Memorandum on the Budget Priorities FY 2025/26 for the ICT Sector

Submitted to:

The Institute of Economic Affairs for presentation to the Treasury and Parliament for consideration.

5th February 2025

04 February, 2025

The Chief Executive Officer,
Institute of Economic Affairs (IEA Kenya),
ACK Garden House, 5th Floor,
1st Ngong Avenue,
P.O. Box 53989 - 00200,
Nairobi.

Dear Sir,

RE: Memorandum on the Budget Priorities FY 2025/26 for ICT Sector

Greetings from KICTANet.

KICTANet is a multistakeholder think tank for ICT policy and regulation. KICTANet's overall mission is to promote an enabling environment in the ICT sector that is robust, open, accessible, and rights-based.

Attached is our memorandum in response to the call for input to make budget submissions for the forthcoming budget 2025/26 and on the budget priorities for ICT Sector in Kenya during the Institute of Economic Affairs annual pre-budget hearing held on Wednesday 3rd February 2025 for presentation to the Treasury and Parliament for considerations.

We have included a matrix presentation that captures our concerns, and highlights our proposals on relevant provisions of various Regulations and ICT sector crucial budget priorities for your review and consideration.

Should you require any further input or clarifications on the same, do not hesitate to contact the undersigned.

Sincerely,

Dr. Grace Githaiga
CEO and Convenor,
KICTANet

KICTANet Memorandum on the Budget Priorities FY 2025/26 for the ICT Sector

Background

The digital economy is a key driver of Kenya's socio-economic transformation. It also aligns with Vision 2030 and the Medium-Term Expenditure Framework.

As ICT continues to shape governance, innovation, and economic growth, strategic investment in digital infrastructure, cybersecurity, and inclusive access remains critical.

In response to the call for budget proposals, KICTANet is submitting recommendations to ensure that ICT remains a central pillar in national development planning.

Our submission focuses on policies that enhance digital inclusion, cybersecurity resilience, and innovation-driven economic growth, with a bid to reinforce Kenya's commitment to transparency, accountability, and sustainable digital transformation.

	Priority Area	Proposal	Justification
1.	**Digital Infrastructure Develop[1]ment**	a. Provide grants or subsidies to Internet Service Providers willing to set up infrastructure in low-income, last-mile regions.	Despite significant investments in digital infrastructure, as of 2019, less than 19% of Kenya's population was using the Internet, with rural areas being particularly underserved. Providing grants or subsidies to Internet Service Providers (ISPs) willing to deploy infrastructure in these regions can bridge this digital divide and promote inclusive economic growth. Strengthening Digital Programmes , Mandera flag computer to aid gapping of the digital divide.

[1] Strengthening Digital Programmes, Mandera flag computer to aid gapping of the digital divide.
2. Government and Ministry of ICT.
3. Kenya Digital Economy.
4. Kenya IGF 2024.

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		b. Allocate sufficient funds to finalize the laying of the targeted 100,000 kilometers of fiber optic cable and the establishment of 25,000 public Wi-Fi hotspots under the Digital Superhighway initiative.	The Kenyan government has prioritized the expansion of the country's fiber network through the Digital Superhighway Project, aiming to lay 100,000 kilometers of fiber optic cable and establish 25,000 public Wi-Fi hotspots. Allocating sufficient funds to complete these targets will enhance nationwide access to high-speed internet, supporting various sectors including health, education, and the creative economy https://www.trade.gov/country-commercial-guides/kenya-digital-economy?
		c. Collaborate with county governments and private sector partners to identify and address local connectivity challenges.	Collaborating with county governments and private sector partners is essential to identify and address local connectivity challenges effectively. Such partnerships can leverage local knowledge and resources, ensuring that infrastructure development is tailored to the specific needs of different regions, thereby enhancing the overall efficiency and impact of connectivity initiative. https://www.kictanet.or.ke/ps-eng-tanui-outlines-kenyas-multi-stakeholder-approach-for-a-digital-future-at-kenya-igf-2024/? , KIGF 2024

	Priority Area	Proposal	Justification
		d. Allocate funds to extend the Last Mile County Connectivity Network, with a keen focus on connecting public institutions such as schools, hospitals, and government offices.	Extending the Last Mile County Connectivity Network to public institutions is crucial for equitable access to digital resources. By 2022, the government had connected 443 government buildings, 91 hospitals, and 23 police stations to the government backbone network. Further investments to connect more schools, hospitals, and government offices will ensure that essential services are accessible to all citizens, thereby improving service delivery and promoting digital inclusion.
2.	**Cybersecurity and Data Protection**	a. Allocate specific budgets for advanced threat detection systems and the development of comprehensive data protection regulations.	The increasing sophistication of cyber threats necessitates dedicated funding for advanced threat detection systems. Investing in such systems will enhance Kenya's ability to detect and mitigate cyber threats promptly Additionally, developing comprehensive data protection regulations will ensure the safeguarding of personal data, promoting trust among citizens and international partners. Kenya has experienced a significant increase in cyber threats, with 110.9 million threats recorded in the 2019/2020 period. This surge underscores the urgent need for advanced threat detection systems to mitigate potential damages.Case-

	Priority Area	Proposal	Justification
		b. Allocate sufficient budget for regular capacity building initiatives meant to equip personnel in relevant agencies with up-to-date skills and knowledge in cybersecurity and data protection.	Regular capacity-building initiatives are essential to equip personnel in relevant agencies with up-to-date skills and knowledge. This approach ensures that staff can effectively manage and respond to evolving cyber threats and data protection challenges. KICTANet emphasizes the importance of continuous monitoring and knowledge exchange among key experts to keep pace with the dynamic cybersecurity landscape.
		c. Establish collaborative frameworks with private tech companies to share threat intelligence, develop innovative security solutions, and conduct joint cybersecurity drills.	Collaborative frameworks between the government and private tech companies facilitate effective threat intelligence sharing and the development of innovative security solutions. Joint cybersecurity drills enhance preparedness and response capabilities. KICTANet advocates for multi-stakeholder approaches, recognizing that no single entity can address cybersecurity challenges in isolation.
		d. Fund nationwide campaigns, workshops, and seminars aimed at educating the public on cybersecurity measures and the importance of data protection.	Public awareness is a critical component of a robust cybersecurity strategy. Funding nationwide campaigns, workshops, and seminars will educate citizens on cybersecurity measures and the importance of data protection, thereby reducing vulnerabilities and promoting a culture of security consciousness. KICTANet has been instrumental in organizing such initiatives to foster a secure digital

	Priority Area	Proposal	Justification
			environment. https://www.kictanet.or.ke/thought-leadership-roundtable-policy-dialogue-on-cybersecurity-and-data-protection-in-kenya/?
		e. Invest in the development and maintenance of secure government IT systems to safeguard sensitive data.	Investing in secure IT systems is vital for safeguarding sensitive government data against cyber threats. KICTANet's policy brief highlights the need for the establishment and implementation of effective policy, legal, and institutional frameworks to anticipate, detect, respond to, and combat cyber threats, thereby building resilience in the country's digital infrastructure.
		f. Allocate resources for periodic audits of government agencies and critical infrastructure operators to assess compliance with established cybersecurity protocols.	Regular audits are essential to assess compliance with established cybersecurity protocols and to identify potential vulnerabilities. KICTANet underscores the importance of continuous monitoring and evaluation to ensure the effectiveness of cybersecurity measures and to adapt to the evolving threat landscape.
	These initiatives align with Kenya's commitment to enhancing cybersecurity and data protection, thereby fostering a secure digital environment conducive to economic growth and public trust.		
3.	**Affordable ICT Devices and Internet Services**	a. Partner with device manufacturers to negotiate lower prices for bulk purchases aimed at distribution to disadvantaged communities.	High device costs remain a significant barrier to digital access in Kenya. Initiatives like the government's affordable smartphone project, supported by telecom companies such as Safaricom, Jamii Telecom, and Airtel, aim to manufacture smartphones locally and sell them at approximately $40, making them more

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[2] *Thought Leadership Roundtable on Cybersecurity and Data Protection – KICTANet*

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		accessible to low-income populations. KICTANet emphasizes that the affordability of internet-enabled devices is a major hurdle for people in rural and economically disadvantaged urban areas. Collaborating with manufacturers to negotiate lower prices for bulk purchases can make devices more accessible to these communities. https://www.kictanet.or.ke/beyond-access-maximizing-the-benefits-of-digital-connectivity/?[3]
	b. Offer tax breaks or incentives to Internet Service Providers that commit to lowering subscription fees, especially for low-income and rural users.	Despite 99% of Kenya's population being covered by 3G and 98% by 4G networks, only 33.5% use mobile internet services, primarily due to high costs. Implementing policy measures such as tax reductions and expanding device financing options could help millions more Kenyans access mobile internet services by 2028. KICTANet's review of Kenya's Broadband Strategy highlights plans to review tax policies, including the exemption of taxes on broadband devices, to increase affordability. Offering tax incentives to ISPs that lower subscription fees can further reduce costs for low-income and rural users, promoting greater internet adoption. https://www.kictanet.or.ke/connecting-everyone-to-the-internet/?

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[3] Beyond Access: Maximizing the Benefits of Digital Connectivity – KICTANet
2. Connecting Everyone to the Internet – KICTANet.
3. Connecting Everyone to the Internet – KICTANet.
4. Connecting Everyone to the Internet – KICTANet.

	Priority Area	Proposal	Justification
		c. Allocate funds to partner with financial institutions and NGOs to offer low-interest loans or installment payment plans for purchasing smartphones, tablets, and laptops.	Device affordability is a significant barrier to internet access in Kenya. Collaborations with financial institutions and NGOs can facilitate low-interest loans or installment payment plans, enabling more citizens to acquire necessary devices. This approach aligns with recommendations to improve device affordability and expand digital access. KICTANet suggests that partnering with financial institutions to provide loans and innovative payment methods can increase device ownership among the citizenry. This approach enables more individuals to acquire necessary devices through manageable financial plans. https://www.kictanet.or.ke/connecting-everyone-to-the-internet/?
		d. Provide grants to establish community networks that offer affordable internet services in rural and low-income urban areas.	Community networks have proven effective in extending affordable internet access to underserved regions. KICTANet has been involved in initiatives to improve access to affordable internet through partnerships with ICT sector institutions and national/county governments. Providing grants to establish such networks can bridge the digital divide in marginalized communities. i.e Strengthening Digital Programme.

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4.	**Digital Skills & Workforce Development**[4]	a. Allocate grants to CSOs for developing and implementing digital literacy curricula tailored to local needs, and to ensure marginalized groups are trained and re-trained on modern ICT skills.	A study by KICTANet highlights a growing demand in Kenya for digital skills such as networking, data analysis, cybersecurity, and artificial intelligence. The study also emphasizes the importance of soft skills like creativity and critical thinking, which are currently lacking. CSOs are well-positioned to develop and implement curricula that address these gaps, especially among marginalized communities. "**Digital Skills Supply and Demand in Kenya: A Focus on ICT Professionals Across Sectors**" with ITU and ICT Authority .
		b. Allocate funds to upgrade infrastructure and equipment in TVET centers and ICT related faculties in universities, ensuring they meet current technological standards.	The Kenyan government's Education Sector Report for FY 2024/25–2026/27 underscores the need to expand digital learning programs and enhance ICT infrastructure. Investing in modern equipment and facilities in TVET centers and universities will ensure that graduates are proficient in current technologies, thereby meeting job market demands. As KICTANet we believe, that as long as there is a coordination point at the Ministry, there should be no cause for alarm; as long as each agency strives to implement even just half of what is in their document, Kenya would be in a better place for its digital journey.

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[4] KICTANet Digital Skills Report.
2. Kenya Education Sector Report FY 2024/25–2026/27.
3. KICTANet Capacity Building Initiatives.
4. Women in ICT Report (KICTANet).
5. National Digital Skills Strategy.

	Priority Area	Proposal	Justification
		c. Equip local innovation hubs with modern technology and resources to facilitate effective learning.	KICTANet, through its capacity-building initiatives, is equipping Kenyans with digital skills. We emphasize the need for partnerships with industry leaders to provide advanced ICT training, empowering the workforce to thrive in a digital economy. Equipping local innovation hubs with modern technology and resources will facilitate effective learning and innovation.
		d. Provide scholarships or stipends to encourage participation from underrepresented groups in STEM- related courses in institutions of higher learning.	The underrepresentation of women in the ICT sector, noting that women hold less than 30% of digital technology positions in Kenya. We advocate for actionable strategies to encourage more girls to take up ICT courses, including the implementation of policies that promote equal pay, fair working conditions, and anti-sexual harassment. Providing financial incentives to underrepresented groups will encourage diversity in STEM fields, leading to a more inclusive and innovative workforce
		e. Allocate funds for purposes of revising higher education STEM-related curriculums to ensure they are up-to-date with current technological trends and job market demands.	The need for a national digital skills strategy that includes lifelong learning programs and partnerships with the private sector to ensure that the workforce is future-ready. Updating STEM curricula in higher education institutions is crucial to prepare students for future job requirements, ensuring they possess relevant and up-to-date skills. kictanet.or.ke

	Priority Area	Proposal	Justification
5.	**Support for Tech Startups and Innovation Hubs**	a. Allocate funds to establish additional hubs in underserved counties, ensuring national coverage.	Expanding innovation hubs to underserved regions promotes inclusivity and taps into diverse talent pools, fostering nationwide technological advancement. This aligns with Kenya's vision to become a regional tech leader by leveraging its youthful population.
		b. Allocate funds to establish a "**National Startup Fund**" with the aim of offering grants and seed funding to startups demonstrating high growth potential.[5]	Financial support through a dedicated fund addresses the capital challenges faced by startups, accelerating innovation and economic growth. This initiative is crucial for sustaining the momentum in Kenya's rapidly growing ICT sector.
		c. Allocate funds for the establishment of new local innovation hubs and the maintenance of existing ones, ensuring they are equipped with up-to-date technology and resources.	Well-equipped hubs provide essential infrastructure for startups to develop and scale their solutions, enhancing competitiveness. This investment supports the digital transformation outlined in Kenya's National Digital Master Plan (2020-30).
		d. Encourage collaborations with relevant stakeholders to provide advanced training programs, mentorship, and internship opportunities for hub users.	Collaborative efforts enhance the skills and networks of entrepreneurs, increasing their chances of success. KICTANet has emphasized the importance of such partnerships in fostering a robust ICT ecosystem.
		e. Allocate funds for awareness campaigns to inform the public about the services offered by the local innovation hubs and the benefits of digital literacy.	Public awareness initiatives drive engagement with innovation hubs and promote digital skills, essential for participation in the modern economy. This approach aligns with recommendations to enhance public participation in ICT initiatives.

[5] Government of Kenya, *Digital Economy Blueprint*, 2019.
2. Kenya National Innovation Agency (KENIA), *Startup Ecosystem Report*, 2023.
3. Ministry of ICT, Innovation and Youth Affairs, *National Digital Master Plan (2020-30).*
4. KICTANet, *Youth and Digital Innovation: Bridging the Digital Divide*, 2024.
5. KICTANet, *Enhancing Public Participation in ICT Policymaking*, 2023.

	Priority Area	Proposal	Justification
6.	**Meaningful Public Participation**	a. Allocate funds to develop and maintain user-friendly digital platforms where citizens can access information, provide feedback, and participate in consultations.	Investing in accessible digital platforms enhances citizen engagement in policy-making processes. A 2021 report by KICTANet highlighted the need for improved public participation mechanisms in ICT policy development[6].
		b. Partner with civil society organizations (CSOs) to disseminate information and mobilize communities.	Collaborating with CSOs leverages their grassroots networks to effectively reach and engage diverse communities. The Kenya Internet Governance Forum (KeIGF), for instance, exemplifies such partnerships, bringing together multiple stakeholders to discuss internet governance issues[7].
		c. Allocate funds to support the creation of multistakeholder forums, including government agencies, private sector entities, CSOs, and academia, to deliberate on ICT policies.	KICTANet has consistently emphasized the importance of multistakeholder forums in ICT policy deliberations. Their 2020 report on public participation in ICT policy-making processes highlighted that inclusive engagement leads to more comprehensive and effective policies. The report analyzed the development of key policies, such as the Data Protection Act of 2019, and found that processes involving diverse stakeholders, including government agencies, private sector entities, CSOs, and academia, resulted in more robust and widely accepted outcomes[8]. This underscores the need for allocating funds to support the creation of such multi stakeholder forums to enhance ICT policy development.

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[6] An Assessment of Recent ICT Policy Making Processes in Kenya
[7] The Road to the 16th Kenya Internet Governance Forum | KICTANet Think Tank
[8] An Assessment of Recent ICT Policy Making Processes in Kenya

	Priority Area	Proposal	Justification
7.	**Research and Development in Emerging Technologies**	a. Establish a National AI and Emerging Technologies Innovation Fund, by allocating a portion of the R&D budget to create this fund, geared towards grants and seed funding for innovative projects.	Creating a dedicated fund will stimulate innovation in AI and emerging technologies, providing necessary financial support to startups and researchers. The Kenya National AI Strategy 2025 proposes establishing such a fund from the R&D allocation of 2% of GDP in the National Research Fund[9].
		b. Allocate funds for the establishment and upgrading of research laboratories equipped with advanced technology.	Investing in state-of-the-art research facilities will enhance Kenya's capacity to develop and implement emerging technologies. The Kenya National AI Strategy 2025–2030 emphasizes the need for modernized infrastructure to support AI development and deployment[10].
		c. Allocate funds for the construction and equipping of HPC centers with advanced computing resources to help in advancement of AI development in Kenya.	Developing HPC centers will provide the computational power necessary for AI research and applications, positioning Kenya as a leader in AI innovation. The Kenya National AI Strategy 2025–2030 highlights the importance of accessible, modernized infrastructure, including upgrading existing data centers with AI-specific capabilities.
8.	**Local Content Development**	a. Establish a Local Development Fund to offer grants and low-interest loans to individuals and organizations creating local digital content, including software, applications, and multimedia productions.	Providing financial support through a dedicated fund will stimulate the creation of locally relevant digital content, fostering innovation and cultural representation[11]. The National ICT Policy Guidelines 2020 emphasize the promotion of high-quality, accessible, and relevant local digital content to

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[9] [Ministry of ICT Kenya National AI Strategy (Draft) for Public Validation](#) : also [Kenya | Global AI Ethics and Governance Observatory](#)
[10] [Kenya National AI Strategy 2025–2030 - ITLawCo](#) also [Summarising Kenya's Bold Vision for AI Leadership in Africa - AU Startups](#)
[11] [The Kenya National Digital Master Plan 2022 - 2032](#)

	Priority Area	Proposal	Justification
			make Kenya the leading provider in Africa[12].
		b. Allocate funds to develop or enhance online platforms that host Kenyan applications, games, music, films, and educational materials.	Investing in platforms for local content ensures wider distribution and accessibility, promoting Kenyan culture and supporting the creative industry[13]. The Ministry of ICT's Strategic Plan 2023-2027 highlights the need to promote the development of high-quality, easily accessible, relevant local digital content[14].
		c. Mandate a minimum percentage of local content in public sector ICT procurements.	Implementing local content requirements in public procurement supports domestic industries and aligns with the Public Procurement and Asset Disposal Act, 2015, which provides for preference in local procurement and the employment of Kenyans[15].
		d. Allocate funds to support R&D initiatives focused on developing new technologies and content that cater to the Kenyan market.	Investing in research and development tailored to local needs fosters innovation and addresses specific challenges within the Kenyan context[16].
9.	**Regulatory Framework Strengthening**	a. Allocate resources for the review and updating of existing ICT policies, such as the National ICT Policy, to reflect emerging trends.	Regularly updating ICT policies ensures they remain relevant amidst rapid technological advancements[17]. The National ICT Policy Guidelines 2020 emphasize the need for continuous review to accommodate new developments in the sector[18].

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[12] The National Information Communication and Technology (ICT) Policy Guidelines 2020
[13] Government ups support for the creative sector economy – Kenya News Agency
[14] Ministry of ICT Strategic Plan
[15] The Public Procurement and Asset Disposal Act, 2015
[16] Digital Information Navigating Kenya's Ecosystem
[17] An Assessment of Recent ICT Policy Making Processes in Kenya also KICTANet Working Groups Recommendations - on Policy, Legislative & Regulatory Reforms in the ICT Sector.
[18] Government ups support for the creative sector economy – Kenya News Agency

	Priority Area	Proposal	Justification
		b. Allocate funds to fully operationalize the Office of the Data Protection Commissioner (ODPC) to enforce data privacy laws effectively.	Adequate funding is essential for the ODPC to fulfill its mandate under the Data Protection Act, 2019. The ODPC's Strategic Plan FY 2022/3 - 2024/5 outlines the need for resources to enhance data protection compliance and enforcement[19].
		c. Allocate funds to set up a regulatory sandbox that allows startups and innovators to experiment with new technologies under relaxed regulatory conditions.	Establishing a regulatory sandbox fosters innovation by providing a controlled environment for testing new technologies. This approach encourages the development of novel solutions while ensuring consumer protection and compliance with regulatory standards[20].
		d. Allocate sufficient funds towards improving ICT infrastructure and capacity of judiciary and law enforcement sector to be able to effectively handle ICT related crimes and offenses.	A report by the National Crime Research Centre emphasizes the need for adequate funding for ICT regulatory agencies to enhance their capabilities in preventing and responding to cyber threats, including investing in state-of-the-art technology and cybersecurity infrastructure[21]. Additionally, KICTANet highlights the importance of comprehensive training programs on digital forensics and cybercrime investigation for law enforcement and judiciary personnel to effectively handle cybercrime cases[22].
10.	**Strengthening E-Government Services and Digital Public Infrastructure**	a. Allocate funds to integrate additional government services into the eCitizen platform, ensuring comprehensive digital access for citizens.	Expanding the eCitizen platform enhances service delivery efficiency and accessibility. The Ministry of Lands achieved a milestone by onboarding 96% of its services to eCitizen, demonstrating the platform's capacity to streamline government services[23]. Additionally, the government plans to extend

[19] Strategic Plan - Office of the Data Protection Commissioner (ODPC)
[20] Framework for Emerging Technologies Regulatory Sandbox
[21] ICT Crimes and Offences in Kenya Kenneth Bundi Mbaya Phyllis Muriuki
[22] Kenya's Cybersecurity Framework: Time to Up the Game!
[23] Ministry of Lands Applauded for Onboarding 96 Percent of its Services on eCitizen

	Priority Area	Proposal	Justification
			eCitizen services to approximately 3.5 million Kenyans living abroad, further emphasizing the platform's role in comprehensive digital access[24].
		b. Allocate funds to strengthen cybersecurity frameworks, including advanced threat detection and response systems.	Investing in robust cybersecurity measures is crucial as Kenya reported losses of $83 million due to cybercrime in 2023. The National Cybersecurity Strategy (2022–2027) underscores the need for enhanced frameworks to protect digital assets[25].
		c. Allocate funds for nationwide campaigns to educate the public on accessing and utilizing digital government services.	Public awareness initiatives are essential to maximize the utilization of digital services. The eCitizen platform has processed significant transactions, indicating its potential reach; however, continuous education is necessary to ensure all citizens can effectively access and benefit from these services[26].

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[24] Draft 2025 Budget Policy Statement - Nairobi
[25] National Cybersecurity Strategy 2022 – 2027 | NC4
[26] Strengthening Digital Communities | KICTANet Think Tank