

# KENYA: PRESIDENTIAL ELECTION RESULT CHALLENGED, BUT UNREST SO FAR AVOIDED



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## Event

On 15 August, Deputy President William Ruto was announced as the winner of the presidential election held on 9 August. He won with 50.49% of the votes, while his opponent, opposition leader Raila Odinga, obtained 48.85% of the votes. Odinga's 'Azimio la Umoja' coalition filed a petition with the Supreme Court disputing the outcome of the presidential election. Its main allegation is that around 140,000 votes were not tallied and that, as a result, Ruto did not gain more than 50% of the total votes cast. The court has until 5 September to rule on the matter, either upholding the election result or annulling it. In case of an annulment, a rerun of the election within 60 days of the judgment would be required.

## Impact

The presidential election illustrated the complex political landscape in Kenya, with president Uhuru Kenyatta, who was unable to run again due to term limits, endorsing Raila Odinga instead of his own deputy president. Polling indicated neck-and-neck results, but Odinga was believed to be slightly ahead.

Kenya has a history of violence after elections, such as the riots after the 2007 elections leaving 1200 people dead. There have been small protests after the election results were announced, but large protests have been avoided, in part due to Odinga calling on his supporters to refrain from violence.

The main challenges facing the president-elect are the cost of living and the state of the government finances. The prices of food and other essential items such as cooking oil and petroleum products have increased sharply in the last couple of months. The Central Bank of Kenya lists the total year on year inflation in July at 8.3%, but for food this figure amounts to 15.3%.

Price increases for food, fuel and fertiliser on international markets are an important factor in the increase, but food price inflation and food insecurity have also increased due to a severe drought following four years of below-average rainfall in the region.

Mr. Ruto made controlling the increase in cost of living a central part of his campaign, but Kenya has limited fiscal room for big programmes. Kenya's overall fiscal balance is expected to be -7.9% of GDP in 2022, with government debt climbing to 70.3% of GDP.

The president-elect has also said that he plans to restore Kenya's external creditworthiness. Investor confidence has decreased over the last years, increasing the interest rates charged on loans and further increasing public debt. This increase in interest rates had prompted the Kenyan government to cancel a 1 billion USD-denominated Eurobond issue in June, raising the money from a syndicate of banks instead.

public debt.

The ST political risk rating is in category 5/7.

The peaceful election process contributes to a positive outlook for the business environment (currently in category E/G), though unrest following the Supreme Court ruling on the election results is still a possibility.

The MLT political risk rating is currently stable in category 7/7, since current projections do not indicate a significant improvement in the external debt position.

**Analyst:** Jonathan Schotte – [j.schotte@credendo.com](mailto:j.schotte@credendo.com)

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