KNBS
KENYA NATIONAL
BUREAU OF STATISTICS
Keeping you informed

ECONOMIC SURVEY 2017

Kenya KENYA VISION 2030

Economic Survey 2017

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

Tel. 254-2-3317583/6/8
Fax:254-2-3315977

http://www.knbs.or.ke
E-mail:directorgeneral@knbs.or.ke

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Foreword

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

Vision

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

Mission

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

Mandate

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

Organization

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

Teamwork

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

Director General
Kenya National Bureau of Statistics

Metadata

Kenya National Bureau of Statistics is dedicated to presenting statistics produced according to internationally sound and scientific methods. Below are a few quality observations to be taken into account when using the statistics in Economic Survey 2017.

Data sources

The statistics presented in Economic Survey 2017 are based on a wide variety of sources. In order to provide the most comprehensive picture of the economy and social situation in Kenya during 2016, KNBS has gathered data from its own surveys, surveys carried out by other institutions and administrative data collected by Ministries, Government Departments and Agencies.

The source of the data is always noted directly alongside the table or in the explanatory text. More details about the data may be obtained from the responsible primary data source agency.

Accuracy and reliability

The surveys carried out by KNBS are primarily based on samples of the population. Although the sample surveys are representative of the total units, in some instances, sampling errors may occur, such as bias. Other non-sampling errors may also exist, such as due to respondent fatigue (when respondents do not answer a questionnaire, either fully or partially). However, the Surveys conducted by KNBS are always based on international standards and methods, and mitigation measures are always taken in order to minimize these errors. Whenever such errors occur, they are documented fully.

Data from administrative sources may also be subject to certain errors, such as undercoverage in the source (where it has not been possible to collect data) and differences in definitions and categorization.

Periodicity

Some of the data presented cover the calendar year (e.g. 2016) and some cover financial years, (e.g. from July 2015 to June 2016, presented as 2015/16). Where necessary, the period covered by the data is specified in the table and/or the explanatory text.

Consistency

Where data is available, KNBS has endeavoured to provide the same statistical tables as in previous years to enable consistency and trend comparison over time. In terms of consistency between data, some definitions and categories, such as age groups, may differ between datasets due to the varying data sources.

Accessibility

Economic Survey reports, including this edition, are uploaded on KNBS´website for download free-of-charge in pdf format. The publication is also available in hard copy from KNBS at a small fee. Further details on the data are available from respective Directorates in KNBS.

Table of Contents

Foreword iii

List of Tables ix

List of Figures xv

List of Acronyms xvii

Summary and Outlook 1

Chapter 1: International Scene 10
Overview 10
Regional Economic Analysis 11
Outlook 16

Chapter 2: Domestic Economy 18
Overview 18
Sectoral Analysis 19

Chapter 3: Social Scene 40
Overview 40
Social Sector Expenditure 41
Education 42
Health and Vital Statistics 60

Chapter 4: Employment, Earnings and Consumer Prices 74
Overview 74
Employment 74
Wage Employment in the Modern Sector 74
Wage Earnings in the Modern Sector 78
Employment in the Informal Sector 84
Minimum Wages and Collective Bargaining Agreements 84
Consumer Price Index 86

Chapter 5: Money, Banking and Finance 90
Overview 90
Selected Monetary Indicators 91
Consolidated Accounts of the Banking System 92
Sources of Change in M3 and Real Values of Selected Financial Aggregates 94
Trends in the Real Values of Selected Financial Aggregates 94
Nominal and Real Interest Rates 94
Deposit Taking Savings and Credit Cooperatives 99
Capital markets 100
Insurance 100
Policy and other key developments in the financial sector 102

Chapter 6: Public Finance 104
Overview 104
National Government 104
General Government 112
County Governments 116

Chapter 7: International Trade and Balance of Payments 120
Overview 120
Balance of Trade 120

Price changes 121
Terms of Trade 122
Volume changes 123
Quantities of Principal Domestic Exports and Imports 123
Values of Principal Domestic Exports and Imports 127
Prices of Principal Domestic Exports and Imports 130
Composition of Exports 133
Composition of Imports 135
Direction of Trade 137
Balance of Payments 141
International Liquidity 143
Foreign Exchange Rates 144

Chapter 8: Agriculture 145
Overview 145
Agriculture Output and Input 145
Marketed Production 146
Crops 150
Agricultural Training 157
Societies and Unions in Agricultural Activities 159
FBS Indicators 160
Food Balance Sheet 160

Chapter 9: Environment and Natural Resources 167
Overview 167
Environment and Natural Resources Gross Value Added 167
Water Supply 168
Fisheries 169
Forestry 170
Mining 172
Refuse Management 174
Wildlife 174
Environmental Impact Assessments 175
Weather 175
Recent Developments in Environment and Natural Resources 177

Chapter 10: Energy 178
Overview 178
Petroleum 178
Electricity 185
Developments in the Energy Sector 188

Chapter 11: Manufacturing 189
Overview 189
Manufacturing Output 189
Quantum Indices 190
Cement Production and Utilisation 194
Producer Price Indices 194
Credit to Manufacturing Sector 195
African Growth and Opportunity Act 197
Export Processing Zones 197

Chapter 12: Building and Construction 199
Overview 199

Key Economic Indicators 199
Construction Price Indices: 200
Housing 202
Roads 203

Chapter 13: Tourism **207**
Overview 207
Arrivals and Departures 207
Hotel Occupancy by Country of Residence 213
National Parks and Game Reserves 217
Museums, Snake Parks and Historical Sites 219
Conference Tourism 221
Training 221
Developments in the Tourism Sector 222

Chapter 14: Transport and Storage **223**
Overview 223
Value of Output 223
Road Transport 224
New Registration of Motor Vehicles and Motor cycles 224
Road Licenses 226
Railway Transport 227
Road Traffic Accidents 227
Water Transport 228
Pipeline Transport 229
Air Transport 230
Postal Services 233
Developments in the Transport and Storage sector 235
Storage 235

Chapter 15: Information and Communication Technology **236**
Overview 236
Value of Output 236
Fixed Telephone and Mobile Network Services 237
Voice Call Traffic 238
Message Services Traffic 241
Internet Services 242
Broadband Services 243
Tariffs 244
Domains 246
Media Frequencies and Mobile Transceivers 247
Employment, Investment and Revenue 248
Information Society 248
Exports and Imports of ICT goods 251
Newspaper Circulation and Online Newspaper Readership 252

Chapter 16: Governance **253**
Overview 253
Public Safety, Law and Order 254
Ethics and Corruption 267
Environmental Crimes 268
Public Prosecutions 269
Judiciary 270

Prisons 271
Probation and Aftercare 275
Immigration 277
National Identity Cards 277
Registration of Voters 280
Refugees in Kenya 281

Chapter 17: Highlights of the 2016 ICT Public Sector and Enterprise Surveys 284
Overview 284
Objectives of the Surveys 284
Survey Methodology 284
Public Sector Key Findings 285
ICT Enterprise Survey Key Findings 288

Chapter 18: Highlights of the 2016 National Micro, Small and Medium Establishments Survey 296
Overview 296
Objectives of the Survey 296
Survey Methodology 296
Key Survey Findings 296
Education Qualification of Business Owners/Operators 298
Distribution of Licensed MSMEs 298
Funding of MSMEs Owners' Training 299
Reasons for Starting a Business 300
Sources of Start-up Capital for MSMEs 300
Start-up Capital by of MSMEs by Size 300
Establishments by Location of Business 302
Employment Characteristics in MSMEs 302
Employment by Economic Activity 302
Distribution of Employees by Highest Educational Qualification 303
Proportion of Income Generated by MSME by Type and Most Important Use 304
Expenditure by Size of Establishment 304
Closure of Businesses 305
Disposal of Stock after Business Closure 305
Reasons for Closure of Establishment 306
Challenges faced by MSMEs in Accessing Amenities and Support Services 306
Reasons for Low Uptake of Loans by MSMEs 307
Accessibility to MSMEs' Premises by Type of Roads 308
MSMEs Reasons for Taking Loans 308
Support Groups for MSMEs 309

List of Tables

Table 0: Key Economic and Social Indicators, 2012 - 2016 9
Table 1.1: Key Economic Indicators and Projections for Selected OECD Countries, 2014-2018 13
Table 1.2: Real GDP Growths, Inflation Rates and Current Account Balances for Selected Regions and Countries 15
Table 2.1: Gross Domestic Product by Activity 22
Table 2.2: Contribution to Gross Domestic Product by Activity 23
Table 2.3: Gross Domestic Product by Activity 24
Table 2.4: Growth Rate of Gross Domestic Product by Activity 25
Table 2.5: Sources of Growth, 2012 - 2016 26
Table 2.6: Annual Production Accounts by Industry, 2012-2016 27
Table 2.6: Annual Production Accounts by Industry, 2012-2016 (Cont'd) 28
Table 2.7: Expenditure on the Gross Domestic Product 29
Table 2.8: Expenditure on the Gross Domestic Product 29
Table 2.9: Expenditure on the Gross Domestic Product, 2012-2016 30
Table 2.10: Growth Rates of Expenditure on the Gross Domestic Product 30
Table 2.11a: Gross Fixed Capital Formation 30
Table 2.11b: Gross Fixed Capital Formation 31
Table 2.12a: Gross Fixed Capital Formation 31
Table 2.12b: Gross Fixed Capital Formation 32
Table 2.13: Gross Domestic Product and Gross National Income, 2012-2016 33
Table 2.14: National Disposable Income and Saving, 2012-2016 33
Table 2.15 Gross Domestic Product by Activity 34
Table 2.15: Gross Domestic Product by Activity (Cont'd) 35
Table 2.16 Gross Domestic Product by Activity 36
Table 2.16: Gross Domestic Product by Activity (Cont'd) 37
Table 2.17: Gross Domestic Product by Activity 38
Table 2.17: Gross Domestic Product by Activity (Cont'd) 39
Table 3.1: National Government Expenditure on Social Services, 2012/13 - 2016/17 42
Table 3.2: Expenditure for the Ministry of Education[1], 2012/13 - 2016/17 43
Table 3.3: Educational Institutions by Category, 2012 – 2016 44
Table 3.4: Pupil Enrolment and Teacher Numbers in ECDE Centres, 2012 – 2016 45
Table 3.5: Primary School Enrolment by Class and Sex, 2012 – 2016 46
Table 3.6: Candidates by Sex and Mean Subject Score in KCPE, 2012-2016 47
Table 3.7: Public Primary School Teachers[1] by Grade and Sex, 2012 - 2016 49
Table 3.8: Enrolment in Secondary Schools by Class and Sex, 2012 – 2016 50
Table 3.9: National trends in KCSE candidates mean grade by Sex, 2012-2016 52
Table 3.10: Public Secondary School Teachers by Grade and Sex[1], 2012 – 2016 53
Table 3.11: Teacher Trainees Enrolment by Year and Sex, 2012- 2016 54
Table 3.12: Student Enrolment in Technical Institutions by Sex, 2012 – 2016 55
Table 3.13: Student Enrolment[1] by Sex in Universities, 2013/14 - 2016/17 56
Table 3.14: Registration of Universities and Other Institutions offering Degree Programmes, 2012-2016 57
Table 3.15: Approved Degree Programmes, 2012-2016 57
Table 3.16: Loan Applicants, Beneficiaries and Loans Awarded by Sex, 2012/13 – 2016/17 58
Table 3.17: Bursary Applicants, Beneficiaries and Amount Awarded by Sex, 2012/13 – 2016/17 59
Table 3.18: Government Capitation, Loans / Bursaries Awarded and Loan Repayments, 2012/13-2016/17 59
Table 3.19: Registered Deaths by Major Causes, 2012 – 2016 60
Table 3.20a: NHIF Receipts from Members' Contributions and Benefits Paid Out, 2011/2012-2015/2016 61
Table 3.20b: Registered Active Members of the National Hospital Insurance Fund, 2011/12-2015/16 61
Table 3.21: Registered Health Personnel and those in Training, 2015-2016 62
Table 3.22: Undergraduate Medical Students by Course and Sex; and the number of Postgraduate

Students 2012/13-2016/17 63
Table 3.23: Middle Level Medical Trainees in Public Medical Training Colleges, 2011/12 –2015/16 64
Table 3.24: Full Immunization Coverage (FIC), Rate of Under-One Year Old Children[1] by County 2013-2016 66
Table 3.25: Facility Based Incidence of Diseases in Kenya, 2012 -2 016 67
Table 3.26: National Social Security Fund, 2012 - 2016 68
Table 3.27: Adult Education Enrolment by Sex and County, 2014 to 2016 69
Table 3.28: Adults who passed Proficiency Test and Private Candidates who were Registered for KCPE by Sex and County, 2015-2016 71
Table 3.29: Women Groups Registration, Contributions and Source of Loans[1], 2012/13-2016/17 72
Table 3.30: Participation in Key Decision Making Positions by Sex, 2015-2016 73
Table 3.31: Allocation and Disbursement of Funds for Social Protection by the National Government, 2012/13 – 2016/17 73
Table 4.1: Total Recorded Employment[1], 2012 - 2016 74
Table 4.2: Wage Employment by Industry and Sector, 2012- 2016 76
Table 4.3: Wage Employment in the Public Sector, 2012 - 2016 77
Table 4.4: Wage Employment by Industry and Sex, 2015 and 2016 78
Table 4.5: Wage Payments[1] by Industry and Sector, 2012 - 2016 79
Table 4.6: Total Wage Payments in the Public Sector[1], 2012 - 2016 80
Table 4.7: Average Wage Earnings per Employee[1,] 2012 - 2016 81
Table 4.8: Rate of Change in Wage Employment and Average Earnings[1], 2016/2011 and 2016/2015 82
Table 4.9: Estimated Real Average Wage Earnings per Employee[1], 2012 – 2016 83
Table 4.10: Changes in Wage Employment, Prices and Real Earnings, 2012 – 2016 84
Table 4.11: Number of Persons Engaged in the Informal Sector by Activity[+], 2012 - 2016 84
Table 4.12: Gazetted Monthly Basic Minimum Wages for Agricultural Industry, 2012 – 2016 84
Table 4.13: Gazetted Monthly Basic Minimum Wages in Urban Areas, 2015 - 2016 85
Table 4.14: Collective Bargaining Agreements Registered by the Employment and Labour Relations Court, 2015 -2016 86
Table 4.15a: Consumer Price Indices and Inflation by Divisions, 2012 -2016 87
Table 4.15b: CPI and Inflation for Food and Non-Alcoholic Beverages, 2012- 2016 87
Table 4.16: Annual Inflation, 2012-2016 87
Table 4.17: Consumer Price Indices for Nairobi Lower Income Group, 2012-2016 88
Table 4.18: Consumer Price Indices, Nairobi Middle Income Group, 2012- 2016 88
Table 4.19: Consumer Price Indices, Nairobi Upper Income Group, 2012-2016 88
Table 4.20: Consumer Price Indices, Overall Nairobi, 2012-2016 89
Table 4.21: Consumer Price Indices, the Rest of Urban Areas, 2012-2016 89
Table 4.22: Consumer Price Indices Kenya, 2012-2016 89
Table 5.1: Monetary Indicators[+], 2012 - 2016 91
Table 5.2: Money and Quasi Money Supply, 2012 - 2016 92
Table 5.3: Consolidated Accounts of the Banking System[+], 2012 - 2016 93
Table 5.4: Changes in Money Supply and the Sources[+], 2012 - 2016 94
Table 5.5: Trends in the Real Values of Selected Financial Aggregates[1], 2012 - 2016 94
Table 5.6: Nominal Principal Interest Rates, 2012 - 2016 95
Table 5.7: Trends in Selected Real Principal Interest Rates[+], 2012 - 2016 95
Table 5.8: Central Bank of Kenya Assets and Liabilities, 2012 - 2016 96
Table 5.9a: Commercial Banks' Bills, Loans and Advances[1], 2012 - 2016 97
Table 5.9b: Commercial Banks' Bills, Loans and Advances Sector Shares[1] 2012 - 2016 98
Table 5.10: Commercial Banks' Deposit Liabilities and Liquid Assets[+], 2012 - 2016 99
Table 5.11: Performance Indicators for Deposit Taking Savings and Credit Cooperatives (DTSs) .. 99
Table 5.12: Gross Secondary Market Statistics, 2012 - 2016 100
Table 5.13: Performance indicators for life insurance business, 2012-2016 101
Table 5.14: Performance indicators for general insurance business, 2012 - 2016 102
Table 6.1: Statement of National Government Operations, 2012/13 - 2016/17 105

Table 6.2: Analysis of Key Fiscal Ratios, 2012/13 - 2016/17 105
Table 6.3: Comparison of National Government Budget Estimates with Actual Out-turns, 2013/14 - 2016/17 106
Table 6.4: National Government Gross Receipts on Recurrent Account, 2012/13 - 2016/17 107
Table 6.5: Import Duty Collections for Selected Items, 2012 - 2016 108
Table 6.6: Excise Revenue by Selected Commodities and Services, 2012 - 2016 108
Table 6.7: National Government Financing of Non-Financial Assets, 2012/13 - 2016/17 109
Table 6.8: Classification of National Government Expenditure by Functions of Government (COFOG), 2013/14-2016/17 110
Table 6.9: Economic Analysis of National Government Expenditure, 2012/13 - 2016/17 112
Table 6.10: General Government Statement of Operations, 2015/16 113
Table 6.11: National Government Outstanding Debt by Source, 2012 - 2016 115
Table 6.12: National Government Debt Servicing Charges, 2012 - 2016 116
Table 6.13: The Ratio of National Government Debt Service Charges on External Debt to Exports of Goods and Services+, 2012 - 2016 116
Table 6.14: Annual County Government revenue, 2015/16 - 2016/17+ 117
Table 6.15: Economic classification of County Governments Expenditure, 2013/14 - 2016/17 118
Table 6.16: Classification of Expenditure by Functions of County Governments (COFOG), 2013/14 - 2016/17 119
Table 7.1: Balance of Trade, 2012-2016 121
Table 7.2 (a): Export and Import Price Indices, 2012-2016 122
Table 7.2(b): Terms of Trade, 2012 - 2016 122
Table 7.2(c): Quantum Indices, 2012 - 2016 123
Table 7.3(a): Quantities of Principal Domestic Exports, 2012-2016 125
Table 7.3(b): Quantities of Principal Imports, 2012-2016 126
Table 7.4(a): Values of Principal Domestic Exports, 2012-2016 128
Table 7.4(b): Values of Principal Imports, 2012-2016 129
Table 7.5(a): Average Unit Prices of Principal Domestic Exports, 2012-2016 131
Table 7.5(b): Average Unit Prices of Principal Imports, 2012- 2016 132
Table 7.6: Domestic Exports by Broad Economic Category, 2012-2016 134
Table 7.7: Total Imports by Broad Economic Category, 2012-2016 136
Table 7.8: Values of Total Exports by Destination, 2012-2016 138
Table 7.9: Values of Imports by County of Origin, 2012-2016 140
Table 7.10: Trade with African Countries, 2012-2016 141
Table 7.11: Balance of Payments, 2012-2016 142
Table 7.12: Central Monetary Authorities: Foreign Exchange Reserves, 2012-2016 143
Table 7.13: Foreign Exchange Rates of the Kenya Shilling for Selected Currencies, 2012-2016 144
Table 8.1: Agricultural Output and Input[1], 2012 - 2016 145
Table 8.2: Marketed Agricultural Production at Current Prices, 2012 - 2016 147
Table 8.3: Volume and Price Indices of Recorded Sales of Agricultural Production, 2012 - 2016 148
Table 8.4: Average Gross Commodity Prices[1] to Farmers, 2012 - 2016 148
Table 8.5: Recorded Sale of Produce from Large and Small Farms, 2012 - 2016 149
Table 8.6: Quantum and Price Indices for Purchased Inputs, 2012 - 2016 149
Table 8.7: Value of Purchased Agricultural Inputs[1], 2012 - 2016 150
Table 8.8: Price and Terms of Trade Indices for Agriculture, 2012 - 2016 150
Table 8.9: Estimated Production of Selected Agricultural Commodities, 2012 – 2016 151
Table 8.10: Retail Market Prices for Selected Food Crops, 2012 – 2016 151
Table 8.11: Recorded Sale of Selected Crops, 2012 - 2016 152
Table 8.12: Production and Imports of Wheat, 2012 - 2016 152
Table 8.13: Production, Area and Average Yield+ of Coffee by Type of Grower, 2011/12 - 2015/16 153
Table 8.14: Production, Area and Average Yield of Tea by Type of Grower, 2012 - 2016 153
Table 8.15: Planted Area, Area Harvested, Production and Average Yield of Sugarcane, 2012 - 2016 154
Table 8.16: Production, Imports and Exports of Sugar, 2012 - 2016 154

Table 8.17: Exports of Fresh Horticultural Produce[1], 2012 - 2016 155
Table 8.18: Production of Rice in Irrigation Schemes, 2011/12 - 2015/16 156
Table 8.19: Livestock Slaughtered and Dairy Products, 2012 - 2016 157
Table 8.20: Enrolment in Agricultural Training Institutions, 2012 - 2016 158
Table 8.21: Number of Societies and Unions, 2012 - 2016 159
Table 8.22: Sale of Selected Agricultural Produce by Co-operatives, 2012 - 2016 160
Table 8.23: Food Balance Sheet, 2012 - 2016 161
Table 8.24 (a): Food Balance Sheet, 2016 163
Table 8.24 (b): Food Balance Sheet, 2015 165
Table 9.1: Trends in Environment and Natural Resources Gross Value Added, 2012 - 2016 167
Table 9.2: Water Purification Points and Boreholes Drilled, 2012/13 - 2016/17 168
Table 9.3: Development Expenditure on Water Supplies and Related Services by the National Government, 2012/13 - 2016/17 169
Table 9.4: Quantity and Value of fish landed, 2012 - 2016 170
Table 9.5: Status of Forests, 2012 – 2016 171
Table 9.6: Government Forest Plantation Stocking, 2012 - 2016 171
Table 9.7: Recorded Sale of Government Forest Products, 2012 - 2016 172
Table 9.8: Quantity and value of mineral Production, 2012 - 2016 173
Table 9.9: Average Export Prices of soda Ash, Flourspar, Tiomin Ore and Concentrates, 2012 - 2016 173
Table 9.10: Expenditure on Cleaning and Refuse Management by the Nairobi City County, 2012/13-2016/17 174
Table 9.11: Wildlife Population Estimates in the Kenya Rangelands, 2012 – 2016 174
Table 9.12: Environment Impact Assessments (EIA) by Sector, 2012-2016 175
Table 10.1: Quantity and Value of Imports, Exports and Re-exports of Petroleum Products[1], 2012 - 2016 179
Table 10.2: Petroleum Supply and Demand, 2012 - 2016 180
Table 10.3: Net Domestic Sale of Petroleum Fuels by Consumer Category, 2012 - 2016 181
Table 10.4: Wholesale Prices[1] of Petroleum Products in Mombasa, 2012 - 2016 182
Table 10.5: Murban ADNOC Prices[1], 2012 - 2016 182
Table 10.6: Average Retail Prices of Selected Petroleum Products, 2012 - 2016 184
Table 10.7a: Installed and Effective Capacity of Electricity, 2012 – 2016 185
Table 10.7b: Generation and imports of Electricity[1], 2012 - 2016 186
Table 10.8: Electricity Demand and Supply, 2012 - 2016 187
Table 10.9: Production, Trade and Consumption of Energy[1] by Primary Sources, 2012 - 2016 187
Table 11.1: Manufacturing Output, Compensation of Employees and Value Added, 2012-2016 189
Table 11.2: Quantum Indices of Manufacturing Production, 2012-2016 190
Table 11.3: Percentage change in Quantum Indices of Manufacturing Production, 2012-2016 191
Table 11.4: Production of Selected Commodities 2012-2016 192
Table 11.5: Cement Production and Utilisation, 2012 - 2016 194
Table 11.6: Producer Price Indices and Percentage Changes, 2012 to 2016 195
Table 11.7: Manufacturing Projects Approved by Financial Institutions and Other Commercial Banks, 2012 -2016 196
Table 11.8: Industrial Projects Approved by Kenya Industrial Estates, 2012-2016 196
Table 11.9: Industrial Projects Approved by Kenya Investment Authority, 2012-2016 197
Table 11.10: Selected EPZ Performance Indicators, 2012-2016 197
Table 11.11: Selected EPZ Garment / Apparel Performance Indicators under AGOA, 2012-2016 198
Table 12.1 Selected Key Economic Indicators in Building and Construction, 2012 – 2016 200
Table 12.2: Annual Average Percentage Changes in Construction Input Price Indices, 2014 – 2016 200
Table 12.3: Annual Average Basic Wages in Building and Construction Industry, 2012 - 2016 200
Table 12.4: Value of Private Building Plans Approved and Building Works Completed in Nairobi City County, 2012– 2016 201
Table 12.5: Reported Number of Completions of New Private and Public Buildings, 2012 – 2016 202

Table 12.6: Reported Value of New Private and Public Buildings, 2012 – 2016 202
Table 12.7: Approved and Actual Government Expenditure on Housing, 2012/13 – 2015/16 203
Table 12.8: Housing Loans Advanced by National Housing Corporation to the Counties; 2015/2016 203
Table 12.9: Total Expenditure on Roads, 2012/13 - 2016/17 204
Table 12.10: Status of On-going Roads 2000 Programme, December 2016 205
Table 12.11: Kilometres of Road as at 30th June by Type and Classification 205
Table 12.12 - Major Road Works in Progress in 2016 206
Table 13.1: International Visitor Arrivals by Purpose of Visit, 2012-2016 210
Table 13.2: International Visitor Departures by Purpose of Visit, 2012 - 2016 211
Table 13.3: Departing Visitors by Country of Residence and Purpose of Visit[1], 2014-2016 212
Table 13.4: Number of Visitor-Days Stayed[1] by Purpose of Visit, 2012 -2016 212
Table 13.5: Hotel Bed - Nights Occupancy by Country of Residence, 2012-2016 214
Table 13.6: Hotel Bed-Nights by Zone, 2012-2016 215
Table 13.7: Hotel Bed-Nights Occupancy by Area and Country of Residence, 2015-2016 216
Table 13.8: Game Lodges[1] Occupancy, 2014 – 2016 217
Table 13.9: Number of Visitors to National Parks and Game Reserves, 2012-2016 218
Table 13.10: Number of Visitors to Museums, Snake Parks and Historical Sites, 2012-2016 220
Table 13.11: Indicators on Conference Tourism, 2014-2016 221
Table 13.12: Kenya Utalii College Graduates, 2012-2016 222
Table 14.1: Transport and Storage - Value of Output, 2012 – 2016 224
Table 14.2: Road Maintenance Funds, 2012/13 - 2016/17 224
Table 14.3: Earnings from Road Traffic, 2012 – 2016 224
Table 14.4: New Registration of Road Motor Vehicles and Motor Cycles, 2012 – 2016 225
Table 14.5: Road Transport Licenses Issued, 2012 – 2016 227
Table 14.6: Reported Road Traffic Accidents, 2012 – 2016 227
Table 14.7: Railway Traffic, 2012 – 2016 228
Table 14.8: Traffic Handled at Mombasa Port, 2012 – 2016 229
Table 14.9: Pipeline Throughput of White Petroleum Products, 2012 – 2016 230
Table 14.10a: Commercial Passenger Traffic[1] by Airport, 2012-2016 231
Table 14.10b: Commercial Cargo and Mail Traffic by Airport, 2012 – 2016 232
Table 14.10c: Aircraft Movements by Type, 2012 - 2016 233
Table 14.11: Postal Services, 2012 – 2016 234
Table 15.1: Communications Output, Intermediate Consumption and Value Added, 2012-2016 237
Table 15.2: Fixed and Mobile Network Services, 2012-2016 238
Table 15.3: Telephone Call Traffic, 2012 - 2016 239
Table 15.4: Message Traffic, 2012-2016 241
Table 15.5: Internet Providers, Users and Subscriptions, 2012 - 2016 242
Table 15.6: Broadband Services, 2012-2016 244
Table 15.7: Fixed and Mobile Charges, 2012-2016 245
Table 15.8 Average International Call rates from Mobile Phone, 2012- 2016 246
Table 15.9 Registered Domains, 2012-2016 246
Table 15.10: Media Frequencies and Mobile Transceivers, 2012-2016 247
Table 15.11: Employment, Investment and Revenue in the Telecommunication sector 2012-2016 248
Table 15.12: Key Indicators Measuring Information Society, 2012-2016 249
Table 15.13: Key Indicators measuring Gender Equality in ICT, 2012-2016 249
Table 15.14: International Trade in ICT Equipment, 2012-2016 251
Table 15.15: Local Daily/Weekly Newspapers in Circulation, 2012 – 2016 252
Table 16.1: Crimes Reported to the Police, 2012 – 2016 254
Table 16.2: Crimes Reported to Police by Command Station, 2014-2016 255
Table 16.2: Crimes Reported to Police by Command Station, 2014-2016, Cont'd 256
Table 16.3: Firearms and Ammunition Recovered or Surrendered, and Drugs Seized, 2012 – 2016 257
Table 16.5: Persons Reported to have committed Offences against Morality and Other Offences against Persons by Sex, 2012-2016 260

Table 16.6: Persons Reported to the Police to have Committed Homicides by Sex, 2012–2016.....262
Table 16.7: Persons Reported to the Police to have Committed Robbery and Theft by Sex, 2012-2016 264
Table 16.8: Persons Reported to have Committed Offences Related to Drugs, Criminal Damage, Economic Crimes and Corruption by Sex, 2012-2016.....266
Table 16.9a: Cases Handled and Action Taken by Ethics and Anti-Corruption Commission+, 2011/12 - 2015/16 267
Table 16.9b: Number of Cases Forwarded to the Office of the Director of Public Prosecution and Action Taken, 2011/12-2015/16.....268
Table 16.9c: Public Assets traced, recovered and loss averted by EACC, 2011/12 – 2015/16 268
Table 16.10 Environmental Crimes Reported to NEMA, 2012–2016 269
Table 16.11: Registered Murder cases and Convictions obtained by High Court Station, 2012 – 2016 269
Table 16.12: Cases Handled by Various Courts, 2012–2016[1] 270
Table 16.13: Number of Magistrates, Judges and Practicing Lawyers, 2012–2016 271
Table 16.14: Prison Population by Sentence, Duration and Sex, 2012 – 2016.....272
Table 16.15: Daily Average Population of Prisoners by Sex, 2012-2016.....272
Table 16.16: Convicted Prison Population by Age and Sex, 2012-2016.....273
Table 16.17: Convicted Prisoners by Type of Offence and Sex, 2012-2016 274
Table 16.18: Police, Prisons and Probation Officers, 2012 – 2016.....275
Table 16.19: Number of Offenders Serving Probation Sentence, Community Service and Aftercare by Sex and Type of Offence, 2015 and 2016 276
Table 16.20: Passports and Work Permits Issued, and Foreign Nationals Registered, 2012 - 2016.277
Table 16.21: New Identity Card Applications Made, Produced and Collected by County, 2012-2016 278
Table 16.21: New Identity Card Applications Made, Produced and Collected by County and Sex, 2012-2016. Cont…. 279
Table 16.22: Registered Voters, 2016 280
Table 16.23: Number of Registered Refugees by Age and Sex, 2012 - 2016.....281
Appendix 16.1: Kenya Police Service reclassified offences reported to Police in view of new legislations such as the Economic Crimes 282
Appendix 16.2: Description of offences.....283
Table 17.1: Public Sector ICT Indicators, 2015 292
Table 17.2: Enterprise ICT Indicators, 2015 294
Table 18.1: Start-up Capital by Size of Establishments, 2016 300
Table 18.2: Employment by Economic Activity, 2016.....303

List of Figures

Figure 3.1: Pre-primary Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2012-2016 45
Figure 3.2: Primary School Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2012-2016 46
Figure 3.3 Pupil Completion Rate and Primary to Secondary Transition Rate, 2012-2016 48
Figure 3.4: Secondary School Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2012-2016 50
Figure 3.5 Schooling Profile, 2014-2016 51
Figure 4.1: Percentage Changes in Wage Employment, 2013 - 2016 77
Figure 8.1: Agricultural Gross Value Added Growth Rate, 2012 - 2016 146
Figure 8.2: Monthly Performance of Fresh Horticultural Exports, 2016 155
Figure 8.4: Import Dependency and Self-Sufficiency Ratios, 2016 161
Figure 8.5: Caloric Supply by Main Food Groups, 2016 162
Figure 9.1: Long Rain March to May Performance, 2016 176
Figure 9.2: Short Rain (October to December) Performance, 2016 176
Figure 10.1: Sale of Petroleum Fuels by Major Consumer Category, 2016 181
Figure 10.2: Trends of Monthly Prices of International Crude Oil and Domestic Fuel, 2016 183
Figure 10.3: Proportion of Electricity Generation by Source, 2016 186
Figure 12.1: Comparison of Value of Private Plans Approved and Reported New Private Buildings Works Completed in Nairobi, 2013-2016 201
Figure 13.1: International Visitor Arrivals and Tourism Earnings, 2012 – 2016 207
Figure 13.2(a): Monthly Visitor Arrivals through MIA, 2015 -2016 208
Figure 13.2(b): Monthly Visitor Arrivals through JKIA, 2015 -2016 208
Figure 13.2(c): Number of Visitor Arrivals through the two Major International Airports and other Border Points, 2012 -2016 209
Figure 13.2(d): The share of International Arrivals by Purpose of Visit, 2016 210
Figure 13.3: Monthly Bed Occupancy Rates, 2015- 2016 213
Figure 13.4: Bed-Nights Occupancy at the Coast, 2015 – 2016 215
Figure 13.5: Visitors to National Parks and Game Reserves, 2014-2016 219
Figure 13.6: Monthly Number of Visitors to the Museums, Snake Parks and Historical Sites, 2016 221
Figure 14.1: Number of New Motor Vehicles registered by Type, 2015 and 2016 226
Figure 15.1: International Outgoing and Incoming Fixed Traffic, 2012-2016 240
Figure 15.2: Outbound and Inbound Roaming Traffic, 2012 - 2016 240
Figure 15.3: International Outgoing Fixed VoIP, 2012-2016 241
Figure 15.4: International SMS Sent and Received Traffic 242
Figure 15.5: Mobile Penetration Rate by Sex, 2012 - 2016 250
Figure 15.6: Mobile Money Penetration Rate by Sex, 2012 - 2016 250
Figure 15.7: Fixed Telephone Penetration Rate by Sex, 2012-2016 250
Figure 17.1: Use of ICTs in Public Institutions, 2015 285
Figure 17.2: Ownership and Access of ICTs in Public Institutions, 2015 286
Figure 17.3: Mobile money, e-Procurement and e-Government services in Public Institutions, 2015 286
Figure 17.4: Cloud Computing, Web Hosting and Use of Social Networking Sites in Public Institutions, 2015 287
Figure 17.5: ICT Management and Security in Public Institutions, 2015 288
Figure 17.6: Use of ICTs in Enterprises, 2015 288
Figure 17.7: Ownership of website and access to selected ICTs by enterprises, 2015 289
Figure 17.8: Ownership of ICTs by Enterprises, 2015 290
Figure 17.9: Proportion of Enterprises that Engaged in e-Commerce and m-Commerce, 2015 290
Figure 17.10: Web hosting, Use of Cloud Computing and e-Government Services by Enterprises, 2015 291
Figure 17.11: ICT Management and Security in Enterprises, 2015 291
Figure 18.1: Distribution of Establishments by Economic Activity and Licensing Status, 2016 297
Figure 18.2: Distribution of Licensed MSMEs, 2016 297
Figure 18.3: Distribution of MSMEs by Type of Structure of operation, 2016 298
Figure 18.4: Education Qualification of Business Owners/Operators, 2016 299

Figure 18.5: Main Sponsor of MSMEs Business Owners' Training, 2016.....299
Figure 18.6: Main Source of Capital for the Business, 2016.....300
Figure 18.7: Reasons for Starting a Business, 2016.....301
Figure 18.8: Type of Reports Generated from Business Records, 2016.....301
Figure 18.9: Percentage Distribution of Employment in Licensed Establishments, 2016.....302
Figure 18.10: Percentage Distribution of Employees by Highest Educational Qualification Acquired and Establishment Licensing Status, 2016.....304
Figure 18.11: Distribution of Closed Establishments by Age at Closure, 2016.....305
Figure 18.12: Disposal of Stock after Business Closure, 2016.....305
Figure 18.13: Reasons for Closure of Establishments, 2016.....306
Figure 18.14: Challenges faced by MSMEs in Accessing Amenities and Support Services, 2016....307
Figure 18.15: Reasons for Low Uptake of Loans by MSMEs, 2016.....307
Figure 18.16: MSMEs Reasons for Taking Loans, 2016.....308
Figure 18.17: Accessibility to MSMEs' Premises by Type of Roads, 2016.....308
Figure 18.18: Support Groups for MSMEs, 2016.....309

List of Acronyms

ADF	African Development Fund
ADNOC	Abu Dhabi National Oil Corporation
AfDB	African Development Bank
AG	Attorney General
AGOA	African Growth and Opportunity Act
AIA	Appropriation In Aid
AIDS	Acquired Immuno-Deficiency Syndrome
ASALs	Arid and Semi-Arid Lands
ASEAN	Association of South Eastern Asia Nations
ASFR	Age Specific Fertility Rate
ASMR	Age Specific Mortality Rate
ATM	Automatic teller machine
BAU	Business as Usual
BCG	Bacillus Calmete Guérin
BEC	Broad Economic Category
BH	Boreholes
BOP	Balance of Payments
BPS	Bits per Second
BRIICS	Brazil, Russia, India, Indonesia, China and South Africa
CA	Communications Authority of Kenya
CBA	Collective Bargaining Agreement
CBD	Central Business District
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CDF	Constituency Development Fund
CDMA	Code Division Multiple Access
CFS	Container Freight Station
CIF	Cost, Insurance and Freight
CIP	Census of Industrial Production
CMA	Capital Markets Authority
COFOG	Classification of Functions of Government
COICOP	Classification of Individual Consumption by Purpose
COMESA	Common Market for Eastern and Southern Africa
COP 22	The 22nd Session of the Conference Parties
CPI	Consumer Price Index
CRA	Commission on Revenue Allocation
CRB	Credit Reference Bureau
CRR	Cash Reserve Ratio
CUE	Commission for University Education
DAP	Daily Average Population
DBK	Development Bank of Kenya
DSA	Debt Sustainability Analysis

DSL	Digital subscriber Line
DWT	Deadweight Tons
DTSs	Deposit Taking Savings and Credit Co-operatives
EAC	East African Community
EACC	Ethics and Anti-Corruption Commission
EAOGS	East Africa Oil and Gas Summit & Exhibition
ECDE	Early Childhood Development Education
ECF	Extended Credit Facility
EEC	European Economic Commission
EEZ	Exclusive Economic Zone
EFA	Education For All
EFT	Electronic Funds Transfer
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EMS	Expedited Mail Services
EPC	Export Promotion Council
EPP	Emergency Power Producers
EPS	Expanded Polystyrene
EPVs	Export Production Villages
EPZ	Export Processing Zone
EPZA	Export Processing Zone Authority
ERC	Energy Regulatory Commission
ETF	Exchange Traded Funds
EU	European Union
FAL	Foreign Assets and Liabilities
FBS	Food Balance Sheet
FDEI	Foreign Direct Equity Investment
FDI	Foreign Direct Investment
FIC	Full Immunization Coverage
FIS	Foreign Investment Survey
FM	Frequency Modulation
FOB	Free on Board
FOSA	Front Office Savings Activities
FPE	Free Primary Education
FDSE	Free Day Secondary Education
FSTE	Free Secondary Tuition Education
FY	Financial Year
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GFCF	Gross Fixed Capital Formation
GFS	Government Finance Statistics
GHG	Greenhouse Gas Emissions
GNDI	Gross National Disposal Income
GNI	Gross National Income
GOB	Gross Operating Balance

GoK	Government of Kenya
GPDEC	Global Partnership for Effective Development Cooperation
GPI	Gross Premium Income
GSM	Global System for Mobile Communication
GVA	Gross Value Added
GWh	GigaWatt Hours
HELB	Higher Education Loans Board
HIV	Human Immunodeficiency Virus
IC	Intermediate Consumption
ICDC	Industrial and Commercial Development Corporation
ICT	Information, Communication and Technology
IDA	International Development Association
IDB	Industrial Development Bank
ID	Identity Card
IDR	Import Dependency Ratio
IEBC	Independent Electoral and Boundaries Commission
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management Information System
IFS	International Financial Services
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
INDCs	Intended Nationally Determine Contributions
IPP	Independent Power Producers
ISIC REV 4	International Standard of Industrial Classification Revision 4
ISPs	Internet Service Providers
IOCs	International Oil Companies
IT	Information Technology
JKIA	Jomo Kenyatta International Airport
KAPU	Kenya Airports Police Unit
KCB	Kenya Commercial Bank
KCPE	Kenya Certificate of Primary Education
KCSE	Kenya Certificate of Secondary Education
KE-CIRT	Kenya Computer Incident Response Team
KenGen	Kenya Electricity Generating Company
KeNHA	Kenya National Highways Authority
KenInvest	Kenya Investment Authority
KMTC	Kenya Medical Training College
KeRRA	Kenya Rural Roads Authority
KETRACO	Kenya Electricity Transmission Company
KFS	Kenya Forest Service
KIE	Kenya Industrial Estates
KNBS	Kenya National Bureau of Statistics
KOJ	Kisumu Oily Jetty
KOSF	Kipevu Oil Storage Facility
KPC	Kenya Pipeline Corporation

KPLC	Kenya Power and Lighting Company
KPRL	Kenya Petroleum Refinery Limited
KRA	Kenya Revenue Authority
KRB	Kenya Roads Board
KSh	Kenya Shillings
KTDC	Kenya Tourism Finance Corporation
KUC	Kenya Utalii College
KURA	Kenya Urban Roads Authority
KW	Kilo watt
KWS	Kenya Wildlife Service
L	Overall Liquidity
LATF	Local Authority Transfer Fund
LFS	Labour Force Survey
LLO	Local Loop Operators
LPG	Liquefied Petroleum Gas
LTM	Long Term Mean
M1	Narrow Money Supply
M2	Broad Money Supply (Money supplied by CBK, Commercial banks & NBFIs)
M3	Broad Money Supply (M2 plus Foreign Currency Holdings by Residents)
M.A.B	Moi Air Base meteorological Station
MAM	March April May long rains
Mbps	Megabits per second
MCA	Members of County Assembly
MCH	Maternal and Child Health
MDER	Minimum Dietary Energy Requirement
MDAs	Ministries, Departments and Agencies
MDP	Management Development Programme
MEWNR	Ministry of Environment, Water and Natural Resources
MG	Metre Gauge
MIA	Moi International Airport
MICE	Meetings, Incentives, Conferences and Exhibitions
MLND	Maize Lethal Necrosis Disease
MMS	Multimedia Messaging Service
MoAL&F	Ministry of Agriculture, livestock and Fisheries
MoE	Ministry of Education
MoE&P	Ministry of Energy and Petroleum
MoH	Ministry of Health
MPC	Monetary Policy Committee
MTP	Medium Term Plan
MTP II	Second Medium Term Plan
MW	Mega Watt
MVNO	Mobile Virtual Network Operator
n.e.c	Not elsewhere classified
NBFI	Non-Bank Financial Institutions

NCC	Nairobi City Council
NCCAP	National Climate Change Action Plan
NCPB	National Cereals and Produce Board
NEMA	National Environment Management Authority
NER	Net Enrolment Rate
NFA	Net Foreign Assets
NFE	Non Formal Education
NFS	Non Formal Schools
NHC	National Housing Corporation
NHIF	National Hospital Insurance Fund
NIB	National Irrigation Board
NIP	National Incomes Policy
NOB	Net Operating Balance
NOCK	National Oil Corporation of Kenya
NPA	National Plan of Action
NPISH	Non-Profit Institutions Serving Households
NPS	National Police Service
NSE	Nairobi Securities Exchange
NSSF	National Social Security Fund
NTSA	National Transport and Safety Authority
NWCPC	National Water Corporation and Pipeline Corporation
NYS	National Youth Service
ODPP	Office of the Director of Public Prosecution
OECD	Organization of Economic Cooperation and Development
OMO	Open Market Operations
OND	October-November-December short rains
OPV	Oral Polio Vaccine
OVC	Orphans and Vulnerable Children
OTTs	Over The Tops
PAYE	Pay As You Earn
PCK	Postal Corporation of Kenya
PCR	Pupil Completion Rate
PGN	Policy Guidance Note
PI	Portfolio Investment
PPI	Producer Price Index
PPPs	Public Private Partnerships
PSDA	Private Sector Development Authority
PSVs	Public Service Vehicles
PTR	Pupil Teacher Ratio
REA	Rural Electrification Authority
REIT	Real Estate Investment Trust
REP	Rural Electrification Programme
RMLF	Roads Maintenance Levy Fund
RSI	System of Rice Intensification
SACCO	Savings and Credit Cooperative Societies

SADC	Southern African Development Community
SAGA	Semi Autonomous Government Agency
SASRA	Sacco Societies Regulatory Authority
SDD	Special Dimensions of Development
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
SEZ	Special Economic Zones
SG	Standard Gauge
SGR	Standard Gauge Railway
SITC	Standard International Trade Classification
SME	Small and Medium Enterprises
SMS	Short Messaging Service
SNA	System of National Accounts
SOEs	State Owned Enterprises
SPF	Social Protection Fund
SSA	Sub-Saharan Africa
SSR	Self Sufficiency Ratio
STIs	Sexually Transmitted Infections
TICAD	Tokyo International Conference on African Development
TEAMS	The East Africa Marine System
TEUs	Twenty-Foot Equivalent Units
TIVET	Technical Industrial and Vocational Educational Training
TVETA	Technical Vocational Educational Training Authority
TLB	Transport Licensing Board
TOT	Total Rainfall
TSC	Teachers Service Commission
UAE	United Arab Emirates
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNFCC	United Nations Framework on Climate Change
UoN	University of Nairobi
US$/BBL	US Dollar per Barrel
USD	United States Dollar
US /USA	United States of America
VAT	Value Added Tax
VCT	Voluntary Counseling and Testing
VoIP	Voice over Internet Protocol
WEF	Women Enterprise Fund
WHO	World Health Organization
WPPs	Water Purification Points
WSB	Water Services Board
WSIS	World Summit on the Information Society
WSPs	Water Services Providers
WTO	World Trade Organization

Summary and Outlook

International Scene

The global economy is estimated to have expanded by 2.9 per cent in 2016 compared to a revised growth of 3.1 per cent in 2015. Growth in advanced economies expanded by 2.1 per cent in 2016 compared to 1.9 per cent in 2015. The United States of America recorded a growth of 1.5 per cent in 2016 compared to 2.6 per cent in 2015, mainly due to weak exports, subdued investments and uncertainty surrounding the 2016 elections. Growth in China decelerated on account of slowed investment as the economy rebalanced towards services and consumption. In Japan, growth was boosted by private consumer spending, signaling improved consumer purchasing power after two years of contraction. The Sub-Saharan Africa's real gross domestic product is estimated to have grown by 1.5 per cent in 2016 compared to 3.8 per cent growth registered in 2015.

Global inflation was estimated at 2.9 per cent compared to 2.8 per cent recorded in 2015. In emerging markets and developing economies, headline inflation remained steady as currencies remained broadly stable, or appreciated in some cases. Growth of the global trade slowed in 2016 to 1.9 percent from 2.6 per cent growth in 2015. Global unemployment rate was estimated at 5.7 per cent in 2016 compared to 5.8 per cent in 2015.

Domestic Economy

Kenya's Gross Domestic Product (GDP) is estimated to have expanded by 5.8 per cent in 2016 compared to a revised growth of 5.7 per cent in 2015. Accommodation and food services recorded improved growth of 13.3 per cent in the year under review compared to a contraction of 1.3 per cent in 2015. The other sectors that registered significant improved performance in economic activities were in the information and communication; real estate; and transport and storage. Persistent drought hampered growth in the fourth quarter of 2016 impacting negatively on agriculture and electricity supply. On the other hand, growth in construction; mining and quarrying; and financial and insurance activities decelerated in 2016. From the demand side, growth was buoyed by consumption in both the public and private sector.

Annual average inflation eased to 6.3 per cent in 2016 compared to an average of 6.6 per cent in 2015. This was mainly due to decline in prices of transportation; housing and utilities; and communication. The Shilling strengthened against the Pound Sterling, South African Rand, Ugandan Shilling, Tanzanian Shilling and the Rwandan Franc but weakened against the US Dollar, Euro, and the Yen in 2016. The capping of interest rates to a maximum of 4.0 per cent above the Central Bank Rate (CBR) resulted in a significant decline in interest rates during the month of September to 13.84 per cent compared to 16.75 in a similar month in 2015. Domestic credit slowed from a growth of 20.8 per cent in 2015 to 6.4 per cent in 2016 mainly on account of a decline in credit to the private sector. The current account deficit narrowed to KSh 370.8 billion in 2016 from a deficit of KSh 421.1 billion in 2015. The fiscal deficit in 2016/17 as a percentage of GDP is expected to rise to 9.9 per cent compared to 8.6 per cent in 2015/16.

Social Scene

National Government total expenditure on the social sector is expected to increase by 23.3 per cent to KSh 495.5 billion in 2016/17. Total recurrent expenditure is expected to grow by 17.5 per cent while total development expenditure is expected to substantially increase by 57.5 per cent. The gross recurrent expenditure for the Ministry of Education including that of

Teachers Service Commission is expected to rise by 13.5 per cent from KSh 280.3 billion in 2015/16 to KSh 318.2 billion in 2016/17. The recurrent and development expenditures for Youth Empowerment and Development is expected to increase by 20.8 per cent and 25.7 per cent, respectively.

Total enrolment in pre-primary schools rose marginally to 3.2 million while enrolment in primary schools increased by 2.0 per cent to 10.3 million in 2016. Enrolment in Secondary schools rose by 6.3 per cent to 2.7 million during the period under review. University enrolment is expected to grow by 10.5 per cent to 564.5 thousand in 2016/17 while enrolment in Technical and Vocational Education Training (TVET) increased from 153.3 thousand to 202.6 thousand in the same period. The number of loan applicants and beneficiaries in public and private universities; and TVET institutions is expected to increase by 10.3 per cent and 10.4 per cent in 2016/17, respectively. The amount of bursary awarded to students in public universities and TVET colleges is expected to grow by 7.2 per cent to KSh 231.7 million in 2016/17.

Overall membership of National Hospital Insurance Fund (NHIF) grew by 16.5 per cent to 6.1 million in 2015/16. The formal sector continued to contribute the largest share of the total membership representing 58.9 per cent. The number of registered employees by NSSF rose by 9.5 per cent while the annual contributions went up by 9.6 per cent in 2016. Similarly, annual benefits paid to members increased from KSh 3,091 million in 2015 to KSh 3,121 million in 2016. Government loans disbursed through the Uwezo Fund is expected to increase by 5.9 per cent to KSh 5.4 billion in 2016/17.

Employment and Earnings

In 2016, the economy generated a total of 832.9 thousand new jobs of which 85.6 thousand were in the modern sector while 747.3 thousand were in the informal sector. Wage employment in the private sector increased by 3.3 per cent from 1,759.6 thousand persons in 2015 to 1,817.2 thousand persons in 2016. Within the public sector, wage employment increased from 718.4 thousand persons in 2015 to 737.1 thousand persons in 2016.

Nominal wage earnings increased by 9.1 per cent from KSh 1,509.1 billion in 2015 to KSh 1,647.1 billion in 2016. Total wage payments in the public sector increased by 9.1 per cent from KSh 461.7 billion in 2015 to KSh 503.5 billion in 2016. The share of County Governments wage payments to the total public sector was 19.1 per cent in 2016. Wage payments in the private sector increased by 9.2 per cent to KSh 1,143.6 billion in 2016. Annual average wage earnings grew by 5.9 per cent to KSh 644,837.7 in 2016. Annual inflation decelerated from 6.6 per cent in 2015 to 6.3 per cent in 2016 largely due to reduced costs of petroleum products and tight monetary policies.

Money, Banking and Finance

In 2016, the monetary policy adopted was aimed at supporting a non-inflationary credit expansion to key sectors of the economy and continued anchoring of inflation expectations, while promoting stability in the foreign exchange market. The Kenya Shilling (KSh) weakened against major currencies and averaged KSh 101.5 per USD in 2016 compared to KSh 98.2 per USD in 2015.

The period witnessed the amendment of the Banking Act which introduced capping of interest rates on credit facilities. The amendment aimed at protecting borrowers from high interest rates, thus making loans affordable. In the review period, the CBR, was revised downwards

twice, to 10.50 per cent in June and 10.00 per cent in December. However, it remained at 11.50 per cent during the first half of the year.

The 91 day Treasury bill rate dropped from 9.81 per cent in December 2015 to 7.25 per cent in June 2016 and rose to 8.44 per cent in December 2016. The overall inflation stood at 6.35 per cent in December 2016 compared with 8.01 per cent in the same period of 2015.

In 2016, growth in M3 slowed down from 14.1 per cent in December 2015 to 3.6 per cent. The Net Foreign Assets (NFA) held by the banking system increased from KSh 491.5 billion in December 2015 to KSh 495.5 billion in December 2016. Similarly, overall domestic credit growth decelerated from 20.8 per cent in 2015 to 6.4 per cent, with credit to private sector expanding by 4.3 per cent in 2016 compared to 18.0 per cent in 2015.

The Nairobi Securities Exchange (NSE) 20-Share Index increased to 3,982 points in the first quarter of 2016 but declined through to the fourth quarter to 3,186 points in December 2016. Total liabilities of life insurance increased by 11.8 per cent to KSh 260.1 billion in 2016 from KSh 232.7 billion in 2015, while total assets grew by 13.5 per cent to KSh 305.4 billion in 2016. Gross premium income grew by 19.3 per cent to KSh 73.1 billion in 2016 compared to 8.4 per cent growth recorded in 2015. Net premium income registered an accelerated growth of 19.6 per cent in 2016 from an increase of 7.4 per cent in 2015. In the pensions sub-sector, the retirement benefit assets grew from KSh 800 billion in June 2015 to KSh 830 billion in June 2016.

Overall growth of the financial sector decelerated from 9.4 per cent in 2015 to 6.9 per cent in 2016. Banking sector including other monetary intermediation declined from a growth of 10.1 per cent in 2015 to 7.1 per cent in 2016. The insurance sector recorded a growth of 5.3 per cent in 2016 compared to 5.0 per cent in 2015.

Public Finance

In 2016/17, the National Government has budgeted to spend a total of KSh 2,496.1 billion compared to KSh 2,047.4 billion spent in 2015/16. Of the total budgeted amount, KSh 1,449.6 billion is allocated for recurrent expenditure while KSh 1,046.5 billion is allocated for development expenditure. In addition, Government has budgeted KSh 467.5 billion for public debt servicing, and KSh 284.8 billion as current grants to County Governments.

The government estimates to receive KSh 1,566.5 billion as revenue, of which KSh 1,338.3 billion is tax revenue. As at June 2016, the total stock of public debt amounted to KSh 3,203.3 billion, of which domestic debt accounted for 43.9 per cent of this stock. In 2016/17, County Governments are estimated to spend KSh 360.0 billion, with an estimated revenue of KSh 361.5 billion.

International Trade and Balance of Payments

Total exports declined marginally from KSh 581.0 billion in 2015 to KSh 578.1 billion in 2016 while total imports contracted by 9.2 per cent from KSh 1,577.6 billion to KSh 1,431.7 billion. This led to improvement in balance of trade from KSh 996.5 billion in 2015 to KSh 853.7 billion, in 2016. Similarly, the export-import ratio improved from 36.8 per cent to 40.4 per cent over the same period. Tea, horticulture, articles of apparel and clothing accessories, and coffee were the leading export earners accounting for 56.7 per cent of the total domestic exports during the review period.

Africa remained the leading destination of Kenya's exports; accounting for 40.6 per cent of total exports in 2016, with EAC accounting for slightly more than half of total exports to Africa. Exports to Europe accounted for 24.5 per cent of total exports in 2016, with the bulk of exports destined to the European Union (EU) countries. Asia accounted for 66.8 per cent of total value of imports in 2016 continuing its dominance as the leading source of Kenya's imports.

The gross foreign reserves reduced slightly by 0.8 per cent to KSh 736.5 billion as at December 2016, while the net foreign assets of Central Bank increased marginally by 1.0 per cent to KSh 643.1 billion as at December 2016. The Central Bank's foreign liabilities reduced by 12.3 per cent to KSh 91.4 billion as at December 2016. Trade weighted exchange rate index deteriorated from 114.3 in 2015 to 114.8 in 2016, a reflection of the depreciation of the Kenya Shilling against the currencies of the major trading partners.

The overall balance of payments position improved from a deficit of KSh 24.9 billion in 2015 to a surplus of KSh 13.1 billion in 2016. The current account balance narrowed by 11.9 per cent to a deficit of KSh 370.8 billion in 2016, reflecting a 5.2 per cent of Gross Domestic Product (GDP). Net inflows of international trade in services increased by 32.7 per cent to a surplus of KSh 171.7 billion in 2016, supported by increased foreign travel receipts. Net financial inflows rose by 9.5 per cent to a surplus of KSh 420.0 billion in 2016, on account of increased in short term capital inflows.

Agriculture

The agriculture sector registered a decelerated growth of 4.4 per cent in 2016 from a revised growth of 7.2 per cent. The volume of marketed milk increased by 5.6 per cent from 615.9 million litres in 2015 to 650.3 million litres in 2016. The value of marketed milk increased from KSh 21.2 billion in 2015 to KSh 23.0 billion in 2016. Tea and coffee production increased by 18.5 per cent and 10.8 per cent to 473.0 thousand tonnes and 46.1 thousand tonnes, respectively in 2016. Earnings from fresh horticulture exports increased by 12.3 per cent from KSh 90.4 billion in 2015 to KSh 101.5 billion in 2016.

Maize production declined from 42.5 million bags in 2015 to 37.1 million bags in 2016. Sugarcane production reduced from 7.2 million tonnes in 2015 to 7.1 million tonnes in 2016. Wheat production declined from 238.6 thousand tonnes in 2015 to 222.4 thousand tonnes in 2016.

Environment and Natural Resources

There was mixed performance in the selected indicators on environmental and natural resources in 2016. The overall expenditure on water and related services is expected to increase by 32.2 per cent from KSh 41.3 billion in the 2015/16 to KSh 54.6 billion in the 2016/17. Acreage under Government forest plantation stocking expanded slightly from 130.5 thousand hectares in 2015 to 131.3 thousand hectares in 2016. Total mineral output increased by 9.5 per cent from 1,571.9 thousand tonnes in 2015 to 1,720.6 thousand tonnes in 2016. Total quantity of fish landed declined from 146.3 thousand tonnes in 2015 to 128.6 thousand tonnes in 2016. This is reflected by the falling trend in fish production from all fresh water lakes and marine sources except for molluscs.

Energy

High global crude oil production and inventories levels led to a reduction in international oil prices in 2016. Consequently, crude prices for Murban decreased to an average of 44.18 US

Dollars per barrel in 2016 from an average of US Dollars 52.53 per barrel in 2015. The volume of petroleum products imports expanded by 9.5 per cent from 4,431.7 thousand tonnes in 2015 to 4,852.4 thousand tonnes in 2016. Total import bill of petroleum products declined by 12.6 per cent to KSh 197.5 billion from KSh 226.1 in 2015. Total demand for petroleum products increased by 6.5 per cent to 5,046.9 thousand tonnes. Total installed electricity generating capacity declined to 2,325.7 Mega-Watt (MW) as at December 2016. Total electricity generation increased from 9,514.9 Giga-Watt hours (GWh) in 2015 to 10,057.7 GWh in 2016. Hydro power generation increased to 3,959.9 GWh in 2016. The number of connections under the Rural Electrification Programme (REP) rose by 38.2 per cent to stand at 972,018 customers as at the end of June 2016 from 703,190 customers in 2015.

Manufacturing

The manufacturing sector recorded a real growth of 3.5 per cent in 2016 compared to a revised growth of 3.6 per cent in 2015. The growth was as a result of reduced cost of production and increased volume output. Cement production increased by 5.6 per cent from 6,352.9 thousand tonnes in 2015 to 6,707.2 thousand tonnes in 2016. The Producer Price Index (PPI) increased marginally by 0.2 per cent in 2016. The increase was due to stability of prices of imported raw materials and reduced cost of electricity. Credit to manufacturing sector decreased by 4.6 per cent from KSh 290.9 billion in 2015 to KSh 277.4 billion in 2016.

In the year under review, formal employment in the manufacturing sector went up marginally by 1.8 per cent to 300.8 thousand persons in 2016. The Export Processing Zones (EPZ) experienced growth in most of its performance indicators in 2016. Total capital investment of EPZ enterprises increased from KSh 48.1 billion in 2015 to KSh 51.2 billion in 2016.

Building and Construction

The construction industry grew by 9.2 per cent in 2016 from an expansion of 13.9 per cent registered in 2015. Increased activity in the construction of roads and development of housing also translated to an increase in employment in the sector from 148.6 thousand jobs in 2015 to 163.0 thousand jobs in 2016. Construction of Phase I of the Standard Gauge Railway (SGR) was at the final stages of completion as at the end of 2016.

Overall expenditure on roads is expected to increase by 38.3 per cent from KSh 113.2 billion in 2015/16 to KSh 156.5 billion in 2016/17. Total development expenditure is also expected to grow by 31.7 per cent from KSh 87.8 billion in 2015/16 to KSh 115.6 billion in 2016/17. Development expenditure on trunk and primary roads is expected to grow by 36.2 per cent from KSh 51.6 billion in 2015/16 to KSh 70.3 billion in 2016/17.

Disbursement of funds from the Roads Maintenance Levy Fund (RMLF) by Kenya Roads Board (KRB) to various road agencies and county governments is anticipated to increase significantly to KSh 40.9 billion in 2016/17 from KSh 25.4 billion in 2015/16.

National Housing Corporation (NHC), the government agency for housing, undertook several housing activities in 2016, at a total cost KSh 877.9 million. The value of reported new buildings completed in Nairobi registered a growth of 7.6 per cent to KSh 76.2 billion in 2016. The value of reported building plans approved in Nairobi increased by 43.3 per cent from KSh 215.2 billion in 2015 to KSh 308.4 billion in 2016.

The index of government expenditure on roads increased from 350.3 in 2015 to 461.0 in 2016 following an increase in road construction projects. Consumption of cement, a major input in

construction of buildings and civil works, rose further by 10.5 per cent from 5,708.8 thousand tonnes in 2015 to 6,302.0 thousand tonnes in 2016. Credit to the construction industry went down marginally from KSh 106.3 billion in 2015 to KSh 104.8 billion in 2016.

Tourism

Tourism sector had a remarkable recovery because of improved security and successful conference tourism in 2016. In addition, the sector benefited from aggressive marketing in the domestic and international markets. Therefore, receipts accruing to the tourism sector earnings improved to KSh 99.7 billion in 2016 compared to KSh 84.6 billion in 2015, translating to an increase of 17.8 per cent. The number of international visitor arrivals rose by 13.5 per cent to 1,339.7 thousand in 2016. The number of hotel bed-nights occupancy rose by 9.7 per cent from 5,878.6 thousand in 2015 to 6,448.5 thousand in 2016. Local conferences held increased by 17.4 per cent from 3,199 in 2015 to 3,755 in 2016. Likewise, the number of international conferences held expanded by 4.1 per cent from 218 in 2015 to 227 in 2016. Museums, snake parks and historical sites reported a 15.7 per cent increase in the number of visitors recording 923.1 thousand in 2016 compared to 797.5 thousand in 2015. Similarly, visitors to national parks and game reserves rose by 17.0 per cent to 2,284.7 thousand in 2016.

Transport and Storage

The value of output for the transport and storage sector increased by 7.2 per cent from KSh 928.3 billion in 2015 to KSh 994.7 billion in 2016. Output of the road transport sub-sector grew by 6.1 per cent to KSh 667.1 billion while that of the railway transport sub-sector declined by 9.9 per cent to KSh 5.7 billion in 2016.

Total cargo throughput handled at the Port of Mombasa rose by 2.4 per cent to 27,364 thousand tonnes in 2016 while container traffic increased by 1.4 per cent to 1.1 million Twenty-foot Equivalent Units (TEUs) in the review period. Total pipeline throughput of white petroleum products expanded by 2.8 per cent to 5,872.9 thousand cubic metres in 2016. On the other hand, the volume of white petroleum products transported through the pipeline for domestic consumption expanded by 9.0 per cent to 4,018.6 thousand cubic metres in the review period.

The performance of the air transport sub-sector improved during the review period, with the total commercial passengers handled increasing by 11.7 per cent to 10.0 million in 2016. Total passengers handled at Jomo Kenyatta International Airport (JKIA) rose by 9.7 per cent to 7.1 million in 2016 while those handled at Moi International Airport (MIA) rose by 7.6 per cent to 1.3 million during the same period.

The number of road transport licenses issued increased by 2.8 per cent to 123,386 in 2016 with the number of Public Service Vehicle (PSV) licenses issued increasing by 9.3 per cent to 33,349 in 2016. The number of reported traffic accidents dropped marginally to 5,296 in 2016 while reported casualties from accidents rose by 8.4 per cent to 13,159 in 2016. Newly registered motor vehicles and motor cycles dropped by 13.5 per cent to 213,715 in 2016.

Information and Communication Technology

The value of ICT output increased by 11.1 per cent from KSh 280.0 million in 2015 to KSh 311.1 million in 2016. The penetration rate for mobile subscriptions improved to 85.9 per cent in 2016 from 85.4 per cent in 2015. Wireless subscriptions per 100 inhabitants increased from 54 in 2015 to 59 in 2016. Mobile money subscriptions per 100 inhabitants increased from 61 in 2015 to 71 in 2016. The value of money transacted through mobile phones increased from KSh 2.8 trillion in 2015 to KSh 3.4 trillion in 2016. The number of mobile money transactions

grew by 37.0 per cent from 1,114.2 million in 2015 to 1,526.2 million in 2016. In 2016, there were 928.2 thousand mobile commerce (m-commerce) transactions with a value of KSh 1.8 trillion. Fixed telephone line capacity more than doubled from 75 thousand in 2015 to 179 thousand lines in 2016 mainly attributed to recommissioning of fixed network services during the review period.

The number of Internet Service Providers (ISPs) increased from 221 in 2015 to 242 in 2016 while estimated internet users increased by 11.0 per cent to 39.4 million in the review period. Bandwidth capacity increased by 30.8 per cent to 2,028,743 mega bytes per second (mbps) in 2016 while demand for mobile broadband increased by 76.4 per cent to 12.5 million subscribers in 2016.

The cost of installing fixed telephone increased by 38.5 per cent from KSh 3,394 in 2015 to KSh 4,699 in 2016. Subscription fees for residential and business telephone services increased to KSh 750 and KSh 1,000 in 2016, respectively.

The number of TV frequencies increased from 302 recorded in 2015 to 312 in 2016. The total number of mobile transceivers grew by 12.9 per cent from 109,294 in 2015 to 123,380 in 2016.

The third generation (3G) transceivers increased by 59.7 per cent to 30,818 while the second generation (2G) transceivers rose by 2.9 per cent to 92,562 during the review period. Overall, gender disparity in the use of ICT remained low but tends to favour male users in 2016.

Governance

The Government continued to implement various institutional reforms to improve Governance in 2016. The reforms included; vetting of police officers, installation of a national secure communication network and surveillance system for the National Police Service (NPS) in Nairobi and Mombasa, and introduction of a 'Roadmap Toolkit' to guide training of police officers. During the same period, additional armored vehicles as well as transport trucks were procured to enhance capacity of the police to respond to emerging security threats. In the review period, the Judiciary operationalized the Employment and Labour Relations Court, formerly the Industrial Court, and the Environment and Land Court to High Court status.
In 2016, the number of crimes reported to the police increased by 6.2 per cent to 76,986. Similarly, the number of persons reported to have committed crime increased by 3.8 per cent to 73,221 in 2016. The number of cases filed in the Law courts declined by 37.1 per cent to 226,554 while cases disposed of decreased by 29.8 per cent to 191,386. However, pending cases increased by 7.6 per cent to 498,320 in 2016. The number of judicial officers decreased marginally from 616 in 2015 to 611 in 2016. The total number of corruption reports forwarded to Office of the Director of Public Prosecutions (ODPP) increased from 117 in 2014/15 to 167 in 2015/16. The Ethics and Anti-Corruption Commission traced public assets valued at KSh 3.6 billion, recovered assets valued at KSh 420.6 million and averted a loss of assets worth KSh 2.6 billion in 2015/16.

Total prison population, which comprise of all persons committed to prison regardless of duration during the reference period decreased slightly by 5.3 per cent to 210,227. The daily average prison population declined by 6.8 per cent to 50,900.

The number of applications for identity cards for persons Not Previously Registered (NPR) increased from 1.1 million in 2015 to 1.5 million in 2016 while NPR cards produced increased

by 75.3 per cent to 1,431.1 thousands in 2016. The number of registered voters stood at 15,961,627 by the end of 2016 following the updating of voters register as a result of the mass voter registration exercise conducted in 2015. The registered refugee population declined by 16.7 per cent from 593,881 in 2015 to 494,863 in 2016 mainly attributed to the voluntary repatriation of refugees from the Dadaab camp.

Outlook

Economic growth in 2017 is likely to be influenced more by the domestic factors than external ones. The long rains are projected to delay and to be depressed in 2017, which is likely to have a direct negative impact on growing of crops, production of livestock and its products, electricity generation and water supply. Due to the share of agricultural contribution to the GDP, there will be a lower rural demand for goods and services. The impacts could further be experienced in sectors that have strong interlinkages with these industries.

If the deceleration in growth of credit that started in 2016 continues, it is likely to constrain growth in 2017 especially in activities that are reliant on borrowing from commercial banks. Furthermore, sectors such as manufacturing are encountering more intensified competition in their traditional export markets which could delay the recovery in that sector. However, the expected commencement of operations of railways services on the Standard Gauge Railway (SGR) is likely to increase efficiency while other modes of transport are expected to continue in the current growth trajectory. The overall performance is therefore likely to be determined by the extent of each of these effects.

International oil prices are projected to rise in 2017 albeit gradually. If this occurs, growth in the road transport is likely to be suppressed due to rise in cost of intermediate inputs. The exchange rate is expected to remain stable due to significant level of reserves, the continued growth in emigrant remittances and sustainability of the current account deficit.

On the demand side, growth is likely to be driven by both the public and private final consumption. Public final consumption is projected to expand as reflected in the 2017/18 national budget. Similarly, private consumption is likely to remain robust in 2017 and therefore boost economic growth. On the external front, world trade is projected to improve while the expansion of global economy is expected to be strong in 2017. Similarly, majority of Kenya's main European trading partner are likely to sustain strong growths and therefore support the domestic economy.

Table 0: Key Economic and Social Indicators, 2012 - 2016

	DESCRIPTION	Unit	2012	2013	2014	2015	2016*	
1	Population	(Million)	40.7	41.8	43.0	44.2	45.4	
2	Growth of GDP at Constant Prices	(Per cent)	4.5	5.9	5.4	5.7	5.8	
3	GDP at Market Prices :	(KSh Mn)	4,261,370.0	4,745,143.4	5,402,410.0	6,260,646.3	7,158,695.0	
4	Total value of petroleum products	(KSh Mn)	307,556.1	291,622.6	335,671.3	226,125.7	197,528.3	
5	Trade balance	(KSh Mn)	-856,740.0	-911,029.2	-1,081,085.3	-996,511.7	-853,678.0	
6	Money Supply (M3)	(KSh Mn)	1,727,686.0	1,996,242.0	2,329,978.6	2,658,165.5	2,753,528.0	
7	Total domestic credit	(KSh Mn)	1,702,510.0	1,978,522.0	2,312,178.0	2,793,924.0	2,972,874.0	
8	Balance of Payments (current account balance)	(KSh Mn)	-356,389.1	-417,019.6	-560,761.1	-421,082.1	-370,801.9	
9	Coffee-marketed production	('000 tonnes)	46.1	38.4	42.5	32.2	39.7	
10	Tea-marketed production	('000 tonnes)	369.4	432.4	445.1	399.2	473.0	
11	Fresh Horticultural Produce exports	('000 tonnes)	205.7	213.8	220.2	238.7	261.2	
12	Maize-marketed production	('000 tonnes)	387.3	316.4	289.4	295.3	265.8	
13	Wheat-marketed production	('000 tonnes)	155.0	184.9	218.0	227.3	215.9	
14	Sugar-cane production	('000 tonnes)	5,824.0	6,673.7	6,410.0	7,164.8	7,160.8	
15	Milk sold centrally	(Mn litres)	495.2	523.0	541.3	615.9	650.3	
16	Manufacturing output	(KSh Mn)	1,619,622.0	1,737,699.0	1,820,369.0	1,976,793.0	2,132,259.0	
17	Construction output	(KSh Mn)	513,390.0	582,896.0	683,376.0	805,703.0	819,448.0	
18	Cement Consumption	('000 tonnes)	3,991.2	4,266.5	5,196.7	5,708.8	6,303.0	
19	Petroleum Consumption	('000 tonnes)	3,638.0	3,707.9	3,937.9	4,738.5	5,044.2	
20	Electricity consumption	(GWh)	6,414.4	6,928.1	7,415.4	7,826.4	8,053.2	
21	Tourism earnings	(KSh Mn)	96,020.0	93,970.0	87,080.0	84,600.0	99,690.0	
22	New registration of motor vehicles and cycles	(Number)	173,044.0	222,178.0	218,057.0	247,181.0	213,715.0	
23	Rail freight	(`000 tonnes)	1,394.0	1,214.0	1,509.0	1,575.0	1,429.0	
24	Air passengers handled	('000) No.	8,583.8	8,231.6	8,882.0	8,993.2	10,043.8	
25	Mobile Subscriptions	('000) No.	30,482.8	31,309.0	33,632.6	37,716.0	38,982.0	
26	Estimated Internet Users	('000) No.	14,032.4	21,273.7	26,163.6	35,550.0	39,351.0	
27	Wage employment	('000) No.	2,155.8	2,283.1	2,370.2	2,478.0	2,554.3	
28	Education-primary enrolment	('000) No.	9,757.6	9,857.6	9,951.0	10,090.8	10,269.4	
29	Education-secondary enrolment	('000) No.	1914.8	2,104.3	2,331.7	2,559.0	2,720.6	
30	Education-University enrolment	('000) No.	251.2	361.4	443.8	510.7	564.5	
31	Education-other post secondary enrolment (TIVET+TTC)	('000) No.	127.7	148.0	147.8	153.3	202.6	
32	Registered doctors and dentists	(Number)	9,077.0	9,727.0	10,239.0	10,699.0	11,525.0	
33	GDP Per capita (Current):	(KSh)	104,702.0	113,520.2	125,637.4	141,644.0	157,681.0	
34	GDP Per capita (Constant):	(KSh)	84,721.2	87,105.4	89,240.4	91,890.1	94,757.3	
35	Net lending/borrowing (% of GDP) at Current Market Prices	(Per cent)	-8.7	-10.2	-11.5	-10.2	-6.8	
36	Net lending/borrowing	(KSh Mn)	-368,729.6	-484,395.6	-618,615.9	-641,572.2	-484,672.8	
37	Recurrent Revenue and Grants	(KSh Mn)	896,496.5	1,001,374.8	1,140,407.5	1,262,720.3	1,566,459.3	
38	Total Expenditure	(KSh Mn)	1,241,396.4	1,532,993.0	1,953,509.4	2,047,351.8	2,496,107.9	
39	External Debt Service Charge as % of GDP2	(Per cent)	0.8	1.0	1.8	1.8	1.1	
40	External Debt Service as % of Exports of Goods & Services	(Per cent)	3.8	4.8	10.3	10.8	7.5	
	INDEX NUMBERS							**2012-2016 Annual % rate of change**
41	Export volumes: (2009=100)		113.4	104.0	109.9	105.0	111.6	-0.4
42	Import volumes: (2009=100)		104.8	106.7	113.9	102.5	100.6	-1.0
43	Terms of trade		78.7	81.1	73.1	76.0	78.8	0.03
44	NSE 20 Share: (1966=100)		4,133.0	4,927.0	5,113.0	4,040.0	3,186.0	-6.3
45	Consumer Price Index: (Feb 2009=100)		132.5	140.1	149.7	159.6	169.7	6.4
46	Real wages: (June 2009=100)		84.4	90.9	91.2	93.8	93.9	2.7
47	Agriculture terms of trade: (2001 =100)		52.9	46.6	49.3	50.2	49.3	-1.7

* Provisional.

International Scene

01 Chapter

Overview

The global economy is estimated to have expanded by 2.9 per cent in 2016 compared to a revised growth of 3.1 per cent in 2015. The slowed growth was occasioned by constrained global trade, subdued investment and heightened policy uncertainty associated with the United Kingdom (UK) decision to leave the European Union (EU); and elections in the United States of America (USA). Growth in advanced economies expanded by 2.1 per cent in 2016 compared to 1.9 per cent in 2015. The United States of America recorded a growth of 1.5 per cent in 2016 compared to 2.6 per cent in 2015, mainly due to weak exports, subdued investments in the manufacturing sector and uncertainty surrounding the 2016 elections. Growth in China decelerated on account of slowed investment as the economy rebalanced towards services and consumption. In Japan, the level of economic activity was robust owing to fiscal support, lower oil prices and accommodative financial conditions.

1.2. In the Sub-Saharan Africa, lower commodity prices for metal exporting countries and domestic shocks from a generally less supportive global economic environment slowed the economic performance. The region's real gross domestic product is estimated to have expanded by 1.5 per cent in 2016 compared to 3.8 per cent growth registered in 2015. The slowdown in growth was mainly on account of decelerated growth in South Africa and the oil exporting countries whose economic activities were strained by a considerable drop in international oil prices. However, growth remained solid in agricultural exporting countries as well as in the commodity importing economies.

1.3. During the period under review, global inflation was estimated at 2.9 per cent compared to 2.8 per cent recorded in 2015. In emerging markets and developing economies, headline inflation remained steady as currencies remained broadly stable, or appreciated in some cases. Rising input prices in many emerging economies particularly China, where producer price inflation became positive for the first time in four years also contributed to the rise in inflation. Core inflation remained comparatively stable at low levels, reflecting persistent economic slack and weak global price pressures, particularly in Japan where the effective exchange rate appreciated substantially over the past year.

1.4. Growth of the global trade slowed in 2016 to 1.9 per cent from 2.6 per cent growth in 2015. Imports from major economies such as China continued to depress trade flows. Similarly, the sharp drop in oil prices from mid-2014 to early 2016 resulted in income losses in oil exporting countries. The slowdown in global investment in 2015-16 also played an important role in slowing the pace of world trade as capital goods account for about one third of world goods trade.

1.5. The global unemployment rate was estimated at 5.7 per cent in 2016 compared to 5.8 per cent in 2015. This was occasioned by improvements in developed economies such as the United States of America and the European Union where unemployment levels fell by 1.4 million in 2016. Labour market conditions in emerging economies in Latin America and the Caribbean continued to deteriorate in 2016, resulting in a 6.7 per cent unemployment rate compared to a 6.5 per cent in 2015.

Regional Economic Analysis

Organization for Economic Co-operation and Development (OECD)

1.6. Table 1.1 shows key global and selected OECD countries' macroeconomic indicators and projections for the period 2014 to 2018. The OECD real GDP growth slowed to 1.7 per cent in 2016 from a revised growth of 2.1 per cent in 2015. This was on account of shortfalls in both public and private investment, sluggish productivity growth, financial disruptions and heightened policy uncertainty notably in the United States of America and the United Kingdom. However, the Euro Area, Germany and Japan recorded modest growths during the review period.

1.7. The OECD inflation remained at 1.3 per cent as recorded in 2015, a reflection of relatively stable commodity prices' regime in most economies even with the fall in energy prices that prevailed in the early part of 2016. The current account surplus as a percentage of GDP stood at 0.3 per cent in 2016 compared to 0.1 per cent in the previous year. Labour market in the OECD continued to perform well with the unemployment rate falling to 6.3 per cent in 2016 compared to 6.8 per cent in 2015.

Euro Area

1.8. The Euro Area exhibited a slow recovery though economic performance differed across countries within the bloc. Real GDP in the bloc grew by 1.7 per cent, a 0.2 percentage point improvement from the growth in 2015. The marginal growth was realized against a backdrop of low demand as a result of depressed investment, banking sector fragilities and uncertainties regarding European integration.

1.9. Inflation eased to 1.0 per cent in 2016 compared to 1.1 per cent in 2015. Current account surplus improved to 4.1 per cent in the review period compared to 3.9 per cent in 2015, on account of reduced imports as domestic demand slowed in the Euro Area. In addition, subdued global trade and slower growth in the UK, following its decision to exit the European Union, weighed in on growth of exports in the Euro Area. Unemployment rate receded further to 10.0 per cent in 2016 from 10.9 per cent in 2015, albeit with wide variations across countries.

United States of America

1.10. Economic performance in the United States of America decelerated to 1.5 per cent in 2016 compared to 2.6 per cent growth in 2015. The growth was curtailed by weak exports and subdued investments partly due to uncertainty surrounding the 2016 elections. Inflation remained low at 1.3 per cent in the review period.

1.11. Weak external demand and appreciation of the US dollar constrained growth of exports during the better part of 2016. In addition, the strong dollar held back activities in manufacturing sector while lower oil prices curtailed investment in mining and equipment weighing on imports. Against this backdrop, the current account deficit narrowed slightly to 2.5 per cent from 2.6 per cent of GDP in 2015. The labour market continued to perform well despite subdued productivity growth with unemployment rate falling to 4.9 per cent in 2016 compared to 5.3 per cent in 2015.

United Kingdom

1.12. The United Kingdom's real GDP growth decelerated to 2.0 per cent in 2016 compared to 2.2 per cent in 2015, an indication that the political and economic implications of referendum outcome somewhat led to weak business investment as major projects were deferred or cancelled. Inflation edged up to 1.5 per cent in 2016 from 0.4 per cent in 2015. On the contrary, the unemployment rate improved to 4.9 per cent in the review period compared to 5.4 per

cent in 2015. Current account deficit remained unchanged at 5.4 per cent mainly owing to a weakening of the Pound Sterling that led to improved net exports.

Japan

1.13. Japan's real GDP expanded by 0.8 per cent in the review period compared to 0.6 per cent in 2015. This was despite the Yen appreciating during the early part of 2016, associated with decline in business investment and generally weak exports. The growth was boosted by private consumer spending, signaling improved consumer purchasing power after two years of contraction. Inflation eased to 0.4 per cent in 2016 compared to 2.0 per cent in 2015 partly due to a slack in oil prices in early 2016. Similarly, the unemployment rate improved to 3.1 per cent in the review period compared 3.4 per cent in 2015. The current account surplus improved to 3.8 per cent during the review period compared to 3.3 per cent in 2015.

Germany

1.14. The country's economic growth improved to 1.7 per cent in the year under review compared to 1.5 per cent in 2015 mainly anchored on robust private consumption. Inflation slowed to 1.4 per cent in 2016 from 2.0 per cent in the previous year. The current account surplus as a percentage of the GDP expanded to 9.2 per cent in 2016 compared to 8.5 per cent in 2015 despite a slowdown in world trade and a slow recovery of the Euro Area. The growth was buoyed by strong activity in the labour market such as intensive services in retail trade and restaurants, and growth in employment and wages. Consequently, the unemployment rate stood at a low of 4.2 per cent in 2016 compared to 4.6 per cent in 2015.

Table 1.1: Key Economic Indicators and Projections for Selected OECD Countries, 2014-2018

	2014	2015+	2016*	2017[1]	2018[1]
	(Percentage change from the previous year)				
World Real GDP Growth**	3.3	3.1	2.9	3.3	3.6
World Trade Growth[2]	3.9	2.6	1.9	2.9	3.2
Real GDP Growth	Percentage change				
United States of America	2.4	2.6	1.5	2.3	3.0
United Kingdom	3.1	2.2	2.0	1.2	1.0
Japan	0.2	0.6	0.8	1.0	0.8
Germany	1.6	1.5	1.7	1.7	1.7
Euro Area	1.2	1.5	1.7	1.6	1.7
Total OECD	1.9	2.1	1.7	2.0	2.3
Inflation (GDP Deflator)	Percentage change				
United States of America	1.8	1.1	1.3	1.9	2.4
United Kingdom	1.6	0.4	1.5	1.9	2.2
Japan	1.7	2.0	0.4	0.0	0.7
Germany	1.8	2.0	1.4	1.2	1.5
Euro Area	0.9	1.1	1.0	1.1	1.1
Total OECD	1.7	1.3	1.3	1.7	2.1
Current Account Balances	Per cent of GDP				
United States of America	-2.9	-2.7	-2.5	-2.9	-3.1
United Kingdom	-4.7	-5.4	-5.4	-4.8	-4.4
Japan	0.8	3.3	3.8	3.8	4.1
Germany	7.4	8.5	9.2	8.8	8.7
Euro Area	3.0	3.9	4.1	4.0	4.0
Total OECD	0.0	0.1	0.3	0.3	0.2
Unemployment Rate	Percentage change				
United States of America	6.2	5.3	4.9	4.7	4.5
United Kingdom	6.2	5.4	4.9	5.0	5.6
Japan	3.6	3.4	3.1	3.0	2.9
Germany	5.0	4.6	4.2	4.2	4.1
Euro Area	11.6	10.9	10.0	9.5	9.1
Total OECD	7.4	6.8	6.3	6.1	6.0

Source: OECD Economic Outlook No. 100

* Provisional

**World Economic Outlook November 2016

+Revised

[1]Projections

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

Assumptions Underlying Projections

The cut-off date for information used in the projection is 28th November 2016.

The projections assume unchanged exchange rates from those prevailing on 25th October 2016.

Brazil, Russia, India, Indonesia, China and South Africa (BRIICS)

1.15. Economic performance of the emerging economies of BRIICS registered an average real GDP growth of 4.6 per cent in 2016 compared to 5.2 per cent in 2015 as shown in Table 1.2. The growth was subdued in all the members in the bloc except Indonesia.

1.16. Brazil's economy contracted by 3.5 per cent in 2016 compared to a contraction of 3.8 per cent in 2015. The slight improvement was attributed to diminishing political uncertainty, rising business and consumer confidence, and strengthening of investments. The weak Brazilian currency supported exports resulting in the improvement in current account deficit from 3.3 per cent in 2015 to 0.8 per cent in 2016. Inflationary pressures eased to 6.3 per cent in 2016 compared to 8.9 per cent in 2015. The Russian economy contracted by 0.6 per cent in 2016 compared to a contraction of 3.7 per cent in 2015. The slowed contraction was mainly due to accommodative fiscal policy and flexible exchange rate. Overall inflation eased to 7.2 per cent in the period under review compared to 15.5 per cent in 2015.

1.17. In China, real GDP expanded by 6.7 per cent in 2016 compared to a growth 6.9 per cent in 2015. This growth was mainly driven by a rebalancing of the economy towards services and consumption, fiscal and credit stimulus that focused on infrastructure investment, and household credit. The Indian economy recorded a decelerated real GDP growth of 6.6 per cent during the year under review compared to a growth of 7.6 per cent in 2015. Growth was supported by implementation of structural reforms, reduction in supply side constraints and favorable monsoon rainfall, which supported agriculture. In Indonesia, a favourable monetary policy supported domestic demand resulting to a real GDP growth of 4.9 per cent in 2016 compared to a growth of 4.8 per cent in 2015. Inflation slowed to 3.7 per cent in 2016 from 6.4 per cent in 2015. In South Africa, the economy expanded by 0.3 per cent in 2016 compared to a growth of 1.3 per cent in 2015. The growth was depressed by persistent drought, falling investment and political uncertainty during the period under review. High food prices led to a surge in the inflation from 4.6 per cent in 2015 to 6.4 per cent in 2016.

Association of South Eastern Asia Nations (ASEAN-5)

1.18. The real GDP of the five members of the Association of South Eastern Asia Nations (ASEAN-5) remained at 4.8 per cent in 2016 due to weaker external demand experienced by both Vietnam and Malaysia. In Vietnam, severe drought and weak exports restrained growth resulting in real GDP expansion of 6.1 per cent in 2016 compared to 6.7 per cent in 2015. Growth in Malaysia was held back by lower revenue from energy exports, which narrowed the current account surplus. The economy recorded a decelerated growth of 4.3 per cent compared to a growth of 5.0 per cent in 2015.

1.19. In Thailand and Philippines, growth picked to 6.4 and 3.2 per cent in 2016 compared to 5.9 and 2.8 per cent in 2015, respectively. In Philippines, growth was boosted by accelerated implementation of public investment projects and continued strong growth of export in services. Thailand's growth on the other hand was buoyed by improved confidence in the economy. Inflation for the region eased to 2.5 per cent in 2016 from 3.3 per cent in 2015.

Sub-Saharan Africa

1.20. Real GDP growth in the Sub-Saharan Africa decelerated to 1.6 per cent in 2016 compared to 3.4 per cent growth in 2015. The slowdown was mainly attributed to low commodity prices, weak external demand, drought and insecurity. Currency depreciation coupled with rising food prices due to drought resulted in an increase in inflation from 7.0 per cent to 11.3 per cent in 2016. The current account deficit as a percentage of GDP narrowed to 4.5 per cent during the review period compared to 5.9 per cent in 2015.

Table 1.2: Real GDP Growths, Inflation Rates and Current Account Balances for Selected Regions and Countries

	Real GDP Growth Rates				Inflation				Current Account Balance (Percent of GDP)			
	2014	2015+	2016*	2017[1]	2014	2015+	2016*	2017[1]	2014	2015+	2016*	2017[1]
BRIICS	**3.7**	**5.2**	**4.6**	**3.5**	**5.8**	**7.0**	**5.7**	**4.7**	**-1.4**	**-0.4**	**-0.4**	-0.6
Brazil	0.1	–3.8	–3.5	0.2	6.3	9.0	9.0	5.4	-4.3	-3.3	-0.8	-1.3
Russia	0.7	–3.7	–0.6	1.1	7.8	15.5	7.2	5.0	2.8	5.2	3.0	3.5
India	7.2	7.6	6.6	7.2	5.9	4.9	5.5	5.2	-1.3	-1.1	-1.4	-2.0
Indonesia	5.0	4.8	4.9	5.3	6.4	6.4	3.7	4.2	-3.1	-2.1	-2.3	-2.3
China	7.3	6.9	6.7	6.5	2.0	1.4	2.1	2.3	2.6	3.0	2.4	1.6
South Africa	1.6	1.3	0.3	0.8	6.1	4.6	6.4	6.0	-5.3	-4.3	-3.3	-3.2
Sub-Saharan Africa	**5.1**	**3.4**	**1.6**	**2.8**	**6.3**	**7.0**	**11.3**	**10.8**	**–3.7**	**–5.9**	**–4.5**	**–3.9**
EAC-5	**5.9**	**5.8**	**6.1**	**6.3**	**5.5**	**5.8**	**5.6**	**5.3**	**–9.9**	**–8.4**	–8.1	–7.8
Kenya	5.4	5.7	5.8	6.1	6.9	6.6	6.3	9.0	-10.4	-6.7	-5.2	-6.1
Tanzania	7.0	7.0	7.2	7.2	6.1	5.6	5.2	5.0	-9.5	-8.8	-8.8	-8.8
Uganda	4.9	4.8	4.9	5.5	3.1	5.5	5.5	5.1	-8.7	-9.4	-8.7	-8.9
Rwanda	7.0	6.9	6.0	6.0	1.8	2.5	5.3	4.9	-10.5	-13.5	-16.6	-11.9
Burundi	4.5	–4.0	–0.5	2.0	4.4	5.6	6.3	9.4	-18.5	-115.9	-4.6	-9.6
SADC2	**3.5**	**2.7**	**1.6**	**2.4**	**6.0**	**5.5**	**9.9**	**9.8**	**–4.9**	**–6.1**	**–5.0**	**–4.1**
WAEMU3	**6.3**	**6.3**	**6.3**	**6.5**	**–0.1**	**1.0**	**1.2**	**1.7**	**–5.0**	**–6.0**	**–6.2**	**–6.2**
CEMAC	**4.7**	**2.1**	**1.0**	**2.6**	**2.7**	**2.2**	**2.1**	**2.8**	**–2.9**	**–9.2**	**–6.7**	**–4.9**
ASEAN-4	**4.8**	**4.8**	**4.8**	**4.9**	**4.1**	**3.3**	**2.5**	**3.4**	**2.3**	**1.5**	**1.2**	**0.7**
Indonesia	5.0	4.8	4.9	5.3	6.4	6.4	3.7	4.2	-3.1	-2.1	-2.3	-2.3
Malaysia	6.0	5.0	4.3	4.6	3.1	2.1	2.1	3.0	4.4	3.0	1.2	1.5
Philippines	6.2	5.9	6.4	6.7	4.2	1.4	2.0	3.4	4.4	3.0	1.2	1.5
Thailand	0.8	2.8	3.2	3.3	1.9	-0.9	0.3	1.6	3.8	7.8	9.6	7.7
Vietnam	6.0	6.7	6.1	6.2	4.1	0.6	2.0	3.6	5.1	0.5	0.4	0.1
Maghreb	**-2.0**	**0.8**	**1.4**	**5.7**	**3.0**	**5.2**	**5.3**	**5.3**	**-16.1**	**-19.3**	**-18.7**	**-16.8**
Algeria	3.8	3.9	3.6	2.9	2.9	4.8	5.9	4.8	-4.4	-16.5	-15.1	-13.7
Libya	-24.0	-6.4	-3.3	13.7	2.8	14.1	14.2	12.5	-27.8	-42.1	-47.4	-36.9
Mauritania	5.4	1.2	3.2	4.3	3.8	0.5	1.3	4.2	-33.3	-27.0	-21.9	-24.9
Morocco	2.6	4.5	1.8	4.8	0.4	1.5	1.3	1.3	-5.7	-1.9	-1.2	-1.4
Tunisia	2.3	0.8	1.5	2.8	4.9	4.9	3.7	3.9	-9.1	-8.8	-8.0	-6.9
Mashreq5	**2.4**	**2.5**	**2.5**	**3.1**	**5.0**	**2.1**	**3.0**	**7.5**	**-11.9**	**-11.2**	**-11.7**	**-11.6**
Egypt	2.2	4.2	3.8	4.0	10.1	11.0	10.2	18.2	-0.8	-3.7	-5.8	-5.2
Jordan	3.1	2.4	2.8	3.3	2.9	-0.9	-0.5	2.3	-6.8	-9.0	-9.0	-8.9
Lebanon	2.0	1.0	1.0	2.0	1.9	-3.7	-0.7	2.0	-28.1	-21.0	-20.4	-20.6

Source: World Economic Outlook, October 2016 and Regional Economic Outlook - Various Issues except Kenya whose actual accounts are shown

* Provisional

+ Revised

[1] Projections

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

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

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

[5] Excludes Syria due to unavailability of data

East African Community

1.21. During the year under review, real GDP in the East Africa Community (EAC) is estimated to have grown by 6.1 per cent compared to 5.8 per cent growth in 2015. The growth was fueled by public infrastructure investment, buoyant private consumption and low oil prices. Tanzania recorded the highest real GDP growth in the region, expanding by 7.2 per cent in 2016 compared to a growth of 7.0 per cent in 2015. In Burundi, real GDP contracted by 0.5 per cent in 2016 compared to a contraction of 4.0 per cent in 2015. The bloc's inflation eased to 5.6 per cent in 2016 from 5.8 per cent in 2015. Currency stability helped to keep inflation within the Central Bank target in Kenya, Uganda and Tanzania. The current account deficit as a percentage of GDP narrowed to 8.1 per cent in 2016.

Southern African Development Community

1.22. The Southern African Development Community (SADC) recorded a slower growth of 1.6 per cent during the year under review compared to a growth of 2.7 per cent in 2015, mainly due to decelerating growth of South Africa's economy. Growth was constrained by severe drought, which affected agricultural production in some member countries. In Zambia, drought significantly disrupted hydroelectric power generation. Inflation increased to 9.9 per cent in 2016 compared to 5.5 per cent in 2015, due to rising food prices. The region's current account deficit narrowed to 5.0 per cent in 2016 from 6.1 per cent in 2015.

Maghreb

1.23. The average real GDP of Maghreb countries grew by 1.4 per cent in 2016 compared to a growth of 0.8 per cent in 2015, supported by investment and public spending. Inflation rose to 5.3 per cent in 2016 from 5.2 per cent in 2015. Current account deficit as a percentage of GDP narrowed to 18.7 per cent in the year under review, an improvement from a deficit of 19.3 per cent in 2015. In oil importing countries, notably Morocco and Tunisia, falling oil prices helped to lower the current account deficit.

Mashreq

1.24. The Mashreq region recorded a growth rate of 2.5 per cent in 2016 similar to that of 2015. The economy of Egypt grew by 3.8 per cent in 2016 compared to a growth of 4.2 per cent in 2015. The slowdown was mainly due to shortage of foreign currency that dampened manufacturing activities and the crash of a Russian plane in the Sinai Peninsula, which negatively impacted on tourism activities. The bloc's current account deficit as percentage of GDP worsened to 11.7 per cent in 2016. In Egypt, a drop in remittances and official transfers coupled with weak tourism led to widening of the current account deficit to 5.8 per cent in 2016 from 3.7per cent in 2015. During the review period, Lebanon's current account deficit as a percentage of GDP improved slightly to 20.4 per cent on account of falling oil prices.

Outlook

1.25. The global real GDP is projected to grow by 3.3 per cent in 2017 based on the sustained growth in emerging and advanced economies. The real GDP in the advanced economies is projected to expand by 1.9 per cent in 2017 following strengthened recovery in the United States of America and fiscal stimulus in Japan. However, uncertainty associated with policies of the new administration in the United States of America and the decision of the United Kingdom to leave the European Union are likely to influence growth of the advanced economies.

1.26. The OECD real GDP is projected to grow by 2.0 per cent in 2017. The increased policy uncertainty from UK decision to leave the EU and the banking sector concerns in the Euro Area are projected to slow down the economic growth of the bloc to 1.6 per cent in 2017. Real

GDP growth in the emerging economies of Brazil, Russia, India, and China, is projected to grow by 3.5 per cent in 2017. Growth in China is projected to slow to 6.5 per cent in 2017, reflecting weak external demand, uncertainty surrounding global trade and slower private investment.

1.27. In the Sub-Saharan Africa, the expected stabilization of commodity prices and a projected large fiscal adjustments are expected to boost the economic activity in the region to a forecast real GDP growth of 2.8 per cent in 2017. In EAC countries, real GDP is projected to be 6.3 per cent in 2017.

1.28. Real GDP growth in ASEAN~5 countries is projected to expand by 4.9 per cent in 2017 supported by domestic demand. In Maghreb countries, real GDP growth is expected to remain robust with a projected growth of 5.7 per cent in 2017.

Domestic Economy

02 Chapter

Overview

The economy experienced a relatively conducive environment for growth during the first three quarters of 2016. However, the last quarter's growth was undermined by a persistent drought that impacted negatively on the agriculture sector and a slower growth of the electricity supply industry, though to a smaller extent. The country's real Gross Domestic Product (GDP) is estimated to have maintained growth momentum for the third consecutive year to expand at 5.8 per cent in 2016 compared to a revised growth of 5.7 per cent in 2015. Generally, the growth was well spread and robust in most sectors but subdued in a few. Accommodation and food services registered the most improved growth of 13.3 per cent in 2016 from a contraction of 1.3 per cent in 2015.

2.2. Other remarkable improvements in economic activities were realized in the information and communication sector; real estate; and transport and storage. On the other hand, construction; mining and quarrying; and financial and insurance activities registered the most notable slowdown in growths. From the demand side of the GDP, the growth was mainly driven by consumption in both the private and public sectors. Addition to fixed assets (Gross Fixed Capital Formation) contracted significantly, mainly due to a considerable decline in investments in transport equipment in 2016. Declines in investments in civil works and residential buildings also contributed to a slowdown in additions to fixed assets during the review period.

2.3. Key macroeconomic indicators remained fairly stable in 2016. Annual average inflation was contained within the Central Bank's target of ±5.0 per cent to stand at 6.3 per cent compared to an average of 6.6 per cent in 2015. The easing in inflation was mostly due to significant slowdowns in prices of transportation; housing and utilities; and communication. Transport costs were benefitted from a fall of 21.7 per cent in the international oil prices to an average of USD 40.68 in 2016. The Kenyan shilling's performance against its main trading currencies varied significantly during the period under review. The Shilling strengthened against the Pound Sterling, South African Rand, Ugandan Shilling, Tanzanian Shilling and the Rwandan Franc but weakened against the US Dollar, Euro, and the Yen in 2016. On the whole, the shilling depreciated as reflected in the overall foreign exchange index which rose by 0.5 per cent to 114.83 in 2016.

2.4. The Central Bank Rate (CBR) was revised downward twice to 10.50 per cent in June and 10.00 per cent in December. The amendment of the Banking Act in August 2016 to cap the lending rates to a maximum of 4.0 per cent above the Central Bank Rate (CBR) resulted in a substantial decline in the interest rates during the month of September to 13.84 compared to 16.75 during the same month in 2015. However, there was a decline in credit to the private sector despite the capping of the rates. Overall, domestic credit growth decelerated from 20.8 per cent in 2015 to 6.4 per cent in 2016, with credit to private sector expanding by 4.3 per cent against a target of 6.8 per cent.

2.5. The current account deficit narrowed further to stand at KSh 370.8 billion in 2016 after declining by 24.9 per cent to KSh 421.1 billion in 2015. In line with the improvement in the current account, the overall balance of payments improved to a surplus of KSh 13.1 billion

in 2016 from a deficit of KSh 24.9 billion 2015. The fiscal deficit as a percentage of GDP is expected to rise to 9.9 per cent in 2016/17 compared to 8.6 per cent in 2015/16.

Sectoral Analysis

Agriculture, Forestry and Fishing

2.6. Activity in the Agriculture, Forestry and Fishing sector in 2016 were depressed compared to the performance recorded in 2015. The sector is estimated to have expanded by 4.0 per cent in 2016 down from a revised growth of 5.5 per cent in 2016. The decelerated performance was attributed to unfavourable weather conditions especially during the second part of the year when the country experienced a near failure of short rains. Though there were notable growths in production of coffee and tea, the sector's growth was dampened by considerable declines in production of food crops. Production of tea and coffee increased by 18.5 and 10.8 per cent, in 2016, respectively. On the other hand, production of cereals and leguminous crops went down significantly in 2016. Specifically, production of maize declined from 42.5 million bags in 2015 to 37.1 million bags in 2016 while that of beans dropped from 8.5 million bags in 2015 to 8.1 million bags in 2016. Production of potatoes and drought resistant crops such as sorghum and millet recorded significant declines.

2.7. The volume of exports of cut flowers, fruits and vegetables rose by 8.9, 5.4 and 13.1 per cent, respectively, in 2016. This led to a 12.3 per cent growth in the value of fresh horticultural exports from KSh 90.4 billion in 2015 to KSh 101.5 billion in 2016. Performance of the sugarcane sub-sector was subdued by the dry weather conditions. As a result, the volume of cane deliveries declined from 7.2 million tonnes in 2015 to 7.1 million tonnes in 2016.

2.8. The livestock sub-sector showed mixed performance during the period under review. The volume of milk production increased from 615.9 in 2015 to 650.3 million litres in 2016. The number of animals slaughtered increased markedly in all categories of livestock.

Manufacturing

2.9. The manufacturing sector recorded a decelerated growth of 3.5 per cent in 2016 from a revised growth of 3.6 per cent in 2015. The sector's growth remained stifled in the period under review mainly attributable to underperformance of other sectors such as agriculture and electricity that provide inputs for manufacturing activities. The near stagnation in the growth of manufacturing was also manifest in the slow uptake of credit from KSh 290.1 billion in 2015 to KSh 276.7 billion in 2016.

2.10. The sector's growth was mainly driven by processing of food products that recorded improved performance in 2016 though with evidently low magnitudes. The bulk of the growth was primarily accounted for by the value of output of processing and preservation of meat, and processing of dairy products in 2016. The expansion of the sub-sector was largely attributable to increased off take of livestock in 2016 occasioned by dry weather conditions. The growth was also supported by an increment of 45.4 per cent in the output of processed coffee in 2016. However, growth in the manufacture of food products was curtailed by poor performance in processing and preservation of fish as well as processing of fruits and vegetables that posted declines in the period under review.

2.12. Performance of the non-food sub-sector was varied in 2016. The sub-sector's growth in output was mainly supported by manufacture of pharmaceutical products and preparations that rose by 25.7 per cent and manufacture of textiles and apparels that grew by 13.4 per cent in the period under review. Nevertheless, the growth was dampened by a significant drop in the output of manufacture of transport equipment at 27.4 per cent in 2016.

Transport and Storage

2.13. The sector's growth accelerated to 8.4 per cent in 2016 from a revised growth of 8.0 per cent in 2015. Most sub-sectors in transport and storage posted notable growths except railways services that recorded a decelerated growth of 9.4 per cent in 2016 from a growth of 24.4 per cent in 2015. This was attributable to a 10.6 per cent drop in earnings from freight stream despite a marginal growth (2.0 per cent) in earnings from passenger traffic. Notably, air transport sub-sector rallied from a contraction of 0.7 per cent in 2015 to record a growth rate of 2.1 per cent in 2016. The sector was further supported by considerable growth in activity in transport through pipeline. Total pipeline throughput in thousand cubic metres increased from 5,712 in 2015 to 5,872.9 in 2016.

2.14 During the period under review, the sector benefited from a downturn in Murban ADNOC crude oil prices that dropped from USD 55.53 per barrel in 2015 to USD 44.18 per barrel in 2016. Consumption of all fuels used in transport namely; motor spirit, light diesel and jet fuel increased by 6.7, 12.0 and 5.0 per cent, respectively in 2016. In the domestic market, the average retail price of light diesel, which is a key input in the transport sector, dropped by 4.2 per cent in the year under review and therefore resulted in improved earnings from the sector.

Information and Communication

2.15 Performance in the information and communication sector remained robust during the period under review mainly supported by the continued expansion of the scope of use of information and communication technologies coupled with greatly enhanced efficiency in connectivity. The sector recorded an accelerated growth of 9.7 per cent in 2016 after slowing down in 2015. This performance was significantly buoyed by improvement in the telecommunications sub-sector that grew by 11.2 per cent in 2016 compared to 8.6 per cent growth in 2015. In addition, the growth was evidenced by a 7.7 per cent growth in the number of minutes of domestic calls made from 39.2 billion in 2015 to 42.2 billion minutes in 2016.The sector's growth was further boosted by mobile money transfer and mobile commerce transactions that expanded to KSh 1.5 trillion and KSh 1.8 trillion, respectively.

Financial Intermediation

2.16 The sector posted the slowest growth since 2012 to stand at 6.9 per cent in 2016 compared to 9.4 per cent in 2015. The relatively depressed performance was mainly as a result of a decelerated growth of 6.7 per cent in earnings from banking institutions partly due to uncertainty associated with the capping of interest rates that came into effect in September 2016. The sector's performance was mirrored by the growth in broad money supply (M3) from 14.1 per cent in 2015 to 3.6 per cent in 2016. Similarly, expansion of domestic credit slowed notably from 20.8 per cent in 2015 to 6.4 per cent in 2016. Nonetheless, the sector's growth was somewhat supported by the insurance sub-sector that posted a growth rate of 5.3 per cent in 2016 compared to 5.0 per cent in 2015.The underperformance in the financial sector was also manifest in the growth of credit to both the public sector and private enterprises. In 2016, growth of credit to the public sector plummeted from 24.5 per cent in 2015 to 9.1 per cent in 2016.

Electricity Supply

2.17 The sector recorded a decelerated growth of 9.1 per cent in 2016 down from a revised growth rate of 11.5 per cent in 2015. The growth was supported by a significant increase in the total electricity generation increased from 9,514.9 GWh in 2015 to 10,057 GWh in 2016 on account of sufficient rains in the main catchment areas during the long rains season. The

slowed growth is partly occassioned by the substitution of geothermal generation with the relatively more costly thermal generation to facilitate scheduled maintenance of the plants. Consequently, generation from geothermal sources declined from 4,520.7 GWh in 2015 to 4,484.2 GWh in 2016 while that from thermal sources rose from 1,412.4 GWh in 2015 to 1,470.0 GWh, respectively in the review period. Generation of hydroelectric power was immensely constrained in the fourth quarter of 2016 as a result of failed short rains that characterized the quarter.

Construction

2.18 The construction sector is estimated to have expanded by 9.2 per cent in 2016 compared to a relatively higher growth rate of 13.9 per cent recorded in 2015. The slower growth was principally due to a considerable reduction in the activity of the construction of the Standard Gauge Railway (SGR) as it neared completion. The significant reduction in the import of key construction materials such iron and steel (14.5 per cent) and non-ferrous metals (2.2 per cent) were also an indication of scaling down of construction activities related to the SGR. Further, the slowed growth was also evidenced by a slow uptake of loans in the building and construction sector from KSh 106.3 billion in 2015 to KSh 104.8 billion in 2016. The estimated value of building works completed in Nairobi City County rose from KSh 70.9 billion in 2015 to 76.2 billion in 2016. Similarly, the number of new private buildings in Nairobi City County grew from 9,054 in 2015 to 10,002 in 2016. The construction of new public residential buildings rose from 45 in 2015 to 1,062 in 2016. During the period under review, cement consumption increased by 10.4 per cent from 5.7 million tonnes in 2015 to 6.3 million tonnes in 2016, an indication of a robust growth despite the slowdown.

Accommodation and Food Services (Hotel and restaurants)

2.19 The accommodation and food services sector recovered from a contraction of 1.3 per cent in 2015 to post a marked growth of 13.3 per cent in 2016. Earnings from tourism activities grew by 36.8 per cent from KSh 84.5 billion in 2015 to KSh 99.7 billion in 2016. The number of international visitor arrivals rose from 1,180.5 thousand in 2015 to 1,339.7 thousand in 2016. Consequently, hotel bed-nights occupancy rose by 9.7 per cent from 5,878.6 thousand in 2015 to 6,448.5 thousand in 2016. The satisfactory performance in this sector was supported by increased activity in conference tourism that comprised of visits by heads of states and high profile conferences coupled with concerted efforts to market Kenya as a preferred tourist destination. Further, the sector's performance benefited from the reversal of travel advisories and other programmes such as charter incentive programmes and waiving of visa fees.

2.20 Tables 2.1 to Table 2.6 present details on the Gross Domestic Product (GDP) for the period 2012-2016. The GDP at current prices increased from KSh 6,260.6 billion in 2015 to KSh 7,158.7 billion in 2016 as shown in Table 2.1. Table 2.2 shows the percentage contribution of the various industries of the economy to total GDP. The contribution of the agriculture, forestry and fishing sector expanded from 30.4 to 32.6 and continued to be the dominant contributor to GDP mainly due to a faster growth in prices of agricultural products relative to other sectors.

Table 2.1: Gross Domestic Product by Activity

Current Prices, KSh Million

Industry	2012+	2013+	2014+	2015+	2016*
Agriculture, forestry and fishing	1,115,198	1,254,813	1,482,840	1,900,965	2,334,147
Growing of crops	765,641	875,165	1,066,344	1,448,929	1,852,017
Animal production	234,080	249,171	274,845	294,635	314,247
Support activities to agriculture	28,644	28,932	30,770	37,457	43,147
Forestry & logging	57,931	67,230	72,148	79,619	89,723
Fishing & aquaculture	28,903	34,315	38,732	40,324	35,013
Mining and quarrying	46,628	40,742	44,936	54,806	59,402
Manufacturing	469,104	506,612	537,999	589,597	657,950
Manufacture of food, beverages and tobacco	182,421	201,269	207,730	231,405	260,071
Other manufacturing and repair and installation	286,683	305,343	330,269	358,192	397,878
Electricity supply	48,194	53,901	55,190	89,377	122,571
Water supply; sewerage, waste management	37,807	40,442	42,102	46,794	49,251
Construction	190,851	213,565	262,090	309,046	359,656
Wholesale and retail trade; repairs	334,331	380,646	431,985	473,119	520,483
Transport and storage	339,526	378,525	462,457	518,043	563,684
Land transport	254,326	287,053	351,796	387,327	412,568
Air transport including support services	15,260	17,522	16,960	18,348	22,119
All other transport including postal and courier activities	69,940	73,950	93,700	112,368	128,997
Accommodation and food service activities	57,175	58,037	49,151	49,389	51,501
Information and communication	68,445	68,478	65,592	60,485	68,853
Telecommunications	33,682	31,937	27,647	21,666	26,778
Publishing, broadcasting, other IT and information activities	34,763	36,541	37,945	38,819	42,075
Financial and insurance activities	251,622	313,120	366,764	423,540	504,688
Financial activities	206,653	241,478	261,282	326,192	394,411
Insurance activities	44,970	71,643	105,483	97,347	110,277
Real estate	343,029	375,588	417,829	474,388	532,644
Professional, scientific and technical activities	43,102	48,349	51,992	55,812	60,011
Administrative and support service activities	54,877	57,312	61,067	63,891	67,765
Public administration and defence	185,689	208,647	243,526	267,675	290,280
Education	229,193	251,958	279,543	308,424	312,971
Pre-primary and Primary education	104,822	115,460	126,156	137,609	140,447
General secondary education	79,566	87,370	96,581	107,590	98,387
Higher and other education	44,805	49,127	56,807	63,224	74,137
Human health and social work activities	70,459	75,157	91,969	107,936	119,537
Arts, entertainment and recreation	6,173	6,636	7,490	8,046	8,904
Other service activities	26,069	30,109	34,506	39,526	43,066
Activities of households as employers;	24,138	25,462	28,090	30,625	32,420
Financial Intermediation Services Indirectly Measured (FISIM)	-111,574	-124,136	-134,588	-163,233	-202,720
All economic activities	**3,830,038**	**4,263,964**	**4,882,532**	**5,708,251**	**6,557,066**
Taxes on products	431,332	481,179	519,878	552,396	601,629
GDP at market prices	**4,261,370**	**4,745,143**	**5,402,410**	**6,260,646**	**7,158,695**

* Provisional

+ Revised

Table 2.2: Contribution to Gross Domestic Product by Activity

Percent

Industry	2012+	2013+	2014+	2015+	2016*
Agriculture, forestry and fishing	26.2	26.4	27.4	30.4	32.6
Growing of crops	18.0	18.4	19.7	23.1	25.9
Animal production	5.5	5.3	5.1	4.7	4.4
Support activities to agriculture	0.7	0.6	0.6	0.6	0.6
Forestry & logging	1.4	1.4	1.3	1.3	1.3
Fishing & aquaculture	0.7	0.7	0.7	0.6	0.5
Mining and quarrying	1.1	0.9	0.8	0.9	0.8
Manufacturing	11.0	10.7	10.0	9.4	9.2
Manufacture of food, beverages and tobacco	4.3	4.2	3.8	3.7	3.6
Other manufacturing and repair and installation	6.7	6.4	6.1	5.7	5.6
Electricity supply	1.1	1.1	1.0	1.4	1.7
Water supply; sewerage, waste management	0.9	0.9	0.8	0.7	0.7
Construction	4.5	4.5	4.9	4.9	5.0
Wholesale and retail trade; repairs	7.8	8.0	8.0	7.6	7.3
Transport and storage	8.0	8.0	8.6	8.3	7.9
Land transport	6.0	6.0	6.5	6.2	5.8
Air transport including support services	0.4	0.4	0.3	0.3	0.3
All other transport including postal and courier activities	1.6	1.6	1.7	1.8	1.8
Accommodation and food service activities	1.3	1.2	0.9	0.8	0.7
Information and communication	1.6	1.4	1.2	1.0	1.0
Telecommunications	0.8	0.7	0.5	0.3	0.4
Publishing, broadcasting, other IT and information activities	0.8	0.8	0.7	0.6	0.6
Financial and insurance activities	5.9	6.6	6.8	6.8	7.1
Financial activities	4.8	5.1	4.8	5.2	5.5
Insurance activities	1.1	1.5	2.0	1.6	1.5
Real estate	8.0	7.9	7.7	7.6	7.4
Professional, scientific and technical activities	1.0	1.0	1.0	0.9	0.8
Administrative and support service activities	1.3	1.2	1.1	1.0	0.9
Public administration and defence	4.4	4.4	4.5	4.3	4.1
Education	5.4	5.3	5.2	4.9	4.4
Primary education	2.5	2.4	2.3	2.2	2.0
General secondary education	1.9	1.8	1.8	1.7	1.4
Higher and other education	1.1	1.0	1.1	1.0	1.0
Human health and social work activities	1.7	1.6	1.7	1.7	1.7
Arts, entertainment and recreation	0.1	0.1	0.1	0.1	0.1
Other service activities	0.6	0.6	0.6	0.6	0.6
Activities of households as employers;	0.6	0.5	0.5	0.5	0.5
Financial Intermediation Services Indirectly Measured (FISIM)	-2.6	-2.6	-2.5	-2.6	-2.8
All economic activities	**89.9**	**89.9**	**90.4**	**91.2**	**91.6**
Taxes on products	10.1	10.1	9.6	8.8	8.4
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Provisional

+ Revised

2.21 Table 2.3 presents the contribution of the various sectors of the economy to GDP at constant prices while growth rates for the respective sectors and sub-sectors are shown in Table 2.4. Total GDP at constant prices that entails the value of all goods and services produced minus the value of goods and services used as inputs and valued at 2009 prices rose from KSh 4,061.5 billion in 2015 to KSh 4,299.1 billion in 2016. This translated to an overall growth of 5.8 per cent in 2016 compared to a revised growth of 5.7 per cent in 2015. The accommodation and food services registered the highest growth from a contraction of 1.3 per cent in 2015 to a growth of 13.3 per cent, mainly on account of significant recovery of the tourism sector. The various sectors showed mixed performance in 2016 with some registering slowed growths while others recorded improvements. Some of the sectors that recorded higher growths in 2016 compared to 2015 include; education and, transport and storage.

Table 2.3: Gross Domestic Product by Activity

Constant 2009 Prices, KSh Million

Industry	2012+	2013+	2014+	2015+	2016*
Agriculture, forestry and fishing	776,703	819,026	854,599	901,197	937,187
Growing of crops	527,549	562,510	595,801	638,862	680,024
Animal production	164,181	167,409	169,644	174,187	174,752
Support activities to agriculture	25,028	25,983	24,189	24,684	20,008
Forestry & logging	39,581	41,567	42,946	43,328	45,749
Fishing & aquaculture	20,364	21,557	22,019	20,137	16,653
Mining and quarrying	33,839	32,405	37,235	41,854	45,827
Manufacturing	381,750	403,128	413,281	427,972	442,829
Manufacture of food, beverages and tobacco	136,828	151,260	153,450	162,654	167,292
Other manufacturing and repair and installation	244,922	251,868	259,831	265,318	275,537
Electricity supply	52,187	57,301	61,461	68,499	74,756
Water supply; sewerage, waste management	29,380	29,659	30,826	31,654	32,487
Construction	154,796	164,220	185,696	211,430	230,984
Wholesale and retail trade; repairs	253,955	275,291	294,357	311,667	323,566
Transport and storage	237,930	241,112	254,358	274,731	297,820
Land transport	157,134	164,166	172,910	183,711	195,660
Air transport including support services	20,460	21,570	21,508	21,275	22,118
All other transport including postal and courier activities	60,337	55,376	59,941	69,745	80,041
Accommodation and food service activities	54,972	52,441	43,657	43,086	48,803
Information and communication	108,324	121,890	139,623	149,969	164,487
Telecommunications	77,901	91,216	109,528	118,965	132,280
Publishing, broadcasting, other IT and information activities	30,423	30,674	30,095	31,004	32,207
Financial and insurance activities	196,189	212,185	229,819	251,376	268,651
Financial activities	167,117	180,674	196,614	216,499	231,916
Insurance activities	29,072	31,511	33,206	34,877	36,735
Real estate	283,061	294,747	311,148	333,537	362,724
Professional, scientific and technical activities	36,644	39,111	40,712	42,173	44,188
Administrative and support service activities	47,619	48,201	49,361	50,113	52,060
Public administration and defence	137,873	141,678	149,556	157,740	166,069
Education	234,135	249,001	268,359	280,540	298,331
Pre-primary and Primary education	109,760	111,490	112,041	113,775	116,693
General secondary education	83,662	93,881	107,902	116,385	124,596
Higher and other education	40,713	43,630	48,417	50,381	57,042
Human health and social work activities	59,023	63,579	68,728	72,912	77,160
Arts, entertainment and recreation	4,892	5,039	5,190	5,269	5,482
Other service activities	22,732	24,403	25,989	27,551	29,213
Activities of households as employers;	18,177	18,449	18,726	19,007	19,292
Financial Intermediation Services Indirectly Measured	-82,648	-86,932	-96,763	-109,821	-113,092
All economic activities	**3,041,531**	**3,205,934**	**3,385,921**	**3,592,457**	**3,808,822**
Taxes on products	402,809	440,924	456,111	469,085	490,265
GDP at market prices	**3,444,339**	**3,646,858**	**3,842,032**	**4,061,542**	**4,299,088**

* Provisional

\+ Revised

Table 2.4: Growth Rate of Gross Domestic Product by Activity

Percent (2009 Prices)

Industry	2012+	2013+	2014+	2015	2016*
Agriculture, forestry and fishing	2.8	5.4	4.3	5.5	4.0
Growing of crops	2.2	6.6	5.9	7.2	6.4
Animal production	1.7	2.0	1.3	2.7	0.3
Support activities to agriculture	15.8	3.8	-6.9	2.0	-18.9
Forestry & logging	7.9	5.0	3.3	0.9	5.6
Fishing & aquaculture	5.1	5.9	2.1	-8.5	-17.3
Mining and quarrying	19.0	-4.2	14.9	12.4	9.5
Manufacturing	-0.6	5.6	2.5	3.6	3.5
Manufacture of food, beverages and tobacco	5.7	10.5	1.4	6.0	2.9
Other manufacturing and repair and installation	-3.7	2.8	3.2	2.1	3.9
Electricity supply	13.6	9.8	7.3	11.5	9.1
Water supply; sewerage, waste management	3.1	0.9	3.9	2.7	2.6
Construction	11.3	6.1	13.1	13.9	9.2
Wholesale and retail trade; repairs	7.0	8.4	6.9	5.9	3.8
Transport and storage	2.6	1.3	5.5	8.0	8.4
Land transport	2.6	4.5	5.3	6.2	6.5
Air transport including support services	2.4	5.4	-0.3	-1.1	4.0
All other transport including postal and courier activities	2.9	-8.2	8.2	16.4	14.8
Accommodation and food services	3.1	-4.6	-16.7	-1.3	13.3
Information and communication	2.6	12.5	14.5	7.4	9.7
Telecommunications	5.0	17.1	20.1	8.6	11.2
Publishing, broadcasting, other IT and information activities	-3.2	0.8	-1.9	3.0	3.9
Financial and insurance activities	6.0	8.2	8.3	9.4	6.9
Financial activities	5.0	8.1	8.8	10.1	7.1
Insurance activities	11.8	8.4	5.4	5.0	5.3
Real estate	4.0	4.1	5.6	7.2	8.8
Professional, scientific and technical activities	6.2	6.7	4.1	3.6	4.8
Administrative and support service activities	2.3	1.2	2.4	1.5	3.9
Public administration and defence	4.0	2.8	5.6	5.5	5.3
Education	11.1	6.3	7.8	4.5	6.3
Primary education	12.3	1.6	0.5	1.5	2.6
General secondary education	14.5	12.2	14.9	7.9	7.1
Higher and other education	1.7	7.2	11.0	4.1	13.2
Human health and social work activities	-2.8	7.7	8.1	6.1	5.8
Arts, entertainment and recreation	-2.6	3.0	3.0	1.5	4.0
Other service activities	4.0	7.3	6.5	6.0	6.0
Activities of households as employers;	1.5	1.5	1.5	1.5	1.5
Financial Intermediation Services Indirectly Measured	10.1	5.2	11.3	13.5	3.0
All industries at basic prices	**4.1**	**5.4**	**5.6**	**6.1**	**6.0**
Taxes on products	7.7	9.5	3.4	2.8	4.5
GDP at market prices	**4.5**	**5.9**	**5.4**	**5.7**	**5.8**

* Provisional

+Revised

2.22 Table 2.5 shows the extent to which the various sectors contributed to the growth for the period 2012- 2016. The agriculture, forestry and fishing sector contribution contracted from 21.2 per cent in 2015 to 15.2 per cent in 2016 but remained the main source of growth. The real estate, transport and storage, and education sectors registered notable contribution to growth in 2016 of 12.3, 9.7 and 7.5 per cent, respectively. In contrast, contribution from financial and insurance, and wholesale and retail trade sectors dropped by 2.5 and 2.9 percentage points, respectively, in 2016. This was in tandem with the performance of these sectors that showed reduced activity in the year under review.

Table 2.5: Sources of Growth, 2012 - 2016

Percent

Industry	2012+	2013+	2014+	2015	2016*
Agriculture, forestry and fishing	14.3	20.9	18.2	21.2	15.2
Growing of crops	7.6	17.3	17.1	19.6	17.3
Animal production	1.9	1.6	1.1	2.1	0.2
Support activities to agriculture	2.3	0.5	-0.9	0.2	-2.0
Forestry & logging	1.9	1.0	0.7	0.2	1.0
Fishing & aquaculture	0.7	0.6	0.2	-0.9	-1.5
Mining and quarrying	3.6	-0.7	2.5	2.1	1.7
Manufacturing	-1.4	10.6	5.2	6.7	6.3
Manufacture of food, beverages and tobacco	4.9	7.1	1.1	4.2	2.0
Other manufacturing and repair and installation	-6.4	3.4	4.1	2.5	4.3
Electricity supply	4.2	2.5	2.1	3.2	2.6
Water supply; sewerage, waste management	0.6	0.1	0.6	0.4	0.4
Construction	10.6	4.7	11.0	11.7	8.2
Wholesale and retail trade; repairs	11.2	10.5	9.8	7.9	5.0
Transport and storage	4.1	1.6	6.8	9.3	9.7
Land transport	2.6	3.5	4.5	4.9	5.0
Air transport including support services	0.3	0.5	0.0	-0.1	0.4
All other transport including postal and courier activities	1.1	-2.4	2.3	4.5	4.3
Accommodation and food services	1.1	-1.2	-4.5	-0.3	2.4
Information and communication	1.8	6.7	9.1	4.7	6.1
Telecommunications	2.5	6.6	9.4	4.3	5.6
Publishing, broadcasting, other IT and information activities	-0.7	0.1	-0.3	0.4	0.5
Financial and insurance activities	7.4	7.9	9.0	9.8	7.3
Financial activities	5.3	6.7	8.2	9.1	6.5
Insurance activities	2.1	1.2	0.9	0.8	0.8
Real estate	7.4	5.8	8.4	10.2	12.3
Professional, scientific and technical activities	1.4	1.2	0.8	0.7	0.8
Administrative and support service activities	0.7	0.3	0.6	0.3	0.8
Public administration and defence	3.5	1.9	4.0	3.7	3.5
Education	15.6	7.3	9.9	5.5	7.5
Primary education	8.1	0.9	0.3	0.8	1.2
General secondary education	7.1	5.0	7.2	3.9	3.5
Higher and other education	0.5	1.4	2.5	0.9	2.8
Human health and social work activities	-1.1	2.2	2.6	1.9	1.8
Arts, entertainment and recreation	-0.1	0.1	0.1	0.0	0.1
Other service activities	0.6	0.8	0.8	0.7	0.7
Activities of households as employers;	0.2	0.1	0.1	0.1	0.1
Financial Intermediation Services Indirectly Measured	-5.1	-2.1	-5.0	-5.9	-1.4
All industries at basic prices	**80.6**	**81.2**	**92.2**	**94.1**	**91.1**
Taxes on products	19.4	18.8	7.8	5.9	8.9
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

*Provisional

+ Revised

2.23 The annual production accounts for all industries for the period 2012-2016 are presented in Table 2.6. Total output generated by all industries stood at KSh 11,220.4 billion in 2016 up from KSh 10,069.7 billion recorded in 2015. The intermediate consumption grew slower in 2016 at 6.9 per cent compared to a 10.3 per cent growth in 2015. Gross value added for industries at current prices increased by 14.9 per cent from KSh 5,708.3 billion in 2015 to KSh 6,557.1 billion in 2016.

Table 2.6: Annual Production Accounts by Industry, 2012-2016

KSh Million

Industry	2012+	2013+	2014+	2015+	2016*
Agriculture, forestry and fishing					
Output at basic prices	1,335,499	1,502,303	1,762,657	2,217,262	2,701,274
Intermediate consumption	220,301	247,490	279,817	316,297	367,127
Value added, gross	1,115,198	1,254,813	1,482,840	1,900,965	2,334,147
Compensation of employees	117,312	131,413	154,409	205,137	265,294
Operating surplus/mixed income, gross	997,886	1,123,400	1,328,431	1,695,827	2,068,853
Mining and quarrying					
Output at basic prices	76,628	69,514	78,638	91,477	99,953
Intermediate consumption	30,001	28,772	33,702	36,670	40,551
Value added, gross	46,628	40,742	44,936	54,806	59,402
Compensation of employees	6,921	8,768	15,627	17,854	20,050
Operating surplus/mixed income, gross	39,707	31,974	29,309	36,953	39,352
Manufacturing					
Output at basic prices	1,619,622	1,737,699	1,820,369	1,976,793	2,132,259
Intermediate consumption	1,150,518	1,231,087	1,282,369	1,387,196	1,474,309
Value added, gross	469,104	506,612	537,999	589,597	657,950
Compensation of employees	105,714	127,186	147,453	163,395	175,235
Operating surplus/mixed income, gross	363,390	379,426	390,546	426,202	482,715
Electricity, gas and water supply					
Output at basic prices	161,129	171,628	175,523	209,139	240,017
Intermediate consumption	75,128	77,285	78,231	72,968	68,195
Value added, gross	86,001	94,343	97,292	136,170	171,822
Compensation of employees	21,694	27,127	25,308	24,269	28,621
Operating surplus/mixed income, gross	64,307	67,215	71,985	111,902	143,201
Construction					
Output at basic prices	513,390	582,896	683,376	805,703	819,448
Intermediate consumption	322,540	369,331	421,285	496,657	459,792
Value added, gross	190,851	213,565	262,090	309,046	359,656
Compensation of employees	83,044	98,694	126,564	185,235	188,326
Operating surplus/mixed income, gross	107,807	114,872	135,526	123,811	171,330
Wholesale and retail trade					
Output at basic prices	606,205	685,949	773,371	838,312	923,706
Intermediate consumption	271,875	305,303	341,386	365,194	403,222
Value added, gross	334,331	380,646	431,985	473,119	520,483
Compensation of employees	118,951	143,960	174,523	178,816	200,598
Operating surplus/mixed income, gross	215,380	236,686	257,462	294,302	319,886
Transport and storage					
Output at basic prices	706,028	775,826	893,141	956,257	1,022,868
Intermediate consumption	366,502	397,301	430,684	438,214	459,184
Value added, gross	339,526	378,525	462,457	518,043	563,684
Compensation of employees	98,790	111,466	132,050	145,492	151,618
Operating surplus/mixed income, gross	240,736	267,059	330,407	372,551	412,066
Accomodation and Food Services					
Output at basic prices	132,560	132,153	113,503	116,720	134,507
Intermediate consumption	75,386	74,115	64,351	67,331	83,006
Value added, gross	57,175	58,037	49,151	49,389	51,501
Compensation of employees	25,533	29,678	30,466	33,887	35,257
Operating surplus/mixed income, gross	31,642	28,359	18,685	15,502	16,244
Information and communication					
Output at basic prices	203,924	228,405	259,000	280,434	311,069
Intermediate consumption	135,479	159,928	193,408	219,949	242,216
Value added, gross	68,445	68,478	65,592	60,485	68,853
Compensation of employees	41,623	50,086	57,971	62,603	71,234
Operating surplus/mixed income, gross	26,822	18,391	7,621	-2,117	-2,381
Financial and insurance activities					
Output at basic prices	337,400	413,707	492,198	555,266	640,285
Intermediate consumption	85,777	100,587	125,434	131,726	135,597
Value added, gross	251,622	313,120	366,764	423,540	504,688
Compensation of employees	82,057	93,209	102,276	83,181	89,215
Operating surplus/mixed income, gross	169,566	219,912	264,488	340,358	415,474

* Provisional

\+ Revised

Table 2.6: Annual Production Accounts by Industry, 2012-2016 (Cont'd)

KSh Million

Industry	2012+	2013+	2014+	2015+	2016*
Real estate					
Output at basic prices	384,519	420,365	467,885	531,735	601,937
Intermediate consumption	41,490	44,777	50,056	57,348	69,293
Value added, gross	343,029	375,588	417,829	474,388	532,644
Compensation of employees	29,325	32,644	36,436	40,820	44,831
Operating surplus/mixed income, gross	313,704	342,944	381,393	433,568	487,813
Professional, scientific and technical activities					
Output at basic prices	64,607	71,247	72,950	74,812	78,032
Intermediate consumption	21,506	22,898	20,958	18,999	18,021
Value added, gross	43,102	48,349	51,992	55,812	60,011
Compensation of employees	24,743	28,230	30,387	32,551	34,673
Operating surplus/mixed income, gross	18,359	20,119	21,605	23,261	25,338
Administrative and support service activities					
Output at basic prices	65,144	68,239	72,794	75,866	80,656
Intermediate consumption	10,267	10,927	11,726	11,975	12,891
Value added, gross	54,877	57,312	61,067	63,891	67,765
Compensation of employees	27,264	34,428	37,985	43,110	47,440
Operating surplus/mixed income, gross	27,613	22,884	23,082	20,781	20,325
Public administration and defence					
Output at basic prices	316,010	363,287	417,742	498,867	530,400
Intermediate consumption	130,320	154,639	174,216	231,192	240,120
Value added, gross	185,689	208,647	243,526	267,675	290,280
Compensation of employees	145,469	164,585	191,806	203,790	228,964
Operating surplus/mixed income, gross	40,221	44,062	51,720	63,885	61,317
Education					
Output at basic prices	387,479	430,102	483,396	537,610	565,969
Intermediate consumption	158,286	178,144	203,852	229,186	252,998
Value added, gross	229,193	251,958	279,543	308,424	312,971
Compensation of employees	211,552	234,474	266,008	294,325	289,248
Operating surplus/mixed income, gross	17,641	17,484	13,536	14,098	23,723
Health and social work					
Output at basic prices	136,968	154,479	164,850	186,415	210,028
Intermediate consumption	66,509	79,322	72,881	78,478	90,491
Value added, gross	70,459	75,157	91,969	107,936	119,537
Compensation of employees	63,270	84,875	104,938	105,359	121,304
Operating surplus/mixed income, gross	7,190	-9,718	-12,969	2,577	-1,768
Other service activities					
Output at basic prices	85,778	95,188	106,339	116,995	128,027
Intermediate consumption	29,396	32,982	36,252	38,798	43,637
Value added, gross	56,381	62,206	70,086	78,197	84,390
Compensation of employees	45,998	51,439	57,499	62,864	69,302
Operating surplus/mixed income, gross	10,383	10,767	12,587	15,333	15,088
Less: Financial services indirectly measured					
Intermediate consumption	111,574	124,136	134,588	163,233	202,720
Value added, gross	-111,574	-124,136	-134,588	-163,233	-202,720
All industries at basic prices					
Output at basic prices	7,132,892	7,902,986	8,837,729	10,069,662	11,220,435
Intermediate consumption	3,302,854	3,639,022	3,955,197	4,361,412	4,663,369
Gross value added at basic prices	3,830,038	4,263,964	4,882,532	5,708,251	6,557,066
Other taxes on production	128,291	137,804	151,789	162,385	178,911
Less: Subsidies					
Compensation of employees	1,249,259	1,452,262	1,691,705	1,882,689	2,061,210
Gross operating surplus/mixed income	2,452,488	2,673,898	3,039,037	3,663,177	4,316,945
Total economy					
Output at basic prices	7,132,892	7,902,986	8,837,729	10,069,662	11,220,435
Taxes on products less subsidies on products	431,332	481,179	519,878	552,396	601,629
Intermediate consumption	3,302,854	3,639,022	3,955,197	4,361,412	4,663,369
GDP at market prices	4,261,370	4,745,143	5,402,410	6,260,646	7,158,695

* Provisional

\+ Revised

2.24 Tables 2.7 and Table 2.8 present the components of expenditure on GDP at current prices and their respective shares to GDP at market prices. Gross domestic expenditure stood at KSh 7,917.4 billion in 2016 from KSh 7,199.3 billion in 2015. The increase in expenditure on GDP was mainly attributable to final private consumption that accounts for over three quarters of total gross domestic expenditure. The contribution of Gross Fixed Capital Formation (GFCF) declined from 21.7 per cent in 2015 to 17.2 per cent in 2016 mainly on account of reduced investment in transport equipment and civil works. The value of export of goods and services increased marginally while that of imports declined by 4.7 per cent in 2016.

Table 2.7: Expenditure on the Gross Domestic Product

Current Prices - KSh Million

Expenditure category	2012+	2013+	2014+	2015+	2016*
Government final consumption expenditure	590,538	670,936	750,450	894,853	976,510
Private final consumption expenditure	3,317,738	3,787,901	4,272,830	4,905,448	5,661,970
Final consumption expenditure by NPISH	37,374	43,552	43,709	47,652	52,171
Gross fixed capital formation	901,305	976,086	1,236,107	1,360,448	1,236,835
Changes in inventories	13,850	-22,059	-24,203	-9,125	-4,808
Gross domestic expenditure	**4,860,805**	**5,456,416**	**6,278,893**	**7,199,277**	**7,922,678**
Exports of goods and services	947,190	945,478	988,521	1,042,700	1,043,002
Imports of goods and services	1,514,394	1,575,731	1,782,945	1,735,621	1,672,236
Discrepancy [1]	-32,230	-81,020	-82,059	-245,708	-134,749
Gross domestic product at market prices	**4,261,370**	**4,745,143**	**5,402,410**	**6,260,647**	**7,158,695**

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

[2] Non Profit Institutions Serving Households

Table 2.8: Expenditure on the Gross Domestic Product

Percentage contributions to GDP

Expenditure category	2012+	2013+	2014+	2015+	2016*
Government final consumption expenditure	13.9	14.1	13.9	14.3	13.6
Private final consumption expenditure	77.9	79.8	79.1	78.4	79.1
Final consumption expenditure by NPISH	0.9	0.9	0.8	0.8	0.7
Gross fixed capital formation	21.2	20.6	22.9	21.7	17.3
Changes in inventories	0.3	-0.5	-0.4	-0.1	-0.1
Gross domestic expenditure	**114.1**	**115.0**	**116.2**	**115.0**	**110.7**
Exports of goods and services	22.2	19.9	18.3	16.7	14.6
Imports of goods and services	35.5	33.2	33.0	27.7	23.4
Discrepancy	-0.8	-1.7	-1.5	-3.9	-1.9
Gross domestic product at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Provisional

+ Revised

2.25 The components of GDP valued at 2009 prices, that show how supply of resources generated in the economy are utilized as either final consumption expenditure or assets, are presented in Table 2.9. The growth of gross domestic expenditure slowed from 6.1 per cent in 2015 to 2.1 per cent in 2016, mainly occasioned by declines in private and general Government consumption in 2016, and capital formation. The GFCF valued at 2009 prices slumped from a growth of 6.7 per cent in 2015 to a contraction of 9.7 per cent in 2016.

Table 2.9: Expenditure on the Gross Domestic Product, 2012-2016

Constant 2009 Prices - KSh Million

Expenditure category	2012+	2013+	2014+	2015+	2016*
Government final consumption expenditure	502,440	532,890	541,923	612,516	655,249
Private final consumption expenditure	2,606,055	2,824,756	2,946,395	3,096,563	3,244,445
Final consumption expenditure by NPISH	32,025	33,150	33,502	34,328	35,143
Gross fixed capital formation	710,110	725,143	828,131	883,604	801,196
Changes in inventories	8,729	-8,545	-33,774	-48,392	-57,252
Gross domestic expenditure	**3,859,358**	**4,107,394**	**4,316,176**	**4,578,620**	**4,678,781**
Exports of goods and services	727,502	711,768	753,318	800,319	804,957
Imports of goods and services	1,137,099	1,132,058	1,249,558	1,264,839	1,205,155
Discrepancy [1]	-5,422	-40,245	22,095	-52,558	20,505
Gross domestic product at market prices	**3,444,339**	**3,646,858**	**3,842,032**	**4,061,542**	**4,299,088**

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

Table 2.10: Growth Rates of Expenditure on the Gross Domestic Product

Percent

Expenditure category	2012+	2013+	2014+	2015+	2016*
Government final consumption expenditure	7.1	6.1	1.7	13.0	7.0
Private final consumption expenditure	5.8	8.4	4.3	5.1	4.8
Final consumption expenditure by NPISH	3.3	3.5	1.1	2.5	2.4
Gross fixed capital formation	13.3	2.1	14.2	6.7	-9.3
Gross domestic expenditure	**6.7**	**6.4**	**5.1**	**6.1**	**2.2**
Exports of goods and services	0.4	-2.2	5.8	6.2	0.6
Imports of goods and services	5.1	-0.4	10.4	1.2	-4.7
Gross domestic product at market prices	**4.5**	**5.9**	**5.4**	**5.7**	**5.8**

* Provisional

+ Revised

2.26 Table 2.11a provides details of the value of additions to fixed assets by type less disposals at current prices for the period 2012 to 2016. The shares of the various types of asset for the same period are presented in Table 2.11b. The value of additions to fixed assets declined from KSh 1,360.4 billion in 2015 to KSh 1,236.8 billion in 2016. The major contributors to this decline were the value of additions to transport and, other machinery and equipment categories. The share of transport equipment declined from 22.3 per cent in 2015 to 14.2 per cent in 2016 in congruence with a considerable drop in imports of transport equipment.

Table 2.11a: Gross Fixed Capital Formation

Current Prices - KSh Million

Type of Asset	2012+	2013+	2014+	2015+	2016*
Dwellings	172,272	197,336	231,539	258,838	271,818
Buildings other than dwellings	168,322	195,630	224,904	245,158	259,765
Other structures	103,434	109,016	133,706	180,291	165,006
Transport equipment	182,236	182,236	298,121	302,856	175,507
ICT equipment	64,014	63,247	57,896	73,407	79,052
Other machinery and equipment	172,641	190,000	249,141	251,648	235,488
Animal resources yielding repeat products	8,538	9,407	9,674	11,030	8,852
Tree, crop and plant resources yielding repeat products	6,409	6,832	6,322	6,619	6,976
Intellectual property products	23,439	22,382	24,804	30,601	34,372
Total	**901,305**	**976,086**	**1,236,107**	**1,360,448**	**1,236,835**

Table 2.11b: Gross Fixed Capital Formation

Percentage Contribution

Type of Asset	2012+	2013+	2014+	2015	2016*
Dwellings	19.1	20.2	18.7	19.0	22.0
Buildings other than dwellings	18.7	20.0	18.2	18.0	21.0
Other structures	11.5	11.2	10.8	13.3	13.3
Transport equipment	20.2	18.7	24.1	22.3	14.2
ICT equipment	7.1	6.5	4.7	5.4	6.4
Other machinery and equipment	19.2	19.5	20.2	18.5	19.0
Animal resources yielding repeat products	0.9	1.0	0.8	0.8	0.7
Tree crop and plant resources yielding repeat products	0.7	0.7	0.5	0.5	0.6
Intellectual property products	2.6	2.3	2.0	2.2	2.8
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Provisional

+ Revised

2.27 Tables 2.12a and 2.12b present the values of real gross fixed capital formation by type of asset and the corresponding growth rates for the period 2012 to 2016. The total value of real GFCF contracted by 9.3 per cent in 2016 compared to a growth rate of 6.7 per cent in 2015, mainly due to a substantial drop in the real value of additions to transport equipment in 2016. The real value of dwellings rose from KSh 188.2 billion in 2015 to KSh 190.6 billion in 2016. The real value of ICT equipment increased from KSh 34.5 billion in 2015 to KSh 47.4 billion in 2016.

Table 2.12a: Gross Fixed Capital Formation

Constant 2009 Prices - KSh Million

Type of Asset	2012+	2013+	2014+	2015+	2016
Dwellings	142,179	156,739	172,082	188,228	190,588
Buildings other than dwellings	139,601	156,352	170,332	182,434	187,367
Other structures	85,785	87,128	101,263	134,163	119,017
Transport equipment	136,693	140,838	225,839	218,525	123,997
ICT equipment	50,760	47,791	36,357	34,521	47,412
Other machinery and equipment	124,948	106,167	90,862	89,126	94,440
Animal resources yielding repeat products	5,881	6,173	5,944	6,450	5,071
Tree crop and plant resources yielding repeat products	5,467	5,607	4,971	5,049	5,165
Intellectual property products	18,797	18,348	20,480	25,108	28,140
Total	**710,110**	**725,143**	**828,131**	**883,604**	**801,196**

* Provisional

+ Revised

Table 2.12b: Gross Fixed Capital Formation

Percentage Changes (growth)

Type of Asset	2012+	2013+	2014+	2015+	2016
Dwellings	14.9	10.2	9.8	9.4	1.3
Buildings other than dwellings	15.7	12.0	8.9	7.1	2.7
Other structures	17.0	1.6	16.2	32.5	-11.3
Transport equipment	1.4	3.0	60.4	-3.2	-43.3
ICT equipment	8.1	-5.8	-23.9	-5.1	37.3
Other machinery and equipment	23.7	-15.0	-14.4	-1.9	6.0
Animal resources yielding repeat products	0.3	5.0	-3.7	8.5	-21.4
Tree crop and plant resources yielding repeat products	2.4	2.6	-11.3	1.6	2.3
Intellectual property products	25.0	-2.4	11.6	22.6	12.1
Total	**13.3**	**2.1**	**14.2**	**6.7**	**-9.3**

* Provisional

+ Revised

2.28 The relationship between the GDP and Gross National Income (GNI) for the period 2012 to 2016 is shown in Tables 2.13 and 2.14. The GNI registered a nominal growth of 14.5 per cent to stand at KSh 7,089.3 billion in 2016. Similarly, the Gross National Disposable Income (GNDI) at current prices increased by 14.7 per cent from KSh 6,532.5 million in 2015 to KSh 7,417.1 million in 2016. Gross domestic product per capita rose from KSh 141,644 in 2015 to KSh 162,121 in 2016. Primary incomes receivable from the rest of the world decreased from KSh 48.3 billion in 2015 to KSh 44.0 billion in 2016. Despite a significant rise in diaspora remittances from KSh 154.1 billion in 2015 to KSh 177.1 billion in 2016, current transfers receivable from the rest of the world declined by 3.5 per cent to stand at KSh 333.0 billion in 2016. This was largely on account of a decline in the current transfers receivable to general government.

Table 2.13: Gross Domestic Product and Gross National Income, 2012-2016

Current Prices - KSh Million

	2012+	2013+	2014+	2015+	2016*
Current Prices, KSh Million					
Compensation of employees	1,248,611	1,452,923	1,694,151	1,886,506	2,064,249
Consumption of fixed capital	475,466	561,868	730,422	816,364	857,961
Net operating surplus	2,105,962	2,249,172	2,457,959	3,005,381	3,634,855
Taxes on products	431,332	481,179	519,878	552,396	601,629
Gross domestic product at market prices	**4,261,370**	**4,745,143**	**5,402,410**	**6,260,646**	**7,158,695**
Primary incomes					
Receivable from the rest of the world	29,290	28,712	43,643	48,298	43,991
Payable to rest of the world	-55,973	-80,384	-119,981	-115,459	-113,407
Gross national income at market prices	**4,234,686**	**4,693,472**	**5,326,072**	**6,193,485**	**7,089,280**
Current transfers					
Receivable from the rest of the world	240,850	268,925	327,853	345,218	333,039
Payable to rest of the world	-3,352	-4,020	-17,853	-6,217	-5,192
Gross national disposable income	**4,472,185**	**4,958,377**	**5,636,073**	**6,532,486**	**7,417,127**
Per capita, KSh					
Gross domestic product at market prices	104,702	113,520	125,637	141,644	157,681
Gross national income at market prices	104,046	112,284	123,862	140,124	156,152
Constant prices					
GDP at market prices, KSh Million	3,444,339	3,646,858	3,842,032	4,061,542	4,299,088
Per capita	84,721	87,105	89,240	91,890	94,757
- Annual percentage change	1.7	2.8	2.5	3.0	3.1

* Provisional

\+ Revised

Table 2.14: National Disposable Income and Saving, 2012-2016

Current Prices - KSh Million

	2012+	2013+	2014+	2015+	2016*
Gross national disposable income	**4,472,185**	**4,958,377**	**5,636,073**	**6,532,486**	**7,417,127**
Consumption of fixed capital	475,466	561,868	730,422	816,364	857,961
Net national disposable income	**3,996,719**	**4,396,509**	**4,905,651**	**5,716,121**	**6,559,166**
Final consumption expenditure	3,945,650	4,502,389	5,066,989	5,847,954	6,690,651
Private	3,317,738	3,787,901	4,272,830	4,905,448	5,661,970
Non-Profit Institutions Serving Householuds	37,374	43,552	43,709	47,652	52,171
General government	590,538	670,936	750,450	894,853	976,510
Saving, net	**51,070**	**-105,881**	**-161,338**	**-131,833**	**-131,486**
Financing of capital formation					
Saving, net	51,070	-105,881	-161,338	-131,833	-131,486
Capital transfers from abroad, net	19,890	13,644	24,204	25,219	20,878
Total	**70,960**	**-92,237**	**-137,134**	**-106,614**	**-110,608**
Gross fixed capital formation	901,305	976,086	1,236,107	1,360,448	1,236,835
Consumption of fixed capital	-475,466	-561,868	-730,422	-816,364	-857,961
Changes in inventories	13,850	-22,059	-24,203	-9,125	-4,808
Net lending (+) / Net borrowing(-)	-368,730	-484,396	-618,616	-641,572	-484,673
Total	**70,960**	**-92,237**	**-137,134**	**-106,614**	**-110,608**

* Provisional

Table 2.15 Gross Domestic Product by Activity

Current prices – KSh Million

Year	Quarter	Agriculture	Mining and quarrying	Manufacturing	Electricity and water supply	Construction	Wholesale and retail trade	Accommodation & Food services	Transport and storage	Information and communication	Financial & insurance
2012		1,115,198	46,628	469,104	86,001	190,851	334,331	57,175	339,526	68,445	251,622
2013		1,254,813	40,742	506,612	94,343	213,565	380,646	58,037	378,525	68,478	313,120
2014		1,482,840	44,936	537,999	97,292	262,090	431,985	49,151	462,457	65,592	366,764
2015		1,900,965	54,806	589,597	136,170	309,046	473,119	49,389	518,043	60,485	423,540
2016		2,334,147	59,402	657,950	171,822	359,656	520,483	51,501	563,684	68,853	504,688
2012	1	385,274	10,406	112,049	19,247	44,899	73,259	20,055	79,468	15,547	60,313
	2	285,353	11,176	112,332	21,429	46,341	82,314	11,133	80,876	14,728	61,780
	3	221,433	12,295	118,937	21,900	48,562	94,859	13,009	87,828	15,520	55,487
	4	223,138	12,750	125,786	23,425	51,049	83,898	12,978	91,354	22,650	74,041
2013	1	406,058	11,201	128,057	23,797	52,692	84,341	17,298	81,876	17,938	67,686
	2	313,959	8,747	120,881	24,606	53,361	94,698	12,896	90,390	15,253	79,135
	3	276,596	11,541	127,351	22,987	55,687	106,978	15,299	96,673	14,877	79,994
	4	258,200	9,252	130,324	22,953	51,826	94,628	12,544	109,585	20,410	86,305
2014	1	478,013	12,620	137,669	19,600	56,860	101,617	14,694	96,180	16,681	86,427
	2	370,541	9,945	135,021	23,663	67,651	106,012	10,466	114,293	14,934	92,478
	3	348,587	10,462	133,764	28,545	67,304	117,757	11,529	122,302	15,286	85,762
	4	285,699	11,908	131,546	25,484	70,275	106,599	12,463	129,683	18,691	102,097
2015[+]	1	576,492	15,600	147,127	27,108	69,527	110,774	13,405	118,075	15,285	96,174
	2	498,631	12,557	147,308	32,029	76,288	116,576	10,558	125,466	13,658	101,359
	3	460,789	14,345	147,794	37,717	77,752	130,116	12,418	134,610	13,767	104,233
	4	365,053	12,304	147,368	39,317	85,479	115,653	13,007	139,892	17,775	121,774
2016[*]	1	616,957	14,804	141,244	35,208	78,444	116,671	12,891	106,736	16,145	116,448
	2	695,793	14,118	178,309	48,148	90,476	123,871	10,769	133,140	16,101	125,245
	3	633,832	14,056	177,142	44,542	93,028	146,805	13,729	137,787	15,910	125,253
	4	387,565	16,425	161,254	43,924	97,708	133,137	14,112	186,022	20,696	137,742

[+] Revised

* Provisional

Table 2.15: Gross Domestic Product by Activity (Cont'd)

Current prices – Kshs million

Year	Quarter	Public administration	Professional, admin and support services	Real estate	Education	Health	Other services	FISIM	All indust. at basic prices	Taxes on products	GDP at market prices	GDP, seasonally adjusted
2012		185,689	97,979	343,029	229,193	70,459	56,381	-111,574	3,830,038	431,332	4,261,370	
2013		208,647	105,661	375,588	251,958	75,157	62,206	-124,136	4,263,964	481,179	4,745,143	
2014		243,526	113,059	417,829	279,543	91,969	70,086	-134,588	4,882,532	519,878	5,402,410	
2015		267,675	119,703	474,388	308,424	107,936	78,197	-163,233	5,708,251	552,396	6,260,646	
2016		290,280	127,776	532,644	312,971	119,537	84,390	-202,720	6,557,066	601,629	7,158,695	
2012	1	42,193	21,627	83,277	59,221	17,983	13,461	-26,959	1,031,322	97,815	1,129,137	1,014,820
	2	44,878	22,905	84,745	55,712	17,797	13,661	-27,687	939,473	104,217	1,043,690	1,049,823
	3	44,147	25,764	87,004	57,692	17,516	14,459	-23,950	912,466	116,145	1,028,611	1,069,318
	4	54,471	27,683	88,003	56,568	17,163	14,799	-32,979	946,777	113,155	1,059,932	1,143,343
2013	1	51,716	24,352	90,929	64,718	17,158	14,810	-28,042	1,126,586	111,142	1,237,729	1,159,272
	2	54,629	25,276	92,467	61,952	18,642	15,088	-31,652	1,050,330	119,220	1,169,550	1,158,375
	3	51,475	27,084	94,833	62,340	18,736	15,760	-31,209	1,047,003	130,951	1,177,953	1,203,302
	4	50,827	28,949	97,359	62,948	20,621	16,549	-33,234	1,040,045	119,866	1,159,912	1,242,614
2014	1	59,526	25,432	100,103	73,280	19,926	16,711	-31,803	1,283,537	120,216	1,403,753	1,306,336
	2	64,979	26,922	103,653	69,172	23,211	17,056	-34,101	1,215,895	132,502	1,348,397	1,326,203
	3	56,852	29,301	106,165	67,359	23,397	17,547	-31,145	1,210,774	138,096	1,348,869	1,368,820
	4	62,169	31,405	107,908	69,732	25,435	18,772	-37,540	1,172,326	129,065	1,301,390	1,423,449
2015+	1	62,103	28,140	111,992	82,855	23,495	18,791	-34,550	1,482,394	125,855	1,608,249	1,493,984
	2	73,700	28,854	116,303	77,880	27,590	19,095	-40,653	1,437,199	138,399	1,575,597	1,532,195
	3	63,128	30,594	120,999	73,831	27,526	19,979	-37,987	1,431,610	144,195	1,575,806	1,575,462
	4	68,744	32,116	125,094	73,858	29,326	20,331	-50,043	1,357,047	143,946	1,500,993	1,661,270
2016*	1	65,164	29,987	124,101	85,591	25,706	20,743	-46,300	1,560,541	136,361	1,696,902	1,578,681
	2	78,710	31,290	134,056	78,375	30,615	20,810	-52,076	1,757,750	149,258	1,907,008	1,831,322
	3	69,814	32,300	136,164	73,845	31,099	21,520	-50,121	1,716,704	159,491	1,876,196	1,882,367
	4	76,592	34,199	138,324	75,161	32,116	21,316	-54,223	1,522,070	156,519	1,678,589	1,896,606

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* Provisional

Table 2.16 Gross Domestic Product by Activity

Constant 2009 Prices – KSh Million

Year	Quarter	Agriculture	Mining and quarrying	Manufacturing	Electricity & water supply	Construction	Wholesale and retail trade	Accommodation & Food Services	Transport and storage	Information and communication	Financial & insurance
2012		776,703	33,839	381,750	81,567	154,796	253,955	54,972	237,930	108,324	196,189
2013		819,026	32,405	403,128	86,961	164,220	275,291	52,441	241,112	121,890	212,185
2014		854,599	37,235	413,281	92,287	185,696	294,357	43,657	254,358	139,623	229,819
2015		901,197	41,854	427,972	100,153	211,430	311,667	43,086	274,731	149,969	251,377
2016		937,187	45,827	442,829	107,242	230,984	323,566	48,803	297,820	164,487	268,651
2012	1	235,178	7,906	93,598	19,984	36,390	54,849	20,305	58,704	25,658	46,661
	2	211,270	8,454	91,472	20,031	36,932	62,127	10,729	57,860	23,468	47,875
	3	164,907	8,718	95,458	20,283	39,246	72,499	12,016	59,676	23,877	50,001
	4	165,347	8,761	101,222	21,269	42,228	64,480	11,922	61,691	35,321	51,653
2013	1	247,647	9,243	102,483	21,106	39,810	63,479	16,318	53,582	29,516	51,666
	2	225,716	6,752	98,321	22,112	40,543	69,125	10,857	58,502	26,194	52,662
	3	174,460	8,754	100,552	21,694	42,883	76,603	13,504	61,355	26,880	53,531
	4	171,202	7,656	101,772	22,048	40,985	66,084	11,762	67,673	39,300	54,326
2014	1	257,906	10,328	107,565	21,913	42,844	69,357	13,255	55,526	33,400	55,414
	2	235,537	8,559	105,381	23,137	47,230	72,442	8,222	61,839	28,658	56,443
	3	186,725	8,875	101,099	23,347	46,631	80,704	10,060	66,672	31,939	58,071
	4	174,430	9,473	99,237	23,891	48,991	71,853	12,120	70,321	45,626	59,891
2015+	1	278,835	11,249	110,522	24,155	48,336	73,175	11,812	59,922	36,357	60,994
	2	246,606	9,738	108,456	25,964	52,942	75,925	8,041	67,195	31,016	61,362
	3	194,288	10,534	105,787	25,475	54,558	86,213	10,145	73,532	33,835	64,823
	4	181,468	10,333	103,207	24,560	55,594	76,354	13,088	74,083	48,760	64,198
2016*	1	294,122	12,001	112,407	26,229	53,252	75,840	13,037	66,026	40,304	66,012
	2	257,316	10,768	114,252	28,465	56,948	77,650	9,307	73,113	33,840	66,338
	3	200,652	11,563	110,400	26,840	58,794	89,896	11,512	80,080	36,814	69,454
	4	185,097	11,494	105,771	25,709	61,990	80,181	14,946	78,600	53,529	66,847

+ Revised

* Provisional

Table 2.16: Gross Domestic Product by Activity (Cont'd)

Constant 2009 Prices – KSh Million

Year	Quarter	Public administration	Professional, admin and support services	Real estate	Education	Health	Other services	FISIM	All indust. at basic prices	Taxes on products	GDP at market prices	GDP, seasonally adjusted
2012		137,873	84,263	283,061	234,135	59,023	45,801	-82,648	3,041,530	402,809	3,444,339	
2013		141,678	87,312	294,747	249,001	63,579	47,891	-86,932	3,205,934	440,924	3,646,858	
2014		149,556	90,073	311,148	268,359	68,728	49,905	-96,763	3,385,921	456,111	3,842,032	
2015		157,740	92,286	333,537	280,540	72,912	51,827	-109,821	3,592,457	469,085	4,061,542	
2016		166,069	96,248	362,724	298,331	77,160	53,986	-113,092	3,808,822	490,265	4,299,088	
2012	1	34,918	18,849	69,818	57,719	15,133	11,288	-19,347	787,611	93,220	880,831	840,105
	2	34,407	19,737	70,444	57,305	14,818	11,192	-20,067	758,053	95,392	853,446	848,105
	3	34,213	22,071	71,078	59,463	14,704	11,596	-21,371	738,433	109,287	847,720	865,628
	4	34,335	23,606	71,721	59,648	14,368	11,724	-21,862	757,433	104,909	862,343	887,025
2013	1	36,175	20,342	72,468	61,552	14,849	11,652	-21,267	830,620	103,627	934,247	900,023
	2	35,711	20,966	73,212	61,948	16,249	11,739	-21,350	809,258	108,294	917,552	908,883
	3	36,636	22,390	74,058	62,680	15,954	12,065	-21,892	782,107	120,218	902,325	919,729
	4	33,156	23,615	75,010	62,821	16,528	12,434	-22,423	783,949	108,786	892,735	928,553
2014	1	37,954	20,488	76,045	67,065	15,529	12,270	-22,980	873,880	109,179	983,059	941,306
	2	40,292	21,459	77,320	67,292	17,535	12,284	-23,650	859,978	112,875	972,853	960,133
	3	34,222	23,288	78,811	67,179	17,355	12,417	-24,702	822,693	121,271	943,964	968,765
	4	37,088	24,839	78,972	66,823	18,310	12,934	-25,431	829,370	112,786	942,156	980,579
2015+	1	37,402	21,934	80,725	69,885	16,339	12,710	-26,039	928,312	110,903	1,039,214	997,936
	2	43,930	22,332	82,562	70,227	18,608	12,734	-26,752	910,884	115,317	1,026,201	1,010,039
	3	37,212	23,449	84,303	70,213	18,476	13,169	-27,788	878,222	121,436	999,659	1,023,792
	4	39,197	24,572	85,948	70,216	19,489	13,214	-29,242	875,039	121,429	996,468	1,040,914
2016*	1	39,517	22,657	88,873	74,197	17,178	13,350	-28,236	986,765	114,783	1,101,549	1,057,489
	2	46,832	23,544	90,418	74,436	19,844	13,323	-28,139	968,256	118,298	1,086,554	1,067,755
	3	39,106	24,329	91,456	75,025	19,779	13,729	-28,260	931,170	125,257	1,056,427	1,072,565
	4	40,614	25,717	91,977	74,673	20,358	13,584	-28,456	922,631	131,927	1,054,558	1,079,341

+ Revised

* Provisional

Table 2.17: Gross Domestic Product by Activity

Constant 2009 Prices – KSh Million

Year	Quarter	Agriculture	Mining and quarrying	Manufacturing	Electricity and water supply	Construction	Wholesale and retail trade	Accommodation & restaurant	Transport and storage	Information and communication	Financial & insurance
2012		2.8	19.0	-0.6	9.6	11.3	7.0	3.1	2.6	2.6	6.0
2013		5.4	-4.2	5.6	6.6	6.1	8.4	-4.6	1.3	12.5	8.2
2014		4.3	14.9	2.5	6.1	13.1	6.9	-16.7	5.5	14.5	8.3
2015		5.5	12.4	3.6	8.5	13.9	5.9	-1.3	8.0	7.4	9.4
2016		4.0	9.5	3.5	7.1	9.2	3.8	13.3	8.4	9.7	6.9
2012	1	3.5	13.4	-0.6	11.6	19.7	-3.1	8.7	7.3	13.6	0.3
	2	2.3	19.7	-1.6	6.5	7.0	11.5	-3.0	8.2	-5.3	5.1
	3	2.5	18.4	-0.5	10.8	11.7	17.2	-2.8	-2.1	-12.2	7.2
	4	2.8	24.6	0.4	9.5	8.4	2.2	6.2	-1.6	13.8	11.2
2013	1	5.3	16.9	9.5	5.6	9.4	15.7	-19.6	-8.7	15.0	10.7
	2	6.8	-20.1	7.5	10.4	9.8	11.3	1.2	1.1	11.6	10.0
	3	5.8	0.4	5.3	7.0	9.3	5.7	12.4	2.8	12.6	7.1
	4	3.5	-12.6	0.5	3.7	-2.9	2.5	-1.3	9.7	11.3	5.2
2014	1	4.1	11.7	5.0	3.8	7.6	9.3	-18.8	3.6	13.2	7.3
	2	4.4	26.8	7.2	4.6	16.5	4.8	-24.3	5.7	9.4	7.2
	3	7.0	1.4	0.5	7.6	8.7	5.4	-25.5	8.7	18.8	8.5
	4	1.9	23.7	-2.5	8.4	19.5	8.7	3.0	3.9	16.1	10.2
2015+	1	8.1	8.9	2.7	10.2	12.8	5.5	-10.9	7.9	8.9	10.1
	2	4.7	13.8	2.9	12.2	12.1	4.8	-2.2	8.7	8.2	8.7
	3	4.1	18.7	4.6	9.1	17.0	6.8	0.8	10.3	5.9	11.6
	4	4.0	9.1	4.0	2.8	13.5	6.3	8.0	5.3	6.9	7.2
2016*	1	5.5	6.7	1.7	8.6	10.2	3.6	10.4	10.2	10.9	8.2
	2	4.3	10.6	5.3	9.6	7.6	2.3	15.8	8.8	9.1	8.1
	3	3.3	9.8	4.4	5.4	7.8	4.3	13.5	8.9	8.8	7.1
	4	2.0	11.2	2.5	4.7	11.5	5.0	14.2	6.1	9.8	4.1

+ Revised

* Provisional

Table 2.17: Gross Domestic Product by Activity (Cont'd)

Constant 2009 prices – Kshs million

Year	Quarter	Public administration	Professional, admin and support services	Real estate	Education	Health	Other services	FISIM	All indust. at basic prices	Taxes on products	GDP at market prices	GDP, seasonally adjusted
2012		4.0	4.0	4.0	11.1	-2.8	2.3	10.1	4.1	7.7	4.5	
2013		2.8	3.6	4.1	6.3	7.7	4.6	5.2	5.4	9.5	5.9	
2014		5.6	3.2	5.6	7.8	8.1	4.2	11.3	5.6	3.4	5.4	
2015		5.5	2.5	7.2	4.5	6.1	3.9	13.5	6.1	2.8	5.7	
2016		5.3	4.3	8.8	6.3	5.8	4.2	3.0	6.0	4.5	5.8	
2012	1	6.7	-7.3	4.4	10.6	-1.4	1.6	5.5	4.2	4.1	4.2	-6.0
	2	3.3	6.3	4.1	9.7	-3.2	2.1	10.8	3.8	8.4	4.3	1.0
	3	2.3	5.9	3.9	11.4	-3.6	1.9	11.2	4.0	12.1	5.0	2.1
	4	3.6	10.7	3.8	12.6	-3.0	3.4	12.6	4.5	6.1	4.7	2.5
2013	1	3.6	7.9	3.8	6.6	-1.9	3.2	9.9	5.5	11.2	6.1	1.5
	2	3.8	6.2	3.9	8.1	9.7	4.9	6.4	6.8	13.5	7.5	1.0
	3	7.1	1.4	4.2	5.4	8.5	4.0	2.4	5.9	10.0	6.4	1.2
	4	-3.4	0.0	4.6	5.3	15.0	6.1	2.6	3.5	3.7	3.5	1.0
2014	1	4.9	0.7	4.9	9.0	4.6	5.3	8.1	5.2	5.4	5.2	1.4
	2	12.8	2.4	5.6	8.6	7.9	4.6	10.8	6.3	4.2	6.0	2.0
	3	-6.6	4.0	6.4	7.2	8.8	2.9	12.8	5.2	0.9	4.6	0.9
	4	11.9	5.2	5.3	6.4	10.8	4.0	13.4	5.8	3.7	5.5	1.2
2015[+]	1	-1.5	7.1	6.2	4.2	5.2	3.6	13.3	6.2	1.6	5.7	1.8
	2	9.0	4.1	6.8	4.4	6.1	3.7	13.1	5.9	2.2	5.5	1.2
	3	8.7	0.7	7.0	4.5	6.5	6.1	12.5	6.7	0.1	5.9	1.4
	4	5.7	-1.1	8.8	5.1	6.4	2.2	15.0	5.5	7.7	5.8	1.7
2016[*]	1	5.7	3.3	10.1	6.2	5.1	5.0	8.4	6.3	3.5	6.0	1.6
	2	6.6	5.4	9.5	6.0	6.6	4.6	5.2	6.3	2.6	5.9	1.0
	3	5.1	3.8	8.5	6.9	7.1	4.3	1.7	6.0	3.1	5.7	0.5
	4	3.6	4.7	7.0	6.3	4.5	2.8	-2.7	5.4	8.6	5.8	0.6

[+] Revised

* Provisional

Social Scene

03 Chapter

Overview

National Government total expenditure on the social sector is expected to increase by 23.3 per cent, to KSh 495.5 billion in 2016/17 from KSh 401.9 billion in 2015/16. The total recurrent expenditure is expected to increase by 17.5 per cent to KSh 402.7 billion in 2016/17. The gross recurrent expenditure for the Ministry of Education including that of Teachers Service Commission (TSC) is expected to rise by 13.5 per cent from KSh 280.3 billion in 2015/16 to KSh 318.2 billion in 2016/17. The recurrent expenditure for State Department of Sports/Arts and Culture is expected grow by 45.5 per cent to KSh 6.4 billion while that of Youth Empowerment and Development is expected to increase by 20.8 per cent in 2016/17. Development expenditure on social services by the National Government is expected to substantially increase by 57.5 per cent from KSh 59.0 billion 2015/16 to KSh 92.9 billion in 2016/17 while that of the Ministry of Education is expected to grow by 65.4 per cent to KSh 24.2 billion. In 2016/17, development expenditure for the State Department of Gender Affairs is expected to substantially grow to KSh 3.4 billion while that of State Department for Youth Empowerment and Development is expected to increase by 25.7 per cent to 12.7 billion.

3.2. The total number of educational institutions grew by 4.0 per cent from 82,889 in 2015 to 86,180 in 2016 supported by a 6.0 per cent increase in the number of primary schools and a 5.3 per cent increase in the number of secondary schools. The number of National Polytechnics increased significantly from three in 2015 to eleven in 2016. The total number of public universities increased to 30 in 2016 after granting charters to seven university colleges to full university status. Total enrolment in pre-primary schools marginally increased to 3.2 million in 2016 while total enrolment in primary schools went up by 2.0 per cent to 10.3 million in 2016.

3.3. Secondary schools total enrolment rose by 6.3 per cent to 2.7 million in 2016. Student enrolment in technical institutions increased from 153.3 thousand in 2015 to 202.6 thousand in 2016 while university enrolment is expected to grow by 10.5 per cent to 564.5 thousand in 2016/17. The number of loan applicants and beneficiaries in public and private universities as well as TVET colleges is expected to increase by 10.3 per cent and 10.4 per cent in 2016/17, respectively. The number of bursary beneficiaries in public universities and TVET colleges is expected to grow by 11.2 per cent to 33.9 thousand while the amount of bursary awarded is expected to grow by 7.1 per cent to KSh 231.7 million in 2016/17.

3.4. The overall membership of the National Hospital Insurance Fund (NHIF) grew by 16.5 per cent to 6.1 million in 2015/16. The formal sector continued to contribute the largest share of total membership representing 58.9 per cent in 2015/16. Consequently, annual contributions from members more than doubled from KSh 12.4 billion in 2014/15 to KSh 28.5 billion in 2015/16 with benefits paid to members significantly increasing by 74.2 per cent to KSh 10.2 billion in 2015/16. Full immunization coverage increased from 73.0 per cent in 2015 to 76.0 per cent in 2016. Diseases of the respiratory system and malaria, which jointly accounted for 55.2 per cent of the total disease causing morbidity, remained the leading diseases in 2016.

3.5. The number of employers and employees registered with National Social Security Fund (NSSF) went up by 26.7 per cent and 9.5 per cent, respectively. Annual contributions to the Fund increased by 9.6 per cent to KSh 12.9 billion in 2016. Despite this increase in contributions, annual benefits rose marginally in the same year. Government loans disbursed through the Uwezo Fund is expected to increase by 5.9 per cent from KSh 5.1 billion in 2015/16 to KSh 5.4 billion in 2016/17. However, loans disbursed through the Women Enterprise Fund is expected to decline by 27.8 per cent to KSh 1.8 billion in 2016/17.

Social Sector Expenditure

3.6. Table 3.1 presents National Government expenditure on social sector services from 2012/13 to 2016/17. Total expenditure in the social sector is expected to increase by 23.3 per cent from KSh 401.9 billion in 2015/16 to KSh 495.5 billion in 2016/17. Total recurrent expenditure is expected to grow by 17.5 per cent from KSh 342.8 billion in 2015/16 to KSh 402.7 billion in 2016/17, with increases expected in all Ministries, Departments and Agencies (MDAs') in the sector. The gross recurrent expenditure for the Ministry of Education is expected to rise by 13.5 per cent from KSh 280.3 billion in 2015/16 to KSh 318.2 billion compared to an increase of 7.2 per cent in 2015/16. This can partly be attributed to recruitment and promotion of teachers.

3.7. Total development expenditure on social services by the National Government is expected to increase by 57.5 per cent from KSh 59.0 billion in 2015/16 to KSh 92.9 billion in 2016/17. The Ministry of Health is expected to remain the leading recipient of development expenditure on social services in 2016/17, accounting for 37.8 per cent of total development expenditure on social services in the year. Expenditure in this ministry is expected to more than double to KSh 35.1 billion in 2016/17. The Ministry of Education is expected to be the second leading beneficiary of total development expenditure on social services in 2016/17, which at KSh 24.2 billion, will account for 26.0 per cent of total development expenditure. This represents a 65.4 per cent increase in development expenditure in the education ministry partly due to expansion of university education; and continued funding of FPE and FDSE. Development expenditure to the State Department of Gender Affairs is expected to substantially increase from KSh 539.2 million in 2015/16 to KSh 3.4 billion in 2016/17. The growth is mainly attributable to the infrastructure development in the social sector.

Table 3.1: National Government Expenditure on Social Services, 2012/13 - 2016/17

KSh Million

	2012/13	2013/14	2014/15	2015/16+	2016/17**
RECURRENT EXPENDITURE-					
Ministry of Education[1]	233,102.87	237,214.84	261,546.11	280,322.75	318,179.40
Ministry of Health	54,810.99	19,829.94	20,828.36	25,214.77	34,144.02
State Department of Social Protection[2]	1,560.21	7,770.13	7,894.07	8,731.96	15,448.76
State Department for Correctional Services[3]	15,146.80	13,376.73	16,059.64	16,724.20	18,897.01
State Department of Gender Affairs	190.14	221.40	176.97	268.53	876.14
State Department for Sports Development/Arts and Culture[4]	1,705.04	3,441.89	2,632.61	4,361.86	6,395.58
State Department of Public Service and Youth Affairs[5]	6,410.33	3,539.57	3,886.59	7,195.91	8,727.04
TOTAL	**312,926.38**	**285,394.49**	**313,024.35**	**342,819.97**	**402,667.95**
DEVELOPMENT EXPENDITURE-					
Ministry of Education[1]	27,019.50	13,997.76	22,618.78	14,608.41	24,168.90
Ministry of Health	21,217.03	14,373.83	18,007.88	17,152.28	35,083.23
State Department of Social Protection[2]	1,080.80	4,364.20	6,062.58	13,774.43	14,455.30
State Department for Correctional Services[3]	1,783.24	542.79	419.88	596.00	525.00
State Department of Gender Affairs	210.21	135.38	209.84	539.18	3,442.20
State Department for Sports Development/Arts and Culture[4]	571.70	901.30	1,172.56	2,221.45	2,506.32
State Department of Public Service and Youth Affairs[5]	4,280.03	10,491.34	15,727.42	10,140.47	12,684.91
TOTAL	**56,162.50**	**44,806.59**	**64,218.94**	**59,032.22**	**92,865.86**
TOTAL EXPENDITURE	**369,088.89**	**330,201.07**	**377,243.29**	**401,852.19**	**495,533.81**

Source: The National Treasury

**Estimates

+ Revised

[1] Includes Teachers Service Commission

[2] Formerly Ministry of Labour, Social Security and Services

[3] Formerly Prisons Service Department, Probation and Aftercare Department

[4] Formerly Ministry of Sports, Culture and Arts

[5] Includes only funds for youth empowerment and youth development under NYS

Education

3.8. **Expenditure:** Expenditure by the Ministry of Education is shown in Table 3.2. The gross total expenditure is expected to grow by 16.1 per cent from KSh 294.9 billion in 2015/16 to KSh 342.3 billion in 2016/17. Similarly, recurrent expenditure is expected to increase by 13.5 per cent to KSh 318.2 billion in 2016/17. Recurrent expenditures for State Departments of Basic Education, University Education; and Vocational and Technical Training are expected to increase by 1.1, 60.8 and 2.7 per cent, respectively, in 2016/17. Teachers Service Commission (TSC) remains the largest beneficiary of recurrent expenditure in the Ministry of Education with expenditure expected to register a 7.3 per cent increase in 2016/17.

3.9. Total development expenditure is expected to grow substantially from KSh 14.6 billion in 2015/16 to KSh 24.2 billion in 2016/17. The increase is mainly attributable to a new policy put in place on financing of universities based on enrolment by course. This also covers the expansion of universities, financing of FPE and FDSE as well as the provision of loans and bursaries due to increased enrolment in university education, and vocational and technical training during the reference period. Development expenditures for State Department of Basic Education and University Education are expected to account for 46.7 per cent and 38.6 per cent of the total development expenditure of the ministry, respectively, in 2016/17.

Table 3.2: Expenditure for the Ministry of Education[1], 2012/13 - 2016/17

KSh Million

	2012/13	2013/14	2014/15	2015/16+	2016/17*
RECURRENT EXPENDITURE					
Ministry of Education					
State Department of Basic Education	54,698.92	42,204.06	51,316.39	57,519.21	58,135.50
Teachers Service Commission	127,632.51	154,778.10	157,209.10	180,970.14	194,120.00
State Department for University Education	48,117.61	37,976.67	51,775.82	39,525.27	63,554.20
State Department for Vocational and Technical Training	2,653.84	2,256.01	1,244.80	2,308.13	2,369.70
Sub Total	**233,102.87**	**237,214.84**	**261,546.11**	**280,322.75**	**318,179.40**
DEVELOPMENT EXPENDITURE					
Ministry of Education					
State Department of Basic Education	11,558.01	8,843.94	11,156.42	5,258.23	11,288.97
Teachers Service Commission	-	-	-	100.00	100.00
State Department for University Education	8,260.72	3,085.08	9,595.41	5,002.01	9,331.22
State Department for Vocational and Technical Training	7,200.76	2,068.73	1,866.95	4,248.17	3,448.74
Sub Total	**27,019.50**	**13,997.76**	**22,618.78**	**14,608.41**	**24,168.93**
GROSS TOTAL EXPENDITURE	**260,122.37**	**251,212.59**	**284,164.89**	**294,931.16**	**342,348.33**

Source: The National Treasury

* Provisional

\+ Revised Estimates

[1] Table revised according to new expenditure Vote Code

3.10. **Educational Institutions:** Table 3.3 shows that the total number of educational institutions grew by 4.0 per cent from 82,889 in 2015 to 86,180 in 2016. The number of pre-primary schools increased by 1.2 per cent from 40,775 in 2015 to 41,248 in 2016. Primary schools registered a growth of 6.0 per cent from 31,333 in 2015 to 33,202 in 2016 with private schools having a higher increase of 15.1 per cent compared to public schools at 2.3 per cent. The number of secondary schools grew by 5.3 per cent to 9,942 in 2016. Private secondary schools registered higher growth of 18.1 per cent compared to public schools which increased by 3.6 per cent. The number of National Polytechnics increased significantly from three in 2015 to eleven in 2016. This can be attributed to elevation of eight Technical and Vocational Colleges to National Polytechnic status. The number of public universities increased from 23 in 2015 to 30 in 2016 after granting charters to seven university colleges to full university status.

Table 3.3: Educational Institutions by Category, 2012 – 2016

Number

Category		2012	2013	2014	2015	2016*
Schools:						
	Pre-Primary :					
	Public	24,654	24,702	24,768	24,862	25,175
	Private	15,104	15,443	15,451	15,913	16,073
	Sub Total	**39,758**	**40,145**	**40,219**	**40,775**	**41,248**
	Primary:					
	Public	20,307	21,205	21,718	22,414	22,939
	Private	6,242	6,821	7,742	8,919	10,263
	Sub Total	**26,549**	**28,026**	**29,460**	**31,333**	**33,202**
	Secondary:					
	Public	6,188	6,807	7,680	8,297	8,592
	Private	986	1,027	1,067	1,143	1,350
	Sub Total	**7,174**	**7,834**	**8,747**	**9,440**	**9,942**
Teacher Training Colleges:						
	Pre-primary:					
	Public	20	22	25	25	26
	Private	105	109	115	118	121
	Sub Total	**125**	**131**	**140**	**143**	**147**
	Primary:					
	Public	21	22	24	24	28
	Private	97	101	101	101	105
	Sub Total	**118**	**123**	**125**	**125**	**133**
	Secondary [1]	2	2	2	3	3
	Sub Total	**245**	**256**	**267**	**271**	**283**
TVET Institutions						
	Public Youth Polytechnics	647	701	701	816	816
	Private Youth Polytechnics	..	..	..	..	29
	Public Technical and Vocational Colleges	49	49	51	55	62
	Private Technical and Vocational Colleges	..	..	..	..	382
	National Polytechnics	3	3	3	3	11
	Polytechnic University Colleges	2	-	-	-	-
	Sub Total	**701**	**753**	**755**	**874**	**1,300**
Universities						
	Public	8	22	22	23	30
	Private	27	30	31	30	28
	Sub Total	**35**	**52**	**53**	**53**	**58**
GRAND TOTAL		**74,587**	**77,197**	**79,641**	**82,889**	**86,180**

Source : Ministry of Education

* Provisional

[1] Diploma teacher training colleges

.. Data not available

3.11. **Pre-Primary Education:** Pupil enrolment and the number of teachers in Early Childhood Development Education (ECDE) centers from 2012 to 2016 are as shown in Table 3.4. The total enrolment in pre-primary schools increased marginally from 3,167.9 thousand to 3,199.8 thousand in 2016. The number of ECDE teachers rose by 3.4 per cent from 107,187 in 2015 to 110,819 in 2016. The number of trained ECDE teachers grew by 5.2 per cent to stand at 97,717 in 2016. The growth was mainly attributable to employment of more teachers by the County Governments. In 2016, the Pupil Teacher Ratio in ECDE was 29:1 compared to 30:1 in 2015. Gross Enrolment Rate (GER) increased marginally from 76.4 per cent in 2015 to 76.6 per cent in 2016. Similarly, as shown in Figure 3.1, Net Enrolment Rate (NER) rose from 74.6 per cent in 2015 to 74.9 per cent in 2016.

Table 3.4: Pupil Enrolment and Teacher Numbers in ECDE Centres, 2012 – 2016

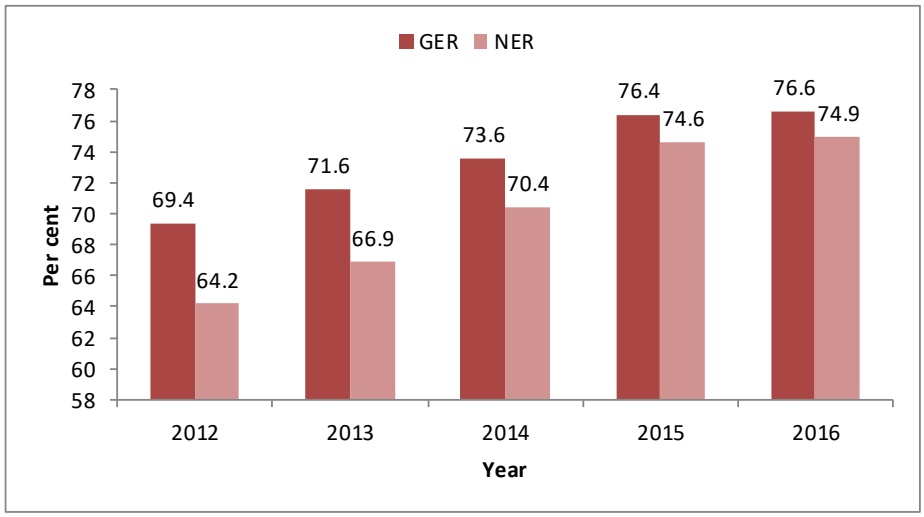
Number

	2012	2013	2014	2015	2016*
Enrolment					
Boys	1,346,235	1,411,309	1,476,383	1,607,353	1,634,194
Girls	1,364,595	1,454,039	1,543,482	1,560,502	1,565,647
TOTAL	**2,710,830**	**2,865,348**	**3,019,865**	**3,167,855**	**3,199,841**
Trained Teachers					
Male	13,450	13,854	13,968	14,721	15,366
Female	67,076	69,960	74,186	78,185	82,351
Sub Total	**80,526**	**83,814**	**88,154**	**92,906**	**97,717**
Untrained Teachers					
Male	4,342	3,430	3,307	2,840	2,606
Female	15,021	13,818	13,323	11,441	10,496
Sub Total	**19,363**	**17,248**	**16,630**	**14,281**	**13,102**
TOTAL	**99,889**	**101,062**	**104,784**	**107,187**	**110,819**

Source: Ministry of Education

* Provisional

Figure 3.1: Pre-primary Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2012-2016



3.12. **Primary Education:** Table 3.5 shows enrolment in primary schools by class and sex for the period 2012 to 2016. Total enrolment rose by 2.0 per cent from 10.1 million in 2015 to 10.3 million in 2016. The enrolment in standard one registered a marginal decline from 1,361.4 thousand in 2015 to 1,350.5 thousand in 2016, mainly due to adherence to the admission of children of official primary school going age of six years. The number of boys and girls enrolment increased by 1.7 per cent and 1.9 per cent, respectively, in 2016. During the period under review, the survival rate of boys from Std 1 to Std 5 was 93.6 per cent while that of girls was 98.8 per cent. The retention rate for boys in Std 8 was 78.9 per cent compared to that of girls at 77.0 per cent.

Table 3.5: Primary School Enrolment by Class and Sex, 2012 – 2016

'000

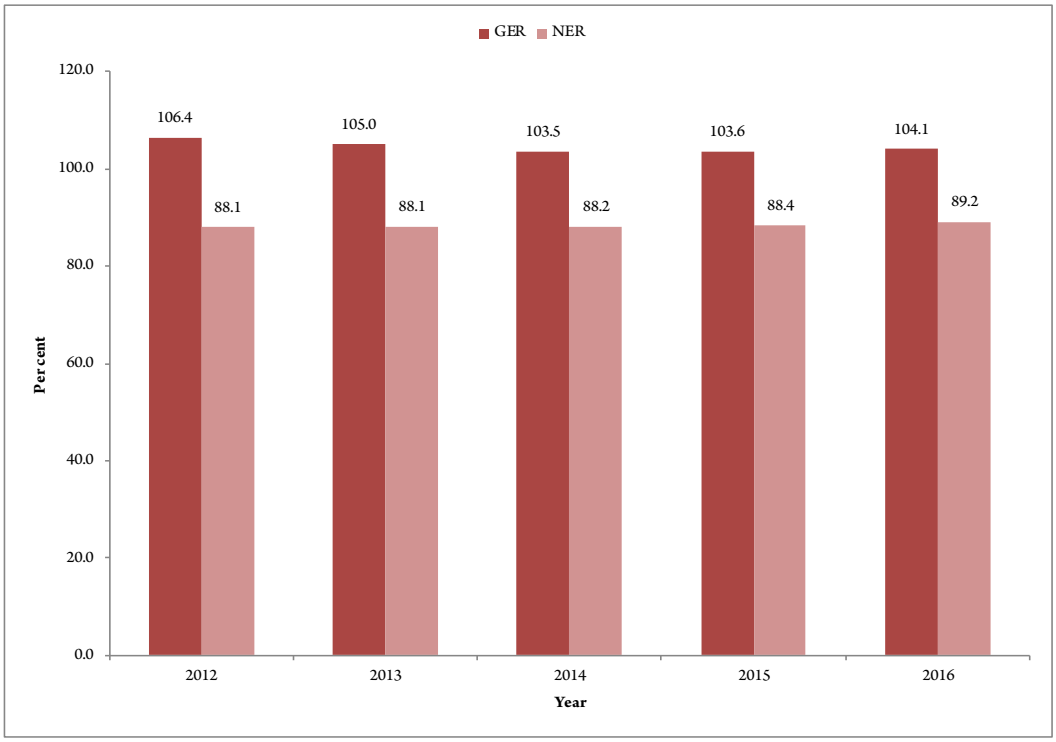
	2012		2013		2014		2015		2016*	
Class	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls
Standard 1	712.2	658.1	710.5	659.1	712.1	670.4	702.0	659.4	695.6	654.9
Standard 2	677.8	654.9	676.2	639.8	679.9	644.9	682.7	648.3	686.3	650.0
Standard 3	676.0	648.6	676.1	652.0	674.5	637.7	675.9	641.9	683.6	653.2
Standard 4	674.2	643.3	672.6	645.3	677.9	651.7	683.9	657.3	692.6	668.7
Standard 5	646.5	625.7	644.8	631.5	640.5	628.2	657.4	641.1	666.9	650.5
Standard 6	589.0	567.5	631.4	613.0	621.4	618.5	638.7	633.9	657.5	650.0
Standard 7	547.2	553.9	560.0	560.3	598.2	601.0	616.6	619.7	645.7	650.4
Standard 8	449.8	433.0	448.1	436.8	448.0	446.1	470.7	461.3	486.2	477.2
TOTAL	**4,972.7**	**4,784.9**	**5,019.7**	**4,837.9**	**5,052.5**	**4,898.5**	**5,127.9**	**4,962.9**	**5,214.5**	**5,054.9**
GRAND TOTAL	**9,757.6**		**9,857.6**		**9,951.0**		**10,090.8**		**10,269.4**	

Source : Ministry of Education

* Provisional

3.13. Figure 3.2 shows primary school GER and NER for the years 2012 to 2016. The GER increased from 103.6 per cent in 2015 to 104.1 per cent in 2016 while the NER increased from 88.4 per cent in 2015 to 89.2 per cent in 2016.

Figure 3.2: Primary School Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2012-2016



3.14. **Kenya Certificate of Primary Education (KCPE):** Table 3.6 shows the number of candidates by sex and mean subject percentage score in KCPE from 2012 to 2016. The number of candidates rose by 2.7 per cent from 927,789 in 2015 to 952,390 in 2016 compared to an increase of 5.4 per cent in 2015. The number of female candidates increased by 4.1 per cent from 459,885 in 2015 to 478,706 in 2016, while that of male candidates rose by 1.2 per cent to 473,684 in 2016. The national mean score increased from 52.78 per cent in 2015 to 52.98 per cent in 2016. During the review period, all the subjects registered increases in mean score except in English Composition, Kiswahili Insha and Mathematics. Social Studies registered the highest rise of 7.40 percentage points while Mathematics registered the highest decline of 10.77 percentage points.

Table 3.6: Candidates by Sex and Mean Subject Score in KCPE, 2012-2016

Number

	2012	2013	2014	2015	2016*
Number of candidates					
Male	415,620	426,369	443,258	467,904	473,684
Female	396,310	413,390	437,228	459,885	478,706
Total	**811,930**	**839,759**	**880,486**	**927,789**	**952,390**
Subject	**Mean score (%)**				
English Language+	49.88	53.06	47.64	49.98	50.52
English Composition	42.43	41.90	41.47	41.38	40.26
Kiswahili Lugha	46.38	45.78	45.04	44.68	49.20
Kiswahili Insha	54.98	52.43	58.00	54.38	48.27
Mathematics	56.30	52.86	52.04	56.16	45.39
Science	62.76	61.82	66.00	55.48	61.82
Social Studies	60.87	54.75	55.26	49.98	57.38
Religious Education	75.75	70.43	68.97	70.20	70.99
National Mean Score	**56.17**	**54.13**	**54.30**	**52.78**	**52.98**

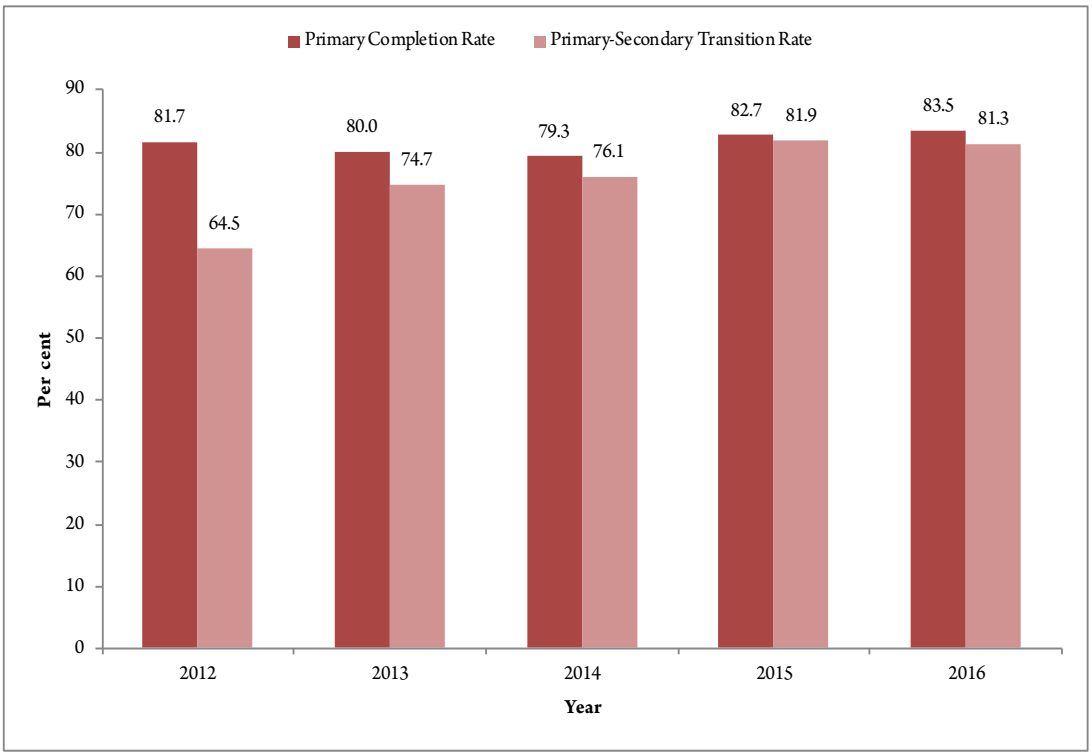
Source: Kenya National Examinations Council

* Provisional

+ Revised in 2012

3.15. Figure 3.3 shows the Pupil Completion Rate (PCR) and Primary to Secondary Transition Rate from 2012 to 2016. The PCR rose from 82.7 per cent in 2015 to 83.5 per cent in 2016, while the Primary to Secondary transition rate dropped from 81.9 per cent in 2015 to 81.3 per cent in 2016.

Figure 3.3 Pupil Completion Rate and Primary to Secondary Transition Rate, 2012-2016



3.16. **Primary Teachers:** The number of public primary school teachers by grade and sex from 2012 to 2016 is presented in Table 3.7. The total number of teachers in public primary schools increased by 1.8 per cent from 210,991 in 2015 to 214,719 in 2016. The number of approved teachers grew by 2.8 per cent mainly because of upgrading of diploma and P1 teachers. The number of graduate teachers marginally increased to 21,302 while that of SI/diploma teachers declined to 39,121 in 2016. The number of P1 teachers rose by 4.0 per cent from 98,149 in 2015 to 102,070 in 2016. There was a 5.2 per cent increase in male P1 teachers compared with 2.8 per cent increase in female P1 teachers in 2016. The public primary school pupil teacher ratio was 40:1 in 2016 compared to 41:1 in 2015. The services of contract teachers were terminated and the affected teachers had to re-apply for permanent employment.

Table 3.7: Public Primary School Teachers[1] by Grade and Sex, 2012 - 2016

Number

Grade	2012			2013			2014			2015			2016*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Graduate	3,484	3,381	6,865	9,448	9,825	19,273	9,353	10,001	19,354	10,267	10,951	21,218	10,315	10,987	21,302
Approved	32,347	23,246	55,593	29,964	20,195	50,159	29,010	20,722	49,732	29,669	21,050	50,719	29,770	22,352	52,122
S1/Diploma	6,989	8,580	15,569	14,528	19,520	34,048	15,236	20,850	36,086	16,421	22,722	39,143	16,386	22,735	39,121
Dip/Technical	-	-	-	-	-	-	17	26	43	18	27	45	23	32	55
P1	52,063	53,193	105,256	48,287	47,919	96,206	48,118	47,317	95,435	48,426	49,723	98,149	50,965	51,105	102,070
Cert./Technical	-	-	-	-	-	-	30	17	47	31	15	46	36	13	49
P2	3,484	4,267	7,751	-	-	-	-	-	-	-	-	-	-	-	-
Contract Teachers	-	-	-	-	-	-	-	-	-	647	1,024	1,671	-	-	-
TOTAL	**98,367**	**92,667**	**191,034**	**102,227**	**97,459**	**199,686**	**101,764**	**98,933**	**200,697**	**105,479**	**105,512**	**210,991**	**107,495**	**107,224**	**214,719**

Source: Teachers Service Commision

* Provisional

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

3.17. **Secondary Education:** Enrolment in secondary schools by class and sex, from 2012 to 2016 is as shown in Table 3.8. The total enrolment in both public and private secondary schools increased by 6.3 per cent from 2,559.0 thousand in 2015 to 2,720.6 thousand in 2016. Total enrolment of girls rose by 9.3 per cent from 1,210.5 thousand in 2015 to 1,323.6 thousand in 2016 while that of boys grew by 3.6 per cent to 1,396.9 thousand in 2016. The survival rate at secondary school level from Form 1 to Form 4 declined from 95.4 per cent in 2015 to 91.2 per cent in 2016. The Form 4 retention rate for girls and boys was 89.8 per cent and 89.6 per cent, respectively.

Table 3.8: Enrolment in Secondary Schools by Class and Sex, 2012 – 2016

Number

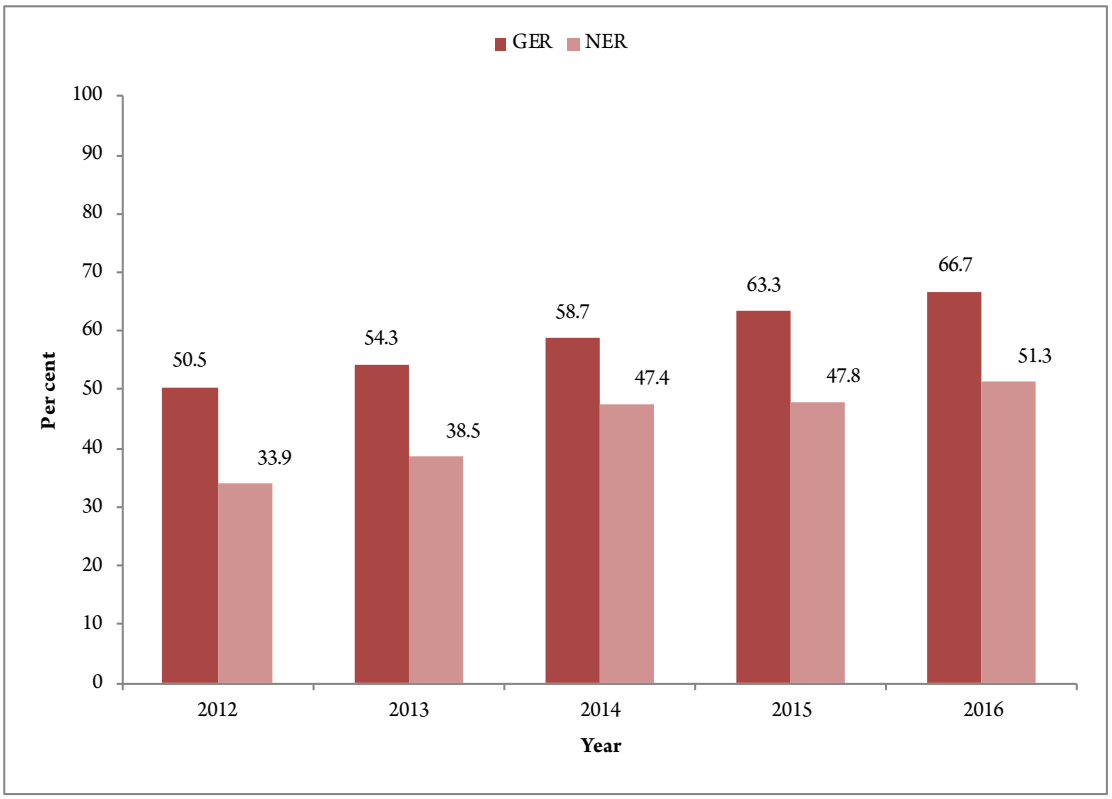
	2012		2013		2014		2015		2016*	
Class	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls
Form 1	282,555	249,573	327,775	289,753	342,378	331,041	380,448	352,216	382,774	375,130
Form 2	274,195	239,743	288,238	253,739	326,389	307,256	359,762	331,649	372,498	357,881
Form 3	239,149	218,278	267,221	228,869	294,263	263,671	331,147	296,366	345,005	324,349
Form 4	223,132	188,198	244,463	204,204	250,236	216,463	277,091	230,302	296,649	266,277
TOTAL	1,019,031	895,792	1,127,697	976,565	1,213,266	1,118,431	1,348,448	1,210,533	1,396,926	1,323,637
GRAND TOTAL	**1,914,823**		**2,104,262**		**2,331,697**		**2,558,981**		**2,720,563**	

Source : Ministry of Education

* Provisional.

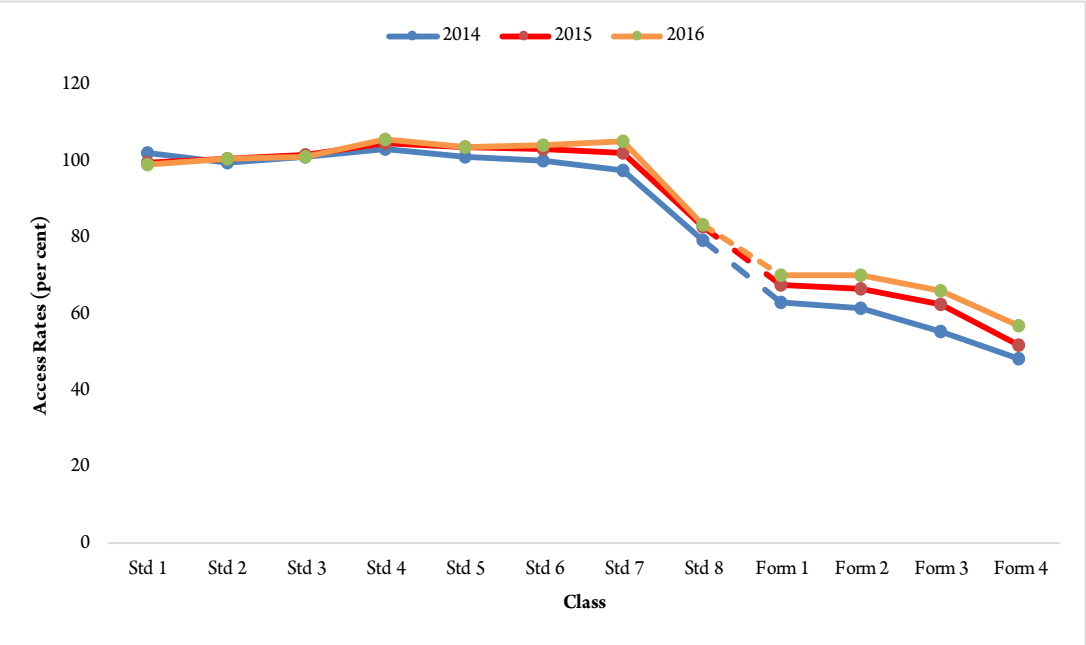
3.18. The GER rose from 63.3 per cent in 2015 to 66.7 per cent in 2016 as shown in Figure 3.4. Similarly, NER rose from 47.8 per cent in 2015 to 51.3 per cent in 2016. The change in both GER and NER can partly be attributed to the continued implementation of Free Day Secondary Education (FDSE) and the disbursements of bursaries from the National and County Governments; and the Constituency Development Fund.

Figure 3.4: Secondary School Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2012-2016



3.19. Figure 3.5 indicates the schooling profiles from 2014 to 2016. The schooling profile shows the overall advancement of students within the education system from standard one to form four and the change in schooling profile. The schooling profiles of 2014, 2015 and 2016 show that retention at secondary level of education has greatly improved compared with primary level. Retention in Std 4 to Std 7 improved compared to that of Std 1 to Std 3. However, progression from Std 7 to Std 8 depicts a sudden drop for all the years. Access to Std 1 over the period is almost universal.

Figure 3.5 Schooling Profile, 2014-2016



3.20. **Kenya Certificate of Secondary Education (KCSE):** Table 3.9 presents the number of candidates by mean grade attained in KCSE from 2012 to 2016. The number of KCSE candidates increased by 9.6 per cent from 521,240 in 2015 to 571,161 in 2016. The number of female candidates rose by 12.0 per cent from 242,853 in 2015 to 271,893 in 2016 while the number of male candidates rose by 7.5 per cent from 278,387 candidates to 299,268 candidates over the same period. The number of candidates who scored a minimum university entry score of "C+" and above declined by 47.5 per cent from 169,492 in 2015 to 88,929 in 2016 with the number of female candidates decreasing by 46.0 per cent compared to that of male candidates at 48.7 per cent. The number of candidates who scored "A" minus and above declined by 67.6 per cent from 14,754 in 2015 to 4,786 in 2016, with more female candidates scoring grade "A". The number of candidates who scored grade "D" plus and below increased significantly by 77.0 per cent to 376,414 in 2016 and constituted 65.9 per cent of the total candidates in 2016 compared to 40.8 per cent in 2015. The decline in examination performance is attributable to the teachers' strike that affected learning in most public schools and the reforms relating to the strict enforcement on the administration of the examination that was carried out by the Government.

Table 3.9: National trends in KCSE candidates mean grade by Sex, 2012-2016

Number

KCSE Grade	2012		2013		2014		2015		2016*	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
A	1,277	698	1,855	867	2,133	940	2,024	661	58	83
A-	5,947	3,288	6,276	3,492	7,644	4,124	7,952	4,117	2,685	1,960
B+	11,753	5,977	10,776	6,237	12,606	7,208	13,517	8,410	6,581	4,394
B	15,962	9,221	15,315	9,341	17,941	11,378	19,826	13,634	10,204	7,012
B-	18,936	12,174	18,216	12,648	21,997	16,318	25,312	19,269	13,649	10,096
C+	22,180	16,291	21,836	16,515	25,978	21,450	29,556	25,214	17,238	14,969
C	27,134	21,771	26,492	22,079	30,699	27,989	33,437	31,476	22,960	21,832
C-	31,582	27,166	32,385	28,378	36,015	34,662	37,482	36,633	30,979	30,047
D+	35,655	31,548	37,703	34,100	38,749	37,449	40,181	38,976	41,632	39,319
D	37,694	35,872	39,672	38,505	37,365	36,136	40,442	39,113	57,487	54,648
D-	26,436	25,997	28,542	27,251	24,542	23,174	25,531	23,127	77,718	72,211
E	4,263	3,621	3,913	3,126	3,227	2,409	3,127	2,223	18,077	15,322
Total	**238,819**	**193,624**	**242,981**	**202,539**	**258,896**	**223,237**	**278,387**	**242,853**	**299,268**	**271,893**
Grand Total	**432,443**		**445,520**		**482,133**		**521,240**		**571,161**	

Source: Kenya National Examinations Council

* Provisional

3.21. **Secondary School Teachers:** Table 3.10 presents the number of public secondary school and tertiary teachers by sex and grade from 2012 to 2016. The total number of public secondary school and tertiary teachers expanded by 4.4 per cent from 85,438 in 2015 to 89,187 in 2016. Similarly, the total number of trained teachers rose by the same margin to 88,981 in 2016. The number of female-trained teachers increased by 5.3 per cent to 35,666 while that of male teachers grew by 3.8 per cent to 53,315 in 2016. During the period under review, the number of trained Approved and S1/Diploma teachers combined declined from 15,999 in 2015 to 15,442 in 2016. This decline can be attributed to the number of teachers who had exited the service through natural attrition and teachers who were promoted to next grade after completion of studies.

Table 3.10: Public Secondary School Teachers by Grade and Sex[1], 2012 – 2016

Number

Grade	2012			2013			2014			2015			2016*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
TRAINED															
Graduate	31,783	19,731	51,514	32,111	20,378	52,489	37,641	24,795	62,436	40,610	27,081	67,691	43,128	29,120	72,248
Approved...	5,159	2,782	7,941	3,787	1,858	5,645	4,269	2,116	6,385	4,082	2,025	6,107	3,845	1,985	5,830
S1/Diploma...	2,056	1,523	3,579	3,689	2,614	6,303	4,853	3,687	8,540	5,650	4,242	9,892	5,432	4,180	9,612
Dip/Technical	719	356	1,075	326	141	467	572	299	871	577	296	873	568	285	853
Cert./Technical	-	-	-	324	109	433	366	121	487	350	116	466	342	96	438
Contract Teachers	-	-	-	-	-	-	-	-	-	81	121	202			-
SUB TOTAL	**39,717**	**24,392**	**64,109**	**40,237**	**25,100**	**65,337**	**47,701**	**31,018**	**78,719**	**51,350**	**33,881**	**85,231**	**53,315**	**35,666**	**88,981**
UNTRAINED															
Graduate	6	4	10	134	15	149	-	-	-	169	30	199	165	35	200
Dip/Technical	165	54	219	6	2	8	6	2	8	6	2	8	4	2	6
SUB TOTAL...	**171**	**58**	**229**	**140**	**17**	**157**	**6**	**2**	**8**	**175**	**32**	**207**	**169**	**37**	**206**
GRAND TOTAL...	**39,888**	**24,450**	**64,338**	**40,377**	**25,117**	**65,494**	**47,707**	**31,020**	**78,727**	**51,525**	**33,913**	**85,438**	**53,484**	**35,703**	**89,187**

Source : Teachers Service Commission

* Provisional

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

3.22. **Teacher Training Institutions:** Teacher trainees enrolment by year and sex from 2012 to 2016 is presented in Table 3.11. The total number of teacher trainees in P1 and Diploma colleges grew marginally from 41,402 in 2015 to 41,707 in 2016. The enrolment of P1 teacher trainees declined by 0.9 per cent from 39,431 in 2015 to 39,067 in 2016 with the number of teacher trainees in public colleges decreasing by 6.7 per cent to 21,294 in 2016. However, the number of teacher trainees enrolled in private colleges grew by 7.0 per cent to 17,773. The teacher trainees in diploma colleges increased by 33.9 per cent from 1,971 in 2015 to 2,640 in 2016. First year P1 trainees enrolment declined by 13.3 per cent, while that of second year P1 trainees increased marginally during the review period.

Table 3.11: Teacher Trainees Enrolment by Year and Sex, 2012- 2016

Number

TYPE OF INSTITUTION/ CERTIFICATION	2012		2013		2014		2015		2016*	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Public primary (P 1)										
1st Year	4,403	4,497	5,249	5,435	4,994	5,536	5,769	6,270	4,489	5,945
2nd Year	4,365	4,402	4,967	5,357	5,249	5,435	5,513	5,266	5,074	5,786
Sub Total	**8,768**	**8,899**	**10,216**	**10,792**	**10,243**	**10,971**	**11,282**	**11,536**	**9,563**	**11,731**
Private primary (P1)	**5,342**	**5,943**	**6,997**	**7,392**	**7,905**	**8,352**	**8,102**	**8,511**	**8,401**	**9,372**
Total Private P1	**11,285**		**14,389**		**16,257**		**16,613**		**17,773**	
SUB TOTAL	**14,110**	**14,842**	**17,213**	**18,184**	**18,148**	**19,323**	**19,384**	**20,047**	**17,964**	**21,103**
Diploma										
1st Year	392	226	316	269	671	516	419	411	573	558
2nd Year	329	215	379	226	317	260	300	280	392	369
3rd Year	349	233	327	199	387	231	305	256	404	344
SUB TOTAL	**1,070**	**674**	**1,022**	**694**	**1,375**	**1,007**	**1,024**	**947**	**1,369**	**1,271**
TOTAL	**15,180**	**15,516**	**18,235**	**18,878**	**19,523**	**20,330**	**20,408**	**20,994**	**19,333**	**22,374**
GRAND TOTAL	**30,696**		**37,113**		**39,853**		**41,402**		**41,707**	

Source: Ministry of Education

*Provisional

3.23. **Technical and Vocational Educational Training Institutions (TVET)**: Table 3.12 presents enrolment in registered TVET institutions from 2012 to 2016. The total enrolment in TVET institutions grew by 32.1 per cent from 153,314 in 2015 to 202,556 in 2016. The increase was mainly due to the expansion of TVET institutions and implementation of the TVET Act 2012, which stipulates that all TVET institutions must register with the Technical Vocational Education and Training Authority (TVETA). The enrolment in national polytechnics and technical universities substantially increased by 79.7 per cent from 20,541 in 2015 to 36,915 in 2016. Student enrolment in other TVET colleges, mainly the Technical and Vocational Colleges and Vocational Training Colleges rose by 24.8 per cent from 132,773 in 2015 to 165,641 in 2016. The enrolment in Vocational Training Colleges went up by 4.4 per cent from 77,465 in 2015 to 80,905 in 2016, mainly due to the expansion of these colleges by the county governments.

Table 3.12: Student Enrolment in Technical Institutions by Sex, 2012 – 2016

Number

INSTITUTION	2012		2013		2014+		2015		2016*	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Technical University of Kenya[1]	1,698	1,024	4,814	2,607	4,432	2,769	3,911	2,517	2,425	1,249
Technical University of Mombasa[1]	2,190	1,150	3,048	1,506	3,250	1,708	2,835	1,633	1,789	1,236
Kenya Technical Trainers College	..	..	..	..	858	597	913	1,119	2,806	2,114
Kisumu National Polytechnic	2,256	1,136	2,223	1,267	2,926	1,551	2,078	1,325	2,941	1,415
Eldoret National Polytechnic	2,730	1,669	3,081	1,949	3,194	1,977	2,726	1,484	3,793	2,174
Meru National Polytechnic	..	..	..	..	..	..	..	..	744	287
North Eastern National Polytechnic	..	..	..	..	..	..	..	..	613	428
Kenya Coast National Polytechnic	..	..	..	..	..	..	..	..	736	1,142
Kitale National Polytechnic	..	..	..	..	..	..	..	..	907	512
Kisii National Polytechnic	..	..	..	..	..	..	..	..	1,733	1,217
Kabete National Polytechnic	..	..	..	..	..	..	..	..	2,048	979
Nyeri National Polytechnic	..	..	..	..	..	..	..	..	1,218	646
Sigalagala National Polytechnic	..	..	..	..	..	..	..	..	1,001	762
Sub Total	**8,874**	**4,979**	**13,166**	**7,329**	**14,660**	**8,602**	**12,463**	**8,078**	**22,754**	**14,161**
Other TVET Institutions										
Public Technical and Vocational Colleges[2]	28,153	18,631	31,956	23,989	29,632	21,232	32,221	23,087	17,589	9,569
Private Technical and Vocational Colleges[2]	..	..	..	..	..	..	..	..	27,280	30,298
Vocational Traning Colleges[3]	40,233	26,821	42,942	28,627	45,473	28,222	47,625	29,840	46,340	34,565
Sub Total	**68,386**	**45,452**	**74,898**	**52,616**	**75,105**	**49,454**	**79,846**	**52,927**	**91,209**	**74,432**
TOTAL	**127,691**		**148,009**		**147,821**		**153,314**		**202,556**	

Source: Technical Vocational Education and Training Authority (TVETA)

* Provisional

+Data relating to Technical University of Kenya, Technical University of Mombasa and Kisumu National Polytechnic has been revised

[1] Diploma and Certificate courses only

[2]Formerly Technical Training Institutes

[3]Formerly Youth Polytechnics

.. Data not available

3.24. **University Education:** Student enrolment by sex in public and private universities from 2013/14 to 2016/17 academic years is as shown in Table 3.13. Total university student enrolment is expected to increase by 10.5 per cent from 510,685 in 2015/16 to 564,507 in 2016/17. The growth is attributable to the increase in the number of public universities and financing of students in private universities by the Government. Female students enrolment is expected to rise by 10.0 per cent from 212,872 in 2015/16 to 234,120 in 2016/17 while that of male students is expected to increase by 10.9 per cent to 330,387 in 2016/17. Student enrolment in public universities is expected to grow by 10.8 per cent to 479,312 in 2016/17 while private universities enrolment is expected to rise by 9.3 per cent from 77,929 in 2015/16 to 85,195 in 2016/17. The number of male students enrolled in public universities is expected to increase by 10.9 per cent to 286,840 in 2016/17 compared to a 10.6 per cent increase in enrolment of female students.

Table 3.13: Student Enrolment[1] by Sex in Universities, 2013/14 - 2016/17

Number

INSTITUTION	2013/14		2014/15		2015/16		2016/17*	
	Male	Female	Male	Female	Male	Female	Male	Female
Public Universities								
Nairobi	38,693	25,376	42,328	27,618	60,103	38,612	62,541	39,733
Kenyatta	37,758	32,248	43,165	33,714	40,254	31,237	41,426	31,004
Moi	18,547	15,684	22,458	20,838	24,775	21,951	24,608	18,062
Egerton	7,044	4,896	8,661	5,267	7,087	5,433	7,178	5,623
Jomo Kenyatta (JKUAT)	19,729	10,847	20,860	11,469	21,623	12,752	24,747	15,198
Maseno	3,922	2,247	7,356	7,412	11,157	7,115	10,729	7,618
Masinde Muliro	5,606	3,445	7,480	4,213	8,619	5,612	11,344	7,542
Technical University of Kenya	5,102	1,915	5,391	2,024	7,586	2,446	7,460	2,693
Technical University of Mombasa	3,993	1,050	4,186	1,234	5,061	1,814	5,086	2,397
Dedan Kimathi	1,546	584	4,715	1,578	4,538	1,558	4,554	1,558
Chuka	7,318	2,663	9,716	3,931	6,469	4,074	8,689	5,844
Karatina	2,700	2,014	3,095	2,209	4,590	3,046	3,631	2,653
Kisii	913	531	4,780	3,495	7,567	5,979	13,913	8,995
Meru	2,001	903	2,825	1,174	3,067	1,272	4,362	2,156
Multimedia	697	331	754	346	2,568	1,373	3,527	1,780
South Eastern	1,988	1,037	3,676	2,138	4,274	2,624	4,591	3,153
Jaramogi Oginga Odinga	1,259	771	2,537	1,638	6,682	3,974	7,529	5,213
Laikipia	857	574	3,260	2,652	4,999	4,007	5,297	4019
University of Eldoret	8,059	4,507	9,447	6,215	13,963	9,875	9,675	7261
Kabianga	1,004	681	3,375	2,366	1,249	1,017	4,661	3,855
Pwani	2,666	1,591	2,981	1,603	3,781	2,494	3,989	2,692
Kibabii	..	..	..	..	3,527	1,815	3,610	2,440
Embu University College	..	..	..	..	..	..	687	677
Machakos	..	..	..	..	..	..	1,085	873
Murang'a University College	..	..	..	..	..	..	1,473	871
Rongo	..	..	..	..	..	..	3,029	2,220
Kirinyaga University College	..	..	..	..	..	..	317	242
Co-operative University College	..	..	..	..	..	..	1,259	1,594
Taita Taveta Univereity College	..	..	..	..	..	..	503	272
Masai Mara	2,585	1,851	4,118	3,036	5,149	3,988	5,340	4,234
SUB-TOTAL	**173,987**	**115,746**	**217,164**	**146,170**	**258,688**	**174,068**	**286,840**	**192,472**
Private Universities	39,980	31,666	42,454	37,994	39,125	38,804	43,547	41,648
GRAND TOTAL	**361,379**		**443,783**		**510,685**		**564,507**	

Source: Individual Universities/ Commission for University Education

* Provisional

[1] Enrolment excludes Diploma/Certificate.

3.25. **Registration of Universities and other Institutions offering Degree Programmes:** The registration of universities and other institutions offering degree programmes from 2012 to 2016 is presented in Table 3.14. The number of chartered private universities increased from 17 in 2015 to 18 in 2016 after one private university was given a charter. The number of public universities increased by 30.4 per cent from 23 in 2015 to 30 in 2016 mainly due to granting of full charters to 7 university constituent colleges. This resulted into a decline in the number of public university constituent colleges to three in 2016.

Table 3.14: Registration of Universities and Other Institutions offering Degree Programmes, 2012-2016

Number

Category of Institutions	2012	2013	2014	2015	2016*
Chartered private universities	15	17	17	17	18
Universities with Letter of Interim Authority	12	11	13	14	14
Newly Registered universities	2	2	1	1	0
Institutions approved for collaboration with universities in offering university programmes	33	33	33	35	35
Public universities	8	22	22	23	30
Public university constituent colleges	23	9	9	10	3
Private university constituent colleges	4	5	5	5	5
Public university campuses established	33	33	33	33	33

Source: Commission for University Education

3.26. Table 3.15 presents the number of approved degree programmes by category of institutions from 2012 to 2016. The number of approved public university degree programmes remained at 2,066 while those offered by private universities increased from 333 in 2015 to 406 in 2016. The number of approved degree programmes for collaboration with universities rose from 38 in 2015 to 41 in 2016.

Table 3.15: Approved Degree Programmes, 2012-2016

Number

Programme	2012	2013	2014	2015	2016*
Public University Degree Programmes	..	..	..	2,066	2,066
Public University Constituent Colleges Degree Programmes	..	..	..	106	106
Private University Degree Programmes	160	362	333	333	406
Private University Constituent Degree Programmes	..	..	..	20	20
Universities with Letter of Interim Authority	..	..	..	58	58
Registered Private University Degree Programmes	..	..	..	4	4
Degree programmes for Collaboration with Universities	38	38	38	38	41
Validated diploma programmes[1]	140	..	..	..	72

Source: Commision for University Education

* Provisional

.. Data not avalable

[1]Commission stopped validation in 2013 and resumed in 2016

3.27. **Loan Applicants, Beneficiaries and Amount of Loan Awarded to Students in Colleges:** Table 3.16 shows the number of loan applicants, beneficiaries and the amount of loans awarded to students in public and private universities and the TVET institutions from 2012/13 to 2016/17 academic years. Total number of student loan applicants is expected to grow by 10.3 per cent from 204,759 in 2015/16 to 225,755 in 2016/17. The total number of students awarded loans rose by 10.4 per cent to 217,520 while the total amount of loans awarded increased by 15.8 per cent from KSh 7.6 billion in 2015/16 to KSh 8.8 billion in 2016/17. Public university students' loan applicants increased by 10.4 per cent from 183,887 in 2015/16 to 203,037 in 2016/17 while the total number of beneficiaries increased by 10.6 per cent to 195,506 in 2016/17. During the review period, the amount awarded to public student beneficiaries grew by 16.2 per cent to KSh 8.2 billion in 2016/17. TVET students' loan applicants rose by 4.2 per cent from 15,330 in 2015/16 to 15,967 in 2016/17 with all the applicants being awarded loans. Total amount of loans awarded to TVET students grew by 17.9 per cent to KSh 423.7 million in 2016/17.

Table 3.16: Loan Applicants, Beneficiaries and Loans Awarded by Sex, 2012/13 – 2016/17

Year	Number of Loan Applicants		Number of Applicants Awarded Loans		Amount of Loans Awarded (KSh Million)		Total Loans Awarded (KSh Million)
	Male	Female	Male	Female	Male	Female	
Public University							
2012/2013	81,331	43,223	75,118	38,285	3,261.1	1,634.3	4,895.4
2013/2014	101,385	53,620	92,061	48,459	3,948.5	2,175.2	6,123.7
2014/2015	112,495	59,931	109,022	55,847	4,384.5	2,224.2	6,608.7
2015/2016	119,225	64,662	115,194	61,514	4,607.8	2,413.7	7,021.5
2016/2017*	131,009	72,028	127,079	68,427	5,384.6	2,773.9	8,158.5
Private University							
2012/2013	3,483	2,709	2,587	1,934	115.9	85.9	201.8
2013/2014	3,903	2,791	2,987	2,143	127.8	90.7	218.5
2014/2015	3,335	2,390	3,011	2,050	118.7	80.8	199.5
2015/2016	3,198	2,344	2,896	2,095	112.0	80.3	192.3
2016/2017*	3,897	2,854	3,507	2,540	146.3	106.0	252.3
TVET Institutions[1]							
2012/2013	-	-	-	-	-	-	-
2013/2014	2,762	1,234	2,762	1,234	71.6	33.3	104.8
2014/2015	5,051	2,551	5,051	2,551	88.8	48.2	137.0
2015/2016	9,823	5,507	9,823	5,507	224.9	134.4	359.3
2016/2017*	10,517	5,450	10,517	5,450	275.1	148.6	423.7

Source: Higher Education Loans Board

*Provisional

[1]TVET institutions loans beneficiaries began in 2013/14

3.28. The number of bursary applicants, beneficiaries and the amounts awarded to students by the Higher Education Loans Board (HELB) in public universities and TVET institutions is presented in Table 3.17. The total number of bursary applicants rose by 10.9 per cent from 34,985 in 2015/16 to 38,801 in 2016/17. Student applicants from public university rose by 16.2 per cent to 22,834 in 2016/17 while that of TVET increased by 4.2 per cent from 15,330 in 2015/16 to 15,967 in 2016/17. The number of students awarded bursaries increased by 11.2 per cent to 33,905 in 2016/17. The amount of bursary awarded to students in public universities and TVET institutions went up by 7.2 per cent from KSh 216.2 million in 2015/16 to KSh 231.7 million. Bursaries awarded to students in TVET institutions declined by 5.7 per cent to KSh 117.9 million while that of public universities increased by 24.8 per cent to KSh 113.8 million.

Table 3.17: Bursary Applicants, Beneficiaries and Amount Awarded by Sex, 2012/13 – 2016/17

Year	Number of Bursary Applicants			Number of Applicants Awarded Bursary			Amount of Bursary Awarded (KSh Million)		Total Bursary Awarded (KSh Million)
	Male	Female	Total	Male	Female	Total	Male	Female	
Public University									
2012/2013	10,058	3,489	13,547	10,083	3,489	13,572	55.6	20.1	75.7
2013/2014	7,915	2,795	10,710	8,466	2,795	11,261	51.3	18.9	70.2
2014/2015	10,791	4,383	15,174	10,653	4,383	15,036	64.8	26.3	91.1
2015/2016	15,171	4,484	19,655	10,678	4,484	15,162	64.8	26.4	91.2
2016/2017*	15,984	6,850	22,834	12,557	5,381	17,938	80.8	33.0	113.8
Sub Total	**59,919**	**22,001**	**81,920**	**52,437**	**20,532**	**72,969**	**317**	**125**	**442**
TVET Institutions[2]									
2013/2014	2,762	1,234	3,996	2,762	1,234	3,996	34.8	16.2	51.0
2014/2015	5,051	2,551	7,602	5,051	2,551	7,602	41.6	22.7	64.3
2015/2016	9,823	5,507	15,330	9,823	5,507	15,330	78.5	46.5	125.0
2016/2017*	10,517	5,450	15,967	10,517	5,450	15,967	77.6	40.3	117.9
Sub Total	**28,153**	**14,742**	**42,895**	**28,153**	**14,742**	**42,895**	**232**	**126**	**358**
Grand Total	**88,072**	**36,743**	**124,815**	**80,590**	**35,274**	**115,864**	**550**	**250**	**800**

Source: Higher Education Loans Board

*Provisional

[1]TVET bursary beneficiaries began in 2013/14

[2]All TVET Students who apply for loans automatically qualify for bursary

3.29. The Government capitation, total loans and bursary awarded; and the loan repayment are shown in Table 3.18. Total Government capitation on loans and bursaries and the loan repayment to HELB is expected to increase by 7.0 per cent from KSh 10.0 billion in 2015/16 to KSh 10.7 billion in 2016/17. The total amount of loans and bursaries awarded to university and TVET students is expected to grow by 16.7 per cent to KSh 9.1 billion in 2016/17. Similarly, loan repayments are expected to increase by 7.5 per cent from KSh 4.0 billion in 2015/16 to KSh 4.3 billion in 2016/17.

Table 3.18: Government Capitation, Loans / Bursaries Awarded and Loan Repayments, 2012/13-2016/17

KSh Million

Year	GOK Loans Capitation	GOK Bursary Capitation	Total Loan Repayment	Total GOK Capitation and Loan Repayment	Total Loans Awarded	Total Bursary Awarded	Total Loan and Bursary
2012/2013	2,265.8	182.4	3,251.8	**5,700.0**	5,097.2	75.7	**5,172.9**
2013/2014	2,965.0	192.0	3,205.0	**6,362.0**	6,447.1	121.2	**6,568.2**
2014/2015	4,514.0	192.0	3,257.1	**7,963.1**	6,945.3	155.4	**7,100.6**
2015/2016	5,858.0	192.0	3,982.6	**10,032.6**	7,573.1	216.3	**7,789.4**
2016/2017*	6,177.8	237.0	4,250.0	**10,664.8**	8,834.5	231.7	**9,066.1**

Source: Higher Education Loans Board

*Provisional

Health and Vital Statistics

3.30. Information on the number of registered deaths by major causes from 2012 to 2016 is shown in Table 3.19. Pneumonia followed by Malaria, Cancer and HIV/AIDS continued to be the leading causes of death, collectively accounting for 32.9 per cent of all reported deaths. Total number of registered deaths by major causes declined by 14.7 per cent to 94,130 cases.

Table 3.19: Registered Deaths by Major Causes, 2012 – 2016

Number

Cause	2012	2013	2014	2015	2016*
Malaria	24,772	23,789	22,948	20,691	16,000
Pneumonia	22,051	22,918	21,640	22,473	21,295
Cancer	12,574	13,720	14,175	15,714	15,762
HIV/AIDS	11,111	11,448	12,235	11,131	9,471
Tuberclosis	10,611	11,186	10,986	10,183	4,735
Anaemia	8,169	8,124	8,469	8,472	8,165
Road traffic accidents[1]	4,997	4,942	4,710	5,488	4,809
Other accidents	4,630	4,857	4,187	3,887	4,166
Heart disease	5,188	4,544	5,030	5,799	5,353
Menengitis	4,480	4,265	4,555	4,499	4,374
Sub-total	**110,595**	**111,806**	**110,949**	**110,352**	**94,130**
Others	79,234	84,539	89,676	91,868	96,507
Total	**189,829**	**196,345**	**200,625**	**202,220**	**190,637**

Source: Civil Registration Service

*Provisional

[1]The data includes deaths that occur after the road accidents have been reported

3.31. **National Hospital Insurance Fund (NHIF):** Table 3.20 (a) shows the receipts from members' contributions and benefits paid out for the period 2011/12 to 2015/16. Total contributions received from members more than doubled from KSh 12.4 billion in 2014/15 to KSh 28.5 billion in 2015/16. In line with the contributions, the benefits to members grew significantly from KSh 5.9 billion in 2014/15 to KSh 10.2 billion in 2015/16. This substantial increase is attributed to the upward review of the rates, which took effect in April 2015. The proportion of the benefits to members relative to the members' contributions declined from 47.6 per cent in 2014/15 to 36.0 per cent in 2015/16.

Table 3.20a: NHIF Receipts from Members' Contributions and Benefits Paid Out, 2011/2012-2015/2016

KSh Million

Financial Year	2011/12	2012/13+	2013/14+	2014/15+	2015/16*
Receipts (members' contributions)...	9,595.6	7,905.6	9,323.0	12,371.5	28,477.9
Benefits...	5,999.8	4,838.0	4,314.6	5,883.7	10,248.8
Benefits contributions proportion (%)..	**62.5**	**61.2**	**46.3**	**47.6**	**36.0**

Source: National Hospital Insurance Fund

* Provisional

+ Revised

3.32. **National Hospital Insurance Fund Membership:** Table 3.20b shows the number of registered active members of the National Hospital Insurance Fund from 2011/12 to 2015/16. Total membership grew by 15.1 per cent from 5.3 million in 2014/15 to 6.1 million in 2015/16. The formal sector continued to contribute the largest share representing 58.9 per cent of the membership in 2015/16. The informal sector registered a 26.5 per cent increase in membership in 2015/16 compared to 12.2 per cent increase in the formal sector over the same period. Since 2011/12, the informal sector active registered membership has been growing at a faster rate than in the formal sector. This could be attributed to the spirited campaign by the Fund to recruit new members in the informal sector.

Table 3.20b: Registered Active Members of the National Hospital Insurance Fund, 2011/12-2015/16

Number

Financial Year	2011/12	2012/13	2013/14	2014/15	2015/16*
Formal Sector...	2,441,795	2,679,370	2,952,362	3,221,621	3,616,167
Informal Sector...	898,364	1,115,424	1,498,031	1,991,614	2,520,089
Total...	**3,340,159**	**3,794,794**	**4,450,393**	**5,268,649**	**6,136,256**

Source: National Hospital Insurance Fund

* Provisional

3.33. Table 3.21 shows the number of registered health personnel and those in training for the years 2015 and 2016. The total number of registered health personnel increased by 12.3 per cent from 153,802 in 2015 to 172,706 in 2016. The proportion of registered health personnel per 100,000 population rose to 382 in 2016 from 346 in 2015. There was no change in the proportion of the registered Pharmacists, which remained the same at 7 per 100,000 population in 2015 and 2016. The total number of health students in training rose from 11,879 in 2014/15 to 16,740 in 2015/16.

Table 3.21: Registered Health Personnel and those in Training, 2015-2016

Type of Personnel[1]	Registered Health Personnel				In-Training	
	2015		2016*			
	Number	No. Per 100,000 Population	Number	No. Per 100,000 Population	2014/2015	2015/2016*
Medical Officers	9,605	22	10,376	23	501	3,213
Dentists	1,094	2	1,149	3	30	251
Pharmacists	2,994	7	3,169	7	219	272
Pharmaceutical Technologists	7,895	18	8,673	19	825	783
Clinical Officers	15,443	35	17,092	38	1,519	2600
(BSc) Nurses	2,944	7	4,070	9	812	343
Registered Nurses	50,419	114	57,037	126	4,481	3,142
Enrolled Nurses	42,369	96	42,947	95	314	86
Public Health Officers	10,110	23	12,564	28	1,071	3,360
Public Health Technicians	5,969	14	6,752	15	_	_
Laboratory Technologists	1,230	_	3,346	7	839	340
Laboratory Technicians	363	_	554	1	201	_
Nutritionists & Dieticians	1,506	3	2,107	5	500	1,167.00
Nutrition & Dietetic Technologists	1,597	4	2,300	5	400	883
Nutrition & Dietetic Technicians	264	0.6	570	1	167	300
Total	**153,802**	**346**	**172,706**	**382**	**11,879**	**16,740**

Source: Kenya Medical Practitioners & Dentists Board, Pharmacy and Poisons Board, Clinical Officers Council, Nursing Council of Kenya, Kenya Medical Laboratory Technicians and Technologists Board, Kenya Nutritionists and Dieticians Institute

* Provisional

[1] Cummulative number of health personnel

3.34. Details on the number of undergraduate and postgraduate medical students by sex from 2012/13 to 2016/17 academic years are shown in Table 3.22. The total number of undergraduate and postgraduate medical students is expected to increase from 10,865 in 2015/16 to 14,286 in 2016/17 academic year. The numbers of students undertaking Dental Surgery, Nursing, Environmental Health and Medicine and Surgery are expected to rise by 60.0, 32.7, 48.5 and 16.7 per cent from 2015/16 to 2016/17 academic year, respectively. The number of medical postgraduate students grew by 40.0 per cent from 1,702 in 2015/16 to 2,382 in 2016/17.

Table 3.22: Undergraduate Medical Students by Course and Sex; and the number of Postgraduate Students 2012/13-2016/17

Number

Undergraduate	2012/13		2013/14		2014/15		2015/16		2016/17*	
Medical Degree	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Medicine & Surgery	1,649	1,521	1,784	1,673	1,706	1,573	2,068	1,425	2,394	1,683
Nursing	781	1,368	1,042	1,531	1,197	2,781	1,041	1,841	1,414	2,411
Dental Surgery	138	130	147	144	201	168	157	163	204	208
Environmental Health	409	671	570	473	571	675	532	539	789	801
Pharmacy	207	259	389	265	550	419	544	454	822	690
Biochemistry	186	194	275	186	140	77	260	139	292	196
Sub-Total	**3,370**	**4,143**	**4,207**	**4,272**	**4,365**	**5,693**	**4,602**	**4,561**	**5,915**	**5,989**
Postgraduate students	335	283	662	461	706	724	1,032	670	1,427	955
Total	**3,705**	**4,426**	**4,869**	**4,733**	**5,071**	**6,417**	**5,634**	**5,231**	**7,342**	**6,944**
Grand Total	**8,131**		**9,602**		**11,488**		**10,865**		**14,286**	

Source: Universities - University of Nairobi, Egerton, Jomo Kenyatta University of Agriculture & Technology, Kabarak , Kenya Methodist, Kenyatta University, Aga Khan University , Masinde Muliro, Moi, Mt. Kenya, Baraton

* Provisional

3.35. Table 3.23 shows the number of middle level medical students registered at the Kenya Medical Training College from 2011/12 to 2015/16 academic years. Overall, enrolment increased by 10.5 per cent from 8,565 in 2014/15 to 9,464 in 2015/16. Diploma in Community Health Nursing continued to attract the highest number with 3,000 medical students in 2015/16 academic year followed by Clinical Medicine and Surgery with 1,520 medical students in the same period. More students are undertaking Diploma courses followed by Certificate and Higher Diploma, respectively.

Table 3.23: Middle Level Medical Trainees in Public Medical Training Colleges, 2011/12 –2015/16

Number

Level of Training	2011/12	2012/13	2013/14	2014/15+	2015/16*
Certificate in:					
Community Nursing	184	278	279	280	330
Medical Engineering Technology	76	84	94	80	60
Health Records & Information Technology	722	781	528	712	830
Nutrition	196	180	318	317	320
Certificate in Orthopaedic Plaster	..	..	30	60	60
Sub-Total	**1,178**	**1,323**	**1,249**	**1,449**	**1,600**
Diploma in:					
Community Health Nursing	1,029	2,662	2,708	2,745	3,000
Community Nutrition	72	138	187	317	320
Environmental Health Sciences	464	589	568	520	560
Medical Laboratory Sciences	429	411	459	459	462
Clinical Medicine & Surgery	1,134	1,156	1,125	1,140	1,520
Medical Engineering Technology	55	75	118	77	83
Community Oral Health	40	41	47	42	47
Dental Technology	39	39	36	34	41
Health Records and Information technology	225	255	381	381	401
Occupational Therapy	42	44	44	50	84
Orthopaedic Technology	32	35	25	25	25
Pharmacy	406	448	434	444	442
Physiotherapy	117	143	109	169	167
Medical Imaging Sciences	115	165	143	152	147
Optical Technology	25	22	28	29	20
Health Promotion	-	-	-	30	60
Registered Nursing-Mental Health &Psychiatry	-	50	93	150	150
Neurophysiology	14	16	-	-	-
Sub Total	**4,238**	**6,289**	**6,505**	**6,764**	**7,529**
Higher Diploma in:					
Pharmacy	21	5	-		-
Environmental Health Sciences[1]	18	6	4	3	4
Medical Laboratory Sciences[2]	81	15	18	13	11
Nursing[3]	48	52	163	138	123
Clinical Medicine and Surgery[4]	60	83	112	124	120
Medical Engineering	49	27	-	-	-
Ultra Sound Image Pattern Analysis	45	21	36	39	37
Community Health & HIV/AIDS Care	25	58	33	12	15
Health Education & Promotion	-	18	17	11	14
Medical Education	20	17	11	12	11
Sub-Total	**367**	**302**	**394**	**352**	**335**
Total	**5,783**	**7,914**	**8,148**	**8,565**	**9,464**

Source: Kenya Medical Training College, Ministry of Health

* Provisional

+ Revised

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

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

[3] Includes Psychiatry Nursing, Community Health Nursing, intensive care, ophthalmic and PeriOperative nursing

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

3.36. Full immunization refers to children below one year who have received one dose of BCG, three doses each of Oral Polio Vaccine (OPV), Pentavalent, Pneumococcal Vaccine and one dose of Measles Vaccine. The Full Immunization Coverage of Children under one year old by County for the years 2013 to 2016 is provided in Table 3.24. The number of fully immunized children marginally declined from 1,113,188 in 2015 to 1,103,608 in 2016. However, the full immunization coverage increased from 73.0 per cent in 2015 to 76.0 per cent in 2016. During this period, only 16 out of the 47 counties realized a slight increase in immunization coverage. Only Kiambu County recorded full immunization coverage of over 100 per cent with 45 counties recording over 50 per cent full immunization coverage. Mandera County registered the lowest coverage at 40 per cent followed by West Pokot County at 45.0 per cent.

Table 3.24: Full Immunization Coverage (FIC), Rate of Under-One Year Old Children[1] by County 2013-2016

County	2013		2014		2015		2016*	
	Number	%	Number	%	Number	%	Number	%
Mombasa	26,761	79.7	26,200	72.8	31,662	86.9	30,047	82.0
Kwale	23,438	85.2	24,185	66.5	28,033	98.2	23,840	79.0
Kilifi	37,051	80.9	36,522	96.0	38,844	81.3	36,866	74.0
Tana River	6,553	57.1	6,501	56.1	6,340	60.1	6,722	54.0
Lamu	2,990	83.2	3,462	86.5	3,504	90.3	3,013	77.0
Taita Taveta	6,886	77.6	8,003	62.6	7,617	82.1	7,091	73.0
Garissa	11,768	129.7	15,157	61.9	14,555	61.5	15,852	71.0
Wajir	10,706	139.6	12,352	47.8	14,154	55.2	13,510	67.0
Mandera	7,813	69.9	10,212	20.4	11,137	26.9	12,848	40.0
Marsabit	7,671	92.7	9,425	71.7	9,384	71.9	8,869	73.0
Isiolo	4,255	89.6	4,136	61.3	4,240	65.7	3,797	67.0
Meru	24,105	59.3	28,522	57.9	27,860	64.6	26,719	65.0
Tharaka Nithi	8,748	82.8	7,357	47.7	7,031	60.2	6,557	61.0
Embu	13,193	96.1	11,878	73.3	12,303	84.3	11,698	84.0
Kitui	24,480	72.2	28,282	69.6	25,160	74.0	23,388	68.0
Machakos	25,828	83.8	27,266	77.7	27,216	78.7	27,133	87.0
Makueni	20,361	79.7	23,603	81.0	21,983	84.0	22,025	85.0
Nyandarua	12,919	69.5	15,030	85.5	15,129	85.7	14,237	79.0
Nyeri	13,780	77.2	15,212	75.8	15,031	100.7	14,137	81.0
Kirinyaga	11,169	80.0	11,166	85.2	11,662	87.6	11,699	86.0
Muranga	14,476	56.1	21,316	85.6	20,553	85.2	19,057	76.0
Kiambu	34,402	67.6	45,881	92.3	48,728	100.7	51,064	102.0
Turkana	15,248	66.5	20,390	75.0	18,862	64.1	23,467	77.0
West Pokot	11,812	48.4	14,819	63.3	13,738	65.6	11,802	45.0
Samburu	5,313	52.9	5,797	61.3	5,531	57.7	5,491	51.0
Trans Nzoia	18,880	55.0	22,188	59.8	23,348	57.7	23,910	64.0
Uasin Gishu	24,653	73.8	26,780	73.6	27,980	71.9	27,572	76.0
Elgeyo Marakwet	10,310	65.9	12,280	75.7	12,006	72.9	11,092	66.0
Nandi	20,009	70.6	22,971	67.5	21,417	60.4	18,260	60.0
Baringo	14,258	64.8	15,793	58.7	14,526	58.8	14,852	63.0
Laikipia	11,755	84.3	11,453	61.9	12,944	68.9	12,512	83.0
Nakuru	46,781	79.2	54,150	89.3	53,867	88.0	51,418	80.0
Narok	24,394	57.0	26,216	80.0	24,405	62.6	26,107	57.0
Kajiado	16,352	58.4	22,999	69.6	22,941	74.6	26,918	88.0
Kericho	14,727	52.5	20,908	63.6	19,166	59.1	18,075	61.0
Bomet	17,144	58.3	19,785	53.8	19,372	60.9	19,231	61.0
Kakamega	56,899	85.9	59,438	79.4	54,651	78.7	53,736	81.0
Vihiga	18,439	95.6	17,701	84.6	17,339	79.3	16,359	85.0
Bungoma	40,314	60.5	46,262	76.0	44,131	71.3	39,143	70.0
Busia	23,046	117.1	27,593	82.6	22,732	73.1	20,998	70.0
Kisumu	27,079	74.2	29,981	75.8	30,178	78.0	31,865	81.0
Siaya	24,423	76.6	26,870	76.5	25,838	78.7	26,045	76.0
Homabay	31,377	80.5	30,786	67.2	28,540	66.4	30,927	74.0
Migori	33,142	80.9	33,624	75.8	34,976	76.9	35,549	80.0
Kisii	31,422	73.7	34,341	81.5	32,567	65.4	31,069	68.0
Nyamira	20,032	97.1	20,690	98.0	20,040	89.5	20,446	92.0
Nairobi City	96,196	75.1	113,328	72.5	109,967	77.2	116,637	88.0
Kenya	**1,003,358**	**76**	**1,128,811**	**74.0**	**1,113,188**	**73.3**	**1,103,608**	**76.0**

Source: Ministry of Health, Division of Family Health

*Provisional

[1] Children who were born between April previous year and March current year and who received all basic vaccination

3.37. The health facility based incidence of diseases for the period 2012 to 2016 is shown in Table 3.25. The cases of diseases morbidity increased by 10.7 per cent to 50.8 million in 2016. Diseases of the respiratory system and malaria, which accounted for 55.4 per cent of the total disease causing morbidity, remained the two leading diseases in 2016. The number of diseases of the respiratory reported increased by 8.7 per cent from 18.3 million in 2015 to 19.9 million in 2016. Similarly, there was an increase of 7.8 per cent in the reported number of malaria cases from 7.7 million in 2015 to 8.3 million in 2016.

Table 3.25: Facility Based Incidence of Diseases in Kenya, 2012 -2 016

	2012		2013		2014		2015		2016*	
DISEASE	Number	%	Number	%	Number	%	Number	%	Number	%
Malaria	9,445,107	24.0	8,808,471	20.2	9,660,992	20.5	7,663,625	16.7	8,265,823	16.2
Disease of the Respiratory System	12,215,993	31.0	14,823,864	34.0	17,998,237	38.3	18,264,778	39.8	19,878,330	39.0
Diseases of the Skin (Incl. Ulcers)	3,051,026	7.7	3,648,361	8.4	4,556,925	9.7	4,755,915	10.4	4,400,542	8.6
Diarrhoea	2,081,487	5.3	2,226,107	5.1	3,013,256	6.4	3,115,168	6.8	2,883,039	5.7
Intestinal Worms	357,844	0.9	349,632	0.8	357,319	0.8	326,297	0.7	762,237	1.5
Pneumonia	1,135,046	2.9	1,282,996	2.9	1,509,851	3.2	1,508,212	3.3	1,612,579	3.2
Accidents (incl. fractures, burns etc)	846,287	2.1	927,861	2.1	1,079,953	2.3	1,154,067	2.5	1,303,640	2.6
Rheumatism, Joint pains etc	845,397	2.1	1,081,245	2.5	1,352,350	2.9	1,474,433	3.2	1,567,576	3.1
Urinary Tract Infections	912,646	2.3	1,091,371	2.5	1,361,275	2.9	1,541,276	3.4	1,688,865	3.3
Eye Infection	717,983	1.8	778,073	1.8	1,002,778	2.1	988,183	2.2	1,003,159	2.0
All Other Diseases	7,781,869	19.8	8,618,536	19.8	5,145,714	10.9	5,112,489	11.1	7,409,579	14.5
TOTAL	**39,390,685**	**100.0**	**43,636,517**	**100.0**	**47,038,650**	**100.0**	**45,904,443**	**100.0**	**50,775,369**	**100.0**

Source: Ministry of Health, Health Management Information System

* Provisional

3.38. **National Social Security Fund (NSSF):** The National Social Security Fund (NSSF) was established as a mandatory national scheme whose main objective is to provide basic financial security benefits to Kenyans in both formal and informal sectors upon retirement. In 2016, the number of registered employers went up by 26.7 per cent from 111.1 thousand in 2015 to 140.8 thousand in 2016 as shown in Table 3.26. This may be attributed to the measures taken to ensure that new employers are registered by both the Registrar of Companies and the Fund at the time of registration. Similarly the number of employees increased by 9.5 per cent to 4,804.3 thousand. Annual contributions increased by 9.6 per cent to KSh 12.9 billion in 2016 while annual benefits rose marginally in the same period.

Table 3.26: National Social Security Fund, 2012 - 2016

Details	2012	2013	2014	2015	2016*
Registered Employers '000	92.1	92.1	93.3	111.1	140.8
Registered Employees '000					
Male	2,954.7	2,955.0	2,975.4	3,234.0	3,491.5
Female	1,001.2	1,001.3	1,005.1	1,154.7	1,312.8
Total	3,955.9	3,956.3	3,980.5	4,388.7	4,804.3
Annual contribution KSh (Million)	6,571.1	6,571.6	6,587.9	11,749.0	12,875.0
Annual benefits paid KSh (Million)	2,765.3	2,844.6	2,881.3	3,091.0	3,121.0

Source: National Social Security Fund

* Provisional

3.39. **Adult Education:** Details of adult education enrolment by sex and county from 2014 to 2016 are shown in Table 3.27. Overall enrolment in adult education has continued to exhibit a declining trend since 2014 with 271,769 adult students enrolled in 2016, reflecting a 11.3 per cent decline from the previous year. More female adult learners continued to be registered compared to male adult learners. Only ten counties registered an increase in adult education enrolment with Kakamega, Turkana and Kajiado counties recording the highest increase in the number of adults enrolled in 2016. However, Tharaka Nithi, Murang'a and Taita Taveta counties registered the largest decrease in adult education enrolment of 68.4, 63.3 and 54.3 per cent, respectively, in the same period.

Table 3.27: Adult Education Enrolment by Sex and County, 2014 to 2016

County	2014			2015			2016*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Baringo	1,533	2,844	4,377	2,860	4,963	7,823	1,798	3,210	5,008
Bomet	823	2,269	3,092	1,771	4,392	6,163	927	2,551	3,478
Bungoma	3,875	5,269	9,144	3,189	5,187	8,376	3,049	4,643	7,692
Busia	1,572	3,841	5,413	1,606	3,772	5,378	1,504	3,810	5,314
Elgeyo Marakwet	2,201	2,905	5,106	1,568	2,857	4,425	2,143	2,518	4,661
Embu	2,802	9,882	12,684	964	2,646	3,610	1,179	4,003	5,182
Garissa	4,885	3,871	8,756	3,313	3,369	6,682	4,669	3,478	8,147
Homa Bay	2,863	7,546	10,409	3,126	7,893	11,019	2,935	7,770	10,705
Isiolo	342	1,253	1,595	978	2,095	3,073	473	1,342	1,815
Kajiado	-	-	-	1,624	2,505	4,129	2,680	3,972	6,652
Kakamega	2,062	5,028	7,090	1,260	2,372	3,632	2,057	4,510	6,567
Kericho	1,812	4,263	6,075	2,466	4,863	7,329	2,138	5,161	7,299
Kiambu	913	2,717	3,630	2,216	4,155	6,371	1,596	3,509	5,105
Kilifi	1,131	6,770	7,901	1,971	8,960	10,931	1,491	8,207	9,698
Kirinyaga	570	962	1,532	1,312	2,346	3,658	845	2,497	3,342
Kisii	1,713	4,754	6,467	3,925	7,598	11,523	2,298	5,278	7,576
Kisumu	2,340	6,124	8,464	2,884	6,116	9,000	2,098	4,541	6,639
Kitui	10,764	2,691	13,455	2,239	9,192	11,431	2,039	9,710	11,749
Kwale	1,255	4,356	5,611	1,482	4,844	6,326	1,157	4,029	5,186
Laikipia	1,191	3,002	4,193	1,378	2,822	4,200	1,036	2,665	3,701
Lamu	719	1,398	2,117	1,115	1,950	3,065	831	1,533	2,364
Machakos	1,106	5,673	6,779	1,558	5,842	7,400	946	5,726	6,672
Makueni	1,460	9,831	11,291	1,665	7,083	8,748	1,641	9,135	10,776
Mandera	1,652	1,943	3,595	2,336	2,831	5,167	2,062	2,696	4,758
Marsabit	309	566	875	1,002	1,726	2,728	425	1,341	1,766
Meru	14,824	25,318	40,142	3,156	8,424	11,580	3,875	11,388	15,263
Migori	2,602	6,098	8,700	2,393	5,086	7,479	1,955	4,089	6,044
Mombasa	1,236	1,457	2,693	1,303	2,246	3,549	498	1,265	1,763
Murang'a	3,040	3,783	6,823	2,244	7,775	10,019	802	2,872	3,674
Nairobi	5,960	6,905	12,865	7,364	9,205	16,569	5,697	8,276	13,973
Nakuru	4,319	4,654	8,973	9,137	5,945	15,082	7,290	4,109	11,399
Nandi	2,781	4,817	7,598	2,239	4,146	6,385	1,316	4,107	5,423
Narok	1,079	1,805	2,884	1,881	2,657	4,538	1,457	2,018	3,475
Nyamira	3,723	6,781	10,504	2,664	5,599	8,263	2,905	5,314	8,219
Nyandarua	902	2,940	3,842	1,458	3,865	5,323	1,154	3,661	4,815
Nyeri	1,229	3,690	4,919	1,231	4,183	5,414	852	3,348	4,200
Samburu	648	1,275	1,923	1,365	2,189	3,554	1,522	2,490	4,012
Siaya	612	2,760	3,372	853	1,935	2,788	536	1,839	2,375
Taita- Taveta	708	1,443	2,151	1,142	2,621	3,763	661	1,060	1,721
Tana River	1,689	4,653	6,342	1,727	4,477	6,204	1,206	3,771	4,977
Tharaka Nithi	4,110	10,686	14,796	1,623	4,861	6,484	446	1,606	2,052
Trans Nzoia	4,110	10,686	14,796	1,446	2,040	3,486	960	2,255	3,215
Turkana	1,336	2,130	3,466	1,688	2,279	3,967	2,890	3,992	6,882
Uasin Gishu	2,550	4,428	6,978	2,087	3,897	5,984	1,451	2,827	4,278
Vihiga	2,473	6,714	9,187	1,602	4,032	5,634	1,442	5,228	6,670
Wajir	1,160	1,228	2,388	1,684	1,825	3,509	1,379	1,326	2,705
West Pokot	2,568	2,779	5,347	1,981	2,486	4,467	1,264	1,518	2,782
TOTAL	**113,552**	**216,788**	**330,340**	**102,076**	**204,152**	**306,228**	**85,575**	**186,194**	**271,769**

Source: Directorate of Adult Education, Ministry of Education

*Provisional

3.40. Details of adults who passed proficiency and private candidates who were registered for KCPE by sex and county are shown in Table 3.28. The number of adult learners who passed proficiency tests and the private candidates who were registered for KCPE were 21,172 and 7,552, respectively, in 2016. The number of adults who passed proficiency test rose by 4.0 per cent from 20,352 in 2015 to 21,172 in 2016. Similarly, the number of private candidates who registered for KCPE went up by 1.4 per cent from 7,451 in 2015 to 7,552 in 2016. Makueni County recorded had highest number of adult learners enrolled for proficiency followed by Kajiado, Kakamega and Garissa counties in 2016. Kisii County had the highest number of private candidates who registered for KCPE in 2016 followed by Nairobi, Kiambu and Nandi. Marsabit did not register any private candidate for proficiency tests and KCPE in the same period. More female candidates passed the proficiency test compared to male candidates. On the other hand, more male private candidates registered for KCPE compared to female candidates.

Table 3.28: Adults who passed Proficiency Test and Private Candidates who were Registered for KCPE by Sex and County, 2015-2016

County	2015				2016*			
	PTP		KCPE		PTP		KCPE	
	Male	Female	Male	Female	Male	Female	Male	Female
Baringo	2	12	12	10	14	13	9	9
Bomet	71	143	9	7	47	139	9	7
Bungoma	112	331	68	65	149	382	83	48
Busia	97	293	21	14	69	174	54	37
Elgeyo Marakwet	91	171	20	12	102	186	14	24
Embu	293	572	139	98	99	429	80	51
Garissa	932	745	195	25	718	533	132	21
Homa Bay	589	1,426	149	117	383	797	131	103
Isiolo	32	102	24	16	24	76	24	16
Kajiado	90	151	98	166	474	1,503	103	111
Kakamega	411	813	112	104	572	1,042	175	164
Kericho	72	213	64	51	107	290	108	77
Kiambu	76	244	166	169	88	297	269	256
Kilifi	43	259	51	53	29	191	128	71
Kirinyaga	106	160	98	85	48	148	192	129
Kisii	142	402	229	315	141	343	434	360
Kisumu	226	611	246	232	66	611	32	49
Kitui	184	968	14	8	37	23	37	23
Kwale	34	88	5	16	38	139	23	16
Laikipia	58	125	50	6	35	96	35	12
Lamu	112	371	40	37	71	211	10	20
Machakos	149	661	67	58	136	674	34	47
Makueni	63	445	8	16	414	2,121	17	6
Mandera	190	225	74	16	273	187	68	14
Marsabit	-	-	83	89	-	-	-	-
Meru	98	140	208	133	402	655	208	133
Migori	40	36	49	47	36	22	49	41
Mombasa	32	57	116	113	28	61	129	74
Murang'a	162	824	29	42	193	58	15	41
Nairobi	206	364	293	352	187	245	401	317
Nakuru	187	245	113	141	411	502	149	47
Nandi	178	283	180	417	73	182	214	282
Narok	154	155	44	40	149	148	44	40
Nyamira	109	230	28	44	81	214	81	71
Nyandarua	43	259	48	34	29	191	69	52
Nyeri	119	345	44	32	59	234	57	26
Samburu	21	35	14	8	39	97	37	23
Siaya	98	256	40	28	67	202	41	31
T/ Taveta	61	104	29	31	98	143	13	15
Tana River	86	159	47	34	69	240	56	92
Tharaka Nithi	82	315	72	39	65	245	45	21
Transnzoia	61	36	68	44	44	77	86	72
Turkana	56	84	116	84	68	55	150	99
Uasin Gishu	97	79	137	86	66	70	95	77
Vihiga	82	319	59	33	69	143	57	40
Wajir	129	120	41	9	189	124	28	4
West Pokot	35	65	28	30	39	64	28	30
TOTAL	**6,311**	**14,041**	**3,845**	**3,606**	**6,595**	**14,577**	**4,253**	**3,299**

Source: Directorate of Adult Education, Ministry of Education

*Provisional

PTP- Profiency Test Pass

3.41. **Gender and Development:** The Government is determined to strengthen equity and gender equality by establishing a clear vision in delivery of its services. Table 3.29 presents the number of registered women groups by membership, contribution and source of loans through Uwezo and Women Enterprise Funds. The number of registered women groups increased by 1.5 per cent from 154,425 in 2015 to 156,792 in 2016. The total membership rose by 1.9 per cent to 6.3 million in 2016 while group contributions rose by 1.2 per cent from KSh 625.0 million in 2015 to KSh 632.4 million in 2016.

3.42. **The Uwezo Fund:** The Fund is an initiative aimed at enabling women, youth and persons with disability access finance to promote business and enterprises at the constituency level, thereby enhancing economic growth towards the realization of Vision 2030 and Sustainable Development Goals (SDGs). The funds disbursed through the Uwezo Fund are expected to increase by 5.9 per cent from KSh 5.1 billion in 2015/16 to KSh 5.4 billion in 2016/17. Similarly, the number of beneficiaries is expected to increase by 4.1 per cent from 865,045 in 2015/16 to 900,516 in 2016/17 as shown in Table 3.29.

3.43. **Women Enterprise Fund:** Women Enterprise Fund provides accessible and affordable credit to support women to start and expand business for wealth and employment creation. It also provides business support services such as capacity building, marketing, promotion of linkages and infrastructure support. Government loans disbursed through the Women Enterprise Fund are projected to decrease by 27.8 per cent from KSh 2.3 billion in 2015/16 to KSh 1.8 billion in 2016/17. Similarly, the number of beneficiaries is expected to decline from 178,375 in 2015/16 to 119,690 in 2016/17.

Table 3.29: Women Groups Registration, Contributions and Source of Loans[1], 2012/13 - 2016/17[+]

Financial Year	Women Groups			Uwezo Fund		Women Enterprise Fund	
	Number	Membership	Group contributions (KSh Million)	Number of Beneficiaries	Uwezo Fund disbursed (KSh Million)	Number of Beneficiaries	Women Enterprise Fund (KSh Million)
2012/13.....	145,856	5,734,543	568.7	-	-	176860	859.45
2013/14.....	148,190	5,872,172	585.2	-	-	159248	1055.55
2014/15.....	150,857	6,024,848	603.3	491,352	4,240.40	176,615	1,604.84
2015/16.....	154,425	6,177,492	625.0	865,045	5,115.10	178,375	2,285.55
2016/17**.....	156,792	6,297,320	632.4	900,516	5,373.90	119,690	1,825.64

Source: Ministry of Public Service, Youth and Gender Affairs , Uwezo Oversight Board and Women Enterprise Fund

** Estimates

[1] Loans are given at zero per cent interest rate

[+] Revised

3.44. **Women in Decision Making:** Improvement of the status of gender equality and empowerment of women is one of the Government's primary goals. Table 3.30 presents the participation of women in key decision-making positions from 2015 to 2016. The representation of women in the National Assembly and Senate remained at 19.8 and 26.9 per cent of total Members of Parliament and Senators in 2016, respectively. The proportion of women cabinet secretaries and principal secretaries remained at 25.5 per cent and 36.6 per cent in 2016, respectively. The number of Magistrates, Practicing Lawyer, High Court Judges, County Commissioners, and Members of County Assembly met the constitutional threshold of one-third gender rule.

Table 3.30: Participation in Key Decision Making Positions by Sex, 2015-2016

Categories	2015				2016*			
	Number				Number			
	Female	Male	Total	(%)Female	Female	Male	Total	(%)Female
Cabinet Secretaries	5	15	20	**25.5**	5	15	20	**25.5**
National Assembly	69	280	349	**19.8**	69	280	349	**19.8**
Principal Secretaries	15	26	41	**36.6**	15	26	41	**36.6**
Diplomatic Corps	17	47	64	**26.6**	18	46	64	**28.1**
Senators	18	49	67	**26.9**	18	49	67	**26.9**
Governors	0	47	47	**0.0**	0	47	47	**0.0**
Deputy Governors	9	38	47	**19.2**	9	38	47	**19.2**
County Commissioners	18	29	47	**38.3**	18	29	47	**38.3**
Sub County Commissioners	35	260	295	**11.9**	40	255	295	**13.6**
Deputy Secretaries	62	142	204	**30.4**	66	149	215	**30.7**
Supreme Court Judges	2	5	7	**28.6**	2	5	7	**28.6**
Court of Appeal Judges	8	18	26	**30.8**	7	18	25	**28.0**
High Court Judge	37	60	97	**38.1**	37	59	96	**38.5**
Magistrates	216	235	451	**47.9**	216	222	438	**49.3**
Kadhis	0	35	35	**0.0**	0	45	45	**0.0**
Chiefs	114	2,476	2,590	**4.4**	126	2,464	2,590	**4.9**
Assistant Chiefs	482	5,404	5,886	**8.2**	489	5,397	5,886	**8.3**
Practicing Lawyers	2,708	4,305	7,013	**38.6**	2,738	4,347	7,085	**38.7**
Members of the County Assembly	761	1,463	2,224	**34.2**	761	1,463	2,224	**34.2**

Source Ministry of Interior and Co-ordination of National Government,National Assembly,Ministry of Foreign Affairs & International Trade, Judicial Service Commission and Office of the Attorney General

3.45. **Social Protection Fund:** The Social Protection Fund (SPF) was established to minimize vulnerability across gender lines, reduce excessive inequality and disparities between social strata and to mitigate any distinction and exclusion. The funds allocated towards older persons are anticipated to decrease by 8.8 per cent from KSh 8.0 billion in 2015/6 to KSh 7.3 billion in 2016/17. In line with this, direct cash disbursements are also expected to decrease by 10.0 per cent to KSh 6.7 billion in 2016/17. This is mainly due to the decrease in the number of beneficiary households from 310,223 in 2015/16 to 279,150 in 2016/17. During the period under review, funds allocated for the Orphans and Vulnerable Children (OVC) are expected to decrease by 18.6 per cent from KSh 9.7 billion in 2015/16 to KSh 7.9 billion in 2016/17. Consequently, direct cash disbursements are projected to decrease from KSh 8.439.6 million in 2015/16 to KSh 8,424.2 million in 2016/17. The number of beneficiary households decreased marginally from 351,650 in 2015/16 to 351,010 in 2016/17 as shown in Table 3.31.

Table 3.31: Allocation and Disbursement of Funds for Social Protection by the National Government, 2012/13 – 2016/17

Financial Year	Social Protection Fund for Older Persons			Social Protection Fund for OVC		
	No of beneficiaries	Allocation (KSh million)	Direct cash Disbursement (KSh million)	No of beneficiary households	Allocation (KSh million)	Direct cash Disbursement (KSh million)
2012/13……	61,583.0	1,519.2	1,478.0	42,929.0	1,081.4	1,030.3
2013/14… …..	121,625.0	3,168.0	2,919.0	188,538.0	4,763.1	4,524.9
2014/15… …	218,497.0	5,501.5	5,243.9	255,470.0	5,957.6	6,131.3
2015/16… …	310,223.0	7,966.3	7,445.3	351,650.0	9,746.3	8,439.6
2016/17*…	279,150.0	7,329.5	6,699.6	351,010.0	7,925.0	8,424.2

Source: Ministry of Labour and East African Community Affairs

** Estimates

Employment, Earnings and Consumer Prices

04 Chapter

Overview

In 2016, employment increased by 5.3 per cent to 16.0 million persons. Informal sector employment increased by 5.9 per cent to 13.3 million persons, and accounted for 83.1 per cent of total persons engaged during the review period. Employment in the modern sector grew by 3.3 per cent from 2,601.2 thousand persons in 2015 to 2,686.8 thousand persons in 2016; comprising of 2,554.3 thousand wage employees and 132.5 thousand self-employed and contributing family workers. Wage employment within the public sector increased slightly from 718.4 thousand persons in 2015 to 737.1 thousand persons in 2016.

4.2. Wage earnings increased from KSh 1,509.1 billion in 2015 to KSh 1,647.1 billion in 2016, representing a rise of 9.1 per cent. Annual average wage earnings grew by 5.9 per cent from KSh 608,991.7 in 2015 to KSh 644,837.9 in 2016. Real average earnings per employee per annum increased from KSh 379,528.7 in 2015 to KSh 379,852.7 in 2016. Annual inflation eased from 6.6 per cent in 2015 to 6.3 per cent in 2016.

Employment

4.3. Total employment outside small scale farming and pastoralist activities stood at 16.0 million persons in 2016, up from 15.2 million recorded in 2015 as shown in Table 4.1. Employment in the modern sector increased from 2,601.2 thousand persons in 2015 to 2,686.8 thousand persons in 2016, an increase of 3.3 per cent. Employment in the informal sector stood at 13.3 million in the review period. The informal sector recorded an additional 747.3 thousand jobs, which constituted 89.7 per cent of all new jobs in 2016. The number of self-employed and unpaid family workers within the modern sector went up from 123.2 thousand persons in 2015 to 132.5 thousand persons in 2016.

Table 4.1: Total Recorded Employment[1], 2012 - 2016

'000

	2012	2013	2014	2015	2016*
Modern Sector					
Wage Employees	2,155.8	2,283.1	2,370.2	2,478.0	2,554.3
Self-employed and unpaid family workers	76.9	83.8	103.0	123.2	132.5
Sub -Total	**2,232.7**	**2,366.9**	**2,473.2**	**2,601.2**	**2,686.8**
Informal Sector[2]	10,528.5	11,150.1	11,846.0	12,562.4	13,309.7
TOTAL	**12,761.2**	**13,517.0**	**14,319.2**	**15,163.6**	**15,996.5**

* Provisional

[1] Refers to employment stock as at 30th June and excludes small scale farming and pastoralist activities

[2] Estimated

Wage Employment in the Modern Sector

4.4. Analysis of modern sector wage employment by industry and sector for the period 2012 to 2016 is presented in Table 4.2. Wage employment in the modern sector grew by 3.1 per cent from 2,478.0 thousand persons in 2015 to 2,554.3 thousand persons in 2016.

4.5. **Private Sector:** During the review period, the share of the private sector employment increased marginally by 0.1 per cent to 71.1 per cent. Overall, the number of new jobs in the private sector increased by 57.6 thousand jobs in 2016 compared to 90.2 thousand created in 2015.

4.6. In 2016, the construction industry with a share of 8.5 per cent in wage employment recorded a growth of 10.6 per cent and contributed 14.8 thousand new jobs. The significant growth in the industry was attributed to continued government efforts in implementation of infrastructure and energy flagship projects under Vision 2030. Education and wholesale and retail trade sectors each registered 7.8 thousand new jobs. Manufacturing industry recorded 5.3 thousand new jobs, which represent 9.2 per cent of all new jobs created during the review period. Other industries that recorded growth in employment include the water supply, sewerage, waste management and remediation activities, which posted a growth of 14.3 per cent, and electricity, gas, steam and air conditioning supply, with a growth of 11.1 per cent. Financial and insurance activities recorded a decelerated growth of 3.7 per cent in 2016.

4.7. **Public Sector:** Wage employment in the public sector registered a 2.6 per cent growth compared to an increase of 2.5 per cent recorded in 2015. The low expansion of employment was attributed to a freeze in employment by the Government. Recruitment was limited to essential services in the health, education and security functions. Education and public administration and defense; compulsory social security accounted for 9.4 thousand and 9.3 thousand new jobs, respectively. Employment in water supply, sewerage, waste management and remediation activities recorded the highest growth in percentage terms of 9.9 per cent, while accommodation and food service activities registered a growth of 7.1 per cent in 2016. Human health and social work activities recorded a decline of 2.4 per cent compared to an increase of 5.1 per cent in 2015.

Table 4.2: Wage Employment by Industry and Sector, 2012- 2016

'000

	2012	2013	2014	2015	2016*	% change
PRIVATE SECTOR:						
Agriculture, forestry and fishing	295.5	299.9	290.6	294.0	294.5	0.2
Mining and quarrying	8.3	8.7	12.2	13.8	14.6	5.8
Manufacturing	245.4	253.4	261.3	269.0	274.3	2.0
Electricity, gas, steam and air conditioning supply	1.1	1.1	0.9	0.9	1.0	11.1
Water supply; sewerage, waste management and remediation activities	1.3	1.4	1.4	1.4	1.6	14.3
Construction	98.7	111.6	125.4	140.2	155.0	10.6
Wholesale and retail trade; repair of motor vehicles and motorcycles	197.1	210.9	218.9	230.7	238.5	3.4
Transportation and storage	58.1	58.8	62.1	64.8	67.8	4.6
Accommodation and food service activities	67.6	72.1	71.7	74.7	75.9	1.6
Information and communication	83.9	90.6	97.3	103.8	108.7	4.7
Financial and insurance activities	51.3	56.3	58.1	62.7	65.0	3.7
Real estate activities	3.7	3.8	3.9	4.0	4.1	2.5
Professional, scientific and technical activities	56.9	59.4	60.7	62.6	64.8	3.5
Administrative and support service activities	4.5	4.8	4.9	5.2	5.4	3.8
Public administration and defence; compulsory social security	-	-	-	-	-	-
Education	106.9	142.5	166.8	189.1	196.9	4.1
Human health and social work activities	73.8	80.1	85.2	91.3	95.7	4.8
Arts, entertainment and recreation	4.0	4.3	4.3	4.5	4.6	2.2
Other service activities	28.2	29.2	30.5	31.7	33.2	4.7
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	106.3	109.8	112.1	114.1	114.4	0.3
Activities of extraterritorial organizations and bodies	1.0	1.1	1.1	1.1	1.2	9.1
TOTAL PRIVATE SECTOR	1,493.6	1,599.8	1,669.4	1,759.6	1,817.2	3.3
PUBLIC SECTOR:						
Agriculture, forestry and fishing	42.2	42.6	42.7	42.9	42.2	-1.7
Mining and quarrying	0.7	0.7	0.6	0.6	0.6	0.0
Manufacturing	25.6	26.0	26.1	26.5	26.6	0.4
Electricity, gas, steam and air conditioning supply	13.2	13.5	14.4	16.0	16.3	1.9
Water supply; sewerage, waste management and remediation activities	7.2	8.1	9.0	10.1	11.1	9.9
Construction	17.4	18.1	7.7	7.9	8.0	1.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	0.9	1.3	1.3	1.3	1.3	0.0
Transportation and storage	17.1	17.2	17.6	17.8	17.9	0.6
Accommodation and food service activities	1.3	1.4	1.4	1.4	1.5	7.1
Information and communication	1.8	1.8	1.8	1.9	1.9	0.0
Financial and insurance activities	10.3	9.0	9.4	10.6	10.6	0.0
Real estate activities	-	-	-	-	-	-
Professional, scientific and technical activities	5.8	5.8	5.9	5.9	5.9	0.0
Administrative and support service activities	-	-	-	-	-	-
Public administration and defence; compulsory social security	207.4	222.4	227.0	222.0	231.3	4.2
Education	277.9	280.8	302.4	318.3	327.7	3.0
Human health and social work activities	30.9	32.2	31.1	32.7	31.9	-2.4
Arts, entertainment and recreation	2.4	2.4	2.4	2.5	2.4	-4.0
Other service activities	-	-	-	-	-	-
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	-	-	-	-	-	-
Activities of extraterritorial organizations and bodies	-	-	-	-	-	-
TOTAL PUBLIC SECTOR	662.1	683.3	700.8	718.4	737.1	2.6
TOTAL WAGE EMPLOYMENT	2,155.8	2,283.1	2,370.2	2,478.0	2,554.3	3.1

* Provisional

4.8. Figure 4.1 shows percentage changes in wage employment from 2013 to 2016.

Figure 4.1: Percentage Changes in Wage Employment, 2013 - 2016

4.9. Table 4.3 presents information on wage employment in the public sector by type of institution. Teachers' Service Commission (TSC), the largest employer in the public sector, registered a 2.4 per cent growth in 2016. Employment in county governments registered an increase of 7.5 per cent in the review period to stand at 118.9 thousand persons. Employment in corporations controlled by the Government and Parastatal bodies went up by 0.2 per cent and 0.3 per cent, respectively in 2016. During the year under review, employment in the Ministries and other extra-budgetary institutions registered an increase of 1.6 per cent compared to a decline of 1.8 per cent recorded in 2015.

Table 4.3: Wage Employment in the Public Sector, 2012 - 2016

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	2012	2013	2014	2015	2016*	Annual Percentage Change 2016/2015
Ministries and other exra-budgetary institutions[1]	222.6	179.0	180.9	177.7	180.6	1.6
Teachers Service Commission	267.6	272.5	281.7	290.7	297.8	2.4
Parastatal Bodies[2]	90.6	92.5	93.5	94.2	94.5	0.2
Corporations controlled by the Government[3]	43.6	44.5	45.0	45.3	45.4	0.3
County governments[4]	37.7	94.7	99.6	110.5	118.9	7.5
TOTAL	**662.1**	**683.3**	**700.8**	**718.4**	**737.1**	2.6

* Provisional.

[1] Includes employees of Judiciary and Parliament.

[2] Refers to Government wholly-owned corporations.

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

[4] 2012 figures refers to the former Local Authorities

4.10. The analysis of wage employment by industry and sex is presented in Table 4.4. The share of females in wage employment declined slightly from 34.6 per cent in 2015 to 34.4 per cent in 2016. Comparison across the industries shows that education absorbed 28.3 per cent of females engaged. There were more males than females engaged in education, manufacturing and agriculture and forestry industries. The Construction industry engaged an extra 11.3 thousand males in 2016. Casual employment registered a 7.9 per cent growth with the proportion of casuals to total employees rising from 21.8 per cent in 2015 to 22.8 per cent in 2016

Table 4.4: Wage Employment by Industry and Sex, 2015 and 2016

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INDUSTRY	Male		Female		Total	
	2015	2016*	2015	2016*	2015	2016*
Agriculture, forestry and fishing	222.6	225.1	114.4	111.6	337.0	336.7
Mining and quarrying	12.2	12.7	2.2	2.5	14.4	15.2
Manufacturing	246.1	252.1	49.4	48.7	295.5	300.8
Electricity, gas, steam and air conditioning supply	12.6	12.8	4.3	4.5	16.9	17.3
Water supply; sewerage, waste management and remediation activities	9.2	9.9	2.4	2.8	11.6	12.7
Construction	103.6	114.9	44.4	48.1	148.0	163.0
Wholesale and retail trade; repair of motor vehicles and motorcycles	179.3	185.7	52.7	54.2	232.0	239.9
Transportation and storage	62.5	64.8	20.1	20.8	82.6	85.6
Accommodation and food service activities	53.7	54.6	22.4	22.8	76.1	77.4
Information and communication	69.9	72.9	35.7	37.7	105.6	110.6
Financial and insurance activities	46.3	47.5	27.0	28.2	73.3	75.7
Real estate activities	3.1	3.1	0.9	1.0	4.0	4.1
Professional, scientific and technical activities	49.7	51.4	18.9	19.3	68.6	70.7
Administrative and support service activities	4.7	4.9	0.5	0.5	5.2	5.4
Public administration and defence; compulsory social security	142.5	148.3	79.5	83.0	222.0	231.3
Education	267.9	275.6	239.5	249.0	507.4	524.6
Human health and social work activities	59.9	61.3	64.1	66.3	124.0	127.6
Arts, entertainment and recreation	4.9	4.8	2.0	2.2	6.9	7.0
Other service activities	21.3	22.9	10.4	10.3	31.7	33.2
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	48.4	48.6	65.7	65.8	114.1	114.4
Activities of extraterritorial organizations and bodies	0.8	0.9	0.3	0.3	1.1	1.2
TOTAL	1,621.2	1,674.8	856.8	879.6	2,478.0	2,554.4
Total of which Casual Employees	375.3	406.3	164.9	176.5	540.2	582.8

*Provisional

Wage Earnings in the Modern Sector

4.11. The concept of earnings, as applied in this section, relates to gross remuneration in cash and in kind paid to employees. It also includes remuneration for time not worked such as annual vacation and other types of paid leave or holidays. Earnings exclude employers' contributions in respect of their employees paid to social security and pension schemes and the benefits received by employees under these schemes. They also exclude severance and termination pay.

4.12. Table 4.5 presents wage payments by industry in the modern sector for the period 2012 to 2016. Nominal wage earnings rose from KSh 1,509.1 billion in 2015 to KSh 1,647.1 billion in 2016, an increase of 9.1 per cent. Private sector wage earnings went up by 9.2 per cent from KSh 1,047.3 billion in 2015 to KSh 1,143.6 billion in 2016. Public wage earnings registered a 9.0 per cent growth in 2016 compared to 11.7 per cent registered in 2015 and accounted for 30.6 per cent of the total wage payments.

Table 4.5: Wage Payments[1] by Industry and Sector, 2012 - 2016

KSh Million

	2012	2013	2014	2015	2016*
PRIVATE SECTOR:					
Agriculture, forestry and fishing	53,822.1	65,576.7	67,038.5	74,769.2	80,709.7
Mining and quarrying	2,045.5	2,587.9	4,196.5	5,412.9	6,081.7
Manufacturing	66,360.9	81,131.6	91,390.3	105,013.8	114,079.8
Electricity, gas, steam and air conditioning supply	1,041.4	1,256.2	1,151.2	1,255.4	1,401.0
Water supply; sewerage, waste management and remediation activities	167.0	196.6	246.0	289.4	343.3
Construction	40,594.9	52,893.3	68,809.2	87,022.4	97,846.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	83,667.5	103,613.3	113,726.5	130,920.7	147,356.5
Transportation and storage	47,686.0	57,024.4	65,458.0	76,319.4	81,540.8
Accommodation and food service activities	21,488.0	25,185.1	25,933.9	28,955.8	30,100.1
Information and communication	53,804.0	65,920.7	72,710.6	83,234.7	95,049.4
Financial and insurance activities	64,563.4	82,242.8	87,451.4	101,893.5	109,094.0
Real estate activities	728.0	870.2	926.7	1,040.8	1,088.1
Professional, scientific and technical activities	39,023.4	48,444.5	52,317.9	58,897.7	64,547.4
Administrative and support service activities	4,383.8	5,712.1	6,056.6	7,057.5	7,585.5
Public administration and defence; compulsory social security	-	-	-	-	-
Education	74,530.1	116,483.5	138,368.5	167,352.3	176,528.2
Human health and social work activities	40,130.0	49,486.4	55,701.6	65,323.5	73,170.6
Arts, entertainment and recreation	1,767.2	2,194.7	2,290.4	2,575.8	2,786.4
Other service activities	13,801.1	16,903.3	19,993.6	23,446.0	25,982.3
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	16,166.1	19,464.2	20,853.2	23,219.8	24,687.6
Activities of extraterritorial organizations and bodies	2,398.4	2,804.2	2,973.8	3,309.8	3,642.2
TOTAL PRIVATE SECTOR	**628,168.8**	**799,991.7**	**897,594.4**	**1,047,310.4**	**1,143,621.5**
PUBLIC SECTOR:					
Agriculture, forestry and fishing	13,268.2	14,810.1	15,704.8	16,926.7	17,573.0
Mining and quarrying	197.3	224.8	223.9	237.2	250.0
Manufacturing	17,819.9	19,570.6	20,840.0	22,331.9	23,470.9
Electricity, gas, steam and air conditioning supply	15,080.1	16,570.2	18,115.4	21,088.0	22,020.5
Water supply; sewerage, waste management and remediation activities	3,663.0	4,754.9	5,939.8	6,375.2	7,165.7
Construction	3,757.0	4,344.9	4,733.6	5,257.6	5,670.0
Wholesale and retail trade; repair of motor vehicles and motorcycles	748.9	931.3	1,065.0	1,436.1	1,589.7
Transportation and storage	19,927.8	22,381.6	24,304.8	26,645.6	28,406.2
Accommodation and food service activities	1,113.2	1,342.0	1,599.9	1,844.0	2,133.8
Information and communication	1,064.0	1,174.9	1,276.5	1,363.7	1,424.0
Financial and insurance activities	12,353.4	13,996.6	15,158.1	18,097.5	18,543.4
Real estate activities	-	-	-	-	-
Professional, scientific and technical activities	2,946.1	3,274.3	3,482.5	3,732.9	3,886.1
Administrative and support service activities	-	-	-	-	-
Public administration and defence; compulsory social security	83,730.8	102,526.6	109,243.1	116,046.6	127,510.5
Education	119,428.6	139,401.5	158,762.0	182,027.0	203,367.0
Human health and social work activities	24,547.5	28,068.5	31,270.9	36,506.1	38,640.1
Arts, entertainment and recreation	1,502.2	1,571.5	1,723.4	1,827.2	1,850.1
Other service activities	-	-	-	-	-
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	-	-	-	-	-
Activities of extraterritorial organizations and bodies	-	-	-	-	-
TOTAL PUBLIC SECTOR	**321,148.0**	**374,944.3**	**413,443.7**	**461,743.3**	**503,501.0**
TOTAL PUBLIC AND PRIVATE	**949,316.8**	**1,174,935.9**	**1,311,038.1**	**1,509,053.7**	**1,647,122.5**

* Provisional

[1] Annualised June wages

4.13. A summary of wage payments in the public sector by type of employer is presented in Table 4.6. Wage payments in ministries and other extra-budgetary institutions increased by 5.7 per cent from KSh 90,275.2 million in 2015 to KSh 95,402.6 million in 2016, a slower growth compared to 6.2 per cent recorded in 2015. Teachers Service Commission (TSC) wage earnings rose by 8.1 per cent to KSh 173,721.1 million in 2016. Parastatal bodies and government controlled corporations each had an increase of 7.2 per cent. County governments had the highest increase of 17.6 per cent in earnings. The share of the county governments wage earnings to the total public sector earnings stood at 19.1 per cent in 2016.

Table 4.6: Total Wage Payments in the Public Sector[1], 2012 - 2016

KSh Million

	2012	2013	2014	2015	2016*
Ministries and other extra-budgetary institutions[1]	88,728.8	79,009.4	84,981.0	90,275.2	95,402.6
Teachers Service Commission	115,276.7	130,427.4	145,407.0	160,720.4	173,721.1
Parastatal Bodies[2]	63,971.4	66,217.9	74,013.5	78,704.7	84,350.7
Majority Control by the Government[3]	40,686.8	42,115.6	47,073.7	50,057.4	53,648.3
County governments[4]	12,484.5	57,174.0	61,968.3	81,985.6	96,378.3
TOTAL PUBLIC SECTOR	**321,148.0**	**374,944.3**	**413,443.7**	**461,743.3**	**503,501.1**

* Provisional.

[1] Includes employees of Judiciary, Parliament, constitutional and Independent offices

[2] Refers to Government wholly-owned corporations.

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

[4] 2012 figures refer to the former Local Authorities

4.14. Annual average earnings for the period 2012-2016 are presented in Table 4.7. Overall, annual average wage earnings grew by 5.9 per cent to KSh 644,837.9 in 2016 compared to an increase of 10.1 per cent recorded in 2015. The average annual earnings in the private sector increased by 5.7 per cent compared to 6.3 per cent in the public sector in the review period. Finance and insurance activities recorded the highest annual average earnings, while water supply, sewerage and waste management activities recorded the lowest annual average earnings.

4.15. Table 4.8 presents percentage change in wage employment and average earnings between June 2011 and June 2016 and between June 2015 and June 2016. Total wage employment grew by 22.6 per cent between 2011 and 2016. Private sector wage employment increased by 26.1 per cent compared to the public sector which grew by 14.6 per cent. All industries in the private sector recorded growths except electricity, gas, steam and air conditioning supply which recorded a drop of 9.1 per cent. Employment in education industry in the private sector recorded the highest increase over the period.

4.16. Table 4.9 presents real average earnings per employee by industry. Real average earnings increased slightly by 0.1 per cent in 2016, compared to 2.9 per cent recorded in the previous year. The public sector recorded an increase of 0.5 per cent in real average wage earnings whereas private sector earnings declined by 0.1 per cent.

Table 4.7: Average Wage Earnings per Employee[1], 2012 - 2016

KSh

	2012	2013	2014	2015	2016*
PRIVATE SECTOR:					
Agriculture, forestry and fishing	182,148.4	218,637.7	230,717.7	254,274.7	274,049.3
Mining and quarrying	245,938.1	297,797.2	343,893.9	392,039.5	417,498.1
Manufacturing	270,630.0	320,187.1	349,733.7	390,406.1	415,959.4
Electricity, gas, steam and air conditioning supply	957,190.0	1,125,666.0	1,247,238.0	1,399,604.0	1,463,985.8
Water supply; sewerage, waste management and remediation activities	126,042.0	142,540.0	176,322.0	201,136.0	210,354.0
Construction	411,200.3	473,758.8	548,910.1	620,879.3	631,213.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	424,598.2	491,409.9	519,429.6	567,591.9	617,753.6
Transportation and storage	821,081.5	969,506.0	1,053,344.1	1,177,969.1	1,203,429.8
Accommodation and food service activities	317,897.6	349,259.4	361,473.9	387,737.5	396,554.6
Information and communication	640,989.8	727,472.8	747,113.9	802,169.8	874,105.5
Financial and insurance activities	1,257,786.3	1,461,808.8	1,504,281.5	1,624,448.0	1,677,517.7
Real estate activities	196,717.0	228,154.6	238,649.9	260,652.5	265,659.8
Professional, scientific and technical activities	685,631.1	816,100.0	861,867.2	940,331.7	996,639.9
Administrative and support service activities	980,710.6	1,181,397.3	1,236,542.6	1,363,245.9	1,393,880.0
Public administration and defence; compulsory social security	-	-	-	-	-
Education	696,882.1	817,809.1	830,085.0	885,101.5	896,491.7
Human health and social work activities	544,017.3	617,576.4	654,012.7	715,536.5	764,256.0
Arts, entertainment and recreation	437,107.1	513,856.2	530,300.4	575,076.5	601,034.2
Other service activities	491,653.2	577,929.2	655,765.5	739,900.7	783,612.9
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	152,874.1	177,267.8	186,011.9	203,473.4	215,885.3
Activities of extraterritorial organizations and bodies	2,299,566.0	2,613,378.0	2,683,940.0	2,883,096.0	2,992,746.0
TOTAL PRIVATE SECTOR	**425,142.6**	**500,065.8**	**537,670.4**	**595,211.6**	**629,323.6**
PUBLIC SECTOR:					
Agriculture, forestry and fishing	314,367.0	347,891.6	367,655.6	394,286.8	416,046.4
Mining and quarrying	288,412.0	323,896.0	346,104.0	373,538.0	397,390.0
Manufacturing	696,606.4	752,483.8	797,183.7	843,573.8	883,030.1
Electricity, gas, steam and air conditioning supply	1,145,472.0	1,231,708.0	1,261,782.0	1,315,696.0	1,346,904.0
Water supply; sewerage, waste management and remediation activities	505,386.0	590,152.0	658,438.0	629,840.0	647,306.0
Construction	517,850.0	577,088.0	617,720.0	668,740.0	712,758.0
Wholesale and retail trade; repair of motor vehicles and motorcycles	813,112.3	910,344.7	1,018,154.2	1,082,241.8	1,197,027.5
Transportation and storage	1,168,579.8	1,298,010.1	1,382,681.1	1,500,059.7	1,590,938.7
Accommodation and food service activities	839,516.0	991,838.0	1,126,668.0	1,293,140.0	1,462,532.0
Information and communication	595,433.3	645,169.5	693,358.3	728,877.8	763,540.6
Financial and insurance activities	1,433,106.7	1,552,072.0	1,604,205.8	1,709,888.3	1,742,797.0
Real estate activities	-	-	-	-	-
Professional, scientific and technical activities	447,526.0	560,096.4	590,358.0	628,540.2	659,894.4
Administrative and support service activities	-	-	-	-	-
Public administration and defence; compulsory social security	402,229.2	461,100.8	481,382.8	522,748.8	551,325.4
Education	412,570.8	475,306.4	524,732.9	571,890.4	620,596.5
Human health and social work activities	806,449.3	915,027.2	1,005,817.6	1,116,394.3	1,212,277.7
Arts, entertainment and recreation	621,776.0	665,322.0	715,992.0	745,206.0	774,082.0
Other service activities	-	-	-	-	-
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	-	-	-	-	-
Activities of extraterritorial organizations and bodies	-	-	-	-	-
TOTAL PUBLIC SECTOR	**485,016.0**	**548,731.4**	**589,984.8**	**642,743.1**	**683,086.3**
TOTAL PRIVATE AND PUBLIC SECTOR	**443,322.1**	**514,630.7**	**553,137.7**	**608,991.7**	**644,837.9**
MEMORANDUM ITEMS IN PUBLIC SECTOR:					
Ministries and other extra-budgetary institutions	398,601.8	441,289.9	469,692.7	508,131.9	528,344.4
Teachers Service Commission	430,779.8	478,625.5	516,195.1	552,843.3	583,393.3
Parastatal Bodies[2]	705,717.6	715,826.2	791,393.2	835,786.7	893,064.1
Majority Control by the Government[3]	932,898.0	946,260.7	1,046,153.8	1,104,838.2	1,180,554.0
County governments[4]	331,342.1	603,521.2	621,978.5	741,669.5	810,875.9
TOTAL PUBLIC SECTOR	**485,016.0**	**548,731.4**	**589,984.8**	**642,743.1**	**683,086.3**

* Provisional.

[1] Annualised June earnings

[2] Refers to Government wholly-owned corporations.

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

[4] 2012 figures refers to former Local Authorities

Table 4.8: Rate of Change in Wage Employment and Average Earnings[1], 2016/2011 and 2016/2015

	EMPLOYMENT		AVERAGE EARNINGS	
	2016/2011*	2016/2015*	2016/2011*	2016/2015*
PRIVATE SECTOR:				
Agriculture, forestry and fishing	1.9	0.2	58.6	7.8
Mining and quarrying	82.5	5.8	82.0	6.5
Manufacturing	11.9	2.0	63.7	6.5
Electricity, gas, steam and air conditioning supply	-9.1	11.1	59.0	4.6
Water supply; sewerage, waste management and remediation activities	23.1	14.3	66.3	4.6
Construction	74.5	10.6	56.3	1.7
Wholesale and retail trade; repair of motor vehicles and motorcycles	25.8	3.4	48.3	8.8
Transportation and storage	20.9	4.6	55.8	2.2
Accommodation and food service activities	18.2	1.6	21.1	2.3
Information and communication	37.9	4.7	36.8	9.0
Financial and insurance activities	34.0	3.7	35.9	3.3
Real estate activities	13.9	2.5	38.5	1.9
Professional, scientific and technical activities	16.5	3.5	53.1	6.0
Administrative and support service activities	28.6	3.8	51.3	2.2
Public administration and defence; compulsory social security	-	-	-	-
Education	95.1	4.1	33.4	1.3
Human health and social work activities	38.9	4.8	41.0	6.8
Arts, entertainment and recreation	17.9	2.2	42.8	4.5
Other service activities	21.6	4.7	65.6	5.9
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	9.2	0.3	44.7	6.1
Activities of extraterritorial organizations and bodies	20.0	9.1	29.3	3.8
TOTAL PRIVATE SECTOR	**26.1**	**3.3**	**54.4**	**5.7**
PUBLIC SECTOR:				
Agriculture, forestry and fishing	1.8	-1.7	68.9	5.5
Mining and quarrying	-14.3	0.0	75.1	6.4
Manufacturing	6.4	0.4	57.4	4.7
Electricity, gas, steam and air conditioning supply	58.3	1.9	46.4	2.4
Water supply; sewerage, waste management and remediation activities	76.2	9.9	71.7	2.8
Construction	-53.8	1.3	77.2	6.6
Wholesale and retail trade; repair of motor vehicles and motorcycles	62.5	0.0	19.0	10.6
Transportation and storage	6.5	0.6	77.7	6.1
Accommodation and food service activities	7.1	7.1	137.6	13.1
Information and communication	11.8	0.0	62.4	4.8
Financial and insurance activities	10.4	0.0	49.2	1.9
Real estate activities	-	-	-	-
Professional, scientific and technical activities	3.5	0.0	63.8	5.0
Administrative and support service activities	-	-	-	-
Public administration and defence; compulsory social security	12.3	4.2	9.8	5.5
Education	21.8	3.0	100.9	8.5
Human health and social work activities	9.8	-2.6	97.1	8.6
Arts, entertainment and recreation	9.1	-4.0	57.2	3.9
Other service activities	-	-	-	-
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	-	-	-	-
Activities of extraterritorial organizations and bodies	-	-	-	-
TOTAL PUBLIC SECTOR	**14.6**	**2.6**	**57.9**	**6.3**
TOTAL PRIVATE AND PUBLIC SECTOR	**22.6**	**3.1**	**55.3**	**5.9**
MEMORANDUM ITEMS IN PUBLIC SECTOR:				
Ministries and other extra-budgetary institutions	-17.9	1.6	58.8	4.0
Teachers Service Commission	15.1	2.4	48.2	5.5
Parastatal Bodies[2]	9.8	0.3	37.3	6.9
Majority Control by the Government[3]	9.8	0.3	37.3	6.9
County governments[4]	218.9	7.5	159.9	9.3
TOTAL PUBLIC SECTOR	**14.6**	**2.6**	**57.9**	**6.3**

* Provisional.

[1] Annualised June earnings

[2] Refers to Government wholly-owned corporations.

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

[4] 2012 figures refers to former Local Authorities

Table 4.9: Estimated Real Average Wage Earnings per Employee[1], 2012 – 2016

KSh

	2012	2013	2014	2015	2016*
'RIVATE SECTOR:					
Agriculture, forestry and fishing	136,891.9	156,628.5	153,904.1	158,466.1	161,433.4
Mining and quarrying	184,832.5	213,337.1	229,400.2	244,322.3	245,934.3
Manufacturing	203,389.4	229,376.8	233,295.8	243,304.3	245,027.9
Electricity, gas, steam and air conditioning supply	719,367.2	806,408.8	831,991.2	872,244.8	862,385.6
Water supply; sewerage, waste management and remediation activities	94,725.7	102,113.3	117,618.6	125,349.6	123,912.6
Construction	309,033.7	339,393.1	366,159.8	386,937.1	371,826.8
Wholesale and retail trade; repair of motor vehicles and motorcycles	319,102.8	352,038.0	346,494.3	353,728.0	363,898.2
Transportation and storage	617,076.1	694,538.3	702,651.0	734,120.1	708,900.7
Accommodation and food service activities	238,913.0	250,203.7	241,127.3	241,641.2	233,597.2
Information and communication	481,729.9	521,149.7	498,375.0	499,918.9	514,906.6
Financial and insurance activities	945,277.5	1,047,216.0	1,003,456.4	1,012,369.4	988,170.2
Real estate activities	147,840.8	163,446.2	159,195.5	162,440.8	156,491.4
Professional, scientific and technical activities	515,279.6	584,640.7	574,923.1	586,022.5	587,087.6
Administrative and support service activities	737,043.9	846,333.8	824,856.6	849,586.1	821,088.6
Public administration and defence; compulsory social security	-	-	-	-	-
Education	523,735.2	585,865.1	553,722.2	551,602.6	528,093.6
Human health and social work activities	408,851.1	442,421.7	436,270.2	445,928.3	450,197.9
Arts, entertainment and recreation	328,503.8	368,118.2	353,745.8	358,392.4	354,049.4
Other service activities	369,497.4	414,019.1	437,439.5	461,112.2	461,600.4
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	114,891.1	126,991.8	124,082.4	126,806.3	127,170.9
Activities of extraterritorial organizations and bodies	1,728,217.3	1,872,181.4	1,790,367.6	1,796,769.3	1,762,927.7
TOTAL PRIVATE SECTOR	**319,511.9**	**358,239.0**	**358,662.1**	**370,940.8**	**370,713.7**
'UBLIC SECTOR:					
Agriculture, forestry and fishing	236,259.6	249,223.9	245,250.9	245,722.8	245,079.2
Mining and quarrying	216,753.3	232,033.8	230,874.5	232,792.0	234,089.3
Manufacturing	523,528.0	539,067.1	531,774.9	525,722.2	520,163.8
Electricity, gas, steam and air conditioning supply	860,868.8	882,375.5	841,693.0	819,952.6	793,416.6
Water supply; sewerage, waste management and remediation activities	379,818.1	422,775.3	439,222.2	392,521.5	381,306.6
Construction	389,185.3	413,416.4	412,060.6	416,764.3	419,862.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	611,087.0	652,156.1	679,177.0	674,462.0	705,129.3
Transportation and storage	878,235.2	929,873.3	922,340.8	934,849.6	937,169.4
Accommodation and food service activities	630,930.4	710,536.6	751,562.9	805,895.6	861,529.2
Information and communication	447,492.3	462,188.9	462,516.4	454,242.7	449,776.5
Financial and insurance activities	1,077,038.0	1,111,879.1	1,070,112.6	1,065,616.5	1,026,624.1
Real estate activities	-	-	-	-	-
Professional, scientific and technical activities	336,334.0	401,243.9	393,808.3	391,711.5	388,722.0
Administrative and support service activities	-	-	-	-	-
Public administration and defence; compulsory social security	302,291.6	330,325.1	321,114.5	325,781.4	324,767.6
Education	310,063.7	340,501.8	350,032.0	356,406.8	365,572.9
Human health and social work activities	606,079.4	655,510.6	670,947.6	695,746.2	714,112.7
Arts, entertainment and recreation	467,289.9	476,625.8	477,614.6	464,418.5	455,986.1
Other service activities	-	-	-	-	-
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	-	-	-	-	-
Activities of extraterritorial organizations and bodies	-	-	-	-	-
TOTAL PUBLIC SECTOR	**364,509.2**	**393,102.2**	**393,559.3**	**400,562.8**	**402,383.6**
TOTAL PRIVATE AND PUBLIC SECTOR	**333,174.6**	**368,673.0**	**368,979.9**	**379,528.7**	**379,852.7**
MEMORANDUM ITEMS IN PUBLIC SECTOR:					
Ministries and other exra-budgetary institutions	299,565.5	316,132.9	313,316.5	316,672.0	311,230.2
Teachers Service Commission	323,748.5	342,879.5	344,336.7	344,536.5	343,657.7
Parastatal Bodies[2]	530,375.5	512,806.2	527,912.2	520,869.2	526,074.5
Majority Control by the Government[3]	701,110.8	677,885.7	697,854.6	688,544.3	695,425.3
County governments[4]	249,017.1	432,352.7	414,901.3	462,214.6	477,660.2
TOTAL PUBLIC SECTOR	**364,509.2**	**393,102.2**	**393,559.3**	**400,562.8**	**402,383.6**

* Provisional.

[1] Average earnings adjusted for the rise in consumer prices(Base year 2009). Annualised June earnings deflated by June CPI

[2] Refers to Government wholly-owned corporations.

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

[4]

Table 4.10: Changes in Wage Employment, Prices and Real Earnings, 2012 – 2016

Per cent

	2012	2013	2014	2015	2016*
Wage employment	3.4	6.0	3.8	4.5	3.1
Average earnings at current prices	6.8	16.1	7.5	10.1	5.9
Consumer prices (Inflation rates)[1]	10.0	4.9	7.4	7.0	5.8
Real average earnings	-3.0	10.7	0.1	2.9	0.1

* Provisional

[1] June inflation

4.17. Wage employment registered a decelerated growth from 4.5 per cent in 2015 to 3.1 per cent in 2016. Inflation decreased from 7.0 per cent in June 2015 to 5.8 per cent in June 2016, as a result, real average earnings grew marginally by 0.1 per cent.

Employment in the Informal Sector

4.18. The distribution of employment in the informal sector by activity is presented in Table 4.11. Employment in the informal sector grew by 5.9 per cent from 12,562.5 thousand persons in 2015 to 13,309.7 thousand persons in 2016. Wholesale and retail trade, hotels and restaurants industries continued to absorb the highest number of employees, accounting for 59.7 per cent of total employment. The manufacturing industry had a share of 20.4 per cent in informal sector employment.

Table 4.11: Number of Persons Engaged in the Informal Sector by Activity[+], 2012 - 2016

'000

Activity	2012	2013	2014	2015	2016*
Manufacturing	2,040.5	2,233.7	2,364.9	2,545.3	2,710.2
Construction	282.0	292.2	307.3	320.6	337.1
Wholesale and Retail Trade, Hotels and Restaurants	6,394.4	6,693.4	7,120.4	7,510.9	7,946.7
Transport and Communications[2]	327.1	345.3	369.5	392.6	417.2
Community, Social and Personal Services	1,027.5	1,084.2	1,152.1	1,219.5	1,293.4
Others	457.0	501.3	531.8	573.5	605.1
TOTAL	**10,528.5**	**11,150.1**	**11,846.0**	**12,562.5**	**13,309.7**
Urban	3,405.5	3,973.7	4,208.1	4,458.0	4,709.9
Rural	7,123.0	7,176.4	7,637.9	8,104.5	8,599.8

* Provisional

[1] Estimated

[2] Includes mainly support services to transport activity

Minimum Wages and Collective Bargaining Agreements

4.19. Table 4.12 presents gazetted monthly minimum wages for the agricultural industry for the last five years. In 2016, the government did not raise the minimum wage. In real terms, the KSh 7,284 average minimum wage in 2015 reduced to KSh 6,852 in 2016 due to inflation.

Table 4.12: Gazetted Monthly Basic Minimum Wages for Agricultural Industry, 2012 – 2016

KSh

Type of Employee	2012	2013	2014	2015	2016
Unskilled employees	4,258	4,854	4,854	5,437	5,437
Stockman, Herdsman and Watchman	4,917	5,606	5,606	6,279	6,279
SKILLED AND SEMI-SKILLED EMPLOYEES:					
House servant or cook	4,861	5,542	5,542	6,207	6,207
Farm foreman	7,681	8,757	8,757	9,808	9,808
Farm clerk	7,681	8,757	8,757	9,808	9,808
Section foreman	4,973	5,669	5,669	6,350	6,350
Farm artisan	5,089	5,802	5,802	6,498	6,498
Tractor driver	5,397	6,153	6,153	6,891	6,891
Combine harvester driver	5,945	6,778	6,778	7,592	7,592
Lorry driver or car driver	6,239	7,113	7,113	7,967	7,967
AVERAGE	**5,704**	**6,503**	**6,503**	**7,284**	**7,284**

Source: Kenya Gazette Suppliment No. 91

4.20. The average monthly basic minimum wages in urban areas in 2016 remained at the same levels as in 2015 as shown in Table 4.13.

Table 4.13: Gazetted Monthly Basic Minimum Wages in Urban Areas, 2015 - 2016

KSh

Occupation	Nairobi , Mombasa & Kisumu Cities		All former municipalities and Mavoko, Ruiru and Limuru Town councils		All other towns	
	2015	2016	2015	2016	2015	2016
General labourer	10,955	10,955	10,107	10,107	5,844	5,844
Miner, stone cutter, turnboy, waiter, cook	11,831	11,831	10,497	10,497	6,753	6,753
Night watchman	12,221	12,221	11,330	11,330	6,970	6,970
Machine attendant	12,416	12,416	11,554	11,554	9,365	9,365
Machinist	14,174	14,174	13,259	13,259	10,841	10,841
Plywood machine operator	14,786	14,786	13,646	13,646	11,280	11,280
Pattern designer	16,872	16,872	15,425	15,425	13,153	13,153
Tailor, Driver (medium vehicle)	18,595	18,595	17,091	17,091	15,239	15,239
Dyer, Crawler, Tractor driver, Salesman	20,529	20,529	19,154	19,154	17,287	17,287
Saw doctor, Caretaker (building)	22,718	22,718	21,213	21,213	19,762	19,762
Cashier, Driver (heavy commercial)	24,720	24,720	23,262	23,262	21,811	21,811
Artisan (Ungraded)	14,786	14,786	13,646	13,646	11,280	11,280
Artisan Grade III	18,595	18,595	17,091	17,091	15,210	15,210
Artisan Grade II	20,084	20,084	19,154	19,154	17,287	17,287
Artisan Grade I	24,720	24,720	23,262	23,262	21,811	21,811
AVERAGE	**17,200**	**17,200**	**15,980**	**15,980**	**13,593**	**13,593**

Source: Kenya Gazette Suppliment No. 91

[1] Excluding Housing Allowance

4.21. Table 4.14 shows the number of collective bargaining agreements registered by the Employment and Labour Relations Court in 2015 and 2016. Total agreements registered in 2016 were 298 compared to 230 in 2015. The number of collective agreements registered by the court ranged from 51 in community and social services sector to one in both basic metals and other manufacturing industries. Various industries registered increases in the number of agreements with manufacture of electronics and electrical products recording an additional 13 agreements registered in 2016 from the 19 registered in 2015. Mining and quarrying, food beverage and tobacco, electricity and water, building and construction, finance, insurance, real estate and business services recorded declines in registered agreements. Community and social services had the largest number of workers covered in the registered agreements. Average monthly basic wage awarded for all industries was KSh 37,103 in 2016 compared to KSh 38,521 in 2015. Average monthly housing allowance offered for all industries improved from KSh 4,960 in 2015 to KSh 5,254 in 2016.

Table 4.14: Collective Bargaining Agreements Registered by the Employment and Labour Relations Court, 2015 -2016

	No. of Agreements		No. of Unionisable Employees Covered by the Agreements		Average Monthly Basic Wage (KSh)		Average Monthly Housing Allowance	
	2015	2016*	2015	2016*	2015	2016*	2015	2016*
Agriculture, Forestry, Hunting & Fishing	17	20	5,122	7,107	31,371	17,114	2,022	2,895
Mining & Quarrying	3	2	598	451	28,335	24,351	5,205	7,432
Manufacturing of :								
Food, Beverage & Tobacco	37	32	4,260	4,093	38,346	31,653	4,869	4,404
Textile, Wearing Apparels & Leather Industry	15	27	2,820	8,949	14,923	14,807	2,373	2,772
Wood & Wood Industry including Furniture	1	4	20	2,542	20,425	21,223	3,000	3,497
Paper & Paper Products, Printing & Publishing	6	17	811	1,834	22,674	34,850	3,150	3,938
Chemical, Petroleum Rubber & Plastic Product	13	19	1,390	854	21,568	36,034	3,290	5,476
Glass, Ceramic & Cement	1	6	68	1,180	13,158	28,156	3,500	6,679
Basic Metal Industries	1	1	15	11	27,459	7,692	5,000	1,300
Electronics & Electrical Products	19	32	1,874	1,446	20,402	28,283	3,187	4,177
Other Manufacturing industries	1	1	12	155	87,763	95,380	5,939	11,564
Electricity and Water	13	10	12,151	1,080	81,490	31,650	9,200	7,446
Building & Construction	7	4	5,055	1,421	17,207	14,732	5,360	3,054
Wholesale & Retail Trade, Restaurant & Hotels	21	28	2,820	5,379	17,630	29,972	3,614	5,730
Transport and Communication	18	30	7,588	10,466	49,930	44,923	7,011	6,178
Finance, Insurance, Real Estate & Business Services	17	14	22,700	20,903	128,143	136,258	10,488	9,029
Community & Social Services	40	51	3,127	599,176	34,038	33,666	7,114	3,751
Total/Average	**230**	**298**	**70,431**	**667,047**	**38,521**	**37,103**	**4,960**	**5,254**

Source: Ministry of East Africa Community, Labour and Social Protection

* Provisional

Consumer Price Index

4.22. Annual inflation decelerated from 6.6 per cent in 2015 to 6.3 per cent in 2016. The easing of inflation was largely due to reduced costs of petroleum products and tight monetary policies.

4.23. Table 4.15a shows changes in Consumer Price Indices (CPI) in the broad Classification of Individual Consumption by Purpose (COICOP) divisions between 2012 and 2016. Food and non-alcoholic beverages index which has largest share in the CPI basket, increased by 10.1 per cent to 207.19 in 2016. Alcoholic drinks, tobacco and narcotics index recorded the highest inflation of 13.2 per cent mainly as a result of increased excise tax which pushed up the prices of beer and cigarettes beginning December 2015 and throughout 2016. Despite lower costs of petrol and diesel, the transport index increased by 0.2 per cent to 160.94 points in 2016, mainly due to a marginal increase in public transport fares. Housing, water, electricity, gas and other fuels index went up by 1.6 per cent, driven by increase in costs of house rents as well as wood fuels.

Table 4.15a: Consumer Price Indices and Inflation by Divisions, 2012 -2016

February 2009=100

Broad Item Group	% Share	Annual Average Index					% Change
		2012	2013	2014	2015	2016	
Food & Non-Alcoholic Beverages	36.03	144.92	155.44	168.97	188.22	207.19	10.1
Alcoholic Beverages, Tobacco & Narcotics	2.06	132.99	141.02	148.03	153.42	173.69	13.2
Clothing & Footwear	7.43	123.22	129.65	135.85	142.19	148.20	4.2
Housing, Water, Electricity, Gas and other Fuels	18.30	127.99	133.82	141.31	145.81	148.21	1.6
Furnishings, Household Equipment and Routine Household Maintenance	6.16	124.39	129.72	136.27	142.34	147.98	4.0
Health	3.13	120.49	125.68	133.39	139.82	145.50	4.1
Transport	8.67	140.64	147.38	161.36	160.61	160.94	0.2
Communication	3.82	79.54	78.35	77.10	77.83	79.40	2.0
Recreation & Culture	2.25	120.51	127.90	140.95	145.27	151.45	4.2
Education	3.14	112.92	118.80	125.21	130.26	135.68	4.2
Restaurant & Hotels	4.49	139.91	149.90	159.82	168.08	177.34	5.5
Miscellaneous Goods & Services	4.52	121.75	127.37	133.02	139.41	145.18	4.1
Weighted average of all Items	**100.00**	**132.53**	**140.11**	**149.74**	**159.60**	**169.68**	**6.3**

4.24. Table 4.15b presents a breakdown of the food and non-alcoholic beverages division into the constituent classes. Inflation of fruits and vegetables increased by 22.9 and 25.0 per cent, respectively. Milk, cheese and eggs recorded a decline during the same period. Meat; fish and sea foods index increased by 2.2 per cent and 6.6 per cent, respectively during the year under review.

Table 4.15b: CPI and Inflation for Food and Non-Alcoholic Beverages, 2012- 2016

February 2009=100

Food and non-alcoholic beverages	% Share	2012	2013	2014	2015	2016	% Change
Bread and cereals	10.52	132.56	136.08	143.53	147.88	152.54	3.2
Meat	5.68	143.06	152.64	164.29	174.24	178.05	2.2
Fish and Sea foods	1.32	145.94	163.26	181.65	198.31	211.31	6.6
Milk, Cheese and Eggs	4.96	143.42	158.78	169.52	181.47	180.99	-0.3
Oils and fats	1.69	168.81	163.69	163.27	161.90	163.83	1.2
Fruits	2.38	152.21	176.68	197.84	233.28	286.75	22.9
Vegetables	5.68	157.38	180.46	221.60	297.19	371.46	25.0
Sugar, jam, honey, chocolate and confectionery	2.33	164.50	165.24	153.37	152.29	164.27	7.9
Food products n.e.c.	0.11	119.29	127.48	135.99	144.70	147.62	2.0
Coffee, tea and cocoa	0.38	121.50	121.20	122.03	125.10	130.19	4.1
Mineral waters, soft drinks, fruit and vegetable juices	1.00	133.28	136.26	141.04	143.97	153.86	6.9

4.25. Table 4.16 presents inflation in the Nairobi lower, middle and upper income groups, as well as the rest of urban areas. Nairobi lower income group recorded the highest annual inflation of 6.8 per cent, while Nairobi upper income and the rest of urban areas recorded 4.6 and 6.4 per cent respectively, in 2016.

Table 4.16: Annual Inflation, 2012-2016

Per cent

Income Group	2012	2013	2014	2015	2016
Nairobi Lower Income Inflation	9.5	5.9	5.8	6.9	6.8
Nairobi Middle Income Inflation	7.8	4.5	4.7	4.3	4.1
Nairobi Upper Income Inflation	5.8	3.4	6.0	2.6	4.6
Nairobi Inflation	9.0	5.5	5.6	6.1	6.1
Rest of Urban Towns Inflation	9.7	5.9	7.8	6.9	6.4
Overall Inflation	**9.4**	**5.7**	**6.9**	**6.6**	**6.3**

Note:

1. The lower income group comprises households with monthly expenditure below KSh 23, 670 in October 2005
2. The middle income group comprises households with monthly expenditure between KSh 23,671 and KSh 119,999 in October 2005
3. The upper income group comprises households with monthly expenditure above KSh 120,000 in October 2005

4.26. Table 4.17 shows that the annual average CPI for Nairobi lower income group rose from 161.98 in 2015 to 173.03 in 2016. The highest index of 178.10 was recorded in December, while the lowest of 167.36 was recorded in February 2016.

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

Table 4.17: Consumer Price Indices for Nairobi Lower Income Group, 2012-2016

February 2009=100

Month	2012	2013	2014	2015	2016
January	134.21	138.55	148.47	155.65	167.60
February	134.38	139.72	148.75	156.51	167.38
March	136.85	141.17	149.36	158.81	169.19
April	137.61	142.91	150.57	161.85	170.86
May	138.00	142.84	151.51	162.09	171.89
June	136.21	142.68	151.39	162.47	174.08
July	134.44	142.94	151.71	162.74	174.51
August	133.18	142.82	153.51	162.78	174.40
September	133.61	146.54	153.64	163.13	174.60
October	134.13	146.18	153.18	164.26	176.05
November	135.14	146.29	152.88	166.02	177.67
December	136.49	146.93	154.08	167.48	178.10
Annual average	**135.35**	**143.30**	**151.59**	**161.98**	**173.03**

Table 4.18: Consumer Price Indices, Nairobi Middle Income Group, 2012- 2016

February 2009=100

Month	2012	2013	2014	2015	2016
January	121.65	125.13	131.93	136.19	144.24
February	121.37	125.79	131.99	136.25	143.39
March	122.53	126.89	132.79	137.09	143.78
April	123.49	127.57	133.22	137.74	143.97
May	123.66	127.08	133.91	138.95	144.59
June	123.31	126.80	134.48	140.70	145.59
July	121.96	127.56	135.45	141.17	146.18
August	122.03	127.61	135.76	141.66	146.76
September	122.40	131.11	135.48	142.04	147.19
October	123.12	130.91	135.33	141.93	147.22
November	123.36	130.66	134.97	141.75	147.61
December	123.51	130.88	135.60	145.22	148.37
Annual average	**122.70**	**128.16**	**134.24**	**140.06**	**145.74**

Table 4.19: Consumer Price Indices, Nairobi Upper Income Group, 2012-2016

February 2009=100

Month	2012	2013	2014	2015	2016
January	123.72	126.64	134.11	136.86	144.30
February	123.63	126.91	134.32	136.66	144.19
March	124.12	127.77	134.63	137.07	144.21
April	124.90	127.88	135.10	137.67	145.61
May	124.98	127.25	136.39	138.96	145.93
June	124.83	126.93	136.83	139.25	146.21
July	124.26	127.09	137.30	141.35	146.94
August	124.74	127.72	139.94	143.53	148.33
September	124.87	132.57	139.46	143.35	148.71
October	125.72	132.47	138.22	143.05	148.68
November	125.51	132.40	138.03	142.70	149.23
December	125.46	132.51	136.74	143.34	149.68
Annual average	**124.73**	**129.01**	**136.76**	**140.32**	**146.84**

Table 4.20: Consumer Price Indices, Overall Nairobi, 2012-2016

February 2009=100

Month	2012	2013	2014	2015	2016
January	130.78	134.86	143.94	150.24	168.36
February	130.84	135.88	144.16	150.87	168.11
March	132.91	137.22	144.81	152.75	168.58
April	133.73	138.64	145.80	155.12	169.62
May	134.05	138.45	146.69	155.63	170.55
June	132.67	138.26	146.76	156.34	172.29
July	131.04	138.63	147.25	156.72	173.78
August	130.17	138.58	148.72	156.96	173.92
September	130.58	142.29	148.72	157.30	174.74
October	131.16	141.98	148.31	158.07	175.82
November	131.94	142.00	148.00	159.29	177.01
December	132.94	142.51	148.97	161.20	178.91
Annual average	**131.90**	**139.11**	**146.84**	**155.87**	**172.64**

Table 4.21: Consumer Price Indices, the Rest of Urban Areas, 2012-2016

February 2009=100

Month	2012	2013	2014	2015	2016
January	130.84	136.15	146.42	155.67	168.36
February	130.71	137.08	147.21	156.42	168.11
March	132.23	138.48	147.87	158.04	168.58
April	133.74	139.72	149.88	161.20	169.62
May	134.12	140.27	151.81	163.03	170.55
June	133.33	140.53	152.12	163.34	172.29
July	132.54	140.73	152.95	163.26	173.78
August	132.45	141.49	154.33	163.66	171.68
September	132.81	143.19	154.71	164.15	174.74
October	133.38	143.28	154.45	164.98	175.82
November	134.31	143.94	154.55	165.55	177.01
December	135.17	144.79	154.99	167.18	178.91
Annual average	**132.97**	**140.81**	**151.77**	**162.21**	**172.45**

Table 4.22: Consumer Price Indices Kenya, 2012-2016

February 2009=100

Month	2012	2013	2014	2015	2016
January	130.82	135.62	145.40	153.43	165.37
February	130.76	136.59	145.95	154.14	165.06
March	132.51	137.96	146.61	155.86	165.92
April	133.74	139.28	148.20	158.70	167.07
May	134.09	139.52	149.70	159.98	167.99
June	133.06	139.59	149.91	160.46	169.76
July	131.92	139.87	150.60	160.57	170.84
August	131.51	140.29	152.02	160.90	170.97
September	131.89	142.82	152.24	161.33	171.56
October	132.46	142.75	151.92	162.13	172.62
November	133.33	143.14	151.85	162.97	173.85
December	134.25	143.85	152.51	164.72	175.18
Annual average	**132.53**	**140.11**	**149.74**	**159.60**	**169.68**

05 Chapter

Money, Banking and Finance

Overview

In 2016, the monetary policy adopted aimed at supporting a non-inflationary credit expansion to key sectors of the economy and continued anchoring inflation expectations, while promoting stability in the foreign exchange market. The Banking Act was amended to introduce capping of interest rates on credit facilities. The amendment was aimed at protecting borrowers from high interest rates, thus making loans affordable. The Act sets the maximum lending rate at no more than 4 per cent above the base rate set and published by the Central Bank of Kenya (CBK), and the minimum interest rate granted on a deposit held in interest earning account to at least 70 per cent of the Central Bank Rate (CBR). Consequently, following the implementation of the amended Act in mid-September 2016, the Monetary Policy Committee (MPC) suspended the Kenya Bankers Reference Rate (KBRR), previously used as the base rate for pricing of loans by commercial banks.

5.2. In the review period, the CBR, was revised downwards twice, to 10.50 per cent in June and 10.00 per cent in December. During the first half of 2016, however, the base rate remained at 11.50 per cent. The monetary policy decisions were intended to support growth in the economy and to contain inflationary pressures amid fears of drought. The 91 day Treasury bill rate dropped from 9.81 per cent in December 2015 to 7.25 per cent in June 2016 and rose to 8.44 per cent in December 2016. The overall inflation stood at 6.35 per cent in December 2016 compared with 8.01 per cent in December 2015.

5.3. The annual growth rates of broad money supply (M3) and domestic credit were consistent with the developments in the financial sector and policy stance in 2016. In the review period, growth in M3 slowed down from 14.1 per cent in December 2015 to 3.6 per cent in December 2016. Similarly, overall domestic credit growth decelerated from 20.8 per cent in 2015 to 6.4 per cent in the same period, with credit to private sector expanding by 4.3 per cent in 2016 compared to 18.0 per cent in 2015. Despite volatility in global financial markets partly due to uncertainty with respect to Brexit and political developments in the US, the foreign exchange market was relatively stable in 2016.

5.4. Interest rates on savings deposits increased to 6.37 per cent by December 2016 compared to 1.56 per cent in December 2015. On the other hand, commercial banks' average lending interest rates charged on loans and advances declined to 13.69 per cent as at December 2016 from 18.30 per cent in December 2015, owing to the capping of the interest rates in mid-September 2016. These downward adjustments in interest rates narrowed the interest spread significantly to 6.36 per cent in December 2016.

5.5. In the equities market, the Nairobi Securities Exchange NSE 20-Share index increased to 3,982 points in the first quarter of 2016 but declined through to the fourth quarter to 3,186 points in December 2016. In the pensions sub-sector, the retirement benefit assets grew from KSh 800 billion in June 2015 to KSh 830 billion in June 2016.

Selected Monetary Indicators

5.6. Table 5.1 shows selected monetary indicators for the period 2012 to 2016. The net foreign assets (NFA) held by the banking system increased slightly by 0.8 per cent from KSh 491.5 billion in December 2015 to KSh 495.5 billion in December 2016. Total domestic credit by the banking system grew by 6.4 per cent in December 2016 compared to a growth of 20.8 per cent in December 2015. This was as a result of increased credit to the private sector that rose to KSh 2,381.2 billion as at December 2016 compared to KSh 2,269.9 billion as at December 2015. Credit to the National Government increased by 12.9 per cent from KSh 524.0 billion in 2015 to KSh 591.7 billion in 2016. Broad money supply (M3) grew by 3.6 per cent in 2016 to KSh 2,753.5 billion compared to an expansion of 14.1 per cent in December 2015. The commercial banks liquidity ratio rose from 43.7 per cent in December 2015 to 45.8 per cent in December 2016. The advances to deposits ratio rose from 87.0 per cent to 88.6 per cent over the same period.

Table 5.1: Monetary Indicators+, 2012 - 2016

KSh Million

As at end of:		Net Foreign Assets (KSh Million)	Domestic Credit (KSh million)			Broad Money Supply[1] (M3) (KSh Million)	Commercial Bank Liquidity	Advances/ Deposits Ratio
			Private and other public bodies	National Government	Total			
2012	Dec	325,992	1,333,688	368,823	1,702,510	1,727,686	46.8	79.3
2013	Dec	387,292	1,581,358	397,164	1,978,522	1,996,242	47.0	82.3
2014	Dec	479,654	1,932,862	379,316	2,312,178	2,329,979	45.1	83.0
2015	Dec	491,461	2,269,898	524,026	2,793,924	2,658,166	43.7	87.0
2016	Mar	472,263	2,279,681	543,617	2,823,298	2,662,198	44.4	86.8
	Jun	562,991	2,295,313	559,342	2,854,655	2,755,924	46.0	85.9
	Sep	592,136	2,334,335	524,155	2,858,490	2,761,842	47.4	85.7
	Dec	495,511	2,381,152	591,722	2,972,874	2,753,528	45.8	88.6

Source: Central Bank of Kenya

[1] See Table 5.2 and 5.3 for details

[2] Commercial Banks' liquid assets as per cent of deposit liabilities

[+] Revised

5.7. Table 5.2 presents various money supply aggregates for the period 2012 to 2016. In 2016, money supply (M1) grew by 27.9 per cent mainly due to significant expansion of demand deposits. Quasi money deposits held by commercial banks and other deposit taking institutions decreased by 14.6 per cent in December 2016 resulting from a decline in savings deposit. Broad money supply (M2) and broad money supply (M3) grew by 4.8 per cent and 3.6 per cent, respectively. The overall liquidity grew by 9.1 per cent to KSh 3,697.7 billion in 2016.

Table 5.2: Money and Quasi Money Supply, 2012 - 2016

KSh Million

		Money (M1)	Quasi-Money+	M2	M3	L
2012	Dec	710,884	758,516	1,469,400	1,727,686	2,130,550
2013	Dec	827,069	844,526	1,671,595	1,996,242	2,523,227
2014	Dec	936,440	1,045,421	1,981,860	2,329,979	2,949,057
2015	Dec	1,023,672	1,211,125	2,234,797	2,658,166	3,390,818
2016	Jan	1,044,550	1,157,536	2,202,086	2,613,710	3,350,907
	Feb	1,039,668	1,191,524	2,231,192	2,627,421	3,380,256
	Mar	1,076,765	1,185,922	2,262,687	2,662,625	3,430,136
	Apr	1,101,052	1,184,961	2,286,013	2,691,693	3,470,661
	May	1,113,811	1,184,657	2,298,468	2,708,753	3,514,698
	Jun	1,133,709	1,199,399	2,333,108	2,755,924	3,592,051
	Jul	1,107,635	1,189,223	2,296,858	2,712,966	3,568,303
	Aug	1,112,409	1,191,979	2,304,388	2,738,962	3,604,443
	Sep	1,236,724	1,084,104	2,320,827	2,761,842	3,634,623
	Oct	1,272,055	1,060,051	2,332,106	2,750,424	3,652,530
	Nov	1,285,795	1,044,763	2,330,558	2,767,141	3,696,541
	Dec	1,308,928	1,033,696	2,342,624	2,753,528	3,697,716

Source: Central Bank of Kenya.
+ Revised

Notes:

(a) M1 comprises of currency outside banks plus all demand deposits except; those of National Government, , Commercial Banks, Non Residents deposits

(b) Quasi Money: Refers to near money. It comprises of call plus 7 days deposits, savings and time deposits.

(c) Broad Money,**M2,** comprise of M1 and Quasi money.

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

(e) Overall Liquidity, **L** , comprises M3 and Treasury Bill holdings by the non-bank public.

Consolidated Accounts of the Banking System

5.8. Table 5.3 presents assets and liabilities of the banking system. Total liabilities and assets of the banking system increased by 5.6 per cent from KSh 3,285.4 billion in December 2015 to KSh 3,468.4 billion in December 2016. The growth is attributed to increases in domestic credit to the other public bodies and private sector. On the liabilities side, demand deposits increased by 32.0 per cent to KSh 1,099.0 billion in 2016 compared to an increase of 9.1 per cent in 2015. Foreign currency deposits declined by 2.9 per cent in December 2016 compared to an increase of 21.6 per cent in December 2015. The decline in foreign currency deposits and quasi money deposits led to a marginal expansion in broad money supply (M3) to KSh 2,753.5 billion in December 2016 from KSh 2,658.2 billion in December 2015. The increase in demand deposits vis-à-vis decline in quasi money deposits partly reflect the recent reclassification of time deposits into demand deposits by commercial banks following the implementation of interest rate capping in mid-September 2016. The general decline in deposits is partly due to a portfolio reallocation by non-bank public towards investment in government securities.

Table 5.3: Consolidated Accounts of the Banking System+, 2012 - 2016

KSh Million

	2012	2013	2014	2015	2016*			
LIABILITIES-	**December**	**December**	**December**	**December**	**March**	**June**	**September**	**December**
1. Money (M1):								
1.1 Demand Deposits	562,991	663,709	762,935	832,421	893,137	945,533	1,049,763	1,099,036
1.2 Currency outside banks	147,893	163,359	173,505	191,251	183,628	188,176	186,961	209,891
Sub-Total	**710,884**	**827,069**	**936,440**	**1,023,672**	**1,076,765**	**1,133,709**	**1,236,724**	**1,308,928**
2. Quasi-Money(MS):								
2.1 Call + 7 days Notice Deposi	73,708	81,889	101,141	117,048	128,085	128,987	134,169	159,796
2.2 Savings Deposits	205,703	230,358	286,860	333,265	200,937	208,447	116,890	103,936
2.3 Time Deposits	479,104	532,279	657,419	760,812	856,900	861,965	833,045	769,964
Sub-Total (quasi-money banks) .	**758,515**	**844,526**	**1,045,421**	**1,211,125**	**1,185,495**	**1,199,399**	**1,084,104**	**1,033,696**
Broad Money Supply(M2)	**1,469,400**	**1,671,595**	**1,981,860**	**2,234,797**	**2,262,260**	**2,333,108**	**2,320,827**	**2,342,624**
3. Foreign Currency Deposits	258,287	324,647	348,119	423,369	399,938	422,815	441,014	410,904
Broad Money Supply(M3)	**1,727,686**	**1,996,241**	**2,329,979**	**2,658,166**	**2,662,198**	**2,755,924**	**2,761,842**	**2,753,528**
5. Treasury Bill Holdings	402,864	526,985	619,078	732,652	767,509	836,128	872,781	944,187
Overall Liquidity(L)	**2,130,550**	**2,523,227**	**2,949,057**	**3,390,818**	**3,429,707**	**3,592,051**	**3,634,623**	**3,697,716**
6. Other Items Net(OIN)	300,817	369,572	461,854	627,219	633,364	661,722	688,784	714,856
TOTAL (M3+OIN)	**2,028,502**	**2,365,813**	**2,791,833**	**3,285,385**	**3,295,562**	**3,417,645**	**3,450,625**	**3,468,385**
ASSETS-								
7. Net Foreign Assets	325,992	387,292	479,654	491,461	472,263	562,991	592,136	495,511
8. Domestic Credit:.....								
8.1 National Govt. (Net)	368,823	397,164	379,316	524,026	543,617	559,342	524,155	591,722
8.2 Other Public Bodies	49,814	39,620	48,402	65,093	63,646	55,880	67,466	81,450
8.3 Private Sector	1,283,873	1,541,738	1,884,460	2,204,805	2,216,035	2,239,433	2,266,868	2,299,702
Sub-Total	**1,702,510**	**1,978,522**	**2,312,178**	**2,793,924**	**2,823,298**	**2,854,655**	**2,858,490**	**2,972,874**
TOTAL (M3+OIN)	**2,028,502**	**2,365,813**	**2,791,833**	**3,285,385**	**3,295,562**	**3,417,645**	**3,450,625**	**3,468,385**

Source: Central Bank of Kenya.

* Provisional

+Revised

Notes:

(a) Broad Money, **M2**, comprise of M1 plus Quasi money

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

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

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

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

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

(g) Net Foreign Assets includes Government reserve position in the IMF and deposits with Crown Agents.

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

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

5.9. Table 5.4 presents the changes in money supply and their sources for the period 2012 to 2016. Changes in M3 are as a result of changes in net domestic assets of the banking system which comprise; net foreign assets, domestic credit and other items net. Broad money (M3) increased by KSh 95.4 billion in December 2016 compared to KSh 328.2 billion recorded in December 2015. This increase is the lowest over the last five years and is mainly attributed to the drop in the quasi-money by KSh 177.4 billion in 2016. Similarly, foreign currency deposits contracted by KSh 12.5 billion in 2016 from an increase of KSh 75.3 billion in 2015. The main sources of the growth in broad money (M3) were increases of KSh 94.6 billion in credit advanced to the private sector and KSh 17.0 billion credit to other public sector.

Table 5.4: Changes in Money Supply and the Sources[+], 2012 - 2016

KSh Million

	2012	2013	2014	2015	2016
MONEY SUPPLY CHANGES					
1 Currency plus demand deposits (M1)	88,153	116,185	109,371	87,232	285,256
2 Quasi-money	127,288	86,010	200,895	165,704	-177,429
3 Foreign Currency Deposits	-1,906	66,360	23,472	75,250	-12,465
4 Broad Money supply (M3)	213,534	268,556	333,738	328,187	95,363
SOURCES OF CHANGES					
5 Net foreign assets	29,027	61,299	92,363	11,806	3,704
6 All Domestic Credit					
(a) to National Government (net)	40,388	28,341	-17,848	144,721	12,238
(b) to other public sector	19,005	-10,195	8,782	1,441	16,978
(c) to private sector	110,736	257,865	342,722	335,584	94,624
7 Other Items (Net)	14,378	-68,755	-92,282	-165,366	-32,182
8 Total sources of change (5+6+7)	213,534	268,556	333,738	328,187	95,363

Note: Changes in Money Supply and the sources compares year-end values

[+] Revised

Trends in the Real Values of Selected Financial Aggregates

5.10. Table 5.5 presents trends in real values of selected financial aggregates from 2012 to 2016. In real terms, commercial bank credit to private sector grew by 4.8 per cent while overall liquidity grew by 2.5 per cent. Commercial banks real deposit liabilities declined marginally by 2.1 per cent from KSh 1,615.61 billion in 2015 to KSh 1,582.2 billion in 2016. Real broad money supply M3 growth contracted by 2.6 per cent while total real liabilities of the banking system contracted by 0.7 per cent. The share of commercial banks real deposit liabilities to the total real liabilities dropped to 79.9 per cent in 2016 compared to 81.0 per cent in 2015.

Table 5.5: Trends in the Real Values of Selected Financial Aggregates[1], 2012 - 2016

KSh Million

	2012	2013	2014	2015	2016
1 Money Supply (M3)	1,286,917	1,387,724	1,527,755	1,613,748	1,571,828
2 Overall Liquidity (L)	1,587,002	1,754,068	1,933,681	2,058,534	2,110,809
3 Commercial bank credit to private sector	785,703	870,489	961,296	1,046,064	1,096,483
4 Total commercial bank credit	1,301,747	1,422,428	1,198,016	1,699,530	1,681,139
5 Commercial Banks' Deposit Liabilities[+]	1,301,652	1,369,640	1,525,925	1,615,554	1,582,207
6 Total liabilities of banking system	1,510,989	1,644,639	1,830,590	1,994,527	1,979,898
Memorandum item:					
7 Line 5 as per cent of line 6	86.1	83.3	83.4	81.0	79.9

[+] Revised

[1]Trends in the real values of selected financial aggregates was deflated by December Consumer Price Indices

Nominal and Real Interest Rates

5.11. Nominal interest rates for 2012 to 2016 are presented in Table 5.6. In the review period, interest rates were generally low. Interest rates on savings deposits rose to 6.37 per cent in December 2016 compared to 1.56 per cent in December 2015. The commercial banks' average lending interest rates charged on loans and advances declined to 13.69 per cent as at December 2016 from 18.30 per cent in December 2015, following the implementation of the interest rate capping law in mid-September 2016. These downward adjustments in interest rates narrowed the interest spread to 6.36 per cent in December 2016.

5.12. In 2016, the CBR was revised downwards twice to 10.50 per cent and 10.00 per cent, in June and December 2016, respectively. The 91 day Treasury bills rate dropped to 7.25 per cent in June 2016 from 9.81 per cent in December 2015, and rose to 8.44 per cent in December 2016.

Table 5.6: Nominal Principal Interest Rates, 2012 - 2016

Per cent

	2012	2013	2014	2015	2016	
	December	December	December	December	June	December
CENTRAL BANK OF KENYA						
91 day Treasury Bills Rate	8.30	9.52	8.58	9.81	7.25	8.44
Central Bank Rate	11.00	8.50	8.50	11.50	10.50	10.00
Repo rate	6.85	..	5.39	9.23	9.50	..
Inter-bank rate	5.84	8.98	6.91	7.27	4.87	5.92
COMMERCIAL BANKS[1]						
Average deposits	6.80	6.65	6.81	8.02	6.78	7.33
Savings deposits	1.60	1.58	1.85	1.56	1.60	6.37
Loan and Advances (maximum)	18.15	16.99	15.99	18.30	18.18	13.69
Overdraft	17.79	16.51	15.86	18.48	18.09	13.49
Loans-Deposits Spread	11.35	10.34	9.18	10.28	11.40	6.36

Source: Central Bank of Kenya.

[1]Weighted average commercial bank interest rates

.. There were no repos in period

5.13. Table 5.7 shows trends in selected real interest rates for 2012 to 2016. Average real interest rates for the 91-day Treasury bills rose to 2.09 per cent in 2016. There was mixed performance in interest rates during the review period. Real interest rates for commercial bank average savings deposit rate was 0.98 per cent while the inter-bank rates were marginally low at negative 0.43 per cent. The real interest rate for loans and advances by commercial banks dipped slightly to 7.34 per cent in 2016 from the 10.29 per cent recorded in 2015.

Table 5.7: Trends in Selected Real Principal Interest Rates[+], 2012 - 2016

Percentage

	Year	Nominal Interest	Inflation Rate	Real Interest[1]
Average Interest Rate for 91-day Treasury Bills	2012	8.30	3.20	5.10
	2013	9.52	7.15	2.37
	2014	8.58	6.02	2.56
	2015	9.81	8.01	1.80
	2016	8.44	6.35	2.09
Commercial bank savings deposits (average)	2012	1.60	3.20	-1.60
	2013	1.58	7.15	-5.57
	2014	1.85	6.02	-4.17
	2015	1.56	8.01	-6.45
	2016	7.33	6.35	0.98
Commercial bank loans and advances (maximum)	2012	18.15	3.20	14.95
	2013	16.99	7.15	9.84
	2014	15.99	6.02	9.97
	2015	18.30	8.01	10.29
	2016	13.69	6.35	7.34
Inter-Bank Rate	2012	5.84	3.20	2.64
	2013	8.98	7.15	1.83
	2014	6.91	6.02	0.89
	2015	7.27	8.01	-0.74
	2016	5.92	6.35	-0.43

Note: Trends in selected real Principal interest rates are as at December

[+] Revised

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

5.14. Table 5.8 presents the balance sheet of the CBK. The total assets and liabilities of the Central Bank contracted by 2.1 per cent to KSh 866.5 billion in December 2016 from a growth of 12.6 per cent in December 2015. The decline was mainly due to reductions in foreign exchange assets and direct advances to the Government that declined by 1.7 per cent and 33.8 per cent, respectively. Other assets, including Treasury Bills and Bonds, declined by 46.9 per cent to KSh 37.9 billion in 2016. On the liabilities side, total deposits grew by 2.6 per cent to KSh 515.7 billion, while currency in circulation increased by 9.0 per cent to KSh 262.7 billion in 2016. Other liabilities of the CBK dropped significantly by 39.1 per cent to KSh 83.1 billion in 2016.

Table 5.8: Central Bank of Kenya Assets and Liabilities, 2012 - 2016

KSh Million

					2016			
	2012	2013	2014	2015	March	June	September	December
ASSETS								
1. Foreign Exchange:-								
1.1 Balances with External Banks	395,312	462,378	608,203	585,544	611,867	661,733	645,423	580,215
1.2 Treasury Bills	70,305	77,496	81,195	133,828	135,306	133,609	131,755	131,717
1.3 Other Investments	22,970	29,413	32,641	44,204	38,958	33,849	43,363	36,166
1.4 Special Drawing Rights	676	2,682	1,241	1,551	2,028	1,999	4,103	3,813
TOTAL	**489,264**	**571,969**	**723,279**	**765,127**	**788,160**	**831,188**	**824,645**	**751,911**
2. Advances & Disc. to Banks	2,288	13,788	3,676	16,858	21,443	38,662	45,463	46,713
3. Direct Advances & Overdraft to Kenya Government	25,373	34,187	30,929	45,233	46,521	44,283	3,372	29,956
4. Other Assets including Treasury Bills & Bonds	31,792	40,703	28,325	71,277	33,284	34,939	31,364	37,914
TOTAL ASSETS	**548,717**	**650,670**	**786,209**	**885,202**	**889,408**	**949,072**	**904,843**	**866,494**
LIABILITIES :								
1. Capital	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
2. Currency-								
2.1 Notes	181,946	203,988	215,272	233,703	224,525	227,192	224,936	254,784
2.2 Coins	5,797	6,008	6,658	7,228	7,443	7,559	7,749	7,951
TOTAL CURRENCY	**187,737**	**209,990**	**221,930**	**240,931**	**231,968**	**234,751**	**232,685**	**262,734**
3. Deposits								
3.1 Kenya Government	46,296	115,542	179,963	177,905	160,564	235,363	217,632	181,804
3.2 Kenyan Banks[1]	105,887	110,773	158,111	151,499	169,924	155,435	160,143	148,411
3.3 External Banks	123,919	139,694	133,819	143,741	147,385	136,608	137,460	130,329
3.4 Other	14,446	30,948	26,729	29,634	54,138	66,676	71,920	55,129
TOTAL Deposits	**290,548**	**396,957**	**498,622**	**502,778**	**532,011**	**594,082**	**587,155**	**515,673**
4. Other Liabilities	65,432	38,723	60,658	136,493	120,421	115,239	80,002	83,087
TOTAL LIABILITIES	**548,717**	**650,670**	**786,209**	**885,202**	**889,408**	**949,072**	**904,843**	**866,494**

Source: Central Bank of Kenya

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

5.15. Table 5.9a presents credit advanced by commercial banks to various sectors for 2012 to 2016. Overall, commercial banks' credit grew by 4.9 per cent to KSh 3,015.9 billion in December 2016 from KSh 2,873.8 billion in December 2015. The most notable change in absolute terms in credit to the private sector was in real estate. In the public sector, commercial banks advanced more credit to the National Government amounting to KSh 593.6 billion, a 1.7 per cent increase above the December 2015 level. Credit to the County governments increased in 2016 to KSh 4.6 billion from KSh 1.1 billion advanced in 2015.

Table 5.9a: Commercial Banks' Bills, Loans and Advances[1], 2012 - 2016

KSh Million

	2012 Dec	2013 Dec	2014 Dec	2015 Dec	2016 Dec
PUBLIC SECTOR:					
National Government (net)[2]	413,496	464,475	518,729	583,727	593,635
County Government (net)[3]	2,888	-228	278	1,149	4,598
Enterprises, Parastatal bodies and other Public entities	46,926	39,847	48,125	45,173	76,852
TOTAL PUBLIC SECTOR	**463,311**	**504,095**	**567,131**	**630,049**	**675,085**
PRIVATE ENTERPRISES:					
Agriculture	57,479	58,656	75,001	85,925	90,184
Mining and Quarrying	25,048	27,804	23,421	20,776	16,802
Manufacturing	169,262	181,687	237,422	290,069	276,407
Building and Construction	69,183	70,770	80,406	106,307	104,826
Transport, Storage and Communication	75,776	89,488	130,304	171,643	204,618
Wholesale and retail trade, hotels and restaurants	211,172	253,198	306,927	378,043	379,612
Real Estate	161,940	198,337	262,691	282,586	337,352
Financial Institutions	32,689	29,924	50,384	61,042	84,866
Other Business	169,047	231,631	306,165	402,179	359,648
TOTAL PRIVATE ENTERPRISES	**971,597**	**1,141,496**	**1,472,721**	**1,798,569**	**1,854,315**
Community and Personal Services (including Non-Profit Making Institutions)	174,900	226,200	316,187	360,292	380,818
Other Activities (nec)	146,630	183,594	108,696	84,890	105,651
TOTAL BILLS, LOANS AND ADVANCES	**1,756,438**	**2,055,385**	**2,464,736**	**2,873,800**	**3,015,869**

Source: Central Bank of Kenya

[1] Commercial Banks' bills,loans and advances excludes portfolio investment by private enterprises and bank deposits placed with non-bank financial institutions.

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

[3] Data for 2012 refers to Local Authorities

5.16. The sectoral shares of commercial banks credit are shown in Table 5.9b. The share of loans and advances to the public sector rose to 22.4 per cent in December 2016 from 21.9 per cent in December 2015. The share of credit to public enterprises, parastatal bodies and other public entities rose from 1.6 per cent in 2015 to 2.5 per cent in 2016. Sectors with notable reduction in shares of loans and advances in 2016 include manufacturing and wholesale and retail trade and other businesses.

Table 5.9b: Commercial Banks' Bills, Loans and Advances Sector Shares[1] 2012 - 2016

Percentage

	2012 Dec	2013 Dec	2014 Dec	2015 Dec	2016 Dec
PUBLIC SECTOR					
National Government [1]	23.5	22.6	21.0	20.3	19.7
County Government[2]	0.2	0.0	0.0	0.0	0.2
Enterprises, Parastatal bodies and other Public entities	2.7	1.9	2.0	1.6	2.5
TOTAL PUBLIC SECTOR	**26.4**	**24.5**	**23.0**	**21.9**	**22.4**
PRIVATE ENTERPRISES	0.0	0.0	0.0	0.0	0.0
Agriculture	3.3	2.9	3.0	3.0	3.0
Mining and Quarrying	1.4	1.4	1.0	0.7	0.6
Manufacturing	9.6	8.8	9.6	10.1	9.2
Building and Construction	3.9	3.4	3.3	3.7	3.5
Transport, Storage and Communication	4.3	4.4	5.3	6.0	6.8
Wholesale and retail trade, hotels and restaurants	12.0	12.3	12.5	13.2	12.6
Real Estate	9.2	9.6	10.7	9.8	11.2
Financial Institutions	1.9	1.5	2.0	2.1	2.8
Other Business	9.6	11.3	12.4	14.0	11.9
TOTAL PRIVATE ENTERPRISES	**55.3**	**55.5**	**59.8**	**62.6**	**61.5**
Community and Personal Services (including Non-Profit Making Institutions)	10.0	11.0	12.8	12.5	12.6
Other Activities (nec)	8.3	8.9	4.4	3.0	3.5
TOTAL BILLS, LOANS AND ADVANCES	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Central Bank of Kenya

Note: Commercial banks, bills, loans and advances excludes portfolio investment by private enterprises and bank deposits placed with non-bank financial institutions

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

[2] Data for 2012 refers to Local Authorities

5.17. The deposit liabilities and liquid assets of commercial banks for 2012 to 2016 are presented in Table 5.10. Deposit liabilities held by commercial banks grew by 4.2 per cent from KSh 2,661.1 billion in December 2015 to KSh 2,771.7 billion in December 2016. The increase in liquid assets slowed down in 2016, growing by 9.2 per cent compared to an increase of 10.7 per cent in 2015. The overall liquidity ratio rose to 45.8 per cent by December 2016 from 43.7 per cent recorded in 2015.

Table 5.10: Commercial Banks' Deposit Liabilities and Liquid Assets+, 2012 - 2016

	Deposit Liabilities[1] (KSh Million)	Liquid Assets[2] (KSh Million)	Overall Liquidity Ratio (Per cent)
2012 December	1,747,468	817,588	46.8
2013 December	1,970,227	925,443	47.0
2014 December	2,327,188	1,050,496	45.1
2015 December	2,661,140	1,162,557	43.7
2016 January	2,623,169	1,114,107	42.5
February.....	2,643,795	1,141,911	43.2
March.....	2,687,099	1,192,283	44.4
April.....	2,716,021	1,220,616	44.9
May.....	2,719,805	1,237,481	45.5
June.....	2,758,217	1,268,498	46.0
July.....	2,738,510	1,257,294	45.9
August.....	2,759,364	1,288,902	46.7
September.....	2,811,369	1,331,856	47.4
October.....	2,791,197	1,304,176	46.7
November.....	2,796,894	1,321,600	47.3
December.....	2,771,711	1,269,312	45.8

Source: Central Bank of Kenya.

+Revised

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

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

Deposit Taking Savings and Credit Cooperatives

5.18. Table 5.11 highlights key performance indicators of the deposit taking savings and credit cooperatives (DTSs). The assets of the DTSs grew by 14.7 per cent from KSh 342.8 billion in 2015 to KSh 393.1 billion in 2016. Total deposits recorded a growth of 14.9 per cent to KSh 272.7 billion while loans and advances grew by 12.6 per cent to KSh 282.7 billion during the review period. Capital reserves increased by 32.9 per cent to KSh 67.6 billion in 2016.

Table 5.11: Performance Indicators for Deposit Taking Savings and Credit Cooperatives (DTSs)

Indicator	KSh Million			Growth in 2016
	2014	2015	2016*	(per cent)
Assets	301,537	342,848	393,136	14.7
Deposits	205,974	237,440	272,749	14.9
Loans and Advances	228,524	251,080	282,733	12.6
Capital Reserves	43,086	50,835	67,555	32.9

* provisional

Source: Sacco Society Regulatory Authority (SASRA)

Capital markets

5.19. Table 5.12 shows the performance of the stock market for 2012 to 2016. The NSE 20-Share index recorded 3,982 points during the first quarter of 2016 but declined through the fourth quarter to 3,186 points in December 2016, a drop of 21.1 per cent compared to December 2015. The total number of shares traded decreased from 6,812 million in 2015 to 5,809 million in 2016, resulting to a corresponding drop in equity turnover from KSh 209 billion in 2015 to KSh 147 billion in 2016. Total bond turnover increased by 42.0 per cent from KSh 305 billion in 2015 to KSh 433 billion in 2016. Market capitalization decreased by 4.5 per cent from KSh 2,054 billion in 2015 to KSh 1,962 billion in 2016. The total number of licensed/approved institutions in the capital market rose from 125 to 132 during the review period.

Table 5.12: Gross Secondary Market Statistics, 2012 - 2016

					2016				
	2012	2013	2014	2015	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Equities Market									
Total No. of Shares Traded (million)	5,464	7,576	8,233	6,812	1,299	1,411	1,998	1,101	5,809
Total No. of Deals	342,235	426,327	548,991	406,632	83,373	75,666	76,520	64,624	300,183
Total Value of Shares Traded (KSh billion)	86	156	216	209	37	37	48	25	147
NSE 20 Share Index (Base Jan 1966=100)	4,133	4,927	5,113	4,040	3,982	3,641	3,243	3,186	
Market Capitalization (KSh billion)	1,272	1,921	2,316	2,054	2,078	1,998	1,969	1,962	
Fixed Income Securities Market									
Total bond Turnover (KSh billion)	565	452	506	305	113	150	76	94	433
Capital Markets, Licensed/ approved Institutions									
Securities Exchange (NSE)	1	1	1	1	1	1	1	1	1
Central Depositories (CDSC)	1	1	1	1	1	1	1	1	1
Investment Banks	10	10	13	14	14	14	14	14	14
Stockbrokers	12	11	10	9	9	9	9	10	10
Investment advisers	18	16	17	17	16	13	13	13	13
Fund Managers	21	20	24	25	25	26	26	28	28
Collective Investment Schemes	16	16	19	20	23	23	23	23	22
Authorized depositories/Custodians	15	15	14	14	14	14	14	14	14
Credit Rating Agencies	1	2	3	3	3	3	3	3	3
Venture Capital Companies	1	1	1	1	1	1	1	1	1
REIT Managers			2	6	8	8	8	8	8
REIT Trustees				3	3	3	3	3	3
Employee Share Ownership Plans (ESOPS)		10	10	11	11	11	11	11	11
Authorized Real Estate Investment Trusts					3	3	3	3	3
Total	**96**	**103**	**115**	**125**	**132**	**130**	**130**	**133**	**132**

Source: Capital Markets Authority

Insurance

5.20. Table 5.13 presents performance indicators for life insurance business for 2012 to 2016. Total liabilities in life insurance increased by 11.8 per cent to KSh 260.1 billion in 2016 from KSh 232.7 billion in 2015, while total assets grew by 13.5 per cent to KSh 305.4 billion in 2016. Gross premium income grew by 19.3 per cent to KSh 73.1 billion in 2016 compared to 8.4 per cent growth recorded in 2015. Net premium income registered an accelerated growth of 19.6 per cent in 2016 from an increase of 7.4 per cent in 2015, while benefits payment increased significantly by 30.9 per cent against an increase of 4.0 per cent in 2015. Notable growth in investments for life insurance business was recorded in 2016 increasing to KSh 271.9 billion from KSh 242.8 billion in 2015. Life reinsurance gross premium income grew by 14.7 per cent to KSh 2.4 billion while net premium income grew by 14.2 per cent to KSh 2.1 billion in 2016. Life re-insurance total liabilities grew by 10.7 per cent to KSh 4.3 billion while the total assets grew by 11.7 per cent to KSh 9.3 billion in 2016.

Table 5.13: Performance indicators for life insurance business, 2012-2016

KSh Million

Indicator	2012	2013	2014	2015	2016*
Life Business					
Gross Premium Income	36,718	44,346	56,483	61,243	73,062
Net Premium Income	34,546	41,707	52,613	56,514	67,579
Benefits Payment	16,922	23,506	27,165	28,264	36,985
Commissions	3,074	3,659	4,380	5,078	5,598
Management Expenses	6,032	7,333	9,451	11,176	12,011
Shareholders' Funds	19,573	28,467	36,566	36,259	45,258
Total Assets	157,862	195,854	240,086	268,976	305,389
Total Liabilities	138,289	167,386	203,520	232,717	260,131
Investments	146,137	175,311	218,774	242,750	271,906
Reinsurance-Life					
Gross Premium Income	1,426	1,425	1,622	2,087	2,393
Net Premium Income	1,207	1,270	1,424	1,813	2,069
Benefits Payment	589	530	537	767	1,038
Commissions	268	347	443	533	606
Management Expenses	128	154	198	249	291
Shareholders' Funds	2,157	3,482	4,366	4,124	4,643
Total Assets	4,975	6,210	6,812	8,044	8,983
Total Liabilities	2,819	2,728	2,446	3,920	4,340
Investments	4,458	6,025	6,494	7,713	8,529

Source: Insurance Regulatory Authority

* Provisional

5.21. Table 5.14 presents performance indicators for general insurance business for 2012 to 2016. Total liabilities increased by 8.0 per cent to KSh 105.8 billion in 2016 from KSh 98.0 billion in 2015. Net earned premium income for the general insurance increased by 8.3 per cent to KSh 86.1 billion in 2016, against a 13.3 per cent increase registered in 2015. General business insurance investment growth slowed down from 10.2 per cent in 2015 to 2.3 per cent in 2016. Similarly, growth of claims incurred slowed down from 17.3 per cent to 9.3 per over the review period. Most general business reinsurance indicators declined in 2016 compared to modest expansions recorded in 2015. The net premium incomes and net earned premium incomes declined by 7.8 per cent and 1.0 per cent, respectively in 2016 compared to relative increases of 11.1 per cent and 14.4 per cent recorded for the indicators in 2015. Similarly, incurred claims reduced by 7.2 per cent compared to a rise of 14.6 per cent recorded in 2015. Re-insurance liabilities for general business insurance grew by 1.9 per cent while assets grew by 5.1 per cent in the review period.

Table 5.14: Performance indicators for general insurance business, 2012 - 2016

KSh Million

Indicator	2012	2013	2014	2015	2016*
General Business					
Gross Premium Income	71,891	86,656	101,297	112,134	121,674
Net Premium Income	53,294	63,241	74,023	82,986	89,213
Net Earned Premium Income (GB)	50,312	58,508	70,208	79,578	86,148
Claims Incurred	29,433	33,442	41,895	49,131	53,701
Commissions	3,960	3,785	4,877	5,986	6,718
Management Expenses	13,520	17,034	20,967	24,531	26,120
Shareholders' Funds	39,293	50,290	61,582	65,984	67,018
Total Assets	116,609	128,968	146,174	163,977	172,809
Total Liabilities	77,317	78,678	84,593	97,992	105,792
Investments	67,013	81,929	100,827	111,067	113,637
Reinsurance-General business					
Gross Premium Income	8,978	11,021	14,752	16,357	15,267
Net Premium Income	8,679	10,629	14,160	15,728	14,498
Net Earned Premium Income (GB)	8,009	9,947	13,117	15,000	14,846
Claims Incurred (GB)	4,248	5,051	7,521	8,616	7,993
Commissions	2,442	2,920	3,833	4,186	4,167
Management Expenses	671	870	1,192	1,615	1,522
Shareholders' Funds	13,790	15,966	20,030	21,800	23,369
Total Assets	22,786	26,945	33,238	36,220	38,069
Total Liabilities	8,996	10,979	13,208	14,420	14,701
Investments	17,956	21,206	26,276	28,306	29,243

Source: Insurance Regulatory Authority

* Provisional

GB - General Business

Policy and other key developments in the financial sector

Banking

5.22. The Banking (Amendment) Act, 2016 commenced on 14th September 2016. It introduced the maximum interest rate chargeable for a credit facility in Kenya at no more than four per cent, the base rate set and published by CBK. Further, the Act introduced the minimum interest rate granted on a deposit held in interest earning accounts in Kenya to at least 70 per cent of the base rate. Through the Finance Act 2016, the Banking Act was amended to enhance credit information sharing with other institutions offering credit such as SACCOs, Cooperatives and public utility companies. The Banking Act was also amended to increase the monetary penalties for institutions and credit reference bureaus that violate the Banking Act or the Prudential Guidelines from KSh 5.0 million to KSh 20.0 million.

Capital Markets

5.24. During the review period, the Capital Markets Authority (CMA) approved the Nairobi Securities Exchange (NSE) listing and trading rules for the Exchange Traded Funds (ETF). CMA also approved a project plan on the derivatives market in Kenya which will help stake holders to hedge against risks and diversify their products. An Islamic Finance Project Management Office was established to help manage Islamic Finance and Introduce Islamic Capital Market products and services.

Pensions

5.25. In 2016, there were 20 fund managers, 29 administrators and 11 custodians registered by the Retirement Benefits Authority to offer services to registered pension schemes. The retirement benefit assets grew from KSh 800 billion in June 2015 to KSh 830 billion in June 2016. The assets and membership of the Individual Retirement Benefits Schemes grew during

the period. Membership increased by 12.5 per cent from 147,154 in June 2015 to 165,480 in June 2016. Similarly, assets increased from KSh 26.4 billion in June 2015 to KSh 31.3 billion in June 2016.

5.26. The Government introduced perpetual licensing of service providers where service providers would not be required to apply for annual licenses. Amendments were made in the Occupational Retirement Benefits Schemes and the Individual Retirement Benefits Schemes regulations to ensure protection of the trustees against victimization or discrimination while performing their duties. The Post-retirement medical scheme was also amended to allow for additional voluntary contributions to a medical fund to be accessed at retirement. This would ensure that a member could transfer a portion of the member's benefits to medical-cover provider where the member has been unable to build a post-retirement medical fund from additional contributions. Investment guidelines were amended to explicitly include Real Estate Investment Trusts (REITs), exchange traded derivatives and the separation of listed and un-listed corporate bonds and commercial paper approved by the Capital Markets Authority.

06 Chapter

Public Finance

Overview

The 2016/17 fiscal policy gives priority to expenditures of strategic importance to the Government's economic transformation agenda and the Second Medium Term Plan of the Vision 2030. The spending programmes aim at gradual reduction of the fiscal deficit, with a focus on improving revenue collection and enhancing public investments in infrastructure development and social spending. Overall, to improve the effectiveness and efficacy of public spending, the fiscal framework designs the development budget based on individual projects; and institutes expenditure rationalisation on slow and delayed projects, and limits adoption of new projects to those critical in addressing emerging challenges of strategic importance.

6.2. **Overall Fiscal Results:** During the review period, the National Government budget is estimated at KSh 2,496.1 billion compared to KSh 2,047.4 billion spent in 2015/16. The recurrent expenditure is estimated at KSh 1,449.6 billion, while the development expenditure is estimated at KSh 1,046.5 billion. The budget on current transfers to county governments is estimated at KSh 284.8 billion while KSh 467.5 billion is budgeted for servicing of the public debt. In the review period, total revenue inclusive of grants is estimated to grow by 24.1 per cent to KSh 1,566.5 billion. During this period, total ordinary revenue is estimated to grow by 22.6 per cent to KSh1,515.0 billion. Total tax revenue, is estimated to grow by 17.7 per cent to KSh 1,338.3 billion in 2016/17, and is expected to account for 88.3 per cent of the total revenue. In June 2016, the total stock of public debt amounted to KSh 3,203.3 billion, with domestic debt accounting for 43.9 per cent of this stock. County governments have budgeted to spend KSh 360.0 billion in 2016/17 against an estimated revenue of KSh 361.5 billion.

National Government

6.3. Table 6.1 details the statement of operations for the National Government for the period 2012/13 to 2016/17. Total revenue inclusive of grants is estimated to grow by 24.1 per cent to KSh 1,566.5 billion, while total expense is estimated to grow by 23.6 per cent to KSh 1,968.0 billion in 2016/17. Expenditure on net acquisition of non-financial assets is expected to grow by 52.5 per cent to KSh 265.6 billion in 2016/17, compared to a significant decline recorded in 2015/16. Gross operating balance is expected to worsen from KSh 329.2 billion in 2015/16 to stand at KSh 401.5 billion in 2016/17. The net borrowing balance improved in 2015/16 to KSh 503.3 billion due to the significant decrease in acquisition of non-financial assets, and is estimated at KSh 667.1 billion in 2016/17.

Table 6.1: Statement of National Government Operations, 2012/13 - 2016/17

KSh Million

	2012/13	2013/14	2014/15	2015/16*	2016/17+
1. Revenue[1]	896,496.50	1,001,374.83	1,140,407.47	1,262,720.32	1,566,459.34
2. Expense (2.1+2.2)	929,091.54	1,173,854.87	1,363,664.25	1,591,959.31	1,967,997.50
2.1 Current Expenditure	802,472.96	1,004,233.89	1,178,256.45	1,372,253.58	1,553,664.83
2.2 Capital Transfers	126,618.57	169,620.98	185,407.80	219,705.73	414,332.67
3. Gross Operating Balance(G.O.B) (1-2)	**-32,595.04**	**-172,480.04**	**-223,256.78**	**-329,239.00**	**-401,538.16**
4. Acquisition of Non-Financial Assets(net)[2]	137,193.72	135,008.60	312,101.47	174,078.54	265,555.70
5. Net lending/Borrowing (3-4)	**-169,788.76**	**-307,488.64**	**-535,358.25**	**-503,317.54**	**-667,093.87**
FINANCING (6-7)	**-246,534.17**	**-354,083.37**	**-552,127.81**	**-482,422.88**	**-483,569.20**
6. Net Acquisition of financial assets (6.1)	32,542.29	-21,189.02	55,045.81	180,977.17	22,749.90
6.1. Domestic	32,542.29	-21,189.02	55,045.81	180,977.17	22,749.90
7. Net Incurrence of liabilities (7.1+7.2)	279,076.46	332,894.35	607,173.62	663,400.05	506,319.10
7.1. Domestic	169,776.28	165,338.55	127,892.59	358,414.55	80,026.86
7.2. Foreign	109,300.18	167,555.79	479,281.03	304,985.50	426,292.24
MEMORANDUM ITEMS:					
8. Public debt redemption	162,745.13	213,953.00	232,950.71	222,896.68	216,743.99
8.1. External	34,336.70	85,253.00	82,949.81	35,633.36	44,639.76
8.2. Internal	128,408.43	128,700.00	150,000.90	187,263.32	172,104.23

* Provisional

+Revised estimates

[1] includes grants

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

6.4. Table 6.2 presents key fiscal ratios for the period 2012/13 to 2016/17. Gross Operating Balance as a percentage of both gross revenue and acquisition of non-financial assets is estimated to improve in the review period. Net borrowing position as a percentage of revenue and total expenditure is estimated to register a marginal increase in 2016/17. In the review period, total external loans and grants to acquisition of non-financial assets ratio is estimated to decrease on account of variations in foreign financing of the development budget. The Net Borrowing to GDP ratio is estimated to worsen in the review period.

Table 6.2: Analysis of Key Fiscal Ratios, 2012/13 - 2016/17

		2012/13	2013/14	2014/15	2015/16	2016/17
1	Gross operating balance as a % of Revenue	-3.64	-17.22	-19.58	-26.07	-25.63
2	Gross operating balance as a % of Acquisition of Non financial assets (net)	-23.76	-127.75	-71.53	-189.13	-151.21
3	Ratio of Acquisition of Non financial assets (net) to Current Expenditure	17.10	13.44	26.49	12.69	17.09
4	Net lending/Borrowing as % of Revenue	-18.94	-30.71	-46.94	-39.86	-42.59
5	Net lending/Borrowing as % of Total Expenditure	-13.71	-20.10	-27.78	-24.82	-26.97
6	External Grants and Loans as % of Acquisition of Non financial assets (net)	94.97	117.89	104.03	192.20	179.91
7	Net Short-Term Borrowing as % of Acquisition of nonfinancial assets (net)	85.98	-0.64	4.10	143.50	2.44
8	Revenue as % of GDP at Current Market Prices	18.07	19.70	19.63	18.82	23.35
9	Total Government Expenditure as % of GDP at Current Market Prices	27.60	30.30	33.58	30.51	37.20
10	Net lending/Borrowing as % of GDP at Current Market Prices	-5.63	-6.30	-9.22	-7.50	-9.94

6.5. Table 6.3 presents comparison between budget estimates and actual out-turns of revenue and expenditure for the National Government for 2013/14 to 2015/16, and revised budget estimates for 2016/17. Actual revenue collected in 2015/16 accounted for 93.2 per cent of the targeted revenue. Over the same period, absorption of recurrent expenditure remained high while the development expenditure reached 75.8 per cent of the printed estimates. Similarly, the proportion of external financing amounted to 74.6 per cent of the budgeted amount in this period.

Table 6.3: Comparison of National Government Budget Estimates with Actual Out-turns, 2013/14 - 2016/17

KSh Million

	2013/14			2014/15		
	Budget	Actual	Difference	Budget	Actual	Difference
Total Ordinary Revenue	1,006,862.03	974,417.72	-32,444.30	1,166,372.80	1,112,289.98	-54,082.82
Recurrent Expenditure[1]	1,043,902.38	1,021,922.89	-21,979.49	1,069,204.86	1,147,969.00	78,764.14
Recurrent Balance	-37,040.35	-40,929.74	-3,889.39	97,167.94	-35,679.02	-132,846.96
Development Expenditure	635,177.67	511,070.16	-124,107.51	855,681.01	802,740.06	-52,940.95
External Financing (Net)[2]	184,949.00	194,512.90	-9,563.90	448,581.01	507,398.52	-58,817.51
Balance for Domestic Financing (Net)	-487,269.02	-357,487.00	110,654.22	-309,932.06	-331,020.56	-138,723.52
	2015/16*			2016/17+		
	Budget	Actual	Difference	Printed Budget	Revised Budget	Difference
Total Ordinary Revenue	1,325,641.35	1,235,702.30	-89,939.05	1,515,463.92	1,514,988.77	-475.15
Recurrent Expenditure[1]	1,242,340.75	1,300,246.89	57,906.15	1,212,741.52	1,449,618.34	236,876.82
Recurrent Balance	83,300.60	-64,544.60	-147,845.20	302,722.40	65,370.42	-237,351.98
Development Expenditure	985,646.89	747,104.86	-238,542.03	729,812.19	1,046,489.60	316,677.41
External Financing (Net)[2]	448,621.00	334,582.19	114,038.81	382,669.67	477,762.82	-95,093.15
Balance for Domestic Financing (Net)	-453,725.29	-477,067.27	204,735.65	-44,420.12	-503,356.35	-649,122.54

Source: The National Treasury

* Provisional

+ Revised budget estimates

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

[2] Includes external grants

6.6. The gross receipts on recurrent account of the National Government for 2012/13 to 2016/17 are presented in the Table 6.4. Total ordinary revenue is estimated to grow by 22.6 per cent to KSh 1,515.0 billion in 2016/17 compared to a growth of 11.1 per cent in 2015/16. In the review period, total tax revenue is expected to grow by 17.7 per cent to KSh 1,338.3 billion, compared to 11.3 per cent growth in the previous period, and account for 88.3 per cent of the total ordinary revenue. In 2016/17, the income tax and Value Added Tax (VAT) categories are estimated to account for 49.5 per cent and 25.3 per cent of the total tax revenue, respectively. The income tax and VAT are expected to register 16.3 and 17.1 per cent growths, respectively, in the review period. Excise taxes category is expected to register a higher growth of 27.8 per cent in 2016/17 compared to a growth of 20.4 per cent in the previous period. The growth in tax revenue is expected to be supported by the Government's on-going reforms of various tax policies, revenue administration systems and the re-introduction of withholding VAT.

Table 6.4: National Government Gross Receipts on Recurrent Account, 2012/13 - 2016/17

KSh Million

	2012/13	2013/14	2014/15	2015/16*	2016/17+
Taxes on income, profits and capital gains	**373,086.04**	**449,590.07**	**509,159.84**	**569,811.18**	**662,854.07**
Income tax from individuals (P.A.Y.E)[1]	199,847.16	249,872.80	279,795.65	286,166.16	343,772.88
Income tax from corporations (other income tax)	173,238.88	199,717.27	228,785.25	279,834.49	316,030.12
Capital gains taxes	..	..	578.95	3,810.54	3,051.08
Taxes on property	**653.73**	**0.00**	**0.00**	**88.26**	**100.00**
Immovable property	169.58	0.00	0.00	0.00	0.00
Financial and capital transactions	484.15	0.00	0.00	88.26	100.00
Value Added Tax (VAT)	**184,916.31**	**232,630.32**	**259,685.20**	**289,213.47**	**338,680.18**
VAT on domestic goods and services	90,713.83	107,737.35	127,904.57	160,389.01	191,149.88
VAT on imported goods and services	94,202.48	124,892.97	131,780.63	128,824.45	147,530.31
Taxes on other goods and services	**114,821.86**	**125,363.91**	**140,243.32**	**162,593.81**	**205,016.46**
Excise taxes	85,660.29	102,029.10	115,871.72	139,540.34	178,366.69
Taxes on use of goods and on permission to use the goods or to perform services and activities	2,458.44	4,910.49	4,650.51	5,780.10	7,751.18
Taxes on goods and services collected as AIA	26,703.12	18,424.32	19,721.08	17,273.37	18,898.59
Taxes on international trade transactions	**81,812.59**	**94,232.51**	**101,040.90**	**104,433.27**	**119,643.24**
Custom duties	57,649.68	67,554.64	74,047.72	79,187.93	90,397.91
Other taxes on international trade and transactions	24,162.91	26,677.87	26,993.18	25,245.33	29,245.33
Other taxes not elsewhere classified	**8,537.81**	**9,986.89**	**11,467.76**	**10,423.54**	**11,990.10**
TOTAL TAX REVENUE	**763,828.34**	**911,803.70**	**1,021,597.03**	**1,136,563.52**	**1,338,284.06**
Social security contributions	584.48	203.85	123.45	129.63	147.49
Property income	18,683.12	10,767.53	15,290.28	21,324.81	33,306.33
Sale of goods and services	11,735.49	2,678.84	6,158.28	6,022.75	6,576.57
Fines penalties and forfeitures	1,465.50	1,442.62	2,490.95	2,278.34	2,573.80
Repayments from domestic lending and on-lending	2,183.55	1,618.36	2,897.37	2,578.66	3,956.35
Ministerial Appropriation in Aid	67,781.00	35,707.06	56,705.93	62,398.11	125,018.74
Other receipts not elsewhere classified	9,245.38	10,195.77	7,026.70	4,406.48	5,125.43
TOTAL NON-TAX REVENUE	**111,678.52**	**62,614.02**	**90,692.95**	**99,138.78**	**176,704.70**
TOTAL ORDINARY REVENUE	**875,506.86**	**974,417.72**	**1,112,289.98**	**1,235,702.30**	**1,514,988.77**

Source: The National Treasury

* Provisional

+ Revised Estimates

[1]P.A.Y.E - Pay As You Earn

.. Data not available

6.7. Table 6.5 details the import duty levied on selected commodities for the period 2012 to 2016. In 2016, the import duty collected stood at KSh 79.5 billion, representing a growth of 11.7 per cent. Import duty collected from: food drinks and tobacco; transport equipment; machinery and metals categories, accounted for 66.3 per cent of the total duty collected. Import duty from metals, basic materials, textiles, machinery and, food drinks and tobacco, registered significant growths of 61.7, 40.2, 39.7, 34.4 and 14.7 per cent, respectively in 2016. On the other hand, import duty from transport equipment category decreased by 15.8 per cent during the same period.

Table 6.5: Import Duty Collections for Selected Items, 2012 - 2016

KSh Million

END-USE CATEGORY	2012	2013	2014	2015	2016*
Food, drinks and tobacco	9,667.38	11,207.96	13,823.42	16,163.83	18,540.89
Basic materials	2,930.71	2,887.86	3,312.82	3,710.74	5,203.49
Fuels	1,201.96	1,017.90	1,338.13	1,413.23	1,195.70
Chemicals	2,685.71	2,779.13	3,508.57	3,970.02	3,862.54
Textiles	1,564.91	1,607.42	1,814.36	1,638.48	2,288.59
Semi-manufactures[1]	4,187.87	4,412.02	4,615.17	4,772.37	4,994.29
Metals	3,795.67	3,679.55	5,116.45	5,315.61	8,594.05
Transport Equipment	12,186.21	15,148.74	17,576.28	19,310.19	16,252.85
Machinery	6,850.25	6,428.76	7,123.38	6,934.12	9,319.10
Miscellaneous commodities	5,317.13	6,062.88	7,179.58	7,924.10	9,246.60
TOTAL	**50,387.79**	**55,232.22**	**65,408.16**	**71,152.69**	**79,498.09**

Source: Kenya Revenue Authority

* Provisional

[1] Excludes non-metallic mineral manufactures

6.8. Table 6.6 presents the excise revenue collected from selected commodities and services from 2012 to 2016. Total revenue registered a 28.2 per cent growth from KSh 62.7 billion in 2015 to KSh 80.4 billion in 2016. This increase is partly attributed to significant increases in the excise revenue from beer; wines and spirits; and financial transactions, which accounted for over 75.0 per cent of the growth. The airtime and financial transactions categories recorded substantial growths and amounted to KSh 15.5 billion and KSh 11.3 billion, respectively. Total excise revenue from beer and, wines and spirits categories stood at KSh 35.1 billion in 2016, which was a 36.8 per cent growth from KSh 25.7 billion realized in 2015.

Table 6.6: Excise Revenue by Selected Commodities and Services, 2012 - 2016

KSh Million

	2012	2013	2014	2015	2016*
Beer	16,544.52	16,886.17	18,996.80	19,525.74	24,443.46
Wines and Spirits	2,413.40	3,036.86	4,638.32	6,148.36	10,681.38
Mineral Water, Soft Drinks and Juices	1,776.02	2,252.14	2,474.05	2,514.64	3,318.56
Cigarettes	9,527.65	10,199.78	10,281.88	12,230.19	12,440.94
Airtime	-	-	-	14,138.80	15,540.89
Financial Transactions	-	-	-	7,222.07	11,312.92
Other commodities[1]	1,788.44	787.01	2,719.59	902.15	2,642.24
TOTAL	32,050.03	33,161.96	36,881.95	62,681.94	80,380.39

Source: Kenya Revenue Authority

* Provisional

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

.. Data not available

6.9. Details of financing of investment in non-financial assets are presented in Table 6.7. Gross financing is expected to decline to KSh 557.8 billion in 2016/17 from KSh 693.0 billion in 2015/16. External loan disbursements are estimated to grow by 39.8 per cent to KSh 426.3 billion in 2016/17, while external grants are estimated to grow significantly by over 70.0 per cent to KSh 51.5 billion over the same period. Total domestic borrowing, comprising long-term and short-term, more than doubled to KSh 358.4 billion in 2015/16, from KSh 127.9 billion in 2014/15. In the first eight months of 2016/17 financial year, the long-term and short-term domestic borrowing amounted to KSh 73.6 billion and KSh 6.4 billion, respectively.

Table 6.7: National Government Financing of Non-Financial Assets, 2012/13 - 2016/17

KSh Million

	2012/13	2013/14	2014/15	2015/16*	2016/17+
EXPENDITURE:					
Acquisition of Non financial Assets (Net) ..	137,193.72	135,008.60	312,101.47	174,078.54	265,555.70
TOTAL	**137,193.72**	**135,008.60**	**312,101.47**	**174,078.54**	**265,555.70**
FINANCING:	**300,066.10**	**359,851.45**	**635,291.11**	**692,996.73**	**557,789.68**
External Grants	20,989.64	26,957.11	28,117.49	29,596.68	51,470.57
LONG TERM BORROWING:	**161,118.79**	**333,764.46**	**594,392.31**	**413,598.42**	**499,847.03**
External Loans	109,300.18	132,204.19	296,574.25	304,985.50	426,292.24
International Sovereign Bond	0.00	35,351.60	182,706.78	0.00	0.00
Long-Term Domestic Borrowing (Net) ...	51,818.61	166,208.66	115,111.28	108,612.91	73,554.78
SHORT TERM BORROWING:	**117,957.67**	**-870.11**	**12,781.31**	**249,801.64**	**6,472.08**
Treasury Bills (Net)	124,330.34	32,811.90	12,947.02	242,092.15	24,678.33
Other Short-Term Borrowing (Net)	-6,372.67	-33,682.01	-165.71	7,709.49	-18,206.26
CHANGE IN CASH BALANCES[1]: Increase=(-)	-162,872.38	-224,842.85	-323,189.64	-518,918.19	-292,233.97
TOTAL	**137,193.72**	**135,008.60**	**312,101.47**	**174,078.54**	**265,555.70**

Source: Central Bank of Kenya and The National Treasury

* Provisional.

\+ Revised estimates

[1] Balancing item

6.10. Table 6.8 presents the functional classification of National Government outlays for 2013/14 to 2016/17. The total estimated outlays for 2016/17 is estimated to grow by 21.9 per cent to KSh 2,496.1 billion compared to a 5.0 per cent growth recorded in 2015/16. In 2016/17, the development expenditure is estimated to rise by 40.1 per cent to KSh 1,046.5 billion, while the recurrent expenditure is estimated to grow by 11.5 per cent to KSh 1,449.6 billion. The development expenditure growth pattern is attributable to the continuing fiscal measures taken to reduce the growth of recurrent spending and give priority to the finalization of ongoing development projects. Expenditures on transport, fuel and energy, and public order and safety functions, are expected to account for 15.2, 3.8 and 5.9 per cent of the total outlays. This is mainly due to financing of: completion of the Standard Gauge Railway (SGR); construction and rehabilitation of roads and ports; enhanced electricity generation and connection; and modernization of the security sector.

6.11. Public debt transactions, transfers to county governments and general public services are expected to account for 18.7, 11.4 and 11.0 per cent of the total outlays in 2016/17. During the review period, the fiscal plan continues to re-orient expenditure outlays towards infrastructure development and social spending. In the same period, spending on education is estimated to grow by 9.2 per cent, and account for 13.7 per cent of the total outlays.

Table 6.8: Classification of National Government Expenditure by Functions of Government (COFOG), 2013/14-2016/17

KSh Million

	2013/14			2014/15			2015/16*			2016/17+		
	Recurrent Account	Development Account	Total	Recurrent Account	Development Account	Total	Recurrent Account	Development Account	Total	Recurrent Account	Development Account	Total
General public services	115,040.20	32,013.47	**147,053.68**	94,317.30	37,822.98	**132,140.28**	143,067.52	73,842.45	**216,909.96**	166,711.53	107,586.26	**274,297.78**
Public debt transactions	345,779.26	0.00	**345,779.26**	400,323.71	0.00	**400,323.71**	438,225.22	0.00	**438,225.22**	467,531.23	0.00	**467,531.23**
Transfers of general character betw. levels of govt.	0.00	210,000.00	**210,000.00**	0.00	229,263.65	**229,263.65**	0.00	264,038.64	**264,038.64**	0.00	284,784.60	**284,784.60**
Defense	93,756.73	0.00	**93,756.73**	97,922.50	0.00	**97,922.50**	140,588.80	0.00	**140,588.80**	129,038.93	0.00	**129,038.93**
Public order and safety	120,082.06	6,258.11	**126,340.16**	130,774.44	11,020.28	**141,794.72**	110,563.98	15,709.62	**126,273.60**	127,199.06	20,682.38	**147,881.45**
Economic affairs	**54,434.36**	**193,866.16**	**248,300.52**	**59,226.58**	**385,137.49**	**444,364.07**	**63,523.49**	**305,979.93**	**369,503.41**	**96,871.87**	**489,511.65**	**586,383.52**
General economic, commercial & labour affairs	9,534.68	21,425.30	**30,959.98**	5,960.57	25,625.29	**31,585.87**	12,068.92	50,016.94	**62,085.86**	14,966.29	8,434.91	**23,401.20**
Agriculture, forestry, fishing, and hunting	14,193.65	27,141.58	**41,335.23**	16,490.69	33,951.54	**50,442.23**	9,956.39	21,587.48	**31,543.87**	15,861.71	33,408.45	**49,270.15**
Fuel and energy	1,594.06	52,536.71	**54,130.77**	2,016.40	62,673.56	**64,689.96**	1,707.49	71,506.88	**73,214.37**	2,256.17	92,499.13	**94,755.30**
Mining, manufacturing and construction	473.82	542.89	**1,016.71**	747.72	1,097.12	**1,844.84**	688.50	531.89	**1,220.39**	1,173.23	980.13	**2,153.37**
Transport	20,965.06	84,500.73	**105,465.79**	26,326.48	253,691.54	**280,018.03**	35,423.80	146,140.05	**181,563.85**	56,121.98	324,268.71	**380,390.69**
Communication	2,204.82	5,287.48	**7,492.30**	2,436.71	5,389.04	**7,825.75**	2,126.28	12,317.40	**14,443.68**	4,084.20	26,328.32	**30,412.52**
Other industries	5,468.29	2,431.47	**7,899.76**	5,248.00	2,709.39	**7,957.40**	1,552.11	3,879.29	**5,431.40**	2,408.27	3,592.00	**6,000.27**
Environmental protection	**2,627.94**	**18,326.67**	**20,954.60**	10,228.61	7,005.85	**17,234.46**	13,622.27	4,482.70	**18,104.97**	15,357.35	3,846.87	**19,204.22**
Housing and community amenities	1,845.30	8,715.98	**10,561.28**	3,786.11	71,463.92	**75,250.03**	5,887.59	37,296.89	**43,184.48**	12,571.37	63,864.06	**76,435.43**
Health	**21,574.67**	**16,622.62**	**38,197.29**	**28,307.73**	**21,473.95**	**49,781.69**	**19,504.30**	**15,150.34**	**34,654.64**	**34,144.02**	**35,083.23**	**69,227.25**
Outpatient services	729.93	5,288.80	**6,018.74**	1,531.53	5,251.48	**6,783.01**	1,464.21	4,978.63	**6,442.84**	1,511.40	12,340.32	**13,851.72**
Hospital services	16,776.14	2,660.61	**19,436.75**	13,766.20	802.00	**14,568.20**	11,897.10	5,476.58	**17,373.68**	15,817.34	6,104.25	**21,921.58**
Public health services	1,163.04	8,465.28	**9,628.32**	3,651.59	6,967.62	**10,619.21**	1,723.59	4,428.18	**6,151.78**	7,768.89	6,967.16	**14,736.05**
Health expenditure not elsewhere classified	2,905.56	207.92	**3,113.47**	9,358.42	8,452.85	**17,811.27**	4,419.39	266.95	**4,686.34**	9,046.39	9,671.51	**18,717.90**
Recreation, culture and religion	582.80	243.59	**826.39**	2,580.50	1,379.01	**3,959.50**	4,361.86	2,221.45	**6,583.31**	6,395.58	2,506.32	**8,901.90**
Education	**232,899.26**	**20,732.94**	**253,632.21**	**281,802.51**	**22,446.22**	**304,248.74**	**298,768.91**	**14,608.41**	**313,377.32**	**318,179.36**	**24,168.93**	**342,348.29**
Administration	11,017.51	5,050.26	**16,067.77**	16,063.46	6,732.61	**22,796.07**	11,236.48	2,735.11	**13,971.58**	17,770.30	574.99	**18,345.29**
Pre-primary and primary education	92,768.76	854.45	**93,623.21**	113,348.52	691.53	**114,040.05**	117,839.24	754.03	**118,593.27**	136,135.60	2,050.13	**138,185.73**
Secondary education	72,785.55	2,116.93	**74,902.48**	84,947.43	2,242.17	**87,189.60**	96,680.34	1,523.93	**98,204.28**	88,466.32	8,182.52	**96,648.84**
Tertiary education	54,672.47	9,559.61	**64,232.07**	65,783.00	12,599.52	**78,382.52**	70,526.79	5,271.38	**75,798.18**	74,639.30	13,316.89	**87,956.19**
Education expenditure not elsewhere classified	1,654.98	3,151.70	**4,806.68**	1,660.10	180.40	**1,840.50**	2,486.05	4,323.96	**6,810.02**	1,167.84	44.40	**1,212.24**
Social protection	33,300.30	4,290.63	**37,590.93**	42,511.22	14,714.86	**57,226.09**	62,132.96	13,774.43	**75,907.39**	75,618.04	14,455.30	**90,073.34**
TOTAL OUTLAYS[1]	**1,021,922.89**	**511,070.16**	**1,532,993.05**	**1,151,781.22**	**801,728.22**	**1,953,509.44**	**1,300,246.89**	**747,104.86**	**2,047,351.75**	**1,449,618.34**	**1,046,489.60**	**2,496,107.94**

Source: The National Treasury

* Provisional

\+ Revised estimates

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

6.12. Details of National Government expenditure by economic classification for 2012/13 to 2016/17 are given in Table 6.9. The approved expenditure for 2016/17 amounts to KSh 2,473.0 billion, a growth of 21.9 per cent, from KSh 2,028.2 billion in 2015/16. Total expense, inclusive of social benefits and capital grants, is estimated to reach KSh 1,968.0 billion, and account for 79.6 per cent of the total expenditure outlays. Compensation of employees and use of goods and services, are jointly estimated to reach KSh 672.7 billion in 2016/17, increasing by 10.3 per cent from KSh 609.8 billion in 2015/16. During the review period, compensation of employees is estimated to account for 63.9 per cent of the total consumption of goods and services. In the review period, current grants to county governments are estimated to rise by 7.9 per cent to KSh 284.8 billion, while the rest of the current grants are estimated to increase by 26.5 per cent to KSh 237.3 billion. In 2016/17, interest on domestic and foreign debt is expected to grow by 16.5 per cent to KSh 250.8 billion and account for 10.1 per cent of the budget.

6.13. Acquisition of non-financial assets expense is estimated to increase by 52.5 per cent to KSh 265.6 billion in the review period. This is mainly due to increased expenditure on building and structures. Capital grants to State Owned Enterprises (SOEs) are estimated to rise to KSh 414.3 billion, in the review period. In the acquisition of non-financial assets category, the building and structures; and machinery and equipment components, are expected to account for 9.4 and 2.0 per cent of the total expenditure, respectively, in 2016/17.

Table 6.9: Economic Analysis of National Government Expenditure, 2012/13 - 2016/17

KSh Million

	2012/13	2013/14	2014/15	2015/16*	2016/17+
EXPENSE					
Consumption expenditure on goods and services:					
Compensation of employees	323,453.14	338,086.80	362,713.27	410,807.04	429,890.90
Use of Goods and Services	141,320.28	131,929.13	174,331.96	198,947.90	242,814.37
Total	**464,773.41**	**470,015.93**	**537,045.23**	**609,754.94**	**672,705.26**
Subsidies	32,026.74	22,475.46	30,583.64	30,324.21	29,766.49
Interest:	92,950.63	131,826.26	167,372.99	215,328.54	250,787.24
Domestic	82,144.68	119,065.03	137,635.27	172,857.04	197,266.82
Foreign	10,805.96	12,761.23	29,737.73	42,471.50	53,520.42
Grants to:					
International organisations	1,968.45	2,919.91	2,807.70	2,744.44	5,857.99
General Government units	166,536.06	123,653.05	163,618.06	174,424.02	227,981.66
County Governments	0.00	210,000.05	229,263.65	264,038.64	284,784.60
Other Grants	9,994.84	9,375.04	10,108.08	10,398.21	3,444.12
Total grants	**178,499.36**	**345,948.04**	**405,797.48**	**451,605.31**	**522,068.37**
Social benefits	29,116.10	29,221.49	33,704.74	58,120.99	72,730.92
Other expense	5,106.71	4,746.71	3,752.36	7,119.59	5,606.55
Total current expenditure	**802,472.96**	**1,004,233.89**	**1,178,256.45**	**1,372,253.58**	**1,553,664.83**
Capital Grants (TRANSFERS)	126,618.57	169,620.98	185,407.80	219,705.73	414,332.67
1 Total Expense	**929,091.54**	**1,173,854.87**	**1,363,664.25**	**1,591,959.31**	**1,967,997.50**
2 Acquisition of Non Financial Assets(net)	**137,193.72**	**135,008.60**	**312,101.47**	**174,078.54**	**265,555.70**
Building and structures	109,467.67	107,939.30	295,659.70	151,974.19	231,938.48
Machinery and equipment	26,717.60	25,017.81	32,780.25	31,533.32	48,308.10
Inventories	2,743.39	3,917.78	5,714.44	1,735.19	2,527.77
Non- produced assets & Land	791.47	1,113.88	1,638.40	8,005.05	5,842.69
Less Disposal of Non financial assets	-2,526.41	-2,980.17	-23,691.30	-19,169.21	-23,061.34
Equity Participation and on-lending	9,839.56	7,196.46	18,301.32	39,248.00	22,749.90
3 PUBLIC DEBT REDEMPTION	162,745.13	213,953.00	232,950.71	222,896.68	216,743.99
4 Total Expenditure (1+2+3)	**1,238,869.95**	**1,530,012.93**	**1,927,017.76**	**2,028,182.54**	**2,473,047.10**

Source: The National Treasury

* Provisional.

+ Revised Budget Estimates

General Government

6.14. Table 6.10 presents the consolidated statement of operations for the General Government for the 2015/16. Total gross revenue received by General Government amounted to KSh 1,512.5 billion, with tax revenue accounting for 75.8 per cent of the total. In the other revenue category, sale of goods and services, and property income, accounted for 7.9 and 3.0 per cent of the total revenue, at KSh 119.1 billion and KSh 45.9 billion, respectively. Total compensation of employees and Use of goods and services amounted to KSh 622.3 billion and KSh 415.2 billion, respectively. The two categories accounted for 64.2 per cent of total expense, while interest, grants and social benefit expenses accounted for 13.9, 11.8 and 5.4 per cent, respectively, in the review period. The General Government spent KSh 405.4 billion in net acquisition of non-financial assets, of which building and structures stood at KSh 353.5 billion and accounted for 87.2 per cent. Further, machinery and equipment accounted for 11.5 per cent of the total expendetiture on non-financial assets. In the review period, the General Government net borrowing stood at KSh 507.9 billion, mainly driven by operations of the National Government and the extra-budgetary units.

Table 6.10: General Government Statement of Operations, 2015/16

KSh Million

	Central Government			Consolidation	Total	County Government	Consolidation	General Government
	National Government	Extra-budgetary Units	Social Security Funds					
Revenue	**1,262,720.32**	**374,192.43**	**56,544.22**	**-215,993.08**	**1,477,463.88**	**311,420.76**	**-276,373.03**	**1,512,511.60**
Tax revenue	1,136,563.52	0.00			**1,136,563.52**	10,355.99		**1,146,919.50**
Social contributions	129.63	0.00	41,422.08		**41,551.71**			**41,551.71**
Grants								
International organisation	29,596.68	0.00	0.00		**29,596.68**			**29,596.68**
Other general government								
Current		125,225.89		-125,225.89	**0.00**	276,373.03	-276,373.03	**0.00**
Capital		90,767.19		-90,767.19	**0.00**			**0.00**
Other revenue	**96,430.49**	**158,199.34**	**15,122.14**		**269,751.97**	**24,691.74**		**294,443.71**
Sale of Goods & Services	6,022.75	90,737.84			**96,760.58**	22,318.65		**119,079.23**
Property income	21,324.81	7,568.16	14,629.06		**43,522.03**	2,351.86		**45,873.89**
Ministerial AIA	62,398.11				**62,398.11**			**62,398.11**
Fines, Penalties &Forfeits	2,278.34	10,144.11			**12,422.45**	21.23		**12,443.68**
Other transfers NEC	4,406.48	49,749.23	493.08		**54,648.79**			**54,648.79**
Expense	**1,604,293.70**	**259,232.75**	**37,663.83**	**-215,993.08**	**1,685,197.21**	**206,209.07**	**-276,373.03**	**1,615,033.25**
Compensation of employees	410,807.04	88,057.23	8,460.98		**507,325.24**	114,943.30		**622,268.55**
Use of goods and services	198,947.90	142,721.35	6,126.64		**347,795.90**	67,370.85		**415,166.74**
CFC/Depreciation	0.00	13,343.55	570.81		**13,914.36**	0.00		**13,914.36**
Interest	215,328.54	2,599.46	237.87		**218,165.87**	7,121.41		**225,287.27**
Subsidies	30,324.21	11,541.88			**41,866.09**	701.93		**42,568.02**
Grants								
International Organisation	2,744.44	0.00			**2,744.44**			**2,744.44**
Other General Government								
Current	184,822.24			-125,225.89	**59,596.34**			**59,596.34**
Capital	219,705.73			-90,767.19	**128,938.55**			**128,938.55**
County governments	276,373.03				**276,373.03**		-276,373.03	**0.00**
Social benefits	58,120.99	7.04	22,034.71		**80,162.73**	7,812.17		**87,974.91**
Other expense	7,119.59	962.25	232.83		**8,314.67**	8,259.41		**16,574.08**
Net Operating Balance	**-341,573.39**	**114,959.68**	**18,880.38**	**0.00**	**-207,733.33**	**105,211.68**	**0.00**	**-102,521.65**
Acquisition of Non-Financial Assets	**174,078.54**	**132,884.21**	**813.02**		**307,775.76**	**97,579.77**		**405,355.54**
Building and Structures	151,974.19	122,516.07	305.99		**274,796.24**	78,728.22		353,524.46
Machinery and equipment	31,533.32	678.92	502.31		**32,714.55**	13,718.62		46,433.17
Inventories	1,735.19	2,946.61	4.72		**4,686.52**	1,498.95		6,185.47
Non-produced Assets and Land	8,005.05	6,742.61			**14,747.66**	3,633.99		18,381.65
Disposal of non-financial assets	-19,169.21				**-19,169.21**			-19,169.21
Net lending/Borrowing	**-515,651.93**	**-17,924.53**	**18,067.37**	**0.00**	**-515,509.09**	**7,631.91**	**0.00**	**-507,877.19**
Net Financial Worth	**-482,422.88**	**3,710.89**	**17,645.00**	**0.00**	**-461,067.00**	**24,872.94**	**0.00**	**-436,194.06**
Transactions in Financial assets	**180,977.17**	**37,175.52**	**18,307.83**		**236,460.52**	**28,157.62**	**0.00**	**264,618.14**
Currency and deposits	141,729.17	17,864.35	7,111.52		**166,705.04**	23,156.20		**189,861.24**
Debt securities		3,408.67	18,075.33		**21,484.01**			**21,484.01**
Loans	39,248.00	-2,456.57	-8.37		**36,783.07**	5,001.42		**41,784.49**
Equity and investment fund shares		7,045.93	-7,051.81		**-5.88**			**-5.88**
Accounts receivable		11,313.13	181.15		**11,494.28**			**11,494.28**
Transactions in Liabilities	**663,400.05**	**33,464.63**	**662.83**	**0.00**	**697,527.51**	**3,284.69**	**0.00**	**700,812.20**
Debt securities	350,705.06				**350,705.06**			**350,705.06**
Domestic	350,705.06				**350,705.06**			**350,705.06**
Foreign	0.00				**0.00**			**0.00**
Loans	312,694.99	6,571.03			**319,266.02**	3,284.69		**322,550.71**
Equity and investment fund shares					**0.00**			**0.00**
Accounts payable		26,893.60	662.83		**27,556.43**			**27,556.43**

Source: The National Treasury, Central Bank of Kenya and KNBS

6.15. Table 6.11 presents details of the National Government outstanding debt by source for 2011/12 to 2015/16. The total stock of public debt grew by 23.1 per cent to KSh 3,203.3 billion as at June 2016. Total external debt registered a 26.2 per cent growth to KSh 1,796.2 billion in 2015/16. Similarly, the stock of internal debt rose by 19.4 per cent to KSh 1,407.1 billion during the same period. Growth in stock of bilateral debt in the review period was mainly driven by a rise in stock of debt from the People's Republic of China, which rose by 24.2 per cent to KSh 313.1 billion, accounting for more than half of the total bilateral. Outstanding stock of debt from Japan and Germany also registered positive growths of 19.5 per cent and 37.1 per cent, respectively. These growths are mainly attributed to increased disbursements to finance infrastructure development.

6.16. The stock of debt from International Development Association/International Fund for Agricultural Development (IDA/IFAD) and the African Development Fund/African Development Bank (ADF/AfDB) registered growths of 20.5 per cent and 19.3 per cent, respectively, in the review period. As at the end of June 2016, the outstanding stock of debt from commercial banks registered a significant growth amounting to KSh 154.3 billion, up from KSh 5.7 billion as at end of June 2015. The stock of debt due to Treasury bonds rose by 11.2 per cent to KSh 1,152.0 billion, while the stock of Treasury bills rose significantly to KSh 587.5 billion over the same period. The total stock of internal debt grew by 19.4 per cent to KSh 1,407.1 billion as at end of June 2016, mainly attributable to growth in the stock of Treasury bonds and bills in the period.

Table 6.11: National Government Outstanding Debt by Source, 2012 - 2016

KSh Million

Outstanding as at 30th June	2012	2013	2014	2015	2016*
EXTERNAL DEBT:					
Lending Countries:					
Germany	24,878.80	25,042.37	26,571.29	22,558.54	30,935.11
Japan	107,402.77	86,788.50	84,514.51	79,016.83	94,413.95
France	36,708.95	47,397.05	61,579.73	59,032.26	59,371.47
USA	5,136.78	4,816.04	4,542.27	4,461.92	4,035.13
Netherlands	2,925.78	2,599.67	2,701.91	1,960.29	2,349.99
Denmark	2,076.63	1,987.79	1,991.76	1,437.14	1,540.67
Finland	104.81	96.64	93.59	71.43	269.38
China	36,661.87	63,123.40	80,858.59	252,039.33	313,127.34
Belgium	7,365.07	7,607.22	8,096.36	6,141.68	7,468.84
Other	20,281.11	22,048.18	22,907.13	18,337.23	34,838.82
Total (billateral)	**243,542.57**	**261,506.86**	**293,857.14**	**445,056.63**	**548,350.69**
International Organisations:					
IDA / IFAD	297,588.74	328,753.29	378,282.41	418,596.27	504,490.39
EEC/ EIB	10,933.89	15,769.40	20,657.26	20,624.97	21,073.19
IMF	66,593.02	73,779.44	83,282.16	86,149.90	84,847.00
ADF/ AfDB	70,863.36	80,728.61	102,118.16	150,229.35	179,226.58
Other multilateral	9,098.86	8,889.77	9,056.67	9,030.22	9,204.40
Total (multilateral)	**455,077.87**	**507,920.51**	**593,396.67**	**684,630.72**	**798,841.56**
Commercial Banks	50,539.98	58,927.52	59,545.24	5,678.32	154,346.23
International Sovereign Bond	0.00	0.00	175,253.80	271,258.35	278,031.05
Suppliers' Credit	14,811.51	15,207.35	16,451.86	16,628.21	16,628.00
TOTAL EXTERNAL	**763,971.93**	**843,562.24**	**1,138,504.71**	**1,423,252.24**	**1,796,197.52**
INTERNAL DEBT:					
Treasury Bills[1]	131,831.29	267,693.15	299,406.15	318,928.15	587,478.70
Treasury Bonds	686,950.90	744,174.06	914,762.09	1,035,706.68	1,152,041.17
Non Interest bearing debts[2]	29,998.76	28,888.76	28,273.00	26,615.00	25,559.00
Others(includes stocks)	10,048.60	9,860.00	41,886.01	39,194.54	50,391.63
Less govt deposits & on-lending	-90,260.29	-161,435.17	-205,520.00	-242,264.49	-408,389.00
TOTAL INTERNAL (net)[3]	**768,569.26**	**889,180.80**	**1,078,807.25**	**1,178,179.89**	**1,407,081.50**
TOTAL DEBT	**1,532,541.19**	**1,732,743.04**	**2,217,311.96**	**2,601,432.13**	**3,203,279.02**

Source: The National Treasury and Central Bank of Kenya

* Provisional

[1] Excludes Repo Bills

[2] Pre-1997 Govt. Overdraft debt(Repo T-bills)

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

6.17. Table 6.12 shows the National Government debt servicing charges and receipts from interest and loan repayments for 2012 to 2016. The net debt servicing charges grew by 9.6 per cent from KSh 397.4 billion in 2015/16 to KSh 435.6 billion in the review period, compared to 15.5 per cent growth in 2014/15. Interest and loan repayments receipts decreased by 10.3 per cent from KSh 2.9 billion registered in 2014/15 to KSh 2.6 billion in 2015/16. The net external debt servicing charges reduced by 30.7 per cent to KSh 78.1 billion at the end of June 2016, while the net domestic debt servicing charges rose by 25.6 per cent to 357.5 billion.

Table 6.12: National Government Debt Servicing Charges, 2012 - 2016

KSh Million

As at 30th June	Annual Debt Servicing Charges			Interest and Loan Repayment Receipts		Net Servicing Charges		
	External	Internal	Total	Internal	Total	External	Internal	Total
2012	35,705.51	151,980.77	187,686.28	1,611.56	1,611.56	35,705.51	150,369.21	186,074.72
2013	45,142.66	210,553.11	255,695.76	2,183.55	2,183.55	45,142.66	208,369.56	253,512.21
2014	98,014.23	247,765.03	345,779.26	1,618.36	1,618.36	98,014.23	246,146.67	344,160.90
2015	112,687.54	287,636.17	400,323.71	2,897.37	2,897.37	112,687.54	284,738.80	397,426.34
2016*	78,104.86	360,120.36	438,225.22	2,578.66	2,578.66	78,104.86	357,541.70	435,646.56

Source: The National Treasury

* Provisional

6.18. Table 6.13 presents the ratio of National Government external public debt servicing charges to earnings from export of goods and services from 2012 to 2016. This ratio indicates the economy's ability to service external debt by comparing how much of foreign exchange export earnings are used in servicing the external debt. In 2015/16, the percentage of debt servicing charges to export earnings was 7.5 per cent compared to 10.8 per cent in 2014/15. This is mainly due to a reduction in external debt service charges in 2015/16.

Table 6.13: The Ratio of National Government Debt Service Charges on External Debt to Exports of Goods and Services+, 2012 - 2016

KSh Million

	Debt Service Charges on 'External Debt[1] (As at 30th June)	Exports of Goods and Services (Calender Year)	External debt service Charges as a Percentage of Exports of Goods and Services
	KSh Million	KSh Million	%
2012	35,705.51	947,189.78	3.8
2013	45,142.66	945,477.64	4.8
2014	98,014.23	988,521.37	9.9
2015	112,687.54	1,042,699.82	10.8
2016*	78,104.86	1,043,002.00	7.5

Source: The National Treasury and Kenya National Bureau of Statistics

* Provisional.

+ Revised

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

County Governments

6.19. Details of annual county governments' revenue by source for 2015/16 and 2016/17 are presented in Table 6.14. The County Allocation of Revenue Act, 2016, allocated KSh 302.2 billion for transfers to county governments, which comprised KSh 280.3 billion as equitable share and a conditional grant of KSh 21.9 billion. The equitable share increased by 7.9 per cent from KSh 259.8 billion allocated in 2015/16 to KSh 280.3 billion in 2016/17. The additional conditional grants allocated increased by 31.9 per cent to KSh 21.9 billion in 2016/17. County governments have budgeted to collect a total of KSh 59.3 billion as local revenue in 2016/17, compared to KSh 35.0 billion in 2015/16.

Table 6.14: Annual County Government revenue, 2015/16 - 2016/17+

KSh Million

	Equitable share		Conditional Grant++		Annual Local Revenue		Total Revenue	
County	2015/16	2016/17+	2015/16	2016/17+	2015/16	2016/17+	2015/16	2016/17+
Baringo	4,440.58	4,791.44	230.86	338.14	279.32	472.00	4,950.76	5,601.58
Bomet	4,706.89	5,078.80	230.87	258.04	166.99	207.71	5,104.75	5,544.55
Bungoma	7,675.73	8,282.21	401.90	453.23	630.99	731.90	8,708.61	9,467.33
Busia	5,440.25	5,870.10	275.99	301.82	334.22	587.51	6,050.46	6,759.42
Elgeyo Marakwet	3,270.44	3,528.85	189.32	276.48	128.06	160.00	3,587.82	3,965.33
Embu	3,837.94	4,141.19	407.01	518.72	396.53	803.77	4,641.47	5,463.67
Garissa	5,771.69	6,227.73	593.92	636.79	105.94	350.00	6,471.56	7,214.52
Homa Bay	5,634.96	6,080.19	320.88	352.91	183.77	233.54	6,139.61	6,666.64
Isiolo	3,056.57	3,298.07	161.12	198.35	110.11	250.00	3,327.80	3,746.42
Kajiado	4,412.63	4,761.28	217.68	389.50	650.98	1,248.37	5,281.29	6,399.15
Kakamega	8,908.23	9,612.09	805.42	917.92	504.24	894.07	10,217.89	11,424.09
Kericho	4,505.06	4,861.02	269.50	288.04	434.40	620.35	5,208.97	5,769.41
Kiambu	7,463.54	8,053.26	783.22	879.44	2,461.35	3,767.97	10,708.12	12,700.67
Kilifi	7,441.22	8,029.17	393.22	549.60	519.08	1,585.88	8,353.51	10,164.65
Kirinyaga	3,538.22	3,817.78	203.72	217.80	390.38	460.00	4,132.31	4,495.59
Kisii	7,093.63	7,654.11	746.03	817.59	306.13	750.00	8,145.79	9,221.71
Kisumu	5,681.27	6,130.16	652.90	719.54	978.89	1,584.99	7,313.05	8,434.68
Kitui	7,267.27	7,841.48	275.28	443.76	416.19	668.61	7,958.74	8,953.85
Kwale	5,125.70	5,530.69	280.45	404.48	248.62	330.00	5,654.76	6,265.18
Laikipia	3,449.55	3,722.11	212.48	290.03	471.15	670.00	4,133.18	4,682.14
Lamu	2,051.88	2,214.01	140.94	265.97	57.32	100.00	2,250.15	2,579.97
Machakos	6,768.65	7,303.46	608.80	716.87	1,121.68	2,855.67	8,499.13	10,876.00
Makueni	5,969.67	6,441.35	273.00	309.93	213.17	500.00	6,455.84	7,251.28
Mandera	8,955.70	9,663.32	279.84	364.87	88.23	265.64	9,323.78	10,293.83
Marsabit	5,189.46	5,599.50	187.80	256.05	111.94	125.00	5,489.20	5,980.55
Meru	6,493.60	7,006.68	577.95	2,416.57	548.29	713.24	7,619.84	10,136.48
Migori	5,836.85	6,298.04	356.31	535.19	339.37	420.00	6,532.54	7,253.22
Mombasa	5,197.89	5,608.59	722.83	720.25	2,943.52	5,553.99	8,864.24	11,882.84
Murang'a	5,356.00	5,779.19	266.56	296.52	617.53	850.00	6,240.08	6,925.71
Nairobi City County	12,996.61	14,023.51	636.58	964.89	11,710.01	19,565.66	25,343.20	34,554.06
Nakuru	8,116.33	8,757.62	833.04	853.50	2,295.46	2,597.26	11,244.84	12,208.39
Nandi	4,755.11	5,130.82	240.75	269.99	236.90	362.28	5,232.76	5,763.09
Narok	5,287.90	5,705.71	239.06	363.82	1,752.94	3,623.47	7,279.90	9,693.00
Nyamira	4,154.54	4,482.80	242.41	270.34	106.98	274.98	4,503.93	5,028.12
Nyandarua	4,307.07	4,647.38	215.07	236.22	279.23	390.00	4,801.37	5,273.60
Nyeri	4,449.22	4,800.76	619.14	652.98	709.55	1,095.10	5,777.92	6,548.84
Samburu	3,552.28	3,832.96	160.28	212.26	166.84	341.87	3,879.40	4,387.08
Siaya	4,995.30	5,389.99	306.92	323.94	127.93	270.00	5,430.15	5,983.93
Taita/Taveta	3,309.57	3,571.07	186.54	238.34	172.77	355.59	3,668.88	4,165.00
Tana River	3,984.57	4,299.40	171.30	321.55	28.41	60.00	4,184.27	4,680.96
Tharaka -Nithi	3,137.57	3,385.47	179.36	236.85	139.13	200.00	3,456.06	3,822.33
Trans Nzoia	5,099.61	5,502.55	247.52	282.46	364.97	500.00	5,712.10	6,285.01
Turkana	10,479.03	11,307.01	272.01	400.86	134.02	180.00	10,885.06	11,887.87
Uasin Gishu	5,190.88	5,601.03	299.86	253.41	719.04	1,192.00	6,209.79	7,046.44
Vihiga	3,871.41	4,177.30	225.76	246.49	138.94	220.00	4,236.11	4,643.79
Wajir	7,232.74	7,804.22	253.34	343.45	81.78	230.12	7,567.86	8,377.79
West Pokot	4,313.69	4,654.53	203.75	292.77	98.31	122.25	4,615.75	5,069.54
Total	**259,774.50**	**280,300.00**	**16,598.53**	**21,898.52**	**35,021.57**	**59,340.79**	**311,394.60**	**361,539.31**

Source: County Allocation of Revenue Act. No22 of 2016 and Office of the Controller of Budget

+ Printed Estimates

++ Includes Conditional Additional Allocations to County Governments from National Government Revenue & Conditional Additional Allocations to County Governments from Loans and Grants

6.20. Details of county governments' expenditure by economic classification for 2013/14 to 2016/17 are given in Table 6.15. Total expenditure is expected to grow by 13.6 per cent and amount to KSh 360.0 billion as at end of June 2017 compared to KSh 317.0 billion spent as at end of June 2016. Compensation of employees and, Use of goods and services are expected to account for 32.3 per cent and 20.6 per cent of the total expenditure, respectively. Compensation of employees is estimated to register a marginal growth of 1.2 per cent to KSh 116.3 billion in 2016/17. The use of goods and services is expected to rise by 10.2 per cent to KSh 74.2 billion, in the review period. Acquisition of non-financial assets, is estimated to register a 30.1 per cent growth to KSh 127.0 billion by the end of 2016/17, and is budgeted to account for 35.3 per cent of the overall expenditure. Expenditure on buildings and structures category is expected to increase by 27.6 per cent to KSh 100.5 billion in 2016/17, up from KSh 78.7 billion spent in 2015/16.

Table 6.15: Economic classification of County Governments Expenditure, 2013/14 - 2016/17

KSh Million

	2013/14	2014/15	2015/16*	2016/17+
Compensation of Employees	**64,262.36**	**96,212.69**	**114,943.30**	**116,319.06**
Salaries	51,487.67	71,168.66	83,398.01	78,585.14
Allowances	11,407.41	23,277.19	28,342.60	33,840.06
Social contbributions	1,367.28	1,766.85	3,202.70	3,893.86
Use of goods and services	**35,353.92**	**55,465.22**	**67,370.85**	**74,230.25**
Utilities, Supplies and Services	895.72	2,457.71	2,984.93	2,423.96
Printing , Advertising and Information Supplies and Services	1,895.56	3,109.46	2,985.69	3,490.35
Rentals	897.73	1,120.94	1,617.53	2,285.09
Communication, Supplies and Services	503.53	686.40	787.93	984.20
Transportation costs	6,520.28	8,955.77	11,745.81	10,791.73
Training Expenses	2,413.92	2,968.22	3,505.32	4,274.20
Hospitality Supplies and Services	2,158.33	3,349.47	4,172.83	4,239.19
Insurance	1,564.41	2,476.30	4,490.18	4,948.17
Specialised Materials	4,744.72	9,979.71	11,649.31	14,329.29
Office and General Supplies and Services and materials	1,507.25	1,959.27	1,995.40	2,174.16
Fuel Oil and Lubricants	1,930.10	2,403.35	2,833.50	2,774.95
Other Operating Expenses	6,047.14	12,286.95	14,473.83	14,530.37
Routine Maintenance	4,275.24	3,711.65	4,128.60	6,984.57
Subsidies	330.78	569.82	701.93	1,133.44
Interest	4,723.25	5,188.24	7,121.41	6,723.43
Grants	6,708.38	5,715.38	8,215.42	13,453.34
Other expense	1,971.43	7,012.16	8,259.41	2,111.70
Social benefits		6,228.52	7,812.17	11,395.75
Acquisition of Non-financial Assets	**42,423.74**	**91,217.78**	**97,579.77**	**126,999.72**
Building and Structures	26,428.02	69,270.39	78,728.22	100,485.92
Plant and Machinery	9,748.19	20,457.73	13,718.62	18,727.57
Inventories	..	318.46	1,498.95	2,203.50
Non- produced assets & Land	6,247.53	1,171.20	3,633.99	5,582.73
Acquisition of Financial Assets	1,912.56	3,700.17	5,001.42	7,630.42
Memo Item				
Debt repayment and pending bills	3,711.04	..	..	..
Total	**161,397.47**	**271,309.98**	**317,005.69**	**359,997.11**

Source: The National Treasury-IFMIS

+Printed estimates

* Provisional.

.. Data not available

6.21. Table 6.16 gives classification of county governments' expenditure by functions, for 2013/14 to 2016/17. Spending on general public services is estimated at KSh 122.2 billion in 2016/17, and will account for 33.9 per cent of the total outlays. Expenditure on general economic affairs and agriculture functions by County governments are estimated to register significant growths in the review period. In 2016/17, the health function is estimated to account for 32.8 per cent of the total budget at KSh 69.4 billion. During the review period, expenditure on education function is estimated to grow to KSh 29.3 billion, up from KSh 21.7 billion in 2015/16.

Table 6.16: Classification of Expenditure by Functions of County Governments (COFOG), 2013/14 - 2016/17

KSh Million

	2013/14	2014/15	2015/16*	2016/17+
General Public Services	135,187.04	136,218.19	119,555.49	122,201.08
Economic Affairs	**11,086.63**	**40,167.19**	**67,052.61**	**87,124.51**
General economic affairs	1,312.91	6,286.50	18,547.94	25,167.85
Agriculture	2,876.45	14,199.56	11,169.44	14,819.98
Transport	5,930.08	18,854.74	21,404.53	20,900.68
Other economic Affairs	967.19	826.39	15,930.70	26,236.01
Environmental Protection	873.72	5,277.16	13,724.13	12,993.12
Housing and Community Ammenities	3,532.56	6,997.36	16,749.80	29,175.00
Health	8,492.22	54,671.70	70,732.25	69,406.81
Recreation, Culture and Religion	924.64	7,849.29	6,527.41	8,669.01
Education	1,228.71	19,952.39	21,685.06	29,271.45
Social Protection	71.95	176.70	978.95	1,156.12
Total	**161,397.47**	**271,309.98**	**317,005.69**	**359,997.11**

Source: The National Treasury-IFMIS

+ Printed estimates

* Provisional.

07 Chapter

International Trade and Balance of Payments

Overview

Total exports declined marginally from KSh 581.0 billion in 2015 to KSh 578.1 billion in 2016 while total imports contracted by 9.2 per cent from KSh 1,577.6 billion to KSh 1,431.7 billion, during the year under review. This led to narrowing of the trade deficit from KSh 996.5 billion in 2015 to KSh 853.7 billion, in 2016 and an improvement of export-import ratio from 36.8 per cent to 40.4 per cent over the same period. Tea; horticulture; articles of apparel and clothing accessories; and coffee were the leading export earners jointly accounting for 56.7 per cent of the total domestic exports during the review period.

7.2. Improved export unit prices of beverages and tobacco; animals and vegetable oils and fats; chemicals; and machinery and transport equipment, coupled with the declining import unit prices of mineral fuels, resulted in improvements in the terms of trade for all items by 2.8 percentage points to 78.8 per cent in 2016. The broad economic categories of food and beverages; consumer goods; and non-food industrial supplies contributed the highest proportion of total domestic exports at 45.2, 25.6 and 24.5 per cent, respectively, in 2016. Similarly, non-food industrial supplies; machinery and capital equipment; fuel and lubricants; and transport equipment contributed the highest share of the total import bill at 36.2, 21.8, 14.5 and 10.3 per cent, respectively, in 2016. Africa continued to be the leading destination of the country's exports accounting for 40.6 per cent, with East African Community (EAC) accounting for 21.1 per cent of the total exports, in 2016. During the review period, Europe and Asia accounted for 24.5 and 24.3 per cent of the total exports, with European Union (EU) and the Far East accounting for 21.0 per cent and 15.6 per cent, respectively. The main source of imports was Asia accounting for 66.8 per cent with the Far East accounting for 53.2 per cent of the total imports during the review period. This is related to the ongoing construction of the Standard Gauge Railway (SGR). Europe was the second largest source accounting for 18.5 per cent of the total imports with EU contributing 14.9 per cent in 2016.

7.3. The deficit in the current account narrowed by 11.9 per cent to KSh 370.8 billion in 2016 partly due to declines of 0.7 and 1.8 per cent in merchandise exports and imports on free on board basis, respectively. Net inflows of international trade in services increased by 32.7 per cent to a surplus of KSh 171.7 billion in 2016. The growth in earnings from services was mainly occasioned by increased foreign travel receipts boosted by conference tourism. The growth also supported the contraction in the current account deficit in the review period. Net financial inflows rose by 9.5 per cent to a surplus of KSh 420.0 billion in 2016 on account of short term capital flows. These developments led to improvement in the overall Balance of Payments (BOP) position from a deficit of KSh 24.9 billion in 2015 to a surplus of KSh 13.1 billion in 2016.

Balance of Trade

7.4. Domestic exports continued to grow for the third consecutive year, rising from KSh 499.7 billion in 2015 to KSh 506.5 billion in 2016, as presented in Table 7.1. However, the value of total exports recorded a marginal drop from KSh 581.0 billion in 2015 to KSh 578.1 billion in 2016 on account of a 12.1 per cent decline in the value of re-exports. The decline in re-exports was attributed to a contraction in the re-exports of petroleum products and manufactured articles. Imports continued to exhibit a declining trend for the second consecutive year with the value decreasing by 9.2 per cent from KSh 1,577.6 billion in 2015 to KSh 1,431.7 billion in

2016. Imports remained subdued on account of lower global oil prices and reduced transport equipment acquisitions.

7.5. The decline in imports outweighed contraction in exports resulting in a 14.3 per cent improvement in the balance of trade deficit from KSh 996.5 billion in 2015 to KSh 853.7 billion in 2016. During the review period, the value of exports covered 40.4 per cent of the imports, an improvement from 36.8 per cent recorded in the previous year.

Table 7.1: Balance of Trade, 2012-2016

KSh Million

DESCRIPTION	2010	2012	2013	2014	2015	2016*
EXPORTS (f.o.b):						
Domestic Exports	385,441	479,706	455,689	460,572	499,708	506,548
Re-exports	24,353	38,141	46,598	76,664	81,337	71,519
Total	**409,794**	**517,847**	**502,287**	**537,236**	**581,045**	**578,067**
IMPORTS (c.i.f):						
Commercial	934,729	1,360,408	1,403,225	1,599,619	1,540,731	1,389,731
Government	12,476	14,179	10,091	18,702	36,826	42,014
Total	**947,206**	**1,374,587**	**1,413,316**	**1,618,321**	**1,577,557**	**1,431,745**
BALANCE OF TRADE	**(537,412)**	**(856,740)**	**(911,029)**	**(1,081,085)**	**(996,512)**	**(853,678)**
TOTAL TRADE	**1,356,999**	**1,892,434**	**1,915,602**	**2,155,557**	**2,158,602**	**2,009,812**
COVER RATIO[1] (in percentage)	**43.3**	**37.7**	**35.5**	**33.2**	**36.8**	**40.4**

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

*Provisional

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

f.o.b=free on board

c.i.f =cost, insurance and freight

Price changes

7.6. Export and import unit price indices by commodity groups based on Standard International Trade Classification (SITC) for the period 2012 to 2016 are presented in Table 7.2(a). The unit price indices for all exports and non-oil exports declined by 4.7 per cent and 3.4 per cent, respectively, in 2016. This was mainly as a result of decreases in export unit prices of mineral fuels and inedible crude materials, which contracted by 40.1 per cent and 16.9 per cent, respectively, following the continued decline in oil prices. However, export price indices of beverages and tobacco; chemicals; and animal and vegetable oils and fats increased by 27.8, 19.4 and 14.7 per cent, respectively, in 2016. The unit price index for all imports went down by 7.7 per cent in the review period. This could be attributed to declines of 29.1 and 11.2 per cent, in import unit price indices of mineral fuels and miscellaneous manufactured articles, respectively, in 2016. There was a marginal decrease in unit price index for non-oil imports in 2016, following the declines in import unit price indices of miscellaneous manufactured articles (11.2 per cent), food and live animals (4.0 per cent) and manufactured goods (3.3 per cent). However, import price indices of beverages and tobacco; animals and vegetable oils and fats; and machinery and transport equipment rose by 12.8, 8.9 and 6.2 per cent, respectively, in 2016.

Table 7.2 (a): Export and Import Price Indices, 2012-2016

2009=100

	2012	2013	2014	2015	2016*
EXPORTS:					
Food and live animals	137	133	121	155	146
Beverages and tobacco	134	133	142	126	161
Crude materials, (inedible)	98	126	125	124	103
Mineral fuels	151	150	219	193	115
Animal and vegetable oils and fats	152	125	128	136	156
Chemicals	127	114	134	155	185
Manufactured goods	123	113	112	117	108
Machinery and transport equipment	235	286	246	225	244
Miscellaneous manufactured articles	135	188	165	183	184
All Exports	**131**	**136**	**132**	**149**	**142**
Non-oil Exports	131	136	131	148	143
IMPORTS:					
Food and live animals	132	174	170	176	169
Beverages and tobacco	140	172	136	133	150
Crude materials, (inedible)	131	126	139	152	157
Mineral fuels	199	200	187	134	95
Animals and vegetable oils and fats	165	140	145	124	135
Chemicals	132	158	147	145	143
Manufactured goods	139	140	126	150	145
Machinery and transport equipment	198	181	227	275	292
Miscellaneous manufactured articles	150	164	189	169	150
All imports	**166**	**168**	**180**	**196**	**181**
Non-oil Imports	158	160	178	214	209

* Provisional

Terms of Trade

7.7. Table 7.2(b) shows terms of trade for the period 2012 to 2016. Terms of trade for all items continued to improve registering a 2.8 percentage point to 78.8 per cent in 2016. This was mainly due to improved export unit prices of beverages and tobacco; animals and vegetable oils and fats; chemicals; and machinery and transport equipment, coupled with the declining import unit prices of mineral fuels. In contrast, terms of trade for non-oil items deteriorated marginally to 68.3 per cent, following relative increases in import price indices of beverages and tobacco; animals and vegetable oils and fats; and machinery and transport equipment; and inedible crude materials.

Table 7.2(b): Terms of Trade, 2012 - 2016

2009=100

Description	2012	2013	2014	2015	2016*
All Items	78.7	81.1	73.1	76.0	78.8
Non-oil Items	82.8	85.1	73.1	69.2	68.3

*Provisional

Volume changes

7.8. Table 7.2(c) presents quantum indices for all exports and non-oil exports for the period 2012 to 2016. Quantum indices for all exports and non-oil exports increased by 6.7 per cent and 5.6 per cent respectively, in 2016. This was mainly on account of increased export quantities of inedible crude materials and mineral fuels whose export quantum indices rose by 32.6 and 30.6 per cent, respectively, in 2016. There was a marginal decline in all imports quantum index in 2016 despite the quantity of mineral fuel imports going up by 22.2 per cent. This was offset by a decline in the quantity of machinery and transport equipment whose import quantum index declined by a similar margin in the review period. The import quantum index for non-oil imports decreased by 6.9 per cent in 2016, as reflected in declines of 22.0 and 7.4 per cent in import quantum indices of machinery and transport equipment; and inedible crude materials, respectively.

Table 7.2(c): Quantum Indices, 2012 - 2016

2009=100

	2012	2013	2014	2015	2016*
EXPORTS:					
Food and live animals	108	110	116	109	120
Beverages and tobacco	119	105	111	124	85
Crude materials, (inedible)	138	103	135	138	183
Mineral fuels	65	41	42	49	64
Animal and vegetable oils and fats	145	112	80	58	66
Chemicals	120	115	97	89	74
Manufactured goods	121	132	120	107	100
Machinery and transport equipment	73	48	45	55	61
Miscellaneous manufactured articles	112	84	108	100	98
All Exports	**113**	**104**	**110**	**105**	**112**
Non-oil Exports	115	105	112	107	113
IMPORTS:					
Food and live animals	90	64	73	78	76
Beverages and tobacco	118	141	158	143	149
Crude materials, (inedible)	121	117	118	122	113
Mineral fuels	103	99	112	108	132
Animals and vegetable oils and fats	120	125	125	138	143
Chemicals	130	122	139	157	155
Manufactured goods	129	149	171	162	162
Machinery and transport equipment	86	92	100	82	64
Miscellaneous manufactured articles	122	134	126	164	174
All imports	**105**	**107**	**114**	**102**	**101**
Non-oil Imports	105	109	114	101	94

* Provisional

Quantities of Principal Domestic Exports and Imports

7.9. Quantities of selected export and import commodities are presented in Tables 7.3 (a) and 7.3(b), respectively. Domestic exports of tea rose from 420.5 thousand tonnes in 2015 to 480.0 thousand tonnes in 2016 reflecting a 14.1 per cent increase. The volume of coffee exports rose slightly from 43.6 thousand tonnes in 2015 to 45.3 thousand tonnes in 2016. The quantity of horticultural exports expanded by 13.2 per cent to 501.6 thousand tonnes in 2016. Domestic exports of titanium ores and concentrates increased by 24.6 per cent to 614.6 thousand tonnes in 2016. Exports of iron and steel increased by 11.9 per cent to 139.0 thousand tonnes in 2016, which is a recovery after declining for two consecutive years.

7.10. The volume of cement exports declined for the third consecutive year to 420.2 thousand tonnes in 2016. This has been partly due to the domestic absorption of cement in the construction activities especially the SGR construction. Similarly, domestic exports of soda ash dropped by 5.1 per cent to 258.7 thousand tonnes in 2016 from 272.5 thousand tonnes in 2015. Domestic exports of fluorspar registered a 30.5 per cent decline from 70.1 thousand tonnes in 2015 to 48.7 thousand tonnes in 2016. This could be attributed to temporary closure of the local firm and constraints faced in production following low demand and fall in prices since 2013.

7.11. There was a marked decline in the quantities of maize imports from 480.1 thousand tonnes in 2015 to 148.6 thousand tonnes in 2016. The volumes of wheat imports also declined, albeit at a much slower rate, from 1,421.8 thousand tonnes in 2015 to 1,362.3 thousand tonnes in 2016. Imports of iron and steel dropped by 5.7 per cent to 1,442.6 thousand tonnes in 2016. There was a 22.5 per cent reduction in the number of imported road motor vehicles during the period under review. In contrast, the volume of rice imports grew by 14.8 per cent to 508.0 thousand tonnes in 2016. Other commodities that recorded notable increases in import volumes included chemical fertilizers (18.1 per cent); sugar, molasses and honey (31.6 per cent); liquefied propane and butane (29.1 per cent); and second hand clothing (19.2 per cent).

Table 7.3(a): Quantities of Principal Domestic Exports, 2012-2016

Commodity	Unit of Quantity	2012	2013	2014	2015	2016*
Fish and fish preparations	Tonne	17,455	11,712	15,213	10,801	5,995
Maize(unmilled,excluding sweet corn)	Tonne	548	1,236	1,678	2,007	3,191
Meals and flours of wheat	Tonne	7,488	3,076	2,308	3,250	1,479
Horticulture	Tonne	367,885	394,387	434,950	443,076	501,573
Sugar confectionery	Tonne	33,188	30,159	28,986	29,988	28,836
Coffee, unroasted	Tonne	51,713	48,890	47,438	43,600	45,303
Tea	Tonne	376,996	446,033	456,492	420,527	479,969
Margarine and shortening	Tonne	18,532	15,924	17,097	18,397	17,787
Edible products and preparations, n.e.s.	Tonne	15,907	13,561	14,751	18,399	19,789
Beer made from malt	000 Lt.	62,638	48,166	65,572	64,565	31,332
Tobacco and tobacco manufactures	Tonne	35,259	23,466	21,016	15,961	15,177
Hides and Skins	Tonne	10,200	2,832	2,560	2,272	2,777
Sisal	Tonne	11,066	10,010	10,093	9,015	9,595
Stone, sand and gravel	Tonne	39,138	29,632	45,460	38,678	104,493
Fluorspar	Tonne	105,753	78,002	94,021	70,096	48,662
Salt	Tonne	284,841	289,487	269,111	303,452	306,324
Soda Ash	Tonne	458,811	478,822	396,095	272,520	258,703
Titanium ores and concentrates	Tonne	..	..	360,525	493,201	614,609
Metal scrap	Tonne	5,465	4,478	5,091	5,814	10,657
Animal and Vegetable oils	Tonne	99,252	70,339	49,375	37,357	57,275
Alcohols and derivatives thereof	000 Lt.	22,403	18,558	15,033	19,246	17,456
Pigments, paints, varnishes and related materials	Tonne	14,068	11,949	12,886	14,733	13,204
Medicinal and pharmaceutical products	Tonne	13,063	12,419	13,285	13,095	13,379
Essential oils	Tonne	120,059	94,157	87,779	78,356	81,769
Plates, sheets, film, foil and strip, of plastics	Tonne	9,121	7,927	8,479	7,247	5,309
Insecticides and fungicides	Tonne	1,709	1,416	1,597	2,209	2,314
Leather	Tonne	22,698	26,542	26,213	23,329	21,657
Wood manufactures n.e.s	Tonne	608	468	401	529	309
Paper and paperboard	Tonne	41,322	41,760	34,043	33,208	62,374
Textile yarn	Tonne	1,859	2,046	1,601	1,648	1,553
Made-up articles, wholly or chiefly of textile materials, n.e.s.	Tonne	14,255	11,464	16,619	16,679	11,018
Glassware	Tonne	45,861	22,693	13,411	13,106	11,373
Cement	Tonne	737,496	826,941	720,465	681,665	420,157
Iron and steel	Tonne	150,182	155,442	137,561	124,190	139,019
Metal containers	Tonne	3,432	2,831	3,162	2,542	3,569
Wire products: nails screws, nuts, etc.	Tonne	10,931	9,232	8,265	6,585	4,581
Household equipment of base metal, n.e.s.	Tonne	9,719	10,401	9,841	7,614	9,690
Manufactures of base metal, n.e.s.	Tonne	9,207	7,572	8,217	11,889	10,741
Automatic data proccessing machines and units thereof;	No's	97,431	45,737	106,895	76,375	25,031
Footwear	'000' Pairs	51,712	52,021	40,092	32,634	37,176
Printed matter	Tonne	5,859	6,553	9,006	6,854	6,724
Articles of plastic	Tonne	55,882	48,370	58,488	52,629	47,382

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

*Provisionals

Table 7.3(b): Quantities of Principal Imports, 2012-2016

Commodity	Unit of Quantity	2012	2013	2014	2015	2016*
Wheat, unmilled	Tonne	1,044,848	1,033,054	1,225,690	1,421,785	1,362,309
Rice	Tonne	399,699	409,576	459,165	442,736	507,999
Maize(unmilled,excluding sweet corn)	Tonne	324,622	93,473	458,940	480,124	148,558
Wheat flour	Tonne	54,397	30,853	33,178	16,306	15,925
Sugars, Mollases and Honey	Tonne	267,679	276,542	228,834	286,732	377,334
Edible products and preparations, n.e.s.	Tonne	78,164	48,347	54,264	93,869	93,952
Textile fibres and their waste	Tonne	19,451	18,183	20,051	21,459	21,452
Second - hand clothing	Tonne	82,216	101,066	106,974	110,659	131,941
Crude Petroleum	Tonne	997,028	567,432	-	-	-
Petroleum products	Mn. Lt.	3,484	3,760	4,645	5,120	5,478
Residual petroleum products, n.e.s. and related materials	Tonne	102,018	71,863	72,684	116,450	71,781
Liquefied propane and butane	Tonne	75,565	55,874	111,933	129,395	167,057
Animal/vegetable fats and oils	Tonne	591,488	636,120	622,343	683,490	750,512
Organic & inorganic chemicals	Tonne	241,719	256,736	389,311	268,454	279,396
Pigments, paints, varnishes and related materials	Tonne	25,394	27,718	28,932	34,410	38,004
Medicinal and pharmaceutical products	Tonne	16,110	17,187	20,713	24,954	25,873
Essential oils & pefumes	Tonne	50,269	46,097	55,425	55,321	56,046
Chemical fertilizers	Tonne	425,840	688,436	496,057	568,600	671,781
Plastics in primary & non-primary forms	Tonne	342,163	377,340	400,188	455,432	469,426
Insecticides and fungicides	Tonne	13,050	14,761	15,232	15,342	16,781
Miscellaneous chemical products, n.e.s.	Tonne	31,985	37,245	38,880	52,804	49,767
Rubber tyres and inner tubes, for wheels of all kinds	"000"No	5,118	5,718	6,104	6,429	7,757
Paper and Paperboard	Tonne	306,933	305,869	351,174	331,136	348,685
Textile yarn	Tonne	20,295	20,173	22,814	21,734	23,572
Cement Clinkers	Tonne	1,489,245	1,427,115	1,307,225	1,973,231	2,002,865
Iron and steel	Tonne	778,859	1,217,865	1,196,273	1,530,606	1,442,612
Non-ferrous metals	Tonne	42,405	52,588	53,315	51,010	51,520
Structures and parts of structures of iron, steel or aluminium	Tonne	53,179	52,612	66,405	95,065	103,981
Hand & machine tools	Tonne	11,027	10,682	11,382	11,337	11,649
Manufactures of base metal, n.e.s.	Tonne	30,633	33,046	32,747	66,069	60,270
Automatic data proccessing machines and units thereof;	"000"No	1,515	1,618	405	538	1,025
Motorcycles and cycles fitted with an auxilliary motor	"000"No	109	165	148	182	146
Bicycles, assembled or partly assembled	"000"No	134	166	140	162	108
Road Motor Vehicles	Nos.	74,111	92,270	103,517	109,781	85,063
Prefabricated buldings	Tonne	14,614	22,136	27,280	30,010	18,205
Printed matter	Tonne	9,028	9,402	10,218	13,318	18,100
Articles, n.e.s., of plastics	Tonne	25,318	37,770	49,786	46,138	50,649

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

* Provisional.

-Negligible

Values of Principal Domestic Exports and Imports

7.12. Tables 7.4(a) and 7.4(b) show the value of exports and imports of principal commodities. Tea remained the leading export commodity in 2016 with its earnings rising from KSh 123.0 billion in 2015 to KSh 124.5 billion in 2016. Horticulture was the second highest source of export revenue with its earnings rising by 9.2 per cent to KSh 110.3 billion in 2016. Similarly, earnings from domestic exports of coffee registered improved performance of 3.9 per cent to KSh 21.4 billion in 2016. Other commodities that recorded increases in the value of domestic exports in 2016 included articles of apparel and clothing accessories; iron and steel; and animal and vegetable fats and oils, thus reversing from declines witnessed in 2015. Domestic exports of titanium ores and concentrates rose by 17.0 per cent to KSh 11.0 billion in 2016. Tobacco and tobacco manufactures; essential oils; leather; cement; and soda ash were some of the commodities that recorded export value declines during the review period.

7.13. Expenditure on imports of industrial machinery rose by 19.7 per cent to KSh 253.5 billion, accounting for 17.7 per cent of the total import bill in 2016. However, expenditure on petroleum products continued to decline for the second year in a row to KSh 183.8 billion and contributed 12.8 per cent of the total expenditure on imports in 2016. The value of imports of road motor vehicles decreased from KSh 117.6 billion in 2015 to KSh 85.8 billion in 2016. Iron and steel as well as wheat also registered significant declines in the value of imports to KSh 75.4 billion and KSh 28.9 billion, respectively, in 2016. A massive reduction was observed in the importation of aircraft and associated equipment. In contrast, expenditure on sugar, molasses and honey rose by 41.6 per cent while that on automatic data processing machines nearly doubled during the year under review.

Table 7.4(a): Values of Principal Domestic Exports, 2012-2016

KSh Million

Commodity	2012	2013	2014	2015	2016*
Fish and fish preparations	5,392	3,362	4,266	3,287	1,899
Maize(unmilled,excluding sweet corn)	57	192	324	312	511
Meals and flours of wheat	290	145	87	138	65
Horticulture	81,129	89,339	97,105	100,963	110,338
Sugar confectionery	5,818	5,401	5,345	5,475	4,895
Coffee, unroasted	22,271	16,328	19,913	20,580	21,371
Tea	101,441	104,648	93,996	123,025	124,497
Margarine and shortening	2,684	2,245	2,349	2,307	2,126
Edible products and preparations, n.e.s.	3,218	2,573	2,637	4,048	4,329
Beer made from malt	3,209	3,636	3,416	3,630	2,316
Tobacco and tobacco manufactures	16,615	13,709	16,827	15,757	14,574
Hides and skins (undressed)	504	134	126	124	171
Sisal	1,184	1,020	1,325	1,517	1,762
Stone, sand and gravel	385	389	643	444	726
Fluorspar	3,272	1,714	1,883	1,428	843
Salt	3,167	2,978	3,881	4,694	4,337
Soda ash	9,724	8,997	7,832	6,247	5,432
Titanium ores and concentrates	..	..	7,282	9,420	11,043
Metal scrap	2,826	2,498	3,403	2,598	2,490
Animal and Vegatable oils	12,727	8,156	6,003	4,650	6,040
Alcohols , phenols, phenol-alcohols, and the like	2,170	1,758	1,447	2,059	1,605
Pigments, paints, varnishes and related materials	1,830	1,628	1,894	2,271	1,818
Medicinal and pharmaceutical products	8,699	7,068	8,296	11,199	13,190
Essential oils	13,623	11,172	10,854	9,822	9,139
Plates, sheets, film, foil and strip, of plastics	2,495	2,415	2,641	2,419	1,995
Insecticides and fungicides	801	771	805	1,546	2,034
Leather	7,036	8,491	7,597	6,222	4,605
Wood manufactures n.e.s	140	159	146	124	107
Paper and paperboard	5,150	5,342	4,406	4,773	4,994
Textile yarn	792	885	721	721	637
Made-up articles, wholly or chiefly of textile materials, n.e.s.	3,907	2,881	3,772	3,400	3,018
Glassware	2,344	1,855	840	910	607
Cement	8,118	8,292	7,541	7,721	4,360
Iron and steel	15,098	15,560	13,443	12,290	13,183
Metal containers	715	500	556	575	575
Wire products: nails screws, nuts, etc.	1,649	1,036	1,295	992	646
Household equipment of base metal, n.e.s.	3,222	3,392	3,508	2,659	2,709
Manufactures of base metal, n.e.s.	2,195	1,948	1,938	2,633	2,553
Automatic data proccessing machines and units thereof;	2,819	980	331	236	337
Electrical machinery and apparatus, n.e.s.	2,696	2,706	2,025	2,022	6,285
Trailers and semi-trailers; other vehicles	2,519	2,597	2,041	1,624	1,494
Furniture and parts thereof; bedding, mattresses	1,894	1,922	1,697	1,421	1,215
Footwear	4,148	3,992	3,569	3,694	3,473
Printed matter	4,346	3,442	4,271	6,363	5,205
Articles of plastics	10,278	10,263	10,995	11,174	9,907
Articles of apparel and clothing accessories	20,676	24,379	28,948	28,226	30,741
All other Commodities	74,433	62,789	56,353	61,964	60,351
GRAND TOTAL	**479,706**	**455,689**	**460,572**	**499,708**	**506,548**

Source: Kenya National Bureau of Statistics/ Kenya Revenue Authority

* Provisional

.. Data not available

Table 7.4(b): Values of Principal Imports, 2012-2016

KSh Million

Commodity	2012	2013	2014	2015	2016*
Wheat, unmilled	29,743	30,189	33,831	35,663	28,883
Rice	14,520	14,111	15,305	13,370	14,200
Maize(unmilled,excluding sweet corn)	6,451	2,291	9,308	8,306	3,637
Wheat flour	2,120	1,964	1,712	902	767
Sugars, Mollases and Honey	17,030	16,770	12,009	15,503	21,953
Edible products and preparations, n.e.s.	8,466	7,402	7,463	10,646	12,461
Textile fibres and their waste	5,025	5,099	5,792	6,623	6,365
Second - hand clothing	8,400	8,345	8,815	10,151	12,859
Crude Petroleum1	68,086	41,037	-	-	-
Petroleum Products	237,557	252,673	292,643	214,695	183,842
Residual petroleum products, n.e.s. and related materials	7,263	5,379	5,362	6,635	3,979
Liquefied propane and butane	8,350	5,515	10,834	7,879	7,895
Animal/vegetable fats and oils	54,876	48,371	50,044	47,038	53,285
Organic & inorganic chemicals	22,080	22,303	21,856	22,560	22,677
Pigments, paints, varnishes and related materials	5,766	5,608	6,369	6,872	7,080
Medicinal & Pharmaceauticals Products	41,307	40,114	52,088	61,513	60,455
Essential oils & perfumes	15,351	16,935	18,445	20,901	19,413
Chemical Fertilizers	20,184	27,957	19,331	23,468	23,064
Plastics in primary & non-primary forms	47,650	55,182	60,217	62,724	59,319
Insecticides and fungicides	8,828	10,879	10,797	11,335	11,381
Miscellaneous chemical products, n.e.s.	8,698	10,781	12,958	14,417	14,062
Rubber tyres and inner tubes, for wheels of all kinds	12,143	13,189	12,406	13,343	14,270
Paper and Paperboard	30,377	26,864	29,948	29,316	30,065
Textile yarn	4,027	4,106	4,421	4,332	4,137
Cement Clinkers	8,134	7,187	6,563	9,548	8,365
Iron and Steel	56,667	80,749	75,526	88,153	75,400
Non-ferrous metals	12,119	14,626	14,704	14,672	14,353
Structures and parts of structures of iron, steel or aluminium	9,621	10,011	11,211	14,338	17,141
Hand & machine tools	2,794	3,265	4,082	3,267	2,848
Manufactures of base metal, n.e.s.	7,677	8,938	8,459	10,967	11,916
Industrial Machinery	194,666	231,440	256,672	211,724	253,541
Agricultural Machinery and Tractors	6,347	7,802	7,925	8,664	8,918
Automatic data proccessing machines and units thereof;	19,556	15,019	9,720	11,212	18,959
Telecommunications equipment, n.e.s., and parts, n.e.s	24,582	24,160	23,622	29,444	28,694
Parts, n.e.s. and accessories of the motor vehicles	6,790	7,440	8,105	9,674	9,078
Motorcycles and cycles fitted with an auxilliary motor	5,103	8,306	8,002	10,177	8,247
Bicycles, assembled or partly assembled	354	429	392	498	357
Road Motor Vehicles	73,768	83,330	101,792	117,637	85,838
Aircraft and associated equipment	43,105	21,308	129,589	83,094	7,753
Prefabricated buldings	4,814	4,980	6,702	7,000	4,641
Furniture and parts thereof	5,443	5,842	6,325	7,161	7,132
Quality control instruments and apparatus, n.e.s.	9,799	12,231	12,110	9,651	9,590
Printed matter	3,778	4,022	4,822	5,060	5,707
Articles, n.e.s., of plastics	4,704	5,623	6,846	8,556	7,802
All other Commodities	190,466	183,546	213,194	268,866	229,413
GRAND TOTAL	**1,374,587**	**1,413,316**	**1,618,321**	**1,577,557**	**1,431,745**

Source: Kenya National Bureau of Statistics/ Kenya Revenue Authority

* Provisional

- Negligible

Importation of crude oil almost ceased after 2013 due the closure of Kenya Petroleum Refineries Ltd

Prices of Principal Domestic Exports and Imports

7.14. The unit price of exported tea declined by 11.6 per cent to KSh 259 per Kilogram in 2016 as shown in Table 7.5(a). The price of a Kilogram of coffee remained at 2015 level of KSh 472. Despite increase in the quantity and value of exported titanium ores and concentrates , the unit price declined by 5.9 per cent in 2016 to KSh 17,968. This trend was also observed for domestic exports of iron and steel with a tonne of the commodity exchanging for KSh 94,828 in 2016, compared to KSh 98,965 in 2015. Unit price of Soda ash exported declined from KSh 22,925 in 2015 to KSh 20,998 in 2016. One Kilogram of exported fish and fish preparations increased by 4.3 per cent in 2016 to KSh 317 resulting in decline of both quantity and value of exported fish and fish preparations.

7.15. The average unit prices of pricipal imports are shown in Table 7.5(b). The expenditure on road motor vehicle declined significantly despite a 5.8 per cent reduction in unit price in 2016. One tonne of imported iron and steel exchanged for KSh 52,266 in 2016, down from KSh 57,594 in 2015, albeit reduction in the quantity imported. Both the quantity and value of wheat imports declined in the review period resulting in a 15.5 per cent reduction in the unit price. The unit price of chemical fertilizers declined by 16.8 per cent to KSh 34,333 in 2016. The 41.5 per cent increase in the price of one tonne of imported maize could partly explain the substantial decrease in the import volumes of the commodity in 2016. On the contrary, the 6.2 per cent increase in the cost of a tonne of imported second hand clothes from KSh 91,735 in 2015 to KSh 97,463 in 2016 did not deter the volumes of imported second hand clothing during the year which rose by 19.2 per cent.

Table 7.5(a): Average Unit Prices of Principal Domestic Exports, 2012-2016

KSh/Unit

Commodity	Unit	2012	2013	2014	2015	2016*
DOMESTIC EXPORTS						
Fish and fish preparations	Kg	309	287	280	304	317
Maize(unmilled,excluding sweet corn)	Tonne	104,445	155,458	192,874	155,622	160,052
Meals and flours of wheat	Tonne	38,749	47,047	37,827	42,403	43,610
Horticulture	Kg	221	227	223	228	220
Sugar confectionery	Kg	175	179	184	183	170
Coffee, unroasted	Kg	431	334	420	472	472
Tea	Kg	269	235	206	293	259
Margarine and shortening	Kg	145	141	137	125	120
Edible products and preparations, n.e.s.	Kg	202	190	179	220	219
Beer made from malt	Lt.	51	75	52	56	74
Tobacco and tobacco manufactures	Kg	471	584	801	987	960
Hides and Skins(undressed)	Kg	49	47	49	54	61
Sisal	Tonne	107,039	101,904	131,316	168,286	183,643
Stone, sand and gravel	Tonne	9,828	13,139	14,139	11,487	6,944
Fluorspar	Tonne	30,941	21,978	20,029	20,368	17,313
Salt	Tonne	11,118	10,288	14,420	15,470	14,157
Soda Ash	Tonne	21,193	18,790	19,774	22,925	20,998
Titanium ores and concentrates [1]	Tonne	0	0	20,198	19,100	17,968
Metal scrap	Tonne	517,068	557,769	668,406	446,816	233,652
Animal and Vegetable oils	Kg	128	116	122	124	105
Alcohols , phenols, phenol-alcohols, and the like	Lt.	97	95	96	107	92
Pigments, paints, varnishes and related materials	Kg	130	136	147	154	138
Medicinal and pharmaceutical products	Kg	666	569	624	855	986
Essential oils	Kg	113	119	124	125	112
Plates, sheets, film, foil and strip, of plastics	Kg	274	305	312	334	376
Insecticides and fungicides	Kg	469	544	504	700	879
Leather	Kg	310	320	290	267	213
Wood manufactures n.e.s	Tonne	230,037	339,262	364,399	234,694	345,992
Paper and paperboard	Tonne	124,641	127,932	129,436	143,718	80,073
Textile yarn	Kg	426	432	450	437	410
Made-up articles, wholly or chiefly of textile materials, n.e.s.	Kg	274	251	227	204	274
Glassware	Kg	51	82	63	69	53
Cement	Tonne	11,008	10,027	10,466	11,327	10,377
Iron and steel	Tonne	100,531	100,105	97,725	98,965	94,828
Metal containers	Tonne	208,247	176,684	175,708	226,354	161,239
Wire products: nails screws, nuts, etc...	Tonne	150,850	112,271	156,752	150,659	141,121
Household equipment of base metal, n.e.s.	Tonne	331,565	326,149	356,500	349,294	279,561
Manufactures of base metal, n.e.s.	Tonne	238,374	257,235	235,891	221,489	237,724
Automatic data proccessing machines and units thereof	No's	28,930	21,434	3,096	24,256	13,460
Footwear	Pair	80	77	89	113	93
Printed matter	Tonne	742	525	474	928	774
Gold, non-monetary (excluding gold ores and concentrates)	Kg	2,692,785	267,574	11,197		

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

[1] The country exported the first batch of Titanium ores in 2014

* Provisional.

Table 7.5(b): Average Unit Prices of Principal Imports, 2012- 2016

KSh/Unit

Commodity	Unit	2012	2013	2014	2015	2016*
Wheat, unmilled	Tonne	28,467	29,223	27,601	25,083	21,201
Rice	Tonne	36,326	34,453	33,331	30,198	27,953
Maize, unmilled	Tonne	19,872	24,506	20,283	17,299	24,480
Wheat flour	Tonne	38,975	63,660	51,590	55,294	48,143
Sugars, Mollases and Honey	Tonne	63,621	60,642	52,478	54,070	58,179
Edible products and preparations, n.e.s.	Tonne	108,311	153,102	137,528	113,411	132,632
Textile fibres and their waste	Tonne	258,337	280,434	288,866	308,641	296,716
Second - hand clothing	Tonne	102,169	82,574	82,402	91,735	97,463
Crude Petroleum[1]	Tonne	68,289	72,321	..	..	..
Petroleum products	Lt.	68	67	63	42	34
Residual petroleum products, n.e.s. and related materials	Kg	71	75	74	57	55
Liquefied propane and butane	Kg	111	99	97	61	47
Animal and vegetable oils	Kg	93	76	80	69	71
Organic & inorganic chemicals	Kg	91	87	56	84	81
Pigments, paints, varnishes and related materials	Kg	227	202	220	200	186
Medicinal & Pharmaceauticals Products	Kg	2,564	2,334	2,515	2,465	2,337
Essential oils & pefumes	Kg	305	367	333	378	346
Chemical fertilizers	Tonne	47,399	40,609	38,969	41,273	34,333
Plastics in primary & non-primary forms	Tonne	139,262	146,241	150,473	137,724	126,365
Insecticides and fungicides	Tonne	676,516	737,003	708,822	738,833	678,209
Miscellaneous chemical products, n.e.s.	Tonne	271,934	289,454	333,286	273,018	282,553
Rubber tyres and inner tubes, for wheels of all kinds	No.	2,373	2,307	2,033	2,075	1,840
Paper and Paperboard	Tonne	98,970	87,829	85,281	88,532	86,224
Cement Clinkers	Tonne	5,462	5,036	5,021	4,839	4,177
Iron and steel	Tonne	72,757	66,304	63,135	57,594	52,266
Non-ferrous metals	Tonne	285,799	278,116	275,797	287,634	278,589
Structures and parts of structures of iron, steel or aluminium	Tonne	180,918	190,280	168,826	150,822	164,846
Hand & machine tools	Kg	253	306	359	288	245
Manufactures of base metal, n.e.s.	Tonne	250,595	270,469	258,327	165,995	197,718
Automatic data proccessing machines and units thereof	No.	12,910	9,285	24,024	20,831	18,491
Motorcycles and cycles fitted with an auxilliary motor	No.	46,678	50,253	53,953	55,888	56,510
Bicycles, assembled or partly assembled	No.	2,647	2,583	2,801	3,083	3,302
Road Motor Vehicles	No.	995,372	903,108	983,339	1,071,563	1,009,116
Prefabricated buldings	Tonne	329,373	224,952	245,686	233,249	254,944
Printed matter	Tonne	418,500	427,753	471,934	379,909	315,328
Articles, n.e.s., of plastics	Tonne	185,808	148,883	137,511	185,452	154,050

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

[1] Importation of crude oil ceased after 2013 due to closure of the Kenya Petroleum Refineries Ltd

* Provisional.

.. Data not available

Composition of Exports

7.16. Food and beverages continued being the dominant category of exports accounting for 45.2 per cent of all domestic exports in 2016 as presented in Table 7.6. Food and beverages for household consumption accounted for the bulk of export earnings within this category, rising from KSh 160.1 billion in 2015 to KSh 164.4 billion in 2016. Consumer goods not elsewhere specified were the second leading category of domestic exports after recording a 4.6 per cent increase to KSh 129.9 billion in 2016. Consequently, the share of goods within this category accounted for 25.6 per cent of total domestic export earnings during the year. Earnings from non-food industrial supplies shrunk from KSh 129.3 billion in 2015 to KSh 124.2 billion in 2016, mainly driven by a 10.1 per cent reduction in the value of processed non-food industrial supplies. The share of machinery and other capital equipment, to the total domestic exports rose by 0.71 percentage points in 2016 on account of a 39.2 per cent increase in exports on machinery and capital equipment during the year under review.

Table 7.6: Domestic Exports by Broad Economic Category, 2012-2016

KSh Million

DESCRIPTION	2012	2013	2014	2015	2016*
FOOD AND BEVERAGES	**197,491**	**195,094**	**188,094**	**223,281**	**228,789**
Primary	153,198	153,613	147,099	182,774	187,837
For Industry	23,895	18,982	22,101	22,630	23,471
For Household Consumption	129,303	134,631	124,998	160,145	164,366
Processed	44,293	41,482	40,995	40,507	40,952
For Industry	8,071	5,256	4,312	2,478	3,516
For Household Consumption	36,222	36,226	36,683	38,029	37,436
INDUSTRIAL SUPPLIES (Non-Food)	**142,019**	**126,192**	**124,452**	**129,288**	**124,176**
Primary	29,370	24,669	39,428	40,896	44,739
Processed	112,649	101,523	85,024	88,392	79,437
FUEL AND LUBRICANTS	**4,029**	**1,610**	**3,281**	**6,288**	**4,546**
Primary	8	8	5	9	13
Processed	4,021	1,602	3,275	6,279	4,533
Motor Spirit	395	190	60	38	125
Other	3,625	1,412	3,215	6,240	4,407
MACHINERY & OTHER CAPITAL EQUIPMENT	**13,713**	**9,736**	**7,503**	**9,522**	**13,257**
Machinery & Other Capital Equipment	11,864	7,867	6,116	7,565	11,845
Parts and Accessories	1,849	1,868	1,387	1,957	1,412
TRANSPORT EQUIPMENT	**7,858**	**8,130**	**7,235**	**7,118**	**5,826**
Passenger Motor Vehicles	103	122	92	454	516
Other	4,091	4,522	3,505	3,744	3,551
For Industry	3,942	4,402	3,250	3,571	3,474
Non-Industrial	149	120	255	173	77
Parts and Accessories	3,664	3,487	3,638	2,921	1,759
CONSUMER GOODS NOT ELSEWHERE SPECIFIED	**113,869**	**113,537**	**128,463**	**124,180**	**129,879**
Durable	3,803	3,819	4,503	1,449	1,258
Semi-Durable	27,999	31,404	35,417	35,088	35,462
Non-Durable	82,068	78,314	88,544	87,643	93,159
GOODS NOT ELSEWHERE SPECIFIED	**727**	**1,390**	**1,544**	**31**	**77**
TOTAL	**479,706**	**455,689**	**460,572**	**499,708**	**506,548**
SHARES:					
Food and Beverages	41.17	42.81	40.84	44.68	45.17
Industrial Supplies (Non-Food)	29.61	27.69	27.02	25.87	24.51
Fuel and Lubricants	0.84	0.35	0.71	1.26	0.90
Machinery and other Capital Equipment	2.86	2.14	1.63	1.91	2.62
Transport Equipment	1.64	1.78	1.57	1.42	1.15
Consumer Goods not elsewhere specified	23.74	24.92	27.89	24.85	25.64
Goods not elsewhere specified	0.15	0.31	0.34	0.01	0.02
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

* Provisional

Composition of Imports

7.17. Table 7.7 presents expenditure on imports by Broad Economic Category (BEC) for the period 2012 to 2016. The share of non-food industrial supplies to the total expenditure on imports rose by 3.0 percentage points to 36.2 per cent to remain the leading category of imports in 2016. This was in spite of a marginal decline in the value of imports within this category from KSh 524.6 billion in 2015 to KSh 518.7 billion in 2016. Machinery and capital equipment was the second leading source of expenditure on imports in 2016 accounting for 21.8 per cent of the total import bill at KSh 312.1 billion. Fuel and lubricants accounted for 14.5 per cent of total expenditure on imports in 2016, down from 15.0 per cent in the previous year. This could be explained by a 12.3 per cent decline in the value of imports of fuel and lubricants from KSh 237.3 billion in 2015 to KSh 208.0 billion in 2016. There was a substantial decline in the value of imports of transport equipment from KSh 266.9 billion in 2015 to KSh 147.5 billion in 2016. This mainly resulted from a 69.1 per cent decline in the value of imports of industrial transport equipment from KSh 158.2 billion in 2015 to KSh 49.0 billion in 2016. Consequently, the share of imports of transport equipment to the total imports dropped to 10.3 per cent in 2016 from 16.9 per cent in 2015.

Table 7.7: Total Imports by Broad Economic Category, 2012-2016

KSh Million

	2012	2013	2014	2015	2016*
FOOD AND BEVERAGES	**109,074**	**101,590**	**111,838**	**123,444**	**114,560**
Primary	52,592	48,048	59,437	66,528	48,528
For Industry	43,342	39,624	50,767	53,985	37,677
For Household Consumption	9,250	8,425	8,670	12,543	10,850
Processed	56,482	53,542	52,401	56,915	66,033
For Industry	12,093	8,933	8,981	10,934	15,125
For Household Consumption	44,389	44,609	43,420	45,981	50,907
INDUSTRIAL SUPPLIES (Non-Food)	**407,225**	**450,479**	**462,172**	**524,556**	**518,672**
Primary	23,319	25,862	26,051	29,318	30,389
Processed	383,906	424,617	436,121	495,238	488,283
FUEL AND LUBRICANTS	**336,838**	**326,305**	**346,745**	**237,295**	**208,047**
Primary	71,104	43,940	3,998	3,789	3,797
Processed	265,734	282,365	342,747	233,506	204,250
Motor Spirit	50,889	58,685	70,683	57,035	53,148
Other	214,845	223,680	272,064	176,471	151,101
MACHINERY AND OTHER CAPITAL EQUIPMENT	**253,281**	**250,873**	**278,709**	**287,544**	**312,076**
Machinery and Other Capital Equipment	202,175	200,349	225,337	242,172	251,200
Parts and Accessories	51,106	50,524	53,372	45,372	60,876
TRANSPORT EQUIPMENT	**162,854**	**160,841**	**278,706**	**266,874**	**147,464**
Passenger Motor Vehicles	35,796	44,604	51,430	56,138	50,046
Other	87,014	72,054	191,815	170,092	58,736
Industrial	80,141	61,998	181,963	158,164	48,950
Non-Industrial	6,874	10,055	9,853	11,928	9,786
Parts and Accessories	40,044	44,183	35,461	40,645	38,682
CONSUMER GOODS NOT ELSEWHERE SPECIFIED	**95,965**	**96,299**	**113,537**	**125,884**	**126,668**
Durable	17,203	24,386	22,469	23,899	23,736
Semi-Durable	21,603	20,738	27,853	32,100	30,795
Non-Durable	57,159	51,175	63,215	69,884	72,137
GOODS NOT ELSEWHERE SPECIFIED	**9,350**	**26,927**	**26,616**	**11,960**	**4,257**
TOTAL	**1,374,587**	**1,413,316**	**1,618,321**	**1,577,557**	**1,431,745**
SHARES:					
Food and Beverages	7.94	7.19	6.91	7.82	8.00
Industrial Supplies (Non-Food)	29.63	31.87	28.56	33.25	36.23
Fuel and Lubricants	24.50	23.09	21.43	15.04	14.53
Machinery and other Capital Equipment	18.43	17.75	17.22	18.23	21.80
Transport Equipment	11.85	11.38	17.22	16.92	10.30
Consumer Goods not elsewhere specified	6.98	6.81	7.02	7.98	8.85
Goods not elsewhere specified	0.68	1.91	1.64	0.76	0.30
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

* Provisional

Direction of Trade

7.18. The value of total exports declined marginally from KSh 581.0 billion in 2015 to KSh 578.1 billion in 2016 as presented in Table 7.8. Africa remained the leading destination of Kenya's exports; accounting for 40.6 per cent of total exports in 2016. This was despite a 3.1 per cent decline in the value of exports to the continent during the year to KSh 234.7 billion. Exports to the EAC accounted for slightly more than half of total exports to Africa. Europe was the second leading destination of exports accounting for 24.5 per cent of total exports in 2016. However, during the review period, exports to Europe registered a 3.0 per cent decline to KSh 141.5 billion. This followed a 3.7 per cent decline in exports to the European Union (EU) that accounted for 85.7 per cent of total exports to Europe. Total exports to the United Kingdom, traditionally one of the major destinations of Kenya's exports within the EU, declined by 7.6 per cent to KSh 37.6 billion in 2016. Similarly, export earnings from Germany dropped by 4.8 per cent to KSh 11.9 billion in 2016. Exports to the Netherlands however, rose from KSh 42.0 billion in 2015 to KSh 43.5 billion in 2016, largely associated with expansion of horticulture exports.

7.19. Export earnings from Asia increased by 7.4 per cent to KSh 140.5 billion in 2016. Pakistan continued being a major destination of exports within Asia with export earnings rising from KSh 35.3 billion in 2015 to KSh 40.3 billion in 2016. The same trend was exhibited in export earnings from the United Arab Emirates which rose for the second consecutive year, to KSh 31.0 billion. Exports to China and India rose by 18.8 and 32.2 per cent to KSh 10.1 billion and KSh 11.9 billion, respectively, in 2016. Total export earnings from Afghanistan decreased by 26.2 per cent to KSh 10.7 billion. Revenue from total exports to America continued to grow for the fifth consecutive year, being KSh 52.9 billion in 2016. This was largely on account of increased exports to the United States of America (USA) which rose by an average of 6.4 per cent for the last two years to KSh 43.4 billion in 2016. Similarly, total exports to Canada have been on an upward trend for the third consecutive year.

7.20. Total export earnings from the EAC registered 4.0 per cent decline to KSh 121.7 billion, to account for 51.9 per cent of total exports to Africa, during the review period. The decline could partly be explained by contraction of exports to Uganda and Rwanda by 9.3 and 2.5 per cent, respectively. Some of the commodities that recorded declines in export earnings from Uganda included cement (34.7 per cent); petroleum oils (27.4 per cent); articles of plastics (29.0 per cent); soap, cleansing and polishing preparations (32.1 per cent); alcoholic beverages (28.2 per cent); and salt (12.0 per cent). Declines in the value of exports were recorded for the Democratic Republic of Congo (3.1 per cent), South Sudan (4.3 per cent), Sudan (10.2 per cent) and Zambia (12.5 per cent). Total exports to Tanzania grew from KSh 33.7 billion in 2015 to KSh 34.8 billion in 2016, mainly attributable to a 28.0 per cent growth in re-exports. Similarly, the value of exports to Egypt rose to KSh 20.6 billion on account of increase in tea exports, while those to Somalia grew to KSh 17.9 billion in 2016. Tea remained the leading export commodity to Egypt, constituting 88.7 per cent of total domestic export earnings in 2016. The robust growth in total exports to Somalia was a result of increase in earnings of vegetable materials and products which more than doubled in 2016. In addition, domestic exports of manufactured tobacco to Somalia rose, albeit marginally, during the year.

Table 7.8: Values of Total Exports by Destination, 2012-2016

KSh Million

	2010	2012	2013	2014	2015	2016*
EUROPE						
WESTERN EUROPE:						
European Union						
Belgium	4,159	5,267	6,193	6,730	4,540	5,395
Finland	1,808	1,476	1,106	1,514	1,973	1,412
France	5,093	4,915	5,379	5,689	6,074	6,412
Germany	7,715	9,771	8,244	10,786	12,508	11,864
Italy	3,253	5,413	4,541	6,960	5,248	3,733
Netherlands	26,868	31,056	32,578	40,614	42,041	43,492
Spain	2,034	1,934	2,018	2,627	3,239	2,302
Sweden	2,742	3,810	2,503	2,731	2,510	3,066
United Kingdom	40,211	40,630	37,613	35,868	40,668	37,581
Poland	1,170	1,290	1,630	1,847	2,263	1,804
Other	2,869	3,157	2,840	4,591	4,867	4,205
Total	**97,922**	**108,719**	**104,645**	**119,958**	**125,932**	**121,267**
Other Western Europe	3,767	5,692	6,948	8,080	8,527	9,631
Total Western Europe	**101,689**	**114,411**	**111,594**	**128,038**	**134,460**	**130,899**
EASTERN EUROPE:						
Russia Federation	4,515	6,582	6,831	7,124	8,065	6,996
Kazakhstan	2,870	3,777	4,346	3,267	2,855	3,028
Other	348	426	528	536	565	611
Total Eastern Europe	**7,734**	**10,784**	**11,705**	**10,927**	**11,484**	**10,635**
TOTAL, EUROPE	**109,422**	**125,195**	**123,299**	**138,965**	**145,944**	**141,533.65**
AMERICA						
U.S.A	22,522	26,405	29,936	38,290	40,725	43,354
Canada	1,170	1,516	1,297	1,690	2,289	5,729
Other	688	820	2,533	5,684	7,575	3,808
TOTAL AMERICA	**24,380**	**28,740**	**33,765**	**45,664**	**50,589**	**52,891**
AFRICA						
EAC						
Uganda	52,108	67,450	65,362	60,783	68,574	62,163
Tanzania	33,211	46,036	40,496	42,725	33,663	34,797
Rwanda	10,535	16,151	13,500	14,441	17,950	17,500
Burundi	5,458	5,309	5,599	7,849	6,595	7,242
Total EAC		**134,946**	**124,957**	**125,798**	**126,782**	**121,702**
Rest of Africa						
South Africa	2,444	2,684	3,277	5,936	4,338	4,149
Egypt	18,116	21,464	17,001	17,509	20,166	20,619
Somalia	13,054	19,237	16,940	13,202	15,210	17,932
Ethiopia	4,385	4,578	4,885	6,919	7,154	8,053
Sudan	18,815	6,633	6,425	6,241	5,967	5,361
South Sudan	0	17,964	16,680	19,823	17,065	16,326
Democratic R of Congo	12,792	18,427	18,437	21,052	20,673	20,035
Zambia	4,688	6,667	6,288	6,668	5,909	5,172
Other[1]	13,308	17,987	16,584	18,215	18,921	15,325
TOTAL AFRICA	**188,914**	**250,589**	**231,474**	**241,363**	**242,187**	**234,673**
ASIA						
MIDDLE EAST:						
Iran	859	1,310	2,798	2,283	1,152	1,757
Israel	1,547	2,058	1,126	1,337	1,449	1,064
Jordan	163	272	260	309	853	1,059
Saudi Arabia	1,843	3,316	3,190	4,879	5,551	6,727
United Arab Emirates	18,856	28,608	25,144	20,198	29,239	30,974
Yemen Arab Republic	4,519	4,508	5,044	4,356	4,023	4,803
Other	2,738	1,993	1,941	2,445	2,941	4,140
Total Middle East	**30,525**	**42,065**	**39,502**	**35,806**	**45,207**	**50,525**
FAR EAST						
China(Mainland)	2,512	5,384	4,199	6,597	8,471	10,061
India	8,478	7,528	9,475	8,753	8,954	11,919
Indonesia	989	1,571	1,252	885	1,323	934
Japan	2,091	2,457	2,711	3,526	4,054	4,071
Korea Republic (South Korea)	177	1,018	1,077	2,532	1,734	1,869
Pakistan	18,069	23,889	24,130	22,022	35,250	40,254
Singapore	649	345	1,679	1,169	1,404	357
Afghanistan	11,928	12,837	15,861	10,373	14,502	10,686
Thailand	1,120	1,728	1,620	1,657	2,071	1,727
Other	5,063	6,639	6,052	6,700	7,782	8,132
Total Far East	**51,075**	**63,395**	**68,056**	**64,212**	**85,545**	**90,011**
TOTAL, ASIA	**81,600**	**105,460**	**107,558**	**100,018**	**130,752**	**140,536**
AUSTRALIA & OCEANIC						
Australia	636	1,638	2,663	3,029	2,313	2,203
Other	131	256	195	436	1,089	3,920
TOTAL Australia & Oceania	**767**	**1,894**	**2,858**	**3,465**	**3,402**	**6,123**
All Other Countries	1,661	1,191	1,456	1,166	800	1,045
Aircraft and Ships Stores	3,051	4,776	1,876	6,595	7,372	1,265
Total All Other Counties n.e.s	**4,712**	**5,968**	**3,332**	**7,761**	**8,172**	**2,310**
GRAND TOTAL EXPORTS	**409,794**	**517,847**	**502,286**	**537,236**	**581,045**	**578,067**

Source: Kenya National Bureau of Statistics/ Kenya Revenue Authority

*Provisional

[1]See Table 7.10 for details

7.21. Expenditure on imports declined by 9.2 per cent to KSh 1,431.7 billion in 2016 as presented in Table 7.9. Asia accounted for 66.8 per cent of total value of imports in 2016 continuing its dominance as the leading source of Kenya's imports. However, the value of imports from Asia reduced from KSh 981.7 billion in 2015 to KSh 956.7 billion in 2016. Imports from India declined by 18.6 per cent to KSh 205.5 billion during the same period. Similarly, the value of imports from Japan dropped by 6.6 per cent from KSh 88.2 billion in 2015 to KSh 82.4 billion in 2016. The value of imports from Israel nearly halved in 2016. Imports from China have continued to grow over the last five years making the country the leading source of Kenya's imports in 2016. The value of imports from China rose from KSh 320.8 billion in 2015 to KSh 337.5 billion in 2016. The major commodities imported from China included; wind-powered generators, rails and signaling systems. The value of imports from the United Arab Emirates rose marginally from KSh 90.6 billion in 2015 to KSh 91.5 billion in 2016. Similarly, the value of imports from Saudi Arabia rose by 25.2 per cent over the same period. Petroleum products were the main items imported from the United Arab Emirates and Saudi Arabia.

7.22. Europe accounted for 18.5 per cent of total expenditure on imports in 2016. Imports from Europe declined by 10.3 per cent to KSh 265.3 billion in 2016. This reduction was as a result of an 8.7 per cent drop in imports from the EU which constitute the largest share of imports from Europe. Imports from the United Kingdom declined for the third year in a row to stand at KSh 33.5 billion in 2016. Declines were also recorded in value of imports from Netherlands, Spain and Poland in 2016. The value of imports from America reduced by more than half from KSh 146.1 billion in 2015 to KSh 65.2 billion in 2016. This was largely on account of a 62.1 per cent drop in imports from the USA from KSh 126.0 billion to KSh 47.8 billion in 2016.

7.23. Imports from Africa contributed 9.8 per cent of the total import bill in 2016. However, the value of imports from Africa dropped by 6.0 per cent to KSh 140.2 billion in 2016 as shown in Table 7.10. Common Market for Eastern and Southern Africa (COMESA) accounted for 49.6 per cent of total imports from Africa at KSh 69.6 billion, in 2016. Within COMESA, imports from Uganda dropped from KSh 22.3 billion in 2015 to KSh 19.3 billion in 2016. Similarly, imports from Swaziland and Madagascar declined by 10.7 and 67.1 per cent, respectively, in 2016. In contrast, expenditure on imports from Egypt rose by 16.3 per cent to KSh 30.0 billion in 2016, making the country second leading source of imports from Africa. South Africa accounted for 35.6 per cent of total imports from Africa despite a reduction in the value of imports from KSh 61.3 billion in 2015 to KSh 49.9 billion in 2016 mainly due to reduction of iron and steel; and motor vehicles. Imports from Tanzania also contracted by 24.3 per cent to KSh 12.8 billion in 2016.

Table 7.9: Values of Imports by County of Origin, 2012-2016

KSh Million

DESCRIPTION	2012	2013	2014	2015	2016*
EUROPE					
WESTERN EUROPE					
European Union					
Belgium	10,907	13,059	13,159	14,966	13,496
Finland	2,245	3,665	3,840	5,415	3,339
France	27,081	20,666	22,447	21,066	21,534
Germany	41,474	37,488	47,409	47,381	43,353
Italy	20,736	20,324	19,946	22,722	23,738
Netherlands	17,635	24,788	18,792	20,527	16,510
Spain	7,981	8,365	12,516	11,376	11,023
Sweden	8,117	7,091	6,233	6,364	5,844
United Kingdom	43,849	49,020	47,037	42,970	33,487
Denmark	4,745	4,633	4,223	4,097	6,020
Ireland	4,560	4,383	5,689	7,525	6,949
Czech Republic	1,350	2,073	1,959	1,929	3,300
Austria	2,962	1,843	2,635	2,680	3,300
Poland	1,744	2,290	4,720	8,643	6,020
Hungary	1,387	1,627	1,449	2,565	2,494
Other	7,362	6,313	13,363	12,494	12,157
Total	**204,133**	**207,628**	**225,416**	**232,720**	**212,566**
Other Western Europe	21,410	23,969	20,235	27,112	23,836
Total Western Europe	**225,543**	**231,597**	**245,651**	**259,832**	**236,402**
EASTERN EUROPE					
Russian Federation	15,212	23,182	23,118	28,583	24,260
Ukraine	8,516	13,708	15,008	6,118	3,819
Other	498	2,148	2,168	1,059	842
Total	**24,226**	**39,039**	**40,294**	**35,759**	**28,921**
TOTAL, EUROPE	**249,769**	**270,635**	**285,945**	**295,592**	**265,323**
AMERICA					
U.S.A	65,966	57,412	168,720	126,041	47,819
Canada	13,372	6,525	7,886	7,754	7,807
Brazil	25,290	15,603	6,094	6,968	4,370
Other	14,665	4,936	4,775	5,294	5,195
TOTAL AMERICA	**119,293**	**84,477**	**187,476**	**146,056**	**65,190**
AFRICA					
South Africa	61,954	70,724	63,893	61,311	49,857
Tanzania	14,402	11,666	18,364	16,906	12,806
Uganda	15,323	16,086	17,549	22,284	19,276
Swaziland	4,093	5,436	5,594	7,162	6,398
Mauritius	3,057	2,011	2,794	2,713	5,174
Rwanda	822	1,006	716	790	775
Zambia	2,880	2,894	4,380	3,895	4,201
Other[1]	38,225	38,016	32,851	34,037	41,755
TOTAL AFRICA	**140,755**	**147,839**	**146,141**	**149,096.93**	**140,240.65**
ASIA					
MIDDLE EAST					
Iran	3,686	2,434	3,788	3,808	6,134
Israel	7,230	9,437	5,659	10,410	5,027
Jordan	1,175	799	789	945	806
Saudi Arabia	66,841	41,423	56,565	55,306	69,259
United Arab Emirates	149,879	117,360	103,255	90,573	91,482
Bahrain	22,915	34,977	41,367	5,759	8,095
Oman	9,113	3,819	10,518	5,942	5,697
Other	23,279	9,631	6,028	5,775	8,186
Total Middle East	**284,117**	**219,880**	**227,969**	**178,517**	**194,687**
FAR EAST					
China	167,206	182,356	248,648	320,816	337,450
India	195,230	258,230	264,536	252,523	205,499
Indonesia	55,241	45,041	48,598	45,939	45,372
Japan	63,135	83,720	86,554	88,239	82,409
Korea South	22,541	24,471	29,105	18,822	14,211
Pakistan	12,881	15,647	18,020	18,347	18,175
Singapore	13,025	19,437	14,624	9,612	6,795
Taiwan	13,409	12,304	15,541	12,391	12,296
Malaysia	7,017	9,349	11,066	10,556	12,321
Thailand	11,361	12,673	12,527	12,913	12,059
Other	11,362	13,593	12,984	12,976	15,406
Total Far East	**572,408**	**676,820**	**762,204**	**803,133**	**761,992**
TOTAL, ASIA	**856,525**	**896,700**	**990,173**	**981,650**	**956,679**
AUSTRALIA & OCEANIA					
Australia	4,589	12,422	7,069	4,032	2,878
Other	3,523	618	431	787	1,190
TOTAL AUSTRALIA & OCEANIA	**8,112**	**13,040**	**7,500**	**4,820**	**4,068**
All Other Countries N.E.S.	134	624	1,086	342	243
Total All Other Counties n.e.s	**134**	**624**	**1,086**	**342**	**243**
GRAND TOTAL	**1,374,587**	**1,413,316**	**1,618,321**	**1,577,557**	**1,431,745**

Source: Kenya National Bureau of Statistics/ Kenya Revenue Authority

*Provisional

[1]See table 7.10 for details

Table 7.10: Trade with African Countries, 2012-2016

KSh '000

ZONES/COUNTRIES	Total Exports					Imports				
	2012	2013	2014	2015	2016*	2012	2013	2014	2015	2016*
EAST AFRICAN COMMUNITY (EAC)										
Tanzania	46,036,163	40,496,493	42,724,911	33,663,396	34,796,571	14,401,599	11,666,407	18,364,083	16,906,157	12,806,098
Uganda	67,450,115	65,361,907	60,782,664	68,573,904	62,163,383	15,322,810	16,085,806	17,549,421	22,283,692	19,275,753
Rwanda	16,151,363	13,499,695	14,440,844	17,949,831	17,499,630	822,286	1,005,755	715,591	789,704	774,593
Burundi	5,308,763	5,598,956	7,849,463	6,594,983	7,242,223	310,424	52,577	29,446	223,663	68,353
Total, EAC	**134,946,405**	**124,957,051**	**125,797,882**	**126,782,115**	**121,701,806**	**30,857,118**	**28,810,546**	**36,658,542**	**40,203,215**	**32,924,797**
COMESA										
Comoros	1,213,819	880,126	478,664	1,103,877	1,127,582	540	63	-	-	1,247
Congo, D.R	18,427,368	18,436,875	21,052,099	20,673,353	20,035,483	883,829	561,648	259,805	127,763	208,300
Djibouti	1,181,098	1,227,723	1,011,457	1,110,081	1,318,178	119,318	2,020	3,486	15,328	3,010
Egypt	21,464,391	17,001,458	17,509,233	20,166,293	20,618,514	29,844,316	25,602,868	25,532,067	25,816,669	30,042,739
Eritrea	266,221	306,469	396,846	449,632	117,935	275	4,578	19	68	..
Ethiopia	4,578,469	4,885,115	6,918,973	7,154,246	8,052,619	354,122	278,631	424,764	501,056	531,602
Libya	70,435	112,165	128,998	131,594	126,330	33,181	6,472	8,591	181,901	..
Madagascar	450,088	312,625	429,997	449,833	205,535	638,314	790,495	590,369	2,433,745	801,749
Malawi	4,693,589	3,497,283	3,326,340	3,047,465	2,791,807	782,922	1,041,386	302,633	249,795	377,281
Mauritius	1,296,488	956,755	1,060,761	1,083,200	976,999	3,057,571	2,011,224	2,793,710	2,713,035	5,173,580
Seychelles	183,693	379,669	177,399	321,581	161,718	403,870	290,695	470,097	64,171	236
Sudan	6,633,308	6,424,532	6,241,153	5,966,860	5,360,749	955,403	1,359,591	1,327	454,834	479,445
South Sudan	17,964,306	16,680,368	19,822,572	17,065,487	16,326,135	14,664.96	21,304	1,210,699	8,709	6,200
Swaziland	11,101	11,741	17,929	103,827	24,154	4,092,652	5,436,480	5,594,274	7,161,711	6,397,800
Zambia	6,666,568	6,287,696	6,667,898	5,909,279	5,171,559	2,879,769	2,893,584	4,380,297	3,894,811	4,200,643
Zimbabwe	1,721,158	1,809,563	1,663,268	1,217,307	914,062	1,056,068	819,548	494,674	224,209	1,256,194
Sub-Total	**86,822,101**	**79,210,163**	**86,903,585**	**85,953,916**	**83,329,358**	**45,116,816**	**41,120,587**	**42,066,812**	**43,847,812**	**49,480,027**
Total, COMESA	**175,732,344**	**163,670,721**	**169,976,556**	**179,072,634**	**170,234,594**	**61,572,335**	**58,264,726**	**60,361,271**	**67,144,871**	**69,598,727**
OTHER COUNTRIES										
Algeria	4,503	545,188	108,318	361,859	122,583	19,391	13,650	857,743	799,089	300,993
Angola	402,105	178,648	108,415	102,377	74,733	284,979	132,449	116,955	24,676	59,990
Ghana	369,074	631,527	478,990	490,556	534,359	254,611	254,505	368,916	121,385	205,283
Nigeria	2,923,891	2,350,105	2,429,578	3,659,278	2,559,422	48,664	1,596,189	698,214	205,491	459,985
Lesotho	110,192	33,351	47,556	61,418	28,801	49,184	79,011	10,165	2,191	1,829
Mozambique	1,246,300	1,407,050	1,809,120	1,292,855	2,358,730	695,392	1,833,139	734,959	1,412,850	2,363,997
Reunion	92,686	126,331	127,782	127,091	160,438	4,985	6,595	2,516	3,561	1,561
Somalia	19,236,817	16,940,454	13,201,901	15,209,983	17,931,907	17,320	293,755	150,268	28,698	52,823
South Africa	2,684,280	3,276,892	5,936,345	4,338,440	4,149,033	61,953,797	70,724,146	63,893,353	61,311,246	49,857,194
All Other African Countries	1,750,702	1,817,737	4,413,643	3,806,935	1,721,975	1,452,794	2,974,601	582,942	1,136,711	4,532,170
Sub-Total	**28,820,549**	**27,307,284**	**28,661,648**	**29,450,792**	**29,641,979**	**64,781,117**	**77,908,040**	**67,416,032**	**65,045,898**	**57,835,825**
TOTAL AFRICA	**250,589,055**	**231,474,498**	**241,363,115**	**242,186,823**	**234,673,144**	**140,755,051**	**147,839,173**	**146,141,386**	**149,096,925**	**140,240,649**
Percentage of all Exports/Imports	48.4	46.1	44.9	41.7	40.6	10.2	10.5	9.0	9.5	9.8

Source: Kenya National Bureau of Statistics/Kenya Revenue Authority

* Provisional

- Negligible

Balance of Payments

7.24. Balance of Payments (BOP) statistics are summarised in Table 7.11. The deficit in the current account narrowed by 11.9 per cent to KSh 370.8 billion in 2016 from 421.1 billion in 2015. This was partly due to a marginal decline of 0.7 per cent in merchandise exports and 1.8 per cent decrease in merchandise imports on free on board basis. Imports remained subdued on account of a depreciated Kenya Shilling and the reduction in transport equipment. The current account balance as a percentage of GDP was 5.2 per cent.

7.25. Net inflows in international trade in services increased by 32.7 per cent from a surplus of KSh 129.4 billion in 2015 to a surplus of KSh 171.7 billion in 2016. The growth in earnings from services was mainly occasioned by increased foreign travel receipts that rose by 17.6 per cent, boosted by conference tourism. Services payments decreased by 11.7 per cent to KSh 288.0 billion in 2016. The improvement in the services account mainly supported the narrowing in the current account deficit in the review period.

7.26. Net financial inflows went up by 9.5 per cent to a surplus KSh 420.0 billion in 2016. Other investment inflows increased by a surplus of 1.1 per cent to KSh 415.4 billion in 2016. However, foreign direct investment inflows declined by 34.4 per cent to a surplus of KSh 39.9

billion in 2016. These developments led to the improvement in the overall BOP position from a deficit of KSh 24.9 billion in 2015 to a surplus of KSh 13.1 billion in 2016.

Table 7.11: Balance of Payments, 2012-2016

KSh Million

	2012+	2013+	2014+	2015+	2016*
A. Current Account, n.i.e	**-356,389.1**	**-417,019.6**	**-560,761.1**	**-421,082.1**	**-370,801.9**
Goods: exports f.o.b	525,120.0	503,491.1	546,781.5	587,330.0	583,378.0
Goods: imports f.o.b	1,312,483.6	1,385,669.8	1,488,446.8	1,409,606.4	1,384,265.7
Services: credit	422,069.7	441,986.5	441,739.9	455,369.8	459,624.3
of which Travel	79,016.6	75,843.8	71,277.6	71,081.1	83,614.2
Services: debit	201,910.3	190,061.0	294,498.4	326,014.9	287,970.3
Balance on goods and services	-567,204.1	-630,253.1	-794,423.8	-692,921.5	-630,705.1
Primary income: credit	29,289.5	28,712.4	43,643.4	48,298.1	43,991.1
Primary income: debit	55,973.1	80,383.9	119,981.0	115,459.3	113,406.5
Balance on goods, services, and primary income	-593,887.6	-681,924.6	-870,761.4	-760,082.7	-703,638.7
Secondary income[1], n. i. e.: credit	240,850.5	268,925.2	327,853.4	345,217.9	333,039.1
Secondary income[1]: debit	3,351.9	4,020.2	17,853.1	6,217.3	5,191.9
B. Capital Account, n.i.e.	**19,890.0**	**13,644.0**	**24,204.0**	**25,718.0**	**20,878.0**
Capital account, n.i.e.: credit	19,890.0	13,644.0	24,204.0	25,718.0	20,878.0
Capital account: debit	-	-	-	-	-
C. Financial Account, n.i.e.	**-471,905.1**	**-448,096.6**	**-650,365.7**	**-383,721.0**	**-419,998.1**
Direct investment: assets	20,149.6	17,105.0	6,604.6	23,758.5	16,008.5
Direct investment: liabilities, n.i.e.	116,665.5	96,356.4	72,178.6	60,843.6	39,927.7
Portfolio investment: assets	3,451.7	3,285.4	4,869.6	18,722.0	42,939.3
Equity and investment fund shares	1,864.1	1,016.3	310.0	996.0	41,283.6
Debt securities	1,587.6	2,269.1	4,559.6	17,726.0	1,655.7
Portfolio investment: liabilities, n.i.e.	21,853.3	26,581.6	331,663.4	3,499.1	4,050.4
Equity and investment fund shares	21,734.0	25,563.0	83,907.5	1,061.1	2,295.6
Debt securities	119.3	1,018.6	247,755.9	2,438.0	1,754.9
Financial derivatives: net	-	-	-	-	-
Other investment: assets	-4,306.4	56,268.7	-505.0	49,206.0	-19,542.1
Other equity	-	-	-	-	-
Other debt instruments	-4,306.4	56,268.7	-505.0	49,206.0	-19,542.1
Central bank	-	-	-	-	-
Deposit-taking corporations, except the central bank,	-28,646.6	40,048.0	-7,067.2	40,885.7	-24,812.7
General government	-	-	-	-	-
Other sectors	24,340.3	16,220.7	6,562.2	8,320.3	5,270.7
Other financial corporations	-	-	-	-	-
Nonfinancial corporations, households, and NPISHs[2]	24,340.3	16,220.7	6,562.2	8,320.3	5,270.7
Other investment: liabilities, n.i.e.	352,681.1	401,817.7	257,492.8	411,064.8	415,425.6
Other equity	1,930.3	1,859.1	-1,380.1	-274.6	-827.4
Special Drawing Rights	-	-	-	-	-
Other debt instruments	350,750.8	399,958.6	258,872.9	411,339.4	416,253.0
Central bank	2,737.9	-1,433.9	6,910.7	-217.0	-3,646.0
Deposit-taking corporations, except the central bank	45,130.5	44,300.8	51,500.4	47,241.8	-28,732.8
General government	93,042.0	71,353.7	-21,877.9	202,052.1	200,165.0
Other sectors	209,840.4	285,738.1	222,339.8	162,262.4	248,466.8
Other financial corporations	-	-	-	-	-
Nonfinancial corporations, households, and NPISHs[2]	209,840.4	285,738.1	222,339.8	162,262.4	248,466.8
D. Net Errors and Omissions	**-32,049.4**	**-12,955.5**	**14,033.7**	**-13,262.0**	**-56,978.1**
E. Overall Balance	**-103,356.6**	**-31,765.5**	**-127,842.3**	**24,905.1**	**-13,096.1**
F. Reserves and Related Items	**103,356.6**	**31,765.5**	**127,842.3**	**-24,905.1**	**13,096.1**
Reserve assets	122,919.4	73,921.9	117,353.1	-35,386.7	3,894.7
Credit and loans from the IMF	16,314.8	15,252.4	-10,489.1	-10,481.6	-9,201.4
Exceptional financing	3,248.0	26,904.0	-	-	-
Current Account balance as % of GDP	-8.4	-8.8	-10.4	-6.7	-5.2

* Provisional

\+ Revised with survey data

[1]Includes current transfers

[2]NPISHs: Non-Profit Institutions Serving Households

International Liquidity

7.28. Stock of foreign reserves of Central Monetary Authorities held by the Central Bank of Kenya (CBK) and the National Treasury from 2012 to 2016 is shown in Table 7.12. The gross stock of foreign reserves reduced by 0.8 per cent to KSh 736.5 billion as at December 2016, compared to an increase of 5.4 per cent as at December 2015. However, net foreign assets of the CBK, increased from KSh 636.6 billion as at December 2015 to KSh 643.1 billion as at December 2016. The reserve position in the International Monetary Fund (IMF) contracted by 4.8 per cent as at December 2016 while Special Drawings Rights (SDRs) more than doubled in the same period. The Central Bank's foreign liabilities reduced by 12.3 per cent to KSh 91.4 billion as at December 2016 from KSh 104.2 billion as at December 2015.

Table 7.12: Central Monetary Authorities: Foreign Exchange Reserves, 2012-2016

KSh Million

As at end of	Official Foreign Assets and Liabilities								
	Central Bank Of Kenya					Government			Foreign Reserves[1] of Central Monetary Authorities
	S.D.R.'s	Foreign Exchange (cash + gold)	External Banks' Deposits	Use of Fund Credit	Total Net Foreign Assets of Central Bank	Reserve Position in IMF	Other Holdings	Total Reserves of Central Government	
2012	596	478,334	11,653	76,814	390,417	1,719	110	1,829	480,759
2013	1,369	532,041	10,377	92,333	430,700	1,765	127	1,892	535,302
2014	1,179	701,390	10,602	86,159	605,808	1,743	118	1,861	704,430
2015									
January	513	682,582	14,395	84,185	584,515	1,692	114	1,805	684,900
February	3,411	688,455	18,339	83,802	589,725	1,767	122	1,888	693,754
March	3,370	680,534	18,565	82,968	582,371	1,805	125	1,930	685,835
April	2,991	678,626	19,554	86,153	575,910	1,842	129	1,972	683,589
May	2,562	684,202	19,076	87,534	580,153	1,899	133	2,032	688,795
June	4,385	678,775	17,260	87,433	578,466	1,936	134	2,070	685,229
July	4,528	677,608	19,506	90,111	572,519	1,936	134	2,070	684,206
August	4,618	683,498	20,375	91,894	575,847	1,936	134	2,070	690,185
September	4,670	659,106	19,898	93,148	550,730	1,936	134	2,070	665,846
October	3,946	715,338	19,195	89,084	611,006	1,936	134	2,070	721,354
November	3,373	702,327	19,591	90,732	595,377	1,936	134	2,070	707,770
December	1,489	739,257	17,876	86,288	636,583	1,936	134	2,070	742,816
2016									
January	2,049	734,346	17,701	86,012	632,682	1,875	122	1,997	738,392
February	2,024	744,106	18,953	85,581	641,596	1,865	118	1,983	748,114
March	1,958	769,025	20,959	86,961	663,063	1,896	121	2,017	773,000
April	1,429	785,325	12,895	86,828	687,031	1,904	123	2,027	788,781
May	3,853	779,935	10,654	85,492	687,643	1,875	123	1,998	785,786
June	1,923	814,419	14,169	83,172	719,001	1,878	114	1,992	818,334
July	1,914	801,097	14,782	83,085	705,144	1,876	111	1,987	804,998
August	4,044	790,845	15,652	83,109	696,127	1,876	111	1,987	796,876
September	4,028	796,847	14,623	82,203	704,048	1,877	110	1,987	802,862
October	3,438	784,913	12,027	80,548	695,776	1,851	103	1,954	790,305
November	2,886	757,420	16,439	79,182	664,685	1,831	106	1,937	762,243
December	3,747	730,784	14,210	77,196	643,125	1,843	104	1,947	736,479

Source: Central Bank of Kenya

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

Foreign Exchange Rates

7.29. The overall trade weighted index deteriorated marginally from 114.3 in 2015 to 114.8 in 2016, as presented in Table 7.13. The Kenyan Shilling depreciated against the Japanese Yen, US Dollar, UAE Dirham and Euro by 15.3, 3.4, 3.4 and 3.1 per cent, respectively, in 2016. However, it strengthened against the South African Rand, Pound Sterling, Chinese Yuan and Indian Rupee by 10.3, 8.3, 2.1 and 1.2 per cent, respectively, in 2016. The Kenyan Shilling remained stable within the EAC, gaining against the Rwandese Franc, Tanzanian Shilling and Ugandan Shilling by 6.2, 3.9 and 2.2 per cent, respectively, in 2016.

Table 7.13: Foreign Exchange Rates of the Kenya Shilling for Selected Currencies, 2012-2016

Currency	Annual Av. 2012	Annual Av. 2013	Annual Av. 2014	Annual Av. 2015	Annual Av. 2016*
1 Euro[1]	108.73	114.41	116.84	108.96	112.33
1 US Dollar	84.53	86.12	87.92	98.18	101.50
1 Pound Sterling	134.00	134.75	144.88	150.17	137.66
1 UAE Dirham	23.01	23.45	23.94	26.73	27.64
1 Indian Rupee	1.59	1.48	1.44	1.53	1.51
1 Chinese Yuan	13.40	14.01	14.27	15.62	15.29
1 SA Rand	10.31	8.95	8.10	7.72	6.93
100 Japanese Yen	106.01	88.43	83.26	81.12	93.55
1 Saudi Riyal	22.54	22.97	23.44	26.17	27.06
1 Egyptian Pound[2]	13.93	12.53	12.41	12.77	10.14
TSh/KSh	18.78	18.79	18.93	20.73	21.54
1 Pakistan Rupee[2]	0.91	0.85	0.87	0.96	0.98
1 Swedish Kroner	12.50	13.22	12.88	11.65	11.87
1 Swiss Franc	90.22	92.96	96.18	102.04	103.04
USh/KSh	29.62	30.06	29.55	32.94	33.68
1 Congolese Franc	0.09	0.09	0.10	0.11	0.11
Rwanda Francs/KSh[2]	7.21	7.55	7.79	7.09	7.53
Overall Weighted Index 2009=100	**108.82**	**107.12**	**108.10**	**114.30**	**114.83**

Source: Central Bank of Kenya

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

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

* Provisional

Agriculture

08 Chapter

Overview

Growth in agriculture value added decelerated from a revised 7.2 per cent in 2015 to 4.4 per cent in 2016 occasioned by insufficient rains during the short rains period. Maize production declined from 42.5 million bags in 2015 to 37.1 million bags in 2016. Sugarcane production reduced from 7.2 million tonnes in 2015 to 7.1 million tonnes in 2016. Tea and coffee production increased by 18.5 per cent and 10.8 per cent to 473.0 thousand tonnes and 46.1 thousand tonnes, respectively in 2016. The volume of fresh horticultural exports increased by 9.4 per cent from 238.7 thousand tonnes in 2015 to 261.2 thousand tonnes in 2016. Marketed milk production increased by 5.6 per cent to 650.3 million litres.

8.2. The value of marketed agriculture production increased by 10.3 per cent from KSh 373.5 billion in 2015 to KSh 412.0 billion in 2016. Value of tea production declined by 1.6 per cent from KSh 118.4 billion in 2015 to KSh 116.5 billion in 2016 due to lower market prices, while value of marketed coffee increased by 33.9 per cent from KSh 12.1 billion in 2015 to KSh 16.2 billion in 2016. The value of marketed milk increased by 8.5 per cent from KSh 21.2 billion in 2015 to KSh 23.0 billion in 2016. Earnings from marketed maize and wheat reduced by 7.2 per cent and 2.1 per cent respectively in 2016 while those from fresh horticulture exports increased by 12.3 per cent from KSh 90.4 billion in 2015 to KSh 101.5 billion in 2016.

Agriculture Output and Input

8.3. Table 8.1 and Figure 8.1 show agriculture output, intermediate consumption and value added at current and constant prices from 2012 to 2016. Output and intermediate consumption at current prices increased by 23.0 per cent to KSh 2,566.3 billion and 16.5 per cent to KSh 356.9 billion, respectively in 2016. Consequently, value added at current prices increased by 24.1 per cent from KSh 1,781.0 billion in 2015 to KSh 2,209.4 billion in 2016. Output and intermediate consumption at constant prices increased by 4.8 per cent to KSh 1,096.3 billion and 6.3 per cent to KSh 221.5 billion, respectively in 2016. Value added at constant prices increased by 4.4 per cent from KSh 837.7 billion in 2015 to KSh 874.8 billion in 2016.

Table 8.1: Agricultural Output and Input[1], 2012 - 2016

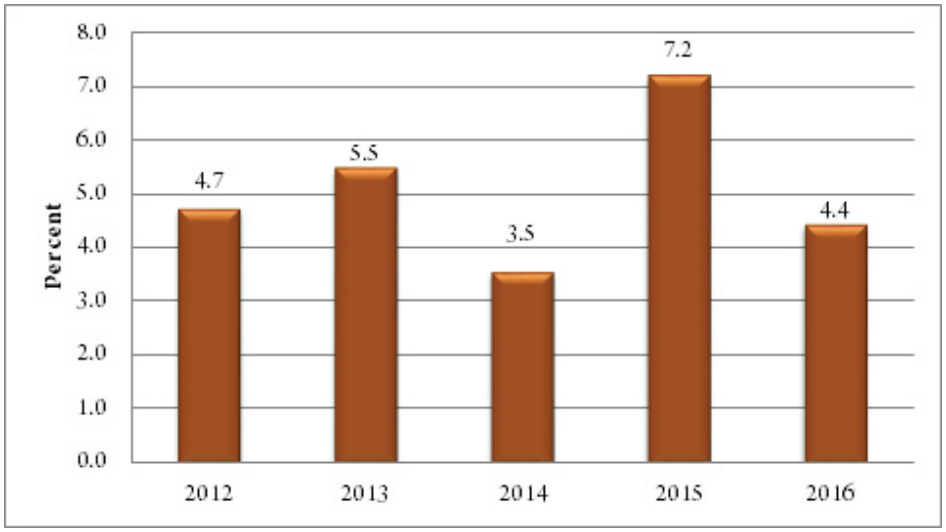
KSh Million

	2012	2013	2014	2015	2016*
PRODUCTION AT CURRENT PRICES					
Output at basic prices	1,239,711	1,389,058	1,639,530	2,087,384	2,566,348
Intermediate consumption	211,347	235,791	267,570	306,363	356,937
Value added at basic prices, gross	1,028,364	1,153,268	1,371,960	1,781,021	2,209,411
PRODUCTION CONSTANT PRICES					
Output	887,605	936,928	983,176	1,046,190	1,096,297
Intermediate consumption	170,841	181,027	193,542	208,457	221,512
Gross Value Added	716,758	755,901	789,634	837,733	874,785

* Provisional

[1] Excludes forestry and fishing

Figure 8.1: Agricultural Gross Value Added Growth Rate, 2012 - 2016



Marketed Production

8.4. Table 8.2 presents value of marketed production for both crops and livestock from 2012 to 2016. The value of marketed agricultural production increased from KSh 373.5 billion in 2015 to KSh 412.0 billion in 2016. Value of marketed crops accounted for 69.7 per cent of overall marketed agricultural production in 2016.

8.5. Value of fresh horticultural exports increased by 12.3 per cent from KSh 90.4 billion in 2015 to KSh 101.5 billion in 2016. Cutflowers accounted for 69.8 per cent of the value of horticulture exports. Earnings from marketed tea declined by 1.6 per cent to KSh 116.5 billion due to lower prices of the commodity. Value of marketed sugarcane increased by 6.7 per cent from KSh 22.4 billion in 2015 to KSh 23.9 billion in 2016 while that of marketed coffee increased by 33.9 per cent from KSh 12.1 billion in 2015 to KSh 16.2 billion in 2016. Improved prices of sugarcane and coffee, coupled with increased marketed volumes for coffee resulted in the increased earnings. Value of marketed maize declined by 7.2 per cent to KSh 7.9 billion in 2016 while the value of marketed wheat declined by 2.1 per cent to KSh 8.0 billion in 2016.

Table 8.2: Marketed Agricultural Production at Current Prices, 2012 - 2016

KSh Million

	2012	2013	2014	2015	2016*
CEREALS-					
Maize	13,153.0	10,121.1	9,604.4	8,506.0	7,891.2
Wheat	5,612.8	6,926.1	7,618.0	8,198.2	8,028.1
Others	5,721.2	7,555.3	7,720.8	7,488.5	7,266.2
Total	**24,487.0**	**24,602.6**	**24,943.2**	**24,192.7**	**23,185.4**
HORTICULTURE[1]-					
Cut flowers	64,962.6	55,975.7	59,893.1	62,937.5	70,829.5
Vegetables	20,225.4	22,923.3	18,780.6	20,939.5	23,366.8
Fruits	4,680.0	4,482.5	5,410.6	6,561.8	7,317.3
Total	**89,868.0**	**83,381.5**	**84,084.3**	**90,438.8**	**101,513.5**
TEMPORARY INDUSTRIAL CROPS					
Sugar-cane	21,676.2	24,583.4	20,294.5	22,397.1	23,917.2
Pyrethrum	17.0	52.6	61.1	51.0	37.9
Others	1,706.1	952.7	1,438.9	1,516.8	1,470.4
Total	**23,399.3**	**25,588.7**	**21,794.5**	**23,964.9**	**25,425.5**
PERMANENT CROPS-					
Coffee	15,375.2	10,910.2	16,634.4	12,074.7	16,192.3
Tea	100,262.3	94,722.0	84,854.6	118,391.2	116,547.3
Sisal	2,915.3	2,810.8	2,944.8	3,595.0	4,176.8
Total	**118,552.7**	**108,443.0**	**104,433.7**	**134,060.9**	**136,916.3**
TOTAL CROPS	**256,307.1**	**242,015.7**	**235,255.7**	**272,657.4**	**287,040.8**
LIVESTOCK AND PRODUCTS-					
Cattle and Calves	54,140.6	58,237.0	59,272.8	66,216.7	84,701.2
Milk	15,415.9	16,776.7	18,785.0	21,205.4	23,020.1
Chicken and eggs	6,482.2	7,086.4	7,440.7	6,005.9	8,788.4
Others	12,266.7	10,727.3	12,490.7	7,416.7	8,489.3
Total	**88,305.3**	**92,827.4**	**97,989.2**	**100,844.7**	**124,999.0**
GRAND TOTAL	**344,612.4**	**334,843.1**	**333,245.0**	**373,502.1**	**412,039.8**

* Provisional.

[1] Refers to fresh horticultural exports

8.6. Quantum and price indices for marketed agricultural produce are presented in Table 8.3. Quantum index for cereals declined by 7.4 per cent to 95.8 in 2016 while the price index increased by 2.0 per cent to 213.4 in 2016. The increase in price index was mainly due to reduced supply of the commodity in the market. Maize imports declined from 480.1 thousand tonnes in 2015 to 148.6 thousand tonnes in 2016. Rice imports increased by 14.8 per cent from 442.7 thousand tonnes in 2015 to 508.0 thousand tonnes in 2016. The quantum index for temporary industrial crops increased from 165.9 in 2015 to 172.4 in 2016. The price index for temporary industrial crops increased from 159.7 in 2015 to 169.7 in 2016 due to improved prices offered to farmers for sugarcane. The quantum index for permanent crops increased from 123.9 in 2015 to 146.3 in 2016. The price index for permanent crops declined from 243.2 in 2015 to 216.9 in 2016, attributable to lower prices offered for marketed tea compared to the previous year.

Table 8.3: Volume and Price Indices of Recorded Sales of Agricultural Production, 2012 - 2016

Base: 2001=100

		2012	2013	2014	2015	2016*
QUANTUM INDICES	Cereals	104.2	98.7	100.4	103.5	95.8
	Temporary Industrial Crops	146.2	160.9	157.9	165.9	172.4
	Horticulture	223.2	230.7	237.6	251.8	277.1
	Permanent Crops	119.6	135.4	140.1	123.9	146.3
	TOTAL CROPS	**131.4**	**145.7**	**146.4**	**143.5**	**160.3**
	Livestock and Products	260.1	262.5	263.3	289.9	328.7
	TOTAL	**194.3**	**201.6**	**203.5**	**215.0**	**242.5**
PRICE INDICES	Cereals	227.5	224.1	228.6	209.3	213.4
	Temporary Industrial Crops	167.9	179.5	161.3	159.7	169.7
	Horticulture	165.3	151.3	146.3	148.9	151.7
	Permanent Crops	218.9	179.7	174.4	243.2	216.9
	TOTAL CROPS	**190.3**	**166.7**	**163.0**	**197.9**	**184.1**
	Livestock and Products	261.2	279.5	297.5	298.3	321.7
	TOTAL	**224.9**	**212.9**	**228.7**	**246.9**	**252.2**

* Provisional.

8.7. Average gross commodity prices paid to farmers for various products are presented in Table 8.4. Tea prices declined by 16.6 per cent from KSh 29,656.27 per 100 Kilogramme in 2015 to KSh 24,732.35 per 100 Kilogramme in 2016. Coffee prices paid to farmers improved by 8.9 per cent from KSh 37,480.02 per 100 Kilogramme in 2015 to KSh 40,815.54 per 100 Kilogramme in 2016. Maize, wheat, sugarcane, pyrethrum, milk, beef and pork recorded improved prices in 2016 compared to 2015.

Table 8.4: Average Gross Commodity Prices[1] to Farmers, 2012 - 2016

KSh per Unit

	UNIT	2012	2013	2014	2015	2016*
Coffee	100 Kg	33,387.29	28,409.58	39,185.89	37,480.02	40,815.54
Tea	100 Kg	27,130.04	21,903.43	19,063.96	29,656.27	24,732.35
Sisal	100 Kg	10,461.70	10,817.84	11,122.13	16,924.71	19,463.38
Sugar-cane	Tonne	3,792.00	3,685.00	3,133.00	3,125.00	3,340.00
Pyrethrum (Pyrethrin equivalent)	Kg	12,626.40	12,626.17	16,871.76	12,570.82	12,906.70
Seed Cotton	100 Kg	4,000.00	4,200.00	4,200.00	4,200.00	4,200.00
Maize	100 Kg	3,396.00	3,133.16	3,318.49	2,870.08	2,968.80
Wheat	100 Kg	3,622.31	3,744.85	3,495.34	3,561.62	3,718.40
Beef (third grade)	100 Kg	20,977.97	26,000.00	27,500.00	30,510.49	35,904.54
Pig meat	100 Kg	18,175.59	18,427.38	20,268.93	21,266.71	22,666.04
Milk	100 Litres	2,650.00	3,100.00	3,470.00	3,443.00	3,543.00

* Provisional.

[1] Prices refer to the calendar year and may differ from those based on crop years. For tea and coffee , the prices are for black tea and coffee beans, respectively.

8.8. Table 8.5 shows recorded sales of agricultural produce from large and small farms for the period 2012 to 2016. Total recorded sales in agricultural production increased by 10.3 per cent from KSh 373.5 billion in 2015 to KSh 412.0 billion in 2016. Value of output from large farms increased by 9.9 per cent to KSh 111.3 billion in 2016, while sales from small farms expanded from KSh 272.3 billion in 2015 to KSh 300.8 billion in 2016.

Table 8.5: Recorded Sale of Produce from Large and Small Farms, 2012 - 2016

Year	Large Farms+		Small Farms		Total		Percentage
	KSh Million	Annual Percentage change	KSh Million	Annual Percentage change	KSh Million	Annual Percentage change	Share of Small Farms
2012	93,866.7	0.7	250,724.8	5.1	344,612.4	3.9	72.8
2013	90,375.1	(3.7)	244,468.0	(2.5)	334,843.1	(2.8)	73.0
2014	89,642.9	(0.8)	243,602.1	(0.4)	333,245.0	(0.5)	73.1
2015	101,219.0	12.9	272,283.0	11.8	373,502.0	12.1	72.9
2016*	111,250.7	9.9	300,789.0	10.5	412,039.7	10.3	73.0

* Provisional

+ Large farms: 20 hectares and above

8.9. Quantum and price indices for purchased farm inputs are shown in Table 8.6. The quantum index for fertilizers increased by 14.4 per cent in 2016. The reduction was due to lower international prices for fertilizer during the year. The quantum index for fuel and power increased by 16.4 per cent while the price index reduced by 2.4 per cent in 2016 consistent with lower crude oil prices in the international market. The quantum and price indices of manufactured feeds increased by 4.2 per cent and 3.4 per cent, respectively in 2016. The price index for purchased seeds increased by 9.1 per cent to 159.4 in 2016. The overall inputs quantum index increased by 0.7 per cent to 304.7 while inputs price index reduced marginally by 1.1 per cent to 196.6 in 2016.

Table 8.6: Quantum and Price Indices for Purchased Inputs, 2012 - 2016

Base: 2001=100

		2012	2013	2014	2015	2016*
Quantum Indices	Fertilizers	106.0	114.5	180.1	245.0	280.4
	Fuel and Power	68.7	84.1	101.1	106.2	123.6
	Bags	77.4	72.7	54.2	54.7	55.2
	Manufactured Feeds+	304.4	364.8	381.6	398.5	415.3
	Purchased Seeds	120.2	118.7	206.3	210.5	158.9
	Other Material Inputs	137.1	149.3	152.7	151.5	179.0
	All Material Inputs	**169.4**	**181.7**	**176.7**	**177.5**	**179.0**
	Service Inputs	213.5	217.2	369.5	320.5	373.0
	TOTAL INPUTS	**146.4**	**167.4**	**253.4**	**302.6**	**304.7**
Price Indices-	Fertilizers	259.8	250.5	230.7	231.1	197.8
	Fuel and Power	230.9	232.0	179.2	126.3	123.3
	Bags	154.0	187.2	228.4	241.4	277.6
	Manufactured Feeds	203.0	260.4	226.9	244.3	252.7
	Purchased Seeds	100.8	116.4	131.5	146.1	159.4
	Other Material Inputs	155.7	166.0	173.4	201.3	196.5
	All Material Inputs	**191.4**	**208.1**	**189.4**	**185.9**	**184.7**
	Service Inputs	198.5	216.4	206.3	234.7	241.8
	TOTAL INPUTS	**193.3**	**212.5**	**191.3**	**198.9**	**196.6**

* Provisional

+ Revised

8.10. Table 8.7 shows expenditure on purchased agricultural inputs covering the period 2012 to 2016. The aggregated expenditure on farm inputs sold increased by 11.9 per cent to KSh 58.0 billion in 2016. Fuel and power accounted for the largest share of expenditure at 29.6 per

cent in 2016. Electricity sales to the agricultural sector increased by 51.2 per cent to 1,078.4 kilowatt hours in 2016. Purchases of fertilizer and manufactured feeds accounted for 24.0 per cent and 14.9 per cent of total farm inputs sold, respectively.

Table 8.7: Value of Purchased Agricultural Inputs[1], 2012 - 2016

KSh Million

	2012	2013	2014	2015	2016*
MATERIAL INPUTS-					
Fertilizers	7,737.6	8,898.2	11,817.9	12,172.4	13,930.7
Crop chemicals	4,514.3	4,477.8	4,337.6	4,771.4	5,572.3
Livestock drugs and medicines	2,289.3	2,988.4	2,688.3	3,606.6	4,179.2
Fuel and power	10,607.9	12,204.7	15,115.1	14,414.7	17,170.3
Bags	290.3	110.6	121.9	128.8	130.2
Manufactured feeds+	5,031.6	6,192.2	7,073.2	7,983.5	8,628.3
Purchased Seeds	3,573.8	3,704.2	4,395.2	4,483.1	3,384.9
Other material inputs	748.2	924.8	1,030.8	1,197.0	1,414.0
Total	34,792.9	39,501.0	46,580.0	48,757.5	54,409.8
SERVICE INPUTS	1,745.9	2,158.1	2,709.7	3,082.6	3,588.0
TOTAL INPUTS	**36,538.8**	**41,659.1**	**49,289.7**	**51,840.1**	**57,997.8**

*Provisional.

[1]Excluding labour.

8.11. Price and terms of trade indices are presented in Table 8.8. Terms of trade in agriculture deteriorated from 50.2 in 2015 to 49.3 in 2016. Agricultural price index increased by 4.1 per cent in 2016 largely due to increased prices of consumer goods. The price index for purchased inputs however declined slightly from 198.9 in 2015 to 196.6 in 2016.

Table 8.8: Price and Terms of Trade Indices for Agriculture, 2012 - 2016

Base: 2001=100

	2012	2013	2014	2015	2016*
General Index of Agricultural Output Prices	148.6	140.4	150.9	162.9	166.4
Index of Prices Paid	281.0	301.4	306.0	324.3	337.6
Purchased Inputs	193.3	212.5	191.3	198.9	196.6
Index of Purchased Consumer Goods-Rural Areas	368.6	390.3	420.7	449.7	478.6
Agricultural Sector Terms of Trade	52.9	46.6	49.3	50.2	49.3

* Provisional

Crops

8.12. Table 8.9 presents production quantities for the main food crops grown in the country. Production for all basic commodities decreased in 2016 compared to 2015. Maize production decreased mainly due to lower volume of rainfall, high cost of farm inputs and the residual effects of Maize Lethal Necrosis Disease (MLND). Production of beans decreased by 4.7 per cent from 8.5 million bags in 2015 to 8.1 million bags in 2016. During the period under review, production of potatoes and sorghum decreased by 35.0 per cent and 38.1 per cent, respectively.

Table 8.9: Estimated Production of Selected Agricultural Commodities, 2012 – 2016

CROP	Unit	2012	2013	2014	2015	2016*
Maize	Million bags	41.9	40.7	39.0	42.5	37.1
Beans	"	6.8	7.9	6.8	8.5	8.1
Potatoes	Million tonne	1.5	2.1	2.3	2.0	1.3
Sorghum	Million bags	1.9	1.7	1.9	2.1	1.3
Millet	"	0.8	1.4	1.4	1.1	0.6

Source: Ministry of Agriculture, Livestock and Fisheries

* Provisional

8.13. Table 8.10 shows the retail market prices for selected food crops for the months of March and September from 2012 to 2016. Prices of most of the selected crops registered slight variations except for potatoes which recorded 14.8 per cent rise from KSh 34.46 per Kilogramme in March 2015 to KSh 39.56 per Kilogramme in March 2016. Maize recorded higher prices in the month of September 2016 compared to the same period in the previous year.

Table 8.10: Retail Market Prices for Selected Food Crops, 2012 – 2016

KSh per Kg

CROP	2012		2013		2014		2015		2016	
	Mar	Sept	Mar	Sept	Mar	Sept	Mar	Sept	Mar	Sept
Maize	39.6	40.51	38.01	35.38	38.24	35.47	33.19	33.77	33.92	35.10
Beans	74.6	71.82	74.11	68.18	77.16	74.67	77.56	77.08	76.74	74.36
Finger Millet	75.26	74.22	76.06	75.96	78.90	79.29	83.71	88.86	84.03	84.62
Sorghum	53.42	54.03	53.47	42.1	54.07	54.01	55.51	53.60	54.36	52.58
Potatoes	39.13	33.05	32.07	29.06	31.20	30.33	34.46	34.11	39.56	38.91
Cabbages	33.54	28.56	23.99	28.19	24.67	24.75	38.86	22.17	25.71	31.73
Tomatoes	57.66	43.41	56.24	41.74	58.70	68.11	68.09	55.03	70.23	52.60
Bananas	40.13	38.7	39.01	34.98	42.50	42.46	37.26	37.46	37.36	41.82

8.14. Table 8.11 shows recorded sale of selected crops from 2012 to 2016. The quantity of maize sold declined by 10.0 per cent to 265.8 thousand tonnes in 2016. Quantity of sugarcane deliveries to millers decreased from 7.2 million tonnes in 2015 to 7.1 million tonnes in 2016. Sales of rice paddy reduced by 12.8 per cent to 38.1 thousand tonnes in 2016. Volume of coffee and tea sold increased by 23.3 per cent and 18.5 per cent to 39.7 thousand tonnes and 473.0 thousand tonnes, respectively in the year under review.

Table 8.11: Recorded Sale of Selected Crops, 2012 - 2016

CROP	UNIT	2012	2013	2014	2015	2016*
Maize[1]	'000 Tonnes	387.3	316.4	289.4	295.3	265.8
Wheat[2]	'000 Tonnes	155.0	185.0	218.0	227.3	215.9
Coffee	'000 Tonnes	46.1	38.4	42.5	32.2	39.7
Tea	'000 Tonnes	369.4	432.4	445.1	399.1	473.0
Cotton[2]	'000 Tonnes	11.8	7.2	1.5	15.7	15.8
Sugar-cane[2]	Million Tonnes	5.7	6.7	6.5	7.2	7.1
Pyrethrum (extract equivalent)	Tonnes	1.0	4.2	3.6	3.7	3.3
Sisal	'000 Tonnes	27.8	26.0	23.1	21.2	21.5
Rice Paddy[2]	'000 Tonnes	40.3	43.6	46.2	43.7	38.1

* Provisional.

[1] Includes purchases by National Cereals and Produce Board and millers.

[2] Deliveries to factories/ginneries.

8.15. **Wheat:** Table 8.12 presents annual production and imports of wheat from 2012 to 2016. Wheat production reduced by 6.8 per cent to 222.4 thousand tonnes in 2016. Wheat imports decreased by 4.2 per cent from 1,421.8 thousand tonnes in 2015 to 1,362.3 thousand tonnes in 2016.

Table 8.12: Production and Imports of Wheat, 2012 - 2016

'000 Tonnes

YEAR	PRODUCTION[1]	IMPORTS	TOTAL
2012	162.7	1,044.8	1,207.5
2013	194.5	1,033.1	1,227.6
2014	228.9	1,225.7	1,454.6
2015	238.6	1,421.8	1,660.4
2016*	222.4	1,362.3	1,584.7

* Provisional.

[1]Includes retention for seed.

8.16. **Coffee:** Area, production and average yield of coffee by type of grower for the crop year s 2011/12 to 2015/16 is as shown in Table 8.13. Area under coffee production increased by 500 hectares to 114.0 thousand hectares in 2015/16. Coffee production increased by 9.8 per cent from 42.0 thousand tonnes in 2014/15 to 46.1 thousand tonnes in 2015/16. Production by co-operatives and estates increased by 13.2 per cent and 3.4 per cent to 30.8 thousand tonnes and 15.3 thousand tonnes, respectively. This increase in production may be as a result of the Government's intervention of providing subsidized fertilizer and partly due to bi-annual cyclic production, where a good year of harvest is followed by reduced harvest in the following year. The average yield for co-operatives increased by 10.0 per cent while that of estates decreased by 0.7 per cent in the 2015/16 period.

Table 8.13: Production, Area and Average Yield[+] of Coffee by Type of Grower, 2011/12 - 2015/16

	2011/12	2012/13	2013/14	2014/15	2015/16*
AREA ('000 Ha)					
Co-operatives	85.2	85.2	85.3	87.8	88.2
Estates	24.6	24.6	24.7	25.7	25.8
TOTAL	**109.8**	**109.8**	**110.0**	**113.5**	**114.0**
PRODUCTION ('000 Tonnes)					
Co-operatives	27.0	21.9	32.7	27.2	30.8
Estates	22.0	17.9	16.8	14.8	15.3
TOTAL	**49.0**	**39.8**	**49.5**	**42.0**	**46.1**
AVERAGE YIELD (Kg/Ha)[1]					
Co-operatives	316.9	257.0	383.8	318.9	350.8
Estates	894.3	727.6	682.9	599.2	595.3

Source: Agriculture and Food Authority, Coffee Directorate

* Provisional

[1] Obtained by diving current production by previous year's acreage

[+] Revised

8.17. **Tea:** Table 8.14 shows the annual performance of tea from 2012 to 2016. Area under tea increased by 4.3 per cent to 218.5 thousand hectares in 2016. Tea production increased by 18.5 per cent to 473.0 thousand tonnes in 2016. Tea production by small holder growers increased by 11.8 per cent from 237.6 thousand tonnes in 2015 to 265.6 thousand tonnes in 2016. Output within the tea estates recorded an increase of 28.3 per cent from 161.6 thousand tonnes in 2015 to 207.4 thousand tonnes recorded in 2016. The average yield increased from 2,459.7 Kilogrammes per hectare in 2015 to 2,908.8 Kilogrammes per hectare in 2016 for the tea estates and from 1,900.8 Kilogrammes per hectare in to 2,084.8 Kilogrammes per hectare in for the small holder tea producers.

Table 8.14: Production, Area and Average Yield of Tea by Type of Grower, 2012 - 2016

	2012	**2013**	**2014**	**2015**	**2016***
AREA ('000 Ha)					
Smallholders	125.0	127.4	128.6	134.2	138.4
Estates	65.7	71.3	74.4	75.2	80.2
TOTAL	**190.6**	**198.6**	**203.0**	**209.4**	**218.5**
PRODUCTION ('000 Tonnes)					
Smallholders	218.6	249.8	262.4	237.6	265.6
Estates	151.0	182.6	182.7	161.6	207.4
TOTAL	**369.4**	**432.4**	**445.1**	**399.1**	**473.0**
AVERAGE YIELD (Kg/Ha)[1]					
Smallholders	2,037.7	2,172.0	2,126.8	1,900.8	2,084.8
Estates	2,953.1	3,209.8	2,833.7	2,459.7	2,908.8

Source: Agriculture and Food Authority, Tea Directorate

* Provisional

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

8.18. **Sugarcane**: Sugarcane production from 2012 to 2016 is as shown in Table 8.15. Area under cane decreased by 2,607 hectares from 223,605 hectares in 2015 to 220,998 hectares in 2016. Area harvested increased by 11.6 per cent while total cane deliveries decreased by 70.2 thousand tonnes in 2016. The deliveries were lower despite a larger surface being harvested

due to low cane yields in 2016 ascribed to inadequate rainfall and harvesting of young cane. Consequently, there was a decrease in average yield compared to 2015.

Table 8.15: Planted Area, Area Harvested, Production and Average Yield of Sugarcane, 2012 - 2016

	2012	2013	2014	2015	2016*
Area under cane (Ha).....	204,074	213,920	211,342	223,605	220,998
Area harvested (Ha)[1].....	87,340	85,857	72,180	77,830	86,876
Production (Tonnes)[2].....	5,823,964	6,673,725	6,409,929	7,164,790	7,094,619
Of which from Nucleus and contracted farms.....	4,454,340	4,693,802	4,432,574	5,168,690	5,442,781
Average yield (Tonnes/Ha)[1].....	51.00	54.67	61.41	66.41	62.65

Source: Agriculture and Food Authority, Sugar Directorate

* Provisional

[1]Based on area harvested and production from contracted farmers only

[2]Production includes contracted and non-contracted farmers

8.19. Table 8.16 shows domestic sugar production, imports and exports from 2012 to 2016. Total sugar production increased by 0.6 per cent from 635.7 thousand tonnes in 2015 to 639.7 thousand tonnes in 2016. Sugar imports increased by 35.0 per cent from 247.4 thousand tonnes in 2015 to 334.1 thousand tonnes in 2016.

Table 8.16: Production, Imports and Exports of Sugar, 2012 - 2016

'000 Tonnes

YEAR	PRODUCTION	IMPORTS	EXPORTS
2012.....	493.9	238.6	0.4
2013.....	600.2	238.0	0.1
2014.....	592.7	192.1	0.4
2015.....	635.7	247.4	0.1
2016*.....	639.7	334.1	0.1

Source: Agriculture and Food Authority, Sugar Directorate

*Provisional

8.20. **Horticulture:** Table 8.17 shows the quantities and values of fresh horticultural exports for the last five years. Volume and value of fresh horticultural exports has continued to increase for the last 3 years. In 2016, the volume of horticultural exports increased by 9.4 per cent from 238.7 thousand tonnes in 2015 to 261.2 thousand tonnes in 2016. Exports of fresh vegetables went up by 13.1 per cent from 69.7 thousand tonnes to 78.8 thousand tonnes. Exports of cut flowers and fresh fruits over the same period increased by 8.9 per cent and 5.4 per cent respectively.

8.21. Value of fresh horticultural exports increased by 12.3 per cent to KSh 101.5 billion in 2016 on account of improved prices for horticultural produce in the international market. Earnings from exports of fresh fruits and vegetables increased by 10.6 per cent and 12.0 per cent, respectively.

Table 8.17: Exports of Fresh Horticultural Produce[1], 2012 - 2016

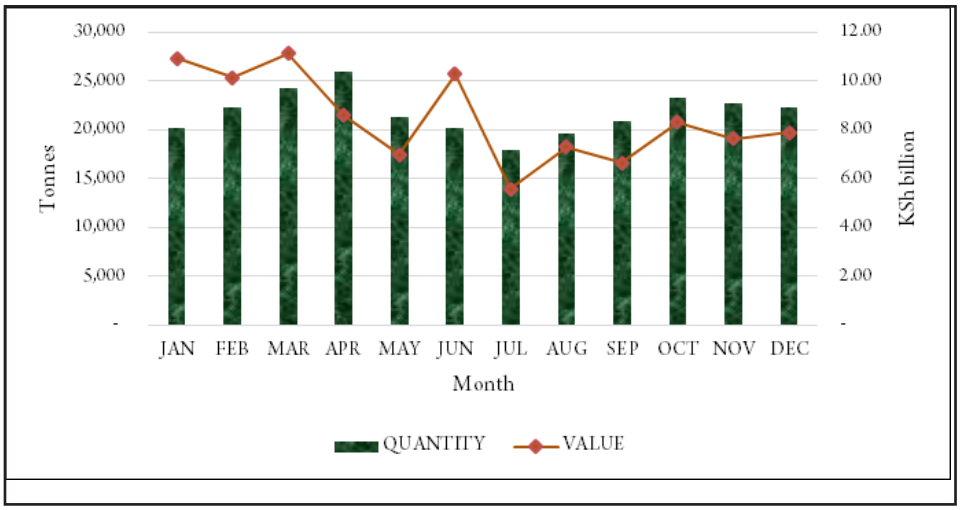
YEAR	CUT FLOWERS		FRUITS		VEGETABLES		TOTAL	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
	000 Tonnes	KSh Billion	000 Tonnes	KSh Billion	000 Tonnes	KSh Billion	'000 Tonnes	KSh Billion
2012	108.3	65.0	31.1	4.7	66.4	20.2	205.7	89.9
2013	105.6	56.0	31.1	4.8	77.2	22.9	213.8	83.7
2014	114.8	59.9	35.1	5.4	70.3	18.8	220.2	84.1
2015	122.8	62.9	46.2	6.6	69.7	20.9	238.7	90.4
2016*	133.7	70.8	48.7	7.3	78.8	23.4	261.2	101.5

Source: Agriculture and Food Authority, Horticulture Crops Directorate

* Provisional

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

Figure 8.2: Monthly Performance of Fresh Horticultural Exports, 2016



8.22. Figure 8.2 presents the monthly quantity and value of horticultural exports for 2016. The highest quantity of horticultural exports of over 25.0 thousand tonnes were made in the month of April 2016. Quantity of horticultural exports were above 20.0 thousand tonnes for all months except in July and August. Earnings from horticulture were higher in the first half of 2016.

8.23. **Rice:** Rice production from various irrigation schemes is shown in Table 8.18. Area under rice increased by 4.2 per cent from 13,998 hectares in 2014/15 to 14,586 hectares in 2015/16 while the number of plot holders remained the same at 13,055. Paddy production declined by 12.9 per cent from 116.5 thousand tonnes in 2014/15 to 101.5 thousand tonnes in 2015/16. This was precipitated by the dry weather conditions resulting in insufficient water for irrigation in the rice growing areas. Value of rice produced declined by 14.9 per cent from KSh 6.7 billion in 2014/15 to KSh 5.7 billion in 2015/16. Payment to farmers for rice produce reduced from KSh 5.5 billion in 2014/15 to KSh 4.6 billion in 2015/16.

Table 8.18: Production of Rice in Irrigation Schemes, 2011/12 - 2015/16

	2011/12	2012/13	2013/14	2014/15	2015/16*
MWEA-					
Area cropped-Hectares	10,629	10,629	10,629	10,629	10,629
Plot-holders-Number	7,178	7,178	7,178	7,178	7,178
Gross value of output-KSh Million	2,970	3,880	3,872	5,727	4,726
Payments to plot-holders-KSh Million	2,197	2,793	2,522	4,780	3,938
ALL SCHEME AREAS-					
Area cropped-Hectares	21,101	18,600	19,411	13,998	14,586
Plot-holders-Number	15,828	15,828	15,828	13,055	13,055
Gross value of output-KSh Million	4,932	4,347	4,536	6,717	5,673
Payments to plot-holders-KSh Million	3,637	3,205	3,345	5,508	4,591
CROPS PRODUCED - Tonnes					
Mwea-Paddy	54,000	64,672	70,416	91,624	78,760
Ahero-Paddy	7,484	8,326	7,405	7,942	6,494
W.Kano-Paddy	5,994	5,165	4,345	2,039	4,634
Bunyala-Paddy	4,666	4,278	4,289	4,600	4,522
South West Kano- Paddy	8,100	8,262	9,574	10,268	7,100
TOTAL PADDY	**80,244**	**90,703**	**96,029**	**116,473**	**101,510**

Source: National Irrigation Board

* Provisional

8.24. **Dairy Produce:** Table 8.19 shows the quantity of marketed dairy products from 2012 to 2016. The quantity of marketed and processed milk increased by 5.6 per cent and 3.2 per cent to 650.3 million litres and 451.7 million litres respectively, in 2016 . However, production of butter and ghee, and cheese decreased by 12.6 per cent and 24.9 per cent, respectively in 2016.

8.25. **Livestock Slaughtered:** Number of selected livestock slaughtered in the last five years are shown in Table 8.19. In 2016, number of cattle slaughtered increased by 8.2 per cent to 2,460.2 thousand heads. Number of goats and sheep slaughtered increased by 25.3 per cent to 8,220.2 thousand heads.

Table 8.19: Livestock Slaughtered and Dairy Products, 2012 - 2016

	UNIT	2012	2013	2014	2015	2016*
RECORDED MILK PRODUCTION.....	Mn. Litres	495.2	523.0	540.0	615.9	650.3
MILK PROCESSED:						
Milk and cream.....	Mn. Litres	331.6	406.7	419.6	437.9	451.7
Butter and ghee	Tonnes	1,800.7	1,231.0	1,444.5	1,646.4	1,438.7
Cheese.....	Tonnes	254.9	267.4	265.7	302.9	227.5
LIVESTOCK SLAUGHTERED						
Cattle and Calves.....	'000 Head	2,194.2	2,147.3	2,076.7	2,274.5	2,460.2
Sheep and Goats.....	'000 Head	5,924.2	6,084.8	6,138.5	6,560.8	8,220.2
Pigs	'000 Head	235.4	264.3	257.2	282.9	313.6

Source: Kenya National Bureau of Statistics /Kenya Dairy Board/State Department of Livestock

* Provisional

Agricultural Training

8.26. Table 8.20 shows students' enrolment in agriculture institutions by sex from 2012 to 2016. Students enrolment for agriculture degree courses in public universities increased by 12.3 per cent from 15,220 students in 2015 to 17,095 students. Enrolment for agriculture courses at diploma level in Egerton University declined by half to 665 students in 2016. Naivasha Dairy Training Institute enrolled its first diploma students in 2016 while during the same period, enrolment at Bukura Institute of Agriculture increased slightly to 1,031 diploma students. Total enrolment for certificate courses in Animal Health Training Institutes decreased by more than half from 711 students in 2015 to 326 students in 2016. During the period under review, enrolment for short term vocational training in Naivasha Dairy Training Institute and Athi River Meat Training school declined by 41.6 per cent and 49.1 per cent respectively. Across all agriculture institutions, the number of enrolled female students were fewer than the male students in 2016. Since 2013, enrolment of female students for agriculture courses at diploma level in Egerton University has been higher than that of males. However, the number of females enrolled in diploma courses at the university declined sharply to 206 students in 2016 compared to 800 students in 2015.

Table 8.20: Enrolment in Agricultural Training Institutions, 2012 - 2016

Number

	2012			2013			2014			2015			2016*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
DEGREE LEVEL -Public Universities															
All Universities	4,705	2,841	7,546	5,948	3,587	9,535	7,758	4,438	12,196	9,420	5,800	15,220	10,165	6,930	17,095
DIPLOMA LEVEL -Public Universities															
Egerton	1,512	839	2,351	1,149	671	1,820	542	928	1,470	324	800	1,124	459	206	665
DIPLOMA LEVEL - MOA															
Bukura Institute of Agriculture	684	374	1,058	819	360	1,179	674	290	964	710	309	1,019	705	326	1,031
Naivasha Dairy Training Institute[1]	-	-	-	-	-	-	-	-	-	-	-	-	27	21	48
CERTIFICATE LEVEL-															
Naivasha Dairy Training Institute	134	80	214	122	79	205	138	93	231	102	68	170	64	59	123
Animal Health Training Institutes-															
Kabete	79	26	105	92	24	116	155	32	187	187	25	212	91	13	104
Nyahururu	51	27	78	52	28	80	51	27	78	51	22	73	52	24	76
Ndomba	99	57	156	140	44	184	230	65	295	337	89	426	118	28	146
Total	**229**	**110**	**339**	**284**	**96**	**380**	**436**	**124**	**560**	**575**	**136**	**711**	**261**	**65**	**326**
SHORT-TERM VOCATIONAL COURSES-															
Naivasha Dairy Training School	147	47	194	122	44	166	189	100	289	202	84	286	116	51	167
Athi River M.T. School	66	28	94	66	28	94	46	37	83	66	44	110	44	12	56
Total	**213**	**75**	**288**	**188**	**72**	**260**	**235**	**137**	**372**	**268**	**128**	**396**	**160**	**63**	**223**

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

* Provisional

[1] The Diploma course at Naivasha DTI was approved in 2015 and the first intake was done in 2016.

Societies and Unions in Agricultural Activities

8.27. The number of societies and unions in the country for the last five years are shown in Table 8.21. The number of societies and unions rose by 6.1 per cent from 17,498 in 2015 to 18,573 in 2016. The aggregate number of societies in the agricultural sector rose by 3.2 per cent from 5,454 in 2015 to 5,629 in 2016.

Table 8.21: Number of Societies and Unions, 2012 - 2016

Number

TYPE OF SOCIETY	2012	2013	2014	2015	2016*
Agricultural:					
Coffee	594	597	600	605	613
Sugar-cane	191	191	191	192	199
Pyrethrum	148	148	146	146	146
Cotton	61	78	60	61	62
Dairy	343	376	412	427	465
Multi-produce	2,019	2,068	2,118	2,169	2,222
Farm Purchase	116	116	116	117	118
Fisheries	80	86	92	94	99
Other Agricultural Societies	1,436	1,518	1,605	1,643	1,706
Sub- Total	**4,988**	**5,178**	**5,340**	**5,454**	**5,629**
Non-Agricultural:					
Savings and Credit	7,341	7,942	8,592	8,914	9,567
Other Non-Agricultural Societies	2,553	2,735	2,938	3,031	3,279
Sub- Total	**9,894**	**10,677**	**11,530**	**11,945**	**12,846**
Unions (Agricultural)	108	109	99	99	98
GRAND TOTAL	**14,990**	**15,964**	**16,969**	**17,498**	**18,573**

Source: Ministry of Industrialization and Enterprise Development, Directorate of Cooperatives

* Provisional

8.28. Table 8.22 shows sales of agricultural produce by co-operatives and their contribution to gross farm revenue. Sales of agricultural produce increased marginally from KSh 10,509 million in 2015 to KSh 10,541 million in 2016. The value of milk sales through cooperatives increased from KSh 5,497 million in 2015 to KSh 5,554 million in 2016. Coffee sales through cooperatives declined slightly from KSh 4,769 million in 2015 to 4,755 million in 2016. The share of sales through cooperatives to total gross farm revenue declined from 19.4 per cent in 2015 to 17.7 per cent in 2016. Coffee and sugarcane shares declined while that for pyrethrum, cotton and milk increased.

Table 8.22: Sale of Selected Agricultural Produce by Co-operatives, 2012 - 2016

YEAR	COFFEE	SUGAR CANE	PYRETHRUM	COTTON	MILK	TOTAL
Sale KSh Million						
2012.....	4,807	269	48	3	5,320	10,447
2013.....	4,785	239	36	3	5,405	10,468
2014.....	4,763	212	27	3	5,491	10,496
2015.....	4,769	213	27	3	5,497	10,509
2016*.....	4,755	204	24	3	5,554	10,541
Share to marketed production						
2012.....	28	2	43	4	35	31
2013.....	37	1	65	3	33	33
2014.....	29	1	44	5	29	19
2015.....	40	1	53	5	27	19
2016*.....	29	1	64	5	28	18

Source: Ministry of Industrialization and Enterprise Development, Directorate of Cooperatives

* Provisional.

Food Balance Sheet

8.29. Food Balance Sheet (FBS) is a food security monitoring tool used to evaluate the overall food supply, utilization and calories available to the population. Food supply components include food production, imports, exports and changes in stocks. Utilization includes produced food used for human consumption, animal feed, seeds and industrial use. The food component is used to calculate the calories, proteins and fats available to the population in a given year.

FBS Indicators

8.30. A summary of the FBS indicators for the period 2012 to 2016 is shown in Table 8.23. Per Caput Daily Supply from calories decreased by 5.8 per cent from 2,288 thousand in 2015 to 2,156 thousand in 2016. Per Caput Daily Supply from proteins and fats decreased by 7.2 per cent and 6.4 per cent respectively, in 2016. The Self Sufficiency Ratio (SSR) for all food commodities and vegetable products increased marginally by 0.5 per cent and 0.7 per cent respectively while the SSR for animal products decreased by 0.4 per cent in 2016. The overall Import Dependency Ratio (IDR) remained unchanged at 28.3 in 2016. During the review period, the IDR for vegetable products decreased by 0.6 per cent. The IDR for animal products increased from 0.8 in 2015 to 1.2 in 2016. The low IDR value is an indication of minimal reliance on imports of animal products during the review period. The Per Caput Daily Caloric Supply from vegetable decreased by 4.6 per cent from 1,975 thousand in 2015 to 1,885 thousand in 2016. The Per Caput Caloric Daily Supply from cereals decreased by 3.4 per cent from 920 thousand in 2015 to 890 thousand in 2016. Similarly, the Per Caput Daily Caloric Supply from animal products decreased by 13.1 per cent from 313 thousand in 2015 to 272 thousand in 2016.

Table 8.23: Food Balance Sheet, 2012 - 2016

Indicator		2012	2013	2014	2015	2016*
Per Caput Daily Supply	Calories - '000	2,447	2,284	2,202	2,288	2,156
	Proteins - Grams	74	67	64	69	64
	Fats - Grams	47	46	43	47	44
SSR - Per Cent	Total	77.6	80.1	74.4	75.3	75.6
	Vegetable Products	75.1	77.7	71.6	72.2	72.7
	Animal Products	100.1	99.1	99.9	100.0	99.6
IDR - Per Cent	Total	25.7	23.3	29.2	28.2	28.2
	Vegetable Products	28.4	26	32.3	31.6	31.6
	Animal Products	1	1	1	0.8	1.2
Per Caput Caloric Daily Supply	Vegetable Products - '000 Kcl.	2,148	1,993	1,945	1,975	1,885
	Cereals - '000 Kcl	988	917	925	920	890
	Animal Products - '000 Kcl	299	291	256	313	272

*Provisional

Figure 8.4: Import Dependency and Self-Sufficiency Ratios, 2016

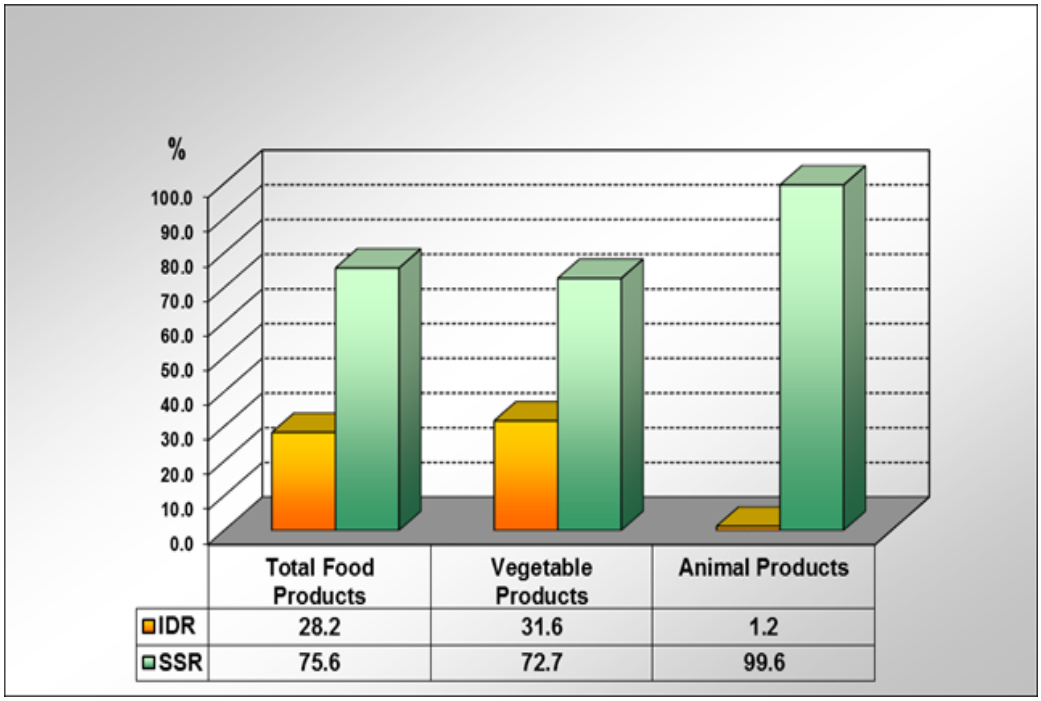


Figure 8.5: Caloric Supply by Main Food Groups, 2016

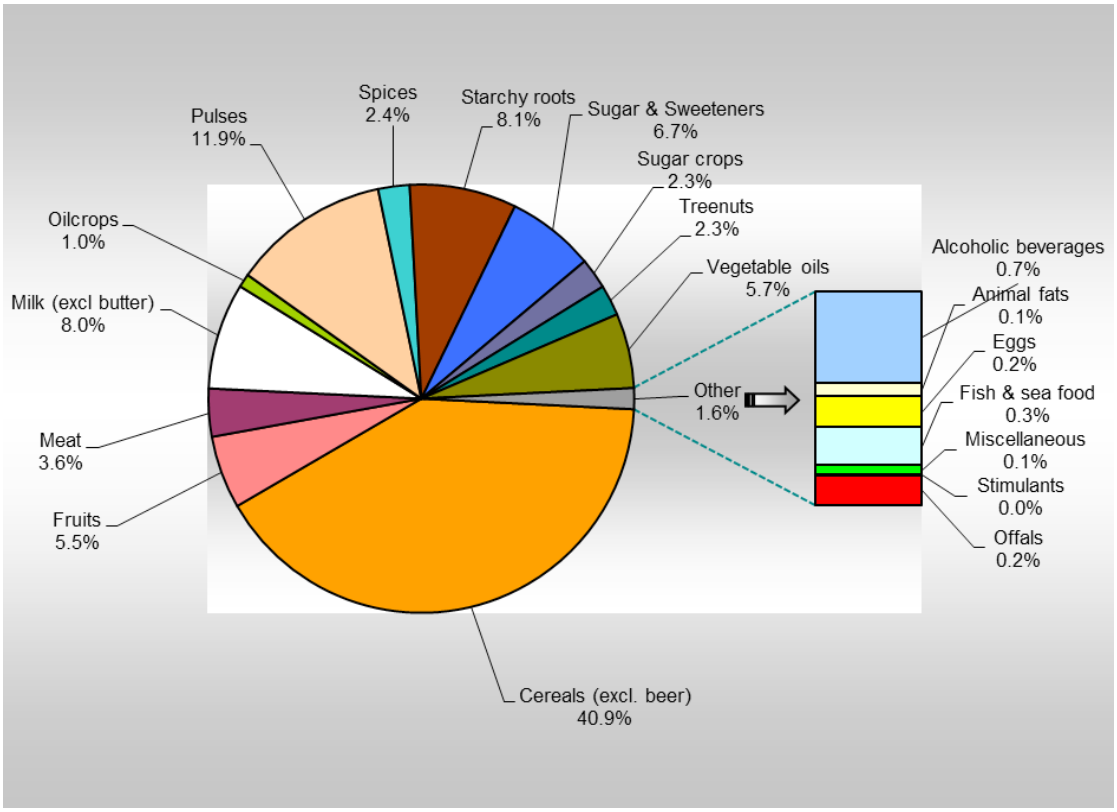


Table 8.24 (a): Food Balance Sheet, 2016

FOOD BALANCE SHEET 2016 Population('000): 45,367

Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	Proteins	Fats
	1000 Metric Tons											Kg.	units	grams	grams
Grand total													**2156**	**64**	**44**
Vegetable prod.													**1885**	**47**	**26**
Animal prod.													**272**	**18**	**17**
Cereals (excl. beer)	**3878**	**2173**	**545**	**101**	**6495**	**104**	**80**	**736**	**547**	**0**	**4831**	**106**	**890**	**22**	**5**
Wheat	222	1362	0	21	1563	0	11	53	32	0	1474	32.5	235	7	3
Maize	3339	150	545	4	4030	80	63	588	484	0	2639	58.2	506	12	2
Rice (Milled Eq.)	68	518	0	1	585	0	0	1	3	0	577	12.7	123	2	0
Barley	77	0	0	15	63	0	2	58	2	0	1	0.0	0	0	0
Rye	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Oats	0	1	0	0	1	0	0	0	0	0	1	0.0	0	0	0
Millet	54	7	0	0	61	5	2	8	7	0	22	0.5	4	0	0
Sorghum	117	71	0	49	139	19	3	28	20	0	65	1.4	12	0	0
Cereals, other	0	63	0	11	52	0	0	0	0	0	52	1.1	9	0	0
Starchy roots	**3542**	**1**	**0**	**3**	**3541**	**0**	**104**	**2**	**276**	**0**	**3159**	**69.6**	**177**	**2**	**0**
Cassava	1112	0	0	0	1113	0	0	1	33	0	1079	23.8	70	1	0
Potatoes	1250	0	0	3	1248	0	104	1	125	0	1018	22.4	44	1	0
Sweet Potatoes	1150	0	0	0	1150	0	0	0	115	0	1035	22.8	61	0	0
Yams	10	0	0	0	10	0	0	0	1	0	10	0.2	1	0	0
Roots, other	19	0	0	0	19	0	0	0	2	0	17	0.4	1	0	0
Sugar crops	**7095**	**1**	**0**	**0**	**7096**	**0**	**0**	**4150**	**0**	**0**	**2994**	**66.0**	**51**	**0**	**0**
Sugar cane	7095	1	0	0	7096	0	0	4150	0	0	2994	66.0	51	0	0
Sugar beet	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Sugar & Sweeteners	**572**	**179**	**-20**	**19**	**712**	**0**	**0**	**34**	**0**	**0**	**678**	**14.9**	**145**	**0**	**0**
Sugar non-centrifugal	23	0	0	0	23	0	0	20	0	0	3	0.1	1	0	0
Sugar (raw equivalent	527	167	-20	15	660	0	0	7	0	0	652	14.4	140	0	0
Sweeteners, other	0	12	0	4	8	0	0	7	0	0	1	0.0	0	0	0
Honey	22	0	0	0	22	0	0	0	0	0	22	0.5	4	0	0
Pulses	**987**	**7**	**433**	**1**	**1426**	**0**	**10**	**0**	**151**	**0**	**1258**	**27.7**	**260**	**17**	**1**
Beans	729	1	35	0	765	0	0	0	115	0	650	14.3	134	9	1
Peas	0	5	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Pulses, other	258	1	398	1	657	0	10	0	36	0	603	13.3	125	8	1
Treenuts	**33**	**0**	**0**	**6**	**27**	**0**	**0**	**0**	**1**	**0**	**23**	**0.5**	**4**	**0**	**0**
Oilcrops	**179**	**8**	**0**	**8**	**179**	**10**	**2**	**82**	**8**	**0**	**78**	**1.7**	**22**	**1**	**2**
Soybeans	0	0	0	0	0	0	0	0	0	0	1	0.0	0	0	0
Groundnuts	66	1	0	0	67	0	1	0	3	0	63	1.4	21	1	2
Sunflowerseed	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rape & Mustard seed	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Cottonseed	13	3	0	1	15	0	2	13	1	0	0	0.0	0	0	0
Coconuts (incl. copra)	64	0	0	2	62	10	0	34	4	0	14	0.3	1	0	0
Sesame seed	0	4	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Palm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Olive	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Oilcrops, other	36	0	0	0	35	0	0	35	0	0	0	0.0	0	0	0
Vegetable oils	**35**	**536**	**0**	**80**	**491**	**0**	**0**	**0**	**0**	**258**	**232**	**5.1**	**123**	**0**	**14**
Soybean oil	0	5	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Groundnut oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Sunflower seed oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rape and mustard oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Cottonseed oil	2	0	0	0	1	0	0	0	0	0	1	0.0	1	0	0
Palm kernel oil	0	2	0	0	2	0	0	0	0	0	2	0.0	1	0	0
Palm oil	0	515	0	73	442	0	0	0	0	256	186	4.1	98	0	11
Copra oil	6	12	0	1	17	0	0	0	0	0	17	0.4	9	0	1
Sesame seed oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Olive oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rice bran oil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maize germ oil	14	1	0	0	14	0	0	0	0	0	14	0.3	7	0	1
Oilcrops oil, other	14	1	0	0	15	0	0	0	0	3	12	0.3	6	0	1
Vegetables	**2214**	**114**	**0**	**227**	**2101**	**0**	**0**	**0**	**223**	**0**	**1914**	**42.2**	**25**	**1**	**0**
Tomatoes	494	6	0	0	500	0	0	0	50	0	451	9.9	5	0	0
Onions	68	0	0	0	68	0	0	0	7	0	27	0.6	1	0	0
Vegetables, other	1652	108	0	227	1533	0	0	0	167	0	1436	31.6	19	1	0

FOOD BALANCE SHEET 2016

Population('000): 45,367

Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	PER DAY Proteins	PER DAY Fats
	1000 Metric Tons											Kg.	units	grams	grams
Fruits	**4002**	**101**	**0**	**249**	**3855**	**0**	**0**	**6**	**455**	**0**	**3416**	**75.3**	**120**	**1**	**1**
Oranges & mandarins	100	49	0	0	148	0	0	0	15	0	133	2.9	2	0	0
Lemons & limes	26	1	0	0	26	0	0	0	3	0	24	0.5	0	0	0
Grapefruit	13	0	0	0	13	0	0	0	1	0	12	0.3	0	0	0
Citrus, other	135	0	0	0	135	0	0	0	14	0	121	2.7	2	0	0
Bananas	1809	1	0	0	1809	0	0	0	271	0	1538	33.9	56	1	0
Plantains	600	0	0	0	600	0	0	6	60	0	534	11.8	29	0	0
Apples (excl. cider)	0	16	0	0	16	0	0	0	2	0	15	0.3	0	0	0
Pineapples	159	1	0	132	28	0	0	0	16	0	80	1.8	2	0	0
Dates	1	4	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Grapes (excl. wine)	0	3	0	0	3	0	0	0	0	0	3	0.1	0	0	0
Fruit, other	1160	27	0	116	1071	0	0	0	74	0	951	21.0	28	0	1
Stimulants	**519**	**12**	**5**	**542**	**-6**	**0**	**0**	**465**	**14**	**0**	**5**	**0.1**	**0**	**0**	**0**
Coffee	46	1	5	58	-5	0	0	0	0	0	4	0.1	0	0	0
Cocoa Beans	0	2	0	1	2	0	0	0	0	0	2	0.0	0	0	0
Tea	473	9	0	484	-2	0	0	465	14	0	0	0.0	0	0	0
Spices	**256**	**3**	**0**	**3**	**256**	**0**	**0**	**0**	**0**	**0**	**256**	**5.6**	**52**	**2**	**2**
Pepper	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Pimento	5	0	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Cloves	1	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Spices, other	250	3	0	2	251	0	0	0	0	0	251	5.5	51	2	2
Alcoholic beverages	**417**	**7**	**0**	**2**	**422**	**0**	**0**	**0**	**0**	**0**	**422**	**9.3**	**15**	**0**	**0**
Wine	0	4	0	1	3	0	0	0	0	0	3	0.1	0	0	0
Beer	210	2	0	1	211	0	0	0	0	0	211	4.7	5	0	0
Beverages, fermente	181	0	0	0	181	0	0	0	0	0	181	4.0	4	0	0
Beverages, alcoholic	26	1	0	1	26	0	0	0	0	0	26	0.6	5	0	0
Alcohol, non food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meat	**626**	**1**	**0**	**8**	**619**	**0**	**0**	**0**	**0**	**0**	**709**	**15.6**	**79**	**6**	**7**
Bovine meat	529	0	0	2	528	0	0	0	0	0	528	11.6	60	5	6
Mutton & goat meat	0	0	0	5	-5	0	0	0	0	0	74	1.6	8	1	1
Pig meat	0	1	0	2	-1	0	0	0	0	0	10	0.2	3	0	0
Poultry meat	64	0	0	0	64	0	0	0	0	0	64	1.4	5	0	0
Other meat	33	0	0	0	33	0	0	0	0	0	34	0.7	3	0	0
Offals	**76**	**0**	**0**	**0**	**76**	**0**	**0**	**0**	**0**	**0**	**76**	**1.7**	**5**	**1**	**0**
Animal fats	**17**	**4**	**0**	**1**	**20**	**0**	**0**	**13**	**0**	**3**	**4**	**0.1**	**2**	**0**	**0**
Butter, ghee	1	0	0	0	1	0	0	0	0	0	1	0.0	1	0	0
Cream	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Fats, animal, raw	16	4	0	0	19	0	0	13	0	3	3	0.1	2	0	0
Fish, body oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Fish, liver oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Milk (excl butter)	**4410**	**33**	**0**	**5**	**4438**	**17**	**0**	**379**	**344**	**0**	**4514**	**99.5**	**175**	**9**	**10**
Eggs	**84**	**0**	**0**	**0**	**84**	**0**	**5**	**0**	**13**	**0**	**67**	**1.5**	**5**	**0**	**0**
Fish & sea food	**125**	**47**	**0**	**19**	**153**	**0**	**0**	**0**	**0**	**0**	**157**	**3.5**	**6**	**1**	**0**
Freshwater fish	108	23	0	3	129	0	0	0	0	0	127	2.8	5	1	0
Demersal fish	4	0	0	10	-5	0	0	0	0	0	0	0.0	0	0	0
Pelagic fish	3	21	0	3	21	0	0	0	0	0	21	0.5	1	0	0
Marine fish, other	8	2	0	1	9	0	0	0	0	0	9	0.2	0	0	0
Crustaceans	1	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Molluscs other	1	0	0	1	1	0	0	0	0	0	1	0.0	0	0	0
Cephalopods	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Aquatic products, oth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aquatic mammals me	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aquatic animals, othe	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Aquatic plants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	**18**	**7**	**2**	**14**	**13**	**0**	**0**	**7**	**0**	**3**	**3**	**0**	**1**	**0**	**0**
Infant food	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous, other	18	7	2	14	13	0	0	7	0	3	3	0	1	0	0

Table 8.24 (b): Food Balance Sheet, 2015

FOOD BALANCE SHEET 2015 Population('000): 44,156

Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	Proteins	Fats
	1000 Metric Tons											Kg.	units	grams	grams
Grand total													**2288**	**69**	**47**
Vegetable prod.													**1975**	**49**	**27**
Animal prod.													**313**	**20**	**20**
Cereals (excl. beer)	**4507**	**2558**	**545**	**114**	**7497**	**115**	**80**	**1410**	**658**	**0**	**4884**	**111**	**920**	**23**	**5**
Wheat	239	1422	0	9	1652	0	11	58	33	0	1539	34.9	252	7	3
Maize	3825	481	545	3	4848	80	63	1242	582	0	2638	59.7	520	12	2
Rice (Milled Eq.)	78	459	0	0	536	0	0	0	2	0	528	11.9	114	2	0
Barley	77	0	0	15	62	0	2	57	2	0	1	0.0	0	0	0
Rye	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Oats	0	1	0	0	1	0	0	0	0	0	1	0.0	0	0	0
Millet	99	25	0	0	124	5	2	8	7	0	23	0.5	4	0	0
Sorghum	189	108	0	76	222	30	3	45	32	0	102	2.3	20	1	0
Cereals, other	0	63	0	11	52	0	0	0	0	0	52	1.2	9	0	0
Starchy roots	**4252**	**6**	**0**	**2**	**4257**	**0**	**104**	**3**	**347**	**0**	**3803**	**86.1**	**210**	**3**	**0**
Cassava	1112	1	0	0	1113	0	0	1	33	0	1079	24.4	72	1	0
Potatoes	1960	5	0	2	1963	0	104	2	196	0	1661	37.6	73	2	0
Sweet Potatoes	1150	0	0	0	1150	0	0	0	115	0	1035	23.4	63	0	0
Yams	10	0	0	0	10	0	0	0	1	0	10	0.2	1	0	0
Roots, other	19	0	0	0	19	0	0	0	2	0	17	0.4	1	0	0
Sugar crops	**6849**	**0**	**0**	**0**	**6849**	**0**	**0**	**4150**	**0**	**0**	**2699**	**61.1**	**47**	**0**	**0**
Sugar cane	6849	0	0	0	6849	0	0	4150	0	0	2699	61.1	47	0	0
Sugar beet	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Sugar & Sweeteners	**572**	**179**	**-20**	**19**	**712**	**0**	**0**	**34**	**0**	**0**	**678**	**15.4**	**149**	**0**	**0**
Sugar non-centrifugal	23	0	0	0	23	0	0	20	0	0	3	0.1	1	0	0
Sugar (raw equivalent	527	167	-20	15	660	0	0	7	0	0	652	14.8	144	0	0
Sweeteners, other	0	12	0	4	8	0	0	7	0	0	1	0.0	0	0	0
Honey	22	0	0	0	22	0	0	0	0	0	22	0.5	4	0	0
Pulses	**1023**	**8**	**433**	**1**	**1463**	**0**	**10**	**0**	**156**	**0**	**1296**	**29.3**	**275**	**18**	**1**
Beans	765	1	35	0	801	0	0	0	120	0	681	15.4	144	9	1
Peas	0	5	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Pulses, other	258	2	398	1	657	0	10	0	36	0	610	13.8	130	8	1
Treenuts	**33**	**0**	**0**	**6**	**27**	**0**	**0**	**0**	**1**	**0**	**23**	**0.5**	**4**	**0**	**0**
Oilcrops	**179**	**8**	**0**	**11**	**176**	**10**	**2**	**82**	**8**	**0**	**75**	**1.7**	**23**	**1**	**2**
Soybeans	0	0	0	0	0	0	0	0	0	0	1	0.0	0	0	0
Groundnuts	66	1	0	0	67	0	1	0	3	0	63	1.4	21	1	2
Sunflowerseed	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rape & Mustard seed	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Cottonseed	13	3	0	1	15	0	2	13	1	0	0	0.0	0	0	0
Coconuts (incl. copra)	64	0	0	5	59	10	0	34	4	0	11	0.2	1	0	0
Sesame seed	0	4	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Palm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Olive	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Oilcrops, other	36	0	0	0	35	0	0	35	0	0	0	0.0	0	0	0
Vegetable oils	**35**	**536**	**0**	**80**	**491**	**0**	**0**	**0**	**0**	**258**	**232**	**5.3**	**126**	**0**	**14**
Soybean oil	0	5	0	5	0	0	0	0	0	0	0	0.0	0	0	0
Groundnut oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Sunflower seed oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rape and mustard oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Cottonseed oil	2	0	0	0	1	0	0	0	0	0	1	0.0	1	0	0
Palm kernel oil	0	2	0	0	2	0	0	0	0	0	2	0.0	1	0	0
Palm oil	0	515	0	73	442	0	0	0	0	256	186	4.2	101	0	11
Copra oil	6	12	0	1	17	0	0	0	0	0	17	0.4	10	0	1
Sesame seed oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Olive oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Rice bran oil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maize germ oil	14	1	0	0	14	0	0	0	0	0	14	0.3	8	0	1
Oilcrops oil, other	14	1	0	0	15	0	0	0	0	3	12	0.3	6	0	1
Vegetables	**2214**	**115**	**0**	**227**	**2101**	**0**	**0**	**0**	**223**	**0**	**1914**	**43.3**	**26**	**1**	**0**
Tomatoes	494	7	0	0	501	0	0	0	50	0	451	10.2	5	0	0
Onions	68	0	0	0	68	0	0	0	7	0	27	0.6	1	0	0
Vegetables, other	1652	108	0	227	1532	0	0	0	167	0	1436	32.5	20	1	0

FOOD BALANCE SHEET 2015

Population('000): 44,156

Products	DOMESTIC SUPPLY (1000 MT)					DOMESTIC UTILIZATION (1000 MT)						PER CAPUT SUPPLY			
	Prod.	Imports	Stock changes	Exports	Total D.S.	Feed	Seed	Processed	Waste	Oth.Util.	Food	PER YEAR FOOD	PER DAY Calories	Proteins	Fats
	1000 Metric Tons											Kg.	units	grams	grams
Fruits	**4002**	**65**	**0**	**250**	**3817**	**0**	**0**	**6**	**451**	**0**	**3390**	**76.8**	**123**	**1**	**1**
Oranges & mandarins	100	13	0	1	112	0	0	0	11	0	101	2.3	2	0	0
Lemons & limes	26	1	0	0	26	0	0	0	3	0	24	0.5	0	0	0
Grapefruit	13	0	0	0	13	0	0	0	1	0	12	0.3	0	0	0
Citrus, other	135	0	0	0	135	0	0	0	14	0	121	2.8	2	0	0
Bananas	1809	1	0	0	1810	0	0	0	271	0	1538	34.8	57	1	0
Plantains	600	0	0	0	600	0	0	6	60	0	534	12.1	29	0	0
Apples (excl. cider)	0	15	0	0	16	0	0	0	1	0	14	0.3	0	0	0
Pineapples	159	1	0	132	28	0	0	0	16	0	80	1.8	2	0	0
Dates	1	4	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Grapes (excl. wine)	0	3	0	0	3	0	0	0	0	0	3	0.1	0	0	0
Fruit, other	1160	27	0	117	1069	0	0	0	74	0	957	21.7	29	0	1
Stimulants	**441**	**16**	**5**	**483**	**-21**	**0**	**0**	**397**	**12**	**0**	**3**	**0.1**	**0**	**0**	**0**
Coffee	42	1	5	58	-10	0	0	0	0	0	1	0.0	0	0	0
Cocoa Beans	0	2	0	1	2	0	0	0	0	0	2	0.0	0	0	0
Tea	399	13	0	424	-12	0	0	397	12	0	0	0.0	0	0	0
Spices	**256**	**3**	**0**	**3**	**256**	**0**	**0**	**0**	**0**	**0**	**256**	**5.8**	**53**	**2**	**2**
Pepper	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Pimento	5	0	0	0	5	0	0	0	0	0	5	0.1	1	0	0
Cloves	1	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Spices, other	250	3	0	2	251	0	0	0	0	0	251	5.7	52	2	2
Alcoholic beverages	**499**	**7**	**0**	**2**	**504**	**0**	**0**	**0**	**0**	**0**	**504**	**11.4**	**17**	**0**	**0**
Wine	0	4	0	1	3	0	0	0	0	0	3	0.1	0	0	0
Beer	210	2	0	1	211	0	0	0	0	0	211	4.8	6	0	0
Beverages, fermente	264	0	0	0	264	0	0	0	0	0	264	6.0	7	0	0
Beverages, alcoholic	26	1	0	1	26	0	0	0	0	0	26	0.6	5	0	0
Alcohol, non food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meat	**568**	**0**	**0**	**8**	**561**	**0**	**0**	**0**	**0**	**0**	**683**	**15.5**	**81**	**6**	**7**
Bovine meat	501	0	0	2	499	0	0	0	0	0	499	11.3	59	5	6
Mutton & goat meat	0	0	0	4	-4	0	0	0	0	0	92	2.1	10	1	1
Pig meat	0	0	0	2	-2	0	0	0	0	0	24	0.5	7	0	0
Poultry meat	33	0	0	0	33	0	0	0	0	0	33	0.7	2	0	0
Other meat	34	0	0	0	34	0	0	0	0	0	34	0.8	3	0	0
Offals	**76**	**0**	**0**	**0**	**76**	**0**	**0**	**0**	**0**	**0**	**76**	**1.7**	**5**	**1**	**0**
Animal fats	**17**	**4**	**0**	**1**	**20**	**0**	**0**	**13**	**0**	**3**	**4**	**0.1**	**2**	**0**	**0**
Butter, ghee	1	0	0	0	1	0	0	0	0	0	1	0.0	1	0	0
Cream	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Fats, animal, raw	16	4	0	0	19	0	0	13	0	3	3	0.1	2	0	0
Fish, body oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Fish, liver oil	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Milk (excl butter)	**5289**	**26**	**0**	**11**	**5303**	**17**	**0**	**365**	**387**	**0**	**5350**	**121.2**	**212**	**11**	**12**
Eggs	**98**	**0**	**0**	**0**	**98**	**0**	**5**	**0**	**15**	**0**	**79**	**1.8**	**6**	**1**	**0**
Fish & sea food	**148**	**35**	**0**	**23**	**161**	**0**	**0**	**0**	**0**	**0**	**163**	**3.7**	**7**	**1**	**0**
Freshwater fish	131	12	0	8	135	0	0	0	0	0	132	3.0	5	1	0
Demersal fish	4	0	0	10	-5	0	0	0	0	0	0	0.0	0	0	0
Pelagic fish	3	21	0	3	21	0	0	0	0	0	21	0.5	1	0	0
Marine fish, other	8	2	0	1	9	0	0	0	0	0	9	0.2	0	0	0
Crustaceans	1	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Molluscs other	1	0	0	1	0	0	0	0	0	0	0	0.0	0	0	0
Cephalopods	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Aquatic products, oth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aquatic mammals me	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aquatic animals, othe	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0
Aquatic plants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	**18**	**7**	**2**	**14**	**13**	**0**	**0**	**7**	**0**	**3**	**3**	**0**	**1**	**0**	**0**
Infant food	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous, other	18	7	2	14	13	0	0	7	0	3	3	0	1	0	0

Environment and Natural Resources

09 Chapter

Overview

Environment has been identified as a key sector in realization of Vision 2030 and Sustainable Development Goals. In 2016, the Government continued to institute and enforce policy and legal measures that govern the management, conservation and exploitation of natural resources. During the review period, the Climate Change Act 2016, the Forest Conservation and Management Act 2016, the Fisheries Management and Development Act 2016, the Water Act 2016 and the Mining Act 2016 were enacted to facilitate effective management of environment and natural resources. The Government commitment to environmental management was further illustrated by the inclusion of environmental considerations in the various sectoral activities.

9.2. There was mixed performance in the selected indicators on environmental and natural resources during 2016. The expenditure on water and related services is expected to increase by 32.2 per cent from KSh 41.3 billion in the 2015/16 financial year to KSh 54.6 billion in the 2016/17 financial year. Total quantity of fish landed declined from 146.3 thousand tonnes in 2015 to 128.6 thousand tonnes in 2016. This is reflected by the falling trend in fish production from all fresh water lakes and marine sources except for molluscs. The acreage under Government forest plantation expanded slightly from 130.5 thousand hectares in 2015 to 131.3 thousand hectares in 2016. Total mineral output increased by 9.5 per cent from 1,571.9 thousand tonnes in 2015 to 1,720.6 thousand tonnes in 2016.

Environment and Natural Resources Gross Value Added

9.3. Table 9.1 presents Gross Value Added (GVA) of selected activities under the environment and natural resources sector for 2012 to 2016 period. The overall GVA by all the industries grew by 5.3 per cent from KSh 221.5 billion in 2015 to KSh 233.4 billion in 2016. Forestry and logging grew by 12.7 per cent in 2016 and accounted for 38.4 per cent of the GVA. Similarly, mining and quarrying, and water supply industries grew by 23.0 per cent and 5.3 per cent, respectively. In 2016, the GVA from the fishing industry declined by 13.2 per cent to KSh 35.0 billion from KSh 40.3 billion in 2015.

Table 9.1: Trends in Environment and Natural Resources Gross Value Added, 2012 - 2016

KSh Million

Industry	2012	2013	2014	2015	2016
Forestry and Logging	58,039.0	67,229.0	73,355.0	79,619.0	89,723.0
Fishing and Aquaculture	28,902.0	34,333.0	39,344.0	40,324.0	35,013.0
Mining and Quarrying	46,623.0	38,802.0	44,162.0	54,806.0	59,402.0
Water Supply[1]	37,779.0	40,406.0	42,188.0	46,794.0	49,251.0
Total	**171,343.0**	**180,770.0**	**199,049.0**	**221,543.0**	**233,389.0**
GDP at Current Prices	4,261,151.0	4,730,601.0	5,398,000.0	6,260,646.0	7,158,695.0
Resources Sector as per cent of GDP	4.0	3.8	3.7	3.5	3.3

* Provisional

[1] Includes sewerage and waste management

Water Supply

9.4. The Government enacted the Water Act 2016 with a focus on improving water storage, strengthening regulation, creating viable water utilities and improving sector planning. Under the Act, sector coordination between the National Government and the County Governments under devolved water services provision will be enhanced.

9.5. In pursuit of the policy to provide safe drinking water to households within a realistic distance, the Government continued to initiate and maintain modest Water Purification Points (WPPs). The number of WPPs increased from 242 in the 2015/16 financial year to 247 in the 2016/17 financial year as presented in Table 9.2.

9.6. In 2016/17 financial year, a total of 263 boreholes are expected to be constructed compared to 446 boreholes drilled in 2015/16. The private sector is expected to contribute the highest number of boreholes drilled at 244 despite the decrease from 2015/16, while the public sector is expected to drill 19 boreholes.

Table 9.2: Water Purification Points and Boreholes Drilled, 2012/13 - 2016/17

Number

	2012/13	2013/14	2014/15	2015/16	2016/17*
Water Purification Points (WPP)[1] ..	218	230	234	242	247
Boreholes (BH) Total	99	376	607	446	263
Public	99	74	13	4	19
Private Sector	..	302	594	442	244

Source: Ministry of Water and Irrigation

* Provisional

.. Data not available

[1]Cumulative

9.7. Table 9.3 shows development expenditure by the National Government on water supplies and related services over the financial years 2012/13 to 2016/17. The expenditure on water and related services is expected to increase by 32.2 per cent from KSh 41.3 billion in 2015/16 financial year to KSh 54.6 billion 2016/17 financial year. This could be attributed to the Government's efforts to construct new water projects and rehabilitation of existing water supply schemes.

9.8. In the review period, water development expenditure is expected to grow by 49.1 per cent from KSh 23.2 billion to KSh 34.6 billion in the 2016/17 financial year, accounting for 63.4 per cent of the total development expenditure. Expenditure on Rural Water Supplies is expected to increase from KSh 1.4 billion in 2015/16 financial year to KSh 2.5 billion in 2016/17 financial year. Expenditures on Irrigation Development is expected to more than double over the same period.

9.9. Expenditure on National Irrigation Board (NIB) is expected to decline by 11.9 per cent to KSh 11.1 billion in 2016/17 financial year from KSh 12.6 billion in 2015/16 financial year. The expenditure on Training of Water Development Staff and National Water Conservation and Pipeline Corporation is also expected to decline by 79.3 and 80.6 per cent, respectively.

Table 9.3: Development Expenditure on Water Supplies and Related Services by the National Government, 2012/13 - 2016/17

KSh Million

Item	2012/13	2013/14	2014/15	2015/16	2016/17*
Water Development	11,713.9	15,385.0	17,329.0	23,247.7	34,640.1
Training of Water Development Staff	314.9	135.0	170.0	150.0	31.0
Rural Water Supplies	393.8	300.6	1,326.5	1,436.7	2,494.0
Miscellaneous and Special Water Programmes	2,080.4	2,153.0	304.8	528.0	1,347.0
National Water Conservation and Pipeline Corporation	5,226.4	3,507.2	2,460.0	1,156.0	224.0
Irrigation Development	90.6	139.0	157.2	2,190.9	4,845.9
National Irrigation Board	671.4	11,268.6	10,900.0	12,569.7	11,052.0
TOTAL	**20,491.4**	**32,888.4**	**32,647.5**	**41,279.0**	**54,634.0**

Source: Ministry of Water and Irrigation

* Provisional

Fisheries

9.10. In 2016, the Government enacted Fisheries Management and Development Act 2016 and also continued to enforce controls for exploitation of fisheries resources. The Act provides for the conservation, management and development of fisheries and other aquatic resources and seeks to enhance the livelihood of communities that depend on fishing. The Act gives guidance on importation and exportation of fish and fish products, fish quality and safety.

9.11. The fisheries sub-sector registered a depressed performance for the second consecutive year, with total fish output dropping by 12.1 per cent from 146.3 thousand tonnes in the year 2015 to 128.6 thousand tonnes in 2016 as reflected in Table 9.4. This is reflected by the falling trend in fish production from all fresh water lakes and marine sources except for molluscs.

9.12. Freshwater fish production dropped by 12.3 per cent from 136.4 thousand tonnes in 2015 to 119.6 thousand tonnes in 2016. Lake Victoria continued to make a significant contribution accounting for 82.5 per cent of the total freshwater fish production. However, its output dropped by 10.2 per cent from 109.9 thousand tonnes in 2015 to 98.7 thousand tonnes in 2016. The decline is partly attributed to the presence of water hyacinth and destructive fishing methods. Similarly, the quantity of fish landed from Lake Turkana dropped by 24.5 per cent from 5.3 thousand tonnes in 2015 to 4.0 thousand tonnes in 2016. Fish production from the remaining lakes, Tana River dams and other areas also declined during the review period. The quantity of fish landed from fish farming dropped by 19.8 per cent from 18.7 thousand tonnes in 2015 to 15.0 thousand tonnes in 2016.

9.13. The marine fish landed declined by 10.6 per cent from 8.5 thousand tonnes in 2015 to 7.6 thousand tonnes in 2016. Crustaceans declined to 653 tonnes in 2016, while molluscs increased from 763 tonnes in 2015 to 824 tonnes in 2016. The decline is attributable to inadequate capacity to effectively utilize the Exclusively Economic Zone (EEZ).

9.14. The total value of fish landed declined by 11.5 per cent from KSh 20.9 billion in 2015 to KSh 18.5 billion in 2016. The value of fresh water fish dropped by 11.6 per cent from KSh 19.0 billion recorded in 2015 to KSh 16.8 billion in 2016. The value of marine fish and Crustaceans also decreased by 6.5 per cent and 32.7 per cent, to KSh 1,272 million and KSh 268 million, respectively, in 2016. However, the value of Molluscs increased from KSh 119 million in 2015 to KSh 141 million in 2016.

Table 9.4: Quantity and Value of fish landed, 2012 - 2016

	2012	2013	2014	2015	2016*
Quantities - Tonnes:					
Freshwater fish					
Lake Victoria	118,992	124,643	128,708	109,902	98,666
Lake Turkana	3,001	4,338	4,166	5,303	3,963
Lake Naivasha	143	231	633	1,072	1,064
Lake Baringo	251	263	302	176	141
Lake Jipe	112	116	115	123	106
Tana River dams ...	967	705	1,024	852	444
Fish Farming	21,487	23,501	24,096	18,656	14,952
Other areas	197	456	296	312	214
SUB-TOTAL	**145,150**	**154,253**	**159,340**	**136,396**	**119,550**
Marine Sources					
Marine fish	7,477	7,667	7,872	8,453	7,618
Crustaceans	740	799	555	713	653
Molluscs	648	670	646	763	824
SUB-TOTAL	**8,865**	**9,136**	**9,073**	**9,929**	**9,095**
GRAND TOTAL	**154,015**	**163,389**	**168,413**	**146,325**	**128,645**
Value - KSh Million					
Freshwater fish	16,867	19,984	20,941	18,983	16,836
Marine fish	878	921	1,072	1,360	1,272
Crustaceans	233	286	243	398	268
Molluscs	96	90	125	119	141
TOTAL	**18,074**	**21,281**	**22,382**	**20,860**	**18,517**

Source: State Department Fisheries

* Provisional

Forestry

9.15. The government enacted the Forest Conservation and Management Act 2016 to guide the sustainable exploitation of forest resources. As shown in Table 9.5, the forest areas declined marginally to 3,456 thousand hectares in 2016 from 3,464 thousand hectares in 2015. Total area under closed canopy forest cover stood at 1,402.0 thousand hectares in 2016 down from 1,408.0 thousand hectares in 2015. The indigenous closed canopy forests, with an area of 1,138.0 thousand hectares, contributed the largest share of 81.2 per cent under closed canopy forests. Area under Grasslands and Trees on farm lands decreased marginally in the review period.

Table 9.5: Status of Forests, 2012 – 2016

'000 Ha

Category of forest cover type	2012	2013	2014	2015	2016*
Indegenous Closed Canopy	1,137.0	1,137.0	1,139.0	1,140.0	1,138.0
Mangroves	54.0	54.0	54.0	54.0	54.0
Public Plantation forests	127.0	135.0	130.0	132.0	131.0
Private plantation forests	94.0	71.0	80.0	82.0	79.0
Sub-total closed canopy forests	**1,412.0**	**1,397.0**	**1,403.0**	**1,408.0**	**1,402.0**
Open woodlands	2,052.0	2,053.0	2,056.0	2,056.0	2,054.0
Sub-total of forest areas	**3,464.0**	**3,450.0**	**3,459.0**	**3,464.0**	**3,456.0**
Bush-lands	24,245.0	24,245.0	24,260.0	24,255.0	24,256.0
Grasslands	10,528.0	10,664.0	10,670.0	10,665.0	10,664.0
Trees on farmlands	10,411.0	12,400.0	12,450.0	12,520.0	12,500.0

Source: Kenya Forest Service

*Provisional

9.16. Table 9.6 presents the Government forest plantation stocking for the 2012 to 2016 period. The total area under Government forest plantation improved from 130.5 thousand hectares in 2015 to 131.3 thousand hectares in 2016. The area planted in 2016 was 7.0 thousand hectares compared to 10.0 thousand hectares planted in the previous year. The area clear felled increased by 31.9 per cent from 4.7 thousand hectares in 2015 to 6.2 thousand hectares in 2016.

Table 9.6: Government Forest Plantation Stocking, 2012 - 2016

'000 Ha

Stocking	2012	2013	2014	2015	2016*
Previous Plantation Area[1]	121.7	127.1	129.4	129.4	130.5
Area Planted	7.4	8.2	7.1	10.0	7.0
Total	129.1	135.3	136.5	139.4	137.5
Area Clear felled	2.0	4.7	6.1	4.7	6.2
Planting failures/fire damages	-	1.2	1.0	4.2	-
Total Area	**127.1**	**129.4**	**129.4**	**130.5**	**131.3**

Source: Kenya Forest Service

* Provisional

[1] Opening stock at the beginning of the year

9.17. Table 9.7 presents the recorded sale of Government forest products from 2012 to 2016. Total sales of timber increased to 1,123.6 thousand true cubic metres in 2016 up from 633.5 thousand true cubic metres recorded in 2015. Sale of charcoal and fuel wood, increased to 113.7 thousand stacked cubic metres in 2016 from 43.7 thousand stacked cubic metres in 2015. This may be attributed to legalizing of sustainable charcoal production and trade under the Forest Act 2016. However, sale of power poles decreased significantly from 34.5 thousand in 2015 to 2.0 thousand in 2016. The drop may be attributed to a shift in sourcing of poles from outside the Government forests and use of concrete poles.

Table 9.7: Recorded Sale of Government Forest Products, 2012 - 2016

Forest Products	2012	2013	2014	2015	2016*
Timber - '000 true cu. metres-					
Soft wood	721.3	933.7	1,167.0	621.1	1,088.9
Hard wood	2.3	-	30.6	12.4	34.7
TOTAL	723.6	933.7	1,197.6	633.5	1,123.6
Fuelwood/charcoal ('000 stacked cu. Metres)	45.9	64.0	70.0	43.7	113.7
Power & Telegraph Poles ('000)	1.8	14.5	43.3	34.5	2.0

Source: Kenya Forest Service

* Provisional.

Mining

9.18. During the review period, the Government enacted the Mining Act 2016 to regulate the country's mining industry and attract investment. Table 9.8 presents the quantity and value of selected minerals for the period 2012 to 2016. Total mineral output increased by 7.6 per cent from 1,596.3 thousand tonnes in 2015 to 1,718.4 thousand tonnes in 2016. Production of soda ash declined by 5.6 per cent to 301.7 thousand tonnes in 2016. In contrast, production of titanium ore minerals recorded a growth of 7.0 per cent from 549.9 thousand tonnes in 2015 to 588.4 thousand tonnes in 2016. Fluorspar output declined from 70.1 thousand tonnes in 2015 to 42.7 thousand tonnes in 2016. The decline could be attributed to the temporary closure the local firm and constraints faced in production following low demand and slump in prices since 2013.

9.19. The overall value of mineral output declined marginally from KSh 23.8 billion in 2015 to KSh 23.3 billion in 2016. During the review period, earnings from titanium ores increased from KSh12.8 billion to KSh 13.3 billion.In contrast, value of soda ash declined by 6.1 per cent from KSh 6.6 billion in 2015 to KSh 6.2 billion in 2016.

Table 9.8: Quantity and value of mineral Production, 2012 - 2016

Mineral	2012	2013	2014	2015	2016*
Quantities - Tonnes:					
Minerals-					
Soda Ash	449,269.0	468,215.0	409,845.0	319,761.0	301,719.0
Fluorspar	91,000.0	71,987.0	97,156.0	70,096.0	42,656.0
Salt	9,980.0	8,895.0	18,936.0	21,201.0	23,425.0
Crushed Refined Soda	882,801.0	947,074.0	851,906.0	614,055.0	741,000.0
Carbon Dioxide	19,919.0	18,436.0	19,450.0	19,750.0	19,550.0
Diatomite	1,746.0	1,054.0	1,195.0	1,090.0	1,092.0
Gold	3.6	2.1	0.2	0.3	0.2
Gemstones	120.9	563.0	247.3	442.0	518.2
Titanium Ore o/w	-	-	374,131.2	549,897.0	588,421.0
Illmenite	-	-	281,543.0	444,999.0	465,728.0
Rutile	-	-	52,465.0	78,947.0	87,716.0
Zircon	-	-	40,123.2	25,951.0	34,977.0
TOTAL	**1,454,839.5**	**1,516,226.1**	**1,772,866.7**	**1,596,292.3**	**1,718,381.4**
Value - KSh Million					
Soda Ash	9,388.0	8,865.2	7,840.8	6,599.6	6,227.2
Fluorspar	2,942.0	1,783.0	1,901.0	1,427.7	868.8
Salt	65.7	71.6	173.5	197.8	218.5
Crushed Refined Soda	589.0	631.9	568.4	409.7	494.4
Carbon Dioxide	503.0	495.6	503.9	525.6	514.9
Diatomite	85.6	69.6	70.6	70.6	70.7
Gold	13,919.7	7,432.6	695.3	978.7	652.5
Gemstones	157.5	411.0	263.6	798.4	936.0
Titanium Ore o/w	-	-	9,063.4	12,819.0	13,296.9
Ilmenite	-	-	3,697.0	3,763.0	3,430.8
Rutile	-	-	4,085.2	6,329.0	6,818.7
Zircon	-	-	1,281.2	2,727.0	3,047.4
TOTAL	**27,650.5**	**19,760.5**	**21,080.5**	**23,827.1**	**23,279.9**

Source: Department of Mines and Geology

* Provisional

9.20. Table 9.9 presents average export prices per tonne of soda ash, fluorspar and titanium ore and its concentrates over the period 2012 to 2016. The export price per tonne of soda ash, flouspar and titanium ore declined by 8.4, 15.0, and 5.9 per cent, respectively.

Table 9.9: Average Export Prices of soda Ash, Flourspar, Tiomin Ore and Concentrates, 2012 - 2016

KSh per tonne

Mineral	2012	2013	2014	2015	2016*
Soda Ash	21,194	18,790	19,774	22,925	20,998
Fluorspar	30,941	21,978	20,029	20,368	17,313
Titanium Ore and Concentrates	-	-	20,198	19,100	17,968

Source: Kenya National Bureau of Statistics and Kenya Revenue Authority

*Provisional

Refuse Management

9.21. The management of solid wastes is considered an important determinant of human welfare as it plays a central role in reducing the incidence of diseases. Table 9.10 summarizes approved expenditure on refuse management in Nairobi City County. Total expenditure on solid waste management increased from KSh 454.6 in 2015/16 financial year to KSh 537.3 million in 2016/17 financial year.

Table 9.10: Expenditure on Cleaning and Refuse Management by the Nairobi City County, 2012/13-2016/17

KSh Million

Expenditure category	2012/13	2013/14	2014/15	2015/16	2016/17*
Cleaning and Administration[1]	72.1	151.0	143.0	-	-
Cleaning - General[1]	115.3	36.9	20.9	-	-
Refuse Removal	499.3	380.0	255.2	454.6	537.3
Total	**686.7**	**567.9**	**419.1**	**454.6**	**537.3**

Source: Nairobi City County

* Provisional

[1]Expenditure reallocated to Refuse removal in 2015/16 and 2016/17

Wildlife

9.22. Wildlife is a major tourist attraction in the country, and therefore its management, protection and conservation is key to the country's economic performance and national heritage. Table 9.11 presents the wildlife population estimates within the rangelands from 2012 to 2016. Generally, the population of most wildlife species declined during the review period. The decline is mainly attributed to land subdivisions in the rangelands, harsh climatic conditions, poaching and cross border movements in search of vegetation.

Table 9.11: Wildlife Population Estimates in the Kenya Rangelands, 2012 – 2016

'000 Number

Species[1]	2012	2013	2014	2015	2016
Buffalo	15.2	13.0	15.6	15.0	14.8
Burchell's Zebra	100.0	100.3	110.2	100.0	100.2
Eland	6.8	5.8	4.7	4.3	4.0
Elephant	18.5	16.0	15.9	15.8	15.7
Gerenuk	18.0	16.0	15.8	15.5	15.4
Giraffe	23.1	19.0	18.9	18.5	18.6
Grant's Gazelle	112.0	111.7	111.9	111.9	111.8
Grevy's Zebra	3.1	3.0	3.0	3.0	2.9
Hunters Hartebeest	0.8	0.7	0.3	0.3	0.3
Impala	60.5	61.8	59.9	59.0	58.9
Kongoni	6.9	5.0	4.9	4.9	4.9
Kudu	11.1	11.0	11.0	11.0	11.0
Oryx	15.2	14.5	14.0	13.9	13.9
Ostrich	28.2	28.5	27.8	27.7	28.1
Thomson's Gazelle	43.5	42.0	43.4	43.0	42.0
Topi	20.0	20.5	15.3	15.3	15.3
Warthog	18.0	18.4	17.0	16.9	16.5
Waterbuck	2.9	3.5	2.9	2.8	2.3
Wildebeest	288.0	276.0	270.0	265.0	260.0

Source: Directorate of Resource Surveys and Remote Sensing

* Provisional

[1]derived using aerial sample surveys

Environmental Impact Assessments

9.23. Table 9.12 shows the number of Environmental Impact Assessments (EIAs) by sector from 2012 to 2016. In general, the number of EIAs increased by 19.5 per cent from 1,654 in 2015 to 1,977 in 2016. In the energy sector, the number of EIAs increased by 63.1 per cent from 298 in 2015 to 486 reported in 2016. Transport and Communication had an increase of 6.8 per cent from 607 in 2015 to 648 in 2016. Similarly, the number of EIAs in Human Settlements and Infrastructure increased by 8.9 per cent from 505 to 550 over the same period.

Table 9.12: Environment Impact Assessments (EIA) by Sector, 2012-2016

Number

Sector	2012	2013	2014	2015	2016*
Transport and Communication	293	208	437	607	648
Energy	184	163	188	298	486
Tourism	22	12	11	14	12
Mining and Quarrying	22	26	19	18	33
Human settlements and Infrastructure	371	320	340	505	550
Agriculture and Forestry	29	34	34	26	22
Commerce and Industry	138	85	149	135	163
Water Resources	25	8	41	51	63
TOTAL	**1,084**	**856**	**1,219**	**1,654**	**1,977**

Source: National Environment Management Authority (NEMA)

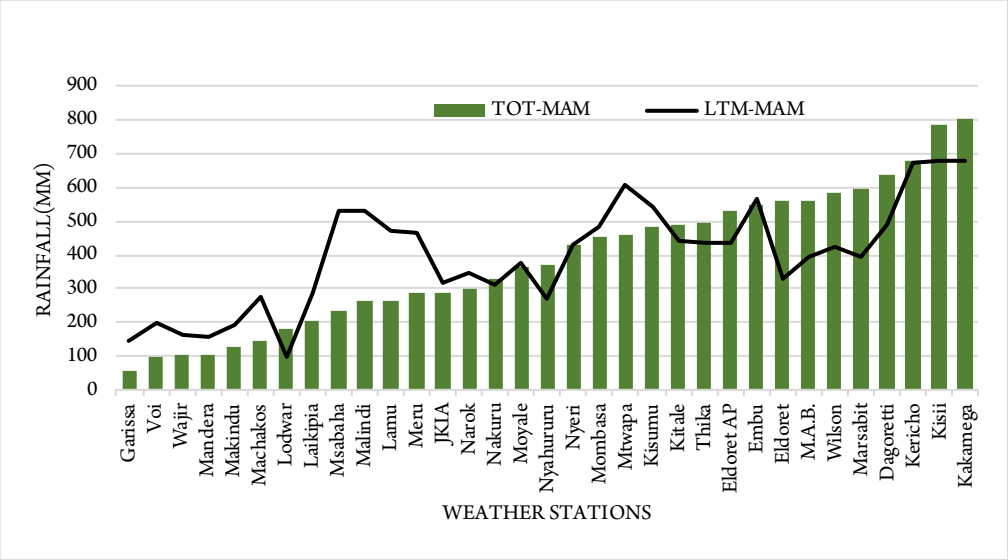
* Provisional

Weather

9.24. The long rains distribution pattern, both in time and space, was generally good over most parts of Western and Central Kenya as shown in Figure 9.1. Most of the rainfall was recorded in April and May 2016. The rainfall was poorly distributed both spatially and temporally in the Coastal and South-Eastern regions.

9.25. The meteorological stations that recorded well above their Long-Term Mean (LTM) during the March-April-May (MAM) include Nyahururu, Thika, Kitale, Eldoret), Moi Air Base, Wilson, Dagoretti, Marsabit, Kisii Kakamega and Lodwar. The stations that recorded rainfall equivalent to LTM include Nakuru, Moyale, Nyeri and Kericho. The rest of the stations received depressed rainfall which were well below their LTM.

Figure 9.1: Long Rain March to May Performance, 2016

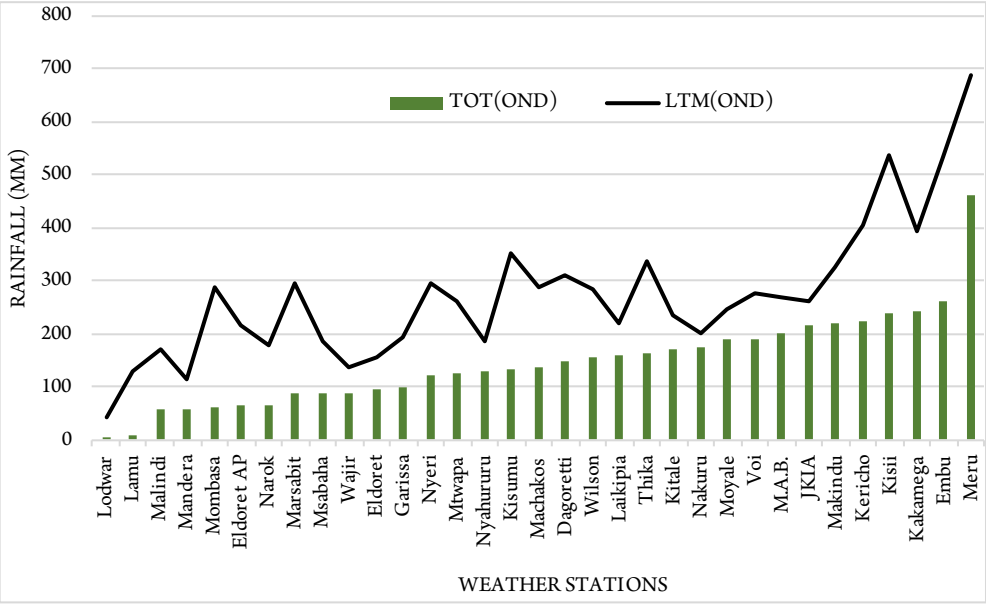


Source: Kenya Meteorological Department
TOT - Total Rainfall
LTM - Long Term Mean
M.A.B - Moi Air Base

MAM – March-April-May

9.26. The October-November-December (OND) short rains analysis indicates that the country received depressed rainfall as depicted in Figure 9.2. All meteorological stations recorded rainfall levels well below their LTM. Lodwar station received no rainfall while Meru station recorded 460 millimetres of rainfall over the OND period.

Figure 9.2: Short Rain (October to December) Performance, 2016



Source: Kenya Meteorological Department
TOT - Total Rainfall
LTM - Long Term Mean
OND – October-November-December

Recent Developments in Environment and Natural Resources

9.27. In 2016, the Government participated in the 22nd Session of the Conference of Parties (COP 22) to the United Nations Framework Convention on Climate Change, which was held in Marrakech, Morocco. The major outcome was for the countries to finalize the rules and implement the Paris Agreement by 2018. Other outcomes were on steps to address the climate change and promote sustainable development. Furthermore, the International Council for Research in Agroforestry (ICRAF) initiated a number of agroforestry development activities with a view to combating desertification through research focused on energy saving Jikos and drought resistant trees.

9.28. The government formally submitted its Intended Nationally Determined Contribution (INDC), which sets out a greenhouse gas (GHG) emissions reduction target of 30 per cent by 2030 compared to a Business-As-Usual (BAU) scenario of 143 megatons of carbon dioxide equivalent. The INDC covers all sectors, with a focus on reducing emissions of carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O).

9.29. BirdLife International and its national Partners continued working with communities in Dunga Beach to strengthen the capacity of community based Local Conservation Groups (LCGs). The goal is to conserve biodiversity and to sustain the ecosystem benefits of Lake Victoria Basin for human well-being.

9.30. The water sector undertook significant measures to ensure increased access to adequate water for human consumption country-wide. Substantial progress has been made in the implementation of the Kenya Water Security and Climate Resilience project and the Itare dam water project. The Garissa Water and Sewerage Project Phase II; Kisumu Water Supply and Sanitation Project-LTAP-Package 1 to Package 3; Migori Water Supply and Sanitation Project and; Gichugu Water Supply Project were completed.

9.31. In April 2016, Kenya burnt elephant ivory worth US$ 105 million to discourage poaching. The record-setting burn was meant to send a message to the world that ivory trade is illegal and harmful to the existence and sustainability of wildlife.

10 Chapter

Energy

Overview

In 2016, the average crude oil prices in the international markets dropped compared to 2015. Murban crude prices decreased to an average of 44.18 US dollars per barrel in 2016 from US 52.53 dollars per barrel in 2015. Supply continued to outstrip demand as a result of crude oil inventories, build up in the global market. The relatively high crude oil production and inventory levels led to reduction in international oil prices throughout the review period. Cooking gas average prices fell to an eight year low after the Government scrapped the applicable Value Added Tax (VAT) to boost uptake among poor households.

10.2. The volume of import of petroleum products increased from 4,431.7 thousand tonnes in 2015 to 4,852.4 thousand tonnes in 2016. Domestic exports of petroleum products declined from 30.4 thousand tonnes in 2015 to 26.9 thousand tonnes in 2016. During the same period, the total import bill of petroleum products decreased by 12.6 per cent to KSh 197.5 billion. Similarly, the total value of petroleum products exported declined by 28.4 per cent to KSh 42.8 billion.

10.3. Total installed electricity capacity declined marginally to 2,325.8 megawatts (MW) as at December 2016. The decline was mainly attributed to the drop in thermal capacity following the retirement of Aggreko plant in Muhoroni. Total effective capacity dropped by 8.0 per cent to 2,253.9 MW in 2016.

10.4. Domestic demand for electricity increased from 7,826.4 GWh in 2015 to 8,053.2 GWh in 2016. Total sales to large and medium commercial and industrial consumers; and domestic and small commercial increased from 7,272.7 GWh in 2015 to 7,462.0 GWh in 2016. The supply of electricity recorded a 5.7 per cent increase from 9,514.6 GWh to 10,057.7 GWh over the same period. The demand for rural electrification rose from 496.6 GWh in 2015 to 513.1 GWh in 2016. This resulted in an increase in the number of customers connected under the Rural Electrification Programme (REP) to 38.2 per cent from 703,190 in 2015 to 972,018 in 2016.

Petroleum

10.5. Table 10.1 presents the quantity and value of imports and exports of petroleum products from 2012 to 2016. Total quantity of imports of petroleum products increased to 4,852.4 thousand tonnes in 2016. The volume of total exports of petroleum products rose by 9.3 per cent from 796.8 thousand tonnes in 2015 to 871.2 thousand tonnes in 2016. Total import bill of petroleum products declined from KSh 226.1 billion in 2015 to KSh 197.5 billion in 2016. This is mainly associated with reduced oil prices in the international market. The values of domestic exports and re-exports of petroleum products decreased by 29.7 per cent and 28.2 per cent to KSh 4.4 billion and KSh 38.5 billion, respectively, in 2016. The net balance declined by 7.0 per cent to KSh 154.7 billion in 2016 from KSh 166.3 billion in 2015.

Table 10.1: Quantity and Value of Imports, Exports and Re-exports of Petroleum Products[1], 2012 - 2016

	Quantity ('000 Tonnes)					Value (KSh Million)				
Year	**2012**	**2013**	**2014**	**2015**	**2016***	**2012**	**2013**	**2014**	**2015**	**2016***
IMPORTS										
Crude Petroleum	997.0	567.4	..	..	..	68,086.0	41,037.4	..	..	..
Petroleum Fuels	2,803.4	2,985.9	4,400.2	4,418.1	4,841.6	237,699.5	248,687.4	333,779.0	222,940.0	195,216.9
Lubricating Oils	7.1	6.9	6.8	10.8	8.2	1,386.8	1,422.9	1,423.8	2,468.0	1,741.4
Lubricating Greases	1.8	2.3	2.4	2.8	2.6	383.8	474.9	468.5	717.7	570.0
TOTAL	**3,809.3**	**3,562.5**	**4,409.4**	**4,431.7**	**4,852.4**	**307,556.1**	**291,622.6**	**335,671.3**	**226,125.7**	**197,528.3**
DOMESTIC EXPORTS										
Petroleum Fuels	11.7	17.0	39.7	1.3	2.7	1,093.3	1,384.9	2,567.7	165.5	210.1
Lubricating Oils	0.6	0.0	15.4	29.1	24.1	38.8	0.0	2,955.3	6,039.1	4,134.9
Lubricating Greases	43.7	11.6	0.1	0.1	0.2	2,685.0	734.7	14.8	19.0	30.8
TOTAL	**56.0**	**28.6**	**55.2**	**30.4**	**26.9**	**3,817.1**	**2,119.6**	**5,537.7**	**6,223.6**	**4,375.9**
RE-EXPORTS										
Petroleum Fuels	55.3	111.1	561.6	752.8	842.9	4,824.9	9,395.2	47,134.6	52,939.1	38,163.2
Lubricating Oils	-	-	5.4	0.2	1.4	2.4	-	570.8	0.0	302.2
Lubricating Greases	71.5	18.2	7.4	13.5	0.0	4,732.8	1,108.3	425.6	646.7	8.1
TOTAL	**126.8**	**129.3**	**574.4**	**766.4**	**844.3**	**9,560.1**	**10,503.5**	**48,131.0**	**53,585.8**	**38,473.5**
TOTAL EXPORTS	**182.8**	**157.9**	**629.6**	**796.8**	**871.2**	**13,377.2**	**12,623.1**	**53,668.7**	**59,809.4**	**42,849.4**
NET BALANCE						**294,178.9**	**278,999.5**	**282,002.6**	**166,316.3**	**154,678.9**

*Provisional

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

.. Insignificant

[+] Revised

10.6. The supply and demand balance for petroleum products for the period 2012 to 2016 is shown in Table 10.2. Total demand for petroleum products expanded by 6.5 per cent to 5,046.9 thousand tonnes in 2016, mainly due to growths of 11.4 and 10.9 per cent in domestic demand for light diesel oil and motor gasoline, respectively. Light diesel oil and motor gasoline, collectively accounted for 70.3 per cent of the total demand in 2016.

Table 10.2: Petroleum Supply and Demand, 2012 - 2016

000 Tonnes

	2012	2013	2014	2015	2016*
DEMAND -					
Liquefied petroleum gas	93.6	92.9	149.7	148.6	151.7
Motor gasoline (premium and regular)[2]	618.5	774.5	903.8	1,107.0	1,227.2
Aviation spirit	1.8	2.2	2.3	18.7	4.8
Jet/turbo fuel	671.0	551.3	529.3	635.3	619.2
Illuminating kerosene	309.0	296.1	300.3	390.1	371.7
Light diesel oil	1,486.3	1,601.2	1,721.4	2,080.9	2,318.3
Heavy diesel oil	20.8	18.7	3.0	0.1	0.5
Fuel oil	437.0	371.0	328.1	357.8	350.9
TOTAL	**3,638.0**	**3,707.9**	**3,937.9**	**4,738.5**	**5,044.2**
Refinery usage	48.0	31.3	-	-	-
TOTAL DOMESTIC DEMAND	**3,686.0**	**3,739.2**	**3,937.9**	**4,738.5**	**5,044.2**
Exports of petroleum fuels	11.7	6.2	39.7	1.3	2.7
TOTAL DEMAND	**3,697.7**	**3,745.4**	**3,977.6**	**4,739.8**	**5,046.9**
SUPPLY -					
Imports:					
Crude oil	997.0	567.4	..	..	..
Petroleum fuels	2,803.4	2,985.9	4,400.2	4,418.1	4,841.6
TOTAL	**3,800.4**	**3,553.3**	**4,400.2**	**4,418.1**	**4,841.6**
Adjustment[1]	(102.7)	192.1	(422.6)	321.7	205.3
TOTAL SUPPLY	**3,697.7**	**3,745.4**	**3,977.6**	**4,739.8**	**5,046.9**

* Provisional.

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

[2]Regular Premium is no longer sold in Kenya since 2013

10.7. Table 10.3 and Figure 10.1 presents the net domestic sales of petroleum fuels by consumer category from 2012 to 2016. Net domestic sales of petroleum products increased by 6.5 per cent to 5,044.2 thousand tonnes in 2016. Rail transport; industrial, commercial and other; and retail pump outlets and road transport fuel consumption increased by 16.5, 7.7 and 8.9 per cent, respectively, during the period under review. Consumption of fuel used for power generation declined by 52.6 per cent to 15.3 thousand tonnes during the review period. The road transport, aviation, and industrial, commercial and other, as major consumers collectively accounted for 97.8 per cent of total sales in 2016. Government consumption expanded by 46.8 per cent to 11.3 thousand tonnes in 2016.

Table 10.3: Net Domestic Sale of Petroleum Fuels by Consumer Category, 2012 - 2016

'000 Tonnes

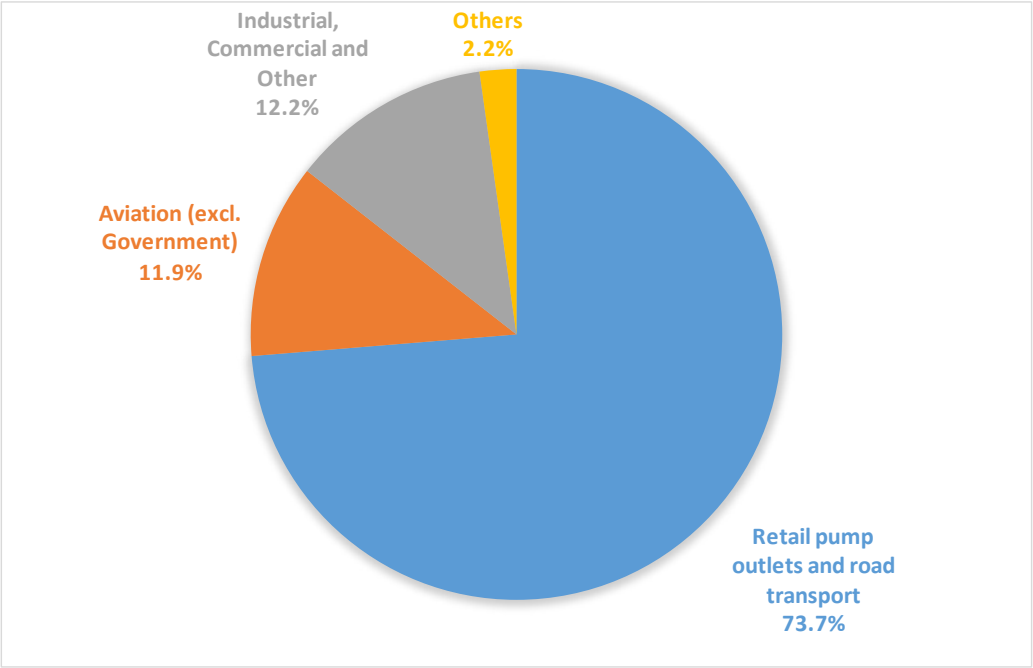
User	2012	2013	2014	2015	2016*
Agriculture	22.5	28.5	36.4	29.7	35.2
Retail pump outlets and road transport	2,234.7	2,573.7	2,791.0	3,414.7	3,717.6
Rail transport	11.6	14.2	15.6	36.9	43.0
Tourism[1]	6.2	5.5	5.1	4.8	5.1
Marine (excl. Naval Forces)	13.1	25.4	18.6	2.9	2.3
Aviation (excl. Government)	665.5	552.4	530.4	637.7	598.4
Power Generation	118.7	64.1	98.9	32.3	15.3
Industrial, Commercial and Other	566.1	462.3	451.2	572.1	615.9
Government	12.6	7.2	9.3	7.7	11.3
Balancing Item	-13.0	-25.4	-18.6	-0.3	0.1
TOTAL	**3,638.0**	**3,707.9**	**3,937.9**	**4,738.5**	**5,044.2**

Source: Ministry of Energy and Petroleum

* Provisional

[1] Comprises sales to tour operators

Figure 10.1: Sale of Petroleum Fuels by Major Consumer Category, 2016



10.8. Table 10.4 presents wholesale prices of Petroleum Products in Mombasa for December 2012 to December 2016. Wholesale prices of premium motor gasoline went up by 2.0 per cent from KSh 123,644 per tonne in December 2015 to KSh 126,129 per tonne in December 2016. Similarly, illuminating kerosene prices increased by 11.0 per cent in the same period. On the other hand, liquefied petroleum gas prices decreased by 16.5 per cent to KSh 80,078 per tonne at the end of 2016. Wholesale prices for Light diesel, mainly used by vehicles, fell from KSh 94,149 per tonne in December 2015 to KSh 96,759 in December 2016.

Table 10.4: Wholesale Prices[1] of Petroleum Products in Mombasa, 2012 - 2016

KSh per Tonne

PRODUCT	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015	Dec. 2016
Liquefied petroleum gas	130,910	123,803	110,721	95,920	80,078
Motor gasoline (Premium).....	148,169	143,535	133,711	123,644	126,129
Illuminating Kerosene.....	105,399	101,153	86,449	69,282	76,933
Light diesel oil	121,944	120,303	104,097	94,149	96,759
Industrial diesel oil	81,608	74,238	73,874	..	..
Fuel oil	70,838	64,950	58,678	..	..

Source: Energy Regulatory Commission

[1]Including duties and VAT.

.. Data not available

10.9. Details of Murban crude oil prices in the international market for the last five years is shown in Table 10.5. The price of the Murban crude oil dropped from an average of US Dollars 52.53 per barrel in 2015 to US Dollars 44.18 per barrel in 2016. This was occasioned by relatively high production and inventory levels that suppressed crude oil prices throughout most of 2016. The first quarter of 2016 recorded the lowest average price of the crude oil US Dollars 33.72. The fourth quarter of the review period recorded the highest average crude oil price of US Dollars 50.55 per barrel, peaking in December at US Dollars 54.15 per barrel.

Table 10.5: Murban ADNOC Prices[1], 2012 - 2016

US$/BBL

Month/Year	2012	2013	2014	2015	2016
January.....	114.20	112.05	109.75	46.40	29.95
February.....	120.45	115.4	109.95	56.55	33.00
March.....	127.00	109.95	108.30	56.10	38.20
April.....	121.20	105.65	107.95	60.55	42.00
May.....	110.60	103.65	109.15	65.75	47.35
June.....	97.35	103	111.65	63.70	49.05
July.....	101.75	106.85	109.5	57.70	44.60
August.....	111.65	111.7	104.25	48.85	48.85
September.....	115.40	114.50	97.95	46.60	45.50
October.....	113.20	112.45	87.35	47.30	51.35
November.....	112.10	112.20	77.00	43.55	46.15
December.....	110.75	113.85	60.65	37.25	54.15
Annual average	**112.97**	**110.10**	**99.45**	**52.53**	**44.18**

Source : Ministry of Energy and Petroleum

* Provisional

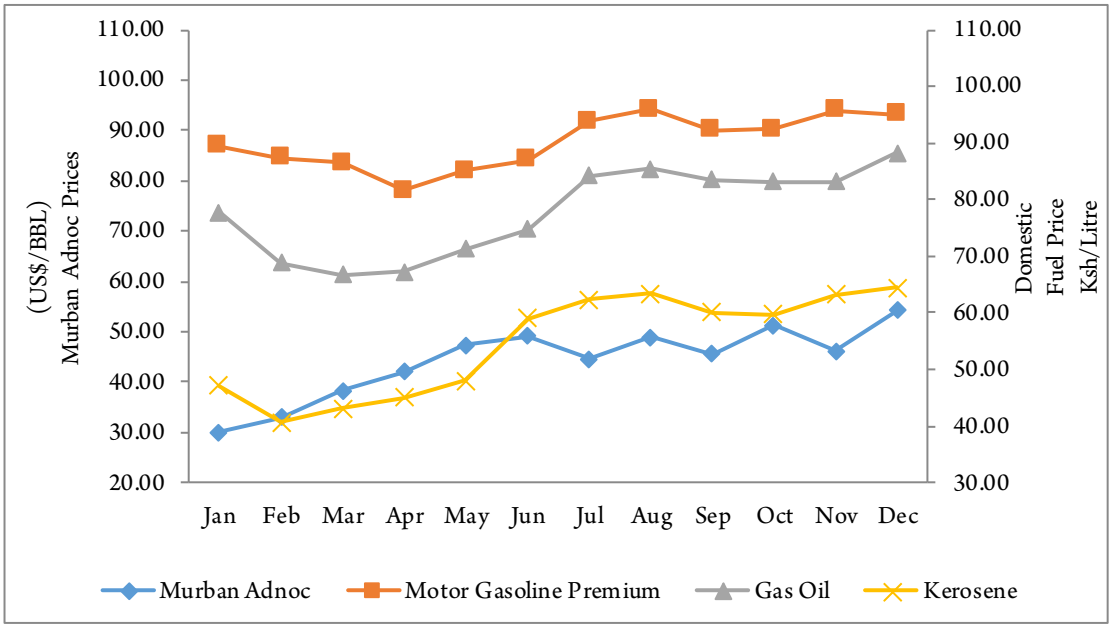
[1] Abu Dhabi free on board (fob) Prices

ADNOC : Abu Dhabi National Oil Company

US$/ BBL: US Dollars per Barrel

10.10. Figure 10.2 shows the trend of monthly prices of International crude oil and domestic fuel for 2016. International crude oil prices increased from January to June 2016 before fluctuating from July to attain the highest price in December 2016. On the other hand, domestic prices of motor gasoline premium, gas oil and kerosene fluctuated over the review period before attaining the highest prices in December 2016.

Figure 10.2: Trends of Monthly Prices of International Crude Oil and Domestic Fuel, 2016



10.11. Table 10.6 presents average retail price details of selected petroleum products from 2012 to 2016. The annual average prices for motor gasoline, gas oil, kerosene and Liquefied Petroleum Gas went down over the review period. The average price of Liquefied Petroleum Gas (LPG) for a 13Kg cylinder reduced by 16.3 per cent from KSh 2,369.46 in December 2015 to KSh 1,983.06 in December 2016 due to exemption of LPG from Value Added Tax (VAT). Kerosene prices increased by 19.0 per cent from KSh 54.23 in December 2015 to KSh 64.52 in December 2016. The average retail price of gas oil and motor gasoline (premium) increased by 11.0 and 4.6 per cent to KSh 88.18 and KSh 95.08, respectively, over the same period.

Table 10.6: Average Retail Prices of Selected Petroleum Products, 2012 - 2016

		KSh per Litre			KSh per 13 Kg cylinder
Year	Month	Motor Gasoline Premium	Gas oil	Illuminating Kerosene	Liqufied Petroleum Gas (LPG)
2012	January	112.70	108.74	87.96	3,149.63
	March	112.44	105.97	84.99	2,882.50
	June	118.40	106.33	84.05	2,772.94
	September	109.70	101.92	80.51	2,628.06
	December	113.35	106.64	87.29	2,604.55
2013	January	112.35	104.83	84.71	2,630.73
	March	118.41	108.21	89.39	2,662.61
	June	108.93	100.01	82.38	2,573.75
	September	114.69	106.47	86.47	2,836.67
	December	110.11	105.44	83.99	2,876.00
2014	January	111.41	105.65	85.98	2,995.22
	March	114.43	105.79	84.82	3,094.16
	June	115.43	105.73	84.04	3,074.57
	September	112.46	103.28	82.55	3,111.74
	December	102.86	91.79	72.30	3,018.45
	Annual average[1]	**112.75**	**102.99**	**82.46**	**3,062.40**
2015	January	93.75	84.3	66.53	2,954.36
	March	90.34	77.16	56.71	2,629.56
	June	98.14	84.26	62.73	2,387.04
	September	103.49	80.94	53.52	2,393.85
	December	90.94	79.47	54.23	2,369.46
	Annual average[1]	**94.63**	**80.99**	**57.67**	**2,465.44**
2016	January	89.52	77.66	47.11	2,343.86
	February	87.38	68.85	40.6	2,318.03
	March	86.46	66.68	43.13	2,277.48
	April	81.61	67.21	44.94	2,268.37
	May	85.14	71.34	47.96	2,252.86
	June	87.07	74.69	59.1	2,231.38
	July	93.81	84.2	62.42	2,097.51
	August	96.01	85.47	63.45	2,078.76
	September	92.28	83.42	60.08	2,029.12
	October	92.44	83.08	59.68	1,989.54
	November	95.82	83.14	63.13	1,987.69
	December	95.08	88.18	64.52	1,983.06
	Annual average	**90.22**	**77.83**	**54.68**	**2,154.81**

[1] Twelve months average

Electricity

10.12. Details of installed and effective capacity of electricity is shown in Table 10.7a. Total installed capacity declined from 2,333.6 MW in 2015 to 2,325.8 MW in 2016. Geothermal installed capacity increased from 627.0 MW in 2015 to 652.0 MW in 2016. This increase is attributable to commissioning of geothermal projects namely Olkaria 11, Olkaria 12 Olkaria 13, Olkaria 14 and Olkaria 15, which contributed 25 MW. Thermal installed capacity declined from 833.8 MW recorded in 2015 to 803.5 MW in 2016.

10.13. Total effective capacity contracted marginally from 2,263.2 MW in 2015 to 2,253.9 MW in 2016. Geothermal effective capacity increased from 619.0 MW in 2015 to 644.0 MW in 2016. On the other hand, Thermal capacity declined from 797.1 MW recorded in 2015 to 764.9 MW in 2016, partly attributed to the retirement of Aggreko Muhoroni thermal plant (30MW) in June 2016. During the review period, Garissa and Lamu towns were connected to the national grid.

Table 10.7a: Installed and Effective Capacity of Electricity, 2012 – 2016

	INSTALLED CAPACITY MW						EFFECTIVE CAPACITY MW					
Year	Hydro	Thermal Oil	Geo thermal	Wind	Cogeneration	Total	Hydro	Thermal Oil	Geo thermal	Wind	Cogeneration	Total
2012.....	788.4	660.6	209.5	5.4	26.0	**1,689.9**	769.9	610.6	199.6	5.3	26.0	**1,611.4**
2013.....	812.3	714.4	241.8	5.9	26.0	**1,800.4**	766.6	693.2	236.5	5.3	21.5	**1,723.1**
2014.....	818.3	751.3	573.4	26.3	26.0	**2,195.3**	797.5	712.6	558.0	5.3	21.5	**2,094.9**
2015.....	820.7	833.8	627.0	26.1	26.0	**2,333.6**	799.5	797.1	619.0	26.1	21.5	**2,263.2**
2016*.....	818.2	803.5	652.0	26.1	26.0	**2,325.8**	797.5	764.9	644.0	26.0	21.5	**2,253.9**

Source: Kenya Power & Lighting Company Ltd and Kenya Electricity Generation Company Ltd

* Provisional

Notes:

1 Megawatt = million watts = 1,000 kilowatts.

Installed capacity refers to the maximum theoretical electric output a power station could produce when operating at 100 per cent

Effective capacity is the capacity a power station is expected to achieve given current operating constraints.

10.14. Information on generation and imports of electricity from 2012 to 2016 is presented in Table 10.7b and Figure 10.3. Total electricity generation increased from 9,514.9 GWh in 2015 to 10,057.7 GWh in 2016. Hydro generation expanded from 3,463.3 GWh to 3,959.9 GWh in 2016. The increase is mainly attributed to increased hydrology at the end of 2015 and the long rains of 2016. Generation from geothermal plants dropped to 4,484.2 GWh in 2016 from 4,520.7 GWh in 2015. The reduced geothermal generation relative to the capacity installed is due to the scheduled maintenance of geothermal plants in the months of September to December 2016. Thermal generation rose from 1,412.1 GWh to 1,470.9 GWh during the same period. Overall, hydro and geothermal power accounted for the bulk of power with a total share of 84.0 per cent in 2016.

Table 10.7b: Generation and imports of Electricity[1], 2012 - 2016

GWh

Year	GENERATION								Imports	Total
	Hydro	Thermal oil				Geo thermal	Cogeneration	Wind		
		KenGen	IPP	EPP	Total					
2012	3,976.8	682.5	1,208.9	309.0	2,200.4	1,515.9	104.7	14.4	39.1	**7,851.3**
2013	4,386.0	598.3	1,386.2	177.2	2,161.7	1,780.9	55.6	14.7	49.0	**8,447.9**
2014	3,410.6	844.2	1,673.0	68.0	2,585.2	2,917.4	50.0	17.0	158.4	**9,138.6**
2015	3,463.3	393.4	954.2	64.5	1,412.1	4,520.7	0.0	59.7	58.8	**9,514.6**
2016*	3,959.9	539.4	905.3	26.2	1,470.9	4,484.2	0.0	56.4	86.3	**10,057.7**

Source: Kenya Power & Lighting Company Ltd and Kenya Electricity Generation Company Ltd

* Provisional

[1] Includes generation for industrial establishment with generation capacity of over 100KVA plus

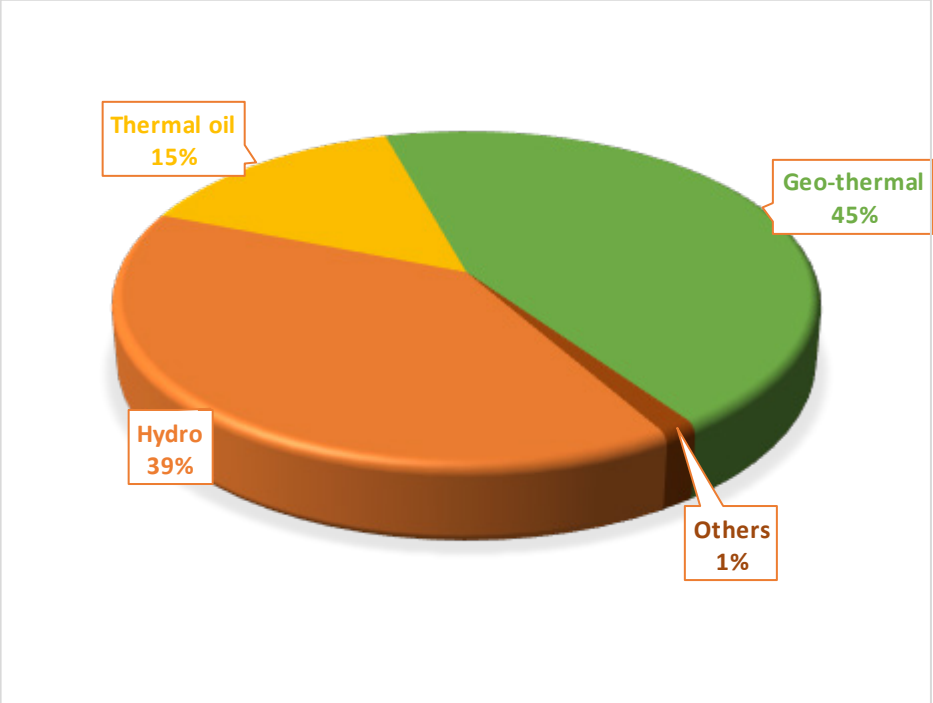
Notes:

IPP: Independent Power Producers

EPP: Emergency Power Producers

1 GWh = 1,000,000 KWh

Figure 10.3: Proportion of Electricity Generation by Source, 2016



10.15. Demand and supply balance of electricity are shown in Table 10.8 for the period 2012 to 2016. Total domestic demand for electricity recorded an increase of 2.9 per cent from 7,826.4 GWh in 2015 to 8,053.2 GWh in 2016. Sales to large and medium commercial and industrial consumers increased by 3.2 per cent, accounting for 51.5 per cent of total demand in 2016. Similarly, domestic and small commercial consumption went up by 1.9 per cent to account for 41.2 per cent of the total demand.

10.16. Demand for rural electrification expanded by 3.3 per cent to 513.1 GWh in 2016. Total electricity imports from Uganda and Tanzania increased from 58.8 GWh in 2015 to 86.3 million GWh in 2016. In contrast, exports to Uganda and Tanzania fell to stand at 39.1 GWh during the same period. Transmission losses and unallocated demand increased by 19.7 per cent. Similarly, local generation rose by 5.5 per cent to 9,971.4 GWh in the same period under review.

Table 10.8: Electricity Demand and Supply, 2012 - 2016

GWh

	2012	2013	2014	2015	2016*
Domestic and Small Commercial	2,568.5	2,866.1	2,963.1	3,254.9	3,315.7
Large & Medium (Commercial and Industrial)	3,409.2	3,585.3	3,891.4	4,017.8	4,146.3
Off-peak	36.0	32.7	33.7	25.7	31.8
Street Lighting	20.6	17.2	22.5	31.4	46.3
Rural Electrification	380.1	426.8	504.7	496.6	513.1
TOTAL DOMESTIC DEMAND	**6,414.4**	**6,928.1**	**7,415.4**	**7,826.4**	**8,053.2**
Exports to Uganda & Tanzania	**32.7**	**43.7**	**30.8**	**46.7**	39.1
Transmission losses[1] and Unallocated demand	1,404.2	1,476.1	1,692.5	1,641.5	1,965.4
TOTAL DEMAND = TOTAL SUPPLY[2]	**7,851.3**	**8,447.9**	**9,138.7**	**9,514.6**	**10,057.7**
Less imports from Uganda and Tanzania	39.1	49.0	158.4	58.8	86.3
Local generation	**7,812.2**	**8,398.9**	**8,980.3**	**9,455.8**	**9,971.4**

Source: Kenya Power and Lighting Company Ltd

*Provisional

[1] Voltage losses in power transmission lines

[2] Total supply equals Total generation

10.17. Details of demand and supply of commercial energy expressed in terms of primary source is presented in Table 10.9. Consumption of coal and coke dropped by 1.5 per cent to 343.5 thousand tonnes of oil equivalent realized in 2016. Total consumption of hydro and geothermal energy rose by 5.3 per cent from 696.6 thousand tonnes of oil equivalent in 2015 to 733.5 thousand tonnes in 2016. This was mainly due to increased local production of hydro power by 14.3 per cent during the period. Total energy consumption increased by 5.8 per cent to 6,121.2 thousand tonnes of oil equivalent in 2016. Local production of energy as a percentage of total energy consumption remained constant at 11.9 per cent in 2016.

Table 10.9: Production, Trade and Consumption of Energy[1] by Primary Sources, 2012 - 2016

000 Tonnes of Oil Equivalent

	2012	2013	2014	2015	2016
COAL AND COKE	**211.3**	**208.9**	**328.7**	**348.6**	**343.5**
LIQUID FUELS	**3,638.6**	**3,707.9**	**3,937.9**	**4,738.5**	**5,044.2**
Imports of crude oil	997.1	567.4	0.0	0.0	0.0
Imported Petroleum	2,803.4	2,985.9	4,400.2	4,418.1	4,841.6
Exports of Petroleum Fuels	11.7	6.2	39.7	1.3	2.7
Stock changes and balancing item	-102.7	192.1	-422.6	321.7	205.3
HYDRO AND GEOTHERMAL ENERGY:-	**475.6**	**538.6**	**571.4**	**696.6**	**733.5**
Total Local Energy Production	472.2	530.2	544.2	686.5	726.1
Local production of hydro power	341.9	377.1	293.3	297.8	340.5
Local production of geothermal power	130.3	153.1	250.9	388.7	385.6
Imports of hydro power	3.4	4.2	13.6	5.1	7.4
TOTAL ENERGY CONSUMPTION	**4,328.9**	**4,455.4**	**4,838.0**	**5,783.7**	**6,121.2**
LOCAL PRODUCTION AS PERCENTAGE OF TOTAL	10.9	11.9	11.2	11.9	11.9
PER CAPITA CONSUMPTION IN TERMS OF KILOGRAMME OF OIL EQUIVALENT	106.4	106.6	112.5	130.9	134.8

* Provisional.

[1] Excludes wood fuel and charcoal.

.. Insignificant

Developments in the Energy Sector

10.18. The number of customers connected under the rural electrification programme expanded by 38.2 per cent to 972,018 customers as at July 2016 from 703,190 customers in 2014/2015 financial year. As a result, the units of electricity sold increased by 2.3 per cent from 525 million units to 537 million units, over the same period. Consequently, revenue realised grew by 2.8 per cent from KSh 8,051 million in 2014/15 to KSh 8,279 million in 2015/16.

10.19. During the review period, Rural Electrification Authority (REA) completed and commissioned 15 isolated diesel (genset) stations namely: Takaba, Rhamu, El Wak, Masalani, Lokichoggio, Eldas, Laisamis, North Horr, Lokitaung Kamoliriban, Kotulo, Khorondile, Maikona, Lokiriama and Kakuma

10.20. A total of sixty-three (63) oil exploration blocks have been gazetted, out of which thirty-seven (37) are licensed to International Oil Companies (IOCs) and one to the National Oil Corporation of Kenya (NOCK). Twenty-five (25) blocks are open for licensing. A total of seventy eight (78) wells have been drilled, of which Twelve (12) were discoveries out of which 9 with crude oil in Block 10BB and Block 13T; two with natural gas discoveries in Block L8 and Block 9; one with both crude oil and natural gas in Block L10A. Crude oil recoverable reserves stands at approximately 750 million barrels.

Manufacturing

11 Chapter

Overview

The real output of the manufacturing sector grew by 3.5 per cent in 2016 compared to a revised growth of 3.6 per cent in 2015. The growth was as a result of reduced cost of production and increased volume output. The volume of output of the manufacturing sector grew by 4.9 per cent in 2016 on account of increased production of tea, wearing apparel, pharmaceutical products and basic metals. Credit to the manufacturing sector decreased by 4.6 per cent to KSh 277.4 billion in 2016. Kenya Industrial Estates, which plays a major role in promoting local entrepreneurship by financing and developing small scale and micro enterprises, approved 325 projects and advanced loans worth KSh 165.3 million in 2016. Formal employment in the manufacturing sector went up marginally by 1.8 per cent to 300.9 thousand persons in 2016 accounting for 11.8 per cent of the total formal employment.

11.2. Producer Price Index (PPI) which measures change in prices of goods sold by producers at basic prices increased by 0.2 per cent to 113.67 in 2016. The marginal increase was due to stability of the prices of imported raw materials. The PPI of manufactured beverages and manufacture of wood and products of wood and cork increased by 3.4 per cent and 6.3 per cent, respectively. The index of food products and other non-metallic mineral products dropped in 2016.

11.3. Total capital investment of Export Processing Zones (EPZ) enterprises increased from KSh 48.1 billion in 2015 to KSh 51.2 billion in 2016 while number of local employees engaged by EPZ enterprises increased by 3.4 per cent to 52,019. Exports increased by 3.7 per cent to KSh 63.1 billion in 2016.

Manufacturing Output

11.4. Value of output, intermediate consumption, value added and compensation of employees in the manufacturing sector is shown in Table 11.1. The value of output grew by 7.9 per cent from KSh 1,976.8 billion in 2015 to KSh 2,132.3 billion while value added increased by 11.6 per cent to KSh 658.0 billion in 2016. Compensation of employees increased by 7.2 per cent to KSh 175.2 billion in 2016.

Table 11.1: Manufacturing Output, Compensation of Employees and Value Added, 2012-2016

Current Prices - KSh Million

YEAR	Value of Output	Intermediate Consumption	Value Added	Compensation of Employees
2012	1,619,622	1,150,518	469,104	105,714
2013	1,735,699	1,231,087	506,612	127,186
2014	1,820,369	1,282,369	537,999	147,453
2015	1,976,793	1,387,196	589,597	163,395
2016*	2,132,259	1,474,309	657,950	175,235

* Provisional.

Quantum Indices

11.5. Quantum indices and production of selected commodities of the manufacturing sector from 2012 to 2016 are presented in Tables 11.2, 11.3, and 11.4. Volume of output in the manufacturing sector grew by 4.9 per cent in 2016 compared to 5.4 per cent recorded in 2015. The growth was on account of increased production of wearing apparel, pharmaceutical products, other food products mainly tea and basic metals. On the other hand, assembly of motor vehicles, production of rubber products, tobacco products, wood and wood products; and fish processing contracted.

Table 11.2: Quantum Indices of Manufacturing Production, 2012-2016

Base: 2009=100

Industry Divisions and Groups Descriptions	2012	2013	2014	2015	2016*
Meat and Meat Products	109.2	109.4	108.3	118.3	131.2
Processing and preserving of fish	87.8	85.0	86.7	67.8	61.0
Prepared and Preserved Fruits and Vegetables	102.9	120.0	100.9	103.6	112.7
Animal and Vegetable Fats and Oils	98.9	111.4	128.2	133.6	135.5
Dairy Products	144.9	147.4	156.8	169.7	175.1
Grain Mill Products	130.3	137.4	148.5	159.7	165.4
Bakery Products	133.7	141.7	152.3	164.6	163.1
Sugar	90.1	109.5	108.2	115.3	116.5
Cocoa, Chocolate and Sugar Confectionery	133.4	131.6	137.4	166.3	173.9
Food Products not elsewhere classified	117.1	129.6	136.2	121.5	139.4
Animal Feed	122.6	131.0	132.2	138.2	140.7
Total Food Products	**116.6**	**126.3**	**132.5**	**134.5**	**143.2**
Beverages	122.9	112.5	110.8	138.7	146.4
Tobacco Products	128.2	119.6	144.0	137.6	115.4
Beverages and Tobacco	**123.8**	**113.7**	**116.5**	**138.5**	**141.1**
Textiles	117.7	112.1	113.9	129.9	130.3
Wearing Apparel	140.7	154.4	172.9	196.8	230.6
Leather and Related Products	130.9	135.4	118.6	103.5	111.2
Wood and Products of Wood	107.0	113.9	132.4	138.5	121.9
Paper and Paper Products	135.2	144.9	140.1	140.3	152.6
Printing and Production of Recorded Media	100.2	102.3	99.3	99.2	99.2
Refined Petroleum Products	91.4	47.0	0.0	0.0	0.0
Chemical and Chemical Products	116.1	112.6	125.3	134.6	136.5
Pharmaceutical Products	189.4	250.0	295.9	362.8	416.0
Rubber Products	82.1	100.2	93.1	78.4	59.3
Plastic Products	116.5	114.1	123.6	140.9	152.8
Rubber and Plastic Products	**110.9**	**111.8**	**118.6**	**130.7**	**137.6**
Other Non-metallic Mineral Products	125.3	135.1	156.1	169.9	179.5
Basic Metals	124.2	149.8	152.7	150.9	169.7
Fabricated Metal Products	131.7	154.3	175.1	163.8	147.8
Electrical Equipment	124.8	133.3	145.1	154.6	159.9
Machinery and Equipment nec	89.7	90.8	77.1	42.6	37.7
Motor Vehicle, Trailers and Semi Trailers	123.8	131.0	161.4	171.0	125.2
Manufacture of furniture	164.2	183.8	211.0	258.5	259.8
Other Manufacturing nec	134.7	139.5	174.6	210.1	211.8
Repair and Installation of Machinery and Equipment	106.8	110.2	117.8	122.0	122.0
Total Manufacturing	**122.2**	**130.6**	**139.0**	**146.5**	**153.7**

* Provisional

Table 11.3: Percentage change in Quantum Indices of Manufacturing Production, 2012-2016

Industry Divisions and Groups Descriptions	2012	2013	2014	2015	2016*
Meat and Meat Products	3.9	0.2	-1.0	9.3	10.9
Processing and preserving of fish	-20.7	-3.2	2.0	-21.8	-10.0
Prepared and Preserved Fruits and Vegetables	-6.2	16.7	-15.9	2.7	8.8
Animal and Vegetable Fats and Oils	-2.2	12.7	15.0	4.3	1.4
Dairy Products	-2.7	1.7	6.4	8.2	3.1
Grain Mill Products	3.1	5.5	8.1	7.6	3.6
Bakery Products	22.2	6.0	7.5	8.1	-0.9
Sugar	0.7	21.5	-1.3	6.6	1.0
Cocoa, Chocolate and Sugar Confectionery	9.6	-1.4	4.4	21.0	4.5
Food Products not elsewhere classified	1.9	10.7	5.1	-10.8	14.7
Animal Feed	6.7	6.8	1.0	4.5	1.8
Total Food Products	2.6	**8.3**	**5.0**	**1.5**	**6.5**
Beverages	8.2	-8.4	-1.5	25.2	5.6
Tobacco Products	9.0	-6.8	20.5	-4.4	-16.2
Beverages and Tobacco	8.3	**-8.1**	**2.5**	**18.9**	**1.8**
Textiles	6.6	-4.7	1.6	14.1	0.3
Wearing Apparel	12.4	9.7	12.0	13.8	17.2
Leather and Related Products	-1.4	3.5	-12.4	-12.8	7.5
Wood and Products of Wood	5.2	6.5	16.2	4.6	-12.0
Paper and Paper Products	7.0	7.2	-3.3	0.2	8.7
Printing and Production of Recorded Media	-0.3	2.1	-2.9	-0.1	0.0
Refined Petroleum Products	-19.8	-48.6	0.0	0.0	0.0
Chemical and Chemical Products	0.1	-3.0	11.2	7.5	1.4
Pharmaceutical Products	39.2	32.0	18.3	22.6	14.7
Rubber Products	14.0	22.1	-7.1	-15.8	-24.4
Plastic Products	5.9	-2.1	8.4	14.0	8.4
Rubber and Plastic Products	6.9	**0.8**	**6.1**	**10.2**	**5.2**
Other Non-metallic Mineral Products	5.1	7.8	15.5	8.9	5.7
Basic Metals	3.3	20.7	1.9	-1.2	12.5
Fabricated Metal Products	7.0	17.2	13.4	-6.4	-9.8
Electrical Equipment	-1.8	6.8	8.8	6.5	3.5
Machinery and Equipment nec	-4.1	1.2	-15.1	-44.7	-11.6
Motor Vehicle, Trailers and Semi Trailers	4.6	5.9	23.1	6.0	-26.7
Manufacture of furniture	9.3	12.0	14.8	22.5	0.5
Other Manufacturing nec	-3.4	3.5	25.1	20.4	0.8
Repair and Installation of Machinery and Equipment.	0.0	3.2	6.9	3.6	0.0
Total Manufacturing	**4.7**	**6.9**	**6.4**	**5.4**	**4.9**

* Provisional

Table 11.4: Production of Selected Commodities 2012-2016

Commodity	Unit	2012	2013	2014	2015	2016*
Processed Milk	Million litres	325.4	350.4	419.1	437.5	452.2
Wheat flour[1]	'000 Tonnes	844.8	884.2	988.7	1,103.8	1,131.0
Maize flour[1]	„	524.0	562.5	571.2	570.7	609.7
Biscuits	„	11.9	12.3	10.6	12.2	11.1
Cooking oil	„	143.6	162.8	186.1	209.0	206.5
Edible fats and magarine	„	214.1	235.6	265.2	255.6	260.1
Sugar	„	493.9	600.2	592.7	635.7	639.7
Coffee - milled	„	50.0	39.8	49.5	41.6	39.7
Tea	„	369.6	432.5	445.1	399.2	471.2
Soft drinks	Million litres	365.4	407.4	462.1	551.4	502.5
Blankets	'000 Number	1,214.6	2,048.4	2,339.1	2,611.7	2,822.1
Assembled vehicles	Number	6,000.0	7,026.0	9,514.0	10,181.0	6,577.0
Galvanized sheets	000 Tonnes	254.8	305.2	284.5	256.8	261.5

* Provisional

[1] Produced by formal Millers

11.6. Manufacture of food products recorded a growth of 6.5 per cent in the year under review. Production of meat and meat products rose by 10.9 per cent on account of increased production of processed chicken. Processing and preserving of fish contracted in 2016. This is corroborated by a decrease of 44.4 per cent in the quantities of exported fish and fish preparations. Processed and preserved fruits and vegetables rose by 8.8 per cent in 2016, mainly attributed to an increase in preserved and processed fruits.

11.7. Processed animal and vegetable fats and oils increased marginally by 1.4 per cent in the review period. This was as a result of marginal increase in both quantities of manufactured vegetable fats and processed vegetable oils.

11.8. In the dairy sub-sector, production of processed milk increased by 3.4 per cent from 437.5 million litres in 2015 to 452.2 million litres in 2016. Similarly, production of yoghurt and other fermented milk increased by 2.5 per cent. Overall, dairy products grew by 3.1 per cent in 2016.

11.9. Grain mill products registered a growth of 3.6 per cent in 2016 due to increased production of maize and wheat flour, which grew by 6.8 per cent and 2.5 per cent, respectively. Quantity of maize flour milled in the formal sector increased from 570.7 thousand tonnes in 2015 to 609.7 thousand tonnes in 2016 while production of wheat flour increased from 1,103.8 thousand tonnes to 1,131.0 thousand tonnes in the same period.

11.10. Manufacture of bakery products contracted by 0.9 per cent in 2016 with production of biscuits declining by 8.9 per cent. Production of animal feed increased by 1.8 per cent in 2016. Production of sugar increased by 4.1 per cent to stand at 639.7 thousand tonnes while that of cocoa, chocolate and sugar confectionery grew by 4.5 per cent in 2016.

11.11. The category of manufacture of other food products, which includes tea and coffee expanded by 14.7 per cent. Processed tea increased by 18.0 per cent while production of semi-processed coffee dropped by 4.6 per cent. Production of roasted coffee increased though at a slower rate of 1.2 per cent in 2016 compared to a 7.8 per cent rise in 2015. The amount of processed refined salt increased by 6.9 per cent during the review period.

11.12. The beverages sub-sector grew by 5.6 per cent in 2016 mainly driven by production of beer and spirits, which went up by 11.8 per cent and 3.8 per cent, respectively. The growth in beer production was attributed to a 90 per cent remission of excise duty for beer made from domestically grown sorghum, millet or cassava. However, exports of beer in 2016 reduced by half from 65,073.3 thousand litres to 32,564.0 thousand litres, indicating that most of the beer produced was consumed locally.

11.13. Production of tobacco and cigarettes products dropped by 16.2 per cent and 16.4 per cent, respectively in 2016 while production of other manufactured tobacco products went down by 2.2 per cent.

11.14. Manufacture of textiles expanded marginally by 0.3 per cent in 2016. Production of twine, cordage and rope grew by 14.4 per cent while manufacture of blankets increased by 1.5 per cent in 2016. However, production of woven fabrics and knitting wool dropped by 7.4 per cent and 10.2 per cent, respectively. Manufacture of wearing apparel grew by 17.2 per cent in 2016 as a result of increased production of shirts and T-shirts by 17.4 and 20.9 per cent, respectively.

11.15. Leather and related products grew by 7.5 per cent in 2016. Finished leather recorded a 17.2 per cent growth in 2016 after registering a drop in 2015. Volume of exported leather dropped by 7.2 per cent in 2016, mainly attributed to the existing 80 per cent export tariff on raw hides and skin. Production of shoes with uppers of leather and shoes with uppers of plastic dropped by 21.6 and 3.5 per cent, respectively in 2016. This is partly attributed to competition from imports of low cost leather and non-leather footwear.

11.16. Manufacture of wood and products of wood, mainly consisting of plywood and block boards declined by 12.0 per cent in 2016. Manufacture of toilet paper and exercise books went up by 17.3 per cent and 6.6 per cent, respectively. Similarly, production of corrugated cartons registered a growth of 1.9 per cent. Overall, production of paper and paper products increased by 8.7 per cent in 2016.

11.17. Production of industrial gases declined by 12.2 per cent while that of industrial spirits increased by 6.1 per cent in 2016. Production of paints increased by 6.5 per cent while production of detergents and soaps went up by 2.5 per cent and 1.2 per cent, respectively. However, manufacture of shoe polish went down by 10.3 per cent. Overall, the chemical and chemical products sub-sector registered a marginal growth of 1.4 per cent in 2016.

11.18. Production of pharmaceutical products increased by 14.7 per cent in 2016 attributed to the increase in the production of capsules, tablets and syrups, which went up by 15.3, 14.9 and 11.8 per cent, respectively. Manufacture of rubber products, mainly the motor vehicle tyres, dropped by 24.4 per cent in 2016. On the other hand, manufacture of plastic products recorded a growth of 8.4 per cent driven by increased production of plastic tanks that recorded a significant growth of 17.0 per cent. The production of plastic pipes and plastic bags, recorded growths of 3.0 per cent and 0.7 per cent, respectively.

11.19. Basic metals sub-sector recorded a growth of 12.5 per cent in 2016. The quantity of iron sheets produced in 2016 went up marginally by 1.6 per cent, to 261.5 thousand metric tonnes, while its imports increased slightly by 0.7 per cent. This slow growth is an indication that the construction industry is adopting the use of alternative roofing materials to meet the increased demand in the construction sector. Production of iron bars and angles grew by 29.2 per cent during the same period. Manufacture of fabricated metal products dropped by 9.8 per cent in

2016 mainly attributed to a decline in production of metal structures.

11.20. Production of electrical equipment registered a 3.5 per cent growth in 2016 mainly due to a 4.7 per cent rise in copper and aluminium cables. Manufacture of primary car batteries recorded an increase of 1.7 per cent in the period under review. Motor vehicles assembly, trailers and semi-trailers declined significantly by 26.7 per cent.

11.21. Manufacture of furniture grew marginally by 0.5 per cent in 2016 with production of mattresses increasing by 0.9 per cent. Other manufacturing not elsewhere classified, which include manufacture of pens registered a growth of 0.8 per cent. The manufacture of other non-metallic mineral such as cement, glass, ceramic tiles and clay products registered a growth of 5.7 per cent in 2016.

Cement Production and Utilisation

11.22. Table 11.5 shows cement consumption and utilisation for the period 2012 to 2016. Cement production increased by 5.6 per cent in 2016, compared to a growth of 8.0 per cent recorded in 2015. The quantities of cement produced went up from 6,352.9 thousand tonnes in 2015 to 6,707.2 thousand tonnes in 2016. Cement consumption and stock increased from 5,708.8 thousand tonnes in 2015 to 6,302.0 thousand tonnes in 2016. Total cement exports dropped by 38.3 per cent to 420.4 thousand tonnes in 2016, which was the lowest export in the last four years. Cement export to Uganda and Tanzania declined to 325.0 thousand tonnes in 2016 from 487.4 thousand tonnes in 2015. Imports of cement dropped from 37.6 thousand tonnes in 2015 to 15.1 thousand tonnes in 2016.

Table 11.5: Cement Production and Utilisation, 2012 - 2016

'000 Tonnes

Year	Production	Imports	Consumption and Stocks	Exports to	
				Uganda and Tanzania	All Other Countries
2012.....	4,693.7	35.3	3,990.7	561.7	176.7
2013.....	5,059.1	34.4	4,265.6	594.0	233.9
2014.....	5,882.5	36.4	5,196.0	547.7	175.2
2015.....	6,352.9	37.6	5,708.8	487.4	194.2
2016*...	6,707.2	15.1	6,302.0	325.0	95.4

*Provisional

Producer Price Indices

11.23. Table 11.6 shows Producer Price Indices (PPI) by industrial classification from 2012 to 2016. Overall PPI increased marginally by 0.2 per cent from 113.44 in 2015 to 113.67 in 2016. The change in PPI was influenced by manufacture of beverages, manufacture of wood and products of wood and cork. In addition, the marginal increase was partly due to stability of the prices of imported raw materials and lower cost of electricity. Producer prices of chemical and chemical products and other non-metallic mineral products declined during the year under review. The electricity index decreased by 0.27 per cent due to reduction in fuel adjustment costs in 2016.

Table 11.6: Producer Price Indices and Percentage Changes, 2012 to 2016

June 2011 = 100

ISIC Division	Description	Weights	2012	2013	2014	2015	2016	% Change
08	Mining and Quarrying	1.60	107.63	111.40	123.09	131.67	138.10	4.9
10	Manufacture of food products	34.24	109.79	109.84	107.52	114.17	113.22	-0.8
11	Manufacture of beverages	6.54	107.41	111.16	124.25	132.36	136.83	3.4
12	Manufacture of tobacco products	1.38	114.98	117.31	117.96	121.74	125.10	2.8
13	Manufacture of textiles	2.29	106.43	108.19	109.96	122.72	126.70	3.2
14	Manufacture of wearing apparel	2.91	99.67	99.88	100.27	101.64	102.08	0.4
15	Manufacture of leather and related products	0.90	101.41	101.79	102.19	103.77	104.23	0.4
16	Manufacture of wood and products of wood and cork except furniture	2.19	102.90	104.69	105.40	106.91	113.60	6.2
17	Manufacture of paper and paper products	3.15	104.68	102.28	106.15	109.64	112.55	2.7
18	Printing and reproduction of recorded media	5.66	100.00	102.33	104.66	104.66	104.66	0.0
19	Manufacture of lubricating petroleum oils	0.01	112.45	117.13	132.83	114.76	114.76	0.0
20	Manufacture of chemicals and chemical products	5.97	106.97	106.67	113.24	119.61	118.35	-1.1
22	Manufacture of rubber and plastics products	5.47	103.81	105.07	107.66	110.01	111.51	1.4
23	Manufacture of other non-metallic mineral products	4.32	111.37	113.59	116.00	117.36	113.06	-3.7
24	Manufacture of basic metals	6.51	102.01	98.69	97.11	93.68	92.96	-0.8
25	Manufacture of fabricated metal products except machinery and equipment	3.31	101.12	94.11	96.62	94.35	93.10	-1.3
29	Manufacture of motor vehicles	1.20	107.82	112.60	117.28	121.17	122.95	1.5
31	Manufacture of Furniture	1.83	102.45	102.45	102.17	132.88	131.29	-1.2
33	Repair and installation of machinery and equipment	1.42	100.00	99.78	100.16	102.92	103.76	0.8
35	Electricity	8.63	99.20	98.34	118.41	116.52	116.21	-0.3
36	Water	0.46	103.08	114.44	124.54	131.68	143.63	9.1
	Total	**100.00**	**105.47**	**105.96**	**109.17**	**113.44**	**113.67**	0.2
	Overall percentage change		**3.3**	**0.5**	**3.0**	**3.9**	**0.2**	

Credit to Manufacturing Sector

11.24. Table 11.7 shows number of manufacturing projects approved by industrial financial institutions and commercial banks from 2012 to 2016. Total loans advanced decreased for the first time in five years, from KSh 290.9 billion in 2015 to KSh 277.4 billion in 2016. The number of manufacturing projects approved by industrial financial institutions increased from 251 in 2015 to 365 in 2016, mainly due to the rise in the number of micro and small enterprises financed by Kenya Industrial Estates (KIE). However, the financing of projects approved by industrial financial institutions decreased by 4.6 per cent from KSh 1,135.0 million in 2015 to KSh 1,083.0 million in 2016.

Table 11.7: Manufacturing Projects Approved by Financial Institutions and Other Commercial Banks, 2012 -2016

	Number of Projects					Loans Advanced (KSh Million)				
Institution	**2012**	**2013**	**2014**	**2015**	**2016***	**2012**	**2013**	**2014**	**2015**	**2016***
IDB Capital limited	3	5	3	5	3	95.5	339.1	74.2	252.0	129.8
Development Bank of Kenya	5	4	2	6	6	182.3	230.0	66.6	341.0	292.3
Kenya Industrial Estates Limited	109	257	543	233	325	68.5	104.5	194.3	120.8	165.3
Industrial and Commercial Development Corporation .	2	2	1	7	4	126.0	431.6	234.0	421.2	495.6
Sub - total	**119**	**268**	**549**	**251**	**338**	**472.3**	**1,105.2**	**569.1**	**1,135.0**	**1,083.0**
All other commercial banks1	..	..	..	..	..	169,080.0	181,457.1	237,355.8	289,727.8	276,359.0
TOTAL	**119**	**268**	**549**	**251**	**365**	**169,552.3**	**182,562.3**	**237,924.9**	**290,862.8**	**277,441.9**

Source: Central Bank of Kenya and Industrial Financial Institutions

* Provisional

[1] Excludes Development Bank of Kenya (DBK)

11.25. Industrial Development Bank (IDB) Capital Limited approved KSh 129.8 million in 2016 compared to KSh 252.0 million in 2015. The loans advanced to manufacturing projects in 2016 were for expansion of existing projects and one start-up.

11.26. Development Bank of Kenya (DBK) approved six manufacturing projects in food, textiles, plastics and polythene bags activities. The value of the approved projects reduced from KSh 341.0 million in 2015 to KSh 292.3 million in 2016. Industrial and Commercial Development Corporation (ICDC) approved loans and equity worth KSh 495.6 million for four manufacturing projects.

11.27. Manufacturing projects approved by Kenya Industrial Estates (KIE) for the period 2012 to 2016 are as shown in Table 11.8. Micro and small entrepreneurs in the manufacturing sector received loans worth KSh 165.3 billion in 2016, an increase from KSh 120.8 billion in 2015. Similarly, the number of projects approved increased from 233 in 2015 to 325 in 2016. Manufacture of food products accounted for most of these projects.

Table 11.8: Industrial Projects Approved by Kenya Industrial Estates, 2012-2016

	Number of Projects					Loans Advanced (KSh '000)				
Descriptions	2012	2013	2014	2015	2016*	2012	2013	2014	2015	2016*
Manufacture of food products	48	83	193	75	107	30,330	36,545	64,855	28,092	66,133
Manufacture of beverages	-	3	3	8	2	-	1,747	6,791	230	690
Manufacture of animal feeds	-	-	2	2	-	-	-	1,500	3,500	-
Manufacture of food products nec	-	-	2	12	1	-	-	3,327	4,370	70
Manufacture of textiles	3	4	3	37	65	3,000	1,360	1,900	12,813	19,958
Manufacture of wearing Apparel	24	46	139	1	1	7,922	18,319	29,891	500	1,700
Manufacture of leather and related products	-	2	1	2	2	-	550	840	1,000	5,350
Manufacture of wood and Products of wood and cork except furniture	-	7	17	5	22	-	3,905	9,693	3,355	12,621
Manufacture of paper and paper products	-	-	1		-	-	-	10,000	-	-
Printing and reproduction of recorded media	2	13	20		16	450	6,400	10,700	-	9,836
Manufacture of Chemicals and chemical products	-	-	-	2	3	-	-	-	18,059	1,115
Manufacture of other non-metallic mineral products	3	7	7	7	5	14,995	1,720	1,510	7,630	1,700
manufacture of fabricated metal products except machinery and equipment	19	53	105	53	81	7,656	20,085	35,005	25,295	39,260
Manufacture of furniture	8	34	48	27	13	3,600	12,470	17,606	13,690	3,810
Other manufacturing n.e.c.	2	3	2	2	6	550	1,400	700	2,315	2,725
Repair and installation of machinery and equipment	-	2	-		1	-	350	-	-	325
TOTAL	**109**	**257**	**543**	**233**	**325**	**68,503**	**104,501**	**194,316**	**120,849**	**165,292**

Source: Kenya Industrial Estates Ltd

* Provisional

11.28. Table 11.9. shows industrial projects approved by Kenya Investment Authority. The Authority approved 43 manufacturing projects worth KSh 11.1 billion in 2016 a reduction from 48 projects worth KSh 8.8 billion approved in 2015. Local financing accounted for 71.6 per cent of the total capital investments in 2016.

Table 11.9: Industrial Projects Approved by Kenya Investment Authority, 2012-2016

	2012	2013	2014	2015	2016*
Number of Projects	32	42	19	48	43
Loans advanced (KSh billion).....	10.3	42.1	7.4	8.8	11.1

* Provisional

Export Processing Zones

11.29. During the year under review, most performance indicators for the Export Processing Zones (EPZ) improved. The number of gazetted zones increased to 65 in 2016 from 56 in 2015. Private enterprises owned and operated 62 zones while 3 zones were public. The number of operational enterprises within the EPZ increased from 89 in 2015 to 91 in 2016. Total capital investment of EPZ enterprises increased from KSh 48.1 billion in 2015 to KSh 51.2 billion in 2016. The number of local employees engaged by EPZ enterprises increased by 3.4 per cent to 52,019 persons in 2016 as shown in Table 11.10.

Table 11.10: Selected EPZ Performance Indicators, 2012-2016

	Unit	2012	2013	2014	2015	2016*
Gazetted Zones	Number	47	50	52	56	65
Enterprises Operating	"	82	85	86	89	91
Employment - Locals	"	35,501	39,961	46,221	50,302	52,019
- Expatriates	"	428	472	517	597	551
Total Workers		**35,929**	**40,433**	**46,738**	**50,899**	**52,570**
Export Sales	KSh Million	39,963	44,427	51,377	60,879	63,116
Domestic Sales[1]	"	4,310	5,867	5,815	4,018	5,566
Total Sales		**44,273**	**50,294**	**57,192**	**64,897**	**68,682**
Imports	"	24, 973	27,413	29,461	31,370	28,116
Local Purchases of Goods and Services	"	8,027	7,721	8,170	8,815	10,253
Investment (cumulative)	"	38,535	48,004	44,218	48,128	51,246

Source: Export Processing Zones Authority (EPZA)

* Provisional

[1] Includes sales to duty free shops and agencies

11.30. Total sales by the EPZ enterprises increased by 5.8 per cent to KSh 68.7 billion in 2016. Exports from EPZ increased by 3.7 per cent to KSh 63.1 billion and accounted for 91.9 per cent of the total sales. Domestic sales increased from KSh 4.0 billion in 2015 to KSh 5.6 billion in 2016. Imports declined by 9.0 per cent to KSh 28.1 billion in the year under review. Local purchases increased by 16.3 per cent to KSh 10.3 billion.

African Growth and Opportunity Act

11.31. The African Growth and Opportunity Act (AGOA) initiative was extended to September 2025. Selected indicators for the EPZ garment/apparel sub-sector under AGOA initiative are shown in Table 11.11. The quantity of apparels exported declined by 12.1 per cent to 74.4 million pieces in 2016 while value of exports increased to KSh 35.2 billion. Direct employment generated by AGOA increased by 2.5 per cent to 42,645 persons in 2016. Capital investment declined by 8.2 per cent to KSh 14.4 billion in 2016.

Table 11.11: Selected EPZ Garment / Apparel Performance Indicators under AGOA, 2012-2016

	2012	2013	2014	2015	2016*	% Change
Number of Enterprises	22	22	21	21	21	0.0
Employment	28,298	32,932	37,785	41,597	42,645	2.5
Capital Investment (KSh Million)	10,732	13,465	15,051	15,708	14,413	-8.2
Exports (KSh Million)	22,308	24,246	30,244	35,224	35,245	0.1

Source: Export Processing Zones Authority

*Provisional

Building and Construction

12 Chapter

Overview

The Government has continued in its efforts to develop efficient and effective infrastructure, which is a key enabler for other sectors as envisaged in Kenya Vision 2030. An improved road network enhances connectivity, mobility and promotes trade and investments by reducing cost of doing business. Significant progress has been made in the construction of the Standard Gauge Railway (SGR). In addition, the construction of roads across major towns such as Nairobi and Kisumu gives impetus to the Government's commitment to developing infrastructure to promote business. The construction industry grew by 9.2 per cent in 2016 from an expansion of 13.9 per cent registered in 2015. Increased activity in the construction of roads and development of housing also translated to an increase in employment in the sector from 148.6 thousand jobs in 2015 to 163.0 thousand jobs in 2016.

12.2. Overall expenditure on roads is expected to increase by 38.3 per cent from KSh 113.2 billion in 2015/16 to KSh 156.5 billion in 2016/17. Total development expenditure is expected to grow by 31.7 per cent from KSh 87.8 billion in 2015/16 to KSh 115.6 billion in 2016/17. Development expenditure on trunk and primary roads is expected to grow by 36.2 per cent from KSh 51.6 billion in 2015/16 to KSh 70.3 billion in 2016/17. Disbursement of funds from the Roads Maintenance Levy Fund (RMLF) by Kenya Roads Board (KRB) to various road agencies and county governments is expected to increase significantly to KSh 40.9 billion in 2016/17 from KSh 25.4 billion in 2015/16. Cumulative expenditure on SGR stood at KSh 295.7 billion as end of 2016. The government spent KSh 180.7 billion in 2016 compared to KSh 106.5 billion spent in 2015.

12.3. On development of housing, the National Housing Corporation (NHC), undertook a number of housing activities in three counties; Nairobi, Kisumu and Kisii in 2016, at a cost of KSh 328.7 million, KSh 439.7 million and KSh 109.5 million, respectively. The value of reported new buildings completed in Nairobi registered a growth of 7.6 per cent to stand at KSh 76.2 billion in 2016. The value of reported building plans approved increased by 43.3 per cent from KSh 215.2 billion in 2015 to KSh 308.4 billion in 2016. The value of reported building works completed was 24.7 per cent of the approved building plans in 2016, compared to 32.9 per cent in 2015. The value of public buildings completed increased significantly from KSh 61.5 million in 2015 to KSh 3.8 billion in 2016. The value of new private buildings in Nairobi City County went up by 7.5 per cent from KSh 70.9 billion in 2015 to KSh 76.2 billion in 2016, on account of continued increase in construction of both residential and non-residential buildings.

Key Economic Indicators

12.4. Table 12.1 presents selected key economic indicators in the building and construction sector for the period 2012 to 2016. The index of Government expenditure on roads increased from 350.3 in 2015 to 461.0 in 2016 following an increase in road construction projects. The index of reported private building works completed in Nairobi City County rose from 369.4 in 2015 to 407.1 in 2016. Similarly, the index of reported public building works completed in major towns registered an increase from 112.6 in 2015 to 138.9 in 2016. Consumption of cement, a major input in construction of buildings and civil works, rose further by 10.5 per cent from 5,708.8 thousand tonnes in 2015 to 6,302.0 thousand tonnes in 2016. Credit to the construction industry went down marginally from KSh 106.3 billion in 2015 to KSh 104.8

billion in 2016. Employment in the sector grew by 10.1 per cent from 148.1 thousand persons recorded in 2015 to 163.0 thousand persons in 2016.

Table 12.1 Selected Key Economic Indicators in Building and Construction, 2012 – 2016

1982=100

Indicator/Year	2012	2013	2014	2015	2016*
Index of reported private building works completed in Nairobi City County	300.6	321.3	341.4	369.4	407.1
Index of reported public building works completed in Major Towns	86.9	103.7	106.1	112.6	138.9
Index of government expenditure on roads	449.8	313.9	263.4	350.3	461.0
Index of Employment	175.3	197.8	220.0	245.0	269.9
Cement consumption ('000 tonnes)	3,991.2	4,266.5	5,196.7	5,708.8	6,302.0
Private Employment ('000 persons)	98.7	112.0	125.3	140.2	155.0
Public Employment ('000 persons)	7.2	7.5	7.6	7.9	8.0
Loans and Advances from Commercial Banks to the sector (KSh Mn)	69,183.0	70,770.0	80,406.0	106,307.0	104,826.0

* Provisional.

The index of roads, reported private and public building works completed has been deflated using construction input price indices.

Construction Price Indices:

12.5. Table 12.2 shows the annual percentage changes in construction input price indices for the period 2014 to 2016. Overall, the total cost index grew by 4.1 per cent in 2016 compared to a 4.9 per cent increase in 2015. This may be attributed to a slowed rate of increase in compensation of employees in 2016. Stability of prices of inputs in construction occasioned by the relative stability of the Kenya Shilling against other currencies also contributed to a lower increase in the construction cost index. However, other material inputs such as timber, hydrated lime and structural steel recorded increases in prices in 2016. The rate of change of the total cost index of residential buildings and other construction was 3.4 per cent and 5.0 per cent, respectively, in 2016. Wages in the Building and Construction sector increased by 7.9 per cent in 2016 compared to 10.0 per cent increase in 2015.

Table 12.2: Annual Average Percentage Changes in Construction Input Price Indices, 2014 – 2016

	Materials			Labour[2]			Total		
	2014+	2015	2016*	2014	2015	2016*	2014	2015	2016*
Residential Buildings	8.7	2.0	1.5	7.9	10.0	7.9	11.2	4.3	3.4
Non-Residential Buildings	7.6	1.9	1.4	7.9	10.0	7.9	9.4	4.7	3.6
All Buildings	8.2	1.9	1.5	7.9	10.0	7.9	10.4	4.5	3.5
Other Construction[1]	6.7	0.7	1.2	7.9	10.0	7.9	9.6	5.6	5.0
Overall Cost Index	**7.7**	**1.5**	**1.4**	**7.9**	**10.0**	**7.9**	**10.1**	**4.9**	**4.1**

Source: KNBS and Ministry of EAC, Labour and Social Protection

* Provisional.

+Revised

[1] Refers mainly to road construction and includes bridges, dams

[2] Cost of labour varies by skill level and does not depend on the kind of construction work

12.6. The average annual basic wages for skilled, semi-skilled and unskilled workers in the building and construction industry have been increasing for the last five years as highlighted in Table 12.3. Basic wages for the skilled, semi-skilled and unskilled workers, increased by 8.2, 7.9 and 7.5 per cent, respectively in 2016 compared to 9.7, 10.1 and 10.5 per cent, respectively, in 2015.

Table 12.3: Annual Average Basic Wages in Building and Construction Industry, 2012 - 2016

KSh

Year	Unskilled	Semi-Skilled	Skilled
2012	14,342	19,812	28,514
2013	15,811	21,778	31,263
2014	16,994	23,500	33,832
2015	18,771	25,868	37,127
2016	20,174	27,902	40,187

Source: Ministry of EAC, Labour and Social Protection

12.7. Table 12.4 highlights the value of building plans approved and new completed buildings in Nairobi City County for the period 2012 to 2016. The value of reported new buildings completed in Nairobi registered a growth of 7.6 per cent to amount to KSh 76.2 billion in 2016. The value of reported building plans approved increased significantly from KSh 215.2 billion in 2015 to KSh 308.4 billion in 2016, representing an increase of 43.3 per cent.

Table 12.4: Value of Private Building Plans Approved and Building Works Completed in Nairobi City County, 2012– 2016

KSh Million

Year	Plans Approved	Building Works Completed[1]
2012.....	135,128.2	43,574.2
2013.....	190,646.5	52,276.0
2014.....	205,423.9	59,519.7
2015.....	215,211.0	70,867.4
2016*.....	308,361.4	76,242.8

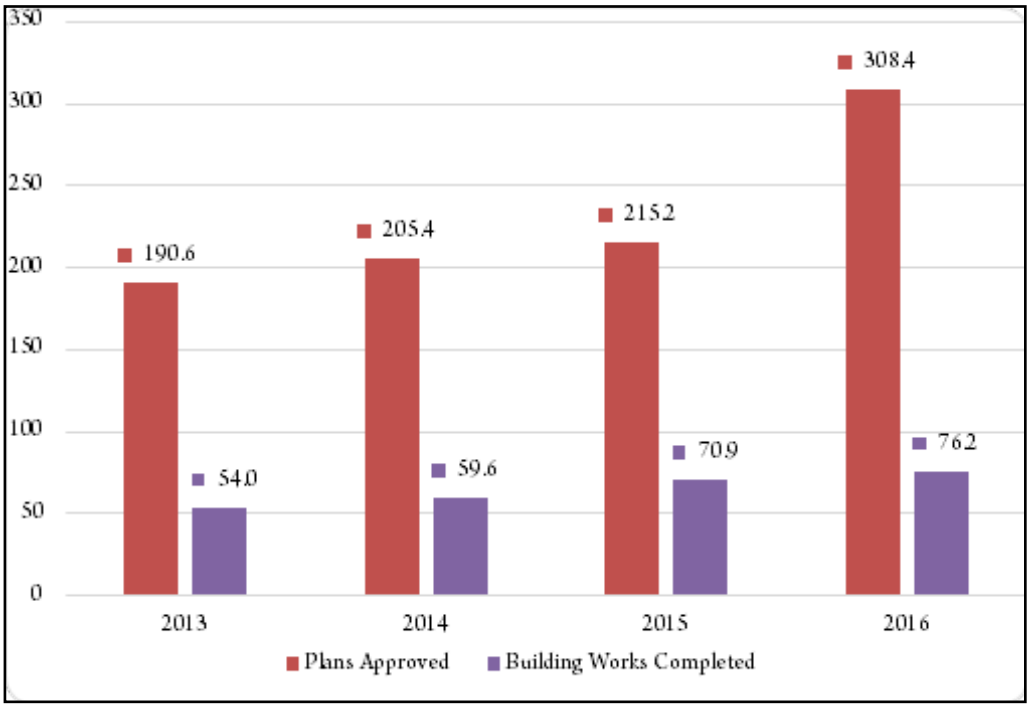
Source: Nairobi City County

*Provisional

[1] Excluding extensions

12.8. Figure 12.1 illustrates the comparison in the value of private plans approved and reported new private building works completed for Nairobi City County in the last five years. In 2016, the value of reported building works completed was 24.7 per cent of the approvals, compared to 32.9 per cent in 2015. The value of both approved plans and building works completed continued to show an upward trend since 2013.

Figure 12.1: Comparison of Value of Private Plans Approved and Reported New Private Buildings Works Completed in Nairobi, 2013-2016



12.9. Table 12.5 shows the number of private buildings reported as completed in Nairobi City County and public buildings completed across the country. The State Department for Housing completed 822 residential units in Kibera Soweto Zone A. The National Housing Corporation completed 240 residential units in Nairobi, Kisumu and Kisii counties. The total number of reported private buildings completed increased by 10.5 per cent from 9,054 units in 2015 to

10,002 units in 2016 with residential buildings accounting for 86.2 per cent of the completed private buildings during the review period. This shows that the private sector has continued to play a key role in the provision of both residential and non-residential houses.

Table 12.5: Reported Number of Completions of New Private and Public Buildings, 2012 – 2016

Number

	Private (Nairobi City County)			Public (Nationwide)		
Year	Residential	Non-Residential	Total	Residential	Non-Residential	Total
2012.....	4,824	637	**5,461**	2,015	20	**2,035**
2013.....	5,447	876	**6,323**	376	-	**376**
2014.....	6,538	985	**7,523**	243	-	**243**
2015.....	7,834	1,220	**9,054**	45		**45**
2016*.....	8,623	1,379	**10,002**	1,062	-	**1,062**

Source: National Housing Corporation & The State Department for Housing and Urban Development

* Provisional

12.10. Table 12.6 shows the analysis of the reported value of new private buildings in Nairobi City County and that of public buildings countrywide. The value of public buildings completed increased significantly from KSh 61.5 million in 2015 to KSh 3.8 billion in 2016. The substantial increase in the value of completed buildings can partly be attributed to the increase in the number of completed public residential buildings in 2016. The value of new private buildings grew by 7.5 per cent from KSh 70.9 billion in 2015 to KSh 76.2 billion in 2016, on account of an increase in the value of residential buildings.

Table 12.6: Reported Value of New Private and Public Buildings, 2012 – 2016

KSh Million

	Private (Nairobi City County)			Public (Nationwide)		
Year	Residential	Non-Residential	Total	Residential	Non-Residential	Total
2012.....	37,373.4	6,200.8	**43,574.2**	4,629.5	70.0	**4,699.5**
2013.....	45,236.4	7,039.6	**52,276.0**	1,725.4	-	**1,725.4**
2014.....	50,952.2	8,567.5	**59,519.7**	502.1	-	**502.1**
2015.....	61,556.4	9,311.0	**70,867.4**	61.5	-	**61.5**
2016*.....	66,284.7	9,958.1	**76,242.8**	3,786.4	-	**3,786.4**

Source: NHC & The State Department for Housing and Urban Development

* Provisional

Housing

12.11. Actual expenditure on housing increased from KSh 5.9 billion in 2014/15 to KSh 6.0 billion in 2015/16, representing 82.2 per cent utilization as shown in Table 12.7. This increased utilization could be attributed to increased credit to the real estate sector. In addition, the government announced plans to provide both financial and non-financial incentives to the private sector to help bridge the gap in housing especially in the lower end market. Among the proposed incentives is the provision of serviced land to developers, access to affordable financing and reforms of land-related laws. Approved Government expenditure on housing is expected to decrease to KSh 4.3 billion in 2016/17.

Table 12.7: Approved and Actual Government Expenditure on Housing, 2012/13 – 2015/16

Year	Expenditure in KSh Million		Actual Expenditure as Percentage of Approved
	Approved	Actual	
2012/13.....	5,208.2	3,452.9	66.3
2013/14.....	7,032.0	6,088.6	86.6
2014/15.....	7,395.0	5,857.0	79.2
2015/16*.....	7,342.7	6,034.5	82.2
2016/17**.....	4,300.2		

Source: State Department for Housing and Urban Development

* Provisional

**Estimates

12.12. As the principal Government agency tasked with implementing housing policies and programmes, National Housing Corporation (NHC) purposed to leverage on its Expanded Polystyrene (EPS) building technology to deliver low cost housing. In 2016, the Corporation completed a number of housing activities in three counties; Nairobi, Kisumu and Kisii. These comprised of 100 units in Nairobi at a cost of KSh 328.7 million; 100 units in Kisumu at a cost of KSh 439.7 million and 40 units in Kisii at a cost of KSh 109.5 million. The ongoing projects as at 31st December 2016 were; Stony Athi Phase 1 and an Economy Block in Machakos with 120 units at an estimated cost of KSh 633.9 million and 60 units at an estimated cost of KSh 96.4 million, respectively. The Corporation advanced housing loans amounting to KSh 36.7 million to 12 counties as shown in Table 12.8.

Table 12.8: Housing Loans Advanced by National Housing Corporation to the Counties; 2015/2016

County	Number of Loans	Amount (KSh 000)
Bomet	1	1,500
Busia	1	2,400
Kericho	2	1,000
Kiambu	2	2,500
Kisii	3	4,900
Machakos	7	13,860
Nakuru	1	1,400
Nairobi	1	2,000
Nyeri	1	3,000
Taita Taveta	1	900
Uasin Gishu	1	900
Vihiga	2	2,300
Total	**23**	**36,660**

Source: National Housing Corporation

Roads

12.13. The principal mandate of the State Department of Infrastructure is to provide a regulatory framework, coordination, oversight and supervision of the smooth functioning of the road sub-sector. Infrastructure is recognised as one of the key priority areas to be addressed under the Second Medium Term Plan 2013-2017, which states that new investments will be made on the road network to provide safe, efficient and cost effective transport. The road infrastructure offers a high level of service to road users to ensure safe, efficient and economic movement of people. The department, various road agencies and county governments have continued to work together in enhancing investment in road construction, upgrading and rehabilitation of existing roads.

12.14. Total expenditure on roads for the period 2012/13 to 2016/17 is presented in Table 12.9. Total development expenditure is expected to rise by 31.7 per cent from KSh 87.8 billion in 2015/16 to KSh 115.6 billion in 2016/17. Development expenditure on trunk and primary roads is projected to increase by 36.2 per cent from KSh 51.6 billion in 2015/16 to KSh 70.3 billion in 2016/17. Disbursement of funds from the Roads Maintenance Levy Fund by KRB to various road agencies and county governments is expected to increase significantly from

KSh 25.4 billion in 2015/16 to KSh 40.9 billion in 2016/17. This will further accelerate the growth of the sector. The overall expenditure on roads is expected to increase by 38.3 per cent from KSh 113.2 billion in 2015/16 to KSh 156.5 billion in 2016/17.

Table 12.9: Total Expenditure on Roads, 2012/13 - 2016/17

KSh Million

	2012/13	2013/14	2014/15	2015/16*	2016/17**
Development:					
Trunk and primary Roads (A,B and C)...	65,152.3	43,763.4	37,792.0	51,600.0	70,300.0
Secondary and Minor Roads (D and E)	14,215.6	16,784.0	12,343.5	20,492.1	45,295.2
Miscellaneous Roads (Including Urban)...	5,125.8	3,853.0	4,698.4	15,694.5	-
Sub-total	**84,493.7**	**64,400.4**	**54,833.9**	**87,786.6**	**115,595.2**
Recurrent:					
Maintenance & Repair...	24,370.5	23,228.9	25,792.0	25,395.9	40,879.6
Total	**108,864.2**	**87,629.3**	**80,625.9**	**113,182.5**	**156,474.8**

Source: State Department of Infrastructure & Kenya Roads Board

*Provisional

**Estimates

12.15. The adoption of the low volume seal roads technology, coupled with increased financing though Public Private Partnerships (PPP) has led to faster and cheaper construction, maintenance, and gravelling of rural roads. There was a significant increase in the number of roads constructed across counties as at December 2016, as shown in Table 12.10. Twenty seven counties benefited from the Roads 2000 Programme, with a total of 1,416.9 kilometers, earmarked for construction under this programme by December 2016 at an estimated cost of KSh 57.6 billion.

Table 12.10: Status of On-going Roads 2000 Programme, December 2016

County	Length in Km	Percentage Completion	Estimated Project Cost (KSh Million)
Baringo	70.0	35.2	818.4
Bomet	-	97.0	126.8
Bungoma	40.6	93.0	95.1
Busia	28.0	72.0	1,488.3
Elgeyo Markwet	95.5	68.0	5,204.6
Embu	33.0	66.0	1,464.3
Kakamega	63.7	54.0	1,870.3
Kericho	45.5	96.0	3,331.8
Kiambu	190.8	100.0	4,471.8
Kirinyaga	26.2	100.0	279.0
Kisii	25.0	25.0	1,724.6
Laikipia	58.9	100.0	1,379.9
Machakos	59.0	63.5	2,285.3
Makueni	20.0	6.5	362.0
Meru	72.0	24.0	4,535.6
Migori	7.0	46.6	346.0
Murang'a	65.0	100.0	3,629.3
Nairobi	8.0	41.2	721.0
Nakuru	64.0	98.0	2,898.6
Nandi	22.0	92.0	1,593.1
Nyamira	37.0	54.7	1,760.5
Nyandarua	20.8	100.0	564.6
Nyeri	185.6	100.0	8,843.1
Siaya	25.0	39.3	1,486.1
Tharaka/ Nithi	30.0	10.0	537.3
Uasin Gishu	69.5	34.8	3,509.0
Trans Nzoia	55.0	34.8	2,288.2
Total	**1,416.9**		**57,614.8**

Source: Kenya Rural Roads Authority

12.16. The current road classification system has six road classes from A to E and a Special Purpose Roads class. Each class is defined by the functional criteria related to administrative level of centres the roads connect. Analysis of the classified road network is presented in Table 12.11. During the period under review, the length of bitumen road network went up by 4.3 per cent from 13.9 thousand kilometres in 2015 to 14.5 thousand kilometres in 2016. The development on the bitumen roads has increased due to increased budgetary allocation in the current financial year. In 2016, there was a reclassification of roads which were subsequently devolved to county governments. This led to an increase in the total roadwork under earth/ gravel from 65.6 thousand kilometres in 2015 to 72.5 thousand kilometres in 2016.

Table 12.11: Kilometres of Road as at 30th June by Type and Classification

'000 Km

Type of Road	2014		2015		2016*	
	Bitumen	Earth/Gravel	Bitumen	Earth/Gravel	Bitumen	Earth/Gravel
Trunk and Primary Roads (A, B and C)	7.9	6.3	8.2	6.5	8.5	5.7
Secondary, Minor & Special Purpose[1] Roads (D, E and F)	3.0	46.3	3.2	47.8	3.3	56.3
Urban Roads in Cities and Municipalities	2.1	10.8	2.5	11.3	2.7	10.5
Total	**13.0**	**63.4**	**13.9**	**65.6**	**14.5**	**72.5**

Source: State Department of Infrastructure

*Provisional

[1] include Government access, roads to settlement, rural access, sugar, tea and wheat roads

12.17. Data on selected major road works being constructed, maintained and rehabilitated during 2016 is presented in Table 12.12. Overall, a total of KSh 221.4 billion is expected to be used to construct 1,931.9 kilometres of road. A total of KSh 140.2 billion is earmarked for construction of 1,247 kilometres of road while KSh 81.3 billion is expected to be utilised in rehabilitation and upgrading of 684.9 kilometres of road.

Table 12.12 - Major Road Works in Progress in 2016

Activity	Length (Km)	Contract Amount (KSh Million)
Road construction		
Nairobi Outering Road Improvement Project	13.0	7,395.18
Mwatate – Taveta Road Project (A23)	99.0	7,288.78
Marsabit-Turbi (A2)	121.0	13,000.57
Loruk – Barpelo (B4)	62.0	6,040.88
Merille River –Marsabit (A2)	121.0	13,718.69
Turbi – Moyale (A2)	123.0	12,061.53
Nairobi Southern Bypass	38.8	17,653.89
Homa Bay-Mbita (C19)	43.0	3,888.34
Londiani –Fortenan (C35)	63.0	5,228.23
KCC(Sotik)-Ndanai-Gorgor (C15) Phase 2	29.0	1,733.91
Enjinja-Bumala (C30)	37.0	1,944.93
Modika – Nuno (C81)	12.0	1,090.19
Kaloleni – Kilifi (C107)	35.0	2,299.78
Chebilat–Ikonge– Chabera (C22)	38.0	3,109.76
Chepterit–Kimondi (Baraton) (C37)	14.0	1,335.71
Kangema–Gacharage (C70)	35.0	4,112.18
Chiakariga – Meru (C92)	56.0	4,667.64
Nuno- Modangashe	135.0	8,362.95
OljoOrok - Dundori (C83) Road	35.0	1,911.07
Rumuruti – Maralal Road (C77)	35.0	2,740.82
Siaya - Ruambwa Road (C29)	26.0	1,908.49
Masara-Suna-Kehancha (C13) and Reinstatement of Awendo -Mariwa (D202)	60.0	4,561.45
Mombasa Southern Bypass Road (Miritini - Mwache) Package 1	9.8	11,317.48
Port Reitz/Moi International Airport (C110)	6.4	2,797.80
Sub-Total	**1,247.0**	**140,170.3**
Roads Rehabilitation & Upgrading		
Voi-Mwatate – Wundanyi (A23)	45.0	996.83
Timboroa-Eldoret (A104)	73.0	5,213.92
Eldoret – Webuye (A104)	60.0	5,388.94
Webuye – Malaba (A104)	59.0	5,955.05
Mau Summit - Kericho Road (B1/A1)	58.0	6,835.48
Kericho - Nyamasaria Road (A1)	76.0	8,069.53
Nyamasaria – Kisumu Airport	24.0	7,313.85
Ngong Road Phase I (KNLS Nairobi-Dagoretti Corner)	2.5	1,454.90
Mlolongo – Kware – Katani Link Road (Phase I)	6.0	1,629.49
UpperHill Roads, Phase I	5.0	2,002.89
Ngong Road – Kibera – Kungu Karumba – Langata Road (Missing Link No. 12)	4.2	2,097.52
Meru Bypass Roads	23.0	2,391.76
Waiyaki Way – Redhill Link Road	5.0	3,012.21
Nairobi Eastern Missing Link Roads and Non-Motorised Transport (NMT) Facilities	17.2	4,578.16
Nairobi Outering Road Improvement Project	13.0	7,395.18
Kisumu – Kakamega	61.0	4,452.05
Kakamega – Webuye	40.0	4,168.69
Webuye – Kitale	59.0	3,315.34
Bachuma Gate – Maji ya Chumvi	54.0	4,986.22
Sub-Total	**684.9**	**81,258.0**
Total	**1,931.9**	**221,428.3**

Source: KeNHA & KURA

Tourism

13 Chapter

Overview

Tourism is a major source of foreign exchange, job and wealth creation in the country. For the first time since 2012, earnings from the tourism sector improved by 17.8 per cent from KSh 84.6 billion in 2015 to KSh 99.7 billion in 2016. Similarly, the number of international visitor arrivals rose by 13.5 per cent to 1,339.7 thousand in 2016. The sector's rebound was partly due to the improvement in security andsuccessful high profile conferences. In addition, the sector benefited from aggressive marketing in the domestic and international markets.

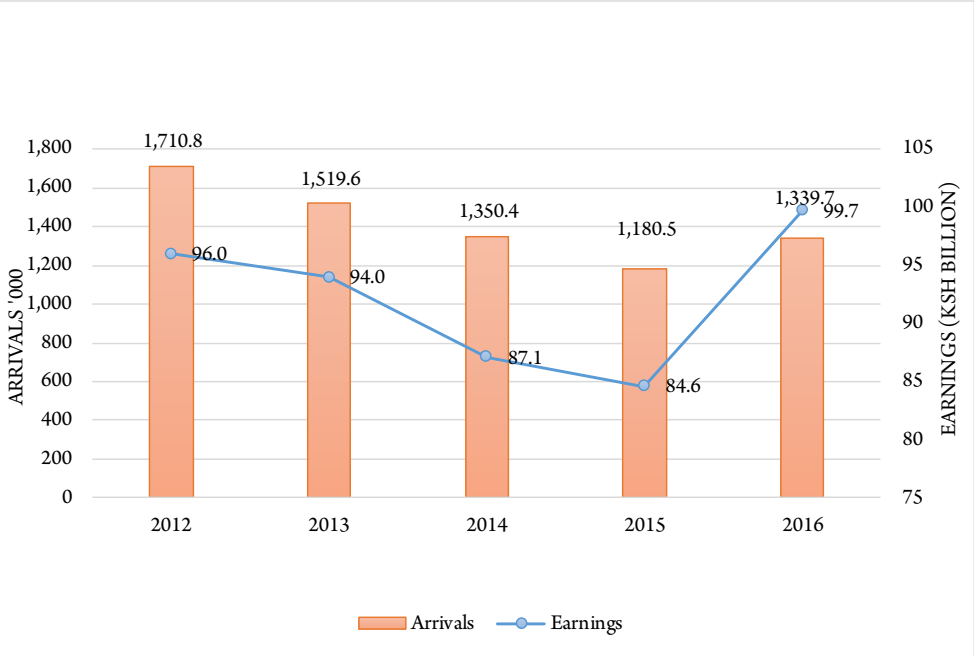
13.2. The number of hotel bed-nights occupancy rose by 9.7 per cent from 5,878.6 thousand in 2015 to 6,448.5 thousand in 2016. Local conferences held increased by 17.4 per cent from 3,199 in 2015 to 3,755 in 2016. Likewise, the number of international conferences held expanded by 4.1 per cent from 218 in 2015 to 227 in 2016. This may be attributed to the high profile international conferences hosted in the country during the year under review.

13.3. Museums, snake parks and historical sites reported a 15.7 per cent increase in the number of visitors, recording 923.1 thousand in 2016 compared to 797.5 thousand in 2015. Visitors to national parks and game reserves rose by 17.0 per cent to 2,284.7 thousand in 2016.

Arrivals and Departures

13.4. The trend in the number of international visitor arrivals and tourism earnings from 2012 to 2016 is shown in Figure 13.1. In the year under review, the sector's performance recovered, reversing the downward trend observed since 2012. This is reflected in the tourism sector earnings, which increased significantly by 17.8 per cent from KSh 84.6 billion in 2015 to KSh 99.7 billion in 2016. In addition, the number of tourist arrivals went up by 13.5 per cent from 1,180.5 thousand in 2015 to 1,339.7 thousand in 2016.

Figure 13.1: International Visitor Arrivals and Tourism Earnings, 2012 – 2016



13.5. Monthly visitor arrivals through Moi International Airport (MIA) and Jomo Kenyatta International Airport (JKIA) for 2015 and 2016 are shown in Figures 13.2(a) and 13.2(b), respectively. The number of tourists who arrived through MIA and JKIA grew by 22.2 and 16.2 per cent, respectively, in 2016. Monthly visitor arrivals through MIA were higher in 2016 compared to 2015 for all the months except in January and April. Similarly, arrivals through JKIA were higher in most months of 2016 compared to 2015 except inMarch and October.

Figure 13.2(a): Monthly Visitor Arrivals through MIA, 2015 -2016

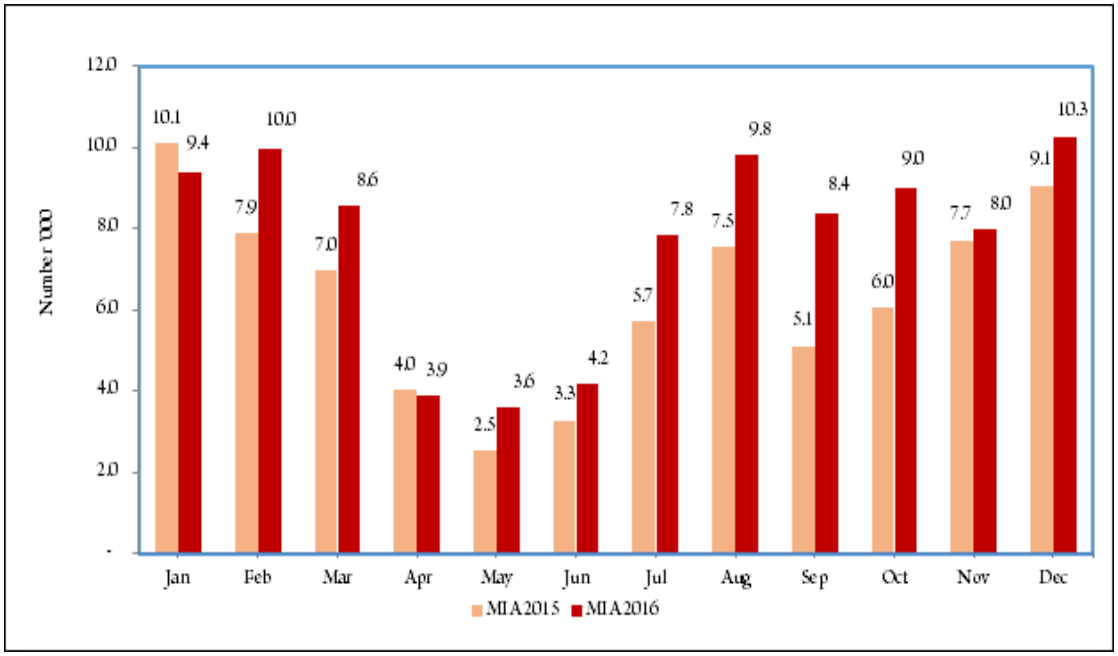
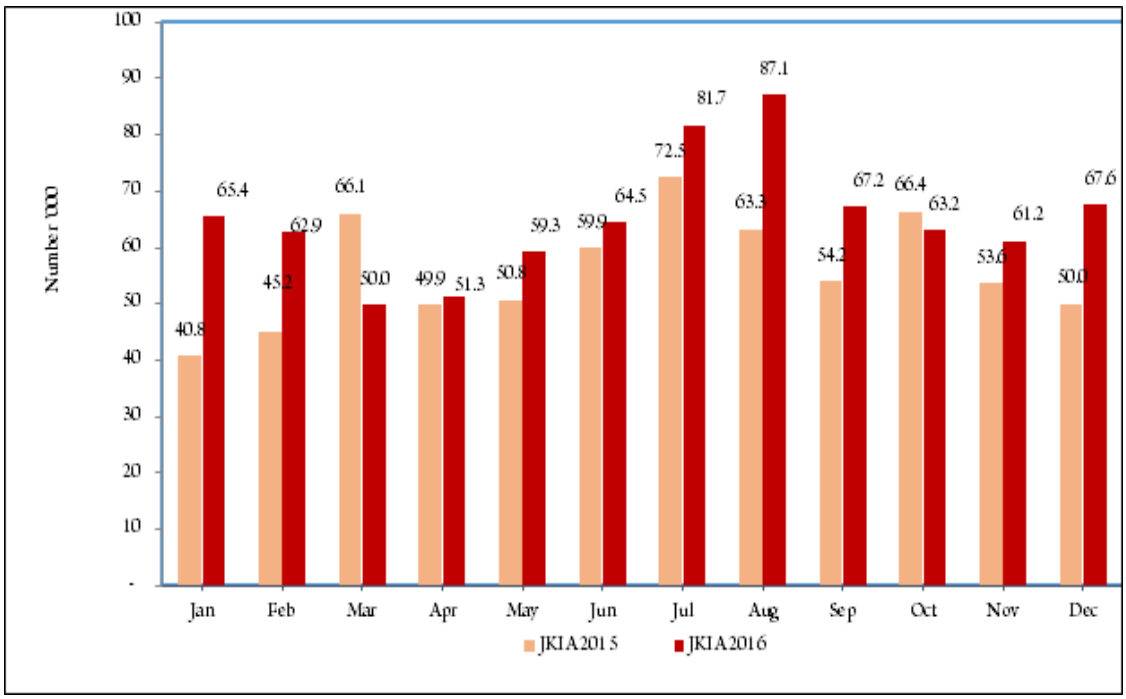
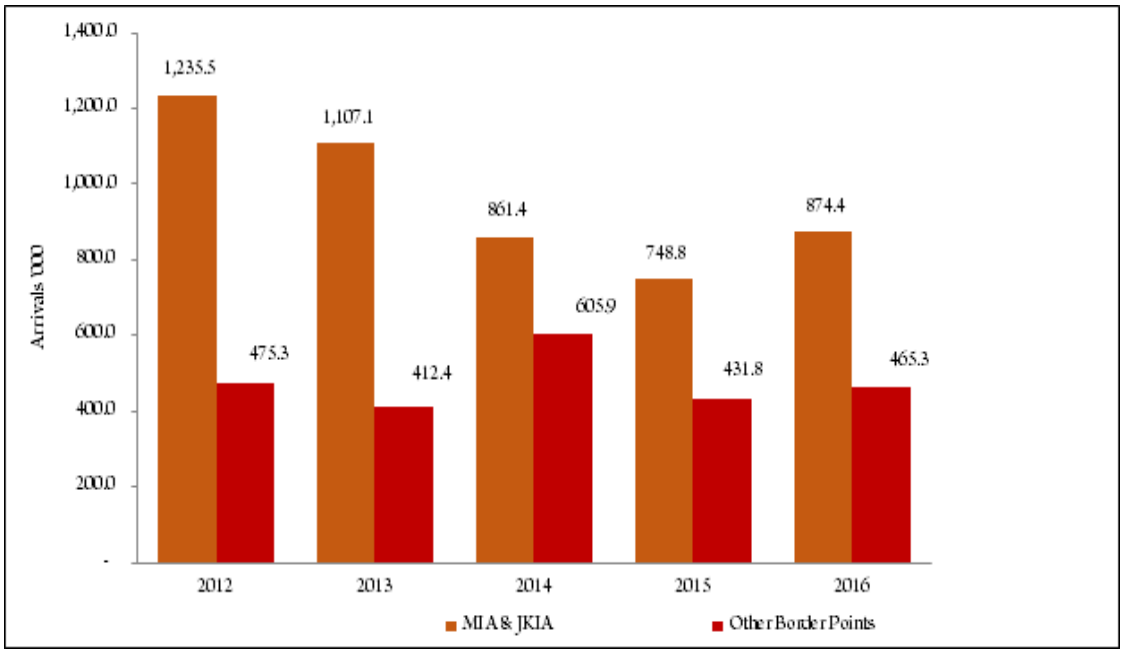


Figure 13.2(b): Monthly Visitor Arrivals through JKIA, 2015 -2016



13.6. The trend of international visitor arrivals through MIA and JKIA compared to other border points from 2012 to 2016 is shown in Figure 13.2(c). Visitor arrivals through MIA and JKIA grew by 16.8 per cent in 2016 compared to a decline of 13.1 per cent in 2015. Similarly, arrivals through the other border stations grew by 7.8 per cent to 465.3 thousand visitors in the year under review.

Figure 13.2(c): Number of Visitor Arrivals through the two Major International Airports and other Border Points, 2012 -2016



13.7. The number of international arrivals by purpose of visit and by quarter from 2012 to 2016 is shown in Table 13.1. The number of international arrivals went up by various margins across all the quarters in 2016. The growth in international arrivals was more pronounced in the third quarter, expanding from 322.1 thousand in third quarter of 2015 to 384.6 thousand over the same period in 2016. This may be attributed to the country hosting a number of high profile international conferences, including; the fourteenth session of the United Nations Conference on Trade and Development (UNCTAD 14) and the sixth Tokyo International Conference on African Development (TICAD VI). These developments led to an overall growth of 13.5 per cent in international visitor arrivals to 1,339.7 thousand in 2016. The number of visitor arrivals on holiday accounted for 71.9 per cent of all international arrivals, followed by business at 13.4 per cent as depicted in Figure 13.2(d).

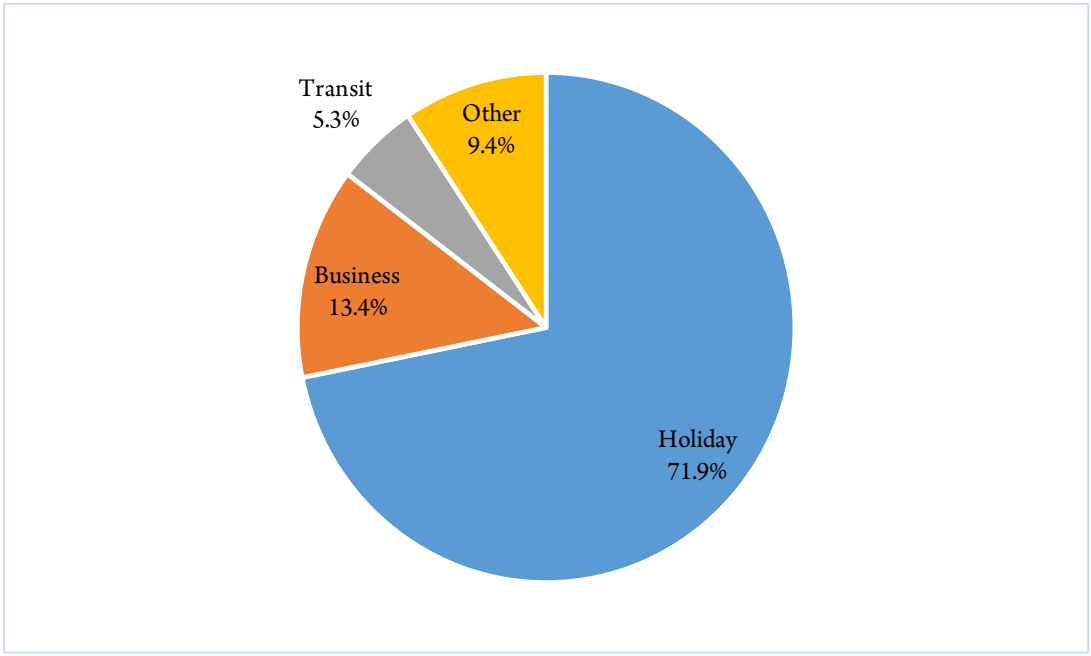
Table 13.1: International Visitor Arrivals by Purpose of Visit, 2012-2016

'000

Quarter	Purpose	2012	2013	2014	2015	2016*
1st Qtr.	Holiday	317.0	257.6	266.2	210.1	231.3
	Business	68.4	45.9	50.1	41.3	41.5
	Transit	21.4	22.5	28.5	18.2	16.9
	Other	35.4	30.5	37.1	23.5	27.3
	TOTAL	**442.2**	**356.4**	**382.0**	**293.1**	**317.0**
2nd Qtr.	Holiday	240.1	222.0	207.0	171.8	199.4
	Business	58.8	47.3	38.5	42.5	45.1
	Transit	22.6	21.8	22.9	14.3	18.4
	Other	45.0	39.5	24.2	30.7	31.9
	TOTAL	**366.5**	**330.6**	**292.5**	**259.3**	**294.8**
3rd Qtr.	Holiday	323.6	284.2	267.9	231.4	278.3
	Business	55.7	41.7	43.0	37.2	53.4
	Transit	27.0	20.8	22.2	19.6	17.4
	Other	52.8	35.5	36.7	34.0	35.6
	TOTAL	**459.1**	**382.2**	**369.8**	**322.1**	**384.6**
4th Qtr.	Holiday	338.5	340.1	235.7	231.5	253.6
	Business	53.2	55.3	35.3	37.5	40.0
	Transit	20.9	21.1	15.5	14.3	18.8
	Other	30.6	34.0	19.5	22.6	30.8
	TOTAL	**443.1**	**450.4**	**306.1**	**306.0**	**343.3**
Annual	Holiday	1,219.1	1,103.8	976.9	844.8	962.6
	Business	236.1	190.2	166.9	158.6	180.0
	Transit	91.8	86.1	89.2	66.4	71.5
	Other	163.8	139.5	117.5	110.7	125.6
	TOTAL	**1,710.8**	**1,519.6**	**1,350.4**	**1,180.5**	**1,339.7**

*Provisional

Figure 13.2(d): The share of International Arrivals by Purpose of Visit, 2016



13.8. Table 13.2 shows that the total number of international departures declined marginally from 1,347.6 thousand in 2015 to 1,341.2 thousand in 2016. Departures in the first and fourth quarters of 2016 went up by 3.6 per cent and 4.8 per cent, respectively. On the contrary, the second and third quarters recorded declines of 2.5 per cent and 6.5 per cent in visitor departures, respectively, in 2016.

Table 13.2: International Visitor Departures by Purpose of Visit, 2012 - 2016

'000

Period	Purpose	2012	2013	2014	2015	2016*
1st Quarter	Holiday	281.7	264.0	234.6	222.9	215.1
	Business	54.1	51.7	53.6	43.8	51.2
	Transit	25.2	21.4	33.7	19.3	23.2
	Other	29.2	33.8	40.1	24.9	32.7
	TOTAL	**390.1**	**370.9**	**362.0**	**310.9**	**322.2**
2nd Quarter	Holiday	216.0	206.8	205.6	211.4	210.3
	Business	53.7	57.1	45.6	52.3	47.6
	Transit	18.4	17.3	23.7	17.6	19.4
	Other	37.0	26.8	37.0	37.7	33.6
	TOTAL	**325.1**	**308.0**	**312.0**	**319.1**	**311.0**
3rd Quarter	Holiday	297.6	265.7	244.9	257.9	251.7
	Business	46.0	40.5	45.7	44.7	50.2
	Transit	23.0	20.2	24.4	23.5	16.3
	Other	49.9	44.4	40.4	60.8	43.5
	TOTAL	**416.4**	**370.7**	**355.4**	**386.9**	**361.7**
4th Quarter	Holiday	289.4	323.3	260.3	250.1	260.8
	Business	47.8	53.0	48.1	40.6	40.4
	Transit	18.4	23.2	25.7	15.5	19.0
	Other	28.5	32.6	40.1	24.4	26.1
	TOTAL	**384.1**	**432.1**	**374.3**	**330.6**	**346.3**
Annual	Holiday	1,084.6	1,059.8	945.5	942.4	937.9
	Business	201.5	202.3	193.0	181.4	189.3
	Transit	85.1	82.1	107.6	75.9	78.0
	Other	144.6	137.6	157.6	147.9	136.0
	TOTAL	**1,515.7**	**1,481.8**	**1,403.7**	**1,347.6**	**1,341.2**

*Provisional

13.9. The number of departing visitors by country of residence and purpose of visit is presented in Table 13.3. Departures destined for France and Other European countries recorded the highest growths of 10.1 per cent and 8.2 per cent, respectively. On the contrary, departures to Canada and Switzerland declined by 13.5 per cent and 9.8 per cent, respectively, in 2016. Departures to African destinations excluding Tanzania and Uganda decreased by 7.1 per cent to 225.0 thousand in 2016.

Table 13.3: Departing Visitors by Country of Residence and Purpose of Visit[1], 2014-2016

'000

Country of Residence	Holiday			Business			Transit			Total		
	2014	2015	2016*	2014	2015	2016*	2014	2015	2016*	2014	2015	2016*
Germany	99.1	79.3	81.0	10.9	9.1	9.3	6.1	4.8	5.0	116.1	93.3	95.2
United Kingdom	128.6	132.2	129.6	26.3	28.0	25.8	14.6	10.0	11.3	169.5	170.1	166.7
Switzerland	10.7	11.3	9.3	2.2	2.1	1.8	1.2	0.9	1.9	14.1	14.3	12.9
Italy	56.1	40.4	42.3	11.4	7.5	7.4	6.4	3.1	4.0	73.9	51.1	53.7
France	20.8	21.3	23.2	4.2	4.0	4.3	2.4	1.7	2.2	27.4	27.0	29.8
Scandinavia	52.4	31.3	33.1	10.7	5.8	6.0	6.0	2.4	3.0	69.0	39.5	42.1
Other Europe	69.4	65.6	70.3	14.2	14.0	16.1	7.9	5.9	6.0	91.5	85.5	92.5
TOTAL EUROPE	**437.1**	**381.5**	**388.7**	**79.9**	**70.5**	**70.7**	**44.6**	**28.8**	**33.4**	**561.6**	**480.7**	**492.8**
USA	104.0	116.8	118.3	21.2	15.5	17.4	11.8	8.4	8.6	137.0	140.8	144.4
Canada	23.8	22.5	19.4	4.9	4.7	4.3	2.7	1.7	1.2	31.4	28.9	25.0
TOTAL NORTH AMERICA	**127.8**	**139.3**	**137.7**	**26.1**	**20.2**	**21.8**	**14.5**	**10.1**	**9.9**	**168.4**	**169.6**	**169.3**
Uganda	34.7	37.5	39.3	7.1	9.4	9.6	3.9	3.0	4.0	45.7	49.8	53.0
Tanzania	23.6	23.1	26.0	4.8	4.4	5.0	2.7	1.8	2.0	31.0	29.3	33.0
Other Africa	165.5	191.0	177.1	33.8	36.0	39.8	18.8	15.1	8.1	218.1	242.1	225.0
TOTAL AFRICA	**223.7**	**251.7**	**242.5**	**45.7**	**49.7**	**54.5**	**25.5**	**19.8**	**14.1**	**294.9**	**321.2**	**311.1**
India	60.3	63.6	65.3	12.3	12.0	13.9	6.9	5.0	5.2	79.5	80.6	84.4
Japan	9.8	8.3	8.5	2.0	1.6	1.7	1.1	0.7	1.2	12.9	10.5	11.4
Israel	3.1	3.0	2.7	0.6	2.6	2.3	0.4	0.2	1.0	4.1	5.8	5.9
Other Asia	53.5	62.3	60.7	20.2	17.7	17.3	11.3	4.9	7.7	85.0	84.9	85.8
TOTAL ASIA	**126.7**	**137.2**	**137.2**	**35.2**	**33.9**	**35.2**	**19.6**	**10.8**	**15.1**	**181.5**	**181.9**	**187.5**
Australia and New Zealand	21.7	18.3	20.2	4.4	3.4	3.2	2.5	1.4	2.5	28.6	23.2	25.9
All Other Countries	8.5	14.4	11.7	1.7	3.7	3.9	1.0	4.9	3.0	11.1	23.0	18.6
TOTAL	**945.5**	**942.4**	**937.9**	**193.0**	**181.4**	**189.3**	**107.6**	**75.9**	**78.0**	**1,246.1**	**1,199.7**	**1,205.2**

* Provisional

[1]Excludes visitors whose purpose of visit is "Other"

13.10. Table 13.4 presents the number of visitor-days stayed by purpose of visit together with average length of stay. The total number of days stayed by all categories of departing visitors excluding other visitors expanded marginally from 15,837.0 thousand in 2015 to 15,884.6 thousand in 2016 mainly due to an increase in the number of holiday and business visitors. The average length of stay remained unchanged in 2016 compared to the previous year.

Table 13.4: Number of Visitor-Days Stayed[1] by Purpose of Visit, 2012 -2016

'000

Purpose	2012	2013	2014	2015	2016*
Holiday	15,229.7	14,881.8	13,276.2	13,232.9	13,170.5
Business	2,681.1	2,691.6	2,568.1	2,413.7	2,518.6
Transit	213.4	205.9	270.0	190.3	195.5
TOTAL	**18,124.2**	**17,779.3**	**16,114.3**	**15,837.0**	**15,884.6**
Average length of stay in days	13.2	13.2	12.9	13.2	13.2

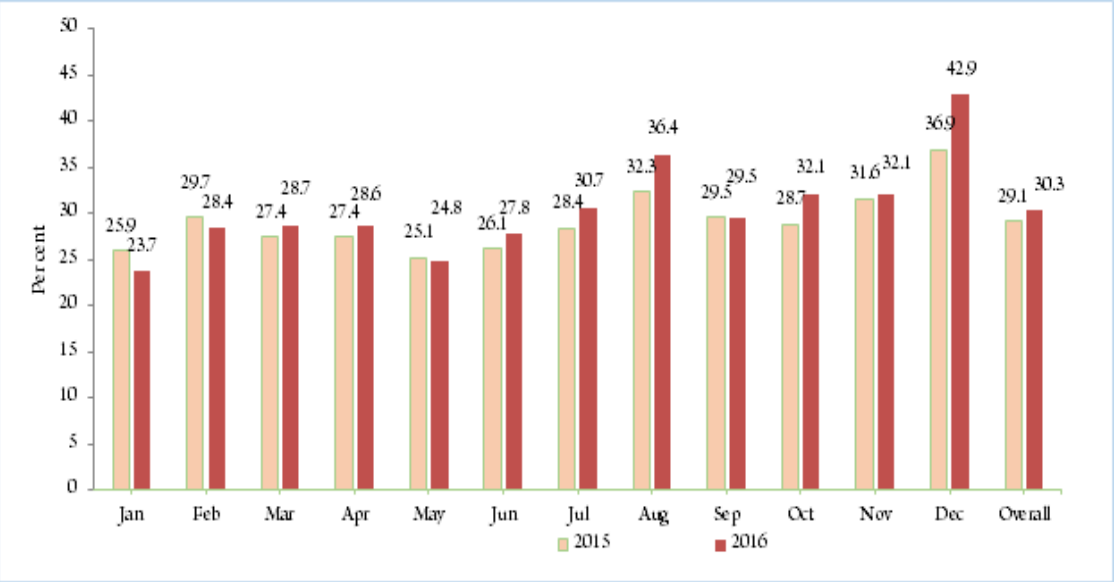
* Provisional

[1]Excludes visitors whose purpose of visit is "Other"

Hotel Occupancy by Country of Residence

13.11. Figure13.3 illustrates monthly bed occupancy rates for 2015 and 2016. Annual average bed occupancy increased from 29.1 per cent in 2015 to 30.3 percent in 2016. Bed occupancy rate was higher in 2016 compared to 2015 in most months except January, February and May. It was noted that bed occupancy rates remained unchanged in the month of September in 2016 compared to 2015.

Figure 13.3: Monthly Bed Occupancy Rates, 2015- 2016



13.12. The details of the number of hotel bed-nights occupancy by country of residence for the period 2012 to 2016 is shown in Table 13.5. Occupancy in hotels, lodges and other rooming houses grew by 9.7 per cent to 6,448.5 thousand in 2016. Bed occupancy by residents of Europe went up by 13.3 per cent in 2016. The highest rise of 43.3 per cent was witnessed for residents of "Other Europe" from 240.4 thousand in 2015 to 344.4 thousand in 2016. Growth in bed occupancy by residents of France followed at 34.0 per cent from 67.1 thousand in 2015 to 89.9 thousand in year under review. Africa accounted for 61.2 per cent of the total occupancy in hotels, lodges and other rooming houses, during the review period. The bed occupancy of residents from Africa grew by 9.1 per cent to 3,948.5 thousand in 2016 with the highest increase of 10.8 per cent in the number of Kenya residents. However, residents of West Africa, South Africa and Other Africa dropped in number of hotel bed-nights occupancy. The number of Asian residents grew by 16.3 per cent from 332.1 thousand in 2015 to 386.2 thousand in 2016 with Chinese bed-occupancy increasing from 82.6 thousand in 2015 to 131.9 thousand in 2016. The number of hotel bed-nights capacity grew by 5.3 per cent from 20,187.2 thousand in 2015 to 21,258.5 thousand in 2016 mainly due to completion of new hotels in the period under review.

Table 13.5: Hotel Bed - Nights Occupancy by Country of Residence, 2012-2016

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Country of Residence	2012	2013	2014	2015	2016*
Permanent Occupants[1]	46.3	57.6	98.7	102.3	87.0
Germany	748.9	751.1	751.7	617.9	685.4
Switzerland	98.2	96.9	82.1	80.2	63.2
United Kingdom	521.6	498.3	275.0	224.5	211.6
Italy	415.5	234.8	156.2	74.1	88.3
France	160.0	113.9	75.6	67.1	89.9
Scandinavia	154.5	143.5	120.0	71.9	76.5
Other Europe	448.5	482.2	341.5	240.4	344.4
EUROPE	**2,547.2**	**2,320.6**	**1,802.2**	**1,376.1**	**1,559.3**
Kenya Residents	2,787.7	2,699.1	2,948.7	3,154.1	3,495.9
Uganda	81.8	110.2	67.7	76.0	77.4
Tanzania	69.2	64.5	62.0	55.7	58.3
East and Central Africa	115.9	104.3	101.3	102.3	105.3
West Africa	55.9	63.3	68.0	60.7	59.3
North Africa	23.9	29.0	37.3	24.9	32.0
South Africa	88.2	91.1	75.2	88.0	70.6
Other Africa	40.7	37.5	37.0	57.7	49.8
AFRICA	**3,263.3**	**3,199.0**	**3,397.2**	**3,619.3**	**3,948.5**
U.S.A	291.5	294.6	293.9	248.5	254.3
Canada	55.9	61.8	59.9	46.4	43.3
Other America	40.1	36.8	35.2	37.0	25.6
AMERICA	**387.4**	**393.3**	**389.0**	**331.9**	**323.2**
Japan	41.9	48.1	38.9	33.3	39.1
India	110.3	101.1	110.3	115.1	120.3
Middle East	50.2	50.6	57.4	55.8	49.4
China	114.0	105.9	92.1	82.6	131.9
Other Asia	68.2	54.4	49.4	45.2	45.5
ASIA	**384.5**	**360.1**	**348.1**	**332.1**	**386.2**
Australia and New Zealand	56.9	62.3	58.4	44.3	46.9
All Other Countries	175.2	203.9	188.0	72.6	97.5
TOTAL OCCUPIED	**6,860.8**	**6,596.7**	**6,281.6**	**5,878.6**	**6,448.5**
TOTAL AVAILABLE	**18,849.6**	**18,292.2**	**19,877.2**	**20,187.2**	**21,258.5**
Occupancy rate %	**36.4**	**36.1**	**31.6**	**29.1**	**30.3**

*Provisional

[1]Persons staying one month or more in one hotel, including some block bookings for air crew

13.13. Hotel bed-nights occupancy by zone for the period 2012 to 2016 is shown in Table 13.6. The number of hotel bed-nights spent in the coastal beach zone experienced a slower growth of 8.2 per cent from 2,113.8 thousand in 2015 to 2,286.3 thousand in 2016 compared with coastal other and coastal hinterland that grew by 69.1 and 63.8 per cent, respectively, over the same period. Similarly, occupancy in Nairobi-high class also registered a 6.0 per cent growth from 1,014.9 thousand in 2015 to 1,076.3 thousand in 2016. This is attributable to the growth in the number of conferences that were held in the City. Decreases in hotel bed-nights were recorded in Nyanza Basin and Northern zones.

Table 13.6: Hotel Bed-Nights by Zone, 2012-2016

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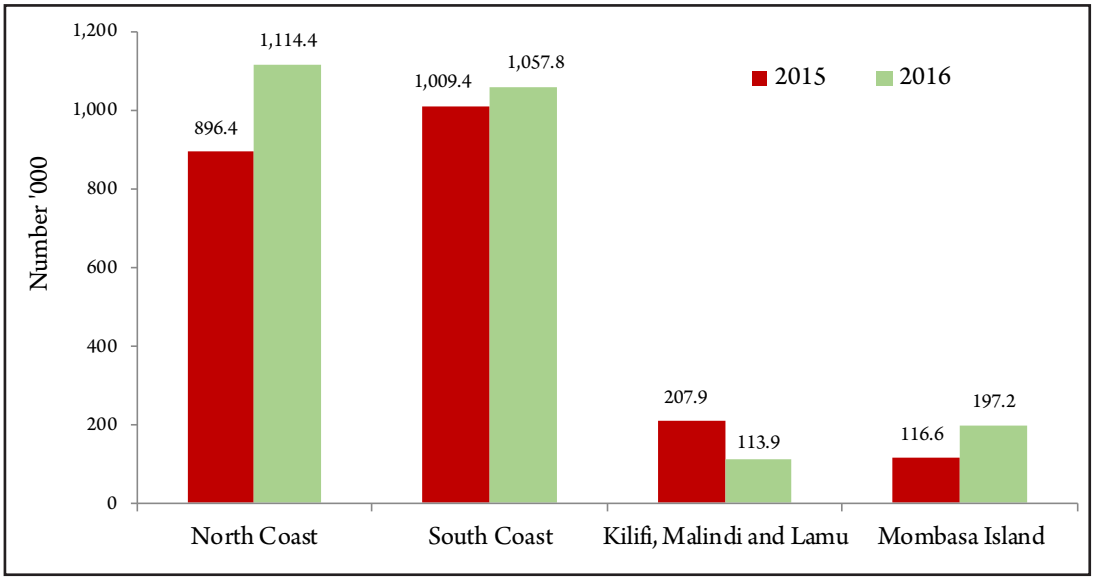
Zone	2012	2013	2014	2015	2016*
Coastal-Beach	3,132.6	2,750.3	2,527.7	2,113.8	2,286.3
Coastal-Other	260.0	124.0	95.9	116.6	197.2
Coastal Hinterland	88.7	125.5	133.2	108.4	177.5
Nairobi-High Class	1,145.0	1,175.3	1,119.1	1,014.9	1,076.3
Nairobi-Other	490.5	455.7	388.0	378.0	445.1
Central	526.0	622.2	686.3	583.6	691.6
Masailand	443.7	473.0	479.5	491.6	655.5
Nyanza Basin	252.1	345.3	357.7	487.8	325.4
Western	464.3	454.1	433.3	448.8	493.6
Northern	57.8	71.2	60.9	135.1	100.0
TOTAL OCCUPIED	**6,860.8**	**6,596.7**	**6,281.6**	**5,878.6**	**6,448.5**
TOTAL AVAILABLE	**18,849.6**	**18,292.2**	**19,877.2**	**20,187.2**	**21,258.5**

*Provisional

13.14. Figure 13.4 presents the number of bed-nights occupied at the coast by zone in 2015 and 2016. The North Coast was the most preferred destination compared with the South Coast in 2016, in contrast to the previous year. The bed-nights occupancy in the North Coast rose from 896.4 thousand in 2015 to 1,114.4 thousand in 2016. Likewise, the bed-nights occupancy in the South Coast rose from 1,009.4 thousand in 2015 to 1,057.8 thousand in 2016. Similarly, Mombasa Island improved from 116.6 thousand in 2015 to 197.2 thousand bed-nights occupancy in 2016. However, bed-nights occupancy in Kilifi, Malindi and Lamu shrank, due to security concerns.

Figure 13.4: Bed-Nights Occupancy at the Coast, 2015 – 2016



13.15. A summary of bed-nights occupied by area and country of residence is presented in Table 13.7. The share of hotel bed-nights occupied in lodges expanded from 10.7 per cent in 2015 to 11.7 per cent in 2016. The number of bed-nights occupied by United States of America residents in the lodges increased from 66.2 thousand in 2015 to 82.1 thousand in 2016. Similarly, the number of bed-nights occupied by Chinese residents in the lodges increased from 34.1 thousand in 2015 to 70.2 thousand in 2016. A notable improvement was recorded in the Coast region with residents from Kenya and Germany continuing to lead, at 1,364.6 thousand and 615.2 thousand, respectively, in 2016. The percentage share of Nairobi bed-nights occupied declined marginally from 23.7 to 23.6 per cent in 2016. The importance

of domestic tourism is underscored by the fact that Kenyan residents occupied more than a half of the total bed-nights, in 2016.

Table 13.7: Hotel Bed-Nights Occupancy by Area and Country of Residence, 2015-2016

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Country of Residence	Nairobi		Coast		Lodges		Others		Total	
	2015	2016*	2015	2016*	2015	2016*	2015	2016*	2015	2016*
Permanent Occupants[1]	3.6	10.7	41.8	12.0	1.6	2.1	55.3	62.2	102.3	87.0
Germany	24.1	31.4	562.2	615.2	18.7	29.8	12.9	9.0	617.9	685.4
Switzerland	11.6	8.4	58.2	45.8	5.2	5.9	5.1	3.1	80.2	63.2
United Kingdom	89.0	69.3	84.6	90.1	24.8	38.4	26.0	13.8	224.5	211.6
Italy	12.8	10.0	47.8	68.0	6.5	7.9	7.1	2.4	74.1	88.3
France	23.2	22.3	24.6	51.5	9.9	11.2	9.5	4.8	67.1	89.9
Scandinavia	24.6	20.6	25.4	35.0	12.3	13.5	9.7	7.5	71.9	76.5
Other Europe	66.6	84.9	125.3	199.7	36.3	48.7	12.3	11.1	240.4	344.4
Kenya	476.7	574.8	1,191.3	1,364.6	300.9	300.7	1,185.1	1,255.9	3,154.1	3,495.9
Uganda	36.4	46.5	15.8	14.4	1.1	1.5	22.6	15.0	76.0	77.4
Tanzania	31.4	38.3	11.1	10.7	1.6	2.2	11.6	7.0	55.7	58.3
East & Central Africa	79.0	86.9	11.1	12.8	2.1	0.9	10.2	4.6	102.3	105.3
West Africa	43.3	50.4	9.2	5.1	1.4	1.5	6.9	2.2	60.7	59.3
North Africa	15.4	26.1	4.1	2.6	1.2	1.3	4.3	1.9	24.9	32.0
South Africa	64.7	53.8	10.7	7.2	2.8	3.6	9.8	6.0	88.0	70.6
Other Africa	39.5	35.8	8.7	4.3	2.2	3.9	7.2	5.7	57.7	49.8
USA	128.4	127.5	19.1	21.3	66.2	82.1	34.9	23.4	248.5	254.3
Canada	21.0	18.6	6.2	6.9	11.6	14.3	7.6	3.6	46.4	43.3
Other America	18.4	10.4	4.1	3.3	4.9	8.3	9.6	3.5	37.0	25.6
Japan	12.1	19.4	5.2	2.9	5.2	9.5	10.7	7.4	33.3	39.1
India	53.7	44.0	13.6	19.0	33.6	41.9	14.2	15.3	115.1	120.3
Middle East	26.9	24.2	14.7	11.1	5.0	8.4	9.2	5.7	55.8	49.4
China	21.6	24.3	13.5	14.9	34.1	70.2	13.5	22.4	82.6	131.9
Other Asia	21.0	21.4	8.8	6.8	7.5	13.0	8.0	4.4	45.2	45.5
Australia & New Zealand	16.2	18.3	7.0	7.0	14.5	17.0	6.5	4.6	44.3	46.9
All Other Countries	31.8	42.9	15.0	28.9	15.5	17.7	10.4	8.0	72.6	97.5
TOTAL	**1,393.0**	**1,521.4**	**2,338.8**	**2,661.1**	**626.7**	**755.4**	**1,520.2**	**1,510.6**	**5,878.6**	**6,448.5**
PERCENTAGE SHARE	**23.7**	**23.6**	**39.8**	**41.3**	**10.7**	**11.7**	**25.9**	**23.4**	**100.0**	**100.0**

* Provisional

[1]Persons staying one month or more in one hotel, including some block bookings for air crew

13.16. The number of bed-nights occupancy in game lodges and type of catering offered to foreign and East African residents is presented in Table 13.8. Occupancy in hotel establishments located in these areas improved significantly from 626.7 thousand in 2015 to 755.4 thousand in 2016, representing 20.5 per cent rise. This was occasioned by the increase in the number of visitors to national parks and game reserves. The number of bed-nights occupied by foreign residents grew by 39.6 per cent to 451.1 thousand in 2016. Similarly, bed-nights occupied by East African residents grew marginally from 303.7 thousand in 2015 to 304.4 thousand in 2016. The number of foreign residents that opted for full catering services went up from 304.6 thousand in 2015 to 382.3 thousand in 2016.

Table 13.8: Game Lodges[1] Occupancy, 2014 – 2016

'000

	Bed-Nights Occupied								
	Foreign Residents			E.A. Residents			Total		
	2014	2015	2016*	2014	2015	2016*	2014	2015	2016*
Game Reserves	106.2	117.3	176.5	69.9	175.7	187.7	176.1	293.0	364.2
National Parks	260.3	205.8	274.6	104.0	128.0	116.6	364.3	333.7	391.2
TOTAL	**366.5**	**323.1**	**451.1**	**173.9**	**303.7**	**304.4**	**540.4**	**626.7**	**755.4**
Of which full Catering	311.5	304.6	382.3	132.6	230.8	217.2	444.1	535.4	599.5
Self Service	55.0	18.5	68.7	41.3	72.8	87.2	96.3	91.3	155.9

*Provisional

[1]Lodges in National Parks and Game Reserves

National Parks and Game Reserves

13.17. The number of visitors to national parks and game reserves from 2012 to 2016 is presented in Table 13.9. Nairobi Mini Orphanage, Impala Sanctuary, Lake Nakuru, Nairobi Park, Nairobi Safari Walk and Masai Mara jointly accounted for 57.4 per cent of the total number of visitors to national parks and game reserves, in 2016. The number of visitors rose by 17.0 per cent to 2,284.7 thousand in 2016, partly due to increased arrivals in the year under review. All the national parks and game reserves recorded increases in number of visitors except in the Masai Mara game reserve. Tsavo West and Watamu marine national parks recorded major recoveries from their long term trend increasing by 58.2 per cent and 39.9 per cent, respectively, in 2016. Kisite/Mpunguti and Amboseli national parks followed by 38.7 and 31.9 per cent, respectively, in the year under review.

Table 13.9: Number of Visitors to National Parks and Game Reserves, 2012-2016

'000

Park/Reserve	2012	2013	2014	2015	2016*
Nairobi	151.1	154.7	131.8	133.1	153.1
Nairobi Safari Walk	147.2	136.0	133.0	139.2	149.3
Nairobi Mini Orphanage	474.6	407.4	361.3	328.2	390.4
Amboseli	141.4	141.2	117.1	86.9	114.6
Tsavo (West)	70.9	68.8	51.0	31.8	50.2
Tsavo (East)	176.7	153.2	103.2	75.2	84.8
Aberdare	44.3	50.1	43.8	34.7	41.3
Lake Nakuru	253.5	262.5	226.0	188.9	214.7
Masai Mara	102.0	103.8	166.0	146.9	146.3
Haller's Park	125.5	121.5	116.2	115.4	121.1
Malindi Marine	40.8	41.9	28.9	29.3	31.5
Lake Bogoria	114.6	91.5	80.5	71.4	90.8
Meru	17.8	14.7	19.2	17.3	19.8
Shimba Hills	26.1	23.2	17.6	17.2	21.2
Mt. Kenya	27.5	24.6	20.2	18.5	19.1
Samburu	15.0	13.5	15.4	8.5	10.8
Kisite/Mpunguti	48.4	44.7	29.7	24.8	34.4
Mombasa Marine	34.6	36.8	27.4	26.2	29.5
Watamu Marine	36.3	35.1	31.3	24.3	33.9
Hell's Gate	95.4	89.0	114.1	120.2	154.4
Impala Sanctuary (Kisumu)	247.0	222.3	227.6	212.1	256.5
Mt. Longonot	44.1	43.6	50.7	53.3	64.5
Other[1]	57.5	57.5	52.6	49.5	52.6
TOTAL	**2,492.2**	**2,337.7**	**2,164.6**	**1,952.8**	**2,284.7**

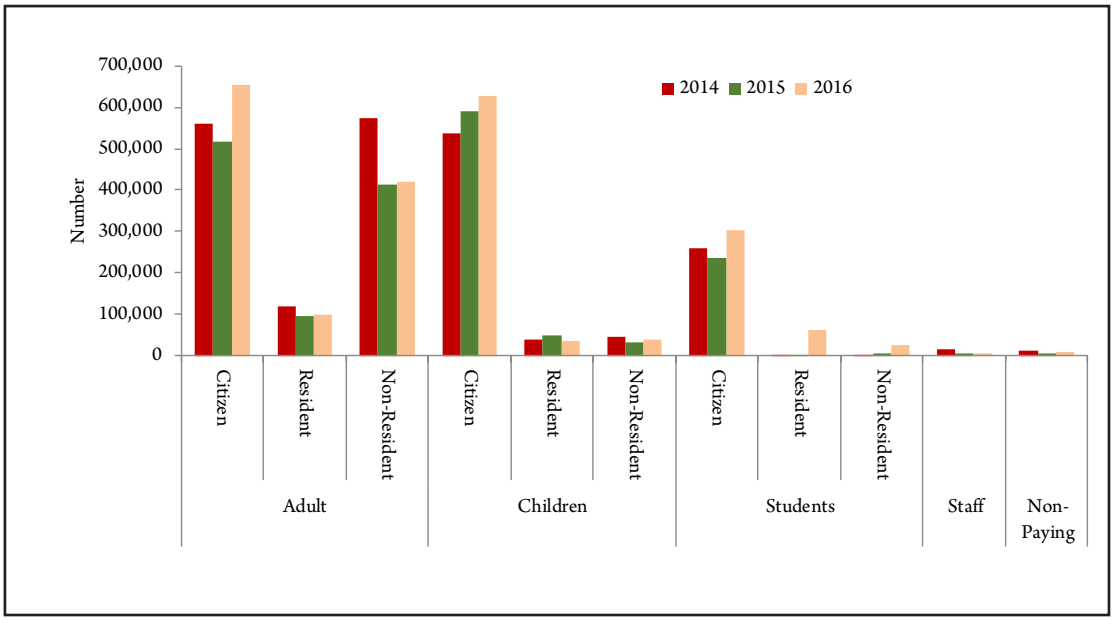
Source: Kenya Wildlife Services

* Provisional

[1]Other include Arabuko Sokoke, Ol-Donyo Sabuk, Marsabit, Saiwa swamp, Sibiloi, Bamburi, Chyulu, Ruma National Park, Mwea National Reserve, Central Island National Park, Kiunga, Mt.Elgon, Nasolot, Ndere and Kakamega.

13.18. Citizen adults and children continued to dominate the number of visitors to in the adults and children categories respectively, in 2016 as depicted in Figure 13.5. Among the non-resident, citizen adults are more likely to visit national parks and game reserves.

Figure 13.5: Visitors to National Parks and Game Reserves, 2014-2016



Note: Residents refers to foreign residents who are non-residents expecting and/or have stayed in Kenya for more than 12 months

Museums, Snake Parks and Historical Sites

13.19. Table 13.10 presents the number of visitors to museums, snake parks and historical sites. The number of visitors to these facilities increased from 797.5 thousand in 2015 to 923.1 thousand in 2016, representing a rise of 15.7 per cent. The Fort Jesus recorded a remarkable performance of 24.1 per cent to record 150.5 thousand visitors in 2016 returning to 2013 levels. Similarly, visitors to Kitale museum increased by 66.6 per cent from 33.5 thousand in 2015 to 55.8 thousand in 2016. However, visitors to Kisumu and Meru museums continued to drop during the year under review. The months of July and August recorded the highest number of visitors to museums, snake parks and historical sites while January, February and May registered the lowest as shown in Figure 13.6.

Table 13.10: Number of Visitors to Museums, Snake Parks and Historical Sites, 2012-2016

'000

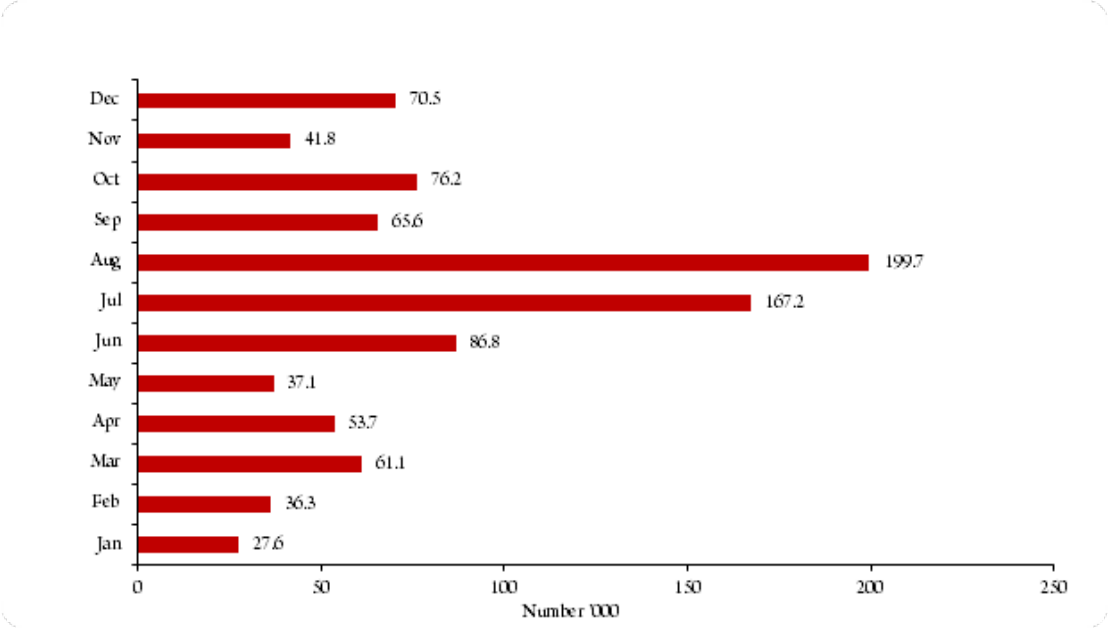
Name of Museums	2012	2013	2014	2015	2016*
Nairobi National	184.7	130.9	52.5	264.0	278.7
Nairobi Snake Park	146.4	94.8	33.0	24.0	26.1
Fort Jesus	127.6	152.1	113.4	121.3	150.5
Kisumu	144.9	151.2	219.4	210.6	199.2
Kitale	41.8	54.3	64.8	33.5	55.8
Gede	43.1	54.6	47.5	39.9	55.6
Meru	24.2	26.3	32.8	23.7	19.9
Lamu	2.6	2.8	1.7	1.5	2.7
Jumba la Mtwana	5.7	7.4	5.7	4.3	7.3
Olorgessaile	..	..	2.7	1.1	0.4
Kariandusi	10.2	4.3	24.2	11.4	12.3
Hyrax Hill	8.9	5.9	11.6	8.7	29.1
Karen Blixen	54.9	44.7	45.2	25.9	35.8
Malindi	17.9	26.1	21.0	14.7	31.8
Kilifi Mnarani	1.6	0.8	2.5	1.2	0.8
Kabarnet	1.3	1.6	1.7	1.4	3.4
Kapenguria	7.6	8.7	9.7	7.3	12.4
Pete Sites	0.0	0.0	0.0	-	-
Swahili House	0.3	0.3	0.3	0.0	0.1
Narok	0.2	0.6	0.6	0.5	0.9
German Post	0.1	0.1	0.1	0.0	0.0
Takwa Ruins	0.7	0.6	0.6	0.2	0.4
Koobi Fora	..	0.0	..	..	..
Rabai	..	2.7	..	2.4	..
Thimlich Ohinga	..	0.1	..	..	..
Lamu Port					0.4
TOTAL	**824.6**	**770.8**	**690.9**	**797.5**	**923.1**

Source: National Museums of Kenya

* Provisional

.. not available

Figure 13.6: Monthly Number of Visitors to the Museums, Snake Parks and Historical Sites, 2016



Conference Tourism

13.20. The Meetings, Incentives, Conferences and Exhibitions (MICE) sector is on a major growth path globally and there is no doubt that the country has begun to enjoy the benefits from this market, enhancing its brand equity. The number of international conferences and delegates rose by 4.1 and 41.9 per cent, respectively, in 2016 as presented in Table 13.11. Similarly, local conferences and delegates increased by 17.4 per cent and 14.5 per cent, respectively in 2016. The overall conference percentage occupancy rose from 11.1 per cent in 2015 to 11.6 per cent in 2016. The growth in the conference tourism indicates the huge potential this segment has in its overall contribution to economy.

Table 13.11: Indicators on Conference Tourism, 2014-2016

Number

	2014		2015		2016*	
	Local	International	Local	International	Local	International
No.of conferences	3,077	241	3,199	218	3,755	227
No.of delegates	432,998	77,848	465,116	71,620	532,674	101,599
No.of delegate days	547,262	131,193	561,374	124,633	634,234	166,802
No.of delegate days available ...	5,925,801	5,925,801	6,168,945	6,168,945	6,859,714	6,859,714
Percentage Occupancy	9.2	2.2	9.1	2.0	9.2	2.4

*Provisional

Training

13.21. The Kenya Utalii College (KUC) continue to develop highly qualified and globally competitive human resource for the hospitality industry. The number of graduates who pursued various courses at KUC rose from 2,324 in 2015 to 2,664 in 2016 as shown in Table 13.12. This was mainly attributed to the increase in the number of graduates who pursued refresher courses that grew by 37.8 per cent to 1,120. Similarly, graduates who pursued short courses rose by 13.5 per cent from 736 in 2015 to 835 in the review period.

Table 13.12: Kenya Utalii College Graduates, 2012-2016

Number

Year	Pioneer Course[1]	In- Service		Professional Courses			Grand Total
		Refresher	MDP[2]	Regular Courses	Short Courses	Sub-Total	
2012	458	1,644	224	627	17	644	2,970
2013	..	1,450	252	541	758	1,299	3,001
2014	..	936	237	593	584	1,177	2,350
2015	..	813	258	517	736	1,253	2,324
2016*	..	1,120	242	467	835	1,302	2,664

Source: Kenya Utalii College

* Provisional

.. not available

[1]Pioneer is a 3 month course

[2]MDP - Management Development Programmes

Developments in the Tourism Sector

13.22. The Government unveiled a KSh 1.2 billion Charter Incentive Programme (CIP) aimed at reducing tourist travel costs and recovering lost business from tourist charter companies. This was done by scrapping landing fees at Mombasa and Malindi international airports for chartered planes from January 2016 till June 2018. Furthermore, a subsidy of US$ 30 was provided for each passenger who disembarked in the country . The tourist subsidy is aimed at boosting and stimulating charter airlines to fly to the Coastal region.

13.23. In April 2016, ivory worth US$ 105 million was destroyed to discourage poaching in Kenya. This was meant to send a message to the world that ivory trade is illegal and harmful to the existence and sustainability of wildlife.

14 Chapter

Transport and Storage

Overview

The Government places strong emphasis on the improvement of the transport sector in the country. The Government has undertaken implementation and management of various activities in the sector through the Ministry of Transport and Infrastructure. This includes formulation of appropriate policies for all modes of transport, namely; road, air, rail, pipeline and water transport.

14.2. Total cargo throughput handled at the Port of Mombasa rose by 2.4 per cent to 27,364 thousand tonnes in 2016. Container traffic recorded a growth of 1.4 per cent to 1.1 million Twenty-foot Equivalent Units (TEUs). Total pipeline throughput of white petroleum products expanded by 2.8 per cent to 5,872.9 thousand cubic metres in 2016. The volume of white petroleum products transported through the pipeline for domestic consumption expanded by 9.0 per cent to 4,018.6 thousand cubic metres in 2016.

14.3. The performance of the air transport sub-sector improved during the review period, with the total commercial passengers handled increasing by 11.7 per cent to 10.0 million in 2016. Total passengers handled at Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) rose by 9.7 per cent to 7.1 million and 7.6 per cent to 1.3 million in 2016, respectively.

14.4. The number of road transport licenses issued increased by 2.8 per cent to 123,386 in 2016 with the number of Public Service Vehicle (PSV) licenses issued increasing by 9.3 per cent from 30,506 in 2015 to 33,349 in 2016. The number of reported traffic accidents dropped marginally from 5,310 in 2015 to 5,296 in 2016. Total reported casualties from accidents however, rose by 8.4 per cent to 13,159 in 2016. Newly registered motor vehicles and motor cycles dropped by 13.5 per cent to 213,715 in 2016.

Value of Output

14.6. Table 14.1 presents the value of output for the transport and storage sector from 2012 to 2016. Overall, the value of output for the sector increased by 7.0 per cent from KSh 956.3 billion in 2015 to KSh 1,022.9 billion in 2016. Road transport sub-sector output grew by 6.1 per cent to KSh 667.1 billion and accounted for 65.2 per cent of the total output in the sector in 2016. There was a notable increase in the value of output from services incidental to transport from KSh 68.3 billion in 2015 to KSh 84.0 billion in the review period. Output from the railway transport sub-sector however declined by 9.9 per cent to KSh 5.7 billion during the review period.

Table 14.1: Transport and Storage - Value of Output, 2012 – 2016

KSh Million

	2012	2013	2014	2015+	2016*
Road Transport	474,251	520,539	595,726	628,986	667,051
Railway Transport	5,731	4,849	5,357	6,282	5,662
Water Transport	26,294	36,537	49,840	55,712	58,807
Air Transport	114,595	131,456	139,912	146,896	156,185
Services Incidental to Transport	57,042	51,930	54,097	68,246	83,996
Pipeline Transport	17,938	19,861	21,030	22,210	22,982
Postal & Courier Services	10,177	10,654	27,179	27,925	28,185
Total	**706,028**	**775,826**	**893,141**	**956,257**	**1,022,868**

* Provisional.

+Revised

Road Transport

14.7. Details of funds approved by the Kenya Roads Board (KRB) from the Roads Maintenance Levy Fund (RMLF) for maintenance and rehabilitation of roads in the country are presented in Table 14.2. Disbursement of funds from the KRB to various road agencies is expected to increase by 61.0 per cent from KSh 25.4 billion in 2015/16 to KSh 40.9 billion in 2016/17. The fuel levy and transit toll collections are projected to grow by 61.9 per cent and 5.6 per cent to KSh 40.4 billion and KSh 0.5 billion, respectively, in 2016/17.

Table 14.2: Road Maintenance Funds, 2012/13 - 2016/17

KSh Million

	2012/13	2013/14	2014/15	2015/16*	2016/17**
Fuel Levy	23,978	22,822	25,338	24,966	40,426
Transit Toll	392	407	454	430	454
Total	**24,370**	**23,229**	**25,792**	**25,396**	**40,880**

Source: Kenya Roads Board

* Provisional.

** Estimates

14.8. Overall, earnings from road traffic increased by 6.1 per cent from KSh 629.0 billion in 2015 to KSh 667.1 billion in 2016 as presented in Table 14.3. Income from freight traffic grew by 8.8 per cent to KSh 333.9 billion while that from passenger freight increased by 3.4 per cent to KSh 333.1 billion in 2016.

Table 14.3: Earnings from Road Traffic, 2012 – 2016

KSh Million

	2012	2013	2014	2015+	2016*
Passenger Traffic	254,149	274,863	313,031	322,161	333,114
Freight Traffic	220,309	244,998	274,223	306,825	333,937
Total Road Traffic Earnings	**474,458**	**519,861**	**587,254**	**628,986**	**667,051**

* Provisional.

+ Revised

New Registration of Motor Vehicles and Motor cycles

14.9. The number of newly registered road motor vehicles and motor cycles is presented in Table 14.4 and Figure 14.1. The total units registered dropped by 13.5 per cent from 247,181 in 2015 to 213,715 in 2016.

14.10. **Motor vehicles:** The total number of newly registered motor vehicles declined by 16.3 per cent from 107,761 units in 2015 to 90,176 units in 2016. This was occasioned by a decline

in the number of newly registered motor vehicles in all categories except wheeled tractors that increased from 2,259 units in 2015 to 2,478 units in 2016. Registration of saloon cars declined by 13.1 per cent from 14,369 units in 2015 to 12,490 units in 2016. Similarly, newly registered station wagons decreased by 14.8 per cent from 54,120 to 46,123 units during the review period.

14.11. **Lorries, Trucks, Trailers, Buses and Coaches:** Registration of lorries/trucks declined by 30.1 per cent from 13,785 units in 2015 to 9,632 units in 2016. Similarly, new registration of buses and coaches decreased by 24.6 per cent from 2,342 units to 1,765 units during the review period. Number of newly registered trailers reduced by 27.6 per cent to 2,829 units while those of other vehicles reduced by 35.8 per cent from 2,522 units to 1,618 units during the review period. In addition, newly registered mini buses/matatus dropped by 10.7 per cent from 581 units in 2015 to 519 units in 2016.

14.12. **Motor cycles:** The number of motor cycles registered dropped by 11.4 per cent from 139,420 units in 2015 to 123,539 units in 2016. New registration of motor and auto cycles dropped by 11.1 per cent from 134,645 units to 119,724 units while that of three wheelers dropped by 20.1 per cent from 4,775 units to 3,815 units in 2016.

14.13. The drop in new registration of motor vehicles may be attributed to higher import taxes imposed on used cars in 2015/16 while the decline in the registration of motorcycles may be partly attributed to reduction in local demand.

Table 14.4: New Registration of Road Motor Vehicles and Motor Cycles, 2012 – 2016

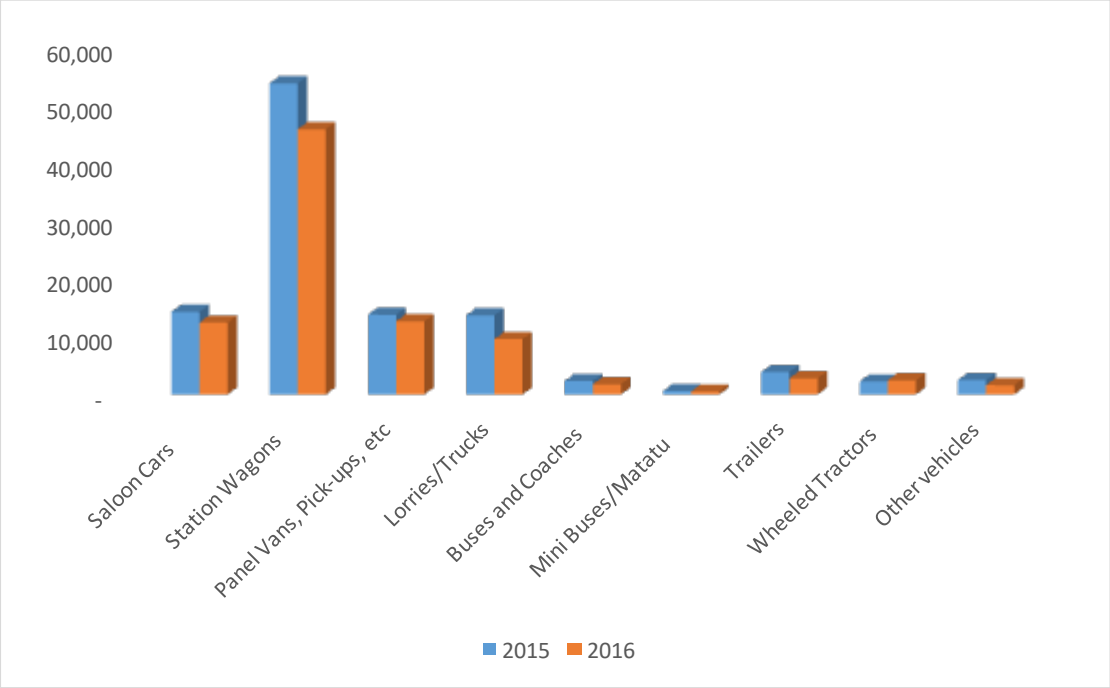
Number

Type of Vehicle/Motor Cycle	2012	2013	2014	2015	2016*
Saloon Cars	12,985	16,343	15,902	14,369	12,490
Station Wagons	39,862	48,662	53,542	54,120	46,123
Panel Vans, Pick-ups, etc	7,945	9,819	12,568	13,878	12,722
Lorries/Trucks	7,821	9,570	10,681	13,785	9,632
Buses and Coaches	1,638	2,062	2,210	2,342	1,765
Mini Buses/Matatu	78	235	213	581	519
Trailers	3,761	3,973	2,925	3,905	2,829
Wheeled Tractors	1,386	1,902	2,032	2,259	2,478
Other vehicles	1,753	1,451	2,533	2,522	1,618
Total Motor Vehicles	**77,229**	**94,017**	**102,606**	**107,761**	**90,176**
Motor and Auto Cycles	93,970	125,058	111,124	134,645	119,724
Three Wheelers	1,845	3,103	4,327	4,775	3,815
Total Motor Cycles	**95,815**	**128,161**	**115,451**	**139,420**	**123,539**
Total Units Registered	**173,044**	**222,178**	**218,057**	**247,181**	**213,715**

Source: National Transport and Safety Authority

* Provisional.

Figure 14.1: Number of New Motor Vehicles registered by Type, 2015 and 2016



Road Licenses

14.14. Table 14.5 presents the number of PSV and driving licenses issued by National Transport and Safety Authority (NTSA) for the period 2012 to 2016. The number of PSV licenses issued increased by 9.3 per cent from 30,506 in 2015 to 33,349 in 2016. Licenses issued for buses, mini buses and *matatus* rose by 16.6 per cent, 14.3 per cent and 4.6 per cent, respectively, in 2016. Licenses for *matatus* accounted for the largest proportion of PSV licenses issued in the review period at 53.8 per cent.

14.15. The number of driving licenses issued increased by 2.8 per cent from 120,016 in 2015 to 123,386 in 2016 with original driving licenses issued increasing by 2.4 per cent to 93,528 in the review period. Duplicate and foreign licenses issued increased by 4.3 per cent and 2.7 per cent to 26,956 and 2,902 respectively, during the same period. Original driving licenses accounted for 75.8 per cent of total driving licenses issued in 2016.

Table 14.5: Road Transport Licenses Issued, 2012 – 2016

Number

	2012	2013	2014	2015	2016*
PSV Licenses					
Matatus	15,394	9,545	15,936	17,138	17,926
Buses	4,169	3,792	5,155	6,182	7,210
Mini Buses[1]	2,489	3,350	6,062	7,186	8,213
Total	**22,052**	**16,687**	**27,153**	**30,506**	**33,349**
Driving Licenses					
Original	160,719	90,519	88,666	91,336	93,528
Duplicate	29,065	23,069	24,563	25,854	26,956
Foreign	2,768	2,671	2,737	2,826	2,902
Total	**192,552**	**116,259**	**115,966**	**120,016**	**123,386**

Source: Kenya Revenue Authority/National Transport and Safety Authority

* Provisional

[1] Includes Tour Vans

Road Traffic Accidents

14.16. Details of reported road traffic accidents for the period 2012 to 2016 are presented in Table 14.6. The number of reported traffic accidents declined marginally from 5,310 in 2015 to 5,296 in 2016. Total reported casualties however, rose by 8.4 per cent from 12,138 in 2015 to 13,159 in 2016. This was mainly as a result of a 27.2 per cent increase in number of persons that were slightly injured from 4,350 in 2015 to 5,533 in 2016. The number of persons reported killed and seriously injured declined by 3.0 per cent and 1.5 per cent, respectively, in 2016. The decline in reported accidents and fatalities is partly attributed to enhanced enforcement of road traffic rules.

Table 14.6: Reported Road Traffic Accidents, 2012 – 2016

Number

	2012	2013	2014	2015	2016*
Total Number of Reported Traffic Accidents	6,917	6,205	5,672	5,310	5,296
Persons Killed or Injured:-	**15,612**	**14,324**	**12,018**	**12,138**	**13,159**
of which:					
Killed	3,141	3,191	2,907	3,057	2,965
Seriously Injured	7,434	6,299	5,140	4,731	4,661
Slightly Injured	5,037	4,834	3,971	4,350	5,533

Source: Kenya Police Service, Traffic Department/National Transport & Safety Authority

* Provisional.

Railway Transport

14.17. Table 14.7 presents the performance of the railway transport sub-sector. Freight traffic decreased by 9.3 per cent from 1,575 thousand tonnes in 2015 to 1,429 thousand tonnes in 2016. Revenue earnings from freight stream decreased by 10.6 per cent to KSh 5.6 billion in 2016. Passenger journeys contracted by 7.3 per cent from 2,359 in 2015 to 2,186 in 2016. However, earnings from passenger traffic stream improved slightly by 2.0 per cent to KSh 101.0 million in 2016.

Table 14.7: Railway Traffic, 2012 – 2016

	Unit	2012	2013	2014	2015	2016*
Freight:						
Tonnes	000	1,394	1,214	1,509	1,575	1,429
Tonne-km	Million	995	848	1,169	1,391	1,186
Revenue	KSh Million	5,525	4,638	6,148	6,218	5,561
Revenue per tonne-Km	KSh	4.39	5.47	5.26	4.47	4.69
Passenger:						
Journeys	000	4,077	4,016	3,845	2,359	2,186
Passenger-Km	Million	221	183	176	108	116
Revenue	KSh Million	206	211	162	99	101
Revenue per passenger-Km	KSh	0.93	1.15	0.92	0.92	0.87

Source: Kenya Railways Corporation/Rift Valley Railways

* Provisional

Water Transport

14.18. Total cargo throughput handled at the port of Mombasa posted a growth of 2.6 per cent from 26.7 million tonnes in 2015 to 27.4 million tonnes in 2016 as shown in Table 14.8. The number of vessels docking at the port decreased by 5.1 per cent while total container traffic handled rose by 1.4 per cent to 1.1 million Twenty-foot Equivalent Units (TEUs) in 2016. This was mainly due to larger capacity of the vessels docking at the port in the review period.

14.19. Total import traffic handled registered a 1.8 per cent increase from 22.7 million tonnes in 2015 to 23.1 million tonnes in 2016. Imports of bulk liquids and dry bulk cargo rose by 6.2 per cent and 1.5 per cent, respectively, in 2016. Imports of dry general cargo handled declined by 1.1 per cent from 9.1 million tonnes in 2015 to 9.0 million tonnes in 2016. The number of motor vehicles landed continued on a downward trend for the second consecutive year, dropping by 32.1 per cent from 143,833 units in 2015 to 97,726 units in 2016. This may be partly explained by increased import duty during the review period.

14.20. Total exports handled grew by 5.7 per cent from 3.5 million tonnes in 2015 to 3.7 million tonnes in 2016. Dry general and dry bulk exports cargo handled recorded growths of 2.9 per cent and 4.6 per cent, respectively, during the review period. Similarly, bulk liquid exports rose by 27.5 per cent from 40 thousand tonnes in 2015 to 51 thousand tonnes in 2016.

Table 14.8: Traffic Handled at Mombasa Port, 2012 – 2016

	Unit	2012	2013	2014	2015	2016*
Container Traffic	TEUs	903,463	894,000	1,012,002	1,076,118	1,091,371
Ships Docking	No.	1,763	1,768	1,832	1,694	1,607
Imports	000' DWT					
Dry General	"	7,256	7,700	8,354	9,099	8,992
Dry Bulk	"	4,811	4,913	5,231	6,350	6,447
Bulk Liquids	"	6,665	6,537	7,192	7,232	7,677
Total	"	**18,732**	**19,150**	**20,777**	**22,681**	**23,116**
Of which Transit In	"	6,201	6,338	6,691	7,126	7,217
Motor Vehicles landed	No.	120,268	136,915	157,856	143,833	97,726
Exports	000' DWT					
Dry General	"	2,779	2,818	2,899	2,915	3,002
Dry Bulk	"	106	65	422	578	606
Bulk Liquids	"	160	100	45	40	51
Total	"	**3,045**	**2,983**	**3,366**	**3,533**	**3,659**
Of which Transit Out	"	425	513	508	541	531
Total Imports and Exports	"	**21,777**	**22,133**	**24,143**	**26,214**	**26,775**
Transhipment	"	143	174	732	518	589
Grand Total	"	**21,920**	**22,307**	**24,875**	**26,732**	**27,364**

Source: Kenya Ports Authority

* Provisional.

DWT - Deadweight Tonnes

Pipeline Transport

14.21. Table 14.9 shows pipeline throughput of white petroleum products for the period 2012 to 2016. Total pipeline throughput increased by 160.8 thousand cubic metres to 5,872.9 thousand cubic metres in 2016. The volume of refined petroleum products for export declined by 8.5 per cent from 2,026.4 thousand cubic metres in 2015 to 1.854.3 thousand cubic metres in 2016. The reduction in exports was partly attributed to non-tariff barriers which have been cited as a major hindrance to road transport along the Northern Corridor.

14.22. The volume of white petroleum products transported through the pipeline for domestic consumption expanded by 9.0 per cent from 3,685.7 thousand cubic metres in 2015 to 4,018.6 thousand cubic metres in 2016. The volume of premium motor spirit for domestic consumption increased by 6.7 per cent from 1,103.4 thousand cubic metres in 2015 to 1,177.6 thousand cubic metres in 2016 while that of light diesel increased by 12.0 per cent from 1,372.6 thousand cubic metres in 2015 to 1,537.4 thousand cubic metres in 2016.

Table 14.9: Pipeline Throughput of White Petroleum Products, 2012 – 2016

'000 Cubic Metres

	2012	2013	2014	2015	2016*
Exports					
Motor Spirit (Premium)	626.3	688.6	726.0	757.0	696.3
Kerosene Illuminating Oil	89.3	86.1	75.8	70.1	66.2
Light Diesel Oil	899.4	979.1	916.1	936.9	857.2
Jet Fuel	206.4	198.3	267.6	262.4	234.6
Sub-Total	**1,821.4**	**1,952.1**	**1,985.5**	**2,026.4**	**1,854.3**
Domestic Consumption[1]					
Motor Spirit (Premium)	785.9	897.5	1,028.8	1,103.4	1,177.6
Motor Spirit (Regular)	14.2	1.3	-	-	-
Kerosene Illuminating Oil	304.8	353.8	362.9	396.5	450.1
Light Diesel Oil	1,079.0	1,174.0	1,314.2	1,372.6	1,537.4
Jet Fuel	850.3	792.7	866.5	813.2	853.5
Sub-Total	**3,034.2**	**3,219.3**	**3,572.4**	**3,685.7**	**4,018.6**
Grand Total	**4,855.6**	**5,171.4**	**5,557.9**	**5,712.1**	**5,872.9**

Source: Kenya Pipeline Company

* Provisional.

[1] Excludes fuels transported by Kenya Railways or consumed in the Coastal region

Air Transport

14.23. **Passenger traffic:** Table 14.10(a) presents commercial air traffic handled at the airports from 2012-2016. Total number of passengers handled rose by 11.1 per cent to 10.0 million in 2016. This was mainly attributed to a 17.6 per cent increase in domestic passengers from 3.4 million in 2015 to 4.0 million in 2016. International passengers handled increased by 7.1 per cent from 5.6 million in 2015 to 6.0 million in 2016. In 2016, total passenger arrivals, departures and transit stood at 4.9 million, 3.6 million and 1.5 million, respectively.

14.24. The total number of passengers handled at JKIA increased by 9.2 per cent from 6.5 million in 2015 to 7.1 million in 2016. Moi International Airport recorded an increase of 8.3 per cent in total number of passengers handled from 1.2 million in 2015 to 1.3 million in 2016. Some of the factors that contributed to improved performance in passenger traffic handled included, conference tourism, route expansion and the lifting of travel advisories.

Table 14.10a: Commercial Passenger Traffic[1] by Airport, 2012-2016

000 Number

Year	Category	Sub-Category	JKIA	MIA	Other Airports	Total Passenger Traffic
2012	Domestic	Arrivals	649.0	399.8	415.5	1,464.3
		Departures	483.3	386.6	400.0	1,269.9
		Sub-Total	**1,132.3**	**786.4**	**815.5**	**2,734.2**
	International	Arrivals	2,480.2	205.6	12.8	2,698.6
		Departures	1,432.9	241.0	19.7	1,693.6
		In Transit	1,226.5	114.8	116.1	1,457.4
		Sub-Total	**5,139.6**	**561.4**	**148.6**	**5,849.6**
	Total		**6,271.9**	**1,347.8**	**964.1**	**8,583.8**
2013	Domestic	Arrivals	602.4	370.5	443.6	1,416.5
		Departures	408.3	361.5	418.1	1,187.9
		Sub-Total	**1,010.7**	**732.0**	**861.7**	**2,604.4**
	International	Arrivals	2,403.8	210.0	12.7	2,626.5
		Departures	1,380.2	234.0	18.2	1,632.4
		In Transit	1,152.2	103.2	112.9	1,368.3
		Sub-Total	**4,936.2**	**547.2**	**143.8**	**5,627.2**
	Total		**5,946.9**	**1,279.2**	**1,005.5**	**8,231.6**
2014	Domestic	Arrivals	761.3	438.5	495.1	1,694.9
		Departures	550.9	420.1	472.2	1,443.2
		Sub-Total	**1,312.2**	**858.6**	**967.3**	**3,138.1**
	International	Arrivals	2,491.4	220.4	10.7	2,722.5
		Departures	1,501.8	199.0	15.7	1,716.5
		In Transit	1,081.1	88.5	135.3	1,304.9
		Sub-Total	**5,074.3**	**507.9**	**161.7**	**5,743.9**
	Total		**6,386.5**	**1,366.5**	**1,129.0**	**8,882.0**
2015	Domestic	Arrivals	823.8	458.8	564.0	1,846.6
		Departures	579.2	443.8	551.1	1,574.1
		Sub-Total	**1,403.0**	**902.6**	**1,115.1**	**3,420.7**
	International	Arrivals	2,523.1	126.9	7.2	2,657.2
		Departures	1,390.7	118.1	10.8	1,519.6
		In Transit	1,163.6	84.4	147.7	1,395.7
		Sub-Total	**5,077.4**	**329.4**	**165.7**	**5,572.5**
	Total		**6,480.4**	**1,232.0**	**1,280.8**	**8,993.2**
2016*	Domestic	Arrivals	900.6	479.9	716.8	2,097.3
		Departures	739	478.5	705.4	1,922.9
		Sub-Total	**1,639.6**	**958.4**	**1,422.2**	**4,020.2**
	International	Arrivals	2,682.4	140.1	8.8	2,831.3
		Departures	1,571.7	139.4	12.0	1,723.1
		In Transit	1,217.8	87.4	164.0	1,469.2
		Sub-Total	**5,471.9**	**366.9**	**184.8**	**6,023.6**
	Total		**7,111.5**	**1,325.3**	**1,607.0**	**10,043.8**

Source: Kenya Airports Authority

* Provisional

[1] Passenger Traffic includes residents.

14.25. **Cargo and Mail Traffic:** The volume of commercial cargo and mail traffic handled at the airports for the last five years is presented in Table 14.10b. Total cargo handled at the airports reduced by 5.1 per cent from 263.0 thousand tonnes in 2015 to 249.5 thousand tonnes

in 2016. During the period under review, total cargo traffic handled at JKIA decreased by 4.9 per cent to 231.3 thousand tonnes while that handled at MIA decreased by 35.8 per cent to 3.0 thousand tonnes in 2016. Total mail traffic handled at the airports recorded a decline of 10.3 per cent from 605.9 tonnes in 2015 to 543.2 tonnes in 2016. Loaded mail traffic at JKIA increased by 7.6 per cent while landed mail traffic dropped by 22.1 per cent in 2016. Total mail traffic handled at MIA decreased from 18.3 tonnes in 2015 to 5.2 tonnes in 2016 mainly on account of a sharp decrease in loaded mail.

Table 14.10b: Commercial Cargo and Mail Traffic by Airport, 2012 – 2016

Year	Category	Cargo Traffic (Tonnes)				Mail Traffic (Tonnes)		
		JKIA	MIA	Other Airports	Total Cargo	JKIA	MIA	Total Mail
2012	Landed	59,982.0	1,536.7	6,928.1	68,446.8	1,144.8	4.7	1,149.5
	Loaded	219,009.3	2,702.6	4,895.7	226,607.6	173.0	18.8	191.8
	Total	**278,991.3**	**4,239.3**	**11,823.8**	**295,054.4**	**1,317.8**	**23.5**	**1,341.3**
2013	Landed	52,350.8	1,533.5	8,482.4	62,366.7	506.3	6.6	512.9
	Loaded	191,966.9	2,290.3	5,091.6	199,348.8	236.6	15.5	252.1
	Total	**244,317.7**	**3,823.8**	**13,574.0**	**261,715.5**	**742.9**	**22.1**	**765.0**
2014	Landed	52,336.2	1,833.7	10,472.0	64,641.9	421.2	2.3	423.5
	Loaded	206,291.3	2,711.1	5,736.4	214,738.8	94.5	7.2	101.7
	Total	**258,627.5**	**4,544.8**	**16,208.4**	**279,380.7**	**515.7**	**9.5**	**525.2**
2015	Landed	45,393.3	2,621.1	11,648.4	59,662.8	317.9	2.6	320.5
	Loaded	197,891.6	2,020.5	3,463.1	203,375.2	269.7	15.7	285.4
	Total	**243,284.9**	**4,641.6**	**15,111.5**	**263,038.0**	**587.6**	**18.3**	**605.9**
2016*	Landed	32,916.2	1,684.8	11,926.6	46,527.6	247.8	1.7	249.5
	Loaded	198,344.0	1,295.9	3,321.8	202,961.7	290.2	3.5	293.7
	Total	**231,260.2**	**2,980.7**	**15,248.4**	**249,489.3**	**538.0**	**5.2**	**543.2**

Source: Kenya Airports Authority

*Provisional

14.26. **Aircraft Movements:** Overall, aircraft movements increased by 12.4 per cent from 305,021 in 2015 to 342,795 in 2016 as shown in Table 14.10c. Total domestic landings and take-offs increased by 13.2 per cent to 203,256 in 2016. Domestic landings increased from 89,611 in 2015 to 101,414 in 2016 while domestic take-offs increased from 89,872 to 101,842 during the same period. Both international landings and take-offs increased by 7.3 per cent from 86,750 in 2015 to 93,052 in 2016. International landings increased from 43,689 in 2015 to 46,698 in 2016 while international take-offs rose from 43,061 in 2015 to 46,354 in 2016. Total over flights increased by 19.8 per cent from 38,788 in 2015 to 46,487 in 2016.

14.27. The share of domestic aircraft movements to total movements increased by 0.5 percentage points from 58.8 per cent in 2015 to 59.3 per cent in 2016 while that of international aircraft movement dropped by 1.3 percentage points from 28.4 per cent to 27.1 per cent during the same period. This development may be attributable to increased use of domestic air transport by the growing middle class in the country.

Table 14.10c: Aircraft Movements by Type, 2012 - 2016

Number

Type	Movement	2012	2013	2014	2015	2016*
Domestic	Landings	89,071	87,457	89,820	89,611	101,414
	Take-offs	86,975	83,484	86,870	89,872	101,842
	Total	**176,046**	**170,941**	**176,690**	**179,483**	**203,256**
International	Landings	43,699	42,935	45,602	43,689	46,698
	Take-offs	44,919	45,528	47,893	43,061	46,354
	Total	**88,618**	**88,463**	**93,495**	**86,750**	**93,052**
Total	Landings	132,770	130,392	135,422	133,300	148,112
	Take-offs	131,894	129,012	134,763	132,933	148,196
	Sub-Total	**264,664**	**259,404**	**270,185**	**266,233**	**296,308**
	Over flights	34,992	36,290	36,941	38,788	46,487
	Grand Total	**299,656**	**295,694**	**307,126**	**305,021**	**342,795**

Source:Kenya Civil Aviation Authority

*Provisional

Postal Services

14.28. The number of licensed courier operators increased by 18.3 per cent from 241 in 2015 to 285 in 2016, mainly on account of new entrants to the market. On the other hand, the number of private courier outlets reduced from 2,117 in 2015 to 1,599 in 2016 as shown in Table 14.11. The decline in number of courier outlets was as a result of deregistration of non-compliant courier operators. Total Expedited Mail Service (EMS) items handled registered a growth of 7.4 per cent to 1,977 thousand in 2016, up from 1,840 thousand in 2015.

14.29. During the review period, domestic and international registered and insured items posted growths of 11.7 per cent and 26.6 per cent, respectively. Total unregistered correspondence handled declined from 73 million items in 2015 to 70 million items in 2016. Total parcels handled grew significantly from 49 thousand in 2015 to 80 thousand in 2016, partly due to increased popularity of e-commerce and m-commerce in Kenya and strategic partnership with online shops for last mile delivery. Total money orders issued declined by 28.7 per cent from 1,221 thousand in 2015 to 870 thousand in 2016. This could be as a result of increased use of mobile money transfer services which has negatively impacted on the use of financial services offered through postal outlets.

Table 14.11: Postal Services, 2012 – 2016

Item	Unit	2012	2013	2014	2015	2016*
Post Offices	No.	634	622	622	623	623
Private Courier Operator Outlets	No.	683	707	2,048	2,117	1,599
Licensed Courier Operators	No.	190	214	230	241	285
Total Private Letter Boxes:						
Installed	'000	432	432	432	432	442
Rented	'000	382	383	380	382	385
Private Bags Rented	No.	846	846	846	846	846
Total EMS Items Handled:	**'000**	**1,619**	**1,483**	**1,801**	**1,840**	**1,977**
Accepted	'000	821	772	933	916	990
Delivered	'000	798	711	868	924	987
Total Registered and Insured Items Posted:	**'000**	**1,254**	**1,005**	**1,001**	**812**	**921**
Domestic	'000	1,169	924	914	718	802
International	'000	85	81	87	94	119
Unregistered correspondence handled :	**Millions**	**75**	**68**	**69**	**73**	**70**
Domestic	Millions	68	63	64	67	64
International	Millions	7	5	5	6	6
Parcels handled :	**'000**	**51**	**36**	**48**	**49**	**80**
Domestic - Posted	'000	26	18	26	32	53
International - Posted	'000	25	18	33	17	27
Money Orders Issued [1]:	**'000**	**346.2**	**574.2**	**1339.2**	**1221.2**	**870.2**
Domestic (IFS)+	'000	281	501	500	453	439
Express	'000	10	-	-	-	-
PostaPay	'000	55	73	839	768	431
Interstate (IFS)	'000	0.2	0.2	0.2	0.2	0.2
Postal Orders Issued:	**No.**	5	-	-	-	-

Source:Postal Corporation of Kenya/Communications Authority of Kenya

*Provisional

+Revised

[1] Series re-classified

IFS - International Financial Services

Storage

Container Freight Stations

14.30. Container Freight Stations (CFS) provide additional storage space for containerized cargo at the Port of Mombasa. The number of Container Freight Stations increased from 12 in 2015 to 15 in 2016.

Developments in the Transport and Storage sector

Kenya Pipeline Company

14.31. In 2016, Kenya Pipeline Company completed a 122km 10-inch pipeline parallel to the existing 6-inch pipeline from Sinendet to Kisumu (Line 3). This pipeline is expected to enhance availability of petroleum products in the Western Kenya and the export market. The benefits of the project include; increased product flow to Kisumu depot by 350 cubic metres per hour, optimization of tank utilization and opening up development of other projects such as the Kisumu Oil Jetty (KOJ) and Kisumu – Busia Pipeline.

14.32. The other major infrastructural achievement in the review period was the construction of additional tanks in Nairobi Terminal. The new tanks are expected to enhance storage capacity from 100,000 to 233,000 cubic metres. The new tanks will provide sufficient capacity for receipt of higher volumes of products expected, once the Mombasa – Nairobi pipeline is replaced. The project to expand storage capacity in the Nairobi Terminal by 133,000 cubic metres is currently ongoing and is expected to be completed by June 2017. Upon completion, the project is anticipated to enhance operational flexibility and increase tank turnaround for Kipevu Oil Storage Facility while guaranteeing security of supply.

The Standard Gauge Railway (SGR)

14.33. The Government has continued to implement major infrastructural developments on the various modes of transport aimed at easing the flow of people and goods across the country and beyond. The Standard Gauge Railway (SGR) is one such project.

14.34. Phase 1 of the SGR from Mombasa to Nairobi is nearly complete with all the line completed 18 months ahead of time. Currently, two stations, Mombasa and Nairobi, have been completed. The inland container deport (dry port) in Embakasi has been expanded to cater for the anticipated increase in container traffic. Throughput at the Port of Mombasa currently stands at an estimated 22 million Twenty Equivalent Units (TEUs'). Forty per cent of this traffic is expected to be offloaded to the SGR once it commences operations and is anticipated to grow in volume in tandem with the growth in port throughput to an estimated 15.5 million TEUs' by 2022.

14.35. The SGR is expected to be commissioned on 1st June, 2017, upon which operations will commence. Towards this realization, work is ongoing to test the operations. Rail freight from Mombasa to Nairobi is expected to take eight hours with the locomotives moving at a speed of 80 km/h while the time taken for movement of passengers is expected to reduce to four and a half hours with locomotives moving at a speed of 120 km/h over the same distance.
Phase II of the SGR from Nairobi to Naivasha is also on course. Route identification for this second phase of the project as well as identification of the Project Affected Persons (PAP) have been done. The National Land Commission (NLC) is currently doing valuation of the land in a bid to relocate people from the identified route. The Contractor is expected to start work by July or August, 2017. The Government has secured funding of up to 150 million USD from the EXIM Bank of China.

15 Chapter

Information and Communication Technology

Overview

Information and Communication Technologies (ICTs) have become crucial enablers of socio-economic development mainly through reduced transaction costs and enhanced efficiency in connectivity. Besides being pivotal in sectors like telecommunications and financial intermediation, ICTs are increasingly being applied across all the economic activities most notably health, education and public administration. In line with this, the government has made considerable effort to enhance broadband availability and connectivity through the implementation of the National ICT Infrastructure. The laying of the fiber optic infrastructure has resulted to faster communications and enhanced use of online services such as e-government and e-commerce. Over the years, the government has also facilitated the development of the digital economy through ensuring competition and encouraging innovation.

15.2. In 2016, the penetration rate for mobile subscriptions improved to 85.9 per cent in 2016 from 85.4 per cent in 2015. Wireless subscriptions per 100 inhabitants increased to 59 from 54 in 2015. Mobile money subscriptions per 100 inhabitants stood at 71 in 2016 from 61 in 2015. The value of money transacted through mobile phones increased from KSh 2.8 trillion in 2015 to KSh 3.4 trillion in 2016. Value of mobile commerce accounted for slightly over a half of the value of mobile money transactions in 2016. The number of internet users is estimated to have increased by 10.7 per cent from 35.6 million in 2015 to 39.4 million users in 2016. Total domestic calls stood at 42.2 billion minutes, which was an increase of 7.7 per cent from the previous year. International calls increased from 1,172 million minutes in 2015 to 1,196 million minutes in 2016. The number of SMSs sent increased by 63.6 per cent to 46.3 billion messages in 2016 from 28.3 billion messages in 2015.

15.3. Gender related statistics in ICT are important in identifying the variations in access to and use of ICT by men and women. This is in order to inform national and international policy goals that are a prerequisite for the achievement of an equitable information society. Overall, gender disparity in the use of ICT remained low and in favour of male users in 2016. However, gender disparity was notable in mobile-cellular and mobile money penetration rates with a consistent gap of about 2.8 and 2.1 percentage points respectively, over the last five years.

Value of Output

15.4. Details on value of output, intermediate consumption and value added for the ICT sector at current prices are presented in Table 15.1. The value of ICT output increased by 11.1 per cent from KSh 280.0 million in 2015 to KSh 311.1 million in 2016. Intermediate consumption increased by 10.1 per cent to KSh 242.2 million in 2016. Consequently, ICT value added increased by 13.9 per cent from KSh 60.5 million in 2015 to KSh 68.9 million in 2016.

Table 15.1: Communications Output, Intermediate Consumption and Value Added, 2012-2016

KSh Million

Year	Value of Output	Intermediate Consumption	Value Added
2012	203,924.0	135,479.0	68,445.0
2013+	228,405.0	159,928.0	68,478.0
2014+	259,000.0	193,408.0	65,592.0
2015+	280,434.0	219,948.8	60,485.3
2016*	311,069.3	242,216.3	68,853.0

*Provisional

+Revised

Fixed Telephone and Mobile Network Services

15.5. **Fixed Telephone:** Details on the performance of fixed and mobile network services for the period 2012 to 2016 are presented in Table 15.2. Fixed line capacity more than doubled from 75 thousand in 2015 to 179 thousand lines in 2016. The increase in the fixed line capacity was mainly attributed to recommissioning of fixed network services during the review period. However, total connections for fixed telephony declined by 14.4 per cent to 72.8 thousand in 2016 from 85 thousand in 2015, despite the increase in capacity.

15.6. **Mobile Network Services:** Mobile telephone capacity expanded by 14.0 per cent from 62.8 million in 2015 to 71.6 million in 2016 mainly on account of strong demand for mobile services. Mobile subscriptions increased from 37.7 million in 2015 to 39.0 million in 2016. The number of mobile money subscribers increased by 19.6 per cent to 32.0 million in 2016 while the value of funds sent via mobile money platform increased by 19.2 per cent to KSh 3.4 trillion in 2016. Similarly, the number of mobile money transactions grew by 37.0 per cent from 1,114.2 million in 2015 to 1,526.2 million in 2016. During the review period, the country recorded 928.2 thousand mobile commerce (m-commerce) transactions with a value of KSh 1.8 trillion. Mobile commerce transactions are payments for goods and services made from a customer's account mobile money platform.

Table 15.2: Fixed and Mobile Network Services, 2012-2016

	2012	2013	2014	2015	2016*
Fixed Telephony					
Fixed line Capacity ('000)[1]	380	408	340	75	179
Total Connections ('000)	**263.0**	**206.0**	**180.0**	**85.0**	**72.8**
Wireline Connections	75.0	57.0	48.0	85.0	72.4
Wireless Connections[1]	188.0	149.0	132.0	0.0	0.374
Mobile Telephony					
Mobile Telephone Capacity ('000)	49,977	55,077	65,077	62,800	71,600
Connections ('000)	30,433	31,309	33,633	37,716	38,982
Mobile Money					
Mobile Money Transfer Agents	49,079	93,689	123,703	143,946	165,908
Mobile Money Transfer Service Subscribers ('000)	19,319	26,016	26,023	26,753	31,997
Total Deposits through Agents (KSh Billion) [+]	811	1,033	1,269	1,347	1,536
Total Transfer from Subscriber to Subscriber (KSh Billion)	..	..	..	1,339	1,818
Total Transfers (KSh Billion)	1,544	1,902	2,372	2,816	3,356
Number of Total Transactions in Million	577.4	732.6	911.3	1,114.2	1,526.2
Value of Mobile Commerce Transactions (KSh Billion)	..	..	..	..	1,750
Number of Mobile Commerce Transactions ('000)	..	..	..	..	928.2

Source: Communication Authority of Kenya/ Central Bank of Kenya

* Provisional

[+] Revised

[1] Includes Local Loop Operators.

.. Data not available

Voice Call Traffic

15.6. **International Telephone Traffic:** Voice call traffic for the period 2012 to 2016 is presented in Table 15.3. The total international telephone traffic increased from 1,173 million minutes in 2015 to 1,196 million minutes in 2016. The slow growth in international telephone traffic can mainly be attributed to the increased competition from "over the top" services and social media during the review period. Outgoing international telephone traffic decreased by 11.4 per cent to 482.5 million minutes in 2016 while international incoming telephone traffic increased by 13.6 per cent to 714 million minutes during the same period.

15.7. Data on the international telephone traffic through fixed line shows a continuous decline for both incoming and outgoing calls over the last five years as shown in Figure 15.1. This was partly due to the decline in fixed line subscriptions over time. During the period under review, outgoing international fixed telephone traffic decreased by 9.3 per cent while incoming traffic decreased by 3.8 per cent. Outgoing international traffic for mobile telephones declined by 11.4 per cent. Incoming international traffic through the mobile telephony however increased by 13.9 per cent in 2016. The decline in international outgoing traffic through mobile telephony was partly due to the high cost of making international calls in some foreign countries and preference of using instant messaging applications.

15.8. **Roaming Voice Traffic:** Total roaming voice traffic increased by 36.3 per cent from 194.8 million minutes recorded in 2015 to 265.6 million minutes in 2016. Outbound roaming traffic increased by 57.4 per cent to stand at 143.5 million minutes while inbound roaming grew by 17.8 per cent to stand at 122.0 million minutes in 2016. Figure 15.2 shows trends in international outbound and inbound roaming for the period 2012 to 2016. The upward trend observed for outbound traffic was partly due to the reduced roaming rates within the East African Community. Similary, the rise in inbound traffic can partly be attributed to the high-level meetings hosted in the country over the review period.

15.9. **Domestic Voice Traffic:** Total domestic voice traffic increased by 7.6 per cent to 42.2 million minutes in 2016. However, fixed to fixed traffic declined further from 5.3 million minutes in 2015 to 2.5 million minutes in 2016. Despite the recommissioning of the fixed wireless service in the last quarter of 2016, traffic from fixed wireless to fixed wireless decreased to 877 thousand minutes during the reporting period. Traffic from fixed to mobile and mobile to fixed traffic declined by 13.2 per cent and 16.1 per cent, respectively, in 2016. However, mobile-to-mobile traffic stood at 42.1 billion minutes in 2016, reflecting a 7.7 per cent increase.

15.10. **VoIP Traffic:** Voice over Internet Protocol (VoIP) traffic declined to 3.9 million minutes in 2016 compared to 4.8 million minutes in 2015. VoIP traffic has been on a downward trend in the last five years as shown in Figure 15.3. This is mainly due to competition from instant messaging applications and social media.

Table 15.3: Telephone Call Traffic, 2012 - 2016

Minutes '000

	2012	2013	2014	2015	2016*
International Calls					
Total International Outgoing Telephone Traffic	**630,591**	**546,558**	**461,754**	**544,560**	**482,482**
International Outgoing Mobile	614,208	530,823	446,591	534,433	473,292
International Outgoing Fixed	16,383	15,736	15,163	10,127	9,190
Total International Incoming Telephone Traffic	**797,532**	**676,267**	**591,022**	**628,403**	**713,969**
International Incoming Mobile	781,010	664,035	578,920	619,395	705,299
International Incoming Fixed	16,522	12,232	12,102	9,008	8,670
Total International Telephone Traffic	**1,428,123**	**1,222,825**	**1,052,776**	**1,172,963**	**1,196,451**
Roaming					
Roaming by Home Subscribers Abroad (Outbound Roaming)	36,992	48,011	38,251	91,171	143,529
Roaming by Foreign Subscribers Abroad (Inbound Roaming)	40,593	41,382	48,060	103,612	122,023
Total Roaming	**77,585**	**89,393**	**86,311**	**194,783**	**265,552**
Domestic Calls					
Total Fixed to Fixed Telephone Traffic (a+b)	**59,078**	**28,560**	**23,298**	**5,252**	**2,513**
Fixed wireless to Fixed wireless (a)	41,026	18,892	21,622	3,336	877
Fixed to Fixed telephone (b)	18,052	9,668	1,676	1,916	1,636
Fixed to Mobile telephone	124,423	101,722	117,053	47,702	41,394
Mobile to Mobile telephone	27,439,110	29,758,949	30,473,694	39,068,816	42,070,692
Mobile to Fixed telephone	66,823	52,334	66,564	75,394	63,240
Total Domestic Traffic	**27,654,199**	**29,960,246**	**30,680,916**	**39,197,164**	**42,177,839**
International Outgoing Fixed VoIP	9,886	8,101	7,335	4,785	3,938

Source: Communication Authority of Kenya

*Provisional

Figure 15.1: International Outgoing and Incoming Fixed Traffic, 2012-2016

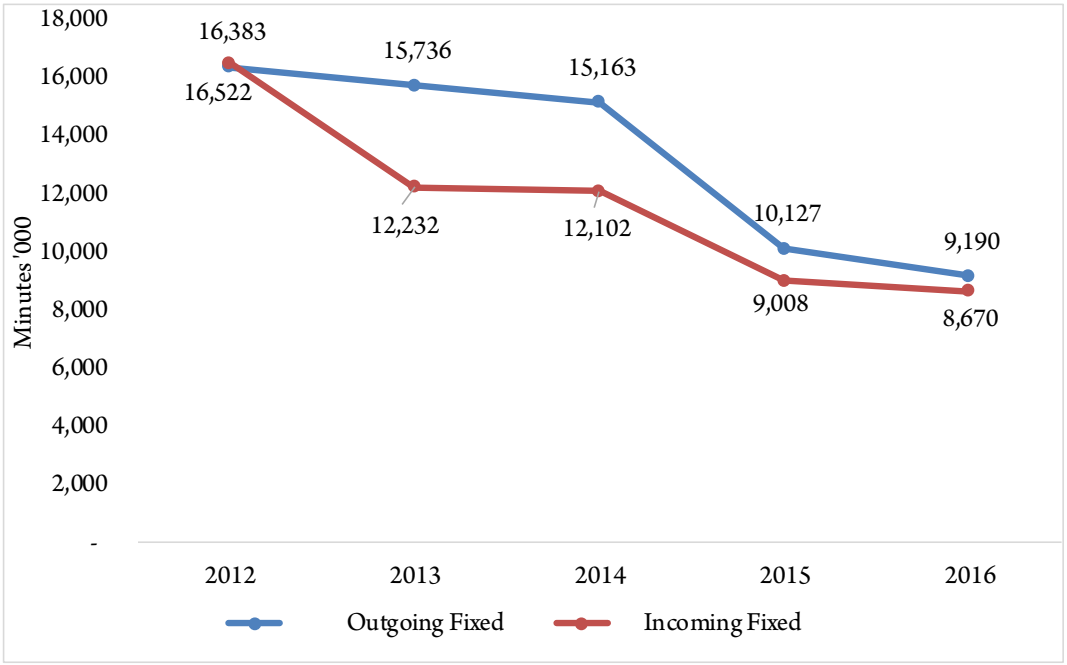


Figure 15.2: Outbound and Inbound Roaming Traffic, 2012 - 2016

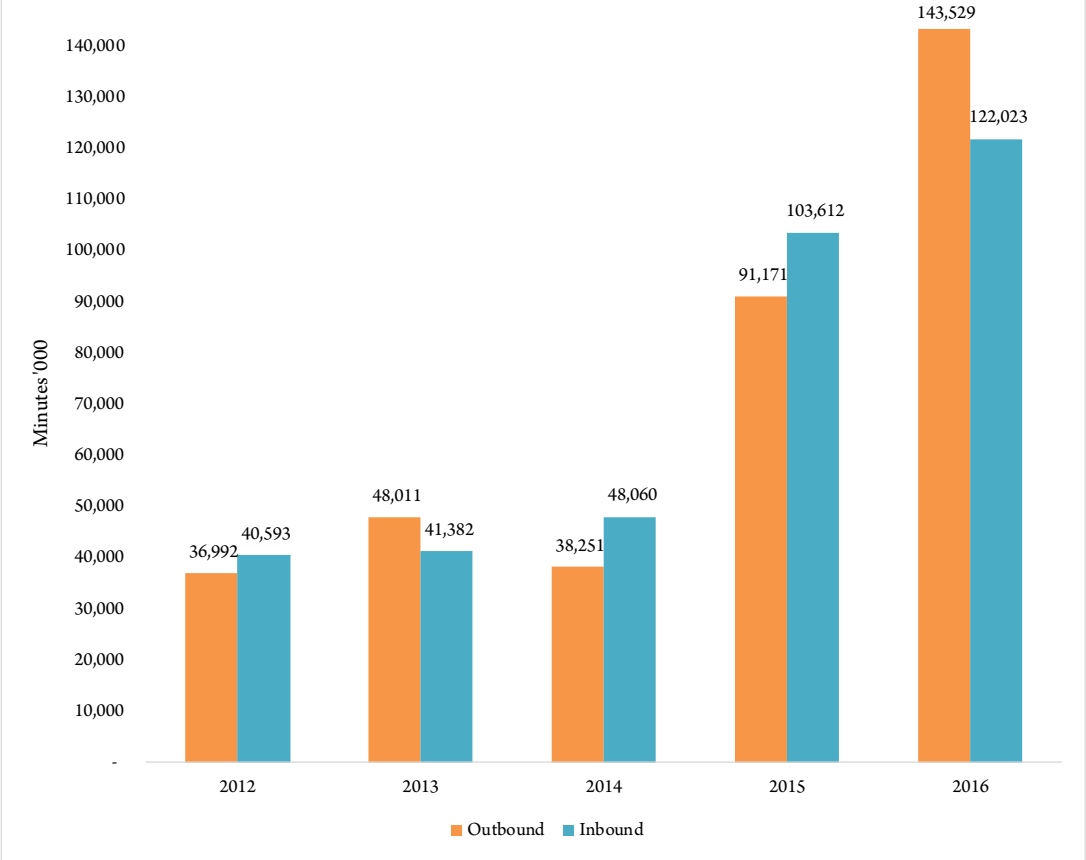
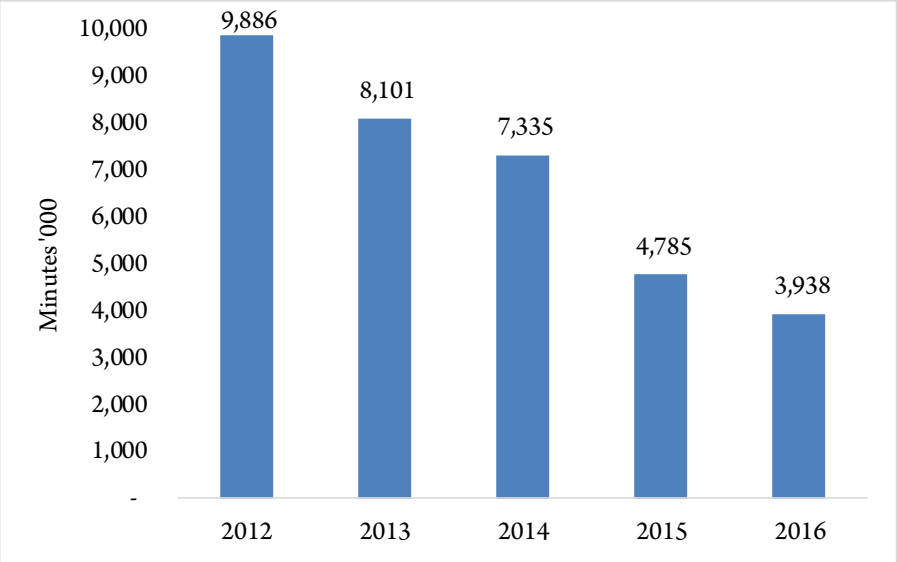


Figure 15.3: International Outgoing Fixed VoIP, 2012-2016



Message Services Traffic

15.11. **Message Services Traffic:** Information on message services traffic is presented in Table 15.4. The total number of messages sent via Short Messaging Services (SMS) increased by 63.6 per cent to 46.3 billion in 2016 compared to 28.3 billion messages in 2015. This growth was mainly driven by domestic messages which increased by 63.7 per cent during the review period. The vigorous promotions carried out by operators, such as providing plans to customers to create their own SMS bundles, which allow one to send numerous texts at minimal costs further explains the upsurge. However, international messages declined substantially with those received dropping by 29.4 per cent from 131.1 million in 2015 to 38.5 million in 2016. Similarly, international SMSs sent decreased by 6.3 per cent to 36.8 million in 2016. The downward trend observed in Figure 15.4 has been attributed to competition from instant messaging applications that are cheaper. In 2016, Multimedia Messaging Services (MMS) were not offered due to availability of Over the Top (OTT) services.

Table 15.4: Message Traffic, 2012-2016

Number '000

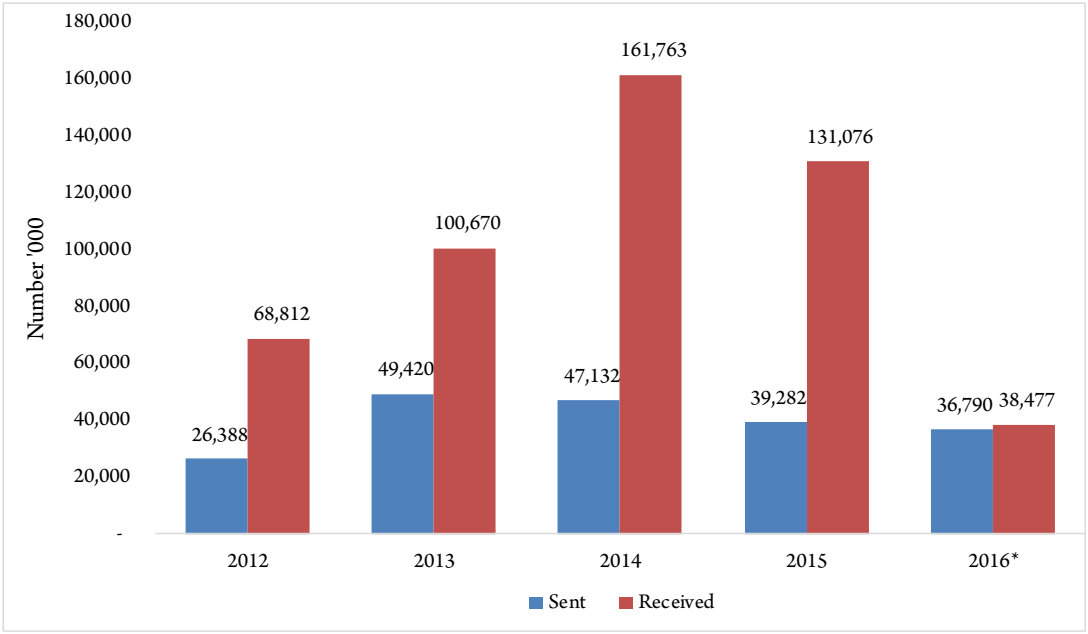
Messages	2012	2013	2014	2015	2016*
Multimedia Messaging Service (MMS)	8,783	9,761	12,011	13,686	..
Total SMS sent	**6,788,315**	**19,837,856**	**27,416,127**	**28,320,513**	**46,342,334**
Domestic	6,761,927	19,788,436	27,368,995	28,281,231	46,305,544
International	26,388	49,420	47,132	39,282	36,790
International SMS received	68,812	100,670	161,763	131,076	38,477

Source: Communication Authority of Kenya

* Provisional

.. Data not available

Figure 15.4: International SMS Sent and Received Traffic



Internet Services

15.12. **Internet:** The number of Internet Service Providers (ISPs) increased from 221 in 2015 to 242 in 2016 as shown in Table 15.5. Total wireless internet subscriptions increased by 11.5 per cent to 26.6 million subscribers in 2016. Similarly, wired internet subscriptions increased by 8.3 per cent to 124,637 in 2016 from 115,111 registered in 2015. In 2016, fixed fiber optic subscriptions were separated from the fixed cable subscriptions, which had been combined previously. This was done in an effort to adhere to the recommended international grouping for fixed wired broadband. The change led to a decrease in the fixed fiber optic subscribers by 67.7 per cent to 36,015. Dial up subscriptions increased from 25 in 2015 to 86,139 in 2016 ,following change of definition. The estimated number of internet users increased by 11.0 per cent to an estimate of 39.4 million in 2016 compared to a growth of 35.9 per cent in 2015. The slowdown in growth may be attributed to approaching saturation in internet use in the market.

Table 15.5: Internet Providers, Users and Subscriptions, 2012 - 2016

Number

	2012	2013	2014	2015	2016*
Licensed Internet Services Providers (ISPs)[1]	165	171	177	221	242
Estimated Internet Users (000')	13,542	21,274	26,164	35,550	39,351
Total Wireless Internet Subscriptions	**8,458,818**	**13,107,459**	**16,357,239**	**23,814,546**	**26,559,184**
Terrestrial Mobile Data	8,436,578	13,090,348	16,338,990	23,794,550	26,528,876
Terrestrial Wireless Data	21,709	16,429	17,537	19,507	29,724
Satellite Data	531	682	712	489	584
Total Fixed (Wired) Internet Subscriptions	**48,351**	**79,509**	**95,780**	**115,111**	**124,637**
Fixed Digital Subscriber Line (DSL) Data	10,098	12,014	14,512	3,732	2,483
Fixed Fiber Optic Data[2]	38,228	67,470	81,243	111,354	36,015
Fixed Cable Modem (Dial Up) Data[2]	25	25	25	25	86,139
Total Fixed and Wireless Internet Subscriptions	**8,507,169**	**13,186,968**	**16,453,019**	**23,929,657**	**26,683,821**

Source: Communication Authority of Kenya

* Provisional

[1]Also includes Application Service Providers (ASPs)

[2]Definition was changed in 2016

Broadband Services

15.13. **Bandwidth Capacity:** Bandwidth capacity increased by 30.8 per cent to 2,028,743 mbps in 2016 as presented in Table 15.6. The increase was mainly attributed to the continued laying of fiber optic cable in the country especially in business premises and residential areas. However, usage of the undersea bandwidth improved marginally from 854,300 mbps in 2015 to 860,300 mbps in 2016. The use of satellite bandwidth increased by 7.6 per cent to 270 mbps in 2016. The review period witnessed a shift in preference to high broadband speeds (1 mbps or more) from the lower speeds of 256 kbps and 512 kbps. High internet speeds enable users to download large files faster, stream online videos with minimal or no hang-ups, hold clear video conferencing and many other activities.

15.14. **Broadband Subscriptions:** Demand for mobile broadband increased by 76.4 per cent to 12.5 million subscribers in 2016 while GSM mobile networks had the largest share with 11.2 million subscribers in 2016 as shown in Table 15.6. This increase was partly attributed to availability of affordable internet based phones in the market. The number of GSM modems increased by 81.5 per cent from 768.8 thousand in 2015 to 1,349.9 thousand in 2016 mainly due to intensive promotions of data bundle packages by service providers during the review period. However usage of wired broadband increased by 15.1 per cent to 127.9 thousand subscriptions in 2016.

Table 15.6: Broadband Services, 2012-2016

	2012	2013	2014	2015	2016*
Capacity in Megabits Per Second (Mbps)					
Undersea Bandwidth Capacity	574,054	862,210	847,250	1,550,270	2,028,270
Satellite Bandwidth Capacity	650	264	273	498	473
1. Total Available Bandwidth Capacity	**574,704**	**862,474**	**847,523**	**1,550,768**	**2,028,743**
Utilized Bandwidth in Mbps					
Undersea Bandwidth	264,426	365,330	498,015	854,300	860,300
Satellite Bandwidth	158	83	106	251	270
2. Total Utilized Bandwidth	**264,584**	**365,413**	**498,121**	**854,551**	**860,570**
Broadband Subscriptions					
Copper line (Dial-up, DSL and xDSL)	5,214	5,967	3,388	441	2,483
Fiber to the Home	31,280	42,958	59,986	81,532	15,853
Fiber to the Office	16,236	20,215	21,257	29,156	23,402
Cable modem	..	..	..	..	86,139
3.Total Fixed (Wired)- Broadband	**52,730**	**69,140**	**84,631**	**111,129**	**127,877**
4. Satellite broadband	**476**	**474**	**495**	**481**	**445**
5. Terrestrial fixed wireless broadband	**10,941**	**15,367**	**16,687**	**19,507**	**29,556**
6. Total Active mobile broadband (a+b+c)	**1,838,844**	**2,395,836**	**4,141,498**	**7,112,991**	**12,546,559**
GSM mobile phones (a)	817,815	1,755,116	3,417,949	6,344,226	11,151,664
GSM modems (b)	948,847	586,484	657,902	768,765	1,394,895
CDMA 2000 phones** (c)	72,182	54,236	65,647	0	0
7. Total wireless broadband (4+5+6)	**1,850,261**	**2,411,677**	**4,158,680**	**7,132,979**	**12,576,560**
8. Total fixed and wireless broadband (3+7)	**1,902,991**	**2,480,817**	**4,243,311**	**7,244,108**	**12,704,437**
Fixed Broadband by speed					
256 Kbps	..	482	2,272	2,500	862
512 Kbps	..	10,501	10,527	3,500	4,808
1 Mbps	..	51,194	62,146	18,000	22,702
2 Mbps	..	8,791	3,810	4,000	33,574
> 2 Mbps	..	12,868	9,567	69,000	91,046

Source: Communication Authority of Kenya

*Provisional

**CDMA 2000 phones were decommissioned in 2015

.. Data not available

Tariffs

15.15. **Fixed and Mobile Telephone Domestic Charges:** Table 15.7 presents information on fixed and mobile charges for the period 2012 to 2016. The cost of installing fixed telephone increased by 38.5 per cent from KSh 3,394 in 2015 to KSh 4,699 in 2016. Subscription fees for residential and business telephone services increased from KSh 580 to KSh 750 and KSh 1,000 in 2016, respectively. The increase in the installation and subscription fees is partly attributed to the value-added services operators introduced to the fixed telephone services in the review period. Generally, prices of text messages and local calls remained unchanged during the review period.

Table 15.7: Fixed and Mobile Charges, 2012-2016

KSh

	2012	2013	2014	2015	2016*
Fixed Charges					
Business and Residential Telephone Service					
Installation Fee	5,694.00	3,394.00	3,394.00	3,394.00	4,699.00
Monthly Subscription for Residential Telephone Service ...	580.00	580.00	580.00	580.00	750.00
Monthly Subscription for Business Telephone Service	580.00	580.00	580.00	580.00	1,000.00
Average price of a one minute Fixed to Fixed local call	2.64	4.50	4.50	3.00	3.00
Average price of a one minute Fixed to Mobile local call	9.00	9.00	9.00	9.00	9.00
Mobile Charges					
Lowest recharge card value	5.00	5.00	5.00	5.00	5.00
Average price of a one minute Mobile to Mobile local call ...	3.57	3.86	3.10	3.08	3.08
Average price of a one minute Mobile to Fixed local call	3.17	3.25	3.25	3.25	3.25
Average price of a message via SMS	1.50	1.50	1.00	1.25	1.25

Source: Communication Authority of Kenya

* Provisional

Note: All averages are unweighted

15.16. **Mobile Telephone International Traffic Charges:** Table 15.8 presents average prices of a one-minute call originating from a mobile phone in Kenya to other countries for the period 2012 to 2016. There was a substantial increase in the calling rates to Burundi, which more than doubled from KSh 13.25 in 2015 to KSh 33.75 in 2016. Similarly, calling rates to Somalia doubled from KSh 20 in 2015 to KSh 40 in 2016. Calling rates to Tanzania recorded a 46.1 per cent increase to KSh 23.75 in 2016. The increase in the calling rates was attributed to the high roaming cost between the operators in each country. During the review period, calling rates to South Sudan, Uganda and Rwanda however dropped by 28.6 and 21.1 per cent, respectively. The average cost of making calls to majority of African and European countries was priced at KSh 22.50 and KSh. 28.75 per minute, respectively.

Table 15.8 Average International Call rates from Mobile Phone, 2012- 2016

KSh

Countries	2012	2013	2014	2015	2016
Uganda	19.00	20.25	20.25	9.50	7.50
Rwanda	24.50	23.25	23.25	9.50	7.50
Burundi	27.00	25.75	25.75	13.25	33.75
Tanzania	22.00	23.25	23.25	16.25	23.75
Ethiopia	30.00	32.50	32.50	22.50	25.00
Somalia	30.00	32.50	32.50	20.00	40.00
South Sudan	47.50	50.00	50.00	17.50	12.50
South Africa	19.00	19.00	19.00	13.50	13.50
Other African Countries	30.00	32.50	32.50	22.50	22.50
USA	3.37	3.62	3.62	3.00	3.50
Germany	28.75	28.75	28.75	28.75	27.50
Switzerland	33.75	33.75	33.75	28.75	37.50
Italy	28.75	28.75	28.75	28.75	37.50
France	28.75	28.75	28.75	28.75	27.50
United Kingdom	19.00	19.00	19.00	13.50	13.50
Other European Countries	33.75	33.75	33.75	28.75	28.75
India	3.37	3.62	3.62	3.00	3.50
China	3.37	3.62	3.62	3.00	3.50
Japan	33.75	33.75	33.75	28.75	30.00

Source: Kenya Network Information Centre

Domains

15.17. The total number of domains increased by 25.0 per cent to 62,636 in 2016 as shown in Table 15.9. Domains under mobile content rebound after contraction in 2015 while the company domains grew by 25.0 per cent in 2016. The number of domain registrars increased from 270 in 2015 to 367 in 2016.

Table 15.9 Registered Domains, 2012-2016

Number

Subdomain	Users	2012	2013	2014	2015+	2016*
.ac.ke	Institutions of Higher Education	603	737	792	580	726
.co.ke	Companies	22,607	27,643	35,274	46,541	58,165
.go.ke	Government entities	278	339	314	290	363
.info.ke	Information e.g. blogs	84	98	105	115	144
.me.ke	Personal websites & email	331	413	650	260	326
.mobi.ke	Mobile content	31	37	48	35	44
.ne.ke	Network Devices	38	46	65	140	175
.or.ke	Non profit making organisations or NGO's	948	1,159	1,190	1,485	1,860
.sc.ke	Lower & middle institutions of learning	93	113	95	665	833
TOTAL		**25,013**	**30,585**	**38,533**	**50,111**	**62,636**
	Number of registras	150	180	210	270	367
	Domain renewal fee	2,320	2,320	2,320	580	580
	Average annual fee to operate domain (Domain registration fee)in KSh	2,300	2,300	2,300	650	650

Source: Kenya Network Information Centre

* Provisional

+Revised

Media Frequencies and Mobile Transceivers

15.18. **Media Frequencies and Subscriptions:** Information on media frequencies and mobile transceivers for the period 2012 to 2016 is presented in Table 15.9. The number of TV frequencies increased from 302 recorded in 2015 to 312 in 2016. The increase was attributed to the spread of digital TV broadcasting, which requires less bandwidth than similar analogue broadcasting thereby freeing some bandwidth for more frequencies. The number of radio FM frequencies also increased by 79 to stand at 687 in 2016. The number of free to air TV channels on the digital terrestrial platform increased slightly to 63 while digital signal distributors remained unchanged.

15.19. **Mobile Transceivers:** The total number of mobile transceivers grew by 12.9 per cent from 109,294 in 2015 to 123,380 in 2016. The third generation (3G) increased by 59.7 per cent to 30,818 while the second generation (2G) rose by 2.9 per cent to 92,562 during the review period. The substantial increase in the 3G mobile transceivers resulted from extension of the third-generation network to several towns during the review period. However, the second generation remained the most widely used technology accounting for 75.0 per cent of the total transceivers in 2016.

Table 15.10: Media Frequencies and Mobile Transceivers, 2012-2016

Number

	2012	2013	2014	2015	2016*
TV Frequencies	228	336	245	302	312
Radio FM Frequencies	461	553	561	608	687
Digital Signal Distributor (Number)	2	2	2	5	5
Analogue TV Stations[1]	14	14	19	0	0
Digital TV stations	0	0	36	62	63
Total TV Stations	**14**	**14**	**55**	**62**	**63**
Digital Subscriptions					
Cable TV	..	..	56,106	81,118	95,493
Direct to Home Satellite	..	..	211,846	250,627	350,626
Digital Terrestrial Televisions (STBs)	..	..	1,041,656	3,712,548	3,905,656
Total Digital Subscriptions	**0**	**0**	**1,309,608**	**4,044,293**	**4,351,775**
Radio Stations					
English and Kiswahili	74	80	85	89	115
All Vernacular Languages	50	50	50	50	60
Total Radio Stations	**124**	**130**	**135**	**139**	**175**
Mobile Transceivers by Technology					
2G	71,884	80,894	84,631	89,994	92,562
3G	11,053	12,775	15,381	19,300	30,818
Total	**82,937**	**93,669**	**100,012**	**109,294**	**123,380**

Source: Communication Authority of Kenya

* Provisional

+ Revised

.. Data not available

[1]Analogue TV stations closed in 2015

STBs- Set Top Boxes

Employment, Investment and Revenue

15.20. **Employment:** Table 15.11 presents employment, investment and revenue in telecommunication operators and Internet Service Providers (ISPs) for the period 2012 to 2016. Employment by telecommunication operators increased marginally from 6,147 in 2015 to 6,178 in 2016. Internet service providers on the other hand, increased their employees by 8.1 per cent to 8,448 in 2016. This increment was partly due to the increase of ISPs that were newly registered in the period under review.

15.21. **Investment and Revenue:** The value of investment by telecommunication operators increased by KSh 52.2 billion in 2016 compared to an increase of KSh 36.2 billion in 2015. The investments were for upgrading data speeds and voice network quality for the telecommunication operators. In 2016, investment by ISPs however, declined by 35.3 per cent to KSh 2.2 billion. The annual revenue earned by telecommunication operators increased to KSh 214.8 billion in 2016 from KSh 194.5 billion in 2015 while that for ISPs grew from KSh 17.0 billion in 2015 to KSh 18.6 billion during the review period.

Table 15.11: Employment, Investment and Revenue in the Telecommunication sector 2012-2016

		2012	2013	2014	2015	2016*
Employment (Number)	Telecommunication Operators[1]	5,542	5,617	6,439	6,147	6,178
	Internet Service Provider (ISPs)[2]	7,154	7,076	6,237	7,817	8,448
Annual Investment in KSh Billion[3]	Telecommunication Operators[1]	33.8	30.4	32.5	36.2	52.2
	ISPs[2]	6.4	3.7	3.4	3.4	2.2
Annual Revenue in KSh Billion[3]	Telecommunication Operators[1]	134.1	152.5	173.6	194.5	214.8
	ISPs[2]	12.8	14.6	15.7	17.0	18.6

* Provisional

[1] Include operators offering fixed, mobile and satellite telecommunication activities

[2] Include Application Service Providers (ASPs)

[3] As at June

Information Society

15.20. **ICT Penetration Rate (Total Population):** Table 15.12 presents indicators used for measuring information society. There has been an upward trend in most of the ICT indicators over the last five years. Mobile-cellular penetration rate, internet and mobile money subscriptions stood at 85.9 per cent, 58.8 per cent and 70.5 per cent in 2016 from 85.4 per cent, 54.2 per cent and 60.6 per cent in 2015, respectively. On the contrary, fixed line penetration declined from 0.19 per cent in 2015 to 0.16 percent in 2016. The decline was partly attributed to the low demand for the service and preference to using mobile phones. The bits per second per capita (Bps/ capita) also declined for the first time in 5 years from 20,292.8 Bps in 2015 to 19,890.4 Bps in 2016.

15.21. **ICT Penetration Rate (3 years and above):** This represents the population capable of owning and using ICT equipment. Mobile and internet penetration stood at 94.7 per cent and 64.9 per cent in 2016, respectively. The use of fixed telephone continued to deteriorate with only 0.18 per cent of the population of three years and above using the service in 2016 compared to 0.21 per cent in 2015.

Table 15.12: Key Indicators Measuring Information Society, 2012-2016

Represents Total Population	2012	2013	2014	2015	2016*
Fixed telephone lines per 100 inhabitants	0.96	0.65	0.52	0.19	0.16
Mobile-cellular telephone subscriptions per 100 inhabitants	74.9	74.9	78.3	85.41	85.93
Wireless internet subscribers per 100 inhabitants	20.8	31.4	38.1	53.90	58.50
Internet subscribers per 100 inhabitants (Wireless and Fixed)	20.93	31.56	38.30	54.19	58.82
Bits per second per capita (Bps/person)	6824.7	9,168.2	12,157.9	20,292.8	19,890.40
Broadband subscriptions per 100 inhabitants (wireless)	4.6	5.8	9.7	16.20	27.70
Broadband subscriptions per 100 inhabitants (Fixed and Wired)	4.7	5.9	9.9	16.40	28.00
Mobile money subscriptions per 100 inhabitants	47.52	62.26	60.57	60.59	70.53
Represents Population of Three (3) years and above					
Fixed telephone lines per 100 inhabitants	0.71	0.54	0.46	0.21	0.18
Mobile-cellular telephone subscriptions per 100 inhabitants	82.4	82.5	86.2	94.20	94.70
Wireless internet subscribers per 100 inhabitnats	22.9	34.5	41.9	59.48	64.55
Internet subscribers per 100 inhabitants (Wireless and Fixed)	23.04	10.42	42.17	59.77	64.85
Bits per second per capita (Bps/person)	7,513.5	10,095.9	13,386.5	22,381.2	21,931.30
Broadband subscriptions per 100 inhabitants (wireless)	5.01	6.35	10.66	17.82	30.57
Broadband subscriptions per 100 inhabitants (Fixed and Wired)	5.2	6.5	10.9	18.10	30.90

*Provisional

15.22. **Gender Equality in ICT:** Table 15.13 presents data on gender equality in ICT for the period 2012 to 2016. Globally, the need for gender ICT statistics has been widely discussed and affirmed in many forums, including the World Summit on the Information Society (WSIS) and in achieving the Sustainable Development Goals (SDGs). Gender related statistics in ICT are important in identifying the variations in access to and use of ICT by men and women in order to inform national and international policy goals that are a prerequisite for the achievement of an equitable information society.

Table 15.13: Key Indicators measuring Gender Equality in ICT, 2012-2016

Represents Total Population Male	2012	2013	2014	2015	2016*
Fixed telephone lines per 100 inhabitants	1.31	0.99	0.85	0.39	0.32
Mobile-cellular telephone subscriptions per 100 inhabitants	151.13	151.20	157.98	172.32	173.27
Internet subscribers per 100 inhabitants (Wireless and Fixed)	42.25	63.68	77.28	109.33	118.61
Broadband subscriptions per 100 inhabitants (Fixed and Wired)	9.45	11.98	19.93	33.10	56.47
Mobile money subscriptions per 100 inhabitants	95.94	125.64	122.23	122.23	142.22
Represents Total Population Female					
Fixed telephone lines per 100 inhabitants	1.28	0.98	0.83	0.38	0.32
Mobile-cellular telephone subscriptions per 100 inhabitants	148.35	148.52	155.19	169.36	170.45
Internet subscribers per 100 inhabitants (Wireless and Fixed)	41.47	62.55	75.92	107.45	116.68
Broadband subscriptions per 100 inhabitants (Fixed and Wired)	9.28	11.77	19.58	32.53	55.55
Mobile money subscriptions per 100 inhabitants	94.17	123.41	120.08	120.13	139.91

*Provisional

15.23. Majority of the ICT indicators show narrow gender gap with men performing slightly better than women in all the indicators. Gender disparity in mobile penetration was consistently about 2.8 percentage points over the last 5 years as shown in Figure 15.5. Mobile money penetration had an average gender disparity of about 2.1 percentage points over the same period as shown in Figure 15.6. The penetration rate of fixed telephone had the least gender gap of 0.01 percentage points as shown in Figure 15.7.

Figure 15.5: Mobile Penetration Rate by Sex, 2012 - 2016

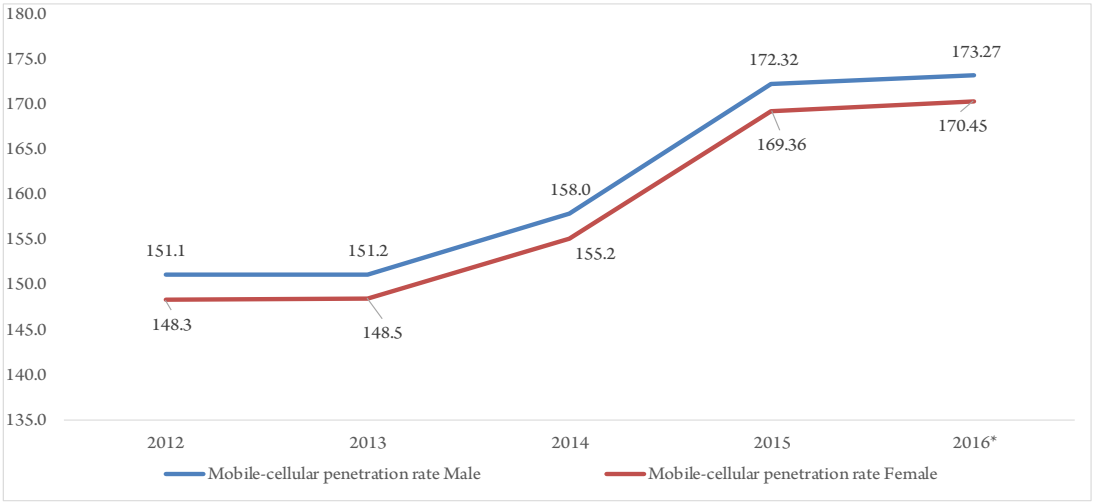


Figure 15.6: Mobile Money Penetration Rate by Sex, 2012 - 2016

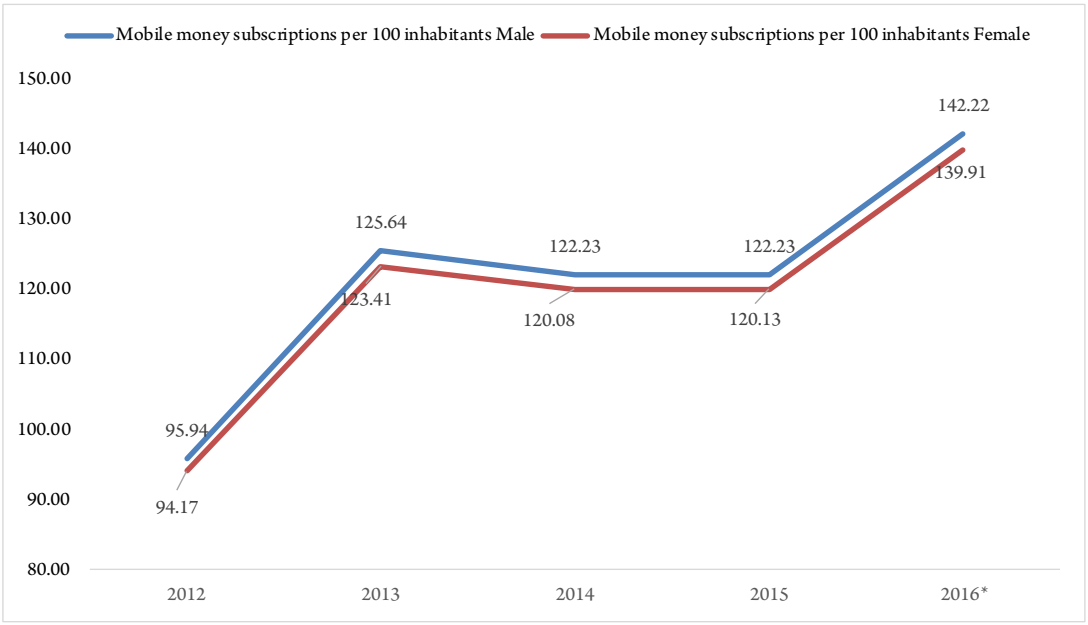
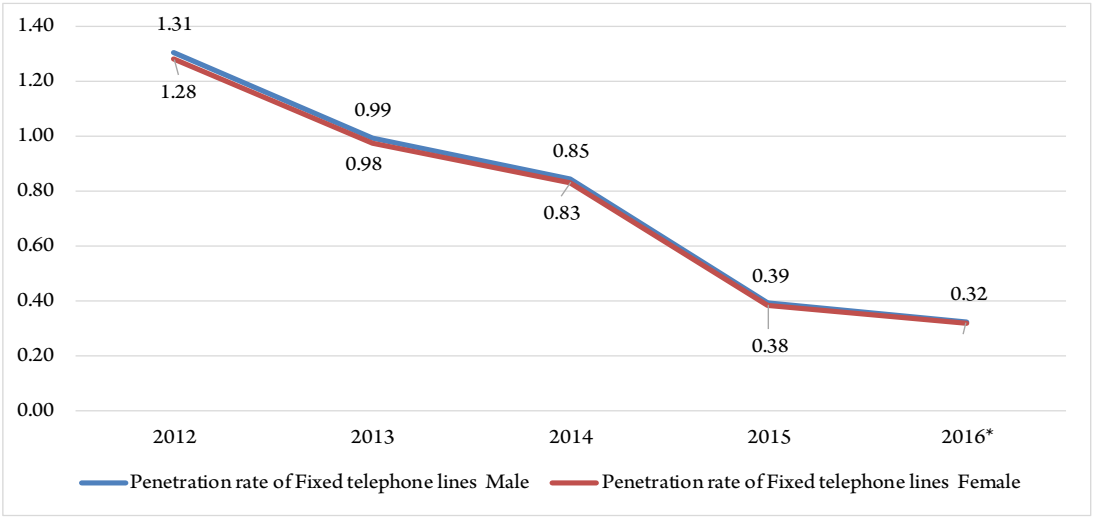


Figure 15.7: Fixed Telephone Penetration Rate by Sex, 2012-2016



Exports and Imports of ICT goods

15.24. Exports and Imports of ICT goods are presented in Table 15.13. During the period under review, the total value of ICT exports increased by 6.6 per cent compared to the 64.1 per cent growth recorded in 2015. Exports of monitors, projectors and reception apparatus for television more than doubled from KSh 194.6 million in 2015 to KSh 398.0 million in 2016, a reversal from the 34.0 per cent decline registered in 2015. The increase was partly attributed to re-exports of monitors, projectors and reception apparatus for television to Uganda and Tanzania during the review period.

15.25. The value of ICT imports increased by 11.0 per cent from KSh 51.3 billion in 2015 to KSh 57.0 billion in 2016. Imports of reception apparatus for radio broadcasting increased tenfold to KSh 1.2 billion in 2016 from KSh 118.4 million recorded in 2015. The increase was partly attributed to regular ICT infrastructure upgrading.

Table 15.14: International Trade in ICT Equipment, 2012-2016

KSh Million

Exports	2012	2013	2014	2015	2016*
Office machines [1]	9.8	24.1	17.1	113.3	65.8
Automatic data processing machines, storage units etc	2,818.7	980.3	330.9	358.5	442.1
Parts and accessories [2]	96.1	63.8	68.9	76.2	55.7
Monitors and projectors and reception apparatus for television [3]	118.4	72.4	294.9	194.6	398.0
Reception apparatus for radio broadcasting [4]	16.1	30.5	8.8	12.5	22.1
Recording equipment [5]	6.9	5.7	9.5	5.9	7.0
Telecommunications equipment [6]	1,016.7	1,122.6	528.2	1,303.5	1,209.3
Total	**4,082.7**	**2,299.4**	**1,258.3**	**2,064.5**	**2,200.0**
Imports					
Office machines [1]	603.3	834.1	804.7	1,352.1	1,298.7
Automatic data processing machines, storage units etc	19,556.0	15,018.8	9,720.0	11,211.7	18,959.4
Parts and accessories [2]	1,158.9	998.9	1,034.1	682.3	700.8
Monitors and projectors and reception apparatus for television [3]	3,923.1	8,621.6	5,991.5	8,049.7	5,771.0
Reception apparatus for radio broadcasting [4]	247.8	488.8	134.9	118.4	1,190.8
Recording equipment [5]	477.5	592.2	370.0	462.3	344.0
Telecommunications equipment [6]	24,582.4	24,160.0	23,622.2	29,444.0	28,693.9
Total	**50,549.0**	**50,714.4**	**41,677.4**	**51,320.5**	**56,958.6**

*Provisional

[1] Electronic calculating machines, cash registers, accounting machines, postage-franking machines, ticket issuing machines, reproducing and displaying machines with calculating functions, duplicating machines and their parts/accessories etc

[2] For office machines and data processing machines

[3] Include Television sets, decoders etc

[4] Whether or not combined with sound recording or reproducing apparatus or a clock

[5] Sound recording, video recording or reproducing apparatus including or not including a video tuner

[6] Such as computer, laptops, networking equipments etc plus their parts and accessories such as telephone sets, microphones,electric sound amplifier sets Television cameras, digital or video cameras recorders, radio or tv transmission apparatus etc

Newspaper Circulation and Online Newspaper Readership

15.26. Circulation of hardcopy newspapers continued to decline as shown in Table 15.14. The decline was mainly attributable to increased online readership with the average online newspaper readers increasing by 18.3 per cent to 1,862,943 in 2016. Online newspapers are easily accessible on mobile phones, tablets and computers, among others. The number of Kiswahili daily and weekly newspapers in circulation decreased by 15.5 per cent and 22.6 per cent, respectively, in 2016. The daily and weekly English newspapers in circulation declined by 4.2 per cent and 8.2 per cent, respectively, during the review period.

Table 15.15: Local Daily/Weekly Newspapers in Circulation, 2012 – 2016

'000 Copies

Newspapers	2012	2013	2014	2015	2016*
Daily Newspapers					
English	110,592	104,057	102,000	98,548	94,348
Kiswahili	6,000	5,900	5,800	5,209	4,401
Weekly Newspapers					
English	29,019	16,794	15,900	14,975	13,741
Kiswahili	1,790	1,810	1,900	1,825	1,413
Average online visitors per day	294,546	793,046	1,025,043	1,575,043	1,862,943

Source: Various Media Houses

* Provisional

Governance

16 Chapter

Overview

In 2016, the Government continued to implement various institutional reforms to improve Governance. The reforms included; vetting of police officers, installation of a national secure communication network and surveillance system for the National Police Service (NPS) in Nairobi and Mombasa, and introduction of a 'Roadmap Toolkit' to guide the training of police officers. The toolkit comprise of new Service Standing Orders, regulations on the use of force and the use of firearms, and strategies to counter corruption in the police service. During the same period, additional armored vehicles as well as transport trucks were procured to enhance capacity of the police to respond to emerging security threats and improve police mobility.

16.2. During the review period, the Judiciary implemented various reforms which were aimed at promoting socio-economic development. Among them was the operationalization of Employment and Labour Relations Court, formerly the Industrial Court, and the Environment and Land Court to High Court status. The Judiciary also established the Anti-Corruption and Economic Crimes Division in the High Court that is dedicated to hearing and determining corruption and economic crime cases. At the same time, the department of Immigration rolled out Electronic Foreign Nationals Services (eFNS) portal used by foreign nationals to apply for entry documents, work permits, citizenship and permanent residence.

16.3. The number of crimes reported to the police increased by 6.2 per cent from 72,490 in 2015 to 76,986 in 2016. Offences against persons and stealing were the main types of crimes reported in 2016 and accounted for 29.0 per cent and 13.5 per cent of crimes reported, respectively. During the same period, counties that had high number of reported crimes were Kiambu (6,006), Meru (5,117), Nairobi City (4,954) and Nakuru (4,133). The number of persons reported to have committed offences increased by 3.8 per cent from 70,515 in 2015 to 73,221 in 2016, of which 77.9 per cent were males.

16.4. The total number of cases handled by Ethics and Anti-Corruption Commission (EACC) increased by 40.1 per cent from 5,660 in 2014/15 to 7,929 in 2015/16. Corruption reports under investigation increased by 40.4 per cent from 2,747 in 2014/15 to 3,856 in 2015/16. The value of public assets recovered in 2015/16 amounted to KSh 420.6 million compared to KSh 140.3 million in 2014/15. In the review period, EACC also averted a loss of assets valued at KSh 2.6 billion.

16.5. The number of cases filed in law courts decreased by 37.1 per cent from 359,946 in 2015 to 226,554 in 2016. The number of cases concluded declined by 29.8 per cent to 191,386 during the same period. However, pending cases increased from 463,152 in 2015 to 498,320 in 2016. The total prison population which comprise of all persons committed to prison regardless of duration during the reference period decreased slightly by 5.3 per cent to 210,227 in 2016. This was partly attributed to sustained implementation of non-custodial policy aimed at decongesting the prisons. The daily average population of prisoners decreased by 6.8 per cent from 54,631 in 2015 to 50,900 in 2016.

16.6 The number of identity card applications for persons not previously registered (NPR) increased by 39.4 per cent to 1.5 million while production of identity cards (NPR) increased by 75.3 per cent to 1.4 million in 2016. During the same period, the number of identity cards collected increased by 62.0 per cent to 1.2 million.

Public Safety, Law and Order

16.7. The number of crimes reported to the police increased by 6.2 per cent from 72,490 in 2015 to 76,986 in 2016. The main categories that contributed to the increase in the number of reported crimes were other offences against person and stealing which rose by 1,121 and 833 crimes, respectively, in 2016. However, declines in the number of reported crimes were mainly recorded in robbery and theft of stock categories during the review period.

Table 16.1: Crimes Reported to the Police, 2012 – 2016

Number

Crimes[1]	2012	2013	2014	2015	2016*
Homicide	2,761	2,878	2,649	2,648	2,751
Offences against morality	4,806	4,779	5,184	6,164	6,228
Other offences against persons	20,698	19,344	19,911	21,174	22,295
Robbery	3,262	3,551	3,011	2,865	2,697
Breakings	7,578	6,397	5,656	5,591	5,621
Theft of stock	2,377	1,965	1,848	1,961	1,918
Stealing	14,111	11,455	10,042	9,528	10,361
Theft by servant	2,984	2,702	2,279	2,184	2,440
Theft of Vehicles and other thefts	1,663	1,631	1,239	1,111	1,355
Dangerous drugs	4,181	4,316	4,850	5,525	6,160
Traffic offences	66	45	100	120	139
Criminal damage	3,769	3,603	3,709	3,983	4,307
Economic crimes	3,369	2,750	3,038	3,244	3,503
Corruption	49	57	138	79	92
Offences involving police officers	69	95	53	71	57
Offences involving tourists	0	14	21	19	15
Other penal code offences	6,109	6,250	5,648	6,223	7,047
Total	**77,852**	**71,832**	**69,376**	**72,490**	**76,986**

Source: Kenya Police Service

* Provisional

[1] Refers to the description of crimes in appendix 16.1

16.8. The distribution of crimes reported to the police by command stations for 2014 to 2016 are shown in Table 16.2. Kiambu County recorded the highest number of crimes at 6,006 followed by Meru and Nairobi at 5,117 and 4,954, respectively. In the review period, the counties which recorded high increases in reported crimes were Kiambu (1,238), Machakos (991) and Meru (902). On the other hand, Bungoma, Trans-nzoia and Kisumu recorded high declines in reported crimes at 430, 324 and 267, respectively, in 2016.

Table 16.2: Crimes Reported to Police by Command Station, 2014-2016

Number

S/No	Command station	2014	2015	2016*
1	Mombasa	2,946	3,194	3,034
2	Kwale	958	1,097	1,037
3	Kilifi	2,362	2,199	2,254
4	Tana River	525	622	453
5	Lamu	316	492	434
6	Taita Taveta	1,047	961	755
7	Garrissa	850	638	525
8	Wajir	438	317	343
9	Mandera	252	271	254
10	Marsabit	370	468	675
11	Isiolo	219	213	507
12	Meru	1,971	4,215	5,117
13	Tharaka Nithi	659	628	722
14	Embu	824	848	1,433
15	Kitui	722	1,573	1,679
16	Machakos	738	1,461	2,452
17	Makueni	561	1,025	1,630
18	Nyandarua	1,654	1,446	1,473
19	Nyeri	1,632	1,668	1,792
20	Kirinyaga	1,776	1,177	1,656
21	Muranga	2,501	2,363	2,260
22	Kiambu	4,449	4,768	6,006
23	Turkana	787	974	927
24	West Pokot	739	684	795
25	Samburu	371	355	361
26	Trans Nzoia	1,610	1,781	1,457
27	Uasin Gishu	1,872	1,654	2,068
28	Elgeyo Marakwet	892	571	579
29	Nandi	1,090	989	1,105
30	Baringo	923	1,035	827

Table 16.2: Crimes Reported to Police by Command Station, 2014-2016, Cont'd

Number

S/No	Command station	2014	2015	2016*
31	Laikipia	752	830	1,061
32	Nakuru	4,525	4,384	4,133
33	Narok	1,626	1,335	1,308
34	Kajiado	1,502	1,256	1,435
35	Kericho	1,577	1,510	1,568
36	Bomet	1,089	968	897
37	Kakamega	2,444	2,514	2,382
38	Vihiga	771	1,146	886
39	Bungoma	2,150	2,852	2,422
40	Busia	931	1,553	1,633
41	Siaya	1,452	1,493	1,470
42	Kisumu	2,249	2,293	2,026
43	Homa Bay	1,320	1,568	1,400
44	Migori	1,054	1,282	1,303
45	Kisii	1,933	2,018	2,180
46	Nyamira	878	1,124	1,055
47	Nairobi City	6,732	4,383	4,954
48	KAPU[1]	148	132	141
49	Railways[1]	189	162	122
	Kenya	**69,376**	**72,490**	**76,986**

Source: Kenya Police Service

* Provisional

[1] Kenya Airport Police Unit (KAPU) and Railways are fully fledged police command stations

16.9. The number of firearms and rounds of ammunition recovered and surrendered, and the quantity of drugs seized for 2012 to 2016 are presented in Table 16.3. In 2016, total firearms recovered stood at 436 while the number of rounds of ammunition of recovered and surrendered were 4,711 during the same period.

Table 16.3: Firearms and Ammunition Recovered or Surrendered, and Drugs Seized, 2012 – 2016

Number

Firearms/Ammunition/Drugs	Unit	2012	2013	2014	2015	2016*
Firearms						
Recovered						
Rifles	Number	122	169	210	141	85
Pistols	Number	97	77	142	81	152
Toy Pistols	Number	17	39	39	108	199
Total		**236**	**285**	**391**	**330**	**436**
Surrendered						
Rifles	Number	11	16	1	1	8
Total		**11**	**16**	**1**	**1**	**8**
Ammunition (Rounds)						
Recovered	Number	12,768	3,712	5,166	5,000	4,694
Surrendered	Number	56	499	7	7	17
Total		**12,824**	**4,211**	**5,173**	**5,007**	**4,711**
Dangerous Drugs[1] seized	Kg	**4,735**	**17,122**	**4,313**	**4,420**	**..**

Source: Kenya Police Service

* Provisional

.. Data not available

[1] Means prohibited harmful non pharmaceutical narcotic drugs and psychotropic substances listed in the First Schedule of Narcotic Drugs and Psychotropic Substances (Control) Act No. 4 of 1994, Laws of Kenya

16.10. Table 16.4 shows the number of persons reported to the police to have committed offences by sex and county for 2014 to 2016. Overall, the number of persons reported to have committed crime increased by 3.8 per cent from 70,515 in 2015 to 73,221 in 2016, out of which 77.9 per cent were males. In the same period, the proportion of female offenders increased from 20.7 per cent to 22.1 per cent. Nairobi City County had the highest number of persons reported to have committed crime at 6,227 persons and accounted for 8.5 per cent of the total. Mandera County had the least number of persons reported to have committed crime in 2016 at 178. Mombasa County recorded the highest increase (2,047) of the number of persons reported to have committed crime in the review period. On the other hand, Uasin Gishu County had the highest decline (1,221) in the number of persons reported to have committed crime.

Table 16.4: Persons Reported to the Police to have Committed Offences by sex and Command Stations, 2014–2016

Number

S/No	Command station	2014			2015			2016*		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
1	Mombasa	2,266	620	2,886	1,045	140	1,185	2,426	806	3,232
2	Kwale	376	135	511	904	272	1,176	740	103	843
3	Kilifi	587	104	691	1,481	330	1,811	1,583	475	2,058
4	Tana River	395	109	504	415	81	496	324	70	394
5	Lamu	360	41	401	577	140	717	313	35	348
6	Taita Taveta	940	153	1,093	870	184	1,054	561	143	704
7	Garrissa	399	280	679	270	23	293	71	262	333
8	Wajir	66	11	77	165	47	212	141	107	248
9	Mandera	310	29	339	259	17	276	149	29	178
10	Marsabit	468	60	528	377	69	446	695	49	744
11	Isiolo	258	80	338	93	4	97	346	78	424
12	Meru	4,588	1,525	6,113	2,870	1,292	4,162	4,339	1,134	5,473
13	Tharaka Nithi	665	96	761	559	129	688	721	99	820
14	Embu	1,342	180	1,522	1,110	327	1,437	695	428	1,123
15	Kitui	1,328	309	1,637	1,788	410	2,198	1,225	370	1,595
16	Machakos	2,123	679	2,802	1,829	471	2,300	1,929	287	2,216
17	Makueni	1,339	218	1,557	1,293	223	1,516	1,203	221	1,424
18	Nyandarua	1,202	299	1,501	1,243	286	1,529	1,360	249	1,609
19	Nyeri	1,519	284	1,803	1,330	709	2,039	1,257	301	1,558
20	Kirinyaga	628	343	971	423	185	608	1,171	478	1,649
21	Muranga	1,992	380	2,372	1,333	334	1,667	1,741	366	2,107
22	Kiambu	3,804	1,199	5,003	4,401	1,304	5,705	3,707	1,235	4,942
23	Turkana	737	240	977	350	41	391	403	18	421
24	West Pokot	659	147	806	464	142	606	657	90	747
25	Samburu	35	38	73	234	53	287	276	58	334
26	Trans Nzoia	3,129	818	3,947	1,751	463	2,214	1,304	171	1,475
27	Uasin Gishu	1,631	406	2,037	1,439	222	1,661	348	92	440
28	Elgeyo Marakwet	644	84	728	324	60	384	471	83	554
29	Nandi	633	171	804	724	229	953	884	163	1,047
30	Baringo	721	134	855	579	133	712	698	290	988
31	Laikipia	730	114	844	739	127	866	884	188	1,072
32	Nakuru	2,757	807	3,564	3,038	775	3,813	2,787	986	3,773
33	Narok	1,156	300	1,456	292	110	402	1,260	380	1,640
34	Kajiado	322	319	641	1,108	305	1,413	1,194	125	1,319
35	Kericho	1,383	183	1,566	1,075	184	1,259	1,277	243	1,520
36	Bomet	1,073	162	1,235	636	78	714	820	174	994
37	Kakamega	2,355	339	2,694	2,294	701	2,995	2,901	1,676	4,577
38	Vihiga	1,903	217	2,120	1,045	140	1,185	882	145	1,027
39	Bungoma	2,467	541	3,008	2,138	433	2,571	1,099	458	1,557
40	Busia	1,191	120	1,311	1,358	537	1,895	1,195	246	1,441
41	Siaya	1,030	224	1,254	1,025	145	1,170	887	400	1,287
42	Kisumu	900	146	1,046	1,775	327	2,102	1,388	371	1,759
43	Homa Bay	992	351	1,343	993	131	1,124	1,256	193	1,449
44	Migori	844	198	1,042	1,349	176	1,525	290	70	360
45	Kisii	1,525	514	2,039	1,275	408	1,683	1,733	358	2,091
46	Nyamira	898	217	1,115	1,000	158	1,158	612	206	818
47	Nairobi	5,799	2,309	8,108	4,110	1,465	5,575	4,581	1,646	6,227
48	KAPU	19	2	21	62	20	82	132	22	154
49	Railways	141	13	154	129	34	163	104	24	128
	Total	**62,629**	**16,248**	**78,877**	**55,941**	**14,574**	**70,515**	**57,020**	**16,201**	**73,221**

Source: Kenya Police Service

* Provisional

Note: The number of persons reported to have committed offences may differ with that of crimes reported to the Police (Table 16.1) because a person may commit more than one crime or a crime may be committed by more than one person.

16.11. The number of persons reported to have committed offences against morality and other offences against persons increased by 2.9 per cent from 26,250 in 2015 to 27,018 in 2016 as shown in Table 16.5. Further, the number reported to have committed offences against morality increased from 5,700 in 2015 to 5,908 in 2016. Assault accounted for more than half of the total number of persons reported, while creating disturbance and defilement accounted for 22.7 and 16.4 per cent, respectively. The number of persons reported to have defiled children increased by 7.7 per cent from 4,107 in 2015 to 4,422 in 2016. Females accounted for 13.2 per cent and 26.3 per cent of persons reported to have committed offences against morality and other offences against persons in 2016, respectively.

Table 16.5: Persons Reported to have committed Offences against Morality and Other Offences against Persons by Sex, 2012-2016

Number

Offence	2012			2013			2014			2015			2016*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Against morality															
Rape	839	44	883	772	141	913	710	145	855	758	135	893	739	149	888
Defilement	3,082	135	3,217	3,174	422	3,596	3,554	342	3,896	3,794	313	4,107	3,848	574	4,422
Incest	286	22	308	220	22	242	199	16	215	267	24	291	248	36	284
Unnatural/sodomy	111	3	114	115	9	124	107	6	113	101	8	109	68	7	75
Bestiality	47	3	50	76	55	131	23	4	27	25	5	30	38	5	43
Indecent assault	173	82	255	201	69	270	167	16	183	179	17	196	129	8	137
Abduction	102	12	114	55	15	70	60	15	75	46	16	62	52	3	55
Bigamy	3	56	59	32	13	45	6	0	6	11	1	12	3	1	4
Sub-total	**4,643**	**357**	**5,000**	**4,645**	**746**	**5,391**	**4,826**	**544**	**5,370**	**5,181**	**519**	**5,700**	**5,125**	**783**	**5,908**
Other offences against persons															
Assault	11,182	3,292	14,474	13,460	3,142	16,602	11,574	4,079	15,653	10,788	3,741	14,529	10,324	3,755	14,079
Creating disturbance	4,253	1,367	5,620	5,360	1,128	6,488	5,294	1,593	6,887	4,144	1,384	5,528	4,651	1,478	6,129
Affray (scuffle)	484	231	715	331	177	508	434	181	615	307	186	493	584	318	902
Sub-total	**15,919**	**4,890**	**20,809**	**19,151**	**4,447**	**23,598**	**17,302**	**5,853**	**23,155**	**15,239**	**5,311**	**20,550**	**15,559**	**5,551**	**21,110**
Total	**20,562**	**5,247**	**25,809**	**23,796**	**5,193**	**28,989**	**22,128**	**6,397**	**28,525**	**20,420**	**5,830**	**26,250**	**20,684**	**6,334**	**27,018**

Source: Kenya Police Service

**Provisional*

Note: The number of persons reported to have committed offences may differ with that of crimes reported to the Police (Table 16.1) because a person may commit more than one crime or a crime may be committed by more than one person.

16.12. The number of persons reported to have committed homicides increased by 8.5 per cent from 2,047 in 2015 to 2,221 in 2016 as presented in Table 16.6. The increase in homicides was mainly driven by suicides and murder which increased by 102 and 91cases, respectively. Causing death by dangerous driving, manslaughter and procuring abortion categories registered declines during the reference period.

Table 16.6: Persons Reported to the Police to have Committed Homicides by Sex, 2012–2016

Number

Offence	2012			2013			2014			2015			2016*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Murder	1,711	297	2,008	1,507	214	1,721	1,248	240	1,488	1,115	240	1,355	1,248	198	1,446
Manslaughter	217	41	258	42	11	53	30	6	36	44	13	57	42	10	52
Infanticide	7	35	42	15	45	60	6	25	31	11	19	30	9	25	34
Procuring abortion	7	31	38	5	29	34	8	37	45	8	25	33	6	21	27
Concealing birth	13	85	98	7	88	95	23	53	76	21	44	65	13	61	74
Suicide	219	104	323	263	64	327	239	62	301	177	44	221	234	89	323
Causing death by dangerous driving	338	19	357	462	32	494	205	21	226	249	37	286	238	27	265
Total	**2,512**	**612**	**3,124**	**2,301**	**483**	**2,784**	**1,759**	**444**	**2,203**	**1,625**	**422**	**2,047**	**1,790**	**431**	**2,221**

Source: Kenya Police Service

*Provisional

Note: The number of persons reported to have committed offences may differ with that of crimes reported to the Police (Table 16.1) because a person may commit more than one crime or a crime may be committed by more than one person.

16.13. Table 16.7 presents the number of persons reported to have committed robbery and theft for 2012 to 2016. Persons reported to have committed robbery and theft increased slightly from 22,869 in 2015 to 23,131 in 2016. During the period under review, the number of persons reported to have committed offences related to vehicle and other thefts, theft by servant and stealing increased by 27.0, 11.0 and 4.6 per cent, respectively. The number of persons reported to have committed robbery, breakings and theft of stock however declined by 7.6, 6.1 and 4.1 per cent, respectively, during the same period.

Table 16.7: Persons Reported to the Police to have Committed Robbery and Theft by Sex, 2012-2016

Number

Offences	2012			2013			2014			2015			2016*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Robbery	4,044	265	4,311	4,025	307	4,332	2,983	379	3,362	2,485	298	2,783	2,096	475	2,571
Breakings	7,252	526	7,778	7,134	405	7,539	6,176	587	6,763	5,326	563	5,889	4,616	916	5,532
Theft of stock	2,403	99	2,502	2,335	126	2,461	2,091	182	2,273	1,688	223	1,911	1,579	254	1,833
Stealing	11,332	2,238	13,570	10,550	1,719	12,269	7,404	2,145	9,549	7,346	1,847	9,193	7,495	2,120	9,615
Theft by servant	2,303	853	3,156	2,134	918	3,052	1,704	841	2,545	1,504	667	2,171	1,550	859	2,409
Vehicle & other thefts	1,975	62	2,037	2,294	293	2,587	1,029	135	1,164	820	102	922	1,013	158	1,171
Total	**29,309**	**4,043**	**33,354**	**28,472**	**3,768**	**32,240**	**21,387**	**4,269**	**25,656**	**19,169**	**3,700**	**22,869**	**18,349**	**4,782**	**23,131**

Source: Kenya Police Service

*Provisional

Note: The number of persons reported to have committed offences may differ with that of crimes reported to the Police (Table 16.1) because a person may commit more than one crime or a crime may be committed by more than one person.

16.14. The number of persons reported to have committed offences related to drugs, criminal damage, economic crimes and corruption by sex for 2012 to 2016 are shown in Table 16.8. In 2016, the total number of persons reported increased by 13.3 per cent to 13,793. Females accounted for 19.1 per cent of all persons reported to have committed these offences. The number of persons reported to have committed offences related to dangerous drugs stood at 5,901 in 2016, a 22.2 per cent increase compared to 2015. The number of males reported to have committed crimes related to dangerous drugs increased by 20.9 per cent to 4,971 in 2016 while that of females increased from 718 in 2005 to 930 in 2016. During the same period, the number of persons reported to have committed offences related to criminal damage increased by 12.5 per cent and accounted for 32.8 per cent of the total cases reported to police. Likewise, those reported to have committed economic crimes increased by 9.1 per cent and counted for 23.0 per cent of the total cases reported.

Table 16.8: Persons Reported to have Committed Offences Related to Drugs, Criminal Damage, Economic Crimes and Corruption by Sex, 2012-2016

Number

Offences	2012			2013			2014			2015			2016*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	male	female	Total	male	female	Total
Dangerous Drugs	3,759	406	4,165	3,670	562	4,232	4,424	541	4,965	4,111	718	4,829	4,971	930	5,901
Criminal Damage	2,992	879	3,871	3,471	605	4,076	3,645	878	4,523	3,126	893	4,019	3,586	936	4,522
Economic crimes	3,252	641	3,893	2,081	556	2,637	2,233	913	3,146	2,078	831	2,909	2,433	740	3,173
Corruption	326	48	374	141	24	165	78	26	104	247	84	331	75	18	93
Offences involving Police officers	69	6	75	38	24	62	913	16	146	54	32	86	96	8	104
Total	**10,398**	**1,980**	**12,378**	**9,401**	**1,771**	**11,172**	**11,293**	**2,374**	**12,884**	**9,616**	**2,558**	**12,174**	**11,161**	**2,632**	**13,793**

Source: Kenya Police Service

**Provisional*

Note: The number of persons reported to have committed offences may differ with that of crimes reported to the Police (Table 16.1) because a person may commit more than one crime or a crime may be committed by more than one person.

Ethics and Corruption

16.15. Cases handled and action taken by the Ethics and Anti-Corruption Commission (EACC) for 2011/12 to 2015/16 are shown in Table 16.9a. The total number of cases handled increased by 40.1 per cent from 5,660 in 2014/15 to 7,929 in 2015/16. Corruption cases under investigation increased by 40.4 per cent from 2,747 in 2014/15 to 3,856 in 2015/16. Complainants advised to seek civil redress nearly doubled to 566 in 2015/16 while those advised on the right authority to report to, increased by 44.7 per cent to 2,002 in the same period.

Table 16.9a: Cases Handled and Action Taken by Ethics and Anti-Corruption Commission+, 2011/12 - 2015/16

Number

S/No	Action taken	2011/12	2012/13	2013/14	2014/15	2015/16*
1	Corruption cases for investigation	2,183	1,423	1,950	2,747	3,856
2	Cases referred to other investigative agencies	178	111	120	117	215
3	Cases referred to public service organizations for administrative intervention	754	506	561	649	633
4	Cases pending for more information	30	18	65	80	115
5	Complainants advised on the right authority to report to...	1,597	900	868	1,384	2,002
6	Complainants advised to seek civil redress	301	270	264	288	566
7	Cases with no further action (terminated)...	187	127	178	395	542
	Total	**5,230**	**3,355**	**4,006**	**5,660**	**7,929**

Source: Ethics and Anti-Corruption Commission

** provisional*
+ Revised

16.16. Table 16.9b presents the number of reports forwarded to the Office of Director of Public Prosecution (ODPP) and action taken for 2011/12 to 2015/16. The total number of reports forwarded to ODPP increased from 117 in 2014/15 to 167 in 2015/16. The ODPP recommended 117 cases for prosecution, 25 for closure and 14 for further investigation in the period under review.

Table 16.9b: Number of Cases Forwarded to the Office of the Director of Public Prosecution and Action Taken, 2011/12-2015/16

Number

S/No	Action Taken	2011/12	2012/13	2013/14	2014/15	2015/16*
1	Recommendtion to prosecute accepted	102	38	43	74	117
2	Recommendation to prosecute not accepted	3	4	1	1	5
3	Recommendation for administrative or other action accepted	2	5	7	8	3
4	Recommendation for administrative or other action not accepted	0	0	1	0	1
5	Recommendation for closure accepted	16	15	14	19	25
6	Recommendation for closure not accepted	2	0	3	3	2
7	Files returned for further investigations	6	6	6	12	14
8	Files awaiting DPP's action[1]	7	2	0	0	0
	Total	**138**	**70**	**75**	**117**	**167**

Source: Ethics and Anti-Corruption Commission (EACC)

[1] *DPP - Director of Public Prosecution*

* *Provisional*

16.17. The value of public assets traced, recovered and loss averted by EACC for the period 2011/12 to 2015/16 is presented in Table 16.9c. During the period under review, the commission traced public assets valued at KSh 3.6 billion compared to KSh 3.7 billion in 2014/15. In same period, the value of public assets recovered stood at KSh 420.6 million. In addition, EACC averted a loss of assets worth KSh 2.6 billion in 2015/16.

Table 16.9c: Public Assets traced, recovered and loss averted by EACC, 2011/12 – 2015/16

KSh Million

Period	Value of Public Assets traced	Value of public Assets recovered	Loss Averted[1]
2011/12	126.5	41.2	1,208.2
2012/13	16,380.0	567.4	55,016.5
2013/14	7,214.0	2,068.0	5,600.0
2014/15	3,669.6	140.3	1,600.0
2015/16*	3,614.1	420.6	2,600.0

Source: Ethics and Anti-Corruption Commission (EACC)

*Provisional

[1] Loss Averted refers to total value of public assets where an attempted illegal acquisition was detected and foiled through pre-emptive investigations by the EACC

Environmental Crimes

16.18. Table 16.10 presents the number of environmental crimes reported to National Environmental Management Authority (NEMA) for the period 2012 to 2016. In 2016, 342 crimes were reported to NEMA out of which 229 involved illegal movement or dumping of waste. This increase is partly attributed to intensified public awareness campaign by NEMA in the review period. Crimes on air pollution increased from 57 in 2015 to 74 in 2016 while those on water and soil pollution declined during the review period.

Table 16.10 Environmental Crimes Reported to NEMA, 2012–2016

Number

Type of cases	2012	2013	2014	2015	2016*
Air Pollution	20	13	72	57	74
Water Pollution	6	34	79	52	32
Soil Pollution	1	11	71	44	7
Illegal movement or dumping of waste	5	8	46	59	229
Total	**32**	**66**	**268**	**212**	**342**

Source: National Environment Management Authority

*Provisional

Public Prosecutions

16.19. Table 16.11 presents the number of registered murder cases and convictions obtained by High Court Station from 2012 to 2016. The number of registered murder cases reduced from 987 in 2015 to 940 in 2016 while convictions for murder cases reduced from 204 in 2015 to 207 during the same period. Nairobi City County had the highest number of murder cases at 184 followed by Eldoret and Meru at 92 and 77, respectively.

Table 16.11: Registered Murder cases and Convictions obtained by High Court Station, 2012 – 2016

Number

	2012		2013		2014		2015		2016*	
High Court Station	**R**	**C**	**R**	**C**	**R**	**C**	**R**	**C**	**R**	**C**
Nairobi	109	5	188	18	95	15	118	25	184	11
Mombasa	74	0	95	0	43	16	57	16	40	1
Kisumu	121	0	131	5	5	4	30	3	30	10
Eldoret	149	9	150	41	21	4	89	21	92	13
Kitale	55	5	86	12	77	12	50	18	3	5
Kakamega	70	5	74	0	70	0	41	0	55	0
Bungoma	123	14	124	24	124	8	37	3	28	14
Meru[3]	85	1	122	7	43	16	109	44	77	35
Machakos[4]	41	4	67	79	149	6	61	7	23	1
Kericho	48	2	72	15	38	0	14	16	28	18
Nyeri	50	6	61	0	87	0	21	1	11	0
Kisii	212	4	212	15	30	5	79	1	34	0
Embu	33	0	61	4	26	12	27	4	21	6
Malindi	30	0	46	2	71	4	7	11	14	6
Nakuru	135	8	141	22	36	7	21	5	52	2
Busia	12	3	26	6	0	0	27	1	34	24
Garissa	-	-	29	6	29	12	39	0	20	0
Homa Bay	-	-	24	8	5	1	27	12	18	17
Murang'a	-	-	-	-	77	9	36	2	32	1
Kerugoya	-	-	-	-	200	27	28	0	19	1
Bomet	-	-	-	-	-	-	48	7	20	8
Kajiado	-	-	-	-	-	-	3	0	21	0
Kitui	-	-	-	-	-	-	13	7	15	14
Voi[2]	-	-	-	-	-	-	5	0	4	1
Naivasha[1]	-	-	-	-	-	-	..	..	44	8
Lodwar[1]	-	-	-	-	-	-	..	..	21	11
Total	**1,347**	**66**	**1,709**	**264**	**1,226**	**158**	**987**	**204**	**940**	**207**

Source: Office of the Director of Public Prosecutions

* Provisional

R - Registered murder cases, C - Murder convictions obtained

[1] New courts

[2] Voi was previously reported as Taita Taveta

[3] Meru includes Isiolo

[4] Makueni is under Machakos

Judiciary 16.20. In 2016, the Judiciary fully operationalized the Employment and Labour relations Court, formerly the industrial court, and the Environment and Land Court which are courts of the status of the High Court. The number of cases handled by various courts in 2014/15 to 2015/16 are presented in Table 16.12. In the year under review, the number of cases filed in the magistrates court declined by 35.6 per cent to 198,656 while the number of pending cases increased by 9.1 per cent to 333,014. In the Employment and Labour Relations Court, the number of filed cases increased by 23.5 per cent to 4,244 in 2015/16, while the number of cases disposed of more than doubled to 2,403. In the Kadhis Court, the number of filed cases increased by 1,591 to 3,495 during the review period. The Court of Appeal recorded reduction in the number of cases in all categories in 2016.

Table 16.12: Cases Handled by Various Courts, 2012–2016[1]

Number

Year	Status of Case	Kadhis Court	Magistrates Courts	High Courts	Employment & Labour Relations Court*	Environment and Land Court*	Court of Appeal	Supreme Court	Total
2012	Filed	2,421	315,206	27,614	..	..	1,126	17	343,963
	Pending	2,437	510,107	114,826	..	..	6,234	9	631,176
	Disposed of	3,123	313,457	21,290	..	..	606	8	335,361
2013	Filed	3,462	277,666	41,814	..	..	402	70	319,952
	Pending	2,222	304,080	160,058	..	..	4,209	20	468,367
	Disposed of	2,262	213,688	18,718	..	..	476	42	232,924
2014	Filed	2,795	461,893	37,938	..	..	446	72	500,349
	Pending	2,814	447,748	158,216	..	..	4,287	39	610,290
	Disposed of	2,203	318,225	39,780	..	..	368	53	358,426
2015	Filed	1,904	308,602	38,817	3,436	5,551	1,575	61	359,946
	Pending	968	305,216	125,813	9,042	19,043	3,017	53	463,152
	Disposed of	1,446	216,998	49,409	1,129	2,156	1,420	47	272,605
2016	Filed	3,495	198,656	15,867	4,244	3,353	901	38	226,554
	Pending	3,256	333,014	127,678	10,883	20,560	2,861	68	498,320
	Disposed of	1,207	170,858	14,002	2,403	1,836	1,057	23	191,386

Source: Judiciary

*Provisional

.. Data not available

[1]Data for 2015 refers to 2014/15 and 2016 refers to 2015/16 financial years

Filed cases refer to all cases brought before a court during the year in reference

Pending cases refer to the cases which had not been determined/resolved by 30th June during the year in reference

Disposed of cases refers to all cases that were resolved/determined by 30th June during the year in reference.

16.21. The number of judicial officers and practicing lawyers for 2012 to 2016 are shown in Table 16.13. The number of judicial officers decreased from 616 in 2015 to 611 in 2016. The number of magistrates decreased from 451 in 2015 to 438 in 2016. During the same period, the number of Kadhis increased to 45. Similarly, the number of practicing lawyers increased by 14.7 per cent to 8,231 in 2016.

Table 16.13: Number of Magistrates, Judges and Practicing Lawyers, 2012–2016

Number

Category of Magistrates	2012	2013			2014			2015			2016*		
Magistrates and Kadhis	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Chief Magistrates	33	27	13	40	25	24	49	23	21	44	28	21	49
Senior Principal Magistrate	49	53	28	81	32	22	54	30	22	52	35	26	61
Principal Magistrate	81	60	39	99	56	29	85	56	29	85	43	22	65
Senior Resident Magistrate	78	30	42	72	58	46	104	58	46	104	77	79	156
Resident Magistrate	214	28	60	88	68	98	166	68	98	166	39	68	107
Total Magistrates	455	**198**	**182**	**380**	**239**	**219**	**458**	**235**	**216**	**451**	**222**	**216**	**438**
Chief Kadhi	1	1	-	1	1	-	1	1	-	1	1	-	1
Deputy Chief Kadhi	..	1	-	1	1	-	1	1	-	1	1	-	1
Principal Kadhi	..	2	-	2	2	-	2	2	-	2	2	-	2
Kadhi I	..	8	-	8	11	-	11	11	-	11	11	-	11
Kadhi II	..	18	-	18	20	-	20	20	-	20	30	-	30
Total Kadhis	..	**30**	**0**	**30**	**35**	**0**	**35**	**35**	**0**	**35**	**45**	**0**	**45**
Total magistrates & Kadhis	**456**	**228**	**182**	**410**	**274**	**219**	**493**	**270**	**216**	**486**	**267**	**216**	**483**
Judges													
Supreme Court Judges	6	5	2	7	5	2	7	5	2	7	5	2	7
Court of Appeal Judges	27	18	8	26	18	8	26	18	8	26	18	7	25
High Court (Puisne) Judges	80	51	35	86	60	37	97	60	37	97	59	37	96
Total Judges	**113**	**74**	**45**	**119**	**83**	**47**	**130**	**83**	**47**	**130**	**82**	**46**	**128**
Grand Total	**569**	**302**	**227**	**529**	**357**	**266**	**623**	**353**	**263**	**616**	**349**	**262**	**611**
Number of Practicing Lawyers	**5,525**	**..**	**..**	**6,500**	**..**	**..**	**7,200**	**4,294**	**2,885**	**7,179**	**4,803**	**3,428**	**8,231**

Source: Judiciary, Law Society of Kenya

* Provisional

..Data not available

Prisons

16.22. Table 16.14 provides details of prison population by sex and duration of sentence for the period 2012 to 2016. The total prison population which comprise of all persons committed to prison regardless of duration during the reference period decreased slightly by 5.3 per cent to 210,227 in 2016. During this period, convicted prisoners declined by 6.4 per cent to 82,433 in 2016. Similarly, those committed for civil debt and remandees decreased by 9.0 per cent and 4.5 per cent to 534 and 127,260 in 2016, respectively. The total number of prisoners on death sentence and those on life imprisonment dropped by 11.4 per cent from 2,220 in 2015 to 1,967 in 2016. The prison population per 100,000 of Kenyan population decreased from 502.7 in 2015 to 463.4 in 2016.

Table 16.14: Prison Population by Sentence, Duration and Sex, 2012 – 2016

Number

	2012		2013+		2014		2015		2016*	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Less than 1 Month	12,294	1,374	14,736	1,644	24,374	2,053	20,597	1847	16,956	1,337
Sentenced to 1 Month to < 2yrs	34,604	3,853	43,686	5,721	53,313	7,819	43,015	9,574	42,001	8,767
Sentenced to 2 yrs or more	500	511	7,563	421	15,138	407	10,083	779	11,003	402
Life imprisonment	1,994	44	2,111	45	2,582	42	1,074	87	1,087	120
Death sentence	714	27	778	31	2,708	49	998	61	742	18
Total Convicted Prisoners by sex	**50,106**	**5,809**	**68,874**	**7,862**	**98,115**	**10,370**	**75,767**	**12,348**	**71,789**	**10,644**
Total Convicted Prisoners	**55,915**		**76,736**		**108,485**		**88,115**		**82,433**	
Committed for civil debt	118	18	556	113	1036	108	472	115	431	103
Total Committed for debt	**136**		**669**		**1,144**		**587**		**534**	
Committed to remand by sex	129,348	11,512	137,974	12,539	124,795	13,966	121,097	12,175	117,687	9,573
Total Committed to Remand	**140,860**		**150,513**		**138,761**		**133,272**		**127,260**	
Total Prisons Population by sex	**179,572**	**17,339**	**207,404**	**20,514**	**223,946**	**24,444**	**197,336**	**24,638**	**189,907**	**20,320**
Total Prisons Population	**196,911**		**227,918**		**248,390**		**221,974**		**210,227**	
Number Previously convicted	11,446	1,503	21,830	1,080	23,670	11,257	15,979	1,704	13,897	**827**
Deaths (Excluding Executions)	217	19	623	9	421	3	247	14	**178**	**9**
Prison population per 100,000 of Kenyan population	**480.2**		**556.4**		**578.2**		**502.7**		**463.4**	

Source: Kenya Prisons Service

* Provisional

+ Revised

16.24. Table 16.15 presents the daily average population of prisoners by sex for 2012 to 2016. In 2016, the daily average population of prisoners decreased by 6.8 per cent to 50,900. During this period, the daily average convicted and remanded population declined by 6.2 from 7.6 per cent, respectively. About 92.6 per cent of the daily average convicted and remanded population in Kenyan prisons were males.

Table 16.15: Daily Average Population of Prisoners by Sex, 2012-2016

Number

	2012	2013	2014	2015	2016*
Convicted Prisoners					
Males	31,877	30,356	30,601	28,889	27,078
Females	2,165	1,575	2,085	1,997	1,889
Sub-Total	**34,042**	**31,931**	**32,686**	**30,886**	**28,967**
Remanded Prisoners					
Males	16,472	19,166	20,896	21,760	20,060
Females	1,497	1,175	1,688	1,985	1,873
Sub -Total	**17,969**	**20,340**	**22,584**	**23,745**	**21,933**
Total	**52,011**	**52,271**	**55,270**	**54,631**	**50,900**

Source: Kenya Prison Service

* Provisional

16.23. Table 16.16 gives the convicted prison population by age and sex from 2012 to 2016. The number of convicted prisoners declined by 6.4 per cent to 82,433 in the period under review. The youth under 26 years (40,632) accounted for 49.3 per cent of the total convicted population. Male prisoners declined in all age categories except those aged 51 and above while female prisoners dropped in all age categories except juveniles.

Table 16.16: Convicted Prison Population by Age and Sex, 2012-2016

Number

Year	Sex	Under 16	16 -17	18-20	21-25	26-50	51+	Total
2012	Male	184	2,462	11,537	17,188	21,864	4,281	50,106
	Female	1	120	878	2,010	2,849	317	5,809
	Total...	**185**	**2,582**	**12,415**	**19,198**	**24,713**	**4,598**	**55,915**
2013+	Male	231	2,247	13,814	20,252	27,615	4,715	68,874
	Female	5	66	1,115	2,420	3,768	488	7,862
	Total...	**236**	**2,313**	**14,929**	**22,672**	**31,383**	**5,203**	**76,736**
2014	Male	139	3,198	18,002	29,662	40,439	7,711	98,115
	Female	13	105	1,448	2,632	5,500	780	10,370
	Total...	**152**	**3,303**	**19,450**	**32,294**	**45,939**	**8,491**	**108,485**
2015	Male	107	2,522	14,779	22,984	30,842	4,533	75,767
	Female	13	91	1,735	2,974	6,288	1,247	12,348
	Total...	**120**	**2,613**	**16,514**	**25,958**	**37,130**	**5,780**	**88,115**
2016*	Male	92	1,665	12,040	22,444	29,557	5,991	71,789
	Female	19	211	1,343	2,818	5,256	997	10,644
	Total	**111**	**1,876**	**13,383**	**25,262**	**34,813**	**6,988**	**82,433**

Source: Kenya Prison Service

* *Provisional*

\+ Revised

16.24. Table 16.17 presents the number of convicted prisoners by type of offence and sex for 2012 to 2016. In 2016, persons convicted for liqour offences contributed slightly more than a third of convicted prisoners. All offences recorded declines in the number of convicts except those related to liquor which increased by 7.7 per cent to 28,936 in 2016. Persons convicted under order and administration of lawful authority decreased by 11.4 per cent to 9,468 in 2016. At the same time, those convicted for offences related to property declined by a similar margin to 8,603.

Table 16.17: Convicted Prisoners by Type of Offence and Sex, 2012-2016

Number

Type of Offence[1]	2012			2013			2014			2015			2016*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Order and administration of lawful authority	5,739	279	6,018	8,862	345	9,207	17,171	415	17,586	10,235	457	10,692	9,113	355	9,468
Injurious to public	2,492	154	2,646	2,947	174	3,121	4,527	188	4,715	3,231	169	3,400	3,127	132	3,259
Against person	3,598	329	3,927	4,838	467	5,305	7,574	496	8,070	5,771	394	6,165	5,084	369	5,453
Related to property	7,148	361	7,509	9,393	374	9,767	13,762	503	14,265	9,382	333	9,715	8,269	334	8,603
Attempts & conspiracies	1,161	81	1,242	1,554	62	1,616	3,720	106	3,826	1,312	75	1,387	1,308	23	1,331
Employment Act	2,274	768	3,042	2,861	611	3,472	4,375	321	4,696	5,851	253	6,104	3,992	297	4,289
Liquor Act	8,203	2,264	10,467	12,309	3,899	16,208	18,828	6,485	25,313	18,292	8,564	26,856	20,967	7,969	28,936
Drugs related	3,292	78	3,370	3,361	59	3,420	5,246	221	5,467	5,174	249	5,423	4,264	114	4,378
Various cases	16,199	1,495	17,694	20,545	1,732	22,277	18,303	1,427	19,730	16,111	1,814	17,925	15,554	1,049	16,603
Registration of persons[2]	..	..	..	2,204	139	..	4,609	208	..	408	40	..	111	2	113
Total by sex	**50,106**	**5,809**	**55,915**	**68,874**	**7,862**	**76,736**	**98,115**	**10,370**	**108,485**	**75,767**	**12,348**	**88,115**	**71,789**	**10,644**	**82,433**

Source: Kenya Prison Service

* Provisional

+ Revised

[1] As categorised in Appendix 16.2

[2] refers to offences outlined in the Registration of Persons Act Cap 107 such as illegal registrations

16.25. The number of Police, Prison and Probation officers from 2012 to 2016 are shown in Table 16.18. In the review period, the number of police officers increased by 25.6 per cent to 53,844, following the absorption of two groups of recruits into the service The number of prison officers increased by 9.0 per cent from 19,389 in 2015 to 21,139 in 2016 with the number of female prison officers increasing by 14.9 per cent. Prison officers in juveniles prisons increased from 321 in 2015 to 399 in 2016. However, the number of probation officers decreased by 4.3 per cent from 579 in 2015 to 554 in 2016.

Table 16.18: Police, Prisons and Probation Officers, 2012 – 2016

Number

Year	Sex	Police[1] Officers	Prison Officers			Probation Officers
			in Adult Prisons	in Juvenile Prisons	Total	
2012	Male	37,868	16,688	235	16,923	349
	Female	4,718	3,163	54	3,217	275
	Total	**42,586**	**19,851**	**289**	**20,140**	**624**
2013	Male	37,293	16,488	227	16,715	365
	Female	4,852	3,139	51	3,190	286
	Total	**42,145**	**19,627**	**278**	**19,905**	**651**
2014	Male	34,129	16,288	201	16,489	316
	Female	5,086	3,067	31	3,098	228
	Total	**39,215**	**19,355**	**232**	**19,587**	**544**
2015	Male	36,185	16,014	257	16,271	321
	Female	6,668	3,054	64	3,118	258
	Total	**42,853**	**19,068**	**321**	**19,389**	**579**
2016*	Male	45,898	17,249	308	17,557	303
	Female	7,946	3,491	91	3,582	251
	Total	**53,844**	**20,740**	**399**	**21,139**	**554**

Source: Kenya Police, Prisons Service and Probation and Aftercare Department

* Provisional

1 Excludes administration police

Probation and Aftercare

16.26. Table 16.19 shows the number of offenders serving probation sentence, community service and aftercare by sex and type of offence from 2015 to 2016. The total number of offenders declined by 12.7 per cent from 58,003 in 2015 to 50,619 in 2016. About three quarters of the offenders were on community service while 22.3 per cent were serving probation sentences in 2016. Offenders on probation and those on community service decreased by 15.9 and 13.0 per cent, respectively, while offenders serving aftercare increased by 33.6 per cent in 2016. Offenders involved in general stealing, dangerous drugs and assault accounted for 14.3, 11.7 and 11.5 per cent, respectively.

Table 16.19: Number of Offenders Serving Probation Sentence, Community Service and Aftercare by Sex and Type of Offence, 2015 and 2016

Number

Offence	Offenders Serving Probation Sentence						Offenders Serving Community Service						Offenders Serving Aftercare					
	2015			2016*			2015			2016*			2015*			2016*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Murder (including attempt)	27	19	46	60	22	82	0	0	0	3	2	5	5	0	5	8	1	9
Manslaughter	91	28	119	92	30	122	16	1	17	5	15	20	3	0	3	20	0	20
Rape (including attempt)	188	0	188	217	10	227	18	0	18	118	8	126	123	0	123	139	1	140
Assault	1,006	355	1,361	957	345	1,302	525	118	643	431	75	506	22	6	28	105	19	124
Other offences against persons	1,065	309	1,374	992	284	1,276	421	80	501	440	84	524	48	7	55	67	12	79
Robbery and Allied offences	67	10	77	126	15	141	13	1	14	19	3	22	32	0	32	63	2	65
Breakings	529	16	545	502	21	523	330	28	358	256	16	272	193	11	204	150	0	150
Theft of Stock	317	10	327	213	6	219	199	16	215	181	24	205	14	2	16	30	2	32
General stealing	1,717	214	1,931	1,417	196	1,613	1,532	179	1,711	885	67	952	396	10	406	430	15	445
Theft of M/vehicle	20	0	20	19	5	24	23	0	23	4	0	4	10	0	10	11	0	11
Theft of M/vehicles parts	4	0	4	7	1	8	4	0	4	4	0	4	0	0	0	0	0	0
Theft from m/ vehicles	9	2	11	19	5	24	11	0	11	40	1	41	0	0	0	0	0	0
Theft of bicycles	7	3	10	16	2	18	214	0	214	56	1	57	2	0	2	1	0	1
Theft by servant	223	66	289	268	37	305	624	33	657	78	36	114	0	0	0	21	4	25
Dangerous drugs[1]	1,341	538	1,879	1,066	258	1,324	2,613	1,002	3,615	2,073	703	2,776	43	30	73	60	10	70
Handling stolen property	193	19	212	163	27	190	85	15	100	216	75	291	11	0	11	18	1	19
Corruption	16	1	17	35	23	58	1	3	4	3	0	3	0	0	0	0	2	2
Causing death by dangerous driving	3	1	4	47	6	53	8	0	8	9	2	11	0	0	0	0	0	0
Other offences against property	598	111	709	609	109	718	636	181	817	583	112	695	26	3	29	68	3	71
All other penal code offences	3,335	964	4,299	2,108	951	3,059	29,341	5,109	34,450	26,507	4,594	31,101	173	31	204	299	42	341
TOTAL	**10,756**	**2,666**	**13,422**	**8,933**	**2,353**	**11,286**	**36,614**	**6,766**	**43,380**	**31,911**	**5,818**	**37,729**	**1,101**	**100**	**1,201**	**1,490**	**114**	**1,604**

Source: Probation and Aftercare Department

* Provisional

[1] See Appendix 16.1

Immigration

16.27. Table 16.20 shows the number of passports and work permits issued, and foreign nationals registered for the period 2012 to 2016. In 2016, a total of 156,040 passports were issued compared to 151,589 in 2015. During this period, the number of foreign nationals registered rose by 47.6 per cent to 37,033. However, issued work permits decreased by 23.8 per cent to 5,851 while renewed work permits decreased by 14.2 per cent to 9,547 in 2016.

Table 16.20: Passports and Work Permits Issued, and Foreign Nationals Registered, 2012 - 2016

Number

Category	2012	2013	2014	2015	2016*
Passports issued...	171,169	148,940	183,042	151,589	156,040
Foreign Nationals Registered[1]	23,490	21,920	22,326	25,091	37,033
Work permits issued[2]...	11,360	10,411	10,540	7,683	5,851
Work Permits Renewed	8,636	9,315	10,532	11,125	9,547

Source: Department of Immigration

* Provisional

[1] Means the same as "Aliens registered" in previous reports

[2] Means the same as "Entry permits" in previous reports

National Identity Cards

16.28. Table 16.21 shows the number of applications made by persons Not Previously Registered (NPR), number of cards produced and collected by County for 2012 to 2016. The number of new applications increased from 1.1 million in 2015 to 1.5 million in 2016. The counties with high percentage increases in new applications were Garissa, Kirinyaga, Laikipia, Muranga and West Pokot. The increase in new application was mainly attributed to introduction of mobile registration centres especially in Arid and Semi-Arid Lands (ASALs). Production of national identification cards for persons not previously registered increased by 75.3 per cent from 816.5 thousands in 2015 to 1,431.1 thousands in 2016. Counties with high growths in production of ID cards were Lamu, Mandera and West Pokot. Collection of not previously registered ID cards increased by 62.0 per cent from 766.0 thousands in 2015 to 1,241.1 thousands in 2016.

Table 16.21: New Identity Card Applications Made, Produced and Collected by County, 2012-2016

S/No	County	NPR Applications					NPR IDs Produced					NPR IDs Collected				
		2012	2013	2014	2015	2016*	2012	2013	2014	2015	2016*	2012	2013	2014	2015	2016*
1	Mombasa ……	35,676	23,104	17,318	20,817	24,046	43,150	41,549	15,653	15,176	26,165	33,652	22,104	17,859	13,500	22,966
2	Kwale ……	28,117	22,444	17,169	21,513	37,846	10,949	3,137	15,802	14,745	38,688	24,137	24,921	15,969	14,469	33,417
3	Kilifi ……	47,748	38,326	36,227	41,283	54,127	21,933	26,574	29,382	30,820	50,026	51,970	40,609	29,183	32,753	55,187
4	Tana River ……	13,403	11,450	4,803	9,149	12,301	9,659	9,572	4,471	5,022	10,196	10,648	5,987	5,152	4,685	6,481
5	Lamu ……	4,149	1,060	735	2,357	4,539	28,792	24,657	1,625	119	6,129	3,188	3,063	1,513	292	4,069
6	Taita Taveta ……	13,306	8,263	7,245	6,354	9,566	14,941	10,219	7,323	5,315	10,556	13,238	9,667	6,063	6,316	9,728
7	Garissa ……	14,364	5,154	6,879	8,060	20,272	20,988	4,088	4,476	4,563	13,813	9,223	4,966	2,832	3,842	7,785
8	Wajir ……	24,471	6,591	4,225	14,157	20,386	19,835	5,147	3,454	5,033	17,188	12,956	7,961	1,748	1,866	14,201
9	Mandera ……	16,924	8,845	675	26,585	16,901	13,780	5,935	2,147	2,694	33,518	22,741	5,832	1,778	2,678	24,926
10	Marsabit ……	11,076	7,551	8,282	8,882	11,667	9,080	8,258	7,307	5,053	12,930	7,028	7,368	5,665	5,090	9,858
11	Isiolo ……	7,802	3,926	2,071	2,717	3,728	4,095	3,501	1,620	1,554	4,094	4,158	3,042	1,687	1,429	2,221
12	Meru ……	75,751	43,069	30,646	39,380	73,747	23,538	43,118	27,523	30,079	70,354	48,956	34,093	24,221	22,634	36,206
13	Tharaka Nithi……	17,758	7,115	7,457	14,468	20,736	14,551	9,702	7,451	7,321	21,680	15,062	7,672	6,438	4,702	18,920
14	Embu ……	12,207	12,870	12,329	13,467	26,404	9,117	10,178	10,752	12,021	24,742	10,155	15,783	10,623	10,714	17,101
15	Kitui ……	54,381	30,138	29,626	32,969	46,591	42,163	32,307	24,728	29,031	48,371	48,867	34,959	26,227	25,142	45,740
16	Machakos ……	46,585	32,532	29,781	31,036	41,294	39,344	31,998	23,555	24,259	36,323	42,379	32,689	24,875	23,522	30,487
17	Makueni ……	41,528	28,185	26,248	26,660	33,376	38,936	31,261	21,879	24,419	37,069	32,545	31,972	21,227	20,720	33,468
18	Nyandarua ……	25,660	11,425	15,526	15,340	29,285	21,699	16,258	12,113	13,881	25,114	23,917	14,449	12,867	13,301	22,892
19	Nyeri ……	26,923	12,614	16,950	17,641	30,081	26,981	20,730	13,660	16,273	26,764	22,237	16,648	15,137	15,933	23,090
20	Kirinyaga ……	18,181	9,602	12,102	11,623	27,517	27,085	14,327	9,455	11,578	21,869	16,474	7,970	9,395	10,173	15,581
21	Muranga ……	38,361	18,772	23,021	24,745	54,021	24,855	15,610	19,526	21,749	43,570	49,528	21,358	20,206	20,204	36,605
22	Kiambu ……	50,919	29,055	36,921	39,555	64,134	45,747	35,979	30,150	36,354	58,070	50,481	31,551	30,676	33,341	47,227
23	Turkana ……	27,862	10,397	14,162	24,058	26,556	26,178	15,262	11,546	14,232	15,026	20,047	11,534	6,118	10,386	16,611
24	West Pokot ……	21,170	11,895	12,363	16,323	34,517	25,470	18,051	6,762	5,865	29,275	11,725	13,898	5,698	5,433	23,094
25	Samburu ……	9,303	2,699	3,831	6,341	8,868	6,379	3,443	2,222	4,661	8,125	6,722	4,253	2,180	3,149	7,058
26	Trans Nzoia ……	26,891	16,104	20,593	23,499	28,092	23,040	20,378	14,679	15,952	28,586	19,532	17,841	10,635	15,014	23,019
27	Uasin Gishu ……	23,872	17,194	20,456	20,138	31,005	14,165	15,558	14,512	16,551	25,288	21,285	14,813	15,979	16,636	24,026
28	Elgeyo Marakwet …	16,611	7,985	9,511	10,042	17,368	17,583	8,048	7,409	7,761	14,214	15,978	9,461	8,148	7,701	14,778
29	Nandi ……	30,278	11,508	9,339	21,113	32,215	33,481	15,194	10,507	13,946	22,143	24,279	13,960	8,284	12,944	20,637
30	Baringo ……	21,879	8,833	10,746	13,562	25,833	13,564	9,061	7,423	10,556	16,275	17,721	7,918	6,355	15,099	16,716

Source: National Registration Bureau

NPR means Not Previously Registred

.. means Data not available

Table 16.21: New Identity Card Applications Made, Produced and Collected by County and Sex, 2012-2016. Cont....

S/No	County	NPR Applications					NPR IDs Produced					NPR IDs Collected				
		2012	2013	2014	2015	2016*	2012	2013	2014	2015	2016*	2012	2013	2014	2015	2016*
31	Laikipia	14,790	8,914	9,814	7,984	18,137	19,344	10,219	7,963	8,693	17,597	17,046	9,476	5,859	9,441	15,601
32	Nakuru	62,796	31,589	45,660	55,237	76,607	47,693	34,782	32,579	36,520	62,504	55,129	32,970	32,800	42,429	56,198
33	Narok	27,638	12,664	15,549	21,469	30,753	33,061	22,101	12,517	9,897	31,614	27,130	17,831	8,529	9,310	27,515
34	Kajiado	9,153	6,451	8,759	10,259	18,529	23,206	18,209	13,349	13,454	20,600	8,556	7,897	6,475	14,334	15,152
35	Kericho	31,222	21,329	23,160	23,077	30,801	11,231	11,586	14,450	16,928	23,979	31,501	22,611	17,509	28,171	23,086
36	Bomet	22,335	11,029	13,896	15,009	24,076	19,276	16,113	12,823	14,767	22,741	18,135	11,598	9,620	14,743	19,357
37	Kakamega	71,332	44,652	55,590	50,910	59,574	61,907	45,618	39,908	44,432	55,388	58,848	44,719	41,456	38,417	51,356
38	Vihiga	23,543	13,653	18,932	17,352	19,812	38,969	45,584	12,291	15,107	19,585	24,197	12,782	12,972	11,941	14,093
39	Bungoma	56,972	40,551	43,971	47,915	55,514	23,830	23,145	39,086	30,013	52,781	35,038	34,669	26,511	25,117	42,983
40	Busia	28,289	18,511	21,667	28,017	30,280	20,774	15,256	21,098	21,377	33,511	26,305	20,052	15,381	16,329	32,681
41	Siaya	57,343	20,591	25,457	35,071	45,097	54,925	34,866	19,430	26,613	41,453	45,643	24,558	19,003	25,691	38,887
42	Kisumu	58,143	26,429	27,123	37,333	39,774	34,340	25,644	21,711	27,062	39,613	44,566	29,627	20,500	26,652	35,158
43	Homabay	49,217	15,360	23,987	33,553	34,782	28,057	20,814	18,321	26,903	36,599	45,945	22,688	17,299	23,640	33,881
44	Migori	47,903	23,001	23,594	33,279	40,649	32,902	30,507	18,047	20,014	41,090	39,341	24,241	14,003	18,263	36,770
45	Kisii	66,234	22,298	31,799	32,752	40,140	19,801	20,887	22,662	27,739	40,567	58,270	31,316	21,890	24,230	37,381
46	Nyamira	29,554	13,951	20,617	23,066	24,085	18,792	15,758	14,347	16,237	19,506	26,303	15,238	14,780	14,072	18,342
47	Nairobi City[1]	87,310	51,950	56,275	61,150	74,233	80,782	54,028	48,370	54,138	75,805	116,378	58,840	70,248	49,554	78,569
Total		**1,546,930**	**841,629**	**913,087**	**1,097,267**	**1,529,862**	**1,239,968**	**954,217**	**738,064**	**816,477**	**1,431,094**	**1,369,160**	**899,455**	**709,573**	**766,002**	**1,241,105**

Source: National Registration Bureau

NPR means Not Previously Registered

[1] *Includes identity cards produced NPR citizens in diaspora totalling 532 in 2016*

Registration of Voters

16.29. During the year under review, the voter register was updated as a result of the mass voter registration exercise conducted in 2015. The number of registered voters stood at 15,961,627 by the end of 2016 as shown in Table 16.22.

Table 16.22: Registered Voters, 2016

S/No	County name / Diaspora	No.of constituencies	Registered Voters as at 31.12.2016*
1	Mombasa	6	454,799
2	Kwale	4	208,338
3	Kilifi	7	386,618
4	Tana River	3	96,675
5	Lamu	2	56,744
6	Taita Taveta	4	125,720
7	Garissa	6	124,870
8	Wajir	6	126,156
9	Mandera	6	125,156
10	Marsabit	4	124,748
11	Isiolo	2	59,724
12	Meru	9	542,575
13	Tharaka-Nithi	3	170,514
14	Embu	4	245,024
15	Kitui	8	394,366
16	Machakos	8	512,848
17	Makueni	6	342,344
18	Nyandarua	5	283,205
19	Nyeri	6	390,882
20	Kirinyaga	4	291,020
21	Murang'a	7	489,051
22	Kiambu	12	947,599
23	Turkana	6	153,752
24	West Pokot	4	134,767
25	Samburu	3	69,386
26	Trans Nzoia	5	274,479
27	Uasin Gishu	6	351,139
28	Elgeyo/Marakwet	4	144,703
29	Nandi	6	279,666
30	Baringo	6	190,306
31	Laikipia	3	193,326
32	Nakuru	11	772,912
33	Narok	6	283,777
34	Kajiado	5	329,533
35	Kericho	6	313,944
36	Bomet	5	270,496
37	Kakamega	12	632,751
38	Vihiga	5	224,638
39	Bungoma	9	471,456
40	Busia	7	289,610
41	Siaya	6	379,293
42	Kisumu	7	450,011
43	Homa Bay	8	385,538
44	Migori	8	326,455
45	Kisii	9	456,861
46	Nyamira	4	238,270
47	Nairobi City	17	1,843,040
48	Diaspora	1	2,542
	Total	**291**	**15,961,627**

Source: Independent Electoral and Boundaries Commission (IEBC)

* Provisional

Refugees in Kenya

16.30. Table 16.23 presents the number of refugees by age and sex for 2012 to 2016. The registered refugee population declined by 16.7 per cent from 593,881 in 2015 to 494,863 in 2016 following the voluntary repatriation of refugees from Dadaab camp and low registration of new refugees. Adult refugee population declined by 19.7 per cent to 210,718 in 2016 while child refugees reduced by 14.3 per cent to 284,145 in the same period. The decline in refugee population was more pronounced in males at 17.5 per cent than in females at 15.8 per cent in 2016.

Table 16.23: Number of Registered Refugees by Age and Sex, 2012 - 2016

Number

Category	2012	2013	2014	2015	2016*
Children (under 18 yrs)					
Male.....	177,254	173,544	173,573	174,344	149,972
Female.....	161,017	157,070	155,350	157,276	134,173
Total Children	**338,271**	**330,614**	**328,923**	**331,620**	**284,145**
Adults (18 yrs & above)					
Male.....	128,004	151,227	123,991	129,616	100,781
Female.....	141,838	135,382	132,449	132,645	109,937
Total Adults	**269,842**	**286,609**	**256,440**	**262,261**	**210,718**
Total	**608,113**	**617,223**	**585,363**	**593,881**	**494,863**

Source: Refugee affairs Secretariat

*Provisional

Appendix 16.1: Kenya Police Service reclassified offences reported to Police in view of new legislations such as the Economic Crimes

CODE	OFFENCES	CATEGORY OF OFFENCES
1	HOMICIDE	a) Murder b) Manslaughter c) Infanticide d) Procuring Abortion e) Concealing Birth f) Suicide g) Causing Death by dangerous Driving
2	OFFENCES AGAINST MORALITY	a) Rape b) Defilement c) Incest d) Unnatural Offences (Sodomy) e) Bestiality f) Indecent assault g) Abduction h) Bigamy
3	OTHER OFFENCES AGAINST PERSONS	a) Assault b) Creating Disturbance c) Affray
4	ROBBERY	a) Robbery b) Robbery with Violance c) Carjacking d) Robbed of M/V e) Cattle Rustling
5	BREAKING	a) House Breaking b) Burglary c) Other Breakings
6	THEFT OF STOCK	
7	STEALING	a) Handling Stolen Property b) Stealing from Person c) Stealing by Tenants/lodgers d) Stealing from a building e) General Stealing
8	THEFT BY SERVANT	a) Stealing by Directors b) Stealing by employee/servant
9	VEHICLE AND OTHER THEFTS	a) Theft of M/V b) Theft from M/V c) Theft of M/V part d) Theft of M/Cycle
10	DANGEROUS DRUGS	a) Possession b) Handling c) Trafficking d) Cultivating e) Usage
11	TRAFFIC OFFENCES	a) Taking and Driving Motor Vehicle without AuthorIty b) Driving under influence of alcohol
12	CRIMINAL DAMAGE	a) Malicious Damage b) Arson c) Negligent Acts
13	ECONOMIC CRIMES	a) Obtaining by False Pretence b) Currency Forgery c) Other Fraud/Forgery Offences
14	CORRUPTION	a) Soliciting for Bribe b) Accepting Bribe c) Accept Free Gifts d) Demanding by false pretence e) Other Corruption Offences
15	OFFENCES INVOLVING POLICE OFFICERS	a) Soliciting for Bribe b) Accepting Bribe c) Accept Free Gifts d) Demanding by false pretence e) Other Criminal Offences
16	OFFENCES INVOLVING TOURIST	a) Bag Snatching b) Other offences Against Tourists c) Other Offences involving Tourist

Appendix 16.2: Description of offences

Order and administration of lawful authority	Treason, incitement to mutiny, aiding civil disobedience
Injurious to public	Stealing government property, stealing by person in public service, stealing from state corporation
Against person	Asault, grevious harm, murder etc
Related to property	Theft, robbery with violence, arson
Attempts and consipiracies	Attempts to commit offences, neglect to prevent offences, consipiracies to commit offences
Employment Act	Employment of alliens without work permit
Drug related	Possesion, manufacture, trafficking etc, of any quantity
Various cases	By-laws under local/county government Act, Traffic Act, Tax Act etc

17 Chapter

Highlights of the 2016 ICT Public Sector and Enterprise Surveys

Overview

The Government identified Information Communication Technology (ICT) as a key enabler to the achievement of Vision 2030 goals and aspirations which aims at transforming Kenya into a knowledge and information based economy. Information and Communication Technology has played a fundamental role both as an innovative economic sector and a catalyst for other sectors. The Government has put in place regulatory frameworks and guidelines for boosting Information and Communication Technologies (ICTs) usage in all sectors of the economy.

17.2. The role of ICTs in enhancing the ease of doing business has long been recognized. In the recent past, there have been significant changes in the ICT Industry in terms of products and services. The 2009 Kenya Population and Housing Census and the 2010 National ICT Survey provided ICT data at household level. However, there has been no data on ICT usage in enterprises and public institutions necessary for policy formulation, review and evaluation. The 2016 ICT surveys were conducted with the aim of completing the demand side by filling these data gaps.

17.3. Relevant and up-to-date data is required to strengthen the development of the ICT sector and measure its impact on the achievement of Sustainable Development Goals (SDGs). The 2016 ICT Public Sector and Enterprise Surveys were conducted by the Kenya National Bureau of Statistics (KNBS) in collaboration with Communications Authority of Kenya (CA) with a view to providing comprehensive information on the availability of ICT infrastructure, access and use of ICTs. The data on ICT were collected to compile comparable statistics at international level as well as creating national ICT indicators.

Objectives of the Surveys

17.4. The main objective of the 2016 ICT Public Sector and Enterprise surveys was to measure access to and use of ICTs. Specific objectives of the surveys were to asses the availability of ICT infrastructure and its applications in enterprises and institutions; measure the penetration of e-commerce in enterprises; measure availability of e-government services to citizens, establish the existence of internal ICT policies and generate national level ICT baseline indicators for both enterprises and public institutions.

Survey Methodology

17.5. The 2016 ICT Public-Sector survey targeted Ministries, Departments, and Agencies (MDAs) of the National Government as well as the county governments. A sample of public institutions was drawn based on known scientific methodology.

17.6. The 2016 ICT Enterprise Survey was designed to provide estimates on ICT access and use by enterprises. Stratified random sampling methodology was adopted to select a representative sample. The enterprises were stratified based on employment size: micro (1-9 employees), small (10-49 employees), medium (50-249 employees) and large (250 or more employees) enterprises and economic classification (ISIC Rev 4). However, in Agriculture, forestry and fishing industry, only enterprises engaged in horticulture were included in the sample. Sample allocation in each stratum was done using power allocation method to ensure that each stratum was represented in the sample irrespective of the number of enterprises in the stratum. The sample was then drawn independently in each stratum using equal probability

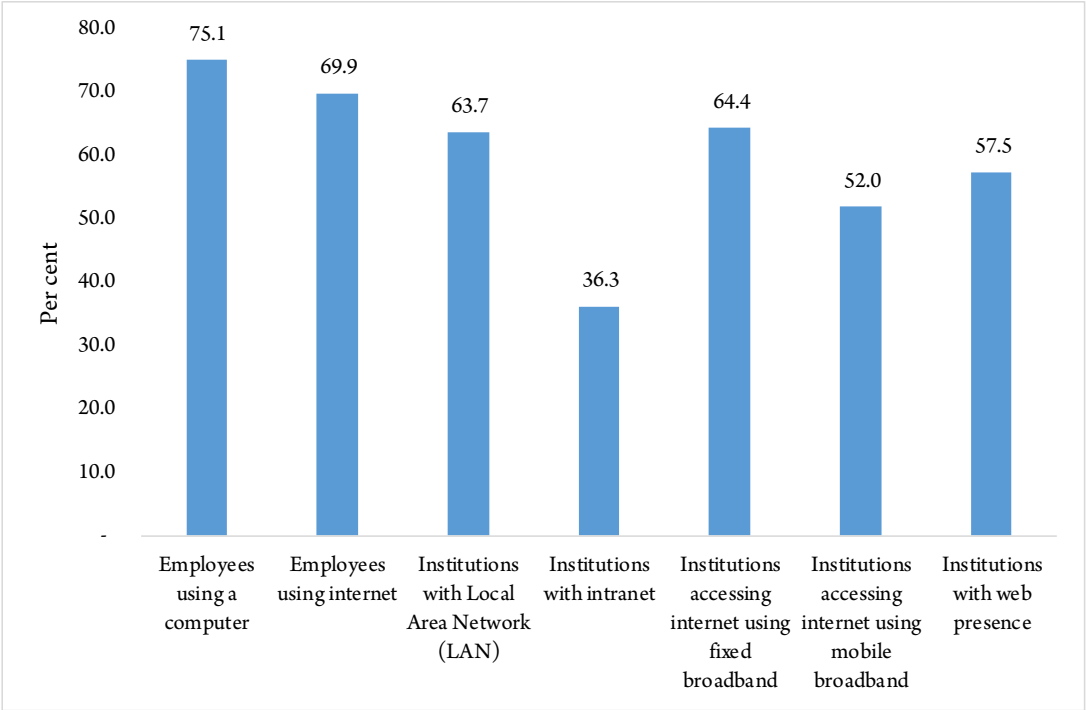
selection method. A total of 4,000 enterprises were sampled for the enterprise survey.

Public Sector Key Findings

17.7. There is a growing recognition that the use of ICTs by the public sector can improve efficiency in service delivery by the Government to its citizens. The provision of government services online (e-government) and innovations offers significant opportunities for transforming the public administration into an instrument of sustainable economic growth and development.

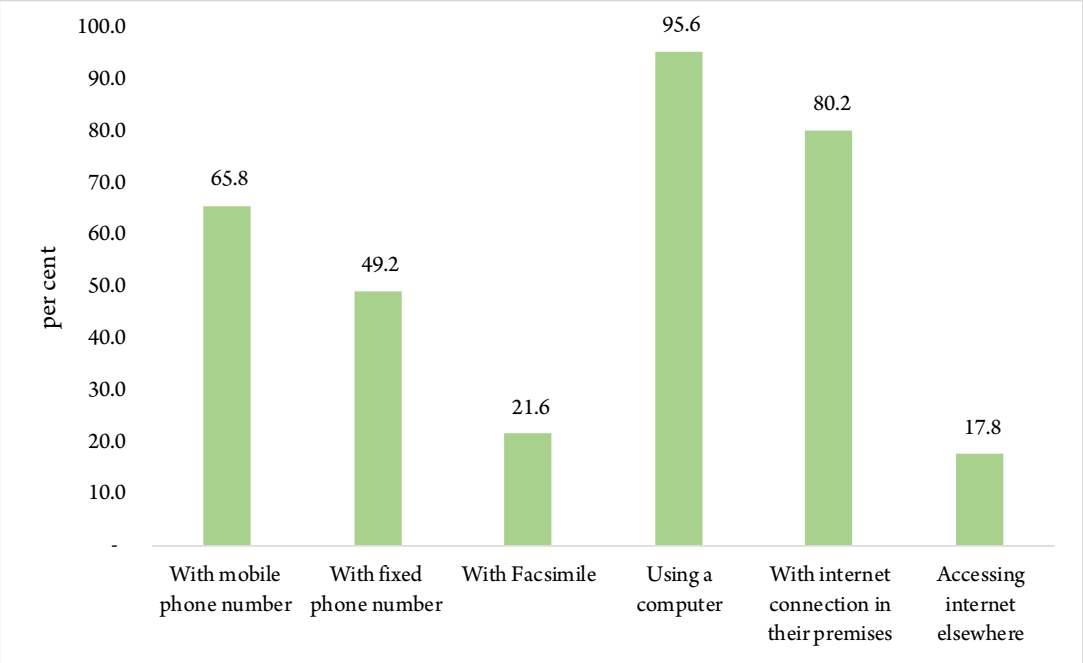
17.8. **Global Level Indicators:** Ownership and use of ICTs in public institutions is depicted in Figure 17.1. International level ICT indicators covered by the survey were; the proportion of persons employed that use: computers, intranet and proportion of institutions with: Local Area Network (LAN) and intranet. The survey established that 75.1 per cent of employees use computers and 69.9 per cent use intranet. Institutions with LAN were reported at 63.7 per cent while those with intranet were 36.3 per cent.

Figure 17.1: Use of ICTs in Public Institutions, 2015



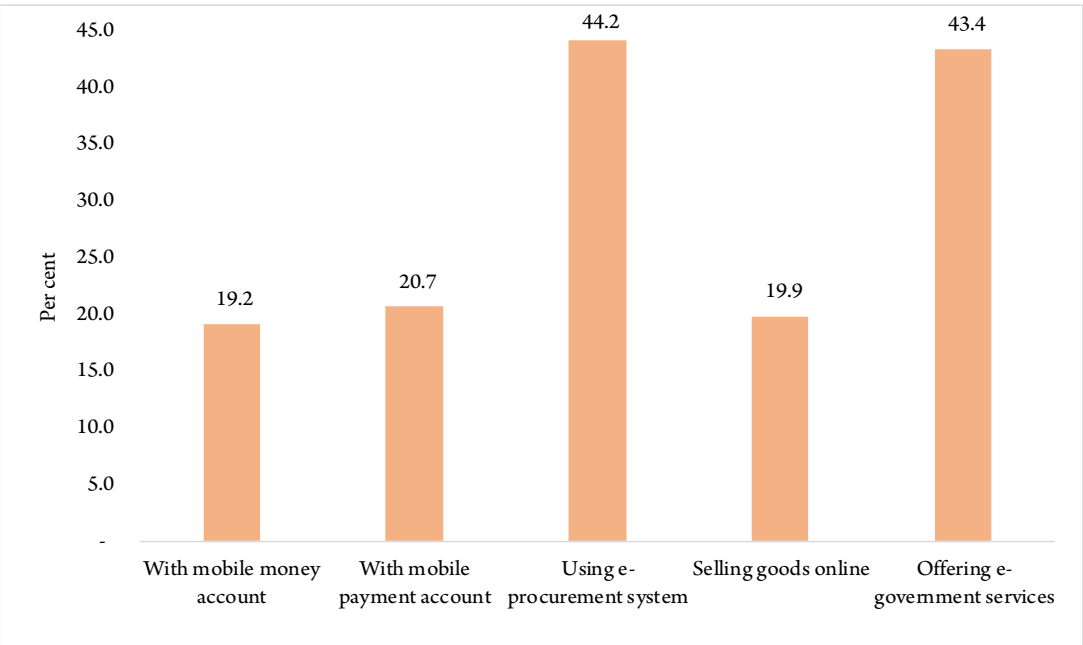
17.9. **Other Indicators:** Figure 17.2 presents the proportion of public institutions that reported owning or having access to some selected ICTs in 2015. Approximately 96.0 per cent of the public institutions reported using computers while 80.2 per cent of the institutions had internet connection in their premises. The proportion of public institutions with mobile number and fixed telephone number for official use was 65.8 per cent and 49.2 per cent, respectively. Ownership of facsimile was reported by 21.6 per cent of public institutions.

Figure 17.2: Ownership and Access of ICTs in Public Institutions, 2015



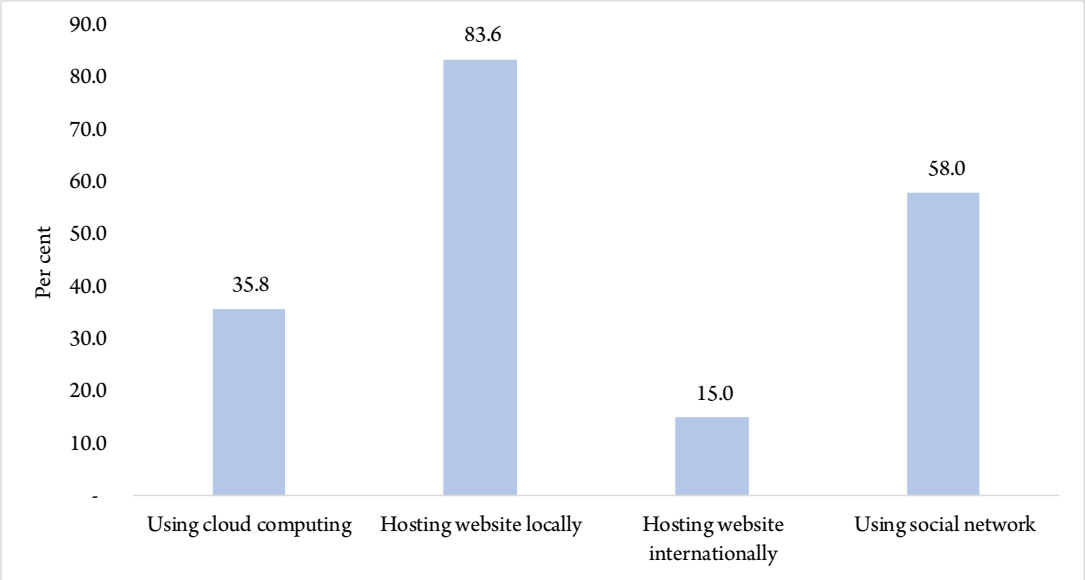
17.10. Figure 17.3 shows the proportion of public institutions that use mobile money and e-procurement and those that provided e-government services in their transactions. Use of these services aims at enhancing public sector's transparency and transactional effectiveness. About one in five public institutions reported to own mobile money account, mobile payment account and selling of goods online. The proportion of public institutions offering e-government services and using e-procurement system were 43.2 per cent and 44.2 per cent, respectively.

Figure 17.3: Mobile money, e-Procurement and e-Government services in Public Institutions, 2015



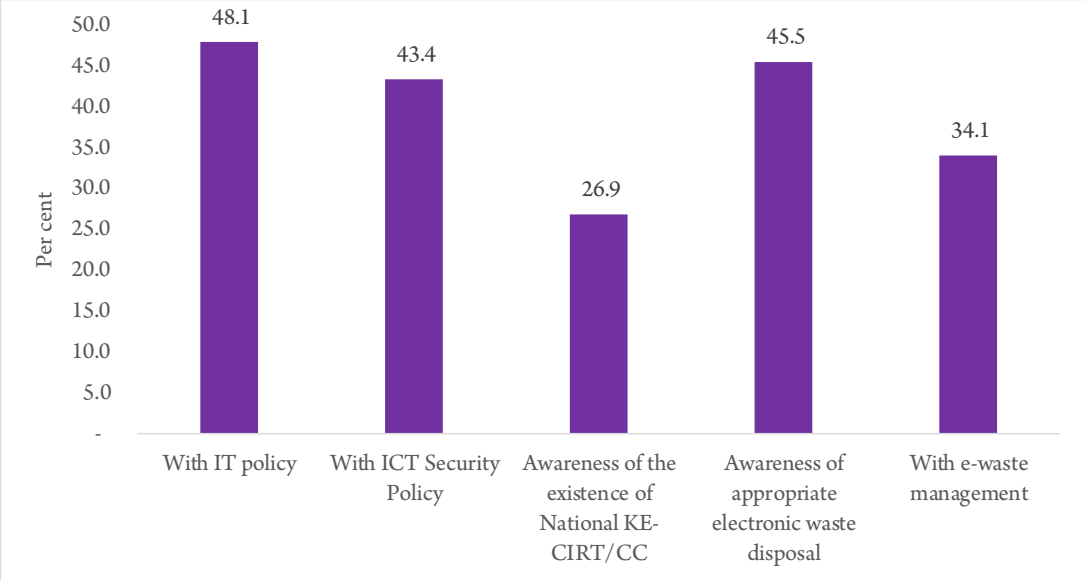
17.11. The proportion of public institutions using cloud computing, social networking and hosting their websites internationally or locally are shown in Figure 17.4. Public institutions that used cloud computing were 35.8 per cent while those using of social networking sites were 58.0 per cent. Over 80 per cent of the public institutions reported hosting their websites locally. Most of the institutions that hosted their website outside the country cited information security.

Figure 17.4: Cloud Computing, Web Hosting and Use of Social Networking Sites in Public Institutions, 2015



17.12. Figure 17.5 shows the proportion of public institutions that had IT and ICT security policies in place. IT policy lays down guidelines and framework for use and management of an institution's information technology resource. ICT security policy is usually a commitment by an institution to address confidentiality, integrity and risks of compromising information within its ICT systems. IT and ICT security policies were reported to be in place by 48.1 per cent and 43.4 per cent of the public institutions, respectively. Few institutions at 26.9 per cent were aware of the existence of Kenya Computer Incident Response Team - Coordination Center(KE-CIRT/CC) while 45.5 per cent were aware of an appropriate electronic waste disposal method. The proportion of institutions which reported to have adopted e-waste management policies were 34.1 per cent.

Figure 17.5: ICT Management and Security in Public Institutions, 2015

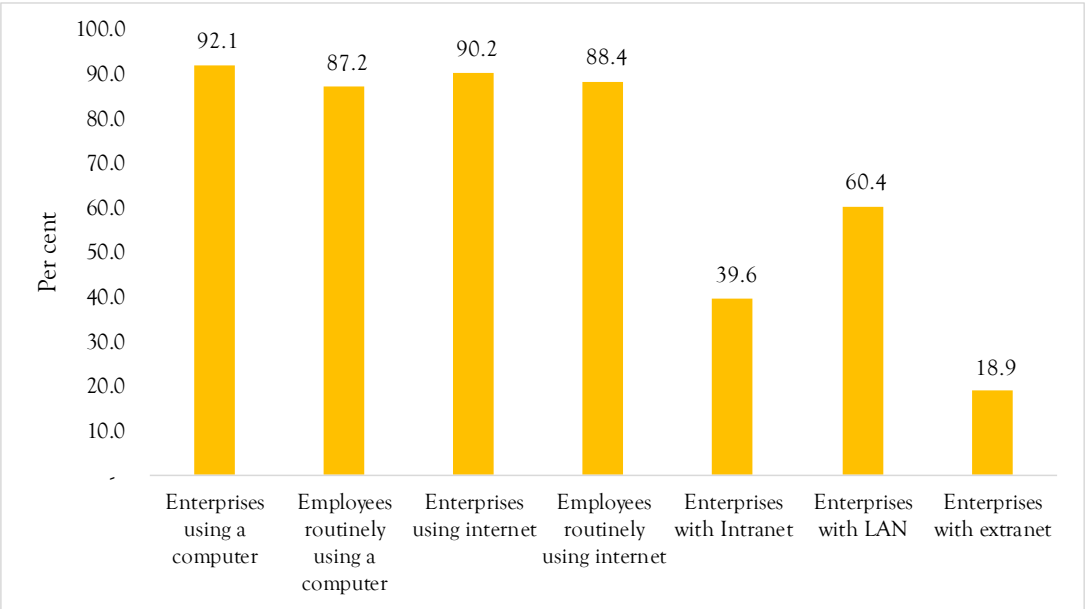


ICT Enterprise Survey Key Findings

17.13. The survey sought to establish the actual penetration on the use of the ICTs in private enterprises. It focused on capturing data on e-business and e-commerce; where the former refers to the use of ICTs to facilitate business processes while the latter refers to use of internet or computer- mediated networks by businesses to order or receive goods and services.

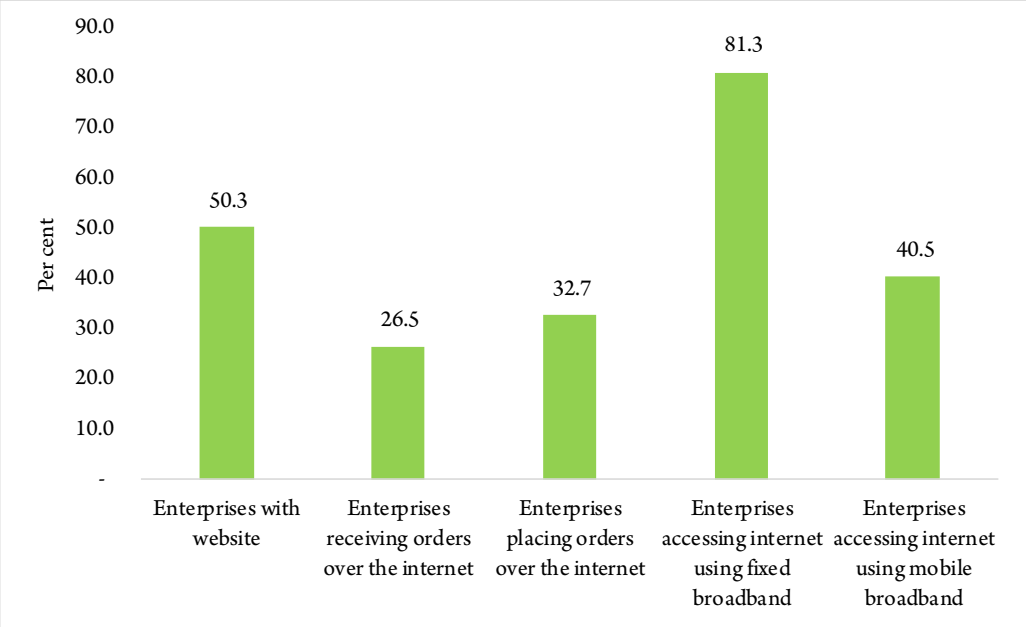
17.14. **Global Level Indicators:** Proportion of enterprises using selected ICTs is shown in Figure 17.6. The proportion of enterprises using computers and internet was 92.1 per cent and 90.2 per cent, respectively. The proportion of enterprises with employees routinely using internet and computer in their work place was 88.4 per cent and 87.2 per cent, respectively. The proportion of enterprises with intranet and extranet was 39.6 per cent and 18.9 per cent, respectively. Availability of LAN was reported by 60.4 per cent of the enterprises.

Figure 17.6: Use of ICTs in Enterprises, 2015



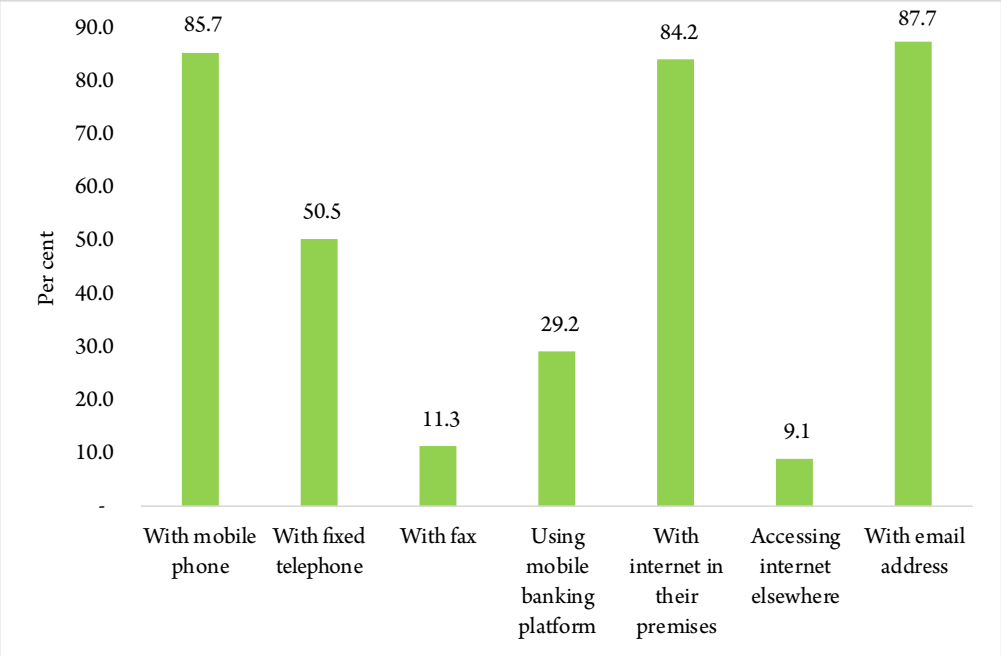
17.15. Figure 17.7 depicts the proportion of enterprises with web presence and access to selected ICTs in 2015. Enterprises with website were 50.3 per cent while 26.5 per cent and 32.7 per cent reported to have received and placed orders over the internet, respectively. Enterprises which reported to have accessed internet using fixed broadband were 81.3 per cent while 40.5 per cent accessed internet using mobile broadband.

Figure 17.7: Ownership of website and access to selected ICTs by enterprises, 2015



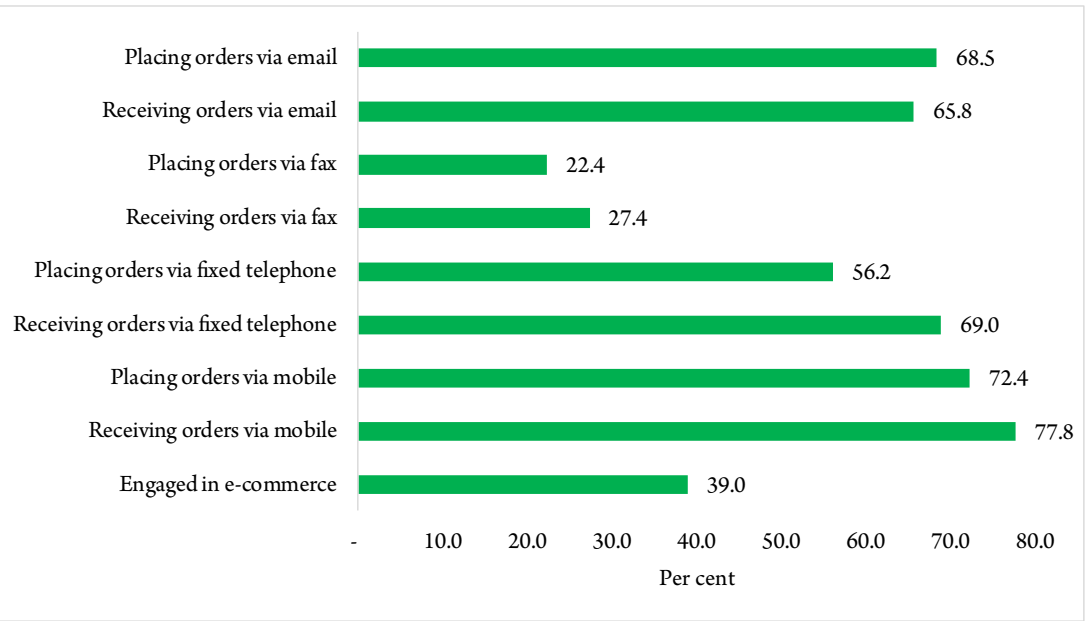
17.16. **Country Level Indicators:** Figure 17.8 portrays the proportion of enterprises with mobile, fixed telephones, fax, mobile banking, internet in their premises and those with official email. The proportion of enterprises with official email addresses and internet in their premises was 87.7 per cent and 84.2 per cent, respectively. Ownership of mobile phones was 85.7 per cent while that of fixed telephone and fax were 50.5 per cent and 11.3 per cent, respectively. Enterprises using mobile banking platform were 29.2 per cent.

Figure 17.8: Ownership of ICTs by Enterprises, 2015



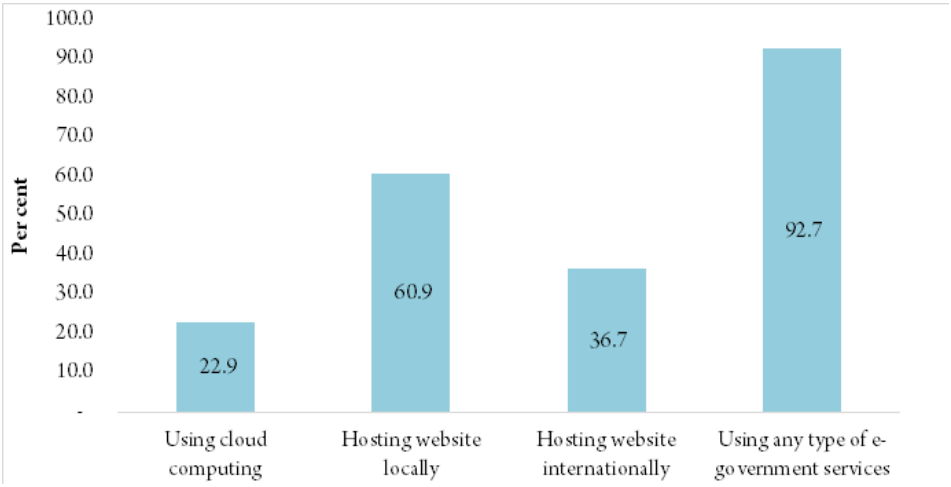
17.17. The proportion of enterprises that engaged in electronic and mobile commerce is presented in Figure 17.9. Thirty-nine per cent of enterprises reported to have engaged in e-commerce. In m-commerce, 72.4 percent of enterprises reported placing orders via mobile while 77.8 per cent reported receiving orders via mobile. Among the enterprises with fixed telephone, 56.2 per cent used them to place orders while 69.0 per cent use them to receive orders. Enterprises placing and receiving orders using email were 68.5 per cent and 65.8 per cent, respectively. Use of facsimiles to place and receive orders was 22.4 per cent and 27.4 per cent, respectively.

Figure 17.9: Proportion of Enterprises that Engaged in e-Commerce and m-Commerce, 2015



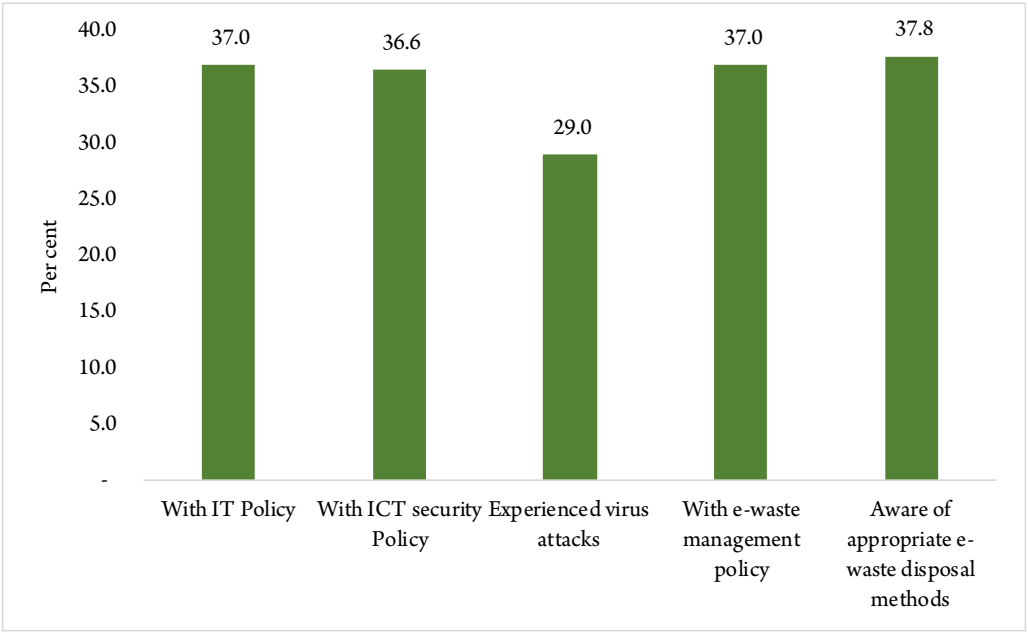
17.18. The proportion of enterprises using cloud computing was 22.9 per cent while the proportion of enterprises that reported using any type of e-government services was 92.7 per cent. Enterprises which reported hosting their websites locally were 60.9 per cent while 36.7 per cent reported hosting their website internationally as shown in Figure 17.10.

Figure 17.10: Web hosting, Use of Cloud Computing and e-Government Services by Enterprises, 2015



17.19. Figure 17.11 presents the proportion of enterprises with IT, ICT security and e-waste disposal policies. Enterprises which reported having IT policy were 37.0 per cent while those that reported to having ICT security policies were 36.6 per cent. The proportion of enterprises that reported to be aware of appropriate e-waste disposal methods was 37.8 per cent while those that had e-waste management policies in place constituted 37.0 per cent.

Figure 17.11: ICT Management and Security in Enterprises, 2015



17.20. Tables 17.1 and 17.2 provide a summary of ICT indicators for both public sector institutions and enterprises.

Table 17.1: Public Sector ICT Indicators, 2015

	Per cent
a) Global Level Indicators	
Proportion of persons employed using a computer	75.1
Proportion of persons employed using internet	69.9
Proportion of institutions with Local Area Network (LAN)	63.7
Proportion of institutions with intranet	36.3
Proportion of institutions with internet access, by type of access	
Fixed broadband	64.4
Mobile broadband	52.0
Proportion of institutions with web presence	57.5
b) Other Indicators	
Proportion of institutions with mobile phone number	65.8
Proportion of institutions with fixed phone number	49.2
Proportion of institutions with facsimile	21.6
Proportion of institutions with mobile money account	19.2
Proportion of institutions with mobile payment account	20.7
Proportion of institutions using a computer	95.6
Proportion of institutions with internet connection in their premises	80.2
Proportion of institutions accessing internet elsewhere	17.8
Proportion of institutions using the internet by type of activity	
Internet banking	31.4
Accessing other financial services	36.8
Staff training	42.0
Sending or receiving email	98.3
Telephoning over the Internet/ VoIP including video conferencing VoIP	22.5
Use of instant messaging such as Whatsapp etc	55.2
Use of social media e.g. Facebook for work purpose	56.5
Internal or external recruitment	31.5
Providing public services	52.3
Data collection	58.8
Research	51.4
Receiving feedback from public	52.0
Purchasing/ordering goods and services	43.0
Tracking of goods and services	21.0
Advertising	43.4
Selling goods and services	10.6
Sending and receiving information	0.9

	Per cent
Proportion of institutions offering e-government services	43.4
Proportion of institutions using cloud computing	35.8
Proportion of institutions hosting website Locally	83.6
Proportion of institutions hosting website Internationally	15.0
Proportion of institutions using social network by type	58.0
Proportion of institutions using specialized applications for human resource	56.5
Proportion of institutions using e-procurement system	44.2
Proportion of institutions selling goods online	19.9
Proportion of institutions with IT policy	48.1
Proportion of Institutions with ICT Security Policy	43.4
Proportion of institutions aware of National KE-CIRT/CC	26.9
Proportion of institutions aware of modes of disposing electronic waste	45.5
Proportion of institutions with e-waste management	34.1

Table 17.2: Enterprise ICT Indicators, 2015

Per cent

a) Global Level Indicators	
Proportion of persons employed using a computer	75.1
Proportion of persons employed using internet	69.9
Proportion of institutions with Local Area Network (LAN)	63.7
Proportion of institutions with intranet	36.3
Proportion of institutions with internet access, by type of access	
Fixed broadband	64.4
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Selling goods and services	10.6
Sending and receiving information	0.9

	Per cent
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Proportion of institutions with e-waste management	34.1

Highlights of the 2016 National Micro, Small and Medium Establishments Survey

18 Chapter

Overview

The MSME sector in Kenya has over the years been recognized for its role in provision of goods and services, enhancing competition, fostering innovation, generating employment and in effect, alleviation of poverty. The crucial role of MSMEs is underscored in Kenya's Vision 2030, which is the development blueprint which seeks to transform Kenya into an industrialized middle-income country, providing a high quality life to all its citizens by the year 2030. The MSME sector has been identified and prioritized as a key growth driver for achievement of the development blue print.

18.2. Micro, Small and Medium Establishments (MSMEs) survey adopted Kenya's official definition where MSMEs are defined according to employment size; Micro enterprises (less than 10 employees); Small enterprises (10 to 49 employees); Medium sized enterprises (50 to 99 employees). The main indicators targeted by the survey included: number of establishments in the country; distribution of MSMEs by sex of owners; level of innovation in the sector; education qualifications and training; persons engaged in the MSMEs sector; comparison of MSMEs to national value added; financing of MSMEs operations; MSMEs expenditure structure; constraints faced by MSMEs; prevalence for closure of businesses; reasons for business closures; and disposal of stock after business closure.

Objectives of the Survey

18.3. The overall objective of the 2016 National MSME Survey was to provide comprehensive data, at national and county levels, on the characteristics, operations, dynamics and evolving nature of micro, small, and medium-scale establishments in the country.

Survey Methodology

18.4. The MSMEs covered in the survey were all non-primary product activities or businesses and agri-businesses. The survey excluded primary activities such as agricultural production, animal husbandry, and fishing, among others. The previous Micro and Small Enterprises (MSE) studies used the household-based approach to identify businesses/establishments. However, the 2016 MSME survey, in addition to the household-based approach, interviewed businesses or establishments from a statistical frame that was constructed from business registers maintained by county governments.

18.5. A total of 50,000 MSMEs were sampled for the survey, targeting licensed businesses. A further 14,000 households were sampled to capture household based enterprises which are largely unlicensed. The unit of observation in the survey was the establishment and not the enterprise. An enterprise that engaged in say three economic activities, was recorded as having three businesses as opposed to one.

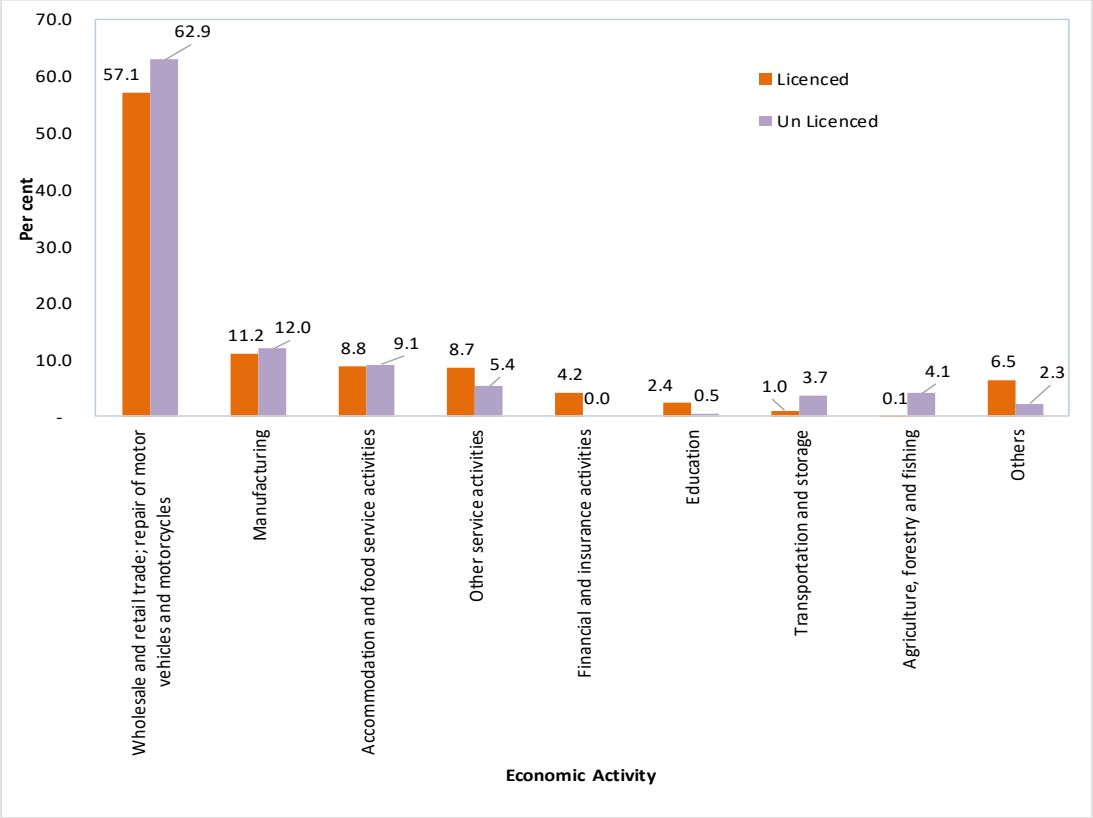
Key Survey Findings

Magnitude of the MSME Sector

18.6. The survey established that there were about 1.56 million licensed MSMEs and 5.85 million unlicensed businesses. These establishments were both in the formal and informal sectors. Most of the unlicensed establishments were being operated at the household level. As indicated in Figure 18.1, wholesale and retail trade; repair of motor vehicles and motorcycles accounted for more than half of licensed (57.1%) and unlicensed (62.9%) businesses. Most MSMEs were operated/owned by individuals who ran retail businesses of buying and selling

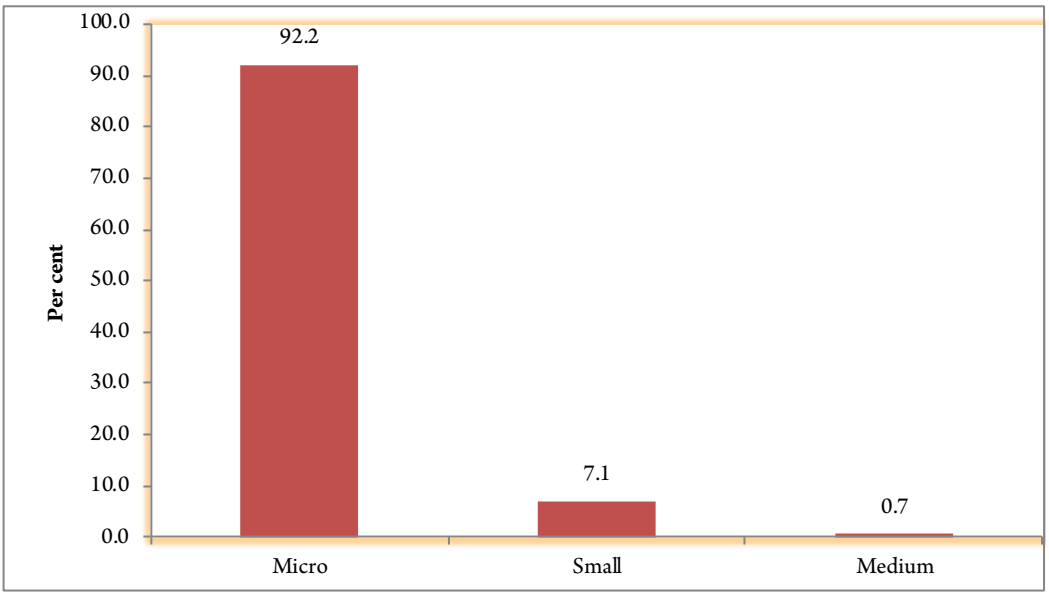
of goods independently. The manufacturing sector contributed the second largest proportion of MSMEs, followed by accommodation and food service activities sector.

Figure 18.1: Distribution of Establishments by Economic Activity and Licensing Status, 2016



18.7. Figure 18.2 presents distribution of MSMEs for the licensed businesses. Micro establishments employing between 1 to 9 employees accounted for majority of MSMEs at 92.2 per cent. This implies that most MSMEs are operated by own account workers with few or no employees engaged. Small licensed businesses accounted for 7.1 per cent. Medium establishments employing between 50 and 99 employees accounted for 0.7 per cent of the total number of licensed MSMEs in the country.

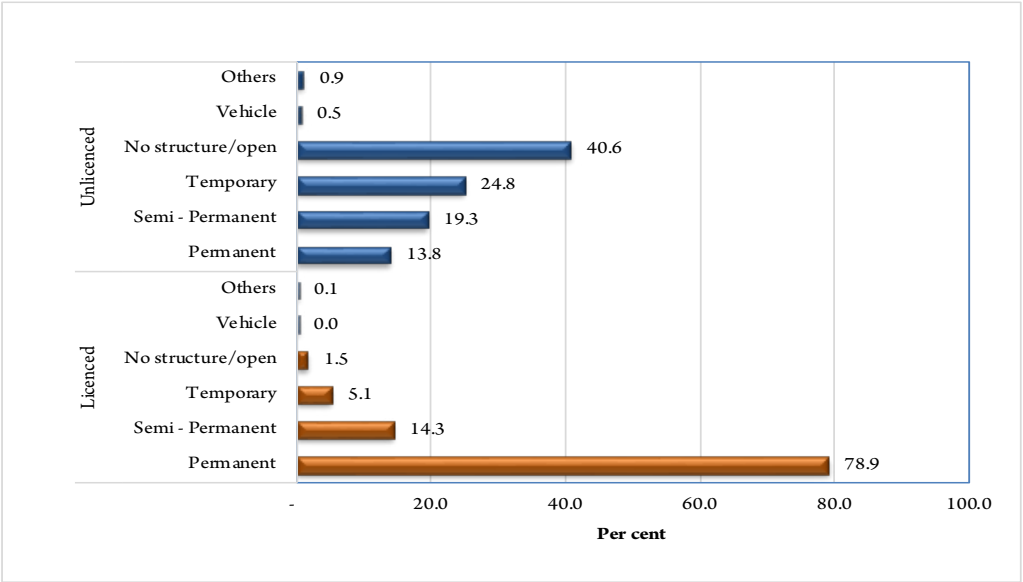
Figure 18.2: Distribution of Licensed MSMEs, 2016



Distribution of Licensed MSMEs

18.8. As shown in Figure 18.3, 78.9 per cent of licensed MSMEs operated in permanent structures. These were mostly in rented buildings in either commercial centres or within residential buildings. The largest proportion of unlicensed businesses (40.6 per cent) operated in open places or where there were no structures. Only 44.1 per cent operated businesses in either temporary or semi-permanent structures and 13.8 per cent of unlicensed businesses operated in permanent structures.

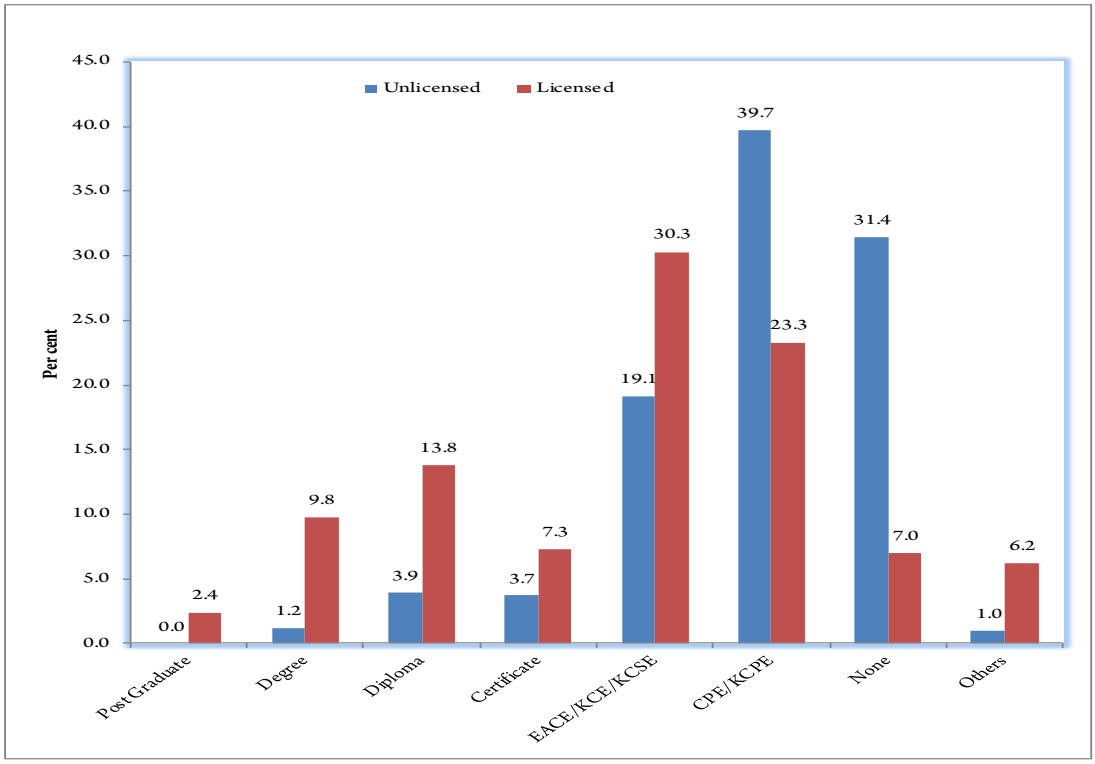
Figure 18.3: Distribution of MSMEs by Type of Structure of operation, 2016



Education Qualification of Business Owners/ Operators

18.9. Details of education qualifications of business owners/operators are shown in Figure 18.4. About one third of business owners/operators in licensed MSMEs had attained secondary school education, while 23.3 per cent of business owners had attained CPE/KCPE certificate. Further, 9.8 per cent of business owners or operators were university degree holders. Most of these graduates were working in human health and social work activities; electricity, gas, steam and air conditioning supply; professional, scientific and technical activities; and in education sectors. In unlicensed MSMEs, 39.7 per cent of the business owners/operators had attained primary education while 31.4 per cent had no education.

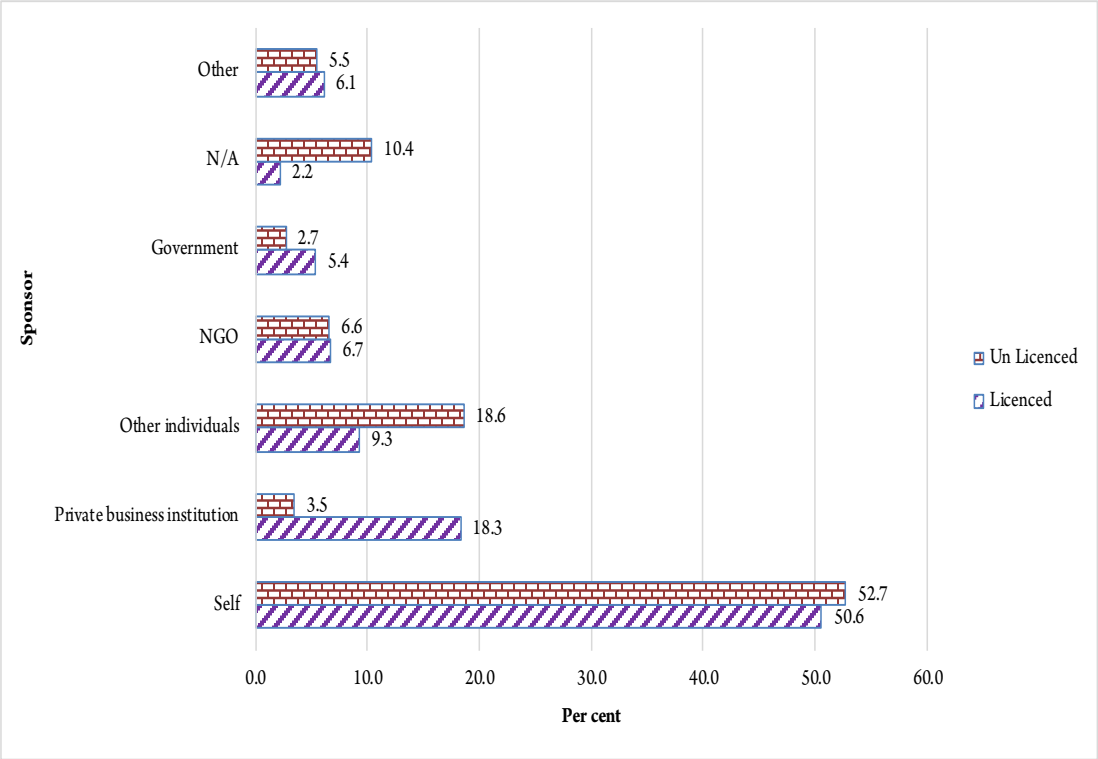
Figure 18.4: Education Qualification of Business Owners/Operators, 2016



Funding of MSMEs Owners' Training

18.10. Figure 18.5 gives information on the main sponsor of MSME business owners' training. From the survey results, in the licensed business category, 50.6 per cent of all trainings were self-sponsored, while 18.3 per cent of the training was funded by private business institutions. In the unlicensed business category, 52.7 per cent of the training was self-funded while 18.6 per cent of the trainings were funded by other individuals.

Figure 18.5: Main Sponsor of MSMEs Business Owners' Training, 2016



Start-up Capital by of MSMEs by Size

18.11. Table 18.1 presents information on start-up capital by size of establishment. The survey findings showed that 57.2 per cent of the licensed establishments required a start-up capital of KSh 50,000 or less. Licensed establishments which required above KSh 1 million as a start-up capital were mainly small and medium sized. Unlicensed establishments which required a start-up capital of KSh 50,000 or less, accounted for 94.5 per cent of the total.

Table 18.1: Start-up Capital by Size of Establishments, 2016

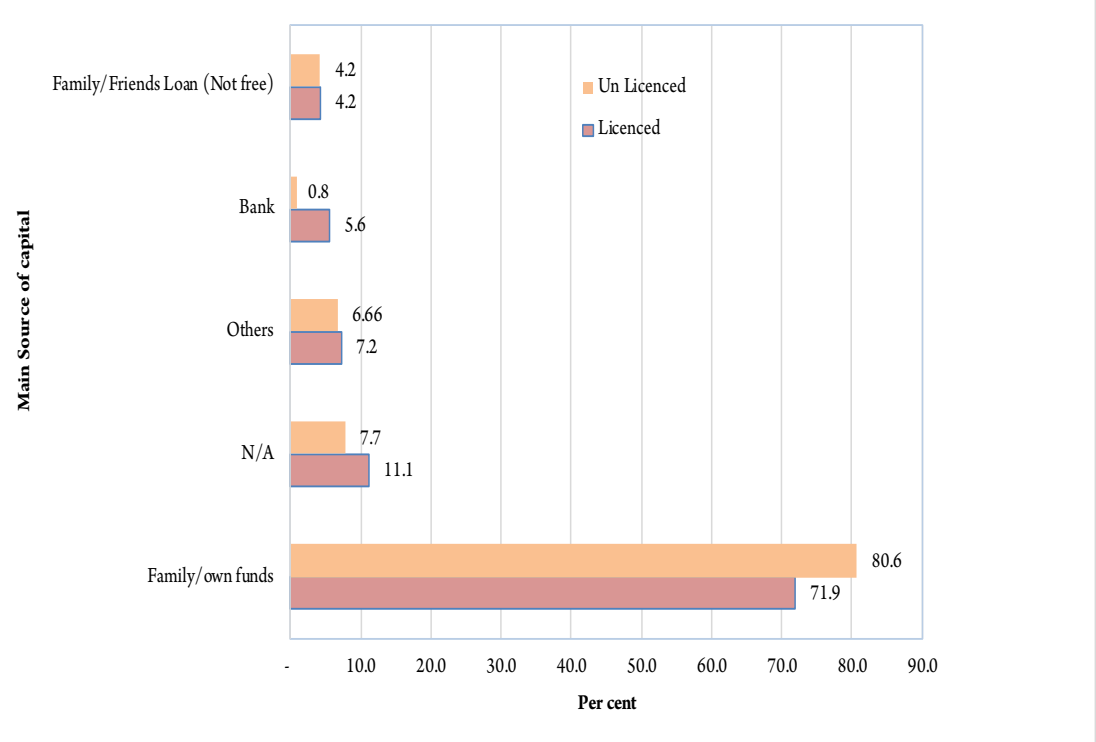
Per cent

	KSh	Total	Micro	Small	Medium
Licensed	50,000 or less	57.2	59.0	26.4	33.6
	50,001 - 200,000	27.6	28.0	22.0	13.2
	200,001 - 1,000,000	11.5	10.9	21.8	25.4
	Above 1,000,000	3.7	2.1	29.8	27.9
Unlicensed	50,000 or less	94.5	94.5	-	-
	50,001 - 200,000	4.8	4.8	-	-
	200,001 - 1,000,000	0.7	0.7	-	-
	Above 1,000,000	-	-	-	-

Sources of Start-up Capital for MSMEs

18.12. Overall, 71.9 per cent and 80.6 per cent of licensed and unlicensed establishments reported family/own funds as the main source of start-up capital, respectively. Loans from family/friends accounted for 4.2 per cent of the capital sources for both licensed and unlicensed MSMEs. On the other hand, banks financed 5.6 per cent of licensed MSMEs.

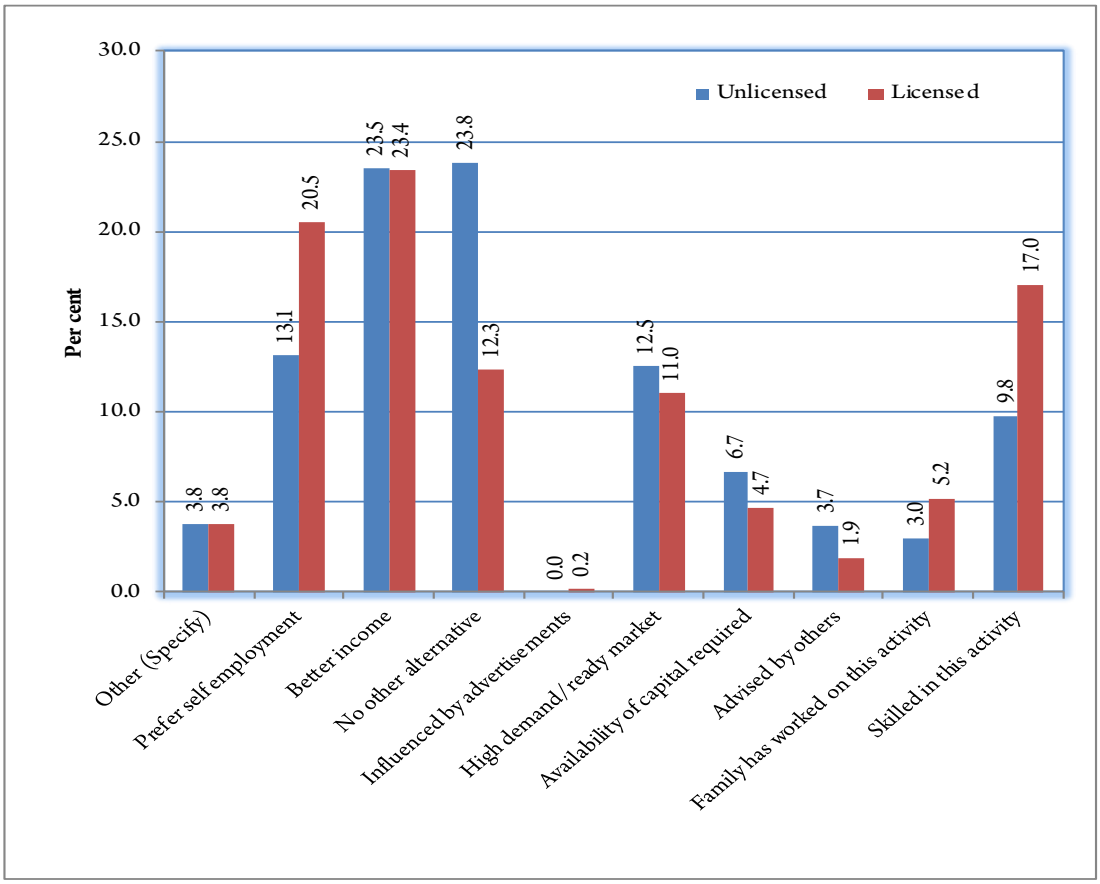
Figure 18.6: Main Source of Capital for the Business, 2016



Reasons for Starting a Business

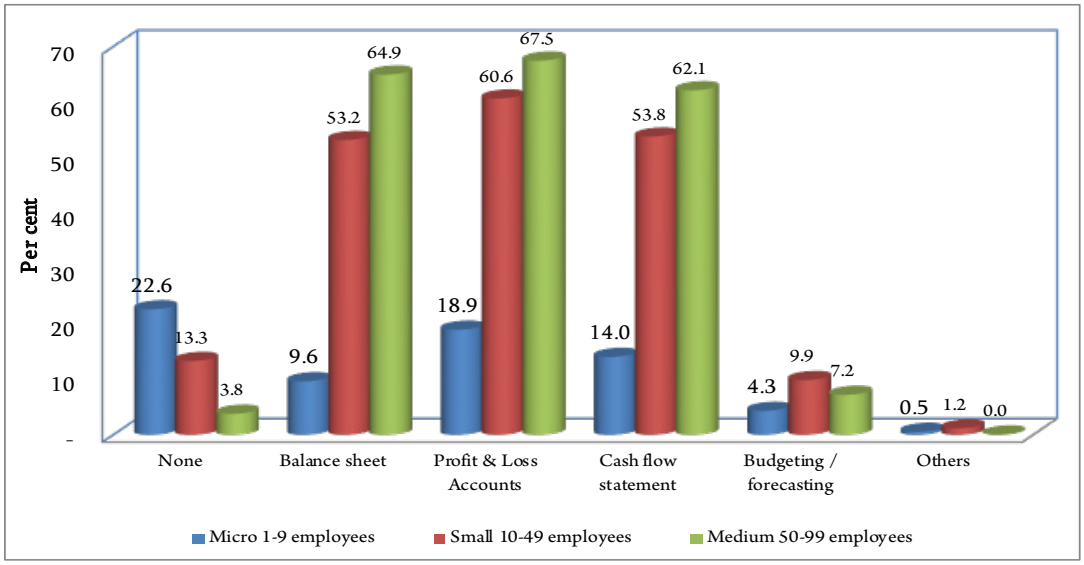
18.13. Reasons for starting a business by licensed and unlicensed MSMEs are depicted in Figure 18.7. The three main reasons cited by licensed MSMEs for starting a business were: better income (23.4%), preference for self-employment (20.5%) and having the requisite skills (17.0%). On the other hand, owners/operators of unlicensed MSMEs cited lack of other alternative (23.8%), better income (23.5%) and preference for self-employment (13.1%) as main reasons for starting a business.

Figure 18.7: Reasons for Starting a Business, 2016



18.14. Most licensed MSMEs were found to generate financial reports from the business records that they keep as indicated in Figure 18.8. The most common type of reports generated were balance sheets; profit and loss accounts; and cash flow statements. However, only 22.6 per cent of micro sized establishments did not generate any business reports.

Figure 18.8: Type of Reports Generated from Business Records, 2016



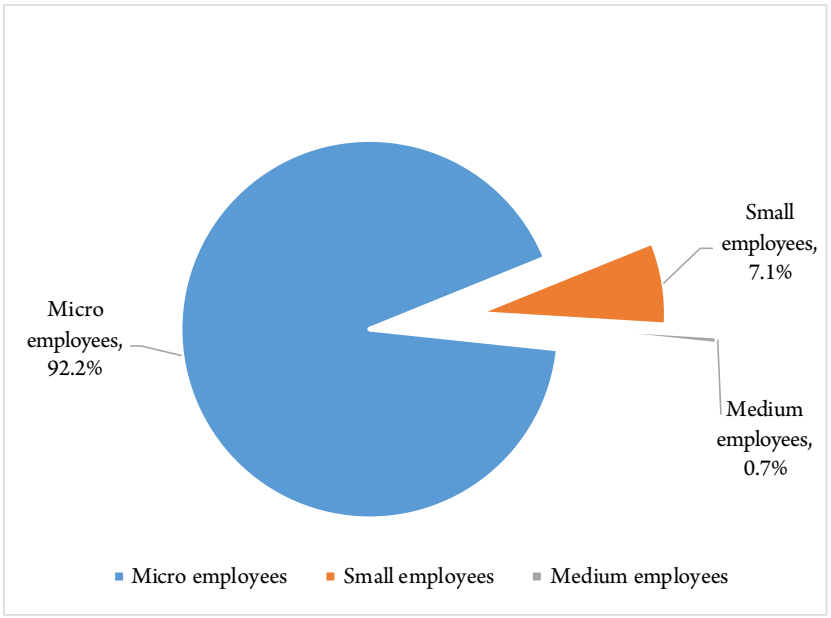
Establishments by Location of Business

18.15. Over 70 per cent of all licensed MSMEs operated from commercial premises while 28 per cent of the unlicensed enterprises operated at the residential areas. On the other hand, most of the unlicensed businesses operated in residential areas with no special outfits for the business or were mobile with no fixed location.

Employment Characteristics in MSMEs

18.16. Details on distribution of employment establishment in licensed establishments by size are presented in Figure 18.9. The micro, small and medium sized establishments accounted for 92.2, 7.1 and 0.7 per cent, respectively, of employment (persons engaged) in licensed businesses.

Figure 18.9: Percentage Distribution of Employment in Licensed Establishments, 2016



Employment by Economic Activity

18.17. As shown in Table 18.2, MSMEs engaged 14.9 million persons. Wholesale and retail trade; repair of motor vehicles and motor cycles accounted for more than half of the total persons working in MSMEs (over 8 million). Manufacturing; accommodation and food service activities accounted for 11.8 per cent and 11.1 per cent of all persons engaged in MSMEs, respectively.

Table 18.2: Employment by Economic Activity, 2016

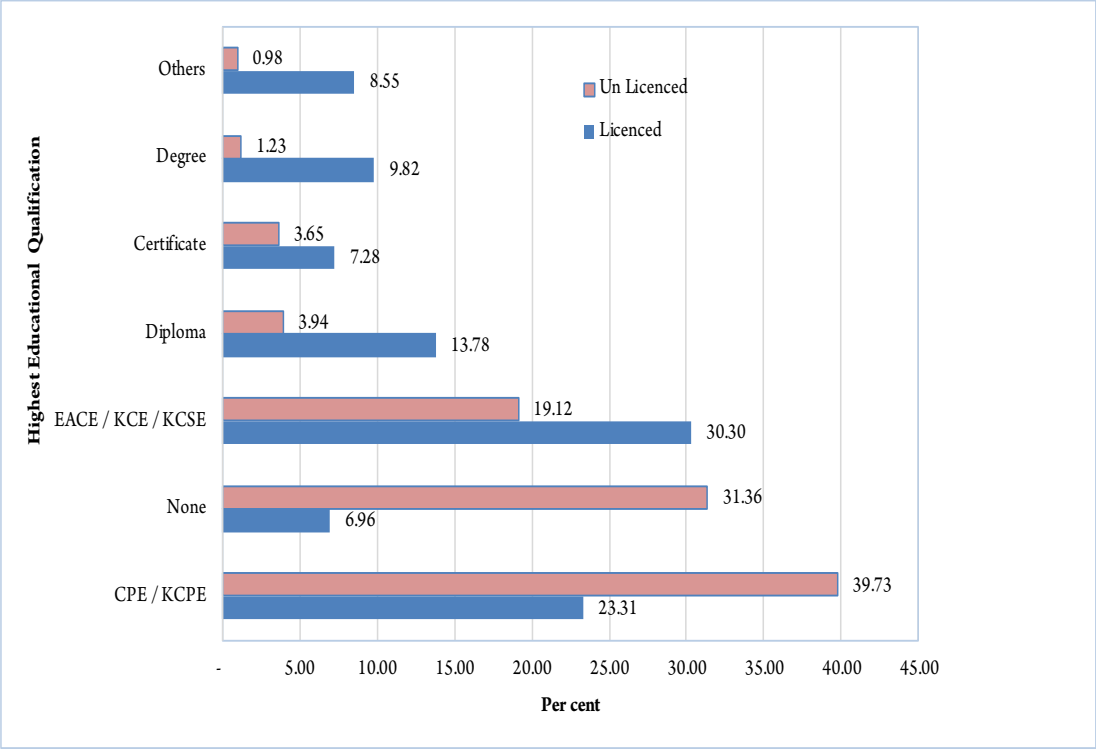
Number '000

Economic Activity	Licensed	Unlicensed	Total
Agriculture, forestry and fishing	13.1	383.0	396.2
Mining and quarrying	22.4	32.0	54.4
Manufacturing	666.1	1,094.3	1,760.4
Electricity, gas, steam and air conditioning supply	9.5	-	9.5
Water supply; sewerage, waste management and remediation activities	19.0	11.6	30.6
Construction	81.6	16.0	97.7
Wholesale and retail trade; repair of motor vehicles and motorcycles	2,609.1	5,404.7	8,013.7
Transportation and storage	168.1	244.8	412.9
Accommodation and food service activities	870.0	779.7	1,649.7
Information and communication	88.9	-	88.9
Financial and insurance activities	255.3	-	255.3
Real estate activities	51.9	64.7	116.6
Professional, scientific and technical activities	154.9	2.8	157.7
Administrative and support service activities	120.2	-	120.2
Education	601.5	112.9	714.4
Human health and social work activities	115.8	6.5	122.3
Arts, entertainment and recreation	46.0	48.4	94.3
Other service activities	387.2	416.3	803.6
Total	**6,280.5**	**8,617.8**	**14,898.3**

Distribution of Employees by Highest Educational Qualification

18.18. As can be observed in Figure 18.10, the highest proportion of MSME employees in both unlicensed and licensed businesses had primary level of education. Those with KCPE/CPE qualification accounted for 93.5 per cent and 48.2 per cent in unlicensed and licensed establishments, respectively. Only 3.0 per cent of the employees in licensed MSMEs with a degree as the highest educational qualification.

Figure 18.10: Percentage Distribution of Employees by Highest Educational Qualification Acquired and Establishment Licensing Status, 2016



Proportion of Income Generated by MSME by Type and Most Important Use

18.19. Licensed micro establishments reported spending 45.3 per cent of their net income on investments, either as re-investment or investing in new businesses and investment in agriculture, while expenditure on household and family needs accounted for 44.5 per cent. Small and Medium establishments spent significantly high part of their net income on investment at 63.4 per cent and 69.7 per cent, respectively. This in essence indicates a positive correlation between the proportion of savings and the size of the establishment.

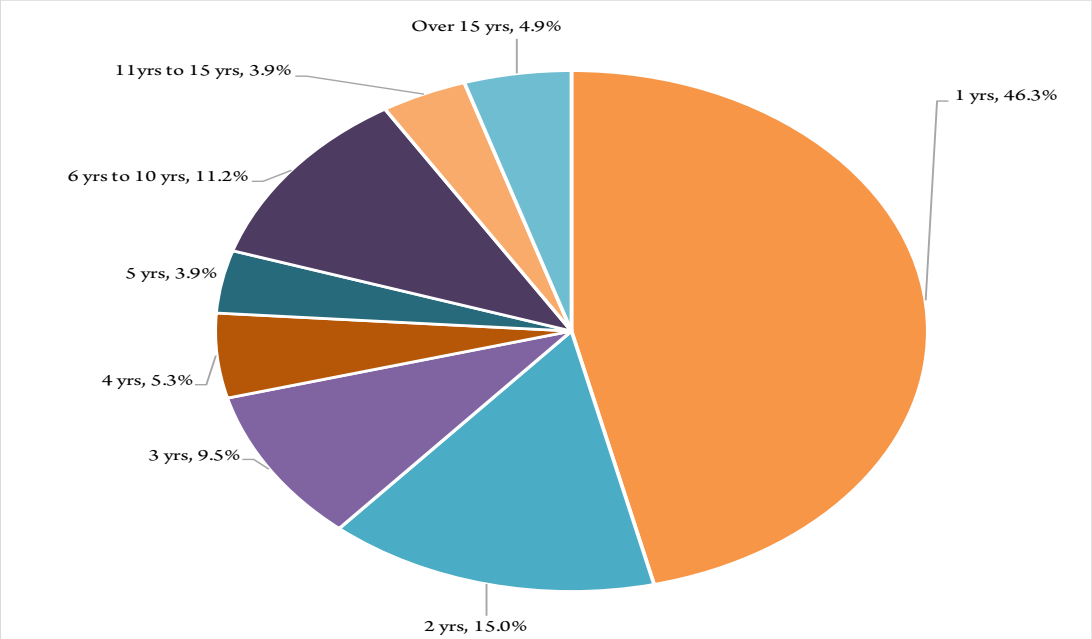
Expenditure by Size of Establishment

18.20. Monthly expenditure on salaries and wages for licensed businesses was reported at KSh 64.1 billion, while unlicensed MSMEs spent KSh 9.0 billion which translates to approximately 25.0 per cent of total outlays. A look at the expenditure components revealed that unlicensed businesses are poor in remitting social security payments. Results of the survey further indicated that licensed MSMEs spent about KSh 1.0 billion on all forms of innovation.

Closure of Businesses

18.21. The survey findings revealed 46.3 per cent of the businesses that closed did so during the first year of operation as shown in Figure 18.11. The proportion of businesses that closed between 6 and 10 years was 11.2 per cent, while those closing within 3 years were 9.5 per cent. The smallest proportion was recorded in the businesses closing down within 5 years and between 11 and 15 years at 3.9 per cent.

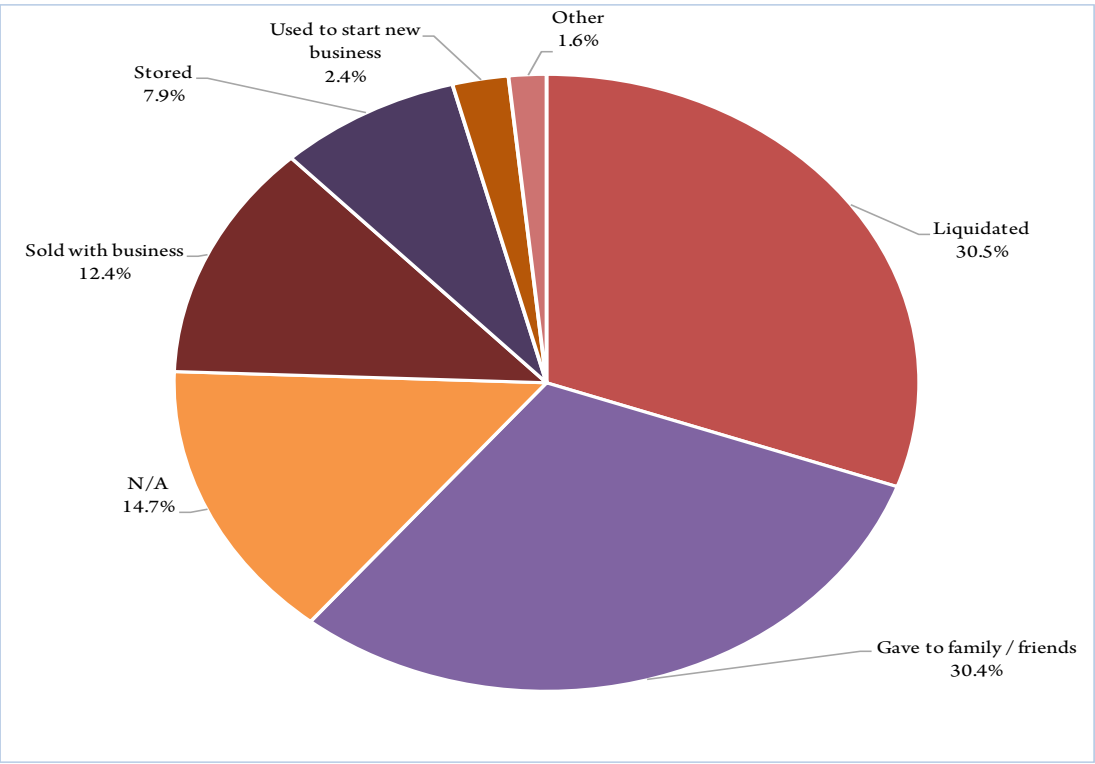
Figure 18.11: Distribution of Closed Establishments by Age at Closure, 2016



Disposal of Stock after Business Closure

18.22. Figure 18.12 shows the proportion that disposed by liquidation was 30.5 per cent. This was followed by disposal by giving to family or friends at 30.4 per cent. Twelve per cent (12) of business owners sold the stock with business, while 7.9 per cent stored business stock.

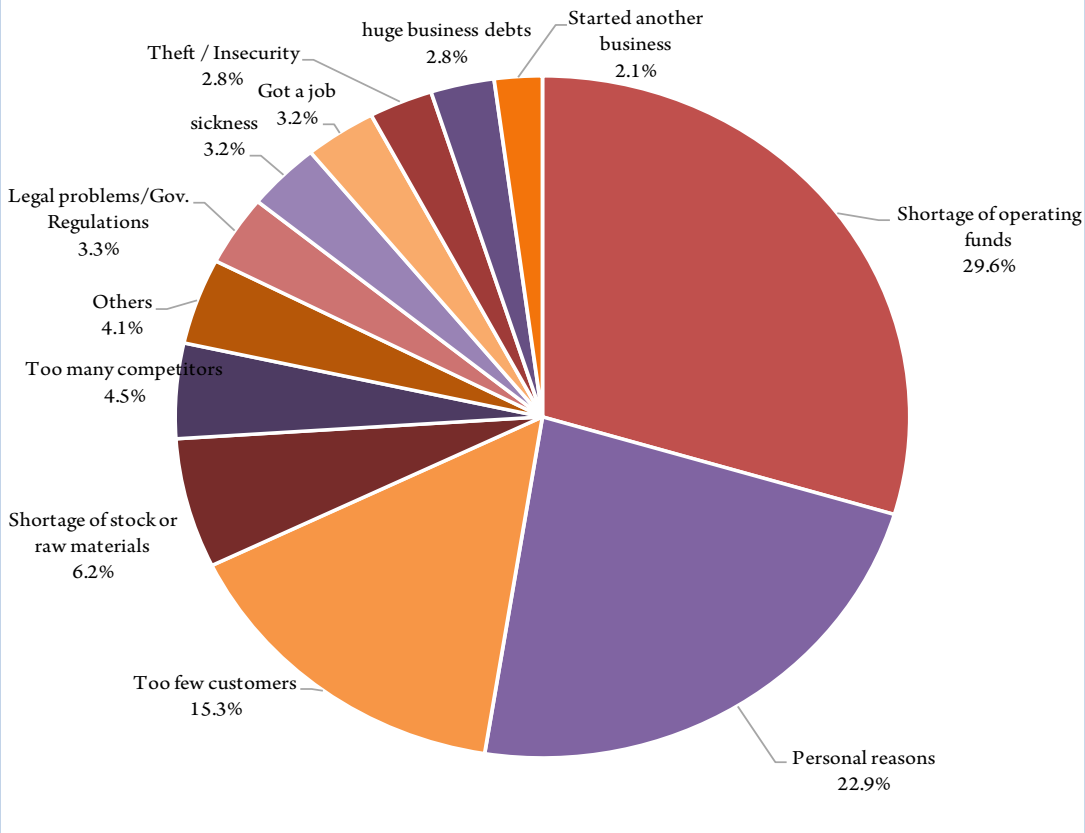
Figure 18.12: Disposal of Stock after Business Closure, 2016



Reasons for Closure of Establishment

18.23. Figure 18.13 shows reasons for closure of businesses from the MSMEs survey results. The main reasons reported why establishments closed down were: shortage of operating funds, personal reasons and few customers at 29.6, 22.9 and 15.3 per cent, respectively.

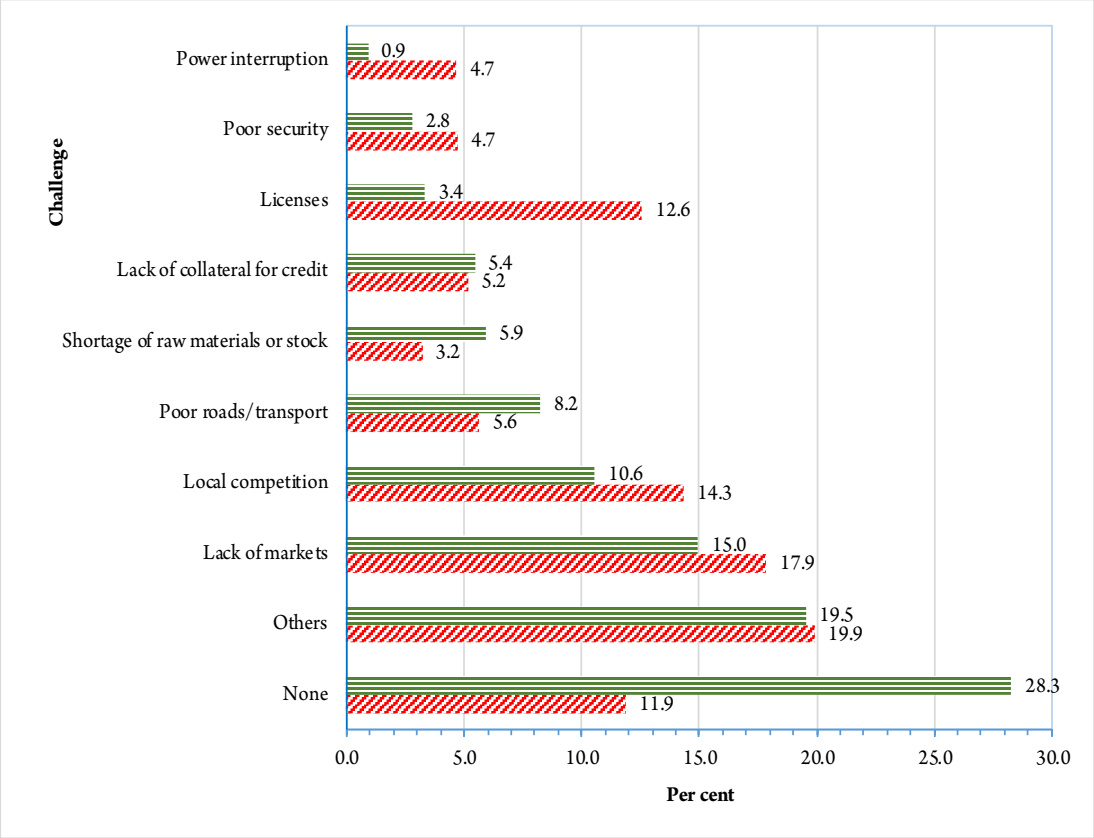
Figure 18.13: Reasons for Closure of Establishments, 2016



Challenges faced by MSMEs in Accessing Amenities and Support Services

18.24. Information on challenges faced by MSMEs in accessing amenities and support services are shown in Figure 18.14. The most common challenges cited by licensed business included; lack of markets (17.9%) and local competition (14.3%). Impact of HIV-AIDS, foreign competition and lack of skilled manpower were the least common challenges faced by MSMEs. Likewise, the unlicensed businesses had challenges like lack of markets (15.0%) and local competition (10.6%).

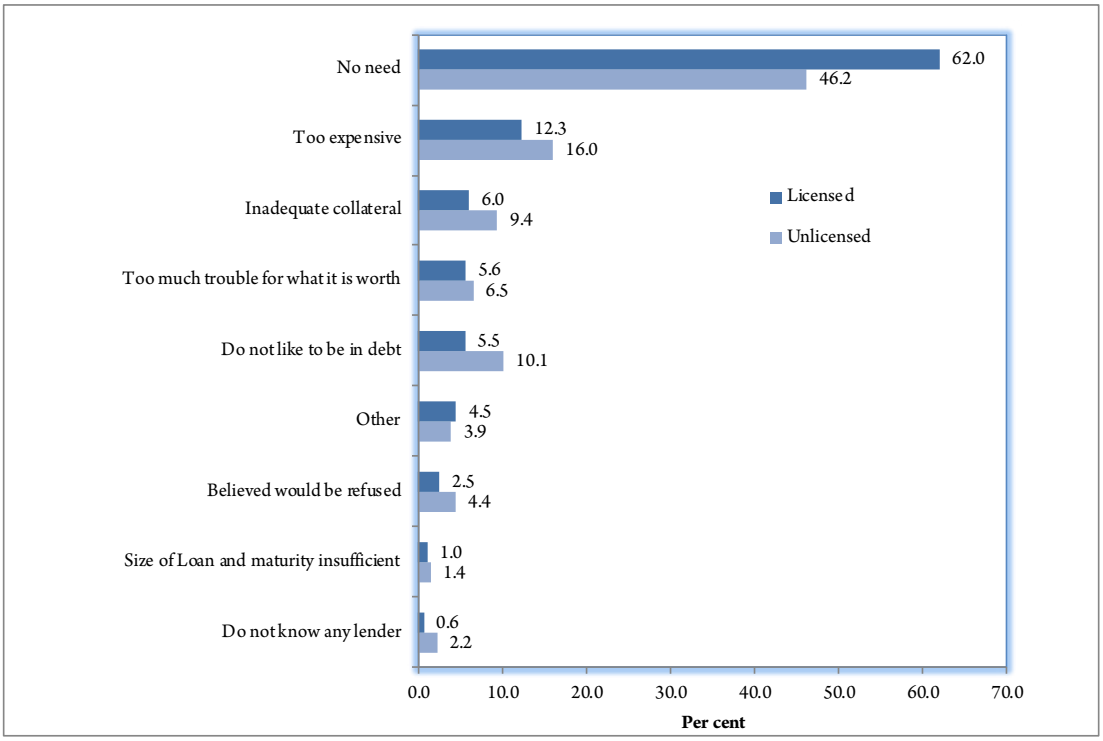
Figure 18.14: Challenges faced by MSMEs in Accessing Amenities and Support Services, 2016



Reasons for Low Uptake of Loans by MSMEs

18.25. As indicated in Figure 18.15 a large proportion of licensed (62.0 per cent) and unlicensed (46.2 per cent) businesses indicated that they did not require a loan. The proportion of MSMEs that reported that loans were too expensive was 12.3 per cent for the licensed and 16.0 per cent for the unlicensed. Further, inadequate collateral was also cited by 6.0 per cent and 9.4 per cent of licensed and unlicensed MSMEs, respectively.

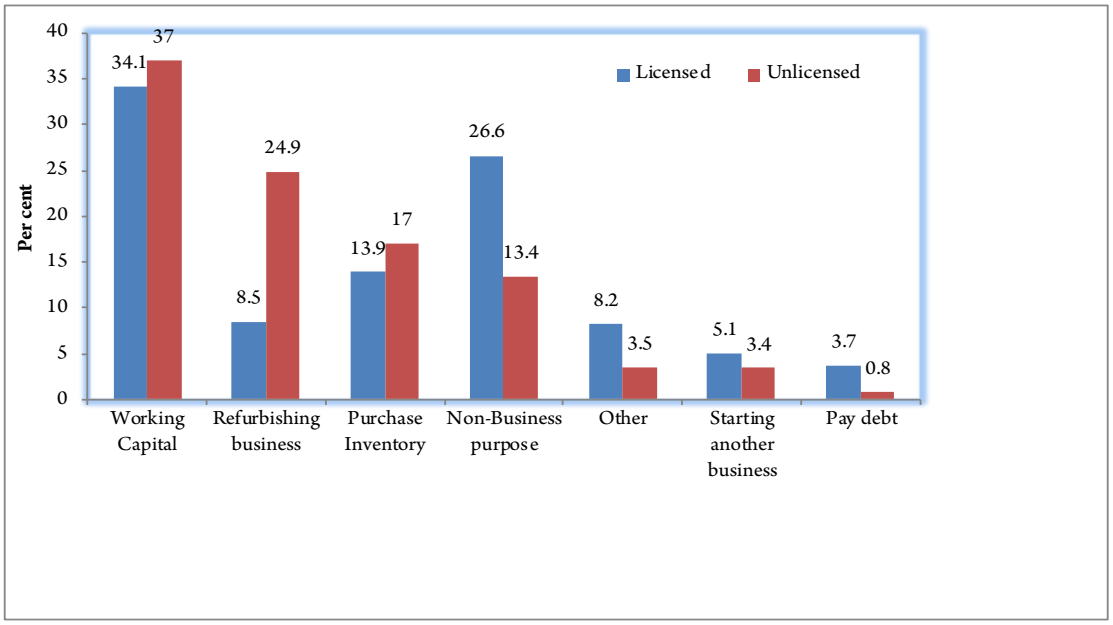
Figure 18.15: Reasons for Low Uptake of Loans by MSMEs, 2016



MSMEs Reasons for Taking Loans

18.26. The survey results as shown in Figure 18.16 indicated that of those who took loans, working capital was the main reason given for taking loans at 37.0 per cent and 34.1 per cent by licensed and unlicensed businesses, respectively. The proportion of the licensed businesses who took loans to refurbish their establishments was 24.9 per cent. It was noted that a large proportion of the unlicensed establishments took loans for non-business purposes at 26.6 per cent compared to 13.4 per cent for licensed establishments.

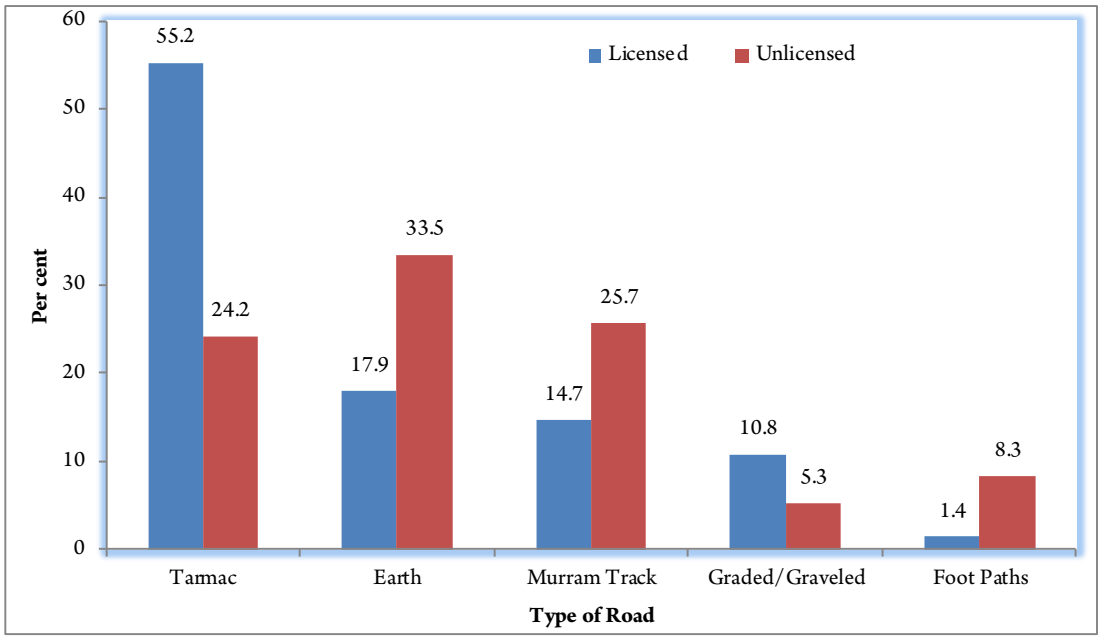
Figure 18.16: MSMEs Reasons for Taking Loans, 2016



Accessibility to MSMEs' Premises by Type of Roads

18.27. Most of the licensed MSMEs (55.2%) as shown in Figure 18.17 had access to tarmac roads, while 33.5 per cent of unlicensed MSME's had access to their businesses by earth road.

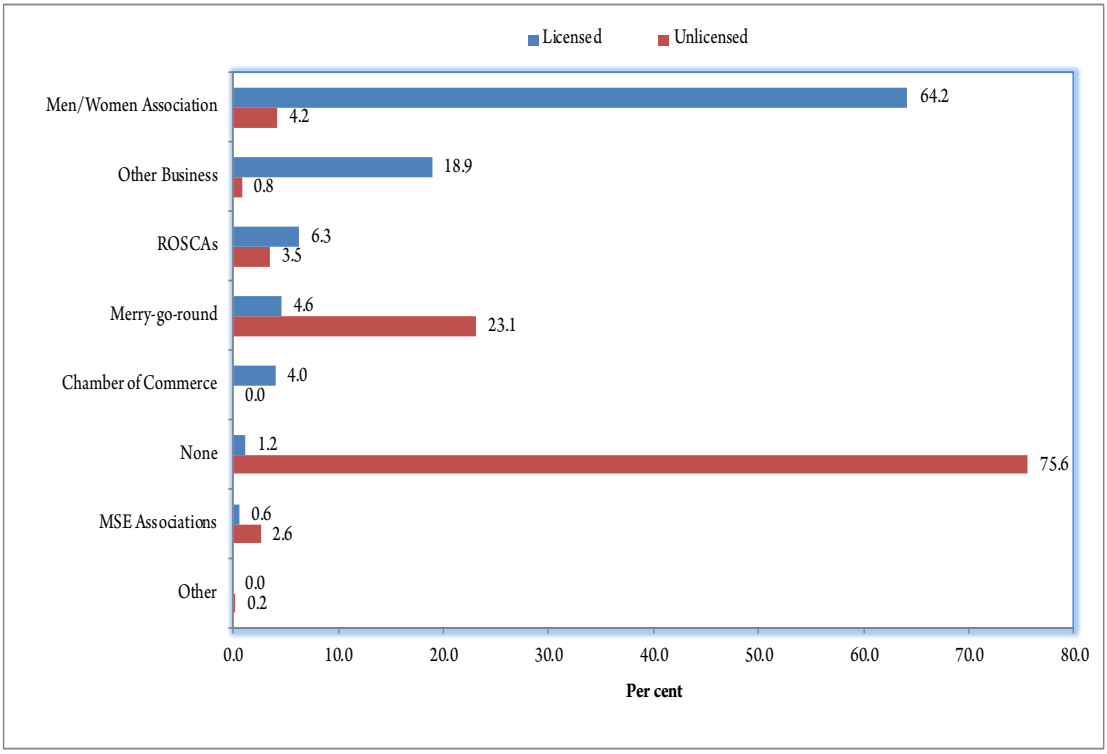
Figure 18.17: Accessibility to MSMEs' Premises by Type of Roads, 2016



Support Groups for MSMEs

18.28. Figure 18.18 shows that, 1.2 per cent of the licensed and 75.6 per cent of unlicensed MSMEs did not belong to any support group. The survey also revealed that 64.2 per cent of licensed and 4.2 per cent of unlicensed businesses belonged to men/women association. The survey results showed that 23.1 per cent and 4.6 per cent of unlicensed and licensed MSMEs, respectively, belonged to merry-go-round support groups.

Figure 18.18: Support Groups for MSMEs, 2016



Kenya National Bureau of Statistics
P.O Box 30266-00100
Herufi House, Lt. Tumbo Avenue
Nairobi

Tel. 254-2-3317583/6/8
Fax:254-2-3315977
E-mail:directorgeneral@knbs.or.ke
info@knbs.or.ke
Website: http://www.knbs.or.ke

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