International Journal of Economics, Commerce and Management
United Kingdom ISSN 2348 0386 Vol. X, Issue 2, Feb 2022

http://ijecm.co.uk/

KENYA'S ECONOMIC RECOVERY STRATEGIES

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Abstract

This paper discusses the strategies that Kenya can use on its path to economic recovery post-COVID-19. The paper demonstrates that the pandemic is now in its 4th wave. The possibility of bringing back restriction measures such as curfews and lockdowns although necessary to control the spread of the pandemic, could have negative economic and social consequences for the citizenly. It points out that the initial Kenya Government's economic stimulus plans that provided cash assistance to the most vulnerable, reduced taxes, among others have already come to an end. The situation of most Kenyan individuals as well as households still remains uncertain. Strategies are therefore necessary to protect individuals and households and firms from these negative consequences. This means that policy makers need to come up with strategies that require use of both fiscal and monetary measures to maintain fiscal and macroeconomic stability and at the same time build and strengthen the resilience of the economy. These strategies are expected to lessen the negative effects of the COVID-19 pandemic and in the process facilitate the opening up of the economy, build resilience, speed up economic recovery and the attainment of sustainable economic growth and development. The paper proposes short term, medium term and long terms strategies.

Keywords: Economic recovery, sustained economic growth, strategies, COVID-19, short, medium and long terms

INTRODUCTION

This paper discusses the strategies that Kenya can use on its path to economic recovery post-COVID-19. The Government of Kenya (GoK) and Kenyans posits an optimistic view of the economic recovering in 2021 as shown by the 2020-2022 Economic Recovery Strategy. However, it is important to remember that the COVID-19 pandemic is not yet over as most countries of the world, Kenya included are now experiencing the 4th wave of the pandemic. Restrictive measures such as curfews, lockdowns among others may be necessary to curb the spread of the pandemic. However, the will have negative economic and social consequences both for the economy and the citizenly. It is important to note that, the initial GoK's socio-economic stimulus program that provided lump sum payments in the form of cash transfers to the most deserving citizens, tax rebates, among others are no more. The situation of most Kenyan firms, individuals as well as households still remains dire. Hence, the government needs to put in place strategies that can protect firms, individuals and households against the negative consequences of the pandemic.

Continued use Non Tariff Measures by countries to curb the spread of new COVID-19 variants exposes Kenya to the risk of weak external demand for its exports and falling international tourist arrivals. This has increased public expenditure pressure by government to protect the public and private sectors against continued reduced aggregate demand and continued rise in the cost of living. This means that the GoK needs to come up with monetary and fiscal policies and strategies to maintain macroeconomic and fiscal stability, accelerate the pace of economic growth by achieving resilience and sustainability of economic growth and development.

The policies and strategies are expected to lessen the adverse negative impacts of the COVID-19 pandemic and fasten the pace of the opening up of the economy. They are also designed to accelerate economic recovery and the attainment of sustainable economic growth and development. Some of the strategies should be implemented in the short run, others medium and others in the long run. The purpose of this paper is to propose strategies that the Government of Kenya and other stakeholders should use to accelerate the pace of resilient and sustainable economic growth and development.

SHORT TERM STRATEGIES

Mass Vaccination

For quick recovery, there is need for the majority if not all Kenyans achieve health immunity against COVID-19 and its different variants. By the end of 2021 Kenya had 4.2 million people fully vaccinated and at the 30th of January 2022, 5,910,320 or only 11.8% of the total population had been fully vaccinated. However, the share of fully vaccinated population has been rising very slowly which could be partly attributed to vaccine hesitancy as well as the fact that Kenya has been depending on vaccination doses donations from developed countries due to shortages experienced from the usual vaccine producers such as India. There are no signs that this shortage will be over soon unless there are concerted efforts to produce vaccines locally. There is therefore need for regional collective action in production of vaccine.

The prospects for Kenya's economic recovery depend on the progress of the vaccination effort by the Kenya Government. The Kenya government through the Health ministry should prioritize vaccination in the short term and it has pledged to have fully immunize 19 million adults (70% of the adult population) by end of June 2022 and the entire adult population of 27 million people by the end of the year. During the same period, Kenya also aims to fully vaccinate 2.9 million teenagers aged 15-17 years (50% of the population) and the entire teenage population of 5.8 million by end of December 2022 (Ministry of Health, 2022).

Innovative Covid-19 Preventive Measures

There is need for accelerated vaccine deployment in different counties as the vaccine uptake has been very slow in most counties. For example, some counties such as Lamu has only 8,371 fully vaccinated adults by the 30th of January 2022 compared with Nairobi which had 1,381,628 persons fully vaccinated during the same period (Ministry of Health, 2022). It is also important to make use of innovative actions on containment and preventive measures such as continued campaigns to rally the citizens to observe basic hygiene such as wearing of masks, washing of hands and keeping social distance without resorting to lock downs with the unintended consequences of shortages, unemployment and recession.

Quality and Access of Health Services

Kiriti-Nganga (2021) contends that COVID-19 pandemic found Kenya in a state of unpreparedness in terms of workforce (medical doctors, laboratory technologists, and dentists to nurses and midwives) to handle the situation. The author found that there is inequality in the distribution of critical workforce as most of the critical workforce is found in Nairobi and other major urban areas. Most hospitals in the rural counties and even some in the urban areas do not have special emergency units with all the necessary facilities to handle emergencies and operating on a 24-hour basis. Only 18.4% of hospitals had all the items required in the outpatient consultation rooms for suspected COVID-19 patients. Only 3% of all health facilities had all the items required to prevent infections, hence increasing the possibility of infection of frontline workers and patients seeking services from these facilities (Kiriti-Nganga, 2021).

Kenya had only 26.2% of the required bed capacity for critical care (2,048) and these are sparsely spread out in the counties with Nairobi, accounting for 51% of Intensive Care Units (ICU) beds in the country and only 256 ventilators available in Kenyan hospitals as at October 2020, with majority of these (65.2%) in Nairobi. The Kenya health system was only at 17.2% in terms of submitting regular information on COVID-19, and most of this information was coming from secondary and tertiary hospitals, public primary hospitals and private/NGO/FBO primary hospital level. Kenya's overall readiness index on all indicators of readiness was at 38.4% (Kiriti-Nganga, 2021). There is therefore need to strengthen the quality of and access to health services if Kenya has to fully recover from the COVID-19 pandemic and any future pandemics.

Subsidies

The cost of living rose during the COVID-19 pandemic. The rate of inflation rose from a low of 5.78% in January 2020 to 7.71% in February the same year. This was mainly caused by the lockdown and resulting shortages of essential commodities including food. However, this eased in February 2021 to a low of 5.78% but thereafter took an upward trajectory as shown in Table 1.

Table 1: Inflation Rate in Kenya-2020-2021

Year	Month	Inflation Rate (%)
2020	January	5.78
2020	February	7.71
2021	February	5.78
2021	March	5.9
2021	April	5.76
2021	May	5.87
2021	June	6.32
2021	July	6.55
2021	August	6.57
2021	September	6.91

Source: https://tradingeconomics.com/kenya/inflation-cpi

The increase in the rate of inflation could partly be attributed to increase in the cost of energy, food, bottled water, petrol, internet data among others due to the re-introduction of a 16% VAT. For example in January 2022 the cost of refilling a 13kg cylinder of cooking gas in Kenya is now Ksh.2,990) compared to Ksh.2,512 in October 2020.

The government should impose subsidies on essential services and goods such as energy, water, food, transport, PPEs, masks and internet data services. This would reduce the cost of doing business as well as increase demand for goods and services which would be a boost for firms to produce more to meet the increased demand. As the economy improves, these subsidies can be eased off slowly but not abruptly to allow citizens to adjust.

MEDIUM TERM STRATEGIES

In the Medium Term, it is important that the Government of Kenya embarks on elimination of inefficiencies in spending on social and investment projects; embark on creating job opportunities and improving the welfare of Kenyans. This entails prioritization of fiscal consolidation even as it tries to balance the needs of its poor and vulnerable citizens who may have been rendered unemployed by the COVID-19 measures and fiscal sustainability. Hence the government needs to continue with the economic stimulus program in order to save the lives and livelihoods of its people while at the same time preparing the economy on a stable economic growth path. Some of these medium term strategies are:

Lower Taxes

As shown earlier, COVID-19 measures led to firms laying off workers while other firms closed altogether due to reduced aggregate demand. This led to high levels of unemployment, reduced income and poverty. OECD (2020) found that Kenya is among the top three countries in Africa where individuals pay more taxes than profit taxes from corporations. The OECD reports that in Kenya, income tax from individuals account for 26.6% of the country's tax revenue while businesses pay 11.8%.

Strategies such as lower taxes will give households more disposable income which when spent on domestically produced goods will increase aggregate demand hence prompting firms which already had excess capacity to produce more to meet the increased demand.

There is also need for the government to consider reduction of taxes on essential medical products and equipment. However, this strategy would lead to reduced tax revenues unless the government cuts down on expenditure on long term capital projects such as infrastructure but concentrates on other expenditures such as health care, hospitality and tourism.

Temporary Basic Income to Households of Laid off Workers

Giving a temporary basic income to workers who have been laid off from work would hedge against them falling into poverty as well as boosting demand for goods and services hence preventing firms from closing down al together. The temporary basic income as recommended by UNDP (2020e) is supposed to be made on an individual basis, regardless of household composition. This would help in avoiding any assumption of economies of scale and unintended within-household discrimination that could be particularly harmful for women's empowerment and control of economic resources.

The amounts given per individual beneficiary will help them cover essential spending, internet connectivity in order to support education as well as those working from home, cover costs associated with childcare, or assist households to prevent the depletion of productive assets.

Job Retention Programs

The COVID-19 pandemic negatively impacted the labor market. Workers lost jobs and at least 740,000 people in Kenya lost their jobs as the economy contracted due to the COVID-19 pandemic affecting various key sectors. The services sectors, and urban areas were worst affected with the share of employment in services declining by 7 percentage points.

Some firms laid off workers since they could no longer retain them in employment as the economy plunged into a recession. A program where taxes are reduced taxes or firms are compensated with income equivalent to wages/salaries retained during this time would provide an incentive to allow for continued operation and rehiring of workers by the firms. The Government can start using job retention programs as the main policy tools to prevent a rise in unemployment and social fallout of the COVID-19 pandemic. However, for this policy tool to work, it is important for the Government to make sure that programs are not downscaled too quickly or too slowly hence becoming an obstacle to the economic recovery. When the economic situation and health improves, job retention programs should be better targeted to jobs that are viable but at the risk of being terminated. The government should place a greater focus on supporting workers such as women at risk of becoming unemployed rather than their jobs (OECD, 2020d).

Restructure Public Debt and Fiscal Consolidation

COVID-19 found Kenya in a situation of rising public debt and since then it has been rising. Public debt stock increased from Ksh.6.28 trillion in March 2020 to Ksh.7.34 trillion in March 2021 as shown in Table 2.

Table 2: Stock of Public debt in Kenya from March 2020 to July 2021(in billion Kenyan shillings)

Period (Month & Year)	Public Debt (Ksh. Billions)
March 2020	6,262.83
June 2020	6,693.71
July 2020	6,912.06
August 2020	7,068.82
September 2020	7,120.6
October 2020	7,163.29
November 2020	7,254.46
December 2020	7,281.83
January 2021	7,352.26
February 2021	7,345.47
March 2021	7,339.71
April 2021	7,411.05
May 2021	7,485.91
June 2021	7,712.31

Data Source: Central Bank of Kenya

With a borrowing threshold of Ksh.9.0 trillion, this implies that borrowing space has reduced from Ksh.2.72 trillion to Ksh.1.66 trillion (Kenya Institute for Public Policy Research and Analysis (KIPPRA), 2021).

As of June 2021, the public debt in Kenya accumulated to roughly Ksh.7.7 trillion which is about Ksh.68 billion U.S. dollars. Overall, the government debt has been increasing in Kenya. Since July 2020, the debt rose by over Ksh.800 billion (around seven billion U.S. dollars).

The government should restructure public debt to longer maturity loans and any new loans should be on concessional basis. This would give Kenya more time to repay the loans while at the same time leaving the government with enough revenue to meet local needs. At the same time, there is need to reduce the amount of government borrowing to make the debt sustainable while making sure to utilize efficiently the available national resources.

The ratio of public debt to GDP and the proportion of fiscal deficit to GDP should be reduced through fiscal consolidation in terms of mobilizing revenue and rationalizing expenditure. The effect of fiscal consolidation requires entrenching efficiency in expenditure and transparency in the use of funds. This will ensure that government expenditure is directed to the areas where it is most needed while at the same time freeing up resources for private investment.

LONG TERM STRATEGIES

The Government should take the COVID-19 pandemic as an opportunity to learn how to respond to other epidemics in the future. The government needs to look into the future and assess opportunities that it can take advantage of post-pandemic in order to build resilience and diversify its economy. It is important to remember that COVID-19 pandemic found the economy facing various economic challenges but the pandemic worsened the country's economic stress levels. This section looks at the strategies that the government can use to address some of the structural economic challenges that it has been facing as well as exploring post pandemic opportunities it can take advantage off in its path for sustainable economic growth and development.

Enhance Local Production

The disruption in global value chains and the resulting shortages experienced by both households and firms due to COVID-19 pandemic exposed the risks associated with over dependence on a few global trading partners for the supply of services goods. This was felt more on importation of pharmaceutical/medical supplies as well as equipment to contain COVID-19 after the source countries imposed export bans and restrictions on such goods as well as food products. This experience gives Kenya an opportunity to restructure its economy towards more domestic production and achieve its goal of being self reliant by becoming both the consumer and producer of goods and services. This means that Kenya must move away from over dependence on imports and direct efforts towards supporting locally produced goods in order to retain profits, support creation of jobs and economy-building initiatives (Thakkar, 2021).

The onset of COVID-19 set a new record of re-shoring of manufacturing operations and sourcing by various countries. Most of the re-shored operations include those dealing with personal protective equipments and pharmaceuticals Re-shoring of production and encouraging local production of these items acts a risk mitigation strategy, creates resilience and helps in increasing the speed of responsiveness to local demand. Also, encouraging re-shoring creates local jobs, reduces unemployment, reduces poverty caused by the COVID-19 pandemic, leads to better balance of trade and reduces budget deficit caused by increased borrowing to import pharmaceuticals and COVID-19 vaccines. Lack of local productive capacity and expertise may make it difficult to re-shore or to produce domestically or even achieving the required resilience in case of another pandemic. However, this can be achieved through regional trade agreements such as the East African Community and the African Continental Free Trade Area.

Leveraging Digital Technology

Use of digital technology can fasten Kenya's speed of economic recovery after the devastating effects of COVID-19. Digital solutions such as telecommunication, online customer service, on-demand delivery of goods, virtual surveillance, cloud computing, and tech-supported production, tele-working for office workers among others can address the issue of inclusion as well as youth and women unemployment. Digital gig economy apps have been shown to be giving Kenyans opportunities for self-employment as well as aggregation of demand for services and goods (Kiarie-Kimondo, 2020). This would entail the government to increase investment in electricity, digital tools and infrastructure to make internet enabled devices and internet services affordable and accessible to majority of Kenyans.

Electronic Commerce

Electronic commerce has been shown to be cog in the engine driving most economies. Therefore Kenya should fully embrace online services to connect supply chains in order to facilitate merchandise trade. Sustained economic growth and recovery will come from telecommunication, information, business, financial and audiovisual services that are vital for online supply while distribution, transport and logistics will facilitate merchandise trade.

The Government of Kenya and other trading partners should foster inclusion of Micro, small and medium enterprises (MSMEs) as they automate and streamline border procedures and simplify fees. They should also accelerate digitalization and simplification of import, export and transit procedures such as paperless trade. This would require these governments to expedite advance electronic lodging of documents, electronic payment of all trade-related taxes, digital certificates and signatures, as well as automation in the processing of trade declarations on a 24 hour basis. This means therefore that there should be acceptance by trading partners of digital trade-related documents, including sanitary and phytosanitary certificates, in place of physical copies as well as implementation of the Single Window in order to speed up border procedures and allowing for "one stop shop" processing.

However, so far Kenya does not have a policy or legal framework for E-commerce hence the need to develop and implement a policy and legal framework for E-commerce

Improvement in Standards for competitiveness

For the products coming from the Kenya to compete in both the regional and global markets, they must improve product and process standards while at the same time strive to meet the international required standards of various products, vaccines included. Hence Kenya needs to strengthen technical regulations, develop and implement these standards, conformity assessments, metrology, have its laboratories accredited and provide enabling infrastructure for industries to grow. This can be done by taking advantage of the WTO Trade Facilitation Agreement which provides support for developing economies countries like Kenya through the Standards and Trade Development Facility (STDF), which helps imports and exports to meet sanitary and phytosanitary (SPS) requirements for trade based on international standards. Kenya also needs to reduce the behind the borders (BTB) regulations that act as barriers to trade in services and in the process not only impede foreign suppliers from entering the market, but also prevent local service suppliers from becoming competitive in export markets (OECDb, 2008).

Diversification of the Economy

Rabih, et. al. (2008); Nourse (1968); United Nations Framework Convention on Climate Change (UNFCCC) (2019) argue that economic diversification is important for sustainable development as it can reduce economic volatility against product, price and income , creates job opportunities, improve the economic performance and growth, poverty reduction and activity. Economic diversification shifts an economy away from a single income source towards multiple sources as well as to a wide range of sectors and markets. Kenya lacks economic diversification and has been producing and exporting only a few agricultural or mineral products; has been concentrating on the lowest level of the value chains; produces and exports unprocessed products and imports and exports to only a few countries as shown in Table 3.

Table 3: Top ten exports Products & Destinations, import Products & Destinations by Kenya (average between 2018 and 2020)

	Export Products	%	Import Products	%	Export Destination	%	Import Destination	%
1	Coffee, tea, matï and spices.	25.7	Mineral fuels, oils & product of their distillation; etc	17.8	Uganda	10.3	China	21.3
2	Live tree & other plant; bulb, root	11.1	Nuclear reactors, boilers, mchy & m	9.5	Pakistan	8.8	India	10.6
3	Mineral fuels, oils & product of their distillation; etc	5.2	Electrical mchy equip parts thereof	7.3	United States	8.2	United Arab Emirates	7.9
4	Edible vegetables and certain roots	4.5	Vehicles o/t railw/tramw roll-stock	7.1	Netherlands	7.9	Saudi Arabia	7.2

5	Edible fruit and nuts; peel of citrus fruits	3.8	Iron and steel.	5.4	United Kingdom	7.2	Japan	5.5
6	Art of apparel & clothing accessories	3.8	Cereals	5.0	United Arab Emirates	5.3	South Africa	3.5
7	Ores, slag and ash.	3.6	Plastics and articles thereof.	4.5	Tanzania	5.0	United States	3.3
8	Tobacco and manufactured tobacco products	2.5	Animal/veg fats & oils	4.0	Rwanda	3.5	Indonesia	3.1
9	Animal/veg fats & oils	2.3	Pharmaceutical products.	3.6	Egypt	3.2	Germany	2.5
10	Iron and steel.	2.1	Paper & paperboard; art of paper	2.7	South Sudan	2.5	Egypt	2.4
	Total	**64.6**	**Total**	**66.9**	**Total**	**61.9**	**Total**	**67.3**

Source: World Integrated Trade Solutions (2021)

This export and import concentration increases Kenya's vulnerability to external shocks such as COVID-19 that undermine its sustained economic growth and development.

Closure of borders to combat the spread of the COVID-19 in 2020, disrupted production value chains and Kenya found that it could no longer access the products and inputs that it previously imported leading to shortages of supplies such as disease testing reagents, masks, ventilators, pharmaceutical drugs as well as vaccines as the producing countries used export restrictions to prevent shortages locally. Hence, diversification and developing manufacturing are important for Kenya in order to foster growth through development of manufacturing, to be less vulnerable to shocks, and to be able to produce essential goods within its boundaries so as to be less dependent in emergencies like COVID-19.

It is important for Kenya to diversify its economy in order to increase the sources of income and growth. Kenya's recovery depends on product and export diversification. Kenya needs to be more inclusive among the participants in productive activities, diversify its export destinations, import sources, export products and add value to export products in order to contribute positively to its economic growth and development.

A more inclusive and broad based economic growth can be triggered by production of more sophisticated exports as a result of higher technology intensity methods of production.

Green Economy

The effects of COVID-19 and the measures to combat it have led to a decline in economic growth, decreased trade, low business revenues and massive layoffs not only in Kenya but in the whole world (Kiriti-Nganga, 2021). The COVID-19 pandemic gives Kenya an opportunity to increase the rate of structural transformation by coming up with stimulus packages and new investments that are aligned with climate change to create a green economy and to build an economy that is more resilient than before the onset of COVID-19.

For Kenya's economic recovery to be effective and sustainable, it needs to include all dimensions of sustainable development, including issues of environmental and its effects on the most vulnerable people including women, children, persons with disabilities and marginalized communities. It is therefore important to have a socially inclusive COVID-19 recovery strategy which is in line with actions on climate change and environmental protection.

Hence, Kenya needs to have policies that will ensure equitable use of environmental resources and the promotion of those economic activities that will preserve biodiversity.

Bilateral and Regional Agreements

An integrated regional economy has the capacity to accelerate economic diversification. Bilateral and regional agreements are one way that Kenya could use in order escape import and export restrictions on key intermediate input supplies of key traditional routes by harmonizing harmonize their responses in case of future pandemics as well as providing opportunities for the expanding sectors such as the services sector. Therefore, Kenya should take advantage of the opportunities presented by being a member of regional and multilateral groupings to collaborate on managing challenges such as those occasioned by the COVID 19 pandemic.

Regional integration is not only beneficial at the continental level but also at the local level such as such as EAC and COMESA as it encourages members states to pool resources to address shortages of essential items whose demand escalates during shocks such as COVID-19.

Africa Continental Free Trade Area (AfCFTA)

According to the African Union (AU) (2020), Africa counties, Kenya included should turn the current COVID-19 pandemic into an opportunity to help it transform the economy into one that is resilient to external shocks and achieve sustainable development.

Songwe (2020) contends that the FTA provides the vehicle for expansion through a pooled African market and an increase in intra-Africa trade. The signing of a strategic partnership between the AfCFTA Secretariat and the United Nations Development Program in

March 2021will not only promote trade which will act as a stimulant for Africa's socioeconomic recovery from the COVID-19 crisis but also act as a driver of sustainable development and Kenya stands to benefit from this.

Trade Facilitation (TFA)

In the recovery period, Kenya should take advantage of the TFA to meet the new TBT and SPS standards that continue to be imposed by trading partners to combat COVID-19 pandemic. It should also take advantage of the World Bank Trade Facilitation Support Program (WB-TFSP), United Nations Conference on Trade and Development (UNCTAD), Development partners such as African Development Bank (AfDB), European Union (EU), Organization for Economic Co-operation and Development (OECD) among others in aligning their trade practices with the TFA.

According to Beverelli, Neumueller and Teh (2015) trade facilitation measures will not only support African countries diversify their economies, but also leverage on technology, keep up with innovations but also reduce their vulnerability to exogenous shocks.

Aid for Trade (AfT)

Kenya can diversify its imports commodities and the countries that it imports from through Aid for trade. The three components of Aid for trade (infrastructure; building productive capacity; trade policy regulations and adjustment), according to Ly-My, Lee and Park (2020) can contribute to diversification of imports of the recipient countries as it leads to an increase in the number of goods imported as well as the number of countries imports are sourced from.

International Cooperation

There is need for trading partners to have access to information in order for them to make decisions. For this to happen there is need for cooperation among the private sector, international organizations, the African Continental Free Trade area member countries as well as members of the East African Community Kenya included. This can be done by pooling financial resources in order to reduce the risk of shortages through collaborating with international development partners for technical assistance, public private partnerships in research and development as well as through deepening of regional integration. Hoekman, et al. (2021) and OECD (2020c) argue that international cooperation can help in promoting transparency on production capacity on essential goods, facilitation of mutual recognition of standards and trade for emergency goods; and to hold inventories to prevent excessive stockpiling. International cooperation can also help in addressing the challenges that increase the above member countries' risk and vulnerabilities to economic shock such as the one caused by the COVID-19.

CONCLUSION AND KEY MESSAGES

This paper analyzed the strategies that the Government of Kenya should pursue to support lives and livelihoods of its citizens, support industries to remain in operation and at the same time take advantage of the opportunities offered by the regional integration, the AfCFTA, development partners in the form of trade facilitation as well as aid for trade. The COVID-19 pandemic is still spreading with the country in its fourth wave by the time of writing this report. It is therefore important for the country to stop the spread of the virus by making sure that almost everybody is vaccinated, reduce taxes of essential items such as gas, water and kerosene; continue campaigns of proper hygiene, wearing masks and keeping social distance in the short run. In the medium term, it is necessary that lives and livelihoods are protected both monetary and fiscal strategies while at the same time maintaining macroeconomic stability and fiscal sustainability. In the long run, the government should restructure the economy to increased domestic production of goods and services achieve self sufficiency and stop over reliance on a few global suppliers of goods and services, strive to have a green economy to combat the effects of climate change, diversify the economy in terms of export products, adding value to exports towards more manufactured items and reduced over reliance on exports of raw materials, have multiple sources of supply of goods and services, enhance domestic resource mobilization and diversify sources of financial resources.

Kenya should pursue policies that help in overcoming constraints to economic growth arising from factor accumulation and hence lead to exports and product diversification. Kenya should aim at increasing its levels of both domestic investments as well as foreign direct investments, addressing governance issues such as corruption, ethnic conflicts, addressing the rising fiscal deficit and lack of fiscal space through effective mobilization of domestic resources, ensure macroeconomic, monetary, industrial trade policies that foster diversification in order to contain inflationary pressure and ensure regional value chains and global value chains are not disrupted by the prevailing COVID-19 pandemic.

WAY FORWARD

This paper has proposed Kenya's economic recovery strategies. However, it is important to go further and do research on the monitoring and evaluating how these strategies are being implemented and whether they are achieving the intended purpose within the set timelines.

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