

ECONOMY OF KENYA

After independence in 1963, Kenya promoted rapid economic growth and experienced its golden years of economy through the seventies. Between 1974 and 1990, however, Kenya's economic performance declined. Inappropriate agricultural policies, inadequate credit, and poor international terms of trade contributed to the decline in agriculture. The external debt under president Daniel Arap Moi in the late eighties grew more than \$ 5 bn and reached its historical peak of \$ 7.3 bn in 1993. A persistent imbalance between imports and export intensified this problem. From 1991 to 1993, Kenya had its worst economic performance since independence. Growth in GDP stagnated. So in 1993, the Government of Kenya started a major program of economic reform and liberalization. Under the leadership of President Kibaki, who took over in 2002, these efforts were consolidated with the introduction of more economic reforms. Since then the GDP of Kenya has been growing a remarkable 10% a year on average. Nevertheless corruption remains a huge problem of Kenya's economy, as evidenced by the Goldenberg-Scandal and lately the Anglo-Leasing-Scandal.

The Kenyan Shilling
The Kenyan shilling is the most stable and strongest currency in east Africa. Outside the country it is used mostly in unstable places like Somalia and southern Sudan and is favoured over the local currency. But because of Kenyas increasing inflation it continues to loose ground to other international currencies. In October 2007 one US Dollar corresponds to 67 Kenyan Shilling.

International Networks

WTO
The World Trade Organisation is designed to supervise and liberalize international trade. The WTO deals with the rules of trade between nations at a near-global level. It is responsible for negotiating and implementing new trade agreements and is in charge of policing member countries' adherence to all WTO agreements, signed by the bulk of the world's trading nations and ratified in their parliaments.

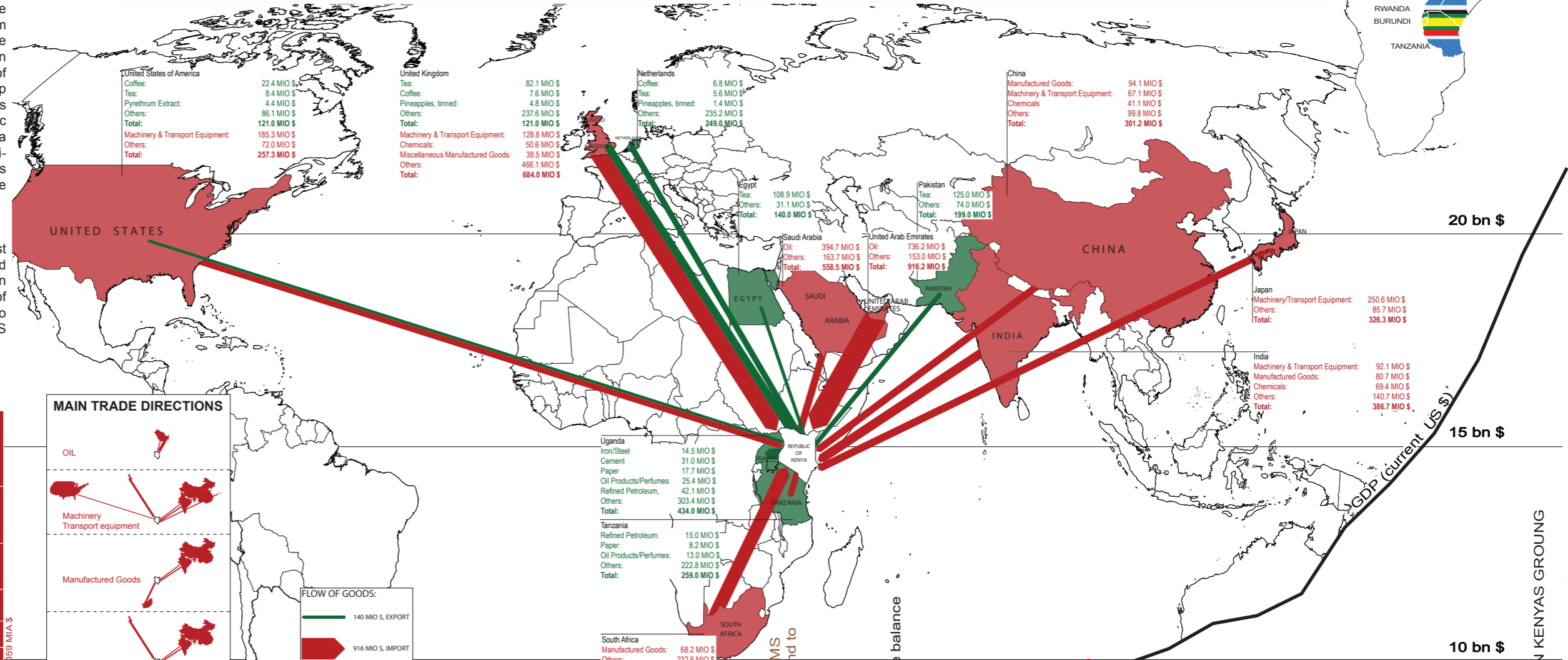
Commonwealth of Nations
A voluntary association of 53 independent sovereign states, most of which are former British colonies. The Commonwealth is an international organisation through which countries with diverse social, political, and economic backgrounds cooperate within a framework of common values and goals: democracy, human rights, the rule of law, individual liberty, egalitarianism, free trade, multilateralism, and world peace.

ACP countries
The Lomé Convention is an ambitious cooperation programme originally between 15 countries of the European Union and 46 countries of Africa, the Caribbean and the Pacific (ACP). It arose out of Europe's wish to guarantee itself regular supplies of raw materials, and to maintain its privileged position in its overseas markets. It also derived from a sense of responsibility arising out of its colonial past.

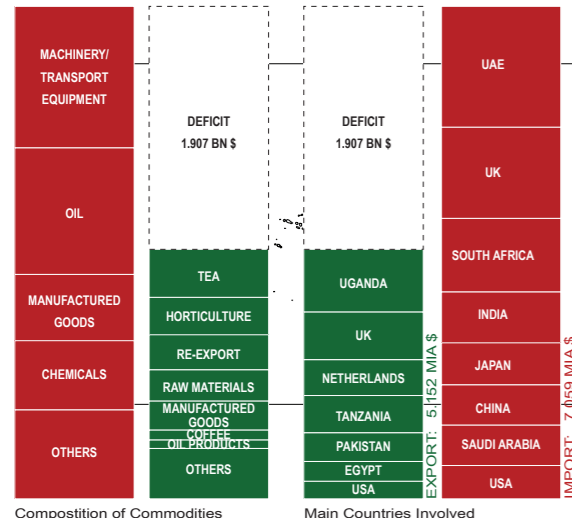
AEC
The African Economic Community is an organization of African Union States establishing grounds for mutual economic development among the majority of African states. Goals stated by the organization include the creation of free trade areas, customs unions, a single market, a central bank, and a common currency, thus establishing an economic and monetary union.

COMESA
The Common Market for Eastern and Southern Africa is a preferential trading area with twenty member states stretching from Libya to Zimbabwe, formed in 1994. COMESA is one of the pillars of the African Economic Community.

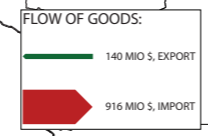
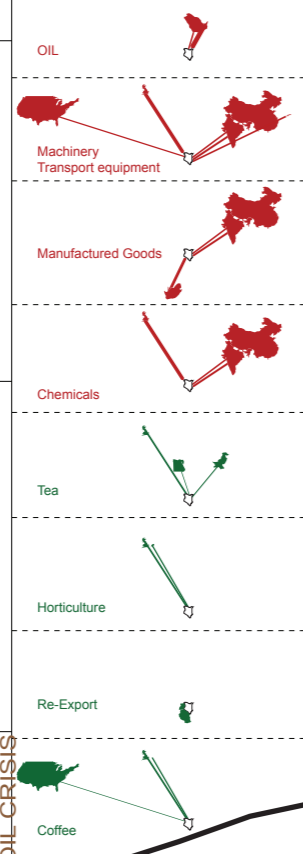
East African Community
A region - divided by colonialism - will potentially unify again. An area of 1,8 mio km2 with a population of 82 mio. The 5 member states share a common history, language, culture and infrastructure. The actual headquarter is in Arusha, Tanzania. Until 2009 a common foreign policy will be formulated. A common currency and a common central bank is planned to be established before 2011.



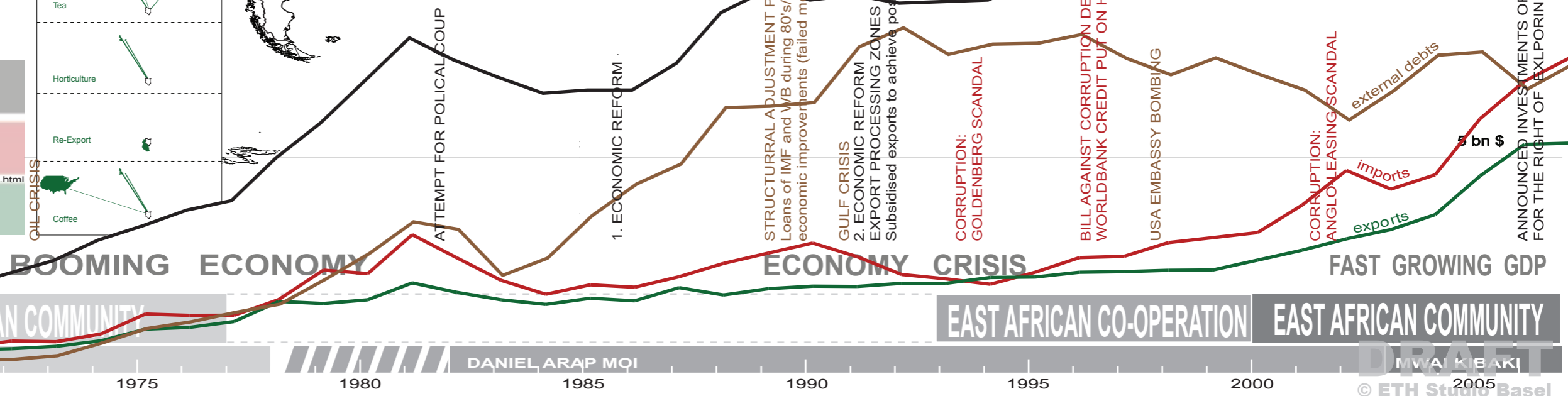
TRADE BALANCE 2006



MAIN TRADE DIRECTIONS



Data Sources
Worldmap
www.cia.gov/library/publications/the-world-factbook/print/ke.html
www.centralbank.go.ke
Abstract Statistics, Central Kenyan Bureau for Statistics, 2006
Detailed Trades
Kenyan central bank Annual report 2006
www.centralbank.go.ke/publications/annual/index.html
Timeline
www.unu.edu/unupress/unupbooks/uu33pe/uu33pe0c.htm
www.cbs.go.ke/
www.earthtrends.wri.org/text/environmental-governance/variable-229.html
several economic reports to fill single gaps
Trade Balance
www.cia.gov/library/publications/the-world-factbook/print/ke.html
EAC
www.eac.int



INDEPENDENCE

EAST AFRICAN COMMON SERVICES ORGANISATION
DRAFT
1965
1970
1975
1980
1985
1990
1995
2000
2005
DRAFT
© ETH Studio Basel

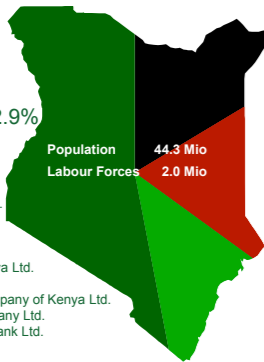
ECONOMY OF KENYA

Formal Economy

SERVICES 52.9%

Commercial & Services:
 1. Access Kenya Group
 2. Marshalls E.A. Ltd.
 3. Car & General Ltd.
 4. Hutchings Biemer Ltd.
 5. Kenya Airways

Finance & Investment:
 1. Barclays bank of Kenya Ltd.
 2. CFC Bank Ltd.
 3. Housing Finance Company of Kenya Ltd.
 4. ICDC Invest Company Ltd.
 5. Kenya Commercial Bank Ltd.



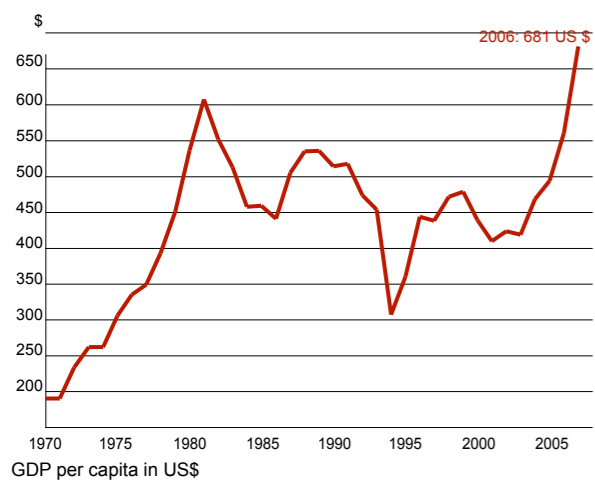
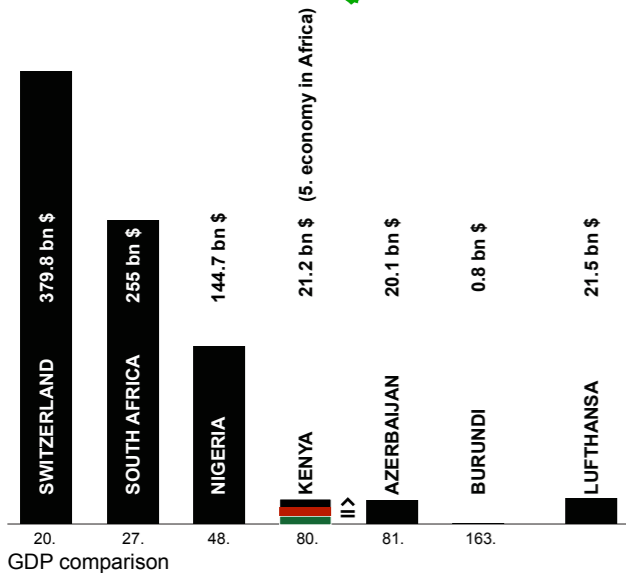
AGRICULTURE 16.3%

1. Unilever Tea (K) Ltd.
 2. Rea Vipingo Ltd.
 3. Sasini Tea & Coffee
 4. Kakuzi Ltd.

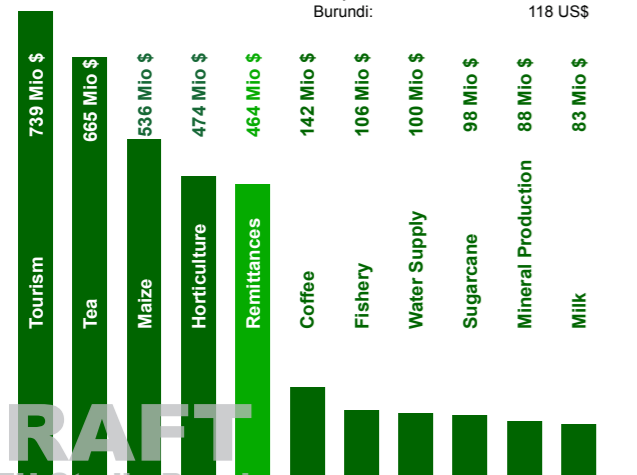
INDUSTRY 18.8%

1. Athi River Mining Ltd.
 2. BOC Kenya Ltd.
 3. BAT Kenya Ltd.
 4. Carbacid Invest Ltd.
 5. Olympia Capital Holdings Ltd.

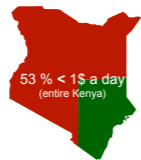
TOURISM 12%



Switzerland: 52,770 US\$
 South Africa: 5,384 US\$
 Nigeria: 769 US\$
 Kenya: 681 US\$
 Burundi: 118 US\$



Informal Economy

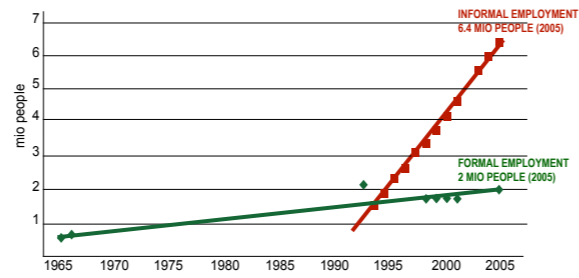


NATIONAL EMPLOYMENT

INFORMAL ECONOMY 74.2%
 mostly Micro- and Small Enterprises (MSE)
 its majority with one person (70%)
 FORMAL ECONOMY 25.8%

The informal sector, also referred to as "Jua Kali", covers all small-scale activities that are normally semi-organised and unregulated, and use low and simple technology. Many of these micro- and small enterprises are neither completely formal nor informal. If the formal cost of selling a property is high, titles will lapse by being traded informally. Informal investors (such as family, friends or neighbours) are the real source for most would-be entrepreneurs in most places.

Lately, in light of recent moves by mainstream financial institutions towards branch rationalisation and consolidation of operations, there has been a severe decline of access to financial services for low-income households. Over the last few years, alternative financial institutions including moneylenders, merry-go-rounds, Accumulation and Rotating Savings and Credit Associations (ASCAs and ROSCAs) have emerged to fill the void and provide a wide range of financial services.



Trend of formal and informal employment

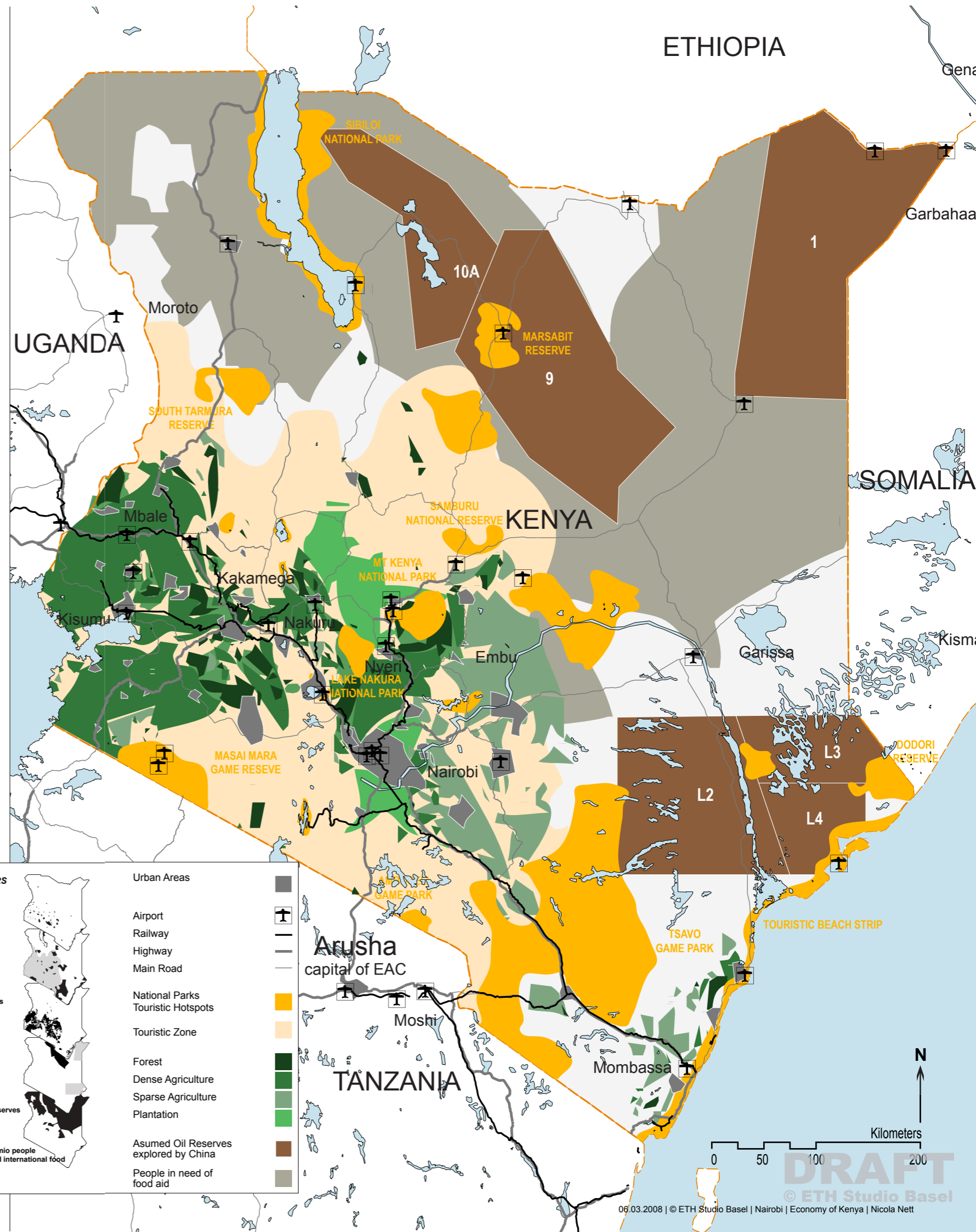
Positive / Negative Aspects of Informality:

- + its large entrepreneurial potential, through its efficient selforganisation-mechanism
- + its capacity to absorb excess labour (e.g. entrepreneurs, self-employed people or workers)
- + many self-employed people/entrepreneurs often have incomes exceeding those of unskilled workers in the formal economy
- lack of a main regulatory and administrative framework leads to a non-conformity with laws
- lack of adequate social protection, security and labour rights
- unfair competition with formal economy
- relatively low pay, low productivity, relatively unstable employment

Results of Informality:

- > endemic corruption
- > loss of revenue of government and local authorities
- > inefficient use of resources, resulting in lower economic gains than otherwise

Data Sources
 Large Map of Kenya
www.cnrit.tamu.edu/cnrit/riftvalleyreport.html
www.afrit.com/articles/18995
www.ciesin.columbia.edu/docs/004-042/004-042.html
www.unsystem.org/SCN/archives/nics09/index.htm
http://www.nockenya.co.ke/images/File/Block_status.jpg
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GDP Comparison
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Produced Goods
 Abstract Statistics, Central Bureau for Statistics, 2006
 prices for different goods from several economic reports
Informal Economy
 employment numbers: The case of Nairobi, Kenya, Winnie Mitullah, University of Kenya
www.internationalpolicy.umich.edu/Labor%20Conf/SessionVII/Minimum_Wages_in_Kenya_Andalon.pdf
 Kenya central bank annual report 06
Informal employment chart
 The case of Nairobi, Kenya, Winnie Mitullah, University of Kenya
 Some single data from several economic reports
Aspects/Results of Informality
 The informal economy, IOE



MAP LAYERS

- Urban Areas
- Airport
- Railway
- Highway
- Main Road
- National Parks
- Touristic Hotspots
- Touristic Zone
- Forest
- Dense Agriculture
- Sparse Agriculture
- Plantation
- Assumed Oil Reserves explored by China
- People in need of food aid

Legend:

- urban regions
- touristic regions
- green land
- assumed oil reserves

Additional Info:
 Arusha capital of EAC
 Mombasa
 Moshi
 Nairobi
 Garissa
 Embu
 Nyeri
 Kakamega
 Mbale
 Moroto
 Kisumu
 Garbahara
 Kismayo
 Dodori Reserve
 Tsavo Game Park
 Lake Nakura National Park
 Mt Kenya National Park
 Samburu National Reserve
 South Tarmura Reserve
 Masai Mara Game Reserve
 Marsabit Reserve
 10A
 9
 1
 L3
 L2
 L4
 TOURISTIC BEACH STRIP
 0 50 100 200 Kilometers