6,817.20**
Hospital services	18,673.35	1,808.04	**20,481.39**	23,371.90	2,783.77	**26,155.67**	33,000.54	3,722.65	**36,723.18**	14,273.13	3,493.73	**17,766.86**
Public health services	2,574.65	2,867.25	**5,441.90**	3,169.38	8,751.94	**11,921.32**	5,567.43	11,962.86	**17,530.28**	1,217.78	9,619.72	**10,837.50**
Health expenditure not elsewhere classified	2,866.76	6,385.03	**9,251.79**	3,703.01	3,018.37	**6,721.38**	2,591.11	360.11	**2,951.22**	2,904.36	207.57	**3,111.93**
Recreation, culture and religion	2,841.55	1,124.88	**3,966.43**	3,063.26	1,238.84	**4,302.11**	904.88	420.37	**1,325.25**	584.97	269.88	**854.85**
Education	**171,873.38**	**17,972.40**	**189,845.78**	**182,373.71**	**23,136.73**	**205,510.45**	**202,319.20**	**18,018.88**	**220,338.08**	**265,279.78**	**36,893.57**	**302,173.36**
Administration	118,592.82	10,800.06	**129,392.88**	117,644.67	12,414.08	**130,058.75**	130,467.83	8,170.32	**138,638.16**	176,860.44	13,972.08	**190,832.53**
Pre-primary and primary education	8,421.52	433.30	**8,854.82**	8,293.93	307.05	**8,600.99**	8,518.71	248.43	**8,767.14**	10,655.85	15,468.78	**26,124.64**
Secondary education	1,411.93	420.88	**1,832.81**	16,159.60	2,425.50	**18,585.10**	19,053.79	3,221.89	**22,275.68**	22,504.58	648.40	**23,152.98**
Tertiary education	39,965.95	4,094.75	**44,060.70**	38,315.30	7,007.98	**45,323.28**	42,396.42	5,405.68	**47,802.10**	52,969.11	5,243.91	**58,213.02**
Education expenditure not elsewhere classified	3,481.15	2,223.42	**5,704.57**	1,960.21	982.13	**2,942.34**	1,882.45	972.56	**2,855.01**	2,289.80	1,560.40	**3,850.20**
Social protection	26,422.37	2,358.29	**28,780.66**	32,920.57	4,317.81	**37,238.38**	29,139.03	4,146.58	**33,285.61**	44,121.53	7,584.24	**51,705.77**
TOTAL OUTLAYS[1]	**712,067.62**	**244,158.60**	**956,226.22**	**754,732.91**	**261,975.78**	**1,016,708.69**	**941,192.13**	**300,204.23**	**1,241,396.36**	**1,163,665.41**	**403,935.55**	**1,567,600.96**

Source: The National Treasury

* Provisional

\+ Revised estimates

[1]Total in this Table vary with that in Table 6.9 by disposal of non financial assets

6.12. Table 6.9 presents economic classification of National Government expenditure for the period 2009/10 to 2013/14. Total consumption expenditure that consists of compensation of employees and purchases of goods and services is expected to rise from KSh 391.4 billion in 2012/13 to KSh 534.5 billion in 2013/14 with compensation of employees accounting for over two thirds of this expenditure. Compensation of employees entails wages and salaries and social contributions made on behalf of employees to social security schemes. The increase in expenditure on compensation of employees is partly attributable to the implementation of negotiated salary increments for teachers and health workers. Total grants to general government units are expected to drop by 24.3 per cent as a result of devolution of some of the services previously undertaken at the national level. Capital grants are expected to grow significantly from KSh 126.6 billion in 2012/13 to KSh 205.0 billion in 2013/14. These grants are channeled through State Owned Enterprises (SOEs) which are engaged in the implementation of Government capital projects, mainly in construction and rehabilitation of roads, railway, ports, investment in energy initiatives and re-invigoration of the agricultural sector. Investment in net non-financial assets is expected to grow by 33.7 per cent, as a result of significant expansion in the building and structures; and machinery and equipment components.

Table 6.9: Economic Analysis of National Government Expenditure, 2009/10 -2013/14

KSh Million

	2009/10	2010/11	2011/12	2012/13*	2013/14+
EXPENSE					
Consumption expenditure on goods and services:					
Compensation of employees	222,272.99	239,317.59	251,017.08	279,424.89	372,160.67
Use of Goods and Services	82,785.31	102,561.75	107,260.21	111,968.12	162,360.98
Total	**305,058.30**	**341,879.34**	**358,277.29**	**391,393.01**	**534,521.66**
Subsidies	93.98	107.25	148.27	51.96	56.00
Interest:	55,786.42	68,677.82	95,191.11	92,950.63	126,568.00
Domestic	49,603.30	60,394.01	85,151.68	82,144.68	112,645.00
Foreign	6,183.12	8,283.81	10,039.44	10,805.96	13,923.00
Grants to:					
International organisations	1,941.76	1,710.60	1,849.59	1,968.45	2,625.18
General Government units	125,746.51	196,945.76	200,941.36	271,891.25	205,746.59
Other Grants	7,675.41	5,549.90	9,904.06	9,994.84	8,186.38
Total grants	**135,363.68**	**204,206.26**	**212,695.02**	**283,854.55**	**216,558.16**
Social benefits	27,709.75	25,907.06	32,060.82	29,116.10	39,832.87
Other expense	1,659.10	631.00	2,040.29	5,106.71	11,739.38
Total current expenditure	**525,671.23**	**641,408.73**	**700,412.80**	**802,472.96**	**929,276.07**
Capital Grants (TRANSFERS)	48,581.82	91,939.35	119,132.36	126,618.57	205,009.22
1 Total Expense	**574,253.05**	**733,348.08**	**819,545.16**	**929,091.54**	**1,134,285.29**
2 Acquisition of Non Financial Assets(net)	**114,823.72**	**91,566.37**	**96,275.52**	**137,193.72**	**183,471.20**
Building and structures	96,902.65	77,944.37	77,071.19	109,467.67	157,658.81
Machinery and equipment	13,780.56	12,383.38	16,724.26	26,717.60	45,390.34
Inventories	4,956.72	1,781.04	1,945.83	2,743.39	4,163.14
Valuables	0.00	0.00	0.00	0.00	0.00
Non- produced assets & Land	2,092.72	2,718.07	3,171.72	791.47	1,022.39
Less Disposal of Non financial assets	(2,908.92)	(3,260.49)	(2,637.49)	(2,526.41)	(24,763.47)
Equity Participation and on-lending	5,659.95	6,394.62	5,755.36	9,839.56	11,128.00
3 PUBLIC DEBT REDEMPTION	91,714.97	121,656.66	92,495.17	162,745.13	213,953.00
4 Total Expenditure (1+2+3)	**786,451.70**	**952,965.73**	**1,014,071.21**	**1,238,869.95**	**1,542,837.49**

Source: The National Treasury

* Provisional.

+ Revised Estimates

6.13. Table 6.10 provides a summary of National Government debt disaggregated into foreign and domestic. Total debt stood at KSh 1,673.9 billion as at the end of June 2013, representing a 10.3 per cent increase from KSh 1,517.7 billion in 2012. The proportion of external debt to total debt dropped from 49.4 per cent in 2012 to 46.9 per cent in 2013 while internal debt increased further to 53.1 per cent in 2013 from 50.6 per cent in 2012. This is consistent with the debt management strategy of holding more domestic debt to minimise refinancing risk and promote development of domestic markets.

Table 6.10: National Government Public Debt, 2009- 2013

KSh Million

As at 30th June	Public Debt								
	Stocks			Other debt			Total		
	External	Internal	Total	External	Internal	Total	External	Internal	Total
2009	0.0	754.7	754.7	517,037.6	400,986.4	918,024.1	517,037.6	401,741.1	918,778.7
2010	0.0	753.4	753.4	548,680.3	533,218.6	1,081,898.9	548,680.3	533,971.9	1,082,652.2
2011	0.0	0.0	0.0	697,846.3	624,752.0	1,322,598.3	697,846.3	624,752.0	1,322,598.3
2012	0.0	0.0	0.0	749,160.4	768,569.3	1,517,729.7	749,160.4	768,569.3	1,517,729.7
2013*	0.0	0.0	0.0	784,818.0	889,120.8	1,673,938.8	784,818.0	889,120.8	1,673,938.8

Source: The National Treasury and Central Bank of Kenya

* Provisional

6.14. Table 6.11 details the National Government outstanding debt by source as at the end of June for the period 2009 to 2013. Total multilateral debt rose by 12.1 per cent to stand at KSh 566.8 billion in 2013.This is in line with Kenya's debt management strategy of contracting external loans mainly on concessional terms to ensure debt sustainability both in the medium and long term. External debt from Peoples Republic of China grew considerably from KSh 36.7 billion in 2012 to KSh 63.1 billion in 2013 mainly owing to the continued bilateral engagement especially in developmentof infrastructure. External debt from Japan declined from KSh 107.4 billion in 2012 to KSh 86.8 billion in 2013 mainly as a consequence of weakening of the Japanese Yen against the Kenya Shilling. The stock of debt from the International Monetary Fund (IMF) increased by 10.8 per cent to stand at KSh 73.8 billion in 2013, mainly as a result of disbursements under the Extended Credit Facility (ECF) program. The stock of internal debt rose from KSh 768.6 billion in 2012 to KSh 889.1 billion in 2013 on account of significant growths in the stock of debt under treasury bills and treasury bonds categories.

Table 6.11: National Government Outstanding Debt by Source, 2009 -2013

KSh Million

Outstanding as at 30th June	2009	2010	2011	2012	2013*
EXTERNAL DEBT:					
Lending Countries:					
Germany	16,440.53	16,234.89	26,670.05	24,878.80	25,042.37
Japan	90,839.00	98,847.00	111,842.00	107,402.77	86,788.50
France	28,102.91	28,173.42	40,347.13	36,708.95	47,397.05
USA	5,669.00	5,729.00	5,901.00	5,136.78	4,669.83
Netherlands	2,140.08	1,876.60	3,011.87	2,925.78	2,599.67
Denmark	2,354.49	2,290.80	2,774.66	2,076.63	1,987.79
Finland	128.60	119.30	132.30	104.81	96.64
China	11,821.00	14,385.00	32,453.00	36,661.87	63,123.40
Belgium	7,078.00	6,775.00	9,037.00	7,365.07	7,607.22
Other	21,359.00	21,916.00	24,795.70	20,281.11	17,825.53
Total (billateral)	185,932.61	196,347.01	256,964.71	243,542.57	257,138.00
International Organisations:					
IDA /IFAD	246,485.00	260,108.00	319,268.00	297,588.74	328,753.29
EEC/EIB	11,062.78	10,498.01	12,496.71	10,933.89	15,769.40
IMF	35,125.00	34,110.04	47,581.72	66,593.02	73,779.44
ADF/AfDB	32,651.25	41,000.20	52,645.14	70,863.36	80,728.61
Commercial Banks	0.00	0.00	0.00	50,539.98	58,927.52
Others	5,781.00	6,617.00	8,890.00	9,098.86	8,889.77
Total (multilateral)	331,105.03	352,333.25	440,881.57	505,617.85	566,848.03
TOTAL EXTERNAL	517,037.64	548,680.26	697,846.28	749,160.42	823,986.03
INTERNAL DEBT:					
Treasury Bills[1]	116,794.30	158,494.00	126,605.00	131,831.29	267,693.15
Treasury Bonds	360,743.95	448,615.00	595,661.00	686,950.90	744,174.06
Non Interest bearing debt	33,328.76	32,218.00	31,663.00	29,998.76	28,888.76
Others(includes stocks)	7,690.00	20,624.94	10,293.00	10,048.60	9,800.01
Less govt deposits & on-lending	-116,815.91	-125,980.00	-139,470.00	-90,260.29	-161,435.17
TOTAL INTERNAL (net)[2]	401,741.09	533,971.94	624,752.00	768,569.26	889,120.81
TOTAL DEBT	918,778.73	1,082,652.20	1,322,598.28	1,517,729.68	1,713,106.84

Source: The National Treasury and Central Bank of Kenya

* Provisional

[1] Excludes Repo Bills

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

6.15. Table 6.12 presents the National Government debt servicing charges and receipts from interest and loan repayments on on-lending for the period 2009/10 to 2013/14. Net external debt servicing charges grew from KSh 35.7 billion in 2012/13to KSh 45.1 billion in 2013/14 while net internal debt servicing charges recorded a significant growth to stand at KSh209.2 billion in 2013/14.This is attributable to maturity of treasury bonds which constitute the biggest component of internal debt. Interest and loan receipts rose marginally to KSh 1.4 billion in 2013/14.

Table 6.12: National Government Debt Servicing Charges, 2009- 2013

KSh Million

Year ending 30th June	Annual Debt Servicing Charges			Interest and Loan Repayment Receipts			Net Servicing Charges		
	External	Internal	Total	External	Internal	Total	External	Internal	Total
2009	23,557.60	102,054.69	125,612.29	..	571.48	571.48	23,557.60	101,483.21	125,040.81
2010	24,317.18	123,184.21	147,501.39	..	1,159.75	1,159.75	24,317.18	122,024.45	146,341.63
2011	31,805.55	158,528.92	190,334.48	..	1,611.56	1,611.56	31,805.55	156,917.37	188,722.92
2012	35,705.51	151,980.77	187,686.28	..	1,355.93	1,355.93	35,705.51	150,624.84	186,330.35
2013*	45,142.66	210,553.11	255,695.76	..	1,400.00	1,400.00	45,142.66	209,153.11	254,295.76

Source: The National Treasury and Central Bank of Kenya

* Provisional

6.16. Table 6.13 shows the ratio of National Government public debt servicing charges to export of goods and services for the period 2009 to 2013. This ratio provides an assessment of the country's external debt servicing capacity through measurement of the cost of servicing debt in terms of the foreign exchange earnings. The ratio worsened from 3.7 per cent in 2012 to 4.9 per cent in 2013 owing to the growth in debt service charges and a corresponding drop in export earnings from Goods and Services in 2013. This implies that the country's debt servicing capacity weakened in 2013 compared to 2012.

Table 6.13: The Ratio of National Government Debt Service Charges on External Debt to Exports of Goods and Services, 2009-2013

	Debt Service Charges on External Debt[1] (Fiscal 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	%
2009	23,557.60	573,199.00	4.24
2010	24,317.18	711,756.00	4.58
2011	31,805.55	879,786.39	3.57
2012	35,705.51	931,993.33	3.70
2013*	45,142.66	919,000.45	4.91

Source: The National Treasury and Kenya National Bureau of Statistics

* Provisional.

[1] Including debt redemption, however, interest payments on drawing on IMF are excluded.

County Governments

6.17. The Constitution of Kenya provides for a devolved system of Government with fiscal decentralisation being a key object of devolution. The Constitution andthe County Allocation of Revenue Act, 2013 provides for allocation of national revenue among the National Government and the County Governments. The Commission on Revenue Allocation (CRA) is further obligated by law to recommend to the senate the allocation of revenue to the respective counties based on a pre-determined formula. This formula ensures equitable distribution of resources through a number of parameters namely; population (45 per cent), poverty index (20 per cent), land mass (8 per cent), basic equal share (25 per cent) and fiscal responsibility (2 per cent). In 2013/14, a total of KSh 210.0 billion was allocated through the County Allocation of Revenue Act, 2013. Table 6.14 shows the county governments revenue allocation for 2013/14. A total of KSh 190.0 billion was allocated to the county governments equitably in 2013/14. The Nairobi City County received the highest allocation of KSh 9.5 billion while Lamu County received the least at KSh 1.5 billion.

In addition to the equitable share allocation, county governments were allocated a total KSh 20.0 billion conditional grant for a targeted use, project or beneficiary. Counties are expected to generate a total of KSh 67.8 billion which is 24.4 per cent of the total revenue. In addition county governments were allocated KSh 3.0 billion under the equalization fund.

Table 6.14: Annual County Government Revenue, 2013/14

KSh Million

County	Equitable share	Conditional Grant	Annual Local Revenue Estimates	Total
Baringo	3,247.85	382.56	280.00	**3,910.41**
Bomet	3,442.64	272.58	245.00	**3,960.22**
Bungoma	6,180.67	334.60	2,753.78	**9,269.04**
Busia	3,412.40	266.37	632.40	**4,311.18**
Elgeyo/Marakwet	2,392.01	744.50	100.33	**3,236.84**
Embu	2,807.08	557.20	439.61	**3,803.89**
Garissa	4,221.43	475.03	150.53	**4,847.00**
Homa Bay	4,121.43	1,604.79	140.68	**5,866.89**
Isiolo	2,235.58	187.89	360.00	**2,783.48**
Kajiado	3,227.41	284.38	517.00	**4,028.79**
Kakamega	6,515.51	840.70	3,500.00	**10,856.21**
Kericho	3,295.02	317.79	293.15	**3,905.97**
Kiambu	5,458.86	805.57	6,367.00	**12,631.44**
Kilifi	5,442.53	377.89	2,064.09	**7,884.50**
Kirinyaga	2,587.87	242.06	437.99	**3,267.91**
Kisii	5,188.30	635.95	1,229.19	**7,053.45**
Kisumu	4,155.30	711.38	3,417.12	**8,283.80**
Kitui	5,315.31	519.09	713.85	**6,548.25**
Kwale	3,748.95	280.45	642.36	**4,671.76**
Laikipia	2,523.01	234.82	1,306.10	**4,063.93**
Lamu	1,500.76	99.24	353.28	**1,953.27**
Machakos	4,950.62	523.08	2,541.87	**8,015.57**
Makueni	4,366.29	354.91	350.00	**5,071.20**
Mandera	6,550.23	230.31	437.40	**7,217.94**
Marsabit	3,795.59	272.86	44.00	**4,112.45**
Meru	4,749.44	758.42	658.00	**6,165.87**
Migori	4,269.10	490.97	795.37	**5,555.44**
Mombasa	3,801.76	545.82	7,345.85	**11,693.42**
Murang'a	3,917.40	404.43	1,300.04	**5,621.87**
Nairobi City	9,505.77	390.47	15,448.05	**25,344.28**
Nakuru	5,936.31	1,025.00	3,076.74	**10,038.05**
Nandi	3,477.90	408.95	139.00	**4,025.85**
Narok	3,867.59	278.79	5,323.46	**9,469.84**
Nyamira	3,038.64	278.44	100.00	**3,417.08**
Nyandarua	3,150.21	284.91	204.70	**3,639.82**
Nyeri	3,254.18	817.15	479.05	**4,550.37**
Samburu	2,598.15	206.94	223.55	**3,028.64**
Siaya	3,653.58	318.01	153.47	**4,125.06**
Taita/Taveta	2,420.63	205.85	214.12	**2,840.60**
Tana River	2,914.33	204.48	87.29	**3,206.10**
Tharaka-Nithi	2,294.83	139.76	84.16	**2,518.75**
Trans Nzoia	3,729.87	193.13	501.50	**4,424.51**
Turkana	7,664.40	230.00	351.84	**8,246.24**
Uasin Gishu	3,796.63	270.26	1,682.42	**5,749.31**
Vihiga	2,831.56	196.97	204.27	**3,232.81**
Wajir	5,290.05	357.47	119.03	**5,766.55**
West Pokot	3,155.05	437.78	38.00	**3,630.83**
Total	**190,000.05**	**20,000.00**	**67,846.66**	**277,846.71**

Source: Office of the Controller of Budget

6.18. Table 6.15 depicts the economic classification of county governments expenditure for 2013/14. In 2013/14, county governments are expected to spend KSh 283.7 billion, with compensation of employees projected to account for 39.1 per cent of the total expenditure. County governments anticipate spending KSh 99.0 billion to fund investment in non-financial assets that entails expansion and improvement of County infrastructure. Appropriations up to the second quarter of 2013/14 indicate a very slow pace of absorption of funds mainly due to challenges related to the transition to the devolved system of Government. Specifically, the county governments managed to absorb a 15.2 per cent of the total budget in the first half of 2013/14, the bulk of which went to fund consumption expenditure. Investment in non-financial assets recorded the lowest rate of absorption possibly due to lack ofsufficient structures at the county level.

Table 6.15: Economic classification of County Governments Expenditure, 2013/14

KSh Million

	2013/14	
	Revised estimates	Expenditure[1]
Compensation of Employees	110,927.28	21,760.42
Use of goods and services	51,272.61	11,959.53
Utilities, Supplies and Services	2,203.86	646.40
Printing , Advertising and Information Supplies and Services	2,727.20	664.49
Communication, Supplies and Services	1,097.72	223.99
Transportation costs	9,523.42	2,853.55
Training Expenses	4,558.61	572.26
Hospitality Supplies and Services	3,699.64	907.16
Office and General Supplies and Services	2,507.80	699.91
Fuel Oil and Lubricants	3,053.72	494.57
Other Operating Expenses	12,051.30	3,923.51
Routine Maintenance	9,849.35	973.69
Other Expense (interest payments, subsidies, grants,social benefits)	19,371.79	..
Acquisition of non-financial assets	98,985.20	7,246.93
Debt redemption	3,132.02	2,200.44
Total	**283,688.90**	**43,167.33**

Source: The National Treasury and Office of the Controller of Budget

[1] Expenditure up to the second quarter of 2013/14

.. Data not available

6.19. Classification of county governments expenditure by functions (COFOG) is provided in Table 6.16.In the first half of 2013/14, expenditure on general public services accounted for over two thirds of the total expenditure. Actual appropriations in economic affairs and social services accounted for 10.1 per cent and 15.6 per cent of the actual spending. Under economic affairs category, KSh 2.7 billion was spent on the transport function which mainly entails rehabilitation of county roads and other county infrastructure, while KSh 3.3 billion was spent on health services.

Table 6.16: Classification of County Governments Expenditure by Functions , 2013/14

KSh Million

	2013/14[1]
General Public services	29,861.23
Office of the Governor and County Executive Services	10,977.19
County Assembly	5,636.34
Other General public services	13,247.70
Public debt transactions	2,200.44
Economic Affairs	4,360.06
Agriculture	919.46
Transport	2,679.48
Other Economic Affairs	761.12
Health	3,281.15
Education[2]	1,314.08
Housing and community amenities	907.92
Environmental protection[3]	1,242.45
Total	**43,167.33**

Source: Office of the Controller of Budget

[1] Expenditure up to the second quarter 2013/14

[2] Includes expenditure on women, youth and other social services

[3] includes expenditure on water undertaking and energy initiatives

Chapter 7

International Trade and Balance of Payments

Overview

Key international trade indicators include merchandise trade balance, terms of trade, volume of trade and overall balance of payments position. In 2013, the trade deficit continued to widen, deteriorating from KSh 856,740 million in 2012 to KSh 911,029 million. During the year under review, total exports declined by 3.0 per cent while total imports increased by almost an equivalent margin. This led to the deterioration of export-import ratio from 37.7 per cent in 2012 to 35.5 per cent in 2013. As a result, the volume of trade increased marginally by 1.2 per cent in the period under review. The leading export earners were tea, horticulture, articles of apparel and clothing accessories; and coffee, collectively accounting for 51.5 per cent of the total export earnings, in 2013.

7.2. The overall balance of payments position declined from a surplus of KSh 122,919 million in 2012 to a surplus of KSh 73,922 million in 2013. The current account balance worsened by 14.7 per cent to record a deficit of KSh 412,379 million in 2013. The increase in short term net capital flows resulted in an increase of 6.2 per cent in the capital and financial account net inflows to KSh 464,863 million in the review period. The surplus in the foreign direct investment account more than doubled to KSh 43,816 million in 2013 while net portfolio investment inflows improved from a deficit of KSh 1,149 million in 2012 to a surplus of KSh 20,120 million. This was a reflection of increased participation by foreign investors at the Nairobi Securities Exchange market.

Balance of Trade

7.3. As presented in Table 7.1, the volume of external trade went up by 1.2 per cent to KSh 1,915,602 million in 2013, compared to an increase of 4.4 per cent in 2012. Total exports declined by 3.0 per cent from KSh 517,847 million in 2012 to KSh 502,287 million in 2013 on account of depressed external demand for domestic exports. However, the value of re-exports increased by 22.2 per cent to KSh 46,598 million in the same period. Total imports increased by 2.8 per cent from KSh 1,374,587 million in 2012 to KSh 1,413,316 million in 2013, albeit at a slower rate relative to the growth recorded in the previous year. Consequently, only 35.5 per cent of the import bill could be financed by the total exports in 2013 compared to 37.7 per cent in 2012. Trade balance deteriorated further by 6.3 per cent in 2013 mainly on account of a reduction in domestic exports against increased imports of petroleum products, industrial machinery, iron and steel; and road motor vehicles.

Table 7.1: Balance of Trade[1], 2009-2013

KSh Million

DESCRIPTION	2009	2010	2011	2012	2013*
EXPORTS (f.o.b) :					
Domestic Exports	323,571	385,441	484,507	479,706	455,689
Re-exports	21,378	24,353	28,097	38,141	46,598
Total	**344,949**	**409,794**	**512,604**	**517,847**	**502,287**
IMPORTS (c.i.f) :					
Commercial	780,323	934,729	1,283,111	1,360,408	1,403,225
Government	7,773	12,476	17,639	14,179	10,091
Total	**788,097**	**947,206**	**1,300,749**	**1,374,587**	**1,413,316**
BALANCE OF TRADE	**(443,148)**	**(537,412)**	**(788,145)**	**(856,740)**	**(911,029)**
TOTAL TRADE	**1,133,046**	**1,356,999**	**1,813,354**	**1,892,434**	**1,915,602**
COVER RATIO[1] (in percentage)	**43.8**	**43.3**	**39.4**	**37.7**	**35.5**

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

*Provisional

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

Price Changes

7.4. Table 7.2 reflects the unit price indices for exports and imports by commodity groups based on the Standard International Trade Classification (SITC). In 2013, unit price indices for both all exports and non-oil exports improved by 3.8 per cent after registering declines in 2012. This was mainly on account of increases in the unit export price indices of inedible crude materials; and machinery and transport equipment. Unit price index for all imports and non-oil imports maintained an upward trend increasing by 1.2 per cent and 1.3 per cent, respectively, in the same period. This was partly explained by significant increases in the import price indices of food and live animals; beverage and tobacco; and chemicals.

Table 7.2: Export and Import Price Indices, 2009 - 2013

2009=100

	2009	2010	2011	2012+	2013*
EXPORTS:					
Food and live animals	100	112	141	137	133
Beverages and tobacco	100	130	133	134	133
Crude materials, (inedible)	100	106	109	98	126
Mineral fuels	100	114	121	151	150
Animal and vegetable oils and fats	100	115	177	152	125
Chemicals	100	98	124	127	114
Manufactured goods	100	104	112	123	113
Machinery and transport equipment	100	129	224	235	286
Miscellaneous manufactured articles	100	129	137	135	188
All Exports	**100**	**111**	**132**	**131**	**136**
Non-oil Exports	100	111	133	131	136
IMPORTS:					
Food and live animals	100	131	126	132	174
Beverages and tobacco	100	108	111	140	172
Crude materials, (inedible)	100	104	125	131	126
Mineral fuels	100	136	144	199	200
Animals and vegetable oils and fats	100	125	185	165	140
Chemicals	100	107	132	132	158
Manufactured goods	100	119	157	139	140
Machinery and transport equipment	100	137	207	198	181
Miscellaneous manufactured articles	100	108	135	150	164
All imports	**100**	**126**	**157**	**166**	**168**
Non-oil Imports	100	124	160	158	160

* Provisional

+ Revised Estimates

Terms of Trade

7.5. The terms of trade expressed as the ratio of export prices to import prices are presented in Table 7.3. The terms of trade for all items improved by 2.4 percentage points in 2013 to 81.1 per cent in 2013. Similarly, terms of trade for non-oil items rose by 2.3 percentage points from 82.8 per cent in 2012 to 85.1 per cent in 2013.

Table 7.3: Terms of Trade, 2009-2013

DESCRIPTION	2009	2010	2011	2012+	2013*
All Items	100.0	88.1	84.1	78.7	81.1
Non-oil Items	100.0	89.5	83.1	82.8	85.1

* Provisional

+ Revised Estimates

Volume changes

7.6. Quantum indices, which measure trade volume for various SITC groups are presented in Table 7.4. The quantum index for all exports and non-oil exports dropped by 8.0 per cent in 2013 compared to a decline of 0.9 per cent recorded, in 2012. Similarly, the export quantum index for non-oil items decreased by 8.7 per cent in 2013 compared to a 1.8 per cent increase in 2012. These decreases may be attributed to substantial declines recorded in the export quantum indices for almost all the categories except food and live animals, and manufactured goods.

7.7. The import quantum index for all items improved by 1.9 per cent in 2013 compared to a deterioration of 0.9 per cent the previous year. The quantum index for non-oil imports increased by 3.8 per cent in 2013 compared to an increase of 9.4 per cent increase recorded in 2012.

Table 7.4: Quantum Indices, 2009 – 2013

2009=100

	2009	2010	2011	2012+	2013*
EXPORTS:					
Food and live animals	100	92	103	108	110
Beverages and tobacco	100	79	124	119	105
Crude materials, (inedible)	100	97	125	138	103
Mineral fuels	100	86	124	65	41
Animal and vegetable oils and fats	100	89	136	145	112
Chemicals	100	104	128	120	115
Manufactured goods	100	99	143	121	132
Machinery and transport equipment	100	80	64	73	48
Miscellaneous manufactured articles	100	79	107	112	84
All Exports	**100**	**92**	**114**	**113**	**104**
Non-oil Exports	100	92	113	115	105
IMPORTS:					
Food and live animals	100	59	91	90	64
Beverages and tobacco	100	142	204	118	141
Crude materials, (inedible)	100	116	118	121	117
Mineral fuels	100	92	146	103	99
Animals and vegetable oils and fats	100	113	111	120	125
Chemicals	100	116	127	130	122
Manufactured goods	100	108	116	129	149
Machinery and transport equipment	100	89	67	86	92
Miscellaneous manufactured articles	100	112	119	122	134
All imports	**100**	**95**	**106**	**105**	**107**
Non-oil Imports	100	96	96	105	109

* Provisional

+ Revised Estimates

Quantities of Principal Exports and Imports

7.8. Quantities of principal export and import commodities for the period 2009 to 2013 are presented in Tables 7.5a and 7.5b. Export quantities of maize more than doubled in 2013 up from a decline of 53.3 per cent in 2012. Quantities of tobacco and tobacco manufactures exported rose by 50.6 per cent from 35,259 tonnes in 2012 to 53,093 tonnes in 2013 while leather increased by 16.9 per cent, in 2013. Similarly, the quantity of tea exports increased by 18.3 per cent to 446,033 tonnes supported by improved production while that of horticulture rose by 7.2 per cent. Exports of cement, soda ash and iron and steel rose by 12.1, 4.4 and 3.5 per cent, respectively, in 2013. However, export quantities of hides and skins; fish and fish preparations; and fluorspar registered declines of 72.2, 32.9 and 26.2 per cent, respectively, during the year under review.

7.9. The most notable growth in imports were reported in chemical fertilizers and; iron and steel. Quantities of chemical fertilizers rose by 61.7 per cent to 688,436 tonnes while iron and steel imports increased by 56.4 per cent from 778,859 to 1,217,865 tonnes in 2013. During the same period, significant increases were also recorded in import quantities of road motor vehicles (24.5 per cent), assembled and partly assembled bicycles (24.0 per cent), non-ferrous metal (24.0 per cent) and second-hand clothing (22.9 per cent). Import quantities of animal/vegetable fats and oils, organic and inorganic chemicals and plastics registered substantial growth in 2013. Quantities of unmilled maize imports dropped further by 71.2 per cent to stand at 93,473 tonnes in 2013. A similar trend was also noted for wheat flour and crude petroleum imports whose quantities decreased by 43.3 per cent and 43.1 per cent respectively.

Table 7.5a: Quantities of Principal Exports, 2009- 2013

Commodity	Unit of Quantity	2009	2010	2011	2012*	2013*
Fish and fish preparations	Tonne	14,970	17,804	15,519	17,455	11,712
Maize(raw)	Tonne	4,072	2,623	1,173	548	1,236
Meals and flours of wheat	Tonne	2,816	20,696	4,624	7,488	3,076
Horticulture	Tonne	338,994	374,566	363,799	367,885	394,387
Sugar confectionery	Tonne	36,332	30,845	33,092	33,188	30,159
Coffee, unroasted	Tonne	59,991	43,135	37,570	51,713	48,890
Tea	Tonne	326,497	410,035	385,425	376,996	446,033
Margarine and shortening	Tonne	26,322	18,463	20,288	18,532	15,924
Beer made from malt	000 Lt.	58,699	51,370	59,054	62,638	48,166
Tobacco and tobacco manufactures	Tonne	33,386	31,594	40,290	35,259	53,093
Hides and Skins	Tonne	717	322	2,250	10,200	2,832
Sisal	Tonne	19,864	21,817	12,040	11,066	10,010
Stone, sand and gravel	Tonne	20,331	18,957	45,962	39,138	29,632
Fluorspar	Tonne	5,504	37,500	116,600	105,753	78,002
Soda Ash	Tonne	512,624	493,722	592,207	458,811	478,822
Metal scrap	Tonne	4,298	3,626	4,342	5,465	4,478
Petroleum Products	Mn. Lt.	76	80	89	27	18
Animal and Vegetable oils	Tonne	73,775	105,919	106,420	99,252	70,339
Medicinal and pharmaceutical products	Tonne	8,769	9,457	11,446	13,063	12,419
Essential oils	Tonne	89,372	100,526	121,919	120,059	94,157
Insecticides and fungicides	Tonne	2,918	4,197	3,301	1,709	1,416
Leather	Tonne	13,957	22,272	26,485	22,698	26,542
Wood manufactures n.e.s	Tonne	866	812	712	608	468
Paper and paperboard	Tonne	7,929	7,666	9,572	5,063	7,313
Textile yarn	Tonne	2,183	2,358	2,263	1,859	2,046
Cement	Tonne	684,259	651,701	708,384	737,496	826,941
Iron and steel	Tonne	118,926	142,958	170,143	150,182	155,442
Metal containers	Tonne	3,310	2,642	3,262	3,432	2,831
Wire products: nails screws, nuts, etc.	Tonne	5,702	8,962	8,356	10,931	9,232
Footwear	' 000' Pairs	44,035	44,504	47,288	51,712	52,021
Articles of plastic[1]	..	..	..	..	55,882	48,370

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

* Provisional.

.. Data not available

[1]items have different units

Table 7.5b: Quantities of Principal Imports, 2009 - 2013

Commodity	Unit of Quantity	2009	2010	2011	2012*	2013*
Wheat, unmilled	Tonne	781,717	848,081	1,002,710	1,044,848	1,033,054
Rice	Tonne	296,292	283,021	337,446	399,699	409,576
Maize, unmilled	Tonne	1,508,414	229,611	359,232	324,622	93,473
Wheat flour	Tonne	21,197	37,912	61,850	54,397	30,853
Sugars, Mollases and Honey	Tonne	212,868	299,308	176,174	267,679	276,542
Textile fibres and their waste	Tonne	16,594	16,628	18,182	19,451	18,183
Second - hand clothing	Tonne	59,677	80,423	76,533	82,216	101,066
Crude Petroleum	Tonne	1,627,900	1,551,524	1,772,135	997,028	567,432
Petroleum products	Mn. Lt.	2,867	2,638	2,874	3,484	3,760
Animal/vegetable fats and oils	Tonne	514,819	590,786	553,087	591,488	636,120
Organic & inorganic chemicals	Tonne	186,212	230,291	240,714	241,719	256,736
Medicinal and pharmaceutical products	Tonne	11,043	14,910	16,637	16,110	17,187
Essential oils & pefumes	Tonne	21,823	26,923	33,273	50,269	46,097
Chemical fertilizers	Tonne	448,984	419,732	522,200	425,840	688,436
Plastics in primary & non-primary forms	Tonne	266,955	300,070	317,119	342,163	377,340
Paper and Paperboard	Tonne	222,432	267,173	278,797	263,089	279,700
Iron and steel	Tonne	681,873	717,361	792,093	778,859	1,217,865
Non-ferrous metals	Tonne	43,657	39,667	45,425	42,405	52,588
Hand & machine tools	"000"No	7,040	9,102	9,534	11,027	10,682
Bicycles, assembled or partly assembled	"000"No	94	152	143	134	166
Road Motor Vehicles	Nos.	66,108	77,941	65,987	74,111	92,270

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

* Provisional.

Values of Principal Exports and Imports

7.10. The values of principal exports and imports for the period 2009 to 2013 are shown in Tables 7.6a and 7.6b. Tea and horticulture continued to be the leading foreign exchange earners accounting for 23.0 per cent and 19.6 per cent of the total domestic export earnings, respectively, in 2013. Export earnings from tea increased from KSh 101,441 million in 2012 to KSh 104,648 million in 2013. Horticulture export earnings improved by 10.1 per cent to KSh 89,339 million during the same period. The value of domestic exports of leather rose by 20.7 per cent in 2013 while articles of apparel and clothing accessories earned 17.9 per cent more. Consistent with reduced exports in 2013, fluorspar and coffee export earnings went down. Increased domestic demand for hides and skins; and fish and fish preparations resulted in reduced earnings from their exports.

7.11. Petroleum products, industrial machinery, road motor vehicles and; iron and steel were the leading imports jointly accounting for 45.9 per cent of the total import bill in 2013. The value of imported industrial machinery increased by 18.9 per cent to KSh 231,440 million in 2013 while petroleum products increased by 6.4 per cent to KSh 252,673 million. Values of iron and steel, chemical fertilizers and non-ferrous metal imports increased by 42.5, 38.5 and 20.7 per cent, respectively. The value of agricultural machinery and tractors; and road motor vehicles increased in 2013 by 22.9 per cent and 13.0 per cent, respectively. During the year under review, the value of crude petroleum imports dropped by 39.7 per cent mainly as a result of the closure of the Kenya Petroleum Refineries Limited (KPRL). This was compensated by increased importation of petroleum products that rose from KSh 237,557 million in 2012 to KSh 252,673 million in 2013.

Table 7.6a: Values of Principal Exports, 2009 – 2013

Commodity	2009	2010	2011	2012	2013*
Fish and fish preparations	4,391	5,027	4,955	5,392	3,362
Maize(raw)	283	284	169	57	192
Meals and flours of wheat	109	5,105	159	290	145
Horticulture	65,220	72,092	83,331	81,129	89,339
Sugar confectionery	3,629	4,241	5,211	5,818	5,401
Coffee, unroasted	15,309	16,244	20,863	22,271	16,328
Tea	68,766	91,617	102,236	101,441	104,648
Margarine and shortening	2,597	2,006	2,950	2,684	2,245
Beer made from malt	2,508	2,775	2,961	3,209	3,636
Tobacco and tobacco manufactures	10,411	10,562	18,633	16,615	13,709
Hides and skins (undressed)	30	11	108	504	134
Sisal	1,291	1,586	1,212	1,184	1,020
Stone, sand and gravel	64	120	494	385	389
Fluorspar	153	726	3,928	3,272	1,714
Soda ash	8,305	7,265	12,371	9,724	8,997
Metal scrap	752	596	1,050	2,826	2,498
Petroleum products	4,466	4,706	6,217	3,294	2,652
Animal and Vegatable oils	5,910	9,893	14,166	12,727	8,156
Medicinal and pharmaceutical products	5,185	5,862	7,446	8,699	7,068
Essential oils	8,231	9,625	13,822	13,623	11,172
Insecticides and fungicides	1,269	1,659	1,828	801	771
Leather	2,237	4,192	7,208	7,036	8,491
Wood manufactures n.e.s	160	167	193	140	159
Paper and paperboard	642	544	651	474	639
Textile yarn	549	621	851	792	885
Cement	7,766	7,399	8,898	8,118	8,292
Iron and steel	9,073	12,124	18,165	15,098	15,560
Metal containers	437	444	734	715	500
Wire products: nails screws, nuts, etc.	493	918	1,142	1,649	1,036
Footwear	2,665	3,214	3,562	4,148	3,992
Articles of plastics	5,916	6,895	9,350	10,278	10,263
Articles of apparel and clothing accessories	13,948	15,561	22,260	20,676	24,379
All other Commodities	70,805	81,360	107,385	114,637	97,916
GRAND TOTAL	**323,571**	**385,441**	**484,507**	**479,706**	**455,689**

Source: Kenya National Bureau of Statistics/ Kenya Revenue Authority

* Provisional

Table 7.6b: Values of Principal Imports, 2009 – 2013

Commodity	2009	2010	2011	2012	2013*
Wheat, unmilled	13,841	17,451	31,371	29,743	30,189
Rice	7,430	7,958	12,548	14,520	14,111
Maize	33,945	5,471	11,479	6,451	2,291
Wheat flour	1,525	1,396	2,517	2,120	1,964
Sugars, Mollases and Honey	8,064	14,551	11,088	17,030	16,770
Textile fibres and their waste	2,499	3,571	5,093	5,025	5,099
Second - hand clothing	4,533	6,539	6,831	8,400	8,345
Crude Petroleum	54,495	72,598	124,042	68,086	41,037
Petroleum Products	99,550	122,004	199,120	237,557	252,673
Animal/vegetable fats and oils	27,569	38,956	56,733	54,876	48,371
Organic & inorganic chemicals	12,612	16,127	19,593	22,080	22,303
Medicinal & Pharmaceauticals Products	22,994	27,879	39,681	41,307	40,114
Essential oils & perfumes	8,060	9,755	13,454	15,351	16,935
Chemical Fertilizers	15,238	14,186	23,045	20,184	27,957
Plastics in primary & non-primary forms	26,462	35,995	49,296	47,650	55,182
Paper and Paperboard	13,756	17,748	22,947	20,049	21,356
Iron and Steel	33,776	43,558	62,087	56,667	80,749
Non-ferrous metals	8,402	10,235	13,863	12,119	14,626
Hand & machine tools	1,160	1,613	2,335	2,794	3,265
Industrial Machinery	130,929	158,721	177,174	194,666	231,440
Agricultural Machinery and Tractors	3,578	4,279	5,532	6,347	7,802
Bicycles, assembled or partly assembled	202	314	395	354	429
Road Motor Vehicles	50,115	55,812	62,870	73,768	83,330
All other Commodities	207,359	260,488	347,657	417,442.28	386,978.26
GRAND TOTAL	**788,097**	**947,206**	**1,300,749**	**1,374,587**	**1,413,316**

Source: Kenya National Bureau of Statistics/ Kenya Revenue Authority

* Provisional

Prices of Principal Exports and Imports

7.12. The unit prices of principal exports and imports for the last five years are presented in Tables 7.7a and 7.7b. Most of the commodities recorded declines in export unit prices in 2013. Export unit prices of tobacco and tobacco manufactures, fluorspar, wire products and coffee declined by 45.2, 29.0, 25.6 and 22.5 per cent, respectively. Notable declines were also recorded in export unit prices of tea, soda ash, animal and vegetable oils and fats; and cement during the review period. Significant export unit price increases were recorded for raw maize, wood manufactures and malt beer. In addition, export unit prices of stone, sand and gravel, petroleum products and; meals and flours of wheat increased by 33.7, 21.8 and 21.4 per cent, respectively, during the review period.

7.13. Consistent with export unit prices, declines were also recorded in import unit prices for most of the principal commodities, in the same period. This included second-hand clothing, chemical fertilizers, road motor vehicles and; iron and steel which decreased by 19.2, 14.3, 9.3 and 8.9 per cent, respectively. However, import unit prices for wheat flour, un-milled maize and crude petroleum went up during the review period.

Table 7.7a: Prices of Principal Exports, 2009-2013

KSh/Unit

Commodity	Unit	2009	2010	2011	2012	2013*
DOMESTIC EXPORTS						
Fish and fish preparations	Kg	293	282	319	309	287.07
Maize(raw)	Tonne	69,619	108,183	143,621	104,445	155,458
Meals and flours of wheat	Tonne	38,658	246,668	34,409	38,749	47,047
Horticulture	Kg	192	192	229	221	227
Sugar confectionery	Kg	100	137	157	175	179
Coffee, unroasted	Kg	255	377	555	431	334
Tea	Kg	211	223	265	269	235
Margarine and shortening	Kg	99	109	145	145	141
Beer made from malt	Lt.	43	54	50	51	75
Tobacco and tobacco manufactures	Kg	312	334	462	471	258
Hides and Skins(undressed)	Kg	41	35	48	49	47
Sisal	Tonne	64,983	72,696	100,650	107,039	101,904
Stone, sand and gravel	Tonne	3,167	6,351	10,752	9,828	13,139
Fluorspar	Tonne	27,796	19,372	33,690	30,941	21,978
Soda Ash	Tonne	16,200	14,714	20,890	21,193	18,790
Metal scrap	Tonne	174,968	164,474	241,711	517,068	557,769
Petroleum Products	Lt.	58	59	70	122	149
Animal and Vegetable oils	Kg	80	93	133	128	116
Medicinal and pharmaceutical products	Kg	591	620	651	666	569
Essential oils	Kg	92	96	113	113	119
Insecticides and fungicides	Kg	435	395	554	469	544
Leather	Kg	160	188	272	310	320
Wood manufactures n.e.s	Tonne	184,378	205,429	270,355	230,037	339,262
Paper and paperboard	Tonne	80,996	70,936	67,989	93,640	87,324
Textile yarn	Kg	251	263	376	426	432
Cement	Tonne	11,350	11,353	12,561	11,008	10,027
Iron and steel	Tonne	76,295	84,811	106,760	100,531	100,105
Metal containers	Tonne	132,032	168,060	225,106	208,247	176,684
Wire products: nails screws, nuts, etc...	Tonne	86,512	102,422	136,613	150,850	112,271
Footwear	Pair	61	72	75	80	77

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

* Provisional.

Table 7.7b: Prices of Principal Imports, 2009-2013

KSh/Unit

Commodity	Unit	2009	2010	2011	2012	2013*
Wheat, unmilled	Tonne	17,705	20,577	31,286	28,467	29,223
Rice	Tonne	25,076	28,119	37,186	36,326	34,453
Maize, unmilled	Tonne	22,504	23,828	31,954	19,872	24,506
Wheat flour	Tonne	71,926	36,834	40,690	38,975	63,660
Sugars, Mollases and Honey	Tonne	37,885	48,615	62,938	63,621	60,642
Textile fibres and their waste	Tonne	150,583	214,742	280,124	258,337	280,434
Second - hand clothing	Tonne	75,961	81,312	89,253	102,169	82,574
Crude Petroleum	Tonne	33,476	46,791	69,996	68,289	72,321
Petroleum products	Lt.	35	46	69	68	67
Animal and vegetable oils	Kg	54	66	103	93	76
Organic & inorganic chemicals	Kg	68	70	81	91	87
Medicinal & Pharmaceauticals Products	Kg	2,082	1,870	2,385	2,564	2,334
Essential oils & pefumes	Kg	369	362	404	305	367
Chemical fertilizers	Tonne	33,939	33,798	44,131	47,399	40,609
Plastics in primary & non-primary forms	Tonne	99,125	119,957	155,448	139,262	146,241
Paper and Paper Products	Tonne	61,844	66,430	82,308	76,205	76,354
Iron and steel	Tonne	49,534	60,720	78,383	72,757	66,304
Non-ferrous metals	Tonne	192,460	258,015	305,187	285,799	278,116
Hand & machine tools	Mn. No.	165	177	245	253	306
Bicycles, assembled or partly assembled	No.	2,149	2,067	2,767	2,647	2,583
Road Motor Vehicles	No.	758,073	716,078	952,763	995,372	903,108

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

* Provisional.

Composition of Exports

7.14. Domestic exports by Broad Economic Category (BEC) are shown in Table 7.8. There was a drop in the value of domestic exports in all economic categories except transport equipment in 2013. The value of domestic exports of food and beverages dropped by 1.2 per cent to KSh 195,094 million in 2013, occasioned by reduced exports of primary and processed food and beverage for industry. Domestic exports of non-food industrial supplies reduced by 11.1 per cent to KSh 126,192 million in 2013. Domestic exports of machinery and other capital equipment dropped to KSh 9,736 million mainly due to a reduction in their value.

7.15. Food and beverages continued to be the leading source of export earnings accounting for 42.8 per cent of the total export earnings in 2013. Although non-food industrial supplies remained the second highest foreign exchange earner, its share to total earnings reduced slightly from 29.6 per cent in 2012 to 27.7 per cent in 2013.

Table 7.8: Domestic Exports by Broad Economic Category, 2009 – 2013

KSh Million

DESCRIPTION	2009	2010	2011	2012	2013*
FOOD AND BEVERAGES	**136,751**	**170,050**	**195,565**	**197,491**	**195,094**
Primary	107,319	136,579	153,791	153,198	153,613
For Industry	16,710	18,099	22,448	23,895	18,982
For Household Consumption	90,608	118,480	131,343	129,303	134,631
Processed	29,433	33,471	41,774	44,293	41,482
For Industry	5,151	4,130	7,158	8,071	5,256
For Household Consumption	24,282	29,341	34,616	36,222	36,226
INDUSTRIAL SUPPLIES (Non-Food)	**87,342**	**108,201**	**146,601**	**142,019**	**126,192**
Primary	19,975	19,356	30,702	29,370	24,669
Processed	67,367	88,845	115,900	112,649	101,523
FUEL AND LUBRICANTS	**4,553**	**7,454**	**10,015**	**4,029**	**1,610**
Primary	9	7	10	8	8
Processed	4,543	7,448	10,005	4,021	1,602
Motor Spirit	318	561	538	395	190
Other	4,225	6,887	9,466	3,625	1,412
MACHINERY & OTHER CAPITAL EQUIPMENT	**6,781**	**9,036**	**11,214**	**13,713**	**9,736**
Machinery & Other Capital Equipment	5,492	7,320	9,006	11,864	7,867
Parts and Accessories	1,288	1,715	2,207	1,849	1,868
TRANSPORT EQUIPMENT	**5,828**	**6,576**	**7,545**	**7,858**	**8,130**
Passenger Motor Vehicles	100	228	160	103	122
Other	3,978	3,885	4,356	4,091	8,009
For Industry	3,944	3,517	4,245	3,942	4,402
Non-Industrial	34	368	111	149	120
Parts and Accessories	1,750	2,464	3,029	3,664	3,487
CONSUMER GOODS NOT ELSEWHERE SPECIFIED	**82,291**	**84,044**	**113,450**	**113,869**	**113,537**
Durable	3,234	1,326	1,720	3,803	3,819
Semi-Durable	20,239	22,036	28,467	27,999	31,404
Non-Durable	58,818	60,683	83,263	82,068	78,314
GOODS NOT ELSEWHERE SPECIFIED	**25**	**80**	**117**	**727**	**1,390**
TOTAL	**323,571**	**385,441**	**484,507**	**479,706**	**455,689**
SHARES:					
Food and Beverages	42.26	44.12	40.36	41.17	42.81
Industrial Supplies (Non-Food)	26.99	28.07	30.26	29.61	27.69
Fuel and Lubricants	1.41	1.93	2.07	0.84	0.35
Machinery and other Capital Equipment	2.10	2.34	2.31	2.86	2.14
Transport Equipment	1.80	1.71	1.56	1.64	1.78
Consumer Goods not elsewhere specified	25.43	21.80	23.42	23.74	24.92
Goods not elsewhere specified	0.01	0.02	0.02	0.15	0.31
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

* Provisional

Composition of Imports

7.16. Details of imports classified by BEC are presented in Table 7.9. In 2013, the value of non-food industrial imports increased by 10.6 per cent to KSh 450,479 million mainly attributed to increased imports of processed industrial supplies. Imports of food and beverages declined by 6.9 per cent to KSh 101,590 million in 2013 owing to reductions in both primary and processed food and beverages. Fuel and lubricant imports dropped from KSh 336,836 million in 2012 to KSh 326,305 million in 2013. The drop in transport equipment imports was mainly due to the decline in imports of other industrial transport equipment from KSh 80,141 million in 2012 to KSh 61, 998 million in 2013.

7.17. The share of industrial supplies in import expenditure remained the highest, rising from 29.6 per cent in 2012 to 31.9 per cent in 2013. In contrast, the share of fuel and lubricant expenditure declined from 24.5 per cent in 2012 to 23.1 per cent in 2013. Import

expenditure on machinery and other capital equipment; and transport equipment accounted for 17.8 per cent and 11.4 per cent of the total import expenditure during the review period.

Table 7.9: Total Imports by Broad Economic Category, 2009 - 2013

KSh Million

	2009	2010	2011	2012	2013*
FOOD AND BEVERAGES	**90,437**	**70,449**	**105,967**	**109,074**	**101,590**
Primary	58,256	31,695	57,398	52,592	48,048
For Industry	53,661	25,949	48,967	43,342	39,624
For Household Consumption	4,595	5,746	8,430	9,250	8,425
Processed	32,181	38,754	48,569	56,482	53,542
For Industry	7,840	9,229	10,719	12,093	8,933
For Household Consumption	24,341	29,525	37,850	44,389	44,609
INDUSTRIAL SUPPLIES (Non-Food)	**232,091**	**299,270**	**406,010**	**407,225**	**450,479**
Primary	15,160	20,270	24,360	23,319	25,862
Processed	216,931	279,000	381,650	383,906	424,617
FUEL AND LUBRICANTS	**165,515**	**209,223**	**349,905**	**336,838**	**326,305**
Primary	55,865	74,849	128,394	71,104	43,940
Processed	109,651	134,374	221,511	265,734	282,365
Motor Spirit	16,726	23,052	40,094	50,889	58,685
Other	92,925	111,322	181,416	214,845	223,680
MACHINERY AND OTHER CAPITAL EQUIPMENT	**137,288**	**177,242**	**210,024**	**253,281**	**250,873**
Machinery and Other Capital Equipment	112,602	150,931	176,653	202,175	200,349
Parts and Accessories	24,685	26,312	33,371	51,106	50,524
TRANSPORT EQUIPMENT	**103,449**	**116,904**	**129,761**	**162,854**	**160,841**
Passenger Motor Vehicles	23,761	28,478	29,087	35,796	44,604
Other	57,022	61,992	64,600	87,014	116,237
Industrial	50,948	55,768	56,034	80,141	61,998
Non-Industrial	6,074	6,224	8,566	6,874	10,055
Parts and Accessories	22,666	26,435	36,074	40,044	44,183
CONSUMER GOODS NOT ELSEWHERE SPECIFIED	**57,712**	**70,948**	**93,075**	**95,965**	**96,299**
Durable	9,905	11,839	14,767	17,203	24,386
Semi-Durable	15,933	19,263	24,933	21,603	20,738
Non-Durable	31,874	39,846	53,376	57,159	51,175
GOODS NOT ELSEWHERE SPECIFIED	**1,606**	**3,169**	**6,008**	**9,350**	**26,927**
TOTAL	**788,097**	**947,206**	**1,300,749**	**1,374,587**	**1,413,316**
SHARES:					
Food and Beverages	11.48	7.44	8.15	7.94	7.19
Industrial Supplies (Non-Food)	29.45	31.60	31.21	29.63	31.87
Fuel and Lubricants	21.00	22.09	26.90	24.50	23.09
Machinery and other Capital Equipment	17.42	18.71	16.15	18.43	17.75
Transport Equipment	13.13	12.34	9.98	11.85	11.38
Consumer Goods not elsewhere specified	7.32	7.49	7.16	6.98	6.81
Goods not elsewhere specified	0.20	0.33	0.46	0.68	1.91
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

* Provisional

Direction of Trade

7.18. Analysis of trade data by country is presented in Tables 7.10, 7.11 and 7.12. Africa was the main destination of exports in 2013, accounting for 46.1 per cent of total exports. The value of total exports to Africa stood at KSh 231,474 million in 2013, down from KSh 250,589 million registered the previous year. Uganda and Tanzania were the main export destinations during the year under review with the value of total exports to those countries standing at KSh 65,362 million and KSh 40,496 million, respectively.

7.19. Exports to European countries accounted for 24.6 per cent of total value, with the bulk of exports destined to European Union (EU) countries and valued at KSh 104,645 million, representing a 3.6 per cent decrease in 2013. The value of total exports to United Kingdom recorded a 7.4 per cent decline to stand at KSh 37,613 million in 2013. Despite

domestic exports of tea recording a marginal decline, the commodity remained the leading export commodity to the United Kingdom at KSh13,636 million, in 2013. Domestic export earnings from vegetables, roots, tubers and other vegetable products from the United Kingdom shrunk by 14.1 per cent to KSh 11,354 million. Total exports to Netherlands rose by 4.9 per cent to KSh 32,578 million in the same period. The largest increase in the value of domestic export earnings from the Netherlands was registered in the exports of crude vegetables which amounted to KSh 24,904 million.

7.20. Total export earnings from Asia increased from KSh 105,460 million in 2012 to KSh 107,558 million in 2013. Exports to Far East Asia countries accounted for 63.3 per cent of the total export earnings from the continent. The value of total exports to United Arab Emirates declined by 12.1 per cent to KSh 25,144 million in 2013, whereas the value of total exports to Pakistan slightly rose to KSh 24,130 million in the same period. Despite earnings from domestic exports of non-monetary gold (excluding gold ores and concentrates) recording a decline of 48.0 per cent in 2013, it was the largest proportion of exports to the United Arab Emirates fetching KSh 7,094 million. Domestic exports of tea to Pakistan continued to be the highest source of revenue from this destination. Total exports to Singapore recorded a significant increase in value from KSh 345 million in 2012 to KSh 1,679 million in 2013. Total export earnings from India recorded robust growth of 25.9 per cent to KSh 9,475 million in 2013, largely driven by increases in exports of vegetable and vegetable products; roots and tubers.

7.21. Total export earnings from America stood at KSh 33,765 million in 2013, driven by increased exports of textile articles. This could be explained by increased trade activities under the African Growth and Opportunity Act (AGOA) initiative.

7.22. Asia remained the largest source of imports in 2013 as highlighted in Table 7.11, accounting for 63.5 per cent of the total value of imports. The value of imports from this region increased from KSh 856,525 million in 2012 to KSh 896,700 million in 2013, an increase of 4.7 per cent. Imports from India and China have been rising steadily over the years, growing by 32.3 per cent and 9.1 per cent, respectively, in 2013. Imports from Japan and Singapore also recorded robust growths of 32.6 per cent and 49.2 per cent to KSh 83,720 million and KSh 19,437 million, respectively. However, imports from United Arab Emirates declined by 21.7 per cent from KSh 149,879 million in 2012 to KSh 117,360 million in 2013 on account of reduced importation of crude petroleum.

7.23. Imports from Europe contributed 19.5 per cent of the total value of imports in 2013 with the bulk originating from EU countries. The United Kingdom was the main source of imports with the highest expenditure being on road motor vehicles and their spare parts. Imports from Germany declined by 9.6 per cent in 2013, mainly due to a 71.4 per cent dip in the importation of industrial food processing machines, parts and accessories. It however, remained the second largest source of imports from EU at KSh 37,488 million.

7.24. The value of imports from Africa recorded a 5.0 per cent increase to KSh 147,849 million in 2013, accounting for 10.5 per cent of the total import bill. South Africa was the largest source of imports from the continent with import bill amounting to KSh 70,724 million mainly on account of increased importation of flat rolled products of iron or non-alloy steel.

7.25. Imports from America contracted in value by 29.2 per cent to KSh 84,477 million in 2013. This was mainly on account of imports from United States of America that

declined by 13.0 per cent to KSh 57,412 million against a reduction in imports of aircrafts and associated equipment. Imports from Canada declined from KSh 13,372 million in 2012 to 6,525 million in 2013. Although the value of imports from Australia more than doubled, the contribution of the region to the value of total imports remained relatively low.

Table 7.10: Value of Total Exports by Destination, 2009 - 2013

KSh Million

	2009	2010	2011	2012	2013*
EUROPE					
WESTERN EUROPE:					
European Union					
Belgium	3,390	4,159	4,569	5,267	6,193
Finland	1,657	1,808	1,241	1,476	1,106
France	4,250	5,093	5,604	4,915	5,379
Germany	7,351	7,715	7,747	9,771	8,244
Italy	2,417	3,253	6,668	5,413	4,541
Netherlands	26,331	26,868	32,859	31,056	32,578
Spain	1,508	2,034	2,203	1,934	2,018
Sweden	2,497	2,742	3,009	3,810	2,503
United Kingdom	38,496	40,211	47,110	40,630	37,613
Other	4,118	4,882	4,857	4,447	4,470
Total	**92,015**	**97,922**	**115,866**	**108,719**	**104,645**
Other Western Europe	2,692	3,767	10,536	5,692	6,948
Total Western Europe	**94,707**	**101,689**	**126,402**	**114,411**	**111,594**
EASTERN EUROPE:					
Russia Federation	3,616	4,515	5,786	6,582	6,831
Other	2,652	3,219	4,058	4,203	4,874
Total	**6,268**	**7,734**	**9,844**	**10,784**	**11,705**
TOTAL, EUROPE	**100,975**	**109,422**	**136,246**	**125,195**	**123,299**
AMERICA					
U.S.A	17,422	22,522	25,772	26,405	29,936
Canada	1,009	1,170	1,190	1,516	1,297
Other	531	688	630	820	2,533
TOTAL AMERICA	**18,961**	**24,380**	**27,592**	**28,740**	**33,765**
AFRICA					
South Africa	3,580	2,444	2,835	2,684	3,277
Rwanda	9,536	10,535	13,554	16,151	13,500
Egypt	11,885	18,116	23,422	21,464	17,001
Tanzania	30,087	33,211	41,743	46,036	40,496
Uganda	46,240	52,108	75,954	67,450	65,362
Burundi	4,597	5,458	5,904	5,309	5,599
Other[1]	56,808	67,042	84,189	91,494	86,239
TOTAL AFRICA	**162,732**	**188,914**	**247,600**	**250,589**	**231,474**
ASIA					
MIDDLE EAST:					
Iran	379	859	1,955	1,310	2,798
Israel	1,597	1,547	1,424	2,058	1,126
Jordan	230	163	216	272	260
Saudi Arabia	1,415	1,843	2,353	3,316	3,190
United Arab Emirates	10,716	18,856	19,918	28,608	25,144
Other	4,963	7,257	7,074	6,500	6,985
Total	**19,300**	**30,525**	**32,940**	**42,065**	**39,502**
FAR EAST					
China(Mainland)	2,487	2,512	3,803	5,384	4,199
India	5,137	8,478	9,400	7,528	9,475
Indonesia	567	989	2,167	1,571	1,252
Japan	2,228	2,091	2,315	2,457	2,711
Korea South	262	177	489	1,018	1,077
Pakistan	15,172	18,069	21,010	23,889	24,130
Singapore	1,838	649	1,131	345	1,679
Other	12,246	18,111	22,359	21,203	23,533
Total	**39,935**	**51,075**	**62,673**	**63,395**	**68,056**
TOTAL, ASIA	**59,236**	**81,600**	**95,613**	**105,460**	**107,558**
AUSTRALIA & OCEANIC					
Australia	658	636	914	1,638	2,663
Other	257	131	134	256	195
TOTAL	**914**	**767**	**1,049**	**1,894**	**2,858**
All Other Countries	427	1,661	1,022	1,191	1,456
Aircraft and Ships Stores	1,703	3,051	3,483	4,776	1,876
TOTAL	**2,130**	**4,712**	**4,504**	**5,968**	**3,332**
TOTAL EXPORTS	**344,949**	**409,794**	**512,604**	**517,847**	**502,286**

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

*Provisional

[1]See Table 7.12 for details

Table 7.11: Value of Imports by Country of Origin, 2009 – 2013

KSh Million

DESCRIPTION	2008	2009	2010	2011	2012	2013*
EUROPE						
WESTERN EUROPE						
European Union						
Belgium	8,188	7,044	7,642	10,716	10,907	13,059
Finland	5,343	4,298	14,167	4,783	2,245	3,665
France	16,390	15,885	18,652	19,852	27,081	20,666
Germany	26,946	22,729	26,367	31,872	41,474	37,488
Italy	12,538	13,889	11,981	14,503	20,736	20,324
Netherlands	13,218	17,444	18,465	22,435	17,635	24,788
Spain	3,385	4,003	3,255	6,372	7,981	8,365
Sweden	6,597	6,239	5,653	8,407	8,117	7,091
United Kingdom	27,976	36,885	37,869	43,160	43,849	49,020
Other	14,621	12,430	22,594	31,407	24,108	23,162
Total	**135,201**	**140,846**	**166,646**	**193,505**	**204,133**	**207,628**
Other Western Europe	13,652	10,700	13,779	34,094	21,410	23,969
Total Western Europe	**146,847**	**151,546**	**185,431**	**227,599**	**225,543**	**231,597**
EASTERN EUROPE						
Russian Federation	11,507	4,887	9,689	22,981	15,212	23,182
Other	6,098	15,444	8,795	4,369	9,014	15,857
Total	**17,606**	**20,331**	**18,484**	**27,350**	**24,226**	**39,039**
TOTAL, EUROPE	**166,459**	**171,878**	**203,914**	**254,950**	**249,769**	**270,635**
AMERICA						
U.S.A	27,549	50,056	39,316	44,547	65,966	57,412
Canada	4,532	6,139	7,068	7,418	13,372	6,525
Other	11,496	8,721	9,263	27,203	39,955	20,539
TOTAL AMERICA	**43,577**	**64,916**	**55,647**	**79,168**	**119,293**	**84,477**
AFRICA						
South Africa	46,691	70,561	59,781	70,683	61,954	70,724
Tanzania	7,265	7,809	10,549	15,670	14,402	11,666
Uganda	5,221	4,426	9,227	10,337	15,323	16,086
Other[1]	26,814	21,876	35,247	54,564	49,077	49,363
TOTAL AFRICA	**85,991**	**104,672**	**114,804**	**151,254**	**140,755**	**147,839**
ASIA						
MIDDLE EAST						
Iran	6,578	6,468	3,140	3,676	3,686	2,434
Israel	8,182	5,129	4,719	6,345	7,230	9,437
Jordan	450	551	767	830	1,175	799
Saudi Arabia	25,879	27,522	32,274	53,494	66,841	41,423
United Arab Emirates	113,810	89,709	116,045	199,030	149,879	117,360
Other	29,002	19,494	11,782	36,235	55,306	48,427
Total	**183,900**	**148,874**	**168,726**	**299,611**	**284,117**	**219,880**
FAR EAST						
China	63,474	74,524	120,648	143,817	167,206	182,356
India	90,531	83,243	103,242	148,567	195,230	258,230
Indonesia	22,928	18,774	26,955	43,486	55,241	45,041
Japan	44,840	48,857	58,244	56,593	63,135	83,720
Korea South	8,242	10,703	19,695	26,391	22,541	24,471
Pakistan	5,620	7,753	8,219	17,257	12,881	15,647
Singapore	24,958	26,419	31,739	30,807	13,025	19,437
Other	24,277	22,979	30,453	42,638	43,149	47,919
Total	**284,870**	**293,251**	**399,195**	**509,556**	**572,408**	**676,820**
TOTAL, ASIA	**468,770**	**442,125**	**567,921**	**809,123**	**856,525**	**896,700**
AUSTRALIA & OCEANIC						
Australia	1,394	2,184	3,230	2,320	4,589	12,422
Other	398	2,169	702	677	3,523	618
TOTAL	**1,792**	**4,354**	**3,932**	**2,997**	**8,112**	**13,040**
All Other Countries N.E.S.	155	152	987	3,214	134	624
TOTAL	**155**	**152**	**987**	**3,214**	**134**	**624**
GRAND TOTAL	**770,651**	**788,097**	**947,206**	**1,300,749**	**1,374,587**	**1,413,316**

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

*Provisional

[1]See table 7.12 for details

7.26. Trade with African countries is presented in Table 7.12. Common Market for Eastern and Southern Africa (COMESA) countries were the leading destinations of exports in 2013, accounting for 70.7 per cent of the total exports to Africa. Democratic Republic of Congo, Egypt and South Sudan were the main destinations of exports among COMESA countries with total export earnings amounting to KSh 18,437 million, KSh 17,001 million and KSh 16,680 million, respectively, in 2013. Ethiopia, Sudan and Zambia were also important sources of export earnings. Exports to Egypt recorded a 20.8 per cent decline while to South Sudan went down by 7.1 per cent during the period under review.

7.27. Exports to the East African Community (EAC) partner states decreased by 7.4 per cent from KSh 134,946 million in 2012 to KSh 124,957 million in 2013. Uganda was the largest destination of exports in the region among the partner states with lime, cement and fabricated construction materials (other than glass and clay) being its major imports from Kenya. However, export earnings from Uganda contracted from 67,450 million in 2012 to 65,362 million in 2013. Although, the value of exports to Tanzania declined by 12.3 per cent to KSh 40,496 million , it remained the second major destination of total exports in 2013. Soap, cleansing and polishing preparations were the leading exports to Tanzania during the review period. Exports to Rwanda reduced by 16.2 per cent while those to Burundi registered an increase of 5.5 per cent during the review period.

7.28. Imports from COMESA countries accounted for 39.4 per cent of the total import bill from Africa amounting to KSh 58,265 million in 2013. This was a 5.4 per cent decrease from the import value registered the previous year. Imports from Egypt took the highest share at 62.3 per cent of the total import bill from COMESA over the same period. Sugar, molasses and honey imports from Egypt declined by 20.5 per cent in 2013 despite being the highest expenditure items. Imports from Mauritius registered a decline of 34.2 per cent to KSh 2,011 million while those from Swaziland grew by 32.8 per cent to KSh 5,436 million in 2013.

7.29. Imports from the EAC partner states reduced by 6.6 per cent to KSh 28,811 million in 2013. Uganda was the main source of imports within the EAC accounting for 55.8 per cent of total imports at KSh 16,086 million. Imports from Tanzania reduced by 19.0 per cent to KSh 11,666 million in the review period.

Table 7.12: Trade with African Countries, 2009 - 2013

KSh '000

ZONES/COUNTRIES	Total Exports					Total Imports				
	2009	2010	2011	2012	2013*	2009	2010	2011	2012	2013*
EAST AFRICAN COMMUNITY (EAC)										
Tanzania	30,086,582	33,211,109	41,743,395	46,036,163	40,496,493	7,809,234	10,548,967	15,670,393	14,401,599	11,666,407
Uganda	46,239,885	52,107,583	75,953,923	67,450,115	65,361,907	4,426,263	9,226,647	10,337,155	15,322,810	16,085,806
Rwanda	9,535,976	10,535,060	13,553,558	16,151,363	13,499,695	240,070	430,122	422,246	822,286	1,005,755
Burundi	4,597,172	5,458,011	5,903,760	5,308,763	5,598,956	92,653	144,855	468,845	310,424	52,577
Total, EAC	**90,459,615**	**101,311,763**	**137,154,635**	**134,946,405**	**124,957,051**	**12,568,221**	**20,350,591**	**26,898,639**	**30,857,118**	**28,810,546**
COMESA[1]										
Comoros	437,716	467,055	769,775	1,213,819	880,126	-	113,734	107	540	63
Congo, D.R	11,323,667	12,791,660	17,536,632	18,427,368	18,436,875	879,448	1,330,290	2,559,008	883,829	561,648
Djibouti	711,718	926,041	1,046,052	1,181,098	1,227,723	44,305	3,214	2,858	119,318	2,020
Egypt	11,885,062	18,116,441	23,421,521	21,464,391	17,001,458	9,599,003	18,408,906	17,871,434	29,844,316	25,602,868
Eritrea	563,285	387,666	368,855	266,221	306,469	23,511	1,972	654	275	4,578
Ethiopia	4,318,774	4,384,842	4,826,340	4,578,469	4,885,115	237,896	247,569	369,149	354,122	278,631
Libya	76,144	17,856	29,539	70,435	112,165	11	1,995	30	33,181	6,472
Madagascar	705,457	342,650	682,872	450,088	312,625	477,999	475,833	885,731	638,314	790,495
Malawi	3,145,307	4,262,365	5,818,314	4,693,589	3,497,283	121,514	534,856	6,496,237	782,922	1,041,386
Mauritius	1,153,342	1,481,428	1,329,186	1,296,488	956,755	1,280,193	2,885,646	2,448,183	3,057,571	2,011,224
Seychelles	248,562	274,507	250,531	183,693	379,669	309,526	105,876	512,453	403,870	290,695
Sudan	12,762,795	18,814,689	22,153,665	6,633,308	6,424,532	11,638	167,691	818,847	955,403	1,359,591
South Sudan	-	-	-	17,964,306	16,680,368	-	-	-	14,665	21,304
Swaziland	2,823	11,474	155,613	11,101	11,741	5,042,765	3,907,481	4,861,621	4,092,652	5,436,480
Zambia	4,829,710	4,688,273	6,138,007	6,666,568	6,287,696	1,571,485	2,458,857	5,573,694	2,879,769	2,893,584
Zimbabwe	356,551	742,218	1,583,580	1,721,158	1,809,563	601,291	572,047	1,661,126	1,056,068	819,548
Sub-Total	**52,597,771**	**67,709,166**	**86,110,483**	**86,822,101**	**79,210,163**	**20,528,683**	**31,215,968**	**44,061,131**	**45,116,816**	**41,120,587**
Total, COMESA	**112,970,805**	**135,809,820**	**181,521,724**	**175,732,344**	**163,670,721**	**25,287,670**	**41,017,592**	**55,289,377**	**61,572,335**	**58,264,726**
OTHER COUNTRIES										
Algeria	1,704	3,560	3,803	4,503	545,188	3,635	6,472	248,736	19,391	13,650
Angola	123,116	251,867	414,020	402,105	178,648	6,830	1,289	3,995	284,979	132,449
Ghana	591,045	675,596	420,369	369,074	631,527	31,636	84,526	24,829	254,611	254,505
Nigeria	1,865,382	1,593,966	1,805,115	2,923,891	2,350,105	182,481	125,710	164,690	48,664	1,596,189
Lesotho	16,562	852	16,371	110,192	33,351	133,658	20,767	40,317	49,184	79,011
Mozambique	1,126,207	773,884	810,041	1,246,300	1,407,050	104,152	982,783	1,514,448	695,392	1,833,139
Reunion	80,033	93,590	123,227	92,686	126,331	18,261	270	4,259	4,985	6,595
Somalia	11,214,883	13,054,341	16,598,814	19,236,817	16,940,454	1,694	19,448	143,870	17,320	293,755
South Africa	3,579,505	2,443,737	2,834,528	2,684,280	3,276,892	70,561,130	59,781,318	70,682,533	61,953,797	70,724,146
All Other African Countries	953,469	1,001,384	1,308,737	1,750,702	1,817,737	525,025	2,214,504	7,466,663	1,452,794	2,974,601
Sub-Total	**19,551,906**	**19,892,777**	**24,335,025**	**28,820,549**	**27,307,284**	**71,568,502**	**63,237,087**	**80,294,338**	**64,781,117**	**77,908,040**
TOTAL AFRICA	**162,732,409**	**188,913,707**	**247,600,143**	**250,589,055**	**231,474,498**	**104,672,235**	**114,803,646**	**151,254,108**	**140,755,051**	**147,839,173**
Percentage of all Exports/Imports	47.5	46.1	48.3	48.4	46.1	13.7	12.1	11.6	10.2	10.5

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

* Provisional

[1] South Sudan joined COMESA in 2011

Balance of Payments

7.30. As presented in Table 7.13, the country's overall balance of payments position declined from a surplus of KSh 122,919 million in 2012 to a surplus of KSh 73,922 million in 2013. The current account deficit worsened by 14.7 per cent to KSh 412,379 million in 2013. Earnings from merchandise exports declined by 4.1 per cent to KSh 501,183 million while the import bill (on f.o.b basis) increased by 5.3 per cent to KSh 1,383,350 million in the same period. The developments in the merchandise account led to the widening of the current account deficit.

7.31. Trade in international services recorded a surplus of KSh 228,827 million in 2013 from a surplus of KSh 207,980 million in 2012, an increase of 10.0 per cent. This was mainly on account of increased earnings from telecommunication services. The surplus in the current transfers account improved by 13.7 per cent largely attributed to increased inflows of remittances from the diaspora.

7.32. The capital and financial account net inflows increased by 6.2 per cent to KSh 464,863 million in 2013 mainly supported by increased short term net capital flows. The surplus in the foreign direct investment account more than doubled to KSh 43,816 million in 2013 while net portfolio investment inflows increased from a deficit of KSh 1,149 million in 2012 to a surplus of KSh 20,120 million in 2013. This was a reflection of continued and increased participation by foreign investors at the Nairobi Securities Exchange market.

Table 7.13: Balance of Payments, 2010-2013

KSh Million

	2010			2011			2012+			2013*		
	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	413,821	912,384	-498,563	515,686	1,261,738	-746,052	522,470	1,313,207	-790,737	501,183	1,383,350	-882,167
2. Transportation	130,512	73,922	56,589	154,564	94,086	60,478	179,699	108,455	71,243	190,462	93,920	96,543
3. Foreign Travel	63,393	16,787	46,606	82,230	17,507	64,724	79,017	14,711	64,306	75,844	20,080	55,764
4. Other Services - Private	44,134	53,246	-9,112	57,231	62,311	-5,080	67,883	64,815	3,068	76,281	69,944	6,337
5. Government Services, n.i.e.	59,896	15,790	44,106	70,075	16,284	53,791	82,925	13,563	69,362	80,262	10,078	70,184
6. Income	11,428	23,125	-11,697	19,825	25,091	-5,266	15,201	29,619	-14,418	14,989	44,160	-29,171
7. Current Transfers	187,816	3,423	184,393	241,348	4,121	237,227	240,850	3,352	237,499	274,152	4,020	270,132
Government	19,361	1,910	17,452	17,721	1,824	15,897	20,687	2,125	18,562	19,474	2,625	16,849
Private	168,455	1,514	166,941	223,626	2,296	221,330	220,163	1,226	218,937	254,678	1,395	253,283
TOTAL CURRENT ACCOUNT	911,001	1,098,678	-187,677	1,140,959	1,481,138	-340,179	1,188,045	1,547,721	-359,677	1,213,174	1,625,553	-412,379
of which:												
Visible Balance	413,821	912,384	-498,563	515,686	1,261,738	-746,052	522,470	1,313,207	-790,737	501,183	1,383,350	-882,167
Invisible Balance	497,179	186,293	310,886	625,273	219,399	405,873	665,575	234,514	431,060	711,991	242,203	469,788
B. CAPITAL & FINANCIAL ACCOUNT												
8.Capital Account	19,030	-	19,030	20,861	-	20,861	19,890	-	19,890	8,417	-	8,417
9.Direct Investment	14,109	125	13,984	29,774	838	28,936	21,860	1,357	20,503	44,301	484	43,816
10.Portfolio Investment	1,760	4,054	-2,294	2,116	7,210	-5,094	2,303	3,452	-1,149	23,405	3,285	20,120
11.Other Investment	182,864	27,582	155,282	397,856	109,990	287,866	416,589	17,995	398,593	496,904	104,394	392,510
Long Term	94,786	35,172	59,614	180,639	49,929	130,710	229,690	46,642	183,048	195,933	64,346	131,586
Short Term	88,078	-7,590	95,668	217,217	60,061	157,156	186,899	-28,647	215,545	300,971	40,048	260,923
TOTAL CAPITAL& FINANCIAL ACCOUNT	217,763	31,762	186,001	450,606	118,038	332,569	460,642	22,804	437,837	573,027	108,164	464,863
C. ERRORS AND OMISSIONS			13,901			29,457			44,759			21,438
D. RESERVE ASSETS[1]												
12.Special Drawing Rights	-	-	-	-	-	-	-	-	-	-	-	-
13.Reserve Position in the Fund	20	-	20	-	-	-	-3	-	-3	-40	-	-40
14.Foreign Exhange	-12,302	-	-12,302	-21,826	-	-21,826	-122,875	-	-122,875	-73,868	-	-73,868
15.Other claims	57	-	57	-20	-	-20	-41	-	-41	-13	-	-13
TOTAL MONETARY MOVEMENTS	-12,225		-12,225	-21,847		-21,847	-122,919		-122,919	-73,922		-73,922

* Provisional.

\+ Revised

[1] Official reserves are now defined to exclude Commercial Banks' foreign assets.

7.33. Changes in Balance of Payments (BOP) magnitudes for the period 2009-2013 are presented in Table 7.14. In 2013, receipts from merchandise exports declined by KSh 21,287 million while the import bill valued on f.o.b basis increased by KSh 70,143 million. During the period under review, net tourism earnings registered a decline of KSh 8,542 million from a drop of KSh 418 million in 2012. Net services and income receipts increased by KSh 6,094 million in 2013 compared to an increase of KSh 24,915 million in 2012. The foregoing resulted to a widening of the current account deficit from KSh 19,498 million in 2012 to KSh 52,703 million in 2013. Long term capital net inflows reduced by KSh 33,757 million in 2013 compared to an increase of KSh 49,051 million in 2012. These developments caused the basic balance to post a deficit of KSh 53,351 million in 2013 from a surplus of KSh 24,093 million in 2012.

Table 7.14: Changes in Balance of Payments, 2009-2013

KSh Million

	2009	2010	2011	2012+	2013*
1. Exports Goods	+1,108	+63,536	+101,865	6,784	-21,287
2 Imports Goods	+5,111	-178,083	-349,354	-51,469	-70,143
Transportation	+2,173	+38,141	+3,889	+10,766	+25,299
Travel	+2,173	+10,776	+18,118	-418	-8,542
Other Services	-7,155	+1,830	+4,032	+8,149	+3,268
Government services n.e.s.	+3,161	+1,965	+9,685	+15,571	+821
Income	-+1,264	-8,243	+6,431	-9,152	-14,753
3. Services & Income (net)	-913	+44,468	+42,154	+24,915	+6,094
4. Current Transfers(net)	+16,588	+6,540	+52,834	+272	+32,633
5. Changes on current account	+21,894	-63,537	-152,501	-19,498	-52,703
6. Capital account	+13,642	-1,148	+1,831	-971	-11,473
7. Direct investment	+1,751	+8,648	+14,952	-8,433	+23,314
8. Portfolio investment	+190	-679	-2,799	+3,945	+21,269
9. Other investment - Long term	+39,774	-29,288	+85,853	+49,051	-33,757
10. Change on basic balance (net balance on lines 5-9)	+77,251	-86,003	-52,665	+24,093	-53,351
11. Other investment - Short term	+51,931	+17,982	+61,488	+58,390	+45,378
12. Errors and ommision (net)	-7,712	+5,066	+15,556	+15,302	-23,320
Net change on all above items (5 - 10)					
13. (Net changes on Reserves assets)	-108,341	+62,955	-9,622	-101,073	+48,997

* Provisional

\+ Revised

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

[2] Exports and imports of goods are derived from Goods Account

International Liquidity

7.34. Stock of international reserves of Central Monetary Authorities which consist of reserves held by the Central Bank of Kenya (CBK) and the Treasury is presented in Table 7.15. Gross foreign reserves increased by 11.4 per cent from KSh 480,710 million as at December 2012 to KSh 535,302 million as at December 2013. Central Bank's foreign net reserves increased by 10.3 per cent to stand at KSh 430,700 million as at December 2013.The reserve position in the International Monetary Fund (IMF) increased from KSh 1,713 million as at December 2012 to KSh 1,765 million as at December 2013, while the Special Drawings Rights (SDRs) more

than doubled during the review period. External Banks' Deposits and Use of Fund Credit which constitute foreign liabilities of the Central Bank increased by 16.1 per cent from KSh 88,468 million as at December 2012 to KSh 102,710 million as at the end of December 2013.

Table 7.15: Central Monetary Authorities: Foreign Exchange reserves, 2009-2013

KSh Million

As at end of	Official Foreign Assets and Liabilities								
	Central Bank Of Kenya					Government			Foreign
	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
2009..	119	258,514	3,753	34,109	220,770	1,489	40	1,529	260,161
2010..	24,829	286,602	2,330	33,622	275,479	1,610	46	1,656	313,087
2011..	1,431	349,877	8,829	59,507	282,972	1,690	68	1,757	353,065
2012..									
January	786	341,956	7,737	59,146	275,859	1,703	64	1,766	344,508
February	762	354,781	8,071	58,210	289,261	1,676	59	1,735	357,277
March	758	376,283	7,073	58,021	311,947	1,670	55	1,725	378,766
April	2,564	416,877	5,808	67,448	346,185	1,675	51	1,726	421,167
May	2,597	396,526	8,899	68,541	321,683	1,702	46	1,748	400,871
June	2,200	424,690	7,581	66,488	352,822	1,659	41	1,700	428,591
July	1,562	418,957	8,379	65,449	346,691	1,649	76	1,725	422,245
August	1,577	440,596	8,691	66,122	367,360	1,666	72	1,738	443,911
September	1,606	453,854	10,779	67,754	376,927	1,707	71	1,778	457,238
October	1,110	454,531	9,572	67,112	378,957	1,703	63	1,766	457,407
November	1,113	478,096	12,964	76,966	389,279	1,713	113	1,826	481,035
December	596	478,288	11,653	76,814	390,417	1,713	113	1,826	480,710
2013..									
January	128	460,742	12,479	77,777	370,614	1,756	104	1,861	462,730
February	1,292	440,108	12,772	75,234	353,393	1,700	94	1,794	443,194
March	1,268	451,058	10,660	73,956	367,709	1,671	89	1,761	454,087
April	1,915	492,146	9,951	81,450	402,660	1,647	85	1,732	495,793
May	2,972	513,952	11,270	81,696	423,959	1,662	81	1,743	518,667
June	2,694	514,081	9,281	82,504	424,990	1,662	81	1,743	518,517
July	2,694	514,302	12,046	83,582	421,369	1,686	79	1,764	518,760
August	2,094	524,664	9,827	84,000	432,930	1,721	95	1,816	528,574
September	2,087	519,635	9,301	84,110	428,312	1,731	93	1,824	523,547
October	2,097	529,530	9,608	82,375	439,645	1,749	93	1,842	533,469
November	1,583	516,063	7,541	83,113	426,993	1,738	126	1,864	519,510
December	1,369	532,041	10,377	92,333	430,700	1,765	127	1,892	535,302

Source: Central Bank of Kenya

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

Foreign Exchange Rates

7.35. Foreign exchange rates for selected world currencies as at the last trading day of the year are presented in Table 7.16. As reflected in the overall trade weighted exchange rate index, the Shilling generally appreciated by 3.6 per cent against the currencies of the major trading partners from 110.42 in 2012 to 106.42 in 2013. This may be explained by stability of the Shilling against the US Dollar, compounded with substantial appreciation against SA Rand, Japanese Yen, Egyptian Pound and Indian Rupee by 18.4, 17.5, 12.4 and 11.5 per cent, respectively; whose countries' were the major trading partners during the review period. The Shilling remained relatively stable against the Dollar depreciating marginally by 0.3 per cent on account of increased remittances, IMF disbursements under Extended Credit Facility programme and the Central Bank's activities in the foreign exchange markets. However, the Shilling weakened substantially against the Euro, Chinese Yuan and Sterling Pound by 5.0, 4.2 and 2.4 per cent, respectively, in 2013.

Table 7.16: Foreign Exchange Rates[1] of Shilling for Selected Currencies, 2009 – 2013

	Dec. 2009	Dec. 2010	Dec. 2011	Dec. 2012	Dec.[3] 2013
1 Euro[2]	108.94	107.63	110.06	113.56	119.22
1 US Dollar	75.82	80.75	85.07	86.03	86.31
1 Pound Sterling	121.89	124.77	131.12	139.02	142.40
1 UAE Dirham	20.64	21.99	23.16	23.42	23.50
1 Indian Rupee	1.62	1.71	1.60	1.57	1.39
1 Chinese Yuan	11.11	12.25	13.16	13.65	14.22
1 SA Rand	10.22	12.20	10.39	10.14	8.27
100 Japanese Yen	82.04	99.12	111.25	99.90	82.42
1 Saudi Riyal	20.21	21.53	22.68	22.94	23.01
1 Egyptian Pound[3]	13.30	13.54	13.90	14.21	12.45
TSh/KSh	17.62	18.51	18.81	18.42	18.62
1 Pakistan Rupee[3]	0.89	0.91	0.93	0.89	0.82
1 Swedish Kroner	10.61	11.98	12.32	13.21	13.32
1 Swiss Franc	73.28	86.21	90.42	94.10	97.28
USh/KSh	25.07	28.57	29.51	31.26	29.17
1 Congolese Franc	0.09	0.09	0.09	0.10	0.09
100 Rwanda Francs[3]	13.02	13.02	14.06	14.01	12.92
Overall Weighted Index 2009=100	**100.00**	**107.29**	**109.62**	**110.42**	**106.42**

Source: Central Bank of Kenya

[1]Exchange rate on the last day of trading

[2]Countries in the Euro area included in the computation of Trade Weighted Fisher's Ideal Index are: Germany, France, Switzerland, Netherlands, Belgium and Italy.

[3]Via US $ Exchange Rates (DR Congo, Egypt, Pakistan, and Rwanda)

7.36. Within EAC, the Shilling strengthened against Tanzanian Shilling and Rwandan Francs by 1.0 per cent and 7.8 per cent, respectively, as at December 2013. It however, weakened against the Uganda Shilling by 7.1 per cent as at December 2013 compared to an appreciation of 5.6 per cent recorded in 2012.

Trade and Export Promotion

Export Market Developments

7.37. The Government through the Export Promotion Council (EPC) continued to coordinate exports of goods and services in the country. During the year under review, the Council disseminated trade information including market intelligence reports through trade alerts as well as responding to trade enquiries and conducting outreach visits to support the business community. Through the Centre for Business Information in Kenya (CBIK) and regional offices, 1,012 clients were served and trade alerts were prepared and disseminated to over 4,000 clients. A total of 20 websites were developed to empower exporters with export opportunities and to improve their competitiveness.

7.38. The Government through EPC conducted market and feasibility study to establish the country's distribution infrastructure and to enhance competitiveness of Kenya's goods and services in United Arab Emirates (UAE). The study established that UAE is a fast growing market with the demand for products expanding due to increasing population. Kenyan avocado Fuertes had market monopoly in the UAE and opportunities exist for the country to expand tea, coffee and horticulture (fruits and vegetables) to this destination.

7.39. In 2013, EPC provided capacity building programmes for Small and Medium

Enterprises (SME) exporters and facilitated business enterprises in developing new products, which were test-marketed in the international markets through participation in trade fairs and exhibitions. About 693 SMES were trained on export trade and export awareness at country level enabling them understand the requirements of getting into the export business. Further, a total of four export clinics were conducted in Kisumu, Thika, Nyeri and Mombasa. A national exporter's forum was held at KICC to gauge exporters'performance and offer solutions to challenges facing the sector.

Chapter 8

Agriculture

Overview

Overall, agricultural production declined in 2013 as a consequence of depressed performance of both the long and short rains. The agriculture sector real gross value added growth decelerated in 2013 to 2.9 per cent from a revised growth of 4.2 per cent in 2012. Apart from rice and wheat, most cereal crops recorded significant declines in production during the review period. Maize production went down from 39.7 million bags in 2012 to 38.9 million bags achieved in 2013. Over the same period, production of beans decreased from 6.8 million bags to 6.1 million bags. Production of Irish potatoes improved significantly from 1.5 million tonnes in 2012 to 2.1 million tonnes in 2013. The volume of fresh horticultural exports increased from 205.7 thousand tonnes in 2012 to 213.8 thousand tonnes in the review year. Performance in the sector was boosted by the higher output of rice paddy and wheat which increased by 6,908.1 tonnes and 31,797 tonnes, respectively, during the review period. Pasture availability and diminished activities at the Kenya Meat Commission led to less disposals of cattle resulting in the number of slaughters reducing from 2,194.2 thousand to 2,147.3 thousand animals in 2013. However, the year recorded notable increases in the output of processed milk products following an increase in the volume of milk deliveries to processors from 495.2 million litres in 2012 to 523.0 million litres in 2013.

8.2. Following depressed output of major crops, the total value of marketed agricultural production declined marginally from KSh 344.6 billion in 2012 to 334.7 billion in 2013. This was mainly driven by reductions in the marketed value of maize, cut flowers, fruits, coffee, tea, sisal and some livestock products. The value of marketed crops declined by 5.6 per cent while that of livestock output increased by 5.0 per cent during the review year. Over the same period, the value of exported horticultural produce decreased from KSh 89.9 billion in 2012 to KSh 83.4 billion in 2013. During the year, farmers received lower gross prices for maize, coffee, tea, cotton and most fresh horticultural products leading to a slight deterioration of the sector terms of trade.

Agricultural Output and Input

8.3. Table 8.1 presents details of the agricultural output and input for the last five years. Depressed agricultural performance resulted in the sector's output at current prices decelerating by 4.1 per cent from KSh 1,001.3 billion in 2012 to KSh 1,042.3 billion in 2013. The gross value added at constant prices increased by 2.9 per cent to KSh 334.6 billion in 2013. This increased performance was majorly attributed to the sector's output value at constant prices which grew from KSh 424.6 billion in 2012 to KSh 435.5 billion in 2013. Over the period, the intermediate consumption at constant prices grew at a slower rate of 1.5 per cent. Figure 8.1 presents the trend of agricultural gross value added, at constant prices, for the last five years.

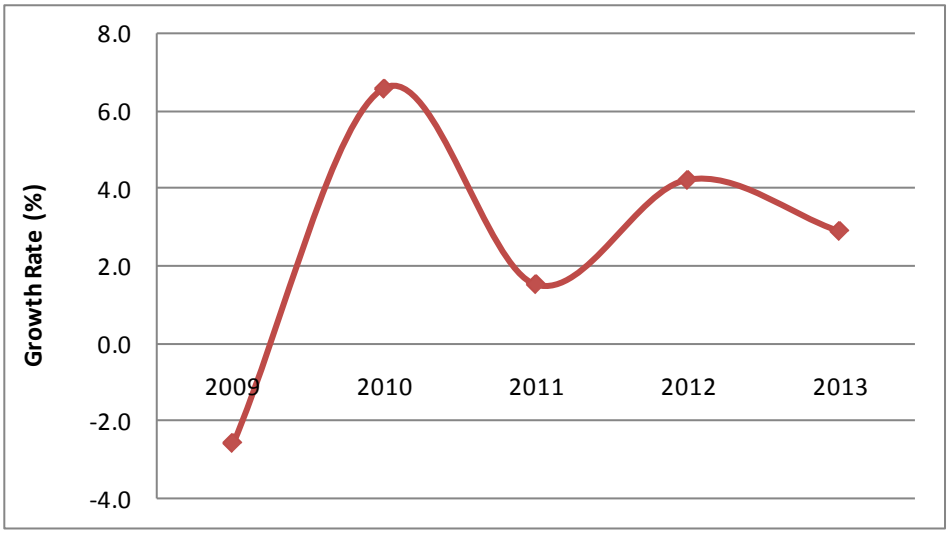
Table 8.1: Agricultural Output and Input, 2009 - 2013

KSh Million

	2009	2010	2011	2012	2013*
PRODUCTION AT CURRENT PRICES					
Output at basic prices	666,446	677,121	881,572	1,001,277	1,042,305
Intermediate consumption	129,697	151,459	178,871	189,003	106,092
Value added at basic prices, gross	536,749	525,661	702,701	812,274	936,213
PRODUCTION CONSTANT PRICES					
Output	375,445	401,920	409,121	424,625	435,539
Intermediate consumption	87,171	94,615	97,130	99,433	100,893
VALUE ADDED, GROSS	288,273	307,305	311,991	325,193	334,646

* Provisional

Figure 8.1: Agriculture Gross Value Added (GVA), GrowthRate, 2009 - 2013



Marketed Production

8.4. Table 8.2 shows the value of marketed production in the agricultural sector for the period 2009 to 2013. Overall, the value of marketed agricultural production at current prices declined from KSh 344.6 billion in 2012 to KSh 334.7 billion in 2013. This was mainly attributed to declines in the values of marketed horticultural and permanent crops. The value of marketed crops declined by 5.6 per cent from KSh 256.3 billion in 2012 to 241.9 billion in 2013. This was explained by maize, cut flowers and permanent crops whose values contracted in 2013. The value of marketed maize decreased by 23.5 per cent from KSh 13.2 billion in 2012 to KSh 10.1 billion in 2013 mainly as a result of lower marketed volumes coupled with lower prices paid to farmers for the crop, compared to 2012. In addition, maize production in some regions was negatively affected by adverse weather conditions during the review period. On the contrary, the value of marketed wheat increased from KSh 5.6 billion in 2012 to KSh 6.9 billion in 2013. The decline in international coffee prices together with lower production resulted in 29.2 per cent decrease in earnings from KSh 15.4 billion in 2012 to KSh 10.9 billion in 2013. Similarly, the value of marketed tea decreased by 5.6 per cent from KSh 100.3 billion in 2012 to KSh 94.7 billion in 2013. This was mainly on account of low international tea prices in 2013 that more than offset increased production. The value of marketed sugar cane increased by 13.4 per cent from KSh 21.7 billion in 2012 to KSh 24.6 billion in 2013 mainly attributable to increased production. Earnings from dairy produce increased by 9.1 per cent from KSh 15.4 billion in 2012 to KSh 16.8 billion in 2013.

8.5. The value of marketed fresh horticultural produce declined by 7.2 per cent from KSh 89. 9 billion in 2012 to KSh 83.4 billion in 2013. The decrease in earnings is attributed to lower export volumes of cut flowers exported as well as lower unit prices for all horticultural products. The value of cut flowers exported declined by 13.8 per cent from KSh 65.0 billion in 2012 to KSh 56.0 billion in 2013 contributing significantly to the decrease in export earnings. Cut flowers have continued to account for the largest share of fresh horticultural exports, contributing more than two thirds of export earnings during the last three years. The value of vegetables expanded by 13.4 per cent to KSh 22.9 billion in 2013, while their share grew by 5.0 percentage points to 27.5 per cent of total fresh horticultural exports.

Table 8.2: Recorded Marketed Production at Current Prices, 2009 – 2013

KSh million

	2009	2010	2011	2012	2013*
CEREALS-					
Maize	4,566.4	5,070.3	10,145.5	13,153.0	10,121.1
Wheat	3,614.9	5,541.5	3,045.0	5,612.8	6,926.1
Others	3,422.7	5,390.2	7,090.9	5,721.2	7,555.3
Total	**11,604.0**	**16,002.0**	**20,281.4**	**24,487.0**	**24,602.6**
HORTICULTURE[1]-					
Cut flowers	30,815.0	35,557.5	58,835.0	64,962.6	55,975.7
Vegetables	16,253.6	18,646.4	26,251.2	20,225.4	22,923.3
Fruits	2,283.5	2,789.1	3,535.4	4,680.0	4,482.5
Total	**49,352.2**	**56,993.0**	**88,621.7**	**89,868.0**	**83,381.5**
TEMPORARY INDUSTRIAL CROPS-					
Sugar-cane	15,367.7	17,665.5	18,615.6	21,676.2	24,583.4
Pyrethrum	51.6	63.8	133.4	17.0	52.6
Others	1,166.0	1,560.6	2,775.8	1,706.1	849.0
Total	**16,585.3**	**19,289.9**	**21,524.8**	**23,399.3**	**25,485.0**
PERMANENT CROPS-					
Coffee	9,563.7	15,449.9	17,826.3	15,375.2	10,910.2
Tea	64,684.8	87,960.1	100,145.5	100,262.3	94,722.0
Sisal	1,495.0	2,097.7	2,513.3	2,915.3	2,810.8
Total	**75,743.5**	**105,507.6**	**120,485.2**	**118,552.7**	**108,443.0**
TOTAL CROPS...	**153,284.9**	**197,792.5**	**250,913.1**	**256,307.1**	**241,912.0**
LIVESTOCK AND PRODUCTS-					
Cattle and Calves	24,057.0	31,892.5	48,943.4	54,140.6	58,237.0
Dairy Produce	11,496.7	11,346.4	14,548.4	15,415.9	16,776.7
Chicken and eggs	4,344.6	5,011.9	5,553.0	6,482.2	7,086.4
Others	5,195.4	7,009.3	11,854.9	12,266.7	10,727.3
Total	**45,093.7**	**55,260.2**	**80,899.7**	**88,305.3**	**92,827.4**
GRAND TOTAL	**198,378.6**	**253,052.7**	**331,812.8**	**344,612.4**	**334,739.4**

* Provisional.

[1]Data refers to fresh Horticultural exports only

8.6. The volume and price indices in the agricultural sector for the period 2009 to 2013 are shown in Table 8.3. The overall agricultural price index decreased from 224.9 in 2012 to 212.6 in 2013. This was largely as a result of the decline in the price indices for cereals, horticulture as well as permanent crops. Crops that recorded lower prices in the 2013 include maize, coffee, tea and horticulture. The price index for permanent crops decreased from 218.9 in 2012 to 179.7 in 2013 in response to lower coffee and tea prices in the international market. Similarly, the price index for horticultural crops reduced from 165.3 in 2012 to 151.3 in 2013

in response to lower international prices. The overall agricultural quantum index increased from 194.3 in 2012 to 200.4 in 2013. This was largely as a result of the increase in the quantum indices for temporary crops, horticulture as well as livestock and products. Commodities that recorded higher marketed output in the year under review include vegetables, sugarcane, pyrethrum and milk. The quantum index for temporary crops increased from 146.2 in 2012 to 160.2 in 2013 in response to higher marketed output for sugarcane and pyrethrum. Similarly, the quantum index for horticultural crops increased from 223.2 in 2012 to 230.7 in 2013 as a result of higher export volume of vegetables.

Table 8.3: Volume and Price Indices of Sales to Marketing Boards, 2009 -2013

Base: 2001=100

		2009	2010	2011	2012	2013*
QUANTUM INDICES	Cereals	65.9	92.7	97.7	104.2	98.7
	Temporary Industrial Crops	142.2	146.8	139.9	146.2	160.2
	Horticulture	197.3	248.9	245.5	223.2	230.7
	Permanent Crops	101.1	125.7	117.8	119.6	135.4
	TOTAL CROPS	113.1	122.6	131.6	131.4	143.3
	Livestock and Products	179.5	179.5	216.0	260.1	262.5
	TOTAL	143.2	162.8	197.4	194.3	200.4
PRICE INDICES	Cereals	171.5	143.4	177.6	227.5	224.1
	Temporary Industrial Crops	131.7	149.5	155.0	167.9	163.7
	Horticulture	105.9	96.8	117.2	165.3	151.3
	Permanent Crops	162.5	191.8	245.1	218.9	179.7
	TOTAL CROPS	139.6	154.5	196.5	190.3	166.3
	Livestock and Products[1]	246.4	250.3	239.2	261.2	279.5
	TOTAL	191.7	201.3	217.4	224.9	212.6

* Provisional.

[1]Data on livestock is from slaughter houses

8.7. The average gross commodity prices paid to farmers for various commodities are shown in Table 8.4. As a result of low international prices, coffee and tea prices decreased by 14.9 per cent and 19.3 per cent to KSh 28,409.58 and KSh 21,903.43 per 100 Kg respectively during the year under review. However, the prices of wheat, seed cotton and sisal increased by 3.4 per cent, 5.0 per cent and 3.4 per cent respectively, in 2013. The price for marketed milk increased marginally from KSh 31.0 per litre in 2012 to KSh 32.3 per litre in 2013, while that of 100 Kg of pig meat increased to KSh 18,427.38 during the year under review.

Table 8.4: Average Gross Commodity Prices[1] to Farmers, 2009 -2013

KSh per Unit

	UNIT	2009	2010	2011	2012	2013*
Coffee	100 Kg	19,544.42	39,677.94	59,452.85	33,387.29	28,409.58
Tea	„	21,264.05	22,044.78	26,499.65	27,130.04	21,903.43
Sisal	„	5,886.93	6,672.07	9,119.72	10,461.70	10,817.84
Sugar-cane	Tonne	2,739.00	3,094.00	3,487.00	3,792.00	3,685.00
Pyrethrum (Pyrethrin equivalent)	Kg	7,373.00	10,975.46	18,999.86	12,626.40	12,626.17
Seed Cotton	100 Kg	2,600.00	4,800.00	6,500.00	4,000.00	4,200.00
Maize	„	2,391.33	1,721.35	2,499.92	3,396.00	3,133.16
Wheat	„	2,936.83	2,913.76	3,017.42	3,622.31	3,744.85
Beef (third grade)	„	15,609.26	16,273.10	19,979.02	20,977.97	26,000.00
Pig meat	„	14,023.90	14,485.39	17,014.90	18,175.59	18,427.38
Milk	100 litres	2,828.00	2,200.00	2,650.00	3,100.00	3,229.00

* Provisional.

[1] The prices refer to calendar year and 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.

8.8. The marketed production by both large and small farms is presented in Table 8.5. The proportion of sales from small farms to total marketed production has been stable over the five years, having been estimated at just over 70.0 per cent in each of the years. This means that overall, the bulk of agricultural production is sourced from small holdings across the country. The value of output from large farms sold through marketing boards decreased by 2.6 per cent from KSh 93.9 billion in 2012 to KSh 91.5 billion in 2013. Similarly, sales from the small farms declined from KSh 250.7 billion in 2012 to KSh 247.3 billion in 2013. The share of small farms continued to grow for the fourth year, increasing slightly from 72.8 per cent in 2012 to 73.0 per cent in 2013. The total value of sales to marketing boards reduced marginally in 2013 compared with an increase of 3.9 per cent in 2012.

Table 8.5: Sale to Marketing Boards from Large and Small Farms, 2009-2013

year	Large Farms		Small Farms		Total		Percentage Share Of Small Farms
	KSh mn.	Annual Percentage change	KSh mn.	Annual Percentage change	KSh mn.	Annual Percentage change	
2009	58,323.3	17.1	140,055.3	2.0	198,378.6	6.0	70.6
2010	75,536.2	29.5	177,516.5	26.8	253,052.7	27.6	70.2
2011	93,173.0	23.4	238,639.7	34.4	331,812.8	31.1	71.9
2012	93,866.7	0.7	250,724.8	5.1	344,612.4	3.9	72.8
2013*	91,465.3	(2.6)	247,295.1	(1.4)	338,760.4	(1.7)	73.0

* Provisional.

8.9. Table 8.6 shows the input volume and price indices in the agricultural sector for the period 2009 to 2013. The overall agricultural input price index rose from 193.3 in 2012 to 212.5 in 2013. This was largely as a result of the increase in the price indices for most farm inputs except fertilizer. The price index for fertilizer decreased from 259.8 in 2012 to 250.5 in 2013 in response to government intervention in the supply of the commodity to farmers through the National Cereals and Produce Board (NCPB). The fuel and power price index increased from 230.9 in 2012 to 232.0 in 2013. The overall agricultural inputs quantum

index rose from 166.0 in 2012 to 178.0 in 2013. This was largely as a result of the increase in the quantum indices for fertilizer, fuel and power and manufactured feeds. The quantum index for fertilizer increased from 106.0 in 2012 to 114.5 in 2013 while that for manufactured feeds rose from 311.4 in 2012 to 413.6 in 2013. The dry weather experienced in some parts of the country in 2013 partly contributed to increased consumption of manufactured feeds.

Table 8.6: Agricultural Input Indices, 2009 - 2013

Base: 2001=100

	2009	2010	2011	2012	2013*
Quantum Indices					
Fertilizers	162.5	205.8	198.6	106.0	114.5
Fuel and Power	49.3	61.6	67.8	68.7	84.1
Bags	72.7	103.7	68.7	77.4	72.7
Manufactured Feeds	367.7	270.2	212.6	311.4	413.6
Purchased Seeds	188.4	166.1	191.9	120.2	118.7
Other Material Inputs	142.1	125.3	110.4	137.1	149.3
Total Material Inputs	**172.5**	**132.1**	**142.0**	**143.5**	**164.1**
Service Inputs	217.3	166.3	159.8	213.5	217.2
TOTAL INPUTS	**179.8**	**141.2**	**149.9**	**166.0**	**178.0**
Price Indices-					
Fertilizers	204.8	198.1	255.5	259.8	250.5
Fuel and Power	135.9	147.5	179.2	230.9	232.0
Bags	173.0	116.8	141.2	154.0	187.2
Manufactured Feeds	168.1	159.4	202.5	203.0	260.4
Purchased Seeds	88.4	90.6	102.2	100.8	116.4
Other Material Inputs	133.0	136.2	153.6	155.7	166.0
Total Material Inputs	**145.1**	**158.3**	**177.0**	**191.4**	**208.1**
Service Inputs	159.2	173.7	195.0	198.5	216.4
TOTAL INPUTS	**146.5**	**159.8**	**179.4**	**193.3**	**212.5**

* Provisional

8.10. Table 8.7 shows the value of agricultural inputs purchased by farmers during the period 2009 to 2013. Overall, the value of agricultural inputs increased by 12.7 per cent from KSh 36.1 billion in 2012 to KSh 40.7 billion in 2013. Fuel and power accounted for more than 30.0 per cent of the total value in the year under review. The value of purchased fertilizer which is a key input in crop production increased by 15.6 per cent from KSh 7.7 billion in 2012 to KSh 8.9 billion in 2013. Similarly, the value of purchased seeds increased by 3.7 per cent from KSh 3.6 billion in 2012 to KSh 3.7 billion in 2013. Livestock production inputs also increased during the year under review. The value of manufactured feeds increased by 13.0 per cent from KSh 4.6 billion in 2012 to KSh 5.2 billion in 2013. The value of purchased livestock drugs and medicines increased by 30.4 per cent from KSh 2.3 billion in 2012 to KSh3.0 billion in 2013.

Table 8.7: Value of Purchased Agricultural Inputs[1], 2009 – 2013

KSh million

	2009	2010	2011	2012	2013*
MATERIAL INPUTS-					
Fertilizers	5,680.1	6,021.9	9,397.4	7,737.6	8,898.2
Other Agricultural Chemicals	3,941.0	4,307.0	3,362.1	4,514.3	4,477.8
Livestock Drugs and Medicines	1,856.0	1,467.2	1,382.7	2,289.3	2,988.4
Fuel and Power	9,770.0	9,818.3	10,213.1	10,607.9	12,204.7
Bags	520.8	425.0	267.3	290.3	110.6
Manufactured Feeds	5,543.5	4,453.0	3,910.8	4,594.6	5,207.3
Purchased Seeds	3,182.1	4,227.0	3,337.9	3,573.8	3,704.2
Other Material Inputs	565.8	536.2	592.6	748.2	924.8
Total	31,059.3	31,255.6	32,463.9	34,355.9	38,516.1
SERVICE INPUTS	1,244.9	1,167.1	1,412.3	1,745.9	2,158.1
TOTAL INPUTS	32,304.2	32,422.7	33,876.2	36,101.8	40,674.2

*Provisional.

[1]Excluding labour.

8.11. Agriculture terms of trade for the period 2009 to 2013 are shown in Table 8.8. In 2013, market prices of various agricultural commodities declined. Consequently, the overall agricultural output price index declined from 148.6 in 2012 to 140.4 in 2013. The index of purchased agricultural inputs increased from 193.3 in 2012 to 212.5 in 2013 in tandem with increases in the purchaser price for most of these inputs. Similarly, the index of purchased consumer goods in rural areas rose from 368.6 in 2012 to 390.3 in 2013. The combined effect of the rise in purchased inputs and that of purchased consumer goods in rural areas led to an overall increase in the index of prices paid by farmers from 280.9 in 2012 to 301.4 in 2013. The negative effect of poor output prices coupled with high input prices resulted in the overall agriculture terms of trade deteriorating from 52.9 recorded in 2012 to 46.6 registered in 2013, continuing the four year downward trend.

Table 8.8: Price and Terms of Trade Indices for Agriculture, 2009 – 2013

Base: 2001=100

	2009	2010	2011	2012	2013*
General Index of Agricultural Output Prices	128.3	134.7	143.6	148.6	140.4
PRICE PAID					
Purchased Inputs	146.5	159.8	179.4	193.3	212.5
Index of Purchased Consumer Goods-Rural Areas	225.9	235.0	336.1	368.6	390.3
INDICES OF PRICES PAID	192.5	204.4	257.7	280.9	301.4
Agricultural Sector terms of Trade	66.6	65.9	55.7	52.9	46.6

* Provisional

8.12. Table 8.9 shows estimates of production of major food crops for the last five years. Production of food crops recorded mixed performance in 2013. Production of potatoes increased by 40.0 per cent from 1.5 million tonnes in 2012 to 2.1 million tonnes in 2013. This was a result of expanded area under potatoes, good yield and favorable weather conditions in the crop growing areas. Unfavorable weather conditions in some regions of the country resulted in a 2.0 per cent reduced maize production from 39.7 million bags in 2012 to 38.9 million bags in 2013. Similarly, production of beans, sorghum and millet decreased by 10.3,

5.3 and 12.5 per cent respectively, over the review period.

Table 8.9: Estimated Production of Selected Agricultural Commodities, 2009 – 2013

CROP	Unit	2009	2010	2011	2012	2013*
Maize	million bags	27.1	35.8	34.4	39.7	38.9
Beans	"	5.2	4.3	6.4	6.8	6.1
Potatoes	million tonnes	2.6	2.7	1.6	1.5	2.1
Sorghum	million bags	1.1	1.8	1.8	1.9	1.8
Millet	"	0.6	0.6	0.8	0.8	0.7

Source: Ministry of Agriculture, Livestock and Fisheries

* Provisional

8.13. Table 8.10 shows national average retail market prices of selected food crops from 2009 to 2013. During 2013, retail prices for all food security crops except millet declined. During the month of March 2013, retail prices of potatoes and cabbages declined by 18.0 and 28.5 per cent, respectively when compared to a similar period the previous year. Similarly, maize, sorghum and potatoes prices declined during the month of September 2013 by 12.7, 22.1 and 12.1 per cent, respectively. Cabbages had the highest price decrease from KSh 33.54 in March 2012 to KSh 23.99 in March 2013. Similarly, during the month of September 2013, sorghum recorded the highest price decrease of 22.1 per cent to KSh 42.10. During the review period, retail prices of tomatoes remained fairly stable.

Table 8.10: Retail Market Prices for Selected Food Crops, 2009 – 2013

KSh per Kg

CROP	2009		2010		2011		2012		2013*	
	Mar	Sept	Mar	Sept	Mar	Sept	Mar	Sept	Mar	Sept
Maize.....	36.44	36.70	25.27	17.52	29.33	42.77	39.60	40.51	38.01	35.38
Beans.....	74.31	84.25	64.36	56.55	70.24	77.89	74.60	71.82	74.11	68.18
Finger Millet.....	62.65	53.29	62.67	53.79	68.14	67.59	75.26	74.22	76.06	75.96
Sorghum.....	56.40	47.50	36.13	32.96	41.90	49.62	53.42	54.03	53.47	42.10
Potatoes.....	31.16	13.69	14.72	23.07	31.70	26.27	39.13	33.05	32.07	29.06
Cabbages.....	24.41	17.73	12.66	17.98	23.18	20.06	33.54	28.56	23.99	28.19
Tomatoes.....	45.69	49.18	46.33	37.09	46.80	51.20	57.66	43.41	56.24	41.74
Bananas.....	30.47	30.83	25.47	27.14	36.57	37.72	40.13	38.70	39.01	34.98

8.14. Sale of agricultural produce to various marketing boards is as shown in Table 8.11. During the year under review, sale of maize, coffee, cotton and sisal to the marketing boards decreased by 18.3, 16.7, 50.0 and 6.5 per cent, respectively. The declines were mainly attributed to reduced production in the crop growing areas. However, sale of wheat increased from 155.0 thousand tonnes in 2012 to 185.0 thousand tonnes in 2013. Sale of pyrethrum more than quadrupled from 1.0 tonnes in 2012 to 4.2 tonnes in 2013, owing to the intervention by the Government to revive the crop.

Table 8.11: Sale of Selected Crops to Marketing Boards, 2009– 2013

CROP	UNIT	2009	2010	2011	2012	2013*
Maize[1]	'000 tonnes	191.0	294.6	405.8	387.3	316.4
Wheat[2]	"	123.1	190.2	100.9	155.0	185.0
Coffee	"	48.9	38.9	30.0	46.1	38.4
Tea	"	304.2	399.0	377.9	369.4	432.5
Cotton[2]	"	14.9	11.8	22.0	11.8	5.9
Sugar-cane[2]	mn. tonnes	5.6	5.7	5.3	5.7	6.7
Pyrethrum (extract equivalent)	tonnes	7.0	5.8	7.0	1.0	4.2
Sisal	'000 tonnes	21.5	22.8	27.6	27.8	26.0
Rice Paddy[2]	"	22.6	44.0	48.7	40.3	43.6

* Provisional.

[1] Includes purchases by NCPB and millers.

[2] Deliveries to factories/ginneries.

8.16. **Wheat:** Table 8.12 shows wheat production and imports for the period 2009 to 2013. During the year under review, domestic wheat production grew from 162.7 thousand tonnes in 2012 to 194.5 thousand tonnes in 2013. This outcome was mainly a result of favorable weather conditions in the wheat growing areas coupled with good prices for the crop. As a result, the share of domestic wheat production compared to total wheat available increased from 13.5 per cent in 2012 to 15.8 per cent in 2013. The improved wheat production resulted in a marginal decline in imports of the commodity that contracted from 1,044.8 thousand tonnes in 2012 to 1033.1 thousand tonnes in 2013. Overall, the quantity of wheat increased by 1.7 per cent to 1,227.6 thousand tonnes in 2013.

Table 8.12: Production and Imports of Wheat, 2009 – 2013

'000 Tonnes

YEAR	PRODUCTION[1]	IMPORTS	TOTAL
2009	129.2	781.7	910.9
2010	199.7	848.1	1,047.8
2011	105.9	1,002.70	1,108.6
2012	162.7	1,044.80	1,207.5
2013*	194.50	1,033.10	1,227.6

* Provisional.

[1]Includes retention for seed.

8.17. **Coffee:** Table 8.13 shows the area, production and average yield of coffee by type of grower for crop year 2008/2009 to 2012/13. During the year under review, area under coffee bushes remained constant at 109.8 thousand hectares. During the review period, coffee production decreased by 18.8 per cent from 49.0 thousand tonnes in 2012 to 39.8 thousand tonnes in 2013. The decline in production is mainly associated to rising costs of farm and processing inputs. The average yield also decreased in both estates and co-operatives growing sub sectors.

Table 8.13: Production, Area, and Average Yield of Coffee by Type of Grower, 2008/09- 2012/13

	2008/09	2009/10	2010/11	2011/12	2012/13*
AREA[1] (Ha) '000-					
Co-operatives	86.0	86.0	81.9	85.2	85.2
Estates	35.3	35.3	33.7	24.6	24.6
TOTAL	**121.3**	**121.3**	**115.6**	**109.8**	**109.8**
PRODUCTION (Tonnes) '000-					
Co-operatives	29.4	22.3	19.6	27.0	21.9
Estates	24.6	19.7	16.7	22.0	17.9
TOTAL	**54.0**	**42.0**	**36.3**	**49.0**	**39.8**
AVERAGE YIELD (Kg/Ha.)-					
Co-operatives	341.9	259.3	239.3	316.9	257.0
Estates	696.9	558.1	495.5	894.3	727.6

Source: Coffee Board of Kenya

* Provisional.

1 Series revised

8.18. **Tea**: Table 8.14 presents the annual performance of the tea sub-sector for the last five years. The area planted with tea went up by 4.2 per cent from 190.6 thousand hectares in 2012 to 198.6 thousand hectares in 2013. The increase in area was mainly within the estates, whose area rose by 8.5 per cent in 2013. During the period under review, tea production increased by 17.1 per cent from 369.4 thousand tonnes in 2012 to 432.4 thousand tonnes in 2013. During the year under review, increased production was significant within the estates, which increased by 21.0 per cent from 150.9 thousand tonnes in 2012 to 182.6 thousand tonnes in 2013. The average yield for the estate sub-sector increased from 2,953 Kg/ha in 2012 to 3,209.1 Kg/ha in 2013 while the smallholder sub-sector improved to 2,172 Kg/ha. Overall, the increased production from the estates resulted in a decline in the share of tea production from the smallholder from 59.1 per cent in 2012 to 57.8 per cent in 2013. Higher tea production and productivity was largely due to good weather conditions characterized by enhanced rainfall and high temperatures experienced in tea growing areas.

Table 8.14: Production, Area and Average Yield of Tea by Type of Grower, 2009 – 2013

	2009	2010	2011	2012	2013*
AREA ('000 Ha)					
Smallholder	107.3	115.0	123.3	124.9	127.3
Estates	51.1	56.9	64.5	65.7	71.3
TOTAL	158.4	171.9	187.8	190.6	198.6
PRODUCTION ('000 Tonnes)					
Smallholder	172.6	225.0	218.6	218.5	249.8
Estates	141.5	174.0	159.3	150.9	182.6
TOTAL	314.1	399.0	377.9	369.4	432.4
AVERAGE YIELD (Kg/Ha)[1]					
Smallholder	1,862.0	2,291.0	2,040.0	2,036.3	2,172.0
Estates	2,909.0	3,412.0	3,149.0	2,953.0	3,209.1

Source: Tea Board of Kenya

* Provisional

[1] Obtained by dividing current production by the area four years ago

8.19. **Sugarcane**: Table 8.15 presents the performance of sugarcane sub-sector for the last five years. In 2013, the area under cane went up by 4.8 per cent to 213.9 thousand hectares from

204.1 thousand hectares in 2012. This increase was mainly due to increased demand resulting from competition from new millers. However, the area harvested decreased marginally from 87.3 thousand hectares in 2012 to 86.9 thousand hectares in 2013. Total cane deliveries increased by 15.5 per cent from 5.8 million tonnes received in 2012 to 6.7 million tonnes received in 2013, implying the decrease in area harvested did not affect the production of cane. In addition, cane yield improved from 51.0 tonnes per hectare in 2012 to 54.0 tonnes per hectare in 2013, representing a 5.9 per cent increase. The increase in yield is attributed to improved cane husbandry and increased cane availability therefore reducing instances of harvesting of premature cane as witnessed in the previous year.

Table 8.15: Area under Sugar Cane, Area Harvested, Production and Average Yield, 2009 – 2013

	2009	2010	2011	2012	2013*
Area under cane (Ha)… … … ….	154,298	157,583	179,451	204,074	213,920
Area harvested (Ha)[1]… … … … …	65,774	78,517	79,000	87,340	86,875
Production (Tonnes)[3]… … … … …	5,610,702	5,695,085	5,307,341	5,823,964	6,671,199
Average yield (Tonnes/Ha)[2]… …	65.21	64.37	58.78	51.00	54.00

Source: Kenya Sugar Board

* Provisional

[1] Excludes area harvested by non-contracted farmers

[2] Based on area and production from contracted farmers only

[3] Production includes cobtracted and non-contracted farmers

8.20. Overall, domestic sugar production increased significantly by 21.5 per cent from 493.9 thousand tonnes in 2012 to 600.2 thousand tonnes in 2013 as shown in Table 8.16. In 2013, sugar imports stood at 238.0 thousand tonnes compared to 238.6 thousand tonnes imports made in 2012. The stagnation in imports was as a result of high increase in domestic sugar production. Increased domestic sugar demand led to the continued decline in sugar exports that have contracted significantly since 2011 when the sub-sector recorded the highest exports in the last five years.

Table 8.16: Production, Imports and Exports of Sugar, 2009 – 2013

'000 Tonnes

YEAR	PRODUCTION	IMPORTS	EXPORTS
2009 .. … … …. ..	548.2	184.5	2.0
2010 .. … … ….....	523.7	258.6	0.05
2011 .. … … … …	490.2	139.1	16.7
2012… … … … …	493.9	238.6	0.4
2013*… … … … ..	600.2	238.0	0.1

Source: Kenya Sugar Board

*Provisional

8.21. **Horticulture:** As shown in Table 8.17, the horticultural sub-sector recorded improved performance in export volumes with the total exports increasing from 205.7 thousand tonnes to 213.8 tonnes during the year under review.. This reversed the trend in reduction that had been experienced in the last two years. The bulk of fresh horticultural commodity exports were mainly vegetables which recorded a 16.3 per cent increase from 66.4 thousand tonnes in 2012 to 77.2 thousand tonnes in 2013. However, the increase in total volume of fresh horticultural exports was not reflected in its value. Export earnings from fresh horticultural commodities dropped by 7.2 per cent from KSh 89.9 billion in 2012 to KSh 83.4 billion in

2013. Over the same period, both volume and value of cut flowers reduced by 2.5 and 13.8 per cent respectively. The volume of fruit exports almost remained at the same level, while their value dropped to KSh 4.5 billion.

Table 8.17: Exports of Fresh Horticultural Produce[1], 2009 - 2013

YEAR	CUT FLOWERS		FRUITS		VEGETABLES		TOTAL	
	Volume 000 Tonnes	Value KSh billion	Volume 000 Tonnes	Value KSh billion	Volume 000 Tonnes	Value KSh billion	Volume 000 Tonnes	Value KSh billion
2009	87.0	30.8	21.2	2.3	72.5	16.3	180.7	49.4
2010	120.2	35.6	32.5	2.8	75.6	18.6	228.3	56.9
2011	110.0	58.8	27.1	3.5	79.2	26.3	216.2	88.6
2012...	108.3	65.0	31.1	4.7	66.4	20.2	205.7	89.9
2013*...	105.6	56.0	31.1	4.5	77.2	22.9	213.8	83.4

Source: Horticultural Crops Development Authority

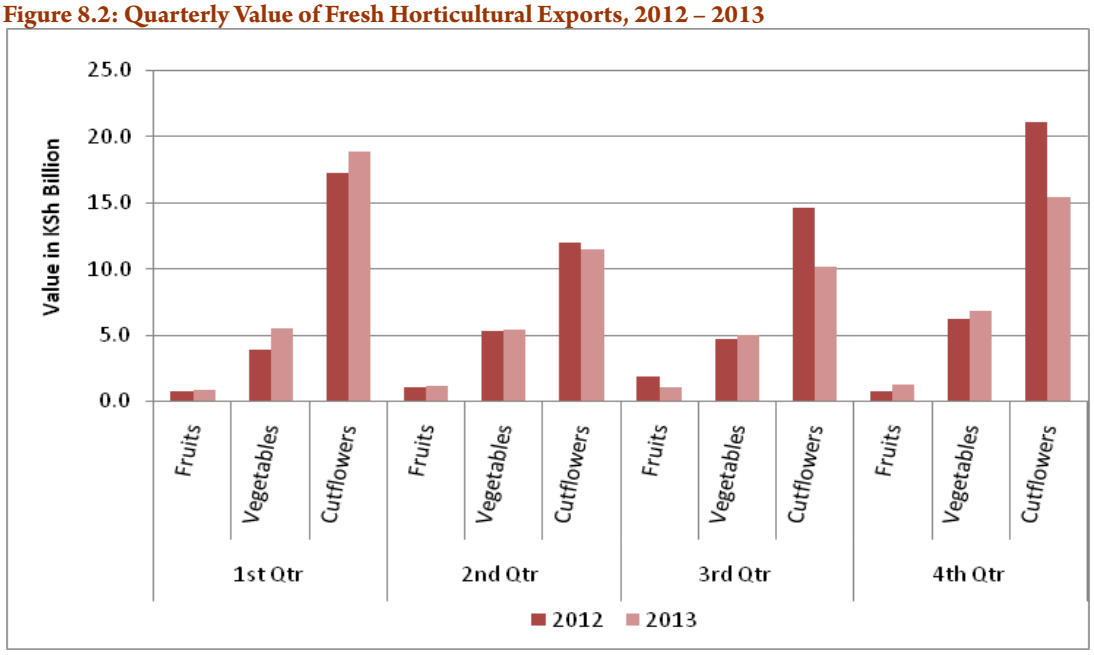
* Provisional.

[1] Excludes exports of processed horticultural produce and nuts.

8.22. Cut flowers continued to be the leading fresh horticultural commodity export, contributing KSh 56.0 billion to the earnings from the sub-sector in 2013. However, cut flowers recorded a decline in production from 108.3 thousand tonnes in 2012 to 105.6 thousand tonnes in 2013. In contrast, the value of fresh vegetables increased by 13.4 per cent from KSh 20.2 billion in 2012 to KSh 22.9 billion in 2013. The increase in volume of fresh vegetable exports is an outcome of farmers observing stringent food safety issues arising from high agrochemical residue levels as required in the destination markets.

8.23. Figure 8.2 shows a graphical illustration of quarterly export values of horticultural products. The highest value of exports of cut flowers was recorded in the first quarter of 2013 while earnings for subsequent quarters were below the 2012 levels. The export values of vegetables during the four quarters of 2013 were consistently higher than earnings recorded for corresponding periods in 2012. Fruit exports registered mixed performance across the quarters with the fourth quarter recording a slightly higher value compared to similar quarter in 2012. Overall, earnings from exports of fresh horticultural produce followed a similar trend for 2012 and 2013, across the quarters.

Figure 8.2: Quarterly Value of Fresh Horticultural Exports, 2012 – 2013



8.24. **Irrigation:** Under the second Medium Term Plan (MTP 2013/2017), priority in the agricultural sector is given to increasing the acreage under irrigation in order to reduce the country's dependence on rain fed agriculture .The Government has therefore accelerated plans to enhance agricultural production through irrigation agriculture. Towards this end, a number of feasibility studies have been commissioned to assess the viability of establishing irrigation schemes in counties along which River Tana cuts across and in Turkana County.

8.25. Table 8.18 shows performance of various irrigation schemes across the country for the last five years. The area under cultivation declined from 21,872 hectares in 2012 to 21,313 hectares in 2013. However, the total number of farmers operating in the irrigation schemes grew marginally to 21,561 in 2013. The decline in area under cultivation had a negative impact on the production of rice in the schemes with the exception of Mwea which recorded an increase of 28.1 per cent from 50,476 tonnes in 2012 to 64,672 tonnes in 2013. This affected the gross value of rice output that contracted from KSh 5.7 billion in 2012 to KSh 5.6 billion in 2013. Payments to plot holders increased to KSh 3,508 million in 2013. Overall, the total production of rice from all the irrigations schemes went up from 83,572 tonnes in 2012 to stand at 90,480 tonnes in 2013.

Table 8.18: Production at Irrigation Schemes, 2008/09- 2012/13

	2008/09	2009/10	2010/11	2011/12	2012/13*
MWEA-					
Area cropped-Hectares	7,431	10,526	10,629	10,629	10,629
Plot-holders-Number[1]	4,936	7,178	7,178	7,178	7,178
Gross value of output-KSh million	1,782	2,860	2,970	2,808	3,880
Payments to plot-holders-KSh million	1,341	2,080	2,197	1,728	2,793
ALL SCHEME AREAS-					
Area cropped-Hectares	10,072	17,611	21,101	21,872	21,313
Plot-holders-Number	8,931	15,518	15,828	21,464	21,561
Gross value of output-KSh million	2,097	4,338	4,932	5,670	5,596
Payments to plot-holders-KSh million	1,535	3,138	3,637	3,300	3,508
CROPS PRODUCED - Tonnes					
Mwea-Paddy	32,406	52,000	54,000	50,476	64,672
Ahero-Paddy	2,939	6,000	7,484	9,484	8,326
W.Kano-Paddy	692	4,500	5,994	8,910	5,165
Bunyala-Paddy	1,161	3,200	4,666	5,462	4,278
S.W Kano	-	6,800	8,100	9,240	8,039
TOTAL PADDY	37,198	72,500	80,244	83,572	90,480

Source: National Irrigation Board

*Provisional

[1]Includes farmers outside Mwea Scheme

8.26. **Dairy Produce:** The livestock sub-sector is a key economic activity in the country. It is a major source of livelihoods in the pastoralist communities while meat and dairy products contribute important nutrients in the country's diet. Table 8.19 gives production data for the sub-sector over the last five years. After a significant decline in 2012, the quantity of raw milk deliveries to processing plants rose by 5.6 per cent to 523.0 million litres in 2013. However, this amount of deliveries was still depressed compared to the performance recorded when a total of 549 million litres were sold to processors in 2012. During the review year, the output of fresh milk and cream from processors increased by 22.7 per cent while that of cheese rose by 4.9 per cent. The quantity of butter and ghee produced in the domestic market has remained at similar levels over the last four years, rising from 1,800.7 tonnes in 2012 to 2,017.6 tonnes in 2013. Increased output of processed milk products was mainly driven by enhanced investment by processors and farmers' groups leading to expansion of cooling and processing infrastructure.

8.27. **Livestock production:** Production activities in licensed abattoirs and slabs slowed down in 2013. The number of cattle slaughtered declined from 2,194.2 thousand in 2012 to 2,147.3 thousand head in the review year. This reduction is attributed to good availability of pasture for the better part of the year leading to fewer disposals of stocks especially from the Arid and Semi-Arid Lands (ASAL). Reduced activities within the Kenya Meat Commission also contributed to the lower number of slaughters recorded in 2013. During the year, the number of goats and sheep slaughtered continued on an upward trend, rising from 5,924.2 thousand in 2012 to 6,084.9 thousand head in 2013. Similarly, output from pig rearing increased by 12.3 per cent to reach 264.3 thousand animal slaughtered in 2013.

Table 8.19: Production of Livestock and Dairy Products, 2009 – 2013

	UNIT	2009	2010	2011	2012	2013*
RECORDED MILK PRODUCTION.....	Mn. Litres	406.5	515.7	549.0	495.2	523.0
MILK PROCESSED:						
Milk and cream.....	Mn. Litres	323.1	358.2	374.0	331.6	406.7
Butter and ghee	Tonnes	1,079.6	1,967.4	1,995.1	1,800.7	2,017.6
Cheese	"	187.7	263.2	290.3	254.9	267.4
LIVESTOCK SLAUGHTERED						
Cattle and Calves..	'000 Head	2,057.0	1,923.5	2,103.4	2,194.2	2,147.3
Sheep and Goats	"	5,716.0	6,162.8	5,837.5	5,924.2	6,084.8
Pigs	"	221.0	217.2	223.5	235.4	264.3

* Provisional

8.28**. Agricultural Training:** Table 8.20 gives detailed information on enrolment numbers at various institutions that offer agricultural training at degree, diploma as well as certificate level. Over the recent past, the country has experienced an upsurge in the number of campuses hosting affiliate colleges and also a steady increase in the number of public universities that have been granted charters. These developments have had positive outcomes in agriculture training in terms of the number of training opportunities available to prospective trainees. Consequently, the number of trainees pursuing agricultural degree courses in public universities recorded a significant increase for the third consecutive year rising from 7,546 students in 2012 to 9,535 trainees in 2013. The proportion of female students remained constant at 37.6 per cent in the two years.

8.29. Enrolment of diploma level trainees at Egerton University registered a decline for the third year, reducing from a total of 2,351 students in 2012 to 1,820 trainees in the review year. However, Bukura Institute recorded a slightly higher enrolment of diploma level students. The number of trainees in this agriculture training college rose from 1,058 in 2012 to 1,179 in 2013. The number of certificate level trainees in Naivasha Dairy Training Institute declined marginally in 2013. All the animal health training colleges recorded a slightly higher enrolment leading to an overall increase from 339 trainees in 2012 to 380 trainees in 2013. Demand for short term courses in the animal health and dairy sector has remained depressed over the years. Attendance for these courses remained unchanged at Athi River Meat Training Institute while enrolment at Naivasha Dairy Training Institute declined slightly in 2013.

8.30. Statistics on operations of the cooperative movement are presented in Table 8.21. A total of 974 new societies and unions were registered in various sectors during the review year. Although most societies in the crops sub-sector recorded minimal cooperative activity, the dairy sub-sector realized a total of 33 new society registrations in the year, indicating increased investment and marketing opportunities in the sub-sector. Operations within the coffee sub-sector showed signs of continued recovery whereby. Three new coffee growers' cooperative societies were registered to a total of 597. Over the review period, substantial activity was observed in societies dealing with multiple agricultural commodities. The Directorate of Cooperatives registered a total of 49 new multi-produce societies in 2013. Non-agricultural activities continued to dominate the cooperative movement with the number of such societies increasing from 9,894 in 2012 to 10,677 in 2013.

Table 8.20: Enrolment in Agricultural Training Institutions, 2009 – 2013

Number

	2009			2010			2011			2012			2013*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
DEGREE LEVEL -Public Universities															
All Universities	4,513	2,222	6,735	3,403	1,546	4,949	4,393	2,279	6,672	4,705	2,841	7,546	5,948	3,587	9,535
DIPLOMA LEVEL -Public Universities															
Egerton	1,410	834	2,244	1,543	1,027	2,570	1,585	928	2,513	1,512	839	2,351	1,149	671	1,820
Total	**1,410**	**834**	**2,244**	**1,543**	**1,027**	**2,570**	**1,585**	**928**	**2,513**	**1,512**	**839**	**2,351**	**1,149**	**671**	**1,820**
DIPLOMA LEVEL - MOA															
Bukura Institute of Agriculture	92	99	191	354	129	483	483	226	709	684	374	1,058	819	360	1,179
CERTIFICATE LEVEL-															
Naivasha Dairy Training Institute	55	47	102	70	34	104	94	48	142	134	80	214	122	73	195
Total	**55**	**47**	**102**	**70**	**34**	**104**	**94**	**48**	**142**	**134**	**80**	**214**	**122**	**73**	**195**
Animal Health Training Institutes-															
Kabete	90	26	116	92	28	120	98	24	122	79	26	105	92	24	116
Nyahururu	51	27	78	50	25	75	53	27	80	51	27	78	52	28	80
Ndomba	84	63	147	117	53	170	112	41	153	99	57	156	140	44	184
Total	**225**	**116**	**341**	**259**	**106**	**365**	**263**	**92**	**355**	**229**	**110**	**339**	**284**	**96**	**380**
SHORT-TERM VOCATIONAL COURSES-															
Naivasha Dairy Training School	69	43	112	46	4	50	93	41	134	147	47	194	125	54	179
Athi River M.T. School	66	28	94	68	30	98	53	16	69	66	28	94	66	28	94
Total	**135**	**71**	**206**	**114**	**34**	**148**	**146**	**57**	**203**	**213**	**75**	**288**	**191**	**82**	**273**

Source: Ministry of Agriculture, Livestock and Fisheries; Public Universities and other Institutions

* Provisional.

Table 8.21: Number of Societies and Unions by Type, 2009 – 2013

Number

TYPE OF SOCIETY	2009	2010	2011	2012	2013*
Coffee	555	567	586	594	597
Sugar-cane	159	162	179	191	191
Pyrethrum	146	146	147	148	148
Cotton	59	60	60	61	78
Dairy	273	278	313	343	376
Multi-produce	1,894	1,924	1,974	2,019	2,068
Farm Purchase	114	114	114	116	116
Fisheries	67	72	76	80	86
Other Agricultural Societies	1,317	1,363	1,398	1,436	1,518
TOTAL	**4,584**	**4,686**	**4,847**	**4,988**	**5,178**
Savings and Credit	5,628	6,267	6,902	7,341	7,942
Other Non-Agricultural Societies	2,094	2,200	2,374	2,553	2,735
TOTAL	**7,722**	**8,467**	**9,276**	**9,894**	**10,677**
Unions	101	103	105	108	109
GRAND TOTAL	**12,407**	**13,256**	**14,228**	**14,990**	**15,964**

Source: Directorate of Cooperatives

* Provisional

8.31. The cooperative movement supports agricultural development through credit facilitation, sourcing of inputs and pooling of agricultural produce for joint marketing in order to attract competitive prices. However, revenues in agricultural cooperative societies have been adversely affected by the declining output from previously leading crops, notably coffee and cotton. Table 8.22 presents data on sales of agricultural produce from co-operative societies and the resultant contribution to farm revenues. In 2013, the total value of sales from co-operative societies declined for the second year to KSh 9,668 million from the KSh 9,987 million received in 2012. This decline was mainly driven by coffee sales which dropped by KSh 382 million due to depressed production and lower prices. Sales revenue from milk rose by KSh 85 million in the review year following increased production and slightly better prices for the commodity.

Table 8.22: Sale of Selected Agricultural Produce by Co-operatives and their Contribution to Gross Farm Revenue, 2009 – 2013

YEAR	COFFEE	SUGAR CANE	PYRETHRUM	COTTON	MILK	TOTAL
			Sale KSh million			
2009	4,898	266	45	2.1	3,704	8,915
2010	4,839	267	47	2.6	5,221	10,376
2011	4,806	268	47	3.2	5,310	10,433
2012	4,367	269	28	3.3	5,320	9,987
2013*	3,985	239	36	3.0	5,405	9,668
Percentage Share of sector total						
2009	51.2	1.7	72.7	3.5	32.2	25.3
2010	31.3	1.5	74.3	6.9	46.0	23.3
2011	27.0	1.4	35.2	4.9	36.5	19.9
2012	28.4	1.6	43.4	3.7	34.5	31.0
2013*	36.5	0.9	65.4	3.2	32.5	33.5

Source: Directorate of cooperatives

* Provisional.

Food Balance Sheet, 2012 - 2013

8.32. The Food Balance Sheet (FBS) presents a detailed analysis of food supply in the country for a given year. Food supply is presented in terms of per caput daily supply of calories, proteins and fats. This is obtained by subjecting the total food supply to relevant food composition rates and averaging this for the total population. These indicators are further complemented by the self-sufficiency and import dependency ratios. The Food Balance sheet for 2013 is presented in Table 8.24.Following depressed rainfall, the review year recorded significant reduction in the production of leading food crops including maize, beans, sorghum and millet. This period also witnessed a decline in the supply of meat and meat products as a result of a slight reduction in the number of cattle slaughtered in the Kenya Meat Commission and other abattoirs. While the country realized higher output of rice, wheat, potatoes and milk, this did not adequately offset the deficit in food supply resulting from reduced production of some cereals coupled with the rising food demand of an increasing population.

FBS Indicators

8.33. Per caput daily energy supply of calories, proteins and fat is a measure of the food availability for human consumption while a country's ability to meet its food requirement is measured using the Self-Sufficiency Ratio (SSR) and the Import Dependency Ratio (IDR). Table 8.23 presents a summary of food balance sheet indicators for the last five years. Daily per caput supply of calories reduced significantly in 2013. After recording a consistent increase for the last four years, the supply of energy decreased from 2,447 Kilocalories in 2012 to 2,284 Kilocalories in 2013. In 2013, most food groups including cereals and animal products recorded lower levels of caloric supply compared to the previous year. A similar trend is observed in the supply of proteins which dropped from 74 Grams in 2012 to 67 Grams per caput per day. However, per caput supply of fats remained stable during the year, having reduced slightly to 46 Grams from the 47 Grams per caput per day recorded in 2012.

8.36. Overall, reliance on domestic food production improved during the review year. This is shown by the SSR which rose slightly from 77.6 per cent in 2012 to 80.1 per cent in the review year. This means that although a lower per caput supply of food was recorded in the year, a greater proportion of this food was sourced from local production. During the year, vegetable products recorded a higher SSR while that of animal products declined slightly. Consistent

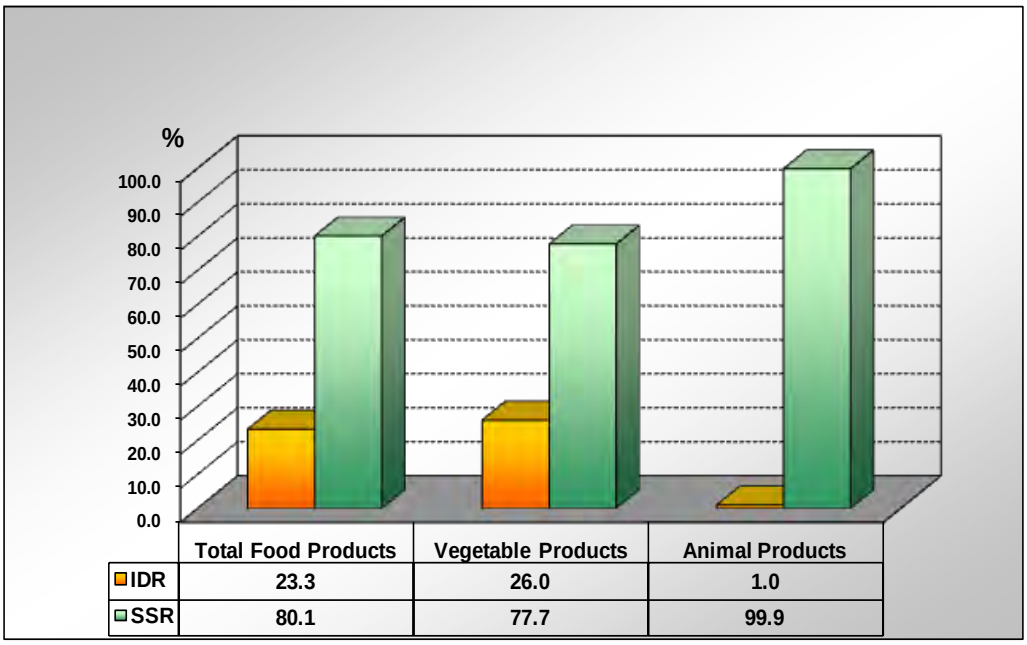
with an increased SSR, the country's overall IDR declined from 25.7 per cent in 2012 to 23.3 per cent in 2013. This was largely driven by vegetable products' IDR which showed a similar reduction from 28.4 per cent in 2012 to 26.0 per cent over the review period. The IDR for animal products remained at the same level over the two years.

Table 8.23: Food Balance Sheet, 2009-2013

Indicator		2009	2010	2011	2012	2013*
Per Caput Daily Supply	Calories - '000	1,954	2,153	2,253	2,447	2,284
	Proteins - Grams	60	66	69	74	67
	Fats - Grams	42	49	47	47	46
SSR - Per Cent	Total	63.7	75.4	74.6	77.6	80.1
	Vegetable Products	58.9	72.1	71.5	75.1	77.7
	Animal Products	100.2	100.3	99.9	100.1	99.1
IDR - Per Cent	Total	39.5	28.2	29.1	25.7	23.3
	Vegetable Products	44.7	32	32.6	28.4	26
	Animal Products	0.9	0.9	1.1	1	1
Per Caput Caloric Daily Supply	Vegetable Products - '000 Kcl.	1,657	1,829	1,955	2,148	1,993
	Cereals - '000 Kcl	941	976	959	988	917
	Animal Products - '000 Kcl	297	325	298	299	291

*Provisional

Figure 8.3: Import Dependency and Self-Sufficiency Ratios, 2013



Caloric Supply by Main Food Groups

8.37. Figure 8.3 highlights the composition of energy supply by broad food categories in 2013. Cereal crops and pulses were the most important sources of dietary energy in the review year. The two food groups gave more than half of total calories supply in the year. During the year, milk contributed significantly to the supply of energy in the country's diet, providing 16.1 per cent of calories. Other notable sources of calories were meat and starchy roots. These food commodities supplied 8.3 per cent and 4.5 per cent, respectively, of calories over the review period.

Figure 8.4: Caloric Supply by Main Food Groups, 2013

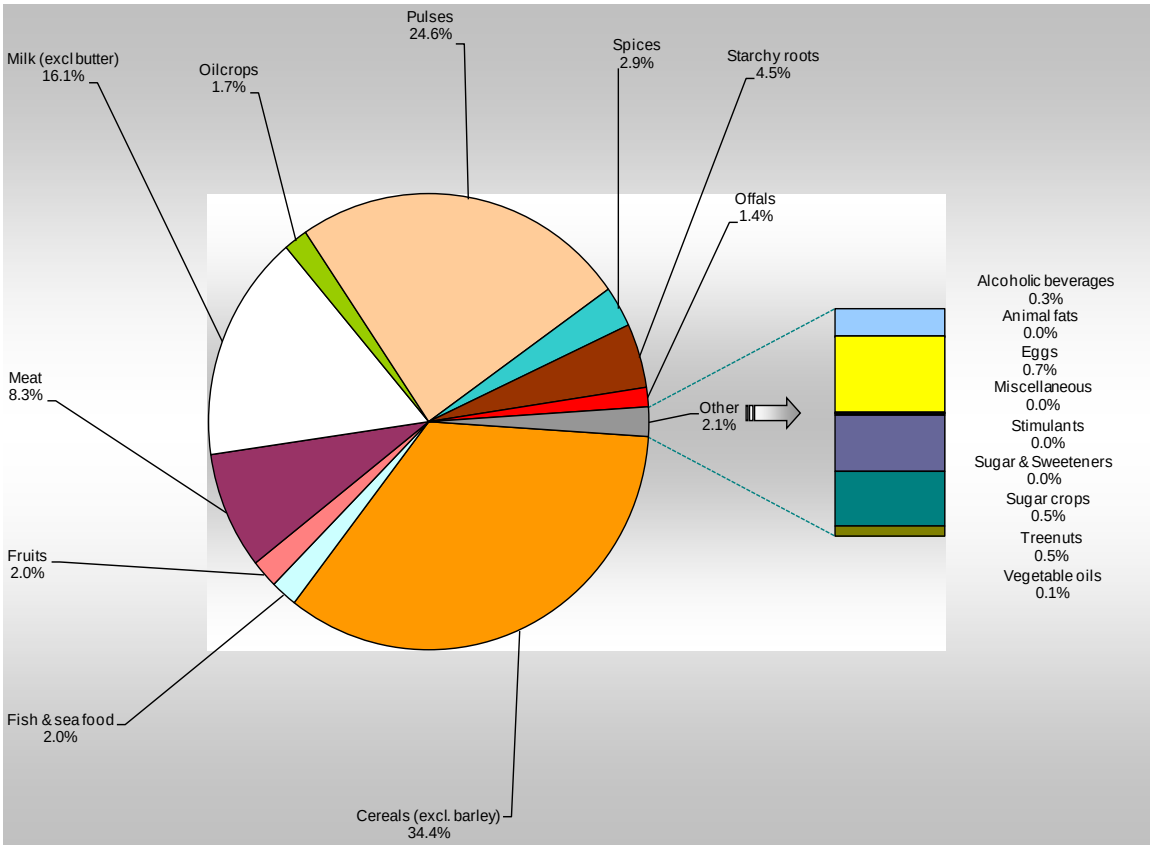


Table 8.24 (a): Food Balance Sheet, 2013

FOOD BALANCE SHEET 2013 — Population ('000) : 41,793

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													**2284**	**67**	**46**
Vegetable prod.													**1993**	**48**	**28**
Animal prod.													**291**	**19**	**18**
Cereals (excl. barley)	**4388**	**1444**	**545**	**53**	**6324**	**111**	**80**	**327**	**1260**	**0**	**4547**	**109**	**917**	**22**	**4**
Wheat	486	764	0	15	1235	0	11	30	24	0	1170	28.0	205	6	2
Maize	3501	94	545	2	4138	80	63	165	1195	0	2637	63.1	549	13	2
Rice (Milled Eq.)	98	420	0	5	513	0	0	0	3	0	509	12.2	117	2	0
Barley	77	0	0	15	63	0	2	58	2	0	1	0.0	0	0	0
Rye	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Oats	0	0	0	0	1	0	0	0	0	0	1	0.0	0	0	0
Millet	63	12	0	0	75	6	2	15	9	0	44	1.1	9	0	0
Sorghum	162	91	0	4	249	25	3	58	28	0	132	3.2	27	1	0
Cereals, other	0	63	0	11	52	0	0	0	0	0	52	1.2	10	0	0
Starchy roots	**4357**	**2**	**0**	**3**	**4355**	**0**	**104**	**3**	**357**	**0**	**3891**	**93.1**	**226**	**3**	**0**
Cassava	1112	1	0	0	1113	0	0	1	33	0	1079	25.8	76	1	0
Potatoes	2065	0	0	3	2062	0	104	2	206	0	1749	41.9	82	2	0
Sweet Potatoes	1150	0	0	0	1150	0	0	0	115	0	1035	24.8	67	0	0
Yams	10	0	0	0	10	0	0	0	1	0	10	0.2	1	0	0
Roots, other	19	0	0	0	19	0	0	0	2	0	17	0.4	1	0	0
Sugar crops	**6671**	**0**	**0**	**0**	**6671**	**0**	**0**	**4150**	**0**	**0**	**2521**	**60.3**	**46**	**0**	**0**
Sugar cane	6671	0	0	0	6671	0	0	4150	0	0	2521	60.3	46	0	0
Sugar beet	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Sugar & Sweeteners	**572**	**179**	**-20**	**19**	**712**	**0**	**0**	**34**	**0**	**0**	**678**	**16.2**	**158**	**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	15.6	152	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	0.5	4	0	0
Pulses	**807**	**7**	**433**	**1**	**1246**	**0**	**10**	**0**	**122**	**0**	**1111**	**26.6**	**249**	**16**	**1**
Beans	549	1	35	0	585	0	0	0	85	0	480	11.5	107	7	1
Peas	0	5	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Pulses, other	258	1	398	1	656	0	10	0	37	0	626	15.0	141	9	1
Treenuts	**33**	**0**	**0**	**6**	**27**	**0**	**0**	**0**	**1**	**0**	**23**	**0.6**	**4**	**0**	**0**
Oilcrops	**179**	**8**	**0**	**6**	**181**	**10**	**2**	**82**	**8**	**0**	**80**	**1.9**	**24**	**1**	**2**
Soybeans	0	0	0	0	0	0	0	0	0	0	1	0.0	0	0	0
Groundnuts	66	1	0	0	67	0	1	0	3	0	63	1.5	23	1	2
Sunflowerseed	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rape & Mustard seed	0	0	0	0	0	0	0	0	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)	64	0	0	0	64	10	0	34	4	0	16	0.4	2	0	0
Sesame seed	0	4	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Palm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Olive	0	0	0	0	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**	**536**	**0**	**80**	**491**	**0**	**0**	**0**	**0**	**258**	**232**	**5.6**	**134**	**0**	**15**
Soybean oil	0	5	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Groundnut oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Sunflower seed oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rape and mustard oil	0	0	0	0	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	515	0	73	442	0	0	0	0	256	186	4.5	107	0	12
Copra oil	6	12	0	1	17	0	0	0	0	0	17	0.4	10	0	1
Sesame seed oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Olive oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rice bran oil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maize germ oil	14	1	0	0	14	0	0	0	0	0	14	0.3	8	0	1
Oilcrops oil, other	14	1	0	0	15	0	0	0	0	3	12	0.3	7	0	1
Vegetables	**2214**	**114**	**0**	**222**	**2106**	**0**	**0**	**0**	**121**	**0**	**2586**	**61.9**	**39**	**2**	**0**
Tomatoes	494	6	0	0	500	0	0	0	50	0	450	10.8	6	0	0
Onions	68	0	0	0	68	0	0	0	7	0	61	1.5	2	0	0
Vegetables, other	1652	108	0	221	1538	0	0	0	64	0	2074	49.6	32	2	0
Fruits	**3530**	**34**	**0**	**311**	**3252**	**0**	**0**	**6**	**369**	**0**	**3054**	**73.1**	**118**	**1**	**2**
Oranges & mandarins	100	2	0	0	101	0	0	0	10	0	91	2.2	2	0	0
Lemons & limes	26	0	0	0	26	0	0	0	0	0	26	0.6	0	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	2.9	2	0	0
Bananas	1375	0	0	0	1375	0	0	0	206	0	1168	28.0	46	1	0
Plantains	600	0	0	0	600	0	0	6	60	0	534	12.8	31	0	0
Apples (excl. cider)	0	4	0	0	4	0	0	0	0	0	4	0.1	0	0	0
Pineapples	121	0	0	204	-84	0	0	0	12	0	80	1.9	2	0	0
Dates	1	1	0	0	2	0	0	0	0	0	2	0.0	0	0	0
Grapes (excl. wine)	0	2	0	0	2	0	0	0	0	0	2	0.1	0	0	0
Fruit, other	1160	25	0	106	1079	0	0	0	67	0	1013	24.2	34	0	1
Stimulants	**472**	**16**	**5**	**507**	**-13**	**0**	**0**	**0**	**0**	**0**	**2**	**0.0**	**0**	**0**	**0**
Coffee	40	1	5	58	-12	0	0	0	0	0	0	0.0	0	0	0
Cocoa Beans	0	2	0	1	2	0	0	0	0	0	2	0.0	0	0	0
Tea	432	13	0	449	-3	0	0	0	0	0	0	0.0	0	0	0

FOOD BALANCE SHEET 2013

Population ('000) : 41,793

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	256	2	0	3	256	0	0	0	0	0	255	6.1	56	2	3
Pepper	0	0	0	0	0	0	0	0	0	0	0	0.0	0	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	250	2	0	2	250	0	0	0	0	0	250	6.0	55	2	3
Alcoholic beverages	603	7	0	2	608	0	0	0	0	0	607	14.5	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	5.1	6	0	0
Beverages, fermented	367	0	0	0	367	0	0	0	0	0	367	8.8	10	0	0
Beverages, alcoholic	26	1	0	1	26	0	0	0	0	0	26	0.6	5	0	0
Alcohol, non food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meat	477	0	0	6	471	0	0	0	0	0	575	13.7	71	5	6
Bovine meat	407	0	0	2	406	0	0	0	0	0	406	9.7	50	4	5
Mutton & goat meat	0	0	0	3	-3	0	0	0	0	0	83	2.0	9	1	1
Pig meat	0	0	0	2	-2	0	0	0	0	0	17	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	46	0	0	0	46	0	0	0	0	0	46	1.1	5	0	0
Offals	76	0	0	0	76	0	0	0	0	0	76	1.8	5	1	0
Animal fats	18	4	0	1	21	0	0	13	0	3	5	0.1	3	0	0
Butter, ghee	3	0	0	0	2	0	0	0	0	0	2	0.1	1	0	0
Cream	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Fats, animal, raw	16	4	0	0	19	0	0	13	0	3	3	0.1	2	0	0
Fish, body oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Fish, liver oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Milk (excl butter)	4187	25	0	12	4201	17	0	2	340	0	4713	112.8	198	11	11
Eggs	82	0	0	0	82	0	5	0	12	0	65	1.5	5	0	0
Fish & sea food	169	39	0	25	183	0	0	0	0	0	186	4.5	8	1	0
Freshwater fish	153	14	0	9	158	0	0	0	0	0	155	3.7	7	1	0
Demersal fish	4	0	0	10	-5	0	0	0	0	0	0	0.0	0	0	0
Pelagic fish	3	22	0	3	22	0	0	0	0	0	21	0.5	1	0	0
Marine fish, other	8	2	0	1	9	0	0	0	0	0	9	0.2	0	0	0
Crustaceans	1	1	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
Cephalopods	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Aquatic products, other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aquatic mammals meat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aquatic animals, other	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Aquatic plants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	18	7	2	14	13	0	0	7	0	3	3	0	1	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	1	0	0

Table 8.24 (b): Food Balance Sheet, 2012

FOOD BALANCE SHEET 2012 — Population ('000) : 40,652

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													**2447**	**74**	**47**
Vegetable prod.													**2148**	**55**	**29**
Animal prod.													**299**	**19**	**18**
Cereals (excl. beer)	**4420**	**1983**	**545**	**66**	**6882**	**112**	**87**	**589**	**1333**	**0**	**4810**	**118**	**988**	**24**	**5**
Wheat	442	1123	0	18	1546	0	12	51	30	0	1453	35.7	259	7	3
Maize	3573	325	545	1	4442	80	68	422	1261	0	2637	64.9	565	13	2
Rice (Milled Eq.)	98	402	0	7	493	0	0	1	4	0	488	12.0	117	2	0
Barley	64	0	0	18	47	0	2	42	1	0	1	0.0	0	0	0
Rye	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Oats	0	0	0	0	1	0	0	0	0	0	0	0.0	0	0	0
Millet	72	12	0	0	84	8	2	20	11	0	60	1.5	12	0	0
Sorghum	171	57	0	11	217	23	3	52	26	0	118	2.9	25	1	0
Cereals, other	0	63	0	11	52	0	0	0	0	0	52	1.3	10	0	0
Starchy roots	**2816**	**4**	**0**	**1**	**2819**	**0**	**104**	**6**	**628**	**0**	**6181**	**152.0**	**324**	**6**	**0**
Cassava	906	1	0	0	907	0	0	0	27	0	879	21.6	64	1	0
Potatoes	1500	3	0	1	1502	0	104	6	560	0	4932	121.3	236	5	0
Sweet Potatoes	384	0	0	0	383	0	0	0	38	0	345	8.5	23	0	0
Yams	8	0	0	0	8	0	0	0	0	0	8	0.2	1	0	0
Roots, other	19	0	0	0	19	0	0	0	2	0	17	0.4	1	0	0
Sugar crops	**5823**	**0**	**0**	**0**	**5823**	**0**	**0**	**4150**	**0**	**0**	**1673**	**41.1**	**32**	**0**	**0**
Sugar cane	5823	0	0	0	5823	0	0	4150	0	0	1673	41.1	32	0	0
Sugar beet	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Sugar & Sweeteners	**572**	**179**	**-20**	**19**	**712**	**0**	**0**	**34**	**0**	**0**	**678**	**16.7**	**162**	**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	16.0	157	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	0.5	5	0	0
Pulses	**896**	**7**	**433**	**1**	**1334**	**0**	**11**	**0**	**143**	**0**	**1247**	**30.7**	**288**	**19**	**1**
Beans	612	1	35	0	648	0	0	0	105	0	593	14.6	136	9	1
Peas	0	5	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Pulses, other	284	1	398	1	681	0	11	0	38	0	649	16.0	150	10	1
Treenuts	**22**	**0**	**0**	**6**	**16**	**0**	**0**	**0**	**0**	**0**	**13**	**0.3**	**3**	**0**	**0**
Oilcrops	**179**	**8**	**0**	**6**	**181**	**10**	**3**	**82**	**8**	**0**	**79**	**1.9**	**26**	**1**	**2**
Soybeans	0	0	0	0	0	0	0	0	0	0	1	0.0	0	0	0
Groundnuts	69	1	0	0	70	0	1	0	3	0	66	1.6	24	1	2
Sunflowerseed	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rape & Mustard seed	0	0	0	0	0	0	0	0	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
Palm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Olive	0	0	0	0	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**	**536**	**0**	**80**	**491**	**0**	**0**	**0**	**0**	**258**	**232**	**5.7**	**137**	**0**	**15**
Soybean oil	0	5	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Groundnut oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Sunflower seed oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rape and mustard oil	0	0	0	0	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	515	0	73	442	0	0	0	0	256	186	4.6	110	0	12
Copra oil	6	12	0	1	17	0	0	0	0	0	17	0.4	10	0	1
Sesame seed oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Olive oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rice bran oil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maize germ oil	14	1	0	0	14	0	0	0	0	0	14	0.3	8	0	1
Oilcrops oil, other	14	1	0	0	15	0	0	0	0	3	12	0.3	7	0	1
Vegetables	**1397**	**113**	**0**	**221**	**1289**	**0**	**0**	**0**	**104**	**0**	**1785**	**43.9**	**27**	**1**	**0**
Tomatoes	330	5	0	0	335	0	0	0	33	0	302	7.4	4	0	0
Onions	68	0	0	0	68	0	0	0	7	0	61	1.5	2	0	0
Vegetables, other	999	108	0	221	886	0	0	0	64	0	1422	35.0	22	1	0
Fruits	**2479**	**34**	**0**	**333**	**2180**	**0**	**0**	**6**	**260**	**0**	**1914**	**47.1**	**81**	**1**	**1**
Oranges & mandarins	26	2	0	0	28	0	0	0	3	0	25	0.6	0	0	0
Lemons & limes	0	0	0	0	0	0	0	0	0	0	0	0.0	0	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	3.0	2	0	0
Bananas	600	0	0	0	600	0	0	0	90	0	510	12.5	21	0	0
Plantains	600	0	0	0	600	0	0	6	60	0	534	13.1	32	0	0
Apples (excl. cider)	2	4	0	0	6	0	0	0	0	0	6	0.1	0	0	0
Pineapples	600	0	0	226	374	0	0	0	60	0	314	7.7	11	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	501	25	0	106	420	0	0	0	34	0	387	9.5	14	0	1
Stimulants	**418**	**12**	**5**	**438**	**-2**	**0**	**0**	**0**	**0**	**0**	**2**	**0.0**	**0**	**0**	**0**
Coffee	49	1	5	58	-3	0	0	0	0	0	0	0.0	0	0	0
Cocoa Beans	0	2	0	1	2	0	0	0	0	0	2	0.0	0	0	0
Tea	369	9	0	379	-1	0	0	0	0	0	0	0.0	0	0	0

FOOD BALANCE SHEET 2012

Population ('000) : 40,652

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	**256**	**2**	**0**	**3**	**256**	**0**	**0**	**0**	**0**	**0**	**255**	**6.3**	**58**	**2**	**3**
Pepper	0	0	0	0	0	0	0	0	0	0	0	0.0	0	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	250	2	0	2	250	0	0	0	0	0	250	6.2	57	2	3
Alcoholic beverages	**596**	**7**	**0**	**2**	**601**	**0**	**0**	**0**	**0**	**0**	**601**	**14.8**	**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	5.2	6	0	0
Beverages, fermented	362	0	0	0	362	0	0	0	0	0	362	8.9	10	0	0
Beverages, alcoholic	24	1	0	1	25	0	0	0	0	0	25	0.6	5	0	0
Alcohol, non food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meat	**468**	**1**	**0**	**11**	**457**	**0**	**0**	**0**	**0**	**0**	**533**	**13.1**	**68**	**5**	**6**
Bovine meat	411	0	0	1	410	0	0	0	0	0	410	10.1	52	4	5
Mutton & goat meat	0	0	0	2	-2	0	0	0	0	0	61	1.5	7	1	0
Pig meat	0	0	0	2	-1	0	0	0	0	0	12	0.3	4	0	0
Poultry meat	22	0	0	6	15	0	0	0	0	0	15	0.4	1	0	0
Other meat	36	0	0	0	36	0	0	0	0	0	36	0.9	3	0	0
Offals	**76**	**0**	**0**	**0**	**76**	**0**	**0**	**0**	**0**	**0**	**76**	**1.9**	**5**	**1**	**0**
Animal fats	**19**	**4**	**0**	**1**	**22**	**0**	**0**	**13**	**0**	**3**	**5**	**0.1**	**3**	**0**	**0**
Butter, ghee	3	0	0	0	2	0	0	0	0	0	2	0.1	1	0	0
Cream	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Fats, animal, raw	16	4	0	0	19	0	0	13	0	3	3	0.1	2	0	0
Fish, body oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Fish, liver oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Milk (excl butter)	**4928**	**24**	**0**	**10**	**4941**	**17**	**0**	**2**	**292**	**0**	**4935**	**121.4**	**209**	**11**	**11**
Eggs	**96**	**0**	**0**	**0**	**96**	**0**	**5**	**0**	**14**	**0**	**77**	**1.9**	**6**	**1**	**1**
Fish & sea food	**158**	**42**	**0**	**42**	**158**	**0**	**0**	**0**	**0**	**0**	**161**	**4.0**	**7**	**1**	**0**
Freshwater fish	138	18	0	26	129	0	0	0	0	0	129	3.2	6	1	0
Demersal fish	9	0	0	10	-1	0	0	0	0	0	1	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	8	2	0	1	9	0	0	0	0	0	9	0.2	0	0	0
Crustaceans	1	1	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
Cephalopods	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Aquatic products, other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aquatic mammals meat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aquatic animals, other	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Aquatic plants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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

Chapter 9

Environment and Natural Resources

Overview

In 2013, the Government continued to review and enforce policy measures that govern exploitation, management and conservation of the environment and natural resources with a view of ensuring sustainable development. The policies under review included the National Environment Management and Coordination Act of 1999, Water Act 2002, and Mineral and Mining Exploration policy.

9.2. The total development expenditure on water supplies and related services is expected to more than double from KSh 20.5 billion in 2012/13 to KSh 44.5 billion in 2013/14 financial year. Total fish output improved by 5.1 per cent to 161.8 thousand metric tonnes in 2013. Total forest plantation area increased by 2,200 hectares from 127.1 thousand hectares in 2012 to 129.3 thousand hectares in 2013. The value of mineral output, however, declined by 4.7 per cent to KSh 19.7 billion in 2013. Harsh climatic conditions and poaching of endangered species resulted in a decline of most wildlife species, during the review period.

Water Supply

9.3. During the period under review, the Ministry of Environment, Water and Natural Resources (MEWNR), undertook programmes aimed at improving supply, management and conservation of water resources in the country. The completion of new water projects, rehabilitation and expansion of existing water supplies is expected to enhance accessibility to improved water sources. As shown in Table 9.1, the Ministry supported water projects by drilling boreholes and maintaining modest Water Purification Points (WPP) across the country. A total of 18 WPPs were constructed, increasing the total number to 236 Points in 2013/14. During 2013/14, a total of 74 boreholes are expected to be drilled compared to 99 boreholes drilled in 2012/13, a decline of 25.3 per cent.

Table 9.1: Water Purification Points and Boreholes Drilled, 2009/10- 2013/14

Number

	2009/10	2010/11	2011/12	2012/13	2013/14*
Water Purification Points (WPP)	198	208	209	218	236
Borehole (BH)[1]	97	95	86	99	74

Source: State Department of Water

* Provisional

[1] Boreholes drilled by Government

9.4. Table 9.2 presents the development expenditure on water supplies and related services over the period 2009/10 to 2013/14. The total development expenditure is expected to more than double from KSh 20.5 billion in 2012/13 to KSh 44.5 billion in 2013/14. The increase in expenditure in 2013/14 is attributed to Government efforts to rehabilitate and expand existing water supply schemes, as well as a substantial increase in budgetary allocation to the National Irrigation Board (NIB). The increased allocation to NIB is in tandem with the Government policy of increasing the area under irrigation across the country to enhance food security.

Table 9.2: Development Expenditure on Water Supplies and Related Services, 2009/10 - 2013/14

KSh Million

Item	2009/10	2010/11	2011/12	2012/13+	2013/14*
Water Development	13,822.0	21,756.5	18,665.0	11,713.9	21,485.1
Training of Water Development Staff	33.0	26.4	70.0	314.9	287.0
Rural Water Supplies	1,044.8	1,308.7	1,829.1	393.8	2,786.5
Miscellaneous and Special Water Programmes	216.0	206.0	650.2	2,080.4	617.7
National Water Conservation and Pipeline Corporation	4,034.2	4,677.0	3,990.2	5,226.4	5,263.5
Irrigation Development	487.2	761.9	542.2	90.6	1,320.2
National Irrigation Board	2,626.7	2,358.7	764.5	671.4	12,726.0
TOTAL	**22,263.9**	**31,095.2**	**26,511.2**	**20,491.4**	**44,486.0**

Source: State Department of Water

+ Revised Estimates

* Provisional

9.5. Expenditure on Water Development by the Water Service Boards (WSB) is expected to nearly double from KSh 11.7 billion in 2012/13 to KSh 21.5 billion in 2013/14. Increases in expenditure are also expected for Rural Water Supplies and Irrigation Development. Marginal growth in expenditure is expected in National Water Conservation and Pipeline Corporation.

Fisheries

9.6. The State Department of Fisheries is responsible for sustainable exploitation of fisheries as a major source of food and income. Details of quantity and value of fish landed are shown in Table 9.3. During the year under review, total fish output improved by 5.1 per cent to 161.8 thousand metric tonnes. This was supported by fish output from fresh water sources that rose by 5.2 per cent from 145.2 thousand metric tonnes in 2012 to 152.7 thousand metric tonnes in 2013, to account for 94.4 per cent of the total fish output. The increase was mainly as a result of more catches from Lake Victoria and fish farming. Although Lake Victoria has consistently remained the leading source of fresh water fish catch, its share in total output declined from 77.3 per cent in 2012 to 75.9 per cent in 2013. However, the share of fish farming increased from 14.0 per cent in 2012 to 14.5 per cent in 2013 as a result of increase in area of farmed fish in the high aquaculture potential areas. There was an increase in fish catch in all other fresh water fishing areas with the exception of Lake Jipe. Fish output from marine sources rose by 3.1 per cent from 8,865 metric tonnes in 2012 to 9,138 metric tonnes in 2013. The relatively low share of production from marine sources may be attributed to the high cost of acquiring equipment necessary for deep sea fishing.

Table 9.3: Quantity and Value of Fish Landed, 2009 -2013

	2009	2010	2011	2012	2013*
Quantities - Tonnes:					
Freshwater fish					
Lake Victoria	108,934	111,868	111,619	118,992	122,835
Lake Turkana	9,445	6,430	7,250	3,001	4,312
Lake Naivasha	688	209	217	143	249
Lake Baringo	191	53	158	251	262
Lake Jipe	109	103	106	112	103
Tana River dams	584	583	943	967	993
Fish Farming	4,895	12,153	19,265	21,487	23,501
Other areas	828	946	916	197	456
SUB-TOTAL	**125,674**	**132,345**	**140,474**	**145,150**	**152,711**
Marine Sources					
Marine fish	7,024	7,283	7,422	7,477	7,667
Crustaceans	407	519	549	739	799
Molluscs	495	604	601	649	672
SUB-TOTAL	7,926	8,406	8,572	8,865	9,138
GRAND TOTAL	**133,600**	**140,751**	**149,046**	**154,015**	**161,849**
Value - KSh Million					
Freshwater fish	10,718.0	12,274.0	15,831.0	16,866.8	19,583.1
Marine fish	541.0	557.0	630.0	877.6	921.4
Crustaceans	147.0	127.0	156.0	233.3	286.5
Molluscs	49.0	44.0	61.0	96.3	90.3
TOTAL	**11,455.0**	**13,002.0**	**16,678.0**	**18,074.0**	**20,881.3**

Source: State Department of Fisheries

* Provisional

9.7. The total value of fish output has maintained a steady growth over the last five years. During the review period, the value of fish increased by 15.5 per cent from KSh 18.1 billion in 2012 to KSh 20.9 billion in 2013, with freshwater fish accounting for 93.8 per cent of the total earnings. The growth in value may be attributed to the rise in the domestic market fish price occasioned by high demand for freshwater fish.

Forestry

9.8. Increasing forest cover to acceptable level and rehabilitation of degraded areas in the country remains a major challenge for the Government. Consequently, the Kenya Forest Service (KFS), in discharge of their mandate, continued to sustainably manage forest resources. Major achievements included enhanced participatory forest management and relocation of illegal settlers from Mau, Embobut and Kieni forests.

9.9. The area under forest plantation continued to rise steadily in the last five years as shown in Table 9.4. Total forest plantation area increased by 2,200 hectares to 129.3 thousand hectares in 2013, on account of improved forest management. During the same period, the area planted increased by 800 hectares from 7,400 hectares in 2012 to 8,200 hectares in 2013. Unfavorable climatic conditions resulted in the loss of 1,200 hectares of forest planted areas. Area clear felled rose by 2,800 hectares to 4.8 thousand hectares in 2013. This may be attributed to the lifting of a ban on harvesting of trees from State forests.

Table 9.4: Government Forest Plantation Stocking, 2009-2013

'000 Ha

Stocking	2009	2010	2011	2012	2013*
Previous Plantation Area[1]	109	113	119	122	127
Area Planted	4	10	8	7	8
Total	**112**	**122**	**127**	**129**	**135**
Area Clear felled	2	3	4	2	5
Planting failures/fire damages	3	1	1	-	1
Total Area	**113**	**119**	**122**	**127**	**129**

Source: Kenya Forest Service

* Provisional

[1] Opening stock at the beginning of the year

9.10. Table 9.5 indicates the recorded sale of forest products from State forests. Sale of softwood timber increased by 29.4 per cent from 721.3 thousand cubic metres in 2012 to 933.7 thousand cubic metres in 2013. Sale of power and telegraphic poles from state forests increased substantially as a result of lifting of the ban on harvesting of trees. Likewise, the sale of fuel-wood and charcoal rose by 39.4 per cent from 45.9 thousand stacked cubic metres in 2012 to 64.0 thousand stacked cubic metres in 2013.

Table 9.5: Recorded Sale of Forest[1] Products, 2009 – 2013

Forest Products	2009	2010	2011	2012	2013*
Timber - '000 true cu. metres-					
Soft wood	347.0	401.2	419.2	721.3	933.7
Hard wood	12.7	19.3	9.5	2.3	0.0
TOTAL	**359.7**	**420.5**	**428.7**	**723.6**	**933.7**
Fuelwood/charcoal (000 stacked cu. Metres)	0.9	60.3	6.6	45.9	64.0
Power &Telegraph Poles (000)	12.2	6.4	0.8	1.8	14.5

Source: Kenya Forest Service

* Provisional.

[1] State forests

Mining

9.11. As shown in Table 9.6, total mineral output expanded by 4.7 per cent from 1,454.8 thousand metric tonnes in 2012 to 1,522.7 thousand metric tonnes in 2013. Soda ash production rose by 4.2 per cent to 468,215 tonnes in 2013 spurred by increased external demand. Production of gemstones in 2013 registered a significant increase, mainly attributed to an increased demand of low grade ruby, sapphire and opals by Sri Lanka, Thailand and India. In 2013, the down turn in the fluorochemical sector continued to tighten margins of fluorspar resulting in a 14.3 per cent decline in production. Similarly, production of carbon dioxide, diatomite and gold declined by 5.1, 39.1 and 41.7 per cent, respectively in 2013.

9.12. The total value of mineral output declined by 28.6 per cent from KSh 27.6 billion in 2012 to KSh 19.7 billion in 2013. This was as a result of reduced production of gold, triggered by price uncertainty in the export markets. Similarly, the value of fluorspar declined on account of low prices in the exports markets of Asia and Europe. Soda ash and gold remained the highest foreign exchange earners in the sector, collectively accounting for 82.8 per cent of the total earnings in 2013. There was a slow increase in value of gemstones compared with the increase recorded in the quantity produced owing to the fact that low grade gemstones attract low unit price compared to faceting material.

Table 9.6: Quantity and Value of Mineral Production, 2009-2013

Mineral	2009	2010	2011	2012	2013*
Quantities - Tonnes:					
Minerals-					
Soda Ash	404,904	473,689	499,052	449,269	468,215
Fluorspar	5,500	40,750	95,051	91,000	78,002
Salt	24,125	6,194	24,639	9,980	8,895
Crushed Refined Soda	948,076	959,160	1,054,236	882,801	947,074
Carbon Dioxide	15,097	16,152	15,197	19,919	18,900
Diatomite	231	224	2,165	1,731	1,054
Gold	1.1	2.4	1.6	3.6	2.1
Gemstones	39.4	167.6	310.1	120.9	563.0
TOTAL	**1,398,587**	**1,496,339**	**1,690,652**	**1,454,825**	**1,522,705**
Value - KSh Million					
Soda Ash	6,085.4	6,980.0	7,354.0	9,388.0	8,865.2
Fluorspar	122.5	789.0	3,984.0	2,942.0	1,783.0
Salt	154.7	35.0	140.3	65.7	58.6
Crushed Refined Soda	484.0	467.0	532.0	589.0	631.9
Carbon Dioxide	333.0	408.0	411.0	503.0	495.6
Diatomite	14.0	9.0	15.0	3.6	2.2
Gold	2,284.0	6,217.0	5,650.8	13,919.7	7,432.6
Gemstones	141.3	226.4	230.9	157.5	411.0
TOTAL	**9,618.9**	**15,131.4**	**18,318.0**	**27,568.5**	**19,680.1**

Source: Department of Mines and Geology

* Provisional

9.13. The average export prices of soda ash and fluorspar declined in 2013 as shown in Table 9.7. Export price per tonne of soda ash declined by 11.3 per cent from KSh 21,194 in 2012 to KSh18, 790 in 2013. The decline may be attributed to stiff competition from cheap synthetic soda ash within Kenya's export markets. Average export price of fluorspar declined substantially by 29.0 per cent from KSh 30,940 per tonne in 2012 to KSh 21,974 per tonne in 2013.

Table 9.7: Average Export Prices of Soda Ash and Fluorspar, 2009 -2013

KSh per tonne

Mineral	2009	2010	2011	2012	2013*
Soda Ash	13,922	14,809	20,890	21,194	18,790
Fluorspar	22,280	19,372	33,688	30,940	21,974

Source: Department of Mines and Geology

* Provisional

Refuse Management

9.14. Management of solid waste reduces or eliminates adverse impacts on the environment and human health and supports economic development and improved quality of life. In line with this, County Governments have intensified efforts of effectively managing waste within their areas of jurisdiction. This is by monitoring, collecting, transporting, processing, recycling and disposal of waste.

9.15. In most urban areas, waste management continues to be an environmental concern. Table 9.8 summarizes approved expenditure on refuse management by Nairobi County. Total expenditure declined by 17.3 per cent from KSh 686.7 million in 2012/13 to KSh 567.9 million in 2013/14. Expenditure on refuse removal declined from KSh 499.3 million in 2012/13 to KSh 380.0 million in 2013/14. The expenditure on cleaning and administration more than doubled to KSh 151.0 million.

Table 9.8: Expenditure on Public Health by the Nairobi City County, 2009/10 -2013/14

KSh Million

Expenditure category	2009/10	2010/11	2011/12	2012/13	2013/14*
Cleaning and Administration	49.7	64.2	67.9	72.1	151.0
Cleaning - General	51.7	121.7	80.0	115.3	36.9
Refuse Removal	356.7	313.9	414.3	499.3	380.0
Total	**458.1**	**499.8**	**562.2**	**686.7**	**567.9**

Source: Nairobi City County

* Provisional

Wildlife

9.16. The country's natural heritage is faced by a myriad of challenges, key among them wildlife management, protection and conservation. As a result, the Government and donor organisations have continuously channeled resources towards the operations of Kenya Wildlife Service (KWS) with the overall objective of increasing the efficiency in wildlife management, protection and conservation. During the review period, the Wildlife Conservation and Management Act 2013 was enacted. The new law imposes stiffer penalties for wildlife related crimes.

9.17. Table 9.9 presents wildlife population numbers derived from aerial sample surveys. The population of wildlife herbivores such as Grant's gazelle, Elephant, Giraffe, Buffalo, Kongoni, Wildebeest, Gerenuk, Eland, Oryx and Thompson's gazelle declined in 2013. This was mainly attributed to flooding in a number of parks within parts of Rift Valley, cross border movements in search of vegetation and poaching of some species like Elephants. However, there was notable increase in the population of animals such as Ostrich, Warthog, Impala and Waterbuck.

Table 9.9: Wildlife Population Estimates in the Kenya Rangelands, 2009 – 2013

'000 Number

Species	2009	2010	2011	2012	2013*
Buffalo	17.8	17.5	16.2	15.2	13.0
Burchell's Zebra	103.4	102.0	101.7	100.0	100.3
Eland	8.5	7.9	7.4	6.8	5.8
Elephant	20.9	22.0	20.5	18.5	16.0
Gerenuk	21.0	20.2	19.8	18.5	16.0
Giraffe	25.4	24.0	23.0	23.1	19.0
Grant's Gazelle	113.3	112.5	112.7	112.0	111.7
Grevy's Zebra	3.8	3.6	3.4	3.1	3.0
H. Hartebeest	0.9	0.9	0.8	0.8	0.7
Impala	63.8	62.6	61.0	60.5	61.8
Kongoni	8.7	8.4	7.8	6.9	5.0
Kudus	11.2	10.5	11.2	11.1	11.0
Oryx	18.8	17.8	16.4	15.2	14.5
Ostrich	28.0	28.0	28.0	28.2	28.5
Thomson's Gazelle	47.5	47.0	46.0	43.5	42.0
Topi	24.0	23.3	21.0	20.0	20.5
Warthog	18.8	18.6	17.0	18.0	18.4
Waterbuck	3.9	4.0	3.0	2.9	3.5
Wildebeest	295.0	294.6	295.0	288.0	276.0

Source: Department of Resource Surveys and Remote Sensing

* Provisional

Environment Impact Assessments

9.18. During the year under review, the National Environment and Management Authority (NEMA) conducted Environment Impact Assessments (EIAs) on the on-going development projects across the country as shown in Table 9.10. There has been a steady increase in the number of EIAs in the sectors of energy, agriculture and forestry, and human settlement

and infrastructure, since 2011. This may be attributed to higher investments in these sectors and compliance with environmental standards and regulations. However, the number of EIAs for transport and communication, tourism, commerce and industry, and water resources sectors has been on a downward trend for the last three years.

Table 9.10: Number of Environment Impact Assessments (EIA) by Sectors, 2011-2013

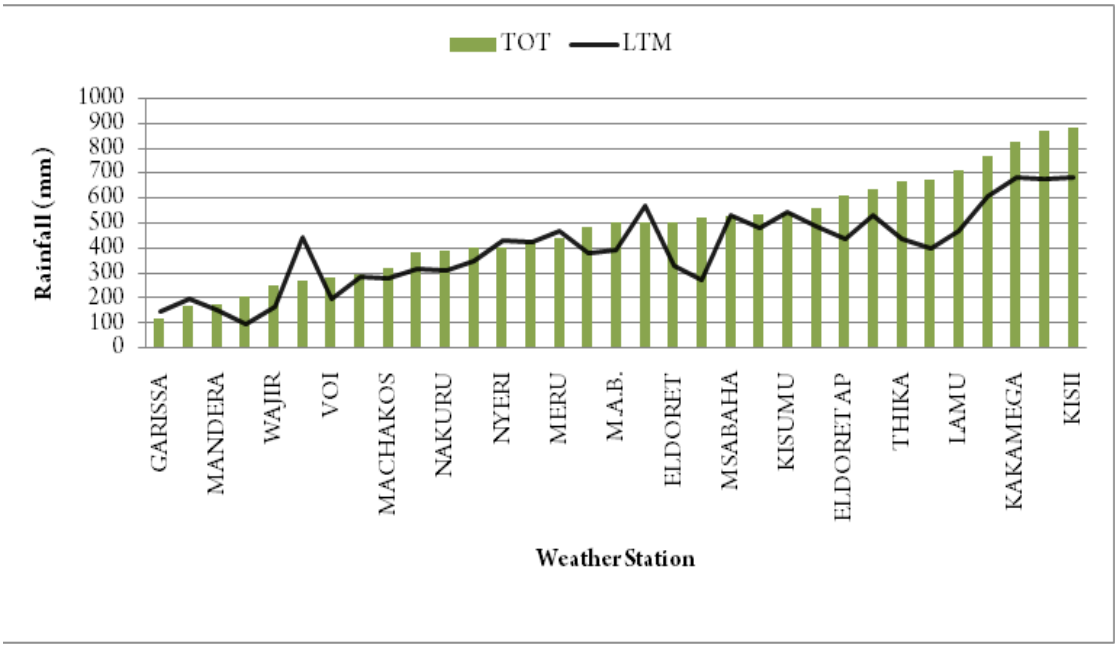
Sector	2011	2012	2013
Transport and Communication	581	293	265
Energy	174	184	190
Tourism	36	22	16
Mining and Quarrying	29	22	27
Human settlements and Infrastructure	338	371	383
Agriculture and Forestry	26	29	40
Commerce and Industry	238	138	98
Water Resources	27	25	14
TOTAL	**1449**	**1084**	**1033**

Source: National Environment Management Authority (NEMA)

Weather Patterns

9.19. During 2013, the onset of long-rains was timely, but poorly distributed and ceased earlier than normal. As shown in Figure 9.1, the stations that received higher rainfall compared to their long term means included Marsabit, Thika, Eldoret, Coastal region, Kisii, Kericho and Kakamega. The persistent heavy rains recorded during March-April-May (MAM) 2013, caused flooding in several parts of the country. The areas affected most included the Coastal regions, Western region and parts of Central Kenya. Flooding in those areas led to loss of lives and property, as well as the destruction of infrastructure. Makindu, Kitale, Nyeri, Embu and Meru stations received lower rainfall compared to their Long Term Means (LTM). The below average precipitation impacted negatively on the planting season in the affected areas

Figure 9.1: Long Rains (March to May) Performance, 2013



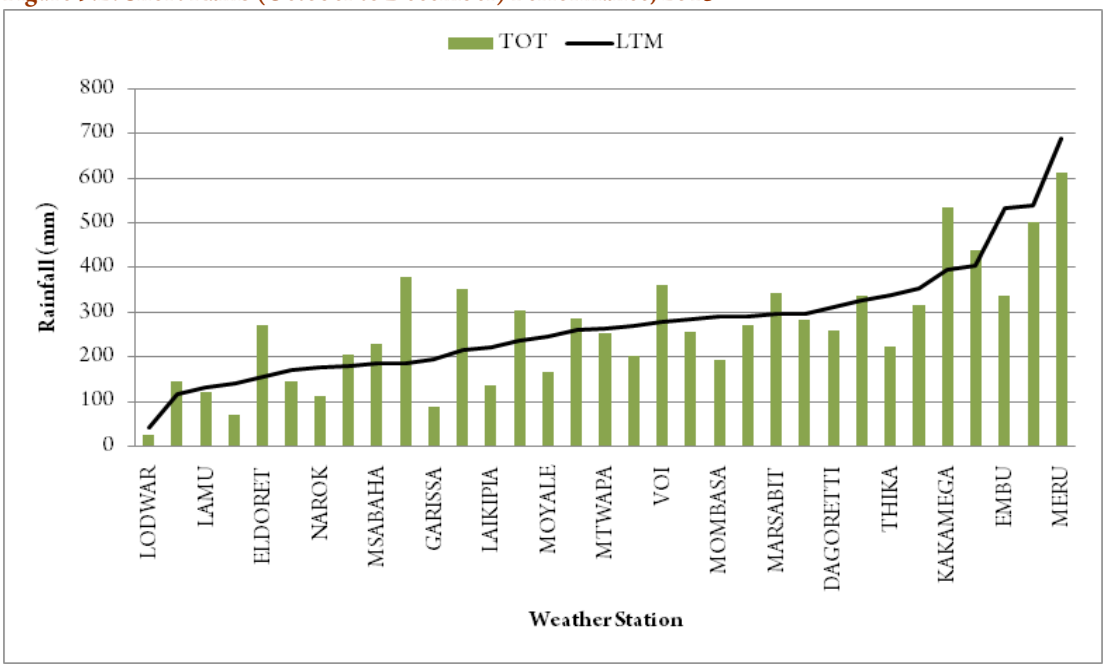
Source: Kenya Meteorological Department
TOT- Total Rainfall
LTM – Long Term Mean

9.20. Despite the negative impact in some regions, the heavy rains provided good crop performance in the central and western highlands as well as central Rift Valley.

This resulted in good pasture and availability of water for livestock in the pastoral areas and other areas in Rift Valley. Furthermore, there was an enhanced water level in the Seven-Forks as well as Turkwel and Sondu Miriu hydroelectric power generation dams.

9.21. The outcome of the short rains of October-November-December (OND) 2013 is presented in Figure 9.2. The onset month of October remained generally dry over most parts of the country, with some improvement during the month of November when substantial amounts of rainfall were recorded in various parts of the country. Heavy storms were, however, observed during the month of December when flash floods claimed a number of lives in Kajiado County. The Stations that received higher rainfall compared to their long term means were Nyahururu, Kitale, Voi, Marsabit and Kakamega. Areas that received lower rainfall compared to their LTM included Wajir, Garissa, Laikipia, Moyale, Thika and Embu. This severely affected pasture and crops in these areas.

Figure 9.2: Short Rains (October to December) Performance, 2013



Source: Kenya Meteorological Department
TOT- Total Rainfall

LTM – Long Term Mean

Recent Developments in Environment and Natural Resources

9.22. In 2013, the National Environment and Management Authority (NEMA) initiated programmes aimed at achieving sound environmental management. In line with this, the National Climate Change Action Plan (NCCAP) was completed and launched. The plan aims at addressing climate change vulnerability by enhancing adaptation and mitigation measures, and encouraging community participation.

9.23. The Kenya Wildlife Service continued to work with local communities in wildlife conservation. In 2013, a Canine Unit was introduced at major airports to detect smuggling of illegal ivory and counter poaching-related threats.

9.24. Titanium mining in Kwale County commenced in the year under review. This was preceded by a long delay since 2006 occasioned by financial constraints and disputes with

local communities/land owners over land compensation. The titanium project, ranked as the country's first large-scale international mining project, is expected to produce an annual average of 330,000 tonnes of ilmenite, about 10.0 per cent of the world's supply. This is in addition to 77,000 tonnes of rutile and 37,000 tonnes of zircon. Once extracted, these minerals will be used mainly in the manufacture of paper, paint and plastics as well as in the ceramics industry.

9.25. The United Nations Framework on Climate Change (UNFCC) approved a new global treaty to fight global warming in a conference held in November 2013 in Warsaw, Poland. Other key decisions adopted at the conference include advancing the Durban Platform, the Green Climate Fund, and the long-term finance of environmental projects.

Chapter 10

Energy

Overview

In the global market, there was reduced volatility in prices of crude oil in 2013 compared to the previous two years. The 2013 crude oil prices were influenced by growth in world oil demand, positive economic growth from United States of America (USA) and China, geopolitical tensions in the Middle East and speculation in the commodity markets. Rising oil production in the USA resulted in overall growth in global oil supply. Crude prices for Murban decreased slightly to an average of US Dollars 110.10 per barrel in 2013 from an average of US Dollars 112.97 per barrel the previous year.

10.2. The volume of petroleum products imported into the country declined by 3.5 per cent from 4,142.5 thousand tonnes in 2012 to 3,996.2 thousand tonnes in 2013, while that of domestic petroleum exports decreased to 17.8 thousand tonnes in 2013 from 56.0 thousand tonnes in 2012. During the same period, the total import bill of petroleum products declined by 3.5 per cent to KSh 315,374.2 million while the total value of petroleum products exported, including re-exports, fell by 11.2 per cent. Net domestic sales of petroleum fuels increased from 3,638.0 thousand tonnes to 3,707.9 thousand tonnes in the same period.

10.3. Total installed electricity generating capacity increased from 1,606.1 Mega Watts (MW) in 2012 to 1,717.8 MW in 2013. Similarly, total electricity generation expanded by 7.6 per cent from 7,851.3 Gigawatt hours (GWh) in 2012 to 8,447.9 GWh in 2013. Likewise, domestic demand for electricity increased by 8.0 per cent to 6,928.1 million KWh in 2013.

10.4. The number of customers connected under the Rural Electrification Programme (REP) rose by 18.5 per cent to stand at 453,544 customers as at the end of June 2013, up from 382,631 customers in 2012.

Petroleum

10.5. The quantity and value of imports, and exports of petroleum products for the period 2009 to 2013 are presented in Table 10.1. Quantity of petroleum products imported decreased by 3.5 per cent from 4,142.5 thousand tonnes in 2012 to 3,996.2 thousand tonnes in 2013. However, the quantity of petroleum fuels imports sustained increased for the third consecutive year since 2011. The decline in imports of petroleum products was driven by the 43.1 per cent drop in crude oil imports. Total import bill of petroleum products fell by 3.5 per cent from KSh 326,921.6 million in 2012 to KSh 315,374.2 million in 2013. The decrease in the import bill was attributed to reduced import quantities and lower international fuel prices. The value of crude oil imports declined by 39.7 per cent while that of imported petroleum fuels increased by 4.6 per cent in 2013.

10.6. The quantity of domestic petroleum products exported continued to decline for the second year, contracting by 68.2 per cent to 17.8 thousand tonnes in 2013. This was mainly attributed to increased competition in export market. During the period under review, petroleum fuel exports contracted by 47.0 per cent. Total value of petroleum products exports declined by 63.8 per cent to KSh 1,381.5 million in 2013.

10.7. In the period under review, the volume of re-exports of petroleum products rose slightly to 129.3 thousand tonnes from 126.8 thousand tonnes in 2012. Total value of re-exports increased by 9.9 per cent to KSh 10,503.5 million in 2013. The total value of petroleum products exported, including re-exports declined by 11.2 per cent in 2013 compared to a decrease of 15.1 per cent in 2012. The quantity of re-exports of petroleum fuels more than doubled to 111.1 thousand tonnes in 2013. The net balance of petroleum products declined by 3.2 per cent in 2013 for the second consecutive year.

Table 10.1: Quantity and Value of Imports, Exports and Re-exports of Petroleum Products[1], 2009 – 2013

	Quantity ('000 Tonnes)					Value (KSh Million)				
Year	2009	2010	2011	2012	2013*	2009	2010	2011	2012	2013*
IMPORTS										
Crude Petroleum	1,610.1	1,551.5	1,772.1	997.0	567.4	54,495.4	72,598.0	124,041.6	68,086.0	41,037.4
Petroleum Fuels	2,259.0	2,071.9	2,235.6	2,803.4	2,985.9	96,621.3	119,462.5	196,648.9	237,699.5	248,687.4
Lubricating Oils	17.0	3.0	-	0.07	0.07	588.2	123.4	0.3	5.8	6.7
Lubricating Greases	265.0	218.2	278.0	342.0	442.8	8,487.6	8,596.1	17,058.4	21,130.3	25,642.7
TOTAL	**4,151.1**	**3,844.6**	**4,285.7**	**4,142.5**	**3,996.2**	**160,192.5**	**200,780.0**	**337,749.2**	**326,921.6**	**315,374.2**
DOMESTIC EXPORTS										
Petroleum Fuels	20.7	29.4	32.0	11.7	6.2	1,102.0	1,835.2	2,642.1	1,093.3	646.8
Lubricating Oils	11.0	10.0	35.0	0.6	0.0	370.8	471.1	1,740.9	38.8	0.0
Lubricating Greases	65.7	55.7	58.2	43.7	11.6	2,230.5	2,308.0	3,370.9	2,685.0	734.7
TOTAL...	**97.4**	**95.1**	**125.2**	**56.0**	**17.8**	**3,703.3**	**4,614.3**	**7,753.9**	**3,817.1**	**1,381.5**
RE-EXPORTS										
Petroleum Fuels	35.7	68.4	60.5	55.3	111.1	1,621.0	3,979.3	4,824.9	4,824.9	9,395.2
Lubricating Oils	11.1	1.1	0.1	0.0	0.0	460.7	50.7	2.4	2.4	0.0
Lubricating Greases	66.6	51.8	60.3	71.5	18.2	2,074.3	2,071.6	3,178.7	4,732.8	1,108.3
TOTAL...	**113.4**	**121.3**	**120.9**	**126.8**	**129.3**	**4,156.0**	**6,101.6**	**8,006.0**	**9,560.1**	**10,503.5**
TOTAL EXPORTS... ...	**210.8**	**216.3**	**246.1**	**182.8**	**147.1**	**7,859.3**	**10,715.9**	**15,759.9**	**13,377.2**	**11,885.0**
NET BALANCE...						**152,333.2**	**190,064.1**	**321,989.3**	**313,544.4**	**303,489.2**

Source: Kenya Revenue Authority / Kenya National Bureau of Statistics

*Provisional

[1]Excludes other light and medium petroleum oils, preparations and residual petroleum products.

10.8. Table 10.2 presents the volume of crude oil intake at the Kenya Petroleum Refineries Limited (KPRL). Murban crude oil continued to dominate crude intake at the refinery due to its high yield of white products. However, Murban Crude oil intake declined substantially to 627.0 thousand tonnes in 2013 compared to 998.4 thousand tonnes in 2012. There were no crude oil imports in the second half of the year following the closure of the KPRL, thereby reducing the crude oil intake.

Table 10.2: Crude Oil Intake at the KPRL by Type, 2009- 2013

'000 Tonnes

Crude Intake	A.P.I. Gravity	2009	2010	2011	2012	2013*
Arabian Medium	31.0	84.0	83.9	0.0	0.0	0.0
Murban	39.6	1,545.5	1,495.1	1,736.5	998.4	627.0
Slops[1]	..	(24.4)	23.2	5.7	(6.3)	0.3
TOTAL		**1,605.0**	**1,602.2**	**1,742.2**	**992.1**	**627.3**

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

.. Not available

10.9. Details of finished petroleum products processed by KPRL are presented in Table 10.3. The decline in crude oil intake at the refinery resulted in low output of finished petroleum products. The overall output of finished petroleum products declined from 992.1 thousand tonnes in 2012 to 627.3 thousand tonnes in 2013. Liquefied Petroleum Gas (LPG), Jet fuel, light diesel oil and heavy oil showed a declining trend since 2011. LPG registered a 27.5 per cent drop to record an output of 12.4 thousand tonnes in 2013. The reduced production at KPRL resulted in the refinery usage contracting from 48.0 thousand tonnes in 2012 to 31.3 thousand tonnes in 2013.

Table 10.3: Quantity of Finished Petroleum Products[1], 2009 – 2013

'000 Tonnes

	2009	2010	2011	2012	2013*
OUTPUT					
Liquified Petroleum Gas (LPG)	29.4	29.2	27.6	17.1	12.4
Motor Gasoline Premium (Unleaded)..	109.5	135.1	141.5	111.2	72.1
Motor Gasoline Regular (Unleaded)	47.7	46.3	36.9	5.9	0.0
Illuminating Kerosene and					
Jet/turbo fuel	359.3	349.3	393.3	224.4	139.3
Light diesel oil	371.9	367.3	402.8	223.0	142.9
Heavy and Marine diesel oil	17.8	25.8	26.6	16.4	11.6
Fuel oil	497.9	449.6	520.0	299.5	184.0
Bitumen[2]	0.3	15.9	(5.4)	0.0	0.0
Additives..	78.8	82.3	115.2	46.7	33.7
Refinery usage[3]	92.4	101.4	83.7	48.0	31.3
THROUGHPUT=TOTAL OUTPUT	**1,605.0**	**1,602.2**	**1,742.2**	**992.1**	**627.3**

Source: Kenya Petroleum Refineries Limited.

* Provisional.

[1] Excludes lubricants.

[2] Bitumen is both an input and output

[3] Includes fuel use and losses

10.10. Table 10.4 shows the supply and demand balance for petroleum products for the period 2009 to 2013. Total demand for petroleum products rose marginally to 3,745.4 thousand tonnes in 2013, mainly due to minimal growth in domestic demand. Demand for motor gasoline, aviation spirit and light diesel oil increased by 25.2, 22.2 and 7.7 per cent, respectively, in the period under review. In contrast, demand for LPG, jet/turbo fuel, illuminating kerosene, heavy diesel and fuel oil declined by 0.7, 17.8, 4.2, 10.1 and 15.1 per cent, respectively. Light diesel oil, the main type of fuel sold in the country, accounted for 42.8 per cent of the total domestic demand in 2013 compared to 40.3 per cent in 2012.

Table 10.4: Petroleum Supply and Demand, 2009 – 2013

'000 Tonnes

	2009	2010	2011	2012	2013*
DEMAND -					
Liquefied petroleum gas	74.6	87.8	91.6	93.6	92.9
Motor gasoline (premium and regular	461.7	597.2	562.1	618.5	774.5
Aviation spirit	1.4	2.5	2.8	1.8	2.2
Jet/turbo fuel	570.9	539.6	670.6	671.0	551.3
Illuminating kerosene	332.8	316.0	269.6	309.0	296.1
Light diesel oil	1,416.1	1,517.3	1,461.8	1,486.3	1,601.2
Heavy diesel oil	23.9	25.0	27.6	20.8	18.7
Fuel oil	729.4	680.3	771.8	437.0	371.0
TOTAL	**3,610.8**	**3,765.7**	**3,857.9**	**3,638.0**	**3,707.9**
Refinery usage	92.4	101.4	83.7	48.0	31.3
TOTAL DOMESTIC DEMAND	**3,703.2**	**3,867.1**	**3,941.6**	**3,686.0**	**3,739.2**
Exports of petroleum fuels	20.7	29.4	32.1	11.7	6.2
TOTAL DEMAND	**3,723.9**	**3,896.5**	**3,973.7**	**3,697.7**	**3,745.4**
SUPPLY -					
Imports:					
Crude oil	1,610.1	1,551.5	1,772.1	997.0	567.4
Petroleum fuels	2,259.0	2,071.9	2,235.6	2,803.4	2985.9
TOTAL	3,869.1	3,623.4	4,007.7	3,800.4	3,553.3
Adjustment[1]	(145.2)	273.1	(34.0)	(102.7)	192.1
TOTAL SUPPLY	**3,723.9**	**3,896.5**	**3,973.7**	**3,697.7**	**3,745.4**

Source: Ministry of Energy and Petroleum, Kenya Revenue Authority, and Kenya Petroluem Refinery Ltd.

* Provisional.

[1]Adjustment for inventory changes and losses in production.

10.11. Domestic sales of petroleum fuels by consumer category for the last five years are shown in Table 10.5 and Figure 10.1. Total sales increased marginally to 3,707.9 thousand tonnes in 2013 from 3,638.0 thousand tonnes in 2012. During the period under review, agriculture, retail pump outlets and road transport, and rail transport increased by 26.7, 13.8 and 22.4 per cent, respectively. Fuel consumption in the Marine category almost doubled during the review period. The transport sector (roads and aviation) remained the main consumer of petroleum fuels, jointly accounting for 84.3 per cent of sales in 2013, up from 79.7 per cent in 2012. Consumption by government registered a decline of 42.9 per cent in 2013 to 7.2 thousand tonnes. However, fuel consumption within the electricity power generation category reduced by nearly half to 64.1 thousand tonnes over the same period.

Table 10.5: Net Domestic Sale of Petroleum Fuels by Consumer Category, 2009–2013

'000 Tonnes

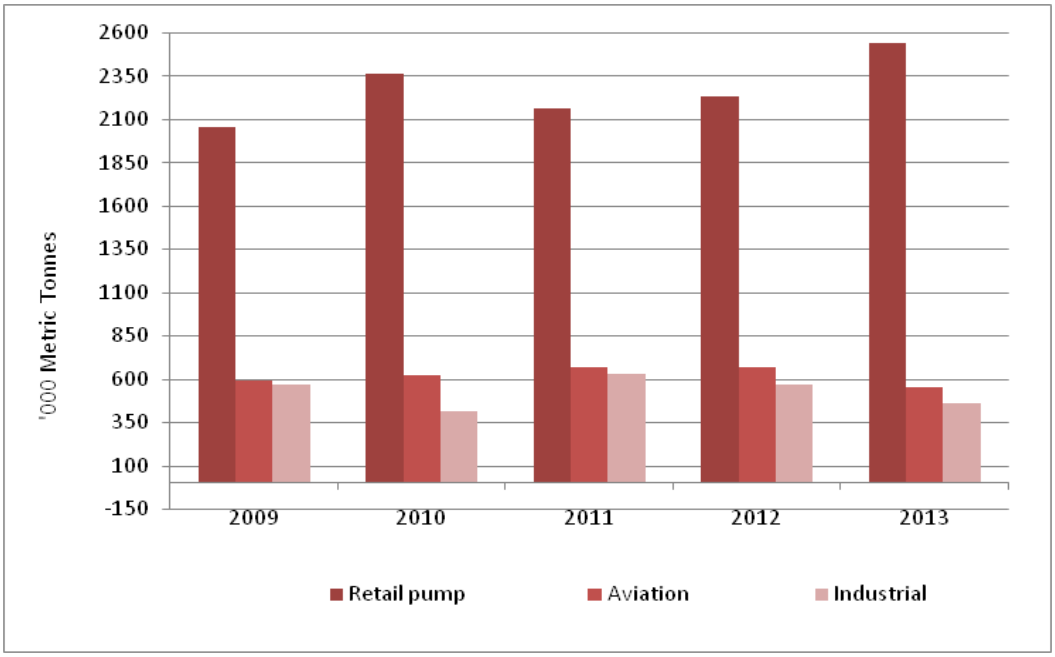
User	2009	2010	2011	2012	2013*
Agriculture	26.3	33.9	30.4	22.5	28.5
Retail pump outlets and road transport	2,054.5	2,362.5	2,159.5	2,234.7	2,573.7
Rail transport	8.5	0.2	7.3	11.6	14.2
Tourism[1]	8.3	7.4	7.7	6.2	5.5
Marine (excl. Naval Forces)	7.3	16.1	26.8	13.1	25.4
Aviation (excl. Government)	592.4	625.1	665.7	665.5	552.4
Power Generation	372.2	300.3	328.7	118.7	64.1
Industrial, Commercial and Other	570.0	414.6	632.5	566.1	462.3
Government	18.9	15.8	21.0	12.6	7.2
Balancing Item	(47.5)	(10.2)	(21.7)	(13.0)	(25.4)
TOTAL	**3,610.8**	**3,765.7**	**3,857.9**	**3,638.0**	**3,707.9**

Source: Ministry of Energy and Petroleum

*Provisional

[1] Comprises sales to tour operators

Figure 10.1: Sale of Petroleum Fuels by Major Consumer Category, 2009-2013



10.12. Wholesale prices of petroleum products in Mombasa for the month of December are presented in Table 10.6. In 2013, all products recorded a general decline in price in tandem with international crude prices. Wholesale prices of LPG, motor gasoline (premium), illuminating kerosene and light diesel oil decreased by 5.4, 5.9, 1.3 and 8.6 per cent, respectively. Similarly, prices of industrial diesel oil and fuel oil went down by 9.0 per cent and 8.3 per cent, respectively.

Table 10.6: Wholesale Prices[1] of Petroleum Products in Mombasa, 2009 – 2013

KSh per Tonne

PRODUCT	Dec. 2009	Dec. 2010	Dec. 2011	Dec. 2012	Dec. 2013
Liquefied petroleum gas	68,983	94,114	131,420	130,910	123,803
Motor gasoline (Premium)	100,989	107,794	112,000	106,866	100,529
Illuminating kerosene	64,668	73,193	84,000	78,516	77,496
Light diesel oil	74,340	86,106	105,000	99,060	90,529
Industrial diesel oil	69,059	69,148	86,501	81,608	74,238
Fuel oil	47,841	48,711	68,050	70,838	64,950

Source: National Oil Corporation

[1]Including duties and VAT.

10.13. Table 10.7 presents Murban crude oil prices in the international market for the period 2009 to 2013. Average International prices for Murban crude oil registered a decline in 2013 compared to an increase recorded the previous year. The average price for Murban crude oil decreased by 2.5 per cent from US Dollars 112.97 per barrel in 2012 to US Dollars 110.10 per barrel in 2013. The highest international crude oil price was recorded in February, while the lowest was recorded in June during the year under review, as depicted in Figure 10.2.

Table 10.7: Murban ADNOC Prices[1], 2009 – 2013

US$/BBL

Month/Year	2009	2010	2011	2012	2013*
January	48.85	77.50	95.55	114.20	112.05
February	44.95	74.20	103.60	120.45	115.40
March	47.55	78.30	112.55	127.00	109.95
April	45.85	84.80	120.70	121.20	105.65
May	60.15	77.85	113.60	110.60	103.65
June	71.65	74.80	112.15	97.35	103.00
July	66.95	73.00	113.95	101.75	106.85
August	72.75	74.60	109.05	111.65	111.70
September	69.10	75.90	110.90	115.40	114.50
October	69.25	81.50	108.95	113.20	112.45
November	78.60	85.65	114.35	112.10	112.20
December	76.10	91.85	111.80	110.75	113.85
Annual average	**62.65**	**79.16**	**110.60**	**112.97**	**110.10**

Source : Ministry of Energy and Petroleum

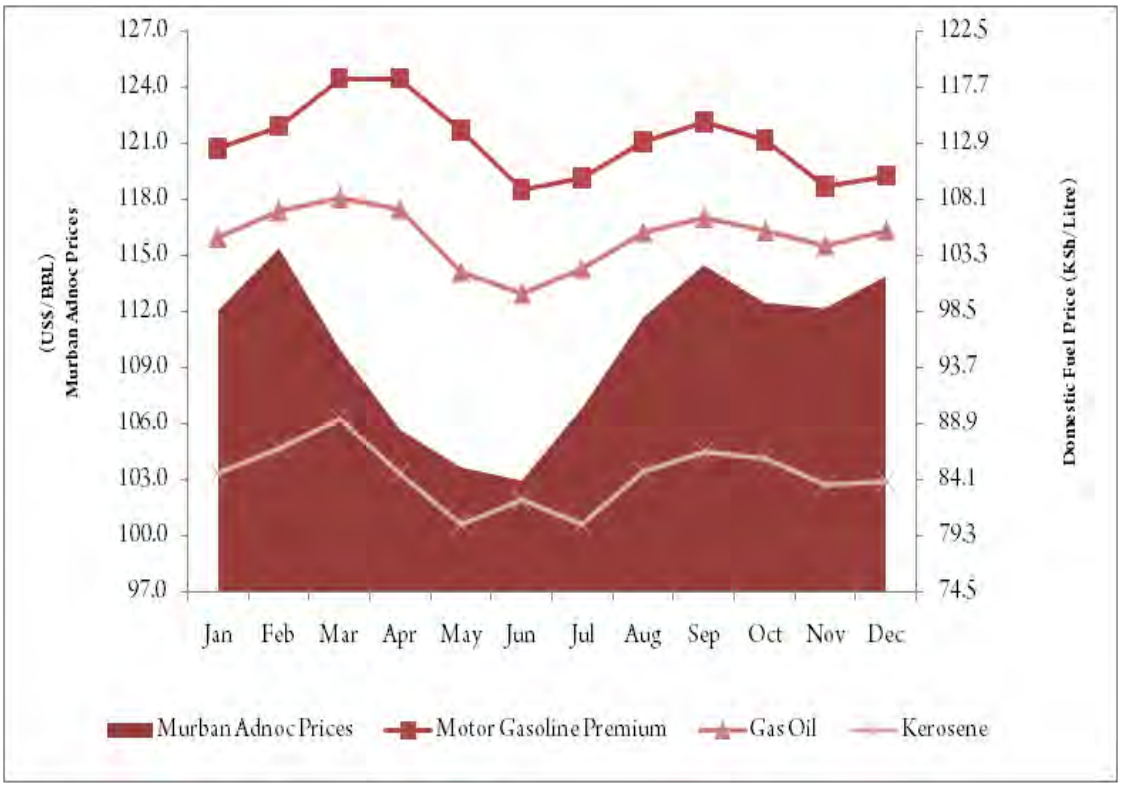
* Provisional

[1] Abu Dhabi free on board (fob) Prices

ADNOC : Abu Dhabi National Oil Company

US$/BBL: US Dollars per Barrel

Figure 10.2: International Crude Oil Prices and Domestic Fuel Prices, 2013



10.14. Details of average retail prices of selected petroleum products in Kenya from 2009 to 2013 are presented in Table 10.8. Domestic retail prices for motor gasoline premium declined by 2.9 per cent from KSh 113.35 per litre in December 2012 to KSh 110.11 per litre in December 2013. The average price of gas oil dropped from KSh 106.64 per litre to KSh 105.44 per litre during the same period. The average retail price of LPG for a 13 Kg cylinder increased by 10.4 per cent from KSh 2,604.55 in December 2012, to KSh 2,876.00 in December 2013. The retail prices of motor gasoline premium, diesel (gas oil) and illuminating kerosene peaked at KSh 118.41, KSh 108.21 and KSh 89.39 per litre, respectively, in March 2013.

Table 10.8: Average Retail Prices of Selected Petroleum Products in Kenya, 2009 – 2013

		KSh per Litre				KSh per 13 Kg cylinder
		Motor Gasoline		Gas oil	Illuminating Kerosene	Liquefied Petroleum Gas (LPG)
Year	Month	Premium	Regular			
2009	January	84.52	81.73	75.57	68.00	1918.00
	March	80.64	79.41	72.59	63.26	1913.00
	June	78.94	77.48	67.26	57.99	1915.00
	September	79.49	80.26	68.71	59.73	1907.00
	December	82.14	82.73	73.12	61.08	1936.56
2010	January	83.95	83.71	73.78	62.27	1913.29
	March	85.61	..	74.10	62.36	1970.54
	June	89.19	..	78.24	65.60	2121.10
	September	93.82	..	78.95	67.32	1986.04
	December	95.65	..	87.10	74.12	2191.00
2011	January	95.37	..	89.47	78.45	2326.65
	March	103.32	..	95.27	84.92	2308.56
	June	115.87	..	107.26	86.66	2328.67
	September	118.42	..	109.01	89.14	2451.66
	December	113.39	..	105.53	88.34	2510.55
2012	January	112.70	..	108.74	87.96	3149.63
	March	112.44	..	105.97	84.99	2882.50
	June	118.40	..	106.33	84.05	2772.94
	September	109.70	..	101.92	80.51	2628.06
	December	113.35	..	106.64	87.29	2604.55
2013	January	112.35	..	104.83	84.71	2630.73
	February	114.32	..	107.04	86.78	2643.04
	March	118.41	..	108.21	89.39	2662.61
	April	118.38	..	107.29	84.68	2626.37
	May	113.99	..	101.91	80.32	2592.85
	June	108.93	..	100.01	82.38	2573.75
	July	109.93	..	102.21	80.36	2564.79
	August	113.01	..	105.29	84.79	2575.93
	September	114.69	..	106.47	86.47	2836.67
	October	113.09	..	105.39	85.92	2835.20
	November	109.17	..	104.17	83.71	2846.06
	December	110.11	..	105.44	83.99	2876.00

Source: Ministry of Energy and Petroleum

Electricity

10.15. Table 10.9 presents details of installed capacity and generation of electricity by different producers, while Figure 10.3 illustrates generation of electricity by source. Total effective installed capacity shows an upward trend for the last four years, gradually rising from 1,311.5 MW in 2009 to 1,717.8 MW in 2013. Geothermal capacity increased to 236.5 MW in 2013 compared to 199.6 MW registered in 2012. This was mainly attributed to enhanced geothermal generation from Olkaria 1 Plant. Installed capacity for cogeneration declined from a level of 26.0 MW in 2012 to 21.5 MW in 2013. Thermal installed capacity increased from 610.6 MW to 693.2 MW in 2013.

10.16. The total electricity generation expanded by 7.6 per cent from 7,851.3 Gigawatt hours (GWh) in 2012 to 8,447.9 GWh in 2013. This increase was achieved from the substantial increases in hydro and geothermal power generation of 10.4 and 17.5 per cent, respectively. Total generation from geothermal plants went up to 1,780.9 GWh in 2013 compared to 1,515.9 GWh in 2012. Thermal generation declined from 2,200.4 GWh to 2,161.7 GWh during the same period. Hydro power generation continued to account for the bulk of electricity generation with its share increasing from 51.1 per cent in 2012 to 52.5 per cent in 2013.

Table 10.9: Installed Capacity and Generation of Electricity[1], 2009 – 2013

	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				
2009	730.0	421.5	158.0	2.0	1,311.5	2,160.0	654.0	1,208.0	1,135.0	2,997.0	1,293.0	50.0	7.2	6,507.2
2010	728.0	469.2	189.0	26.0	1,412.2	3,224.0	291.0	1,370.0	540.0	2,201.0	1,442.0	92.0	16.8	6,975.8
2011	735.0	582.7	190.6	26.0	1,534.3	3,217.2	903.0	1,538.8	358.7	2,800.5	1,443.7	80.9	17.6	7,559.9
2012	769.9	610.6	199.6	26.0	1,606.1	4,015.9	682.5	1,208.9	309.0	2,200.4	1,515.9	104.7	14.4	7,851.3
2013*	766.6	693.2	236.5	21.5	1,717.8	4,435.0	598.3	1,386.2	177.2	2,161.7	1,780.9	55.6	14.7	8,447.9

Source: Kenya Power & Lighting Company Ltd and Kenya Electricity Generation Company Ltd

* Provisional

[1] Includes generation for industrial establishment with generation capacity of over 100KVA plus emergency supply of 99 MW by contracted

[2] 1 megawatt = million watts = 1,000 kilowatts.

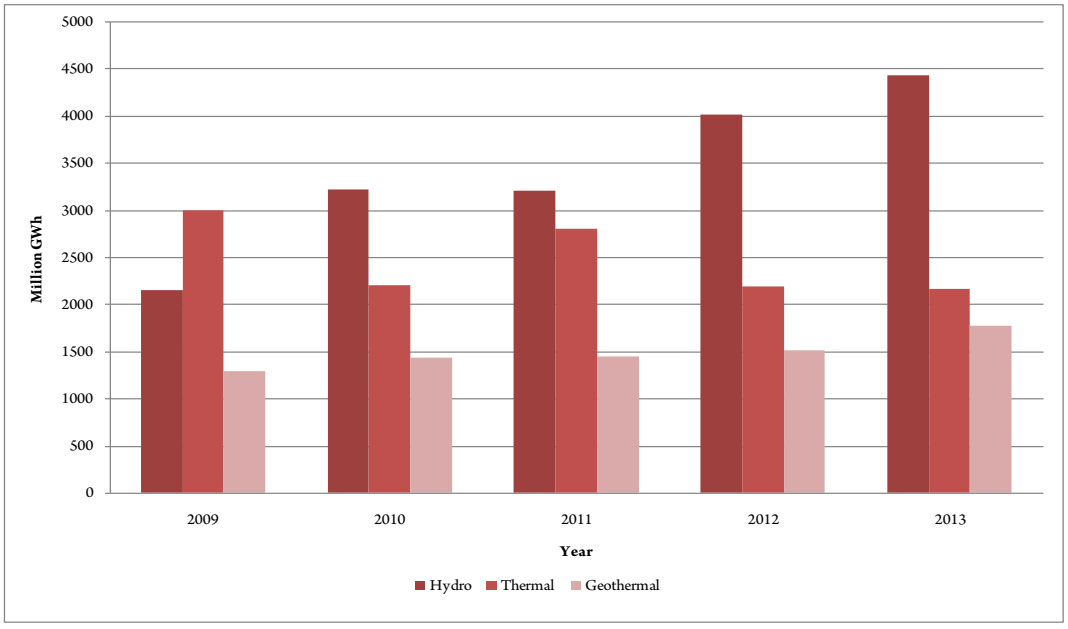
[3] 1 Gigawatt hour = 1,000,000 kilowatt hours

[4] Includes Imports from Uganda and Tanzania

IPP: Independent Power Producers

EPP: Emergency Power Producers

Figure 10.3: Generation of Electricity by Source, 2009-2013



10.17. Demand and supply balance of electricity are shown in Table 10.10 and Figure 10.4 for the period 2009 to 2013. The domestic demand for electricity recorded an increase of 8.0 per cent to 6,928.1 million KWh in 2013 from 6,414.4 million KWh in 2012. Domestic and small commercial consumption rose by 11.6 per cent to account for

41.4 per cent of the total demand. Sales to large and medium commercial and industrial consumers increased by 5.2 per cent, accounting for 51.8 per cent of the total demand in 2013.

10.18. Demand for rural electrification power increased by 12.3 per cent in 2013, consistent with increased connections. Total electricity imports from Uganda and Tanzania increased by 25.3 per cent from 39.1 million KWh in 2012 to 49.0 million KWh in 2013. Similarly, exports to Uganda and Tanzania rose substantially by 33.6 per cent to stand at 43.7 million KWh during the same period. Transmission losses and unallocated demand increased by 5.1 per cent. Net generation increased by 7.5 per cent from 7,812.2 million KWh to 8,398.9 million KWh in the same period.

Table 10.10: Electricity Supply and Demand Balance, 2009 – 2013

Million KWh

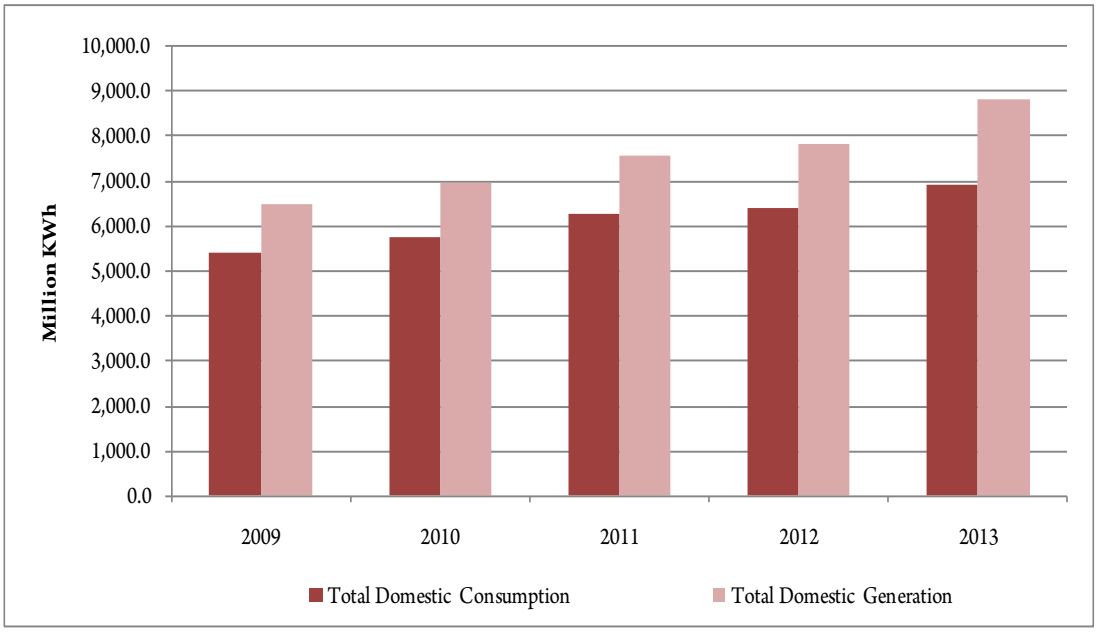
	2009	2010	2011	2012	2013*
DEMAND					
Domestic and Small Commercial	2,058.1	2,200.3	2,471.4	2,568.5	2,866.1
Large & Medium (Commercial and Industrial)	3,058.1	3,204.9	3,440.3	3,409.2	3,585.3
Off-peak	36.8	38.2	37.9	36.0	32.7
Street Lighting	21.3	20.5	17.9	20.6	17.2
Rural Electrification	254.4	290.8	306.1	380.1	426.8
TOTAL DOMESTIC DEMAND	**5,428.7**	**5,754.7**	**6,273.6**	**6,414.4**	**6,928.1**
Exports to Uganda & Tanzania	**27.0**	**29.6**	**37.3**	**32.7**	**43.7**
Transmission losses[1] and unallocated demand	1,051.5	1,191.5	1,248.9	1,404.2	1,476.1
TOTAL DEMAND = TOTAL SUPPLY	**6,507.2**	**6,975.8**	**7,559.8**	**7,851.3**	**8,447.9**
of which imports from Uganda and Tanzania	39.0	30.0	33.9	39.1	49.0
Net generation	**6,468.2**	**6,945.8**	**7,525.9**	**7,812.2**	**8,398.9**

Source: Kenya Power and Lighting Company Ltd

*Provisional

[1]Voltage losses in power transmission lines

Figure 10.4: Electricity Demand and Supply, 2009-2013



10.19. Details of demand and supply of commercial energy by primary sources are presented in Table 10.11. Consumption of coal and coke declined slightly from 211.3 thousand tonnes in 2012 to 208.9 thousand tonnes of oil equivalent in 2013 Total consumption of hydro and geothermal energy rose by 12.4 per cent to 538.6 thousand tonnes of oil equivalent in 2013, mainly due to increased local production of geothermal power by 17.5 per cent during the period. Total energy consumption rose by 2.2 per cent to 4,424.0 thousand tonnes of oil equivalent in 2013.

Table 10.11: Production, Trade and Consumption of Energy[1] by Primary Sources, 2009 - 2013.

'000 tonnes of Oil Equivalent

	2009	2010	2011	2012	2013
COAL AND COKE CONSUMPTION	94.6	165.2	236.3	211.3	208.9
Imports of crude oil	1,610.1	1,551.5	1,772.1	997.1	567.4
Net exports of petroleum	2,145.9	1,941.1	2,119.8	2,744.2	2,917.0
Stock changes and balancing item	-145.2	273.1	-34.0	-102.7	192.1
TOTAL CONSUMPTION OF LIQUID FUELS	**3,610.8**	**3,765.7**	**3,857.9**	**3,638.6**	**3,676.5**
HYDRO AND GEOTHERMAL ENERGY:-					
Local production of hydro power	185.7	277.2	276.6	345.3	381.3
Local production of geothermal power	111.2	124.0	124.1	130.3	153.1
Imports of hydro power	3.4	2.6	2.9	3.4	4.2
TOTAL CONSUMPTION OF HYDRO AND GEOTHERMAL ENERGY	300.3	403.8	403.6	479.0	538.6
TOTAL LOCAL ENERGY PRODUCTION	296.9	401.2	400.7	475.6	534.4
TOTAL NET IMPORTS	-437.8	-221.8	-108.5	-1,532.4	-2,136.5
TOTAL ENERGY CONSUMPTION	**4,005.7**	**4,334.7**	**4,497.8**	**4,328.9**	**4,424.0**
LOCAL PRODUCTION AS PERCENTAGE OF TOTAL	7.4	9.3	8.9	11.0	12.1
PER CAPITA CONSUMPTION IN TERMS OF KILOGRAMS OF OIL EQUIVALENT	94.4	112.7	113.7	106.5	105.9

* Provisional.

[1] Modern sector only; fuel wood and charcoal are excluded.

10.20. Local production of energy as a percentage of total energy consumption increased to 12.1 in 2013. However, energy consumption per capita, expressed in Kilograms of oil equivalent, dropped from 106.5 Kgs of oil equivalent in 2012 to 105.9 Kgs of oil equivalent in 2013.

Rural Electrification

Developments in the Energy Sector

10.21. The cumulative capital expenditure by the Rural Electrification Programme (REP) rose to KSh 50.0 billion during the financial year 2012/13 from KSh 45.1 billion the previous financial year. Revenue generated from Rural Electrification Levy increased to KSh 1,282 million in 2012/13 compared to KSh 1,163 million in 2011/2012. During the period under review, the Kenya Power and Lighting Company (KPLC) and Rural Electrification Authority (REA) connected a total of 2,036 connections at a total cost of KSh 4.985 billion. The projects benefited 225 market centres, 1,373 public schools, 63 polytechnics, 104 health centres, 44 government/administrative centres, 57 tea and coffee factories, 75 tea buying centres and 86 water projects, among others.

10.22. The number of customers connected to the national grid increased from 2,038,625 in 2012 to 2,330,962 in 2013. Under the REP, the number of customers connected stood at 453,544 as at the end of June 2013, up from 382,631 the previous year. Similarly, the revenue realised grew by 2.9 per cent from KSh 5.8 billion in 2011/12 to KSh 6.0 billion in 2012/13.

10.23. A total of 16 major electric-power energy projects are currently under implementation. These include a coal thermal plant at Kilifi with capacity of 960 MW, liquified natural gas thermal plant at Mombasa with installed capacity of 700 MW and 7 geothermal power generation projects in Olkaria with a capacity of 745 MW. Others are Karura hydro project, upgrading of Kindaruma Plant, raising of Masinga dam by 1.5 metres and the Isiolo wind farm project.

10.24. During the financial year 2012/2013, a total of 213 institutions were installed with Solar PV systems bringing the total number of beneficiaries to 932, at an accumulated cost of KSh 2.1 billion. A number of institutions from Turkana, Mandera, Narok, Meru, Moyale, Garissa, Baringo, Samburu, Uasin Gishu, Kitui, West Pokot, Makueni, Isiolo, Laikipia, Marsabit and Tana River Counties benefited from this programme.

Petroleum Exploration

10.25. Currently, a total of 24 prospecting oil companies are carrying out exploration activities within the four major sedimentary basins covering a total area of about 473,000 km2. These basins are Lamu (255,000 km2), Anza (67,000 km2), Mandera (51,000 km2) and Tertiary Rift (100,000 km2). A total of 44 Petroleum Sharing Contracts (PSCs) have also been granted. To date a total of 45 exploration wells have been drilled by various oil companies.

10.26. The Ministry of Energy and Petroleum is revising the Petroleum Exploration and Production Act. The Act will facilitate a more competitive process of drawing PSCs. The on-going exploration is expected to lead to oil and gas discoveries in the country that will enhance power generation and fast track attainment of Vision 2030.

Chapter 11

Manufacturing

Overview

The manufacturing sector has a high potential for employment creation, a stimulus for growth of other sectors such as agriculture and offering significant opportunities for export expansion. In light of this background the Government through its Second Medium Term Plan (MTP II) of the Vision 2030 has paid additional attention to the sector, with an aim of increasing its contribution to the GDP and foreign exchange earnings. The issues to be addressed which influence productivity and success of the sector include; low cost and adequate supply of labour and energy, availability of raw materials, enhancing access to credit, infrastructure development and increased efficiency of machinery and equipment. Addressing challenges in manufacturing will stimulate more production to counteract the current supply shortfalls in Kenya's requirements. This will also enable local entrepreneurs increase their share in domestic and external market through making their products more price-competitive.

11.2. Manufacturing sector accounted for 8.9 per cent of the Gross Domestic Product (GDP) and provided 12.4 per cent of employment in the formal sector in 2013. The sector recorded a positive growth in real output of 4.8 per cent in 2013 compared to 3.2 per cent in 2012. The volume of output grew by 2.6 per cent during the same period. This is partly associated with the political stability that prevailed after the March 2013 general elections which increased investor confidence. The ease in inflationary pressure, stable exchange rates and lower interest rates in the year under review also contributed to capital accumulation, thus boosting production.

11.3. Formal employment in the manufacturing sector increased by 3.4 per cent from 271.0 thousand persons in 2012 to 280.3 thousand persons in 2013. Loans advanced to the sector increased from KSh 170.0 billion in 2012 to KSh 183.7 billion in 2013, mainly as a result of lower interest rates. Projects approved by selected credit financiers of manufacturers more than doubled to 268 in 2013 from 119 in 2012.

11.4. The Export Processing Zones (EPZ) recorded positive growth as shown by most indicators including sales, imports, employment, gazetted zones and expenditure on local goods and services. EPZ employment stood at 40,204 workers in 2013 with the employment for Kenya citizens accounting for 98.8 per cent of the total.

Manufacturing Output

11.5. Table 11.1 details the manufacturing sector value of output, intermediate consumption, value added and compensation of employees at current prices for the last five years. Value of manufacturing output increased by 4.5 per cent in tandem with the production quantities, to stand at KSh 1,097.1 billion in 2013. Likewise, value added grew by 5.2 per cent while intermediate consumption increased by 4.3 per cent in the review period. Compensation of employees rose by 14.9 per cent in 2013 which was a slower growth than 17.1 per cent recorded in 2012.

Table 11.1: Manufacturing Output, Compensation of Employees and Value Added, 2009-2013

Current Prices - KSh Million

YEAR	Value of Output	Intermediate Consumption	Value Added	Compensation of Employees
2009	770,370	535,815	234,555	74,988
2010	842,506	590,384	252,122	83,472
2011	1,015,542	723,141	292,401	95,780
2012	1,049,345	727,623	321,722	112,155
2013*	1,097,082	758,704	338,378	128,837

* Provisional.

Quantum Index

11.6. Table 11.2 shows the quantum index of key activities in the manufacturing sector. The total manufacturing quantum index grew by 2.6 per cent in 2013. The sub-sectors which registered growths of above 10 per cent were manufacture of rubber, sugar, fabricated metal, basic metals, furniture, pharmaceutical, food production nec; and prepared and preserved fruits and vegetables. On the other hand, processing and preserving of fish, refined petroleum products, electrical equipment and beverages sub-sectors recorded negative growth for two years in succession, which led to constrained output in the sector.

Table 11.2: Quantum Index+ of Manufacturing Production, 2009-2013

Base: 2009=100

Industry Divisions and Groups Descriptions	2009	2010	2011	2012	2013*	% age Change 2013/ 2012
Meat and Meat Products	100.0	97.0	103.2	107.0	106.6	-0.4
Processing and preserving of fish	100.0	94.7	115.5	91.9	75.4	-18.0
Prepared and Preserved Fruits and Vegetables	100.0	105.8	115.0	114.7	128.7	12.2
Animal and Vegetable Fats and Oils	100.0	103.2	99.4	106.3	110.7	4.1
Dairy Products	100.0	136.7	151.1	186.6	194.0	4.0
Grain Mill Products	100.0	107.6	112.1	120.1	129.2	7.6
Bakery Products	100.0	104.3	107.0	98.2	101.9	3.8
Sugar	100.0	95.6	89.5	90.1	109.5	21.5
Cocoa, Chocolate and Sugar Confectionery	100.0	88.5	99.8	113.1	108.7	-3.9
Food Products nec	100.0	122.0	114.7	115.1	130.5	13.4
Animal Feed	100.0	100.6	111.2	115.4	125.3	8.6
Total Food Products	**100.0**	**106.8**	**106.5**	**110.5**	**120.7**	**9.2**
Beverages	100.0	104.5	104.9	104.7	102.1	-2.5
Tobacco Products	100.0	99.5	110.8	116.5	100.6	-13.6
Beverages and Tobacco	**100.0**	**103.7**	**105.9**	**106.6**	**101.9**	**-4.4**
Textiles	100.0	101.2	110.7	105.4	112.3	6.5
Wearing Apparel	100.0	100.4	92.4	81.8	85.4	4.4
Leather and Related Products	100.0	115.2	142.3	138.8	139.2	0.3
Wood and Products of Wood	100.0	95.8	103.2	98.2	99.4	1.2
Paper and Paper Products	100.0	108.9	108.5	108.3	114.6	5.8
Printing and Production of Recorded Media	100.0	99.3	101.5	98.8	101.4	2.6
Refined Petroleum Products	100.0	103.2	114.0	91.4	47.0	-48.6
Chemical and Chemical Products	100.0	109.8	116.8	116.8	118.5	1.5
Pharmaceutical Products	100.0	113.6	129.0	160.8	180.4	12.2
Rubber Products	100.0	96.1	72.0	82.1	100.2	22.0
Plastic Products	100.0	107.2	117.3	126.9	120.2	-5.3
Rubber and Plastic Products	**100.0**	**106.0**	**112.3**	**121.9**	**118.0**	**-3.2**
Other Non-metallic Mineral Products	100.0	110.0	119.5	125.5	133.5	6.4
Basic Metals	100.0	109.8	124.8	128.1	149.5	16.7
Fabricated Metal Products	100.0	115.6	125.8	139.1	162.6	16.9
Electrical Equipment	100.0	106.9	126.9	125.7	116.9	-7.0
Machinery and Equipment nec	100.0	103.8	83.8	74.1	75.1	1.3
Motor Vehicle, Trailers and Semi Trailers	100.0	108.0	108.7	126.7	130.8	3.2
Manufacture of furniture	100.0	102.0	104.6	102.6	116.1	13.2
Other Manufacturing nec	100.0	104.8	111.7	110.4	111.7	1.2
Repair and Installation of Machinery and Equipment	100.0	105.9	106.8	106.8	110.2	3.2
Total Manufacturing	**100.0**	**107.7**	**112.3**	**112.9**	**115.8**	**2.6**

* Provisional

+ Revised series

11.7. The food products sub-sector, which contributes approximately a third of the total manufacturing sector, is highly dependent on the performance of the agriculture sector. Growth in the total food processing accelerated from 3.7 per cent in 2012 to 9.2per cent in 2013. Most of the sub-sectors in this category registered positive growth in 2013.

11.8. The meat and meat products sub-sector recorded a negative 0.4 per cent growth in 2013. This was as a result of a 2.1 per cent decrease in production of beef. Production of processed chicken went up by 9.1 per cent while that of pork sausages grew by 7.1 per cent in 2013. Processing and preserving of fish declined by17.9 per cent in 2013, recording a slump for a second consecutive year.

11.9. The processing and preserving of fruit and vegetables sub-sector recorded a 12.2 per cent growth in 2013. Fruit processing grew by 11.2 per cent while vegetable processing dropped by 0.8 per cent during the period under review. Production of animal and vegetable oils and fats went up by 4.1 per cent in 2013. Production of fats recorded a significant growth of 10.5 per cent while that of oils increased marginally by 1.1 per cent during the review period.

11.10. The dairy products sub-sector recorded a growth of 4.0 per cent in 2013. Quantity of fresh liquid processed milk went up by 3.2 per cent while that of fermented milk rose by 10.6 per cent during the review period. The improved performance in the dairy sector was attributed to favourable weather condition during the year, resulting in enhanced milk production and intakes by processors.

11.11. The grain milling sub-sector which consist of maize flour, wheat flour and milled rice registered a 7.6 per cent growth in 2013. This growth was as a result of increase in production of milled rice, wheat flour and maize flour by 8.2, 7.9 and 6.7 per cent, respectively.

11.12. Manufacture of bakery products rose by 3.8 per cent in the year under review. This sub-sector primarily relies on wheat flour as the main raw material. Production of bread and biscuits increased by 4.0 per cent and 2.3 per cent respectively, in 2013.

11.13. The sugar industry continues to face many challenges ranging from high operational costs, poor cane quality and illegal sugar imports, recorded production growth of 21.5 per cent in 2013. Increased cane deliveries as a result of good weather and the commissioning of the Transmara sugar factory boosted sugar output.

11.14. Cocoa, chocolate and sugar confectionery sub-sector recorded a 3.9 per cent production decline in 2013. Production of cocoa powder, chewing gum and sweets dropped by 1.8, 1.2 and 0.8 per cent respectively, during the review period.

11.15. Food products not elsewhere classified which include processed tea, coffee and refined salt recorded a growth of 13.4 per cent in 2013. Processed tea went up by 17.0 per cent in 2013 as a result of favourable weather in tea growing areas, improved crop husbandry and enhanced factory capacities. The quantity of milled coffee and refined salt went down by 17.6 per cent and 13.6 per cent, respectively. However, their weights were relatively low and hence had little impact on the overall growth.

11.16. Quantity of animal feeds produced increased by 8.6 per cent in 2013. Production of poultry feeds went up by 12.8 per cent while that of cattle feeds grew by 4.2 per cent in 2013.

11.17. The beverages sub-sector recorded a negative 2.5 per cent growth in 2013. Production of formal beer decreased by 11.2 per cent in 2013, partly attributed to reduced consumption resulting from introduction of excise duty on containerized beer 'keg', that was previously exempted. On the other hand, production of spirits registered a growth of 11.7 per cent over the same period. In recent years, brewers have increased production capacity of low cost distilled spirit in a bid to target low income consumers. Production of carbonated drinks (Soda) went up by 6.4 per cent to stand at 405.5 million litres while manufacture of mineral water grew by 10.9 per cent in 2013.

11.18. Production of tobacco products dropped significantly by 13.6 per cent in 2013. Cigarette

production declined by 1.3 per cent while that of other tobacco products dropped by almost half compared to 2012.

11.19. Production of textiles recorded a growth of 6.5 per cent in 2013 compared to a drop of 4.8 per cent in 2012. The growth was mainly supported by manufacture of twine, cordage and rope, which went up by 20.3 per cent. In addition, production of knitting wool grew by 4.8 per cent during the period under review. However, production of blankets and woven fabrics dropped by 5.1 per cent and 3.6 per cent, respectively in 2013.

11.20. Manufacture of wearing apparel increased by 4.4 per cent in 2013. Production of shirts increased by 12.7 per cent during the review period while production of T-shirts and knitted fabrics declined by 12.1 per cent and 8.6 per cent, respectively in 2013.

11.21. Leather and related products sub-sector grew by 0.3 per cent during the year under review. Manufacture of shoes with uppers of plastic and rubber recorded a growth of 13.6 per cent in 2013. Production of finished leather and shoes with uppers of leather went down marginally by 0.4 per cent and 0.2 per cent, respectively during the same period.

11.22. Production of wood and wood products increased by1.2 per cent in 2013. Manufacture of plywood and boards increased by 1.3 per cent while production of paper and paper products increased by 5.8 per cent in 2013. The growth in paper products was partly attributed to a 10.8 per cent increase in the production of tissue paper and serviettes. Production of cartons and exercise books also went up by 4.0 per cent and 3.9 per cent, respectively during the same period. Printing and production of recorded media rose by 2.6 per cent in 2013.

11.23. The country has over the years been importing crude oil and refining it at Kenya Petroleum Refinery Limited (KPRL). However, the Government stopped refining of crude oil in August 2013 due to the high cost of refining at KPRL. Consequently, the volume index of refined petroleum products recorded a 48.6 per cent production decline in 2013.

11.24. The chemical and chemical products sub-sector registered a marginal growth of 1.5 per cent after recording a decline in the previous year. Production of industrial gases dropped by 4.2 per cent while that of industrial spirits increased marginally by 0.6 per cent in 2013. The quantity of paints and vanishes produced increased by 10.9 per cent and 3.4 per cent, respectively. Production of soaps and detergents went up by 7.1 per cent and 2.9 per cent, respectively in the same period. However, manufacture of shoe polish went down by 12.2 per cent during the review period.

11.25. The volume of manufactured pharmaceutical products has been on the rise in recent years. The sub-sector recorded a 12.2 per cent growth in 2013. Production of syrups, capsules and tablets went up by 17.2, 13.2 and 9.8 per cent, respectively, in 2013.

11.26. Manufacture of rubber products, represented by motor vehicle tyres recorded a growth of 22.0 per cent in 2013. Manufacture of plastic products contracted by 5.3 per cent. Plastic pipes and plastic tanks recorded production declines of 10.6 per cent and 7.4 per cent, respectively in 2013. The quantity of plastic bags produced in 2013 went up marginally by 0.8 per cent.

11.27. Basic metals sub-sector recorded a growth of 16.7 per cent in 2013. The quantity of iron sheets produced in 2013 went up by 16.3 per cent, to stand at 305.2 thousand metric tonnes. Production of iron bars and angles grew by 18.2 per cent during the same period.

11.28. Manufacture of fabricated metal products rose by 16.9 per cent in 2013. The growth was mainly driven by a 32.0 per cent and 6.1 per cent increase in production of metal structures and nails, respectively.

11.29. Manufacture of electrical equipment dropped for the second consecutive year registering a 7.0 per cent production decline in 2013. The quantity of aluminum and copper cables went down by 6.3 per cent. Similarly, production of car batteries dropped by 7.9 per cent during the same period.

11.30. Assembly of motor vehicle, trailers and semi-trailers and building of bus bodies went up by 3.2 per cent in 2013. The growth was mainly driven by increase in assembly of motor vehicles by 8.2 per cent. Production of trailers and semi trailers grew marginally by 1.0 per cent in 2013.

11.31. Manufacture of furniture and related products recorded a growth of 13.2 per in 2013. The growth was mainly attributed to mattress production which rose by 22.6 per cent.

11.32. The production of other non-metallic mineral products registered a notable growth of 6.4 per cent. This was on account of increased production of cement which has the highest weight in the sub-sector. Manufacture of glass bottles dropped by 19.5 per cent during the period under review.

Cement Production and Utilization

11.33. Table 11.3 presents cement production and utilization for the period 2009 to 2013. Cement production registered an accelerated growth of 7.8 per cent in 2013 compared to a growth of 4.8 per cent in 2012. This translated into 5,059.1 thousand tonnes in 2013. Cement consumption and stocks also increased from 3,991.2 thousand tonnes in 2012 to 4,266.5 thousand tonnes in 2013 as a result of increased construction activities. For a second consecutive year, imports of cement declined to stand at 34.4 thousand tonnes in 2013. Total exports of cement to Uganda and Tanzania, which had decreased in 2012, reversed to record 594.0 thousand tonnes in 2013.

Table 11.3: Cement Production and Utilization, 2009-2013

'000 Tonnes

YEAR	PRODUCTION	IMPORTS	CONSUMPTION AND STOCKS	EXPORTS TO	
				Uganda and Tanzania	All Other Countries
2009	3,320.3	35.2	2,671.3	608.2	76.0
2010	3,709.8	27.1	3,085.2	548.3	103.4
2011	4,478.4	53.0	3,870.9	583.1	125.3
2012	4,693.7	35.3	3,991.2	561.7	176.7
2013*	5,059.1	34.4	4,266.5	594.0	233.9

* Provisional.

Credit to Manufacturing Sector

11.34. Development finance institutions continued to play their role of fostering industrial expansion and development through extension of loans. The number of manufacturing projects and the corresponding loans advanced by selected industrial finance institutions and other commercial banks are as shown in Table 11.4. There was an increase in the total value of

projects endorsed from KSh170,024.6 million in 2012 to KSh 183,667.5 million in 2013. A significant increase was also recorded by the selected industrial financial institutions in the value of projects endorsed to stand at KSh 1,105.2 million in 2013 from KSh 472.3 million in 2012. A total of 268 projects were approved by these institutions in 2013 compared to 119 projects endorsed in 2012. This was partly attributed to increased investor confidence due to political stability which prevailed after the March 2013 general elections and the lower interest rates during the review period.

Table 11.4: Industrial Projects and Loans Advanced By Selected Industrial Financial Institutions and Other Commercial Banks, 2009-2013

	Number of Projects					Loans advanced (KSh Million)				
INSTITUTION	2009	2010	2011	2012	2013*	2009	2010	2011	2012	2013*
Industrial Development Bank (IDB) Capital limited	1	3	2	3	5	55.0	175.0	112.6	95.5	339.1
Development Bank of Kenya (DBK)	2	4	3	5	4	28.6	116.0	120.0	182.3	230.0
Kenya Industrial Estates Limited (KIE)	31	60	119	109	257	8.0	16.7	36.9	68.5	104.5
Industrial and Commercial Development Corporation (ICDC)...	3	..	..	2	2	21.2	..	..	126.0	431.6
Sub - total	**37**	**67**	**124**	**119**	**268**	**112.8**	**307.8**	**269.5**	**472.3**	**1,105.2**
All other commercial banks[1]	..	..	..	..	..	87,847.2	112,105.6	146,076.8	169,080.0	181,457.1
TOTAL	**37**	**67**	**124**	**119**	**268**	**88,072.8**	**112,721.2**	**146,615.8**	**170,024.6**	**183,667.5**

* Provisional

[1] Excludes DBK.

11.35. Industrial Development Bank (IDB) Limited used its internally generated resources for advancing loans to finance working capital and machinery. In 2013, IDB endorsed five manufacturing projects of which three were start-up while the rest were expansions. The five projects were worth KSh 339.1 million compared to KSh 95.5 million for three projects approved in 2012. Over 70 per cent of the approved amount in 2013 was for start-up of fish processing and expansion of metal extrusion activity. Other activities supported by these projects were manufacturing of iron and steel nails, electrical poles and briquettes.

11.36. Development Bank of Kenya (DBK) recorded increased loan advancements for the fourth consecutive year. In 2013, the Bank approved KSh 230.0 million to four manufacturing projects mainly for expansion and product diversification purposes. This was an increase from projects worth KSh 182.3 million approved in 2012. The principal activities of the projects were; steel mill factory, heavy engineering services and manufacture of rotational moulded plastic products.

11.37. Industrial and Commercial Development Corporation (ICDC) approved two projects worth KSh 431.6 million in 2013. This was an increase of more than three folds from KSh 126 million for two projects approved in 2012. One of the projects, whose main activity will be processing of fruit concentrate, is capital intensive and has a production capacity of 5 tonnes per hour.

11.38. Kenya Industrial Estates (KIE) loans targets the micro, small and medium entrepreneurs. The loans awarded to the manufacturing sector by KIE rose from KSh 68.5 million in 2012 to KSh 104.5 million in 2013 with the number of projects increasing by 148 to stand at 257as shown in Table 11.5. This increase was as a result of increased cash inflow

to the institution. The major manufacturing sub-sectors which benefited from the funds were manufacture of food products, fabrication of metal products and wearing apparels.

Table 11.5: Industrial Projects by Approved KIE, 2009 -2013

Descriptions	Number of Projects					Advanced Loans (KSh '000)				
	2009	2010	2011	2012	2013*	2,009	2,010	2,011	2,012	2013*
Manufacture of food products	20	31	43	48	83	5,336	8,530	12,888	30,330	36,545
Manufacture of beverages	0	0	0	0	3	0	0	0	0	1,747
Manufacture of textiles	1	1	4	3	4	100	500	865	3,000	1,360
Manufacture of wearing Apparel	8	14	31	24	46	1,960	3,640	8,840	7,922	18,319
Manufacture of leather and related products	0	0	0	0	2	0	0	0	0	550
Manufacture of wood and Products of wood and cork except furniture	0	0	1	0	7	0	0	350	0	3,905
Printing and reproduction of recorded media	0	5	9	2	13	0	2,000	2,830	450	6,400
Manufacture of Chemicals and chemical products	0	0	2	0	0	0	0	1,500	0	0
Manufacture of other non-metallic mineral products	1	2	3	3	7	100	230	700	14,995	1,720
manufacture of fabricated metal products except machinery and equipment	1	5	17	19	53	500	1,250	6,000	7,656	20,085
Manufacture of furniture	0	1	7	8	34	0	400	2,650	3,600	12,470
Other manufacturing n.e.c.	0	1	2	2	3	0	200	280	550	1,400
Repair and installation of machinery and equipment	0	0	0	0	2	0	0	0	0	350
TOTAL	**31**	**60**	**119**	**109**	**257**	**7,996**	**16,750**	**36,903**	**68,503**	**104,501**

Source: Kenya Industrial Estates

* Provisional

11.39. The Kenya Investment Authority (KenInvest) is a Government agency that promotes investments in the country through policy advocacy, investment promotion and facilitation; investor tracking and providing aftercare services. KenInvest recorded significant increase in proposed investments in 2013 to KSh 42.1 billion for 42 projects from KSh 10.3 billion for 32 projects registered in 2012. Out of the total investments, 53.3 per cent were local while the rest were foreign.

Export Processing Zones

11.40. During the year under review, most key performance indicators for the EPZ program reported growth, despite high operating costs. In 2013, the programme recorded a positive growth in sales, imports, employment, gazetted zones and expenditure on local goods and services as shown in Table 11.6.

Table 11.6: Selected EPZ Performance Indicators, 2009-2013

	Unit	2009	2010	2011	2012	2013*
Gazetted Zones	Number	41	42	44	47	50
Enterprises Operating	"	83	75	79	82	81
Employment – Locals	"	30,115	31,026	32,043	35,501	39,735
- Expatriates	"	508	476	421	428	469
Total Workers		**30,623**	**31,502**	**32,464**	**35,929**	**40,204**
Export Sales	KSh Million	23,948	28,998	39,067	39,963	43,609
Domestic Sales[1]	"	2,850	3,350	3,375	4,310	5,905
Total Sales		**26,798**	**32,348**	**42,442**	**44,273**	**49,514**
Imports	"	12,672	16,518	21,443	24, 973	28,062
Local Purchases of Goods and Services	"	3,942	4,661	6,297	8,027	7,233
Investment (cumulative)	"	21,507	23,563	26,464	38,535	42,912

Source: Export Processing Zones Authority (EPZA)

* Provisional

[1] Includes sales to duty free shops and agencies

11.41. The number of gazetted zones increased for the fifth consecutive year to stand at 50 as at December 2013. Out of these zones, 48 were owned and operated privately while the rest we are public. The gazetted zones were distributed as follows: 22 zones are in Mombasa, 9 in Nairobi, 3 in Athi River (Mavoko), 4 in Kilifi, one in Voi, Kerio Valley, Thika, Isinya, Ruiru, Malindi, Eldoret, Muranga, Meru, Laikipia, Nandi and Bomet. In terms of operational status, 37 were operational zones, 7 were being set up, 1 was operational but due for degazettement, 5 were dormant and awaiting degazettement.

11.42. Total sales from EPZ enterprises rose from KSh 44,273 million in 2012 to KSh 49,514 million in 2013. Exports, which accounted for 88.1 per cent of the total sales in the year under review, stood at KSh 43,609 million while domestic sales expanded by KSh 1,595 million. On the other hand, imports increased by 12.4 per cent to stand at KSh 28,062 million in 2013 as a result of enterprises importing inputs, equipment and machinery for use in the production processes. During the same period, expenditure on local salaries and power increased by 32.3 per cent and 10.8 per cent, respectively. However, local purchases decreased by 9.9 per cent in 2013 to stand at KSh 7,233 million due to increased cost of locally available inputs compared to imported inputs. Expenditure on tele-communications and water also decreased by 3.0 per cent and 1.7 per cent, respectively, in 2013.

11.43. The cumulative capital invested by the 81 operational enterprises in 2013 rose by 11.4 per cent to stand at KSh 42,912 million. This was as a result of investment in projects in the cement and pharmaceutical sectors which are capital intensive in addition to expansion of existing firms.

11.44. In 2013, EPZ employed 40,204 workers compared to 35,929 workers in 2012. The bulk of employment was generated by the garment/apparel enterprises. The employment of Kenyan citizens in the EPZ expanded by 11.9 per cent to stand at 39,735 in 2013.

African Growth and Opportunity Act (AGOA)

11.45. The African Growth and Opportunity Act (AGOA) is an initiative of the Government of the United States of America (USA) meant to increase exports especially of apparel from accredited Sub-Saharan Africa (SSA) countries, by accessing the USA market duty and quota free. This is a critical sector which is labour intensive and hence suitable for a country like Kenya with high unemployment levels. The selected indicators for the EPZ garment/apparel sub-sector under AGOA initiative are shown in Table 11.7. The export value of articles of apparel increased by 7.5 per cent to KSh 23,989 million in 2013 from KSh 22,308 million in 2012, while the quantity exported to the same market increased marginally by 1.4 per cent. Direct employment generated by this sub-sector rose by 16.3 per cent to stand at 32,899 persons from 28,298 persons recorded in the previous year.

Table 11.7: Selected EPZ Garment / Apparel Performance Indicators under AGOA, 2009-2013

	2009	2010	2011	2012	2013*	Percentage Growth 2013/12
Number of Enterprises	19	16	18	22	22	0
Employment	24,359	24,114	25,169	28,298	32,899	16.3
Capital Investment (KSh Million)	5,490	6,959	6,858	10,732	11,966	11.5
Exports (KSh Million)	12,699	16,190	20,948	22,308	23,989	7.5

Source: Export Processing Zones Authority

* Provisional

Industrial Producer Prices

11.46. Industrial Producer Price Indices (PPI) facilitate monitoring of inflation rates from the producers' perspective. The indices measure the average prices of a basket of representative goods sold by manufacturers and producers at basic prices. The PPI is published on a quarterly basis and its base is June 2011.

Table 11.8: Percentage Changes on Producer Prices, 2011 to 2013

June 2011 = 100

Division	Description	Weights[1]	2011	2012	% Change 2012 / 2011	2013	% Change 2013 / 2012
08	Mining and Quarrying	1.48	102.98	107.63	4.51	111.40	3.50
10	Manufacture of food products	31.53	103.00	109.79	6.59	109.83	0.04
11	Manufacture of beverages	6.02	104.18	107.41	3.10	111.14	3.47
12	Manufacture of tobacco products	1.27	105.72	114.98	8.75	117.31	2.03
13	Manufacture of textiles	2.09	101.35	106.43	5.01	108.19	1.66
14	Manufacture of wearing apparel	2.69	99.96	99.67	-0.29	99.88	0.21
15	Manufacture of leather and related products	0.81	100.44	101.33	0.88	101.69	0.36
16	Manufacture of wood and of products of wood and cork except furniture	2.02	99.37	102.90	3.55	104.69	1.74
17	Manufacture of paper and paper products	2.85	103.74	104.70	0.92	102.26	-2.33
18	Printing and reproduction of recorded media	5.23	100.00	100.00	0.00	100.00	0.00
19	Manufacture of coke and refined petroleum products	8.03	99.60	102.12	2.53	102.95	0.82
20	Manufacture of chemicals and chemical products	5.46	101.18	106.98	5.73	106.67	-0.29
22	Manufacture of rubber and plastics products	5.04	102.60	103.81	1.17	105.06	1.21
23	Manufacture of other non-metallic mineral products	4.00	104.51	111.37	6.57	113.59	1.99
24	Manufacture of basic metals	6.01	102.49	102.01	-0.47	98.69	-3.25
25	Manufacture of fabricated metal products except machinery and equipment	3.04	103.48	101.11	-2.29	94.05	-6.98
29	Manufacture of motor vehicles	1.07	102.60	107.80	5.07	112.65	4.49
31	Manufacture of Furniture	1.69	101.23	102.45	1.21	102.45	0.00
33	Repair and installation of machinery and equipment	1.31	100.00	100.00	0.00	99.78	-0.22
35	Electricity	7.95	100.19	97.69	-2.49	100.18	2.55
36	Water	0.42	98.94	103.08	4.18	114.44	11.03
	Total	**100.00**	**102.10**	**105.47**	**3.30**	**105.89**	**0.40**

11.47. The overall inflation as measured by change in Producer Price Index declined from 3.3 per cent in 2012 to 0.4 per cent in 2013 as shown in Table 11.8. The overall Producer Price Index increased marginally from 105.47 in 2012 to 105.89 in 2013. This slowdown in producer prices was mainly due to a strong Kenya shilling against other major currencies and favourable weather conditions during the year. The highest percentage changes in the PPI were recorded in water collection and treatment which increased by 11.03 per cent while manufacture of fabricated metal products except machinery and equipment registered a decline of 6.98 per cent in 2013. In the year under review, producer price for food products rose marginally by 0.04 per cent compared to an increase of 6.59 per cent in 2012. This was due to falls in the producer prices of important commodities like tea, maize flour, and fats and oils. However, there were substantial increases in the producer price of processed dairy products; and processing and preserving of fruit and vegetables during the year. Producer prices of beer increased in 2013 and this caused the PPI on manufacture of beverages to rise by 3.47 per cent.

Chapter 12

Building and Construction

Overview

The level of building and construction activities in a country is an indicator of the general economic performance of that economy due to linkages with most other sectors with corresponding demands for materials and labour inputs. Fluctuations in the level of activities of this sector correspond to shifts from consumption to investment in acquisition and creation of fixed assets and vice versa. Infrastructure development is critical for trade, facilitating flow of materials and information, reducing inequalities and poverty, and enhancing economic development. The Government is giving great emphasis to infrastructure development as evidenced through its budget resource allocations to construction of new roads, bridges, rehabilitation of roads and their periodic maintenance. In 2013, the building and construction sector expanded by 5.5 per cent up from a growth of 4.8 per cent registered in 2012.

12.2. The housing sub-sector, recorded growth in the value of building plans approved and completed buildings in the review period. Value of plans approved showed a significant increase of 34.2 per cent from KSh 181.1 billion in 2012 to KSh 243.1 billion in 2013. Nairobi County registered an increase of 41.1 per cent to stand at KSh190. 6 billion in 2013. This is partly explained by increased activity in real estate to cater for rising demand for housing due to the rapid population growth in urban areas. National Housing Corporation (NHC) completed 215 residential units in Nairobi at a cost of KSh 995.4 million in 2013 compared to 488 units completed in 2012 at a total cost of KSh 1, 979.02 million.

12.3. Overall expenditure for the State Department of Infrastructure declined by 7.8 per cent to KSh 100.3 billion in financial year 2013/14. This was as a result of the requirement by the County Allocation of Revenue Act, to allocate a minimum of one third of budgetary allocation to infrastructure to the counties following devolution. Further, the Government development ceiling allocated to the Ministry of Transport and Infrastructure through the Budget Strategy Paper was reduced to KSh 19.5 billion in the printed estimates in the 2013/14 budget. Disbursement of funds by the Kenya Roads Board (KRB) to the various road agencies is expected to increase by 3.3 per cent from KSh 24.4 billion in 2012/13 to KSh 25.2 billion in 2013/14.

Key Economic Indicators

12.4. Table 12.1 presents a detailed analysis of selected key economic indicators in Building and Construction from 2009 to 2013. Wage employment in the sector grew by 12.2 per cent from 116.1 thousand persons in 2012 to 130.3 thousand persons in 2013. Employment level in the public sector rose by 5.2 per cent from 17.4 thousand in 2012 to 18.3 thousand persons in 2013. Similarly, private sector employment increased by 13.5 per cent from 98.7 thousand persons in 2012 to 112 thousand persons in 2013. The index of reported private building works completed in major towns rose to 401.2 in 2012 from 381.2 recorded in 2012.The index of reported public building works completed in main towns increased from 86.9 in 2012 to 103.7 in 2013 as a result of several housing projects completed by National Housing Corporation (NHC) and Housing Finance across the country. Cement consumption increased by 6.9 per cent in 2013 to 4,266.5 thousand tonnes compared to 3.1 per cent increase in 2012. The demand was driven by increased construction projects undertaken

during the year under review. During the review period, commercial bank loans and advances to the building and construction sector rose by 2.3 per cent in 2013 to KSh 70.8 billion mainly due to increased financing of real estate development.

Table 12.1: Selected Key Economic Indicators in Building and Construction, 2009 – 2013

1982=100

Indicator/Year	2009	2010	2011	2012	2013*
Index of reported private building work completed in major towns[1]	134.5	202.5	313.7	381.2	401.2
Index of reported public building work completed in major towns[1]	22.6	31.7	48.2	86.9	103.7
Index of government expenditure on roads	312.9	265.4	397.0	447.3	385.2
Index of Employment	153.2	165.7	175.7	192.2	215.7
Cement consumption ('000 tonnes)	2,671.2	3,104.8	3,870.9	3,991.2	4,266.5
Private Employment ('000)	73.0	81.4	88.8	98.7	112.0
Public Employment ('000)	19.5	18.7	17.3	17.4	18.3
Loans and Advances from Commercial Banks to the sector (KSh Mn)	30,414.0	32,637.0	50,805.0	69,183.0	70,770.0

* Provisional.

+ Revised

[1] Actual deflated by various building or construction cost indices. The series has been revised

12.5. Input price indices measure changes in price of inputs to the construction process by monitoring separately the cost of each factor. Table 12.2 presents an analysis of the annual percentage changes in building and construction cost indices for the years 2011 to 2013. The rate of change of the cost index of residential buildings increased to7.3 per cent in 2013 compared to 4.9 per cent in 2012. Similarly, the overall cost index of materials increased from a growth of 4.3 per cent in 2012 to 5.7 per cent in 2013. The increase was due to rise in cost of material inputs such as timber, hydrated lime, fuel, bitumen and structural steel. The rate of change in the cost index of 'Other Construction' materials rose slightly by 4.9 per cent in 2013 compared to 4.6 per cent in 2012. The growth in the overall total cost index increased from 5.6 per cent in 2012 to 7.2 per cent in 2013.

Table 12.2: Annual Average Percentage change in Building and Construction Cost Indices[1], 2011 – 2013

	Materials			Labour			Total Cost		
	2011	2012	2013*	2011	2012	2013*	2011	2012	2013*
Residential Buildings	5.7	3.9	6.4	9.4	7.9	9.9	6.5	4.9	7.3
Non-Residential Buildings	5.1	4.5	5.4	9.4	7.9	9.9	6.3	5.5	6.8
All Buildings	5.4	4.2	6.0	9.4	7.9	9.9	6.4	5.2	7.0
Other Construction[2]	5.5	4.6	4.9	9.4	7.9	9.9	7.4	6.2	7.4
Overall Cost Index	5.4	3.2	5.7	9.4	7.9	9.9	6.8	5.6	7.2

* Provisional.

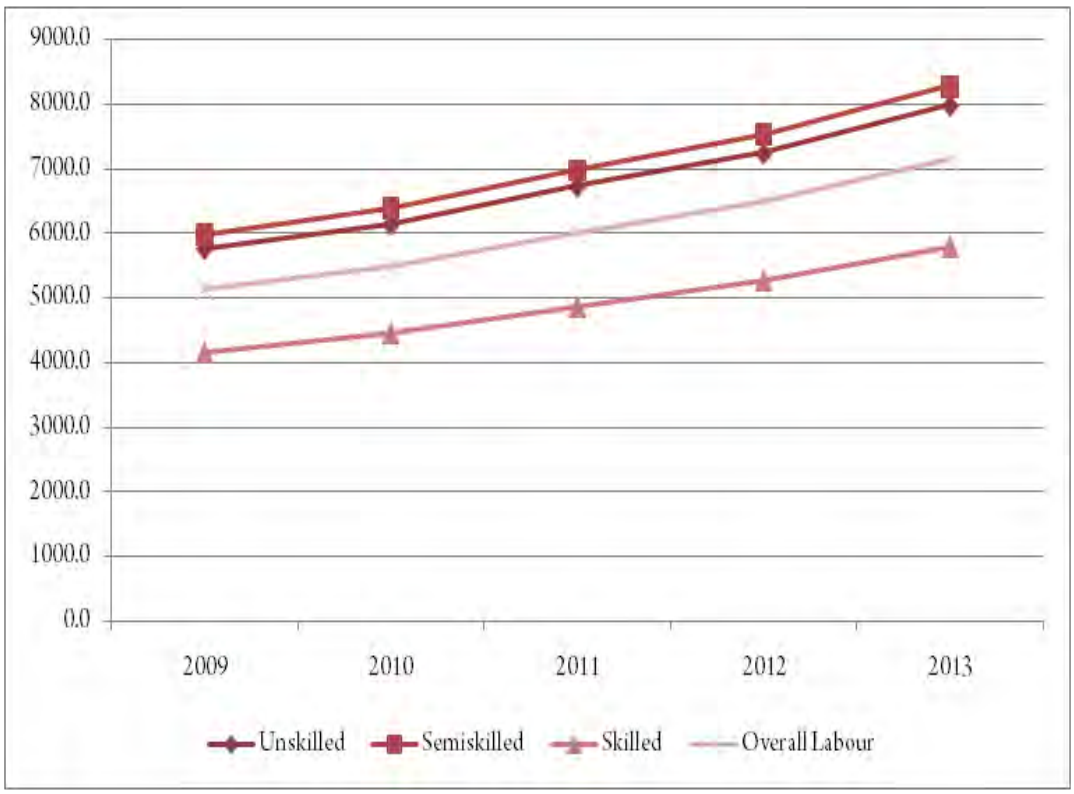
[1] From January to December.

[2] Refers mainly to road construction and includes bridges, dams etc

[3] Labour cost numbers sourced from Ministry of Labour, Social Security and Services

12.6. Figure 12.1 shows the trends in the overall labour construction cost indices for the last five years. The overall labour construction cost indices for all cadres continued on an upward trend in 2013. This was mainly on account of the increase in statutory minimum wages as set by the Government in May 2013 and a few registered collective bargaining agreements.

Figure 12.1: Trend in Labour Construction Cost Indices, 2009 – 2013 (Base 1982 = 100)



12.7. Table 12.3 presents the annual percentage changes in building and construction average wages for the last five years. In 2013, annual percentage change in wages for unskilled, semi-skilled and skilled labour showed increases of 10.3, 9.9 and 9.7 per cent, respectively, compared to the previous year. Overall labour wage in the industry went up by 9.9 per cent in 2013 compared to an increase of 7.9 per cent in 2012.

Table 12.3: Annual Percentage Changes in Building and Construction Average Wages, 2009-2013

Year	Unskilled	Semi-skilled	Skilled	Labour
2009	9.1	8.9	8.6	8.8
2010	6.5	6.9	7.1	6.9
2011	9.7	9.3	9.1	9.4
2012	7.6	7.9	8.3	7.9
2013	10.3	9.9	9.7	9.9

Source: Ministry of Labour , Social Security and Services

12.8. Table 12.4 shows a five year trend for the value of building plans approved in Nairobi and other counties. The value of plans approved in Nairobi County went up from KSh 135.1 billion in 2012 to KSh 190.6 billion in 2013, representing an increase of 41.1 per cent. Similarly, the value of building plans in other counties increased from KSh 46.0 billion in 2012 to KSh 52.5 billion in 2013.

Table 12.4: Value of Building Plans Approved by Nairobi County and other Counties, 2009– 2013

KSh Million

Year	Nairobi	Other Towns[1]	Total
2009	78,303.7	15,888.4	94,192.1
2010	96,100.0	35,730.0	131,830.2
2011	112,842.8	43,614.3	156,456.1
2012	135,128.2	45,985.5	181,113.7
2013	190,646.5	52,487.8	243,134.3

Source: County Governments

* Provisional.

[1]Refers to all other urban centres in the rest of the Countiies

12.9. Table 12.5 presents total value of reported private building works completed in selected counties. The total value of works completed increased by 13.5 per cent to KSh 58.2 billion in 2013 from KSh 51.3 billion in 2012. The value of private building works completed in Nairobi County recorded a growth of 13.6 per cent from KSh 48.5 billion in 2012 to KSh 55.1 billion in 2013. This was attributed to completion of major projects in the county. Although Mombasa, Kisumu, Nakuru and Kilifi counties recorded increases in the value of reported private building works completed, their contribution to total building works completed remained low.

Table 12.5: Value of Reported Private Building[1] Works Completed in Selected Counties, 2009 – 2013

KSh Million

Year	Nairobi	Mombasa	Kisumu	Nakuru	Kilifi	Total
2009	20,600.5	530.8	124.5	289.6	206.7	21,752.0
2010	36,548.5	725.2	481.7	350.2	268.2	38,373.7
2011	41,854.1	935.2	601.6	417.8	352.8	44,161.5
2012	48,465.4	1,235.9	725.9	462.3	390.2	51,279.7
2013*	55,106.9	1,320.5	827.1	502.6	395.3	58,152.4

Source: Respective County Governments

* Provisional.

[1] Including the value of extensions

12.10. Table 12.6 presents the breakdown of reported numbers of private and public buildings in selected counties. Residential buildings decreased from 7,339 units in 2012 to 6,016 units in 2013 while the non-residential buildings increased from 677 units to 823 units in the same period. The total number of reported private building completed increased by 8.0 per cent from 5,981 in 2012 to 6,463 in 2013. However, the total number of public buildings completed decreased from 2,035 in 2012 to 376 in 2013, being units completed by National Housing Corporation.

Table 12.6: Reported completions of New Private and Public Buildings[1] in Counties[2], 2009 – 2013

Number

Year	Private			Public			Grand Total
	Residential	Non-Residential	Total	Residential	Non-Residential	Total	
2009	3,557	103	3,660	116	24	140	3800
2010	4,715	421	5,136	390	-	390	5526
2011	4,912	525	5,437	587	-	587	6024
2012	5,324	657	5,981	2015	20	2035	8016
2013*	5,640	823	6,463	376	-	376	6839

Source: County Governments

* Provisional

[1] Excluding the value of extensions

[2] Nairobi, Mombasa, Kisumu, Nakuru, Kilifi Counties

12.11. Table 12.7 shows analysis of reported value of new private and public buildings in selected counties. The total value of new buildings increased by 7.0 per cent from KSh 51.6 billion in 2012 to KSh 55.2 billion in 2013, on account of an increase in the value of private buildings. The value of public buildings decreased drastically from KSh 4.7 billion in 2012 to KSh 1.0 billion in 2013.

Table 12.7: Reported Value of New Private and Public Buildings[1] from Counties[2], 2009 – 2013

Year	Estimated Cost (KSh Million)						Grand Total
	Private			Public			
	Residential	Non-Residential	Total	Residential	Non-Residential	Total	
2009	13,435.3	3,107.2	16,542.5	938.5	108.5	1,047.0	17,589.5
2010	31,023.5	5,682.9	36,706.4	1,041.0	-	1,041.0	37,747.4
2011	37,246.3	6,506.4	43,752.7	2,614.2	-	2,614.2	46,366.9
2012	40,223.5	6,696.8	46,920.3	4,629.5	70.0	4,699.5	51,619.8
2013*	45,678.6	7,845.2	53,523.8	1,725.4	-	1,725.4	55,249.2

Source: County Governments

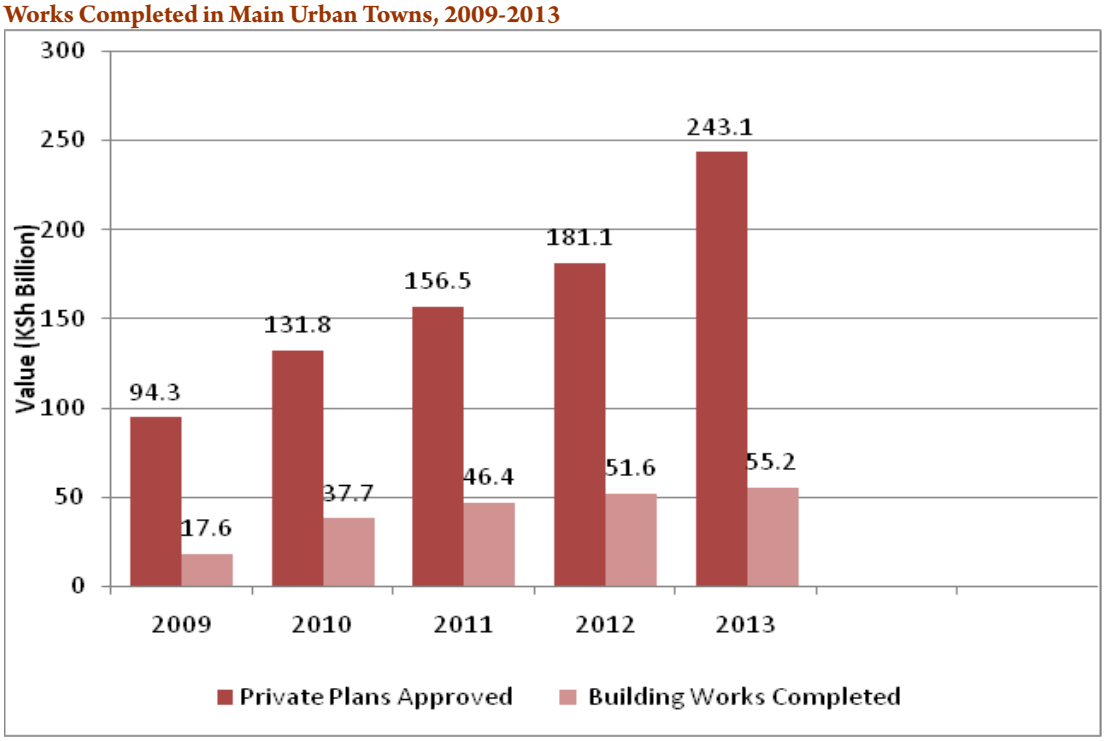
* Provisional

[1] Excluding the value of extensions

[2] Nairobi, Mombasa, Kisumu, Nakuru, Kilifi Counties

12.12. Figure 12.2 gives a comparison of value of plans approved and reported new buildings works completed from 2009 to 2013. In 2013, the plans approved and the value of new buildings completed were KSh 243.1 billion and KSh 55.2 billion, respectively, compared to KSh 181.1billion and KSh 51.6 billion, respectively, in 2012. The gap between the value of plans approved and reported buildings completed continued to widen. This may be attributed to the fact that construction covers more than one financial year and some projects may not be complete yet.

Figure 12.2: Comparison of Value of Private Plans Approved and Reported New Private Buildings Works Completed in Main Urban Towns, 2009-2013



Housing

12.13. Housing is one of the sectors that give indication on the trend of economic growth. Investment in housing and related services impacts on the national income by triggering additional investments in building materials' production and fabrication, transportation, marketing and employment creation.

12.14. NHC continued to provide and facilitate access to decent and affordable shelter forKenyans.Table 12.8 provides a breakdown of 84 rural and peri-urban housing loans amounting to KSh 132.9 billion which were disbursed to 16 counties during the 2012/13 financial year. In 2013, NHC completed 215 residential units in Nairobi at a cost of KSh995.4 million and an additional 161 units in partnership with Housing Finance at a cost of KSh 730 million. The ongoing projects as at 31st December 2013 were; 45 bungalows in Nyeri, 199 flats in Nairobi, 48 flats in Mombasa and 44 National Police Service Housing units in Nairobi. A total of 488 units were completed in 2012 at a cost of KSh 2 billion while the ongoing projects are estimated to cost KSh 804.4 million.

Table 12.8: NHC Housing Loans Advanced by County, 2012/2013

County	Number of Loans	Amount (KSh Million)
Bungoma	4	3,200.0
Bomet	1	1,820.0
Uasin Gishu	2	1,500.0
Siaya	1	1,000.0
Laikipia	1	715.0
Kajiado	19	35,010.0
Kakamega	5	6,125.0
Kiambu	16	22,660.0
Kisii	4	5,700.0
Kisumu	4	6,745.0
Trans Nzoia	1	3,000.0
Baringo	1	500.0
Machakos	2	1,775.0
Meru	2	4,200.0
Nairobi	15	31,350.0
Nakuru	6	7,555.0
Total	**84**	**132,855.0**

Source: National Housing Corporation

12.15. Table 12.9 represents Approved and Actual Government expenditure on housing for the financial years 2009/10 to 2013/14. Actual expenditure on housing increased by 8.2 per cent, from KSh 3.2 billion in 2011/12 to KSh 3.4 billion in 2012/13.The total number of the ongoing projects entailing design and construction was1540 housing units located in Park Road (1000 units), Mombasa (200 units), Kisumu (180 units) and Nyeri (160 units). Approved expenditure in 2012/13, was KSh 5.2 billion while the actual expenditure stood at KSh3.5 billion. Approved expenditure on housing increased to KSh5.6 billion in 2013/14 financial year.

Table 12.9:Approved and Actual Government Expenditure on Housing, 2009/10 – 2013/14

	Expenditure in KSh Million		Actual Expenditure as Percentage of Approved Expenditure
Year	Approved	Actual	
2009/10	2,082.0	1,863.6	89.5
2010/11	2,840.9	2,829.5	99.6
2011/12	3,875.8	3,191.0	82.3
2012/13*	5,208.2	3,452.9	66.3
2013/14**	5,565.4	.. ..	.. ..

Source: State Department of Housing

* Provisional

**Estimates

Roads

12.16. The Ministry of Transport and Infrastructure continued to provide the regulatory framework to co-ordinate, oversee and supervise the smooth functioning of the road sub-sector. In the 2013/14 financial year, the State Department of Infrastructure focused on completion of on-going road projects as well as maintaining and rehabilitating the existing road network. The disbursement of funds by the Kenya Roads Board to the various road agencies is expected to increase by 3.3 per cent from KSh 24.4 billion in 2012/13 to KSh 25.2 billion in 2013/14.

12.17. Total expenditure on roads for financial years 2009/10 to 2013/14 is shown in Table 12.10. Overall expenditure for the State Department of Infrastructure declined by 7.9 per cent tostand at KSh 100.3 billion in 2013/14 financial year from KSh 108.9 billion in 2012/13. This was as a result of the requirement by the County Allocation of Revenue Act, to allocate a minimum of one third of budgetary allocation to infrastructure to the counties following devolution. Further, the Government development ceiling allocated to the Ministry of Transport and Infrastructure through the Budgetary Strategy Paper was reduced to KSh 19.5 billion in the printed estimates in the 2013/14 budget.

12.18. Trunk roads took the highest proportion of the total expenditure (51.9 per cent) due to the following planned road projects:MerilleRiver (A2),Turbi-Moyale (A2), Nairobi Southern bypass, Timboroa-Eldoret (A104), Eldoret-Webuye (A104), Webuye-Malaba (A104), Mau-Summit-Kerichoroad (B1/A1), Kericho-Nyamasaria road (A1), Kisumu-Kakamega, Njoroturnoff-Timboroa road, among others. The allocation for construction/rehabilitation of trunk roads is expected to decline from KSh 58.3 billion in 2012/13 to KSh 52.1 billion in 2013/14.

Table 12.10: Total Expenditure on Roads, 2009/10 - 2013/14

KSh Million

	2009/10	2010/11	2011/12	2012/13*	2013/14**
Development:					
Trunk Roads	28,514.6	16,243.7	36,666.9	58,290.6	52,074.2
Primary Roads	11,579.1	19,503.7	8,283.1	6,861.7	3,850.1
Secondary Roads	7,877.6	8,636.3	14,032.3	14,215.6	10,914.0
Miscellaneous Roads (including Urban)	4,730.0	4,253.7	14,761.6	5,125.8	8,300.0
Total	**52,701.3**	**48,637.4**	**73,743.9**	**84,493.7**	**75,138.3**
Recurrent (maint. & repair)	**15,446.2**	**12,550.5**	**17,786.3**	**24,370.5**	**25,174.5**
Grand Total	**68,147.4**	**61,187.9**	**91,530.2**	**108,864.2**	**100,312.8**

Source: State Department of Infrastructure

*Provisional

**Estimates

12.19. The Ministry adopts the Roads 2000(R2000)maintenance approach which uses a combination of optimum labour force and equipment, in a manner that is technically and economically feasible as well as socially and environmentally sustainable. All counties implementing R2000 use the disbursements from Road Maintenance Levy Fund (RMLF). Table 12.11 shows the status of Roads 2000 Programme as at December 2013. In the year under review, a total of 191.3 kilometres out of planned 284.5 kilometres were completed at a cost of KSh 40 million. In 2013/14 financial year, the estimated budget for the R2000 approach is KSh 3.6 billion.

Table 12.11: Status of Roads 2000 Programme, December2013

Counties	Planned(Km) (2012/2013)	Completed(Km) (2012/2013)	Percentage Completion	Expenditure (KSh Million)2012/13	Status	Estimated Budget(KSh Million) 2013/14
Murang'a and Nyandarua	204.5	147.1	71.9	30.0	On - going	8.0
Murang'a, Kiambu, Nyeri, Nyandarua, Kirinyaga and Laikipia	–	–	–	–	–	1,530.0
Embu, Tharaka Nithi, Meru, Machakos and Makueni	–	–	–	–	–	1,515.0
Bungoma, Kakamega and Vihiga	80	44.2	55.3	10.0	On - going	254.0
Busia						264.0
Grand Total	**284.5**	**191.3**		**40.0**		**3,571.0**

Source: Kenya Rural Roads Authority

12.20. Table 12.12 presents road network by type and classification as at 1st July 2009 and 1st July 2013. The total kilometres of road under earth/gravel decreased from 53.07 thousand kilometres in 2009 to 52.41 thousand kilometres in 2013 due to ongoing road upgrading. The kilometres of road under bitumen increased to 11.23 thousand kilometres in 2013 supported by increased Government budgetary allocation to road construction and rehabilitation. The upgraded roads include, Gatundu-Karinga-Flyover(E496) Phase II, Chesoi-Chesongoch(D340) road, Manga-Kemera-Amabuko, Luanda-Akala road, among others.

Table 12.12: Kilometres of Road as at 1st July,2009 and1st July,2013by Type and Classification

'000 Km

Type of Road	2009		2013*	
	Bitumen	Earth/ Gravel	Bitumen	Earth/ Gravel
A - International Trunk	2.83	0.82	2.89	0.70
B - National Trunk	1.54	1.16	1.58	1.11
C – Primary	2.81	5.16	3.46	4.57
D – Secondary	1.28	9.48	2.09	8.62
E – Minor	0.66	26.07	1.05	26.46
F - Special Purpose[1]	0.16	10.38	0.16	10.95
TOTAL	**9.28**	**53.07**	**11.23**	**52.41**

Source: State Department of Infrastructure

*Provisional

[1]Special purpose roads include Government access, settlement, rural access, sugar, tea and wheat roads

12.21. Table 12.13 shows the work in progress for the road construction, rehabilitation, upgrading, bridge construction, during the 2013/14 financial year. A total of KSh 77.1 billion is expected to be used to rehabilitate 1,162.3 kilometres of roads, while KSh 143.3 billion is to be utilised for the construction of 1,788 kilometres of roads. Bridge construction will cost KSh 0.9 billion and upgrading of 70 kilometres road will cost KSh 2.2 billion. Overall, a total of KSh 223.6 billion is expected to be utilised on road works covering a total distance of 3,028.3 kilometres during the 2013/14 financial year.

Table 12.13: Major Road Works in Progress[1] in 2013-14

Activity	Length(Km)	Contract Amount (KSh Million)
Roads constructed		
Marsabit-Turbi (A2)	121.0	13,000.58
Loruk – Barpelo (B4)	62.0	5,709.91
Merille River –Marsabit (A2)	120.0	13,718.69
Turbi-Moyale (A2)	123.0	12,061.53
Nairobi Southern Bypass	28.6	17,167.70
Homa Bay-Mbita (C19)	43.0	3,388.34
Londiani-Fortenan (C35)	63.0	4,456.36
KCC (Sotik)-Ndanai-Gorgor (C15)	28.7	1,508.19
Enjinja-Bumala (C30)	37.0	1,735.81
Modika – Nuno (A3/C18)	12.0	1,090.19
Kaloleni – Kilifi (C107)	35.0	2,299.78
Chebilat – Ikonge – Chabera (C22)	38.0	3,109.76
Chepterit – Kimondi (Baraton) (c37)	13.0	1,335.71
Kangema – Gacharage (C70)	35.0	4,112.18
Chiakariga – Meru (C92)	55.0	4,667.64
Siaya - Ruambwa Road (C29) Road	58.0	1,908.49
Masara-Suna-Kehancha Road (C13) and Reinstatement of Awendo - Mariwa Road (D202) Road	60.0	4,561.45
Interchange at City Cabanas	5.0	-
Kapsoya roads in Eldoret municipality	8.1	887.10
Nairobi western ring roads	8.4	1,378.93
Nairobi Link Road: Waiyaki Way - RedHill Road	5.0	224.56
Kahawa Wendani Bridge in Ruiru Municipality	0.0	27.49
Ngorongo -Githunguri	22.0	1,341.27
Thogoto – Gikambura – Mutarakwa (D411) Road (Phase II)	17.0	935.37
Kamagambo - Nyasembe - Mogonga	25.0	1,724.65
Makutano – Kikima – Tawa (D516 / D517) Roads	43.0	1,895.09
Ruiri – Isiolo (D490), Amos Loop and Isiolo – Muriiri – Michimikuru Tea Factory (D485 / E814) Roads	80.2	3,443.44
Meru – Mikinduri – Maua (D482) Road (Phase II)	24.0	1,721.87
Mukurueini – Gakonya (D429 / E559) and Rutune – Mahuaini (E554) Roads (Phase II)	12.0	974.90
Muranga - Gitugi	40.0	2,170.34
Mairi - Makomboki	25.0	1,458.94
Lanet - Elementaita	20.0	1,148.14
Mosoriot - Chepterwai - Kipkaren River	20.0	1,593.07
Kagere-Munyange-Gitugi E571, Ndunyu - Miirini -Gituiga - Kiriaini (D428)	37.7	1,950.61
Gatugi-jn D430, (E552) Iria-ini, Mugaa-ini (E1682) JN E552-Witima-Gikundo-Tambaya, JN Gichiche-Kiganjo TBC(E459)-Kariki-JN D430, Kiinu-Ngaru (E1659)-Konyu-Mucharage-Kairo (E511) Nyamari-Kihuri (Water Treatment (E558)	68.5	3,626.00
Giakanja -Tetu Mission Road(D4340	60.0	2,453.09
Naro Moru - Munyu – Karisheni	46.0	2,468.82
Mweiga-Brookside-Kimathi University (D449/D450A	20.0	1,590.57
Moi North Lake Road Naivasha	12.0	898.64
Luanda-Akala Road (phase I)	24.0	1,486.07
Cheborge-Roret -Kebenet - Siqowet road (D226)	43.0	3,149.15
Kamukunywa-Kaptama-Kapsokwony-Sirisia(D275) Road	67.0	2,699.62
Kimili-Misikhu Road	11.0	498.91
Nabengele-Rwambwa-Port Victoria	30.0	1,488.34
Sigalagala-Musoli-Sabatia-Buterre Road	34.3	1,809.47
Tirap-Embobut-Chesogon	35.5	1,803.22
Iten-Kapsowar Phase 1	12.0	656.51
Sub-Total	**1,788.0**	**143,336.49**

Table: 12.13 Contd.

Activity	Length(Km)	Contract Amount (KSh Million)
Roads rehabilitated		
Timboroa-Eldoret (A104)	73.0	3,113.87
Eldoret - Webuye (A104)	60.0	3,254.30
Webuye-Malaba (A104)	60.0	3,858.54
Mau Summit - Kericho Road (B1/A1)	58.0	6,835.48
Kericho - Nyamasaria Road (A1)	76.0	8,069.53
Nyamasaria – Kisumu Airport	24.0	5,788.20
Kisumu - Kakamega	60.0	4,452.05
Kakamega - Webuye (A1)--2013	40.0	2,505.92
Webuye-Kitale (A1)--2013	59.0	3,315.34
Sultan Hamud - Machakos Turnoff Road (A109)	55.0	4,797.26
Machakos Turnoff - JKIA Road (A109/A104)	33.0	6,937.68
Njoro Turnoff –Timboroa Road	84.0	6,199.74
Lanet-Njoro Turnoff road	16.5	3,363.85
Langata road (KWS gate to Bomas section) in Nairobi county	2.9	2,671.23
South c roads	5.5	124.69
First Avenue Eastleigh and General Waruinge roads	3.5	2,523.50
Upper hill roads, phase 1	5.5	551.02
Access road to Unsoa at Changamwe industrial area in Mombasa county	1.8	182.28
Nanyuki road in Nairobi county	1.6	146.19
Mogotio - Mogorin - Lake Bogoria	56.0	144.70
Ekona ya Ngare - Kiango - Riobonyo (E1041 /E202)	10.0	67.71
International School - Gathiga Road (E1512)	4.5	197.52
Eldoret - Ziwa - Kachibora (D328) and Kachibora - Moi's Bridge (D330 /E334)	74.5	1,435.21
Maili Tatu -Laare - Mutuate (E817 /D486) and KK - Njoune Link Roads	23.4	799.10
C99 Mumbuni - Kathiani Thwake River	20.0	637.19
A2 Mathaithi - C70 Munaini & Kagiri – Gatitu	54.0	1,784.94
Ukunda - Diani	14.7	199.93
Ngong - Kiserian (D523)	6.0	68.86
Kasoiyo - Tenges Society	70.0	818.45
Kibunja - Molo - Olenguruone (D316)	51.0	742.29
A2 (GSU) - Kiganjo - Mundoro (D398)	43.5	1,375.73
Gede - Watamu (E899P)	15.4	174.27
Sub-Total	**1162.3**	**77,136.57**
Bridges constructed		
Chelolongbei Bridge - Structure	-	210.87
Nyarongi bridge - Structure	-	79.63
Toku Bridge & Approach Roads	8.0	345.03
Kipsonoi River Bridge - Structure	-	110.00
Footbridge Over Railway Line in Limuru Municipality	0.0	104.58
Chelimo bridge and approaches	0.0	55.22
Sub-Total	**8.0**	**905.33**
Upgraded roads		
Gatundu - Karinga - Flyover (E496) PHASE II	45.0	1,555.50
Chesoi - Chesongoch (D340) Road	13.0	249.93
Manga - Kemera – Amabuko	12.0	411.67
Sub-Total	**70.0**	**2,217.09**
Total	**3,028.3**	**223,595.48**

Source: State Department of Infrastructure

1 Includes works Completed

Developments in the Sector

Railways Sub-sector

12.22.The Kenya Railways provides rail transport services mainly across the main towns of Nairobi, Mombasa and Kisumu. Over the review period, there was remarkable activity within the Railways sub-sector including the proposed construction of the Lamu Port -South Sudan-Ethiopia Transport (LAPSSET)corridor project, which is set to connect Kenya, Ethiopia and South Sudan. Table 12.14 shows status of railway line and stations constructed during the fiscal year 2012/13. Syokimau Spur line (2.2 kilometers) was constructed at a cost of KSh 156.04 million. This also included Makadara, Imara Daima and Syokimau stations at a cost of KSh 399.02 million, KSh 297.44 million and KSh 239.70 million, respectively. In total, the cost of the railway line and stations amounted to KSh 1,092.2 million.

Table 12.14: Status of Railway line and Station Construction as at 2012/2013

Railway line/Station	Length in Kilometres	Amount KSh Million
Makadara station		399.02
Imara Daima station		297.44
Syokimau station		239.70
Syokimau Spur line	2.2	156.04
Total...		**1,092.20**

Source:Kenya Railways

12.23. The development and recurrent expenditure on railways is presented in Table 12.15**.** In 2011/12 financial year, development expenditure was KSh 603.3 million compared to KSh 9.3 million on maintenance and repairs. Overall, the expenditure for Kenya Railways declined to KSh18.1 million in 2012/13 from KSh 612.6 million in 2011/12due to the completion of all the planned projects.

Table 12.15: Development and Recurrent Expenditure on Railways, 2011/12 and 2012/13

KSh Million

	2011/12	2012/13*
Development:		
Makadara Station.....	87.1	-
Imara Daima Station.....	79.2	-
Westlands Office block.....	323.4	-
Nyalenda estate refurbishment.....	24.2	-
Nairobi central Railways.....	40.6	-
Standard Gauge Railway Feasibility Study..	48.8	-
**Total..... ....

Chapter 13

Tourism

Overview

The tourism sector suffered a number of setbacks that led to contraction in international visitor arrivals, resulting in a decline in tourism earnings in 2013. Uncertainties associated with the March 4th 2013 general elections negatively impacted visitor arrivals during the first quarter. The situation normalised in the second quarter following the peaceful polls. However, visitor arrivals declined in the third quarter due to a fire accident that damaged the international arrival lounge of the Jomo Kenyatta International Airport (JKIA) in August 2013. Consequently, air traffic to JKIA was diverted temporarily to other airports within Kenya and the region. Nevertheless, the sector remained resilient during the fourth quarter to record a growth of 1.6 per cent in visitor arrivals inspite of the Westgate Mall attack in Nairobi towards the end of the third quarter. Depressed visitor arrivals from European countries also impacted negatively on the sector's performance. In total, the number of international visitor arrivals decreased by 11.2 per cent from 1,710.8 thousand in 2012 to 1,519.6 thousand in 2013. Tourism earnings decreased by 2.1 per cent from KSh 96.0 billion in 2012 to KSh 94.0 billion in 2013.

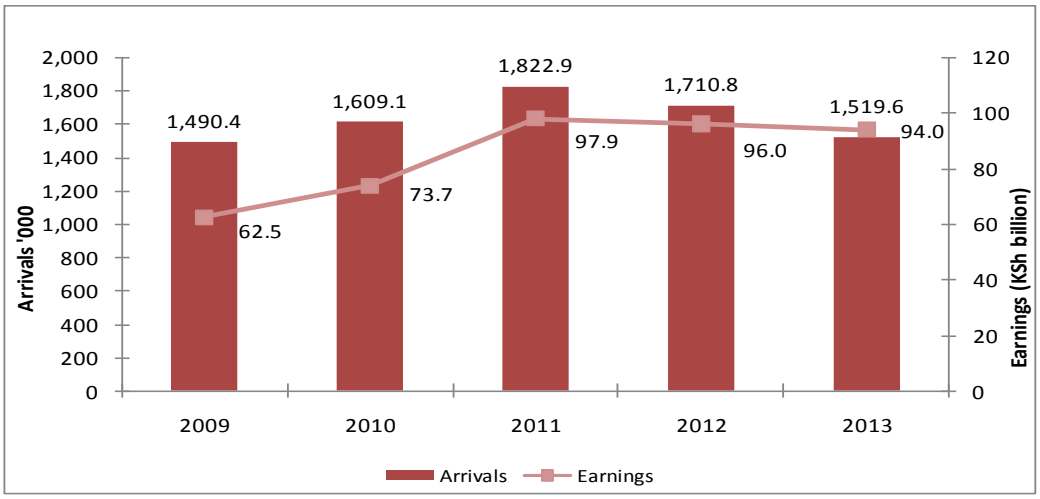
13.2. Bed-nights occupancy decreased by 3.8 per cent from 6,860.8 thousand in 2012 to 6,596.7 thousand in 2013. The number of local conferences decreased by 14.6 per cent from 3,338 in 2012 to 2,849 in 2013. Similarly, international conferences held in Kenya decreased by 8.8 per cent from 328 in 2012 to 299 in 2013.

13.3. Following the decrease in the number of international visitor arrivals, the number of visitors to national parks and game reserves decreased from 2,492.2 thousand in 2012 to 2,337.7 thousand in 2013. Similarly, visitors to museums, snake parks and other historical sites recorded a 6.5 per cent decrease to 770.8 thousand in 2013 compared to 824.6 thousand in 2012.

Arrivals and Departures

13.4. Trends in international visitor arrivals and tourism earnings from 2009 to 2013 are depicted in Figure 13.1.

Figure 13.1: Number of Visitor Arrivals and Tourism Earnings, 2009 – 2013



13.5. Figures 13.2(a) and 13.2(b) show the monthly international visitor arrivals through the country's major international airports for 2012 and 2013. The growth in visitor arrivals was observed at the Moi International Airport (MIA) in Mombasa which registered a 3.7 per cent increase from 187.2 thousand in 2012 to 194.1 thousand in 2013. The number of tourists arriving through Jomo Kenyatta International Airport (JKIA) in Nairobi dropped by 12.9 per cent from 1,048.4 thousand in 2012 to 913.0 thousand in 2013. This was attributed to the suspension of flights at the airport after fire destroyed the international arrival terminal in August and the subsequent terror attack on the Westgate Mall in Nairobi in September. Arrivals at the JKIA peaked in July 2013 while the lowest arrivals were witnessed in August 2013 when flights were either cancelled or diverted.

Figure 13.2(a): Number of Visitor Arrivals through MIA, 2012 and 2013

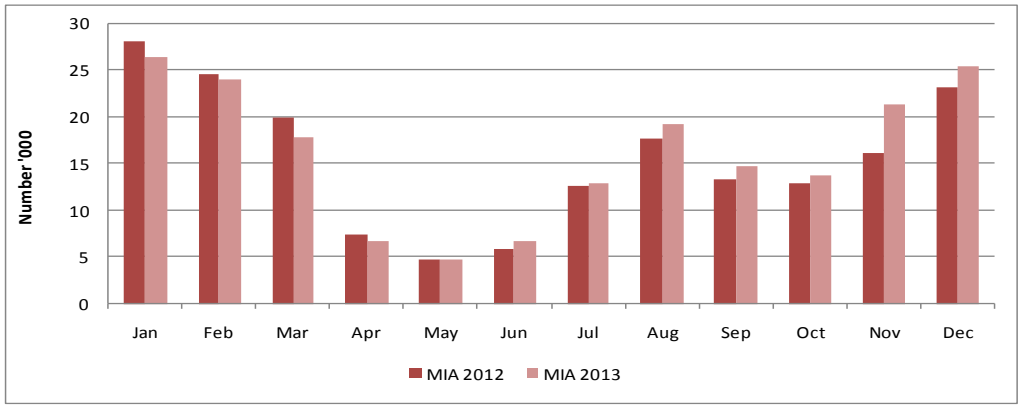
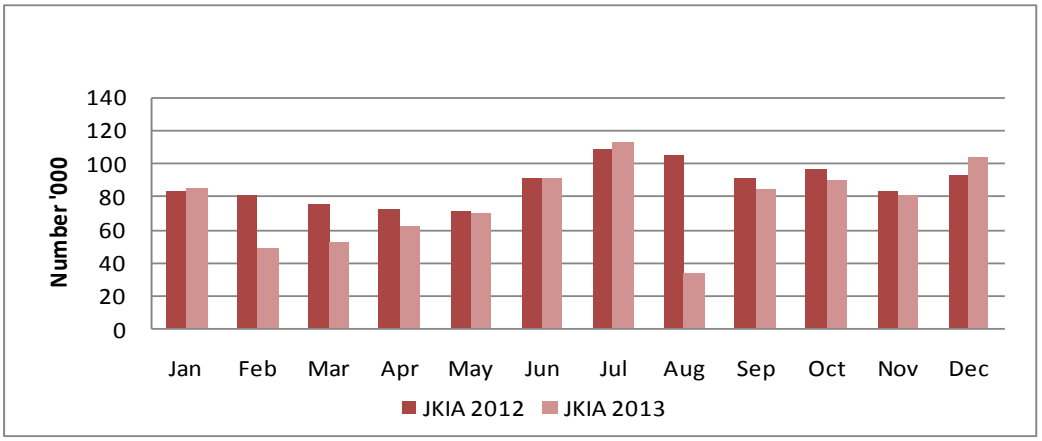


Figure 13.2(b): Number of Visitor Arrivals through JKIA, 2012 and 2013



13.6. The number of international visitor arrivals by purpose of visit on a quarterly basis is shown in Table 13.1. The sector recorded a 19.4 per cent drop in visitor arrivals for the first quarter. This was followed by declines in visitor arrivals in the subsequent two quarters of 2013. However, the year ended on a positive note with the sector recording a 1.6 per cent growth in visitor arrivals during the fourth quarter. Overall, international visitor arrivals dropped by 11.2 per cent from 1,710.8 thousand in 2012 to 1,519.6 thousand in 2013. The number of international visitor arrivals on holiday decreased by 9.5 per cent from 1,219.1 thousand in 2012 to 1,103.8 thousand in 2013. This may be partly due to uncertainties associated with the general elections and the Westgate Mall incident. Similarly, the number of international visitor arrivals on business travel and on transit decreased by 19.4 and 6.2 per cent, respectively, in 2013.

Table 13.1: International Visitor Arrivals by Purpose of Visit, 2009-2013

'000

Quarter	Purpose	2009	2010	2011	2012	2013*
1st Qtr.	Holiday	248.6	261.2	302.8	317.0	257.6
	Business	44.1	59.7	63.6	68.4	45.9
	Transit	21.8	34.2	22.2	21.4	22.5
	Other	37.8	33.5	38.5	35.4	30.5
	TOTAL	**352.4**	**388.6**	**427.1**	**442.2**	**356.4**
2nd Qtr.	Holiday	211.6	228.7	235.5	240.1	222.0
	Business	46.4	48.6	56.0	58.8	47.3
	Transit	23.8	32.2	21.1	22.6	21.8
	Other	34.6	25.9	64.7	45.0	39.5
	TOTAL	**316.4**	**335.5**	**377.4**	**366.5**	**330.6**
3rd Qtr.	Holiday	294.7	302.6	411.9	323.6	284.2
	Business	46.4	62.0	50.1	55.7	41.7
	Transit	29.3	40.0	15.3	27.0	20.8
	Other	50.2	49.8	50.1	52.8	35.5
	TOTAL	**420.7**	**454.4**	**527.4**	**459.1**	**382.2**
4th Qtr.	Holiday	306.3	308.2	369.7	338.5	340.1
	Business	43.6	58.6	62.4	53.2	55.3
	Transit	23.4	33.2	14.2	20.9	21.1
	Other	27.7	30.7	44.6	30.6	34.0
	TOTAL	**401.0**	**430.7**	**491.0**	**443.1**	**450.4**
Annual	Holiday	1,061.2	1,100.7	1,319.9	1,219.1	1,103.8
	Business	180.6	228.9	232.1	236.1	190.2
	Transit	98.4	139.5	72.9	91.8	86.1
	Other	150.2	140.0	198.0	163.8	139.5
	TOTAL	**1,490.4**	**1,609.1**	**1,822.9**	**1,710.8**	**1,519.6**

* Provisional

13.7. Table 13.2 shows the number of departing visitors by purpose of visit on a quarterly basis. The first quarter of 2013 registered a 4.9 per cent decline in departures to 370.9 thousand. The fourth quarter, however, recorded a 12.5 per cent growth in tourist departures. Overall, departures dropped by 2.2 per cent from 1,515.7 thousand in 2012 to 1,481.8 thousand in 2013. Departures of visitors on holiday declined for the second consecutive year by 2.3 per cent from 1,084.6 thousand in 2012 to 1,059.8 thousand in 2013. Similarly, departures for visitors on transit declined by 3.5 per cent from 85.1 thousand in 2012 to 82.1 thousand in 2013 while visitors on "Other" purposes dropped by 4.8 per cent from 144.6 thousand in 2012 to 137.6 thousand in 2013. However, departures for visitors on business increased marginally from 201.5 thousand in 2012 to 202.3 thousand in 2013.

Table 13.2: International Visitor Departures by Purpose of Visit, 2009-2013

'000

Quarter	Purpose	2009	2010	2011	2012	2013*
1st Qtr.	Holiday	258.7	265.6	277.6	281.7	264.0
	Business.....	38.0	40.0	56.9	54.1	51.7
	Transit.....	22.9	25.5	20.4	25.2	21.4
	Other.....	39.4	42.3	36.6	29.2	33.8
	TOTAL.....	**359.0**	**373.3**	**391.5**	**390.1**	**370.9**
2nd Qtr.	Holiday	217.5	220.2	204.9	216.0	206.8
	Business.....	44.4	45.3	52.4	53.7	57.1
	Transit.....	17.2	17.6	17.2	18.4	17.3
	Other.....	23.3	24.5	31.9	37.0	26.8
	TOTAL.....	**302.5**	**307.6**	**306.2**	**325.1**	**308.0**
3rd Qtr.	Holiday	282.0	290.3	322.8	297.6	265.7
	Business.....	40.1	41.6	31.4	46.0	40.5
	Transit.....	32.1	34.6	12.0	23.0	20.2
	Other.....	44.0	45.9	47.1	49.9	44.4
	TOTAL.....	**398.1**	**412.5**	**413.3**	**416.4**	**370.7**
4th Qtr.	Holiday	306.7	309.0	314.2	289.4	323.3
	Business.....	46.8	46.2	57.5	47.8	53.0
	Transit.....	25.3	24.5	12.1	18.4	23.2
	Other.....	29.9	29.2	33.4	28.5	32.6
	TOTAL.....	**408.6**	**408.9**	**417.3**	**384.1**	**432.1**
Annual	Holiday	1,064.9	1,085.1	1,119.5	1,084.6	1,059.8
	Business.....	169.3	173.1	198.3	201.5	202.3
	Transit.....	97.4	102.2	61.6	85.1	82.1
	Other.....	136.6	141.9	149.1	144.6	137.6
	TOTAL.....	**1,468.2**	**1,502.4**	**1,528.4**	**1,515.7**	**1,481.8**

*Provisional

13.8. Table 13.3 presents the number of departing visitors by country of residence and purpose of visit. The majority of departing visitors in 2013 were European residents who accounted for 58.5 per cent of all departures. The number of visitors departing, excluding those whose purpose of visit is categorized as "Other", went down by 2.0 per cent from 1,371.2 thousand in 2012 to 1,344.2 thousand in 2013. Departures by residents of France and Switzerland decreased by 9.6 and 8.2 per cent, respectively in 2013. However, those from Scandinavian countries increased by 12.0 per cent from 41.6 thousand in 2012 to 46.6 thousand in 2013. Similarly, departing visitors destined for Germany went up by 3.1 per cent from 166.7 thousand in 2012 to 171.9 thousand in 2013.

Table 13.3: Departing Visitors by Country of Residence and Purpose of Visit[1], 2011-2013

'000

Country of Residence	Holiday			Business			Transit			Total		
	2011	2012	2013*	2011	2012	2013*	2011	2012	2013*	2011	2012	2013*
Germany	129.1	133.2	135.1	22.0	22.9	25.6	6.1	10.6	11.2	157.2	166.7	171.9
United Kingdom	206.1	198.0	196.2	32.1	34.2	31.3	8.2	9.6	10.2	246.5	241.7	237.7
Switzerland	39.1	37.1	34.9	4.1	3.8	2.5	2.5	3.0	2.9	45.8	43.8	40.2
Italy	87.4	87.3	90.6	24.3	25.7	22.4	2.0	6.4	5.3	113.6	119.3	118.3
France	39.7	39.7	36.5	10.5	10.5	8.9	3.0	2.7	2.4	53.1	52.9	47.8
Scandinavia	36.1	33.9	38.8	5.1	5.5	5.1	3.0	2.3	2.7	44.3	41.6	46.6
Other Europe	107.0	105.8	106.5	16.9	16.1	12.9	1.5	5.3	4.2	125.3	127.2	123.6
TOTAL EUROPE	**644.5**	**634.8**	**638.6**	**115.0**	**118.6**	**108.7**	**26.3**	**39.8**	**38.9**	**785.8**	**793.3**	**786.1**
USA	113.5	109.1	101.1	16.0	15.4	16.5	3.1	7.8	8.5	132.6	132.4	126.1
Canada	25.2	23.4	23.2	3.0	3.1	4.7	1.5	2.4	2.6	29.7	28.9	30.5
TOTAL NORTH AMERICA	**138.6**	**132.5**	**124.3**	**19.0**	**18.5**	**21.2**	**4.6**	**10.3**	**11.1**	**162.3**	**161.3**	**156.6**
Uganda	34.2	33.2	36.1	7.2	6.7	9.4	2.5	4.3	4.0	43.9	44.1	49.6
Tanzania	35.0	34.3	30.5	8.1	7.6	8.2	3.1	3.7	1.8	46.2	45.6	40.5
Other Africa	114.1	113.7	116.3	14.9	13.4	14.9	15.0	14.6	10.2	144.0	141.6	141.4
TOTAL AFRICA	**183.3**	**181.3**	**182.9**	**30.3**	**27.6**	**32.5**	**20.6**	**22.5**	**16.1**	**234.2**	**231.4**	**231.5**
India	33.0	29.8	20.9	6.1	8.4	8.7	2.5	3.0	3.8	41.6	41.2	33.4
Japan	15.6	13.7	11.8	7.7	7.6	8.8	1.0	1.1	1.9	24.3	22.4	22.4
Israel	10.3	7.5	7.1	2.6	4.8	5.5	1.1	0.7	1.3	14.0	13.0	13.8
Other Asia	50.6	48.2	45.6	9.1	10.0	8.5	2.5	2.4	2.6	62.1	60.5	56.8
TOTAL ASIA	**109.5**	**99.2**	**85.3**	**25.5**	**30.7**	**31.5**	**7.0**	**7.3**	**9.6**	**142.0**	**137.2**	**126.4**
Australia and New Zealand	21.0	18.0	12.8	5.2	4.0	5.2	1.0	1.6	2.4	27.3	23.5	20.5
All Other Countries	22.5	18.8	15.9	3.3	2.1	3.2	2.0	3.6	4.0	27.9	24.5	23.1
TOTAL	**1,119.5**	**1,084.6**	**1,059.8**	**198.3**	**201.5**	**202.3**	**61.6**	**85.1**	**82.1**	**1,379.4**	**1,371.2**	**1,344.2**

* Provisional

13.9. The number of days spent by purpose of visit and average length of stay are shown in Table 13.4. The total number of days stayed declined by 1.9 per cent from 18,124.2 thousand in 2012 to 17,779.3 thousand in 2013 mainly because of a decrease in visitors on holiday. Nevertheless, the average length of stay remained 13.2 days in 2013 as in 2012.

Table 13.4: Number of Visitor-Days Stayed[1] by Purpose of Visit, 2009-2013

'000

Purpose	2009	2010	2011	2012	2013*
Holiday	13,563.0	15,237.4	15,719.8	15,229.7	14,881.8
Business	1,845.5	2,303.6	2,637.6	2,681.1	2,691.6
Transit	208.0	256.3	154.5	213.4	205.9
TOTAL	**15,616.5**	**17,797.3**	**18,511.9**	**18,124.2**	**17,779.3**
Average length of stay in days	11.7	13.1	13.4	13.2	13.2

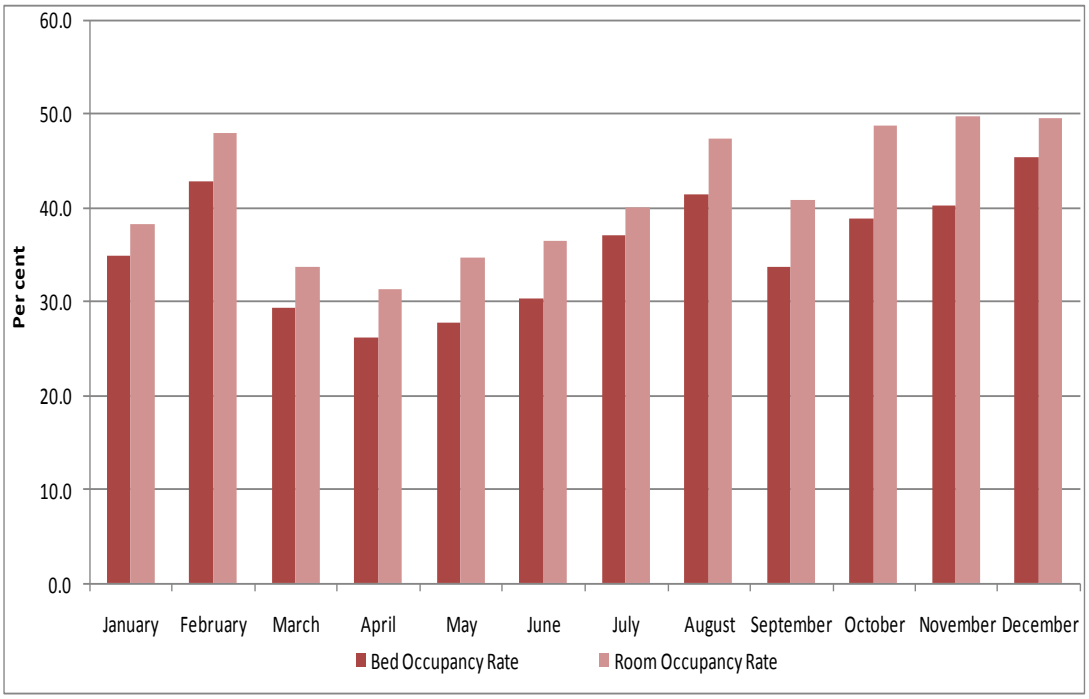
* Provisional

[1]Excludes visitors whose purpose of visit is "Other"

Hotel Occupancy by Country of Residence

13.10. Monthly bed and room occupancy rates are presented in Figure 13.3. The mean occupancy rate for beds occupied decreased from 36.4 per cent in 2012 to 36.1 per cent in 2013 while that of rooms decreased from 42.3 per cent in 2012 to 41.9 per cent in 2013. The highest bed and room occupancy rates during the year were recorded in December and November, respectively, with April recording the lowest rates for both.

Figure 13.3: Monthly Bed and Room Occupancy Rates, 2013



13.11. Hotel bed-nights occupancy by country of residence is shown in Table 13.5. The hotel capacity, defined as hotel bed-nights available contracted by 3.0 per cent from 18,849.6 thousand in 2012 to 18,292.2 thousand in 2013. This was partly due to some booking cancellations after the fire that destroyed the international arrival terminal in the month of August. Following the decline in visitor arrivals, the number of hotel bed-nights occupied declined from 6,860.8 thousand in 2012 to 6,596.7 thousand in 2013, representing a 3.8 per cent decrease. Bed-nights occupied by residents from Europe went down from 2,547.2 thousand in 2012 to 2,320.6 thousand in 2013, reflecting an 8.9 per cent decrease. This is attributed to the decline in the number of visitors from Italy, France, Scandinavia and the United Kingdom. The occupancy by American residents grew by 1.5 per cent from 387.4 thousand in 2012 to 393.3 thousand in 2013. Hotel bed-nights by clients from Africa decreased by 2.0 per cent from 3,263.3 thousand in 2012 to 3,199.0 thousand in 2013, despite the 34.7 per cent increase in bed-nights by residents of Uganda after effecting of the Common Market Protocol between East African Community Partner States.

Table 13.5: Hotel Bed - Nights Occupancy by Country of Residence, 2009-2013

000

Country of Residence	2009	2010	2011	2012	2013*
Permanent Occupants[1]	29.7	52.9	58.5	46.3	57.6
Germany	685.6	563.2	677.0	748.9	751.1
Switzerland	127.5	83.1	95.8	98.2	96.9
United Kingdom	909.7	964.7	765.9	521.6	498.3
Italy	383.2	651.0	495.3	415.5	234.8
France	231.8	222.7	239.5	160.0	113.9
Scandinavia	97.3	84.1	113.2	154.5	143.5
Other Europe	363.0	364.6	484.0	448.5	482.2
EUROPE	**2,798.1**	**2,933.4**	**2,870.6**	**2,547.2**	**2,320.6**
Kenya Residents	2,150.9	2,348.9	2,603.4	2,787.7	2,699.1
Uganda	103.0	67.9	76.2	81.8	110.2
Tanzania	71.1	61.5	68.5	69.2	64.5
East and Central Africa	87.1	84.6	101.5	115.9	104.3
West Africa	45.4	55.1	63.1	55.9	63.3
North Africa	25.4	28.3	30.9	23.9	29.0
South Africa	87.8	88.1	88.4	88.2	91.1
Other Africa	65.9	66.2	50.8	40.7	37.5
AFRICA	**2,636.6**	**2,800.6**	**3,082.7**	**3,263.3**	**3,199.0**
U.S.A	233.8	254.2	283.8	291.5	294.6
Canada	58.5	59.8	64.7	55.9	61.8
Other America	33.4	33.1	38.4	40.1	36.8
AMERICA	**325.7**	**347.2**	**386.9**	**387.4**	**393.3**
Japan	37.8	40.8	43.0	41.9	48.1
India	83.3	91.1	110.1	110.3	101.1
Middle East	37.5	36.6	43.6	50.2	50.6
China	33.2	50.7	89.6	114.0	105.9
Other Asia	41.0	42.9	53.0	68.2	54.4
ASIA	**232.8**	**262.3**	**339.3**	**384.5**	**360.1**
Australia and New Zealand	54.9	60.2	63.0	56.9	62.3
All Other Countries	165.2	205.6	214.1	175.2	203.9
TOTAL-OCCUPIED	**6,243.0**	**6,662.3**	**7,015.2**	**6,860.8**	**6,596.7**
TOTAL-AVAILABLE	**17,125.3**	**17,161.8**	**17,419.6**	**18,849.6**	**18,292.2**
Occupancy rate %	**36.5**	**38.8**	**40.3**	**36.4**	**36.1**

*Provisional

[1]Persons staying one month or more in one hotel, including some block bookings for air crew

13.12. The number of hotel bed-nights utilised by visitors in various zones of the country is shown in Table 13.6. As is the tradition, most tourists to Kenya are attracted by warm beaches at the Kenyan coast coupled with attractive game viewing facilities located within close proximity. The occupancy in the Coastal-Beach zone decreased by 12.2 per cent from 3,132.6 thousand in 2012 to 2,750.3 thousand in 2013. This is partly evidenced by declines in arrivals from Italy, France, Scandinavia and United Kingdom due to travel advisories and withdrawal of some charter flights to the Kenyan coast. Likewise, bed-nights occupied in the Coastal-Other went down from 260.0 thousand in 2012 to 124.0 thousand in 2013. Increases in hotel bed-nights in 2013 were recorded in Central, Masailand, Nyanza Basin and Northern zones. Northern Kenya benefited from increased tourists who thronged the

area to witness a rare solar eclipse in November 2013.

Table 13.6: Hotel Bed-Nights by Zone, 2009-2013

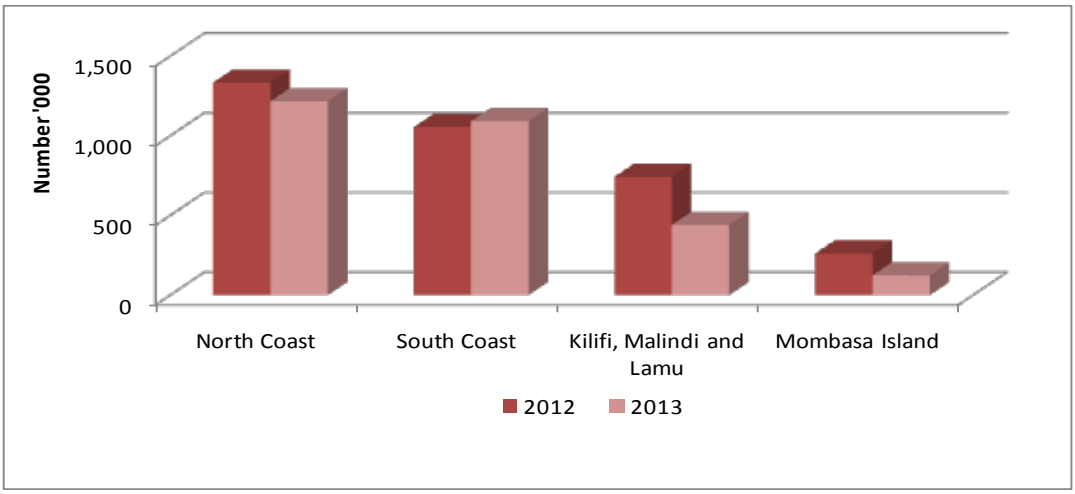
'000

Zone	2009	2010	2011	2012	2013*
Coastal-Beach	3,011.4	3,243.0	3,144.6	3,132.6	2,750.3
Coastal-Other	152.5	151.1	283.8	260.0	124.0
Coastal Hinterland	210.9	119.6	82.3	88.7	125.5
Nairobi-High Class	1,164.1	1,123.6	1,155.7	1,145.0	1,175.3
Nairobi-Other	498.1	410.7	526.2	490.5	455.7
Central	347.5	463.5	683.3	526.0	622.2
Masailand	312.8	472.6	418.6	443.7	473.0
Nyanza Basin	213.2	301.2	301.9	252.1	345.3
Western	319.0	364.1	374.9	464.3	454.1
Northern	13.3	12.9	43.9	57.8	71.2
TOTAL-OCCUPIED	**6,242.8**	**6,662.3**	**7,015.2**	**6,860.8**	**6,596.7**
TOTAL-AVAILABLE	**17,125.3**	**17,161.8**	**17,419.6**	**18,849.6**	**18,292.2**

*Provisional

13.13. The comparison of bed-nights occupied at the coast by area in the last two years is presented in Figure 13.4. Bed-nights occupancy at the North Coast, Mombasa Island, Kilifi, Malindi and Lamu decreased in 2013 unlike at the South Coast. This was as a result of travel advisories based on security concerns.

Figure 13.4: Bed-Nights Occupancy at the Coast, 2012 and 2013



13.14. The analysis of bed-nights occupied by area and country of residence is shown in Table 13.7. Most visitors preferred to stay at the coastal region, which accounted for 45.5 per cent of the total bed-nights occupancy. Bed-nights occupancy in Nairobi expanded from 23.8 per cent in 2012 to 24.7 per cent in 2013. Despite the decline in number of visitors to National Parks and Game Reserves, the share of bed-nights in lodges increased from 7.3 per cent in 2012 to 8.3 per cent in 2013. Residents of Kenya, United States of America and China continued to occupy most of the beds in lodges.

Table 13.7: Hotel Bed-Nights Occupancy by Area and Country of Residence, 2012 and 2013

'000

Country of Residence	Nairobi		Coast		Lodges		Others		Total	
	2012	2013*	2012	2013*	2012	2013*	2012	2013*	2012	2013*
Permanent Occupants[1]	8.2	13.2	24.6	21.6	0.8	2.0	12.7	20.7	46.3	57.6
Germany	48.3	31.4	665.7	681.4	23.6	27.8	11.3	10.4	748.9	751.1
Switzerland	11.0	14.1	76.3	73.5	8.9	6.6	2.1	2.6	98.2	96.9
United Kingdom	89.6	92.8	375.9	332.1	38.1	44.8	17.9	28.5	521.6	498.3
Italy	12.7	13.5	388.8	208.4	9.5	9.5	4.5	3.4	415.5	234.8
France	27.1	27.8	105.5	63.1	19.6	16.3	7.8	6.7	160.0	113.9
Scandinavia	30.7	29.1	94.0	93.9	24.1	14.5	5.6	6.1	154.5	143.5
Other Europe	74.9	73.2	318.4	346.6	39.8	49.5	15.5	12.8	448.5	482.2
Kenya	532.8	472.9	1,106.5	933.8	95.1	117.9	1,053.3	1,174.4	2,787.7	2,699.1
Uganda	42.0	81.6	26.3	13.6	0.4	0.5	13.2	14.5	81.8	110.2
Tanzania	47.0	46.2	17.9	11.1	0.6	0.8	3.7	6.4	69.2	64.5
East & Central Africa	95.1	82.9	16.4	16.8	0.6	0.8	3.9	3.8	115.9	104.3
West Africa	44.7	54.1	8.9	5.7	1.0	0.9	1.3	2.6	55.9	63.3
North Africa	17.0	22.4	5.1	4.0	1.0	1.2	0.8	1.5	23.9	29.0
South Africa	51.9	60.2	30.2	23.9	4.4	3.7	1.7	3.3	88.2	91.1
Other Africa	24.8	23.2	13.3	10.8	1.3	1.5	1.3	2.0	40.7	37.5
USA	157.7	152.5	38.3	27.9	67.9	80.0	27.6	34.2	291.5	294.6
Canada	24.7	26.3	10.3	14.4	16.2	15.2	4.8	5.9	55.9	61.8
Other America	14.9	18.0	14.0	7.7	9.2	8.9	2.0	2.3	40.1	36.8
Japan	16.5	18.1	4.1	5.5	15.6	18.1	5.7	6.4	41.9	48.1
India	50.5	48.6	23.6	14.9	27.3	26.8	8.8	10.8	110.3	101.1
Middle East	26.8	31.5	11.4	9.9	10.1	5.5	1.8	3.6	50.2	50.6
China	37.5	32.2	9.3	8.7	51.7	48.7	15.5	16.4	114.0	105.9
Other Asia	41.1	25.4	11.3	8.9	9.9	11.4	5.9	8.6	68.2	54.4
Australia & New Zealand	26.5	29.0	11.1	10.7	14.7	17.3	4.6	5.4	56.9	62.3
All Other Countries	81.6	110.9	74.3	50.8	10.1	14.0	9.2	28.2	175.2	203.9
TOTAL	**1,635.6**	**1,631.0**	**3,481.4**	**2,999.8**	**501.5**	**544.3**	**1,242.4**	**1,421.7**	**6,860.8**	**6,596.7**
PERCENTAGE SHARE	**23.8**	**24.7**	**50.7**	**45.5**	**7.3**	**8.3**	**18.1**	**21.6**	**100.0**	**100.0**

* Provisional

[1]Persons staying one month or more in one hotel, including some block bookings for air crew

13.15. The number of bed-nights occupied in national parks and game reserves, and type of catering offered to foreign and East African residents is shown in Table 13.8. Bed-nights occupied by East Africa residents increased by 23.5 per cent from 96.5 thousand in 2012 to 119.2 thousand in 2013. This was as a result of increased occupancy in lodges. Similarly, bed-nights occupied by foreign residents went up by 5.0 per cent to stand at 425.1 thousand in 2013. The number of foreign residents who opted for full-catering went up from 355.7 thousand in 2012 to 372.8 thousand in 2013.

Table 13.8: Game Lodges[1] Occupancy, 2011 – 2013

'000

	Bed-Nights Occupied					
	Foreign Residents			E.A. Residents		
	2011	2012	2013*	2011	2012	2013*
Game Reserves	113.5	91.8	112.1	31.1	36.9	47.0
National Parks	246.8	313.1	313.0	71.1	59.6	72.2
TOTAL	**360.3**	**404.9**	**425.1**	**102.2**	**96.5**	**119.2**
Of which full Catering	326.0	355.7	372.8	87.3	81.0	98.2
Self Service	34.3	49.2	52.3	14.9	15.5	21.0

*Provisional

[1]Lodges in National Parks and Game Reserves

National Parks and Game Reserves

13.16. The number of visitors to national parks and game reserves declined from 2,492.2 thousand in 2012 to 2,337.7 thousand in 2013 as shown in Table 13.9. This impact was mostly felt at Nairobi Mini Orphanage, Impala Sanctuary in Kisumu, Tsavo East and Lake Bogoria national parks. This was mainly attributed to the decrease in international visitor arrivals. However, visitors to Lake Nakuru National Park increased from 253.5 thousand in 2012 to 262.5 thousand in 2013.

Table 13.9: Number of Visitors to National Parks and Game Reserves, 2009-2013

'000

Park/Reserve	2009	2010	2011	2012	2013*
Nairobi	102.7	120.8	135.1	151.1	154.7
Nairobi Safari Walk	258.5	201.1	176.3	147.2	136.0
Nairobi Mini Orphanage	450.4	490.2	403.0	474.6	407.4
Amboseli	133.0	209.0	176.2	141.4	141.2
Tsavo (West)	102.7	138.1	98.9	70.9	68.8
Tsavo (East)	203.8	264.2	268.0	176.7	153.2
Aberdare	36.7	42.8	45.8	44.3	50.1
Lake Nakuru	189.3	241.2	245.0	253.5	262.5
Maasai Mara	157.9	187.3	138.2	102.0	103.8
Haller's Park	137.3	120.4	149.8	125.5	121.5
Malindi Marine	43.4	46.9	49.5	40.8	41.9
Lake Bogoria	79.5	94.4	108.3	114.6	91.5
Meru	15.2	20.4	20.2	17.8	14.7
Shimba Hills	19.4	21.2	29.4	26.1	23.2
Mt. Kenya	25.0	29.2	33.3	27.5	24.6
Samburu	18.9	13.1	14.2	15.0	13.5
Kisite/Mpunguti	40.0	50.6	59.5	48.4	44.7
Mombasa Marine	27.9	37.9	38.3	34.6	36.8
Watamu Marine	16.5	25.4	37.3	36.3	35.1
Hell's Gate	87.4	121.8	133.1	95.4	89.0
Impala Sanctuary (Kisumu)	174.6	195.2	201.6	247.0	222.3
Mt. Longonot	30.8	39.1	43.2	44.1	43.6
Other[1]	34.4	54.8	60.1	57.5	57.5
TOTAL	**2,385.1**	**2,764.9**	**2,664.1**	**2,492.2**	**2,337.7**

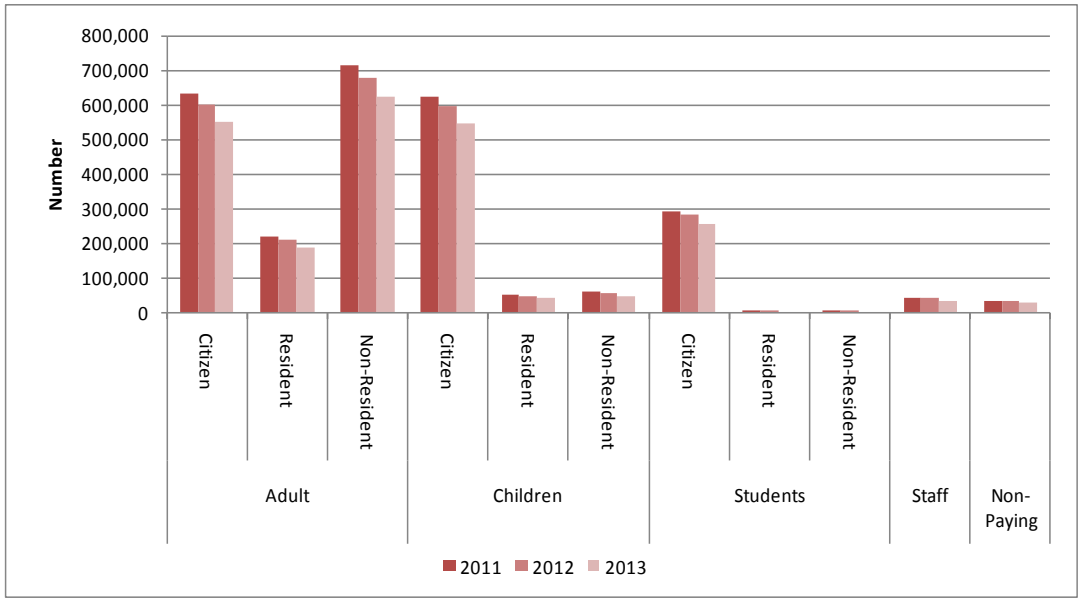
Source: Kenya Wildlife Services

* Provisional

[1]Includes: Arabuko Sokoke, Ol-Donyo Sabuk, Marsabit, Saiwa swamp, Sibiloi, Bamburi, Chyulu, Ruma National Park, Mwea National Reserve, Central lsland National Park, Kiunga, Mt. Elgon, Nasolot, Ndere and Kakamega.

13.17. The number of visitors to the national parks and game reserves by residency are also depicted in Figure 13.5. Non-resident adults constituted the largest proportion of visitors to the facilities. Adults and children citizens constituted an almost equal proportion of visitors, indicating that most Kenyans may be touring the national parks and game reserves as families. The number of Kenyan citizens visiting these protected areas remained high due to accessibility by locals.

Figure 13.5: Visitors to National Parks and Game Reserves, 2011-2013



Museums, Snake Parks and Historical Sites

13.18. The number of visitors to museums, snake parks and historical sites is shown in Table 13.10. The total number of visitors dropped by 6.5 per cent from 824.6 thousand in 2012 to 770.8 thousand in 2013. The number of visitors to National Museum main gate declined by 29.1 per cent from 184.7 thousand in 2012 to 130.9 thousand in 2013 while those to the Snake Park dropped by 35.2 per cent from 146.4 thousand in 2012 to 94.8 thousand in 2013. However, visitors to Fort Jesus Museum in Mombasa rose from 127.6 thousand in 2012 to 152.1 thousand in 2013. Similarly, visitors to Kitale Museum increased from 41.8 thousand in 2012 to 54.3 thousand in 2013, reflecting a growth of 29.9 per cent. The month of August, which coincides with school holiday, had the highest number of visitors to museums, snake parks and historical sites in 2013 as illustrated in Figure 13.6.

Table 13.10: Number of Visitors to Museums, Snake Parks and Historical Sites, 2009-2013

'000

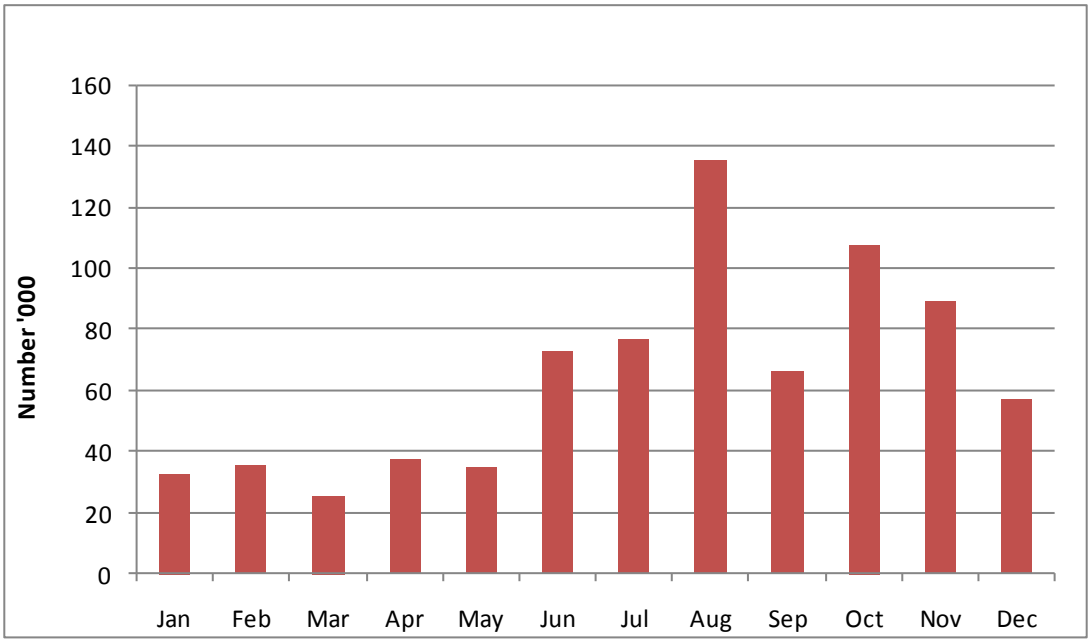
Name of Museums	2009	2010	2011	2012	2013*
National Museum:(Main Gate) ...	232.7	284.4	170.6	184.7	130.9
National Museum:(Snake Park) ...	69.1	154.7	138.6	146.4	94.8
Fort Jesus.....	167.7	184.5	168.8	127.6	152.1
Kisumu Museum	89.7	104.1	110.9	144.9	151.2
Kitale Museum	30.6	32.0	38.7	41.8	54.3
Gedi	44.5	47.6	54.0	43.1	54.6
Meru Museum	19.2	28.9	21.8	24.2	26.3
Lamu	4.2	4.5	4.9	2.6	2.8
Jumba la Mtwana	9.8	8.8	8.4	5.7	7.4
Olorgessaile	1.1	..	4.6	..	..
Kariandusi	10.9	12.4	12.9	10.2	4.3
Hyrax Hill	7.7	2.1	11.2	8.9	5.9
Karen Blixen	40.2	46.7	54.5	54.9	44.7
Malindi Museum	22.9	21.4	30.2	17.9	26.1
Kilifi Mnarani	1.8	1.2	2.4	1.6	0.8
Kabarnet	2.3	1.2	1.7	1.3	1.6
Kapenguria	5.8	5.0	6.6	7.6	8.7
Pete Sites	0.1	0.1	0.0	0.0	0.0
Swahili House	0.6	0.6	0.6	0.3	0.3
Narok Museum	0.8	0.3	0.4	0.2	0.6
German Post	0.1	0.1	0.1	0.1	0.1
Takwa Ruins	1.5	1.4	1.3	0.7	0.6
Koobi Fora	..	0.1	0.1	..	0.0
Rabai	..	..	..	..	2.7
Thimlich Ohinga	..	..	..	..	0.1
TOTAL	**763.1**	**942.0**	**843.4**	**824.6**	**770.8**

Source: National Museums of Kenya

* Provisional

.. Not available/closed

Figure 13.6: Monthly Number of Visitors to the Museums, Snake Parks and Historical Sites, 2013



Conference Tourism

13.19. The number of local conferences decreased by 14.6 per cent from 3,338 in 2012 to 2,849 in 2013. Similarly, international conferences held in Kenya decreased by 8.8 per cent from 328 in 2012 to 299 in 2013 as shown in Table 13.11. The average percentage occupancy of conference facilities declined from 6.8 per cent in 2012 to 6.4 per cent in 2013 due to the large decrease in the number of delegate days. The number of delegates attending local conferences decreased by 2.7 per cent while those attending international conferences grew by 12.5 per cent in 2013.

Table 13.11: Indicators on Conference Tourism, 2011-2013

Number

	2011		2012		2013*	
	Local	International	Local	International	Local	International
No. of conferences.....	2,995	309	3,338	328	2,849	299
No. of delegates.....	408,596	33,566	413,037	35,663	401,809	40,109
No. of delegate days.....	497,523	197,562	554,443	209,910	523,224	179,922
No. of delegate days available.....	5,520,344	5,520,344	5,652,611	5,652,611	5,498,958	5,498,958
Percentage Occupancy.....	9.0	3.6	9.8	3.7	9.5	3.3

*Provisional

Training

13.20. The Kenya Utalii College (KUC) continues to nurture workforce of various cadres related to the tourism industry as shown in Table 13.12. The number of graduates rose from 2,970 in 2012 to 3,001 in 2013. This was mainly attributed to an increase in demand for short professional courses from 17 in 2012 to 758 in 2013. Graduates of management development programmes increased by 12.5 per cent from 224 in 2012 to 252 in 2013. The number of graduates in regular professional courses dropped by 13.7 per cent in 2013 while the pioneer course was discontinued.

Table 13.12: Kenya Utalii College Graduates, 2009-2013

Number

Year	Pioneer Course[1]	In- Service		Professional Courses			Grand Total
		Refresher	MDP[2]	Regular Courses	Short Courses	Sub-Total	
2009	722	1,818	191	469	28	497	3,228
2010	1,052	1,178	192	533	30	563	2,985
2011	561	1,494	264	613	30	643	2,962
2012	458	1,644	224	627	17	644	2,970
2013*	..	1,450	252	541	758	1,299	3,001

Source: Kenya Utalii College

* Provisional

[1]Pioneer is a 3 month course

[2]MDP - Management Development Programmes

..Not available/closed

Chapter 14

Transport and Storage

Overview

Transport is one of the key enablers of sustainable growth enshrined in the country's long term development plan, Vision 2030. Reliable and efficient road, rail, air and water transport infrastructure facilitate smooth and faster movement of goods and services, in turn boosting trade within and across Kenyan borders. In 2013, the Transport and Storage sector was characterized by mixed performance. The sector's total output value expanded by 3.3 per cent with road transport accounting for 64.3 per cent of the total value recorded. Cargo throughput handled at the Port of Mombasa increased by 1.8 per cent to 22,307 thousand tonnes in the review period. The total volume of refined petroleum products pumped via the pipeline for both domestic and export markets rose by 6.5 per cent from 4,855.6 thousand cubic metres in 2012 to 5,171.4 thousand cubic metres in 2013.

14.2. The number of newly registered motor vehicles increased by 21.7 per cent, while motor and auto cycles; and three wheelers collectively posted a 33.8 per cent growth to 128,161. Total units registered increased by 28.4 per cent to 222,178 in 2013. The number of reported road traffic accidents dropped by 10.3 per cent in the review period, partly attributed to strict enforcement of road traffic rules, road safety education and awareness programmes, among other measures, undertaken by the government.

14.3. The railway transport sub-sector recorded declines in freight and passenger traffic handled over the review period. Cargo traffic handled dropped by 12.9 per cent to 1,214 thousand tonnes in 2013. Similarly, passenger journeys decreased by 1.5 per cent over the same period. Total passenger and cargo traffic handled at the main airports dropped by 4.1 and 11.3 per cent, respectively, in 2013.

Value of Output

14.4. Output values for the various transport and storage sub-sectors for the period 2009 to 2013 are presented in Table14.1. During the period under review, the sector recorded a growth of 3.3 per cent in total output value to KSh 645.8 billion. The value of output for road transport rose from KSh 402.5 billion in 2012 to KSh 415.0 billion in 2013, translating into a growth of 3.1 per cent in 2013. Similarly, output values for air and pipeline transport sub-sectors maintained upward trends, posting slowed growths of 7.2 and 5.5 per cent, respectively. Output value for railway transport declined by 7.9 per cent from KSh 5.6 billion in 2012 to KSh 5.2 billion in 2013. Likewise, output value for water transport dropped marginally from KSh 29.9 billion in 2012 to KSh 29.8 billion in 2013.

Table 14.1: Transport and Storage - Value of Output, 2009 - 2013

KSh Million

	2009	2010	2011+	2012	2013*
Road Transport	285,262	326,318	386,636	402,452	415,031
Railway Transport	4,747	5,591	6,017	5,613	5,172
Water Transport	21,039	23,847	28,188	29,869	29,801
Air Transport	81,609	84,257	100,203	108,780	116,576
Services Incidental to Transport	40,019	48,342	60,097	60,484	60,466
Pipeline Transport	11,837	13,906	15,474	17,755	18,735
Total	**444,513**	**502,261**	**596,615**	**624,953**	**645,781**

* Provisional.

+ Revised

Road Transport

14.5. Table 14.2 shows funds disbursed by Kenya Roads Board (KRB) from the Roads Maintenance Levy Fund (RMLF) for maintenance and rehabilitation of roads. In the financial year 2013/14, total disbursement of funds by the Board to the various road agencies is expected to increase by 3.3 per cent to KSh 25.2 billion up from KSh 24.4 billion approved in 2012/13. Similarly, fuel levy and transit toll collections are projected to expand by 3.1 per cent and 12.5 per cent, respectively, in 2013/2014 financial year.

Table 14.2: Roads Maintenance Funds, 2009/10 - 2013/14

KSh Million

	2009/10	2010/11	2011/12	2012/13*	2013/14**
Fuel Levy	22,180	23,086	23,757	23,978	24,733
Transit Toll	425	304	343	392	441
Total	**22,605**	**23,390**	**24,100**	**24,370**	**25,174**

Source: Kenya Roads Board

* Provisional.

** Estimates

14.6. Table 14.3 presents earnings from the Road Transport sub-sector. The sub-sector's total earnings increased by 3.1 per cent to KSh 415.0 billion in 2013. Overall, earnings from passenger traffic accounted for 52.5 per cent of the total earnings from road transport expanding by 6.2 per cent to KSh 218.1 billion in 2013. However, earnings from freight traffic dropped marginally for the second consecutive year to KSh 197.0 billion in 2013.

Table 14.3: Earnings from Road Traffic, 2009- 2013

KSh Million

	2009	2010	2011+	2012	2013*
Passenger Traffic	155,909	167,320	188,562	205,384	218,080
Freight Traffic	129,353	158,997	198,074	197,068	196,951
Total Road Traffic Earnings	**285,262**	**326,317**	**386,636**	**402,452**	**415,031**

* Provisional.

+ Revised

New Registration of Motor Vehicles and Motor Cycles

14.7. **Motor vehicles**: The number of newly registered motor vehicles and motor cycles is shown in Table 14.4 and Figure 14.1. The total units registered rose from 173,044 in 2012 to 222,178 in the review period. Total number of newly registered motor vehicles increased by 21.7 per cent to 94,017 units in 2013 from 77,229 units recorded in 2012. The number of

newly registered saloon cars expanded by 25.9 per cent to 16,343 units in 2013. Similarly, the registration of station wagons recorded a growth of 22.1 per cent, to account for 51.8 per cent of the total motor vehicles registered during the review period. The increase in registration of saloon cars and station wagons could partly be explained by improved importation of vehicles especially from Japan. Further, increased local demand as a result of appreciation of the Kenyan Shilling against the Japanese Yen contributed to the increase in the importation of vehicles.

14.8. The new registration of vehicles maintained an upward trend in 2013. The number of buses and coaches registered in 2013 increased by 25.9 per cent compared to a drop of 1.4 per cent in 2012. The number of minibuses/*matatus* more than trebled in 2013 to 235 units from 78 units registered in 2012. The increase in registration of mini buses/*matatus* in 2013 could partly be attributed to the Government's policy that recommended, among others, the use of higher capacity public service vehicles for passenger transport. This led to a higher registration of minibuses with the intention to gradually phase out the 14 seater *matatus.*

14.9. **Motor cycles**: The number of motor and auto cycles registered went up by 33.1 per cent from 93,970 units in 2012 to 125,058 units in the review period. The use of three wheelers, also known as *tuk-tuk*, as alternative mode of public passenger transport especially in major towns doubled from the 2010 level. In 2013, the number of newly registered three wheelers rose to 3,103 units, reflecting an increase of 68.2 per cent.

Table 14.4: New Registration of Road Motor Vehicles and Motor cycles, 2009 - 2013

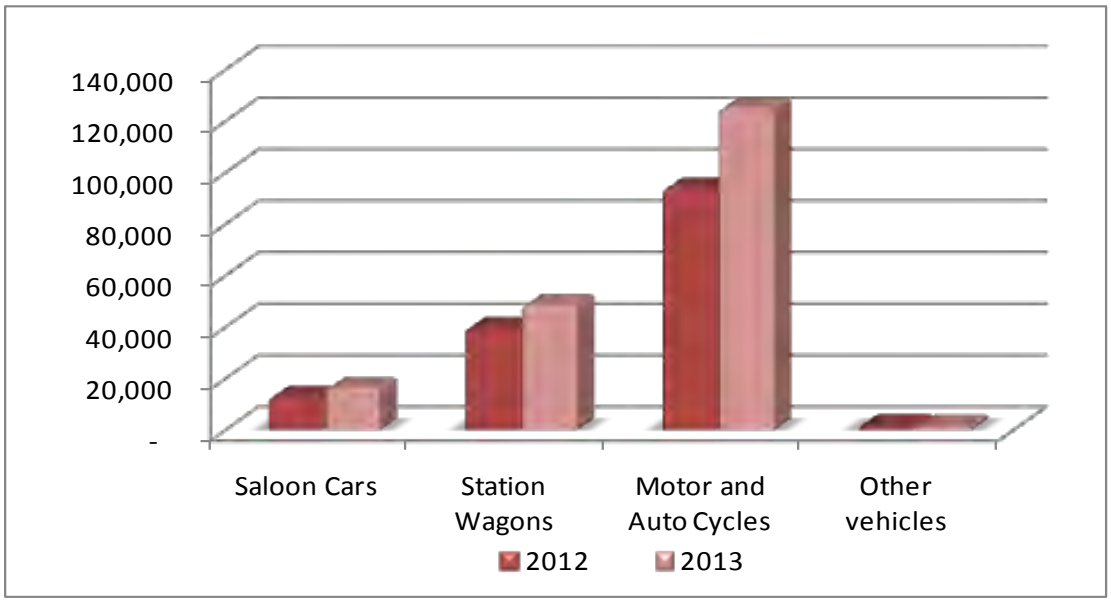
Number

Type of Vehicle/Motor Cycle	2009	2010	2011	2012	2013*
Saloon Cars	16,930	16,165	11,026	12,985	16,343
Station Wagons	27,599	37,553	31,199	39,862	48,662
Panel Vans, Pick-ups, etc.....	7,120	6,975	7,442	7,945	9,819
Lorries/Trucks	6,037	4,924	5,247	7,821	9,570
Buses and Coaches	1,057	1,264	1,662	1,638	2,062
Mini Buses/Matatu	4,483	3,600	451	78	235
Trailers.....	2,883	2,379	2,556	3,761	3,973
Wheeled Tractors	1,115	1,161	1,179	1,386	1,902
Other vehicles.....	2,575	3,648	2,724	1,753	1,451
Total Motor Vehicles.....	**69,799**	**77,669**	**63,486**	**77,229**	**94,017**
Motor and Auto Cycles	91,151	117,266	140,215	93,970	125,058
Three Wheelers	863	1,521	2,140	1,845	3,103
Total Motor Cycles.....	**92,014**	**118,787**	**142,355**	**95,815**	**128,161**
Total Units Registered	**161,813**	**196,456**	**205,841**	**173,044**	**222,178**

Source: Kenya Revenue Authority

* Provisional.

Figure 14.1: Percentage Share of New Vehicle Registration, 2012-2013



Road Licenses

14.10. Table 14.5 presents the number of road licenses issued by the Transport Licensing Board (TLB) and the various categories of driving licenses. The licenses issued by the TLB have been declining since 2011. In 2013, the total number of licenses issued by the Board further dropped by 24.3 per cent to 16,687. This was partly attributed to a 37.1 per cent decrease in the number of licenses issued to *matatus*. Licenses issued to minibuses, including tour vans, registered an increase of 34.6 per cent to 3,350 in 2013. At the same time, the Government, through the Ministry of Transport and Infrastructure and National Transport and Safety Authority (NTSA) enhanced efforts on enforcement of road traffic rules resulting in close supervision of Public Service Vehicles (PSV) operators to ensure that only those that complied with road traffic regulations were issued with TLB licenses.

14.11. During the year under review, the total number of driving licenses issued further went down by 39.6 per cent to 116,259 in 2013. Similarly, original, duplicate and foreign driving licenses issued declined by 43.7, 20.6 and 3.5 per cent, respectively, in 2013.

Table 14.5: Road Transport Licenses Issued, 2009 - 2013

Number

	2009	2010	2011	2012	2013*
TLB Licenses					
PSV Matatus	11,668	16,199	15,198	15,394	9,545
PSV Buses	1,826	6,676	5,692	4,169	3,792
PSV Mini Buses[1]	2,341	5,965	2,790	2,489	3,350
Total	**15,835**	**28,840**	**23,680**	**22,052**	**16,687**
Driving Licenses					
Original	164,299	131,556	195,536	160,719	90,519
Duplicate	31,529	34,514	39,146	29,065	23,069
Foreign	2,725	2,121	3,239	2,768	2,671
Total	**198,553**	**168,191**	**237,921**	**192,552**	**116,259**

Source: Kenya Revenue Authority

* Provisional

[1] Include Tour Vans

Road Traffic Accidents

14.12. Details of reported road traffic accidents are shown in Table 14.6. Total number of reported accidents dropped by 10.3 per cent from 6,917 in 2012 to 6,205 in 2013. In addition, total casualties dropped by 8.3 per cent to 14,324 in 2013, on account of declines in the number of serious and slight injuries recorded. The number of casualties with serious and slight injuries recorded declines of 15.3 and 4.0 per cent, respectively, in 2013, while the number of persons killed rose by 1.6 per cent.

Table 14.6: Road Traffic Accidents, 2009 - 2013

Number

	2009	2010	2011	2012	2013*
Total Number of Reported Accidents.....	12,369	9,771	8,193	6,917	6,205
Persons Killed or Injured	26,622	22,121	19,093	15,612	14,324
Killed	4,072	3,055	3,302	3,141	3,191
Seriously Injured	10,644	9,327	8,647	7,434	6,299
Slightly Injured	11,906	9,739	7,144	5,037	4,834

Source: Kenya Police

* Provisional.

14.13. The decline in road accidents during the period under review could be attributed to the road safety measures taken by the Government through the Ministry of Transport and Infrastructure and NTSA to reduce road carnage in the country. The measures included, among others, road safety awareness campaigns, enforcement of the traffic law on speed governors and drunk-driving through use of breathalyzer devices (*Alcoblow*), installation of speed monitoring cameras along highways and stringent enforcement of regulations that resulted in stoppage of night operations by PSV towards the end of December 2013.

Railway Transport

14.14. Table 14.7 shows performance of the railway transport sub-sector from 2009 to 2013. The sub-sector's performance was characterized by declines in both freight and passenger traffic streams in 2013. Freight tonnage transported dropped by 12.9 per cent from 1,394 thousand tonnes recorded in 2012 to 1,214 thousand tonnes in 2013. There was a corresponding reduction in tonne-kilometre by 14.8 per cent. Revenue earned from freight traffic declined by 16.1 per cent from KSh 5,525 million recorded in 2012 to KSh 4,638 million in the review period. The declines were partly attributed to poor rail infrastructure and aging equipment which incur high maintenance costs and occasionally result in derailments. During the period under review, railway passenger journeys dropped by 1.5 per cent. Despite this decline, revenue earned grew by 2.4 per cent to KSh 211 million in 2013, partly due to increased fares and parking fees.

Table 14.7: Railway Traffic, 2009 - 2013

	Unit	2009	2010	2011	2012	2013*
Freight:						
Tonnes	000	1,532	1,572	1,596	1,394	1,214
Tonne-km	Million	1,060	1,105	1,135	995	848
Revenue	KSh Million	4,317	4,353	4,983	5,525	4,638
Revenue per tonne-Km	Cts	407	394	439	439	547
Passenger:						
Journeys	000	8,861	3,411	6,004	4,077	4,016
Passenger-Km	Million	389	270	283	221	183
Revenue	KSh Million	251	252	264	206	211
Revenue per passenger-Km	Cts	65	93	93	93	115

Source: Kenya Railways Corporation/Rift Valley Railways

* Provisional

Water Transport

14.15. Details of traffic handled at the Mombasa Port for the last five years are presented in Table 14.8. Total cargo throughput expanded by 1.8 per cent to 22,307 thousand tonnes in 2013. Although the number of docking ships increased marginally, container traffic handled dropped by 1.0 per cent, recording 894,000 Twenty-foot Equivalent Units (TEUs) in 2013 against 903,463 TEUs in 2012.

14.16. During the period under review, total imports handled posted a slower growth of 2.2 per cent compared to a 10.6 per cent recorded in the previous year. Total import traffic increased from 18,732 thousand tonnes in 2012 to 19,150 thousand tonnes in 2013. The import traffic remained a dominant component accounting for 85.8 per cent of the total throughput, showing a huge imbalance between imports and exports. Dry general and dry bulk imports grew by 6.1 and 2.1 per cent, respectively, during the review period. Total exports handled dropped by 2.0 per cent from 3,045 thousand tonnes in 2012 to 2,983 thousand tonnes in 2013. Despite an increase of 1.4 per cent in dry general cargo exports handled in 2013, dry bulk and bulk liquids exported declined by 38.7 and 37.5 per cent, respectively, over the same period. The number of vehicles landed increased by 13.8 per cent to 136,915 units in 2013 from 120,268 units in 2012. Total transit cargo handled at the port went up by 3.4 per cent from 6,626 thousand tonnes in 2012 to 6,851 thousand tonnes in 2013, representing an increase of 3.4 per cent.

Table 14.8: Traffic handled at Mombasa Port, 2009 - 2013

	Unit	2009	2010	2011	2012	2013*
Containers Traffic	TEUs	618,816	695,600	770,804	903,463	894,000
Ships Docking	No.	1,748	1,579	1,684	1,763	1,768
Imports	000' DwT					
Dry General	"	5,435	5,987	6,524	7,256	7,700
Dry Bulk	"	4,641	3,871	3,807	4,811	4,913
Bulk Liquids	"	6,432	6,386	6,607	6,665	6,537
Total Imports	"	**16,508**	**16,244**	**16,938**	**18,732**	**19,150**
Of which Transit In	"	4,612	5,004	5,166	6,201	6,338
Motor Vehicles landed	No.	95,798	95,604	105,048	120,268	136,915
Exports	000' DwT					
Dry General	"	2,220	2,410	2,508	2,779	2,818
Dry Bulk	"	62	70	122	106	65
Bulk Liquids	"	167	95	158	160	100
Total Exports	"	**2,449**	**2,575**	**2,788**	**3,045**	**2,983**
Of which Transit Out	"	368	377	430	425	513
Total Imports and Exports	"	**18,957**	**18,819**	**19,726**	**21,777**	**22,133**
Trans-shipment	"	105	158	227	143	174
Grand Total	"	**19,062**	**18,977**	**19,953**	**21,920**	**22,307**

Source: Kenya Ports Authority

* Provisional.

DwT - Deadweight Tonnes

Pipeline Transport

14.17. Table 14.9 shows the pipeline throughput of white petroleum products. The pipeline performance posted a slowed growth during the review period. The total volume of white petroleum products transported through pipeline increased from 4,855.6 thousand cubic metres in 2012 to 5,171.4 thousand cubic metres in the review period, registering a growth of 6.5 per cent. Throughput of white petroleum products destined for external markets went up by 7.2 per cent from 1,821.4 thousand cubic metres in 2012 to 1,952.1 thousand cubic metres in 2013. The rise in exports was attributed to increased volumes of motor spirit (premium) and light diesel oil which grew by 9.9 and 8.9 per cent, respectively. The volume of refined petroleum products transported through the pipeline for domestic consumption increased by 6.1 per cent to 3,219.3 thousand cubic metres in 2013 compared to a drop of 1.6 per cent in the previous year. Volume of motor spirit (premium), kerosene illuminating oil and light diesel oil transported increased over the same period, while jet fuel dropped further for the second consecutive year.

14.18. The pipeline transport faces infrastructural concern due to rising demand of petroleum products both locally and within the region. These challenges include the aging Mombasa - Nairobi pipeline (Line 1) which requires constant rehabilitation and maintenance, and the loading capacity constraints faced by the Eldoret depot due to increased demand for petroleum products in the Great Lakes region. The other concern is that the Sinendet – Kisumu line which serves Kisumu depot has reached a maximum flow rate of 100 cubic metres per hour which is equivalent to about 830,000 cubic metres of petroleum products in a year.

Table 14.9: Pipeline Throughput of White Petroleum Products, 2009 - 2013

'000 Cubic Metres

	2009	2010	2011	2012	2013*
Exports					
Motor Spirit (Premium)	419.0	387.4	429	626.3	688.6
Kerosene Illuminating Oil	103.8	99.0	84.7	89.3	86.1
Light Diesel Oil	485.5	505.8	516.8	899.4	979.1
Jet Fuel	161.2	161.0	142.3	206.4	198.3
Sub-Total	**1,169.5**	**1,153.2**	**1,172.8**	**1,821.4**	**1,952.1**
Domestic Consumption[1]					
Motor Spirit (Premium)	601.4	689.9	782.6	785.9	897.5
Motor Spirit (Regular)	60.9	69.7	43.3	14.2	1.3
Kerosene Illuminating Oil	248.5	264.8	250.5	304.8	353.8
Light Diesel Oil	1,479.4	1,252.9	1,129.8	1,079.0	1,174.0
Jet Fuel	766.5	773.2	878.4	850.3	792.7
Sub-Total	**3,156.7**	**3,050.5**	**3,084.6**	**3,034.2**	**3,219.3**
Grand Total	**4,326.2**	**4,203.7**	**4,257.4**	**4,855.6**	**5,171.4**

Source: Kenya Pipeline Company

* Provisional.

[1] Does not include fuels transported by Kenya Railways or consumed in the Coastal region

Air Transport

14.19. **Passenger traffic:** Details of commercial traffic handled at the main airports for the last five years are shown in Table 14.10. During the review period, a total of 8,231.6 thousand passengers were handled compared to 8,583.8 thousand passengers handled in 2012, reflecting a drop of 4.1 per cent. The number of passengers (domestic and international) handled at Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) dropped by 5.2 and 5.1 per cent, respectively, in 2013. Domestic passengers handled at JKIA decreased from 1,132.3 thousand in 2012 to 1,010.7 thousand in 2013 while international passengers handled dropped from 5,139.6 thousand in 2012 to 4,936.2 over the same period. Total passenger arrivals and departures at both JKIA and MIA recorded declines over the same period. Overall, passengers handled at "other airports" rose by 4.3 per cent from 964.1 in 2012 thousand to 1,005.5 thousand in 2013. The number of domestic passengers handled at "other airports" increased by 5.7 per cent while the number of international passengers dropped by 3.2 per cent.

14.20. The drop in passenger traffic at the main airports was attributed to both external and domestic challenges which negatively affected the aviation industry during the review period. The continued under performance of the European economies due to the effects of the Euro zone crisis as well as volatility in fuel prices adversely affected the industry. The travel advisories issued against travel to Kenya by key market sources in the West due to fears of retaliatory attacks from the Al-Shabbab terror group further impacted negatively on the performance of the industry. On the domestic scene, operations at the JKIA were briefly suspended following a fire incident on 7th August, 2013 in which the international arrivals hall and immigration unit were destroyed. Terrorists attacks in Westgate shopping mall in Nairobi, in September 2013, further resulted into the cancellation of some international flights to the country.

Table 14.10: Commercial Traffic at Main Airports, 2009 - 2013

				2009	2010	2011	2012	2013*
Passengers	JKIA	Domestic	Arrivals	498.2	544.5	676.7	649.0	602.4
('000 No)	**Nairobi**		Departures	410.6	419.1	518.9	483.3	408.3
			Sub-Total	908.8	963.6	1,195.6	1,132.3	1,010.7
		International	Arrivals	2,057.5	2,243.5	2,492.4	2,480.2	2,403.8
			Departures	1,105.5	1,177.5	1,357.2	1,432.9	1,380.2
			In Transit	1,006.2	1,101.2	1,246.0	1,226.5	1,152.2
			Sub-Total	4,169.2	4,522.2	5,095.6	5,139.6	4,936.2
	MIA	Domestic	Arrivals	326.4	345.4	412.1	399.8	370.5
	Mombasa		Departures	331.0	343.9	412.8	386.6	361.5
			Sub-Total	657.4	689.3	824.9	786.4	732.0
		International	Arrivals	175.6	233.0	254.3	205.6	210.0
			Departures	181.3	240.8	268.9	241.0	234.0
			In Transit	99.6	108.0	123.9	114.8	103.2
			Sub-Total	456.5	581.8	647.1	561.4	547.2
	Other Airports	Domestic	Arrivals	312.8	342.4	413.3	415.5	443.6
			Departures	303.8	329.5	398.9	400.0	418.1
			Sub-Total	616.6	671.9	812.2	815.5	861.7
		International	Arrivals	12.9	11.6	13.7	12.8	12.7
			Departures	12.9	13.4	23.1	19.7	18.2
			In Transit	54.0	62.6	109.5	116.1	112.9
			Sub-Total	79.8	87.6	146.3	148.6	143.8
	Total Passenger Traffic			**6,888.3**	**7,516.4**	**8,721.7**	**8,583.8**	**8,231.6**
Cargo	JKIA		Landed	46,949.4	31,416,3	59,837.6	59,982.0	52,350.8
(Tonnes)	**Nairobi**		Loaded	214,583.9	196,854.1	226,630.0	219,009.3	191,966.9
			Sub-Total	261,533.3	228,270.4	286,467.6	278,991.3	244,317.7
	MIA		Landed	1,489.2	1,260.3	1,866.0	1,536.7	1,533.5
	Mombasa		Loaded	4,943.2	6,877.9	6,066.4	2,702.6	2,290.3
			Sub-Total	6,432.4	8,138.2	7,932.4	4,239.3	3,823.8
	Other Airports		Landed	7,472.7	3,640.2	6,164.3	6,928.1	8,482.4
			Loaded	5,649.0	7,125.7	3,565.3	4,895.7	5,091.6
			Sub-Total	13,121.7	10,765.9	9,729.6	11,823.8	13,574.0
	Total Cargo Traffic			**281,087.4**	**247,174.5**	**304,129.6**	**295,054.4**	**261,715.5**
Mail	JKIA		Landed	966.0	1,392.8	1,663.0	1,144.8	506.3
(Tonnes)	**Nairobi**		Loaded	570.0	187.1	160.0	173.0	236.6
			Sub-Total	1,536.0	1,579.9	1,823.0	1,317.8	742.9
	MIA		Landed	18.2	10.0	15.9	4.7	6.6
	Mombasa		Loaded	25.7	19.9	18.1	18.8	15.5
			Sub-Total	43.9	29.9	34.0	23.5	22.1
	Total Mail Traffic			**1,579.9**	**1,609.8**	**1,857.0**	**1,341.3**	**765.0**

Source: Kenya Airports Authority

* Provisional

Cargo and Mail Traffic

14.21. Total cargo handled at the main airports declined further in 2013 by 11.3 per cent from 295,054.4 tonnes in 2012 to 261,715.5 tonnes. Landed and loaded cargo at JKIA dropped by 12.7 and 12.3 per cent, respectively, over the same period. Cargo landed at MIA dropped from 1,536.7 tonnes in 2012 to 1,533.5 tonnes in 2013. There was a 15.3 per cent decline in loaded cargo at the same airport in the review period. However, cargo landed and loaded at other airports increased by 22.4 and 4.0 per cent, respectively, in the review period. Total mail traffic handled declined significantly by 43.0 per cent from 1,341.3 tonnes in 2012 to 765 tonnes in 2013. Loaded mail at JKIA increased by 38.6 per cent to 236.6 tonnes in 2013 up from 173 tonnes recorded in 2012.

Postal Services

14.22. Table 14.11 presents details on the performance of the postal service sub-sector. The courier segment maintained a positive performance as reflected in increased number of private courier outlets and licensed courier operators in the review period. The number of private courier operator outlets rose by 3.5 per cent from 683 in 2012 to 707 in 2013. Similarly, the number of licensed courier operators grew by 12.6 per cent over the same period. On the other hand, the number of post offices further declined from 634 in 2012 to 622 in 2013 due to closure of some post office outlets. The number of rented private letter boxes increased marginally in 2013.

14.23. Total Expedited Mail Service (EMS) items handled dropped from 1,619 thousand in 2012 to 1,483 thousand in 2013. Domestic and international registered and insured items posted, recorded decreases of 20.0 per cent and 4.7 per cent, respectively, in the year under review. Total unregistered correspondence handled decreased from 75 million in 2012 to 68 million in 2013. Total parcels handled also went down by 29.4 per cent in 2013. A total of 586 thousand money orders were issued in 2013 compared to 346 thousand issued in 2012, registering a growth of 69.4 per cent. The increase in money orders issued during the review period was occasioned by migration of all manual money order services to a more efficient automated money transfer service platform, referred to as International Financial Services (IFS). The declining trends in postal services over the years have been mainly attributed to competition from private courier operators and increased use of mobile technology services such as internet, mobile money transfer and short message service, among others.

Table14.11: Postal Services, 2009 - 2013

Item	Unit	2009	2010	2011	2012	2013*
Post Offices	No.	701	698	697	634	622
Private Courier Operator Outlets	No.	622	601	635	683	707
Licensed Courier Operators	No.	180	159	176	190	214
Total Private Letter Boxes:						
Installed	'000	412	415	428	432	432
Rented	'000	350	351	366	382	383
Private Bags Rented	No.	846	846	846	846	846
Total EMS Items Handled:	**'000**	**1,589**	**1,524**	**1,681**	**1,619**	**1,483**
Accepted	'000	859	772	776	821	772
Delivered	'000	730	752	905	798	711
Total Registered and Insured Items Posted:	**'000**	1,368	**1,317**	**1,424**	**1,254**	**1,005**
Domestic	'000	1,259	1,227	1,333	1,169	924
International	'000	109	90	91	85	81
Unregistered correspondence handled :	**Millions**	**89**	**115**	**96**	**75**	**68**
Domestic	Millions	80	108	88	68	63
International	Millions	9	7	8	7	5
Parcels handled :	**'000**	**69**	**52**	**52**	**51**	**36**
Domestic - Posted	'000	25	25	26	26	18
International - Posted	'000	44	27	26	25	18
Money Orders Issued[1]:	**'000**	**838**	**625**	**385**	**346**	**586**
Domestic (IFS)	'000	318	377	284	281	513
Express	'000	54	28	12	10	-
PostaPay	'000	466	203	87	55	73
Interstate (IFS)	'000	0.4	17	2	0.2	0.2
Postal Orders Issued:	**No.**	20	40	3	5	0

*Provisional

[1] Series re-classified

IFS - International Financial Services

Developments in the Transport and Storage sector

Road Transport

14.24. *Road safety initiatives:* Two phases of safety awareness campaigns known as *"Safety First"* were conducted across the country in August/September and November/December 2013. The *"Safety First"* campaigns were a joint collaboration between the NTSA, the Judiciary, the Traffic Police, the Prisons Department and the stakeholders (PSV operators). The objectives of the campaigns were to educate the stakeholders on traffic rules, check on speed limit compliance by PSVs, including fitting of speed governors, among others. During the exercise, non-compliant operators were charged on the spot by mobile courts and fined accordingly. The foregoing initiatives are indications that the Government is committed to ensuring an efficient, safe and orderly road transport sub-sector in the country.

Kenya Ports Authority

14.25. *Lamu Port and South Sudan Ethiopia Transport (LAPSSET) Corridor* Project: The project involves the development of a new transport corridor linking a new port at Lamu with Garissa, Isiolo, Mararal, Lodwar and Lokichoggio, and which branches at Isiolo to Ethiopia and South Sudan. The corridor comprises a new road network, a standard gauge railway line, an oil refinery at Lamu, an oil pipeline, Isiolo and Lamu Airports and a free

port at Lamu (Manda Bay). The port will have 32 berths and an entrance channel capable of handling ships of 100,000 tonnes. The preliminary works such as construction of access roads, Government buildings, water and electricity connections, among others, are ongoing. The LAPSSET corridor is expected to open up Northern Kenya and foster transport linkage between Kenya, South Sudan and Ethiopia and promote economic development of the region through enhanced cross – border trade.

14.26. *Enhancement of IT infrastructure and Systems:* The Kenya Ports Authority (KPA) is investing significantly in Information, Communication Technology (ICT) infrastructure to support its operations. The ICT infrastructure is set to interface with the National Single Window System implemented by Kenya Trade Network Agency (KENTRADE) to facilitate online transaction for local and international trade. With the on-going expansion of the Port facilities, the Information Technology (IT) infrastructure has to ensure a seamless integration with the existing systems and progressively increase the level of automation and efficiency.

Railway Transport

14.27. *Standard Gauge Railway Line:* The Standard Gauge Rail (SGR) was officially commissioned in Mombasa in November, 2013. The project involves the development of a modern high speed, high capacity standard gauge railway for passengers and freight. This project is expected to transfer freight from roads to rail, therefore, reducing rapid roads damage and provide safe and rapid intercity passenger transport. The scheduled construction of the Standard Gauge Railway (SGR) project will promote major economic transformation arising from expected slashing of commodity prices.

14.28. The Government continued to revamp commuter rail services in Nairobi and its environs under the Nairobi Commuter Rail Project (NCRP). Makadara and Imara Daima Railway Stations were commissioned in 2013 in addition to Syokimau Railway Station commissioned in 2012.

Air Transport

14.29. *Greenfield Terminal Project:* Construction of the proposed Greenfield Terminal at the Jomo Kenyatta International Airport in Nairobi is ongoing. The terminal is expected to give JKIA an extra handling capacity of 20 million passengers annually on completion, and will further boost the airport's status as a regional hub.

Chapter 15

Information Communication and Technology

Overview

The Government of Kenya has identified Information and Communication Technology (ICT) as a key enabler to the attainment of the goals and aspirations of the Vision 2030. The thrust of the vision with regard to the ICT sector is to transform Kenya into a knowledgeable and information based economy by enabling access to quality, affordable and reliable ICT services in the country. The benefits associated with the use of modern technology in service delivery have given ICT prominence in the eyes of the public and decision makers. With the use of modern technology, communication has become more reliable, faster and affordable. The Government has also undertaken various measures aimed at developing the ICT sector. This includes putting in place the national broadband strategy as well as the facilitation of the migration from analogue to digital platform.

15.2. In 2013, the ICT sector remained vibrant especially in the mobile and internet sub-sectors. The number of mobile connections rose from 30.4 million in 2012 to 31.2 million in 2013 while that of internet subscriptions rose from 8.5 million in 2012 to 13.3 million in 2013. The amount of money transacted through the mobile money transfer service grew remarkably from KSh 672 billion as at June 2012 to KSh 914 billion as at June 2013. Domestic calls traffic, which entails total call minutes made locally, rose from 27.6 billion in 2012 to 30.0 billion in 2013.

15.3. Total broadband subscriptions have grown immensely over the last four years owing to the increase in the active mobile broadband, which accounted for 94.0 per cent of the total subscriptions in 2013. Total broadband penetration increased from 2.5 per cent in 2012 to 3.4 per cent in 2013 which are below the African average of 7.4 per cent.

Value of Output

15.4. As presented in Table 15.1, the value added from the communications sector grew by 6.2 per cent in 2013 compared to a growth of 8.6 per cent that was recorded in 2012. Similarly, the value of output in the sector increased by 9.9 per cent in 2013 compared to an increase of 5.3 per cent in 2012.

Table 15.1: Communications Output, Intermediate Consumption and Value Added, 2009 - 2013

Ksh million

Year	Value of Output	Intermediate Consumption	Value Added
2009	100,009.3	37,501.0	62,508.2
2010	106,466.6	42,053.2	64,413.4
2011+	110,021.6	43,986.2	66,035.5
2012	115,818.7	44,092.5	71,726.1
2013*	127,281.9	51,115.3	76,166.7

+ Revised

* Provisional

Mobile and Fixed Telephone

15.5. **Fixed Telephone services:** Table 15.2 presents details on fixed line and mobile network services for the period 2009 to 2013. The fixed line capacity increased by 7.4 per cent in 2013 reversing the downward trend witnessed since 2010. This could be explained by the transformation of the fixed network infrastructure by Telkom Kenya and the entrance of Mobile Telephone Network (MTN) into the market. The other players in the market who provided fixed line capacity are Flashcom Kenya Ltd and Wananchi Group Ltd. Despite the increase in fixed line capacity during the review period, both the wireline and wireless connections decreased by 24.0 per cent and 14.9 per cent, respectively.

15.6. **Mobile network services:** The mobile telephony has experienced growth in its capacity, subscriptions, connections, and money transfer services during the review period. The number of mobile money transfer agents grew substantially to 93,689 in 2013 from 49,079 in 2012 while connections in the mobile network increased by 2.9 per cent in year under review compared to a 12.8 per cent increase in 2012. Mobile money transfer services offer a platform to send and save money, pay salaries, utilities and other bills and; purchase goods and services both online and in physical markets. During the review period, the number of subscribers using this service increased by 34.7 per cent to 26.0 million subscribers. The significant growth was mainly due to the preference for the service because of its efficiency and convenience. The total amount transacted as at June 2013 stood at KSh 914 billion from KSh 672 billion transacted as at June 2012. The rapid growth in the mobile money transfers was attributed to increased demand for the service, partly as a result of a considerable growth in the number of mobile money transfer agents across the country. The mobile money industry observed the entry of two new players, namely Mobikash Africa Limited and Mobile Pay Limited joining Safaricom Ltd, Airtel Networks Kenya Ltd, Essar Telecom Kenya Ltd and Telkom Kenya Ltd.

Table 15.2: Fixed and Mobile Network Services, 2009-2013

	2009+	2010+	2011+	2012+	2013*
Fixed Network services					
Wireline Capacity ('000)	**486**	**422**	**401**	**380**	**408**
Total Connections ('000)	**667**	**461**	**380**	**263**	**217**
Wireline Connections[1]	248	235	188	75	57
Wireless Connections[2]	419	226	192	188	160
Mobile network services					
Mobile Telephone Capacity ('000)	29,400	46,629	47,677	49,977	55,077
Connections ('000)	19,365	24,969	26,981	30,433	31,309
Mobile Money Transfer Agents	..	32,949	42,313	49,079	93,689
Mobile Money Transfer Service Subscribers ('000)	..	10,615	17,396	19,319	26,016
Total Transfers, in KSh Billion [1]	..	90	487	672	914

Source: Communication Authority of Kenya

* Provisional

[1] As at June

.. Data not available

+ revised

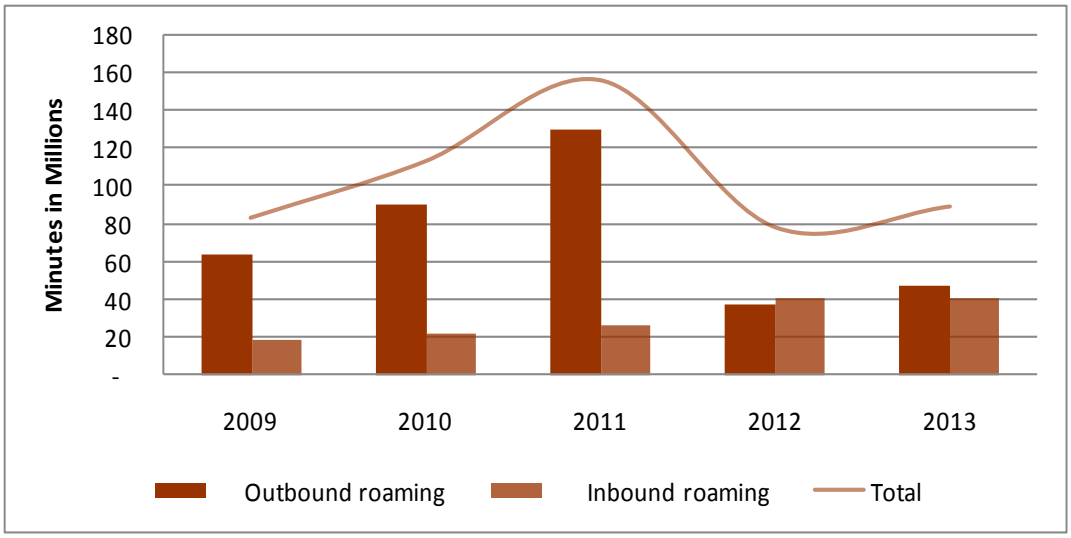
[2] includes Local Loop Operators

Voice call traffic

15.7. **International telephone traffic:** Table 15.3 presents both international and domestic phone calls made through mobile phone and fixed line telephone. The total international incoming and outgoing traffic declined by 14.4 per cent in 2013 compared with a 13.9 per cent increase in 2012. The decline in international traffic was partly attributed to stiff competition from Voice over Internet Protocol (VoIP) that is relatively affordable.

15.8. **Roaming Traffic:** Outbound roaming traffic increased by 29.8 per cent in 2013 after declining substantially in 2012. The decline recorded in 2012 was as a result of escalation of mobile roaming charges effected in that year. Inbound traffic increased by 1.9 per cent in 2013 to 41.4 million minutes. The overall roaming traffic increased by 15.2 per cent in 2013 compared with 50.1 per cent decline recorded in 2012 as shown in Figure 15.1.

Figure 15.1: Roaming Traffic, 2009 – 2013



15.9. **Domestic Traffic:** Total domestic call traffic has increased in the last four years due to majority of people embracing the mobile call technology. In 2013, the total domestic traffic rose by 8.4 per cent to 30.0 billion minutes. Domestic mobile to mobile traffic accounted for 99.3 per cent of the total domestic traffic.

15.10. **VoIP Traffic:** The VoIP is a methodology and group of technologies for the delivery of voice communication and multimedia sessions over Internet Protocol (IP). The use of VoIP enables one to call or send short messages at affordable costs. The VoIP traffic stood at 17.1 million minutes in 2013. The increased use of modern telecommunication gadgets like smart phones and tablets may have contributed to the increase of the traffic in 2013.

Table 15.3: Phone call Traffic, 2009-2013

Minutes '000

	2009	2010	2011	2012	2013
International calls					
Total international outgoing telephone traffic	**217,292**	**345,781**	**642,603**	**630,591**	**546,559**
International outgoing Mobile traffic	201,889	333,128	624,952	614,208	530,823
International outgoing fixed line traffic	15,403	12,653	17,651	16,383	15,736
Total international incoming telephone traffic	**520,823**	**679,481**	**611,513**	**797,532**	**676,267**
International Incoming fixed line traffic	53,510	44,782	22,195	16,522	12,232
International incoming Mobile traffic	467,313	634,699	589,318	781,010	664,035
Total international incoming and outgoing telephone traffic	**738,115**	**1,025,262**	**1,254,116**	**1,428,123**	**1,222,826**
Roaming					
Roaming by home subscribers abroad (outbound roaming)	63,755	91,420	129,510	36,992	48,011
Roaming by foreign subscribers abroad (inbound roaming)	19,072	22,280	25,913	40,593	41,382
Total outbound and inbound roaming by home subscribers	**82,827**	**113,700**	**155,423**	**77,585**	**89,393**
Domestic calls					
Domestic fixed to fixed telephone traffic	..	91,005	101,447	10,304	47,240
Domestic fixed to mobile telephone traffic	124,145	213,073	130,920	124,423	101,722
Domestic mobile to mobile telephone traffic	14,319,285	23,522,848	26,024,608	27,439,110	29,758,949
Domestic mobile to fixed telephone traffic	20,030	80,658	90,420	66,823	52,334
Total Domestic traffic	**14,463,460**	**23,907,584**	**26,347,395**	**27,640,660**	**29,960,245**
VoIP[1]	..	7,376	18,171	9,886	17,110

Source: Communication Authority of Kenya

.. Data unavailable

[1]Includes both International and National VOIP calls for telephone to telephone only

Message Services Traffic

15.11. **Message traffic:** Multimedia Messaging Service (MMS) convey text, graphic, sound or video and its sent or received from mobile to mobile device. The number of multimedia messages rose by 11.1 per cent in 2013 while that of domestic short messages more than doubled in 2013 as shown in Table 15.4. The increase in domestic short messages sent could be ascribed to reduced Short Messaging Service (SMS) tariffs possibly due to the ongoing implementation of the SMS termination rates glide path (rates that operators pay each other for SMS that terminate in another network), as well as availability of a variety of affordable SMS bundles.

Table 15.4: Message Traffic, 2009-2013

Number '000

Messages	2009	2010	2011	2012	2013*
Multimedia Messaging Service (MMS)	..	3,219	5,100	8,783	9,761
Total Sms sent	**2,261,404**	**2,881,659**	**3,596,875**	**6,788,315**	**19,837,856**
Domestic	2,261,404	2,860,021	3,583,092	6,761,927	19,788,436
International	..	21,638	13,783	26,388	49,420

Source: Communication Authority of Kenya

* Provisional

.. Data not available

Internet services

15.12. **Internet:** The estimated number of internet users increased by 57.1 per cent to stand at 21.3 million users in 2013 as shown in Table 15.5. This growth can be attributed to increased use of internet in accessing basic services such as banking, healthcare and education; availability of affordable internet access gadgets such as smart phones and tablets; promotions, and reduction of internet rates which is seen by the special offers and affordable bundled internet provided by operators. The increase in licensed Internet

Service Providers to 169 in 2013 may have contributed to the increase in internet use. Total wireless and fixed internet subscriptions increased by 55.0 per cent from 8.5 million subscriptions in 2012 to 13.2 million subscriptions in 2013. Terrestrial mobile data subscribers accounted for 98.7 per cent of the total internet subscriptions.

Table 15.5: Internet Providers, Users and Subscriptions 2009-2013

Number

	2009	2010	2011	2012	2013*
Licensed Internet Services Providers (ISPs)	52	57	90	165	169
Estimated Internet users	1,738,685	4,772,446	11,334,694	13,541,868	21,273,738
Total wireless Internet Subscriptions	**1,570,693**	**3,082,993**	**6,104,019**	**8,458,818**	**13,107,459**
Terrestrial mobile data	1,562,065	3,059,906	6,076,444	8,436,578	13,090,348
Terrestrial wireless data	8,602	22,134	26,615	21,709	16,429
Satellite data	26	953	960	531	682
Total fixed (wired) Internet Subscriptions	**880**	**13,959**	**48,961**	**48,351**	**79,509**
Fixed DSL data	8	9,631	11,422	10,098	12,014
Fixed fibre optic data	851	4,303	37,514	38,228	67,470
Fixed cable modem (Dial Up) data	21	25	25	25	25
Total Fixed and Wireless Internet Subscriptions	**1,571,573**	**3,096,952**	**6,152,980**	**8,507,169**	**13,186,968**

Source: Communication Authority of Kenya

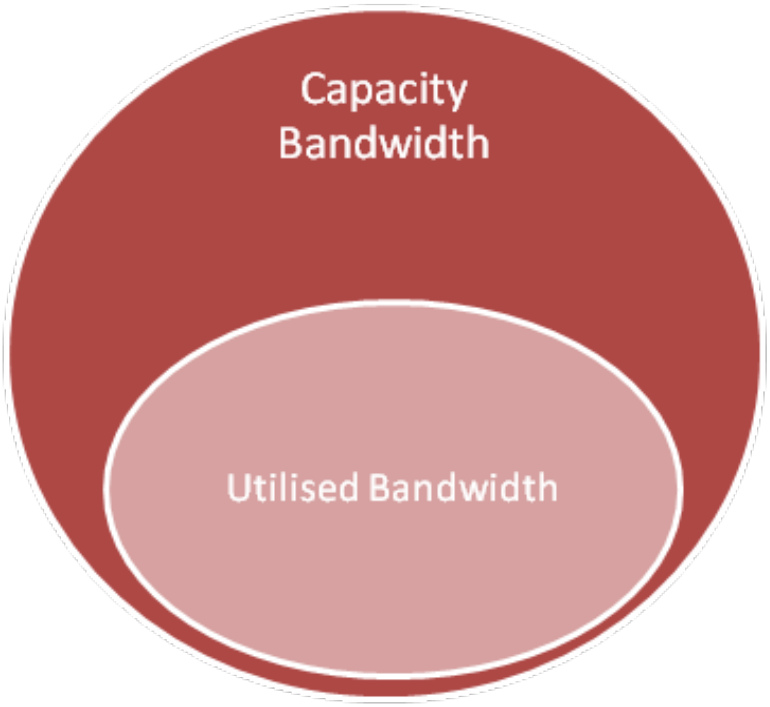
* Provisional

DSL- Digital Subscriber Line

Broadband Services

15.13. **Bandwidth:** Bandwidth is a bit rate measure of available or consumed data communication resources, expressed in bits per second or its multiples. Bandwidth availability is a major driver of broadband services. The total bandwidth capacity increased by 50.1 per cent in 2013 compared to a 32.0 per cent increase in 2012. This was attributable to increase in the undersea capacity, which rose to 862, 210 Megabits per second (Mbps) in 2013 from 574,054 Mbps in 2012 as shown in Table 15.6. The satellite capacity declined to 264 Mbps mainly on account of its use as a backup for the fibre network. Out of the available bandwidth capacity, only 42.4 per cent is utilized as depicted in Figure 15.2. The low utilisation of the bandwidth may be as a result of slow adoption of the technology by organizations and enterprises.

Figure 15.2: Utilized and Non-Utilized Bandwidth, 2013



15.14. Broadband Subscriptions: Broadband refers to a high speed data transmission in which, a single cable can carry a large amount of data at once providing download speeds of at least 256 kilobits per second to an individual subscriber from the Point of Presence (POP) of the service provider intending to provide the service. Demand and performance of broadband is driven by the expansion of internet services and increased availability of computers. Both the fixed and wireless broadband subscriptions have been increasing in the last four years. The total broadband subscriptions grew from 1.0 million in 2012 to 1.4 million in 2013. This growth may have been occasioned by the increased use of social media on internet enabled mobile devices, smart phones, and tablets among others. Total wireless broadband accounted for 95.1 per cent of the total broadband subscriptions as presented in Table 15.6.

Table 15.6: Broadband Services, 2010-2013

	2010	2011	2012	2013*
Capacity in Mbps				
Total undersea Bandwidth Capacity ….	202,506	434,870	574,054	862,210
Satellite Bandwidth Capacity ……	214	650	650	264
Total available Bandwidth Capacity……	**202,720**	**435,520**	**574,704**	**862,474**
Utilized bandwidth in Mbps				
International undersea bandwith ……	20,000	32,152	264,426	365,330
International Satellite Bandwidth ……	210	119	158	83
Total International Bandwidth…….	**20,210**	**32,271**	**264,584**	**365,413**
Broadband Subscriptions				
Fixed (Wired)- Broadband……	4,843	9,581	42,437	69,740
Total wireless broadband……	**95,151**	**122,248**	**960,264**	**1,365,527**
Satellite broadband……	682	649	476	474
Terrestrial fixed wireless broadband……	11,772	11,059	10,941	15,367
Active mobile broadband……	82,697	110,540	948,847	1,349,686
Total fixed and wireless broadband……	**99,994**	**131,829**	**1,002,701**	**1,435,267**

Source: Communication Authority of Kenya

*Provisional

Tariffs

15.15. Fixed and Mobile Operators' Tariffs: The installation and monthly subscriptions for telephone services have remained constant at KSh 5, 694 and KSh 580, respectively in the last five years as shown in Table 15.7. Average prices of a one minute call for fixed to mobile recorded the highest tariff of KSh 10.00 compared to average price of KSh 3.25 for mobile to fixed during the year under review. Figure 15.3 shows the trend in the fixed and mobile tariffs in the last five years. Tariff for calls made through fixed-to-fixed recorded the lowest at KSh 2.64 per minute. Average price of SMS has remained constant at KSh 1.50 since 2010.

Figure 15.3: Average price of one-minute local call, 2009-2013

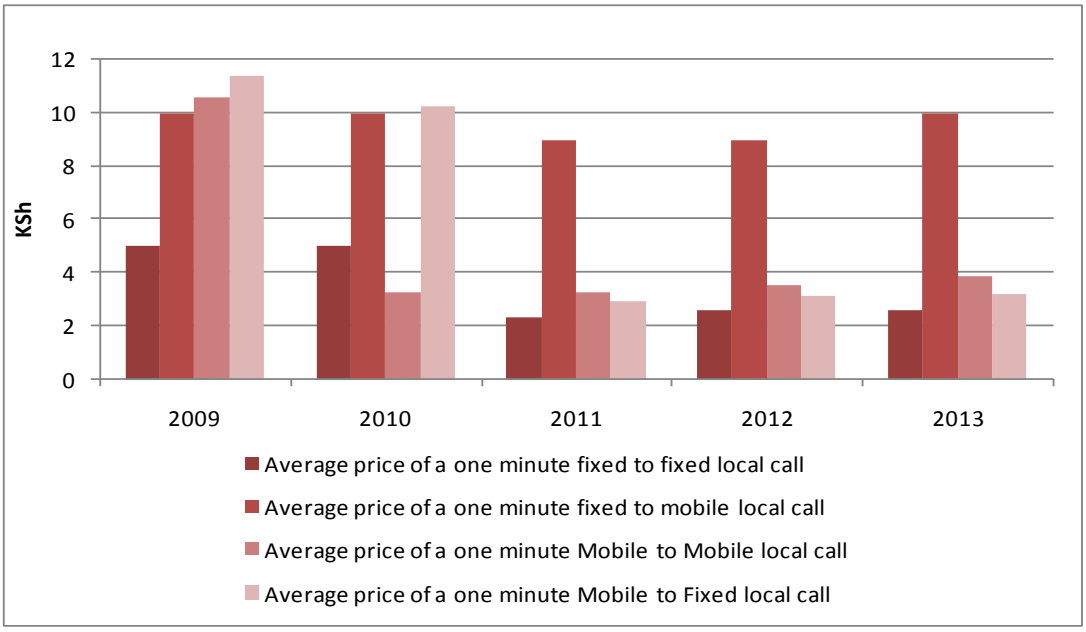


Table 15.7: Fixed and Mobile Charges, 2009-2013

KSh

Fixed Operators	2009	2010	2011	2012	2013*
Business and Residential Telephone Service					
Installation fee	5,694.00	5,694.00	5,694.00	5,694.00	5,694.00
Monthly susbcription	580.00	580.00	580.00	580.00	580.00
Average price of a one minute fixed to fixed local call	5.00	5.00	2.36	2.64	2.64
Average price of a one minute fixed to mobile local call	10.00	10.00	9.00	9.00	10.00
Mobile Operators					
Cheapest recharge card value	5.00	5.00	5.00	5.00	5.00
Average price of a one minute Mobile to Mobile local call	10.57	3.29	3.29	3.57	3.86
Average price of a one minute Mobile to Fixed local call	11.38	10.26	2.93	3.17	3.25
Average price of SMS	4.25	1.50	1.50	1.50	1.50

Source: Communication Authority of Kenya

* Provisional

Note: All averages are unweighted

Domains

15.16. A domain defines a realm of administrative autonomy, authority or control of the internet. Table 15.8 presents information on the users and number of registered sub-domains for the period 2009-2013. Registered domains increased by 22.3 per cent in 2013 to 30,585. The largest sub-domain was .co.ke which accounted for 90.4 per cent of the total domains registered implying that companies have embraced the use of ICT in their operations.

Table 15.8: Registered Domains, 2009-2013

Number

Subdomain	Users	2009	2010	2011	2012	2013*
.ac.ke	Institutions of Higher Education	140	232	341	603	737
.co.ke	Companies	5,235	8,706	12,798	22,607	27,643
.go.ke	Government entities	64	107	157	278	339
.info.ke	Information e.g. blogs	19	32	46	84	98
.me.ke	Personal websites & email	76	127	187	331	413
.mobi.ke	Mobile content	7	12	17	31	37
.ne.ke	Network Devices	9	14	24	38	46
.or.ke	Non profit making organisations or NGO's	221	366	537	948	1,159
.sc.ke	Lower & middle institutions of learning	21	36	53	93	113
	TOTAL DOMAINS	**5,792**	**9,632**	**14,160**	**25,013**	**30,585**

Source: Kenya Network Information Center

* Provisional

Media Frequencies and Mobile Transceivers

15.17. Table 15.9 show the number of media frequencies and mobile transceivers. The number of TV frequencies rose from 108 in 2012 to 121 in 2013 while that of licensed FM frequencies increased by 142 to 529 FM frequencies during the same period. The mobile transceiver technology includes the second and third generation (2G and 3G) technologies. Mobile transceivers entail both transmitter and receiver that emits mobile signal in a given coverage. Total transceivers increased by 12.9 per cent from 82,937 in 2012 to 93,669 in 2013. This growth was mainly driven by the updating of network infrastructure to cater for the high end users as well as boosting the capacity for voice and data services.

Table 15.9: Media Frequencies and Mobile Transceivers, 2009-2013

Number

	Technology	2009	2010	2011	2012	2013*
TV Frequencies		81	83	91	108	121
FM Frequencies		303	314	346	387	529
Mobile Transceivers[1]	2G	41,474	53,111	65,809	71,884	80,894
	3G	2,439	3,568	5,039	11,053	12,775
	Total	**43,913**	**56,679**	**70,848**	**82,937**	**93,669**

Source: Communication Authority of Kenya

* Provisional

[1]As at June

Information Society

15.18. Kenya is growing into an information society where the creation, distribution, uses, integration and manipulation of information is a significant economic, political and cultural activity. Transformation of a country into an information society enables it to gain competitive advantage internationally through use of information technology. Indicators for measuring the information society are presented in Table 15.10. The fixed telephone line penetration has been decreasing in the last five years to record 0.5 per cent of the total population in 2013. Mobile penetration remained unchanged at 74.9 per cent in 2013 while internet subscriptions have remained on an upward trend since 2009. The wireless internet penetration grew from 20.8 per cent in 2012 to 31.4 per cent in 2013 while the total wireless and fixed internet penetration rose from 21.0 per cent in 2012 to 31.7 per cent in 2013. Mobile penetration grew faster than the internet penetration implying that the mobile market is more vibrant and competitive than the internet market. The bits per second per capita measure the utilised bandwidth in the total population. Broadband penetration for the wireless increased from 2.4 per cent in 2012 to 3.3 per cent in 2013 while the total broadband (fixed and wireless) rose from 2.5 per cent in 2012 to 3.4 per cent in 2013. Despite the growth in the total broadband subscriptions per person, the penetration is still low compared to the average African penetration rate of 7.4 per cent.

Table 15.10: Key Indicators Measuring Information Society, 2009-2013

	2009	2010	2011	2012	2013*
Fixed telephone lines per 100 inhabitants	1.8	1.2	1.0	0.6	0.5
Mobile-cellular telephone subscriptions per 100 inhabitants	51.3	64.9	68.2	74.9	74.9
Wireless Internet Subscribers per 100 inhabitnats	4.2	8.0	15.4	20.8	31.4
Internet subscribers per 100 inhabitants (Wireless and Fixed)	4.2	8.1	15.7	21.0	31.7
Bits per second per capita (Bps/person)	76.4	550.8	855.7	6,824.7	9,168.2
Broadband subscriptions per 100 inhabitants (wireless)	..	0.2	0.3	2.4	3.3
Broadband subscriptions per 100 inhabitants (Fixed and Wired)	..	0.3	0.3	2.5	3.4

*Provisional

.. Data not available

Newspaper's Circulation

15.19. As shown in Table 15.11, the circulation of the daily newspaper decreased by 6.5 million and 100,000 copies for the English and Kiswahili version, respectively in 2013. The weekly newspapers, especially the English version, also decreased by 12.2 million in 2013 compared with an increase of 2.0 million copies of newspapers in 2012. Majority of people preferring to read newspaper via online than hardcopies and the enactment of the VAT Act, 2013 that led to increase in the unit price of newspapers may have attributed to this decline.

Table 15.11: Local Daily/Weekly Newspapers in Circulation, 2009 – 2013

'000 Copies

Newspapers	2009	2010	2011	2012+	2013*
Daily Newspapers					
English	101,853	105,300	108,000	110,592	104,057
Swahili	8,190	8,550	9,000	6,000	5,900
Weekly Newspapers					
English...	16,282	21,200	27,000	29,019	16,794
Swahili	1,223	1,422	1,600	1,790	1,810

* Provisional

+Revised

Chapter 16

Governance

Overview

The first general election under the current constitution was held on 4th March 2013 where six polls were simultaneously conducted. Following the election, the new system of government comprising a national government and a devolved system of 47 Counties came into effect. In the period under review, the Judiciary opened new High Courts in Garissa and Homa Bay, and employed more magistrates and judges across the country. Institutional reforms in prosecution included enactment of Office of the Director of Public Prosecution Act 2013, establishment of Office of the Director of Public Prosecution (ODPP) Advisory Board and; development of prosecutorial policies and guidelines.

16.2. Overall, the number of cases reported to the Police declined by 7.7 per cent from 77,852 in 2012 to 71,832 in 2013. The number of offenders reported to the Police also declined by 2.3 per cent from 83,853 in 2012 to 81,900 in 2013. Crimes related to dangerous drugs increased by 3.2 per cent from 4,181 in 2012 to 4,316 in 2013. The number of cases handled by the Ethics and Anti-Corruption Commission reduced by 8.7 per cent from 2,978 in 2012 to 2,719 in 2013.

16.3. The number of cases disposed of in 2013 declined in all courts except the Court of Appeal and the Supreme Court. The was an increase of 70.3 per cent in cases disposed of by the Court of Appeal from 606 in 2012 to 1,032 in 2013. Over the same period, the number of pending cases increased in all courts except in the Supreme Court.

16.4. The total number of persons in Kenyan Prisons increased by 11.4 per cent from 204,551 in 2012 to 227,918 in 2013 with that of convicted prisoners increasing by 21.5 per cent. Convicts in the category of 26 to 50 years were the majority, accounting for 40.9 per cent of the total convicted prison population. Nevertheless, 52.3 per cent of the prison population was composed of youth aged 25 years and below.

16.5. The number of Police officers in service reduced marginally from 42,586 in 2012 to 42,145 in 2013. Out of the total Police officers, 37,293 were male while 4,852 were female. The number of offenders serving community service declined by 17.6 per cent from 42,131 in 2012 to 34,719 in 2013 while that of offenders serving probation sentence increased marginally in the same period.

16.6. In 2013, the number of passports issued dropped by 13.0 per cent to 148,940. Applications for new National Identity (ID) cards reduced by 38.0 per cent from 2,503,568 in 2012 to 1,552,355 in 2013. Nationally, 68.9 per cent of eligible persons registered as voters in 2013.

Public Safety, Law and Order Statistics

16.7. Public safety, law and order is an important determinant in the attainment of economic growth, peace and stability as well as the well-being of the population. Table 16.1 presents the number of crime incidences reported to the Police in the last five years. The overall number of cases reported to the Police declined by 7.7 per cent from 77,852 in 2012 to 71,832 in 2013. Crimes related to dangerous drugs increased by 3.2 per cent from 4,181 in 2012 to 4,316 in 2013. Similarly, offences involving Police Officers increased from 69 in 2012 to 95

in 2013. Reported crimes related to corruption, robbery, homicide and offences involving tourists also increased.

Table 16.1: Number of Crimes Reported to the Police, 2009 – 2013

Number

Crimes[1]	2009	2010	2011	2012	2013*
Homicide	2,214	2,239	2,641	2,761	2,878
Offences against morality	4,068	4,817	4,703	4,806	4,779
Other offences against persons	20,539	20,012	20,144	20,698	19,344
Robbery	2,938	2,843	3,262	3,262	3,551
Breakings	7,053	6,453	7,325	7,578	6,397
Theft of stock	2,876	2,244	2,269	2,377	1,965
Stealing	11,972	11,986	13,797	14,111	11,455
Theft by servant	2,732	2,591	2,889	2,984	2,702
Vehicles and other thefts	1,439	1,365	1,768	1,663	1,631
Dangerous drugs	5,541	5,081	4,649	4,181	4,316
Traffic offences	59	103	100	66	45
Criminal damage	3,417	3,327	3,345	3,769	3,603
Economic crimes	2,324	2,662	3,036	3,369	2,750
Corruption	158	62	52	49	57
Offences involving police officers	56	37	27	69	95
Offences involving tourists	5	1	0	0	14
Other penal code offences	4,864	4,956	5,726	6,109	6,250
Total	**72,255**	**70,779**	**75,733**	**77,852**	**71,832**

Source: Kenya Police Service

* Provisional

[1] Refers to the description of crimes in appendix 16.1

16.8. The number of crimes reported to the Police by county is presented in Table 16.2. Crime in other counties reduced by 7.3 per cent from 68,265 in 2012 to 63,311 in 2013. Similarly, crimes reported in Nairobi County reduced by 11.4 per cent to 8,207 in 2013. However, there was a marginal increase in the number of crimes reported to Kenya Airports Police Unit (KAPU).

Table 16.2: Number of Crimes Reported to the Police by County, 2011-2013

Number

County	2011	2012	2013*
Nairobi	8,528	9,259	8,207
Other Counties[1]	66,694	68,265	63,311
KAPU[2]	160	113	123
Railways[2]	351	215	191
Total	**75,733**	**77,852**	**71,832**

Source: Kenya Police Service

* Provisional

[1] Refers to 46 counties excluding Nairobi County

[2] Kenya Police Service considers Kenya Airport Police Unit (KAPU) and Railways as command stations

16.9. Table 16.3 shows the number of firearms and ammunition recovered or surrendered

during the period 2009 to 2013. Repossession of ammunition went down significantly by 67.2 per cent from 12,824 in 2012 to 4,211 in 2013 due to Government's efforts to stop small arms and illegal ammunition from the neighbouring countries. The quantity of drugs seized increased almost four times from 4,735 Kg in 2012 to 17,122 Kg in 2013.

Table 16.3: Firearms and Ammunition Recovered or Surrendered, and Drugs Seized, 2009 – 2013

Firearms/Ammunition/Drugs	Unit	2009	2010	2011	2012	2013*
Firearms						
Recovered						
Rifles	Number	121	162	164	122	169
Pistols	Number	128	80	102	97	77
Toy Pistols	Number	174	10	38	17	39
Total		**423**	**252**	**304**	**236**	**285**
Surrendered						
Rifles	Number	163	1,064	26	11	16
Pistols	Number	-	-	-	-	-
Toy Pistols	Number	-	-	38	-	-
Total		**163**	**1,064**	**64**	**11**	**16**
Ammunition (Rounds)						
Recovered[1]	Number	110,047	38,127	16,288	12,768	3,712
Surrendered	Number	4,480	3,373	100	56	499
Total		**114,527**	**41,500**	**16,388**	**12,824**	**4,211**
Drugs seized	**Kg**	**7,289**	**14,764**	**25,943**	**4,735**	**17,122**

Source: Kenya Police Service

* Provisional

[1] The figure for 2009 includes over 100,000 rounds of ammunition recovered in Narok during a Police

16.10. Table 16.4 presents the number of persons reported to the Police to have committed offences from 2009 to 2013. The number of offenders reported to the Police declined by 2.3 per cent from 83,853 in 2012 to 81,900 in 2013. The number of persons reported to KAPU to have committed offences increased from 158 in 2012 to 181 in 2013. Reductions in the number of offenders were noted in Railways and other command stations. Most offences were committed by men, accounting for 84.5 per cent of the cases while women contributed 15.5 per cent.

Table 16.4: Number of Persons Reported to the Police to have Committed Offences by sex, 2009 - 2013

Number

Year	Sex	Other Command Stations	KAPU	Railways	Total
2009	Male	64,435	132	215	64,782
	Female	10,693	8	18	10,719
	Total	**75,128**	**140**	**233**	**75,501**
2010	Male	50,792	137	201	51,130
	Female	16,205	18	9	16,232
	Total	**66,997**	**155**	**210**	**67,362**
2011	Male	73,189	759	267	74,215
	Female	7,741	60	36	7,837
	Total	**80,930**	**819**	**303**	**82,052**
2012	Male	68,918	138	279	69,335
	Female	14,496	20	2	14,518
	Total	**83,414**	**158**	**281**	**83,853**
2013*	Male	68,779	167	221	69,167
	Female	12,715	14	4	12,733
	Total	**81,494**	**181**	**225**	**81,900**

Source: Kenya Police Service

*Provisional

Note: The number of persons reported to have committed offences may differ with that of crimes reported to the Police (Table 16.1) because a person may commit more than one crime or a crime may be committed by more than one person.

16.11. The number of persons reported to have committed offences against morality and other offences against persons by sex is shown in Table 16.5. The number of offenders increased by 12.3 per cent from 25,809 in 2012 to 28,989 in 2013. Male offenders increased by 15.7 per cent from 20,562 in 2012 to 23,796 in 2013 while female offenders reduced by 1.0 per cent in the same period. The number of persons reported to have committed rape and defilement increased by 3.4 per cent and 11.8 per cent, respectively, in 2013. Persons reported to have created disturbance increased by 15.4 per cent from 5,620 in 2012 to 6,488 in 2013. Similarly, cases of assault increased by 14.7 per cent from 14,474 in 2012 to 16,602 in 2013. Offences reported to have declined included incest, abductions, bigamy and affray.

Table 16.5: Number of Persons Reported to have committed Offences against Morality and Other Offences against Persons by Sex, 2009-2013

Number

Offence	2009			2010			2011			2012			2013*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Against morality															
Rape	939	4	943	561	138	699	1,024	27	1,051	839	44	883	772	141	913
Defilement	2,234	51	2,285	2,202	606	2,808	3,272	80	3,352	3,082	135	3,217	3,174	422	3,596
Incest	181	4	185	326	37	363	241	6	247	286	22	308	220	22	242
Unnatural/sodomy	126	0	126	88	4	92	127	3	130	111	3	114	115	9	124
Bestiality	9	0	9	17	32	49	10	0	10	47	3	50	76	55	131
Indecent assault	120	3	123	101	11	112	135	2	137	173	82	255	201	69	270
Abduction	87	6	93	71	33	104	72	13	85	102	12	114	55	15	70
Bigamy	12	1	13	6	3	9	21	0	21	3	56	59	32	13	45
Sub-total	**3,708**	**69**	**3,777**	**3,372**	**864**	**4,236**	**4,902**	**131**	**5,033**	**4,643**	**357**	**5,000**	**4,645**	**746**	**5,391**
Other offences against persons															
Assault	11,700	3,093	14,793	8,710	3,074	11,784	13,929	2,210	16,139	11,182	3,292	14,474	13,460	3,142	16,602
Creating disturbance	5,024	1,102	6,126	5,014	2,107	7,121	5,593	732	6,325	4,253	1,367	5,620	5,360	1,128	6,488
Affray (scuffle)	306	228	534	1000	325	1,325	596	177	773	484	231	715	331	177	508
Sub-total	**17,030**	**4,423**	**21,453**	**14,724**	**5,506**	**20,230**	**20,118**	**3,119**	**23,237**	**15,919**	**4,890**	**20,809**	**19,151**	**4,447**	**23,598**
Total	**20,738**	**4,492**	**25,230**	**18,096**	**6,370**	**24,466**	**25,020**	**3,250**	**28,270**	**20,562**	**5,247**	**25,809**	**23,796**	**5,193**	**28,989**

Source: Kenya Police Service

*Provisional

Note: The number of persons reported to have committed offences may differ with that of crimes reported to the Police (Table 16.1) because a person may commit more than one crime or a crime may be committed by more than one person.

16.12. Table 16.6 shows the distribution of persons reported to have committed homicide by sex. In the period under review, homicide cases reduced by 10.9 per cent from 3,124 in 2012 to 2,784 in 2013. Murder cases also declined by 14.3 per cent to 1,721 in 2013. Similarly, manslaughter, procuring abortion and concealing birth reduced by 79.4, 10.5 and 3.1 per cent, respectively, in the same period. However, causing death by dangerous driving rose by 38.4 per cent from 357 in 2012 to 494 offences during the year under review. Murder, the most prevalent offence accounted for over 60 per cent of the reported homicide cases.

16.13. Table 16.7 presents the number of persons reported to have committed robbery and theft by sex from 2009 to 2013. The number of persons reported to have committed robbery and theft declined by 3.3 per cent from 33,354 in 2012 to 32,240 in 2013. The common forms of crimes in this category were stealing and house breakings, both of which accounted for 61.4 per cent of all reported cases. Cases of stealing, theft by servant, house breakings and theft of stock reduced by 9.6, 3.3, 3.1 and 1.6 per cent, respectively, in 2013. Theft of motor vehicles and other theft increased by 27.0 per cent from 2,037 in 2012 to 2,587 in 2013.

Table 16.6: Persons Reported to the Police to have Committed Homicide by Sex, 2009 - 2013

Number

Offence	2009			2010			2011			2012			2013*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Murder	1,304	142	1,446	819	184	1,003	1,460	133	1,593	1,711	297	2,008	1,507	214	1,721
Manslaughter	54	14	68	249	19	268	69	5	74	217	41	258	42	11	53
Infanticide	0	31	31	8	19	27	3	16	19	7	35	42	15	45	60
Procuring abortion	2	32	34	5	25	30	3	24	27	7	31	38	5	29	34
Concealing birth	7	69	76	14	1	15	6	69	75	13	85	98	7	88	95
Suicide	212	41	253	11	64	75	124	39	163	219	104	323	263	64	327
Causing death by dangerous driving	372	30	402	215	4	219	506	37	543	338	19	357	462	32	494
Total	**1,951**	**359**	**2,310**	**1,321**	**316**	**1,637**	**2,171**	**323**	**2,494**	**2,512**	**612**	**3,124**	**2,301**	**483**	**2,784**

Source: Kenya Police Service

*Provisional

Note: The number of persons reported to have committed offences may differ with that of crimes reported to the Police (Table 16.1) because a person may commit more than one crime or a crime may be committed by more than one person.

Table 16.7: Persons Reported to the Police to have Committed Robbery and Theft by Sex, 2009 - 2013

Number

Offences	2009			2010			2011			2012			2013*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Robbery	2,973	128	3,101	2,396	902	3,298	3,358	171	3,529	4,044	265	4,311	4,025	307	4,332
Breakings	6,703	278	6,981	4,533	1,437	5,970	7,747	344	8,091	7,252	526	7,778	7,134	405	7,539
Theft of stock	2,772	83	2,855	1,762	327	2,089	1,622	132	1,754	2,403	99	2,502	2,335	126	2,461
Stealing	10,716	1,862	12,578	8,254	2,374	10,628	13,024	1,268	14,292	11,332	2,238	13,570	10,550	1,719	12,269
Theft by servant	2,010	1,031	3,041	2,157	828	2,985	2,794	484	3,278	2,303	853	3,156	2,134	918	3,052
Vehicle & other thefts	1,179	24	1,203	1,184	394	1,578	1,590	61	1,651	1,975	62	2,037	2,294	293	2,587
Total	**26,353**	**3,406**	**29,759**	**20,286**	**6,262**	**26,548**	**30,135**	**2,460**	**32,595**	**29,309**	**4,043**	**33,354**	**28,472**	**3,768**	**32,240**

Source: Kenya Police Service

*Provisional

Note: The number of persons reported to have committed offences may differ with that of crimes reported to the Police (Table 16.1) because a person may commit more than one crime or a crime may be committed by more than one person.

16.14. Table 16.8 presents the number of persons reported to have committed offences related to dangerous drugs, criminal damage, economic crimes and corruption in the last five years. The total number reported to have committed offences under this category decreased by 9.7 per cent from 12,378 in 2012 to 11,172 in 2013. Similarly, the number of persons reported to have committed corruption and economic crimes dropped significantly by 55.9 per cent and 32.3 per cent, respectively, in 2013.

Table 16.8: Persons Reported to have Committed Offences Related to Drugs, Criminal Damage, economic Crimes and Corruption by Sex, 2009 - 2013

Number

Offences	2009			2010			2011			2012			2013*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Dangerous Drugs	5,527	507	6,034	3,491	412	3,903	4,777	422	5,199	3,759	406	4,165	3,670	562	4,232
Criminal Damage	3,353	637	3,990	2,091	470	2,561	3,669	382	4,051	2,992	879	3,871	3,471	605	4,076
Economic crimes	2,255	321	2,576	3,384	1,062	4,446	2,775	432	3,207	3,252	641	3,893	2,081	556	2,637
Corruption	205	5	210	53	11	64	128	20	148	326	48	374	141	24	165
Offences involving Police officers	124	16	140	45	4	49	18	4	22	69	6	75	38	24	62
Total	**11,464**	**1,486**	**12,950**	**9,064**	**1,959**	**11,023**	**11,367**	**1,260**	**12,627**	**10,398**	**1,980**	**12,378**	**9,401**	**1,771**	**11,172**

Source: Kenya Police Service

*Provisional

Note: The number of persons reported to have committed offences may differ with that of crimes reported to the Police (Table 16.1) because a person may commit more than one crime or a crime may be committed by more than one person.

Ethics and Corruption Statistics

16.15. Table 16.9(a) shows the number of cases handled by the Ethics and Anti-Corruption Commission (EACC) from 2009 to 2013. The number of cases handled reduced by 8.7 per cent from 2,978 in 2012 to 2,719 in 2013. A reduction of 20.4 per cent was noted among complainants advised on the right authorities to report to. Those advised to seek civil redress reduced by 7.3 per cent while the number of corruption cases forwarded for investigation reduced by 3.6 per cent. However, the number of cases handled where no further action was taken, increased from 65 in 2012 to 92 in 2013. Table 16.9(b) shows the number of cases forwarded to the DPP by action taken from 2009 to 2013. The number of cases forwarded declined from 70 in 2012 to 57 in 2013.

Table 16.9(a): Number of Cases Handled by EACC by Action Taken, 2009 -2013

Number

Action taken	2009	2010	2011	2012	2013*
Corruption cases for investigation	1,395	1,796	2,816	1,424	1,373
Criminal cases referred to other investigative agencies	170	196	314	82	79
Cases referred to public service organizations for administrative intervention	605	813	987	31	33
Pending more information	84	59	43	25	27
Complainants advised on the right authority to report	1,558	2025	2,050	1,050	836
Complainants advised to seek civil redress	537	950	869	301	279
No further action	124	179	247	65	92
Total	**4,473**	**6,018**	**7,326**	**2,978**	**2,719**
Cases forwarded to Attorney General (AG)	202	104	136	70	55
Convictions obtained	43	34	25	8	11

Source: Ethics and Anti-Corruption Commission

*Provisional

Table 16.9(b): Number of Cases Forward to the DPP and Action Taken, 2009 -2013

Number

Action Taken	2009	2010	2011	2012	2013*
Recommendtion to prosecute accepted	63	52	102	38	26
Recommendation to prosecute not accepted	1	2	3	4	2
Recommendation for administrative or other action accepted	4	2	2	5	5
Recommendation for administrative or other action not accepted	0	1	0	0	2
Recommendation for closure accepted	11	2	16	15	13
Recommendation for closure not accepted	0	1	2	0	1
Files returned for further investigations	7	5	6	6	8
Files awaiting DPP's action	5	6	7	2	0
Total	**91**	**71**	**138**	**70**	**57**

Source: Ethics and Anti- Corruption Commission (EACC)

*Provisional

DPP stands for Director of Public Prosecution

Environmental Crimes Statistics

16.16. Table 16.10 shows the number of environmental offences reported to the National Environment Management Authority (NEMA). These offences more than doubled from 32 in 2012 to 66 in 2013. More than half of the offences were in relation to water pollution.

Table 16.10: Number of Environmental Crimes Reported to NEMA, 2009 - 2013

Number

Offence	2009	2010	2011	2012	2013*
Air pollution	35	41	41	20	13
Water pollution	34	10	13	6	34
Soil pollution	11	4	6	1	11
Illegal movement or dumping of waste	34	44	22	5	8
Total	**114**	**99**	**82**	**32**	**66**

Source: National Environment Management Authority (NEMA)

* Provisional

Public Prosecution Statistics

16.17. Table 16.11 presents the number of registered murder cases and convictions obtained by stations for the period 2009 to 2013. The number of murder cases registered increased to 1,709 in 2013 from 1,347 in 2012, representing an increase of 26.9 per cent. Convictions obtained increased significantly to 264 over the same period. Kisii station registered the highest number of murder cases while Homa Bay recorded the least. Machakos had the highest number of convictions while Mombasa, Kakamega and Nyeri stations did not record any convictions in the period under review.

Table 16.11: Registered Murder cases and Convictions obtained by High Court Station, 2009 – 2013

Number

	2009		2010		2011		2012		2013*	
High Court Station	**R**	**C**	**R**	**C**	**R**	**C**	**R**	**C**	**R**	**C**
Nairobi	111	34	108	38	99	9	109	5	188	18
Mombasa	54	1	37	4	33	0	74	0	95	0
Kisumu	48	11	52	6	75	8	121	0	131	5
Eldoret	63	12	80	26	88	16	149	9	150	41
Kitale	44	19	67	10	65	1	55	5	86	12
Kakamega	60	6	42	8	54	9	70	5	74	0
Bungoma	22	10	46	24	31	5	123	14	124	24
Meru	92	44	81	45	70	38	85	1	122	7
Machakos	72	12	90	9	77	6	41	4	67	79
Kericho	37	14	28	0	56	1	48	2	72	15
Nyeri	62	7	45	8	37	1	50	6	61	0
Kisii	78	2	123	10	122	10	212	4	212	15
Embu	24	1	41	9	25	2	33	0	61	4
Malindi	21	4	36	10	32	2	30	0	46	2
Nakuru	105	27	133	13	91	12	135	8	141	22
Busia	..	..	16	0	37	0	12	3	26	6
Homabay	..	..	..	..	..	..	..	..	24	8
Garissa	..	..	..	..	..	..	..	..	29	6
Total	**893**	**204**	**1,025**	**220**	**992**	**120**	**1,347**	**66**	**1,709**	**264**

Source: Office of the Director of Public Prosecutions

* Provisional

R - Registered murder cases

C - Murder convictions obtained

Judiciary Statistics

16.18. The Judiciary plays a pivotal role in ensuring that order and the rule of law prevails. As shown in Table 16.12, the number of cases filed in Magistrate's Courts dropped by more than half from 315,206 in 2012 to 116,393 in 2013. Similarly, the number of cases filed in the Kadhi's Courts dropped by 41.0 per cent from 2,421 to 1,428 in the same period. Cases filed in the High Courts registered a 6.8 per cent decrease in 2013. Disposal of cases in Magistrate's Courts declined significantly by 37.7 per cent from 313,457 in 2012 to 195,418 in 2013. A marginal drop was observed in the Kadhi's Courts and High Courts. The Court of Appeal recorded an increase of 70.3 per cent in cases disposed of in 2013 compared to the previous year. The number of pending cases continued to increase in all courts except in the Supreme Court in 2013.

Table 16.12: Cases Handled by Various Courts, 2009 – 2013

Year	Status of Case	Magistrate's Courts	Kadhi's Court	High Courts	Court of Appeal	Supreme Court	Total
2009	Filed	415,378	1,086	27,440	..	..	443,904
	Pending	732,482	2,150	106,898	..	..	841,530
	Disposed of	433,079	792	21,251	..	..	455,122
2010	Filed	371,697	2,432	20,428	..	..	394,557
	Pending	615,526	2,796	42,059	..	..	660,381
	Disposed of	488,653	1,786	85,267	..	..	575,706
2011	Filed	319,469	2,055	25,798	958	..	348,280
	Pending	596,283	3,265	50,462	5,714	..	655,724
	Disposed of	338,712	1,586	17,395	498	..	358,191
2012	Filed	315,206	2,421	27,614	1,126	17	346,384
	Pending	510,107	2,437	114,826	6,234	9	633,613
	Disposed of	313,457	3,123	21,290	606	8	338,484
2013*	Filed	116,393	1,428	25,728	1,183	18	144,750
	Pending	595,248	8,283	133,450	6,322	7	743,310
	Disposed of	195,418	3,090	20,640	1,032	11	220,191

Source: Judiciary

*Provisional

.. Data not available

Notes:

Filed cases refer to all cases brought before a court during the year in reference

Pending cases refer to the cases which had not been arbitrated by 31st December during the year in reference

Disposed of cases refer to cases that judgment was entered by 31st December during the year in reference

16.19. Table 16.13 shows the number of magistrates, judges and practising lawyers for the last five years. The total number of magistrates reduced from 455 in 2012 to 410 in 2013, largely contributed by reduction of more than a half in the number of Resident Magistrates. Judges increased from 113 to 119 in the same period. The number of practising lawyers rose by 9.3 per cent from 5,525 in 2012 to 6,037 in 2013.

Table 16.13: Number of Magistrates, Judges and Practising Lawyers, 2009 – 2013

Number

Category of Magistrates	2009	2010	2011	2012	2013*
Chief Magistrates	22	22	15	33	41
Senior Principal Magistrates	25	26	22	49	82
Principal Magistrates	52	69	69	81	101
Senior Resident Magistrates	87	93	89	78	80
Resident Magistrates	95	74	74	214	106
District Magistrate (II)[1]	0	74	69	0	0
Sub-total	**281**	**358**	**338**	**455**	**410**
Category of Judges					
Supreme Court Judges	0	0	7	6	7
Court of Appeal Judges	11	11	10	27	26
High Court Judges	46	45	70	80	86
Sub-total	**57**	**56**	**87**	**113**	**119**
Total- Magistrates and Judges	**338**	**414**	**425**	**568**	**529**
Number of Practising Lawyers	4,135	4,574	4,910	5,525	6,037

Source: The Judiciary and the Law Society of Kenya

* Provisional

[1]The rank of District Magistrate (II) was phased out in 2012

Prison Statistics

16.20. Table 16.14 displays prison population by sentence duration and by sex from 2009 to 2013. The total number of persons in Kenyan Prisons increased by 11.4 per cent from 204,551 in 2012 to 227,918 in 2013. The total number of convicted prisoners increased by 21.5 per cent from 63,691 in 2012 to 77,405 in 2013 while those held in remand increased by 6.9 per cent in the same period. Male inmates sentenced to serve 2 years and more increased almost fivefold from 3,208 in 2012 to 15,107 in 2013 while female inmates sentenced to serve for the same duration reduced by 14.6 per cent from 582 to 497 in the same period. Males and females sentenced to serve less than 2 years increased by 26.2 per cent and 47.9 per cent, respectively, in 2013. The number of repeat offenders (recidivist) went up by 76.9 per cent from 12,949 in 2012 to 22,910 in 2013. The increase in recidivism could be attributed to inadequate facilities and rehabilitation programs in prisons, coupled with social stigma that ex-convicts experience from their communities upon release.

Table 16.14: Prison Population by Sentence Duration and by Sex, 2009 - 2013

Number

	2009		2010		2011		2012		2013*	
	M	F	M	F	M	F	M	F	M	F
Sentenced to 2 yrs or more	6,248	251	5,700	333	5,474	317	3,208	582	15,107	497
Sentenced to 1 Month -2yrs	67,533	7,941	53,367	7,069	48,169	5,584	34,604	3,853	43,686	5,698
Less than 1 Month	22,123	3,073	18,556	2,858	15,116	1,656	12,294	1,374	14,736	1,644
Committed for debt	858	5	739	9	655	20	118	18	556	113
Total Convicted	**96,762**	**11,270**	**78,362**	**10,269**	**69,414**	**7,577**	**57,516**	**6,175**	**69,430**	**7,975**
Total Convicted Prisoners...	**108,032**		**88,631**		**76,991**		**63,691**		**77,405**	
Committed for safe custody (remand) by sex	178,171	13,535	151,688	13,205	157,891	12,284	129,348	11,512	137,974	12,539
Total Remand...	**191,706**		**164,893**		**170,175**		**140,860**		**150,513**	
Total Prisons Population by sex...	**274,933**	**24,805**	**230,050**	**23,474**	**227,305**	**19,861**	**186,864**	**17,687**	**207,404**	**20,514**
Total Prisons Population...	**299,738**		**253,524**		**247,166**		**204,551**		**227,918**	
Number Previously convicted	24,906	1,025	28,058	2,489	20,620	1,966	11,446	1,503	21,830	1,080
Deaths (Excluding Executions)	328	2	194	8	210	10	217	19	623	9
Prison population per 100,000 of Kenyan population	**794.5**		**658.9**		**625.0**		**480.2**		**556.4**	

Source: Kenya Prisons Service

* Provisional

M = Male

F = Female

16.21. Daily average prison population (DAP) by sex is shown in Table 16.15. The DAP increased marginally from 52,011 in 2012 to 52,271 in 2013. The DAP of convicted prisoners reduced by 6.2 per cent from 34,042 in 2012 to 31,931 in 2013 while that of remandees increased by 13.2 per cent in the same period. Male prisoners in remand increased by 16.4 per cent from 16,472 in 2012 to 19,166 in 2013.

Table 16.15: Daily Average Population of Prisoners by Sex, 2009-2013

Number

	2009	2010	2011	2012	2013*
Convicted Prisoners					
Males	29,002	30,674	29,309	31,877	30,356
Females	1,429	1,320	1,130	2,165	1,575
Sub-Total	**30,431**	**31,994**	**30,439**	**34,042**	**31,931**
Remanded Prisoners					
Males	20,619	16,467	11,554	16,472	19,166
Females	1,092	1,087	1,048	1,497	1,175
Sub -Total	**21,711**	**17,554**	**12,602**	**17,969**	**20,340**
Total	**52,142**	**49,548**	**43,041**	**52,011**	**52,271**

Source: Kenya Prison Service

* Provisional

16.22. Table 16.16 shows the distribution of convicted prison population by age and sex from 2009 to 2013. The total convicted prison population increased by 21.5 per cent from 63,691 in 2012 to 77,405 in 2013. The number of male and female prisoners convicted increased by 20.6 and 29.1 per cent, respectively, in 2013. Majority of the convicted persons were aged 26 to 50 years, accounting for 40.9 per cent of the total convicted prison population during the period under review. However, 52.3 per cent of the prison population was composed of youth aged 25 years and below. Juvenile inmates (aged below 18 years) declined by 7.1 per cent while that of adult population in prisons increased by 22.8 per cent to reach 74,835 in 2013.

Table 16.16: Convicted Prison Population by Age and Sex, 2009 - 2013

Number

Year	Sex	Under 16	16 -17	18-20	21-25	26-50	51+	Total
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**
2010	Male	43	2,139	17,605	24,499	27,519	6,557	78,362
	Female	17	413	1,784	3,526	3,901	628	10,269
	Total...	**60**	**2,552**	**19,389**	**28,025**	**31,420**	**7,185**	**88,631**
2011	Male	160	2,551	13,739	21,923	26,509	4,532	69,414
	Female	4	185	1,238	2,344	3,412	394	7,577
	Total...	**164**	**2,736**	**14,977**	**24,267**	**29,921**	**4,926**	**76,991**
2012	Male	184	2,462	11,537	17,188	21,864	4,281	57,516
	Female	1	120	878	2,010	2,849	317	6,175
	Total...	**185**	**2,582**	**12,415**	**19,198**	**24,713**	**4,598**	**63,691**
2013*	Male	233	2,265	13,926	20,415	27,838	4,753	69,430
	Female	5	67	1,131	2,455	3,822	495	7,975
	Total...	**238**	**2,332**	**15,057**	**22,870**	**31,660**	**5,248**	**77,405**

Source: Kenya Prison Service

* Provisional

16.23. Table 16.17 shows the number of convicted prisoners by type of offence committed. Major offences for which people were imprisoned were in relation to liquor, property, and order and administration of lawful authority. The number of persons convicted for consumption or possession of liquor increased from 12,408 in 2012 to 16,363 in 2013, representing an increase of 31.9 per cent. Persons convicted for offences related to property increased by 10.1 per cent from 8,947 to 9,848 while the number of persons jailed for offences related to order and administration of lawful authority increased by 29.8 per cent from 7,153 in 2012 to 9,284 in 2013.

Table 16.17: Convicted Prisoners by Type of Offence, 2009 -2013

Number

Type of Offence[1]	2009		2010		2011		2012		2013*	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Order & administration of lawful authority	12,318	1,023	8,980	652	7,984	297	6,858	295	8,934	350
Injurious to public	3,654	180	3,026	216	2,670	167	2,484	163	2,971	177
Against person	5,683	630	4,977	555	4,085	561	3,586	348	4,877	474
Related to property	11,355	505	8,975	566	8,822	492	8,651	406	9,469	379
Attempts & conspiracies	3,816	100	3,354	229	3,134	107	1,214	86	1,567	63
Employment Act	2,451	1,301	2,138	1,142	2,840	919	2,215	813	2,884	620
Liquor Act	23,287	4,095	13,295	4,007	10,798	2,515	9,871	2,458	12,408	3,955
Drugs related	5,447	159	4,365	152	3,793	121	3,281	82	3,388	60
Various cases	28,751	3,277	29,252	2,750	25,288	2,398	19,356	1,224	22,932	1,897
Total by sex	**96,762**	**11,270**	**78,362**	**10,269**	**69,414**	**7,577**	**57,516**	**5,875**	**69,430**	**7,975**
Total convicted	**108,032**		**88,631**		**76,991**		**63,391**		**77,405**	

Source: Kenya Prison Service

* Provisional

[1] As categorised in Appendix 16.2

Police, Prisons and Probation Personnel Statistics

16.24. Table 16.18 presents the number of Police, Prisons and Probation officers from 2009 to 2013. The number of Police officers in service reduced marginally from 42,586 in 2012 to 42,145 in 2013. Out of the total Police Officers, 37,293 were male while 4,852 were female. In the probation department, the number of probation officers increased by 4.3 per cent from 624 in 2012 to 651 in 2013. However, the number of prison officers serving both adult and juvenile prisons reduced marginally in 2013.

Table 16.18: Number of Police, Prisons and Probation officers, 2009 - 2013

Number

Year	Type of Personnel	Police Officers	Prison Officers in Adult Prisons	Prison Officers in Juvenile Prisons	Probation Officers
2009	Male	37,342	15,403	229	357
	Female	3,910	2,931	44	260
	Total	**41,252**	**18,334**	**273**	**617**
2010	Male	36,792	16,803	222	390
	Female	3,916	3,008	34	234
	Total	**40,708**	**19,811**	**256**	**624**
2011	Male	35,964	16,601	243	493
	Female	3,755	2,913	51	370
	Total	**39,719**	**19,514**	**294**	**863**
2012	Male	37,868	16,688	235	349
	Female	4,718	3,163	54	275
	Total	**42,586**	**19,851**	**289**	**624**
2013*	Male	37,293	16,488	227	365
	Female	4,852	3,139	51	286
	Total	**42,145**	**19,627**	**278**	**651**

Source: Kenya Police, Prisons Service and Probation and Aftercare Departments

* Provisional

Probation and Aftercare Statistics

16.25. The Probation Department plays an important role in correctional services that augment the Prisons service. The department handles offenders committed by courts to serve out of prison sentences that involve community work under the community service orders. Table 16.19 gives the distribution of offenders by sex and type of sentence for 2012 and 2013. The number of offenders serving community service declined by 17.6 per cent from 42,131 in 2012 to 34,719 in 2013 while those serving probation sentences increased marginally in

the same period. Most offenders were committed to probation for general stealing, assault, other offences against persons and breakings. The major offences handled under community service order included general stealing, possession of dangerous drugs, assault and theft by servants. There were more male than female offenders in all categories.

Table 16.19: Number of Offenders Serving Probation Sentence, Community Service and Aftercare by Sex and Type of Offence, 2012 and 2013

Number

Offence	Offenders Serving Probation Sentence						Offenders Serving Community Service						Offenders Serving Aftercare					
	2012			2013*			2012			2013*			2012			2013*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Murder (including attempt)	12	7	19	29	0	29	0	0	0	1	0	1	9	0	9	2	0	2
Manslaughter	55	11	66	15	1	16	11	0	11	38	0	38	9	2	11	2	0	2
Rape (including attempt)	69	3	72	128	0	128	13	0	13	21	11	32	47	0	47	20	0	20
Assault	1,162	505	1,667	1,244	793	2,037	1,632	299	1,931	1,556	377	1,933	37	0	37	43	3	46
Other offences against persons	914	287	1,201	975	391	1,366	1,201	230	1,431	900	142	1,042	52	0	52	56	0	56
Robbery and Allied offences	94	12	106	243	34	277	339	0	339	8	0	8	16	0	16	12	0	12
Breakings	764	40	804	986	83	1,069	1,092	27	1,119	213	48	261	215	0	215	277	0	277
Theft of Stock	301	10	311	327	1	328	638	2	640	719	10	729	23	2	25	24	0	24
General stealing	1,633	302	1,935	2,010	386	2,396	4,321	564	4,885	2,343	591	2,934	198	2	200	249	4	253
Theft of M/vehicle	25	0	25	17	0	17	16	0	16	66	12	78	2	0	2	1	0	1
Theft of M/vehicles parts	53	3	56	40	1	41	557	5	562	30	0	30	2	0	2	3	0	3
Theft from m/ vehicles	22	2	24	35	0	35	329	17	346	250	0	250	8	0	8	6	0	6
Theft of bicycles	32	0	32	453	0	453	365	0	365	428	0	428	5	2	7	4	0	4
Theft by servant	405	210	615	200	139	339	1,154	230	1,384	865	319	1,184	9	2	11	23	0	23
Dangerous drugs	725	212	937	237	76	313	2,229	434	2,663	1,909	396	2,305	102	0	102	88	0	88
Handling stolen property	220	83	303	256	16	272	1,279	164	1,443	159	46	205	12	0	12	24	0	24
Corruption	3	1	4	5	1	6	21	0	21	51	0	51	0	0	0	0	0	0
Causing death by dangerous driving	11	0	11	12	0	12	2	0	2	89	14	103	0	0	0	0	0	0
Other offences against property	640	137	777	398	84	482	2,679	673	3,352	1,031	198	1,229	92	6	98	58	0	58
All other penal code offences	1,458	746	2,204	1,243	578	1,821	17,637	3,971	21,608	19,111	2,767	21,878	146	2	148	67	11	78
TOTAL	**8,598**	**2,571**	**11,169**	**8,853**	**2,584**	**11,437**	**35,515**	**6,616**	**42,131**	**29,788**	**4,931**	**34,719**	**984**	**18**	**1,002**	**959**	**18**	**977**

Source: Probation and Aftercare Department

* Provisional

Immigration Statistics

16.26. Table 16.20 presents statistics of issuance of passports and registration of foreigners. In 2013, the number of passports issued dropped by 13.0 per cent from 171,169 in 2012 to 148,940. Similarly, the number of work permits issued dropped by 8.4 per cent whereas renewals grew by 7.9 per cent in 2013. The number of foreign nationals registered declined by 6.7 per cent during the year under review.

Table 16.20: Number of Passports Issued, Foreign Nationals Registered and Work Permits Issued, 2009 – 2013

Number

Category	2009	2010	2011	2012	2013*
Passports issued	153,266	167,528	168,324	171,169	148,940
Foreign Nationals Registered[1]	18,751	17,944	19,034	23,490	21,920
Work Permits Issued[2]	11,096	18,862	21,383	11,360	10,411
Work Permits Renewed	5,953	20,521	23,498	8,636	9,315

Source: Department of Immigration

* Provisional

[1] Means the same as "Aliens registered" in previous reports

[2] Means the same as "Entry permits" in previous reports

National Identity Cards Statistics

16.27. Kenyans are eligible to be issued with National Identity (ID) cards upon attainment of 18 years. Table 16.21 shows the number of applications made, processed and ID cards collected from 2011 to 2013. Applications made reduced by 38.0 per cent from 2,503,568 in 2012 to 1,552,355 in 2013. The reduction could be attributed to an earlier voter registration drive mounted by the Government in 2012 in readiness for the 2013 general elections. Subsequently, the number of ID cards processed reduced by 24.5 per cent to 1,723,186 while those collected declined by 32.3 per cent to 1,481,416 in 2013. During the review period, the Government opened foreign registration stations for Kenyans living abroad, where a total of 499 applications were processed.

Table 16.21: Identity Card Applications Made, Processed and Collected, 2011 - 2013

Number

Service	2011	2012	2013*
Applications Made	1,190,570	2,503,568	1,552,355
Applications Processed	1,413,842	2,282,378	1,723,186
Identity Cards Collected	645,516	2,189,002	1,481,416

Source: National Registration Bureau

* Provisional

Registration of Voters Statistics

16.28. Table 16.22 presents the number of registered voters by County and by sex in 2013. Male voters comprised 50.9 per cent of the registered voters compared with 49.1 per cent of female. Nationally, 68.9 per cent of eligible persons aged 18 years and above were registered as voters in 2013. Slightly over 90 per cent of eligible persons were registered as voters in Kericho County, the highest in the country. This was followed by Lamu, Kiambu and Murang'a with 89.6, 82.4 and 79.5 per cent, respectively. Mandera County recorded the least proportion of eligible voters registered of 41.0 per cent.

Table 16.22: Number of Registered Voters by County and by sex, 2013

Code	County	Constituencies	Registered Voters			Proportion of Eligible Voters Registered		
			Male	Female	Total	Male	Female	Total
1	Mombasa	6	236,275	172,472	408,747	69.3	57.2	63.6
2	Kwale	4	84,161	90,282	174,443	54.5	50.6	52.4
3	Kilifi	7	155,649	180,483	336,132	65.8	63.4	64.5
4	Tana River	3	37,723	41,731	79,454	68.2	70.2	69.2
5	Lamu	2	27,788	24,558	52,346	89.6	89.5	89.6
6	Taita Taveta	4	59,193	54,669	113,862	65.4	63.7	64.6
7	Garissa	6	59,613	55,589	115,202	57.3	54.6	56.0
8	Wajir	6	60,202	57,889	118,091	58.0	59.7	58.8
9	Mandera	6	60,647	60,121	120,768	40.0	42.1	41.0
10	Marsabit	4	51,130	53,485	104,615	70.5	80.7	75.3
11	Isiolo	2	26,348	28,114	54,462	69.8	79.5	74.5
12	Meru	9	252,091	235,174	487,265	67.4	60.7	64.0
13	Tharaka Nithi	3	77,040	78,447	155,487	77.6	72.5	75.0
14	Embu	4	114,481	112,805	227,286	77.8	72.4	75.1
15	Kitui	8	146,249	178,424	324,673	68.9	66.1	67.3
16	Machakos	8	225,817	219,279	445,096	75.4	68.7	71.9
17	Makueni	6	144,673	153,548	298,221	69.4	64.1	66.6
18	Nyandarua	5	125,673	130,311	255,984	82.2	76.7	79.3
19	Nyeri	6	175,033	181,348	356,381	80.9	78.0	79.4
20	Kirinyaga	4	135,586	129,704	265,290	79.0	73.0	75.9
21	Murang'a	7	222,672	230,169	452,841	82.8	76.5	79.5
22	Kiambu	12	436,033	425,796	861,829	84.1	80.8	82.4
23	Turkana	6	53,635	79,250	132,885	24.3	36.9	30.5
24	West Pokot	4	58,038	62,948	120,986	51.6	51.1	51.3
25	Samburu	3	27,192	33,922	61,114	52.4	61.2	56.9
26	Trans Nzoia	5	128,447	116,193	244,640	62.0	53.8	57.8
27	Uasin Gishu	6	174,357	156,273	330,630	66.3	60.3	63.3
28	Elgeyo Marakwet	4	67,653	66,915	134,568	71.8	68.0	69.8
29	Nandi	6	136,815	126,439	263,254	67.5	61.6	64.5
30	Baringo	6	85,156	88,497	173,653	63.8	62.7	63.2
31	Laikipia	3	88,406	85,499	173,905	78.6	72.2	75.4
32	Nakuru	11	360,532	334,786	695,318	77.6	71.2	74.4
33	Narok	6	134,333	128,405	262,738	65.4	61.3	63.3
34	Kajiado	5	161,878	142,468	304,346	80.0	70.3	75.1
35	Kericho	6	151,368	139,090	290,458	94.7	88.0	91.4
36	Bomet	5	127,553	124,805	252,358	54.6	50.6	52.6
37	Kakamega	12	280,135	287,325	567,460	74.4	65.9	69.9
38	Vihiga	5	92,643	110,179	202,822	73.9	70.5	72.0
39	Bungoma	9	210,119	200,343	410,462	68.6	58.8	63.4
40	Busia	7	121,268	130,037	251,305	77.8	67.0	71.8
41	Siaya	6	141,933	169,986	311,919	74.7	70.2	72.2
42	Kisumu	7	193,260	192,560	385,820	77.9	72.1	74.9
43	Homa Bay	8	149,794	176,032	325,826	72.1	69.2	70.5
44	Migori	8	136,072	147,790	283,862	68.6	64.0	66.2
45	Kisii	9	205,735	207,210	412,945	76.8	63.8	69.7
46	Nyamira	4	111,337	108,021	219,358	77.3	63.2	69.7
47	Nairobi	17	990,092	738,709	1,728,801	84.4	66.6	75.7
	Sub Total	**290**	**7,301,828**	**7,048,080**	**14,349,908**	**72.3**	**65.8**	**68.9**
	Diaspora	1	1,871	766	2,637	..	..	..
	Total	**291**	**7,303,699**	**7,048,846**	**14,352,545**	**..**	**..**	**..**

Source: Independent Electoral and Boundaries Commission (IEBC)

Appendix 16.1: Classification of Offences by the Kenya Police Service

CODE	OFFENCES	CATEGORY OF OFFENCES	CODE	OFFENCES	CATEGORY OF OFFENCES
1	HOMICIDE	a) Murder	8	THEFT BY	a) Stealing by Directors
		b) Manslaughter		SERVANT	b) Stealing by employee/servant
		c) Infanticide	9	VEHICLE AND	a) Theft of M/V
		d) Procuring Abortion		OTHER THEFTS	b) Theft from M/V
		e) Concealing Birth			c) Theft of M/V part
		f) Suicide			d) Theft of M/Cycle
		g) Causing Death by dangerous	10	DANGEROUS	a) Possession
		Driving		DRUGS	b) Handling
					c) Trafficking
2	OFFENCES	a) Rape			d) Cultivating
	AGAINST	b) Defilement			e) Usage
	MORALITY	c) Incest	11	TRAFFIC	a) Taking and Driving Motor
		d) Unnatural Offences(Sodomy)		OFFENCES	Vehicle without Authority
		e) Bestiality			b) Driving under influence of
		f) Indecent assault			alcohol
		g) Abduction			
		h) Bigamy	12	CRIMINAL	a) Malicious Damage
				DAMAGE	b) Arson
3	OTHER	a) Assault			c) Negligent Acts
	OFFENCES	b) Creating Disturbance			
	AGAINST	c) Affray	13	ECONOMIC	a) Obtaining by False Pretence
	PERSONS			CRIMES	b) Currency Forgery
					c) Other Fraud/Forgery Offences
4	ROBBERY	a) Robbery			
		b) Robbery with Violance			
		c) Carjacking	14	CORRUPTION	a) Soliciting for Bribe
		d) Robbed of M/V			b) Accepting Bribe
		e) Cattle Rustling			c) Accept Free Gifts
					d) Demanding by false pretence
5	BREAKING	a) House Breaking			e) Other Corruption Offences
		b) Burglary			
		c) Other Breakings	15	OFFENCES	a) Soliciting for Bribe
6	THEFT OF STOCK			INVOLVING	b) Accepting Bribe
				POLICE	c) Accept Free Gifts
7	STEALING	a) Handling Stolen Property		OFFICERS	d) Demanding by false pretence
		b) Stealing from Person			e) Other Criminal Offences
		c) Stealing by Tenants/lodgers	16	OFFENCES	a) Bag Snatching
		d) Stealing from a building		INVOLVING	b) Other offences Against Tourists
		e) General Stealing		TOURIST	c) Other Offences involving Tourist

Appendix 16.2: Description of Offences

Order & administration of Lawful authority	Treason, incitement to mutiny, & aiding civil disobedience
Injurious to public	Stealing govt property, stealing by person in public service, stealing from state corporation
Against person	Assault, grievous harm,murder etc
Related toproperty	Theft, robbery with violence, arson
Attempts & conspiracies	Attempts tocommit offences,neglect to prevent offence,conspiracies to comment offences
Employment act	Employment of aliens without permit
Drugs related	Possession, manufacture, trafficking etc of any quantity
Various cases	By-laws under the local govt. act ,traffict act, tax act etc

Chapter 17

Revised 2009 National Accounts Statistics

Introduction

Kenya National Bureau of Statistics (KNBS) initiated the process of rebasing and revision of the National Accounts Statistics in 2010. Specific tasks were to implement recommendations contained in 2008 System of National Accounts (2008 SNA), change the base year from 2001 to 2009 and, revise the annual and quarterly national accounts statistics for the period 2006 to 2012. In addition, the revision was to include the development of Supply and Use Tables (SUT) as an integral part of the National Accounts Statistics. The Supply and Use Tables gives detailed information on the production processes, the interdependencies in production, the use of goods and services and the generation of income in production. Broadly, the revision process involved use of a wide range of information obtained from surveys, censuses and administrative records. This was done in a coherent and consistent manner to achieve the overall goal of improved National Accounts statistics.

17.2. The development of 2009 SUT serves both statistical and analytical purposes. As a statistical tool, SUT provides an accounting framework for systematic and detailed description of the economy; its various components on the supply and demand side; and its relation to other economies. Therefore, it presents a powerful tool with which to compare and contrast data from various sources and improve the coherence of the economic information system. The SUT is extensively used to inform policy decisions.

17.3. The revision of National Accounts Statistics (NAS) is done preferably after every five years to generate estimates that are accurate to the extent possible in reflecting economic realities. The current revision has taken four years since its inception and will be concluded by end of 2014. Targeted output includes revised national accounts estimates for the period 2006 to 2013; balanced 2009 Supply and Use Tables; 2009 Input-Output Table (IOT) and 2009 Social Accounting Matrix (SAM).

17.4. Input-Output Table and Social Accounting Matrix are analytical tools useful in assessing the impact of a change in the final demand of a given sector on all sectors of the economy. They provide valuable policy guidelines to potential induced linkage effects and can indicate likely supply bottlenecks that may occur in a growing economy. The 2009 SUT provides the basic data necessary for the construction of IOT and SAM.

17.5. This chapter presents the first part of the results which include comparison between the previous estimates (base year 2001) and the new estimates compiled on the basis of 2009 base year. The detailed comparison of trends and growth paths of Gross Domestic Product (GDP) and other national accounts aggregates will be provided in the September 2014 release. In addition, linking of GDP at the 2001 prices to the estimates based on 2009 prices will be undertaken in the fourth quarter of 2014.

Rationale for Rebasing and Benchmarking

17.6. Generally, the revision process does not necessarily require *rebasing*[1], *benchmarking* and review of the methodology be conducted at the same time. However, it is convenient to approach the three tasks in a coordinated manner to avoid causing confusion to users.

17.7. *Rebasing* is essentially done to ensure that the principal measure of economic growth yields good estimates over the medium term following the base year. It is desirable to periodically rebase, at least once in every five years, to update the production structure; structural changes in relative prices of various products and; incorporate product changes due to developments and innovations. In addition, changes on the demand side like consumption patterns, utilization and acquisition of capital goods are all also updated through such a process. Therefore, change of base year or rebasing of national accounts statistics refers to replacement of the old base year for compilation of the constant price estimates to a new/more recent base year. Prior to this revision, the previous estimates based on 2001 prices were first released in 2005 with the revised series from 1996 to 2005.

17.8. *Benchmarking* of national accounts estimates, as a component of the revision process, is also periodic. However, this process is designed to improve the quality of the short-term national accounts by linking the high frequency information with the low frequency data into a consistent time series. For instance, annual estimates are based on relatively less comprehensive information compared to a five or ten years estimates derived from comprehensive surveys/ censuses such as household budget surveys and population census. Therefore, the process provides an opportunity to incorporate irregular and periodic datasets that become available since the previous benchmarks. The following are some of the comprehensive datasets that informed the new estimates:

- 2005/06 Kenya Integrated Household Budget Survey (KIHBS);
- 2009 Kenya Housing and Population Census (KHPC);
- 2010 Census of Industrial Production (CIP);
- 2010 Integrated Survey of Services (ISS);
- 2010 Survey of Trade Margins
- 2011 Cost of Agricultural Production Survey (CAPS);
- 2011 Construction Survey (under International Comparison Program- ICP);
- National Education Accounts compiled by KNBS, Ministry of Education and UNESCO, 2012 and;
- Livestock reports by IGAD and ILRI

In addition to the listed intermittent sources, the following administrative sources were also utilized:

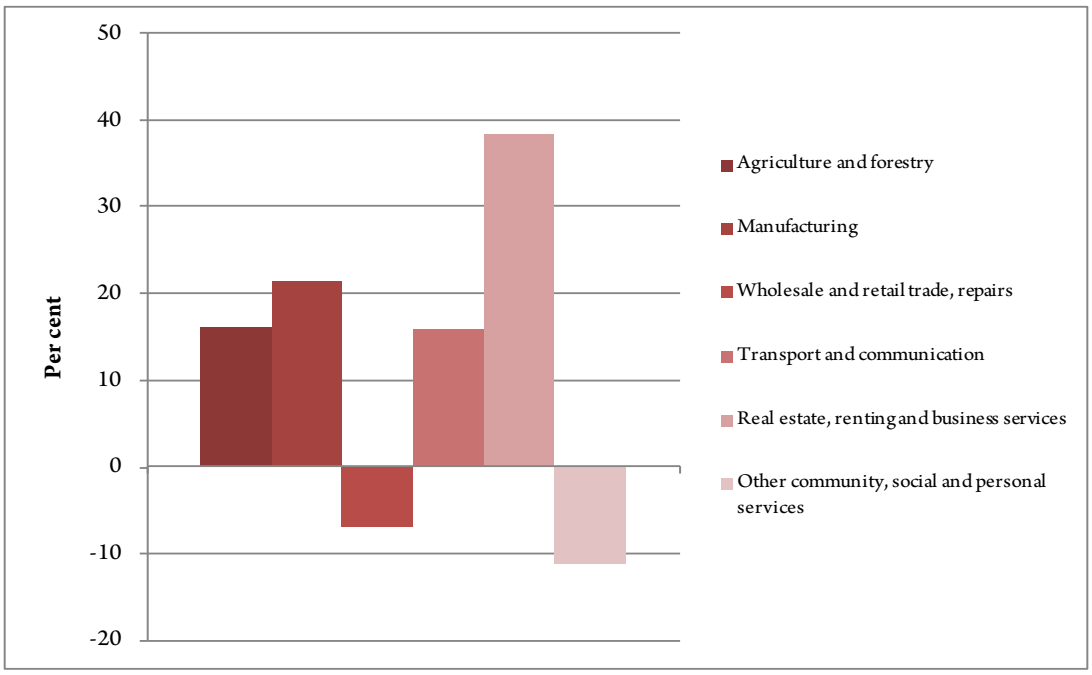
- Government Finance Statistics;
- VAT turnover data from Kenya Revenue Authority
- Balance of Payments;
- Trade Statistics;
- Labour Enumeration Statistics;
- Monetary and Financial Statistics and;
- Other relevant administrative records from various Ministries, Departments and Agencies.

[1] In practice, rebasing involves change of the reference period for the individual price and volume indices used from an old base to a new base and performing aggregation from a detailed level to derive the national accounts aggregates.

Revision Results of 2009 Estimates

17.9. The revised GDP estimate for 2009 is KSh 486.6 billion higher than the previous estimates as shown in Figure 17.1 and Table 17.1. This translates to 20.6 per cent increase in the level of GDP. The main contributing factors included improved coverage and revised input-output production structures which were lower in a number of sectors compared to the revised estimates.

Figure 17.1: Contribution of the main economic activities to GDP increase, in percentage



17.10. The 2009 KHPC, 2005/06 KIHBS and 2010 CIP majorly contributed to the upward revisions. For instance, the relative increase in transport and communication activity of 16.0 per cent was informed by the expenditure data obtained from 2005/06 KIHBS as well as expanded coverage in the information and telecommunication industry.

17.11. In aggregate, the revised estimates of agriculture, manufacturing, real estate, transport and communication accounted for 91.9 per cent of the total GDP increase while wholesale and retail trade and other personal services dampened the increase by 18.0 per cent.

17.12. Manufacturing activities accounted for 21.3 per cent of the total GDP change supported by improved source data derived from 2010 CIP. Real estate activities, recorded the largest contribution accounting for 38.5 per cent in GDP change. The new real estate estimate basically reflected significant increase in stock of high quality dwellings (modern dwelling) in addition to higher inter-census annualized growth rate of 6.9 per cent in 2009 compared to 4.7 per cent from the previous 1999 census.

Table 17.1: Magnitude of revisions[1] by economic activities

Economic Activities by ISIC rev 3	Change in 2009 Gross Value Added(GVA) (In million Kshs)	GVA change (in %)	Contribution to the overall GDP change (in %)
A Agriculture and forestry	78,213	14.1	16.1
Growing of crops and horticulture	55,235	13.8	11.4
Farming of animals	5,264	4.1	1.1
Agricultural and animal husbandry services	2,438	25.5	0.5
Forestry and logging	15,276	82.4	3.1
B Fishing	7,089	71.6	1.5
C Mining and quarrying	3,398	28.1	0.7
D Manufacturing	103,875	44.3	21.3
Manufacture of food, beverages and tobacco	34,548	45.7	7.1
All other manufacturing	69,327	43.6	14.2
E Electricity and water supply	16,449	37.2	3.4
Electricity supply	10,150	35.2	2.1
Water supply	6,299	41.1	1.3
F Construction	11,531	11.8	2.4
G Wholesale and retail trade, repairs	-33,752	-14.5	-6.9
H Hotels and restaurants	12,086	30.7	2.5
I Transport and communication	77,643	33.1	16.0
Transport and storage	41,006	23.8	8.4
Post and telecommunications	36,637	58.6	7.5
J Financial intermediation	20,177	15.7	4.1
K Real estate, renting and business services	187,207	160.5	38.5
Dwellings, owner occupied and rented	181,504	279.5	37.3
Renting and business services	5,703	11.0	1.2
L Public administration and defence	32,466	27.4	6.7
M Education	29,846	21.0	6.1
N Health and social work	-3,661	-6.1	-0.8
O Other community, social and personal services	-54,249	-68.3	-11.1
P Private households with employed persons	7,211	70.9	1.5
Less: Financial services indirectly measured	-33,130	128.6	-6.8
All industries at basic prices	462,400	22.1	95.0
Taxes less subsidies on products	24,246	8.8	5.0
GDP at market prices	**486,646**	**20.6**	**100.0**

[1] Compiled using ISIC Rev 4 but mapped to ISIC Rev 3.1 for comparison purposes

17.13. Table 17.2 shows economic structure in the previous and revised estimates. The key sectors of the economy remained relatively unchanged under the revised estimates. Agriculture, manufacturing and; transport and communication; in aggregate accounted for 45.0 per cent of GDP compared to 43.3 per cent under the previous estimate. However, there was a switch in the fourth rank from wholesale and retail trade to real estate activity as one of the key sector in the economy. The large revision in real estate led to a higher 10.6 per cent share compared to 4.9 per cent previously. On the other hand, share of wholesale and retail trade was revised downwards from 9.8 per cent to 7.0 per cent on the basis of new data derived from the 2010 survey of margins.

17.14. Agriculture remains the leading sector in the economy though its share was revised downwards from 23.5 per cent to 22.2 per cent. The decline was mainly on account of large upward revisions in manufacturing and; transport and communication; and real estate sectors. Contribution of manufacturing and; transport and communication to GDP increased from 9.9 per cent to 11.9 per cent and 9.9 per cent to 10.9 per cent, respectively.

Table 17.2: Economic Structures in the Previous and Revised Estimates

Economic Activities by ISIC rev 3	REVISED 2009 estimates[1]	PREVIOUS 2009 estimates	REVISED 2009 estimates	PREVIOUS 2009 estimates
	Gross Value Added	Gross Value Added	Share in revised 2009 GDP	Share in the previous GDP
A Agriculture and forestry	633,500	555,288	22.2	23.5
Growing of crops and horticulture	454,709	399,474	15.9	16.9
Farming of animals	132,968	127,704	4.7	5.4
Agricultural and animal husbandry services	12,008	9,571	0.4	0.4
Forestry and logging	33,815	18,539	1.2	0.8
B Fishing	16,993	9,903	0.6	0.4
C Mining and quarrying	15,481	12,083	0.5	0.5
D Manufacturing	338,430	234,556	11.9	9.9
Manufacture of food, beverages and tobacco	110,162	75,615	3.9	3.2
All other manufacturing	228,268	158,941	8.0	6.7
E Electricity and water supply	60,634	44,185	2.1	1.9
Electricity supply	39,017	28,866	1.4	1.2
Water supply	21,617	15,318	0.8	0.6
F Construction	108,976	97,445	3.8	4.1
G Wholesale and retail trade, repairs	199,249	233,001	7.0	9.8
H Hotels and restaurants	51,507	39,421	1.8	1.7
I Transport and communication	312,395	234,752	10.9	9.9
Transport and storage	213,250	172,244	7.5	7.3
Post and telecommunications	99,145	62,508	3.5	2.6
J Financial intermediation	148,909	128,732	5.2	5.4
K Real estate, renting and business services	303,865	116,657	10.6	4.9
Dwellings, owner occupied and rented	246,433	64,929	8.6	2.7
Renting and business services	57,431	51,728	2.0	2.2
L Public administration and defence	151,128	118,662	5.3	5.0
M Education	172,081	142,235	6.0	6.0
N Health and social work	56,536	60,196	2.0	2.5
O Other community, social and personal services	25,174	79,423	0.9	3.4
P Private households with employed persons	17,383	10,171	0.6	0.4
Less: Financial services indirectly measured	(58,892)	(25,762)	-2.1	-1.1
All industries at basic prices	2,553,348	2,090,948	89.5	88.3
Taxes less subsidies on products	300,282	276,036	10.5	11.7
GDP at market prices	**2,853,630**	**2,366,984**	**100.0**	**100.0**

[1] Compiled using ISIC Rev 4 but mapped to ISIC Rev 3.1 for comparisons purposes

17.15. Table 17.3 shows a comparison between the input/output ratios of the revised estimates compared to the previous estimate. Input/output ratio is a measure of productivity of materials and other intermediate inputs. It serves as a useful yardstick for measuring efficiency in the process of production. An increase in I/O ratio indicates a reduction in productivity while a decrease in I/O points to an improvement in productivity. Most of the activities had their ratios revised significantly but the overall ratio was only revised downwards by 0.4 percentage points. The most notable upward revisions were in water supply, education, other community, social and personal services and dwellings, owner occupied and rented. On the other hand, farming of animals, forestry and logging and fishing had their I/O ratios revised downwards.

Table 17.3: Production structures (input-output ratios) and the corresponding relative change

Economic Activities by ISIC rev 3	Revised 2009 Input-Output ratios (I/O)	Previous 2009 Input-Output ratios	Relative change in I/O ratio (in %)
A Agriculture and forestry	18.6	19.2	-3.1
Growing of crops and horticulture	19.9	15.3	30.1
Farming of animals	14.6	28.2	-48.3
Agricultural and animal husbandry services	38.2	44.1	-13.4
Forestry and logging	5.7	10.6	-46.2
B Fishing	16.0	25.0	-36.1
C Mining and quarrying	41.8	41.5	0.7
D Manufacturing	69.9	69.6	0.5
Manufacture of food, beverages and tobacco	77.2	75.9	1.7
All other manufacturing	64.4	65.2	-1.2
E Electricity and water supply	41.6	46.0	-9.5
Electricity supply	47.1	55.2	-14.6
Water supply	28.2	12.2	131.3
F Construction	64.0	63.3	1.0
G Wholesale and retail trade, repairs	48.2	54.2	-11.1
H Hotels and restaurants	52.0	67.9	-23.4
I Transport and communication	53.8	56.9	-5.3
Transport and storage	56.2	61.3	-8.2
Post and telecommunications	47.8	37.5	27.5
J Financial intermediation	28.9	29.5	-2.0
K Real estate, renting and business services	12.9	18.3	-29.2
Dwellings, owner occupied and rented	11.2	7.8	43.2
Renting and business services	19.6	28.4	-31.0
L Public administration and defence	40.2	36.6	9.9
M Education	35.1	22.1	58.9
N Health and social work	39.9	30.4	31.3
O Other community, social and personal services	48.1	34.6	39.2
P Private households with employed persons			
Less: Financial services indirectly measured			
All industries at basic prices	46.4	46.8	-0.9
Taxes less subsidies on products			
GDP at market prices			

17.16. GDP level based on expenditure approach is presented in Tables 17.4 and 17.5. All the expenditure components were revised upwards except for changes in inventories where the revisions were minimal. New household benchmark estimates derived from 2005/06 KIHBS and expanded coverage in government sector informed the upward changes. Though final consumption by government is estimated based on the usual existing annual accounts, the coverage of state corporations had been limited in the past leading to lower consumption estimates. Private consumption and government consumption correspondingly accounted for 73.9 per cent and 14.7 per cent to the overall GDP increase.

17.17. One notable feature in the revision is the elimination of the statistical discrepancy between the GDP estimates derived using production and expenditure approaches. In the previous estimates, the expenditure on GDP was KSh 22,745 million higher than the GDP compiled using the production approach. In the revised statistics, the discrepancy between the two approaches has been totally eliminated using the SUT iterations resulting in reconciled GDP estimate.

Table 17.4: Absolute and relative changes between revised and previous 2009 estimates

Expenditure Components	Change in revised expenditures (million KSh)	Relative change in expenditures (in %)	Contribution to the overall GDP change (in %)
Government final consumption	71,631	18.7	14.7
Private final consumption	359,485	19.4	73.9
Gross fixed capital formation	34,982	7.5	7.2
Changes in inventories	(8,297)	0.0	-1.7
Exports of goods and services	2,287	0.4	0.5
Imports of goods and services	3,813	-0.4	0.8
Discrepancy[1]	22,745	0.0	4.7
Expenditure on GDP	486,646	20.6	100.0

[1] The difference between production and expenditure approach

17.18. Structural change in expenditure components was minimal except for export and imports. Private final consumption, government consumption and Gross Fixed Capital Formation (GFCF) all increased leading to a higher GDP level while exports and imports remained somewhat at the same level. As a result, there was negligible structural change in the first three components except for exports and imports due to base effect (change in GDP level). In the revised estimates, export and import shares declined from 24.1 per cent to 20.1 per cent and 37.5 per cent to 30.9 per cent, respectively

Table 17.5: Expenditure shares in the previous and revised 2009 GDP estimate

Expenditure Components	Revised 2009 estimates, (KSh Million)	Previous 2009 estimates, (KSh Million)	Contribution in the revised 2009 GDP (%)	Contribution in the previous GDP (%)
Government final consumption	455,478	383,847	16.0	16.2
Private final consumption	2,209,067	1,849,582	77.4	78.1
Gross fixed capital formation	500,093	465,111	17.5	19.6
Changes in inventories	-1,932	6,365	-0.1	0.3
Exports of goods and services	573,592	571,305	20.1	24.1
Imports of goods and services	-882,667	-886,480	-30.9	-37.5
Discrepancy[1]	0	-22,745	0.0	-1.0
Expenditure on GDP	**2,853,630**	**2,366,984**	100.0	100.0

[1] The difference between production and expenditure approach

2009 Supply and Use Tables (SUT)

17.19. The SUT as a core table in the System of National Accounts consists of two tables - the *Supply table* and the *Use table* that are closely linked together. The *supply table* shows both the value of different products at basic prices produced in every industry and the total supply of every product at both basic and purchasers' prices. The *use table* shows both the cost of production in every industry, and the use of every product at purchasers' prices in the economy.

17.20. The basic layouts of the two tables presented in Tables 17.6 and 17.7 are highly simplified. They do not show detailed classification of industries and products. Similarly, identification of output by type of producers such as market producers and producers for own final use and other non-market are not highlighted. However, in principle, the layout is complete and the valuation of domestic output and imports including the adjustment items (i.e. trade and transport margins and taxes and subsidies on products) are shown.

Table 17.6: Simplified Supply Table

	Industry			Imports	Total supply at basic prices	Trade and transport margins	Taxes less subsidies on products	Total supply at purchasers' prices
	Agriculture	Industry	Services					
Agricultural products	*Output by products and by industry (at basic prices)*			*Imports by products (CIF)*	*Total supply by products (at basic prices)*	*Margins*	*Taxes*	*Total supply by products (at purchasers' prices)*
Industrial products								
Services								
Total	**Total output by industry**			**Total imports**	**Total supply (basic prices)**		**Total taxes**	**Total supply (purchasers' prices)**

Table 17.7: Simplified Use Table

	Industries	Final uses	Total
Agricultural products	*Intermediate consumption by products and by industry*	*Final uses by products and by use category*	*Total use by product*
Industrial products			
Services			
Value added	*Value added by components and by activity*		*Total Value added by components*
Total	**Total output by industry**	**Total final uses by category**	

17.21. The SUT framework provides the natural statistical framework to include the components of the production, income and expenditure approaches to measuring GDP, thereby enabling a coherent and balanced estimate of GDP both in current prices and constant prices to be achieved.

17.22. A detailed balanced SUT consisting of 151 products by 81 industries has been compiled and the results are available at KNBS. However, only condensed versions of SUT are presented in Tables 17.8 and 17.9 to broadly inform. Detailed input matrix (151 by 81), Use matrix by broad use categories (151 by 6) and Production matrix (151 by 81) have all been compiled.

17.23. The domestic production estimates presented in Table 17.8 shows output values categorized by industry and type of output. The output/products grouping are based on the intended purpose - whether the production is for market, non-market or for own final use. For instance, government is a producer of non-market goods while private businesses engage in market production. Conversely, households produce a large portion of output for own final use.

17.24. In aggregate, 81.6 per cent of the total domestic production in 2009 was intended for the market. Own account production and non-market output accounted for 6.6 per cent and 11.7 per cent, respectively. Agricultural and real estate activities collectively produced 85.9 per cent of the total own account production, reflecting the large subsistence agricultural production and housing services from owner occupied dwellings. On the other hand, government is the main producer of non-market output. This is reflected in the large share of non-market output for education, health and public administration.

17.25. The revaluation of output from basic prices to purchasers is also provided in the Supply Table. Generally, output at basic price excludes trade and transport margins as well as net taxes on products. Revaluation from basic to purchasers' prices of agricultural, mining and quarrying, and manufacturing products, sourced both locally and imported, resulted in 12.9 per cent overall price increase. Manufacturing products recorded the highest price change of up to 30.0 per cent above the basic price with averagely equal split between margins and net taxes on products.

Table 17.8: Supply Table, 2009

	Market output	Own account output	Non-market output	Domestic output at basic prices	Imports	Margins	Taxes less subsidies on products	Total supply at purchasers prices
PRODUCTS								
Agriculture, livestock, Forestry and Fishing	593,893	167,167	15,915	776,975	74,443	53,697	8,191	913,307
Mining and Quarrying	24,950	0	0	24,950	59,691	6,633	275	91,548
Manufacturing	1135511	13262	0	1148774	667107	295199	249470	2360550
Food manufactures	489,393	13,262	0	502,656	65,126	98,238	87,104	753,123
Non-Food manufactures	646,118	0	0	646,118	601,981	196,961	162,366	1,607,427
Electricty supply	73,757	0	0	73,757	566	0	7,319	81,642
Water supply	15,615	10,831	3,677	30,123	0	0	0	30,123
Construction	274,684	2,985	24,979	302,647	0	0	0	302,647
Wholesale and Retail trade; repairs	376,166	0	0	376,166	1,061	-330,828	741	47,140
Transport and Storage	480,383	0	0	480,383	12,956	-28,695	1,343	465,987
Accommodation and Food services	114,558	0	0	114,558	1,905	0	11,443	127,906
Information and Communication	184,576	0	859	185,435	18,706	3,994	16,625	224,761
Financial and Insurance services	200,478	0	6,680	207,159	5,532	0	1,025	213,715
Real Estate	180,649	102,797	0	283,445	0	0	0	283,445
Professional, Scientific and Technical services	33,908	0	1,543	35,451	13,164	0	586	49,201
Administrative and Support services	53,390	0	0	53,390	4,933	0	2,416	60,739
Public Administration and defense	0	0	252,559	252,559	0	0	0	252,559
Education	61,505	0	192,500	254,005	0	0	0	254,005
Health and Social work	44,929	0	48,833	93,762	0	0	0	93,762
Arts, Entertainment and Recreation activities	5,119	0	4,711	9,830	0	0	0	9,830
Other Services	32,404	17,383	6,940	56,727	0	0	848	57,575
Direct purchases abroad by residents	0	0	0	0	22,603	0	0	22,603
Total	**3,886,475**	**314,425**	**559,195**	**4,760,095**	**882,667**	**0**	**300,282**	**5,943,044**

17.26. The Use Table presented in Table 18.9 shows details on how the goods supplied in the economy, both imported and domestically produced, are consumed. The use categories include Intermediate Consumption (IC) by industries; Exports; Gross Fixed Capital Formation (GFCF); Changes in inventories and; Final Consumption by Households, Government and Non-Profit Institutions Serving Households (NPISH). All the uses are valued at purchasers' prices.

17.27. Out of the total goods supplied to the economy, 75.8 per cent were either used by industries as intermediate goods (37.1 per cent) or by households for final use (38.6 per cent). Products of Agriculture, Manufacture, Transport and Finance were the main Intermediate Consumption (IC) items and respectively accounted for 13.0, 45.3, 9.3 and 6.6 per cent of the total IC supplied. Households spent three quarters of their total final consumption on manufactured, agricultural, transport and financial products.

17.28. Government final consumption, Exports and GFCF each accounted for 7.7, 7.8 and 8.4, per cent, respectively of the total goods supplied. About 90 per cent of Government final expenditures were on Public administration and defense, Education and Health while Exports mainly consisted of manufactured goods, agriculture and transport services.

17.29. Further details on comparison between the revised and the previous estimates are provided in appendix 17.1. The product codes and the product descriptions are provided in appendix 17.2 while the classification of economic activities revision 4 is detailed in appendix 17.3. Appendix 17.4 provides a glossary of definitions and concepts used in the chapter.

Table 17.9: Use Table, 2009

KSh Million

PRODUCTS	Total intermediate consumption	Household final Consumption	Government final consumption	Gross Fixed Capital Formation	Changes in Inventories	Exports	NPISH
Agriculture, livestock, Forestry and Fishing	287,815	539,726	15,915	-4,873	-8,819	83,543	0
Mining and Quarrying	85,498	0	0	78	829	5,144	0
Manufacturing							
Food manufactures	121,621	502,430	0	0	-3,055	132,126	0
Non-Food manufactures	878,090	324,808	0	253,520	9,113	141,896	0
Electricty supply	58,504	22,182	0	0	0	956	0
Water supply	8,730	18,186	3,207	0	0	0	0
Construction	44,000	0	24,979	233,668	0	0	0
Wholesale and Retail trade; repairs	41,106	6,034	0	0	0	0	0
Transport and Storage	204,430	182,261	0	0	0	79,296	0
Accommodation and Food services	37,685	88,656	0	0	0	1,566	0
Information and Communication	98,269	107,875	859	0	0	17,757	0
Financial and Insurance services	145,883	63,063	3,675	0	0	1,094	0
Real Estate	76,409	207,036	0	0	0	0	0
Professional, Scientific and Technical services	26,075	2,375	1,543	17,700	0	1,507	0
Administrative and Support services	56,393	4,346	0	0	0	0	0
Public Administration and defense	6,341	6,341	239,876	0	0	0	0
Education	0	123,033	130,799	0	0	0	172
Health and Social work	0	47,558	32,276	0	0	0	13,928
Arts, Entertainment and Recreation activities	0	5,119	2,347	0	0	0	2,364
Other Services	16,094	35,324	0	0	0	0	6,156
Direct purchases abroad by residents	13,803	8,800	0	0	0	0	0
Direct purchases in Kenya by non-residents	0	-108,706	0	0	0	108,706	0
Total	**2,206,746**	**2,295,153**	**455,478**	**500,093**	**-1,932**	**464,886**	**22,620**

Appendix 17.1: Comparison between the 2009 revised1 and previous 2009 estimates

Economic Activities by ISIC rev 3	REVISED 2009 estimates			PREVIOUS 2009 estimates [1]		
	Gross Value Added	Intermediate Consumption	Gross Output	Gross Value Added	Intermediate Consumption	Gross Output
A Agriculture and forestry	633,500	144,827	778,327	555,288	131,901	687,188
Growing of crops and horticulture	454,709	112,617	567,326	399,474	71,907	471,382
Farming of animals	132,968	22,739	155,707	127,704	50,243	177,947
Agricultural and animal husbandry services	12,008	7,423	19,431	9,571	7,547	17,117
Forestry and logging	33,815	2,048	35,863	18,539	2,204	20,743
B Fishing	16,993	3,233	20,226	9,903	3,301	13,204
C Mining and quarrying	15,481	11,135	26,615	12,083	8,584	20,666
D Manufacturing	338,430	785,112	1,123,542	234,556	535,815	770,370
Manufacture of food, beverages and tobacco	110,162	372,848	483,010	75,615	238,361	313,976
All other manufacturing	228,268	412,264	640,532	158,941	297,453	456,394
E Electricity and water supply	60,634	43,247	103,881	44,185	37,644	81,829
Electricity supply	39,017	34,741	73,757	28,866	35,514	64,381
Water supply	21,617	8,506	30,123	15,318	2,130	17,448
F Construction	108,976	193,672	302,647	97,445	168,311	265,755
G Wholesale and retail trade, repairs	199,249	185,292	384,541	233,001	275,589	508,590
H Hotels and restaurants	51,507	55,854	107,361	39,421	83,549	122,970
I Transport and communication	312,395	364,498	676,893	234,752	309,770	544,522
Transport and storage	213,250	273,719	486,968	172,244	272,269	444,513
Post and telecommunications	99,145	90,780	189,925	62,508	37,501	100,009
J Financial intermediation	148,909	60,665	209,575	128,732	53,967	182,699
K Real estate, renting and business services	303,865	45,103	348,967	116,657	26,068	142,725
Dwellings, owner occupied and rented	246,433	31,093	277,526	64,929	5,512	70,441
Renting and business services	57,431	14,010	71,441	51,728	20,556	72,284
L Public administration and defence	151,128	101,430	252,559	118,662	68,381	187,043
M Education	172,081	92,907	264,988	142,235	40,275	182,510
N Health and social work	56,536	37,521	94,056	60,196	26,272	86,469
O Other community, social and personal services	25,174	23,360	48,535	79,423	41,992	121,415
P Private households with employed persons	17,383	0	17,383	10,171	0	10,171
Less: Financial services indirectly measured	-58,892	58,892	0	-25,762	25,762	0
All industries at basic prices	**2,553,348**	**2,206,746**	**4,760,095**	**2,090,948**	**1,837,180**	**3,928,128**
Taxes less subsidies on products	300,282			276,036		
GDP at market prices	**2,853,630**			**2,366,984**		

[1] Compiled using ISIC Rev 4 but mapped to ISIC Rev 3.1 for comparisons purposes

Appendix 17.2: Classification of Product by Activities

Product Code	Product Description	Product Code	Product Description
0111-1	Maize	1072	Sugar and molasses
0111-2	Other cereals	1073	Confectionery and chocolate
0111-3	Beans, other leguminous crops and oil seeds	1076	Coffee
112	Rice	1077	Tea
0113-1	Potatoes and other root crops	1079	Other food products
0113-2	Vegetables	1080	Prepared animal feed
114	Sugar cane	1101	Spirits and wine
115	Tobacco	1103	Beer
116	Fibre crops (sisal, cotton)	1104	Non-alcoholic beverages
119	Pyrethrum and other non-perennial crops	1200	Tobacco products
121	Fruit and nuts; spice crops	1300	Textiles
0127-1	Coffee	1400	Wearing apparel
0127-2	Tea	1510	Leather and leather products
129	Other perennial crops (wattle, khat)	1520	Footwear
131	Cut flowers	1600	Wood and of products of wood and cork, except furniture
139	Plantation developments, land improvement	1700	Paper products
141	Cattle	1800	Printing and recording services
143	Camels	1900	Refined petroleum products
0144-1	Sheep and goats	2011	Basic chemicals
0144-2	Wool	2012	Fertilizers
145	Pigs	2022	Paints and varnishes
0146-1	Poultry	2023	Soaps, detergents, cleaning preparations, toiletries
0146-2	Eggs	2029	Other chemical products n.e.c.
147	Raw milk	2030	Man-made fibres
148	Manure	2100	Pharmaceutical products
0149-1	Other animals	2210	Rubber and rubber products
0149-2	Other animal products	2220	Plastics products
160	Support services to agriculture	2310	Glass and glass products
0220-1	Hardwood and soft wood	2390	Non-metallic mineral products n.e.c.
0220-2	Firewood and charcoal	2400	Basic metals
230	Non-wood forest products	2500	Fabricated metal products
240	Support services to forestry	2600	Computer, electronic and optical products
300	Fish and other fishing products	2700	Electrical equipment
500	Coal and lignite	2800	Machinery and equipment n.e.c.
600	Crude petroleum and natural gas	2910	Motor vehicles and bodies for motor vehicles; trailers
701	Metal ores (excl gold)	2930	Parts and accessories for motor vehicles
702	Gold	3000	Other transport equipment
810	Stone, sand and clay	3100	Furniture
0891-1	Fluorspar	3200	Other manufactured products
0891-2	Soda and soda ash	3300	Repair and installation of machinery and equipment
899	Other minerals	3510	Electricity
900	Mineral exploration	3600	Water
1011	Meat and meat products	3700	Sewerage
1012	Hides and skins	3800	Waste collection and treatment
1020	Processed and preserved fish, crustaceans and molluscs	4100	Buildings and structures (including repair services)
1030	Processed and preserved fruit and vegetables	4520	Repair services, motor vehicles
1040	Vegetable and animal oils and fats	4701	Trade services (trade margins)
1050	Dairy products	4702	Various other trade services (e.g. commissions)
1061	Grain mill products, starches and starch products	4910	Transport via railways
1069	Milling services	4921	Passenger road transport
1071	Bakery products	4923	Freight transport by road

Product Code	Product Description
4930	Transport via pipeline
5000	Water transport
5100	Air transport
5210	Warehousing and storage
5222	Services incidental to water transport
5223	Services incidental to air transport
5229	Cargo handling; other transportation support services
5310	Postal services
5320	Courier services
5500	Accommodation services
5600	Food and beverage serving services
5800	Publishing
5900	Motion picture, video and television programme production; music
6000	Television programming and broadcasting
6110	Wired telecommunications services
6120	Wireless telecommunications services
6130	Satellite TV
6200	IT and other information services
6411	Central bank services
6419-1	FISIM
6419-2	Other financial intermediation services
6490	Other financial services
6501	Life insurance
6502	Non-life insurance
6503	Reinsurance
6600	Auxiliary services to finance and insurance
6801	Dwellings
6802	Real estate services except dwellings
6900	Professional, scientific and technical services
7500	Veterinary services
7700	Renting and leasing services
7900	Travel agency, tour operator and reservation services
8200	Other administrative and support services
8410	Public administration and defence services
8430	Compulsory social security services
8510	Pre-primary and primary education
8521	General secondary education
8522	Specialized secondary education
8530	Tertiary education
8540	Other education and support services
8600	Human health services
8700	Social work
9000	Arts, entertainment and recreation
9400	Services of membership organizations
9500	Repair of computers and personal and household goods
9600	Other personal services
9700	Domestic services
9910	Direct purchases abroad by residents
9920	Direct purchases in Kenya by non-residents

Appendix 17.3: Classification of Economic Activities

Activity Code	Activity Description
A0110	Growing of crops
A0140	Animal production
A0160	Support activities to agriculture
A0200	Forestry and logging
A0300	Fishing and aquaculture
B0800	Mining and quarrying
C1010	Processing and preservation of meat
C1020	Processing and preserving of fish, crustaceans and molluscs
C1030	Processing and preserving of fruit and vegetables
C1040	Manufacture of vegetable and animal oils and fats
C1050	Manufacture of dairy products
C1060	Manufacture of grain mill products; starch and starch products; and prepared animal feeds
C1071	Manufacture of bakery products
C1072	Manufacture of sugar
C1076	Processing of coffee
C1077	Processing of tea
C1079	Manufacture of other food products
C1100	Manufacture of beverages
C1200	Manufacture of tobacco products
C1300	Manufacture of textiles and clothing
C1500	Manufacture of leather and related products incl. footwear
C1600	Manufacture of wood and of products of wood and cork, except furniture
C1700	Manufacture of paper and paper products
C1800	Printing and reproduction of recorded media
C1900	Manufacture of refined petroleum products
C2010	Manufacture of basic chemicals, fertilizers, primary plastics
C2020	Manufacture of other chemical products
C2100	Manufacture of pharmaceutical products and preparations
C2200	Manufacture of rubber and plastics products
C2300	Manufacture of other non-metallic mineral products
C2500	Manufacture of basic metals and fabricated metal products, ex. machinery and equipment
C2800	Manufacture of machinery and equipment
C2900	Manufacture of transport equipment
C3100	Manufacture of furniture
C3200	Other manufacturing
C3300	Repair and installation of machinery and equipment
D3510	Electric power generation, transmission and distribution
E3600	Water supply and sewerage
E3800	Waste collection and treatment
F4100	Construction
G4500	Wholesale and retail trade and repair of motor vehicles and motorcycles
G4700	Wholesale and retail trade
H4910	Transport via railways
H4921	Passenger road transport
H4923	Freight transport by road
H4930	Transport via pipeline
H5000	Water transport
H5100	Air transport
H5210	Warehousing and storage

Activity Code	Activity Description
H5222	Service activities incidental to water transport
H5223	Service activities incidental to air transport
H5229	Cargo handling; other transportation support activities
H5310	Postal activities
H5320	Courier activities
I5500	Accommodation and food service activities
J5800	Publishing, audiovisual and broadcasting activities; recording and publishing of music
J6100	Telecommunications
J6200	IT and other information service activities
K6411	Central banking
K6419	Other monetary intermediation
K6490	Other financial service activities
K6500	Insurance, reinsurance and pension funding
K6600	Activities auxiliary to financial service and insurance activities
L6800	Real estate activities
M6900	Professional, scientific and technical activities
N7700	Renting and leasing activities
N7900	Travel agency, tour operator, reservation service and related activities
N8200	Other administrative and support service activities
O8400	Public administration and defence; compulsory social security
P8510	Pre-primary and primary education
P8521	General secondary education
P8522	Specialized secondary education
P8530	Higher education
P8540	Other education and support activities
Q8600	Human health activities
Q8700	Social work activities
R9000	Arts, entertainment and recreation
S9400	Activities of membership organizations
S9500	Repair of computers and personal and household goods
S9600	Other personal service activities
T9700	Activities of households as employers of domestic personnel

Appendix 17.4: Glossary

Industry: An industry consists of a group of establishments engaged in the same, or similar, kinds of activity. At the most detailed level of classification, an industry consists of all the establishments falling within a single Class of (ISIC) and which are therefore all engaged on the same activity as defined in the ISIC. The ISIC is the United Nations International Standard Industrial Classification of All Economic Activities and the basis of these classifications is the establishment (the statistical unit).

Product: "Products" are used interchangeably with "goods and services" and are classified according to the United Nations Central Product Classification (CPC). However, a domesticated classification has been developed where products are classified by activity, an approach which links products with the main industry source.

Industry output: Industry output is the total value of all products produced by an industry including both primary and secondary products.

Product output: Product output is the total value of a product produced by all industries, i.e. all resident producers in the economy.

Market, own final use and other non-market producers: Industries/producers in the System of National Accounts are grouped into three broad categories: Market, own final use and other non-market producers.

A market producer is an establishment or enterprise in which all or most of its output is marketed.

Own-account producers consist of establishments engaged in gross fixed capital formation for the enterprises of which they form part or unincorporated enterprises owned by households all or most of whose output is intended for final consumption or gross fixed capital formation by those households: for example, owner-occupiers or subsistence farmers who sell none, or only a small fraction, of their output.

Other non-market producers consist of establishments owned by government units or non-profit institutions serving households (NPISHs) that supply goods or services free, or at prices that are not economically significant, to households or the community as a whole.

Valuation of outputs: The preferred method of valuation of goods and services produced for sale in the market at economically significant prices is basic price. “Basic price” is the amount receivable by the producer from the purchaser for a unit of a good or service produced as output minus any tax payable, and plus any subsidy receivable, on that unit as a consequence of its production or sale. It excludes any transport charges invoiced separately by the producer.

Value added measures the value created by production process which is derived as the difference between the industry output at basic prices and the intermediate consumption of the industry at purchasers' prices. It is represented as a balancing item in the production account for an institutional unit or sector, or establishment or industry.

Operating surplus is a balancing item, which is equal to value added minus compensation of employees, minus taxes less subsidies on production and imports. Operating surplus that includes consumption of fixed capital is called gross operating surplus; without consumption of capital, it is called net operating surplus.

Compensation of employees is defined as the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the latter during the accounting period.

Taxes on production and imports include taxes on products and other taxes on production.

> **Taxes on products** are "payable on goods and services when they are produced, delivered, sold, transferred or otherwise disposed of by their producers; they include taxes and duties on imports that become payable when goods enter the economic territory by crossing the frontier or when services are delivered to resident units by non-resident units.
>
> **Other taxes on production** consist "mainly of taxes on the ownership or use of land, buildings or other assets used in production or on the labour employed, or compensation of employees paid. These taxes are not proportional to the value of goods and services produced.

Subsidies on production and imports: "Subsidies are current unrequited payments that government units, including non-resident government units, make to enterprises on the basis of the levels of their production activities or the quantities or values of the goods or services which they produce, sell or imports. Subsidies on production and imports are divided into two distinct items:

> **Subsidies on products:** "A subsidy on a product is a subsidy payable per unit of a good or service.
>
> **Other subsidies on production:** These "consist of subsidies except subsidies on products which resident enterprises may receive as a consequence of engaging in production."

Gross mixed income: Mixed income is the term reserved for the balancing item in the generation of income account for "unincorporated enterprises owned by members of households either individually or in partnership with others in which the owners, or other members of their households, may work without receiving a wage or salary. It contains an unknown element of remuneration for work done by the owner of the enterprise, or other members of the same household, as well as the operating surplus accruing from production.

Use table at purchasers' prices consists of a set of product balances covering all products available in an economy arranged in the form of a rectangular matrix with the products, valued at purchasers' prices, appearing in the rows and the columns indicating the disposition of the products to various types of uses.

Supply table at purchasers' prices consists of a rectangular matrix with the rows corresponding to the same groups of products as the matching use tables and columns corresponding to the supply from domestic production valued at basic prices plus columns for imports and the valuation adjustments necessary to have total supply of each.

Product balance for any product recognizes that the sum of output at basic prices plus imports plus trade and transport margins plus taxes on products less subsidies on products is equal to the sum of intermediate consumption, final consumption and capital formation, all expressed at purchasers' prices, plus exports.

Chapter 18

Highlights of Foreign Investment Survey 2013

Introduction

The liberalisation of the economy has led to large inflows of private capital into the country. These flows have significant macroeconomic effects on the economy that require urgent policy responses. Information on the level and composition of private capital flows are important for appropriate and timely decisions by policy makers. Before 1993, all foreign exchange transactions were controlled by the Central Bank of Kenya (CBK), and therefore, all data on foreign exchange transactions were available. However, after liberalisation, some of the data pertaining to the same was not readily available. The first Foreign Investment Survey (FIS 2010) therefore aimed at addressing the data gaps. FIS 2010 collected data for the period 2007 and 2008 on a sample of 900 enterprises with foreign transactions/positions. The second Foreign Investment Survey (FIS 2013) captured data on foreign private capital flows and stocks for the period 2009, 2010 and 2011; and targeted a sample of 500 enterprises, which were selected on the basis of FIS 2010. The sampled enterprises are those that were found to have foreign transactions during FIS 2010 and jointly contributed about 90.0 per cent of the total foreign transactions.

18.2. The specific objectives of the survey were to collect data necessary to: improve the quality of Balance of Payments (BOP) and International Investment Position (IIP) statistics with a view to enhancing compliance with international standards of their compilation and reporting; and assess investors' perceptions of the investment climate in the country.

18.3. Besides FIS 2013, additional information on flows was sought from the Export Processing Zones Authority (EPZA), CBK, Capital Markets Authority (CMA) and Kenya Investment Authority (KenInvest).

Foreign Liabilities

18.4. The stock of foreign liabilities increased by 16.9 per cent from KSh 526,262 million in 2009 to KSh 615,088 million in 2010 as shown in Table 18.1 and Figure 18.1. The stock of Foreign Direct Investment (FDI), Other Investment (OI) and Portfolio Investment (PI) accounted for 65.2, 19.3 and 15.5 per cent of the total liabilities, respectively, in 2010. The stock of foreign liabilities increased by 14.0 per cent from KSh 615,088 million in 2010 to KSh 701,479 million in 2011. The stock of FDI had the largest share of 65.9 per cent, followed by other investment with a share of 19.0 per cent and portfolio investment accounting for 15.1 per cent of the total liabilities in 2011.

18.5. Europe, in particular, the European Union (EU) remained the major source of investment to Kenya accounting for 47.4, 42.6 and 44.0 per cent of the total liability stocks in 2009, 2010 and 2011, respectively. During the survey reference period, Asia, America and Africa accounted for a significant share of total stock of foreign liabilities. In 2011, the stock of external liabilities attributable to Europe, Africa and America increased by 17.9, 26.2 and 28.8 per cent, respectively. The growth in stocks from Europe and Africa were mainly driven by increases in stocks from EU and Common Market of Eastern and Southern Africa (COMESA). The United Kingdom remained the leading source of foreign investment stock accounting for 23.3, 24.4 and 27.2 per cent of total liabilities in 2009, 2010 and 2011,

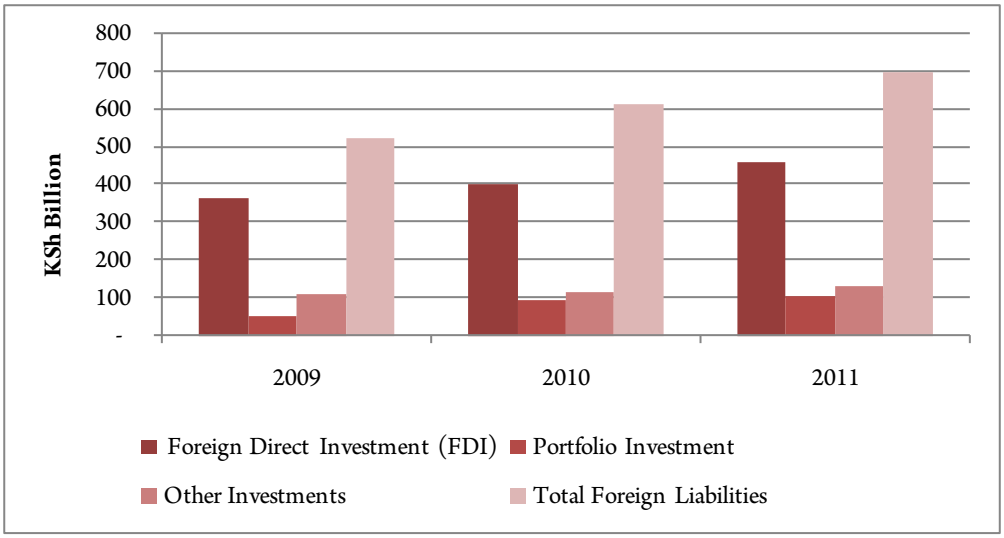
respectively. This could be partly explained by the long standing trade relationship between the two countries over the years. Mauritius, Japan, Netherlands, United States of America (USA) and France were the other major sources, during the survey period. The stock of foreign liabilities from Belgium increased from KSh 4,190 million in 2010 to KSh 19,417 million in 2011.

18.6. The manufacturing sector was the biggest beneficiary of foreign investment accounting for 19.3, 21.5 and 21.4 per cent of the total external liabilities in 2009, 2010 and 2011, respectively. Financial and insurance activities; and electricity, gas, steam and air conditioning supply sectors came second and third with human health and social work sector accounting for the least share to total liabilities.

Table 18.1: Stock of External Liabilities, 2009 - 2011

	2009		2010		2011	
Components	**KSh Million**	**% Share**	**KSh Million**	**% Share**	**KSh Million**	**% Share**
Foreign Direct Investment (FDI)	**366,792.3**	**69.7**	**401,100.8**	**65.2**	**462,490.4**	**65.9**
Total Equity and Investment Fund Shares	256,993.7	48.8	248,702.0	40.4	285,848.8	40.7
Equity and Investment Fund Shares	205,234.2	39.0	190,153.1	30.9	213,923.5	30.5
Accumulated Retained Earnings	51,759.5	9.8	58,549.0	9.5	71,925.3	10.3
Debt Instruments	109,798.6	20.9	152,398.8	24.8	176,641.6	25.2
Portfolio Investment	**50,567.8**	**9.6**	**95,438.5**	**15.5**	**105,777.9**	**15.1**
Equity and Investment Fund Shares	49,345.7	9.4	94,265.8	15.3	104,526.7	14.9
Debt Securities	1,222.1	0.2	1,172.7	0.2	1,251.2	0.2
Other Investments	**108,902.1**	**20.7**	**118,549.1**	**19.3**	**133,210.8**	**19.0**
Other Equity	23.7	0.0	35.3	0.0	45.5	0.0
Currency and Deposits	296.8	0.1	478.9	0.1	408.7	0.1
Trade Credits and Advances	4,669.7	0.9	6,824.6	1.1	6,548.1	0.9
Loans	99,652.7	18.9	108,429.3	17.6	123,859.8	17.7
Insurance, Pension and Standardised Guarantees	-	-	128.8	0.0	159.1	0.0
Other Accounts Payables / Receivables	4,259.3	0.8	2,652.3	0.4	2,189.6	0.3
Total Foreign Liabilities	**526,262.2**	**100.0**	**615,088.5**	**100.0**	**701,479.0**	**100.0**

Figure 18.1: Stock of External Liabilities, 2009 - 2011



18.7. Total foreign liability inflows increased by 16.9 per cent to KSh 201,704 million in 2010 compared to KSh 172,518 million 2009 as presented in Table 18.2. Total outflows increased by 52.6 to KSh 89,664 million in 2010 compared to KSh 58,767 million in 2009. This resulted to a decline of 1.5 per cent in the total net inflows in 2010. However, the net inflows increased

by 18.0 per cent to stand at KSh 132,261 million compared to KSh 112,040 million recorded in 2010. FDI inflows contributed the largest component of total inflows in 2010 accounting for 73.9 per cent. Although foreign direct investments increased by 33.0 per cent to KSh 198,398 million, the share to the total inflows decline to 71.8 per cent. Inflows were mainly in the form of equity and investment fund shares and short term debt instruments. In 2011, inflows of portfolio investment increased by 39.0 per cent to KSh 44,434 million from KSh 31,974 million in 2010. Other investment inflows increased by 63.2 per cent in 2011 on account of long term loans which more than tripled compared to a growth of 52.4 per cent in 2010 when they were mainly driven by short term trade credits and advances.

18.8. Africa had the highest share of inflows in 2010 and was the second leading source of the total inflows after Europe in 2009 and 2011. Asia contributed 5.6 per cent and 8.1 per cent of the total inflows in 2009 and 2011 in that order, mainly from the Far East countries. In 2010, the inflows from Africa, Europe and Asia accounted for 40.0, 27.8 and 26.5 per cent of the total inflows, respectively. America accounted for 11.7, 3.4 and 3.6 per cent of the total inflows in 2009, 2010 and 2011, respectively. Inflows from Asia increased fivefold with those from Africa increasing by 43.6 per cent. Significant declines of 66.2 per cent and 33.7 per cent in inflows from America and Europe were recorded in 2010.

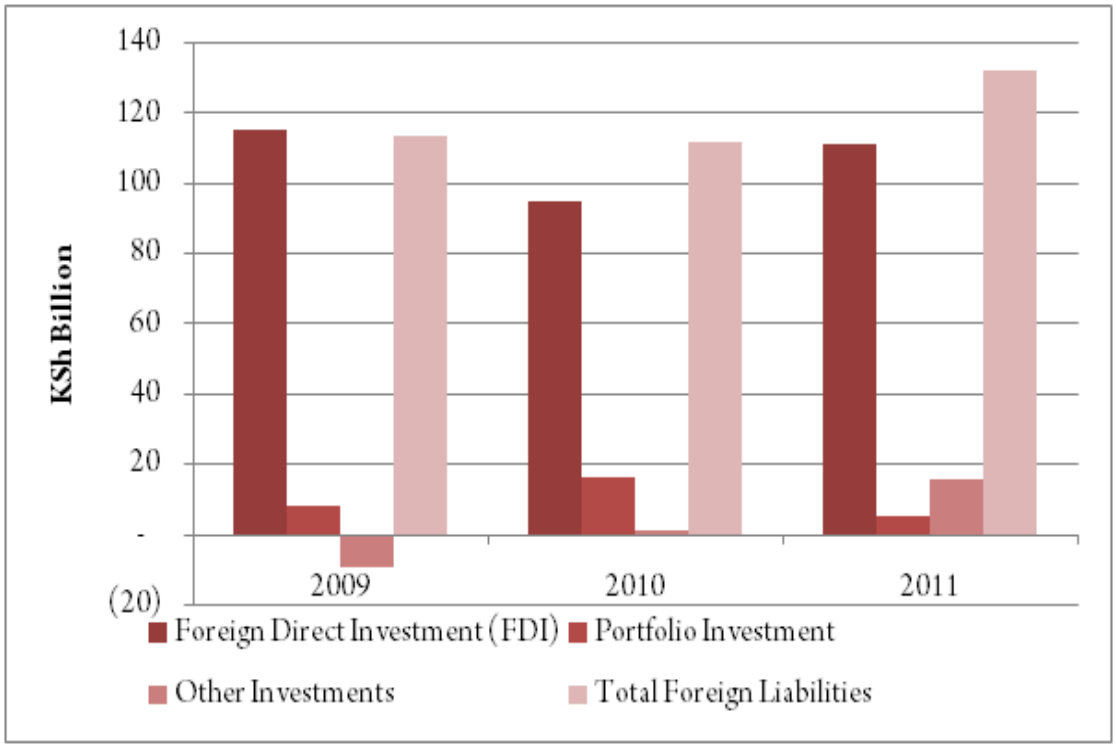
18.9. Total outflows of external liabilities increased by 52.6 per cent in 2009 to KSh 89,664 million in 2010 and by 60.8 per cent in 2010 to KSh 144,204 million in 2011. FDI outflows increased substantially by 92.7 per cent in 2010 due to an increase in short term outflows of debt instruments, which more than doubled during the same period. Outflows of FDI in 2011 increased by 60.3 per cent to KSh 86,933 million accounting for 60.3 per cent of the total outflows. In 2010, portfolio investment outflows more than doubled while other investment contracted by 14.5 per cent to KSh 19,849 million. The decline in other investment outflows was mainly in short term accounts payables/receivables. In 2011, outflows of other investment followed a similar trend decreasing by 9.3 per cent mainly on account of decline in long term loans. Total net foreign inflow liabilities in 2009, 2010 and 2011 have been on a steady rise since 2009, as depicted in Figure 18.2.

Table 18.2: Flows of External Liabilities, 2009 – 2011

KSh Million

Components	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Foreign Direct Investment (FDI)	**143,503.0**	**28,149.8**	**115,353.3**	**149,122.2**	**54,236.2**	**94,886.0**	**198,397.8**	**86,932.6**	**111,465.2**
Total Equity and Investment Fund Shares	92,734.9	90.3	92,644.6	66,381.0	304.6	66,076.4	95,410.8	742.5	94,668.4
Equity and Investment Fund Shares other than Reinvested Earnings	83,764.4	90.3	83,674.1	52,336.9	304.6	52,032.3	75,370.7	742.5	74,628.2
Retained Earnings	8,970.5	-	8,970.5	14,044.1	-	14,044.1	20,040.2	-	20,040.2
Debt Instruments	50,768.2	28,059.5	22,708.7	82,741.2	53,931.5	28,809.6	102,987.0	86,190.1	16,796.9
Portfolio Investment	**15,493.3**	**7,397.0**	**8,096.3**	**31,973.6**	**15,579.0**	**16,394.6**	**44,433.8**	**39,272.0**	**5,161.8**
Equity and Investment Fund Shares	15,723.0	7,397.0	8,326.0	30,706.0	15,579.0	15,127.0	39,492.0	39,272.0	220.0
Debt Securities	-	229.7	-229.7	1,267.6	-	1,267.6	4,941.8	-	4,941.8
Other Investments	**13,521.4**	**23,220.1**	**-9,698.7**	**20,608.0**	**19,848.9**	**759.1**	**33,634.3**	**17,999.9**	**15,634.4**
Other Equity	-	-	-	-	-	-	-	-	-
Currency and Deposits	-	-	-	-	-	-	-	-	-
Trade Credits and Advances	9,000.1	11,139.6	-2,139.5	14,315.2	12,346.6	1,968.7	11,954.7	11,821.8	132.9
Loans	3,482.3	4,863.8	-1,381.6	5,417.0	6,037.2	-620.1	20,696.4	5,004.4	15,692.1
Insurance, Pension and Standardised Guarantees	-	-	-	128.8	-	128.8	30.3	-	30.3
Other Accounts Payables / Receivables	1,033.2	412.6	620.6	746.9	572.1	174.9	952.9	1,173.7	-220.9
Total Foreign Liabilities	**172,517.8**	**58,766.9**	**113,750.9**	**201,703.8**	**89,664.1**	**112,039.7**	**276,465.9**	**144,204.4**	**132,261.4**

Figure 18.2: Net Inflows of External Liabilities, 2009 – 2011



Flows of External Liabilities by Country

18.10. Mauritius and United Kingdom were the leading sources of inflows accounting for 36.2 per cent and 20.4 per cent in 2010; and 31.7 per cent and 34.8 per cent in 2011of the total inflows, respectively. Inflows from China accounted for 20.3 per cent of the total inflows in 2010 and 4.7 per cent in 2011, as reflected in Table 18.3. South Africa's share of total inflows in 2010 was 2.0 per cent while in 2011 it rose to 5.1 per cent.

18.11. Mauritius was the leading destination of outflows during the review period accounting for 28.4, 49.2 and 50.8 per cent of total outflows in 2009, 2010 and 2011, respectively. Over the same period, United Kingdom outflows accounted for 25.4, 23.8 and 34.7 per cent of the total outflows.

Table 18.3: Flows of External Liabilities by Country, 2009 - 2011

KSh Million

Country	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
United Kingdom	42,191.0	14,941.1	27,249.9	41,129.4	21,345.9	19,783.6	87,674.1	50,010.8	37,663.2
Mauritius	44,573.9	16,701.5	27,872.4	73,063.2	44,313.0	28,750.2	96,081.8	73,213.7	22,868.1
Belgium	1,140.4	179.4	961.0	723.7	151.4	572.4	15,358.2	8.3	15,349.9
China	1,455.9	327.8	1,128.1	40,998.0	414.8	40,583.2	12,956.6	361.6	12,594.9
South Africa	3,295.3	1,810.1	1,485.2	4,020.7	1,811.2	2,209.5	13,989.2	2,183.4	11,805.8
US	17,209.4	777.0	16,432.4	4,343.9	1,014.7	3,329.2	6,540.0	338.0	6,202.0
Yemen	-	-	-	-	-	-	5,043.0	-	5,043.0
Switzerland	2,393.2	6,928.5	(4,535.3)	1,110.1	1,250.5	(140.5)	2,523.6	9.1	2,514.5
Germany	5,815.1	7,331.9	(1,516.8)	8,790.1	7,588.3	1,201.9	10,908.3	8,926.0	1,982.3
Finland	524.4	-	524.4	918.4	135.6	782.8	1,698.5	106.4	1,592.0
Canada	994.3	3.2	991.1	240.2	4.6	235.6	1,350.9	2.3	1,348.7
Netherlands	29,651.5	949.4	28,702.1	3,304.8	1,023.0	2,281.8	1,562.9	281.9	1,281.0
India	4,084.5	11.8	4,072.7	2,058.4	54.7	2,003.7	1,266.1	77.9	1,188.2
Luxembourg	190.0	-	190.0	405.1	64.5	340.6	1,241.1	274.0	967.2
Egypt	1,549.7	1,440.4	109.4	2,290.7	1,809.6	481.1	2,981.3	2,328.0	653.2
Isle of Man	500.6	24.0	476.6	103.3	27.7	75.6	612.8	24.3	588.4
Panama	-	6.4	(6.4)	427.8	-	427.8	497.7	-	497.7
Norway	421.0	-	421.0	447.9	-	447.9	495.1	-	495.1
Saudi Arabia	461.0	345.0	116.0	596.5	529.8	66.8	351.9	-	351.9
Korea - South	29.5	-	29.5	1,011.0	-	1,011.0	303.9	-	303.9
Qatar	385.6	-	385.6	(66.1)	-	(66.1)	241.9	-	241.9
Russia Federation	236.1	-	236.1	7.3	-	7.3	225.0	-	225.0
Lebanon	117.0	-	117.0	119.0	-	119.0	211.7	-	211.7
United Arab Emirates	241.4	75.6	165.8	854.7	413.7	441.0	211.3	5.7	205.6
Togo	-	723.1	(723.1)	113.3	-	113.3	183.4	-	183.4
Sweden	712.7	40.0	672.7	144.0	68.7	75.4	166.0	34.5	131.5
Turkey	-	-	-	110.0	-	110.0	122.4	-	122.4
British Virgin Island	88.2	-	88.2	155.2	-	155.2	102.7	-	102.7
International Financial Institution /Organization	1,785.0	310.9	1,474.2	1,800.9	295.3	1,505.6	8,732.2	253.9	8,478.4
Country Not Stated	50.2	650.6	(600.4)	2,813.7	658.5	2,155.2	7,393.1	362.2	7,030.9
Others	**13,150.3**	**5,918.7**	**7,231.6**	**9,668.5**	**6,688.6**	**2,979.8**	**(4,560.5)**	**5,402.5**	**(9,963.0)**
Grand Total	**172,517.8**	**58,766.9**	**113,750.9**	**201,703.8**	**89,664.1**	**112,039.7**	**276,465.9**	**144,204.4**	**132,261.4**

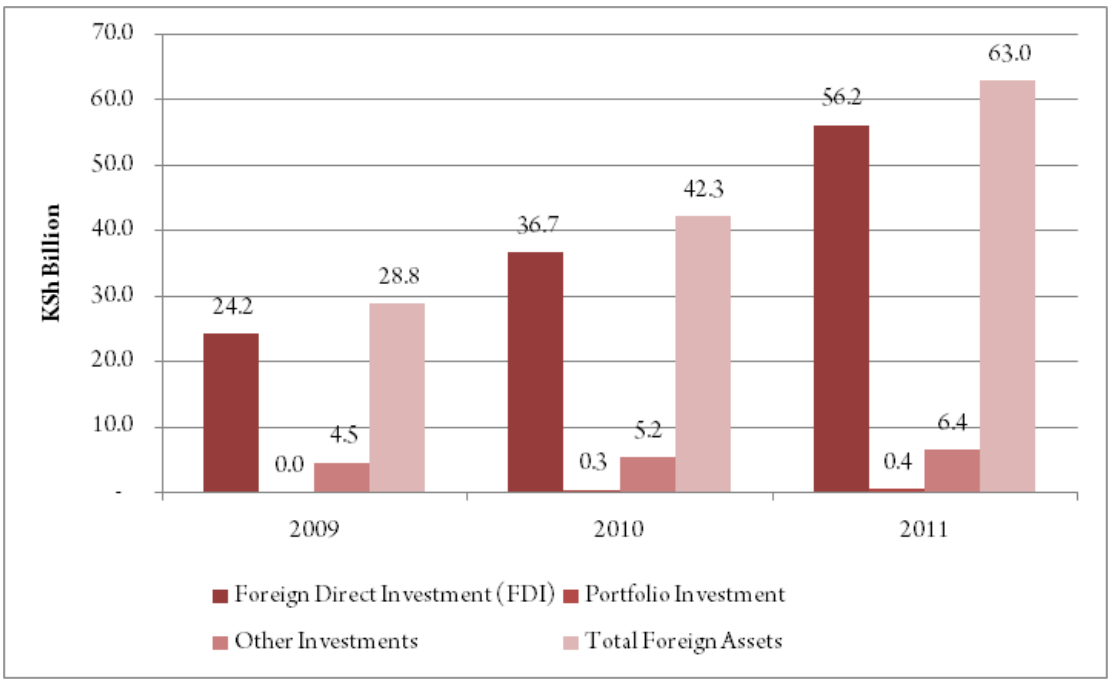
Foreign Assets

18.12. The total stock of Kenya's foreign assets have been increasing, rising from KSh 28,767 million in 2009 to KSh 63,005 million in 2011as shown in Table 18.4 and Figure 18.3. Generally, all categories of investment registered an upward trend in the three years. The increase in FDI was mainly driven by equity and investment fund shares. Debt instruments, comprising mainly of short term instruments, increased by 63.2 per cent in 2010 but declined by 6.2 percent in 2011. Portfolio investment, which mainly comprised of long term debt securities increased from KSh 43.2 million to KSh 325 million and to KSh 408 million over the period. Under other investments, long term trade credits and advances increased by 19.1 per cent in 2010 and 56.2 per cent in 2011. The country's external assets were pre-dominantly held in Africa, with the least assets being held in Australia and Oceanic. Total external assets held in Africa were on an upward trend over the three year period accounting for 55.5, 45.2 and 68.1 per cent of the total stock of external assets, respectively.

Table 18.4: Stock of External Assets, 2009 - 2011

Components	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Foreign Direct Investment (FDI)	**24,219.6**	**84.2**	**36,738.3**	**86.9**	**56,177.1**	**89.2**
Total Equity and Investment Fund Shares	10,604.3	36.9	14,513.3	34.3	35,321.3	56.1
Equity and Investment Fund Share	9,278.7	32.3	11,731.4	27.8	27,140.8	43.1
Retained Earnings	1,325.5	4.6	2,781.9	6.6	8,180.5	13.0
Debt Instruments	13,615.3	47.3	22,225.0	52.6	20,855.8	33.1
Portfolio Investment	**43.2**	**0.2**	**324.8**	**0.8**	**407.9**	**0.6**
Other Investments	**4,504.3**	**15.7**	**5,208.7**	**12.3**	**6,420.2**	**10.2**
Currency and Deposits	41.1	0.1	39.8	0.1	40.5	0.1
Trade Credits and Advances	2,696.9	9.4	3,266.9	7.7	4,545.9	7.2
Loans	1,210.5	4.2	1,273.0	3.0	1,319.1	2.1
Other Accounts Payables / Receivables	555.8	1.9	629.0	1.5	514.7	0.8
Total Foreign Assets	**28,767.1**	**100.0**	**42,271.8**	**100.0**	**63,005.3**	**100.0**

Figure 18.3: Stock of External Assets, 2009 - 2011



18.13. The outgoing private investments have been on the rise for the three year period as reflected in Table 18.5. During the period, FDI dominated the external foreign assets mainly comprising of short term debt instruments. Debt instruments increased from KSh 4,849 million in 2009 to KSh 5,879 million in 2010 and to KSh 9,499 million in 2011. Reinvested earnings increased from KSh 2,713 million in 2010 to KSh 4,252 million in 2011. Outgoing portfolio investments increased from KSh 282 million in 2010 to KSh 368 million in 2011. Other investments abroad which comprised mainly trade credits and advances increased by 68.2 per cent from KSh 556 million in 2009 to KSh 935 million in 2010 and more than doubled to KSh 2,282 million in 2011.

18.14. Total disinvestments from abroad declined by 13.5 per cent from KSh 7,235 million in 2009 to KSh 6,255 million in 2010 and almost doubled to KSh 11,347 million in 2011. Disinvestments were mainly in short term debt instruments which increased by 90.6 per cent in 2011.

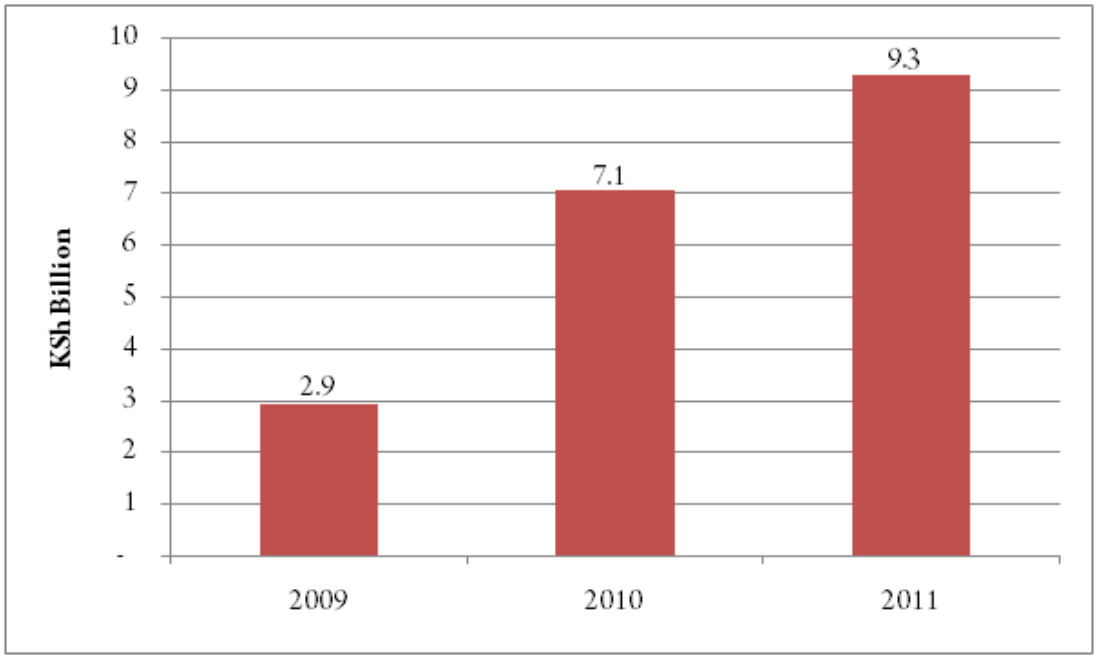
18.15. Kenya's net outgoing private investment assets abroad increased from KSh 2,923 million in 2009 to KSh 7,072 million in 2010 and further to KSh 9,315 million in 2011 attributed to growth in retained earnings, as depicted in Figure 18.4. Retained earnings increased by 26.0 per cent from KSh 2,154 million in 2009 to KSh 2,713 million in 2010 and grew by 56.7 per cent to KSh 4,252 million in 2011.

Table 18.5: Flows of External Assets, 2009 - 2011

KSh Million

Components	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Foreign Direct Investment (FDI)	**9,558.4**	**6,544.8**	**3,013.6**	**12,110.9**	**5,689.4**	**6,421.5**	**18,011.8**	**10,375.0**	**7,636.8**
Total Equity and Investment Fund Shares	2,732.1	-	2,732.1	4,034.0	6.8	4,027.2	6,112.9	-	6,112.9
Equity and Investment Fund Shares	577.9	-	577.9	1,321.5	6.8	1,314.7	1,860.4	-	1,860.4
Retained Earnings	2,154.2	-	2,154.2	2,712.5	-	2,712.5	4,252.5	-	4,252.5
Debt Instruments	6,826.3	6,544.8	281.5	8,076.9	5,682.7	2,394.2	11,898.9	10,375.0	1,523.9
Portfolio Investment	**43.2**	**-**	**43.2**	**281.6**	**-**	**281.6**	**368.2**	**285.0**	**83.2**
Equity and Investment Fund Shares	-	-	-	-	-	-	-	-	-
Debt Securities	43.2	-	43.2	281.6	-	281.6	368.2	285.0	83.2
Other Investments	**556.1**	**690.2**	**(134.1)**	**934.5**	**565.6**	**369.0**	**2,282.1**	**687.4**	**1,594.6**
Currency and Deposits	75.4	75.4	0.0	19.1	18.6	0.6	-	-	-
Trade Credits and Advances	400.0	484.3	(84.3)	634.8	296.1	338.6	2,059.0	479.5	1,579.5
Loans	19.6	71.7	(52.1)	12.3	12.9	(0.6)	-	-	-
Other Accounts Payables / Receivables	61.2	58.9	2.3	268.4	238.0	30.4	223.1	207.9	15.1
Total Foreign Assets	**10,157.7**	**7,235.0**	**2,922.7**	**13,327.0**	**6,255.0**	**7,072.0**	**20,662.0**	**11,347.5**	**9,314.6**

Figure 18.4: Net Outgoing Private Investment Assets, 2009 - 2011



Private Sector Debt

18.16. The stock of Private Sector External Debt (PSED) liabilities increased by 23.7 per cent to KSh 272,085 million in 2010, as shown in Table 18.6 and further expanded by 14.3 per cent in 2011 to KSh 311,058 million. The stock of non-equity liabilities were mainly held by enterprises in FDI relationships accounting for 49.9, 56.0 and 56.8 per cent in 2009, 2010 and 2011, respectively, of the total stock of PSED. The largest contributors under this category were the direct investors/parent companies to the enterprise. Stock of other investment liabilities attributed to unrelated enterprises were significant, accounting for 49.5, 43.6 and 42.8 per cent of the total stock of PSED liabilities in 2009, 2010 and 2011, respectively. These were mainly in the form of long term loans, which accounted for the highest proportion in the survey period.

Table 18.6: Stock of Private Sector External Debt (PSED) Liabilities, 2009 - 2011

Components	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Foreign Direct Investment (FDI)	**109,798.6**	**49.9**	**152,398.8**	**56.0**	**176,641.6**	**56.8**
Debt Instruments	109,798.6	49.9	152,398.8	56.0	176,641.6	56.8
Long Term	52,444.8	23.8	63,625.0	23.4	61,964.5	19.9
Short Term	57,353.8	26.1	88,773.8	32.6	114,677.1	36.9
Portfolio Investment	**1,222.1**	**0.6**	**1,172.7**	**0.4**	**1,251.2**	**0.4**
Debt Securities	1,222.1	0.6	1,172.7	0.4	1,251.2	0.4
Long Term	1,222.1	0.6	1,172.7	0.4	1,251.2	0.4
Short Term	-	-	-	-	-	-
Other Investments	**108,878.4**	**49.5**	**118,513.8**	**43.6**	**133,165.3**	**42.8**
Currency and Deposits	296.8	0.1	478.9	0.2	408.7	0.1
Long Term	-	-	-	-	-	-
Short Term	296.8	0.1	478.9	0.2	408.7	0.1
Trade Credits and Advances	4,669.7	2.1	6,824.6	2.5	6,548.1	2.1
Long Term	540.7	0.2	1,997.7	0.7	1,642.5	0.5
Short Term	4,128.9	1.9	4,826.9	1.8	4,905.6	1.6
Loans	99,652.7	45.3	108,429.3	39.9	123,859.8	39.8
Long Term	88,241.6	40.1	98,729.7	36.3	113,940.0	36.6
Short Term	11,411.1	5.2	9,699.6	3.6	9,919.8	3.2
Insurance, Pension and Standardised Guarantees	-	-	128.8	0.0	159.1	0.1
Other Accounts Payables / Receivables	4,259.3	1.9	2,652.3	1.0	2,189.6	0.7
Long Term	1,586.4	0.7	979.5	0.4	767.1	0.2
Short Term	2,672.9	1.2	1,672.7	0.6	1,422.5	0.5
Total Non-Equity Liabilities	**219,899.1**	**100.0**	**272,085.3**	**100.0**	**311,058.0**	**100.0**

18.17. PSED inflows increased by 60.8 per cent from KSh 64,060 million in 2009 to KSh 104,617 million in 2010 and further to KSh 141,563 million in 2011 as presented in Table 18.7. Increased non-equity inflows were largely reflected in enterprises in direct investment relationships accounting for 79.1 per cent in 2010 and 72.7 per cent in 2011. Loans and trade credits and advances from unrelated enterprises within the category of other investments also contributed to the increase in inflows. Inflows attributed to enterprises in foreign direct investment relationship increased by 63.0 per cent and 24.5 per cent in 2010 and 2011, respectively. Non-equity inflows attributed to portfolio investment increased from KSh 1,268 million in 2010 to KSh 4,942 million in 2011. Non-equity outflows increased by 43.9 per cent from KSh 51,280 million in 2009 to KSh 73,780 million in 2010 and further by 41.2 per cent to KSh 104,190 million in 2011.The expansions were mainly attributed to enterprise in FDI relationship accounting for 54.7 per cent in 2010 and 73.1 per cent in 2011.

Table 18.7: Flows of Private Sector External Debt Liabilities, 2009 - 2011

KSh Million

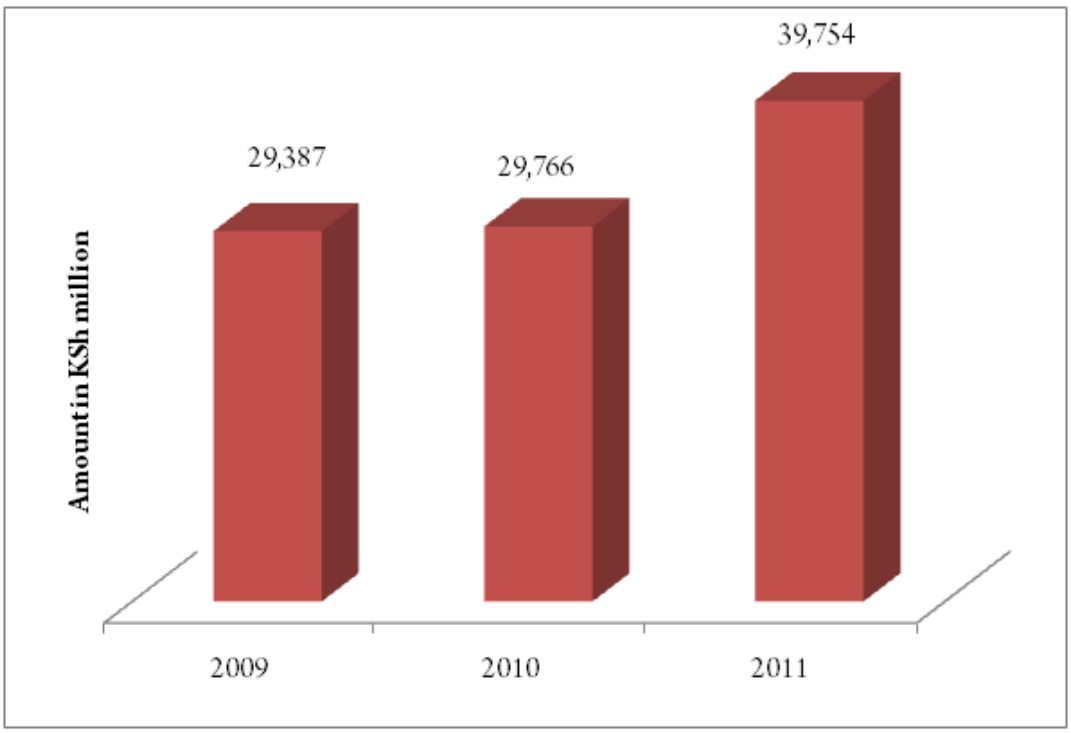
Components	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Foreign Direct Investment (FDI) ...	**50,768.2**	**28,059.5**	**22,708.7**	**82,741.2**	**53,931.5**	**28,809.6**	**102,987.0**	**86,190.1**	**16,796.9**
Debt Instruments	50,768.2	28,059.5	22,708.7	82,741.2	53,931.5	28,809.6	102,987.0	86,190.1	16,796.9
Long Term	2,591.5	3,999.0	(1,407.5)	4,140.9	4,192.3	(51.4)	1,910.8	6,383.1	(4,472.2)
Short Term	48,176.7	24,060.5	24,116.2	78,600.3	49,739.2	28,861.1	101,076.1	79,807.0	21,269.1
Portfolio Investment	**-**	**229.7**	**(229.7)**	**1,267.6**	**-**	**1,267.6**	**4,941.8**	**-**	**4,941.8**
Debt Securities	-	229.7	(229.7)	1,267.6	-	1,267.6	4,941.8	-	4,941.8
Long Term	-	10.7	(10.7)	379.9	-	379.9	3,744.6	-	3,744.6
Short Term	-	219.0	(219.0)	887.7	-	887.7	1,197.1	-	1,197.1
Other Investments	**13,521.4**	**23,220.1**	**(9,698.7)**	**20,608.0**	**19,848.9**	**759.1**	**33,634.3**	**17,999.9**	**15,634.4**
Currency and Deposits	-	-	-	-	-	-	-	-	-
Long Term	-	-	-	-	-	-	-	-	-
Short Term	-	-	-	-	-	-	-	-	-
Trade Credits and Advances	9,000.1	11,139.6	(2,139.5)	14,315.2	12,346.6	1,968.7	11,954.7	11,821.8	132.9
Long Term	514.5	453.8	60.7	2,285.8	884.6	1,401.2	-	227.0	(227.0)
Short Term	8,485.5	10,685.8	(2,200.3)	12,029.5	11,462.0	567.5	11,954.7	11,594.8	359.9
Loans	3,482.3	4,863.8	(1,381.6)	5,417.0	6,037.2	(620.1)	20,696.4	5,004.4	15,692.1
Long Term	3,131.4	4,605.7	(1,474.3)	5,269.6	5,851.8	(582.2)	20,577.1	4,885.6	15,691.4
Short Term	350.9	258.1	92.8	147.5	185.4	(37.9)	119.4	118.7	0.6
Insurance, Pension and Standardised Guarantees	-	-	-	128.8	-	128.8	30.3	-	30.3
Other Accounts Payables / Receivables	1,039.1	7,216.7	(6,177.6)	746.9	1,465.2	(718.2)	952.9	1,173.7	(220.9)
Long Term	541.2	4.9	536.3	-	32.2	(32.2)	-	186.3	(186.3)
Short Term	497.9	7,211.8	(6,713.9)	746.9	1,432.9	(686.0)	952.9	987.4	(34.5)
Total Non-Equity Liabilities	**64,059.9**	**51,279.6**	**12,780.3**	**104,616.8**	**73,780.5**	**30,836.3**	**141,563.1**	**104,190.0**	**37,373.1**

18.18. During the period, non-equity inflows were mainly channeled to the wholesale and retail trade sector which on average accounted for 70.6 per cent of the total PSED liability inflows. Inflows to the sector increased by 64.9 per cent from KSh 45,773 million in 2009 to KSh 75,483 million in 2010, and further by 28.0 per cent to KSh 96,610 million in 2011. Although the manufacturing sector recorded significant inflows, its share to total flows declined from 21.4 per cent in 2009 to 15.8 per cent in 2010 and further to 12.3 per cent in 2011.

Trade in Services

18.19. The amount paid for services provided by non-residents to Kenyans firms increased from KSh 29,387 million in 2009 to KSh 39,754 million in 2011, representing overall growth of 35.3 per cent, as shown in Figure 18.5. The increase between 2010 and 2011 was attributed to significant growth in amount paid for services provided in the construction sector. Amount paid by firms in construction sector more than tripled while that in telecommunication, computer and information service grew by 36.6 per cent.

Figure 18.5: Expenditure on services provided by non-residents



Investor Perception in 2013

18.20. Both customs and excise duty; and corporate tax were viewed as having a negative effect on business by most enterprises during the survey. Similarly, a large proportion of the respondents indicated that interest rates and exchange rates had a net negative effect on business operations, at the time of the survey (2013). Access to domestic and international markets were however, rated to have a net positive effect on business operations. Domestic sources of finance remained the major sources of project financing, though some firms indicated reliance on regional and international finance to drive their growth agenda.

18.21. Internet services, banking and insurance; access to credit; and water and postal services were found to have had positive impact on business operations. Unreliable electricity supply, however, continued to impact negatively on investment decisions.

18.22. Insecurity and crime; politics/elections and corruption were perceived to impact negatively on business operations. Corruption was cited by 76.4 per cent of the respondents to have had a negative effect on business operations. Similarly, 70.0 per cent and 79.5 per cent of the respondents indicated that insecurity and politics/elections, respectively, negatively affects the smooth running of businesses. The survey takes cognizance of the high advance rating on politics/election, a fact that could be explained by the timing of the survey just prior to the 2013 general elections.

Chapter 19

Highlights of Spatial Dimensions of Well-Being in Kenya

Where are the Poor? A County Perspective.

Background

The efforts by the Kenya Government to address poverty can be traced back to independence, with the formulation of sessional paper No.1 of 1965 which details her commitment to alleviate poverty, ignorance and disease. However, poverty remains a pervasive national problem to date. It is a social problem characterized by low levels of income and inadequate access to basic services. Some of the early efforts initiated by the government to reduce poverty include; the resettlement programmes, District Focus for Rural Development Strategy (DFRDS) and the Social Dimensions of Development (SDD) programmes.

19.2. The introduction of the Structural Adjustment Programmes (SAPs) by the government, the World Bank and IMF in late 1980s through early 1990s targeted poverty reduction and improvement of the standards of living for Kenyans. These SAPs were implemented as a series of economic and political reforms which transformed many aspects of the daily life of ordinary Kenyans. A number of studies have linked these programmes to the high income inequality, high inflation, unemployment and retrenchment of the civil servants resulting in low standards of living.

19.3. In order to evaluate the impact of the SAPs, the government introduced the poverty profiling in early 1990s to measure and monitor the effects of the programmes. Towards this end, a number of surveys have been undertaken which include; The Welfare Monitoring Surveys (WMS) series of 1992, 1994 and 1997 as well as the 2005/06 Kenya Integrated Household Budget Survey (KIHBS). These surveys have been vital in obtaining information on the measures of living standards.

19.4. The growing demand for reliable statistics coupled with the high cost of conducting statistical surveys has led to the development of innovative techniques in the estimation procedures particularly in the field of survey sampling. The Small Area Estimation (SAE) methodology developed by the World Bank is one of such techniques. It is an important tool in the estimation of poverty indicators in the absence of Household Budget Surveys (HBS). This statistical inference technique allows estimation of indicators by combining data from a sample survey with another sample survey or data from a census.

19.5. The technique was first applied in the country after the 1999 Kenya Population and Housing Census (KPHC) by combining the WMS III of 1997 and the census, resulting in the publication "*Geographic Dimensions of Well-Being: Where are the Poor? From Districts to Locations*". The analysis presented in this chapter utilises data from the 2005/06 KIHBS and the 2009 KPHC to derive poverty estimates at both administrative and geo-political levels.

SAE Assumptions and caveats

19.6. The small area estimation procedure applied in this analysis is based on a statistical model estimated using KIBHS and KPHC data. The degree of precision of derived estimates will vary depending on a number of factors, key among them being the level of disaggregation at which the welfare indicators are estimated. It was found that estimates up to the sub-

location level were reasonably precise.

19.7. Further, the model used the conditions as they were in the 2005/06 KIHBS to predict the scenario in 2009 as depicted by the 2009 KPHC. As such, while interpreting the poverty indicators, caution should be exercised not to infer trend comparisons as the methodologies used in the two periods are different. The poverty indicators produced have an advantage of offering estimates at sub-county levels, such as constituency, ward, location and sub-location.

19.8. Secondly, the analysis in this report is based on conventional households in the census database and subsequently, the non-conventional households (people in prisons, police cells, guests in hotels, students in boarding schools, hospital in-patients etc) and large households with more than 30 members were excluded from the analysis. Therefore, the population presented in this analysis varies from the enumerated population. Consequently, the number of households considered for SAE analysis is 8,484,809 with a population of 37,565,589.

19.9. Thirdly, this SAE approach assumes that the estimated consumption expenditure is generally more accurately collected (than income) in household surveys and that it is a valid measure of the long run control of resources by the household (Deaton, 1997).

National Poverty Incidence

19.10. This excerpt gives estimates of overall poverty, that is, the number of individuals, whose household expenditure is below the absolute poverty line as at 2009. Poverty incidence (or Headcount Ratio) is one of the common classes of poverty measures suggested by Foster, Greer and Thorbecke (FGT). It refers to the number of individuals whose consumption expenditure is below the poverty line as a percentage of the total population. The poverty line is a threshold below which people are deemed to be poor. It is determined based on the expenditure required to purchase a food basket that allows minimum nutritional requirements to be met in addition to the costs of meeting basic non-food needs.

19.11. According to the results, poverty incidence at national level stood at 45.2 per cent in 2009 as shown in Table 19.1. The urban headcount ratio in 2009 was estimated to be 33.5 per cent, translating to approximately 3.9 million individuals living below the poverty line. Overall, the rural sub-set of the population recorded a poverty headcount ratio of 50.5 per cent, implying that of the 25.8 million people living in rural Kenya in 2009; about 13.1 million were living below the poverty line. Nearly five in ten people in rural Kenya are poor compared to only three in ten in urban Kenya. Given that close to 70 per cent of Kenyans reside in rural areas; the results indicate that poverty is more of a rural than an urban phenomenon.

19.12. Whereas 46.6 per cent of Kenyans were living in poverty in 2005/06, the scenario improved slightly to 45.2 per cent in 2009 assuming the conditions of 2005/06.

Table 19.1: Poverty Incidence by Urban and Rural

	WMS III 1997 (Individuals)	Small Area Estimation 1999 (Individuals)	KIHBS 2005/06 (Individuals)	Small Area Estimation 2009 (Individuals)
Kenya	52.6	52.6	46.6	45.2
Rural.....	53.1	52.8	49.7	50.5
Urban.....	50.1	49.5	34.4	33.5

County Poverty Incidence

19.13. Table 19.2 gives county poverty estimates as obtained using the SAE procedure. Poverty incidence across the 47 counties ranged from a low of 21.8 per cent in Nairobi to a high of 87.5 per cent in Turkana. This implies that two in every ten people in Nairobi County live below the poverty line compared to about nine in every ten in Turkana County. Additionally, poverty rate in Nairobi is approximately half the national average (45.2 per cent) while Turkana County has almost double the national poverty incidence.

19.14. The results also show that Wajir and Mandera Counties in northern Kenya have high poverty incidences of above 80 per cent, while those with low poverty rates of below 30 per cent were Kiambu, Kirinyaga and Nyeri counties.

19.15. Figure 19.1 presents a pictorial representation of poverty across counties ranked by the level of poverty. This presentation is popularly referred to as the Mountain of Poverty. The lower altitude areas of the mountain begin with Nairobi and Kiambu Counties which have the low poverty levels and ascends gently to counties with moderate poverty levels such as Kisumu to Elgeyo-Marakwet before rising steeply to the high peaks in Wajir, Mandera and Turkana counties. Figure 19.2 shows the poverty incidence spatially displayed using the colour shade of green, depicting fairly well off areas with rates of below 45 per cent. The dark brown shade depicts worse off areas with rates exceeding 74 per cent.

County Poverty gap

19.16. The poverty gap provides information on how far off individuals are from the poverty line. It is obtained by adding up all the shortfalls of the poor (assuming that the non-poor have a shortfall of zero). This measure captures the mean aggregate expenditure consumption shortfall of the poor across the whole population and is expressed as a percentage of the poverty line. Nationally, the poverty gap was 12.2 per cent in 2009 as presented in Table 19.2. The rural poverty gap was 14.1 per cent, wider than the 8.1 per cent recorded for the urban residents. This implies that the rural poor on average would require more resources than the urban poor to be able to sustain a welfare status commensurate with those on the poverty line. Nairobi County had the lowest poverty gap of 4.1 per cent while Tana River had the highest poverty gap of 46.1 per cent. Figure 19.3 shows the map of Kenya with spatial representation of the poverty gap in each county. The colour scheme varies from deep blue, representing gaps of less than 10 per cent to deep red showing gaps above 35 per cent.

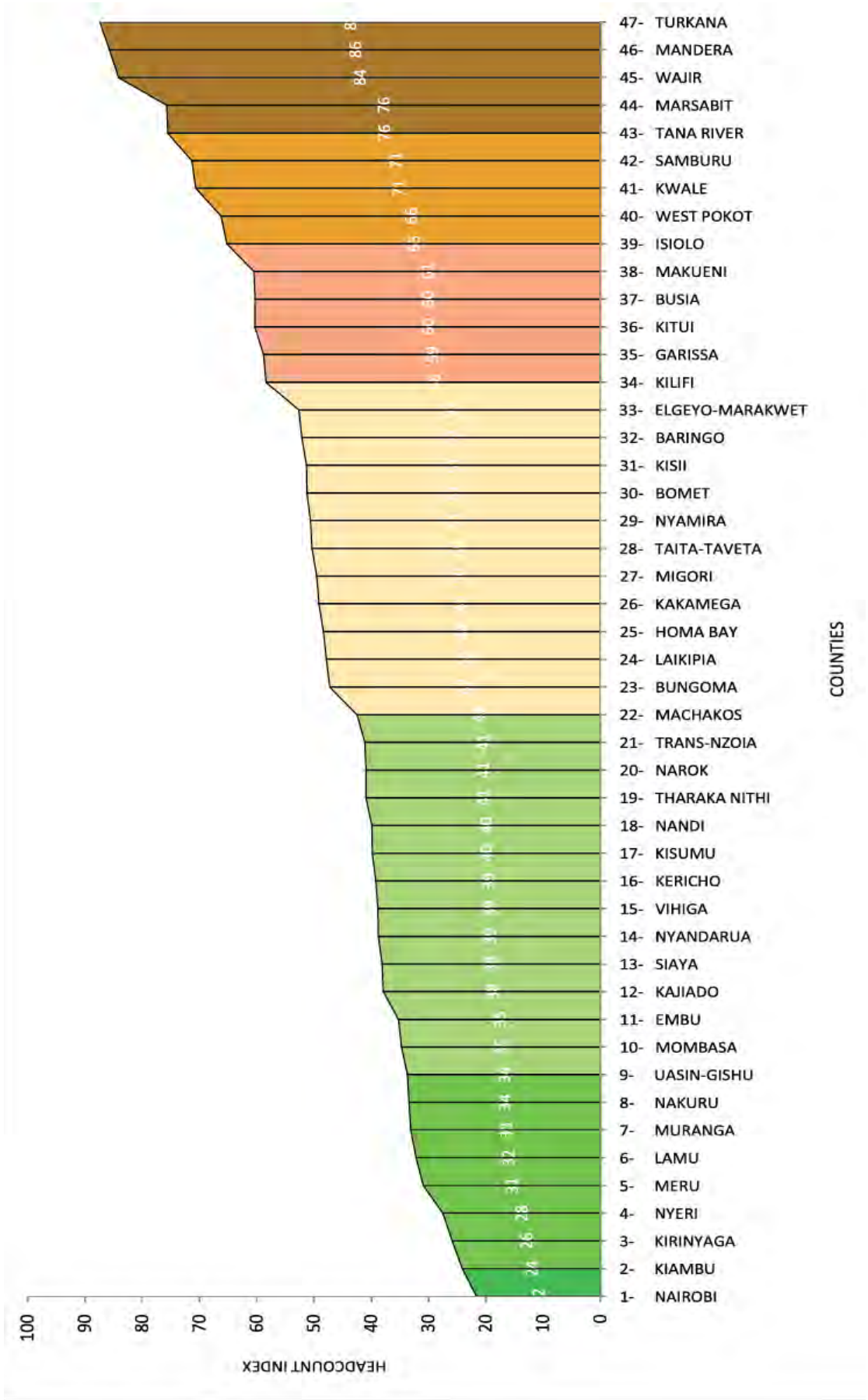


Figure 19. 1: Mountain of Poverty

Figure 19.2: Poverty Incidence (Headcount Ratio): Percentage of individuals below poverty line by County

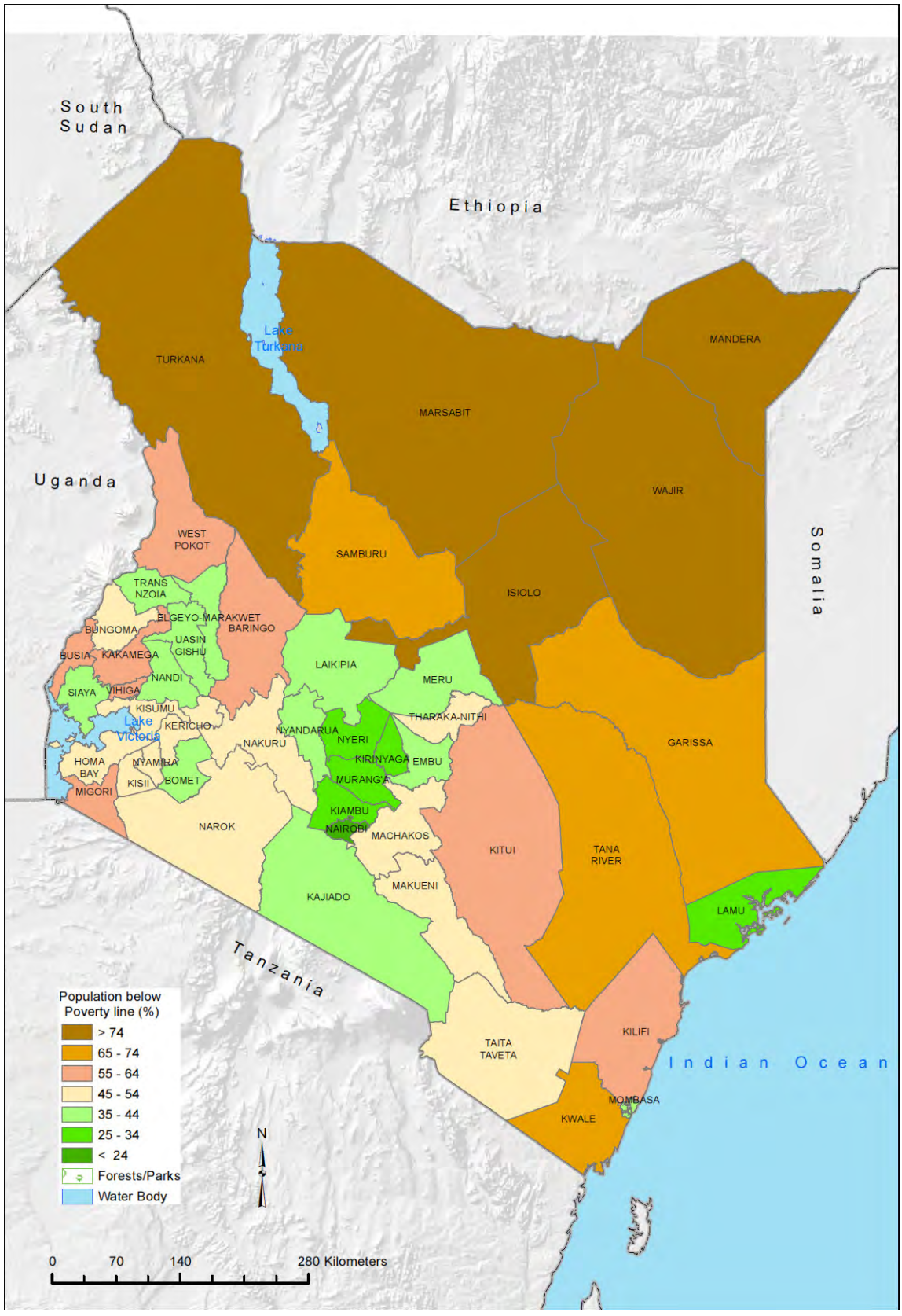
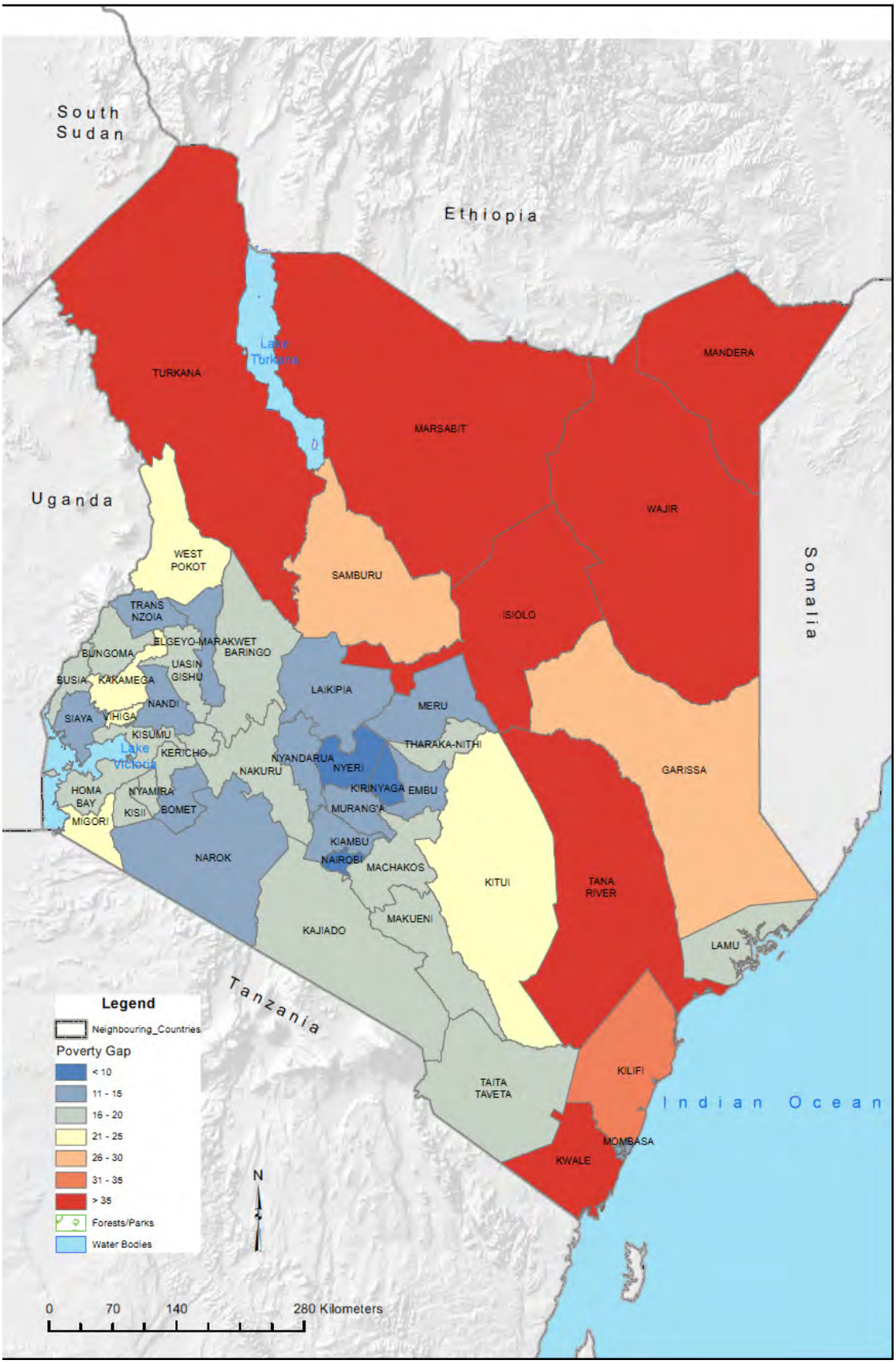


Table 19.2: Poverty Estimates at the County Level

County	Headcount Ratio (Individuals)	Poverty Gap	Total Population*
Kenya	45.2	12.2	37,565,589
Rural	50.5	14.1	25,843,775
Urban	33.5	8.1	11,721,814
Nairobi	21.8	4.1	3,068,835
Nyandarua	38.8	9.4	582,436
Nyeri	27.6	6.2	678,735
Kirinyaga	25.9	5.7	520,585
Murang'a	33.2	7.7	935,286
Kiambu	24.2	5.9	1,601,101
Mombasa	34.8	10.0	918,681
Kwale	70.7	41.8	641,118
Kilifi	58.4	31.4	1,089,085
Tana River	75.6	46.1	238,372
Lamu	32.3	15.6	98,646
Taita Taveta	50.4	15.6	274,662
Marsabit	75.8	22.9	288,272
Isiolo	65.3	19.0	190,418
Meru	31	6.0	1,337,045
Tharaka Nithi	41	9.5	359,717
Embu	35.3	7.7	508,047
Kitui	60.4	16.8	979,563
Machakos	42.6	9.7	1,084,129
Makueni	60.6	16.8	873,416
Garissa	58.9	18.7	421,868
Wajir	84.2	31.9	522,830
Mandera	85.8	32.4	927,605
Siaya	38.2	7.6	833,230
Kisumu	39.9	9.0	951,587
Homa Bay	48.4	10.5	954,315
Migori	49.6	12.1	905,745
Kisii	51.4	11.7	1,139,552
Nyamira	50.7	11.3	591,491
Turkana	87.5	29.0	801,346
West Pokot	66.3	16.2	485,464
Samburu	71.4	17.4	220,978
Trans Nzoia	41.2	7.7	808,257
Baringo	52.2	11.4	548,107
Uasin Gishu	33.8	6.0	867,712
Elgeyo Marakwet	52.7	12.2	366,115
Nandi	40	7.5	740,556
Laikipia	47.9	10.5	385,382
Nakuru	33.5	6.1	1,562,625
Narok	41	7.1	838,624
Kajiado	38	7.8	675,955
Kericho	39.3	7.6	737,942
Bomet	51.3	10.4	721,873
Kakamega	49.2	12.0	1,644,328
Vihiga	38.9	8.8	548,676
Bungoma	47.3	11.7	1,359,983
Busia	60.4	16.8	735,294

* Based on conventional households

Figure 19.3: Poverty Gap by County



Contribution to National Poverty by County

19.17. The contribution to the national poverty indicator is defined as the number of poor people in a county expressed as a percentage of the total number of poor people in the country. The indicator is more sensitive to population than to poverty incidence in a given area. A county with a high population and low poverty incidence may therefore have a high contribution to national poverty than one with less population even if it has a high poverty incidence. Table 19.3 presents the percentage contribution to national poverty by each county. Nationally, this varies widely from a low of 0.19 per cent in Lamu to a high of 4.77 per cent in Kakamega. This means that Kakamega contributes 25 times what Lamu contributes to the national poverty. In terms of ranking, the top five contributors to national poverty are Kakamega (4.77), Mandera (4.69), Turkana (4.13), Nairobi (3.94) and Bungoma (3.79), while Lamu (0.19), Isiolo (0.73), Kirinyaga (0.79), Taita Taveta (0.82) and Tharaka Nithi (0.87) counties are the lowest contributors. Although Nairobi County has the least poverty incidence, it is ranked as one of the high contributors to national poverty.

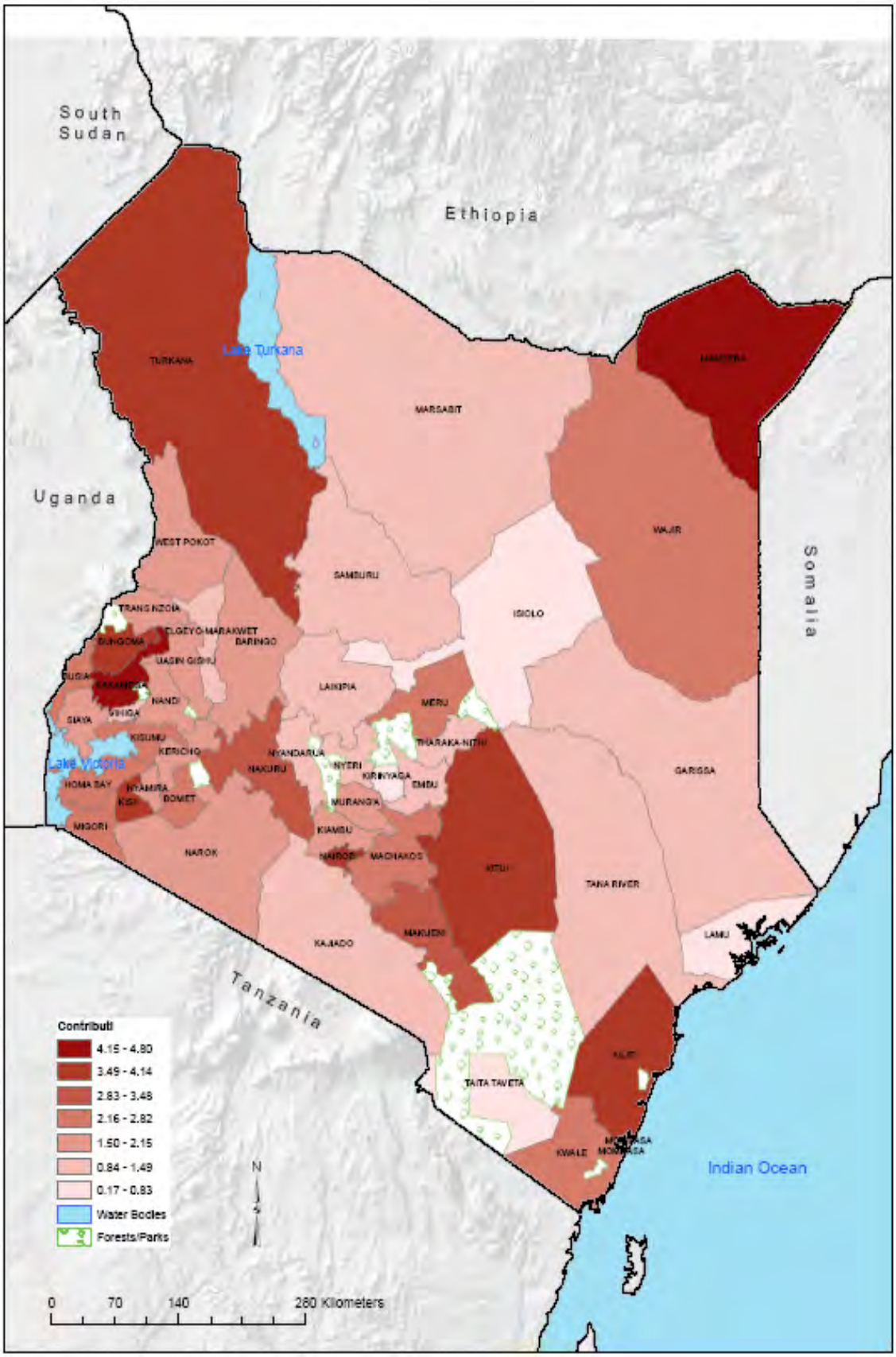
19.18. Figure 19.4 presents the spatial distribution of the contribution to poverty in form of a map. The colour scheme ranges from light brown indicating low contribution of less than 1 per cent to dark brown indicating contributions of above 4 per cent.

Table 19.3: Poverty Headcount Ratio, Contribution to National Poverty and County Ranking

County	Total Population*	Headcount Index (Individuals)	Contribution (%)	Rank (Highest to lowest contributor)
Kakamega	1,644,328	49.2	4.77	1
Mandera	927,605	85.8	4.69	2
Turkana	801,346	87.5	4.13	3
Nairobi	3,068,835	21.8	3.94	4
Bungoma	1,359,983	47.3	3.79	5
Kilifi	1,089,085	58.4	3.74	6
Kitui	979,563	60.4	3.48	7
Kisii	1,139,552	51.4	3.45	8
Makueni	873,416	60.6	3.12	9
Nakuru	1,562,625	33.5	3.08	10
Machakos	1,084,129	42.6	2.72	11
Homa Bay	954,315	48.4	2.72	12
Kwale	641,118	70.7	2.67	13
Migori	905,745	49.6	2.65	14
Busia	735,294	60.4	2.61	15
Wajir	522,830	84.2	2.59	16
Meru	1,337,045	31.0	2.44	17
Kiambu	1,601,101	24.2	2.28	18
Kisumu	951,587	39.9	2.23	19
Bomet	721,873	51.3	2.18	20
Narok	838,624	41.0	2.03	21
Trans Nzoia	808,257	41.2	1.96	22
West Pokot	485,464	66.3	1.89	23
Mombasa	918,681	34.8	1.88	24
Siaya	833,230	38.2	1.87	25
Murang'a	935,286	33.2	1.83	26
Nyamira	591,491	50.7	1.77	27
Nandi	740,556	40.0	1.74	28
Uasin Gishu	867,712	33.8	1.73	29
Kericho	737,942	39.3	1.71	30
Baringo	548,107	52.2	1.69	31
Kajiado	675,955	38.0	1.51	32
Garissa	421,868	58.9	1.46	33
Nyandarua	582,436	38.8	1.33	34
Marsabit	288,272	75.8	1.29	35
Vihiga	548,676	38.9	1.26	36
Elgeyo Marakwet	366,115	52.7	1.14	37
Nyeri	678,735	27.6	1.10	38
Laikipia	385,382	47.9	1.09	39
Tana River	238,372	75.6	1.06	40
Embu	508,047	35.3	1.06	41
Samburu	220,978	71.4	0.93	42
Tharaka Nithi	359,717	41.0	0.87	43
Taita Taveta	274,662	50.4	0.82	44
Kirinyaga	520,585	25.9	0.79	45
Isiolo	190,418	65.3	0.73	46
Lamu	98,646	32.3	0.19	47
Kenya	**37,565,589**	**45.2**	**100**	

* Based on conventional households

Figure 19.4: Contribution to National Poverty by County



Kenya National Bureau of Statistics
P.O. Box 30266, 00100
Nairobi, Kenya
Tel: +254-(0)20-317583/6
Fax: +254-(0)20-315977
Email: info@knbs.or.ke
directorgeneral@knbs. or. ke

ISBN: 9966-767-47-9