

ECONOMIC SURVEY 2018 HIGHLIGHTS

PRESENTED BY

ZACHARY MWANGI

DIRECTOR GENERAL

KENYA NATIONAL BUREAU OF STATISTICS

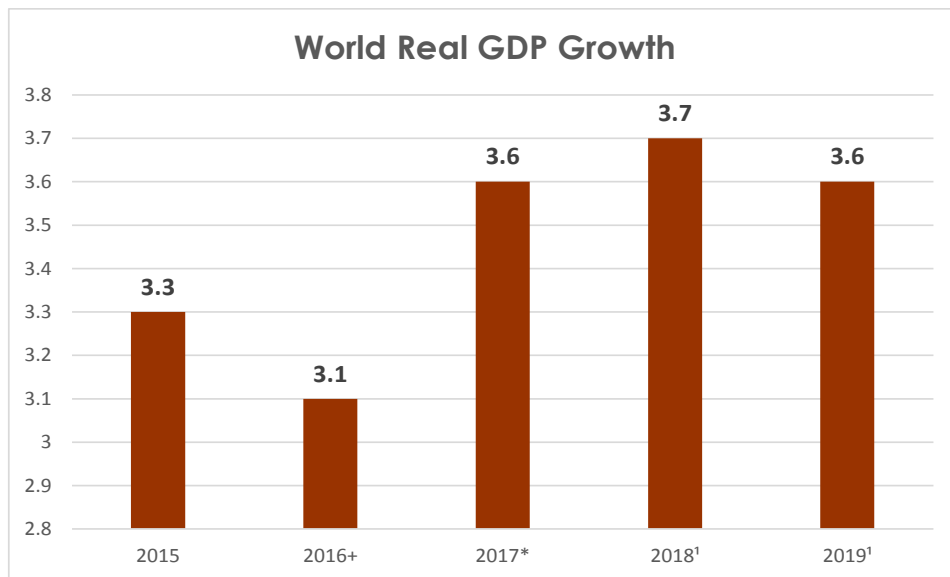
25TH APRIL 2018

ECONOMIC SURVEY 2018

Outline

- ❑ International scene
- ❑ Domestic Economy
 - Highlights of the country's economic performance in 2017
 - Highlights of Social Sector Statistics in 2017
 - Economic Performance

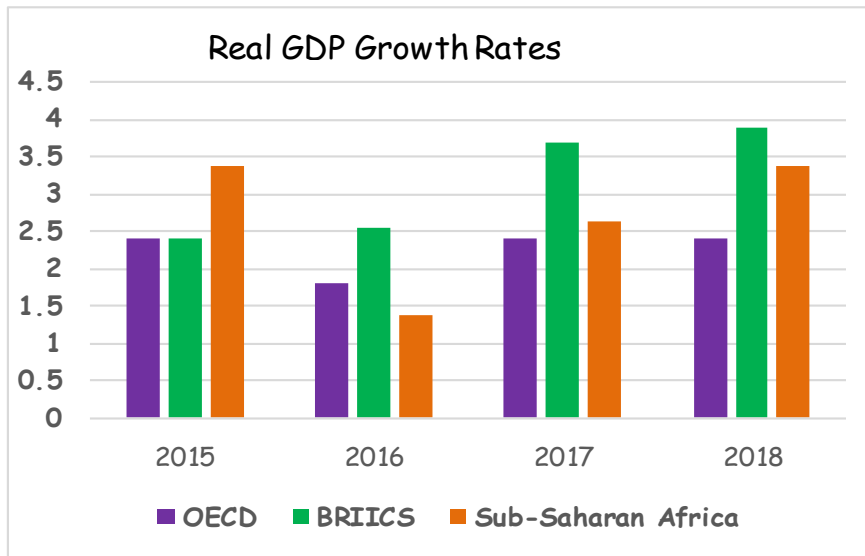
INTERNATIONAL SCENE



Global growth was mainly supported by:

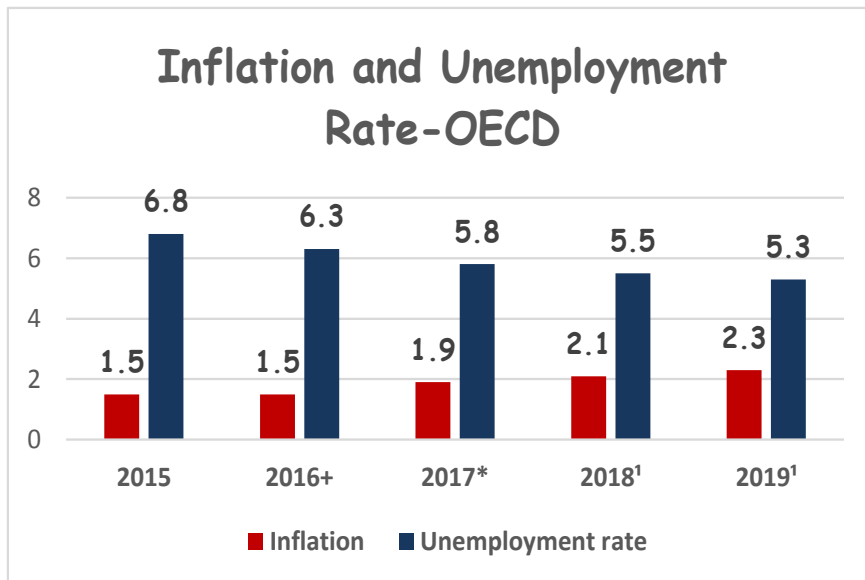
- Rebound in private and public investments;
- Growth in international trade partly as a result of favourable financing costs;
- Rising profits;
- Improved business and consumer confidence,
- Waning effects of the fall in oil and commodity prices during 2014 - 2016

INTERNATIONAL SCENE CONT'D



Growth in advanced economies was supported by;

- Conducive macroeconomic environment
- improved labour markets
- Accommodative financial conditions



Growth in Sub-Saharan African was driven by;

- Favourable commodity prices
- Improved global financing conditions,
- Reduced inflationary pressures

INTERNATIONAL SCENE CONT'D

GDP Growth Rates and Projections for Selected Countries

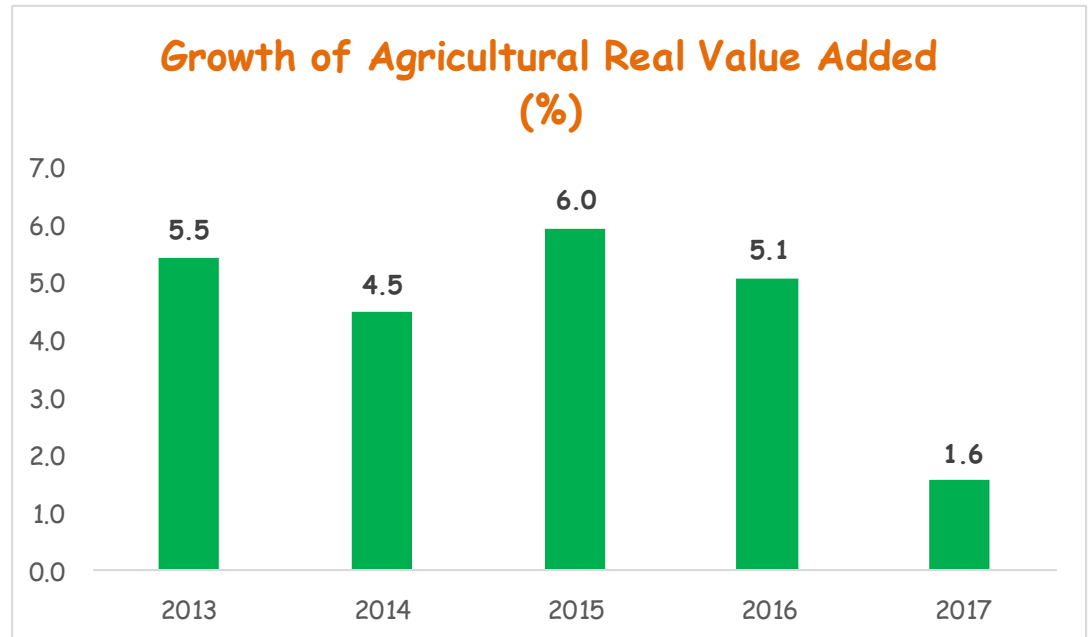
Country	2016	2017	2018*
USA	1.5	2.2	2.5
UK	1.8	1.5	1.2
Japan	1.0	1.5	1.2
Euro Area	1.8	2.4	2.1
China	6.7	6.8	6.6
Uganda	2.3	4.4	5.2
Tanzania	7.0	6.5	6.8
Rwanda	5.9	6.2	6.8
Burundi	-1.0	0.0	0.1
South Africa	0.3	0.9	0.9

• Source: OECD and World Economic Outlook [IMF] *Projections

DOMESTIC ECONOMY

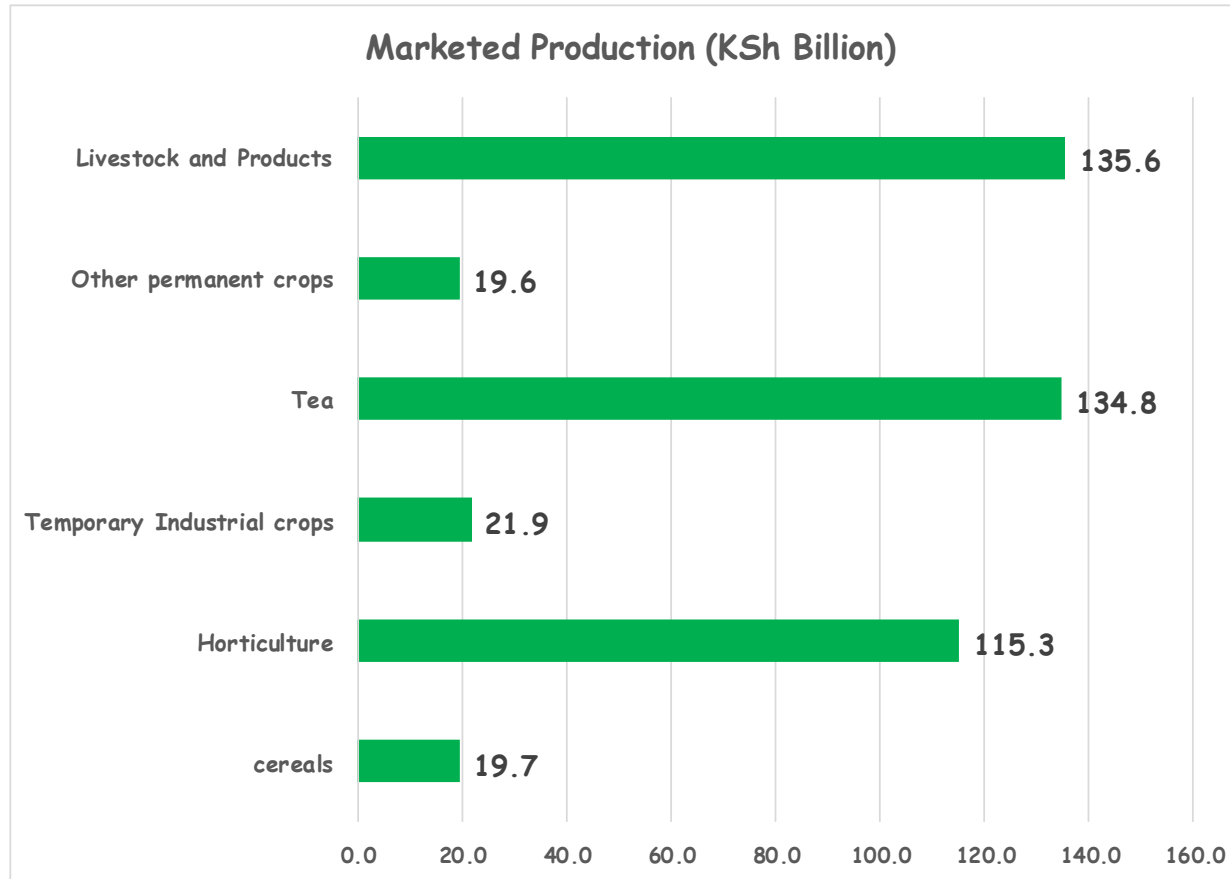
AGRICULTURE

- ❑ Agriculture real value added growth decelerated to **1.6%** in 2017
- ❑ The constrained growth was as result of **depressed rainfall** that affected production of key crops and animal rearing



AGRICULTURE

- Total value of marketed production increased to KSh **446.9** billion in 2017 from **413.3** billion in 2016.

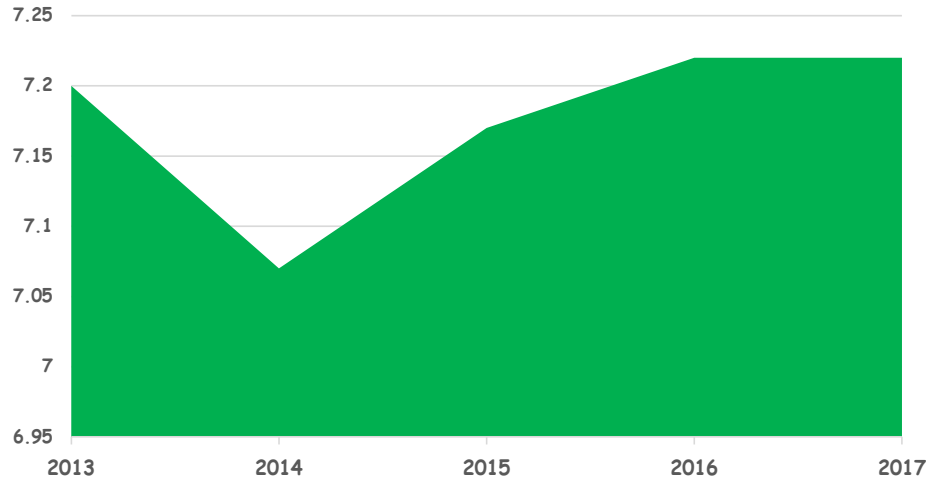


Production of Key Crops

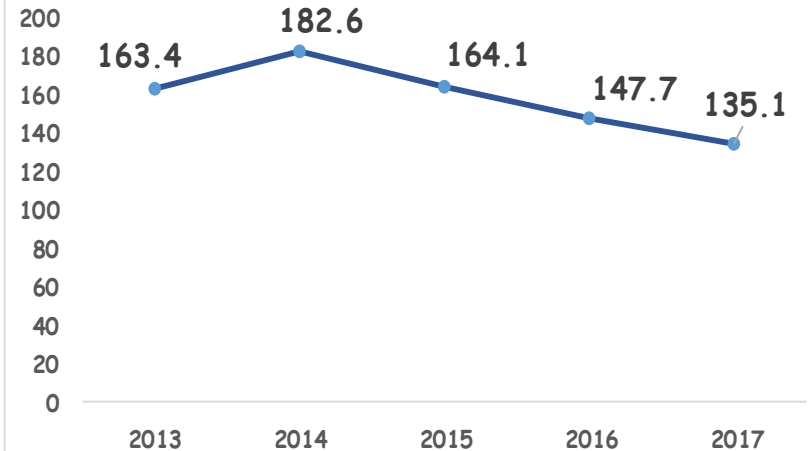
Commodity	2016	2017	% change
Cut flowers ('000 Tonnes)	133.7	160.0	26.3
Tea ('000 Tonnes)	473.0	439.8	-7.0
Coffee ('000 Tonnes)	46.1	40.8	-11.5
Maize (Million bags)	37.8	35.4	-6.3
Wheat ('000 Tonnes)	214.7	165.2	-23.1
Rice ('000 Tonnes)	101.5	81.2	-20.0
Sugarcane ('000 Tonnes)	7,151.7	4,751.6	-33.6

ENVIRONMENT AND NATURAL RESOURCES

Forest Cover

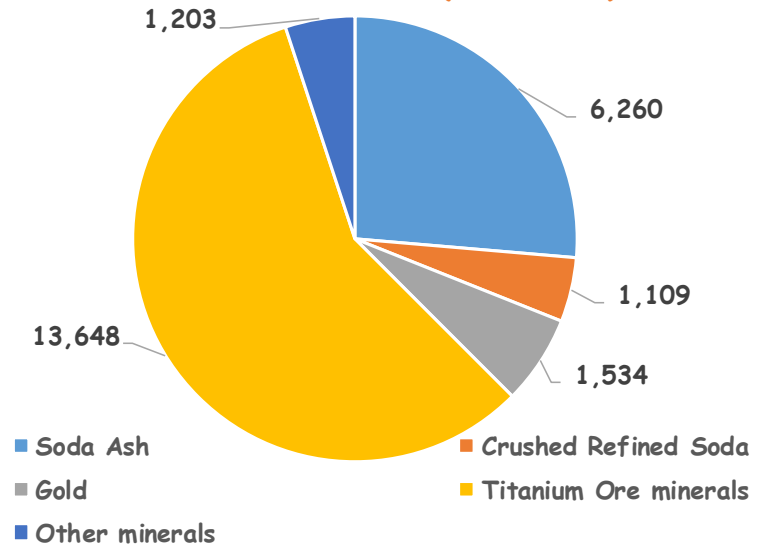


Quantity of Fish Landed ('000 Tonnes)



- Forest cover was estimated at 7.3% of the total land area in 2017
- Total value of mineral output increased by 2.0 per cent to KSh 23.8 billion in 2017
- Extraction of Titanium ore increased by 1.5 per cent to stand 597.0 thousand tonnes in 2017

Value of Mineral Production (KSh Million)



MANUFACTURING SECTOR

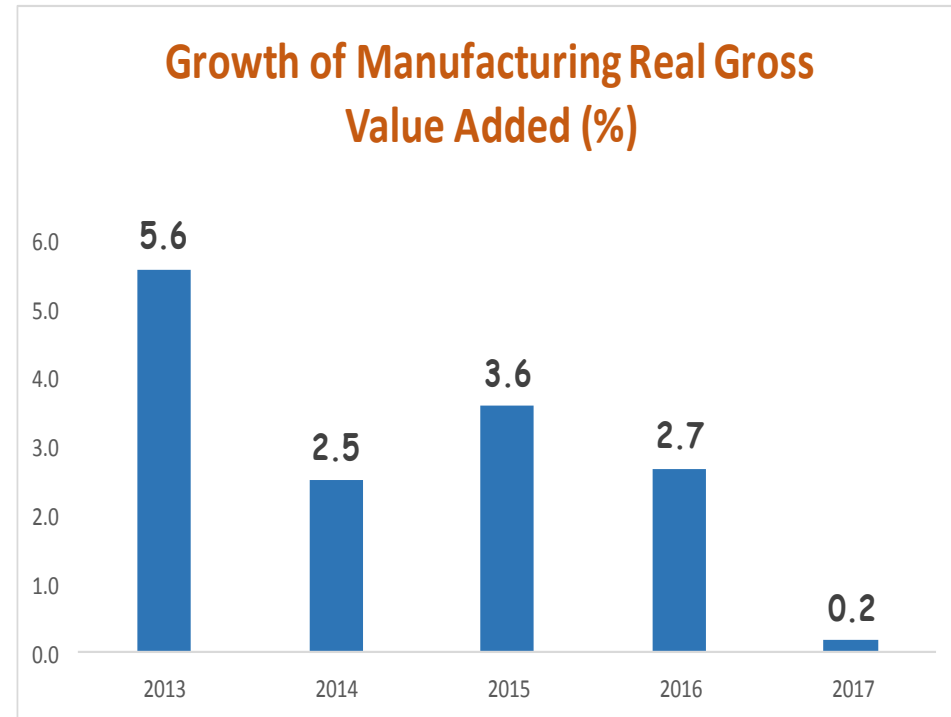
❑ Growth in the sector has been sluggish in the past five years.

❑ Manufacturing sector real gross value added increased by 0.2 per cent in 2017 compared to a revised growth of 2.7 per cent in 2016.

❑ The sector was affected by uncertainties relating to general elections, high production costs and competition from imported goods.

❑ Cumulative capital investment for EPZ enterprises increased to KSh 92.3 billion in 2017.

❑ Credit to manufacturing sector rose to KSh 311.8 billion in 2017 from KSh 275.8 billion in 2016



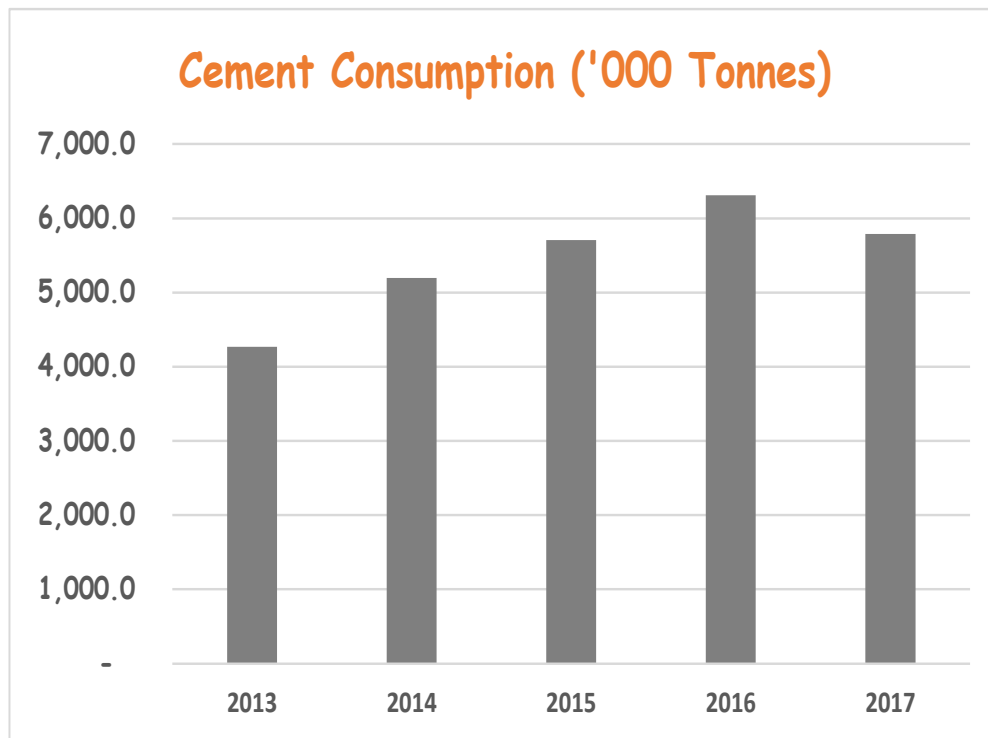
MANUFACTURING SECTOR

Key Manufactured Products

Commodity	2016	2017	% change
Sugar ('000 Tonnes)	639.7	376.1	-41.0
Processed Milk (million Litres)	448.5	383.2	-14.6
Cement (Million Tonnes)	6.7	6.2	-7.5
Galvanized sheets ('000 Tonnes)	268.7	262.8	-2.2
Assembled vehicles (Numbers)	6,541	4,877	-25.4
Soft drinks (Sodas) (Million Litres)	505.1	557.8	10.4
Maize flour (by formal millers) ('000 Tonnes)	609.7	669.4	9.8

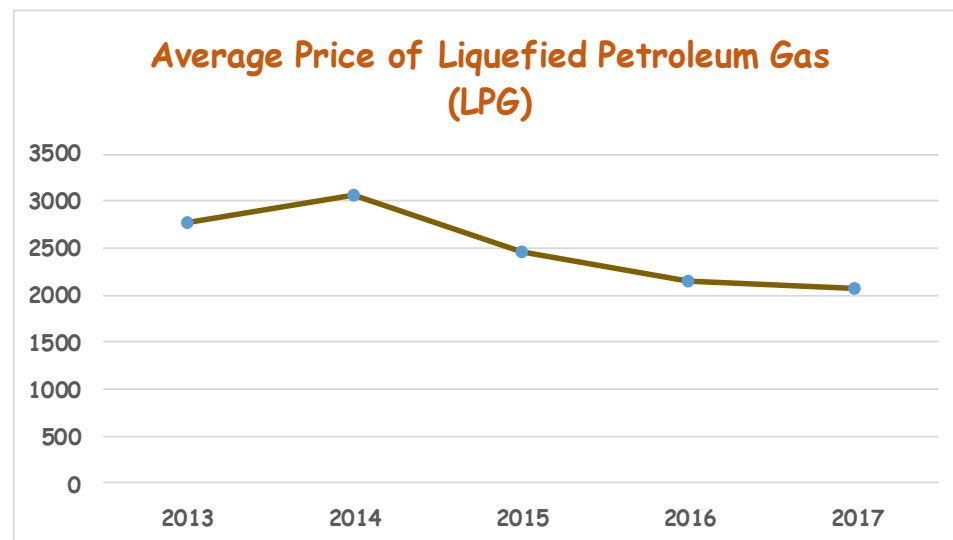
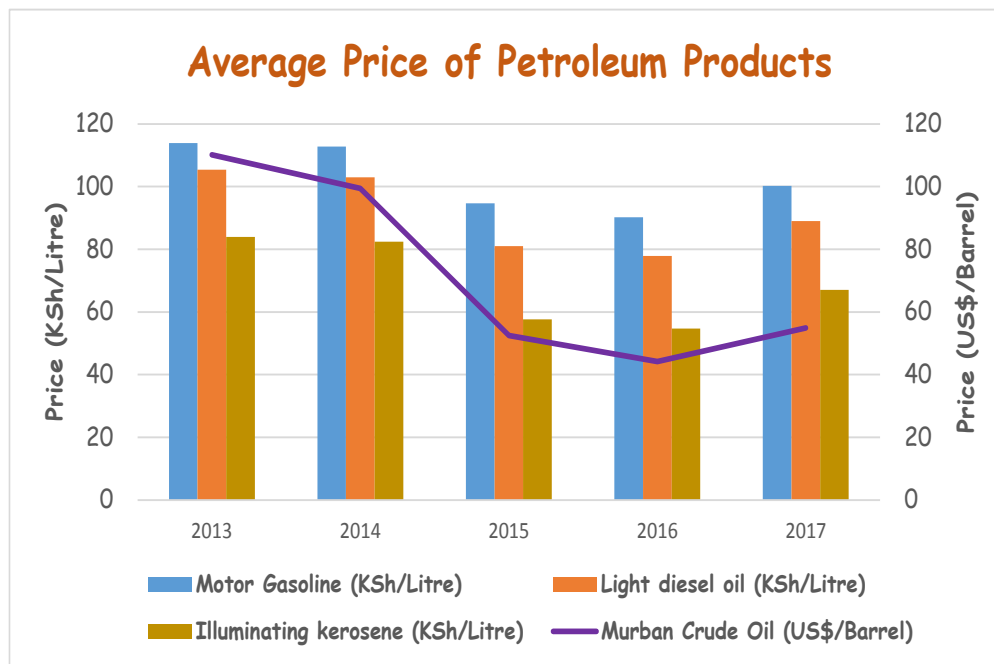
BUILDING AND CONSTRUCTION

- ❑ The construction sector recorded a slower growth of **8.6** per cent in 2017 compared to a **9.8** per cent growth in 2016.
- ❑ Cement consumption decreased by **8.2** per cent in 2017
- ❑ Loans and advances to the sector increased from KSh **104.8** billion in 2016 to KSh **109.9** billion in 2017.
- ❑ The first phase of construction of Standard Gauge Railway (SGR) from Mombasa to Nairobi was completed.



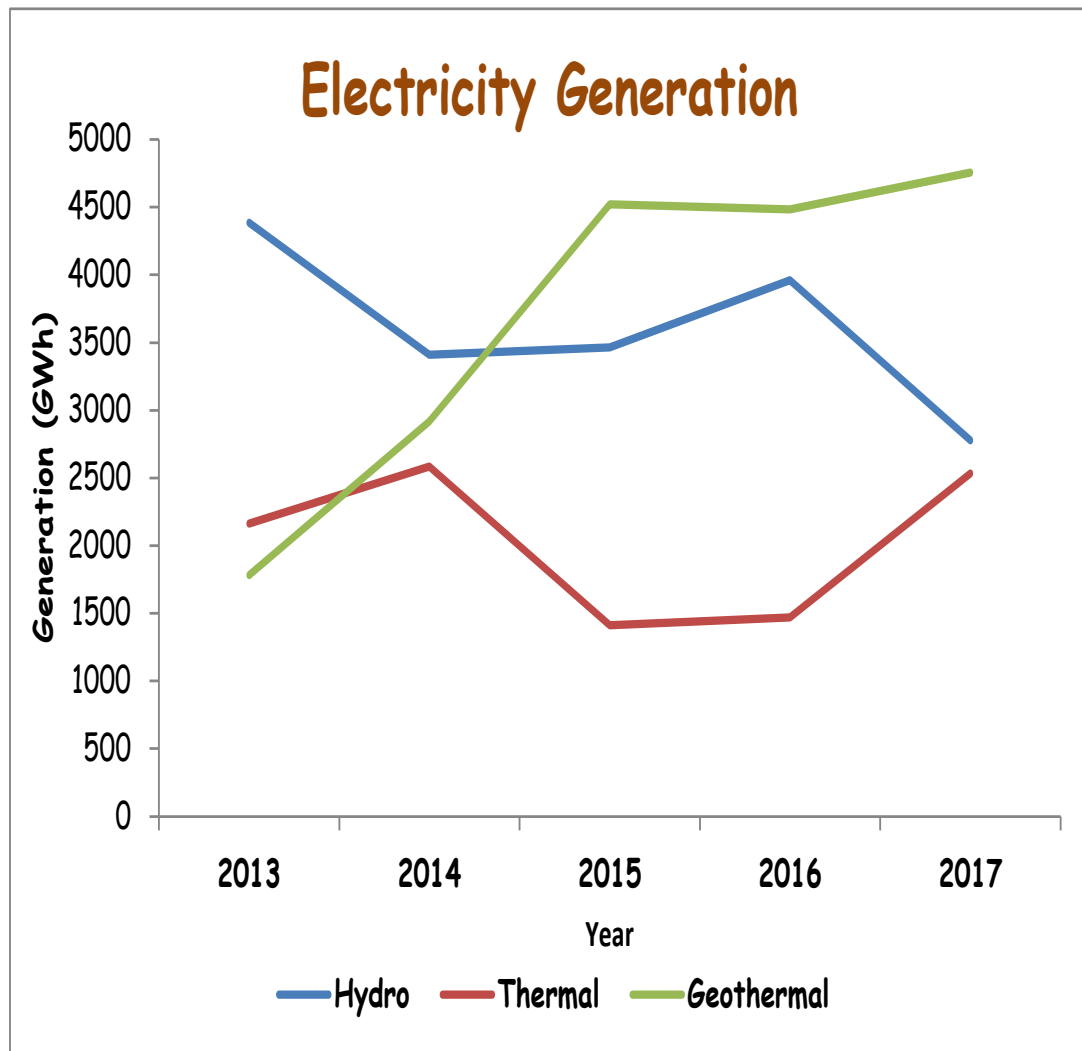
ENERGY SECTOR

- ❑ Total volume of imported petroleum products increased from **6.0 million** tonnes in 2016 to **6.3 million** tonnes in 2017.
- ❑ Total import bill of petroleum products increased by 34.3 per cent to KSh 265.3 billion
- ❑ Average Murban crude oil prices rose to US Dollars **54.91** per barrel in 2017 up from US Dollars **44.18** per barrel in 2016
- ❑ Similarly, domestic prices for petroleum products increased notably in 2017
- ❑ Average price of liquefied petroleum gas (LPG-13kg cylinder) stood at **KSh 2,075** in 2017



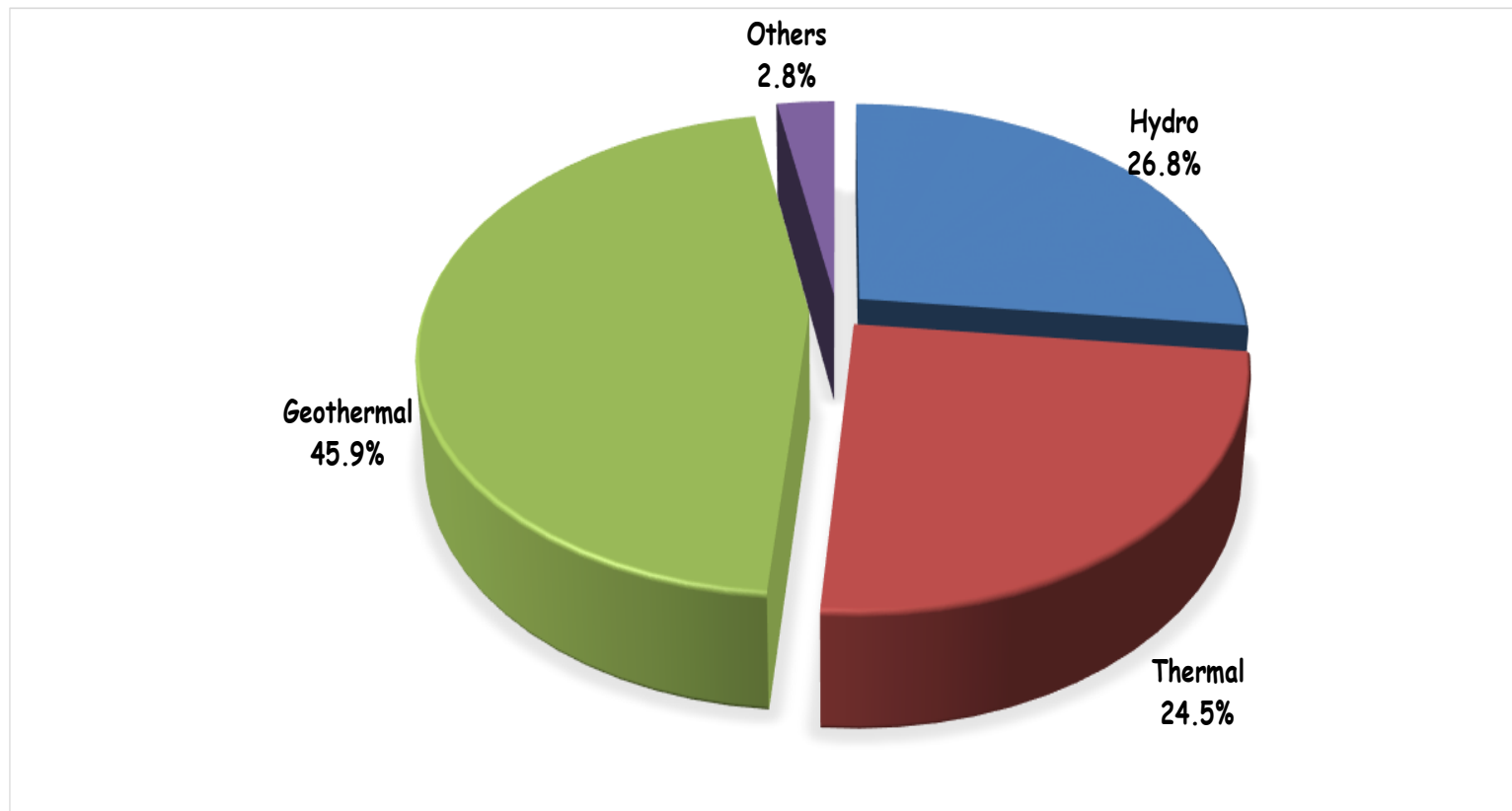
ENERGY SECTOR

- ❑ The electricity supply sector grew by **6.9** per cent in 2017 compared to **9.5** per cent growth in 2016



- ❑ Total electricity generation expanded by 3.0 per cent to **10,359.9 GWh** in 2017
- ❑ Electricity generated from geothermal increased by 6.1 per cent to **4,756.3 GWh**
- ❑ Hydro generated power dropped by 29.9 per cent, while thermal generated power expanded by 72.3 per cent in 2017.

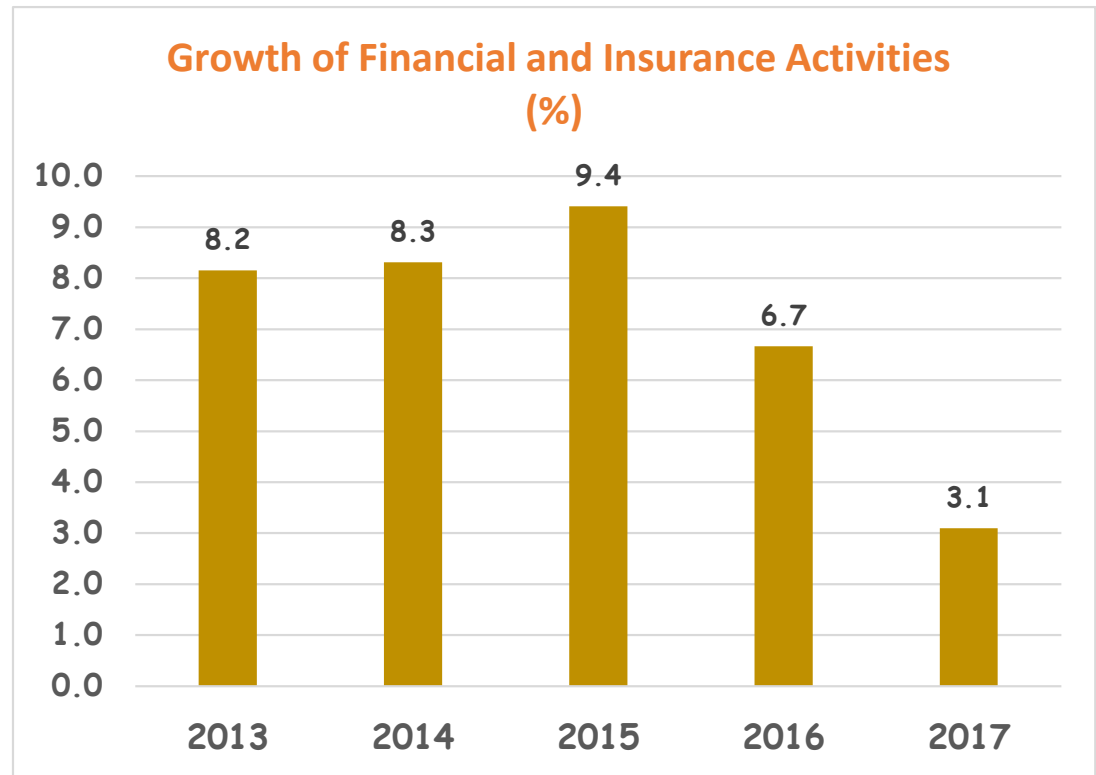
ENERGY SECTOR- Composition of Electricity Generation



Renewable energy sources accounted for approximately 75 per cent of the total electricity generation in 2017.

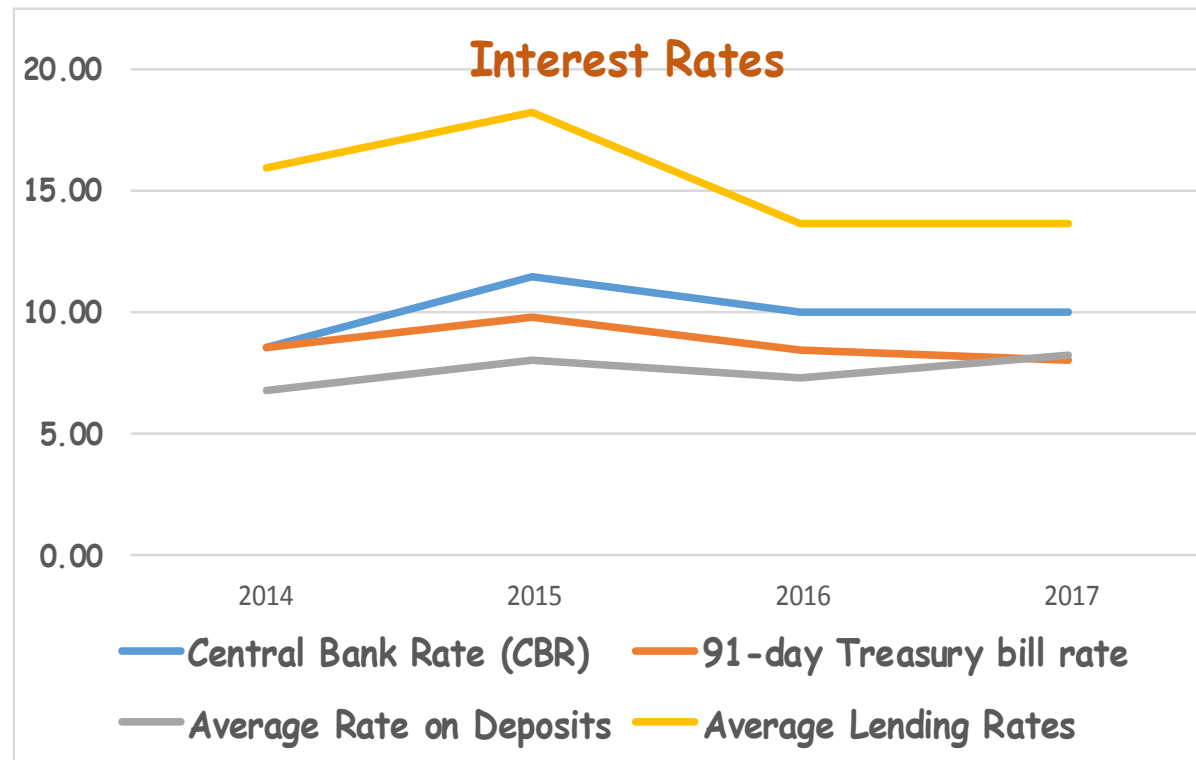
MONEY, BANKING AND FINANCE

- ❑ Financial sector recorded a decelerated growth of **3.1** per cent in 2017 compared to a growth of **6.7** per cent in 2016.
- ❑ Total domestic credit grew by **7.9** per cent to KSh **3,252.2** billion in December 2017
- ❑ Total domestic credit grew by 7.9 per cent in 2017 with credit to the private sector expanding by 2.4 per cent.



MONEY, BANKING AND FINANCE CONT'D

- ❑ In 2017, the Central Bank Rate (CBR) was retained at **10.0** per cent
- ❑ Commercial banks' average lending interest rates on loans and advances remained stable at **13.64** per cent in December 2017.



MONEY, BANKING AND FINANCE CONT'D

Insurance and Pensions;

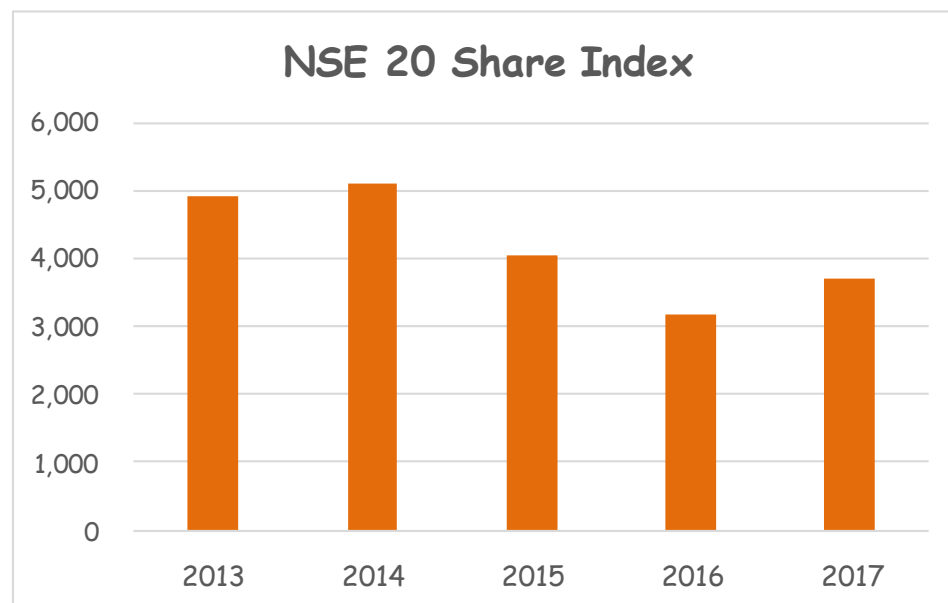
Gross premium income for general business increased by 2.5 per cent to KSh 124.7 billion in 2017.

Retirement benefit assets grew by 15.9 per cent to KSh 963.1 billion in June 2017 from KSh 831.8 billion in June 2016.

• Stock Market;

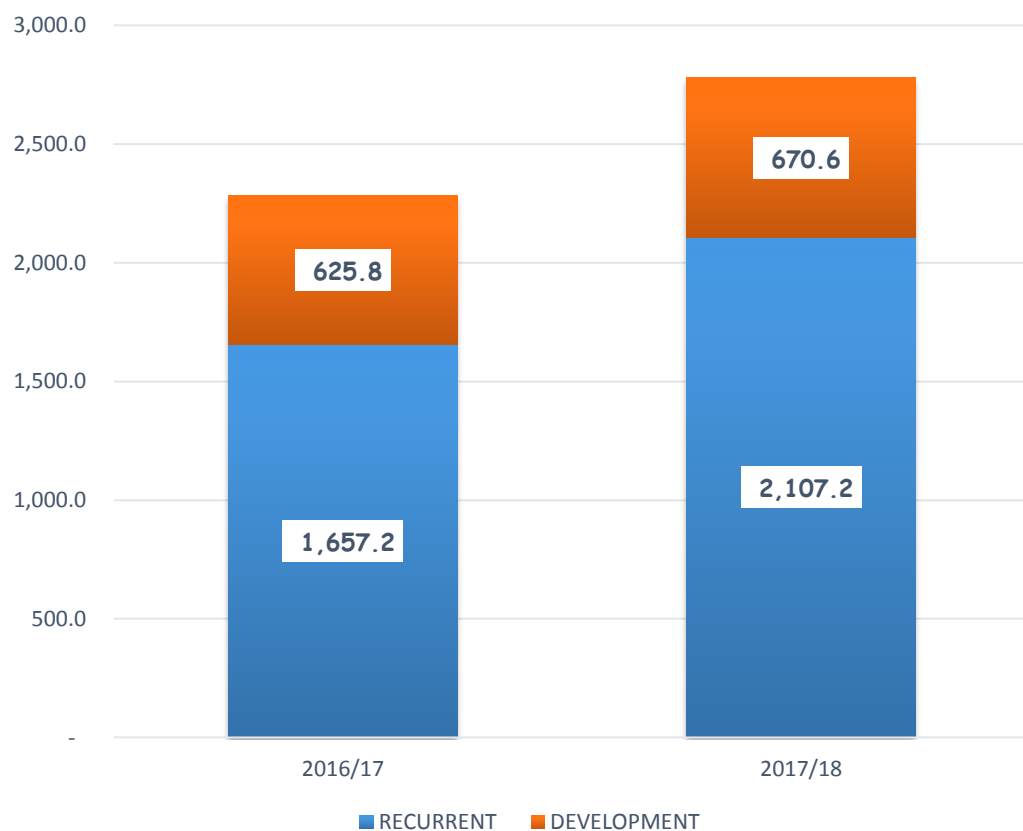
- The Nairobi Securities Exchange 20-Share index grew to 3,712 points in December 2017 from 3,186 points in December 2016.

- Market capitalization rose by 30.5 to KSh 2,522 billion in the same period.



PUBLIC FINANCE

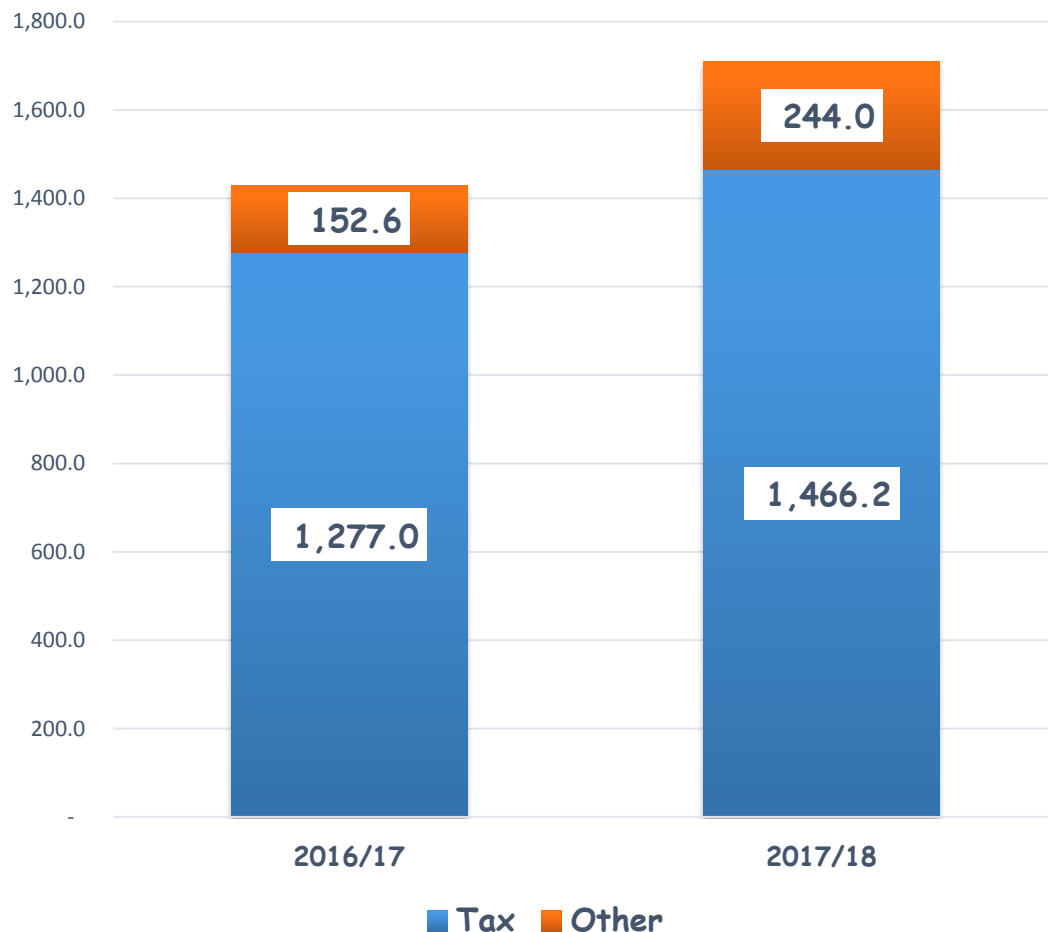
National Government Expenditure (KSh Billion)



- National Government expenditure budget amounts to KSh 2.8 trillion in 2017/18, compared to KSh 2.3 trillion spent in 2016/17.
- A total of KSh 2.1 trillion is allocated for recurrent expenditure, while KSh 670.6 billion is budgeted for development spending

PUBLIC FINANCE CONT'D

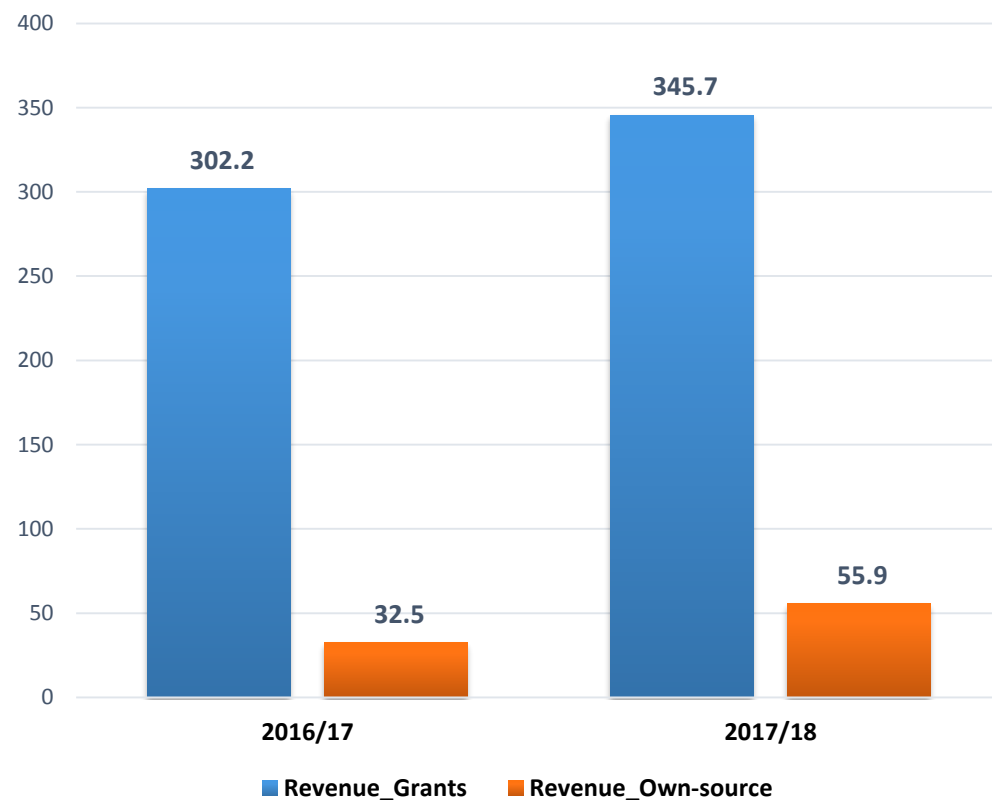
National Government Revenue (KSh Billion)



- Government revenue is estimated at KSh 1.7 trillion, with tax revenue amounting to KSh 1.5 trillion in 2017/18
- In 2016/17, the total revenue was KSh 1.4 trillion of which, tax revenue amounted to KSh 1.3 trillion

PUBLIC FINANCE CONT'D

County Government Budget (KSh Billion)

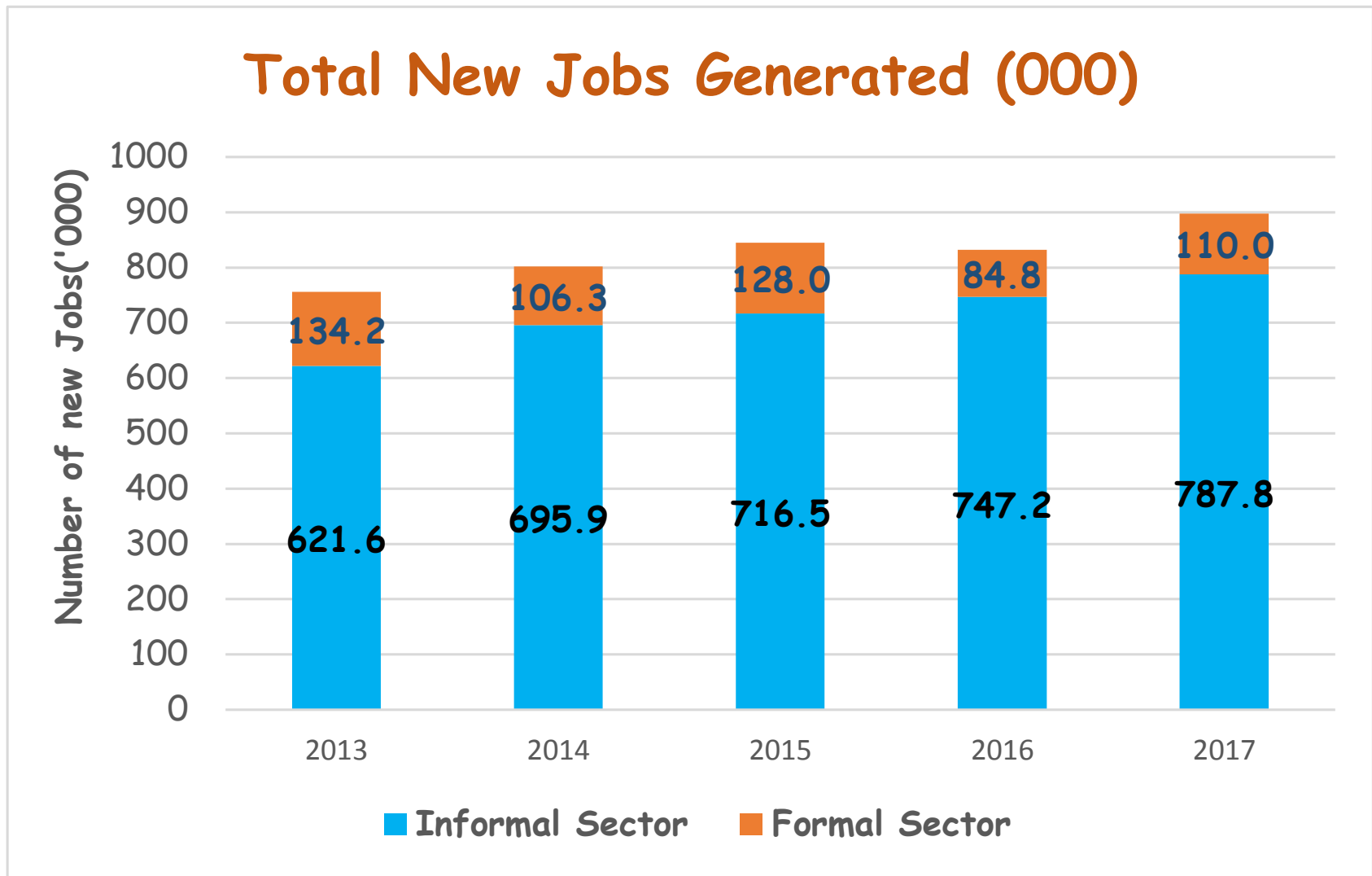


□ In 2017/18, National government current grants to County governments, inclusive of conditional grants, amounted to KSh **345.7** billion compared to KSh **302.2** billion received in 2016/17.

□ County governments estimate to collect KSh **55.9** billion as own-source revenue from KSh **32.5** billion collected in 2016/17

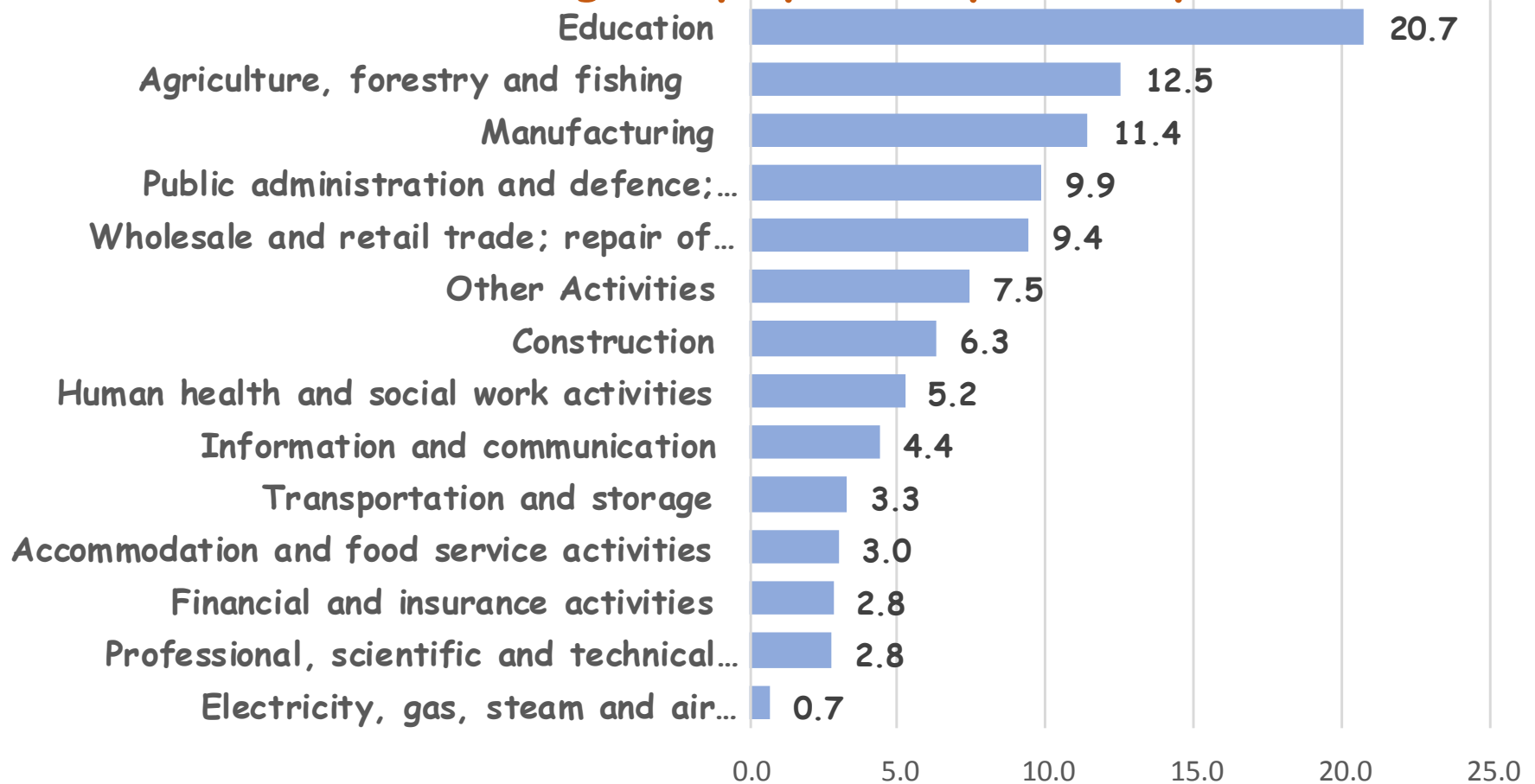
□ County governments are expected to spend KSh **395.9** billion in 2017/18, compared to KSh **350.4** billion spent in 2016/17

EMPLOYMENT

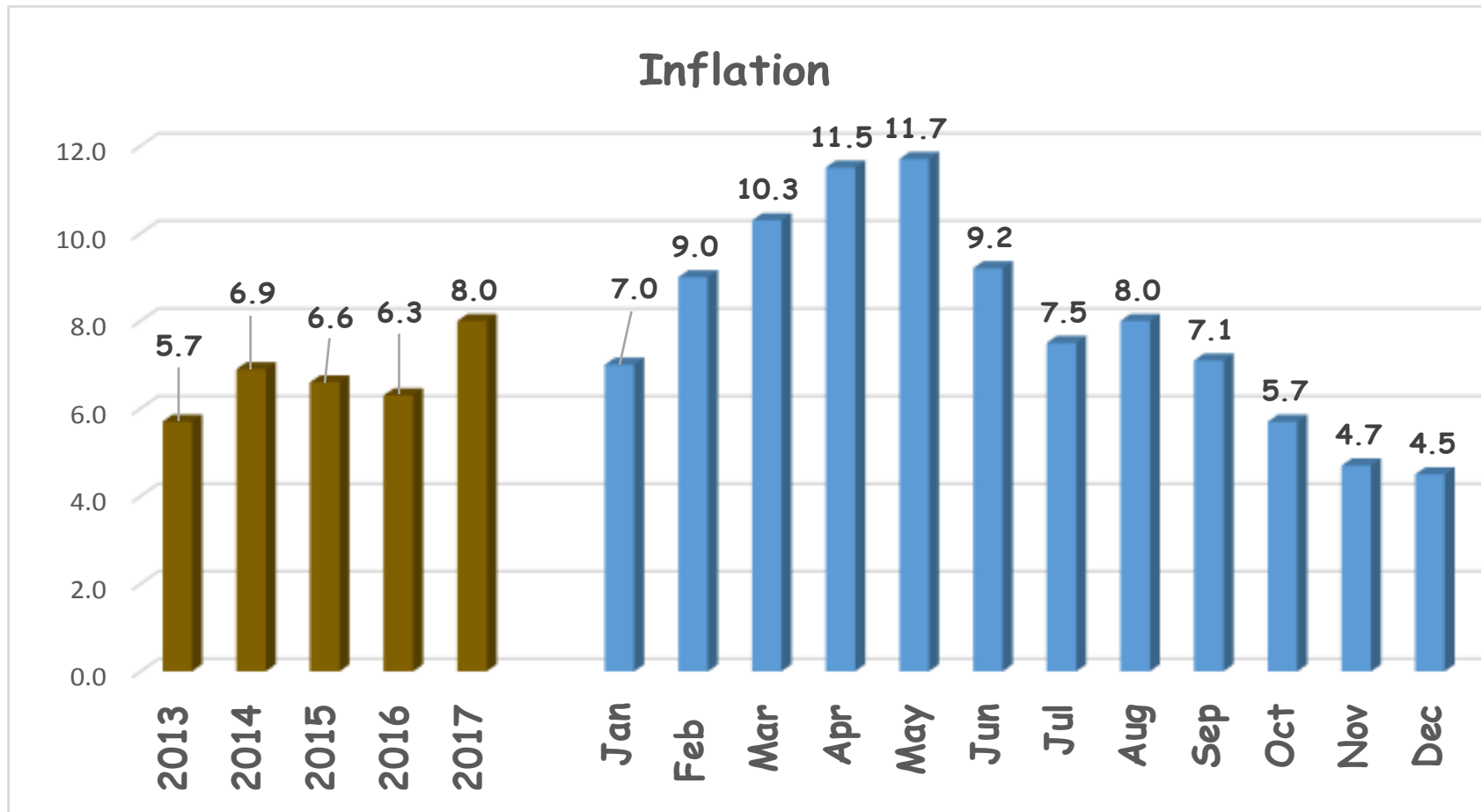


EMPLOYMENT CONT'D

Share of Wage Employment by Activity (%)



INFLATION-Consumer Prices

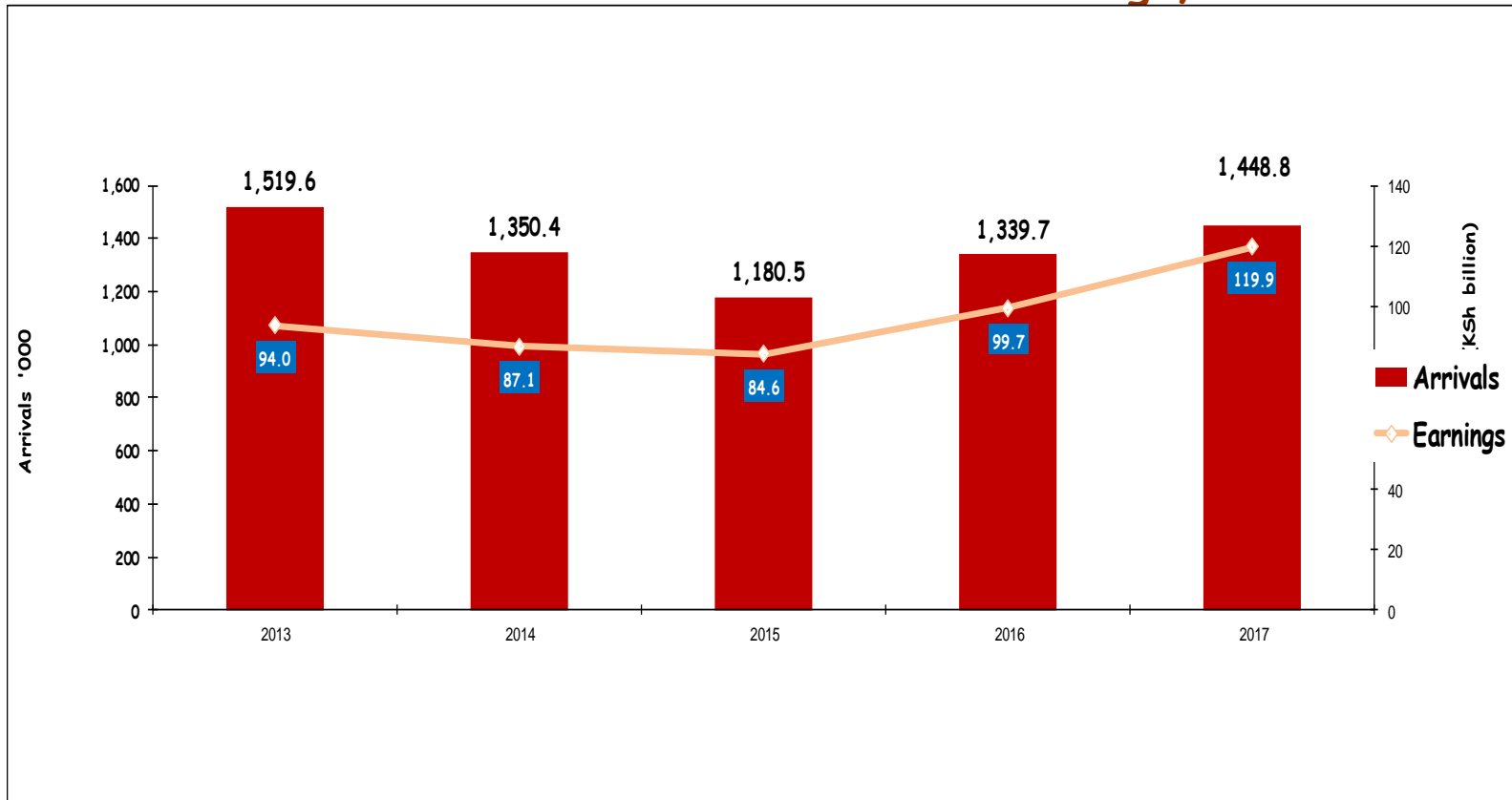


2017

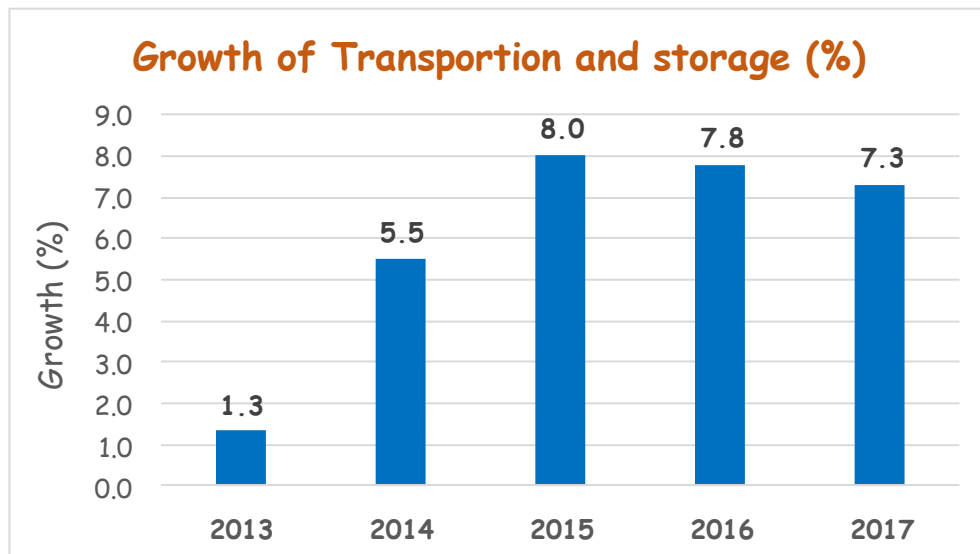
TOURISM SECTOR

- ❑ Accommodation and food service activities sector grew by **14.7** per cent in 2017
- ❑ Tourism earnings increased by 20.3 per cent to KSh **119.9** billion in 2017.
- ❑ International visitor arrivals rose by **8.1** per cent to **1,448.8** thousand in 2017.

International Visitor Arrivals and Tourism Earnings, 2013 - 2017



TRANSPORTATION AND STORAGE



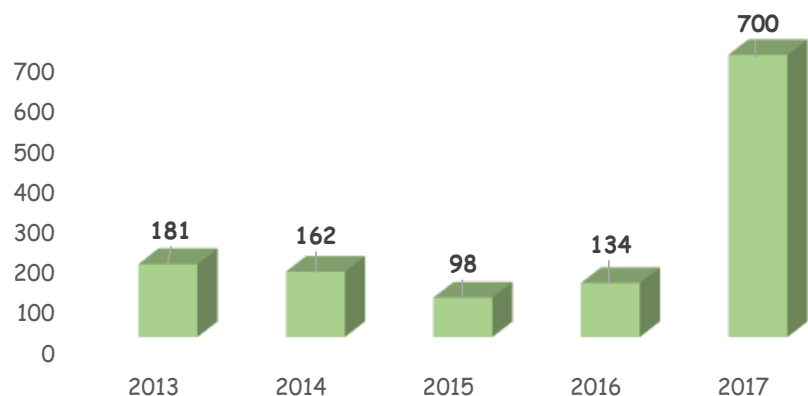
- The sector Gross value added decelerated to 7.3 per cent in 2017 from 7.8 per cent growth in 2016
 - The deceleration was mainly on account of slower growth in land transportation, particularly that of freight.
- The number of newly registered lorries/trucks, pick-ups and heavy vans commonly used for transportation of goods declined by 22.5 per cent

TRANSPORTATION AND STORAGE CONT'D

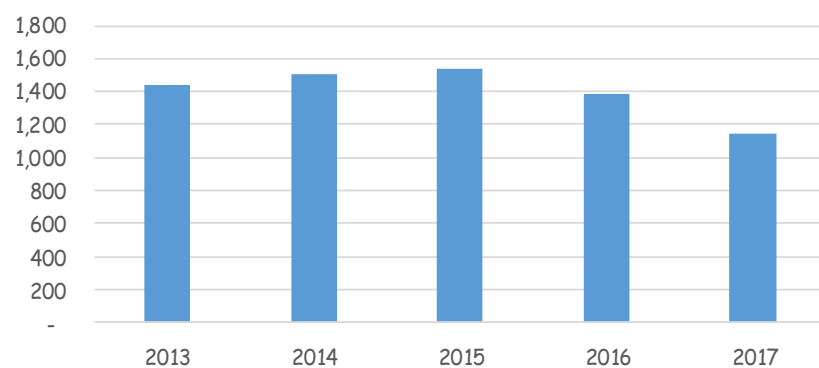
Railway Transport

- ❑ Earnings from passenger traffic increased more than five times from KSh 134 million in 2016 to KSh 700 million in 2017.
- ❑ The number of passengers transported through SGR was 689,205 while revenue earned from the SGR passenger service stood at KSh 590.2 million at the end of 2017.
- ❑ Freight traffic decreased by 16.9 per cent from 1,380 thousand tonnes in 2016 to 1,147 thousand tonnes in 2017

Revenue from Passenger Railway Transport (KSh Million)



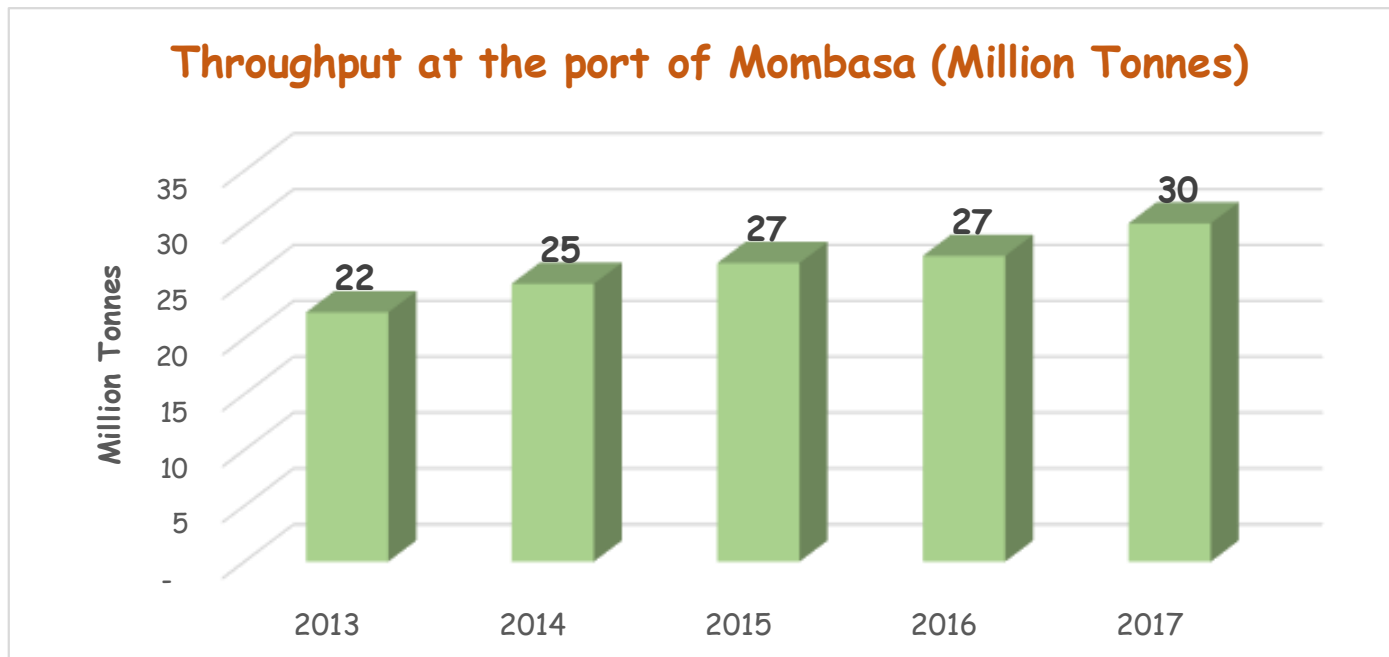
Freight transported through Railway (000 Tonnes)



TRANSPORTATION AND STORAGE CONT'D

Water transport

- ❑ Total cargo throughput increased by **10.6** per cent from 27.4 million tonnes in 2016 to 30.3 million tonnes in 2017.
- ❑ The volume of container traffic handled stood at **1.2 million** Twenty-foot Equivalent Units (TEUs) in 2017
- ❑ Total number of vessels that docked at the Port increased by **10.0** per cent from **1,607** in 2016 to **1,767** in 2017



TRANSPORTATION AND STORAGE CONT'D

Pipeline Transport

- ❑ Pipeline throughput rose by **10.8** per cent from **5,557.9** thousand cubic metres in 2016 to **6,155.7** thousand cubic metres in 2017

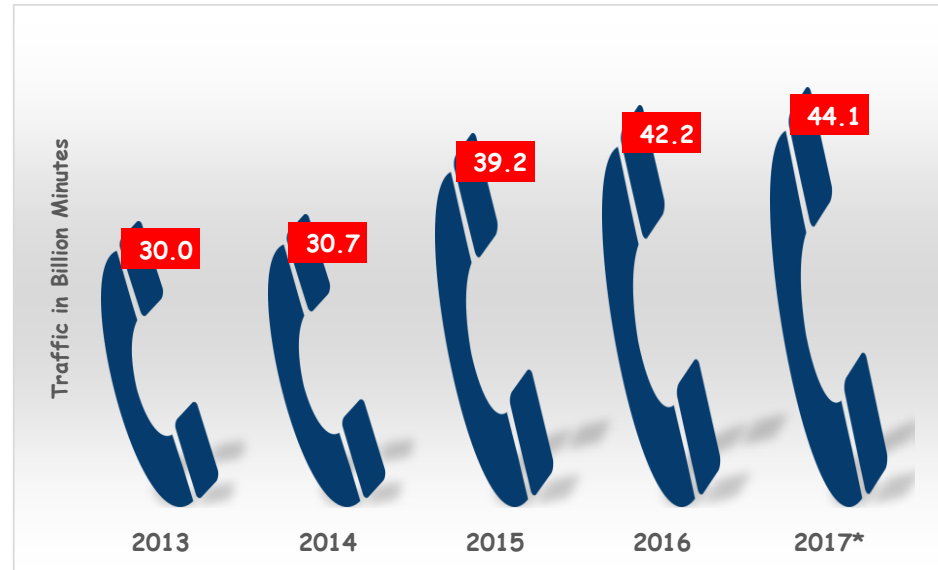
Air transport

- ❑ The total number of passengers through the various airports increased by **3.5** per cent from **9.8** million in 2016 to **10.1** million passengers in 2017
- ❑ Volume of commercial cargo traffic handled increased by **16.6** per cent to **290.8** million tonnes in 2017.

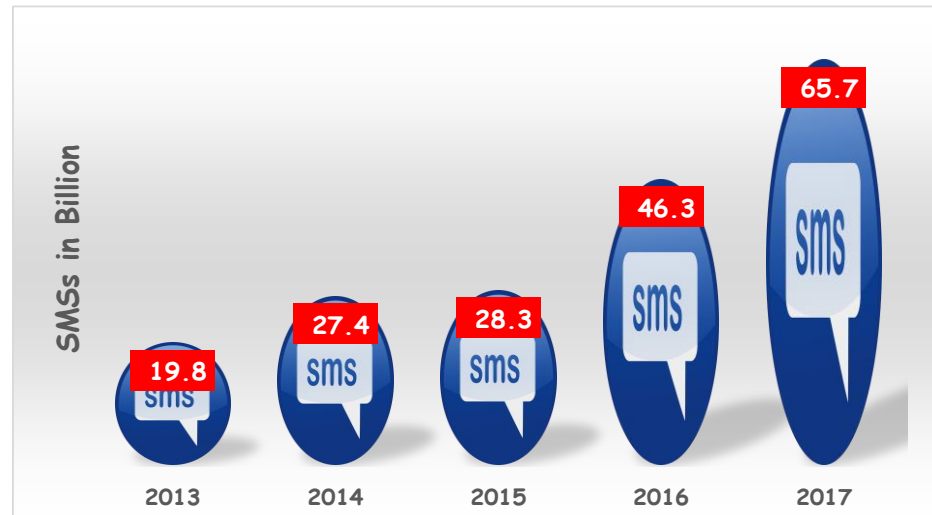
INFORMATION AND COMMUNICATION

- ❑ Information and communication sector expanded by **11.0** per cent in 2017
- ❑ Total domestic call traffic increased from **42.2** billion minutes in 2016 to **44.1** billion minutes in 2017
- ❑ The number of domestic Short Messaging Services (SMSs) increased by **41.9** per cent to **65.7** billion in 2017 from **46.3** billion in 2016
- ❑ Total mobile money transfers increased by **8.4** per cent from KSh **3.4** trillion in 2016 to KSh **3.6** trillion in 2017

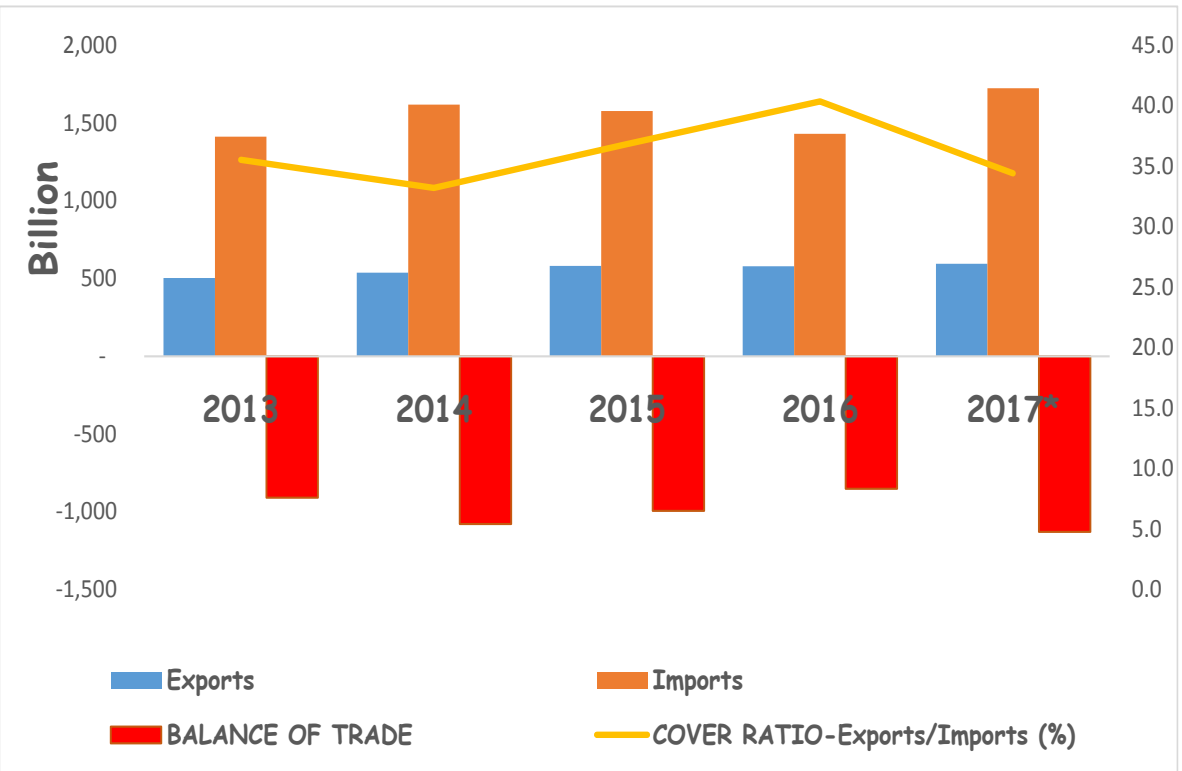
Total domestic call traffic (Billion Minutes)



Number of Domestic SMSs Sent (Billion)



INTERNATIONAL TRADE & BALANCE OF PAYMENTS

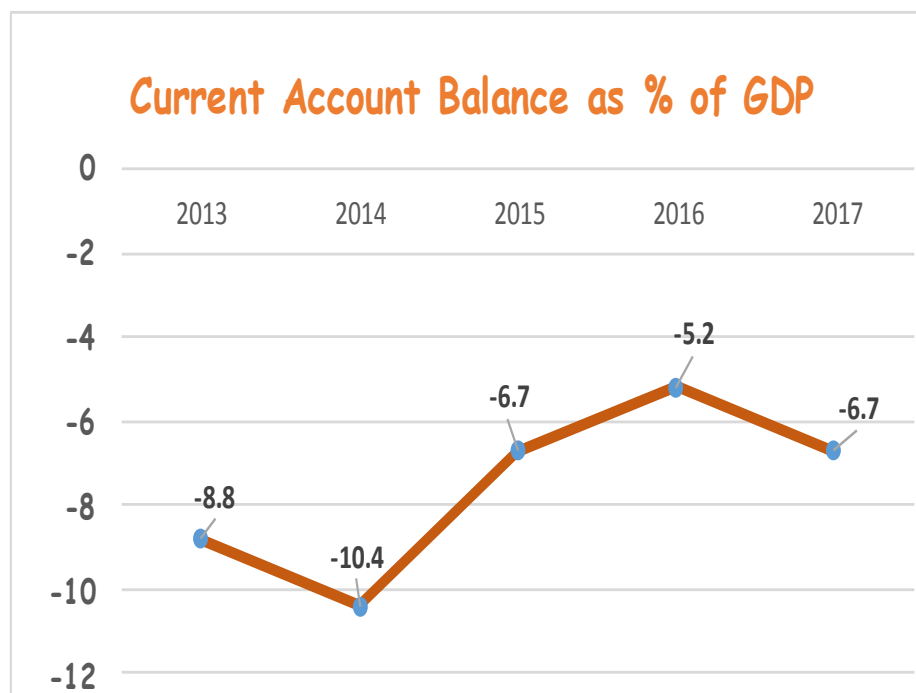


- ❑ Volume of trade rose to stand at KSh **2.3** trillion in 2017
 - Out of which the value of imports were KSh **1,725.6** billion while that of total exports were KSh **594.1** billion
- ❑ Merchandise trade deficit widened from KSh **853.7** billion in 2016 to KSh **1,131.5** billion.
- ❑ The volume of exports were driven by titanium ores, Horticultural produce, Tea, Salt and Soda Ash.

INTERNATIONAL TRADE & BOP CONT'D

Balance of Payments (BoP)

- Balance of Payments widened to a deficit of KSh 16.9 billion from a surplus of KSh 13.1 billion in 2016.



- Deterioration of BoP was mainly driven by **widening of the merchandise trade deficit**.
- Capital accounts balance declined by **8.8 per cent** to KSh **19.0 billion** in 2017
- Total net financial inflows increased by **13.4 per cent** to KSh **476.1 billion** in 2017.

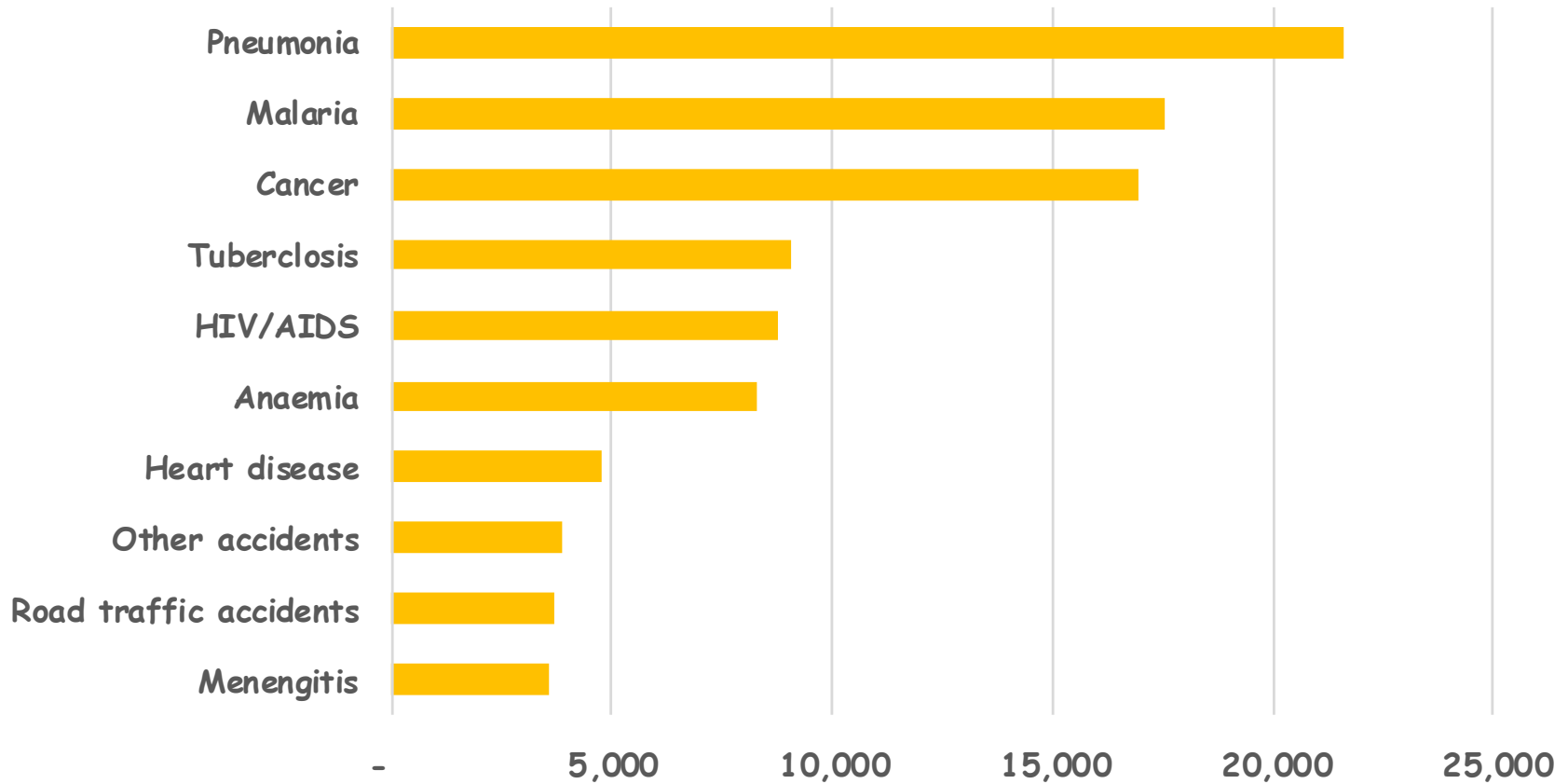
Social sector

Selected Indicators on Education

Indicator	2016	2017	% change
Total No. of educational institutions	86,179	90,587	5.1
No. of registered Technical Vocational and Education Training (TVET) institutions	1,300	1,962	50.9
Enrolment			
Primary schools	10.3 Mn	10.4 Mn	1.0
Secondary Schools	2.7 Mn	2.8 Mn	3.7
TVET	202,556	275,139	35.8
University	564,507	520,893	-7.7
Adult Education	271,769	206,224	-24.1

HEALTH

Causes of Deaths (Number)



HEALTH CONT'D

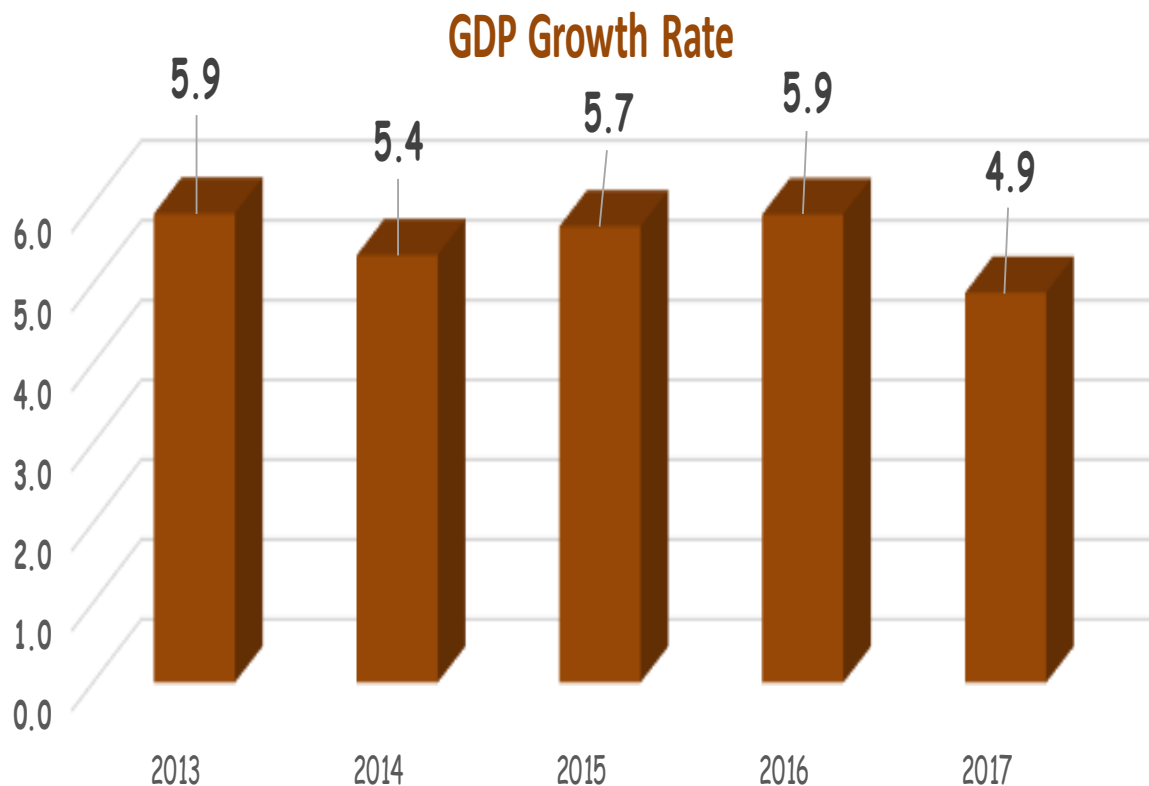
Selected indicators on Health Statistics

Indicator	2016	2017	% change
No. of registered Health personnel	147,439.00	160,749.00	9.0%
No. of Health personnel per 100,000 of population	329.00	349.00	6.1%
	2015/16	2016/17	% change
Health personnel In-Training	17,224.00	23,887.00	38.7%
Registered Active Members of the National Hospital Insurance Fund(NHIF) ('000)	6,124.30	6,804.90	11.1%

Economic Performance

Economic Performance

- The economy slowed down in 2017 from 5.9 per cent growth in 2016 to 4.9 per cent in 2017.



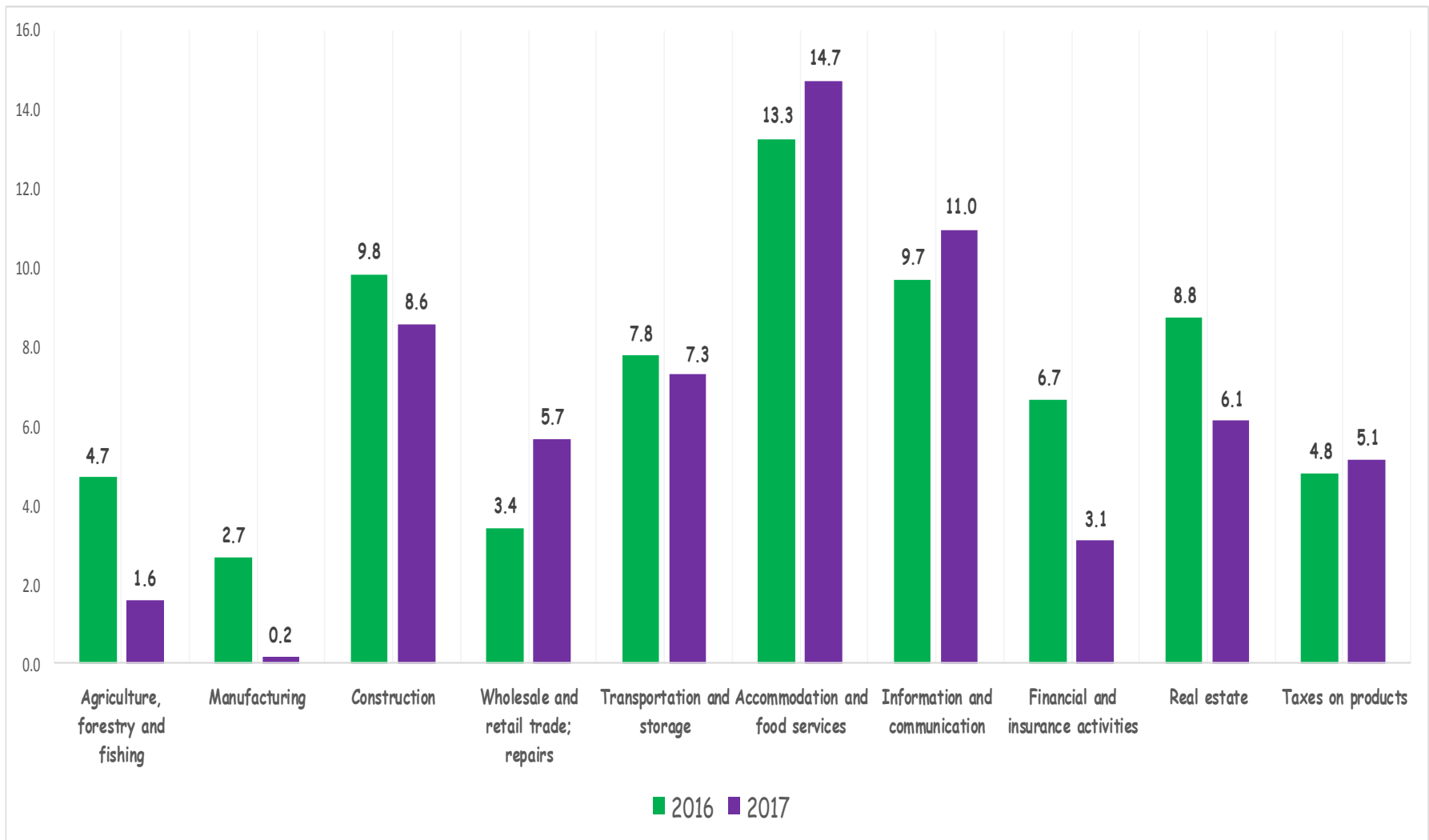
- The growth in the period under review was largely driven by **service oriented sectors**
- Key sectors of the economy, eg Agriculture and Manufacturing recorded significant deceleration in 2017

Economic Performance

The slowed growth was attributed to;

- i. Uncertainty associated with the prolonged electioneering period
- ii. Adverse weather conditions that characterised the year under review affected;
 - Production of key crops and rearing of animals
 - generation of electricity
- iii. Slowed uptake of credit by the private sector

Performance of Selected Sectors of the Economy (%) (2016-2017)



POLICY INTERVENTION

- ❑ Reduce dependence on rain-fed agriculture, with expanded irrigation including at small scale level, and promote communal greenhouses
- ❑ Promote use of appropriate fertilizers and quality seeds and put in place interventions that reduce costs of inputs
- ❑ Enhance agro-processing and actualize the competition policy to increase the number of actors in food processing to benefit the consumers with low prices.
- ❑ Protect local manufacturing from unfair competition and reduce cost of production

POLICY INTERVENTION

- ❑ Focus on challenges facing Micro and Small Enterprises which employ the lion share of the workforce
- ❑ Encourage research and innovations in making locally produced goods to be competitive;
- ❑ Diversify and intensify efforts to attract visitors particularly from emerging economies

Thank You