

# Estimating the Size & Characteristics of the Middle Class in Kenya, 2009 - 2015

Thursday, 15<sup>th</sup> December 2016

08.00 – 10.30 Hours

Sarova Stanley Hotel, Nairobi.



# Overview

- Introduction
- Methodology
- Estimation of Size
- Characteristics
  - Gender, Sector, Industry, & Regional Analysis
- Elasticity of the MC
  - Inflation, Taxation, Economic performance
- Conclusions



Policy Recommendations

# Introduction

- Ongoing discourse of the existence of the middle class in Kenya
- Input to political processes
- Definition of the middle class



# Methodology

- Use of data from KNBS
- Wage earners or business owners
- Between 1 and 2 standard deviations above the mean
- Justification



# ESTIMATION OF SIZE OF MIDDLE CLASS AND THE MAIN CHARACTERISTICS

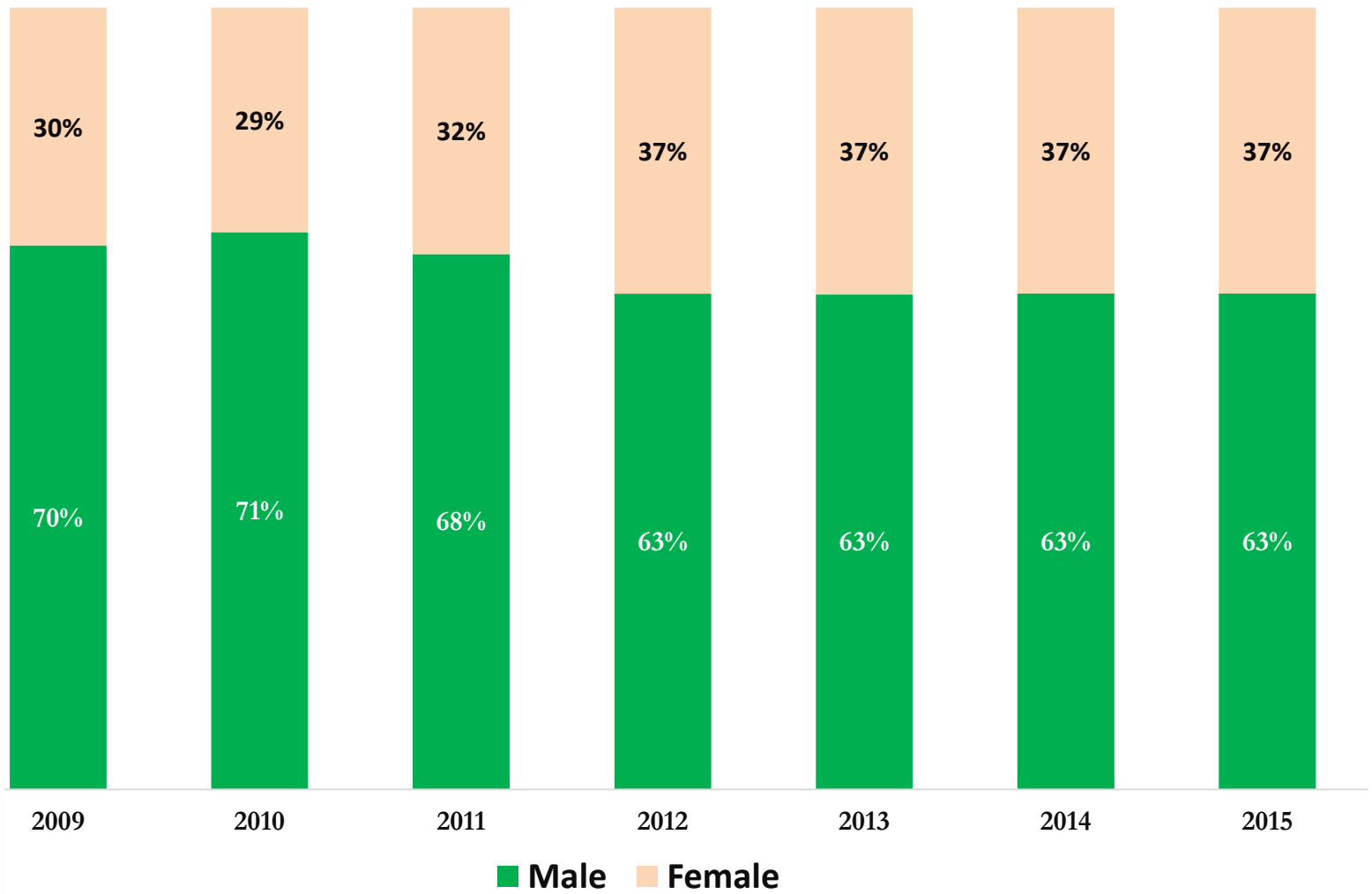


# Estimation of Size

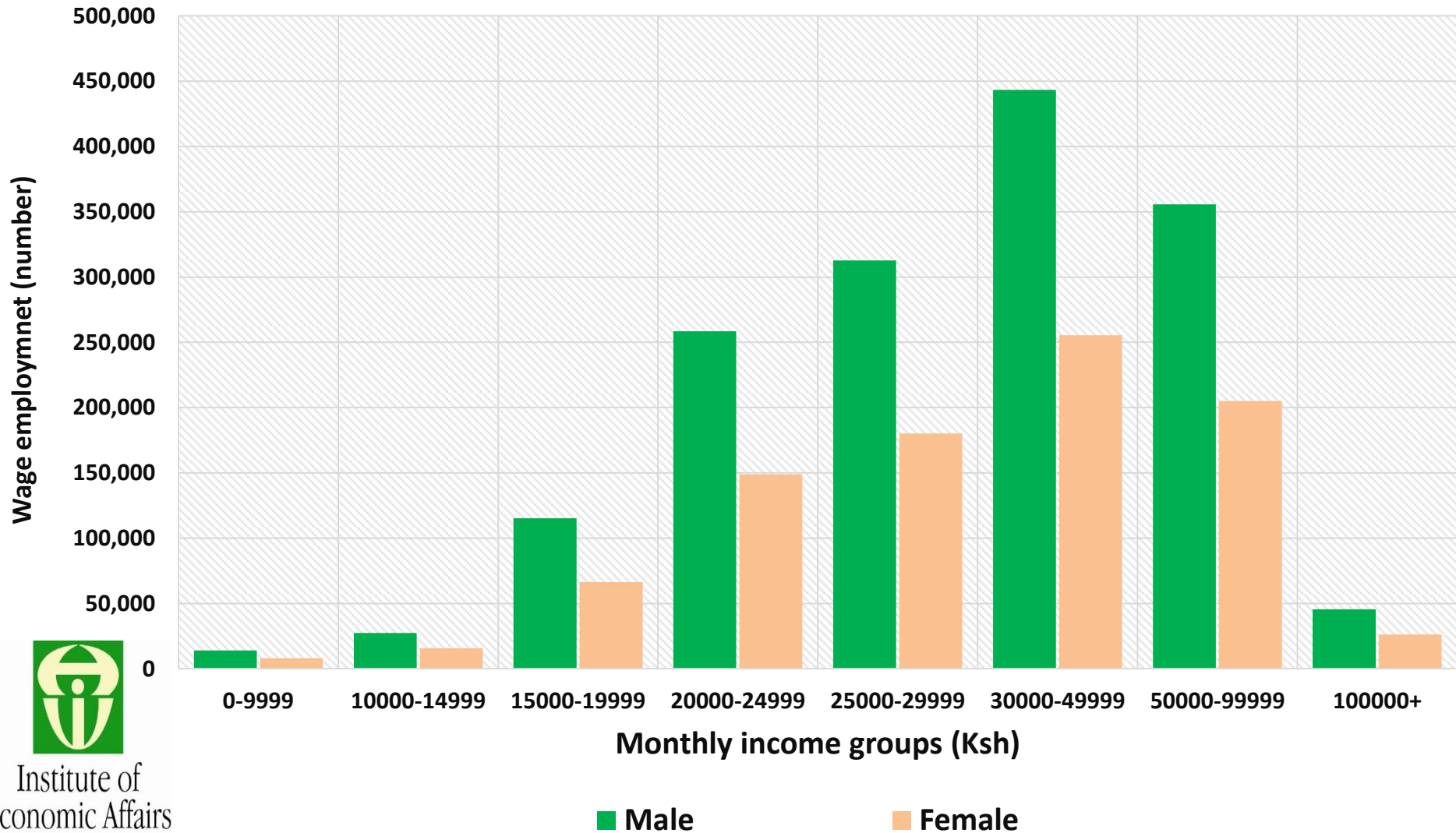
- Wage employees
  - Male: 1.36 Million – 1.57 Million (15%)
  - Female: 0.60 Million – 0.91 Million (52%)
  - Average increase – 26.5%



# Wage employment by sex (2009 – 2015)

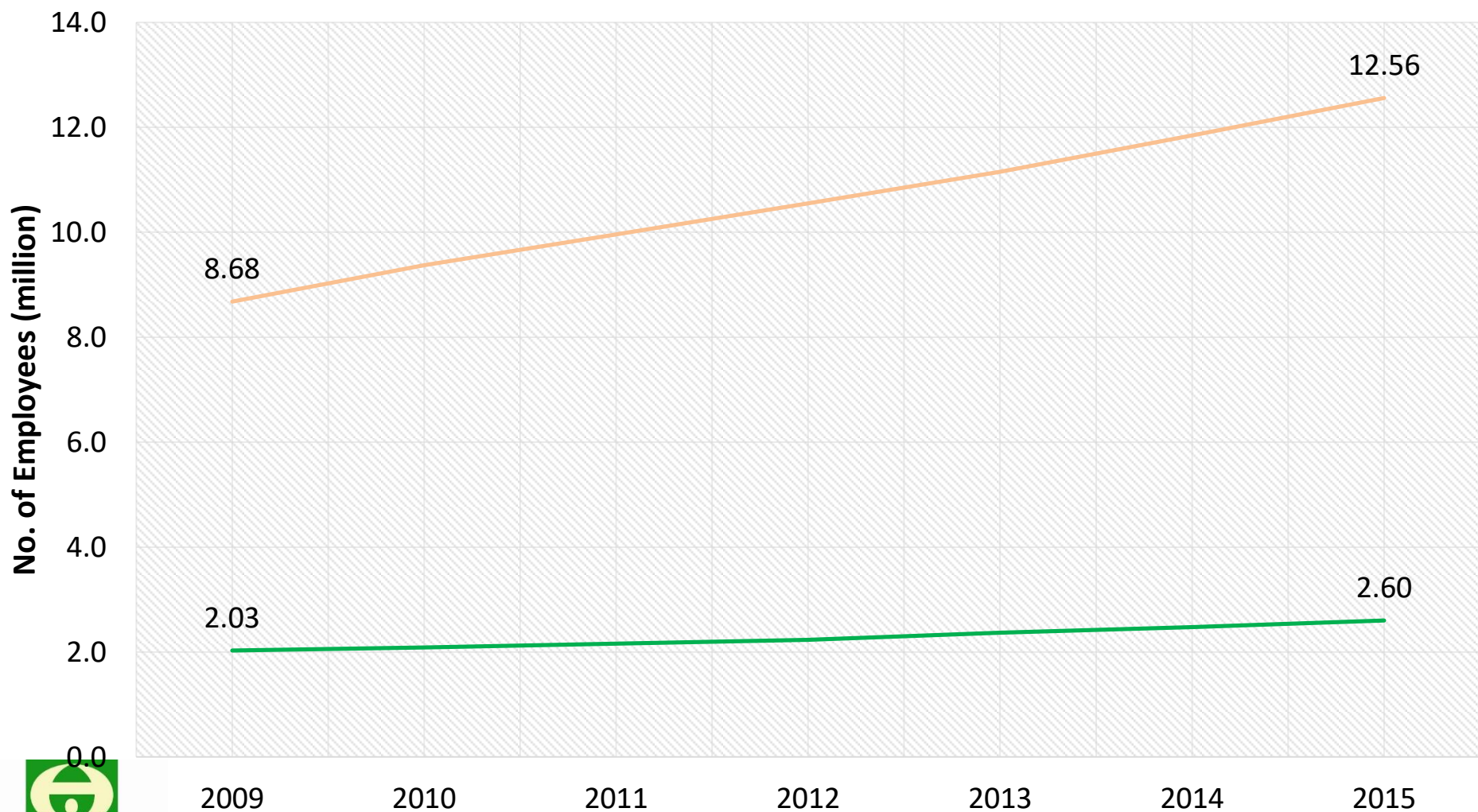


# Distribution of wage employees across income groups, 2015

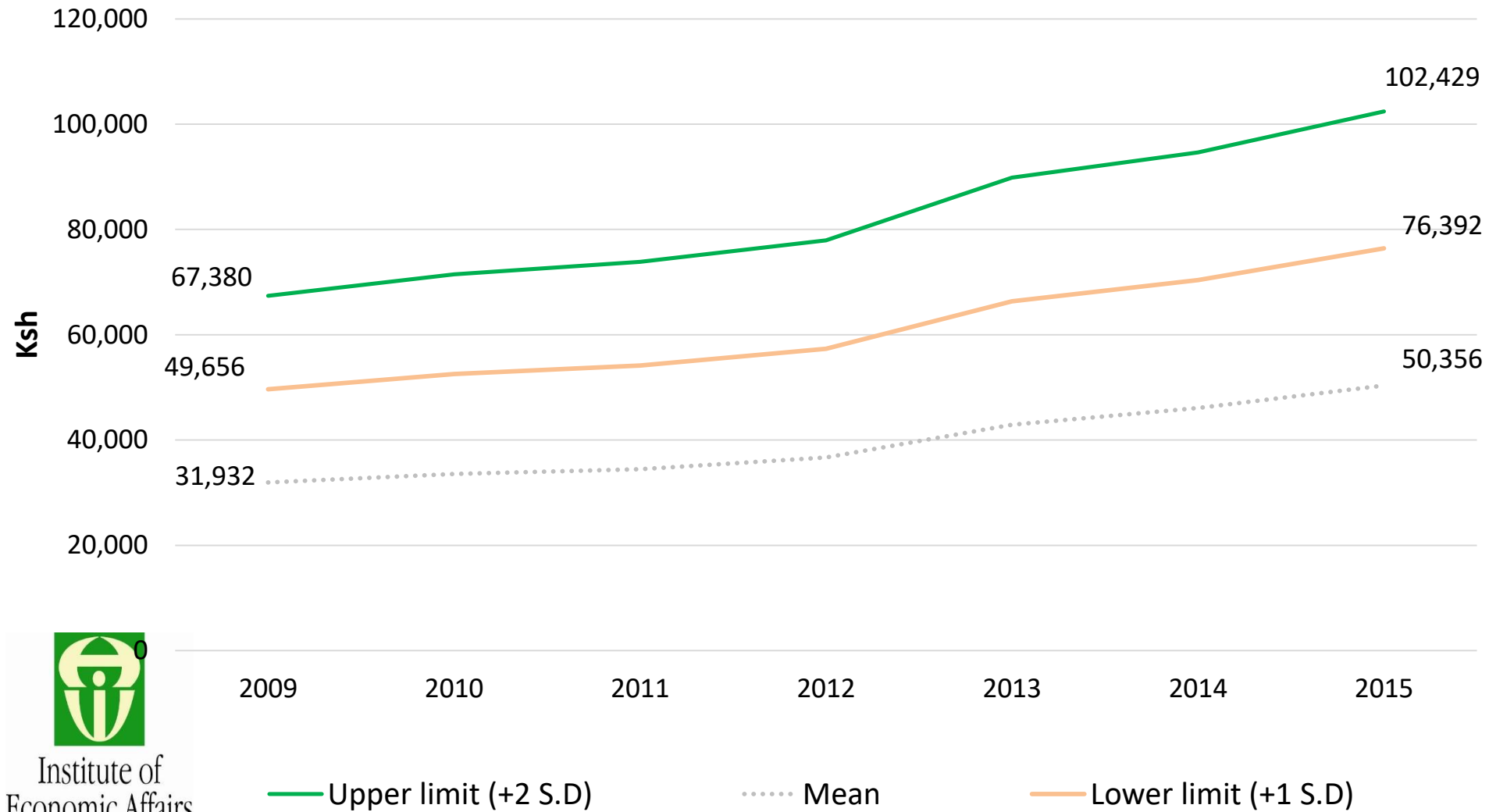




# Trends of Formal and Informal employment in Kenya



# Estimation of the Middle Class



# Number of individuals in the Middle Class



2009

2010

2011

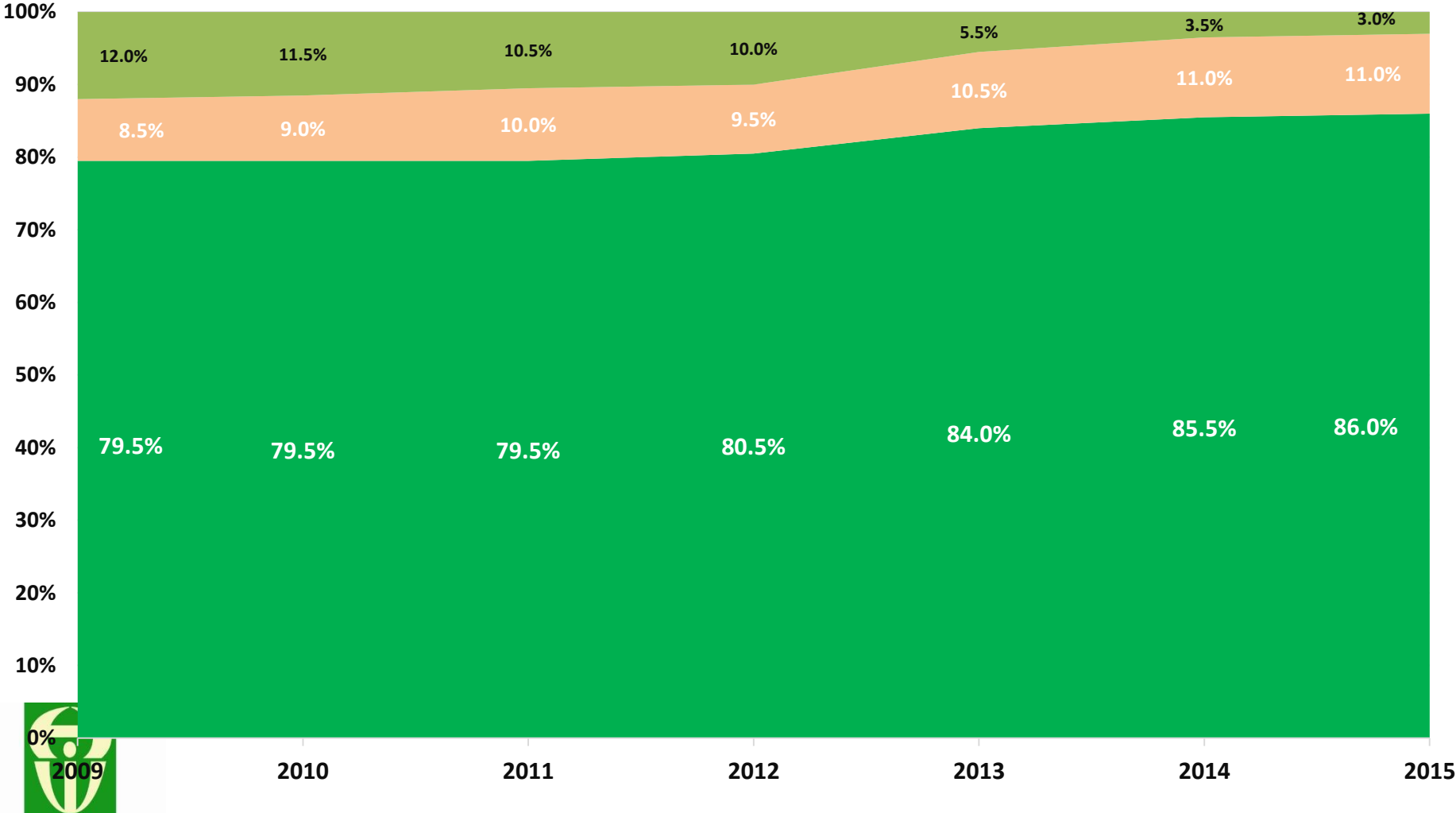
2012

2013

2014

2015

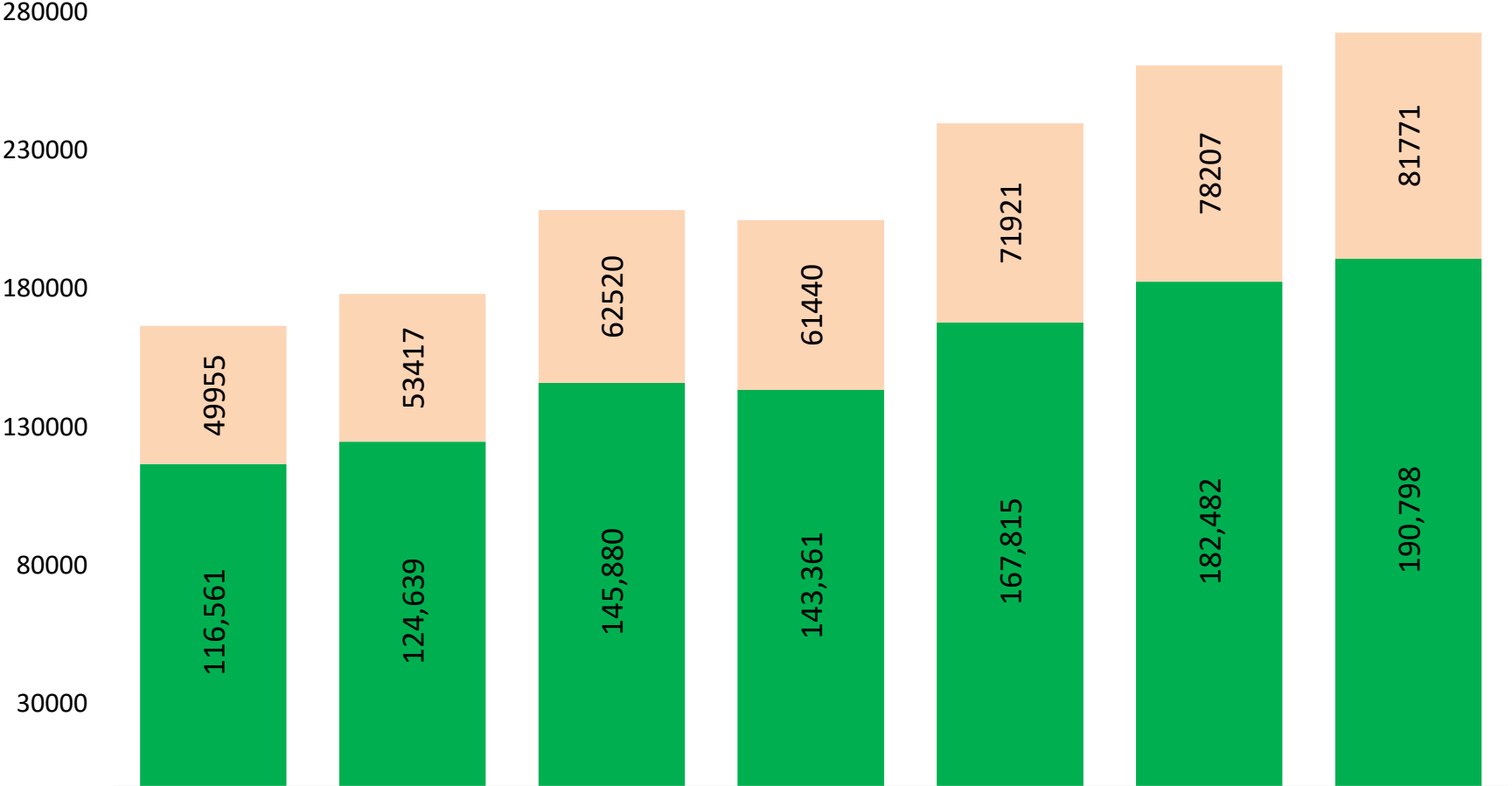
# Middle class employees as a share of total wage earners



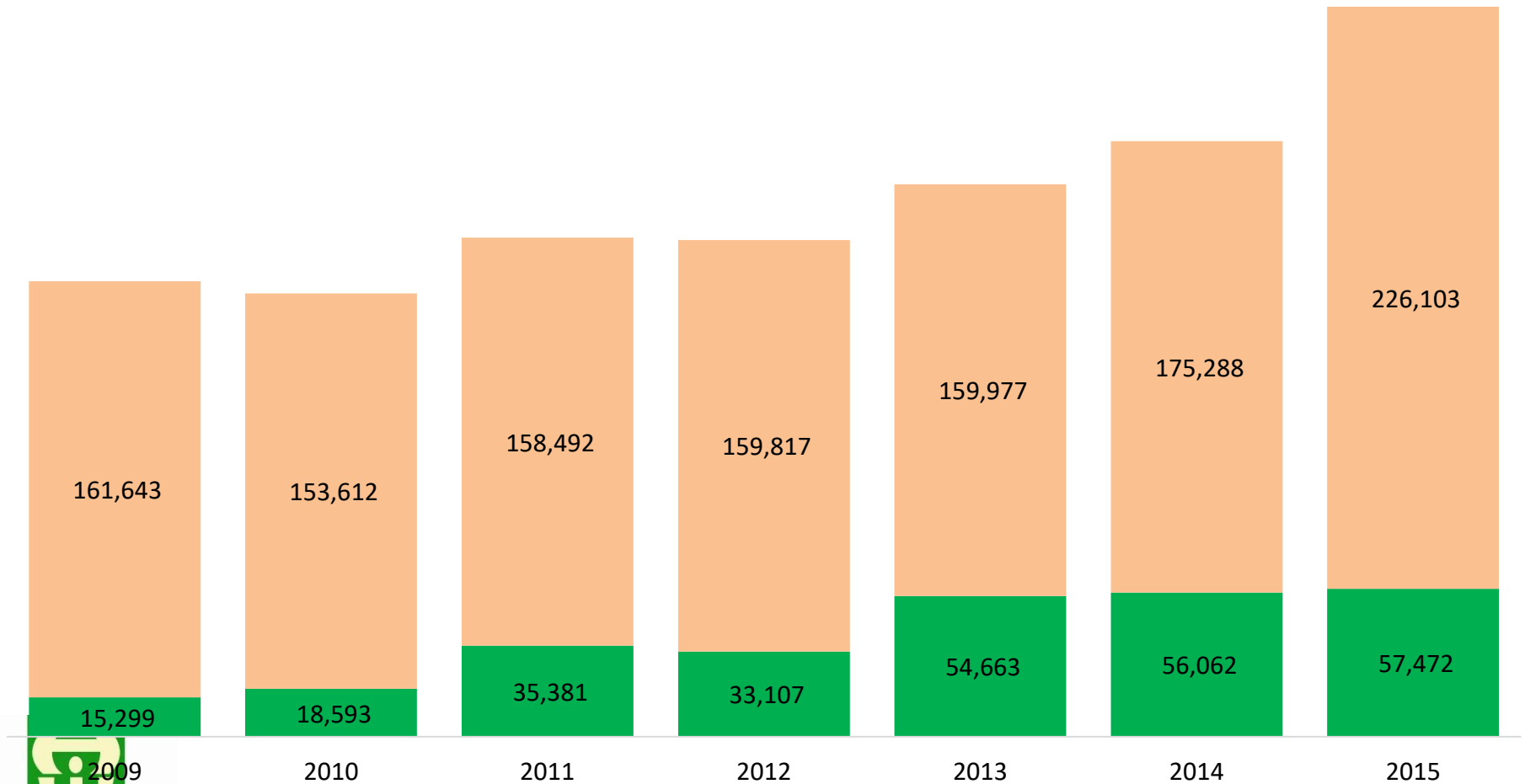
Institute of

■ Individuals below MC      ■ Individuals in MC      ■ Individuals above MC

# Characteristics of Middle Class by Gender



# Characteristics of Middle Class by Sector



2009

2010

2011

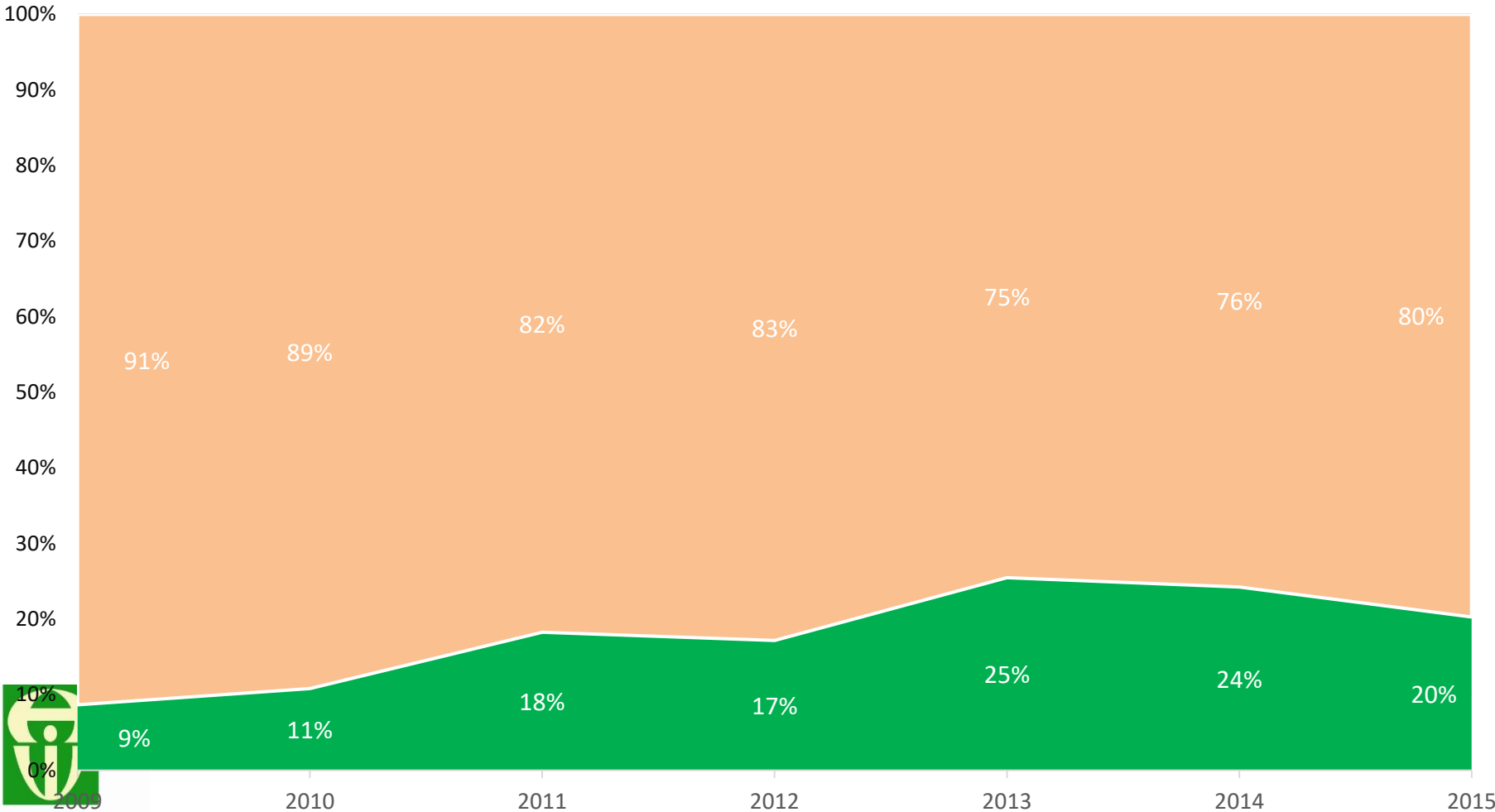
2012

2013

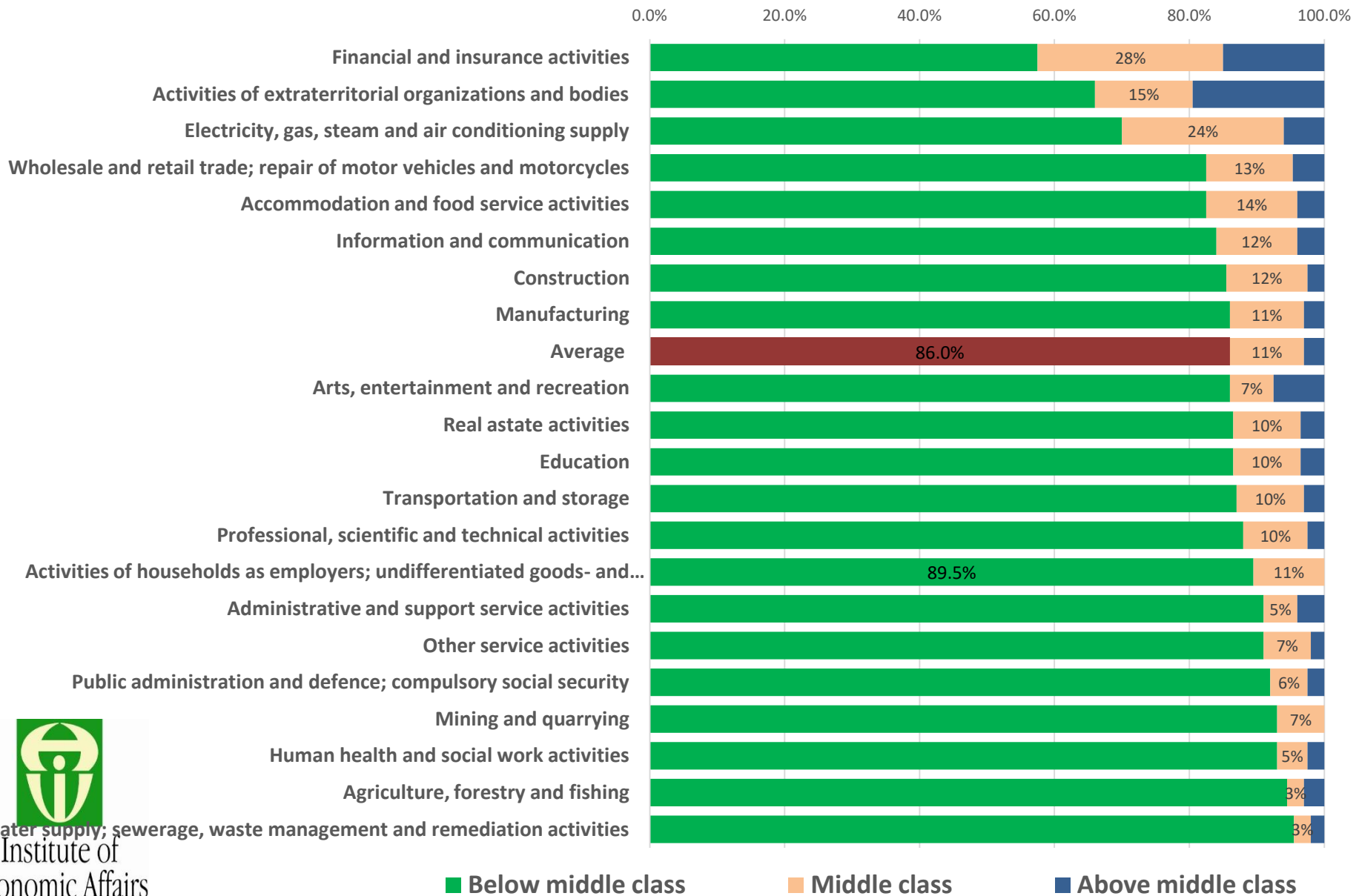
2014

2015

# Characteristics of Middle Class by Sector (Percentages)

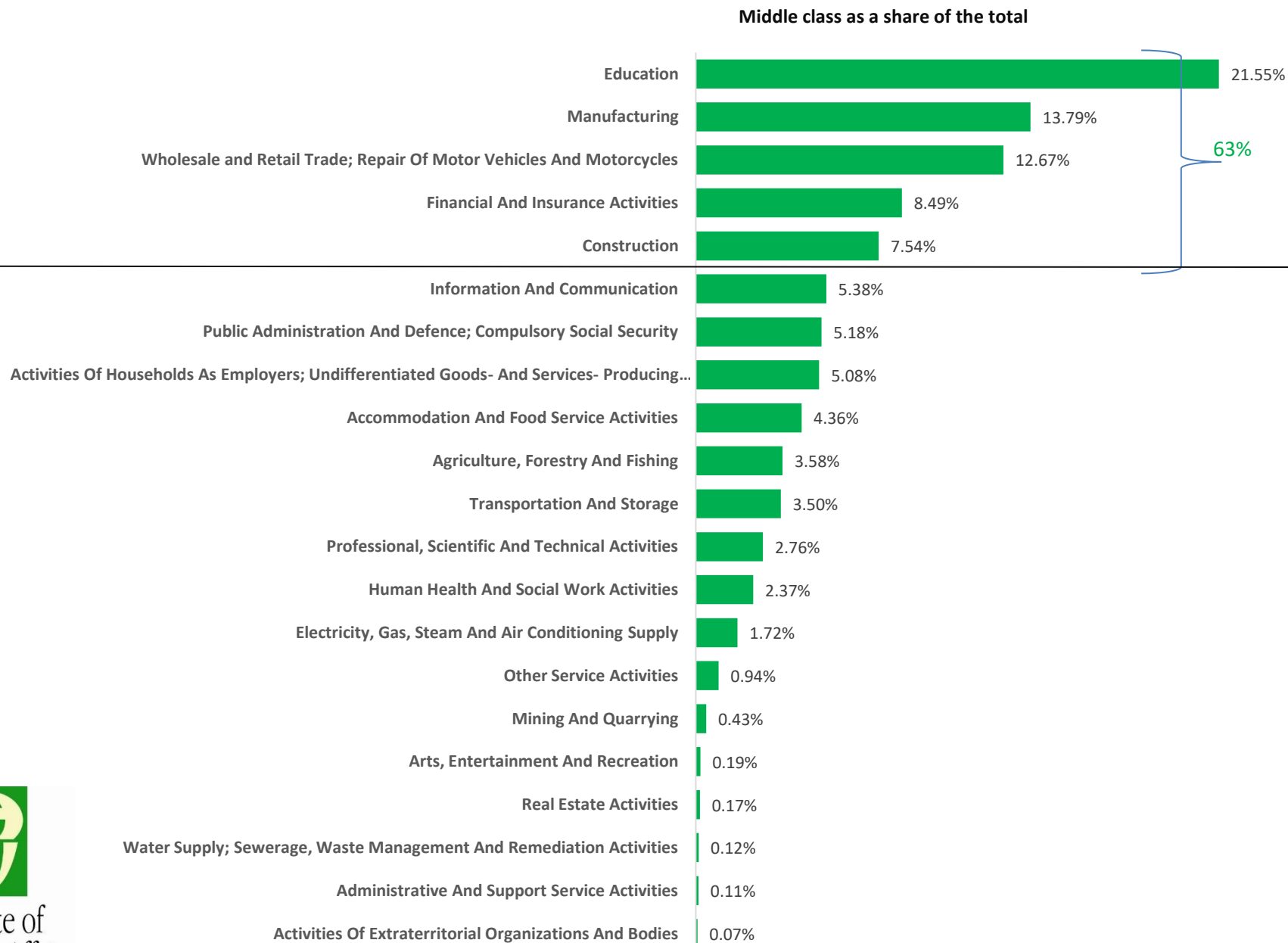


# Characteristics of Middle Class by Industry, 2012





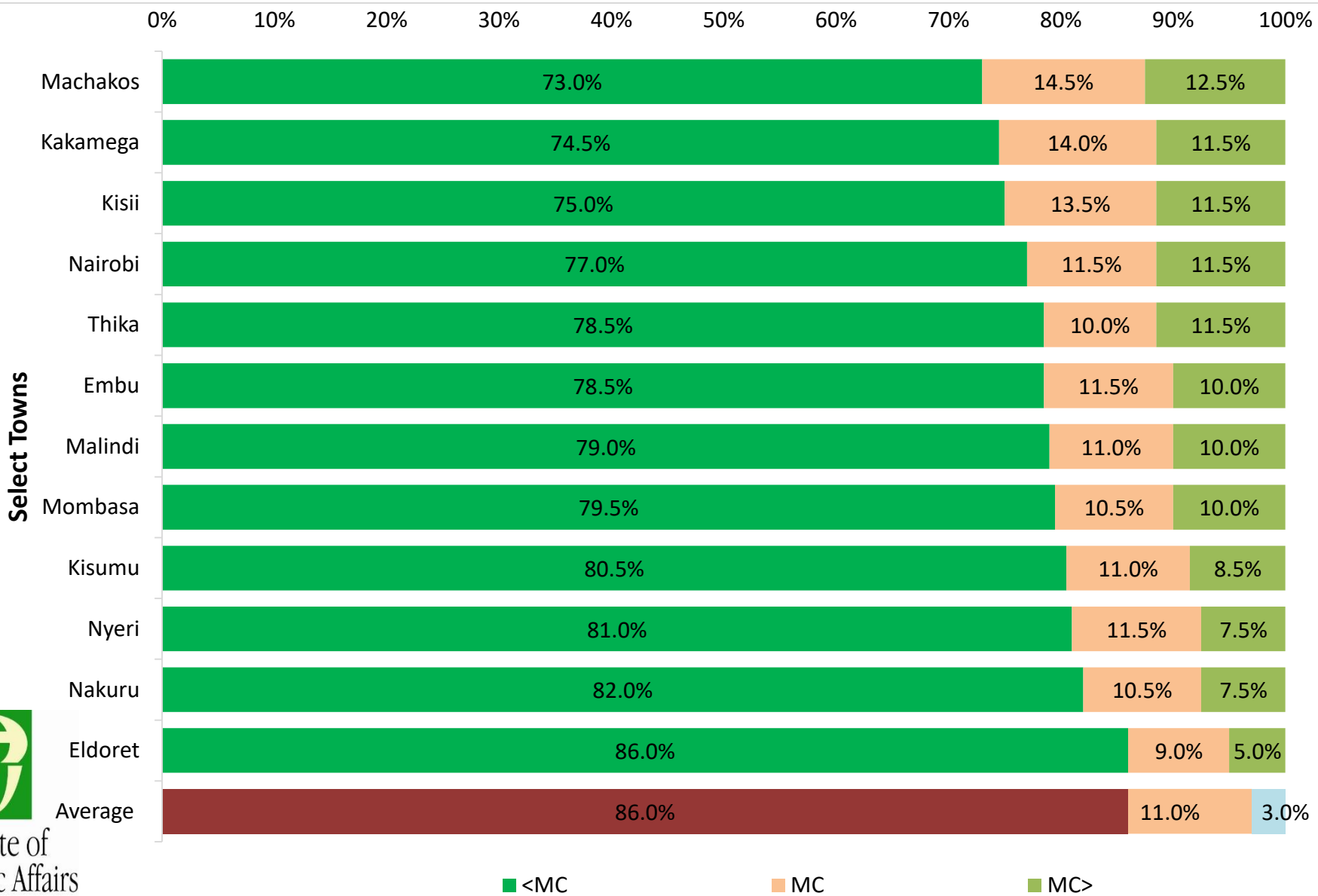
# Contribution of the middle class by respective industries, 2012



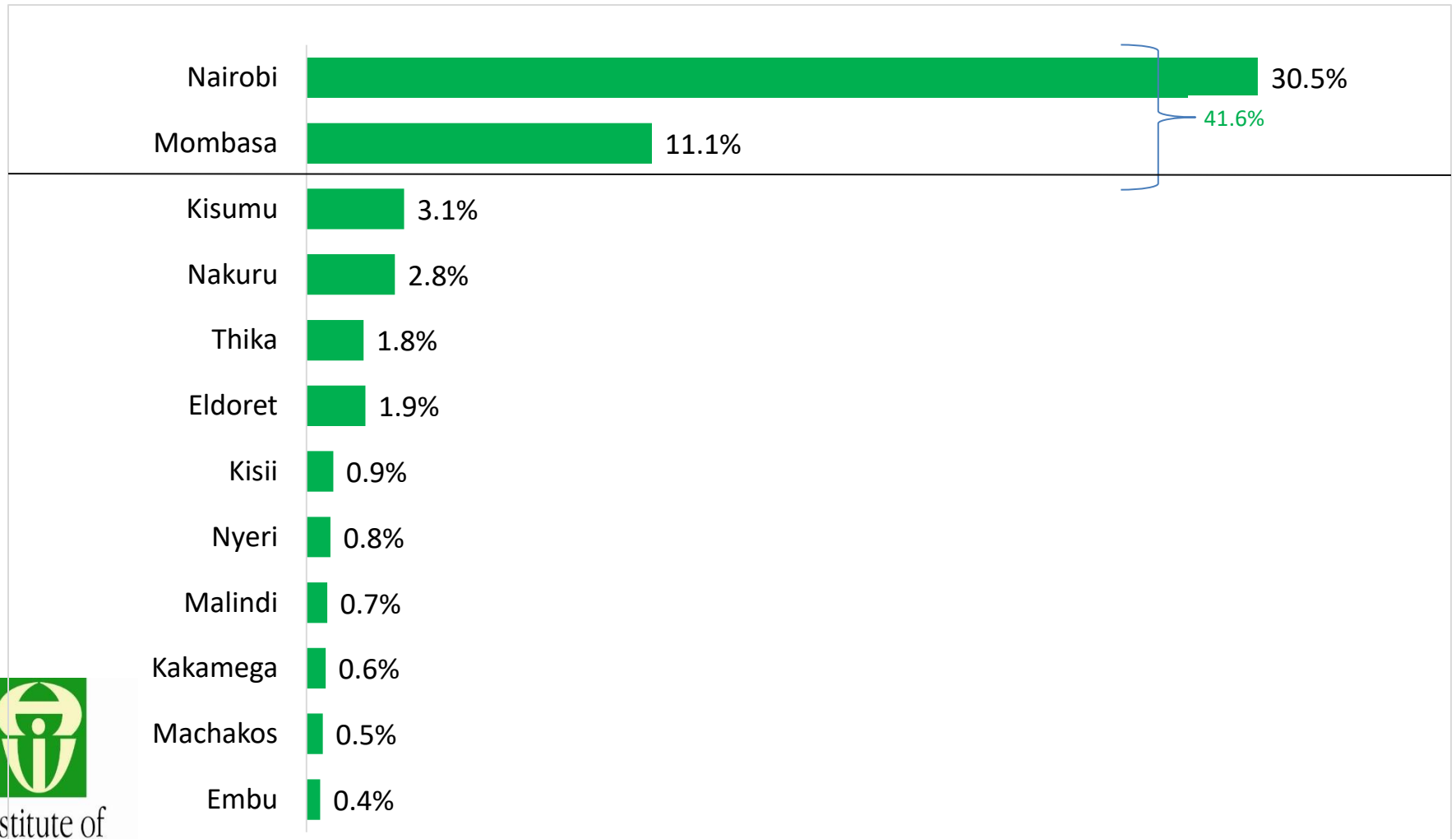
# Middle class in select towns (2012)

		Total No. of Formal Employees	Total No. of Employees falling within the Middle Class range of Ksh 57,308 - Ksh 77,922 per month	Share of Employees falling within the Middle Class range of Ksh 57,308 - Ksh 77,922 per month
1	Nairobi	542,688	62,409	11.5%
2	Mombasa	215,736	22,652	10.5%
3	Kisumu	58,178	6,400	11.0%
4	Nakuru	55,220	5,798	10.5%
5	Thika	37,397	3,740	10.0%
6	Eldoret	42,919	3,863	9.0%
7	Kisii	12,935	1,746	13.5%
8	Nyeri	13,594	1,563	11.5%
9	Malindi	12,313	1,354	11.0%
10	Kakamega	8,932	1,250	14.0%
11	Machakos	7,300	1,059	14.5%
12	Embu	7,773	894	11.5%

# Proportion of the middle class (MC) in select towns, 2012



# Middle class in select towns as a share of the national total (2012)



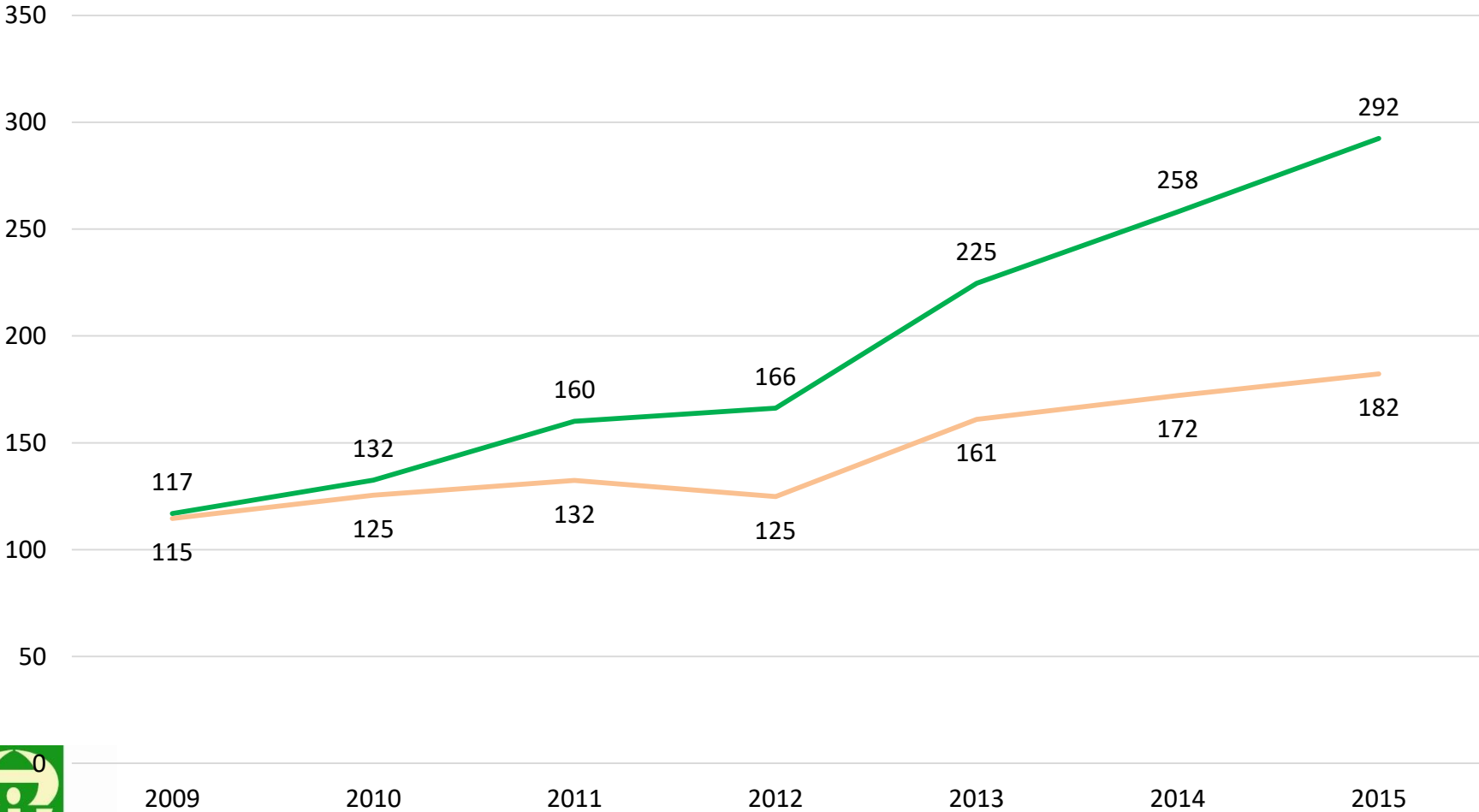
# Elasticity of Middle Class to Economic Factors

Inflation, PAYE Contribution, GDP



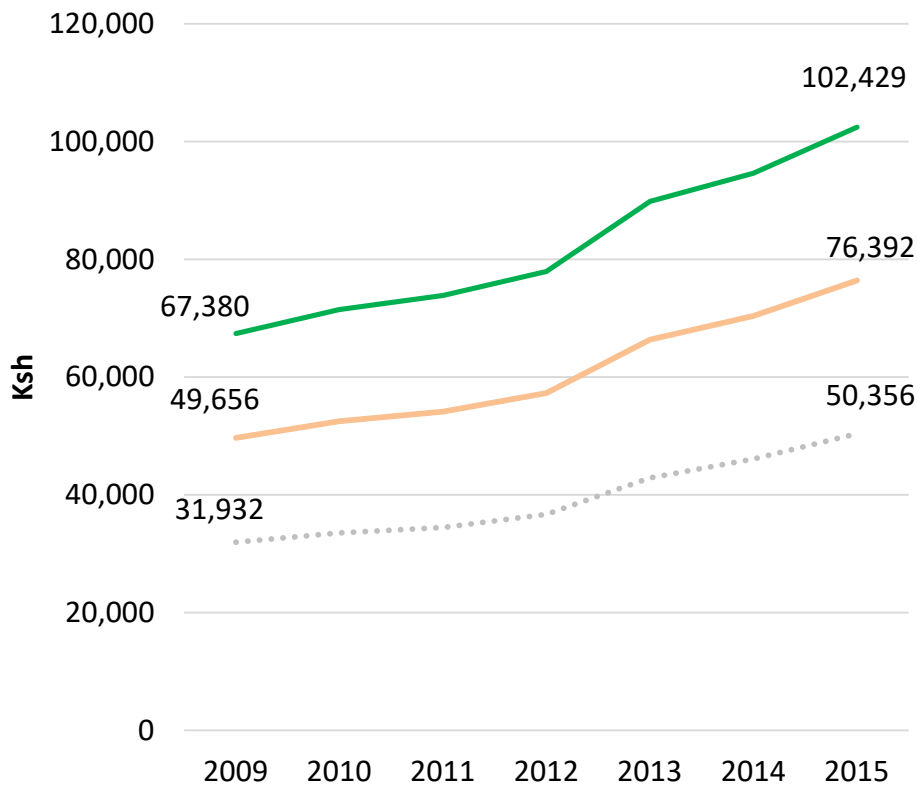
# Responsiveness of the middle class to inflation

## Total wage payment for middle class

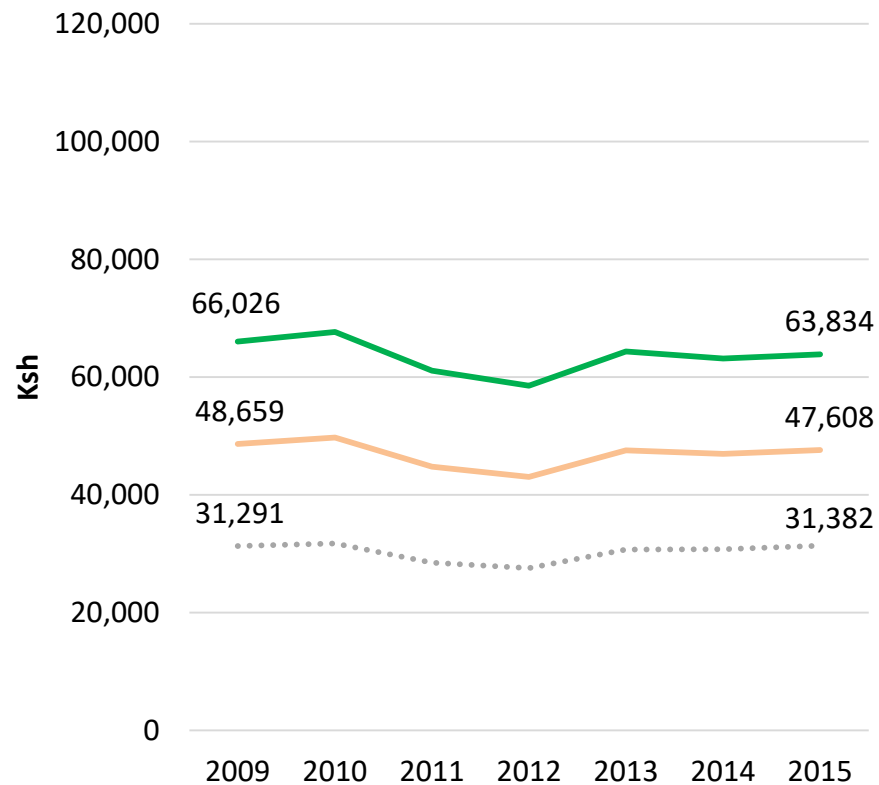


# Monthly income trends for middle class

(a) Nominal wages



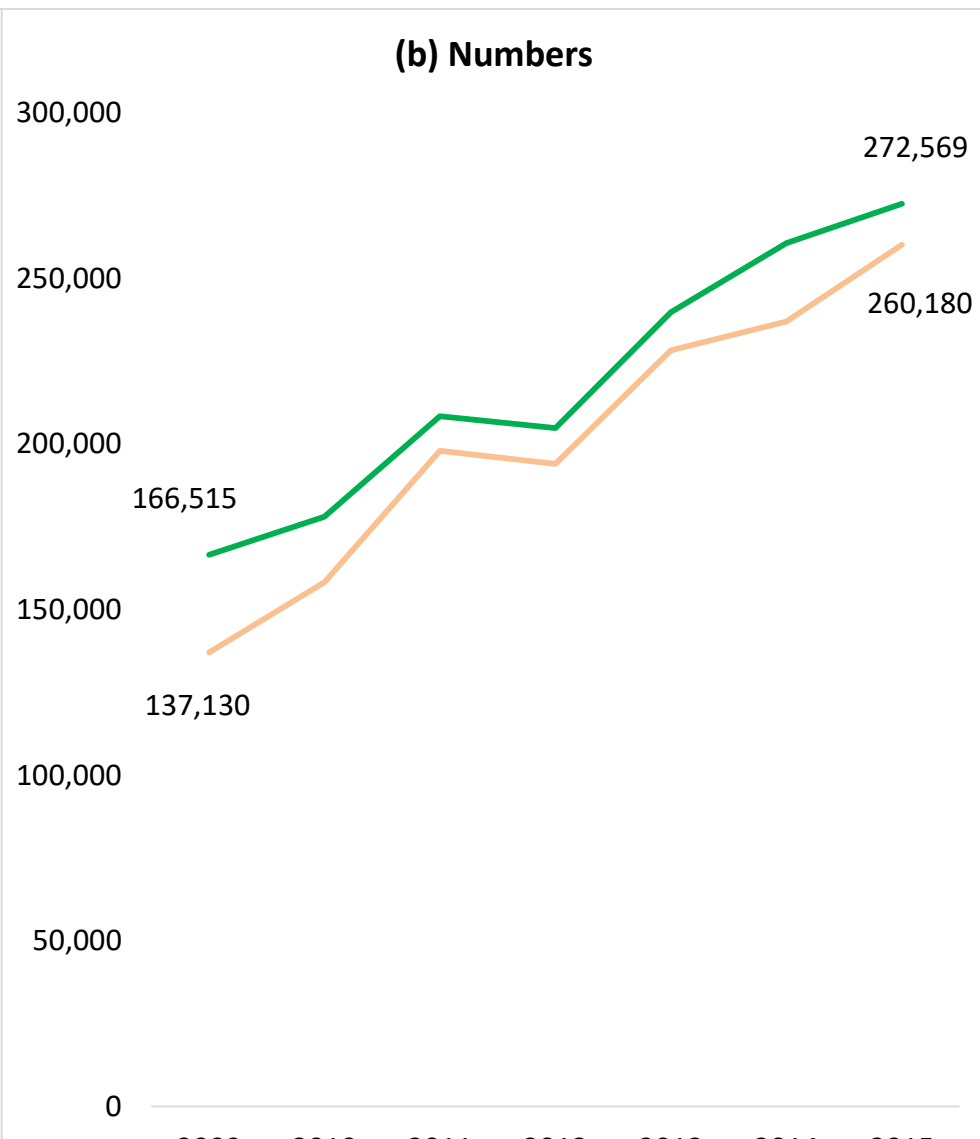
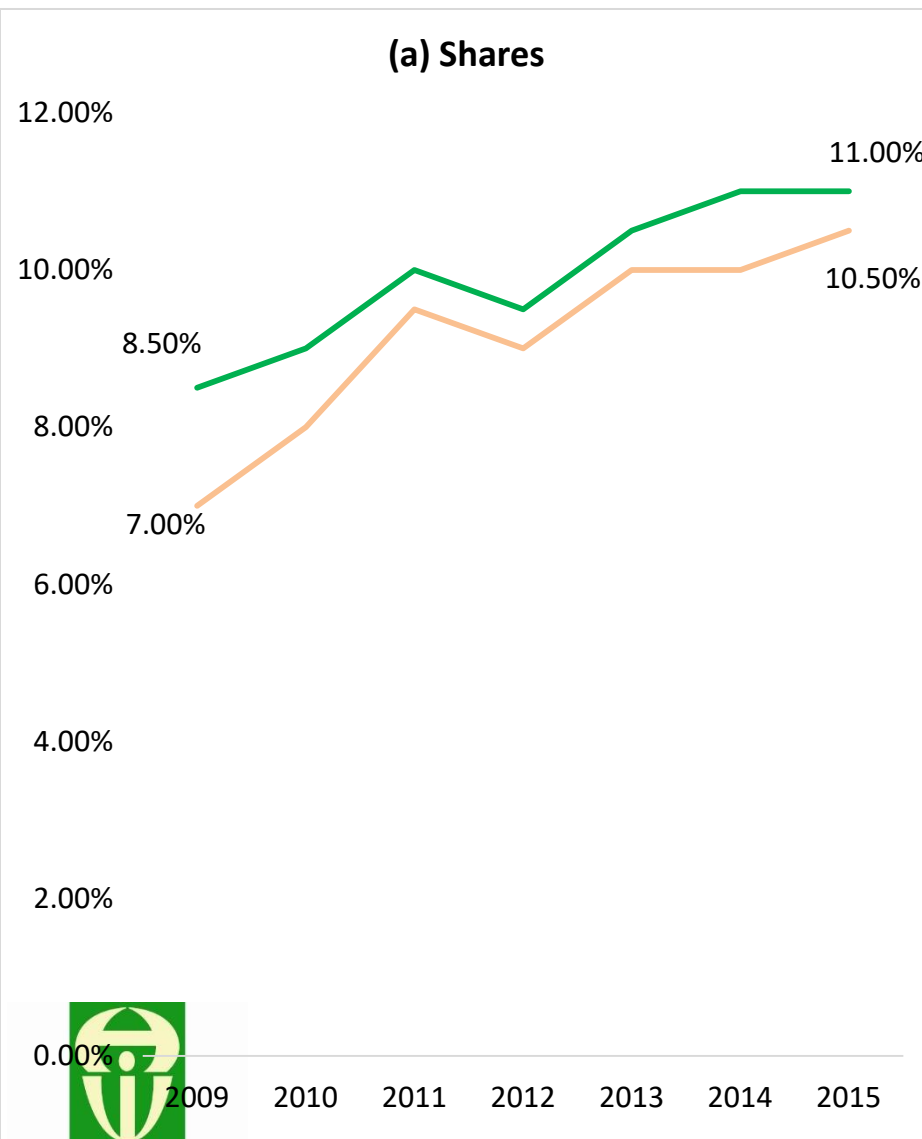
(b) Real wages (constant = 2009)



# Effect of inflation on the size of middle class, (2009-2015)

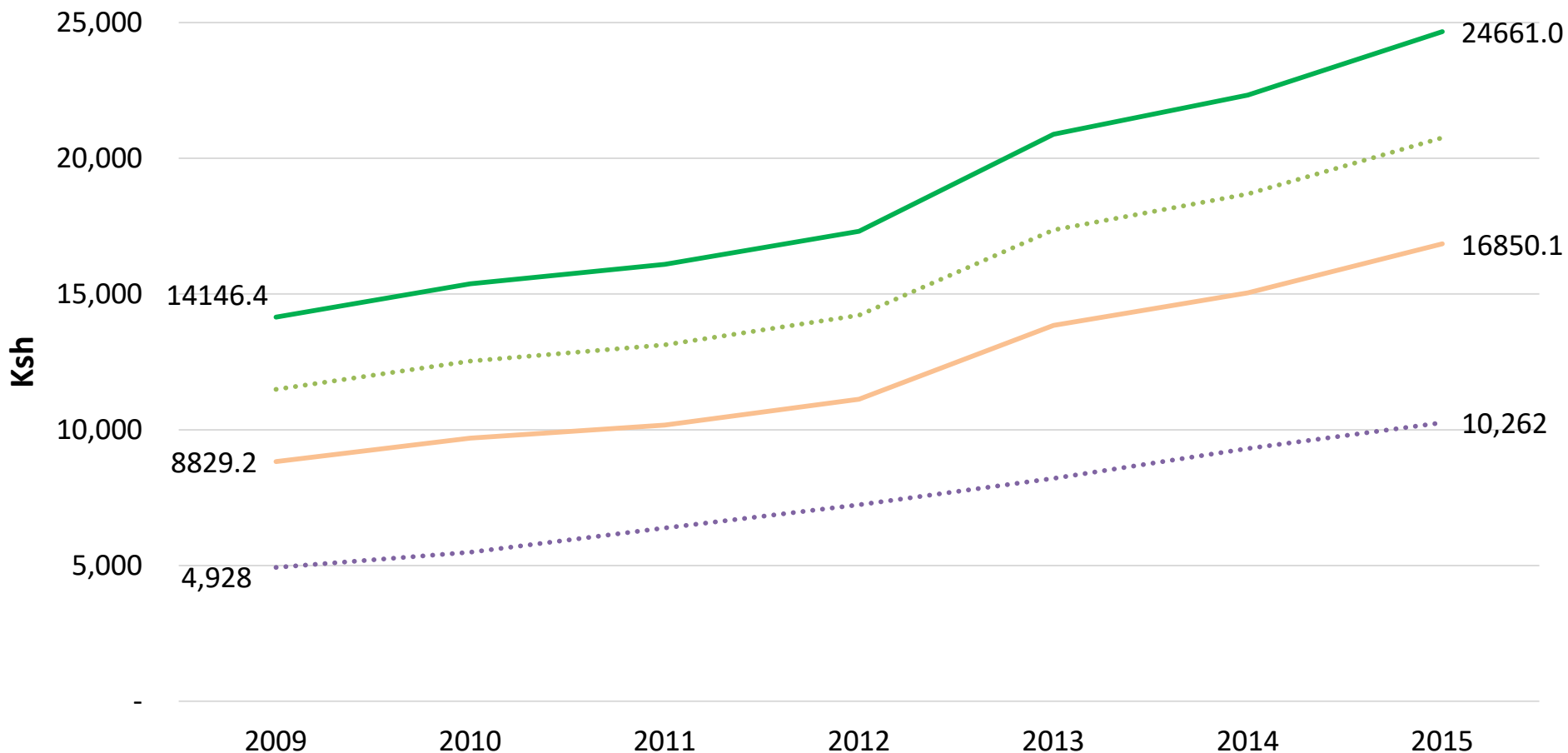
**(a) Shares**

**(b) Numbers**





# Total monthly PAYE contributed by the middle class employee, (2009 – 2015)

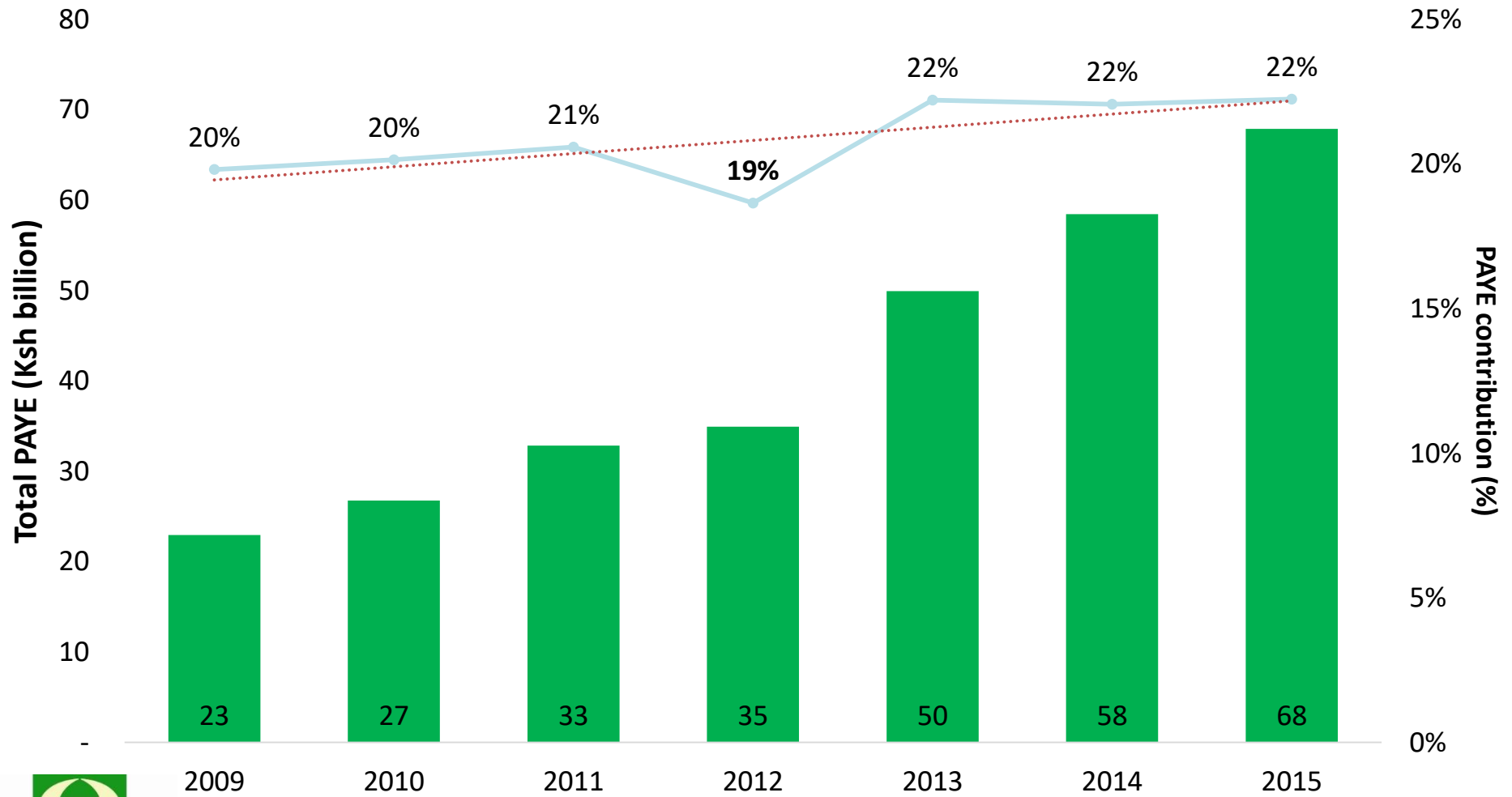


Upper limit middle class individual

Lower limit middle class individual

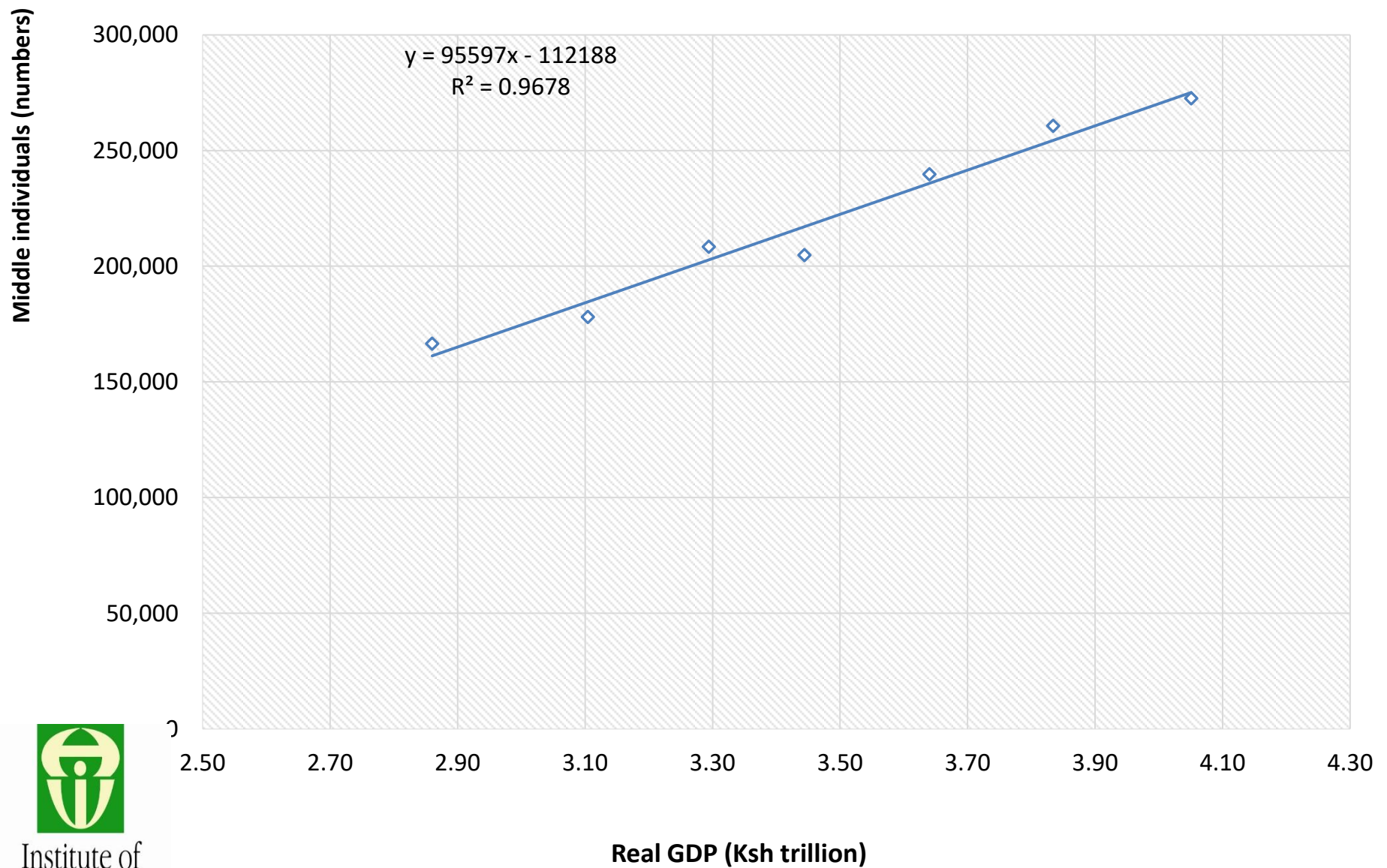
National average

# Total Annual PAYE by the Middle Class



- Total middle class PAYE
- Middle class PAYE as a share of the Total
- ⋯ Linear (Middle class PAYE as a share of the Total)

# Responsiveness of GDP on the size of Middle class



# CONCLUSIONS & RECOMMENDATIONS



# Thank You!

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