

The Kenya National Bureau of Statistics (KNBS), in its [latest Quarterly Gross Domestic Product Report](#), published in December 2021, reveals that Kenya's real Gross Domestic Product (GDP) grew at an outstanding rate of 9.9 percent in the third quarter of 2021 (July-September), confirming the good performances of the Kenyan economy in the second quarter of 2021, when the country scored an impressive 10.1 per cent growth of its real GDP.

The third quarter growth is mainly driven by the hotel and education sectors, which grew at 24.8 and 64.7 percent respectively, following the relaxation of Covid restrictions in the end of 2020 that led to an increase in the number of tourist arrivals to 217,873 visitors in the period covered by the KNBS report. Other sectors that showed good performances are the manufacturing, transportation and financial sectors (grown by 9.5, 13.0, 6.7 percent respectively), as well as the electricity and water supply sector, that recorded an accelerated growth of 4.5 per cent.

On the other hand, a negative performance in the same period has characterized the agricultural sector, that has contracted by 1.8 per cent, due to the drought conditions witnessed in most parts of the country that affected the production of some of the main agricultural commodities mostly exported by Kenya, such as fruit, tea and coffee. A similar situation regarded the forestry and fishing sectors, that also showed a declining trend, while the construction sector grew only of 6.4 per cent against the 12.5 per cent growth in the third quarter of 2020.

However, despite the good economic performances of the Kenyan economy, the mounting inflation in the country eroded part of the GDP growth, reaching 6.68 per cent in the last quarter of 2021 (in the third quarter of 2020 the inflation rate was 4.31 per cent), mainly due to the increase in prices of food, non-alcoholic beverages and transport.

Figure 1: Third Quarter GDP Growth Rates (%), 2016-2021

