



# Being in business

## Kenyan citizens' experience and opinions on business ownership

### 1. Introduction

A strong business environment is one of the keys to a thriving economy. When entrepreneurs—and potential entrepreneurs—can exploit the market opportunities they see, this in turn helps to create job opportunities, to generate wealth and to provide an overall boost to the economy. On the other hand, if obstacles – such as excessive regulation and taxes, skills shortages, or access to finance – stand in their way, such opportunities will be wasted and economic growth suffers.

This brief presents data on citizens' experiences and opinions on matters relating to owning and running a business in Kenya. How many citizens currently own a business, and how many did so previously? What types of business are these? How many borrowed money to start their business, and what licences do business owners hold? What obstacles do business owners face in starting and running businesses? How do they rate the business environment as a whole?

Data for the brief come from a special round of Twaweza's *Sauti za Wananchi* mobile-phone panel survey. This was created through random sampling from a database of contacts from previous surveys to establish a new representative panel of the country's population. Statistical weightings have been applied to the panel, to ensure it is fully representative at national level, for rural and urban areas, as well as for Nairobi and Mombasa. For this brief, data were collected from 3,000 respondents in the fifth round of the special *Sauti za Wananchi* panel, conducted between September 11 and 24, 2021.

Key findings include:

- 1 out of 3 citizens currently own a business, and half have done so in the last five years
- Among those who currently own a business, the most common type of business is agricultural
- Business owners name a variety of

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licences needed to run their businesses

- 1 out of 4 business owners took a loan in order to start their business
- 1 out of 10 business owners have been denied a loan to support business operations
- 3 out of 10 business owners say their business is growing, 4 out of 10 say it is declining
- Most business owners are optimistic about their business's future prospects
- The biggest challenge business owners face is accessing finance
- 1 out of 10 citizens say doing business in Kenya is easy, 7 out of 10 say it is difficult
- The most critical business challenges cited by citizens are difficulties with input prices, capital and demand
- Kenyans are divided on the state of the business environment in Kenya, but most say taxes on business are too high

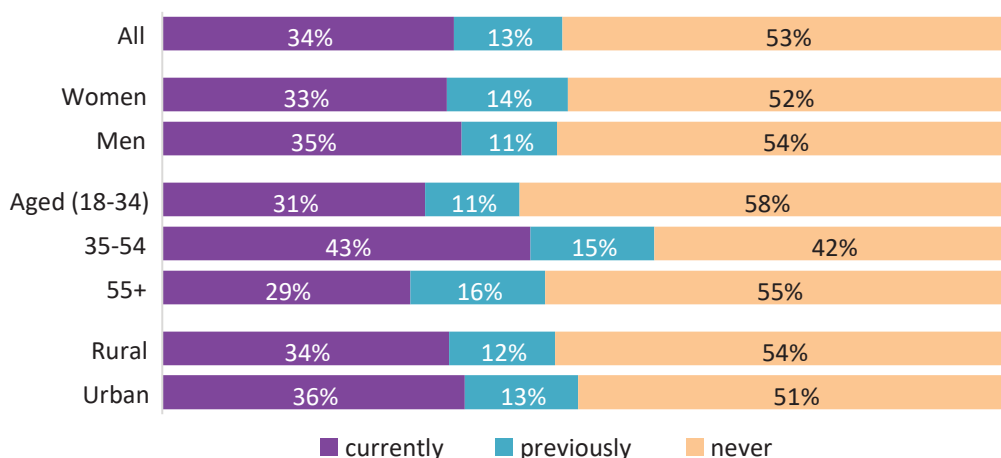
## 2. Kenyan citizens' experiences and opinions on running a business

### Insight 1: 1 out of 3 citizens currently own a business, and half have done so in the last five years

One out of three citizens (34%) currently own a business, and a further 13% have done so at some point in the last five years. Combined, this means that, overall, half (47%) of all citizens have owned a business in the last five years.

This figure is higher among those aged 35-54 (58%) than among both younger (42%) and older (45%) adults. It is consistent across women and men, and in both urban and rural areas.

**Figure 1: Do you currently own a business?<sup>1</sup>**  
**If not, have you owned a business in the last five years?**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

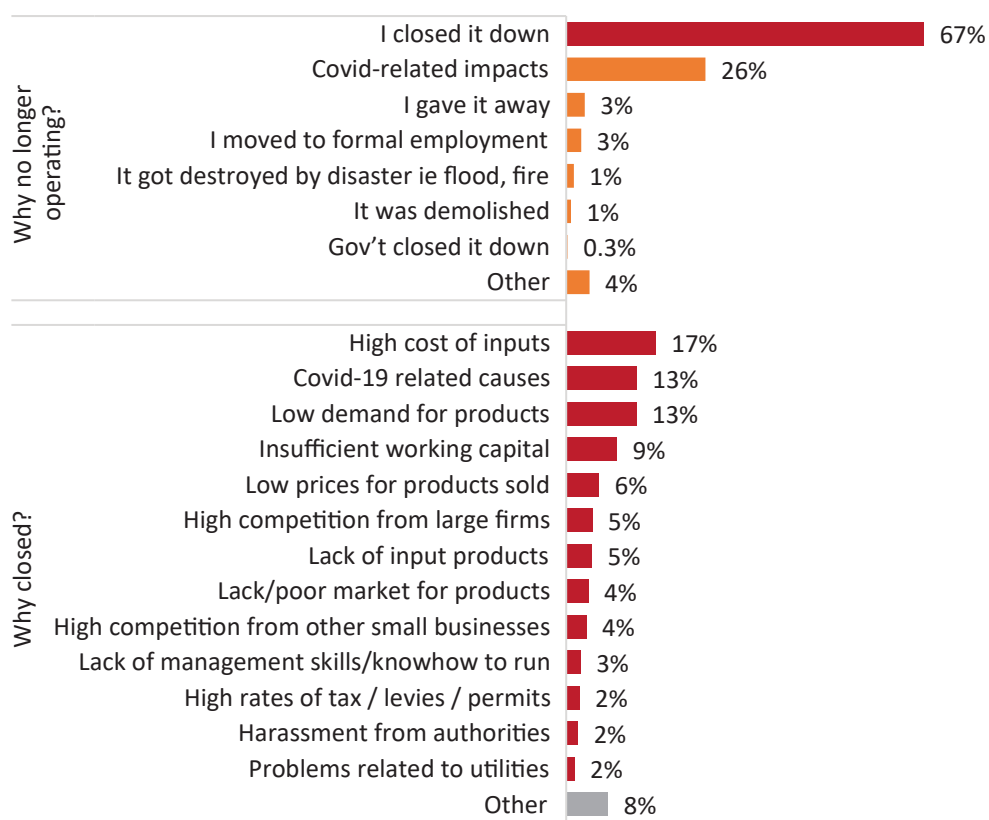
1 Percentages in charts may not add up to 100% due to rounding

## Insight 2: Among those who no longer own a business, the main reason is that they closed it down

Among those who no longer own a business, the main reason for no longer owning the business is that they closed it down (67%), though a significant number (26%) point to Covid-related reasons.

The main reasons given for closing down businesses are the high cost of inputs (17%), Covid-related causes (13%), low demand for products (13%) and a lack of working capital (9%). A small number pointed to either high tax rates (2%) or difficulties with the authorities (2%).

**Figure 2: Why don't you own / operate your business any longer? Why did it close?**  
(multiple responses permitted)



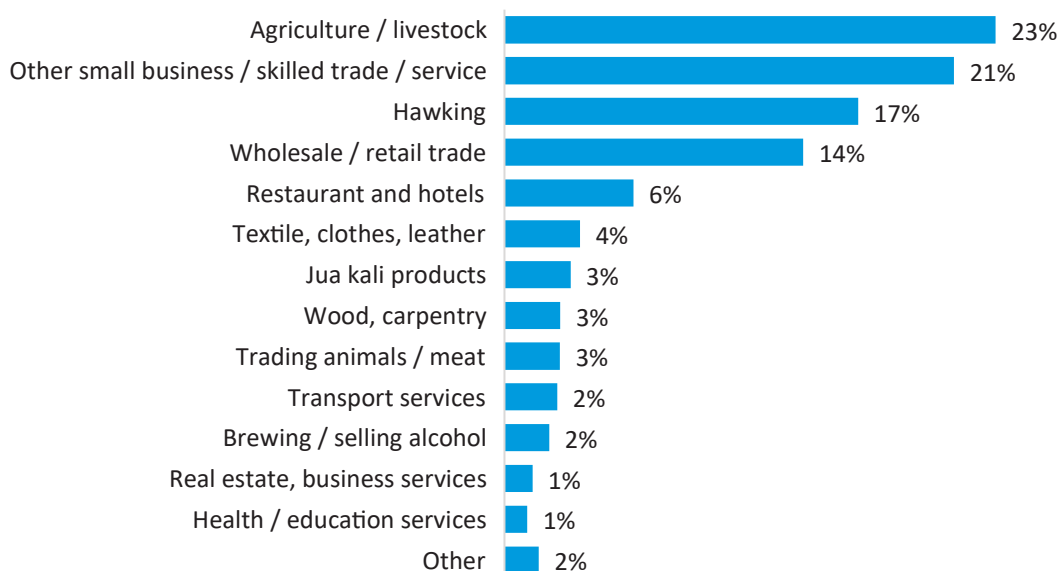
**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** those who previously owned but do not currently own a business (n=423)

## Insight 3: Among those who currently own a business, the most common type of business is agricultural

Three out of ten business owners (31%) own a business in the agriculture sector, more than any other type of business. This is followed by small businesses providing skilled trades or services (20%), wholesale and retail trade (13%) and hawking (12%).

**Figure 3: What type of business(es) do you own? Which is the main one?**  
(multiple responses permitted)



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** those who currently own a business (n=1,122)

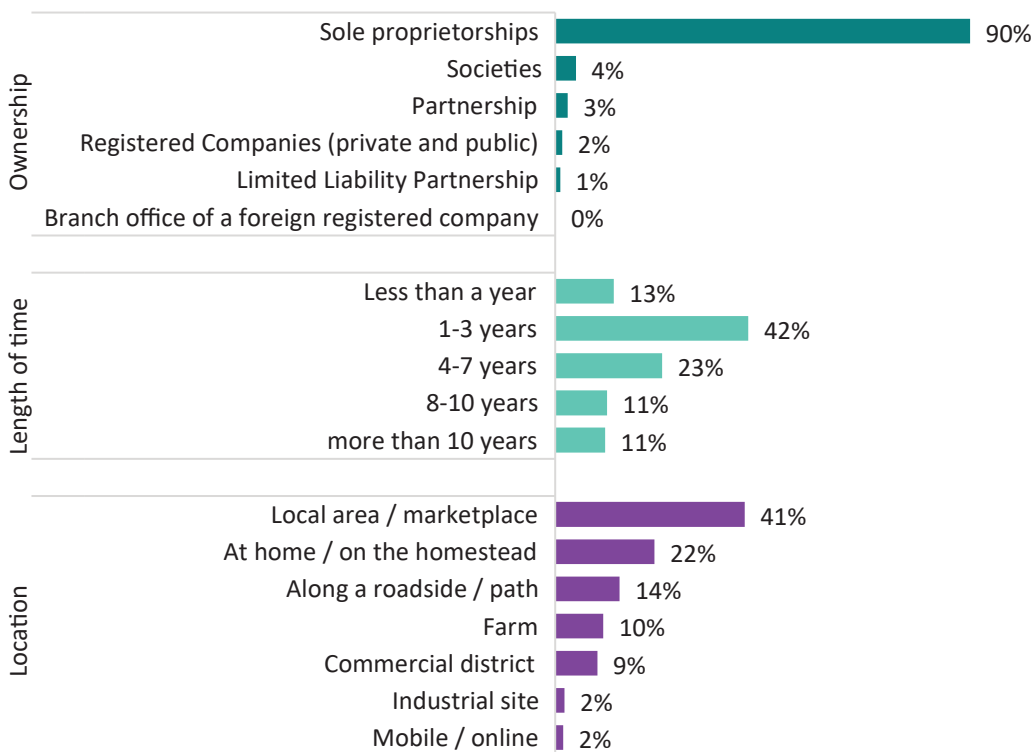
Most of those who own a business (90%) describe this as a sole proprietorship, where they are the sole owner of the business. A small number own their business as part of a society (4%), partnership (3%), registered company (2%) or limited liability partnership (1%).

Most have owned their current business for three years or less (55%), though a significant number (22%) have owned their business for eight or more years.

The most common locations for business operations are the local area / marketplace (41%), at home (22%), along the roadside (14%), on a farm (10%) or in a commercial district (9%). A small number run their business on an industrial site (2%) or as a mobile operation (2%).

The average size of businesses is 2.4 employees (including the business owner), of whom 1.3 are family members and 1.1 are from outside the family. More than half of businesses (55%) have just a single employee – usually the owner (not shown in charts).

**Figure 4: What type of ownership does your main business have?  
How long have you owned it? Where is it located?**



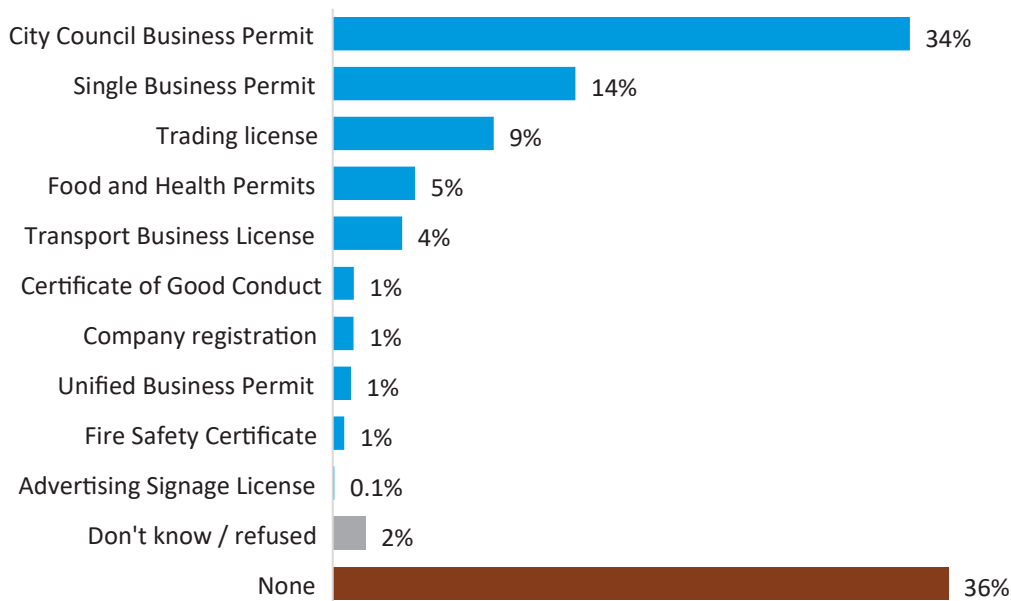
**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** those who currently own a business (n=1,122)

#### **Insight 4: Business owners point to a variety of licences they need**

Business owners point to several different licences they need in order to run their business. The most commonly cited is the City Council Business Permit (34%), followed by a Single Business Permit (14%), trading licence (9%), food and health permits (5%) and a transport business licence (4%). A significant number (36%) say they need no license or permit to run their business.

**Figure 5: What license/s do you require to operate/run your business?**  
(multiple responses permitted)

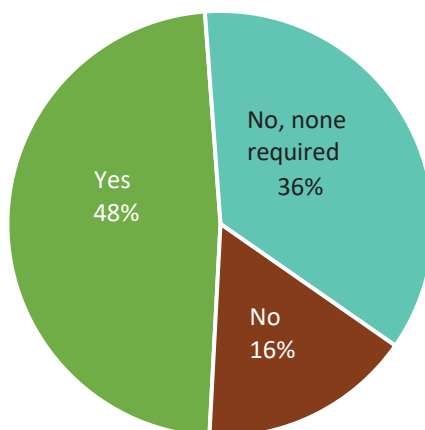


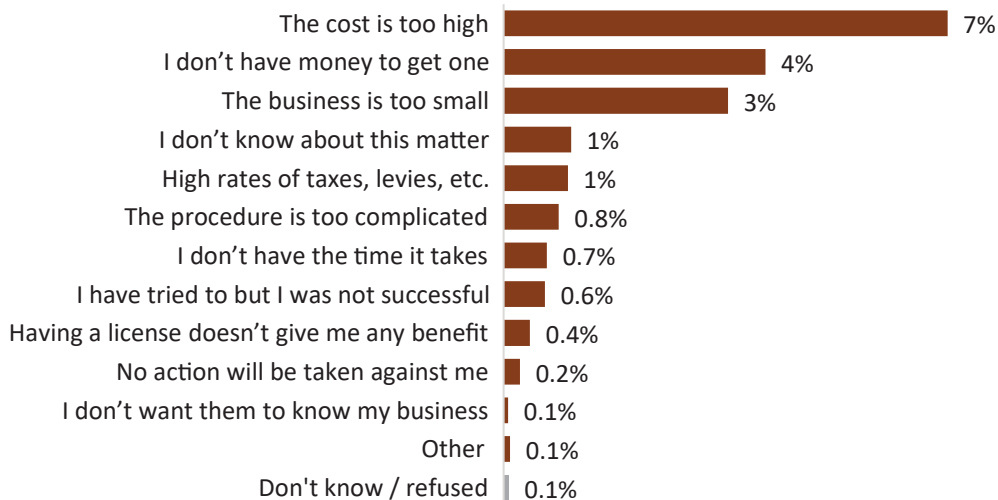
**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** those who currently own a business (n=1,122)

One out of six business owners (16%) say they operate without the required licence/s. The main reasons given are that the cost is too high (7%), that they lack the money required (4%) or that the business is too small (3%).

**Figure 6: Do you have the required licence/s?**  
If not, why not? (multiple responses permitted)





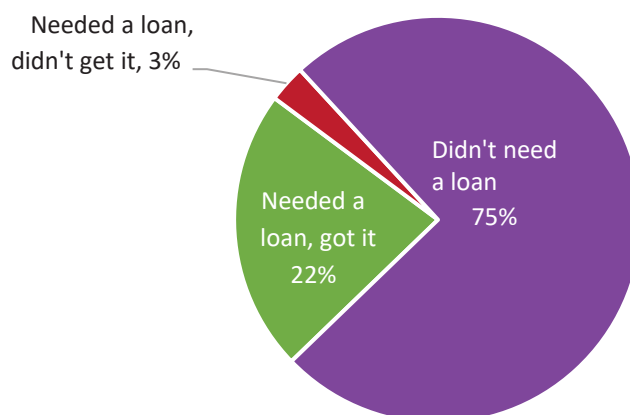
**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** those who currently own a business (n=1,122)

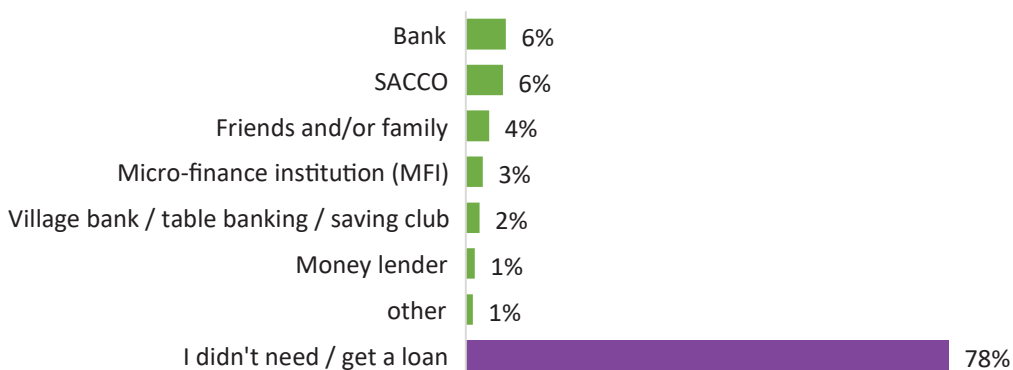
### Insight 5: 1 out of 4 business owners took a loan in order to start their business

One out of four business owners (22%) took a loan in order to start their business, while a few others also said they needed a start-up loan but weren't able to secure one (3%). This leaves three out of four business owners (75%) who did not need a loan in order to start their business.

The most common sources of loan finance to start a business are banks (6%), Savings and Credit Cooperative Organisations (SACCOs; 6%), friends and/or family (4%) and micro-finance institutions (3%).

**Figure 8: Did you need to take a loan/ borrow money to start the business?  
 And if so, where did you get it from?**  
*(multiple responses permitted)*





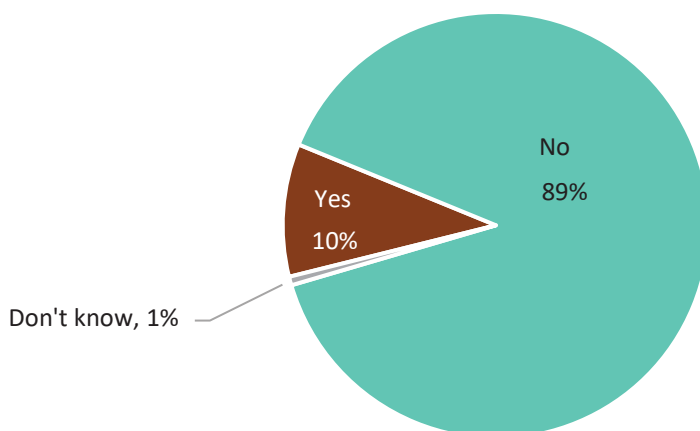
**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** those who currently own a business (n=1,122)

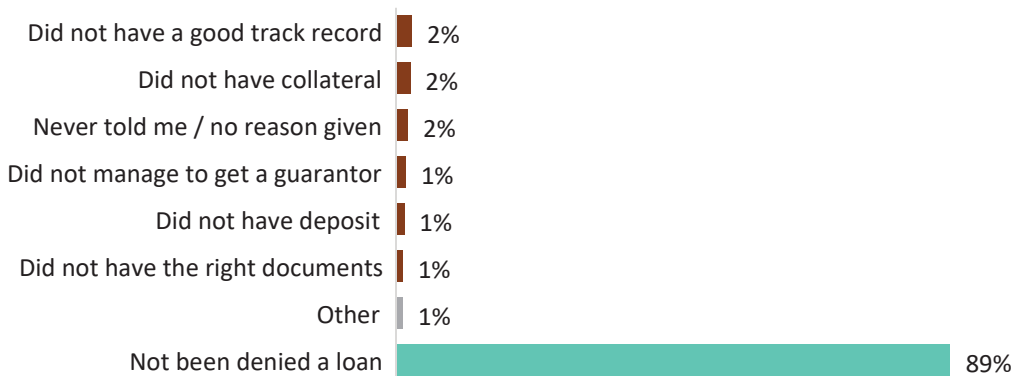
### Insight 6: 1 out of 10 business owners have been denied a loan to support business operations

One out of ten business owners (10%) have sought but been denied a loan to support the running of their business (separate from those who sought funding to **start** their business). The main reasons given for being denied a loan are the lack of a track record (2%) or collateral (2%), and a similar number (2%) said the reason for the denial was never explained to them.

**Figure 9: Besides the money to start the business, have you ever been denied a loan to run/operate the business? If so, why was this denied?**  
(multiple responses permitted)





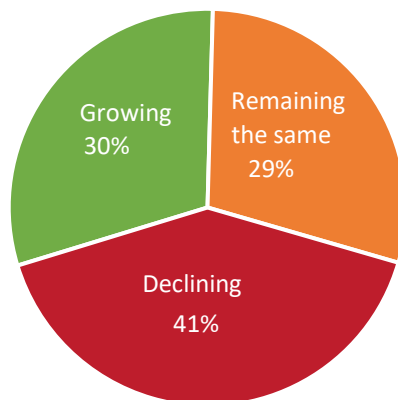


**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** those who currently own a business (n=1,122)

### Insight 7: 3 out of 10 business owners say their business is growing, 4 out of 10 say it is declining

More business owners say their business is currently declining (41%) than those that say it is growing (30%), while a significant number (29%) say it is consistent at the same level.

**Figure 10: Is your business currently growing or declining?**

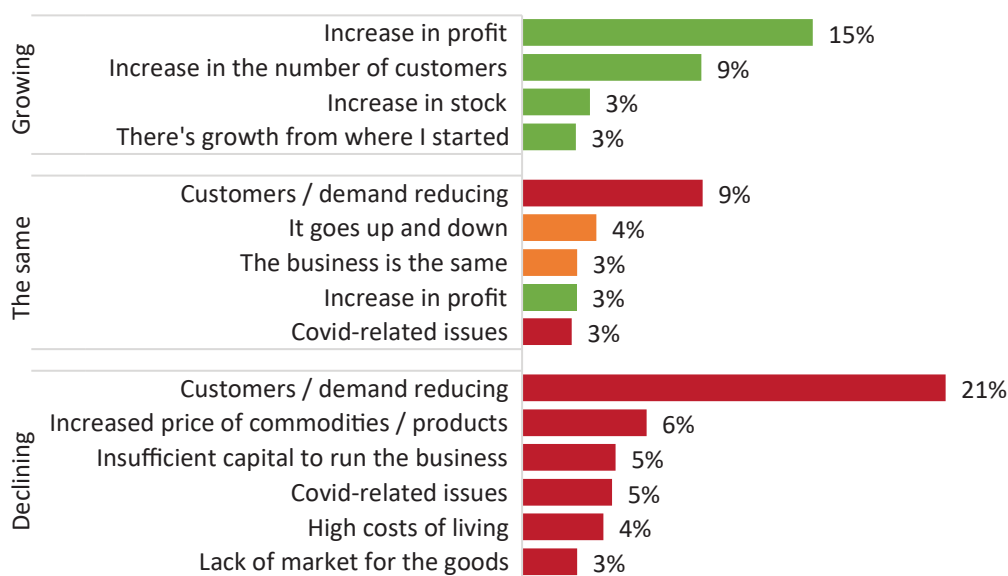


**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** those who currently own a business (n=1,122)

The main reasons given for saying the business is growing are that they are seeing an increase in profits (15%) or in the number of customers (9%).

The main reason given for decline is a reduction in demand (21%). Others point to a rise in the price of products (6%), a lack of capital (5%), Covid-related matters (5%), the high cost of living (4%) or difficulty finding markets for their goods (3%).

**Figure 11: Why do you say your business is growing / declining?**  
(multiple responses permitted)



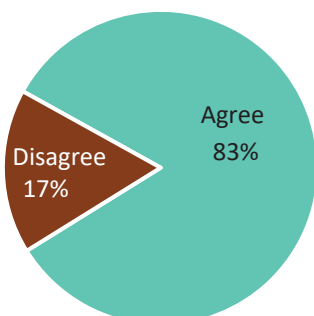
**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** those who currently own a business (n=1,122)

### Insight 8: Most business owners are optimistic about their business's future prospects

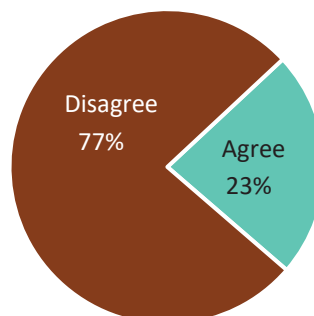
Most business owners (83%) say they expect their business to be more successful in the future, while a relatively small number (23%) say their business is growing too big to handle.

**Figure 12: Thinking about your business, do you agree/disagree with the following?**

My business is going to be more successful in the future



My business is growing too big for me to handle

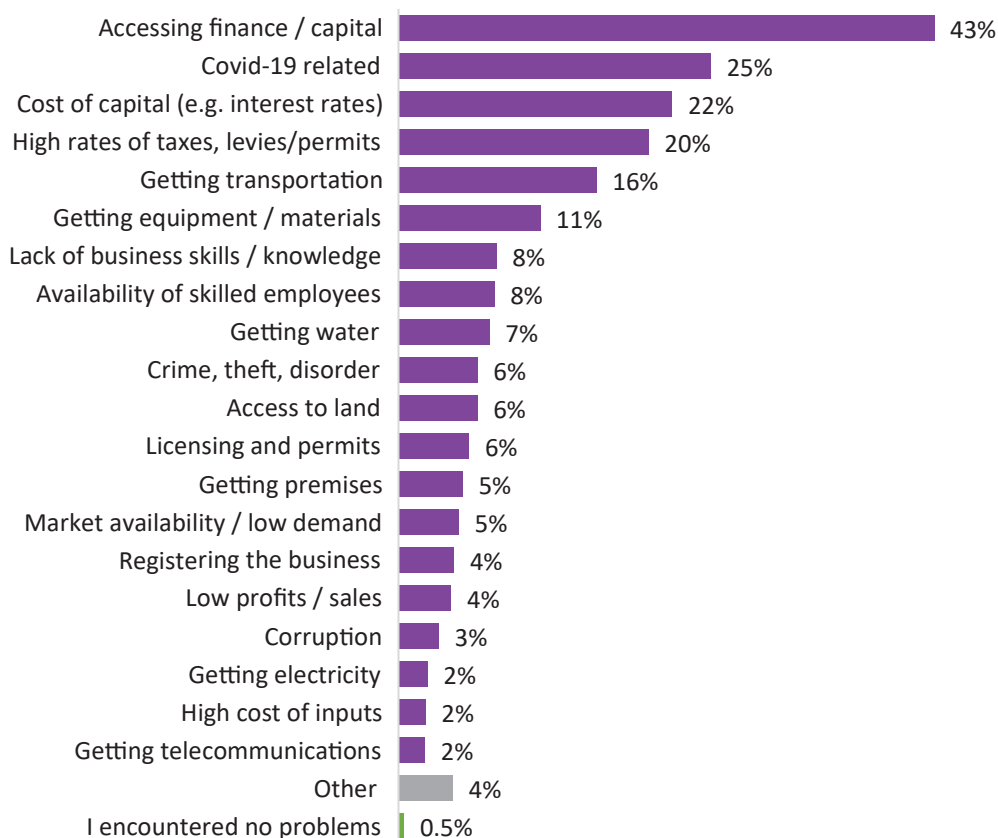


**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** those who currently own a business (n=1,122)

### Insight 9: The biggest challenge business owners face is accessing finance

The most common challenge reported by business owners in running their businesses is a difficulty in accessing finance / capital (43%). This is followed by Covid-related challenges (25%), high interest rates on loans (22%), high rates of tax / cost of permits (20%), transportation challenges (16%) and difficulty in sourcing supplies (11%).

**Figure 13: What are the three main problems /challenges you face as a business owner?**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

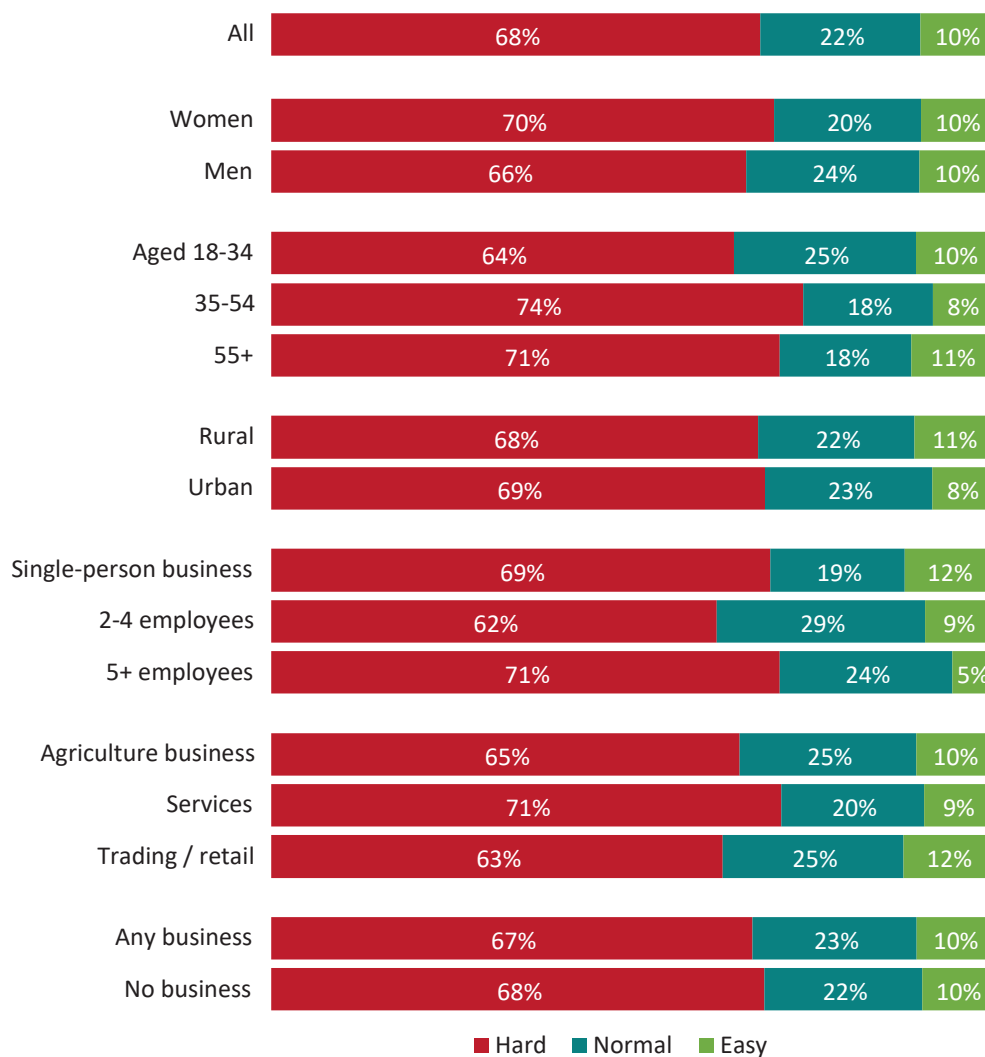
**Base:** those who currently own a business (n=1,122)

### Insight 10: 1 out of 10 citizens say doing business in Kenya is easy, 7 out of 10 say it is difficult

One out of ten citizens (10%) say it is easy to do business in Kenya, while seven times as many (68%) say it is difficult.

These figures are consistent across those who own a business and those who do not. They are also broadly consistent across owners of different types of business, though owners of larger business (judged by the number of employees) are slightly less likely to say it is easy.

**Figure 14: Overall, how would you rate the ease of doing business in Kenya?**

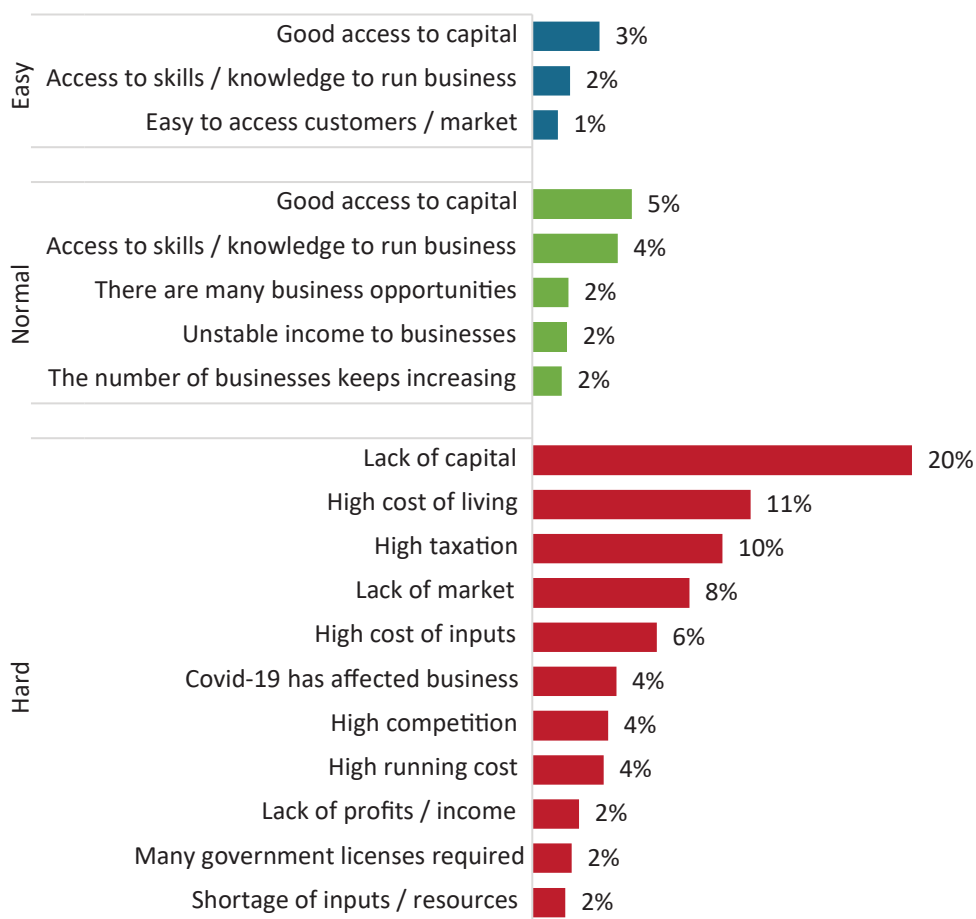


**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)

The main reasons given for saying that doing business is hard are a lack of capital (20%), the high cost of living (11%), high taxes (10%), lack of markets (8%) and the high cost of inputs (6%).

**Figure 15: Why do you say doing business in Kenya is easy / hard?**  
(multiple responses permitted)



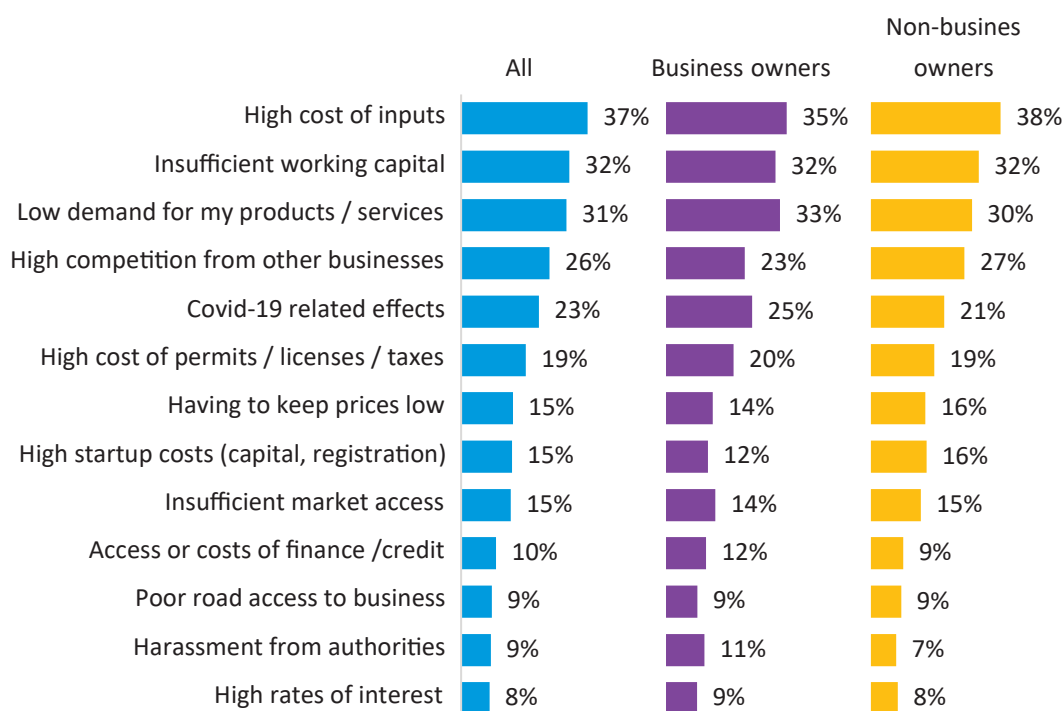
**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

### **Insight 11: The most critical business challenges cited by citizens are difficulties with input prices, capital and demand**

The most critical challenges faced by business in Kenya today, as identified by citizens, are the high cost of inputs (37%), a lack of working capital (32%), low demand (31%), high competition (26%), Covid-19 (23%) and the high cost of permits and taxes (19%).

The list of challenges does not vary greatly between those who do and those who do not currently own a business: both groups mention a very similar list of challenges faced by business.

**Figure 16: What would say are the three most critical problems/challenges faced by business in Kenya today?**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)

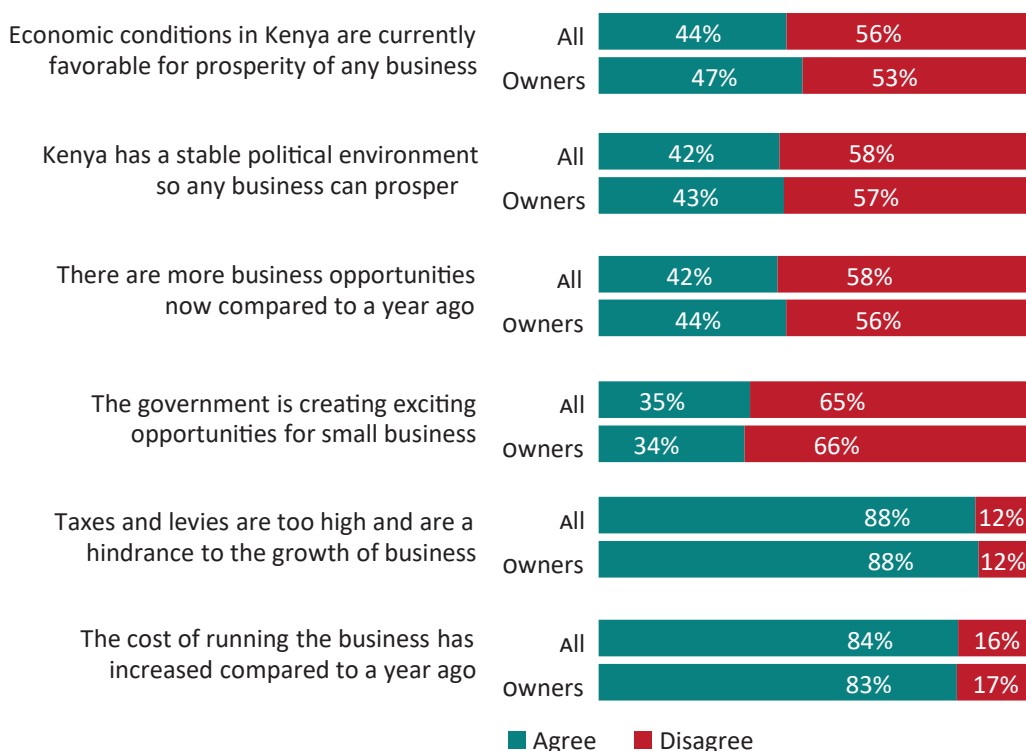
### **Insight 12: Kenyans are divided on the state of the business environment in Kenya, but most say taxes on business are too high**

Kenyans are divided on the state of the business environment in Kenya. Close to half say economic conditions in the country are currently favourable for the prosperity of any business (44%), that Kenya has a stable political environment that is conducive for business success (42%), that there are currently more business opportunities than a year earlier (42%). In each case, slightly more than half disagree with these statements.

However, a majority (65%) disagree with the statement that the government is creating good opportunities for small business, and a large majority agree that taxes and levies are too high and hindering business growth (88%). A large majority also feel the cost of running a business has increased compared to a year earlier (84%).

Across all these statements, business owners and those who do not own a business give very similar responses.

**Figure 17: Thinking about the business environment in Kenya, how much do you agree/disagree with the statements below?**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)


**Base:** all respondents (n=3,000)

### 3. Conclusions

Familiarity with the cut-and-thrust of business is high among Kenyan citizens. Half have owned a business at some point in the past five years, including a third who still do so. Much of this is at a very small scale – half say their business has only one worker – the owner – and often in the informal sector. Half operate without any form of licence, either because they don't need one or because the cost or time involved to get the relevant licenses is too great.

Even amid the fallout from the Coronavirus pandemic, business owners are reasonably confident in the state of their businesses. While slightly more owners say their business is declining than say it is growing, the vast majority say they expect their business to grow in future and most are confident that they can handle such growth.

This is despite citizens being seven times as likely to say that doing business in Kenya is difficult



as to say that it is easy. This may well be because people do not expect running a business to be easy. Indeed, one of the reasons mentioned is strong competition for customers which is a sign of a healthy business environment.

Nevertheless, some challenges stand out as areas the government could take action to address. First, while few business owners took a loan to get started, access to finance is consistently listed as among the biggest challenges faced by Kenyan businesses. Second, high taxes and the cost of licences and permits are listed as a challenge. This can be harder to address, since lowering taxes for someone generally means either that they need to be raised for someone else or that spending on public services needs to be cut – neither of which are easy decisions.

The government needs to find a delicate balance between collecting the revenue they need now and so keeping taxes high, and encouraging the growth of current and new businesses to spread the tax burden, support economic growth and increase investment into public services by keeping taxes sufficiently low.





# The state of Kenya

## Kenyan citizens' opinions on the state of the nation

### 1. Introduction

As we head towards the end of 2021, with less than a year remaining before the election scheduled for August 2022, citizens of Kenya face a range of challenges. This is partly a result of the Coronavirus pandemic, which has for more than 18 months now caused havoc across the globe, including here in Kenya – leading to major changes to lives and livelihoods, some temporary and some likely permanent. Other challenges pre-date the pandemic, including the state of the national economy and individuals' own jobs and livelihoods, corruption and security. Citizens' views on these matters and others can shape how they engage with election campaigns, and indeed how they choose to cast their vote.

This brief presents data on citizens' knowledge, attitudes and practices on matters relating to the state of the country. What are the most serious problems facing them in

the local areas, and what do they see as the most serious problems facing the country as a whole? How do they see the country's progress on key policy matters including economic management, job creation, security and public services? And how do they see the country's overall direction at this time?

Data for the brief come from a special round of Twaweza's *Sauti za Wananchi* mobile-phone panel survey. This was creating through random sampling from a database of contacts from previous surveys to establish a new representative panel of the country's population. Statistical weightings have been applied to the panel, to ensure it is fully representative at national level, for rural and urban areas, as well as for Nairobi and Mombasa. For this brief, data were collected from 3,000 respondents in the fifth round of the special *Sauti za Wananchi* panel, conducted between September 11 and 24, 2021.


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Key findings include:

- Citizens point to economic challenges as the most serious problems in their area
- Citizens also cite economic challenges as the main issue at national level
- Citizens see corruption as national problem, but transport and water as local problems
- Most citizens are dissatisfied with the country's direction across a range of areas
- Satisfaction with the country's direction in key policy areas is low compared to recent years
- Citizens are generally more positive about the coming year than the current situation
- 7 out of 10 citizens say the country is heading in the wrong overall direction

## **2. Kenyan citizens' experiences and opinions on national progress**

### **Insight 1: Citizens point to economic challenges as the most serious problems in their area**

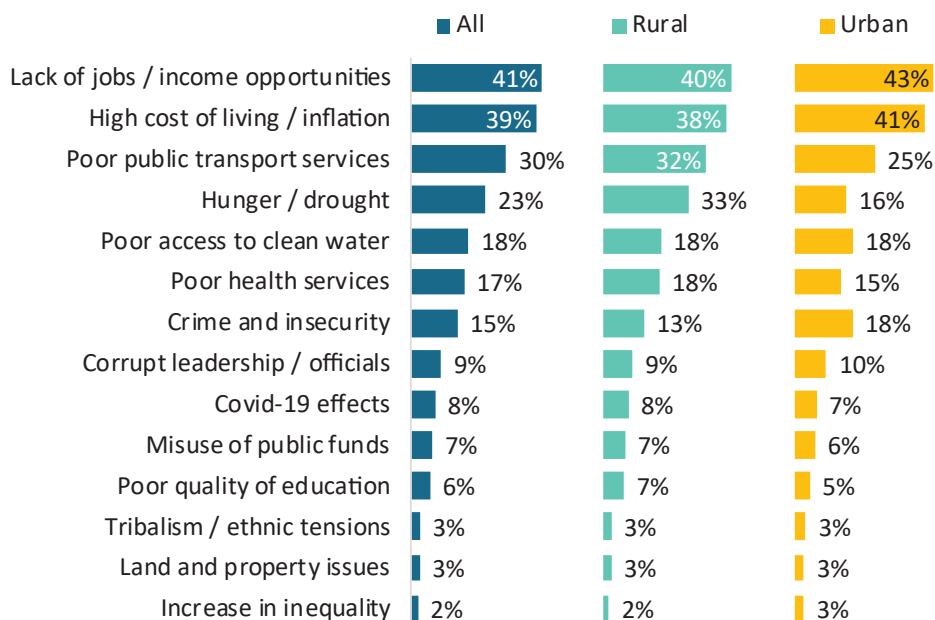
The two top issues highlighted by citizens as being among the most serious problems in their locality are both economic matters. Four out of ten citizens (41%) point to the lack of jobs / income opportunities, and a similar number (39%) point to the high cost of living and inflation. These are the top two issues in both rural and urban areas.

Other issues highlighted by significant numbers include public transport (30%), hunger (23%, rising to 33% in rural areas), clean water (18%), health services (17%), and crime (15%)(Figure 1 on opposite page)

### **Insight 2: Citizens also cite economic challenges as the main issue at national level**

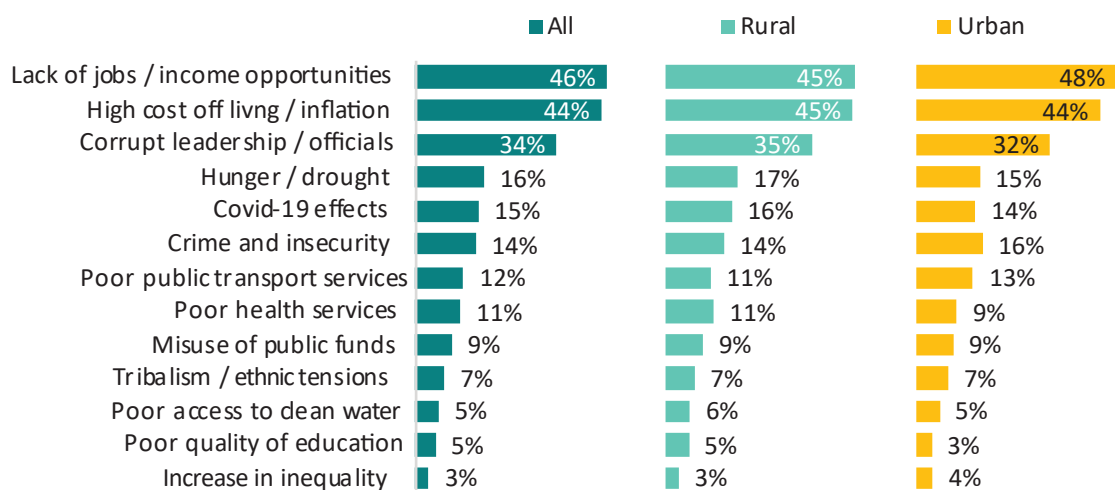
The top issues citizens highlight as the biggest problems facing the country as a whole are the same: lack of jobs and income opportunities (46%) and the high cost of living and inflation (44%). Third on the list is corruption (34%), followed by hunger (16%), the effects of Covid-19 (15%), crime (14%), public transport (12%) and health services (11%) (Figure 2 on opposite page)

**Figure 1: What are the three most serious problems experienced in your locality?<sup>1</sup>**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

**Figure 2: What are the three most serious problems experienced in Kenya today?**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

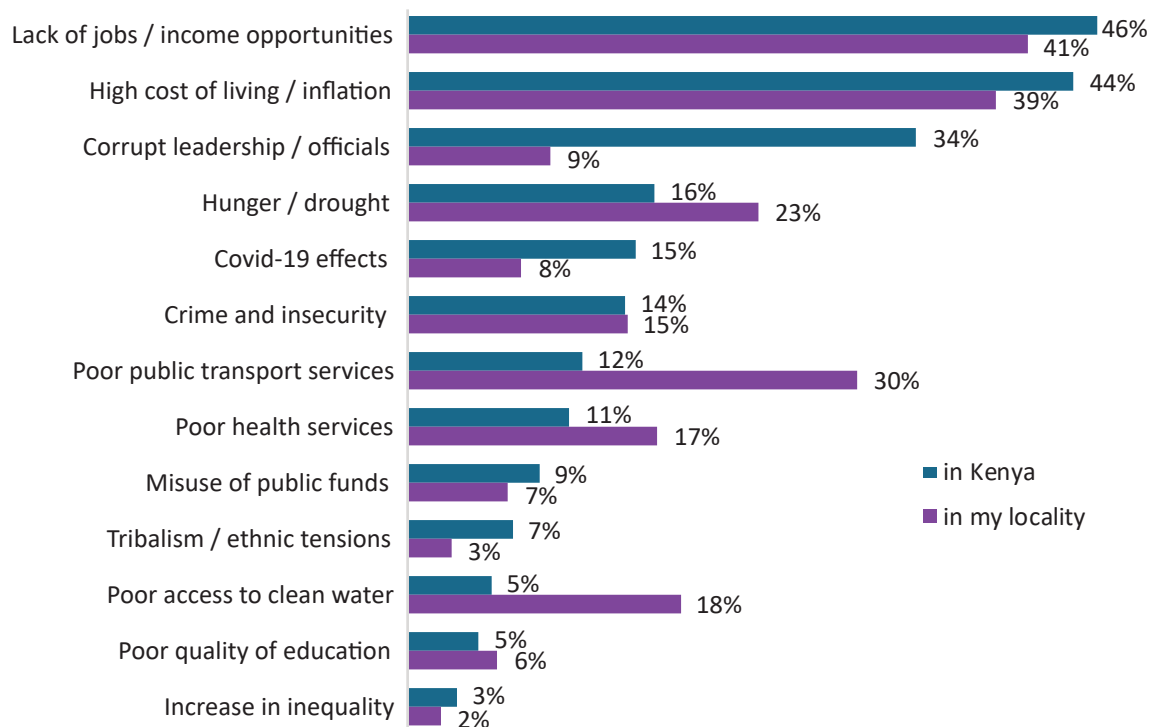
1 Percentages in charts may not add up to 100% due to rounding

### Insight 3: Citizens see corruption as a national problem, but transport and water as local problems

The list of problems highlighted by citizens at national and local levels are different in several interesting ways. Most particularly, corruption is ranked as one of the most serious problems at national level by 34% of Kenyans, compared to just 9% who say corruption is a big problem in their locality. Similarly, Covid-19 is seen as a national rather than a local problem.

On the other hand, several issues are ranked as more serious problems locally than nationally. This includes public transport (30% locally, 12% nationally), access to clean water (18% locally, 5% nationally), hunger (23% locally, 16% nationally) and health services (17% locally, 11% nationally).

**Figure 3: What are the three most serious problems experienced in Kenya today? And in your locality?**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

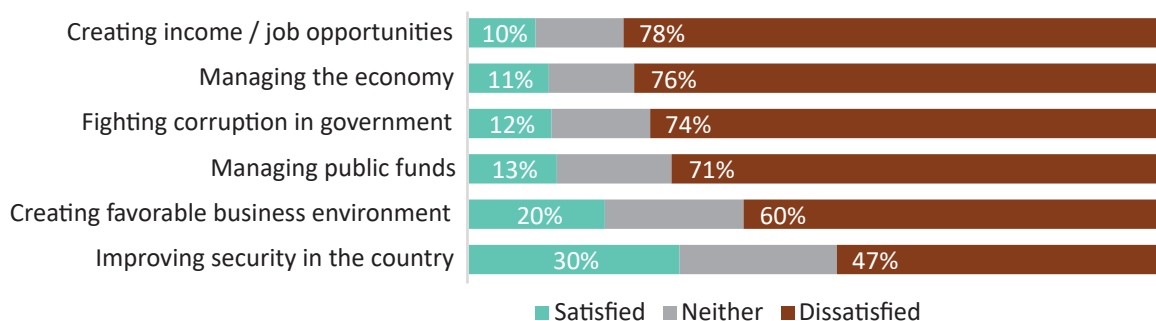
### Insight 4: Most citizens are dissatisfied with the country's direction across a range of areas

Across a range of policy areas, citizens are broadly dissatisfied with the country's direction. Just one out of ten citizens (10%) are satisfied with the country's direction on the creation of jobs and income opportunities, compared to almost eight out of ten (78%) who are dissatisfied.

Similar dissatisfaction applies across management of the economy (76% dissatisfied, 11% satisfied), addressing corruption (74% dissatisfied, 12% satisfied), managing public funds (71% dissatisfied, 13% satisfied) and creating a favourable business environment (60% dissatisfied, 20% satisfied).

Only on security matters is the picture more balanced. On these issues, three out of ten citizens (30%) are satisfied with the country's direction, though this still trails considerably behind those who are dissatisfied: close to half (47%).

**Figure 4: Are you satisfied or dissatisfied with the direction Kenya is headed in the following areas?**



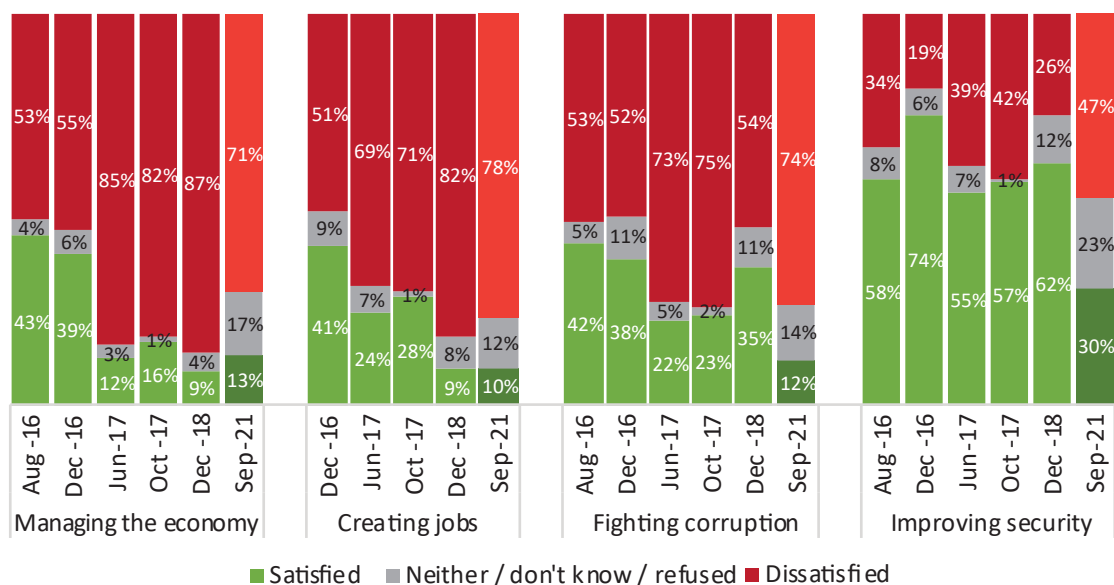
**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)

### Insight 5: Satisfaction with the country's direction in key policy areas is low compared to recent years

Satisfaction with Kenya's direction on key policy areas is low compared to recent years. On economic management, satisfaction has been low since 2017 and remains low in 2021. On job creation, satisfaction has been falling over the past five years. On fighting corruption and improving security, satisfaction with the country's direction is currently lower than at any time in the past five years. This is the first time more citizens have been dissatisfied than satisfied with progress on security matters.

**Figure 5: Are you satisfied or dissatisfied with the direction Kenya is headed in the following areas?**



**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

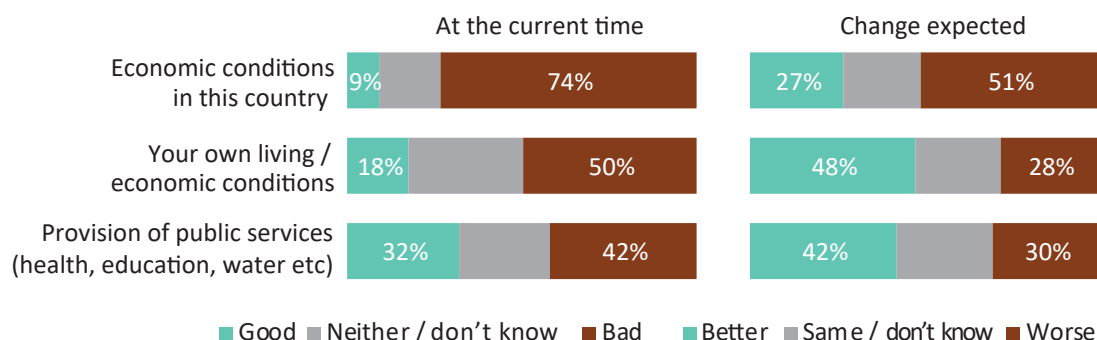
### Insight 6: Citizens are generally more positive about the coming year than the current situation

Citizens are generally disappointed by the current situation in Kenya, but are more hopeful that things will improve in the coming twelve months.

Just one out of ten citizens (9%) say the current economic conditions in Kenya are good, compared to three quarters (74%) who say they are bad. Similarly, citizens are more likely to say their own living conditions are bad (50%) than good (18%) and more likely to say public services are bad (42%) than good (32%).

On national economic conditions, more citizens expect things to get worse (51%) rather than better (27%) over the coming year. However, citizens are more optimistic on their own living conditions, with more expecting an improvement (48%) than for things to get worse (28%). Similarly, more citizens expect public services to get better (42%) than get worse (30%) over the coming twelve months.

**Figure 6: In general, how would you describe the following at the current time?  
And how do you expect things to change in the next 12 months?**



**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)

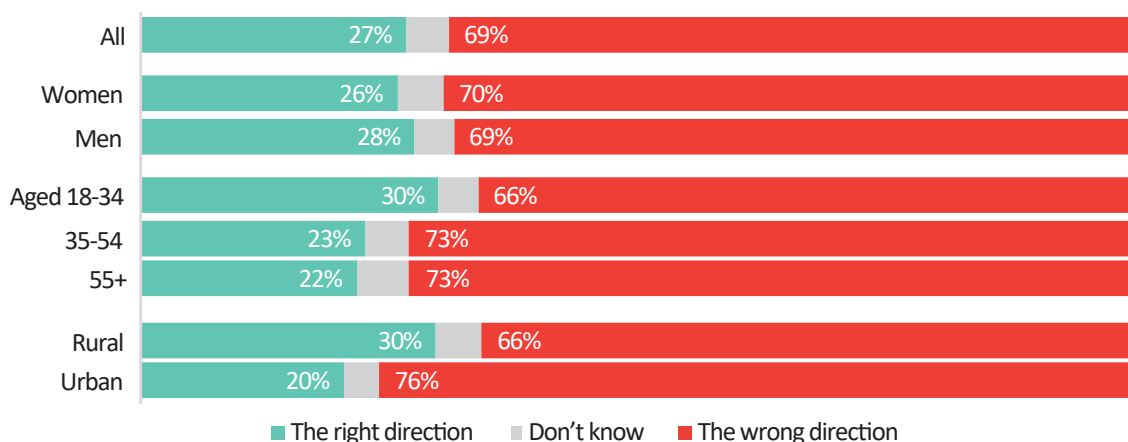
**Base:** all respondents (n=3,000)

### Insight 7: 7 out of 10 citizens say the country is heading in the wrong overall direction

Seven out of ten citizens (69%) say that Kenya is going in the wrong overall direction at present, compared to three out of ten (27%) who say it is going in the right direction.

These figures are consistent across women and men, though younger citizens (30%) and those in rural areas (30%) are more likely to say the country is heading in the right direction, compared to older citizens (22-23%) and urban residents (20%).

**Figure 7: Overall, would you say Kenya is going in the right or wrong direction?**

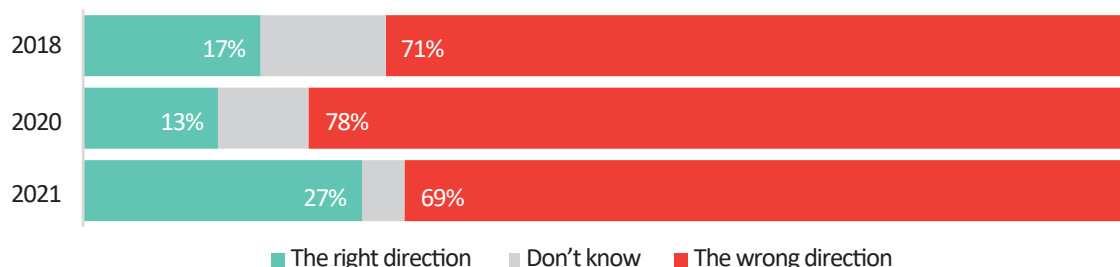


**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)

Nevertheless, the proportion of citizens who see the country as heading in the right direction has increased compared to recent years – from 17% in 2018 and 13% in 2020 to 27% this year.

**Figure 8: Overall, would you say Kenya is going in the right or wrong direction?**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

### 3. Conclusions

A clear theme emerges from this brief: that citizens are concerned about the state of the economy. A lack of jobs and the high cost of the living are some way ahead of anything else on their list of local and national concerns. This is likely due in part, but probably not entirely, to the Coronavirus pandemic and measures taken in response.

Other problems vary according to whether something is seen as a local or national problem. Corruption is seen as a national rather than local problem, while public transport, water, hunger and health services are seen much more as local problems. This could be linked in part to devolution and the specific responsibilities accorded to counties. It could also be that such challenges as public transport and water supplies are seen and felt locally but lack prominence in national public discourse.

More broadly, the consistently low (across several years) and declining levels of confidence in the country's direction across a number of important policy areas is alarming. Whether it comes to job creation, corruption or security, citizens are less positive now than at any point in the past five years. And although slightly more now say the country is heading in the right direction than said the same in 2018 and 2020, the majority still say the opposite.

Looking towards a general election in 2022, these figures will be of concern to those currently in government. They represent fertile ground for opposition candidates to appeal for change.





# Taxing matters

## Kenyan citizens' experience and opinions on tax

### 1. Introduction

Taxes play a vital role in national development. They pay for the public services that we all benefit from, including schools, hospitals, police and infrastructure. They also represent an important bond between citizens and their government – paying taxes strengthens the perception that citizens have the right to hold government to account. And yet nobody likes paying taxes – they feel like a burden, taking away hard-earned income. The result is a kind of public contract: we accept the need to pay taxes on the understanding that those in government will spend the money wisely and in the public interest.

This brief presents data on Kenyan citizens' knowledge, attitudes and practices on matters relating to taxation. What taxes are people aware of, and which ones do they pay? Why do they think people pay taxes, and what purpose do they think they have? How many would cheat on their taxes if they thought they could get away with it, and why? And

what do citizens think of the Kenya Revenue Authority (KRA)?

Data for the brief come from a special round of Twaweza's *Sauti za Wananchi* mobile-phone panel survey. This was creating through random sampling from a database of contacts from previous surveys to establish a new representative panel of the country's population. Statistical weightings have been applied to the panel, to ensure it is fully representative. For this brief, data were collected from 3,000 respondents in the fifth round of the special *Sauti za Wananchi* panel, conducted between September 11 and 24, 2021.

Key findings include:

- The tax that citizens are most familiar with is VAT
- The main reason people give for paying taxes is to help deliver services

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- Most citizens see taxes as important for the country's success and economy
- 2 out of 3 citizens say they would happily pay taxes without any enforcement
- A clear majority of citizens know KRA
- 1 out of 3 citizens have ever interacted with KRA
- Citizens are more likely to say the performance of KRA is good than bad
- Citizens hold a range of views on taxation, but have concerns about public spending
- Half of citizens say tax evasion is widespread in Kenya
- The main reasons given for tax evasion are that people feel taxes are too high or that they are underpaid

## 2. Kenyan citizens' experiences and opinions on tax

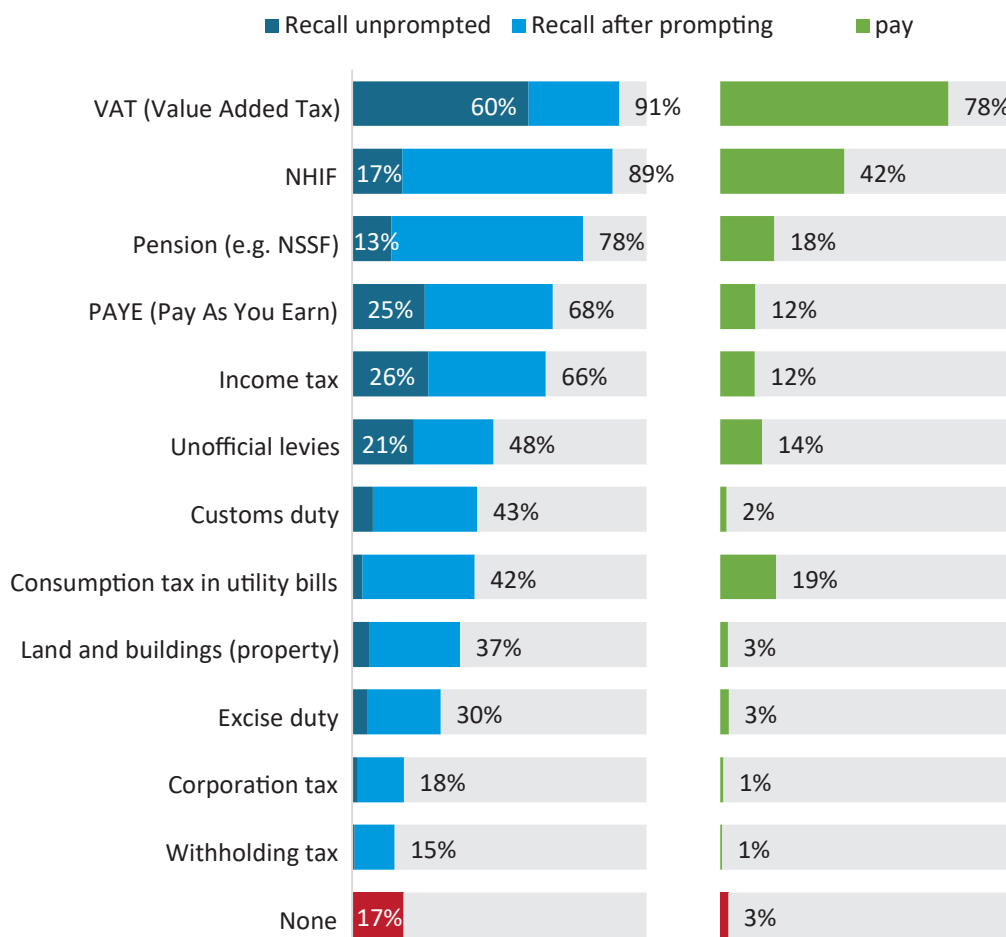
### Insight 1: The tax that citizens are most familiar with is VAT

Nine out of ten citizens (91%) are aware of Value Added Tax (VAT), including a majority (60%) who recall the tax unprompted. Eight out of ten (78%) report that they pay VAT. In both cases, this puts VAT well ahead of other forms of taxation in terms of familiarity.

Other taxes are familiar to many citizens after prompting, including the National Health Insurance Fund (NHIF; 89%, 17% unprompted), Pensions (78%, 13% unprompted), Pay As You Earn (PAYE; 68%, 25% unprompted), and income tax (66%, 26% unprompted).

Of these, the only one paid by more than one out of five citizens is NHIF (42%). Other taxes paid by substantial numbers include consumption taxes embedded in utility bills (19%), pensions (18%), unofficial levies (14%), PAYE (12%) and income tax (12%).

**Figure 1: Which taxes/mandatory payments, that citizens make, are you aware of? Which do you pay?<sup>1</sup>**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

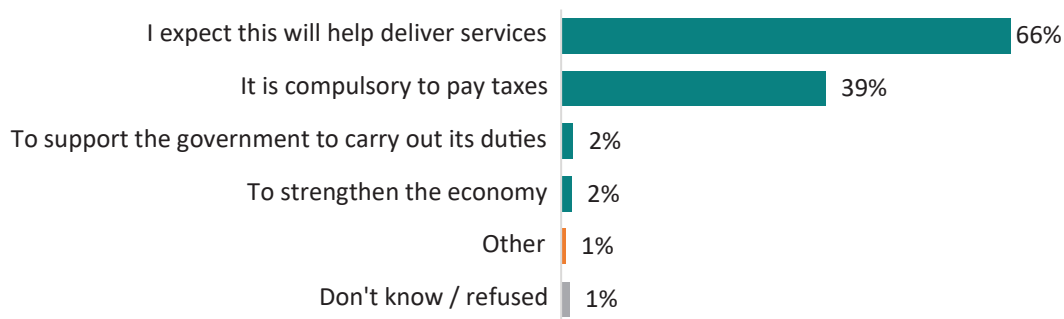
**Base:** all respondents (n=3,000)

## **Insight 2: The main reason people give for paying taxes is to help deliver services**

Citizens say the main reason that they and others pay taxes is that they feel this will help deliver services (66%). This is followed by four out of ten (39%) who say people pay tax because it is compulsory to do so.

1 Percentages in charts may not add up to 100% due to rounding

**Figure 2: Why do you or other people pay taxes / levies / duties?**  
(multiple responses permitted)



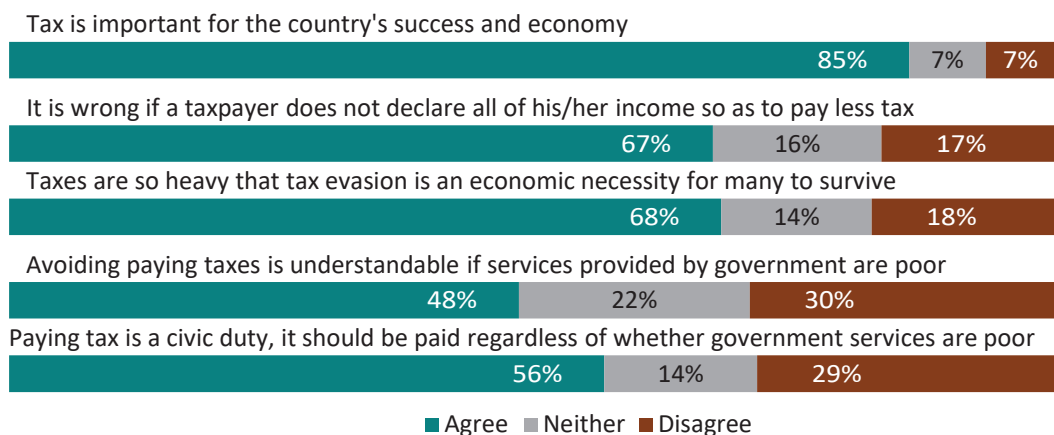
**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

### Insight 3: Most citizens see taxes as important for the country's success and economy

A clear majority of citizens (85%) agree with the statement that tax is important for the country's success and economy. However, there is a more mixed picture when it comes to avoiding tax. While the majority (67%) say it is wrong to hide some sources of income in order to pay less tax, a similar number (68%) say taxes are so heavy that tax evasion is an economic necessity for many in order to survive.

Half (48%) say avoiding taxes is understandable if public services are poor, though more (57%) agree that paying tax is a civic duty even when services are substandard. One out of three citizens (30%) hold both these views at the same time (not shown in charts).

**Figure 3: How much do you agree / disagree with the following statements?**



**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

## Insight 4: 2 out of 3 citizens say they would happily pay taxes without any enforcement

Two out of three citizens (67%) say they would happily pay taxes without any enforcement. Just over one out of ten (14%) say they would cheat on tax if they had the chance and thought they would get away with it.

**Figure 4: How much do you agree / disagree with the following statements?**

You would happily pay taxes without any enforcement



You would cheat on tax if you had the chance



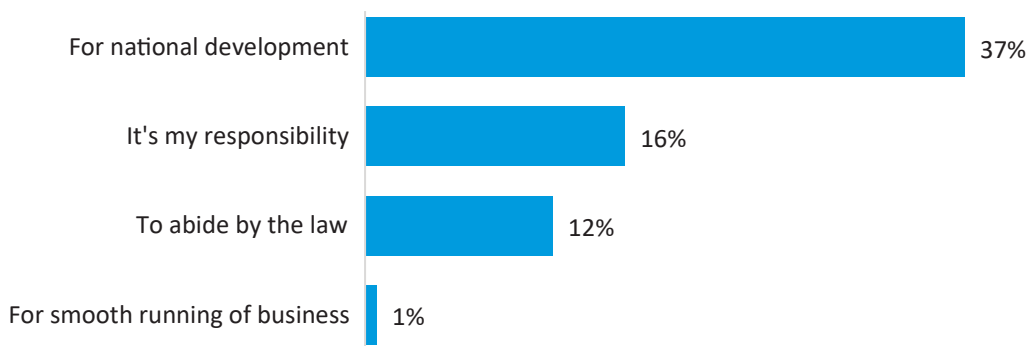
■ Agree ■ Neither ■ Disagree

**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)

The main justification given for paying taxes happily without enforcement is to contribute to national development (37%). Others say they feel this way because paying tax is a responsibility (16%) or because it is the law (12%).

**Figure 5: Why would you happily pay taxes without enforcement?**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

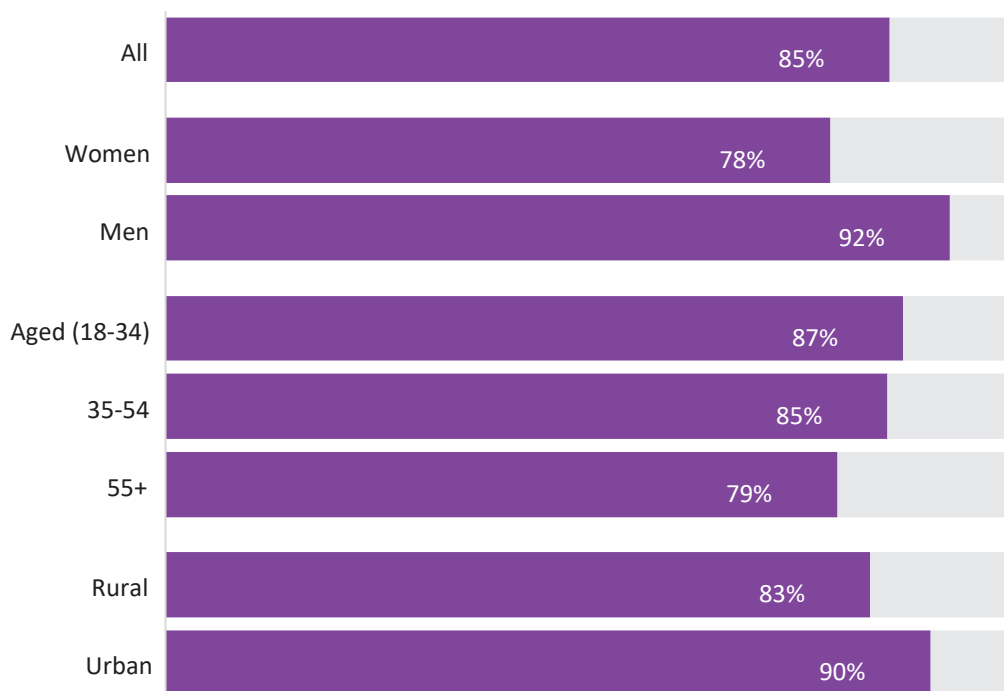
**Base:** all respondents (n=3,000)

### Insight 5: A clear majority of citizens know of KRA

A clear majority of citizens (85%) know of the Kenya Revenue Authority (KRA).

The figure is high among all demographic groups, though higher among men (92%) than women (78%), and higher among younger citizens and residents of urban areas.

**Figure 6: Percentage who are aware of / have heard of the Kenya Revenue Authority (KRA):**

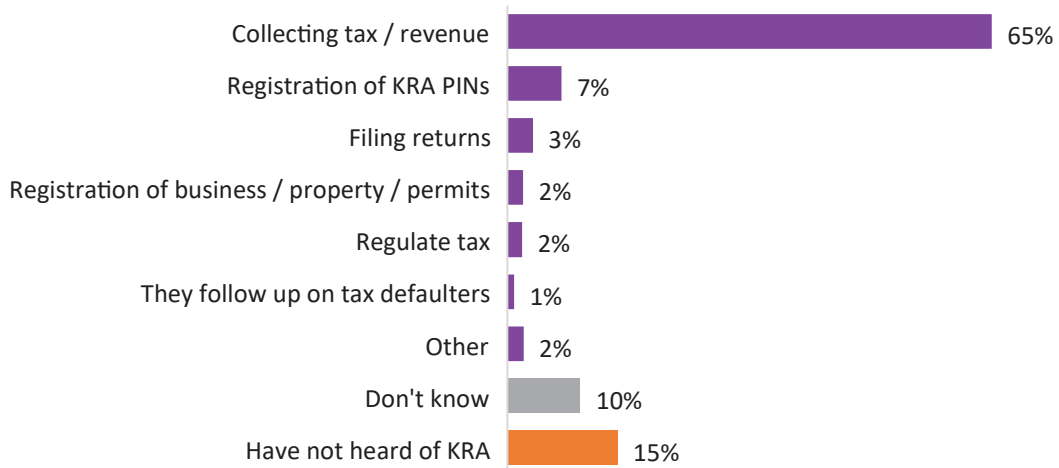


**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)

Most citizens say the work of KRA is to collect tax / revenue (65%). Others mention the registration of KRA pins (7%), filing returns (3%), business and property registration (2%) and tax regulation (2%).

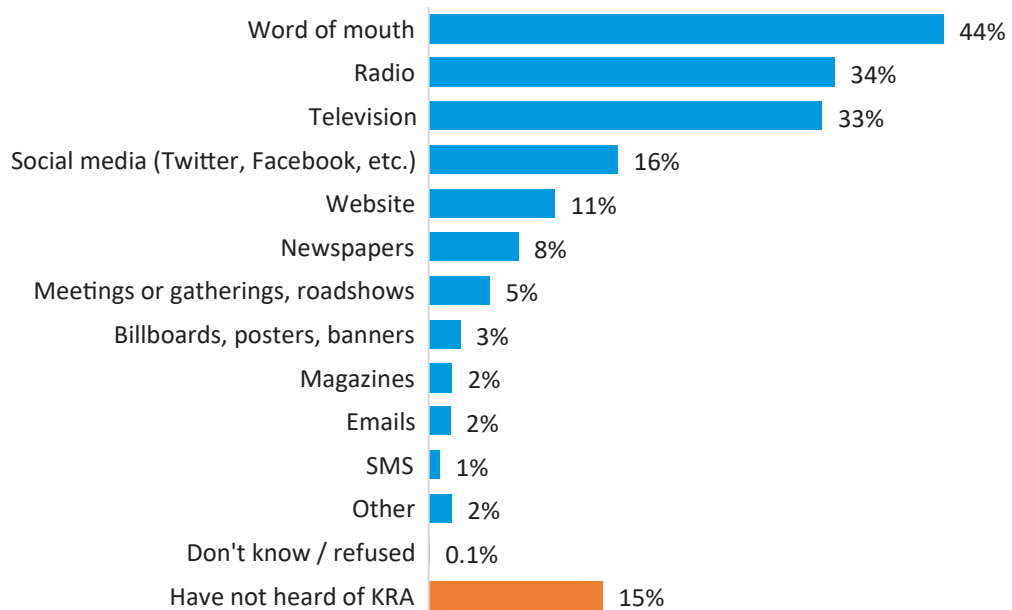
**Figure 7: What services does KRA provide / what is their work?**  
(multiple responses permitted)



**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

Most citizens know of KRA through either word of mouth (44%), radio (34%) and/or TV (33%).

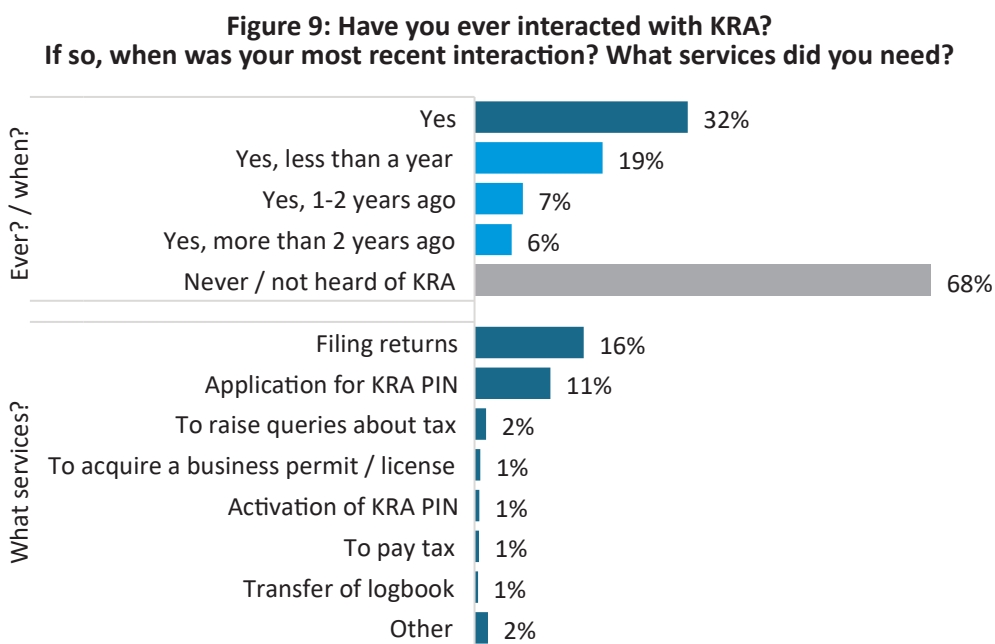
**Figure 8: Where did you hear about KRA?**  
(multiple responses permitted)



**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

### Insight 6: 1 out of 3 citizens have ever interacted with KRA

One out of three citizens (32%) have ever interacted with KRA, most of these (19%) have done so at least once in the past year. Business owners are a little more likely to have interacted with KRA. The most common reasons for such interactions are to file a return (16%) or to apply for a KRA pin (11%).

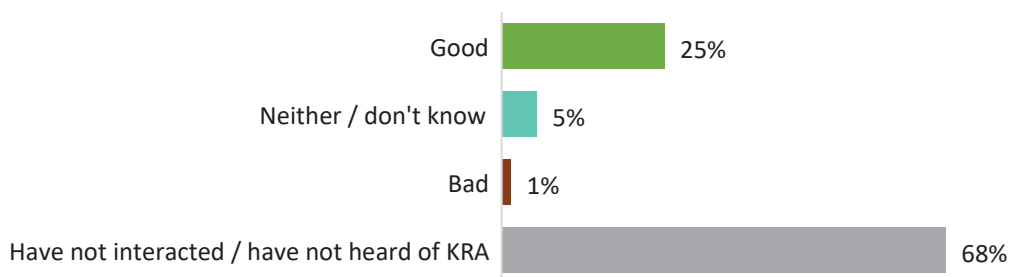


**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)

Among those who have interacted with KRA, most say the experience was a positive one. This is consistent across those who do and do not own a business. Mostly they say this is because the process was quick and easy (not shown in charts.)

**Figure 10: How would you rate your experience interacting with KRA?**



**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)



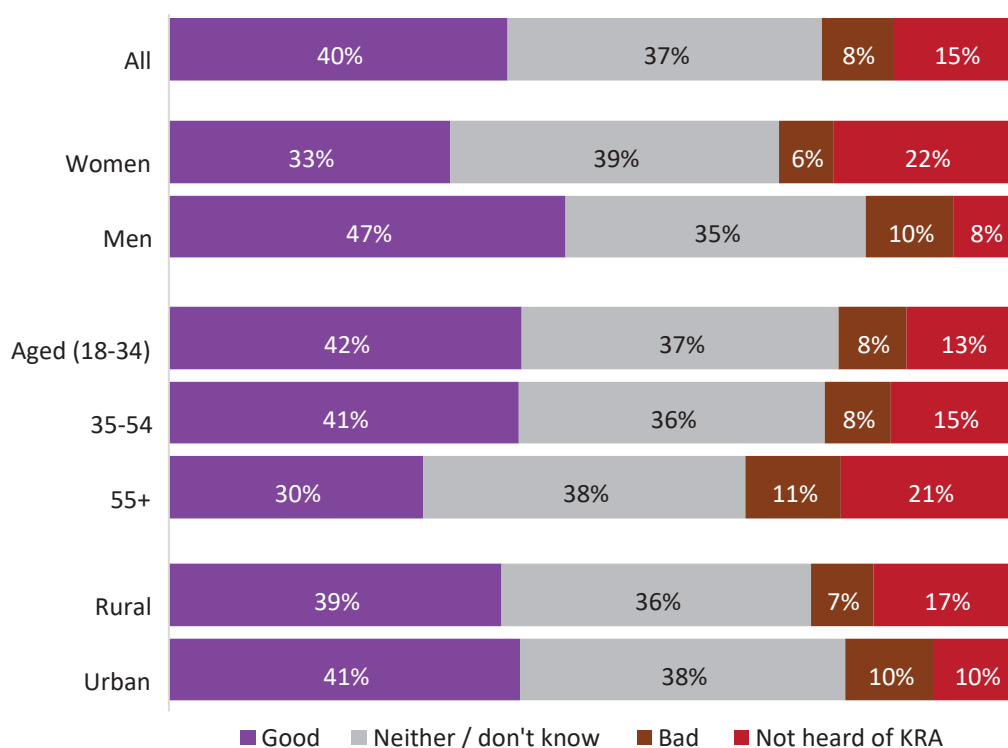
## Insight 7: Citizens are more likely to say the performance of KRA is good than bad

Four out of ten citizens (40%) say KRA is doing a good job, compared to one out of ten (8%) who say KRA is doing a bad job.

Women and older citizens are less likely to say KRA is performing well, though this is partly because they are also less likely to know of KRA and its work.

Business owners are a little more likely than others to say KRA is performing well, though this is largely accounted for by the smaller number of business owners who are not aware of KRA.

**Figure 11: Overall how would you rate the performance of KRA?**



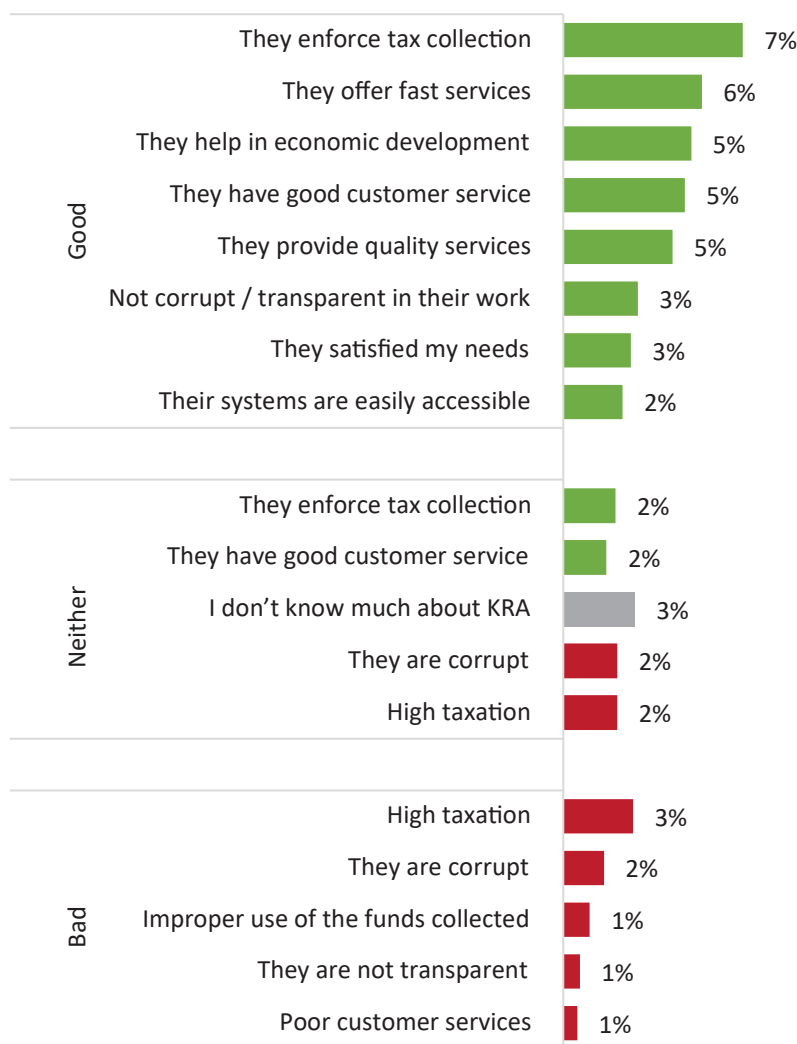
**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)

A range of reasons are given for applauding KRA for its work, including that they enforce tax collection (7%), offer speedy services (6%), help foster economic development (5%), have good customer service (5%) and provide quality services (5%).

At the other end of the scale, the main reason given for dissatisfaction with KRA is that taxes are too high (3%).

**Figure 12: Why do rate KRA performance as good / bad?**  
(multiple responses permitted)



**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

### Insight 8: Citizens hold a range of views on taxation, but have concerns about public spending

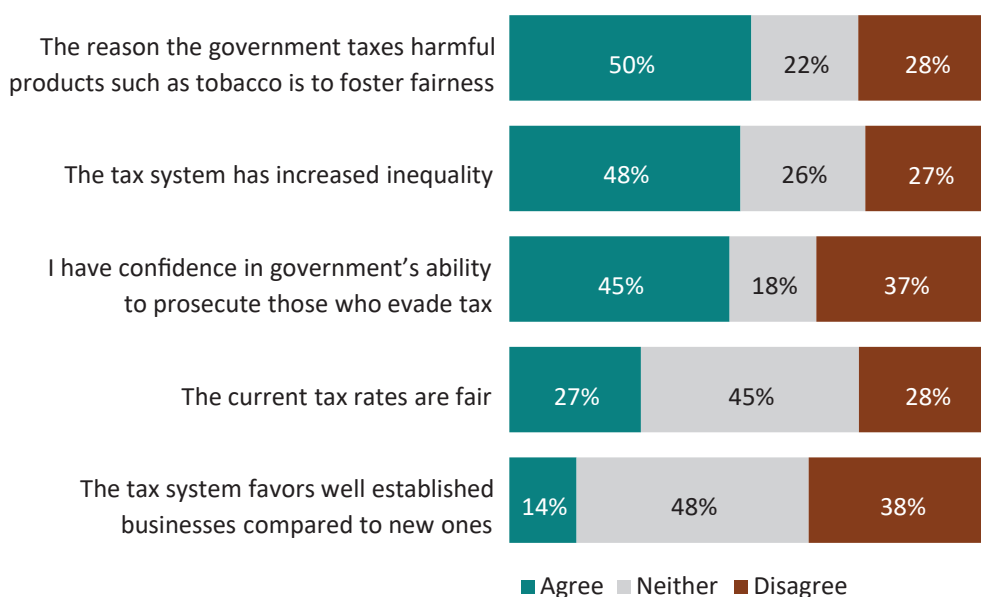
Citizens hold a range of views on taxation. Half (50%) agree that harmful products such as tobacco are taxed in order to foster fairness, though a similar number (48%) say the tax system has increased inequality.

Close to half (45%) say they have confidence in the government's ability to prosecute tax evaders.

Citizens are evenly divided on whether current tax rates are fair. A quarter (27%) agree that they are fair, while the same number (28%) disagree.

Citizens do not think the current tax system favours well-established businesses over newer businesses: more (38%) disagree with this view than agree with it (14%).

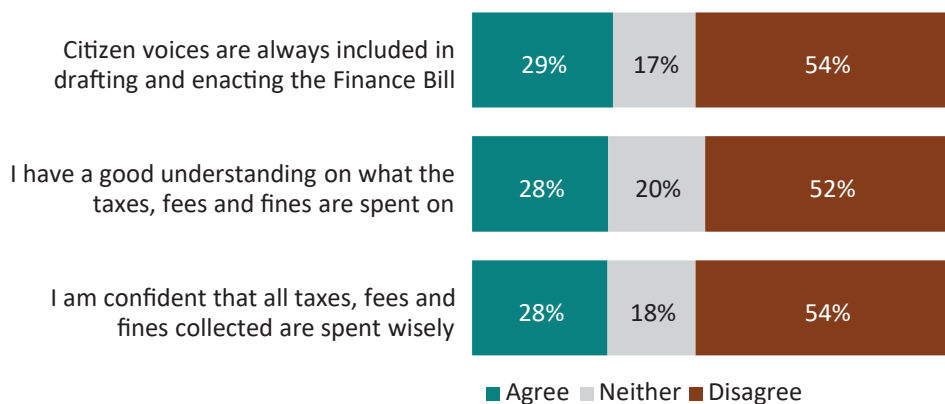
**Figure 13: Do you agree / disagree with the following statements?**



**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

Citizens are clear in their view of public spending: that there is room for improvement. For every one who agrees that citizens voices are heard in the budget process, two do not agree. Citizens are also not confident that they understand what tax and other revenues are spent on (28% agree, 52% disagree), and that they are confident that taxes and other revenues are spent wisely (28% agree, 54% disagree).

**Figure 14: Do you agree / disagree with the following statements?**



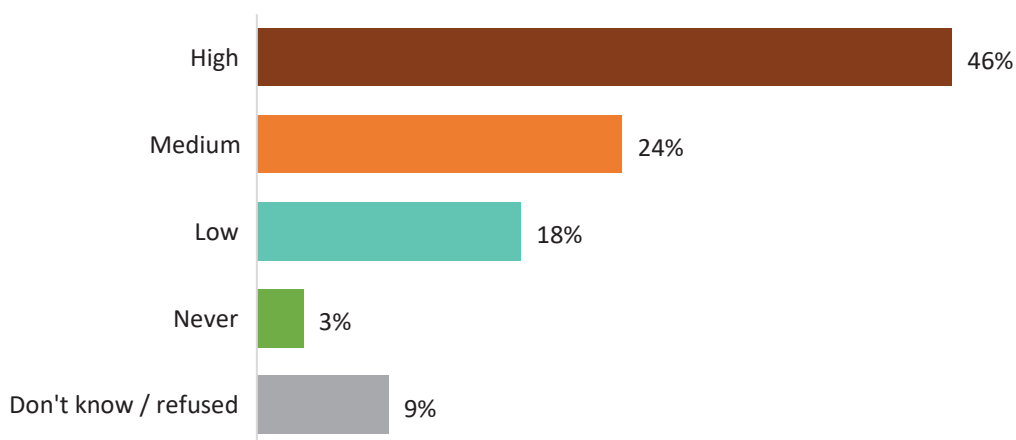
**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)

### Insight 9: Half of citizens say tax evasion is widespread in Kenya

Half of citizens (48%) say that the level of tax evasion by companies, organisations and individuals in Kenya is high. This compares to a two out of ten (21%) who either say the level is low (18%) or that this never happens (3%).

**Figure 15: Would you say that the rate of tax evasion by individuals, businesses and organisations is high or low?**

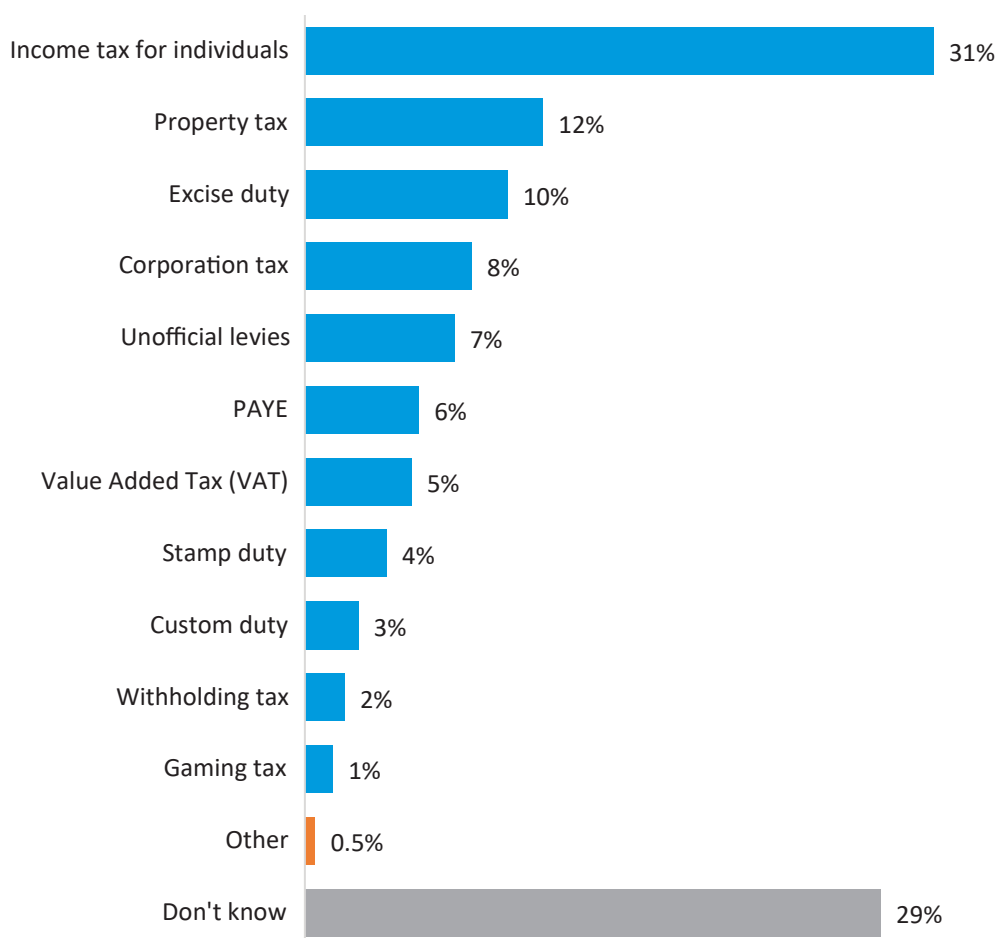


**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)

**Base:** all respondents (n=3,000)

The tax most commonly avoided – according to three out of ten citizens (31%) – is income tax on individuals. This is followed by property tax (12%), excise duty (10%) and corporation tax (8%).

**Figure 16: What kind of taxes do most people avoid?**  
(multiple responses permitted)



**Source:** Sauti za Wananchi mobile phone survey, special panel r5 (11-24 Sep, 2021)

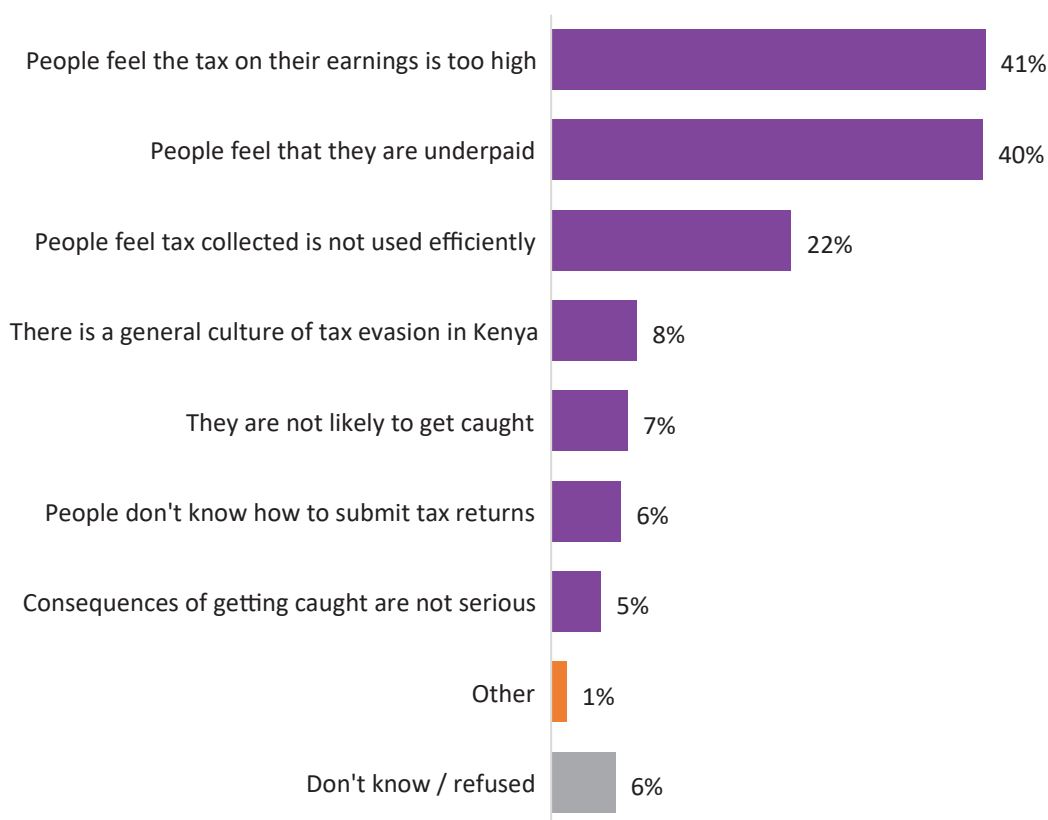
**Base:** all respondents (n=3,000)

### **Insight 10: The main reasons given for tax evasion are that people feel taxes are too high or that they are underpaid**

The two main reasons given for people evading tax in Kenya are the belief that tax rates on income are too high (41%) and that they are underpaid (40%).

The third reason given is a sense that taxes are not spent efficiently by the government (22%). This is well ahead of other reasons, including a general culture of tax evasion (8%), low risk of being caught (7%) and unfamiliarity with the process of submitting returns.

**Figure 17: What do you think are the reasons that people avoid taxes?**  
(multiple responses permitted)




**Source:** *Sauti za Wananchi* mobile phone survey, special panel r5 (11-24 Sep, 2021)  
**Base:** all respondents (n=3,000)

### 3. Conclusions

Citizens of Kenya broadly understand the importance of taxes for the country, though they also have a range of concerns about how the tax system operates. The vast majority of citizens agree that taxes are important for the country's success and for the national economy, they recognise a connection between taxes and public service delivery, and most say they would pay their taxes even without enforcement.

Nevertheless, citizens also hold a range of more complicated views. In particular, while two thirds say hiding income in order to avoid tax is wrong, the same number also say tax evasion is an economic necessity for many. And half say avoiding taxes is understandable if public services are poor, while half also say paying tax is a civic duty irrespective of the state of public services. This even includes a substantial number (30%) who agree with both these apparently contradictory



statements. Further, while the majority say they would pay their taxes without enforcement, half also say the level of tax evasion in Kenya is high.

Such apparent contradictions are not uncommon in public opinion, particularly when a tension exists between personal interest and the public good. This tension is particularly strong in the case of taxation.

There is no such contradiction in the strength of public approval of the Kenya Revenue Authority. Citizens are five times more likely to say KRA is doing a good job as to say it is doing a bad job, and almost all of those who have personally interacted with KRA recently said their experience was positive. The reasons given include a lot of mentions of good customer service, speed, quality, accessibility and transparency. And even among those who say KRA is not performing well, the main reason given is high tax rates, which are not technically within KRA's control.

There is also more clarity in citizens' views on public expenditure: citizens are broadly more sceptical. While the tax collection system has broad public support, citizens lack confidence in how the government spends their money. They mostly say citizens are not involved in budgeting decisions, they don't know what money is spent on, and they are not sure it is spent wisely.

The overall picture is therefore that while citizens broadly support the tax system in general and KRA in particular, the social contract is under most tension when it comes to public spending. Perhaps the most useful thing the government could do to build support for and compliance with the tax system would be to increase public participation and transparency on public spending matters. And of course, citizens would like tax rates to be lower – but that has that been the case always and everywhere, and is unlikely to ever change.

