Living Wage Update Report: Non-Metropolitan Urban Kenya, Lake Naivasha, 2025

Living Wage Update Report No. 25-04-22

Cost of decent standard of living for a family	Living Wage per month
KES 56,762 (USD 439)	**KES 40,655** (USD 315)



Photo credit: “2015_07_26_Kisima_Farm_Laikipia_0026" by makeitkenya

Living Wage Update Report: Non-Metropolitan Urban Kenya, Lake Naivasha, 2025

By:
Guillermo Guzmán Prudencio[*]
Lykke E. Andersen[**]
Marcelo Delajara[***]
Richard Anker[****]
Martha Anker[****]

Abstract:

This report provides updated estimates of family living expenses and living wages for the fresh flower farming area near Lake Naivasha in Kenya. The update for 2025 takes into account inflation and changes in payroll deductions since the original Anker living wage study carried out in March 2014 (Anker and Anker, 2014).

Keywords: Living costs, living wages, Anker Methodology, Kenya

JEL classifications : J30, J50, J80.

[*] SDSN Bolivia, E-mail: guipiguzman@gmail.com
[**] SDSN Bolivia, E-mail: Lykke.E.Andersen@gmail.com
[***] Anker Research Institute, E-mail: mdelajara@ankerinstitute.org
[****] Anker Research Institute, E-mail: marthaandrichard@gmail.com

1. BACKGROUND

This report updates the Anker family living expenses and living wage for 2025 in the fresh flower farming area near Lake Naivasha, Kenya. The update reflects the inflation accumulated since the original study conducted in March 2014. To ensure the living wage maintains its purchasing power, the March 2014 estimates for family living expenses and net living wage are adjusted to June 2025 using inflation data. Without this adjustment, the 2014 net living wage would no longer provide a basic but decent standard of living in 2025. Additionally, the gross living wage (also referred to as the living wage) is updated by accounting for income taxes and mandatory payroll deductions applicable under laws in force as of June 2025.

2. LIVING WAGE ESTIMATE IN THE ORIGINAL REPORT FROM MARCH 2014

The original living wage benchmark report, published in March 2014, estimated monthly family living expenses for a basic but decent standard of living at KES 29,198 (USD 340, using an exchange rate of KES 86 per USD). The net living wage—defined as the take-home pay required for decency—was estimated at KES 17,276 (USD 201). The gross living wage, which includes income taxes and mandatory deductions for social security, was calculated at KES 18,542 (USD 216) (Anker and Anker, 2014).

3. INFLATION RATE USED FOR UPDATE

The Kenya National Bureau of Statistics (KNBS)[1] is the government body responsible for computing and reporting the Consumer Price Index (CPI) of Kenya.[2] CPI is based on a monthly survey of retail prices of a basket of 234 household consumption goods and services, conducted during the second and third weeks of the month. Prices are obtained from selected retail outlets in 25 data collection zones in Nairobi and in 13 other urban centers. The CPI uses a base year of 2019 = 100.

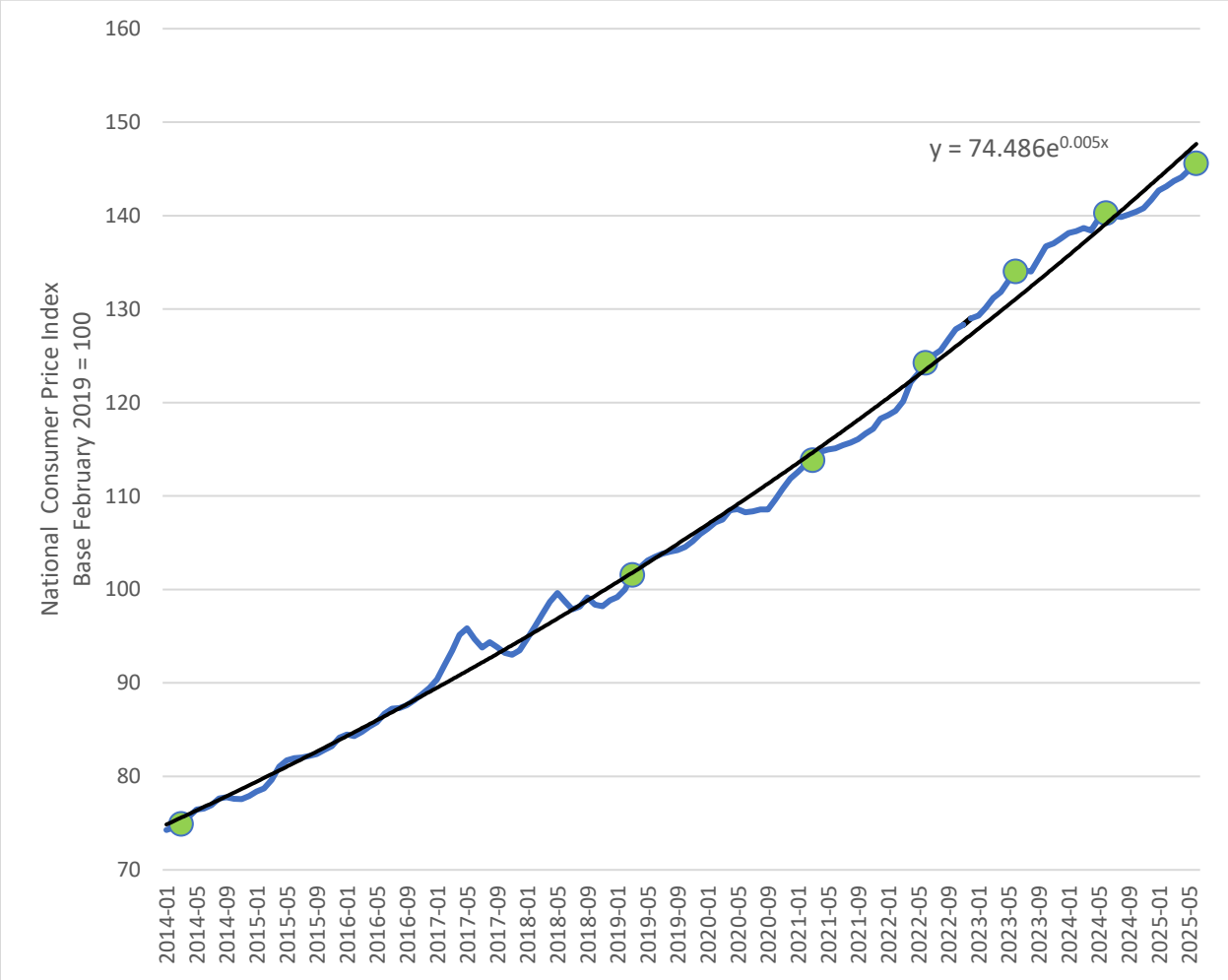
Although price data are only collected from urban establishments, the KNBS argues that its monthly price survey is relevant for both rural and urban areas.

4. RECENT LEVEL OF INFLATION

Between March 2014 and June 2025, the cumulative inflation rate was 94.4% in Kenya (see Figure 1). This is the inflation rate used in this report.

[1] See https://www.knbs.or.ke.
[2] Expenditure weights are based on the 2005/06 Kenya Integrated Household Budget Survey (KIHBS).

Figure 1: National Consumer Price Index for Kenya, January 2014 to June 2025



Notes: Green dots highlight the months of the original study and updates. Black line is the fitted exponential trendline.
Source: Authors' calculations based on CPI data from KNBS.

5. MANDATORY DEDUCTIONS

In Kenya, workers are required to pay income tax and contribute to both the National Social Security Fund (NSSF) and the Social Health Insurance Fund (SHIF), which recently replaced the National Hospital Insurance Fund (NHIF).

Income tax is collected through the Pay As You Earn (PAYE) system, which assesses monthly tax based on the assumption that annual income equals 12 times the monthly earnings. Personal income tax rates applicable on taxable income are those prevailing in 2025, which have been effective since 1 July 2023. This calculation includes a personal tax relief credit of KES 2,400 per month, granted to resident individuals.[3]

[3] https://taxsummaries.pwc.com/kenya/individual/taxes-on-personal-income

Under the NSSF Act of 2013, all workers aged over 18 and below retirement age must contribute 6% of their pensionable earnings to the Fund. The Act was designed to be phased in gradually, with periodic increases to contribution limits. The third phase took effect on 1 February 2025, and workers earning a living wage now contribute the full 6%.[4] As of October 2024, SHIF contributions are set at 2.75% of gross salary, replacing the previous NHIF rate. The Tax Laws now allow SHIF and NSSF contributions as deductible expenses for tax purposes.[5]

The breakdown of mandatory payroll contributions—SHIF and NSSF—and income tax (PAYE and personal relief) is summarized in Table 1:

Table 1: Breakdown of mandatory payroll deductions and income tax paid on living wage for 2025

Component	Amount in KES
Net Living Wage	33,585
NSSF	2,439
SHIF	1,118
Income Tax – P.A.Y.E.	3,513
Gross Living Wage	40,655

Source: Authors' calculations using PAYE calculator, with manual verification.

6. UPDATED LIVING WAGES AND FAMILY EXPENSES FOR 2025

The updated family living income expenses for 2025 are KES 56,762 (USD 439) per month. The gross living wage (aka living wage), which takes into account income taxes and mandatory payroll deductions, is KES 40,655 (USD 315) per month for 2025.

Table 2 provides details of the original and updated living wages and family living expenses.

[4] https://assets.kpmg.com/content/dam/kpmg/ke/pdf/tax/2025/Enhanced%20NSSF%20rates%20effective%20February%202025%20-%20Tax%20Alert.pdf

[5] https://taxsummaries.pwc.com/kenya/individual/other-taxes

Table 2: Family Living Expenses and Living Wage for Lake Naivasha Region in Kenya (in Kenyan Shilling and US Dollars)

Item	March 2014 Original Study Date		2024 Update Report		2025 Update Report	
Currency	**KES**	**USD**	**KES**	**USD**	**KES**	**USD**
Family Living Expenses	29,198	340	54,676	423	56,762	439
Net Living Wage	17,276	201	32,351	250	33,585	260
NSSF and NHIF Contributions	520	6	-	-	-	-
NSSF Contributions	-	-	2,160	17	2,439	19
NHIF/SHIF Contributions	-	-	950	7	1,118	9
Income Taxes - PAYE	746	9	3,187	25	3,513	27
Gross Living Wage	18,542	216	38,648	299	40,655	315
Exchange Rate	86		129.37[a]		129,27[a]	
Source of Exchange Rate	Original Report		Kenya Central Bank		Xe	

Note: USD values are indicative only, since exchange rates may be volatile. [a] Exchange rate is the average rate for the month of June. Source: Central Bank of Kenya, https://www.centralbank.go.ke/forex/ and https://www.xe.com/.
Source: Authors' calculations.

7. REFERENCES

Medinaceli, A., Andersen, L. E., Delajara, M., Anker, R., and Anker, M. (2024) Living Wage Update Report, Non-Metropolitan Urban Kenya, Lake Naivasha, 2024. Living Wage Update Report No. 24-04-39. Available online: https://www.globallivingwage.org/living-wage-benchmarks/non-metropolitan-urban-kenya/

Medinaceli, A., Andersen, L. E., Delajara, M., Anker, R., and Anker, M. (2023) Living Wage Update Report, Non-Metropolitan Urban Kenya, Lake Naivasha, 2023. Living Wage Update Report No. 23-04-43. Available online: https://www.globallivingwage.org/living-wage-benchmarks/non-metropolitan-urban-kenya/

Anker, R. and Anker, M. (2014) *Living Wage Report: Living Wage for Kenya with Focus on Fresh Flower Farm area near Lake Naivasha.* Available online: https://www.ankerresearchinstitute.org/kenya-benchmarks/livingwageupdate20220428-pgll3-3lz4x-4a6d5-mlysf-n9nk7-6l2tg-zdeby-5sekk-agrp7-rrs6c-aabpg-latt9-jtbaw-e2xgc-3e68l-whxlc-7c7ra-zlbg7