

REMARKS BY THE CABINET SECRETARY, THE NATIONAL TREASURY AND ECONOMIC PLANNING, PROF NJUGUNA NDUNG’U DURING THE LAUNCH OF THE 2024 ECONOMIC SURVEY REPORT ON 20TH MAY 2024 AT THE KENYATTA INTERNATIONAL CONVENTION CENTRE

Fellow Cabinet Secretaries present,

Principal Secretary – State Department for Economic Planning, Mr. James Muhati,

Other Principal Secretaries present,

KNBS Board Chair, Mr. Stephen Wainaina,

Director General, KNBS – Dr. MacDonald George Obudho,

Other KNBS Board Members present,

Representative of Development Partners,

Government Officers present,

Representatives from the Media Fraternity,

Distinguished Guests,

All Protocols Observed,

Ladies and Gentlemen,

- 1) Today I am delighted to preside over the launch of the **2024 Economic Survey Report**. The Economic Survey Report is an annual publication prepared by the Kenya National Bureau of Statistics since 1960. The Report provides detailed information on socio-economic indicators that are of practical use to policy makers, research institutions, investors, business community and generally to all of us.

- 2) Kenyans have great expectations particularly at this time when the nation is seeking ways to foster economic recovery after several layers of persistent negative shocks some of which are still evident Kenya is unwinding from these shocks; and also unwinding from an extreme” dutch disease” condition. But more importantly positioning itself for BETA is critical turn around.

- 3) It is important to appreciate that the Economic Survey Report has been adopted as a basis for measuring the performance of critical indicators of key sectors in the Fourth Medium Term Plan (MTP IV) 2023–2027 of the Kenya Vision 2030 whose theme is: “*Bottom-Up Economic Transformation Agenda*”

for Inclusive Growth.” The MTP IV was launched by His Excellency the President in March 2023 at State House.

- 4) In addition, the Economic Survey Report is used in monitoring the nation’s achievements or attainments of agreed international targets such as the Sustainable Development Goals (SDGs). Thus, the Economic Survey Report is able to independently indicate or measure the efficiency, effectiveness and impact of the implementation or performance of the government activities and programs.

Ladies and Gentlemen,

5) The 2024 Economic Survey Report focuses on the performance of Kenya's economy in 2023 besides presenting the sectoral trends for the period 2019 to 2023 based on detailed social and economic indicators. This is the second Economic Survey report under the current administration, and thus presents insights of the performance of all the sectors of the economy since the government took office.

Ladies and Gentlemen,

6) The findings of the 2024 Economic Survey Report presented today reveal that at the global level, the **World real GDP** slowed down to **3.1%** in **2023** compared to 3.5% in 2022. This is attributed to disruptions emanating from

layers of negative shocks. The slowdown was more pronounced across Advanced Economies than in Emerging Markets and Developing Economies.

- 7) **Global inflation** eased from 8.7% in 2022 to **6.8% in 2023**, primarily due to partial reversal of significant rise in energy prices and easing of supply chain disruptions. **Trade volume** decelerated to **0.4% in 2023** compared to **5.2% growth in 2022** mainly due to base effects from COVID-19 pandemic recovery, US dollar appreciation, and escalation of trade barriers. **Unemployment rate** declined to **5.1% in 2023** from **5.3% in 2022**.

8) At the **Domestic Scene**, the country has made impressive strides in terms of economic performance. All the sectors of the economy recorded positive growth except mining and quarrying. The economy expanded by 5.6% in 2023 from a revised growth of 4.9% in 2022, mainly driven by rebound in agricultural activities that had contracted in 2022. The other key drivers of this growth were: Accommodation & Food Service; Financial and Insurance; Information and Communication; Real Estate; and Transportation and Storage.

9) It is noted that the **annual inflation rate** in 2023 was **7.7%**. This was largely driven by increase in prices of Transport (12.2%); Food and Non-Alcoholic

Beverages (9.7%); and Housing, Water, Electricity, Gas and Other Fuels (8.1%). To address the inflationary pressures occasioned by depreciation of the Kenyan Shilling against major currency, the **Central Bank Rate (CBR)** was raised to **10.50% as at June 2023**, and **12.50% as at December 2023**. The Government will continue to put measures in place to maintain the inflation at the target levels. In the month of April, inflation moved to 5%, the target level.

10) In 2023, **total merchandise** trade amounted to **KSh 3,619.9 billion**, marking a 7.6 per cent growth from the previous year. The growth was partly driven by high international prices of principal import commodities, especially

petroleum products, coupled with the depreciation of the Kenyan Shilling against currencies of key trading partners.

11) I am convinced that, with continued Government investment in key strategic areas, as highlighted in the MTP IV (Agriculture; Micro, Small and Medium Enterprise (MSME) economy; Housing and Settlement; Healthcare; Digital superhighway and creative economy), the country will achieve better growth in the coming years.

Ladies and Gentlemen,

12) It is worth highlighting that the agriculture sector reversed the negative growth trend recorded since 2021 to register an impressive recovery of 7.0% in 2023. This was a result of favourable weather conditions; expansion in the area under crop as a result of farmers anticipating high prices for their produce; and enhanced government interventions that included the fertilizer subsidy programme.

Ladies and Gentlemen,

13) The 2024 Economic Survey Report further shows that employment in the **modern and informal sectors**, excluding small-scale farming and pastoralist activities, went up from **19.1 million in 2022** to **20.0 million in 2023**. **Total**

new jobs generated in the economy were **848.2 thousand** in **2023** compared to **816.6 thousand** in **2022**.

14) The **informal sector** created **720.9 thousand new jobs** which accounted for **85.0%** of all the new jobs created in **2023**. Effectively, the informal sector which is mostly dominated by the Micro, Small and Medium Enterprises (MSMEs) is the major source of employment and income generation for the bulk of Kenyans.

15) To achieve the target set in the MTP IV of creating on average of **1,200,000 new jobs** annually, the Government intends to continue transforming the

MSME economy by strengthening the Hustler Fund to provide access to affordable credit; linking MSMEs to markets; strengthening capacity of MSMEs to venture into economic activities in building and construction value chains; and ring-fencing certain components of low-cost housing projects for MSMEs.

Ladies and Gentlemen,

16) The government has sustained investment in housing and related infrastructure, particularly in support of programmes that advance affordable housing. Consequently, the **number of residential housing units completed** by the State Department for Housing and Urban Development increased **from**

1,390 units in 2022 to 3,357 units in 2023. The growth of completed residential housing units is projected to be more robust in the near future as government continues to implement Affordable Housing Programme.

17) The Affordable Housing Programme is, most importantly, a massive, deliberate and systematic job creation mechanism. The Housing Programme, directly in the construction sector and indirectly throughout every value chain in the housing development ecosystem, has created quality jobs and entrepreneurial opportunities to all Kenyans especially the youths, and employed graduates from technical colleges and universities. Already, 120,000 Kenyans, who were previously unemployed, are now engaged

directly or indirectly, in various parts of the country in the housing programme, and the numbers are expected to significantly increase as the rest of the projects move into the next phases.

18) Apart from the thousands of direct employment opportunities in construction and associated services, the housing scheme indirectly supports the formal and informal manufacturing of materials, fixtures, fittings and accessories required in the construction. The Government has continued to upgrade and support the Jua Kali sector capacity to produce high quality construction material by linking it with technical and vocational education institutions.

Ladies and Gentlemen,

19) The health sector is another important contributor to the national economic growth and in the realization of a sustainable human capital base. The 2024 Economic Survey Report shows that **NHIF membership** increased from **30.0 million in 2021/22** to **31.6 million members in 2022/23**.

Ladies and Gentlemen,

20) The Government recognizing that digital economy is the emerging frontier of opportunity, productivity and competitiveness, has onboarded over 15,000 services and with a target of onboarding all services by the end of the year.

This has increased efficiency in service delivery, revenue collection and enhanced accountability.

21) The 2024 Economic Survey Report reveals that the **ICT output value** increased by **5.8% to 6,040.2 billion in 2023**. **Mobile subscriptions** increased slightly from **65.7 million in 2022** to **66.7 million in 2023**. **Mobile commerce transactions** grew by **2.2% to KSh 20.7 trillion in 2023**.

22) To enhance productivity and overall competitiveness, the Government will increase investment in the digital superhighway and the creative economy by scaling-up broadband connectivity and fully implementing the Last Mile

Electricity Connectivity programme to improve the business environment and increase adaption of ICT. In addition, the National Optic Fibre Backbone Infrastructure will be extended to enhance reliable and affordable information and communication technology (ICT) connectivity and improve Government service delivery through continued digitization and automation of processes.

Ladies and Gentlemen,

23) As the statistics contained in the 2024 Economic Survey Report is made available from today, I am confident and encouraged that we shall continue to note only use the information to foster evidence-based decision making, but

also appreciate the results and outcome that emanate from undertaking a statistically informed decision.

24) As I conclude, I would like to thank the KNBS staff who have work tirelessly to make production of this annual report a success. I applaud the development partners for their support in financing various statistical development activities in Kenya. Special gratitude goes to the World Bank for, financing the implementation of the KNBS statistical activities under the Kenya Statistical Programme for Results initiative which has ensured that data gaps in the statistical system are reduced. I would also thank all producers of statistical information, including industries and businesses in the private

sector, for their continued cooperation in provision of quality and timely statistics.

Ladies and Gentlemen,

With these remarks, I now declare the 2023 Economic Survey report officially launched.

Thank you