

*Given the ongoing campaigns environment, we shall be tracking campaign promises that have economic implications and thereafter analyze their feasibility and impact to the budget*

Date	Promise	Sources	Impact on the Economy	Our view
May 2021	<p><b>Bottom-Up Economic Model (UDA):</b></p> <ul style="list-style-type: none"> <li>A blueprint targeting to promote the informal sector to spur economic growth and job creation,</li> <li>UDA promises to change the current economic model from Capital Intensive to a Labor intensive model that promotes job creation,</li> <li>The bottom-up model seeks to empower ordinary Kenyans and Small and Medium Enterprises (SMEs) through creation of a business environment where SMEs can thrive. They intend to achieve this through; promotion of Entrepreneurship, access to cheap credit, removal of the high tax environment as well as the hostile working environment for businesses, (but the specifics have not yet been detailed out), and,</li> <li>Through the Bottom-up economic model, the party promises to expand Kenya's tax base whereby a progressive tax structure will be enforced. The progressive tax structure will ensure that the higher income earners in Kenya pay more tax than low income earners,</li> <li>We await the specifics of the announced economic model to see the details</li> </ul>	<ul style="list-style-type: none"> <li>DP William <a href="#">Ruto's Interviews at Citizen TV</a></li> <li>The Sunday Standard, <a href="#">July</a> and <a href="#">August</a> 2021</li> <li>The <a href="#">Star</a>, July 2021</li> <li><a href="#">Capital FM</a>, September 2021</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of economic growth through equitable distribution of resources,</li> <li>Growth in the informal sector as more jobs are created,</li> <li>Through the expansion of the tax base, Kenya's revenue collection which continues to lag behind the target will improve as KRA will be able to collect more taxes from high income earners.</li> </ul>	<p><b>The Pros:</b></p> <ul style="list-style-type: none"> <li>Given that the bottom up model seeks to spur the growth of the informal sector, we believe that this will only be achieved through the accessibility of cheaper sources of financing. However, the high credit risk associated with lending to the informal and private sector will continue to hamper the growth of the sector as banks continue to shy away from lending,</li> </ul> <p><b>The Cons:</b></p> <ul style="list-style-type: none"> <li>The party promises to commit finances to grow the SMEs in Kenya, however, given Kenya's high Corruption levels, we might continue to see more misappropriation of funds as has been seen previously, and,</li> </ul> <p><b>Our Take:</b></p> <ul style="list-style-type: none"> <li><b>We await the details of exactly what UDA means by bottom up economic model, how it will be financed and the expected impact to the economy</b></li> </ul>
July 2021	<p><b>Monthly Disbursements to Families (ODM):</b></p> <ul style="list-style-type: none"> <li>Disbursement of Kshs 6,000 per month to approximately 2 mn households with no income once elected,</li> <li>Focus on the revitalization of the rural economy through improved infrastructure, provision of clean water and access to cheap electricity, and,</li> </ul>	<ul style="list-style-type: none"> <li>The Sunday Standard, <a href="#">October</a> 2021</li> <li>Raila Odinga's <a href="#">speech</a> in Meru County,</li> </ul>	<ul style="list-style-type: none"> <li>The promise to disburse Kshs 6,000 per month to 2 mn households will cost the government at least Kshs 144.0 bn per year, representing approximately 4.8% of the FY'2021/2022 budget, and,</li> </ul>	<p><b>The Pros</b></p> <ul style="list-style-type: none"> <li>This will provide a safety net for citizens at the bottom of the financial pyramid</li> </ul> <p><b>The Cons</b></p> <ul style="list-style-type: none"> <li>We believe that the disbursement of approximately Kshs 144.0 bn to 2 mn Kenyans per year may lead to higher taxes</li> </ul>

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	<ul style="list-style-type: none"> <li>• Conversion of student loans offered by the Higher Education Loans Board (HELB) into a grant.</li> </ul>	<ul style="list-style-type: none"> <li>• Raila Odinga's <a href="#">speech</a> at Meru University</li> </ul>	<ul style="list-style-type: none"> <li>• High tax environment and increased government borrowing in order to finance the initiatives</li> </ul>	<p>given the dismal revenue performance in the country. As at FY'2020/2021, Kenya's revenue collection had amounted to Kshs 2.4 tn which was 80.1% of the government's target, and,</p> <ul style="list-style-type: none"> <li>• Consequently, Kenya's debt to GDP ratio will continue rising from the high ratios of 67.5% in June 2021 and as such, Kenya will continue to be at a risk of debt distress</li> </ul> <p><b>Our Take:</b></p> <ul style="list-style-type: none"> <li>• <b>We await the details of exactly how ODM intends to fund the social disbursements</b></li> </ul>
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