Statement

African Civil Society Supports Kenyan Citizens' Demands for Economic Reforms

26th June 2022, Tunis, Tunisia: Following the decision of the President of the Republic of Kenya to not assent to the Finance Bill 2024, we, as civil society organisations in Kenya and across the continent, continue to rally behind the peoples' demands for comprehensive economic justice.

The #RejectTheFinanceBill2024 movement has revealed deep-seated economic injustices in Kenya, including public dissatisfaction with the government's increased borrowing, implementation of a regressive taxation system, and rampant corruption and wastage of public resources. Citizens are advocating for economic justice and challenging the government's regressive approach to taxation in the recent years, particularly within the Finance Act 2023 and the Finance Bill 2024.

We, the undersigned civil society organisations from across the continent, support this public outcry and urge the Kenyan government to initiate wide-reaching economic reforms, including improving the tax system, enhancing accountability and governance of public debt, improving public service provision, and curbing wastage and misuse of government resources.

High debt repayment costs and the ballooning government wage bill are an unsatisfactory explanation for the government's proposed regressive tax system. In recent years, increased consumption taxes and numerous punitive levies have been imposed, irrespective of income size.

Furthermore, illicit financial flows (IFFs) continue to undermine Kenya's economy, with at least USD 184 million lost annually due to corporate tax abuse. Multinational corporations exploit Kenya as an entry point into East and Southern Africa, contributing to significant revenue losses. The government's delay in implementing necessary tax reforms to curb IFFs, coupled with the misuse of available resources, has exacerbated the economic crisis. The regressive and oppressive tax measures proposed are short-term solutions that fail to address the core issues of IFFs, unnecessary debt, and resource misuse.

At present, Kenya allocates over 50 per cent of its total revenue to debt servicing, crowding out spending on critical social sectors such as health, agriculture and social protection, which collectively receive less than 15 per cent of the national budget. Kenya's current public debt stands at 70.8 per cent of GDP as of June 2023. The debt has grown from KES 1.6 trillion (USD 18.9 billion) in June 2012 to KES 10,278.7 trillion (USD 70.2 billion) in June 2023, surpassing the KES 10 trillion mark; and debt repayment costs now consume 63 per cent of total ordinary revenue, limiting resources for economic growth and essential public services. To address this, increased debt transparency and accountability are crucial, and this includes halting the irregular increase of the debt ceiling and implementing regular and public debt reporting, particularly of private debt.

Despite the increasing period poverty and low domestic production, the Finance Bill 2024 proposes taxing imported sanitary pads at 16 per cent, a move that disproportionately affects women and girls. Further to this, gender-based expenditure cuts, like the phasing out of the Linda Mama programme will exacerbate maternal and neonatal mortality rates which have been on the rise in recent years. The tax proposals in the Finance Bill 2024 not only overlook gender considerations but also harm the well-being of women and girls.

Despite extensive public input on the Finance Bill over the past two years, the government has often disregarded public concerns. For instance, despite widespread opposition to the housing levy in 2023 and a favourable court ruling for the public, the government enacted the Affordable Housing Act in 2024 with little regard for public concerns. In addition, the human rights abuses and the extrajudicial killings observed during the people led protests have garnered much concern over not only the economic governance of Kenya but the respect of the rule of law and other democratic principles.

Civil society organisations stand with the Kenyan public in calling for economic justice and rejecting the regressive proposals in the Finance Bill 2024. We demand comprehensive economic reforms, improved accountability, and a progressive tax system prioritising all citizens' well-being, especially women and vulnerable groups. The Kenyan government must listen to its citizens, respect the rule of law and human rights enshrined in the Constitution of Kenya and act in the best interests of Kenyans to ensure Kenya's just and equitable economic future.

In solidarity.

1. Action Mines Guinee, Guinee
2. ActionAid
3. African Resources Watch, DRC
4. Alternative Information & Development Centre, South Africa
5. Akina Mama wa Afrika, Uganda
6. Centre for Trade Policy and Development, Zambia
7. Civil Society Legislative Advocacy Centre, Nigeria
8. Centre Régional Africain pour le Développement Endogène et Commuanutaire, Cameroon
9. Desk for Social Development of the Evangelical Lutheran Church in the Republic of Namibia, Namibia
10. East African tax and Governance Network, Kenya
11. Initiative Locale pour le Développement Intégré, RDC
12. Integrity Watch Liberia
13. Policy Forum, Tanzania
14. Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI), Uganda
15. Tax Justice Network Africa
16. TaxEd Alliance
17. The African Regional Organisation of the International Trade Union Confederation
18. Transparency International Kenya, Kenya
19. Vision for Alternative Development, Ghana
20. Youth Desk of the Council of Churches in Namibia