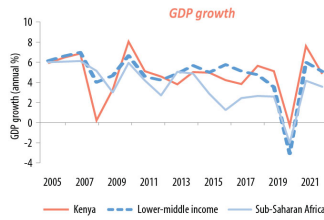
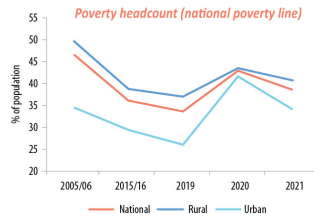


KENYA POVERTY AND EQUITY ASSESSMENT 2023 FROM POVERTY TO PROSPERITY: MAKING GROWTH MORE INCLUSIVE

Kenya has made progress in raising living standards of its citizens, supported by strong economic growth



The country's robust economic growth over the past decade has outperformed its Sub-Saharan Africa peers.

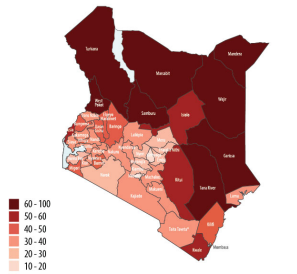


Almost two Kenyans out of five were poor in 2021, more than were poor before the COVID-19 pandemic.

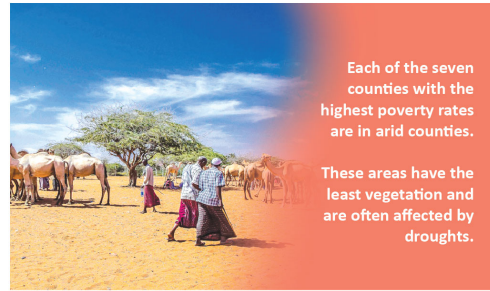
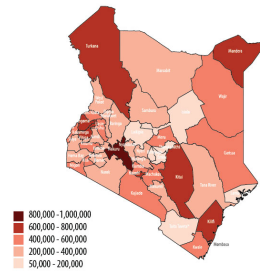
Poverty is consistently higher in rural areas.

Progress has not been equally shared, with stark and persistent spatial disparities

Poverty rate (%) by county, 2021



Number of poor by county, 2021



Each of the seven counties with the highest poverty rates are in arid counties.

These areas have the least vegetation and are often affected by droughts.

...and while nonmonetary indicators of welfare improved in recent years, inequalities remain in access to services

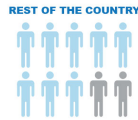
1

A child's access to opportunities is significantly determined by the circumstances they are born into.



2

65% of households in arid areas have access to improved water sources, compared to 80% non-arid areas.



3

39% of households in arid areas have access to improved sanitation, compared to 87% non-arid areas.

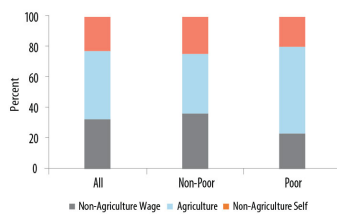
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26% of households in arid areas have access to improved sanitation, compared to 61% non-arid areas.

Only **5 out of 10** of children aged 6-13 in arid areas are enrolled in **primary school** compared to **8 out of 10** in the rest of the country.

A combination of factors contributes to uneven progress

Employment type by poverty status, 2019



As a result of lower human capital levels and limited employment opportunities, the poor are mostly engaged in low productivity sectors.

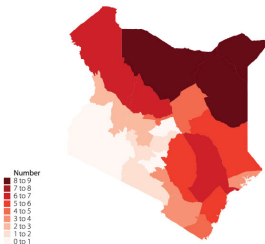
Between 2015-19, workers from poor households left agriculture and moved mainly into sectors with lower-than-average productivity.

Inequality of outcomes weakens the transmission of growth to poverty reduction



Inequality of opportunity manifests in people's unequal access to assets, markets, and services, which weakens the transmission of growth to poverty reduction.

Distribution of droughts, 2000 to 2022



Droughts are concentrated in the north, where poverty rates are the highest.

Poorer households have limited strategies to cope with the shocks, and as a result, adverse weather shocks are associated with an increase in both monetary and nonmonetary poverty.



Fiscal incidence analysis of **taxes and spending** shows the system is progressive and redistributive but does not reduce poverty.

Looking ahead, an inclusive growth strategy is needed. In addition to increasing the productivity of the private sector to ensure sustained high rates of economic growth, the strategy would seek to:



Connect the poor to economic growth.

- Use agriculture sector policy to build farmer capability and support diversification via training and timely financing. Ensure price stabilization policies do not disincentivize diversification.
- Use MSME development to reach urban poor self-employed and household enterprises to provide training, sustainable financing options.
- Design urban development policies to facilitate commuting and increase proximity to customers.



Strengthen households' resilience to adverse weather shocks.

- Adaptive and shock-responsive social protection.
- Develop and promote the use of market-based risk management tools for poor rural households.
- Invest in comprehensive and inclusive disaster risk management.
- Build climate-resilient infrastructure.
- Promote climate-smart agriculture.
- Build inclusive institutions and systems.



Make fiscal policy more supportive of poverty reduction objectives.

- Evaluate tax and social spending together to ensure the poor benefit from the system.
- Enhance efficiency of public spending by reviewing incidence and impact of input subsidies to producers.

Cross cutting

- More, better, and timely data availability to monitor and assess progress.
- Equalize education opportunities and access to basic services, especially among the poor and in rural areas, leveraging on devolution.