

THE MWANANCHI GUIDE

Financial Year 2022/23 Budget



A publication of the National Treasury & Planning

CONTENTS

| | |
|----------------|---|
| Page 2 | Theme: Accelerating Economic Recovery for Improved Livelihood |
| Page 3 | Spending Priorities |
| Page 4 | State of the Economy |
| Page 5 | Continued Implementation of the “Big Four” Agenda to Support Economic Recovery and Sustain Inclusive Growth |
| Page 8 | Enablers of the “Big Four” Agenda |
| Page 14 | Economic Stimulus Program (Third phase) |
| Page 15 | Public Expenditure |
| Page 16 | Summary of Proposed Tax Measures |

FY 2022/23 BUDGET THEME: “ACCELERATING ECONOMIC RECOVERY FOR IMPROVED LIVELIHOOD”

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 2022/23 to all segments of the society.



Total Government Expenditure and Net Lending
Ksh. 3,342.8 billion

Ministerial Recurrent Expenditure
Ksh. 1,387.9 billion

Ministerial Development Expenditure
Ksh. 711.5 billion

Interest payments and pensions
Ksh. 869.3 billion

Contingency Fund
Ksh 4.0 billion

Equitable share to Counties
Ksh. 370.0 billion

SPENDING PRIORITIES INCLUDE:

*The “Big Four” Drivers & Enablers***Ksh 10.1 billion**

Supporting Manufacturing for job creation

Ksh 46.8 billion

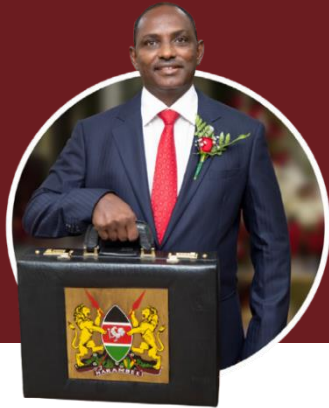
Enhancing Food and Nutrition Security to all Kenyans

Ksh 62.3 billion

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

Ksh 27.7 billion

Provision of Affordable and Decent Housing for all Kenyans.

*Other Key Allocations***Ksh 20.6 billion**

Economic Stimulus programme.

Ksh 317.9 billion

Enhancing National Security.

Ksh 368.5 billion

Infrastructural Development for inclusive growth

Ksh 513.8 billion

Enhancing access to quality education outcomes.

Ksh 110.9 billion

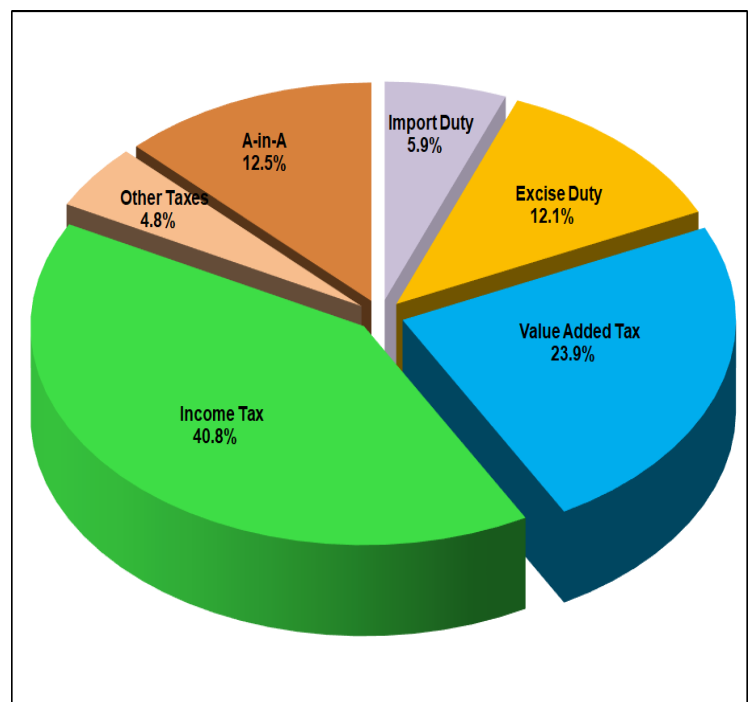
Environmental protection, water and Natural resources.

Ksh 69.0 billion

Equity, Poverty reduction, Women and Youth empowerment.

Ksh 15.6 billion

Leveraging on Information, Communication and Technology

Ksh 407.0 billionTransfer to County Governments Including: Equitable Share **Ksh 370.0 billion** and Conditional Allocation **Ksh 37.0 billion***Overall Budget and Financing*Total Revenue
Ksh 2,447.0 billionGrants **Ksh 33.3 billion****Ksh 3,342.8 billion*****Deficit (Ksh 862.5 billion)****Deficit Financing**Net Foreign Financing **Ksh 280.7 billion**Net Domestic Financing **Ksh 581.7 billion**NB: Expenditure of **Ksh 3,342.8 billion** excludes Redemptions of **Ksh 702.5 billion**.*Composition of Ksh 2,447.0 billion Total Revenue inclusive of A.I.A*

STATE OF THE ECONOMY

The economy recovered strongly in 2021, as economic activities continue to pick up following the easing of COVID-19 restrictions as well as targeted stimulus interventions by the Government. The economy is estimated to recover and grow by 7.6 percent in 2021 from a contraction of 0.3 percent in 2020.

In 2022, the economy is projected to stabilize at 6.0 percent. The outlook will be reinforced by the ongoing implementation of the strategic priorities of the Government under the “**Big Four**” **Agenda** and the interventions under the **third Economic Stimulus Programme**.

The economy continues to record remarkable macroeconomic performance with inflation remaining within target range and short-term interest rates remaining low and stable while lending to the private sector has been strong.

Achievements under the Economic Stimulus Programme (ESP)

Since the outbreak of COVID-19 pandemic in 2020, the Government has been implementing the Economic Stimulus Programme. Some of the achievement realized under this program include:

- **Infrastructure Development**; rehabilitated access roads and footbridges to optimize the use of local labour and materials, thereby generating over 200,000 jobs for the youth under the “Kazi Mtaani” Programme.
- **Improved Education Outcomes**; constructed additional classrooms in primary and secondary schools, recruitment of 1,000 contract teachers and 1,000 ICT interns to support digital learning in public schools.
- **Enhanced Liquidity to Businesses**; provided seed capital to operationalize the Credit Guarantee Scheme in order to support SMES access credit. Fast tracked payment of VAT tax refunds and pending bills.
- **Improved Health outcomes**; recruited 5,000 additional diploma and certificate level health interns.
- **Agriculture and Food Security**; subsidized supply of farm inputs through the e-voucher system to reach up to 200,000 small scale farmers; and enhanced community based irrigation projects.
- **Tourism**; supported hotel renovations through soft loans channeled through the Tourism Finance Corporation and supported Kenya Wildlife Services to engage 5,500 community scouts;
- **Improved Environment, Water and Sanitation Facilities**; rehabilitated wells, water pans and underground tanks; expanded rain water harvesting; and undertook flood control and mitigation measures.
- **Manufacturing**; promoted the “Buy Kenya Build Kenya” policy, sustained operations of local motor vehicle manufacturers and provided credit to Micro, Small and Medium Enterprises in the manufacturing sector.
- **Social Protection**; enhanced cash transfers to the vulnerable and the emerging urban vulnerable as a result of the pandemic

Progress of the ongoing COVID-19 Vaccination

- ❖ As of end March, 2022, **27.1 million** vaccines have been received of which Ksh 17.6 million vaccines have been administered.
- ❖ Kenyan plans to fully vaccinate 19 million adults (70% of the adult population) by June 2022 and the entire adult population of **27 million** people by the end of the year.
- ❖ The health sector has been allocated **Ksh 7.0 billion** in FY 2022/23, this will facilitate 100% vaccination rollout among other priority Programmes in the sector.
- ❖ Additionally, **Ksh 100 million** has been allocated to Kenya COVID-19 Emergency Response project and **Ksh 1.4 billion** for GESDeK COVID-19 Response project.



Kenyan receiving COVID-19 vaccine shot

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

The “Big Four” Agenda was initiated four years ago by the Government to foster socio-economic development and provide solutions to the various problems facing Kenyans.

The realization of 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 146.8 billion** has been allocated in the FY 2022/23 to support implementation of priority programmes under the “Big Four” Agenda, in various Ministries, Departments and Agencies:



1. Universal Health Care

The Government has made strategic investments that have propelled the country towards attainment of Universal Health Coverage (UHC) and strengthened the health care system to respond to pandemics and other global health security challenges. In the FY 2022/23 **Ksh 62.3 billion** has been allocated to universal health care.

Key allocations to the sector include:

| | |
|--------------------------|---|
| Ksh 5.2 billion | Managed Equipment Services |
| Ksh 4.1 billion | Free Maternity Health Care |
| Ksh 1.9 billion | Medical cover for the elderly and severely disabled in our society |
| Ksh 9.3 billion | Roll out of Universal Health Coverage |
| Ksh 18.1 billion | Kenyatta National Hospital |
| Ksh 11.7 billion | Moi Referral and Teaching Hospital |
| Ksh 7.7 billion | Kenya Medical Training Centre |
| Ksh 7.7 billion | Universal Health Coverage Coordination and Management Unit |
| Ksh 5.2 billion | Vaccines and Immunizations |
| Ksh 1.2 billion | Procurement of Family Planning and Reproductive health commodities |
| Ksh 900 million | Transforming Health systems for UHC |
| Ksh 619.0 billion | Procurement of equipment at the National Blood Transfusion Services |
| Ksh 1.1 billion | Kenya National Hospital Burns and Paediatrics Centre |
| Ksh 300 million | Procurement of Cyber Knife Radiotherapy Equipment for KUTTRH |
| Ksh 2.0 billion | Construction and strengthening of Cancer Centers |
| Ksh 16.2 billion | Global Fund (HIV, Malaria, TB) |



Equipping of hospitals with modern medical Machine under Managed Equipment (MES) Service Programme.



President Kenyatta launches Universal Healthcare Coverage (UHC) at Port Reitz Hospital in Changamwe.



2. Supporting the Growth of Manufacturing for Continued Job Creation

Implementation of appropriate policies coupled with enhanced investments in the manufacturing sector continues to yield results and has led to creation of a conducive business environment for industrial growth, creation of jobs and improved livelihoods.

In the FY 2022/23, **Ksh 10.1 billion** has been set aside to promote local industries under various Ministries, Departments and Agencies



The labor-intensive cotton ginnery creating jobs



Modernized Rivatex East Africa limited

| | |
|--------------------------|--|
| Ksh 2.6 billion | Development of a Freeport and Industrial parks-SEZ Mombasa |
| Ksh 1.0 billion | Credit Guarantee Scheme |
| Ksh 3.0 billion | Supporting Access to Finance and Enterprise Recovery (SAFER) |
| Ksh 1.3 billion | Kenya Industry and Entrepreneurship project |
| Ksh 626.0 million | Provision of finances to SMEs in manufacturing sector KIE |
| Ksh 200.0 million | Constituency Industrial Development Centre |
| Ksh 85.0 million | Development of SEZ Textile Park in Naivasha |
| Ksh 142.8 million | Cotton development (RIVATEX)-subsidy and extension support |
| Ksh 410.4 million | Modernization of RIVATEX |



3. Provision of Affordable and Decent Housing for All Kenyans

The Government embarked on a plan to provide affordable and decent houses to Kenyans. To facilitate provision of affordable houses, the Government has focused on raising low-cost funds from public and private sectors for investment in large-scale housing under the Affordable Housing Scheme through the National Housing Development Fund and the various public-private partnerships.

In FY 2022/23 budget, **Ksh 27.7 billion** has been allocated for affordable Housing.

Key allocations include:

| | |
|-------------------------|---|
| Ksh 4.6 billion | Operationalization of Kenya Mortgage and Refinance Company (KMRC); |
| Ksh 7.7 billion | Kenya Affordable Housing Project (Kenya Mortgage Refinance Company) ; |
| Ksh 1.0 billion | Construction of affordable Housing Units; |
| Ksh 5.9 billion | Kenya Informal Settlement Improvement Project – Phase II; |
| Ksh 1.05 billion | Housing Units for National Police and Kenya Prisons; |
| Ksh 2.3 billion | Kenyan Urban programme (KenUP). |
| Ksh 1.2 billion | Construction of Social Housing units |



Affordable Housing Project Ngara



Mavoko Housing Project



4. Enhancing Food and Nutrition Security to all Kenyans

The aim of this pillar is to achieve food and nutrition security for all Kenyans. This will be achieved through large scale production of staple food, expansion of irrigation schemes, increased access to agricultural inputs and implementation of programs to support smallholder farmers to sustainably produce and market various commodities.

In FY 2022/23 budget, **Ksh 46.8 billion** has been allocated. Key allocations in this budget include:

| | |
|------------------------|---|
| Ksh 4.2 billion | National Agricultural and Rural Inclusivity project |
| Ksh 1.5 billion | Small Scale Irrigation and Value Addition Project; |
| Ksh 1.7 billion | Kenya Cereal Enhancement Programme |
| Ksh 1.9 billion | Emergency Locusts Response |
| Ksh 1.6 billion | National Value Chain Support Project; |

| | |
|-------------------------|---|
| Ksh 690 million | Food Security and Crop Diversification Project; |
| Ksh 7.0 billion | Kenya Climate Smart Agriculture Project |
| Ksh 1.1 billion | Agricultural Sector Development Support Programme II |
| Ksh 2.6 billion | Aquaculture Business Development Project; |
| Ksh 2.8 billion | Kenya Marine Fisheries and Socio-Economic Development Project |
| Ksh 1.3 billion | Exploitation of Living Resources under the Blue Economy |
| Ksh 1.65 billion | Kenya Livestock Commercialization programme (KeLCoP) |



Implementing Kenya smart agriculture project



Transforming Agricultural productivity through smart ploughing

ENABLERS OF THE “BIG FOUR” AGENDA

A. Conducive Business Environment for Investment

Macro-Economic Stability

The Government continues to maintain macroeconomic stability by pursuing prudent fiscal and monetary policies that support strong economic growth, business and industrial recovery and job creation.

- Inflation rate remains within the policy target range of 5 ± 2.5 percent while interest rates remain fairly low and stable to support credit access;
- The Government has also strived to promote a stable and competitive exchange rate and to ensure sufficient exchange reserves as a cushion from external shocks;
- The CBK foreign exchange reserves are above the minimum requirement of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market;
- To complement the monetary policy, the Government continues to sustain fiscal consolidation efforts through revenue mobilization, expenditure rationalization and management of public debt.

Improving National Security

A safe and secure society provides an enabling environment for sustained economic recovery, attaining the “Big Four” Agenda and other priority programs. For this reasons, **Ksh 317.9 billion** has been allocated in the following Key areas:

| | |
|-------------------------|--|
| Ksh 10.7 billion | Lease Financing of Police Motor Vehicles; |
| Ksh 4.8 billion | Police and Prison Officers Medical Insurance Scheme; |
| Ksh 2.3 billion | Group Personal insurance for police and prisons |
| Ksh 1.0 billion | National Communication and Surveillance System; |

| | |
|--------------------------|---|
| Ksh 335.0 million | Equipping the National Forensic Laboratory; |
| Ksh 1.0 billion | Huduma number. |
| Ksh 1.0 billion | Police Modernization programme |



Recruitment of more police to boost security



Equipping of urban Security Surveillance System

Digitalizing the Economy to Spur Economic Recovery

The Government continues to invest in critical ICT infrastructure in order to facilitate internet connectivity and access to information. As such, **Ksh 15.6 billion** has been allocated in FY 2022/23 to improve access to digitized services across the country.

Key allocations to the sector include:

| | |
|--------------------------|---|
| Ksh 5.2 billion | Development of Konza Horizontal Infrastructure phase 1; |
| Ksh 3.8 billion | Konza Data Centre and Smart City Facilities; |
| Ksh 1.4 billion | Installation and commissioning of Eldoret-Nadapal fibre optic cable |
| Ksh 70.0 million | Digital Literacy Programme (School Laptop Project); |
| Ksh 620.0 million | Government Shared Services; |
| Ksh 2.7 billion | Maintenance and Rehabilitation of Last Mile County Connectivity Network |
| Ksh 682.0 million | Connectivity to “Big Four” |
| Ksh 1.2 billion | Maintenance and Rehabilitation of NOFBI cable and expansion cable |



Konza National Data Centre



The government begins laying internet cable to boost access in north western region

B. Infrastructure Development for Inclusive Growth

Road Construction

The government is focused on developing urban roads to decongest cities and major towns and as a result reduce the cost of doing business and promote competitiveness.

The following allocations have been made in FY 2022/23 to improve road networks:

| | |
|--------------------------|------------------------------------|
| Ksh 103.7 billion | Construction of Roads and bridges; |
| Ksh 42.1 billion | Rehabilitation of Roads; and |
| Ksh 66.7 billion | Maintenance of Roads. |



Ongoing road construction in Ruaraka Outer ring road



Nairobi Expressway scheduled to be completed on march

Rail and Ports Construction

Railway transport continues to improve interconnectivity and reduced traffic congestion on our roads. The completion of the Standard Gauge Railway (SGR) and the rehabilitation of the Meter Gauge Rail (MGR) has presented an efficient transport system that is safe, comfortable, and affordable for passengers and freight.

To continue improving rail transport and construction of ports, the following allocations have been proposed in the FY 2022/23:



Mombasa port creating jobs for the locals

- **Ksh 18.5 billion** for SGR Nairobi-Naivasha phase II
- **Ksh 9.1 billion** for Mombasa to Nairobi SGR
- **Ksh 236 million** for LAPSET project;
- **Ksh 2.6 billion** Dongo Kundu Special Economic Zone;
- **Ksh 1.0 billion** for Riruta-Lenana-Ngong railway line;
- **Ksh 450 million** for Railways Metro Line- Embakasi station-Ruai;
- **Ksh 713 million** for construction and expansion of airports and airstrips;

Reliable Energy Supply

The realization of the country's development agenda will be feasible if quality energy services are availed in a sustainable, competitive, cost effective and affordable manner.

To achieve this, the sector has been allocated **Ksh 95.05 billion** in FY 2022/23 as follows;

| | |
|-------------------------|--|
| Ksh 62.9 billion | National Grid System; |
| Ksh 18.5 billion | Geothermal generation; |
| Ksh 9.3 billion | Rural Electrification; |
| Ksh 1.97 billion | Development of nuclear energy and exploration and mining of coal |
| Ksh 2.3 billion | Alternative Energy Technologies |



The new power generation plants



300 MW Lake Turkana Wind Power Plant

Sustaining Water Supplies

The access to adequate supply of clean water is fundamental for the achievement of the socio-economic development in the country. Significant resources have been allocated for water and irrigation infrastructure, sewerage and flood control to safeguard livelihoods as follows:

| | |
|--------------------------|--|
| Ksh 45.9 billion | Water & Sewerage Infrastructure development; |
| Ksh 16.0 billion | Water Resource Management; |
| Ksh 10.15 billion | Forest and Water Tower Conservation; |
| Ksh 8.5 billion | Irrigation & Land Reclamation; |
| Ksh 9.8 billion | Water Storage & Flood control; |
| Ksh 6.05 billion | Kenya Financing Locally led Climate Action |
| Ksh 7.0 billion | Wildlife Conservation & Management; |



Construction of Thiba Dam



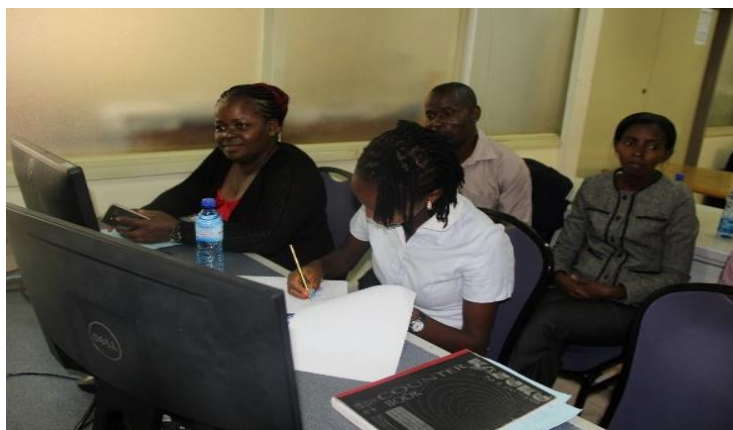
Rehabilitated water pan

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

Quality and Relevant Education

To promote quality and relevant education for all Kenyans, the government has allocated significant resource to the education sector both in basic and tertiary level. The allocations in the FY 2022/23 include:

| | |
|-------------------------|--|
| Ksh 2.0 billion | School feeding programme |
| Ksh 91.2 billion | University Education; |
| Ksh 64.4 billion | Free Day Secondary Education (Including NHIF for students); |
| Ksh 15.8 billion | Higher Education Loans Board; |
| Ksh 12.0 billion | Free Primary Education; |
| Ksh 1.8 billion | Construction and Equipping of the Technical Training Institutes; |
| Ksh 5.0 billion | Subsidy to KNEC for Examination Fee Waiver; |
| Ksh 4.0 billion | Construction of classrooms to support CBC; |
| Ksh 2.5 billion | Recruitment of Teachers |
| Ksh 1.2 billion | Competency Based Curriculum training of teachers. |



The government has trained over 200,000 teachers for competency based curriculum

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 2022/23 include:

| | |
|-------------------------|---|
| Ksh 17.5 billion | Cash Transfers to Elderly Persons; |
| Ksh 7.9 billion | Cash transfers to Orphans and Vulnerable Children; |
| Ksh 5.1 billion | Hunger Safety Net Programme |
| Ksh 1.2 billion | Cash Transfer to Persons with Severe Disability. |
| Ksh 500 million | National Drought Emergency Fund |
| Ksh 2.6 billion | Kenya development Response to Displacement Impact Project |



Inua jamii beneficiaries

To support youth and women empowerment, allocations in FY 2022/23

| | |
|--------------------------|--|
| Ksh 2.2 billion | Kenya Youth Empowerment and Opportunities Project; |
| Ksh 13.1 billion | National Youth Service; |
| Ksh 175 million | Youth Enterprise Development Fund |
| Ksh 2.8 billion | Kenya Social and Economic Inclusion Project |
| Ksh 933.8 million | Child welfare Society of Kenya |



Kenya youth Empowerment in Juakali worksite

The implementation of Kenya Social Economic Inclusion Project (KSEIP); Government Affirmative Programmes (National Government Affirmative-Action Fund (NGAAF), Women Enterprise Fund (WEF) and UWEZO Fund; and Sports, Arts and Social Development Fund (SASDF) will play a key role in promoting equity, reduce poverty and promote social development especially in marginalized areas.

The FY 2022/23 budget has set aside:

| | |
|-------------------------|---|
| Ksh 44.3 billion | National Government Constituency Fund (NG-CDF); |
| Ksh 7.1 billion | Equalization Fund; |
| Ksh 2.1 billion | National Government Affirmative Action Fund (NG-AAF). |



Students benefiting from NGAAF bursaries



Empowering women in informal sector through WEF

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 2022/23, County Governments have been allocated Ksh 407.0 billion, which comprises of:

- » **Ksh 370.0 billion** from the equitable share of revenue raised nationally;
- » **Ksh 5.6 billion** as additional conditional allocations from the National Government share of revenue
- » **Ksh 31.4 billion** as conditional allocation from the Development Partners.

Allocation of the Ksh 370 billion Equitable share for each County Government

| County | Equitable Share (Ksh billion) | County | Equitable Share (Ksh billion) | County | Equitable Share (Ksh billion) |
|-----------------|-------------------------------|----------|-------------------------------|---------------|-------------------------------|
| Baringo | 6.4 | Kisumu | 8.0 | Narok | 8.8 |
| Bomet | 6.7 | Kitui | 10.4 | Nyamira | 5.1 |
| Bungoma | 10.7 | Kwale | 8.3 | Nyandarua | 5.7 |
| Busia | 7.2 | Laikipia | 5.1 | Nyeri | 6.2 |
| Elgeyo/Marakwet | 4.6 | Lamu | 3.1 | Samburu | 5.4 |
| Embu | 5.1 | Machakos | 9.2 | Siaya | 7.0 |
| Garisa | 7.9 | Makueni | 8.1 | Taita Taveta | 4.8 |
| Homa Bay | 7.8 | Mandera | 11.2 | Tana River | 6.5 |
| Isiolo | 4.7 | Marsabit | 7.3 | Tharaka Nithi | 4.2 |
| Kajiado | 8.0 | Meru | 9.5 | Trans Nzoia | 7.2 |
| Kakamega | 12.4 | Migori | 8.0 | Turkana | 12.6 |
| Kericho | 6.4 | Mombasa | 7.6 | Uasin Gishu | 8.1 |
| Kiambu | 11.7 | Muranga | 7.2 | Vihiga | 5.1 |
| Kilifi | 11.6 | Nairobi | 19.2 | Wajir | 9.5 |
| Kirinyaga | 5.2 | Nakuru | 13.0 | West Pokot | 6.3 |
| Kisii | 8.9 | Nandi | 7.0 | | |

ECONOMIC STIMULUS PROGRAMME (THIRD PHASE)

Building on the gains made under the first and second phase of the Economic Stimulus Programme, the Government is rolling out the third phase which is designed to accelerate the pace of economic growth.

In this phase, the Government will allocate additional resources to implement strategic interventions in key productive and service sectors in **thirteen strategic** interventions that cover: agriculture, health, education, drought response, policy, infrastructure, financial inclusion, energy and environmental conservation.

The following are allocations for the FY 2022/23 budget:

| | |
|-------------------------|--|
| Ksh 2.1 billion | Under the Kazi Mtaani programme |
| Ksh 4.0 billion | Construction of classrooms to support CBC |
| Ksh 2.75 billion | Improve Infrastructure for Primary and Secondary schools |
| Ksh 1.5 billion | Recruitment of contract teachers and ICT interns |
| Ksh 1.35 billion | Recruitment of additional diploma and certificate level Health interns |
| Ksh 5.8 billion | Improving environment, water and sanitation facilities |
| Ksh 1.5 billion | Subsidize supply of farm inputs through E-voucher system |
| Ksh 1.0 billion | Credit Guarantee Scheme |
| Ksh 604 million | Credit to SMEs in the manufacturing sector (KIE) |

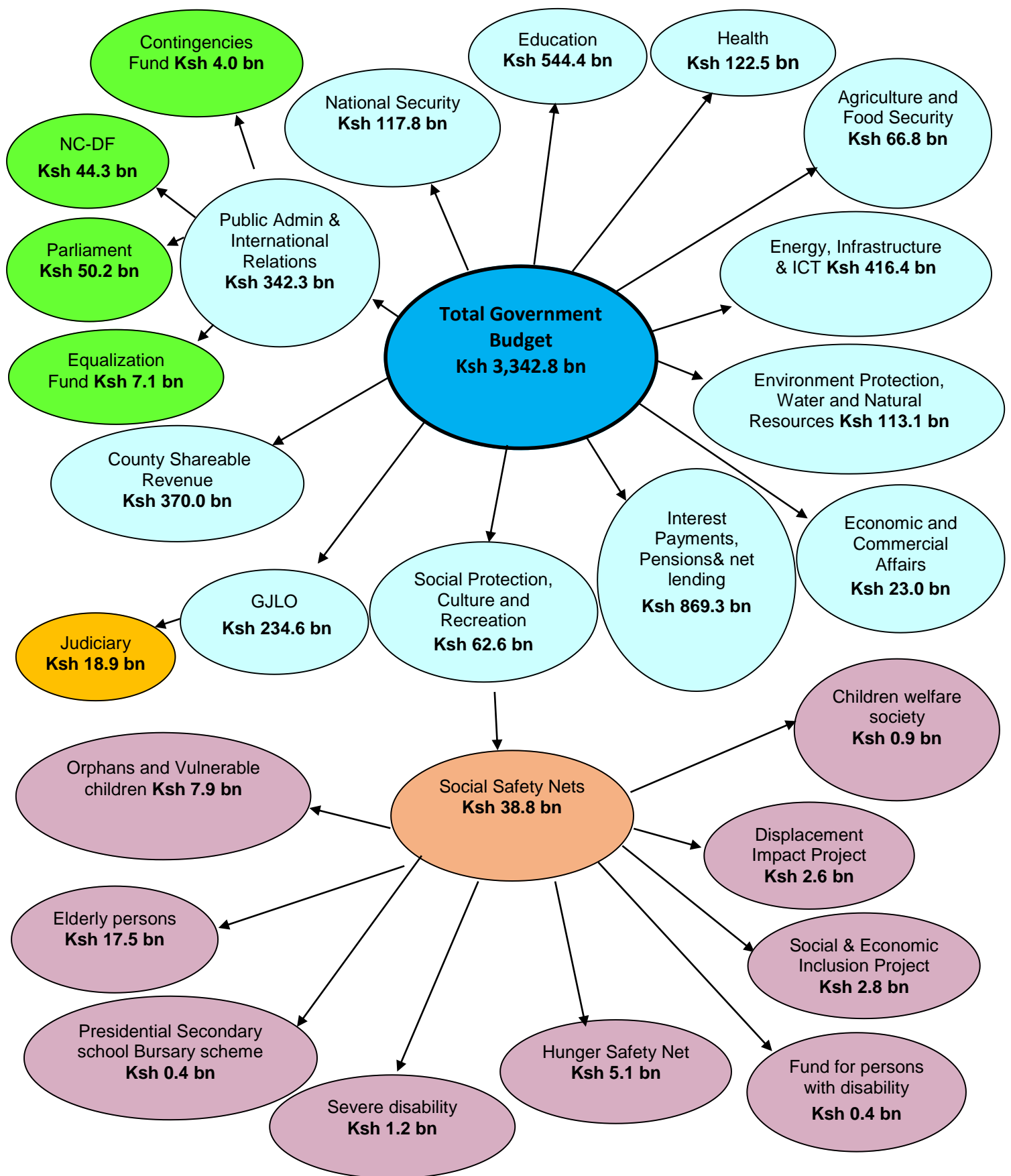


Subsidized fertilizer for small scale tea farmers



Youth under the Kazi Mtaani programme unblocking the sewage system in Kibera

PUBLIC EXPENDITURE TRACKING



SUMMARY OF PROPOSED REVENUE MEASURES

Value Added Tax Measures

- ◆ Locally manufactured motor vehicles exempted
- ◆ Inputs and raw materials for manufacture of passenger motor vehicles exempted
- ◆ Plant and machinery for manufacture of pharmaceuticals exempted
- ◆ Fuel pellets exempted
- ◆ Medical oxygen, urine bags, adult diapers, artificial breasts, colostomy or ileostomy bags exempted

Income Tax Measures

- ◆ Donations to all charitable entities allowed as deductions
- ◆ Digital services tax exemption for services under sections 9(2) and 35 of Income Tax Act.
- ◆ Microfinance institutions under the Microfinance Act exempted from thin capitalization (EBITDA).
- ◆ Permanent establishments in Kenya exempt from Digital Service Tax

Miscellaneous Fees and Levies

- ◆ Reduction of export levy from 80% to 50%.
- ◆ Inputs and raw materials for manufacture of pharmaceutical products exempted from RDL and IDF

Excise Duty Measures

- ◆ Fertilized eggs for hatching exempted
- ◆ Neutral spirit for manufacture of pharmaceuticals exempted
- ◆ Locally manufactured motor vehicles exempted
- ◆ Review of specific rates of duty excluding petroleum products

Tax Administration

- ◆ Transformation of Kenya Revenue Authority to **Kenya Revenue Services**

ABBREVIATIONS

| | |
|---------|---|
| A.I.A | Appropriations in Aid |
| CBC | Competency Based Curriculum. |
| GJLO | Governance, Justice, Law and Order |
| ICT | Information & Communication Technology |
| IDF | Import Declaration Fee |
| KMRC | Kenya Mortgage Refinance Company |
| KNEC | Kenya National Examinations Council |
| LAPSSET | Lamu Port-South Sudan-Ethiopia-Transport |
| MSME | Micro, Small and Medium Enterprises |
| NG-CDF | National Government constituency Development Fund |
| NG-AAF | National Government Affirmative Action Fund |
| RDL | Railway Development Levy |
| SEZ | Special Economic Zone |
| SGR | Standard Gauge Railway |
| UHC | Universal Health Coverage |
| VAT | Value Added Tax |