REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

PRESS RELEASE ON THE FY 2023/24 BUDGET STATEMENT

BY:

CABINET SECRETARY / THE NATIONAL TREASURY AND ECONOMIC PLANNING

PROF. NJUGUNA NDUNG'U, CBS

JUNE 15, 2023

Members of the Media Fraternity Present

I. Introduction

1. I wish to welcome you to this Press Conference. Let me start by appreciating your active engagement and participation in the FY 2023/24 budget process particularly for actively keeping Kenyans informed of the developments in the country and how the information contained in this Budget impacts on their livelihoods.

2. In this Conference, I will provide highlights of the Ksh 3.68 trillion budget I have just delivered in Parliament. I will briefly highlight the:

(i) Policy Priorities of the Government (BETA);

(ii) Economic Context in which the Budget has been prepared;

(iii) Policy and legal and institutional reforms underpinning the BETA;

(iv) Fiscal Framework supporting the BETA;

(v) Resource Allocations under the BETA; and

(vi) Taxation Measures.

Ladies and Gentlemen,

3. The 2023 Budget is the First Budget of the Kenya Kwanza Administration under the leadership of His Excellency Honourable Dr. William Samoei Ruto, The President of the Republic of Kenya and Commander-in-Chief of the Defence Forces.

4. As required by section 40 of the Public Finance Management (PFM) Act 2012, this budget was prepared on a consultative basis involving various stakeholders including the general public. The National Treasury and Economic Planning is grateful for the insightful and useful comments received.

II. Bottom – Up Economic Transformation Agenda

Ladies and Gentlemen,

5. The Financial Year 2023/24 budget outlines policies priorities of the Government geared towards economic turnaround and inclusive growth while at the same time navigating through the emerging shocks from both the domestic and external front.

6. These shocks have reversed efforts in food security, poverty reduction and inequality, but above all promoted social conflicts. The need to address these constraints and bolster resilience forms the basis of this year's budget theme: **"Bottom-Up Economic Transformation and Climate Change Mitigation/Adaptation for Improved Livelihoods of Kenyans"**. As such, the policies in the 2023/24 budget focuses on the implementation of the Bottom-Up Economic Transformation Agenda (BETA).

7. This Agenda is premised on the need to address the challenges that the economy is facing, stimulate economic recovery, bolster resilience while building on successes realized over time.

8. In this regard, special focus will be placed on the interventions that: reduce the cost of living; create jobs; achieve more equitable distribution of income; enhance social security; expand tax base for more revenue for financing development; and increase foreign exchange earnings.

9. The strategy will involve increasing investments in at least five sectors envisaged to have the largest impact and linkages to the economy as well as on household welfare. These include:

i. Agricultural Transformation and Inclusive Growth.

- The Government will implement interventions to ensure food security in the country through climate change mitigation and adaptation, thereby reducing the cost of living.

- This intervention is also aimed at creating jobs as agriculture has the highest employment multiplier effect owing to its strong forward and backward linkages to other sectors of the economy.

ii. Transforming the Micro, Small and Medium Enterprise (MSME) Economy.

- This intervention aims to tackle the key bottleneck in MSMEs on limited access to credit by correcting market failure problems at the bottom of the pyramid through Financial Inclusion Fund (Hustlers Fund).
- This Fund together with other affirmative action Funds like the Youth Enterprise fund, Women Enterprise Fund and UWEZO Fund and MSMEs Credit Guarantee Scheme will increase access to affordable credit to targeted persons and sectors and thereby increasing their investments and allowing for private sector led growth.

iii. Housing and Settlement

- This intervention aims at reducing proliferation of slums and hence preserve human dignity. This will be done through among other measures facilitating delivery of 250,000 houses per annum and enabling low-cost housing mortgages.
- Additionally, this intervention presents an economic opportunity to create quality jobs for over 100,000 young people graduating from TVETs every year directly in the construction sector and indirectly through the production of building products.

iv. Enhancing Quality and Affordable Healthcare

- This entails promoting access to quality and affordable healthcare through the Universal Health Coverage programme.

v. Digital Superhighway and Creative Economy

- Digitization and automation will increase productivity and competitiveness through providing ease of access to the market and improving the information flow as well as improve risk management.
- Promotion of music, theatre, graphic design, digital animation, fashion and craft, among others will increase employment for the youth.

10. In order to realize the aspirations of the Bottom-Up Economic Transformation Agenda, the Government will:

- Continue to maintain macroeconomic stability and enhance security to foster a secure and conducive business environment for all Kenyans and their investments;
- Intensify national infrastructure development and connectivity in roads, rail, port, energy and fibre optic infrastructure to lower the cost of movement of people and goods, lower the cost of doing business thereby enhancing profitability of businesses;
- Enhance investment in key economic sectors for broad based sustainable economic recovery by promoting: agricultural transformation, growth in manufacturing, environmental conservation and water supply, food security, climate change

mitigation and adaptation, tourism recovery, and sustainable land use and management. Food security and climate change will also become a focal point for policy going forward;

- Expand access to quality social services in health, education and appropriate social safety nets for the vulnerable population; and
- Support the youth, women and persons living with disability through Government-funded empowerment programs that leverage on partnerships with private sector organizations.

III. Economic Context

Ladies and Gentlemen,

11. The FY 2023/24 Budget is prepared against a background of increased uncertainties in the global economic outlook, reflecting continuing geopolitical tensions and the pace of monetary policy tightening amidst concerns about financial sector stability in the advanced economies. Nevertheless, commodity prices in the global markets, particularly of oil and food, have been easing due to improved and functioning supply chains.

12. Kenya's economic growth for 2022 slowed down to 4.8 percent from 7.6 percent in 2021 due to the adverse impact of the multiple shocks that affected the economy. The growth in 2022 was supported by growth in the services sectors while the agricultural sector contracted for the second consecutive year due to the prolonged drought effect which also contributed to a slowdown in growths in

the manufacturing as well as that of the wholesale and retail trade sectors.

13. In 2023, the economy is expected to rebound and expand by 5.5 percent from 4.8 percent in 2022 and maintain that pace over the medium term. This growth will be supported by a broad-based private sector led growth, including continued strong performance of the services sector and recovery in the agriculture sector due to improved weather conditions during the March – May rain season. This growth outlook will further be reinforced by the interventions being implemented by the Government, under the Bottom-Up Economic Transformation Agenda (BETA).

14. The Government will continue to support economic recovery by pursuing prudent macroeconomic policies geared towards reducing debt vulnerabilities and supporting sustainable and inclusive development. In this regard, inflation rate is expected to return to the target range within the second quarter of the FY 2023/24.

IV. Policy, Legal and Institutional Reforms

Ladies and Gentlemen,

15. In the Budget that I have delivered, I proposed policy, legal and institutional reforms across the procurement, state corporations; and financial sector stability and development. These reforms will entail:

Procurement Reforms

- End-to-end e-Government Procurement system (e-GP) to be rolled out by December 2023 to both the National and County

Governments. The system will enhance efficiency and transparency in the procurement functions.

- The National Treasury has re-engineered the AGPO portal to enable real-time registration and transparent monitoring of the implementation of the scheme to promote enterprises owned by women, youth and persons living with disabilities;

State Corporations Reforms

- To support restructuring of State Corporations, the Cabinet Approved the Privatization Bill, 2023, that seeks to repeal the Privatization Act, 2005, and streamline privatization processes and to in order to restructure State Owned Enterprises (SOEs).
- To further enhance KPLC's financial sustainability, the Government will restructure its balance sheet, mainly focusing on the huge loan balances, payables and receivables.
- With regard to Kenya Airways, the Government's policy stance is to turnaround the Airline and position it as a Pan-African carrier, ensure it is run profitably and sustainably eventually reducing the Airline's dependency on budgetary support.

Financial Sector Stability and Development

- CBK is working with other Agencies and Regulators including the Office of the Data Protection Commissioner to ensure all Digital Credit Providers are brought into the regulatory perimeter to protect consumers.
- The Central Bank will launch the upgraded Central Securities Depository code named "DhowCSD". The upgraded Central Securities Depository will scale up services to the public, market participants and support our Diaspora investor.

- To reduce money laundering vulnerability, the Central Bank has reviewed and enhanced the banking sector Know Your Customer (KYC) and customer due diligence (CDD) processes.

Deposit Insurance Reforms

- In order to enhance protection of depositors, the Kenya Deposit Insurance Corporation is in the process of reviewing the current coverage limit of Ksh 500,000 with a view to ascertain its adequacy in protecting the Micro, Small and Medium Enterprises.

Pension Reforms

- The National Treasury has established an innovative scheme – the Kenya National Entrepreneurs Saving Trust (KNEST) with a focus on the population in the informal segment of our economy.
- Public Service Schemes will develop user-friendly online platforms that allow pensioners to access their pension statements, make enquiries, and update their personal information conveniently.

V. Fiscal Framework

Ladies and Gentlemen,

16. This Budget targets to raise total revenue including appropriation-in-aid of Ksh 2.9 trillion equivalent to 17.9 percent of GDP in the FY 2023/24. Of this, ordinary revenue amounts to Ksh 2.6 trillion (15.8 percent of GDP) and Ministerial appropriation-in-aid at Ksh 348.6 billion (2.1 percent of GDP).

17. In order to achieve this, the Government is undertaking a combination of both tax administrative measures and tax policy reforms.

18. On tax policy, the Government will implement various measures to boost revenue collection. In this regard, the Government will implement the National Tax Policy and finalize the Medium-Term Revenue Strategy (MTRS) for the period FY 2023/24 - 2026/27.

19. On tax administration, the Kenya Revenue Authority (KRA) is implementing reforms to move towards seamless taxation by ensuring that its systems, taxpayers and businesses are integrated to allow for the automatic movement of data through machine-to-machine based processes, and where appropriate shift to real-time processing. This will enable KRA to monitor business transactions in real-time therefore sealing revenue leakages through tax avoidance and evasion.

20. On the other hand, total expenditure in FY 2023/24 is Ksh 3.7 trillion equivalent to 22.6 percent of GDP. This comprises of recurrent expenditures amounting to Ksh 2.5 trillion (15.6 percent of GDP) and development expenditures of Ksh 713.3 billion (4.4 percent of GDP). Equitable share to County Governments is projected at Ksh 385.4 billion.

21. Given the commitment to contain expenditures and boost revenues, fiscal deficit including grants is projected at Ksh 718.0 billion (4.4 percent of GDP) in the FY 2023/24. This fiscal deficit will be financed by net external borrowing of Ksh 131.5 billion (0.8 percent

of GDP) and net domestic borrowing of Ksh 586.5 billion (3.6 percent of GDP).

VI. Resource Allocations under the Bottom – Up Economic Transformation Agenda

Ladies and Gentlemen,

22. The budgeting process for the priority programmes under the Bottom-Up Economic Transformation Agenda has been done **through a value chain approach**. In this regard, the Government has identified nine key value chain areas for implementation, namely: Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources (including Minerals and Forestry), and Building Materials.

23. This approach will ensure that there is no break in the cycle of resource allocations and that adequate resources are allocated to the entities along the value chain. This will help to eliminate duplication of roles and enhance efficiency of available budgetary resources.

24. In recognition of the need to restrain borrowing and utilize the revenues and grants projected in the fiscal framework, the proposed total programmed expenditures for the FY 2023/24 has been capped at Ksh 3.68 trillion. Allocations to the five priorities sectors under BETA are as follows:

Agricultural Transformation and Inclusive Growth

25. To ensure food security in the country through climate change mitigation and adaptation and support our farmers, a total of **Ksh 49.9 billion** has been allocated. Key allocation include:

- **Ksh 4.5 billion** for Fertilizer Subsidy Programme;
- **Ksh 1.4 billion** or Small-Scale Irrigation and Value Addition Project;
- **Ksh 8.6 billion** for the National Agricultural Value Chain Development Project;
- **Ksh 2.7 billion** for the National Agricultural and Rural Inclusivity Project;
- **Ksh 2.1 billion** for the Kenya Cereal Enhancement Programme;
- **Ksh 2.8 billion** for Emergency Locust Response;
- **Ksh 7.5 billion** to improve Livestock production;
- **Ksh 8.1 billion** for Blue Economy Priority Programmes;
- **Ksh 1.5 billion** for the Climate Smart Agricultural Productivity Project;
- **Ksh 1.3 billion** to enhance resilience for food production and nutrition security programme; and
- **Ksh 1.2 billion** for processing and registration of title deeds.

Transforming the Micro, Small and Medium Enterprise (MSME) Economy

26. To promote accessibility to affordable credit to most Kenyans at the bottom of the pyramid, the following allocations have been made:

- **Ksh 10 billion** for the Hustlers Fund;
- **Ksh 175 million** for the Youth Enterprise Development Fund;

- **Ksh 182.8 million** for Women Enterprise Fund; and
- **Ksh 300 million** for Provision of Finances to SMEs in the Manufacturing Sector

Housing and Settlement

27. Key allocations to support affordable housing initiative include:

- **Ksh 5.0 billion** to Kenya affordable housing project (KMRC);
- **Ksh 5.5 billion** for the Kenya Informal Settlement Improvement Project-Phase II;
- **Ksh 3.2 billion** for Construction of Affordable Housing Units;
- **Ksh 5.1 billion** for construction of markets;
- **Ksh 3.3 billion** for Construction of Social Housing Units; and
- **Ksh 7.2 billion** to the Kenya Urban Programme (KenUP);

Enhancing Quality and Affordable Healthcare

28. To promote access to quality and affordable healthcare, a total of Ksh 141.2 billion has been allocated to the health sector. Key allocations include:

- **Ksh 18.4 billion** for Universal Health Coverage;
- **Ksh 5.9 billion** for the Managed Equipment Services;
- **Ksh 4.1 billion** for Free Maternity Health Care;
- **Ksh 1.7 billion** to provide medical cover for the elderly and severely disabled persons in our society;

- **Ksh 24.8 billion** for the Global Fund;
- **Ksh 4.6 billion** for vaccines and immunizations programme;
- **Ksh 2.4 billion** for the construction of Kenya National Hospital Burns and Paediatrics Centre; and
- **Ksh 2.5 billion** for Construction and strengthening of Cancer Centre.

Digital Superhighway and Creative Economy

29. In order to promote productivity and competitiveness, a total of Ksh 15.1 billion has been allocated to fund initiatives in the ICT sector. Key allocations in the sector include:

- **Ksh 4.8 billion** for the Horizontal Infrastructure Phase I;
- **Ksh 1.2 billion** for Konza Data Centre and Smart City Facilities;
- **Ksh 5.7 billion** for the Construction of Kenya Advanced Institute of Science and Technology (KAIST) at Konza Technopolis;
- **Ksh 1.3 billion** for maintenance and rehabilitation of the National Optic Fibre Backbone Phase II Expansion Cable;
- **Ksh 475** million for construction of Konza Complex Phase 1 B; and
- **Ksh 583 million** for Last Mile County Connectivity Network.

30. Other key allocations to thematic areas include:

Investing in Critical Infrastructure

31. In order to expand critical infrastructure in roads, railways, sea and airports, the following has been allocated:

- **Ksh 244.9 billion** for construction of roads and bridges as well as their rehabilitation and maintenance;
- **Ksh 37.4 billion** for the Standard Gauge Railway;
- **Ksh 2.6 billion** for Dongo Kundu Special Economic Zone;
- **Ksh 1.1 billion** for Nairobi Bus Rapid Transport Project; and
- **Ksh 727 million** for construction and expansion of Airports and Airstrips.

32. To support generation of reliable and affordable energy, the following has been allocated:

- **Ksh 33.8 billion** for the National Grid System;
- **Ksh 12.1 billion** for Rural Electrification;
- **Ksh 11.4 billion** for development of geothermal energy; and
- **Ksh 3.2 billion** for Alternative Energy Technologies.

Improving Education Outcomes

33. To improve education outcomes in the country, a total of **Ksh 628.6 billion** has been allocated to the Education Sector. This includes:

- **Ksh 65.4 billion** to cater for Free Day Secondary Education Programme (Including NHIF);
- **Ksh 12.5 billion** for Free Primary Education Programme;
- **Ksh 25.5 billion** for Junior Secondary School Capitation;
- **Ksh 4.8 billion** for the recruitment of 20,000 intern teachers;
- **Ksh 5.0 billion** for examinations fee waiver;

- **Ksh 1.3 billion** for training of teachers on Competency Based Curriculum;
- **Ksh 6.0 billion** for primary and secondary school infrastructure including classrooms for Junior Secondary Schools;
- **Ksh 5.2 billion** capitation for TVET students;
- **Ksh 1.9 billion** for the construction and equipping of Technical Training Institutions and Vocational Training Centres; and
- **Ksh 30.3 billion** to the Higher Education Loans Board.

Supporting Manufacturing for Job Creation

34. To improve productivity in the manufacturing sector, a total of Ksh 26.9 billion has been allocated under the various implementing MDAs. Key allocations include:

- **Ksh 4.7 billion** for establishment of County Integrated Agro-Industrial Parks;
- **Ksh 3.1 billion** for Supporting Access to Finance & Enterprise Recovery (SAFER) Project;
- **Ksh 3.0 billion** for construction of EPZ Flagship Projects;
- **Ksh 500 million** for the Development of SEZ Textile Park Naivasha; and
- **Ksh 1.5 billion** for the Kenya Industry and Entrepreneurship Project.

Improving National Security

35. To enhance security for all Kenyans, a total of **Ksh 338.2 billion** has been provided for security agencies which includes:

- **Ksh 8.8 billion** for leasing of police motor vehicles;
- **Ksh 22.8 billion** Group Personal Insurance for Police and Prisons; and
- **Ksh 5.7 billion** for Police and Prison Officers Medical Insurance Scheme.

Protecting the vulnerable Groups

36. To support the vulnerable members of our society, a total of Ksh 38.2 billion has been allocated. Out of this:

- **Ksh 18.0 billion** has been provided for cash transfers to the elderly persons;
- **Ksh 7.9 billion** for orphans and vulnerable children (OVC);
- **Ksh 1.2 billion** for cash transfers to persons with severe disabilities;
- **Ksh 5.7 billion** for the Kenya Hunger Safety Net Programme;
- **Ksh 3.3 billion** for the Kenya Social and Economic Inclusion Project; and
- **Ksh 459 million** for National Development Fund for Persons living with Disabilities.

Equity, Poverty Reduction, Women and Youth Empowerment

37. In order to empower the youth and support businesses owned by youth and women, a total of **Ksh 82.1 billion** has been allocated. Key allocations include:

- **Ksh 3.0 billion** for the National Government Affirmative Action Fund;
- **Ksh 13.2 billion** for the National Youth Service;
- **Ksh 602 million** for the Kenya Youth Empowerment and Opportunities Project;
- **Ksh 249 million** to support the film industry; and
- **Ksh 245 million** for Strengthening Prevention and Response to Gender Based Violence in Kenya Project.

38. Allocations to promote regional equity, reduce poverty and enhance social development include:

- **Ksh 53.5 billion** for the National Government Constituency Development Fund; and
- **Ksh 10.9 billion** for the Equalization Fund to finance programmes in previously marginalized areas.

Stimulating Tourism growth, Sports, Culture, Recreation and Arts

39. To support tourism, sports, culture and arts, a total of **Ksh 22.1 billion** has been allocated. Key allocations include:

- **Ksh 16.0 billion** for the Sports, Arts and Social Development Fund;
- **Ksh 4.1 billion** for the Tourism Fund;

- **Ksh 2.0 billion** for Tourism Promotion Fund

Environmental Protection, Water and Natural Resources

40. To expand access to clean and adequate water for domestic and agricultural use, the following has been provided:

- **Ksh 43.3 billion** for water and sewerage infrastructure development;
- **Ksh 12.4 billion** for water resources management;
- **Ksh 1.6 billion** for water storage and flood control;
- **Ksh 19.7 billion** for irrigation and land reclamation; and
- **Ksh 1.9 billion** for water harvesting and storage for irrigation.

41. To support environment and water conservation and respond to climate change;

- **Ksh 14.4 billion** for forests and water towers conservation;
- **Ksh 3.8 billion** for environment management and protection;
- **Ksh 3.6 billion** for the Kenya Financing Locally Led Climate Action Project;
- **Ksh 1.1 billion** for Human Wildlife Conflict Compensation; and
- **Ksh 800 million** for Wildlife Insurance.

Improving Governance and Sustaining the Fight against Corruption

42. To sustain the drive against corruption, the following has been allocated:

- **Ksh 3.9 billion** to the Ethics and Anti-Corruption Commission;

- **Ksh 3.6 billion** to the Office of the Director of Public Prosecutions;
- **Ksh 8.4 billion** to the Criminal Investigations Services; and
- **Ksh 8.0 billion** to the Office of the Auditor General.

Transfers from the National Government to County Governments

43. County Governments in the FY 2023/24 will receive a combined allocation of **Ksh 442.1 billion** of which, Ksh 385.4 billion is equitable share. In addition to County equitable share, the County Governments will receive additional conditional and unconditional allocations amounting to Ksh 56.7 billion.

VII. Taxation proposals

Ladies and Gentlemen

44. As I have stated in the Budget speech, the Finance Bill, 2023 contains measures aimed at easing the cost of living, supporting businesses, creating jobs thereby improving livelihoods of Kenyans. These measures include, among others:

Income Tax

- Reduction of the rate of Residential Rental Income tax from 10% to 7.5% to facilitate compliance by landlords.
- Reduce corporate rate on non-residents from 37.5% to 30% for fairness.
- Exempt manufacturers of human vaccines from withholding taxes on royalties, and interest paid to non-residents.

- Provide tax relief of 15 percent of the contributions to a Post-Retirement Medical Fund or Ksh 5,000 per month, whichever is lower.

- Exempt from income tax the investment income earned by Post-Retirement Medical Fund.

Value Added Tax

- Zero rate LPG products from VAT to lower the cost of LPG in order to make it affordable.

- Removal of VAT for aircraft, parts and engine to make Kenya an attractive destination for training of pilots and aircraft repairs.

- Exemption of machinery and equipment used in the manufacture of pharmaceuticals extended to locally purchased products.

Excise duty

- Removal of annual inflationary adjustment for specific rates of excise duty to bring certainty and predictability.

- Reduce excise duty on fees charged for money transfer services by banks, money transfer agencies, and other financial service providers from 20% to 15%.

- Reduce the Excise duty on fees charged to money transfer charges on cellular mobile providers from 12 percent to 10 percent of the excisable value.

IDF and RDL

- Reduction of IDF from the current rate of 3.5% to 2.5% and RDL from the current rate of 2% to 1.5% to bring fairness and equity.

- Exemption of LPG from IDF and RDL to lower cost and promote the uptake of LPG.

- Exempt all aircraft, helicopters, aircraft engines, and aircraft spare parts from IDF and RDL to support the aviation sector.

Ladies and Gentlemen,

45. The Finance Bill, 2023 also contains measures aimed at boosting our revenues in order to finance the proposed expenditures that I have just highlighted.

Income Tax

- Introduce a new tax on repatriated profit for non-residents at a rate of 15 percent which is equal to the rate charged on dividend paid to non-residents.

- Turnover tax rate increased from 1% to 3%, upper threshold lowered to Ksh 25 million.

- Introduction of 5% withholding tax on the gross payments in respect to digital content monetization.

- Introduction of digital asset tax at 3% of the value of digital asset transferred or exchanged for fairness in taxation.

- Introduce withholding tax on payments made to residents in respect to sales promotion, marketing and advertising services at a rate of 5 percent on the gross amount.

- Introduce two higher tax bands of 32.5% for monthly incomes between Ksh 500,000 to Ksh 800,000, and 35% for monthly income above Ksh 800,000 in order to make the PAYE band structure progressive.

Value Added Tax

- Increase VAT rate of petroleum products from 8% to 16%. The differentiated VAT rates have created a loophole for the sector players to inflate their input VAT claims.

Excise duty

- Introduce excise duty on imported fish at Ksh 100,000 per metric ton or 10% of the custom value to protect local fishermen.

- Introduce excise duty on powdered juice at a rate of Ksh 25/Kg to bring equity and fairness in taxation.

- Introduce excise duty on imported sugar at the rate of Ksh 5 per kg to protect the local industries.

- Introduce excise duty on imported furniture at the rate of 30% to protect local carpenters and artisans.

- Introduce excise duty on imported cement at a rate of 10% of the value or Ksh 1.50 per kilogram to protect local manufactures.

- Introduce 15% excise duty on fees charged on the advertisement on alcoholic beverages, betting, gaming, and lottery and prize competition to discourage engagement in these activities.

- Introduce excise duty on imported paints at 15% to protect local manufactures.

- Increase excise duty on betting, gaming, lottery and prize competition from 7.5% to 12.5% due to their negative externalities in the society.

Housing Levy

- Introduce an Affordable Housing Levy at a rate of 1.5% per month of an employee's gross monthly salary to provide funds for development of affordable housing and associated social and physical infrastructure as well as the provision of affordable home financing.

Tax Procedure

- Introduction of a one-year amnesty relief on interest and penalties up to 31st December, 2022 to encourage persons with tax debts to pay.

Thank you

NJUGUNA S. NDUNG'U, CBS
CABINET SECRETARY

JUNE 15, 2023

Annex: Key Achievements

1. The Government has instituted immediate interventions that are aimed at providing short-term solutions to the high cost of living while at the same time building a momentum for the long-term interventions. In particular, the Government has:

i) Through the e-voucher Fertilizer Subsidy Program, availed 6 million (50kgbags) of subsidized fertilizer
ii) Granted duty waiver for importation of key food products in order to bridge the food stocks deficit as well as lower and stabilize food prices;
iii) As part of drought mitigation measures and the climate adaptation programme, the Government initiated a National Tree Planting Campaign that seeks to enhance our national tree cover to 30 percent through a target of planting 15 billion trees by 2032;
iv) Reformed the National Health Insurance Fund to meet the urgent needs of Kenyans at the bottom of the socioeconomic structure by actualizing its purpose as a social medical insurance facility. In addition, the Government has committed to deliver Universal Health Coverage to ensure that every Kenyan attains dignified healthcare at a minimal subscription fee; and
v) Reviewed the policy in the energy sector with the aim of developing and diversifying this market further by improving

sourcing and supply of cooking gas that inevitably had resulted in high costs that also drive domestic inflation.

2. In order to improve service delivery, support livelihood and businesses as well as strengthen governance institutions, the Kenya Kwanza Government has since assumption of office:

i) Established the Financial Inclusion Fund, or the Hustlers Fund in November 2022 to provide access to affordable credit to individuals and MSMEs and encourage savings.

ii) To further empower MSMEs, the Government on 1st June, 2023, launched the second product of the Financial Inclusion Fund, which is aimed at facilitating people access funding through groups. This follows phenomenal success of the Personal Loan product under the initial phase. This will allow lending to groups such as chamas and saccos. The groups can now borrow loans of between Ksh 20,000 and Ksh 1.0 million;

iii) Redesigned the competence-based education curriculum to make it responsive to our education needs;

iv) Employed over 30,000 teachers in a historic and unprecedented drive to improve the national teacher - pupil ratio and enhance performance;

v) Introduced a new funding model for higher education that will make the universities and technical training fully inclusive, financially self-sufficient and capable of competing with their peers globally while contributing to our national socioeconomic transformation;

vi) Established the National Open University in order to make higher education inexpensive, affordable, accessible, inclusive and attainable to all. The University will receive its Charter before the end of June 2023;

vii) Launched several affordable housing projects across the country, translating to about 36,000 housing units in just eight months;

viii) Digitized and automated 3,570 of Government services through the e-Citizen platform that has enhanced access to Government services and brought greater convenience to citizens. The Government targets to bring onboard 5,000 services on the e-Citizen platform by the end of 2023;

ix) Launched a data protection registration system to provide digital identity to all Kenyans in order to facilitate transactions between the Government and its citizens;

x) Returned the port operations from Nairobi and Naivasha to Mombasa in order to revamp the coastal economy and give importers especially the business community a choice on cargo clearance;

xi) Introduced a Government-to-Government arrangement for oil importation to provide a longer-term supply plan of fuel and ease the monthly demand for the US dollar in the country;

xii) Appointed four Court of Appeal judges and two judges of the Environment and Land courts, in line with the recommendation of the Judicial Service Commission, to strengthen the Judiciary. Further, the Government escalated the actualization of the

Judiciary Fund that will increase allocation of resources towards enhancing access to justice; and

xiii) Enhanced independence of the National Police Service (NPS) by granting them financial autonomy as envisaged in our constitution.