INVESTING IN ECONOMIC REFORMS, JOB CREATION, AND GOVERNANCE TO ACCELERATE THE DEMOGRAPHIC DIVIDEND IN KENYA

The demographic dividend is the economic benefit that arises from a significant increase in the ratio of working-age adults relative to young dependents if accompanied by simultaneous investments in education and skills development, health, economic reforms and job creation, and good governance.

Kenyans are the demographic dividend. The age profile of the population has been changing and the country is set to have a large pool of young people in the coming decades. The ratio of working-age adults (15-64 years) to young dependents (0-14 years) will increase significantly over the next decades, creating a ‘youth bulge’. These changes are driven by both lower fertility and higher life expectancy. If these changes are accompanied by simultaneous investments in education and skills development, health, economic reforms and job creation, and good governance, the demographic dividend will be realised.

Kenya’s economic growth has recovered from a slump in 2008 but is still far off the Vision 2030 target. Economic reforms have made Kenya an attractive destination for Foreign Direct Investments (FDI).

Kenya’s economy is still dominated by agriculture and related activities. In 2013, 25.9% of all FDI projects in Sub-Saharan Africa were destined for Kenya making it the 2nd largest recipient after South Africa.

Key areas to improve economic productivity and enhance job creation.

- Encourage employers to contribute towards training curricula of enterprises and sector bodies.
- Increased investments in use of agricultural technology.
- Increased efforts to formalize the large informal sector.
- Promote of agribusiness.
- Ensure quality education that matches skills supply to needs of enterprise and labor markets.
- Encourage employers to contribute towards training curricula of enterprises and sector bodies.
- Investments in job creation in ICT and manufacturing.
- Investment in formal sector and manufacturing.
- Promotion of agribusiness.
- Encourage employers to contribute towards training curricula of enterprises and sector bodies.
- Investments in job creation in ICT and manufacturing.

Unemployment rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Informal sector</th>
<th>Formal sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8.6%</td>
<td>5.8%</td>
</tr>
<tr>
<td>2012</td>
<td>6.4%</td>
<td>5.3%</td>
</tr>
<tr>
<td>2014</td>
<td>8.6%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

Vision 2030

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.9%</td>
</tr>
<tr>
<td>2011</td>
<td>2.9%</td>
</tr>
<tr>
<td>2012</td>
<td>2.9%</td>
</tr>
<tr>
<td>2013</td>
<td>4.4%</td>
</tr>
<tr>
<td>2014</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

The youth experience the highest unemployment rates.

- 20-24 years: 13.1%
- 25-29 years: 8.5%
- 30-34 years: 6.4%

IMPROVED GOVERNANCE AND ENHANCED ACCOUNTABILITY

Improving governance and enhancing individual and institutional accountability are key to economic implementation of policies and programs that will ensure economic and social development.


