

KEY MESSAGES

Kenya Economic Update “Kenya at work: Energizing the Economy and Creating Jobs”

- **Kenya will enter 2013 from an improving economic position.** While growth will reach an estimated 4.3 percent in 2012, Kenya is well positioned to achieve 5 percent in 2013, as declining inflation will pave the way for an economic recovery.
- **Kenya remains vulnerable to shocks.** In four of the last five years, the country experienced political, economic or weather-related shocks, and often a combination of these shocks (the exception was 2010). The current account deficit, which remains above 10 percent of GDP despite lower oil prices, makes Kenya’s external position particularly vulnerable to increasing oil prices. Historically, Kenya has also been vulnerable to election-related shocks, and there will be increased attention on the conduct of the 2013 elections, given the post-election violence of 2007/08.
- **Amidst many transitions taking place in Kenya, the most profound is the long-term shift out of family farming.** Twenty years ago, 2/3 of working Kenyans were on family farms. Today fewer than half work on family farms, and the ranks of family farmers will continue to diminish. The challenge is to help more Kenyans move to good wage jobs and productive self-employment.
- **Young Kenyans face formidable hardships in finding work.** Each year, 800,000 reach working age, and only 50,000 new modern wage jobs are created. With so many competing for so few jobs, young Kenyans face obstacle of nepotism, tribalism, bribery, and sexual harassment on the job market.
- **A job creation strategy can help more Kenyans move into good jobs.** Policy can help informal households by accepting them as legitimate parts of the Kenyan economy. A broad strategy to create *wage jobs* could encompass boosting the skills of Kenyan workers, tackling the principal barriers to job creation, corruption, poor access to electricity, and the high costs of transport. Kenya is making improvements in its power and road infrastructure, but corruption remains a persistent obstacle. With the money Kenyan firms pay in bribes each year, they could hire 250,000 people.

The World Bank wants to hear from Kenyans.

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WHAT IS THE BIGGEST BARRIER TO GOOD JOBS IN KENYA?

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