

Understanding the illicit alcohol market

Kenya

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Introduction



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Image source: Kenya Broadcasting Corporation

2025 Research Objectives

The Alcoholic Beverages Association of Kenya (ABAK) with its members would like to build knowledge of and understand the drivers of the illicit alcoholic drinks trade, its shape, its size and impact on government revenue in Kenya.

To this end, ABAK wishes to help the government to understand the size of the problem, comparing it to 2023, as well as identify ways to combat this issue.

Project objectives include:

- **Segmentation and sizing**
 - Estimate the market volume, value and fiscal loss attributed to illicit alcohol by subcategory
 - Segment illicit alcohol sales by type of illicit activity
- **Understanding dynamics**
 - Identify and evaluate key hotspots of illicit alcohol activity across subcategories and product brands
 - Understand the dynamics of illicit - trading, products, purpose, pricing, distribution, etc
 - Qualify the trends and drivers related to the illicit alcohol market
- **Consumer perception**
 - Identify consumer perception of illicit activity and government actions
- **Regulatory strengths and weaknesses**
 - Assessing regulatory changes and excise increases in 2024
 - Reported regulatory challenges



Euromonitor uses a multifaceted and standardised research approach to ensure comparability and robustness



Alignment and desk research

Alignment on core objectives and local stakeholders. In-house analysis of legal alcoholic drinks data from **Passport**. We also review **secondary sources**, including trade press articles, official national statistics and trade statistics for all alcohol categories.



Store visits and local interviews

Euromonitor collected product information from **50 different outlets across various counties in Kenya**. During store visits, local analysts also engaged in **pulse interviews** with the local staff to gather local perspectives on the supply of illicit alcohol.



In-depth interviews

Euromonitor **interviewed 15 stakeholders** in the alcohol industry. This included regulatory bodies, alcohol manufacturers, associations, NGOs, ethanol producers and government agencies.



Consumer survey

An online survey was conducted with **1,008 consumers in Kenya**. The aim of the survey was to understand the perceptions of illicit alcohol, channels where consumers believe these products are sold, perceptions of government actions and perceptions about the impact of illicit alcohol.



Consolidation of results

Euromonitor compared and cross-checked information collected through different methods to consolidate the key findings into a final report.

Definitions of legal alcohol and its categories

Term	Definition
Licit Alcohol	Alcoholic drinks that are legally tax compliant in terms of paying the correct excise and other duties as required by the country in which the beverages are sold. Legal alcoholic drinks are also compliant with any required standards and labelling.
Spirits	This is the aggregation of whiskies, brandy and cognac, white spirits, rum, tequila, liqueurs and other spirits such as cane and liqueurs. ABV (alcohol by volume) tends to range from 35% - 43%.
Beer	An alcoholic drink usually brewed from malt, sugar, hops and water and fermented with yeast. Some beers are made by fermenting a cereal, especially barley, and therefore not flavoured by hops. Alcohol content for beer is varied - anything up to and over 14% ABV, although 3.5% to 5% is most common.
Wine	This is the aggregation of still and sparkling light grape wines, fortified wine and vermouth and non-grape wine. In terms of alcohol content, light wine usually falls into the 8-14% ABV bracket while fortified wine ranges from 14% to 23% ABV. Low-alcohol and non-alcoholic wine is also included.
RTDs & Ciders	This is the aggregation of ciders and ready-to-drink (RTD) alcoholic beverages. Ciders are made with fermented apples and usually have an ABV of 4-6%. Ready-to-drink beverages are pre-mixed alcoholic drinks which are usually flavoured.

Definitions of illicit alcohol and its various types

Term	Definition
Illicit Alcohol	The non-payment of relevant excise and other duties to be fully tax compliant. Illicit alcohol can also lack other official requirements within a specific market. Some of the most important requirements that may be lacking include necessary health permits, and compliance with the local laws and norms applicable to the alcoholic drinks production process, including ingredients. Illicit alcohol also includes informal alcohol distribution, which can be via unlicensed outlets. In developing countries, the size of the informal segment can be significant across categories.
Counterfeit and Illicit Brands	Fraudulent imitations of legitimate branded products, including refilling, falsification and tampering. These beverages infringe the intellectual property rights of legitimate producers. It also includes the production of unregistered or unbranded brands, which are not excise or standards compliant.
Smuggling and Contraband	Alcohol with original branding that has been illegally imported/smuggled into a jurisdiction and sold, evading tariffs/customs. Includes beverages brought across the border either in excess of the applicable traveller's allowance regulation or via smuggling.
Tax Leakage	Legally produced alcohol beverages on which the required excise tax was not paid in the jurisdiction of production. This includes the non-declaration or under-declaration of production in order to avoid excise duty payments.
Surrogate	Alcohol or alcohol-containing products not intended or sold for human consumption but that are consumed as substitutes for beverage alcohol. Examples include cough syrups containing alcohol that are mixed with soft drinks.
Illegal Artisanal	Traditional alcoholic beverages, fermented and distilled, which are made and subsequently sold for commercial purposes. It is typically only illegal once it has been sold since it does not comply with national alcohol regulations and standards.



Executive Summary



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Image source: Kenya Broadcasting Corporation

Key learnings: Illicit alcohol in Kenya



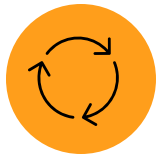
The illicit alcohol market continues to grow in both volume and value. **Growth in the illicit market has exceeded that in the legal market over the last two years, and illicit alcohol now accounts for 60% of the total market in LAE.** The illicit market has grown by 27% in HL LAE since 2022.



Although illicit artisanal homebrew represents 67% of the illicit alcohol market, **most of the illicit alcohol value lies in smuggling, counterfeit and tax leakage.** Tax leakage is the largest contributor to illicit alcohol value sales at KES73 billion, followed by counterfeit and illicit brands at KES64 billion.

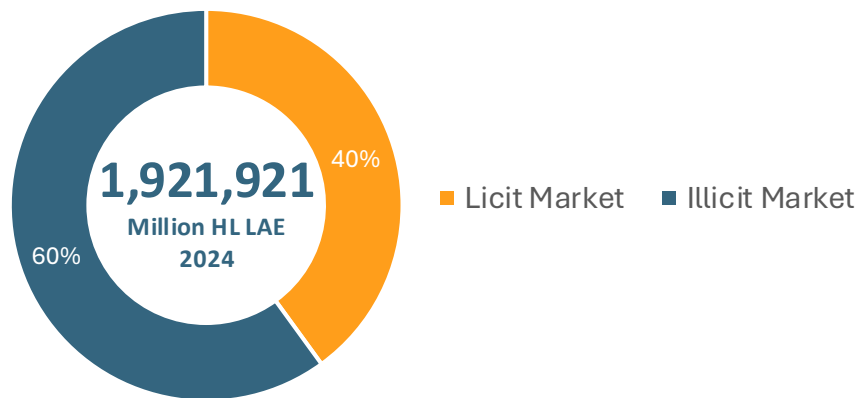


Fiscal loss of KES120 billion is mostly due to the artisanal brewing and illicit manufacturing of spirits. Fiscal losses have grown by 68% since 2022. As a result of the rise in excise duties, artisanal brews such as Changaa also contributed more to the fiscal loss. **The smuggling of ethanol increased, with the tax loss related to smuggling increasing by 144% since 2022.**



Consumers are aware of what makes products illegal and their potential impact, especially smuggled and counterfeit goods. However, consumers are complicit in the sale of illicit alcohol and there is a wide degree of social acceptability despite this knowledge.

Illicit alcohol comprises the majority of alcohol sales in LAE terms and just over a quarter in value



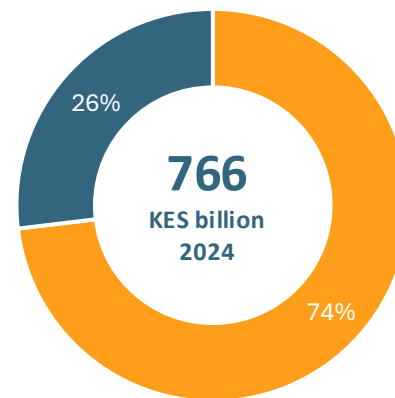
60% Illicit Alcohol Volume Share
of Total Alcoholic Drinks 2024

- Illicit alcohol volume sales of 1,921,921 HL LAE now comprise 60% of all sales of alcohol in 2024, compared to 59% in 2022.
- Legal alcohol volume sales grew by 11% in 2024, considerably lower than the 19% CAGR over 2020-2023. The main driver behind the deceleration in growth includes an increase in the price of spirits due to excise changes and licence suspensions in early 2024.

Source: Euromonitor International.

Notes: Hectolitres (HL) Litres Alcohol Equivalent (LAE), Compound Annual Growth Rate (CAGR);

KES766 bn is approximately USD6 bn using USD1 = KES 134, the average of 2024.



26% Illicit Alcohol Value Share
Of Total Alcoholic Drinks 2024

- Value sales of alcohol are dominated by legal alcohol at KES766 billion. Legal value sales grew at a CAGR of 18% over 2021-2024. Illicit sales posted a CAGR of 14% to KES203 billion in 2024, representing 26% of total value sales. This marks an increase from 21% in 2022.
- Illicit alcohol is increasingly available in small affordable packaging sizes, and its value sales are driven by increasing volume sales.

Artisanal homebrew now comprises two thirds of the illicit alcohol market in LAE

Volume

1,145,355 HL LAE

Total Illicit Alcohol 2024

Value

203 KES billion

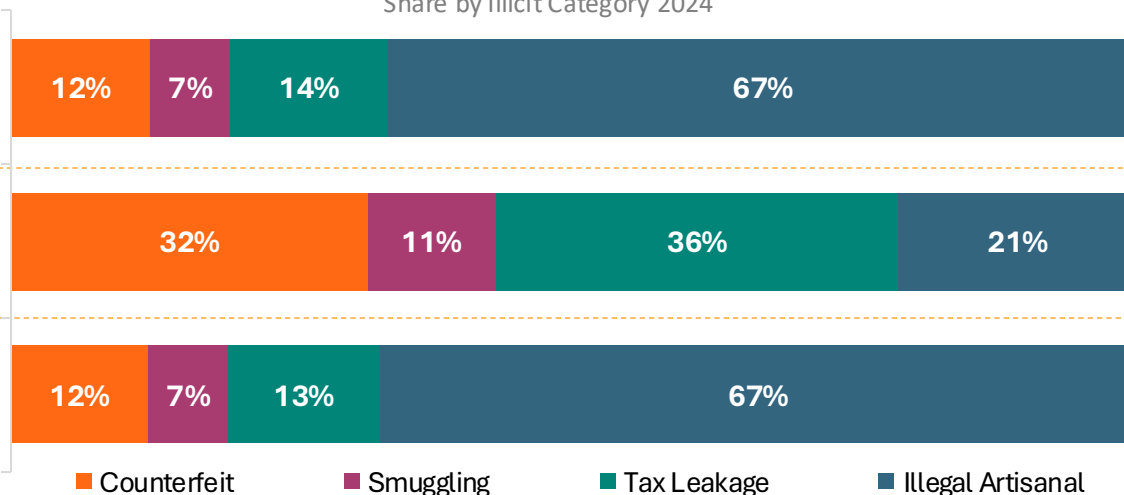
Total Illicit Alcohol 2024

Fiscal Loss

120 KES billion

Total Fiscal Loss 2024

Share by Illicit Category 2024

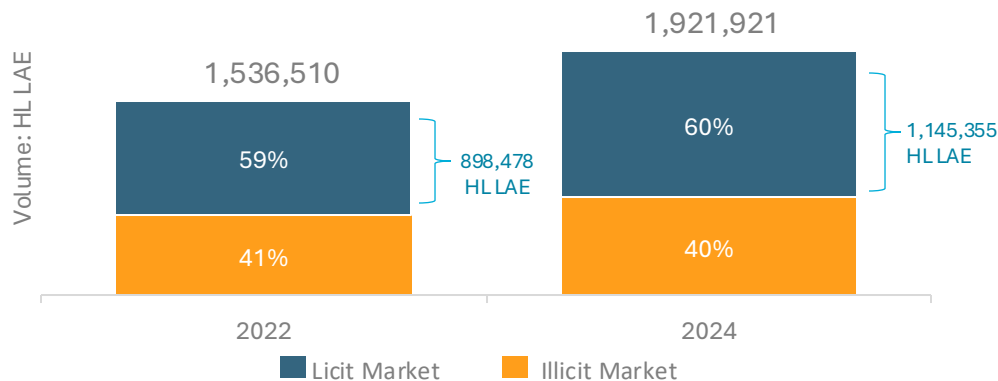


- Illicit alcohol continues to be widespread, impacting spirits, beer and wine. While counterfeit and contraband alcohol are key types of illicit alcohol, artisanal brews such as Busa and Changaa are much more widely available and are increasingly produced on a commercial scale. The main driver behind their popularity, in addition to cultural ties, is their relative affordability over mainstream alcohol.
- Tax leakage has increased, particularly in 2024, with the suspension of licences by NACADA and the amendment to the Excise Duty Act. Tax leakage is highly profitable and typically involves the non-declaration or under-declaration of production by small and medium-scale distilleries.
- Fiscal losses for the Kenyan Revenue Authority have increased to an estimated KES120 billion, driven by an increase in parallel imports and a rise in the consumption of illicit artisanal local brews.

Note: Fiscal loss includes excise duties, import duties, the railway development tax and other declaration tax. Tax calculations exclude VAT for the purpose of historic comparison.

Illicit alcohol volumes grow by 20% from 2022 to 2024, driven by increases in smuggling and illicit artisanal alcohol

Total Alcoholic Drinks 2022/2024: (Total Market HL LAE)



Growth 2022-2024

+ 13% CAGR
In Illicit Volume (LAE)

+ 14% CAGR
In Illicit Value in Current KES

+ 30% CAGR
In Fiscal Loss* in Current KES

- Overall volume sales (LAE) of illicit alcohol across Kenya have grown at a CAGR of 13% over 2022-2024. Rising prices due to inflation and increases in excise duties for spirits have turned many lower-income consumers to cheaper sources of alcohol, which are mainly illicit.
- The tax loss attributed to illicit sales also increased by 30% annually since 2022, driven by the rise in spirits duties (21% in 2024) and a change in excise requirements for alcohol producers. Consequently, there has been a shift to undeclared production by small and medium-scale distilleries, in addition to the rise in smuggling of spirits and ethanol.

Source: Euromonitor International.

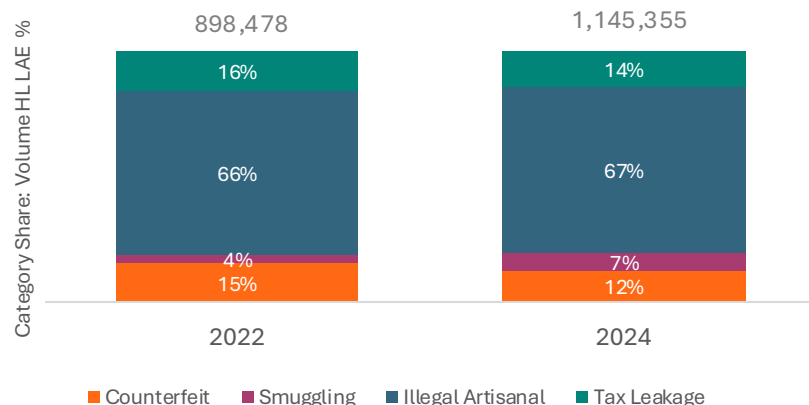
Notes: Hectolitres (HL) Litres Alcohol Equivalent (LAE), Compound Annual Growth Rate (CAGR), Total Market = Licit + Illicit Market;

*The large increase is driven by high excise increase for spirits in 2024 and the above average inflation in 2023.

Volume share of illicit artisanal increases marginally, while smuggling increases from 4% to 7% since 2022

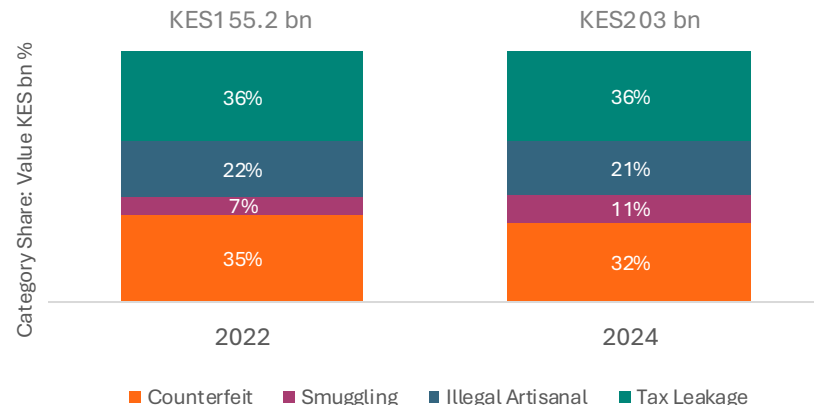
Illicit Volume Sales by Category

2022/2024, (HL LAE)



Illicit Value Sales by Category

2022/2024, (KES Bn)



- Illicit artisanal homebrew, the largest category in 2024, has increased slightly to account for 67% of illicit alcohol volume s. The category in value terms has maintained share, since artisanal homebrew prices are very low compared to mainstream alcohol.
- Smuggling increased from 4% to 7% in 2024, driven by high local prices compared to neighbouring countries. In particular, the smuggling of ethanol has rapidly increased following the increase in excise duties for spirits (including ethanol). Ethanol is increasingly smuggled from Uganda.
- Counterfeit volumes have persisted as a problem, although losing share marginally due to the growth of smuggling. Counterfeit value is relatively high, due to the high unit prices of spirits in general, which are the primary victim of counterfeiters.

Source: Euromonitor International.

Notes: Hecto litres (HL) Litres Alcohol Equivalent (LAE), Compound Annual Growth Rate (CAGR); Only the illicit market volumes reported in the above charts.

Illicit artisanal homebrew represents two thirds of illicit volumes sold in 2024

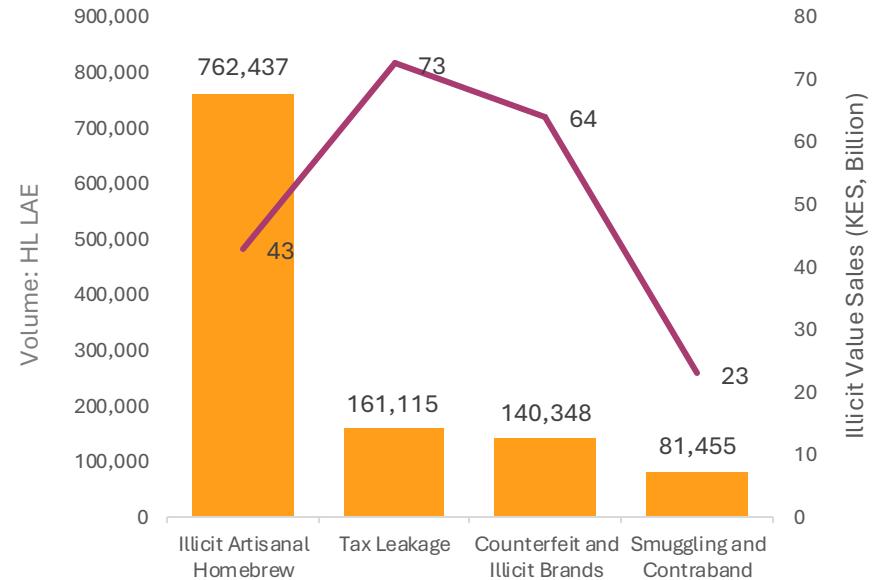
- Traditional drinks such as Muratina, Changaa and Busa are mainly sold by informal traders in rural and peri-urban areas. Changaa is a potent alternative to licit spirits.
- The popularity of local brews increased in 2024, largely due to its low prices. Fermented brews can be as low as 20 shillings for 300ml.
- Tax leakage, usually non-declaration or under-declaration of spirits production, has increased. Small and medium-scale distilleries are reportedly facing challenges with new excise requirements, particularly related to the price of ethanol and excise debts. The suspension of all alcohol-manufacturing licences in March 2024* also resulted in more tax leakage as parallel distilleries opened or continued to operate.
- The counterfeiting of popular spirits brands (Chrome, Gilbey's) continues unabated. This includes the refilling of recycled bottles across all categories (spirits, beer and wine).
- Smuggling has increased, mostly relating to a surge in ethanol smuggling from Uganda and Tanzania. The core driver is the price differential between Kenya and its neighbours for all alcohol.

Note: *In March 2024, the Kenyan government suspended all licences of all legal alcohol manufacturers in an effort to curb illicit alcohol.

Illicit Alcohol by Category

HL LAE and KES Billion, 2024

Volume 2024 Value 2024



Source: Euromonitor International

“

Cross-border smuggling from Uganda and Tanzania brings in harsh spirits especially popular near border areas like the Nyanza region before making their way into cities. With some border points being unguarded or loosely monitored these porous entryways make it easy for illicit alcohol to flow into the country. In urban areas, informal markets in slums have become hotspots for smuggled drinks fuelling the spread of counterfeit alcohol and making enforcement even more challenging.

- Spokesperson Non-Profit Organisation



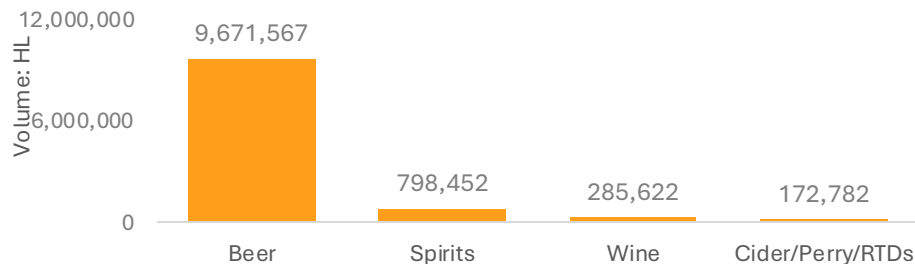
Source: Waza.co.ke, 2023.

Note: Likely smuggled ethanol found alongside counterfeit spirits.

Consumers looking for affordability contribute to spirits underperforming the overall legal market

Volume Sales by Category

2024, (Million HL)



Value Sales by Category

2024, (KES billion)



Growth 2021-2024

+ 13% CAGR In Volume (HL) **+ 18% CAGR** In Value (KES billion)

- Beer is the largest category and posted a strong recovery in volume sales in 2024. Ciders/RTDs is the smallest category but there is growing interest amongst women and Gen Z consumers.
- Spirits have widespread appeal with Kenyan consumers and are available across a range of price points and channels. White spirits account for 70% of all spirits in 2024. Gin and vodka are increasingly popular, growing faster than whiskies.
- The higher-than-average inflation in 2023 and 2024 meant that many consumers shifted to more affordable brands. A major challenge in the down-trading by consumers is the accessibility to contraband spirits from Uganda and Tanzania, as well as the increase in the counterfeiting of popular spirits brands.

On average, Kenyans consume 3.6 litres of pure illicit alcohol per year compared to 2.5 litres for legal alcohol

3.6 Litres (LAE)

Average consumption of illicit alcohol per adult (18+)*

0.4 L LAE

Of counterfeit/illicit brands per adult*

0.3 L LAE

Of smuggled/contraband alcohol per adult*

2.4 L LAE

Of illicit artisanal alcohol per adult*

0.5 L LAE

Of tax leaked alcohol per adult*

Source: Euromonitor International

Notes: *Only the drinking age population (18+) is considered for this analysis;

Spirits is assumed to have an ABV of 43%, beer 5% and wine 12%. 1 glass of wine is equivalent to 188ml or 4 glasses per 750ml bottle and 1 shot is 30ml.

3.6 litres LAE per capita is equivalent to:



3 500ml cans of beer per week

OR



3 Glasses of wine per week

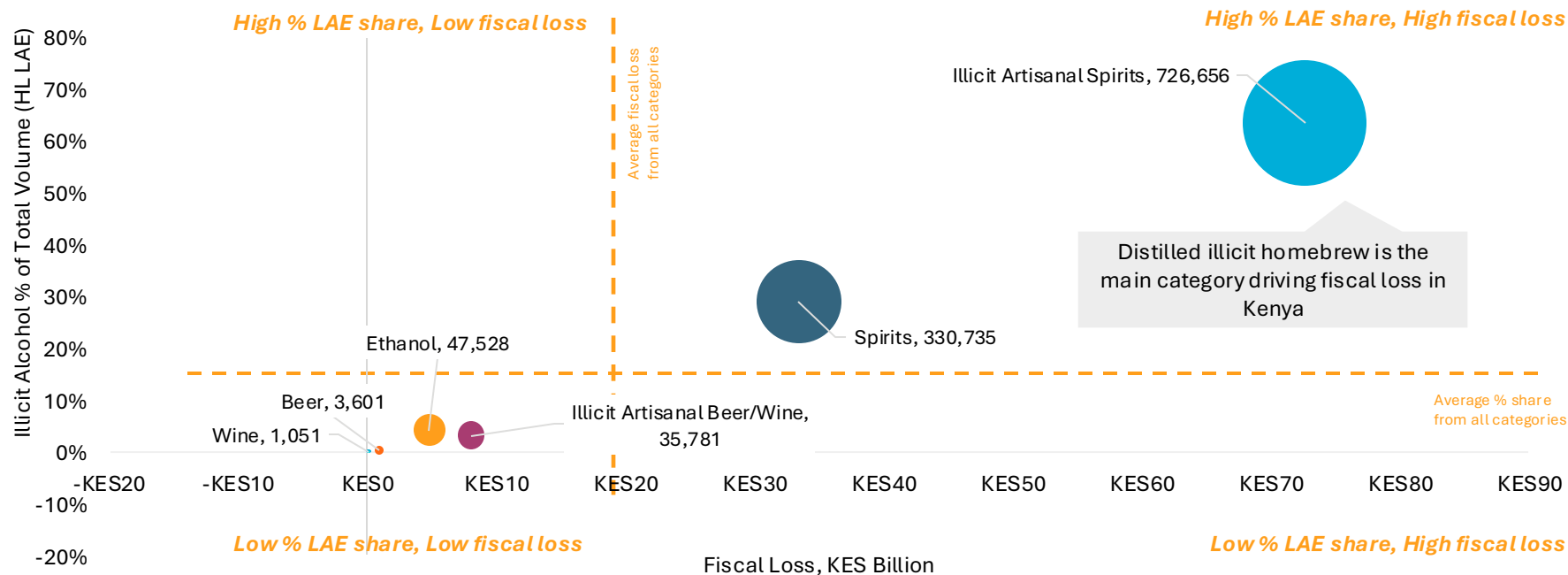
OR



5 30ml shots of vodka per week

Reducing illegal artisanal spirits has the most potential to raise government revenue, given its contribution of KES 72 billion to total fiscal loss

Fiscal Loss (KES Billion) by Alcohol Category, 2024



Note: The size of the bubble indicates the size of the category in HL LAE. The orange lines represent averages.

Source: Euromonitor International. Notes: Hectolitres (HL) Litres Alcohol Equivalent (LAE)

Price differentials between illegal and legal alcohol drive its proliferation and high profitability



Affordability

Illicit alcoholic beverages are often sold at a lower price than their legal counterparts. This is due to avoiding excise duties and alcohol regulations.

Price discounts for illicit alcoholic drinks range from 10% to 80% compared to their legal equivalent. These price differentials are increased by rising taxes and rising costs of raw materials.

Given the high rates of poverty and appeal of cheaper alcohol, such low prices encourage widespread consumption.



Accessibility

Illicit alcoholic beverages are distributed through street vendors, pubs, kiosks, residential homes and informal or formal retailers.

Distribution networks for illegal alcohol have infiltrated all channels, compromising the legitimacy of the alcohol industry.

According to trade sources, bribery and corruption play a major role, particularly for unlicensed distribution of alcohol.



Enforcement

Enforcement continues to be a challenge despite comprehensive alcohol regulation.

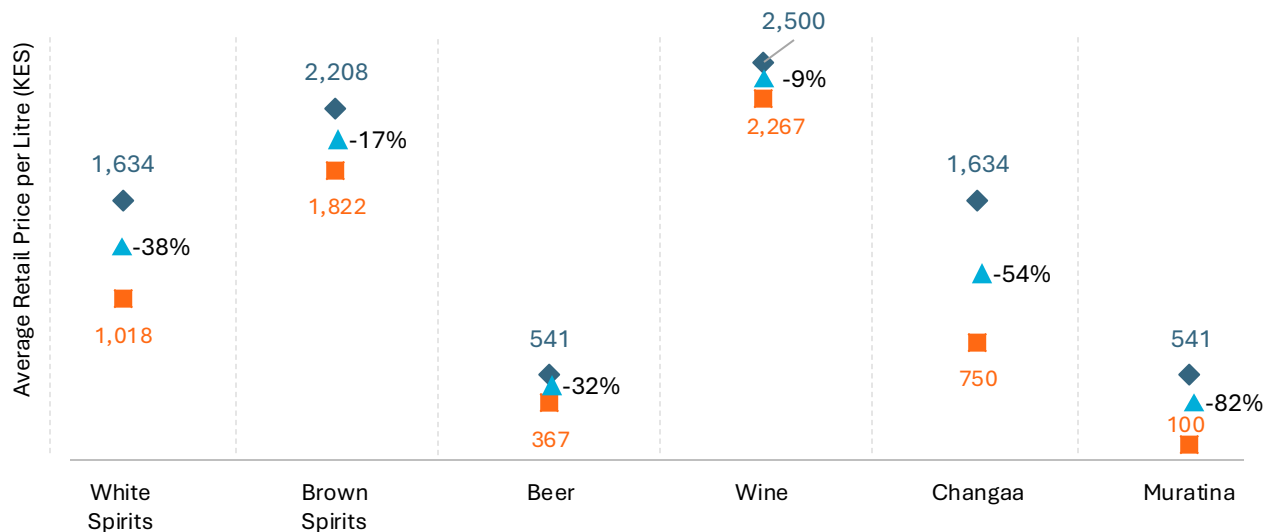
In addition to alleged corruption within various agencies which regulate alcohol, there are also budgetary constraints which hamper the government's ability to enforce its regulations.

According to trade sources, the current penalties related to counterfeiting and excise duty crimes are not viewed as a deterrent. The fines have also not been increased significantly over time.

Illicit mainstream spirits can be up to 38% cheaper, while locally-brewed Changaa is on average 54% cheaper than the average spirit in Kenya

Average Retail Price per Litre (KES)

■ Avg. Illicit Price per Litre ◆ Avg. Legal Price per Litre ▲ Price Variation



Source: Euromonitor International

Notes: The prices shown are retail prices only and are based on the store visits conducted in February and March 2025. Prices are averages per litre; Muratina and Changaa are compared to the average price of legal beer and white spirits, respectively. *Based on the above categories

94%

Of consumers thought that illicit alcohol is cheaper than legal alcohol

-38%

Average variance between illegal and legal alcohol*, per litre

- Illicit alcohol is often cheaper than legal alcohol by up to 70% in some cases.
- Local brews are much more affordable than formal legal alcohol. Muratina sells for as little as 20 shillings for a serving. Changaa is expensive for a brew, but still 70% cheaper than legal spirits on average per litre.

Distribution of illicit alcohol to outlets in urban and rural areas provides easy access for consumers

64% 

Of consumers think illicit alcohol can be sourced through this channel

Street Vendor

In poorer areas of Nairobi and other urban centres, unregulated outlets and weaker law enforcement mean that street vendors are regularly selling illicit alcohol, including traditional brew and contraband or counterfeit alcohol.

Vendors typically operate in urban or semi-urban slums and city centres.

55% 

Of consumers think illicit alcohol can be sourced through this channel

Bar/Club/Restaurant

Illegal distributors have established a foothold in on-trade establishments. Alcohol sold in branded bottles is stocked in formal and informal bars/clubs with and without knowledge of the owner.

Mixed cases of licit and illicit spirits and beer are sold by distributors. Empty bottles are also sold or freely given knowingly, which are then used by refillers.

50% 

Of consumers think illicit alcohol can be sourced through this channel

Residential Home

Artisanal brews are typically sold at neighbourhood residential homes. Distribution is informal and packaging sizes range from 1L to 20L containers.

These houses may be for families, offering them a source of income. However, in many instances, these houses are solely for the purpose of selling various brews, including Changaa, Kurubu, Busaa and Muratina.

Distribution networks for illicit alcohol are often complex and difficult to uncover. Unknown distributors sell to liquor stores, street vendors, bars and clubs. The main channel for the distribution of illicit alcohol is informal and formal liquor outlets.

Source: Euromonitor International.

Q22. In your opinion, where do you think one could buy illicit alcoholic drinks in your country? n=1,008

Kenyan consumers have a clear understanding of how to check if a drink is legal, and are most concerned about the health impact of illicit alcohol



Who buy illicit products

want lower prices regardless of product origin



Know how to check

if an alcoholic drink is illicit



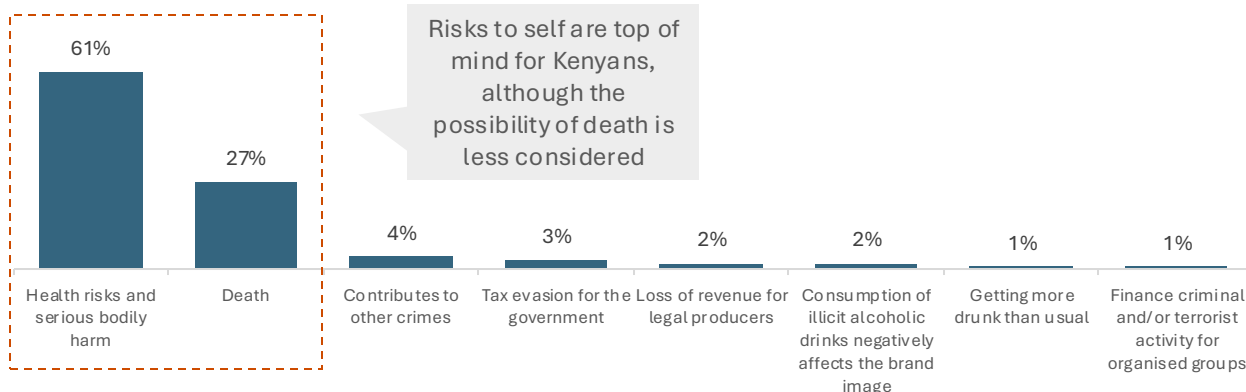
Are aware of campaigns

against illicit alcohol



Believe social media

is the most effective platform to raise awareness



Source: Euromonitor International, Consumer Survey, February 2025 (n=1,008)

Q. 12 In your opinion, why do you think people buy illicit products?

Q. 15 Do you know how to check if an alcoholic drink is legal?

Q. 18 In your opinion, what is the most serious consequence of buying and consuming illicit alcoholic drinks? Please select up to three that apply.

Q. 24. Are you aware of any campaigns to tackle illicit alcohol in your country? Please select one.

- Almost two thirds of Kenyan consumers claim they know how to check if an alcoholic drink is legal. Given that illicit alcohol has increased in volume, more can be done to educate consumers.
- Six in 10 consumers are most concerned about health consequences. Health could therefore form part of a public awareness campaign.
- Most consumers prefer social media as the most effective platform to raise awareness. Future campaigns should focus on social media.

Although alcoholic drinks in Kenya are tightly regulated, enforcement is needed to ensure compliance

Since 2022, the Kenyan government has introduced various measures to curb illicit alcohol. However, the suspension of second-generation alcohol manufacturer licences (spirits) has had unintended consequences, according to trade sources. While it bolstered efforts to verify manufacturers and improve inspections, the suspension left a demand-gap and many industry players continued to produce alcohol.



In March 2024, NACADA and other government agencies introduced various measures to curb illicit alcohol, including the suspension of manufacturer licences and vetting of all producers. Other measures include the requirement to record and report the geo-location of their licensed premises and other physical details. Manufacturers that failed to report counterfeits were also deemed to be complicit.



In 2024, Kenya changed how it taxes alcohol. Excise duties changed to be ABV based, and excise duties were to be paid upfront. Initially this was viewed as a progressive tax system on alcohol, which lowered the excise on beer and lower alcohol-based drinks. However, it raised prices on spirits with excise duties increasing by up to 21%. In addition, ethanol excise duties have risen sharply by over 100%. The excise upfront liability has also presented small and medium-scale distilleries with a cashflow challenge.



Various government agencies, including the Kenyan Revenue Authority and the Directorate for Criminal Investigations, have increased their efforts to enforce existing alcohol regulations. **However, weak enforcement at county level presents a challenge to enforcement efforts.** According to a 2024 Crime Intelligence Report, police stations remain ill-equipped to store seized alcohol, and cases are prolonged with lenient implementation of fines. Moreover, undenatured ethanol has fewer permit requirements for a potential buyer compared to denatured ethanol.

Source: Euromonitor International.

A review of ethanol regulations and stricter enforcement is needed to combat illicit alcohol in Kenya

★ Rank: High importance
⌚ Time impact: Long term

★ Rank: High Importance
⌚ Time impact: Medium term

★ Rank: Medium importance
⌚ Time impact: Short to medium

Enhance ethanol regulation across the supply chain

Regulation



- The requirements for importing, handling, producing and distributing undenatured ethanol should be tightened. Currently, very little documentation is required to purchase undenatured ethanol in Kenya.
- Ensuring that all ethanol not intended for human consumption is denatured and exempt from excise will help cut down ethanol smuggling.
- With Kenyan ethanol regionally the most expensive, re-evaluating the current excise regime for ethanol and harmonising across the region is important.

Improve monitoring at state, regional and county levels

Enforcement



- Greater monitoring and control of secondary and tertiary markets for ethanol produced within the country is needed to halt diversion into the illicit alcohol sector.
- Open and covert selling of illicit alcohol in all formal and informal channels is prevalent and requires concerted efforts at state, regional and county levels.
- Greater inspection and monitoring by customs officials is needed.

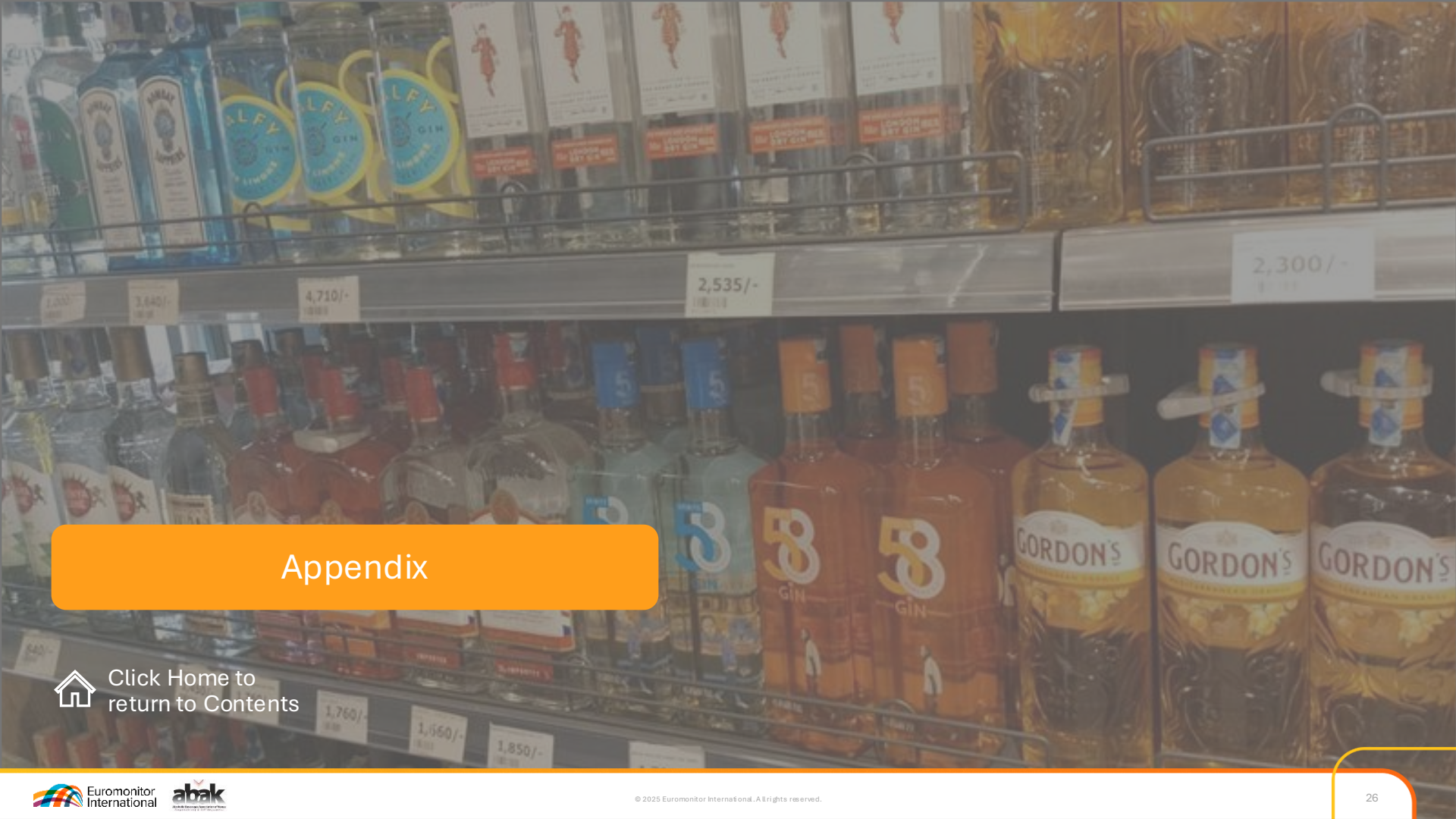
Note: Importance rank scale (high, medium, low) and recommendation time impact scale (short, medium long term) are subjective in nature, based on research findings and analysis.

Raise awareness amongst consumers

Increase awareness



- Improving consumer awareness of health risks and other consequences associated with illicit alcohol would be one of the most influential levers for non-consumption.
- TV and social media campaigns can help reach Gen Z consumers, who are increasingly engaging in illicit alcohol.



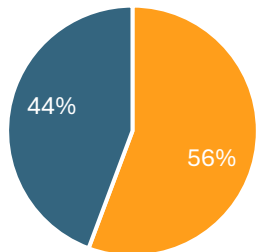
Appendix



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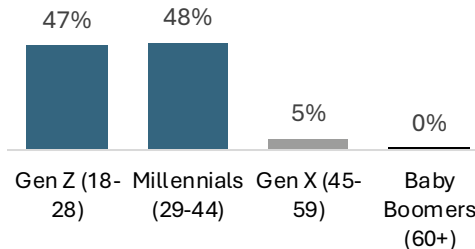
Demographic summary: Kenyan respondents

Gender

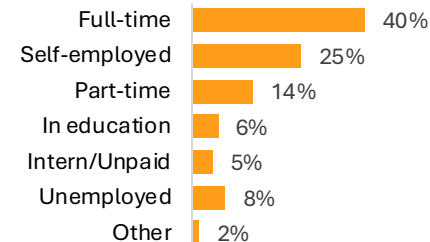


■ Male ■ Female

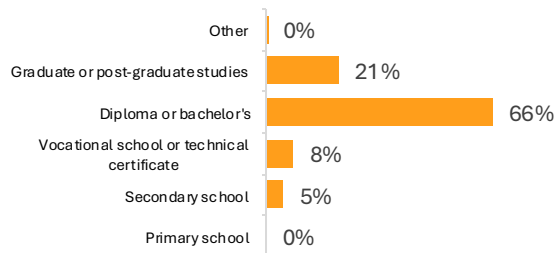
Age



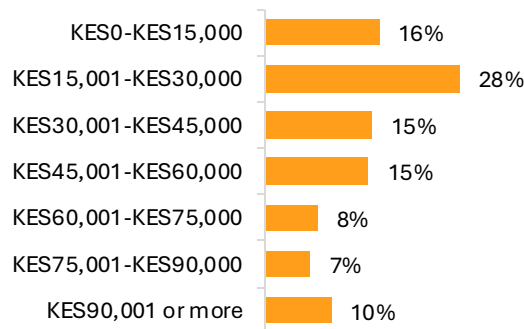
Work Status



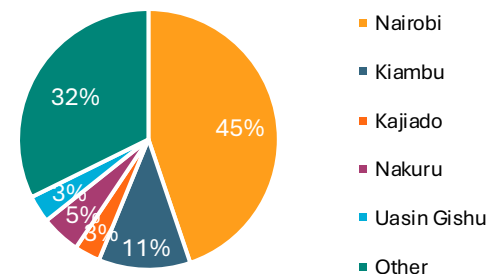
Education level



Monthly Income

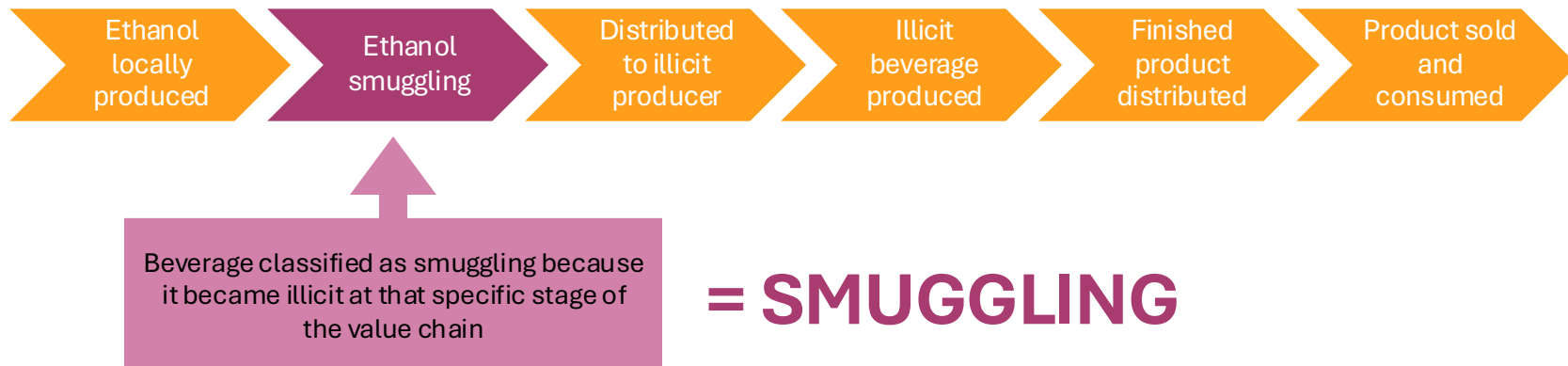


County



Value chain analysis is used to avoid double counting

- In many cases, illicit alcoholic beverages can fall into more than one category. To **avoid double counting** and to better understand each of these categories, Euromonitor International has **designated each product to the category in which it first enters the illicit alcohol market** of any given country.
- For example, if an illicit homebrew beverage is created from smuggling ethanol, then for the purposes of this study it is considered smuggling because the **alcohol became illicit the instant it entered the country without paying the due taxes**, prior to the homebrew production and distribution process.
- This example (illustrated below) helps explain the **Euromonitor International category classifications for this project**:



Abbreviations

Abbreviation	Definition
CAGR	Compound Annual Growth Rate
DCI	Directorate of Criminal Investigations
EAC	East Africa Community
GDP	Gross Domestic Product
HL	Hectolitre
HL LAE	Hectolitre of Alcohol Equivalent
MOH	Ministry of Health
KRA	Kenyan Revenue Authority
KBS	Kenyan Bureau of Standards
NACADA	National Authority for Campaign Against Alcohol and Drug Abuse
NEMA	National Environment Management Authority
RTD	Ready-to-Drink
SME	Small and Medium Enterprise
WHO	World Health Organisation

List of interviewed industry stakeholders

Company/Organisation

Kenyan Revenue Authority

Anti-Counterfeit Authority

Alcoholic Beverages Association of Kenya

National Crime Research Centre

Agro Chemical and Food Company

Movement Against Substance Abuse in Kenya (MASA)

Imagine Care Ethanol Suppliers

Anti Narcotics Police

Kenyan Bureau of Standards (KEBS)

Keroche Breweries

London Distillers

Bia Tosha Distributors

National Police

NACADA

List of secondary sources

Source Name	Type
www.the-star.co.ke	Trade Press
www.kra.go.ke	Government
www.businessdailyafrica.com	Trade Press
www.standardmedia.co.ke/	Trade Press
National Survey on the Status of Drugs and Substance Use in Kenya (2022 edition)	Government
Euromonitor Passport Report on Acholic Drinks in Kenya (2023 and 2024 edition)	Market Research
Kenya Alcohol Control Act 2010	Legal
Enforcement Challenges to Illicit Alcohol in Kenya (2022), National Crime Research Centre	Government Publication
Reforming Excise Taxation on Alcohol Products in Kenya (2025), African Economic Research Consortium	Working Paper

The consumer survey was focused on consumer perception and understanding of illicit alcohol



Target

Consumers who have consumed or typically purchase alcohol at least once a month



Format

Online survey, closed-ended questions



Sample Size

1,000



LOI

15 minutes



Incidence Rate

~50%

Survey Topics

1. Consumer preferences/consumption habits

- Frequency of alcoholic drinks purchases
- General attitudes towards alcohol
- Preferred alcoholic drink categories/brands
- Typical purchase channels for alcoholic drinks

2. Consumer awareness of the illicit alcohol market:

- Perceptions of what constitutes an illicit product (illicit subcategories)
- Witnessing of illicit products in the market, if any
- Places respondents think such products can be bought
- Awareness of associated health risks (artisanal, surrogate, illegal brands, etc)
- Government and/or industry campaigns against illicit alcohol
- Consumer attitudes towards:
 - i. Alcohol excise taxes
 - ii. Illicit production and sale of alcohol

Notes:

1. *Due to the sensitive nature of inquiring about illegal activity with consumers, they have not been asked if they have personally bought or consumed any illicit alcohol product, or have otherwise knowingly participated in the illicit alcohol market*
2. *Consumers may be unable to accurately identify certain types of illicit products*
3. *Consumer responses to survey questions may be biased because of intentional underreporting and/or inaccurate recall*
4. *Heavy/Problematic drinkers may be underrepresented in the sample*
5. *To ensure consistency and cross-comparability of results with the 2023 research, 80% of the questionnaire will remain consistent with the previous version*

Fiscal loss calculation explained

$$\text{Volume per type of alcohol (litre)} \times \text{Excise duty per type of alcohol (per litre)} = \text{Counterfeit fiscal loss}$$

$$\text{Volume per type of alcohol (litre)} \times \text{CIF cost per type of alcohol (per litre)} \times \% \text{ custom duty (non-SADC/EU imports)} + \text{Excise duty per type of alcohol (per litre)} = \text{Smuggling fiscal loss}$$

$$\text{Volume per type of alcohol (litre)} \times \text{Excise duty per type of alcohol (per litre)} = \text{Illicit homebrew fiscal loss}$$

$$\text{Volume per type of alcohol (litre)} \times \text{Excise duty per type of alcohol (per litre)} = \text{Tax leakage fiscal loss}$$

LAE calculation example

Category	Beverages (Pure Alcohol %)
Beer	4.0%
Ciders/RTDs (AFBs)	6.0%
Wine	12.0%
Spirits	43.0%

Typical calculation:

Number of hectolitres (HL) multiplied by pure alcohol %

Example: 500 HL (Beer) x 4.0% = 20 HL LAE

Example: 500 HL (spirits) x 43% = 215 HL LAE

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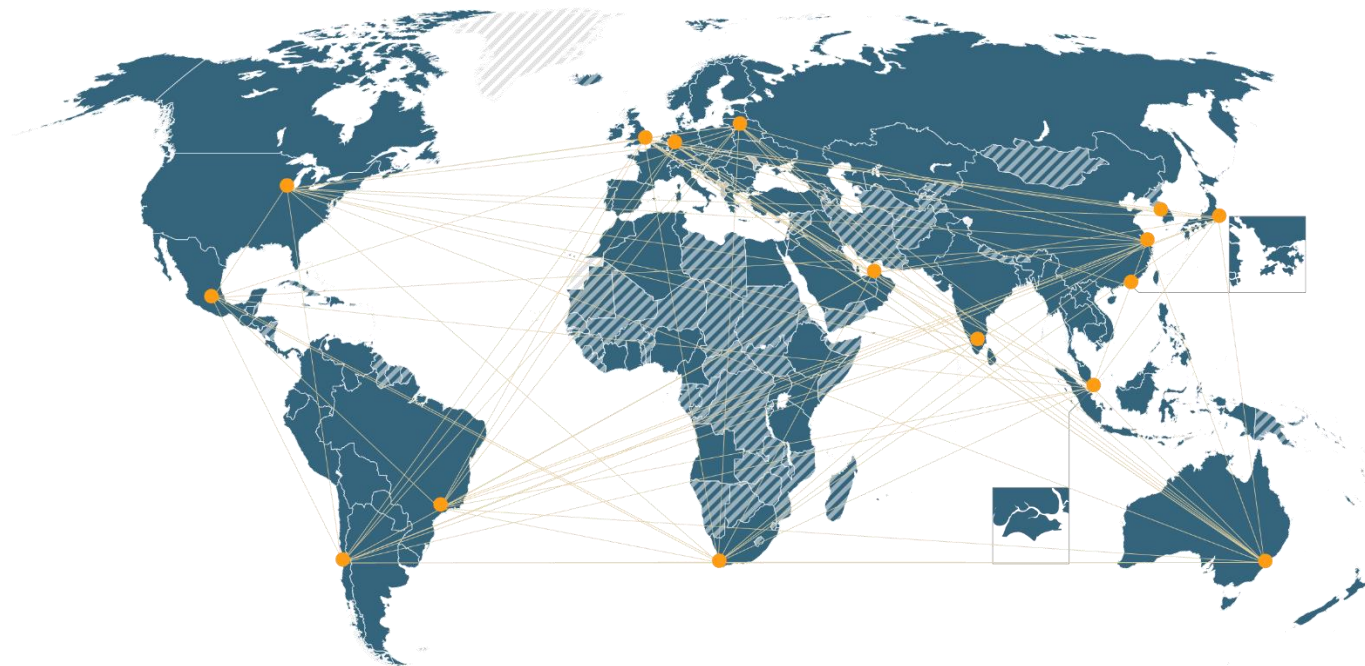
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Thank you

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