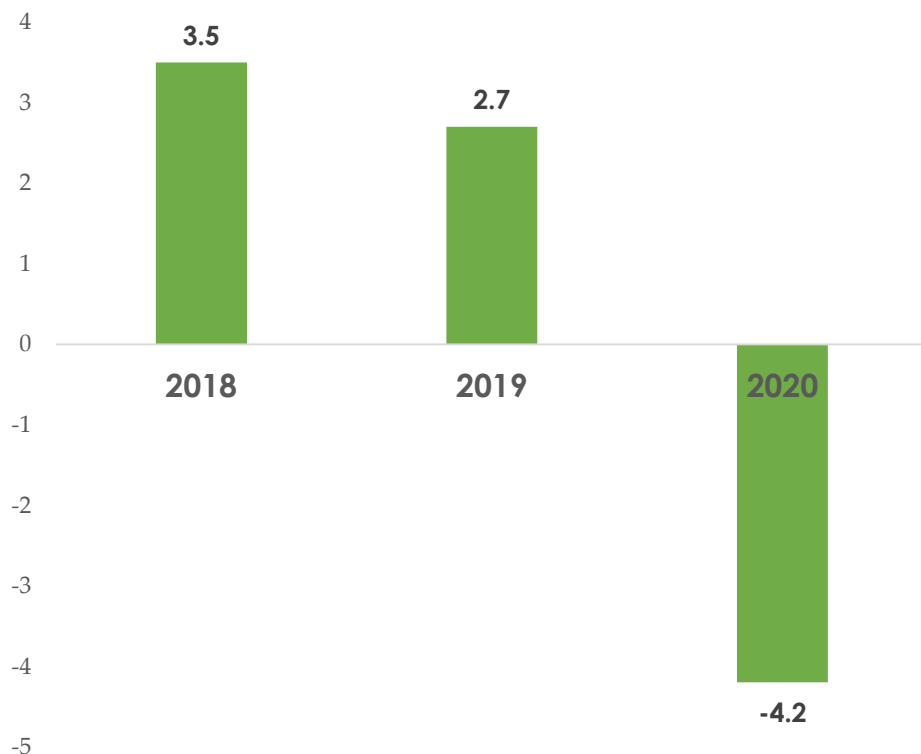# ECONOMIC SURVEY 2021 HIGHLIGHTS

ECONOMIC SURVEY 2021

Outline

- International scene

- Domestic Economy

  - Highlights of the country's economic performance in 2020

  - Highlights of Social Sector Statistics

  - Revision and Rebasing of National accounts

  - Economic Performance

- Economic Outlook

INTERNATIONAL SCENE
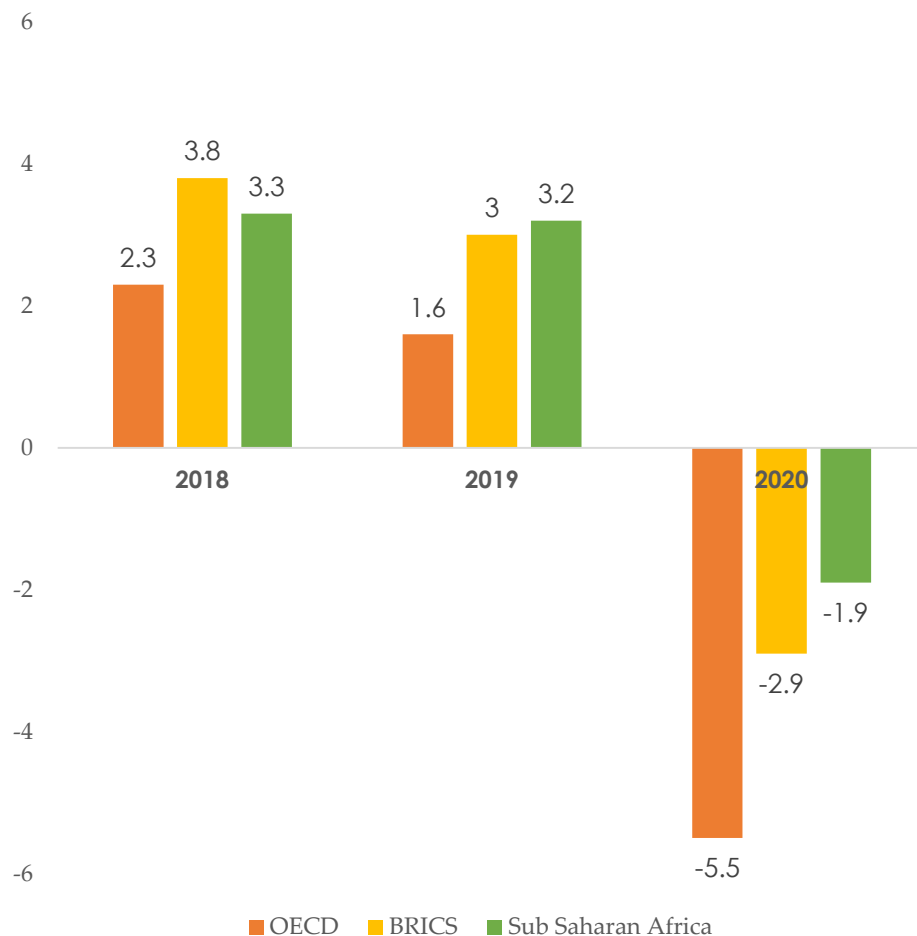
World Real GDP Growth

Global Economy contracted by 4.2 % in 2020 compared to a growth of 2.7% in 2019.

The contraction was mainly attributed to;

- Emergence of Covid-19 disease which significantly constrained economic activity

- Significant decline in oil prices as a result of dwindling demand.

INTERNATIONAL SCENE cont'd

-

Real GDP Growth Rates

Chart data:
- 2018: OECD 2.3, BRICS 3.8, Sub Saharan Africa 3.3
- 2019: OECD 1.6, BRICS 3, Sub Saharan Africa 3.2
- 2020: OECD -5.5, BRICS -2.9, Sub Saharan Africa -1.9

Legend: ■ OECD   ■ BRICS   ■ Sub Saharan Africa

Economies in the OECD contracted by 5.5% in 2020 compared to a growth of 1.6% in 2019.

Sub-Saharan African Real GDP contracted by 1.9 % in 2020 compared to 3.2 % growth in 2019 owing to:

- Restrictions associated with COVID -19 pandemic negatively affected tourism activities.

- COVID-19 effects on international trade and increased debt burden.

KNBS
KENYA NATIONAL
BUREAU OF STATISTICS
Keeping you informed

INTERNATIONAL SCENE CONT'D

GDP Growth Rates and Projections for Selected Countries

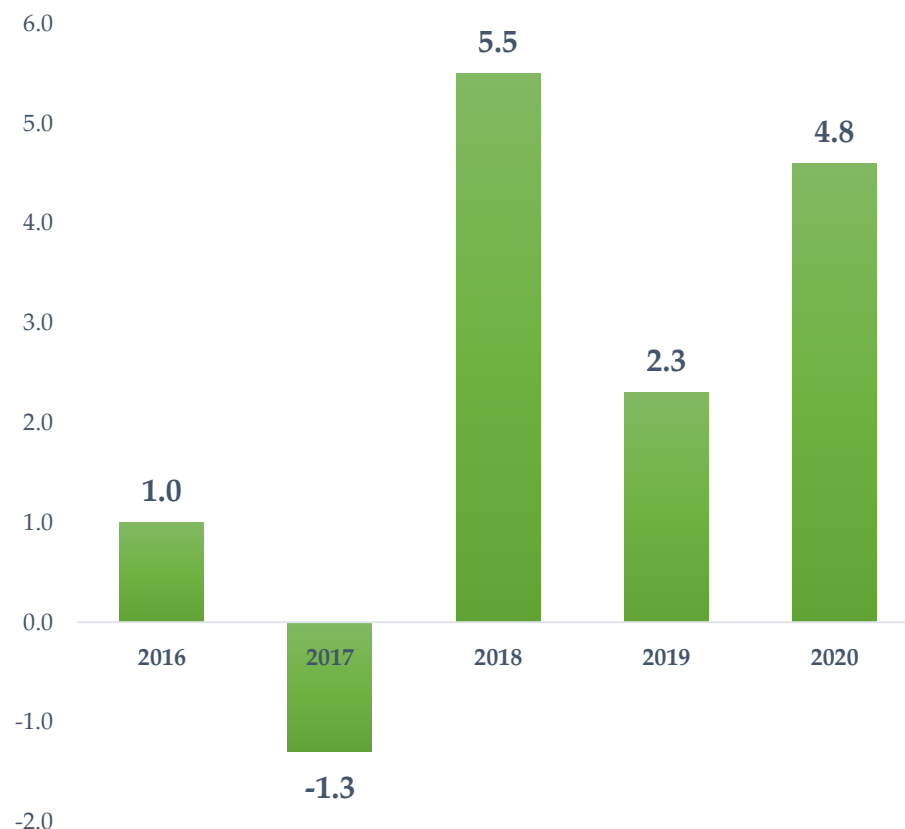| Country	2019	2020	2021
Brazil	1.1	-4.1	3.7
Russia	1.3	-3.1	3.8
India	4.2	-8.0	12.5
Malaysia	4.3	-5.6	6.5
China	6.1	2.3	8.4
Uganda	6.7	-2.1	6.3
Tanzania	7	1.0	2.7
Rwanda	9.4	0.2	5.7
Burundi	1.8	-1.3	2.8
South Africa	0.2	-7.0	3.1

Source; OECD and world Economic Outlook April 2021
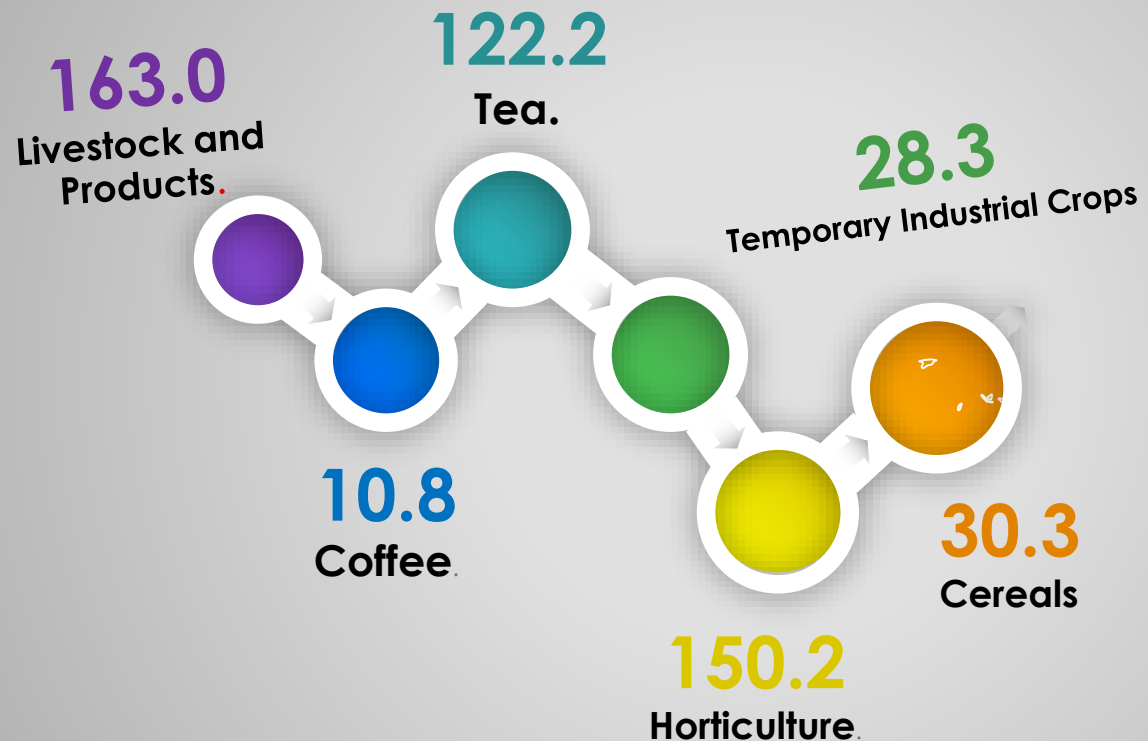
Domestic Economy

AGRICULTURE

- Agriculture, forestry and fishing real value added growth accelerated to 4.8% in 2020.

- This was mainly as a result of increased production tea and food crops such as beans, rice, sorghum and millet.

- Animal production real GVA grew by 3.6% in 2020 compared to 1.8 per cent in 2019.

Growth of Value Added (%)

Year	Value
2016	1.0
2017	-1.3
2018	5.5
2019	2.3
2020	4.8

AGRICULTURE-MARKETED PRODUCTION (KSh Billion)

163.0
Livestock and Products.

122.2
Tea.

10.8
Coffee.

28.3
Temporary Industrial Crops

150.2
Horticulture.

30.3
Cereals

9.3% Growth

Total value of marketed production increased to KSh **509.7** Billion in 2020

KNBS
KENYA NATIONAL
BUREAU OF STATISTICS
Keeping you informed

Production of Key Crops

Commodity	2019	2020	% change
Cut flowers ('000 Tonnes)	173.7	146.0	-15.9
Tea ('000 Tonnes)	458.8	569.5	24.1
Coffee ('000 Tonnes)	45.0	36.9	-18.0
Maize (Million bags)	44.0	42.1	-4.3
Wheat ('000 Tonnes)	**366.2**	405.0	10.6
Rice ('000 Tonnes)	160.6	180.9	12.6
Sugarcane ('000 Tonnes)	4,606.1	6,799.9	47.6

ENVIRONMENT AND NATURAL RESOURCES
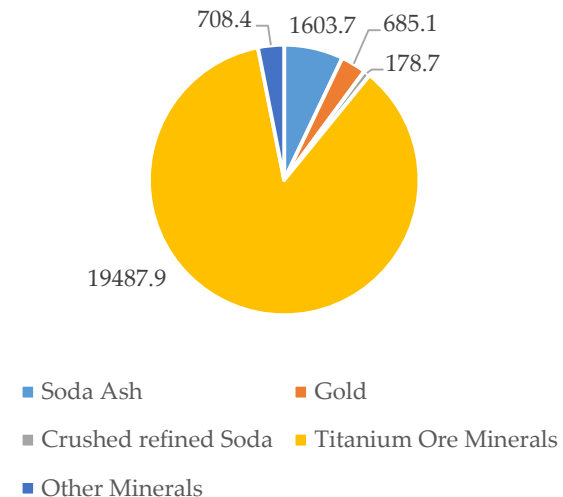
Forest cover (%)
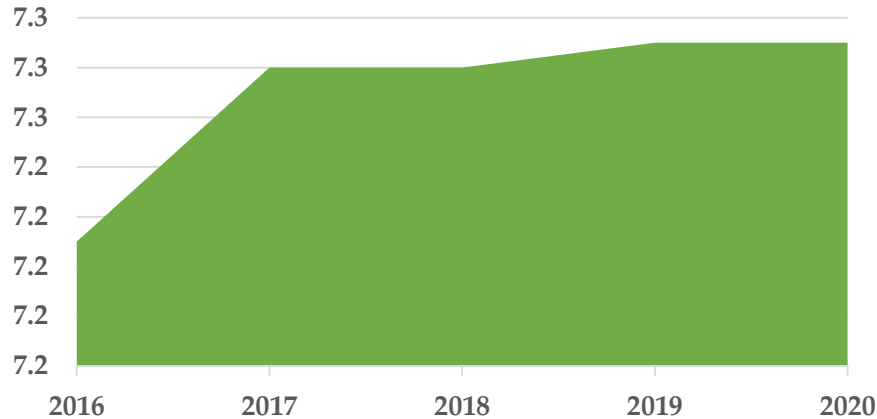

Quantity of Fish landed ('000 Tonnes)
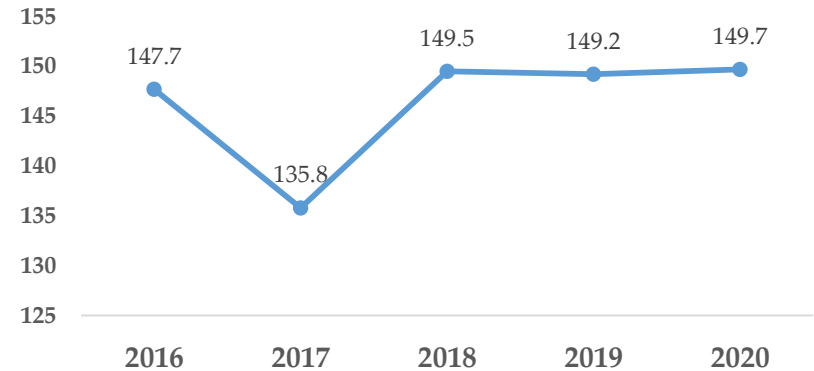
- Forest cover was estimated at 7.3% of the total land area in 2020

- Total earnings from mineral output decreased by 5.8 per cent to KSh 22.7 billion in 2020 mainly attributed to declines in Gold, Refined soda and Gemstones .

Value of Mineral Production, 2020 (KSh Million)

708.4 1603.7 685.1
178.7
19487.9

- Soda Ash
- Gold
- Crushed refined Soda
- Titanium Ore Minerals
- Other Minerals

MANUFACTURING SECTOR

- Manufacturing sector real gross value added contracted by -0.1% in 2020 compared to a revised growth of 2.5 per cent in 2019.

- The sector's performance was mainly supported by Sugar and cement production.

Real Value Added Growth (%)
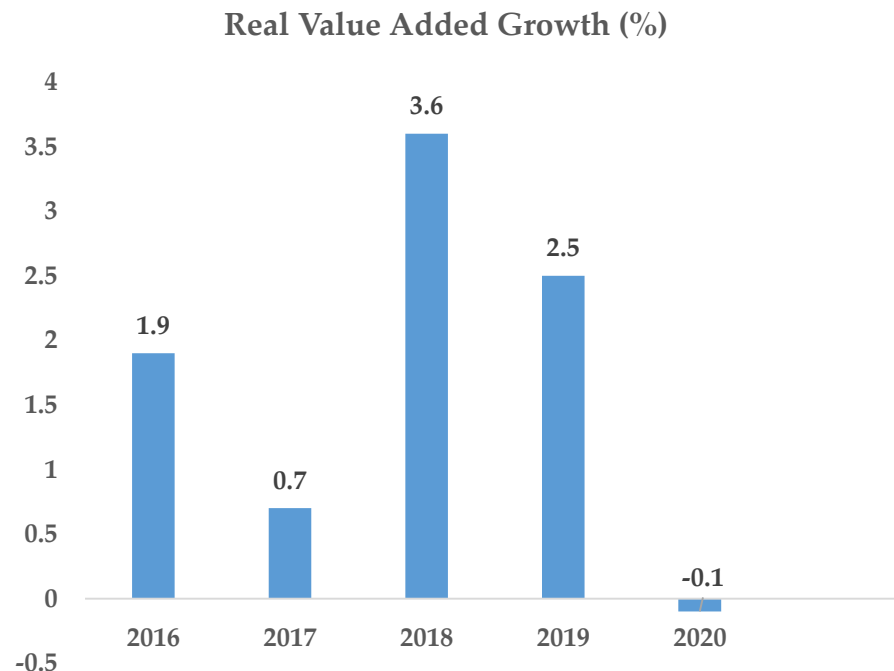
- Total Sales by EPZ grew by 4.3 % to KSh 80.5 billion in 2020 from KSh 77.2 billion in 2019.

- Credit advanced to the Sector rose by 11.8 % to KSh 410.3 billion in 2020.

- Formal employment in the sector decreased by 10.3 % to 316.9 thousand persons in 2020.

MANUFACTURING SECTOR CONT'D

Commodity	Unit	2019	2020	% change
Processed Milk	Million litres	488.5	456.8	(6.5)
Wheat flour	000 Tonnes	1,372.7	1,231.6	(10.3)
Maize flour	000 Tonnes	707.4	657.6	(7.0)
Cooking oil	000 Tonnes	256.8	269.8	5.1
Edible fats and magarine	000 Tonnes	270.4	288.1	6.5
Sugar	000 Tonnes	440.9	603.8	36.9
Coffee - milled	000 Tonnes	44.9	36.9	(17.8)
Tea	000 Tonnes	458.9	569.5	24.1
Soft drinks	Million litres	592.5	550.6	(7.1)
Assembled vehicles	Number	7,802.0	7,725.0	(1.0)
Cement	000 Tonnes	6,163.0	7,473.6	21.3
Galvanized sheets	000 Tonnes	274.4	247.7	(9.7)

CONSTRUCTION SECTOR

- The construction sector recorded a growth of 11.8 per cent in 2020 compared to a 5.6 per cent growth in 2019.

- The length of paved road as at 30th June 2020 was 22,649 Km compared to 21,295 Km in June 2019.

- Cement consumption which is a key input to the sector increased by 20.3 **%** in 2020.

Real GVA Growth (%)

| Year	Growth (%)
2016	5.8
2017	6.3
2018	6.1
2019	5.6
2020	11.8
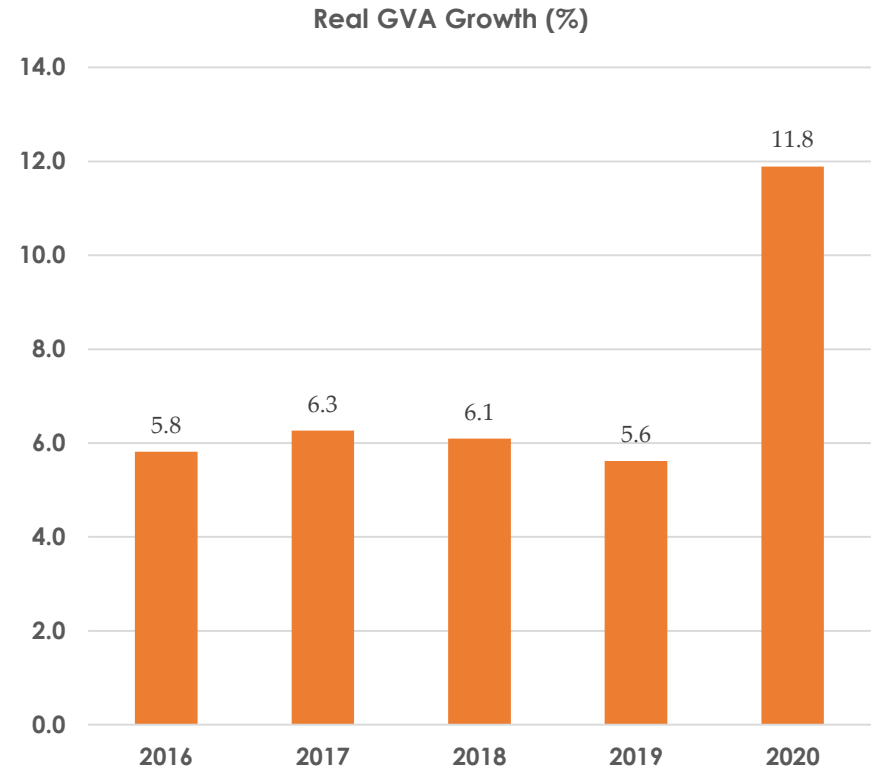
ENERGY SECTOR

- Electricity supply GVA contracted by 0.5 % in 2020 compared to 1.7 % growth in 2019.

- Electricity generated increased by 17.1 % to 11.6 million Mega Watt hours in 2020.

- Key projects:
  - Completion of Olkaria V Geothermal power plant with an installed capacity of 172.3 MW
  - Ongoing development of the Gitaru Solar Power plant with an estimated capacity of 42.5 MW

- The total value of petroleum products imported dropped by 33.9% to KSh 209.1 billion in 2020 from KSh 316.6 billion in 2019.
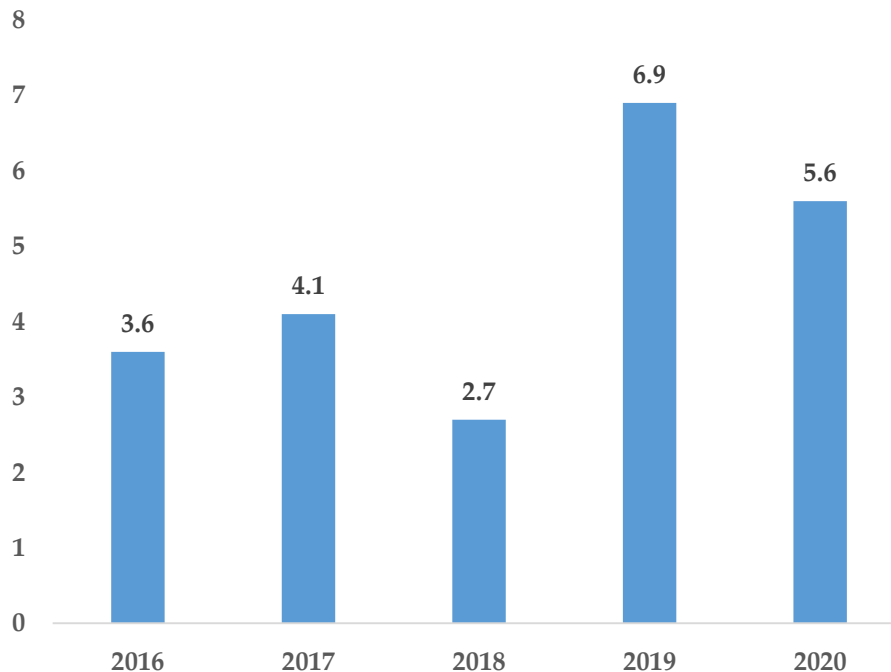
ENERGY SECTOR

Electricity Generation GWh
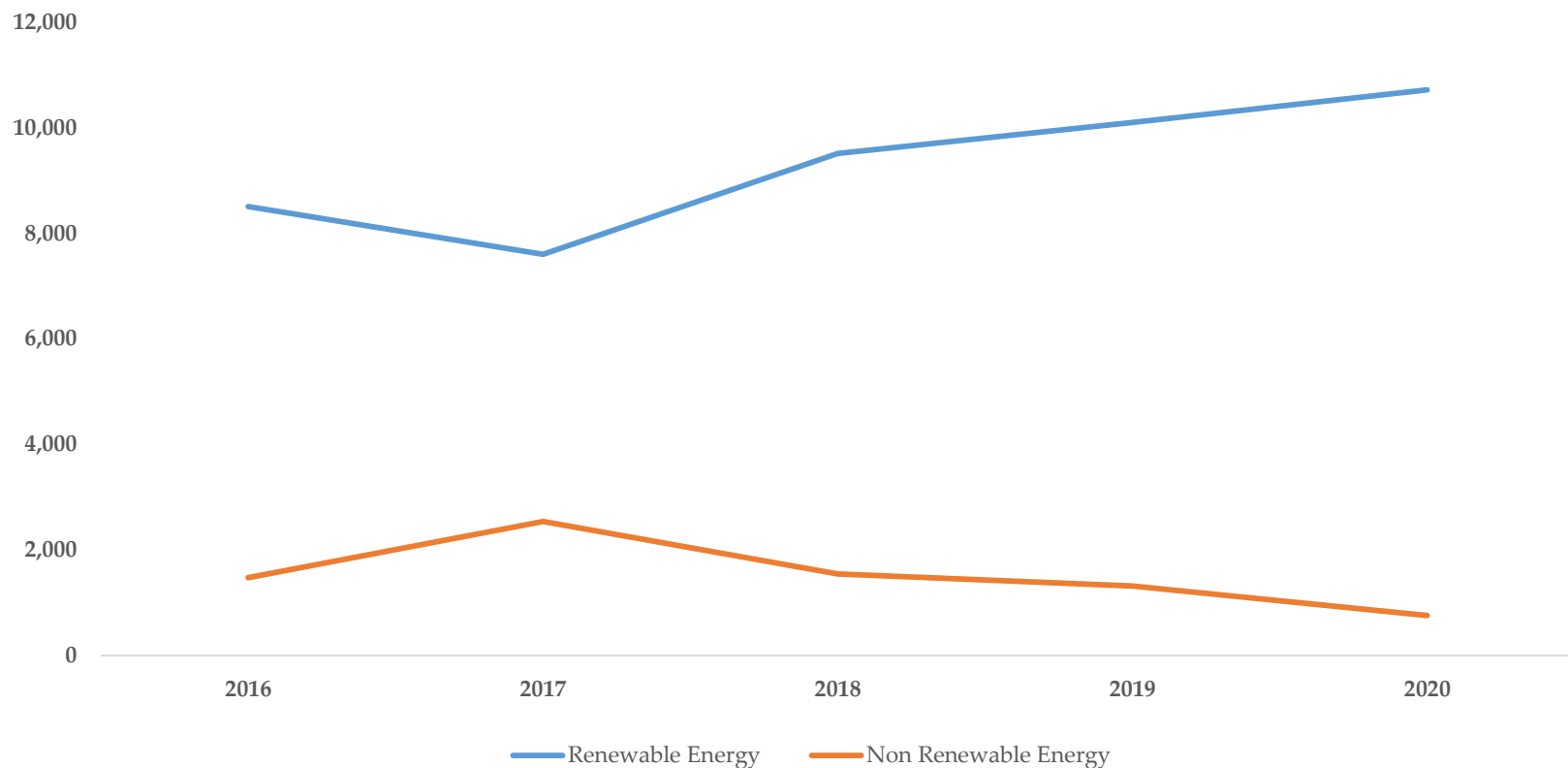
- **93 Per cent of Total Electricity Generated was from Renewable sources in 2020 compared to 88% in 2019**

MONEY, BANKING AND FINANCE

Growth in Real value added (%)

- Financial sector recorded a growth of 5.6 per cent in 2020 compared to a growth of 6.9 per cent in 2019

- Total domestic credit grew by 18.6 per cent in Dec 2020

- Credit to the National Government increased to KSh 1,358.4 billion as at Dec 2020 compared to KSh 900.4 billion in Dec 2019.

- Credit to the private sector expanded by 8.4per cent to KSh 2,891.3 billion in 2020

PUBLIC FINANCE
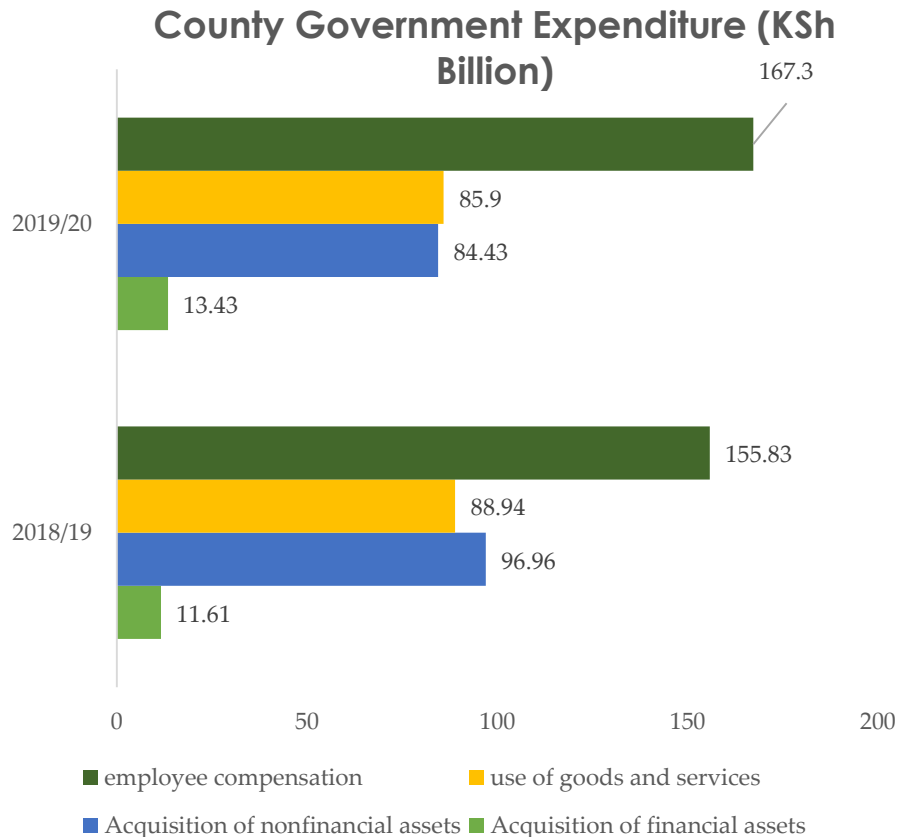
National Government Expenditure (KSh Billion)
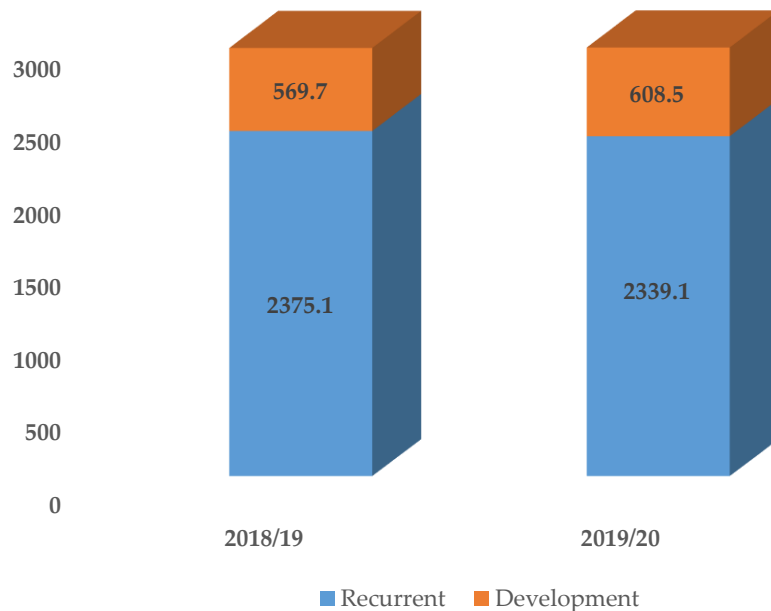
- Total expenditure stood at KSh 2,947.6 billion in 2019/20 compared to KSh 2,944.8 billion in 2018/19

- Recurrent account dropped by 1.5% in 2019/20 while development expenditure increased from KSh 569.7 billion in 2018/19 to KSh 608.5 billion in 2019/20.

- Development expenditure accounted for 26.0% of total expenditure in 2019/20

PUBLIC FINANCE

County Government Expenditure (KSh Billion)
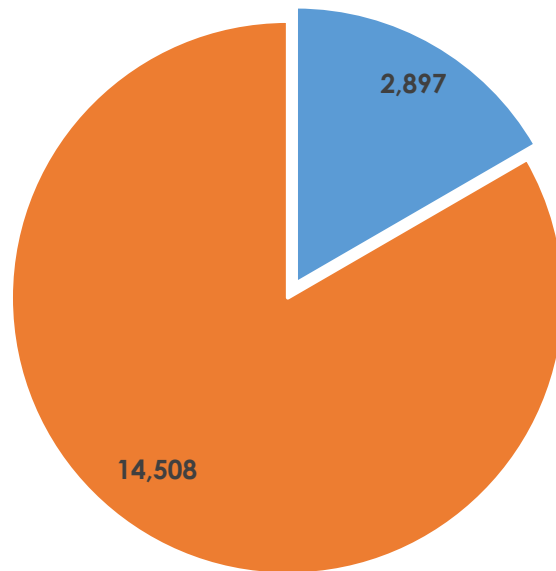

- Total expenditure by County Governments rose from KSh 405.5 billion in 2018/19 to KSh 417.2 billion in 2019/20

- County Government expenditure on compensation of employees rose from KSh 155.8 billion in 2018/19 to 167.3 billion in 2019/20.

EMPLOYMENT

Employment by Sector in 2020 ('000)

Pie chart values:
- 2,897
- 14,508

Legend: ■ Formal ■ Informal

- Employment in the various sector of the economy was adversely affected by containment measures instituted to curb the spread of COVID-19

- Total employment outside small-scale agriculture and pastoralist activities contracted by 4.1 per cent to 17.4 million in 2020.

- 83.0 per cent of recorded Employment in 2020 was in the informal sector

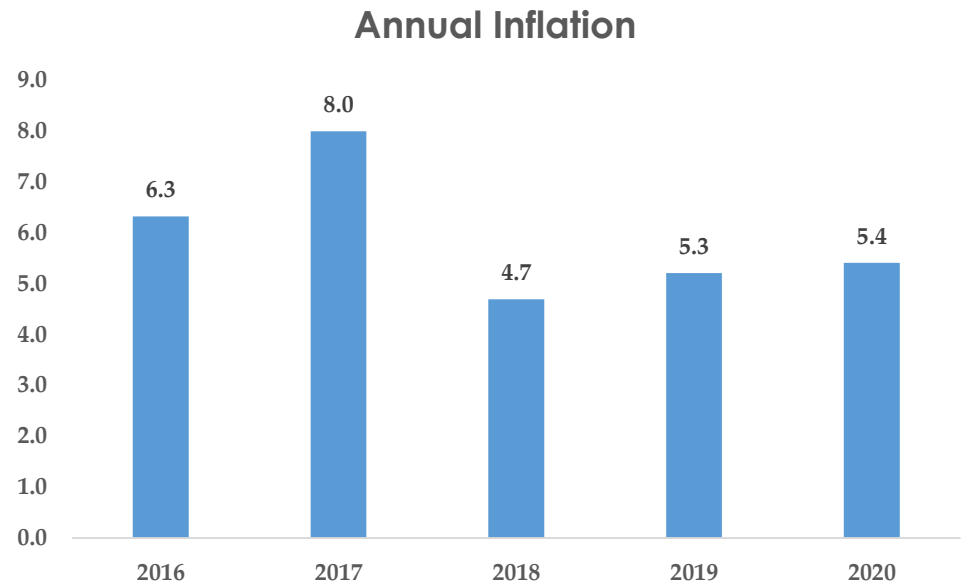- A total of 2.9 million jobs were reported in the formal sector in 2020

EMPLOYMENT CONT'D

Share of Wage Employment by Activity , 2020 (%)

Activity	%
Activities of extraterritorial organizations and bodies	0.1
Real estate activities	0.1
Administrative and support service activities	0.2
Arts, entertainment and recreation	0.3
Mining and quarrying	0.5
Water supply; sewerage, waste management and…	0.5
Electricity, gas, steam and air conditioning supply	0.8
Other service activities	1.2
Accommodation and food service activities	1.9
Professional, scientific and technical activities	2.4
Transportation and storage	2.9
Financial and insurance activities	2.9
Activities of households as employers; undifferentiated…	4.4
Information and communication	4.4
Human health and social work activities	5.6
Construction	8.3
Wholesale and retail trade; repair of motor vehicles and…	9.4
Public administration and defence; compulsory social…	11.6
Manufacturing	11.8
Agriculture, forestry and fishing	12.0
Education	21.0

KNBS
KENYA NATIONAL
BUREAU OF STATISTICS
Keeping you informed

INFLATION-Consumer Prices

- Inflation rose from 5.3% in 2019 to 5.4% in 2020.

- Covid-19 containment measures lead to supply chain disruptions that consequently lead to price increases mainly in the transportation sector.

Annual Inflation

Year	Annual Inflation
2016	6.3
2017	8.0
2018	4.7
2019	5.3
2020	5.4

KNBS
KENYA NATIONAL
BUREAU OF STATISTICS
Keeping you informed

TOURISM SECTOR:

VISITOR ARRIVALS

Bar chart of visitor arrivals (in thousands):
- 2016: 1,666.0
- 2017: 1,778.4
- 2018: 2027.7
- 2019: 2,035.4
- 2020: 579.6

- The number of international arrivals declined by 71.5 per cent to 579.6 thousand in 2020

- Tourism earnings declined by 43.9 per cent to KSh 91.7 billion in 2020

- Hotel Bed-night occupancy contracted by 58.0 per cent to 3,803.3 thousand in 2020.
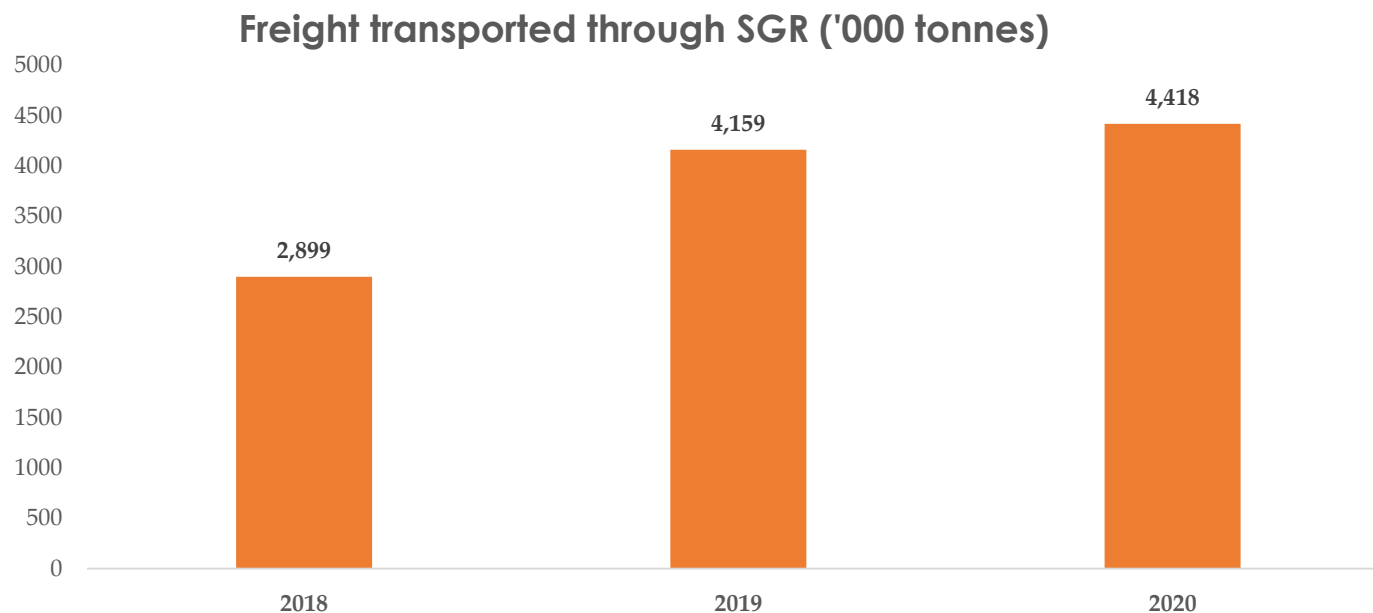
TRANSPORTATION AND STORAGE

- The sector's Gross value added declined by 7.8 % in 2020 from growth of 6.3% in 2019.

- Restriction on mobility instituted by the Government to curb the spread of Covid - 19 dampened the sectors growth during the review period.

Growth in Real value added (%)

Year	Value
2016	8.2
2017	3.6
2018	5.7
2019	6.3
2020	-7.8
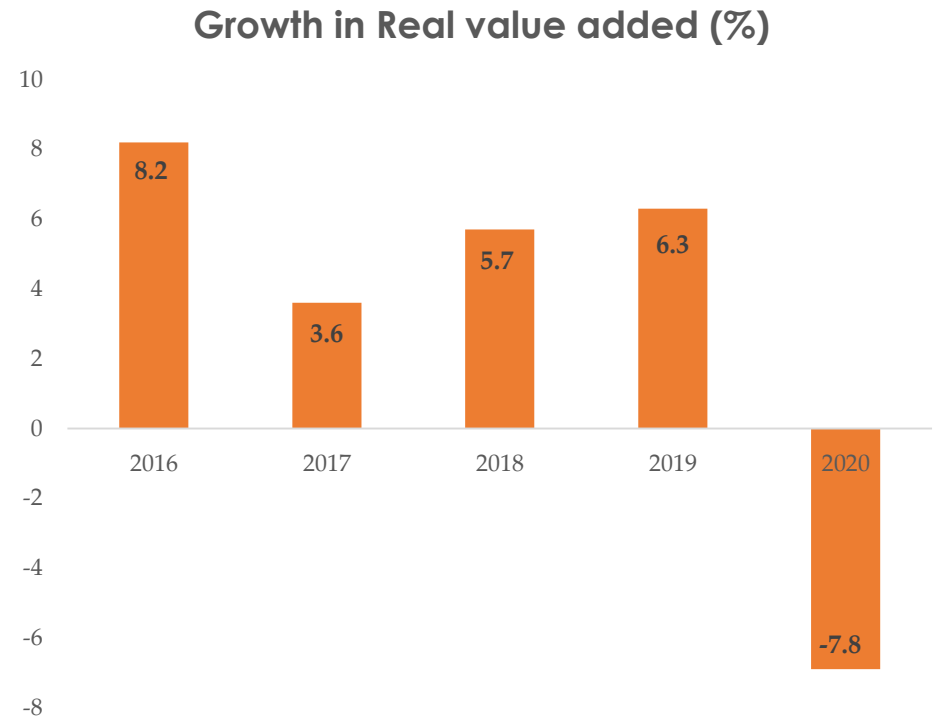
TRANSPORTATION AND STORAGE CONT'D

Railway Transport

- Earnings from passenger traffic dropped to KSh 978 million in 2020 compared to KSh 1.9 billion in 2019.

- Freight earnings decreased significantly from KSh 14.0 billion in 2019 to KSh 11.6 billion in 2020.

Freight transported through SGR ('000 tonnes)

TRANSPORTATION AND STORAGE CONT'D

Water transport

- Total cargo throughput at the port dropped by 0.9 per cent from 34.4 million tonnes in 2019 to 34.1 million tonnes in 2020

- The volume of container traffic handled decreased by 4.0 per cent from 1.4 million Twenty-foot Equivalent Units (TEUs) in 2019 to 1.36 million TEUs in 2020 .

Throughput at the port of Mombasa (Million Tonnes)

# TRANSPORTATION AND STORAGE CONT'D ...
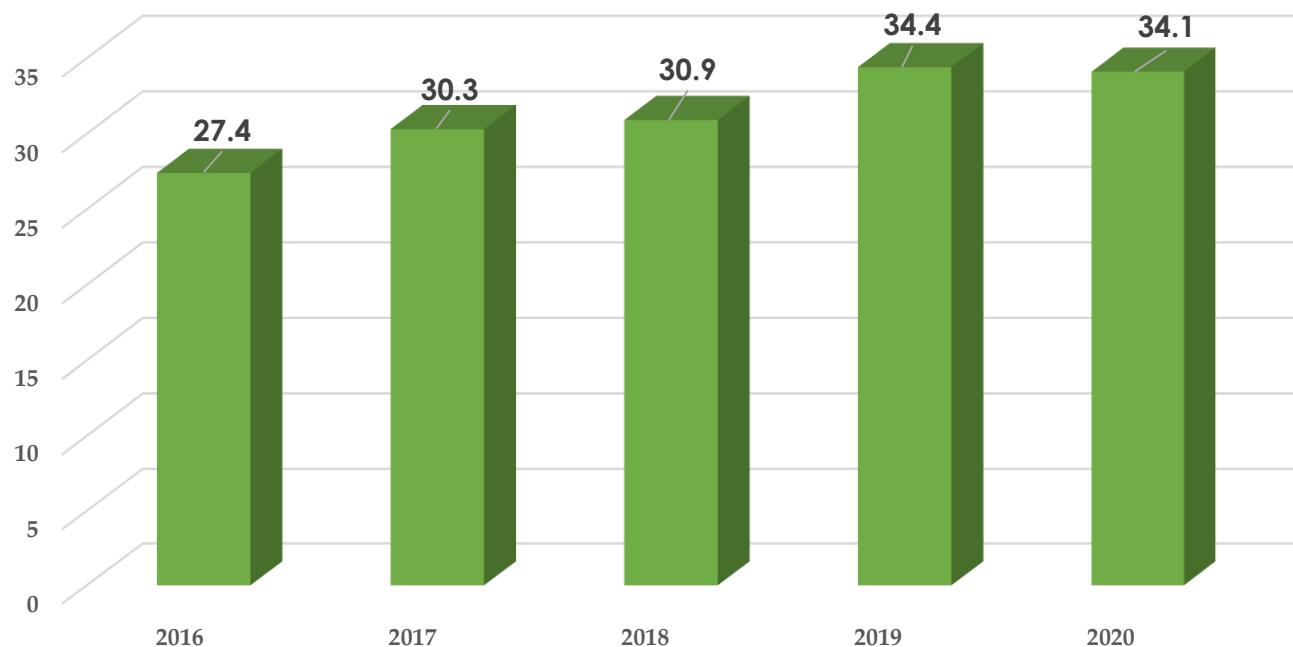
Pipeline Transport

- Pipeline throughput dropped by 3.1 per cent from 7,025.9 thousand cubic metres in 2019 to 6,806.8 thousand cubic metres in 2020.

Air transport

- The total number of passengers handled dropped by 62.5 per cent from 12.0 million in 2019 to 4.5 million passengers in 2020.

- Volume of commercial cargo traffic handled decreased by 8.9 per cent to 341.4 thousand tonnes in 2020.

INFORMATION AND COMMUNICATION

- Information and communication sector real Gross Value Added rose by 4.8 per cent in 2020

- In 2020, mobile cellular penetration grew by 15.1% to 126.15 Subscription per 100 inhabitants.

- Total mobile money transfers increased from KSh 4,346 billion to KSh 5,214 billion in 2020.

- Total domestic mobile call traffic increased by 2.5 % from 58.7 billion minutes in 2019 to 60.3 billion minutes in 2020.

Mobile Money Transfers (KSh Billion)
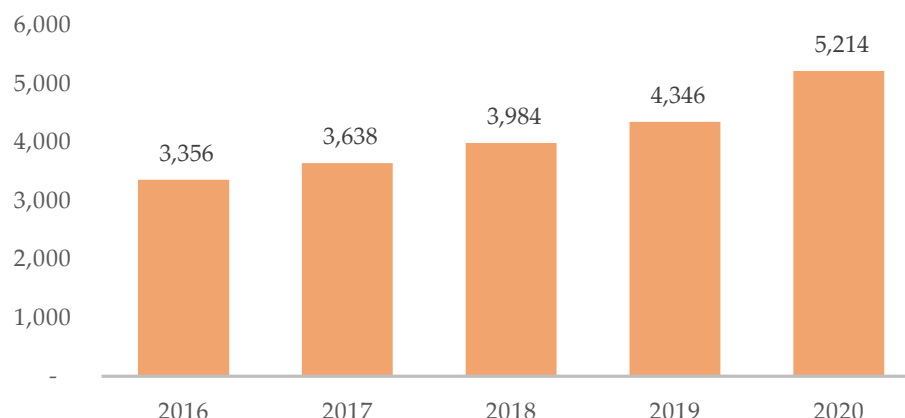
**Mobile call Traffic (Billion Minutes)**
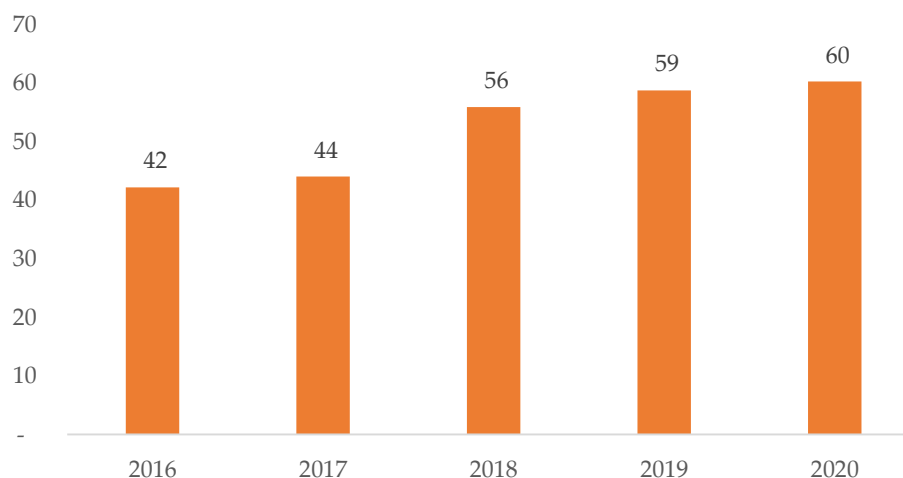
INTERNATIONAL TRADE & BALANCE OF PAYMENTS

- Volume of trade dropped to KSh 2.29 trillion in 2020

  - Out of which the value of imports were KSh 1.64 trillion while that of total exports were KSh 0.64 trillion

- Merchandise trade deficit narrowed from KSh 1.806.3 billion in 2019 to KSh 1,643.6 billion in 2020.

Value of Exports and Imports (KSh Billion)

Imports ■ Exports
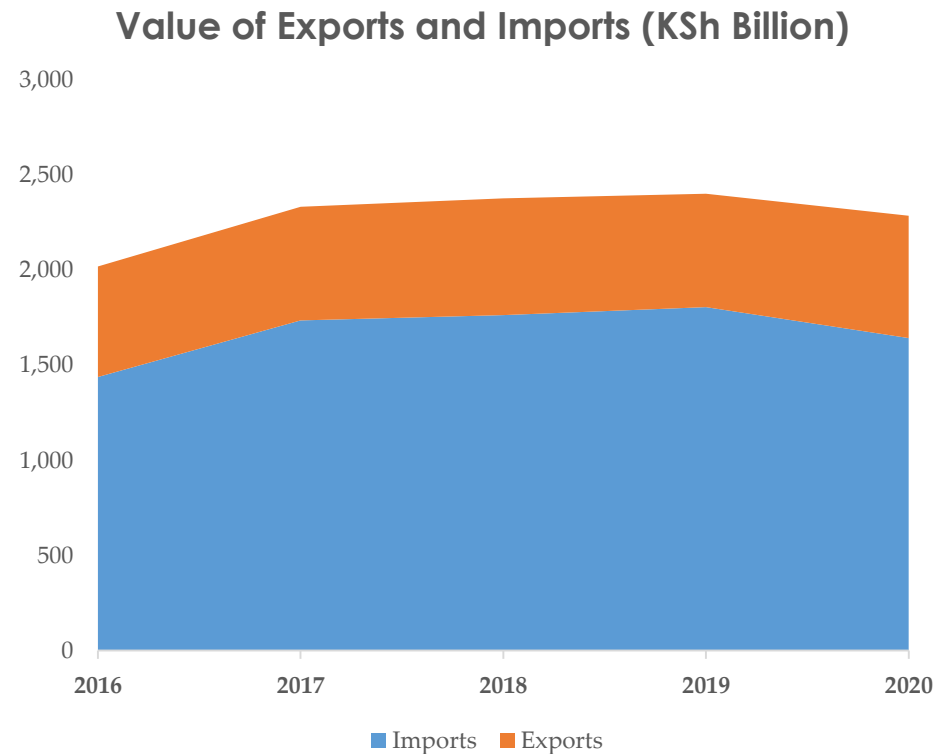
INTERNATIONAL TRADE & BOP CONT'D

Current account as a % of GDP
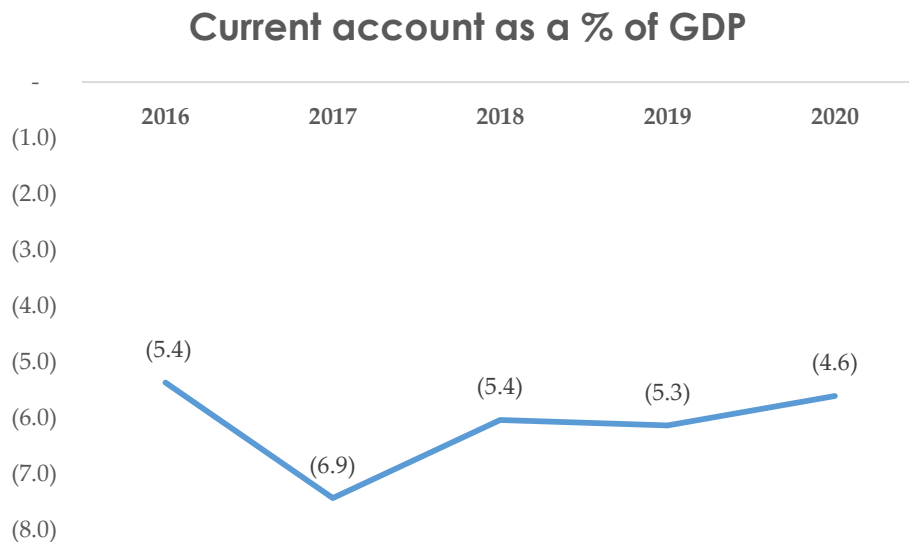
- The current account balance narrowed from a deficit of KSh 539.2 billion in 2019 to a deficit of KSh 491.7 billion in 2020

- Total net financial inflows increased to KSh 396.5 billion in 2020 reflecting an increase of 4.1%.

- Overall balance of payments position improved to a surplus of KSh 152.4 billion in 2020.

Social sector

Selected Indicators on Education

Indicator	2019	2020	% change
Total No. of educational institutions	89,337	90,145	0.90
No. of registered Technical Vocational and Education Training (TVET) institutions	2,140	2,301	7.52
Enrolment			
Primary schools	10,072	10,170	0.97
Secondary Schools	3,260	3,520.4	7.99
TVET	430,598	451,205	4.79
University	509,468	546,699	7.31
Adult Education	209,082	180,395	(13.72)

HEALTH

Selected indicators on Health Statistics

Indicator	2019	2020	% change
No. of registered Medical officers and dentists	13,378	14,136	5.7
No. of registered Medical officers and dentists 100,000 of population	28.1	29.1	3.6
	2018/19	**2019/20**	**% change**
Registered Active Members of the National Hospital Insurance Fund(NHIF) ('000)	8,959.35	9,501.09	6.0

Economic Performance

Revision and rebasing of national accounts

- The Kenya National Bureau of Statistics initiated the process of revising and rebasing the National Accounts in 2017.

- Revision and rebasing of National Accounts is a normal statistical procedure undertaken internationally by National Statistics Offices, to ensure macroeconomic statistics present the most up to date reflection of the economy.

- Revision and rebasing of National Accounts statistics are also necessitated by the need to meet users' demands and to capture changes occasioned by information and communication technologies, rise in globalization and digitalization of the economy and the existence of new types of transactions in the economy

- Best international practice requires revision and rebasing of National Accounts every five years, with a base year not older than 10 years.

Process of current revision

1st step
- Took stock of the available data and assessed their suitability
- Formulated a data collection strategy to fill the gaps

2nd step
- Carried out various surveys
- Analyzed and validated the data
- Reviewed the available information to inform choice of the base year (change from 2009 to 2016)

3rd step
- Revised and Rebased estimates produced
- Technical Assistance received from Statistics Sweden and IMF
- Engaged stakeholders and other external experts (including IMF Headquarters) to peer review the revised estimates.
- Reviewed the estimates based on the comments from experts

KNBS
KENYA NATIONAL
BUREAU OF STATISTICS
Keeping you informed

Outcome of revision and rebasing

- The process of the revision and rebasing of National Accounts has resulted in:

    - Improved compliance with the 2008 System of National Accounts compilation guidelines.
    - Improved coverage of economic activities due to improved data sources.
    - Better estimates of the size of the economy and rate of growth.
    - Improved accuracy, consistency and reliability of the National Accounts estimates.

- Detailed report on the revision process is available on the KNBS website

Revised nominal GDP (KSh billion)

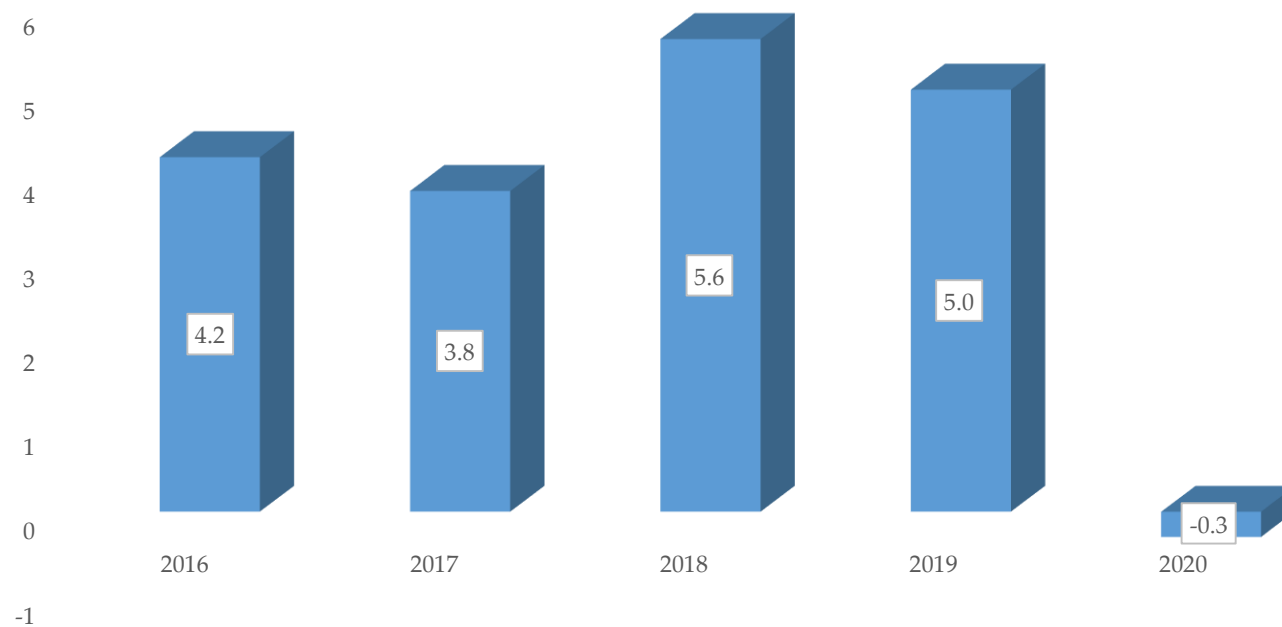| Year	Value
2016	7,594.1
2017	8,483.4
2018	9,340.3
2019	10,255.7
2020	10,753.0
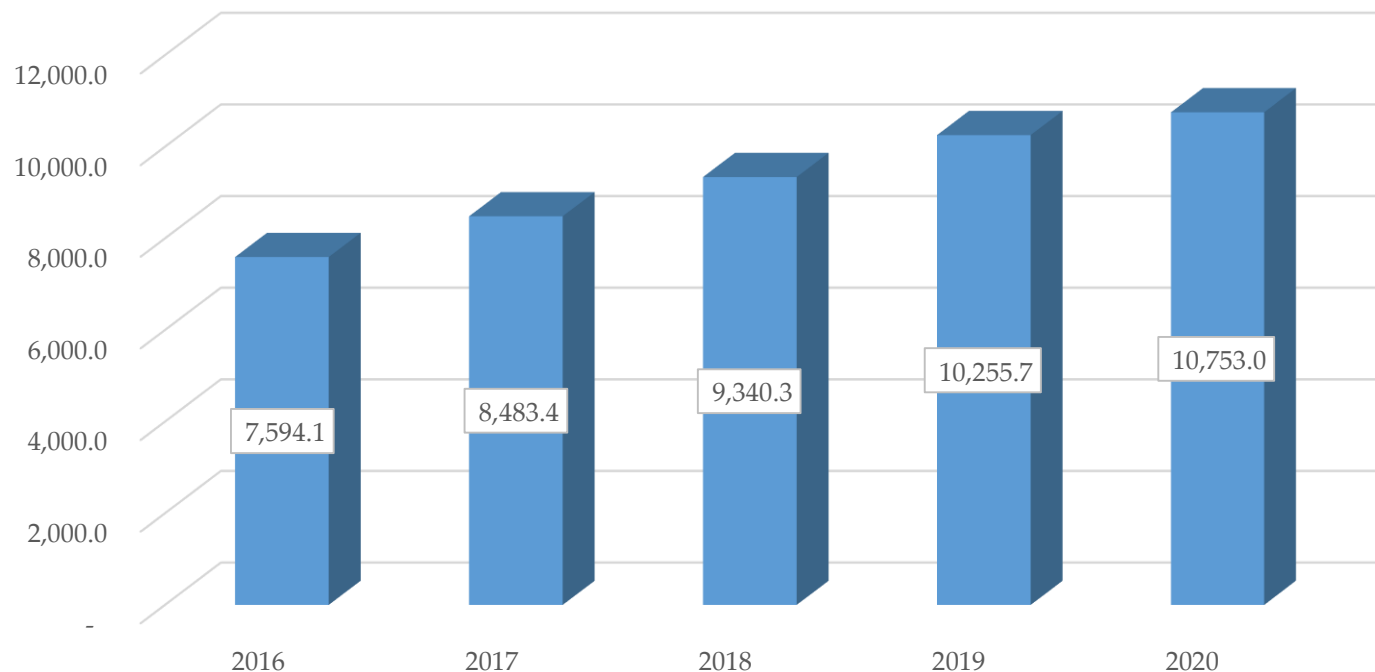
ECONOMIC PERFORMANCE
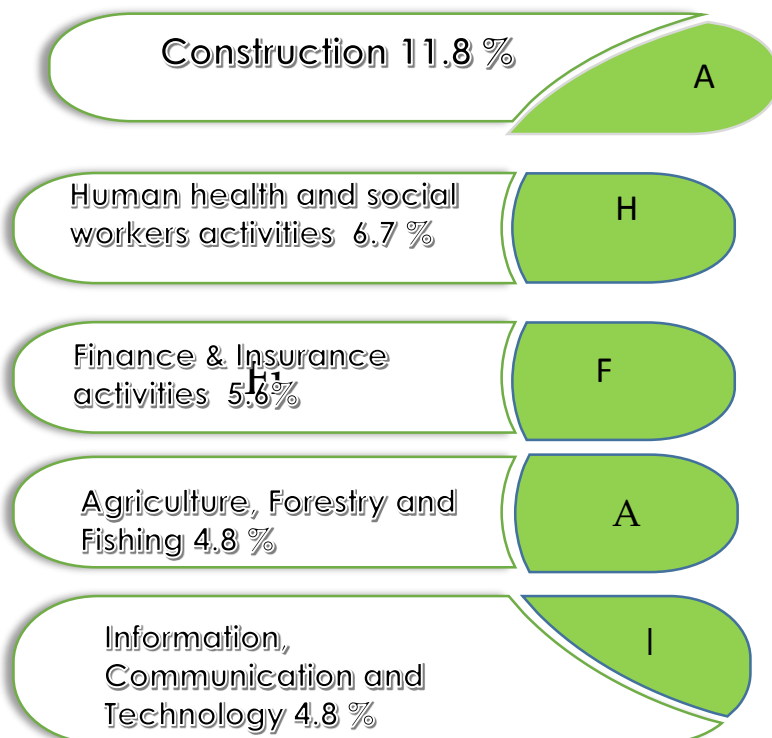
**GDP GROWTH 2019
5.0 PER CENT**

⬇
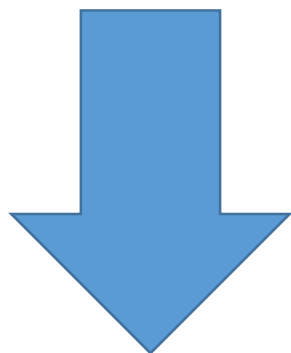
**GDP GROWTH 2020
-0.3 PER CENT**

- Real domestic growth was estimated to have contracted to -0.3% owing to disruption caused by the COVID-19 pandemic

- Accommodation and food serving activities, education, professional and administrative service activities recorded significant declines in 2020.

- The economy was somewhat supported by accelerated growths in agricultural production, construction activities, and health services.
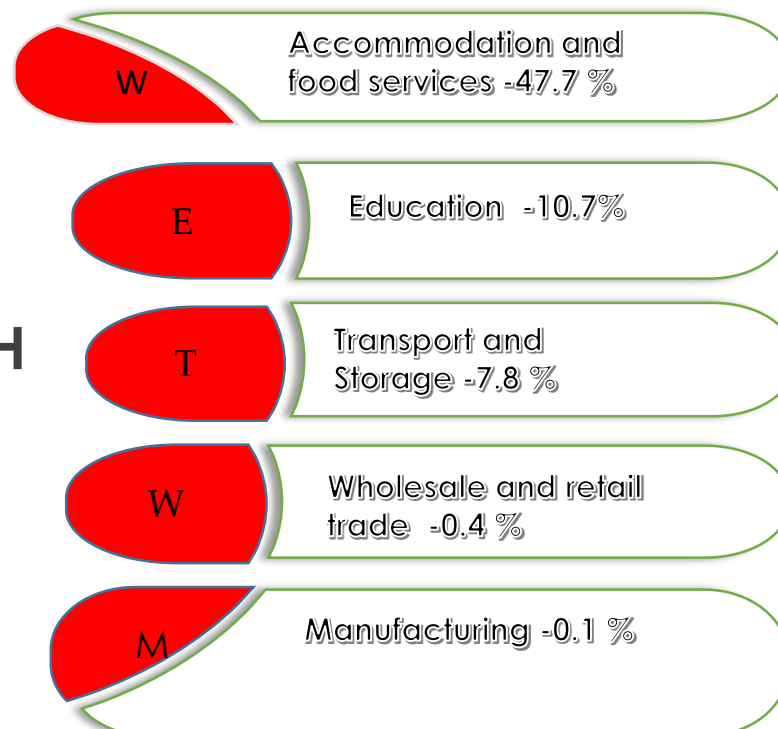
GDP Growth rates 2016-2020 (%)

ECONOMIC PERFORMANCE (GDP by Activity 2020)

Construction 11.8 % — A

Human health and social workers activities 6.7 % — H

Finance & Insurance activities 5.6% — F

Agriculture, Forestry and Fishing 4.8 % — A

Information, Communication and Technology 4.8 % — I

GDP GROWTH 2020: -0.3%

W — Accommodation and food services -47.7 %

E — Education -10.7%

T — Transport and Storage -7.8 %

W — Wholesale and retail trade -0.4 %

M — Manufacturing -0.1 %

KNBS
KENYA NATIONAL
BUREAU OF STATISTICS
Keeping you informed

ECONOMIC PERFORMANCE

- The contraction in Economic performance was attributed to;

  - Disruption in labour supply brought about by restriction of movement and social distancing meant to contain the spread of Covid-19
  - Reduced demands for goods and services.

- The large contraction in tourism and related activities was partly offset by growth in the Construction and Health sectors both driven by continued investment in public infrastructure and Health.
- The improvement in Agricultural activities was due to sufficient rains that were well spread throughout the year.

Economic Outlook

ECONOMIC OUTLOOK

Global

- Globally, most of the developing economies are projected to experience a more challenging recovery from the COVID-19 pandemic compared to their developed economies counterpart.

- This is largely so because of the uneven access to COVID-19 vaccine which is therefore likely to impact negatively on the full resumption of economic activities in the developing economies.

- The global economic growth is expected to rebound to 5.6 per cent in 2021.

- Consequently, the volume of world merchandise trade is projected to expand by 8.0 per cent in 2021 after a contraction of 5.3 per cent in 2020. T

- The growth in the world trade is expected to boost external demand for Kenya's products and thereby likely to augment the country's economic growth.

ECONOMIC OUTLOOK

- Domestically, oil prices have been rising significantly in response to the global price rise.

- On average, the international oil prices are likely to be higher. Effectively then, oil prices in Kenya will probably remain high and therefore counterproductive to economic growth.

- On average, inflation was lower in the first quarter of 2021 compared to a similar quarter of 2020. However, there was a significant rise in the inflation rate during the second quarter and it is likely that this trend will continue in the second half of 2021 partly due to higher energy and transportation prices.

ECONOMIC OUTLOOK

- The country has so far experienced below normal rainfall in the first half of 2021.
    - However, the weather forecast points to the possibility of the short rains being better in most parts of the country later in the year.
    - Output of the agriculture sector, which is largely rain fed, is therefore likely to be lower than the 2020 level.

- Full resumption of activities in the education sector and the hotel industry, that were almost halted for the better part of 2020, is likely to significantly boost the growth.

- Other key sectors like manufacturing and transportation are likely to rebound and support the country's economic growth.

- The key macroeconomic indicators will most probably remain stable and supportive of growth in 2021, the economy is therefore expected to record a significant rebound in 2021.

Thank You