



10TH JUNE 2021

The PFM Act, 2012 requires the budget for the government to be publicized. This Mwananchi guide therefore, seeks to disseminate information on the budget for the FY 2021/22 to all segments of the society.

THEME: "BUILDING BACK BETTER: STRATEGY FOR RESILIENT AND SUSTAINABLE ECONOMIC RECOVERY AND INCLUSIVE GROWTH"

Government Expenditure and Net Lending for the Financial Year 2021/22 is **Ksh 3,030.3 billion**, of which:

◆ **Ksh 1,272.4 billion** Ministerial Recurrent Expenditure;

Ministerial Recurrent Expenditure include Judiciary Ksh 15.6 billion and Parliament Ksh 35.8 billion

◆ **Ksh 669.6 billion** allocation for Ministerial Development Expenditure;

◆ **Ksh 697.5 billion** for Interest Payments and Pensions;

◆ **Ksh 20.8 billion** contribution to civil servant pensions

◆ **Ksh 370.0 billion** Equitable share to Counties;

Overall Budget and Financing

Total Revenue Ksh 2,038.6 billion

Grants Ksh 62.0 billion



Deficit (Ksh 929.7 bn)

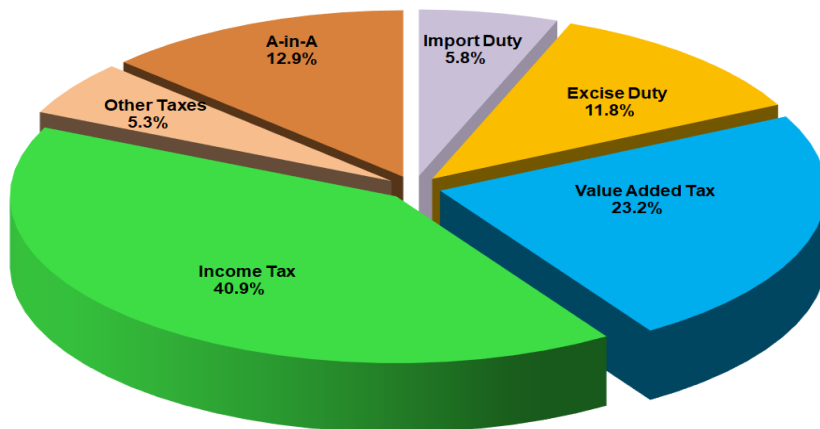
Deficit Financing

Net Foreign Financing **Ksh 271.2 billion**

Net Domestic Financing **Ksh 658.5 billion**

NB: Expenditure of Ksh 3,030.3 billion excludes Redemptions of Ksh 608.9 million

Composition of the Ksh 2,038.6 billion Total Revenue inclusive of A.I.A



Priority Areas for the FY 2021/22 Budget

Spending Priorities include:

The "Big Four" Drivers & Enablers

Ksh 20.5 billion
Supporting Manufacturing for job creation

Ksh 60.0 billion
Enhancing Food and Nutrition Security to all Kenyans

Ksh 47.7 billion
Providing Universal Health coverage to guarantee quality and affordable healthcare to all Kenyans.

Ksh 13.9 billion
Provision of Affordable and Decent Housing for all Kenyans.

Other Key Allocations

Ksh 23.1 billion
Economic Recovery Strategy

Ksh 302.1 billion
Enhanced security for stability, investment and growth.

Ksh 310.7 billion
Investing in infrastructure to unlock growth potential.

Ksh 202.9 billion
Enhancing access to quality education outcomes.

Ksh 93.2 billion
Environment management and protection, flood control and water harvesting.

Ksh 103.4 billion
Equity, poverty reduction & social protection for vulnerable groups.

Ksh 23.0 billion
Leveraging on Information, Communication and Technology.

Ksh 409.8 billion
Transfer to County Governments Including: Equitable Share **Ksh 370.0 billion** and Conditional Allocation **Ksh 39.8 billion**

STATE OF THE ECONOMY

- In 2020, the economy was affected by the outbreak of COVID-19 Pandemic and the attendant containment measures. Consequently, economic growth is estimated to have slowed down to **0.6%** in 2020 from 5.4% in 2019.
- Growth is projected to bounce back to around **6.6%** in 2021 supported by stable macroeconomic environment, expected favorable weather and ongoing COVID-19 vaccinations that is meant to create herd immunity and allow resumption of full economic activities.
- This growth will also be supported by ongoing investments in strategic priorities of the Government under the “**Big Four**” Agenda and the implementation of the **Economic Recovery Strategy**.

Achievements under the Economic Stimulus Programme (ESP)

Since the outbreak of COVID-19 pandemic, the Government has been implementing the Economic Stimulus Programme, which is labour-based.

The programme increased demand for local goods and services, cushioning vulnerable Kenyans, securing household food security for the poor, and creating employment and incomes.

Great gains have been realized under the Programme including;

- Creation of over **100,000 jobs** for youth in urban settlements of Nairobi, Mombasa, Kisumu and Eldoret under “Kazi Mtaani” ;
- Providing **Ksh. 3.0 billion** to the Credit Guarantee Scheme as seed capital to de-risk lending to MSMEs;
- Recruitment and posting of **4,000** primary and **8,000** secondary school intern teachers.
- Construction of additional classrooms in secondary schools and procurement of locally fabricated desks for primary and secondary schools;
- **5,000** Diploma and Certificate level health workers were recruited for one year under the Universal Health Coverage;
- **5,500** Community scouts recruited and distributed to conservation areas across the 47 Counties;
- An additional **Ksh 10.0 billion** was transferred to the vulnerable and the emerging vulnerable as a result of COVID-19 pandemic; and
- Enhancement of liquidity to businesses through payment of VAT refunds of **Ksh 10.0 billion** and clearance of pending bills of **Ksh 13.1 billion**.



Youth engaged under Kazi Mtaani Programme



Credit Bank CEO Betty Korir signs Credit Guarantee Scheme agreement with the Treasury

Ongoing Vaccinations Against COVID-19 Pandemic



First batch of COVID-19 vaccines arriving at JKIA



Kenyans receiving Covid-19 vaccine

- In the **FY 2020/21**, the Government spent **Ksh 7.6 billion** to purchase COVID-19 vaccines.
- In March 2021, the Government launched the **National COVID-19** vaccinations after receiving **1.1 million** doses of AstraZeneca Vaccine from the COVAX Facility.
- As of end May, 2021, about **1.0 million** persons had received the first dose of COVID-19 vaccine.
- Vaccination of the second dose kicked off on 28th of May 2020 with priority given to frontline health care workers, who received the first jab during the initial roll out in March 2021.
- As of end May, 2021 about **27,000 persons** had received the second dose of COVID-19 vaccine.
- The Government is in the process of acquiring more vaccines from Johnson and Johnson to supplement AstraZeneca vaccines.
- In the **FY 2021/22 budget**, **Ksh 14.3 billion** is earmarked for the purchase of Covid-19 vaccines. This will facilitate the ongoing vaccination of Kenyans and create herd immunity against COVID-19 to allow resumption of full economic activities

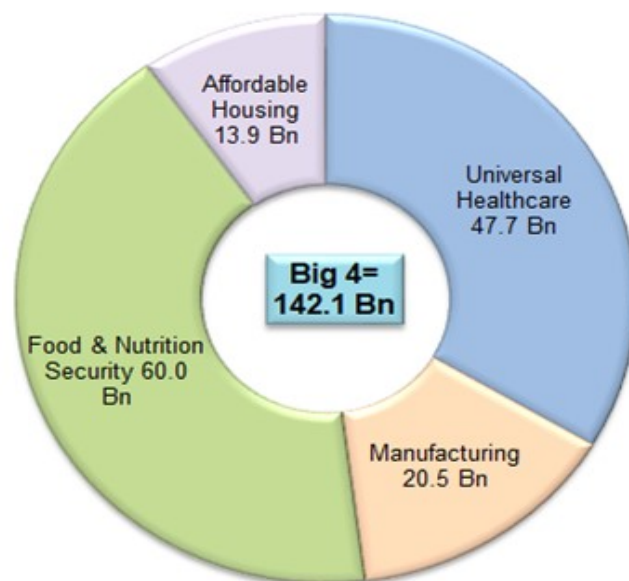
CONTINUED IMPLEMENTATION OF THE “BIG FOUR” AGENDA TO SUPPORT ECONOMIC RECOVERY AND SUSTAIN INCLUSIVE GROWTH

Realization of priority programmes under the “Big Four” Agenda is a critical path to supporting sustainable economic recovery, accelerating employment creation, supporting manufacturing activities, enhancing health coverage, improving food & nutrition security and living conditions through affordable housing.

As such, **Ksh 142.1 billion** has been allocated in the FY 2021/22 to support implementation of priority programmes under the “Big Four” Agenda, in various Ministries, Departments and Agencies:

This includes:

- ◆ **Ksh 47.7 billion** for Universal Health Coverage;
- ◆ **Ksh 20.5 billion** for Manufacturing;
- ◆ **Ksh 13.9 billion** for Affordable Housing; and
- ◆ **Ksh 60.0 billion** for Food and Nutrition Security



1. Universal Health Coverage



Soweto Hospital built in Kayole to bring services close to people



Uthiru –Muthua Hospital well equipped with in-patient beds

The outbreak and rapid spread of the Covid-19 Pandemic necessitated the urgent need to upscale implementation of Universal Health Coverage (UHC) to all our counties.

As such, the Government has enhanced allocations to the health sector to support the response to the pandemic and improve health outcomes. In the FY 2021/22 **Ksh 47.7 billion** was allocated to UHC.

Key allocations to the sector include:

- ◆ **Ksh 7.2 billion** for managed equipment services;
- ◆ **Ksh 4.1 billion** for Free Maternity Health Care;
- ◆ **Ksh 1.9 billion** to provide medical cover for the elderly and severely disabled in our society;
- ◆ **Ksh 8.8 billion** for the Kenya COVID-19 Emergency and Response Project;
- ◆ **Ksh 15.3 billion** for Kenyatta National Hospital;
- ◆ **Ksh 11.4 billion** to Moi Teaching & Referral Hospital;
- ◆ **Ksh 7.3 billion** to Kenya Medical Training Centres;
- ◆ **Ksh 2.8 billion** to Kenya Medical Research Institute;
- ◆ **Ksh 1.3 billion** for the construction of Kenya National Hospital Burns and Paediatrics Centre;
- ◆ **Ksh 450 million** for procurement of Cyber Knife Radiotherapy Equipment; and
- ◆ **Ksh 350 million** for the establishment of two cancer centres in Meru and Kakamega.
- ◆ **Ksh 5.8 billion** for addressing and lowering cases of HIV, Malaria and Tuberculosis;

CONTINUED IMPLEMENTATION OF THE “BIG FOUR” AGENDA TO SUPPORT ECONOMIC RECOVERY AND SUSTAIN INCLUSIVE GROWTH

2. Supporting the Growth of Manufacturing for Continued Job Creation

- ⇒ The Government’s enhanced investments in manufacturing sector continues to yield results including job creation and improvement of livelihoods.
- ⇒ To this end, the Government has revived and transformed textile, leather and automobile industries, which have in turn created jobs for our youth.
- ⇒ Building on the gains already made, the Government has continued to invest in the manufacturing sector to scale up operations, protect local industries and increase the sector’s contribution to GDP.
- ⇒ In particular, the development of Special Economic Zones (SEZ) among them Naivasha Industrial park, Dongo Kundu Special Economic Zone in the coastal region and Kisumu Special Economic Zone in Miwani will spur local industrial activities and unlock additional employment opportunities for the unemployed population.
- ⇒ The Government has also prioritized establishment of private SEZs to boost the manufacturing sector.

The Government continues supporting reforms to encourage the investment in manufacturing sector to support and protect local industries.



Hela Clothing in Kenya producing PPEs to meet regional demand



A tannery and leather processing factory at Ewaso Ngiro trading centre in Narok



Expanding Local Auto Assembly Industry in Kenya.



To date, thirteen motor vehicle and seventeen motor cycle assemblers have been approved

In the FY 2021/22, **Ksh 20.5 billion** has been set aside to promote local industries under various Ministries, Departments and Agencies.

Key allocations among this include:

- ◆ **Ksh 1.4 billion** to Kenya Industry and Entrepreneurship project;
- ◆ **Ksh 0.5 billion** for Development of various SMEs;
- ◆ **Ksh 0.8 billion** for Kenya Youth Empowerment and Opportunities Project;
- ◆ **Ksh 2.0 billion** additional for Credit Guarantee Scheme to enhance access to affordable credit by MSMEs ;
- ◆ **Ksh 350 million** for development of SEZ Textile Park in Naivasha, Kenanie leather Industrial Park and Athi River Textile Hub;
- ◆ **Ksh 8.3 billion** for Dongo Kundu Special Economic Zone;
- ◆ **Ksh 59.2 million** modernization of cooperative cotton ginneries;
- ◆ **Ksh 130.2 million** for the Modernization of RIVATEX; and
- ◆ **Ksh 210.0 million** coffee industry revitalization

CONTINUED IMPLEMENTATION OF THE “BIG FOUR” AGENDA TO SUPPORT ECONOMIC RECOVERY AND SUSTAIN INCLUSIVE GROWTH

3. Provision of Affordable and Decent Housing for All Kenyans



Affordable NHC Stoni Athi view housing units located off Nairobi-Mombasa Highway.



Mavoko affordable Housing Units.

The Government continues to tackle the housing problem in Kenya by implementing programmes under Affordable Housing Pillar.

Resources have been mobilized through the National Housing Development Fund and fostering public-private partnerships in order to fund 500,000 affordable housing units.

The National Housing Development Fund continues to mobilize resources to fund the housing projects in Mavoko, NHC Stoni Athi among others which are at various stages of completion.

In FY 2021/22 budget, **Ksh 13.9 billion** has been allocated for affordable Housing.

Key allocations include:

- ◆ **Ksh 3.5 billion** to operationalize the Kenya Mortgage and Refinance Company (KMRC);
- ◆ **Ksh 7.0 billion** to Kenya Affordable Housing Project ;
- ◆ **Ksh 500.0 million** construction of Social Housing Units;
- ◆ **Ksh 3.5 billion** to Kenya Informal Settlement Improvement Project – Phase II;
- ◆ **Ksh 750.0 million** for the Housing Units for National Police and Kenya Prisons; and
- ◆ **Ksh 1.0 billion** for construction of markets.

4. Enhancing Food and Nutrition Security to all Kenyans

Government’s efforts to make food cheap and available to all Kenyans are bearing fruits with various initiatives aimed at supporting farming, livestock rearing and fish production.

More farmers are now accessing subsidized inputs to lower their cost of production and boost earnings.

In FY 2021/22 budget, **Ksh 60.0 billion** has been allocated to support the aspirations to attain 100 percent food and nutrition security.

Key allocations in this budget include:

- ◆ **Ksh 7.0 billion** National Agricultural and Rural Inclusivity project;
- ◆ **Ksh 1.5 billion** Small Scale Irrigation and Value Addition Project;
- ◆ **Ksh 2.7 billion** to Kenya Cereal Enhancement Programme;
- ◆ **Ksh 1.8 billion** for the Emergency Locusts Response;
- ◆ **Ksh 1.5 billion** for National Value Chain Support Project;
- ◆ **Ksh 620.0 million** to the Food Security and Crop Diversification Project;
- ◆ **Ksh 3.1 billion** for free disease holding ground in Lamu;
- ◆ **Ksh 10.7 billion** to increasing agricultural productivity and enhance resilience to climate change risks in targeted smallholder farming and pastoral communities;
- ◆ **Ksh 529.5 million** for Insurance Scheme for livestock and crops;
- ◆ **Ksh 3.2 billion** for the Aquaculture Business Development Project;
- ◆ **Ksh 3.4 billion** for the Kenya Marine Fisheries and Socio-Economic Development Project;
- ◆ **Ksh 2.1 billion** for construction of Liwatoni fishing Complex; and
- ◆ **Ksh 1.0 billion** for construction of a fish processing plant in Lamu.



Kitchen gardens under the One Million Kitchen Gardens Initiative for food & nutrition security.



Combating Desert Locust invasion in Northern Kenya.

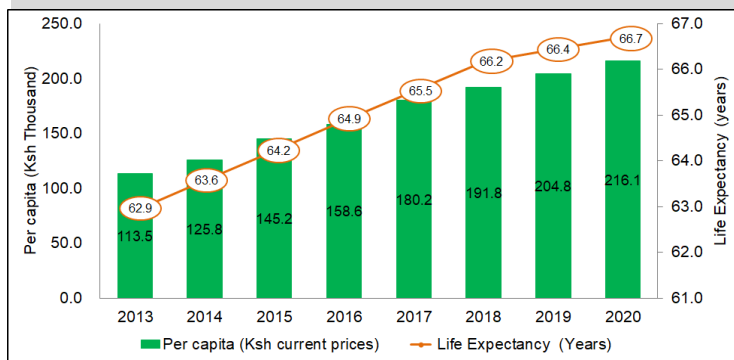
Enablers of the “Big Four” Agenda

A. Conducive Business Environment for Investment

Macro Economic Stability

Government continues to maintain macroeconomic stability by pursuing fiscal and monetary policies that will stimulate the economy to safeguard livelihoods, jobs, businesses and industrial recovery.

- ◆ The **monetary policy** continues to maintain **inflation rate** within target range of **2.5 percent to 7.5 percent** and to ensure stability in interest rates which will in turn support credit extension to the private sector.
- ◆ Monetary policy has also strived to promote stable and competitive **exchange rate** to support exports and ensure sufficient exchange reserves as a cushion from external shocks.
- ◆ To complement monetary policy, the **fiscal policy** will continue to sustain fiscal consolidation efforts through revenue mobilization and expenditure rationalization



Supported by macroeconomic stability, the well being of Kenyans continues to improve

Improving National Security

A safe and secure environment remains a prerequisite for achieving the “Big Four” Agenda.

To support this, the following key allocations have been made:

- ◆ **Ksh 10.7 billion** for Lease Financing of Police Motor Vehicles;
- ◆ **Ksh 4.8 billion** for Police and Prison Officers Medical Insurance Scheme;
- ◆ **Ksh 2.3 billion** for Group Personal insurance for police and prisons
- ◆ **Ksh 1.5 billion** for the National Communication and Surveillance System;
- ◆ **Ksh 335.0 million** for Equipping the National Forensic Laboratory; and
- ◆ **Ksh 1.0 billion** for the second mass registration for Huduma number.



Kenyans registering for Huduma Number.

Digitalizing the Economy to Spur Economic Recovery

The Government has taken advantage of rapid technological advances as they have great potential to catalyse economic recovery, enable attainment of “Big Four” Initiatives, increase economic growth and improve the lives of Kenyans.

To leverage on these gains, the Government continues to enhance investments in the ICT sector to improve access to Government services particularly in the wake of COVID-19 Pandemic.

Key allocations to the sector include:

- ◆ **Ksh 12.0 billion** for development of Konza Horizontal Infrastructure;
- ◆ **Ksh 3.6 billion** for Konza Data Centre and Smart City Facilities;
- ◆ **Ksh 1.2 billion** for National Optic Fibre Backbone Infrastructure (Phase II) Expansion;
- ◆ **Ksh 670.0 million** for Digital Literacy Programme (School Laptop Project);
- ◆ **Ksh 1.0 billion** for Government Shared Services;
- ◆ **Ksh 400.0 million** for Construction of Konza Complex Phase 1B; and
- ◆ **Ksh 604.0 million** for Connectivity to Health Facilities (UHC).



A completed and occupied Konza complex.



ICT interns during induction under the Ajira Digital Programme

B. Infrastructure Development for Inclusive Growth

Road Construction

The Government has been scaling up the construction of modern highways as well as urban and rural roads in every part of the country.

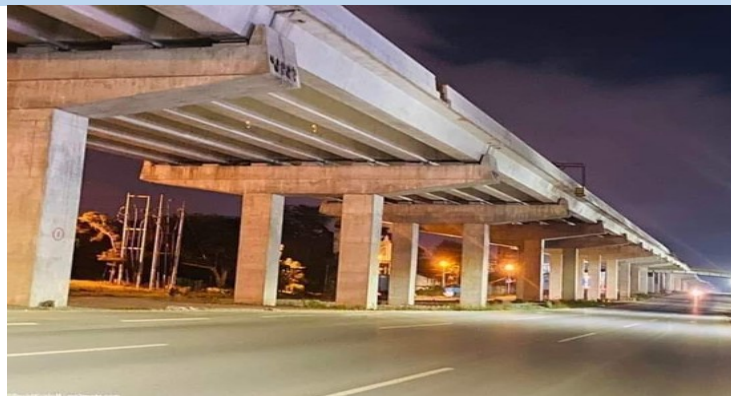
This will open up many areas to economic activities and spur growth .

The following allocations have been made in FY 2021/22:

- ◆ **Ksh 94.7 billion** for the ongoing Road and bridges Construction;
- ◆ **Ksh 36.1 billion** for Rehabilitation of Roads; and
- ◆ **Ksh 54.0 billion** for Maintenance of Roads.



Likoni Floating Bridge has eased congestion across the Likoni Channel



Construction of the Nairobi Expressway. Upon completion, the road will ease traffic congestion

Rail and Ports Construction

Railway transport continues to improve interconnectivity and reduced traffic congestion on our roads while the construction of ports continues to enhance job creation for our youth.

To continue improving public transport and construction of ports, the following allocations have been proposed:

- ◆ **Ksh 27.2 billion** for Construction of SGR Phase II
- ◆ **Ksh 7.5 billion** for LAPSSET project;
- ◆ **Ksh 7.5 billion** Mombasa Port Development Project ;
- ◆ **Ksh 1.8 billion** for rehabilitation of the Meter Gauge Railway;
- ◆ **Ksh 1.3 billion** for Railways Metro Lines;
- ◆ **Ksh 8.3 billion** for Dongo Kundu SEZ;
- ◆ **Ksh 2.0 billion** for construction and rehabilitation of Riruta –Ngong Railway; and
- ◆ **Ksh 2.0 billion** for the Kenya National Shipyard

Energy

The Government is committed to ensure efficient and reliable production, transmission and distribution of affordable, clean and reliable energy.

Key allocations under the sector include:

- ◆ **Ksh 50.1 billion** to Power transmission & distribution;
- ◆ **Ksh 11.3 billion** for Geothermal Development;
- ◆ **Ksh 5.7 billion** for Electrification of identified Public Institutions; and
- ◆ **Ksh 1.3 billion** for Development of nuclear energy and exploration and mining of coal



Alternate Power Pylon for Power Transmission

Sustaining Water Supplies

Significant resources have been allocated for water and irrigation infrastructure, sewerage and flood control to safeguard livelihoods as follows:

- ◆ **Ksh 39.1 billion** Water & Sewerage Infrastructure;
- ◆ **Ksh 16.4 billion** for Water Resource Management;
- ◆ **Ksh 9.6 billion** Forest and Water Tower Conservation;
- ◆ **Ksh 10.4 billion** to Irrigation & Land Reclamation;
- ◆ **Ksh 10.8 billion** Water Storage & Flood control; and
- ◆ **Ksh 8.2 billion** Wildlife Conservation & Management;



Irrigation project to increase agricultural productivity

C. Sustained Investment in Social Services for the Welfare of Kenyans

Quality and Relevant Education

Human capital development is central to promoting shared prosperity. The allocations in the FY 2021/22 are aimed at enhancing learning and competencies to develop quality and relevant skills for the 21st century. They include:

- ◆ **Ksh 281.7 billion** for Teachers Service Commission (TSC);
- ◆ **Ksh 77.7 billion** for University Education;
- ◆ **Ksh 62.2 billion** for Free Day Secondary Education;
- ◆ **Ksh 15.8 billion** for Higher Education Loans Board;
- ◆ **Ksh 12.0 billion** for Free Primary Education;
- ◆ **Ksh 1.8 billion** for Construction and Equipping of the Technical Training Institutes;
- ◆ **Ksh 4.0 billion** to KNEC for Examination Fee Waiver;
- ◆ **Ksh 4.2 billion** for both the public Primary and Secondary School Infrastructure;
- ◆ **Ksh 2.5 billion** for Recruitment of Additional Teachers; and
- ◆ **Ksh 1.0 billion** for competency Based Curriculum.



Learning under the Competency Based Curriculum.



Schools resume after COVID-19 disruptions

Equity, Poverty Reduction and Social Protection for Vulnerable Groups

The Government through the National Safety Net (Inua Jamii) Programme, continues to share benefits of economic growth through cash transfers to vulnerable groups.

Allocations in the FY 2021/22 include:

- ◆ **Ksh 16.7 billion** Cash Transfers to Elderly Persons;
- ◆ **Ksh 7.9 billion** for Orphans and Vulnerable Children;
- ◆ **Ksh 4.1 billion** for Hunger Safety Net Programme; and
- ◆ **Ksh 1.2 billion** for Cash Transfer to Persons with Severe Disability.



Elderly persons receiving money from the cash transfer programme



Beneficiaries of Kenya Youth Empowerment and Opportunities Project

To support youth and women empowerment, allocations in FY 2021/22 include:

- ◆ **Ksh 4.2 billion** Kenya Youth Empowerment and Opportunities Project;
- ◆ **Ksh 10.0 billion** for National Youth Service;
- ◆ **Ksh 454.1 million** Youth Enterprise Development Fund
- ◆ **Ksh 120.0 million** for Women Enterprise Fund; and
- ◆ **Ksh 62.0 million** for Uwezo Fund

The National Government Constituency Fund and National Government Affirmative Action Fund play a key role in promoting equity, reduce poverty and promoting and social development especially in marginalized areas.

To continue enjoying these benefits, the FY 2021/22 budget has set aside:

- ◆ **Ksh 41.7 billion** for National Government Constituency Fund (NG-CDF);
- ◆ **Ksh 6.8 billion** for Equalization Fund; and
- ◆ **Ksh 2.1 billion** for National Government Affirmative Action Fund (NG-AAF).



Improving Educational Infrastructure countrywide with the support of the National Government Constituency Development Fund



The office of NGAFF Nairobi issuing modern sewing machines to women and Youth groups. The machines will empower the beneficiaries and improve local manufacturing

D. Continued Support to Counties for Enhanced Service Delivery

The National Government has continued to support the County Governments to ensure that devolution succeeds.

In the FY 2021/22, County Governments have been allocated **Ksh 409.8 billion**, which comprises of:

- ◆ **Ksh 370.0 billion** from the equitable share of revenue raised nationally;
- ◆ **Ksh 7.5 billion** as additional conditional allocations from the National Government share of revenue ; and
- ◆ **Ksh 32.3 billion** as conditional allocation from the Development Partners.

Nairobi Metropolitan Services

- ◆ As a pilot programme, the Nairobi Metropolitan Services has been successful in rolling back the frontiers of urban indiginity.
- ◆ **Ksh 27.2 billion** has been allocated in the FY 2021/22 budget to support NMS continue to perform its functions



Machakos Level 5 Hospital in Machakos County . Kenyans are able to access healthcare services



Asphalt Plant Constructed in Kangundo by NMS used for processing bitumen and asphalt



Road Carpeting by the NMS in Nairobi

ECONOMIC RECOVERY STRATEGY

Building on the gains made from Economic Stimulus Programme, the Government is implementing an **Economic Recovery Strategy** to mitigate the adverse impact of the Pandemic on the economy and re-position it on an inclusive and sustainable growth trajectory.

Interventions under this strategy seeks to:

- ◆ Enhance resource mobilization to ensure sustainable funding of our development programs;
- ⇒ Including Public Private Partnerships and lease financing.
- ◆ Support the role of private sector in economic development by facilitating credit access by Micro, Small & Medium Enterprises through the Credit Guarantee Scheme;
- ◆ Upscale investment in ICT and digital infrastructure in order to facilitate e-commerce and efficient delivery of public services;
- ◆ Promote local production processes and domestic supply value chains;
- ◆ Strengthen social protection through targeted policy interventions and programs.
- ⇒ Improve access to education, strengthen health care systems and enhance cash transfers for the support of the vulnerable members of our society;
- ◆ Ensure a secure and conducive business environment;
- ◆ Develop critical infrastructure to reduce cost of doing business as well as promote competitiveness;
- ◆ Support youth, women and persons with disability to enable them actively contribute to economic recovery;
- ◆ Facilitate County Governments in strengthening their systems to enhance service delivery; and
- ◆ Implement various structural reforms to enhance the efficiency of public service delivery-Governance, PFM reforms, financial sector reforms



Youth making soil blocks using ISSB technology that will be used to construct 30 additional classrooms at Mikuyuni Secondary School in Kibwezi .



Community Scouts engaged in Wildlife Conservation under the Economic Stimulus Programme.

In the FY 2021/22 budget, Ksh 23.1 billion has been allocated for the Economic Recovery Programme in the following areas:

- ◆ Ksh. 2.6 billion to enhance liquidity to business;
- ◆ Ksh 6.4 billion for improving education outcome;
- ◆ Ksh. 6.9 billion for improving environment, water and sanitation facilities;
- ◆ Ksh. 1.97 billion for improving agriculture and food security;
- ◆ Ksh. 1.2 billion for the recruitment of health care interns;
- ◆ Ksh. 1.0 billion for the Kenya Wildlife Services to engage community scouts; and
- ◆ Ksh 3.0 billion for the youth empowerment and employment creation under **Kazi Mtaani Programme**,

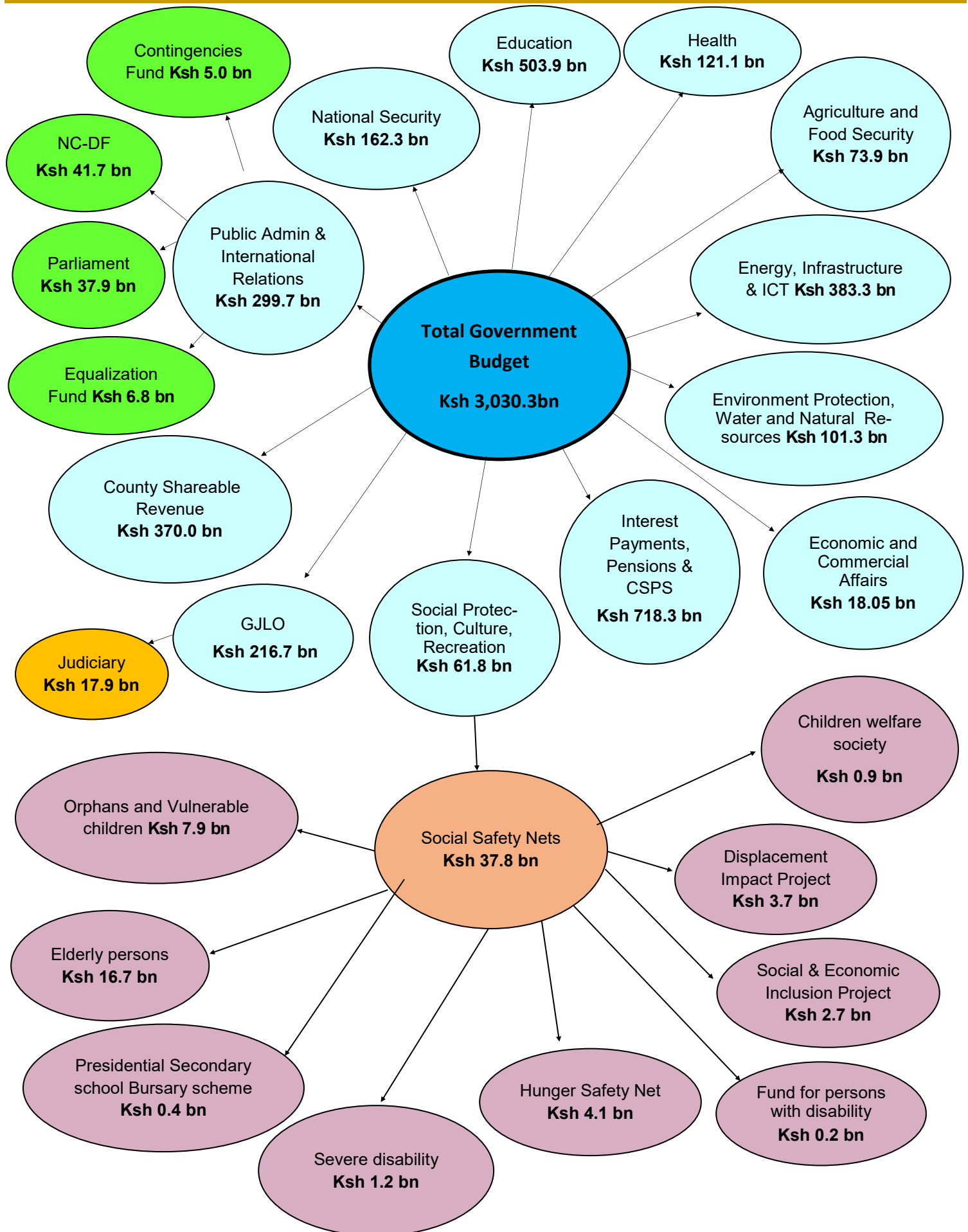


President Uhuru Kenyatta launching ARIDHISASA, an ICT platform to digitalize all land transactions.



Water and sanitation project in Bomet County

PUBLIC EXPENDITURE TRACKING



Summary of Proposed Tax Measures

Customs Measures

- ◆ Finished Iron and steel products to be imported at **25%** or corresponding specific rate;
- ◆ Import duty on leather and footwear products at **25%** or corresponding specific rate;
- ◆ unassembled motorcycles at **10%** under Duty Remission Scheme.
- ◆ Inputs used in textile and apparel sector at **0%** under the Duty Remission Scheme;
- ◆ Import duty on furniture products at **35%** duty rate;
- ◆ Inputs for manufacture of baby diapers at **0%** under Duty Remission Scheme;

Value Added Tax Measures

- ◆ VAT exemption on Health Products and Technologies to boost health sector.
- ◆ VAT exemption on goods used in geothermal, oil and mining projects.
- ◆ VAT exemption on equipment for generation of solar and wind energy.
- ◆ Transitional VAT exemption on goods used in power generation under power purchase agreements
- ◆ VAT exemption for asset transferred to Real Estate Investment Trusts and Asset Backed Securities
- ◆ Bread exempt from VAT instead of being both exempt and zero rated.

Excise Duty Measures

- ◆ Rebate on excise duty paid on internet data services purchased in bulk for resale.
- ◆ Excise duty on locally manufactured sugar confectionary and white chocolate.
- ◆ Removed excise duty on imported glass bottles.
- ◆ Changed excise duty rate on Motorcycles from **Ksh 11,608.23 per unit to 15%**.
- ◆ Excise duty on nicotine pouch at **Ksh 5,000 per kg**.
- ◆ Excise duty on betting at **20%** of amount wagered.

Income Tax Measures

- ◆ Removal of limitation for carrying forward of losses under Section 15(4) of income Tax Act
- ◆ Thin capitalization rule changed from debt-to-equity ratio to **30%** of earnings before interest, taxes, depreciation and amortization.
- ◆ National Health Insurance Fund to qualify for insurance relief.
- ◆ Tax rebate extended to employers engaging TVET graduates as apprentice.
- ◆ Management and professional fees under the extractive sector harmonized with service fees, in the same sector, at **10%**.

Fees and Levies

- ◆ Import Declaration Fee (IDF) and Railway Development Levy (RDL) exemption on goods in imported public interest, or to promote investment above **Ksh 5 billion**.

ABBREVIATIONS

A.I.A	Appropriations in Aid	LAPSSET	Lamu Port-South Sudan-Ethiopia-Transport
COVID-19	Corona Virus 2019	SGR	Standard Gauge Railway
CSPC	Civil Servant Pension Contribution	KNEC	Kenya National Examinations Council
VAT	Value Added Tax	TV	Television
MSME	Micro, Small and Medium Enterprises	NG-CDF	National Government constituency Development
ICT	Information & Communication Technology	Fund	
UHC	Universal Health Coverage	NG-AAF	National Government Affirmative Action Fund
SEZ	Special Economic Zone	GJLO	Governance, Justice, Law and Order
KMRC	Kenya Mortgage Refinance Company		

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Matumizi Bora ya Fedha Wajibu Wetu