



OFFICE OF THE  
DATA PROTECTION  
COMMISSIONER

# Data Without Borders

How trusted data flows can  
power Kenya's economic growth

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# Foreword



Kenya's digital economy continues to expand rapidly, driven by increased connectivity, innovation, and the growing role of data in economic activity. As data becomes an essential factor of production, the flow of personal and non-personal data across borders is increasingly central to trade, investment, public service delivery, and regional integration.

The Data Protection Act, 2019 establishes a clear legal framework for the protection of personal data in Kenya, anchored in the constitutional right to privacy under Article 31 of the Constitution of Kenya. At the same time, the Act recognizes the importance of facilitating the lawful and secure flow of data, including cross-border data transfers, in support of economic development and Kenya's participation in the global digital economy.

With the effective and forward-looking ODPC in place, Kenya joins the global convergence of data protection standards and facilitate future data flows with international partners based on a strong level of privacy and data protection. This drives new opportunities for investment and trade relations and allows Kenya to establish a level playing field for business domestically. Kenya is well positioned to act towards benefitting from mechanisms to facilitate international data transfers globally, enhanced cooperation with relevant supervisory authorities worldwide and facilitate effective enforcement, which is increasingly necessary given the extraterritorial scope of application of the Kenyan DPA.

This report on the economic impact of data flows provides timely and evidence-based analysis to support the implementation of the Act. It examines how data flows contribute to economic growth, innovation, and competitiveness, while also highlighting the role of effective data governance, regulatory certainty, and trust. In particular, the report underscores the importance of international cooperation and data adequacy decisions as mechanisms for enabling cross-border data transfers while ensuring a high level of data protection.

International cooperation between data protection authorities and the pursuit of adequacy arrangements are critical to reducing regulatory friction, enhancing legal certainty for businesses, and strengthening Kenya's integration into regional and global value chains. Such cooperation supports the harmonisation of data protection standards, facilitates regulatory dialogue, and promotes mutual trust between jurisdictions.

The development of this paper was informed by a robust combination of primary and secondary data collection methods, complemented by extensive consultations with local, regional, and international stakeholders. This inclusive approach ensured that the findings reflect diverse perspectives across the sector and align with the aspirations of all key actors. I commend the research team led by Caribou and partners for their valuable contributions to this important work. It is my expectation that the findings of this report will support policymakers, regulators, industry, and development partners as Kenya continues to advance a data governance framework that safeguards fundamental rights, promotes innovation, and enables sustainable economic growth.

In conclusion, I would like to appreciate the support of the European Union and the GIZ Digital Transformation Center Kenya for the continued partnership and collaboration, and for sponsoring this research paper.

**Immaculate Kassait, SC. MBS**

A handwritten signature in black ink, appearing to read "Immaculate Kassait".

**Data Commissioner,  
Office of the Data Protection Commissioner**

# Executive summary

Kenya is at a defining moment in shaping its digital economy, and data is pivotal to this transformation. Trusted data flows make it easier for people, businesses, and the government to use and share information.

The Office of the Data Protection Commissioner (ODPC) is mandated to implement the Data Protection Act. The primary goal of the Act is to protect privacy of information as contemplated in Article 31 of the Constitution. Recognizing the borderless nature of the digital economy, the role of OPDC includes protecting privacy where data flows in and out of Kenya, promoting trust and

accountability in the digital economy. In carrying out this mandate, the ODPC also contributes to Kenya's economic growth, as trusted data flows support innovation, thereby creating new economic opportunities for Kenyans. It also enables Kenyan businesses to tap into international markets. This report outlines key findings from economic modelling and interviews with key representatives from Kenya's digital economy, trade, and data governance sectors. The research shows that strengthening Kenya's domestic data rules and enabling trusted cross-border data flows can yield significant economic benefits that support Kenya's broader economic priorities, including Vision 2030.

## Key benefits

### Boost employment

By increasing trusted data flows, Kenya could create 23,000 to 412,000 new jobs each year, in sectors such as tourism, BPO, and digital work.

### Growth in business

Trusted data flows could lead to revenue gains of \$1.1 billion to \$5.5 billion additional revenue annually for the private sector, with the biggest gains in data-intensive and service-based industries.

### Lower prices

Smoother and more efficient data use could reduce prices by 0.3% to 1.77%, making goods and services more affordable for both consumers and firms.

### A bigger economy

Trusted data flows could support Kenya's economy to expand by 1% to 5% each year (\$1.3 billion to \$6.2 billion in additional GDP).

### More trade

Internationally recognised data regulation could enable Kenya's trade, primarily in digital and digitally enabled services, to rise by 2% to 4%, adding \$208 million to \$395 million annually.

### Higher productivity

Better data use could raise productivity by 0.58% to 1.3%, giving each worker \$85 to \$190 more in output per year.

### Stronger public finance

Stronger economic activity could generate \$178 million to \$1.1 billion in additional tax revenue for Kenya annually, without increasing tax rates.

### More foreign investment

Clearer rules and greater digital trust could attract \$9 million to \$58 million more foreign direct investment each year, supporting Kenya's digital economy.

# Economic impact of trusted data flows

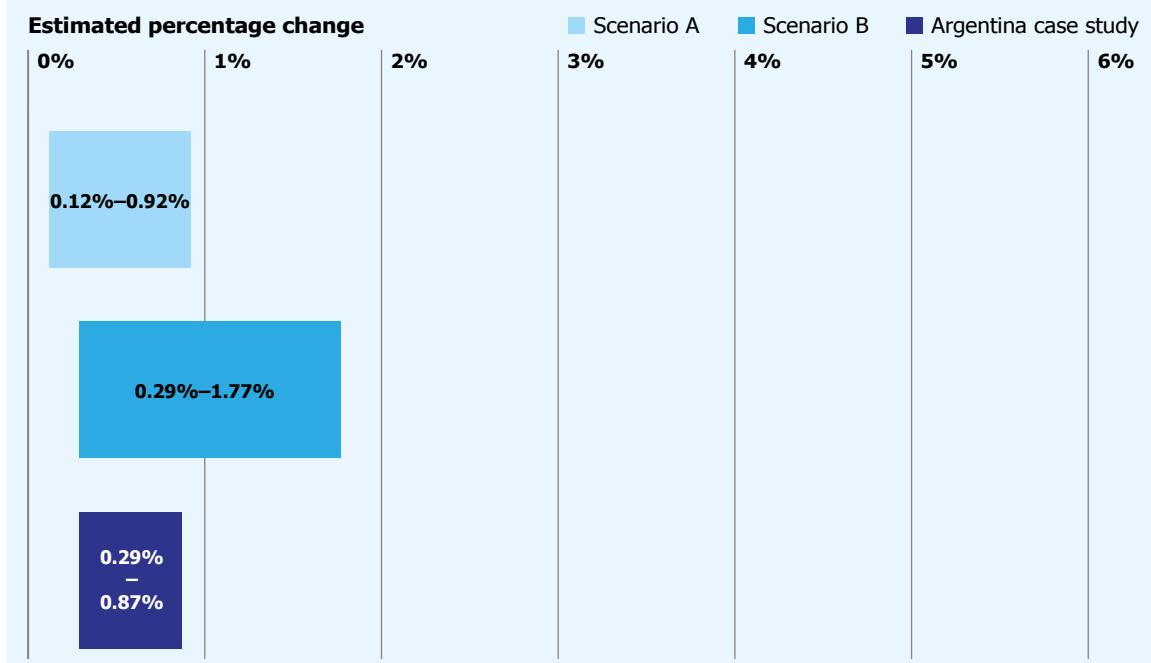
## More jobs

Kenya has a young and rapidly growing population, with 800,000 new entrants to the job market each year. By 2030, Kenya's population is projected to reach **64 million**, including over **22 million** youth aged 15 to 34.<sup>1</sup> With the increasing pressure on the job market, job creation becomes crucial for the Kenyan economy.<sup>2</sup>

As one of the key institutions established to oversee an aspect of the digital economy, the ODPC has a role in expanding opportunities for youth employment and entrepreneurship. Literature suggests that better data flows could help existing businesses grow and create new opportunities especially in digital businesses, logistics, fintech, and other service sectors.

To quantify the impact of better data flows on employment, this study looked at the relationship between economic growth and job creation in Kenya. Based on this, research suggests that higher economic activity due to good data flows, for example through increasing the size of digital, ICT and service-based industries, could support from **23,000 to 412,000 new jobs** in Kenya every year. When Argentina reformed its data governance, it saw similar outcomes: employment increased by 0.3% to 1.2% (approximately 40,000 to 158,000 jobs). The comparison of percentage increase across scenarios is shown in Figure 1.

**Figure 1** Trusted data flows fuel job creation



<sup>1</sup> World Bank, "Ujasiriamali: Self-Employment and Job Creation for Youth in Kenya."

<sup>2</sup> World Bank, *Beyond the Budget: Fiscal Policy for Growth and Jobs - A Public Finance Review for Kenya*.

Such jobs would arise from ease of doing business that would enable existing businesses to easily expand operations to countries with cross-border data agreements with Kenya. Such agreements would also ease setting up of new businesses in emerging sectors such as global business services (GBS). As the Data Protection Commissioner put it, **"it should be easy for people to set up a business, like a BPO".**

The ODPC has also made extensive efforts to strengthen companies' capacity to understand and comply with data regulations, increasing their ability to benefit from participation in the digital market. Interviews with key stakeholders in Kenya's digital ecosystem confirm the economic value of data flows. On job creation, one stakeholder estimated that one large business process outsourcing (BPO) firm in Kenya is generating new employment opportunities, with around 500 positions already targeting the US market. From this estimate, expansion to Europe could create a possible **further 500 direct jobs within the same**

**organisation.** Other BPO stakeholders gave higher estimates, with one noting that Kenya was well positioned to take international jobs because of the education system as well as general ease of doing business. Another noted that **existing initiatives for training online workers were a good foundation** from which the country could scale and involve more young people in GBS.

In addition to direct jobs, interviewees described how working in industries such as the BPO sector develops transferable skills. With increased exposure to global markets, Kenyans working in the BPO sector learn new skills, as well as experience in telecommuting, cultural exchange, and knowledge transfer. "Such skills would increase opportunities for Kenyans to enter the international job market, even without Kenyans travelling or living abroad", explained an interviewee who works in BPO. "In addition, local talent benefits from new digital practices, remote work models, and peer-to-peer support networks", the interviewee added.

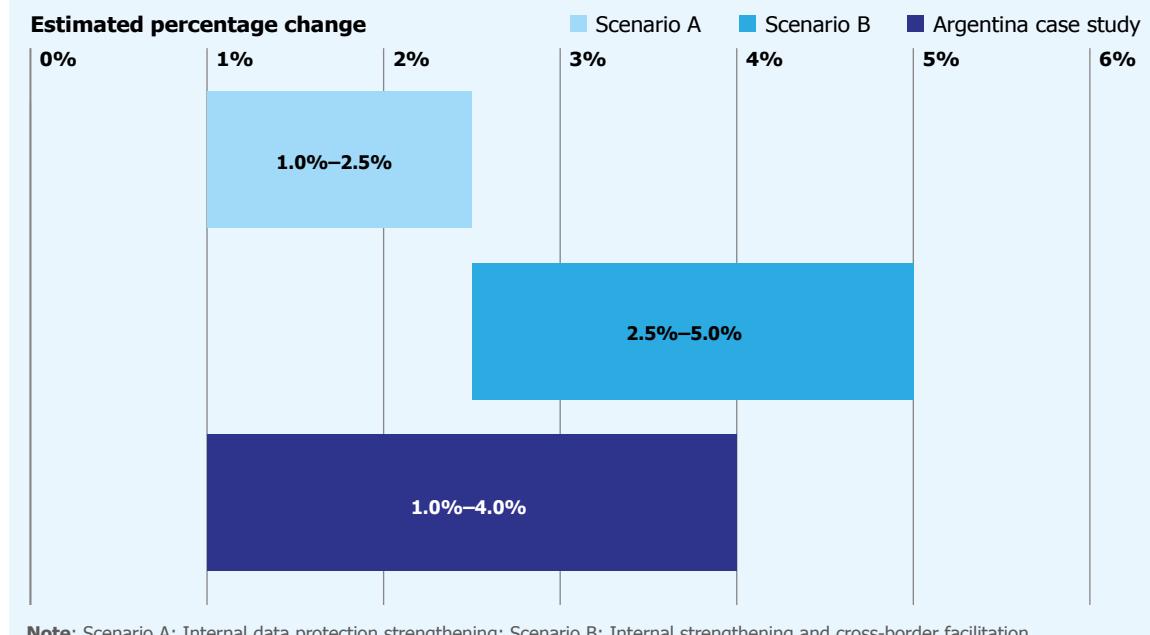


## Increased business revenue

Kenya's economy is largely made up of micro-, small, and medium enterprises (MSMEs). The government estimates that small businesses contribute over **40% of the GDP** and support over **15 million households**. The country's MSME policy identifies some of the key challenges facing these businesses to include lack of access to markets and limited support to formalise businesses and therefore benefit from research, innovation and credit. The policy also notes a shift in the MSME space where more young people are taking up the entrepreneurial culture and leveraging technology to start and expand their small businesses.

When businesses can use and send data easily, they are likely to spend less on compliance and technology workarounds. That means more revenue for expansion, hiring, and serving customers. Economic modelling estimates that increased cross-border data flows could **boost Kenya's GDP by about \$1.1 billion to \$5.5 billion** in extra business revenue each year. Argentina's results show comparable proportional gains (estimated at \$5.3 to \$21.3 billion). This is represented in percentage terms in Figure 2.

**Figure 2** Businesses earn more in open data ecosystems



The ODPC is working to create an enabling environment for Kenyan business – for example, through aligning the country's data protection framework with the African Union's push for a Single Digital Market. This is pursued through two key efforts: ratifying the Malabo Convention and implementing the African Continental Free Trade Area (AfCFTA) Digital Trade Protocol. As the Data Protection Commissioner put it, "looking at trade, the economic dimension, **data flows are supposed to unlock business**".

These efforts and findings were affirmed by other stakeholders consulted as part of this study. One policy officer argued that a "single market for data" in Africa would allow Kenyan enterprises, especially MSMEs, **to access regional markets more easily**. Currently these businesses face barriers in

regulated sectors such as telecommunications and finance that limit opportunity. The policy officer's argument was that nationally regulated cross-border data flows would reduce the compliance burden as businesses would not have to engage regulators on each business opportunity or contract involving cross-border data flows.

This view was shared by BPO stakeholders who noted that Kenyan businesses would benefit from regulated cross-border flows in Africa as they were already well positioned to provide services to African as well as European entities. "**Cross-border flows support digital exports** such as fintech, SaaS platforms, online gaming, and digital entertainment", noted an interviewee who works in data centre financing.



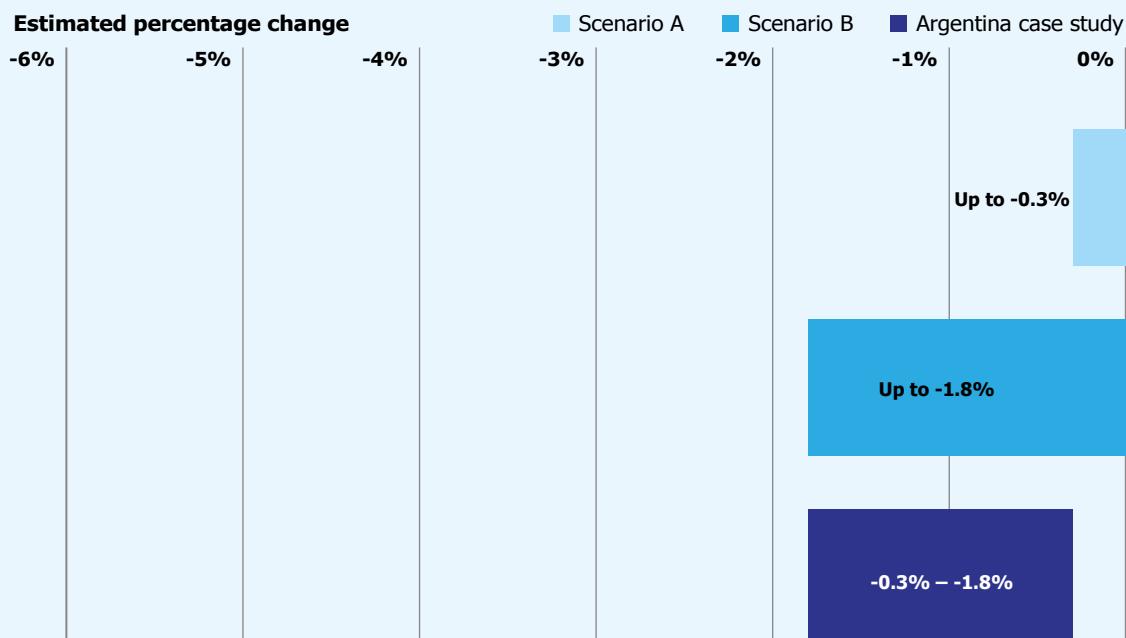
## Lower prices

The cost of living in Kenya has been rising, driven by a complexity of internal and external factors such as food and energy prices, exchange rate fluctuations, money supply, and government policy.<sup>3</sup> While equally complex interventions are required to address inflation, increased activity in the digital economy contributes to lowering the cost of living through lower prices.

Efficient data flows could reduce business costs, which could pass through into cheaper services, particularly in the digital sector.

To estimate how much prices could decline, the report examined the additional costs businesses incur due to strict data regulations. Easing these rules would reverse these costs, potentially **lowering prices by approximately 0.3% to 1.77% per year**. Argentina's experience shows similar results (Figure 3).

**Figure 3** Data reforms reduce price levels



The ODPC determinations from the past few years aim to enhance consumer protection against financial exploitation. This research demonstrates that its regulatory function can also have a wider contribution to building trust, strengthening the market, and thus people's spending power. Indeed, many of those consulted as part of this research emphasised the costs associated with a lack of regulations around data flows. Interviewees stated the absence of harmonised regional rules complicates multinational operations within East Africa.

Regulatory compliance is costly, pushing smaller firms to operate "under the radar" until growth forces them into formal compliance. Interviewees from businesses with multinational operations in Africa were of the view that **African businesses would benefit greatly from a harmonised data protection framework** under initiatives such as the African Continental Free Trade Area or even regional agreements such as under the East African Community. This is because such agreements would enable cross-border data flows without the businesses having to incur significant costs of compliance. The cost savings could be translated to lower consumer prices.

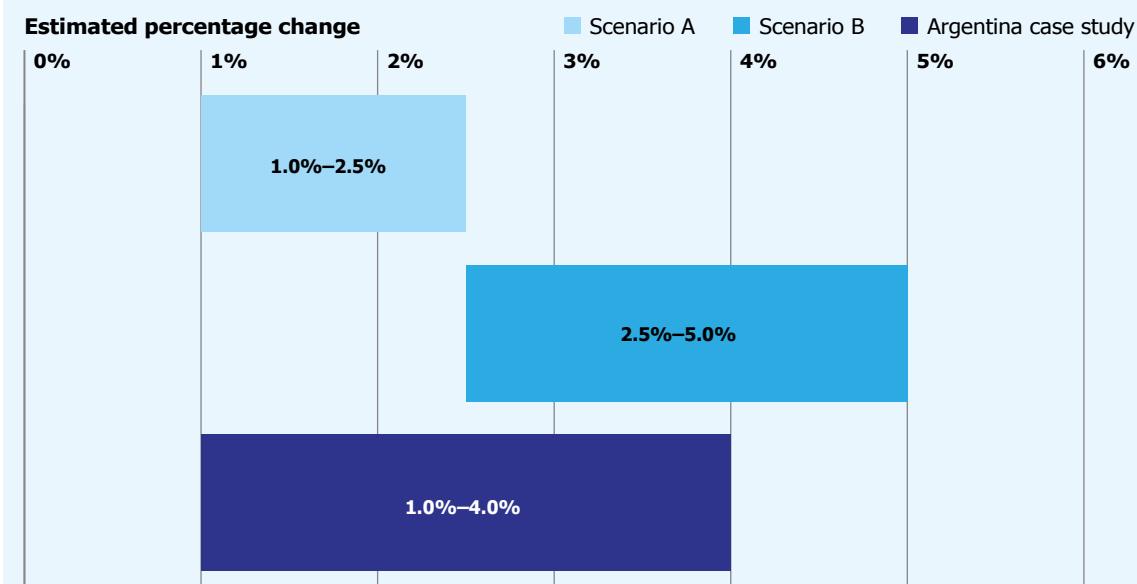


## A bigger economy

In 2024, Kenya's nominal GDP reached approximately **\$119.3 billion**, with a real GDP growth of **4.7%**.<sup>4</sup> Growing the Kenyan economy further would improve incomes, attract investment, and increase its overall competitiveness in Africa. Growth driven by digital connectivity tends to be broad-based, supporting both urban and rural economies.

Research suggests that stronger data regulations support economic growth. Trusted data flows can help businesses adopt technology, cut costs, and reach new markets. When Argentina implemented similar measures, GDP expanded by **1% to 4%**. Applying this to Kenya, improved data governance could boost GDP by 1% to 5% annually. Figure 4 illustrates the percentage increase in GDP across scenarios.

**Figure 4** GDP gains under trusted data flows



The ODPC was established under the Data Protection Act (2019) to regulate data handling and promote trust in Kenya's expanding digital economy. As the Data Protection Commissioner put it, internationally recognised data regulation should make cross-border transactions "**a very busy, easy business. It should mean I don't have to go through tons and tons of documentation to make sure that I'm compliant with regulations, like GDPR**". Interviewees confirmed the view that data regulation would help grow Kenya's economy. Representatives from the BPO sector gave examples of businesses that would be positively impacted by increased cross-border flows, highlighting those already supported by the BPO sector such as tourism, transport, telecoms, healthcare, finance and agriculture.

Others suggested that increased cross-border data flows could expand the digital innovation ecosystem. One interviewee noted data flows are essential to startups seeking to build globally competitive platforms, including mobile app development, virtual economies, and online gaming. These are all sectors where Kenyans are increasingly active, and therefore significant areas of potential economic growth.

Another strategic benefit is in increased financial inclusion. Several interviewees familiar with both multinational and domestic companies highlighted the significance of remittances. As one respondent noted, "cross-border data flows underpin secure money transfer systems, improving remittance channels and digital finance services".

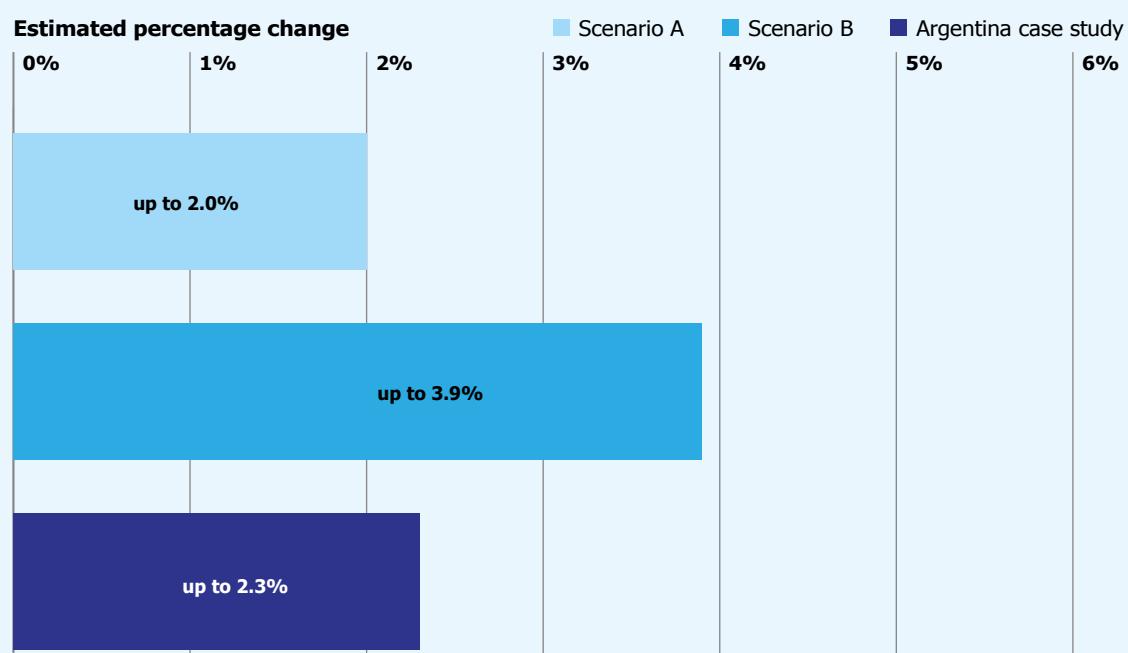
## More trade

The *Digital Economy Blueprint* notes the increasing reliance on data for Kenyan businesses, including those in traditional economic sectors such as agriculture and tourism.<sup>5</sup> Kenyan firms – from tech startups to service exporters – depend on smooth cross-border data flows to reach regional and global markets. Digital services, which make up about **15% of Kenya's total services exports**,<sup>6</sup> are among the country's fastest-growing export sectors. Strengthening data regulations could give

this sector a further boost, enhancing Kenya's competitiveness in the global digital economy.

Global evidence indicates that free-flowing data can boost countries' trade in digital services. In Argentina, similar policies led to annual trade gains of about 2.3% (\$898 million). Applying these insights to Kenya suggests that such improvements could increase services trade by 2% to 3.9% (Figure 5) – up to **\$395 million per year**.

**Figure 5** Trade gains from better data rules



The ODPC role in governing data flows is critical to enabling international trade. The Data Protection Commissioner argues that, like with the free movement of people, **the free movement of data can unlock business opportunities**. Stakeholders consulted as part of this research were also of the view that regulation could enable more free flows of data which in turn would strengthen digital trade. For example, **respondents from**

**the BPO sector expect trade to grow should Kenya successfully negotiate cross-border data flow agreements.** This is because, from their experience, Kenya is well positioned to provide digital trade services. A respondent with experience in the data centre sector emphasised that “cross-border flows support digital exports such as fintech, SaaS platforms, online gaming, and digital entertainment”.

<sup>5</sup> Government of Kenya, *Digital Economy Blueprint*.

<sup>6</sup> GSMA, *Driving Digital Transformation of the Economy in Kenya*.



## Higher productivity

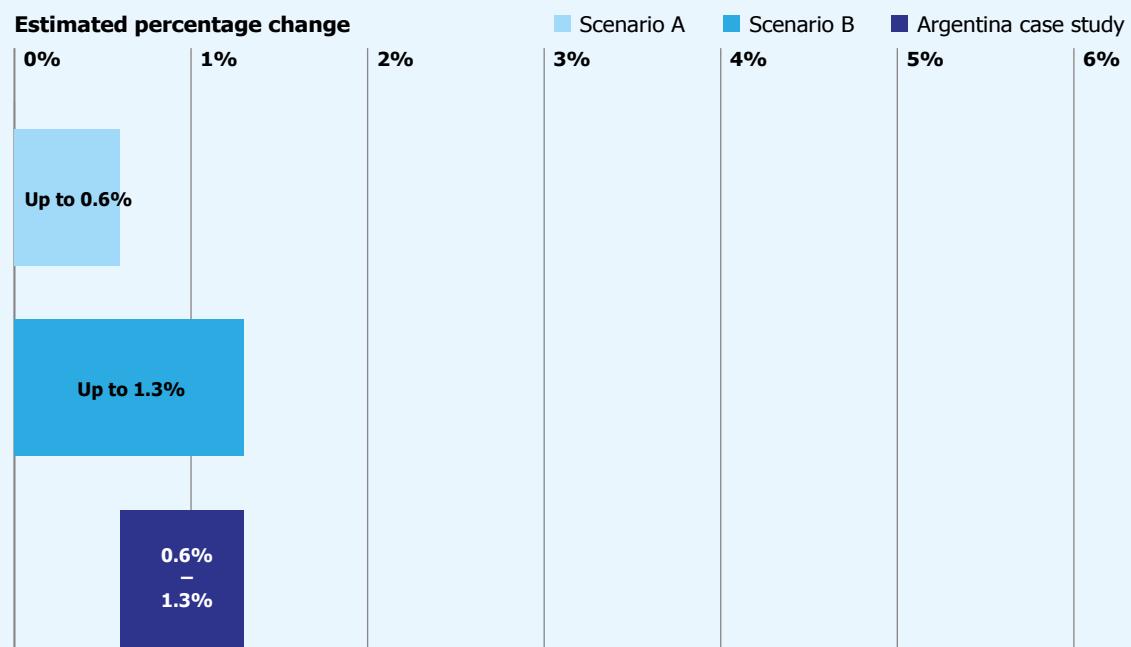
Increasing Kenya's productivity growth is critical to economic growth – and there is huge potential to expand the country's productivity.<sup>7</sup> **Improving productivity is crucial for economic growth**, as it boosts incomes, creates jobs, and attracts investment. It also enhances competitiveness, allowing the country to produce more efficiently and compete effectively in global markets.

Higher productivity means that Kenyan workers and firms can generate greater value with the same effort – and better use of data enables digital

tools, automation, analytics, and faster decision-making, all of which drive these gains.

Research shows that facilitating the use and sharing of data boosts worker productivity. In Argentina, estimates of the value of trusted data frameworks in **productivity gains range from \$343 to \$768 per worker** (0.58% to 1.3%). Applying the same logic in Kenya, this could translate into **a 0.58% to 1.3% annual increase** in output per worker, as shown in Figure 6.

**Figure 6** Rise in worker's productivity from improved data flows



Kenya's Vision 2030 explicitly recognises ICT as a driver of growth and productivity, and the ODPC's strategic plan aligns with this, establishing a critical role in the attainment of national development objectives. Representatives from the business sector affirmed these goals. Respondents working with companies with multinational operations gave an example of this, stating that they typically had to **invest in dedicated risk and compliance departments to navigate the multiple regulatory frameworks** when undertaking cross-border data transfers – and that these

investments could be streamlined if compliance requirements were clearer. This was confirmed by data protection officers who also noted that free flow of data would reduce the compliance burden of multiple regulatory frameworks, lowering costs of operating across jurisdictions.

Similarly, interview participants in the BPO sector stated that **adequacy agreements would simplify contracts and speed up business negotiations**, especially for firms engaging European clients.

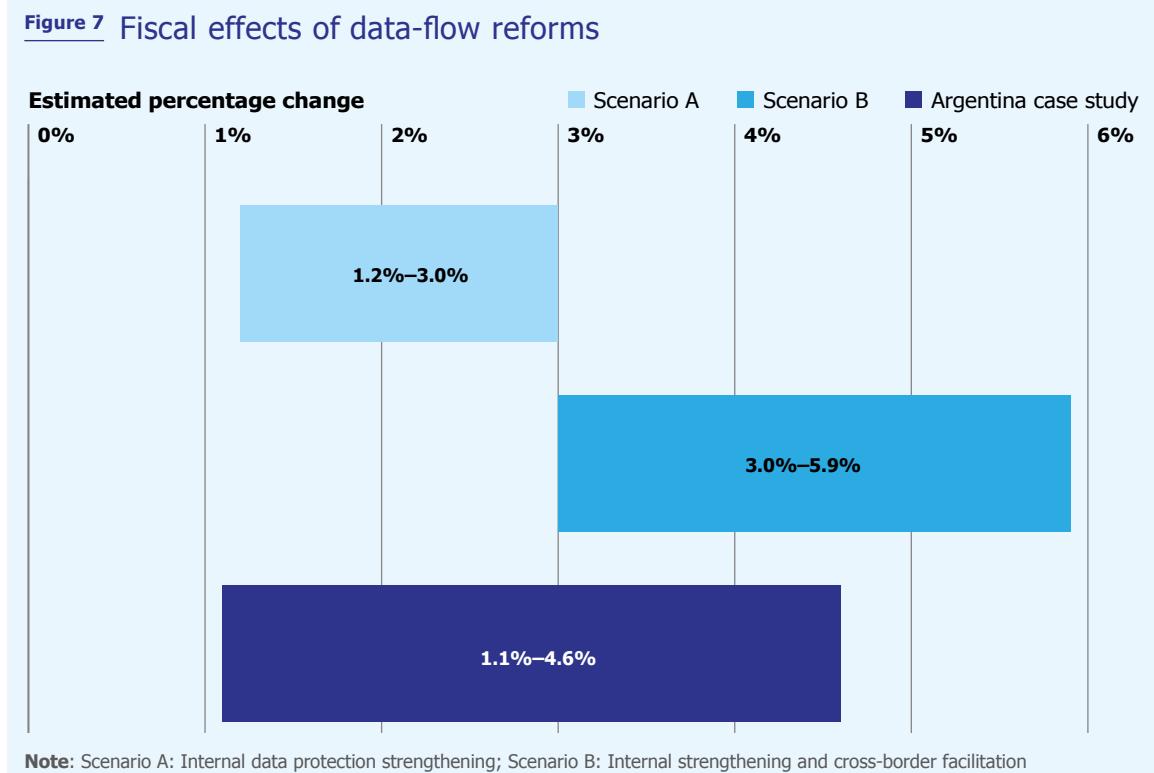


## Stronger public finances

Kenya's budget policy plan for 2025/26 focuses on strengthening public finances through various measures. Increased economic activity, powered by both domestic and cross-border data flows, could contribute to this goal by expanding the tax base. This, in turn, would provide the resources needed to invest in schools, hospitals, infrastructure, and digital services – critical pillars for realising Kenya's long-term development vision.

Research suggests better data policies drive increased tax revenue. In Argentina similar data conditions led to an increase in tax revenue of **1.1% to 4.6% (\$835 million to \$3.3 billion)**. Analysis of how Kenya's tax revenues could grow as the economy expands suggests that data policies enabling cross-border data flows could generate **an additional 1.2% to 6.5% (\$178 million to \$1.1 billion) in tax revenue** each year. Figure 7 illustrates the percentage gains in public finances.

**Figure 7** Fiscal effects of data-flow reforms



The ODPC was established to strengthen trust in Kenya's expanding digital economy, and to support the expansion of trusted data flows that help grow Kenya's digital economy. Beyond immediate economic outcomes, an expanded economy has benefits for public finances. And this potential for regulated cross-border data flows to strengthen public finances was affirmed by interviewees, suggesting that increased data flows would increase government revenue from taxation charged on digital services. One respondent gave the example of how the Kenya Revenue Authority (KRA) had

collected **KES 10 billion from cryptocurrency traders, much of it from digitally tracked, cross-border transactions**. Harmonised policies could increase formal reporting, raising government revenue instead of letting transfers occur informally.

In a discussion with BPO sector representatives, interviewees noted that in addition, **stronger data systems improve public finance accountability and trust in governance** by making cross-border digital transactions traceable.



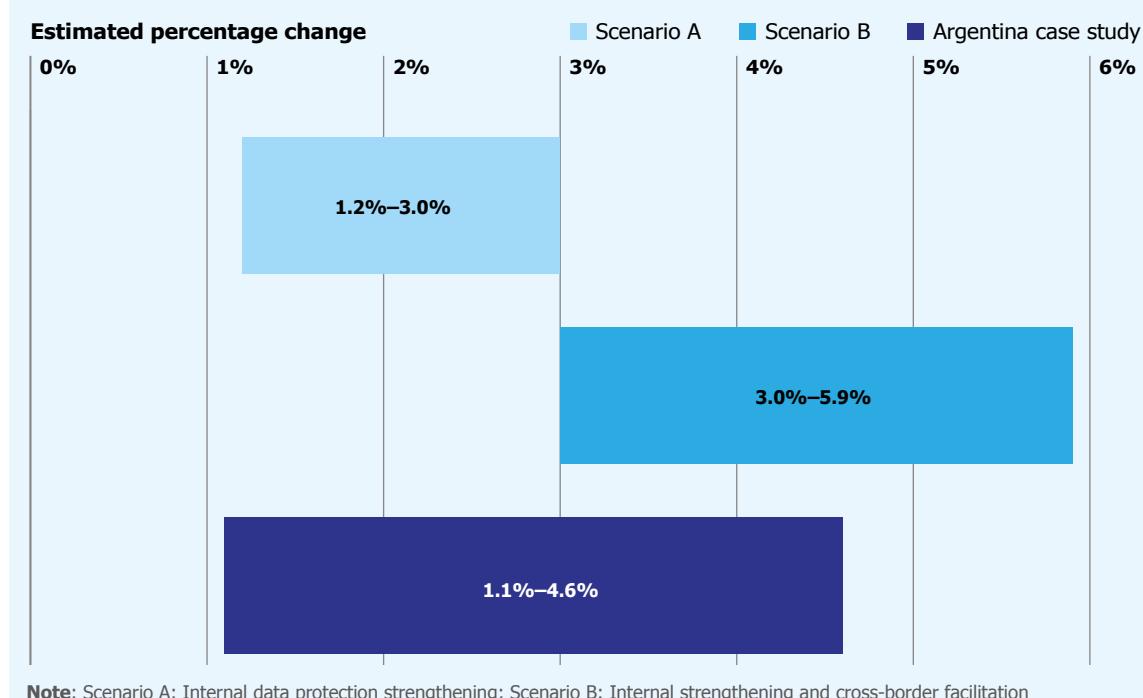
## More foreign investment

The 2024 Foreign Investment Survey Report by the Central Bank of Kenya and Kenya National Bureau of Statistics notes that foreign direct investment has been on a steady increase.<sup>8</sup> The report lists some of the factors that influence their decision to invest in a foreign country to include ease of doing business, market access, and availability of resources such as workforce and digital technology. FDI in Kenya has significant potential to expand,<sup>9</sup> underscoring the value of building a trusted environment for digital investments. Investors value regulatory stability, and reliable data flows play a key role in establishing that trust. By implementing clear and trusted data rules,

Kenya could increase its attraction as a destination for global companies.

Research shows that when other countries adopt robust data governance it increases FDI. In Argentina, **data governance alignment produced a 1% to 4% rise** in annual FDI inflows. Starting with Kenya's current level of foreign direct investment, research suggests that stronger digital connectivity and trust can attract additional investors. This could **generate an extra \$9 million to \$58 million in FDI** each year. Percentage increase in FDI under each scenario is presented in Figure 8.

**Figure 8** Impact of trusted data flows on investor confidence



<sup>8</sup> Kenya National Bureau of Statistics, *2024 Foreign Investment Survey Report*.

<sup>9</sup> Cytonn Report, "Foreign Direct Investments (FDIs) in Kenya."

The ODPC's mandate to lead the dialogue around internationally recognised data governance regulation reflects the importance of regulation in creating the enabling environment for foreign investment. As the Data Protection Commissioner put it, for investors and businesses, **"you are better off going to a country where you have the guard rails than going to another where you don't"**.

Interviewees with experience on international investment explained **one of the benefits of adequacy agreements to be attraction of foreign direct investment** as well as investment finance more broadly.

"From an investment perspective, **countries deemed 'adequate' under EU rules are seen as low-risk investment destinations**, which attracts European companies and capital", explained a policy officer well versed in EU adequacy agreements.

Therefore in addition to the "**club-effect**" where countries with GDPR adequacy trade amongst themselves,<sup>10</sup> adequacy can increase both foreign direct investment as well as venture capital. As noted by one interviewee, **"adequacy signals that Kenya's data protection regime is trustworthy, increasing investor confidence"**.

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