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DRIVING THE BUSINESS OF TRADE AND INVESTMENT

# Country Targeting Strategy 2011/12

## Country Intelligence

**Kenya**



**December 2011**

The data and analysis in this report are meant for information only, and do not constitute the views of Knowledge Management or those of TIKZN

## Country background and economic overview

Founding president and liberation struggle icon Jomo KENYATTA led Kenya from independence in 1963 until his death in 1978, when President Daniel Toroitich Arap MOI took power in a constitutional succession. The country was a de facto one-party state from 1969 until 1982 when the ruling Kenya African National Union (KANU) made itself the sole legal party in Kenya. MOI acceded to internal and external pressure for political liberalization in late 1991. The ethnically fractured opposition failed to dislodge KANU from power in elections in 1992 and 1997, which were marred by violence and fraud, but were viewed as having generally reflected the will of the Kenyan people. President MOI stepped down in December 2002 following fair and peaceful elections. Mwai KIBAKI, running as the candidate of the multiethnic, united opposition group, the National Rainbow Coalition (NARC), defeated KANU candidate Uhuru KENYATTA and assumed the presidency following a campaign centered on an anticorruption platform. KIBAKI's NARC coalition splintered in 2005 over the constitutional review process. Government defectors joined with KANU to form a new opposition coalition, the Orange Democratic Movement, which defeated the government's draft constitution in a popular referendum in November 2005. KIBAKI's reelection in December 2007 brought charges of vote rigging from ODM candidate Raila ODINGA and unleashed two months of violence in which as many as 1,500 people died. UN-sponsored talks in late February produced a powersharing accord bringing ODINGA into the government in the restored position of prime minister. In August 2010, Kenya adopted a new constitution that eliminates the role of prime minister after the next presidential elections in 2012.

Although the regional hub for trade and finance in East Africa, Kenya has been hampered by corruption and by reliance upon several primary goods whose prices have remained low. In 1997, the IMF suspended Kenya's Enhanced Structural Adjustment Program due to the government's failure to maintain reforms and curb corruption. The IMF, which had resumed loans in 2000 to help Kenya through a drought, again halted lending in 2001 when the government failed to institute several anticorruption measures. In the key December 2002 elections, Daniel Arap MOI's 24-year-old reign ended, and a new opposition government took on the formidable economic problems facing the nation. After some early progress in rooting out corruption and encouraging donor support, the KIBAKI government was rocked by high-level graft scandals in 2005 and 2006. In 2006, the World Bank and IMF delayed loans pending action by the government on corruption. The international financial institutions and donors have since resumed lending, despite little action on the government's part to deal with corruption. Post-election violence in early 2008, coupled with the effects of the global financial crisis on remittance and exports, reduced estimated GDP growth to 2% or lower in 2008, but the economy rebounded in 2009-10.

## Country statistics

Indicator	Measure	Rank
<b>Geography</b>		
Area	580,367 sq km	48
	land: 569,140 sq km	
	water: 11,227 sq km	
Coastline	536 km	
Natural resources	limestone, soda ash, salt, gemstones, fluorspar, zinc, diatomite, gypsum, wildlife, hydropower	
Land use	arable land: 8.01%	
	permanent crops: 0.97%	
	other: 91.02% (2005)	
Irrigated land	1,030 sq km (2008)	
<b>Demographics and population development</b>		
Population size	41,070,934 (July 2011 est.)	33
Population structure	0-14 years: 42.2%	
	15-64 years: 55.1%	
	65 years and over: 2.7% (2011 est.)	
Popn growth rate	2.462% (2011 est.)	29
Net migration rate	0 migrant(s)/1,000 population (2011 est.)	91
Urbanization	22% (2010)	
	growth: 4.2% (2010-15 est.)	
Sex ratio	1.01 male(s)/female (2011 est.)	
Life expectancy at birth	59.48 years (2011 est.)	188
Total fertility rate	4.19 children born/woman (2011 est.)	38
HIV prevalence rate	6.3% (2009 est.)	10
Literacy rate	85.1% (2003 est.)	
School life expectancy	11 years (2009)	
<b>The economy</b>		
Currency	Kenyan shilling; 79.217/US\$ (2010 est.); 77.352 (2009)	
GDP (PPP)	total: \$66.03 bn (2010 est.)	83
	growth: 5% (2010 est.); 2.6% (2009 est.)	73
	per capita: \$1,600 (2010 est.)	197
GDP composition	agriculture: 22%	
	industry: 16%	

Indicator	Measure	Rank
	services: 62% (2010 est.)	
Labour force	17.9 million (2010 est.)	33
	unemp rate: 40% (2008 est.)	188
Labour force by occupation	agriculture: 75%	
	industry & services: 25% (2007 est.)	
Poverty rate	45.9% (2005 est.)	
Gross investment (% of GDP)	19.8% of GDP (2010 est.)	118
Public debt	47.7% of GDP (2009 est.)	23
Inflation rate	4% (2010 est.); 16.3 bn% (2009 est.)	131
Commercial bank prime rate	14.37% (Dec 2008)	61
Agricultural products	tea, coffee, corn, wheat, sugarcane, fruit, vegetables; dairy products, beef, pork, poultry, eggs	
Industries	small-scale consumer goods (plastic, furniture, batteries, textiles, clothing, soap, cigarettes, flour), agricultural products, horticulture, oil refining; aluminum, steel, lead; cement, commercial ship repair, tourism	
Electricity	production: 6.69 bn kWh (2008 est.)	103
	consumption: 5.74 bn kWh (2008 est.)	110
Oil	production: 0 bbl/day (2008 est.)	117
	consumption: 78,000 bbl/day (2009 est.)	86
	reserves: 0 bbl (1 Jan 2009 est.)	166
	exports: 8,061 bbl/day (2009 est.)	98
	imports: 80,160 bbl/day (2009 est.)	73
	consumption: 0 cu m (2008 est.)	151
Current account balance	-\$2.024 million (2010 est.)	159
Trade	exports: \$5.22 bn (2010 est.); \$4.502 bn (2009)	109
	imports: \$11.2 bn (2010 est.); \$9.492 bn (2009)	86
Export commodities	tea, horticultural products, coffee, petroleum products, fish, cement	
Import commodities	machinery and transportation equipment, petroleum products, motor vehicles, iron and steel, resins and plastics	
Export partners	Uganda 10.9%, Tanzania 9.8%, UK 8.8%,	

Indicator	Measure	Rank
	Netherlands 8.2%, US 5.8%, Egypt 4.7%; DRC 4.3% (2010)	
Import partners	China 13.6%, India 13.4%, UAE 9.7%, South Africa 8.4%, Saudi Arabia 6.8%, Japan 4.7% (2010)	
Reserves of forex & AU	\$4.32 million (2010 est.); \$3.85 million (2009)	91
FDI stock	at home: \$2.262 bn (Dec 2010 est.)	88
	abroad: \$306.4 million (Dec 2010 est.); \$288.4 million (2009)	77
<b>Communications</b>		
Telephones	mainlines: 460,100 (2010)	101
	mobile cellular: 24.969 million (2010)	36
Internet	country code: .ke	
	hosts: 47,676 (2010)	90
	users: 3.996 million (2010)	59
<b>Transportation</b>		
Airports	191 (2010)	33
	with paved runways: 17	
	with unpaved runways: 174	
Pipelines	oil 4 km; refined products 928 km (2010)	
Railways	2,066 km	71
Roadways	160,886 km	32
Ports and terminals	Mombasa	

#### Data sources

Central Intelligence Agency [CIA]; *the World Factbook*. [www.cia.org](http://www.cia.org). Accessed: December 1, 2011

World Bank. 2011. African Development Indicators.