

## Proposed Interventions to Curb Illicit Alcoholic Beverages in Kenya

Sharon Amayo, Violet Nyabaro and Boaz Munga

### Key Highlights

- (i) Kenya's alcohol industry is governed by multiple laws designed to protect consumers and regulate production. However, weak enforcement has allowed illicit alcohol production to persist.
- (ii) Existing fines and prison sentences for illicit alcohol production and distribution are often too lenient to serve as effective deterrents.
- (iii) The extent of illicit alcohol consumption and production is inadequately quantified due to a lack of independent, large-scale studies.
- (iv) Poverty and limited livelihood opportunities contribute to both the consumption and production of illicit brews, particularly in low-income and rural communities.

There is need to:

- (i) Enhance the implementation of existing laws, including the mandatory use of digital tax stamps and tracing systems, to improve tax compliance and consumer safety.
- (ii) Introduce stricter fines and longer prison sentences for those engaged in illicit alcohol production and trade to deter illegal activities.
- (iii) Commission research to accurately quantify the size of the unrecorded alcohol sector, including informal manufacturers and traditional brewers.
- (iv) Support alternative livelihood programmes for individuals involved in illicit brewing and invest in public awareness campaigns to reduce reliance on illegal alcohol production.

### 1. Introduction

Kenya's alcohol sector has witnessed significant growth in volume produced and market size in recent years, indicating an increased demand. The sector is characterized by diverse products, ranging from modern alcoholic beverages, including beers, wines and spirits and traditional brews such as chang'aa, mnazi and busaa. This growth reflects increasing consumer demand and a ready market for alcoholic beverages. The industry is made up of producers in both formal and informal segments. The formal segment includes well-established breweries, distilleries, and wineries producing branded products. The informal segment, on the

other hand, comprises several cottage industries primarily engaged in the production of traditional brews.

Illicit alcohol refers to alcohol produced illegally without following the regulated and approved processes. They are mostly unbranded and are sold at lower prices compared to alcohol products from registered manufacturers. This leads to risks to consumers and revenue loss for the government. Consumption of illicit alcohol raises serious public health risks, including disability such as loss of sight and even death of users. Despite efforts by the government to regulate illicit alcohol production and consumption, there are persistent challenges

associated with gaps in regulation, enforcement, and public awareness.

## 2. Status of Illicit Alcohol Production and Consumption

The illicit alcohol market is persistent despite efforts by the government to regulate the alcohol sector. Changes in production patterns and consumer preferences have contributed largely to challenges in enforcement and regulation.

### 2.1 Production of Illicit Alcohol

An independent estimate of the volume of illicit production and trade in alcohol in Kenya is difficult to come by. A study by the World Health Organization (2014) indicates that approximately one-fourth of all global alcohol consumption is unrecorded. This proportion is significantly higher in low- and middle-income countries than in industrialized nations (WHO, 2014; Rehm et al., 2014). In Africa, an estimated 30 per cent of alcohol consumption is unrecorded (Ferreira-Borges et al., 2016; Ferreira-Borges, Parry, and Babor, 2017, as cited by Mkuu et al., 2019).<sup>1</sup> In the absence of specific data for Kenya, these estimates could provide indicative levels of unrecorded alcohol consumption in the country.

Production of illicit alcohol raises serious public health concerns since the process involves the use of harmful and toxic ingredients to increase the potency of the alcohol content. A study by NACADA (2022) on illicit alcohol trade in Uasin Gishu and Kakamega counties found that poverty, ease of bribing enforcers and market demand were the key drivers of illicit alcohol trade in these regions. While the government has put in place measures to curb production of illicit brews, there have been challenges in enforcement, making it difficult to control its availability. Local enforcement officers such as chiefs collude with illicit alcohol brewers by taking bribes and assisting them elude government crackdowns.

### 2.2 Consumption of Illicit Alcohol

Table 1 provides an overview of alcohol consumption, detailing total, recorded, and unrecorded alcohol as reported by various WHO publications, the most recent being the “Global Status Report on Alcohol and Health and Treatment of Substance Use Disorders.” The Table shows that total per capita alcohol consumption is projected to decline by 2025 compared to 2019 and earlier years. However, by 2030, projections suggest an upward trend in total consumption. The data also indicates that unrecorded alcohol per capita consumption decreased in 2019 relative to 2016 and 2010.

**Table 1: Total, recorded and unrecorded alcohol per capita consumption – APC (in litres of pure alcohol)**

No	2010	2016	2019	2025*	2030*
Total	4.3	3.4	2.9	2.8	3.2
Male	7.4	5.8	4.8	-	-
Female	1.3	0.9	1.0	-	-
Recorded (both sexes)	1.8	1.9	2.3	-	-
Unrecorded (both sexes)	2.5	1.5	0.6	-	-
Average daily intake	-	-	6.2	-	-

Source of data: WHO (Various), Global Status Report on Alcohol and Health

Note: \*projected; - no data reported

The consumption of unrecorded alcohol poses serious health risks, including poisoning and long-term health complications. Incidents of methanol poisoning have been reported, leading to numerous fatalities. For instance, in May 2014, 60 people died due to methanol poisoning from illicit brews, underscoring the dangers associated with unregulated alcohol production.<sup>2</sup> Moreover, illicit alcohol consumption has been linked to a range of social problems, including increased domestic violence, family disintegration, and heightened criminal activities. These adverse outcomes are consistent with findings reported by international bodies such as the World Health Organization, which highlights alcohol’s role in exacerbating social and health-related issues

## 3. Gaps in Enforcement of Regulations

There are several legislations in place to regulate the alcohol sector. However, these regulations have not been effective in controlling illicit alcohol production, distribution and consumption in Kenya.

The Alcoholic Drinks Control Act (2010), popularly referred to as the Mututho Law, gives provisions for licensing of retail outlets, regulation of hours to sell alcohol and packaging and labelling of alcohol products. However, producers in the informal sector where illicit alcohol production takes place do not adhere to these provisions. For instance, there are several unlicensed alcohol manufacturers, enabling the production of illicit alcohol that is harmful to users.

The Excise Duty Act (2015) requires that all alcohol producers need to obtain a license from the Kenya Revenue Authority (KRA) and shall be liable for the excise duty payable for the manufacture of the products. However, KRA reported that there were only 41 local alcoholic beverages manufacturers with active excise licenses as of March 2024. Enforcement of this law would not only control

operation of unregulated alcohol manufacturers but also boost revenue collection through excise duty payments.

The Standards Act (CAP 496) promotes the standardization of the specification of commodities and provides for the standardization of commodities and codes of practice. The Kenya Bureau of Standards was established to enforce the provisions of this Act and ensure there are uniform guidelines for production, handling, and sale of goods to protect consumers and ensure fair trade. Illicit alcohol products do not meet the safety or quality standards set by the Kenya Bureau of Standards (KEBS), which increases the risk of alcohol poisoning, particularly in rural and low-income communities where enforcement may be weaker.

Several county governments such as Nairobi, Nakuru, Kiambu, Kirinyaga, Kakamega and Nyandarua have enacted County Alcohol Control Acts, which seek to regulate illicit alcohol trade by adopting and implementing effective measures to eliminate illicit trade in alcohol, including smuggling, illicit manufacturing and counterfeiting within the counties. However, studies have found that existing policies have had minimal impact, largely due to cultural, economic, and administrative factors that sustain the illicit alcohol trade.

#### 4. Policy Recommendations

To address the above gaps, interventions include:

##### (i) Strengthen tax collection

There is a need to enhance the implementation of existing laws, including the mandatory use of digital tax stamps and tracing systems, to improve tax compliance and ensure the legitimacy of alcoholic beverages. Relevant agencies, including the Kenya Revenue Authority (KRA), should enforce digital tax stamps more effectively and enhance the tracing system for all alcoholic beverages, including traditional brews. This measure will ensure seamless verification of product legitimacy and efficient excise tax collection. Additionally, KRA could establish a more transparent tax system to prevent leakages and maximize revenue collection.

#### Endnotes

1. Ferreira-Borges, C., Parry, C. D. and Babor, T. F. (2017). Harmful use of alcohol: A shadow over sub-Saharan Africa in need of workable solutions. *International Journal of Environmental Research and Public Health*, 14(4), 346. <https://doi.org/10.3390/ijerph14040346>; Ferreira-Borges, C., Rehm, J., Dias, S., Babor, T., and Parry, C. D. (2016). The impact of alcohol consumption on African people in 2012: An analysis of burden of disease. *Tropical Medicine and International Health*, 21(1), 52–60. <https://doi.org/10.1111/tmi.12618>.
2. [https://www.researchgate.net/publication/299540397\\_The\\_Methanol\\_Poisoning\\_Outbreaks\\_in\\_Libya\\_2013\\_and\\_Kenya\\_2014](https://www.researchgate.net/publication/299540397_The_Methanol_Poisoning_Outbreaks_in_Libya_2013_and_Kenya_2014)

##### (ii) Regulation of traditional brews

To deter the production of illicit alcohol, the government could impose stricter fines and longer prison sentences for those engaged in this illegal activity.

##### (iii) Public health awareness campaigns and alternative livelihood activities

The Ministry of Health could launch targeted public health awareness and education campaigns highlighting the dangers of illicit alcohol consumption, specifically in areas that have been significantly affected, such as informal settlements and rural areas.

Community-based intervention programmes such as subsidized rehabilitation services and alternative livelihood activities for those involved in illicit alcohol brewing by involving local community leaders should also be implemented to reduce dependence on illicit alcohol trade.

##### (iv) Enhance interagency cooperation and collaboration

There is a need for enhanced multistakeholder collaboration among the different enforcement agencies to ensure that the regulations in place are followed. The Kenya Revenue Authority (KRA), Kenya Bureau of Standards (KEBS), Anti-Counterfeit Authority, Ministry of Health, county governments and law enforcement agencies need to collaborate to ensure issues related to tax collection, quality control, and law enforcement are well coordinated and effectively addressed.

##### (v) Enhance availability of comprehensive data and information

The extent of illicit alcohol consumption and production is inadequately quantified due to a lack of independent, large-scale studies. The government and other actors need to collaborate to commission research to accurately quantify the size of the unrecorded alcohol sector, including informal manufacturers and traditional brewers.

## Acknowledgements

This Brief was authored by Sharon Amayo, Violet Nyabaro and Boaz Munga from KIPPRA. The authors worked closely with Eldah Onsomu (Coordinator), Laureen Karima, Elvis Kiptoo, and Brian Nzioka all from KIPPRA. We extend our sincere gratitude to the Kenya Revenue Authority (KRA) team, including Joseph Sirengo, Alex Oguso, and Daniel Zalo, for their support throughout the development of this Brief.

This Brief has been made possible through the support of the RESET Alcohol Initiative. We received technical support from Vital Strategies and from Carlos Manuel Guerrero at Economics for Health at the John Hopkins Bloomberg School of Public Health.

### About KIPPRA Policy Briefs

KIPPRA Policy Briefs are aimed at a wide dissemination of the Institute's policy research findings. The findings are expected to stimulate discussion and also build capacity in the public policy making process in Kenya.

KIPPRA acknowledges generous support from the Government of Kenya and Development partners who have continued to support the Institute's activities over the years.

### For More Information Contact:

Kenya Institute for Public Policy Research and Analysis  
Bishops Road, Bishops Garden Towers  
P.O. Box 56445-00200, Nairobi  
Tel: 2719933/4, Cell: 0736712724, 0724256078  
Email: admin@kippra.or.ke  
Website: <http://www.kippra.or.ke>

 @KIPPRAKenya