

STATEMENT OF SOLIDARITY AGAINST THE PUNITIVE MEASURES OF KENYA'S FINANCE BILL 2024

FOR IMMEDIATE RELEASE

HARARE, ZIMBABWE (25th June 2024) – The African Forum and Network on Debt and Development (AFRODAD) wishes to issue the following statement of solidarity with the Citizens of Kenya and the Members of the National Assembly who have vocalised serious concerns about the [Finance Bill 2024](#).

Since 2022, AFRODAD has cautioned that Kenya's debt crisis would soon become a tax crisis if borrowing continued unabated at its current rate. The tax proposals in the Finance Bill 2024 are the culmination of a combination of irresponsible lending by developing partners including the International Monetary Fund (IMF), and an [unsatiable appetite to borrow by the government of Kenya](#).

Institutions like [the IMF through its various lending programmes](#) have “propped up” Kenya’s credit ratings thus facilitating access debt on international capital markets. The most recent a [Eurobond issued in February 2024](#). This Eurobond was issued with **NO DEVELOPMENTAL OBJECTIVE** but rather its sole purpose was to **SERVICE TWO DEBT PAYMENTS DUE IN FEBRUARY AND JUNE 2024 respectively**.

The Government of Kenya’s debt woes are not over. And the Finance Bill 2024 together with shortfalls in revenue collection in the year 2023 indicate difficult times ahead. The National Treasury is expected to miss its revenue targets by almost KES 300 billion and has been forced to revise downwards its revenue target by KES 250 billion in its approved supplementary II estimates.ⁱ Furthermore, it is estimated that in 2024, approximately **SEVENTY PERCENT (70%) OF TAX REVENUE GENERATED WILL BE ALLOCATED TO DEBT SERVICING PRIORITIES IN THE COMING FISCAL YEAR.**ⁱⁱ

The Finance Bill 2024 and the budget for coming fiscal year 2024/25 suggest the priority of the government is to keep creditors happy at all costs including **passing on the cost of its wanton borrowing tendencies to citizens as clearly demonstrated by regressive and punitive tax measures proposed in the Finance Bill 2024**. The proposals set out in both the Budget 2024/25 and the Finance Bill 2024 neither address Kenya’s debt crisis nor offer solutions towards putting the country on a path towards transformation and industrialisation.

Against this backdrop, the public outcry and stiff opposition by over one hundred Members of the National Assembly is a warning bell that all is not well with the Kenyan economy. **And the expectation that citizens will pick up the bill for the unchecked borrowing of government appears not to be sitting well.**

[AFRODAD expresses its solidarity against](#) the punitive and regressive **measures proposed in the Finance Bill 2024 as they serve only to appease creditors while diverting resources from public services such as education health**; they also threaten the allocation of funds to counties which further threaten the funding of devolved functions at the county level; and **raising the cost of necessities and deepening inequalities across Kenyan society while disproportionately affecting girls, women, and the vulnerable.**

The tax measures in the Finance Bill 2024 need to be reconsidered in their entirety if the Kenyan economy and society is to emerge unscathed from this current debt crisis. Failure to do so will certainly lead to a weakening economy, deeper social displeasure, and ultimate default in the near future. **AFRODAD recommends a combination of responsible lending and borrowing; and better alignment of debt with the national development agenda to avoid debt burdening citizens via regressive tax policies.**

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ⁱ FY 23/24 Budget Performance, Institute for Public Finance, June 2024

ⁱⁱ Exchequer Release Gazette Notice issued on 14th June 2024