



Afrobarometer Briefing Paper No. 107

DECLINING CONFIDENCE IN ECONOMIC PERFORMANCE IN KENYA

By Paul Kamau

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INTRODUCTION

Prior to the promulgation of the new Kenya Constitution in August 2010, Kenya launched Vision 2030 (in June 2008), a development agenda which, if fully implemented, should transform Kenya into a globally competitive and prosperous country with a high quality of life by 2030.¹ The Vision is based on three pillars: economic, social and political. The three pillars are anchored on macroeconomic stability; continuity in governance reforms; enhanced equity and wealth creation opportunities for the poor; infrastructural development; enhanced energy provision; science, technology and innovation (STI); land reform; human resources development; security; and public sector reforms. The dream of the Vision is to transform Kenya into a newly-industrializing, middle income country, providing a high quality of life to all its citizens in a clean and secure environment. The launch of this blueprint was done under the old constitution.

The promulgation of the new Constitution ushered in a new constitutional dispensation with reformed structures of governance. Since then, a review of policies and legal frameworks has been on-going and aimed at ensuring that it is still possible to implement the Vision 2030 plan and realize its goals. Along the way, exogenous shocks to the economy, including the 2008 post-election violence, the global financial crisis, high international oil and food prices, and droughts, saw the growth of the Kenyan economy slacken. For instance, GDP growth fell drastically from 7 per cent in 2007 to 1.5 per cent in 2008, largely due to the post-election violence. The government then put in place some measures to revitalize the economy that led to recovery in growth in 2009 when the GDP growth rate was 2.7 per cent in 2009 and then 5.8 per cent in 2010. Growth slowed down, however, to 4.4 per cent in 2011.

The slowdown in 2011 is attributed to adverse effects of the drought that hit the Horn of Africa, high international oil prices also associated with the 'Arab Spring' uprisings and weak global economic performance partly related to the Euro Zone debt crisis. These factors, coupled with an expansionary domestic monetary and fiscal policy, brought about risks of macroeconomic instability that resulted in double digit inflation and exchange rate volatility in Kenya in the latter half of 2011.

This briefing paper provides an analysis of popular perspectives on economic trends and performance of the Kenyan economy based on the results of the Round 5 survey of Afrobarometer (AB). The paper further provides a comparative examination of these results vis-à-vis the previous rounds of the survey: Rounds 2, 3, and 4, undertaken in 2003, 2005 and 2008 respectively. This is done in order to bring into perspective how Kenyans' economic perceptions have changed over time.

¹In 2002, the incoming NARC Government launched the process of and developed the Economic Recovery Strategy for Wealth and Employment Creation, 2003 – 2007 (ERS). Implementation of the ERS resulted in the Kenyan economy growing from 0.5% in 2002 to 7.1 per cent in 2007. In 2008, the government launched the Vision 2030 to spearhead the industrialization process by 2030.

AFROBAROMETER SURVEYS

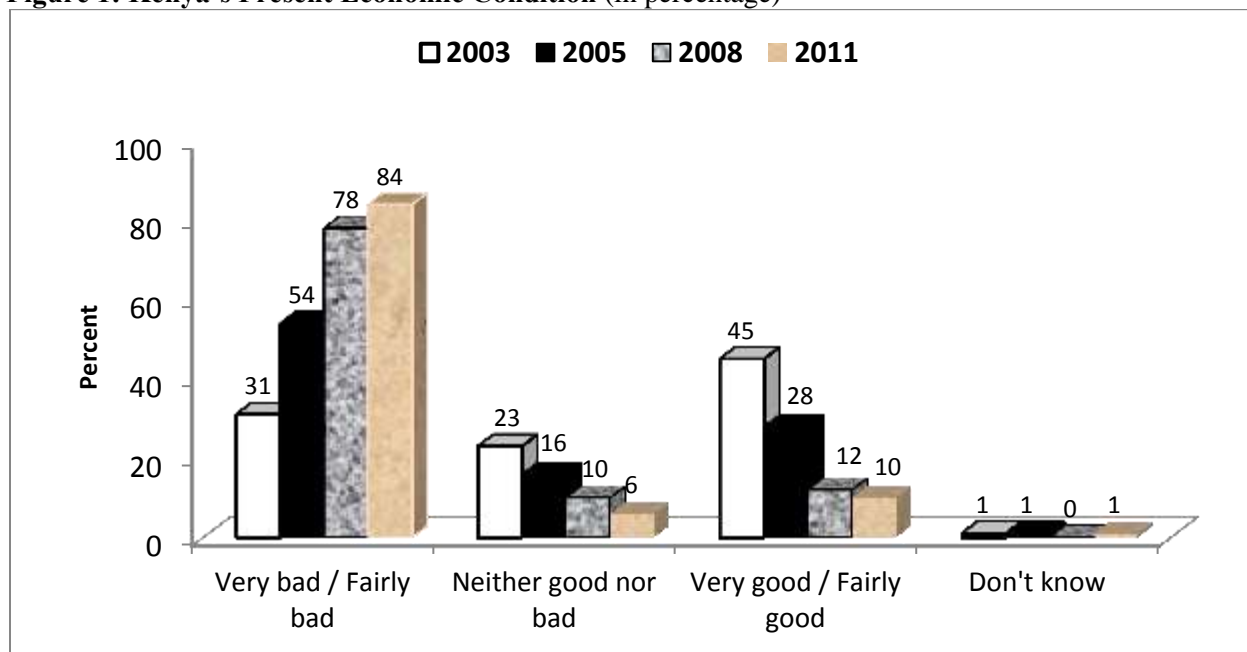
The Afrobarometer is a comparative series of national public opinion surveys that measure public attitudes on the social, political and economic atmosphere in Africa. The Afrobarometer's main goal is to produce scientifically reliable data on public opinion in Africa while strengthening institutional capacities for survey research, and research findings to inform development policy and practice. It also provides a body of knowledge to ordinary citizens to effectively engage in the development process.

During Round 5, Afrobarometer surveys will be conducted in up to 35 African countries using a common survey instrument and methodology. The instrument asks a standard set of questions that permits systematic comparison in public attitudes across countries over time. The methodology was based on a national probability sample of 2400 adult Kenyans selected to represent all adult citizens of voting age, allowing for inferences with a sampling margin of error of +/-2 per cent at a confidence level of 95 per cent. The sample was drawn randomly based on Probability Proportionate to Population Size (PPPS), thus taking account of population distributions, gender as well as rural-urban divides. The sampling process ensured that every adult Kenyan citizen had equal and known chance of being selected in the sample. All nine provinces were represented. Fieldwork was conducted by the Institute for Development Studies (IDS), University of Nairobi, between 4th November 2011 and 5th December 2011.

NATIONAL AND INDIVIDUAL ECONOMIC CONDITIONS

Kenyans were asked to indicate their perspective on the country's present economic condition. An overwhelming majority (84%) indicated that they regard the condition of the national economy as either fairly or very bad. Only 10 per cent of respondents indicated that the economic situation was fairly or very good (see Figure 1). Compared to earlier rounds of the survey, there is a clear indication that the economic situation has continued to worsen. The number of Kenyans who rate the economic situation as bad has increased from 31 per cent in 2003, to 54 per cent in 2005 and 78 per cent in 2008. Similarly the share of Kenyans who think that the economic situation was good decreased through all of the AB rounds.

Figure 1: Kenya's Present Economic Condition (in percentage)



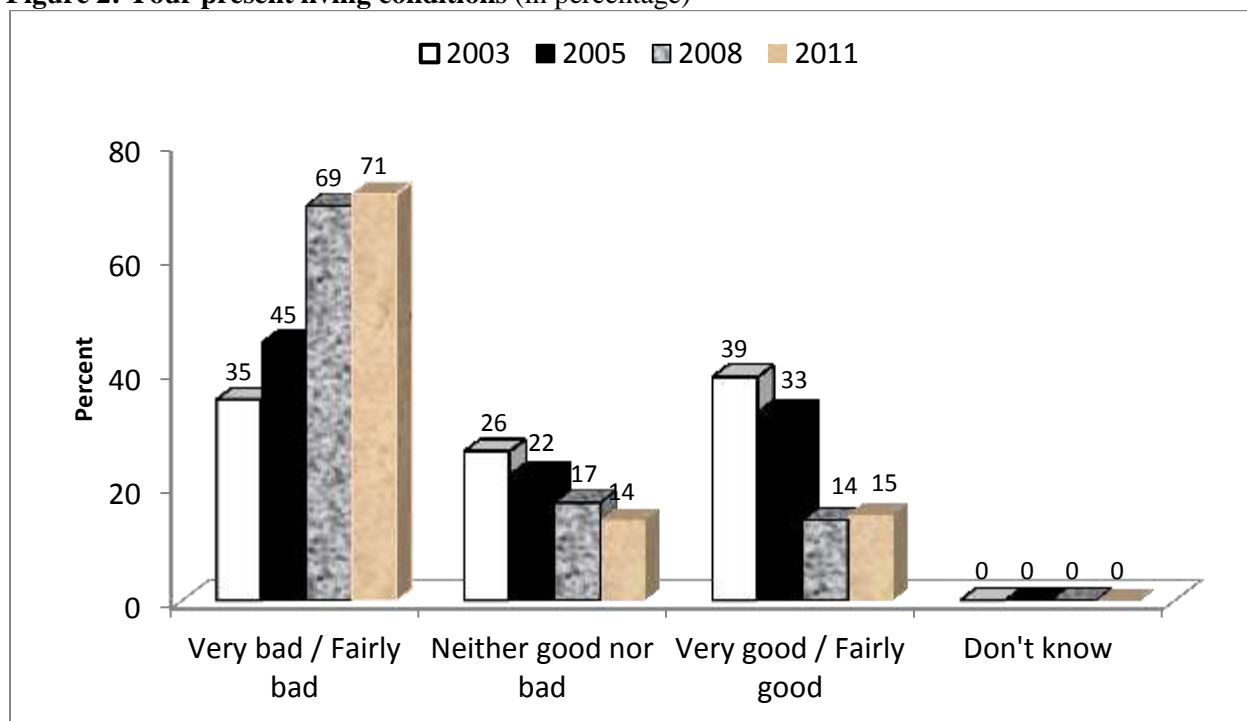
In general, how would you describe the present economic condition of this country?

Respondents were also asked to rate their own present economic conditions as either bad or good. As expected a majority of them (71%) indicated that their economic conditions was either fairly or very bad, while only 15 per cent felt that their condition was good. As shown in Figure 2, the personal economic

conditions have steadily worsened, with the share of those who rate their condition as bad increasing from 35 per cent in 2003, to 45 per cent in 2005, and 69 per cent in 2008. However, it is worth noting a slight increase in the share of those who think that their economic condition was fairly or very good between 2008 and 2011 from 14 to 15 per cent.

When we disaggregate this data according to the rural–urban divide, evidence shows that the rural population may be only slightly worse off than the urban population where the shares are 85 and 82 per cent respectively. In terms of gender, there is no significant difference. In terms of age cohorts, 86 per cent of the respondents aged 36-55 felt that their economic condition was fairly or very bad, which was slightly higher compared to 83 per cent and 81 per cent for those aged 18-35 and above 55 years, respectively. From this analysis, it appears that the working population (36-55 years) may be worst hit by worsening economic conditions.

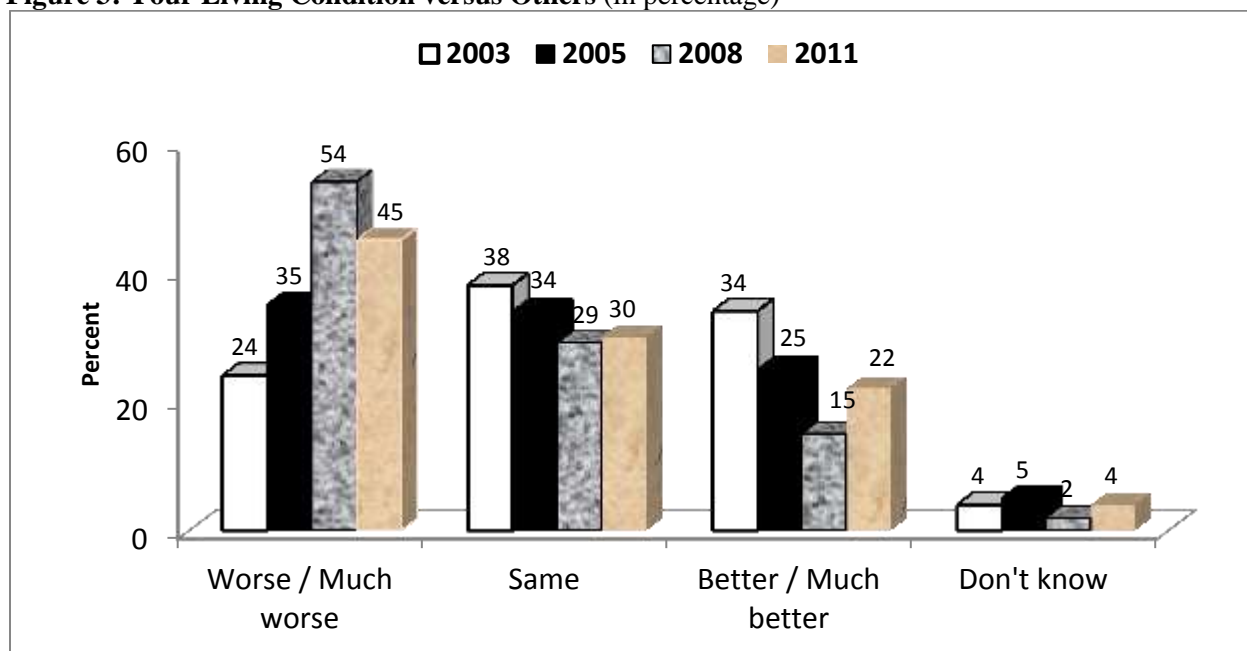
Figure 2: Your present living conditions (in percentage)



In general, how would you describe your own present living conditions?

In contrast to the negative trends reported above, however, when asked to rate their living condition in comparison with those of others, there was a substantial improvement (Figure 3). In 2011, 45 per cent of respondents said their living conditions were either worse or much worse than others, compared to 54 per cent in 2008. Similarly, the proportion of those who felt that their living conditions were better than for others increased from 15 to 22 per cent between 2008 and 2011. Looking across all the survey rounds we can observe that the perception on their comparative living conditions among Kenyans has deteriorated. Apparently, rural populations (75% worse, vs. 66% for urbanites) seem to be the ones who bear the brunt of poor economic conditions.

Figure 3: Your Living Condition versus Others (in percentage)



In general, how would you rate your living conditions compared to those of other Kenyans?

Respondents were also asked to compare between the country's present economic conditions and the conditions 12 months ago which would give an indication of improvement or deterioration. Overall, 58 per cent of the respondents felt that country's economic condition was either worse or much worse (Table 1). Although there was a slight improvement compared to 2008 (60 per cent), there was a huge rise in the pessimism compared to 2003 (23 per cent) and 2005 (43 per cent). This further reinforces the argument that for most Kenyans, their economic situation was worsening.

Table 1: Country's economic condition compared to 12 months ago

	2003	2005	2008	2011
Worse / Much worse	23%	43%	60%	58%
Same	24%	25%	15%	8%
Better / Much better	51%	31%	24%	33%
Don't know	2%	1%	1%	1%
Total	100%	100%	100%	100%

Looking back, how do you rate the economic conditions in this country compared to twelve months ago?

The same pessimism is revealed with respect to personal living conditions as well, with a majority of Kenyans indicating that their living conditions have been worsening with time. As shown in Table 2, in 2011, 52 per cent of the respondents felt that their living condition had deteriorated compared to 12 months ago. This share has consistently increased over time from a starting point of 21 per cent in 2003.

Table 2: Your living conditions compared to 12 months ago

	2003	2005	2008	2011
Worse / Much worse	21%	37%	55%	52%
Same	35%	33%	21%	15%
Better / Much better	44%	30%	23%	32%
Don't know	1%	0%	1%	1%
Total	100%	100%	100%	100%

Looking back, how do you rate your living conditions compared to twelve months ago?

Looking into the future, Kenyans were asked to give an impression of where they expected the country's economic conditions to be in 12 months time. Almost half of respondents (47 per cent) indicated that they expected things to be either worse or much worse. This was much higher compared to just 4 and 25 per cent who were similarly pessimistic in 2003 and 2005, respectively. Approximately 7 per cent of Kenyans thought that economic conditions would be the same while 33 per cent thought that economic conditions get better.

Table 3: Country's economic condition in 12 months' time

	2003	2005	2008	2011
Worse / Much worse	4%	25%	49%	47%
Same	7%	16%	13%	7%
Better / Much better	80%	43%	27%	33%
Don't know	9%	15%	10%	14%
Total	100%	100%	100%	100%

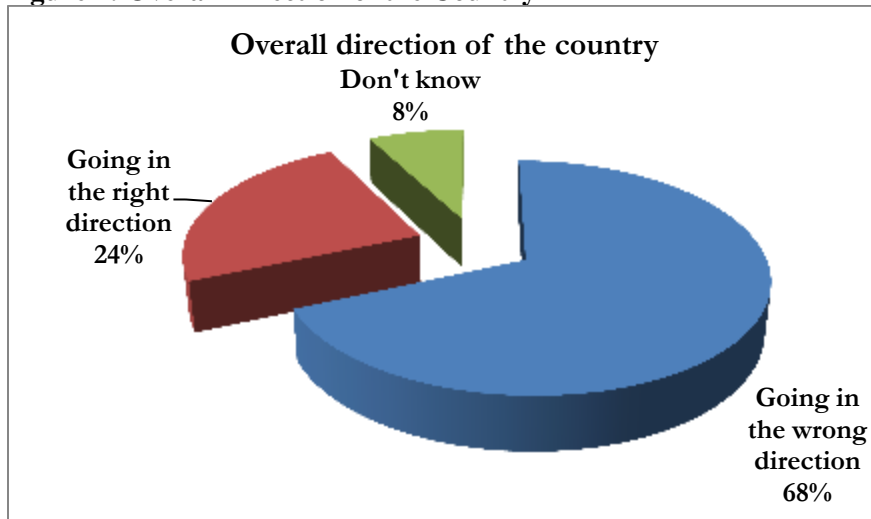
Looking ahead, do you expect the economic conditions in this country in twelve months time to be better or worse?

Considering individual economic conditions, 42 per cent of Kenyans felt that their living conditions would be worse off than at the time of the survey. The share of Kenyans who think their economic future is bleak appears to be growing. In 2003 and 2005, only 4 per cent and 22 per cent of respondents respectively thought their economic condition was going to be worse. Similarly, the share of Kenyans who thought their living condition would be better or much better has declined over time from a high of 77 per cent in 2003 to just 36 per cent in 2011. The share of Kenyans who were not sure about their future economic condition grew from 10 per cent in 2005 to 14 per cent in 2011.

ECONOMIC DIRECTION

In the survey, Kenyans were asked to indicate the general direction that they felt the country was heading. A majority of respondents (68%) felt the country was heading in a wrong direction. As shown in Figure 4, only a quarter of Kenyans (24%) thought that the country was heading in the right direction. This portrays a gloomy picture for the economic recovery process. Moreover, this indicates that efforts to realize Vision 2030 goals need to be enhanced given the perception that Kenyans have of the country's overall economic direction. Several factors might explain this outcome. First, at the time of the survey, Kenya was going through a period of skyrocketing prices for most commodities, which definitely impacted the lives of ordinary Kenyans. This period was also associated with high inflation and high fuel prices; for the first time, the country saw the cost of petrol hit Kshs. 100 per liter. Second, the survey was conducted at a time when the Kenya Defense Force (KDF) had just launched an attack dubbed '*Operation Linda Nchi*' on the rag-tag militia, popularly known as Al Shabaab, in the neighboring country of Somalia. Although Kenyans endorsed the intervention, there was a feeling that such an activity would derail economic progress. Finally, at the time of the survey the Grand Coalition government was embroiled in much internal antagonism which may have made respondents think that the country was headed on a wrong path. Female respondents were somewhat more pessimistic than men (71 per cent compared to 66 per cent).

Figure 4: Overall Direction of the Country



What about the overall direction of the country? Would you say that the country is going in the wrong direction or in the right direction?

INDICATORS OF ECONOMIC SECURITY

Several indicators of economic security were assessed in the survey. These included food security, access to water, access to medical care, access to cooking fuel, and cash income, as indicated in Table 4.

Thirty seven per cent of respondents indicated that they did not have access to enough food on a regular basis. This was accounted for by 24 per cent who had gone without enough to eat several times, 12 per cent who had lacked food many times, and 1 per cent who said they were always falling short. Approximately 43 per cent of Kenyans indicated that they had never gone without food in the past year, while another 20 per cent said that they had gone without food only once or twice in the past year. This indicates that most Kenyans had access to food. Unfortunately, the survey did not go further to interrogate the quality and quantity of food accessed and therefore we cannot conclusively determine the level of food security. Compared to previous surveys, there is no significant difference in the number of Kenyans who had inadequate access to food.

Table 4: How often gone without food, water, medical care and Cash income

	Food	Water	Medical Care	Cooking Fuel	Cash Income
Never gone without	43%	55%	46%	55%	19%
Gone without once, twice or several times	44%	33%	43%	36%	36%
Gone without many times or always	13%	12%	11%	09%	45%
Total	100%	100%	100%	100%	100%

Regarding access to water, a majority of Kenyans indicated that they had adequate access. Approximately 67 per cent of Kenyans had never gone without water or had only lacked it once or twice in the past year. Again, there is little change in these numbers since 2003. Many Kenyans appear to have adequate access to medical care as 64 per cent indicated that they had only one or two incidents of going without medical care over the past one year. In fact, 46 per cent reported that they had never missed medical care in the past one year. Comparing with results of the past rounds, however, there has been steady improvement in access to medical care among Kenyans. In 2003, only 32 per cent of respondents indicated that they had never gone without medical care, an indication of some improvement in living standards.

With regard to cooking fuel, Kenyans appear to have good access, with more than 70 per cent reporting that they had never gone without cooking fuel in the past one year. Across AB rounds, the share of Kenyans with good access to cooking fuel appears to be the same.

As indicated in Table 4, access to cash seems to be where a majority of Kenyans had problems with 45 per cent of the respondents indicating that they had gone without cash income many times or always. This share appears to have increased steadily from 33 per cent in 2003 to 45 per cent in 2011 which is a cause for concern for the government.

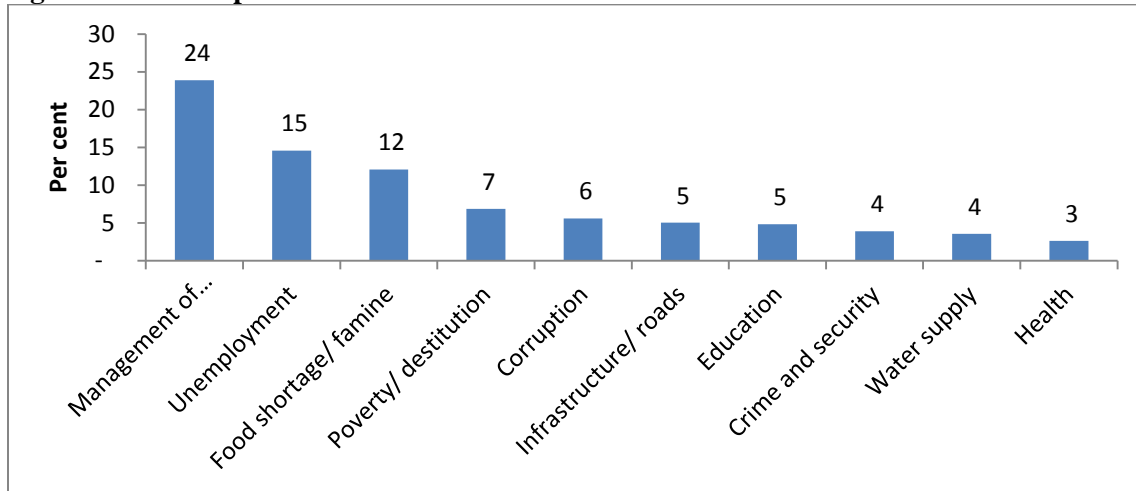
GOVERNMENT RATING IN HANDLING ECONOMIC ISSUES

In all rounds of the Afrobarometer survey, respondents have been asked the following open ended question and allowed to give up to three responses: *“In your opinion, what are the most important problems facing this country that government should address?”*

Over the various rounds of the survey, Kenyans’ responses have remained quite consistent. They have continually ranked issues of economic management, unemployment, food shortage, health, education, poverty, infrastructure and water among the country’s top ten problems, with at least three out of every ten Kenyans mentioning one of these as being among the three most important problems facing the country that government should address. As shown in Figure 5, approximately 24 per cent of Kenyans felt

that management of the economy was the most important problem. This was followed by unemployment (15%), food shortage (12 per cent), poverty (7 per cent) and corruption (6 per cent). Other problems mentioned included infrastructure, education, crime and security, water supply and health. This list of priority seems to be consistent across all AB rounds.

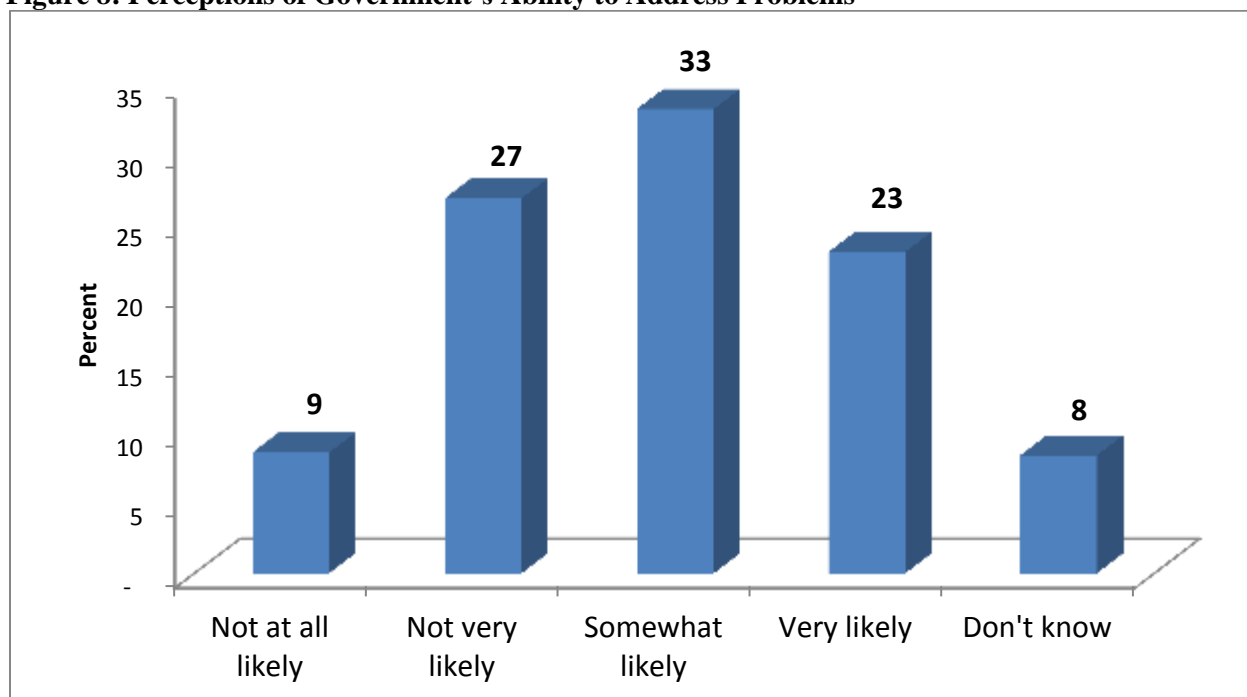
Figure 5: Most Important Problems for the Government to Address



In your opinion, what are the most important problems facing this country that government should address?

Kenyans were also asked to state the likelihood that the government would solve identified problems within the next five years? Surprisingly, more than half (56 per cent) of respondents believed that the government will solve the problems mentioned. This is a contrast to 2008, when about 35 per cent of respondents thought that the government would not be able to address these problems.

Figure 8: Perceptions of Government's Ability to Address Problems



Taking the problem that you mentioned first, how likely do you think it is that government will solve this problem within the next five years?

Therefore this shows that Kenyans do have hope in the government being able to handle major economic problems that they are facing. Given this outcome, we can remotely attribute this to changes that have occurred as a result of the implementation of the new Constitution. After nearly 20 years of waiting, Kenyans saw a new dawn in 2010 when the process of revising the constitution came to a desirable conclusion. Given that Kenyans are generally happy with the way the new Constitution is being implemented, they may also feel the government is capable of addressing economic problems. Another possible explanation is that the Coalition government is coming to an end with the retirement of President Mwai Kibaki in 2013, and therefore there are expectations among Kenyans that the new government will perhaps handle economic issues better than the current one.

CONCLUSION

In this paper, we have examined Kenyans' perception of the country's economic conditions and their own personal living conditions. Overall, Kenyans have expressed dissatisfaction in the way economic management issues have been handled. An overwhelming majority of respondents viewed the economic condition of the country at the time of the survey as being generally bad. When we examine this perception over time, we find that there has been significant deterioration in the ratings. Similarly, individual living conditions for Kenyans have continued to deteriorate as well, with a majority of Kenyans felt that their living conditions were bad. However, compared to 2008, which was the period when the country was rocked by post-election violence, there appears to be a slight improvement in these indicators.

Evidence shows that most Kenyans were pessimistic about the direction that the economy was headed. The share of Kenyans who think economic condition would improve has continued to decline over time. In 2011, 68 per cent of the respondents felt that Kenya's overall economic direction was wrong. Kenyans would like to see the government address issues to do with management of the economy, food shortages, unemployment, infrastructure, education, health and corruption. Interestingly, Kenyans strongly think the government is capable of addressing these problems within the next five years. Several possible

explanations for this optimism can be offered, although further analysis would be needed to ascertain which is most plausible. It could be that the way in which the review, promulgation, and implementation of the new constitution has taken place boosted public confidence in the government. Alternatively the public may be focused on the possible effectiveness of a new government which will come into power once President Kibaki's term and the life of the coalition government ends in 2013.

Finally, looking at the indicators of economic conditions in Kenya, there is a totally different picture. The share of Kenyans who have gone without food, water, cooking fuel seems to be consistent between 2003 and 2011 making it a point of concern for the government. With regards to cash income, nearly half of the Kenyans (45 per cent) indicated that they did not have adequate access.

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This Briefing Paper was prepared by Paul Kamau, a Senior Research Fellow at the Institute for Development Studies (IDS), University of Nairobi. He can be reached at pkamau@uonbi.ac.ke

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