

Poverty & Equity Brief

Africa Eastern & Southern

Kenya

October 2022

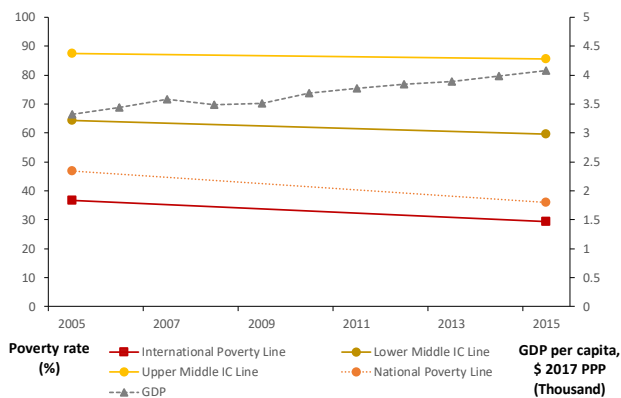
The proportion of the population living below the national poverty line fell from 46.8 percent in 2005/06 to 36.1 percent in 2015/16. Most of the poverty decline was attributable to the progress observed in rural areas, where poverty declined from around 50 percent in 2005/06 to 38.8 percent ten years later. This contrasts with stagnant poverty incidence in urban areas, particularly outside Nairobi. Of concern is the fact that the wellbeing of the population in the north and north-east of the country lags considerably behind the rest of Kenya. Moreover, these areas saw little progress between 2005/06 and 2015/16, remain prone to food insecurity, and present very low levels of educational attainment, access to improved sanitation, and, to a lesser extent, access to improved water. The annualized consumption growth for the bottom 40 percent has been a satisfactory 2.86 percent per year between 2005/06 and 2015/16, a pattern that is more pronounced in rural areas. Consistent with this pro-poor pattern growth, inequality declined in Kenya for this period, with the Gini index falling from 46.5 in 2005 to 40.8 in 2015. This level is comparable to neighboring Tanzania and Uganda, whose Gini indices are 40.5 and 42.8, respectively.

Different methodological approaches have been used to assess poverty trends since 2015/16, adapting to data availability. Between 2015/16 and 2019, the share living below the national poverty line fell at the rate of a percentage-point per year. Since 2019, simulations based on the relationship between GDP growth and poverty reduction suggest an increase in the incidence of extreme poverty (\$2.15 international poverty line) occasioned by the COVID-19 pandemic by over a percentage point, from 26.5 percent in 2019 to 27.8 percent in 2020. As the economy recovers, extreme poverty is predicted to have fallen below pre-COVID levels to 25.9 percent in 2022 and further to 25.1 percent in 2023. Microsimulations based on wellbeing indicators collected via rapid response phone surveys of Kenyan households also suggest an increase in poverty in 2020 and a modest pace of recovery in 2021. However, the on-going drought, as well as the global fuel and food price shocks brought on by the Russia-Ukraine conflict may present a risk to this continued trend.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	17.1	36.1	2015
International Poverty Line 81.3 in Kenya shilling (2015) or US\$2.15 (2017 PPP) per day per capita	14.1	29.4	2015
Lower Middle Income Class Poverty Line 138 in Kenya shilling (2015) or US\$3.65 (2017 PPP) per day per capita	28.5	59.6	2015
Upper Middle Income Class Poverty Line 258.9 in Kenya shilling (2015) or US\$6.85 (2017 PPP) per day per capita	41.0	85.7	2015
Multidimensional Poverty Measure		45.4	2015
SHARED PROSPERITY			
Annualized Income or Consumption Growth per capita of the bottom 40 percent		N/A	N/A
INEQUALITY			
Gini Index		40.8	2015
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		N/A	N/A
GROWTH			
Annualized GDP per capita growth		2.00	2010-2015
Annualized Income or Consumption Growth per capita from Household Survey		N/A	N/A
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		N/A	N/A

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of September 2022, and Global Monitoring Database for the rest.

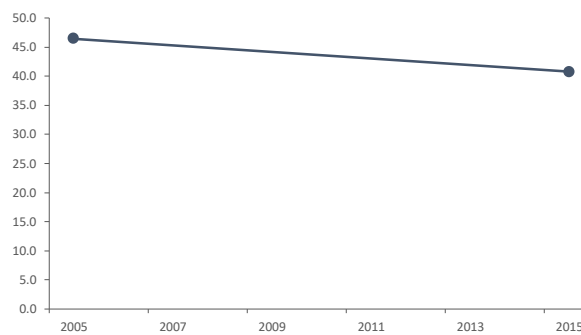
POVERTY HEADCOUNT RATE, 2005-2015



Source: World Bank using IHBS/SSAPOV/GMD

INEQUALITY TRENDS, 2005-2015

Gini Index



Source: World Bank using IHBS/SSAPOV/GMD

KEY INDICATORS

Distribution among groups: 2015	International Poverty Line (%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	88	12	18	82
Rural population	61	39	52	48
Males	71	29	39	61
Females	70	30	40	60
0 to 14 years old	62	38	49	51
15 to 64 years old	77	23	33	67
65 and older	74	26	37	63
Without education (16+)	54	46	57	43
Primary education (16+)	70	30	42	58
Secondary education (16+)	86	14	23	77
Tertiary/post-secondary education (16+)	97	3	6	94

Source: World Bank using IHBS/SSAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2015 (% of population)

Monetary poverty (Consumption)	
Daily consumption less than US\$2.15 per person	29.4
Education	
At least one school-aged child is not enrolled in school	6.1
No adult has completed primary education	22.5
Access to basic infrastructure	
No access to limited-standard drinking water	32.2
No access to limited-standard sanitation	69.0
No access to electricity	56.9

Source: World Bank using IHBS/SSAPOV/GMD

POVERTY DATA AND METHODOLOGY

Since 1990, data collection in Kenya has been infrequent and ad hoc. Only five household surveys have been conducted since then, and resulting poverty measures were often not strictly comparable. With the World Bank's support, a survey was implemented in 2015/16. The resulting poverty measures are comparable with the previous survey conducted in 2005/6. From 2019 onward, the Kenya National Bureau of Statistics (KNBS) collected household survey data allowing for the updating of poverty indicators. Consumption in 2019 is estimated in 2015/16 prices by modelling the relationship between consumption and household-level characteristics in 2015/16 and applying this relationship to households in 2019 using a multiple imputation approach. Poverty for 2019 is estimated by comparing imputed consumption to the 2015/16 poverty lines. However, poverty estimates from 2019 are not Kenya's official poverty statistics. Microsimulations are also used to predict the effect of the COVID-19 pandemic on poverty in 2020 and 2021. Household consumption is projected from 2015/16 to 2020 and 2021 using private consumption growth rates. Consumption loss resulting from the pandemic is estimated by changes to wages, household enterprise earnings, agricultural earnings, and remittances, with estimates based on the rapid phone surveys. The official poverty statistics for 2015/16, produced by the KNBS, use national poverty lines. The overall rural and urban poverty lines are, respectively, 3,252 and 5,995 Kenya shillings (Kshs) per month per person (in per adult equivalent terms) and include minimum provisions for both food and non-food expenditures. These poverty lines are also used for 2019 and 2020, as consumption is predicted in 2015/16 prices. The food poverty lines without provisions for non-food expenditure correspond to the expenditure needed in 2015/16 to attain the minimum recommended daily intake of 2,250 kilocalories.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The three countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.