



Kenya

Member Countries - Commonwealth Chamber of Commerce



Located on the eastern coastline of the Indian Ocean bisected horizontally by the equator, Kenya is an ethnically and geographically diverse nation famous for its exquisite natural topography and wildlife. The nation's ports in the Indian Ocean are of historical importance due to their role in the area's trading activities for centuries. Along its coast of beautiful sandy beaches in the southeastern region is the city of Mombasa, given similar importance as the capital, Nairobi, located in the centre of the nation, due to its cultural, musical and culinary significance as well as its use as the country's port for imports from Asia and neighbouring African states. Nairobi is Kenya's capital and fosters most of the country's financial activity.

The country is divided into eight provinces and is home to more than 55 million people, ranking 27th globally and 8th within the Commonwealth states in terms of population.

Kenya is committed to environmentally conscious energy practices as evidenced through its hosting of the United Nations Environmental Programme's headquarters.



Demographic

Kenya's population, according to 2022 estimates, is 55,864,655; the increase in Kenya's population has been higher than the world average growth rate. Although Kenya's population is predominantly black African, several European Kenyans live near Nairobi and Mombasa. According to 2019 estimates, Kenya's population is 17.1% Kikuyu, 14.3%, 13.4% Kalenjin, 10.7 Luo, 9.8% Kamba, 5.8% Somali, 5.7% Kisii, 5.2% Mijikenda, 4.2% Meru, 2.5% Maasai and 2.1% Turkana; the remaining 10% are non-Kenyans of several different ethnicities. Kenya harbours a young population, with over 60% of its citizens under 25 years of age, and the country's urban population is growing rapidly. According to the World Bank, Kenya will reach a "spatial tipping point" whereby half of the population will be residing in urban areas.

Almost 70 different languages are indigenous to Kenya. English and Kiswahili are the official languages but while English is spoken by 30-50% of the population, Kiswahili is the lingua franca of Kenya spoken by majority of the citizens. The country is predominantly Christian; 33.4% are Protestant, 20.6% are Catholic, 20.4% are Evangelical and the remaining practice several other theologies. 10.9% of the remaining population are Muslim and the remaining chose to remain unspecified.

History

Nomadic pastoralists from the region aside Lake Turkana in Eastern Africa that spoke the Eastern Nilotic language called Maasai, upon which the Maasai people derive their tribe name from, arrived and settled into present-day central Kenya in the middle of the 18th century. They continued to venture southward until they were pushed back by the Hehe tribe hailing from present-day Tanzania in 1830. Simultaneous to their skirmishes, the Maasai continued to expand their influence in the surrounding areas, ultimately reaching the southern coast of Mombasa by 1860. The Maasai tribe, though not heavy in population, comprised fierce warriors called "*morans*" who were implored by spiritual ritual leaders called "*laibons*" to wage war against the other tribes to establish their dominance. They were largely successful in gaining territory due to the fact that the other settlements of Bantu speaking people either used their natural surroundings to their advantage to resist their influence, for example the Tavetas took refuge in the thick forests east of Mount Kilimanjaro and the Taita utilised the mountainous strongholds in the far eastern regions, or the more militarily adept tribes such as the Nandi showcased their might to dissuade the Maasai from attacking them. Meanwhile, the Kikuyu tribe was far bigger in number than the Maasai but they too took to the mountains and forests of the north to fortify against their raids. The Kikuyu expanded their influence northward of the Central province and their stronghold was surrounding the territory of Fort Hall, which provided them with vast agricultural lands; they did not dare venture westward and southward beyond the Aberdare Range. Arab traders were frequent visitors of the region's coastline via the Indian Ocean and for centuries trade relations were robust which gave way to cultural ties and the creation of the Swahili language that takes contributions from the Arabic script. Arab and Swahili caravans ventured inward to the interior Kenyan territory in search for ivory reserves which was a major reason why Mombasa and the surrounding region became a Muslim-majority society.

Till the 1890s, the Kenyan tribes faced many dire challenges; famine and smallpox spread swiftly across the Central province, particularly the Kiambu district which forced the Kikuyu to vacate further north and the Maasai to withdraw southward however disease outbreaks, infestations and extreme weather conditions continued to affect their quality of life. For the Maasai, the death of the *laibon* and the consequent tribal infighting further exacerbated the tribe's problems and before the successor and younger son of the deceased *laibon* could effectively unite the tribes back to their original standing, European settlement and gradual annexation of Eastern Africa had reached their strongholds. When the Berlin Conference took place in 1884, present day Kenya's territory was acceded to Britain, who established the Imperial British East Africa Company to administer the territory in 1888. The company was unable to effectively administer the regions including Kenya and Uganda due to financial debts incurred settling matters with the Buganda and Bunyoro kingdoms as well as to suppress the resistance of the Kikuyu, Kamba and the Mazrui family; the Maasai chose to support the British authorities which ultimately caused lasting resentment amongst the tribes. Ultimately, the British government in 1895 decided to separate Buganda into a protectorate and made the territory of present-day Kenya into the East Africa Protectorate under Arthur Hardinge as the first commissioner, though he initially remained in Zanzibar where he was also the consul general.

The Protectorate became a source of immense value as a transport route into the fertile region surrounding Lake Victoria; a railway line was constructed from the coastline in the southeast to Lake Victoria and the western highlands that were originally Ugandan territory were then incorporated into the borders of the East Africa Protectorate in 1902. The railway line was completed and operation in the subsequent year which greatly increased revenue generate from cash crops including tea, cotton, and coffee. The newly appointed commissioner in 1901, Charles Eliot, encouraged South Africans to come settle in the territory; gradually European settlers were allocated areas of the Kiambu district which was originally the territory of the Kikuyu while the Maasai remained confined to the reserves from the south of the railway system to the border with present-day Tanzania. Due to the dwindling local population in industry-heavy areas and the post- World War 1 public momentum against the use of forced labour, Indian labourers were brought in. Resentment amongst the local East African population grow as the First World War had seen many conscripted in thy army and devastated by the disease and hardship; European settlers too joined the army and the consequent shift in the economy occurred as local African women bore the burden of managing farming whilst the wives of the European settlers had to take over supervision of the land, all while facing droughts and famine.

Sentiments grew to a boil after the East African Protectorate became a colony in 1920 and was renamed Kenya, based on the administration's version of the Swahili term "Kirinyaga" for the region's highest (and the continent's second-highest) snow-capped mountain, today known as Mt Kenya. Numerous political associations such as the Young Kikuyu Association, East African Association and the Young Kavirondo Association were established to convey the demands and grievances of the local population, particularly against racial discrimination, heavy taxation, lack of formal education and unjust wages. The colonial government responded by issuing a White Paper pledging the prioritisation of African interests however this bore no significant success. Gradually, the local political associations began to learn the political skills employed by the European settlers in an attempt to gain direct representation in local political institutions. The Young Kikuyu Association showed potential in gaining enough support however the lack of support from the local elders and the hesitance to accept Kikuyu leadership caused their protests in 1922 to fail.

Following World War II and the almost successful attempt of Italian forces to threaten the borders of Kenya with Ethiopia and Somaliland, the colonial government once more renewed efforts to grant greater political representation to the local population and in 1944 became the first East African colony to have its own Legislative Council, although members were appointed by the governor based on a list submitted by local governments. In 1957, the first direct elections for Africans to the Legislative Council took place and those elected increased the people's demand for Jomo Kenyatta's release from detention. In 1962 Kenyatta was released and became Kenya's first Prime Minister, when Kenya gained independence on December 12, 1963. The following year, Kenya became a Republic and a Commonwealth member with Kenyatta as its first President.

In June 1982, Kenya was officially declared a one-party state by the National Assembly and the constitution was amended accordingly. Parliamentary elections were held in September 1983 under a single party for the first time and the 1988 elections reinforced the one party system. However, in December 1991, Parliament annulled the one party section of the constitution. In October 2002, the National Rainbow Coalition (NARC) was formed, emerging from a unification of opposition parties together with a faction, which broke away from KANU.

Key dates in the history of Kenya

3.3 million BCE Amongst the earliest human tools have been found in Kenya, suggesting that it was the cradle of humanity similar to South Africa

600 CE Arabs begin settling and establishing trade posts in the coastal areas over centuries which opened communications with the Arab, Persian and Indian spheres

1895 The British East African Protectorate is established

1920 East African Protectorate is made into crown colony of Kenya

1944 Kenyan African Union (KAU) formed to campaign for African independence. First African appointment to legislative council

1947 Jomo Kenyatta becomes KAU leader

1952-1952 Mau Mau Rebellion

1960 Kenya African National Union (KANU) formed by Tom Mboya and Oginga Odinga as state of emergency ends

1963 Kenya gains independence, with Kenyatta appointed as Prime Minister

1964 Republic of Kenya formed. Jomo Kenyatta becomes president and Oginga Odinga vice-president

1974 Kenyatta re-elected as president

1982 Kenya becomes a one-party state headed by the National Assembly

1991 KANU agrees to reintroduce multi-party political system during a special conference in December

2002 Mwai Kibaki's Party of National Unity wins a landslide victory, ending KANU's four decades in power

2010 New constitution promulgated in August and referendum to limit the powers of the president and devolve power to the regions approved



Legal System and Government

The Republic of Kenya is a unitary state with a parliamentary democracy via a multi-party political system. The Parliament of Kenya is a bicameral house consisting of the National Assembly and the Senate. The National Assembly has in total of 349 members plus the Speaker. Between 1966 and 2013, Kenya's National Assembly served as a unicameral house. In 2013, it became the lower house when the Senate was re-established; currently, the Senate represents the 47 counties of Kenya and has 67 seats of which 47 are single-seat constituencies directly elected by a simple majority vote and the remaining 20 are directly elected by a proportional representation vote. Senate members serve a term of 5 years.

The country's judicial system follows English common law; however, it also recognises Islamic law in Kadhis' courts and indigenous African customs. Kenya's Supreme Court was founded in 2010, which deals with constitutional matters relating to presidency and hears appeals from inferior courts. The High Court and Court of Appeal also hear appeals from lower courts.

Economy

Kenya, though currently a lower-middle-income country, is a vibrant and diverse ecosystem which is the fourth fastest growing economy on the African continent. The nation's role as the regional transportation hub, successful economic growth as a result of public investment and incentivised investment policy frameworks encouraging private and foreign investment paired with consistent support to its smallholder agricultural production, the nation has become an industrial powerhouse enjoying macroeconomic stability. However, Kenya faces a significant challenge in inclusive economic growth; approximately 34 per cent of the nation lives below US\$1.9 a day due to which the government has made it a priority to diversify exports and increase post-pandemic regrowth.

According to 2021 data and estimates, the agriculture sector, although declining when compared to 2018 levels, is the backbone of the economy accounting for 22.4 per cent of GDP directly as well as indirectly to the manufacturing sector, which itself accounts for 7 per cent of GDP, and via other industries that comprise 17 per cent of GDP. Agriculture employs 54 per cent of the nation's working population largely for the cultivation of tea, coffee, flowers, and vegetables. The industries of Kenya meanwhile employ 6 per cent of the working population; the most predominant industries, aside from the agricultural ones, include tourism, manufacturing, ICT and construction. The remaining 40% of the working population is involved in the nation's services sector which accounts for 54.4 per cent of GDP; the most notable services the country specialises in include communication services, financial services, tourism and transport/travel-related services.

Despite the global shockwaves due to COVID-19, a severe regional drought and turbulence caused by the general elections of 2022, Kenya had a robust economic rebound in the first half of 2022 recording a 6% increase in GDP. It is expected that Kenya's medium term growth will remain positive with projected GDP predicted to grow at a rate of 5.2% up until 2024, provided unforeseen global shocks do not occur.

Trade

Kenya's GDP in 2021 stood at US\$ 110.3 billion. In the same year, the main export commodities included coffee, tea, mate, and spices (21.8%), live trees, plants, bulbs, roots, cut flowers (11.9%), edible vegetables and certain roots and tubers (4.5%) and edible fruit and nuts; peel of citrus fruit or melons (4.2%). The main destination nations for these exports were Uganda (12.3%), Netherlands (8.3%), the United States (8.0%) and Pakistan (7.2%). In terms of imports for the year 2021, Kenya imported mineral fuels, oils and products of their distillation (17.9%), machinery, mechanical appliances, nuclear reactors and boilers (8.2%), vehicles other than railway/tramway rolling stock (7.0%) and iron and steel (6.6%). These commodities were largely sourced from China (20.5%), India (10.8%), the UAE (8.3%) and Saudi Arabia (5.3%).

Kenya has bilateral trade agreements with fellow Commonwealth nations Bangladesh, India, Lesotho, Nigeria, Pakistan, Rwanda, Eswatini, Tanzania and Zambia; with the UK, Kenya signed an Economic Partnership Agreement in December 2020. Kenya is a signatory of the East African Community EAC) and the Common Market for Eastern and Southern Africa (COMESA).

Investment Opportunities

Kenya is known as the largest economy of East Africa, with a rapidly growing consumer market, abundance of skilled and semi-skilled labour, natural resources and a strong industrial base. Ranking 56 out of 190 economies in terms of ease of doing business, Kenya takes advantage of its geographical connectivity with other African nations and the rest of the world due to its 9 major ports, with Mombasa being the largest and busiest in the region. The Government of Kenya is prioritising measures to sustain macro-economic stability in fiscal and monetary policies, enhance economic governance and liberalise the economy by privatising several public enterprises. These policies continue to promote growth by providing a more secure environment for private sector investment decisions.

To meet the infrastructural goals of Kenya Vision 2030, several transport projects are underway where foreign investment is encouraged, including notably the Lamu Port Southern Sudan Ethiopia Transport Corridor (LAPSSET) as well as the Nairobi Commuter Rail particularly in regards to rolling stock development and commuter services. Kenya's economic development has been partially fuelled by its commitment to developing sustainable energy resources. Although hydroelectric and geothermal plants produce a vast amount of Kenya's energy, this is mainly consumed by Kenya's two main cities and blackouts are experienced during severe droughts. Foreign investment into expanding the reach of energy produced to rural regions would improve Kenya's infrastructure industry whilst creating jobs; examples of lucrative projects for investors include the proposed 400MW Meru Wind project and the 1.5MW Gitwiki Hydro Falls.

Another attractive sector for investment is the agriculture sector, which is seeking investment and joint venture projects for setting up sugar processing plants, contributing to AgriTech research and public private partnerships for the Fish Port Development Project in collaboration with the Coast Development Authority. Kenya is also pursuing an ambitious plan to remodel its financial services sector to build the Nairobi Financial Centre with the goal of making it amongst the continent's top centres; foreign investment and advisory services are particularly being sought out.

Kenya provides several fiscal and non-fiscal incentives including capital deductions on industrial buildings, farmworks, wear and tear and any investment costs incurred for the development of Kenya's priority sectors invested in by foreigners as well as private local companies. Kenya provides attractive incentives for foreigners setting up businesses in the licensed Export Processing Zones including, but not limited to, 10 year corporate income tax holidays, 10 year withholding tax holiday on dividends and other remittances to non-resident parties and perpetual exemption from value added tax (VAT) and customs import duties.

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