



REPUBLIC OF KENYA

ECONOMIC SURVEY
1971

Ten Shillings - 1971

ECONOMIC SURVEY
1971

Prepared by the Statistics Division
Ministry of Finance and Economic Planning

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Notes:

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

ECONOMIC SURVEY, 1971
CHAPTER 1—THE GENERAL ECONOMY

The World Economy and the East African Setting

From the point of view of developing countries, perhaps the most notable feature of the world economy in 1970 was the continued high level of growth in world trade. Commodity prices were firm during the first half of the year but weakened later. However, those of commodities subject to international restriction agreements displayed more stability. Owing to inflation, prices of exports from industrial countries rose by 5 per cent. World trade expanded by about 15 per cent in money terms and about 10 per cent in real terms and this growth took place in a year of stagnation of the United States' economy.

1.2. Although the level of performance in the United States economy continues to be a major factor in world economic conditions, its effect on the other market economies and the level of world trade does not appear to be as dominant as it was a few years ago. Real growth in the OECD countries as a whole was only about 2 per cent but there was very wide variation in their performance—the U.S. economy had no growth at all, Western Europe's grew by 5 per cent and that of Japan by 10 per cent.

1.3. Inflation in the United States had a close bearing on monetary instability. As the United States monetary authorities took steps to reflate the economy by a reduction of interest rates, there was a vast outflow of dollars to Western Europe, and in particular to West Germany, where interest rates had been raised in an effort to combat inflation. This inflow of dollars eventually forced adjustments in the exchange rates of some major currencies, leading to the floating of the German mark and the Dutch guilder and appreciation of the Swiss franc and Austrian schilling. The higher rates of interest which have prevailed recently have also affected developing countries by raising the cost to them of borrowing. It is likely that they have also contributed to a reduction in the outflow of private capital investment to these countries.

1.4. In 1970 the East African Community completed its third year of existence. Kenya's imports from Uganda and Tanzania grew by 36 per cent to reach a record level. Exports to these countries from Kenya also rose, but a good deal more slowly than imports—by 9 per cent, which was also the rate of growth in these during 1969. Nineteen seventy was also the first full year of the Association Agreement of the partner states with the European Economic Community. However, it is still too early to judge its economic significance in terms of consequences for trade flows.

Gross Domestic Product, 1964, 1966-1970

Table 1.1

Kmillion

Industry	At Current Prices						At Constant (1964) Prices					
	1964	1966	1967	1968	1969	1970*	1964	1966	1967	1968	1969	1970*
Gross Product at Factor Cost—												
A. Outside Monetary Economy:												
Agriculture	73.36	82.19	85.19	84.96	88.98	91.88	73.36	80.59	84.15	87.14	89.79	92.75
Forestry	1.99	2.42	2.84	3.11	3.26	3.39	1.99	2.10	2.17	2.23	2.66	2.74
Fishing	0.11	0.15	0.14	0.14	0.14	0.15	0.11	0.14	0.14	0.16	0.15	0.15
Building and Construction	5.81	7.30	7.96	8.65	8.97	9.55	5.81	6.43	6.29	6.56	6.79	6.89
Water	2.09	2.47	2.89	3.12	4.15	4.35	2.09	2.15	2.18	2.20	2.81	2.84
Ownership of Dwellings	5.53	7.00	8.17	8.98	9.58	10.38	5.53	6.16	6.46	6.82	7.09	7.49
Total Product Outside Monetary Economy	88.89	101.53	107.19	108.96	115.08	119.77	88.89	97.57	101.39	105.11	109.29	112.86
B. Monetary Economy:												
1. Enterprises and Non-Profit Institutions:												
Agriculture	51.97	56.34	54.52	57.73	62.05	66.34	51.97	58.90	57.44	61.91	67.13	69.11
Forestry	1.88	2.04	2.60	2.95	3.20	3.61	1.88	1.94	2.31	2.54	2.60	2.80
Fishing	0.85	1.21	1.18	1.13	1.14	1.25	0.85	1.11	1.06	1.26	1.14	1.26
Mining and Quarrying	1.46	1.61	2.04	2.31	2.72	3.07	1.46	1.65	2.04	2.24	2.01	2.50
Manufacturing and Repairing	34.17	41.55	44.73	50.06	57.19	64.84	34.17	38.17	40.93	44.56	48.59	53.24
Building and Construction	6.82	9.44	12.39	14.79	19.76	21.58	6.82	8.52	9.90	11.82	15.29	16.18
Electricity and Water	4.83	5.35	6.32	6.44	6.93	7.83	4.84	5.29	5.56	5.97	6.44	7.10
Transport, Storage and Communications	24.52	30.84	32.68	36.19	37.81	41.57	24.52	31.97	35.34	38.10	38.57	41.54
Wholesale and Retail Trade	32.98	39.24	40.15	44.20	46.87	53.13	32.98	38.37	38.42	41.19	43.95	48.18
Banking, Insurance and Real Estate	9.85	12.05	13.11	15.51	17.58	19.55	9.85	12.13	13.06	15.12	16.70	18.31
Ownership of Dwellings	13.34	13.92	14.33	15.13	16.25	17.06	13.34	13.43	13.48	13.88	14.02	14.46
Other Services	11.90	14.37	15.36	16.51	17.32	18.88	11.90	14.74	15.76	17.12	18.44	20.34
Total Enterprises	194.57	227.96	239.41	262.95	288.82	318.71	194.57	226.22	235.30	255.71	274.88	295.02
2. Private Households (Domestic Services)	2.94	3.54	3.73	3.56	3.56	3.68	2.94	3.39	3.65	3.73	3.54	3.66

•Provisional

Gross Domestic Product, 1964, 1966-1970

Table 1.1 (Contd.)

Kmillion

Industry	At Current Prices						At Constant (1964) Prices					
	1964	1966	1967	1968	1969	1970*	1964	1966	1967	1968	1969	1970*
3. General Government:												
Public Administration	16.84	17.97	18.77	20.32	21.86	22.63	16.84	17.77	17.90	19.26	21.10	21.95
Defence	2.19	3.46	4.02	4.08	4.10	4.33	2.19	3.34	3.74	3.72	3.94	4.19
Education	11.20	11.27	13.95	18.46	23.13	23.91	11.20	14.22	17.35	19.34	21.34	24.23
Health	4.69	5.73	6.28	7.94	9.21	9.16	4.69	7.03	7.40	7.77	8.02	8.50
Agricultural Services	4.41	5.18	4.89	5.79	6.13	6.46	4.41	5.15	4.75	5.54	5.92	6.26
Other Services	3.13	4.49	5.09	7.28	8.09	8.20	3.13	4.48	4.93	6.95	7.79	7.96
Total General Government ..	42.47	48.10	53.01	63.85	72.54	74.69	42.47	51.99	56.06	62.57	68.11	73.08
Total Product Monetary Economy	239.98	279.60	296.15	330.36	364.92	397.08	239.98	281.60	295.01	322.01	346.53	371.76
Total Gross Product at Factor Cost (Monetary and Non-Monetary)	328.87	381.13	403.34	439.32	480.00	516.85	328.87	379.17	396.40	427.12	455.82	484.62

•Provisional

Gross Domestic Product: Percentage Rates of Growth, 1964-1970

Table 1.2

Percentages

Industry	At Current Prices			At Constant (1964) Prices		
	1964-70* Cumulative	1968-69	1969-70*	1964-70* Cumulative	1968-69	1969-70*
Gross Product at Factor Cost—						
A. Outside Monetary Economy:						
Agriculture	3.8	4.7	3.3	3.9	3.0	3.3
Forestry	9.3	4.8	4.0	5.5	19.3	3.0
Fishing	5.3	—	7.1	5.3	-6.2	—
Building and Construction	8.6	3.7	6.5	2.9	3.5	1.5
Water	13.3	33.0	6.5	5.3	27.7	1.1
Ownership of Dwellings	11.1	6.7	8.4	5.1	4.0	5.6
Total Product Outside Monetary Economy	5.1	5.6	4.1	4.1	4.0	3.3
B. Monetary Economy:						
1. Enterprises and non-profit Institutions:						
Agriculture	4.2	7.5	6.9	4.9	8.4	2.9
Forestry	11.5	8.5	12.8	6.9	2.4	7.7
Fishing	6.6	0.9	9.6	6.8	-9.5	10.5
Mining and Quarrying	13.2	17.7	12.9	9.4	-10.3	24.4
Manufacturing and Repairing	11.3	14.2	13.4	7.7	9.0	9.6
Building and Construction	21.1	33.6	9.2	15.5	29.4	5.8
Electricity and Water	8.4	7.6	13.0	6.6	7.9	10.2
Transport, Storage and Communications	9.3	4.5	9.9	9.1	1.2	7.7
Wholesale and Retail Trade	8.3	6.0	13.4	6.5	6.7	9.6
Banking, Insurance and Real Estate	12.1	13.3	11.2	10.9	10.4	9.6
Ownership of Dwellings	4.2	7.4	5.0	1.3	1.0	3.1
Other Services	8.0	4.9	9.0	9.4	7.7	10.3
Total Enterprises	8.6	9.8	10.3	7.2	7.5	7.3
2. Private Households (Domestic Services)	3.8		3.4	3.7	—5.1	3.4

* Provisional

Gross Domestic Product: Percentage Rates of Growth, 1964-1970

Table 1.2 (Contd.)

Percentages

Industry	At Current Prices			At Constant (1964) Prices		
	1964-70* Cumulative	1968-69	1969-70*	1964-70* Cumulative	1968-69	1969-70*
3. General Government:—						
Public Administration	5.0	7.6	3.5	4.5	9.6	4.0
Defence	12.1	0.4	5.6	11.4	5.9	6.3
Education	13.4	25.3	3.4	13.7	10.3	13.5
Health	11.8	16.0	-0.5	10.4	3.2	6.0
Agricultural Services	6.5	5.9	5.4	6.0	6.9	5.7
Other Services	17.4	11.1	1.4	16.8	12.1	2.2
Total General Government	9.9	13.6	3.0	9.5	8.9	7.3
Total Product Monetary Economy	8.7	10.5	8.8	7.6	7.6	7.3
Total Gross Product at Factor Cost (Monetary and Non-Monetary)	7.8	9.3		6.6	6.7	0.3

* Provisional

The Growth of the Economy

1.5. A growth rate for 1970 of 7 to 8 per cent at 1969 prices was forecast in last year's Survey. The rate achieved at current prices was 7.7 per cent, compared with 9.3 per cent for the previous year. At constant 1964 prices, growth last year was lower, 6.3 per cent compared with 6.7 per cent for the previous year and also below the cumulative average rate of 6.6 per cent per annum for the six years 1964-70. In absolute figures, gross domestic product at 1970 prices is provisionally estimated at K£517 million, compared with K£480 million in 1969. At current prices, therefore, product in 1970 exceeded the K£500 million mark for the first time, although, at 1964 prices, it was still below this level by K£15 million. Details of gross domestic product in each sector at current and constant prices in absolute figures are shown in Table 1.1. Corresponding percentage rates of growth are set out in Table 1.2.

1.6. It was pointed out in last year's Economic Survey that over the years 1964 to 1969 the rate of growth projected in the Development Plan for 1964-70, 6.3 per cent per annum, had actually been achieved. In its last year, the 1964-70 Development Plan was superseded by the new Plan for the years 1970-74. The growth target for gross domestic product is projected in the new Plan on the basis of 1967 prices. The actual target is 6.7 or 6.8 per cent, depending on whether the projection is made for the years 1967-74 or 1968-74. In order to assess the level of Plan performance, constant price calculations have been made on the basis of 1967 prices as well. The results are set out in Table 1.3 and show a rate of growth for 1970 of 6.5 per cent which is fractionally lower than the Plan target of 6.7 per cent. The primary reason for this is a slower than expected growth in monetary agriculture which grew by 3.5 per cent as against the projected rate of 6.0 per cent. Of the other major sectors, growth in manufacturing and services was slightly higher than the target but building and construction as well as transport, storage and communications were below target, as was "general government".

1.7. Although marketed agricultural production rose by 12 per cent, a large part of this growth was due to price changes (see Chapter 4). Moreover, there was a significant rise in the value of inputs used so that value added grew, even at current prices, considerably more slowly than the growth of marketed output. Because a lot of the growth was caused by price rises, the increase of monetary agricultural value added at constant prices was relatively modest. The manufacturing sector, however, had an excellent year and achieved a record level of real output. Building and construction activity maintained a fairly high level, but the rate of growth in this sector slowed down. This was largely due to the fact that several major construction projects (dam construction, harbour works) were completed in 1969, while there were no projects of comparable magnitude in 1970. The transport, storage and communications sector continued to grow fairly rapidly,

mainly owing to a substantial rise in road transport activity. This was partly caused by a high level of growth in tourism. Real expansion in the services sector as a whole was faster than in 1969, due to particularly rapid growth in the hotel and catering industries. The high level of import and export trade (see Chapter 3) helped to promote a significantly faster growth of wholesale and retail trade.

GROSS DOMESTIC PRODUCT

Plan Targets and Realised Growth Rates (at 1967 Prices)

Table 1.3

Percentages

Industry	Plan Targets*	Realised Growth Rates	
	increase from 1967 to 1974	1968-69	1969-70*
A. Outside Monetary Economy—	3.5	3.8	4.6
Agriculture	3.8	3.4	4.0
Other			
Total Non-Monetary Product ..	3.6	3.7	4.5
B. Monetary Economy—			
1. Enterprises and Non-Profit Institutions:			3.5
Agriculture	8.3	3.2	8.2
Forestry	7.9	—7.2	6.3
Fishing	6.6	—9.9	23.9
Mining and Quarrying	8.9	9.1	9.6
Manufacturing and Repairing	8.8	29.3	5.8
Building and Construction	8.0	7.9	10.1
Electricity and Water			
Transport, Storage and Commu-	9.4	1.1	7.8
nications	7.0	5.9	9.0
Wholesale and Retail Trade	8.9	10.5	10.0
Banking, Insurance, Real Estate	4.0	1.0	3.9
Ownership of Dwellings	9.0	6.1	9.9
Other Services			
Total Enterprises	7.7	7.8	7.4
2. Private Households (Domestic Services)	6.0	-5.2	3.3
	8.0	7.8	6.1
3. General Government	7.8	7.6	7.2
Total Monetary Product ..	6.7	6.6	6.5
Total GDP at Factor Cost ..			

*Provisional

1.8. Product in the "general government" sector rose only 3 per cent at current prices but at least twice as fast at constant prices, although somewhat below the growth projected in the 1970-74 Development Plan. This relatively slow growth in government product was due to the fact that the substantial increase which took place in recurrent expenditure by the Government

(see Chapter 10) went largely into expenditures which had no impact on government product—growth in public debt and redemption payments and the take-over from county councils of responsibility for primary education, health and secondary roads.

1.9. The relative share of each sector in total product at 1964 prices is shown in Table 1.4. Not unexpectedly, this reveals no significant changes over the previous year but for the six years shown taken as a whole there is a significant fall in the share of non-monetary product and, within monetary product, a noticeable rise in the share of "general government", caused by the substantial rise in public expenditures during these years.

1.10. Total resources available in the economy and their allocation between investment and consumption at current prices are shown in Table 1.5. At the time of writing, a figure of the change in stocks for 1970 is not available. However, it is reasonable to assume that this figure would show a net increase in stocks, probably of the order of K£5 million. The most striking change in 1970 is the rise in the share of investment. On the basis of the stocks assumption mentioned above, investment in 1970 absorbed 21 per cent of total resources available, compared with 17 per cent in 1969. This was caused primarily by a growth of 23 per cent in gross fixed capital formation, details of which are shown later in this chapter. A large part of the 11 per cent growth over 1969 in total resources available was taken up by investment. The relative share of consumption actually declined from 83 per cent in 1969 to 79 per cent in 1970 on the basis of the stocks assumption made above. Most of this fall was in private consumption. Public consumption also fell by 1 percentage point. However, in absolute terms, the rise in private consumption was well above the rate of growth of population so that average per capita consumption standards at current prices continued to rise. In fact, the real growth of consumption was probably higher than the figures in Table 1.5 suggest because prices of capital goods tended to rise faster than those of consumption items. During the period 1964 to 1970, the share of investment in resources available has gradually risen from 14 per cent to 21 per cent. Overall consumption has fallen correspondingly, in relative terms. Thus a growing share of the rising level of national wealth has been devoted to the creation of assets for future production. This has been an important element in explaining the satisfactory annual growth of the economy since 1964. As far as consumption is concerned, the relative position of public and private consumption has changed little since 1964. However, again, what has been said above about relative changes in the prices of capital and consumption goods probably also applies to the period 1964 to 1970 as a whole so that the real growth of investment is somewhat lower than the current prices in Table 1.5 would imply.

Gross Domestic Product
Sectoral Shares, at Constant (1964) Prices, 1964, 1966-1970

Table 1.4

Percentages

Industry	1964	1966	1967	1968	1969	1970*
Gross Domestic Product at Factor Cost—						
A. Outside Monetary Economy:						
Agriculture	22.31	21.25	21.23	20.40	19.70	19.14
Forestry	0.61	0.55	0.55	0.52	0.58	0.57
Fishing	0.03	0.04	0.04	0.04	0.03	0.03
Building and Construction	1.77	1.70	1.59	1.54	1.49	1.42
Water	0.64	0.57	0.55	0.52	0.62	0.59
Ownership of Dwellings ..	1.68	1.62	1.63	1.60	1.56	1.55
Total Product Outside Monetary Economy	27.03	25.73	25.58	24.61	23.98	23.29
B. Monetary Economy:						
1. Enterprises and Non-Profit Institutions:						
Agriculture	15.80	15.53	14.49	14.49	14.73	14.26
Forestry	0.57	0.51	0.58	0.59	0.57	0.58
Fishing	0.26	0.29	0.27	0.29	0.25	0.26
Mining and Quarrying	0.44	0.44	0.51	0.52	0.44	0.52
Manufacturing and Repairing	10.39	10.07	10.33	10.43	10.66	10.98
Building and Construction	2.07	2.25	2.50	2.78	3.35	3.34
Electricity and Water	1.47	1.40	1.40	1.40	1.41	1.47
Transport, Storage and Communications	7.46	8.43	8.92	8.92	8.46	8.57
Wholesale and Retail Trade	10.03	10.12	9.69	9.64	9.64	9.94
Banking, Insurance and Real Estate	3.00	3.20	3.29	3.54	3.66	3.78
Ownership of Dwellings	4.06	3.54	3.40	3.25	3.08	2.98
Other Services	3.62	3.89	3.98	4.01	4.05	4.20
Total Enterprises	59.16	59.66	59.36	59.88	60.30	60.88
2. Private Households (Domestic Services)	0.89	0.89	0.92	0.87	0.78	0.76
3. General Government:						
Public Administration	5.12	4.69	4.52	4.51	4.63	4.53
Defence	0.67	0.88	0.94	0.87	0.86	0.86
Education	3.41	3.75	4.38	4.52	4.68	5.99
Health	1.43	1.85	1.87	1.82	1.76	1.75
Agricultural Services	1.34	1.36	1.20	1.30	1.30	1.29
Other Services	0.95	1.18	1.24	1.63	1.71	1.64
Total General Government	12.91	13.71	14.14	14.65	14.94	15.08
Total Product Monetary Economy	72.97	74.27	74.42	75.39	76.02	76.71
Total Gross Product at Factor Cost (Monetary and Non-monetary)	100.00	100.00	100.00	100.00	100.00	100.00

*Provisional

Total Use of Resources, 1964, 1966-1970

At Current Prices

Table 1.5

K£million

	1964	1966	1967	1968	1969	1970*
G.D.P. at Factor Cost	328.9	381.1	403.3	439.3	480.0	516.9
Of Which:						
Non-Monetary	88.9	101.5	107.2	108.9	115.1	119.8
Monetary	240.0	279.6	296.1	330.4	364.9	397.1
+ Indirect Taxes	25.0	30.8	34.7	38.1	42.2	46.1
-Subsidies	0.4	0.7	1.7	2.6	2.1	1.2
=G.D.P. at Market Prices	353.5	411.2	436.3	474.8	520.1	561.8
+ Imports of goods and services	105.0	136.0	139.7	149.7	151.7	180.1
-Exports of goods and services	119.7	135.5	128.5	134.6	143.9	157.9
= Import Surplus	-14.7	+0.5	+ 11.2	+ 15.1	+7.8	+22.2
Total Resources available for Domestic Investment and Consumption	338.8	411.7	447.5	489.9	527.9	584.0
Gross Fixed Capital Formation	44.3	61.2	82.2	89.2	93.7	114.9
Increase in Stocks	2.3	16.2	6.7	2.6	-3.0	+
Gross Investment	46.6	77.4	88.9	92.1	90.7	114.9
Public Consumption	49.9	55.6	61.9	76.6	85.4	89.1
Private Consumption	242.3	278.7	296.7	321.2	351.8	380.8
Total Consumption	292.2	334.3	358.6	397.8	437.2	469.1

*Provisional

+Included in Private Consumption

1.11. Gross national product at market prices is shown in Table 1.6. This measure of "national income" differs from "gross domestic product at factor cost" shown in Table 1.1 in that it takes into account the effect of indirect taxes and subsidies as well as factor payments and receipts to and from abroad. Thus gross national product in 1970 was K£565 million and gross domestic product K£517 million. The rate of growth of gross national product at current prices was also higher, 8.8 per cent. This table also shows the shares in gross domestic product of the various factors which make it up. At 39 and 31 per cent respectively, the relative position of remuneration of employees and operating and rental surplus showed no change over the position in 1969.

Gross National Product, 1964, 1966-1970

Table 1.6

K£million

	1964	1966	1967	1968	1969	1970*
Factor Incomes—						
A. Outside Monetary Economy	88.89	101.53	107.18	108.95	115.08	119.77
B. Monetary Economy:						
1. Remuneration of Employees						
Enterprises	86.15	101.53	110.35	122.18	128.52	144.05
Private Households	2.94	3.54	3.73	3.56	3.56	3.68
General Government	42.47	48.10	53.01	63.85	72.54	74.69
Total Remuneration of Employees	131.56	153.17	167.09	189.59	204.62	222.42
2. Rental Surplus (including depreciation) ..	13.34	13.92	14.33	15.13	16.25	17.06
3. Other Operating Surplus (including depreciation)	95.09	112.53	114.71	125.64	144.05	157.60
Total Monetary Economy	239.98	279.60	296.15	330.36	364.92	397.08
Total Factor Incomes=Gross Domestic Product	328.87	381.13	403.34	439.32	480.00	516.85
Add: Indirect Taxes	24.99	30.77	34.73	38.08	42.17	46.07
Deduct: Subsidies	0.35	0.70	1.55	2.64	2.10	1.23
Gross Domestic Product at Market Prices	353.51	411.20	436.52	474.76	520.07	561.69
Add: Factor Incomes Received from Abroad	4.43	8.55	7.60	14.29	16.80	22.70
Deduct: Factor Incomes Paid Abroad	11.55	14.96	15.97	18.95	17.80	19.50
Gross National Product	346.39	404.79	428.15	470.10	519.07	564.89

*Provisional

Capital Formation by Type of Asset, 1964, 1966-1970

Table 1.7

K£million

	At Current Prices						At Constant (1964) Prices					
	1964	1966	1967	1968	1969	1970*	1964	1966	1967	1968	1969	1970*
Dwellings—												
Private:												
(i) Traditional	5.24	6.47	7.52	8.37	8.72	9.33	5.24	5.83	6.01	6.69	6.75	6.99
(ii) Modern	1.23	1.66	2.69	3.08	4.05	4.38	1.23	1.49	2.15	2.46	3.14	3.28
Total	6.47	8.13	10.21	11.45	12.77	13.70	6.47	7.32	8.16	9.15	9.88	10.27
Public	0.75	1.08	2.33	3.62	3.45	3.39	0.75	0.98	1.86	2.89	2.67	2.54
Total	7.22	9.21	12.54	15.07	16.22	17.09	7.22	8.30	10.02	12.04	12.55	12.81
Non-Residential Buildings—												
Private	3.24	2.57	4.40	5.96	8.05	7.23	3.24	2.31	3.51	4.76	6.24	5.42
Public	1.77	3.53	5.83	7.55	6.14	6.95	1.77	3.18	4.66	6.04	4.75	5.21
Total	5.02	6.09	10.23	13.51	14.19	14.19	5.02	5.49	8.17	10.80	10.99	10.64
Construction and Works—												
Private	3.55	4.79	5.70	5.51	5.74	7.23	3.55	4.32	4.56	4.40	4.45	5.42
Public	3.44	6.77	10.20	12.25	12.04	15.96	3.44	6.11	8.15	9.79	9.33	11.97
Total	6.99	11.56	15.90	17.76	17.79	23.20	6.99	10.43	12.71	14.19	13.78	17.39
Land Improvement and Plantation												
Private	1.59	1.40	1.57	1.85	1.99	2.22	1.59	1.31	1.40	1.61	1.64	1.84
Public	—	—	0.03	0.26	0.44	0.41	—	—	0.03	0.23	0.37	0.34
Total	1.59	1.40	1.60	2.11	2.43	2.62	1.59	1.31	1.43	1.84	2.00	2.18
Transport Equipment—												
Private	6.01	8.02	10.88	10.89	12.32	16.31	6.01	7.52	10.20	10.08	11.41	15.83
Public	3.68	4.56	6.63	4.48	4.76	4.69	3.68	4.28	6.22	4.15	4.41	4.55
Total	9.69	12.58	17.51	15.37	17.09	21.00	9.69	11.80	16.43	14.23	15.82	20.39

•Provisional

Capital Formation by Type of Asset, 1964, 1966-1970

Table 1.7 (Continued)

K£million

	At Current Prices						At Constant (1964) Prices					
	1964	1966	1967	1968	1969	1970*	1964	1966	1967	1968	1969	1970*
Machinery and Other Equipment—												
Private	12.76	15.57	19.62	19.72	20.95	31.74	12.76	14.61	18.41	18.26	19.39	30.82
Public	1.44	3.46	3.51	4.74	3.82	3.71	1.44	3.24	3.29	4.39	3.53	3.60
Total	14.20	19.03	23.13	24.46	24.76	35.45	14.20	17.85	21.70	22.65	22.93	34.42
Breeding Stock and Dairy Cattle—												
	-0.38	1.35	1.30	1.24	1.26	1.39	-0.38	1.60	1.06	1.62	1.64	1.81
Total Private:												
(i) Traditional Dwellings	5.24	6.47	7.52	8.37	8.72	9.33	5.24	5.83	6.01	6.69	6.75	6.99
(ii) Other	28.00	35.35	46.16	48.26	54.37	70.50	28.00	33.17	41.30	43.20	47.91	64.42
Total Private	33.24	41.82	53.68	56.63	63.09	79.83	33.24	39.00	47.31	49.89	54.65	71.41
Total Public	11.08	19.40	28.53	32.90	30.65	35.11	11.08	17.78	24.22	27.49	25.06	28.21
Total Private and Public	44.32	61.22	82.21	89.53	93.74	114.94	44.32	56.78	71.53	77.38	79.71	99.63

•Provisional

Capital Formation

1.12. Capital formation by type of asset is set out in Table 1.7. Total capital formation at current prices in 1970 was K£114.9 million, 23 per cent higher than the level achieved in 1969. At constant (1964) prices it very nearly touched K£100 million and was 25 per cent higher than in 1969. Growth was more rapid in the private sector, 31 per cent over 1969, at constant prices. In the public sector it was only 13 per cent. For previous years, and particularly for 1967, the figures shown differ from those published in last year's Economic Survey. The major reason for this was that a large item of sugar machinery imported in 1967 and which had been allocated to that year in the previous calculations was found to have been actually installed in the following year; the amended figures reflect this.

1.13. In constant price terms, the largest growth was in new machinery and other equipment installed by the private sector. This was K£11 million or 59 per cent higher than during 1969, and was actually responsible for over half of the total increase in all capital formation. This figure reflects the major increase in imports of capital equipment (see Chapter 3) for both industry and agriculture, notably the former. A large part of the growth was attributable to imports of machinery for a new tyre factory. Another important area of growth was transport equipment for which, again, investment by the private sector was primarily responsible for expansion. Such investment in 1970 rose by K£4.4 million. Taken together, investment by the private sector in machinery and transport equipment accounted for 80 per cent of the growth in total capital formation during 1970. Most of the rest took place in construction and works. It was in this item that almost the whole of the growth in public sector capital formation occurred—K£2.6 million at a constant prices. Construction and works attributable to the private sector also rose by K£1 million in value. Dwellings and non-residential buildings maintained the same level of capital formation as in 1969, a small growth in the former being compensated by a similar drop in the latter. Building and construction activity undertaken on self-help schemes is included in the figures for private capital formation. Its value in 1970 was K£2.3 million, compared with K£2.2 million in 1969. Details of self-help projects are shown in Table 12.10.

1.14. Capital formation at current prices in the public sector is illustrated in Table 1.8. Most of the growth was in investments by the Government although there was some addition in the value of new assets created by the

Capital Formation, Public Sector, 1964-1970
(at current prices)

Table 1.8

K£million

	Central Govt.	East African Community						Statutory Boards	Local Authori- ties	Total
		General Fund	E.A.R.	E.A.H.	E.A.P. & T.	E.A.A.	Total			
1964	4.23	0.11	4.01		0.49	0.20	4.82	0.60	1.44	11.08
1965	6.98	0.15	1.61		0.52	0.03	2.31	1.23	1.37	11.89
1966	8.77	0.16	2.61		0.82	2.79	6.38	2.36	1.87	19.37
1967	12.76	0.20	5.74		1.51	1.36	8.81	3.29	3.67	28.53
1968	14.96	0.21	3.95	1.23	1.79	0.24	7.42	5.21	5.31	32.90
1969	17.91	0.09	2.51	0.38	1.32	1.96	6.31	2.29	4.13	30.65
1970*	22.01	0.10	1.68	0.86	2.34	2.07	7.21	2.31	3.58	35.11 *

*Provisional

East African Community. Investment by statutory boards remained static and that of local authorities declined. The Government's expenditures on construction are shown in Table 1.9. The continued growth of momentum in the road construction programme is clearly apparent in this table and was the cause of most of the growth in Government construction expenditures. Although far smaller in absolute terms, expenditure on waterworks rose sharply and was two and a half times that of the previous year. Details of the Government's water development programme are discussed in Chapter 5.

**Capital Formation: Construction Expenditure By
Central Government, 1964-1970
(at current prices)**

Table 1.9 K£'000

	Roads	Water Works	Soil Con-servation	Other	Total
1964	428.9	196.1	220.1	798.5	1,643.5
1965	1,280.2	142.7	226.8	924.3	2,574.0
1966	2,898.4	115.3	236.5	1,153.4	4,403.6
1967	4,622.7	126.5	243.0	1,221.9	6,214.1
1968	5,814.3	207.3	252.2	1,021.4	7,295.2
1969	7,826.1	243.1	255.9	1,121.6	9,446.6
1970*	9,756.3	623.8	255.9	1,834.8	12,470.8

•Provisional

1.15. Capital formation by each major industry group is shown in Tables 1.10 and 1.11. The figures for 1970 at both current and constant prices underline the remarks already made about investment in new manufacturing capacity, agricultural machinery and transport equipment. However, striking growth is also apparent in investment undertaken by the building and construction industry. As shown in Table 1.11, such investment was mainly in machinery and other equipment and reflects the increasing degree of mechanization of building and construction techniques being adopted by the industry. In Table 1.11, capital formation by "general government" is about half that by the public sector as shown in Table 1.7. This is because public investment by bodies of an enterprise nature, which consist primarily of parastatal corporations of the Government and the transport organizations of the East African Community, is included under "enterprise and non-profit institutions".

Capital Formation By Industry, 1964, 1966-1970

Table 1.10

K£million

Industries	At Current Prices						At Constant (1964) Prices					
	1964	1966	1967	1968	1969	1970*	1964	1966	1967	1968	1969	1970*
A. Outside Monetary Economy—												
Traditional Dwellings	5.24	6.47	7.52	8.37	8.72	9.33	5.24	5.83	6.01	6.69	6.75	6.99
B. Monetary Economy—												
Hons:												
Agriculture	6.80	9.03	9.38	10.68	10.82	11.86	6.80	8.70	8.26	9.91	9.83	11.10
Forestry	0.22	0.28	0.35	0.26	0.16	0.18	0.22	0.26	0.31	0.21	0.13	0.15
Mining and Quarrying	0.26	0.68	0.58	0.49	0.64	0.92	0.26	0.64	0.55	0.45	0.59	0.89
Manufacturing and Repairing	5.82	8.09	9.96	12.19	9.46	13.94	5.82	7.52	9.05	10.87	8.42	13.06
Building and Construction	1.92	2.81	4.05	3.85	4.16	8.04	1.92	2.63	3.73	3.48	3.75	7.40
Electricity and Water	1.32	2.59	6.35	3.61	3.81	5.59	1.32	2.37	5.38	3.02	3.14	4.70
Wholesale and Retail Trade	10.26	13.01	16.34	16.56	16.71	21.89	10.26	12.14	14.92	14.89	15.14	20.28
Banking, Insurance and Real Estate	3.01	2.89	3.71	4.26	4.15	4.63	3.01	2.69	3.31	3.68	3.57	4.12
Ownership of Dwellings	0.69	0.29	0.76	0.97	0.72	1.59	0.69	0.27	0.68	0.84	0.66	1.42
Other Services	2.15	2.97	5.26	6.99	7.84	8.15	2.15	2.69	4.24	5.63	6.12	6.20
Total Enterprises	2.29	3.22	5.12	5.94	8.56	8.65	2.29	2.98	4.43	5.11	7.18	7.41
2. General Government:												
Public Administration	34.74	45.88	61.87	65.80	67.02	85.44	34.74	42.89	54.85	58.09	58.52	76.72
Education	0.86	1.31	1.81	1.97	2.21	2.57	0.86	1.19	1.56	1.67	1.82	2.13
Health	0.51	0.80	1.82	2.67	2.59	1.91	0.51	0.73	1.50	2.19	2.14	1.60
Agricultural Services	0.40	0.84	1.31	1.27	1.99	2.61	0.40	0.77	1.13	1.06	1.65	2.15
Other Services	0.74	1.22	1.55	1.29	1.34	1.28	0.74	1.11	1.32	1.09	1.11	10.4
Total General Government	1.82	4.70	6.33	8.16	9.87	11.80	1.82	4.26	5.16	6.58	7.74	8.99
Total Monetary	4.34	8.87	12.83	15.36	17.99	20.17	4.34	8.06	10.67	12.60	14.45	15.91
C. Total—Monetary and Non-Monetary	39.08	54.75	74.70	81.16	85.02	105.61	39.08	50.95	65.52	70.69	72.96	92.64
	44.32	61.22	82.21	89.53	93.74	114.94	44.32	56.78	71.53	77.38	79.71	99.63

•Provisional

CAPITAL FORMATION
Analysis by Industry and Type of Asset, 1964 and 1970* at Constant (1964) Prices

Table 1.11

K£million

Industry	Dwellings		Non-Residential Buildings		Construction and Works		Land improvement and Plantation Development		Transport Equipment		Machinery and other Equipment		Breeding Stock and Dairy Cattle		Total	
	1964	1970	1964	1970	1964	1970	1964	1970	1964	1970	1964	1970	1964	1970	1964	1970
A. Outside Monetary Economy : Traditional Dwellings	5.2	7.0	—	—	—	—	—	—	—	—	—	—	—	—	5.2	7.0
B. Monetary Economy																
1. Enterprises and Non-Profit Institutions:																
Agriculture	—	—	0.4		2.5	1.7	1.6	2.2	0.7	1.2	2.0	4.2	0.4	1.8	6.8	11.1
Forestry	—	—			0.2	0.1				0.1					0.2	0.2
Mining and Quarrying	—	—	—	..	—	—	—	—		0.2	0.2	0.7			0.3	0.9
Manufacturing and Repairing	—	—	0.3	0.4	0.2	1.2	—	—	0.6	1.6	4.7	9.8			5.8	13.1
Building and Construction	—	—	0.3	0.8	0.1	0.6	—	—		1.1	1.5	4.9			1.9	7.4
Electricity and Water	—	—		..	0.8	2.4	—	—	0.1	0.1	0.5	2.1			1.3	4.7
Transport, Storage and Communications	—	—	1.1	0.9	1.1	2.3	—	—	7.1	14.0	0.9	3.0			10.3	20.3
Wholesale and Retail Trade..	—	—	1.0	1.0	0.5	0.2			0.5	0.6	1.0	2.3			3.0	4.1
Banking, Insurance and Real Estate	—		0.2	0.4							0.5	1.0			0.7	1.4
Ownership of Dwellings	2.0	5.8	—	—	—	—	—	—			0.2	0.4			2.2	6.2
Other Services ..	—	—	0.6	3.2		0.2	—	—	0.1	0.1	1.6	3.9	—		2.3	7.4
Total Enterprises	2.0	5.8	4.0	6.7	5.3	8.7	1.6	2.2	9.1	19.0	13.2	32.3	0.4	1.8	34.7	76.7

•Provisional

CAPITAL FORMATION
ANALYSIS BY INDUSTRY AND TYPE OF ASSET, 1964 AND 1970* AT CONSTANT (1964) PRICES

Table 1.11 (Continued)

K£million

INDUSTRY	Dwellings		Non-Residential Buildings		Construction and Works		Land improvement and Plantation Development		Transport Equipment		Machinery and other Equipment		Breeding Stock and Dairy Cattle		TOTAL	
	1964	1970	1964	1970	1964	1970	1964	1970	1964	1970	1964	1970	1964	1970	1964	1970
2. General Government:																
Public Administration ..	—	—	0.4	1.2	—	0.1	—	—	0.3	0.6	0.1	0.3	—	—	0.9	2.1
Education ..	—	—	0.4	0.8	..	0.1	—	—	..	0.2	0.1	0.6	—	—	0.5	1.6
Health ..	—	—	..	1.3	..	..	—	—	..	0.2	0.3	0.7	—	—	0.4	2.2
Agricultural Services ..	—	—	0.2	0.3	0.3	0.4	—	—	0.1	0.2	0.2	0.2	—	—	0.7	1.0
Other Services ..	—	—	..	0.2	1.4	8.1	—	—	0.1	0.3	0.2	0.3	—	—	1.8	9.0
TOTAL GENERAL GOVERNMENT	—	—	1.0	3.8	1.7	8.7	—	—	0.6	1.4	1.0	2.1	—	—	4.3	15.9
TOTAL MONETARY	2.0	5.8	5.0	10.6	7.0	17.4	1.6	2.2	9.7	20.4	14.2	34.4	-0.4	1.8	39.1	92.6
C. TOTAL Monetary and Non-Monetary ..	7.2	12.8	5.0	10.6	7.0	17.4	1.6	2.2	9.7	20.4	14.2	34.4	-0.4	1.8	44.3	99.6

Table 1.12

Balance of Payments 1968-1970

K€million

	1968			1969			1970*		
	Debits/ Assets	Credits/ Liabilities	Net Credits	Debits/ Assets	Credits/ Liabilities	Net Credits	Debits/ Assets	Credits/ Liabilities	Net Credits
A. Current Account									
1. Merchandise transactions; Imports (c.i.f.) Ex-ports (f.o.b.)	1208	83.9	Dr. 36.9	1208	89.1	Dr. 31.7	1496	99.4	Dr. 50.1
2. Non-Monetary Gold Movements	0.1	0.3	0.2	0.1	0.2	0.1	0.1	0.2	Dr. 0.1
3. Freight and Insurance	0.2	9.1	8.9	0.1	9.6	9.5	0.2	10.4	Dr. 10.2
4. Other Transportation Travel	8.5	15.1	6.6	8.7	17.7	9.0	9.1	18.5	Dr. 9.4
5. Other Services	7.7	17.3	9.6	7.6	16.7	9.1	6.9	18.4	Dr. 11.6
6. International Investment Income	22.6	8.4	Dr. 14.2	21.2	10.9	Dr. 10.3	22.8	16.3	Dr. 6.6
7. Government Transactions n.e.s	9.9	11.2	1.3	10.2	11.5	1.3	10.3	12.1	Dr. 1.8
8. Other Services	2.6	4.1	1.5	4.2	5.8	1.6	4.0	6.1	Dr. 2.1
9. Private Transfers	5.9	5.9		5.7	6.7	1.0	6.4	5.9	Dr. 0.5
10. Government Transfers	4.4	13.3	8.9	4.0	11.1	7.1	3.7	11.6	Dr. 7.9
Total Current Account	182.7	168.6	Dr. 14.1	182.6	179.3	Dr. 3.3	213.1	198.7	Dr. 14.4
Of which Visible Balance	120.8	83.9	Dr. 36.9	120.8	89.1	Dr. 31.7	149.6	99.4	Dr. 50.1
Invisible Balance	61.9	84.2	Dr. 22.3	61.8	90.2	Dr. 28.4	63.5	99.3	Dr. 35.7
B. Long Term Capital Movements									
11. Private Enterprises	Cr. 1.0	Dr. 10.0	Dr. 9.0	Cr. 0.3	12.9	12.6	Cr. 0.3	11.0	11.3
12. Government Enterprises	Cr. 0.6	Dr. 0.7	Dr. 0.1	Cr. 0.5	2.3	2.8	Cr. 2.1	6.1	Dr. 8.2
13. Local Government	Cr. 0.1	Dr. 0.3	Dr. 0.3	Cr. 0.2	0.2	0.2	Cr. 0.7	0.7	0.7
14. Central Government	Cr. 0.1	Dr. 7.4	Dr. 7.3	Cr. 0.9	7.4	6.5	Cr. 0.3	9.0	Dr. 8.9
Total Long Term Capital Movements	0.3	16.4	16.1	0.5	22.6	22.1	Cr. 2.8	26.1	29.0
Total Current and Long Term Capital account	183.0	185.0	2.0	183.1	201.9	18.8	210.3	224.8	14.6
C. Monetary and Short Term Capital Movements									
15. Central Monetary Institutions	7.2		Dr. 7.2	22.5		Dr. 22.5	13.2		Dr. 13.2
16. Accounts with I.M.F.							4.9		Dr. 4.9
17. Other Monetary Institutions	Cr. 1.1	Dr. 5.2	Dr. 4.1	1.2	0.3	Dr. 0.9	0.5	Dr. 0.4	Dr. 0.9
18. Other Short Term Capital Movements	Cr. 1.0	Dr. 0.1	Dr. 1.1	0.9	1.8	Dr. 0.9	Cr. 0.4	Dr. 2.0	Dr. 2.4
Total Monetary and Short Term Capital Movements	5.1	Dr. 5.1	Dr. 10.2	24.6	2.1	Dr. 22.5	18.2	3.7	Dr. 14.5
Balancing Item			Cr. 8.2			Cr. 3.7			Dr. 0.1

*Provisional

Balance of Payments

1.16. The balance of payments is set out in Table 1.12. Although somewhat weaker than in 1969, the figures for 1970 still show a very strong basic balance with a surplus of nearly K£15 million, compared with just under K£19 million for 1969, which is in fact even higher than the provisional estimate included in last year's Economic Survey. For 1969, the figures show a smaller fall in monetary and short-term capital movements than those indicated in the provisional data published last year. New data also suggest a substantial improvement in the invisible balance for that year.

1.17. For 1970, due to a major growth in merchandise imports, (see Chapter 3) the current account deteriorated significantly, despite an improvement in the invisible balance of K£7.3 million. This latter arose primarily from a rise in the investment income of the private sector as well as the Central Bank's credits in this account. There was also a net rise of K£2.5 million in income from tourism.

1.18. Under "long term capital movements" the growth in net credits of "government enterprises" was caused primarily by drawings on new loans by the railways. Drawings on foreign loans by the Government also rose significantly, compared with those in 1969.

CHAPTER 2—MONEY AND BANKING

International exchange rates remained relatively stable in 1970, following revaluation of the German mark in 1969. But from the latter half of 1970 there was increasing pressure on the U.S. dollar, leading to an international monetary crisis in May 1971. The major results were that the German mark was "floated" and the Swiss franc revalued.

2.2. Most European countries during 1970 and the first quarter of 1971 absorbed substantial amounts of US dollars into their respective currency reserves, partly because of the US balance of payments deficit and partly because of the high level of interest rates prevailing in Europe. The recent adjustment of interest rates by some of the European countries in a downward direction is in part a concerted attempt to reverse this trend.

2.3. This overall high level of interest rates has made it difficult for international lending institutions like the World Bank to find cheap sources of money. As consequence, in 1970 the World Bank had to raise its lending rates to 7 1/4 per cent for developing countries. In addition, the high level of interest rates has also inhibited foreign companies in the developing countries from making use of overseas banking facilities.

2.4. Figures on the volume of money in Kenya's monetary system are set out in Table 2.1. These show an increase of K£30.4 million during 1970. Nearly 80 per cent of this increase was in time and savings deposits of the private sector.

Table 2.1		Money Supply, 1966-1970 (as at 31st December)				K£'000
		1966	1967	1968	1969	1970
Currency Outside Banks		20,410	22,663	24,611	29,278	35,621
Private Demand Deposits		38,771	41,099	45,898	51,462	59,392
Other Private Deposits		31,091	36,341	43,189	50,051	66,237
Total		90,272	100,103	113,698	130,791	161,250

2.5. The assets and liabilities of the Central Bank are set out in Table 2.2. Total currency in circulation increased by K£7.2 million during 1970—compared with an increase of K£5.3 million in 1969. As is to be expected in a country with a relatively less developed banking system, a large proportion of this increase—K£6.4 million in 1970—was in circulation outside the banks. Government deposits at the Central Bank continued to fluctuate, ending the year 1970 at a much higher level than in the previous year. However, the main part of the increase in these occurred in the first half of 1970. Thereafter, the Central Government ran down its deposits by K£8.2 million to finance development expenditure.

Assets and Liabilities of the Central Bank of Kenya, 1966-1970
(as at 31st December)

Table 2.2

K£'000

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

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

2.6. This move preceded the re-introduction of Treasury Bills by the Government as a financing operation, with effect from last December. A number of issues have been made since then and it is expected that Treasury Bills will develop into a regular and prominent feature of the monetary scene in Kenya. It is intended that regular issues will be made towards the middle of every month, varying in size to meet the Government's cash requirements from time to time.

2.7. During 1970, the Central Bank ceased to pay interest on bank deposits and this created a strong demand from the commercial banks for the Treasury Bills on issue. The Government was therefore able to progressively reduce the rate of interest on Treasury Bills. The rate of interest was

lowered from above 4 per cent to 2.5 per cent immediately after the last issue in 1969/70, and was then lowered again later in the year to the current rate of 1.72 per cent. Because it can now borrow at this favourable rate, so far in the current year the Government has had to borrow only K£2.7 million on the open market—though it is expected to raise a further K£5 million by similar means soon. It is quite likely that by pushing the short-term rate of interest down and by increasingly relying on short-term borrowing as a source of finance, the Government may also bring down the long term rate of interest. This has been fluctuating between the relatively high levels of 7 and 7 1/4 per cent—a somewhat odd situation in current conditions of excess liquidity in the banking system.

2.8. It was because of the Treasury Bill issues that the bank deposits with the Central Bank were lower at the end of the year than at the beginning. These deposits in fact reached a peak of K£32 million in November 1970 and represented a substantial volume of unutilized financial resources in the economy.

Foreign Exchange Reserves, 1966-1970 (as at 31st December)					
Table 2.3	K£'000				
Held by	1966	1967	1968	1969	1970
Central Bank of Kenya*	17,057	25,294	33,729	58,336	73,472
Commercial Banks:—					
Net balances with banks outside Kenya	8,260	-2,190	1,871	2,586	3,480
Other	1,925	1,943	1,997	406	494
Government†	1,319	1,395	1,232	1,722	1,595
I.M.F. Gold Tranche	1,443	1,443	1,443	1,443	4,287
Estimated Kenya Share of E.A.C.B. Assets ..	12,061	3,710	2,689	617	795
Total	42,065	31,595	42,961	65,110	84,123

*Including net balances with Banks of Tanzania and Uganda,
Including overseas securities and balances of the Post Office Savings Bank.
†Provisional.

2.9. Kenya's foreign exchange resources are detailed in Table 2.3. These stood at K£84.1 million at the end of 1970, recording a substantial increase for the third consecutive year. Within the various categories into which foreign exchange reserves have been classified by holding institutions, the holding of the Central Bank has again recorded a most impressive increase of K£15 million during 1970. This can be attributed by and large to a further substantial balance of payments surplus in the year, as shown by Table 1.12. K£2.1 million of this increase is Kenya's allocation of "Special Drawing Rights"—a new reserve asset created by resolution of the Governors of the

International Monetary Fund: this reserve, however, does not represent a foreign exchange transaction. Following the initial allocation referred to above a further second allocation of "Special Drawing Rights" amounting to K£2.2 million has been made in 1971 as part of the plan to regulate the supply of world financial liquidity in accordance with world trading needs. The increase recorded in the IMF gold tranche was caused by a general increase of IMF quotas.

Assets and Liabilities of Commercial Banks
(as at 31st December)

Table 2.4 K£'000

	1966 Old Series	1967 Old Series	1968	1969	1970
Liabilities—					
Deposits:					
(1) Demand	49,799	51,232	55,934	64,421	80,288
(2) Time	9,744	12,199	13,790	19,657	31,095
(3) Savings	17,139	21,532	25,406	28,855	34,807
Balances due to:					
(1) Central Bank			—	300	—
(2) Kenya Banks	407	1,862	3,197	1,105	1,451
(3) E.A. Banks	704	1,582	792	659	534
(4) Banks abroad	2,999	5,678	1,228	1,651	1,374
Total Reports*	77,430	85,103	95,129	112,933	146,191
Bills Payable and Other Loans	1,866	1,504	722	658	1,069
Other Liabilities ^f	24,307	23,367	30,386	43,874	48,295
Assets—					
Cash	3,042	3,246	3,249	3,709	4,571
Balances due by					
(1) Central Bank	1,301	4,968	11,359	24,172	21,687
(2) Kenya Banks	441	2,444	3,777	1,435	2,501
(3) E. A. Banks	1,920	1,778	2,089	2,086	1,103
(4) Banks abroad	10,042	3,244	1,802	2,810	4,285
Treasury Bills	—	—	—	2,993	10,000
Bills discounted. Loans and					
Advances	55,513	68,002	66,789	70,025	86,943
Investments	4,245	4,655	4,757	7,333	15,680
Other Assets	31,212	30,759	37,631	46,617	52,144
Total Assets/Liabilities	107,715	119,096	131,453	161,180	198,915

*The breakdown of Deposits does not add up to Total Reports for 1965, 1966 and 1967—the difference being "Deposits in Sterling" or "other foreign exchange".

^fThe figure for contra items has been included.

2.10. Details on the operations of the commercial banks are set out in Table 2.4. Deposits have continued to show a strong growth—increasing from K£95.1 million at the end of 1968 to K£112.9 million a year later and rising to K£146.2 million at the end of 1970. This increase has not been matched by a comparable growth in loans and advances. These have increased relatively modestly from K£66.8 million at the end of 1968 to K£70 million at the end of 1969 and K£86.9 million at the end of 1970. As a consequence, in December 1970 the advances/deposits ratio fell to its lowest level for any month of December since 1965 (see Table 2.5).

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

Table 2.5

K£'000

	1966 Old Series	1967 Old Series	1968	1969	1970
Total Advances/Deposits—					
Deposits	77,430	85,103	95,129	112,933	146,191
Advances	55,513	68,002	66,789	70,025	86,943
Ratio %	71.7	80.0	70.2	62.0	59.5
Private Advances/Deposits—					
Deposits	64,893	73,683	84,137	96,352	120,296
Advances	55,595	65,152	63,720	68,304	81,853
Ratio %	85.7	88.4	75.7	70.9	68.0
Cash—					
Notes and Coin* and balance with the Central Bank of Kenya	4,343	8,215	14,334	27,475	25,764
Ratio (cash/total deposits) % %	5.6	9.7	15.1	24.3	17.6

*Excluding Foreign Notes and Coin.

2.11. There are various reasons for this inability on the part of commercial banks to increase their level of advances and loans sufficiently to match the rising level of deposits. One of these appears to be that the banks have not fully appreciated the nature and significance of the structural developments during the last years at the enterprise level. The number of small businesses owned by Africans is growing rapidly, as is their use of banks. However, the banks' lending habits do not yet reflect this trend fully and they are still attuned to lending to a sector which is shrinking in the face of Kenyanization of the economy.

2.12. Perhaps the most important recent development in commercial banking was the acquisition by the Government of 60 per cent of the shares in the Kenya Commercial Bank, based on the branch banking system of National and Grindlays Bank. This acquisition of a majority share-holding has been followed by measures to increase the lending limits of managers of the branches of this bank in rural areas. The Government has now concluded negotiations with Barclays Bank DCO and the Standard Bank which will lead to the incorporation of a new local bank based on the merged branch system of the Kenya branches of those two banks. The completion of these negotiations will give a powerful boost to public sector participation in commercial banking. These two banks together with the Kenya Commercial Bank account for an overwhelming proportion of total deposits in commercial banks. The Government's effective participation in commercial banks will enable it to influence banking operations to fit in more closely with development objectives. However the Government has announced that it expects the banks in which it participates to be run on commercial lines and to compete freely for business with each other.

2.13. The current breakdown of bank loans and advances by borrowing sectors is set out in Table 2.6. Loans and advances to the East African Community, Enterprise Statutory Boards and Private Households show the most significant increase in percentage terms between 1969 and 1970. The growth in loans and advances to the East African Community is accounted for by increased lending to the East African Corporations. In quantitative terms however, increases in lending to the Enterprise Statutory Boards and Private Households were even more important.

Commercial Banks—Bills, Loans and Advances
(as at 31st December)

	1966 Old Series	1967 Old Series	1968	1969	1970
Public Sector—					
(a) Central Government	827	897	726	25	85
(b) Local Government	88	403	345	228	704
(c) E.A. Community				353	1,880
Government Total	915	1,300	1,071	606	2,669
(d) Enterprise Statutory Boards and other Pub- lic Entities			1,997	1,115	2,421
Private Enterprises*—					
(a) Agriculture!	6,276	9,325	7,774	8,619	9,287
(b) Mining and Quarrying..	75	96	155	109	174
(c) Manufacturing	8,299	10,944	12,722	15,128	15,581
(d) Building and Construction	1,078	1,519	1,786	2,177	3,371
(e) Transport, Storage and Communications	701	1,117	1,429	2,910	2,955
(f) Trade:					
Export			8,666	8,010	10,028
Import	22,953	25,728	9,640	7,863	10,774
Domestic			9,840	10,234	12,984
(g) Real Estate	489	778	805	1,242	1,401
(h) Financial Institutions	4,767	3,889	3,352	3,438	2,732
(i) Other Businesses	7,057	10,312	4,799	4,730	4,986
Total Enterprises	51,695	63,708	60,968	64,460	74,273
Private Households— (including non-profit-making institutions)	2,902	2,994	2,753	3,846	7,581
Total Bills, Loans and Advances	55,513	68,002	66,789	70,025	86,943

*Public enterprises are included under this heading for the old series, including Forestry, Fishing and Wildlife.

2.14. Reference may be made here to the share index as a barometer for assessing fluctuations in the financial climate of the country. After relatively minor fluctuations in 1967, 1968 and 1969, the index moved to an entirely new level in 1970 and recorded a further jump in the early months of 1971. Surplus funds chasing a limited number of investment outlets on the share market are largely the cause of this situation, which might be eased if the volume of shares available for trading were to be broadened and the Stock Exchange used more often as a means of raising finance for expansion. However, the sale of shares by foreign owned companies leading to the repatriation of capital, which continues to occur, cannot be considered a satisfactory solution for this.

CHAPTER 3—TRADE AND COMMERCE

The value of world trade during 1970 was 15 per cent higher than in 1969. However, world export prices rose by about 5 per cent giving a growth in the real volume of trade of 10 per cent. Although smaller than growth in the volume of trade during 1968 and 1969, this was still above the average for recent years. Exports from primary producers rose by 11 per cent compared with an increase of 15 per cent in exports from developed countries. Generally speaking, commodities covered by international export restriction arrangements received more favourable prices, although values had started to weaken towards the end of the year. The rise in the price of coffee particularly had a marked impact on farm incomes and the value of exports from Kenya.

3.2. Both in absolute terms as well as in the rate of its growth, Kenya's external trade in 1970 was the highest ever and its overall value rose by 18 per cent. This was due primarily to the rise in imports of over K£29 million or just under 23 per cent. Exports also grew, but more moderately, by K£11.5 million or nearly 12 per cent and for the first time exceeded K£100 million. The rise in imports took place primarily in capital and intermediate goods. However, there was also a significant growth in imports of consumer goods, especially of food items.

Balance of Trade, 1966-1970					
Table 3.1	K£million				
	1966	1967	1968	1969	1970
Imports—					
From outside East Africa*	112.3	106.5	114.8	117.0	142.0
of which					
Commercial	92.3	88.3	97.8	100.7	126.5
Government	20.0	18.2	17.0	16.3	15.5
From Uganda and Tanzania	11.2	13.5	12.3	11.8	16.0
Total	123.5	120.0	127.1	128.8	158.0
Exports—					
To Markets outside E. Africa	57.9	53.3	57.8	63.3	71.6
Re.exports	4.1	6.1	5.2	5.2	5.8
To Uganda and Tanzania	29.2	26.5	26.3	28.8	31.4
Total	91.0	85.9	89.3	97.3	108.8
Balance of Trade—					
With Markets outside E. Africa	-50.3	-47.2	-51.8	-48.5	-64.6
With Uganda and Tanzania	18.0	13.0	14.0	17.0	15.4
Total	-32.3	-34.3	-37.8	-31.5	-49.2

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

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

3.3. The balance of trade is shown in Table 3.1. Total imports were K£158 million of which K£126.5 million were commercial imports from outside East Africa. Government imports in 1970 were slightly lower than those of the previous year. Imports from Uganda and Tanzania grew by 36 per cent and were valued at K£16 million, their highest level in any year. Exports and re.exports to markets outside East Africa totalled K£77.4 million, compared with K£68.5 million in 1969. As in the case of imports from these countries, exports to Uganda and Tanzania also reached the highest level ever recorded, although they grew by only 9 per cent. The reduction of K£1.6 million in Kenya's surplus on merchandise account with Uganda and Tanzania may perhaps be seen as a development towards more balanced trade between the partner states in the East African Community.

3.4. The effect of this relatively large increase in overall imports was a deficit on merchandise account in 1970 of K£49.2 million, K£17.7 million more than in 1969. However, this deficit does not correspond to that

Import Price Index
1964=100

Table 3.2

Overseas Imports—	1966	1967	1968	1969	1970*
Food	75	76	74	79	86
Beverages and tobacco	111	117	122	128	135
Basic materials, inedible	107	104	100	112	117
Mineral fuels	103	102	102	102	103
Animal and vegetable oils and fats	118	102	90	86	125
Chemicals	107	93	95	91	92
Textiles	114	118	121	131	154
Metals	101	98	98	100	109
Semi.manufactures	103	107	102	105	113
Machinery and transport equipment	107	107	110	108	103
Consumer goods	107	105	106	110	116
Total Overseas Imports	102	102	104	105	109
East African Imports—					
Food and live animals	105	103	100	103	109
Beverages and tobacco	95	114	103	108	127
Crude materials, inedible	101	108	104	107	113
Electric energy and residual fuel oils	97	98	98	87	85
Animal and vegetable oils and fats	118	111	143	152	134
Chemicals	124	119	143	138	118
Textile yarn, fabrics, made.up articles and related products	96	89	97	93	92
Metals and metal manufactures	110	114	120	119	124
Rubber, paper and paper products	121	114	109	113	107
Consumer goods	89	77	96	91	91
Total East African Imports	104	103	109	109	111
All Imports	102	102	104	105	109

*Overseas Imports provisional

Export Price Index
1964 = 100

Table 3.3

Overseas Exports	1966	1967	1968	1969	1970*
Agricultural Exports—					
Food and live animals	99	95	99	97	116
Crude materials, excluding sisal	111	104	98	97	100
Sisal	57	47	42	46	41
Total agricultural exports	96	92	94	92	106
Other Exports—					
Mineral fuels, lubricants and related materials	104	109	109	111	105
Chemicals	107	104	103	121	125
Manufactured goods	127	97	104	96	96
Total Overseas exports	99	93	94	94	106
East African Exports—					
Food and live animals	109	111	115	121	125
Beverages and tobacco	109	121	96	60	86
Crude materials, inedible	98	97	108	122	128
Mineral fuels and lubricants	100	102	97	94	91
Animal and vegetable oils and fats	110	106	121	109	111
Chemicals	116	116	118	103	102
Textile yarn, fabrics, made up articles and related products	117	99	91	98	94
Metals and metal manufactures	106	116	103	109	115
Rubber, paper and paper products	107	122	128	126	112
Machinery and transport equipment	106	112	133	143	182
Consumer goods	108	125	136	135	135
Total East African Exports	109	144	114	111	114
All Exports Excluding Gold	102	100	100	99	108

*Overseas Exports provisional

shown for merchandise transactions in the balance of payments, set out in Table 1.12, because the latter includes a variety of adjustments.

3.5. Export and import price indices are shown in Tables 3.2 and 3.3. Although they have the same base year, these indices are different from those published for the same years in the 1970 Economic Survey, due to changes made in order to introduce finer commodity classifications. The overall import price index rose by 4 points but prices of imports from Uganda and Tanzania rose more slowly. Prices of overseas imports (defined as imports from outside East Africa) rose more rapidly than in 1969, reflecting the heavy inflation prevalent in the industrial market economies. Taken as a whole, export prices rose by 9 per cent. The most important growth was in the prices of agricultural items, which make up the largest part of Kenya's exports; the index of agricultural prices rose from 92 to 106. The main reason for this was a rise in coffee and tea prices.

3.6. The overall effect of better export prices was an improvement in the terms of trade, shown in Table 3.4. However, despite this improvement, they remained slightly below the level recorded in 1966.

Terms of Trade, 1966-1970
(1964 = 100)

Table 3.4

	1966	1967	1968	1969	1970
External Trade	97	91	90	90	97*
Inter-territorial Trade	105	111	105	102	103
Total Trade	100	98	97	95	99*

*Provisional

Imports

3.7. A significant growth in imports during 1970 had been forecast in last year's Economic Survey. However, in the event, the growth in imports turned out to be much larger than anticipated. As had been forecast, a particularly notable increase was apparent in the imports of capital goods and equipment. A more unexpected upturn occurred in those of food, drink and tobacco, particularly from Uganda and Tanzania. An analysis of imports by categories is shown in Table 3.5; imports from East Africa and from overseas for these categories are distinguished in Table 3.6 and imports of the more important individual items are set out in Table 3.7.

Total Imports* by Broad Economic Category, 1964, 1969 and 1970
Table 3.5

	Imports K£'000			Per cent of Total		
	1964	1969	1970	1964	1969	1970
1. Food, drink and tobacco	12,090.9	7,845.4	12,091.6	13.7	6.1	7.7
2. Basic materials	3,756.0	6,676.4	7,175.0	4.3	5.2	4.5
3. Fuels	9,692.1	13,429.7	15,033.4	11.1	10.4	9.5
4. Chemicals	7,116.8	12,725.9	15,558.9	8.1	9.9	9.9
5. Textiles	9,386.1	11,361.4	12,779.2	10.7	8.8	8.1
6. Semi.manufactures	5,480.7	10,206.6	11,916.2	6.2	7.9	7.5
7. Metals	7,570.0	13,004.8	17,522.3	8.6	10.1	11.1
8. Transport equipment	11,350.2	21,671.4	21,674.0	12.9	16.8	13.7
9. Other capital goods	13,478.0	22,240.8	31,150.6	15.3	17.3	19.7
10. Consumer goods	4,408.5	6,260.1	8,313.4	5.0	4.9	5.3
11. Miscellaneous	3,620.1	3,348.4	4,797.3	4.1	2.6	3.0
Total	87,948.9	128,770.9	158,011.9	100.0	100.0	100.0

*Overseas and East African imports taken together.

Imports from Overseas* and from East Africa by Broad Economic Category, 1966-1970

Table 3.6

K£'000

Category	1966		1967		1968		1969		1970	
	Overseas	East Africa	Overseas	East Africa	Overseas	East Africa	Overseas	East Africa	Overseas	East Africa
1. Food, drink and tobacco	12,796.6	3,425.9	5,205.5	5,397.0	5,843.7	4,457.8	4,114.9	3,730.5	6,451.9	5,639.7
2. Basic materials	3,452.4	1,736.8	2,782.6	1,956.9	3,786.9	2,092.2	5,233.5	1,442.9	4,768.3	2,406.7
3. Fuels	11,819.3	447.0	11,955.9	720.9	13,193.8	580.1	12,999.9	429.8	14,558.6	474.8
4. Chemicals	8,817.3	865.5	8,075.1	703.5	11,245.8	615.6	111,935.2	790.7	14,816.0	742.9
5. Textiles	10,127.0	2,451.0	7,529.9	2,632.1	10,322.7	2,038.4	8,834.7	2,526.7	9,462.6	3,316.8
6. Semi manufactures	7,197.2	589.9	7,102.9	676.1	8,385.0	759.5	9,594.7	611.9	10,963.6	952.2
7. Metals	9,298.6	1,054.2	11,045.6	825.2	11,171.0	886.6	11,695.0	1,309.8	16,311.2	1,211.3
9. Transport equipment	20,481.6	9.2	21,032.2	5.7	18,447.2	8.6	21,666.4	5.0	21,662.9	11.1
9. Other capital goods	18,201.3	66.6	23,024.0	118.7	21,104.3	343.1	21,810.4	430.4	30,634.6	516.0
10. Consumer goods	5,302.1	554.0	4,226.2	464.4	6,056.5	552.6	5,729.3	530.8	7,600.4	713.0
11. Miscellaneous	4,810.9	14.7	4,556.3	14.8	5,207.1	7.5	3,336.5	11.9	4,795.6	1.7
Total	112,304.3	11,214.8	106,334.2	13,515.2	114,764.0	12,342.0	116,950.5	11,820.4	142,025.7	15,986.3

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

SELECTED NET IMPORTS, 1966-1970

Table 3.7

K£'000

	Crude Petro- leum	Motor Vehicles and Chassis	Agricultural Machinery and Tractors	Industrial Machinery (including electrical)	Iron and Steel	Fabrics of Cotton	Fabrics of Synthetic Fibres	Paper and Paper Products	Pharma- ceutical Products	Fertilizers
1966	9,094	7,902	2,030	12,662	5,004	3,101	2,647	4,529	1,628	2,044
1967	9,454	9,534	2,333	17,053	5,598	1,830	1,454	4,805	1,745	1,601
1968	9,656	8,072	2,295	14,690	6,147	2,752	3,183	4,798	2,194	1,875
1969	10,168	9,894	1,911	15,427	6,473	1,923	2,354	5,697	2,459	2,272
1970	11,023	11,473	2,420	22,413	7,532	1,022	3,849	6,648	2,712	3,041

3.8. The growth of K£4.2 million in imports of food, drink and tobacco was apparent in imports from overseas as well as those from East Africa. The largest imported food item from overseas was sugar, valued at nearly K£1 million. Other major food items imported from overseas included K£410,000 of milk powder and butter, and K£ 550,000 of cereals and flour. More than half of the increase in imports of food, drink and tobacco from Uganda and Tanzania was accounted for by unmanufactured tobacco. Another 30 per cent was accounted for by cereals, fruits and vegetables and margarine and shortenings.

3.9. Imports of basic materials, fuels and semi-manufactures were K£3.8 million higher than in 1969. These intermediate products were imported by Kenya's industrial sector for local processing and fabrication. To some extent the additional imports of metals also fell into this category, although the bulk was probably utilized in the building and construction industry, which maintained a high level of activity (see Chapter 6).

3.10. As shown in Tables 3.7 and 3.8, the largest growth in imports was in capital items, including machinery and transport equipment. Thus the major part of the growth in imports during 1970 was absorbed in the development of facilities for future production. Machinery for a tyre factory now being built accounted for 20 per cent of the rise of these imports. After falling for two successive years, imports of agricultural machinery also rose, as did those of fertilizer.

3.11. Almost the entire growth in imports of transport equipment was in items for use in the private sector. In absolute terms, imports of buses, lorries and chassis for assembly rose as fast as those of motor cars, although their rate of increase was higher. A high rate of growth was also evident in imports of aircraft for commercial use, reflecting the growing amount of air charter business associated with tourism. Imports of transport equipment by the public sector declined by nearly K£2.5 million.

3.12. A more accurate picture of end-uses of imports consumed and retained within Kenya is presented in Table 3.9. The significant growth in imports of capital goods is very apparent in this table. Although the absolute level of imports of intermediate goods rose, the share of these in total imports fell slightly, while that of household consumption goods remained unchanged. The proportion of Government imports in the total declined substantially. Compared with the previous year, the distribution of imports by originating industry did not change very much and the trend of previous years—a decreasing proportion of primary imports and a continued high proportion of manufactured goods, particularly capital goods[^] was maintained.

Table 3.8		Imports of Transport Equipment*, 1968-1970						K£'000	
		Private			Public		Total Imports		
	1968	1969	1970	1968	1969	1970	1968	1969	1970
Railway rolling stock	6.5	6.0	4.7	3,608.7	948.4	303.1	3,615.2	954.4	307.8
Motor cars	3,648.5	4,845.5	5,896.0	103.2	68.8	60.1	3,752.0	4,914.3	5,956.1
****Buses, lorries and chassis for assembly	3,478.0	3,867.0	4,855.8	841.4	1,112.5	660.9	4,319.4	4,979.5	5,516.7
Motor vehicle parts	2,188.6	2,416.6	2,741.3	122.5	67.1	68.3	2,311.1	2,483.7	2,816.6
Aircraft	392.6	675.7	1,741.4	948.6	4,476.8	3,398.2	1,341.2	5,152.5	5,139.6
Aircraft parts	185.4	216.1	250.4	1,823.4	2,025.2	1,909.6	2,008.8	2,241.3	2,160.0
Aircraft engines	52.8	198.8	48.6	1,468.9	1,731.7	1,574.2	1,521.7	1,930.5	1,622.8
Other	929.9	882.8	599.6	169.6	57.9	28.1	1,099.5	940.7	627.7
Total Transport ..	10,882.6	13,108.5	16,144.8	9,066.5	10,488.4	8,002.5	19,968.9	23,596.9	24,147.3

*Includes aircraft engines which are not included in "Transport equipment" in Tables 3.5 and 3.6

End Use Analysis of Imports, 1965-1970*

Table 3.9

Industry of Origin	Enterprise and Household Imports K£'000					Government Imports K£'000	Total Retained Imports	
	Year	Intermediate Goods	Capital Goods	Final Household Consumption Goods	Total Enterprise and Household Imports		K£'000	Percentage Proportion by origin
Imports originating in primary producing industries	1965	14,620	49	1,364	16,033	39	16,072	17.3
	1966	14,094	68	1,222	15,384	15,590	15,974	14.5
	1967	12,381	122	1,447	13,950	20	13,970	12.7
	1968	12,132	125	1,578	13,835	106	13,941	12.1
	1969	12,416	96	1,262	13,774	32	13,806	11.7
	1970	12,850	100	1,000	13,950	50	14,000	10.4
Imports originating in manufacturing industries (including electricity).	1965	39,899	11,322	17,748	68,969	3,803	72,772	78.1
	1966	45,439	17,081	21,173	83,693	5,782	89,475	80.9
	1967	47,060	22,817	17,286	87,163	4,397	91,560	83.0
	1968	52,166	19,262	20,038	91,466	4,751	96,217	83.4
	1969	55,528	20,125	20,099	95,752	4,677	100,429	85.2
	1970	59,150	31,350	22,230	112,730	4,270	117,000	85.9
Imports not classified according to industry of origin.	1965	274		3,649	3,923	386	4,309	4.6
	1966	427		4,246	4,673	459	5,132	4.6
	1967	433		3,559	3,992	715	4,707	4.3
	1968	217		4,199	4,416	821	5,237	4.5
	1969	340		3,113	3,453	153	3,606	3.1
	1970	300		4,620	4,920	180	5,100	3.7
Total use of imports	1965	54,793	11,371	22,761	88,925	4,228	93,153	322.0
	1966	59,960	17,149	26,641	103,750	6,831	110,581	100.0
	1967	59,874	22,939	22,292	105,105	5,132	110,237	100.0
	1968	64,515	19,387	25,815	109,717	5,678	115,395	100.0
	1969	68,284	20,221	24,474	112,979	4,862	117,841	100.0
	1970	72,300	31,450	27,850	131,600	4,500	136,100	100.0
Percentage proportions by usage	1965	58.8	12.2	24.5	95.5	4.5	100.0	
	1966	54.2	15.5	24.1	93.8	6.2	100.0	
	1967	54.3	20.8	20.2	95.3	4.7	100.0	
	1968	55.9	16.8	22.4	95.1	4.9	100.0	
	1969	57.9	17.2	20.8	95.9	4.1	100.0	
	1970	53.1	23.1	20.5	96.7	3.3	100.0	

ORIGIN OF OVERSEAS (NET) IMPORTS, 1966-1970

Table 3.10

REGION/COUNTRY	TOTAL IMPORTS					PERCENTAGE PROPORTIONS				
	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970
Sterling Area—										
United Kingdom	37,752	34,989	36,110	36,453	41,459	33.6	32.8	31.5	31.2	29.2
India	3,501	3,178	2,870	2,957	3,104	3.1	3.0	2.5	2.5	2.2
Hong Kong	1,750	1,291	1,910	1,519	2,060	1.5	1.2	1.7	1.3	1.5
Pakistan	1,320	1,381	1,602	1,019	531	1.2	1.3	1.4	0.9	0.4
Australia	1,070	1,354	1,700	2,137	1,884	1.0	1.3	1.5	1.8	1.3
Zambia	156	2	128	104	133	0.1			0.1	0.1
Other	4,103	2,582	1,730	2,362	2,757	3.7	2.4	1.5	2.0	1.9
Total	49,652	44,777	46,050	46,551	51,928	44.2	42.0	40.1	39.8	36.6
U.S. A	11,275	7,764	7,922	8,736	11,906	10.0	7.3	6.9	7.5	8.4
Canada	536	745	773	806	797	0.5	0.7	0.7	0.7	0.6
E.E.C.—										
West Germany	8,056	10,560	9,112	9,574	11,197	7.2	9.9	7.9	8.2	7.9
Italy	3,612	3,879	4,841	4,896	6,185	3.2	3.6	4.2	4.2	4.4
France	3,555	3,850	4,103	3,881	5,138	3.1	3.6	3.6	3.3	3.6
Netherlands	3,252	2,825	3,440	4,290	4,100	2.9	2.7	3.0	3.7	2.9
Other	2,779	2,290	2,129	1,642	2,031	2.5	2.2	1.9	1.4	1.4
Total	21,254	23,404	23,625	24,283	28,651	18.9	22.0	20.6	20.8	20.2
E.F.T.A. (excluding U.K.) Total	3,602	3,751	3,982	4,636	5,556	3.2	3.5	3.5	4.0	3.9
U.S.S.R. and Eastern Europe	4,347	2,084	2,555	2,607	1,927	3.9	2.0	2.2	2.2	1.3
Rest of the World—										
Iran	7,900	8,575	8,944	8,138	8,887	7.1	8.0	7.8	6.9	6.3
Japan	2,695	5,827	7,969	9,344	15,196	2.4	5.5	6.9	8.0	10.7
China	1,944	876	1,592	1,151	1,213	1.7	0.8	1.4	1.0	0.8
Africa (non-sterling)	1,275	1,160	924	964	1,043	1.1	1.1	0.8	0.8	0.7
Other	3,358	3,493	5,808	6,310	9,951	3.0	3.3	5.1	5.4	7.0
Total	17,172	19,931	25,237	25,907	36,290	15.3	18.7	22.0	22.1	25.5
Parcel Post and Special Transactions	4,466	4,077	4,620	3,425	4,970	4.0	3.8	4.0	2.9	3.5
Grand Total	112,304	106,534	114,764	116,951	142,025	100.0	100.0	100.0	100.0	100.0

3.13. The regional distribution of Kenya's imports is set out in Table 3.10. The figures for 1970 underline trends apparent over the last few years. Imports from the sterling area continued to decline in importance whereas those from the "rest of the world" continued to rise. The most notable growth has been in imports from Japan which have grown during the last five years from 2.4 per cent to 10.7 per cent of the total. After the United Kingdom, Japan has now become the second largest supplying country. West Germany, which held this position until 1969, was pushed into fourth place by the United States, mainly due to imports associated with the tyre factory mentioned above. The share of the E.E.C has not changed significantly during the last three years.

Exports

3.14. The value of exports was higher than forecast in last year's Economic Survey, primarily due to coffee prices exceeding the levels anticipated. Although smaller than the growth of imports, the value of exports rose significantly by K£11.5 million overall, made up of K£8.3 million in overseas exports, K£2.6 million in East African exports and K£0.6 million of re.exports. As far as overseas exports were concerned, 83 per cent of the growth was accounted for by the rise in exports of coffee and tea. Exports by broad economic category, set out in Table 3.11, show more modest changes in categories other than food, drink and tobacco. Changes in the value, quantities and prices of exports are shown in Tables 3.12, 3.13 and 3.14.

3.15. Coffee strengthened its position as the largest single item of overseas exports, accounting for 31 per cent of the total. The growth of 32 per cent in the value of coffee exports was accounted for primarily by the 25 per cent rise in the export price; the quantity exported increased by only 5 per cent. The rise in tea exports was attributable both to higher prices and an increase in the volume exported. In value terms, sisal exports increased a little, despite a fall of 12 per cent in the f.o.b. price. The rise in exports was due largely to the fact that stocks which had accumulated in 1969 were exported early in 1970. Shipments of cotton and cashew-nuts also rose substantially. Maize exports which had been worth nearly K£2.8 million in 1969, fell to K£4.000 in 1970, reflecting the shortage on the domestic market. Pyrethrum exports declined due to falling production. Conditions affecting the output of these crops are discussed in greater detail in Chapter 4.

3.16. The effect of improved prices of coffee and tea on the terms of trade has already been mentioned. To some extent the impact of this was offset by a decline in the price of other commodities such as sisal, hides and skins, cashew-nuts and wool, but these commodities have a smaller weight in total exports.

EXPORTS TO OVERSEAS* AND EAST AFRICA BY BROAD ECONOMIC CATEGORY, 1966-1970 *

Table 3.11

K£'000

CATEGORY	1966		1967		1968		1969		1970	
	Overseas	E.A.	Overseas	E.A.	Overseas	E.A.	Overseas	E.A.	Overseas	E.A.
1. Food, drink and tobacco	33,685.5	7,354.5	30,842.6	7,456.8	34,911.2	5,770.6	38,209.2	7,647.8	44,552.6	8,060.5
2. Basic Materials	11,905.0	586.1	9,127.9	780.6	9,325.5	955.4	9,548.3	937.5	9,628.3	1,094.9
3. Fuels	5,874.2	4,716.6	7,336.9	4,377.9	6,320.3	4,683.3	7,817.6	5,124.8	8,370.9	5,814.0
4. Chemicals	2,935.0	3,800.7	2,416.2	3,649.8	2,823.3	3,855.6	2,728.2	4,233.6	3,523.2	4,849.5
5. Textiles..	207.3	2,448.7	281.3	1,711.2	350.2	1,918.8	381.9	1,505.9	308.0	1,147.7
6. Semi-manufactures ...	1,777.9	3,276.9	1,885.1	3,011.1	2,257.4	3,790.3	2,938.3	3,716.2	3,384.3	4,244.2
7. Metals	664.1	2,005.8	273.8	1,615.9	500.4	1,459.8	354.8	1,595.8	555.9	1,973.6
8. Transport equipment .	0.5	94.3	0.2	60.8	0.9	60.4	0.8	126.4	0.7	69.5
9. Other capital goods	85.6	335.2	116.9	432.3	166.6	778.9	177.6	944.2	180.5	1,301.5
10. Consumer goods	459.1	4,292.7	647.1	3,193.9	735.8	3,052.5	859.0	2,962.5	973.1	2,894.2
11. Miscellaneous..	259.2	109.1	375.1	102.4	403.4	8.1	316.0	2.3	129.0	0.2
TOTAL	57,853.4	29,120.5	53,303.1	26,393.2	57,795.0	26,333.7	63,331.7	28,797.0	71,606.9	31,449.8

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

Quantities of Principal Overseas Exports, 1966-1970

Table 3.12

Item	Unit	1966	1967	1968	1969	1970
Coffee	Metric Tons	54,460	50,748	37,596	50,969	53,725
Tea	Metric Tons	22,608	18,481	27,500	32,835	35,063
Petroleum Products	Million Litres	782	1,028	907	929	1,038
Pyrethrum Products	Metric Tons	1,682	1,895	2,168	2,397	1,753
Meat Products	"	8,694	8,281	7,095	5,938	6,683
Sisal	"	55,751	41,443	41,896	35,755	44,291
Hides and Skins	"	7,602	6,859	6,989	6,548	5,983
Soda Ash	"	106,746	98,330	112,489	85,938	157,155
Cement	"	169,527	221,189	239,027	309,026	343,069
Maize (raw)	"	2	79,848	277,525	140,893	84*
Canned pineapples	"	6,107	6,169	5,279	7,959	7,465
Butter and ghee	"	1,033	746	1,037	824	656
Beans and peas	"	12,443	5,632	17,712	10,849	9,583
Cotton (raw)	"	4,188	3,111	1,688	2,780	5,082
Wool	"	1,438	1,418	1,798	1,821	1,675
Animal feeds	"	18,776	25,361	28,410	29,870	31,827
Cashew nuts	"	5,641	7,770	8,607	9,141	23,174

* Consisting of small shipments of "special purpose" maize sold at about three times the price for ordinary maize. For this reason, no price is shown in Tables 3.13 and 3.14.

Export Prices, 1966-1970

Table 3.13

K.Sh./Unit

Item	Unit of Quantity	1966	1967	1968	1969	1970
Coffee unroasted	Kg.	6.90	6.17	6.81	6.61	8.29
Tea	Kg.	7.71	8.00	7.30	6.87	7.25
Petroleum products	1,000 Kg.	149.58	139.54	134.75	164.12	157.53
Maize	100 Kg.	—	35.21	34.41	39.36	*
Meat and products	Kg.	6.89	6.90	8.53	8.74	8.53
Pyrethrum extract	Kg.	149.25	148.17	136.77	121.14	132.15
Sisal	100 Kg.	119.82	99.62	87.46	96.05	84.20
Hides and skins, undressed	Kg.	6.77	5.08	4.78	5.71	5.52
Wattle extract	Kg.	111	1.07	1.09	1.38	1.52
Soda ash	100 Kg.	20.87	20.78	20.13	21.03	21.29
Cement	100 Kg.	9.94	9.09	9.83	9.28	9.59
Beans, peas, etc	Kg.	0.93	1.16	0.94	0.97	1.07
Cashew nuts, raw	Kg.	1.52	1.39	1.46	1.49	1.37
Wool	Kg.	7.84	6.90	6.40	6.05	5.45
Animal feed	100 Kg.	42.13	36.55	35.64	34.88	41.07
Cotton, raw	Kg.	4.15	4.04	4.72	5.47	4.82
Pineapples, tinned	Kg.	1.75	1.77	1.67	1.82	1.79
Butter and ghee	Kg.	7.59	6.80	6.16	6.66	7.14
Wattle bark	100 Kg.	55.91	54.91	54.79	63.06	64.79

* See footnote to Table 3.12

Overseas Exports, 1969 and 1970: Changes in Value, Quantity and Price

Table 3.14

Item	Value k£'000			Percentage Change in		
	1969	1970	Change	Value	Quantity	Price
Coffee, unroasted	16,836.6	22,259.1	5,422.3	32.2	5.4	25.4
Tea	11,271.1	12,704.5	1,433.4	12.7	6.8	5.5
Petroleum products	7,623.2	8,175.6	552.4	7.2	11.7	4.0
Maize	2,772.5	4.3	2,768.2	-99.8	-99.9	
Meat and products	2,595.0	2,853.1	258.1	9.9	12.5	-2.4
Pyrethrum extract	2,225.0	1,748.4	-476.6	-21.4	-28.0	9.1
Sisal	1,717.1	1,864.8	147.7	8.6	23.9	-12.3
Hides and Skins, undressed	1,870.8	1,653.0	-217.8	-11.7	-8.6	-3.3
Wattle extract	1,144.4	1,141.4	-3.0	-0.3	-9	10.1
Soda ash	903.5	1,672.8	769.3	85.1	82.9	1.2
Cement	1,434.5	1,644.5	210.0	14.6	11.0	3.3
Beans, Peas, etc	528.7	512.3	-16.4	-3.1	-11.7	-10.3
Cashew nuts, raw	679.8	1,588.1	908.3	133.6	153.5	-8.1
Wool	550.8	372.6	-178.2	-32.3	-8.0	-26.4
Animal feed	520.9	652.6	131.7	25.4	6.5	17.7
Cotton, raw	760.9	1,225.2	464.6	61.0	82.8	11.9
Pineapples, tinned	723.0	669.3	-53.7	-7.4	-6.2	-6.6
Butter and Ghee	274.3	234.2	-40.1	-14.6	-20.4	1.2
Wood Carvings	294.4	298.5	4.1	1.4		
Metal scraps	406.3	423.2	17.0	4.2	17.3	-11.2
Wattle bark	40.3	28.3	-12.0	-29.8	31.8	+2.7
All other items	8,158.5	9,879.8	1,721.3	21.1		
Total	63,331.7	71,606.9	8,275.2	13.1		

* See footnote to Table 3.12.

3.17. Shipments of soda ash rose sharply, by 83 per cent. Among manufactures, petroleum products remained the largest single item although the rise in exports of these was only 7 per cent, compared with nearly 25 per cent in 1969. Cement exports continued to grow, but also more slowly than in 1969.

3.18. The direction of overseas exports is shown in Table 3.15. Sterling Area countries continued to be the major outlet, although the share of exports going to these declined slightly. Britain remained the largest single customer of Kenya, followed by West Germany, the United States and the Netherlands in that order. Total exports to E.E.C. countries declined slightly and those to the EFTA group (excluding the United Kingdom) rose by 2 per cent. A comparison of Tables 3.10 and 3.15 suggests that the most striking disparity in the balance of trade between Kenya and its major trade partners continues to be with Japan, which last year bought only K£ 1.2 million worth of goods from Kenya but supplied imports worth K£15.2 million.

Direction of Overseas Exports*, 1966-1970

Table 3.15

Region/Country		Total Exports K£'000					Percentage Proportions				
		1966	1967	1968	1969	1970	1966	1967	1968	1969	1970
43	Sterling Area—										
	United Kingdom	13,511	14,781	15,879	15,491	14,847	21.8	24.9	25.9	25.2	20.7
	Zambia	1,735	2,623	2,913	4,294	2,307	2.8	4.4	4.6	6.3	3.2
	India	1,596	1,507	1,659	1,762	2,734	2.6	2.5	2.7	2.6	3.8
	Australia	615	641	649	595	618	1.0	1.1	1.0	0.8	0.9
	Hong Kong	40	337	317	299	228	0.1	0.6	0.5	0.4	0.7
	Pakistan	330	393	251	240	260	0.5	0.7	0.4	0.5	0.4
	Other	4,385	4,070	2,861	3,552	4,363	7.0	6.9	4.6	5.2	6.1
	Total	22,212	24,352	24,529	26,333	25,654	35.8	41.1	39.0	38.4	35.8
	U.S. A	5,384	3,828	4,202	5,229	6,357	8.7	6.5	6.7	7.6	8.9
	Canada	2,080	2,136	1,311	1,440	1,805	3.4	3.6	2.1	2.1	2.5
	EEC—										
	West Germany	8,150	4,943	5,861	7,867	6,817	13.2	8.3	9.3	11.8	9.5
	Netherlands	3,439	2,457	2,882	2,457	3,749	5.5	4.1	4.6	3.6	5.2
	Italy	1,658	1,454		1,431	1,539	2.7	2.5	2.0	2.1	2.1
	France	764	559		700	555	1.2	0.9	2.0	1.0	0.8
	Other	513	458	468	604	634	0.8	0.8	0.8	0.9	0.9
	Total	14,524	9,871	11,797	13,059	13,294	23.4	16.6	18.7	19.1	18.5
	E.F.T.A. (excluding U.K.) Total	2,442	2,689	2,033	2,750	4,381	3.9	4.5	3.2	4.0	6.1
	U.S.S.R. and Eastern Europe Total	1,549	884	1,374	1,280	1,050	2.5	1.5	2.2	1.9	1.5
	Rest of the World—										
	Iran	143	223	613	199	335	0.2	0.4	0.1	0.3	0.5
	Japan	1,794	1,247	1,697	1,305	1,225	2.1	2.1	2.7	1.9	1.7
	China	931	1,092	437	478	619	2.9	1.8	0.7	0.7	0.9
	Africa (non sterling)	3,893	2,970	4,989	4,739	4,407	6.3	5.0	7.9	6.9	6.1
	Other	3,436	4,302	4,781	4,860	6,068	5.6	7.3	7.6	7.1	8.5
	Total	10,197	9,834	12,517	11,581	12,654	16.5	16.6	19.9	16.9	17.7
	Ship and Aircraft Stores	3,594	5,714	5,172	6,838	6,411	5.8	9.6	8.2	10.0	9.0
	All Exports	61,982	59,308	162,935	68,510	71,606	100.0	100.0	100.0	100.0	100.0

*Excluding gold and currency but including re.exports.

Table 3016

Trade with African Countries, 1966-1970

K£'000

	Exports*					Net Imports				
	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970
Mainland—										
Uganda	15,619	14,796	13,265	15,949	16,698	7,317	10,165	8,650	7,803	10,043
Tanzania	13,608	11,663	13,069	12,848	14,752	3,898	3,350	3,692	4,018	5,938
Zambia	1,735	2,623	2,913	4,294	4,292	156	131	128	104	133
Ethiopia	244	279	473	501	918	36	18	7	15	106
Burundi	198	384	315	329	481	—	—	—	—	—
Somalia	324	7	636	881	735	10	—	57	18	22
Sudan	947	435	752	204	217	7	5	8	26	20
Rwanda	557	467	679	858	901	26	40	66	93	102
Congo (Kinshasa)	646	451	584	579	1,115	624	528	574	527	670
Rhodesia	—	—	—	—	—	9	—	—	—	—
"Malawi	210	126	162	181	236	203	335	161	29	93
Mozambique	128	127	180	138	190	501	339	124	169	397
Egypt	88	130	539	334	448	19	23	64	35	34
Algeria and Libya	22	14	69	195	195	52	28	29	2	21
Ghana and Nigeria	51	76	186	206	142	4	16	25	29	14
Other	—	—	—	—	318	—	—	—	—	10
Indian Ocean Islands—										
Mauritius	601	821	455	494	753	3	3	1	1	1
Reunion	461	405	433	613	637	—	—	—	—	—
Other	449	513	642	1,200	741	8	170	5	230	106
Total	35,867	33,317	35,350	39,804	43,769	12,855	15,151	13,591	13,099	17,711
Percentage of all Exports/ Imports.	39.4	38.8	39.6	40.9	39.9	10.4	12.6	10.7	10.2	11.2

•Including Re-exports (except for East African Trade).

Available only for 1970.

J Madagascar and Seychelles.

Trade with African Countries

3.19. This is shown in Table 3.16. At K£61.5 million, imports and exports together were K£8.6 million (16 per cent) higher than in 1969. Imports rose faster than exports thus altering the previous years' situation of a widening imbalance in Kenya's favour. Imports from Uganda and Tanzania contributed most to this development, but there was also a significant growth in imports from other African countries. Taken as a whole, imports from these other African countries were valued at K£1.7 million, 35 per cent higher than in 1969. Exports to countries other than Uganda and Tanzania were K£12.3 million, compared with K£11.0 million in 1969, a rise of 12 per cent. There was a particularly striking growth in exports to Ethiopia, from K£0.5 million to K£0.9 million and Congo (Kinshasa), from K£0.6 million to K£1.1 million. Exports to Somalia also increased. Outside the East African Common Market, Zambia continued to be Kenya's main export market in Africa, and took 35 per cent of all exports to African States outside East Africa. However, after rising sharply in 1969, exports to Zambia remained static in 1970, although imports from that country rose by 28 per cent.

Trade within the East African Community

3.20. In 1970, the volume of Kenya's trade with the partner states in the Community rose to a new level of K£47.4 million, compared with K£40.6 million in 1969. Both exports and imports from the partner states reached record levels. However, as indicated earlier in this chapter, imports rose faster and helped to narrow the trade imbalance between Kenya and the other partner states by K£1.5 million, from K£17 million in 1969 to K£15.5 million in 1970. This is shown in Table 3.17.

Table 3.17 Trade With East Africa, 1960-1970						K£'000
	1960	1966	1967	1968	1969	1970
Exports—						
To Tanzania	7,608	13,282	11,382	13,069	12,847	14,752
To Uganda	6,163	15,619	14,796	13,265	15,949	16,698
Total	13,771	28,901	26,178	26,334	28,796	31,450
Imports—						
From Tanzania	1,875	3,806	3,288	3,692	4,018	5,938
From Uganda	5,120	7,317	10,165	8,650	7,804	10,048
Total	6,995	11,123	13,453	12,342	11,822	15,986
Balance—						
With Tanzania	5,733	9,476	8,094	9,377	8,829	8,814
With Uganda	1,043	8,302	4,631	4,615	8,145	6,651
Total	6,776	17,778	12,725	13,992	16,974	15,465

Imports from Tanzania, 1966-1970

Table 3.18

K£'000

Item	1966*	1967*	1968	1969	1970
Food—					
Meat and meat preparations	113	114	66	66	51
Cereals and cereal preparations	89	131	87	160	285
Fruits and vegetables	353	353	248	356	590
Sugar, not refined	1	2	4	—	12
Coffee and tea	33	51	112	39	213
Margarine and shortenings	20	15	33	179	164
Others	231	190	464	719	669
Total	842	856	1,014	1,519	1,984
Beverages and Tobacco—					
Beer	1	8	11	—	—
Cigarettes	34	4	2	—	—
Unmanufactured tobacco	352	269	19	163	728
Other	10	4	3	5	7
Total	397	285	35	168	735
Basic Materials and Fuels—					
Oil seeds, oil nuts and oil kernels, etc.	187	173	106	38	39
Vegetable oils	343	320	558	185	524
Electricity	—	—	—	—	—
Petroleum products	5	106	79	1	—
Other	251	264	360	380	561
Total	786	923	1,103	604	1,124
Other Manufactured Goods—					
Soap, cleansing and polishing preparations	4	18	64	59	67
Textile fabrics, articles etc:—					
Cotton piece goods	60	43	31	51	247
Other	406	206	206	243	248
Iron and steel	26	1	1	1	1
Aluminium	341	199	258	225	287
Metal manufactures	155	112	140	144	164
Wireless sets, domestic	55	107	205	276	220
Clothing	38	49	52	16	27
Footwear	247	106	65	57	64
Other	439	375	518	654	770
Total	1,773	1,216	1,540	1,726	2,094
Miscellaneous—	10	8	—	1	1
All Exports	3,806	3,288	3,692	4,018	5,938

* Excluding Zanzibar.

Excluding by-products.

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

3.21. About sixty five per cent of the growth of Kenya's exports to Uganda and Tanzania consisted of goods which would be categorized as "manufactured" under the Treaty for East African Co-operation. The growth of imports of "manufactured" goods from Uganda and Tanzania was lower than during 1969, owing to the significance of unmanufactured tobacco in imports last year. However, taken as a whole, about seventy per cent of the imports from Uganda and Tanzania are of "manufactured" goods as defined in the Treaty. The proportion is higher in imports from Uganda—approximately 85 per cent.

3.22. Details of imports from Tanzania are set out in Table 3.18. These show a rise in almost all categories of goods imported. The most notable item was unmanufactured tobacco imports, which rose from K£163,000 in 1969 to K£728,000 in 1970. Among food items there was a significant growth in imports of fruits and vegetables, and coffee and tea. Purchases of vegetable oils recovered to very nearly the level reached in 1968. Among "other manufactured goods" there was a sharp rise in imports of cotton piece goods, the value of which rose nearly five times.

3.23. Exports to Tanzania, shown in Table 3.19, rose 15 per cent. The rise of K£2 million in these was shared almost equally between "food" and "other manufactured goods". Nearly half the growth in exports of "other manufactured goods" came from cement exports. The second major growth item was chemicals, with relatively small changes in other items. Although the rate of growth of imports from Tanzania exceeded exports to that country, the composition of items in the rising level of trade further underlined the "imbalance" of transactions in "manufactured goods" in Kenya's favour.

3.24. Imports and exports from Uganda are shown in Tables 3.20 and 3.21. Total imports increased by K£2.2 million. About 40 per cent of this growth was in "other manufactured goods", notably cotton piece goods. A large part of the rest was in "beverages and tobacco" and in "basic materials". In contrast to the growth in imports from Uganda, Kenya's exports in 1970 rose only by K£0.8 million, an increase of 5 per cent. Petroleum products remained the largest single item and exports of these rose by over K£0.8 million. There was a small growth in "other manufactured goods", although exports of food and beverages and tobacco actually declined.

Exports to Tanzania, 1966-1970

Table 3.19

K£'000

Item	1966*	1967*	1968	1969	1970
Food—					
Meat and meat preparations	162	135	138	143	148
Dairy products	443	566	498	705	742
Cereals and cereal pre para tions	387	970	965	464	658
Fruit and vegetables	371	411	390	365	495
Coffee and tea	318	383	275	386	458
Other	837	340	603	735	1,200
Total	2,518	2,805	2,869	2,798	3,701
Beverages and Tobacco—					
Beer	438	281	216	111	180
Cigarettes	163	194			—
Other	249	422	89	103	87
Total	850	897	305	214	267
Basic Materials and Fuels—					
Petroleum products!	2,062	1,517	1,411	1,398	1,260
Other	339	434	555	470	474
Total	2,401	1,951	1,966	1,868	1,734
Other Manufactured Goods					
Chemicals and products—:					
Soap, cleansing and poli- shing preparations	623	332	659	962	957
Other	1,306	942	1,099	1,137	1,501
Bicycle tyres and tubes	77	59	80	105	123
Paper, paper board and manufactures	801	858	987	940	1,058
Textile fabrics, articles etc:—					
Piece goods of cotton	1	23	—	2	
Synthetic fabrics	330	103	198	130	51
Sisal bags and sacks	122	111	111	33	2
Other	504	506	621	635	602
Cement	803	526	935	707	1,173
Iron and steel	47	31	9	39	118
Aluminium}	3	4	6	16	9
Metal manufactures	776	705	683	705	846
Clothing	178	139	559	389	264
Footwear	607	301	463	405	352
Other	1,280	1,046	1,513	1,760	1,994
Total	7,459	5,686	7,923	7,965	9,050
all exports	13,282	11,382	13,069	12,847	14,752 *

*Excluding Zanzibar.

Excluding by-products.

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

Imports from Uganda, 1966-1970

Table 3.20

K£'000

Item	1966	1967	1968	1969	1970
Food—					
Meat and meat preparations	—	23	4	3	33
Cereals and cereal preparations	276	177	134	94	71
Fruit and vegetables	155	286	157	159	246
Sugar, not refined	220	1,242	1,324	787	735
Coffee and tea	22	61	58	24	20
Margarine and shortenings	557	888	692	418	688
Other	337	403	336	395	392
Total	1,567	3,080	2,705	1,880	2,185
Beverages and Tobacco—					
Beer	153	128	33	15	163
Cigarettes	34	51	2	1	—
Unmanufactured tobacco	407	958	640	139	565
Other	21	20	30	9	8
Total	615	1,157	705	164	736
Basic Materials and Fuels—					
Oil seeds, oil nuts and oil kernels, etc.	50	71	148	169	282
Vegetable oils	678	824	670	489	740
Electricity	440	553	498	424	466
Petroleum products*	2	2	3	4	3
Other	143	267	241	183	267
Total	1,314	1,717	1,569	1,269	1,757
Other Manufactured Goods					
Soap, cleansing and polishing preparations	346	267	172	194	105
Textile fabrics, articles etc.: Cotton piece goods	1,905	2,314	1,759	2,144	2,725
Other	80	68	43	87	97
Iron and steel	382	400	389	594	620
Aluminium	—	—	1	—	—
Metal manufactures	150	99	98	77	139
Wireless sets, domestic	—	—	10	34	68
Clothing	68	101	64	35	31
Footwear	64	72	199	191	306
Other	819	884	929	1,124	1,278
Total	3,815	4,205	3,664	4,480	5,369
Miscellaneous	5	6	7	11	1
All Exports	7,317	10,165	8,650	7,804	10,048

•Excluding by-products.

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

Exports to Uganda 1966-1970

Table 3.21

K£'000

Item	1966	1967	1968	1969	1970
Food—					
Meat and meat preparations	194	161	188	223	205
Dairy products	1,175	1,174	188	1,482	915
Cereals and cereal preparations	1,011	1,026	982	1,693	988
Fruit and vegetables	279	352	332	259	359
Coffee and tea	175	111	95	66	85
Other	570	521	611	700	1,356
Total	3,404	3,345	2,396	4,423	3,908
Beverages and Tobacco—					
Beer	57	82	120	144	129
Cigarettes	364	182	11	3	—
Other	111	90	70	66	56
Total	532	354	201	213	185
Basic Materials and Fuels—					
Petroleum products*	2,369	2,553	2,999	3,492	4,340
Other	437	572	674	702	834
Total	2,807	3,125	3,673	4,194	5,174
Other Manufactured Goods—					
Chemicals and products:—					
Soap, cleansing and polishing preparations	713	1,038	971	901	715
Other	1,144	1,322	1,126	1,225	1,677
Bicycle tyres and tubes	191	123	152	125	164
Paper, paper board and manufactures	617	497	516	492	427
Textile fabrics, articles, etc.—					
Piece goods of cotton ..	218	108	122	29	59
Synthetic fabrics	601	249	120	86	120
Sisal bags and sacks	137	58	468	384	16
Other	534	552	279	235	297
Cement	81	162	64	220	246
Iron and steel	175	49	50	108	114
Aluminium	6	3	16	21	14
Metal manufactures	974	487	689	713	832
Clothing	1,477	1,251	416	386	351
Footwear	404	281	223	314	222
Other	1,548	1,733	1,781	1,871	2,177
Total	8,820	7,913	6,993	7,119	7,431
Miscellaneous	56	58	2	—	—
All Exports	15,619	14,796	13,265	15,949	16,698

*Excluding by-products.

tExcluding domestic aluminium-ware which is included in metal manufactures.

3.25. It is not easy to discern a clear trend in East African trade during the last five years. By and large, exports from Kenya have been relatively steady with a maximum deviation of 11 per cent from the mean for the last five years. However, an examination of the years since 1960 suggests that there was a steadily rising trend in exports to Tanzania up to 1968 which has flattened out since then, possibly due to measures taken by Tanzania since the implementation of the Treaty for East African Co-operation. The same pattern is evident in the statistics for Uganda and is summarized for the two countries in Table 3.22. However, even the figures for the years prior to 1967 are affected by distortions introduced following the signing of the Kampala Agreement in 1964, after which Uganda and Tanzania placed quota restrictions on a range of goods from Kenya. It is likely that, but for these, the pattern for the years 1960-67 would have differed from the one revealed in Table 3.22.

Trade With Uganda and Tanzania—Average Annual
Rates of Growth, 1960-1970

Table 3.22

	Rates of Growth of	
	Imports	Exports
	%	"
Before the Treaty, 1960-1967	9.8	8
After the Treaty, 1968-70	13.8	5

3.26. Movements of imports have been erratic, the maximum deviation from the mean of the last five years being nearly 24 per cent. Imports from Tanzania suggest an upward trend but those from Uganda have been uneven. However, taking the growth of imports from both the partner states together, the above table suggests that this may have increased since the inauguration of the Treaty. Of course, this would be consistent with the objectives of the Treaty. However, it must be emphasized that existing statistics allow only very tentative conclusions to be drawn.

3.27. Nor do these permit determination of precise movements in exports from Kenya of goods subject to transfer tax. The items for which information is shown in the annual Trade Report in many cases include more than specifically taxed goods. However, an attempt is made in Tables 3.23 and 3.24 to draw tentative conclusions on the operation of the transfer tax system. Total exports to the partner states have grown at an annual rate of 9.3 per cent over the last three years, but those of items subject to transfer tax appear to have grown only at 7.7 per cent.

Kenya Exports to Tanzania Subject to Transfer Tax Between 1968-1970

Table 3.23

K£

Item	1968	1969	1970
Subject to Tax From 1967—			
Ghee	15,213	2,670	2,880
Wheat meal and wheat flour	6	21	—
Vegetable ghee	19,954	65,658	50,17
Margarine	20,727	79,894	125,805
Cooking fat, vegetable	5,825	149,870	277,071
Sugar unrefined and mill white, including jaggery ..	8,770	5,486	122
Sugar confectionery	—	4,373	13,968
Biscuits	39,551	19,053	4,583
Ice cream prepared and mixture	4,720	4,839	—
Beer and ale	—	2,660	832
Cigarettes and pipe tobacco	8,549	7,961	7,014
Paints, enamels etc.	2,609	18,162	7,381
Perfumery, cosmetics, toilet prep, and shampoo	74,005	35,237	33,064
Soap, soap powder and detergents	620,581	977,315	938,299
Matches	48,278	3,120	—
Plastic foam, in sheet form	4,597	5,633	6,726
Articles of plastic materials	19,671	40,612	45,757
Bicycle tyres	409	—	—
Suitcases and handbags of vulcanized fibres or paper-board	4,500	70	1,126
Writing blocks, registers and similar stationery	28,957	30,959	14,774
Envelopes	8,286	—	16,694
Non-multiwall, block bottom unprinted paper bags, boxes and cartons	91,609	91,597	384,839
Woven rayon fabrics in the piece	43,263	1,942	11,489
Clothing of textile fabric not knitted	353,727	209,247	96,422
Clothing accessories of textile fabric knitted or crocheted	99,199	73,549	67,787
Stockings and hose	11,370	13,144	7,143
Footwear (excluding gum boots, heavy leather boots etc.)	451,385	338,529	247,960
Glass tumblers	3,068	3,432	3,631
Nails, ferrous, including roofing nails	18,626	15,093	8,309
Iron and steel buckets	5,612	3,082	1,220
Metal louvre windows	18,100	33,205	28,230
Domestic aluminium hollow-ware	11,452	11,467	14,713
Metal furniture and parts	93,627	69,765	85,065
Bottles and jars, common, empty	35,311	35,224	26,798
Spring mattresses etc. of rubber or plastic foam	54,127	17,652	99,464
Writing and drawing chalks	2,047	1,054	302
Total	2,227,731	2,371,583	2,584,485
Subject to Tax From 1968—			
Cotton yarn	315	3,737	27,086
Woven fabrics of cotton in the piece	—	106	114
Tents, tarpaulins	27,738	48,808	82,868
Total	28,053	52,651	110,068

Kenya Exports to Tanzania Subject to Transfer Tax Between 1968-1970

Table 3.23—(Contd.)

K£

Item	1968	1969	1970
Subject to Tax From 1969			
Vermicelli and fine noodles	—	18,262	12,795
Tomato Sauce	—	8,322	11,967
Jams	—	27,637	33,644
Fruit squashes and cordials	—	8,239	8,709
Candles	—	206	2,105
Rubber foam or sponge in sheet form	—	1,565	1,213
Total	—	64,231	70,433
Subject to Tax From 1970—			
Broom handles	—	—	252
Rubber parts for making sandals	—	—	27,348
Crown corks	—	—	27,392
Brooms and brushes	—	—	9,841
Total	—	0	64,833
Grand Total	2,255,784	2,488,465	2,829,819

3.28. Some developments affecting the transfer tax system in 1970 may be noted here. Tanzania revoked transfer taxes for pasta products other than vermicelli and also certain items of cosmetics. Uganda revoked transfer taxes on knitted cardigans, pullovers and dry cell batteries. These revocations were enacted under paragraphs 6 and 7 of Article 20 of the Treaty, which stipulate that a transfer tax cannot be levied unless the imposing country produces, or within three months will produce, a certain amount of the goods on which the transfer tax is levied.

Other Developments in the East African Community

3.29. A number of problems affecting the exchange of goods between the partner states had arisen in 1970 in connection with the operations of state trading corporations, which tended to have the effect of discrimination against Kenya goods. Under decisions made by the Common Market Council last year, rules for the operations of state trading corporations were agreed and it is hoped that these will help to solve the problems which arose.

3.30. The partner states have also agreed that the total of transfer taxes and excise duty on any item will in no case exceed the external tariff. Another development relevant to trade is an exercise being carried out in the Community Secretariat on rules and definitions to determine the origin of goods. Other notable developments affecting economic relations between the partner states in 1970 included deliberations of a Working Party on Harmonization of Fiscal Incentives in East Africa. This is a study carried out under the auspices of the United Nations' Industrial Development Organization on the

development of textile production in East Africa, and the formalization of licensing regulations affecting industries producing cotton and woollen goods, synthetic yarns, metal fittings, hollo ware, and glassware.

Kenya Exports to Uganda Subject to Transfer Tax Between 1968-1970
Table 3.24 K£

Item	1968	1969	1970
Subject to Tax From 1967—			
Spirits (excluding Vodka)			
Paints, enamels, lacquers, etc.	49,316	77,760	30,725
Paper products including drinking straws and corrugated cardboard boxes	118,798	109,315	122,491
Domestic aluminium hollow-ware	1,711	1,353	811
Blankets	18,913		3
Suitcases of vulcanized fibre or paper board	696	5,108	5
Clothing of textile fabric, woven, knitted or crocheted	243,901	350,117	319,314
Footwear (excluding gum boots, etc.)	190,839	204,019	143,060
Brooms and brushes (except paint and lavatory brushes)	14,715	9,318	15,323
Cement	48,409	88,395	246,367
Woven rayon fabrics in the piece			
Total	687,298	845,385	878,099
Subject to Tax From 1968—			
Stockings, socks and sockettes	565	1,371	682
Dry cell batteries . . .	113,385	101,920	209,069
Ground spices, curry powder and yellow gram flour	1,862	7,668	5,891
Fruit juices, cordials and vinegar	1,637	24,776	37,421
Tomato sauce	75	3,558	6,310
Metal doors and windows		19,875	7,725
Sisal rope and twine	575	5,456	8,415
Total	118,097	164,624	275,513
Subject to Tax From 1969—			
Biscuits		12	4,914
Wood and articles of wood		3,258	198,910
Soap and soap powder		2,469	671,989
Galvanized, corrugated iron sheets			1,617
Matches			
Insulated wire and cable		1,838	78,155
Total	—	7,577	955,585
Grand Total	805,395	1,017,586	2,109,197

The Export Promotion Council

3.31. This Council has been in operation for several years, although its existence as a body with a formal secretariat goes back only four years. The Council is gradually assuming an increasingly active role in the promotion of exports from Kenya, and has pursued several main approaches in its work: participation in trade fairs, market research and intelligence work,

taking up with Government departments the problems of exports, and the dissemination of relevant information among exporters in Kenya as well as in importing countries.

3.32. In 1970, the Council arranged Kenya's participation in trade fairs in Zambia, Turkey, Italy, Poland, Yugoslavia, the United Kingdom, Germany and Sweden. Participation in several fairs is planned for the current year also. With a view to boosting Kenya's exports to African and Middle Eastern countries, the Council last year sponsored a market survey for 21 Kenya agricultural and industrial products in Ethiopia, Sudan, Malawi, Somalia, Zambia, Kuwait, Bahrein, Saudi Arabia and the Trucial States. The survey was carried out on its behalf by a consulting firm.

3.33. In February this year, together with the Ministry of Commerce and Industry and the International Trade Centre of GATT, the Council arranged an Export Promotion Symposium and an Export Marketing Seminar. The aim of this symposium was to bring together representatives of the export industries and the Government for discussions and exchange of ideas. The Export Marketing Seminar was a more specialised course in several fields of export marketing, and was directed at marketing and sales officers.

3.34. The Council also paid particular attention to the issue of delays in payments of duty drawbacks to some exporters. In 1970, this problem was less apparent than in previous years.

Kenyanization of Trade and Commerce

3.35. The Government uses two principal means, which are complementary, for the Kenyanization of wholesale and retail trade. These are trade licensing and state trading.

3.36. The Trade Licensing Act of 1968 makes it an offence for non-citizens to carry on trade in specified commodities anywhere in the country without a licence, save in certain parts of the main towns which are designated "general business areas". Complete withdrawal of trading licences has been employed to terminate the trading activities of non-citizens, except in these "general business areas", when it has been felt that this could be done without disruption of distribution channels. Non-citizens whose trading licences are withdrawn are encouraged to transfer their businesses to citizens. At the end of 1970, 668 businesses formerly owned by non-citizens, with a total turnover at the time of transfer of K£21 million, had been transferred to citizens. The geographical distribution of these enterprises is set out in Table 3.25.

3.37. More recently, trade licences have been withdrawn from another 400 non-citizen traders. Measures are also being taken to curb evasion, through "window dressing" and other devices, of the provisions of the Trade Licensing Act.

3.38. The Kenya National Trading Corporation (KNTC) was set up in 1966 with a view to taking over some of the trading activities carried on by the Government, but not vested in other statutory organizations (e.g.

sugar), and, more important, to promote Africanization, particularly in whole-sale trade. To achieve these objectives, the Corporation has been given statutory monopolies at the first stage of the distribution chain for 45 commodities, of which sugar, salt, vegetable oil, rice, certain types of textiles and cement are now the most important. The growth of the Corporation's turnover of major items is illustrated in Table 3.26. Total turnover since 1966 has increased nearly three times.

Table 3.25
Number and Turnover of Businesses Transferred by the end of 1970

	No. of Businesses	Annual Turnover at Transfer (K£m.)
Nairobi	211	7.6
Mombasa	79	2.3
Central Province	136	4.2
Rift Valley Province	118	3.9
Nyanza Province	35	0.9
Western Province	34	0.8
Eastern Province	37	0.7
Coast Province*	18	0.6
Total	668	21.0

*Excluding Mombasa.

3.39. From the wholesale depots, KNTC goods are distributed to customers through a network of appointed agents who are all Kenya citizens. The Corporation works closely with the Ministry of Commerce and Industry to promote its Africanization objectives. The Ministry runs training courses for shopkeepers and traders in order to prepare them for appointment as KNTC agents. It also supervises the operation of the Trade Licensing Act.

Table 3.26
Kenya National Trading Corporation—Turnover Ex-Depot 1966/67-1969/70
K£'000

	1966/67	1967/68	1968/69	1969/70
Sugar	3,647	4,905	5,571	9,067
Salt	—	124	100	410
Edible Oils	—	138	526	527
Rice	—	437	80	94
Textiles and Clothing	113	1,423	499	475
Cement*		—	106	148
Other			179	206
Total	3,760	7,206	6,949	10,833

*For domestic use only.

CHAPTER 4—AGRICULTURE

Marketed Agricultural Production

On the whole, 1970 was a very good year for agriculture : it saw an increase in the value of marketed production of nearly 12 per cent. However, for reasons discussed in paragraph 1.6, the gross domestic product of agriculture grew at a considerably slower rate. The major growth sectors were coffee, tea and sugar cane, all of which attained record levels of marketed production. The outstanding factor in the growth of the value of output was a rise in the price of the two major export staples, coffee and tea, notably the former; but the physical output of both crops was also higher—of coffee from a reduced incidence of disease and of tea from a growing area of plantings reaching maturity.

4.2. Although marketed output showed a healthy growth, the food supply position was less satisfactory. This was partly a consequence of poor rainfall in some parts of the country during 1969, with the result that the maize crop from that year's plantings was reduced and deliveries to the Maize and Produce Board also fell. Consequently, demand from the Board for internal needs reached such high levels during the early part of 1970 that consumption of white maize had to be curtailed by the sale of a mixed maize/wheat product. Some yellow maize for livestock feed was also imported. However, there was no serious shortage of food attributable to inadequate supplies of maize. When such a shortage did develop towards the end of the year it started in the arid pastoral areas where the population relies primarily on livestock for its food supplies. This was caused by extreme drought conditions which were particularly severe in the early months of the current year, making large-scale famine relief operations necessary. Subsequently, food shortages in some of the arable farming areas became apparent. These have led to heavy demand on the stocks of the Maize and Produce Board.

4.3. The value of marketed production at current prices is shown in Table 4.1. At K£83.5 million, farmers' gross cash income was nearly K£9.1 million higher than during 1968. However, at 1969 prices growth was considerably less—6.7 per cent. This was due to substantial increases in the prices of some major crops, as shown in Table 4.2. The price to farmers of coffee rose by 19 per cent and tea by 8 per cent. However, in wheat and sisal, there was a significant decline, of 18 and 11 per cent respectively. The unchanged price of beef shown in the table is for one grade only—in fact prices of the better quality grades were considerably higher.

4.4. Table 4.3 shows the relative shares of the various commodity groups in total marketed production. The substantial fall in the share of cereals was caused only partly by the actual decline in the output of these—the more significant factor was the sharp increase in the output of permanent

	1965	1966	1967	1968	1969	1970
Cereals—						
Wheat	4,326	3,491	4,575	6,635	6,099	4,622
Maize	1,848	2,697	4,218	5,405	4,172	2,853
Barley	427	278	242	248	339	426
Rice	311	367	387	429	519	746
Other cereals	107	171	218	218	230	250
Total	7,009	6,994	9,640	12,940	11,349	8,897
Temporary Industrial Crops—						
Castor and other oil seeds	281	388	443	569	503	518
Pineapples	90	95	110	140	210	289
Pyrethrum	1,553	2,253	2,699	2,622	1,334	1,498
Sugar cane	1,554	991	1,598	2,179	2,759	3,302
Tobacco	27	30	10	25	29	35
Cotton	641	681	603	700	805	835
Total	4,136	4,717	5,463	6,305	5,640	6,477
Other Temporary Crops—						
Pulses	322	644	466	490	428	470
Potatoes	134	257	288	503	214	215
Other temporary crops	141	321	275	244	359	364
Total	597	1,132	1,039	1,237	1,001	1,049
Permanent Crops—						
Coffee	13,107	18,619	13,995	12,266	16,569	21,624
Sisal	3,917	3,090	2,391	2,193	2,250	1,715
Tea	7,331	9,906	8,927	9,335	11,159	14,150
Coconut products	433	479	480	490	484	451
Wattle	570	771	860	433	464	420
Cashew nuts	425	425	422	422	423	1,168
Fruit and other permanent crops	607	580	696	670	702	730
Total	26,398	33,870	27,771	25,810	32,051	40,258
Total Crops	38,130	46,713	43,903	46,291	50,041	56,681
Livestock and Products—						
Cattle and calves	9,371	10,921	11,325	11,689	12,218	13,098
Sheep, goats and lambs	445	438	404	440	453	470
Pigs	554	600	577	890	614	770
Poultry and eggs	230	275	312	358	320	480
Wool	428	477	528	533	560	559
Hides and skins	470	592	630	657	675	700
Dairy products	4,730	5,660	6,380	7,126	6,100	7,130
Total	16,229	18,963	20,148	21,673	20,940	23,207
Unrecorded Marketed Production	2,865	3,153	3,257	3,342	3,425	3,600
Gross Farm Revenue	57,223	68,883	67,308	71,306	74,406	83,488

crops and, therefore, a significant increase in the relative importance of these. This consideration also affected the relative shares of other temporary crops as well as livestock products. The position of "all other temporary crops" was unchanged, primarily because of the growth in sugar cane production, and livestock output was held up by the recovery in dairy production.

Average Gross Commodity Prices to Farmers, 1966-1970*

Table 4.2		KSh. per stated Unit				
	Unit	1966	1967	1968	1969	1970
Coffee	100 kg.	654	583	640	617	737
Tea	» »	180	183	585	619	670
Sisal	» »	108	93	93	87	78
Pyrethrum (extract equivalent)	kg.	420	400	340	310	330
Seed Cotton	100 kg.	95	95	98	97	98
Maize	» »	40	35	31	30	26
Sugar Cane	Metric ton	42	42	46	46	46
Rice Paddy	100 kg.	44	46	46	46	54
Wheat	» »	54	57	56	55	45
Beef (third grade)	» »	233	266	253	275	275
Bacon Pigs	» »	387	405	441	404	355
Milk	100 Litres	59	57	59	52	53

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

Shares of Commodity Groups in Gross Marketed Production, 1964-1970

Table 4.3		Percentages			
	Cereals	All other temporary crops*	Permanent crops	Livestock and Products	Total
1964	11.2	11.5	51.0	26.3	100.0
1965	12.2	13.1	46.3	28.4	100.0
1966	10.2	12.9	49.3	27.6	100.0
1967	14.4	15.9	40.2	29.5	100.0
1968	18.4	15.3	37.0	29.3	100.0
1969	15.1	13.5	42.9	28.5	100.0
1970	10.7	13.6	47.9	27.8	100.0

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

4.5. A breakdown of gross marketed production between "large" and "small" farms is set out in Table 4.4. For reasons explained in last year's Economic Survey, the distinction between these two sectors of farming has become increasingly blurred and this factor should be kept in mind in interpreting the figures shown. The interesting feature of the table is that the share of "small" farms has remained virtually stagnant around 50 per cent

Gross Marketed Production from Large and Small Farms, 1964-70

Table 4.4

	Large Farms		Small Farms		Total		Percentage Share of Small Farms
	K£'000	Annual Percent Change	K£'000	Annual Percent Change	K£'000	Annual Percent Change	
1964	35.8	-4.0	24.6	16.6	60.4	3.4	40.7
1965	33.3	-7.0	23.8	-3.3	57.8	-5.2	41.7
1966	36.0	8.1	32.7	37.4	68.8	20.3	47.5
1967	32.9	-8.6	34.1	4.3	66.9	2.8	51.0
1968	34.4	4.9	35.8	5.9	70.2	4.9	51.0
1969	37.5	9.0	36.9	3.1	74.4	6.0	49.6
1970	41.7	11.2	41.4	12.2	83.2	11.8	49.8

for the last five years. Prior to that, it had been climbing sharply, mainly due to the growth in output of coffee from small-holdings but also as a result of transfers of large farms to small-holder settlement. As shown later in this chapter, land settlement on a significant scale has come to an end. Nor is there any obvious new high value growth crop such as coffee available for exploitation by small-holders, although a gradual increase in tea production, mainly from past plantings, can be anticipated and sugar cane will steadily gain in importance. Future growth in the importance of small holder marketed production will depend on more intensive exploitation of farm land, largely from different combinations of the existing mix of crops but allied to more scientific and efficient husbandry and farm management practices. However, this will require considerable growth in the provision of agricultural services for small-holders as well as a lot of thoughtful and imaginative planning.

Crop Areas and Livestock Numbers

4.6. Estimates of crop areas and livestock numbers on small farms as well as in the pastoral areas are set out in Tables 4.5 and 4.6. These data are derived from new sample surveys undertaken in small farm areas and from aerial surveys of livestock numbers in pastoral districts. It should be borne in mind that the sample survey data presented are subject to a considerable margin of error, due to sampling and non-sampling errors.

4.7. The figures of livestock numbers are considerably in excess of former estimates which were based on indicators rather than objective measurement. The total cattle population as shown in Table 4.6 is nearly two million head larger than estimates previously used.

4.8. Crop areas and livestock numbers for large farms are set out in Tables 4.7 and 4.8. The area under wheat has fallen for the second year running following a reduction in the price of wheat, but livestock numbers did not show any striking changes.

Table 4.5

	1969 SHORT RAINS			1970 LONG RAINS			CROP YEAR 1969/70		
	Single Crop (1)	Mixed Crop (2)	Total (3)	Single Crop (4)	Mixed Crop (5)	Total (6)	Single Crop (7)	Mixed Crop (8)	Total (9)
CEREALS—									
Improved Maize	16.0	8.1	24.1	123.3	39.8	163.1	139.3	47.9	187.2
Other Maize	79.7	449.5	529.2	165.5	490.6	656.1	245.2	940.1	1,183.3
Bulrush Millet	2.7	50.1	52.8	15.3	7.0	22.3	18.0	57.1	75.1
Finger Millet	2.7	8.2	10.9	10.4	19.9	30.3	13.1	28.1	41.2
Other Millet	0.3	6.2	6.5	1.5	7.0	5.5	1.8	11.7	13.5
Sorghum	4.8	51.4	56.2	20.8	91.4	112.2	25.6	142.8	168.4
Wheat	7.6	0.4	8.0	2.6	—	2.8	10.2	0.4	10.6
Other Cereals	0.2	0.4	0.6	1.0	1.5	2.5	1.2	1.9	3.1
PULSES—									
Beans	10.9	188.4	199.3	8.9	168.3	177.2	19.8	356.7	376.5
Pigeon peas	0.1	48.4	48.5	0.9	84.0	84.0	0.5	66.3	66.8
Cow peas	0.1	24.1	24.2	0.2	31.4	31.6	0.3	55.5	55.8
Field peas	0.3	6.3	6.6	—	3.4	3.4	0.3	9.7	10.0
Yellow, Green and Black Gram	—	2.3	2.3	0.4	7.7	8.1	0.4	10.0	10.4
Other pulses	—	0.1	0.1	0.1	9.0	1.0	0.1	0.5	0.6
TEMPORARY INDUSTRIAL CROPS									
Cotton	25.7	14.1	39.8	11.3	8.8	20.1	37.0	22.9	59.9
Sugar cane	21.8	15.3	37.1	19.1	49.2	68.3	20.5	32.2	52.7
Pyrethrum	16.2	1.5	17.7	14.8	8.9	23.7	15.5	5.2	20.7
Ground Nuts	1.0	2.2	3.2	2.4	8.6	11.0	3.4	10.8	14.2
Oil Seeds	5.6	9.9	15.5	0.1	7.7	7.8	5.7	12.4	18.1
Other Temporary Industrial Crops	2.0	3.6	5.6	2.0	5.0	7.0	4.0	6.5	10.5
OTHER TEMPORARY CROPS—									
Cassava	22.8	53.0	75.8	11.1	78.8	89.9	17.0	65.9	82.9
English Potatoes	6.4	8.4	14.8	6.6	19.2	25.8	13.0	27.6	40.6
Sweet Potatoes	6.1	12.1	18.2	3.6	16.2	19.8	4.8	14.2	19.0
Yams	0.2	17.0	17.2	0.8	18.1	18.9	0.5	17.6	18.1
Cabbages	1.5	8.2	9.7	1.5	13.3	14.8	3.0	21.5	24.5
Other Vegetables	0.7	3.5	4.2	0.6	6.0	6.0	1.1	8.6	9.7
Other temporary crops	1.9	3.7	5.6	3.9	4.2	8.1	3.6	6.1	9.7
PERMANENT CROPS—									
Coffee	—	—	—	59.0	15.0	74.0	59.0	15.0	74.0
Tea	—	—	—	21.7	0.3	22.0	21.7	0.3	22.0
Coconuts	0.7	49.9	50.6	0.4	38.8	39.2	0.6	44.4	45.0
Cashew nuts	—	—	—	0.6	26.9	27.5	0.3	13.4	13.7
Pawpaws	—	8.8	8.8	—	20.5	20.5	—	14.6	14.6
Bananas	12.0	58.4	70.4	14.0	92.8	106.8	13.0	75.6	88.6
Other Fruit	1.3	14.5	15.8	1.1	18.4	19.5	1.4	16.5	17.9
Other Permanent Crops	3.1	1.3	4.4	3.6	2.9	6.5	3.4	2.1	5.5
ALL CROPS (Total cultivation)	254.4	564.6	819.0	529.1	705.5	1,234.6	704.3	1,081.1	1,785.4

NOTES: 1. Settlement schemes in Nakuru, Laikipia, Uasin Gishu and Trans Nzoia are excluded from this table.

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

(a) For crops planted twice a year, the appropriate entries for short and long rains are added,

(b) For tea and coffee, which are measured in the long rains only (hence no entries in columns (1), (2) and (3)), the entries are copied from those obtained in the long rains,

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

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

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

Maize is, of course, the most important single crop, followed by pulses. The areas of some of the permanent crops such as tea are likely to differ somewhat from statistics published elsewhere in this chapter—the data in

Table 4.5 are derived from a sample survey whereas those in Table 4.22 are obtained from records of the statutory bodies responsible for licensing tea cultivation.

Provisional Estimates of Livestock Numbers by Province (Excluding Large Farms), 1970

Table 4.6	'000 Head				
	Cattle	Sheep and Goats	Poultry*	Pigs*	Camels*
Nyanza	1,145	594	2,851		
Western	637	198	1,954	8	
Rift Valley	3,910	3,789	765	2	181
Central	473	570	1,013	18	—
Coast	471	515	1,112	1	
Eastern	1,880	1,896	3,015	—	159
North Eastern	597	291	••	—	176
Total	9,113	7,853	10,710	29	516

*1969

Large Farms—Areas of Major Crops, 1966-1970

Table 4.7	'000 Hectares				
	1966	1967	1968	1969	1970*
Maize	57.3	57.6	51.8	55.8	62.3
Wheat	120.9	133.1	139.8	137.3	121.4
Sugar cane	17.1	21.9	26.5	26.1	24.1
Pyrethrum	5.0	4.8	4.9	3.9	3.3
Sisal	108.7	103.4	83.9	85.7	80.9
Tea	20.7	20.7	21.4	21.8	22.6
Coffee	29.1	28.7	28.4	27.6	28.9
Wattle	23.1	18.3	17.5	16.6	17.6
Fruit	3.0	3.2	3.2	2.8	3.0
Fodder crops	9.3	11.3	10.2	9.8	11.8
Grass leys	79.4	79.0	85.6	86.1	102.1

*Provisional

Large Farms—Livestock Numbers, 1966-70

Table 4.8	'000 Head				
	1966	1967	1968	1969	1970*
Dairy Cattle	261.7	245.2	280.2	273.1	293.2
Beef Cattle	469.8	484.5	480.7	500.6	492.7
Sheep	433.8	477.7	443.9	460.9	438.8
Pigs	30.7	25.6	28.8	32.3	27.0
Poultry	200.9	207.6	225.2	219.4	228.5

•Provisional

Agricultural Development Services

4.9. Details of the various development services provided by the ministries concerned as well as by public corporations are discussed below.

4.10. *Agricultural Education and Training*.—This is almost entirely the Ministry of Agriculture's direct responsibility, although this year the University took on its first batch of students for the new degree course in agriculture, and some education at an elementary level is also carried on in schools. Enrolments at the major institutions for the last three years were as follows: —

Enrolments at Agricultural Training Institutions, 1968-1970

Table 4.9	Numbers		
	1968	1969	1970
Degree Level— University of Nairobi, Faculty of Agriculture Faculty of Veterinary Science	65	70	40 75
Diploma Level— Egerton College	462	585	585
Certificate Level— Embu Institute of Agriculture	152	160	160
Animal Health and Industry Training Institute	186	250	255
Short-term Vocational Courses— Narosura Farm Mechanization Training Scheme	80	65	120
Naivasha Dairy Training School	28	60	120

4.11. Expansion in agricultural education during 1970 was confined to the top and bottom levels. For reasons mentioned in paragraph 4.13, enrolments at the intermediate level remained static. The University of Nairobi's three-year course leads to a non-specialised B.Sc. degree in agriculture; it is intended that specialization should begin at the postgraduate level. The three East African universities are arranging to co-ordinate their facilities for postgraduate study and it is probable that the University of Nairobi's research strength will be initially concentrated in the fields of food technology and range management. Egerton College is intending to begin a new course in horticulture as soon as the programme to diversify out of coffee in some areas (see paragraph 4.66) gets under way. A home economics course for women has been started at Embu and a new West Kenya Agricultural Institute is being developed on the site of the Bukura Farmers' Training Centre.

4.12. Mention of Farmers' Training Centres (F.T.C.'s) calls attention to the fact that not all agricultural education is confined to the institutions mentioned in Table 4.9. There are now 31 F.T.C.'s in Kenya, one of which, Eldoret, designed for large scale farmers, began operation at the start of 71; two more, in Busia and Taita, are under construction and land has

been acquired for another two at Baringo and Bungoma. These centres provide residential courses lasting between one and two weeks for working farmers in the basic elements of good agriculture in their home district. The ultimate aim is to have at least one F.T.C for each of the 42 districts of Kenya. In spite of the problems they have encountered—such as the lack of trained staff and the reluctance of farmers to leave their farms for a fortnight to attend courses—they have an essential role in bringing better standards of agriculture to the farming population. The same may be said for the secondary schools' course in Agricultural Principles and Practices, which was begun a few years ago, for which enrolments have grown as follows: —

**Enrolments for the Agricultural Principles and Practices
Courses in Schools, 1966 and 1970**

Table 4.10

Numbers

	Form I	Form II	Form III	Form IV
1966	389	394	170	48
1970	2,205	1,785	680	450

These figures, of course, represent only a minute fraction of even the secondary school population; nonetheless, the value to the country of having some small fraction of the educated population aware of the principles of scientific agriculture is considerable.

4.13. A temporary imbalance in the supply of some categories of qualified personnel from agricultural training institutions and their placement became apparent last year. The cause of this was partly a problem of co-ordination between the training institutions and the absorption of their output in the agricultural research and extension service, and partly the virtual failure of the private sector to absorb any of the output. The solution probably lies in the preparation of a comprehensive manpower plan including both the private and public sector, and the co-ordination of places offered at the various institutions with requirements as set down in that plan.

4.14. The Ministry of Agriculture's current objective in extension work, stated in the 1970-74 Development Plan, is to create a "unified extension service" whereby each extension worker is expected to be able to advise the farmer about all aspects of the running of his farm business, instead of taking responsibility only for, say, soil conservation or crop protection. This lays an added weight on the extension worker's shoulders and implies the phasing out of the relatively unqualified Junior Agricultural Assistant and Junior Animal Health Assistant who still account for some 58 per cent of the Ministry of Agriculture's extension establishment of about four thousand. Efforts are now being made to allocate these men to simple jobs, such as hybrid maize plantings or foot-and-mouth vaccination campaigns; the hope is that they can be phased out of the service entirely by 1980.

4.15. Agricultural Research.—The quality and relevance of what the extension workers have to "extend" depends to a considerable extent on the work being done in the research stations. Total expenditure by the Ministry of Agriculture on research services went up from K£208,000 in 1969/70 to K£243,000 in 1970/71 and the development portion of this increased by nearly half, from K£60,000 to K£88,000. The principal areas of research at present are five: —

- (a) *Horticulture, including Potatoes*.—A potato research farm has been established at Limuru, and is in operation; substantial extensions, including a teaching block, are being made to the main research station at Thika which will enable it to lead effectively the planned horticulture development programme (see para. 4.67).
- (b) *Sugar*.—The new research station at Kibos is now complete, and all research staff were at work by May this year. The new laboratory has made sugar chemistry and pathological experiments possible, in addition to the agronomic trials hitherto conducted on the plots of sometimes reluctant farmers, and the result should be a considerable increase in the contribution of this research establishment to the rapidly growing sugar industry.
- (c) *Cereal Quality Studies*.—At Kitale and Njoro, respectively, a programme of breeding for improvement in the quality of maize and wheat has been under way for some time. It is designed to improve the nutritive value of the cereals grown in the country. This has importance both from the point of view of rural standards of living and of competitiveness in export markets.
- (d) *Pasture Research and Animal Husbandry*.—These two areas of research have the same basic goal: to improve the efficiency of animal production. The pasture research unit at Kitale is responsible for testing different varieties of grass and legumes under intensive grazing in all areas of the country, in order to determine their agronomic requirements and their nutritive potential in terms of beef and milk production.

Animal husbandry work is divided between the stations at Naivasha, Lanet and Kiboko. The Naivasha Station carries out breeding experiments with exotic breeds and Sahiwal cows, with the object of raising the milk yield of indigenous breeds of cattle. The UNDP/FAO beef research unit at Lanet is investigating the operation of fattening beef cattle in dry feed-lots on concentrated rations, e.g. maize grain, silage, molasses, and various mineral salts. The station has been experimenting with a number of feeds and cattle breeds, and its results so far are tentative, but it does seem that at existing beef prices the operation can be made profitable. This has considerable implications for the country's entire beef industry, traced out in paragraph 4.84.

An important new area of research relates to range problems and a research station for this has been completed at Kiboko. Staff for this project have been secured and the research programme will commence in July of the current year. The major objectives of research are four—improvement of zebu cattle for beef, improvement of sheep and goats, bush control and wildlife habitat studies.

4.16. The East African Community's Agricultural and Forestry Research Organization performs research work complementary to the above Government programme, and also provides some services for the entire agricultural sector. In the latter category may be placed the East African Plant Quarantine Station, into which the germ plasm of all plants imported into East Africa is brought for observation before its release to national breeders; the statistical service; and the agricultural machinery co-ordinating service which takes responsibility for keeping abreast of developments in the field of agricultural engineering which may benefit East African cultivators. Machines "launched" by the machinery co-ordinating committee in this way include the hand sisal decorticator, the cashew nut sheller, minimum tillage equipment and the grass seed harvester. In the former category of direct research work, the more notable projects are:—

- (a) work on soil sciences, particularly in the field of the water requirements of different crops and the effect of changing land-use patterns on the behaviour of water in the soil;
- (b) plant breeding and agronomy, especially in sorghum, millet and grasses;
- (c) forestry, involving tree breeding, pathology, and the maintenance of a tree seed orchard;
- (d) animal husbandry, involving concentrate feeding trials.

4.17. The basic problem in the field of agricultural research still appears to lie in the transmission of its results to the farmer in a rapid, complete and accurate manner. Under existing arrangements, it is essentially the responsibility of provincial and district agricultural staff to be aware of what is going on in the research stations, seize on what is of value, and have it transmitted to the farmer through the extension worker and the F.T.C.s. However, much could be contributed to this process by a centralized agency disseminating information in an effective and comprehensive manner.

4.18. *Artificial Insemination Services.*—These were provided in 21 districts in 1970, an increase of four over the previous year. The number of inseminations performed and cost per insemination in each district in 1969 and 1970 are given in Table 4.11.

Number of Inseminations and Cost per Insemination by Insemination Area,
1969 and 1970

Table 4.11

District	Number of Inseminations		Cost per Insemination (Sh.)	
	1969	1970	1969	1970
Central Province—				
Nyeri	30,024	36,340	13/11	11/48
Kiambu	20,661	23,895	14/16	15/03
Murang'a	22,704	30,421	9/43	8/97
Kirinyaga	3,218	4,741	17/73	19/04
Nyandarua		19,719		11/91
Total	77,062	115,116	11/37	11/77
Eastern Province—				
Embu	3,950	5,866	20/79	15/61
Meru	18,620	19,552	10/66	12/11
Machakos	2,050	2,637	22/87	26/61
Total	24,702	28,055	12/35	14/23
Rift Valley Province—				
Naivasha	20,128	21,300	11/13	10/54
Nakuru	31,715	19,905	11/92	11/53
Eldoret	27,480	17,657	11/17	14/68
Kitale	17,685	21,065	8/33	7/91
Kericho	3,559	1,751	32/34	42/51
Sotik	6,895	6,199	14/62	15/26
Total	107,462	91,810	10/79	11/91
Nyanza Province—				
Kisii	2,031	2,782	34/24	42/06
Kisumu	542	945	78/34	35/25
Total	2,573	3,727	39/44	40/35
Western Province—				
Kakamega	2,197	2,136	39/62	25/05
Kimilili		379		121/75
Busia		245		92/89
Hoey's Bridge		9,784		14/95
Total	2,197	12,544	38/61	21/41
All Provinces	214,677	251,252	16/15*	14/88*

*The overall average cost per insemination in 1969 and 1970 includes headquarters expenditure.

Under favourable conditions such as the existence of substantial numbers of dairy cattle in a relatively small area and co-operation from farmers, an AI Service can be provided in small-holder districts (e.g. Murang'a, Meru) at no greater cost than in larger-scale farming districts. However, it is also

apparent that the service is very expensive in those small-holder regions where the above conditions do not apply. Three major factors contribute to the regional differences in cost per insemination the enthusiasm of the district veterinary staff for AI; the attitude of farmers themselves to AI (which is noticeably more cautious in areas such as Western Province where the scheme has not been going long); and the willingness of farmers in small-holder areas to bring their cows to the inseminator at roadside crushes rather than having the insemination come, at far greater expense, to their cows,

4.19. In order to evaluate the benefits of the AI scheme it is necessary to know how many pregnancies actually result from it. In the past this has been a matter for "guesstimation", usually centering around the estimate of 2.5 inseminations per pregnancy. Measurements carried out on a sample in Kiambu in 1970, however, suggest a figure of 2.2 inseminations per pregnancy. Further trials of this type are at present in progress and by the end of 1971 a clearer national picture should be available. If the Kiambu figure is representative of the whole country, then applying it to the 1970 national average cost of Sh. 14/88 per insemination gives an estimated national average cost of Sh. 32/75 per pregnancy. This may be compared with the charge made to farmers of Sh. 10 per pregnancy in order to obtain an estimate of the degree of subsidy involved. However, it may be argued that the subsidy is economically justified because of the social benefits to be derived from the AI schemes. Some of these, such as the reduction in incidence of breeding diseases transmitted by bulls and the improved genetic potential of cows serviced by AI, are not easily quantified or valued. Moreover, as the service expands, unit costs are expected to fall and the level of subsidy can then be reduced.

4.20. *Farm Mechanization*.—The Ministry of Agriculture's Soil Conservation Service performs regulatory and service functions. In its former role it can bring to court, after a formal warning, any farmer who treats the land in such a way as to put at risk its usefulness to posterity, for example, by planting crops on an untterraced steep slope or by cutting down trees in a water catchment. In its latter role it performs a tractor hire and farm-planning service, details of which are given in Table 4.12.

Activities of the Soil Conservation Service, 1967-1970

Table 4.12	'000 Hectares			
	1967	1968	1969	1970
Area Ploughed	4.8	5.8	5.0	4.7
Area Harrowed	12.7	16.8	15.2	14.0
Area protected by soil conservation service work:—				
Large Scale Farming	42.4	10.5	14.7	12.3
Settlement Schemes	35.5	29.5	29.8	30.7

The tractor hire service was initiated in 1966 with fifty tractors on the assumption that in certain high-potential areas, such as the Masai wheat areas and certain cotton-growing districts of Eastern and Central Provinces, agricultural development would be held back unless the Government provided the capital and the knowledge. The service has since dwindled in size, with old tractors not being replaced as they were scrapped (the size of the tractor fleet is now 42), and concentrated its activities in small-holder regions such as those around the base of Mount Kenya. For the soil conservation service there is also an absolute decline in the area covered and the same shift from large-scale areas to small-scale areas and settlement schemes, which accounted for 63 per cent of the area covered in 1970, in comparison with 37 per cent in 1967.

4.21. *Irrigation.*—The fourth year of operations of the National Irrigation Board, 1966/70, saw a slowing-down of the rate of physical development and a shift in emphasis to greater operational efficiency, and planning for the future. Engineering work was confined to the setting-up of the Ahero Irrigation Research Station and the continuation of work on the Mwea extensions, but a great deal of the Board's time was devoted to pre-investment studies for the Tana scheme extension and the 1,000 hectare Kano II scheme in Nyanza, on both of which physical work is about to begin.

4.22. The number of plot-holders, area cropped, and yields on each of the irrigation schemes are shown in Table 4.13.

4.23. On the Board's principal irrigation scheme, at Mwea, the area under rice was increased by nearly 350 hectares. Two hundred and sixteen additional plot-holders were settled on this area, and the output of paddy rose more than a third to a record level of 23,025 metric tons. A rise of 20 per cent in yield per hectare contributed to this even more substantially than the increase in area cropped. The sharply decreasing availability of prison labour in the last two years has promoted an increase in the use of machinery with a constant rise in output per man-hour and per acre. The mean income of farmers at Mwea in 1969/70 was K£179, making them one of the most prosperous groups of small-holders in Kenya. Production projections made sometime ago had indicated a surplus of rice by 1970. In the event, this did not materialize and domestic consumption has continued to grow, aided by the shortage of maize in 1970.

4.24. The success of the scheme at Perkerra south of Lake Baringo has always depended on a combination of two factors, the weather and the state of the onion market. In 1970 both factors operated to the detriment of the farmers. The wet weather in the first half of 1970 caused considerable damage to the nurseries and increased the losses from an onion crop for which the Price had already fallen by 30 per cent between 1969 and 1970. The monthly

quota for Perkerra had to be cut from 254 tons to 183 tons at the end of January 1970 leaving farmers with a huge stockpile of onions which was eventually exported to Zambia. The unstable onion market during the year provided an additional stimulus to crop diversification efforts started three years previously and trial plantings of capsicum, chillies, kenaf and pawpaw were made.

Progress of Irrigation and Production at the Major Irrigation Schemes,
1965/66—1969/70

Table 4.13

	1965/66	1966/67	1967/68	1968/69	1969/70
Mwea—					
Hectares cropped	2,593	2,830	3,130	3,443	3,788
Number of plot-holders	1,484	1,588	1,721	1,894	2,072
Paddy yield (metric tons)	14,454	13,854	17,368	17,466	23,025
Gross value of crop (K£)	318,662	336,766	422,158	424,794	559,434
Payments to plot-holders (K£)	189,136	208,310	268,656	258,490	371,923
Tana River—					
Hectares cropped	499	494	500	484	536
Number of plot-holders	276	278	266	247	296
Cotton yield (metric tons)	822	594	463	816	1,126
Gross value of crop (K£)	45,312	31,476	24,172	42,589	61,661
Payments to plot-holders (K£)	26,813	14,859	11,628	19,927	38,278
Perkerra —					
Hectares cropped	231	269	272	255	258
Number of plot-holders	403	395	484	472	463
Onion yield (metric tons)	2,499	2,608	2,410	2,396	2,735
Gross value of crop (K£)	70,837	83,834	39,850	85,130	73,265
Payments to plot-holders (K£)				43,954	40,308
Ahero—					
Hectares cropped	—	—	—	212	923
Number of plot-holders	—	—	—	131	408
Paddy yield (metric tons)	—	—	—	1,052	2,662
Gross value of crop (K£)	—	—	—	25,473	64,573
Payments to plot-holders (K£)	—	—	—	16,003	28,558
Bunyala*—					
Hectares cropped	—	—	—	—	212
Number of plot-holders	—	—	—	—	131
Paddy yield (metric tons)	—	—	—	—	1,067
Gross value of crop (K£)	—	—	—	—	25,868
Payments to plot-holders (K£)	—	—	—	—	16,881
Total—					
Hectares cropped	3,323	3,593	3,902	4,394	5,716
Number of plot-holders	2,163	2,261	2,471	2,738	3,369
Gross value of produce	434,811	452,076	486,180	577,986	784,801

*New scheme.

4.25. The Galole Scheme on the Tana River, by contrast, was able in 1969/70 comfortably to surpass the previous year's record cotton crop. Yield per hectare increased by 25 per cent owing to effective pest control methods, and 99 per cent of the cotton produced came into the top AR grade. Maize and groundnuts were grown as off-season crops to strengthen the plot-holders' economy and their cultivation was noted to have a marked positive effect on the yield of the subsequent cotton crops.

4.26. The Ahero pilot scheme is now complete but during its first full year of operation suffered from three major setbacks—continual pump breakdowns, crop disease and a tendency for plot-holders' houses to sink into the black cotton soil on which Ahero stands. These factors created severe financial difficulties for almost all the plot-holders. The Irrigation Research Station has shown that many varieties of rice presently available are more resistant to blast than sindano which formed the mainstay of this ill-fated crop; it is hoped that the adoption of these varieties will raise yields per hectare above their present level (which is about half that at Mwea) and improve the overall prospects of the scheme.

4.27. The new Bunyala scheme was handed over to the Board by the UNDP/FAO team that had built it in March 1969. In spite of the handicaps imposed by poor communications and the fact that plot-holders do not reside on the Scheme, a good mean yield of 5,033 kilograms of rice to the hectare was recorded, giving an average income per farmer of K£129.

4.28. It is worth noting that of all the Board's schemes only one—that at Mwea—would at present prices be profitable. Even Mwea would probably show a loss if it had to sell its rice at world market prices instead of the higher domestic price. The economic justification of the Irrigation Board's schemes lies in their value as applied research projects, whose value is likely to grow over the years as the pressure of population on scarce fertile land forces up the price of land and makes large-scale irrigation an economic proposition. The clearest illustration of this point is the scheme at Galole. At present, in spite of excellent agronomic results, it makes a substantial loss. However, when the Lower Tana basin is developed for irrigation—its potential is approximately 55,000 hectares— it is to the experimental results of the National Irrigation Board's Galole Scheme that the developers will turn.

4.29. *Ranch Development.*—Without irrigation successful arable farming is not possible in the arid and semi-arid areas of the country with less than 600mm. of mean annual rainfall. The principal economic activity in such areas, therefore, is extensive livestock production. A major investment effort to develop the potential of these areas is now being implemented by the Range Management Division of the Ministry of Agriculture. The Division is developing modern ranching units in Eastern and Coast Provinces and, at the same

time, marketing facilities are being created through the Ministry's Livestock Marketing Division in these as well as other provinces. The ranches being created are primarily of three types:

- (i) *Individual ranches*—these are managed as companies by individuals. Three such ranches have been set up on uninhabited land in Coast Province and another 29 are being formed in Masailand.
- (ii) *Company ranches and Ranching Co-operatives*—three company ranches have been established in Taita district and 13 co-operatives in Eastern Province, all managed by paid labour with share capital contributed in the form of cash or cattle by the members of the concern.
- (iii) *Group Ranches*—these are intended to cluster settled pastoralists into units of 8,000 hectares or more in which they will still own their own cattle but have access to communal grazing, water, insemination and marketing facilities. Twenty such ranches have been registered in Narok and Kajiado districts and development of a similar scheme for Samburu is under investigation.

4.30. In other parts of the country, the ranch development effort is primarily in the form of provision of water and livestock routes. Water development in the North-East is carried out by the Water Development Division. A primary objective of the Livestock Marketing Division is the development of alternative well-watered stock routes which would allow continuous movements of livestock should conditions make a closure of some established routes necessary. During 1970 it established five holding grounds in North-Eastern Province and eight in Masailand and undertook development of the Isiolo holding ground of 200,000 hectares, the largest in the country. As part of its objective of continuous movement, it also started an experimental project to move cattle by lorry in order to circumvent difficulties created by disease and drought. Another major activity of the Livestock Marketing Division is the provision of immature stock from the north-east to the new ranches being developed as well as to established commercial ranches, and two-third of the 50,000 cattle it handled during 1970 were for this purpose.

4.31. *Agricultural Finance Corporation*.—This body is responsible for providing the bulk of agricultural credit for farmers. During 1970 it issued 7,643 loans with a total value of K£5.5 million. Of these, the bulk (4,266, amounting to K£3.6 million) were short-term crop advances for wheat and maize, going mainly to large farmers. Such farmers also received 99 medium and long-term loans, amounting to nearly K£632,000, for land purchase and development. Two hundred-and-thirty-five loans involving over K£423,000 went to small-holders in consolidated areas, an increase of 40 per cent over such loans during the previous year. A sum of K£166,362 was issued under a special supervised credit scheme. The Corporation also made 25 loans of

over K£664,000 for ranch development. Almost all small-holders who received the above loans are in consolidated areas. However, the Corporation also issued a small amount, K£65,240, to farmers in unconsolidated areas.

4.32. Although the Corporation has strengthened its supervisory capacity, the loan repayments position, particularly on short-term crop advances, still leaves a good deal to be desired. A third of the short-term issues made in 1970 are still outstanding.

4.33. The Agricultural Finance Corporation is not the only source of credit for small-holders. This is also provided by the Co-operative Bank, the Department of Lands and Settlement (which provides all loans to settlement farmers) and the Kenya Tea Development Authority, as well as commercial banks.

4.34. *Agricultural Development Corporation.*—The Agricultural Development Corporation continued its triple roles of production of strategic inputs for agriculture, purchase and transfers of large farm holdings to citizen farmers and participation in other commercial ventures in agriculture. However, from a financial point of view, its last year of operations was rather unfavourable, resulting in an overall loss of K£92,000, bringing the accumulated loss of the last five years to over K£685,000. The largest portion of this resulted from its transactions in "compassionate" farms. The Corporation has recognized that poor valuation of the farms it has purchased has been partly responsible for its difficulties and is now more cautious in this respect. It has also experienced difficulties in establishing sound management on holdings which it holds only for a transitional period.

4.35. During 1969/70 the Corporation acquired 21 farms and disposed of 12. Of the total of 86 farms it has acquired during the last few years, 46 have been transferred under lease arrangements or direct sales. However, it is still holding 40 farms which are available for disposal to suitable tenants or purchasers. In the meantime, these are farmed by the Corporation and the total area under cultivation on its holdings last year was over 12,000 hectares. The so-called Stamp Purchase Programme under which it has been buying and disposing of farms is now in its last year and negotiations are proceeding for a possible extension of the arrangement.

4.36. In its role as a producer of strategic inputs the Corporation established new pedigree studs of Guernsey and Jersey cattle during the year. Grading up of the Galloway and Hereford herds for beef production was also being undertaken. The national studs of Large White and Landrace pigs were brought to the projected numbers with the purchase of a second Landrace stud during the year. However, the demand for breeding stock declined. A start has also been made on a pedigree Romney sheep stud in Kenya and stock have been imported from New Zealand for this purpose. However, owing to continued low wool prices, more emphasis is going to be placed on the Hampshire Down stud in order to increase production of fat lamb in the country.

4.37. The heifer production scheme of the Corporation, initiated in 1967 to promote growth of the national dairy herd by the sale of in-calf heifers, particularly to small-holders, continued to experience difficulties. These originated partly from movement restrictions due to quarantine control and partly from the shortage of funds.

4.38. *Co-operative Societies.*—For many years the Government has encouraged and supported the development of the co-operative movement, particularly among small-holder farmers. The number of societies on the register and their provincial distribution is shown in Table 4.14. The overwhelming majority of these are small-holder marketing and processing co-operatives. However, of the total number registered, only about 1,000 are active societies. Their total turnover in 1970 was between K£45 and K£50 million.

4.39. The rapid growth of the movement during the fifties and sixties brought with it problems of organization, management and control. A growing number of societies found themselves in serious difficulties and their operations sometimes even militated against the interest of members. In 1969, the Government took steps to correct this situation by the introduction of new legislation to control undesirable practices. Emphasis has since been placed on consolidation rather than expansion. The measures taken to secure this include training facilities for co-operative personnel, strengthening of the Department of Co-operative Development and the establishment of a Co-operative Bank to make short-term advances to the societies. The first phase of a new National Co-operative College was completed at the end of last year and an initial intake of 100 students accepted. This is to be raised to

Number of Registered Co-operative Societies				Numbers
Province	To 31st December, 1969			in 1970*
	Registrations	Cancellations	Balance in Register	
Central	494	117	377	9
Rift Valley	349	42	307	12
Nyanza	322	101	221	13
Western	230	65	165	1
Eastern	224	63	161	7
Nairobi	151	34	117	11
Coast	116	22	94	7
North Eastern	2	1	1	
Country Wide+	6	—	6	—
Total	1,894	445	1,449	60

*Including ten subsequently deleted from the Register.

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

180 when the second phase is implemented. The Department of Co-operative Development is encouraging societies to merge and assume multi-commodity and multi-purpose functions at the village level and, at the same time, to operate as part of district unions of which there are now 36. The Department is also preparing a manual on a standard accounting system which it is hoped will help societies to keep better records.

4.40. *Special Rural Development Programme.*—All of the Government's various development services are being brought together to implement what is in effect a new concept of development in Kenya. This is a pilot Special Rural Development Programme (S.R.D.P). The idea of such a programme was first discussed at a conference in 1966 and subsequently incorporated in the current Development Plan. The objective is to promote general rural development by means of provision of concentrated services and investment, to increase rural incomes and employment. The investments and services included in the "package" embrace agriculture, education (particularly vocational training), roads, rural industries, etc. Inter-ministerial co-operation and co-ordination at the field level are crucial to the success of the Project. At the national level, it is co-ordinated by a national committee.

4.41. The administrative unit selected for the experiment is a division, and five divisions are included in the first phase of the programme. These are North Tetu in Nyeri, Mbere in Embu, Vihiga in Kakamega, Migori in South Nyanza and Kapenguria in West Pokot. During the current financial year total new expenditure under the programme in these areas is likely to reach K£201,000. This is expected to grow substantially during the next financial year. Each divisional scheme is expected to continue for several years and finance is being obtained from donors on the basis of provision for the entire period. Consideration is being given to expansion of the programme into a second phase, to include additional areas. One of the important objectives of the pilot schemes is to select for replication elsewhere projects and development organizations which are successful in any of the divisions. In the field of agriculture, there is a wide range of projects being tried, including intensive advice to farmers; short-term credit to purchase inputs, improvements to stock marketing, ranch development, expansion of cotton production, and development of marketing facilities including feeder roads.

4.42. An important feature of S.R.D.P. is that it is being subjected to careful evaluation as it proceeds so that problems requiring action can be thrown up quickly. A large part of this evaluation is being performed by staff of the University of Nairobi who are also assisting in providing training in rural development techniques for Government personnel.

Land Settlement

4.43. Towards the end of 1970, the Department of Settlement purchased 3409 hectares, the remaining balance of purchases under the "million acre" scheme, thus bringing the total area of land purchased for settlement to

492,706 hectares. One hundred and thirty five of the planned 139 settlement schemes, carrying 35,401 families, have been completed. It is estimated that the total farm population on these is about 300,000. Details of the progress of land settlement are set out in Table 4.15.

The Progress of Land Settlement to 1969/70

Tale 4.15

	Hectares Purchased	Total Number of Schemes Planned	Total Number of Schemes Settled	Total Number of Families Settled
Up to 30th June, 1963	173,813	32	29	5,200
1963/64	298,163	85	68	15,682
1964/65	387,663	102	86	23,917
1965/66	463,509	135	109	28,260
1966/67	478,642	135	109	29,931
1967/68	480,688	135	127	33,131
1968/69	489,297	139	133	34,547
1969/70	492,706	139	135	35,401

4.44. Marketed production on settlement schemes during 1969/70 recovered from the decline experienced during 1968/69 and regained the level of 1967/68. The value of the sales through co-operatives of major commodities is set out in Table 4.16. (It is likely that some sales also took place outside the co-operatives.) It is apparent from Table 4.16 that the recovery in output during 1969/70 was due almost entirely to two products—milk and sugar cane. In value, both of these exceeded the output of pyrethrum, which had been the dominant crop before 1968/69. The sharp increase in sugarcane production was due largely to improvements in the transportation of cane out of the fields, (see para 4.57). Settlement schemes are now less dependent on pyrethrum than they used to be.

Sales from Settlement Schemes through Co-operatives, 1964/65-1969/70

Table 4.16

K£

	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70
Milk	284,857	424,362	519,011	653,453	637,706	1,021,723
Butterfat	65,925	95,178	105,765	97,819	75,065	37,605
Pyrethrum	109,921	425,344	796,884	1,104,665	464,987	445,855
Beef	58,368	53,329	37,778	63,391	103,157	107,392
Wheat and Barley	32,220	31,196	68,111	45,936	10,154	17,327
Maize	6,198	33,703	96,330	167,734	174,108	155,445
Coffee	10,570	23,958	25,331	27,440	14,402	26,713
Sugarcane	—	—	85,292	186,486	260,220	609,470
Wool	9,685	32,543	32,749	35,738	49,274	26,418
Other Products	35,121	44,291	15,700	43,067	35,423	20,480
Total	612,865	1,163,904	1,782,951	2,425,729	1,924,496	2,468,428

4.45. Apart from the "million acre" scheme, the Department of Settlement has during the last two years established a "Harambee" scheme at Ol Arabel. Consideration of the nature and extent of future new settlement activities is now being undertaken. It is likely that further land settlement will take place but on a smaller scale than in the past.

4.46. The loan repayment situation continues to deteriorate and up to November 1970 only a small number of settlement plot-holders were fully up-to-date in loan repayments. Of the total amount billed, 44 per cent was in arrears and outstanding loans stood at K£3.1 million compared with K£2.8 million in 1969.

4.47. From the point of view of numbers settled during the last two years, "squatter" settlement has been rather more important than the "million acre" scheme. The number of families settled under the squatter programme to date is just under 18,000. Of this number, 1,503 were settled during 1970, in various parts of the country—Nyandarua, Kiambu, Murang'a Machakos and Kilifi districts. The major factors in the slowing down of squatter settlement in 1970 were a shortage of suitable land, as well as of personnel to establish new schemes. Although squatter settlement is administratively a separate operation from the "million acre" scheme, its growth and success would benefit from utilization of the resources and experience of the Department of Land Settlement.

Land Adjudication and Registration

4.48. Tables 4.17 and 4.18 show progress made in the adjudication and registration programme in the small-holder and pastoral areas. Table 4.17 illustrates development in this field since the programme was initiated in the early fifties. Columns 3 and 4 provide data on areas where adjudication registers have been prepared but not declared final until any complaints that might exist have been heard. The total area of holdings at this stage of the adjudication progress is 443,000 hectares. Column 5 indicates that adjudication work is under way on another 575,000 hectares, making the total area registered, adjudicated or being adjudicated nearly 2.8 million hectares, or 29 per cent of all former trust land in the district shown. In the Central Province, adjudication was by and large completed a few years ago; the process is now well advanced in Western Province, Kisii, Kericho and Nandi districts.

4.49. The number of holdings registered in 1970, shown in Table 4.18, was 18,600, involving 87,700 hectares. This includes 14 holdings totalling 14,400 hectares in Narok District, the first pastoral area to start land registration. The high figure for Kericho is due to a backlog of registrations completed in earlier years but not hitherto declared final. The time taken to

complete adjudication in a particular area can vary from a year to five or six years and the crucial factor in this is the co-operation of the local population.

PROGRESS OF LAND REGISTRATION AND ADJUDICATION AS AT 31ST DECEMBER, 1970

Table 4.17

	Registered Areas		Areas Adjudicated		Area in which adjudication is in process	Total Land Registered, Adjudicated or under Adjudication	
	'000 Holdings	'000 Hectares	'000 Holdings	'000 Hectares	Hectares	'000 Hectares	% of Total Registrable Land
NYANZA—							
Kisumu	3.8	5.2	11.0	17.9	4.1	27.2	} 32.9
Siaya	21.7	36.0	66.0	11.0	62.2	109.2	
Kisii	68.3	101.5	14.0	30.3	35.4	167.2	
S. Nyanza	13.2	30.7	7.5	47.1	9.6	87.4	
TOTAL	107.0	173.4	98.5	106.3	111.3	391.0	33.2
WESTERN—							
Kakamega	86.1	139.5	17.0	39.2	53.4	232.1	86.3
Bungoma	26.2	117.1	7.5	36.7	11.5	165.3	76.8
Busia	16.3	67.1	8.0	34.3	24.7	126.1	77.6
TOTAL	128.6	323.7	32.5	110.2	89.6	523.5	81.0
RIFT VALLEY—							
Kericho	16.2	67.2	10.1	42.5	61.6	171.3	68.0
Nandi	9.7	61.7	1.1	5.8	30.4	97.9	64.5
E. Marakwet	6.0	42.2			29.1	71.3	27.0
Baringo	5.7	56.1	5.6	0.8	24.4	81.3	8.3
Kajiado	1.5	338.5	0.2	64.3	4.1	406.9	24.2
Narokf		14.4		74.1	168.9	257.4	16.0
TOTAL	39.1	580.1	17.0	187.5	318.5	1,086.1	22.0
CENTRAL—							
Nyeri	43.9	79.6				79.6	100.0
Murang'a	99.4	149.6				149.6	100.0
Kiambu	39.4	88.5				88.5	100.0
Kirinyaga	26.4	76.7	0.4	1.4	1.9	80.0	98.0
TOTAL	209.1	394.4	0.4	1.4	1.9	397.7	99.6
EASTERN—							
Embu	19.3	131.3				131.3	52.3
Meru	40.7	96.2	10.8	21.6	44.7	162.5	27.6
Machakos	3.1	42.7		15.9	7.3	65.9	8.6
TOTAL	63.1	270.2	10.8	37.5	52.0	359.7	22.3
COAST—							
Taita	8.0	7.7			0.5	8.2	4.1
Kwale					0.7	0.7	0.1
TOTAL	8.0	7.7			1.2	8.9	1.2
ALL PROVINCES	554.9	1,749.5	159.2	442.9	574.5	2,766.9	29.1

*All Former "trust" land.

+In Narok 14 holdings were registered and 13 completely adjudicated.

**Number and Area of Holdings Added to the
Land Register During 1970***

Table 4.18

	'000 Holdings	'000 Hectares
Siaya	1.3	2.4
Kericho	12.2	51.5
Nandi	2.4	15.5
Meru	1.5	3.3
Taita	1.2	0.6
Narok	—	14.4
Total	18.6	87.7

*No holdings were added to the land register in other districts in 1970.

Crop Production

4.50. *Wheat*.—Deliveries of wheat during 1970 fell by about 7 per cent from their 1969 level, to 205,105 metric tons. This was largely due to a drop in the area planted following a reduction in the guaranteed price for grade "2 1/2"* for the 1969 planted crop (most of which was delivered during 1970) from Sh. 570 in the previous year to Sh. 450 per metric ton. This reduction in prices was implemented following the accumulation of large stocks during 1969. In that year these had to be exported with the help of a Government subsidy. For most of 1970, the export subsidy was withdrawn but wheat for export was sold to millers at a discount, the cost of this operation being recouped by the Wheat Board within the overall price structure for wheat. Most of the exportable surplus has now been disposed of. For 1971 plantings, in order to ensure that these are sufficient to meet Kenya's and Uganda's needs, a bonus is to be paid to growers, its size depending on quality. The maximum level will be Sh. 4 per 90 kilo bag for grade 1 wheat. In effect, this represents a price rise of nearly 10 per cent.

4.51. The fall in prices in 1969, which led to a reduction in the area planted in 1970, resulted in the elimination of a large number of very small growers producing wheat. Economies of scale are an important factor in the cultivation of this crop and the competitive position of small-holders is therefore weak. In Masai land changes have taken place in the (non-small-holder) wheat scheme which was initiated by the Wheat Development Authority and its predecessors. Wheat production in Masailand is now reasonably well established and the Authority is therefore being wound up. Last year, Masai growers planted nearly 5,800 hectares under wheat. These growers are individual farmers who plant with the assistance of machinery contractors.

* Although, strictly speaking, officially there is no such grade, the bulk of wheat deliveries fall between grades 2 and 3 and the weighted average can conveniently be described as grade "2 1/2".

4.52. *Maize*.—At just under 206,000 metric tons, deliveries of maize during 1970 were the lowest since 1967 and 27 per cent below deliveries during 1969. This resulted from 1969 plantings, delivered mainly in 1970, receiving insufficient rainfall. The effects of this on food supplies have already been mentioned earlier in this chapter: demand from the Maize and Produce Board rose and measures had to be taken to reduce consumption by the sale of a mixture of maize and wheat. When the supply position improved, production of this mixture was terminated. Another result of the shortage has been the postponement of the introduction of liberalized internal marketing which would allow market forces greater play. However, there has already been some relaxation of controls on movements of maize by private individuals within the same district.

4.53. In order to ensure that plantings during 1971 are sufficient not only for normal requirements but also to produce a surplus for the establishment of a strategic reserve, the price to the producer has been increased by 20 per cent, from Sh. 25 to Sh. 30 per 90 kilo bag. It is also expected that the area planted to high yielding hybrid seed during the current year will be considerably larger than that for 1970, shown below, probably about 200,000 hectares: —

	Hybrid Maize Planted '000 Hectares
1967	102
1968	132
1969	143
1970	151

4.54. *Rice*.—The production of rice, confined almost entirely to irrigation schemes, has already been discussed earlier in this chapter.

4.55. *Pyrethrum*.—At just under 97 metric tons of extract equivalent, pyrethrum production in 1970 was nearly 20 per cent above that for 1969. However, it was still far short of the 150 tons produced in 1968. The low level of deliveries last year continued to reflect the consequences of unfavourable planting conditions in 1969 as well as what was perhaps an "over-reaction" to earlier fears of over-production. In the event, world demand remained high and the general reaction in many countries against the use of D.D.T. and other toxic chemicals is likely to strengthen the long-term prospects of pyrethrum. During 1970, therefore, the Pyrethrum Board urged farmers to extend production and increased the price by 12 1/2 per cent, reduced cesses and lifted quota restrictions on large farmers. The effects of this policy became apparent later in the year and deliveries in the fourth quarter were nearly twice as high as those in the corresponding period of 1969. However, demand is still well above supplies. The world market for 1971 is estimated at 210 tons of extract equivalent and supplies will have to increase substantially if Kenya is to remain the world's major producer of pyrethrum.

4.56. *Sugarcane*.—Domestic production of sugar in 1970 was 125,291 metric tons, obtained from 1.3 million metric tons of cane. A large part of the growth in output was the result of a determined effort to harvest a rising area of immature cane, particularly on settlement schemes.

4.57. The administration of the settlement sugar schemes was re-organized and the capital investment during 1969 on in-field cane transportation arrangements began to bear fruit. Production from these schemes is expected to increase further during the current year. In fact, small-holder production is now an important source of cane supplies to the factories, as the following figures show:—

Area Under Cane and Cane Production, 1970

Table 4.19

	Hectares	Production (Metric Tons)
Factory Estates	7,325	492,107
Large Farms	5,987	441,349
Small-holders Co-operatives*	2,541	156,878
Settlement Schemes	2,548	230,491
Total	18,401	1,320,825

*Outside settlement schemes.

4.58. Sugar production is now a major agricultural industry and, as shown in Table 4.1, it ranked fourth in 1970, as a source of revenue from arable farming. Production to supply existing factories is expected to grow further, but its rise will be speeded up when the country's fifth sugar factory, at Mumias in Western Province, is built.

4.59. *Cotton*.—As the following series show, cotton production during 1970 remained static:—

	'000 metric tons
1966	14.4
1967	12.7
1968	14.7
1969	16.6
1970	16.5

4.60. About two thirds of the crop was produced in Eastern and Central Provinces, which have only about a third of the total area under the crop. Yields in these provinces were well above those in the Nyanza, Western and Coast Provinces, which have been the traditional cotton producing areas of

the country, principally owing to the failure of farmers in those areas successfully to combat insect-borne disease. The price to the farmers has been increased by 5 per cent per kilo for the higher AR grade in order to provide an incentive to improve quality.

4.61. Cultivation of cotton in blocks continues although the level of success achieved has varied considerably from one scheme to another. A major block project at Lamu has been initiated this year.

4.62. A working party has been examining some of the important questions facing the industry, including marketing problems, particularly the lint price formula now used, the nature and extent of co-operative participation in the industry, especially in ginning, as well as matters relating to the organization of the Cotton Lint and Seed Marketing Board.

4.63. *Horticulture*.—Kenya enjoys favourable conditions for horticultural production, although overall horticultural output is still relatively modest. Exports of canned products are well-established and, at over 25,000 metric tons, deliveries to canneries in 1970 were 13 per cent above those for 1969. Exports of fresh horticultural products rose even more rapidly, by 28 per cent in value, as the following table shows.

Exports of Fresh Horticultural Produce, 1968-70

Table 4.20

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

4.64. The exports of fresh produce included 849 metric tons of pineapples, twice the level exported in 1969. Other notable items of fresh produce were French beans (K£88,000), cut flowers (K£47,000) and mangoes (K£38,000). A significant factor in the growth of exports of fresh produce was a reduction in air freight rates to Europe for horticultural items from Sh. 3/20 in 1969 to Sh. 2/70 per kilo.

4.65. Output of canned pineapple and passion fruit is expected to rise further as a result of recent developments affecting these industries. One of the existing canning firms has concluded arrangements with a major food chain store organization abroad to market its pineapples and is now seeking to expand its existing capacity further. The problem of pineapple canning capacity and the place of small-holder out-growers (who delivered 4,000 tons to canneries in 1970) in the future growth of this industry is being

reviewed by the Government with a view to arriving at a systematic plan for expansion. Passion fruit processing will receive impetus following the completion of a new processing factory at Thika at the end of the current year. Exports of this product in the past have been in the form of juice. However, the new factory will produce concentrate from pulp obtained from the existing Sotik factory. The area planted under passion fruit in Central Province is being increased and the Thika factory might also process the small output of the Taita Hills.

4.66. Expansion of horticultural production is being based on three lines of development: —

1. Diversion of high potential land to horticulture from coffee, output of which exceeds what can be marketed.
2. Establishment of an effective and efficient grading and pricing system.
3. Training and improved extension for farmers.

4.67. It is intended to establish 16 grading and packing centres throughout the country, mainly to handle small-holder production. Two production centres based on nucleus estates, to be managed by the Agricultural Development Corporation, will also be set up, to produce cut flowers, citrus fruit, green beans and capsicums for export. The Ministry of Agriculture's research, training and extension effort in horticulture is being correspondingly augmented. Donors have been found for many of these projects and the first two grading and packing stations, at Machakos and Kinangop, should be functioning by the end of the current year.

4.68. *Coffee*.—Production continued to rise in 1970 and, as the following table shows, was 5,000 metric tons higher than output in 1969.

Coffee Production, 1965-70

	'000 Metric Tons		
	Estates	Small-holders	Total
1965	23.1	16.2	39.5
1966	28.4	28.5	56.9
1967	19.2	28.2	48.0
1968	18.8	20.8	39.6
1969	22.4	31.2	53.6
1970	26.7	32.0	58.7

4.69. The more important development in the industry last year was in the price level. Following a drop in Brazilian production in 1969, prices began to move up in the last quarter of that year and their high level was sustained in the Nairobi auctions throughout the first three quarters of 1970. Despite a substantial drop in the fourth quarter, the overall average price

for 1970 was K£369 per ton compared with K£309 during 1969. After falling in the last quarter of 1970, prices have again improved during the current year but, at the time of writing, were still about K£50 per ton below the corresponding level in 1970.

4.70. The bulk of the growth in output last year originated from large estates. This was due to a continued growth in yield on the estates—during the coffee season 1969/70 average production per hectare on estates was 866 kg. compared with 486 kg. on small holdings. Estates had been able to maintain intensive treatments to combat coffee-berry disease in previous years whereas small-holders had, by and large, not been able to afford them. The reduced incidence of CBD therefore found trees on estates in a much healthier condition. However, it is also apparent that husbandry practices on small-holdings require improvement.

4.71. Although prices have remained firm during recent months, this has been at the cost of a reduction in marketings. Kenya's quota is 44,260 tons for 1970/71 compared with nearly 47,600 tons in 1969/70. The coffee year 1969/70 ended with a carryover of 14,000 metric tons and stocks are likely to be even higher at the end of the current year. Intensive efforts are being made to expand sales to non-quota markets and these might reach several thousand tons compared with only a small amount during 1969/70; domestic consumption is also likely to go up a little. However, despite these measures, the overall carry-over at the end of the current coffee year is likely to exceed 20,000 metric tons.

4.72. *Tea.*—The tea industry continued to grow steadily. At 41,118 tons production was 13 per cent up on last year. Of this quantity, 18 per cent originated from small-holdings whose output is processed in the tea factories of the Kenya Tea Development Authority. The small-holder planting programme of the Authority continued and, up to the middle of last year, over 16,000 hectares had been planted to small-holder tea. This is still about 6,000 hectares less than the area under tea on estates, although small producers' plantings are expected to surpass those of estates by the end of the current planting programme, ending in 1973. The small-holders' share of production is less than their share of area planted because a large proportion of small-holder tea is still immature. The progress of tea development on small-holdings is illustrated in Table 4.22. Four new factories to process small-holder tea are under construction in Kisii, Kericho, Murang'a and Meru districts.

4.73. Three-quarters of the tea produced in 1970 was exported. Prices received in export markets improved significantly during the year and the overall average received by farmers was K£335 per metric ton, compared with K£309 in the previous year. As with coffee, there is a threat of over-supply in world markets with attendant consequences for prices. The problem arises from the fact that consumption in the major importing countries is hardly growing, if at all. Exporting countries have been operating arrange-

ments whereby quotas are allocated to exporters, but recent attempts to move towards a more formal arrangement have so far been unsuccessful owing to disagreement among exporters. Production in the smaller growing countries in Africa, in which tea production is of relatively recent origin, is still a very small proportion to total output. An agreement which entrenched the status quo would mean a permanent position of dominance for the two major producers, India and Ceylon. Kenya is the largest grower in Africa, and, after India and Ceylon, the most important exporter. Tea development is a critical component in plans for the more rapid growth of small-holder agriculture and to accept quota arrangements based on the status quo would mean giving up one of the few avenues of growth in crop development for small-holders. Discussions of the problem have revealed that there are substantial prospects for consumption growth in the big producing countries but artificial constraints on consumption are maintained by them. In such conditions, it is difficult for countries such as Kenya to accept limitations on production.

Table 4.22 The Development of Small-holder Tea—to 1969/70

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

4.74. Recently, the possibility of further growth of tea production through the production of green tea has become apparent. A market for this tea exists in the Far East, particularly Japan. Experiments to make green tea from leaf now grown in Kenya have been carried out and discussions with Japanese investors about the development of a green tea project have been held.

4.75. *Sisal*.—What appears to be a secular decline in sisal production was accentuated in 1970, as shown in the following series:—

	'000 metric tons
1965 ...	64.8
1966	57.3
1967	51.7
1968	49.8
1969	50.0
1970	43.9

The cause of this fall in production has been adverse world prices which in 1970 declined for the fifth consecutive year. The overall average return received by growers was K£42 per metric ton, compared with K£61 five years ago. The fall in prices reflects the inroads made into sisal consumption by synthetic substitutes without any significant reduction in sisal supplies. As a result of low prices the area under sisal in Kenya over the last five years has fallen to 81,000 hectares, a reduction of 25 per cent since 1966.

4.76. In the face of falling prices, exporting countries have attempted to restrict supplies coming onto the world market, through arrangements made in the Hard Fibres Group set up under the auspices of FAO. However, the agreements reached have tended to be short-lived. It is to be hoped that the latest such agreement, just concluded, will be more lasting.

4.77. In the current year, world supplies are being affected by natural factors such as drought and the quantity exported has declined temporarily. As a result prices have improved significantly. Currently, the London price of 3L grade sisal is the equivalent of K£89, compared with K£65 a year ago. In fact, forward sales of Kenya's crop, already made, mean that no fibre will be available for buyers until after July. Domestic consumption of sisal is also expected to rise following an improvement in the economic position of a large user.

Livestock Production

4.78.—Dairying.—Recorded deliveries of milk and its utilization by the Kenya Co-operative Creameries (K.C.C.) are shown in Table 4.23.

Dairy Production, 1966-1970
Table 4.23 '000 litres wholemilk equivalent

	Whole-milk Sales	Milk used for Manufacture of					Total	All Milk
		Cheese	Butter	Ghee	Dried Powdered Milk	Other Milk products		
1966	89,246	5,892	94,751	44,970	5,269	19,655	170,557	259,783
1967	97,578	5,292	98,852	15,597	8,201	22,451	150,399	246,977
1968	96,888	4,714	99,910	24,290	9,437	27,311	165,662	262,550
1969	102,152	4,592	88,266	24,439	11,509	29,912	158,718	260,870
1970	103,217	4,607	99,849	22,130	17,626	51,613	195,826	299,043

During 1970 deliveries rose nearly 15 per cent, after several years of minor annual fluctuations. One of the causes of rising output last year was the satisfactory long rains, although deliveries later in the year were affected by inadequate short rains. Perhaps a more important factor was the termination in the middle of the year of the milk quota system under which "quota" milk, which was restricted in supply, used to receive a higher price. The K.C.C. has since been paying the same price for all wholemilk deliveries and this has been as high as the former quota milk price.

4.79. In the distribution of dairy products, the K.C.C. follows a policy of giving priority to satisfying the demand for liquid milk, about 9 million litres per month. Any excess of supply over this amount is manufactured into other dairy products. Since whole milk sales during 1970 hardly changed, almost the entire growth in deliveries went into manufactured products. During the current year, however, because of the shortage of milk due to drought, there was a sharp reduction in the output of manufactured products and even liquid milk supplies fell short of demand. For instance, availability of liquid milk during the first two months of the current year was 15.5 million litres, compared with nearly 17 million in the first two months of 1970. During the same period, milk utilized for butter production had fallen from 15.8 million litres in 1970 to only just over 6 million in 1971.

4.80. It had been expected that the abolition of the quota system might lead to an over-supply of milk. In the event, partly for reasons of adverse weather during the last few months, this has not happened. However, problems of over-supply might yet arise unless domestic demand increases. Any substantial growth in output will have to be either absorbed domestically or exported overseas at a loss. Uganda and Tanzania, particularly the former, used to be important markets for whole milk but are now following policies of self-sufficiency in dairy requirements. Exports of liquid milk to these two countries in 1970 were 9.5 million litres, compared with 13.1 million litres in 1969. However, there can be little doubt that the domestic market can absorb a lot more milk should the need arise and if appropriate adjustments of price to equate supply and demand are made.

4.81. The Rural Dairy Development Scheme for small-holders continued to grow and the number of dairy centres established rose by 24 to reach a total of 349. The amount of milk passing through these centres is shown below: —

	Million litres
1964/65	17.0
1965/66	17.5
1966/67	42.4
1967/68	42.5
1968/69	64.8
1969/70	67.3

4.82. *Beef*.—In 1970, deliveries to the Kenya Meat Commission of cattle and calves for slaughter numbered 196,105 head, a growth of 6 per cent over deliveries during 1969, as the following series shows: —

	'000 Head
1965	184.6
1966	187.7
1967	216.1
1968	184.2
1969	184.7
1970	196.1

Although the number slaughtered increased, there was little change in the quantity of meat produced. This is illustrated in Table 4.24. The improvement in the Commission's financial situation which became apparent in 1969 continued into 1970 and the year ended with a profit.

Production and Disposal of Beef by the Kenya Meat Commission, 1965-70

Table 4.24

	Total Production (metric tons)	Local Sales (metric tons)	Exports		Percentage of Production Exported
			Chilled or Frozen (metric tons)	Canned (metric tons)	
1965	25,118	12,819	2,032	10,267	49.0
1966	26,760	12,208	2,848	11,704	54.4
1967	30,463	13,706	3,451	13,306	55.0
1968	29,961	16,091	3,376	10,494	46.4
1969	26,567	14,409	1,531	10,627	45.7
1970	26,571	14,853	522	11,196	44.1

4.83. Demand for meat in the urban areas and export markets which are supplied by the Commission exceeded deliveries of cattle to it. Changes were made in producer prices as well as in the grading system with a view to increasing supplies to the Commission and also providing an incentive to producers for investment in future production facilities, particularly of high quality meat. The fact that supplies to the Commission have not increased significantly in recent years suggests that producers are able to obtain more favourable returns from sales to rural butchers who handle about 80 per cent of all beef produced.

4.84. Supplies during the year were also affected by disease and drought conditions at the end of the year. In the last quarter of 1970 an outbreak of foot-and-mouth caused areas responsible for about three-quarters of beef cattle output to be placed under quarantine. The drought conditions which became apparent at the end of the year continued into 1971 and caused substantial mortality of livestock in the northern parts of the country. Drying up water holes also made it difficult to move stock out of the producing areas. For the future, efforts to improve marketing facilities have already been mentioned earlier in this chapter. A successful feed-lot system would also help to increase the off-take of cattle from the arid areas for fattening in the high potential areas further south, thus reducing pressure on grazing in the arid areas.

4.85. *Sheep and Goats.*—Deliveries of sheep, lambs and goats to the Kenya Meat Commission all increased during 1970, as shown in Table 4.25.

**Deliveries of Sheep, Lambs and Goats to
the Kenya Meat Commission, 1965-70**

Table 4.25

'000 Head

	Sheep	Lambs	Goats
1965	50.4	7.1	56.6
1966	41.8	7.8	13.3
1967	39.1	7.6	20.4
1968	28.6	7.6	9.9
1969	51.8	7.9	38.5
1970	57.5	8.2	47.2

4.86. *Pigs*.—As shown in Table 4.26, sales of pigs for slaughter in 1970 rose by 16 per cent. Because supplies exceeded profitable outlets, the Uplands Bacon Factory reduced the price to producers from Sh. 3/73 per kilo to Sh. 3/41. Increased production went almost entirely into exports which rose by 79 per cent. Although exports of pig products fetch returns considerably lower than those obtained in the domestic market, the Uplands Bacon Factory had a satisfactory year from the financial point of view and continued to pursue plans for renovation and expansion of plant. During 1969/70, 44 per cent of deliveries were from small-holders.

Pig Deliveries, 1966-70

Table 4.26

'000 Head

	Baconers	Porkers	Larders	Total
1966	35.5	17.9	1.8	55.5
1967	33.2	13.9	1.4	48.5
1968	40.6	10.0	1.3	51.9
1969	40.6	9.6	1.2	51.4
1970	48.9	9.0	1.9	59.8

CHAPTER 5—NATURAL RESOURCES

Water Supplies

Several ministries are at present involved in water projects although the overall responsibility for water development lies with the Water Development Division of the Ministry of Agriculture. This Division was reorganized in 1969 to implement effectively the Government's Rural Water Supply Programme which commenced with the first year of the Development Plan 1970-74, with the objective of bringing acceptable water supplies to all the rural population before the year 2000.

5.2. The sharp increase in water development activity in 1970 is apparent in Table 5.1, which summarizes expenditure on water supplies by the Government and other public bodies over the last five years.

Central Government and Other Public Authority Development Expenditure on Water Supplies and Related Services, 1966/67—1970/71

Table 5.1 K£'000

	1966/67	1967/68	1968/69	1969/70	1970/71*
Water Development Division	174	318	437	421	944
Mombasa Pipeline Board	111	220	90	66	45
Ministry of Health	26	33	40	13	33
Ministry of Lands and Settlement	80	97	214	89	64
Ministry of Co-operatives and Social Services†	10	14	30	33	23
Local Authorities	549	762	401	294	603
Total	950	1,444	1,212	916	1,712

*Provisional.

WHO/UNICEF Demonstration Programme administered in conjunction with the Ministry of Health and the Water Development Division. The amounts shown are the WHO/UNICEF contribution to the cost of schemes.

†Self-help schemes administered by the Community Development Department. The amounts shown are Public contributions to self-help schemes.

5.3. *Water Development Division.*—At present the Division operates and maintains 88 "gazetted" water supplies, (i.e., supplies for which the Water Development Division has been designated as Water Undertaker), four "non-gazetted" water supplies and about 90 "institutional" supplies and other water works. Table 5.2 shows a functional breakdown of the development funds allocated to the Water Development Division over the last five years.

5.4. Increased emphasis on rural water development is reflected in the big increase in development expenditure and more moderately in recurrent expenditure (Table 5.3) on rural water supplies. The former includes the expenditure on Rural Water Supply Project I comprising some 88 schemes and financed

by a loan of K£1.4 million from the Swedish Government. The schemes, expected to be completed by June 1972, will serve an estimated population of 450,000.

Development Expenditures for Water Supplies and Related Services by the Water Development Division+, 1966/67—1970/71

Table 5.2 K£'000

	1966/67	1967/68	1968/69	1969/70	1970/71*
Urban Water Supplies	115	162	211	81*	95
Rural Water Supplies	30	58	139	253	711
Buildings	—	25	6	24	78
Water Resources Surveys	7	36	35	11	10
Lake Victoria Hydrometeorological Surveys	13	30	39	41	44
Dam and Borehole Subsidies	8	6	7	10	5
Other	—	—	1		1
Total	174	318	437	421	944

*Provisional.

Excluding Yala swamp, which is a reclamation project.

The expenditure under this subhead is covered mainly by an external loan; delay in approval to spend the loan funds was responsible for the relatively small outlay in 1969/70 on urban water supplies.

Recurrent Expenditure on Water Supplies and Related Services by the Central Government and Other Public Authorities, 1966/67—1970/71

Table 5.3 K£'000

	1966/67	1967/68	1968/69	1969/70	1970/71*
Central Government (W.D.D.)	1,169	1,244	1,343	1,478	1,540
Mombasa Pipeline Board	463	482	500	521	552
Local Authorities	821	1,040	1,313	1,421	1,469
Total	2,453	2,766	3,156	3,423	3,561

* Estimates

5.5. At the time of writing, nine of these schemes were already in operation. Of these, the Kyeni Pilot Water Scheme was the first scheme to be started under the project. The scheme has so far cost about K£76,000 and covers the entire location of Kyeni (population 12,000) in Embu District. The engineering works at Kyeni are designed to provide clean water at communal watering points, each serving a small group of farms and spaced in such a way that no-one is more than about half a mile away from the supply. The water rates at such points are Sh. 3 per farm per month, in keeping with the policy of basing rates on the general welfare position of the area served by the scheme and the estimated benefit accruing to the people from availability of the water.

5.6. Table 5.4 shows schemes operational or expected to be operational by June 1971 whilst Table 5.5 shows the number of schemes expected to become operational in 1971/72.

Rural Water Supply Project Schemes Operational or Expected to be Operational by June, 1971

Table 5.4

Province	Small Projects (less than K£10,000)		Larger Projects (K£10,000 and over)		All Projects	
	No.	Cost (K£)	No.	Cost (K£)	No.	Cost (K£)
Central	4	13,000	1	14,000	5	27,000
Coast	7	40,000	1	76,000	8	116,000
Eastern	8	30,000	—	—	8	30,000
N. Eastern	—	—	—	—	—	—
Nyanza	11	32,270	—	—	11	32,270
R. Valley	—	—	2	54,000	2	54,000
Western	—	—	—	—	—	—
Total	30	115,270	4	144,000	34	259,270

Rural Water Supply Project Schemes Expected to become Operational in 1971/72

Table 5.5

Province	Small Projects (less than K£10,000)		Larger Projects (K£10,000 and over)		All Projects	
	No.	Cost (K£)	No.	Cost (K£)	No.	Cost (K£)
Central	3	14,550	6	355,000	6	355,000
Coast	3	12,000	2	133,000	5	147,550
Eastern	3	12,000	1	19,000	4	31,000
N. Eastern	12	51,100	—	—	12	51,100
Nyanza	—	—	6	179,100	6	179,100
R. Valley	18	59,350	2	82,000	20	141,350
Western	—	—	1	60,000	1	60,000
Total	36	137,000	18	828,100	54	965,100

5.7. *Mombasa Pipeline Board.*—This is a quasi-government body set up in 1957 to develop, supply and distribute water to Mombasa and its environs. The Board's bulk supplies are delivered by two major pipelines, the Mzima/Mombasa Pipeline and the Mrere/Mombasa Pipeline. A number of subsidiary lines serving various parts of the north and south coastal regions derive their supply from the two major systems. The actual operation and maintenance of the system is undertaken by the Water Development Division

acting as the Board's agents. The Board's forward policy of pushing its installations out to wherever the water could be advantageously piped has had a strong positive influence on development in the coastal areas. A summary of its activities can be seen in Table 5.6.

MOMBASA PIPELINE BOARD, SUMMARY OF ACTIVITIES, 1966/67-1970/71

Table 5.6

	Unit	1966/67	1967/68	1968/69	1969/70	1970/71*
Sales of Water	Million gallons	2,270	2,271	2,385	2,655	2,791
Revenue	K£'000	465	466	533	613	647
Capital Expenditure	K£'000	111	220	90	66	45
Outstanding Loan Liability at end of year	K£'000	5,245	5,334	5,285	5,195	5,057

* Provisional

5.8. *Ministry of Health.*—Since 1960, the Ministry of Health has been carrying out a long-term demonstration programme in rural water supplies with assistance from the World Health Organization and the United Nations' Children's Fund. Including the Ministry's 1971/72 proposals, the entire demonstration programme was planned to lead to the installation of some 440 schemes serving an estimated population of 537,000. However, lack of information makes it difficult to ascertain how many schemes have been developed and how many are still operational, after implementation. Table 5.7 illustrates the various aspects of the demonstration programme.

WHO/UNICEF ASSISTED RURAL WATER SUPPLY PROGRAMME IN KENYA, 1960/61-1970/71

Table 5.7

	Number of Schemes	Number of Districts involved	Total Cost K£	Value of UNICEF contribution		Estimate of Number of persons benefited	Average cost per scheme K£	Average cost per capita KSh.
				K£	% of Total			
1960/61	13	3	25,100	17,300	69	30,000	1,931	16.71
1962/63 ..	34	10	65,700	45,300	69	34,500	1,931	38.06
1964/65 ..	39	15	75,300	52,000	69	33,500	1,931	44.91
1966/67	63	12	63,900	26,000	41	66,000	1,014	19.35
1967/68	34	13	50,000	33,000	67	49,000	1,470	20.42
1968/69	42	20	71,400	40,300	57	80,000	1,700	17.85
1969/70*	24	14	32,400	12,900	40	26,300	1,360	24.64
1970/7+ ..	46	6	95,460	32,590	34	47,100	2,075	40.54

*The original proposal was for 106 schemes. Now only 24 of these are being assisted by WHO/UNICEF. The rest have been taken up by the Ministry of Health, U.S.A.I.D. and the Water Development Division.

+Proposed.

5.9. *Department of Settlement*—Working with the W.D.D., the Department of Settlement has been involved in water development on settlement schemes since 1962. To date 33 water schemes have been completed

serving 5,544 plots, at a cost of K£347,768. A further 26 schemes are being installed and when completed will serve approximately 7,103 plots. One of these is a major project in Trans Nzoia, designed to serve 4,770 plots at a cost of K£262,350.

5.10. *Expenditure by Local Authorities.*—Nairobi City Council accounts for the major part of the expenditure on water supplies by municipalities and county councils. The City's inability to undertake such expenditure on a large scale in 1969 and 1970 explains the reduction in outlays by municipalities, shown in Table 5.8. Its resumption of new capital works for water in the current year is responsible for the rapid growth apparent in the table.

**Capital Expenditure on Water Supply Undertakings
by Local Authorities, 1966-1971**

Table 5.8 K£'000

	1966	1967	1968	1969	1970	1971*
Municipalities	184	874	587	165	380	774
County Councils	—	39	23	27	15	37
Total	184	913	610	192	395	811

* Provisional

5.11. Nineteen seventy saw the augmentation of supplies at Sasumua Dam, a principal source of supply for Nairobi. The crest of the dam has been raised by 7.9 metres and the water level by 6.4 metres thereby increasing the quantity of stored water to 15,900 million litres. At present Nairobi City Council is involved in its biggest undertaking, the Chania Water Scheme. The project will be completed in three stages. The first stage, involving works on the Middle Chania River, is to be financed by a loan from the World Bank and is expected to be completed early in 1974.

**Value of Community Self-Help Water Supply and Improvement Schemes
1967-70**

Table 5.9

	Unit	1967	1968	1969	1970*
Value of Water Supply Schemes Completed	K£'000	77	124	130	140
Value of Contribution of Beneficiaries:—					
Labour	K£'000	23	22	18	26
Materials	K£'000	16	46	30	31
Cash	K£'000	28	39	40	60
Total value of Beneficiaries' Contribution	K£'000	67	107	88	117
Percentage of Total Cost		86.8	86.0	67.6	83.5

*Provisional

5.12. *Community Development Department.*—This Department of the Ministry of Co-operatives and Social Services has been assisting and promoting self-help projects since Independence. Its water projects, like its other self-help schemes, are characterized by the very high proportion of total costs being met by the beneficiaries themselves. Details of such water projects are set out in Table 5.9.

5.13. *Groundwater.*—Many of Kenya's townships are wholly or partially dependent on groundwater. The Government encourages the use of groundwater resources especially for agricultural purposes through its Borehole Subsidy Scheme. To date, over 4,000 boreholes have been drilled in Kenya. A large percentage of boreholes drilled in the last two years were in the north-east of the country where underground water is scarce. This is the reason for the relatively low percentage of successful boreholes in 1968/69 and 1969/70, shown in Table 5.10.

Boreholes Drilled and Subsidy Paid, 1965/66-1969/70

Table 5.10

	Unit	1965/66	1966/67	1967/68	1968/69	1969/70
Boreholes Drilled..	No.	46	48	54	81	98
Successful Boreholes	No.	38	42	48	44	67
Percentage Successful	%	82.6	87.5	88.9	54.3	68.4
Subsidy Paid	K£	2,599	3,470	2,793	4,049	3,875

Forestry

5.14. Drought in the early part of the current year disrupted the planting programme in some forest districts. However, in 1970 progress on the afforestation programme continued steadily, resulting in nearly 18,000 additional hectares being planted. The Turbo afforestation programme slightly exceeded the annual target of 1,215 hectares. This covers Kaptagat, Kipkabus, Nabkoi, North Tinderet and the Timboroa areas and is intended to supply the paper mill at Broderick Falls when this comes into operation. When completed, the programme is expected to yield 275,000 cu. metres of pulpwood annually over a 14-15 year rotation. By the end of last year, a total of about 4,000 hectares had been planted with softwood and it is expected that the planting target of 12,140 hectares will be reached by 1975. Details of forest plantings in the country as a whole are set out in Table 5.11.

5.15. An important new area of forestry effort is the proposed rural afforestation scheme. The main purpose of this programme is to inculcate forest values in the rural areas and to establish farm woodlots, shelter belts, and soil protection forests on steep hills, and along river banks. These will increase wood supplies for all rural requirements whether for fuel, building Poles or timber. To launch the programme, arrangements are already under way to establish new tree nurseries and train more foresters.

Forest Plantation Area, 1965-70

Table 5.11

'000 Hectares

	1965	1966	1967	1968	1969	1970
Indigenous softwoods	4.6	4.6	4.6	4.6	4.0	4.6
Indigenous hardwoods	3.7	3.8	3.9	4.1	4.0	4.5
Exotic softwoods—						
Cypress	33.1	35.1	37.3	40.0	43.0	54.3
Pines	38.2	30.6	42.5	46.6	49.0	54.6
Exotic hardwoods—						
Timber	2.8	2.8	2.3	2.5	4.0	2.9
Fuel	6.7	6.5	0.6	7.0	7.0	7.8
Total Afforestation	89.1	92.4	97.7	104.8	111.0	128.7

5.16. While the planting programme proceeded more or less according to plan, the threat to the forest estate from various hazards was considerable. A large area of pine plantations in Nairobi Division, within as well as outside the forest reserve, had to be destroyed as a check to the spread of a disease which was discovered at Muguga. At the same time, drought and fire hazards continued to pose a big threat. Some 325 hectares of pine were destroyed by drought in the Turbo area, while forest worth several hundred thousand pounds was burnt by fire, mainly in the Mount Kenya region.

5.17. Sales from forestry production are shown in Table 5.12. Production of timber as well as other forest products has continued to grow. Domestic consumption of timber has been rising with the continued high level of building activity. Exports of timber were K£126,000 in 1968, K£119,000 in 1969 and K£153,000 in 1970.

Sales of Forest Products, 1965-70

Table 5.12

	1965	1966	1967	1968	1969	1970*
Timber ('000 true cu. metres)—						
Softwood	196	156	206	191	257	269
Hardwood	17	14	15	17	24	27
Total	213	170	221	208	281	296
Fuel ('000 stacked cu. metres)						
Fuelwood	117	107	91	82	89	93
Charcoal	73	147	64	106	107	109
Power and Telegraph Poles (Number)	10,871	7,000	252	8,342	10,747	14,409

* Provisional

5.18. It is quite likely that sales of charcoal as shown in Table 5.12 understate the true position. This is suggested by the sharp growth in charcoal exports which rose from 8,460 metric tons in 1968 to 20,500 tons in 1969 and 35,800 tons in 1970. During the same period the value of exports has risen from K£105,000 in 1968 to K£295,000 and K£456,000 in 1969 and 1970 respectively. A very small part of this is charcoal for industrial uses, exported mainly to the United Kingdom and prepared under controlled conditions on wattle plantations. The remaining exports consist of fuel for domestic use, destined primarily for Kuwait.

5.19. This is giving cause for concern because production of such charcoal is largely a result of indiscriminate felling of forest and woodland. Visible evidence of such felling is now apparent along the Nairobi-Mombasa road and other parts of Coast Province. There is a danger that uncontrolled exploitation could cause erosion and affect water supplies. The Government expressed its concern early last year and licensed exports of charcoal. However, as shown above, these have increased sharply since. There can be no doubt that much more stringent control is necessary.

5.20. Apart from basic forest products such as timber, fuel and poles, Kenya is already on the path towards more sophisticated forest-based industries. Two plywood mills are already in operation. These mills have been in existence since 1968 and their output during 1970 was 557,697 and 185,620 square metres respectively of plywood. A third plywood mill, involving about K£1.5 million capital investment, is expected to come into operation during this year. Plans to establish a medium fibre board factory during the year either at Nakuru or Rongai are also proceeding. The largest forest based industrial enterprise being developed is the paper mill at Broderick Falls. This will require an investment of K£13 million. When completed, it is expected to meet all internal requirements for Kraft paper and should give a powerful boost to the importance of forest-based industries in the economy.

Fisheries

5.21. Provisional figures for 1970 indicate that primary fish production increased from 32,020 metric tons to 33,700 tons, a growth of 5 per cent. Despite this increase, the growth rate was well below both that of the previous two years and the rate necessary to achieve the Development Plan target of 55,000 tons in 1974. The overall picture, however, masked some highly encouraging advances in particular fisheries. Details of the catch by area are illustrated in Table 5.13.

5.22. The marine catch increased from 6,748 to 7,900 metric tons, valued to fishermen at K£388,150 and K£497,700 respectively. In 1970 primary producers received 20 and 33 cents more per kilogram for lobsters and prawns than in 1969.

QUANTITY AND VALUE OF FISH LANDED, 1968-70

Table 5.13

	1968		1969		1970*	
	Quantity	Value to Fishermen	Quantity	Value to Fishermen	Quantity	Value to Fishermen
	M. Tons	K£'000	M. Tons	K£'000	M. Tons	K£'000
FRESHWATER FISH—						
Lake Victoria	16,357	708	17,442	802	16,400	744
Lake Rudolf	2,044	12	3,753	29	4,854	51
Lake Baringo	554	11	503	9	646	12
Lake Naivasha commercial	673	25	809	34	1,150	48
Lake Naivasha sport	212	15	120	8	120	8
Other lakes	870	32	1,000	40	985	36
Rivers	1,524	84	1,524	84	1,524	84
Fish ponds	121	14	121	14	121	14
TOTAL	22,355	903	25,272	1,021	25,800	1,027
MARINE FISH						
Lamu ..	1,172	43	1,270	41	744	33
Malindi	1,204	63	1,200	67	442	26
Kilifi	104	6	117	8	109	7
Mtwapa	91	7	121	9	117	9
Mombasa	489	52	446	55	798	78
Shimoni	339	25	277	20	322	24
Vanga	189	8	202	10	237	13
Other S. Coast Villages	1,017	59	1,008	62	955	61
Sport fishing	99	3	125	10	82	6
All other areas	1,011	40	1,630	65	3,803	203
TOTAL	5,715	306	6,396	346	7,609	460
CRUSTACEANS—						
Lamu	79	8	61	10	67	14
Malindi	10	2	15	3	7	2
Kilifi	6	2	8	2	13	3
Mtwapa	1	—	1	—	2	—
Mombasa	—	—	39	9	12	2
Shimoni	21	4	12	3	12	3
Vanga	14	2	4	—	10	1
Other S. Coast Villages	31	5	27	4	40	7
TOTAL	162	24	167	32	163	33
OTHER MARINE PRODUCTS—						
Lamu ..	—	—	5	—	2	—
Malindi	—	—	15	2	—	1
Kilifi	—	—	—	—	—	—
Mtwapa	—	—	—	—	—	—
Mombasa	—	—	165	8	126	4
Shimoni	—	—	—	—	—	—
Vanga	—	—	—	—	—	—
Other S. Coast Villages	—	—	—	—	—	—
All other areas	175	8	—	—	—	—
TOTAL	175	8	185	10	128	5
All Fisheries	28,407	1,241	32,020	1,409	33,700	1,525
Estimated retail value K£'000		3,160		3,510		3,659

* Provisional

5.23. Output from Lake Victoria showed a marked decline, however, While part of this decline might have been "statistical", the result of a larger and therefore more representative sample, there was also a slight drop in both catch per fishing unit and in the average number of units participating. The craft used are largely for near-shore operations, but where fishermen have been able to reach distant waters in motorized boats, average catch per unit

has almost tripled; for example, an average catch of 49 kilograms per craft/day was recorded for Marenga and only 15 kilogram per craft/day in Homa Bay.

5.24. Lake Naivasha has been suffering from a subsiding water level for some years now. One result of this has been a tendency for fish populations to concentrate in the deeper areas as the shallow ones dry up. The short run effects of this are higher catches and declining average weight of fish caught. In 1970, while there was a 40 per cent increase in the commercial catch from 809 tons in 1968 to 1,150 tons, the average weight of tilapia dropped from approximately 0.32 kilogram to 0.28 kilogram between mid-1969 and the first quarter of 1971. From September last year, the value to fishermen, of their catch increased by an average of 20 cents per kilogram. Naivasha canoe-owners realise one of the highest returns per fishing unit in the country, estimated at K£2,500 gross.

5.25. Commercial catches from Lake Rudolf increased from 3,753 to 4,864 metric tons. The great potential of the lake remains almost untouched and just one additional fishing unit can add considerably to the overall catch. In the short run the most important constraint on production is not so much the marketing or distribution factors as the rate of increase of fishing craft and fishing effort.

5.26. Other fisheries have gained in importance. Among these are the lower reaches of the River Tana where a processing factory has recently been started at Tarassa. This is likely to induce local fishermen to increase their efforts, as disposal will be assured. Fishing operations are also being introduced at the Kindaruma Dam, higher up the Tana River, with ten fishing units initially. Preliminary indications are that productivity in this fishery is high.

5.27. Sport fishing has increased in importance, especially along the coast where big game fishing is a major tourist activity. The total number of sports craft engaged in fishing at the coast is estimated at 300. Lake Naivasha, where the total number of boats is also 300, and Lake Rudolf are also important sport fishing resorts. Trout angling in the highland rivers is an additional inland sport fishing activity. Government expenditure in the sport fishing sector, both inland and marine, is geared towards providing the infrastructure which the operators of fishing resorts would not be able to establish normally. For trout, stocking of streams, breeding and conservation is entirely a public undertaking. It is planned to carry out a detailed economic study of this important aspect of tourism.

5.28. It can be said perhaps that the increases in catch which have so far occurred have not been a result of increasing efficiency or productivity of fishermen or of good scientific management of the fisheries. Rather they can

be attributed to the simple process of increased participation. A good deal of development to introduce better practices into fishing is therefore essential and the Fisheries Department is engaged in several projects towards this end.

5.29. One of these is the 1,800 cubic feet cold storage plant and jetty now under construction in Mombasa. This is the first phase of an eventual Kenya participation in lucrative deep sea fishing in the Indian Ocean. The second phase of this project will involve acquiring several tuna trawling vessels and training Kenyan manpower in trawling. The marine catches should go up substantially when this happens. Another planned project at the coast is a feasibility study of distribution channels for fish products. This will be a survey of the whole problem of marine fish and crustacea marketing and will be of importance to the success of the deep sea fishing project. Biological productivity studies of shell-fish resources have been very encouraging but marketing channels need further improvement.

5.30. Lake Rudolf, whose production is important for the realization of Development Plan targets, has several projects under way. A stock assessment survey for the whole Lake Rudolf fishery, including a study of the ecology, growth rates and fecundity of the commercially important species is under way. The best methods of catching will also be developed. Another study under way will aim at improving Turkana fishing practices as well as doing experimental fishing with various types of craft. The Department has acquired demonstration boats and the services of an experienced boat builder and it is hoped new canoes will enter the lake at a steady rate.

Mining and Quarrying

5.31. A quantity index of mining and quarrying production is shown in Table 5.14. The overall index recorded a rise of 24 points between 1969 and 1970 despite a sharp decline in metal mining, which has become almost non-existent. The strong growth of both non-metallic mining and quarrying more than compensated for the decline in metal mining, caused by the cessation of gold production, which used to be the only significant metal mining activity. This followed the ending of gold mining operations at a major mine in South Nyanza. However, developments which will give a new impetus to metal mining activity have been taking place.

QUANTITY INDEX OF MINING AND QUARRYING PRODUCTION, 1964-1970
(1969=100)

Table 5.14

	1964	1965	1966	1967	1968	1969	1970*
Metal Mining except iron ore mining	109.4	98.7	76.8	169.8	177.9	100.0	2.0
Non-Metallic Mining	82.8	86.3	112.1	104.4	116.4	100.0	153.3
Quarrying (Excluding quarrying for roads)	31.1	16.0	32.0	53.7	60.0	100.0	149.7
	72.5	67.8	81.8	101.6	111.2	100.0	124.0

*Estimate

5.32. A detailed breakdown of minerals produced is given in Table 5.15, with their respective values shown in Table 5.16. With the exception of limestone, quarry products are not included in these tables.

THE QUANTITY OF MINERAL OUTPUT, 1966-1970

Table 5.15

	Unit	1966	1967	1968	1969	1970
Aquamarine	gm.			13,000	1,766	11,340
Barytes	Ton	98	212	356	435	447
Beryl	"	—	17	11	3	4
Carbon Dioxide..	"	817	819	819	762	763
Copper	"	793	11	38	77	79
Corundum	"	—	25	43	119	60
Corundum (Ruby	gm.	—	—	9,090	2,391	2,477
Diatomite	Ton.	1,772	1,886	2,055	2,303	1,601
Felspar	"	164	402	535	1,560	895
Fluorite	"	—	—	192	1,861	3,904
Gaylussite	"	—	—	—	15	204
Gold	Troy oz.	11,898	33,366	31,989	17,903	—
Guano	Ton.	323	346	41	360	638
Gypsum	"	—	246	501	480	1,057
Kaolin	"	—	1,456	1,332	1,472	1,770
Limestone Products	ti	16,734	19,041	18,567	24,091	24,149
Magnesite	"	678	422	68	503	4
Salt	"	25,154	27,339	28,790	42,287	39,271
Sapphire	gm.*	3,525	1,652	5,611	2,839	903
Silver	Troy oz.	19,003	3,038	2,771	1,668	—
Soda Ash	Ton.	112,399	104,754	117,230	105,913	167,477
Soda Crushed Raw	tt	2,463	3,224	2,283	2,568	2,879
Vermiculite	"	76	251	279	776	1,668
Wollastonite	"	—	12	1,381	691	100

*Unit is carat for 1966.

THE VALUE OF MINERAL OUTPUT, 1966-1970

Table 5.16

K£

	1966	1967	1968	1969	1970
Aquamarine			5,188	2,000	3,190
Barytes	2,261	2,550	9,086	11,408	8,760
Beryl	—	2,163	2,360	430	480
Carbon Dioxide ..	68,114	70,115	76,204	71,635	69,802
Copper	426,270	5,500	14,654	40,444	37,685
Corundum		960	447	4,608	1,170
Diatomite	33,826	27,840	30,345	32,241	30,298
Felspar	5,152	1,940	8,350	24,938	13,200
Fluorite			2,977	23,837	38,577
Gaylussite..	—	—	50	9,333	70*
Cold	149,490	420,118	448,009	273,821	—
Guano	5,951	6,138	400	6,342	11,400
Gypsum		1,022	1,742	2,006	3,661
Kaolin	16,126	22,512	24,114	36,225	43,375
Limestone Products	126,992	128,420	125,561	180,672	171,835
Magnesite	5,332	3,690	603	4,622	40
Salt	208,586	241,048	281,558	398,034	384,597
Sapphire	8,030	2,706	1,659	5,286	4,310
Silver	8,602	1,821	2,146	1,070	—
Soda Ash .. "	1,183,677	1,093,521	1,203,552	1,118,046	1,846,890
Soda Crushed Raw	21,920	28,715	21,834	24,953	24,358
Vermiculite	226	741	820	2,702	7,931
Wollastonite		36	21,567	6,000	1,700
All other Minerals	856	308	1,207	3,152	26,527
TOTAL	2,273,204	2,063,535	2,284,433	2,283,805	2,729,856

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

5.33. Investigations by the Mines and Geology Department have located lead ore deposits with 9 per cent lead content at Kinangoni, north of Mombasa. Mining rights have been awarded to a joint Kenya-Rumanian enterprise, with majority participation by the Government, and the groundwork to commence mining operations is being laid. It is expected that eventually the enterprise will involve an investment of several million pounds, spread over a number of years and related to the pace at which mining operations are extended. Further down the coast, at Mrima Hill in Kwale district, investigations have led to the discovery of deposits of the rare metals niobium and europium. A French company has been given the mining rights to exploit these deposits and has already commenced operations. The company expects to extract seven to ten thousand tons of niobium ore in the initial year of operation. Production of europium may follow later as a by-product. In the meantime, investigations are continuing around this locality for other rare earth metals which it is felt are also present in this area. Metal mining might also expand following the UNDP Geological Survey of Western Kenya which has listed areas of geological potential worth prospecting further. In fact, as an outcome of this study, investigations have already started in the Sakwa Division of Siaya District to assess its gold potential for exploitation by small-scale mining enterprises.

5.34. Non-metallic mining expanded considerably in 1970. As indicated in the index in Table 5.14, this was primarily due to a growth of 74 per cent in the production of soda ash, which is the most important product of the entire mining industry in the country. Following cessation of trading relations with South Africa after Independence, this industry went through a period of decline while alternative markets were being built up. However, production during 1970 had once again reached the pre boycott level. Over 90 per cent of total output is destined for export markets, which are shown in Table 5.17.

Table 5.17 QUANTITY AND VALUE OF SODA ASH EXPORTS BY DESTINATION, 1968-1970

	1968		1969		1970	
	Quantity <i>metric tons</i>	Value K £	Quantity <i>metric tons</i>	Value K £	Quantity <i>metric tons</i>	Value K £
Japan	45,599	356,484	26,393	207,255	35,980	275,867
Thailand	12,285	145,702	15,777	185,825	20,525	193,233
U. S. Dependencies and Philippines					16,105	156,988
Turkey	11,581	130,121	3,473	40,604	8,112	95,389
Singapore..	10,149	122,734	8,843	105,773	16,568	121,037
Israel	4,198	51,489	6,149	75,815	12,800	152,295
Swaziland			182	2,183	11,208	137,947
Iran	700	8,921	800	10,195	8,885	110,873
Other	27,983	316,787	24,325	275,863	14	236
TOTAL	112,495	1,132,238	85,942	903,513	124,197	1,243,865

5.35. The current year is expected to be one of significant expansion in non-metallic as well as metallic mining. The Government has taken up majority participation in a partnership with a local and a foreign company

to exploit fluorspar reserves in the Kerio Valley. Initially, the output will be destined for local use, as a special flux in cement production. However, recent innovations in smelting techniques for iron ore are expected to open up a good export potential for this mineral in steel manufacturing countries. The reserves of fluorspar appear to be quite extensive.

5.36. Recently, a local enterprise has gone into operation to exploit deposits of gaylussite, a non-metallic mineral, which exist near Amboseli. Increased use of vermiculite, another non-metallic mineral, as a building material for sound-proofing and silencing may encourage its mining still further. Deposits are known to exist at various places in the country. Currently, these are being mined north of Sultan Hamud while another enterprise is going into production in Samburu. However, at both these sites operations are at the moment on a small scale.

5.37. Exploration for oil continues. Up till 1969 this was being undertaken by a single enterprise which concentrated its activities mainly along the coast. During 1970 exploration at the coast was centred at Patta Island. A hole was drilled there but turned out to be "dry". This operation involved an estimated expenditure of K£1 million, which has been the average annual expenditure on oil exploration for several years. Drilling is now taking place a few miles north of Patta Island. In 1970 another firm was given concession rights to prospect for oil in parts of North-East Province. The operations of this firm have so far been confined to basic investigations in surface geological and air reconnaissance surveys and no drilling has yet taken place.

5.38. The index of quarrying production recorded an increase of nearly 50 points between 1969 and 1970. This reflects the growing level of building and construction activity, discussed in Chapter 6. Another significant indicator of growth in quarrying is the use of explosives in quarrying operations which has gone up from 10,000 cases in 1968 to 18,000 cases in 1970.

Wildlife

5.39. Kenya is well known for its wildlife, which, together with other natural features, attracts tourists in large numbers each year. Wildlife is protected in ten national parks, (including two Marine Parks), two national reserves and five game reserves as well as in a number of forest reserves and conservation areas where hunting is prohibited. But many wild animals are to be found outside these protected areas, and while they are also a tourist attraction, for hunting and viewing, they can represent a threat to the lives, livestock and crops of the local people. It is the responsibility of the Game Department to reconcile the sometimes conflicting interests of settlement, hunting, tourism and wildlife conservation in these areas and to control poaching, which is still an important problem in many areas of the country.

5.40. It is encouraging to note that the value of conserving wildlife is becoming more apparent to people in the game areas—for instance, Machakos, Lamu and Garissa County Councils have plans to establish new game reserves in their Districts. The future existence of wildlife in many areas of Kenya clearly depends on demonstrating to the people its value, both in terms of direct or indirect economic benefit and as an integral part of the national heritage. The proposed amalgamation of the Kenya National Parks and the Game Department will provide the opportunity for the creation of an effective body responsible for the management of all wildlife resources in Kenya. But to be successful, the amalgamation will have to be accompanied by an increase in resources and a comprehensive national policy for game, based on scientific research and management principles.

5.41. The country's national parks, in which wildlife is fully protected and human settlement is not permitted, play a major role in the conservation of wildlife. They are administered by a Board of Trustees, who also have partial control over the Marsabit, Shimba Hills and Marine National Reserves. (These areas are not full national parks because of the legal status of the land.) It is expected that a new national park will be established soon on the north-eastern shore of Lake Rudolf, and adjoin another protected area to be developed on the Ethiopian side of the border. Definite plans are being made for the purchase of land in the Kitengela area for a much-needed extension to Nairobi National Park. The project will cost approximately K£100,000 and several organizations have already indicated their willingness to help purchase this land. Work on fencing the sanctuary for sitatunga being established in the Saiwa Swamp near Kitale will begin soon—the swamp area will eventually become a national park.

5.42. Development work in the national parks has been proceeding steadily. A warden's house and office for Nakuru have been completed and the warden's house and staff houses in Shimba Hills are under construction—entrance gates and ranger posts were completed in 1970. The road improvements and extensions which have been made recently in most parks (and on which work is virtually continuous) will help to make more areas of the parks accessible throughout the year. This will not only benefit game-viewing visitors, but also make the work of anti-poaching units easier. These units have been strengthened in recent months by gifts of equipment, including an aircraft, radios and vehicles, and a boat for use in the Marine Parks, but poaching remains a problem in certain areas in the parks.

5.43. The continued existence of game outside the national parks and reserves is essential for the survival of those protected areas which, not being self-contained ecological units depend on seasonal migrations of animals from outside their boundaries. However, there is increasing competition from

other possible land uses in some of these areas, and, especially where land registration has been proceeding rapidly and large scale ranching schemes are planned, the future survival of wildlife may be affected. In these circumstances, a sentimental approach to the problems of wildlife conservation is unhelpful. What is needed is a hard-headed economic assessment of the value of wildlife in comparison with other land uses, or as an adjunct to them. And, assuming that the results of such an assessment are favourable to wildlife (as has been demonstrated already for certain areas), it will be necessary to ensure that some at least for the overall economic benefit is directly channelled to the owners of the land in question to prove to them that they have chosen the right course of action in retaining their wildlife resources.

5.44. A proposed major wildlife management project whose preliminary stage was initiated recently aims to follow this line of approach. The project, a joint UNDP/FAO venture with the Game Department, has as its objective the development of a progressive programme which will maximise the economic returns from wildlife. All aspects of wildlife utilization will be considered, including game viewing, hunting and cropping, with particular emphasis initially on investigating how ranchers on private lands can get direct economic benefits from wildlife in conjunction with livestock ranching. It is expected that game viewing away from the more congested tourist areas will become increasingly popular, and that there will in the future be a rising demand for short, relatively inexpensive, trips to hunt the more common trophy animals. But an assessment of the practical and economic problems of large scale game cropping will be the project's first main activity. A number of questions will be investigated—the potential which exists for, and the effects of, cropping, methods of cropping and the need for veterinary surveillance, and problems of hygiene, inspection and transport of carcasses from the cropping area, and of marketing the meat, skins and by-products. Extension workers will liaise with the ranchers themselves to explain the value of wildlife, and a wider education programme on the value of natural resources in general will be mounted in conjunction with UNESCO. The project proper will, if the preliminary investigations are favourable, begin in March 1972 and continue for five years. Together with the work at present under way, it will cost over K£1 million. It is hoped that in the later stages of the project it will be possible to draw up a master plan for wildlife management throughout the country. The Game Department will be closely involved, and will provide counterpart staff to be trained to continue the work of the experts when the project ends.

5.45. Anti-poaching activity by the Game Department was stepped up 1970, but with present resources cannot be expected to be fully effective over the vast areas involved. In addition a blow was struck at poaching when legislation was passed in 1970 forbidding the sale of cheetah skin products

in Kenya, and the import of leopard skins (which it is believed are often poached, smuggled out of East Africa, and legally re-imported for sale here). But it has become clear that the long-term solution to the problem of the poaching of trophy animals lies in changing public opinion in favour of conservation so that the market for poached and smuggled material disappears. This may be a relatively slow process, but some encouraging progress has been made by the World Wildlife Fund and other conservation bodies in agreements with the international fur trade. However, in the short term, the continued extension of legislation and law enforcement work is essential.

5.46. Encouragement of this is one of the major objectives of the East African Wildlife Society, which is the chief unofficial private body concerned with wildlife conservation, and which plays an important part in anti-poaching work by donating equipment and supplies. As well as financing its own projects, it acts as agent for projects in East Africa financed by individuals and foreign national and international conservation bodies, and works in close co-operation with the Kenya National Parks and the Game Department. A major project still in progress is the translocation of a breeding herd of roan antelope, rare in Kenya, from an area where their survival was threatened to the Shimba Hills National Reserve. The Society will finance the fencing and some staff expenses of the Saiwa Swamp Sitatunga Sanctuary, and is helping to raise funds for the proposed 32,500 hectare extension to Nairobi National Park. It also has helped finance much of the current wildlife research work being conducted in Kenya. This includes studies of elephants in Tsavo, lions in Nairobi, dik-dik in the Malaral area, and of Grevy zebra and sitatunga.

5.47. A number of organizations are involved in wildlife education activities, which are clearly a vital part of conservation work, as ultimately the future of the country's wildlife will depend on the attitude towards it of today's children and future generations. Film shows and lectures are given to schools and the Wildlife Clubs of Kenya, of which there are now over 100. They receive assistance from the E. A. Wildlife Society, the National Parks, the National Museum and other local bodies. Other educational projects are also sponsored. The main object of the educational programme is to show young people wildlife and other natural resources; but the problems of conservation are also discussed, together with possible solutions in terms of planned land use.

5.48 There has been a substantial increase in the number of visitors to the National Parks Wildlife Education centre since it was opened in 1965. Over 70 per cent of the visitors were school children, from all areas of the country—the drop in total visitors in 1969 was largely because a number of visits by school parties were cancelled as a result of a teachers' strike.

Visitors to the Wildlife Education Centre, 1965-1970

Table 5.18

						Numbers
	1965	1966	1967	1968	1969	1970
Total Visitors	17,822	58,517	57,757	60,112	49,611	65,736

5.49. Warnings have been sounded recently about the dangers to wild-life from air and water pollution. Nairobi, Lake Nakuru and the Marine National Parks in particular have been mentioned as areas likely to be seriously affected soon, unless action is taken. Reports that Lake Nakuru is already seriously endangered may have been unduly alarmist, but the National Parks hope to be able to employ a biochemist to advise on the protection of the lake, which, having no outlet, is particularly vulnerable to contamination. A Government steering committee is currently examining all aspects of the problem of pollution, including its effects on wildlife, and it is expected that a permanent body charged with the control of pollution will be established in due course. The fact that Kenya is in a relatively early stage of industrial development means that, with care and planning, some of the worst dangers already apparent in heavily industrialized countries may be avoided before it is too late.

CHAPTER 6—MANUFACTURING, ELECTRICITY, BUILDING AND CONSTRUCTION

Manufacturing

The volume of industrial production in 1970 grew by 9.1 per cent. Although this was slower than the previous year's figure of nearly 11 per cent, it was slightly above the 1970-74 Development Plan target and can be considered satisfactory. The volume of production is measured in a quantity index which is shown in Table 6.1. This index is based on the actual quantity of goods produced by firms in the manufacturing sector. The index shown is a new one with 1969 as its base year and supercedes that included in last year's Economic Survey, which had 1964 as its base year*. The new index has been produced in order to reflect more accurately the changing structure of manufacturing production, caused by new firms starting operations, sometimes to manufacture items not produced before, as well as to utilize more detailed information on manufacturing now available.

6.2. Factors relevant to output in the major industries as well as new developments in these are dealt with in greater detail in the following pages.

6.3. *Food Processing*—Food processing output increased by 12 per cent during 1970. Within this group a notable advance took place in the output of dairy products, the growth of which was related directly to the increase in deliveries of milk to the processing factories of the Kenya Co-operative Creameries Limited, shown in Table 4.33 in Chapter 4. Output during the current year is likely to be affected by drought, but further expansion of dairy processing facilities is under consideration and plans to set up a new milk processing factory at Sotik are being implemented. In a sense this will amount to restoration of facilities which used to exist at Sotik but which were closed down several years ago. The new creamery will process milk production from a large number of small holdings in the surrounding areas within the Rift Valley and Nyanza Provinces.

6.4. As indicated in para. 4.63, deliveries of pineapples to canneries increased by 13 per cent and were a major factor in the growth of production in the fruit and vegetable canning industry. As noted in para. 4.64, a new passion fruit processing plant is nearing completion. The output of this industry in the current year is expected to rise further, and prospects for future growth are favourable.

* A complete description of the methodology and data sources of the new index has been recently published.

Quantity Index of Manufacturing Production,1964-1970
(1969 = 100)

Table 6.1

	1964	1965	1966	1967	1968	1969	1970*	Percentage change, 1969 to 1970
Coffee Milling	881	89.3	101.2	125.0	75.0	100.0	108.3	8.3
Meat Processing..	85.9	97.1	99.4	107.5	105.2	100.0	104.0	4.0
Dairy Products	871	89.7	99.6	94.7	100.6	100.0	114.7	14.7
Canning of Fruit and Vegetables	119.8	106.4	98.8	92.7	103.4	100.0	130.9	30.9
Canning and Preserving of Fish	63.4	73.1	87.3	86.2	88.8	100.0	105.0	5.0
Grain Milling	80.3	78.8	76.8	84.0	83.8	100.0	119.2	19.2
Bakery Products	64.0	74.2	86.6	91.9	101.1	100.0	108.2	8.2
Sugar	30.7	25.3	31.6	52.5	70.8	100.0	108.9	8.9
Confectionery	90.6	88.2	104.1	86.5	84.7	100.0	97.1	-2.9
Miscellaneous Food	54.1	65.3	62.4	55.3	66.5	100.0	102.3	2.3
Total Foodstuffs Processing	75.6	77.4	81.2	86.0	88.4	100.0	111.9	11.9
Beverages	70.8	73.5	75.9	75.5	90.5	100.0	120.7	20.7
Tobacco	119.9	92.4	100.4	98.6	99.7	100.0	114.6	14.6
Total Beverages and Tobacco	83.9	78.5	82.5	81.7	93.0	100.0	119.1	19.1
Cotton Ginning	74.6	98.7	100.8	103.0	86.5	100.0	119.7	19.7
Knitting Mills	58.0	55.4	49.0	38.3	72.5	100.0	105.1	5.1
Cordage, Rope and Twine	91.0	93.6	95.5	112.2	113.5	100.0	48.4	-51.6
Spinning and Weaving	18.8	36.4	67.4	73.0	99.6	100.0	115.0	15.0
Total Textiles	58.4	64.9	77.9	84.9	99.8	100.0	90.1	-9.9
Footwear	55.0	73.1	87.1	79.3	98.8	100.0	103.5	3.5
Clothing and Wearing Apparel	92.4	95.3	87.3	105.4	99.2	100.0	121.5	21.5
Canvas Goods	71.8	88.9	87.8	94.7	129.6	100.0	167.6	67.6
Total Footwear and Clothing	79.7	88.5	87.3	97.0	102.4	100.0	121.6	21.6
Wood Products	51.3	76.5	61.0	79.4	74.7	100.0	105.7	5.7
Furniture and Fixtures	70.8	66.7	54.3	66.7	66.7	100.0	112.5	12.5
Paper	44.5	70.4	78.9	88.5	73.5	100.0	112.0	12.0
Printing	61.5	69.4	81.2	87.0	101.3	100.0	111.5	11.5
Total Paper and Printing	57.5	69.6	80.6	86.5	94.7	100.0	117.7	17.7
Leather and Leather Products	46.5	41.5	48.3	64.6	83.9	100.0	71.5	-28.5
Rubber and Rubber Pro- ducts	46.4	49.0	66.9	69.3	91.0	100.0	116.4	16.4
Chemicals	56.5	60.0	65.0	71.6	92.5	100.0	108.4	8.4
Petroleum Products	71.2	84.4	84.9	91.4	89.8	100.0	96.0	-4.0
Non-Metallic Minerals	67.5	74.2	75.4	79.9	89.1	100.0	119.0	19.0
Metal Products	74.5	77.4	77.8	80.7	92.6	100.0	109.9	9.9
Non-Electrical Machinery	58.4	60.9	87.3	94.9	107.6	100.0	117.4	17.4
Electrical Machinery	60.5	63.8	71.7	74.1	92.6	100.0	112.3	12.3
Transport Equipment	78.3	80.5	82.1	89.5	92.2	100.0	104.2	4.2
Miscellaneous Manufac- turing	55.8	57.0	66.4	86.5	91.9	100.0	126.4	26.4
All Manufacturing	70.3	74.6	78.5	84.2	91.7	100.0	109.1	9.1

•Provisional.

6.5. The growth of over 19 per cent in grain milling output was due largely to the more efficient utilization of existing capacity to mill wheat flour for export in order to reduce surplus wheat stocks. As shown in the series below, flour production rose by 44 per cent in 1970: —

Year	'000 metric tons
1965	78.6
1966	78.3
1967	73.5
1968	75.0
1969	89.2
1970	127.9

Domestic consumption of wheat also increased by 13 per cent. Bread continues to become an important starchy staple, not only in the urban areas but also in the country-side, and domestic wheat consumption is likely to go on rising rapidly. In order to satisfy the growing demand for bread, a K£250,000 bakery was opened in Nakuru last year to produce bread for western Kenya. This new bakery is sited close to an existing flour mill, from which it receives its raw material.

6.6. Production of sugar, which is now one of the most important agricultural processing industries in the country, was 125,291 metric tons in 1970, a growth of nearly 9 per cent over the previous year. This rising level of production during the last few years is illustrated below:

Year	'000 metric tons
1965	29.1
1966	36.4
1967	60.4
1968	81.4
1969	115.1
1970	125.3

Consumption (including sales to manufacturers) last year was 162,000 tons. This figure is already very nearly equal to installed capacity. A further rise in consumption of about 15,000 metric tons is expected during the current year so that, even if the necessary cane supplies were available, domestic processing capacity would be unable to meet demand. The rise in consumption has been faster than anticipated and has already exceeded projections of demand for 1972 which were made a few years ago. However, plans to augment capacity are well advanced—the country's fifth sugar factory at Mumias in Western Province is expected to come into production about the middle of 1973 and there are plans to expand existing capacity at two mills.

6.7. Some significant additions to food processing capacity are under way or have been recently completed. A K£1.2 million cocoa and soft drinks factory is under construction in Nairobi. The processing of cocoa from raw beans will be a new industry for Kenya. A second rice mill to process paddy from the Mwea Irrigation Scheme is being built at Sagana at a cost of K£150,000. Together with the existing mill, this plant will be able to process the entire crop from the irrigation scheme and, like the existing mill, is owned jointly by the National Irrigation Board and the Mwea rice growers. The mill will also incorporate packaging equipment which should ensure the production of guaranteed quality packs. In meat processing, a canning plant is being added to the existing bacon factory at Limuru. One of the constraints on exports of pig products is disease regulations in European countries, but the new factory will enable these to be by-passed as sterilised canned goods fall under different regulations. The existing plant is also being renovated in other respects. New market surveys are to be undertaken in order to assess the potential for growth in sales of Kenya's pig products.

6.8. *Beverages and Tobacco*.—Output in this sector increased by over 19 per cent in 1970. Actual quantities of production are shown in Table 6.2. Despite the growth of 23 per cent in beer output, temporary shortages in supplies were experienced earlier this year. After remaining stagnant for several years, output of cigarettes and tobacco rose by nearly 15 per cent in 1970.

Table 6.2 Production of Beverages and Tobacco, 1965-1970

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

6.9. *Textiles*.—Overall output of textiles, which had been stagnant in 1969, actually declined by 10 per cent in 1970. An erratic production situation has been a feature of this industry for several years. However, although overall production fell, it is notable that this was caused entirely by one component of the industry—cordage, rope and twine. As shown below, production of fabrics actually rose by 12 per cent: :—

Year	'000 sq. Metres
1967	6,277
1968	17,684
1969	19,853
1970	22,238

The difficulties of the cordage industry, mentioned in last year's Economic Survey, continued into 1970 when additional workers were laid off. In the current year, however, there are encouraging signs of an improvement in the economic position of this industry which should be reflected in the growth in overall output of textiles. This will also benefit from new production capacity coming on stream in two of the major textile plants. One of these represents a K£100,000 investment to manufacture cotton blend fabric. This venture in the production of high quality cloth is an attempt to diversify the range of products. Most of the mills in East Africa concentrate on a few basic lines of textile production, thus creating intensive competition which has adversely affected a large segment of the industry in all three countries. A second substantial addition to capacity was made to the existing rayon mill by the construction of a K£150,000 weaving plant, thus increasing substantially the proportion of local value added in rayon fabric production. A further K£400,000 extension to this factory is already under way.

6.10. *Footwear, Clothing and Made-up Textiles.*—Having fallen slightly in 1969, production in this group rose nearly 22 per cent in 1970. Growth occurred in all its component industries but was particularly fast in canvas goods. An increasing amount of import substitution has taken place in the clothing industry in recent years and it now produces a wide range of items of woven as well as knitted materials. The total value of output from the industry in 1970 was K£4.3 million compared with K£3.6 million in 1969. A fishnet factory is being built at Kisumu with ICDC participation.

6.11. *Wood Products.*—The major recent developments in this group are construction, at a cost of K£1.2 million, of a third ply-wood factory, which is expected to come into production this year, and of a K£60,000 pencil factory at Thomson's Falls, in which the Government's Industrial Commercial Development Corporation (ICDC) is participating. When in production, this factory should supply all domestic needs for pencils.

6.12. *Paper and Printing.*—The quantity index for this industry, based on imports of paper and paper board, continued to show a steady growth and recorded a rise of nearly 12 per cent in 1970. For the future, perhaps the most important development affecting this group was the finalization of negotiations to build a K£12.5 million paper factory at Broderick Falls in Western Province. Of this amount, K£3.2 million will be contributed by the International Finance Corporation and the rest by the Government and a private firm. Some site work has already been done and full-scale construction is expected soon.

6.13. *Rubber.*—Hitherto, the bulk of the output in this industry has been accounted for by remoulding of tyres, although there was also some production of new rubber articles such as bicycle tyres and shoe heels. These activities will be overshadowed by the inauguration of production this year

from a K£5 million tyre factory now nearing completion. This factory will supply local needs for most types of tyres. Although primarily a project financed by a foreign firm, there is some ICDC participation in it.

6.14. *Chemicals*.—Production of chemicals increased by 8 per cent during 1970. It would have been higher but for the fall in output of one of its most important components, pyrethrum extract, due to declining deliveries of flowers (see para. 4.55) and the small change in the output of another important extraction industry, wattle.

6.15. Production of paints continued to grow rapidly, reflecting rising demand from the building industry. Paint manufacturers have also widened their range of products and are now producing paints for special purposes, such as marine uses. Output of paints and distempers is shown in Table 6.3.

Table 6.3

Production of Paints and Distempers, 1967-1970

	Paints '000 litres	Distempers metric tons
1967	1,349	601
1968	2,416	1,263
1969	2,976	1,143
1970	3,156	524

6.16. A significant recent development in the chemical industry has been the construction of factories to manufacture intermediate products for chemical firms already operating here. Perhaps the most notable of these was the opening of a K£0.5 million plant last year to manufacture synthetic resin emulsion for the paint and glue industries. This project is part of a major K£2.0 million complex to which additions are being made for the manufacture of other items such as textile auxiliaries, viscous film conversion, chemical fertilizers for crop-sprays, and antibiotics. Another new chemical plant was completed for manufacturing liquid oxygen. This is the first of its kind in East Africa. The firm responsible also started a nitrous oxide plant, which came on stream in the current year.

6.17. *Petroleum*.—As the following series shows, there was a slight drop in the throughput of crude oil in 1970 at the Mombasa refinery: —

Year	Million Litres
1965	2,120
1966	2,130
1967	2,293
1968	2,255
1969	2,510
1970	2,409

However, the value of output continued to rise due to the commissioning of a new plant for the manufacture of petroleum greases, which are relatively high value items. The capacity of this plant is sufficient to supply all requirements of petroleum greases in East Africa.

6.18. Petroleum products are now a major export and, after coffee and tea, rank third in importance as far as exports of individual items are concerned. The value of petroleum exports to different markets is shown in Table 6.4. During 1970 these rose 10 per cent. The decline in exports to Tanzania reflects continued growth of production at the refinery in Dar es Salaam.

Exports of Petroleum Products, 1965-1970

Table 6.4

K£'000

	1965	1966	1967	1968	1969	1970
To Tanzania	2,752	2,062	1,517	1,411	1,398	1,260
To Uganda	2,153	2,369	2,553	2,999	3,492	4,340
To Other Countries	4,544	5,678	7,170	6,111	7,623	8,176
Total Exports	9,449	10,109	11,240	10,521	12,513	13,776

6.19. Perhaps the most important recent development in petroleum refining has been the purchase by the Government of a 50 per cent share in the refinery as part of a policy to introduce direct public involvement in strategic industries.

6.20. *Non-Metallic Minerals*.—The major components of this group are cement, glass and clay products. The output of all three increased during 1970. The output of clay and glass products increased under the impetus of growing demands from the building industry and orders from new overseas markets, especially for glass products. But by far the most important item in this group is cement, the output and disposal of which are shown in Table 6.5. Production during 1970 rose by 23 per cent. Domestic consumption and exports to Uganda and Tanzania absorbed a large part of this increase but overseas exports also grew and accounted for 43 per cent of output. Both the country's cement factories are working at full capacity and demand in both East Africa and export markets has been so high that some imports have been necessary. Cement is now one of the most important exports of the manufacturing sector. Special harbour facilities to enable bulk handling of exports are being built at Mombasa. However, the factory is now working to capacity. Since local consumption continues to rise, the surplus available for export is likely to decline until capacity is expanded.

Table 6.5

	Production	Consumption and Stocks	Exports to to Uganda and Tanzania	Overseas Exports
1965	483	98.2	186.2	199.4
1966	470	145.8	154.9	169.6
1967	493	185.1	87.3	221.2
1968	543	180.7	123.8	239.0
1969	642	222.6	110.8	309.0
1970	790	277.0	170.2	343.1

*Provisional.

6.21. An innovation in this group was the completion of a factory to produce crockery. This K£180,000 establishment, which has ICDC participation, is also expected to diversify into wall and floor tiles and, later, ceramic electric fittings. Another interesting new development was the recent opening of a K£95,000 ready-mixed concrete plant. This development reflects the growing trend towards modernization of the building and construction industry.

6.22. *Metal Products.*—Until last year, this industry produced cans, other metal containers, steel sheets, window frames and nails. Output of these grew by 10 per cent. However, this did not reflect full production of what is now the largest single plant in the industry, the K£1 million steel mill which started operations in Mombasa towards the end of last year. The mill is producing rolled steel bars and rods and has a capacity of 36,000 tons. Production at present is based on imported billets, but further expansion is planned in order to smelt locally available scrap by the electric arc process and also to diversify the mill's products. The opening of the Mombasa mill introduces steel as a new industry in the manufacturing sector in Kenya and, as two other steel projects located near Nairobi are completed, its significance will grow further.

6.23. Another metal products factory has recently been opened to manufacture cans. This is the second plant of a firm which already produces cans in a factory at Thika. Finance for this plant included a K£300,000 loan from the East African Development Bank. Located in Nairobi, this plant will produce more general lines of cans while the Thika factory specializes in items required for the food canning and oil industries.

6.24. Another new metal products enterprise now being built is a K£350,000 tools and hardware factory. This is a joint enterprise between the ICDC and a Polish firm.

6.25. *Electrical Goods*.—A major development in this sector was the opening a few months ago of a K£0.5 million complex to manufacture lamps and records. In terms of technology, this plant, located in Nairobi, represents the introduction of a relatively sophisticated industry and could lead to the production of electronic goods and components. Radios and other small electrical goods are already assembled in Nairobi; the assembly of television sets is planned to start shortly.

Electricity

6.26. Nineteen seventy was an outstanding year in the history of this public utility service in Kenya for it marked the acquisition by the Government of a majority holding in the share capital of the East African Power and Lighting Company, thus placing it more firmly under public control. The Government has, however, confirmed that within the broad framework of public development objectives the electricity company will continue to operate on a commercial basis. By taking a controlling interest in the East African Power and Lighting Company, the Government has also acquired control of its other holdings in the power industry, which included a one-third shareholding in the Kenya Power Company and a 25 per cent holding in the Tana River Development Corporation. These two are the only other bulk suppliers of electricity. The Government also had previous holdings in these firms.

Generation, Imports and Consumption of Electricity, 1966-1970

Table 6.6	'000 kWh*				
	1966	1967	1968	1969	1970
Domestically Generated	346,431	339,365	401,710	459,342	512,943
Imported	203,042	241,982	224,248	218,147	247,220
Total Available ..	549,473	581,347	625,958	677,489	760,163
Internal Usage and Transmission and Distribution Losses	84,911	95,785	95,831	101,629	114,404
Total Sales	464,562	485,562	530,127	575,860	645,759

*Kilowatt hours.

6.27. Sales of electricity in 1970 surpassed the 576 million units achieved in 1969 by 70 million units, an increase of 12.1 per cent. Table 6.6 shows the relationship between domestic generation, imports and sales of electricity. In absolute terms, the quantity of imported electricity went up by 13.3 per cent, after having fallen during 1968 and 1969. However, imported electricity as a proportion of the total available remained constant at about 32 per cent in 1970.

6.28. Sales of electricity by type of user are set out in Table 6.7 Over fifty per cent of the electricity sold is consumed by industrial and commercial users. Consumption by industrial users went up by 18.5 per cent in 1970, while that of commercial users increased by 13.2 per cent. Over 5,000 new consumers were supplied in 1970, raising the total number of consumers to 86,810 at the end of the year.

Sales of Electricity by Type of User, 1966-1970

Table 6.7 '000 kWh

	1966	1967	1968	1969	1970
Domestic and staff quarters	95,840	97,689	101,247	101,718	107,345
Off peak water heating and pumping	74,648	77,965	82,235	87,126	96,237
Industrial	92,821	103,148	129,550	145,956	173,331
Commercial	92,898	100,586	118,907	151,094	170,753
Lighting and power (small consumers)	6,082	6,206	6,800	7,666	8,516
Street Lighting	8,797	8,135	8,389	8,586	8,671
Special Contracts	93,467	91,833	82,999	73,714	80,907
Total Sales	464,562	485,562	530,127	575,860	645,759

6.29. Construction work on the K£1.7 million 132KV transmission line connecting Nairobi and Mombasa was completed last year. However, the line could not be made operational due to delays in completion of extensions to the Kipevu Power Station. It is expected that the transmission line and the 15MW gas turbine at Kipevu will be commissioned by the middle of this year.

6.30. About 194 kilometres of additional overhead lines were also constructed during the year and the electricity supply was extended to Mazeras and Mariakani. Another development in 1970 was the commissioning of two transformers at a primary sub-station in Nairobi, making it the largest capacity sub-station in East Africa. In 1971, work commenced on the 33KV extension to the Sotik area where a number of tea estates will be connected, and on the supply line to Chogoria Hospital which will also serve the surrounding areas in Meru. The extension to Chogoria is a part of a plan to supply power to the whole area around the foothills of Mount Kenya, linking up Embu, Chogoria, Meru and Nanyuki. A more ambitious programme of supplying power to rural areas is now contemplated.

6.31. By far the most significant new project this year will be the commencement of work on the Kamburu hydro-electric scheme, which forms the second phase of the Seven Forks hydro-electric complex. The Kamburu project includes construction of a dam and associated civil works together with an underground power house for initially two, and ultimately three,

turbine generators. Tenders for this project have already been called and work is scheduled to start in July. It is expected that the first stage—two turbines with a total of 50MW capacity will be commissioned in 1974. The second stage, with the third turbine of 25MW capacity, is to follow two years later. The scheme is to be financed with overseas loans of K£10.3 million. Construction of the transmission line from Kamburu to Nairobi as well as the associated sub-station extensions in Nairobi, which are both a part of this project, will be financed by the electricity company itself.

6.32. A search undertaken jointly by the electricity company and UNDP to explore and evaluate geo-thermal resources in the Rift Valley continued in 1971. Preliminary investigations have already been carried out and further survey work, including aerial surveys of areas around lakes Hannington and Naivasha, will commence shortly. These surveys will lead up to a full feasibility study of the geo-thermal potential in the area. If successful, the investigations would provide the country with an additional source of relatively cheap power.

Building and Construction

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

6.34. Table 6.8 shows the value of all private building work, including new buildings under construction and extensions to existing buildings, in seven main towns. This rose by K£1 million or 15 per cent in 1970. Eighty to 90 per cent of the building work in the monetary sector is in the urban areas shown, although a growing amount of public housing is being built in the smaller towns.

The Value of All Private Building Work Completed in Main Towns, 1966-1970

Table 6.8								K£million
	Nairobi	Mombasa	Nakuru	Kisumu	Kitale	Eldoret	Thika	Total
1966	1.70	0.52	0.02	0.03	0.01	—	0.02	2.30
1967	3.13	0.59	0.06	0.03	0.03	0.03	0.16	4.02
1968	3.55	1.33	0.02	0.04	—	—	0.03	4.97
1969	5.79	0.97	0.06	0.03	0.03	—	—	6.87
1970*	6.66	1.08	0.12	0.05	—	—	—	7.91

*Provisional.

6.35. Table 6.9. shows the number and value of all private buildings completed in the main towns by type of building, but excludes extensions. The value of residential building completed rose by a third but that of non-residential buildings grew rather less. However, this was primarily due to the fact that several major projects were still in the construction stage. Some of these, completed during the current year, include four of the largest office blocks in Nairobi.

Reported Completion of New Private Buildings in Main Towns, 1966-1970

Table 6.9

	Number			Estimated Cost K£ million		
	Residential	Non Residential	Total	Residential	Non Residential	Total
1966	121	69	190	0.62	1.15	1.77
1967	245	107	352	1.44	1.61	3.05
1968	390	155	545	1.77	2.51	4.28
1969	296	144	440	2.40	3.52	5.92
1970*	418	99	517	3.23	3.99	7.22

*Provisional.

6.36. Public and private building plans approved by Nairobi City Council are shown in Table 6.10. During 1970, these were valued at K£18.7 million, and 78 per cent of all approvals were for private buildings. Of total approvals, 57 per cent were accounted for by residential buildings, which formed the larger part of approvals for both the private and public sectors. This growth of 40 per cent in approvals during 1970 should ensure a high level of activity in the building industry during the current year. This rate should continue into the first part of 1972, merely on the basis of work already in the pipeline, despite the fact that approvals of new building plans during the first quarter of the current year were, by value, 38 per cent below those in the corresponding quarter of 1970.

6.37. Although the area of buildings completed has continued to rise, part of the growth in the figures shown has been due to a pronounced upward trend in costs. One indicator of this is prices paid by the Ministry of Works for some major items of building costs. These are shown in Table 6.11. In 1971 prices of almost all items rose, especially those of stone, timber and all categories of labour.

Private and Public Building Plans Approved by the Nairobi City Council, 1966-1971

Table 6.10

	Number of Plans						Estimated Cost (K£'000)						
	Private			Public			Private			Public			All Buildings
	Residential	Non-Residential	Total	Residential	Non-Residential	Total	Residential	Non-Residential	Total	Residential	Non-Residential	Total	
1966	610	486	1,096	13	32	45	1,714	2,450	4,164	80	1,242	1,322	5,486
1967	774	520	1,294	66	72	138	2,408	6,366	8,774	1,612	505	2,117	10,891
1968	887	590	1,477	11	80	91	4,430	3,551	7,981	985	519	1,504	9,485
1969	985	544	1,529	9	95	104	4,019	6,881	10,900	655	1,943	2,598	13,498
1970	1,178	551	1,729	43	43	86	8,284	6,240	14,523	2,368	1,814	4,183	18,706
1968—													
1st Qr.	246	146	392	5	18	23	1,050	744	1,794	80	68	148	1,492
2nd Qr.	168	155	323	3	12	15	674	703	1,377	900	60	960	2,337
3rd Qr.	205	151	356	3	28	31	1,356	1,104	2,460	5	110	115	2,575
4th Qr.	268	138	406	—	22	22	1,350	1,000	2,350	—	281	281	2,631
1969—													
1st Qr.	204	129	333	4	17	21	838	3,545	4,383	13	823	836	5,219
2nd Qr.	224	145	369	2	24	26	733	722	1,455	351	145	496	1,951
3rd Qr.	386	124	410	1	34	35	1,140	1,302	2,442	3	370	373	2,815
4th Qr.	271	146	417	2	20	22	1,308	1,312	2,620	288	605	893	3,513
1970—													
1st Qr. ..	303	144	447	4	9	13	1,513	1,791	3,303	565	15	581	3,884
2nd Qr. ..	292	120	412	27	14	41	1,885	886	2,771	87	191	278	3,049
3rd Qr. ..	342	193	535	4	9	13	2,821	3,090	5,911	1,398	184	1,582	7,493
4th Qr. ..	241	94	335	8	11	19	2,065	473	2,538	378	1,424	1,742	4,280
1971—													
1st Qr. ..	240	141	391	1	8	9	1,345	775	2,120	6	292	298	2,416

Cost of Building Materials and Labour
(1968 = 100)

Table 6.11

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

Although these figures do give an indication of rising costs, some of their specific characteristics should be kept in mind—they refer entirely to Government term contracts and may not relate to prices applicable to the building industry in general. Another indicator of rising costs is an index of the cost per square metre of completed residential buildings of between 650 and 1,000 square metres in the main towns. This is shown below and suggests a rise of nearly 8 per cent during 1970: —

	1964=100
1965	93.2
1966	123.4
1967	140.1
1968	154.5
1969	152.9
1970	164.8

6.38. The Government continued its efforts to expand the size of the building industry by the introduction of more African contractors. These efforts are directed through the National Construction Corporation and incorporate a three-pronged approach based on financial assistance, subcontracting and training. The total number of African contractors assisted by the National Construction Corporation during 1970 in various ways was about 100. During the first half of 1970 the school building project, which was an important component of the Corporation's activities, was completed. It consisted of 150 jobs worth K£350,000.

6.39. During 1970 the Corporation granted 90 loans to 70 contractors. Its revolving loan fund was increased by K£50,000 and was further augmented recently, bringing it to a total of K£ 190,000. The total number of loans made since the inception of the revolving fund scheme has been 215, amounting to K£345,000. The total value of contracts carried out under the contract loans scheme in 1970 was K£650,000. Some of these were undertaken by the Corporation as the main contractor, sub-letting all the work to African contractors, whom it assisted. The Corporation also signed surety bonds in respect of 15 contracts worth K£ 189,000.

6.40. During the year its training section was established on a more permanent basis and 21 training courses were provided for nearly 400 participants in Nairobi, Nyeri, Nakuru, Kisumu, Kisii and Mombasa. The supervisory activities of the Corporation continued to widen. An important development in this respect was the extension of these activities to a growing number of African contractors engaged in road works.

CHAPTER 7—TOURISM

Tourist traffic to Kenya rose sharply in 1970, after its low growth in the two previous years. A substantial number of visitors to Kenya stay with friends, but the increase in 1970 in the number of foreign visitors using Kenya's hotels and game lodges was particularly striking, although a large expansion of hotel capacity brought bed occupancy rates to their lowest levels since 1965. Total tourist expenditure rose from K£16.7 million in 1969 to K£18.5 million in 1970, but there was a fall in average expenditure per visitor day from Sh. 135 in 1969 to Sh. 120 in 1970. This suggests that Kenya is beginning to attract lower spending "package" tourists in considerable numbers. In order to maintain growth in tourist earnings and achieve the Development Plan targets, it will be necessary to attract such tourists in larger numbers in the face of powerful competition from other tourist areas in the world, and it will be increasingly important to continue to offer them good value for money on their visits here. This means that publicity overseas will have to be stepped up, more tourist attractions developed, greater attention paid to ensuring that all tourists feel they are welcome as visitors to Kenya, and prices kept as low as possible, consistent with providing the facilities tourists expect, and the returns to investment which the economy needs.

Recorded Visits By Purpose of Visit, 1968-1970

Table 7.1		Thousands				
Purpose of Visit	Arrivals			Departures		
	1968	1969	1970	1968	1969	1970
Holiday	150.8	186.3	231.7	149.0	171.6	227.2
Business	35.1	28.2	28.5	33.8	29.3	29.8
Transit	74.4	72.4	76.3	69.7	63.8	69.5
Other	1.7	6.5	7.0	4.6	11.3	12.3
Total	262.0	293.3	343.5	257.1	276.0	338.8

7.2. Recorded arrivals and departures of non-residents of Kenya passing through Immigration controls in the last three years are shown in Table 7.1. (It should be noted that, strictly speaking, the statistics record visits, not visitors.) Total arrivals exceed total departures in each year because they include a small number of visitors who remain in Kenya as permanent immigrants, and because with a growing number of visitors to Kenya, it is likely that arrivals will exceed departures in any given period. It is also possible that some departures are not recorded, because not all frontier crossings are provided with immigration controls, and because Immigration officials may be more concerned to check travellers entering Kenya than those leaving. The discrepancy between arrivals and departures was

Table 7.2

Departures by Purpose of Visit and Nationality, 1969 and 1970

Thousands

Country of Nationality	Holiday Visitors		Business Visitors		Persons in Transit		All Visitors Including Others*	
	1969	1970	1969	1970	1969	1970	1969	1970
United Kingdom	53.1	63.7	10.3	9.9	21.5	23.0	88.1	100.3
West Germany	11.8	18.2	1.2	1.2	2.6	2.9	16.1	23.1
Italy	5.0	6.2	0.8	0.8	2.2	2.1	8.5	9.6
France	4.4	5.5	0.5	0.6	1.7	1.4	6.8	7.9
Switzerland ..	6.0	7.9	0.4	0.4	0.9	0.9	7.5	9.4
Other European	12.8	17.2	2.5	2.2	4.8	5.1	20.8	25.6
Total European	93.1	118.7	15.7	15.1	33.7	35.4	147.8	175.9
United States	31.1	40.8	2.9	2.9	7.0	6.8	42.2	51.5
Canada	2.9	3.8	0.5	0.4	1.3	1.3	4.8	5.6
Total N. American	34.0	44.6	3.4	3.3	8.3	8.1	47.0	57.2
India ..	6.8	9.5	0.9	0.9	5.0	6.4	13.2	17.5
Japan ..	0.8	1.1	0.9	1.1	1.0	1.0	2.7	3.4
Other Asian	1.4	2.6	0.4	0.5	1.6	2.2	3.6	5.5
Total Asian	9.0	13.2	2.2	2.5	7.6	9.6	19.5	26.4
Uganda	6.7	10.2	2.1	2.4	2.2	2.8	11.3	16.0
Tanzania	24.0	33.2	3.8	3.8	4.7	5.3	35.3	44.4
Zambia	0.2	0.4	0.3	0.3	0.8	1.1	1.3	1.9
Other African	1.6	2.8	1.2	1.5	3.6	4.0	6.9	8.8
Total African	32.5	46.6	7.4	8.0	11.3	13.2	54.9	71.1
Australia and New Zealand	1.4	1.9	0.3	0.2	0.8	0.9	2.6	3.1
Israel	1.0	1.6	0.4	0.4	1.8	1.8	3.4	3.9
All other Countries	0.4	0.8	0.1	0.1	0.2	0.3	0.9	1.3
Grand Total	171.6	227.2	29.3	29.8	63.8	69.5	276.0	338.8

*Other Visitors are those not covered by holiday, business and in-transit categories.

small in 1970, but the rather large difference in 1969 means that the increase in departures of 23 per cent in 1970 exceeds the 17 per cent increase in arrivals. Comment in the following paragraphs is confined mainly to the departure figures, which have the advantage of recording completed visits, and which may be related to the total length of stay and hotel occupancy figures given in this chapter.

7.3. The purpose of visit classification shown in Table 7.1 is not entirely clear cut, because it is to some extent influenced by the opinion of Immigration officials on the principal purpose of a traveller's visit to Kenya, and because short-staying holiday and business visitors may be issued with in-transit passes. However, the table does suggest that holiday visitors have accounted for virtually all the increase in the number of visits since 1968, while business, transit and "other" visits combined have remained nearly static. (This stagnation to some extent reflects a reduction in the coverage of the statistics in 1969. Some visitors who would previously have been issued with visitor's passes are now treated as immigrants, while most transit passengers at Nairobi airport are no longer required to complete immigration formalities.) There were 32 per cent more departing holiday visitors in 1970 than in 1969, while departing visitors on business and in transit rose by 2 and 9 per cent, respectively. From 1971, persons giving reasons other than holiday, business or in-transit stop for their visit will be allocated to the two former categories in accordance with conventional international practice.

7.4. The nationality of departing visitors is shown in Table 7.2. All nationality groups showed increases in 1970. Visits by West German, Swiss, Asian and African visitors increased faster than the average for all visitors, and much the same pattern emerges for holiday visitors. The percentage of British and American holiday visitors was reduced from 49 per cent of the total in 1969 to 46 per cent in 1970 and for the first time less than half of European holiday visitors were British, and African holiday visitors outnumbered North Americans. It should be noted that some of the recorded increase in visits by Ugandans and Tanzanians may reflect fuller immigration coverage of such travellers rather than increased traffic.

7.5. It was pointed out in last year's Survey that for many purposes it is more valuable to know a visitor's country of residence than his nationality, since these are often different. Comprehensive information on visitors' country of residence is now being collected, but for 1968-1970 the only details available are of visitors' stated country of destination when leaving Kenya. These are presented in Table 7.3—56 per cent of visitors said they were leaving East Africa, and it is likely that the majority of these were returning to their country of residence—especially so for visitors on holiday. Of the remaining 44 per cent of visitors leaving Kenya for Uganda or Tanzania perhaps half were residents of Uganda and Tanzania, the remainder being tourist visitors to these countries. If these tourist visitors then re-entered Kenya after visiting

Uganda and/or Tanzania, they would be recorded again in the arrival statistics and ultimately in the departure statistics once more. This means that, as mentioned in paragraph 7.2, the statistics record visits rather than visitors. Additional information being collected in 1971 from a new immigration form will make it possible both to determine how many visitors visit Kenya more than once on their East African itineraries, and to distinguish East African residents from other visitors.

VISITORS AND PERSONS IN TRANSIT BY STATED DESTINATION, 1968-1970

Table 7.3

Numbers

COUNTRY/CONTINENT OF DESTINATION*	HOLIDAY VISITORS ONLY			ALL VISITORS		
	1968	1969	1970	1968	1969	1970
Uganda	26,700	32,483	42,534	40,837	46,384	58,750
Tanzania	46,434	49,903	64,088	71,739	75,871	88,617
TOTAL E. A.	73,134	82,386	106,622	112,576	122,255	147,367
Other Africa	11,323	13,857	17,442	33,975	35,437	40,311
Europe	41,551	48,374	63,022	65,407	70,102	86,921
America	16,334	19,761	27,255	22,434	25,725	33,829
Asia	4,893	5,972	9,621	18,248	17,724	24,288
Other	1,949	2,232	3,189	4,451	4,727	6,057
TOTAL OUTSIDE E.A.	76,050	89,196	120,529	144,515	153,715	191,406
TOTAL ALL DESTINATIONS	149,184	171,582	227,151	257,091	275,970	338,773

*The meaning of 'destination' is not always clear to visitors; the figures should be taken as a rough indication only.

7.6. Counting visitors or visits gives a measure of tourist activity, but an equally valuable overall indicator, particularly as it avoids the visits

visitors ambiguity, is the total length of stay of tourist visitors. The details of total length of stay are shown in Table 7.4. Nearly 3 million days were stayed by visitors leaving Kenya in 1970, a 26 per cent rise on the 1969 total almost entirely accounted for by visitors on holiday.. All nationality groups showed rises, with the stays of Ugandans and Tanzanians, Asians and "Others Europeans" expanding faster than the overall average. In terms of length of stay the fastest growth was recorded in visits of 15 to 28 days. The average length of visit in the 0-14 days category rose to 5.4 days in 1970, compared with 4.4 days in 1969 and this increase largely accounted for the small increase to 8.8 days in the average stay of all visitors. The average stays of all nationality groups except "Other African" and "All Others" were longer than in 1969, but holiday and business visitors stayed on average for slightly shorter periods.

Total Stay of Departing Visitors, and Average Length of Visit, 1968-1970

Table 7.4		Total Stay (Thousands of Days)													
Year/Quarter	By Length of Stay			By Type of Visitor				By Nationality of Visitor							Total
	0-14 Days	15-28 Days	Over 28 Days	Holiday	Business	Transit	Other	Uganda/Tanzania	Other African	North American	Asian	British	Other European	All Others	
1968	953	511	976	1860	389	145	46	304	65	381	196	882	592	20	2440
1969	1019	572	761	1895	236	142	79	315	53	386	185	822	567	25	2352
1970	1250	479	974	2476	236	170	91	413	64	492	257	983	736	28	2973
1968															
1st Qr.				661	105	42	—	80	15	112	53	330	213	5	808
2nd Qr.				342	101	35	3	64	17	61	48	173	114	4	481
3rd Qr.				498	94	37	18	79	19	130	51	217	146	5	647
4th Qr.				359	89	31	25	81	14	78	44	162	119	6	504
1969															
1st Qr.				628	62	33	16	79	10	107	40	263	233	5	739
2nd Qr.				318	63	35	17	70	15	53	44	162	84	5	433
3rd Qr.				344	59	39	25	82	15	139	53	236	135	7	667
4th Qr.				405	49	35	24	84	13	87	49	161	115	6	513
1970															
1st Qr.	339	262	247	718	51	38	41	97	13	122	52	304	251	9	848
2nd Qr.	270	126	212	470	62	53	23	97	16	80	71	216	121	7	608
3rd Qr.	314	194	317	710	59	44	11	99	19	177	70	273	182	6	825
4th Qr.	327	168	198	578	64	35	16	120	16	113	65	191	181	6	693
Average Length of Visit (Days)															
1968	4.4	19.5	67.5	121	11.5	2.0	10.5	7.3	6.7	9.5	8.9	10.2	11.0	6.6	9.5
1969	4.4	19.1	54.0	11.0	8.1	2.2	7.1	6.8	6.6	8.2	8.1	9.4	9.5	7.2	8.5
1970	5.4	19.5	53.1	10.9	7.9	2.4	7.5	6.8	6.0	8.6	8.5	9.8	9.7	5.6	8.8

7.7. Hotel bed occupancy statistics for the last five years are summarized in Table 7.5. In 1970 there was a 28 per cent growth in the number of beds occupied by non-Kenya residents. Within this increase the growth rate for Uganda and Tanzania residents was only 6 per cent, but bed-nights stayed by non-East African residents increased by 31 per cent, and accounted for the major part of the overall 17 per cent increase in beds occupied. Total beds occupied by Kenya residents actually fell during 1970, if it is assumed that persons staying on monthly terms ("permanent residents") are Kenya residents. Non-Kenya residents spent approximately one and a quarter million nights in hotels and game lodges in 1970, but stayed a total of nearly three million days (see Table 7.4). The difference between these two figures is to some extent statistical, since a visitor's stay may include one more day (or substantial part of a day, recorded as a whole day) than it does nights, but the remaining difference is accounted for by nights spent in private homes, camping and other forms of accommodation (such as hostels) not covered by the hotel occupancy statistics.

Hotel Bed Occupancy, 1966—1970

Table 7.5

"000 Bed-Nights

	1966	1967	1968	1969	1970
Kenya Residents					
Residents of	394.6	423.3	417.6	419.3	430.0
Uganda or Tanzania			97.9	103.3	109.4
Foreign Residents	561.6	640.9	726.4	875.6	1,148.2
Permanent residents*	232.3	233.3	244.2	234.3	215.7
Total Beds Occupied	1,188.5	1,297.5	1,486.3	1,632.9	1,903.4
Total Beds Available	2,159.5	2,494.2	2,850.0	3,261.5	3,883.1
Bed Occupancy Rate (per cent)	54.5	52.0	52.2	50.2	49.0

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

7.8. Table 7.8 is based on the occupancy figures in Table 7.6 and shows the percentage distribution of hotel nights spent in the various areas of Kenya by East African residents and by foreign residents, and also the rates of growth of bed occupancy between 1969 and 1970. As in 1969, more than 80 per cent of beds occupied in 1970 were in Nairobi and coast hotels. The statistics for the remaining areas of the country indicate that foreign residents preferred to visit game areas rather than the Central Rift and West Kenya, although their visits to the latter area rose rapidly in percentage terms in 1970. For East African residents there was very rapid growth in nights spent on visits to the northern game area, but nights spent in all other areas outside Nairobi and the Coast were fewer than in 1969.

Hotel Beds Available and Occupied, 1965-1970

Table 7.6

'000 Bed-Nights

Year/Quarter	Nairobi				Coastal				Other										Total Beds Occupied	Total Beds Available		
	International		Other		Beach		Other		Southern Game Area		Northern Game Area		Mt. Kenya Area		Central Rift		West Kenya					
	Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied		Beds Occupied					
	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents	For- eign Resi- dents	E.A. Resi- dents				
1965	1941	52.5	61.1	234.9	53.1	112.9	28.4	77.4	27.9	23.5	3.2	3.0	19.5	25.0	3.1	27.3	»	51.9	1,002.5	2,130.9		
1966	223.2	50.7	83.7	251.1	122.8	115.1	41.1	83.1	48.7	21.8	3.4	2.1	27.7	25.3	7.1	25.8	3.8	52.0	1,188.5	2,159.5		
1967	241.5	46.8	95.6	264.6	159.8	107.7	42.4	94.7	57.7	21.3	3.2	2.1	29.9	30.8	7.8	36.5	4.4	53.0	1,297.5	2,494.2		
1968	243.1	45.3	124.3	299.4	204.9	140.0	36.1	127.4	72.6	26.4	5.0	1.7	28.0	35.8	7.1	35.5	5.3	48.6	1,486.3	2,850.0		
1969	287.2	45.2	132.8	305.8	257.4	146.0	49.1	116.4	87.6	30.9	6.5	2.2	39.3	37.4	9.5	31.4	6.3	41.8	1,632.9	3,251.6		
1970	388.9	50.7	146.3	293.3	360.5	146.2	62.9	127.1	110.6	28.2	7.5	5.0	50.2	37.3	11.8	26.2	9.4	41.1	1,903.4	3,883.1		
1967—																						
1st Quarter	67.6	11.8	28.6	60.5	56.1	25.1	11.9	21.5	21.3	5.1	1.0	0.5	12.3	8.4	3.2	6.3	1.8	13.6	356.5	587.5		
2nd Quarter	51.5	11.5	19.0	57.4	24.2	14.5	8.7	19.7	6.2	3.2	0.1	0.1	4.3	6.2	2.1	8.9	0.3	13.2	251.2	589.2		
3rd Quarter	63.7	11.7	24.1	66.9	39.5	36.1	12.6	25.6	14.9	6.4	0.6	0.2	7.1	7.6	3.1	9.9	1.1	13.4	342.7	641.3		
4th Quarter	58.7	11.7	23.9	79.8	40.1	32.0	9.3	27.9	15.3	6.6	0.5	0.3	6.0	8.6	1.2	11.4	1.2	12.7	347.1	676.3		
1968—																						
1st Quarter	68.2	9.9	31.6	81.5	76.3	24.9	10.7	30.2	26.5	6.0	1.2	0.6	8.0	10.4	2.4	8.7	1.5	13.4	412.0	686.4		
2nd Quarter	47.9	11.7	21.0	72.8	27.6	26.7	6.7	30.3	8.0	4.8	0.7	0.2	3.2	8.4	0.8	8.2	0.9	12.0	291.8	683.4		
3rd Quarter	65.1	11.7	38.0	70.8	51.5	46.2	9.4	36.1	20.5	8.8	1.6	0.5	9.1	9.2	2.2	9.8	1.8	11.6	403.9	728.7		
4th Quarter	61.9	12.0	33.7	74.3	49.5	42.2	9.4	30.7	17.6	6.8	1.5	0.5	7.6	7.7	1.7	8.9	1.2	11.7	378.6	751.5		
1969—																						
1st Quarter	75.1	12.4	42.1	79.2	100.0	32.2	15.1	27.3	29.2	6.3	2.8	0.5	13.6	9.3	3.8	8.4	2.2	11.6	470.8	764.7		
2nd Quarter	53.5	9.4	28.2	79.7	33.4	25.6	7.4	27.8	10.2	6.4	0.5	0.5	5.1	9.2	0.8	9.1	1.1	10.0	317.8	775.5		
3rd Quarter	78.4	10.8	32.5	75.0	56.3	46.5	13.3	30.5	24.6	9.5	2.1	0.5	10.9	10.9	2.9	7.3	1.7	10.8	424.5	848.4		
4th Quarter	80.2	12.6	29.9	72.2	67.8	41.7	13.3	30.8	23.6	8.7	1.1	0.7	9.7	8.0	2.0	6.7	1.3	9.4	419.8	863.0		
1970—																						
1st Quarter	115.6	13.1	40.4	76.5	143.5	30.3	18.8	34.1	38.9	8.3	2.8	0.6	16.8	8.9	3.3	7.1	3.2	10.0	572.2	933.5		
2nd Quarter	67.7	12.9	29.2	74.0	38.9	26.9	10.3	27.9	11.5	5.6	0.8	0.9	6.1	8.9	1.0	6.5	2.1	10.3	341.2	929.0		
3rd Quarter	104.3	13.4	37.6	71.1	72.0	46.7	15.3	32.3	31.9	7.8	1.8	1.1	15.0	9.3	4.2	5.6	2.6	11.0	483.0	981.8		
4th Quarter	101.5	11.3	37.2	73.5	101.8	39.6	17.2	33.1	28.6	6.6	1.6	1.7	12.1	10.1	3.1	7.1	1.3	9.4	494.7	1,002.0		

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

Table 7.7
Hotel Rooms and Beds Available and Occupied, 1965-1970

	Nairobi		Coastal		Other					All Hotels
	Inter-National	Other	Beach	Other	Southern Game Area	Northern Game Area	Mt. Kenya Area	Central Rift	West Kenya	
1965—										
Rooms available ('000)	243	399	168	145	71	11	78	66	89	1,269
Occupancy rate (per cent) ..	79	59	56	57	43	36	42	36	50	58
Beds available ('000)	389	595	341	251	148	25	137	102	144	2,131
Occupancy rate (per cent)	63	50	49	42	35	25	33	30	39	47
1966—										
Rooms available ('000)	242	369	214	129	80	8	84	66	87	1,278
Occupancy rate (per cent)	87	71	67	70	51	44	44	40	50	67
Beds available ('000)	388	551	407	224	173	18	154	103	142	2,160
Occupancy rate (per cent)	71	61	58	55	41	31	34	32	39	55
1967—										
Rooms available ('000)	242	383	303	169	91	8	86	72	88	1,443
Occupancy rate (per cent)	89	72	53	60	51	25	50	49	52	64
Beds available ('000)	389	592	561	301	198	19	167	121	147	2,494
Occupancy rate (per cent)	74	61	48	46	40	17	36	57	39	52
1968—										
Rooms available ('000)	242	445	356	193	99	12	94	78	90	1,611
Occupancy rate (per cent)	88	72	56	60	56	34	46	43	47	64
Beds available ('000)	400	701	681	353	225	27	174	136	150	2,850
Occupancy rate (per cent)	72	60	51	46	44	25	36	31	36	52
1969—										
Rooms available ('000)	318	475	388	191	138	12	113	81	88	1,804
Occupancy rate (per cent)	76	67	59	61	49	43	45	34	45	61
Beds available ('000)	524	774	761	354	306	27	204	142	146	3,252
Occupancy rate (per cent) ..	63	57	53	47	39	32	38	29	33	50
1970—										
Rooms available ('000)	442	493	485	195	164	25	139	79	93	2,116
Occupancy rate (per cent)	74	65	59	67	48	33	42	35	46	61
Beds available ('000)	787	821	951	369	356	46	254	140	160	3,883
Occupancy rate (per cent) ..	56	54	53	52	39	28	34	27	32	49

Hotel Beds Occupied, 1969 and 1970

Table 7.8

	Percentage distribution of beds occupied in 1970 by			Percentage growth 1969-1970 in beds occupied by		
	E.A. Residents	Foreign Residents	Total	E.A. Residents	Foreign Residents	Total
Nairobi Inter-national	6.7	33.7	23.1	12.2	35.4	32.3
Nairobi Other	38.8	12.7	23.1	-4.1	10.1	0.2
Coast Beach	19.4	31.4	26.6	0.1	40.1	25.6
Coast Other	16.8	5.5	10.0	9.2	28.2	14.8
Southern Game Area	3.7	9.6	7.3	-8.6	26.3	17.2
Northern Game Area	0.7	0.7	0.7	128.5	15.6	43.6
Mount Kenya	4.9	4.4	4.6	-0.4	27.7	14.0
Central Rift	3.5	1.0	2.0	16.6	24.3	7.7
West Kenya	5.4	0.8	2.7	-1.6	49.2	5.1
Total	100.0	100.0	100.0	-0.2	31.1	16.6

7.9. The overall decline in bed occupancy rates in 1970 was largely the result of falling occupancy rates in Nairobi hotels, where an overall increase of 24 per cent in bed-night capacity was accompanied by an increase of only 13 per cent in beds occupied. But room occupancy rates fell very little, as a result of increased single occupancy of double rooms. In the southern game area bed-night capacity increased by 16 per cent, and in beach hotels by 25 per cent, but bed occupancy rates were sustained at 1969 levels, while in other coastal hotels bed occupancy rose to 52 per cent and there was a small increase in capacity. Bed occupancy rates fell in all remaining areas of the country, but only in the Central Rift area was there a decrease in capacity. Beds available in the northern game area increased by nearly 75 per cent, in the Mount Kenya area by 25 per cent, and in West Kenya by 10 per cent.

7.10. The rate of new hotel construction was rather slower in 1970 than in the previous year; about 1,300 beds were added to capacity between January 1970 and December 1971, compared with over 1,600 in the preceeding twelve months. Much of the increase in 1970 was in small new hotels projects and in extensions to existing hotels, especially at the coast, but in 1971 a number of larger projects will be completed. The effect of the 1969 construction boom on total capacity was felt in 1970, and total bed nights available rose by 19 per cent during the year. Since the number of beds occupied increased by only 17 per cent, the overall bed occupancy rate fell to 49 per cent—the lowest level since 1965. Room occupancy remained at 61 per cent. Figures for the first four months of 1971 suggest that occupancy rates will improve this year.

7.11. New construction already completed in 1971 includes a 70 bed game lodge on Mount Kenya, two hotels at the Coast with a total of 180 beds and a 125-bed medium-class hotel in Nairobi. Construction of a medium-class 680-bed hotel in Nairobi has begun. It is expected that work on two new 100-bed game lodges in the Mara and Amboseli Game Reserves and on four other lodges totalling over 300 beds at Maralal and Marsabit and in Meru and Nakuru National Parks will commence in 1971. At the Coast new hotels with a total of 800 beds are expected to be under construction by the end of the year. However, despite this new construction, hotel building is behind the schedule outlined in the Development Plan. Since demand for hotel accommodation has risen slightly more slowly since 1968 than was anticipated and occupancy rates are relatively low, this need give no immediate cause for alarm. However, it is felt that the Development Plan targets are reasonable, and the total capacity estimated as necessary by 1974 must be available by then. Projects for completion in 1973 should be in the initial planning stage now, but it appears that there is likely to be a shortfall of capacity in beach hotels unless some additional stimulus is given to investment in these. An official working party has recommended the establishment of a coast resort complex of 1,000 beds in the first phase, increasing to a total of 5,000-10,000 beds in future plan periods. It is hoped that finance from international aid agencies will be forthcoming for the infrastructure needed for such a project, and also for some of the hotel facilities.

Bed Occupancy Planned and Achieved, 1969 and 1970

Table 7.9 000 Bed-Nights

	Development Plan Projections		Actual Beds Occupied	
	1969	1970	1969	1970
E.A. Residents	805	854	757	755
Foreign Residents	879	1,064	876	1,148
Total	1,684	1,918	1,633	1,903

7.12. The 1970-1974 Development Plan for tourism envisaged increases from 1968 onwards of 21 and 6 per cent per annum respectively in hotel nights stayed by foreign and East African residents, giving an overall annual increase of around 15 per cent. Performance in 1969 and 1970 in relation to these targets is set out in Table 7.9. The expected increase in East African tourist nights has not materialized, but the growth in foreign tourist nights, which has been much faster than forecast, has largely offset this, and in 1970 there was a shortfall of only 15,000 hotel nights on the overall hotel night target. This is encouraging, but if the lack of growth in East African tourist nights

continues, it will be necessary for foreign tourist nights to grow by about 25 per cent per annum rather than 21 per cent per annum for the overall plan targets to be achieved. Foreign exchange earnings will be greater if hotel beds are filled by foreign rather than East African residents, but the profitability of hotels depends on occupancy rates, and if East African residents can be attracted to hotels and game lodges without displacing foreign visitors, the tourist industry as a whole benefits. The opportunities for doing this are probably greatest in the months of April, May and June, and a large number of hotels and lodges are now offering off-peak rates to local residents during all or part of this period.

7.13. The seasonal pattern of Kenya's tourism and ways of extending the tourist season are often discussed. Table 7.10 shows the quarterly variations in some of the most important series of tourist statistics. (Monthly figures would show more striking variations, but for reasons of space cannot be shown here.) For clarity, the quarterly figures are shown as percentages of their respective annual totals; a figure above 25 for a quarter indicates that this quarter is a "high" one in terms of seasonal variation, and a figure below 25 indicates that it is a "low" one. The second quarter is "low" in all cases, and the first quarter generally "higher" than the two remaining quarters. A particularly striking feature of the table is that while the seasonal differences in tourist arrivals and departures and total days stayed have tended to diminish in recent years, the seasonal pattern in hotel occupancy has become more marked. This has been entirely the result of non-Kenya residents' increasing tendency to visit Kenya during the first and fourth quarters of the year. This is closely reflected in the occupancy patterns for Nairobi International hotels, beach hotels and game lodges, where visitors from outside Kenya predominate, and it is these variations which must be smoothed out if higher average annual occupancy rates are to be achieved. Encouraging local residents to use hotels and lodges during the off-peak months will be some help, but most attention must be directed to extending the season for overseas visitors. This will require large scale promotional work on several fronts, even though results are unlikely to be immediate. The continued development of all weather tourist roads and the increasing tendency for residents of the world's richer countries to take two overseas holidays in the year should also help to extend the tourist season. It has been suggested that to think and talk in terms of a "low season" rather than an "off season" would be productive, that the introduction of low season rates for accommodation, travel and tourist attractions for all visitors should be encouraged, and that efforts should be made to attract more conferences and conventions to meet in Kenya. In this latter context it is worth noting that the All Africa Trade Fair is to take place in Nairobi next year in February—the peak of the high season. Trade fair visitors and foreign participants may displace other visitors, who will be unable to find accommodation, rather than increase total tourist traffic.

Quarterly Variations in Tourist Series, 1968—1970

Table 7.10

Percentages of Annual Totals

Series	Year	Quarter			
		1st.	2nd.	3rd.	4th.
Visitors Arriving	1968 1969 1970	27.8 24.2 25.4	18.4 19.6 18.5	26.4 29.1 26.3	27.3 27.2 29.8
Holiday Visitors Arriving	1968 1969 1970	28.1 23.9 25.6	17.1 18.5 17.4	27.3 30.0 26.3	27.5 27.6 30.7
Visitors Departing	1968 1969 1970	30.2 26.9 26.6	19.8 20.1 22.3	27.1 28.8 26.1	23.0 24.2 25.0
Total Stay of Visitors Departing	1968 1969 1970	33.1 31.4 28.5	19.8 18.4 20.5	26.6 28.4 21.1	20.5 21.8 23.3
All Hotel Beds Occupied	1968 1969 1970	11.1 28.8 29.8	19.6 19.5 18.2	27.2 26.0 25.7	25.5 25.7 26.3
Hotel Beds Occupied by Residents of Kenya.	1968 1969 1970	24.3 25.1 25.2	23.4 23.7 23.2	26.9 26.2 26.1	25.5 25.0 25.5
Hotel Beds Occupied by Non-Residents	1968 1969 1970	30.5 31.4 32.8	16.6 16.7 15.4	27.4 25.8 25.3	25.4 26.1 26.5
Hotel Beds Occupied in Nairobi International Hotels	1968 1969 1970	27.1 26.3 29.3	20.6 18.9 18.3	26.6 27.0 26.7	25.6 27.8 25.6
Hotel Beds Occupied in Beach Hotels	1968 1969 1970	29.3 32.8 34.8	15.7 14.6 13.2	28.4 25.5 23.8	26.6 27.1 28.3
Hotel Beds Occupied in Game Lodges	1968 1969 1970	30.5 30.0 31.9	13.4 14.6 13.1	30.4 28.9 28.7	25.7 26.5 26.3

7.14. Total foreign exchange receipts from tourists in 1970 are estimated to have been K£18.5 million, an increase of nearly 11 per cent on the 1969 total. It has become apparent that there is some confusion about the significance of this estimate of tourist expenditure. It has three main components, the major one (of about K£15 million in 1970) being an estimate of actual expenditure by tourists in Kenya on such items as hotel accommodation, food and drink, travel, entrance fees to National Parks and game reserves,

hunting licences, souvenirs, clothing and other goods. A certain proportion of such expenditure goes directly to the Government—for instance airport tax—

but most is initially received by private sector firms and individuals. The Government benefits from this portion when company and income taxes, and customs and excise duties are paid by the firms and individuals concerned. County Councils also benefit from the fees paid for entry to game reserves, the various charges made to the operators of lodges in these areas, and from licence fees paid for hunting in other areas. The second component of tourist expenditures is "prepayments"—payments made to travel agents outside Kenya by tourists on inclusive or package tours to cover their travel and accommodation while in Kenya. Even though such payments are made outside Kenya, they are for services which are provided in Kenya, and which overseas travel agents must in general pay for by remitting money to Kenya—not to do so is illegal. It is estimated that such remittances totalled nearly K£3 million in 1970; given the increasing importance of package tours, this estimate may be rather low. The third component is estimated expenditure in Kenya by persons not covered in the immigration statistics—in particular cruise passengers and naval crew arriving at Mombasa which fell by K£0.2 million to K£0.6 million in 1970. It should be noted that the overall tourist expenditure estimate does not include the earnings of East African Airways and other Kenya-based carriers for transporting visitors—these receipts are included in the balance of payments under "Transportation", while tourist receipts are recorded under "Foreign Travel".

7.15. Some goods have to be imported by the tourist industry to provide tourists with accommodation and transport, and to a lesser extent, food and drink; in addition some of the profits of the industry are remitted abroad. It has been estimated that the total outflow of foreign exchange attributable to these two factors is about 25 per cent of total tourist expenditures; the remaining net inflow of foreign exchange from tourism is available for the purchase of imports for the economy as a whole and to augment Kenya's foreign exchange reserves. It also creates employment and income, not only for those directly involved in the tourist industry, but also for those engaged in construction work, and for the farmers, fishermen and traders who supply the industry.

7.16. As a result of their small fall in 1969 and their increase of only 11 per cent in 1970, total tourist receipts have fallen behind the target 15 per cent per annum increase set in the 1970-74 Development Plan, and will have to double in the next four years to total K£37 million by 1974 as planned. At the same time, estimated average expenditure per visitor day (including prepayments) has been falling, from Sh. 135 in 1969 to Sh. 120 in 1970. This to some extent reflects lower expenditures by Americans, following the recession in the United States, but is also the result of the increasing proportion of visitors arriving in Kenya on package tours and

bringing less spending money with them. Such visitors will increase in number in the future, and it seems unlikely therefore that there will be any immediate recovery in expenditure per tourist day. However, unless such a recovery does occur in 1971 and succeeding years, more tourists than expected will have to be attracted to Kenya to achieve the planned growth of receipts from tourism. This has implications both for the hotel building programme, and for the need to expand publicity. However, it is important not to be concerned only with the gross total of tourist expenditures but also to examine ways of increasing the benefit to the Kenyan economy of these expenditures, by reducing costs, increasing productivity and promoting the use of local products and the employment of local people.

7.17. The two public sector bodies most directly responsible for the development of tourism in Kenya are the Ministry of Tourism and Wildlife and the Kenya Tourist Development Corporation (KTDC). The Government has been criticized for its lack of support of the industry, and for slow implementation of such projects as are approved. These criticisms do not take into account the fact that there has been a considerable amount of construction of tourist roads and airstrips in recent years, and that the KTDC has invested a relatively large amount of money in hotels and lodges. Development work in national parks and game reserves has also been carried out. The high cost of developing tourist infrastructure is borne almost entirely by the Government.

7.18. Official publicity for Kenya is also to be increased. The Ministry of Tourism's budget for publicity, including the running of three overseas tourist offices, has been static at K£70,000 per annum in recent years, but there will be a large increase in 1971/72. The increased allocation will be used primarily to expand the operations of the tourist offices in New York, Frankfurt and London, although offices may be opened in other markets in the due course. It should now also be possible to avoid the shortages of promotional material which have occurred in the past, to commission new material and to give some additional assistance to the two privately run tourist information centres in Nairobi and Mombasa.

7.19. Another major area of public sector activity which affects tourism is the development of transport facilities. Plans for the expansion of Nairobi and Mombasa airports have been under discussion for some years now. Work is nearing completion on extensions to the passenger handling facilities at Nairobi airport and this will help ease the congestion which occurs there at peak periods. The future of airport development at Mombasa is under consideration. Officials are also engaged in negotiations to reduce scheduled airfares to East Africa, which compare unfavourably with fares on other routes of similar length.

7.20. Tourists will be able to travel more comfortably inside Kenya when two major road projects —Athi River to Namanga and Kijabe to Narok—are completed later this year. Work on the Nairobi-Addis Ababa road is also progressing, and a number of smaller road projects, such as the grading of the Aberdare National Park road and the construction of access roads to coastal hotel sites, will benefit the tourist industry specifically. Much of this and other more general road development detailed in Chapter 8 will enable the national parks and game reserves to be visited even in the wetter months of the year, and thus help extend the tourist season. The pattern of tourist road development in the future will largely be determined by decisions on where additional tourist circuits are to be developed in Kenya.

7.21. The Kenya Tourist Development Corporation's main activities are participating with the private sector in the provision of tourist accommodation and assisting citizens to establish themselves effectively in the tourist industry. Its other interests includes a share in a local charter airline, and the construction of a traditional village near Nairobi, costing K£120,000, which should be opened later this year. In 1970 the KTDC took a 32 per cent share in the equity finance of a new lodge near Mount Kenya, and gave loans of nearly K£80,000 for the modernization and expansion of three hotels, one at Embu and two at the coast. Loans totalling K£80,000 were also provided to help African tour operators get established in the industry. The tempo of the Corporation's activities has quickened in the current year, when it will take a one third equity share in a project totalling 650 beds and costing K£1.9 million. The project, on which work will start later this year, includes two 100-bed game lodges in Amboseli and Mara, a 250-bed beach hotel and a 200-bed hotel in Nairobi. KTDC will also participate in at least one other 200-bed beach hotel project, and in game lodge projects totalling over 300 beds, located in Nakuru, Meru, Maralal and Marsabit. It is encouraging to see KTDC's interest in the last three lodge projects especially, since these will help open up new areas of the country for tourism. It is anticipated that more of KTDC's efforts will be concentrated on this sort of pioneering project in the future. The potential of the west of Kenya and the southern Rift Valley for further development as tourist areas is being studied currently, and surveys of other areas are planned.

Visitors to National Parks, 1965-1970

Table 7.11	Numbers				
	1965/66	1966/67	1967/68	1968/69	1969/70
Nairobi National Park	111,920	116,531	119,424	133,677	130,826
Tsavo National Park (East)	23,754	25,146	19,773	22,320	31,236
Tsavo National Park (West)	28,030	36,624	32,357	38,460	41,612
Lake Nakuru National Park	—	—	13,769	39,678	42,654
Mountain National Parks	5,735	8,835	11,644	22,721	30,688
Meru National Park	—	50	801	1,285	2,264
Marine National Parks	—	—	—	16,229	18,939
Total	169,439	187,186	197,768	274,370	298,219

7.22. The number of paying visits to the national parks over the last five years is shown in Table 7.11. (Visits to areas with no entry fee—Ol Donyo Sabuk and Mount Elgon National Parks and Marsabit and Shimba Hills National Reserves—are excluded.) All parks except Nairobi showed increases in 1969/70 on the previous year, and the indications from July-December 1970 figures are that this growth will be exceeded in 1970/71. The numbers of visitors to the animal orphanage and the Wildlife Education Centre have also been increasing rapidly. The slight fall in visits to Nairobi National Park is probably more apparent than real, since the statistics as shown do not include visits on residents' season tickets, which have become particularly popular for this park. It should also be noted that visits to the two Tsavo Parks are understated, since if both are visited on the same day only one ticket need be purchased. A new system of collecting data on visits to national parks and game reserves was begun in 1971, covering all visitors, including those on season tickets and special passes. When the results of this exercise become available we shall for the first time know the total number of visitors to the game reserves—to date no comprehensive statistics have been collected. But some indication of the growth in the popularity of the Mara, Amboseli and Samburu/Buffalo Springs game reserves can be gained from looking at the number of nights spent in their game lodges. This information is presented in Table 7.12, but necessarily understates total visits since day visits and nights spent on camp sites are excluded. Information on the activities of the National Parks and Game Department in 1970 is presented in the Wildlife Section of Chapter 5.

Visitor Nights Spent in Game Reserve Lodges, 1965-1970

Table 7.12

Thousands

	1965	1966	1967	1968	1969	1970
Kenya Residents	14.8	5.0	3.9	14.8	5.8	9.7
Uganda/Tanzania Residents ..				0.2	0.4	0.2
Foreign Residents	14.3	22.9	28.3	40.2	47.6	59.6
Total	19.1	28.0	32.2	45.2	53.9	69.6

Visitor Nights Spent in All Game Lodges, 1965-1970

Table 7.13

Thousands

	1965	1966	1967	1968	1969	1970
Kenya Residents	18.9	16.5	18.8	26.3	27.8	33.5
Uganda/Tanzania Residents ..				1.8	2.1	3.3
Foreign Residents	32.7	53.1	61.7	74.7	101.3	133.7
Total	51.7	69.6	80.5	102.8	131.2	170.6

7.23. An interesting feature of Table 7.12 is the rapid increase in visitor nights spent by Kenya residents in game reserves in 1970, while Table 7.13 shows that despite the rapid growth in foreign visitor nights spent in game lodges, nights spent by Kenya residents still account for nearly 20 per cent of the total. In the country as a whole, Kenya residents accounted for over 20 per cent, and Kenya residents and "permanent residents" together for over one third, of beds occupied in 1970 (see Table 7.5). Domestic tourism, loosely defined as travel away from home, either on day trips or for an overnight stay or longer, while remaining in Kenya, is therefore an important part of the country's tourist industry. As well as paying for accommodation, meals, drinks and souvenirs, residents contribute to the revenue of the National Parks and the County Councils by paying entry fees to parks and reserves. No estimate of total expenditure by residents on domestic tourism has recently been made, but on the basis of residents' share in total bed occupancy, and allowing for the fact that they generally use cheaper accommodation than non-residents, it is likely to have been at least K£3 million in 1970. In so far as this money is spent on local tourism rather than remitted abroad or spent on imported luxury goods, it helps to create employment and income in the same way as expenditure by foreign tourists does. But domestic tourism is expanding rather slowly. It is often said that this is because of the high cost of accommodation in lodges and hotels, which are too expensive for most of the population, even in the low season. This is not the whole explanation—many local people, even those who are relatively well off, simply do not feel the need to travel round their country. However, the provision of more of the popular self-service "banda" type of accommodation in the parks and reserves and other areas of interest would not be expensive, and would certainly enable the domestic market for tourism to be widened, if accompanied by suitable publicity. Such accommodation would have to be sited where it would not contribute to congestion in the more popular areas, and, initially at least, be within reasonable distance of population centres.

7.24. The National Museum provides an opportunity for visitors and residents to learn about Kenya's history and the culture of her peoples, and displays a wide variety of other exhibits. The Museum's research into the origins of man is unique, but its activities extend to many other fields. The Institute of African Studies, run jointly by the Museum and the University of Nairobi, is currently engaged in research into, and the collection of, Kenya's material culture—that is, the articles used in day to day life by the population. Work on a new exhibition hall featuring all aspects of the conservation of natural resources will begin in July, and the Museum's educational work on the value of natural resources has been expanded both in Nairobi and in rural areas. A museum dealing with coastal history and culture was opened at Lamu in January, and another for Western Province has been established at Kitale. The National Museum is also responsible for two historic and three prehistoric sites in Kenya, and for the Nairobi Snake Park.

which has recently been renovated, and which now displays a variety of African snakes. Visitors to the Museum itself, the Snake Park and the two most popular sites are shown in Table 7.14. The traditional village being established near Nairobi by the KTDC will also give visitors who are unable to visit rural areas the chance to see traditional homes, crafts and dances, and to sample local food.

Visitors to the National Museum, Snake Park and Historic Sites, 1969 and 1970

Table 7.14	Numbers	
	1969	1970
National Museum	101,867	124,825
Snake Park	73,154	72,602
Fort Jesus..	49,906	59,054
Gedi	17,630	18,885

7.25. Kenya is best known for wildlife and beaches, but also offers visitors many other attractions. These include bird-watching, freshwater and deep-sea fishing, spectacular scenery, sports, and, for the more adventurous, mountaineering and foot, camel and pony safaris in remote areas. Many of these lesser known activities are now being developed by the private sector. This trend is encouraging, since the more Kenya is known as a country which has a wide variety of attractions to offer in addition to, or to be combined with, the more conventional activities of game watching and sun-bathing, the easier it will be to attract visitors away from other competing tourist areas of the world. In this context it is also important that all visitors should be made to feel welcome during their stay, because personal recommendations play a major part in popularising the country. This requires courtesy and efficiency in the performance of their duties by all public and private sector employees concerned. People in the areas visited by tourists should also be aware that those who do not benefit directly from tourism do benefit indirectly, because the Government's receipts from tourism enable it to provide more social and development services. The "fleecing" of tourists by unscrupulous businessmen must also stop. This education process is not one-sided—some tourists do occasionally offend against local customs by their behaviour. However, it is undoubtedly true that if tourists feel they are not welcome or do not have reasonable freedom to enjoy themselves as they wish on holiday, they will simply move to other countries striving to attract them.

7.26. Another vital aspect of the competitive nature of tourism is the question of prices. A major part of the cost of most holidays in Kenya is the cost of the air-fare from the visitor's home country, and substantial reductions in this element of total price would be the one single factor which

would do most to boost the expansion of tourism, in East Africa. However, this does not mean that no attention should be paid to keeping down the prices of accommodation, travel and tourist attractions. It is quite clear that Kenya must break further into the air package tour market, and to do so will require close attention to all elements of the price of a holiday in Kenya. It is expensive to run a luxury safari lodge or hotel, and charges to visitors must accordingly be high. But it is not necessarily true that all accommodation should be constructed to such high standards—there is a market for luxury accommodation, but there are also signs that some tourists prefer to stay in more basic accommodation, and to feel they are visiting Africa rather than just a hotel in Africa. There is a need for the demand for medium-cost accommodation to be investigated thoroughly; such an investigation might show that the provision of such accommodation to serve the coast and the game areas would improve Kenya's competitive position, particularly in the European market.

CHAPTER 8—TRANSPORT AND COMMUNICATIONS

An indication of the aggregate level of activity in the transport and communications sector can be derived from Table 8.1 which shows receipts for each component of the transport sector, and distinguishes between public and private activities. Receipts were K£81 million in 1970—11 per cent higher than those during the previous year. The growth was largest in the private sector, where receipts grew by 20 per cent. The rising level of private sector activity was due almost entirely to the growth of road transport, for which private sector receipts rose by K£4.2 million. However, overall, the private sector still accounts for only 34 per cent of total receipts in transport and communications. This is due to the fact that a great deal of transport and communications activity is in the hands of the very large public corporations of the East African Community, which are responsible for almost all of railway, water and air transport as well as postal and telecommunications services.

8.2. The growth in the level of transport activity in 1970 is also apparent from figures of fuel consumption, shown in Table 8.2.

Roads

8.3. As shown in Table 8.1, receipts from road transport surpassed those of the railways in 1970 and were nearly K£20 million, almost double the figure for 1966. During the same period receipts from railway transport operations grew by only 5 per cent. The relative importance of receipts from passenger traffic and from haulage by road and rail is shown in Table 8.3. As far as passenger traffic is concerned, there was no significant growth in rail receipts but those from road passenger transport rose nearly 40 per cent.

8.4. New registrations of vehicles in 1970, shown in Table 8.4, grew by 22 per cent to reach a total of 18,287, the highest level ever recorded for any single year. This growth affected all categories of vehicles but was particularly notable in lorries and buses, registrations of which rose by 40 per cent. This rising level of registrations of commercial vehicles underlines the comments made in the previous paragraph. The growth of road passenger and freight services is further emphasised in Table 8.5, which shows the number of licences issued for vehicles on hire; these rose by 27 per cent in 1970. The bulk of the difference between this figure and the number of newly registered vehicles is accounted for by vehicles used for own-account transport rather than hire.

Table 8.1

K£'000

	Railway Transport	Road Transport	Water Transport	Air Transport	Services Incidental to Transport	Total Transport and Storage	Communi- cations	Total Transport, Storage and Com- munications
1966—								
Public	16,977.0		11,896.6	7,432.0	135.2	36,440.8	5,322.9	41,763.7
Private		10,378.4	864.3	1,338.3	3,134.8	15,715.8	1,213.1	16,928.9
Total	16,977.0	10,378.4	12,760.9	8,770.3	3,270.0	52,156.6	6,536.0	58,692.6
1967—								
Public	16,966.0	174.9	11,207.3	8,932.8	153.9	37,434.9	5,445.1	42,880.0
Private		12,794.3	889.1	1,335.6	3,239.8	18,258.8	1,368.5	19,627.3
Total	16,966.0	12,969.2	12,096.4	10,268.4	3,393.7	55,693.7	6,813.6	62,507.3
1968—								
Public	16,957.9	577.6	12,753.1	10,362.4	156.6	40,807.6	6,039.0	46,846.6
Private		14,003.2	1,662.4	1,471.1	4,017.0	21,153.6	988.2	22,141.8
Total	16,957.9	14,580.8	14,415.5	11,833.5	4,173.6	61,961.2	7,027.2	68,988.4
1969—								
Public	17,258.3	1,004.3	13,637.7	11,278.2	139.7	43,318.2	6,894.9	50,213.1
Private		14,720.2	1,625.8	1,569.1	3,913.0	21,828.1	995.4	22,823.5
Total	17,258.3	15,724.5	15,263.5	12,847.3	4,052.7	65,146.3	7,890.3	73,036.6
1970*—								
Public	17,834.8	906.8	15,070.7	12,040.6	122.2	45,975.1	7,662.9	53,638.0
Private		18,881.8	1,703.7	1,674.2	3,934.3	26,194.0	1,154.3	27,348.3
Total	17,834.8	19,788.6	16,774.4	13,714.8	4,056.5	72,169.1	8,817.2	80,986.3

* Provisional
Including storage

Consumption of Petroleum Products used in Transport, 1966-1970

Table 8.2

Million Litres

	1966	1967	1968	1969	1970
Petrol (motor sprit)	170	184	197	213	235
Light Diesel Fuel	135	148	177	184	190
Heavy Diesel Fuel	32	33	35	37	42
Fuel Oil	439	458	419	353	392
Aviation Spirit	12	10	7	8	8
Turbo Fuel	154	154	177	203	225

8.5. The Government has continued its efforts to enlarge the share of African operators in road transport and a growing number of licences issued for the commercial hire of vehicles are being allocated to African transporters. Non-citizens who own the larger transport firms are also being urged to transform their firms into public companies, the shares of which would be available to the public. It has become apparent that effective Kenyanization of this sector also requires that greater attention be paid to rationalization of traffic and operational methods. Over-licensing of particular routes can be damaging to all the small operators on such routes, while the uncertainty generated by the system of annual licences may discourage the gradual development and "nursing" of traffic on the apparently less profitable routes. In freight transport, small operators also tend to suffer from lack of adequate warehousing facilities. They are not always able to offer the required security of cargo to customers and this too has a bearing on the amount of business they can get.

Passenger and Freight Receipts, 1966-1970

Table 8.3

K£'000

	1966	1967	1968	1969	1970*
Passenger Traffic:					
Rail	1,123.3	1,098.0	1,106.2	1,166.5	1,212.8
Road	4,262.8	4,457.4	3,940.4	5,545.3	7,723.1
Total	5,386.1	5,555.4	5,046.6	6,771.8	8,935.9
Freight Haulage:					
Rail	15,853.5	15,868.0	15,851.6	16,091.8	16,622.0
Road	6,115.6	8,511.8	10,640.5	10,179.2	12,065.5
Total	21,969.1	24,379.8	26,492.1	26,271.0	28,687.5

*Provisional

8.6. Public sector activity in road transport operates through the KENATCO company, which is owned by a statutory corporation. The operations of this firm continued to expand during 1970 when it received a loan of K£300,000 for further development of traffic to Zambia, and 81 vehicles are

New Motor Vehicle Registrations, 1966-1970

Table 8.4	Numbers				
	1966	1967	1968	1969	1970
Motor cars	5,579	6,014	5,630	6,299	7,680
Utilities	3,636	4,212	3,465	4,232	4,959
Lorries	1,231	1,621	1,483	1,760	2,469
Buses	239	339	271	311	435
Motor cycles	871	978	1,016	1,244	1,317
Others	1,301	1,186	1,186	1,045	1,427
Total	12,857	14,350	13,051	14,981	18,287

Licences Issued for Vehicles on Hire, 1966-1970

Table 8.5	Numbers				
	1966	1967	1968	1969	1970*
Passenger Service Vehicles	2,210	2,193	2,102	2,273	3,137
Freight Transport Vehicles	2,363	2,598	2,622	2,614	3,092
Total	4,573	4,791	4,724	4,887	6,229

*Provisional

now engaged in freight transport between Kenya and Zambia. Another 100 trucks are being operated by the firm on transport within East Africa. KENATCO is also involved in passenger transport and operates a fleet of 50 taxis and a similar number of micro-buses. In addition, it is participating on a partnership basis with a private firm to undertake tour operations outside Nairobi with a fleet of 54 cars and 74 micro-buses.

8.7. To a large extent, the rapid growth of road transport activity in recent years has been the result of large government investments in road building throughout the country. Expenditure on roads during 1969/70 was K£9.3 million, and during the current year it is expected to rise by another K£1 million. The largest projects include the bitumen link between Athi River and Namanga, due to be completed this year, and the road to Ethiopia which has now advanced beyond Marsabit. The largest items of expenditure in the current year are development of trunk roads, sugar roads and feeder roads, accounting for more than half the total expenditure for 1970/71. Details of expenditures on individual road projects are presented in Chapter 10.

Railways

8.8. Despite the modest growth during 1970 in freight carried by the railways, shown in Table 8.3, these still remain the largest single transport organization in the country and accounted for 22 per cent of all receipts in the transport and communications sector. The declining share of the railways in transport receipts has already been mentioned. However, rail as a mode of transport is obviously an integral part of the transport system of the country and its viability must be assured. An East African Transport Study Group has been looking into the operation of the railway system and has made certain important recommendations towards this end. Broadly speaking, the Study Group concludes that the competitive advantage of railway transport lies in middle and long distance haulage. Accordingly, tariffs should be lowered on middle distances, which are most affected by competition from road transport, and raised for long distance haulage, which is less affected by road competition. The Study Group considers that short distance haulage is best served by road transport and has suggested steep rises in railway tariff rates to help divert such traffic to road vehicles.

8.9. The type of goods carried also has a bearing on road/rail competition, as well as the distances involved. There are several items of relatively high value in relation to bulk (categories 1- 8 of the railway tariff schedule) in which competition from road transport is severe due to the level of railway freight rates vis-a-vis road transport. The Study Group has recommended adjustments in such rates to strengthen the competitive position of the railways. A reduction in the rates for petroleum products was actually implemented by the railways early last year and indications are that this move has had the desired effect. The Study Group has also made other recommendations towards improving the efficiency of the railways. There is also a need to strengthen management and control. This was underlined by the deficit incurred during the Railway's last financial year.

8.10. In the meantime, modernization of the system and expansion of its capacity continue through improvements to the permanent way, construction of new marshalling yards and repair shops, improvements to signalling and telecommunications equipment, and the purchase of diesel locomotives and rolling stock. Plans to build two marshalling yards, at Changamwe in Mombasa and at Makadara in Nairobi are now well advanced. Completion of the Changamwe yard will help to alleviate the pressure on Mombasa port.

8.11. Traffic utilization of the railway line from Mombasa to Nairobi has almost reached its maximum capacity. The line is therefore being expanded by the construction of additions and extensions to passing loops in order to ease the traffic flow. This is one of the more important improvements to the permanent way.

8.12. Seventy new locomotives are being purchased. Further additions to rolling stock include cattle wagons, liquid petroleum wagons and refrigerated containers. The locomotives and new rolling stock are to be purchased on the basis of credit finance extended on a government-to-government basis to the three partner states.

8.13. The railways have also been experimenting with bulk handling of grain at Nakuru for exports to Jinja and there are plans to extend bulk handling facilities at Mombasa.

Harbours and Shipping

8.14. Harbours. Total tonnage of freight handled at Mombasa in 1970 reached almost the same level as that in 1968 after recording a decline in 1969. Detailed figures of freight handled at Mombasa harbour are shown in Table 8.6. The only significant change between 1968 and 1970 was a fall in the level of bulk liquids loaded, a slight increase being recorded in the tonnage of all other types of freight.

Freight Handled at Mombasa Harbour, 1966-1970

Table 8.6	'000 Metric Tons				
	1966	1967	1968	1969	1970
Landed:					
Dry Cargo	..	..	994	85	1,166
Bulk Liquids	..	..	2,381	2,165	2,380
Total	3,185	2,879	3,375	3,050	3,546
Loaded:					
Dry Cargo	..	..	1,316	1,343	1,395
Bulk Liquids	..	..	1,212	698	882
Total	1,907	2,104	2,528	2,041	2,277
Total Freight Handled	5,092	4,983	5,903	5,091	5,823

8.15. Both Kenya and Uganda are almost totally dependent on Mombasa harbour for their external trade and continued development of the port is a vital necessity for the two countries. Currently, work is proceeding to develop existing installations and to provide new types of harbour facilities on ten of the berths at Kilindini Harbour. This is expected to be largely completed by 1973. Re-organization of the rail tracks behind these berths is a part of this programme and related to the railways' new marshalling yard at Changanwe, referred to above. During 1970, the former coal wharf at Mbaraki was redeveloped to permit loading of both bulk and bagged cement, linked to an associated silo and bagging plant installation at the rear. Detailed design work for the construction of two additional berths, numbers 16 and 17, at Kilindini has also been completed. Tenders are now being evaluated.

8.16. Investigations undertaken by a consulting firm suggest that harbour facilities are likely to require expansion at an average of one berth per year in the foreseeable future. However, this rate of expansion will very soon exhaust the deep water area available for growth. Further development of containerization could promote more intensive use of existing facilities by reducing the turn-round time for ships. However, in the long run, future development of harbour facilities has to be envisaged in terms of the more expensive "finger" berths.

8.17. *Shipping.*—The history of shipping freight rates for East Africa in recent years has been one of frequent upward adjustments, a trend which has been observed in many parts of the world. In 1967, the Eastern African and European/U.K. Conference lines levied a 15 per cent surcharge following the closure of the Suez Canal. Soon after, further increases in all freight rates were proposed. Rising fuel costs and increases in other operational charges were given as the main reason for this. New increases are now proposed by the Conference lines. Rates of the Europe/U.K. Conference are scheduled to go up by 10 per cent from 14th June this year. Eastern African freight rates to the Far East have gone up by 15 per cent from 1st March this year. Freight rates on the American and Canadian routes were put up by 10 per cent in October 1969, but with lower increases for coffee and a few other commodities. This has been followed by two further overall increases of 10 per cent each in October 1970, and March 1971. By far the most important of these increases was the rise in freight rates of the U.K./European Conference, since the bulk of Kenya's trade is to and from the United Kingdom and Continental Europe. The total effect of all these freight increases is quite significant and has important consequences for Kenya's ability to compete in world markets, and also for the cost of imports. On top of these increases, most of the conference lines have also started levying a special 25 per cent surcharge on goods consigned to and from Dar es Salaam. This has resulted in increased congestion at Mombasa. Recently, one shipping line announced a similar surcharge for Mombasa as well.

8.18. Apart from increased fuel and other operational costs, use of obsolete shipping vessels is also a contributory factor to the recent freight increases. It is because of this that some of the non-conference lines, using modern equipment, have been able to under-cut the conference lines. This competition resulted in the award of a coffee contract to one of the non-conference lines in 1969.

8.19. The Eastern Africa National Shipping Line joined the U.K./European Conference soon after its formation in 1966. Subsequently, it has also become a member of the Far East Conference. With its fleet of four vessels, its operations consist of one sailing a month to the Far East and two to three sailings a month to U.K./Europe destinations. Like other conference lines, it has been affected by competition from non-conference

lines especially on U.K./Europe sailings. For a part of 1970, two of its vessels were operating on a charter basis with other shipping lines. The line has been handicapped from having a decisive effect on the shipping market by its small size and the obsolete nature of its fleet.

Civil Aviation

8.20. Commercial traffic at Nairobi Airport in 1970 is shown in Table 8.7. The number of passengers handled increased by 11 per cent and cargo by 13 per cent. Commercial traffic at Port Reitz Airport in Mombasa showed a growth of 21 per cent in passengers handled but a slight fall in cargo. This is illustrated in Table 8.8.

Commercial Traffic at Nairobi Airport, 1966-1970

Table 8.7

	1966	1967	1968	1969	1970
Passengers (000's)—					
Landed	195.0	220.6	248.1	285.6	320.2
Embarked	204.2	233.7	266.8	295.7	328.0
In Transit	108.3	141.1	154.7	199.9	221.4
Total	507.5	595.4	669.6	781.2	869.6
Freight (Metric tons)—					
Cargo: Landed	2,856.2	3,131.7	4,203.8	4,624.4	5,126.3
Loaded	5,532.1	5,665.9	7,202.5	8,835.5	10,222.9
Mail: Landed	715.2	855.0	920.1	834.2	844.5
Loaded	667.8	688.1	712.0	733.1	785.5
Total	9,771.3	10,340.8	13,038.4	15,027.2	16,979.2

Commercial Traffic at Mombasa Airport, 1966-1970

Table 8.8

	1966	1967	1968	1969	1970*
Passengers (000's)—					
Landed	39.7	40.7	45.4	55.5	70.5
Embarked	38.5	40.5	46.1	50.5	64.1
In Transit	27.0	25.1	30.7	24.9	23.1
Total	105.2	106.3	122.2	130.9	157.7
Freight (Metric tons)—					
Cargo: Landed	429.7	441.1	373.2	236.6	250.4
Loaded	380.5	357.0	447.0	378.0	315.9
Mail: Landed				80.4	77.0
Loaded				32.0	58.5
Total	810.2	798.1	820.2	727.0	701.8

* Provisional

8.21. Existing facilities at both these airports are now severely strained. The number of passengers and aircraft handled at Nairobi Airport are far in excess of the capacity it was designed for and a major programme to enlarge the facilities at the airport is now under way. The first phase of this is intended to cope with expected traffic growth up to 1975, at a cost of K£795,000. This includes extensions to the passenger terminal and apron, as well as improvements to the taxiway and lighting of the runway. These developments are expected to be completed during the current year in time for the commencement of the first Jumbo jet service. The second phase of development will involve a far greater expenditure and will be intended to cater for traffic growth up to 1990. Work on this phase is scheduled to commence during the next financial year. At Port Reitz Airport, the question of whether to extend facilities at the existing airport site or to develop an alternative site is still under consideration.

8.22. The third major airport in the country is Wilson airfield. This is exclusively for the use of light aircraft. Movements at this airport are shown in Table 8.9. The number of air movements was a little smaller than in 1969 but the number of passengers handled grew by 53 per cent. Improvements to Wilson Airport during 1970 included the construction of a new apron and taxiway, and the installation of runway and taxiway lighting.

Air Traffic at Wilson Airport, 1966-1970					
Table 8.9	Numbers				
	1966	1967	1968	1969	1970
Air Movements—					
Arrivals	54,464	74,639	80,191	75,337	72,426
Departures	54,522	74,667	80,165	75,220	72,179
Passengers Handled—					
Arrivals	6,729	7,343	6,803	8,145	11,924
Departures	7,042	7,042	6,421	8,044	12,836

8.23. Developments were also undertaken at other landing sites in the country. These included an expenditure of K£40,000 on modernization at Kisumu Airport as part of a project which will cost K£180,000 when completed; the air-strips at Mandera and Wajir were bituminized and improvements were made to the strips on Manda Island and others in the northern part of the country.

8.24. East African Airways' fleet and routes flown continued to grow during the year. A new VC 10 and DC 9 airliner were added to the fleet in 1970 and two more DC 9's have been acquired since. The most important new route recently developed by East African Airways is a weekly flight to New York. New scheduled stop-overs in Europe have been introduced and others are to follow. Flights on the West African routes have been suspended for the time being.

Posts and Telecommunications

8.25. The major indicators of development of postal and telecommunications services are shown in Table 8.10. The number of new post offices opened in Kenya during 1970 was 11, compared with 28 during 1969. This decline was to some extent the result of a major diversion of resources to introduce metrication, which is expected to be completed during the current year. Forty new post offices are expected to be opened during 1971. This development is part of a project to reduce the average number of people served by each post office from 29,000 to 20,000 by the end of the 1970-74 Plan period. Most of the new post offices are in rural areas. In the urban areas, the major recent development was the opening of a new K£180,000 post office in Mombasa.

Postal and Telecommunications Services, 1966-1970

Table 8.10	Numbers				
	1966	1967	1968	1969	1970
Post Offices	304	332	346	374	385
Post Office Private Boxes	37,348	40,048	41,763	44,063	46,498
Telephone Subscribers' Lines	27,946	29,401	30,812	33,569	35,034
Public Call Offices	219	231	246	256	250
Telegrams Handled (000's)	536	545	622	618	630

8.26. In 1970, the number of telephone subscribers grew to over 35,000 and 8 new exchanges were established at Kangundo, Ahero, Githunguri, Bondo, Gatundu, Miwani, Mazeras and Nyangori. Another 6 new exchanges are expected to be installed during the current year. In the urban areas existing exchanges at Kericho, Nanyuki, Nyeri and Kitale are being made automatic and the capacity of others augmented—Nairobi by 5,000 lines, Mombasa by 1,600 and Nakuru by 600. The construction of the satellite relay station at Mount Longonot has released channels previously used for external communications and these are now available to enlarge capacity in the links between the three East African capitals.

8.27. Telephone communications between East Africa and the outside world are undertaken by the External Telecommunications Company Limited in which the East African Postal and Telecommunications organization is a shareholder. In 1970, the company introduced a major innovation by opening an earth satellite station at Mount Longonot. This station, built at a cost of K£1.5 million, provides direct communication links with an area extending from Britain in the West to Japan in the East. The cost of international telephone calls has declined since the station was opened and led to a doubling of international telephone traffic. International telex links are

also expanding and the company intends to install a fully automatic telex exchange in the near future to enable establishment of a direct international telex link comparable to that provided by the STD system for telephone subscribers.

Broadcasting

8.28. The major development in radio broadcasting during 1970 was the establishment of a relay station at Nandi Hills to serve Western Kenya. Together with the two medium wave stations at the Coast and in Central Kenya, this provides listening facilities for the bulk of the country's population through the use of the cheaper medium wave receiving equipment. Parts of the country which are beyond the coverage provided by the medium wave system are served from the short wave relay station at Langata. Programme production is being organized on a provincial basis to give programmes a greater local and rural flavour and to emphasise rural development activities. More formal educational broadcasting is being provided by the allocation of more time to "correspondence course" broadcasts prepared by the Institute of Adult Studies. Vernacular broadcasting has been expanded by the inclusion of transmissions in Rendille and Boran vernaculars as well.

8.29. In television, the major development in 1970 was the opening of a K£200,000 transmitting station at Mombasa. A television recording studio at Mombasa is expected to become operational later this year. Television coverage in Western Kenya was also expanded by the building of a relay transmitter at Timboroa.

8.30. The significance of broadcasting as a communications medium was underlined by the results of an audience survey carried out in 1969. These suggest that there are over 780,000 radio sets in the country and over 77 per cent of the total adult population listens to the radio at one time or other. Television viewing is more restricted, reaching 160,000 people through 27,000 sets. Radio listening might grow faster in future following the abolition last year of radio licences.

CHAPTER 9—EMPLOYMENT, EARNINGS AND CONSUMER PRICES

Employment

The most important development affecting employment in 1970 was the Tripartite Agreement between the Government, trade unions and employers under which employers of ten or more persons agreed to increase their labour force by 10 per cent and the trade unions accepted wage restraint during the twelve months of the Agreement, which became effective on 1st July 1970. Although a full analysis of the agreement has not been completed, it was expected that its adoption would lead to an increase of 40,000 to 45,000 persons in paid employment. There are indications that a growth of this magnitude in jobs has been achieved. The consequences of the Agreement are not apparent in the data included in this chapter as these were obtained from the annual enumeration of employees as at 30th June. However, some subsequent evidence suggests a growth of over 5 per cent in employment in the non-agricultural sector during the second half of the year. This does mean that together with the rise in employment prior to the implementation of the Tripartite Agreement, at the end of last year the growth target for employment in the current Development Plan—5 per cent or 70,000 jobs—had been virtually realized, although the primary means in this was the special device of the Tripartite Agreement.

Total Wage Employment in the Economy, 1969 and 1970

Table 9.1

	1969	1970*	Per cent in Total	
	000's	000's	1969	1970
The "Modern" Sector	627.2	644.5	59.9	60.6
Small-holdings	338.7	329.9	32.3	31.0
Rural non-agricultural activities	81.7	90.0	7.8	8.4
Total	1,047.6	1,064.4	100.0	100.0

*Provisional

9.2. An interesting aspect of the Tripartite Agreement was the registration of unemployed persons who were to be found jobs under the Agreement. Such registration took place throughout the country and the total number of those registered was 290,911. However, this figure is not a reliable guide to the extent of unemployment in the country. It is quite clear that genuinely unemployed persons were only a part of this number. A substantial proportion of those who registered were already either in employment or were self-employed and had registered in the hope of improving their employment position with the expectation of moving into better paid or otherwise more desirable occupations. A particularly striking indication of this was the

sudden, and in some areas quite severe, labour shortage that became apparent in agricultural areas as soon as registration started. This is not to say that a good many of those who registered were not un- or under-employed but it does seem that the overall number of these last year was well below the apparent indications.

9.3. The provincial distribution of those who registered was as follows: —

	Numbers
Nairobi	52,000*
Central Province	40,442
Rift Valley Province	59,641
Western Province	26,775
Nyanza Province	39,516
Eastern Province	27,914
Coast Province	40,504
North-Eastern Province	4,119
Total	290,911

9.4. Although the bulk of the data in this chapter refers to the modern sector, i.e., all urban establishments, large scale farms and other large enterprises in the rural areas as well as the public sector, an attempt is made in Table 9.1 to show the level of wage employment in the economy as a whole. The figures on small-holdings are derived from an annual sample survey of such farms. Those on the rural non-agricultural sector are estimated for 1970, on the basis of results obtained in a sample survey in 1969. These figures suggest no overall change in the rural small-scale activities sector, but a growth in employment of 17,000, or nearly 3 per cent, in the modern sector. I should be borne in mind that the figures for the rural areas are derived from sample surveys which are subject to significant margins of error so that too much significance should not be attached to relatively minor changes in the figures.

9.5. A further cautionary note in the interpretation of the figures in Table 9.1 needs to be added. These figures refer only to the situation on the day of the enumerator's visit. For small-holdings, this visit tends to be in the off-peak period between planting and harvesting, thus missing what are undoubtedly higher levels of employment at the planting, weeding and harvesting stages. Although a lot of the employment which is thus missed is of a casual nature, its overall size and importance in the livelihood of the persons concerned is likely to be significant. For small scale rural non-agricultural

* A good many of those who registered in Nairobi came from outside to the city specifically for the purpose of registering.

activity, the figures shown do not reflect full coverage of activities which by their very nature are difficult to record, for example, forestry and charcoal burning carried out in areas difficult of access (the scale of growth in charcoal burning is discussed in Chapter 5).

9.6. Even in the "modern sector" some areas of growth of employment are difficult to cover. For instance, a good deal of labour intensive activity on large-scale farms which used to be performed by employees of these enterprises is now undertaken through contractors. This includes such tasks as sugar cane and sisal cutting and other harvesting activities. However, the contractors are not always "organized" and easily identified. This leads to an under-statement of employment in the "modern sector".

9.7. Government efforts in 1970 to increase employment were not confined to short-term measures such as the Tripartite Agreement. It is recognized that such devices are supplementary to long-term and enduring policies to augment opportunities for gainful employment. The significance of the Special Rural Development Programme, already mentioned in Chapter 4, is particularly important in such policies. One of the major objectives of this programme is to increase employment in the rural areas through the intensification of appropriate existing agricultural and non-agricultural activities as well as the initiation of new ones. One of the most important objectives of the programme is to relate the education system more closely to the economic and employment situation in the country. In fact, a detailed investigation into school curricula is under way.

9.8. A particularly important area of effort is the development of village polytechnics. Twenty of these are now functioning. In the past they had relied almost entirely on assistance from voluntary bodies but with effect from the current year grants from the Government have been made available. The number of village polytechnics which will receive support from the Government will rise to 40 in the next financial year and this figure is expected to grow further. Village polytechnics are intended to be low-cost locally-oriented training centres which do not award formal qualifications but which will impart skills suitable for gainful employment in the local area. The performance and problems of these polytechnics are regularly evaluated and future growth and development is related to the careful assessment of skills for which wage or self-employment will be found for the boys and girls who attend these polytechnics. A significant element in the faster future growth of village polytechnics is the conversion of suitable existing youth centres to village polytechnic status and functions.

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

9:10. A breakdown of employment in the private and public sector is shown in Table 9.2. This suggests that, in the modern sector, most of the growth in employment was in the public sector. The small growth recorded in private sector employment was confined primarily to agriculture.

Employment by Major Sector, 1967-70

Table 9.2

	1967	1968	1969	1970*	Percentage change 1969-70
	000's	000's	000's	000's	
Private Sector—					
Agriculture and Forestry	172.7	173.0	178.7	183.7	+2.8
Rest of Private Sector	212.7	211.5	210.9	212.8	+0.9
Total Private Sector	385.4	384.5	389.6	396.5	+ 1.8
Public Sector	212.1	221.9	237.6	248.0	+4.4
Total	597.5	606.4	627.2	644.5	+2.8

*Provisional

9.11. Employment in the private sector by economic activity is shown in Table 9.3. Although, overall, there was very little change in non-agricultural activity as a whole, significant variations were apparent in the components of that activity. Almost all sectors except commerce showed some growth but the overall effect of this was neutralized by the transfer of the electricity industry to the public sector. Numbers of employees in manufacturing and repairs rose by 7.4 per cent after a period of stagnation during the previous three years. Other industries in which employment went up significantly were building and construction, mining and quarrying and transport.

Employment in the Private Sector by Industry, 1967-1970

Table 9.3

	1967	1968	1969	1970*	Percentage change 1969-70
	000's	000's	000's	000's	
Agriculture and Forestry	172.7	173.0	178.7	183.7	+2.8
Mining and Quarrying	2.4	2.9	2.6	2.9	+11.5
Manufacturing and Repairs	56.8	58.2	57.1	61.3	+7.4
Building and Construction	17.4	18.1	16.3	17.0	+4.3
Electricity and Water	2.8	2.7	2.5		
Commerce	43.3	40.2	41.8	39.8	—4.8
Transport and Communications	14.8	15.8	16.0	16.5	+3.1
Services	75.2	73.6	74.5	75.3	+1.1
Total	385.4	384.5	389.6	396.4	1.8

* Provisional

9.12. The most notable feature of Table 9.4. which shows employment in the public sector by employer, is the sharp growth of the numbers employed by the Government and an equally prominent decline in employment by local authorities. This was caused by the take-over by the Government of responsibility for primary education, health and secondary roads from the county councils. This added nearly 40,000 employees to the Government payroll. However, despite this transfer of employees, there was an overall growth of 8,000 in the combined employment of the Government and local authorities. Numbers employed by parastatal bodies also rose, primarily as a consequence of the acquisition by the Government of a majority shareholding in the East African Power and Lighting Company. All other public sector employment in Kenya is in the various corporations and organizations of the East African Community. After a period of stagnation during the three previous years, employment in these bodies increased a little, but this growth was primarily among casual employees. The absorption of some of the functions of local authorities by the Government strengthened its position as the largest employer, responsible for a quarter of all employment in the "modern sector".

Employment in the Public Sector, 1967-1970

Table 9.4

	1967	1968	1969	1970*	Per cent in Total	
	000's	000's	000's	000's	1969	1970
Kenya Government	94.9	99.1	109.1	160.3	45.8	64.6
Parastatal Bodies	13.4	14.1	17.0	18.4	7.2	7.4
Local Government	59.8	63.1	67.3	23.7	28.3	9.6
E.A. Community General Fund Services	3.0	2.9	2.8	3.1	1.2	1.2
E.A. Railways and Harbours	25.4	25.3	25.1	24.7	10.6	2.2
E.A. Posts and Telecommunications	4.9	4.8	4.8	5.5	2.0	10.0
E.A. Airways Corporation	2.8	3.0	3.3	3.8	1.4	1.5
E.A. Cargo Handling Services	7.8	9.6	8.2	8.7	3.5	3.5
Total	212.1	221.9	237.6	248.0	100.0	100.0

* Provisional

9.13. The relative significance of the private and public sectors in each economic activity group is summarized in Table 9.5. Taken as a whole, the public sector now accounts for nearly 39 per cent of total employment. Mining and quarrying is the only economic activity still without a public sector component, although this is to be introduced during the current year. The significance of the public sector in employment continues to grow with the extension of public ownership.

Public and Private Sector Employment by Industry, 1969 and 1970

Table 9.5

	Total Employment (000's)		Percentage Distribution			
	1969	1970	Private		Public	
			1969	1970	1969	1970
Agriculture and Forestry	195.8	204.5	91.3	89.8	8.7	10.2
Mining and Quarrying	2.6	2.9	100.0	100.0	—	—
Manufacturing and Repairs	75.2	82.3	75.9	74.5	24.1	25.5
Building and Construction	28.9	30.8	56.4	55.2	43.6	44.8
Electricity and Water	5.2	4.8	50.0	—	50.0	100.0
Commerce	44.2	42.5	94.6	93.6	5.4	6.4
Transport, Storage and Communications	48.5	44.9	33.0	36.7	67.0	63.3
Services	226.8	231.8	32.8	32.5	67.2	67.5
Total	627.2	644.5	62.1	61.5	37.9	38.5

9.14. Employment by race and sex is shown in Table 9.6. The effectiveness of Kenyanization is apparent in the fact that the number of Europeans and Asians in paid employment declined again in 1970 and that of Africans grew by nearly 20,000. Ninety three per cent of all employees in the modern sector are Africans. The same table shows the numbers of males and females in employment—there was a small change during 1970 in favour of females but these still accounted for only 14.3 per cent of the total, although their significance in particular sectors is greater. Three-quarters of all female employees are concentrated in agriculture, teaching, health services and domestic employment.

Employment by Race and Sex, 1967-1970

Table 9.6

	1967	1968	1969	1970	Per cent in Total	
	000's	000's	000's	000's	1967	1970
Africans	545.2	559.0	582.0	600.7	91.3	93.2
Asians	37.2	32.1	31.4	30.3	6.2	4.7
Europeans	15.1	15.3	13.8	13.5	2.5	2.1
Total	597.5	606.4	627.2	644.5	100.0	100.0
of which Males	517.5	524.4	538.1	552.3	86.6	85.7
Females	80.0	82.0	89.1	92.2	13.4	14.3

9.15. The causes of the decline in the number of non-Africans in employment are more clearly apparent in Table 9.7 which shows a fall of over 4,000 in non-citizen employees, mainly Asians. However, there was an increase of nearly 3,000 in the number of non-African citizens in employment, also mainly Asians. Of the total number of Asians and Europeans in employment, 45 and 10 per cent respectively were citizens. Just over 5 per cent of total employment in the modern sector is now accounted for by non-citizens.

Table 9.7 Employees by Citizenship, 1969 and 1970 000's

	Citizens		Non-Citizens		Total	
	1969	1970	1969	1970	1969	1970
Africans	577.3	596.0	4.7	4.7	582.0	600.7
Asians	11.0	13.6	20.4	16.7	31.4	30.3
Europeans	1.0	1.3	12.8	12.2	13.8	13.5
Total	589.3	610.9	37.9	33.6	627.2	644.5
Per cent in Total	94.0	94.8	6.0	5.2	100.0	100.0

9.16. More detailed information on Asian and European employees by nationality and economic activity is presented in Table 9.8. This suggests that the percentage of Asian citizens increased in all economic activities except services, the largest growth being in building and construction. This pattern was also true of Europeans in 1970.

Earnings

9.17. Earnings are shown in Table 9.9. In 1970, these grew by K£15 million or 10 per cent compared with a growth in employment of less than 3 per cent. The corresponding figures for 1969 were 5.6 and 2.7 per cent respectively. The pace of growth during 1970 was slightly faster in the public sector, which also had the bulk of the rise in employment.

9.18. Earnings by economic activity in the private sector are set out in Table 9.10. During 1969-1970, earnings rose in all categories of economic activity by 10 per cent or more, with the exception of agriculture and commerce where the rise was slightly less. Earnings for the public sector are shown in Table 9.11, by employer. The reason for the sharp decline, in emoluments paid by local authorities and the sharp growth of these for the Government has already been mentioned.

Asian and European Employees by Citizenship and Industry, 1969 and 1970

Table 9.8

Percentages

	Asians						Europeans						
	Citizens		Non-Citizens		Total		Citizens		Non-Citizens		Total		
	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970	
	Agriculture and Forestry	0.4	0.6	1.4	1.4	1.8	2.0	1.7	1.8	5.6	7.4	7.3	9.2
	Mining and Quarrying		0.2	0.5	0.5	0.5	0.7	—	—	0.6	0.7	0.6	0.7
Manufacturing and Repairs	7.6	8.9	12.5	12.6	20.1	21.1	1.3	1.6	9.2	11.6	10.5	13.2	
Building and Construction	0.6	1.2	4.8	6.0	5.4	7.2	—	0.3	2.8	3.3	2.8	3.6	
Electricity and Water	—	0.3	0.8	0.5	0.8	0.8	—	0.1	3.2	1.2	3.2	1.3	
Commerce	17.7	16.7	12.5	14.7	30.2	31.4	2.2	2.4	16.0	15.8	18.2	18.2	
Transport and Communications	4.0	4.9	3.1	3.7	7.1	8.6	0.7	0.6	7.9	7.5	8.6	8.1	
Services	9.1	11.9	25.0	15.9	34.1	27.8	2.4	2.5	46.9	43.2	48.8	45.7	
Total	39.4	44.7	60.6	55.3	100.0	100.0	8.3	9.3	91.7	90.7	100.0	100.0	

Earnings by Major Sector, 1967-1970

Table 9.9	K£ million			
	1967	1968	1969	1970
Private Sector—				
Agriculture and Forestry	11.7	12.3	13.0	13.7
Rest of Private Sector	62.2	66.9	68.7	75.4
Total Private Sector	73.9	79.2	81.7	89.1
Public Sector	62.9	67.1	71.9	79.4
Total	136.9	146.2	153.6	168.5

'Provisional

Earnings in the Private Sector, 1967-1970

Table 9.10	K£ million			
	1967	1968	1969	1970
Agriculture and Forestry	11.7	12.3	13.0	13.7
Mining and Quarrying	0.6	0.7	0.8	1.0
Manufacturing and Repairs	16.8	18.9	19.5	22.5
Building and Construction	4.0	4.6	5.1	5.6
Electricity and Water	1.4	1.4	1.8	—
Commerce	21.3	20.9	20.6	22.8
Transport and Communications	5.6	6.3	6.0	6.9
Services	12.4	14.1	15.0	16.7
Total	73.9	79.1	81.8	89.1

'Provisional

Earnings in the Public Sector, 1967-1970

Table 9.11	K£ million			
	81967	1968	1969	1970*
Kenya Government	27.1	29.4	32.0	43.6
Parastatal Bodies	3.4	3.9	4.3	6.6
Local Government	14.2	14.5	15.9	7.5
E.A.C. General Fund Services	2.0	1.6	1.5	1.7
E.A. Railways and Harbours	7.6	8.2	8.4	8.9
E.A. Posts and Telecommunications	2.7	2.9	3.0	3.5
E.A. Airways Corporation	3.0	3.2	3.6	4.0
E.A. Cargo Handling Services	3.0	3.5	3.2	3.6
Total	62.9	67.1	71.9	79.4

* Provisional

Changes in Employment and Earnings, 1967-1970

Table 9.12

Percentages

	Employment				Average Earnings			
	1967-68	1968-69	1969-70	1967-70	1967-68	1968-69	1969-70	1967-70
The Private Sector—								
Agriculture and Forestry	0.2	3.3	2.8	6.4	4.9	2.3	2.6	10.0
Mining and Quarrying	20.8	—10.3	11.5	20.8	—3.4	27.5	12.1	37.9
Manufacturing and Repairs	2.5	—1.9	7.4	7.9	9.8	5.2	7.5	24.1
Building and Construction	4.0	—9.9	4.3	—2.3	10.5	23.1	5.3	43.2
Electricity and Water	—3.6	—7.4		-8.1	3.7	10.0		
Commerce	—7.2	4.0	4.8		5.7	-5.2	16.3	16.8
Transport and Communications	6.8	1.3	3.1	11.5	5.4	—5.9	11.5	10.5
Services	—2.1	1.2	1.1	0.1	16.2	5.1	10.2	34.5
Public S e c t o r *	4.6	7.1	4.4	16.9	2.0	0.1	5.8	8.0
Total	1.5	3.4	2.8	7.9	5.2	1.6	6.7	14.1

9.19. The growth of average earnings per employee between 1967 and 1970 is shown in Tables 9.12 and 9.13. Overall, average earnings during 1970 rose by 6.7 per cent, or two-and-a-half times the rate of growth of employment. In the private sector, the rises in average earnings in building and construction, commerce, transport and services exceeded the growth of employment in these sector—in commerce, employment during the year had actually declined but the growth of average earnings was the highest recorded among all activities. Taking the last three years as a whole, earnings in the modern sector have been growing twice as fast as employment. The effects of this situation in holding back the growth of employment need no emphasis.

Average Earnings per Employee, 1967-1970

Table 9.13 K£

	1967	1968	1969	1970*
Private Sector—				
Agriculture	67.8	71.1	72.7	74.6
Mining and Quarrying	250.0	241.4	307.7	344.8
Manufacturing and Repairs	295.8	324.7	341.5	367.0
Building and Construction	230.0	254.1	312.9	329.4
Electricity and Water	500.0	518.5	570.3	—
Commerce	492.0	520.0	492.8	572.9
Transport, Storage and Communications	378.4	398.7	375.0	418.2
Services	164.9	191.6	201.3	221.8
Public Sector	296.6	302.4	302.6	320.2
Total	229.1	241.1	244.9	261.4

*Provisional

Consumer Prices

9.20. Although consumer prices in 1970 rose slightly, the rate of increase is still very low compared with that in many other countries. Relatively high rates of inflation in Britain and other industrial countries have led to higher prices for many imported items. However, the effect of this has largely been felt only by those in the upper income bracket; cost of living increases have been fairly small for those in the lower income groups, and during the current year they have benefited from a drop in the price of sifted maize meal.

9.21. Details of the changes in the Nairobi Wage Earner's Index (for households earning less than K£210 per annum) and the Nairobi Middle Income Index (for those with an income of between K£210 and K£750 per annum) are shown in Tables 9.14 to 9.16. Both these indices exclude rent.

Percentage Changes in Consumer Price Indices, December 1964 to May 1971

Table 9.14

	Dec. 64 to Dec. 65	Dec. 65 to Dec. 66	Dec. 66 to Dec. 67	Dec. 67 to Dec. 68	Dec. 68 to Dec. 69	Dec. 69 to Dec. 70	Dec. 70 to May 71	Dec. 64 to May 71
Nairobi Wage Earners Index (Lower income) . .	+6.6	+2.5	+ 1.9	+0.8	—0.1	+ 1.6	+0.7	+ 14.5
Nairobi Middle Income Index	+ 14	+ 4.2	+ 2.7	+0.7	+ 1.1	+ 2.3	+ 1.2	+ 14.5

Wage Earner's Index of Consumer Prices—Nairobi
(Base: July 1964 = 100)

Table 9.15

	Food	Beverages and Tobacco	Clothing and Foot- wear	Fuel and Light	Household Operation	Personal care and Health	Recreation and Enter- tainment	Transport	Miscel- laneous	AU Groups
Base Weight	67.1	7.9	7.9	5.2	5.3	19	1.1	2.6	1.0	100.0
1964—December	100	100	100	99	105	100	100	100	100	100.6
1965—December	114	106	103	100	115	35	100	100	100	107.2
1966—December	116	107	103	101	128	37	100	100	100	109.7
1967—December	118	110	102	104	131	40	117	100	100	111.8
1968—December	119	113	106	107	133	39	117	100	100	112.7
1969—December	117	117	109	111	138	40	117	100	100	112.6
1970—	119	117	109	113	137	40	117	100	100	113.4
September	119	117	109	113	136	40	117	100	100	113.6
December	120	117	109	113	136	44	117	100	100	114.4
1971—	120	117	109	113	136	43	117	100	100	114.4
January	120	117	108	114	136	43	122	100	100	114.6
February	119	117	108	115	136	43	122	100	100	113.8
April	120	117	108	118	136	45	122	100	100	114.0
May	121	117	108	118	136	43	122	100	100	114.2

Middle Income Index of Consumer Prices—Nairobi
(Base: July 1964=100)

Table 9.16

	Food	Beverages and Tobaco	Clothing and Footwear	Furniture and Utensils	Fuel Light and Water	Household Operation	Personal Care and Health	Recreation and Enter- tainment	Transport and Travel	Miscel- laneous	All Groups
Base Weight	40.9	10.6	12.0	6.2	4.4	4.3	3.7	2.4	9.8	5.7	100.0
1964—December	100	100	100	100	100	100	100	100	100	100	101.0
1965—December	108	105	102	100	100	101	48	100	104	99	102.4
1966—December	112	104	107	109	102	108	50	111	112	99	106.7
1967—December	116	109	113	103	108	106	53	111	113	99	109.6
1968—December	115	111	115	108	113	107	53	111	113	100	110.4
1969—December	117	111	119	107	115	106	54	111	113	100	111.6
1970—											
March	119	111	121	107	116	107	54	111	113	100	112.6
June	120	111	120	109	116	107	55	111	113	102	114.4
September	121	111	124	108	117	107	55	111	113	101	113.9
December	121	111	122	108	123	109	55	121	113	101	114.2
1971—											
January	121	111	122	108	123	108	55	121	113	101	114.3
February	120	111	123	108	123	108	55	121	113	101	114.3
March	120	111	123	108	124	108	56	121	113	101	114.3
April	121	111	123	108	126	109	56	121	116	101	115.0
May	122	111	123	108	126	109	57	121	116	101	115.6

Table 10.1 **Contribution of the Public Sector to Gross Domestic Product, 1964-1970** K£million

	1964									1970 (Provisional)				
	Central Govt.	E.A. Community*	Statutory Boards†	Local Authorities	Total	Total	Total	Total	Total	Central Govt.	E.A. Community*	Statutory Boards†	Local Authorities	Total
General Government Sector														
General Administration	5.1	1.7		1.7	8.5	8.8	9.0	10.1		11.0	7.2	2.2	2.1	11.5
Justice and Police	8.2	0.1			8.3	9.1	9.8	10.2		10.8	11.0	0.1		11.1
Defence	2.2				2.2	3.5	4.0	4.1	4.1	4.3				4.3
Education	3.6		0.6	7.1	11.2	11.3	13.9	18.5	23.1	21.0		1.3	1.6	23.9
Health Services	3.5			1.5	4.7	5.7	6.3	7.9	9.2	8.2	1.0	0.2		9.4
Agricultural Services	3.9	0.3	0.1	0.1	4.4	5.2	4.9		5.8	6.1	5.5	0.6	0.3	6.5
Other Services	2.0	0.4		0.7	3.1	4.5	5.1	7.3	8.1	5.6	0.4		0.6	8.2
ment	28.2	2.5	0.7	11.1		42.5	48.1	53.0	63.9	72.5	62.8	3.3	1.4	7.2
Enterprise Sector														
Agriculture			-0.1	-0.1	-0.1	-0.3	0.2	0.2	-0.1	0.3	0.2			
Forestry	1.0				1.0	1.1	1.4	1.7	1.5	1.6	1.6			
Manufacturing	0.5	4.0	0.7	0.1	5.3	6.1	6.2	6.9	6.9	7.5	0.9	5.3	1.5	0.2
Construction	1.8	1.6		0.3	3.6	4.2	5.1	5.5	6.3	4.4	1.7	0.1	0.5	6.7
Electricity and Water	0.4		0.4	0.8	1.6	1.6	2.1	1.7	1.8	0.4		3.4	1.2	5.0
Transport and Communi- cations	0.6	17.5			18.1	22.9	23.5	25.8	27.0	1.6	26.4	0.7		28.7
Wholesale and Retail Trade			0.4		0.4	1.1	1.1	1.8	1.5	1.4	1.4	7.6		
Banking and Insurance ..			2.8		2.8	3.6	4.1	5.0	6.6		7.6			
Ownership of Dwellings	2.3	1.4		0.1	3.8	3.8	3.8	3.8	3.8	2.5	1.6	0.1	4.2	
Other Services							0.1	0.2	0.2		0.2		0.2	
Total Enterprises ..	6.6	24.5	4.2	1.2	36.5	44.4	47.2	52.5	56.3	11.3	35.0	15.1	12.0	63.3
Total Public Sector	34.8	27.0	4.9	12.3	79.0	92.5	100.2	116.4	128.8	74.1	38.3	16.5	9.2	138.0

*Including East African Airways, East African Posts and Telecommunications, East African Harbours and East African Railways, Including Government Banks and Public Enterprises.

CHAPTER 10—PUBLIC FINANCE IN THE ECONOMY

The size of the public sector's contribution to gross domestic product at current prices in 1970 was unchanged from the level achieved in 1969—27 per cent. Details of the activities which generated this are set out in Table 10.1. Although the public sector's relative contribution to product did not change in 1970, it has been gradually rising since 1964, when it was 24 per cent. Interesting changes have also taken place in its structure. The share of the East African Community and its institutions declined from 34 per cent in 1964 to 28 per cent in 1970, i.e., the contribution of the Government, its statutory corporations and the local authorities has been rising. The importance of the Government's contribution has grown markedly over these years, from 44 to 54 per cent. Taking the public sector's contribution as a whole, there has been relatively little change since 1964 between product contributed by the "general government sector" and that originating from enterprise activities; "general government" has varied between 52 and 56 per cent of the total.

10.2. What is discussed in this chapter is not the entire public sector but only the "general government" part of it. By and large, this includes the Government, local authorities, and the General Fund Services of the East African Community, but without its "enterprise" functions. These are included in the figures shown in the lower half of Table 10.1, along with data on Kenya statutory corporations and the transport corporations of the East African Community. A summary of "general government" expenditures is presented in Tables 10.2 and 10.3. Because of lack of data, only the functional analysis of expenditure can be presented for 1970/71. This shows a

GENERAL GOVERNMENT—CENTRAL, LOCAL* AND EAST AFRICAN Recurrent and Development Expenditure on Main Services 1965/66-1970/71+

	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
General Services	23.30	26.54	28.67	30.09	32.50	36.96
Financial Obligations	17.38	16.73	15.41	14.65	16.64	23.43
Economic Services	19.19	21.86	26.65	31.79	34.36	40.78
Community Services	10.79	12.29	12.82	14.68	17.77	21.69
Social Services	23.95	27.25	31.87	37.59	48.42	50.08
Unallocable	3.31	3.69	4.28	4.42	4.26	4.74
Grand Total:	97.92	108.36	119.70	133.22	153.95	177.68

*Local Government figures are based on calendar years while the rest are based on split financial years ending 30th June. Thus, for example, Local Government figures for 1969 have been added to financial year figures for 1969/70.

For 1970/71, expenditures of the General Fund Services of the East African Community are assumed to be the same as in 1969/70.

#Excludes Inter-Government Transfers.

growth of 15 per cent over expenditure in 1969/70. The whole of this growth is attributed to rising Government expenditures; those of local authorities and the Community's General Fund Services have actually declined.

GENERAL GOVERNMENT—CENTRAL, LOCAL AND EAST AFRICAN
Economic Analysis of Expenditure, 1965/66-1969/70

Table 10.3 K£million

	1965/66	1966/67	1967/68	1968/69	1969/70
Wages, Salaries and Allowances	38.74	42.80	45.61	49.64	62.67
Other Goods and Services	18.07	20.08	21.11	22.75	26.28
Subsidies	0.78	0.62	2.47	2.81	1.38
Loan Charges	11.31	10.20	9.53	11.19	13.12
Other Transfers	15.35	15.49	15.09	14.72	14.23
Total Expenditure	13.63	19.14	25.79	31.51	35.91
Net inter-departmental transfers	0.04	0.03	0.10	0.60	0.36
Grand Total*	97.92	108.36	119.70	133.22	153.95

*Excludes Inter-Government Transfers.

10.3. Details of the revenue and expenditure of the Government, local authorities and the East African Community's General Fund Services are presented in separate sections in the rest of this Chapter.

Central Government

10.4. The out-turn of Central Government expenditure and revenue over the last decade is shown in Table 10.4. The figures for 1970/71 must be regarded as tentative at this stage as these reflect appraisal of Government revenue and expenditure at the time of writing. The two major features of expenditure in 1970/71 are the large growth of development expenditure and the rise in the likely deficit. This latter is a direct consequence of the former but it is likely that in the final out-turn, it will be smaller. There are indications that recurrent revenue from taxation may be higher than the figures shown. At the same time, on the basis of past experience, it is likely that development expenditure will fall somewhat short of the amount budgeted. The deficit will be financed largely by way of short-term Treasury bills use of which as a means of regular financing in the current financial year was discussed in Chapter 2.

10.5. Over the last decade, total expenditure has increased three-fold, from K£52.37 million in 1961/62 to K£155.85 million in 1970/71. During the current year, it will achieve a record growth for any single year, of 27.9 per cent over expenditure during 1969/70. Although, in absolute terms, there was a larger growth in recurrent expenditure, relatively speaking, this

CENTRAL GOVERNMENT
Out-turn of Revenue and Expenditure
1961/62-1970/71

Table 10.4

K£million

	Revenue			Expenditure			Surplus/ Deficit
	Re- current	Develop- ment	Total	Re- current	Develop- ment	Total	
1961/62	44.41	9.26	53.67	45.22	7.16	52.37	+1.29
1962/63	47.25	11.40	58.65	48.34	9.40	57.73	+0.48
1963/64	55.69	13.26	68.95	54.04	14.08	68.13	+0.70
1964/65	56.98	15.83	72.81	56.92	13.62	70.54	+2.49
1965/66	62.59	11.11	73.70	63.26	14.25	77.52	-4.06
1966/67	71.07	14.49	85.56	68.53	16.35	84.88	+0.66
1967/68	80.75	15.92	96.67	74.41	19.58	93.99	+1.38
1968/69	91.33	15.97	107.30	80.51	24.46	104.98	-3.27
1969/70	99.82	28.57	128.39	91.14	30.71	121.85	+6.54
1970/71*	117.93	28.55	146.48	109.49	46.37	155.85	-9.37

*Provisional.

was a good deal lower than the 50 per cent rise in outlays on development. A large part of the growth in recurrent expenditure was largely due to the take-over of education, health and road functions from county councils and rising charges on public debt. Without the expenditure attributable to these two items, recurrent expenditure grew by 6.3 per cent, rather below the level envisaged in the current Development Plan.

10.6. The details included in this chapter are obtained from the Appropriation Accounts and Estimates. However, there are differences between the totals of revenue and expenditure of the central Government as shown in the tables and those shown in the published Appropriation Accounts and Estimates. The differences are due to the following reasons:—

- (a) Double-counting arising from the division of Central Government expenditure between recurrent and development accounts and the resultant transfers of various expenditure items from one account to another are eliminated.
- (b) The revenue and expenditure figures shown include collection costs of income tax and excise duties and appropriation-in-aid (in the main, fees collected by departments and appropriated with Parliamentary approval to the use of specific services). The figures in the Appropriation Accounts and Estimates are net of these amounts.
- (c) All regional expenditure incurred in 1963/64 and 1964/65 before the constitution was amended has been included in the Central Government's expenditure so as to maintain comparability over time.

(d) All expenditure by the Government undertaken through the Overseas Service Aid Scheme for British expatriate civil servants and also expenditure under the Consolidated Fund Services has been included with the central Government figures to give a complete picture of the budget.

10.7. On the revenue side, recurrent revenue in 1970/71 is expected to be K£117.93 million or 18 per cent above that for 1969/70. Because development revenue is unlikely to change, the overall growth in total revenue over that realised in 1969/70 is expected to be 14 per cent.

10.8. A summary of the growth of expenditures by function is presented in Table 10.5. During 1970/71, there was a particularly sharp growth in outlays on economic and community services, social services and financial obligations. Details of the items which make up the broad categories shown in Table 10.5 are set out in Table 10.6. Of the total increase K£12.30 million in

CENTRAL GOVERNMENT

The Growth of Expenditure by Functional Activities, 1964/65 to 1970/71*

Table 10.5 Percentages

Services	1964/65 to 1969/70	1964/65 to 1970/71	1968/69 to 1969/70	1969/70 to 1970/71
General Services	140.3	77.5	23.8	16.0
Financial Obligations	24.6	47.4	5.9	18.4
Economic and Community Services	83.4	138.0	2.3	32.7
Social Services	156.2	259.8	39.1	40.6
Total Expenditure	72.8	118.6	16.1	27.9

*Provisional

expenditure on economic and community services during the current year, K£5.39 million is attributable to the rise in outlays on banking and petroleum. These arose out of the acquisition by the Government of share-holdings, in enterprises engaged in these activities. Thus, about a third of the growth in development expenditure during the current year is of a transfer nature. However, even if such expenditures are excluded, development outlays are 33 per cent above those for 1969/70. In absolute terms, the largest growth of economic and community services took place in "transport and roads". Such outlays were K£5.03 million above those in 1969/70. Of the total sum of

CENTRAL GOVERNMENT
Recurrent and Development Expenditure on Main Services
1965/66-1970/71

Table 10.6

K£million

Services	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71*
General Services—						
Administration and Foreign Affairs	4.73	4.76	4.97	5.39	7.30	9.28
Law and Order	8.83	9.81	11.17	11.16	11.96	13.17
Defence	4.03	5.29	6.13	5.56	5.69	6.98
Revenue Collection and Financial Control	1.76	2.39	1.66	2.27	2.64	2.58
Total	19.35	22.48	23.93	24.38	27.59	32.01
Financial Obligations—						
Public Debt	7.71	8.33	8.09	8.95	10.72	17.16
International Monetary Organization Subscriptions	0.71	0.37	0.27	0.87	1.07	3.19
Pensions and Gratuities	3.77	3.93	3.60	3.76	3.83	3.01
Compensation Payments	3.25	2.98	2.30	0.14	0.07	0.06
Passages and leave expenses	0.62	0.51	0.57	0.54	0.54	0.60
Transfers to local authorities.	4.14	2.89	3.98	5.70	4.89	1.98
Total	20.19	19.00	18.81	19.97	21.12	25.00
Economic and Community Services—						
Agriculture and Veterinary	11.09	10.49	11.70	13.45	11.59	11.52
Forestry	1.19	1.76	1.62	1.54	1.67	1.79
Game and National Parks	0.59	0.93	1.46	1.25	1.37	2.00
Transport and Roads	5.65	6.39	7.30	9.17	12.52	17.55
Electricity and Petroleum					2.60	4.49
Banking						3.50
Other (including water supplies)	3.27	4.78	7.31	8.78	7.83	9.03
Total	21.79	24.36	29.39	34.19	37.58	49.88
Social Services—						
Education	6.89	7.92	9.84	11.89	17.54	28.40
Health	3.72	4.07	5.13	5.91	7.94	9.81
Other (Labour, Community Development, Housing, etc.)	2.82	4.17	3.57	4.97	6.20	6.35
Total	13.44	16.17	18.54	22.77	31.68	44.56
Unallocable	2.75	3.11	3.31	3.67	3.88	4.40
Total Expenditure	77.52	84.88	93.99	104.98	121.85	155.85

* Provisional

K£17.55 million on this item K£15.64 million was spent on road development, the balance going to aerodromes. The major road projects now being undertaken and the expenditure incurred on them in 1970/71 are as follows: —

	K£ million
Trunk Road Programme	1.00
Upgrading of Trunk Roads	2.20
Great North Road	0.35
Nairobi-Addis Ababa Road	0.45
Feeder Roads	1.15
Sugar Roads	1.00
Tourist Roads	0.52
Unemployment relief projects	0.75

Of the development expenditure on aerodromes, a large part is for the development of Nairobi Airport. This and other airport expenditures are discussed in Chapter 8.

10.9. Economic and community services classified under the residual sub-heading "other" include government services associated with commerce, industry, mining and waterworks. The growth of expenditure is evenly shared among these activities. For commerce and industry, it is related primarily to a growth in loans made to these sectors while the rise in expenditure on waterworks reflects rising expenditure on rural water development.

10.10. A notable feature of expenditure on economic and community services is the static nature of outlays on agricultural and veterinary services in recent years. In past years, land settlement was a major component of such expenditure. This has now tailed off so that agricultural expenditures of a transfer nature are now much less significant. However, expenditure on settlement was at the same level during 1969/70 and 1970/71 but the share of outlays on agricultural and veterinary services had declined from 31 per cent in 1969/70 to 23 per cent in 1970/71. Of course, agriculture also benefits from other Government expenditures, such as those on roads, and large outlays on road development for agricultural areas continue to be made, particularly on feeder and sugar roads, as shown above.

10.11. Central Government expenditure on social services increased from K£31.68 million in 1969/70 to K£44.56 million in 1970/71, or by 40.6 per cent. Expenditures on education and health, the two main social services, have gone up by 61.9 per cent and 23.6 per cent respectively. The growth in expenditure on education represents the largest outlay on a single service and

is related mainly to the take-over of primary education by the Central Government from county councils. The current financial year is the first full year reflecting this change and has caused an increase of K£7.7 million in expenditure on education. Except for a K£0.7 million increase in expenditure on development, the growth is almost entirely on recurrent account. The bulk of the increase in expenditure on health services, on the other hand, is on development—which has gone up by K£1.3 million. Three-quarters of this has been incurred on extensions and improvements to existing hospitals and district and provincial hospitals but excludes development connected with the medical school at Kenyatta National Hospital, which is being undertaken by the University of Nairobi. Most of the remaining increase in development expenditure on health services has been on training institutions.

10.12. Expenditure on general services has gone up by 16 per cent in 1970/71. Classified under this head is expenditure on administration—including foreign affairs, law and order, defence and revenue collection and financial control. The increase in expenditure is confined to the first three categories. Apart from a K£0.7 million increase in recurrent expenditure, the growth in administrative and foreign services is accounted for by office accommodation for these services. A sum of K£1.3 million is earmarked for the conference hall and office block going up in Nairobi and K£0.20 million on other office buildings. In addition, K£0.36 million is estimated to have been spent on purchase of premises for Kenya's foreign missions overseas. Most of the increase in expenditure on law and order is being incurred on development of police stations, office buildings and staff housing and has accounted for K£1.1 million in 1970/71 compared with K£0.45 million in 1969/70. The increase in expenditure on defence is of a recurrent nature.

10.13. Government outlays on financial obligations went up by 18.4 per cent between 1969/70 and 1970/71. The increase would have been even higher if the transfers to local authorities had not declined following the take-over of education, health and road services by the Central Government from county councils. The outstanding features of expenditure on financial obligations are the growth of expenditure on public debt and subscriptions to the international monetary organizations. The latter consist of a payment of K£2.5 million to the International Monetary Fund (to increase Kenya's quota as referred to earlier in this Survey) and a payment of K£0.6 million to the East African Development Bank as a part of Kenya's subscription payment.

10.14. Payments on public debt increased by 60 per cent from K£10.72 million in 1969/70 to K£17.16 million in 1970/71. A large proportion of the increase of K£6.44 million is due to redemption payments which went up from K£3.3 million to K£8.8 million. Interest payments increased from K£6.6 million to K£7.1 million and contributions to sinking funds from K£0.8

million to K£1.2 million. However, total debt servicing charges—excluding redemption payments—dropped from 6.1 per cent of total expenditure in 1969/70 to 5.4 per cent in 1970/71.

10.15. As shown in Table 10.7, total public debt stood at K£160.14 million at the end of 1970, having increased by very nearly 100 per cent between 1963 and 1970. A notable feature of this table is that the internal debt has increased by more than three times during this period while the external debt has grown by only 57 per cent. The proportion of external debt in total public debt dropped from 78.3 per cent in 1963 to 63.7 per cent in 1970. The total value of sinking funds (at market prices) as a proportion of total debt had dropped to 7.6 per cent at the end of 1969, from an average of about 9 per cent since 1964, but increased marginally to 8 per cent at the end of 1970.

CENTRAL GOVERNMENT

Public Debt 1960-1970

Table 10.7

K£million

Year as at 30th June	Total Debt*			Total Sinking Fund at Market Value	Gross Annual Debt Servicing Charges+	Interest and Loan Repay- ment Receipts	Net Cost of Servicing charges
	External	Internal	Total				
1960	44.26	18.64	62.90	4.72	2.83(2.34)	1.13	1.70
1961	51.32	17.85	69.17	5.33	3.40(2.73)	1.51	1.89
1962	57.24	18.20	75.44	5.28	4.14(3.29)	1.75	2.39
1963	64.95	18.04	82.99	6.67	4.66(3.66)	1.83	2.83
1964	68.12	17.99	86.11	7.88	5.21(4.05)	2.04	3.17
1965	76.91	18.53	95.44	9.05	6.36(4.41)	2.82	3.54
1966	86.10	19.34	105.44	9.99	7.7(4.73)	2.89	4.81
1967	91.11	27.49	118.60	11.22	8.33(5.25)	3.60	4.73
1968	85.49	36.17	121.66	11.01	7.91(5.40)	3.87	4.04
1969	93.28	49.14	142.42	10.79	8.87(5.97)	3.36	5.51
1970	102.04	58.10	160.4	12.78	10.68(6.61)	3.64	7.04

* Excluding short-term borrowing.

+ Interest payments shown in brackets.

10.16. An analysis of public funded debt by holders on the local register is detailed in Table 10.8. The National Social Security Fund is the principal source of internal borrowing though its share of internal debt has dropped marginally from 35.4 per cent in 1969 to 33.6 per cent in 1970. In 1970, all institutions in the public sector together held 63.9 per cent of the total internal debt, compared to 72 per cent in 1969 and the share held by institutions in the private sector (excluding private individuals) increased slightly from 27.5 per cent at the end of 1969 to 29.6 per cent in 1970.

CENTRAL GOVERNMENT
Analysis of Public Funded Debt at Book Value by Holders on
Local Register as at 31st December

Table 10.8 K£million

Holders	1966	1967	1968	1969	1970
Public Bodies—					
National Social Security Fund	1,157	3,603	8,148	17,417	19,498
Central Government	7,375	18,614	11,828	9,912	9,628
Local Government	860	961	1,052	1,078	1,041
Kenya Post Office Savings Bank	2,064	2,114	2,114	2,114	2,554
East African Community Institutions	821	864	891	891	380
Central Bank	3,510	3,510	3,510	3,510	3,510
Other Public Sector	666	664	683	474	491
Other Internal—					
Commercial Banks	1,109	1,723	1,766	6,184	8,006
Insurance Companies	3,256	3,770	4,590	4,879	5,064
Other Companies	974	1,250	2,083	2,445	4,096
Private Individuals	514	541	550	780	563
External—					
Other East African	355	353	353	352	370
Other Sterling Area	1,577	1,763	1,735	1,723	1,671
Non Sterling Area	34	42	42	42	42
Total	24,272	29,772	39,345	51,811	56,911

10.17. Table 10.9 lays out an economic analysis of the Central Government expenditure. As essential details of expenditures in the current year become available only after the end of the financial year, figures for 1970/71 are not included in the table. Expenditure in this table is analysed in economic categories so that "capital" is not necessarily the same as "development" items in the budget. Capital expenditures include all outlays made to acquire assets, whether by new capital formation or purchase of existing assets.

10.18. Non-capital expenditure increased by 15.3 per cent between 1968/1969 and 1969/70--compared to an increase of 7.3 per cent between the two previous years. As indicated earlier, the main reason for this was the take-over of health, road and education services by the Central Government. This was reflected in the sharp increase of 32.7 per cent in wages and salaries between 1968/69 and 1969/70, making the proportion of these 48.5 per cent of total recurrent expenditure, compared to an average of 42 per cent for the years between 1965/66 and 1968/69. The growth of this item will be even more striking in the figures for 1970/71, the first full year reflecting the

CENTRAL GOVERNMENT

Economic Analysis of Expenditure, 1965/66-1969/70

Table 10.9

K£million

	1965/66	1966/67	1967/68	1968/69	1969/70
RECURRENT EXPENDITURE					
Consumption Expenditure on Goods and Services—					
Wages and Salaries:					
Personal Emoluments	20.53	22.99	24.43	26.32	36.72
House Allowances	0.81	0.83	0.89	1.07	1.27
Passages and Leave Expenses	0.62	0.51	0.54	0.51	0.51
Contributions to Pensions Fund	0.45	0.45	0.41	0.44	0.42
Pay and allowances to Armed Forces:					
Personal Emoluments	2.38	3.14	3.23	3.22	3.31
Pensions and Gratuities	0.07	0.09	0.10	0.13	0.41
Total	24.87	28.01	29.60	31.70	42.07
Other Goods and Services:					
Rent of Fixed Assets:					
(a) Residential	0.19	0.25	0.26	0.32	0.39
(b) Non-residential	0.21	0.29	0.30	0.35	0.43
Maintenance and repairs	2.13	1.83	2.42	2.54	3.13
Travelling expenses	1.98		2.31	2.39	2.65
Collection costs of income tax, customs and excise duties	0.90	2.35	1.02	1.10	1.32
Miscellaneous other goods and services	7.23	1.00	8.68	9.10	11.14
Total	12.64	13.74	14.99	15.83	19.06
Subsidies—					
To agriculture	0.75	0.53	2.39	2.76	1.35
To other sectors	0.03	0.09	0.08	0.05	0.03
Total	0.78	0.62	2.47	2.81	1.38
Interest—					
External Debt	3.46	3.74	3.54	3.58	3.20
Internal Debt	1.27	1.51	1.86	2.39	3.41
Total	4.73	5.25	5.40	5.98	6.61
Other Transfers—					
To Households and Un-incorporated Enterprises:					
(a) Persons (including pensions)	4.13	4.36	4.00	4.29	5.09
(b) Private non-profit institutions .. (Educational)	4.56	3.62	4.73	5.48	3.14
(c) Other private non-profit institutions	0.22	0.25	0.34	0.33	0.19
To rest of the world	3.97	3.40	2.84	1.11	1.27
To other General Government Agencies:					
(a) Local Authorities	3.45	2.99	3.92	5.69	4.79
(b) E.A. Community	0.21	0.12	0.12	0.12	0.02
(c) Land Settlement	0.93	0.69	0.51	0.51	0.39
(d) Miscellaneous	0.22	1.73	1.18	1.38	2.73
Total	17.69	17.16	17.64	18.91	17.62
Total Recurrent Expenditure	60.73	64.79	70.11	75.22	86.74

CENTRAL GOVERNMENT
Economic Analysis of Expenditure, 1965/66-1969/70

Table 10.9—(Contd.)

K£million

	1965/66	1966/67	1967/68	1968/69	1969/70
CAPITAL EXPENDITURE					
Gross Capital Formation—					
Residential buildings	0.46	0.49	1.13	1.42	1.08
Non-residential buildings	1.25	1.62	3.31	4.39	4.11
Construction and works	3.11	5.42	6.77	7.83	10.50
Plant, Machinery and Equipment	0.88	1.42	1.46	1.93	2.11
Transport Equipment	0.69	0.86	0.92	0.75	1.40
Land	0.04	0.21	0.79	0.28	0.83
Total	6.43	10.01	14.38	16.60	20.03
Investment in Commercial Enterprises	—	—	—	—	20.03
Loans to Other Sectors—					
To Households and Un-incorporated Enterprises	—	—	—	—	0.76
To Corporations	2.87	3.75	3.31	5.71	4.97
To Other General Government Agencies	2.81	2.86	4.04	4.46	2.69
Total	5.68	6.61	7.35	10.18	8.42
Loan Repayment—					
External Debt	2.86	2.84	1.85	1.67	1.95
Internal Debt	1.31	0.09	0.09	0.57	1.34
Sinking Fund	0.51	0.55	0.78	0.74	0.78
Total	4.68	3.47	2.72	2.98	4.07
Total Capital Expenditure	16.78	20.10	24.46	29.76	35.12
Total Expenditure	77.52	84.88	94.57	104.98	121.85

change. However, this will also show a substantial decline in transfers to local authorities. The recently announced salary increases for civil servants, to become effective in the next financial year, will probably emphasize the relative significance of this category of expenditure still further.

10.19. With the growth of non-capital expenditure noted above the decline over recent years in its share of total expenditure was halted in 1969/70—its proportion dropped only marginally to 71.2 per cent from 71.7 per cent in 1968/69. In 1965/66 recurrent expenditure had accounted for 78.3 per cent of total expenditure and its proportion declined consistently until 1968/69.

CENTRAL GOVERNMENT
ECONOMIC AND FUNCTIONAL CROSS-ANALYSIS OF EXPENDITURE 1969/70

Table 10.10

K£'000

ECONOMIC CLASSIFICATION	RECURRENT EXPENDITURE								CAPITAL EXPENDITURE			Total Recurrent and Capital Expendi- ture
	CONSUMPTION EXPENDITURE		Subsidies	Transfers to Local Authori- ties	Transfers to House- holds	Transfers to Rest of the World	Other Transfers	Total Recurrent Expendi- ture	Gross Capital Forma- tion	Loans and Invest- ment in Govern- ment Enter- prises	Loan Repay- ments to other Sectors	
	Wages and Salaries	Other										
GENERAL SERVICES—												
Administration—Central	1,458	930		4	16			2,408	437			2,845
Administration — Provincial	2,312	264	—	200	23	—	—	2,799	248			3,047
Foreign Affairs	393	406	—	—	10	120	—	929	475			1,404
Law and Order	7,974	2,662	—	—	25	—	—	10,661	1,252			11,913
Defence	2,764	2,912	—	—	17	—	—	5,693				5,693
Revenue Collection and Fina- ncial Control	531	1,700	24	366	4	5	—	2,630	1			2,631
COMMUNITY SERVICES—												
Roads	1,524	746	—	164	—	—	—	2,434	9,259			11,693
Water Works	434	1,065	10	11	—	—	—	1,520	331	39		1,890
Other	71	21	—	—	3			95	3			98
SOCIAL SERVICES—												
Education	10,426	1,140	—	76	4,456	23		16,121	1,543	4		17,668
Health	3,357	1,787	—	8	343	—	—	5,495	2,447			7,942
Labour	208	55	—	—	49	—	—	312	2			314
Housing	59	60	—	—	—	—	—	65	189	2,265	—	2,519
Other, including Community Development	1,038	1,197	—	785	333	—	—	3,353	275	—		3,628
ECONOMIC SERVICES—												
Agriculture	2,359	825	1,349	993	19	10	—	5,555	896	2,477	1	8,928
Veterinary	964	860	—	—	—	—	—	1,824	198		—	2,022
Forestry	526	293	—	—	6	1	—	826	845	—		1,671
Game and Fisheries	387	256	—	—	7	—	—	650	76			726
National Parks and Tourism	—	68	—	257	—	—	—	325		316		641
Lands, Mines, Surveys and Geology	1,277	305	—	—	6	—	—	1,588	137			1,725
Commerce and Industry	562	503	—	100	—	—	—	1,165	63	3,011		4,239
Transport, excluding Roads	263	304	—	—	18	—	—	585	505		—	1,090
Electricity and Petroleum . .	—	—	—	—	—	—	—	—		2,598	—	2,598

CENTRAL GOVERNMENT
ECONOMIC AND FUNCTIONAL CROSS-ANALYSIS OF EXPENDITURE 1969/70

K£'000

Table 10.10—(Contd.)

ECONOMIC CLASSIFICATION	RECURRENT EXPENDITURE								CAPITAL EXPENDITURE			Total Recurrent and Capital Expendi- ture
	CONSUMPTION EXPENDITURE		Subsidies	Transfers to Local Autho- rities	Transfers to House- holds	Transfers to Rest of the World	Other Transfers	Total Recurrent Expendi- ture	Gross Capital Forma- tion	Loans and Invest- ment in Govern- ment Enter- prises	Loan Repay- ments to other Sectors	
	Wages and Salaries	Other										
FUNCTIONAL CLASSIFICATION												
RECURRENT FINANCIAL OBLI- GATIONS—												
Interest	—	—	—	—	—	—	6,606	6,606	—	—	—	6,606
Sinking Fund	—	—	—	—	—	—	—	—	—	—	777	777
Redemption	—	—	—	—	—	—	—	—	—	—	3,291	3,291
Compensation Payments to Designated Officers	—	—	—	—	8	25	—	33	—	—	—	33
Pensions and Gratuities	520	—	—	—	3,310	—	—	3,830	—	—	—	3,830
Subscriptions to International Monetary Organizations	—	—	—	—	—	1,075	—	1,075	—	—	—	1,075
Passages and Leave Expenses	539	—	—	—	—	—	—	539	—	—	-	539
Transfers to Local Authori- ties, n.e.s	—	—	—	4,613	—	—	—	4,613	—	282	-	4,895
UNALLOCABLE EXPENDITURE—												
Buildings—Residential	266	371	—	—	—	—	—	637	45	—	—	682
Buildings—Non-Residential	544	375	—	—	—	—	—	919	45	—	—	964
M.O.W.—Unallocable	519	475	—	—	5	—	—	999	654	—	—	1,653
Government Printer	182	186	—	20	—	—	—	388	133	—	—	521
Other Unallocable	22	18	—	—	—	—	—	40	2	—	—	42
TOTAL	41,479	19,730	1,383	7,597	8,658	1,259	6,606	86,712	20,061	10,992	4,068	121,833

10.20. Despite an expected significant increase in non-capital expenditure in 1970/71, its share in total expenditures is likely to be stabilized, due to an equally large expected increase in capital expenditure. As noted above, the most significant increase in Government capital expenditure went into the acquisition of share-holdings in commercial banking and petroleum refining, enterprises and loan repayments. (Of course, from the point of view of the economy, purchases of shares do not constitute capital formation.) In addition the share of outlays on capital formation has also risen, though more moderately, from 15.8 per cent in 1968/69 to 16.4 per cent in 1969/70. Almost 50 per cent of total capital formation is in the form of "construction and works"—mainly roads. The growth of capital formation by the Government over the last few years is underlined in the figures below, which show a four-fold rise in the five years between 1965/66 and 1970/71.

	Capital Formation K£m	Annual increase per cent
1965/66	6.43	—
1966/67	1001	55.7
1967/68	14.38	43.7
1968/69	16.60	15.4
1969/70	20.03	20.7
1970/71 (Provisional)	24.52	22.4

10.21. In Table 10.10 a functional and economic analysis of Central Government expenditure is put together as a cross tabulation. The table provides a more detailed analysis of the expenditure of Central Government. For reasons of space, data can be shown for one year only.

10.22. Analysis of gross recurrent receipts is set out in Table 10.11. Taxation receipts, the main source of revenue for recurrent expenditure, show an increase of 12.9 per cent over 1969/70 and account for 73 per cent of total recurrent revenue. The proportions may be slightly higher in the final out-turn. In 1969/70 taxation receipts had increased by 16.8 per cent and accounted for 76.3 per cent of total revenue. Receipts from interest and payment of loans increased substantially, mainly as a result of receipts due on East African Railways Corporation stock which appears in the Kenya public debt and was redeemed in 1970/71. Charges from goods and services have risen following increased receipts of school fees after the take-over of primary education from county councils. The growth of K£5.3 million over 1969/70 of receipts under the "miscellaneous" item is the result of several factors. Of this sum, K£2.0 million is receipts from sinking funds. Other reasons are receipts of surpluses amounting to K£1.0 million from the East African Community and K£0.6 million from the Sugar Stabilization Fund and the Maize and Produce Board.

CENTRAL GOVERNMENT
Gross Receipts on Recurrent Account, 1965/66-1970/71

Table 10.11

K£million

	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71*
Domestic Sources—						
Taxation	44.32	53.42	59.85	65.20	76.18	86.03
Interest and repayment of loans	2.72	3.59	5.85	6.42	5.45	8.00
Charges for goods and services	5.16	6.19	7.18	7.83	10.99	12.90
Reimbursement from other administrations	0.62	1.20	1.40	1.39	1.24	1.55
Miscellaneous..	4.80	1.58	2.78	3.87	4.07	9.36
Loans raised internally	1.51	0.18	0.72	5.73	1.29	—
Total	59.13	66.16	77.78	83.32	99.22	117.84
External Sources—						
Grants under Overseas Service Aid Scheme	2.38	2.71	1.58	0.66	0.45	—
Other U.K. Grants	0.05	0.04	0.03	0.04	—	0.01
U.K. Loans	2.17	2.22	1.27	0.11	0.07	—
Other Foreign Loans and Grants	0.14	0.10	0.9	0.09	0.08	0.08
Total	4.74	5.07	2.97	0.90	0.56	0.09
Total Receipts	62.36	71.05	80.03	85.74	99.82	117.93

*Provisional

10.23. The sources of taxation receipts are set out in Table 10.12. The share of revenue from direct taxes in total taxation receipts has increased to 45 per cent in 1970/71 compared to 43 per cent in 1969/70, as a result of an increase of 20.9 per cent in revenue receipts from income tax. This has been partly due to increases in incomes of salaried and self-employed persons in 1969, the tax on which becomes due in the financial year 1970/71. The rest of the increase is explained by the change over in tax collection procedures introduced in last year's budget which attempted to eliminate the eighteen month time lag between earning and payment and to bring the entire income tax collection system onto a pay.as.you-earn basis. Thus growth in income tax revenue attributable to this factor is of a transitional nature although it will influence income tax receipts for the next four years. Expectations of a rise in graduated personal tax collections have not been realised and the actual receipts are only marginally higher than the 1969/70 level.

10.24. Receipts from indirect taxes increased by 7.6 per cent in 1970/71 compared to an increase of 11.1 per cent in 1969/70. The bulk of the receipts from indirect taxes are accounted for by import and excise duties. Import duties are the largest single source of indirect taxes but their share in total

CENTRAL GOVERNMENT

Gross Revenue from Taxation for Recurrent Expenditure, 1965/66-1970/71

Table 10.12

K£million

	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71 *
Direct Taxation—						
Income Tax	15.89	18.79	22.97	23.61	29.20	35.29
Graduated Personal Tax			0.41	1.51	2.44	2.77
Estate Duties	0.26	0.30	2.37	0.35	0.35	0.34
Export Duties	0.65	0.99	0.41	0.31	0.40	0.50
Total	16.80	20.08	24.16	25.78	32.39	38.90
Indirect Taxation—						
Import Duties	17.20	20.08	19.95	21.83	24.35	25.42
Excise Duties	6.30	8.47	10.45	11.79	13.15	14.73
Stamp Duties	0.70	0.80	0.79	0.91	1.07	1.10
Petrol and Diesel Tax	1.18	1.56	1.68	1.79	2.11	2.20
Licences and Fees under the Traffic Act	0.97	1.31	1.40	1.53	1.10	1.89
Taxes and Licences, n.e.s.	0.95	0.79	1.08	1.21	1.63	1.44
Land Premia and Taxes	0.04	0.14	0.12	0.07	0.13	0.05
Royalties	0.19	0.18	0.22	0.29	0.25	0.30
Total	27.53	33.33	35.69	39.42	43.79	47.13
Total Taxes and Licences	44.32	53.42	59.85	65.20	76.18	86.03
Percentage contribution of:—						
Direct Taxes	38	38	40	40	43	45
Indirect Taxes	62	62	60	60	57	55

* Provisional

receipts from indirect taxes has been declining steadily over the last few years, from 62.5 per cent in 1965/66 to 53.9 per cent in 1970/71. Over the same period, the contribution of excise duties has increased from 22.9 per cent in 1965/66 to 31.3 per cent in 1970/71. Collections of import and excise duty are set out in Tables 10.13 and 10.14 respectively. However, statistics in these tables are on a calendar year basis and should not therefore be used for direct comparison with the figures in Table 10.12. Collections from import duties detailed in Table 10.13 reflect an increase in 1970 of 23 per cent in total imports, details of which are set out in Chapter 3. Almost 70 per cent of the increase in duty collections has accrued from imports classified in the categories food, drink and tobacco, fuel, transport equipment, and miscellaneous manufactured articles. A large proportion of the commodities in these categories are consumer goods and the increases are consistent with increased imports of these goods. Of the four categories listed above the

most significant increase, of 37 per cent, is in imports of miscellaneous manufactured articles followed by food, drink and tobacco, transport equipment, and fuel with increases of 28, 21 and 9 per cent respectively. Import duty collections on textiles, another major category of imports, after declining slightly in 1969 have once again reached the 1968 level. A large part of the overall increase in import duty collections between 1969 and 1970 is included in the 11.5 per cent increase in duty receipts for 1969/70, shown in Table 10.12.

CENTRAL GOVERNMENT
Import Duty Collections, 1965-1970

Table 10.13

K£'000

End Use Category	1965	1966	1967	1968	1969	1970
Food, drink and tobacco	3,223	4,066	2,206	2,734	2,403	3,079
Basic materials	103	175	216	493	679	723
Fuels	4,309	4,965	5,627	6,071	6,765	7,400
Chemicals	524	588	468	649	671	771
Textiles	3,635	4,798	3,537	4,499	4,128	4,492
Semi.manufactures	806	1,052	995	1,451	1,553	1,685
Metals	531	538	565	760	796	961
Transport Equipment	1,885	2,564	3,162	2,954	3,627	4,393
Machinery	594	683	748	1,010	1,215	1,533
Miscellaneous manufactured articles	1,341	1,728	1,364	2,047	1,988	2,725
Miscellaneous commodities and transactions	168	288	420	561	682	824
Total	17,108	21,444	19,307	23,229	24,507	28,586

10.25. Receipts in 1970 from beer, sugar and cigarettes accounted for 86 per cent of total excise duty collections, set out in Table 10.14. These show an increase of 23.4 per cent in 1970, compared to a rise of 6.8 per cent in 1969. This is primarily due to a 34.7 per cent increase in excise duty collections on beer in 1970 as against an increase of only 1 per cent in 1969. Excise duty collection on sugar and cigarettes went up by 14.3 and 17.3 per cent respectively, compared to an increase of 11 per cent each in 1969. Collections from mineral waters, and woven fabrics, the next group of significant commodities, went up by 16.8 and 26.8 per cent respectively while collections on soap declined marginally. Changes in the production and consumption of these items are discussed in Chapter 6.

10.26. External finance in recurrent revenue has virtually disappeared. Its share of total development revenues is also declining, though it continues to be of major importance, as shown in Table 10.15. In 1970/71 it is expected to be 42 per cent higher than during 1969/70. However, the actual contribution to development of funds from local sources

CENTRAL GOVERNMENT
Excise Revenue by Commodities, 1965-1970

Table 10.14

K£'000

Commodity	1965	1966	1967	1968	1969	1970
Beer	2,479	3,044	3,343	4,291	4,334	5,838
Sugar	938	779	1,891	2,540	2,819	3,221
Cigarettes	2,594	3,037	3,065	3,381	3,756	4,404
Cigars	1	1	1	1	1	—
Matches	48	92	96	146	191	162
Tobacco	25	36	33	24	35	26
Spirits	159	101	176	214	223	211
Mineral Waters ..	1	228	357	363	434	507
Biscuits	—	16	32	33	29	26
Fabrics, woven	—	—	386	386	436	553
Soap	—	210	437	430	494	487
Paints and distem- pers		—	42	111	162	161
Total	6,384	7,624	9,590	11,919	12,914	15,596

will be very much higher than the figures in Table 10.15 suggest for this will include not only transfer of the surplus from recurrent revenues but also short-term borrowings to cover the deficit shown in Table 10.4. Together, these can be expected to underline further the growing importance of internal contributions to development expenditure. Transfers from re-current revenue to development account are not shown in Table 10.15, in order to avoid double counting. The size of these transfers over the last few years and the estimated amount for 1970/71 are as follows: —

	K£ million
1966/67	3.6
1967/68	4.0
1968/69	6.0
1969/70	6.0
1970/71 (Provisional)	8.0

10.27. Although these are shown for previous years in Table 10.15, for the current year details of external receipts on development account are not available by origin at the time of writing.

CENTRAL GOVERNMENT
Development Revenue Accounts, 1965/66-1970/71

Table 10.15

K£million

	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71*
External Sources—						
Grants:						
British Government	2.35	0.50	0.17	0.02	0.71	0.13
Others	0.18	0.14	0.04	0.16	0.19	0.53
Total	2.53	0.64	0.21	0.18	0.95	0.66
Loans:						
U.K. Exchequer and C.D.C.	3.95	2.38	3.29	2.24	6.71	
U.S.A.I.D.	3.22	0.70	0.61	0.03	0.03	
I.B.R.D.	0.13	0.36	0.08	0.23		
West Germany	0.20	0.53	0.54	0.28	0.17	
I.D.A.	0.51	1.42	1.47	3.95	3.27	
Other Foreign Loans	0.24	0.23	0.58	0.29	0.52	
Total	7.25	5.62	6.56	7.01	10.71	15.88
Total External Sources	9.78	6.26	6.77	7.19	11.66	16.54
Internal Sources—						
Loans:						
Local Market Issues	0.56	7.49	7.95	7.97	12.37	6.70
Other Local Loans	0.18	0.33	0.61	0.16	0.02	5.00
Short Term Borrowing					5.00	
Total	0.74	7.82	8.56	8.13	17.39	11.70
Miscellaneous Revenues—						
Taxation				0.15		
Development Project Earnings	0.31	0.06	0.08	0.09	0.13	0.21
Other	0.28	0.34	0.77	0.40	0.24	0.10
Total	0.59	0.40	0.85	0.64	0.37	0.31
Total Internal Sources	1.33	8.22	9.41	8.77	17.76	12.01
Total Revenue	11.11	14.48	15.92	15.97	29.42	28.55

*Provisional

Local Authorities

10.28. Total expenditure by local authorities in 1970 is set out in Table 10.16. Compared with expenditure in 1969, it showed a drop of nearly K£13 million. Except for K£0.6 million, this decline was entirely in the

expenditure of county councils and was the result of the take over by the Government of responsibility for primary education, health and secondary roads from the county councils. Consequently, their share in the total expenditure of local authorities declined from about half to 20 per cent.

EXPENDITURE OF LOCAL AUTHORITIES, 1965-1970

Table 10.16

K£million

	Municipalities			County Councils	Total
	Nairobi City Council	Other Municipal Councils	Total		
1965	5.8	2.8	8.6	10.8	19.4
1966	6.9	3.6	10.5	10.9	21.4
1967	7.7	4.0	11.7	12.0	23.7
1968	8.8	5.0	13.8	14.6	28.4
1969*	9.2	5.8	15.0	15.9	30.9
1970*	9.0	5.3	14.4	3.7	18.1

*As shown in Councils' Estimates; except Nairobi City Council, 1969.

10.29. Expenditure by municipalities in 1970 was slightly less than in 1969 and most of this decline was in the outlays of Mombasa Municipality. There was also a slight fall in the expenditure of Nairobi City Council, which continues to dominate expenditure by municipalities, accounting for 63 per cent of this and 50 per cent of the expenditure of all local authorities. A functional analysis of expenditure by all municipalities is set out in Table 10.17. This shows a significant fall in expenditure on trading services, primarily in housing estates and water undertakings. There was relatively little change in outlays on other services. Expenditures by each municipal authority are shown in Table 10.18. The decline in outlays of "trading" services, which include housing and water undertakings was confined to Nairobi and Mombasa Municipalities. This table also shows that the drop in the total expenditure of municipalities was confined to the three largest—Nairobi, Mombasa and Nakuru. However, as far as Nairobi and Mombasa are concerned, their expenditure for the current year can be expected to rise significantly following the restoration to them of the half of graduated personal tax revenue they had lost in 1968. The fall in revenue from this source in 1968 is apparent in Table 10.20, which also indicates that loans continue to remain an important source of funds for municipal councils, accounting for 18 per cent of all receipts during 1970. An economic analysis of municipal expenditures is set out in Table 10.19. The share of personal emoluments in total outlays increased significantly—from 34 per cent in 1969 to 41 per cent in 1970.

MUNICIPAL COUNCILS

Recurrent and Capital Expenditure on Main Services, 1966.1970

Table 10.17 K£'000

Services	1966	1967	1968	1969*	1970*
Administration	916	862	996	956	959
Community Services—					
Roads	1,485	1,210	1,610	1,578	1,428
Sanitary Services	1,176	1,284	1,229	992	1,380
Other	426	237	182	264	331
Total..	3,087	2,731	3,021	2,834	3,139
Social Services—					
Health	870	1,169	1,442	1,339	1,464
Education	1,471	1,819	2,372	2,303	2,336
Other	483	623	686	746	627
Total	2,824	3,611	4,500	4,388	4,428
Economic Services	—	—	—	—	1
Trading Services—					
Water Undertakings	1,393	1,518	1,532	1,660	1,284
Markets and Slaughter Houses	164	155	178	243	202
Breweries and Beer-shops	276	229	356	342	397
Housing Estates (including Staff Housing)	1,324	1,966	2,864	4,218	3,597
Hostels	39	32	35	27	35
Other	232	278	249	258	254
Total	3,428	4,178	5,214	6,748	5,769
Unallocable Expenditure	242	347	31	27	57
Total	10,497	11,730	13,762	14,954	14,353

*As shown in Councils' Estimates; except Nairobi City Council, 1969.

10.30. Details of expenditure by county councils are set out in Table 10.21. Because county councils no longer provide primary education, health and secondary roads services, their expenditures on community and social services are now insignificant. The largest outlays are on "trading services" expenditure, which increased by nearly a third in 1970. There was also growth of 20 per cent in outlays on economic services, principally in veterinary expenditure. An economic analysis of county councils' expenditures is shown in Table 10.22. The effect of the take-over of their largest services by the Government is underlined by the sharp fall in outlays on personal emoluments and goods and services.

MUNICIPAL COUNCILS
Expenditure on Main Services 1968-1970

K£'000

Table 10.18

	Services																	
	Administration			Community			Social			Trading			Unallocable Expenditure			Total		
	1968	1969*	1970*	1968	1969*	1970*	1968	1969*	1970*	1968	1969*	1970*	1968	1969*	1970*	1968	1969*	1970*
	500	453	517	1,897	1,685	1,997	2,688	2,798	2,937	3,761	4,282	3,558	4	2	35	8,850	9,220	9,010
Nairobi	258	245	218	745	692	715	1,242	927	793	483	1,512	1,217	28	23	14	2,728	3,376	2,978
Mombasa	81	107	47	113	125	118	225	272	244	406	356	321	28	2	6	853	883	744
Nakuru	43	52	52	132	145	146	163	184	198	267	286	322	—	2	—	608	669	724
Kisumu	42	40	38	51	75	55	90	95	97	137	117	121	—	—	—	318	327	310
Eldoret	16	24	27	38	39	37	39	47	48	78	79	86	1	—	—	172	189	199
Kisumu	16	24	27	38	39	37	39	47	48	78	79	86	1	—	—	172	189	199
Thika	56	36	61	47	73	71	52	65	112	81	116	145	—	—	—	236	290	388
All Municipalities	996	956	959	3,023	2,834	3,139	4,499	4,388	4,428	5,213	6,748	5,769	31	27	58	13,762	14,954	14,353

*As shown in Councils' Estimates: except Nairobi City Council, 1969.

MUNICIPAL COUNCILS

Economic Analysis of Expenditure, 1966-1970

Table 10.19

K£'000

	1966	1967	1968	1969*	1970*
Expenditure on—					
Wages, Salaries and Allowances	4,008	4,195	4,597	5,144	5,903
Other Goods and Services	2,975	2,462	2,848	26,47	3,010
Loan Charges	1,655	1,760	1,977	2,163	2,207
Transfers (Excluding Compensation and Gratuities)	290	229	271	249	283
Capital	1,588	3,022	3,963	4,667	2,945
Net inter-departmental transfers	—20	+62	+ 107	+83	+4
Total	10,497	11,730	13,762	14,954	14,353

*As shown in Councils' Estimates; except Nairobi City Council, 1969.

MUNICIPAL COUNCILS

Economic Analysis of Revenue, 1966-1970

Table 10.20

K£'000

	1966	1967	1968	1969*	1970*
Direct Taxes—					
Graduated Personal Tax	2,589	2,688	1,915	2,023	1,990
Rates	2,067	2,196	2,393	2,989	3,049
Total	4,656	4,884	4,308	5,012	5,039
Indirect Taxes (Licences and Cesses)	84	67	71	94	113
Income from Property (Building and Land rents)	1,115	1,139	1,272	1,421	1,559
Interest on Investments	315	340	167	398	116
Sale of Goods and Services: School fees	430	453	526	561	549
Other	3,026	2,781	3,102	2,708	2,542
Government Grants	192	211	286	283	198
Loans Raised	626	1,356	2,003	2,157	2,382
Miscellaneous (including Court Fines, sale of Capital Assets and non-Government Grants)	90	132	91	371	483
Total	10,534	11,373	11,826	13,005	12,979

*As shown in Councils' Estimates; except Nairobi City Council, 1969.

10.31. Sources of revenue for county councils are shown in Table 10.23. For reasons already mentioned, school fees disappeared as a source of revenue in 1970. Government grants which used to finance education, road and health services were reduced to an insignificant amount, as was revenue from graduated personal tax, which was also used to finance the services taken over by the Government.

COUNTY COUNCILS

Expenditure on Main Services, 1966-1970

Table 10.21		K£'000				
Services	1966	1967	1968	1969*	1970*	
Administration	932	1,044	1,200	1,445	1,346	
Community Services—						
Roads	1,174	1,276	1,405	1,415	214	
Sanitary	4	60	107	41	127	
Other	3	20	1	3	1	
Total	1,182	1,355	1,514	1,459	343	
Social Services—						
Public Health	1,050	1,111	1,257	1,453	8	
Education	6,547	7,281	9,124	9,940	42	
Other	174	224	289	308	480	
Total	7,771	8,616	10,671	11,700	530	
Economic Services—						
Veterinary	168	167	204	209	269	
Agriculture	52	42	56	51	73	
Forestry	19	20	26	31	28	
Other	22	16		18		
Total	261	245	286	308	370	
Trading Services—						
Water undertakings	155	167	200	222	226	
Markets and Slaughter Houses	112	151	172	191	255	
Breweries and Beers hops	40	76	124	43	132	
Housing Estates (including Staff Housing)	36	58	79	85	169	
Other	84	76	140	120	98	
Total	427	528	716	667	878	
Unallocable Expenditure	314	233	242	337	259	
Total Expenditure	10,887	12,021	14,628	15,917	3,727	

* Provisional

COUNTY COUNCILS					
Economic Analysis of Expenditure, 1966-1970					
Table 10.22	K£'000				
	1966	1967	1968	1969*	1970*
Expenditure on—					
Wages, Salaries and Allowances	7,714	8,686	10,734	11,517	1,815
Other Goods and Services	2,499	2,624	2,951	3,044	1,017
Loan Charges	147	174	218	230	246
Transfers (Including Compensation and Gratuities)	231	222	353	325	164
Capital	306	273	455	681	498
Net Inter-departmental transfers	-10	+42	82	119	-13
Total	10,887	12,021	14,628	15,917	3,727

* Provisional

COUNTY COUNCILS					
Economic Analysis of Revenue, 1966-1970					
Table 10.23					
	1966	1967	1968	1969*	1970*
Direct Taxes—					
Graduated Personal Tax	2,749	2,706	2,490	3,320	299+
Rates	235	204	271	132	607
Total	2,984	2,910	2,761	3,452	906
Indirect Taxes (Licences and Cesses)	501	522	691	731	832
Income from Property (Building and Land Rents)	166	247	365	367	479
Interest on Investments	58	63	63	55	46
Sale of Goods and Services: School fees..	2,793	2,700	3,234	3,477	
Other	869	615	826	750	926
Government Grants	3,267	3,515	3,658	4,927	63
Loans Raised	6	8	19	154	26
Miscellaneous (including Court Fines, sale of Capital Assets and non-Government Grants)	117	133	134	224	145
Total	10,761	10,713	11,751	14,138	3,421

* Provisional

Area Councils' Poll Rates

East African Community—General Fund Services

10.32. A functional analysis of expenditures incurred in Kenya for the General Fund Services of the East African Community is set out in Table 10.24. These include expenditures on administrative activities, research and revenue collection and exclude the expenditures of the transport and communications corporations. Total expenditure in 1969/70 shows a fall of 1.3 per cent from the previous year, compared with an increase

of 7 per cent in 1968/69 over 1967/68. It would appear that expenditure in Kenya has stabilised. Expenditure on revenue collection is the largest single item. In 1969/70, it accounted for 36 per cent of the total, compared with 33 per cent in 1968/69. Transport is the next major item of expenditure, accounting for 23 per cent of the total in 1969/70 as against 19 per cent in 1968/69, and consists almost entirely of outlays associated with the activities of the Directorate of Civil Aviation.

EAST AFRICAN COMMUNITY

(General Fund Services)

Expenditure in Kenya By Main Services, 1964/65-1969/70

Table 10.24

K£million

	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70*
General Services—						
Central Administration	0.33	0.38	0.47	0.32	0.26	0.25
Law and Order	0.11	0.12	0.11	0.09	0.07	0.08
Revenue Collection and Financial Control	1.75	1.75	1.81	2.06	2.04	2.16
Total	2.19	2.25	2.38	2.47	2.37	2.49
Social Services—						
Education	0.19	0.23	0.26	0.38	0.43	0.53
Health	0.03	0.02	0.02	0.02	0.03	0.03
Total	0.21	0.24	0.28	0.40	0.46	0.56
Economic Services—						
Agriculture and Veterinary	0.41	0.41	0.52	0.58	0.58	0.61
Commerce and Industry	0.08	0.08	0.09	0.07	0.06	0.07
Transport	0.67	0.66	0.77	0.83	1.16	1.38
Meteorology	0.33	0.33	0.33	0.38	0.46	0.53
Total	1.49	1.48	1.71	1.86	2.26	2.59
Financial Obligations—						
Public Debt	0.07	0.08	0.14	0.30	0.04	0.04
Pensions and gratuities	0.21	0.23	0.25	0.30	0.42	0.35
	0.33	0.32	0.34	0.05	0.04	0.02
Total	0.61	0.63	0.73	0.65	0.50	0.41
Unallocable Expenditure	0.02	0.03	0.03	0.39	0.56	0.02
Total	4.52	4.63	5.13	5.77	6.15	6.07

* Provisional

EAST AFRICAN COMMUNITY
(General Fund Services)

Economic Analysis of Expenditure in Kenya 1964 65.1969,70

Table 10.25

K£000

	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70*
RECURRENT EXPENDITURE						
Consumption Expenditure on Goods and Services						
Wages and Salaries:						
Personal Emoluments	2,658	2,531	2,797	2,860	2,861	3,062
House Allowance	289	297	330	349	419	449
Passages and Leave Expenses	74	52	45	41	40	42
Contributions to Pension Funds	30	76				42
Total	3,051	2,956	3,173	3,250	3,320	3,553
Other goods and Services:						
Maintenance and Repairs	132	156	340	339	153	164
Transport and Travelling	94	108	117	144	149	160
Equipment Postal and Incidental Expenses	149	158	127	125	312	197
Miscellaneous	247	254	194	364	322	481
Total	623	677	778	973	936	1,002
Total Consumption Expenditure ..	3,674	3,634	3,950	4,223	4,256	4,555
Interest on Internal Debt	37	42	43	28	2	2
Transfers to:						
Individuals		74	79	79	240	142
Private non-profit making Educational Institutions	167	207	237	349	383	478
The Rest of the World	458	484	555	554	618	601
Kenya Government	8			334	500	
Total	633	766	871	1,316	1,741	1,220
Total Recurrent Expenditure	4,314	4,441	4,863	5,567	5,997	5,777
CAPITAL EXPENDITURE						
Gross Capital Formation:						
Residential Buildings	37	57	40	29		5
Non-Residential Buildings	23	12	10	15	17	10
Construction and Works			4	1		2
Plant Machinery and Equipment	76	70	149	105	85	215
Vehicles	12	8	11	36	21	27
Total	147	158	213	186	123	259
loan Repayment to other Sectors	28	35	51	12	36	41
Total Capital Expenditure	176	193	263	198	159	300
Total Expenditure	4,520	4,634	5,127	5,766	6,156	6,077

*Provisional

10.33. Table 10.25 shows an economic analysis of total expenditure incurred in Kenya. Because of the nature of the functions performed by the the General Fund Services—administration, research and revenue collection—capital expenditure accounts for a small proportion of the total expenditure. In 1969/70 it accounted for only 5 per cent of the total, although its absolute level more than doubled. Wages and salaries are the largest single economic category of expenditure, accounting for 58.5 per cent of the total in 1969/70, compared with 54 per cent in 1968/69.

10.34. Table 10.26 shows the out-turn of expenditure and revenue of the General Fund Services in Kenya. As expenditure in Kenya has stabilised, following the transfer of many of the General Fund Services departments to Arusha, the size of the deficit has also fallen.

EAST AFRICAN COMMUNITY
(General Fund Services)

Out-Turn of Expenditure and Revenue Allocated to Kenya, 1964/65-1969/70

Table 10.26

	K£'000					
	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70*
Expenditure	4,520	4,634	5,127	5,766	6,156	6,077
Revenue	3,192	3,617	3,968	4,390	5,142	5,097
Deficit	1,328	1,017	1,159	1,376	1,014	980

*Provisional

of Standard 7 enrolments were able to go on to secondary education in 1970. It is interesting to note that girls have approximately the same chance of going on to secondary education as boys, once they have reached Standard 7. Table 11.11 shows that there was a slight increase in the percentage of Kenya citizens in secondary schools in 1970, and this trend is likely to continue.

Secondary School Enrolments by Province and Sex, 1968-1970

Table 11.10	Enrolments (000s)			Form 1 enrolment as percentage of previous year's Standard 7		
	1968	1969	1970	1968	1969	1970
Central	22.8	29 0	29 0	21	25	25
Coast	8.9	10 5	11 8	40	44	45
Eastern	111	13 8	17.3	17	21	24
Nairobi	22.7	22.9	23.7	102	107	103
North.Eastern	01	0 1	0.2	36	22	17
Nyanza	12.9	15.5	16 7	18	19	19
Rift Valley	12.2	13.7	15.4	22	26	23
Western	10.6	11.7	12 8	21	23	21
Total	101.4	115.2	126.9	24	27	27
Girls	26.2	32.2	37.5		26	28
Boys	75.2	831	89.3		27	27

Citizenship of Pupils in Secondary Schools, 1968-1970

Table 11.11	Numbers								
	Kenya Citizens		Non.Citizens		All Pupils		Percentage of Kenya Citizens		
	1969	1970	1969	1970	1969	1970	1968	1969	1970
Form 1 ..	37,743	39,092	2,093	1,951	39,836	41,043	94	95	95
Form 2 ..	31,701	35,439	2,123	1,900	33,824	37,339	92	94	95
Form 3 ..	18,652	22,839	1,985	1,701	20,637	24,540	90	90	93
Form 4 ..	15,493	17,626	1,786	1,691	17,279	19,317	87	90	91
Form 5 ..	1,788	2,441	280	165	2,068	2,606	83	86	94
Form 6 ..	1,342	1,751	260	259	1,602	2,010	76	84	87
Total	106,719	119,188	8,527	7,667	115,246	126,855	89	93	94

11.11. The number of candidates for secondary school examinations has continued to rise, with, at least in the last three years, no deterioration in their overall performance. Private candidates for these examinations have invariably had much poorer average results than school candidates. The K.J.S.E. and School Certificate examinations are taken by pupils who will remain in school for further education as well as by those who are leaving school, but even allowing for this it is clear that the number of qualified school.leavers is rising very rapidly. Difficulties in absorbing them effectively in the labour force have already appeared, and are likely to intensify in the future.

CHAPTER 11—EDUCATION

There was an 11 per cent increase in the number of children in Kenya's schools in 1970—both primary and secondary school enrolments increased at approximately the same rate, which was considerably higher than the target rates set in the Development Plan 1970-1974. This growth in enrolments was accompanied by a 9 per cent increase in the number of teachers. There was a small rise in pupil-teacher and pupil-class ratios for primary schools, but no increase in these ratios for secondary schools. An additional 89 secondary and 12 primary schools were opened during the year. The proportions of Kenya citizens in secondary schools and in the teaching profession rose to 94 and 92 per cent respectively, compared with 93 and 91 per cent in 1969. There remain considerable inter-province differences in the proportion of children attending in Standard 7 who are able to go on to attend secondary school, and it is Government policy to reduce these differences as quickly as available resources permit. Universal primary education is the Government's long-term objective, but it is recognized also that short-term manpower needs must be met by continued increases in expenditure on higher and technical education. Enrolments in technical education increased substantially in 1970, and there was a 24 per cent rise in the number of students at the University of Nairobi (which became an independent University in July 1970, following the splitting up of the former University of East Africa).

11.2. The large increase in recent years in public sector recurrent expenditure on education is shown in Table 11.1—the doubling of expenditure on higher education being particularly striking. Central Government development expenditure has also increased substantially, and is likely to exceed K£1.7 million in 1970/71.

Recurrent Public Sector Expenditure on Education, 1966-70

Table 11.1	K£000				
	1966	1967	1968	1969	1970*
Primary Education—					
(i) Central Government	653.1	507.4	465.1	3,769.7	13,118.7
(ii) Local Government	7,792.0	8,826.0	11,011.0	12,065.0	2,271.0
Secondary Education	3,510.1	3,684.4	4,234.7	4,539.9	4,789.2
Technical Education	747.3	611.5	607.0	634.5	710.1
Teacher Training	1,116.8	1,159.2	1,256.1	1,314.8	1,351.8
Special Schools	79.0	83.7	91.0	99.7	107.5
Vocational and Inter-Departmental Training Schemes	132.1	241.1	304.5	357.2	397.8
Higher Education	1,134.9	1,329.8	1,589.3	1,786.3	2,523.4
Total	15,165.3	16,443.3	19,558.7	24,567.2	25,269.3

*Provisional.

+The County Council element of this was taken over by the Government in 1970.

Enrolment in Primary Schools by Standard, 1965-1970

Table 11.3

	Numbers						Percentage Increase	
	1965	1966	1967	1968	1969	1970	1965-70	1969-70
Standard 1	195,733	193,909	228,769	250,757	253,298	296,459	51	17
Standard 2	165,754	166,110	183,634	207,755	224,645	241,458	46	7
Standard 3	139,285	152,919	165,640	178,537	197,669	221,235	59	12
Standard 4	135,124	130,282	146,912	158,899	171,573	191,901	42	12
Standard 5	126,428	120,850	124,832	132,701	142,680	158,082	25	11
Standard 6	122,714	132,714	136,848	134,247	141,785	154,603	26	9
Standard 7	121,269	146,192	147,544	146,784	150,647	163,851	35	9
Standard 8	36,036	440	—					
Total	1,042,146	1,043,416	1,133,179	1,209,680	1,282,297	1,427,589	37	11

whole, although class sizes have been steadily increasing, the average size of class is only 34 pupils. An interesting feature of Table 11.3 is that Standard 6 and Standard 7 enrolments in any year are consistently higher than the respective Standard 5 and Standard 6 enrolments for the previous year—which is the reverse of what happens in lower standards, where there is considerable attrition between standards as pupils "drop out" of the educational system. Pupils are able to "drop in" to Standards 6 and 7 by repeating (see below), which is mainly motivated by the desire to enter secondary school. Pupils who have done well during the year but who fail to get secondary school places are allowed (by the teachers) to repeat.

Average Enrolment per Class in Primary Schools, 1967-1970

Table 11.4

Numbers

	1967	1968	1969	1970
Standard 1	34	35	35	39
Standard 2	32	31	32	34
Standard 3	29	29	31	33
Standard 4	28	29	30	31
Standard 5	28	29	29	30
Standard 6	33	32	31	32
Standard 7	36	36	37	37
All Classes	30	31	32	34

11.6. The considerable differences between provinces in the children's opportunities for obtaining primary education are shown in Table 11.5. Enrolments as a percentage of the population aged 5-14 and aged 6-12 are shown for comparative purposes, since a substantial proportion of all pupils are outside the 6-12 primary school age-group. This is why the proportion of the population aged 6-12 in Central Province primary schools exceeded 100 in 1970. The Government's policy is to eliminate inter-province differences as rapidly as possible, and to raise the percentage of the population aged 6-12 in primary schools to 75 by 1974. The task will be more difficult than anticipated because population growth has been faster than was expected, and enrolments will have to rise very rapidly, especially in some outlying Districts, if the target is to be achieved.

11.7. Table 11.5 shows that 5 per cent of the pupils enrolled in primary schools in 1970 were "repeaters"—that is, that they had not moved up to the next standard at the end of the school year. The level of motivation for continuing education has an important influence on repeating, and this probably explains why girls repeat less often on average than boys—parents may simply be unwilling to pay for them to remain in primary school. If the percentage of "repeaters" could be reduced, then there would be more opportunity for other children in the educational system; this is a subject which may merit closer attention in future.

Primary School Enrolments by Province and Sex, 1968-1970

Table 11.5

	Enrolments (000's)			Enrolments as Percentage of Population				Percentage of 'Repeaters' in 1970 Enrolment
				Aged 5-14		Aged 6-12		
	1968	1969	1970	1969	1970	1969	1970	
Central	296.9	312.0	349.4	66	73	93	102	7.6
Coast	71.6	76.8	84.0	33	35	46	49	3.7
Eastern	242.6	269.7	289.9	49	52	70	73	3.3
Nairobi	55.1	60.9	61.2	64	62	92	90	4.5
North Eastern	2.4	3.3	3.4	4	4	6	6	5.9
Nyanza	221.1	206.5	234.9	33	36	46	51	4.7
Rift Valley	174.6	183.2	203.0	30	32	41	45	5.4
Western	145.9	169.9	201.8	42	49	60	70	4.7
Total	1,209.7	1,282.3	1,427.6	42	45	59	64	5.1
Girls	484.7	519.5	591.5	34	38	48	53	4.8
Boys	725.0	762.8	836.3	49	53	70	75	5.4

Secondary Education

SECONDARY SCHOOL ENROLMENTS BY CATEGORY, 1969 AND 1970

Table 11.6

Numbers

	1969			1970		
	Boys	Girls	Total	Boys	Girls	Total
Maintained	43,463	15,119	58,582	49,653	17,181	66,834
Assisted	3,590	3,472	7,062	3,969	3,758	7,727
Unaided	36,033	13,569	49,602	35,705	16,589	52,294
TOTAL	83,086	32,160	115,246	89,327	37,528	126,855
Day Pupils	52,591	16,336	68,927	56,241	20,188	76,429
Boarders	30,495	15,824	46,319	33,086	17,340	50,426

11.8. In secondary education, boarding schools account for 40 per cent of enrolments, since they are often the only practical solution to the problem of providing secondary education for children whose homes are widely scattered. Also in contrast to primary education, a relatively large proportion of secondary school enrolments are in assisted or unaided schools, though the percentage in these fell from 49 in 1966 to 47 in 1970, following a 14 per cent increase in maintained school enrolments in 1970. Only 30 per cent of pupils in secondary schools in 1970 were girls, but this is an improvement on the 1969 figure of 28 per cent, and the trend is likely to continue—33 per cent of Form 1 pupils in 1970 were girls.

ENROLMENT IN SECONDARY SCHOOLS BY FORM, 1965-1970

Table 11.7

	NUMBERS						Percentage Increase	
	1965	1966	1967	1968	1969	1970	1965/70	1969/70
Form 1	19,015	24,108	31,805	35,624	39,836	41,043	116	3
Form 2	12,566	18,503	26,592	28,467	33,824	37,339	197	10
Form 3	7,760	11,210	16,880	19,547	20,637	24,540	216	19
Form 4	6,784	7,068	10,756	14,565	17,279	19,317	185	12
Form 5	1,130	1,356	1,622	1,769	2,068	2,606	131	26
Form 6	721	948	1,124	1,389	1,602	2,010	179	25
TOTAL	47,976	63,193	88,779	101,361	115,246	126,855	164	10

11.9. Total enrolments in secondary schools in the last six years are shown in Table 11.7. Comparison with Table 11.3 shows that secondary education has expanded more than four times as fast as primary education in this period, but that total numbers in secondary schools are less than 10 per cent of total primary school enrolments. The most notable feature of the expansion of secondary education in 1970 was the large percentage increase in enrolments in Forms 5 and 6, which prepare pupils for the Higher School

Certificate. It is planned that annual increases of the order of 20 per cent should be maintained for these forms, and that there should be increased emphasis on science education. Table 11.8. shows how enrolments for arts and science education have risen since 1968, but it is clear that as yet the proportion of arts to science students in these higher forms has changed very little.

Arts and Science Enrolments, Forms 5 and 6, 1968-1970

Table 11.8 Numbers

		1968	1969	1970
Form 5	Arts	843	907	1,165
	Science	926	1,161	1,441
Form 6	Arts	639	741	889
	Science	750	861	1,121
Total	Arts	1,482	1,648	2,054
	Science	1,672	2,022	2,562
Percentage Science		53	55	55

The number of pupils per class is detailed in Table 11.9, the only significant changes from 1969 being a rise in the number of pupils in Forms 5 and 6, the result of the expansion of enrolments already commented on. The rising output of students from Form 6 will exceed the intake of the University of Nairobi. It is expected that many of those who do not go to university will be absorbed in professional and vocational training.

Average Enrolment per Class in Secondary Schools, 1967-1970

Table 11.9 Numbers

	1967	1968	1969	1970
Form 1	34	36	36	35
Form 2	35	34	35	35
Form 3	33	33	33	34
Form 4	30	32	32	33
Form 5	20	21	23	26
Form 6	17	18	19	22
All Classes	33	33	34	34

11.10. Secondary school enrolments in each province are set out in Table 11.10. The table also shows what percentage of Standard 7 enrolments in a given school year were able to find places in Form 1 in their province the following year. The table does not give an absolutely unambiguous picture, since Nairobi and Mombasa secondary schools in particular provide education for students from other areas, but it does suggest that considerable disparities exist and may even have increased since 1969. Overall, about 27 per cent

of Standard 7 enrolments were able to go on to secondary education in 1970. It is interesting to note that girls have approximately the same chance of going on to secondary education as boys, once they have reached Standard 7. Table 11.11 shows that there was a slight increase in the percentage of Kenya citizens in secondary schools in 1970, and this trend is likely to continue.

Secondary School Enrolments by Province and Sex, 1968-1970

	Enrolments (000s)			Form 1 enrolment as percentage of previous year's Standard 7		
	1968	1969	1970	1968	1969	1970
Central	22.8	29 0	29 0	21	25	25
Coast	8.9	10 5	11 8	40	44	45
Eastern	11 1	13 8	17 3	17	21	24
Nairobi	22.7	22.9	23.7	102	107	103
North.Eastern	01	0 1	0.2	36	22	17
Nyanza	12.9	15.5	16 7	18	19	19
Rift Valley	12.2	13.7	15.4	22	26	23
Western	10.6	11.7	12 8	21	23	21
Total	101.4	115.2	126.9	24	27	27
Girls	26.2	32.2	37.5		26	28
Boys	75.2	83 1	89.3		27	27

Citizenship of Pupils in Secondary Schools, 1968-1970

Table 11.11 Numbers

	Kenya Citizens		Non.Citizens		All Pupils		Percentage of Kenya Citizens		
	1969	1970	1969	1970	1969	1970	1968	1969	1970
Form 1 ..	37,743	39,092	2,093	1,951	39,836	41,043	94	95	95
Form 2 ..	31,701	35,439	2,123	1,900	33,824	37,339	92	94	95
Form 3 ..	18,652	22,839	1,985	1,701	20,637	24,540	90	90	93
Form 4 ..	15,493	17,626	1,786	1,691	17,279	19,317	87	90	91
Form 5 ..	1,788	2,441	280	165	2,068	2,606	83	86	94
Form 6 ..	1,342	1,751	260	259	1,602	2,010	76	84	87
Total	106,719	119,188	8,527	7,667	115,246	126,855	89	93	94

11.11. The number of candidates for secondary school examinations has continued to rise, with, at least in the last three years, no deterioration in their overall performance. Private candidates for these examinations have invariably had much poorer average results than school candidates. The K.J.S.E. and School Certificate examinations are taken by pupils who will remain in school for further education as well as by those who are leaving school, but even allowing for this it is clear that the number of qualified school.leavers is rising very rapidly. Difficulties in absorbing them effectively in the labour force have already appeared, and are likely to intensify in the future.

Performance of Candidates in School Examinations, 1967-1970

Table 11.12

	1967	1968	1969	1970
Kenya Junior Secondary Examination—				
Number of Candidates (Including teachers)	18,868	30,210	38,210	41,223
Percentage of Passes	35	20	22	
Cambridge School Certificate—				
Number of Candidates	12,108	17,249	20,438	23,146
Percentage of full passes	56	49	48	49*
Cambridge Higher School Certificate—				
Number of Candidates	9,461	1,197	1,987	2,438
Percentage of full passes	42	38		46
Percentage with one principal subject only	37	22	46 20	22
Total	31,917	48,657	60,622	66,807

*Excluding 985 candidates whose results are awaited.

+Excluding private candidates.

Schools

11.12. The provincial distribution of schools is shown in Table 11.13. There was a net increase of 12 primary schools in 1970, but Nairobi and Coast, Nyanza and Rift Valley Provinces, have, as a result of closures and amalgamations, fewer primary schools than in 1969, while there was a large increase in the number of primary schools in Eastern Province. All provinces except North-Eastern had more secondary schools in 1970 than in 1969, with Eastern Province again taking the largest share of the increase of 89 secondary schools. More than half of these new schools were unaided schools, and the remainder were maintained schools, the number of assisted schools remaining the same as in 1969. The average size of schools, in terms of numbers of pupils, rose to 225 pupils in 1970 from 205 in 1969. The average size of secondary schools fell slightly while primary schools expanded to an average of 233 pupils per school.

Special Schools

11.13. A number of schools for the education of deaf, blind and physically or mentally handicapped children are available in Kenya. Total enrolments in 1970 were 1,849 pupils, compared with 1,701 in 1969 and 1,373 in 1968. There were 150 teachers in these schools in 1970, which means that there was one teacher for every 12 children. This gives some idea of why it is difficult to expand special school enrolments rapidly—the comparable figures for secondary and primary schools are 22 and 34 pupils per teacher respectively. There were 17 special school teachers being trained in 1970, compared with 4 in 1969.

Number of Schools by Province, 1969 and 1970

Table 11.13

Numbers

	Primary Schools		Secondary Schools								All Schools	
			Maintained		Assisted		Unaided		Total			
	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970
	Central	999	1,008	59	68	2	2	110	121	171	191	1,170	1,199
Coast	446	442	17	20	3	3	22	26	42	49	488	491
Eastern	1,268	1,313	38	45	—	—	66	91	104	136	1,372	1,449
Nairobi	110	103	15	15	13	3	36	37	64	65	174	168
North-Eastern	18	20	1	1	—	—	—	—	1	1	19	21
Nyanza	1,319	1,315	39	46	—	—	88	87	127	133	1,446	1,448
Rift Valley	1,115	1,085	37	41	1	1	54	62	92	104	1,207	1,189
Western	836	837	38	45	—	—	55	59	93	104	929	941
Total	6,111	6,123	244	281	19	19	431	483	694	783	6,805	6,906
Pupils per School	210	233	240	238	372	407	115	108	166	162	205	225

Technical and Vocational Education

11.14. The Government recognizes the need for a steady and reliable supply of technologists, technicians and craftsmen for the task of industrializing the economy, and has adopted a policy of emphasizing practical and vocational training. Some of the progress which has been made in technical education in the last three years is shown in Table 11.14, but the table does not cover all enrolments in secondary technical education, since enrolments in four secondary technical schools are included in secondary education enrolments and a number of training institutions are not covered by the statistics. Also, there are a substantial number of school-leavers being trained in private sector in-service and pre-service schemes. Enrolments at Mombasa Technical Institute and the Kenya Polytechnic have risen rapidly, and nearly 90 per cent of students are Kenya citizens; the main courses offered are in engineering, building and civil engineering, commercial and business studies, printing, catering and science. The proportion of technical teachers who were Kenya citizens rose to 44 per cent in 1970, compared with 37 per cent in 1969.

Enrolments in Technical and Vocational Education, 1968-1970

Table 11.14

Numbers

	1968	1969	1970
Trade Courses and Secondary Trade Courses	2,036	2,344	2,426
Mombasa Technical Institute	490	623	883
Kenya Polytechnic	1,899	2,041	2,858
Pre Service and In-Service Training:			
Medical	2,144	3,217	3,715
Agricultural, Electrical, Aviation	1,943	1,715	2,477
Accounting, Commercial, Secretarial		2,265	3,335

Teachers

11.15. The total number of teachers in primary and secondary education rose by 9 per cent to 47,360 in 1970, and the percentage of Kenya citizens to 92, compared with 91 in 1969. There was also a slight increase in the overall percentage of teachers with professional training, the result of higher percentages of qualified non-citizen teachers in primary schools and qualified citizen teachers in secondary schools. (See Table 11.15.)

11.16. As Table 11.16 shows, the increase in the number of teachers in 1970 meant that, despite a rapid rise in primary and secondary school enrolments, there was little overall change in pupil-teacher ratios during the year. But the table also indicates that there are quite large variations in pupil-teacher ratios between provinces. Even more striking are the variations

Table 11.15

	Kenya Citizens		Non-Citizens		Total		Percentage of Kenya Citizens	
	1969	1970	1969	1970	1969	1970	1969	1970
Primary Schools—								
Professionally Qualified	28,971	32,157	1,030	772	30,001	32,929	97	98
Not Professionally Qualified	8,098	8,432	213	118	8,311	8,550	97	99
Total Primary	37,069	40,589	1,243	890	38,312	44,479	97	98
Percentage Professionally Qualified	78	79	83	87	78	79	—	—
Secondary Schools—								
Professionally Qualified	1,411	1,858	1,860	1,823	3,271	3,681	43	50
Not Professionally Qualified	1,055	1,263	941	937	1,996	2,200	53	57
Total Secondary	2,466	3,121	2,801	2,760	5,267	5,881	47	53
Percentage Professionally Qualified	57	60	66	66	62	63	—	—
Total Teachers	39,535	43,710	4,044	3,650	43,579	47,360	91	92

in teachers per class in primary schools. In four provinces in 1969 and 1970, there was on average less than one teacher for each primary class, which suggests that some teachers must be working under considerable difficulties in these areas. The overall position improved slightly during 1970, but for the country as a whole the teacher-class ratio is still less than unity. In secondary schools the improvement in the overall teacher-class ratio in 1970 was almost wholly due to a large increase in the teacher-class ratio in Western Province.

11.17. Total enrolments in training courses for primary school teachers rose to 6,732 in 1970 from 6,126 in 1969 and 5,741 in 1968. Approximately 3,200 of these were in their second (final) year of training. Enrolments in teacher training colleges for secondary schools have also expanded rapidly, from 885 in 1968 to 1,064 in 1969 and 1,268 in 1970. There were 20 Kenyans studying for the post-graduate Diploma of Education course at the University of Nairobi in 1970, and 74 undergraduate Bachelor of Education students at the other two East African Universities. In 1970, there were nearly as many Kenya citizens teaching in training colleges as there were non-citizens—a substantial increase from 1969, when only 43 per cent of these posts were held by citizens.

11.18. It was recently announced that a K£12 million in-service training programme for teachers is to begin shortly. The Teacher Education Extension Service will improve the quality of teaching, particularly in primary schools, by providing training for unqualified teachers and refresher courses for teachers who have had basic training. The programme will be run through teacher advisory centres, in each district in Kenya, which will organize short courses and mobile training schemes.

Pupil-Teacher and Teacher-Class Ratios by Province, 1969 and 1970

Table 11.16

Numbers

	Primary Schools				Secondary Schools			
	Teachers per Class		Pupils per Teacher		Teachers per Class		Pupils per Teacher	
	1969	1970	1969	1970	1969	1970	1969	1970
Central	1.09	1.06	32	34	1.49	1.52	23	22
Coast	1.01	0.98	29	31	1.47	1.49	24	24
Eastern	0.99	1.01	35	35	1.56	1.55	22	23
Nairobi	1.22	1.21	33	33	1.57	1.56	21	21
North Eastern	1.18	1.22	30	30	1.75	1.75	20	22
Nyanza	0.87	0.93	32	32	1.57	1.51	21	22
Rift Valley	0.84	0.92	32	32	1.56	1.56	22	22
Western	0.85	0.88	39	42	1.56	1.91	22	17
Total	0.96	0.98	33	34	1.54	1.57	22	22

University Education

11.19. The University of Nairobi, formerly University College, Nairobi, was established on July 1st, 1970. This followed a recommendation of the Working Party on Higher Education in East Africa that the University of East Africa should be dissolved and that three National Universities be developed from its former constituent colleges. The total number of students at the University of Nairobi increased by nearly 25 per cent in the academic year 1970/71, and the number of Kenya students by 46 per cent, well above annual rates of growth envisaged in the Development Plan (*see* Table 11.17). The first students in the new Faculties of Law, Agriculture and Journalism were enrolled during the year. Undergraduate courses accounted

UNIVERSITY OF NAIROBI—KENYA STUDENTS BY FACULTY, 1965/66-1970/71

Table 11.17

Numbers

	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Undergraduate Courses:—						
Arts	132	187	276	319	387	588
Science	65	97	138	142	203	267
Commerce	41	51	86	108	127	135
Architecture	16	17	32	27	48	66
Engineering	94	105	117	133	124	167
Veterinary Science	27	32	39	42	52	66
Medicine	—	—	19	52	102	169
Building and Land						
Economics	—	—	—	36	62	73'
Agriculture	—	—	1	—	—	40
Law	—	—	—	—	—	55
Home Economics	—	—	—	—	—	4
TOTAL	375	489	707	859	1,105	1,630
Postgraduate Courses	35	44	44	25	72	107
Diploma Courses:—						
Domestic Science	28	27	27	38	26	19
Art/Design	21	23	22	12	10	6
Architecture	4	1	1	—	—	—
Land Development and						
Survey	16	17	16	—	13	—
Advanced Nursing	—	—	—	10	13	13
Journalism	—	—	—	—	—	13
TOTAL	69	68	66	60	49	51
Other Courses	—	—	—	3	—	—
All Kenya Students	479	601	822	947	1,226	1,788
Students from Other						
Countries	447	550	698	832	1,014	998
TOTAL	926	1,151	1,520	1,779	2,240	2,786

for most of the increase in students; there was also a substantial rise in the number of postgraduate students. Examination results for the University of Nairobi in 1970 are shown in Table 11.18. The sharp rise in enrolments at the University in 1970/71 created serious residential accommodation problems; providing accommodation for students is the major constraint on the further growth of the University. It is planned to build new hostels for about 1,000 additional students by 1974, but it may be necessary for an increasing proportion of students, especially post-graduates, to live off the University campus, in privately run hostels and approved lodgings.

Degrees Awarded by the University of Nairobi, 1970

Table 11.18 Numbers

Faculty		Total Examinees	Awards			Awards to Kenya Students	
			First Class	Second Class			Pass
				Upper	Lower		
Architecture, Design and Development	37	—	7	13	12	20	
Arts	164	1	20	65	76	135	
Commerce	96	—	14	33	47	43	
Engineering	67	2	11	24	27	20	
Medicine	8	—	—	—	8	7	
Science	76	5	9	23	29	43	
Veterinary Science	39	—	—	—	37	8	
Total	487	8	61	158	236	276	
of which Degrees	442	8	61	153	193	238	
Diplomas	45			5	43	38	

11.20. The percentage of Kenya students in the three East African Universities rose to 33 per cent in the academic year 1970/71, and their total number by one third, the biggest increases being in B.A. Courses and "Other Professional" courses, (which include many of the new courses recently introduced in the Universities). There were 998 students from outside Kenya at the University of Nairobi in 1970/71, and 677 Kenya students at Makerere and Dar es Salaam Universities (see Table 11.19). In addition, some two or three thousand Kenyans were studying outside East Africa during the year, the majority in Britain, India and the United States.

Universities in East Africa—First Degree Students by Faculty, 1968/69-1970/71

Table 11.19

[illegible]

CHAPTER 12—HEALTH, HOUSING AND OTHER SOCIAL SERVICES

Total expenditure by the central Government and local authorities on social services has been rising rapidly in recent years as a result of the Government's policy of improving the general well-being of the people as the country's economic development advances. However, despite the progress which has been made, there is plenty of scope for the improvement of the social services in terms of quantity and quality, and their extension to the remoter areas of the country and to a larger proportion of the population. A new policy paper on the future development of the social services in Kenya is currently in preparation.

Central Government Expenditure on Social Services*, 1966/67-1970/71

Table 12.1 K£' 000

	1966/67	1967/68	1968/69	1969/70	1970/71+
Recurrent Expenditure—					
Ministry of Health	3,846	4,258	4,741	6,091	6,818
Ministry of Housing	72	83	94	67	76
Ministry of Labour	920	995	1,000	1,089	1,169
Dept. of Community Development	—	—	—	—	256
Development Expenditure—					
Ministry of Health	225	872	1,172	1,850	3,145
Ministry of Housing	1,342	818	2,130	2,453	2,804
Ministry of Labour	—	—	—	—	—
Dept. of Community Development	56	72	73	97	194
Total Expenditure	6,461	7,098	9,210	11,647	14,462

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

+Provisional.

Local Government Expenditure on Social Services, 1966-1970

Table 12.2 K£'000

	1966	1967	1968	1969	1970*
Health	1,920	2,281	2,699	2,792	1,473
Housing	1,360	2,023	2,943	4,303	3,768
Other Social Services	657	847	975	1,054	1,107
Total	3,936	5,151	6,617	8,148	6,348

Health and Family Planning

12.2. Total recurrent and development expenditure on health services by the Government is expected to be nearly K£10 million in 1970/71, compared with just under K£8 million in 1969/70, but approximately half of this increase reflects the take-over of county council health services by the Government at the beginning of 1970. Local authorities' expenditure on health is only available on a calendar year basis, but if it is assumed, on the basis of Table 12.2, that their expenditure was K£2 million in 1966/67 and K£1.5 million in 1970/71, then total public sector expenditure on health rose from about K£6.1 million in 1966/67 to K£11.5 million in 1970/71. Expenditure per capita, using population figures for the start of the financial year, therefore rose by over 60 per cent, from K£0.6 to K£1.0 during this period.

12.3. *Hospitals.*—Total beds and cots (for children) in hospitals in each province are detailed in Table 12.3. During 1970, Government hospital wards containing approximately 350 beds were modernized, and 210 beds were added in the new district hospitals at Loitokitok and Busia. These hospitals are still under construction, together with those for Mandera, Garissa and Marsabit. New district hospitals are planned for Nyandarua, Siaya, Makueni, Nyamira and Migori. The Government also gives financial assistance to private and self-help hospitals.

Hospital Beds by Province, December 1970

Table 12.3				Numbers	
	Type of Hospital			Total Beds	Total Cots
	Government	Mission	Other Non-Government*		
Central	1,098	769	13	1,880	308
Coast	1,139	187	358	1,684	162
Eastern	1,017	907	—	1,924	362
Nairobi	2,460	22	755	3,237	109
North-Eastern	166	—	—	166	22
Nyanza	855	549	47	1,451	221
Rift Valley	1,270	752	471	2,493	203
Western	397	735	—	1,132	154
Total	8,402	3,921	1,644	13,967	1,338

* Private and company hospitals and nursing homes.

12.4. *Personnel.*—There were over 12,000 medical personnel registered in Kenya in 1970, more than double the number recorded in 1960; in absolute terms the increase was accounted for mainly by additional nurses and midwives, but the numbers of doctors also nearly doubled. (It should be noted that the statistics on registered medical personnel may slightly over-state the number of persons actually practising in Kenya, since there is no annual licensing of such persons.)

Registered Medical Personnel* 1960, 1969 and 1970

Table 12.4

Numbers

	1960	1969	1970
Medical Practitioners— Registered Licensed	713 53	1,050 198	1,168 269
Total	766	1,248	1,437
Dentists Pharmacists	52 170	55 169	87 170
Nurses— Registered Enrolled	1,354 1,865	3,099 3,872	3,452 4,182
Total	3,219	6,971	7,634
Midwives— Registered Enrolled	788 660	1,473 1,584	1,593 1,754
Total	1,448	3,057	3,347
Total	5,655	11,500	12,675

*As at 31st December

12.5. However, despite this increase, the distribution of medical personnel in the country remains very uneven. The heavy concentration of Government medical staff in Nairobi is particularly noticeable, and underlines the very low doctor-population ratios in many other parts of the country. This situation is only partially alleviated by the fact that some Nairobi hospitals serve as referral centres for the whole country. It is clear that an overall improvement in the quality of health services will depend to a large extent on expanding rapidly the number of trained medical personnel working outside Nairobi. This will be achieved by the expansion of medical training facilities at the Kenyatta National Teaching Hospital and at smaller training institutions elsewhere.

12.6. The first phase of the K£10 million Kenyatta National Teaching Hospital project was completed early in 1971. The first doctors from the medical training school will graduate in 1972. When the training programme is fully operational, 100 doctors will graduate each year. The project also places heavy emphasis on the training of paramedical staff, for whom teaching and residential facilities will be expanded annually until 1974. Courses for medical assistants, nurses, midwives and other staff will last from one to three and a half years. A Health Education Unit will also be established with

the aim of equipping all medical personnel with a basic knowledge at least of the techniques of health education. It is hoped that courses for school teachers may also be organized.

GOVERNMENT MEDICAL OFFICERS* AND POPULATION, BY PROVINCE, FEBRUARY 1970

Table 12.5

Percentage Distributions

	General Doctors	Specialists	All Doctors	Registered Nurses and Midwives	Population (1969 census)
Central	13.4	6.8	10.4	10.5	15.3
Coast	11.2	10.2	10.4	10.8	8.6
Eastern	12.7	—	10.8	8.6	17.4
Nairobi	33.6	42.4	39.4	49.8	4.4
North Eastern	0.7	—	10.9	0.4	2.2
Nyanza	3.7	25.4	7.7	7.7	19.4
Rift Valley	20.1	10.2	15.8	9.4	20.4
Western	4.5	5.1	4.5	2.8	12.3
TOTAL	100.0	100.0	100.0	100.0	100.0

*Including District Medical Officers, but excluding all other H.Q. officers. WHO officers and expatriate family planning officers.

12.7. Work began in August 1970 on a training school for medical assistants at Nakuru, and in January 1971 on a maternity training school at Machakos. Later this year construction of six training schools for nurses at Nakuru, Murang'a, Mathari, Nyeri, Kakamega and Machakos will be started.

12.8. *Public Health* - Because of improvements in the reporting of cases of infectious diseases, increases in the number of reported cases of a particular disease do not necessarily indicate that it is becoming more prevalent. However, a fall in reported cases may be taken as significant, and this occurred between 1962 and 1970 for nine of the thirteen diseases in Table 12.6. Two of the remaining four diseases showed falls in reported cases between 1969 and 1970. It is, however, believed that reported cases of dysentery and schistosomiasis (bilharzia) bear little relationship to the actual incidence of these diseases, and this is known to be true of tuberculosis and malaria.

12.9. No cases of smallpox or yellow fever have been reported for many years, but both diseases can become a threat. Continued surveillance is maintained, especially around Kenya's northern frontier, and a nation-wide anti-smallpox vaccination programme has almost been completed. A limited outbreak of cholera began early in 1971. The Government and Nairobi City Council took immediate steps to prevent the spread of the disease by mounting mass inoculation and hygiene propaganda campaigns and restricting

movements to and from infected areas. As a result, the outbreak has been confined almost entirely to three districts away from the main population centres, and now appears to be fading out. But following recent developments in the spread of cholera in Africa, a constant watch against the disease may become a necessity.

REPORTED CASES OF SOME INFECTIOUS DISEASE 1962, 1969 AND 1970

Table 12.6

Numbers

	1962	1969	1970
Acute Poliomyelitis	332	424	71
Anthrax	742	307	169
Brucellosis	118	98	65
Cerebro-Spinal Meningitis	669	216	127
Dysentery	6,614	18,030	15,438
Encephalitis (primary)	18	48	15
Infectious Hepatitis	177	788	924
Kala-Azar	336	272	23
Leprosy	2,156	691	609
Schistosomiasis	2	11,526	14,709
Tetanus	562	677	627
Trypanosomiasis	119	37	14
Typhoid Fever	459	215	217

*Diseases with more than 10 reported cases in 1970. The figures for malaria and tuberculosis are omitted.

12.10. *Malnutrition*.—Kenya's anti-malnutrition campaign started in 1961 and there are now about 60 Kenya nutrition fieldworkers, who are enrolled nurses or midwives; about 20 fieldworkers are given a six-month training course each year at the Karen College of Nutrition, which has been in operation since 1965. These fieldworkers cover all parts of Kenya, including the North-Eastern Province. The campaign has many aspects, including help at health centres and district hospitals for mothers and children, publicity activities such as the production of books and pamphlets and a nutrition training programme for nursery school teachers mounted in conjunction with the Ministry of Co-operatives and Social Services. Nutrition workers show people how to make the best use of the foods available to them, but in some areas the problem is essentially one of poverty.

12.11. *Family Planning*.—A national family planning programme was inaugurated by the Ministry of Health in 1968, to augment the existing services provided by Nairobi City Council and the Family Planning Association of Kenya. The programme is entirely voluntary, but has expanded fairly rapidly. However, although the growth (shown in Table 12.7) in total visits to clinics in 1970 was 45 per cent, this was much slower than the very large increase recorded in 1969, and was largely accounted for by revisits. Further investigations need to be carried out into the cause of the relatively slow growth of visits in 1970. This was not due to a lack of capacity in the clinics, whose number expanded during the year.

12.12. If it is assumed that the fertile female population is approximately 25 per cent of the total population then total first visits to clinics by the end of 1970 accounted for less than 3 per cent of women at risk. This probably overstates the present impact of the programme, since not all women who make first visits are acceptors, and others subsequently drop out of the programme. Information on drop outs and on continuation rates is being collected, and should enable the programme to become more effective. But it is clear that there will have to be a large expansion in family planning activities and publicity if they are to have any impact on the rate of growth of population which, at 3.3 per cent, is one of the highest in the world.

12.13. There is certainly a need for more educational and publicity work to demonstrate the value of family planning to individuals and society as a whole, and the Government is examining ways and means of expanding such work. So far, the Family Planning Association of Kenya has been mainly responsible for this aspect of the programme. It has a staff of about 55, most of them field educators, who give lectures and advice throughout Kenya. It is now apparent that the Association's efforts need to be substantially augmented and this cannot be achieved by the Association on the strength of its existing resources.

ATTENDANCE AT FAMILY PLANNING CLINICS, 1967-1970

Table 12.7

Numbers

	NATIONAL PROGRAMME		NAIROBI CITY COUNCIL		TOTAL		
	First visits	Re-visits	First visits	Re-visits	First visits	Re-visits	Total
1967			1,519	7,878	1,51	7,878	9,397
1968	9,471	6,149	2,240	11,742	11,711	17,891	29,602
1969	25,182	47,003	5,121	24,964	30,303	71,967	103,270
1970	29,684	78,438	5,783	34,514	35,467	112,952	148,418 H

Housing

12.14. The provision of decent homes for every family in Kenya is the Government's long term housing policy. But the competing claims for public funds together with the low incomes of the majority of the population mean that this is a goal to be aimed at rather than one which is likely to be achieved in the foreseeable future. At present, much of public building activity in Kenya caters for middle and upper income groups, but increasing emphasis is being placed on the development of low-cost housing. It is worth noting that the bulk of the value of private housing construction is in the "traditional" sector—see Table 1.7.

12.15. *Public Housing.*—The Ministry of Works is responsible for the construction of institutional housing for civil servants, while the National Housing Corporation (NHC) is the Ministry of Housing's main agency for other public housing projects. It makes funds and technical assistance available to local authorities, and where necessary undertakes its own housing projects. The number of units completed in recent years by these two bodies is shown in Tables 12.8 and 12.9. Nairobi City Council, the only other public sector body undertaking house construction on a large scale, has built nearly 3,800 units in the last five years. In addition, other public housing is constructed by the Forestry Department and the E.A. Community for their employees.

MINISTRY OF WORKS HOUSING CONSTRUCTION, 1963/64-1969/70

Table 12.8

	INSTITUTIONAL HOUSING*			POOL HOUSING+		
	Units Built	Cost K£'000	Cost per unit K£	Units Built	Cost K£ 000	Cost per unit K£
1963/64	134	57.6	430	108	68.2	631
1964/65	133	58.9	443	22	10.9	497
1965/66	264	204.6	775	63	54.9	871
1966/67	152	177.6	1,169	25	44.8	1,791
1967/68	394	379.3	963	108	140.0	1,296
1968/69	515	539.8	1,048	63	134.0	2,127
1969/70	407	453.0	1,113	19	45.7	2,407

*For specific Ministries.

For general civil service use.

12.16. The overall cost per unit of NHC projects fell quite sharply in 1970 and was well within the K£1,200 ceiling specified in the 1970-74 Development Plan. In 1971 there will be a continued increase in units completed and their average cost is likely to fall further—3,376 units at an average cost of K£1,033 were under construction at the end of 1970, compared with 2,078 units at an average cost of K£1,174 at the end of 1969. Work in progress at the end of the year included projects for 500 "site-and-service" units and 760 low cost rental units in Mathare Valley, Nairobi, a 600-unit rental flats scheme for Aerodrome Road, Nairobi, a 225 unit project in Eldoret and a 105 unit project in Kisumu. Since the beginning of 1971, the NHC has participated in a 540-unit rental scheme at Changamwe, Mombasa, which will cost K£1 million.

12.17. The NHC, Nairobi City Council and the Housing Research and Development Unit at the University of Nairobi are continuing to examine ways of reducing the cost of housing. One line of approach has been to examine more effective ways of using traditional and non-traditional building materials; another to investigate the production of basic structures which the

tenant can complete or extend when his resources permit. One of the main obstacles is that projects outside Nairobi tend to be too small for economies of scale to be realised. Standardization and industrialization of housing may help reduce this problem for certain cost ranges, but for really low income groups it appears that the only viable "housing" which can be provided is "site and service" schemes. These provide basic sanitary and other services for housing plots, on which tenants construct their own shelters, and are the largest group in the NHC's 20,000 unit housing programme for 1971-74. The programme covers 7 municipalities and 17 urban councils and will also extend into rural areas, starting with the rural growth centres designated in the Development Plan. Approximately half of the units will be built in Nairobi. The Nairobi City Council plans to build an additional 17,000 units in 1970-74, costing K£13 million, if the necessary finance can be found.

NATIONAL HOUSING CORPORATION PROJECTS BY PROVINCE, 1969-1970

Table 12.9

	UNITS COMPLETED		COST PER UNIT (K£)	
	1969	1970	1969	1970
Central	119	483	962	776
Coast	50	174	923	1,026
Eastern	121	50	870	1,194
Nairobi	1,218*	1,341	1,593*	1,205
North Eastern	—	—	—	—
Nyanza	173	7t	1,143	4.353t
Rift Valley	247	200	687	738
Western	—	85	—	850
TOTAL	1,928*	2,340	1,336*	1,060

* Revised

+Special projects.

12.18. *Private Housing*.—Details of private housing construction in the "modern" sector in recent years are given in Chapter 6. The value of private residential construction in the seven main urban areas of the country, which account for virtually all private housing activity, is shown in Table 6.9. It increased more than five times between 1966 and 1970. A rather slower growth in the number of buildings was recorded, reflecting an increase in the average value of each project. The number of private residential building plans approved by Nairobi City Council (Table 6.10) rose by 20 per cent between 1969 and 1970; this suggests that private house building will continue at a high level in 1971, though it should be noted that a substantial proportion of plans approved are for extensions and alterations to existing houses, and not for new houses.

12.19. The Housing Finance Company of Kenya (HFCK) was established in 1966 to stimulate private building by making loans available to people wishing to acquire their own homes in the main urban areas. It complements the NHC by catering mainly for houses costing above K£1,200. At the end of 1970 its net mortgage loans totalled K£3.5 million, compared with K£1.6 million at the end of 1969. An expansion programme to raise total loans to K£20 million by 1975 is under way; interest rates on deposits were recently raised and are successfully attracting the necessary funds from institutional and private sources. Most lending to date has been for house purchases in the Nairobi area, but it is envisaged that loans in other areas will increase, following negotiations with a number of local authorities.

12.20. The E.A. Building Society is the only other housing finance body in Kenya, following the amalgamation of two small building societies with the NFCK early in 1970, and also grew rapidly in 1970. Its assets rose by about 60 per cent to K£1.75 million at the end of the year. Lending is mainly for residential property, but a substantial proportion of commercial loans in 1970 were for shop/flat units in the poorer areas of Nairobi. Given the expansion plans of the two housing finance organizations, it seems unlikely that the availability of finance will be a constraint on private house construction and purchase in the next few years.

Other Social Services

12.21. The remaining sections of this Chapter detail some other social services, most of which are the concern of the Department of Community Development and Social Services (DCDSS) in the Ministry of Co-operatives and Social Services. The National Youth Service, the National Social Security Fund and general labour services are under the control of Ministry of Labour.

12.22. *Special Rural Development Programme.*— The aims and objectives of the Special Rural Development Programme, which include the expansion of social services in rural areas, are detailed in paragraphs 4.40 to 4.42, and in paragraph 9.7.

12.23. *Community Development.*— The Government's community development staff are assisting the self-help movement, whose existence has been a distinctive characteristic of Kenya's development in recent years, to become increasingly well planned and relevant to the country's needs. The success of this policy was noticeable in 1970, when nearly all *Harambee* projects were properly planned, in sharp contrast to the previous situation, where projects begun with great enthusiasm were sometimes either not completed or not brought into operation because of lack of funds, staff or equipment.

12.24. The value of work done on self-help projects was slightly higher in 1970 than in 1969. The main difference in its composition being a sharp increase in the value of residential housing work and cattle dip construction, and a fall in work on health centres and dispensaries, while the construction

VALUE OF SELF-HELP SCHEMES, 1968-1970

Table 12.10

K£ '000

	1968	1969	1970
CAPITAL PROJECTS:-			
Residential Buildings	283	94	172
Schools	1,095	1,045	1,003
Community Halls and Social Centres	293	163	170
Health Centres and Dispensaries	287	241	194
Other Non-Residential Buildings	182	293	296
Roads	47	45	40
Water Works	124	131	135
Cattle Dips	199	135	197
Other Construction and Land Improvement Projects	76	21	36
TOTAL	2,586	2,168	2,315
Other Projects	33	46	72
TOTAL ALL PROJECTS	2,619	2,214	2,315
<i>Of which</i>			
Peoples' Contributions	2,522	2,004	2,023
Other Contributions	97	210	292

of school buildings remained the most important single activity. It should be noted that the value of output in self-help schemes may be exaggerated. This is because a large part of the value of self-help projects consists of voluntary local labour, whose contribution is probably over-stated by project organisers. But, even allowing for this, it is clear that contributions from outside the movement are in percentage terms a relatively minor source of funds for self-help projects. They are, however, often important as the catalyst which gets a project moving. But at the end of 1970, following the dissolution of the Kenya National Fund and the diversion of another important flow of assistance to the Special Rural Development Programme, there remained only one major source of assistance for self-help projects. Efforts are now being made to interest other donor agencies in the movement.

12.25. *Adult Education.*—Adult education in Kenya is mainly orientated towards the extension of functional literacy, but formal and vocational classes and correspondence courses are also run for adults who wish to continue their education. The National Literacy Campaign was expanded during 1970 to cover 35 districts. The remaining five districts will be included in 1971. The total number of students enrolled during the year was 40,600, in 2,000 classes; 24,000 of these students were in the 825 classes receiving Government aid because of their close connection with specific development projects. One of the aims of the literacy campaign is to teach work-orientated literacy so that those who are taught are able to make a more effective contribution to national development. Projects selected for assistance by the literacy campaign are those where it is felt that illiteracy is a major obstacle to the progress of the project, and where there is strong motivation to become literate among the adults concerned.

12.26. As well as supervising the National Literacy Campaign, the Adult Education Division of the DC'DSS also undertakes the training of staff in the techniques and problems of adult education, the production of suitable books and other teaching aids, and the running of formal education classes (with 3,900 students in 1970) which supplement the extra-mural activities of the University of Nairobi, the Kenya Polytechnic and the Mombasa Technical Institute. The Division's staff increased by 31 to a total of 85 in 1970; Provincial Adult Education Officers will be appointed for the first time in 1971.

12.27. *Youth*.—An important objective of the Youth Development Division of the DCDSS is to provide a solution to the problem of unemployment among primary school-leavers, particularly those in the rural areas. A number of skills are taught in youth centres and village polytechnics, with the aim of helping students to become wage or self-employed workers (see paragraph 9.8). Following the recruitment of an expert adviser in 1970, a national programme for youth training based on the village polytechnic concept has been launched. Grants for development and recurrent expenditure will be made to the village polytechnics, to the Prevocational Youth Training Project and to a research and training centre which is being established.

12.28. The National Youth Service (NYS), despite the relatively small numbers it can absorb, contributes substantially to the country's development efforts and to the supply of trained personnel. Approximately 1,700 boys and girls from all districts, mainly primary school leavers, were recruited in 1970, and the total complement of the Service was just over 4,000, 10 per cent being girls. New entrants undergo a period of basic training and then work on projects, which in 1970 included work on the Isiolo-Moyale road to Ethiopia, the Thika-Kitui road and the construction of three airstrips at Ferguson's Gulf, Namanga and Amboseli. The NYS also gives its members training in a wide variety of technical and administrative subjects, including practical agricultural training on its own farms. This enables them to participate actively in the running of the Service, and, together with efficient placement procedures, gives them a good chance of finding a job when they leave. Of the 1,850 who left the NYS in 1970, nearly 80 per cent were placed in immediate employment by the Service.

12.29. *Labour Services*.—Many of the labour services performed by the Ministry of Labour have a strong "social" element. The National Youth Service has already been mentioned above, and details of the National Social Security Fund (NSSF) are given below. Other services provided include the registration and placement of employees seeking work (including administration of the Tripartite Agreement in 1970), arbitration in disputes, management training and advisory services, trade testing, workmens' compensation and the Kenyanization of Personnel Bureau.

12.30. Net contributions to the National Social Security Fund stood at K£22.7 million at the end of 1970, having risen by K£5.8 million during the year, despite very much larger payments of benefits than in any previous

year. The Fund is financed by employers' and employees contributions, each at an equal rate of 5 per cent of salary paid, and pays old age, survivors', disability and emigration benefits to eligible contributors. Sickness benefits will also eventually be paid once the enabling legislation is passed. The Fund's investments are mainly in Kenya Government stock, but it also has other local investments.

NATIONAL SOCIAL SECURITY FUND CONTRIBUTIONS AND BENEFITS. 1966 1970

Table 12.11

K£million

	Contributions Received	Benefits Paid	Contributions Net of Benefits
1966	1.2		1.2
1967	4.5	—	4.5
1968	5.6	0.2	5.4
1969	6.1	0.2	5.8
1970	6.4	0.6	5.8
TOTAL	23.7	1.0	22.7

12.31. Approximately 500,000 employees and over 21,000 employers had been registered by the end of 1970, although some of these are not yet contributors, since the Fund at present covers only full-time male workers in concerns employing five or more persons. Eventually the Fund will cover all employees, but administrative activity in 1970 was concentrated on improving the existing scheme, which is being hampered by some employers' reluctance to furnish information. The accounting system has been modified to reduce the work done by employers, and the introduction of new data processing methods has reduced the interval between the application for benefits and their payment.

12.32. *Social Welfare*- There was a steady expansion of the administrative structure for Government social welfare activities in 1970, and determined promotional efforts were made throughout the country, in co-operation with the Kenya National Council of Social Services, which represents the many voluntary agencies active in this field. Grants-in-aid worth K£35,000 were made to these agencies in 1970/71.

12.33. The Government's main areas of active involvement are in child welfare services and the provision of welfare aid to distressed families. About 12,000 families were given temporary assistance in 1970. Early in 1971 a large scale famine relief campaign was mounted in co-operation with voluntary organizations to relieve distressed families in areas hit by drought. Approximately 180,000 persons had received assistance by the end of May. Child welfare services centre on the Day Care programme, which in 1970 catered for about 300,000 pre-school children in 5,000 centres a rapid expansion from 1968, when there were approximately 188,000 children in 4,500 centres. The number of nursery school teachers employed was about 6,000 in 1970; many of them were untrained, but the percentage of trained

teachers is rising as a result of the work of the two national day care training centres. A third national training centre will be opened in 1971; shorter courses are also available in district training centres. It is planned to expand the existing small-scale feeding programme at the day care centres, in co-operation with the National School Feeding Council of Kenya, and an ambitious programme has been mounted to create among the public an awareness of the nutritional needs of young children.

12.34. Other smaller scale Government social welfare activities include the organization of adoption, foster care and family counselling services.

12.35. *Vocational Rehabilitation* — The care of the disabled is to receive more attention in the current plan period, following the establishment of a Vocational Rehabilitation division in the DCDSS in January 1970. Much of the year was devoted to establishing a programme to help make disabled persons socially and economically self-supporting, using a variety of work-orientated rehabilitation methods. When the programme is fully operational, about 300 persons will be taking 4 to 9 month courses in 9 training centres. Roughly 60 per cent of those completing courses are either able to find normal employment or are resettled. The remainder work in four workshops, one of which produces orthopaedic devices for sale at cost to clients. The goods produced in the various centres will be sold through a special showroom/shop in Nairobi. It is anticipated that a National Rehabilitation Advisory Council, representing the private and Government bodies with interests in this field, will soon be established together with a National Rehabilitation Fund to finance the resettlement of the disabled.

12.36. *Sports*.—The Government recognizes the value of sports, both as a useful adjunct to nation-building activity and as a means of enhancing Kenya's international image- some notable successes were achieved by Kenya sportsmen in 1970 at the Commonwealth Games and in other international meetings. A grant of K£3,000 was made in 1970 towards the levelling of Embu Stadium and track construction at Nairobi's City Stadium; but official involvement in sporting activities is largely restricted to co-ordinating and administrative work, through the Kenya National Sports Council and the Sports Division of the DCDSS. As a result, finance required for the development of sports has to come largely from voluntary sport bodies, which rely heavily on private donations. However, the costs incurred by these voluntary bodies in improving facilities and participating in international competitions are continually rising, while, in some cases, their receipts are falling. If these organizations are to continue to fulfil their obligations, it may be necessary for official subventions to them to be increased.

CHAPTER 13—THE OUTLOOK FOR 1971

So far during the current year two prominent developments have taken place on the world economic scene—the economic recovery in the United States and an aggravation of conditions of monetary instability. Real growth in the U.S. economy was of the order of 4 per cent during the first quarter and it is possible that this level might be maintained for the year. For OECD countries as a whole, national product for the year might rise by about 4 per cent, the higher level of growth in the United States more than compensating for a slower growth in West Germany and the United Kingdom. The recovery of the United States economy should also help to maintain substantial growth in world trade, possibly 10 per cent or more. Inflation in the industrial countries might slow down, thus leading to a reduction in their export prices. A lowering of interest rates in these countries might also have a favourable effect on borrowing conditions for developing countries.

13.2. World monetary conditions have already been affected by the floating of the German mark and of several other European currencies, as well as the revaluation of the Swiss franc. It is to be hoped that these measures will be sufficient to restore reasonably stable monetary conditions. However, pressure for revaluation of the Japanese yen is also growing.

13.3. In the Kenya economy, agricultural production has already been affected by the drought which started last year and continued into the current year until the long rains broke. As far as crops are concerned, the major effect of drought conditions was a reduction in the output of tea which during the first four months was nearly 5,000 tons less than output in the corresponding period of 1970. Livestock production has been more seriously hit. However, it is likely that the good long rains will help production of these commodities to recover; but to a large extent this will also depend on the short rains later in the year being satisfactory.

13.4. As far as cereals are concerned, the bulk of deliveries for the current year have already been made from the 1970 planted crop, although some of the harvest from the 1971 planted crop will also come in towards the end of the year. Overall, deliveries of cereals are unlikely to be very different from those of last year. The out-turn for coffee is difficult to predict but deliveries during the calendar year 1971 might reach 60,000 metric tons. Pyrethrum production should show the results of the major planting effort of 1970 and a substantial increase in deliveries is expected. Cuttings of sisal are also expected to rise under the impetus of the improved world price of the fibre. Some growth of cane production is also likely to materialize.

13.5. The value of agricultural output is, of course, intimately affected by crop prices. The impact of the higher guaranteed prices for wheat and maize announced for the 1971 planted crop will not be seriously felt during the current year because most of the crop from this year's plantings will be

delivered in 1972. The export prices situation is somewhat mixed. Coffee prices are already about K£55 per ton lower than they were last year. However, tea prices are still firm. A substantial recovery of sisal prices has been apparent for the last few months and the successful conclusion recently of informal export quota arrangements among producing countries is likely to sustain the present level of fibre prices for the rest of the year. Better milk and meat prices will help to make up for the fall in farmers' incomes from these items owing to the lack of rain earlier in the year.

13.6. However, the combined effect of production and price changes is expected to lead to only a modest growth in the value of marketed production, perhaps 2 to 3 per cent.

13.7. In the non-agricultural sector, the overall level of activity is expected to remain high. In the first quarter of the current year sales from the manufacturing sector were substantially higher than those during the corresponding quarter last year and, for the year as a whole, businessmen's expectations suggest a growth of 17 per cent. Production from new capacity completed last year or during the current year will come forward to augment output, particularly in the metals, chemical and electrical industries. Although the level of building plans approved by the Nairobi City Council in the first quarter of this year was considerably below approvals during the corresponding quarter of last year, there is a great deal of building work in the pipeline. Along with the continuing large expenditures of the Government on roads, this should help to sustain the existing high level of activity in the building and construction sector. Tourism will also grow further, but perhaps rather more slowly than last year, although hotel bed occupancy by foreign residents in the first four months of the current year was 19 per cent higher than the corresponding figure for 1970. However, indications are that occupancy rates in relation to beds available will improve. Receipts in the transport sector during the first quarter were 10 per cent above those in the first quarter of 1970, although businessmen's expectations of the out-turn for this sector for the year as a whole are more pessimistic.

13.8. Government expenditure is also expected to rise substantially and a large part of the growth will be in personal emoluments, following implementation of the recommendations of the Commission of Inquiry into the public service. This will cause a significant growth in the product of the public sector.

13.9. The drop in coffee prices is likely to lead to a fall of as much as K£3 million in the total export value of the crop. However, some growth can be expected in exports of pyrethrum and sisal. Overseas sales of tea might rise if the short rains later in the year are adequate. The recent improvement in world cotton prices should help to give a boost to the value of cotton exports although no change in the quantity exported is likely. Exports of meat and meat products, however, will be lower than those of

1970. Owing to rising domestic consumption and the fact that the oil refinery is now working at full capacity, the quantity of petroleum products now exported will fall, but their value is likely to stay at the same level as in 1969, due to a rise in prices. Minor changes are also expected in exports of other commodities. As far as sales to Uganda and Tanzania are concerned, there is likely to be little change over the 1970 level. The overall effect of these tendencies is a likely growth in total exports of between 2 to 3 per cent at current prices.

13.10. Imports, however, are expected to rise faster, perhaps by about 8 per cent. Imports of almost all categories of goods are expected to go up, with the largest relative growth being in mineral fuels, due to a rise in the world prices of these. In absolute terms, the major growth will continue to be in imports of machinery and transport equipment. Purchases of food products from overseas are expected to rise, largely due to a growth in imports of sugar. Requirements of intermediate goods for industrial plants will also continue to rise following major additions to industrial capacity completed during the current year and last year. Imports from the partner states in the East African Community might rise by a small amount, entirely due to increased purchases from Tanzania: Uganda's sales to Kenya are expected to fall because of a drop in the amount of sugar it can supply.

13.11. With imports rising faster than exports, the deficit in the visible balance of trade is likely to be wider than last year's. However, earnings from tourism will almost certainly rise. What effect these factors will have on foreign exchange reserves will depend on the size of capital inflow from abroad.

13.12. Employment is expected to rise only moderately during the current year because of the fact that some of what would have been new employment in 1971 was "brought forward" into 1970, following the implementation of the Tripartite Agreement. However, some growth is still likely. In agriculture, despite a fall in tea production in the first four months of the year, a rise in employment may result from the expected growth of coffee, sisal and pyrethrum harvests. In the non-agricultural sector, employment at the end of the first quarter of the current year was still rising, possibly due to late placements under the Tripartite Agreement.

13.13. Taking all these factors into consideration, gross domestic product at current prices is expected to grow by 6 to 7 per cent in 1971, fractionally slower than the growth achieved in 1970.