

Kenya

A: Identification

Title of the CPI: Consumer Price Index

Organisation responsible: Kenya National Bureau of Statistics (KNBS)

Periodicity: Monthly

Index reference period: February 2009 = 100

Weights reference period: 2005/06 Kenya Integrated Household Budget Survey (KIHBS).

Main uses of CPI: Indexation of wages, pensions and/or social security payment, main inflation used for monetary policy, deflate household expenditure in national accounts, macroeconomic modelling and other analytics uses.

B: CPI Coverage

Geographical Coverage

Weights: Nation-wide

Price collection: Nation-wide

Population coverage: Resident household of nationals

Consumption expenditure excludes:

- Foods produced from own final consumption
- Other goods produced for own final consumption
- Second hand goods purchased
- Non-life insurance premiums (e.g. vehicle, housing, other property, medical), gross claims
- Life insurance premiums
- Gambling expenditure, gross winnings
- Others: Loans, indirect taxes

C: Concepts, definitions, classifications and weights

Definition of the CPI and its objectives: The Consumer Price Index (CPI) is a key macroeconomic indicator used to monitor price movements and how they affect policy decisions. It is estimated as the weighted aggregate change in retail prices paid by consumers for a given basket of goods and services. Price changes are measured by re-pricing the same basket of goods and services at regular intervals, and comparing aggregate costs with the costs of the same basket in a selected base period.

Classification: Classification of Individual Consumption by purpose (COICOP)

Weights include value of consumption from own production: No

Sources of weights: Household expenditure surveys

Frequency of weight updates: Above 5 years

Weights for different population groups or regions: Regional weights based on proportion of households in the urban centres of the province are computed. In addition, weights for the lower income group, middle income group and upper income groups are computed in Nairobi province.

D: Sample design

E: Data Collection

Approximate number of localities, outlets and price observations: Localities: 25 price collection zones in 13 urban centres,

Frequency with which prices are collected: Monthly

Methods of Price Collection:

- Personal data collection
- Central price collection for consumer items like electricity tariffs, post and telecommunication services.

Treatment of:

Second hand purchases: Prices of second hand purchases are excluded from the CPI.

F: Computation

Formula used for calculation of elementary indices: The ratio of geometric mean prices (Jevons index)

Formula to aggregate elementary indices to higher level indices: Aggregation of elementary indices to higher indices is done by the modified Laspeyre's index formula defined and computed as

$$I_t = \sum_{i=1}^n W_{0i} * \left[\frac{p_{ti}}{p_{t0}} \right] = \sum_{i=1}^n W_{t-1,i} * \frac{p_{t,i}}{p_{t-1,i}}$$

where I_t is the index at time t , p_{ti} is the price of the i^{th} commodity at time t , p_{t0} is its price at the base period and W_{0i} is its weight.

G: Editing and validation procedures

H: Documentation and dissemination

Timeliness of dissemination of the CPI data: The CPI are compiled and disseminated within a week after the end of each month.

Level of detailed CPI published

Paper publication: All items CPI, Division-level (12 Divisions*)

Online: All items CPI, Division-level (12 Divisions*)

Documentation

Publications and websites where indices can be found: Information on monthly CPI can be found at <http://www.knbs.or.ke/consumerpriceindex.php>

Publications and websites where methodological information can be found: Methodological information can be found in the publication “The New Consumer Price Index (CPI) Users’ Guide” available at <http://www.knbs.or.ke/consumerpriceindex.php>

I: Other Information

Reported by the ILO in 2013.