



ECONOMIC DEVELOPMENT A CASE STUDY ON:KENYA

BY: Muhammad Hasam

www.karachipk.yolasite.com





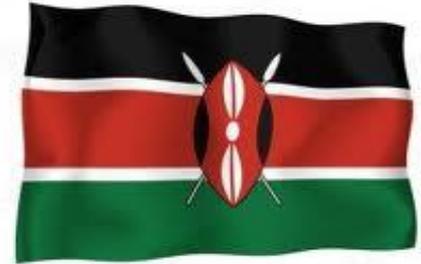
Kenya Economy: Introduction



- Kenya is regional hub for trade in East Africa. The country has a market-based economy with a liberalized foreign trade policy. Over reliance on [agricultural](#) production and tourism makes the economy vulnerable to international market highs and lows.
- Kenya's GDP has been inconsistent since its independence in 1963. During the initial years of independence, the country achieved high economic growth of 6%, which declined to below 4% in the following decades. In the 1990s, Kenya's GDP fell to below 1.5%. In 2000, the IMF and World Bank offered loans to the country to prevent a severe economic crisis with GDP growth falling to 0.2%.
- Inflation is also a serious concern for the growth of the Kenyan economy. Since 2004, the inflation rate has consistently been above 9%. However, owing to the political instability and budget deficits, it reached 26.3% in 2009.

GEOGRAPHIC, SOCIAL & ECONOMIC INDICATOR

- Country name: *conventional long form*: Republic of Kenya
conventional short form: Kenya
former: British East Africa
- Government type: republic
- Capital: Nairobi
- Administrative divisions: 7 provinces and 1 area*; Central, Coast, Eastern, Nairobi Area*, North Eastern, Nyanza, Rift Valley, Western
- Independence: 12 December 1963 (from UK)
- National holiday: Independence Day, 12 December (1963)
- Flag description: three equal horizontal bands of black (top), red, and green; the red band is edged in white; a large warrior's shield covering crossed spears is superimposed at the center



GEOGRAPHIC, SOCIAL & ECONOMIC INDICATOR

- GEOGRAPHY:

Location:----- Eastern Africa

- Area:

Total area:--- 582,650 sq. km

Land area:--- 569,250 sq. km

- Capital city:----- Nairobi

- Natural resources:----- Gold, limestone, soda ash, salt barytes, rubies, fluorspar, garnets, wildlife



GEOGRAPHIC, SOCIAL & ECONOMIC INDICATOR



- PEOPLE:

- Population:----- 38,337,071

- Literacy rate:----- 78.1% of total population (Males:86.3%, Females:70%)

- Languages:----- English (official), Swahili (official), numerous indigenous languages

- Religions:----- 38%-Protestant (including Anglican), 28%-Roman Catholic, 26%-indigenous beliefs, 8%-other

GEOGRAPHIC, SOCIAL & ECONOMIC INDICATOR

- VITAL STATISTICS:

- Birth rate:----- 32.44 (per 1,000 population)(1997)
- Death rate:----- 10.83 (per 1,000 population)
- Infant Mortality rate:----- 55.2 (deaths per 1,000 live births)
- Fertility rate:----- 4.26 (per woman)
- Life Expectancy are birth: Total population:--- 54.39 (Males:54.21, Females:54.59)

GEOGRAPHIC, SOCIAL & ECONOMIC INDICATOR



- GOVERNMENT:

- Type of Government:----- Republic
- Independence:----- December 12, 1963 (from UK)
- President:----- Mwai Kibaki
- Prime Minister ----- Raila Amollo Odinga

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ECONOMY:

- GDP:----- purchasing power parity - \$39.2 billion (1996)
GDP real growth rate:--- 4%
GDP per capita:--- \$1,400

- Inflation rate (consumer prices):----- 1.6% (1995)

•National budget:

- Revenues:--- \$2.7 billion
- Expenditures:--- \$2.7 billion

- External debt:----- \$7 billion

- Currency:----- 1 Kenyan shilling = 100 cents

- Labor force:----- 8.78 million (1993)

- Unemployment rate:----- 35% urban (1994)

- Agriculture:----- Coffee, tea, corn(Maize), wheat, sugarcane, fruit, vegetables; dairy products, beef, pork, poultry, eggs.

- Industries:----- Small-scale consumer goods (plastic, furniture, batteries, textiles, soap, cigarettes, flour), agricultural processing; oil refining, cement; tourism

- Exports:----- \$1.9 billion

- Commodities:--- Tea, coffee, petroleum products

- Imports:----- \$2.6 billion

- Commodities:--- Machinery and transportation equipment, petroleum and petroleum products, iron and steel, raw materials, food and consumer goods

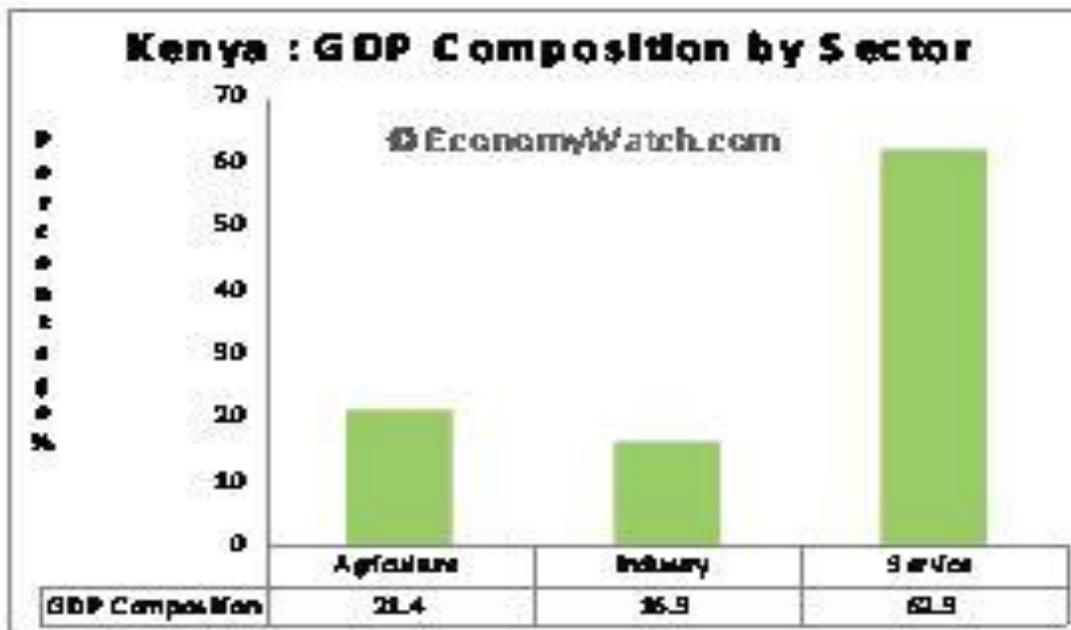
DEFENCE:

- Defense expenditures:----- Exchange rate conversion - \$134 million, 3.9% of GDP



Kenya economic structure

- Kenya Economic Structure: GDP Composition



Kenya Economic Structure: Business Climate

- Governments imposed restrictions on foreign investment to promote the 'Africanization' of trade.
- In 1993, the International Monetary Fund (IMF) signed an economic reforms agreement with Kenya.
- In 2004, the government also removed non-tariff trade barriers and the integrated customs union according to international standards.
- Kenya receives significant international donations for developmental and budgetary support.
- The US is one of the major donors to Kenya, provides donations to Kenya's apparel industry.



Kenya GDP Forecast

- Kenya has a market based economy, one with a liberalized foreign trade policy.
- The Kenya GDP has struggled primarily because of ongoing corruption.
- Unless this country can establish a stable government, economic growth is unlikely.
- Kenya's GDP for 2008: \$30.31 billion in US dollars
- Kenya's GDP for 2009: \$32.724 billion
- (a small increase of 7.98% was experienced)
- Kenya GDP Forecast for 2015: \$34.24 billion

Kenya Unemployment Forecast

- The 17.5 million people working in Kenya are involved with various sectors but the latest numbers for the Kenya unemployment rate are outrageously high at 40%.
- The country has been plagued by extreme mortality because of the AIDs epidemic.
- Higher numbers of infant mortality, lower life expectancy, low population growth rates, and higher overall death rates.
- This Predicts the seriousness of Kenya's economy and the great need for reform.



Kenya Inflation Rate Forecast

- Kenya Inflation rate is among one of those challenges faces by the country.
- For the past six years, this rate has remained more than 9% and in fact, inflation reached a staggering 26% in 2009 due to the country's budget deficits and political instability.
- Experts believe inflation for 2015 the rate is expected to be at 5%.



Political Developments

- The government, with parliament's endorsement, has appointed a new chief justice, attorney general and director of public prosecutions under a new constitution which Kenyans approved with a 67 percent majority vote in a referendum on August 4, 2010 and promulgated by President Kibaki on Aug. 27, 2010.
- Emerging Opportunities in other constitutional offices including the police.
- The new constitution has empowered parliament to exercise its mandate independent of executive influence.
- Kenya Anti-Corruption Commission, which reconstituted under a new Ethics and Anti-Corruption Act.
- The constitution will enable the government to deal with other long-term issues, including judicial, electoral and land reforms.



Social Developments



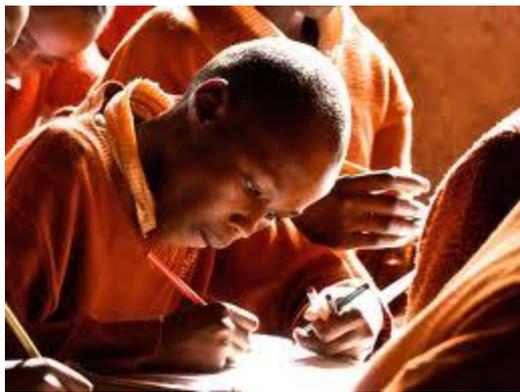
Drought , Population, Education & Poverty



Social Developments

- Drought has affected large parts of Kenya, leaving 3.7 million people in need of food and other aid.
- The affected population is nearly 10% of Kenya's population, estimated at 40 million.
- Population increases by an estimated one million a year.
- The Kenyan poverty profile also reveals strong regional disparities in the distribution of poverty.
- Income disparities in the rural areas have gone down since 1997, while the disparities in the urban areas have increased slightly.
- Additional progress with respect to other dimensions of social development over the past years
- Example: net primary education enrollment was only 80 percent in 2003, but has since increased to about 90 percent in 2008 (with an equal enrollment ratio between boys and girls).
- It is due to increased public and private investment in the education sector.

Criticism and challenges



Criticism and challenges

- Kenya has not attained the level of investment and efficiency in agriculture that can guarantee food and security.
- Kenyans regularly starve and spend too much resources on food at the expense of meaningful investment.
- Poor infrastructure: inadequate and poor road and railway networks across the country, expensive air transport and under-utilized domestic water transport, has isolated many areas.
- Starvation, illiteracy and economic stagnation are rampant.
- Poor governance and rampant corruption make it expensive to do business in Kenya and have had a negative impact on growth.
- Poor leadership and management in public health facilities and other institutions restrict access to proper healthcare
- The country's fiscal policy and monetary policy has failed to tame runaway inflation (the shilling reached its weakest level ever in September 2011)
- Because Kenya imports almost everything, from food to vehicles, prices of some essential commodities have doubled, even tripled, over the past year.
- Kenya ranks poorly on Transparency's International corruption perception index
- Many poor Kenyans still live in mud huts and tin shacks in rural villages and urban slums

END