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DRIVING THE BUSINESS OF TRADE AND INVESTMENT

Country Targeting Strategy 2011/12

Country Intelligence

Kenya



December 2011

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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 |
|--|--|------|
| Geography | | |
| 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) | |
| Demographics and population development | | |
| 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) | |
| The economy | | |
| 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 |
| Communications | | |
| 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 |
| Transportation | | |
| 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. Accessed: December 1, 2011

World Bank. 2011. African Development Indicators.