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COLONY AND PROTECTORATE OF KENYA

SESSIONAL PAPER

No. 51 of 1955

THE DEVELOPMENT PROGRAMME
1954-57

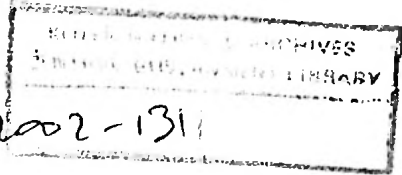
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FOREWORD

The Government's broad policy aims have been summarized in the Eighteen-Point Statement of Policy issued on 5th July, 1954, which has been since elaborated by Ministers on various occasions in Legislative Council. Briefly, the Government is concerned—

- (a) to bring the present State of Emergency to a speedy conclusion;
- (b) progressively to improve and extend the range of its administrative, economic and social services, whilst at the same time maintaining a tax structure which, besides being equitable, encourages saving and investment; and
- (c) to promote the rapid economic development of the Colony by—
 - (i) general policy measures designed to conserve known and discover new resources and to promote new or improved methods of utilization of these resources; and
 - (ii) a capital works programme planned to this end.

2. The Government now sets out in detail its proposals for a capital works programme over the period 1st January, 1954, to 30th June, 1957. The proposals are self-contained in that they are not merely an extension of the ten-year development programme, 1946-55. The circumstances prevailing when both the 1946 Development Committee and the 1951 Standing Planning Committee reported have changed in a number of important respects. The Government considers that in the light of experience a ten-year plan becomes in time unrealistic and that, in present circumstances, three or four years is the most suitable period for which a development programme should be drawn up. Before describing the proposals for the present three-and-a-half-year planning period (Part Three) the progress of the old ten-year plan up to the end of 1953 has been analysed (Part Two). The Government considers this necessary for three reasons, namely—

- (a) the rate of expenditure achieved on the various elements of the ten-year plan has, to some extent, determined the new allocations made;
- (b) lessons are to be drawn from the experience of the last eight years; and
- (c) an analysis of past progress is fundamental both to an understanding of the rapid rate of economic development of Kenya since the war and to an objective appraisal of prevailing political and social problems.

As a preliminary step, however, to a review of the past and to planning the future the Government has examined the nature of the development problem in Kenya and the machinery of development planning (Part One).

3. The present planning period is now more than a year old and Legislative Council has already been asked to vote provision for continuing projects and for certain other projects included in the plan described in Part Three. Attention is drawn to Treasury Circular No. 2/55 in which it is pointed out that the Draft Development Estimates for 1955-56 will be drawn up on a new basis to conform with this plan and provide a ready means of ascertaining the progress achieved to date.

4. The delay in presenting this statement of policy has been due partly to changing circumstances and partly to the need to obtain an assurance that the greater part of the finance required would be forthcoming.

Nairobi, Kenya.

23rd March, 1955.

PART ONE

THE PROBLEM

CHAPTER I—THE PROBLEM OF DEVELOPMENT

Economic Development and Economic Progress

1. Although the term "development" is freely used it is rarely defined satisfactorily. The main reason for this is that the term itself implies a preconceived objective the successful attainment of which will lead to a more desirable state of affairs. That is to say, the process of development cannot be defined, and certainly cannot be measured, unless the objective is stated. It is not surprising, therefore, that Government development programmes are so often the subject of conflicting appraisals.

2. It has become the practice to formulate and interpret the economic and fiscal policies of many governments, including in recent years those of the Kenya Government, in terms of national income or net product estimates. Accordingly, it is convenient to define economic development as the process by which the real product of a community is increased, not as between one year and the next, but permanently over a significant period of time; in the case of a colonial territory this will involve a progressive series of changes in the structure of the economy. Whether or not this expansion in the size of the economic system leads to what is generally called economic progress—that is, a rise in real product consumed or saved per head of population—will depend upon relative rates of growth of real national product and population.

Determinants of Development

3. Economic development, that is, a permanent increase in real national product, can occur only as a result of an increase in the number of persons employed, or in the length of the working month measured in hours, or in productivity. The influences bearing upon these direct or immediate determinants of the size of the national product are numerous and interrelated in a most complex manner. They include the character of the physical environment, or the nature and extent of the country's endowment of physical resources; the rate of technical advance; the rate of investment of capital and the terms on which it is invested; variations in both the value of exports and in the terms of international trade; and, finally, those psychological factors which determine the stability of social life and hence, to some extent, the efficiency of the economic system.

4. It is not proposed to discuss these determinants in detail but the Government wishes to stress that capital and technical advance are joint partners in one process, the use of either of which involves necessarily the use of the other. *Inter alia*, technical advance necessarily involves the investment of capital in human beings. They have to be trained and instructed in the new processes involved. The shortage of capital is the common denominator of all problems of economic development in African colonial territories. In industrial countries the amount of capital employed per worker has tended to rise continuously with the result that productivity and real income *per capita* have risen steadily. Thus the margin available for savings has widened. The introduction of new technical methods has been, in turn, facilitated. This process has been repeated successively over many decades.

5. So much for the importance of capital: what of its formation? To increase local savings at given levels is partly a matter of facilities and partly a matter of taxation. But clearly the pace of development can be greatly speeded up if capital can be borrowed abroad at moderate rates of interest. For various reasons, the prospects for large-scale international investment on private account are not very favourable although there are a number of hopeful signs indicating that the London money market is regaining its position as the world's financial centre. Main reliance is being placed to-day on governmental rather than private international investment.

6. Against this background it is easy to see the advantages which flow from Kenya's position as a Crown Colony. Although entry to the London market by Colonial Governments is closely governed by prevailing market conditions including competition from other borrowers, the fact is that the greater proportion of funds likely to be available for financing the programme set out in Chapter VIII for the three and a half years ending 30th June, 1957, will probably consist of loans raised on the London money market. The Government's ability to borrow in London is of crucial importance: unless capital funds can be obtained from overseas a greater proportion of available funds will have to be devoted to those investment projects which are likely to yield a quick return at the cost of longer term projects, including education.

The Need for Planning

7. But the funds available on the London market are limited and despite the recent announcement by the Secretary of State for the Colonies that he intends to permit, on a limited scale, the investment of currency funds in local securities it will be some time before local loans will reduce Kenya's dependence on the London market to any significant extent. In any case, a limit is set to the rate of borrowing by the country's ability to meet interest charges and sinking fund contributions. Thus whilst the Government is faced with growing demands from the people of the country for capital investment in the sphere of education, health and other social services, it is at the same time the responsibility of the Government to ensure that the rate of investment in directly productive projects is maintained and even stepped up. This is the central dilemma facing all Colonial Governments when considering the development of their territories; it emphasizes the responsibility upon governments to ensure that the maximum return is obtained from the limited resources available. To this end, governments must—

- (a) promote the most favourable conditions possible for private economic activity by fiscal and other policies; and
- (b) draw up a development plan. This is essential because not only is the ratio of public to private investment in underdeveloped countries high but also public investment in basic services must, in many cases, precede private investment, otherwise private investment might not take place at all. Governments of advanced countries may not only formulate policies to promote what is traditionally known as a "healthy economic climate" but also indulge in full-scale planning to the extent of determining the pattern of private investment in accordance with their predetermined views regarding the uses to which available resources should be put. But it cannot be argued that development in advanced countries relies on such a plan—or even on public investment programmes—although the rate of development may be affected.

Steps in Planning

8. The scope of a development plan in a country such as Kenya can vary but even if it is limited, as at present, to the drawing up of a programme of public capital expenditure extending over a period of some years, three steps should always be involved. In the first place, various technical and economic surveys are required. Few of the technical surveys of Kenya's resources have been completed. As a consequence, development possibilities are not yet fully known. The more important gaps in the Government's knowledge, however, should be filled eventually as a result of the work of the various survey organizations provided for in both the old ten-year plan and the new three-and-a-half-year plan described in Chapter VIII. Of particular significance are the geological and hydrological survey teams. Soil surveys leading to the compilation of a comprehensive soil map are also of great importance; so are surveys connected with road communications and irrigation possibilities. Possibly too low a priority has been given to surveys in the past. Economic surveys as opposed to surveys of resources, that is to say, technical and physical surveys, are also important and may be classified into two groups, namely, on the one hand, surveys of economic institutions, for rapid economic development can occur only if appropriate institutions exist; and, on the other hand, surveys which take stock of the current use of the community's resources. Almost all of this information can be crystallized into the form of national income accounts which show summarily how the national income is produced, distributed and spent.*

9. The second step in development planning involves decisions being made with regard to (a) the extent to which local savings can be tapped or overseas borrowing resorted to; and (b) the proportion of available resources which can be devoted to capital works.

10. The third step is the most difficult for it involves a decision concerning the correct ratio of directly productive projects to those which yield a long term or indirect effect. Having regard to the fact that the level of the national product is small to begin with and that the freedom of planning is thereby restricted, the problem is to raise the national product to a level at which the range of possible alternatives is wider.

11. It must be remembered that although the past rate of development of a country can be criticized as being either too slow, in the sense that different management of available resources would have produced a faster rate, or too fast, in the sense that resources have not been husbanded for the future; nevertheless, the fact is that past development reflects decisions already made by the Government and by private individuals. The scope for controversy, however, over the rate and pattern of future development—and particularly over the projects on which the Government should or should not devote its available capital funds—is almost unlimited.

12. The problem of resolving the conflicting claims of directly productive investment and social services is well illustrated by reference to the report of the 1946 Development Committee. The Committee recommended that the £15.6 million (net) estimated to be available over the ten years 1946-1955 should be spent as shown in Table 1 below.†

* The available estimates of Kenya's geographical income and net product are referred to in Chapter V.

† *Report of the Development Committee* (Government Printer, Nairobi, 1946).

TABLE 1.—ALLOCATIONS RECOMMENDED BY DEVELOPMENT COMMITTEE

| <i>Group</i> | <i>Per cent</i> |
|---|-----------------|
| Agricultural and Veterinary Services | 41 |
| Communications | 14 |
| Forestry | 3 |
| Buildings | 9 |
| Water | 8 |
| Industrial Development (including Tourism) .. | 1 |
| Education | 16 |
| Health | 5 |
| Other | 3 |
| Total: .. | 100 |

These allocations flowed from the Committee's view that the size of the real national product should be increased "in the shortest space of time", and that, to this end, the efficiency with which the soil and manpower of the Colony were utilized had to be improved. They admitted that "the manpower of the Colony cannot be utilized to the best advantage in furthering economic development" unless "minimum standards of . . . social services . . . are achieved" but beyond this "necessary minimum" additional services "while desirable in themselves, should not be provided unless . . . the country can bear the heavy capital and recurrent costs involved". A Minority Report, however, took the view that the available funds should be devoted to "(1) education of the children; (2) mass education and adult literacy; (3) provision and expansion of health services" and only "after (these) three groups of services (have been) adequately supplied" to "(4) schemes for agriculture and industrial expansion".

Planning in Dependent Economies: Dangers

13. The process of development in a country in which primary industries make by far the most substantial contribution to the national product generates two tendencies which may require corrective action. In the first place, as *per capita* incomes rise and the structure of demand changes it may become necessary to influence the volume and pattern of imports in order to safeguard the balance of payments position. Secondly, rapid development usually means competition for available real resources and an upward pressure on price levels; this tendency to disequilibrium is more difficult to correct. One of the dangers of an excess of demand over supply of resources is that the investment decisions of private enterprise may be affected unfavourably. The importance of careful co-ordination between the public and the private sectors cannot be overstressed. Whilst a public capital expenditure programme need not be judged as unsuccessful if the return is not the maximum theoretically possible, it certainly should lead to an identifiable increase in the size of the national product. Clearly, it is important that the right assumptions should be made regarding the effects of such a programme on the private sector of the economy.

CHAPTER II—DEVELOPMENT PLANNING IN KENYA

Emergence of Idea of Planning in Kenya

14. It is difficult to pinpoint the factors which initially stimulated the idea of planned development in Kenya but, unquestionably, Colonial Office Paper No. 3 entitled *The Planning of Social and Economic Development in the Colonial Empire** had considerable influence. This document had its origin in the philosophy of post-war planning and reconstruction which held sway in the United Kingdom even though it was recognized that the *raison d'être* of planning in the United Kingdom, on the one hand, and the Colonies, on the other, is so very different. † Partly because of this new philosophy of planning and partly because the £1.0 million per annum provided under the 1929 Colonial Development Act and the £5.0 million per annum provided under the 1940 Colonial Development and Welfare Act was never fully spent, a condition laid down for an allocation from the £120.0 million provided for a period of ten years under the 1945 amending Act was that Colonial Governments should draw up ten-year development programmes, to be financed mainly from surplus balances and loans but into which would fit schemes financed from grants from the Colonial Development and Welfare Vote.

15. But there was also a growing realization in Kenya of the need for what the then Governor, Sir Henry Moore, in his despatch No. 112 of 6th August, 1943, described as "a general plan for development", the "key words" of which he considered to be "land, water, forests and roads" for "progress and development in other directions depend to a large extent upon the development of the chief natural assets of the Colony . . . and an improved road system is necessary before these resources can be developed and exploited". The approaching postwar problem of reabsorbing demobilized service personnel lent urgency to the question of preparing "a general plan of development" and, consequently, in Secretariat Circular No. 44 of 29th April, 1944, the Chief Secretary called upon Heads of Departments and Provincial Commissioners to prepare plans covering the first five years after the war. The next step was the appointment of a Development Committee "to prepare development plans for the Colony taking into account departmental and provincial plans prepared in response to Secretariat Circular No. 44 of 1944". ‡

Interim Report of the Development Committee

16. The Development Committee submitted an interim report to the Governor dated 4th April, 1945, § in which they defined the objective of planned development as—

"the use of the natural resources of the country, including manpower, in a manner calculated to increase the national income of Kenya in the shortest space of time so as to raise as quickly as possible the standard of living of the majority of the inhabitants. . . ."

* Published by His Majesty's Stationery Office in April, 1944.

† Paragraph 7 (b).

‡ Government Notice No. 40 of 5th January, 1945.

§ *Report of the Development Committee*, Volume Two, Appendix I.

They stated that all schemes submitted by Heads of Departments and Provincial Commissioners would be considered in terms of this objective but, in view of the many technical factors involved, they proposed to appoint a number of sub-committees with co-opted members to report on specific schemes.

Reorganization of the Machinery of Government

17. The problems of the post-war world not only called for the planning of development but also the strengthening and modification of the machinery of Government. In Sessional Paper No. 3 of 1945 the Government stated its intention—

- (a) to establish a Development and Reconstruction Authority, “responsible to the Governor for the expenditure of all capital and other sums specifically allocated for development and reconstruction purposes and for the co-ordinated execution of approved development and reconstruction plans,”* of which the Chief Secretary, having been relieved of all his other duties except those related to his position as the senior officer of the Government, would be Chairman; and
- (b) to introduce the Membership system. The Chief Secretary was designated as Chief Secretary and Member of the Executive Council responsible for Development and Reconstruction. There were to be two permanent members of the Development and Reconstruction Authority, of whom one might be an official; whilst the Chief Native Commissioner, a representative of the European community and the Asian member of Executive Council would be co-opted whenever the three permanent members considered it necessary.

Functions of the Development and Reconstruction Authority

18. The Development and Reconstruction Authority was formally established with effect from 1st August, 1945, and charged with the following “powers and duties”, viz. :—

- (a) to organize and superintend the execution of works and projects of reconstruction and development in accordance with approved plans communicated to it, and for that purpose to give directions to all departments or groups of departments of the Government;
- (b) to carry out specific works or undertakings by contract, and to negotiate appropriate contracts for the purpose, including, if it is found practicable, some means of re-negotiation of contracts during their currency on account of the impossibility of making firm contracts at the present time in the absence of dependable information as to prices, shipping and many other factors;
- (c) to assign priority of execution as between works and projects, having particular regard to the paramount importance of immediate and vigorous execution of projects for the conservation of the soil and the preservation and improvement of water supplies;
- (d) to control the expenditure of allocated funds and to allocate other funds placed at its disposal by authority of the Legislative Council as it may consider proper for the execution of approved works and projects;
- (e) to purchase stores and plant in bulk against an unallocated stores account or in detail in respect of particular works;

* Sessional Paper No. 3 of 1945, *Proposals for the Reorganization of the Administration of Kenya* (Government Printer, Nairobi, 1945).

- (f) to engage such staff as it may require for its own operations or in respect of works and projects;
- (g) to ensure that in all works and projects, whether carried out departmentally or by contract, attention is given to the fullest practicable use of mechanical appliances, economy of labour and adequate wages and working conditions;
- (h) to collaborate with the Commissioner of Labour and the Demobilization and the Civil Reabsorption Organization so as to ensure that sufficient attention is given to the needs in the matter of employment of men and women discharged from the Services and special civil agencies engaged in war work; and to organize labour units or formations for particular purposes as may appear desirable;
- (i) to report to the Governor in Council in any case in which it considers that departments or other official agencies are not discharging satisfactorily the functions assigned to them by the Authority and to propose remedies;
- (j) to make an annual report to the Governor in Council to be laid on the table of the Legislative Council, upon the progress of all works and projects for which it is responsible and the state of the funds at its disposal and to give an outline of the ensuing year's work;
- (k) to propose new works or projects as it may consider desirable, and to request that they may be investigated and planned.

Thus, the Authority was charged, not with planning, but with the execution of plans once they had been approved and transmitted to it; and the main task of the Authority in this connexion was the execution and co-ordination of the various projects included in the ten-year plan, 1946-1955, as a result of the recommendations of the 1946 Development Committee and the 1951 Standing Planning Committee.

Development and Reconstruction Authority Planning Committee

19. However, the Development Committee recommended that—

“the Development and Reconstruction Authority should form a Planning Committee consisting of the members of the Authority and such co-opted official and unofficial planning members as might be considered appropriate”.*

Whilst neither the objective of planned development nor the priorities implied in that objective were questioned, it was realized by mid-1947 that a revision of the ten-year plan was necessary. In 1948, it was agreed that the Authority, with three additional members, should form a Planning Committee. Owing to the pressure of other events and the difficulties experienced in arranging suitable times for meetings, the Committee did not commence its work until the middle of 1949. It immediately encountered a serious difficulty: whereas its purpose, as defined in paragraph 8 of the Development Committee's report was to revise *existing* plans in order to meet changing circumstances it was apparent that a great deal more than a mere revision of existing plans was required. The number of revisions suggested to the Committee which involved a substantial increase in expenditure over that recommended by the Development Committee was such as virtually to invalidate the Committee's terms of reference.

Standing Planning Committee

20. Consequently, in October, 1949, Executive Council considered the implications of the experience of the Development and Reconstruction Authority Planning Committee and confirmed that responsibility for the preparation of new or revised development plans should rest with Members and Heads of Departments who

* Report, paragraph 8.

should also secure the prior approval of the Member for Finance. In addition, the advisability of appointing a Standing Planning Committee of Legislative Council was investigated, its functions to be—

- (a) the examination of plans involving a revision of the ten-year plan so as to bring it up to date to meet present requirements; and
- (b) the consideration of plans subsequently submitted from time to time for admission into the development plan.

It was not until March, 1950, however, that the Development and Reconstruction Authority Planning Committee was reconstituted as a Standing Planning Committee and its terms of reference were defined as being "the revision of development plans in the light of changing circumstances", which phrase may be interpreted to include both (a) and (b) above but the Committee was dissolved as soon as (a) had been completed.*

Planning Sub-Committee of Executive Council

21. In 1952, the advisability of replacing the Standing Planning Committee by a Sub-Committee of Executive Council became apparent, in view of the fact that the particular phase in development planning for which the Standing Planning Committee had been appointed had come to an end with the completion of the "master plan" for the period 1951-55. The main difficulty was that the arrangements in effect did not tie in very neatly with the overall responsibility of the Government for policy, subject to the usual powers of the Legislative Council. For example, it was possible that schemes which might be regarded by the Government as of the highest importance from a policy point of view could be modified, varied or cut out altogether by the Standing Planning Committee guided by development criteria.

22. Accordingly, it was decided that planning should be a function of Executive Council and, in May, 1952, the existing Standing Planning Committee was dissolved and replaced by a Sub-Committee of Executive Council consisting of the Chief Secretary, the Financial Secretary, the Chief Native Commissioner, the Deputy Chief Secretary and the four unofficial members. The intention was that the plans proposed by Executive Council if they varied from those covered by the Standing Planning Committee's report would be considered by the Legislative Council in connexion with the debate on the annual estimates of the Development and Reconstruction Authority.

Abolition of the Development and Reconstruction Authority

23. The funds available to the Development and Reconstruction Authority for the remaining years of the ten-year plan were almost fully committed to existing projects. Hence it was not possible for the Planning Sub-Committee to allocate funds for new schemes without affecting the priorities of existing schemes and the Development and Reconstruction Authority could no longer carry out its assigned duty of determining priorities. Accordingly, in May, 1953, the Government decided—

- (a) that the Treasury should control expenditure and should deal with applications for additional provision either by reallocation warrant or by supplementary estimate;
- (b) that the execution of works projects should be the responsibility of the Member concerned in consultation with the Member for Development;

* The Standing Planning Committee's report was accepted by the Legislative Council in August, 1951.

- (c) that the acceptance of tenders should be the responsibility of the Member for Development advised by the Director of Public Works, an Assistant Financial Secretary and a representative of the Member concerned;
- (d) that applications involving an increase in the scheme values of individual projects should be dealt with by the Member for Development when the increase could be covered within the block allocation made by the Standing Planning Committee; but
- (e) that in those cases where an increase in a scheme value involved the abandonment of a scheme approved by the Standing Planning Committee or the provision of funds additional to the block allocation made by the Standing Planning Committee, the matter should be referred to the Planning Sub-Committee.*

24. The abolition of the Development and Reconstruction Authority meant not only that financial control for development expenditure devolved upon the Treasury but also that individual Members became the spending authorities as well as the spending agents for funds voted by the Legislative Council, whereas previously the Development and Reconstruction Authority itself was the spending authority.

Planning Sub-Committee's Report

25. In October, 1952, the Sub-Committee met in order to consider the revised development plans which had been submitted by Members in response to an invitation to state whether they wished—

- (a) to recommend any revision of projects approved by the Standing Planning Committee with particular reference to the schemes for which they wanted provision included in the Development and Reconstruction Authority's Draft Estimates for 1953; and
- (b) to recommend any new schemes for inclusion in the last five years of the ten-year plan, 1951–55.

Certain urgent schemes, the cost of which could be met from savings on other projects within the plan and from the unallocated reserve, were recommended to the Legislative Council for acceptance but consideration of the remaining revised plans submitted to the Sub-Committee was deferred until a clearer picture could be obtained of their recurrent implications. However, with the prolongation of the Emergency and the rapidly changing circumstances facing the Colony, the Government decided in April, 1953, that a completely revised development programme for the three-and-a-half-year period, 1st January, 1954, to 30th June, 1957, should be drawn up.

Development Committee: Establishment and Functions

26. Meanwhile, as a result of the Secretary of State for the Colonies' visit to Kenya in March–April, 1954, a Council of Ministers consisting of six Official, six Unofficial and two Nominated Members was appointed with effect from 20th April, 1954.† At the same time the Secretary of State announced an intention to establish a Development Committee—

“under the Chairmanship of the Minister for Finance and Development which will be responsible to the Council of Ministers for keeping the development and building programmes under review and making recommendations on the question of priority”.‡

* The Legislative Council was informed of the Government's decision to abolish the Development and Reconstruction Authority by a Sessional Paper laid on 13th May, 1953.

† By Additional (Royal) Instructions, dated 13th April, 1954.

‡ Cmd. Paper 9103, *Kenya: Proposals for the Reconstruction of the Government* (H.M.S.O., 1954).

27. The Development Committee of the Council of Ministers has been appointed and instructed by the Government—

- (a) to review the progress of the present three-and-a-half-year plan* and having,
 - (i) invited Ministers in charge of departments to suggest modifications or extensions; and
 - (ii) considered the internal consistency and structure of the plan; to make recommendations to the Council of Ministers from time to time;
- (b) to make recommendations on priorities in relation to works capacity and the availability of funds and to define the stages in which the plan should be carried out;
- (c) to consult with the Treasury and Ministers concerned to ensure that the necessary resources are available for the completion of each stage.

28. For the time being the Development Committee's functions will be to determine priorities and provide any co-ordination necessary to ensure the speedy implementation of the plan. The other two main functions of the old Development and Reconstruction Authority, namely, financial control and works execution, are now the responsibility of the Treasury and the Ministry of Works respectively.

29. With regard to the determination of building and spending priorities three phases can be distinguished since 1946: first, in the early years, quite apart from the fact that a higher rate of expenditure would not, in all probability, have been possible in view of the limited technical capacity, the Government had to consider the problem of inflation and the chronic balance of payments difficulties of the United Kingdom. In other words, in those years world economic conditions mainly dictated the annual ceiling on development expenditure. The second phase opened in 1949-50, by which time the General Works Staff of the Public Works Department was well organized; and as the time was approaching when the development programme would be more and more dependent on *loan* funds a financial ceiling was imposed, which has remained in force up to the present time.† Thirdly, a limit as equally important as the financial limit in the present planning period will be that of physical capacity. This is partly because the departments which have received the largest shares of total available funds must spend them wholly on buildings. A review of known building commitments—Colony, development and work to be undertaken on an agency basis—in relation to total available capacity, including private contractors, during the present planning period ending 30th June, 1957, has recently been completed and even allowing for a build-up of Public Works Department technical capacity and the use of private consultants, it is clear that the "question of (building) priority", at least, both within and between years will be a difficult and important question.‡

* That is, the plan described in Chapter VIII.

† Paragraph 35.

‡ Paragraphs 289-292.

PART TWO
THE ACHIEVEMENT, 1946-53

CHAPTER III—THE DEVELOPMENT AND RECONSTRUCTION FUND, 1946–53

Introduction

30. It has already been noted that the Development and Reconstruction Authority was formally established on 1st August, 1945. With effect from 1st January, 1946, the double budget system was introduced and the Development and Reconstruction Fund was opened into which grants from the Colonial Development and Welfare Vote, loans, transfers from Colony revenue and other sums have been paid and to which all expenditure on development and reconstruction has been charged.* The Government hoped that separate estimates for the Development and Reconstruction Authority would ensure—

“that the execution of development plans, once they are approved and provided for could be carried to finality, if necessary over a period of years, without being affected by periodic shortfalls in the revenue”.†

Double Budget System

31. It is important to realize that the introduction of separate estimates of revenue and expenditure for the Development and Reconstruction Authority was primarily to insulate the development programme from annual fluctuations in revenue: in other words, the distinction between the Colony and Development and Reconstruction Authority accounts was not related to any logical separation of current and capital transactions but to whether the finance for a particular project was made available through the Development and Reconstruction Fund. The importance of this separation has, however, been recognized: for example, as from 1952, expenditure which in previous years had been included in the Colony's Estimates under Public Works Extraordinary has been included in the Development and Reconstruction Authority or Development Estimates and a corresponding transfer from Colony revenue has been made to the Development and Reconstruction—now Development—Fund. Again, consideration has been given to the transfer to the Colony's Estimates of recurrent expenditure of a permanent nature: with effect from 1953 provision for two sections of the Soil Conservation Organization—the Headquarters and European Advisory Services—was voted through the Colony's Estimates; and with effect from 1954 the operating expenses of the Public Works Department's brick and tile works has been similarly transferred.

32. Generally, the Government considers that provision for all items of capital expenditure—defined as expenditure leading to the creation of a new asset, or the appreciation in value of an already existing asset—should be voted through the Development Estimates; whilst provision for expenditure of an annual recurrent nature—that is, expenditure concerned with an asset or project already created—should be voted through the Colony's Estimates, and not be a charge on the Development Fund.

* It should be noted that the so-called Development and Reconstruction Fund—now known as the Development Fund—was, strictly speaking, only an *account* for until the introduction of the exchequer system a separate banking account did not exist.

† Sessional Paper No. 3 of 1945, paragraph 8.

Receipts into Development and Reconstruction Fund, 1946-53

33. The Development Committee based their recommendations on a forecast of funds likely to become available over the ten-year period 1946-55 of £15,586,000 (net) or £19,191,000 (gross),* including loans totalling £5.0 million. The Standing Planning Committee were advised that an additional £11.5 million could be raised on the London money market before the end of 1955 which, together with further funds from other sources† raised the forecast of available funds to £30,681,000 (net) or £34,531,000 (gross). As the Government has decided to bring the ten-year plan to a close after only eight years, neither the accuracy of these forecasts nor the effect of the Standing Planning Committee's estimated deficit of £4,563,000 is of very great interest. In the event, by the end of 1953, this deficit could be recalculated at £2,740,000, despite the inclusion of certain new projects‡ because the Government was able to transfer £1.0 million in 1951 from the General Revenue Balance and make a special contribution of £200,000 from Colony revenue; whilst in 1952 and 1953 the proceeds of the taxes levied on exports of sisal, cotton, hides and skins and wattle bark under the Export Duties Ordinance§ were credited to the Development and Reconstruction Fund.

34. Over the eight years 1946-53 receipts into the Development and Reconstruction Fund totalled £35,944,561 (gross) and as at 31st December, 1953, an unspent balance of £6,828,943 remained in the Fund.

* This figure includes, as well as £1,605,000 from the Colonial Development and Welfare Vote (Interterritorial and Central Research Allocations), £2.0 million for loans for self-reimbursing expenditure (i.e. loans to local government authorities) but in the event the sum of £1.8 million was paid over to the Local Government Loans Authority as a grant.

† Including special contributions from Colony revenue of £400,000 in 1946 and £250,000 in 1948 to cover rising building costs and to finance certain buildings not included in the Development Committee's Report.

‡ For example, Embakasi Airport, administrative sub-stations and the National Service Training Centre, Nakuru.

§ Ordinance No. 71 of 1951.

TABLE 2.—DEVELOPMENT AND RECONSTRUCTION FUND: RECEIPTS, 1946-53

| Item | Amount | Per cent |
|--|-------------------|--------------|
| | £ | |
| Loans Raised for General Purposes (a) | 18,836,482 | } 55.8 |
| Loan from Uganda Government for Hill School, Eldoret | 75,000 | |
| C.D. & W. Vote (Block Allocation) | 2,569,790 | 7.6 |
| Special Transfers from— | | |
| Wartime Contingency Fund | 800,000 | } 14.5 |
| War Risks Insurance Fund | 108,533 | |
| Excess Profits Fund | 3,332,922 | |
| Forest Replanting and Development Fund | 539,339 | |
| Maize Control (Surpluses) | 117,926 | |
| Contributions from Colony Revenue— | | |
| General (b) | 5,001,335 | } 19.7 |
| Staff Housing | 1,079,693 | |
| Miscellaneous | 568,015 | |
| Contributions from Miscellaneous Sources | 68,516 | 0.5 |
| Earnings— | | |
| Soil Conservation Service | 116,178 | } 1.7 |
| Brick and Tile Works | 40,506 | |
| Dam Construction Units | 123,664 | |
| Miscellaneous | 304,968 | |
| Miscellaneous | 50,224 | 0.2 |
| TOTAL (KENYA FUNDS) | 33,733,091 | 100.0 |
| Reimbursements— | | |
| C.D. & W. Vote (Interterritorial, Central and Special Allocations) | 1,065,386 | } 6.1 |
| Military Works | 630,184 | |
| Cotton Sales Cess Fund Schemes | 262,956 | |
| Public Works Non-Recurrent | 212,000 | |
| Miscellaneous | 40,944 | |
| GRAND TOTAL | 35,944,561 | — |

Notes.—

(a) Including the unspent balances of the 1930, 1933 and 1936 loans, namely, £18,009.

(b) Including £751,335 on account of export taxes.

Non-Loan Funds

35. Clearly the availability of non-loan moneys was a very significant feature of development finance up to the end of 1953, the source of no less than 34.2 per cent of total receipts into the Development and Reconstruction Fund being various wartime accumulations, the moneys in the Forest Replanting and Development Fund and contributions from Colony revenue. The proportion of total (net) expenditure, namely, £27,404,345, so financed was 45.3 per cent because the unspent balance in the Development and Reconstruction Fund, namely, £6,828,943, included the sum of £6,510,000, being the proceeds of the Development Loan raised on the London money market in December, 1953. The agreed annual contribution from Colony revenue was £300,000 but, in addition to the grant from surplus balances in 1951, special contributions from Colony revenue were made in 1946 (£400,000), 1948 (£250,000) and 1951 (£200,000) in view of "the patent inability of the foreseeable capital moneys available for the Development and Reconstruction Authority to provide for a number of important aspects of development".*

* Draft Estimates of Revenue and Expenditure, Kenya, 1951 (Government Printer, Nairobi, 1950), p. 11A.

36. Even so, money incomes expanded so rapidly* that tax yields were such as to enable the General Revenue Balance to be built up *pari passu* with the growth of the ordinary Colony budget. From Table 3, below, it will be seen that the working capital position of the Government had been relatively strengthened up to the outbreak of the Emergency.

TABLE 3.—GENERAL REVENUE BALANCE AND NET COLONY REVENUE AND EXPENDITURE, 1946-53

| Year | Net Revenue (£mn.) | Net Expenditure (£mn.) | General Revenue Balance (a) (£mn.) | Column (3) as a percentage of Column (2) |
|------------|-----------------------|------------------------------|---|--|
| | (1) | (2) | (3) | (4) |
| 1946 | 7.75 | 7.49 | 2.22 | 29.6 |
| 1947 | 8.51 | 9.89 | 3.00 | 30.3 |
| 1948 | 10.26 | 9.82 | 3.50 | 35.6 |
| 1949 | 11.96 | 9.69 | 5.69 | 58.7 |
| 1950 | 12.31 | 11.57 | 6.46 | 55.8 |
| 1951 | 16.45 | 15.42 | 7.23 | 46.9 |
| 1952 | 19.31 | 17.62 | 8.96 | 50.9 |
| 1953 | 19.90 | 21.40 | 7.61 | 35.6 |

(a) As at 31st December of each year. Net revenue and expenditure are defined as gross revenue and expenditure less reimbursements, including other Governments' shares of joint services expenditure.

Loan Funds

37. Three loans have been raised to finance development expenditure, details relating to which are contained in Table 4, below.

TABLE 4.—KENYA LOANS RAISED IN 1951, 1952 AND 1953

| Details | 1951 Loan | 1952 Loan | 1953 Loan (a) |
|--|-----------|-----------|---------------|
| | £ | £ | £ |
| Amount of Issue | 6,070,000 | 6,115,000 | 6,510,000 |
| Amount Credited to Development and Reconstruction Fund .. | 6,000,000 | 5,980,000 | 6,500,000 |
| Rate of Interest (per cent) .. | 3½ | 4½ | 4½ |
| Price of Issue (per cent) | 100 | 99½ | 100 |
| Redemption Dates | 1973-78 | 1971-78 | 1971-78 |

(a) The 1953 loan was raised as an extension of the 1952 loan which was raised under the Development Loan Ordinance of 1951.

Central Government Debt

38. The effect of the above loan programme has been to increase the net public debt of the Central Government from £2.79 million as at 31st December, 1946, to £20.34 million as at 31st December, 1953.

* The geographical income increased from £53.0 million in 1947 to £109.4 million in 1953.

TABLE 5.—KENYA GOVERNMENT DEBT, 1946-53 (a)

| Year | Nominal Debt | | | Offsetting Items | | |
|---------|--------------|---------------------------------|-------|--------------------------------|---------------|----------|
| | Funded Debt | Colonial Development Fund Loans | Total | Moneys Re-lent from Loan Funds | Sinking Funds | Net Debt |
| | £mn. | £mn. | £mn. | £mn. | £mn. | £mn. |
| 1946 .. | 4.47 | 0.11 | 4.58 | 1.17 | 0.62 | 2.79 |
| 1947 .. | 4.47 | 0.10 | 4.57 | 1.14 | 0.67 | 2.76 |
| 1948 .. | 4.47 | 0.30 | 4.77 | 1.32 | 0.76 | 2.69 |
| 1949 .. | 4.17 | 0.27 | 4.44 | 1.10 | 0.77 | 2.57 |
| 1950 .. | 3.51 | 0.26 | 3.77 | 1.07 | 0.67 | 2.03 |
| 1951 .. | 9.58 | 0.26 | 9.84 | 1.02 | 0.70 | 8.12 |
| 1952 .. | 15.70 | 0.25 | 15.95 | 1.02 | 0.82 | 14.11 |
| 1953 .. | 22.21 | 0.24 | 22.45 | 0.99 | 1.12 | 20.34 |

(a) That is, position as at 31st December of each year.

The 1946 Development Committee were advised that a loan programme of only £5.0 million involving a total outstanding debt of about £8.5 million by 1955 could be contemplated for the ten-year development plan* but by 1948-49 not only was it realized that the total plan value of £15.586 million was inadequate but also the unexpectedly high rate of expansion of the Colony's economy generally led to the conclusion that the total debt limit could be safely put at £20.0 million, which limit had been exceeded by the end of 1953. Neither the size of the debt, of course, nor the annual service charge can be considered alone: it is the relation of the latter to the annual product which counts and which reflects the ability of a country to bear a higher debt or not. A further reference will be made to this point in Chapter V.

39. The loan from the Uganda Government for the construction of the Hill School, Eldoret, is not included in the above table. Only £75,000 of the authorized amount of £250,000 had been drawn by the end of 1953. The terms of the loan provide that simple interest at the rate of 3 per cent per annum will be payable on each instalment of the loan as and when received until the full amount has been drawn. Thereafter repayment of capital and interest will begin by half-yearly equated instalments over a period of 30 years.

* Report, paragraphs 12-13.

CHAPTER IV—DEVELOPMENT AND RECONSTRUCTION AUTHORITY: EXPENDITURE, 1946–53

Problems of Analysis

40. An analysis of the progress of the ten-year plan over the eight years 1946–53 encounters three main difficulties: in the first place, expenditure has to be charged to the correct allocations and in view of the fact that the form of the annual estimates of the Development and Reconstruction Authority bore little direct relation to the reports of the Development Committee and the Standing Planning Committee considerable care has to be exercised. Moreover, the reports of these two committees do not provide very much detail of the build-up of the block allocations and, therefore, the correct allocation of expenditure in some cases is a matter of judgment. Secondly, so that the essentially continuous nature of the development programme since 1946 is demonstrated the Government has had both the allocations and expenditure against those allocations analysed by Ministerial portfolios so that comparable figures over the 11½ years, 1st January, 1946, to 30th June, 1957, are available. Thirdly, it is clearly desirable to distinguish between expenditure chargeable to the Colony's own development funds as defined in Chapter III and expenditure provision for which was voted through the Development and Reconstruction Authority's Estimates as a matter of convenience. Two groups of such expenditure are involved, namely, that in respect of—

- (a) agency work performed on behalf of outside bodies (for example, the military authorities); and
- (b) agency work performed on behalf of quasi-Governmental bodies.

Whether the latter has been regarded as expenditure chargeable to development funds proper—and hence whether the transfer to the Development and Reconstruction Fund was regarded as a true receipt or merely as a reimbursement—has depended on whether the particular project could be regarded as an integral part of the development programme.

Scope and Purpose of Analysis

41. The Government does not propose to discuss the achievement of the development programme over the eight years ending 31st December, 1953, in detail. Such detail by individual projects is to be found in the annual reports of the Development and Reconstruction Authority.* Many of the broad policy implications will be examined in Part III of this Paper, although it should be noted that the programme for the three and a half years ending 30th June, 1957, is not merely a continuation of the old ten-year programme.

* For the years 1946, 1947, 1948, 1949, 1950, 1951 and 1952, respectively. (Published by the Government Printer, Nairobi). The 1946 report includes a report on the Authority's activities during the last five months of 1945. No report has been published for the last few months of the Authority's existence or for the year 1953 as a whole.

Estimates of Expenditure, 1946-55

42. Total expenditure envisaged under the ten-year plan increased rapidly as a result of rising costs, the more optimistic forecast regarding the Colony's ability to service loans* the buoyant position of Colony revenue making it possible for the annual contribution of £300,000 to the Development and Reconstruction Fund to be considerably augmented† and the programme itself, as it got under way, generated the need for further expenditure.

TABLE 6.—ESTIMATES OF EXPENDITURE UNDER TEN-YEAR PLAN, 1946-55

| <i>Date of Estimate</i> | <i>Gross</i> | <i>Net</i> |
|---|--------------|------------|
| | £ | £ |
| Development Committee, 1946 | 19,191,000 | 17,586,000 |
| Standing Planning Committee, 1951 | 40,554,500 | 37,859,500 |
| Treasury Estimates, September, 1953 (a) | 42,451,842 | 38,898,130 |
| Revised Treasury Estimates | 42,570,539 | 38,849,020 |

(a) *Development Estimates, 1st January to 30th June, 1954.* (Government Printer, Nairobi, 1953), page 3.

It should be noted that the £2.0 million for self-reimbursing loans has not been excluded from the net figures in the above table.

Analysis of Allocations and Expenditure: Standing Planning Committee's Basis

43. Tables 7 and 8, below, are based on the revised Treasury estimates and total expenditure against each block allocation up to the end of 1953 has been calculated. It is not proposed to comment on Table 7 further but it is worth while presenting the figures analysed on the basis of the Standing Planning Committee's classification for the purposes of historical record.

* Paragraph 38.

† Paragraphs 33 and 35.

TABLE 7.—ALLOCATIONS AND EXPENDITURE UNDER TEN-YEAR PLAN
(Standing Planning Committee's Classification)

| No. | Item | Allocation for 1946-55 | Total Expendi- ture to 31st Dec., 1953 | Unspent Balance as at 1st Jan., 1954 |
|-----|---|------------------------------|--|---|
| | | £ | £ | £ |
| 1 | Agriculture and Veterinary Services .. | 8,216,337 | 6,566,974 | 1,649,363 |
| 2 | Forestry | 598,400 | 362,388 | 236,012 |
| 3 | Water Development | 2,823,000 | 1,606,476 | 1,216,524 |
| 4 | Surveys | 152,082 | 136,542 | 15,540 |
| 5 | Roads | 5,896,000 | 4,260,344 | 1,635,656 |
| 6 | Airfields | 462,364 | 427,741 | 34,623 |
| 7 | Posts and Telegraphs | 497,971 | 343,269 | 154,702 |
| 8 | Medical Services | 1,990,600 | 964,865 | 1,025,735 |
| 9 | Education (including the Uganda Govern- ment's contribution of £100,000 to- wards the cost of the Royal Technical College) | 7,140,507 | 4,917,093 | 2,223,414 |
| 10 | Community Development | 107,000 | 59,648 | 47,352 |
| 11 | (1) Industry | 150,000 | 80,262 | 69,738 |
| | (2) Residential Sites | 100,000 | 100,000 | — |
| 12 | National Parks and Tourism | 257,000 | 163,869 | 93,131 |
| 13 | Buildings | 6,728,190 | 5,135,174 | 1,593,016 |
| 14 | Military Works | 476,559 | 235,425 | 241,134 |
| 15 | Cotton Areas: Nyanza | 60,000 | 60,000 | — |
| 16 | Fisheries | 15,500 | 13,135 | 2,365 |
| 17 | Town Planning | 18,000 | 17,988 | 12 |
| 18 | Building Materials | 3,000 | 3,000 | — |
| 19 | Nandi Hills | 20,000 | 14,530 | 5,470 |
| 20 | Administration (D.A.R.A.) | 124,798 | 89,962 | 34,836 |
| 21 | Cultural Centre | 50,000 | 50,000 | — |
| 22 | Miscellaneous Projects | 47,400 | 38,869 | 8,531 |
| 23 | Unallocated | 13,272 | — | 13,272 |
| 24 | General Works Staff | 34,885 | 34,885 | — |
| 25 | Loans— | | | |
| | (1) Loans to Local Authorities | 1,800,000 | 1,034,950 | 765,050 |
| | (2) Agricultural Loans | 200,000 | 79,000 | 121,000 |
| 26 | C.D. & W. Vote (Interterritorial and Central Schemes) | 989,640 | 870,982 | 118,658 |
| 27 | Mombasa Institute of Muslim Education | 100,000 | 100,000 | — |
| 28 | Dams | 200,000 | 108,017 | 91,983 |
| 29 | Brick and Tile Works | 64,385 | 41,022 | 23,363 |
| 30 | Hill School, Eldoret | 250,000 | 166,475 | 83,525 |
| 31 | Miscellaneous | 397,649 | 393,732 | 3,917 |
| 32 | Public Works Non-Recurrent | 436,000 | 189,143 | 246,857 |
| 33 | Military Works | 1,550,000 | 629,230 | 920,770 |
| 34 | National Service Training Centre | 200,000 | 75,855 | 124,145 |
| 35 | (1) Nyanza Cotton Sales Fund Schemes | 200,000 | 109,089 | 90,911 |
| | (2) Coast Cotton Sales Fund Schemes | 200,000 | 35,684 | 164,316 |
| | TOTAL | 42,570,539 | 29,515,618 | 13,054,921 |

The figure for total expenditure exceeds that recorded in the Annual Financial Statements by £400,000 because the £100,000 contributed by the Uganda Government towards the cost of the Royal Technical College was not accounted for

by the Kenya Government although the Kenya Government initiated the scheme at the time; and expenditure on roads includes a special contribution in 1952 to the Road Authority of £300,000 from Colony revenue for capital works. This contribution was voted through the Colony's Estimates and paid over direct. The usual procedure was for such special contributions to be paid into the Development and Reconstruction Fund and then voted out through the Development and Reconstruction Authority's Estimates.

Analysis of Allocations and Expenditure: By Ministerial Portfolios

44. In Table 8 allocations and expenditure up to the end of 1953 are analysed according to Ministerial portfolios. Apart from the fact that an analysis along these lines is more useful* the Government considers that a reconciliation of expenditure under the old ten-year plan and the allocations made for the present planning period is important for an understanding of the latter.

TABLE 8.—ALLOCATIONS AND EXPENDITURE UNDER TEN-YEAR PLAN BY MINISTERIAL PORTFOLIOS

| Portfolio | Allocation under Ten-Year Plan, 1946-55 | Total Expenditure 1946-53 | Unspent Balance as at 1st Jan., 1954 |
|---|---|---------------------------|--------------------------------------|
| | £ | £ | £ |
| <i>Chief Secretary</i> | | | |
| Staff Housing | 2,799,562 | 2,481,316 | 318,246 |
| Government Offices | 786,052 | 507,269 | 278,783 |
| Parliament Buildings | 165,594 | 152,320 | 13,274 |
| Information Department | 27,500 | 8,050 | 19,450 |
| TOTAL | 3,778,708 | 3,148,955 | 629,753 |
| <i>Ministry for Legal Affairs</i> | | | |
| Judicial Buildings | 60,000 | 27,493 | 32,507 |
| TOTAL | 60,000 | 27,493 | 32,507 |
| <i>Minister for Finance and Development</i> | | | |
| Government Press | 16,000 | 10,187 | 5,813 |
| TOTAL | 16,000 | 10,187 | 5,813 |
| <i>Minister for African Affairs</i> | | | |
| Administrative Sub-stations (a) | 15,000 | 10,008 | 4,992 |
| Buildings, N.F.P. | 85,000 | 77,831 | 7,169 |
| Nandi Hills | 20,000 | 14,530 | 5,470 |
| Fort Smith Swahilis | 11,100 | 6,491 | 4,609 |
| TOTAL | 131,100 | 108,860 | 22,240 |

(a) Excluding housing, which is included under staff housing, although houses built for Administrative Officers at sub-stations cannot really be regarded as "pool" houses. Departmental buildings have been charged to departmental block allocations.

* For one thing, large unallocated Heads such as No. 13, Buildings, in Table 7 are divided among the spending departments.

| Portfolio | Allocation under Ten- Year Plan, 1946-55 | Total Expendi- ture 1946-53 | Unspent Balance as at 1st Jan., 1954 |
|---|---|--------------------------------------|---|
| | £ | £ | £ |
| <i>Minister for Agriculture, Animal Husbandry and Water Resources</i> | | | |
| Agriculture | 2,667,576 | 2,062,631 | 604,945 |
| Veterinary Services | 475,607 | 377,278 | 98,329 |
| Water | 2,823,000 | 1,606,476 | 1,216,524 |
| African Land Development | 2,633,000 | 2,153,574 | 479,426 |
| European Settlement | 1,730,000 | 1,665,782 | 64,218 |
| European Settlement against Revenue | 268,685 | 268,685 | — |
| Indian and Arab Settlement | 100,000 | 9,709 | 90,291 |
| Silos | 300,000 | — | 300,000 |
| Loans for African Agriculture and Livestock | 200,000 | 79,000 | 121,000 |
| Sisal Board | 5,035 | 5,035 | — |
| Reserve | 2,978 | 68 | 2,910 |
| Unallocated | 500 | — | 500 |
| Dam Construction Units (b) | 200,000 | 108,017 | 91,983 |
| TOTAL | 11,406,381 | 8,336,255 | 3,070,126 |
| <i>Minister for Internal Security and Defence</i> | | | |
| Police Buildings | 896,680 | 586,371 | 310,309 |
| Police Forts, N.F.P. | 20,000 | 1,410 | 18,590 |
| Prison Buildings | 738,671 | 256,284 | 482,387 |
| National Service Training Centre | 200,000 | 75,855 | 124,145 |
| Kenya Regiment H.Q. | 55,559 | 54,324 | 1,235 |
| Housing: Kenya K.A.R. Battalion, Nanyuki | 130,000 | 106,101 | 23,899 |
| Contribution to Military Works Pool Fund | 291,000 | 75,000 | 216,000 |
| TOTAL | 2,331,910 | 1,155,345 | 1,176,565 |
| <i>Minister for Local Government, Health and Housing</i> | | | |
| Local Government Loans Authority | 1,800,000 | 1,034,950 | 765,050 |
| African Housing | 491,634 | 505,129 | —13,495 |
| Medical Services | 1,990,600 | 964,865 | 1,025,735 |
| Development of Residential Sites | 100,000 | 100,000 | — |
| Survey Department | 152,082 | 136,542 | 15,540 |
| Town Planning | 18,000 | 17,988 | 12 |
| TOTAL | 4,552,316 | 2,759,474 | 1,792,842 |

(b) Expenditure covered by earnings. The grant of £100,000 for capital equipment—vide paragraph 51 (11) of 1951 Standing Planning Committee's report—is included under Agriculture.

| Portfolio | Allocation under Ten-Year Plan, 1946-55 | Total Expenditure 1946-53 | Unspent Balance as at 1st Jan., 1954 |
|--|---|---------------------------|--------------------------------------|
| | £ | £ | £ |
| <i>Minister for Education, Labour and Lands</i> | | | |
| European Education | 2,502,800 | 1,991,937 | 510,863 |
| Hill School, Eldoret | 250,000 | 166,475 | 83,525 |
| Asian Education | 1,793,900 | 873,710 | 920,190 |
| African Education | 2,204,315 | 1,587,713 | 616,602 |
| Arab Education | 129,500 | 118,817 | 10,683 |
| Special Schemes— | | | |
| Royal Technical College | 160,000 | 122,000 | 38,000 |
| Hostel for Women Students in Nairobi .. | 40,505 | — | 40,505 |
| Central School, Nairobi | 20,000 | — | 20,000 |
| Grant-in-Aid, White Sisters, Mangu .. | 10,000 | 10,000 | — |
| Hospital Hill School, Nairobi | 6,500 | 4,474 | 2,026 |
| Mombasa Institute of Muslim Education | 100,000 | 100,000 | — |
| Kenya Cultural Centre | 50,000 | 50,000 | — |
| Building Instructors, Kabete | 22,987 | 23,060 | —73 |
| Unallocated | — | 1,783 | —1,783 |
| TOTAL | 7,290,507 | 5,049,959 | 2,240,538 |
| <i>Minister for Forest Development, Game and Fisheries</i> | | | |
| Forestry | 598,400 | 362,388 | 236,012 |
| Fisheries | 15,500 | 13,135 | 2,365 |
| National Parks and Tourism | 257,000 | 163,870 | 93,130 |
| TOTAL | 870,900 | 539,393 | 331,507 |
| <i>Minister for Commerce and Industry</i> | | | |
| Post Office Renewals Fund | 497,971 | 343,269 | 154,702 |
| Industrial Management Corporation | 75,000 | 75,000 | — |
| Development of Industrial Sites | 55,000 | — | 55,000 |
| Improvements to Aerodromes | 212,364 | 166,768 | 45,596 |
| Nairobi Airport, Embakasi | 250,000 | 260,973 | —10,973 |
| Weights and Measures Department | 20,000 | 5,262 | 14,738 |
| TOTAL | 1,110,335 | 851,272 | 259,063 |
| <i>Minister for Works</i> | | | |
| Public Works Department | 435,500 | 310,504 | 124,996 |
| Road Authority | 5,896,000 | 4,260,344 | 1,635,656 |
| TOTAL | 6,331,500 | 4,570,848 | 1,760,652 |
| <i>Minister for Community Development</i> | | | |
| Community Development Projects | 79,500 | 51,598 | 27,902 |
| TOTAL | 79,500 | 51,598 | 27,902 |

| Portfolio | Allocation under Ten-Year Plan, 1946-55 | Total Expenditure 1946-53 | Unspent Balance as at 1st Jan., 1954 |
|---|---|---------------------------|--------------------------------------|
| | £ | £ | £ |
| <i>Unallocated</i> | | | |
| Furniture (c) | 125,000 | 125,000 | — |
| Miscellaneous Buildings | 78,570 | 69,083 | 9,487 |
| Plaques for Buildings Financed from the C.D. & W. Vote | 904 | — | 904 |
| Unaccountable Difference (Buildings) | — | —857 | 857 |
| Building Materials | 3,000 | 3,000 | — |
| Administration (D.A.R.A.) (d) | 124,798 | 89,962 | 34,836 |
| Miscellaneous Projects | 47,400 | 38,869 | 8,531 |
| Miscellaneous Projects (e) | 397,649 | 393,732 | 3,917 |
| Unallocated Reserve | 13,272 | — | 13,272 |
| General Works Staff (f) | 34,885 | 34,885 | — |
| Brick and Tile Works | 64,385 | 41,022 | 23,363 |
| TOTAL | 889,863 | 794,696 | 95,167 |
| TOTAL EXPENDITURE CHARGEABLE TO KENYA FUNDS (g) | 38,849,020 | 27,404,345 | 11,444,675 |
| <i>Expenditure Ranking for Reimbursement</i> | | | |
| Royal Technical College— | | | |
| C.D. & W.V. Special Scheme (D.1590) .. | 150,000 | 83,600 | 66,400 |
| Contribution from Government of Uganda | 100,000 | 100,000 | — |
| C.D. & W. (Interterritorial and Central Research) Schemes | 989,640 | 870,982 | 118,658 |
| Cotton Areas—Nyanza (h) | 60,000 | 60,000 | — |
| Coast Agricultural and Investigational Centre, Matuga (h) | 35,879 | 33,545 | 2,334 |
| Nyanza Cotton Sales Cess Fund Schemes (h) | 200,000 | 109,089 | 90,911 |
| Coast Cotton Sales Cess Fund Schemes .. | 200,000 | 35,684 | 164,316 |
| Public Works Non-Recurrent (i) | 436,000 | 189,143 | 246,857 |
| Military Works (j) | 1,550,000 | 629,230 | 920,770 |
| TOTAL | 3,721,519 | 2,111,273 | 1,610,246 |
| GRAND TOTAL (k) | 42,570,539 | 29,515,618 | 13,054,921 |

(c) That is, furniture not charged to scheme values.

(d) Vote 15-1 of the Development and Reconstruction Authority's Estimates refers.

(e) Covered by specific grants from Colony revenue. Provision for the various projects concerned was voted through the Development and Reconstruction Authority's Estimates not only as a matter of convenience but also because the expenditure was of a capital nature and hence was supplementary to the main development programme.

(f) Expenditure not charged to works.

(g) That is, loan moneys, Colonial Development and Welfare Vote (Block Allocation), transfers to the Development and Reconstruction Fund from special accounts and from Colony revenue, other contributions and earnings of the Development and Reconstruction Authority's undertakings.

(h) Covered by grants from the Nyanza and Coast Cotton Sales Cess Funds.

(i) Covered by annual grants from Colony revenue of £100,000 in 1952 and £112,000 thereafter.

(j) Reimbursed by other Administrations.

(k) That is, of expenditure chargeable to Kenya funds and expenditure ranking for reimbursement.

45. The figures in Table 8 are summarized in Table 9 below. The fact that by the end of the eighth year of the ten-year plan 70.5 per cent of total allocations had been spent, that is, £27.4 million of £38.8 million, represents an impressive achievement, particularly when it is remembered that (a) many allocations had been adjusted for price changes; and (b) works expenditure in the first three years was limited by shortages of staff and equipment. It will be observed that whilst the percentage breakdown of expenditure (column 5) closely follows that for allocations (column 2) the figures in column 4 reveal wide variations in the rate of spending even in relation to the overall figure of 70.5 per cent, the explanation being mainly arithmetic.

TABLE 9.—ALLOCATIONS AND EXPENDITURE UNDER TEN-YEAR PLAN BY MINISTERIAL PORTFOLIOS

| Portfolio | Allocations, 1946-55 | | Expenditure, 1946-53 | | |
|---|----------------------|--------------|----------------------|-------------|-------------------|
| | Amount | Per cent | Amount | Per cent of | |
| | | | | Allocation | Total Expenditure |
| | (1) | (2) | (3) | (4) | (5) |
| | £ | | £ | | |
| Chief Secretary | 3,793,708 | 9.8 | 3,158,963 | 83.3 | 11.5 |
| Legal Affairs | 60,000 | 0.15 | 27,493 | 55.8 | 0.1 |
| Finance and Development | 16,000 | — | 10,187 | 63.7 | — |
| African Affairs | 105,000 | 0.3 | 92,361 | 88.0 | 0.3 |
| Agriculture, Animal and Water Resources | 11,674,481 | 30.1 | 8,506,616 | 72.9 | 31.0 |
| Internal Security and Defence | 2,331,910 | 6.0 | 1,155,345 | 49.5 | 4.2 |
| Local Government, Health and Housing | 4,552,316 | 11.7 | 2,759,474 | 60.6 | 10.1 |
| Education, Labour and Lands | 7,290,507 | 18.8 | 5,049,969 | 69.3 | 18.4 |
| Forest Development, Game and Fisheries | 613,900 | 1.6 | 375,523 | 61.2 | 1.4 |
| Commerce and Industry | 1,110,335 | 2.9 | 851,272 | 76.7 | 3.1 |
| Works | 6,331,500 | 16.3 | 4,570,848 | 72.2 | 16.7 |
| Community Development | 79,500 | 0.2 | 51,598 | 64.9 | 0.2 |
| Miscellaneous | 899,863 | 2.3 | 794,696 | 89.3 | 2.9 |
| TOTAL (a) | 38,849,020 | 100.0 | 27,404,345 | 70.5 | 100.0 |

(a) That is, total chargeable to Kenya funds.

Analysis of Allocations and Expenditure: By Main Schemes

46. An alternative method of analysis is to compare the ranking of expenditure against the main block allocations themselves and thereby ascertain the extent to which the scale of priorities as laid down by the Development and Standing Planning Committees and Executive Council were adhered to. Admittedly, the ten-year plan had run only eight years of its allotted course by the end of 1953, but in so far as expenditure lagged by almost exactly one year* it is unlikely that the plan would have been completed in the remaining two years, particularly in view of the interruptions due to the Emergency.

* Eight years equals 80 per cent of the period of the plan, and expenditure of £27.4 million equals 70.5 per cent of the total value of the plan, namely, £38.8 million.

TABLE 10.—TEN-YEAR PLAN—RANKING OF ALLOCATIONS AND EXPENDITURE

| Scheme | Allocations 1946-55 | | | Expenditure 1946-53 | | | |
|-----------------------------|---------------------|------------|----------|---------------------|------------|-------------|-------------------|
| | Order | Amount | Per cent | Order | Amount | Per cent of | |
| | | | | | | Allocation | Total Expenditure |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | |
| | | £ | | | £ | | |
| Road Authority .. | 1 | 5,896,000 | 15.2 | 1 | 4,260,344 | 72.3 | 15.5 |
| Staff Housing .. | 3 | 2,799,562 | 7.2 | 2 | 2,481,316 | 88.6 | 9.1 |
| European Education .. | 4 | 2,752,800 | 7.1 | 3 | 2,158,412 | 78.5 | 7.9 |
| African Land Development .. | 6 | 2,633,000 | 6.8 | 4 | 2,153,574 | 81.8 | 7.9 |
| Agriculture .. | 5 | 2,667,576 | 6.9 | 5 | 2,062,631 | 77.3 | 7.5 |
| European Settlement .. | 11 | 1,730,000 | 4.5 | 6 | 1,665,782 | 96.3 | 6.1 |
| Water .. | 2 | 2,823,000 | 7.3 | 7 | 1,606,476 | 56.9 | 5.9 |
| African Education .. | 7 | 2,204,315 | 5.7 | 8 | 1,587,713 | 72.2 | 5.8 |
| Local Government | | | | | | | |
| Loans Authority .. | 9 | 1,800,000 | 4.6 | 9 | 1,034,950 | 57.5 | 3.8 |
| Medical Services .. | 8 | 1,990,600 | 5.1 | 10 | 964,865 | 48.5 | 3.6 |
| Asian Education .. | 10 | 1,793,900 | 4.6 | 11 | 873,710 | 48.8 | 3.2 |
| Police Buildings .. | 12 | 896,680 | 2.3 | 12 | 586,371 | 65.4 | 2.2 |
| Government Offices (a) | 13 | 801,052 | 2.1 | 13 | 517,277 | 64.6 | 1.9 |
| African Housing .. | 16 | 491,634 | 1.3 | 14 | 505,129 | 102.7 | 1.9 |
| Aerodromes .. | 18 | 462,364 | 1.2 | 15 | 427,741 | 92.5 | 1.6 |
| Veterinary Services .. | 17 | 475,607 | 1.2 | 16 | 377,278 | 79.3 | 1.4 |
| Forestry .. | 15 | 598,400 | 1.5 | 17 | 362,388 | 60.6 | 1.3 |
| Public Works Department .. | 19 | 435,500 | 1.1 | 18 | 310,504 | 71.3 | 1.1 |
| Prison Buildings .. | 14 | 738,671 | 1.9 | 19 | 256,284 | 34.7 | 0.9 |
| All other .. | — | 4,858,359 | 12.5 | — | 3,211,600 | 66.1 | 11.4 |
| TOTAL (b) .. | — | 38,849,020 | 100.0 | — | 27,404,345 | 70.5 | 100.0 |

Notes.—

(a) Including Administration buildings at administrative sub-stations.

(b) That is, total chargeable to Kenya funds.

47. A number of points of interest emerge from this table: in the first place, only in the case of the Road Authority, Agriculture, the Local Government Loans Authority, Police Buildings and Government Offices does the same ranking apply for both expenditure and allocations. The other fourteen groups changed their position as follows:—

| | No. of Steps | |
|----------------------------------|--------------|------|
| | Up | Down |
| Staff Housing | 1 | — |
| European Education | 1 | — |
| African Land Development | 2 | — |
| European Settlement | 5 | — |
| Water | — | 5 |
| African Education | — | 1 |
| Medical Department | — | 2 |
| Asian Education | — | 1 |
| African Housing | 2 | — |
| Aerodromes | 3 | — |
| Veterinary Services | 1 | — |
| Forestry | — | 2 |
| Public Works Department | 1 | — |
| Prison Buildings | — | 5 |
| TOTAL .. | 16 | 16 |

The jump of five places achieved by European settlement arises from the fact that the European Agricultural Settlement (Amendment) Ordinance* provided for the establishment of a revolving fund of £1.6 million as at 1st April, 1950. The difference between this sum and the allocation of £1,730,000, namely £130,000, is on account of irrecoverable moratoria.† The relatively sharp reverse suffered by water can be mainly accounted for by the problem of recruiting staff and the fact that in the early stages of schemes for water development the rate of expenditure possible is retarded by the need to engage in what are often protracted hydrological investigations. The improved position of aerodromes arises from the decision in early 1953 to proceed with the construction of the new airport at Embakasi as quickly as possible. The fact that both "pool" housing and African housing schemes fared rather better in terms of expenditure is a reflection of the urgency with which the staff housing problem was regarded in the post-war years. The slow progress made with the medical and prison building programmes was mainly due to the higher priority given to the construction of staff quarters, Government offices and schools in the Development and Reconstruction Authority's Estimates.

48. Secondly, a greater variation is now revealed between the percentage breakdown of allocations (Column 3) and the percentage breakdown of total expenditure (Column 7), consistent with the rather uneven progress of the ten-year programme as a whole. At this point it should be noted that in drawing up the development plan for the three and a half years 1st January, 1954, to 30th June, 1957, the Government has paid careful attention to the extent to which the various programmes in the ten-year plan had been fulfilled by 31st December, 1953. The plan as a whole "lagged" by one year: whilst water development, local government, medical services, Asian education, police buildings, Government offices, forestry and prison buildings "lagged" by periods varying from one and a half to three and a half years. The Government's proposals for the present planning period endeavour to correct any unbalance in the pattern of expenditure during the past eight years.

Analysis of Expenditure Against Certain Block Allocations

49. Finally, it is constructive—

- (a) to break down certain of the larger block allocations by project or scheme in order to give some idea of the wide front on which the Colony's development problem has been tackled in recent years; and
- (b) to relate receipts from the Colonial Development and Welfare Vote to specific schemes.

STAFF QUARTERS

50. The Development Committee only allocated £450,000 for staff quarters. The Government soon realized that this sum was inadequate even for minimum requirements and in 1947 two contributions of £229,000 and £200,000 were made from revenue for African and European and Asian housing, respectively, whilst in 1948 another contribution of £415,000 was made. The Standing Planning Committee allocated a further sum of £1,150,000 which, they considered, "should enable the Government to tackle realistically the completion of the staff housing (problem)".‡ Together with other augmentations the total allocation as at 31st December, 1953, stood at £2,799,562 of which £2,481,316 or 88.6 per cent had been spent.

* Ordinance No. 49 of 1949.

† *Report of Standing Planning Committee*, paragraph 51 (b).

‡ *Report*, paragraph 251.

TABLE 11.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
STAFF HOUSING, 1946-53

| <i>Scheme</i> | <i>Expenditure</i> £ |
|--|-------------------------|
| European and Asian | 1,603,860 |
| African | 720,752 |
| Unallocable (including D.A.R.A. Staff) | 112,531 |
| Furniture | 44,173 |
| Total: .. | <u>2,481,316</u> |

GOVERNMENT OFFICES

51. The allocation of £74,000 for Administration Offices made by the Development Committee was subsequently extended to cover all Government offices other than those covered by a departmental block allocations. It will be observed from Table 12 below that £306,949 or about 60 per cent of total expenditure was absorbed by two large projects, namely, the Treasury Building and the Central Government Office.

TABLE 12.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
GOVERNMENT OFFICES, 1946-53

| <i>Scheme</i> | <i>Expenditure</i> 1946-53 £ | <i>Balance Required</i> <i>for Completion</i> £ |
|-----------------------------------|------------------------------------|---|
| Kisumu | 8,794 | — |
| Nakuru | 22,418 | — |
| Kericho | 13,570 | — |
| Kisii | 6,795 | — |
| Nyeri | 30,348 | — |
| Thomson's Falls | 28,077 | — |
| Kakamega | 3,458 | — |
| Thika | 14,691 | — |
| Bungoma | 6,258 | — |
| Kiambu | 8,384 | — |
| Wundanyi | 15,231 | 27,519 |
| Treasury Building | 95,523 | 124,177 |
| Central Government Office | 211,426 | 116,574 |
| Miscellaneous | 42,296 | — |
| TOTAL .. | <u>£507,269</u> | <u>£268,270</u> |

AGRICULTURE

52. The block allocation for "agriculture" as defined for the purposes of Table 8 by no means covers the whole of the agricultural programme under the ten-year plan; in particular, settlement schemes are excluded. The table below includes only schemes which have been the specific responsibility of the Director of Agriculture. Particular attention is drawn to the emphasis placed on soil conservation for the stage has now been reached whereby, in the present planning period, more attention can be paid to the problem of improving methods of farm management, such important results having been achieved by the "save-the-soil" campaign of the years immediately following the war.

TABLE 13.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
AGRICULTURE, 1946-53

| Scheme | Allocation 1946-55 | Expendi- ture 1946-53 | Balance |
|--|-----------------------|-----------------------------|----------------|
| | £ | £ | £ |
| Agricultural Training School | 12,500 | 8,280 | 4,220 |
| Egerton College | 27,584 | 24,809 | 2,775 |
| Soil Conservation | 2,210,910 | 1,656,803 | 554,107 |
| Agricultural Research and Investigational Stations (a) (D.1467) | 218,040 | 169,913 | 48,127 |
| Coffee Research | 20,828 | 25,448 | -4,620 |
| Horticultural Research | 9,000 | 8,643 | 357 |
| Plant Breeding | 7,500 | 7,632 | -132 |
| Pasture Research (Old Scheme: i.e. Phase I) .. | 11,505 | 14,567 | -3,062 |
| Rhodes Grass Seed | 10,800 | 9,218 | 1,582 |
| Highland Fertilizer | 18,506 | 16,903 | 1,603 |
| Agricultural Station, Thomson's Falls .. | 20,403 | 20,415 | -12 |
| Dam Construction Units (b) | 100,000 | 100,000 | — |
| TOTAL | £ 2,667,576 | 2,062,631 | 604,945 |

Notes.—

(a) Of the total scheme value, £62,248 was earmarked for administration, £82,222 for research centres and £73,570 for pasture research.

(b) Cf. note (b) to Table 8.

VETERINARY SERVICES

53. The Veterinary Department's own development programme—that is, excluding expenditure on stock control, the African Livestock Marketing Organization and on tsetse fly survey and control chargeable to the old African Land Utilization and Settlement Board's (now ALDEV) block allocation—was concerned with (a) the breeding of improved types of dairy cattle for distribution in the reserves; (b) the improvement of existing methods of animal husbandry; and (c) animal health and general veterinary research.

TABLE 14.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
VETERINARY SERVICES, 1946-53

| Scheme | Allocation 1946-55 | Expendi- ture 1946-53 | Balance |
|---|-----------------------|-----------------------------|----------------|
| | £ | £ | £ |
| Manufacture of Biologicals, Kabete (D.1380) .. | 90,705 | 77,553 | 13,152 |
| Naivasha Stock Farm, Research Station (D.1456) | 60,160 | 35,573 | 24,587 |
| Artificial Insemination Station | 19,909 | 19,909 | Nil |
| Livestock Improvement and Veterinary De- velopment | 72,000 | 27,082 | 44,918 |
| Quarantine Areas and Fenced Stock Routes .. | 47,664 | 47,664 | Nil |
| Importation of Pedigree Stock | 17,500 | 12,551 | 4,949 |
| Stock Breeding Centres (African Areas) (D.868 and A) | 74,475 | 62,977 | 11,498 |
| Animal Health Stations (Non-African Areas) .. | 10,000 | 8,974 | 1,026 |
| Mariakani Pasteurization Plant | 9,171 | 9,171 | Nil |
| Meat Canning Factory | 60,000 | 60,000 | Nil |
| TOTAL | 461,584 | 361,454 | 100,130 |

WATER

54. The rate of expenditure on the development of rural and township water supplies was not as high as expected over the eight years under review. This was due to the very great difficulties experienced in recruiting trained staff for research and investigational work and, in the early years, to shortages of materials. The Development Committee made an allocation of £2,220,000, including only £150,000 for township water supplies. Having regard to the rapid expansion of demand, and despite the restrictions referred to, it soon became clear that the allocation was inadequate. The Development Committee recognized that their allocation for *rural* water supplies, namely £1,025,000 might prove inadequate and, in fact, the Standing Planning Committee considered that additional funds should be provided for boring and well-sinking in African areas, the piping of tapering streams and the development of rock catchments.

TABLE 15.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
WATER, 1946-53

| Scheme | Allocation 1946-55 | Expendi- ture 1946-53 | Balance |
|------------------------------|-----------------------|-----------------------------|-----------|
| | £ | £ | £ |
| Rural Supplies | 1,420,000 | 734,505 | 685,495 |
| Township Supplies | 876,000 | 502,448 | 373,552 |
| Mombasa Water Supply | 502,000 | 350,273 | 151,727 |
| General | 25,000 | 19,250 | 5,750 |
| TOTAL | £ 2,823,000 | 1,606,476 | 1,216,524 |

It should be noted here that the Government has always regarded the Mombasa Water Supply (Major Project) as a separate project outside the main development programme in view of the magnitude of the financial problem involved.

AFRICAN LAND DEVELOPMENT

55. The Development Committee's allocation for the reconditioning of African areas and African resettlement was £3.0 million but, having regard to the economic spending capacity of the African Land Utilization and Settlement Board and the Agricultural and Veterinary Departments acting virtually as agents of the Board, the Standing Planning Committee reduced this allocation to £2,633,000. Otherwise, the unspent balance as at 31st December, 1953, would have been substantially larger than 18 per cent of the allocation.

TABLE 16.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
AFRICAN LAND DEVELOPMENT, 1946-53

| Scheme | Expenditure £ |
|--|------------------|
| A.L.U.S. (ALDEV) Headquarters | 359,071 |
| A.L.U.S. Schemes | 1,215,327 |
| Veterinary Department— | |
| Tsetse Fly Survey and Control | 332,226 |
| Pasteurization Plant, Mariakani | 16,126 |
| African Livestock and Marketing Organization | 38,418 |
| Stock Control Projects | 53,111 |
| Agricultural Department— | |
| Agricultural Offices | 72,955 |
| Pasture Survey | 4,696 |
| Unallocated | 61,644 |
| TOTAL | £2,153,574 |

A.L.U.S. Schemes, which numbered nearly 100 by the end of 1953, can be divided into those concerned with (a) betterment, (b) development (i.e. the opening up of hitherto unoccupied areas) and (c) reclamation and resettlement. In the case of the latter two types of schemes, the preparatory phases have involved the operation of pilot schemes to test the settlement capacity of the areas concerned. Full details of all schemes are to be found in the annual reports of the Development and Reconstruction Authority. Expenditure varied from £211,312 and £165,749 on such large projects as Makueni Settlement and Machakos Betterment Schemes; to £54,347 and £73,415 on the Northern Province Grazing Control and Betterment and the Coast Hinterland Development Schemes; down to very small sums such as £519 and £840 on a branding census in the Kitui district and the Embu Soil Conservation Scheme respectively.

POLICE BUILDINGS

56. Turning now to police and prison buildings: for the former the Development Committee provided only £175,000 but a rapid increase in the establishment of the Kenya Police took place* and this allocation soon had to be supplemented by a sum of £559,000. The Standing Planning Committee allocated a further £175,000 in view of the fact that the provision of housing and offices had begun to lag seriously behind recruitment.

TABLE 17.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
POLICE BUILDINGS, 1946-53

| <i>Scheme</i> | <i>Expenditure 1946-53 £</i> |
|-----------------------------------|--------------------------------------|
| <i>Stations and Offices—</i> | |
| Nairobi District | 59,699 |
| Central Province | 7,475 |
| Rift Valley Province | 25,410 |
| Nyanza Province | 20,074 |
| Total .. | <u>£112,658</u> |
| <i>Stations and Quarters—</i> | |
| Nairobi District | 130,186 |
| Coast Province | 10,292 |
| Central Province | 7,011 |
| Rift Valley Province | 13,067 |
| Nyanza Province | 21,356 |
| Northern Province | 19,483 |
| Miscellaneous | 77,004 |
| Total .. | <u>£278,399</u> |

* Table 60.

Quarters—

| | £ |
|------------------------------|-----------------|
| Nairobi District | 24,220 |
| Coast Province | 98,459 |
| Southern Province | 2,393 |
| Central Province | 5,832 |
| Rift Valley Province | 3,242 |
| Nyanza Province | 1,184 |
| Northern Province | 14,988 |
| Miscellaneous | 25,945 |
| Total .. | <u>£176,253</u> |
| Other .. | <u>£19,061</u> |
| GRAND TOTAL .. | <u>£586,371</u> |

PRISON BUILDINGS

57. Although the Development Committee recognized that by the end of the war most prison buildings in the Colony were inadequate they adhered closely to the principle that—

“new buildings should not be constructed merely because the old buildings are not so comfortable or convenient as they might be”*

and considered that £100,000 was the most they could recommend for new prisons and staff quarters. However, as with the police buildings programme the increased incidence of crime forced the issue and the Standing Planning Committee allocated a further £630,000 although, in the event, only 34.7 per cent of the programme was completed by the end of 1953.

TABLE 18.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
PRISON BUILDINGS, 1946–53

| Scheme | Allocation 1946–55 | Expendi- ture 1946–53 | Balance Required for Com- pletion |
|--|-----------------------|-----------------------------|---|
| | £ | £ | £ |
| New Prisons and Staff Quarters— | | | |
| Machakos | 7,117 | 7,117 | — |
| Kisii | 5,964 | 5,964 | — |
| Kapsabet | 3,220 | 3,220 | — |
| Kisumu | 109,800 | 106,502 | 3,298 |
| Mombasa | 206,000 | 92,445 | 113,555 |
| Kamiti Downs | 350,000 | 20,210 | 329,790 |
| H.M. Training Centre for First Offenders, Shikusa | 30,000 | 3,438 | 26,562 |
| Miscellaneous | 17,388 | 17,388 | — |
| Unallocated | 9,182 | — | 9,182 |
| TOTAL | <u>738,671</u> | <u>256,284</u> | <u>482,387</u> |

* Report, paragraph 190.

MEDICAL SERVICES

58. The Development Committee considered the problem of health services in terms of what they described as an "important economic principle", namely, that—

"the most substantial dividends are yielded by a concentration of resources on preventive rather than curative medical services."*

The Standing Planning Committee accepted this principle as well as the implied scale of priorities, viz.:—

- (a) provision of health centres;
- (b) expansion of training establishments for hospital staff;
- (c) improvements to existing hospitals; and
- (d) provision of new hospitals in certain densely populated areas and the expansion of hospital facilities.

The Standing Planning Committee recommended that the Development Committee's allocation of £847,000 should be augmented by £700,000 in addition to various additional sums totalling £383,600 which had been earmarked for medical services during the years 1946–50. However, planning difficulties slowed up the rate of expenditure and also a higher priority had to be accorded to other buildings within the annual expenditure ceiling. As a result, apart from prison buildings, the medical programme lagged more seriously than any other main group shown in Table 10.

TABLE 19.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
MEDICAL SERVICES, 1946–53

| Scheme | Allocation 1946–55 | Expendi- ture 1946–53 | Balance |
|---|-----------------------|-----------------------------|------------------|
| | £ | £ | £ |
| King George VI Group Hospital, Nairobi (D.475) | 608,000 | 433,429 | 174,571 |
| African, Arab and Asian Hospital, Mombasa (D.1905) | 350,000 | 50,786 | 299,214 |
| Voi Hospital | 42,384 | 42,384 | Nil |
| Malindi Hospital | 13,385 | 13,385 | Nil |
| Kitale Hospital | 12,112 | 12,112 | Nil |
| Improvements to Existing Hospitals | 293,484 | 135,365 | 158,119 |
| Leprosaria | 50,000 | 23,215 | 26,785 |
| Tuberculosis Institutes | 56,500 | 39,525 | 16,975 |
| Mathari Mental Hospital | 79,243 | 50,819 | 28,424 |
| Infectious Diseases Hospital, Nairobi (D.1821) | 205,000 | 55,835 | 149,165 |
| Infectious Diseases Hospital, Mombasa | 15,510 | Nil | 15,510 |
| Nairobi Dispensaries | 60,000 | 759 | 59,241 |
| Malaria and Drainage (D.864 and A) | 50,000 | 28,185 | 21,815 |
| Health Centres (Partly D.865) | 109,409 | 41,979 | 67,430 |
| Medical Training School | 26,147 | 22,661 | 3,486 |
| Medical Research Laboratory | 14,426 | 14,426 | Nil |
| Hostels in Towns | 5,000 | Nil | 5,000 |
| TOTAL | £ 1,990,600 | 964,865 | 1,025,735 |

* Report, paragraph 32.

EUROPEAN EDUCATION

59. The Development Committee allocated £670,700 for European education but their estimate of the rate of increase of the school population was distinctly on the low side and this allocation had to be marked up to £1,563,800 during 1946-50 whilst the Standing Planning Committee allocated a further £939,000, making a total allocation of £2,502,800.

TABLE 20.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
EUROPEAN EDUCATION, 1946-53

| Scheme | Allocation | Expenditure | Balance |
|---|------------|-------------|---------|
| | 1946-55 | 1946-53 | |
| | £ | £ | £ |
| <i>Primary</i> | | | |
| Nairobi | 87,029 | 87,029 | Nil |
| Nairobi (Day School) | 50,409 | 50,409 | Nil |
| Nairobi (Woodley Estate) | 35,000 | 25,755 | 9,245 |
| Nairobi (Westlands) | 6,036 | 6,036 | Nil |
| Nairobi (Kilimani) | 5,831 | 5,831 | Nil |
| Nakuru | 77,882 | 77,882 | Nil |
| Nyeri | 166,500 | 154,520 | 11,980 |
| Eldoret (Highlands) | 62,760 | 62,760 | Nil |
| Eldoret (Hill School) (a) | 250,000 | 166,475 | 83,525 |
| Kitale | 67,947 | 67,947 | Nil |
| Kericho | 201,800 | 153,087 | 48,713 |
| Mombasa | 10,000 | 6,948 | 3,052 |
| TOTAL PRIMARY | 1,021,194 | 864,679 | 156,515 |
| <i>Secondary</i> | | | |
| Kenya Girls' High, Nairobi | 684,000 | 635,081 | 48,919 |
| Prince of Wales, Nairobi | 73,414 | 73,414 | Nil |
| Duke of York, Nairobi | 700,000 | 499,844 | 200,156 |
| TOTAL SECONDARY | 1,457,414 | 1,208,339 | 249,075 |
| Grants-in-Aid | 62,558 | 62,558 | Nil |
| Miscellaneous (including permanent equipment and reserve) | 211,634 | 22,836 | 188,798 |
| GRAND TOTAL | 2,752,800 | 2,158,412 | 594,388 |

(a) Covered by loan from Uganda Government. Cf. paragraph 39.

ASIAN EDUCATION

60. In view of the rapid increase in the size of the Asian school population, the Government's policy in the last two to three years has been to develop parallel systems of grant-aided and Government primary schools. Thus Government expenditure in future will tend to be concentrated mainly on secondary education and domestic science. The rate of expenditure achieved under the ten-year plan—only 49 per cent of the total allocation of £1,793,900 being spent by 31st December, 1953—was disappointing.

TABLE 21.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
ASIAN EDUCATION, 1946-53

| Scheme | Allocation 1946-55 | Expendi- ture 1946-53 | Balance |
|--|-----------------------|-----------------------------|----------------|
| | £ | £ | £ |
| <i>Primary</i> | 335,570 | 269,671 | 65,899 |
| Nairobi | 167,217 | 162,611 | 4,606 |
| Mombasa | 39,624 | 39,624 | — |
| Nakuru | 9,999 | 9,999 | — |
| Fort Hall | 17,212 | 17,212 | — |
| Eldoret | 20,784 | 20,784 | — |
| Thika | 33,159 | 33,159 | — |
| Kisumu | | | |
| TOTAL PRIMARY | 623,565 | 553,060 | 70,505 |
| <i>Secondary</i> | | | |
| High School, Nairobi | 39,230 | 39,230 | — |
| Alladina Visram High School, Mombasa .. | 22,700 | 20,284 | 2,416 |
| Modern School, Mombasa | 50,000 | 5,093 | 44,907 |
| Nakuru | 14,609 | 14,609 | — |
| Eldoret | 18,450 | 16,547 | 1,903 |
| TOTAL SECONDARY | 144,989 | 95,763 | 49,226 |
| Grants-in-Aid | 540,000 | 199,713 | 340,287 |
| Unallocable (including staff housing and permanent equipment) | 185,000 | 25,174 | 159,826 |
| Unallocated | 300,346 | — | 300,346 |
| GRAND TOTAL | 1,793,900 | 873,710 | 920,190 |

ARAB EDUCATION

61. Rapid strides were made in Arab education during the period under review and so far as the building programme is concerned more than 90 per cent of the allocation was spent.

TABLE 22.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
ARAB EDUCATION, 1946-53

| Scheme | Allocation 1946-55 | Expendi- ture 1946-53 | Balance |
|----------------------------------|-----------------------|-----------------------------|---------------|
| | £ | £ | £ |
| Girls' Primary, Mombasa | 35,904 | 35,904 | — |
| Boys' Primary, Mombasa | 34,800 | 32,465 | 2,335 |
| Boys' Secondary, Mombasa | 47,999 | 47,999 | — |
| Permanent Equipment | 2,449 | 2,449 | — |
| Unallocated | 8,348 | — | 8,348 |
| TOTAL | 129,500 | 118,817 | 10,683 |

AFRICAN EDUCATION

62. The position with regard to the African development programme was fundamentally altered by the Legislative Council's acceptance in August, 1950, of the *Report on African Education in Kenya* (the Beecher Report). Whilst later experience has shown this report to be deficient in certain respects so far as secondary education, teacher training and female education are concerned, it has certainly provided a blueprint for the balanced development of the African education system. This development is based on the principle of self-sufficiency in the supply of teachers, with the long-term aim of providing every African child with eight years' schooling. Thus, whilst the Development Committee, on the basis of a 20-year plan prepared by the then Acting Director of Education*, allocated the sum of £806,000, which figure was subsequently amended upwards to £947,000, the Standing Planning Committee was obliged to recommend an additional allocation of no less than £1,162,000. The fact that expenditure totalling £1,587,713 had been incurred by the end of 1953—equal to 72.2 per cent of the total allocation of £2,204,315 for the ten-year period—represents a praiseworthy achievement.

TABLE 23.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
AFRICAN EDUCATION, 1946–53

| Scheme | Expenditure, 1946–53 | | |
|--|-----------------------|------------------|-------------|
| | Government Schools | Aided Schools | Total |
| Primary | £ 9,471 | £ 137,812 | £ 147,283 |
| Intermediate (Day) | — | 110,192 | 110,192 |
| Intermediate (Boarding and Townships) .. | 67,744 | 40,276 | 108,020 |
| Intermediate (Girls' Boarding) | 21,364 | 126,428 | 147,792 |
| Secondary (Boys) | 164,168 | 83,063 | 247,231 |
| Secondary (Girls) | — | 54,556 | 54,556 |
| Education of Women and Girls' Centres (D.355) | 52,929 | — | 52,929 |
| Agricultural Schools | 13,197 | 26,894 | 40,091 |
| Teacher Training, T.1 and T.2 | 122,263 | — | 122,263 |
| Teacher Training, T.3 | 129,270 | 63,490 | 192,760 |
| Teacher Training, T.4 | 38,943 | 215,534 | 254,477 |
| Unallocable (including staff housing and permanent equipment) | 110,119 | — | 110,119 |
| TOTAL | £ 729,468 | £ 858,245 | £ 1,587,713 |

ROADS

63. One of Sir Henry Moore's "key words" was roads.† Even excluding the grant of £460,000 from the Colonial Development and Welfare (Interterritorial) Scheme No. D. 899 for the Great Trunk Road, by far the largest allocation in the ten-year plan was for roads. Of the allocation of £5,896,000 approximately 72 per cent or £4,260,344 was spent by the end of 1953. Naturally, the greater proportion of this expenditure was devoted to the primary road network.

* *Report*, pp. 43–53.

† Paragraph 15.

TABLE 24.—DEVELOPMENT AND RECONSTRUCTION AUTHORITY EXPENDITURE—
ROADS, 1946-53

| <i>Scheme</i> | <i>Expenditure, 1946-53</i> £ |
|--|----------------------------------|
| Primary Road Construction Programme | 2,012,888 |
| Municipal, County and District Roads | 991,890 |
| Plant | 447,192 |
| Other (including balance in Road Fund, compensation, housing for African labour, Roads Branch of the Public Works Department, planning and unallocable) .. | 808,374 |
| TOTAL | <u>£4,260,344</u> |

Colonial Development and Welfare (Block Allocation) Schemes

64. Whilst Kenya funds have been defined as including the block allocation of £4,157,000 received from the Colonial Development and Welfare Vote* it is of interest to know precisely what expenditure incurred during the last eight years has ranked for reimbursement from this block allocation. Accordingly, the table below distinguishes between development plan allocations and expenditure against those allocations, on the one hand, and Colonial Development and Welfare scheme values and expenditure accepted for reimbursement by the Secretary of State for the Colonies, on the other.

* Originally the block allocation was, £3,500,000, but subsequently it was augmented by two sums of £157,000 and £500,000.

TABLE 25.—COLONIAL DEVELOPMENT AND WELFARE (BLOCK ALLOCATION) SCHEMES, 1946-53

| SCHEME | Allocation 1946-55 | Total Expendi- ture 1946-53 | C.D. & W. Scheme No. | C.D. & W. Scheme Value | Expenditure Reimbursed from C.D. & W. Vote |
|---|------------------------|--------------------------------------|----------------------------|------------------------------|---|
| | (1) | (2) | (3) | (4) | (5) |
| | £ | £ | | £ | £ |
| <i>Chief Secretary—</i> | | | | | |
| Nairobi Housing for Govern- ment African Employees .. | 49,500 | 49,500 | D.324 | 49,500 | 49,500 |
| Mombasa Housing .. | 27,584 | 27,584 | D.362 | 22,950 | 22,950 |
| <i>Minister for Agriculture, Animal Husbandry and Water Resources—</i> | | | | | |
| Agricultural Station, Thomson's Falls .. | 20,403 | 20,415 | D.271 & A. | 7,582 | 7,582 |
| Agricultural Research and In- vestigational Stations .. | 218,040 | 169,913 | D.1467 | 218,040 | 167,082 |
| Sisal Research Station .. | (1,320) | 1,320 | C.D.F. 516 | 1,080 | 1,320 (a) |
| Soil Conservation .. | 2,210,910 | 1,656,803 | D.299 & A. | 697,500 | 642,591 (b) |
| Manufacture of Biologicals, Kabete .. | 90,705 | 77,553 | D.1380 | 70,000 | 59,495 |
| Naivasha Stock Farm Research Station .. | 60,160 | 35,573 | D.1456 | 60,160 | 35,573 |
| Fencing of Stock Routes .. | 47,664 | 47,664 | D.1383 | 28,000 | 28,000 |
| Stock Breeding Centres .. | 74,475 | 62,977 | D.868 & A. | 74,475 | 62,977 |
| Improvement of Water Supplies in African Areas .. | | | C.D.F. 439 | 4,946 | 4,385 (c) |
| Cattle Dips and Water Supplies on Stock Routes .. | | | C.D.F. 479 | 1,147 | 3,241 (d) |
| Tana River Investigation Survey Water Supplies .. | | | D.269 & A. | 6,754 | 6,754 |
| Water Supplies in Masai .. | 1,420,000 | 734,505 | D.300, etc. | 300,650 | 282,618 |
| Water Supplies in Rural Districts Improvements and Investigation of Water Supplies in African Areas .. | (Rural Water Supplies) | | D.521 | 1,650 | 1,137 (e) |
| | | | D.877 | 280,436 | 118,214 |
| Reconditioning of Lands in African Areas .. | 2,633,000 | 2,153,574 | D.1365 | 5,000 | 3,623 |
| <i>Minister for Local Government, Health and Housing—</i> | | | D.935 | 443,000 | 333,867 |
| African Housing .. | 491,634 | 505,129 | D.498 & D.628 | 27,000 | 27,000 |
| King George VI Group Hospital, Nairobi .. | 608,000 | 433,429 | D.475 | 157,950 | 157,950 |
| African, Arab and Asian Hos- pital, Mombasa .. | 350,000 | 17,617 | D.1905 | 332,320 | 17,617 |
| Infectious Diseases Hospital, Nairobi .. | 205,000 | 55,835 | D.1821 | 204,905 | 55,835 |
| Anti-Malarial Measures .. | 50,000 | 28,185 | D.864 & A. | 30,800 | 28,185 |
| Health Centres .. | 109,409 | 41,979 | D.865 | 50,000 | 20,989 |
| <i>Minister for Education, Labour and Lands—</i> | | | | | |
| Expansion of African Teacher Training Centres (24 x T.4 Centres) .. | 120,000 | 101,279 | D.1647 | 120,000 | 101,279 |
| Expansion of African Teacher Training Centres (6 x T.4 Centres) .. | 61,000 | 36,063 | D.1697 | 61,000 | 36,063 |
| Establishment of Teacher Train- ing Centre for African Women Education of Women and Girls' Centres .. | 45,000 | — | D.1928 | 45,000 | — |
| Hostel for European Women Students in Nairobi .. | 57,645 | 52,929 | D.355 | 57,645 | 61,909 (f) |
| 40,505 | — | D.1906 | 40,505 | — | |
| Inter-racial School, Nairobi .. | 6,500 | 4,474 | D.1842 | 6,500 | 4,474 |
| Kenya Cultural Centre .. | 50,000 | 50,000 | D.1198 | 50,000 | 50,000 |
| Mombasa Institute of Muslim Education .. | 100,000 | 100,000 | D.986 & A. | 100,000 | 100,000 |
| Agricultural Schools and Teacher Training Centres .. | 163,053 | 163,053 | D.292 & A. | 88,505 | 88,505 |
| TOTAL .. | — | — | — | 3,645,000 | 2,580,715 |

Notes.—

- (a) Revenue of £240 credited to the Colonial Development and Welfare Vote.
- (b) Net figure after allowing for revenue of £97,768.
- (c) Completed scheme. Unspent balance of £561 assumed to have lapsed for purposes of calculating the balance of Kenya's block allocation available for spending in this planning period.
- (d) Revenue of £2,094 credited to the Colonial Development and Welfare Vote.
- (e) Completed scheme. With regard to the unspent balance of £513 *see* note (c) above.
- (f) Expenditure of £8,980 incurred in 1945 was accepted by the Secretary of State as a charge against the block allocation received under the 1945 and 1950 Colonial Development and Welfare Acts.

65. The total expenditure accepted as ranking for reimbursement, namely, £2,580,715, does not equal total receipts credited to the Development and Reconstruction Fund, namely, £2,569,790,* for two reasons: first, the former figure does not reflect actual cash transactions whilst the latter does. As at 31st December, 1953, under-issues totalled £69,906. Secondly, the latter figure includes reimbursements on account of certain expenditure incurred between 1st January and 30th March, 1946, which was not chargeable to the Colony's block allocation for the ten United Kingdom fiscal years, 1946-55, but to previous allocations made under the 1940 Colonial Development and Welfare Act. Assuming that the small unspent balances against schemes C.D.F. 439 and D.521 have lapsed, the balance of Kenya's block allocation available for expenditure in the present planning period—and the Secretary of State for the Colonies has indicated that the validity, so to speak, of these balances will continue after 31st March, 1955—is £1,575,211.

* Table 2.

CHAPTER V—ECONOMIC AND FINANCIAL IMPLICATIONS OF THE DEVELOPMENT PROGRAMME

The Measurement of Development

66. Economic development has been defined in paragraph 2 in terms of national income or net product analysis. It follows that the best measure of development is a net national product series adjusted to eliminate the effects of domestic and international price movements.

67. No estimates of Kenya's national income or net product are available, because statements relating to the Colony's annual international payments on current and capital account have not yet been compiled. The only estimates available relate to *geographical* income and net product.*

68. A national or geographical net product series, suitably adjusted for price changes, if compiled for a period of years would reveal changes in the size and structure of the Colony's economic system. That is to say, such a series would reveal whether changes in—

- (a) the known volume of natural resources;
- (b) the labour force;
- (c) the stock of capital equipment; and
- (d) the state of technical knowledge;

had been such as to yield a rising or falling trend of real product.

69. However, in the absence of adequate price data it is not possible to analyse trends in Kenya's economy since the war in this manner. All that can be done is to seek a general idea of those trends from the money series of geographical product supplemented by a number of miscellaneous indicators.

Geographical Net Product, Kenya, 1947-53

70. It follows that the figures in Table 26 conceal almost more than they reveal so far as real development is concerned but they do provide a useful starting point.

* The concept of net geographical product may be defined as the sum of the gross value of goods and services produced during a given period of time within the territorial boundary of the Colony *less*—

- (a) the value at current prices of all goods and services purchased from other industries and used in the process of further production; and
- (b) an allowance for the depreciation and obsolescence of capital assets.

Net national product as opposed to net geographical product is equal to the sum of the net production of each sector of the economy *less* that produced on behalf of persons living abroad *plus* that produced abroad on behalf of residents. Clearly, the net national product is likely to be lower than the geographical net product in a country such as Kenya for such a large proportion of capital formation is financed by overseas investors.

TABLE 26.—GEOGRAPHICAL NET PRODUCT, KENYA, 1947-53

| NET PRODUCT OF | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 |
|---------------------------|------|------|------|------|-------|-------|-------|
| | £mn. | £mn. | £mn. | £mn. | £mn. | £mn. | £mn. |
| Agriculture:— | 7.2 | 7.5 | 9.5 | 13.4 | 21.1 | 17.8 | 16.5 |
| Non-African | 2.5 | 2.8 | 3.6 | 4.2 | 4.7 | 4.0 | 4.5 |
| African (Marketed) | 15.4 | 16.5 | 17.2 | 19.0 | 22.1 | 23.4 | 24.2 |
| African (Subsistence) .. | | | | | | | |
| Total | 25.1 | 26.8 | 30.3 | 36.6 | 47.9 | 45.2 | 45.2 |
| Commerce, Finance and In- | 8.7 | 10.5 | 12.9 | 13.6 | 16.1 | 17.8 | 16.7 |
| Insurance | 4.5 | 5.5 | 6.7 | 8.9 | 10.0 | 11.5 | 12.7 |
| Manufacturing | 4.6 | 5.5 | 6.0 | 6.4 | 7.7 | 9.3 | 12.3 |
| Government | 4.2 | 5.0 | 5.7 | 6.1 | 6.9 | 7.8 | 7.4 |
| Transport | 1.5 | 2.2 | 3.0 | 4.1 | 5.7 | 6.5 | 6.3 |
| Building | 1.8 | 2.0 | 2.2 | 2.4 | 3.0 | 3.4 | 3.8 |
| Real Estate | 0.7 | 1.2 | 1.1 | 1.1 | 1.4 | 1.3 | 1.1 |
| Mining and Quarrying .. | 1.9 | 2.2 | 3.1 | 3.5 | 4.2 | 4.2 | 3.9 |
| Other | | | | | | | |
| TOTAL .. £ | 53.0 | 60.9 | 71.0 | 82.7 | 102.9 | 107.0 | 109.4 |

Whilst the value of total product at current prices has more than doubled over the period under review the relative contribution of African plus non-African agriculture has tended to be fairly stable at about 45 per cent although the non-African share rose from 13.6 per cent in 1947 to 20.5 per cent in 1951, subsequently falling away to 16.6 per cent in 1952 and 15.1 per cent in 1953, mainly as a result of a sharp fall in sisal prices from Sh. 188 to Sh. 134 per cwt. between 1951 and 1952 and an even sharper fall to Sh. 72 in 1953. The prices of cotton, hides and skins also fell. The extent to which manufacturing and building improved their positions over the period should be noted.

71. The only indication of what the money values in the table above might mean in terms of real product available for consumption and investment and real product produced (that is, the effect of shifts in the terms of trade having been excluded) is provided by cost of living index numbers and the new import and export price index numbers.

TABLE 27.—DOMESTIC, IMPORT AND EXPORT PRICE MOVEMENTS, KENYA, 1947-53

| YEAR | Cost of Living Index (Excluding Rent) | Mombasa African Index | Import Price Index | Export Price Index |
|--------------|---------------------------------------|-----------------------|--------------------|--------------------|
| 1947 | 100 | 100 | — | — |
| 1948 | 105 | 106 | — | 61 |
| 1949 | 107 | 107 | — | 72 |
| 1950 | 114 | 116 | 100 | 100 |
| 1951 | 123 | 135 | 124 | 134 |
| 1952 | 134 | 157 | 133 | 122 |
| 1953 | 140 | 167 | 121 | 111 |

72. Cost of living index numbers undoubtedly tend to overstate the fall in the value of money but, nevertheless, the importance of inflationary influences on the size of the money geographical net product—supplementary evidence in regard to which is presented in Table 28—is clearly indicated and may account for anything up to 40 per cent of the increase from £53.0 million in 1947 to

£109.4 million in 1953. The import and export price index numbers indicate that, whereas in 1951 the terms of trade swung in Kenya's favour, in 1952 they moved against us, whilst in 1953 the position neither improved nor worsened.

TABLE 28.—CURRENCY AND BANKING, 1939-53

| YEAR | Currency in Circulation, East Africa (a) | Balances Held, Kenya Post Office Savings Bank (b) | Deposits Held, Commercial Banks (c) |
|--------------|--|---|-------------------------------------|
| | £mn. | £mn. | £mn. |
| 1939 | 6.5 | 0.6 | 5.2 (d) |
| 1945 | 18.1 | 4.2 | 21.3 |
| 1946 | 20.9 | 4.9 | 23.8 |
| 1947 | 20.7 | 5.3 | 28.2 |
| 1948 | 20.2 | 5.8 | 30.5 |
| 1949 | 23.9 | 6.4 | 28.9 |
| 1950 | 25.6 | 6.9 | 33.6 |
| 1951 | 35.3 | 7.4 | 41.8 |
| 1952 | 39.9 | 8.2 | 43.9 |
| 1953 | 41.0 | 8.8 | 41.9 |

Notes.—

(a) Separate figures for Kenya cannot be extracted, East Africa forming a common currency area.

(b) Includes interest credited to depositors' accounts.

(c) Includes demand, time and saving deposits.

(d) As at 31st December, 1938.

Extension of Basic Services

73. In the absence of figures of real net product, what other measures of the growth and development of the Kenya economy are available? Attention is invited to the four basic services of power, telephones, rail transport and education over the 23-year period, 1930-53.

TABLE 29.—INDICATORS OF DEVELOPMENT, KENYA, 1930-53

| Year | Electric Generating Capacity ('000 kW.) | Telephones in use ('000) | Kenya-Uganda Railway ('000,000 freight ton miles) | School Population ('000) | | |
|------|---|--------------------------|---|--------------------------|----------|----------|
| | | | | African (a) | Asian | European |
| 1930 | 4.2 | N.A. | 368.9 | 86.0 | 3.8 | 1.4 |
| 1939 | 10.1 | 7.8 | 505.6 | 120.0 (b) | 10.0 (b) | 2.1 (b) |
| 1946 | 16.0 | 12.4 | 665.3 | 209.3 | 16.7 | 3.2 |
| 1948 | 18.3 | 14.8 | 754.3 | 270.0 (b) | 22.5 (b) | 4.5 (b) |
| 1951 | 33.1 | 25.2 | 1,078.0 | 362.2 | 27.7 | 6.3 |
| 1952 | 38.0 | 29.5 | 1,152.1 | 334.6 | 29.8 | 7.1 |
| 1953 | 48.5 | 35.4 | 1,182.4 | 334.8 | 31.0 | 7.5 |

Notes.—

(a) Clearly the 1951 and 1952 figures are inaccurate due to faulty recording.

(b) Approximate only.

The Government recognizes that the educational system is hardly capable of "measurement" in terms of school population alone: for one thing, the composition of the school population by race differs considerably. In particular, a higher proportion of European children is receiving secondary education than of Asian and African children.* The rate of expansion of these four basic services has been both a cause and an effect of the cumulative growth of the geographical product over the period.

74. Supplementary evidence of the very rapid growth of the Colony's capital stock since the war is provided by data relating to company formation, cement consumption and buildings constructed.

TABLE 30.—FURTHER INDICATORS OF DEVELOPMENT, KENYA, 1946-53

| Year | New Companies Formed (a) | Cement Consumption ('000 tons) | Buildings Completed (b) (Floor area, '000 sq. ft.) | |
|------------|--------------------------|--------------------------------|---|---------|
| | | | Nairobi | Mombasa |
| 1946 | 163 | 21.6 | 288 | N.A. |
| 1947 | 206 | 31.2 | 708 | 276 |
| 1948 | 289 | 60.0 | 852 | 336 |
| 1949 | 233 | 72.0 | 1,380 | 612 |
| 1950 | 221 | 96.0 | 1,848 | 732 |
| 1951 | 248 | 103.2 | 2,018 | 852 |
| 1952 | 244 | 90.0 (c) | 2,136 | 936 |
| 1953 | 189 | 105.8 | 1,680 | 984 |

Notes.—

- (a) The net increase at the end of each year would be these figures less bankruptcies.
 (b) Figures include residential and non-residential buildings.
 (c) Fall in imports, mainly due to shipping difficulties.

The value of subscribed capital is not at present available and, therefore, the figures of nominal capital, totalling £75.2 million for the 1,793 new companies registered during the eight years under review, cannot be reduced to figures of private investment expenditure. Nor is any information available relating to investment by existing companies. The figure of £75.2 million for nominal capital does not even indicate the volume of investment expenditure because it includes businesses converted into limited liability companies and others where the capital is only partially subscribed.

Trends in Real Production

75. The data presented in Table 31 below are not in respect of a representative range of commodities; rather their selection, as in the case of the development "indicators" in Tables 29 and 30, has been mainly determined by their availability.

* Table 61.

TABLE 31.—PRODUCTION OF PRIMARY COMMODITIES, KENYA, 1946-53

| Year | Cereals (^{'000} tons) | | Plantation Crops (^{'000} tons) | | | Dairy and Livestock Production | | |
|------|------------------------------------|--------------|---|--------------|-----------------------|---|---|--|
| | Maize (a) | Wheat (a) | Coffee (a) | Sisal (a) | Pyre- thrum (a) | Cattle, Calves (^{'000}) (b) | Pigs (^{'000}) (a), (b) | Milk (^{'000}) Gal. (a) |
| 1946 | 70.5 | 73.0 | 9.0 | 27.0 | 6.7 | 97.2 | 47.3 | 5.5 |
| 1947 | 64.2 | 62.2 | 14.2 | 28.3 | 3.9 | 53.1 | 41.1 | 6.0 |
| 1948 | 84.4 | 90.6 | 6.6 | 36.0 | 1.6 | 67.0 | 32.2 | 6.9 |
| 1949 | 92.4 | 107.8 | 6.3 | 37.0 | 1.3 | 77.6 | 34.4 | 7.6 |
| 1950 | 100.0 | 126.9 | 9.7 | 38.2 | 2.0 | 54.2 | 48.5 | 8.3 |
| 1951 | 99.1 | 111.9 | 16.1 | 42.3 | 2.1 | 52.4 | 63.0 | 9.7 |
| 1952 | 82.9 | 113.3 | 12.2 | 37.2 | 2.6 | 46.2 | 61.0 | N.A. |
| 1953 | 100.0 | 120.0 | 11.5 | 38.2 | 2.3 | 61.2 | 57.5 | 9.6 |

Notes.—

(a) Non-African only.

(b) Figures relate to production for meat.

76. It is not proposed to comment on the various reasons for the rather uneven growth of production revealed by these figures but, clearly, varying climatic conditions and producers' expectations regarding the cost-price structure have had an important bearing. An export quantum index has recently been calculated covering coffee, tea, maize, wattle extract, timber, hides and skins, cotton, sisal, pyrethrum and gold. On a 1948 base the movement has been as follows:—

TABLE 32.—EXPORT QUANTUM INDEX, KENYA, 1948-53

| Year | Index |
|------|-------|
| 1948 | 100 |
| 1949 | 93 |
| 1950 | 106 |
| 1951 | 113 |
| 1952 | 131 |
| 1953 | 106 |

77. On the industrial side the upward trend is naturally rather more clearly defined, as the data in Table 33 demonstrates.

TABLE 33.—INDICATORS OF INDUSTRIAL PRODUCTION, KENYA, 1946-53

| Year | Sales of Electricity (^{'000,000} kW. hours) | Sales of Motor Spirit (a) (^{'000,000} gal.) | Production of Beer (^{'000} Standard gal.) |
|------|---|---|---|
| 1946 | 34.8 | 8.4 | 98 |
| 1947 | 37.2 | 14.4 | 88 |
| 1948 | 48.0 | 15.6 | 100 |
| 1949 | 61.2 | 19.2 | 122 |
| 1950 | 75.6 | 21.6 | 143 |
| 1951 | 91.2 | 22.8 | 192 |
| 1952 | 111.6 | 24.0 | 229 |
| 1953 | 132.0 | 26.4 | 255 |

(a) Excluding sales to the military authorities but including sales to the Central Government.

An import quantum index covering food, beverages and tobacco, textiles and clothing, base metals and manufactures thereof, machinery, apparatus and appliances and building materials is available but only for the last three years, viz.: on a 1950 base, the index rose to 115 in 1951 to 122 in 1952 and fell away a little to 114 in 1953.

Overseas Trade

78. Clearly the expansion and diversification of an underdeveloped country's economy will involve a rapid increase in the volume of international trade transactions on both private and public account. It will be observed from Table 34 that whilst the value of Kenya's own exports increased from £6.2 million to £19.5 million or threefold between 1946 and 1952, the value of retained imports—that is, net imports less re-exports—rose from £12.9 million to £48.3 million or fourfold. The year 1953 saw a marked contraction of trade: export income fell, due mainly to the fall in world commodity price levels* and because the post-war period of re-equipment and scarcity of consumer goods had definitely ended by 1952. A certain amount of destocking also took place as a result of a weakening of confidence among merchants.

TABLE 34.—VALUE OF OVERSEAS TRADE (a), KENYA, 1946–53

| Year | Net Imports (b) • (1) | Domestic Exports (2) | Re-exports (3) | Balance of Trade (c) (4) | Balance of Trade (East Africa) (5) |
|---------|--------------------------|-------------------------|-------------------|-----------------------------|---------------------------------------|
| | £mn. | £mn. | £mn. | £mn. | £mn. |
| 1946 .. | 14.2 | 6.2 | 1.3 | -6.7 | -0.2 |
| 1947 .. | 20.7 | 9.0 | 1.6 | -10.1 | -7.1 |
| 1948 .. | 29.6 | 10.4 | 2.0 | -17.2 | -16.2 |
| 1949 .. | 37.3 | 10.9 | 2.3 | -24.1 | -18.0 |
| 1950 .. | 31.7 | 17.2 | 2.5 | -12.0 | +1.6 |
| 1951 .. | 53.3 | 24.3 | 3.3 | -25.7 | +11.0 |
| 1952 .. | 59.3 | 25.8 | 3.9 | -29.6 | +4.3 |
| 1953 .. | 51.7 | 19.5 | 3.4 | -28.8 | -13.3 |

Notes.—

(a) Excluding interterritorial trade.

(b) Including re-exports.

(c) That is, net imports less domestic exports and re-exports.

Two points should be made with regard to the heavy deficit in Kenya's visible balance of trade: in the first place, in recent years producers' capital goods, accessories and materials have accounted for more than 60 per cent—in 1953, for example, the percentage was 64—of the total value of retained imports. Although probably about one-quarter has been on Government and High Commission account, clearly a part of this trade deficit is represented by private capital inflows. Secondly, a balance of trade deficit does not necessarily indicate an overall deficit in Kenya's balance of international payments. Although no satisfactory estimate of invisible exports has yet been made Kenya earns quite large sums in this way, particularly from tourism. Allowance must also be made for the fact that the three East African territories form a common currency area and, as a result, Kenya provides many services for neighbouring territories which are not recorded in the trade statistics.

* Table 27 (last column).

79. The importance of international trade in determining the level of economic activity in Kenya in both the short and long run can be further demonstrated by relating retained imports and domestic exports to the geographical net product. The Kenya economy is at least as dependent on trade as any other in the same stage of development.

TABLE 35.—IMPORTS, EXPORTS AND THE GEOGRAPHICAL NET PRODUCT, KENYA, 1947-53

| Year | Geographical Net Product | Retained Imports (a) | Domestic Exports | Col. (2) as a per cent of Col. (1) | Col. (3) as a per cent of Col. (1) |
|---------|--------------------------|----------------------|------------------|------------------------------------|------------------------------------|
| | (1) | (2) | (3) | (4) | (5) |
| | £mn. | £mn. | £mn. | | |
| 1947 .. | 53.0 | 19.1 | 9.0 | 36 | 17 |
| 1948 .. | 60.9 | 27.6 | 10.4 | 45 | 17 |
| 1949 .. | 71.0 | 35.0 | 10.9 | 49 | 15 |
| 1950 .. | 82.7 | 29.2 | 17.2 | 35 | 21 |
| 1951 .. | 102.9 | 50.6 | 24.3 | 49 | 24 |
| 1952 .. | 107.0 | 55.4 | 25.8 | 52 | 24 |
| 1953 .. | 109.4 | 48.3 | 19.5 | 44 | 18 |

(a) Net imports minus re-exports.

80. But a dependence on trade is not the whole story: an analysis of the pattern of Kenya's import and export trade illustrates the dependence of the economy on the production of a few primary commodities for export.* It is the income from such exports which is so important in the financing of the importation of a wide range of manufactured goods for consumption and for use in further production.

TABLE 36.—PATTERN OF IMPORT AND EXPORT TRADE, KENYA, 1950-53

| Item | 1950 | 1951 | 1952 | 1953 |
|-------------------------|-------------|-------------|-------------|-------------|
| | £mn. | £mn. | £mn. | £mn. |
| <i>Net Imports</i> | | | | |
| Machinery & Vehicles .. | 8.5 | 12.3 | 16.1 | 13.5 |
| Textiles | 3.3 | 8.2 | 7.0 | 3.8 |
| Base Metal Goods .. | 4.6 | 8.0 | 7.3 | 9.3 |
| Fuels & Lubricants .. | 4.3 | 7.1 | 9.4 | 6.3 |
| Food, Drink & Tobacco | 2.3 | 3.6 | 4.0 | 5.5 |
| Clothing & Footwear .. | 2.1 | 4.1 | 2.3 | 1.3 |
| All other | 6.6 | 10.0 | 13.2 | 12.0 |
| TOTAL | 31.7 | 53.3 | 59.3 | 51.7 |
| <i>Domestic Exports</i> | | | | |
| Sisal | 4.1 | 6.9 | 4.5 | 2.5 |
| Coffee | 3.5 | 4.1 | 7.1 | 6.7 |
| Hides and Skins .. | 1.9 | 2.2 | 1.1 | 1.6 |
| Tea | 1.3 | 1.4 | 1.3 | 0.9 |
| Wattle Extract .. | 1.0 | 1.3 | 1.7 | 1.5 |
| Sodium Carbonate .. | 0.9 | 1.2 | 1.2 | 0.8 |
| All other | 4.5 | 7.2 | 8.9 | 5.5 |
| TOTAL | 17.2 | 24.3 | 25.8 | 19.5 |

81. The problem arising from the instability of dependent economies has already been referred to briefly. The world price levels of Kenya's two staple

* The value and stabilizing effect of earnings from invisible exports, i.e. services, should be noted at this point.

exports, sisal and coffee, have risen sharply in recent years and the incomes thus generated have been a major contributory factor to the rate of expansion of the system as a whole. With the general improvement in the general supply position for hard fibres, a decline from the peak sisal prices of 1951 was expected but the rapidity and extent of the fall was unexpected. It will be observed that, as a result, Kenya now depends for one-third of its visible export income on coffee sales. Although East Africa is one of the main sources of soft-currency coffee any assumption that the present price level will persist indefinitely would be dangerous. Clearly the implications of the progressive freeing of world trade from the present monetary and quantitative restrictions are that a share of the world's export markets will only be maintained under certain conditions of productivity and costs. The divergent movements on world commodity markets in recent years are illustrated by the following table.

TABLE 37.—PRICES TO PRODUCERS, CERTAIN COMMODITIES, 1946–53

| Year | Sisal Fibre (a) | | Coffee (b) | | Pyrethrum (c) | |
|------|-----------------|-------|------------|-------|---------------|-------|
| 1946 | .. | 35.5 | .. | 112.0 | .. | 141.0 |
| 1947 | .. | 56.7 | .. | 149.0 | .. | 133.0 |
| 1948 | .. | 78.5 | .. | 161.0 | .. | 115.0 |
| 1949 | .. | 88.2 | .. | 350.0 | .. | 189.0 |
| 1950 | .. | 116.0 | .. | 373.0 | .. | 240.0 |
| 1951 | .. | 188.2 | .. | 416.0 | .. | 276.0 |
| 1952 | .. | 133.6 | .. | 436.0 | .. | 290.0 |
| 1953 | .. | 72.1 | .. | 518.0 | .. | 276.0 |

Notes.—

(a) Average f.o.b. price for exports (all grades excluding tow).

(b) Average pay out by Coffee Board of Kenya.

(c) Average pay out by Pyrethrum Board of Kenya.

82. On the basis of this survey of the limited information available it is clear that the pace of economic development during the past eight years has been remarkable, particularly when it is remembered that in the last pre-war years the geographical net product of Kenya was probably no more than £12,000,000 to £13,000,000. Whilst in the absence of data relating to the annual rate of private investment the contribution made by the Government's development programme cannot be precisely measured,* the short-run effects on incomes—which in turn must have stimulated private investment—and the rather longer-term effects on productivity of the development expenditure analysed in Chapter IV need no further emphasis.

Recurrent Budgetary Implications

83. The next step, therefore, is to examine the extent to which the development programme was responsible for the growth of the Colony's expenditure budget, net of reimbursements, from £7.5 million in 1946 to £21.4 million in 1953, a three-fold increase. Unfortunately, the Standing Planning Committee only estimated the additional annual recurrent costs likely to arise by 1956 from the total expenditure, namely £14.7 million, proposed for the five years 1951–55. After allowing for likely additional revenue of £240,000 their estimate was £2,305,000. In view of the many modifications made to the original ten-year plan even before the Standing Planning Committee was appointed, the old Development Committee's estimate in 1946 of £707,000 (net) or £1,125,000 (gross) is of little interest.

* The Government recognizes, of course, that the capital works programmes of the Railways and Harbours and Posts and Telecommunications Administrations have also contributed to Kenya's expanding economy.

84. Without a great deal of research it is impossible to separate those increases in Government expenditure which are due to the development programme and those which are due to the many other factors operating to enlarge the budget in recent years. In order to see the Colony's budget in true perspective it must be related to the geographical net product.

TABLE 38.—THE BUDGET AND THE GEOGRAPHICAL NET PRODUCT, KENYA, 1947-53

| Year | Net Revenue (1) | Net Expenditure (2) | Geographical Net Product (3) | Col. (1) as a per cent of Col. (3) (4) | Col. (2) as a per cent of Col. (3) (5) |
|---------|--------------------|------------------------|---------------------------------|---|---|
| | £mn. | £mn. | £mn. | | |
| 1947 .. | 8.51 | 9.89 | 53.0 | 16.1 | 18.7 |
| 1948 .. | 10.26 | 9.82 | 60.9 | 18.1 | 16.1 |
| 1949 .. | 11.96 | 9.69 | 71.0 | 16.8 | 13.6 |
| 1950 .. | 12.31 | 11.57 | 82.7 | 14.9 | 14.0 |
| 1951 .. | 16.45 | 15.42 | 102.9 | 16.0 | 15.0 |
| 1952 .. | 19.31 | 17.62 (a) | 107.0 | 18.0 | 16.5 |
| 1953 .. | 19.90 (b) | 21.40 (a) | 109.4 | 18.2 | 19.6 |

Notes.—

(a) Including transfers to Emergency Expenditure Fund.

(b) Excluding assistance from Her Majesty's Government.

On the reasonable assumption that the average price level of goods and services entering into Government transactions approximated to the average price level of *all* goods and services, then it would appear (a) that the real burden of the revenue collected by the Government* has only slightly increased; and (b) that the relative importance of Government expenditure transactions, despite Emergency expenditure in the latter part of 1952 and in 1953 has hardly changed at all. In this latter connexion, it should be noted that the net value of all Government services for purposes of calculating the Government's contribution to the geographical net product increased from 8.7 per cent to 11.2 per cent only of the total value of net product between 1947 and 1953 respectively.† In terms of these broad aggregates, therefore, it may be concluded that up to 1953 and despite the Emergency, the growth of the Colony's total net product kept pace with the growing cost of the services provided by the Government including those arising from the development programme itself.

85. Building maintenance costs and debt service charges are worth treating separately. As at the end of December, 1953, the permanent buildings register showed the valuation of Government buildings to be £18.14 million, or £13.43 million on the basis of 1949 values.

TABLE 39.—KENYA GOVERNMENT BUILDINGS, 1953.

| Type | Assumed Capital Value at 31st December, 1953 | | | | | |
|-------------------------------|--|----|----|----|----|--------------|
| | £ million | | | | | |
| <i>Residential Buildings—</i> | | | | | | |
| European .. | .. | .. | .. | .. | .. | 5.32 |
| Asian .. | .. | .. | .. | .. | .. | 1.17 |
| African .. | .. | .. | .. | .. | .. | 2.79 |
| <i>Public Buildings—</i> | | | | | | |
| All departments | .. | .. | .. | .. | .. | 8.86 |
| | | | | | | <u>18.14</u> |

* Both tax and non-tax revenue is referred to here.

† Table 26.

86. Maintenance expenditure in 1953 was £182,709 that is, a rate equal to approximately one per cent of the assumed value. As will be seen from the following table not only has such expenditure increased fivefold over the last eight years but also the budgetary burden has increased from 0.49 per cent of total expenditure net of reimbursements in 1946 to 0.85 per cent in 1953. The figure was even higher in 1952.

TABLE 40.—MAINTENANCE COSTS OF BUILDINGS, KENYA, 1946-53

| Year | Amount | | | Per cent of Total Net Expenditure | | | |
|------|--------|----|----|--------------------------------------|----|----|------|
| | £ | | | £ | | | |
| 1946 | .. | .. | .. | 36,603 | .. | .. | 0.49 |
| 1947 | .. | .. | .. | 36,501 | .. | .. | 0.48 |
| 1948 | .. | .. | .. | 42,932 | .. | .. | 0.44 |
| 1949 | .. | .. | .. | 69,923 | .. | .. | 0.72 |
| 1950 | .. | .. | .. | 84,662 | .. | .. | 0.73 |
| 1951 | .. | .. | .. | 131,231 | .. | .. | 0.85 |
| 1952 | .. | .. | .. | 161,614 | .. | .. | 0.92 |
| 1953 | .. | .. | .. | 182,709 | .. | .. | 0.85 |

These figures have to be interpreted cautiously: in the first place, expenditure incurred in the years 1946-51 on account of arrears of maintenance is not included. Secondly, the figures shown for the three years 1950, 1951 and 1952 include expenditure on minor improvements. Thirdly, whereas for the years 1950-53 expenditure on maintenance of temporary buildings has been excluded, such expenditure cannot be distinguished separately for the earlier years and, therefore, is included.

87. The growth of the public debt since the war has already been analysed* and the point made that the size of the debt and the annual service charge are of significance only in relation to the annual net product. In particular, the ratio of the annual service charge to total product must be watched and by 1953 a figure of one per cent was being approached. Roughly comparable figures for the United Kingdom and Australia are seven per cent (1950) and three per cent (1952).

TABLE 41.—DEBT SERVICE CHARGES, NET EXPENDITURE AND THE GEOGRAPHICAL NET PRODUCT, KENYA, 1946-53

| Year | FUNDED DEBT | | Interest and Redemption on Un-fund-ed Debt | Interest and Redemption on loans from Loan Funds | Net Debt Service Charge (a) | Net Debt Service Charge as a Per cent of Net Expenditure | Gross Debt Service Charge (b) as a per cent of Geographical Net Product |
|------|-------------|--------------|--|--|-----------------------------|--|---|
| | Interest | Sinking Fund | | | | | |
| | (1) | (2) | | | | | |
| | £ | £ | £ | £ | £ | | |
| 1946 | 215,428 | 59,061 | 23,028 | 53,600 | 243,917 | 4.6 | N.A. |
| 1947 | 170,153 | 47,742 | 41,506 | 53,600 | 205,801 | 2.1 | 0.49 |
| 1948 | 178,487 | 58,798 | 20,672 | 53,600 | 204,357 | 2.1 | 0.42 |
| 1949 | 176,330 | 53,270 | 24,353 | 51,783 | 202,170 | 2.1 | 0.36 |
| 1950 | 155,312 | 44,444 | 18,269 | 51,862 | 166,163 | 1.4 | 0.26 |
| 1951 | 246,694 | 204,921 | 21,526 | 51,793 | 421,348 | 2.7 | 0.46 |
| 1952 | 454,836 | 148,429 | 29,891 | 54,698 | 578,458 | 3.3 | 0.59 |
| 1953 | 628,093 | 238,096 | 46,743 | 57,382 | 855,550 | 4.0 | 0.83 |

Notes.—

(a) The net debt service charge is defined as the sum of columns (1), (2) and (3) less column (4).

(b) The gross debt service is defined as the sum of columns (1), (2) and (3).

* Paragraphs 38-39.

Of course, the passage of time will mean that the annual debt service/total product ratio will steadily rise; moreover, advanced countries can afford to take the risk of a higher ratio.

Works Costs

88. This chapter is concluded with reference to an aspect of the implementation of the development programme which is little understood. The Kenya Government, in common with most other Colonial governments depends, for various reasons, on its own engineering organization, namely, the Public Works Department, for the planning and supervision of most works projects, although about 75 per cent of the actual execution is let out to contract.

89. For the eight years under review, provision to cover the cost of Public Work Department staff employed on development projects—generally known as the General Works Staff—was shown under Vote 15-2 of the Development and Reconstruction Authority's Estimates. The vote itself showed a nil provision, the cost of the staff being charged out as establishment charges to individual works. For this purpose an average charge was struck equal to the ratio of the cost of the staff to the value of the work performed. Thus some projects, such as hydrological investigations, research laboratories, some Government offices and so on have borne *less* and others, such as police stations built to type drawings, have borne *more* than their "fair" share of the total cost of the General Works Staff. But it was never intended that overheads should be exactly costed for each and every project; all that was intended was that the cost of the General Works Staff *in toto* should be covered by development funds. Indeed, in order to economize further on the accounting side, this establishment charges system was dispensed with as from 1st January, 1954. A separate block allocation to cover the cost of the General Works Staff for the present planning period has been calculated by assuming a charge of 23 per cent of gross cost, that is, 19 per cent of the net.*

90. At this point it should be emphasized that the so-called establishment charge was not an "overhead" charge as no element in respect of work performed by officers whose posts were shown in the Colony's Estimates was included, nor were any charges raised for common services (for example, medical attention) which would normally be included in any accounting assessment of overheads.

91. When appraising the figures in the last column of the table below, this point should be borne in mind. At the same time it should be remembered that these percentages are not comparable—as is often supposed—with private consultants' fees (for example, the standard architect's fee of 6 per cent) for the cost of many more services is included. When considered in relation to certain individual projects—the example already quoted is a standard-type police station—the charges in any year may be considered high, but it is an *average* charge applied over a whole range of buildings and water works. Only if it can be proved that all development projects could be more cheaply undertaken by outside consultants, employing their own contractors and supervisors, does it follow that the General Works Staff could be dispensed with. But apart from cost considerations there are other advantages flowing from the Government having its own engineering organization in an underdeveloped country such as Kenya.

* Paragraph 102.

TABLE 42.—DEVELOPMENT WORKS COSTS, KENYA, 1946-53

| Year | Total Expenditure (Works) | Cost of General Works Staff (a) | Establishment Charges (a) |
|---------------|------------------------------|------------------------------------|------------------------------|
| | £ | £ | % |
| 1946-47-48 .. | 1,737,891 | 301,767 | 17.36 |
| 1949 | 1,902,390 | 331,707 | 17.44 |
| 1950 | 1,890,825 | 379,699 | 20.08 |
| 1951 | 1,273,871 | 291,921 | 22.92 |
| 1952 | 1,474,053 | 350,140 | 23.60 (b) |
| 1953 | 1,822,020 | 374,683 | 20.56 (b) |

Notes.—

(a) Including professional fees.

(b) If these figures are split between buildings and water works the extent to which the averaging system concealed "true" costs is well illustrated, viz: for 1952 the percentages are 21.79 and 37.20; and for 1953, 18.18 and 42.74 respectively.

The decline in works expenditure in 1951 was due partly to a cement shortage which caused a number of building projects to be held up,* and partly to an increase in agency work from £132,562 in 1950 to £505,126 in 1951. Agency work is work undertaken by the General Works Staff for non-Kenya Government authorities; in particular, as from 1951 the Public Works Department was charged with responsibility for all military works services until then carried out by the Royal Engineers. It is worthy of note that in 1953 expenditure on development projects of more than £1.8 million was achieved despite the fact that expenditure on agency works was £297,925 and on Emergency works £556,640. Total works expenditure by the Buildings Branch, including Public Works Recurrent (that is, maintenance), Public Works Non-Recurrent, development, agency and Emergency works increased from £1.94 million in 1952 to £2.92 million in 1953. This was partly a result of the simple nature of many Emergency buildings and the extra effort stimulated by the critical security situation. In addition, many large projects were in course of construction and this tended to depress the ratio of "overheads" to work expenditure.

* Table 30, note (c).

PART THREE
THE NEXT STAGE, 1954-57

CHAPTER VI—A THREE-AND-A-HALF-YEAR PLAN, 1954-57

Period of the New Plan

92. It has already been noted in Chapter II that rather than revise the old ten-year plan for the years 1954 and 1955 with an extension to 1956 to allow for completion, the Government decided in April, 1953, to draw up a completely new plan for the three and a half years beginning 1st January, 1954. This meant that—

- (a) an analysis of expenditure under the old ten-year plan during the first eight years ending 31st December, 1953, had to be undertaken; and
- (b) a decision with regard to the treatment of the unspent balances of the Standing Planning Committee's block allocations had to be made, although it was realized that a large proportion of many of these balances were required for existing schemes. The Government decided that the validity of these allocations should lapse as at 31st December, 1953, and that all moneys standing to the credit of the Development Fund at that date should be regarded as available for reallocation. Clearly, it is simpler to regard all allocations under the new plan as being in respect of new schemes even though, in fact, many of the schemes are merely continuations of existing schemes. Before finalizing the allocations, therefore, the Government had to await the completion of the 1953 accounts so that an accurate estimate of the balances remaining in the Standing Planning Committee's allocations could be made.

The Government realizes that, if funds are available, development is a continuing process and that development planning cannot always proceed neatly from one clear-cut period to the next; but if a new plan for a succeeding period is being drawn up, the more completely and accurately the old plan can be drawn to a close in an arithmetic sense the better. The number of amendments that had to be made to the old ten-year plan by both the Standing Planning Committee and Executive Council demonstrate that a planning period of more than five years is unrealistic. In the rapidly changing circumstances at present facing the Colony an even shorter period for the present plan was indicated.

Problems of Planning in Present Circumstances

93. When drawing up the programme of development expenditure for the present planning period it was necessary to consider the effects of the Emergency on—

- (a) the availability of capital funds, particularly non-loan moneys;
- (b) the economic situation generally as reflected in the trend of the geographical net product; and
- (c) those criteria of development discussed in Chapter I of this Paper.

94. So far the Government has been able to insulate development expenditure from both ordinary Colony expenditure and Emergency expenditure. The Government has budgeted for deficits, which deficits have been mainly due to transfers of Colony revenue to the Emergency Expenditure Fund, by drawing upon cash

balances and by the generosity of Her Majesty's Government. Kenya, in common with most other Colonial territories, has neither an independent currency system nor, as yet, a fully developed short-term money market. To budget, therefore, for a deficit implies the running down of the General Revenue Balance.* There is a limit to this process, of course, and this limit would have been reached in 1954 but for the grants received from the United Kingdom Exchequer. So far normal development funds, particularly loan moneys,† have not had to be utilized to cover Emergency expenditure. But in the forecast of available funds made by the Treasury no allowance has been made for annual grants from Colony revenue; and in the present planning period the relative dependence on loan moneys will be much greater than in the years 1946-53. Another way in which the Emergency might well affect normal development expenditure is by projects directly related to the security situation replacing projects in the development programme which, but for the Emergency, would take a higher priority.

95. As regards the relation of the general economic effects of the Emergency to development planning there is the initial difficulty of separating those favourable and unfavourable influences operating to change the level and pattern of production and incomes which are related to the Emergency and those influences which are not. Assuming that the 1952, or even the 1951, pattern of net production‡ broadly reflected consumer preferences prevailing before the Emergency, then the economic effects of the Emergency in the years 1953 and 1954 will be partly represented by changes in this pattern. In 1953 the various resource transfers that were necessary to bring these changes about did not lead to a fall in total product. Indeed, the slackening in the *rate* of growth of incomes which took place in 1952, due mainly to the consequential effects of the fall in sisal prices, was checked from going further by the high level of Government expenditure.

96. But the most important effect of the Emergency on development planning relates to the list of priorities which the Government has had to apply when considering the competing requirements of various departments and agencies for available funds. In the present disturbed situation and with the increase in the establishment of the security services it is necessary to provide liberally for police, prison and military buildings; and in view of the sharp increase in the burden of Government expenditure and the possible effect of the Emergency on business confidence the Government has been anxious to ensure that, so far as possible, those projects which are likely to raise productivity and hence taxable capacity in the short run are provided with the necessary capital finance. The Government has adopted, therefore, as a main guide, the following scale of priorities, viz.:—

One: Security buildings.

Two: Short-term productive (or "economic") projects.

Three: Long-term productive (or "social service") projects.

The fact that the Government's approach to the problem of development planning during the next few years has been considerably influenced by the Emergency is, of course, inevitable. There can be no escape from the need to provide security

* Table 3.

† That is, loans raised by public issue. Of the £25.5 million offered to date by Her Majesty's Government in the United Kingdom towards defraying the cost of the Emergency, £5.5 million is to be made available in the form of an interest-free loan.

‡ As shown in Table 26.

buildings if a stable system of law and order in both the short- and long run is to be achieved. At the same time the Emergency has caused such a drain on the Colony's resources that it is imperative for as large a proportion as possible of funds available to the Government for investment to be devoted to projects likely to raise the geographical net product quickly, either by encouraging the inflow of capital from overseas or by improving productivity. Unquestionably the problem of solvency in the long run will be solved only by rising incomes and hence rising tax yields. Whereas the level of net product may depend ultimately on investment in health and educational services* and whereas the provision of some facilities for these services cannot be postponed, the present situation now facing Kenya demands that all avenues of short-term improvement be actively explored. Just how long the present scale of priorities must persist is a matter for speculation. Neither the duration nor the immediate, let alone the long-term, effects of the Emergency can be easily foreseen at this stage. For some considerable time in the post-Emergency phase a serious rehabilitation problem will exist. It seems fairly clear, therefore, that it will not be possible to revise the scale of priorities adopted for the present three-and-a-half-year planning period for some years to come. The Government earnestly trusts, however, that a return to a greater emphasis on long-term investment, designed to improve and expand available resources of materials and manpower, will be possible in the last three years of this decade, but clearly the proposed rate of expenditure on security buildings will be capable of modification by the Development Committee only if the situation improves more rapidly than expected.

Content of a Capital Budget

97. It has already been noted† that the introduction of separate estimates of revenue and expenditure for the Development and Reconstruction Authority with effect from 1st January, 1946, did not arise from theoretical considerations relating to a double-budget system, but from the decision to charge the Development and Reconstruction Authority with executive responsibility for the ten-year plan. Later on, various steps were taken to draw a logical distinction between capital and current transactions.

98. Nevertheless, it cannot be maintained that the annual Development Estimates and Accounts represent the Government's capital budget for they contain some items of expenditure which are not of a capital nature, whilst the Colony's Estimates and Accounts contain a few items which are of that nature. Even in those countries in which a double-budget system has been adopted for some time it has proved difficult in practice to formulate a set of rules to ensure consistency. In this connexion it may be noted that the mere existence of a development programme does not in itself necessitate a double-budget system and, indeed, there are certain objections to such a system from the point of view of fiscal policy and legislative control of expenditure. In due course, the Government may consider, therefore, adopting a single-budget system along United Kingdom lines with expenditure financed from loan moneys being shown below-the-line.‡

* Paragraph 7.

† Paragraph 31.

‡ Above-the-line expenditure in the United Kingdom, including various permanent appropriations, is charged to the "Consolidated Revenue Fund"; and as the Government has now introduced this so-called exchequer system of accounting for all Colony transactions the transition to a single-budget system should not cause undue difficulties.

Works Charges: Gross and Net Allocations

99. It has already been noted that neither the Development Committee nor the Standing Planning Committee made a separate allocation for the General Works Staff. However, since it was the Government's intention that development funds and not Colony revenue should bear the cost of the planning and execution of works projects the establishment charges system was adopted for the eight years, 1946-53. The total cost of the General Works Staff each year was expressed as a percentage of total works expenditure and this average figure was then applied to all projects in hand. The purpose of the exercise was not to calculate the true overhead cost of carrying out various development projects, but simply to clear the expenditure incurred on the General Works Staff.

100. Two modifications have since been made to this system: in the first place, with effect from 1st January, 1954, fixed agency fees have been raised on work undertaken for other Administrations, quasi-Governmental organizations and in respect of Colonial Development and Welfare Schemes. Such fees under the establishment charges system would have had the effect of reducing the cost of the General Works Staff which had to be charged out to works; under the new system whereby a block allocation has been calculated for the General Works Staff these fees are credited to the block allocation thus reducing expenditure against provision voted under Vote 12-1. Strictly speaking, a proportion of "revenue" from agency fees should be credited to the Colony's revenue account for Public Works Department staff other than members of the General Works Staff assist in agency works. However, without a great deal of expensive accounting the fees could only be split on an arbitrary basis. Agency fees were introduced because the Government accepted representations from the authorities concerned that the application of an average charge meant that they tended to pay more than the actual cost of the specific services performed, for this average charge was partly determined by—

- (a) the ratio of water supplies to roads and buildings. The "overhead" costs of the former are higher than the latter and all non-Government work relates to building. To some extent, therefore, non-Government buildings had been paying for Government water works;
- (b) the annual rate of works expenditure. If, for example, planning difficulties or an irregular flow of essential supplies reduces the rate of expenditure the ratio of "overheads" to value of work performed rises. The Government agrees that non-Government bodies should not have to share the consequences of these factors, where they are the responsibility of the Government.

101. The second modification to the establishment charges procedure, namely, that the cost of works staff should be met from a separate allocation of development funds, was also introduced with effect from 1st January, 1954. An average works charge will still be calculated at the end of each year as a matter of interest* but only works figures now appear in the Development Estimates.

102. The estimated cost of works to be carried out by the Public Works Department in the plans submitted by Heads of Departments included an allowance for works charges of 23 per cent, that is to say, a figure approximating to the 1952 level. In so far as the lower 1953 figure of 20.56 per cent was to some extent a function of the volume of Emergency work undertaken† the Government decided that in calculating the block allocation for the General Works Staff‡, the figure of

* Table 42.

† Much of which was of a relatively simple nature and hence the ratio of "overheads" to works expenditure fell.

‡ Provision for which is now shown under Vote 12-1 of the Development Estimates.

23 per cent of gross cost or 19 per cent of the net should be used. From the building element in the block allocations for which the General Works Staff will be responsible 19 per cent has been deducted, the sum of all such deductions being the appropriate block allocation for the General Works Staff. The Government realizes that this procedure whereby a block allocation has been made for the General Works Staff means that if work charges rise appreciably during the period any shortfall on the block allocation will have to be accepted as a charge against other existing allocations. If, on the other hand, charges fall then either the savings can be reallocated or, if necessary, the capital gap on the plan reduced. In the analysis of the three-and-a-half-year plan which appears in Chapter VIII both gross and net figures are shown in order to emphasize that the total cost of, for example, a school building programme can only be calculated if an allowance is made for the cost of the engineering, architectural, accounting and other staff employed or retained by the Public Works Department.

Rate of Expenditure

103. On the assumption—

- (a) that the Government is able to keep Colony, development and Emergency expenditure in separate compartments;* and
- (b) that the Treasury forecast of funds likely to become available† proves to be substantially correct;

then the annual rate of expenditure over the three and a half years 1st January, 1954, to 30th June, 1957, must lie between £6.2 million and £6.8 million. Whether such a rate is achieved—and it is higher than that achieved in any of the eight years, 1946–53—will depend on two factors, viz.: first, the Government's cash position, which will be determined by the timing and success of the loan programme envisaged; and, secondly, available works capacity.‡

104. The preparation of the annual Development Estimates proceeds along rather different lines to that adopted for the Colony's Estimates. In the first place, having regard to the Colony's cash position and the balance standing to the credit of the Development Fund, a financial ceiling is imposed. Secondly, the draft estimates submitted to the Treasury by departments are scrutinized to ensure that the expenditure proposed—

- (a) is allowed for in their approved development programmes; and
- (b) conforms to economy standards.

But in the case of new building projects, in the absence of plans and detailed costings, it is only possible to insert what are virtually arbitrary figures. Thus the provision voted is placed under a Treasury requisition to incur expenditure and released only after plans have been prepared and approved.

105. Ideally, the engineers, architects and quantity surveyors of the Public Works Department should be so deployed that working drawings, bills of quantities and costings are prepared in the months preceding the financial year in which expenditure is to be incurred. But such forward planning has never been possible and for this and other reasons it is difficult to relate total provision sought in any year to works capacity. Thus the problem of priority mentioned

* In particular, that ordinary loan funds do not have to be diverted, at least permanently, for recurrent purposes.

† Chapter VII.

‡ For buildings; water supplies and investigations; and roads.

in Cmd. Paper 9103 is encountered, in regard to which the Development Committee is charged with submitting recommendations to the Council of Ministers.* The problem of priority would almost certainly arise in some years even if total capacity available over the planning period was sufficient to cope with all commitments. It will be clear, however, from Chapter VIII† that total building commitments—that is, on account of the development programme, military and other agency works—are well in excess of present capacity; and even allowing for a fairly rapid build-up of the General Works Staff and the more extensive use of private consultants a shortfall is likely. Furthermore, Emergency works costing £1.1 million had to be undertaken in the first half of 1954 and this involved a serious diversion of staff. Thus the Development Committee will not only be concerned with assigning priorities to development projects but might also have to make recommendations with regard to the incidence of the total shortfall, that is, the share to be borne by the development programme, agency works‡ and even Colony maintenance. Clearly, the Development Committee will have to be fully informed with regard to the organization and current commitments of the General Works Staff and provided with short-term forecasts of planning and supervisory capacity.

* Paragraph 27.

† Paragraphs 289-292 and Table 88.

‡ As the Government has what amounts to a contractual obligation to the military authorities it will not be possible to postpone works financed from the Pool and Joint Colonial Funds to any significant extent.

CHAPTER VII—AVAILABLE FUNDS, 1954-57

Characteristics of Present Planning Period

106. In sharp contrast to the position during the years 1946-53 when no less than 18 per cent of expenditure was financed by transfers from various appropriated funds, 24 per cent by contributions from Colony revenue and only 45 per cent by loan moneys* the Government is now faced with a situation in which not only have all accumulated funds been exhausted but no contributions from Colony revenue can be expected until the recurrent budget has been stabilized. Even if the Government's relative dependence on its own cash resources is reduced in the future by recourse to Treasury bill issues, the recurrent commitments arising from the Emergency will be such during the next few years that it is unlikely that a surplus on current account will be available to assist in the financing of the development programme.

Available Funds

107. The Government anticipates that the following funds will become available to finance the development programme.

TABLE 43.—FORECAST OF AVAILABLE KENYA FUNDS, 1954-57
(Cf. Table 2)

| Item | Amount | Per cent |
|---|--------------------|------------|
| | £ | |
| Balance in Development Fund as at 1st January, 1954 (a) | 6,828,943 | 32.0 |
| Under-issues from C.D. & W. Vote as at 1st January, 1954 | 71,345 | |
| Balance of Block Allocation from C.D. & W. Vote | 1,575,211 | 7.3 |
| Loan Programme | 11,750,000 | 57.0 |
| Loan from Uganda Government for Hill School, Eldoret (b) | 175,000 | |
| Balance of Local Loan (Ordinance No. 12 of 1954) | 425,000 | |
| Special Contribution from Revenue (Export Duties) | 98,513 | 0.4 |
| Proceeds from Sale of Uudistributed Balance of German Enemy Property, say | 250,000 | 1.2 |
| Dam Construction Units: Revenue (c) | 157,500 | 0.7 |
| <i>Contributions from—</i> | | |
| Rehimtulla Trust Fund for King George VI Hospital (d) | 30,000 | 1.4 |
| Ministry of Transport and Civil Aviation for Nairobi Airport, Embakasi | 250,000 | |
| TOTAL | 21,611,512 | 100 |
| <i>Less Unspent Balances on account of—</i> | | |
| Public Works Non-Recurrent (e) | 22,857 | — |
| Cotton Sales Cess Fund Schemes (e) | 24,638 | — |
| Masai Schools Demonstration Scheme (e) | 2,305 | — |
| TOTAL AVAILABLE | £21,561,712 | — |

Notes.—

(a) Includes the 1953 Development Loan. *Vide* paragraph 108.

(b) Balance of agreed loan of £250,000. Expenditure incurred to 31st December, 1953, totalled £166,475.

(c) Assumed to be equal to recurrent expenditure. In fact, it is hoped that revenue will exceed recurrent expenditure by an amount approximately equal to the cost of re-equipping the Units (paragraph 161).

(d) Balance of total contribution of £60,000.

(e) Included in balance in Development Fund.

* Cf. Table 2 where the percentages in the last column are based on total receipts into the Development and Reconstruction Fund.

Dependence on Loan Funds

108. Consequently, the Government will be dependent on public loan issues to a much greater extent than hitherto and following on recent discussions in London it has been agreed that the loan target should be £11.75 million. After allowing for the proceeds of the 1953 Development Loan, namely, £6.5 million included in the balance in the Development Fund as at 1st January, 1954, no less than 89 per cent of the funds likely to be available for spending by 30th June, 1957, will come from loan sources.

109. The present time is experimental so far as the marshalling of local savings by local loan issues is concerned. The Government is, however, well satisfied with the response to the £1.0 million Kenya 1960-61 4 per cent stock issue authorized by Ordinance No. 12 of 1954 and the degree of success achieved in the East African War Bonds conversion offer. Of the total proceeds of £2.925 million, the sum of £425,000 has been credited to the Development Fund.* At this stage the Government cannot state precisely the proportion of the total loan programme which will be raised locally. In this connexion, it should be noted that all post-war issues have been made partly in London and partly in Nairobi and that local applications for allotments have been more than sufficient. Nevertheless, these issues have been essentially London issues with a reservation for East African subscribers; free transferability between London and Nairobi registers is allowed; and the issues are mainly underwritten in London and are quoted on the London Stock Exchange.

110. As regards the recurrent implications of the loan programme envisaged, it will suffice to mention here that on the assumption that all loans raised on the London market during the next three years are issued at 4½ per cent for 20 years then taking into account the 1953 Development Loan raised in December and after allowing for an annual sinking fund charge of 1 per cent, the gross budgetary† cost will increase by £1,003,750, a sum in excess of gross interest and sinking fund charges in 1953.‡ Apart from the 1933 Loan of £305,600, the 1936 Loan of £375,000 and the 1954 Local Loan, which mature during 1957-67, 1956-61 and 1960-61 respectively, no loans are redeemable for ten years (1930 and 1948 Loans) and the remainder not for 15 years or longer (1945, 1946, 1951, 1952, and 1953 Loans). The total gross annual debt service charge will rise, therefore, to £1.9 million.

Receipts from the Colonial Development and Welfare Vote

111. The unspent balance of the Colony's block allocation from the Colonial Development and Welfare Vote has been calculated at £1,575,211 of which £512,000 had not, as at 1st January, 1954, been earmarked for specific schemes; whether or not the whole of the balance of £1,063,211 available for existing schemes will be required for those schemes cannot be said for certain but generally Her Majesty's Government allows any savings to be reallocated to other schemes.

* Of the balance of £2.5 million, £0.75 million has been re-lent to the Land and Agricultural Bank of Kenya, £1.0 million to the Nairobi City Council and £0.75 million to the Local Government Loans Authority.

† That is, making no allowance for re-lendings.

‡ Table 41.

112. The Secretary of State for the Colonies informed the House of Commons on 24th June, 1953, that, because the Colonial Development and Welfare Acts of 1945 and 1950 contain no provision for continued expenditure—except on central research schemes—after 31st March, 1956, Her Majesty's Government proposed to introduce legislation in due course to remove the present time limit. At the same time, the Secretary of State indicated that Parliament would be asked to make available additional funds for the Colonial Development and Welfare Vote for the quinquennium 1st April, 1955, to 31st March, 1960. By allowing an overlap of one year with the current ten-year Colonial Development and Welfare period the Secretary of State said he hoped to ensure continuity of planning and expenditure.

113. In the light of these assurances, the Government has assumed that the balance of the Colony's present block allocation will be available as and when required. A sum of £4.0 million has already been promised from funds which will be provided under the new Act for the financing of the plan for the intensified development of African agriculture (the Swynnerton Plan).* It is not yet known what additional funds will be made available from this source.

Export Duties

114. In the last two years of the life of the old ten-year plan two sums of £584,470 and £166,865 respectively were credited to the Development and Reconstruction Fund as Special Contributions from Revenue†. The Minister for Finance announced, however, when presenting his 1954–55 Budget to Legislative Council that the proceeds of export taxes could no longer be hypothecated for development purposes. The figure of £98,513 shown in Table 43 represents actual collections in the first half of 1954 as provided for in the approved Expenditure Estimates for 1954 (January to June).

Other Sources of Funds

115. The Secretary of State for the Colonies has instructed all Colonial Governments to complete the process of distribution of German enemy property against claims as soon as possible. Consequently, the Distribution of German Enemy Property (Claims) Order was published in the *Official Gazette* on 7th September, 1954. Sub-section (3) of section 4 of that Order provides that—

“claims for payment under this Order shall be made to the Administrator within three months from the date on which this Order comes in operation. . . .”‡

It is estimated that the realizable value of such property remaining in the hands of the Registrar General after all claims have been met will be about £250,000 and the Secretary of State has directed that this balance may be retained and used for “development and welfare projects”. In due course, the Development Fund will be appropriately credited.

116. In May, 1953, Legislative Council accepted a Government recommendation that the present airport at Eastleigh should be replaced by a new international airport at Embakasi. In view of its interest in the development of modern airports for use by the main overseas scheduled services operated by British Overseas Airways Corporation, Her Majesty's Government has agreed to make a contribution of £250,000 towards the total estimated cost of £1,845,000.

* Paragraphs 185–186 and Tables 59 and 90.

† Paragraph 35.

‡ 1st October, 1954.

Reimbursements

117. This chapter is concluded with a brief reference to—

(a) expenditure ranking for reimbursement provision for which is voted through the Development Estimates; and

(b) agency work to be undertaken by the General Works Staff of the Public Works Department;

because, for some purposes, interest centres on the total of capital expenditure for which the Government will be responsible during the period ending 30th June, 1957.*

118. In the table below estimated expenditure on Colonial Development and Welfare Central Research, Interterritorial and Special Schemes does not take account of any new schemes which may be made in Kenya's favour.

TABLE 44.—REIMBURSEMENTS AND AGENCY EXPENDITURE, 1954-57

| <i>Item</i> | <i>Amount £</i> |
|--|---------------------|
| <i>Reimbursements—</i> | |
| Public Works Non-Recurrent | 392,000 |
| Cotton Sales Cess Fund | 194,253 |
| Colonial Development and Welfare (Central Research) Schemes (a) | 42,052 |
| Colonial Development and Welfare (Interterritorial) Schemes (a) | 62,244 |
| Colonial Development and Welfare (Special) Schemes .. | 66,400 |
| Total .. | <u>£756,949</u> |
| <i>Agency Work (b)—</i> | |
| Military (Capital) Works chargeable to Pool Fund and Joint Colonial Fund (net of Kenya's contributions) | 1,450,000 |
| All Other, say | 1,000,000 |
| Total .. | <u>£2,450,000</u> |
| GRAND TOTAL .. | <u>£3,206,949</u> |

Notes.—

(a) The sum of these two balances, namely, £104,296, does not equal the difference between the total of scheme values (£989,640) and expenditure recorded in the annual expenditure accounts (£870,982), namely £118,658 for various accounting reasons.

(b) Including agency fees of 20 per cent for military works and 17½ per cent for all other works.

* A statement of total capital expenditure on Central Government account is presented in Table 90.

CHAPTER VIII—PROPOSED EXPENDITURE PROGRAMME, 1954-57

INTRODUCTION

119. The Government has drawn up the new three-and-a-half-year plan after a careful scrutiny of the requirements of departments responsible for the various lines of development in relation to the scale of priorities laid down.*

120. The plan is summarized in Table 45 below in which has been included, for ease of reference, expenditure against the same allocation during the eight years 1946-53 and the balance of the allocation which would have been available for expenditure in the two years 1954-55 had the Government not decided to draw up an entirely new plan.

TABLE 45.—THREE-AND-A-HALF-YEAR PLAN—1ST JANUARY, 1954, TO 30TH JUNE, 1957

(Cf. Table 8)

| Portfolio | Expenditure, 1946-53 (1) | Unspent Balance of Allocation for 1946-55 (2) | Allocation for 1954-57($\frac{1}{2}$) | |
|--|--------------------------------|---|---|------------|
| | | | Gross (3) | Net (4) |
| | £ | £ | £ | £ |
| <i>Chief Secretary</i> | | | | |
| 1. Staff Housing .. | 2,481,316 | 318,246 | 1,006,000 | 814,900 |
| 2. Government Offices .. | 507,269 | 278,783 | 448,570 | 368,170 |
| 3. Parliament Buildings .. | 152,320 | 13,274 | 54,674 | 54,674 |
| 4. Information Department | 8,050 | 19,450 | 11,200 | 11,200 |
| TOTAL | 3,148,955 | 629,753 | 1,520,444 | 1,248,944 |
| <i>Minister for Legal Affairs</i> | | | | |
| 5. Judicial Buildings .. | 27,493 | 32,507 | 72,207 | 58,507 |
| TOTAL | 27,493 | 32,507 | 72,207 | 58,507 |
| <i>Minister for African Affairs</i> | | | | |
| 6. Administrative Sub- Stations | 10,008 | 4,992 | 312,700 | 253,800 |
| 7. Buildings, N.F.P. .. | 77,831 | 7,169 | 7,169 | 5,809 |
| 8. Nandi Hills Project .. | 14,530 | 5,470 | 5,470 | 5,470 |
| 9. Fort Smith Swahilis .. | 6,491 | 4,609 | 4,250 | 4,250 |
| TOTAL | 108,860 | 22,240 | 329,589 | 269,329 |

* Paragraph 96.

| Portfolio | Expenditure, 1946-53 (1) | Unspent Balance of Allocation for 1946-55 (2) | Allocation for 1954-57($\frac{1}{2}$) | |
|---|--------------------------------|---|---|------------|
| | | | Gross (3) | Net (4) |
| | £ | £ | £ | £ |
| <i>Minister for Agriculture, Animal Husbandry and Water Resources</i> | | | | |
| 10. Agriculture (a) .. | 2,170,648 | 996,928 | 1,541,058 | 1,472,758 |
| 11. Veterinary Services .. | 377,278 | 98,329 | 83,690 | 83,690 |
| 12. Water | 1,606,476 | 1,216,524 | 1,042,700 | 908,700 |
| 13. African Land Develop- ment | 2,153,574 | 479,426 | 971,900 | 971,900 |
| 14. Loans for African Agri- culture and Livestock .. | 79,000 | 121,000 | 68,750 | 68,750 |
| 15. European Settlement .. | 1,665,782 | 64,218 | 350,000 | 350,000 |
| 16. Indian and Arab Settle- ment | 9,709 | 90,291 | 30,000 | 30,000 |
| 17. Loans made under Agri- cultural Ordinance, 1955 | — | — | 100,000 | 100,000 |
| TOTAL | 8,062,467 | 3,066,716 | 4,188,098 | 3,985,798 |
| <i>Minister for Internal Security and Defence</i> | | | | |
| 18. Police Buildings (incl. forts) | 587,781 | 328,899 | 1,905,190 | 1,569,900 |
| 19. Prison Buildings | 256,284 | 482,387 | 1,060,000 | 858,600 |
| 20. Military Buildings | 311,280 | 365,279 | 1,125,000 | 993,600 |
| TOTAL | 1,155,345 | 1,176,565 | 4,090,190 | 3,422,100 |
| <i>Minister for Local Govern- ment, Health and Housing</i> | | | | |
| 21. Local Government Loans Authority | 1,034,950 | 765,050 | 3,025,000 | 3,025,000 |
| 22. Medical Services | 964,865 | 1,025,735 | 1,097,484 | 1,005,784 |
| 23. African Housing | 505,129 | 13,495 | 256,250 | 256,250 |
| TOTAL | 2,504,944 | 1,777,290 | 4,378,734 | 4,287,034 |
| <i>Minister for Education, Labour and Lands</i> | | | | |
| 24. European Education | 2,158,412 | 594,388 | 880,000 | 727,200 |
| 25. Asian Education | 873,710 | 920,190 | 1,176,000 | 1,020,200 |
| 26. African Education | 1,587,713 | 616,602 | 1,310,500 | 1,233,300 |
| 27. Arab Education | 118,817 | 10,683 | 55,600 | 45,900 |
| 28. Education: Special Schemes | 286,474 | 100,531 | 225,531 | 221,731 |
| 29. Labour Department | — | — | 6,400 | 5,200 |
| 30. Purchase of Land | — | — | 51,000 | 51,000 |
| TOTAL | 5,025,126 | 2,242,394 | 3,705,031 | 3,304,531 |

(a) Including dam construction units and grain storage which are shown separately in Table 8.

| Portfolio | Expenditure, 1946-53 (1) | Unspent Balance of Allocation for 1946-55 (2) | Allocation for 1954-57(½) | |
|--|--------------------------------|---|---------------------------|------------------|
| | | | Gross (3) | Net (4) |
| | £ | £ | £ | £ |
| <i>Minister for Forest Development, Game and Fisheries</i> | | | | |
| 31. Forestry | 362,388 | 236,012 | 160,500 | 159,600 |
| 32. National Parks and Tourism | 163,870 | 93,130 | 67,500 | 67,500 |
| 33. Fisheries | 13,135 | 2,365 | 10,000 | 10,000 |
| TOTAL | 539,393 | 331,507 | 238,000 | 237,100 |
| <i>Minister for Commerce and Industry</i> | | | | |
| 34. Post Office Renewals Fund | 343,269 | 154,702 | 257,250 | 257,250 |
| 35. Geological Survey .. | — | — | 76,406 | 76,406 |
| 36. Industrial Management Corporation (Inc.) .. | 75,000 | — | 123,000 | 123,000 |
| 37. Development of Industrial Sites | — | 55,000 | 50,000 | 50,000 |
| 38. Nyeri Electricity Undertaking | — | — | 95,600 | 95,600 |
| 39. Nairobi Airport, Embakasi | 260,973 | -10,973 | 1,499,027 | 1,499,027 |
| 40. Improvements to Aerodromes | 166,768 | 45,596 | 17,000 | 17,000 |
| 41. Industrial and Scientific Research | — | — | 8,874 | 8,874 |
| 42. Weights and Measures Department | 5,262 | 14,738 | 9,400 | 7,600 |
| TOTAL | 851,272 | 259,063 | 2,136,557 | 2,134,757 |
| <i>Minister for Works</i> | | | | |
| 43. Public Works Department | 310,504 | 124,996 | 75,000 | 60,800 |
| 44. General Works Staff .. | — | — | — | 1,790,850 (b) |
| 45. Roads | 4,260,344 | 1,635,656 | 2,437,000 | 2,437,000 |
| 46. Central Stores and Transport Organization .. | — | — | 400,000 | 348,300 |
| TOTAL | 4,570,848 | 1,760,652 | 2,912,000 | 4,636,950 |
| <i>Minister for Community Development</i> | | | | |
| 47. Community Development Projects | 51,598 | 27,902 | 40,500 | 40,500 |
| 48. Jeanes School, Kabete .. | — | — | 75,000 | 60,800 |
| 49. E.A. School of Co-operation | — | — | 2,000 | 2,000 |
| TOTAL | 51,598 | 27,902 | 117,500 | 103,300 |
| GRAND TOTAL .. | 26,046,301 | 11,326,589 | 23,688,350 | 23,688,350 |

(b) Table 82.

CHIEF SECRETARY

(1) Staff Housing

121. After taking into account Government houses still occupied by High Commission staff which will revert to occupation by Kenya Government officers as a result of the High Commission's own building programme, but not the requirements resulting from increases of staff in the present planning period, the backlog in the number of quarters required at the beginning of 1954 was—

| | |
|-----------|-------|
| Grade I | 220 |
| Grade II | 520 |
| Grade III | 2,310 |

On the assumption that Crown land is available the gross cost of a building programme designed to clear this backlog would be of the order of £2.75 million.

122. Considering the hopes of the Standing Planning Committee and the high rate of spending achieved under the ten-year plan this is a somewhat surprising position.* A cursory glance, however, at the sharp increase in the establishment of the Civil Service since 1951 provides the explanation.

TABLE 46.—APPROVED ESTABLISHMENT, KENYA CIVIL SERVICE, 1946-54

| Item | Thousands | | | |
|-------------|-----------|------|------|------|
| | 1946 | 1951 | 1953 | 1954 |
| European .. | 1.7 | 2.9 | 3.4 | 4.4 |
| Asian .. | 1.3 | 2.3 | 2.7 | 2.8 |
| African .. | 8.5 | 24.3 | 30.4 | 34.3 |
| Total | 11.5 | 29.5 | 36.5 | 41.5 |

123. Admittedly, these figures only *indicate* the capital commitment because many single officers live in hotels and a number of officers occupy their own houses. Moreover, the implied housing requirement is not entirely a commitment on the block allocation for staff housing—that is, “pool” housing—because a certain amount of “institutional” housing has always been allowed for in the departmental block allocations. Inevitably, there will be a drift away from the present position whereby Government servants are housed as a separate section of the community; but the transfer of responsibility to private investors and local authorities can only be a gradual process. However, for the time being, the Government is faced with a very serious staff housing problem indeed;† and the allocation of £1,006,000 (gross) shown below cannot be regarded as adequate. But it is the maximum that can be made available in present circumstances.

TABLE 47.—THREE-AND-A-HALF-YEAR PLAN—STAFF HOUSING
(Cf. Table 11)

| Scheme | Gross | Less 19 per cent | Allocation |
|-----------------------|-------------|------------------|-------------|
| | Expenditure | for G.W.S. | |
| | £ | £ | £ |
| European and Asian .. | 340,000 | 64,600 | 275,400 |
| African | 666,000 | 126,500 | 539,500 (a) |
| Total | 1,006,000 | 191,100 | 814,900 |

(a) Including £33,200 earmarked for African housing at the Field Headquarters, Survey Department.

*Paragraph 50 and Table 11.

† Expenditure on rented accommodation and housing allowances was running at a level of nearly £175,000 in 1953.

The Government has considered whether the cost of developing Government residential estates should be a charge on the funds at present available to the Crown Estates Development Committee but has concluded that, whilst the Crown Estates Development Fund may provide a convenient accounting arrangement for handling such development, having regard to the Fund's commitments such an extension of the functions of the Fund would logically require that the original endowment of £100,000 be augmented, in view of the long-term liabilities of Government reservations. At least during this planning period, therefore, the block allocation for staff housing itself will continue to bear development charges.

124. The Government has been able to devote a larger share of the allocation to African staff because inquiries have indicated the possibility of having houses built for other civil servants by private investors who are prepared to lease them at a reasonable rent for a long period of time. Arrangements under which estate owners agree to sell houses to occupiers on a tenant purchase basis are also being explored and in one case with success. This approach to the problem, whilst involving a higher annual commitment on the Colony's budget than that represented by the net recurrent costs of Government-owned houses* has the advantage of utilizing private capital which would not otherwise be available for Government purposes. Unfortunately, there are not many avenues of public investment where this is possible.

125. The Government recognizes that consequent upon the acceptance of the Report of the Commission on the Civil Services of the East African Territories (1954) and the decision to organize the Civil Service on a multi-racial basis, some Asians will qualify for posts at present held by Europeans and some Africans will move into posts held by Asians. As a result, it will be necessary to give consideration to the claims of these officers for better-class housing. Whilst the Government proposes to retain the present Housing Committees for the time being, applications by Asians or Africans for "European" (Grade I) or "Asian" (Grade II) type houses will be referred to the appropriate Committee.

(2) Government Offices

126. Although the Government recognizes that existing Government offices at Mombasa, Nakuru, Eldoret, Fort Hall and certain other centres are inadequate it is considered that in this planning period funds should only be allocated for the completion of the three projects in hand at the end of 1953, namely, the Central Government Offices and the Treasury Building in City Square, Nairobi, and the new Teita District Headquarters, Wundanyi. In the case of the latter two the gross allocations are equal to the difference between the original scheme values† and total expenditure incurred by 31st December, 1953. Any additional expenditure which may prove to be necessary for completion‡ can be charged to the miscellaneous item of £10,000 earmarked for contingencies and any small projects of a really urgent nature which the Development Committee may wish to recommend.

127. The position with regard to the Central Government Offices is more complicated: in the first place, the arithmetic difference between the original scheme value§ and total expenditure incurred as at 31st December, 1953, namely, £116,574, is insufficient to cover the balance on the cost of construction as well as various essential fittings. An additional £16,000 (gross) is required. Secondly,

* That is, capital and maintenance charges plus a share of contributions in lieu of rates less rent collected.

† £219,700 and £42,750 (gross) respectively.

‡ For example, although furniture used in the old Treasury building has been transferred to the new building certain additional pieces are required and the allowance for furniture in the original scheme value has been largely absorbed by increased construction costs.

§ £328,000 (gross).

accommodation for the Lands and Survey Departments is urgently needed because the site on which these departments now stand is required for other purposes.* In addition, the Government considers it necessary to provide a canteen for African staff where a cheap, wholesome midday meal can be obtained. Total accommodation required is about 45,600 sq. ft. No spare offices are available in the three wings of the Central Government Offices recently completed, all having been allocated to Ministries. After giving careful consideration to the various alternatives the Government has decided that—

- (a) office space for the Lands Department, for that part of the Survey Department which deals with the public, and space for the African canteen should be provided by the construction of a fourth wing consisting of a ground floor and two upper storeys at a gross cost of £80,000; and
- (b) the Headquarters of the Survey Department should be housed in a new building adjacent to Field Headquarters on the Thika Road, about four miles from the centre of Nairobi. The estimated gross cost of this building is £49,300.

128. The effect of this latter proposal will be an elimination of duplication of records, files and accounts necessitated by the present operation of the departmental headquarters and Field Headquarters as two separate units; closer supervision of all branches of the department by the Director; amalgamation of the two printing sections; and a saving in transport and telephone charges. In addition, as from 1st January, 1955, Field Headquarters is to house Military Surveys records and it will be, therefore, of advantage to have both sections of the department located on the same site.

129. The cost of bringing the service roads in the City Square area in which the Central Government Offices and the Treasury Building are located (excluding a contribution of £6,000 from the Nairobi City Council) is £25,000 and the Government proposes to charge this expenditure to the block allocation for Government offices. The Government's proposals, then, involve in all a gross expenditure of £448,570 by 30th June, 1957, and are summarized in Table 48 below:—

TABLE 48.—THREE-AND-A-HALF-YEAR PLAN—GOVERNMENT OFFICES
(Cf. Table 12)

| <i>Scheme</i> | <i>Gross Cost</i> | <i>Less 19 per cent for G.W.S.</i> | <i>Allocation</i> |
|--|-------------------|--|-------------------|
| | £ | £ | £ |
| Central Government Offices | | | |
| (a) Completion of First, Second and Third Wings | 132,574 | 25,200 | 107,374 |
| (b) Fourth Wing | 80,000 | 15,200 | 64,800 |
| Treasury Building | 124,177 | 23,600 | 100,577 |
| Construction of Roads, City Square | 25,000 | — | 25,000 |
| District Headquarters, Wun- danyi | 27,519 | 5,200 | 22,319 |
| Extension to Survey Field Headquarters | 49,300 | 9,300 | 40,000 |
| Miscellaneous | 10,000 | 1,900 | 8,100 |
| Total | 448,570 | 80,400 | 368,170 |

* For example, the Royal Technical College, a new police station to replace the present station in Kingsway, a new dispensary and, finally, service roads.

(3) Parliament Buildings

130. The scheme value of the Parliament Buildings is shown in Table 8 as £165,594 but this figure was arrived at after deducting a sum of £9,000 in respect of customs duties. The expenditure brought to account by 31st December, 1953, however, includes customs duties and, therefore, a scheme value of £174,594 should be taken for the purpose of calculating the funds required in the present planning period.

TABLE 49.—THREE-AND-A-HALF-YEAR PLAN—PARLIAMENT BUILDINGS

| <i>Item</i> | <i>Amount</i> £ |
|--|--------------------|
| Scheme Value (to 1953) | 174,594 |
| Expenditure to 31st December, 1953 | 152,320 |
| | <hr/> |
| Balance as at 1st January, 1954 | 22,274 |
| <i>Add: Additional Funds Required for Completion</i> | 32,400 |
| | <hr/> |
| Total .. | £54,674 |

The increase of £32,400 in the original scheme value is accounted for by the payment of £6,000 to the main contractor in final settlement of all claims arising from variations, in costs and other conditions, from those which it was assumed would prevail when the contract was let. The balance is accounted for by increases in the cost of certain fixtures and additional equipment and furnishings accepted by the Government as necessary on the recommendation of the House Committee.

(4) Information Department

131. The Standing Planning Committee made a block allocation of £27,500 for mobile cinemas and equipment. This allocation was administered by the Commissioner for Community Development who decided what funds should be made available from that allocation to the Director of Information. Primarily as a result of the Emergency a separate Department of Information was established early in 1953 combining the existing Press Office, the African Information Services and certain new services. At present the department is very unsuitably housed in temporary buildings in Lugard Avenue, Nairobi. The Government accepts that more suitable accommodation will eventually be required for general office, film and photographic laboratories, projection rooms and for the storage of sensitive equipment, books and films. The building will have to be designed in such a manner that the department's fleet of cinema vans and information vans can be serviced and equipped quickly. The total cost of the building will be of the order of £80,000 but whether or not construction can proceed in the next planning period will depend upon other competing demands for available funds.

132. In view of the desirability of all items of a recurrent nature being financed through the Colony's Estimates no allocation is made for equipment with the exception of—

- (a) a sum of £2,200 voted in the Development Estimates for 1954 (first half); and
- (b) a sum of £9,000, being the Kenya Government's share of the cost of two transmitters for the African Broadcasting Services, the use of which will enable broadcasting hours to be extended to 9 p.m. daily. The

balance of the total cost of £18,000 will be reimbursed from the Colonial Development and Welfare Vote, the Secretary of State for the Colonies having agreed that the uncommitted balance on Research Schemes Nos. D. 1698 and A should be diverted for this purpose.

133. As the Government anticipated, the Broadcasting Commission have proposed radical changes in broadcasting organization in Kenya, the total capital cost of which is put at £440,000.* As a decision has not yet been reached on the various recommendations which, briefly, provide for a receiving station in Nairobi and transmitting stations and studios in Nairobi, Mombasa and Kisumu, no reference is necessary here regarding the problem of financing the Commission's proposals.

MINISTER FOR LEGAL AFFAIRS

(5) Judicial Buildings

134. The Standing Planning Committee allocated £60,000 to cover the cost of court-houses at Kisumu, Eldoret, Kitale, Gilgil and Naivasha; and this allocation was consistent with the increased allocations recommended for police and prison buildings.† The only project started was the new court-house at Kisumu for which £10,507 (gross) is required for completion. Whilst the Government recognizes that, ideally, the law should be dispensed in buildings of reasonable dignity, present circumstances do not permit of a comprehensive rebuilding programme. However, an urgent need exists for a new two-roomed court-house at Eldoret and a three-roomed court-house at Nakuru. Existing buildings at these centres are dilapidated and provide wholly inadequate accommodation. An allocation of £72,207 (gross) has, therefore, been made, which should be sufficient provided austerity standards are applied when the new buildings are being designed.

TABLE 50.—THREE-AND-A-HALF-YEAR PLAN—JUDICIAL BUILDINGS

| Scheme | Gross Cost £ | Less 19 per cent | Allocation £ |
|---------------|-----------------|------------------|-----------------|
| | | for G.W.S. £ | |
| Kisumu | 10,507 (a) | 2,000 | 8,507 |
| Eldoret | 25,900 | 4,900 | 21,000 |
| Nakuru | 35,800 | 6,800 | 29,000 |
| Total | 72,207 | 13,700 | 58,507 |

(a) The difference between the original scheme value of £36,000 and expenditure to 31st December, 1953, is £8,507 to which £2,000 must be added to cover the cost of furniture.

MINISTER FOR AFRICAN AFFAIRS

(6) Administrative Sub-Station

135. The experience of the last 18 months has demonstrated that an essential and continuing requirement of sound political, social and economic development in the more densely populated African areas is the decentralization of administrative responsibility from district headquarters to sub-stations. In 1953, seven

* *Report of Kenya Broadcasting Commission* (Government Printer, Nairobi, 1954), paragraphs 113-115.

† Paragraphs 56 and 57.

sub-stations* and two permanent camps† were established in the Central Province and two sub-stations‡ in the Rift Valley Province. The necessary provision was voted by the Legislative Council by Development Supplementary Estimates No. 1 of 1953. Total expenditure incurred by the end of 1953 was £172,187 and as no special block allocation existed all expenditure other than that on offices has been charged against appropriate departmental block allocations—namely, staff housing, prisons, police buildings, education and water supplies—for the purposes of Tables 7 and 8.

136. Each sub-station is in charge of a District Officer who has the necessary subordinate staff including, in the African districts of Central Province, another District Officer as second-in-command. According to the location, departmental officers are also posted to sub-stations. The Government considers that the present network of sub-stations should be extended in three ways: first, by the conversion of the two permanent camps at South Tetu and Othaya in the Nyeri District into sub-stations so that two District Officers can reside permanently at these places; secondly, by bringing up to standard buildings at eight existing stations; and, finally, by the establishment of 30 new sub-stations. In the African Land Units, the area administered from a sub-station will usually correspond to a division which comprises three or four locations. Officers posted to sub-stations in the Settled Areas will administer adjacent forest areas as well.

137. Generally, the buildings required by the Administration comprise a Class IV house for the District Officer (and an economy house also at those stations in Central Province to which a second District Officer is to be posted); housing and ablutions for African clerical staff, station hands and tribal policemen; and offices and stores. In addition, a reliable water supply has to be provided and in some areas this will involve the sinking of boreholes, often at considerable expense.

138. The existing sub-stations which are to be extended are listed in the following table.

TABLE 51.—PROPOSED EXTENSIONS TO EXISTING ADMINISTRATIVE SUB-STATIONS

| <i>Province</i> | <i>District</i> | <i>Centre</i> | <i>Gross Cost</i> £ |
|-----------------|-----------------|--------------------|------------------------|
| Central | Kiambu | Kikuyu | 5,200 |
| | | Gatundu | 5,200 |
| | Fort Hall | Kangema | 5,200 |
| | | Kigumo | 5,200 |
| | Nyeri | Kandara | 5,800 |
| | | Mathira (Karatina) | 5,400 |
| Meru | Chuka | 4,600 | |
| Coast | Kilifi | Kaloleni | 3,800 |
| Total | | | 40,400 |

* *Kiambu*: Kikuyu, Gatundu; *Fort Hall*: Kangema, Kigumo, Kandara; *Nyeri*: Karatina; *Meru*: Chuka.

† *Nyeri*: South Tetu, Othaya.

‡ *Nakuru*: Londiani; *Uasin Gishu*: Ainabkoi.

139. At several of the places shown in the following table some buildings exist and they will be incorporated into the sub-stations to be established. At some others a full complement of buildings will not be required.

TABLE 52.—PROPOSED ADDITIONS TO THE NETWORK OF ADMINISTRATIVE SUB-STATIONS

| <i>Province</i> | <i>District</i> | <i>Location</i> | <i>Gross Cost</i> £ |
|-----------------|-----------------|-----------------|------------------------|
| Central | Kiambu | Githunguri .. | 9,400 |
| | | Tigoni .. | 10,100 |
| | Nyeri | Othaya .. | 8,900 |
| | | South Tetu .. | 8,900 |
| | Meru | Nkubu .. | 10,100 |
| | | Maua .. | 10,100 |
| | Embu | Kerugoya .. | 2,700 |
| | | Kianyaga .. | 9,200 |
| | | Runyenjes .. | 9,600 |
| | | Mwea .. | 10,100 |
| | | Mweiga .. | 7,000 |
| Nyanza | Nanyuki | Vihiga .. | 1,700 (a) |
| | | Bondo .. | 14,000 |
| | North | Ukwalla .. | 14,000 |
| | | Migori .. | 14,000 |
| | Central | Mirogi .. | 14,000 |
| | | Nyamira .. | 14,000 |
| | | Sotik Post .. | 14,000 |
| Rift Valley .. | Kericho | 1,700 (b) | |
| | Nakuru | 2,500 (c) | |
| Coast | Mombasa | 14,000 | |
| | Kwale | 1,100 (b) | |
| Southern | Lamu | Burgoni .. | 6,700 |
| | | Mbooni .. | 8,700 |
| | Machakos | Mwingi .. | 8,700 |
| | | Ikutha .. | 6,900 |
| | Kitui | Loitokitok .. | 10,000 |
| | | Kilgoris .. | 12,000 |
| Kajiado | Olchoro .. | 8,000 | |
| | Narok | 10,200 (d) | |
| Northern | Isiolo | Garba Tulla .. | 8,000 |
| | | Pumwani .. | 10,200 (d) |
| Nairobi | | | |
| Total .. | | | 272,300 |

Notes.—

(a) The existing Government Women's Teachers' Training College is to be converted into a sub-station. Another College is to be built at Kisumu. (*Vide* note (c) to Table 72.) Ample accommodation is available for both Administration and departmental staff at Vihiga. Certain adaptations, however, costing £1,700 will be necessary.

(b) The Administration and not the Public Works Department will be responsible for the building of these stations.

(c) The District Officer stationed here will live in an ordinary Government quarter in Mombasa.

(d) In addition, a number of administrative posts are being established in residential areas but, generally, capital expenditure on buildings will not be necessary.

140. The foregoing figures are brought together in Table 53.

| Scheme | Gross Cost £ | Less 19 per cent Allocation for the G.W.S. | |
|--|-----------------|---|---------|
| | | £ | £ |
| Extensions to Eight Existing Sub-Stations | 40,400 | 7,700 | 32,700 |
| Construction of Thirty New Sub-Stations .. | 272,300 | 51,200 | 221,100 |
| Total .. | 312,700 | 58,900 | 253,800 |

The sum of £312,700 does not represent the total cost of these sub-stations for, at many of them, buildings will have to be erected for the police and for departmental officers.* The Government's declared policy is "to ensure the effective maintenance of law and order through out the country and (provide) a solid foundation for continued development and reconstruction" by—

"the intensification of closer administration by the establishment of additional administrative teams in both the African Reserves and the Settled Areas";† and the capital commitment must be faced.

(7) Buildings, Northern Frontier Province

141. In view of the special circumstances of the Northern Frontier Province the Government has decided that the unspent balances of the Standing Planning Committee's allocation of £85,000 for buildings including staff housing,‡ should be re-allocated.

(8) Nandi Hills Project

142. The balance of the allocation of £20,000 included in the ten-year plan for the establishment of a new township to encourage the development of the tea industry in the Nandi Hills area is required to cover the cost of various administrative buildings and staff quarters. The Standing Planning Committee expected this scheme to be completed by the end of 1951.§

(9) Movement of Swahilis from Fort Smith

143. Of the balance against the original allocation of £11,100 a sum of £4,250 is required to clear a suspense account. The removal of the Fort Smith Swahilis to Mijomboni on the coast was completed by 1952 but delay in the presentation of vouchers prevented the suspense account being cleared before the end of 1953.

MINISTER FOR AGRICULTURE, ANIMAL HUSBANDRY AND WATER RESOURCES

Introduction

144. Reference has already been made to the "dependent" nature of the Kenya economy||, but, unlike advanced dependent economies such as Australia and New Zealand, the proportion of the total population which relies directly on agriculture is very high indeed. The total African population in 1953 was

* Expenditure on which will be chargeable to departmental block allocations and, in the case of some stations, to the funds provided under the Five-Year-Plan to Intensify the Development of African Agriculture.

† Eighteen-Point Statement of Policy of the Council of Ministers, Kenya (5th July, 1954).

‡ Report, paragraph 249.

§ Report, paragraph 276.

|| Paragraphs 78-82.

5.6 million. The vast majority of the adults work on their own land in the African Land Units. About 410,000 only are in employment but nearly half are on European farms. This occupational pattern is a reflection not only of the existence of productive techniques which depend on a large labour supply but also of Kenya's endowment of natural resources. It follows that the general agricultural policy of the Government, including capital expenditure designed to conserve the country's land and water resources and develop improved methods of utilization of these resources, is of vital importance.

145. The problem is complicated by the dual nature of Kenya's agricultural economy. In the densely populated African areas, in which about three-quarters of the African population live, subsistence farming predominates, involving often fragmented holdings and based on tribal systems of land tenure which are often uneconomic. This situation developed under conditions in which land was plentiful and so soil fertility could be at least partly preserved by periodic resting. The situation has changed entirely with the growth of the population, both human and animal, and the development of a cash economy. Much larger areas are now under crops and there is consequently a greater pressure on the land. However, before the African producer can exploit the advantages of a money economy on a really large scale certain basic services must be provided, such as law and order and roads. Besides these densely populated arable zones there are large drier regions where almost 1.0 million Africans live mainly on their herds and flocks. Side by side with these indigenous systems of agriculture which now include, to an ever-increasing extent, the growing of crops for cash and in which, despite certain modifications and improvements, the hoe is still the characteristic tool of husbandry, are European farms and plantations. In the settled areas European-owned and managed estates employing Africans on a system of resident labour* and on wage agreements make a substantial contribution to the geographical product and constitute the base of the Colony's economy. The development of this sector of the agricultural economy, however, presents a different set of problems. The task of securing a steady increase in productivity can be mainly left to the farmers themselves subject to access when necessary to short- and long-run loan capital. The Government's main contribution to the task is the maintenance and extension of research work and the necessary advisory services. Another, although more indirect contribution, is the provision of the necessary legal sanctions for the organized marketing of any particular crop or commodity. Such sanctions, by safeguarding returns, enable producers to plan production over a period of years in the interest of efficiency. In the African sector, on the other hand, the problem has to be tackled on a wider front in view of the general ignorance of the producers themselves, their conservatism and their lack of capital and of security of the kind normally acceptable. The various lines of approach adopted in tackling the problem in the African sector are discussed below. In summary, then, not only does Kenya contain a great diversity of soil, topography and climate but also radically different systems of farming; and within these systems wide variations in efficiency and degree of individual initiative are found.

146. Both the Development Committee and the Standing Planning Committee laid great stress on the problem of soil conservation for by 1945-46 it was recognized that a really large-scale attack on the problem of soil erosion and exhaustion, the twin results of primitive methods of cultivation, overstocking and a monocultural system of arable farming, was desperately required.† It

* The so-called "squatter system".

† For a more detailed analysis of the causes and effects of misuse of the land *vide* Sir Philip Mitchell, *The Agrarian Problem in Kenya* (Government Printer, Nairobi, 1947).

should be noted that soil exhaustion in European areas in the past was primarily caused by a failure to develop mixed farming systems. However, by 1953, the Director of Agriculture was able to report that "generally speaking, the soil, by means of terraces, grass strips, cut-off drains, etc., is (now) being held in position".* Maintenance must continue and in some areas single cropping is still causing anxiety but in this planning period the Government can concentrate to a greater extent on the expansion of improved methods of land use to achieve a steady rise in productivity.

147. It is against this background that two reports published by the Government in May, 1953, and May, 1954, respectively must be considered. Mr. L. C. Troup was appointed by the Governor in February, 1952, to—

"inquire into the general economy of farming in the Highlands having regard to capital invested and long- and short-term financial commitments whether secured or unsecured; excluding farming enterprises solely concerned with the production of sisal, wattle, tea and coffee."†

148. Then, in 1953, the technical and financial problems of an intensification of African agricultural development were considered by the Government and Mr. R. J. M. Swynnerton was appointed by the Minister for Agriculture, Animal Husbandry and Water Resources, to draw up a five-year programme on the following basis, viz.—

- (a) that the purely African element in the ordinary development programme planned for the three and a half years ending 30th June, 1957, amounted to £2,558,000 or £3,655,000 over the five calendar years 1954–58;
- (b) that having regard to the limit set by available capital funds this rate of expenditure would have to be reduced by about one-third, or £1,218,000 over the five years;
- (c) that over and above these existing plans, schemes designed to intensify development and provide at the same time useful work for Kikuyu detainees would cost a further £3,300,000.

149. Mr. Swynnerton's report‡ formed the basic document when the application for a grant from Her Majesty's Government of £5.0 million was being discussed. The sum of £1.0 million is to be made available each year for five years and this will enable the Government not only to continue agricultural development at the normal rate but also intensify that development by financing (a) various measures to raise output in the African areas of high potential including the consolidation of holdings, farm planning, the expansion of cash crops and the provision of water supplies,§ (b) stock projects and the provision of water supplies in semi-arid pastoral areas,|| and (c) settlement and reclamation schemes in areas at present little used.¶ So far as the densely populated areas are concerned, these hold the bulk of the African population, namely, some 600,000 families. The holdings cultivated by these families range from two or three acres in the fertile areas of high rainfall to 30, 50 or 100 acres, or even more, in the drier regions. The Swynnerton Plan sets as a target the raising of the output of the 600,000 families from £10 or so to £100 each per annum.

* Department of Agriculture, *Annual Report for 1952* (Government Printer, 1953), p. 1.

† Government Notice No. 194 of 26th February, 1952. Mr. Troup's report was released in May, 1953.

‡ R. J. M. Swynnerton, *A Plan to Intensify the Development of African Agriculture in Kenya* (Government Printer, Nairobi, 1954).

§ Swynnerton, *op. cit.*, Chapter IV.

|| *Op. cit.*, Chapter V.

¶ *Op. cit.*, Chapter VII.

(10) Agriculture

150. The Government's proposals for the agricultural sector of the development programme are contained in Table 54 below. The schemes fall into five groups, viz.: agricultural education, soil conservation (including dam construction), farm planning and development, research and grain storage.

TABLE 54.—THREE-AND-A-HALF-YEAR PLAN—AGRICULTURE
(Cf. Table 13)

| Scheme | Gross Cost | Non-Building Element | BUILDING ELEMENT | | | | Allocation (a) |
|---|------------------|----------------------|------------------|----------------|-----------------------------|----------------|------------------|
| | | | Non-P.W.D. | P.W.D. (Gross) | Less 19 per cent for G.W.S. | P.W.D. (Net) | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| GROUP I— | £ | £ | £ | £ | £ | £ | £ |
| Agricultural Training School, Embu | 2,500 | 2,500 | — | — | — | — | 2,500 |
| Egerton School | 30,000 | 30,000 | — | — | — | — | 30,000 |
| GROUP II— | | | | | | | |
| Soil Conservation (D.299 & A): | | | | | | | |
| (b) | | | | | | | |
| African | 182,700 | 150,000 | 6,900 | 25,800 | 4,900 | 20,900 | 177,800 |
| Non-African | 383,500 | 346,300 | 8,400 | 28,800 | 5,500 | 23,300 | 378,000 |
| Dam Construction Units: | | | | | | | |
| Capital | 73,000 | 73,000 | — | — | — | — | 73,000 |
| Recurrent | 157,500 | 157,500 | — | — | — | — | 157,500 |
| GROUP III— | | | | | | | |
| Farm Planning and Development | 267,600 | 168,700 | 43,400 | 64,500 | 12,300 | 52,200 | 264,300 |
| GROUP IV— | | | | | | | |
| Agricultural Research and Investigational Stations: | | | | | | | |
| C.D. & W. Scheme D. 1467 (b) (c) | 50,958 | 50,958 | — | — | — | — | 50,958 |
| Extension | 61,800 | 31,800 | 6,000 | 24,000 | 4,600 | 19,400 | 57,200 |
| Coffee Research Station, Ruiru | 10,200 | 7,300 | 2,900 | — | — | — | 10,200 |
| Horticultural Research Station, Molo | 8,100 | 3,100 | 700 | 4,300 | 800 | 3,500 | 7,300 |
| Plant Breeding Station, Njoro | 30,800 | 4,500 | 7,500 | 18,800 | 3,600 | 15,200 | 27,200 |
| Pasture Research, Phase II | 66,900 | 24,900 | 24,200 | 17,800 | 3,400 | 14,400 | 63,500 |
| Scott Agricultural Laboratories (Staff Housing) | 26,500 | — | 1,900 | 24,600 | 4,700 | 19,900 | 21,800 |
| GROUP V— | | | | | | | |
| Grain Storage | 225,000 | 75,000 | — | 150,000 | 28,500 | 121,500 | 196,500 |
| Maize Control Buildings | 28,000 | 28,000 | — | — | — | — | 28,000 |
| TOTAL (GROSS) | 1,614,058 | 1,153,558 | 101,900 | 358,600 | 68,300 | 290,300 | 1,545,758 |
| Less Allocation for Capital Equipment for Dam Construction Units | 73,000 | 73,000 | — | — | — | — | 73,000 |
| TOTAL (NET) | 1,541,058 | 1,080,558 | 101,900 | 358,600 | 68,300 | 290,300 | 1,472,758 |

Notes.—

(a) That is, total of columns (2), (3) and (6).

(b) Table 89.

(c) Agency fees are raised on works financed from C.D. & W. Vote (Cf. paragraph 100).

151. As regards Group I, the sum of £2,500 for the Agricultural Training School, Embu, is the balance required to complete the development approved by the Standing Planning Committee.*

* Report, paragraph 51 (7).

152. The Egerton Agricultural College was first established in 1941 as a farm school on some 600 acres of land presented to the Crown by Lord Egerton. In 1945 the Government decided to convert the school into a soldier settlement training centre; but as from 1949 students preparing for professional examination have been accepted. Financial provision for recurrent expenditure is voted through the Colony's Estimates under Vote 5-2 (18) and the cost of certain buildings and equipment was met from the block allocation for agriculture under the ten-year plan.* The Government has now decided that the College should be established as a self-governing institution the net recurrent costs for the first four years being reimbursed by a fixed grant. In addition, it is proposed that an endowment fund should be created by the transfer of the accrued surplus balance of approximately £70,000 resting in the Stockfeed Control Account.† The Government considers that in view of the inadequacy of some of the buildings and equipment the College should begin its independent life with an endowment fund of not less than £100,000 and has made an allocation of £30,000 for this purpose.

153. As regards Group II, the allocation for soil conservation is based on the assumption that during the present planning period no further responsibility for the Soil Conservation Service will be assumed by the Colony's Estimates.‡ Despite the solid results achieved to date the basic importance of soil conservation remains and is reflected not only in the allocation but also by the item, farm planning and development.

154. In the ten-year plan two items relating to the Dam Construction Units appeared. Included in the block allocation for agriculture there was a sum of £100,000 for the purchase of equipment for two units; there was also a separate allocation of £200,000 against which recurrent expenditure was charged.§ Revenue earned by the Units was credited to the Development Fund:—

| | £ |
|---|---------|
| Total expenditure, 1948-53 | 208,017 |
| Less capital expenditure | 100,000 |
| | <hr/> |
| Recurrent expenditure | 108,017 |
| Revenue, 1948-53 | 120,168 |
| Thus excess of revenue over expenditure | 12,151 |

155. The intention of the Standing Planning Committee was that the sum of £100,000 provided for equipping the Units should be fully repaid from earnings, less the residual value of equipment and stores on hand and less charges waived.|| As at 30th June, 1954, a shortfall of £15,148 existed, viz.:—

| | £ |
|---|---------|
| Excess of revenue over expenditure | 31,775 |
| Debtors | 13,777 |
| Stores | 12,200 |
| Value of equipment, less depreciation | 15,800 |
| Estimated receipts from sale of equipment | 11,300 |
| | <hr/> |
| | £84,852 |
| Thus, shortfall on original endowment of £100,000 | £15,148 |

* Table 13.

† This account was started during the war with a Government loan—since repaid—to safeguard supplies of stockfeed for farmers.

‡ Paragraph 32.

§ *Vide* note (b) to Table 8.

|| *Report*, paragraph 51 (11).

156. The Units have now been operating for more than five years and a large proportion of the machinery must be replaced at an estimated cost of £73,000. A new scale of fees has recently been introduced and, together with improvements effected in the operation of the Units as a result of the experience gained during the last few years, the Government hopes that revenue will exceed recurrent expenditure* to an extent sufficient to cover the cost of re-equipping. In the event of a shortfall savings will have to be effected in other items in the block allocation for agriculture.

157. The third group is described in Table 54 as farm planning and development. The greater proportion of the investment in fencing, water supplies, buildings, soil conservation and stock required for the gradual change over to a system of mixed farming must be undertaken by farmers themselves but the Government must provide the necessary technical advice and assistance.

158. The problem for the next three years is to build up a technical organization capable of—

- (a) surveying and mapping selected areas;
- (b) advising on agricultural problems and the layout and planning of individual farms;
- (c) undertaking soil conservation, water conservation and field drainage works.

The annual target acreage is 150,000 spread over seven mixed farming districts, namely, the Kinangop, Ol Kalou/Thomson's Falls, Nakuru, Uasin Gishu, Trans Nzoia, Nyanza and Nairobi. The Government does not propose to develop a separate Farm Planning Service but to expand the existing district agricultural teams and the fact that District Agricultural Officers are to be relieved of responsibility for experimental work† means that the additional staff required, namely, seven Agricultural Officers, one Assistant Agricultural Officer and six Assistant Soil Conservation Officers, is fairly modest. In effect the work the district agricultural teams already do in the spheres of survey and farm planning, agricultural advice, soil and water conservation and field drainage is to be expanded and developed into a co-ordinated drive for mixed farming.

159. So much for the first three groups in Table 54. Group IV refers to the research programme and may be conveniently considered in four separate parts: first, investigational stations. The object of Colonial Development and Welfare Scheme No. D. 1467 was the establishment of (a) new Central Research Laboratories, (b) a chain of general investigational stations, and (c) stations at Kitale and Molo to work specifically on the fundamental problems of pasture research. The balance available against Scheme D. 1467 is £50,958 which is only

* Estimated at £45,000 per annum.

† Cf. paragraph 159 below.

sufficient to meet existing commitments. The additional sum of £61,800 (gross) included in Table 54 is to enable four Agricultural Officers and four Assistant Agricultural Officers to be posted to the Kitale, Ol Joro Orok, Sotik, Nakuru and Kinangop stations in order to relieve District Agricultural Officers of experimental duties, for which they are not necessarily trained or suited, so that they can devote their full time to advisory and extension work. The facilities provided at the stations cannot be effectively utilized and really satisfactory progress in experimental work cannot be achieved until specialist officers are put in charge. A consequence of these additional postings will be the need for staff housing and certain extensions to the stations themselves.

160. Secondly, additional funds are required for crop research. The existing facilities at the Coffee Research Station, Ruiru, need to be supplemented and an additional Assistant Agricultural Officer is to be posted for horticultural investigations in the Nairobi-Ruiru-Thika-Fort Hall area. This officer will pay special attention to various problems connected with pineapple growing on both European and African farms. In addition, the activities of the Plant Breeding Station, Njoro, are to be extended. Up to the present, plant-breeding work has been confined to wheat and maize. The posting of an additional Assistant Agricultural Officer to this station should enable investigations to cover a wider range of crops.

161. Thirdly, there is the singularly important problem of pasture development. The first phase has been covered by Scheme D. 1467. It is now proposed to tackle the problem in the Highlands and the wetter African areas, on the one hand, and the drier African pastoral areas, on the other, separately.* An alternate husbandry system of farming requires a great increase in the area under leys and the expenditure envisaged under Phase II provides for the appointment of two more agronomists. The Government confidently hopes that the search for satisfactory ley species and for reliable techniques of ley establishment and utilization in all the varied conditions prevailing will be successful. Finally, in view of the difficulties of operating the Scott Laboratories at Kabete with staff who live in accommodation scattered over a wide area, the Government intends that six houses shall be constructed in the laboratory grounds for occupation by staff who have to maintain a permanent check on experiments.

162. To fully understand the Government's proposals with regard to grain storage it must be noted that railhead bagged storage is now available for 75 per cent of the Colony's maize crop. This transit storage has solved the problem of removing maize from European farms and African areas within a reasonable time of harvest, has reduced storage allowances to European farmers to a negligible figure and has facilitated the movement of the crop from railhead to central bagged storage and consuming areas

163. No equivalent railhead storage exists for wheat, and storage allowances have to be paid to farmers, such allowances being recovered in the price of flour to the consumer. Improved methods of storage for limited periods in bags have led to a marked improvement in the efficiency of temporary transit stores. The Government proposes, therefore, that the sum of £150,000 (gross) should be allocated to meet the cost of providing railhead storage for approximately

* For convenience called Phases II and III respectively. Phase III is part of the one-third cut transferred to the Swynnerton Plan. (*Vide* Table 59.)

1.25 million bags of wheat* in the principal producing areas. Whilst, ultimately, a special organization may have to be established to own grain storage of all descriptions, leasing space at a rental which will cover amortization and renewals, for the time being the Government will own the stores and lease them to the wheat agency appointed under the Wheat Industry Ordinance.† The rent charged by the Government will include an allowance for the capital costs mentioned above, whilst the agency will, in turn, recoup outgoings through its fees.

164. But the removal of wheat and maize from farms to railhead is only one problem. A related problem is the pronounced tendency in recent years for increased movement of grain through Mombasa. To obviate this, silo storage is required at Nakuru for about 18,000 tons of maize and 11,000 tons of wheat. However, the Government does not consider that the very large sum of money involved—about £0.75 million—should be found from the funds available for development in this planning period, particularly in view of the Uganda Government's decision to make available loan finance for the construction of a grain store in Nairobi. The most convenient site for this store is adjacent to Maize and Produce Control's grain conditioning plant and the 8.75 acres concerned‡ has already been purchased from the present owners by Maize and Produce Control with a loan of £75,000 made from development funds.§

165. The last item in Table 54 can be covered briefly: in the past, Maize and Produce Control has been able to finance capital works by drawing on accrued surpluses but these surpluses have now been exhausted. Accordingly, recourse to loan funds is necessary. Reference has just been made to the fact that the Government of Uganda has advanced £100,000 for a grain store in Nairobi and to the loan of £75,000 from the Kenya Government to cover the cost of purchasing the land. The Government proposes to lend the sum of £60,000 for certain urgently required buildings.

TABLE 55.—THREE-AND-A-HALF-YEAR PLAN—MAIZE CONTROL BUILDINGS

| <i>Scheme</i> | <i>Allocation</i> |
|--|-------------------|
| | £ |
| Repairs to Store, Kendu Bay | 8,000 |
| New Store, Homa Bay | 5,000 |
| Removal of stores from railway areas to godown areas at six country centres | 15,000 |
| Total Loan .. | £28,000 |

(11) Veterinary Services

166. All but one of the allocations shown in Table 56 are in respect of existing schemes. The total sum involved may be small compared with some other allocations but so far as the purely African sector of the livestock industry is concerned, additional expenditure of £377,350 over five years is envisaged under the Swynnerton Plan.||

* This figure represents about 85 per cent of an average crop.

† Ordinance No. 24 of 1952.

‡ Not all of the plot will be required for the store; but additional space will be required in due course for expansion of the grain conditioning plant.

§ The Legislative Council voted the necessary provision by Development Supplementary Estimates No. 2 of 1954 (Serial No. 6).

|| *Report*, paragraphs 61–67.

167. The new scheme for tsetse reclamation work in European areas is necessary as a result of infestations in the Solai/Subukia, Ithanga, and Sotik districts. The cost of similar work in African areas is chargeable to the block allocation for reconditioning and resettlement controlled by the African Land Development Board.

TABLE 56.—THREE-AND-A-HALF-YEAR PLAN—VETERINARY SERVICES
(Cf. Table 14)

| Scheme | Allocation | |
|---|-----------------------|---------------|
| | C.D. & W. Element (a) | Total |
| | £ | £ |
| Manufacture of Biologicals, Kabete (D. 1380) | 10,505 | 10,505 |
| Naivasha Stock Farm Research Station (D. 1456) | 24,587 | 24,587 |
| Livestock Improvement and Veterinary Development | — | 20,100 |
| Stock Breeding Centres (African Areas) (D. 868 and A) | 11,498 | 11,498 |
| Animal Health Stations (Non-African Areas) | — | 4,000 |
| Subsidiary Stock Routes | — | 9,000 |
| Tsetse Reclamation (Non-African Areas) | — | 4,000 |
| Total .. | 46,590 | 83,690 |

(a) Table 89.

(12) Water

168. It is not generally realized how costly is the development of water resources. Lengthy and expensive preliminary investigations are required* and the capital investment involved in the installation of piped water supplies, the construction of dams and the sinking of boreholes is considerable. However, whilst the Government does not deny—

“that on adequate water supplies largely depends the difference between prosperity and poverty. . . .”†

and whilst the Government recognizes that only 57 per cent of the allocation of £2,823,000 under the ten-year plan had been spent by the end of 1953, having regard to the overall shortage of funds and the rate of expenditure likely to be achieved with available staff the allocation for the present planning period has been restricted to the minimum necessary (a) to permit the progressive development of township water supplies; and (b) to enable limited rural water development to be undertaken, especially schemes already prepared.

*Cf. note (b) to Table 42. Part of water “overheads” is, in fact, borne by building projects.

† *Report of the Standing Planning Committee*, paragraph 66.

TABLE 57.—THREE-AND-A-HALF-YEAR PLAN—WATER

(Cf. Table 15)

| Scheme | Gross Cost | C.D. & W. Element (a) | Less 19 per cent for G.W.S. | Allocation |
|---------------------------------|------------------|-----------------------|-----------------------------|----------------|
| | £ | £ | £ | £ |
| Water Supplies for Townships .. | 190,000 | — | 36,100 | 153,900 |
| Rural Water Supplies— | | | | |
| African Areas | 334,800 | 172,092 | 1,300 (b) | 333,500 |
| Non-African Areas | 347,900 | 9,539 | 64,300 (c) | 283,600 |
| Mombasa Water Supply | 140,000 | — | 26,600 | 113,400 |
| General (d) | 30,000 | — | 5,700 | 24,300 |
| TOTAL | 1,042,700 | 181,631 | 134,000 | 908,700 |

Notes.—

(a) Table 89.

(b) 19 per cent has been levied on £6,708 only for, apart from the C.D. & W. element—on which agency fees are raised—£156,000 will be disbursed by way of £-for-£ grants to A.D.C.s.

(c) That is, on the non-C.D. & W. element only.

(d) Investigations, tools and plant.

169. Although the Government has examined the requirements of both townships and rural areas in some detail it is not proposed to break down the figures in Table 57 into individual schemes for the essence of a successful water development policy is flexibility. The provisions of the Water Ordinance* charge the Water Resources Authority, not with executive responsibility, but with the duty of advising the Minister for Agriculture, Animal Husbandry and Water Resources on all aspects of water development and the Government has no wish to commit the Authority to a detailed programme of expenditure in advance. Individual scheme values will, of course, be shown in the annual Development Estimates and control over expenditure exercised by the Minister for Agriculture, Animal Husbandry and Water Resources and the Treasury in the normal way.

170. With regard to townships, the number of projected supplies on the Water Resources Authority's priority list is well in excess of the allocation of £153,900. The growth of demand in many townships means that existing piped supplies must be augmented; whilst other growing townships have become overdue for a piped supply. In respect of non-African farming areas, as well as the Rongai River Tunnel and Pipeline,† there are several firm proposals for the piping of tapering streams.

171. Turning to the development of water supplies in African areas: the rate of expenditure on the Dixey Scheme for water conservation in the Northern Frontier Province and Samburu—for which there is a balance of £162,222 remaining in Colonial Development and Welfare Scheme No. D. 877—must be limited by the capacity of the staff engaged in the area and the urgent necessity to proceed with dam construction, boring and well-sinking and the piping of tapering streams in the more populous areas. Considerable expenditure on water development, irrigation and swamp reclamation is also provided for in the Swynnerton

* Ordinance No. 56 of 1951.

† The total cost of this project will be in the region of £193,000. Expenditure to the end of 1953 was £166,026 and thus the commitment falling in the present planning period is £26,974 or £21,874 (net).

Plan.* Even if the ambitious programme proposed is not fully implemented, clearly the rate of investment in water supplies for African areas during the present planning period will be substantial.

172. The allocation of £502,000 included in the ten-year plan for the Mombasa Water Supply was designed to cover the cost of extending the reticulation system of, and increasing supplies of water to, the existing pipeline. The period to the end of 1956 will be critical from the point of view of meeting the growing demand and the augmentation of supplies as well as extensions to the reticulation system will be essential. Rather less than the balance of the original allocation of £502,000 should, however, be sufficient to cover the expenditure envisaged.

173. The long-term solution of Mombasa's water supply problem lies in the installation of the 150-mile pipeline from Mzima Springs (near Voi) to Mombasa. Thus, on 8th July, 1952, Legislative Council adopted the following resolution, viz.:—

“BE IT RESOLVED that the Government be authorized to negotiate private loans not exceeding in the aggregate £4,000,000 on such terms and conditions and at such rate of interest as may seem fit and reasonable to the Member for Finance for the purpose of financing the construction of the Mombasa Water Supply (Major Project);

BE IT FURTHER RESOLVED that the provision of up to £1,000,000 from the Colony's funds be approved in principle for investment in the same project on such terms and conditions and at such rate of interest as may be sanctioned by this Council at a later date.”

The pipeline and the intake works at Mzima Springs should be completed towards the end of 1955. The maximum capacity of the pipeline will be 8.0 million gallons per day which, at the present annual rate of increase in consumption, will be required sometime between 1970 and 1973. A second pipeline will then have to be installed, although investigations have yet to determine the maximum offtake permissible.

174. The three banks which operate in East Africa have made available the sum of £1,350,000 for the undertaking, whilst the Government of Uganda and the East African Railways and Harbours Administration have agreed to make available loans of £1.0 million and £0.5 million respectively in view of their interest in the Port of Mombasa. The balance required, namely, £2.15 million, will have to be raised by the Kenya Government from various loan sources.

(13) African Land Development

175. The projects organized by the African Land Development Board and charged to the block allocation for African land development are implemented in the field by district staff of the Administration, Agricultural and Veterinary Departments assisted when and where necessary by additional staff. The ALDEV organization consists of—

- (a) a Board, chaired by the Secretary for Agriculture, which advises the Minister on African agricultural and land development policy and scrutinizes specific schemes submitted by departments and provincial teams;
- (b) a central office and accounting organization;
- (c) an engineering, water and survey section, consisting of qualified officers with subordinate staff who undertake preliminary surveys and estimates.

* Report, paragraphs 78 and 87.

The ALDEV Board may be described as the Colony team for land development projects, co-ordinating all departments working on such projects in the field. When the Agriculture Bill becomes law the ALDEV Board will be reorganized on a statutory basis and charged with advising the Minister generally regarding the conservation, betterment and development of agricultural land in the non-Scheduled (i.e. African) Areas.*

176. The considerations borne in mind by the Government when deciding not to commit the block allocation for water development to individual schemes weigh equally strongly here. It is the duty of the ALDEV Board to advise the Minister for Agriculture, Animal Husbandry and Water Resources generally on the development of land, livestock and water in the African areas and in particular to scrutinize actual schemes prepared for this purpose. Clearly, therefore, the ALDEV Board must be allowed the greatest possible measure of freedom to arrange for the implementation of schemes within the limits set by Treasury control over the expenditure of provision annually voted by the Legislative Council.

TABLE 58.—THREE-AND-A-HALF-YEAR PLAN—AFRICAN LAND DEVELOPMENT
(Cf. Table 16)

| Item | Allocation | |
|--------------------------------|-----------------------|---------|
| | C.D. & W. Element (a) | Total |
| | £ | £ |
| ALDEV Headquarters (D. 935) .. | 109,133 | 109,133 |
| Loans or ALDEV Schemes .. | — | 862,767 |
| Total .. | 109,133 | 971,900 |

(a) Table 89.

The balance of the allocation for African land development is shown on pp. 43-44 of the Swynnerton Report where it is fully integrated into the five-year plan. As the result of a ruling by the Secretary of State for the Colonies that normal Colonial Development and Welfare Vote procedure must apply to any funds disbursed as loans under the Swynnerton Plan—that is, that repayments must be returned to Her Majesty's Treasury—it has been necessary to recast the tables on pp. 43-44 and p. 63 in such a way (a) that the greater part of the ALDEV balance as set out above, namely, £862,767, is available for loans originally included under the Swynnerton Plan, whilst (b) the work which was to have been financed with this sum will now be charged to the £5.0 million grant for the Swynnerton Plan.† The amount to be financed from the Development Fund, namely, £971,900, represents a shortfall on requirements of £464,000. This sum has been transferred to the Swynnerton Plan as part of the agreed one-third cut.‡ In addition the Swynnerton Plan envisages expenditure of £2,184,770 over the five years, 1954-58 on settlement and ranching schemes in semi-arid pastoral areas.

* The Agricultural Ordinance, 1955, Part X.

† In order to make this exchange quite clear, the following are the amounts which will now be chargeable to the £5.0 million grant from Her Majesty's Government, viz:—

| | |
|--|-----------------|
| | £ |
| ALDEV Schemes | 624,867 |
| ALDEV Expenditure by Veterinary Department | 127,400 |
| ALDEV Expenditure by Agricultural Department | 110,500 |
| Total .. | <u>£862,767</u> |

‡ Report, paragraphs 71 et seq.

(14) Loans for African Agriculture and Livestock

177. Of the sum of £200,000 allocated by the Standing Planning Committee for loans to African District Councils for schemes for agricultural and livestock improvement only £79,000 had been issued by the end of 1953. It is expected that requirements up to 30th June, 1957, will amount to £68,750.

(15) European Settlement

178. Section 5 of the European Agricultural Settlement Ordinance* provided for the establishment of a European Agricultural Settlement Fund. This Fund was established with effect from 1st April, 1950, on a revolving basis, the intention being that the endowment should be £1,600,000. By 31st December, 1953, the Fund had received credits totalling £1,530,000 from the Development and Reconstruction Fund.† As at 31st March, 1954, 212 farms were leased by the Board to tenant farmers the total area involved being in the neighbourhood of 400,000 acres. The Board no longer makes loans to augment tenants' own working capital and they must provide a minimum of £5,000 themselves. Further, the Board is anxious to encourage satisfactory tenants to purchase the improvements on their farms by means of loans repayable over a maximum period of 30 years.

179. To a great extent the future rate of growth of productivity in the settled areas will depend upon the introduction of sound mixed farming practices.‡ In many areas this in turn will revolve upon closer settlement. If the Fund were brought up to £2.0 million then the Board's tenant farming scheme could be expanded at a rate of 20 farmers per annum, thereby injecting into the agricultural economy at least a further £100,000 per annum (that is, tenants' own capital). Despite the Emergency, applications by suitable prospective tenants averaged six per month during the latter half of 1953 and were at a higher rate in 1954.

180. Including an allowance for the value of Crown land taken over by the Board the Fund's assets at present amount to £1.677 million but this figure includes a sum of £260,000 being a reserve which the Board has had to set aside on account of irrecoverable moratoria.§ The Standing Planning Committee recommended that the capital structure of the Board should be partly restored by the refund of half of this sum|| and the Government has decided that the Board should be relieved of the liability for providing for the remainder. In addition, the sum of £220,000 is to be made available during the present planning period as new capital at an approved rate of interest. The Fund will then require only a further augmentation of £97,000 to bring it up to the target of £2.0 million.

(16) Indian and Arab Settlement

181. The Indian and Arab Settlement Board has encountered various difficulties, particularly as regards the availability of suitable areas of land, and by

* Ordinance No. 38 of 1948 as amended by Ordinance No. 49 of 1949.

† The Board pays the Government 3 per cent p.a. on funds provided and charges tenants 4½ per cent, the additional 1½ per cent being used to cover administrative expenses.

‡ Cf. paragraphs 146 and 157-158 above.

§ This sum of £260,000 represents the net cost to the Board of the grant of a free moratorium of five years as provided for in Sessional Paper No. 1 of 1950.

|| Report, paragraph 51 (6).

the end of 1953^{*} less than 10 per cent of the allocation of £100,000 originally recommended by the Development Committee had been spent. The allocation of £30,000 for the present planning period is to cover the cost of (a) assisting students from Kenya attending the Indian Agricultural School at Morogoro, Tanganyika, and (b) water supplies and roads for the Asian agricultural community, particularly in the Kibos area of Nyanza.

(17) Loans made under Agricultural Ordinance

182. When introducing the Budget for 1951 the Financial Secretary of the day announced the Government's intention to establish an Agricultural Land Rehabilitation Fund to encourage mixed farming for which the sum of £200,000 would be earmarked from Colony revenue annually for five years. Loans are made at the discretion of the Board of Agriculture and the Fund is now operated by the European Agricultural Settlement Board.* Until April, 1954, the Land and Agricultural Bank was responsible. By 30th June, 1954, the sum of £700,000 had been paid over and the balance will be made available through the 1954-55 and 1955-56 Colony Estimates.

183. The Agricultural Bill provides for the development of undeveloped land in the Scheduled Areas by means of what are described as Land Development Orders, non-compliance with which renders the occupier liable to prosecution. Compliance will, however, probably involve the owner or occupier in expenditure and so the Bill lays down the procedure to be followed in the granting of loans from funds made available to the Minister for Agriculture, Animal Husbandry and Water Resources. Subject to certain safeguards, loans may be authorized for voluntary development and provision is also included for joint loans to be obtained by a group of farmers having common interests.

184. When the Bill becomes law it is the Government's intention to absorb the Agricultural Land Rehabilitation Fund into the provisions of the Bill and, clearly, the scope of the Bill is such that the number of applications for loans will increase. The exact method of financing these loans has not yet been worked out, but it is unlikely that a contribution from Colony revenue over and above the balance paid into the Rehabilitation Fund will be forthcoming. On the other hand, it is virtually impossible at this stage to gauge the likely commitments during the next few years and thus a somewhat arbitrary allocation of £100,000 has been made. Together with the sum of £400,000 paid into the Rehabilitation Fund in 1954 and 1955 this means that £500,000 will be available for loans during the present planning period.†

African Agriculture: Intensified Development

185. This section is concluded by bringing together all the foregoing references to the purely African element in the normal development plan, the one-third cut in which is to be restored from the grant of £5.0 million from Her Majesty's Government.‡

* The loans are for a period of 15 years, a moratorium on interest being granted for four years and on capital repayment for six years.

† Authorizations made to the end of 1953 had fully absorbed the £600,000 made available during the three years 1951-53.

‡ Of this sum, £4.0 million is to be made available under the new C.D. & W. Act.

TABLE 59.—EXPENDITURE ON NORMAL AFRICAN AGRICULTURAL DEVELOPMENT WITH ONE-THIRD CUT RESTORED

| Scheme | Table No. | Expenditure 1954-57 | | |
|---|-----------|-----------------------|------------------------------------|-----------------------|
| | | Development Estimates | Transferred to Swynnerton Plan (a) | Total African Element |
| | | £ | £ | £ |
| Agriculture | 55 | 224,700 | 382,200 (b) | 606,900 |
| Veterinary Services | 56 | 43,600 | — | 43,600 |
| Water | 57 | 334,800 | 5,800 | 340,600 |
| African Land Development Loans for African Agriculture and Livestock .. | 58 | 971,900(c) | 464,000 | 1,435,900 |
| | Para. 177 | 68,750 | — | 68,750 |
| TOTAL | — | 1,643,750 | 852,000(d) | 2,495,750 |

Notes.—

(a) That is, for expenditure during the three and a half years ending 30th June, 1957.

(b) Comprising soil conservation, £330,000 and Pasture Research, Phase III, £52,200.

(c) *Vide* note † to paragraph 176.

(d) Roughly equal to one-third of total African element of £2,558,000 (*vide* paragraph 186 below).

186. It has already been noted that the total value of the African element in the group of development plans for which the Minister for Agriculture, Animal Husbandry and Water Resources is responsible is £2,558,000.* The difference between this figure and the figure of £2,495,750 shown in the last column of Table 59 above, namely, £62,250 is due to a special cut equal to this amount being applied to the item, Loans for African Agriculture and Livestock. It is considered unlikely that more than £68,750 will be required in this planning period, having regard to the element for loans to individual farmers, co-operatives and local authorities in the Swynnerton Plan (now transferred to the ordinary development plan).†

MINISTER FOR INTERNAL SECURITY AND DEFENCE

(18) Police Buildings

187. The establishment of the Kenya Police has increased rapidly in recent years and the capital commitment implied in the figures in the table below requires no emphasis.

* Paragraph 148.

† Paragraph 176 and Table 58.

TABLE 60.—THE KENYA POLICE: ESTABLISHMENT, 1946-53

| Year | Officers | Inspectors | N.C.O.'s | Constables | Total |
|---------|----------|------------|----------|------------|--------|
| 1946 .. | 40 | 247 | 511 | 4,107 | 4,905 |
| 1947 .. | 43 | 280 | 479 | 4,124 | 4,926 |
| 1948 .. | 72 | 318 | 520 | 4,439 | 5,349 |
| 1949 .. | 84 | 341 | 590 | 4,974 | 5,989 |
| 1950 .. | 81 | 357 | 602 | 4,989 | 6,029 |
| 1951 .. | 93 | 415 | 874 | 4,675 | 6,057 |
| 1952 .. | 124 | 681 | 1,188 | 6,097 | 8,090 |
| 1953 .. | 204 | 1,463 | 1,683 | 7,844 | 11,194 |

188. In addition to the stations, offices, training facilities and housing required for the large approved increase since 1952, a substantial back-log from previous years has to be made up. The Government is also convinced of the urgent need for an early start to be made in this planning period on the new combined Colony and Nairobi Headquarters in the City Square, first recommended by the Standing Planning Committee. In this connexion the Government has taken note of the views of the Police Commission, viz.:—

“The Headquarters of the Colony's Police Force is itself a striking example of the deficiencies mentioned above. The Commissioner himself has his headquarters in a collection of huts some distance from the centre of the city. These accommodate the administrative section of the force's headquarters. The Criminal Investigation Department, and its Assistant Commissioner, are accommodated in another collection of huts some distance away, while the Special Branch works in a modern business office block in another part of the city. The Commissioner is therefore physically separated from his Criminal Investigation Department and from the Special Branch and these two latter departments are themselves a considerable distance apart. Even in normal times this would militate against efficiency. We do not need to enlarge on the difficulties which this situation was bound to create during the Emergency.”*

The Government does not consider, however, that the project for a combined headquarters should be fully implemented in this planning period for two reasons: first, the headquarters of the Nairobi Area and the Nairobi City and Rural District have now been provided with more adequate accommodation in the temporary buildings recently vacated by the Treasury and the Colonial Audit Department. Secondly, it will be possible to add additional floors to the side wings of the new Colony Headquarters building at a later date without interfering too seriously with existing occupants. Only Phase I (that is, the Colony Headquarters) will be constructed in the present planning period, therefore, at a gross cost of £321,000.

189. Another special project to which the Government attaches great importance is the expansion and replacement of temporary buildings at the Police Training School, Nyeri. This institution provides initial training for newly-recruited constables and inspectors and retraining and promotion courses for all ranks. It is unnecessary to elaborate on the important duties to be carried out at Nyeri for which permanent buildings are urgently needed.

* *Report of the Kenya Police Commission, 1953* (Government Printer, Nairobi, 1954), paragraph 340.

190. The Government's proposals are summarized in Table 61 below.

TABLE 61.—THREE-AND-A-HALF-YEAR PLAN—POLICE BUILDINGS

(Cf. Table 17)

| Scheme | Gross Cost | Less 19 per cent for G.W.S. | Allocation |
|---------------------------------------|------------|-----------------------------|------------|
| | £ | £ | £ |
| Colony Headquarters, Nairobi | 321,000 | 61,000 | 260,000 |
| Police Training School, Nyeri | 107,000 | 20,300 | 86,700 |
| <i>Police Stations and Offices—</i> | | | |
| Central | 112,500 | — | — |
| Rift Valley | 33,600 | — | — |
| Nyanza | 39,000 | — | — |
| Southern | 57,200 | — | — |
| Coast | 34,100 | — | — |
| Northern Frontier | 5,000 | — | — |
| TOTAL | 281,400 | 53,500 | 227,900 |
| <i>European and Asian Housing—</i> | | | |
| Central | 184,200 | — | — |
| Rift Valley | 138,400 | — | — |
| Nyanza | 82,000 | — | — |
| Southern | 93,500 | — | — |
| Coast | 82,300 | — | — |
| Northern Frontier | 45,000 | — | — |
| TOTAL (b) | 625,400 | 118,800 | 506,600 |
| <i>African Houses and Rondavels—</i> | | | |
| Central | 365,900 | — | — |
| Rift Valley | 65,700 | — | — |
| Nyanza | 27,900 | — | — |
| Southern | 31,300 | — | — |
| Coast | 31,600 | — | — |
| Northern Frontier | 6,000 | — | — |
| TOTAL | 528,400 | 73,700 (a) | 454,700 |
| Stores, Workshops and Garages | 23,400 | 4,400 | 19,000 |
| Police Forts, N.F.P. | 18,590 | 3,590 | 15,000 |
| TOTAL | 1,905,190 | 335,290 | 1,569,900 |

(a) That is, 19 per cent of £388,000 for the police will construct 1,250 rondavels (average cost, £50 each), and 700 "A" frame structures (average cost, £110 each) and 12 steel watch towers (average cost, £75 each) themselves. Work to a value of £140,400, therefore, will not be a G.W.S. responsibility.

(b) Those houses not attached to police stations will become available for allocation by District Housing Committees in due course.

191. Since the foregoing table was prepared the Government has decided that in order to consolidate and improve the effectiveness of the Force an additional 33 Officers, 100 Inspectors and 1,000 N.C.Os. must be recruited. The capital commitment would be at least £420,000. The Government does not propose, however, that any adjustments should be made at this stage in the above programme.

(19) Prison Buildings

192. Whereas the expenditure proposed on police buildings is a function of the size of the police force, expenditure on prison buildings must be considered in terms of the size and structure of the prison population and the general policy of the Government with regard to the treatment of the various classes of convicts.

TABLE 62.—DAILY AVERAGE PRISON POPULATION, KENYA, 1946-53

| Year | | | | | | Daily Average |
|------|----|----|----|----|----|---------------|
| 1946 | .. | .. | .. | .. | .. | 5,680 |
| 1947 | .. | .. | .. | .. | .. | 6,785 |
| 1948 | .. | .. | .. | .. | .. | 8,182 |
| 1949 | .. | .. | .. | .. | .. | 8,471 |
| 1950 | .. | .. | .. | .. | .. | 9,315 |
| 1951 | .. | .. | .. | .. | .. | 9,269 |
| 1952 | .. | .. | .. | .. | .. | 9,954 |
| 1953 | .. | .. | .. | .. | .. | 20,251 |

It should be noted that in, say 1949, the number of convicted persons sentenced to imprisonment for three years or more was only 479, or 5.65 per cent of the daily average for that year, but in 1953 no fewer than 6,526 were sentenced to long-term imprisonment, representing 32.22 per cent of the daily average. In addition, a considerable number of arrested persons awaited trial and sentence and doubtless the present high rate of long-term sentences will continue until the active phase of the Emergency is over.

193. The first problem, therefore, is to provide sufficient accommodation for this increased prison population; but a second, and equally urgent problem, is to provide adequate accommodation not only for convicted persons but also for those awaiting trial. In both connexions the Government is convinced that the rebuilding on a larger scale of existing prisons is the wisest policy. This is in line with the view of the Standing Planning Committee which reported that as no new prison buildings had been constructed in the 1930's most existing prisons were inadequate and many were in a dilapidated condition.* In 1953, the prison population was housed in 46 prisons, one remand prison and 15 prison camps, the former varying in capacity from the large institutions in Nairobi, Kisumu and Nakuru to small district prisons accommodating fewer than 10 persons.

194. The third problem is to increase the accommodation already provided for first offenders so that they may be successfully segregated from recidivists. The Government regards the prison-without-bars at Shikusa, near Kakamega, as an important experiment. But, in addition, it is necessary to provide corrective training facilities for recidivists so that they may be taught a trade in the hope that they will not return to a life of crime on release.

195. Finally, there is an urgent need to establish a training depot for prison officers in view of the sharp expansion in the establishment of the Prisons Department making existing training facilities inadequate. As a temporary measure a depot has been established at Kamiti Downs but the tented accommodation provided is clearly inadequate for the large number of recruits under training and for those taking refresher courses.

196. The Government proposes, therefore, that the following projects should be undertaken in the present planning period. The various purposes which the Kamiti Downs establishment will serve makes it an expensive project.

* Report, paragraph 228.

TABLE 63.—THREE-AND-A-HALF-YEAR PLAN—PRISON BUILDINGS

(Cf. Table 18)

| Scheme | Gross Cost | Less 19 per cent for G.W.S. | Allocation |
|--|------------|-----------------------------|------------|
| | £ | £ | £ |
| <i>New Prisons and Staff Quarters—</i> | | | |
| Mombasa | 113,000 | 21,500 | 91,500 |
| Nyeri | 127,000 | 24,100 | 102,900 |
| Eldoret | 74,000 | 14,100 | 59,900 |
| Marsabit | 6,100 | 1,100 | 5,000 |
| Kitui | 6,800 | 1,300 | 5,500 |
| <i>Remand Prisons and Detention Camps—</i> | | | |
| Nairobi | 47,800 | 9,100 | 38,700 |
| Mombasa | 37,900 | 7,200 | 30,700 |
| Prison Training Centre, Shikusa (extensions) .. | 24,000 | 4,600 | 19,400 |
| Prison, Corrective Training Centre and Training Depot for Prison Officers, Kamiti Downs .. | 497,000 | 94,400 | 402,600 |
| Staff Quarters (additional for permanent prisons) | 60,000 | 11,400 | 48,600 |
| Miscellaneous Projects | 66,400 | 12,600 | 53,800 |
| TOTAL | 1,060,000 | 201,400 | 858,600 |

(20) Military Buildings

197. To understand the position it is necessary to realize that military buildings undertaken by the Public Works Department may be divided into no fewer than four groups according to the source of the funds, namely, those required for—

- (a) purely Imperial units, the cost of which is wholly borne by Her Majesty's Government in the United Kingdom;
- (b) internal security units stationed in the Colony, viz., the two battalions of the King's African Rifles normally stationed at Nanyuki; the Kenya Regiment; and the National Service Training Scheme;
- (c) "Shared Colonial" units, viz. the K.A.R. Reserve Battalion (normally stationed in Nairobi) and the E.A. Armoured Car Squadron stationed at Nanyuki; and
- (d) "Pool" units, that is, mixed Imperial and Colonial Units.*

198. The East African Military Forces Conference, which was convened in Nairobi in February, 1954, adjourned without reaching agreement on the division of the capital and recurrent costs of an enlarged military works programme. Attention is confined, therefore, to the financial implications of the present programme which is based on the conclusions reached at the East African Military Forces Conference of October, 1950. It has been agreed, however, that the shares of the East African Governments towards the maintenance costs of "Pool" and "Shared Colonial" buildings should be voted through recurrent account without reducing the amounts made available through the capital budgets. Thus, if the enhanced military works programme is eventually agreed to a proportion of Kenya's share of the cost of this enhanced programme will be already available. Under the 1950 agreement Kenya's contribution for "pool" works is to be made available at an annual rate of £100,000.

* The cost of "pool" works is shared in the following proportions, viz.: War Office, 6/15ths; Kenya, 4/15ths; Uganda, 3/15ths; and Tanganyika, 2/15ths.

TABLE 64.—THREE-AND-A-HALF-YEAR PLAN—MILITARY BUILDINGS

| Scheme | Gross Cost | Less 19 per cent for G.W.S. | Allocation |
|---|------------------|-----------------------------|----------------|
| | £ | £ | £ |
| <i>Kenya Commitments—</i> | | | |
| Housing, K.A.R. Battalions | 543,900 | 103,300 | 440,600 |
| Kenya Regiment | 12,000 | 2,200 | 9,800 |
| National Service Training Centre, Nakuru | 136,100 | 25,900 | 110,200 |
| <i>Shared Colonial Fund—</i> | | | |
| Contribution towards Housing for E.A. Armoured Car Squadron | 83,000 | — | 83,000 |
| <i>Pool Fund—</i> | | | |
| Contribution (for three and a half years) .. | 350,000 | — | 350,000 |
| TOTAL | 1,125,000 | 131,400 | 993,600 |

199. It should be noted that the sum of £543,900 includes the balance of £23,899 on the original scheme value of £130,000 for housing one company of the two K.A.R. battalions stationed at Nanyuki. The cost of rehousing one battalion at present prices, even allowing for certain economies, is in the neighbourhood of £600,000 but only £520,000 can be allocated in view of the commitment under the Shared Colonial Fund arrangement to contribute one-third of the cost of rehousing the East African Armoured Car Squadron. As regards the other two purely Kenya commitments, namely, the Kenya Regiment and the National Service Training Centre, Nakuru: certain extensions are required at the Regimental Headquarters, Nairobi, costing £12,000 (gross); the allocation for the Training Centre includes the balance on the old scheme value, namely £124,100, and an additional sum of £12,000 for furniture.

MINISTER FOR LOCAL GOVERNMENT, HEALTH AND HOUSING

(21) Local Government Loans Authority

201. The Local Government Loans Authority was established by the Local Government Loans Ordinance in order to—

“make loans to local authorities for such purposes as local authorities may be authorized by law to borrow money.”*

The same Ordinance established the Local Government Loans Fund on a revolving basis. As at 1st January, 1954, the total assets of the fund stood at £1,111,703 of which £1,034,950 had been paid over from the Development and Reconstruction Fund leaving a balance of £765,050 on the original endowment of £1.8 million recommended by the Standing Planning Committee.†

202. After careful consideration of the likely commitments of the Authority, and having regard to the fact that at this particular stage in the development of local government responsibilities it is of paramount importance both from a political and economic point of view that urgent capital works planned by local authorities should not have to be postponed because of financial difficulties, the Government has concluded that an allocation of £1,275,000 is required. Of this sum, £765,050 is to be made available as a free grant, whilst the balance will be in the form of a loan at an appropriate rate of interest.

* Ordinance No. 9 of 1953, section 4 (1).

† Report, paragraphs 259-60.

203. In addition, as H.M. Treasury will not permit the Nairobi City Council further free access to the London market beyond the £2.0 million issue to be made in 1955—of which only £1.0 million will be new money available for spending—the Government will have to meet the Council's requirements in 1956 and the first half of 1957. In view of the Government's other commitments, it is unlikely that more than £1.75 million can be made available and, therefore, the Local Government Loans Authority will have to assess priorities.

204. In view of the point made in paragraph 202 above, the Government is aware that the allocation of £3,025,000 is insufficient and will give consideration to ways and means of augmenting this sum, if the capital gap can be covered and further loan moneys become available.

(22) Medical Services

205. It will be recalled that the Medical Department's programme lagged by more than three years as at the end of 1953, only £964,865 or 48.5 per cent of the allocation of £1,990,600 under the ten-year plan having been spent.* Secondly, unspent balances on three uncompleted Colonial Development and Welfare schemes amount to no less than £492,784. The scope, therefore, for cuts in the department's stated requirements has been limited to other smaller schemes, and here again the commitment element, so to speak, is high. A comparison of the figures in the last column of Table 19 with the gross allocations in Table 65 below will reveal, however, that in most cases allocations for this three-and-a-half-year planning period have been reduced below the balances remaining for expenditure in the two years 1954 and 1955.

TABLE 65.—THREE-AND-A-HALF-YEAR PLAN—MEDICAL SERVICES
(Cf. Table 19)

| Scheme | Gross Cost | Less 19 per cent for G.W.S. | Allocation |
|--|------------------|-----------------------------|------------------|
| | £ | £ | £ |
| King George VI Group Hospital, Nairobi .. | 180,000 | 34,200 | 145,800 |
| African, Asian and Arab Hospital, Mombasa (D.1905) (a) | 314,703 | — | 314,703 |
| Improvements to Existing Hospitals | 124,000 | 23,600 | 100,400 |
| Leprosaria | 27,700 | 5,300 | 22,400 |
| Tuberculosis Institutes | 15,300 | 2,900 | 12,400 |
| Mathari Mental Hospital | 31,900 | 6,100 | 25,800 |
| Infectious Diseases Hospital, Nairobi (D.1821) (a) .. | 149,070 | — | 149,070 |
| Infectious Diseases Hospital, Mombasa .. | 14,300 | 2,700 | 11,600 |
| Nairobi Dispensaries | 65,000 | 8,600 | 56,400 |
| Health Centres: | | | |
| (a) D.865 (a) | 29,011 | — | 29,011 |
| (b) Non-C.D. & W. | 29,000 | 5,500 | 23,500 |
| Medical Training School | 2,500 | — | 2,500 |
| Hostels in Towns | 5,000 | 900 | 4,100 |
| Medical Stores | 10,000 | 1,900 | 8,100 |
| £-for-£ Grants | 100,000 | — | 100,000 |
| TOTAL | 1,097,484 | 91,700 | 1,005,784 |

(a) Table 89.

* Cf. paragraph 16 and Table 19. This figure does not include £-for-£ grants to voluntary associations for approved capital works, which have been charged to Colony revenue. (But cf. paragraph 208 below.)

206. Of the £180,000 (gross) included in the above table for the King George VI Group Hospital, Nairobi, approximately £145,000 is required to complete the main scheme and £35,000 for accommodation for students and staff for the casualty and X-ray departments and for African staff housing. The allocation of £124,000 (gross) for improvements to existing hospitals represents only one-fifth of total foreseeable essential requirements. A very large proportion of the relatively small sum which can be found to meet some of these requirements will be absorbed by tuberculosis treatment facilities, hospital sanitation and African staff housing. Expenditure on tuberculosis treatment facilities under this head must be considered in relation to the £15,300 (gross) allocated for Tuberculosis Institutes. When patients are diagnosed for tuberculosis they will be referred to a provincial hospital for preliminary assessment, stabilization and treatment and thence through the District Medical Officer of Health to district tuberculosis out-patient clinics. The Coast Province will be served by the Port Reitz Chest Hospital, and for the Central Province there will be an institution at the new Infectious Diseases Hospital, Nairobi. It is hoped that a certain sum can be reserved to enable a start to be made on an institution for Nyanza Province.

207. A new Central Mental Hospital will have to be built sooner or later. Mathari is always overfull, and the incidence of mental illnesses is steadily increasing among all races. Consequently, further improvements and extensions must be effected and the sum of £31,900 (gross) represents the bare minimum required. The plans for establishing proper dispensary services in Nairobi include expenditure of £20,000 in the form of a grant to the Nairobi City Council to assist in bringing existing dispensary services up to standard. Responsibility for recurrent expenditure is then to be handed over to the Council. The remaining £45,000 (gross) is for the construction of a clinic attached to the King George VI Hospital. As regards the item Medical Stores, the position is that the Government has agreed that the Medical Department shall supply local authorities for the time being with medical equipment and stores at Crown Agents' prices plus a percentage to cover handling costs and this will necessitate extensions to the existing medical stores at a cost of £10,000 (gross).

208. The principle of paying £-for-£ capital grants for the construction of hospital buildings has been accepted by the Legislative Council subject to the availability of funds, and the need for the buildings and the ability of the community in question to meet the recurrent charges having been established. To date, the Government's contribution has been met from the general revenues of the Colony but it is intended that, in future, such grants should be a charge to development funds. The sum of £100,000 shown as the last item in Table 65 is required for proposed grants to the European Hospital Association for extensions to the Nairobi European Hospital (£87,500) and to the Social Service League for improvements to the Lady Grigg Maternity Home (£12,500).

(23) African Housing

209. The Government's housing policy is to—

“improve the standards of housing in all areas and especially for the least advanced sections of the Colony”.*

Its agent for the improvement of African and Arab housing is the Central Housing Board appointed under section 3 of the Housing Ordinance.† Section 6 of this Ordinance provided for the establishment of a Housing Fund on a revolving basis. Including the loan of £2.0 million raised from the Colonial Development Corporation‡ the total assets of the Housing Fund amount to £2.7

* Eighteen-Point Statement of Policy of the Council of Ministers, Kenya, paragraph 3 (14).

† Ordinance No. 17 of 1953.

‡ Authorized by Ordinance No. 44 of 1953.

million. Although the loan of £2.0 million from the Colonial Development Corporation will enable the Central Housing Board to carry out housing schemes on a fairly large scale, either directly or indirectly through competent local authorities, the Government realizes that the rate of expenditure possible will not be adequate.

210. The majority of schemes for African housing for rent in urban areas in Kenya have in the past been subsidized by the Government and the local authority concerned. Clearly, wages should rise to a point where they can cover an economic rent for family housing. Kenya is, however, at present a long way from such a position. Meanwhile, to keep down the recurrent subsidy which would have to be paid on Central Housing Board schemes built for rent, the Government proposes to make capital grants towards the cost of services (i.e. roads, water reticulation, drains, sewers and layout). The Government proposes that such grants should be shared equally by the Government and the local authority concerned and the expenditure on such services is not to be reflected in rentals. The allocation of £206,250 has been calculated as follows: from the £2.0 million loan from the Colonial Development Corporation the sum of £300,000, to be used for loans to employers who will provide their own services, has been deducted. It is reasonable to assume that services absorb about 15 per cent of the total cost of schemes; half of 15 per cent of £1.7 million is £127,500. The balance of £78,750 is equal to seven-tenths of the Government's half share of the cost of services for the Nairobi City Council's five-year housing plan, 1953-58.*

211. As well as this sum of £206,250 for grants for services the Government proposes to make an allocation of £50,000 for the immediate purchase of an area of 173 acres on the mainland, in view of the very considerable difficulty being experienced in providing land for African housing schemes and social amenities in Mombasa. Most of the Swahili-type housing in which Arabs, Africans and Asians in the lower income groups live on Mombasa Island is on plots which are not owned by the householders.

212. The Government's present policy is that the purchase of private land for new housing estates and redevelopment must be normally the responsibility of the local authority but, without a loan from the Government, the Mombasa Municipal Board is not in a position to acquire this land at present.

MINISTER FOR EDUCATION, LABOUR AND LANDS

Introduction

213. It is not proposed to review here the assumptions, scope and content of education policy. That policy has been subject, during the past few years, to exhaustive inquiries† and the allocations set out in Tables 68, 70, 72, 74 and 75

* The present planning period of three and a half years is seven-tenths of five years.

† *Report of the Committee on Educational Expenditure: European and Asian* (Government Printer, Nairobi, 1948); *Report of the Select Committee on Indian Education* (Government Printer, Nairobi, 1949); *Report on African Education in Kenya* (Government Printer, Nairobi, 1950). These reports are commonly known as the Glancy, Hartwell and Beecher reports, respectively.

below, therefore, are almost entirely the consequence of policies already formulated and accepted by the Legislative Council. In making this point the Government is not unmindful of the alarming problem of growing recurrent expenditure and has appointed a working party of officials to make a preliminary investigation. The definition of policy is by no means simple, having regard not only to the racial composition of the Kenya community, but also to the varying requirements of the three main races at this stage in their development. Thus, generally, whereas the European educational problem resolves itself into one of maintaining accepted standards, the Asian problem is mainly one of improving standards, whilst the problem in the African field is to build up the system.

214. The extent to which the educational system as a whole has developed, both quantitatively and qualitatively, since 1946 can be easily demonstrated.

TABLE 66.—SCHOOLS (a) AND SCHOOL POPULATION, KENYA, 1946 AND 1953

| TYPE OF SCHOOL AND ENROLMENTS | 1946 | | | 1953 | | |
|---|--------------|-------------------------------|----------------|--------------|-------------------------------|----------------|
| | European | Asian, Arab and Goan | African | European | Asian, Arab and Goan | African |
| SCHOOLS— | | | | | | |
| Central and Local Government | 10 | 22 | 73 | 15 | 42 | 256 |
| Aided | 1 | 46 | 604 | 11 | 81 | 1,947 |
| Other | 18 | 22 | 1,614 | 22 | 16 | 1,172 |
| TOTAL | 29 | 90 | 2,291 | 48 | 139 | 3,375 |
| ENROLMENTS— | | | | | | |
| Primary | 2,439 | 16,861 | 208,185 | 5,508 | 29,882 | 330,190 |
| Secondary | 772 | 833 | 395 | 2,009 | 4,711 | 2,607 |
| Teacher Training .. | 8 | 11 | 738 | — | 125 | 2,038 |
| TOTAL | 3,219 | 17,705 | 209,318 | 7,517 | 34,718 | 334,835 |
| Enrolments as a per- centage of Total Population | 12.9 | 15.9 | 4.1 | 17.8 | 21.7 | 5.9 |

(a) As defined in section 2 of the Education Ordinance, 1952, viz.: "an institution in which not less than ten pupils receive regular instruction".

The percentages in the last line must be interpreted cautiously, but the achievement in the Asian and African spheres can only be described as impressive. There is a further point as regards African education: the conception of a "school" has undergone considerable change since the inception of the Beecher Plan, the extension of the grant-in-aid system to cover the whole of the educational structure and the introduction of an organized and aided supervisory system. The statistics for 1946 count as "schools" institutions of a level of building and staffing which has practically disappeared; whilst closer supervision and inspection has led to considerable improvements in the standard of instruction given in all primary and intermediate schools.

215. The extent to which this increase in the size of school populations has been accompanied by an improvement in standards of instruction is revealed by the following analysis of teaching staff.

TABLE 67.—SCHOOL TEACHING STAFF, KENYA, 1946–1953
(By Qualifications)

| Item | 1946 | | | 1953 | | |
|---|--------------------|-----------------|-------------------|--------------------|-----------------|-------------------|
| | European Education | Asian Education | African Education | European Education | Asian Education | African Education |
| <i>Graduates—</i> | | | | | | |
| Trained | 52 | 36 | 49 | 154 | 141 | 133 |
| Untrained | 25 | 67 | 21 | 30 | 193 | 34 |
| <i>Completed Secondary Education—</i> | | | | | | |
| Trained | 65 | 107 | 94 | 180 | 212 | 246 |
| Untrained | 72 (a) | 336 (b) | 52 | 37 | 316 | 33 |
| <i>Not Completed Secondary Education—</i> | | | | | | |
| Trained | — | 12 | 2,068 | — | 31 | 5,185 |
| Untrained | — | 18 | 2,710 | 5 | 359 | 2,500 |
| Instructors | — | — | (c) | 7 | 15 | 380 |
| TOTAL | 214 | 576 | 4,994 | 413 | 1,267 | 8,511 |

Notes.—

(a) There were no trained staff with less than School Certificate. The 72 untrained teachers might well have included some without School Certificate.

(b) The 336 untrained teachers included a large number of non-matriculantes. The statistics for 1946 do not distinguish between untrainedatriculantes and untrained non-matriculantes.

(c) Instructors are not shown separately in the 1946 statistics.

The improvement that has taken place requires no emphasis. The Government would, however, draw attention in particular to the greatly reduced dependence on the untrained African teacher who has not completed his secondary education.

(24) European Education

216. The maintenance of standards in European education can only be achieved if additional accommodation is provided to cope with the anticipated increase in school population resulting from both normal demographic factors and immigration. At the same time, the provision of technical courses at the secondary level and "modern" courses for pupils who have no highly developed academic bent is necessary. Only by exercising the strictest economy so far as building standards and the use of existing accommodation are concerned and reducing to the very minimum the number of places for boarders constructed, will available funds keep pace with the growing demand. To this end, a policy of establishing rural day primary schools is being pursued.

TABLE 68.—THREE-AND-A-HALF-YEAR PLAN—EUROPEAN EDUCATION

(Cf. Table 20)

| Scheme | Gross Cost | Less 19 per cent for G.W.S. | Allocation |
|---|----------------|-----------------------------|----------------|
| <i>Primary—</i> | £ | £ | £ |
| Nairobi (Muthaiga) | 16,500 | 3,100 | 13,400 |
| Nairobi (Kilimani) | 9,000 | 1,700 | 7,300 |
| Nairobi (Parklands) | 2,500 | 500 | 2,000 |
| Nairobi (Woodley) | 2,000 | 400 | 1,600 |
| Nakuru | 16,000 | 3,100 | 12,900 |
| Nyeri | 93,000 | 17,700 | 75,300 |
| Eldoret (Hill) | 185,000 | 35,100 | 149,900 |
| Kericho | 43,000 | 8,200 | 34,800 |
| Molo | 6,500 | 1,200 | 5,300 |
| Mombasa | 6,500 | 1,200 | 5,300 |
| Machakos | 9,000 | 1,700 | 7,300 |
| Thika | 9,000 | 1,700 | 7,300 |
| TOTAL PRIMARY | 398,000 | 75,600 | 322,400 |
| <i>Secondary—</i> | | | |
| Kenya Girls' High School, Nairobi | 7,500 | 1,400 | 6,100 |
| Prince of Wales (Nairobi) | 35,500 | 6,700 | 28,800 |
| Duke of York (Nairobi) | 80,000 | 15,200 | 64,800 |
| Mixed Day Modern (Nairobi) | 9,000 | 1,700 | 7,300 |
| Day Secondary (Nairobi) | 7,000 | 1,300 | 5,700 |
| New Girls' Secondary (Eldoret) | 258,000 | 49,000 | 209,000 |
| TOTAL SECONDARY | 397,000 | 75,300 | 321,700 |
| Permanent Equipment and Furniture | 45,000 | — | 45,000 |
| Grants-in-Aid | 30,000 | — | 30,000 |
| Improvements to Existing Schools | 10,000 | 1,900 | 8,100 |
| GRAND TOTAL | 880,000 | 152,800 | 727,200 |

217. If the above programme is fulfilled then the following additional places will become available by 1957.

TABLE 69.—ESTIMATES OF ADDITIONAL PLACES AVAILABLE BY 1957—
EUROPEAN SCHOOLS

| Scheme | No. of Places | |
|---|---------------|---------|
| | Boarding | Tuition |
| <i>Primary—</i> | | |
| Nairobi (Muthaiga) | — | 210 |
| Nairobi (Kilimani) | — | 150 |
| Nakuru | — | 210 |
| Nyeri | 104 | 210 |
| Eldoret (Hill) | 210 | 380 |
| Kericho | 52 | — |
| Molo | — | 40 |
| Mombasa | — | 50 |
| Machakos | — | 40 |
| Thika | — | 40 |
| Total | 336 | 1,330 |
| Less loss of places at Highlands School, Eldoret .. | 175 | 260 |
| NET INCREASE, PRIMARY | 191 | 1,070 |
| <i>Secondary—</i> | | |
| Duke of York, Nairobi | 160 | 220 |
| Mixed Day Modern, Nairobi | — | 140 |
| Mixed Secondary, Nairobi | 90 | 140 |
| New Girls' Secondary, Eldoret | 210 | 290 |
| Total | 460 | 790 |
| Less loss of places at old European Hospital .. | 90 | 140 |
| NET INCREASE, SECONDARY | 370 | 650 |

(25) Asian Education

218. It will be observed from Table 70 below, that no less than one-quarter of the total gross allocation of £1,176,000 for Asian education will have to be devoted to Government Primary Schools. In Nairobi and Mombasa, the annual increase in the primary school population is about 900 and 400 respectively; and at the same time the Government is anxious that the present system of double sessions—introduced as a temporary expedient—should be dispensed with as soon as possible. The need to extend existing schools and build new schools is apparent.

219. Apart from the construction of three new secondary schools and extensions to a number of others, the problem of improving the standard of Asian education is to be tackled in this planning period by the provision of—

- (a) special accommodation for the teaching of handicrafts and homecrafts to enable children between the ages of 13 and 15 to proceed to courses beyond the primary school level;
- (b) additional boarding and tuition accommodation at the existing Teacher Training Colleges in pursuance of the Government's policy of self-sufficiency in locally trained teachers by 1957;
- (c) domestic science centres to supplement the limited facilities available in aided girls schools;
- (d) very urgently required housing for Asian and European staff. So far as Asian staff are concerned, if the standards of up-country schools are to be improved it is essential that there shall be no difficulties in the way of posting better-qualified teachers to them as soon as the opportunity arises. If houses can be specially provided these difficulties will largely disappear. It will be many years before Asian secondary schools can be wholly staffed with qualified Asian teachers. Europeans engaged in Asian education find themselves at a considerable disadvantage compared with those engaged in European and African education where institutional housing at or near their schools is generally available. The problem of recruitment is aggravated because it is impossible to guarantee housing. The Government believes that if the Asian secondary school pupil is to be educated to a satisfactory standard, houses for European teachers engaged in Asian education must be provided.

TABLE 70.—THREE-AND-A-HALF-YEAR PLAN—ASIAN EDUCATION

(Cf. Table 21)

| Scheme | Gross Cost | Less 19 per cent for G.W.S. | Allocation |
|---|--------------------|-----------------------------|------------------|
| <i>Primary—</i> | £ | £ | £ |
| Highridge (Nairobi) | 37,000 | 7,000 | 30,000 |
| Eastleigh (Nairobi) | 37,000 | 7,000 | 30,000 |
| Racecourse (Nairobi) | 37,000 | 7,000 | 30,000 |
| Nakuru | 34,000 | 6,500 | 27,500 |
| Kisumu | 24,600 | 4,600 | 20,000 |
| Nakuru } (a) | | | |
| Nairobi } | | | |
| Kitale | 13,500 | 2,500 | 11,000 |
| Machakos | 6,200 | 1,200 | 5,000 |
| Eldoret (Extensions) | 21,000 | 4,000 | 17,000 |
| TOTAL PRIMARY | 210,300 | 39,800 | 170,500 |
| <i>Secondary—</i> | | | |
| Modern School, Ngara Road | 74,000 | 14,100 | 59,900 |
| Eastleigh | 75,000 | 14,200 | 60,800 |
| Technical High, Mombasa | 49,200 | 9,300 | 39,900 |
| Eldoret (Extensions) | 7,000 | 1,300 | 5,700 |
| Technical High, Nairobi (Extensions) | 3,100 | 600 | 2,500 |
| Duchess of Gloucester, Nairobi (Extensions) | 14,800 | 2,800 | 12,000 |
| Coast Girls' High (Extensions) | 6,200 | 1,200 | 5,000 |
| Kisumu High (Extensions) | 32,000 | 6,100 | 25,900 |
| Nakuru (Extensions) | 5,000 | 900 | 4,100 |
| TOTAL SECONDARY | 266,300 | 50,500 | 215,800 |
| <i>Teacher Training—</i> | | | |
| Highridge Teacher Training College | 46,100 | 8,800 | 37,300 |
| Nairobi Teacher Training College | 82,300 | 15,700 | 66,600 |
| TOTAL TEACHER TRAINING | 128,400 | 24,500 | 103,900 |
| <i>Domestic Science Centres—</i> | | | |
| Nairobi | 10,000 | 1,900 | 8,100 |
| Mombasa | 10,000 | 1,900 | 8,100 |
| TOTAL DOMESTIC SCIENCE | 20,000 | 3,800 | 16,200 |
| <i>Housing:</i> | | | |
| Asian | 86,000 | 16,300 | 69,700 |
| European | 70,000 | 13,300 | 56,700 |
| Permanent Equipment and Furniture | 80,000 | — | 80,000 |
| Grants-in-Aid | 225,000 | — | 225,000 |
| Hostels | 20,000 | 3,800 | 16,200 |
| Purchase of land | 50,000 | — | 50,000 |
| Improvements to Existing Schools | 20,000 | 3,800 | 16,200 |
| GRAND TOTAL | £ 1,176,000 | 155,800 | 1,020,200 |

(a) Construction will only be started in this planning period.

220. In view of the proposal to eliminate double sessions and effect various other improvements to the system the number of additional places in Government schools resulting from this expenditure is not as great as would otherwise be the case.

TABLE 71.—ESTIMATES OF ADDITIONAL PLACES AVAILABLE BY 1957—
ASIAN SCHOOLS

| <i>Scheme</i> | <i>No. of Places</i> |
|--|----------------------|
| <i>Primary</i> | |
| Nairobi (all schools) | 3,780 |
| Nakuru | 560 |
| Eldoret | 440 |
| Kitale | 280 |
| Mombasa | 800 |
| Less places short in double-sessions schools | 2,900 |
| TOTAL, PRIMARY | 2,960 |
| <i>Secondary</i> | |
| Modern School, Ngara Road, Nairobi | 600 |
| TOTAL, SECONDARY | 600 |

(26) African Education

221. At the outset, the Government wishes to state that it is well aware of the demands for the introduction of compulsory education for Africans up to primary standard. But the capital commitment alone rules out the possibility of these demands being acceded to immediately. The introduction of legislation at this stage would be entirely premature and, indeed, would seriously interfere with the planned development of the African educational system. It has been estimated that the capital cost of compulsory education in Nairobi alone would be of the order of £1.15 million, that is, nearly 73 per cent of total expenditure on African education under the old ten-year plan.

222. Clearly, the gap between present facilities and those required for a system of universal education can only be bridged in stages and the stages are defined in great detail in the Beecher Report. This report—accepted by the Government and the Legislative Council in 1950—is concerned with the reorganization and build-up of the African educational system during the seven years 1951–57* and has the long-term aim of providing every African child with eight years' schooling. The system, no matter what its total output, must ensure a proper balance between—

- (a) the number of primary, intermediate and secondary school places; and
- (b) the number of teachers of various grades, the great majority of whom must of necessity be Africans; and

there must be available—

- (c) an adequate supervisory system and inspectorate. Although only 72.2 per cent of the allocation of £2,204,315 provided for the ten years 1946–55 had been spent by the end of 1953 the implementation of the Beecher proposals during the three years 1951–53 proceeded according to plan.

223. The principal change of emphasis in the present planning period will be in the increased number of intermediate and secondary schools. To a considerable extent this change will be effected by building up existing schools into a higher grade; and this involves as a corollary the concentration of teacher-training in fewer larger centres. At present many teacher-training centres are

* Already a tentative projection of the arithmetic in the Beecher Report has been worked out by the Education Department.

attached to incompletely developed secondary schools. The effect of providing new buildings for teacher-training, therefore, will be, in many cases, to increase the number of secondary school places.

224. The expenditure programme for this planning period is set out in detail in Table 72 below. As the aided school is such an integral part of the African educational system—and it is the Government's policy to run primary and intermediate schools only in those areas where District Education Boards do not yet exist—expenditure on Government schools and grants-in-aid has not been distinguished. The relatively small contribution that this allocation will make to the cost of the General Works Staff is a reflection of the large proportion of grants-in-aid in the sum of £1,310,500 and the intention to use building teams from the trade schools. These teams are now capable of undertaking between £100,000 and £150,000 worth of works per annum.

TABLE 72.—THREE-AND-A-HALF-YEAR PLAN—AFRICAN EDUCATION
(Cf. Table 23)

| SCHEME | Gross Cost | Less 19 per cent for G.W.S. | ALLOCATION | |
|--|------------------|-----------------------------|------------------|--------------|
| | | | Amount | Per Cent (a) |
| <i>Primary and Intermediate—</i> | £ | £ | £ | |
| Block Grants to D.E.Bs. (b) .. | 210,000 | — | 210,000 | — |
| Girls' Boarding Schools | 90,000 | 3,500 | 86,500 | — |
| Schools in Townships | 180,000 | 1,000 | 179,000 | — |
| TOTAL PRIMARY AND INTER-MEDIATE | 480,000 | 4,500 | 475,500 | 39 |
| <i>Secondary—</i> | | | | |
| Fort Hall (Boys) | 70,000 | 13,300 | 56,700 | — |
| Nyeri (Boys) | 90,000 | 17,100 | 72,900 | — |
| Meru (Boys) | 50,000 | 9,500 | 40,500 | — |
| North Nyanza (Boys) | 80,000 | — | 80,000 | — |
| Completion of Existing Schools (including Girls' Schools) .. | 80,000 | 7,600 | 72,400 | — |
| TOTAL SECONDARY | 370,000 | 47,500 | 322,500 | 26 |
| <i>Teacher Training—</i> | | | | |
| Kisumu (Women) (c) | 36,500 | — | 36,500 | — |
| Thika (Men) | 50,000 | — | 50,000 | — |
| Women's T.T. College, Machakos (D.1928) (d) | 135,000 | 17,100 | 117,900 | — |
| Siriba (Men) | 40,000 | 7,600 | 32,400 | — |
| T.4. T.T. Centres (D.1647) | 18,721 | — | 18,721 | — |
| Women's T.4. T.T. Centres (D.1697) | 24,937 | — | 24,937 | — |
| Completion of Existing Centres .. | 76,342 | — | 76,342 | — |
| TOTAL TEACHER TRAINING .. | 381,500 | 24,700 | 356,800 | 29 |
| Rural Training Schools (e) | 25,000 | — | 25,000 | — |
| Permanent Equipment | 34,000 | — | 34,000 | — |
| Improvements to Existing Schools .. | 20,000 | 500 | 19,500 | — |
| GRAND TOTAL | 1,310,500 | 77,200 | 1,233,300 | — |

Notes.—

- (a) Comparable figures for the period 1946–55 are: primary and intermediate, 31 per cent; secondary, 19 per cent; teacher training, 35 per cent.
- (b) £80 grants to primary schools for initial equipment and £400 grants to intermediate schools for workshop-domestic science rooms.
- (c) Total cost will be £40,000; a contribution of £3,500 will be forthcoming from funds available for the Swynnerton Plan. for an Agricultural Officer has been allocated a house attached to the Teacher Training College, Vihiga. This establishment will shortly be converted into an administrative sub-station. *Vide* note (a) to Table 52.
- (d) A sum of £45,000 will be reimbursed from the C.D. & W. Vote (Kenya's Block Allocation). Table 89.
- (e) Pilot schemes at Mawego and Machakos for providing further training for pupils not fitted for academic intermediate instruction. A four-year course will be offered, the emphasis being on carpentry, building and agriculture.

225. By the beginning of 1957 the African educational system should consist of the following schools and teachers, viz.:—

TABLE 73.—AFRICAN EDUCATIONAL SYSTEM, KENYA, 1957

| SCHOOLS | Number of Schools | Estimated Number of Places (a) |
|---|-------------------|--------------------------------|
| Primary (with two Standards I and II and one Standard III and IV) | 2,000 | 480,000 |
| Intermediate (including 31 Girls' Boarding Schools) | 300 | 36,000 |
| Secondary (including two Girls' Boarding Schools) | 16 | 2,400 |

| TEACHERS | Number of Classes in Training | Number of Teachers in Profession |
|---------------------|-------------------------------|----------------------------------|
| | <i>Per Annum</i> | |
| KT1 and KT2 | 20 | 800 |
| KT3 and KT4 | 89 | 8,000 |

(a) Cf. the total figure of 344,835 shown in Table 66.

The theoretical requirement of teachers in 1957 will be:—

| | |
|---------------------|-------|
| KT1 and KT2 | 1,200 |
| KT3 and KT4 | 8,600 |

By 1956–57 the annual output of the lower grade teachers (KT3 and KT4) should have reached 1,000 and this rate is expected to be sufficient for at least three years. The first priority in the next planning period, therefore, will be to increase the output of KT1 and KT2 teachers and this will involve, *inter alia*, further substantial extensions to the secondary school network.

(27) Arab Education

226. The enrolments at the Arab Boys' Primary School and Girls' Primary School, Mombasa, have increased rapidly and the erection of new classrooms to accommodate 300 boys and 120 girls is necessary. Various improvements must also be effected to village schools and these will result in 100 additional places becoming available.

TABLE 74.—THREE-AND-A-HALF-YEAR PLAN—ARAB EDUCATION
(Cf. Table 22)

| Scheme | Gross Cost | Less 19 per cent for G.W.S. | Allocation |
|--------------------------------------|---------------|-----------------------------|---------------|
| | £ | £ | £ |
| Girls' Primary School, Mombasa | 6,600 | 1,200 | 5,400 |
| Boys' Primary School, Mombasa | 35,200 | 6,700 | 28,500 |
| Village Schools | 9,800 | 1,800 | 8,000 |
| Permanent Equipment | 4,000 | — | 4,000 |
| TOTAL £ | 55,600 | 9,700 | 45,900 |

The fact that no expenditure on the Boys' Secondary School, Mombasa, is proposed may appear a surprising omission. However, the number of places now available is likely to be sufficient for the present planning period.

(28) Education—Special Schemes

227. The first three items in Table 75 require only a brief explanation: Colonial Development and Welfare Scheme No. D. 355, Education of Women and Girls' Centres originally provided for the establishment of a Froebel College and hostel for European students in Nairobi but subsequently the Government decided, after consultation, that facilities for the teaching of domestic science were more urgently required. Accordingly, the Secretary of State for the Colonies agreed in 1952 to the transfer of the sum of £40,505 from Scheme D. 355 to a new scheme No. D. 1906 for the construction of a hostel for European women from all territories attending domestic science courses at the Royal Technical College. Accommodation for at least 48 students will be provided and if all rooms are not required by domestic science students the balance will be available for students taking other courses. This scheme has not been shown under European education for it cannot be regarded as an integral part of the European educational system. The sum of £2,026 for the Hospital Hill School, Nairobi, represents the balance unspent as at 1st January, 1954. The allocation of £86,000 for the Royal Technical College is made up of two sums, viz.: (a) £38,000 being the balance of Kenya's original contribution of £160,000; and (b) £48,000, being one-third of the shortfall of £144,000 between the funds available and the total cost of the Royal Technical College. Discussions are still proceeding between the three East African Governments regarding the financing of this shortfall.

228. The Standing Planning Committee considered that the facilities at present available for children of mixed parentage should be improved and recommended an allocation of £20,000 for this purpose.* For various reasons firm plans have not yet been drawn up but before the end of the present planning period a new school will have to be built to accommodate these children.

229. Finally, two sums of £73,000 and £4,000 are required to cover Kenya's share of the cost of developing the Agricultural School and Medical School at Makerere College. Makerere College Council have now approved plans for the development of the Agricultural School so that a degree course in agriculture can be obtained. Additional staff are to be recruited, land close to the college

* Report, paragraph 174.

has been acquired for use as a teaching farm and additional lecture rooms, laboratories, student hostels and staff quarters are to be constructed. The total capital expenditure involved will be £230,000 of which the Kenya Government's contribution in this planning period amounts to £73,000.

TABLE 75.—THREE-AND-A-HALF-YEAR PLAN—SPECIAL SCHEMES

| Scheme | Gross Cost | Less 19 per cent for G.W.S. | Allocation |
|--|----------------|-----------------------------|----------------|
| | £ | £ | £ |
| Hostel for European Women Students, Nairobi (D.1906) (a) | 40,505 | — | 40,505 |
| Royal Technical College | 86,000 | — | 86,000 |
| Hospital Hill School, Nairobi (D.1842) (a) | 2,026 | — | 2,026 |
| Central School, Nairobi | 20,000 | 3,800 | 16,200 |
| Agricultural School, Makerere College | 73,000 | — | 73,000 |
| Medical School, Makerere College | 4,000 | — | 4,000 |
| TOTAL | 225,531 | 3,800 | 221,731 |

(a) Table 89.

(29) Labour Department

230. A number of Labour Offices are housed in very unsuitable buildings but, in present circumstances, the Government considers that funds should only be provided for a new office at Kisumu. The present Labour Office is in the old Police Station, a most unsuitable building which stands on a plot urgently required for other purposes. The gross cost of a new office will be £6,400.

(30) Purchase of Land

231. The allocation of £51,000 will be absorbed by two transactions: first, in order to preserve the amenities of the Legislative Council site in City Square, Nairobi, adjacent Plots Nos. 13 and 14 have been acquired at a cost of £35,000.* Secondly, the Admiralty is anxious to enlarge the Royal Naval Armament Depot in Mombasa and has requested the Government to acquire a number of small plots on the perimeter of the present site. The land at present occupied by the Depot was acquired by the Government and is at present leased to the Admiralty at a rental of 5 per cent of the cost of the acquisition. Clearly, there are advantages in the Government also retaining control over the ultimate disposal of the additional land now required and the sum of £16,000 has been allocated to cover the cost of acquisition.†

MINISTER FOR FOREST DEVELOPMENT, GAME AND FISHERIES

(31) Forestry

232. The Government's forest development policy may be stated briefly: it is to "preserve and protect in perpetuity a sufficient estate to ensure adequate protection of climate, conservation of water and soil, to provide adequate sustained supplies of forest products"‡ and to manage and develop the Forest Estate so as to yield the maximum sustained returns of produce and revenue consistent with the aims of this policy.

* The necessary provision was voted by Development Supplementary Estimates No. 1 of 1954-55 (Serial No. 21A).

† The necessary provision was voted by Development Supplementary Estimates No. 3 of 1954-55 (Serial No. 35).

‡ Eighteen-Point Statement of Policy of the Council of Ministers, Kenya, paragraph 3 (5). See also *An Economic Survey of Forestry in Kenya* (English Press, Nairobi, 1950).

233. Provision was made in the ten-year plan for a forest-planting programme at a rate of 6,000 acres a year and a sum of £598,400 was allocated for the purpose. Actual expenditure to the end of December, 1953, against this allocation amounted to £362,388, the bulk of which was expended (a) on providing the necessary technical staff (recently absorbed into the permanent establishment of the department); and (b) on the construction of new forest stations, twenty-two of which had been completed by the end of 1953, the construction of new forest roads and the purchase of vehicles and equipment. Provision to cover the actual costs of planting was voted through the Colony Estimates. In several years, a greater acreage than 6,000 was planted: for example, 8,148 acres were planted in 1952 and 6,860 acres in 1953, the total acreage for the period 1946 to 1953 being 52,700 acres.

234. So long as the Forest Department was able to rely largely on a resident labour force the cost of implementing the accepted planting programme was kept to an economic level. But the effect of the Emergency has been to reduce drastically the size of the available labour force in the troubled areas. The result has been a very considerable increase in direct costs. Furthermore, to maintain an annual planting programme of 6,000 acres would necessitate increasing the number of forest stations from forty, as at present, to fifty-five.

235. Having regard to the long-term nature of expenditure on the development of the Forest Estate, the Government has decided to allocate £110,500 only in this planning period. The greater part of this sum will be absorbed in the consolidation of existing forest stations. In order to preserve the planting programme of 6,000 acres a year it will be necessary to incur a higher rate of expenditure in the next planning period. A sum of £142,000 has also been provided in the Swynnerton Plan for the purpose of afforestation and protection in African Land Units.*

236. The total allocation shown in Table 45 for forestry, namely, £160,500, includes a sum of £50,000 to cover the cost of forest work in the Eldoret forest reserve to be undertaken by detained persons from Makutano works camp.

TABLE 76.—THREE-AND-A-HALF-YEAR PLAN—FORESTRY

| Scheme | Gross Cost | Less 19 per cent for G.W.S. | Allocation |
|--------------------------------------|----------------|-----------------------------|----------------|
| | £ | £ | £ |
| Personal Emoluments | 1,633 | — | 1,633 |
| Building and Water Supplies | 53,100 | 900 | 52,200 |
| Roads | 11,000 | — | 11,000 |
| Motor Vehicles and Equipment | 35,000 | — | 35,000 |
| Miscellaneous and Reserve | 9,767 | — | 9,767 |
| TOTAL | 110,500 | 900 | 109,600 |

(32) National Parks and Tourism

237. Of the allocation of £257,000 available under the ten-year plan the sum of £163,870 had been spent by the Trustees of the Royal National Parks by the end of 1953. The Government recognizes the economic importance of

* Report, Table C, page 43.

the tourist industry to Kenya, but does not consider that the whole of the balance of £93,130 should be reallocated for the present planning period and, after careful consideration, has decided that an allocation of £67,500 should be adequate, £32,000 being devoted to the protection and maintenance of national parks and £33,500 to the development of tourist facilities.

(33) Fisheries

238. A small balance of £2,365 remained at the end of 1953 against the allocation of £15,500 for fisheries in the ten-year plan for various small projects, including the establishment of a fish culture farm and a trout hatchery. In addition, Colonial Development and Welfare (Interterritorial) Scheme No. D. 1462 provided for expenditure of up to £12,000 on shore installations at Malindi for the operation of the Game Department's sea-going marine fishery investigational vessel.

239. Owing to the Emergency the Sagana fish culture farm had to be closed down during 1953. Until such time as it is possible to reopen the station, when additional ponds will be constructed, the staff are being employed on a survey of the fisheries potential of Nyanza Province.*

240. The expenditure programme for the present planning period is summarized in Table 77 below.

TABLE 77.—THREE-AND-A-HALF-YEAR PLAN—FISHERIES

| <i>Scheme</i> | <i>Allocation £</i> |
|--|-------------------------|
| Fish Culture Farm, Sagana | 3,000 |
| Rehabilitation of Trout Streams and River Research Stations .. | 1,200 |
| Development of Sea Fisheries: Inshore African Fishermen .. | 1,000 |
| M.F.V. <i>Menika</i> Offshore Pelagic Fishery Exploitation .. | 3,500 |
| Development of Nylon Lines and Nets for Marine Fishermen .. | 300 |
| Fishery Surveys: Inland Waters | 250 |
| Reserve | 750 |
| Total .. | <u>£10,000</u> |

MINISTER FOR COMMERCE AND INDUSTRY

(34) Post Office Renewals Fund

241. In order to assist the East African Posts and Telecommunications Administration after its establishment as a self-financing service the East African Governments agreed to make a contribution, by way of a loan, of the sum of £1,116,000 to the Post Office Renewals Fund for the replacement of buildings and equipment. The Kenya Government's contribution towards this sum based on a valuation of the assets taken over by the Administration was £588,000 payable in eight annual instalments of £73,500 over the period 1951-58. It follows that the sum of £257,250 falls due for payment during the present planning period.

* The present annual offtake of fish from the Kavirondo Gulf in relation to the calculated breeding rate is a matter of concern; and it is considered that the Nyanza rivers should be investigated as an alternative source of supply.

(35) Geological Survey

242. By the end of 1953 approximately one-third of the Primary Geological Survey of Kenya had been completed. The cost of the Survey, namely, £114,352 was met from the funds made available under Colonial Development and Welfare (Central Research) Scheme No. D. 927. The Secretary of State for the Colonies has now agreed to the continuation of Scheme No. D. 927 for two years from 1st January, 1954, on the basis of two-thirds and one-third respectively of the cost for the years 1954 and 1955. The full cost in the last 18 months of this planning period will have to be wholly met from the Development Fund.

TABLE 78.—THREE-AND-A-HALF-YEAR PLAN—GEOLOGICAL SURVEY

| Year | | | | | | | C.D. & W. Vote | Kenya Funds | Total Expendi- ture |
|-------------------|----|----|----|----|----|----|-------------------|----------------|---------------------------|
| | | | | | | | £ | £ | £ |
| 1954 | .. | .. | .. | .. | .. | .. | 18,388 | 9,644 | 27,582 |
| 1955 | .. | .. | .. | .. | .. | .. | 9,232 | 18,462 | 27,694 |
| 1956 | .. | .. | .. | .. | .. | .. | — | 33,139 | 33,139 |
| 1957 (first half) | .. | .. | .. | .. | .. | .. | — | 15,161 | 15,161 |
| TOTAL | | | | | | | £ 27,620 | 76,406 | 103,576 |

(36) Industrial Management Corporation (Inc.)

243. The Industrial Management Corporation (Inc.) which was formed as the successor to the East African Industrial Management Board is the Government's instrument for providing financial assistance to firms which cannot, for good reasons, be financed entirely by commercial sources. Excluding debit balances of £10,505, the total assets of the Corporation as at 1st January, 1954, amounted to £234,405 but cash at bank was only £33,190 of which about £6,500 was committed. The Government considers that the Board of the Corporation should have available a further sum of not less than £25,000 against possible requests for financial assistance of up to £5,000. Applications for assistance on a larger scale will be dealt with differently; when suitable investments offer the Board will have to apply for special allocations. In fact, it is proposed to assist immediately two firms to the extent of £75,000 and £23,000 respectively. The allocation for the Corporation at the moment, therefore, is £123,000, which sum will be made available at an appropriate rate of interest.

244. Legislative Council has now passed a Bill to establish the Industrial Management Corporation on a statutory basis.* It may be that, when the Board of the new corporation—to be known as the Industrial Development Corporation—has been appointed and considered the scope for short-term investment in approved enterprises, the Development Committee will have to revise the arrangements described in the foregoing paragraph.

(37) Development of Industrial Sites

245. One of the best means of assisting industrialists to overcome the inevitably greater difficulties of establishing factories in a young country is by the Government offering plots ready for immediate occupation at reasonable prices and with roads of access made up and services available. Accordingly, it is proposed that £50,000 should be allocated to establish a revolving fund, administered by the Crown Estates Development Committee for the development of Crown land for industrial

* Ordinance No. 63 of 1954.

and ancillary purposes. To this end, the Government will introduce, in due course, a resolution into Legislative Council extending the present terms of reference of the Committee to enable it to develop Crown land for industrial and commercial as well as residential purposes.

246. In this general connexion, it should be noted that the Government has for some time been considering the future control and development of Crown lands at present administered by the East African Railways and Harbours Administration. A tentative agreement has been reached whereby the Government will eventually take over and develop the sites for industrial purposes, but the Railways Administration have agreed to retain control and develop plots for disposal for a further period of five years. The take-over price as at the end of 1953 would have been about £53,000, being the difference between income and expenditure for the period 1948-53. Development of alienated plots for occupation would cost about £250,000, whilst the subdivision and development of all unalienated land would involve the expenditure of about £1,200,000. It is impossible to forecast the take-over price in 1959 for it will depend upon the accounting results during the next five years but, even assuming that it is a very small sum, once the Government has assumed responsibility for rail-served industrial sites there will be an obligation to alienate and develop plots as required.

(38) Nyeri Electricity Undertaking

247. The Nyeri Electricity Undertaking commenced operations on 15th August, 1947, under a licence granted to the Postmaster General. The Undertaking took over generating plant and transmission lines which had been installed for supplying power to the factory at Karatina which supplied dried vegetables during the war for Allied Forces in the Middle East. To finance the initial re-equipment the Government lent the Undertaking the sum of £56,500 at 3 per cent. Subsequently, further moneys were advanced bringing the Government's total investment in the Undertaking to £106,200.

248. In 1953 the Undertaking's gross trading profit was sufficient, for the first time, to cover interest and depreciation. The present load reached 400 kW. in 1953 and the maximum safe load with present equipment is of the order of 440 kW. only. Having regard to the general development of the Nyeri area, it may be assumed that existing generating capacity will shortly be inadequate to cope with demand. The immediate requirements are the installation of a new hydro-electric generating station, various improvements to minor mains and African staff quarters, costing in all £95,600.

249. Whilst the Government, from its own limited capital funds, has no obligation to provide a supply of electricity to areas outside Nyeri Township, it is clearly in the Government's interest to continue to own the Undertaking and operate the supply through a licensee until such time as it can be profitably disposed of. It follows that the Undertaking should be provided with the capital necessary to ensure satisfactory operating results and safeguard supplies to users. The Government proposes, therefore, to advance the Undertaking the sum of £95,600 as a loan on appropriate terms and conditions. The Government's intention is that the Undertaking should ultimately be floated as a public utility company.

(39) Nairobi Airport, Embakasi

250. In May, 1953, Legislative Council approved the construction of an airport at Embakasi to replace the R.A.F. aerodrome at Eastleigh as the international trunk route airport for Kenya. The necessity for this arose from the fact that Eastleigh is no longer capable of taking the most modern aircraft used by international operators. Without such an airport Nairobi, the commercial centre of East Africa, could be served only by aircraft now becoming obsolescent or by

feeder services from Entebbe. The original scheme value of £1,510,000 for this project was estimated to be sufficient to provide an aerodrome capable of taking all foreseeable types of modern aircraft, but equipped only on an austerity basis in so far as terminal buildings and ancillary facilities are concerned. Eastleigh aerodrome will then go out of commission, but the airport at Nairobi West will continue to be maintained as a satellite airfield for the lighter types of aircraft.

251. Expenditure incurred to the end of 1953 was £260,973 and the commitment in this planning period on the basis of the original scheme value would amount, therefore, to £1,249,027.* However, it has now become apparent that the sum allowed in the original scheme value for terminal buildings, namely, £110,000, is quite inadequate. A detailed investigation of requirements as measured by traffic density and other relative factors and the cost of constructing facilities to meet these requirements has now been carried out. This investigation has indicated that—

- (a) the minimum floor area required will be 145,000 square feet;
- (b) the expected rate of growth of traffic is such that this area will only be sufficient for seven to ten years;
- (c) the construction of a permanent building, which can be extended when necessary, will cost £350,000. The total cost, inclusive of furniture, inter-communication system, wireless station, African canteen, sewage disposal plant and establishment charges will be £445,000.

252. The scheme value for the whole project must be increased, therefore, by £335,000 but as approximately £85,000 worth of expenditure will not be incurred until after 30th June, 1957—the airport will be opened late in 1957—the commitment in this planning period will only amount to £360,000. Of this sum, £110,000 is included in the balance in the scheme value and thus the total allocation required in the present planning period is £1,499,027.

253. Although the buildings have been designed to an austerity standard, provision has been made for shops, a restaurant and snack bars. A very conservative estimate of the annual revenue which should come from the lease of these concessions is £11,500. The expenditure proposed is substantial; but it must be regarded as essential having regard to the rate of expansion of air traffic.

TABLE 79.—PASSENGERS HANDLED, EASTLEIGH, 1951–54

| Year | | | | | | | Passengers Handled (a) Thousands |
|------|----|----|----|----|----|----|-------------------------------------|
| 1951 | .. | .. | .. | .. | .. | .. | 58.8 |
| 1952 | .. | .. | .. | .. | .. | .. | 76.0 |
| 1953 | .. | .. | .. | .. | .. | .. | 85.2 |
| 1954 | .. | .. | .. | .. | .. | .. | 113.0 |

(a) By companies operating scheduled and charter services.

254. But the Government has had to consider not only the volume of traffic but the type of traffic: a large number of international flights end at Nairobi and comprehensive terminal facilities are necessary. Such traffic will result in increased Government revenue from landing charges and the sale of concessions; and must favourably affect the tourist and allied trades. All the main trunk airlines will call at Nairobi, as the airport with the largest air traffic potential in East Africa, and facilities must be available for the prompt and efficient handling of passengers and freight.

* The cost of the staff and equipment employed is charged direct to the project and no deduction has to be made, therefore, for the General Works Staff. The Embakasi project is, in fact, a self-contained project for the value of equipment and stores will be credited to the scheme value when the final accounts are prepared.

255. As regards future commitments at the new airport, it should be noted that the East African Airways Corporation will have to consolidate all its activities at Embakasi very shortly after the runway and terminal are completed. This will be essential because the larger and higher-performance aircraft to which the Corporation will have to convert could not use the aerodrome at Nairobi West. In addition, Nairobi West aerodrome provides no night-landing facilities, and is in many other ways inadequate. The Corporation will be submitting to the three East African Governments in the near future comprehensive proposals for consolidating its operations at the new airport as soon as it is opened.

256. If the proposals to be made by the East African Airways Corporation prove acceptable to the three East African Governments it will be necessary to provide early during the next planning period ten extra hard standings and the necessary taxi-ways and access roads, which were not allowed for in the original plan. The Corporation, on the other hand, will be responsible for the provision of capital for hangars and workshops. It is estimated that the all-in cost of the additional hard standings, taxi-ways and roads will be £177,000.

(40) Improvements to Aerodromes

257. The allocation for general aerodrome construction and development under the old ten-year plan was £212,364 of which £166,768 had been spent by the end of 1953. An allocation of £17,000 only is proposed for the present planning period. The development of commercial flying in East Africa demands constant improvements at the major aerodromes; and among the new projects under consideration are the construction of a Government aerodrome at Malindi and the conversion of the emergency landing grounds recently constructed or now under construction at Lamu, Garsen and other places into permanent airfields. Improvements to the airfields in the Northern Province will also have to be made during this period.

(41) Scientific and Industrial Research

258. Government action designed to speed up and extend the process of industrialization in East Africa must be related to the realities of natural resources and market conditions. But there are ways and means whereby Governments can help ordinary market forces to operate more efficiently: one has already been mentioned, namely, the provision of developed sites. In more advanced countries such development is financed by private investors. Another is the investigation of technical problems associated with production, such as the behaviour of materials under the special conditions of tropical Africa and so on. The 1946 Development Committee noted that the Kenya Government had agreed in principle to co-operate in proposals for the creation of a permanent industrial research organization in East Africa but that the proposals were held in abeyance as full interterritorial co-operation had not been achieved.*

259. Briefly, the background is as follows: the East African Industrial Research Board was established in 1942, and has operated since then with its headquarters in Nairobi. In 1945, proposals were made for the expansion of the Board's activities and the establishment of a central institute and a research organization to serve the three East African territories and Zanzibar. The proposals envisaged the centralization of all chemical, metallurgical, building, roads and food-processing research. It was proposed to apply for a Colonial Development and Welfare grant to cover the capital expenditure involved and for two-thirds of the recurrent expenditure for a period of five years, leaving one-third of the recurrent expenditure to be financed by the East African Governments.

* Report, Volume I, paragraph 148.

260. The three mainland Governments differed in their approach to the proposals. Uganda was in favour of accepting the High Commission's proposals as they stood and of proceeding with them as soon as possible; Tanganyika felt that for financial reasons it could not contemplate as large a financial commitment as was envisaged; while Kenya considered that some of the proposed avenues of research were already covered by existing facilities in the Colony, and that expenditure to duplicate these existing services was not justified.

261. In 1954 the High Commission submitted revised proposals for the establishment of a new organization, resulting from further discussions with the three East African Governments. Research on road-making and building materials has been excluded from the scheme for adequate facilities are already available in the territorial Public Works Departments.

262. The new proposals envisage that the organization will have its headquarters in the industrial area of Nairobi and that the land will be provided by the Government of Kenya. The work of the organization will be divided into two main groups, viz.—

- (a) chemical and industrial research to cover the present sphere of operations of the East African Industrial Research Board;
- (b) metallurgical research which will cover the processing of all concentrates etc., although it is proposed that ore-dressing investigations should remain the responsibility of territorial departments.

263. The Secretary of State for the Colonies has agreed to make a Colonial Development and Welfare (Interterritorial) Scheme in favour of the three Governments to cover 75 per cent of the capital cost and 50 per cent of the recurrent costs over a period of two years. The Tanganyika Government has agreed to make a capital contribution of £3,500 and the Kenya and Uganda Governments have to find equal shares of the 25 per cent of the capital costs to be borne by the East African Governments, less the Tanganyika contribution. An allocation of £8,874 has been included in this development plan, therefore, to cover Kenya's share of the capital costs.

TABLE 80.—THREE-AND-A-HALF-YEAR PLAN—SCIENTIFIC AND INDUSTRIAL RESEARCH

| SCHEME | Kenya | C.D & W. Grant | Other Govern- ments (a) | Total |
|--|--------|-------------------|-------------------------------|--------|
| | £ | £ | £ | £ |
| INDUSTRIAL AND CHEMICAL RESEARCH, NAIROBI | | | | |
| (a) Capital | 7,755 | 57,026 | 11,254 | 76,035 |
| (b) Recurrent:— | | | | |
| (i) First Year | 5,926 | 15,853 | 9,927 | 31,706 |
| (ii) Second Year | 6,921 | 17,843 | 10,921 | 35,685 |
| (iii) Thereafter | 16,000 | — | 20,000 | 36,000 |
| METALLURGICAL RESEARCH, ENTEBBE | | | | |
| (a) Capital | 1,119 | 6,713 | 1,118 | 8,950 |
| (b) Recurrent:— | | | | |
| (i) First Year | 1,554 | 3,108 | 1,554 | 6,216 |
| (ii) Second Year | 1,740 | 3,481 | 1,741 | 6,962 |
| (iii) Thereafter | 3,500 | — | 3,500 | 7,000 |

(a) The Tanganyika Government does not propose to share in the metallurgical research.

264. The Tanganyika Government has agreed to make a flat annual contribution of £4,000 to the recurrent costs of industrial and chemical research, whilst the Kenya and Uganda Governments are to share the balance of the costs in equal proportions. The latter two Governments are also to share equally the cost of the metallurgical costs to be carried on at Entebbe. Kenya's present annual contribution to the East African Industrial Research Board is £13,715. The recurrent costs of the proposed new organization will be higher but not substantially so, Kenya's being only £5,785 more with effect from the third year.

(42) Weights and Measures Department

265. The Standing Planning Committee included in their allocation of £150,000 for financial assistance to industry an allowance for the construction of new offices for the Weights and Measures Department. To cover the cost of construction of offices at Nakuru and Kisumu—started early in 1954—the sum of £9,400 (gross) is required.

MINISTER FOR WORKS

(43) Public Works Department

266. When considering the requirements of the Public Works Department in respect of yards, workshops, stores and offices the Government had to bear in mind, on the one hand, the very heavy works commitments during the next few years on both Colony, development and agency account and, on the other, the feasibility of postponing the removal of yards to new sites, of enlarging workshops and stores and so on, until a later date. The problem facing Divisional Engineers at Mombasa, Eldoret, Kisumu and Nakuru has been examined. The yards at these four centres are not only badly sited from the point of view of township development but have no rail access, an obvious condition for really efficient operation. New sites are available in each case but the Government considers that only at Kisumu is the problem so acute that an immediate start should be made on the construction of a new yard. In the table below, however, the sum of £5,000 has been included for various small improvements which are essential if work is to be carried on for another three or four years in existing buildings.

TABLE 81.—THREE-AND-A-HALF-YEAR PLAN—PUBLIC WORKS DEPARTMENT

| SCHEME | Gross Cost | Less 19 per cent for G.W.S. | Allocation |
|--|------------|-----------------------------|------------|
| | £ | £ | £ |
| New Yard, Kisumu | 70,000 | 13,300 | 56,700 |
| Improvements to Existing Yards | 5,000 | 900 | 4,100 |
| TOTAL | 75,000 | 14,200 | 60,800 |

(44) General Works Staff

267. The method of calculating the block allocation for the General Works Staff has already been explained* and in the contributions made by each departmental allocation are brought together in Table 82 below. On Colonial Development and Welfare Schemes, of course, agency fees are raised. This block allocation will also cover the fees of private consultants retained by the Director of Public Works for those specialist and other projects the General Works Staff cannot handle. The extent to which the General Works Staff will be able to fulfil the building programme—the waterworks programme should not cause undue difficulty—having regard to total building commitments is discussed below.

* Paragraphs 99-102.

TABLE 82.—CONTRIBUTIONS TOWARDS COST OF THE GENERAL WORKS STAFF

| Scheme | Table/Paragraph | Contribution |
|---|-----------------|------------------|
| | | £ |
| Staff Housing | 47 | 191,100 |
| Government Offices | 48 | 80,400 |
| Judicial Buildings | 50 | 13,700 |
| Administrative Sub-Stations | 53 | 58,900 |
| Buildings, N.F.P. | Paragraph 141 | 1,360 |
| Agriculture | 54 | 68,300 |
| Water | 57 | 134,000 |
| Police Buildings | 61 | 335,290 |
| Prison Buildings | 63 | 201,400 |
| Military Buildings | 64 | 131,400 |
| Medical Services | 65 | 91,700 |
| European Education | 68 | 152,800 |
| Asian Education | 70 | 155,800 |
| African Education | 72 | 77,200 |
| Arab Education | 74 | 9,700 |
| Education: Special Schemes | 75 | 3,800 |
| Labour Department | Paragraph 230 | 1,200 |
| Forestry | 76 | 900 |
| Weights and Measures Department | Paragraph 265 | 1,800 |
| Public Works Department | 81 | 14,200 |
| Central Stores and Transport Organization | Paragraph 277 | 51,700 |
| Jeanes School, Kabete | Paragraph 281 | 14,200 |
| TOTAL | — | 1,790,850 |

(45) Roads

268. In Chapter I reference was made to the importance of a careful choice being made between investment in directly productive projects and those which yield a long-term or indirect effect. In drawing up this plan, the Government has tried to strike the right balance, but it is, of course, a matter of exceptional difficulty to know what is the right balance, given all the complex social, economic and political considerations involved.

269. Roads, however, are in rather a different category to, say, education and health services, for the extension of the road network in Kenya is largely a pre-condition of development, particularly when it is remembered that the railway system comprises only a single track line from Mombasa to Uganda with a few branch lines. Furthermore, the implications for road construction of certain Government policies such as closer administration, encouragement of the tourist industry and light manufacturing industries and African farm planning schemes designed to increase cash cropping, must not be overlooked.

270. Latest road statistics show that there are in African areas approximately 1,640 miles of secondary roads, 6,130 miles of classified minor roads and 2,430 miles of administrative roads. There is also a considerable mileage of unclassified minor roads. In the rest of the Colony there are 5,370 miles of primary (including through African areas) and secondary roads and an appreciable mileage of minor roads. In addition, there are approximately 6,480 miles in the Northern Frontier Province.

271. Of the above mileages only some 525 are bitumen surfaced and this is a source of continual worry for gravel roads cannot be maintained in satisfactory condition under the speed and weight of modern traffic. Furthermore, a very large proportion of the roads, particularly in African areas, is of a low standard and the

roads become impassable in wet weather. Clearly, having regard to the land area of Kenya, namely, 220,000 square miles and the growth of population and production* these figures do not indicate a very satisfactory position.

272. The Government's agent for the formulation and execution of policy in relation to the planning, construction, maintenance and repair of roads is the Road Authority established by the Road Authority Ordinance, 1950.† The same Ordinance established the Road Fund to which are credited (a) for the purposes of recurrent expenditure, revenue from fees collected under the Traffic Ordinance (less the statutory grants made to local authorities)‡ and the petrol consumption tax, and (b) for the purposes of capital works, transfers from the Development Fund. In 1951, the Road Authority prepared a plan for the development of Kenya's primary road system which envisaged the construction of some 1,200 miles of new bitumen roads, 650 miles of new gravel roads and the reconstruction of another 150 miles of existing roads. Over 15 years the annual rate of expenditure required would be £1.3 million. This figure would have to be marked up to £1.5 million if allowance was made for municipal grants and secondary road construction in other local authority areas.

273. For the present planning period, however, an allocation of £2,437,000 must suffice. This sum, together with a contribution of £415,000 from the Road Authority's carry forward on capital account, will enable the Authority to spend at a rate of about £850,000 per annum during this planning period.

TABLE 83.—THREE-AND-A-HALF-YEAR PLAN—ROADS (ROAD AUTHORITY)

| <i>Scheme</i> | <i>Allocation</i> £ |
|--|------------------------|
| Primary Road System | 1,638,000 |
| Main and District Roads in Municipal Areas (Road Authority's 50 per cent contribution) | 254,000 |
| Secondary Road, Bridges and Culverts (by local authorities, other than Municipal) | 428,000 |
| Permanent Housing for African Road Labour (by local authorities, other than Municipal) | 15,000 |
| Purchase of Road Plant (by, or on behalf of, the Public Works Department and local authorities, other than Municipal Boards) | 88,000 |
| Training School for African Road Supervisors and Plant Operators Employed by African District Councils .. | 53,000 |
| Roads Branch, Public Works Department | 507,000 |
| Communications between Mombasa Island and Mainland: Investigation | 5,000 |
| TOTAL PROPOSED EXPENDITURE .. | 2,988,000 |
| Less: Contribution from Road Authority's Carry Forward on Capital Account | 415,000 |
| Miscellaneous Credits | 45,000 |
| Deficit | 91,000 |
| ALLOCATION .. | 2,437,000 |

274. It is of interest to set out in a little more detail the manner in which it is proposed to spend the sum of £1,638,000 earmarked for the primary road system.

* Reflected, for example, in rising traffic densities. *Vide* the Road Authority's *Annual Reports* (Government Printer, Nairobi).

† Ordinance No. 64 of 1950.

‡ In accordance with section 96 (6) (b) of the Municipalities Ordinance, Cap. 136.

TABLE 84.—DEVELOPMENT OF PRIMARY ROAD SYSTEM, KENYA, 1954-57

| Main Projects | Expenditure | Mileage Involved | Bituminization |
|---|------------------|------------------|----------------|
| | £ | Miles | Miles |
| ROADS— | | | |
| Mombasa-Mackinnon Road | 320,000 | 40 | 40 |
| Molo River-Mau Summit | 140,000 | 14 | 14 |
| Turbo-Uganda Border | 205,000 | 41.5 | — |
| Athi River-Nairobi | 120,000 | 5.5 | 5.5 |
| Machakos-Athi River | 192,000 | 15 | — |
| Thika-Sagana | 56,000 | 7 | 7 |
| Kakamega Road | 50,000 | 5 | 5 |
| Mau Summit-Equator | 45,000 | 8 | — |
| BRIDGES— | | | |
| Ramisi | 19,000 | — | — |
| Makutano (Road over Rail) | 17,000 | — | — |
| Umba | 15,000 | — | — |
| Athi River (Kajiado River) | 18,000 | — | — |
| Nzoia-Malakisi and Malaba Rivers (Turbo-Uganda Border Road) .. | 30,000 | — | — |
| Tsavo and Approaches | 20,000 | — | — |
| Voi and Approaches | 15,000 | — | — |
| Likoni Ferry—Ramps | 50,000 | — | — |
| Miscellaneous (including Compensation) | 326,000 | — | — |
| TOTAL | 1,638,000 | — | — |

Even the expenditure of such a large sum as £1,638,000, therefore, will achieve only relatively modest results. Road construction is an expensive business* and unless particularly favourable conditions exist for the use of hand labour up to 80 per cent of costs is absorbed by plant, skilled labour and supervision.

275. A problem which has caused the Government some concern is the improvement of communications between Mombasa Island and the mainland. The Road Authority has already spent approximately £10,000 on a preliminary survey of the technical aspects of a new bridge connection with the North Mainland. Something of the order of £0.75 million would be involved in such a project and further consideration of that construction will have to be deferred until the next planning period.

276. As regards the Likoni Ferry the position is more complicated: extensive investigations are proceeding to ascertain how the service to the South Mainland can be improved. Rush-hour periods, the effect of an improved service on the volume of traffic, tides and shipping complicate the problem. The sum of £50,000 has been earmarked for new ramps which may have to be constructed if larger self-propelled pontoons are brought into use.

(46) Central Stores and Transport Organization†

277. For some time it has been felt that existing Government stores and transport arrangements are no longer adequate. In 1953 the problem was investigated by the Crown Agents and a centralized organization was recommended. Owing to the Emergency, no action has been possible on this major proposal. A further investigation was, however, made in 1954 into the specialized needs of the security forces and it was recommended that the Government should establish a

* The complete construction of a bitumen road in rural areas with a 20 ft. carriageway might cost anything from £10,000 to £13,000 per mile; and a murrum surface main road of the same dimensions from £1,500 to £6,000 per mile. Costs vary widely according to local conditions. Unfortunately, geological conditions in Kenya are generally unfavourable and road-making materials are scarce.

† This project is shown under this portfolio for convenience only.

central stores and transport organization. This the Government has decided to do and a suitable site near Nairobi has been selected. The cost of the buildings required is expected to be £272,000 (gross) and of equipment and machinery £57,000.

278. The organization will be required—

- (a) to bulk purchase stores and vehicles;
- (b) to hold such stores and vehicles;
- (c) to establish a central heavy repair workshop; and, finally,
- (d) to create a returned stores depot to which unserviceable and partly worn goods are sent for reconditioning or salvage.

Many of the actual details of the stores policy have yet to be worked out but as at the outset the organization will confine its activities to the requirements of the security forces. It is probable that the cost of the initial stocking will be partly charged to the Emergency Expenditure Fund. The contribution from the Development Fund has been fixed at £71,000. Thus, the total commitment on the Development Fund in this planning period is £400,000.

MINISTER FOR COMMUNITY DEVELOPMENT

(47) Community Development Projects

279. The Department of Community Development and Rehabilitation is concerned with the provision of informal adult education in the broadcast sense. It has, at present, the additional task of freeing *Mau Mau* detainees from their obsession with false doctrines. The department makes its contribution to community development largely through the training of African men and women of character and initiative. Training facilities for men are at present centred on Jeanes School, Kabete; Jeanes School also provides the central training centre for women, and other schools have been established at Kericho, Kisumu and Nakuru and other schools are being built at Kakamega and Machakos. In addition, the movement known as "*Maendeleo ya Wanawake*" which started in 1951 has spread at a remarkable rate throughout Kenya. The general aim of the movement is to raise the standard of living of Africans through homecrafts, health, child-care and improved agriculture. At present, there are about 230 clubs throughout the country with nearly 10,500 members. These clubs serve to stimulate the idea of self-help; but grants-in-aid to enable them to purchase some items of equipment and furniture and certain materials must be made by the Central Government in order to assist in the formation and expansion of these clubs. It is estimated that £40,500 will be required during the present planning period and this sum has been included in Table 45.

(48) Jeanes School, Kabete

280. Most of the temporary buildings used by the Jeanes School at Kabete were erected by the military authorities during the war and subsequently taken over by the Government. A few were built shortly after the war in connexion with the Ex-Servicemen's Training Scheme. The only permanent buildings on the site are 25 to 30 years' old. Generally, all the buildings are in a poor state of repair and some reconstruction is essential considering the very great importance which the Government attaches to the work of the school in providing more than 50 regular courses for some 1,500 students of all races who pass through each year.

281. Careful consideration has been given to the obvious solution: the replacement of existing buildings with permanent structures and the construction of certain necessary additions. The cost of such a comprehensive building programme, however, is estimated at £260,000 and clearly cannot be contemplated at present. Consequently, a Board of Survey was appointed to inspect the buildings and, as a result, it has been decided to distinguish between (a) those buildings which must be demolished over the next four years in view of their structural condition; (b) those which could be retained provided responsibility for their maintenance was accepted

by the Public Works Department; (c) those which are inadequate for the expanding functions of the school and what additions, replacements or modifications were required. The Government has decided to make, therefore, an allocation of £75,000 (gross) to cover the cost of five students' houses, a women's school administrative block and tuition rooms, additional hostel accommodation, a visual education room, a sports storeroom and staff housing.

(49) E.A. School of Co-operation

282. The East African School of Co-operation, which is concerned with training officers for co-operative societies, is at present housed in temporary wooden buildings at the Jeanes School, Kabete. The three Governments concerned have agreed that permanent accommodation for this school at Kabete is necessary. Dormitory and classroom accommodation for 20 students is required and together with ancillary buildings and fittings the total cost is estimated at £6,000 (gross). Each Government has agreed to make a one-third contribution and accordingly an allocation of £2,000 has been made.

ANALYSIS OF ALLOCATIONS

283. The allocations reviewed above and summarized in Table 45 total £23,688,350. Summarized by Ministerial portfolios, one interesting point stands out clearly. The Minister for Local Government, Health and Housing will displace the Minister for Agriculture, Animal Husbandry and Water Resources as the largest spender. This is mainly due to the necessity of providing for the capital needs of the Nairobi City Council through the Local Government Loans Authority, but even if the sum of £1.75 million allocated for this purpose is excluded, thus reducing the total of allocations to £21,938,350, the Minister for Agriculture, Animal Husbandry and Water Resources's share is still only 19.1 per cent compared with 30.4 per cent of total expenditure under the ten-year plan. If that proportion of ordinary development expenditure, namely, £852,000,* which is being charged to the £5.0 million grant from Her Majesty's Government for the Swynnerton Plan, is included, then the proportion rises to 22.2 per cent. The Minister for Internal Security and Defence will displace the Minister for Education, Labour and Lands as the next largest spender.

TABLE 85.—ALLOCATIONS UNDER THREE-AND-A-HALF-YEAR PLAN BY MINISTERIAL PORTFOLIOS (SUMMARY)
(Cf. Table 9)

| Portfolio | Allocation (Gross), 1954-57 | |
|---|-----------------------------|--------------|
| | Amount | Per cent |
| | £ | |
| Chief Secretary | 1,520,444 | 6.4 |
| Legal Affairs | 72,207 | 0.3 |
| African Affairs | 329,589 | 1.4 |
| Agriculture, Animal Husbandry and Water Resources | 4,188,098 | 17.7 |
| Internal Security and Defence | 4,090,190 | 17.3 |
| Local Government, Health and Housing | 4,378,734 | 18.5 |
| Education, Labour and Lands | 3,705,031 | 15.7 |
| Forest Development, Game and Fisheries | 238,000 | 1.0 |
| Commerce and Industry | 2,136,557 | 9.0 |
| Works (a) | 2,912,000 | 12.3 |
| Community Development | 117,500 | 0.5 |
| TOTAL | 23,688,350 | 100.0 |

(a) Not including the allocation for the General Works Staff.

284. In Table 86 the ranking of expenditure against main allocations under the ten-year plan during the eight years 1946-53 is compared with the allocations proposed for this planning period.

TABLE 86.—COMPARISON OF SELECTED BLOCK ALLOCATIONS UNDER THREE-AND-A-HALF-YEAR PLAN WITH EXPENDITURE UNDER TEN-YEAR PLAN

(Cf. Table 10)

| Scheme | Expenditure, 1946-53 | | | Allocation (Gross), 1954-57 | | |
|--|----------------------|------------|----------|-----------------------------|------------|----------|
| | Order | Amount | Per cent | Order | Amount | Per cent |
| Road Authority | 1 | 4,260,344 | 15.5 | 2 | 2,437,000 | 10.3 |
| Staff Housing | 2 | 2,481,316 | 9.1 | 12 | 1,006,000 | 4.2 |
| Agriculture | 3 | 2,170,648 | 7.9 | 4 | 1,541,058 | 6.5 |
| European Education | 4 | 2,158,412 | 7.9 | 14 | 880,000 | 3.7 |
| African Land Development | 5 | 2,153,574 | 7.9 | 13 | 971,900 | 4.1 |
| European Settlement | 6 | 1,665,782 | 6.1 | 16 | 350,000 | 1.5 |
| Water | 7 | 1,606,476 | 5.9 | 11 | 1,042,700 | 4.4 |
| African Education | 8 | 1,587,713 | 5.8 | 6 | 1,310,500 | 5.5 |
| Local Government Loans Authority | 9 | 1,034,950 | 3.8 | 1 | 3,025,000 | 12.8 |
| Medical Services | 10 | 964,865 | 3.6 | 9 | 1,097,484 | 4.6 |
| Asian Education | 11 | 873,710 | 3.2 | 7 | 1,176,000 | 5.0 |
| Police Buildings (including Forts) | 12 | 587,781 | 2.2 | 3 | 1,905,190 | 8.1 |
| Government Offices (including Administrative Sub-stations) | 13 | 517,277 | 1.9 | 15 | 761,270 | 3.1 |
| African Housing | 14 | 505,129 | 1.9 | 17 | 256,250 | 1.1 |
| Aerodromes | 15 | 427,741 | 1.6 | 5 | 1,516,027 | 6.4 |
| Veterinary Services | 16 | 377,278 | 1.4 | 19 | 83,690 | 0.4 |
| Forestry | 17 | 362,388 | 1.3 | 18 | 160,500 | 0.7 |
| Military Buildings | 18 | 311,280 | 1.1 | 8 | 1,125,000 | 4.7 |
| Public Works Department | 19 | 310,504 | 1.1 | 20 | 75,000 | 0.3 |
| Prisons Department | 20 | 256,284 | 0.9 | 10 | 1,060,000 | 4.5 |
| All Other | — | 2,790,893 | 10.2 | — | 1,908,781 | 8.1 |
| TOTAL | — | 27,404,345 | 100.0 | — | 23,688,350 | 100.0 |

285. It will be observed that whereas expenditure on security buildings—police, prisons and military—absorbed only 4.2 per cent of total expenditure up to the end of 1953 the Government proposes that 13.0 per cent of expenditure during the three and a half years ending June 30, 1957, should be so devoted. Excluding the £1.75 million included in the allocation for the Local Government Loans Authority for the Nairobi City Council the percentage is 18.6. For nearly one-fifth of a development programme to comprise expenditure on the capital installations necessary for the preservation of law and order is nothing less than tragic. But such are the realities of the contemporary situation in Kenya.

286. One conclusion which could be drawn from Table 86 is that, although a much larger share of available funds has been allocated to security buildings, short-term productive projects have lost as heavily as long-term productive projects despite the scale of priorities laid down. However, two points should be noted: in the first place, the annual rate of expenditure envisaged is of the order of £6.2 million* compared with an average annual rate of expenditure of £3.8 million over the period 1946-53. This is a substantially higher rate even allowing for the general expansion of the economy since 1946† which, in itself, would enable a more ambitious programme to be supported, given the availability of capital funds. Secondly, whilst the pattern of expenditure under the ten-year plan reflected, *inter alia*, a scale of priorities in which security buildings occupied a very minor role, to appraise the Government's proposals solely in terms of the ten-year plan would be tantamount to assuming that the decisions of the Development Committee and the Standing Planning Committee were relevant for all time.

* Or £6.8 million, if the capital gap is covered by the raising of additional funds.

† Paragraphs 70-77.

287. If the £1.75 million for the Nairobi City Council is excluded then the Local Government Loans Authority ranks only seventh in order and jumps only two and not nine steps. On this basis, too, the Road Authority and Agriculture maintain the same ranking as under the ten-year plan. The position as shown in Table 86 is summarized below.

| | <i>No. of Steps</i> | |
|-------------------------------------|---------------------|-------------|
| | <i>Up</i> | <i>Down</i> |
| Road Authority | — | 1 |
| Staff Housing | — | 10 |
| Agriculture | — | 1 |
| European Education | — | 10 |
| African Land Development | — | 8 |
| European Settlement | — | 10 |
| Water | — | 4 |
| African Education | 2 | — |
| Local Government Loans Authority .. | 8 | — |
| Medical Services | 1 | — |
| Asian Education | 4 | — |
| Police Buildings | 9 | — |
| Government Offices | — | 2 |
| African Housing | — | 3 |
| Aerodromes | 10 | — |
| Veterinary Services | — | 3 |
| Forestry | — | 1 |
| Military Buildings | 10 | — |
| Public Works Department | — | 1 |
| Prison Buildings | 10 | — |
| Total: .. | 54 | 54 |

The effect of the scale of priorities adopted is clearly seen, police, prison and military buildings having jumped nine, ten and ten places respectively. The equally large jump by aerodromes reflects the Embakasi project. The fact that African Land Development has slipped down eight steps is explained by the transfer of £464,000 to the Swynnerton Plan;* whilst the new positions of European settlement and European education are, respectively, a reflection of the establishment in 1950 of the European Agricultural Settlement Fund† and the high rate of expenditure on school buildings achieved during the eight years 1946–53.

ESTIMATED CAPITAL GAP

288. The funds likely to become available up to June 30, 1957, are set out in Table 43. The difference between the figure of £21,561,712 shown therein and the total of the allocations proposed, namely, £23,688,350, is £2,126,638, which is the estimated capital gap. The Government fully appreciates that a shortfall of this magnitude—9.0 per cent—is serious but has decided not to reduce any of the allocations further in order to cover the position in view of the tentative nature of many of the works estimates and the possibility of obtaining additional capital funds by loans and from other sources. It will be the responsibility of the Development Committee to make the necessary adjustments to the plan in due course.‡

* Paragraphs 175–176 and Table 59.

† *Vide* paragraph 47.

‡ Paragraph 26.

PRACTICABILITY OF THE PROPOSED RATE OF EXPENDITURE

289. The question now arises: can the programme proposed be implemented by the middle of 1957? Clearly, the answer depends mainly on whether or not the building element in the allocations can be handled by the General Works Staff.

TABLE 87.—THREE-AND-A-HALF-YEAR PLAN—BUILDING PROGRAMME

| Scheme | Covered by Block Allocation for G.W.S. (Works Figures) | To be undertaken on an Agency Basis (a) (Gross) | Departmental | Non-Government |
|---|--|---|----------------|------------------|
| | £ | £ | £ | £ |
| Staff Housing | 814,900 | — | — | — |
| Government Offices | 343,170 | — | — | — |
| Parliament Building | — | 54,674 | — | — |
| Judicial Buildings | 58,507 | — | — | — |
| Administrative Sub-stations Buildings, N.F.P. | 251,000 | — | 2,800 | — |
| Agriculture | 5,809 | — | 101,900 | — |
| Water | 290,300 | — | — | — |
| Police Buildings | 22,700 | — | 140,400 | — |
| Prison Buildings | 1,429,500 | — | — | — |
| Military Buildings | 858,600 | — | — | — |
| Medical Services | 560,600 | — | — | 120,000 |
| European Education | 393,000 | 492,784 | — | 30,000 |
| | 652,200 | — | — | (b) |
| Asian Education | 665,200 | — | — | 225,000 |
| | | | | (b) |
| African Education | 329,000 | 45,000 | 99,500 | 725,800 |
| | | | | (b) |
| Arab Education | 41,900 | — | — | — |
| Education: Special Schemes | 16,200 | 40,505 | — | — |
| Labour Department | 5,200 | — | — | — |
| Forest Department | 4,000 | — | — | — |
| Weights and Measures Department | 7,600 | — | — | — |
| Nairobi Airport, Embakasi | — | 360,000 | — | — |
| Public Works Department | 60,800 | — | — | — |
| Central Stores and Transport Organization | 220,300 | — | — | — |
| Jeanes School, Kabete | 60,800 | — | — | — |
| TOTAL | 7,091,286 | 992,963 | 344,600 | 1,100,800 |

Notes.—

- (a) Excluding Maize Control Buildings; Royal Technical College, E.A.S. & I.R.O.; military works financed from Pool and Joint Colonial Funds. (Vide Table 88.)
- (b) Grants-in-aid. The Director of Public Works approves, free of any charge, plans submitted by school managers before a grant is paid.

290. The fees actually raised on the £992,963 worth of agency work will vary according to the services performed but assuming that a charge of 20 per cent is raised (that is, roughly 16 per cent of net expenditure) then the building element in the three-and-a-half-year plan for which the General Works Staff will be responsible may be taken as £7.925 million.* Having regard to the fact that the staff

* Equal, in gross terms, to £9.7 million or 41 per cent of the plan value of £23.7 million.

of the Buildings Branch of the Public Works Department is not really divided into two groups, namely, those concerned with development and agency works and those paid through the Colony's Estimates, the feasibility of a development building programme of the order of £7.9 million must be considered in relation to *total* known building commitments.

TABLE 88.—BUILDING COMMITMENTS, KENYA, 1954-57

| Item | Amount (Works) |
|--|----------------|
| | £ mn. |
| <i>Capital Works—</i> | |
| Development Programme | 7.925 |
| Swynnerton Plan | 0.867 |
| Military (Pool and Joint Colonial) | 1.480 |
| Public Works Non-Recurrent | 0.392 |
| Agency (other than Military), say | 0.875 |
| TOTAL CAPITAL WORKS | 11.539 |
| <i>Maintenance—</i> | |
| Colony | 1.050 (a) |
| Military, say | 0.700 |
| TOTAL MAINTENANCE | 1.750 |
| GRAND TOTAL | 13.289 |

(a) This is based on an assumed rate of expenditure higher than in recent years.

291. To meet these commitments the rate of expenditure will need to be, therefore, £3.8 million. This is in excess of the record rate of £2.92 million achieved in 1953; and considerably in excess of the present economic spending capacity of the Buildings Branch. Clearly, there is a lower limit to the unit overheads on which the Branch should work and the Buildings Branch may have to be strengthened not only to undertake an increased volume of planning and design but also to cope with the supervision of contracts.* Even now about 75 per cent of capital works is let out to contract, only 25 per cent being executed with departmental labour. In addition, arrangements have been finalized for the employment of private consultants on a larger scale than previously. Whilst consultants will be responsible for the supervision of contractors the Director of Public Works, as Accounting Officer, will remain answerable to the Legislative Council and the Public Accounts Committee.

292. However, the problem is a formidable one. Even assuming that by 30th June, 1957, all commitments can be fulfilled, capacity available at any particular time will be inadequate for all demands and the Development Committee will have to determine priorities and, possibly, direct that really urgent requirements should be handled on the basis of *ad hoc* arrangements. In this connexion, it should be noted that to a very large extent the development building programme is a consequence of establishment increases and there is a limit to the delay which can be tolerated in providing houses for officers living in temporary accommodation.

* The target build-up will be based on anticipated building commitments over the period 1954-60.

COLONIAL DEVELOPMENT AND WELFARE (BLOCK ALLOCATION) SCHEMES

293. The various references throughout this chapter to the element in the allocations which will be reimbursed from the C.D. & W. vote are summarized in Table 89. Applications will be forwarded to the Secretary of State for the Colonies in due course for schemes to be made against the present uncommitted balance of the Colony's block allocation.

TABLE 89.—ELEMENT IN INDIVIDUAL ALLOCATIONS REIMBURSABLE FROM C.D. & W. VOTE (COLONY'S BLOCK ALLOCATION)

(Cf. Table 25)

| Scheme | Scheme No. | Allocation | Table No. | Amount Reimbursable |
|--|-------------|----------------------------|-----------|---------------------|
| Agricultural Research and Investigational Stations | D.1467 | Agriculture | 54 | £ 50,958 |
| Soil Conservation | D.299 & A | " | 54 | 54,909 |
| Manufacture of Biologicals, Kabete | D.1380 | Veterinary Services | 56 | 10,505 |
| Naivasha Stock Farm Research Station | D.1456 | " | 56 | 24,587 |
| Stock Breeding Centres | D.868 & A | " | 56 | 11,498 |
| Water Supplies | D.300, etc. | Water | 57 | 18,032 |
| Water Supplies in Rural Districts .. | D.877 | " | 57 | 162,222 |
| Improvements and Investigations of Water Supplies in African Areas | D.1365 | " | 57 | 1,377 |
| Reconditioning of Land in African Areas | D.935 | Aldev | 58 | 109,133 |
| African, Asian and Arab Hospital, Mombasa | D.1905 | Medical Services | 65 | 314,703 |
| Infectious Diseases Hospital, Nairobi | D.1821 | " | 65 | 149,070 |
| Health Centres | D.865 | " | 65 | 29,011 |
| Expansion of African Teacher Training Centres (24xT4 Centres) | D.1647 | African Education | 72 | 18,721 |
| Expansion of African Teacher Training Centres (6xT4 Centres) | D.1697 | " | 72 | 24,937 |
| Establishment of Teacher Training Centre for African Women .. | D.1928 | " | 72 | 45,000 |
| Hostel for European Women Students in Nairobi | D.1906 | Education: Special Schemes | 75 | 40,505 |
| Hospital Hill School, Nairobi .. | D.1842 | " | 75 | 2,026 |

ESTIMATED REQUIREMENTS OF DEVELOPMENT FINANCE, 1957-58 TO 1959-60

294. The process of capital expenditure designed to expand the stock of resources available for use in current production—including those required to provide a framework within which economic and social development is possible, such as Government offices and security buildings—is clearly a continuing process. In fact, it is a cumulative process. The reasons why the Government's share of such expenditure in an underdeveloped country is inevitably large have already been explained.* In time, however, this share should fall as the volume

* Paragraph 7.

of private investment grows. Whilst the rate of private investment cannot be forecast—and, unfortunately, no estimates are available even of the current rate—the Government considers that as the programme refers to such a short period of time, some indication should be given of the likely order of magnitude of development expenditure in the next planning period. Fortunately, an assessment of Kenya's requirements of capital funds during the quinquennium covered by the five United Kingdom fiscal years 1st April, 1955, to 31st March, 1960, was recently undertaken at the request of the Secretary of State for the Colonies to determine the likely scale of assistance required under the new Colonial Development and Welfare Act. Total *requirements* in the three years ending 30th June, 1960, have been thus computed at £27.5 million.*

295. Assuming that the availability of loan funds and other moneys is not more favourable after July, 1957 than before then this figure will have to be reduced to about £17.5 million.

TOTAL GOVERNMENT CAPITAL EXPENDITURE, 1954-57

296. This is a convenient place to compile a statement of total capital expenditure on Central Government account during the three and a half years ending 30th June, 1957.

TABLE 90.—TOTAL GOVERNMENT CAPITAL EXPENDITURE, 1954-57

| Item | Amount £ million |
|--|---------------------|
| Three-and-a-half-year Plan, 1954-57 | 23.7 |
| Five-year Plan to Intensify the Development of African Agriculture, 1954-58 (a) | 3.25 |
| Mombasa Water Supply (Major Project) | 4.2 |
| Loans made under Agricultural Ordinance | 0.4 (b) |
| Central Housing Board | 2.0 (c) |
| Road Authority | 0.5 (d) |
| Reimbursements | 0.8 (e) |
| Total .. | 34.85 |
| <i>Less</i> Shortfall on Three-and-a-half-year Plan | 2.1 |
| Net Total .. | 32.75 |

Notes.—

(a) C.D. & W. Scheme No. D. 2346.

(b) Contribution from Colony revenue. Paragraph 182.

(c) This sum is being raised in instalments from the Colonial Development Corporation.

(d) Difference between expenditure envisaged by the Road Authority and the sum to be credited to the Road Fund. Table 83.

(e) Table 44.

297. Whether or not a sufficiently high rate of expenditure can be sustained—and both physical and financial difficulties will have to be overcome—these figures indicate the Government's determination to do everything within its power to implement its declared policies.†

* *Not* including the Nairobi City Council's requirements.

† Foreword, paragraph 1.

RECURRENT BUDGETARY IMPLICATIONS

298. To forecast the implications of the three-and-a-half-year plan for the Colony's expenditure budget is a difficult exercise and, in any case, must be based on certain assumptions about debt service charges, maintenance costs, prices, salaries, departmental establishments and general Government policy. The figures in the table below refer to *consequential* recurrent expenditure only* and have been computed by comparing actual expenditure in 1953 with estimated expenditure in 1957-58, that is, the first year after the present planning period. In some cases, the figures include expenditure which cannot be directly adduced to the development programme, as such, but which it is either impossible or illogical to extract.

TABLE 91.—THREE-AND-A-HALF-YEAR PLAN—ANNUAL RECURRENT IMPLICATIONS BY 1957-58

| Item | Table No. | AMOUNT £mn. | |
|--|-------------------|--------------|--------------|
| | | Gross | Net |
| Building Maintenance | 87 | 0.124 (a) | 0.124 (b) |
| Loan Charges | 43 | 1.034 (c) | 0.710 (d) |
| Agriculture | 54 | 0.080 | 0.080 |
| Medical Services | 65 | 0.120 | 0.100 |
| European Education (e) | 68 | 0.320 | 0.220 |
| Asian Education (e) | 70 | 0.300 | 0.275 |
| African Education (e) | 72 | 0.640 | 0.630 |
| Nairobi Airport, Embakasi | Paras. 250-256 | 0.060 | 0.020 (f) |
| Scientific and Industrial Research | 80 | 0.020 | 0.006 (g) |
| TOTAL | — | 2.698 | 2.165 |

Notes.—

(a) That is 1½ per cent of £8.270 million. Table 87.

(b) It is impossible to state the extent to which this figure should be marked down on account of reduced expenditure on rents and house allowances.

(c) This figure is made up as follows:—

| | £ mn. |
|--|---------------|
| Public Loan Issues | 1.004 |
| 1954 Local Loan | 0.017 |
| Uganda Loan for Hill School, Eldoret | 0.013 |
| | <u>£1.034</u> |

(d) Re-lendings to the extent of £3,051,550, of which £1,853,000 will be in the form of redeemable loans, will reduce the commitment on the Central Government's budget by £324,000 (approx.). Repayments by borrowers are credited to Colony revenue because the Development Fund is not operated as a revolving fund.

(e) The figures against these items include an element which cannot, strictly speaking, be related to the building programmes as such (e.g. cost of implementation of new policies).

(f) Landing fees and rents will result in an annual revenue of at least £40,000.

(g) That is, after allowing for the contribution to the present East African Industrial Research Board.

* Any additional recurrent expenditure on the Police and Prison Departments, for example, during the period will not be the result but the cause of their building programmes.

299. Thus, on the assumption that the plan is fulfilled, the additional net burden on the recurrent budget in the fiscal year 1957-58 will be of the order of £2.2 million (or 10 per cent of the plan value). It would be misleading to consider this figure in relation to *current* levels of Colony revenue and expenditure or the *current* level of the geographical net product. Although the number of short-term productive projects—let alone those having an expansionary effect in the longer term—has had to be limited in view of the high priority accorded to security buildings, a high proportion of the expenditure envisaged is investment-type expenditure and will generate additional incomes. Together with private investment, the three-and-a-half-year plan and the other schemes shown in Table 90 should ensure that the rapid rate of expansion of the Colony's economy will continue apace.

300. In drawing up the present three-and-a-half-year plan, the Government took the forecast of available funds† as its starting point. This was the limiting factor which was continually borne in mind, although attention was paid to the recurrent implications of each sector of the plan. An important task will be to forecast the net recurrent charges arising from development expenditure year by year, for it is this annual forecast which will indicate whether the plan should be modified. It will also help to determine the Government's fiscal policy.

* For an analysis of recurrent budgetary implications of the ten-year plan *vide* paragraphs 83-84 and Table 38.

† Table 43.