

# IOA — 2019 — ACBR

AFRICA COUNTRY BENCHMARK REPORT



## Kenya Profile



The towers of downtown Nairobi symbolise the rising importance of Kenya's capital as East Africa's financial hub. The city is also a centre of ICT development.





Image courtesy of Ninara



# KENYA



## OVERVIEW ANALYSIS

Kenya lost their position as East Africa's largest economy to Ethiopia in 2018, but with the country possessing so many economic attributes, the loss may prove temporary. Kenya stands behind only South Africa as the African country which receives the most foreign direct investment. The World Bank has praised Kenya's government for instituting necessary economic and monetary reforms. Less corrupt and better governance would go a long way to elevating Kenya's fortunes. The drawn-out 2017 elections left an embittered political opposition and proved victorious to the controversial incumbent President Uhuru Kenyatta. Kenya advanced three positions in ACBR 2019's overall scores, rising from 14<sup>th</sup> in ACBR 2017 to their current 11<sup>th</sup> place.

### KEY OPPORTUNITIES

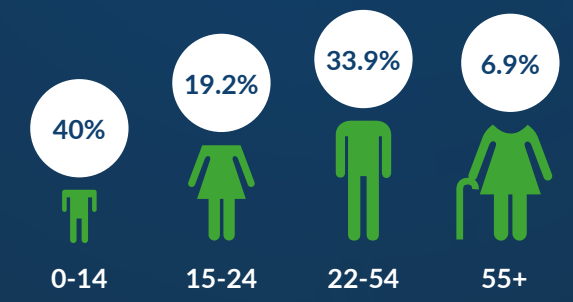
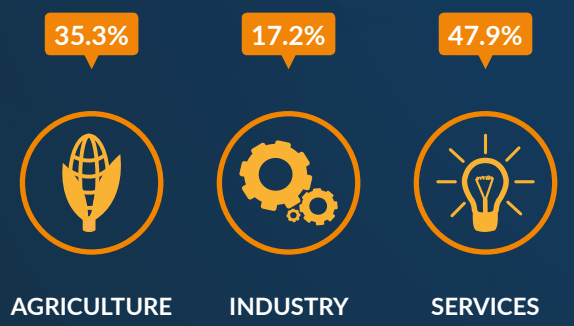
- Kenya has a diverse economy, with a large and advanced market
- As testament to a thriving financial sector, 82% of Kenyans have bank accounts
- The energy sector is advancing with alternative energy initiatives

### KEY CONCERNS

- Corruption and cronyism have compromised governance
- GDP growth has slowed in recent years, and unemployment remains high
- Government has made bad economic decisions, shown by a high poverty rate

## COUNTRY HIGHLIGHTS

<b>PREDOMINANT RELIGION</b>  Christianity	<b>PREDOMINANT LANGUAGE</b>  Kiswahili	<b>POPULATION WITHOUT ELECTRICITY</b>  44% (#22) ▲ <sup>7</sup>	<b>LITERACY RATE</b>  78% (#18) ▬	<b>PRIMARY ELECTRICITY SOURCE</b>  Hydroelectric
<b>IMPORT/EXPORT</b>  Machinery/Tea	<b>EXTERNAL DEBT</b>  US\$ 43.56 billion (#5) ▲ <sup>5</sup>	<b>ACTIVE CONFLICT</b>  No	<b>LAND SIZE</b>  580,367 km <sup>2</sup> (#23)	<b>INTERNET PENETRATION</b>  26% (#18) ▼ <sup>11</sup>



**Term:**  
9/04/2013 - present  
5 years (2 term limit)

**Political Party:**  
Jubilee Party

**Recent Electoral Information:**  
26/10/2017  
8 223 369 Votes  
98.3%  
Voter turnout: 79.51%



**President**  
Uhuru Kenyatta

## CONTRIBUTIONS TO GDP BY SECTOR

## POPULATION AGE BREAKDOWN

## NATIONAL GOVERNANCE

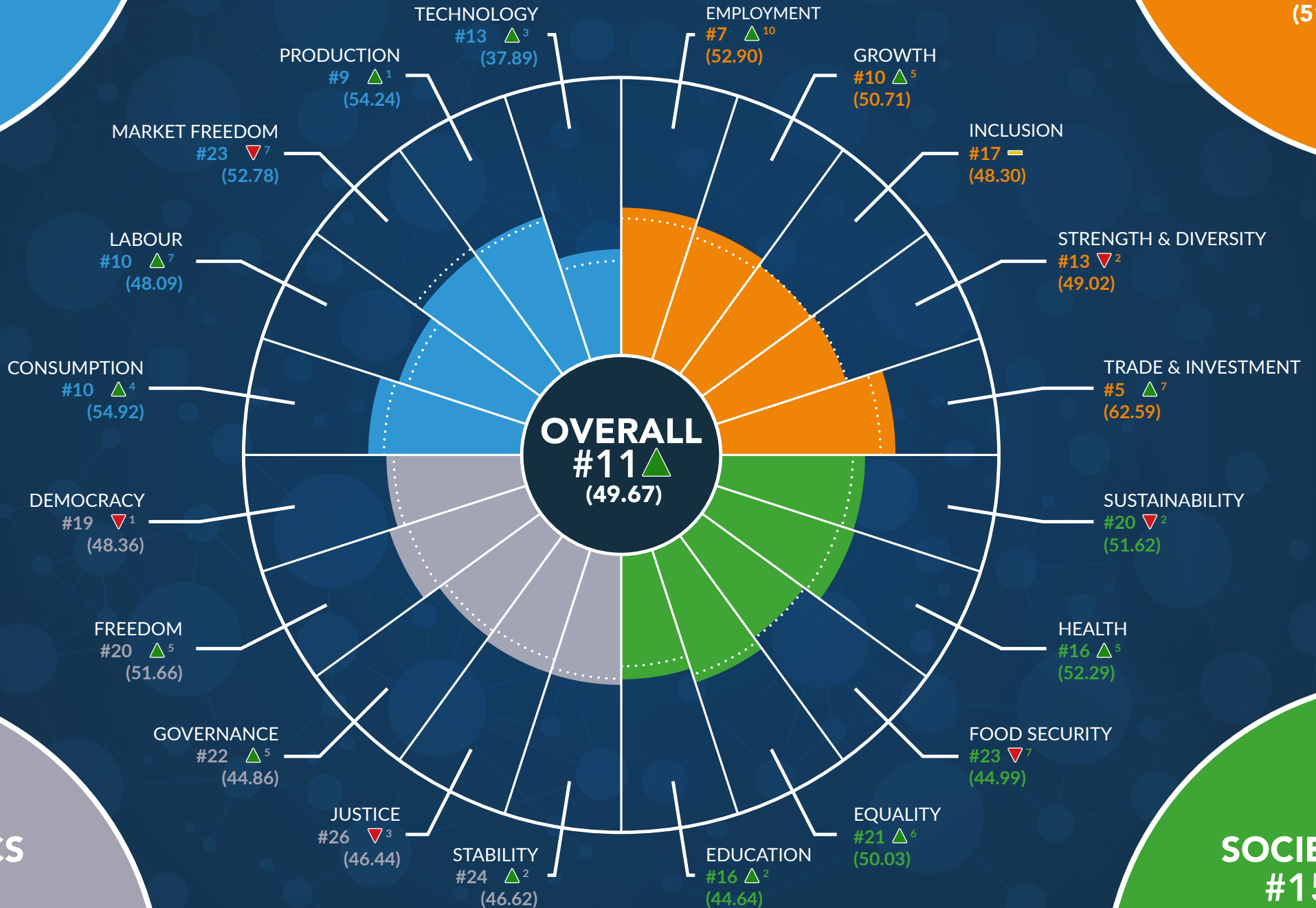
# BUSINESS

#10  
(49.78)

## KENYA PERFORMANCE OVERVIEW

# ECONOMICS

#10  
(51.29)



# POLITICS

#21  
(47.59)

# SOCIETY

#15  
(50.02)

▲ Increase from 2017

▼ Decrease from 2017

▬ No change

..... 2017 Score

# KENYA BUSINESS ANALYSIS

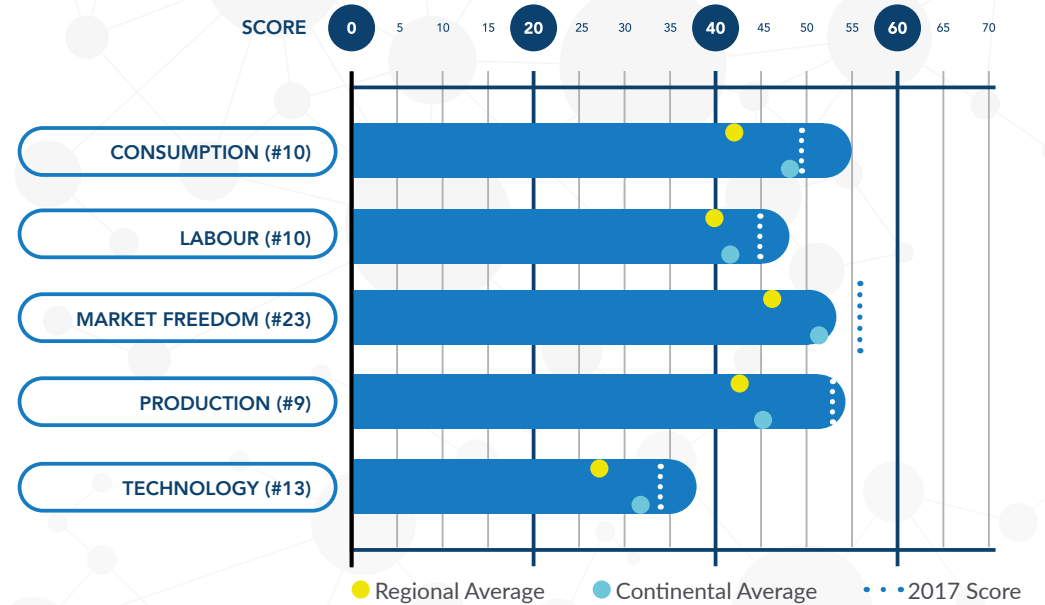


## BUSINESS OVERVIEW

Agricultural businesses remain the mainstay of commercial activity, employing 68% of the workforce, although many workers in the agriculture sector are self-employed as farmers. The main exports in terms of revenue are cut flowers and tea, followed by coffee and fish. While agriculture contributes 35% to GDP, this is surpassed by services' 48% share of GDP. Industrial growth was a healthy 7% in 2017. Though unemployment stands at an unacceptable 40%, a workforce of nearly 20 million possesses sufficient skilled labour to meet the needs of a much larger business sector. In May 2019, the international ICT giant Microsoft chose Kenya as its East African technology development hub, announcing facilities to train technicians from all over East Africa.

Kenya's ports are world class and, with Kenya's rail links, are the economic lifeline for landlocked inland countries that depend on Kenyan ports for imports and exports. Kenya has more than 11,000 km of paved roads, and the construction industry is busy. In the mining sector, a significant gold deposit was discovered in the Kakamega County in March 2017. The estimated 37,138 kg of gold could add US\$ 2.5 billion to the Kenyan economy. For foreign investors, experts familiar with Kenya's business environment emphasise the need to partner with a knowledgeable local. Rising from 16<sup>th</sup> in the previous period of review, Kenya jumped six positions in the Business quadrant, to 10, propelled by a robust business environment that is attracting foreign investment.

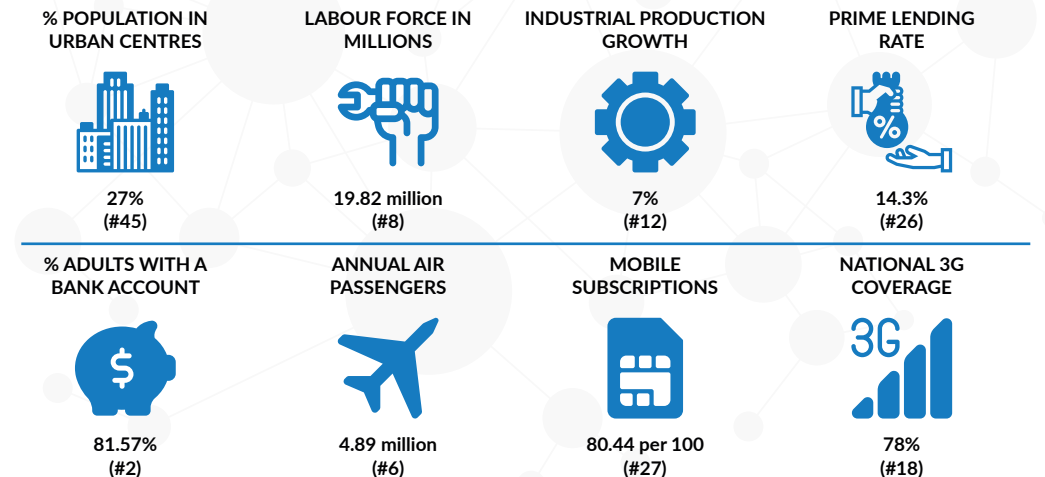
## BUSINESS SCORES & RANKINGS



## BUSINESS DATA COMMENTARY

<p>Kenya data availability <b>100%</b></p>	<p><b>REGIONAL AVERAGE</b> 70.97%</p>	<p><b>AFRICAN AVERAGE</b> 77.78%</p>	<p><b>CONTINENTAL RANK</b> #1</p>
	<p>Generally speaking, Kenya is one of the best performing countries across all quadrants, currently scoring a perfect 100% on business data availability and ranking 1<sup>st</sup> along with 9 other countries. Needless to say, this stands far above both the regional average for Eastern Africa, currently at 70.97%, as well as the continental average of 77.78%. Long established as one of the commercial powerhouses of the continent, Kenya boasts advanced bookkeeping and nationwide commercial data recording.</p>		

## BUSINESS STATISTICS



# KENYA ECONOMIC ANALYSIS



## ECONOMIC OVERVIEW

Public debt rose in 2018 to 56% of GDP, which, along with declining GDP growth, is a worrisome development that tarnishes other positive economic attributes.

Political uncertainty at the start of 2018, in the aftermath of controversial presidential elections, was a lengthy economic drag that had vanished in 2019 as GDP and industrial growth continued. Industrial growth stood at a respectable 5%. Much higher growth is required to lift the one-third (36%) of Kenyans who live in poverty.

In its favour, Kenya's economy is diverse. This means that contraction in one sector is made up for by others. Communications, energy and mining are major economic players. Kenya has several useful trade

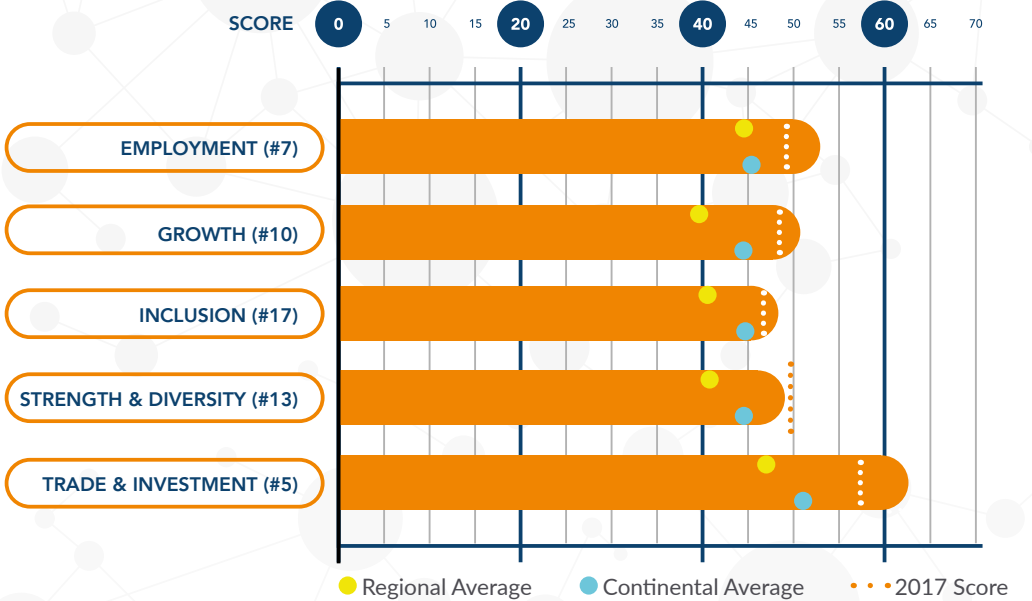
agreements with the European Union. Taxes make up a larger percentage of government revenues than most African countries at nearly 20% of government revenues. Total government revenues in 2017 of US\$ 15.43 billion were far below government expenditures of US\$ 24.59 billion, and the revenue-expenditure gap grows wider each year. However, the Kenyan people are frugal. Kenya has the 2<sup>nd</sup>-highest savings rates in Africa, with 82% of Kenyans having bank accounts.

Due to good economic indicators, Kenya rose four positions in the Economics quadrant to 10<sup>th</sup> place, up from 14<sup>th</sup> in the previous period of review.

## ECONOMIC DATA COMMENTARY

<p>Kenya data availability <b>100%</b></p>	<p><b>REGIONAL AVERAGE</b> 69.37%</p>	<p><b>AFRICAN AVERAGE</b> 77.78%</p>	<p><b>CONTINENTAL RANK</b> #1</p>
	<p>As with the previous quadrant, Kenya also scores a perfect 100% for economic data availability, thus ranking 1<sup>st</sup> on the continent along with 5 other countries. Once again, this far exceeds the respective regional and continental averages of 69.37% and 77.78%, thus complimenting ample business data availability with a corresponding wealth of macroeconomic data, as exemplified by the Kenya National Bureau of Statistics, which boasts a wide range of data along with comprehensive economic reports.</p>		

## ECONOMIC SCORES & RANKINGS



## ECONOMIC STATISTICS

<p><b>GDP PER CAPITA</b></p> <p>US\$ 3,500 (#25)</p>	<p><b>UNEMPLOYMENT RATE</b></p> <p>11.5% (#41)</p>	<p><b>TRADE BLOC MEMBERSHIP</b></p> <p>AFTZ, COMESA, EAC</p>	<p><b>INFLATION RATE</b></p> <p>8% (#37)</p>
<p><b>GDP AT PPP</b></p> <p>US\$ 163.1 billion (#9)</p>	<p><b>CURRENCY AND GOLD RESERVES</b></p> <p>US\$ 8.06 billion (#8)</p>	<p><b>FDI NET INFLOWS</b></p> <p>US\$ 43 million (#46)</p>	<p><b>BUDGET SURPLUS (+) OR DEFICIT (-)</b></p> <p>-11.7% (#52)</p>

# KENYA POLITICAL ANALYSIS



## POLITICAL OVERVIEW

Government's erratic response to terror attacks by al-Shabaab subdue the organisation for lengths of time, but then new attacks occur. Eleven years after beginning a terror campaign against Kenya in 2008, al-Shabaab mounted a major offensive in January 2019. In their pursuit of the extremists, security forces have also been responsible for serious human rights violations, according to Human Rights Watch.

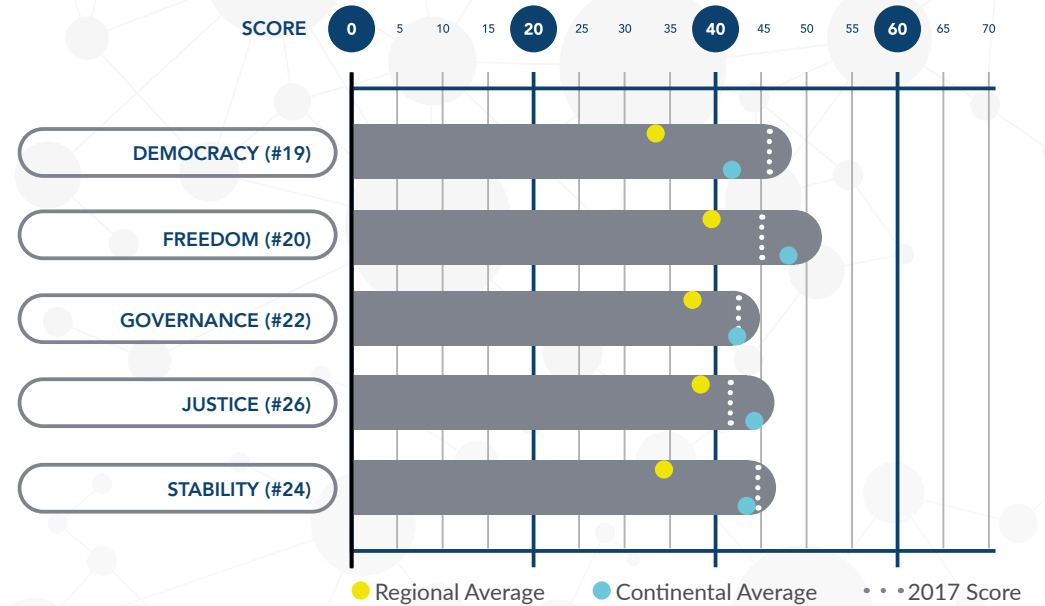
Kenya's political stability rests in President Kenyatta's accommodation of opposition parties. The opposition boycotted the second 2017 presidential elections ordered by the country's Supreme Court after the first polling was declared flawed by the court. Kenyatta has a fixed base of supporters and is popular and skilled

at political strategy. However, both of these qualities have usually deployed to firm his personal power and that of his ruling political party, the Jubilee Party. If opposition parties are frozen out of a role in national governance, the alienation of excluded politicians and their constituents could lead to violence. This is particularly because Kenya's political parties have strong ethnic bases. Kenyans are active on social media, which is uncensored and where anti-Jubilee Party sentiments are widespread. Kenya's position in the Politics quadrant is much lower than their other quadrants. However, Kenya reached 21<sup>st</sup> place, a rise of four ranks, based on high segment scores in Freedom and Governance and despite a paradoxically reduced score in Democracy.

## POLITICAL DATA COMMENTARY

<p>Kenya data availability <b>100%</b></p>	<p><b>REGIONAL AVERAGE</b> 74.88%</p>	<p><b>AFRICAN AVERAGE</b> 82.86%</p>	<p><b>CONTINENTAL RANK</b> #1</p>
	<p>Maintaining a consistent trend with previous quadrants, Kenya scores a perfect 100% for political data availability, thus ranking 1<sup>st</sup> on the continent along with 6 other countries. Comparatively speaking, Kenya remains a strong regional leader and far exceeds the respective regional and continental averages of 74.78% and 82.86%. This performance can be largely attributed to the long-established and deeply entrenched practice of multiparty democracy.</p>		

## POLITICAL SCORES & RANKINGS



## POLITICAL STATISTICS

<p><b>NUMBER OF POLITICAL PARTIES</b></p> <p>12 (#22)</p>	<p><b>MILITARY EXP AS % OF GDP</b></p> <p>1.3% (#18)</p>	<p><b>REFUGEE INFLOW</b></p> <p>736,658 (#29)</p>	<p><b>NUMBER OF RIGHTS</b></p> <p>72 (#5)</p>
<p><b>DATE OF INDEPENDENCE</b></p> <p>12/12/1963</p>	<p><b>NET OFFICIAL DEVELOPMENT ASSISTANCE</b></p> <p>US\$ 2,189 million (#4)</p>	<p><b>WOMEN IN PARLIAMENT</b></p> <p>21.8% (#24)</p>	<p><b>CAPITAL PUNISHMENT</b></p> <p>Special Cases</p>

# KENYA SOCIETAL ANALYSIS



## SOCIETAL OVERVIEW

With 36% of Kenyans living in poverty and the 11% of children who are malnourished, many Kenyans need to benefit more from the country's economic growth. The evidence of inequity's damage can often be subtle: the diminished learning capacity of under-fed children, the draining vitality of individuals denied decent healthcare and the slow erosion of marginal land due to bad land management. The physical evidence of national inequality is also apparent in the absence of good rail links and roads, public facilities, like schools and hospitals, and the unevenness of energy and communications linkages in rural areas and urban slums.

One of Kenya's primary social necessities is to reverse the brain drain of the nation's young minds and capable workers. Since

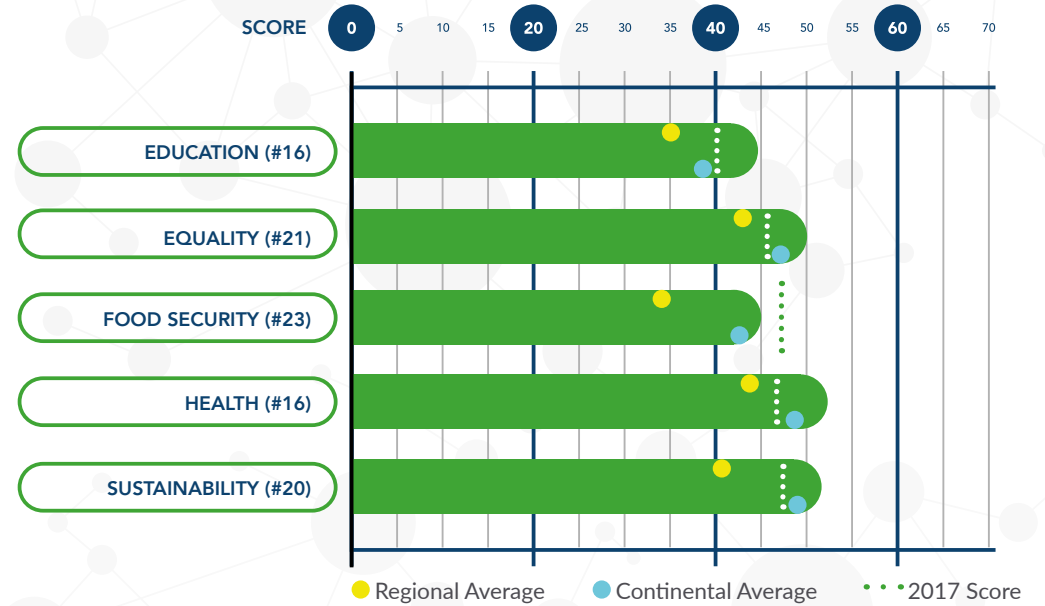
the colonial era, Kenyans have immigrated to Europe for schooling and jobs. The Kenyan diaspora remains one of the largest from an African country today. A lack of opportunity for Kenyan youth also poses a national security dilemma; al-Shabaab has found fertile recruiting grounds in the country's north, among unemployed and socially alienated young Kenyan males.

Due to mixed segment score placements, Kenya rose by only one rank in the Society quadrant to 15<sup>th</sup> place. Kenya fell in the segments of Food Security, by seven ranks, and Sustainability, by two positions. However, Kenya rose in the segments of Education, Equality and Health.

## SOCIETAL DATA COMMENTARY

<p>Kenya data availability <b>100%</b></p>	<p><b>REGIONAL AVERAGE</b> 63.78%</p>	<p><b>AFRICAN AVERAGE</b> 75.28%</p>	<p><b>CONTINENTAL RANK</b> #1</p>
	<p>Finally, Kenya once gain scores a perfect 100% for societal data availability, thus attaining a continental rank of 1<sup>st</sup> alongside 5 other countries. This also compares highly favourably with the respective regional and continental averages of 63.78% and 75.28%. Unlike other East African countries, in which comprehensive societal data collection often proves fairly problematic, Kenya boasts a full complement of societal data from government agencies, NGOs and associated international multilateral institutions such as the UN.</p>		

## SOCIETAL SCORES & RANKINGS



## SOCIETAL STATISTICS

<p><b>POPULATION SIZE AND GROWTH RATE</b></p> <p>47,615,739 at 1.69% p.a (#7)</p>	<p><b>LIFE EXPECTANCY</b></p> <p>64.3 years (#18)</p>	<p><b>HIV PREVALENCE</b></p> <p>5.4% (#12)</p>	<p><b>SEXUALITY TOLERANCE</b></p> <p>Illegal</p>
<p><b>ACCESS TO DRINKING WATER</b></p> <p>63.2% (#37)</p>	<p><b>HEALTH EXPENDITURE (% OF GDP)</b></p> <p>5.22% (#32)</p>	<p><b>PRIMARY EXPENDITURE (% OF EDU. TOTAL)</b></p> <p>36.34% (#28)</p>	<p><b>SOCIAL MEDIA PENETRATION</b></p> <p>14% (#18)</p>

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