



**KAM ADDENDUM  
TO  
THE MEMORANDUM ON THE FINANCE BILL 2025**

Submitted to

**MR. SAMUEL NJORGE  
THE CLERK  
NATIONAL ASSEMBLY  
PARLIAMENT OF KENYA, PARLIAMENT BUILDINGS  
P.O BOX 41842 - 00100  
NAIROBI**

Presented By

**TOBIAS ALANDO, CHIEF EXECUTIVE,  
KENYA ASSOCIATION OF MANUFACTURERS (KAM)**

**MAY 2025 – NAIROBI, KENYA**

CLAUSE	PROPOSAL	JUSTIFICATION
<p>Section 27(2)(a) of the Act &amp; Regulation 17(1) of the Social Health Insurance (General) Regulations, 2024</p>	<p>We propose the introduction to a tiered contribution system to replace the flat 2.75% of gross salary and review the KES 300 minimum contribution floor.</p> <p>For the clause to read as follows:</p> <p><b>Regulation 17 – Household with income from salaried employment</b></p> <ol style="list-style-type: none"> <li>i. A household whose income is derived from salaried employment shall pay a monthly statutory deduction contribution to the Social Health Insurance Fund at a <b><i>tiered rate based on gross income</i></b>, as shall be prescribed by the Cabinet Secretary <b><i>in consultation with stakeholders, subject to actuarial review and equity principles</i></b>.</li> <li>ii. The amount payable every month under subregulation (i) <b><i>shall be progressive and equitable</i></b>, and the <b><i>minimum monthly contribution shall be determined in accordance with the household's income</i></b>, provided that it <b><i>does not unduly burden low-income earners and remains within affordable limits as</i></b></li> </ol>	<p>This proposal is based on the following:</p> <ul style="list-style-type: none"> <li>• A flat 2.75% rate disproportionately affects low-income earners and increases payroll costs. The minimum KES 300 may be unaffordable for some informal workers. A tiered model improves equity and protects vulnerable contributors.</li> </ul>

	<b><i>assessed by a Means Testing Instrument.</i></b>	
Section 27(2)(a)	We propose that this clause be deleted to allow employers who provide comprehensive private medical cover to opt out of SHIF.	<p>This proposal is based on the following:</p> <ul style="list-style-type: none"> <li>• Avoids duplication of costs and incentivizes employers already covering healthcare needs of their employees.</li> </ul>
General Implementation (no specific clause)	We propose that this clause is amended. To introduce the implementation of a phased rollout for SHIF.	<p>This proposal is based on the following:</p> <ul style="list-style-type: none"> <li>• Enables gradual adjustment by employers and employees, reducing economic shock and aiding compliance.</li> </ul>
Section 27 & 50	Digitize and simplify compliance procedures for SHIF contributions.	<p>This proposal is based on the following:</p> <ul style="list-style-type: none"> <li>• Reduces administrative and compliance costs, particularly for SMEs.</li> </ul>
Section 50 (Regulations)	Establish public-private partnerships for hybrid healthcare coverage.	<p>This proposal is based on the following:</p> <ul style="list-style-type: none"> <li>• Leverages capacity of private sector to diversify options and reduce strain on public system.</li> </ul>
Section 27(2)(b) & (c)	Provide reduced contribution rates or subsidies for SMEs.	<p>Protects small businesses from financial distress and supports enterprise sustainability.</p>