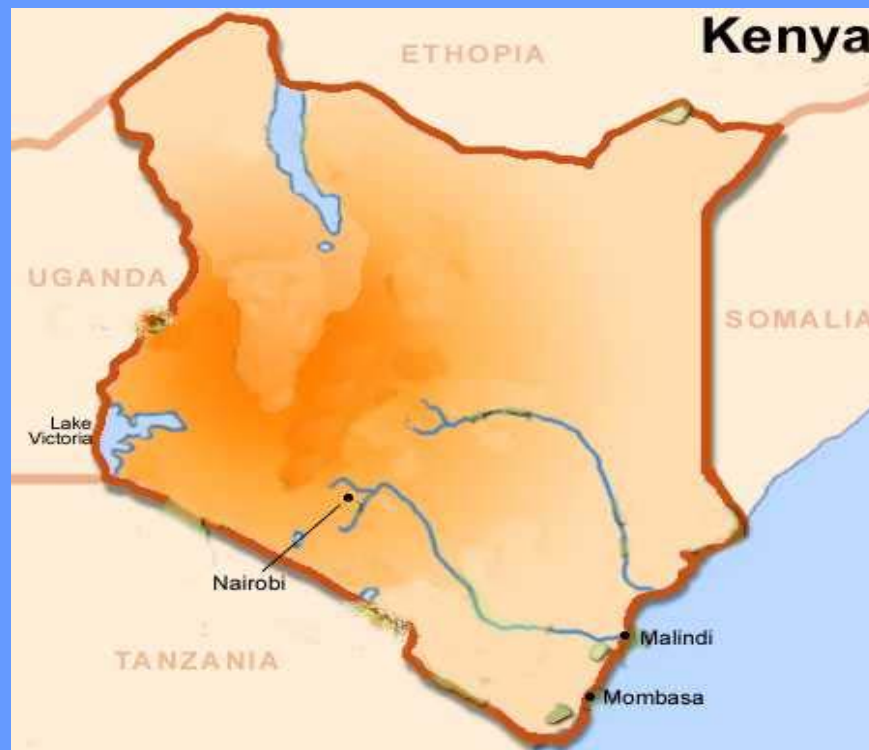


THE 2003 ECONOMIC SURVEY OFFICIAL RELEASE, KICC, NAIROBI



Launch of the 2003 Economic Survey

Date: 29th May 2003

**Presented by Minister of Planning and
National Development**

Hon. Prof. Peter Anyang' Nyong'o

AFRICA

- In Africa, growth in real GDP slowed down from 3.5 % in 2001 to 3.1% in 2002 due to:
 - sharp decline in agricultural output
 - political instability and conflict in some countries

Real GDP and Consumer Prices for some selected African countries

	Real GDP			Changes in Consumer Prices		
	2000	2001	2002*	2000	2001	2002*
Africa	3	3.5	3.1	14.3	13.1	9.6
Maghreb	2.4	4.4	3.2	1.3	2.6	3.3
Sub-Sahara	3.1	3.8	3.3	24.9	21.6	13.3
Kenya	-0.1	1.2	1.1	10	5.8	2
Tanzania	5.1	5.6	5.8	6.2	5.2	4.4
Uganda	5	5.6	5.7	6.3	4.6	-1.8
South Africa	3.4	2.2	2.5	5.4	5.7	7.9

Kenyan Economy

- Kenya's economy recorded a slower growth of 1.1% in 2002 compared to 1.2 % in 2001 due to the uncertainties regarding general election reflected in:
 - low demand for imports;
 - low demand for credit; and
 - donors waiting for Kenya's decision.

Sector Performance

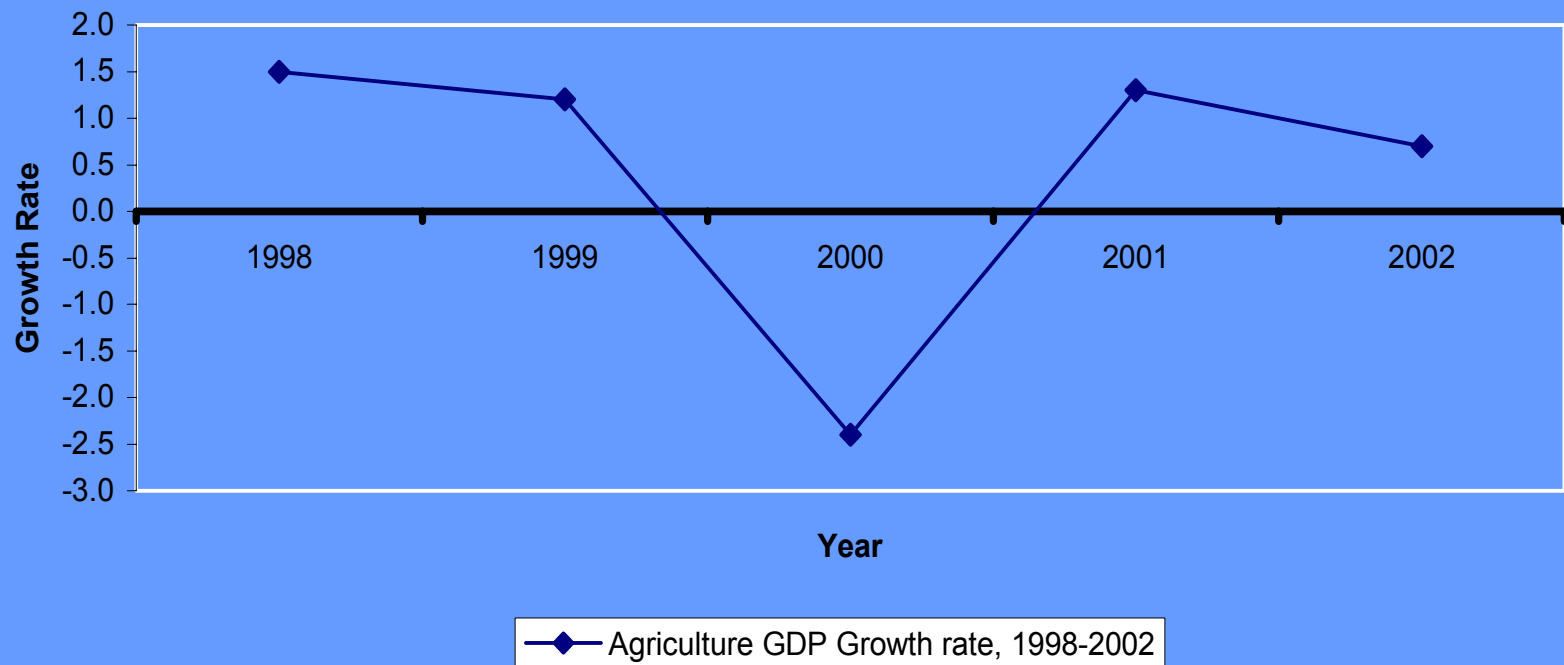
Agricultural Sector

- The sector output recorded a growth of 0.7 % in 2002 compared to 1.3 % in 2001
- Decline was mainly due to mixed weather conditions:
 - Poor weather led to declines in tea and coffee;
 - Good weather led to increased livestock products and production.
- Food security was support by previous stocks.

Agricultural sector (continued)

- Intake of seed cotton by ginneries increased from 500 tonnes in 2001 to 1,113 tonnes in 2002
- Sugarcane production increased from 3.6 million tonnes in 2001 to 4.5 million tonnes in 2002
- The volume of horticultural exports increased from 98.9 thousand tonnes in 2001 to 121.1 thousand tonnes in 2002

Agriculture GDP Growth rate, 1998-2002



Energy

- Imports of crude oil and refined products declined leading to a 22.6 % fall in import bill.
- Consumption of petroleum products in the domestic market declined marginally by 3.3 % to 2.3 million tonnes in 2002 reflecting the slow growth of economic activity
- Electricity generated went up from 4,452.1 GWH in 2001 to 4,685.6 GWH in 2002
- Total electricity consumption expanded by 7.2 % to 3,742.0 million KWH

Tourism

- The sector was on a recovery path in 2002
- Total visitor arrivals and departures rose by 0.8 % and 2.3 % respectively in 2002
- Average length of stay by the visitors improved marginally from 8.4 days to 8.5 days in 2002
- Earnings fell from KSh 24 .3 billion in 2001 to Kshs. 21.7 billion in 2002 due to a shift towards low income package tourists

Transport and Communication

- The value of output in this sector grew by 21.5 % in 2002
- The road rehabilitation programme covered 1,196 kilometers
- The number of mobile phone subscribers increased from 630 thousand in 2001 to 1,068 thousand in 2002
- Air transport recorded a 22.5 per cent increase in output value

Transport and Communication (Continued)

- 1,720 ships docked in Mombasa port in 2002 compared to 1,111 ships in 2001.
- The Railways services output dropped by 10.9 %

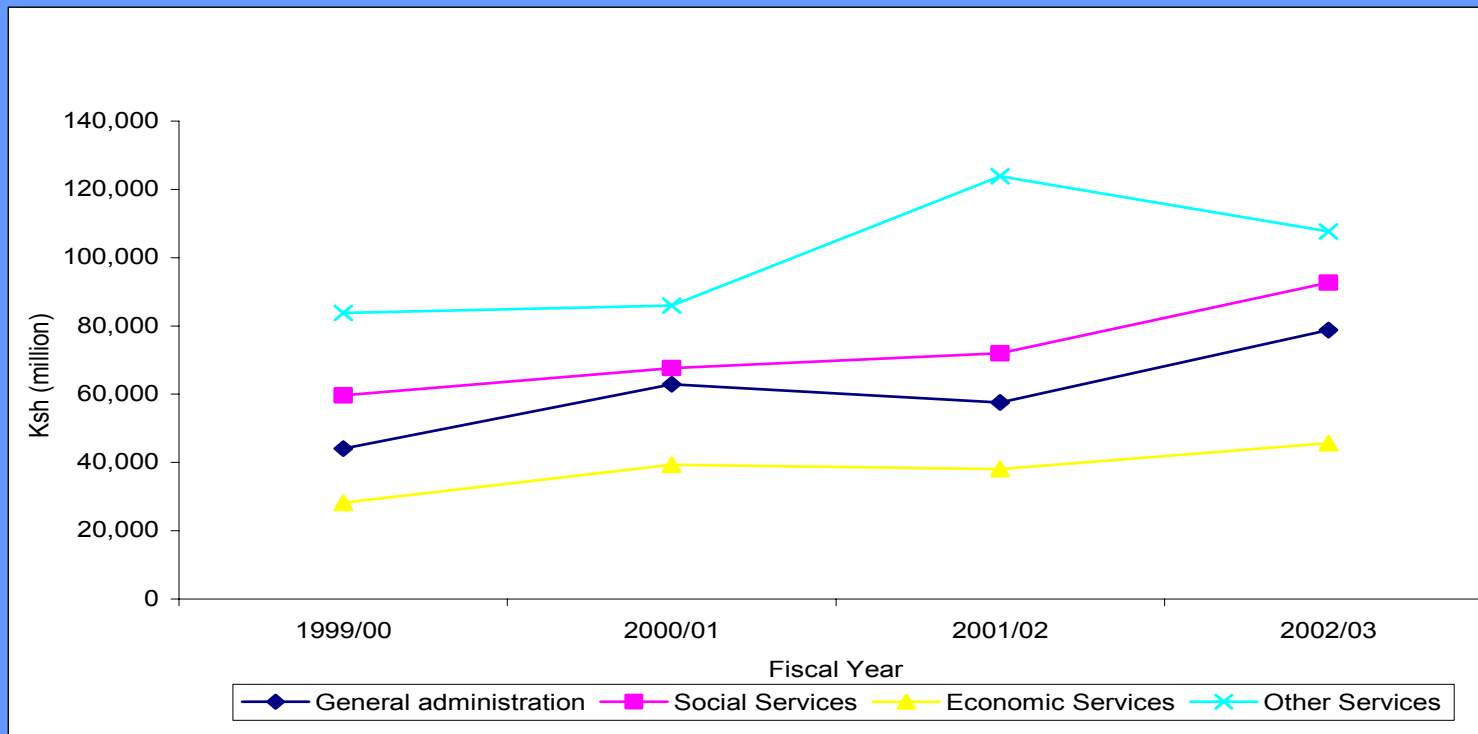
Money and Banking

- Inflation fell from 5.8 % in 2001 to 2.0 % in 2002
- The shilling was stable
- Interest rates declined
- The sector showed no significant new activity

Public Finance

- The total Government expenditure is expected to grow from KSh 308 billion in 2001/2002 to KSh 342 billion in 2002/03
- Revenue is expected to grow from KSh 188 billion to KSh 223 billion in the same period
- The consequent deficit is to be financed from local sources
- Domestic debt grew from KSh 214 billion in 2001 to KSh 238 billion in 2002
- There was a net outflow of resources to service foreign debt

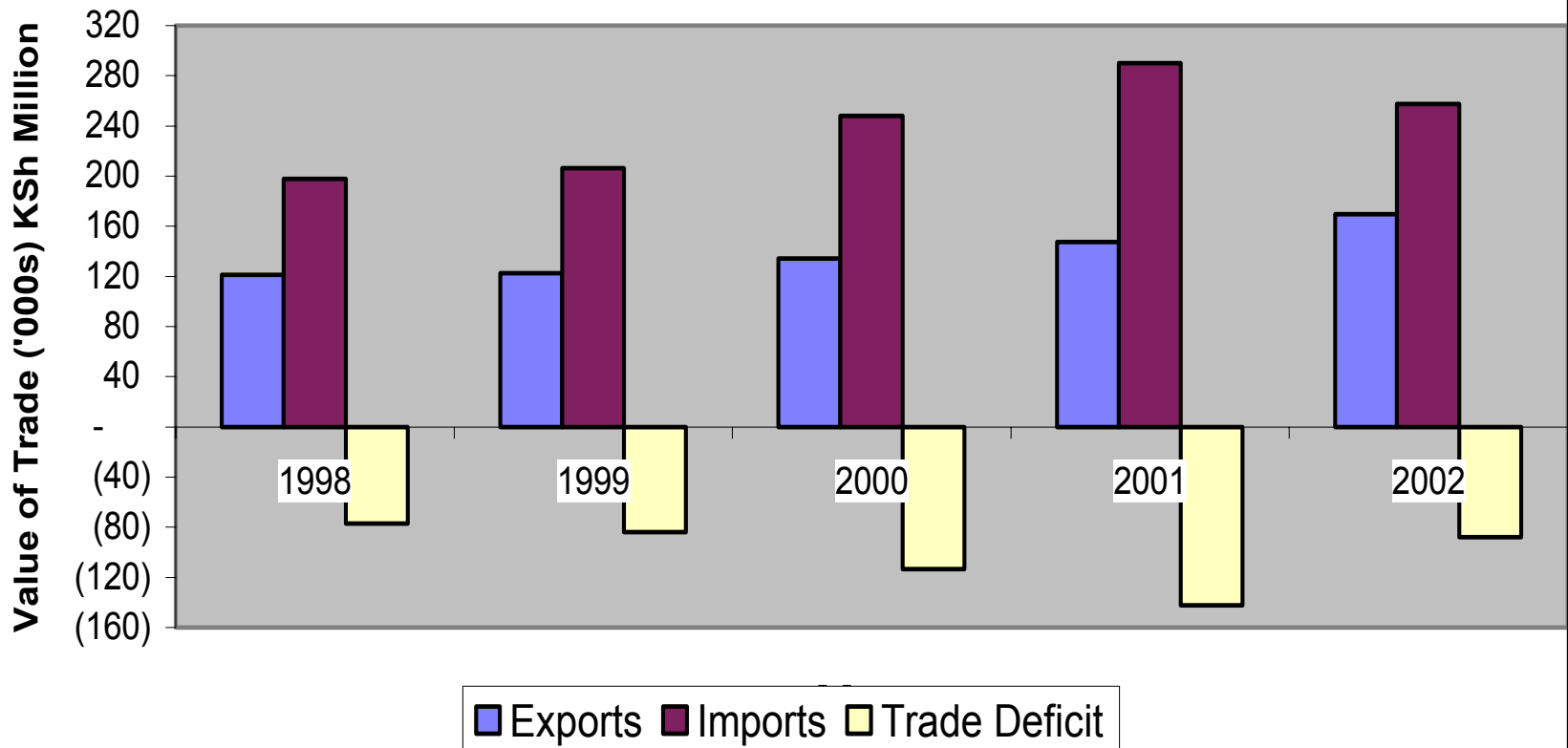
Government Expenditure by main services



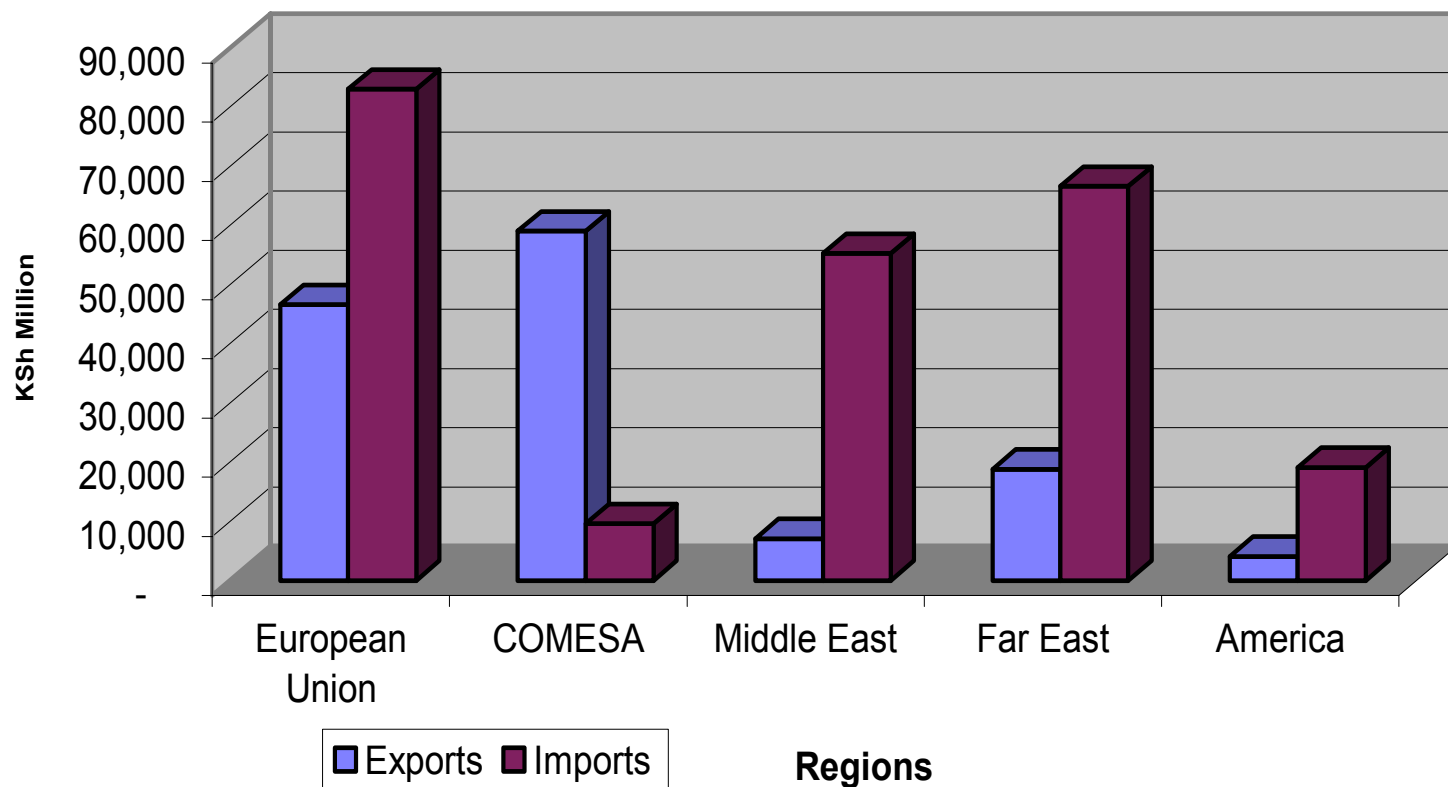
International Trade and BOPs

- Imports declined due to low domestic demand and draw-down from inventory
 - Better weather reduced food imports
 - Delays in capital investment due to election related expectations
- Strong growth in horticulture and EPZ related exports contributed to the substantial increase in total exports.
- The current account of BOP recorded a surplus
- The capital and financial accounts fell from a surplus to a deficit in 2002, due to reduced private short-term capital inflows and official capital inflows.
- COMESA region remained the main destination of exports

Balance of Trade, 1998-2002



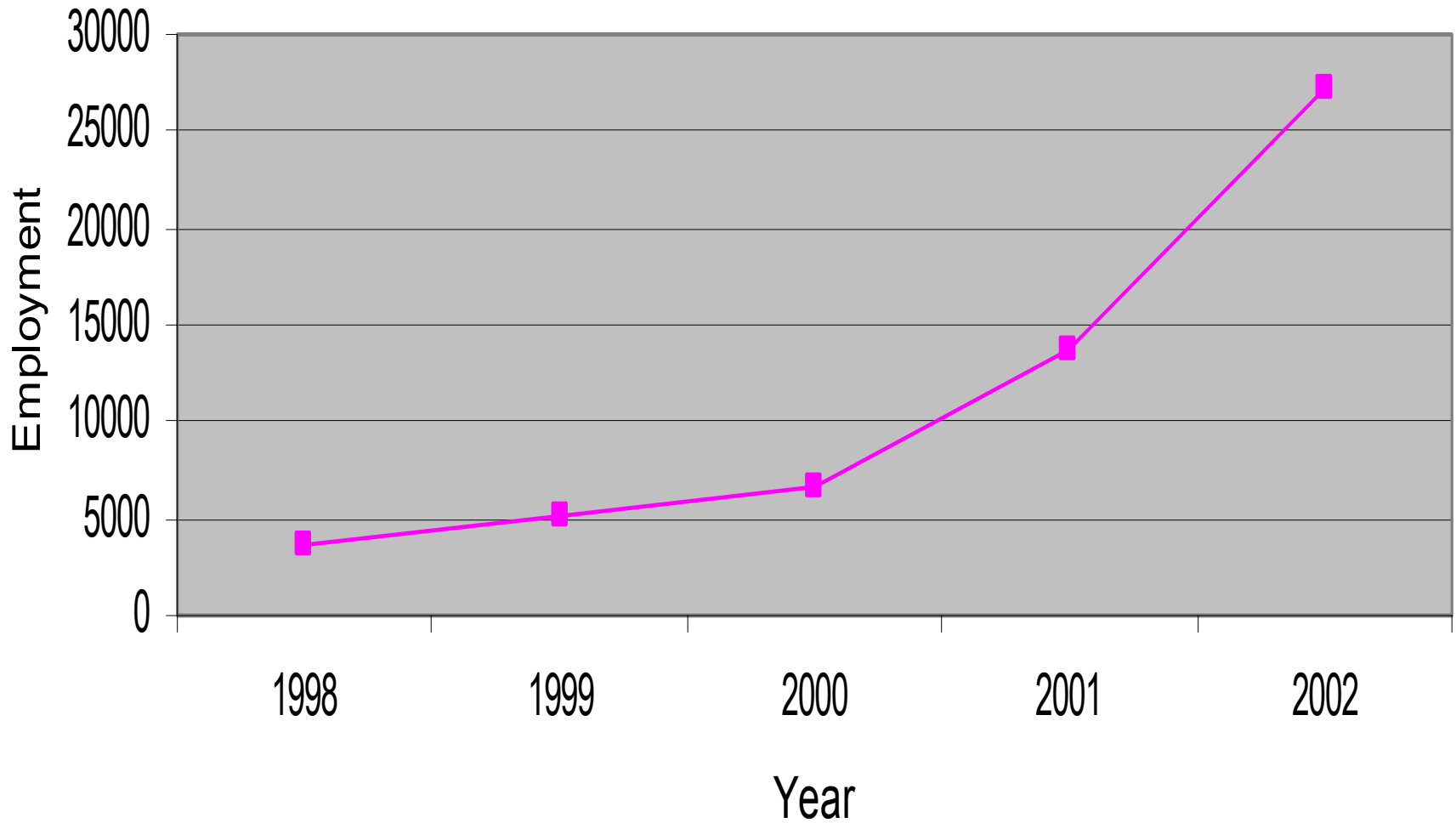
Direction of Trade by Regions, 2002



Employment

- In 2002, 6.9 million persons were employed in both the modern and informal sectors, the latter accounted for 74%.
- Growth in the private sector employment went up from 1.6 % in 2001 to 2.2 % in 2002
- Wage employment in the public sector grew marginally in 2002 as a result of new recruitments in the teaching and other essential services
- Average annual real (1997 values) earnings in the modern sector increased from Kshs152 thousand to Kshs 171 thousand in 2002

Employment in the EPZ Sector, 1998-2002



Social Scene

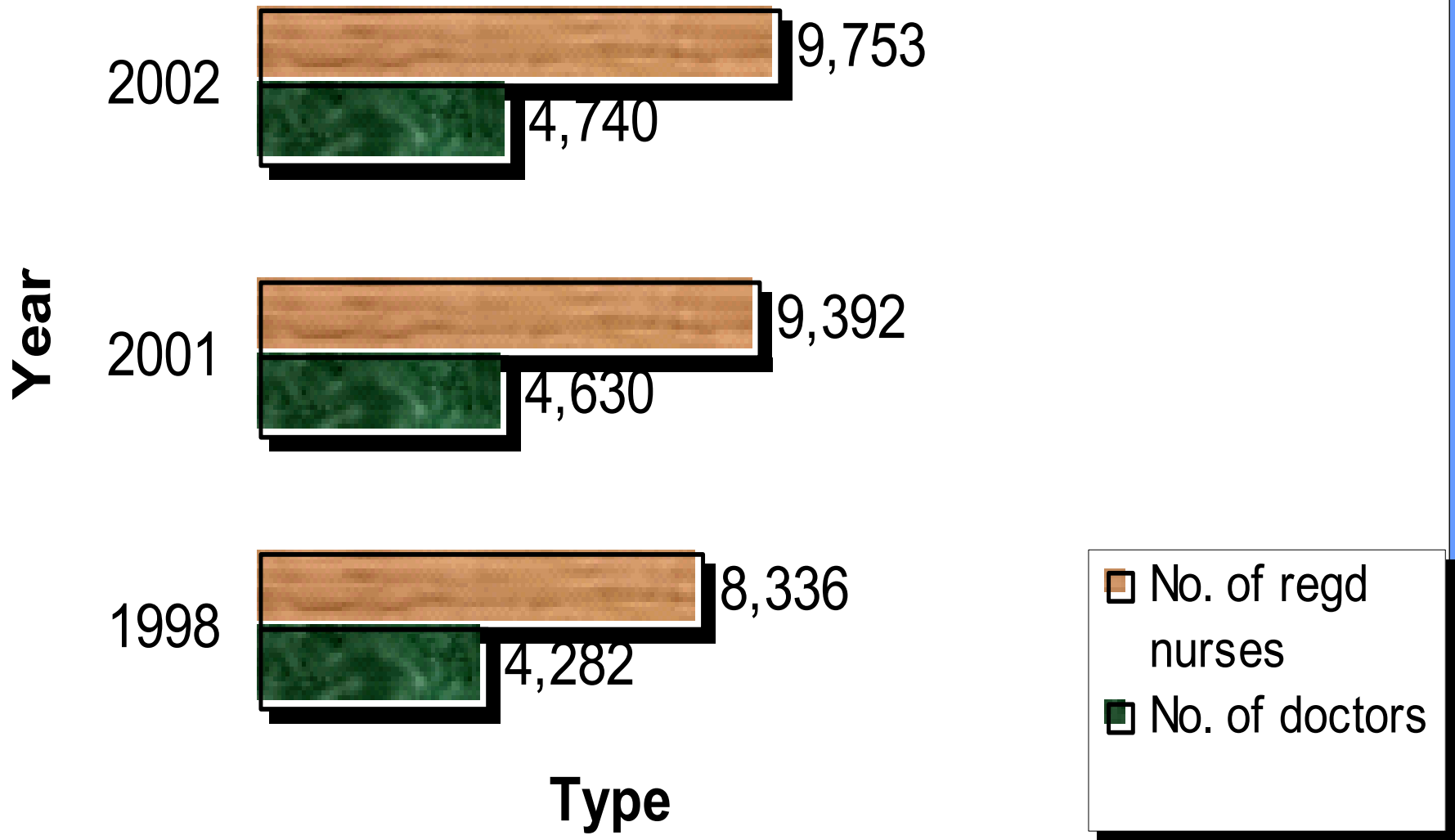
- Gross enrolment rate in primary schools declined from 91.2 per cent in 2001 to 90.8 per cent in 2002.
- Total secondary school enrolment went up from 804,510 in 2001 to 847,287 in 2002.
- Enrolment in tertiary institutions increased from 111,000 in 2001 to 123,023 in 2002, with the highest increase of 18.8 % recorded in university enrolment.
- Central Government expenditure on social services is expected to increase from KSh 79 billion in 2001/2002 to KSh 94 billion in 2002/2003 due to the implementation of the free primary education programme.
- The number of hospital beds and cots rose from 58,080 in 2001 to 60,657 in 2002

Estimated HIV Prevalence, 1998 – 2002 (Per cent)

Prevalence (Per cent)	1998	1999	2000	2001	2002
Urban	18.1	17.8	17.5	17	16.5
Rural	13	13	13	13	12.5
Total	12.5	13	13.4	13	10.2
Source: National AIDS/STI Control Programme (NASCOOP)					

- The HIV prevalence rate continued to slow down from 13.4 % in 2000 through 13.0 % in 2001 to 10.2 %

Medical Personnel



Environment and Natural Resources

- The Forestry Department planted a total of 6.7 thousand hectares in 2002 compared with 4.0 thousand hectares in 2001
- Sales of timber products fell due to the ban in logging in Government forests, in effect since 1999.
- The fish landed from freshwater sources, increased from 157.7 to 173.4 thousand tonnes in 2001 and 2002 respectively but remained below 1999 level.

Building and Construction

- Cement consumption increased by 7.7 per cent from 1.1 million tonnes in 2001 to 1.2 million tonnes in 2002.
- The total value of building plans approved declined from KSh 10.1 billion in 2001 to KSh 8.5 billion in 2002.
- The reconstruction of the Cooperative Bank Building dominated building activities in this sector

New Information in the survey

- Highlights of the 1999 Kenya Population and Housing Census
 - Expectation of life at birth fell over 10 years from 61.9 years to 56.6 years
 - Population forecast with AIDS are 36.6 million in 2010, and 39.7 million in 2015
- Poverty Mapping in Nairobi
 - The poorest sub-locations: Makongeni (78.1 %), Viwandani (77.0 %)
- Highlights of the Agricultural module (1997)
 - 64 % of agricultural credit is from cooperatives
 - Only 6 % of land title holders were women
- Comparative analysis of 1998/99 Labour Force Survey and the 1999 Census results

The detailed reports of the above will be launched shortly

OUTLOOK

- NARC Programme
 - Growth of about 2.0 % in 2003 and employment creation of about 500,000 jobs
 - Donor funds (Supplement domestic savings)
 - Rehabilitate the infrastructure
 - Restoration of confidence
 - Reduce corruption
 - Maintain stable macro economic environment
- African policies (NEPAD, EAC, COMESA etc)

OUTLOOK (Continued)

- In the long run
 - We expect to implement the new constitution to secure property rights
 - Increase foreign direct investments
 - Increase exports
 - Increase domestic demand
 - Raise employment and
- In social sector
 - Continue to implement the universal free primary education programme
 - Implement Health and HIV/AIDS programmes

THE END

*THANK
YOU*

