



MEMORANDUM ON THE FINANCE BILL 2025/2026

Submitted by: Kenya Youth Climate Advisory Council (KYCAC)

Date: 23rd May 2025

To:

The Chairperson,
Departmental Committee on Finance and National Planning,
Parliament of Kenya.

SUBJECT: YOUTH CLIMATE PRIORITIES IN THE FINANCE BILL 2025/2026

1. Introduction

The Kenya Youth Climate Advisory Council (KYCAC) is a youth-led, multi-stakeholder platform committed to advocating for climate justice, environmental sustainability, and meaningful youth participation in climate governance. We submit this memorandum to bring to light critical gaps and opportunities for aligning fiscal policy with Kenya's climate goals, as outlined in the Climate Change Act (2016), National Climate Change Action Plan (NCCAP), and Vision 2030. With 75% of Kenya's population under 35, youth bear the greatest burden of climate impacts while holding the key to innovative solutions. We urge the Committee to ensure the Finance Bill prioritizes a just transition to a green economy, intergenerational equity, and youth-led climate action.

2. General Position

We acknowledge the Government's ongoing fiscal consolidation efforts and recognize the need for sustainable revenue generation. However, the proposed Finance Bill raises several concerns regarding its potential to undermine national and international climate commitments, as well as to exacerbate socio-economic inequalities that disproportionately affect youth and vulnerable populations.

3. Key Concerns and Recommendations

a. Lack of Incentives for Green Enterprises



The Bill does not sufficiently support start-ups or SMEs engaged in green innovation, sustainable agriculture, waste management, or circular economy practices. We recommend,

- *5-year tax holiday for youth-led SMEs in green sectors.*
- *Establishment of a Green Innovation Fund (funded by carbon taxes) to provide grants (not loans) for youth climate ventures.*

b) Carbon Taxation and Environmental Levies

There is no comprehensive carbon tax or environmental levy targeting high-emission industries, which undermines the "polluter pays" principle of the Paris Agreement 2015. The national assembly should introduce a modest carbon tax, with revenues allocated to:

- *County-level climate resilience programs.*
- *Youth green jobs training.*
- *Renewable energy subsidies for low-income households.*

Tax breaks for industries adopting clean production.

c. Taxes on Plastic and Pollutants

The Bill misses an opportunity to impose levies on single-use plastics, environmentally harmful products, and e-waste. We recommend including specific excise taxes on non-recyclable plastics and e-waste. These should be linked to an Extended Producer Responsibility (EPR) framework provided for in the Sustainable Waste Management Act 2022.

d. Youth Engagement and Climate Financing

The Finance Bill does not prioritize climate finance flows toward youth initiatives, climate education, or community-based adaptation projects. We recommend the allocation of at least 20% of national climate finance to youth-led climate action. There



is need for supporting county-level climate resilience programs such as FLLoCA and involving youth as co-implementers.

4. Conclusion

It is imperative that economic policy be aligned with climate resilience and sustainability principles outlined in the Climate Change Act (2016), National Climate Change Action Plan (NCCAP), and the Carbon Markets Regulations of 2024. The Kenyan Youth bear the brunt of climate change impacts and must be supported through a fiscal framework that empowers them. We stand ready to collaborate with the Committee to refine these proposals.

Signed

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