



# **STAKEHOLDER'S ENGAGEMENT WORKSHOP**

## **REFORMING THE TAX POLICY AND INSTITUTIONAL MEASURES FOR KENYA**

**GOK-AERC- UCPH-DERG ECONOMIC RESEARCH AND POLICY MAKING  
PROJECT**

### **PROGRAMME**

**March 8, 2024**

**8:00-13:00HRS (GMT +3)**

**@Mercure Hotel, Nairobi, Kenya**

The last few years have witnessed several large shocks to the international economy, including the COVID-19 pandemic, the war in Ukraine, and the most severe drought in East Africa in more than 40 years. As most other countries, Kenya struggles to absorb the impact of these shocks, notably the supply constraints that has raised the scarcity value leading to sharp increases in the prices of basic commodities and hence the cost of living. The economy is just starting to recover from the pandemic and other shocks. Handling the external economic pressures while protecting the most vulnerable, puts extraordinary pressure on economic policies pursued by the Government of Kenya. It is increasingly difficult to tackle the economic challenges, while dealing effectively with widespread poverty and high-income inequality. Hence, appropriate policy responses are required to handle the economic pressures in the short term (such as high inflation and high debt servicing costs) and simultaneously address the medium- to longer-term challenges of persistent poverty and rising income inequality. The bottom line is to raise revenues to finance recurrent expenditures and push the development agenda along the lines of BETA.

With support from the Royal Danish Embassy in Nairobi, the African Economic Research Consortium in partnership with a series of Kenyan partners, supported by the Development Economics Research Group at the University of Copenhagen (UCPH-DERG), is undertaking collaborative research project to support “home-grown” Economic Research and Policy Making in Kenya (ERPMK). The objective of the research collaboration is to generate high-quality research, to enhance understanding of the tax policy in place and its impact, and to review the optimal tax measures required to support a large tax base consistent with expenditure requirements while at the same time ensure equity and market development. Thus, the research will generate evidence-based policy in relation to structure of tax policy, tax policy instruments and the ideal fiscal policy framework. This will support a re-designing of Kenya’s tax policy to ensure that tax revenue measures and compliance are consistent with BETA development goals.

This workshop therefore focuses on the tax related instruments and tax reform measures and how to optimize them to generate revenue in an equitable and cost-effective way. The stakeholder’s workshop brings together key stakeholders from relevant institutions who have important roles to play in shaping new research findings, paving new policy directions, and initiating innovative practices in the focus areas.

## Programme Schedule

Registration (Doris Wacharo) [7:30- 08:00 (GMT+3)]

### Session I: Opening Session [08:00- 08:20 (GMT+3)]

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| Chair of Session | Professor Dominique Njinkeu (Interim Executive Director, AERC)  |
| Welcome Remarks  | Professor Dominique Njinkeu (Interim Executive Director, AERC)  |
| Opening Remarks  | Humphrey W. Mulongo, (Commissioner General, Kenya Revenue Authority)<br>Hon. Prof. Njuguna Ndung'u (Cabinet Secretary, National Treasury & Economic Planning) |

### Session II: Presentations [08:00-13:05] Moderators: Rose Ngugi/Finn Tarp

*Time allocated per paper (45 minutes): presentation (20 Minutes); Floor Discussion (25 Minutes)*

| Time/Session                           | Presentation   |
|--|--|
| <b>Presentation 1</b><br>08:20 – 09:05 | Study 1. Background: Understanding the Kenyan public revenue system and the drivers behind the downwards trends observed in public revenue collection by Benson Kiriga, Nathan Carter Remcho, and Jacob Nato |
| <b>Presentation 2</b><br>09:05 -9:50   | Study 2. Reforming the VAT system: Jane Kiringai, Nathan Carter Remcho, Cyrus Mutuku, Daniel Omanyo and Benjamin Muchiri   |
| <b>Presentation 3</b><br>09:50 -10:35  | Study 3.1. Redesigning the Excise Tax System in Kenya: Taxation of Alcohol and Cigarettes Products by Alex Oguso, Nathan Carter Remcho, James Ochieng and Hellen Chemnyongoi                                 |
| <b>Presentation 4</b><br>10:35 -11:20  | Study 4.1. PIT reform – by Kanina, David Garces Urzainqui, Peter Fisker, Jane Josephine Mugure and Jacob Nato  |
| 11:20 – 11:40                          | <b>BREAK</b>   |
| <b>Presentation 5</b><br>11:40 -12:25  | Study 9: Economic Complexity and Industrial Policy in Kenya Ken Malot, Bjørn Bo Sørensen, Adan Shibia and Cyrus Mutuku, Clement Otindo and John Rand   |
| <b>Presentation 6</b><br>12:25 – 13:05 | Study 6.2. Operational ways of measuring informal payments by Ken Malot, John Rand, Jane Muguchu and Clement Otindo  |
| 13:05 – 14:05                          | <b>LUNCH</b>   |