

Rutoomics: Now the hard work begins

Executive Summary

- William Ruto, former Vice President and leader of the United Democratic Alliance/Kwanza Alliance, won a closely-fought election with 50.4% of the vote compared to main challenger, former prime minister Raila Odinga's share of 48.8%.
- The tight result may yet destabilise Kenya following what has been the most peaceful election in years, and all eyes are now on Odinga's legal challenge to the result.
- The lower turnout down to 60% from from 80% in 2017 reflects a decline in political engagement that has also seen voters cynically turn to tactical voting in pursuit of the most advantageous socio-economic outcomes.
- Corruption has moved lower down the agenda as both candidates are alleged to have been involved in corruption scandals.
- The deteriorating economic situation has seen economic concerns supersede the ethnic cleavages that have dominated previous elections.
- Global macroeconomic headwinds will though see the
- Failure to deliver Rutoomics to the most vulnerable Kenyans may lead to social unrest in the medium term.



FLASHNOTE: Kenya 2022 Election Analysis

Political dynamics: Closely fought race amidst lower voter turnout and satisfaction

Former deputy president, William Ruto, was declared the winner of Kenya's general election held on 9 August 2022, with 50.4% of the vote to former prime minister Raila Odinga's 48.8%. Voters cast ballots for President, the National Assembly, the Senate, county governors and the 47 county assemblies. The presidential race between incumbent deputy President William Ruto (United Democratic Alliance/Kwanza alliance) and former Prime Minister Raila Odinga (Orange Democratic Movement/Azimio alliance) captured the most attention. After six days, amidst protest on the streets and within the electoral authority.

The election turnout of 60% was 20% lower than in 2017, and took place amidst low trust, resignation and cynicism amongst the electorate, leading to more pragmatic, tactical voting. Meanwhile, the 2.5 million new voters registered was well below the target of 6 million. This reflects a general decline in political engagement that commenced after the 'high point' of a new constitution in 2010. Voters expect less wholesale transformation from elections, and instead voted pragmatically, supporting the candidate whom they believed offered the best 'deal' in terms of economic rewards and social services. This was evident in both candidates' inflated promises regarding health, education, housing, internet connectivity and social assistance, as well as the victorious Ruto's populist framing of himself; as a self-made 'hustler', against the 'big men' and dynastic families such as Odinga's that have dominated Kenyan politics since independence. This was effective despite Ruto's enormous personal wealth, complex political history and 'insider' position as deputy President.

While previous elections have been dominated by ethnic and regional loyalties, a deteriorating economic situation has caused economic concerns to supersede these traditional cleavages. For the first time neither

Kenya Election Result 2022

- Odinga 48.85%
- Ruto 50.49%
- Other 00.66%



2.5m

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'RUTONOMICS' at a glance:

Bottom-up, MSME and agri-focused policy supports to the most vulnerable Kenyans

of the main candidates was from the dominant Kikuyu tribe, which has provided three out of the four Kenyan presidents since independence in 1963. Both campaigns prioritised Kenya's economic challenges over pronouncements of ethnic, regional or party loyalty. This was a necessary response to Kenya's very high debt and cost of living, which several sources indicated were the primary electoral concerns in 2022. Government debt-to-GDP has almost doubled since 2013 to 67 per cent, while higher inflation at around 6.5% forced the government to increase subsidies for maize flour, petrol and fertiliser in the months leading up to the election. Inequality was a related issue, especially for Ruto, whose 'bottom-up economic model' strongly decried inequality, class divisions and undignified work, and promised to 'decriminalise' informal livelihoods.

Contrary to previous elections, corruption was a muted issue; not because it has been tamed, but because both candidates were considered personally corrupt. Personal safety, however, was a major concern, leading to largely unaddressed calls for policing reform. Building on the widespread cynicism that framed the 2022 election, corruption was not a front-rank issue for the major candidates. While both candidates expressed a 'zero tolerance' approach to corruption and vowed to clean up Kenyan politics, they have also been

implicated in corruption scandals, with little expectation that this will change post-election. Some sources, however, indicated that personal safety was determinative when casting their ballots, with many businesses boarding up in preparation for opportunistic looting. This does not reflect political tensions, rather

a dysfunctional and indiscriminately violent police force. Following over 200 police-related killings and disappearances counted by Missing Voice in 2021, just 3 officers have been arrested for murder. Both candidates failed to commit to substantial police reform.

FLASHNOTE: Kenya 2022 Election Analysis

Policy implications: Implementation challenge to ‘Rutonomics’

Kenya’s major macroeconomic challenges are high debt and rising inflation. It will be difficult for Ruto to address these whilst also fulfilling his populist pledges. Economic concerns dominated the 2022 election, but it is not clear how the major headline macroeconomic challenges can be addressed. Much of Kenya’s inflation has been imported from abroad, while Ruto’s refusal to restructure Kenya’s external debt leaves him dependent on tax revenue and spending reduction to meet repayments. His pledges – especially those related to universal health, education and social security – will boost productivity over time if effectively implemented, but they will be expensive. Tax rises to pay for them are likely to antagonise his supporters, and run counter to his manifesto.

Ruto played strongly to Kenya’s agricultural heartland, as well as the enormous network of informal MSMEs, and plans to use these sectors to greatly expand the economy as part of a ‘bottom-up economic model’. Ruto has pledged to grant a trading licence and location to anybody who requests one, as well as create a \$US 420 million per annum ‘hustler fund’ to extend affordable credit to MSMEs. He has also pledged to cut agricultural imports by 30% raising the productivity of the sector through new capital and financial management instruments. If successful, these pledges could provide substantial relief from poverty and insecurity, though the prevailing severe drought, unreliable institutions and international economic volatility present significant headwinds.

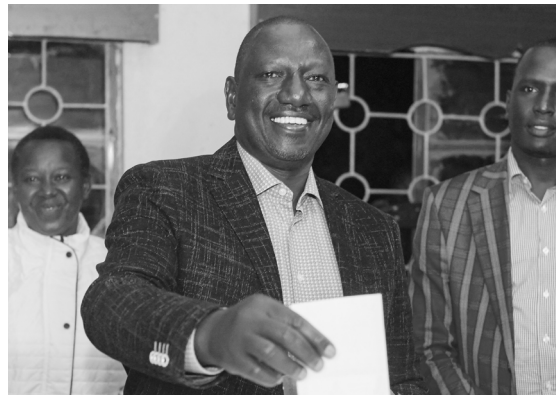
Ruto’s win is exciting for the most vulnerable in Kenyan society but if he fails to deliver on his manifesto political trust may be difficult to win back and cause social unrest in the medium term. Ruto presented himself as a ‘man of the people’, with generous social security commitments, ‘bottom-up’ economic policy and strong evocation of class consciousness building a powerful base of support amongst the youth, the poor, the

unemployed and those implicated in fringe urban and rural economies. Having ousted the ‘business as usual’ candidate, expectations are high that Ruto will improve his supporters’ standard of living. If he fails, these expectations may deteriorate into a more volatile, confrontational and extreme politics, likely to fracture in the 2027 election.

Kenya’s youth had an undersized electoral impact, but their future impact will be large. Under-35s comprise 75% of Kenya’s population, but just 40% of registered voters. This

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underrepresentation is often taken as apathy, but is more likely the result of dissatisfaction with the status quo. While the 14% unemployment rate amongst 15-24-year-olds is more than double that for the labour market as a whole, Kenya’s youth are increasingly educated, international, online, engaged and radical. They are a well of enormous economic and political potential.

Ruto has committed to full devolution under the constitution. This will give county governments substantial responsibilities for health, agriculture, water and urban environments. They will become more significant economic and political players, with already-large inter-county differences in performance becoming even greater.

The slow, methodical count was indicative of a commitment to proper process, but outcry from members of the electoral authority and Odinga

supporters may see the situation deteriorate. Kenya is considered a bellwether for political stability in east Africa, where democracy has been in general decline. The 2022 election was one of Kenya’s most peaceful, yet scuffles and allegations of rigging within the electoral authority, alongside large street protests following the result, underscore significant tension. Odinga has rejected the announced result and plans to challenge it in court, as he did in 2017 and 2013. Given this is his fifth unsuccessful election the challenge may be protracted. If so, tensions will continue to rise. International investors appear wary, with the yield on Kenya’s 2024 Eurobonds increasing sharply, though Ruto has pledged peace. All eyes remain on the outcome

of Odinga’s legal challenge, to be announced on Monday 5 September.

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