

Successful Tobacco Tax Campaign: The Case of Kenya



Excise Duty Act 2015

- KShs 2,500/1000 cigarettes (“mille”)
- Switched from a hybrid tax to a uniform specific tax
- Adjusts for inflation

LEGAL NOTICE NO. 245

THE EXCISE DUTY ACT

(No. 23 of 2015)

COMMENCEMENT

IN EXERCISE of the powers conferred by section 1 of the Excise Duty Act, the Cabinet Secretary for the National Treasury appoints the 1st December, 2015 to be the date the Act shall come into operation.

Dated the 25th November, 2015.

HENRY ROTICH,
Cabinet Secretary for the National Treasury.

...estimated to result in a **3.4%** decline in consumption and **0.3%** decline in adult smoking prevalence

Tobacco Tax Structure Highlights

Legislation		TC Impact
2004	Ratified WHO FCTC	
Tobacco Control Act 2007	<ul style="list-style-type: none"> • Called for implementation of tobacco tax • Established the Tobacco Control Fund 	<ul style="list-style-type: none"> • Basis for advocacy work • Not implemented
Finance Act 2010	Created 4 tiers	Complicated structure
Finance Act 2012	<ul style="list-style-type: none"> • Simplified 4 tiers → 1 tier • Increased the specific tax to KShs1,200/mille* or 35% of RSP 	<ul style="list-style-type: none"> • Simplified structure • Increased tax
Excise Duty Act 2015	Switched to a uniform specific rate of KShs 2,500/mille*	<ul style="list-style-type: none"> • Simplified structure • Increased tax

*mille: 1,000 cigarettes

WHO FCTC TRACK AND TRACE



Excisable Goods Management System (2014)

- Electronically enhanced excise stamps
- Multiple layers of security that track tobacco products along the supply chain
- Enhance tax collection
- Reduce vulnerability to illicit trade

Tax Campaign Components



Partner with Macroeconomic Expertise



Commitment of Ministry of Finance (Treasury)



Effective Engagement & Collaboration of Key Partners



Research to Counter Industry

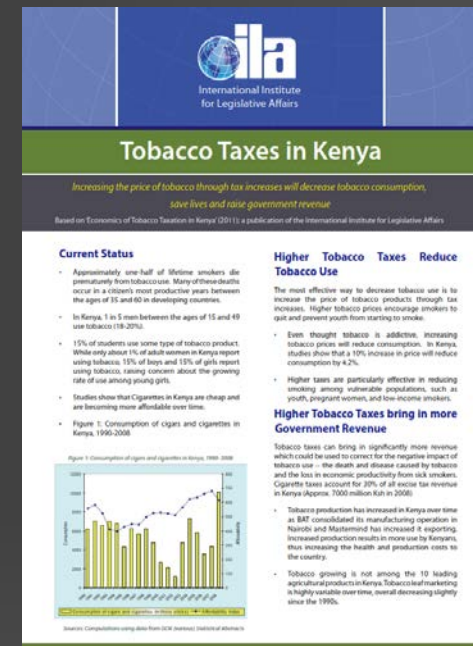


Use of the Media

Partner with Macroeconomics Expertise

International Institute for Legislative Affairs (IILA)

- Created key partnerships with alliances (KETCA, NCDAK) to write letters and put pressure on the Presidency
- Cultivated relationships with MoF and other policy decision-makers (e.g., MoF, Members of Parliament, other govt officials)
- Collaborated with research entities and international CSOs to generate Kenya specific TC data



National Treasury Commitment

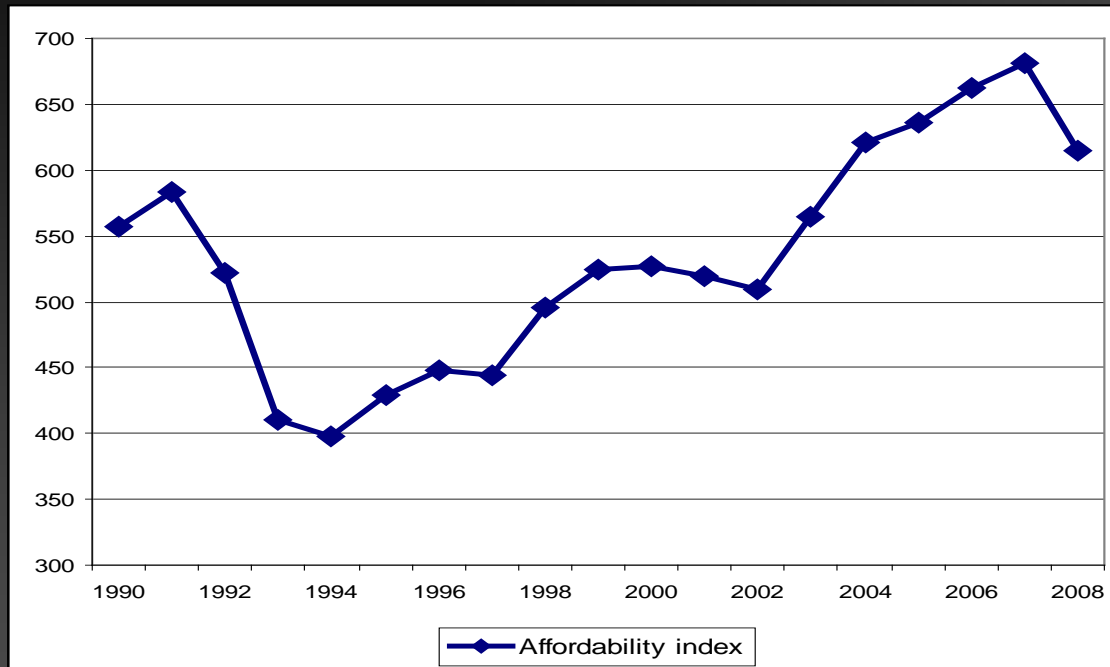
- Tobacco Economics 101 seminar (2010)
 - MoH, KIPPRA, UCT
- East Africa Community (EAC) regional meeting (2014)
- IILA successfully lobbied for Treasury to propose Excise Duty Bill 2015
 - Budget Statement to National Assembly supported TC (June)
 - Specific tax rate of KShs 2500/mille
 - Proposal to National Assembly (July 2015)
- Ministry of Health support and Treasury commitment to implement the Guidelines for the effective implementation of Article 6

Collaboration of Key Partners

- Kenya-based Civil Society Organizations
 - International Institute for Legislative Affairs (IILA)
 - Kenya Tobacco Control Alliance (KETCA)
 - Non-Communicable Diseases Alliance of Kenya (NCDAK)
- International Civil Society Organizations
 - American Cancer Society (ACS)
 - Campaign for Tobacco-Free Kids (CTFK)
- Media
 - Digital Branding Ltd (DB Agency)
- Research & Technical Support
 - Center for Tobacco Control in Africa (CTCA)
 - Kenya Institute for Public Policy Research and Analysis (KIPPRA)
 - University of Cape Town (UCT)
- Kenya Government
 - Kenya Revenue Authority (KRA)
 - Ministry of Health (MOH)
 - National Treasury - formerly Ministry of Finance NT (MoF)

IILA Research to Counter the Industry

- Generated Kenya-specific data for lobbying and advocacy efforts (e.g., policy briefs, Dissemination and Stakeholders meeting)
- Collaborated w/ KIPPRA to generate reliable data on illicit trade in Kenya to address potential policy-maker concerns.



Affordability of cigarettes in Kenya, 1990-2008

Proactive Media Strategy

- Cultivated message Champions
- Developed strong messages to raise public awareness
- Countered industry's arguments
- Media outreach and activities
- Direct appeal to the President



IILA Kenya @IILAinfo · Sep 14

We call on @PresidentKE NOT to assent to the #ExciseDutyBill2015 instead stand for our mothers & kids #TCChat254

Do not assent the Excise Duty Bill, 2015

Increasing taxation of tobacco products is a win-win policy.

Evidence shows that increasing the price of tobacco products through taxation reduces tobacco consumption and its consequences - particularly among the poor and the young - while, at the same time, increasing revenue for the Government. Complex tax structures, as proposed by the Excise Duty Bill 2015, have been shown to be more difficult to administer, create opportunities for tax avoidance and evasion, and are less effective in achieving public health and revenue goals.



Online & Offline Media Outreach and Activities

- Media used to inform and mobilize the public to show support and send strong message to decision-makers
 - ✓ Print, TV and radio interviews with partners from MOH
 - ✓ Advertorials in 2 leading newspapers
 - ✓ Issued a press statement at media breakfast meeting
 - ✓ President directly tagged on his social networks



Thank you for standing up for our children

We commend the Government of Kenya for the ongoing efforts and commitment to the fight against drugs and substance abuse. We call on His Excellency, Mr. President, to send a strong message to all Kenyans on the importance of and investment in the health of us all who are suffering from the effects of tobacco consumption and exposure.

Do not assent the Excise Duty Bill, 2015



President Uhuru Kenyatta

www.ilakenya.org

Thank you Mr. President for heeding to our call and referring the **Excise Duty Bill 2015** back to parliament for reconsideration. This is a bold move in protecting the health of Kenyans and meeting our global obligations. We hope parliament will consider and accomodate the President's recommendations

International Institute For Legislative Affairs (ILA)

Lessons Learned: Necessities

- A technical in-country partner leading the effort on the ground (e.g. IILA) & develop a credible tax proposal
- Sustained advocacy and lobbying efforts during the entire lawmaking and budgetary process
- Country-specific data
- Anticipating, monitoring and countering TI interference & arguments
- Proactive engagement of the public w/media
- Engaging the Finance Committee of the NA to ensure that there are informed Policy Champions