

Date, 27th May 2025

MEMORANDA SUBMISSION ON THE FINANCE BILL, 2025

SUBMITTED TO

**Clerk of The National Assembly
Departmental Committee on Finance and National Planning
National Assembly of Kenya
First Floor, Main Parliament Buildings
P.O Box 30007-00100, Nairobi.
cna@parliament.go.ke
financecommitteena@parliament.go.ke**

BY



REF: Submission of Comments on the Finance Bill, 2025, by Clean Cooking Association of Kenya (CCAK).

CCAK is a membership association with over 100 members from both the private and public sectors, representing the interests of its members and stakeholders engaged in providing clean and efficient cooking solutions in Kenya. CCAK advocates for an enabling environment at both the national and county level to catalyse the growth of the Clean Cooking sector through awareness of the adoption of clean cooking technologies, capacity building of the sector, and sector coordination.

This request written memorandum is presented to Departmental Committee on Finance and National Planning in preparation of the operationalization of the Finance Act, 2025 through provision for engagement/participation in proposals made relating to revenue-raising measures, including liability to and collection of taxes.

CCAK hereby submit our memoranda on the above bill and welcome the opportunity to make a virtual/physical presentation of our views to your office.

Thank you in advance.

Philomena Mitalo

Program Manager - Clean Cooking Association of Kenya

Phone No. 0739704883 - Website: www.ccak.or.ke - Email: pmitalo@ccak.or.ke

Clean Cooking Sector Public Comments Submission

CLAUSE (as it is in the Bill) or a proposal	DESCRIPTION	PROPOSED AMENDMENT	JUSTIFICATION
<p>VAT exemption on inputs for manufacturing local of denatured bioethanol for cooking</p>	<p>VAT Act 2013 provides a VAT exemption for “the supply of denatured ethanol of tariff number 2207.20.00.”</p> <p>This exemption has already resulted significant results to Kenyan households, sugarcane farmers, and the nation as a whole.</p> <p>However, additional major contributors to the cost of ethanol cooking fuel also include VAT on inputs used in the manufacture of denatured ethanol, including molasses, transport, and electricity.</p> <p>Because the output (denatured ethanol) is VAT exempt, but the inputs are non-exempt, local ethanol producers are disadvantage at a versus imported supply and are passing on the non-claimable portion of their input VAT as costs, which drives up the retail price of ethanol cooking fuel to Kenyan households.</p>	<p>We propose to amend Part 1, Section A to the First Schedule of the VAT Act 2013 by inserting:</p> <p>“Inputs and raw materials locally purchased or imported for the manufacture of denatured bioethanol for cooking”</p>	<p>In Kenya, the sugar and sugar by-products industries stand as fundamental pillars of the economy, contributing significantly to employment, rural development, and food security.</p> <p>With a rich history dating back to the early 20th century, this sector plays a pivotal role by offering livelihoods to thousands of Kenyan families and addressing the nation's economic needs. Specifically focusing on deriving ethanol from sugarcane propels the growth of the agro-processing sector, aligning with the East African Community's vision for value-addition within the community.</p> <p>This approach ensures a stable market for our sugar producers, contributing to the sustainability of the sugar industry and improving farmers' livelihoods.</p> <p>The extension of VAT exemption on inputs used in the production of denatured ethanol will support the growth of the local agro-processing industry by allowing local producers to recover input VAT.</p> <p>This reduction in costs will improve the competitiveness of local ethanol cooking fuel and reduce the costs of ethanol cooking to Kenyan households, driving higher demand and achieving targets for the green energy transition set out in the Kenya National Cooking Transition Strategy.</p>

<p>Paragraph 66 of the First Schedule of the VAT Act,</p>	<p>The current VAT exemption supports the manufacture of clean cookstoves that meet specified standards, aimed at reducing carbon footprints and mitigating the adverse impacts of climate change.</p> <p>However, it does not reduce the cost of the finished product to the consumer.</p> <p>Inputs or raw materials locally purchased or imported by manufacturers of clean cook stoves approved by the Cabinet Secretary upon recommendation by the Cabinet Secretary for the time being responsible for energy.</p> <p>Clean cook stoves" includes clean and energy saving cook stoves with tariff number 7321, as well as their parts and raw materials that are either imported or sourced locally, provided that the stoves meet ISO/IWA 11:2012 standards of tier 2-4 for fuel efficiency, as determined by the Kenya Bureau of Standards</p>	<p>We request the inclusion of 'locally sourced or imported inputs for clean cookstove and cookware production' and the finished cookstoves and cookware in the Second Schedule of the VAT Act to enable the zero-rating of such supplies.</p>	<p>Zero-rating of raw materials for the manufacture of sustainable cookstoves and cookware as well as zero rating of the finished products will significantly support our mission to provide environmentally friendly and cost-effective cooking solutions to millions of households, contributing to both economic, health and environmental benefits</p>
<p>42 (a) Part 1 VII</p>	<p>Part 1 of the First Schedule to the Excise duty Act Amendments</p>	<p>Under the table in section (vii) add Commercial Wood fuel under HS Code 440110 apply a rate excise duty of 25% of excisable value</p>	<p>Commercial wood fuel is often not replenished and its uncontrolled clearing is causing environmental challenges. This will encourage the production of sustainable briquettes and pellets from agricultural waste and sustainable energy crops as outlined in the Bio Energy Strategy.</p>

Unstable changes to the taxes and duties levied on cooking solutions over the past decade.

[illegible][illegible]

FUEL/ STOVE	IMPORT DUTY RATE PER YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
 LPG	0% Fuel	0% Fuel	0% Fuel	0% Fuel	0% Fuel	0% Fuel	0% Fuel	0% Fuel	0% Fuel	0% Fuel
	0% Cylinder	0% Cylinder	25% Cylinder	25% Cylinder	25% Cylinder	25% Cylinder	25% Cylinder	25% Cylinder	35% Cylinder	35% Cylinder
 ICS	25%	25%	25%	10%	10%	10%	25%	25%	25%	25%
 Bio-ethanol	25% Fuel	25% Fuel	25% Fuel	25% Fuel	25% Fuel	25% Fuel	25% Fuel	25% Fuel	25% Fuel	25% Fuel
	25% Stove	25% Stove	25% Stove	25% Stove	25% Stove	25% Stove	25% Stove	25% Stove	25% Stove	25% Stove
 Electric	25%	25%	25%	25%	25%	10%	10%	10%	10%	10%
 Solar	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	25%	25%	25%

Recommendations

Recommendation 1: Reinstate the VAT exemptions for ICS solutions that were removed in 2020. The monetized time and fuel savings and environmental and health benefits of improved cooking solutions that would be lost under the VAT are at least twice the value of revenues gained. Moreover, the VAT complicates Kenya's path to meeting the SDG 7 target of universal access to clean cooking solutions and its Nationally Determined Contribution commitments, threatening billions of KES in potential carbon finance investments.

Recommendation 2: Maintain the VAT exemption for LPG fuel and allow an exemption for LPG stoves. LPG is currently the most scalable and viable clean fuel available in Kenya, and provides environmental, health, and time productivity benefits to the economy that greatly outweigh its costs. Continued aggressive promotion of this fuel is an essential part of Kenya's SDG commitments.

Recommendation 3: Commit to a five-year exemption of all taxes and duties for all clean cooking products. Maintaining exemptions on ICS, LPG, and other clean cooking products for a fixed amount of time would give the private sector the confidence to invest and set realistic, long-term growth plans. This approach has been deployed with much success in the off-grid, renewable power sector, and other nascent, socially beneficial sectors.

Recommendation 4: Maintain and work towards increasing levies on kerosene. Kerosene is a highly polluting fuel, and the GoK's efforts to move to a kerosene-free Kenya are a step in the right direction. Imposing the standard 16% VAT (kerosene currently faces an 8% reduced VAT) on household use of kerosene would speed the transition away from this fuel, generate revenue in the short term, and more than compensate for the reduced revenue from not taxing ICS.

Recommendation 5: Further enhance efforts to increase the affordability and availability of ICS and expand usage of clean fuels. Kenya is not on track to meet the SDG 7 target or the more ambitious national objective of universal access to clean cooking energy by 2030. Major efforts are needed to enhance the affordability of socially beneficial clean fuels and stoves, not only through reduced taxes, but also through subsidies and other complementary efforts. A broad array of policies that promote the viability of clean fuels like electricity, ethanol, and biogas as cooking energy sources should also be ramped up. These could include donor-supported initiatives, supply chain development, financing provided by microfinance institutions, and awareness.

Submission Dated 27th May 2025

List of sector associations and members that made input to the submission.

SECTOR ASSOCIATIONS

	Organizations	Member Category
1.	Kenya Private Sector Alliance (KEPSA)	Private Sector Membership Association
2.	Kenya Renewable Energy Association	Renewable Energy Membership Association
3.	United Briquettes Producers Association	Briquettes Producers Membership Association
4.	Institute of Economic Affairs	Public Policy Membership Association
5.	Improved Cookstoves Association	ICS Membership Association

CCAK Individual Members

No.	Name	Contact Person
1	Alice Morton	Individual
2	Myra Mukulu	Individual
3	Moses Gachanja	Individual
4	Paul Rees	Individual
5	Patricia Mbogo	Individual
6	Beatrice Mwikali	Individual
7	Timothy Kioko	Individual
8	Ubeling Anefwa Vincent	Individual
9	Beth Micah	Individual
10	Judith Biyaki Bosire	Individual

CCAK CORPORATE MEMBERS

No.	Organisation	Name
1	Faith Energy Saving Engineering Works Ltd	Wycliffe Ngonga
2	Nagoya Holdings Ltd - Sayona Apps	Peter Kabugi
3	Haines Solar Cookers	Roger Haines
4	Nyalore Impact Limited	Dorothy Awuor
5	The Fusion Experience Kenya Ltd	Terry Gwara
6	Asulma Self Help Group	Samuel Odhiambo
7	Dale Agro Solutions	Evans Kituyi
8	SCODE Limited	Anastacia Kamau
9	Ecosafi, Better Cooking Company	Beryl Onywero
10	Silvertech Agencies Limited	Erick Kimathi
11	Burn Manufacturing	Evelyn Adhiambo,
12	Mwangaza Light Limited	Catrine Shroff
13	Biolite East Africa	Paul Opiyo
14	Mega Gas Alternative Energy Limited	Peter Mwangi Njeri

15	Alpharise Network Ventures	Florin Kwamboka
16	Jawabu Biashara Limited	Alex Ngotho
17	Pharmchem Laboratories Kenya	Mercyline Kedogo
18	EED Advisory	Maureen Wango
19	Technotech Energy Systems	Geoffrey Yego
20	Giraffe Bioenergy Limited	Imani Naitore
20	Gamos East Africa Ltd	Syprose Ochieng
21	Koko Networks	Reinhard Wanakacha
23	Ecobora Limited Company	Justine Abuga
24	Stockholm Environment Institute	Moses Kirimi
25	Private Equity Support	Diana Gichaga