

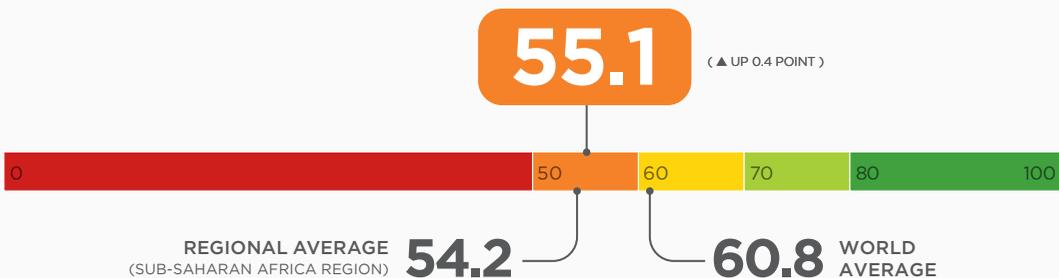
KENYA

Kenya's economic freedom score is 55.1, making its economy the 130th freest in the 2019 *Index*. Its overall score has increased by 0.4 point, with higher scores on **property rights**, **government integrity**, and **judicial effectiveness** offsetting declines in **trade freedom** and **monetary freedom**. Kenya is ranked 22nd among 47 countries in the Sub-Saharan Africa region, and its overall score is just above the regional average but below the world average.

With political stability improving, the government hopes to alleviate structural obstacles and boost economic growth. The country has a growing entrepreneurial middle class and has enjoyed steady growth, but its economic and development trajectory is impaired by weak governance, ineffective rule of law, and corruption. The government has successfully courted foreign direct investment for infrastructure development and is promoting regional trade liberalization. A system created in 2013 has gradually devolved state revenues and responsibilities to counties throughout the country.

WORLD RANK: **130** | REGIONAL RANK: **22**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

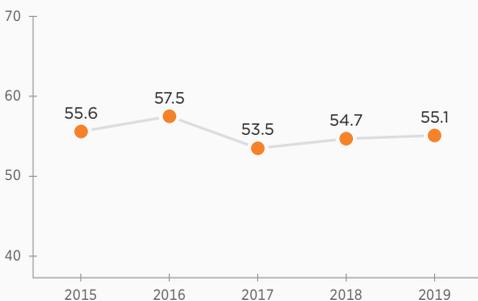


RELATIVE STRENGTHS:
Tax Burden and Government Spending

HISTORICAL INDEX SCORE CHANGE (SINCE 1995):
+0.6

CONCERNS:
Fiscal Health and Government Integrity

FREEDOM TREND



QUICK FACTS

POPULATION:
46.7 million

GDP (PPP):
\$163.1 billion
4.8% growth in 2017
5-year compound annual growth 5.5%
\$3,491 per capita

UNEMPLOYMENT:
11.5%

INFLATION (CPI):
8.0%

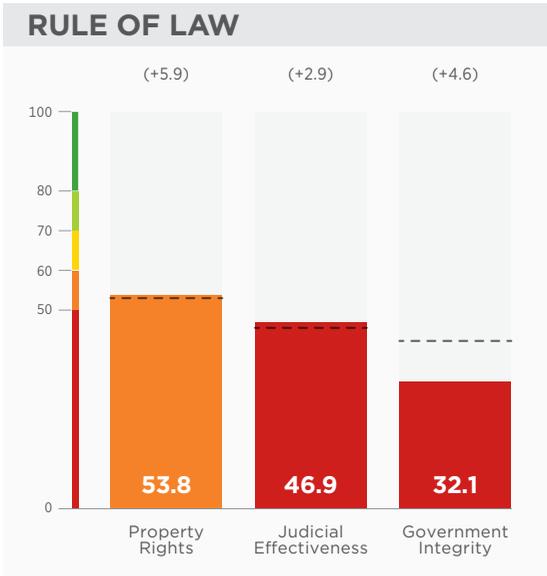
FDI INFLOW:
\$671.7 million

PUBLIC DEBT:
55.6% of GDP

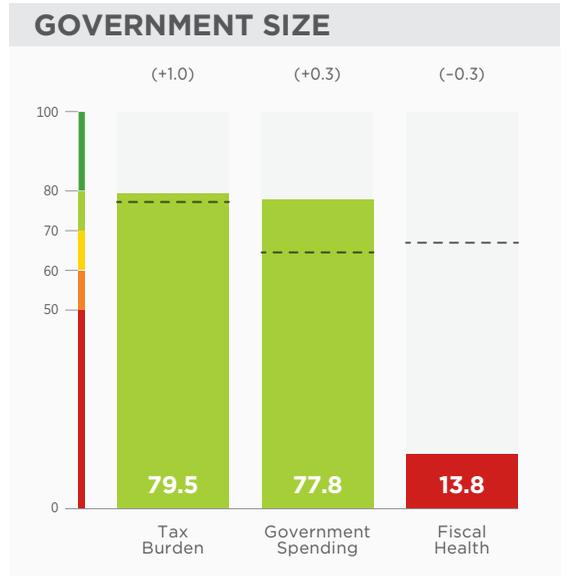
2017 data unless otherwise noted. Data compiled as of September 2018

BACKGROUND: In 2013, Uhuru Kenyatta, the son of Kenya's inaugural president, won the first presidential election conducted under a 2010 constitution that added checks on executive power. Kenyatta was declared winner of a high-turnout August 2017 presidential election, but the Supreme Court annulled it and upheld main opposition challenger Raila Odinga's claim of irregularities. Kenyatta won an October 2017 revote in an election marred by low turnout and lack of a clear mandate. Kenyatta and Odinga appeared to reconcile in 2018. Kenya is East Africa's economic, financial, and transport hub, and its real GDP growth has been robust in recent years. Kenya owes China \$5.3 billion, which is about 72 percent of its bilateral debt and a tenfold increase since 2013.

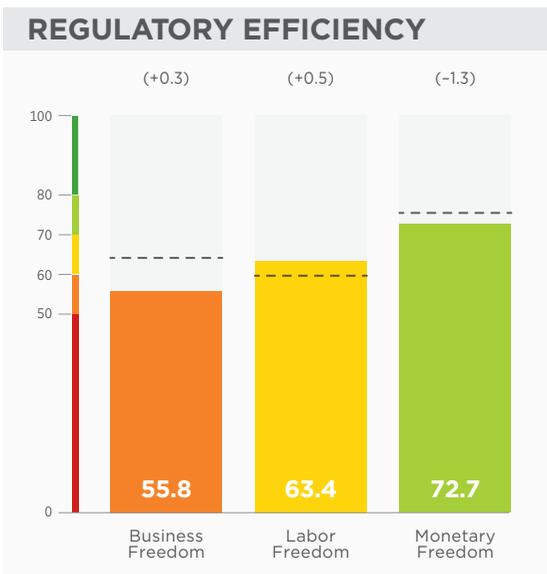
12 ECONOMIC FREEDOMS | KENYA



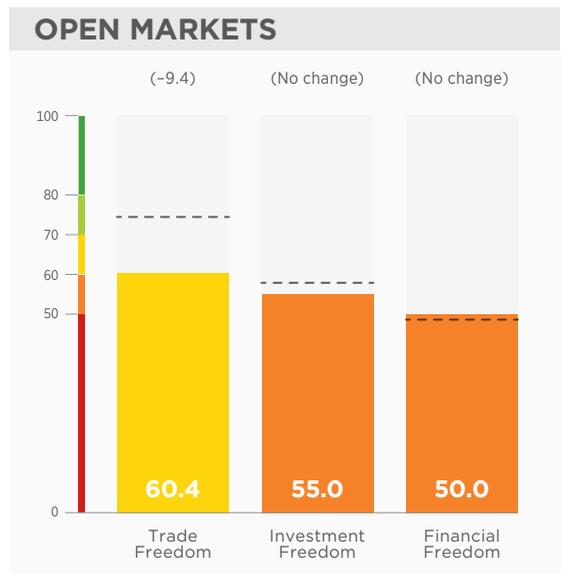
The land titling process remains difficult, and titles are insecure. Property rights are poorly enforced. The judiciary is generally independent, impartial, and free from corruption, but courts are undermined by weak institutional capacity. In general, corruption is pervasive and entrenched. Some anticorruption reforms have been instituted, but their effects are limited. Transparency International ranks Kenya among the world's most corrupt countries.



The top income and corporate tax rates are 30 percent. Other taxes include a value-added tax and a tax on interest. The overall tax burden equals 15.7 percent of total domestic income. Over the past three years, government spending has amounted to 27.2 percent of the country's output (GDP), and budget deficits have averaged 8.3 percent of GDP. Public debt is equivalent to 55.6 percent of GDP.



The entrepreneurial environment has become more streamlined, and no minimum capital is required for launching a business. Other reform efforts continue in several areas. The nonsalary cost of employing a worker is relatively low, but dismissing an employee can be costly. The government continues to regulate prices through subsidies (for example, for electricity and maize), agricultural marketing boards, and state-owned enterprises.



The combined value of exports and imports is equal to 39.4 percent of GDP. The average applied tariff rate is 12.3 percent. As of June 30, 2018, according to the WTO, Kenya had 53 nontariff measures in force. Foreign ownership in some sectors is restricted, and state-owned enterprises distort the economy. The growing financial sector has become more open to competition, and its overall stability is relatively well maintained.