KENYA

Kenya’s economic freedom score is 52.5, making its economy the 135th freest in the 2023 Index. Its score is virtually unchanged from last year. Kenya is ranked 29th out of 47 countries in the Sub-Saharan Africa region, and its overall score is below the world and regional averages.

The foundations of economic freedom in Kenya are fragile and uneven across the country. Poor protection of property rights and widespread corruption discourage entrepreneurial activity. The rule of law is weak, and local courts are subject to substantial political interference. Progress in reforming the management of public finance has been sluggish.

BACKGROUND: Kenya achieved independence from Britain in 1963, but true political liberalization did not begin until the early 1990s. In 2013, Uhuru Kenyatta, son of Kenya’s first president, won the first presidential election conducted under a new 2010 constitution. After the Supreme Court annulled his victory in the initial vote, Kenyatta won reelection in October 2017. In 2018, Kenyatta reconciled with Raila Odinga, his opponent in the contested election. The Supreme Court dismissed Odinga’s challenge to the results of the August 2022 presidential election that gave William Ruto a narrow victory. Kenya is an East African economic, financial, and transport hub.
The overall rule of law is weak in Kenya. The country’s property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

The top individual and corporate tax rates are 30 percent. The tax burden equals 17.3 percent of GDP. Three-year government spending and budget balance averages are, respectively, 24.7 percent and –7.8 percent of GDP. Public debt equals 67.8 percent of GDP.

Implementation and enforcement of reforms to enhance regulatory efficiency have been uneven. The informal economy employs a large portion of the labor force. Monetary stability has weakened with rising inflation. The government regulates prices. The most recent available inflation rate is 6.1 percent.

The trade-weighted average tariff rate is 11.4 percent. Foreign ownership in some sectors is restricted, and state-owned enterprises undermine more dynamic private-sector development. The financial sector has become more open to competition, and its overall stability is maintained relatively well.