

Climate Change and Energy Access CSOs Steer Petition Against Kenya's Finance Bill 020



1. Background

The second quarter of 2020 was characterized by sad news for renewable energy practitioners and facility users. This was caused by a proposal to introduce Value Added Tax (VAT) on clean cooking and solar energy products beside other renewable energy sources such as wind and biogas.

2. Climate Change CSOs Steer up Stakeholders in Petitioning Against Finance Bill 2020

ACCESS Coalition partners in the country led by the Kenya Climate Change Working Group (KCCWG) championed against the introduction of VAT- currently rated at 14 per cent, on clean cooking and solar products. The stakeholders voiced a concern that such a move will erode the numerous gains that have been made towards the achievement of Sustainable Development Goal seven (SDG7) in Kenya. The consortium partners included Hivos East Africa, Clean Cooking Association of Kenya, Green Africa Foundation, Catholic Agency for Overseas Development (CAFOD), SUSWATCH, WWF-Kenya, and Sustainable Energy Access Forum-Kenya (SEAF-K).

3. What did the Consortium do?

- A memorandum petitioning the Bill was successfully submitted to the Clerks of the National Assembly and the Senate on 29th June 2020
- A social media campaign was conducted between 3rd June - 28th June 2020
- Successfully convened one virtual public webinar on June 5th, 2020 to discuss the implications of VAT introduction on clean cooking and solar products. The session attracted over 100 participants from the private sector, civil society organizations, government, parliamentarians, and the media. The panelists were drawn from PWC, Ministry of Energy, ACCESS Coalition, Clean Cooking association of Kenya, Kenya Renewable Energy Association and Burn Manufacturing Company. The webinar's recording is available [here](#).

WEBINAR SERIES

Kenya's Finance Bill 2020

Implications of VAT Introduction on Clean Cooking and Solar Products

Friday 5th June 2020 | 10am – 12pm EAT (GMT +3)

PANELIST



Joe Ageyo
Moderator
Editorial Director at Citizen TV Kenya



Rakam Kamar
Nairobi Based Business
BURN Manufacturing



Dan Kithinji
Principal Researcher, Energy
Ministry of Energy



Jacqueline Kimeu
International Programme
ACCESS Coalition



David Njugi
Chief Executive Officer
Kenya Energy Association (KEEA)



Kamal Gupta
Chairman
Kenya Renewable
Energy Association (KREKA)



Job Kabochi
Head of Energy Team
KACC JICA

Zoom Meeting - <https://us02web.zoom.us/j/8254281652>
Meeting ID: 825 428 0652

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KCCWG Kenyan Clean Cooking Working Group
CCAK Clean Cooking Action Kit
access Alliance of the Energy Producers for Great East Africa
SEAF-K
Hivos

- Successfully researched and produced a factsheet to inform the public on the likely impacts of the Finance Bill 2020 - socially, environmentally, and economically. The factsheet was validated in a virtual workshop which was held on 15th June 2020.
- The dissemination of the finalized factsheet, in both soft and hard copies, has been ongoing since mid-June 2020.
- Two print media articles highlighting the impact of the Bill on clean cooking and solar products were shared through the Standard newspaper in June 2020. The articles can be accessed at:

<https://www.standardmedia.co.ke/business/article/2001375467-protect-kenyans-from-slipping-back-to-dirty-fuels>

<https://standardmedia.co.ke/business/article/2001374607/experts-oppose-tax-proposal-on-solar-and-cookstoves-product>

- Two appearances on Citizen Television. These can be accessed at:

<https://youtube/zY-duXEVT8c>

<https://www.kenyamoja.com/video/day-break-covid-19-impacts-are-already-compromising-food-and-water-security-citizen-tv-270500>

4. Outcome

- a) **Taxation of Liquefied Petroleum Gas (LPG) was postponed for one year until July 2021**

- Analysis by Kenya National Bureau of Statistics Report 2020 indicates that there was progressive increase in LPG uptake by a margin of 163,500 tonnes between 2015 and 2019 reflecting an average annual increase of 40,875 tonnes (KNBS,2015 and KNBS, 2020).
 - Notable is that the above reporting period was marked with an exemption of VAT on clean cooking and solar products.
 - During the same period, the consumption of illuminating kerosene reduced by a margin of 221,800 tonnes due to reduced prices in LPG that made it a better alternative to kerosene
- There is fear that after the 1-year VAT exemption period granted by the newly enacted finance law, many households may resolve to kerosene thus eroding the gains made over the last five years.

b) Unfortunately, previously tax exempt solar and clean cooking products were not spared and are now subject to a 14 per cent VAT. However, the government has increased the price of kerosene to promote the adoption of efficient cook stoves.

5. Next steps (July 2020- May 2021)

- To inform the lobby process prior to July 2021, the consortium is re-strategizing innovative ways to engage key stakeholders in the sector. This will include the use of enhanced advocacy tools that are supported by the findings from a market survey that will be conducted later in the year. The ultimate objective will be to not only maintain the VAT exempt status on LPG, but also on the clean cooking and solar products that previously enjoyed a similar exemption.

References

KNBS. (2020). *Kenya National Bureau of Statistics: Economic survey 2020*. Nairobi

KNBS. (2015). *Kenya National Bureau of Statistics: Economic survey 2015*. Nairobi

PARTNERS



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