Overview

Kenya is the economic powerhouse and the hub for trade and finance in East Africa. The free market economy with liberal international trade and a favourable business climate make Kenya an attractive country for investors, although the development is hampered by corruption and a bias towards agricultural exports of low-processed goods like tea, flowers and coffee. In recent years, the Kenyan economy has regained some of its strength after a severe recession in 2007/8.

Of the 43 million Kenyans, UNDP estimates that more than 47% (2011) must be considered as poor. 19.7% live on less than 1.25 US$ per day. The average monthly income per capita is roughly 65 US$ (2005).

The most promising sectors for BoP business models are the following:
- With over 25 million mobile phones in use, Kenya is a huge market for mobile services. The IT industry is on the rise as well.
- Reliable access to water is a problem for the poor. Almost half of the rural and 37% of the urban population lack decent and improved water supply. Sanitation needs improvement, too.
- The energy sector offers huge potential. Only 20% of the population have access to the power grid, frequent power-cuts occur in all regions.
- Tourism offers increasing opportunities for pro-poor business models which increase community development and have positive effects on income generation.
- The Kenyan retail industry is opening up new branches in rural regions, offering discount products for the low-income population.
- A major growth driver is the construction industry. The government is funding the construction of new houses for the growing low-income population.
- Food production and agriculture offer further potential like the development of irrigated crop production and the supply of farmers with fertilisers. Moreover, a growing number of producers use ecological and fair production practices and can be included into value chains.
- The access to capital has been improved through the use of microfinance and the widespread use of electronic money transfer systems. Other limiting factors like lack of insurances still have to be addressed but give room for new inclusive business models.

Kenya has a thriving private sector with innovative and creative entrepreneurial activities. Especially in the informal sectors, many of the urban poor are already active as specialised producers, service providers and retailers.

Kenya’s growing and young population does form a huge consumer market and workforce for inclusive business activities. In Kenya, more and more companies are focusing on inclusive business models in addition to CSR. Many business models at the BoP still stem from donor activities, the large number of NGOs or multinational corporations.

Market Data

- Population 43 million (2012 est.)
- Population living in extreme poverty (<$1.25/day) 1.99% (2004)
- Population living at the BoP (< $3,000/year) 93.0% (2005)
- GDP (nominal) $30.6 billion (2009 est)
- GDP growth 5.3% (2011 est.)
- GDP / per capita $1,600 (2009 est)
- Unemployment rate 40% (2008 est.)
- Gini ranking (2008) 50/136
- HDI ranking (2011) 143 / 182
- CPI ranking (2010) 154 / 180
Inclusive Business Country Factsheets

Kenya

Examples

**Safaricom’s M-PESA** M-Pesa offers money transaction via mobile phone. In Kenya, 2 million bank accounts serve 32 million inhabitants, but the country has a very broad usage of mobile phones. With M-Pesa, customers can transfer money via text messages and withdraw or deposit money using their phones at registered stores, petrol stations or restaurants.

**Alive & Kicking** Alive & Kicking produces and sells high quality footballs, volleyball balls or rugby balls in Kenya and Zambia. As a social enterprise, the company creates fair paid jobs, donate balls to schools and invests in educating young people about HIV/AIDS. Alive & Kicking employes 150 people who support a family with an average of six persons in their household.

**K-Rep Bank (Kenya)** K-Rep Development Agency (KDA) is a microfinance organization which does business with poor people. It offers diverse products and services like individual loans or wholesale loans to microfinance providers, deposit facilities, letters of credit and bank guarantees. The bank trains clients in financial literacy, business skills and responsible use of credit. This increases the value of the loan and the likelihood of repayment.

**Oserian Flower Farm** Oserian is the largest and most technically advanced fair-trade certified flower farm in Kenya. Of the 6,000 workers employed at Oserian, 90% are permanent and around one third are female. Oserian pays the highest floricultural wages and provides complete welfare for its workers in health, housing, education and entertainment and helps to develop the communities in the region by participating and sponsoring many projects.

**AAR Health Services** AAR is the largest and most successful private health care company in East Africa. AAR operates 18 health centres, providing preventative and curative health care also to low-income patients. Customised medical insurance or cover for persons of all income levels are also available.

**Victoria Safaris** Tour Operators like Victoria Safaris are changing their market focus to community and cultural based, pro-poor tourism and eco tourism. Tours include visits to slums in Nairobi like Kibera and rural regions. Tours help to upgrade the living conditions of the poor because tourists buy local artefacts directly, spend money while staying in the slum or donate school equipment or toys.

Directory

Links

- CSR WeltWeit Kenya country profile | http://www.csr-weltweit.de/de/laenderprofile/profil/kenia/index.html

Contacts & support

- Cooperation with the private sector and CSR projects Kenya Association of Manufacturers | http://www.kam.co.ke/index.php

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Guido Zakrzewski, Geographer and Economist, is a senior expert and advisor for regional economic development, private sector development, economic promotion and regional marketing and currently works for the Essen Chamber of Commerce and Industry. He is a lecturer at the Technical University of Aachen/Germany, frequently publishes articles and conducts research with a focus on Africa and Eastern Asia.

Trends

**How will the society develop?**

The Kenyan middle-class will develop and the economic disparities are likely to lessen. A certain “Kenyaness” emerges as businesses create products with a genuine Kenyan “taste”.

**Which sectors offer opportunities?**

Kenya is one of the most successful tourism destinations in Africa. Moreover, with its well-educated workforce, Kenya is positioning itself as hub for the ICT industry. The majority of the rural population lacks adequate housing, sanitation, water supply, health care or electrification – thus offering vast opportunities.

**What is the governmental support?**

Much has to be done to reach the economic and political vision “Kenya 2030”. Although there is some funding for “low-income” infrastructure, housing and agriculture, BoP-markets are not the focus of the Kenyan government.

**What are the future risks?**

Elections are always a test for Kenya. The geopolitical situation like the crisis in neighbouring Somalia and with Ethiopia, corruption and crime bear risks. The dependence on the export of agricultural goods makes the economy vulnerable.