



OPEN LETTER TO H.E. THE PRESIDENT OF KENYA, UHURU KENYATTA ON PROPOSED EXCISE RATES INCREASE IN THE FINANCIAL BILL, 2019

Dear Mr. President,

1. WE, Civil Society actors working to advance public health objectives for the citizens of Kenya congratulate you for being awarded the Political Leadership Award for Universal Health Coverage from the African Union, Access challenge.
2. The right to the highest attainable standard of health is enshrined in our Constitution and we commend your government's efforts towards the realization of this Right for all Kenyans.
3. Tobacco and alcohol have been established as leading causes of Non-Communicable Diseases (NCDs) such as cancer and cardiovascular disease. It is estimated that by the year 2020, the tobacco death toll will reach 10 million with more than 70% of deaths from low- and middle-income countries (WHO, 2003). Additionally, the WHO Global Health Report reports that 4 out of 100 deaths in Kenya is attributable to Alcohol which also causes a high overall burden of disease and injuries. On the other hand, a report by the Ministry of Health indicates that 55% of all deaths from cancers of the trachea, bronchitis, and lung are attributable to tobacco.
4. In Kenya, tobacco and alcohol use are a major contributor to the growing burden of Non- Communicable Diseases (NCDs), which currently contribute 50-70% of all hospital admissions, half of inpatient mortality and 55% total mortality.
5. Tax and price measures are considered to be one of the most effective NCD control strategy due to their potential to discourage initiation, encourage quitting of harmful products such as tobacco and alcohol as well as generating much needed revenue for governments.
6. Tobacco and Alcohol taxes are considered to be an innovative mechanism for financing for development and have specifically been recognized as part of a comprehensive strategy of prevention and control as well as an important means to reduce related healthcare costs while generating revenue for financing for development¹. Excise taxes on tobacco and alcohol are therefore a key strategy

¹ The Addis Ababa Action Agenda of the Third International Conference on Financing for Development



for the provision of universal health coverage as envisioned under the governments “big four” agenda.

7. We note with appreciation, measures announced by the Minister of finance in his budget speech of 2019 to increase the rates of excise duty on cigarettes, wines and spirit by 15%. Section 23 of the Finance Bill 2019 seeks to amend the first schedule of the Excise duty Act, No. 23 of 2015 by “*deleting the rates of excise duty in respect of the descriptions set out in the first column hereunder and substituting therefor the new rates respectively specified in the second column—*”

Description	Rate of Excise
Cigarettes with filters (hinge lid and soft cap)	Shs. 3,025 per mille
Cigarettes without filter (plain cigarettes)	Shs, 2,177 per mille
Wines including fortified wines and other alcoholic beverages obtained by fermentation of fruits	Shs 181 per litre
Spirits of undenatured ethyl alcohol; spirits liqueurs and other spirituous beverages of alcoholic strength exceeding 10%	Shs. 242 per litre

8. In effect, this revision will lead to an excise duty increase of between Kshs. 18- 24 for wine and whisky and an increase of Kshs. 8 for a packet of 20 cigarettes.
9. The increase is in line with WHO best practice recommendations for a REGULAR INCREASE in excise rates as well as ANNUAL ADJUSTMENT FOR INFLATION to prevent erosion of the real value of the excise tax on harmful products.
10. We note with concern arguments against effective excise tax on tobacco and alcohol on the pretext that they would lead to illicit trade. Taxes are NOT the singular cause of illicit trade in tobacco and alcohol. Other complementary measures, such as STRENGTHENING OF TAX ADMINISTRATION and EFFECTIVE IMPLEMENTATION OF THE ELECTRONIC GOODS MANAGEMENT SYSTEM (EGMS) can be adopted to control any perceived or real concerns. Fast- tracking of the Country’s ratification of the World Health Organization (WHO) PROTOCOL to



ELIMINATE ILLICIT TRADE in TOBACCO PRODUCTS will particularly strengthen the country's efforts to control illicit trade in tobacco products.

Our Request:

We Call upon the president of Kenya to assent to the Finance Bill 2019 as is, to give force to the increment of excise tax on tobacco and alcohol and protect the health and wellbeing of all Kenyans.

- **The International Institute for Legislative Affairs (IILA)** is a not-for-profit organization that works closely with policy making institutions, government departments, members of parliament and other stakeholders in the legislative process to advocate for pro-people policies and legislation.
- **The Alcohol Control and Policy Network (ACPN)** is a network of like-minded organizations set up in 2009 that seeks to advocate for the implementation of evidence-based alcohol policies and programs in Kenya.

The Kenya Tobacco Control Alliance (KETCA) is an umbrella body that brings together civil society organizations (CSOs) that fight against the deadly effects caused by tobacco use.
- **The Non-Communicable Diseases Alliance of Kenya (NCDAK)** is the national umbrella body of civil society organizations and patients' groups involved in the prevention and control of non-communicable diseases (NCDs).