

KENYA ECONOMIC UPDATE

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Fiscal Consolidation

Inclusive Growth

Women Economic Empowerment

GDP

Growth

Slowdown

Building Women's Human Capital

Gender Gaps

Improved Macro Environment

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Special Focus on Women's Economic Empowerment

**Special Focus on
Women's Economic Empowerment**

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ABBREVIATIONS

AfCFTA	African Continental Free Trade Area	KSh	Kenya Shilling
ALMPs	Active Labor Market Programs	KYEOP	Kenya Youth and Opportunities Project
ASAL	Arid and Semi-Arid Land	m/m	Month-on-Month
bbl	Barrel of crude oil	MPC	Monetary Policy Meeting
CBK	Central Bank of Kenya	MTP	Medium-Term Plan
CBR	Central Bank Rate	NEET	Not in Education or Employment
EAC	East African Community	NGEC	National Gender and Equality Commission
EMDEs	Emerging Market and Developing Economies	NPLs	Non-Performing Loans
EPAG	Economic Empowerment of Adolescent Girls	NYOTA	National Youth Employment and Opportunities Towards Advancement
EU-EPA	European Union Economic Partnership Agreement	PMI	Purchasing Managers Index
FDI	Foreign Direct Investment	PV	Present Value
FGM	Female Genital Mutilation	Q1, Q2, Q3, Q4	First quarter, second quarter, third quarter, Fourth quarter
FY	Financial Year	SRH	Sexual and Reproductive Health
GBV	Gender-based violence	SSA	Sub-Saharan Africa
GDP	Gross Domestic Product	STEM	Science, Technology, Engineering and Mathematics
GoK	Government of Kenya	UNICEF	United Nations Children's Fund
ICT	Information and Communication Technology	US\$	United States Dollar
IMF	International Monetary Fund	WBL	Business and the Law
KDHS	Kenya Demographic and Health Survey	WEE	Women's Economic Empowerment
KNBS	Kenya National Bureau of Statistics	y/y	Year-on-Year



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The Kenya Economic Update (KEU) is a World Bank report series produced twice a year that assesses recent economic and social developments and prospects in Kenya, and places these in a longer-term and global context. Through special topics, the KEU also examines selected policy issues and medium-term development challenges in Kenya. It is intended for a wide audience, including policymakers, business leaders, financial market participants, and the community of analysts and professionals engaged in Kenya's changing economy.

The production of the KEU is led by the Macroeconomics, Trade and Investment (MTI) Global Practice team for Kenya. The first part – Recent Economic Developments and Outlook and Risks – was produced by Naomi Mathenge, Angélique Umutesi, Jorge Tudela Pye and Stanley Mutinda (all MTI) and logistical support from Anne Khatimba. The second part – Special Topic on Women's Economic Empowerment: – was produced by the Education, Poverty and Equity, and Social Protection Global Practice teams for Kenya. The team comprised Precious Zikhali, Lorena Torres, Shubha Chakravarty, Pedro Cerdan-Infantes, Nduati Kariuki, Phyllis Machio, Stephen Okiya, and Federica Ricaldi. Other contributors include Mits Motohashi, Nathan Rono Tuimising, Maina Gachoya and Grace Njeru. Vera Rosauer and Keziah Muthembwa managed communication and dissemination while Robert Waiharo helped with the design. Logistical assistance during the preparation of this report was provided by Anne Khatimba.

The report was prepared under the overall guidance of Abha Prasad (Practice Manager, MTI), Rinku Murgai (Practice Manager, Poverty and Equity), Meskerem Mulatu (Practice Manager, Education), Suleiman Namara (Practice Manager, Social Protection), Marek Hanusch (Program Leader, Equitable Growth, Finance and Institutions for Kenya, Rwanda, Somalia and Uganda), Hassan Zaman (Regional Director for Eastern and Southern Africa), Qimiao Fan (Country Director for Kenya, Rwanda, Somalia and Uganda) and Anne Margareth Bakilana (Manager, Operations, for Kenya, Rwanda, Somalia and Uganda). The report benefited from excellent peer reviews from Samer Naji Matta (Senior Economist) and Ana Maria Munoz Boudet (Senior Economist) as well as comments from Tom Bundervoet (Lead Economist, Poverty and Equity). The report benefited from valuable regular discussions with officials at the National Treasury, Central Bank of Kenya, the Kenya National Bureau of Statistics and the International Monetary Fund.

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For questions about this report please email nmathenge@worldbank.org.

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EXECUTIVE SUMMARY

The global economy is stabilizing, with moderate growth projected to continue through 2025-26. Global growth reached 2.6 percent in 2023 and is expected to remain steady in 2024 before slightly increasing in the subsequent years. This improvement is supported by declining inflation, a recovery in trade, and easing financial conditions despite ongoing geopolitical tensions and high interest rates. Commodity prices are expected to continue their declining trend despite still being above pre-pandemic levels, with a decline in 2023 and continued their downward trend in 2024. Regional prospects in Sub-Saharan Africa (SSA) are more optimistic, with real GDP growth forecast to reach 3 percent in 2024, accelerating to 4 percent by 2025-26, driven by falling inflation and stronger private investment, though challenges like high debt levels persist.

Kenya's macroeconomic environment improved in 2024, following a tighter macroeconomic policy framework.

While inflation is receding, from a high of 6.9 percent in January to 2.8 in November 2024, the Kenyan shilling has stabilized after appreciating by almost 20 percent earlier in the year and is one of the best performing currencies in emerging market and developing economies (EMDEs). International reserves are now assessed as adequate, reaching US\$9,007 million, its highest number in the last two years, and above the Central Bank of Kenya's statutory requirement of 4.0 months of import cover. Improved external conditions, a stronger macroeconomic policy framework, and support from International Financial Institutions allowed for the February 2024 bond issuances – the Eurobond and infrastructure bond – which restored confidence in Kenya's markets and in its ability to finance itself to repay its debt obligations.

Still, GDP growth is decelerating as Kenya faced a multiplicity of challenges during the year. Severe floods experienced in the country in April 2024, subdued business sentiment following the mid-2024 protests, and reduced public spending amid ongoing fiscal consolidation efforts are weighing on headline growth and the overall macroeconomic performance for Kenya in 2024. Real GDP expanded by 5 percent during the first quarter (Q1-24) and by 4.6 percent during the second quarter (Q2-24), compared to 5.6 percent for the full year of 2023. These figures are closer to Kenya's pre-pandemic average (4.6 percent per year in 2011-2019) and its potential growth (which the World Bank estimates at 4.7 percent).

Fiscal consolidation continues to be key to sustain inclusive growth going forward. The improved macroeconomic environment is heavily reliant on Kenya's sustained ability to meet its fiscal consolidation targets; nevertheless, continuous fiscal slippages risk the progress made. While the fiscal deficit narrowed slightly from 5.6 percent of GDP in FY2022/23 to 5.3 percent in FY2023/24, it remained above target of 4.7 percent of GDP due to lower-than-expected revenue and rising debt service costs. Total revenue increased modestly to 17.2 percent in FY2023/24 from 16.7 percent in the previous FY, driven by higher VAT and departmental fees, but still fell short of expectations. Government expenditure grew, with a large portion of revenue allocated to debt servicing, leaving little room for social and developmental spending. This ongoing fiscal pressure continues to hinder the government's ability to reduce the deficit and achieve long-term fiscal sustainability.

Kenya's debt remains sustainable although the country is classified in high risk of debt distress.

Kenya saw a slight reduction in the debt-to-GDP ratio, largely due to the appreciation of the shilling, which reduced the value of external debt in local currency terms. The country continues to face high risks of debt distress, with several key debt sustainability indicators remaining above the critical thresholds. Domestic debt now represents a larger share of the total debt portfolio, reflecting increased reliance on high-interest domestic borrowing to meet financing needs. While the government has made efforts to shift towards concessional external loans and longer-term domestic securities to manage refinancing risks, debt servicing costs continue to be high and rising, placing additional pressures on fiscal space and limiting resources available for essential public services.

The external sector has shown signs of improvement, with a narrowing current account deficit, driven by higher goods exports and resilient remittances.

Goods export saw a 2.8 percent increase in the year to August 2024, with tea and horticulture exports performing well, although manufactured goods exports declined by 4 percent. Services exports, particularly from tourism, have been weak, with tourism receipts falling. On the positive side, remittances increased by 10.7 percent, supporting FX inflows. Kenya's foreign reserves have been increasing, providing coverage above the statutory requirement of four months of imports. The shilling has remained stable since the sharp appreciation of February 2024, supported by a strong reserve position in 2024 relative to 2023.



The tight monetary policy framework contained inflation, bringing it down to 2.8 percent by November 2024. Private sector credit growth is slowing down, reflecting higher interest rates, reduced demand for loans, and crowding out by government borrowing. Non-performing loans (NPLs) increased to 14.3 percent, signaling rising credit risks. The CBK reduced the Central Bank Rate (CBR) in the last three Monetary Policy meetings (MPC)—from 13.0 percent in August 2024 to 11.25 percent in December 2024. Despite challenges, the banking sector remains well-capitalized with strong liquidity, and profitability continues to grow, offering resilience amid economic headwinds.

In the medium-term, economic growth is projected to gradually recover, although structural imbalances hinder Kenya's ability to create more and better jobs for its population. Supported by private investment, export growth, and consumer spending, growth is expected to pick up from the estimated 4.7 percent in 2024 to 5.1 percent on average in 2025-2026. The agriculture and services sectors will continue to drive economic expansion, though the overall pace of growth will depend on how well the government manages fiscal reforms and addresses rising debt levels. To sustain inclusive growth with more and better jobs, Kenya should address structural challenges, including ones related to fiscal sustainability, governance, weakening exports, lagging productivity growth, and increased frequency and intensity of climate shocks. Key risks to the outlook include further fiscal slippages, extreme weather events, and external economic challenges. On the upside, successful implementation of structural reforms and an improved global economic environment could strengthen the outlook, though fiscal discipline and prudent debt management will remain critical for long-term stability.

Broadening economic participation through women's economic empowerment is essential for easing Kenya's socioeconomic pressures. Empowering women—enabling them to actively participate in, control, and benefit from income-generating activities, while also building their voice and agency—presents a powerful opportunity to boost productivity and foster inclusive growth. Recent evidence shows that closing gender gaps in education and labor market access could increase Kenya's GDP by up to 10 percent. Women's economic empowerment drives gender equality, reduces poverty, boosts government revenues, and improves social outcomes, including better education and health for families. It also helps address regional disparities and promotes more equitable growth.

The Government of Kenya is committed to advancing women's economic empowerment through a

progressive legal and policy framework; however, significant gender gaps in economic outcomes persist. While the Constitution promotes gender equality across all spheres, and national plans like Kenya Vision 2030 stress the need for equal access to opportunities, challenges remain. Young women are more likely to be neither in education, employment, nor training (NEET). Women report lower employment rates than men, regardless of location, age, or education. In addition, women face higher rates of unpaid labor, wider earnings gaps, and disparities in asset ownership. These inequalities are especially pronounced in rural and ASAL – arid and semi-arid lands – areas, contributing to the country's regional disparities.

Persistent gender economic gaps in Kenya are driven by a complex interplay of factors across the life cycle. Key areas such as early childhood development, education, age at family formation, sexual and reproductive health, and social norms are central to understanding women's economic outcomes. While improvements in early childhood development have laid a foundation for better socioeconomic outcomes, challenges in quality and equity remain. Despite progress in education, women still lag behind men, particularly in rural and ASAL areas. Early marriage and parenthood exacerbate gender disparities in economic participation and earnings, with girls in ASAL counties and poorer backgrounds facing earlier family responsibilities. Social norms not only impact women's sexual and reproductive health but also limit their economic potential.

Achieving lasting progress in women's economic empowerment requires a comprehensive, multisectoral approach that addresses the interconnected challenges women face throughout their lives. This approach should focus on: (i) building women's human capital by improving education access and quality, especially in disadvantaged counties; (ii) addressing social norms and protecting human capital by addressing teenage pregnancies and early marriages; (iii) enhancing access to economic opportunities and leadership by facilitating school-to-work transitions and better job access; and (iv) tackling gender-based violence (GBV) through early interventions in schools and for out-of-school adolescents. A successful strategy also relies on timely, high-quality sex-and-gender-disaggregated data, including information on vulnerable populations such as the poor, women in ASALs, and refugees. This data is crucial for developing effective policies and tracking progress toward women's economic empowerment. Promoting women's economic empowerment does not mean leaving men behind; correcting economic gender imbalances benefits everyone and contributes to the country's overall development.

The State of Kenya's Economy



1. Recent Economic Developments

1.1 The global and regional economy

The global economy is stabilizing as financial conditions improve, inflation moderates, and trade recovers. Global growth reached 2.6 percent in 2023 and is projected to hold steady in 2024, before slightly increasing to 2.7 percent in 2025-26. The global economic outlook has been improving, as global inflation continues its decline while international trade recovers, supported by a rebound in the global demand for goods. Moreover, despite geopolitical tensions and still relatively high interest rates, global financial conditions are easing. Softening labor markets and declining core inflation prompted the U.S. Federal Reserve to cut its policy rate by 50-basis points in September, supporting expectations of further cuts in U.S. interest rates. The USA is expected to grow by 2.5 percent this year and moderate to 1.6 percent in 2025, diverging from the euro area, which will continue to see weaker growth during the forecasted period (0.7 percent in 2024 and 1.4 percent in 2025-26). Economic activity in China is expected to continue its downward trend and reach 4.8 percent GDP growth in 2024 and between 4.0-4.1 percent in 2025-26, driven by a sluggish domestic demand and weaker investment outlook. These events are expected to slow down EMDEs growth, which is projected to reach 4.0 percent in 2024 and maintain relatively flat during the 2025-26 horizon.¹

Commodity prices are expected to continue their declining trend over the forecast period. Despite still being above pre-pandemic levels, commodity prices fell in 2023 and continued their downward trend in 2024. Energy prices decreased in September, following a 3 percent drop in August (m/m) and are expected to decline by 5.7 percent during 2024. Brent crude oil prices fell to US\$74/bbl in September 2024, below its 2023 prices, but are expected to increase to around US\$80/bbl by the end of the year amid increasing geopolitical tensions and a tight supply-demand balance. The metals price index is expected to see little change in 2024-25. On one hand, efforts to reduce global carbon emissions is accelerating demand for various metals and minerals that are crucial to the energy transition. Gold prices are increasing driven by stronger demand from Central Banks and geopolitical tensions; however, as construction demand falls, especially

in China, the price of iron ore is expected to decrease. Food prices are forecast to decrease by 8.4 percent in 2024 and 4 percent in 2025, as prices of grains fall, driven by strong supply. These events are contributing to a decline in global inflation, which is expected to continue in 2024-25 but will remain above its pre-pandemic average beyond 2024).²

Economic activity is expected to rebound in Sub-Saharan Africa (SSA) during 2024, as falling inflation raises the purchasing power of households in the region. Real GDP growth is expected to reach 3 percent during this year and accelerate further to 4 percent in 2025-26. Decreasing inflation, improving external financial conditions, and expectations for additional monetary policy rate cuts are boosting business sentiment and, thus, private investment, with an expectation that these trends continue in 2025. However, real incomes per capita are expected to grow by only 0.5 percent this year, below by 2 percent the 2019 levels and still insufficient to significantly contribute to poverty reduction. Moreover, although fiscal balances continue to improve in the region, elevated debt burdens continue to challenge many African countries. Total debt services are still high, restricting fiscal space for other growth-enhancing investments and tackling the increasing frequency and intensity of climate shocks.³

1.2 Recent developments in Kenya

Kenya's macroeconomic environment improved in 2024, following a tighter monetary policy framework. While inflation is receding, from a high of 6.9 percent in January to 2.8 in November 2024, the Kenyan shilling has stabilized after appreciating almost by 20 percent earlier in the year and is one of the best performing currencies in EMDEs. International reserves are now assessed as adequate, reaching US\$9,007 million, its highest number for the last two years, and above the Central Bank of Kenya's statutory requirement of 4.6 months of import cover. Improved external conditions, a stronger macroeconomic policy framework, and support from International Financial Institutions allowed for the February 2024 bond issuances – the Eurobond and infrastructure bond – which restored confidence in Kenya's markets and in its ability to finance itself to repay its debt obligations.

¹ Source: *Global Economic Prospects, June 2024*.

² Sources: *Commodity Markets Outlook, October 2024*.

³ Source: *Africa Pulse, #30*.

However, progress on fiscal consolidation remains slow given Kenya's fiscal and debt vulnerabilities. Severe floods experienced in the country in April 2024, subdued business sentiment following the mid-2024 protests, and reduced public spending amid ongoing fiscal consolidation efforts are weighing on headline growth and the overall macroeconomic performance for Kenya in 2024. The improved macroeconomic environment is heavily reliant on Kenya's sustained ability to meet its fiscal consolidation targets.

1.3 The real economy

Despite overall improved macroeconomic conditions, Kenya's GDP growth has been decelerating in 2024, following a strong cyclical rebound in 2023. Real GDP expanded by 5.0 percent during the first quarter (Q1-24), year-on-year (y/y), and by 4.6 percent during the second quarter (Q2-24), compared to 5.6 percent for the full year of 2023. These figures are closer to Kenya's pre-pandemic average (4.6 percent per year in 2011-2019) and its potential growth (which the World Bank estimates at 4.7 percent). Compared to 2023, leading indicators show that growth momentum remained softer through Q3.

On the supply side, albeit slowing, the agricultural and services sectors continue to show resilience. During Q2-24, agriculture grew by 4.8 percent y/y, compared to 7.8 percent in Q2-23 and 6.5 percent in 2023; the cyclical rebound experienced in 2023 after two consecutive years of drought is waning. Tea production fell by 0.6 percent during the quarter; however, favorable weather conditions are keeping the broader sector resilient. The April 2024 floods severely affected the livelihood of households, mostly in urban areas, limiting growth in private consumption. Moreover, albeit still high, the accommodation and restaurant subsector saw a pronounced deceleration in growth, from 42.7 percent in Q2-23 to 26.6 percent, as growth in tourist arrivals and overall travel receipts decelerate (Figure 10 in Section 1.4). Consequently, services growth slowed down to 5.5 percent in Q2-24, after 5.9 percent in Q2-23 and 7.0 percent in 2023.

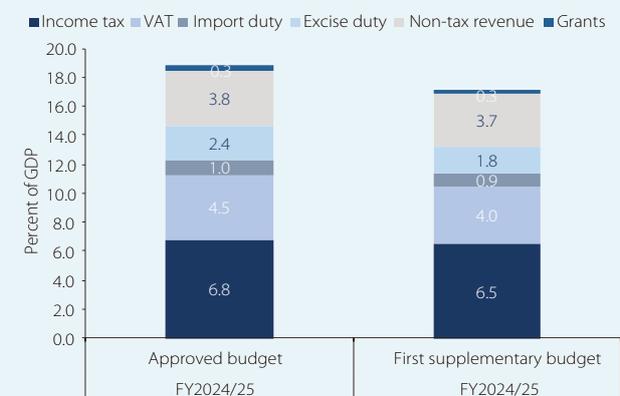
Industry has been losing momentum. The sector grew by 0.6 percent in Q2-24 y/y and 0.1 percent in Q1-24, well below what was already a relatively slow annual growth rate of 1.9 percent in 2023. Weaker housing demand, amid higher real interest rates, partly explain the weakening of

Box 1: Social and political protests against the FY24 Finance Bill

The 2024 Finance Bill, intended to help reduce Kenya's fiscal deficit, sparked social protests. Kenya's revenue performance has deteriorated over the past years, falling from 17.5 percent of GDP in 2018/19 to 16.9 percent in 2023/24, far from the East African Community's convergence criterion of 25 percent. Revenue collections below target have also delayed Kenya's fiscal consolidation process, putting pressure on the public deficit and public debt. To raise additional revenue, the government introduced new revenue measures through the 2024 Finance Bill which sparked protests against higher taxes in light of high cost of living, lack of Jobs and entrepreneurship opportunities for the youth, and declining disposable incomes. Although the Bill was passed in parliament, President Ruto did not ascent to it in light of the protests. The rejection of the Finance Bill required a supplementary budget in August 2024, which reduced the FY25 revenue projections by 1.6 percentage points of GDP.

The efficiency of spending comes into focus. The government introduced alternative revenue measures into parliament; weaker revenue performance will need to be offset by expenditure efficiencies to stay on the fiscal consolidation path. Supplementary budget I introduced budget cuts which, to be sustainable with limited impacts on service delivery, require complementary improvements to the transparency, equitability, and efficiency of spending. The Conflict-of-Interest Bill, under consideration in parliament, coupled with the government's efforts to roll out e-procurement are among the areas for sustainable fiscal savings.

Figure 1: Revenue projections for FY25 have been revised downwards

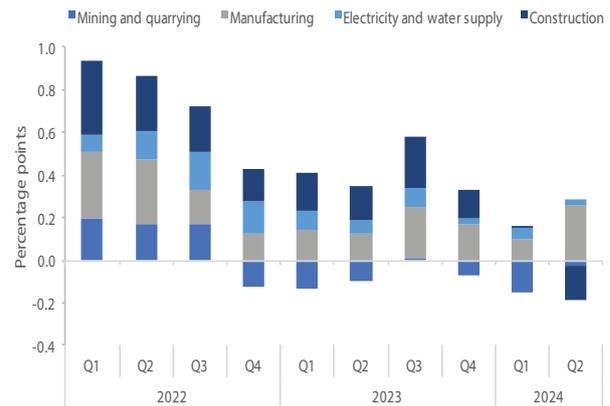


Source: National Treasury and staff calculations



construction; the sector contracted by 2.9 percent during Q2-24 and negatively contributed to headline growth by 0.2 percentage points as cement consumption, imports of iron and steel, and credit to construction firms also plummeted. Manufacturing expanded by 3.2 percent y/y during Q2-24, driven by growth in the subsectors of soft drinks, sugar, and milk. Leading indicators suggest a potential slowdown in Q3-2024. While credit to manufacturing firms fell by 0.5 percent during the period, business sentiment plummeted after the mid-2024 protests; the Purchasing Managers Index (PMI) contracted both in June and July and continued decelerating in September 2024.

Figure 2: Industry contributions to GDP growth
Q1-22 to Q2-24, y/y



Source: Kenya National Bureau of Statistics.

Box 2: Kenya's latest poverty data: Persistent disparities in welfare and employment

Kenya's poverty levels worsened in 2022, with disproportionate impacts in rural areas, highlighting the country's incomplete recovery from shocks. The national poverty rate increased to 39.8 percent in 2022, up from 38.6 percent in 2021, driven by a significant 2.2 percentage point rise in rural areas even as urban poverty showed modest improvement (Figure 3). Kenya continues to suffer from shocks in the post-COVID period with a prolonged drought having affected rural areas and arid counties in particular during 2022. The effect of these shocks has resulted in poverty rates remaining 6 percentage points above pre-COVID levels across both rural and urban areas, translating to 4 million additional Kenyans living in poverty in 2022 compared to 2019.

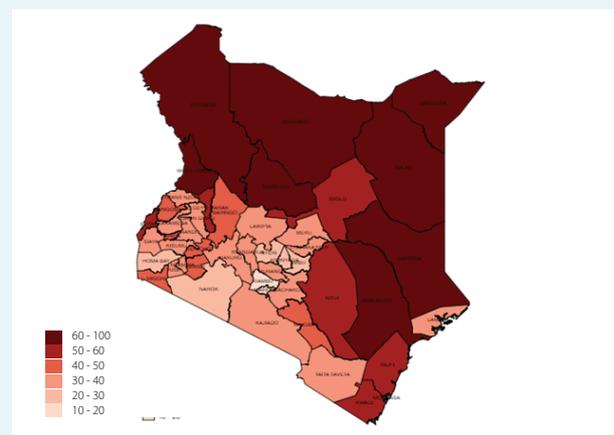
Inequalities and challenges in labor market integration persist across regions and demographic groups, with particular challenges in Kenya's arid areas. The north and northeastern counties have the highest poverty rates (Figure 4). These rates have been consistently higher than the rest of the country reflecting deep-rooted challenges including low agricultural productivity, heightened vulnerability to climate shocks, and limited access to basic services and employment opportunities. In these areas, 73 percent of females are NEET (compared to 42 percent of males), indicating severe barriers for women to access economic opportunities. In addition to the regional disparities, female-headed households also face a 3-percentage point higher likelihood of being poor nationally and across both urban and rural settings in 2022. The recent wave of protests has affected especially youth in urban areas, where unemployment rates are higher and inequalities visible.

Figure 3: Absolute poverty rate, 2005/06 – 2022



Source: Based on Kenya Integrated Household Budget Surveys and Kenya Continuous Household Surveys

Figure 4: Absolute poverty rate by county, 2022



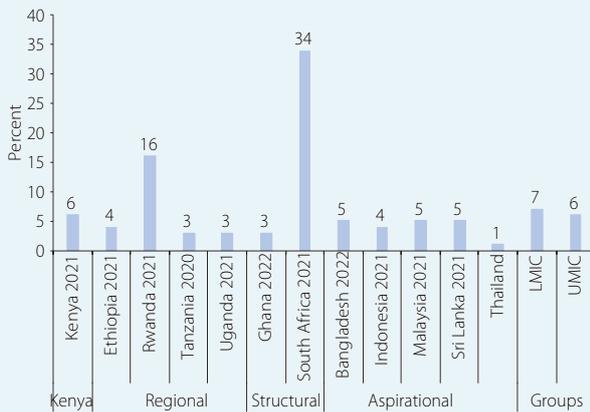
Source: 2022 Kenya Continuous Household Survey

Geographical and demographic disparities significantly also shape Kenya's labor market outcomes. Kenya's unemployment rate of 5.6 percent in 2021 appears moderate when compared to regional peers like Rwanda and South Africa, as well as aspirational comparators like Bangladesh and Malaysia (Figure 5). However, this aggregate figure masks substantial disparities across different population segments. Labor force participation data reveals stark gender differences, with males showing a participation rate of 73 percent compared to 63 percent for females. The disparity is even more pronounced in NEDI (North and Northeastern Development Initiative) regions, where overall labor force participation is

Box 2: Kenya's latest poverty data: Persistent disparities in welfare and employment (contd)

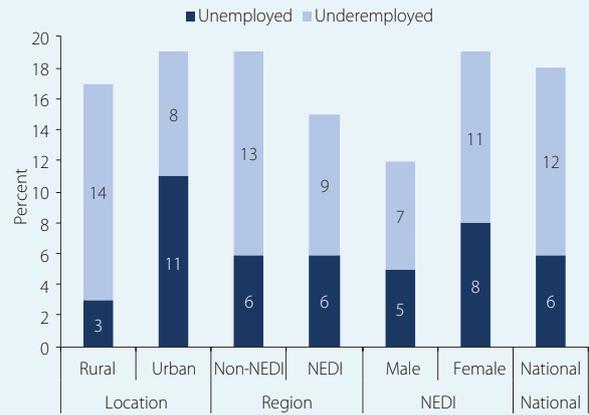
just 56 percent compared to 71 percent in non-NEDI regions. Rural areas, while experiencing a lower unemployment rate, face significantly higher rates of underemployment at 14 percent, compared to 8 percent in urban areas (Figure 6). Women in NEDI regions face higher underemployment rates (11 percent) compared to men (7 percent). Perhaps the most striking disparity affecting NEDI regions is the NEET (Not in Education, Employment, or Training) level for women. While females consistently have higher NEET levels across all age groups compared to males, the difference is especially stark in the 25-34 age range, where 31 percent of women are NEET compared to just 10 percent of men, indicating severe barriers for women in these areas and perhaps stricter social norms affecting girl's empowerment and women in the labor market.

Figure 5: Unemployment rates compared against peer countries, 2021



Source: WDI

Figure 6: Unemployment and underemployment rates, 2021

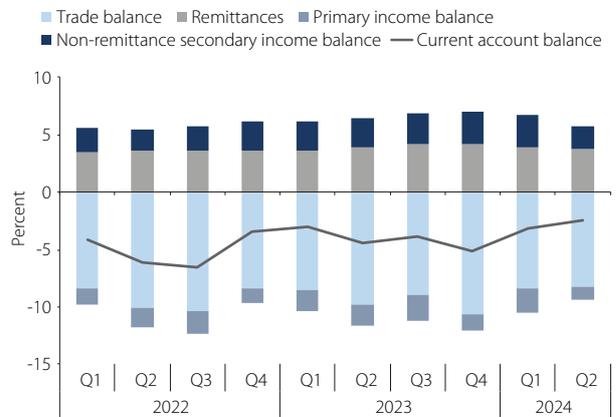


Source: 2021 Kenya Continuous Household Survey

1.4 External sector

Kenya's current account has shown improvement, driven primarily by a recovery in goods exports and continuous growth in remittances. The current account deficit has been narrowing since the second half of 2023 and narrowed further in 2024, averaging US\$4.2 billion in 2024 compared to US\$5.1 billion in 2023. This was as a result of a narrowing trade balance and increasing remittances. The narrower trade balance was supported by a 2.8 percent average increase in goods exports in the year to August 2024 and a 5 percent decline in imports. However, while tea and horticulture exports grew by 3.5 percent and 7 percent on average respectively, manufactured goods exports declined by 4 percent cumulatively over the same period. Services exports have also been contracting sharply. Goods imports declined by 5.1 percent cumulatively in the year to August 2024, despite an improvement in the import of machinery and transport equipment (4.7 percent). Imports of oil products declined by 10.2 percent during the same period despite a decline in oil prices. Improving global economic conditions, including lower inflation across advanced and emerging economies and strong labor markets drove remittances up by 10.7 percent (to 3.7 percent of GDP) over the year to August 2024.

Figure 7: The current account deficit narrowed, supported by higher agricultural exports and resilient remittances

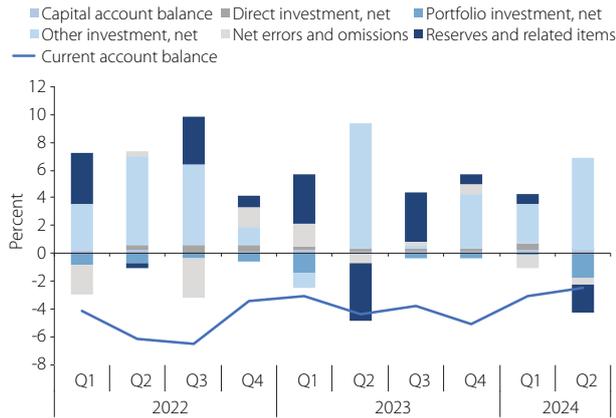


Source: CBK

Private capital inflows remained weak amid increasing debt repayments. In 2024, private capital inflows were subdued, exacerbated by higher debt servicing, including the repayment of the residual US\$500 million Eurobond in June 2024 (after US\$1.5 billion was settled in February). Foreign direct investment (FDI) has also declined, reflecting a broader trend of reduced investor confidence and FDI performance below the regional average. Portfolio and other financial inflows, which had been slowing since 2022, showed some recovery in Q2:2024 (Figure 8), as Kenya regained access to international financial markets following a period of limited external financing in 2023.



Figure 8: Financial inflows remained constrained



Source: CBK and KNBS
*Reserves: - gain / + loss

Growth in tourist arrivals is decelerating as tourism receipts decline. The growth in tourists' arrivals has been declining since its peak after the COVID-19 pandemic, (Figure 9) accompanied by a decline in tourism receipts by 24.9 percent in the first half of 2024 compared with the same period in 2023. The decline in tourists' receipts can also be attributed to a slower growth in tourists from countries with higher purchasing power.

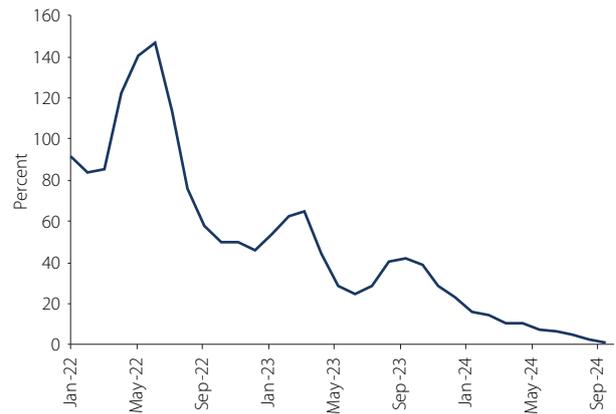
An improving trade balance, diaspora remittances, and external financing have bolstered reserve buffers. As of November 2024, official reserves stood at US\$9,007 million, equivalent to 4.6 months of import cover (Figure 10). These

Figure 10: Official reserves remain sufficient and now above the statutory minimum



Source: CBK

Figure 9: Growth in tourism arrivals (3-month moving average)

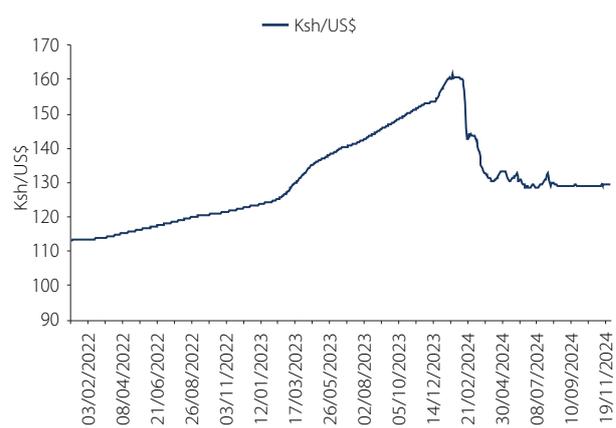


Source: CBK

were bolstered by the Eurobond and the infrastructure bond issuances at the beginning of the year. The reserves meet the Central Bank of Kenya's statutory requirement of maintaining at least four months of import cover.

The shilling has remained stable since the sharp appreciation of February 2024. It appreciated by about 19.0 percent against the US dollar between February and September 2024, supported by the Eurobond buyback in February and has maintained stability since then (Figure 11). This appreciation had marked a reversal of a steep depreciation in 2023. The stability in 2024 has been further supported by a strong reserve position relative to 2023.

Figure 11: The shilling has stabilized against the US dollar since February 2024



Source: CBK

Box 3: Opportunities for effective infrastructure public-private partnerships

Infrastructure is a key platform for job creation, public service delivery, and economic growth. The Kenya Vision 2030 highlights the country's aspiration to be firmly interconnected through a network of roads, railways, ports, airports, water and sanitation facilities, and telecommunications. Thus, infrastructure is central to Kenya's quest to become an industrialized, food-secure, conflict-free, and green high-income country. Kenya needs reliable infrastructure to connect supply chains and efficiently move people, goods and services within the country and across borders.

Closing infrastructure gaps remains a priority in Kenya and the Government is increasingly looking to draw on the private sector innovation, efficiency, and financing solutions to help deliver major infrastructure projects through public-private partnerships (PPPs). Kenya has a progressive PPP framework (policy, legislation, and institutions), implementation of which can be further strengthened, and an initial portfolio of promising PPP projects. Supported under the World Bank-financed Infrastructure Finance and Public-Private Partnerships (IFPPP) Project, the Government has mobilized about US\$1 billion private capital, and currently has 29 projects in the PPP pipeline estimated at \$11 billion at various stages of development. Building on the PPP framework that has been put in place, there is an opportunity for enforcing it and bringing competent private sector partners for successful implementation of infrastructure PPP projects.

Going forward, the country's success in PPP projects will depend on (i) putting in place good governance, oversight, planning, and accountability mechanism with assigned key performance indicators (KPIs), including strengthening of practices around unsolicited project proposals, to foster predictability and confidence in PPP project development; (ii) choosing the right projects that are economically, technically, financially, environmentally, and socially viable and are aligned to sectoral priorities based on a robust planning process; (iii) adopting fair, transparent and competitive bidding process as a preferred method for selecting capable private partners for PPP transactions for better competitive price discovery and value for money; and (iv) using just the right amount of public sector funding to unlock private sector capital into public infrastructure while minimizing the possible adverse impacts on public finance.

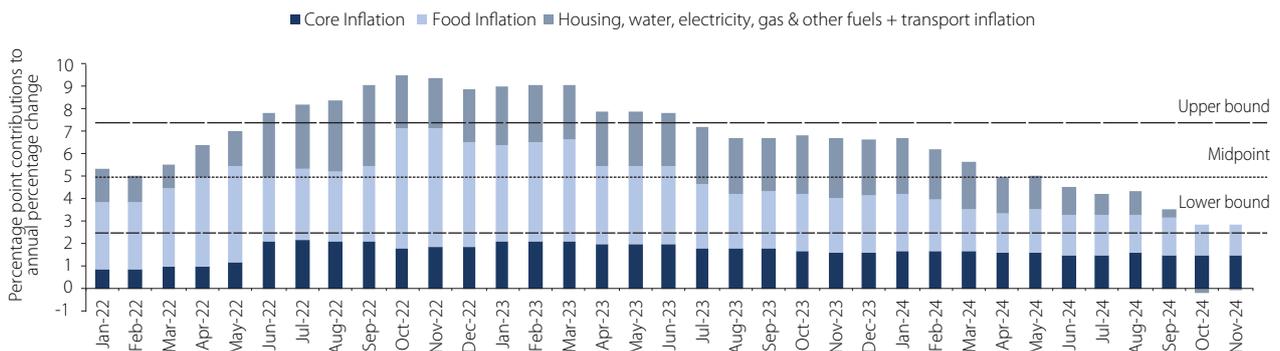
1.5 Monetary and financial sector performance

The tighter monetary policy framework continued to reduce inflationary pressures and contain capital outflows. Headline inflation fell to 2.8 percent by November 2024 (y/y), down from 6.8 percent in November 2023, remaining below the mid-point of the Central Bank of Kenya (CBK) target range of 5 ± 2.5 (Figure 12). Food inflation decreased from 7.6 percent y/y in November 2023 to 4.5 percent in November 2024, driven by a decline in prices of potatoes, onions and cabbages. Energy deflated by 0.5 percent from an inflation of 11.1 percent in the same period due to downward adjustments in pump prices and lower electricity costs. Core inflation remained unchanged at 3.6 percent but its annual average reduced to 3.7 percent in the year to November 2024, down from 4.3 percent in the year to November 2023, reflecting the

effects of tightening monetary policy which also stabilized the shilling, reducing the inflationary pressures from the exchange rate.

The CBK has been gradually easing monetary policy in response to lower inflationary pressures and loosening global financial conditions. Following successive rate hikes in response to domestic and international inflationary pressures, the CBK reduced the Central Bank Rate (CBR) in the last three Monetary Policy Meetings (MPC) from 13.0 percent in August 2024 to 11.25 percent in December 2024. This easing marks a shift from the previous tightening cycle, which effectively stabilized inflation below the midpoint of the target range, partially influenced by a more stable exchange rate. This shift also aligns with ongoing global monetary policy rate cuts, both in advanced and emerging economies.

Figure 12: Inflation eased and remained below the target midpoint



Source: CBK

Private sector credit growth has been on a downward trend, in the context of high interest rates, domestic financing of persistent fiscal deficits, and a stronger shilling. Private sector credit grew by 1.3 percent in August 2024, down from 12.6 percent a year earlier (Figure 13). This slowdown was primarily driven by slower growth in credit to building and construction sector which declined from a growth of 3.0 percent in January 2024 to a contraction by 13.0 percent in August 2024 and manufacturing sector which decreased from a growth of 23.1 percent in January 2024 to a contraction by 6.7 percent in August 2024. However, credit to some sectors grew including mining and quarrying (102.3 percent), agriculture (7.2 percent), and private households (5.9 percent). The overall slowdown in private sector credit growth reflects the effects of a tight monetary policy stance, which has contributed to higher borrowing costs and reduce credit demand. Additionally, the decline is also partly attributable to the government crowding out the private sector following increased domestic borrowing. With monetary policy easing, credit demand is expected to recover as interest rates become more accommodative to support a broader economic rebound.

Non-performing loans (NPLs) have been increasing, highlighting growing credit risks in the banking sector. The overall NPLs ratio rose from 13.0 percent in August 2023 to 14.3 percent in August 2024, the highest in over 17 years (Figure 14). Comparatively, large and medium-sized banks had the lowest NPLs ratio while smaller banks had ratios exceeding the sector average primarily due to their limited risk diversification and higher exposure to risk in their loan portfolios.⁴ This indicates that credit risks remained elevated provisions for increased NPLs. However, despite the increasing NPLs, the banking sector remains strong with adequate provisions for the NPLs and

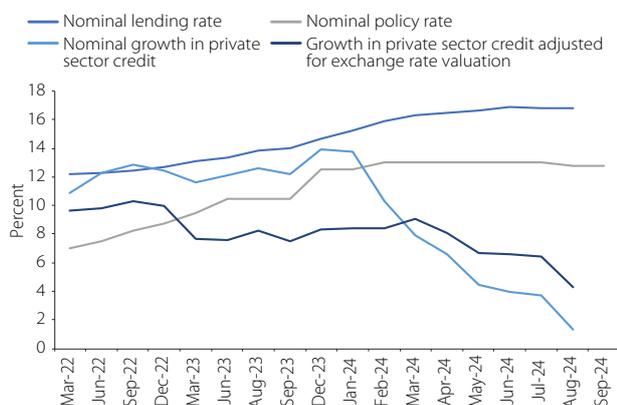
adequate liquidity and capital requirement ratios. As of June 2024, the sector was well capitalized with a capital adequacy ratio of 19.1 percent, which was above the minimum capital requirement of 14.5 percent. The liquidity ratio was 53.5 percent, exceeding the statutory threshold of 20.0 percent. The sector also remained profitable with H1 2024 pre-tax profit growing by 16.1 compared with the same period in 2023.

1.6 Fiscal developments

Fiscal consolidation efforts during the fiscal year (FY) 2023/24 were undermined by revenue underperformance, and the government significantly added to a large stock of pending bills. The fiscal deficit reduced from 5.6 percent of GDP in FY2022/23 to 5.2 percent in FY2023/24. However, the planned fiscal adjustment did not materialize as the overall deficit was higher than the target of 4.7 percent of GDP (initial budget estimate), mainly due to revenue shortfalls and increased financing needs, including elevated debt service costs. Debt vulnerabilities including elevated debt servicing costs, accumulated pending bills, and missing revenue targets remain key challenges.

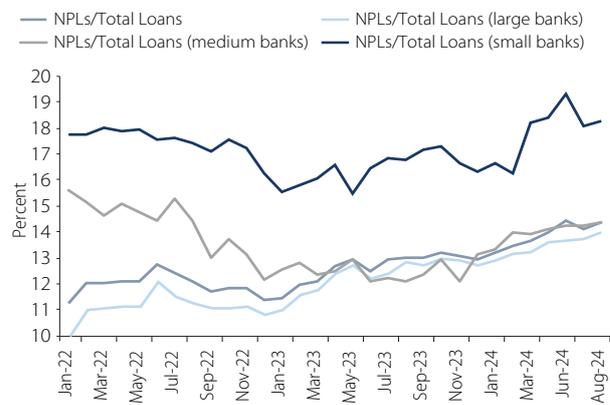
Despite rising in FY2023/24, revenues continue to fall behind targets. Total revenue (including grants) as a share of GDP increased to 16.9 percent in FY2023/24, higher than 16.7 percent in the previous FY, driven by higher value added tax collection and ministerial and departmental fees. Still, revenue collection fell short of the fiscal year target by around 1.9 percent of GDP as all revenue sources underperformed. The Government of Kenya (GoK) introduced tax administration and policy measures in the Finance Bill for FY2023/24 and in the 2023 Tax Laws (Amendment) Bill, which was submitted to Parliament in mid- December 2023.⁵ However, these

Figure 13: Credit to private sector declined amid high interest rates and exchange rate effects on foreign currency loans



Source: CBK

Figure 14: Banks asset quality declined as NPLs continued to increase



Source: CBK

⁴ The Kenyan banking sector has 38 commercial banks, categorized into three tiers: 9 in Tier 1 (large banks), 8 in Tier 2 (medium banks), and 21 in Tier 3 (small banks).

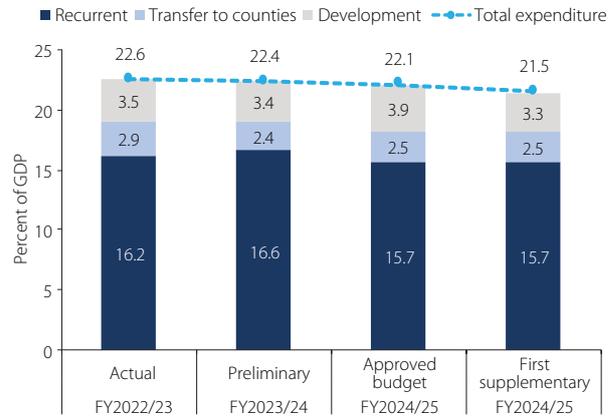
⁵ The Finance Act 2023, passed in June 2023 by the National Assembly despite public opposition has been challenged in court, first in 2023 and again in 2024 on its constitutionality. In both instances, the Supreme Court ruled in favor of the Government enabling its implementation.

measures yielded less than the initially projected revenue due to failure to enact the amendments and possible gaps in tax administration.⁶

Revenue underperformance in FY2023/24 added spending pressures to FY2024/25. Total expenditure as a share of GDP reached 22.4 percent in FY2023/24 which was 1.6 percentage points lower than the final supplementary budget of the year. This was attributed to revenue shortfalls that characterized the year resulting in carryovers to the FY2024/25 budget, including transfers to county governments that were disbursed in the first quarter of FY2024/25.⁷ As reflected in Box 1, the downward revision of revenue projections (by 1.6 percentage points) in the FY2024/25 Supplementary I budget were partly compensated by lower expenditures (0.6 percentage points), mainly from development

expenditure allocations (Figure 15). As a result, expenditures are projected to decline further to 21.5 percent of GDP in FY2024/25.

Figure 15: First supplementary of FY2024/25 – Development expenditure bore the burden of spending cut



Source: The National Treasury

Box 4: Budget credibility and fiscal slippages

Achieving the planned fiscal deficit and reducing the debt burden remains a challenge in many countries as deviations between budget projections and actual outcomes persist. Factors taken into consideration when preparing the budget include the general economic outlook guided by past performance and the prevailing global, regional and domestic conditions. These conditions are important as they inform the revenue prospects. Arguably, reliable revenue and expenditures forecasts contribute to the credibility of the budget, credibility defined here as the degree of deviations between the planned fiscal activities and the outcomes (Jena and Sikdar, 2019).

Kenya's budget process has been characterized by missed revenue targets necessitating expenditure adjustments during budget implementation. The key issue stems from overly optimistic revenue projections leading to revenue shortfalls and thereby missed revenue targets. While supplementary budgets remedy unmet revenue projections, discretion comes to play in determining expenditure cuts resulting in shifts in spending priorities and unmet service delivery promises. At the county level, revenue over projections impact county transfers, constituting and additional spending pressure.

While the fiscal deficit has improved, narrowing from 7.9 percent of GDP in FY2019/20 to 5.2 percent in FY2023/24 (see section 1.6), it falls short of the government targets. The deficit has overshot in four of the past six years highlighting the ongoing challenge in adhering to fiscal consolidation targets. Persistent fiscal slippages not only threaten budget credibility but also diminish investor confidence, likely to increase Kenya's vulnerability to external economic shifts, which can further affect debt sustainability and budget predictability.

Figure 16: Deviations in fiscal deficit targets put pressure on the debt burden



Source: The National Treasury

Enhancing budget credibility removes uncertainty in budget execution and improves the efficiency of government expenditures (Simson and Welham, 2014).⁸ Discussions are ongoing for ensuring realistic revenue projections grounded in realistic economic data and informed by past trends to set more achievable targets. The country should also focus on strengthening tax administration to minimize leakages and improve compliance and support domestic resource mobilization. On the expenditure side, the ongoing fiscal consolidation should be more effective in focusing on reducing non-essential spending to further relieve budgetary pressure. This will reduce the fiscal deficit and reduce reliance on debt financing. These measures can create a more credible budget, reduce fiscal pressures, and lay a stronger foundation for sustainable economic growth.

⁶ IMF/WB Debt Sustainability Analysis (DSA), November 2024.

⁷ Equitable share in FY2023/24 was provided for in the Division of Revenue Act 2023; due to revenue shortfall, the outstanding balance of KSh 30.83 billion was disbursed to county governments in the first quarter of FY2024/25 (<https://deputyresident.go.ke/plans-underway-disburse-money-counties>)

⁸ Simson, R., & Welham, B. (2014). Incredible Budgets: Budget Credibility in Theory and Practice (Working Paper No. 400). Overseas Development Institute.

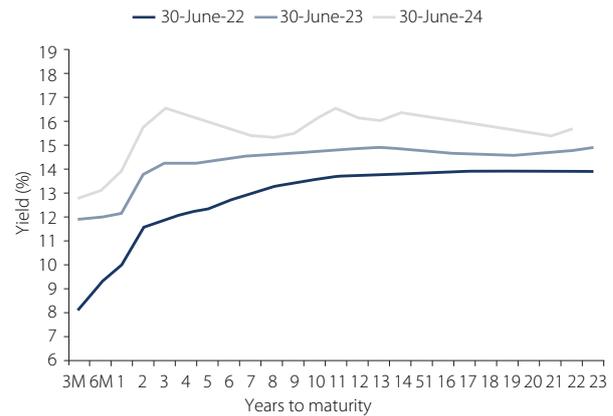
Accumulated pending bills remain elevated but declining. Pending bills declined to KSh 528.4 billion (2.9 percent of GDP) in September 2024 from KSh 516.3 billion (3.2 percent of GDP) in FY2023/24 and KSh 567.5 billion (4.0 percent of GDP) in FY2022/23. With pending bills mounting to about 3.2 percent of GDP by June 2024, if considered in the fiscal framework, the fiscal deficit would have reached 8.4 percent of GDP in FY2023/24.

Interest payments continue to rise and adding spending pressures. Spending pressures from interest payments mounted during FY2023/24, reaching 5.3 percent of GDP and accounting for almost 1/3 percent of total revenues and grants. Rising interest payments (estimated at 5.6 percent of GDP in FY2024/25) leaves limited fiscal space for spending on social and productive sectors. Nevertheless, government has contained expenditures including on wages and benefits, and development expenditure, which experienced a contraction as a share of GDP in FY2023/24.

Kenyan sovereign credit ratings were downgraded after the rejection of the 2024 Finance Bill. The budget gap emerging from the rejected 2024 Finance Bill put Kenya on a more challenging fiscal path—resulting in downgrades of Kenya's sovereign credit rating by Moody's, S&P, and Fitch in July/August 2024. Increased interest payments and debt servicing have led to a surge in domestic borrowing, pushing Kenya's yield curve upward, which further crowds out the private sector. To minimize its financing costs, Kenya prioritizes concessional borrowing over high-yield commercial debt. For domestic financing, the government has prioritized issuing medium-to-long-term debt securities to lengthen the maturity of domestic debt and reduce refinancing risk.

The appreciation of the shilling reduced the public debt-to-GDP ratio in FY2023/24; however, the overall and external debt remain at high risk of debt distress. Total public debt decreased to 65.7 percent in FY2023/24 from 72.0 percent in the previous year, as the appreciation

Figure 17: Increased domestic borrowing pushed Kenya's yield curve upward



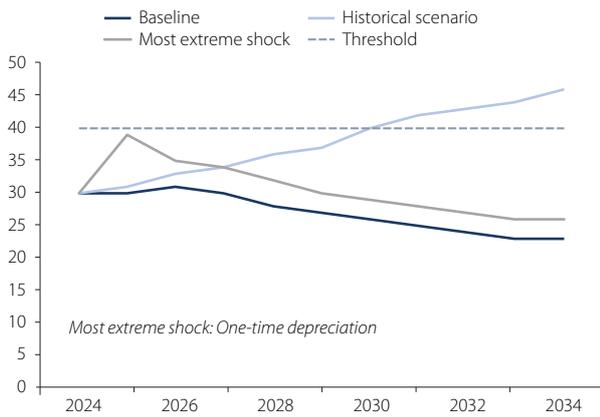
Source: CBK

reduced the shilling-value of external debt. However, the risk of debt distress remains high. Under the World Bank-IMF Debt Sustainability Analysis, external debt indicators in terms of revenue and exports breach their respective thresholds under the baseline scenario (present value of external debt to exports, debt service to exports, and debt service to revenue), while the present value of total public debt-to-GDP ratio remains above the 55 percent benchmark through 2029 (Figure 18).

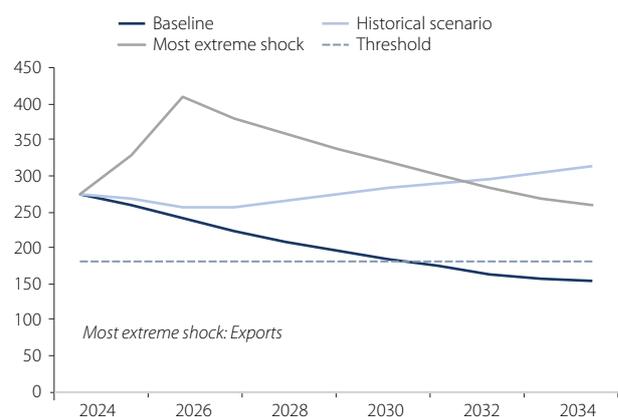
Domestic debt is now Kenya's largest liability. Following increased domestic borrowing and the appreciation of the shilling in FY2023/24, the composition of total public debt changed toward domestic debt, accounting for 51.1 percent of total debt, while the share of external debt declined to 48.9 percent in FY2023/24 from 53.0 percent in FY2022/23. Domestic debt vulnerabilities arise from high yields and declining maturity periods. The average years to maturity of domestic debt declined to 7.3 in FY2023/24 from 8.5 in FY2022/23; treasury bonds account for a larger share of domestic debt (86.9 percent in FY2023/24). Regarding external debt, the largest share of external debt remains from multilateral creditors (53.9 percent in FY2023/24), consistent with prioritizing concessional borrowing, while the share of commercial creditors has been declining.

Figure 18: The risk of external debt distress is assessed high following sustained breaches of sustainability thresholds by solvency and liquidity indicators under the baseline scenario

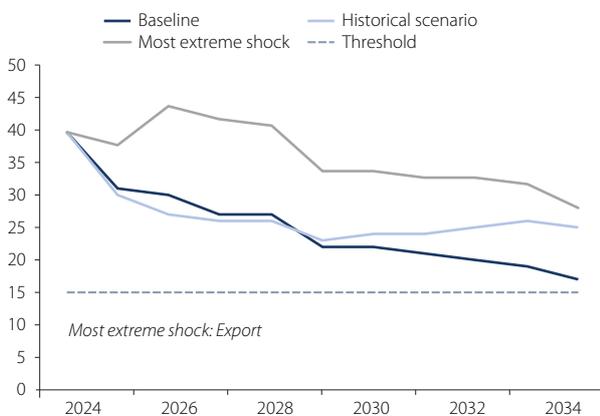
a. PV of debt-to GDP ratio



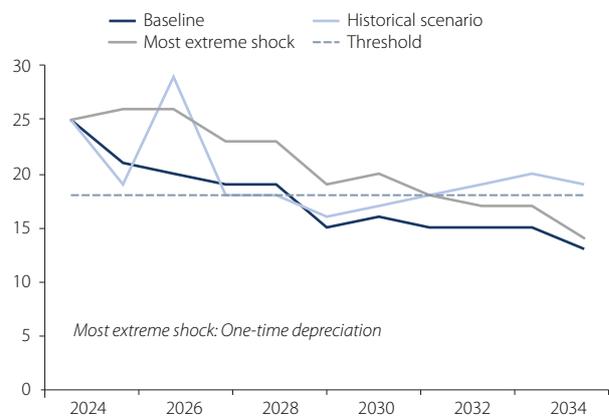
b. PV of debt-to exports ratio



c. Debt service-to-exports ratio



d. Debt service-to-revenue ratio



Source: World Bank – IMF Debt Sustainability Analysis, November 2024.

2. Outlook and Risks

2.1 Outlook

Kenya's real GDP is projected only to gradually pickup in the medium term; structural imbalances still hinder Kenya's goal of sustained and inclusive growth that create more and better jobs for its population. Growth in 2024 is estimated at 4.7 percent, a downward revision from the June 2024 economic update following headwinds that have already impacted headline growth during the year including severe floods in Q2-24, subdued business sentiment following the mid-2024 protests, a tighter monetary policy, and ongoing fiscal consolidation. However, while this is lower compared to the growth in 2023, and lower than previously projected, it is still in line with Kenya's potential growth (4.7 percent) and EAC peers' average (4.7 percent), and above the Sub-Saharan African average (3.0 percent). Looking ahead, Kenya is projected to grow by 5.1 percent on average in 2025-2026, assuming only a gradual pick up of private investment, export growth,

and resilient private consumption. To sustain inclusive growth with more and better jobs, Kenya should address structural challenges, including ones related to fiscal sustainability, governance, weakening exports, lagging productivity growth, and vulnerability to climate shocks.

Private consumption is expected to continue driving economic growth. Lower inflation, adequate weather conditions, and easing monetary conditions will support disposable incomes of households and firms. Moreover, remittance inflows to Kenya are projected to remain resilient and provide further support. Improved business confidence, adherence to projected fiscal consolidation by the government, and a stable exchange rate will support a recovery in private investment. However, growth of public consumption and public investment is projected to remain subdued due to the planned fiscal adjustment in the medium term.

On the supply side, resilience of agriculture and services will continue to drive growth. The agriculture sector in Kenya remains a key driver of growth, jobs, and poverty reduction. Agriculture is projected to grow at 5.0 percent on average in the medium term, supported by adequate weather and availability of inputs following easing of global inflation. Linkages with other subsectors will boost the food processing industries, merchandise exports, as well as households' incomes. The industrial sector is projected to pick up slightly in 2025 due to reduced cost of production and stable exchange rate. Performance in the services sector is projected to remain stable, with a projected growth of 5.6 percent on average over the medium term. Furthermore, wholesale and retail trade are expected to continue recording strong growth as credit growth to this sector improves. Projected lower fuel prices will support growth in transport; while planned reforms in the ICT sector will support improvements in productivity over the medium term.

The government projects sustained fiscal consolidation in the medium term. The risk of fiscal slippages identified in the previous Kenya Economic Update materialized in 2024, as revenue shortfalls resulted in additional spending cuts, and rising financing needs resulted in increased domestic borrowing. Following the withdrawal of the Finance Bill 2024, the government adjusted its fiscal consolidation path to accommodate increased financing needs and lower revenue projections in the medium term. Yet the fiscal deficit is projected to narrow to 4.3 percent of GDP in FY2024/25 and 3.8 percent of GDP in FY2025/26, with a primary surplus of 1.6 percent. Total revenue including grants is projected to rise during FY2024/25 – FY2025/26, largely underpinned by non-tax measures, continued leveraging on technology to improve tax collection, sealing revenue loopholes, and increased ministerial and departmental fees through services they offer to the public. On the expenditure side, the government is expected to continue containing non-priority spending while safeguarding social spending. Planned policies to support expenditure rationalization include continuing containing the wage bill and increasing spending efficiency. In addition, transparency of spending will be supported by ongoing transitioning from cash to accrual basis of accounting (launched in October 2024/25) to improve resources management (all assets and liabilities) and enhance financial and fiscal reporting, which are important for data-informed decision making.

Keeping inflation within the CBK's target range is expected to support credit growth. Sustained low inflationary pressures, consistent with easing global inflation and lower domestic food prices, are expected to lead to a more accommodative monetary policy, eventually supporting private-sector credit growth. Also, resilience in remittance inflows and government efforts to raise revenue and sustain a low fiscal deficit in the medium term are expected to keep the shilling stable.

Kenya's external position is projected to remain stable in the medium term. The current account deficit is projected in the range of 4.0 to 4.1 percent of GDP. Export growth is expected to improve in the medium term in the context of strong GDP growth in Kenya's trading partners, continued implementation of trade agreements (EAC, EU-EPA and AfCFTA) and the ongoing structural reform agenda. Further, receipts from travel/tourism and remittances are projected to remain steady as global economic activity firms up. The baseline assumes a recovery in imports underpinned by a stable exchange rate and increased domestic demand. The projected current account deficit is expected to be financed by a steady capital inflow from both government borrowing (mostly on concessional terms) and private inflows, as FDI and other private capital inflows recover in the context of improved business sentiments and easing global financial conditions.

While projected GDP growth will increase per capita incomes, its effect on medium-term poverty reduction remains unclear in light of past trends. While Kenya's per capita GDP level increased by 40 percent between 2005 and 2021, the US\$2.15 poverty rate remained unchanged at 36 percent. The COVID-19 pandemic and a succession of weather-related shocks have partly contributed to this, and Kenya's economic growth has been insufficiently inclusive. The government's focus on improving productivity of key value chains could be an important driver of growth and poverty reduction. However, for a more inclusive growth agenda, there is a need to focus on new sources of growth as well as new approaches. One such approach is broadening the participation of women and redefining the gendered roles in economic growth to ensure that men and women contribute equally to economic growth and development. Promoting such gender equality in economic participation enhances aggregate productivity, reduces poverty, and fosters sustainable economic growth. Part 2 of this KEU focuses on women's economic empowerment as an avenue to unlocking Kenya's inclusive growth and poverty reduction.

The baseline assumes the government's planned climate actions to support growth and fiscal consolidation.

Although the baseline assumes adequate weather conditions, Kenya remains vulnerable to climate change shocks including floods, drought, and warmer-than-average temperatures. The planned government interventions towards climate change adaptation and mitigation measures in the forecast horizon include rehabilitation of wetlands (with the ongoing preparation of land reclamation bill/policy targeted to be completed in FY2024/25) and reforestation (Kenya launched a tree planting initiative in 2022 with an aim to plant 15 billion trees nationwide by 2032). These actions are expected to generate economic co-benefits including, among others, sustainable land use for increased agricultural yields, improved bio-diversity conservation and time savings from enhanced urban mobility and access to resources such as treated piped water. These savings can be redirected to other economic activities, further boosting economic growth. These actions come at a cost, but the long-term benefits outweigh the costs.⁹

2.2 Downside risks

Kenya's economic outlook faces significant downside risks. Fiscal slippages could further undermine debt sustainability and private sector-led growth. To achieve fiscal targets and ensure long-term fiscal sustainability, the country must place greater emphasis on fiscal

consolidation. However, for fiscal consolidation to be effective, it must be socially acceptable and equitable. This requires that consolidation efforts prioritize efficiency in the budget and increasing the overall progressivity of public finances.

Failure to meet fiscal targets would exacerbate Kenya's debt vulnerabilities and threaten macroeconomic stability. Delays in implementing structural and fiscal reforms may further impede private investment and employment growth, challenging Kenya's economic recovery. Continued high levels of domestic borrowing would further crowd out the private sector. Moreover, rising debt service repayments would reduce the government's ability to implement countercyclical policies during economic downturns. Maintaining fiscal discipline remains key to reducing debt accumulation and macroeconomic vulnerabilities.

Furthermore, Kenya's increasing vulnerability to extreme weather conditions, including droughts and floods, poses a serious threat to agricultural output and infrastructure. After experiencing two consecutive years of drought in 2021 and 2022, the long rains between March and June 2024 caused severe flooding, leading to loss of life, damage to infrastructure, the death of livestock, and displacement of people. An estimated 315 people were killed while more than 293,200 people (58,641 families)

Table 1: Key economic indicators and forecast, 2021 to 2026 (percent, unless otherwise stated)

	2021	2022	2023	2024 e	2025 f	2026 f
Real GDP growth, at constant market prices	7.6	4.9	5.6	4.7	5.0	5.1
Private consumption	6.4	3.3	6.2	5.6	5.4	5.4
Government consumption	6.0	8.1	3.5	2.0	1.5	1.9
Gross fixed capital investment	10.8	-0.8	1.9	2.1	5.5	7.1
Exports, goods, and services	15.3	11.9	-4.5	5.5	9.8	10.1
Imports, goods, and services	22.2	4.6	-3.1	2.5	5.6	7.2
Real GDP growth, at constant factor prices	7.1	4.5	5.4	4.7	5.0	5.1
Agriculture	-0.4	-1.5	6.5	4.8	5.0	5.1
Industry	7.5	3.9	1.9	0.9	2.9	3.6
Services	9.6	6.6	6.2	5.8	5.6	5.6
Inflation (consumer price index)	6.1	7.6	7.7	5.0	5.0	5.0
Current account balance (% of GDP)	-5.2	-5.0	-4.0	-4.0	-4.1	-4.1
Net foreign direct investment inflow (% of GDP)	0.0	0.3	0.2	0.8	1.0	1.3
Fiscal balance (% of GDP)*	-7.5	-6.2	-5.6	-5.2	-4.3	-3.8
Revenues (% of GDP)	17.3	17.6	16.7	16.9	17.2	17.9
Debt (% of GDP)	68.4	68.0	72.0	65.7	62.8	60.5
Primary balance (% of GDP)	-3.4	-1.6	-0.8	0.1	1.3	1.6

Source: World Bank staff calculations based on KNBS, The National Treasury, and the Central Bank of Kenya.

Note*: Fiscal year runs from July 1 to June 30; 2021 = FY2020/21

⁹ See <https://openknowledge.worldbank.org/entities/publication/b59c453d-c2cb-421d-909d-7c05cb0d4580> for cost estimates for select climate investments.

were displaced, while affecting the livelihoods of many other Kenyans. As extreme weather events become more frequent, the agricultural sector might be severely hit, worsening food security, and increasing the risk of water-borne diseases. Climate change mitigation and adaptation remain top policy priorities.

Externally, slower growth in Kenya's key trading partners could potentially weaken demand for Kenyan exports. This would reduce foreign exchange earnings and impact sectors like agriculture and manufacturing. Additionally, a decline in remittance inflows—an essential income source for many households—could dampen domestic consumption, limiting overall economic growth. Furthermore, international geopolitical instability may

exacerbate these challenges. Kenya relies heavily on oil and fertilizer imports, hence fluctuations in oil prices due to such instability could increase fuel and fertilizer costs and overall inflation. If conflicts disrupt trade routes, it could lead to further supply chain challenges, compounding the economic pressures faced by the country.

Upside risks include faster than expected reform implementation and a better external environment. Fast-tracked structural reforms under the government's Medium-Term Plan (MTP) IV, faster-than-expected normalization of global financing conditions, and continued lower international fuel and food prices would have a positive impact on Kenya's economic outlook.

Table 2: Key policy priorities to address Kenya's underlying structural challenges

Policy priority	Recommendation
Reduce debt vulnerabilities	Bring down the debt burden to 55 percent of GDP by 2029 from the current level (measured in present value terms), consistent with Kenya's debt anchor, through continued domestic revenue mobilization, expenditure rationalization, and growth enhancing measures.
Improve efficiency, transparency, and accountability of public spending	Improve the cash, public procurement, wage bill, and public investment management systems to reduce inefficiencies and wastages at various levels of government.
Boost domestic revenues and improve the progressivity of tax policy	Implement the Medium-Term Revenue Strategy (MTRS) to expand the revenue base, improve tax compliance, and reassess current tax instruments. This should be coupled with improvement in the progressivity and fairness of the tax policy.



SPECIAL FOCUS



3. Women's Economic Empowerment: Key to Unlocking Kenya's Inclusive Growth

Kenya has made notable progress in improving the legal and regulatory framework for gender equality. The country has advanced in creating legal support for women's economic participation, particularly in areas such as marriage and mobility. The Government commitment has also translated into gender parity in primary and secondary education.

Despite progress, however, women continue to experience disproportionately poor economic outcomes. The transition from education to the labor market presents numerous obstacles for women. While Kenya's female labor force participation, similar to its Sub-Saharan peers, is relatively high compared to global averages,¹⁰ it consistently trails that of men across all age and education levels. In addition, women face systemic disadvantages in the quality of jobs, being overrepresented in unpaid labor and lower-paying, less secure occupations.¹¹ Their earnings lag significantly behind that of men across all sectors, with an overall gender pay gap of 38 percent, highlighting economic disparities that persist despite educational advancements. Moreover, societal norms that encourage early marriage and parenting for girls amplify these inequalities, limiting their access to education and steering them into less lucrative economic opportunities, stressing the need for multifaceted strategies to address these ingrained barriers.

This special focus is based on a comprehensive analysis of Kenya's progress and challenges in enhancing women's economic empowerment (WEE). It addresses three overarching questions: (i) What progress has Kenya made in closing gender gaps in economic outcomes? (ii) What factors contribute to the persistence of these gaps? (iii) What policies and strategies can effectively enhance women's economic empowerment? Central to this analysis is the recognition that WEE is more than increasing women's participation in the workforce; it is a transformative process that allows women to actively participate in, control, and benefit from income-generating activities, while also building their voice and

agency. True empowerment extends beyond employment and earnings to encompass autonomy, education, health, and protection from violence—factors that are deeply interconnected with economic participation and success. Examining these multifaceted dimensions, this special focus presents a comprehensive view of women's challenges and opportunities, emphasizing both the structural and cultural barriers that hinder their full economic integration, and proposes targeted interventions spanning girls' and women's life cycles.¹²

This special focus is timely, given Kenya's challenging macro-fiscal environment, which calls for renewed attention to new sources of economic growth. Enhancing women's economic empowerment is one such opportunity.

3.1 Economic empowerment of women is a key opportunity for Kenya's inclusive growth

Enhanced women's economic empowerment (WEE) is a key opportunity to boost Kenya's productivity and drive more inclusive economic growth. Global evidence supports that enhanced economic empowerment for women leads to economic growth and productivity. A recent study by the International Monetary Fund (IMF) estimates that closing gender gaps in education and labor market access, alongside reducing burdensome daily tasks like water fetching, could boost Kenya's GDP by up to 10 percent.¹³ Equalizing educational opportunities between girls and boys could raise GDP by 4.4 percent, decrease the poverty headcount by 2.3 percentage points, reduce inequality and increase government revenues by approximately 0.6 percent of GDP. Providing safe piped water to all households could boost GDP by an additional 2.7 percent. Globally, countries with better women's economic rights also have higher economic growth.¹⁴ At the firm level, more inclusion of women in management positions also generates productivity gains and moves women out of lower-productivity occupations.¹⁵

¹⁰ ILO (2024). *Employment and social trends by region. World Employment and Social Outlook, 2024(1)*, 37-60.

¹¹ UN Women (2023). "Why Women Earn Less: Gender Pay Gap and Labour-Market Inequalities in Kenya."

¹² Multiple data sources are used, primarily the 2022 Kenya Demographic and Health Survey (KDHS).

¹³ IMF, 2021. *Kenya selected issues paper; IMF country report No. 21/276*. Washington, D. C.

¹⁴ Naveed, A. et al., (2023). *Economic development through women's economic rights: a panel data analysis. International Economics and Economic Policy*, 20(2), 257-278.

¹⁵ Moody's Analytics (2023). *Close the Gender Gap to Unlock Productivity Gains*.

Investing in adolescent girls as part of broader WEE strategies offers transformative potential. Adolescence is a pivotal period where crucial life decisions are made, impacting long-term personal and economic outcomes. Focused investments during this stage can profoundly alter life trajectories, offering substantial social and economic returns.¹⁶ A recent study by UNICEF shows the efficacy and cost-effectiveness of an intervention package aimed at adolescent girls, comprising adolescent-responsive health services, cash transfers, and parenting programs.¹⁷ These interventions promise to enhance the health, well-being, and future productivity of adolescent girls, with every dollar invested yielding over four times the return in social and economic benefits. According to the study, implementing these interventions in Kenya with an investment of US\$234 million over ten years could not only avert significant social issues—such as 120,000 teenage pregnancies and over 8,500 instances of sexual violence—but also enhance educational outcomes by supporting an additional 240,600 years of schooling. Ultimately, this could lead to an estimated US\$918 million increase in labor market productivity, illustrating the profound impact and high returns of investing in adolescent girls within the framework of WEE.

Economic empowerment of women is a key pathway to gender equality, poverty reduction, and other societal benefits including addressing Kenya's persistent regional disparities. Girls' and women's economic empowerment extend beyond financial independence by playing a central role in social, political, and emotional empowerment.¹⁸ An economic empowerment approach aims not only to enhance prospects for productive and well-compensated jobs but also to promote enabling factors such as education, skills, and autonomy to allow girls and women to access and make the most of economic opportunities. Ultimately, this promotes growth, contributes to poverty reduction, and catalyzes a broad spectrum of societal benefits. Economically empowered women play active roles in household decision-making

and exert greater bargaining power regarding financial decisions,¹⁹ which can lead to significant improvements in the education and health outcomes of their families, sparking a generational advancement in socio-economic conditions.²⁰ Economically empowered women can shift gender norms, reduce biases, and prevent and respond to critical issues such as gender-based violence, all contributing to individual and societal resilience and sustainable development goals.²¹ Further, applying a spatial lens is particularly relevant due to regional variations in the extent and drivers of women's economic empowerment, which can help close spatial economic disparities.

3.2 The Government of Kenya has shown a strong commitment to advancing women's economic empowerment

Kenya's commitment to advancing women's economic opportunities and gender equality is evident in its robust policy and institutional frameworks. The national development plan, Vision 2030 and the associated medium-term plans, prioritize gender equality and equitable access to opportunities as essential for sustainable development. These frameworks integrate policies supporting land ownership equality, gender-based violence prevention, equality in educational enrolment, addressing gender discrimination in employment, and efforts to abandon female genital mutilation, among others, demonstrating a comprehensive approach to gender equity.

The Constitution of Kenya solidifies the foundation for gender equality and legislative measures, and various governmental policies and initiatives complement these constitutional guarantees. The 2010 Constitution advocates for equal rights and opportunities in political, economic, cultural, and social spheres.²² It enshrines affirmative action principles, such as the two-thirds gender rule²³, and mandates significant female representation in political assemblies.²⁴ Legislative measures complement these constitutional guarantees by providing robust

¹⁶ World Bank (2024). "Pathways to Prosperity for Adolescent Girls in Africa." Executive Summary booklet. World Bank, Washington, DC.

¹⁷ UNICEF (2024). Right on the money. Making the case for rights-based investments in adolescent girls.

¹⁸ World Bank. 2014. Voice and Agency: Empowering Women and Girls for Shared Prosperity.

¹⁹ World Bank. 2012. World Development Report 2012: Gender Equality and Development. World Bank.

²⁰ World Bank Group gender strategy (FY16-23): gender equality, poverty reduction and inclusive growth (English). Washington, D.C.: World Bank Group; Kabere, Naila. 2009. Women's economic empowerment: key issues and policy options. Sida Policy (SIDA51910en). Swedish International Development Cooperation Agency (SIDA), Stockholm

²¹ Evidence has suggested that expanding women's access to productive resources, and promoting their participation and leadership in climate action, is associated to both a direct reduction of carbon dioxide emissions (UN Women, 2022), and better resource governance, conservation outcomes and disaster readiness (World Bank, 2022).

²² Republic of Kenya. (2010). Constitution of Kenya, 2010. Republic of Kenya.

²³ Article 81 (b) of the Constitution of Kenya states that "the electoral system shall comply with the principle that not more than two-thirds of the members of elective public bodies shall be of the same gender".

²⁴ The constitution requires that the national assembly consist of 47 elected women and that the senate comprise of 16 women members nominated by the political parties.

protections and empowering frameworks for women.²⁵ The establishment of the National Gender and Equality Commission (NGEC) marks a significant step in institutionalizing regulatory efforts, ensuring ongoing attention to gender equality in national development. In addition, targeted programs have been designed to enhance women's economic participation, facilitate women's entry and expansion in entrepreneurship.

However, implementation gaps are evident, particularly in aspects like workplace, safety, and employment post-childbirth, as reflected in the Women, Business and the Law (WBL) index. The latest WBL report (2024) highlights Kenya's strong performance in laws related to women's freedom of movement (mobility), pay equity, and marriage. Areas needing improvement include the 'parenthood' indicator, which assesses paid maternity and paternity leave, dismissal protections, and cost coverage; the 'workplace' indicator, focusing on gender-based discrimination protections and flexible work arrangements; 'childcare' laws regulating availability, affordability, and quality; and 'safety' laws addressing child marriage, sexual harassment, and domestic violence.²⁶ Moreover, lower scores from the supportive frameworks and expert opinions reflect that those legal frameworks have not completely matched implementation, leaving important gaps. Persistent challenges, such as outdated land succession laws and delays in enforcing the two-thirds gender rule, highlight the need for effective translation of these policies into actionable programs that effectively enhance outcomes for women.

3.3 Significant gender gaps in economic outcomes persist

While the country has made strides in creating an enabling policy framework, these efforts have yet to fully translate into gender equitable economic outcomes. Findings from this analysis reveal enduring gaps: compared to their male counterparts, women are less active in the labor market from young ages, earn

significantly less, are more likely to work for no pay, and are less likely to own assets. These disparities are particularly pronounced among women from poorer backgrounds, rural areas, Arid and Semi-Arid Lands (ASAL) counties, and those with lower levels of education. Such gaps, which highlight the economic disadvantages faced by women in Kenya, also undermine the country's efforts to maximize its productivity and accelerate inclusive growth.

Young women are more likely than men to be neither in education nor employment

The transition from secondary years to adult life represent a pivotal stage for economic engagement, yet it is during this phase that a significant divergence emerges between women and men in Kenya. Young adults who are disengaged from both educational advancement and the workforce, termed as 'Not in Education, Employment, or Training (NEET)', remain a global policy priority.²⁷ Research across East and Southern Africa identifies three primary drivers for youth NEET status: early marriage and childbearing, education-related factors, and labor related factors.²⁸ For young women in particular, early marriage and engagement in unpaid family farming or household chores significantly contribute to their increased NEET status.²⁹ The consequences of being NEET during young years are significant, often resulting in markedly poorer economic outcomes compared to their engaged counterparts.³⁰ Alarming, women make up two-thirds of the global NEET youth population, and their disengagement from education and work tends to persist longer than that of young men.³¹ Moreover, a higher prevalence of NEETs in a generation correlates with reduced productivity levels, subsequently slowing overall economic growth and development.³²

Gender disparities in economic engagement begin to widen during adolescence. Using the Kenya Demographic and Health Survey (KDHS) 2022 data, this analysis focuses on young adults categorized as 'Not in Education, Employment or Training' (NEET). The data reveals that 38 percent of

²⁵ The Employment Act of 2007, for example, prohibits workplace discrimination and guarantees paid maternity leave. This act aims to ensure women can combine childbearing responsibilities and participation in paid work, and promotes equal remuneration for equal work, though it sometimes inadvertently discourages the hiring of women of reproductive age. Other policies that promote gender equality and women's empowerment include the 2009 National Land Policy which recognizes women's rights to own property on an equal basis with men, the 2011 National Gender and Equality Commission Act, the 2014 National Policy for Prevention and Response to Gender Based Violence, the 2017 National Policy for the Abandonment of Female Genital Mutilation; the 2017 National Gender and Development Policy (NGAD), and the regulation of child marriage through the 2014 Marriage Act, 2014. In 2019, the National Policy on Gender and Development was adopted, outlining the national agenda for gender equality and setting legislative and administrative measures to address the existing gaps.

²⁶ World Bank. 2024. *Women, Business and the Law 2024*. Washington, DC: World Bank.

²⁷ Reducing the number of young people who are not in employment, education or training (NEET) is target 8.6 of the United Nations Sustainable Development Goals (UN DESA 2021).

²⁸ UN Women (2022). *The status of NEET. A quantitative analysis of youth not in employment education or training (NEET) (15 – 24 years old)*.

²⁹ These findings exclude childbirth due to data availability.

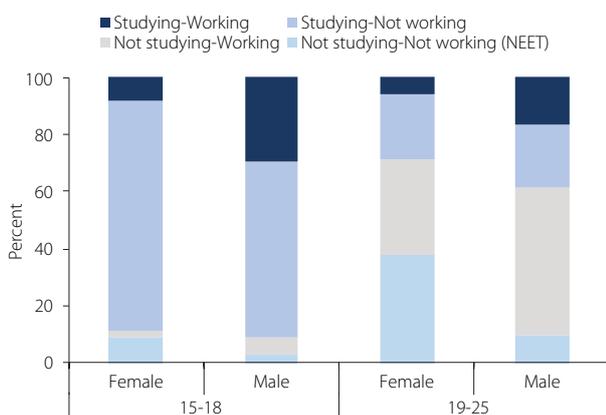
³⁰ Samoilenko, A., & Carter, K. (2015). *Economic outcomes of youth not in education, employment or training (NEET) (No. 15/01)*. New Zealand Treasury Working Paper.

³¹ ILO (2024). *Global employment trends for youth 2024. Decent work brighter futures*

³² Székely and Karver, (2015). *Youth Out of School and Out of Work in Latin America: A Cohort Approach*. World Bank Policy Research Working Paper No. 7421, Washington, DC: World Bank.

women aged 19 to 25 are neither in education, employment nor training, a proportion that is nearly four times higher than their male counterparts, standing at only 10 percent (Figure 19). This gender disparity becomes evident early, starting from ages 15 to 19, where 12 percent of women can be categorized NEET, compared to only 4 percent of men, and indicating the roots of this challenge begin well before adulthood.

Figure 19: Share of NEET in Kenya by age group and gender, 2022

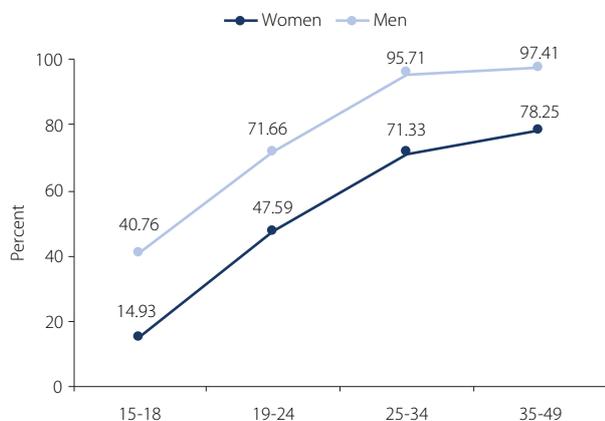


Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

Certain demographic groups are more likely to fall into the NEET category, with higher rates in rural areas compared to urban ones, among individuals with lower income levels compared to those with higher incomes, and particularly in Arid and Semi-Arid Lands (ASAL) counties. Parenthood and lower educational attainment also exacerbate the likelihood of being NEET. Contrary to the trend amongst men, the rate of women being NEET escalates with each additional child, highlighting the impact of family obligations on women's economic participation. Conversely, higher education levels reduce the likelihood

Figure 20: Employment shares by gender

a. Share of population employed by age group

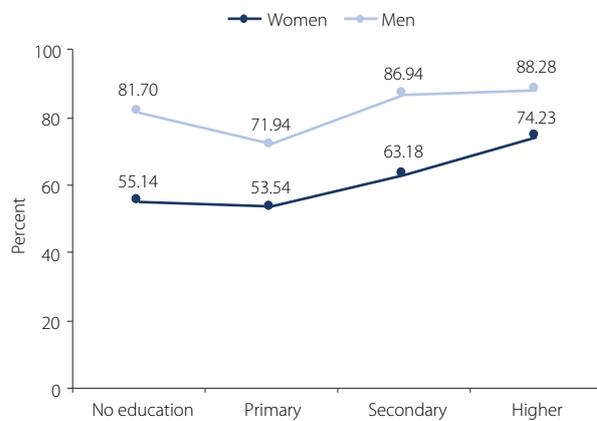


of being NEET but do not close the gender gap entirely. While almost two-thirds (64 percent) of women with no more than five years of education find themselves NEET, this figure drops to 39 percent among those with 6 to 10 years of education.³³ For men, the corresponding figures are 11 percent for those with up to five years of education and 8 percent for those with 6 to 10 years, indicating that while education reduces the NEET rate for both genders, it is significantly more beneficial for women.

A lower share of women report being employed

Following the NEET patterns, and consistent with global trends, significant gender disparities in employment status are observed. The 2024 World Employment and Social Outlook report by the International Labor Organization (ILO) emphasizes that while Sub-Saharan Africa leads globally in female labor force participation, the region faces persistent challenges with informality and underemployment.³⁴ The report also highlights that the gender gap in labor participation remains large, particularly among young people. In line with these trends, analysis of the 2022 Kenya Demographic and Health Survey (KDHS) data reveals that 3 in 5 women (60 percent) aged 15 to 49 reported being employed in the past year, compared to 4 in 5 men (81 percent). These employment rates are lower in rural areas for both genders (56 percent of women and 79.2 percent of men) where the gender difference becomes even more pronounced, compared to urban settings (65 and 83 percent, respectively). Although employment rates increase with age for both men and women, the gap narrows slightly in older age groups (35 to 49 years) but remains consistently higher for men across all ages (Figure 20a).

b. Share of population employed by education achieved



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

³³ Based on reported employment, women with secondary education report higher labor force participation.

³⁴ ILO (2024). World Employment and Social Outlook, Trends 2024.

Education mitigates gender disparities in employment status but does not eliminate them. Higher educational attainment positively impacts women's employment rates and slightly narrows the gender gap, but a significant disparity still exists (Figure 20b). This suggests that education alone is not sufficient to overcome the systemic barriers that keep women from achieving parity in employment opportunities.

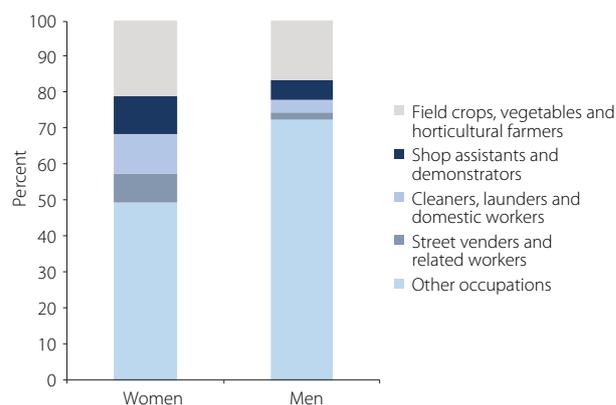
Marital and parental statuses influence employment dynamics, highlighting gender-specific challenges, particularly the disproportionate impact of family responsibilities on women's economic participation.

Women who marry younger typically report lower employment rates than those who marry after age 26 (67 percent of those married at age 19 or before report employment compared to 77 percent of those married after age 26); for those marrying later, the disparity against male employment rates is lessened. Notably, men's employment rates are not significantly affected by the age at which they marry (ranging only between 96 and 98 percent). Parenthood increases employment rates for both genders, but significant gaps persist and even widen with the number of children. Overall, women's economic participation is hindered by the disproportionate burden of family responsibility.

Half of women's employment is concentrated in four occupations

Women's participation in Kenya's labor market is concentrated in four occupations, suggesting occupational segregation and limiting their access to diverse economic opportunities. Data from the 2022 KDHS show that half of all employed women report work in field crop, vegetable, and horticultural roles (21 percent), shop assistant positions (10.98 percent), as cleaners, launderers, and domestic workers (10.9 percent), or as street vendors and related roles (8.02 percent). These roles collectively absorb fewer men, with 27.6 percent of them reporting employment in these same fields. Such patterns of occupational segregation perpetuate existing gender disparities in earnings and economic security, particularly as these sectors typically engage lower-paying, informal, and often precarious jobs, with limited opportunities

Figure 21: Share of employment by occupation



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

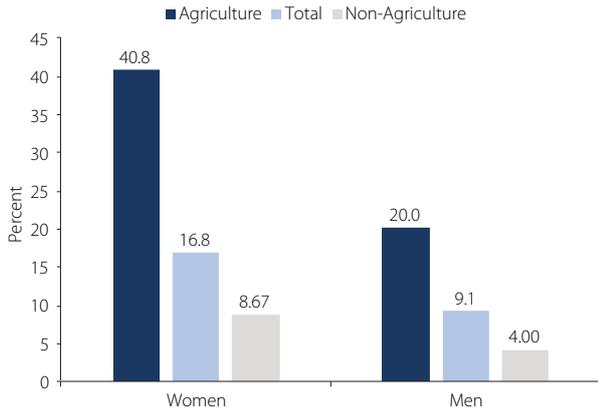
for advancement. Addressing this imbalance is critical to ensuring women's broader participation in diverse and higher-paying sectors, ultimately contributing to their economic empowerment and reducing systemic inequalities in the labor market.

Women experience a higher incidence of unpaid labor

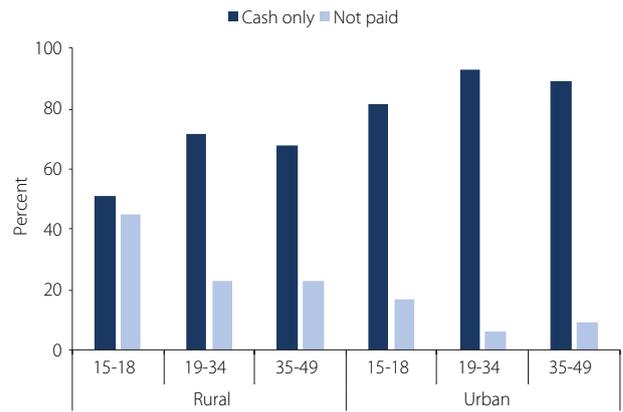
Women in Kenya are more likely to engage in unpaid labor than their male counterparts, with rural and younger women facing a greater gendered economic burden. In addition to women's lower economic participation, a higher proportion of those working are unpaid, adding to their economic disadvantages. Analysis of the 2022 KDHS reveals that 17 percent of employed women reported not receiving any form of payment for their work, nearly double the rate for men, which stands at 9 percent. Unpaid labor is particularly prevalent in the agricultural sector, where men and women report similar employment shares (28 and 26 percent, respectively). However, among those in agriculture, unpaid labor rises sharply to 20 percent for men and 41 percent for women (Figure 22a). In contrast, unpaid labor in non-agricultural sectors is significantly lower, affecting just 4 percent of men and 9 percent of women. Women in rural areas face even greater disparities, with unpaid labor disproportionately concentrated among them, especially among younger age groups (Figure 22b). This indicates a significant gendered economic burden that rural and younger women bear, reflecting broader systemic inequalities that limit their economic opportunities and compensation.

Figure 22: Unpaid employment

a. Share of employed women and men reporting no payment



b. Type of earnings for employed women by age and residence



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

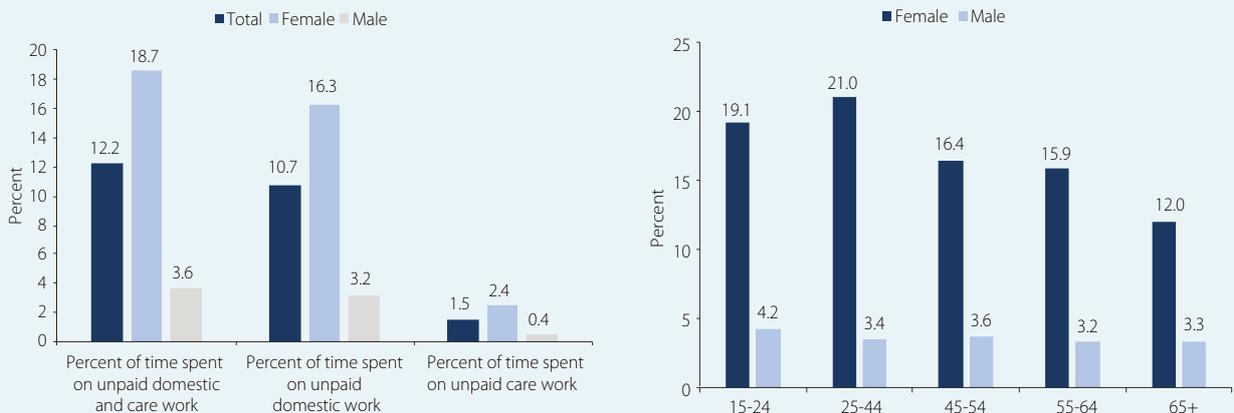
Box 5: Women experience a higher burden of unpaid care work

Women bear a disproportionate burden of unpaid work. They spend more time than men in unpaid domestic and care work which can reduce the time they have for paid work. According to the 2021 Kenya Time Use Survey, on average, women in Kenya spend 18.7 percent (corresponding to approximately 5 hours) of their time each day in unpaid domestic and care work compared to 3.6 percent for men (corresponding to approximately 1 hour). This means women spent 5 times more time in unpaid domestic and care work than men. Similar patterns are observed in both rural and urban areas where women spend more time than men in unpaid work. Time spent on unpaid domestic care work is slightly higher for rural women at 16.5 percent compared to 15.9 percent for urban women.

Women living in arid counties bear the greatest burden of unpaid care work. They spend an average of 6 hours a day on unpaid care work. Women living in Marsabit county spend the highest amount of time in unpaid domestic and care work. They spend 30.2 percent of their day on unpaid domestic and care work, representing approximately 7 hours. Other counties with a high share of unpaid care work include Wajir (26.8 percent), Samburu (24.2 percent), Mandera (23.8 percent) and Garissa (23.7 percent), all with women spending approximately an average of around 6 hours in unpaid work each day.

Women aged 25 to 44 spend the highest amount of time in unpaid care work, closely followed by those aged between 15 and 24 years. Women aged 25 to 44 years spend, on average, 21 percent of their time each day in unpaid domestic and care work compared to 3.4 percent for men in this age group. Similarly, women aged between 15 and 24 years spend, on average, 19.1 percent of their time in unpaid care work compared to 4.2 percent for men.

Figure 23: Percentage of time spent per day on unpaid domestic and care work by sex and age



Source: KNBS, 2022: Kenya Time Use Report.



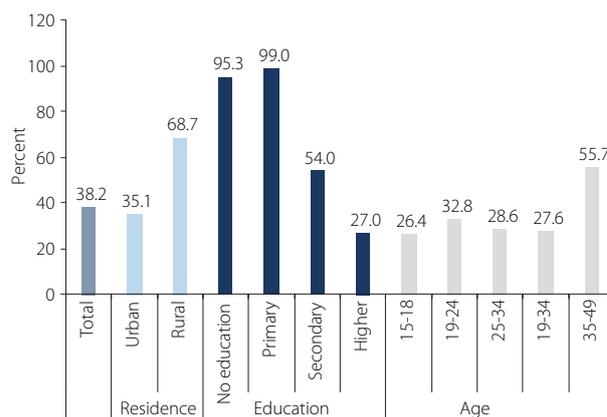
The earnings gap between men and women persists

Men in Kenya consistently report higher earnings than women across various sectors and demographics, education however significantly lowers this gap. The gender pay gap, persistent across East and Southern Africa according to a recent UN Women report, reflects broader economic and workplace inequalities that women face.³⁵ Analysis of the 2022 KDHS shows that men's earnings are on average 38 percent higher than those of women. This disparity is more pronounced in rural areas, where men earn 69 percent more than women, compared to a 35 percent difference in urban areas. While the gap is persistent across all age groups, it is higher among those aged 35 to 49. In addition, the earnings gap widens across those with lower levels of education, reaching 99 percent for those with primary education. While it narrows among men and women with more than secondary education, it is still significant at 27 percent.

The gender earnings gap is particularly stark in sectors where women are predominantly employed. Over half of the employment captured in the 2022 KDHS is concentrated in three broad categories: elementary occupations, skilled agriculture, fishery, and forestry, and service, shop, and sales roles. Out of the total women employed, 68 percent are working in these occupations, compared to 55 percent of employed men. While all assessed occupations present a gender disparity in earnings, these sectors show some of the highest differences in earnings, reaching a gap as high as 131 percent in service, shops and sales.

The gender earnings gap widens with marriage and increases with each additional child. Married women experience a widened earnings gap of 51 percent

Figure 24: Difference between men's and women's earnings, by area of residence, education level and age



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

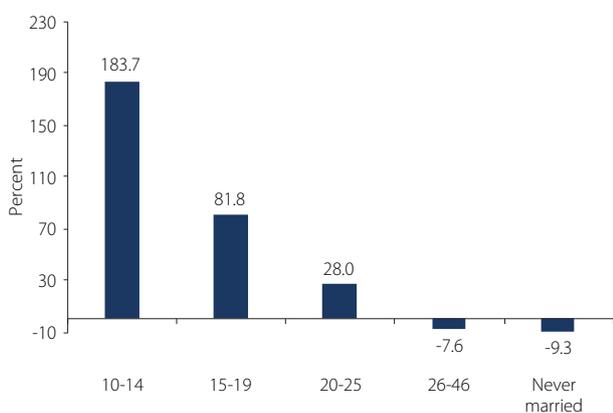
compared to married men. The gap increases for those who marry younger and decreases significantly, sometimes even reversing, for women who marry after the age of 26 (Figure 25a). The difference in earnings is also amplified by the number of children, reaching a very wide gap (192 percent) between men and women with five or more children. Interestingly, never-married women and those without children, tend to earn more on average than their male counterparts, highlighting again how familial roles can contribute to economic disparities.

There are disparities in asset ownership between men and women

The gap in asset ownership between men and women is substantial and indicative of deeper economic inequalities, with a significantly lower proportion of women owning key economic assets compared to men. For example, only 3 percent of women aged 15 to 49 report owning agricultural land independently, in contrast to 24 percent of men within the same age group. Similar disparities are observed in the ownership of houses

Figure 25: Difference between men's and women's earnings

a. Earnings gap between men and women by age of marriage



b. Earnings gap between men and women by number of children

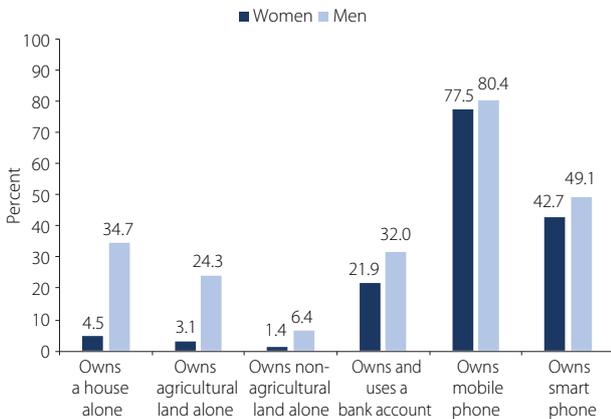


Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

³⁵ UN Women, (2023). *Why Women Earn Less: Gender Pay Gap and Labour Market Inequalities in East and Southern Africa*.

and non-agricultural land (Figure 26). The gender gap extends to technological and financial assets, although with a narrower margin. Women's ownership and usage rates of bank accounts, mobile phones, and smartphones are consistently lower than those of men, though the differences are less pronounced compared to land and home ownership.

Figure 26: Share of women and men by ownership of assets



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

Limited asset ownership diminishes women's economic autonomy and potential. Ownership of assets such as land, housing, and financial assets is crucial for economic security and independence, impacting women's ability to engage in and benefit from economic activities effectively. This disparity not only reflects existing economic inequalities but also perpetuates them, as asset ownership is critical for leveraging economic opportunities and securing financial stability.³⁶ Research indicates that

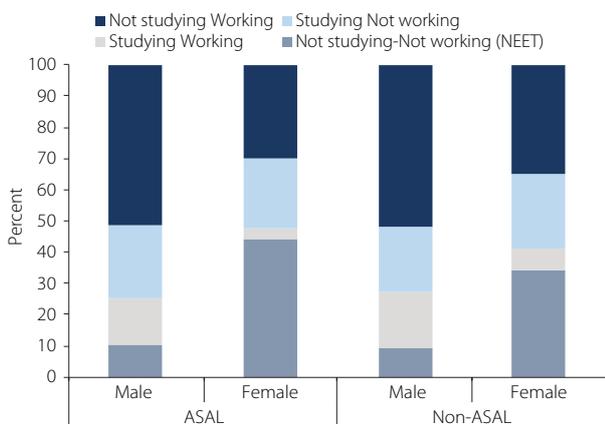
promoting women's land rights and access to improved technologies can increase their productivity.³⁷ Similarly, access to financial assets is correlated with improved economic outcomes,³⁸ and property ownership enhances women's bargaining power within their households and communities.³⁹ Asset ownership is pivotal, recognized as one of the three primary factors influencing WEE in Sub-Saharan Africa, alongside education and employment.⁴⁰

Women from arid and semi-arid counties encounter distinct economic challenges

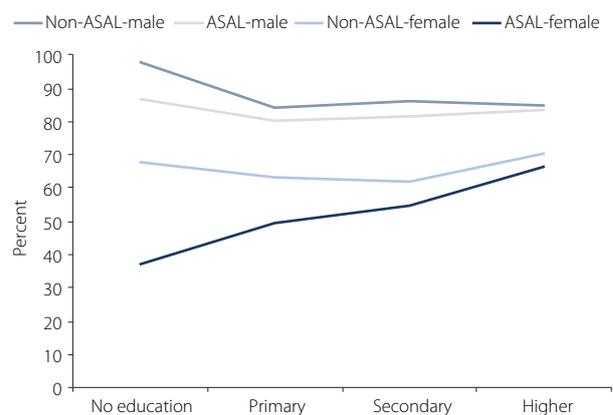
The economic disadvantages faced by women in Kenya are even more pronounced among those residing in ASAL counties. Women aged 19 to 25 from these regions exhibit significantly higher rates of being NEET than their counterparts from non-ASAL counties—44.1 percent compared to 34.3 percent, respectively (Figure 27a). This trend becomes apparent earlier in life, with young women aged 15 to 18 in ASAL counties being nearly three times more likely to be NEET compared to those in non-ASAL regions. Employment and earning disparities further exacerbate the economic isolation of ASAL women. Although men from these areas show only marginally lower employment rates across all education levels compared to men from non-ASAL areas, for ASAL women, higher education levels are associated with greater participation in employment (Figure 27b). Furthermore, the gap in earnings between men and women is wider in ASAL areas, with women earning on average 41 percent less than men, compared to a 37.9 percent gap in non-ASAL counties.

Figure 27: Activity outcomes, ASAL vs non-ASAL counties

a. Share of NEE

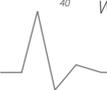


b. Share of population employed by level of education



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

³⁶ UN WOMEN, (2018). *Building assets—digital, financial and property. Working group paper. UN Secretary-General High-Level Panel on Women's Economic Empowerment.*
³⁷ Kelkar, G. (2020). *Gender and productive assets: Implications for women's economic security and productivity. In Women, Land and Power in Asia (pp. 60-83). Routledge India.*
³⁸ Adera, A., & Abdisa, L. T. (2023). *Financial inclusion and women's economic empowerment: Evidence from Ethiopia. Cogent Economics & Finance, 11(2), 2244864.*
³⁹ Mishra, K. and Sam, A. G. (2016). *Does women's land ownership promote their empowerment? Empirical evidence from Nepal.*
⁴⁰ Williams, E. et al., (2022). *Women's economic empowerment in sub-Saharan Africa: Evidence from cross-national population data. Demographic Research, 47, 415-452.*



The economic challenges faced by women in ASAL counties are intensified by high and persistent poverty. Despite a nationwide decline in poverty rates over the past decade, arid areas have experienced only a modest reduction. About 69.2 percent of the population in arid areas lived in poverty (measured at the national poverty line) in 2021, significantly higher than 41.2 percent in semi-arid areas and 32.9 percent in non-ASAL countries.⁴¹ This disparity is stark considering that arid regions, making up about 10 percent of Kenya's population, represent 20 percent of its poor. These counties, that host a disproportionate number of Kenya's poor, have been historically underdeveloped in part due to agroclimatic challenges and limited access to services. This entrenched poverty and inequity create very specific barriers for women's economic participation, highlighting the critical need for targeted interventions to address both gender disparities and broader challenges of underdevelopment and poverty in these regions.

Refugee women face amplified barriers to economic empowerment

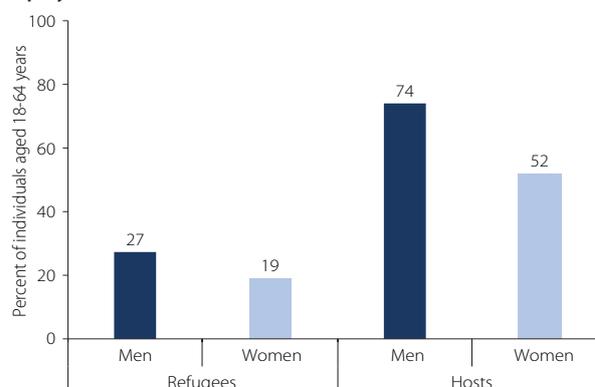
Refugees and asylum seekers are a vital component of Kenya's social, cultural, and economic fabric. According to the United Nations High Commissioner for Refugees (UNHCR) data, as of October 31, 2024, Kenya hosts 812,910 registered refugees and asylum seekers who live in designated camp areas and urban areas.⁴² The designated camp areas are Kakuma Refugee Camp and Kalobeyei Integrated Settlement in Turkana County, as well as the Dadaab Refugee Complex in Garissa County, collectively hosting 86 percent of refugees. Urban areas, including Nairobi, Mombasa, and Nakuru, host the remaining share. Notably, women constitute approximately 49 percent of registered refugees, with women and children together comprising 77 percent of the refugee population. With continued displacement driven by regional violence, conflict in neighboring countries, and environmental crises, the influx of refugees is expected to continue.

Refugee women face unique socioeconomic challenges, often more severe than those in host communities, limiting their economic empowerment. Recent data from the Kenya Longitudinal Socioeconomic Study of Refugees and Host Communities (K-LSRH)⁴³ highlights that 57 percent of female refugees aged 19–25 are neither in school nor employed, compared to 53 percent in host

communities. Refugee women's employment rate is just 19 percent, far below the 52 percent of women in host communities. They are also more likely to be engaged in unpaid labor, spending twice as much time on childcare and household chores—32 hours per week (about 5 hours daily) compared to 15 hours weekly (about 2 hours daily) for host women. Sociocultural norms are significant and might restrict refugee women and girls from full economic participation. Refugee women, for example, are more accepting of early marriage and wife-beating, and have less control over sexual decisions compared to host communities. While 81 percent of female hosts consider the ideal marriage age to be over 21, only 37 percent of refugee women share this view, with most (51 percent) believing the acceptable age is between 18 and 21. Only 42 percent of female refugees feel empowered to refuse sex with a partner, compared to 71 percent of female hosts. While these findings echo the broader trends of economic exclusion faced by women in Kenya, they present the unique vulnerabilities of refugee women.

Geographic and structural barriers further deepen the economic isolation of refugee women. Nearly 87 percent of Kenya's refugee population resides in camps located in Turkana and Garissa, ASAL regions already burdened by high poverty rates and scarce economic opportunities. Urban refugee women, while still marginalized, report comparatively better economic outcomes than their camp-based counterparts, suggesting how the intersection of refugee status, gender, and geographic disadvantage intensifies existing barriers to income generation. Tackling these challenges is essential—not only to reduce inequalities but also to integrate refugee women into broader economic empowerment strategies.

Figure 28: Share of men and women aged 18-64 years who are employed



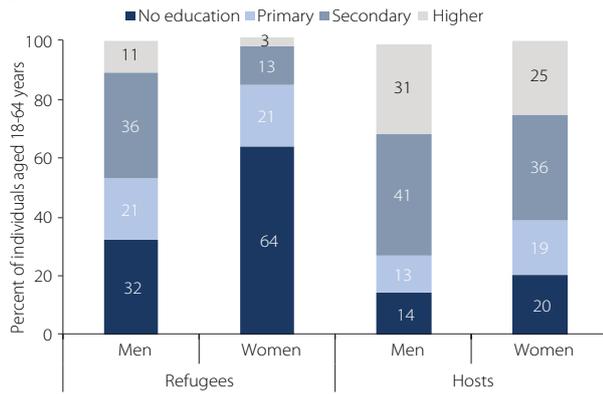
Source: Authors' calculations based on the 2023 Kenya Longitudinal Socioeconomic Study of Refugees and Host Communities (K-LSRH).

⁴¹ World Bank (2023). *Kenya Poverty and Equity Assessment 2023. From poverty to prosperity: making growth more inclusive in Kenya.*

⁴² File: //C:/Users/wb449822/Downloads/Kenya%20Infographics%2031%20October%202024.pdf

⁴³ Conducted between June 2022 and 2023, the Kenya Longitudinal Socioeconomic Study of Refugees and Host Communities (K-LSRH), is a nationally comparable survey of registered refugees and hosts in Kenya, offering detailed insights into the living conditions and challenges for both refugee and host communities. It is prepared under the Kenya Analytical Program on Forced Displacement (KAP-FD). KAP-FD is implemented by the World Bank, UNHCR, and Center for Effective Global Action (CEGA) at the University of California, Berkeley. It is funded by the Government of the Netherlands through the Partnership for Improving Prospects for Host Communities and Forcibly Displaced Persons (PROSPECTS).

Figure 29: Highest educational level attained among individuals aged 25-64 years



Source: Authors' calculations based on the 2023 Kenya Longitudinal Socioeconomic Study of Refugees and Host Communities (K-LSRH).

3.4 The persistent gender economic gaps are shaped by several interdependent factors that manifest across the life cycle

Several factors contribute to the significant gendered economic disparities present in Kenya. Analysis of the 2022 Kenya Demographic and Health Survey (KDHS), complemented by existing literature, identifies five pivotal areas—early childhood development, educational attainment, age at family formation, sexual and reproductive health outcomes, and social norms—as fundamental to understanding women's economic outcomes in Kenya. These factors align with the life cycle approach, which posits that empowerment evolves at different stages of life, from early childhood through adolescence, youth, and into adulthood. These factors not only limit women's participation and success in the labor market but also interact in complex ways to perpetuate systemic inequalities. This analysis is set against a context where labor market demand is characterized by high levels of informality, sectoral segregation, and limited access to quality jobs for women. These structural constraints exacerbate the supply-side barriers identified, further restricting women's opportunities to achieve economic parity with men.

Early childhood development outcomes have improved, laying the foundation for positive socioeconomic outcomes throughout the life cycle; however, challenges related to quality and inequities must still be addressed

Kenya's early childhood development (ECD) outcomes have improved during the past 20 years, driven by increased access to health, nutrition, and education services. In particular, progress in children's nutrition and mortality reduction has been remarkable: the country's rate of stunting was reduced almost by half between 2008/09 and 2022, and the under-five mortality rate by 33 percentage points during the same period (Figure 30). However, they remain high.⁴⁴ Kenya has seen important increases in immunization rates, use of antenatal care from skilled provider and delivery of children in health facilities, surge in birth registrations, and pre-school enrolment. Pre-primary education coverage, another key indicator of ECD, has steadily increased over the years. From 2009 to 2018, the enrolment rate increased from 56 to 77 percent, and despite the conditions under the pandemic, the number of children enrolled in pre-primary increased annually from 2019 to 2021, rising from 2.74 to 2.85 million children.⁴⁵ Likewise, the last available data on early proficiency shows an improvement from 2016 to 2018 in both mathematics and reading, although still at low levels.⁴⁶

While improvements in early childhood development (ECD) outcomes have created conditions for positive long-term impacts,^{47,48} significant challenges remain in addressing quality and inequity. The rapid expansion of access, coupled with population growth, has strained infrastructure and resources, negatively impacting service quality. For example, healthcare quality declined between 2013 and 2018, with a shortage of qualified professionals, particularly in rural areas.⁴⁹ In pre-primary education, an insufficient number of trained teachers and inadequate learning materials have contributed to declining service quality.⁵⁰ In addition, significant geographic and socioeconomic disparities exist, with higher stunting rates in rural areas and among the poorest households, and disparities in the Early Childhood Development Index 2030,

⁴⁴ According to thresholds as defined in UNICEF/WHO/World Bank Joint Child Malnutrition Estimates, 2021 Edition, and, United Nations Inter-Agency Group for Child Mortality Estimation (UN IGME), 2023.

⁴⁵ Since the introduction of the Competency-Based Curriculum (CBC) in 2019, the methodology to account for the number of children has changed, and enrolment rates are not comparable.

⁴⁶ Since the introduction of the Competency-Based Curriculum (CBC) in 2019, the methodology to account for the number of children has changed, and enrolment rates are not comparable.

⁴⁷ KNEC (2020). Monitoring learner achievement at class 3 level of primary school education in Kenya.

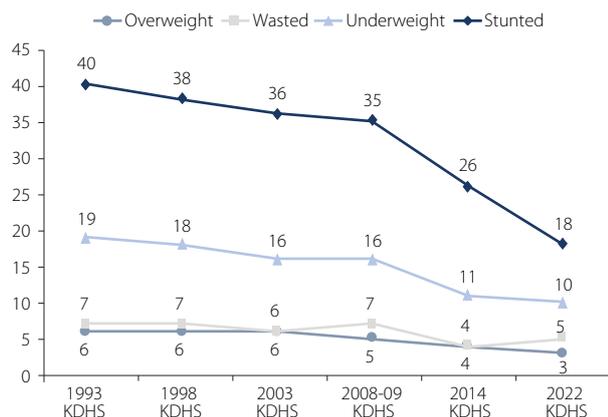
⁴⁸ Heckman, J. (2008). The case for investing in disadvantaged young children.

⁴⁹ Okoroafor, S. C., et al., (2022). Investing in the health workforce in Kenya: trends in size, composition and distribution from a descriptive health labour market analysis. *BMJ Global Health*, 7(Suppl 1), e009748.

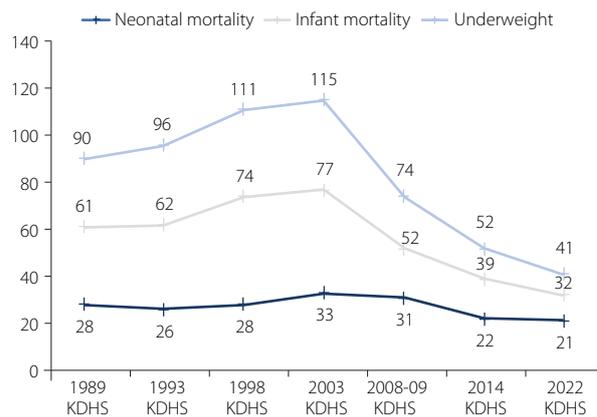
⁵⁰ MoE (2023). *Basic Education Statistical Booklet 2020*.

Figure 30: Evolution of ECD outcomes in Kenya

a. Percentage of children under age 5 who are malnourished



b. Deaths per 1,000 live births in the 5-year period before the survey



Source: KNBS (2023). Demographic and Health Survey 2022.

Note: Data from 2003 and later are nationally representative, while data collected before 2003 exclude the North Eastern region and several northern districts in the Eastern and Rift Valley regions.

which shows better development outcomes in urban areas and for children with more educated mothers or wealthier families.⁵¹

The lack of adequate, quality childcare limits children's development and hinders women's empowerment and economic opportunities.

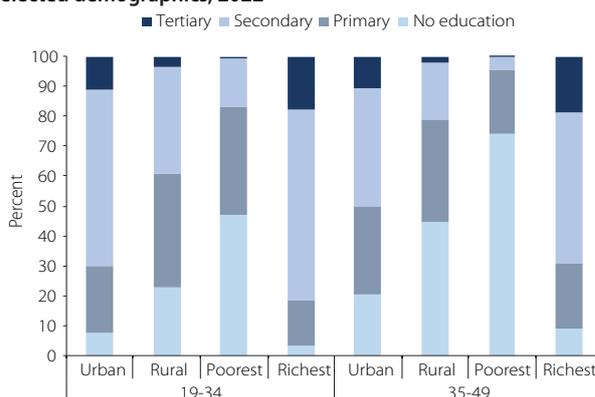
While pre-primary education for children aged 4 and 5 has improved, childcare for children under 3 remains insufficient, especially in informal settlements and agricultural areas, with the issue being more pronounced for women with children with disabilities. The early years are crucial for brain and physical development, shaping cognitive skills and laying the foundation for human capital, a key element of women's empowerment. In sum, investing in ECD, such as offering childcare, can significantly benefit both women's economic empowerment and children's development. It is essential for long-term outcomes and economic growth.

While educational progress has been made, and holds potential for boosting economic equality, women continue to lag behind men

Educational progress is evident in Kenya, with a better educated younger cohort. Kenya's commitment to increase access and gender equality in education has materialized into several important reforms and programs; as a result, the Kenyan education system has absorbed over five million students since 2005 with gender parity reached at both primary and secondary education levels. Secondary education has had the most significant increase in enrollment, with four times the number of students in 2022 compared to 2005.⁵² Analysis of the 2022 KDHS indicates that, in effect, younger Kenyans (19 to 34 years)

are more educated than their older counterparts (35 to 49 years), reflecting a positive trend in educational attainment over generations. The proportion of uneducated individuals among the younger age group has significantly decreased, with only 15.9 percent reporting no formal level of education achieved compared to 37.2 percent in the older group. However, this improvement is not uniform across all demographics (Figure 31). Important disparities exist, particularly in the lowest income quintiles and in arid counties such as Mandera, Turkana, and Marsabit, where educational challenges are most acute. These areas exhibit the highest rates of individuals without any formal education, highlighting the uneven distribution of educational progress across the country.

Figure 31: Highest educational level attained by age group and selected demographics, 2022



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

Despite substantial educational advancements, women continue to lag men in educational attainment.

Across all demographics, the proportion of women who have received no formal education exceeds that of men. While there has been a noteworthy narrowing of the

⁵¹ KNBS (2023). Demographic and Health Survey 2022.

⁵² KBNS - Economic Survey (2023; 2016; 2011; 2008).

gender education gap, especially among the younger population, significant disparities remain, particularly in economically disadvantaged, rural and arid areas. For example, while the national average of uneducated women aged 19 to 34 stands at 17 percent, this figure escalates to 51.3 percent among women from the poorest income quintile (Figure 32a). In counties like Turkana, Marsabit, Tana River, Wajir, and Mandera, over two-thirds of women aged 19 to 34 lack formal education, compared to lower percentages among men. In these counties, contrary to the reversed gap occurring at a national level,⁵³ there are also disparities disadvantaging girls in secondary education enrollment rates, suggesting a deep-rooted intergenerational challenge.

Education has the potential to boost individual earnings: each additional year of schooling can increase earnings by 16 percent, with women benefiting the most. Education is universally acknowledged as a crucial determinant of economic outcomes. Findings indicate returns to schooling continue to be significantly high in low and middle-income countries (LMIC) despite rising average levels of schooling attainment, suggesting that the demand for skills has been increasing while the supply rose. Each additional year of schooling can increase female earnings by 17.1 percent compared to an increase of 13.3 percent in male earnings. These estimates show the critical link between educational attainment and economic status, particularly for women.

However, gains in educational access alone are not enough to ensure economic equality. Despite the clear benefits of education, its potential to fully translate into equitable economic opportunities remains unrealized. In Kenya, girls consistently outperform boys in most assessments at the primary level, yet this trend reverses during adolescence, with girls underperforming at the secondary level, particularly in mathematics.⁵⁴ This shift, occurring at a critical stage of skill development, limits girls' opportunities to transition into higher-paying and male-dominated fields such as STEM, creating a direct link between education performance and future economic prospects. In addition, persistent social barriers, such as gender stereotypes, limited decision-making autonomy, and unequal access to resources, continue to hinder the economic empowerment of women. These challenges are exacerbated in settings where traditional roles and expectations disproportionately burden women, emphasizing the need for comprehensive strategies that address both educational and socio-cultural barriers to achieve true gender equality in economic participation.

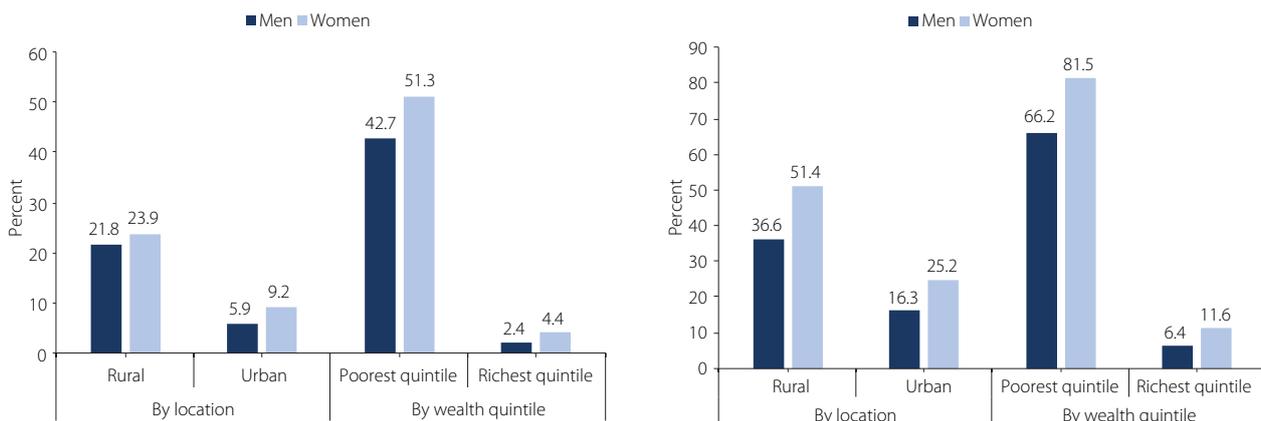
Marriage and parenthood not only influence labor market participation but also widen the gender earnings gap

Early marriage and parenthood have profound implications for women's economic outcomes, often serving as pivotal points where gender disparities in economic participation and earnings widen. Unlike men, who generally experience limited economic disruptions

Figure 32: Share of uneducated population by age group and gender, 2022

a. 19 to 34

b. 35 to 49



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

⁵³ Our analysis of the Kenya Demographic and Health Survey (KDHS) reveals that nationally, across both rural and urban settings, girls aged 14 to 17 are attending secondary education at higher rates than boys. This trend, reflecting a 'reversed gap' where boys are becoming increasingly disengaged from education—particularly at upper secondary levels—is not unique to Kenya but part of a broader global pattern (see Jere, C., Eck, M., & Zubairi, A. (2022). *Leave No Child Behind: Global report on boys' disengagement from education*. UNESCO). To address this, it's crucial for Kenya to not only celebrate the strides made in female education but also to ensure that educational engagement is bolstered for both genders. Enhancing the quality of education is pivotal in keeping all students engaged, thereby preventing the potential widening of educational disparities and their long-term economic consequences.

⁵⁴ Based on the analysis of the following assessments: the Kenya Certificate of Primary Education (KCPE), the new Kenya Primary School Education Assessment (KPSEA), the Kenya Certificate of Secondary Education (KCSE), the 2018 baseline and 2022 midline Monitoring Learner Achievement (MLA), and the 2023 AMPL-ab (Assessment for Minimum Proficiency levels a and b).

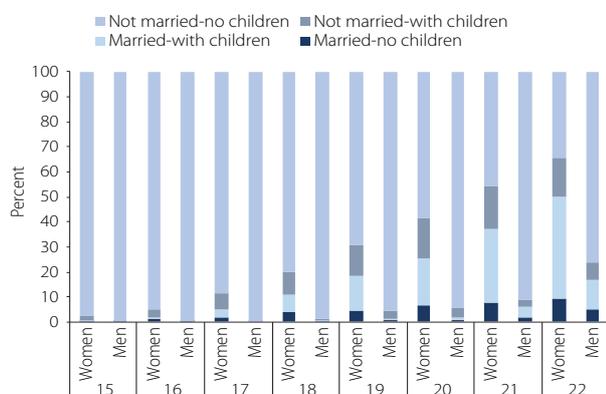


upon marriage or parenthood, women frequently bear the dual burden of unpaid domestic responsibilities and limited access to opportunities for formal and better-paying jobs. Evidence consistently highlights how early marriage and childbearing correlates with poorer economic outcomes for women, often locking them into cycles of low productivity, and reduced income, with negative consequences for both girls and their children across various domains.⁵⁵ These dynamics are affected by socio-cultural norms and economic pressures that disproportionately push girls into family roles at young ages.

In Kenya, women often begin family responsibilities much earlier than men. In 2022, about 31 percent of girls aged 19 were already married or had children. This early initiation into family roles is even more common among girls from rural areas and the poorest wealth quintiles, where the figures rise to 35.5 percent and 49 percent, respectively. In contrast, the rates for girls from urban areas and the wealthiest quintiles stand at 23.9 percent and 12.4 percent, respectively. This indicates a clear socioeconomic gradient in early family formation, especially when compared to a particularly lower proportion of their male counterparts (Figure 33).

Women tend to marry younger than men, especially those less educated and more economically disadvantaged. While only 5.5 percent of men aged 25 to 49 were married by age 19, the figure for women is substantially higher at 29.4 percent. This discrepancy widens further among women from socioeconomically disadvantaged backgrounds. For instance, almost 6 out of 10 women without formal education were married by age 19, compared to just 13 percent of their male counterparts.

Figure 33: Marital and parental status by age and gender



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

⁵⁵ World Bank (2024). *Pathways to Prosperity for Adolescent Girls in Africa*.

⁵⁶ As consistently recognized by a range of theoretical and empirical literature. (See for example Jayachandran, S (2021) *Social norms as a barrier to Women's Employment in Developing Countries*; Bussolo, M., et al. (2024). *Social Norms and Gender Disparities with a Focus on Female Labor Force Participation in South Asia*. *The World Bank Research Observer*, 39(1), 124-158.)

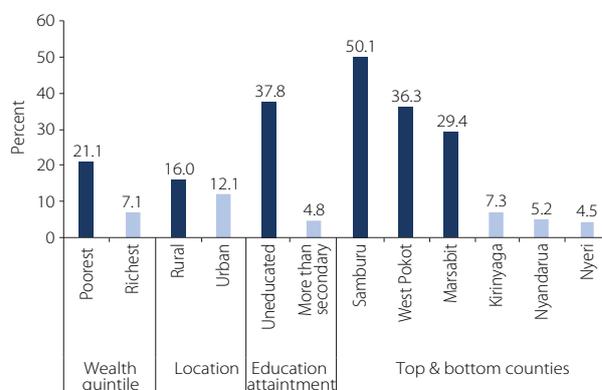
Similarly, almost half of women from the poorest wealth quintile experienced early marriage, against 10 percent of men from the same economic background; and in rural areas, 35.9 percent of women were married by age 19 compared to 6.7 percent of men.

Despite recent advancements, teenage pregnancy continues to be prevalent, with the most vulnerable girls being disproportionately affected. Almost a third of women in Kenya, aged 15 to 49 have ever been pregnant at a young age. This continues to be an issue nationally, as 15 percent of adolescent girls (aged 14 to 19) start childbearing before reaching adulthood. This figure presents a significant reduction from 2014 when it was at 18 percent. However, girls from the most disadvantaged backgrounds are worse off. Teenage pregnancy rates are particularly high among girls coming from the poorest households (26 percent of teenagers from the poorest income quintile against 10 percent in the wealthiest), and for those that are not educated (38 percent against 12 percent for those with secondary education or more), while the difference between teenage girls from urban and rural areas is small (18.5 percent, against 17.3 in urban areas). Disparities across counties are even more pronounced, with almost half of adolescent girls in Samburu having ever been pregnant compared to only 5 percent in Nyeri or Nyandarua (Figure 34).

Social norms not only shape women's sexual and reproductive health outcomes but also limit their economic potential

Social norms are pivotal in shaping gender outcomes across the lifecycle, deeply influencing women's economic and health outcomes.⁵⁶ Entrenched social

Figure 34: Teenage pregnancy in Kenya, 2022

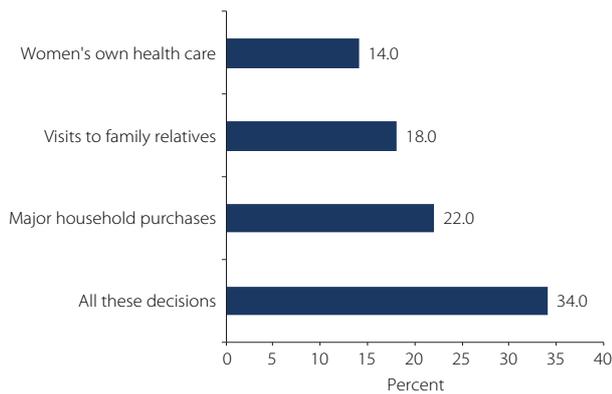


Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

norms drive disparities in sexual and reproductive health outcomes, affecting educational attainment and early family formation, and influencing women's economic outcomes. These norms perpetuate traditional gender roles within households and communities, setting rigid expectations and limiting access to resources and decision-making power. Analysis of the influence of these deeply embedded societal expectations on women's health and autonomy reveal the complex interplay between personal health choices and systemic constraints, suggesting how social norms not only shape but also restrict women's lives and economic potential.

Normative pressures significantly restrict women's autonomy. Data on self-reported participation in household decisions, captured in the 2022 KDHS, indicate about 34 percent of women report lacking participation in decisions regarding their own healthcare, major household purchases, and family visits (Figure 35). This

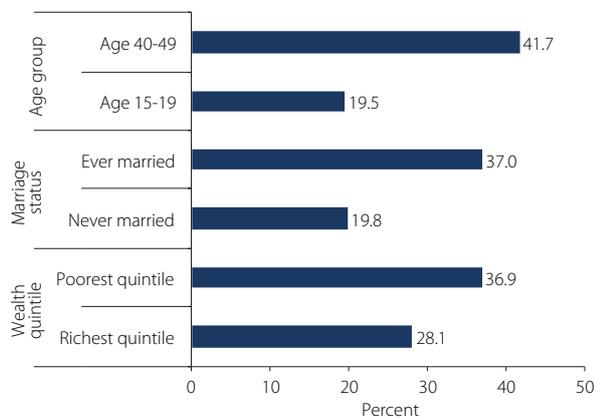
Figure 35: Share of currently married women aged 15-49 reporting not participating in specific decisions



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

Figure 36: Gender-based violence in Kenya, 2022

a. Prevalence of physical violence against women by specific demographic groups



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

limitation in decision-making is more pronounced among unemployed women (39.7 percent) and is significantly higher in rural areas (36.7 percent) compared to urban areas (29.4 percent). Women's restricted participation in crucial household decisions affects their personal and economic autonomy.

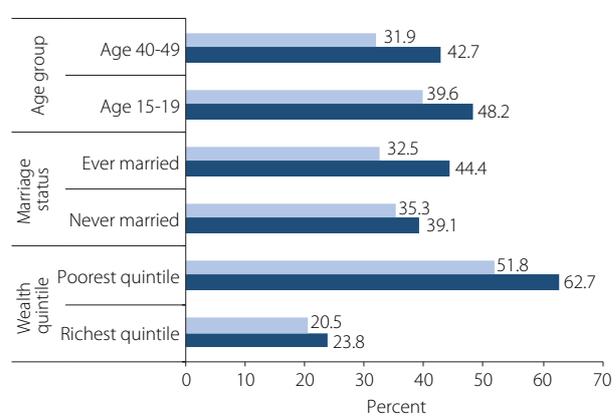
Likewise, women report limited agency over their reproductive health decisions. A significant portion of women, 35 percent of currently married women, report being unable to independently make decisions about sexual relations, contraceptive use, and reproductive healthcare. This figure rises to 41.6 percent for rural women and 54.4 percent for women from the poorest wealth quintile. As a result, there is still a notable unmet need for family planning in Kenya, particularly for younger women. Despite a national decrease in the fertility rate from 3.9 in 2014 to 3.5 in 2022, important variations across demographics exist, with women from the poorest quintile having an average fertility rate of 5.3, compared to 2.7 for the richest quintile. In addition, while the overall fertility rate stands at 3.5 children per woman, the desired fertility rate is lower at 2.9, indicating a gap between actual and preferred family sizes.

Social norms also play a role in the acceptability of gender violence, perpetuating harmful conditions for women. Gender-based violence (GBV) is another severe consequence of discriminatory social norms, reflecting and reinforcing deep-rooted gender power imbalances.⁵⁷ Nationally, 34 percent of women have experienced physical violence since the age of 15, with many cases going unreported due to societal stigma and

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b. Acceptance of wife beating by specific demographic groups

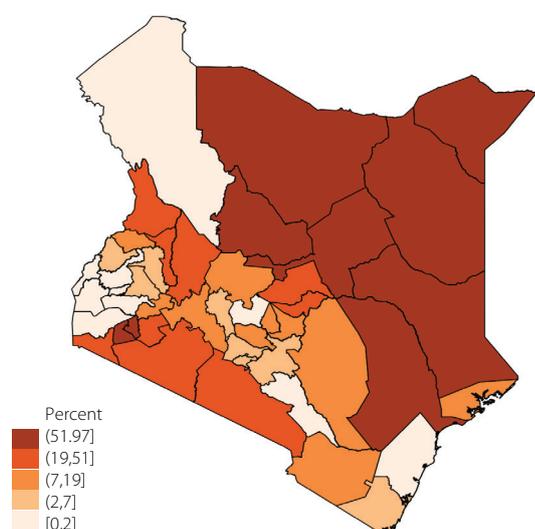


⁵⁷ UNDP (2023). *Practical Approaches to Women's Economic Empowerment Implementation as a Gender-Based Violence Intervention Strategy. A Guide to Developing Women's Economic Empowerment Initiatives.*

the normalization of such violence. This represents an important decrease since 2014, estimated at 45 percent, but remains high. The prevalence of GBV is higher among older women, those from lower economic backgrounds, and in certain regions, demonstrating how pervasive and accepted these practices are within various demographics (Figure 36a). Perpetrators of physical violence are usually women's current (53.9 percent) or former (33.7 percent) intimate partners. This widespread violence perpetuates gender inequality and is supported by societal norms that justify such abuse: 42 percent of women and 36 percent of men believe that wife beating is justified under certain circumstances. Surprisingly, a larger share of the younger population (aged 15 to 19) agrees with wife beating compared to other age groups, suggesting that social norms against women's integrity are being perpetuated in Kenya (Figure 36b). The data also shows that help-seeking behavior is notably low, intensifying the challenges faced by women in abusive situations.

Despite a decline in its prevalence, the practice of female genital mutilation (FGM) continues to affect a significant portion of women, supported by deep-rooted cultural acceptance. As of 2022, 15 percent of women were affected by FGM, a decrease from 38 percent in 1998. However, specific segments of girls and women in Kenya continue to face harm. Rural women have experienced FGM in higher proportion than urban women (18.4 and 9.7 percent, respectively), as well as those from the poorest wealth quintile compared to the richest (32 and 6.6 percent). In addition, 56.3 percent of uneducated women have undergone FGM, compared to only 12.5 percent of those with primary education or more. Importantly,

Figure 37: Share of women circumcised by county



Source: Authors' calculations based on the 2022 Kenya Demographic and Health Survey (KDHS).

the prevalence of FGM seems to be geographically concentrated, with more than half of women in some northern and eastern counties having suffered from this practice (Figure 37). The belief that FGM is a cultural requisite remains high among these groups, illustrating the powerful influence of social norms on harmful practices which have long-term impacts on women's health, autonomy, and economic opportunities.

Together, these factors interact to influence women's economic outcomes

Employing probit regression models, the socio-demographic factors identified above demonstrated substantial and statistically significant correlations with women's economic outcomes. To explore the interplay between sexual and reproductive outcomes, social norms, and women's economic opportunities, while accounting for demographic factors such as place of residence, a series of models were conducted (Box 6). The findings reveal clear patterns: early marriage, early motherhood, and the prevalence of conservative social norms are consistently linked to poorer economic outcomes for women, including lower employment rates, reduced earnings, and a higher likelihood of unpaid labor. These results highlight the structural barriers women face in translating educational and personal aspirations into economic agency. Particularly significant is the persistent disparity in life trajectories, as women in Kenya continue to marry and give birth at much younger ages than men, reinforcing their economic disadvantages.

Early marriage is associated with worse economic outcomes for women. Women who marry before the age of 19, compared to those marrying at 25 or older, appear to encounter several economic challenges. These women are less likely to be employed and exhibit lower earnings. This association may reflect disruptions in education and training due to early marital responsibilities, and a limited participation in higher-paying job markets. Moreover, a higher likelihood of engagement in unpaid labor is observed among women who marry early. This trend highlights the continuation of traditional roles in informal or familial labor settings that do not provide financial compensation. Marrying early is also associated with higher participation in employment in agriculture and domestic roles, sectors characterized by lower wages and less security. The tendency to occupy these roles may be reinforced by prevailing social norms around suitable employment for women, which often limits their economic opportunities.

Box 6: Using regression models to examine the economic impacts

Building on the socio-demographic factors identified in previous sections, probit regression models were employed to quantify their economic impacts on women. Two probit models and one ordinary least squares (OLS) model were analyzed to discern distinct influences on economic outcomes. The first model focused solely on the impact of age at marriage, intentionally excluding the effect of age at first birth to isolate this variable's specific contributions. Conversely, the second model assessed the effect of age at first birth on economic outcomes without the confounding influence of age at marriage. An additional OLS model evaluated how both age at marriage and age at first birth influence earnings.

Integrating key variables such as age at marriage, age at first birth, and number of children, the analysis examined how these factors affect women's economic opportunities, including employment, earnings, payment types, and participation in agriculture and domestic roles versus other economic activities. In a second step, the model incorporated proxies for social norms from the 2022 Kenya Demographic and Health Survey, including attitudes toward wife-beating, autonomy in household decisions, reproductive health decisions, and views on female genital mutilation (FGM). These factors were synthesized into a composite index using principal component analysis (PCA), reflecting the broader societal pressures that shape economic behaviors. It is important to note that while measuring individual attitudes and behaviors sheds light on the presence of norms (Samman, 2019), there are significant limitations. Notably, there is a lack of consideration for beliefs about others' behaviors, a key aspect of social norms (Rost et al., 2021). Additionally, survey responses may be subject to social desirability bias, where respondents answer according to perceived societal expectations.

To account for the well-documented benefits of education, educational attainment was introduced in the final step of the models. This inclusion allows for the isolation of social and familial factors from the direct impact of education on economic outcomes, providing a clearer view of each element's unique contributions.

An early age at first birth is linked to lower economic outcomes for women, indicating a significant correlation between the timing of the first birth and their economic prospects. Women who experience their first birth at or before the age of 19, in comparison to those whose first birth occurs at age 25 or older, typically show diverse economic impacts. Interestingly, women who gave birth early are slightly more likely to be employed. This counterintuitive finding suggests that while early motherhood may limit educational opportunities, it might also push women into the labor market, often in less secure and lower paying roles. Despite being more likely to be employed, the earnings of women with early first births are notably lower. This suggests that the types of jobs available to them may offer limited financial benefits. There is also a higher propensity for engagement in unpaid labor among these women. In addition, like early marriage, early motherhood is associated with higher likelihood of employment in agriculture and domestic sectors.

The economic burden of childbearing is evident, as each additional child a woman has is associated with a reduced probability of employment and lower earnings. This suggests that increasing family size places additional demands on women's time, likely detracting from their ability to participate in the workforce. Similarly, women with more children tend to earn less, potentially due to

the necessity of accepting lower-paid or part-time work to accommodate childcare needs. The data also indicates an increase in the likelihood of women engaging in unpaid labor as the number of children grows, and an increased likelihood of women with more children working in the agriculture sector, which often involves flexible, familial, and informal labor arrangements that can accommodate childcare but typically offer lower earnings and less security.

Restrictive social norms negatively impact women's economic outcomes. Women displaying adherence to restrictive gendered social norms⁵⁸ are less likely to participate in employment and earn lower wages when they do. This association highlights how societal expectations can limit women's economic opportunities. These norms are also positively correlated with women's likelihood of working in sectors like agriculture and domestic services. These fields often feature lower pay and fewer advancement opportunities, reinforcing economic disparities. The relationship between restrictive social norms and negative economic outcomes remains significant even when controlling for other variables. This indicates a robust effect of societal attitudes on women's economic lives. Even after accounting for the number of children, the influence of restrictive norms continues to negatively correlate with employment and earnings. This suggests that societal expectations compound the economic challenges faced by mothers.

⁵⁸ The four selected proxies for social norms are integrated into our models as a composite index, constructed via Principal Component Analysis (PCA). In this index, a higher value denotes more regressive attitudes. While the composite index overall is negatively associated with both employment and earnings, individual analysis reveals that regressive attitudes towards wife beating are linked with higher employment rates but lower earnings. This contradiction highlights that simply participating in the workforce may not be sufficient to challenge entrenched norms that perpetuate power imbalances. Additional research is imperative to fully understand how gender-based violence (GBV) impacts women's economic empowerment.

Educational attainment correlates with employment and earnings outcomes.⁵⁹ Education also influences the sectors in which women are employed. Those with higher education are less likely to work in traditionally lower-paying fields such as agriculture and domestic services. However, despite the mitigating effects, education does not seem to significantly alleviate the impact of early marriage, early childbirth, and social norms that remain on employment and earnings. This demonstrates that while education can somewhat buffer the negative impacts of early family formation and restrictive social norms, it is not a solitary factor in improving women's economic status.

In sum, economic disparities affecting women in Kenya are complex, reflecting the connections between early family formation, restrictive social norms, and women's economic outcomes. While education appears to mitigate some negative impacts, it alone does not entirely bridge the gaps shaped by these factors. These correlations

suggest the need for multifaceted policy interventions that address not only educational needs but also broader social, cultural, and economic barriers. Such an approach would not only address the immediate disparities but also the underlying factors that perpetuate gender inequality. This nuanced understanding is essential for crafting policies that effectively promote gender equality and broader economic development in Kenya, providing a critical foundation for informed and context-sensitive policymaking.

3.5 A multisectoral approach is needed for lasting change

Achieving lasting progress in women's economic empowerment requires a comprehensive, multisectoral approach that addresses the interrelated challenges women face throughout their lives. The disparities highlighted in this analysis are rooted in a complex combination of socio-cultural, economic, and structural factors that demand coordinated interventions across

Table 3: Enhancing girls' and women's economic empowerment framework: priority action areas across the lifecycle

	Childhood (0-10)	Adolescence (11-19)	Youth (20-25)	Adulthood (26+)
I. Building women's human capital	<ul style="list-style-type: none"> • Priority 1: Improve access to and quality of education, especially in the most disadvantaged counties • Reduce dropout and absenteeism • Improve female STEM engagement • Leverage social protection and health systems to strengthen human capital of girl children 		<ul style="list-style-type: none"> • Increase access to tertiary education, particularly to STEM and more profitable careers 	<ul style="list-style-type: none"> • Facilitate second chance education and training
II. Shaping social norms and protecting women's human capital and economic participation	<ul style="list-style-type: none"> • Address gender bias in schools 	<ul style="list-style-type: none"> • Priority 2: Reduce teenage pregnancies and early marriages 	<ul style="list-style-type: none"> • Promote a gender-responsive and gender-transformative social protection system 	
	<ul style="list-style-type: none"> • Enhance girls' performance and aspirations 	<ul style="list-style-type: none"> • Enhance parental aspirations for their daughters 		
	<ul style="list-style-type: none"> • Change expectations around domestic responsibilities: address disparities of time used for unpaid domestic and care work, starting in young years, and increase access to quality childcare options 			
III. Improving access to better economic opportunities and leadership	<ul style="list-style-type: none"> • Improve early childhood development 	<ul style="list-style-type: none"> • Improve agency, confidence, self-efficacy and empowerment • Priority 3: Facilitate school-to-work transitions 	<ul style="list-style-type: none"> • Improve women's entry and retention in the labor market • Priority 4: Improve access to better jobs and entrepreneurship for women • Improve female participation in higher-value industries • Improve women access to leadership positions in firms • Improve women access to political leadership • Improve data availability in agriculture to boost policy response 	
IV. Ending gender-based violence	<ul style="list-style-type: none"> • Priority 5: Prevent and respond to gender-based violence (GBV) through early interventions in schools and for adolescents out-of-school • Reduce female genital mutilation (FGM) prevalence • Reduce childhood exposure to violence through parent-child interventions 		<ul style="list-style-type: none"> • Reduce GBV prevalence • Improve quality survivor-centered service provision for GBV survivors 	

⁵⁹ The analysis categorizes education into four categories – uneducated, primary, secondary and more than secondary. The uneducated category encompasses those women that have no completed levels of formal education, including pre-primary and incomplete primary education.

multiple sectors and stages of life. To tackle these barriers effectively, a proposed framework for action focuses on four critical pillars, each designed to address specific obstacles while reinforcing one another to drive systemic change. While the framework outlines strategies spanning the lifecycle and the four pillars, a prioritization exercise identified five key actions, informed by the most urgent challenges and Kenya's current opportunities for progress, to maximize impact and ensure transformative, sustainable outcomes.

3.5.1 Building women's human capital

Priority 1: Keep girls in school and learning, especially in the most disadvantaged counties

Despite Kenya's significant progress in broadening educational access, pronounced disparities continue to disproportionately impact girls in disadvantaged counties, particularly in the northern regions. These areas not only report the highest proportions of uneducated women but also consistently show enrollment rates that lag the national average, exacerbated by deeper socio-economic challenges. Furthermore, although the rate of girls' enrollment is increasing more rapidly than that of boys at the national level, girls in these regions remain at a disadvantage. It is crucial to prioritize enhancing access, quality, and retention of education in these counties, recognizing education's vital role as a safeguard against adverse economic outcomes and a foundation for future empowerment.

Scholarship programs and cash or in-kind transfer schemes targeted to the most vulnerable girls in disadvantaged counties can increase retention and graduation. This strategy not only reduces financial barriers but also ensures that both girls and boys receive the essential support needed to continue and complete their education. The World Bank Africa Gender Innovation Lab (GIL) has highlighted the effectiveness of reducing educational costs through cash transfers in various contexts, including a scholarship project in Niger.⁶⁰ Under the Sahel Women Empowerment and Demographic Dividend (SWEDD) project, scholarships and tutoring provided to adolescent girls significantly delayed marriage and boosted educational outcomes, enhancing life satisfaction and

raising educational and professional aspirations among participants and their parents. This indicates that such interventions can have enduring benefits beyond their immediate implementation, advocating for their broader adoption in similar contexts within Kenya. In Kenya, a variety of bursary programs already exist, including the "Wings to Fly" program in the Ministry of Education; streamlining and expanding these bursary programs, especially in the lagging counties, would improve retention and graduation. Similarly, the social protection and health systems could be leveraged to support vulnerable girls from birth through adolescence to ensure adequate health, nutrition, and economic resources to succeed in school.

Enhancing educational opportunities for girls, particularly in underserved areas, lays a foundation for comprehensive social and economic empowerment. However, while prioritizing immediate needs, the necessity of a well-rounded approach to educational enhancement is acknowledged. Attention is needed to reduce dropout and absenteeism, improve female STEM engagement, enhance sanitary infrastructure to cater to girls' specific needs⁶¹ (for example by extending the reach of free sanitary products⁶²), boost female teachers and leadership in education at secondary level,⁶³ particularly in STEM subjects, to provide role models and foster a supportive learning environment for girls, among others. Education is a critical tool to empowering girls and women, however as we have explored, it is only one piece of a bigger picture.

3.5.2 Shaping social norms and protecting women's human capital and economic participation

Priority 2: Reduce teenage pregnancies and early marriages

Prevailing societal expectations and entrenched gender roles lead Kenyan girls into marriage and motherhood much earlier than boys, adversely affecting their educational and economic trajectories. To address the root causes of early marriage and teenage pregnancies, comprehensive strategies are necessary to shift parental and girls' aspirations for themselves, keep girls in school, foster healthy relationships, prevent and respond to gender-based violence, and equip boys and girls with the knowledge and resources to avoid unwanted pregnancies.

⁶⁰ World Bank (2023). *GIL top policy lessons on empowering adolescent girls*.

⁶¹ World Bank (2023). *What works to narrow gender gaps and empower women in Sub-Saharan Africa? An Evidence-review of selected impact evaluation studies*.

⁶² Benschaul-Tolonen et al. (2019). *Pupil Absenteeism, Measurement, and Menstruation: Evidence from Western Kenya*. CDEP-CGEG Working Paper 74, Center for Development Economics and Policy, Columbia University.

⁶³ Muralidharan, K., & Ketki, S., (2016). "Bridging Education Gender Gaps in Developing Countries: The Role of Female Teachers." *Journal of Human Resources* 2016 (March), 51 (2) 269- 297.



The recommendation is for nationwide campaigns and comprehensive sexual and reproductive health (SRH) education. Launching a widespread social and behavioral change campaign focusing on contraception, healthy relationships, consent, and understanding the impacts of teenage pregnancy would help. The campaign should involve peer education and be inclusive of both genders. Age-appropriate messaging must be tailored to the diverse cultural contexts. Gaining support of community, traditional, and religious leaders to reinforce these messages has worked in other contexts.⁶⁴ Bolstering sexual and reproductive health education across the nation ensures young people are well-informed and capable of making empowered decisions about their health and relationships.

Evidence shows that SRH education on its own is not enough to reduce teen pregnancy; broader multi-sectoral engagement is needed to effectively reduce teenage pregnancies and early marriages. As keeping girls in school is a key protective factor against early pregnancy, social and behavioral change should build on efforts under Priority 1 to emphasize on the benefits of completing one's education (building on efforts under Priority 1), promoting safe school environments for girls, and building life skills for both boys and girls through community- or school-based safe space platforms. Safe Spaces are an intervention model, usually targeting adolescent girls that have been widely effective in Africa and Asia in improving knowledge, skills and attitudes, particularly concerning reproductive health, gender and human rights, financial capability and economic empowerment.⁶⁵ In addition, a more gender-responsive social protection system that embraces an empowerment approach could support young women through key life stages, such as school to work, even as they navigate marriage and childbirth. Expanding access to quality childcare and school-reentry for teen mothers would enhance the labor market prospects and participation of young women. These measures collectively aim to create a more supportive environment that enables young women to pursue education and economic opportunities without the constraints of traditional gender roles.

3.5.3 Improving access to better economic opportunities and leadership

Priority 3: Facilitate school-to-work transitions

The transition from education to employment represents a critical juncture for young women, who often become 'Not in Education, Employment or Training (NEET)' at higher rates than their male counterparts and begin family formation at a younger age. Addressing this pivotal transition phase is essential to increasing their opportunities for better and more employment. The NEET rate is particularly alarming for females in north eastern counties and household responsibilities are the main reason for inactivity. Building on the recommendations under Priority 1 and Priority 2, the aspirations of young girls, and their families must be built from a young age, potentially through social and behavioral change approaches, role models, and safe space platforms. These aspirations, combined with support for keeping girls in school and avoiding early marriage, will promote an enabling environment for young women to plan and embark on productive careers.

The recommendation is to invest in career preparation including better information and labor intermediation for women to entry to more profitable occupations as well as active labor market programs (ALMPs)⁶⁶ tailored specifically to women's needs. ALMPs programs are essential in supporting women's entry and advancement



⁶⁴ https://www.sweddafrica.org/sites/default/files/2024-03/Guide%201_L%E2%80%99engagement%20des%20leaders%20religieux%20et%20traditionnels_EN.PDF

⁶⁵ https://www.sweddafrica.org/sites/default/files/2024-04/Guide%204_Les%20espaces%20s%C3%BBrs_EN.pdf and <https://econ.lse.ac.uk/staff/rburgess/wp/ELA.pdf>

⁶⁶ According to a systematic review by the World Bank and the International Labor Organization, which analyzed evaluations of 220 youth-focused ALMPs worldwide since 1990, such programs have shown to significantly improve employment and earnings prospects, particularly in low- and middle-income countries. World Bank & ILO (2024). Active labor market programs improve employment and earnings of young people.

in the workforce, helping to overcome the specific barriers they face.⁶⁶ The evidence is compelling that youth at the greatest risk of labor market exclusion, including young women, benefit the most from these initiatives. Career preparation entails providing information on occupations and their returns, as well as technical and life skills needed in the labor market. Strengthening and expanding apprenticeship and internship opportunities, particularly in sectors traditionally dominated by men, are essential to prepare young women for the workforce, increasing employability and addressing skill mismatches.⁶⁷ Comprehensive programs combining technical training, socio-emotional and behavioral skills, job placement, and small stipends (to alleviate cost of childcare), improve employment and earnings for young women, including disadvantaged youth^{68,69} and help firms hire more qualified candidates.⁷⁰ This approach not only equips young women with necessary skills but also aims to integrate them into sectors offering greater economic benefits. Successful interventions show the importance of embedding soft skills training, peer support, and mentorship into career preparation opportunities to ensure young women are ready to compete for jobs in a range of sectors, succeed in the workplace, and grow into leadership roles. For instance, the Liberia's Economic Empowerment of Adolescent Girls and Young Women (EPAG) program demonstrated significant impacts, through a combination of technical and life skills training followed by supportive follow-up, leading to a 50% increase in employment among participants.⁷¹ *Sectoral information dissemination* entails actively providing young women with detailed and transparent information about earnings potential across various sectors. In Kenya and the Republic of Congo, this approach has worked to encourage young women to pursue training in higher-paying fields, broadening their economic prospects.⁷²

Priority 4. Improving access to better jobs and entrepreneurship for women

Despite improvements, women remain engaged in less productive and lower paying jobs. They are also more likely to be in unpaid labor. Too many drop out of the formal sector permanently after motherhood. Many women who become entrepreneurs out of economic necessity do not have the skills to build large and successful companies. Their decision to start a business instead of seeking wage work is influenced by important constraints such as differences in skills, capital, networks, time and family formation, occupational opportunities, and safety.⁷³ If women face greater constraints than men in pursuing alternative job opportunities, this can lead to a relatively higher share of women taking up self-employment, which can affect their opportunities. The gaps in economic opportunities are a primary, and significant, driver of the gender gap in business performance.⁷⁴ When pursuing entrepreneurship, women have less access to credit⁷⁵ to grow their businesses, less access to networks and hence less access to markets,⁷⁶ and consistently show lower productivity. Enhancing women's access to better income generating opportunities and increasing productivity of their businesses is crucial to improving their economic status. For instance, the Kenya Youth and Opportunities Project (KYEOP), succeeded by the National Youth Employment and Opportunities Towards Advancement (NYOTA), has effectively delivered training, work experience, and labor market insights to targeted youth, with women comprising 50 percent of the beneficiaries. These programs not only facilitate immediate employment opportunities but also contribute to long-term economic empowerment by providing sustainable pathways into the labor market.

⁶⁷ World Bank, UNESCO, & ILO. (2023). *Building Better Formal TVET Systems: Principles and Practice in Low-and Middle-Income Countries*.

⁶⁸ 2018. "Integrated Youth Employment Programs. A Stocktake of Evidence on What Works in Youth Employment programs". World Bank, Washington, DC.

⁶⁹ Hicks et al., 2011; Jensen, 2012.

⁷⁰ Maiborn, Jonas, Michael Rosholm, and Michael Svarer. 2017. "Experimental Evidence on the Effects of Early Meetings and Activation." *Scandinavian Journal of Economics* 119, no. 3 (May): 541–570.

⁷¹ World Bank (2020). *GIL top policy lessons on increasing women's youth employment*.

⁷² <https://documents1.worldbank.org/curated/en/352141647327119360/pdf/Addressing-Gender-Based-Occupational-Segregation-Experimental-Evidence-from-the-Republic-of-Congo.pdf> and <https://openknowledge.worldbank.org/entities/publication/095439c6-0191-5199-a935-612f74e78442>

⁷³ Chakravarty, Shubha, Smita Das, and Julia Vaillant. (2017). "Gender and youth employment in Sub-Saharan Africa: a review of constraints and effective interventions." *World Bank Policy Research Working Paper* (8245).

⁷⁴ *Profiting from Parity. Unlocking the Potential of Women's Businesses in Africa*.

⁷⁵ *Female entrepreneurs in Africa have systematically lower levels of business capital – including equipment, inventory and property – relative to their male peers. Drawing on data from 14 impact-evaluation datasets from 10 countries in Africa, the typical male-owned firm has over six times the capital investment of female-owned enterprises.*

⁷⁶ *Women often do not have the same access as men to large and diverse social networks that can support the growth and competitiveness of their business.*

Evidence shows that entrepreneurship programs targeting youth can have significant positive impacts on long-term labor market outcomes, particularly when business skills training is combined with financial support and mentorship.⁷⁷ For example, KYEOP provided business development support and grants to over 86,000 young entrepreneurs, allowing them to launch their businesses, creating 125,000 jobs, and increasing incomes by 50 percent. Specific evidence on interventions designed to support women-led businesses suggest that tailoring to address their differential constraints and helping them in making decisions that foster business growth is key. For example, a growing body of research indicates that business training programs can be more effective for women-led businesses when they incorporate elements that focus on socio-emotional skills -such as personal initiative and resilience- address women-specific constraints or provide networking opportunities.

In addition, enhancing social protection, health services, and childcare is essential for establishing a robust foundation of human capital throughout the lifecycle. This would complement the activities to build and protect human capital and facilitate school-to-work transitions and improving access to better jobs for women. Moreover, fostering environments that enhance agency, confidence, and safety through life-skills training, safe space platforms, and peer support is pivotal. For the most disadvantaged women, more comprehensive labor readiness programs may be needed to gradually build their social inclusion and sustainable livelihoods. Recognizing the importance of these broader factors ensures a holistic approach to addressing the complex landscape of women's economic empowerment. These elements are vital for long-term sustainable change and cannot be overlooked in broader policy and development discussions.

3.5.4 Ending gender-based violence

Priority 5. Prevent and respond to gender-based violence through early interventions in schools and for adolescents out-of-school

A third of women in Kenya have ever experienced physical violence, with most perpetrators being their current or former intimate partner. Evidence suggests the younger cohort of Kenyans show more restrictive attitudes, with a larger share justifying wife beating. Early educational

interventions and community engagement must be prioritized to combat the normalization of GBV from a young age for both boys and girls, utilizing schools to promote gender equality and prevent violence. Strategies that build broad community support by engaging parents, communities, and religious leaders, complemented by integration of gender discussions into school curricula and expanding outreach to adolescents outside the educational system have shown the most promise in tackling this pernicious and pervasive risk to women and girls.

The recommendation is to implement educational interventions and bolster community engagement.

Educational interventions entail utilizing schools as platforms for gender equality promotion and GBV prevention, integrating group education that engages men and boys in discussions about gender attitudes. An approach using sport and play to engage students in school setups has been effective in Pakistan, where it significantly reduced various types of violence; the method integrated gender discussions into the schools' learning activities, actively involving students and creating an environment conducive to breaking down gender stereotypes and fostering respect.⁷⁸ *Community engagement*, on the other hand, entails extending GBV awareness and prevention programs to adolescents outside the school system, ensuring broad community involvement and support. The Bandebereho program in Rwanda, involving group sessions with expecting fathers and their partners, is an exemplary model.⁷⁹ Through sessions aimed at promoting men's engagement in



⁷⁷ Cho and Honorati, 2014; Kluge et al., 2016; Anam, 2018; Blattman and Ralston, 2015; Jayachandran, 2020. McKenzie, 2020.

⁷⁸ Karmaliani, R., et al. (2020). Right To Play's intervention to reduce peer violence among children in public schools in Pakistan: a cluster-randomized controlled trial. *Global health action*, 13(1), 1836604

⁷⁹ Doyle, K., et al. (2018). Gender-transformative Bandebereho couples' intervention to promote male engagement in reproductive and maternal health and violence prevention in Rwanda: Findings from a randomized controlled trial. *PLoS one*, 13(4), e0192756.

reproductive and maternal health, and caregiving, it achieved a reduction in physical and sexual intimate partner violence and increasing men's participation in childcare and domestic tasks, illustrating the effectiveness of community programs in altering attitudes and behaviors regarding gender and violence.

School environments offer a pivotal platform for promoting gender equality and initiating GBV prevention and awareness programs, educating students to recognize and mitigate risk behaviors associated with violence and abuse. Stereotypical views on gender roles have been identified as factors that not only impede gender equality but can also perpetuate violent behaviors. A systematic review conducted in 2023 examined GBV prevention and intervention programs within early education settings, revealing a notable lack of targeted interventions at these critical stages.⁸⁰ One contributing factor to this deficiency is the reluctance or inability of educators and school staff to acknowledge certain behaviors as manifestations of gender-based violence. The review highlighted that successful interventions share several key characteristics that are instrumental in breaking down gender stereotypes and fostering a culture of respect and equality within school communities. Effective programs are characterized by their integration into the school's curriculum, actively engaging students through participatory learning experiences. They foster open dialogue within a secure and supportive environment, emphasizing the importance of involving family members and the broader community in the conversation. Furthermore, these programs are grounded in empirical evidence, ensuring that interventions are both relevant and adaptable to the specific needs and contexts of the target audience.

While targeted actions form the core of the proposed strategy, addressing GBV comprehensively also involves broader societal measures. These include expanding prevention efforts beyond schools to encompass community-wide GBV awareness programs, strengthening judicial processes to hold perpetrators accountable while keeping survivors safe, reducing the prevalence of female genital mutilation (FGM) in high-risk areas, and enhancing the quality-of-service provision for GBV survivors at the community level. Such measures ensure a holistic approach that complements the proposed focused priorities, providing necessary broader societal changes to effectively combat GBV.

A comprehensive, multisectoral approach that addresses the interrelated challenges women and girls face throughout their lives requires timely and high-quality sex-and-gender-disaggregated data.

Sex-and-gender-disaggregated data refers to the collection, analysis, and presentation of data that differentiates individuals based on their sex (biological characteristics) and gender (socially and culturally defined roles, behaviors, and identities). The purpose of using this data is to gain insights into the distinct experiences, needs, and challenges faced by various groups within society, with a primary focus on identifying and addressing gender-based inequalities. In the context of Kenya, such data would also include information on vulnerable populations such as the poor, women in ASALs (Arid and Semi-Arid Lands), and refugees. Such data is vital for developing effective policies and programs, as well as for monitoring and evaluating progress toward women's economic empowerment. Ongoing government efforts to enhance the coverage, accuracy, reliability, and comparability of this data will provide a strong analytical foundation for informed policymaking.

⁸⁰ Villardón-Gallego L. et al. (2023). *Early Educational Interventions to Prevent Gender-Based Violence: A Systematic Review*. *Healthcare (Basel)*. 2023 Jan 3;11(1):142.



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ANNEX TABLES

Table A1: Selected economic indicators, 2019-2023

	2020	2021	2022	2023	2024	2025	2026
	Act.	Act.	Act.	Act.	Est.	Proj.	Proj.
Output and prices	(Annual percentage change, unless otherwise indicated)						
Real GDP	-0.3	7.1	4.9	5.6	4.7	5.0	5.1
Agriculture	4.6	-0.4	-1.5	6.5	4.8	5.0	5.1
Industry	3.3	7.5	3.9	1.9	0.9	2.9	3.6
Services	-1.8	7.5	6.6	6.2	6.0	5.7	5.4
Private consumption	-1.5	6.4	3.3	6.2	5.6	5.4	5.4
Government consumption	3.1	6.0	8.1	3.5	2.0	1.5	1.9
Gross fixed capital investment	2.3	10.8	-0.8	1.9	2.1	5.5	7.1
Exports, goods and services	-14.9	15.3	11.9	-4.5	5.5	9.8	10.1
Imports, good and services	-9.4	22.2	4.6	-3.1	2.5	5.6	7.2
GDP deflator	4.9	4.3	7.0	6.1	6.0	5.8	5.4
CPI (period average)	5.3	6.1	7.7	7.7	5.1	5.0	5.0
Money and credit	(Annual percentage change, unless otherwise indicated)						
Broad money (M3)	13.3	6.2	7.5	19.9			
Credit to non-government sector	8.5	8.5	12.5	13.9			
Policy rate (CBR)	7.0	7.0	8.8	12.5			
NPLs (percent of total loans)	12.2	11.1	11.4	13.0			
Central government (fiscal year i.e 2019 = 2019/20)	(Percent of GDP, unless otherwise indicated)						
Total revenue & grants	17.3	17.6	16.7	16.9	17.2	17.9	18.3
Tax revenues	13.4	13.9	13.2	13.0	13.2	13.7	14.0
Non-tax revenues	3.4	3.4	3.3	3.7	3.7	3.9	4.0
Grants	0.5	0.2	0.2	0.1	0.3	0.3	0.3
Expenditure	24.9	23.8	22.6	22.4	21.5	21.7	21.7
Current	16.2	16.8	16.2	16.6	15.7	15.4	15.3
Capital	5.3	4.3	3.5	3.4	3.3	4.0	4.3
Primary balance	-3.4	-1.6	-0.8	0.1	1.3	1.6	2.0
Overall balance including grants	-7.5	-6.2	-5.6	-5.2	-4.3	-3.8	-3.4
Financing	7.5	5.9	5.4	5.1	4.3	3.8	3.4
Net domestic borrowing	4.4	4.8	3.2	3.7	2	1.1	0.8
Foreign financing	3.1	1.1	2.2	1.4	2.3	2.7	2.6
Public debt stock (fiscal year i.e 2019 = 2019/20)	(Percent of GDP, unless otherwise indicated)						
Public gross nominal debt	68.4	68.0	72.0	65.7	62.8	60.5	58.2
External debt	35.5	33.9	38.2	32.1	30.5	28.6	26.7
Domestic debt	32.8	34.1	33.9	33.6	32.3	31.9	31.5
Memo:							
GDP at current market prices (KES billion)	10,715	12,028	13,490	15,109	16,774	18,632	20,645

Source: World Bank, National Treasury, Central Bank of Kenya, Kenya National Bureau of Statistics

Table A2: GDP growth rates for Kenya and EAC (2019-2023)

	2018	2019	2020	2021	2022	2023
Kenya	5.6	5.1	-0.3	7.1	4.9	5.6
Uganda	6.3	6.4	3.0	3.4	4.7	5.3
Tanzania	5.5	5.8	2.0	4.3	4.6	5.1
Rwanda	8.5	9.4	-3.4	10.6	7.8	8.6
Burundi	1.6	1.8	0.3	3.1	1.8	2.7
Congo (DR)	5.8	4.4	1.7	6.2	8.9	8.4
South Sudan	-3.5	3.2	-6.5	-5.1	-2.3	-1.3

Source: World Bank staff calculations

Table A3: Kenya annual GDP (2010-2023)

Years	GDP, current prices	GDP, 2016 constant prices	GDP/capita, current prices	GDP growth
	KSh Millions	KSh Millions	US\$	Percent
2010	3,598,000	5,794,000	930	8.1
2011	4,163,000	6,090,000	1,010	5.1
2012	4,767,000	6,368,000	1,060	4.6
2013	5,311,000	6,610,000	1,130	3.8
2014	6,004,000	6,942,000	1,260	5.0
2015	6,884,318	7,287,024	1,330	5.0
2016	7,594,064	7,594,064	1,500	4.2
2017	8,483,396	7,883,816	1,550	3.8
2018	9,340,307	8,330,891	1,730	5.6
2019	10,237,727	8,756,946	1,890	5.1
2020	10,715,070	8,733,060	1,900	(0.3)
2021	12,027,662	9,395,942	2,080	7.6
2022	13,368,340	9,852,583	2,170	4.9
2023	15,108,806	10,399,980	2,110	5.6

Source: Kenya National Bureau of Statistics and World Development Indicators



Table A4: Contribution by sub-sectors (percentage points)

Year	Quarterly	Industry by sub sector contribution				Industries	Services by subsector contribution						Other	Services
		Agriculture	Mining and quarrying	Manufacturing	Electricity and water supply		Construction	Accommodation and restaurant	Transport and storage	Real estate	Information and communication	Education		
2019	Q1	0.98	-0.01	0.24	0.08	0.32	0.37	0.16	0.68	0.24	0.52	0.39	1.30	3.67
	Q2	0.69	0.07	0.38	0.04	0.38	0.49	0.12	0.87	0.18	0.67	0.51	1.34	4.18
	Q3	0.16	0.05	0.24	0.04	0.43	0.46	0.12	0.49	0.20	0.81	0.47	1.36	3.92
	Q4	0.22	0.06	0.08	0.02	0.39	0.44	0.21	0.53	0.18	0.44	0.47	1.33	3.61
2020	Q1	0.97	0.07	0.15	0.04	0.54	0.43	-0.13	0.19	0.24	0.47	0.25	0.79	2.24
	Q2	1.68	0.04	-0.43	-0.11	0.36	-0.30	-0.64	-1.73	0.14	0.26	0.26	-1.76	-3.77
	Q3	-0.76	0.05	-0.17	0.02	0.57	-0.43	-0.70	-1.10	0.14	0.25	0.48	-1.23	-2.58
	Q4	1.51	0.06	0.36	0.12	0.70	0.16	-0.74	-0.66	0.18	0.84	0.60	-0.48	-0.10
2021	Q1	-0.13	0.11	0.17	0.09	0.35	0.73	-0.28	-0.79	0.15	0.75	0.39	0.78	1.72
	Q2	-0.43	0.11	0.92	0.18	0.41	0.80	0.31	1.63	0.34	1.04	0.52	3.19	7.83
	Q3	-0.11	0.16	0.91	0.19	0.43	0.56	0.59	1.43	0.05	0.91	0.34	2.99	6.88
	Q4	0.37	0.35	0.56	0.10	0.41	0.59	0.68	0.66	0.23	1.08	0.23	2.35	5.83
2022	Q1	-0.18	0.20	0.31	0.08	0.35	0.39	0.25	0.60	0.25	1.30	0.37	1.32	4.48
	Q2	-0.44	0.17	0.30	0.14	0.25	0.29	0.27	0.61	0.30	1.24	0.27	1.08	4.05
	Q3	-0.16	0.17	0.16	0.17	0.22	0.27	0.15	0.55	0.34	0.76	0.26	1.11	3.44
	Q4	-0.27	-0.12	0.13	0.15	0.14	0.23	0.25	0.45	0.24	0.83	0.34	1.16	3.49
2023	Q1	1.19	-0.13	0.17	0.09	0.17	0.26	0.42	0.59	0.30	0.52	0.43	1.24	3.75
	Q2	1.50	-0.10	0.13	0.07	0.15	0.16	0.39	0.44	0.23	1.17	0.20	1.28	3.87
	Q3	0.74	0.01	0.23	0.09	0.25	0.25	0.35	0.53	0.29	1.40	0.28	1.52	4.63
	Q4	0.95	-0.07	0.15	0.03	0.13	0.24	0.24	0.79	0.37	0.62	0.21	1.35	3.82
2024	Q1	1.14	-0.15	0.10	0.06	0.01	0.42	0.35	0.36	0.25	0.61	0.33	1.28	3.60
	Q2	0.94	-0.03	0.26	0.02	-0.16	0.33	0.33	0.34	0.22	0.48	0.31	1.09	3.11

Source: World Bank, based on data from Kenya National Bureau of Statistics

Note: Other = Wholesale and retail trade + Public administration + Professional, administration and support services + Education + Health + Other services + FISIM

Table A5: National fiscal position

Actual (percent of GDP)	2019/20	2020/21	2021/22	2022/23	2023/24*
Revenue and grants	17.2	17.3	17.6	16.7	16.9
Total revenue	16.9	16.8	17.3	16.6	16.8
Tax revenue	13.1	13.4	13.9	13.2	13.0
Income tax	6.7	6.1	6.9	6.6	6.5
VAT	3.6	4.3	4.1	3.9	4.0
Import duty	0.9	0.9	0.9	0.9	0.8
Excise duty	1.8	2.1	2.0	1.9	1.7
Other revenues	1.8	1.1	1.2	1.1	1.2
Railway levy					
Appropriation in aid	2.1	2.3	2.2	2.2	2.6
Grants	0.2	0.5	0.2	0.2	0.1
Expenditure and net lending	24.8	24.9	23.8	22.6	22.4
Recurrent	16.0	16.2	16.8	16.2	16.6
Wages and salaries	4.2	4.3	4.1	3.8	3.6
Interest payments	4.1	4.1	4.6	4.8	5.3
Other recurrent	7.7	7.8	8.1	7.6	7.7
Development and net lending	5.7	5.3	4.3	3.5	3.4
County allocation	3.1	3.3	2.8	2.9	2.4
Parliamentary service	0.3	0.3	0.3	0.3	0.2
Judicial service	0.1	0.0	0.1	0.1	0.1
Equalization of funds	0.0	0.0	0.0	0.0	0.1
Fiscal balance					
Deficit including grants (cash basis)	-7.5	-7.5	-6.2	-5.6	-5.2
Financing	7.4	7.5	5.9	5.4	5.1
Foreign financing	3.2	3.1	1.1	2.2	1.4
Domestic financing	4.2	4.4	4.8	3.2	3.7
Total public debt (gross)	63.0	68.4	68.0	72.0	65.7
External debt	33.1	35.5	33.9	38.2	32.1
Domestic debt	29.9	32.8	34.1	33.9	33.6
Memo:					
GDP (Fiscal year current market prices, Ksh bn)	10,621	11,256	12,698	14,274	16,106

Source: National Treasury, Quarterly Economic and Budgetary Review (Q1, 2024/25) and Budget Outlook Paper

Note: *Indicate Preliminary results



Table A6: Balance of payment
(US\$ million)

	2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
A. Current account balance	-1,225	-1,771	-1,774	-1,005	877	-1,162	-970	-1,285	-857	-795
Trade balance	-2,450	-2,901	-2,804	-2,396	-2,447	-2,587	-2,271	-2,706	-2,273	-2,607
Exports	3,456	3,553	3,533	3,315	3,441	3,322	3,099	2,820	3,322	3,640
o/w Travel receipts	232	277	302	296	274	258	186	161	173	258
Imports	5,907	6,453	6,336	5,710	5,567	5,708	5,246	5,540	5,414	5,914
o/w Oil	1,137	1,568	1,634	1,210	1,150	1,207	1,110	1,302	1,147	1,215
Income	1,624	1,595	1,572	1,772	1,249	1,224	1,176	1,435	1,235	1,479
o/w Remittances	1024	1028	957	1045	1,020	1,024	1,081	1,076	1,070	1,203
B. Capital account balance	65	42	5	30	55	36	24	13	57	62
C. Financial account balance	-727	-1,717	-1,594	-344	656	-2400	25	-911	-834	-1526
Direct investment, net	28	-115	-135	-117	-63	-58	-55	-53	-123	-15
Portfolio investment, net	209	220	91	191	432	17	113	111	44	571
Financial derivatives, net	1	7	5	-33	9	13	31	31	16	14
Other investment, net	-966	-1,829	-1,555	-385	278	-2,372	-64	-1,001	-772	-2,097
D. Net errors and omissions	-627	106	-772	396	470	-180	60	177	-247	-140
E. Overall balance	1,060	-94	946	235	1,008	-1,094	911	184	213	-653
F. Reserves and related items	-1,060	94	-946	-235	-1,008	1,094	-911	-184	-213	653
Change in reserve assets	-1,059	21	712	186	-1,008	1,075	-501	-194	477	653
IMF net inflows	-1	-115	234	49	0	19	-410	10	-689	0
Memorandum items										
Gross reserves	12,590	12,581	11,337	11,343	10,901	13,166	13,852	14,156	15,966	16,438
Imports cover	4.9	4.9	4.4	4.3	3.9	4.4	4.0	4	4.2	4.6
Quarterly GDP at current prices	29,206	28,618	26,870	28,639	28,502	26,577	25,485	25,258	27,233	31,647

Source: Kenya National Bureau of Statistics (Economic Survey 2024)



Table A7: Inflation

Year	Month	Overall Inflation	Food Inflation	Energy Inflation	Core Inflation
2022	January	5.4	8.9	6.0	1.9
	February	5.1	8.7	4.7	2.0
	March	5.6	9.9	4.3	2.2
	April	6.5	12.2	6.2	2.4
	May	7.1	12.4	6.2	2.6
	June	7.9	13.8	7.0	3.0
	July	8.3	15.3	6.3	3.1
	August	8.5	15.3	6.6	3.4
	September	9.2	15.5	8.8	3.6
	October	9.6	15.8	9.4	4.0
	November	9.5	15.4	8.9	4.3
	December	9.1	13.8	9.6	4.3
2023	January	9.0	12.8	10.2	4.7
	February	9.2	13.3	10.3	4.8
	March	9.2	13.4	10.1	4.7
	April	7.9	10.1	9.7	4.8
	May	8.0	10.2	9.9	4.3
	June	7.9	10.3	9.4	4.1
	July	7.3	8.6	10.4	3.8
	August	6.7	7.5	10.3	3.7
	September	6.8	7.9	9.7	3.7
	October	6.9	7.8	10.7	3.8
	November	6.8	7.6	11.1	3.7
	December	6.6	7.7	10.2	3.4
2024	January	6.9	7.9	10.0	3.6
	February	6.3	6.9	9.6	3.6
	March	5.7	5.8	12.1	3.6
	April	5.0	5.6	6.5	3.5
	May	5.1	6.2	6.3	3.7
	June	4.6	5.6	5.4	3.7
	July	4.3	5.6	4.0	3.6
	August	4.4	5.3	4.8	3.7
	September	3.6	5.1	1.6	3.6
	October	2.7	4.3	-0.9	3.6
	November	2.8	4.5	-0.5	3.6

Source: World Bank, based on data from Kenya National Bureau of Statistics
 Energy inflation is an average of housing, water, electricity, gas and other fuels and transport inflation



Table A8: Credit to private sector growth (%)

Year	Month	Total Private sector annual growth rates	Agriculture	Manufacturing	Trade	Building and construction	Transport and communication	Finance and insurance	Real estate	Mining and quarrying	Private house-holds	Consumer durables	Business services	Other activities
2022	January	8.8	1.3	9.7	9.6	2.9	20.7	3.5	0.5	24.9	4.3	14.6	8.4	46.8
	February	9.1	3.0	7.6	8.9	7.9	24.1	3.6	0.7	-10.7	5.0	14.0	11.6	49.7
	March	10.9	7.7	9.9	10.4	6.4	25.0	3.6	0.5	-4.9	7.5	15.6	14.7	60.5
	April	11.5	6.4	12.0	10.7	8.2	28.9	5.8	0.8	28.3	6.7	16.1	12.2	53.6
	May	11.9	11.6	15.5	9.1	9.0	26.5	5.3	0.8	47.9	7.5	15.1	11.3	57.5
	June	12.3	12.5	15.2	11.6	13.9	22.2	6.5	0.5	28.5	6.1	14.7	15.2	57.2
	July	14.2	10.8	16.1	15.2	14.1	27.0	2.8	1.7	78.6	7.6	14.8	16.9	69.8
	August	12.5	19.2	15.2	13.3	11.5	13.5	1.2	1.0	97.2	7.8	14.3	16.1	60.8
	September	12.9	17.0	14.2	16.4	12.5	21.6	0.2	0.1	57.4	7.8	14.4	12.5	53.8
	October	13.3	21.7	17.5	15.3	8.0	22.8	5.4	1.6	53.5	5.9	14.0	13.2	49.8
	November	12.5	20.3	14.9	14.3	6.0	21.8	4.4	2.8	58.3	6.0	12.6	14.5	44.8
	December	12.5	22.3	13.8	11.4	8.2	23.5	7.6	3.2	31.3	8.2	12.9	13.7	41.8
2023	January	11.5	20.7	13.8	11.1	5.8	16.6	6.7	3.3	54.2	7.8	12.5	13.7	33.3
	February	11.7	18.0	15.2	11.8	3.0	16.5	21.1	2.9	97.7	7.8	12.4	13.5	15.3
	March	11.6	14.9	15.8	11.9	5.8	17.4	28.4	2.3	83.2	7.2	12.7	9.3	11.9
	April	13.2	16.9	21.7	13.7	4.2	18.0	32.3	2.4	55.6	5.0	13.3	12.5	20.6
	May	13.2	18.3	19.3	15.4	5.1	22.0	32.7	1.9	41.3	7.0	11.9	13.5	6.8
	June	12.2	18.6	18.0	10.2	4.9	19.8	29.7	3.7	24.0	8.4	12.0	12.1	8.7
	July	10.3	19.0	14.7	7.4	1.9	16.4	35.4	3.0	16.7	7.0	12.9	10.7	0.5
	August	12.6	14.9	19.6	9.4	2.7	24.9	38.7	3.7	23.7	7.8	12.7	8.1	10.8
	September	12.2	15.3	22.0	7.1	7.9	18.5	40.8	7.6	20.7	7.0	10.5	11.7	-0.8
	October	12.5	18.5	18.4	9.9	13.0	16.2	41.6	6.5	5.9	8.3	10.8	8.3	7.1
	November	13.2	23.7	20.0	10.2	3.6	22.9	38.9	6.5	11.8	7.8	11.1	7.2	12.8
	December	13.9	23.4	20.9	13.1	8.6	20.8	60.2	7.1	15.1	2.5	9.9	7.7	16.4
2024	January	13.8	32.5	23.1	12.9	3.1	16.6	32.8	8.0	8.0	7.3	9.3	9.5	15.8
	February	10.3	28.2	13.6	10.7	4.1	7.5	16.9	6.1	4.3	8.9	7.4	3.3	29.6
	March	8.0	17.5	9.4	6.2	0.1	6.9	13.0	5.2	34.4	8.6	6.4	6.8	15.2
	April	6.6	15.7	4.3	5.1	5.0	9.6	6.2	5.4	26.9	10.4	5.2	-0.4	10.4
	May	4.5	9.9	1.6	2.7	-4.1	4.4	-0.1	7.3	47.2	7.6	5.7	0.9	7.3
	June	4.0	10.1	-0.6	3.1	-8.3	4.4	3.3	3.6	111.7	7.5	3.9	1.9	8.8
	July	3.7	11.3	0.4	0.6	-7.9	7.3	1.0	3.6	106.8	7.6	2.7	2.1	5.6
	August	1.3	7.2	-6.7	0.8	-13.0	-1.1	4.4	3.8	102.3	5.9	3.9	1.4	-2.8

Source: Central Bank of Kenya

Table A9: Mobile payments

Year	Month	Number of agents	Number of customers (Millions)	Number of transactions (Millions)	Value of transactions (Billions)
2022	January	299,860	68.3	181.9	585.8
	February	301,108	67.9	171.4	568.7
	March	302,837	68.6	195.8	664.3
	April	295,237	68.7	188.2	663.5
	May	305,830	70.0	193.0	692.6
	June	304,693	70.3	186.2	665.1
	July	309,856	71.6	194.8	722.5
	August	310,450	70.1	184.8	677.4
	September	308,799	71.7	189.7	674.5
	October	311,957	73.2	196.9	646.5
	November	315,240	73.2	190.5	639.8
	December	317,983	73.1	207.0	708.1
2023	January	319,079	74.4	198.3	589.3
	February	323,613	74.0	184.8	578.1
	March	321,149	73.7	204.8	645.8
	April	329,968	76.0	195.0	615.3
	May	334,726	77.3	205.9	670.4
	June	328,543	77.0	197.4	643.8
	July	330,912	77.2	202.9	684.6
	August	333,428	77.6	208.6	666.6
	September	336,033	77.1	201.6	660.8
	November	327,928	77.1	201.3	707.6
	December	322,404	77.3	213.3	788.4
	January	321,340	76.8	211.6	784.0
2024	February	320,182	77.3	213.3	790.8
	March	320,276	77.7	207.8	747.7
	April	331,614	77.4	203.6	711.7
	May	334,088	77.2	208.1	722.3
	June	334,046	77.9	201.1	676.0
	July	340,889	78.6	204.2	705.9
	August	348,065	78.6	214.3	705.9
September	367,551	79.4	196.5	670.5	

Source: Central Bank of Kenya



Table A10: Exchange rate

Year	Month	USD	UK Pound	Euro
2022	January	113.4	153.6	128.4
	February	113.7	153.7	128.8
	March	114.3	151.0	126.2
	April	115.4	150.1	125.5
	May	116.3	145.1	123.0
	June	117.3	144.8	124.1
	July	118.3	141.8	120.7
	August	119.4	143.5	121.0
	September	120.4	136.7	119.3
	October	121.0	136.6	119.0
	November	121.9	143.0	124.2
	December	122.9	149.8	130.8
2023	January	123.9	151.3	133.4
	February	125.4	151.9	134.5
	March	129.7	157.4	138.8
	April	134.4	167.3	147.4
	May	137.3	171.3	149.2
	June	139.7	176.3	151.4
	July	141.4	182.1	156.3
	August	143.9	182.9	157.1
	September	146.8	182.3	156.9
	October	149.4	181.9	157.8
	November	152.0	188.6	164.2
	December	154.1	195.0	168.0
2024	January	159.7	202.9	174.3
	February	151.8	191.7	163.8
	March	137.4	174.6	149.3
	April	131.5	164.7	141.1
	May	131.7	166.5	142.4
	June	129.4	164.5	139.4
	July	129.9	166.9	140.8
	August	129.3	167.3	142.4
	September	129.2	170.7	143.5
	October	129.2	168.8	140.9

Source: Central Bank of Kenya



Table A11: Nairobi securities exchange

(NSE 20 Share Index, Jan 1966=100, End - month)

Year	Month	NSE 20 share index
2022	January	1,889
	February	1,887
	March	1,847
	April	1,801
	May	1,682
	June	1,613
	July	1,701
	August	1,751
	September	1,718
	October	1,678
	November	1,638
	December	1,676
2023	January	1,657
	February	1,647
	March	1,622
	April	1,579
	May	1,546
	June	1,575
	July	1,577
	August	1,540
	September	1,508
	October	1,461
	November	1,496
	December	1,501
2024	January	1,509
	February	1,536
	March	1,752
	April	1,667
	May	1,722
	June	1,657
	July	1,670
	August	1,678
	September	1,776
	October	1,906

Source: Central Bank of Kenya



Table A12: Central bank rate and Treasury bills

Year	Month	Central Bank Rate	91-Treasury Bill	182-Treasury Bill	364-Treasury Bill
2022	January	7.0	7.3	8.1	9.5
	February	7.0	7.3	8.1	9.7
	March	7.0	7.3	8.1	9.8
	April	7.0	7.4	8.3	9.7
	May	7.5	7.7	8.7	9.9
	June	7.5	7.9	9.1	10.0
	July	7.5	8.2	9.3	10.0
	August	7.5	8.6	9.4	9.9
	September	8.3	8.9	9.6	9.9
	October	8.3	9.1	9.7	9.9
	November	8.8	9.2	9.7	10.2
	December	8.8	9.4	9.8	10.3
2023	January	8.8	9.4	9.9	10.4
	February	8.8	9.6	10.1	10.6
	March	9.5	9.8	10.3	10.8
	April	9.5	10.0	10.5	10.9
	May	9.5	10.5	10.8	11.3
	June	10.5	11.5	11.5	11.7
	July	10.5	12.1	12.2	12.5
	August	10.5	13.9	13.2	13.6
	September	10.5	14.6	14.4	14.6
	October	10.5	15.0	15.0	15.3
	November	10.5	15.3	15.4	15.6
	December	12.5	15.7	15.6	15.8
2024	January	12.5	16.1	16.1	16.3
	February	13.0	16.5	16.7	16.8
	March	13.0	16.7	16.9	17.0
	April	13.0	16.2	16.7	16.7
	May	13.0	15.9	16.5	16.5
	June	13.0	16.0	16.7	16.7
	July	13.0	16.0	16.8	16.9
	August	12.8	15.9	16.8	16.9
	September	12.8	15.8	16.6	16.8
	October	12.5	14.6	15.3	15.6

Source: Central Bank of Kenya



Table A13: Interest rates

Year	Month	Short-term			Long-term			
		Interbank	91-Treasury Bill	Central Bank Rate	Average deposit rate	Savings	Overall weighted lending rate	Interest Rate Spread
2022	January	4.3	7.3	7.0	6.5	2.5	12.1	5.6
	February	4.7	7.3	7.0	6.6	2.6	12.2	5.6
	March	4.8	7.3	7.0	6.5	2.5	12.2	5.7
	April	4.7	7.4	7.0	6.6	2.6	12.2	5.6
	May	4.6	7.7	7.5	6.6	2.5	12.2	5.6
	June	5.0	7.9	7.5	6.6	2.5	12.3	5.7
	July	5.5	8.2	7.5	6.7	2.9	12.3	5.6
	August	5.4	8.6	7.5	6.9	3.5	12.4	5.5
	September	4.4	8.9	8.3	6.8	3.4	12.4	5.6
	October	5.1	9.1	8.3	7.0	3.5	12.4	5.4
	November	4.5	9.2	8.8	7.1	3.5	12.6	5.5
	December	5.3	9.4	8.8	7.2	3.6	12.7	5.5
2023	January	5.9	9.4	8.8	7.5	3.6	12.8	5.3
	February	6.4	9.6	8.8	7.5	3.6	13.1	5.5
	March	7.1	9.8	9.5	7.6	3.5	13.1	5.5
	April	8.5	10.0	9.5	7.7	3.6	13.1	5.4
	May	9.4	10.5	9.5	7.7	3.5	13.2	5.5
	June	9.5	11.5	10.5	7.8	3.9	13.3	5.5
	July	10.0	12.1	10.5	8.1	4.0	13.5	5.4
	August	12.5	13.9	10.5	8.4	4.1	13.8	5.4
	September	12.3	14.6	10.5	8.6	4.0	14.0	5.3
	October	12.3	15.0	10.5	9.1	4.0	14.2	5.0
	November	11.3	15.3	10.5	9.5	4.0	14.4	4.9
	December	11.5	15.7	12.5	10.1	4.2	14.6	4.5
2024	January	13.6	16.1	12.5	10.2	3.7	15.2	5.0
	February	13.6	16.5	13.0	10.3	3.3	15.9	5.6
	March	13.5	16.7	13.0	10.5	3.9	16.3	5.8
	April	13.7	16.2	13.0	10.8	4.1	16.4	5.7
	May	13.6	15.9	13.0	11.1	4.4	16.6	5.5
	June	13.1	16.0	13.0	11.5	5.1	16.9	5.4
	July	13.2	16.0	13.0	11.3	4.6	16.8	5.6
	August	13.0	15.9	12.8	11.1	4.6	16.8	5.7
	September	12.7	15.8	12.8				

Source: Central Bank of Kenya



Table A14: Money aggregate (Growth rate y-o-y)

Year	Growth rates (yoy)	Money supply, M1	Money supply, M2	Money supply, M3
2022	January	4.5	4.6	4.7
	February	5.6	4.7	4.4
	March	4.6	4.9	4.7
	April	8.6	6.3	6.9
	May	7.8	5.8	6.8
	June	7.2	5.2	7.4
	July	12.4	5.0	7.6
	August	4.9	2.6	5.1
	September	8.2	4.3	6.1
	October	4.7	2.7	5.2
	November	4.4	3.0	5.3
	December	6.4	5.3	7.1
2023	January	8.6	6.9	9.2
	February	4.9	5.5	8.8
	March	5.0	5.9	10.6
	April	3.1	4.7	9.4
	May	2.4	5.3	10.4
	June	10.0	8.5	13.4
	July	5.8	8.4	14.3
	August	10.1	9.8	17.5
	September	5.3	9.7	19.5
	October	5.4	10.1	20.4
	November	5.8	10.4	21.1
	December	3.7	9.3	21.2
2024	January	5.1	9.1	21.6
	February	9.3	9.0	18.3
	March	5.7	7.8	11.5
	April	2.0	6.3	11.1
	May	3.2	7.1	10.3
	June	-1.6	4.9	6.8
	July	-5.6	3.8	5.7
	August	-8.9	4.7	3.3

Source: Central Bank of Kenya and World Bank



Table A15: Coffee production and exports

Year	Month	Production MT	Price KSh/Kg	Exports MT	Exports value KSh Million
2022	January	5,990	762	3,239	2,634
	February	6,271	730	4,618	3,546
	March	6,646	571	4,067	3,416
	April	1,846	519	5,749	4,468
	May	491	424	5,903	4,877
	June	304	627	4,945	3,818
	July	2,111	664	5,179	3,824
	August	4,380	637	3,213	2,482
	September	3,409	589	3,172	2,365
	October	3,015	494	3,224	2,412
	November	1,775	433	3,654	2,388
	December	1,613	463	2,224	1,416
2023	January	4,440	603	1,921	1,217
	February	5,598	680	3,878	2,569
	March	5,073	622	5,486	3,851
	April	4,407	566	5,428	3,896
	May	1,374	604	6,359	4,745
	June	**	**	7,078	5,001
	July	**	**	6,175	4,192
	August	154	656	4,652	3,264
	September	340	685	2,967	2,024
	October	1,419	595	1,705	1,269
	November	1,677	560	1,695	1,358
	December	3,039	589	1,478	1,226
2024	January	4,553	684	2,686	2,112
	February	4,824	775	2,745	2,134
	March	5,070	665	4,291	3,350
	April	6,879	654	5,371	3,927
	May	3,462	523	4,733	3,614
	June	4,524	561	5,800	4,124
	July	940	520	6,991	4,936
	August	3,034	620	5,729	3,710
	September	2,649	634	5,014	3,378

Source: Kenya National Bureau of Statistics



Table A16: Tea production and exports

Year	Month	Production MT	Price KSh/Kg	Exports MT	Exports value KSh Million
2022	January	48,683	294	45,585	12,629
	February	40,826	311	44,093	13,303
	March	46,321	301	46,044	13,559
	April	41,171	304	43,446	12,769
	May	50,093	280	47,380	13,777
	June	43,268	286	46,795	13,693
	July	33,854	280	45,584	13,465
	August	35,895	286	42,940	12,604
	September	38,196	284	48,312	14,168
	October	50,466	298	41,077	12,253
	November	49,220	304	51,641	16,035
	December	55,323	294	47,848	14,892
2023	January	54,919	289	44,556	13,520
	February	32,730	291	44,329	13,511
	March	30,489	311	50,831	16,191
	April	49,491	321	37,025	12,180
	May	57,886	300	48,229	16,176
	June	48,128	292	45,318	15,446
	July	44,697	291	39,944	12,910
	August	45,578	324	58,591	20,193
	September	48,497	329	47,807	16,980
	October	52,793	323	45,360	16,112
	November	50,906	330	49,507	17,768
	December	54,336	337	46,525	17,284
2024	January	58,967	349	51,188	18,268
	February	55,447	339	59,044	20,430
	March	54,347	295	59,599	19,070
	April	53,853	301	56,263	17,337
	May	54,529	287	51,575	15,610
	June	46,242	277	42,895	11,752
	July	40,826	287	54,306	15,519
	August	38,629	292	50,821	14,713
	September			51,936	14,396

Source: Kenya National Bureau of Statistics



Table A17: Local electricity generation by source

Year	Month	Hydro	Geo-thermal	Thermal	Wind	Solar	Co-generation	Total
2022	January	320	311	206	156	32	-	1,026
	February	244	305	224	123	30	0.05	926
	March	243	410	170	202	35	0.01	1,061
	April	229	441	126	179	31	0.04	1,006
	May	284	521	80	153	33	0.03	1,071
	June	265	494	83	181	28	0.02	1,051
	July	252	521	104	208	25	0.02	1,111
	August	257	513	121	186	22	0.02	1,099
	September	244	488	118	201	26	0.01	1,077
	October	247	478	97	237	39	-	1,098
	November	233	494	124	177	39	0.04	1,067
	December	221	541	133	139	42	0.02	1,076
2023	January	185	525	107	203	47	0.02	1,067
	February	113	472	142	191	43	-	961
	March	126	509	167	152	41	-	995
	April	191	476	120	157	39	-	983
	May	238	511	95	182	44	-	1,070
	June	258	505	68	168	37	-	1,035
	July	279	495	108	198	38	0.04	1,119
	August	259	523	90	187	41	0.02	1,099
	September	247	512	130	141	39	0.03	1,070
	October	205	510	141	183	43	0.01	1,082
	November	288	495	68	160	36	-	1,046
	December	274	498	70	86	44	-	971
2024	January	255	507	91	136	38	-	1,026
	February	262	447	75	156	40	-	979
	March	291	443	79	199	40	-	1,052
	April	362	422	93	83	37	0.01	998
	May	349	441	99	95	39	-	1,024
	June	325	417	84	156	38	-	1,020
	July	358	472	103	135	31	-	1,099
	August	321	483	99	158	34	0	1,096
	September	271	455	92	191	36	0	1,046

Source: Kenya National Bureau of Statistics



Table A18: Soft drinks, sugar, galvanized sheets and cement production

Year	Month	Soft drinks litres (thousands)	Sugar MT	Galvanized sheets MT	Cement MT
2022	January	46,537	64,839	21,546	855,883
	February	44,407	64,191	21,671	818,496
	March	61,898	79,438	19,616	911,250
	April	45,868	68,483	19,479	842,239
	May	44,289	63,209	23,383	752,698
	June	45,640	70,376	22,073	773,153
	July	35,855	70,278	20,895	804,401
	August	38,842	46,460	17,064	745,559
	September	50,841	61,477	21,833	829,930
	October	50,393	76,533	19,951	824,474
	November	52,363	67,990	20,589	821,768
	December	62,536	63,279	17,686	774,124
2023	January	52,601	81,648	17,350	785,773
	February	47,725	67,486	22,457	724,164
	March	56,068	49,761	22,373	820,772
	April	40,193	31,971	21,404	745,106
	May	36,189	31,495	23,555	786,702
	June	41,736	34,072	21,100	794,700
	July	33,155	33,246	24,337	844,237
	August	38,047	27,680	23,943	872,135
	September	58,002	16,760	23,443	834,651
	October	48,795	24,597	24,178	836,384
	November	51,948	25,179	23,847	756,055
	December	68,483	48,877	24,555	715,003
2024	January	46,839	60,680	21,544	672,899
	February	43,175	63,075	23,112	713,472
	March	55,354	69,657	23,801	708,989
	April	53,579	59,263	25,185	688,163
	May	59,820	56,271	21,653	660,026
	June	40,152	75,500	22,527	692,240
	July	40,728	83,849	21,939	733,331
	August	64,534	73,386	24,975	780,613
	September	59,535	73,818	21,805	728,501

Source: Kenya National Bureau of Statistics



Table A19: Tourism arrivals

Year	Month	JKIA	MIA	TOTAL
2022	January	63,277	6,655	69,932
	February	67,560	6,390	73,950
	March	76,336	5,073	81,409
	April	77,379	3,949	81,328
	May	87,058	3,429	90,487
	June	103,332	4,834	108,166
	July	118,347	6,580	124,927
	August	103,163	7,892	111,055
	September	100,682	6,240	106,922
	October	105,318	8,663	113,981
	November	96,533	11,321	107,854
	December	113,630	15,086	128,716
2023	January	112,927	15,845	128,772
	February	107,998	15,062	123,060
	March	104,799	13,939	118,738
	April	92,492	7,571	100,063
	May	101,105	5,760	106,865
	June	133,509	8,081	141,590
	July	155,758	12,607	168,365
	August	155,359	16,701	172,060
	September	133,400	12,277	145,677
	October	128,399	13,843	142,242
	November	118,424	15,182	133,606
	December	134,226	20,057	154,283
2024	January	110,186	24,479	134,665
	February	123,046	23,396	146,442
	March	110,323	17,734	128,057
	April	96,949	6,413	103,362
	May	111,925	5,714	117,639
	June	140,617	9,305	149,922
	July	153,961	15,761	169,722
	August	155,291	19,822	175,113
	September	129,625	15,371	144,996

Source: Kenya National Bureau of Statistics
 Note: JKIA (Jomo Kenyatta International Airport), MIA (Moi International Airport)



World Bank Group

Delta Center

Menengai Road, Upper Hill

P. O. Box 30577 – 00100

Nairobi, Kenya

Telephone: +254 20 2936000

Fax: +254 20 2936382

<http://www.worldbank.org/en/country/kenya>

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