



# Updates on Development Planning and Outcomes

Presentation by

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**4th CEOs Forum, Whitesands, Mombasa; 30<sup>th</sup> May 2018**

# Outline of the Presentation

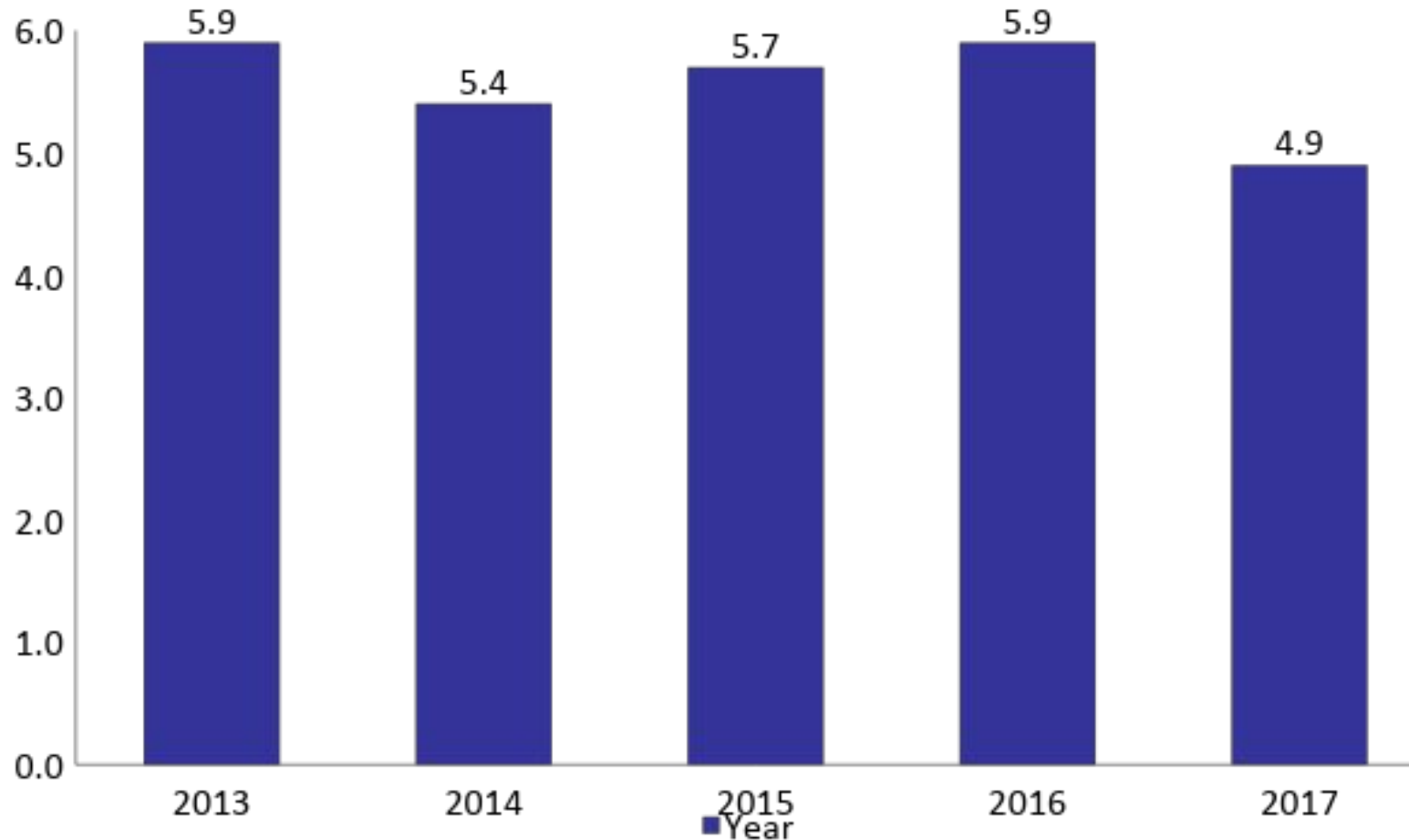
- Part 1: Economic Performance
- Part 2: Introduction to the 2015/16 Kenya Integrated Household Budget Survey (KIHBS)
- Part 3: Vision 2030 Highlights of the KIHBS
- Part 4: Employment Outcomes
- Part 5: Poverty Outcomes

# Part 1

# Economic Performance

# Kenya Annual Economic Growth

**GDP Growth Rate 2013-2017**



Economy is resilient and picking up:

Average annual growth:

-2013-17 was 5.5%

-2008-2012 was 4.7%

**Shocks in 2017 were**

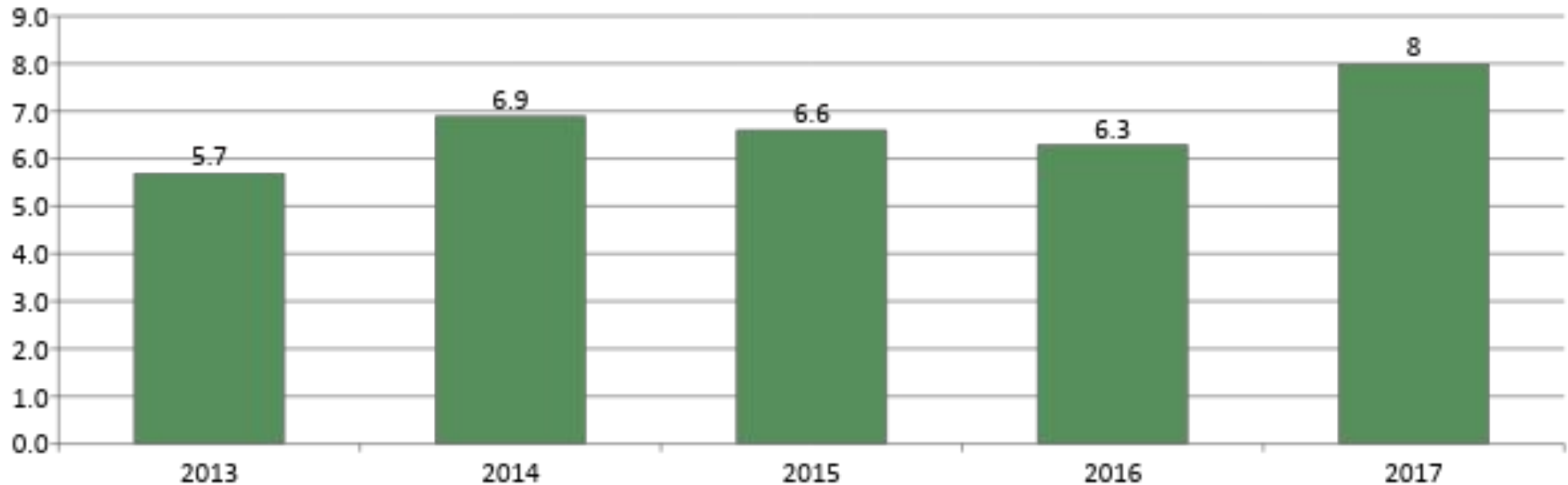
-Elections in 2017

-Adverse weather in 2017

-Slow uptake of credit in private sector

# Performance of Macroeconomic Indicators

- Annual inflation rate averaged 6.7% between 2013 and 2017.



# Performance of Macroeconomic Indicators

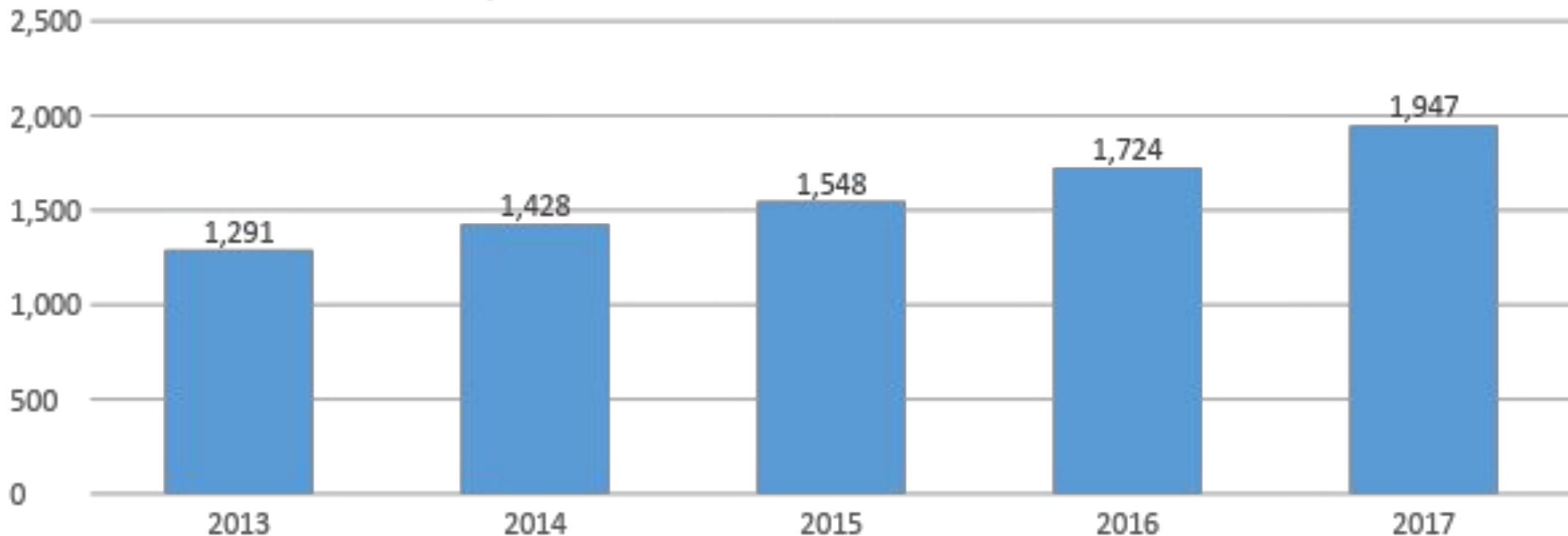
## **Interest rates:**

- Interest paid on bank deposits increased to 8.22% in December 2017 from 7.33% in December 2016.
- Commercial banks' average lending interest rates on loans and advances remained stable at 13.6% in December 2017, owing to the prevailing monetary policy stance and interest rate capping requirements.
- The increase on average interest rates on deposits narrowed the loan-deposit interest spread to 5.41% in December 2017.

# External Trade and Balance of Payments

- **Diaspora Remittances** increased by 13 per cent from USD.1,724 million in 2016 to USD.1,947 million in 2017.

Diaspora Remittances USD Millions 2013-2017



# Third Medium Term Plan 2018-2022

- i. Preparation of the Third MTP 2018-2022 of Kenya Vision 2030 and its 28 Sector Plans is at final stages.
- ii. MTP III builds on the achievements MTP I and MTP II.
- iii. MTP III has incorporated programmes and projects aimed at addressing:
  - Sustainable Development Goals (SDGs);
  - Africa's Agenda 2063;
  - Climate Change;
  - Disaster Risk Management; and
  - National Spatial Plan.



# Third Medium Term Plan 2018-2022 Will Focus on....

## 1. Prioritizing implementation of the “Big Four” initiatives.

- i. Increasing the manufacturing share of GDP from 9.2% to 15 % and agro-processing to at least 50 % of total agricultural output;
- ii. Providing affordable housing by building 500,000 affordable houses in five years across the country;
- iii. Enhancing Food and Nutrition Security (FNS) through construction of large-scale multi-purpose and smaller dams for irrigation projects, construction of food storage facilities and implementation of high impact nutritional interventions and other FNS initiatives; and,
- iv. Achieving 100% universal health coverage

## 2. Implementing ongoing flagship projects such as LAPSSSET project, Standard Gauge Railway Phase II, Konza Technopolis project, Special Economic Zones and Industrial Parks among others

## Third Medium Term Plan 2018-2022 Focus Cont'....

- 3.**Improving Kenya's ranking in the Ease of Doing Business Indicator from position 80 to at least 45 out of 189 countries and the Global Competitiveness Index from position 91 to 85 out of 137 countries
- 4.**Increasing savings and investments as a percentage of GDP from 18.8% to 23.2 % and 24.4 % to 27.2 % respectively
- 5.**Creating 6.5 million jobs by end of plan period
- 6.**Increasing real GDP annual growth from an average of 5.5 % achieved over the 2013-2017 period to 7 % by end of plan period.

# Third Medium Term Plan 2018-2022 Cont'

The Third MTP will guide Ministries, Counties, Departments and Agencies in preparation of:

- County Integrated Development Plans ( CIDPs)
- Strategic Plans
- Performance Contracts
- Work Plans

# Part 2

## Introduction to 2015/16 KIHBS

# History of Household Budget Surveys (HBS): -

- i. Previous household budget surveys focused on **household expenditure** only
- ii. The first integrated household budget survey was conducted in 2005/06
  - the expenditure module and
  - other socio-economic subject areas such as education, health, agriculture etc
- iii. The 2015/16 Kenya Integrated Household Budget Survey (KIHBS) was the second of its kind

# Importance of the 2015/16 KIHBS

- i. Provide updated parameters for sharing of national resources as provided in the Constitution of Kenya, 2010
- ii. Monitor and evaluate Government programmes. eg Medium Term Plan (MTP II) and to provide benchmark indicators for Medium Term Plan III (**Hence Vision 2030**)
- iii. Provide a wide range of national and county-specific indicators necessary for assessment of **the living standards of the population.**
- iv. Monitoring the impact of the Implementation of the **devolved system of Government**
- v. Provide indicators for monitoring Sustainable Development Goals (SDGs 2030) and **Agenda 2063**

# Methodology of the 2015/16 Survey

- i. Survey done over 12 months-2015/2016
- ii. 2015/16 KIHBS targeted a sample of **24,000** households  
Rural areas 59%; Urban areas 41%
- iii. High response rate: **91%**
- iv. Three Reports were produced:
  - Basic Report
  - Labour Report
  - Wellbeing Report

# Statistical information collected;

- i. Household Consumption- Food and non-Food
- ii. Market prices for household goods and services
- iii. Labour force
- iv. Demographic characteristics
- v. Health, fertility and Mortality
- vi. Nutrition
- vii. Education
- viii. Information Communication Technology
- ix. Access to Credit
- x. Household Transfers
- xi. Shocks to households welfare
- xii. Domestic Tourism
- xiii. Justice



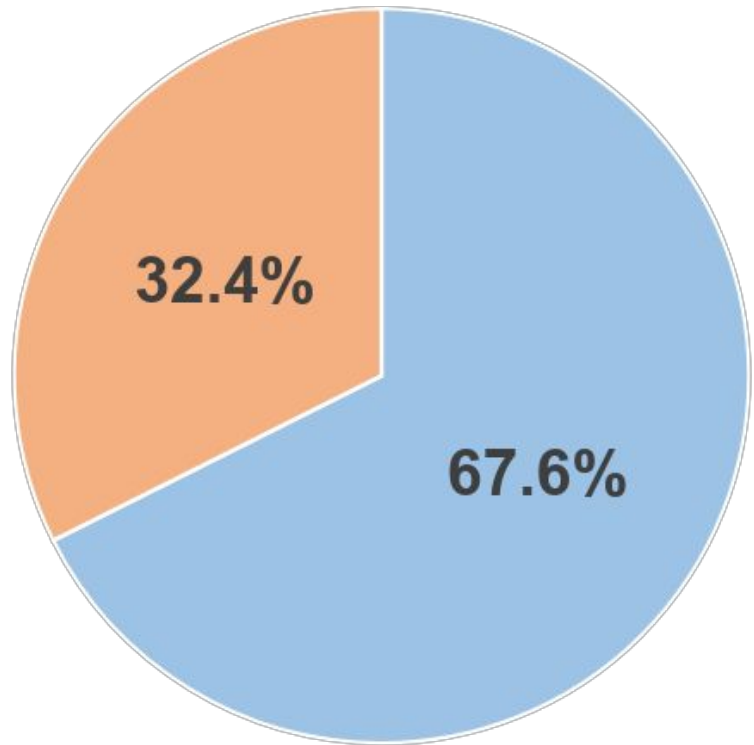
# Part 3

## Vision 2030 Highlights of the KIHBS

# Social Pillar: Household Characteristics..

- i. Average Household sizes
  - a) Nationally - 4.0
  - b) Rural - 4.5
  - c) Urban - 3.3
  
- ii. Relatively high average household sizes were recorded in ASAL counties of Wajir (6.6), Garissa (5.5) and Mandera (6.4)
  
- iii. Counties with smaller household sizes included Nyeri (2.9), Nairobi City (3.0) and Mombasa (3.0)

# Social Pillar: Household Headship



- Male headed-households
- Female headed-households

- High proportions of female-headed households were reported in **Turkana County (52.1%)**, **Migori (46.1%)**, **Makueni (46.0%)** and **Kitui (46.4%)**.
- The lowest proportion of female-headed Households was recorded in **Garissa County (20.3%)**

## Social Pillar: Orphanhood –Leading to High Dependency Rate

- i. An orphan was defined as a child aged 17 years and below who had lost one or both parents at the time of the survey.
- ii. Overall, **8.4 %** of the children aged 0-17 years were orphans.
- iii. More orphans were living in the rural areas (**8.7%**) than in urban areas (**7.7%**).
- iv. Counties with high proportion of orphans were **Migori (21.4%)**, **Siaya (16.0%)**, **Homa Bay (15.0%)** and **Turkana (12.6%)**
- v. **Bomet County** had the lowest proportion of orphans at **4.6** per cent.

# Social Pillar: Housing Conditions and Amenities-Types

- **Bungalow** (a stand-alone dwelling without upper floors or rooms), was the most widespread dwelling type **(55.4%)**,
- followed by the *Landhi* **(15.9%)**, Flat **(9.3%)**, *Manyatta*/Traditional house **(8.4%)**, and *Swahili* **(7.9%)**.

## Examples of a Bungalow



# Ownership and Financing of Houses

1. Nationally, 59.5 per cent of the households owned the dwellings they were living in:
  - i. Ownership among rural households 85.2%
  - ii. Ownership among Urban households 26.1%
  
2. Financing of House construction and purchase is mainly by cash !
  - Purchase by cash 3.1%
  - Purchase using loan 0.9%
  - Purchase using cash and loan 1.0%
  - Construct using cash 83.5%
  - Construct using loan 2.8%
  - Construct using cash and loan 2.3%

# Social Pillar-Education

## i. School Attendance

-Nationally, **89.4%** of the population aged **3 years and above** reported having ever attended school.

## ii. **Gross Attendance Ratios (GAR):**

- pre-primary, **94.4%**
- primary **107.2%**
- secondary levels **66.2%**.

## iii. **Net Attendance Ratios (NAR)**

- pre-primary **63.5%**
- primary **82.4%**
- secondary school **37.5%**.

# Social Pillar-Health

## Health Seeking Behaviour

- Majority of the individuals (**55.5** %) with sickness or injury visited a health worker at a health facility for diagnosis.

## Health Insurance Cover

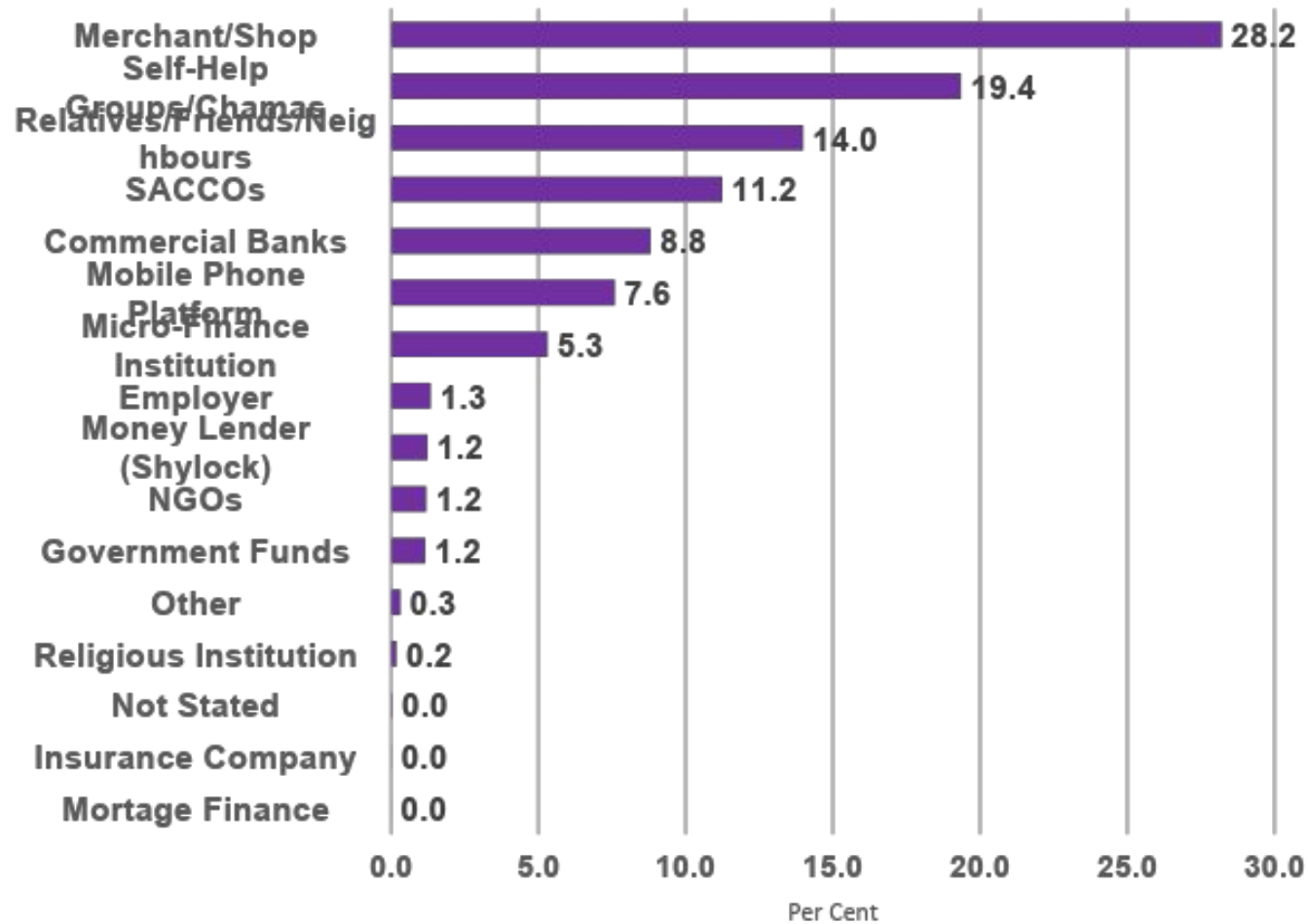
- The proportion of the population that had a health insurance cover was **19.0** per cent...[Turkey Experience](#)
  - Out of this, NHIF accounted for **94%**...Business opportunity

## Child Health

- **70%** children were delivered in a health facility; compared with **39%** in 2005/06



# Economic Pillar-Preferred Sources of Credit



**Formal Sources of credit – 35.4%**

**Informal Sources of credit – 64.6%**

- Use of the credit:
- i. Subsistence needs-39.3%
  - ii. School Fees-20.9%
  - iii. Business Investment-16.1%
  - iv. Purchase of Agricultural inputs-5.4%

# Economic Pillar: ICT

## Mobile Phone Ownership

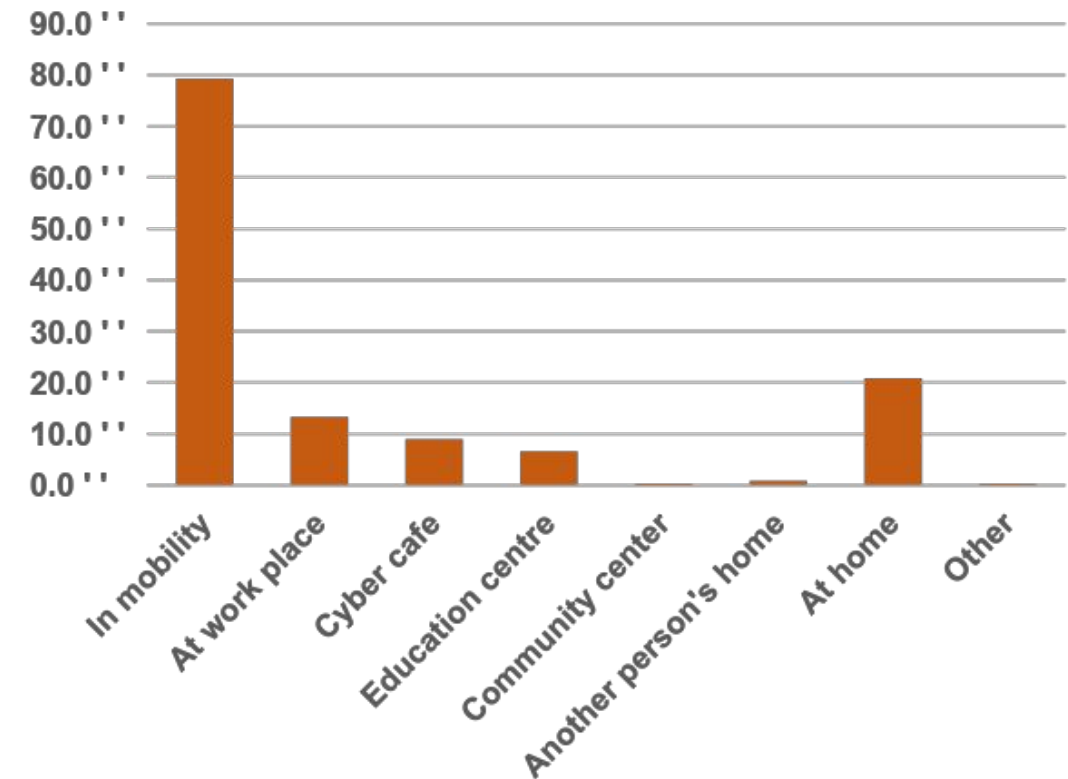
- **Three out of four** individuals 18 years and above owned a mobile phone

## ICT Equipment

- The most commonly used ICT equipment is the **radio** and **mobile phone**, reported by **79.3%** and **68.5%** of individuals aged **3 years and above**, respectively.

29/05/2018

## Place of internet Use



# Economic Pillar-Domestic Tourism

- i. Nationally, **13.4%** of individuals reported to have travelled within Kenya in the 3 months preceding the survey.
- ii. **Visiting friends and relatives** was reported by the highest proportion (**71.1%**) of individuals who took trips.
- iii. Majority (**66.4%**) of those who took a trip reported that they sponsored themselves.
- iv. **Transport costs** accounted for the largest share (**38.4%**) of **expenditure** on domestic tourism.

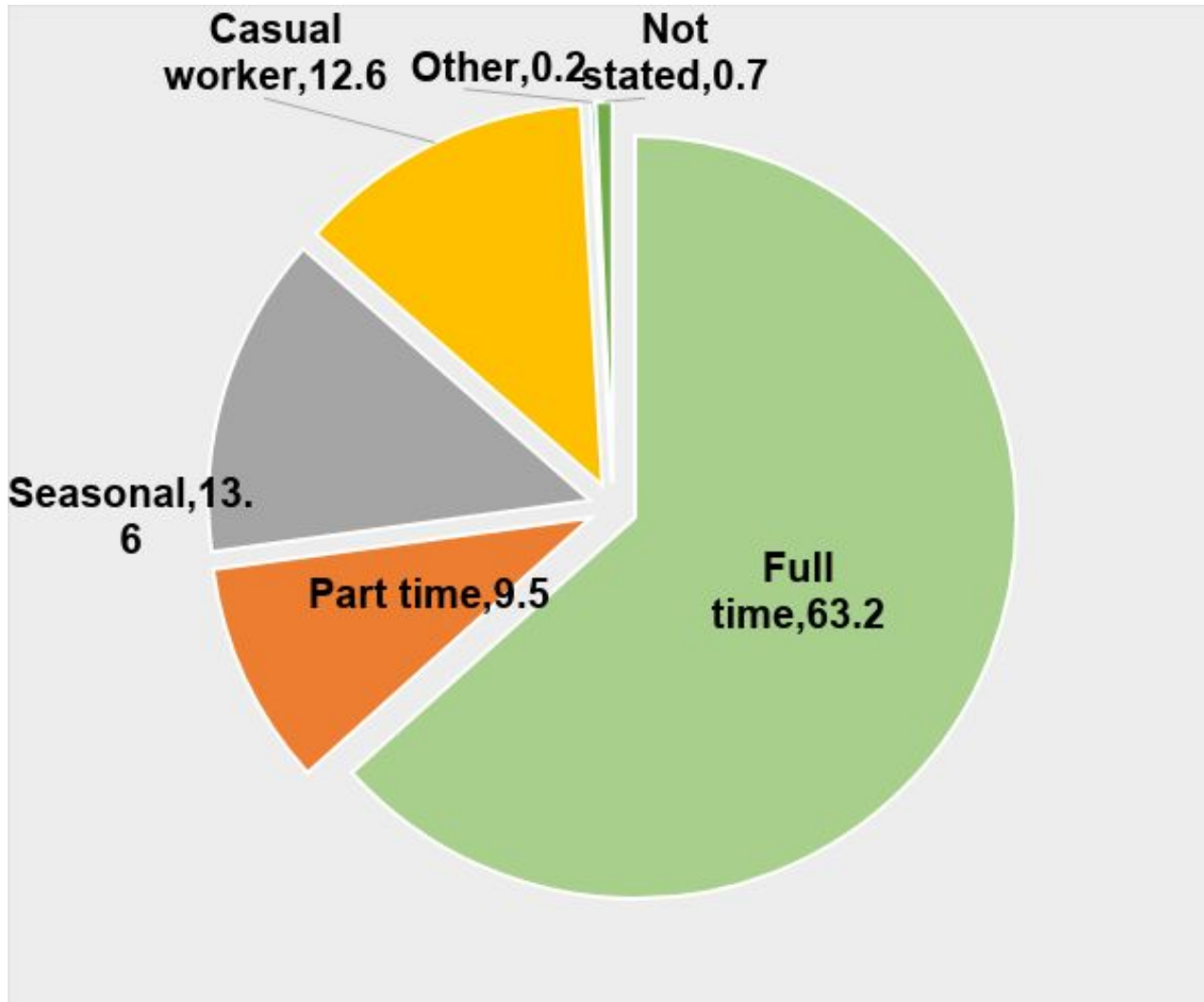
# Part 4:

## Employment Outcomes ...

# Distribution of the Workforce

- i. Total working age population (**those eligible to join the labour market**) 15-64 years was **25** million in 2016.
- ii. Out of these, **19.3** million were in the Labour force (employed or unemployed).
- iii. The total employed were **17.9** million.
- iv. A person was considered to be employed if during **the reference period (last 7 days), one was engaged in an economic activity for at least one hour.**

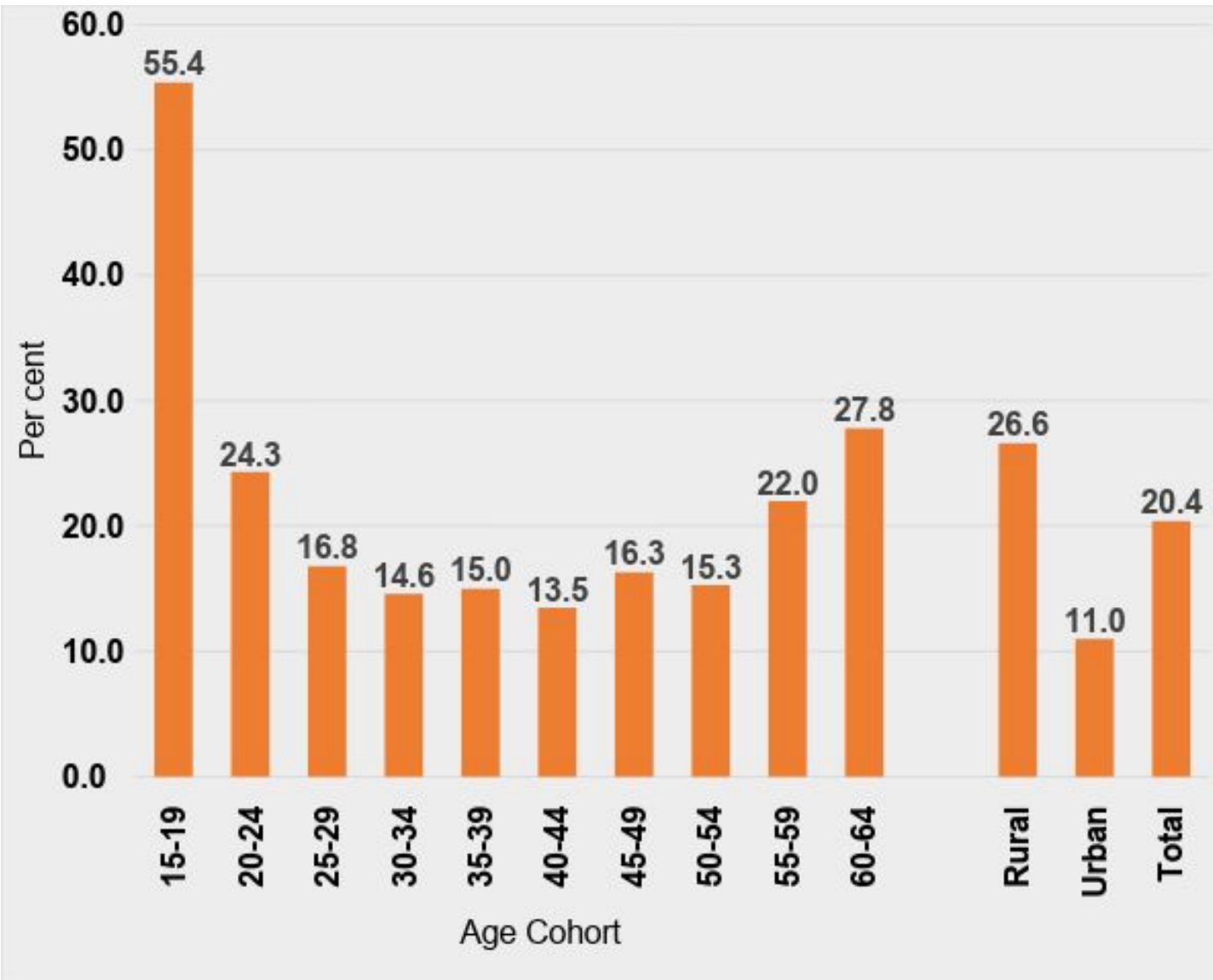
## Working Patterns of the employed Population (15 – 64 years)



**Part-time workers (9.5 %):** Employees who voluntarily work fewer hours than is normal-**35 hrs in a week**

**Seasonal workers (13.6%):** persons engaged in activities only for specific periods of the year, e.g. seasonal activities such as coffee picking, planting, tourism etc

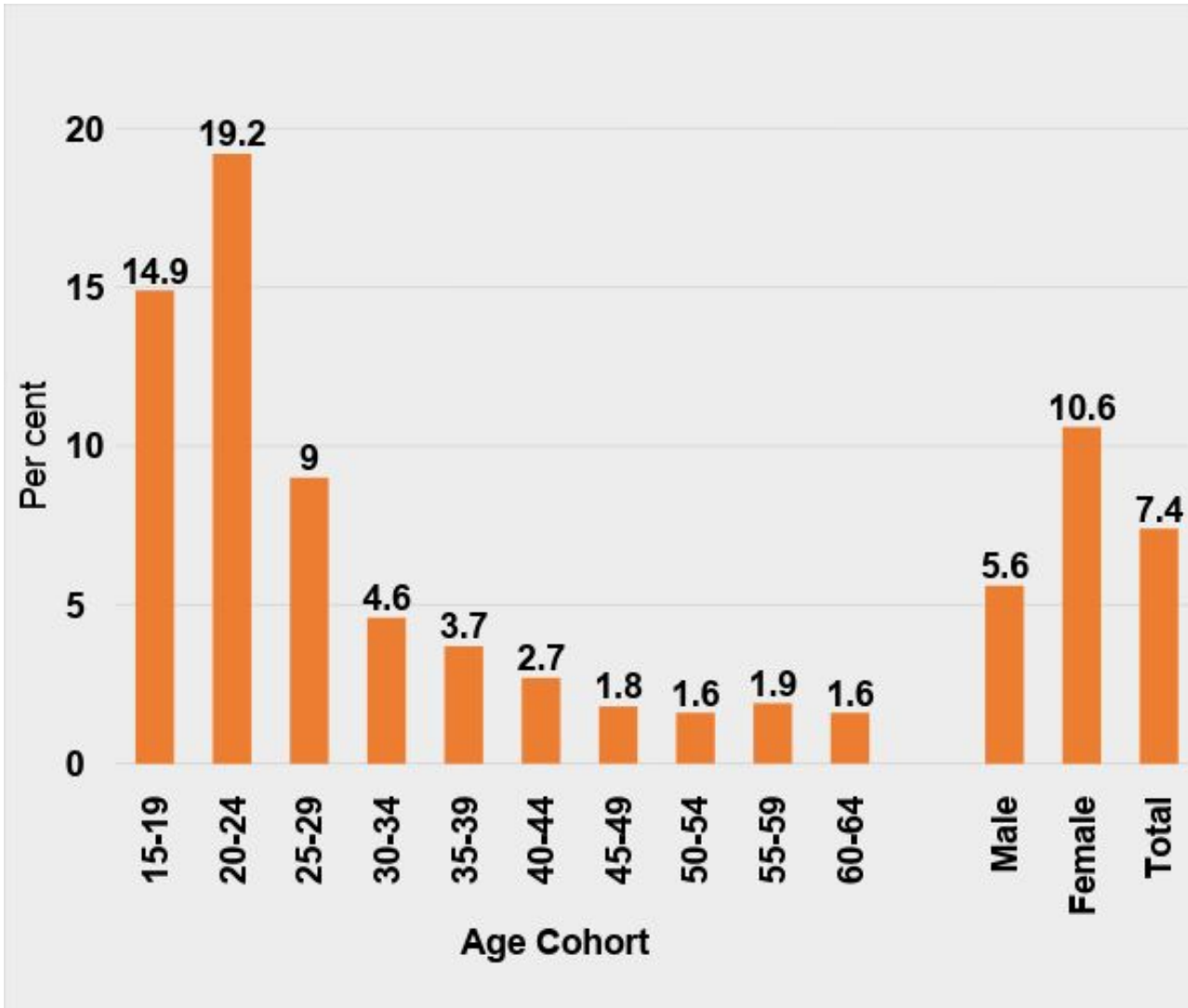
# Time related Under-employment rate by Age (15-64 yrs) and Residence.



**Time related Underemployed** refers to those who;

- i. Worked less than **28 hrs** a week
- ii. Wanted to work additional hours
- iii. Were available to work additional hours given an opportunity for more work

## Unemployment Rate – Labour Underutilisation

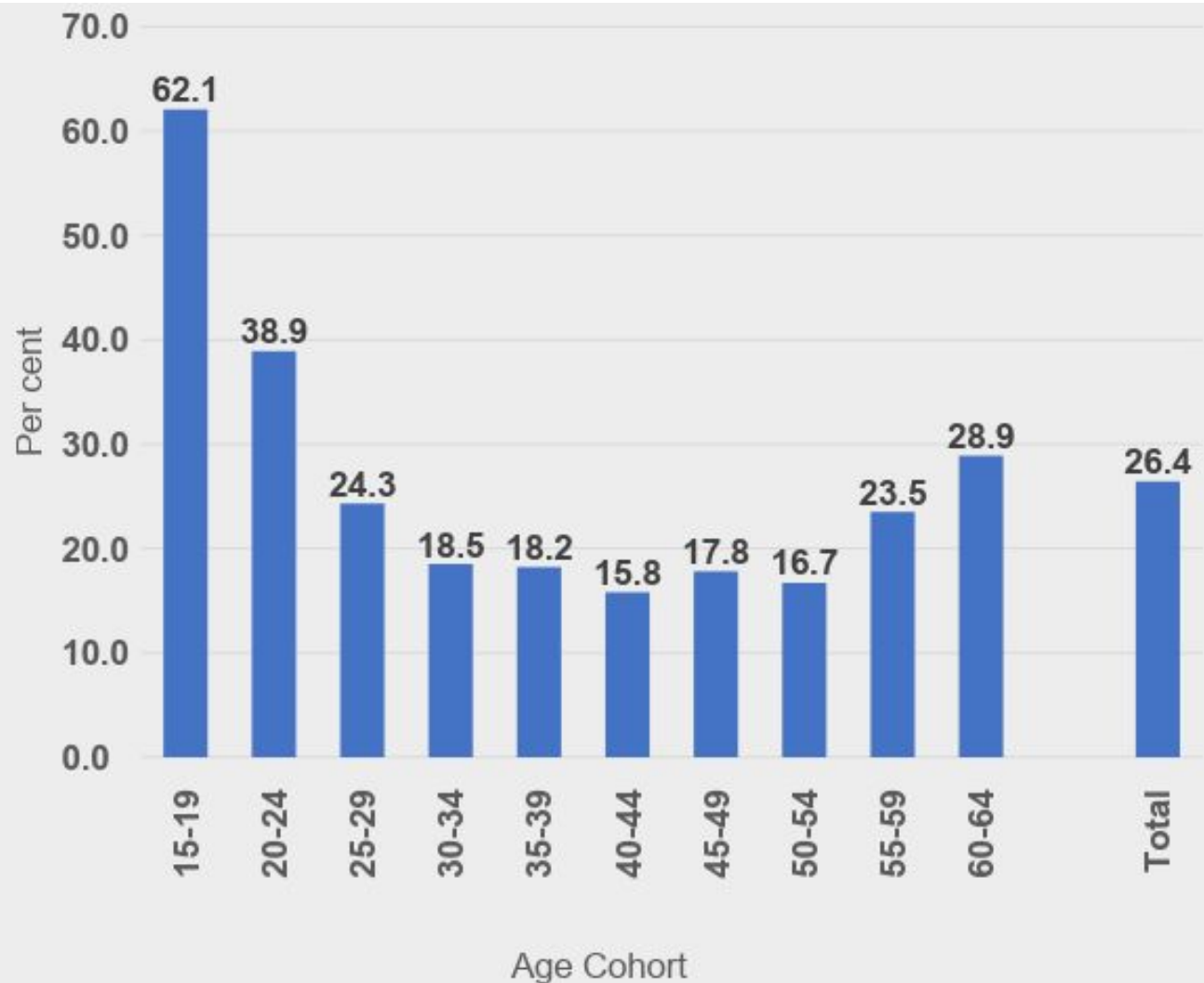


Under the strict definition of unemployment. Those who during the reference period:

- i. Never worked for at least one hour,
- ii. Were readily available for employment and,
- iii. were actively looking for work



# Under Utilization - Combined Rate of Time Related Under-Employment and Unemployment



- i. Labour underutilization gives an indication of the unmet need of employment among the population
- ii. This measure is computed as the combined rate of time-related under-employment and unemployment
- iii. Overall underutilization rate =26.4 percent
- iv. The highest rates of underutilization were observed in the youth age groups 15-29 yrs and in the age category 55-64 yrs.

# Part 5: Poverty Outcomes

# Measurement of Poverty

- i. Poverty measured using the **expenditure** approach rather than **income**
- ii. Rationale for using Expenditure (Household consumption)

-consumption is not strictly tied to short-term fluctuations in income, and that **consumption expenditures are smoother and less variable than income**

-Questions on expenditure are well responded to , compared to those of income

# Measurement of Poverty ...Cont'd

- **Food Poverty:** Households and individuals whose monthly adult equivalent food consumption expenditure per person is less than **KSh 1,954 in rural and peri-urban areas** and less than **KSh 2,551 in core-urban** areas respectively are considered to be food poor or live in *“food poverty”*.
- **Overall Poverty:** Households and individuals whose monthly adult equivalent total consumption expenditure per person is less than **KSh 3,252 in rural and peri-urban areas** and less than **KSh 5,995** in core-urban areas are considered to be overall poor or live in *“overall poverty”*.
- **Hardcore or Extreme Poverty:** Households and individuals whose monthly adult equivalent total consumption expenditure per person is less than **KSh 1,954** in rural and peri-urban areas and less than **KSh 2,551** in core-urban areas respectively are considered to be hardcore poor or live in *“hardcore or extreme*

# Summary of Poverty Measures...Cont'd

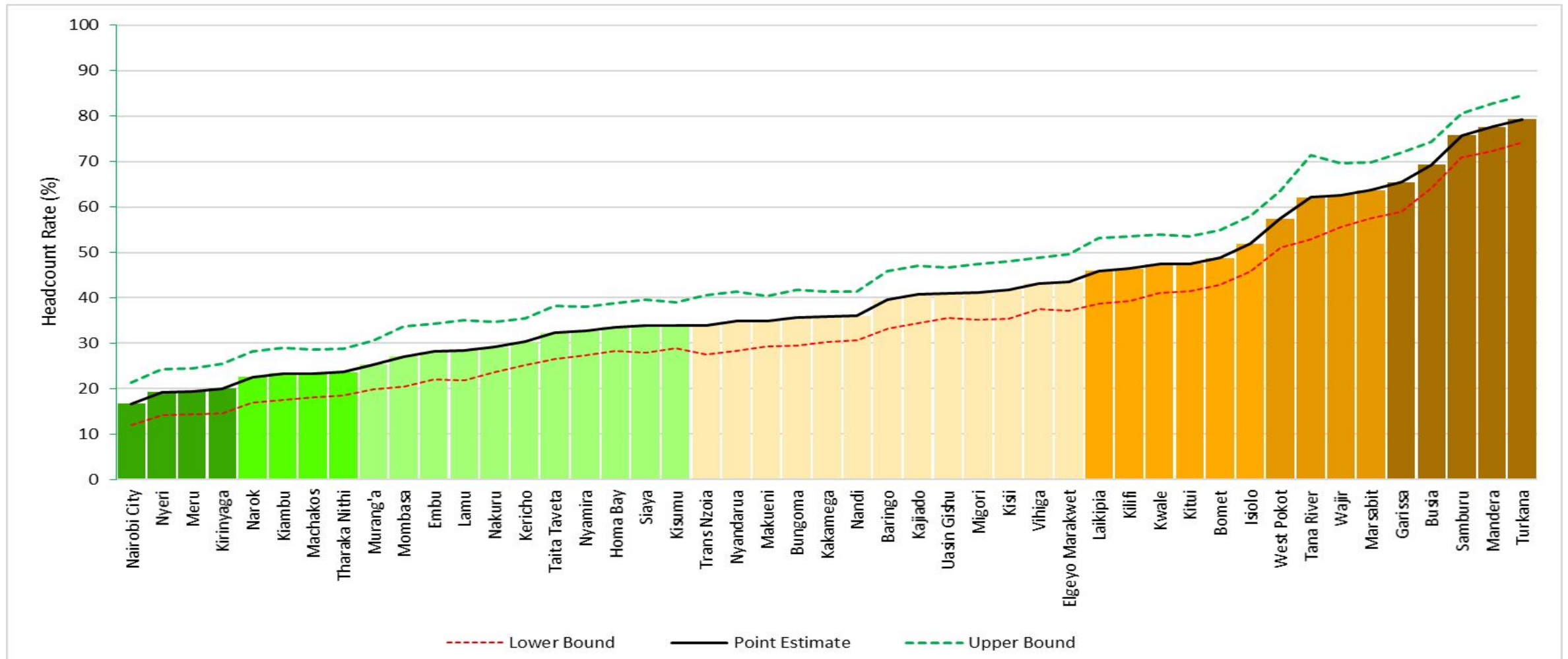
- National-the proportion of population living below the overall poverty line was **36.1%** down from **46.6%** recorded in 2005/06 KIHBS, 10 years back, a fall of 1% per year.

*(suggests that by 2030, poverty in Kenya could be 22%...???)*

- **One third (32.0%)** of the population were living below the food poverty line
- **The case for Urbanisation:** Overall poverty head count was comparatively higher in rural areas (**40.1%**) than in peri-urban (**27.5%**) and core-urban areas (**29.4%**).

# Incidence of Overall Poverty, by County-

Case for Urbanisation.....



**THANK YOU**