



# SEIZING YOUTH-LED OPPORTUNITIES: HARMONIZING KENYA'S CREATIVE ECONOMY



# Seizing Youth-Led Opportunities: Harmonizing Kenya's Creative Economy

## Key Highlights

Harmonizing the creative economy to seize youth-led opportunities is key to Kenya's economic growth. This sector encompasses; Visual Arts & Crafts, Audio Visual & Interactive media, performing art, Design, and Literary arts. Despite its potential, the sector faces challenges due to informality, inadequate policies, and fragmented regulation. This policy brief presents strategies to harmonize the creative economy sector by proposing targeted policy and regulatory interventions. The key highlights include: -

### **1.The informal nature of Kenya's creative sector poses significant challenges to sustainable development.**

The Kenya National Bureau of Statistics (KNBS 2023), reports that over 80% of workers in the arts, entertainment, and recreation sub-sectors of the creative industry workers, who are mainly the youth, operate informally, leading to limited access to social protection, formal financing, and growth opportunities. Formalizing this sector through targeted policies can enhance job security, improve access to capital, and boost overall economic contributions by the youth of Kenya.

### **2.The youth's economic potential in the creative industry has been limited by inadequate policy frameworks.**

The 2021 report by the Creative Economy Coalition highlights that cohesive policy frameworks could increase the sector's GDP contribution from the current 5.3% to 10% by 2025. Strategic policy interventions can standardize practices, protect intellectual property, streamline financial inclusion and provide a proper operation infrastructure to prevent piracy and infringement. A strategic system for trademarks, patents, and copyrights is needed to enable youths to use these rights as asset development for creativity, ultimately fostering innovation and economic growth. Addressing these issues requires the implementation of robust policies and regulations that formalize the sector, ensuring equitable opportunities for the youth fostering innovation, and enhancing the overall contribution of the creative industry to the economy to ensure youth-led opportunities are harmonized in Kenya's creative economy.

### **3.The industry remains heavily fragmented into many sub-sectors which are heterogeneous in operation despite measures to create a policy framework for the creative sector economy in Kenya.**

Each group tends to operate within the scope of the existing regulations within their space. This hinders a structured operation of the youth led sector and further impedes effective mobilization of resources and revenue generation in Kenya's creative sector. The Kenya Film Commission's "State of the Creative Economy in Kenya" report (2021) underscores the need for unified regulatory frameworks to establish industry standards and practices. The proposal for a unified regulation framework aims to provide recognition and a platform for redress and collaboration, not to homogenize the creative industry but to support and formalize informal sub-sectors. Streamlined regulation can enhance collaboration, increase revenue, and ensure equitable opportunities for the youth, making the creative sector a key driver of national economic development as has been witnessed in the film sub-sector of the creative industry.



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## Introduction

The creative industry, encompassing diverse fields such as Visual Arts & Crafts, Audio Visual & Interactive media, performing art, Design, and Literary arts, has emerged as a significant contributor to economic growth and cultural enrichment in Kenya. In 2023, this sector accounted for 0.2 percent of GDP and 0.25 of total wage employment (KNBS, 2023). The creative economy has created over 30 million jobs for youths aged 18-25 globally, outpacing other employment fields (UNESCO, 2023). The creative sector in Kenya is a significant emerging component of the economy powered by the fast growing digital prowess in the country, employing over 15 million youths, which accounts for approximately 10% of total youth employment. This trend highlights the sector's importance in providing employment opportunities for young people in the country going into the future. (KNBS, 2023).

Businesses in the arts, entertainment, and recreation sector have established in Kenya's 2016 Medium, Small, and Micro Enterprises (MSME) survey, the highest average business life (of 10.1 years) when compared to businesses in other industrial sectors. However, despite its potential, the creative sector faces market inefficiencies, limited access, and inconsistent income, leading to a predominance of informal activities. These challenges hinder growth and stability within the industry, affecting its overall development and market presence and further causing substantial challenges to sustainable development that

industry with limited access to financing, inadequate intellectual property protection, and diverse approaches to professional practices without standardization (KNBS, 2016). This informality hinders the industry's growth, diminishes its economic impact, and leaves the youth opportunities in the creative industry vulnerable to exploitation.

Earlier data shows that the copyright industries in Kenya, which is a regulator of the creative economy, accounted for 5.3% of GDP (Nyakiri et al., 2009). This trajectory suggests a potential in the creative sector that only requires to be streamlined in order to tap into the endless opportunities in this sector. The Kenya Labor Force Survey, 2024 reveals that the youths who were directly employed by this sector between 2020 and 2024 (KLF, 2024), were approximately 125,000. Comparatively, the inadequate harmony in this industry makes it very difficult for the government to raise revenue and properly account for its growth. Valued at around USD 2.5 billion in the same year, the creative sector is projected to grow robustly, with a compound annual growth rate (CAGR) of about 8% from 2021 to 2025, (Deloitte 2021). This projection reflects the sector's strong growth trends and its increasing economic significance. The sector's earnings amounted to approximately Ksh 85 billion (£631 million), maintaining the 5.3% GDP contribution (Deloitte, 2021). This is supported by Kenya's ICT sector, a crucial component of the creative industry, which has experienced an average annual growth rate of 10.8% over the past decade (Business Monitor International (BMI) 2021).

Projections indicate that the creative economy could contribute up to 9.24% of Kenya's GDP by 2025. Both the Creative Economy Coalition (2021) and the Kenya National Bureau of Statistics (KNBS 2022) suggest that, with targeted policy support and investment, the creative sector could contribute between 7% and 10% to GDP by 2025 and could become a key catalyst to economic growth and development a lead employer in both formal and informal sectors of the national economy, overtaking tourism and agriculture. The Kenya National Economic Survey (KNES) 2019 further confirms the sector's expansion, with its value increasing by 12.9%, from Ksh 345.6 billion in 2017 to Ksh 390.2 billion in 2018.

With appropriate institutional, policy, and regulatory reforms in the creative sector, studies reveal that the creative industry could become a key catalyst for economic growth and development by doubling its contribution to the GDP to 10% by 2020 in a sustained manner (DfID 2016). Given the socio-economic activity structure of the economy, it is envisaged that the creative economy would become a lead employer in both formal and informal sectors of the national economy, overtaking tourism and agriculture. For this reason, policy interest in the creative economy in Kenya is growing, particularly concerning the employment opportunities the sector potentially offers to Kenya's youth in the main cities and counties.



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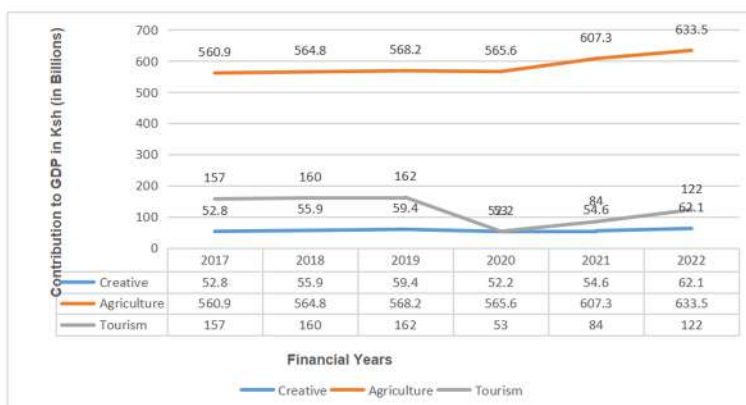
## Informality in the Creative Sector

Informality remains a pervasive issue, with KNBS (2023) reporting that over 80% of the creative industry workers operate informally. This is due to the inadequate infrastructure tailored for youth. This high level of informality limits access to social protection, formal financing, and growth opportunities, leaving many youths vulnerable and the sector underdeveloped. A significant portion of Kenya's creative businesses operate informally, limiting access to essential government support, financial and related services, regulatory compliance, and legal protections necessary for sustainable growth MSME, (KNBS. 2016). Developing specialized facilities and resources is crucial to support their growth, foster innovation, and enhance opportunities within this dynamic industry.(UNIDO, 2013)

Many young creatives possess inadequate entrepreneurial skills and knowledge about intellectual property rights, further hindering growth and longevity. Small businesses in the creative sector face a financing gap, with limited tailored financial products available In the Financial Year 2023-2024, the Government allocation declined, as seen in the State Department for Culture and Heritage's budget, which fell from Ksh 3.1 billion in 2022/23 to Ksh 2.8 billion in 2023/24, this portends challenging times for the creative industry, which is in the undergoing critical reorganization. Unregistered creative enterprises struggle to protect their intellectual property (IP) due to redress challenges which is only accorded to formally registered enterprises, leading to widespread piracy and unauthorized use of creative works, costing the economy approximately Ksh 92 billion annually and the government Ksh 17.38 billion in lost taxes (Partners Against Piracy, 2021). This inability to protect IP demoralizes young creatives and limits their market access both locally and internationally and denies the youths access to finance and support services which is crucial for start-ups and exports.The creative industry in Kenya is rapidly evolving, with immense growth potential, but faces a significant skills gap, therefore to enhance the human resources in the creative sector require training, management, and entrepreneurship, along with investment in educational infrastructure. Creative arts education is insufficiently integrated into Kenya's formal education system (Genesis Analytics, 2021), however, the Kenya Institute of Curriculum Development (KICD) has made efforts to incorporate creative arts into the curriculum, but these initiatives are often underfunded and not uniformly implemented, especially in rural areas. There is a need to proactively fast-track and cascade the implementation of this initiative.

Failure to properly offer policy support to Kenya's creative economy can lead to several detrimental effects on the youth. Fragmentation of the sector is a significant concern, as environments without streamlined policy frameworks often result in a lack of cohesion among young creative players, leading to inefficient collaboration and missed opportunities. This fragmentation hinders the sector's ability to effectively mobilize resources and generate substantial revenue. For example, the 2021 "State of the Creative Economy in Kenya" report by the Kenya Film Commission highlights how a lack of clear regulatory frameworks has led to difficulties in establishing cohesive industry standards and practices. Additionally, challenges in copyright, trademark and intellectual property rights have been documented in the 2022 report by the Kenya Copyright Board, which notes that the absence of robust regulatory measures has led to widespread copyright infringement, stifling innovation and investment. Moreover, the 2023 study by the Institute for Security Studies underscores how inadequate policy framework and standardization in the creative economies can inadvertently foster criminal activities, as the informal nature of the sector can provide a cover for illegal activities like intellectual property theft, unfair competition and market access and consumer protection from fraudulent or substandard creative products and services. These issues underscore the urgent need for an effective policy framework and order to ensure the sustainable growth and safety of Kenya's creative economy.

**Figure 1: Comparison of the contribution to the GDP of the Creative Economy with Agriculture and Tourism sectors**



## Inadequate Policy Frameworks

The creative sector's potential is hindered by incoherent regulations and guidelines governing the industry, which means there are gaps in how the industry operates and is supported, weak institutional clarity in which roles and responsibilities of different institutions involved in the creative sector are unclear or poorly defined, leading to inefficiencies and lack of coordination, and procedures and systems for managing and supporting the creative sector being disjointed and inconsistent, resulting in a lack of cohesion within the industry. Strategic interventions could elevate the sector's GDP contribution from 5.3% to 10% by 2025 (Creative Economy Coalition, 2021). Current fragmented regulations impede resource mobilization and revenue generation, emphasizing the need for unified regulatory frameworks to set industry standards (Kenya Film Commission, 2021). Youths in the creative industry are particularly vulnerable due to their lack of knowledge about copyright laws, making their work susceptible to piracy. Sihanya B. et al.'s (2009) study shows that piracy affects 30% of the arts and crafts sector, while policy and regulatory issues impact 40% of the fashion and design industry and 20% of the music industry (BERF Creative Economy, 2017). Inefficiencies due to overlapping functions among sector units, such as those between the Kenya Films Commission (KFC) and the Kenya Film Classification Board (KFCB), increase business costs and hamper progress. The ministry under which the creative economy falls has changed several times often resulting in different titles and responsibilities. The policy formulation and development process excludes the young creatives who are important at the implementation stage. Financial institutions misunderstand the sector, resulting in limited tailored products for youth entrepreneurs. The taxation in the sub-sector is unclear and not transparent on duty exemptions. As a consequence, only 5% of young creatives in the music industry recognize the need for specialized funding (Kenya: BERF Creative Economy report, 2017). This policy advocates for institutional, policy, and regulatory reforms to address these issues. By improving policy frameworks and unifying regulations, Kenya's creative industry can drive economic growth, innovation, and youth empowerment.

## Fragmented Policies

Kenya's creative sector faces challenges caused by dissonance in regulations. This is majorly due to the reality that the creative sector accommodates many sub-sectors which are regulated independently. This absence of an umbrella oversight and support framework acts as an impediment to effective youth participation. Ununified regulatory frameworks result in inconsistent industry standards and practices, leaving many young creative professionals and businesses without clear guidelines or support. This regulatory disarray creates a fragmented industry where sub-sectors operate in isolation, preventing necessary synergies for robust growth. The urgent need for unified regulations to establish coherent industry standards and practices, facilitating better collaboration and resource sharing among stakeholders is crucial (The Kenya Film Act, 2021). Fast-tracking the conclusion and implementing the Creative Industry Bill 2024 is crucial for addressing these regulatory gaps. This bill aims to streamline the diverse regulatory frameworks governing Kenya's creative economy by clearly identifying all sub-sectors and establishing clear operational guidelines. With proper regulatory support, the creative sector's contribution to GDP could rise from 5.3% to 10% by 2025 (Kenya National Bureau of Statistics (KNBS, 2023), highlighting the economic benefits of such reforms. Comparative analysis with other East African jurisdictions and across the continent shows the positive impact of streamlined policies on the creative economy (Deloitte, 2019). Rwanda's creative industry, for instance, has flourished following the implementation of comprehensive cultural policies, significantly boosting youth employment and empowerment (UNESCO, 2020). Similarly, Nigeria's Nollywood has become a global powerhouse due to targeted policy support and regulatory harmonization (UNCTAD, 2021; World Bank, 2020). These examples demonstrate how effective policy frameworks can unlock the creative sector's potential, drive economic growth, and create substantial employment opportunities for the youth (AfDB, 2021). In Kenya, the failure to harmonize policies disproportionately affects the youth, who are the primary drivers of this industry. With over 80% of creative industry workers operating informally (KNBS, 2023), young creatives face significant barriers to accessing formal employment, financing, and social protection. This policy proposes the streamlining of existing legislation and operationalizing the Creative Industry Bill 2024 in order to enhance the sector's growth and provide the necessary support for young creatives to thrive.



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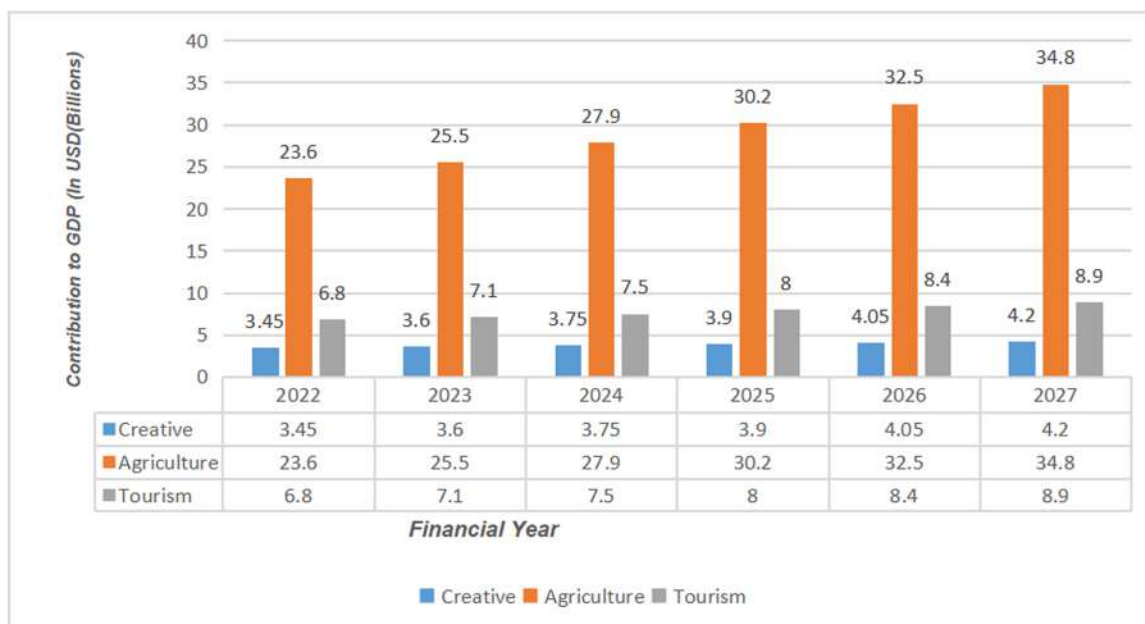


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**Figure 2: Projection of Contribution to GDP of the Creative Economy as compared to Agriculture and Tourism Sectors**



**Source of Data: World Travel & Tourism Council (WTTC), 2023; Kenyan Ministry of Tourism, 2023; Economic Research Institutions, 2024; Kenya National Bureau of Statistics (KNBS) - Economic Survey 2023; World Bank - Kenya Economic Update 2023**

## Recommendations

1. The State Department of Youth Affairs and Creative Economy should establish a one-stop creative service center. This center will unify and centralize essential regulatory services for creative bodies, providing youths with streamlined access to support, redress, information, and benefit programs tailored to the creative industries.

2. The State Department of Youth Affairs and Creative Economy and Sports should expedite the implementation of the Creative Industry Development Fund proposed in the Creative Industry Bill. This fund aims to support the promotion, development, and growth of youth businesses within the creative industry.

3. Collaboration between the State Department of Youth Affairs and Creative Economy, the Kenya Institute of Curriculum Development (KICD), and Academia is necessary to develop and implement comprehensive skills development Programs for youths. These programs aim to address the skills gap in the creative economy in Kenya by focusing on entrepreneurial skills, intellectual property rights, and formal registration. Additionally, efforts are required to better integrate creative arts education into Kenya's formal education system.

4. To boost the creative economy, it is crucial for the State Department of Youth Affairs and Creative Economy and Sports to collaborate with financial institutions to create tailored credit facilities addressing the specific needs of young entrepreneurs in the creative sector.

5. The State Department of Youth Affairs and Creative Economy to fast-track the enactment and implementation of youth-tailored needs in the Creative Industry Bill 2024.

6. The State Department of Youth Affairs and Creative Economy to develop a coordination framework to streamline the operations of the various entities in the creative economy to enable a proactive engagement of the youths who are largely left out.

## Recommendations

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## Recommendations

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