



Kenya

Kenya: Background

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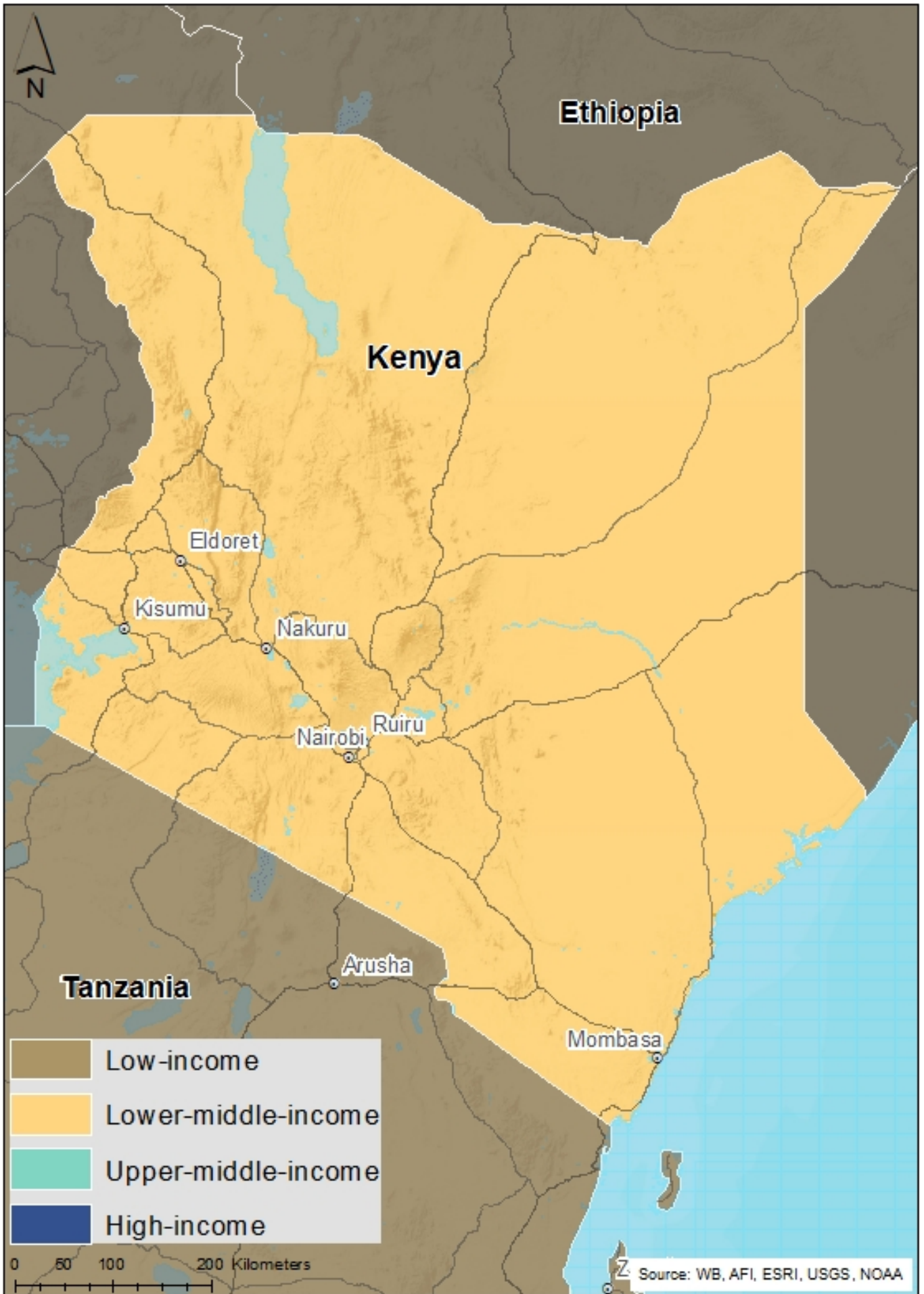
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Background

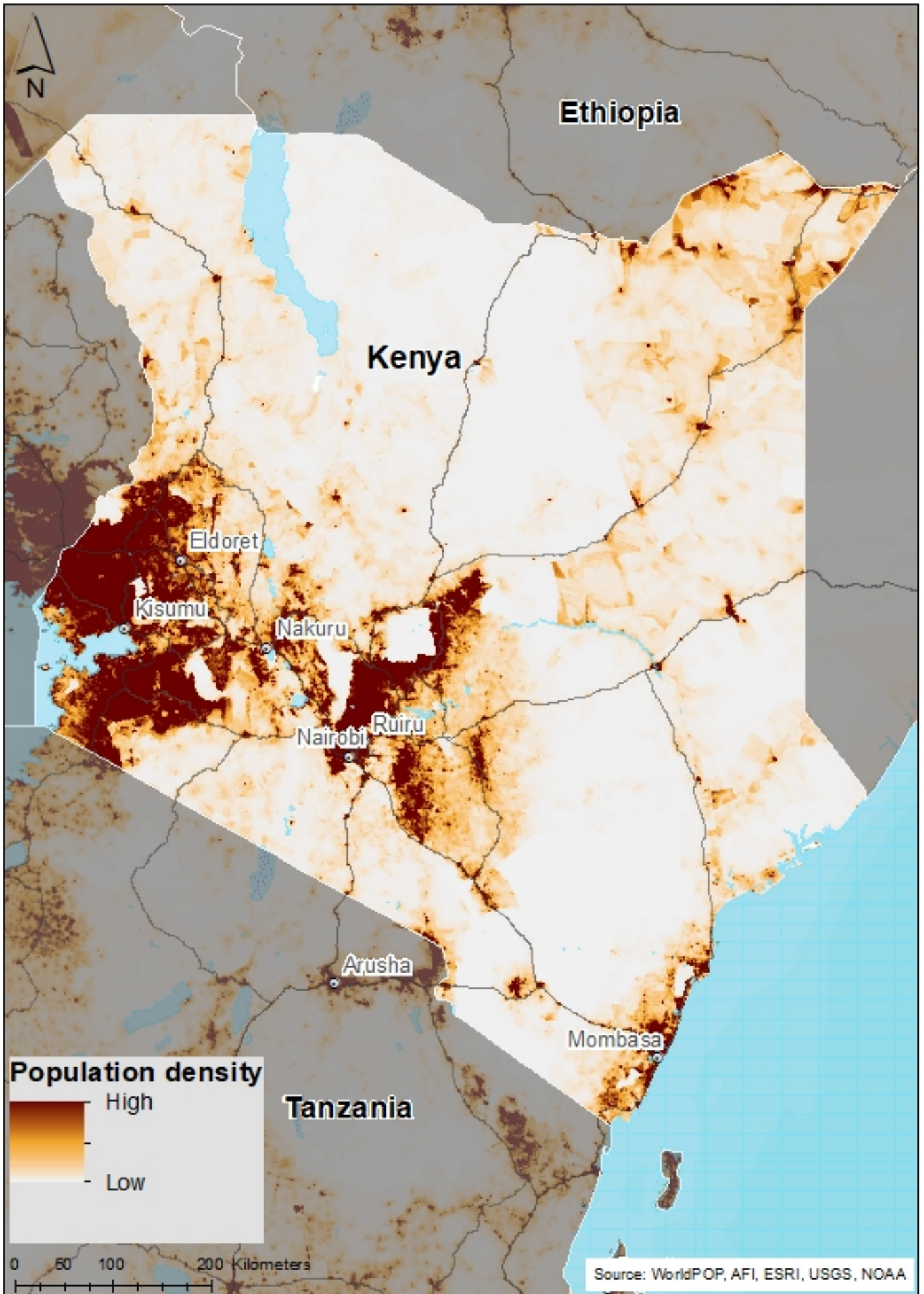
Chart 1: Political map of Kenya



Kenya, a lower middle-income country in East Africa, is bordered by South Sudan to the north-west, Ethiopia to the north, Somalia to the east, Uganda to the west, Tanzania to the south, and the Indian Ocean to the south-east. As a member of the Intergovernmental Authority on Development (IGAD), the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), Kenya is a critical commercial hub on the continent. Its economy is the largest in East Africa and the third largest in sub-Saharan Africa.

Kenya gained independence in 1963 and became a republic a year later with Jomo Kenyatta becoming the first president after his release from detention. In 1966, an opposition party, the Kenya People's Union (KPU), was formed, but it was banned shortly after and its leaders were arrested. This made the country a de facto one-party state, legally confirmed as such by the national assembly in June 1982.[1] In 1991, the Parliament of Kenya annulled the one-party constitutional provision which paved the way for multiparty elections and democracy. Consequently, the country transitioned to a multiparty political system in 1992, with elections held every five years. From then, Kenya was relatively peaceful and stable, until the political crises in 2007/08 after former president Mwai Kibaki was declared the winner of the disputed presidential election. This led to reforms with the promulgation of the 2010 constitution that established a bicameral legislature, devolved the country's executive government and instituted a tenured judiciary and the Independent Electoral and Boundaries Commission (IEBC).[2]

Chart 2: Population distribution map of Kenya



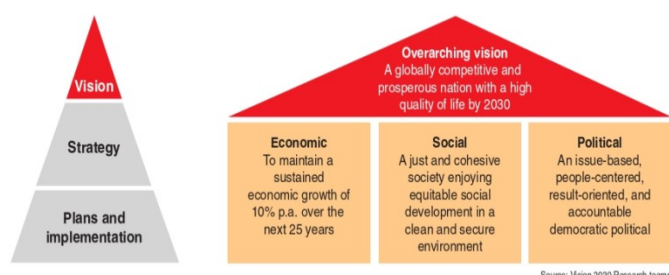
The country covers an area of 580 367 km² and had a population of about 47.6 million in 2019. Its geography and climate vary widely, including cold, snow-capped mountaintops, vast forests with abundant wildlife, fertile agricultural regions and temperate climates in the western and Rift Valley counties, and arid and semi-arid areas that are less fertile.

Administratively, Kenya is divided into 47 semi-autonomous counties that are headed by governors. The capital of Kenya, and its largest city, is Nairobi, but there are also other significant and large cities, such as Mombasa (the oldest city and original capital), Kisumu City and Nakuru city. The official languages of the country are English and Swahili, although there are a number of ethnicities, each with their own language.

Kenya has titanium, gold, and coal deposits as well as copper, niobium, manganese, oil and gas reserves. It also holds other natural and mineral resources such as zinc, soda ash, salt, limestone, gemstones, gypsum, fluorspar, diatomite, thermal and wind power.[3] The country produces agricultural commodities such as maize, tea, coffee, rice, wheat, sugar, livestock, cut flowers and vegetables. Resultantly, its principal exports include tea, cut flowers, refined petroleum, vegetables and coffee.[4]

Vision 2030 and Medium Terms Plans

Chart 3: Thematic overview of Kenya national development plan



The Kenya Vision 2030 launched in 2008 is the long-term development blueprint for the country. It is an aspirational development plan aimed at transforming Kenya into ‘a newly industrializing, middle-income country providing a high quality of life to all its citizens by the 2030.’^[5] Prior to the adoption of Vision 2030, the country pursued the Economic Recovery Strategy for Wealth and Employment Creation that was credited with increasing GDP growth from 0.6% in 2002 to about 7.1% in 2007.



Vision 2030 is anchored on three main pillars: economic, social and political. The economic pillar is to improve the prosperity of all Kenyans through an economic development programme that will achieve an average GDP growth rate of 10% per annum starting in 2012.^[6] The social pillar seeks to attain a ‘just and cohesive society with social equity in a clean and secure environment,’ while the political pillar endeavours to ‘realize a democratic political system founded on issue-based politics that respects the rule of law and protects the rights and freedoms of every individual in Kenyan society.’^[7]

Each of the three pillars is made up of several sectors with a number of ‘flagship projects’ underpinning them.^[8] The economic pillar focuses on structural transformation of the economy and infrastructure development. The social pillar focuses on increasing access to basic social services including education, health, and water and sanitation facilities with emphasis on marginalised and vulnerable groups such as women and the youth.^[9] The political pillar focuses on the public sector which has already led to the promulgation of a new constitution. The Medium Term Plans (MTPs) outlined detailed plans for each sector under each pillar for five years. Vision 2030 further recognises reforms in eight key strategic sectors expected to ‘form the foundation of society for socio-political and economic growth.’ These include macroeconomic stability; infrastructure; energy; science, technology and innovation; land reform; human resources development; security; and public sector reforms.

The Vision 2030 is linked to the Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs). It is also aligned with the African Union’s Agenda 2063 framework. The Vision 2030 is to be implemented in phases through successive five-year MTPs. The first MTP (MTP1) was implemented from 2008 to 2012, the second (MTP2) from 2013 to 2017, and the third (MTP3) from 2018 to 2022. Under the first two MTPs, the country made significant progress in growing the economy and reducing extreme poverty. Between 2010 and 2019, the economy grew at an average of 5%.^[10]

Likewise, according to the 2015/16 Kenya Integrated Household Budget Survey, poverty levels (at US\$1.90) declined from 46% in 2005 to 36.1% in 2015.[11] The country moved from 129th position in 2013 to 61st position in 2019 on the World Bank Ease of Doing Business report.[12] However, despite this progress, the economy still faces a number of challenges.

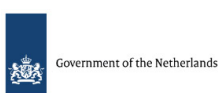
The MTP3 was launched in December 2017 by then President Uhuru Kenyatta and is based on the 'the Big 4 Agenda', which seeks to prioritise interventions in manufacturing, food and nutrition security, and health and affordable housing. It seeks to build on the progress of the MTP1 and the MPT2 by achieving an economic growth rate of 7% at the end of the implementation period.[13] According to the MTP3, critical challenges facing the country include overreliance on rainfall for agriculture, low manufacturing and export growth, persistent trade and balance of payment deficit, low investment, high unemployment rates, high cost of doing business, high energy cost, increasing cost of living, and high food prices.[14] The World Bank also identifies the key development challenges of the country that include high levels of poverty and inequality, weak private sector investment, corruption, climate change, and susceptibility to internal and external shocks.[15]

Like all other economies, the COVID-19 pandemic greatly affected the Kenyan economy. In 2020, the economy shrunk by 0.3% from the 5% growth rate it recorded in the previous year.[16] With declining revenue and increased government expenditure, total public debt grew from 59.5% of GDP in 2019 to 65.8% in 2020 with a fiscal deficit of 7.9%.[17] This put the country at the risk of debt distress with rising debt servicing costs. The current account deficit also widened to 5.2% of GDP in 2021 due to the rising trade deficit and is expected to deteriorate further as a result of higher food and fuel import bills.[18] Likewise, a rising inflation rate, due to the Ukraine–Russian war, has resulted in skyrocketing prices for crude oil and other essential imports to Kenya. Nonetheless, the economy has shown signs of recovery with an estimated growth rate of 7.5% in 2022 and forecasted growth of 6.5% for 2023 and 6.9% in 2024. With the resumption of the IMF-supported fiscal consolidation and debt management programme, the fiscal deficit is expected to reduce in the coming years.[19]

Endnotes

1. Embassy of the Republic of Kenya Japan, [A brief history of Kenya](#)
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Mr Enoch Randy Aikins joined the AFI in May 2021. Before that, Enoch was a research and programmes officer at the Institute for Democratic Governance in Accra. He also worked as a research assistant (economic division) with the Institute for Statistical Social and Economic Research at the University of Ghana. Enoch's interests include African politics and governance, economic development, public sector reform, poverty and inequality. He has an MPhil in economics from the University of Ghana, Legon.

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