

A Monthly from the East African Sustainability Watch Network founded by Uganda Coalition for Sustainable Development (UCSD), Tanzania Coalition for Sustainable Development (TCSD) and SusWatch Kenya

## Kenya's Proposed Tax on Gas Contradicts Crusade to Save Trees Cut



Cleaner: Cooking with LPG in Kangemi (Nairobi). Photo: Envirofit

The Kenya's Tax Laws (Amendment) Bill, 2020 was published on 30 March 2020. The Bill proposed amendments to the Income Tax Act, Value Added Tax (VAT) Act, 2013, Excise Duty Act, 2015, Tax Procedures Act, 2015, Miscellaneous Fees and Levies Act, 2016 and the Kenya Revenue Authority Act, 1995. The Bill contains a raft of changes to the tax laws that will have a significant impact on taxpayers. Some of these changes will directly lead to an increase in the prices of both Liquefied Petroleum Gas (LPG) due to taxation of supply of liquefied petroleum gas which is currently zero-rated, Kerosene; Solar and other clean energy cooking technologies.

On the contrary, Kenyans expected that this Bill would contain the provisions giving effect to the tax relief measures announced by the President, when he outlined the Government's initiatives aimed at addressing the economic impact of the COVID-19 pandemic and the resultant hard-hitting economic conditions.

According to *The Daily Nation*, 'The proposed VAT charge on liquefied petroleum gas (LPG) of 14 per cent will certainly hit Kenyans hard and goes counter to Government's campaign for more Kenyans to adopt LPG for cooking instead of wood fuel'. Previously, LPG was exempted from taxation that has attracted many households to use it for cooking, especially in urban areas. The new charge will result in increased cost when using LPG for cooking.

But Kenya has also made great strides towards clean energy, with a target of achieving 100% transition by 2022 for electrification and 2028 for clean cooking. According to Justus Munyoki from the Sustainable Environmental Development Watch - SusWatch Kenya, 'This is likely to reverse the gains already made in the renewable and clean energy sector in Kenya, as low income households will revert to cheap unclean alternative sources like kerosene, firewood and charcoal. This will contradict conservation measures that are being implemented by the Government and other development partners.

In addition, current policies and strategies will be brought into question. For example, the National Climate Change Action Plan (NCCAP, 2018 – 2022) targets to reduce Green House Gas (GHG) emissions estimated at 7.1 MtCO<sub>2</sub>e by 2022 through the uptake of alternative fuels and efficient cooking technologies.

Furthermore, Kenya through the NCCAP, has set out a target to achieve tree cover of at least 10% of the country's land area; increase use of clean energy technologies to reduce over reliance on wood fuels, expand geothermal, solar, and wind energy production, and to enhance energy and resource efficiency. Also, the Kenya National Electrification Strategy (KNES, 2017) identifies solar home solutions as the most viable option for electrifying more than 2 million households.

According to Kenya's *Business Daily*, when the new tax measures come into force in July 2020, a 13-kilogramme cooking gas that retails at between KSh2,100 and 2,200, would now increase by Kshs 300.

## Uganda's Global Goals Report Highlights Challenge of Low Access to Modern and Efficient Energy Options



Solar power show in Uganda.  
Photo: RECSO Network

Voluntary National Review (VNR) is a process through which countries assess and present progress made in achieving the global goals (Sustainable Development Goals) and the pledge to leave no one behind. The purpose of VNRs is to present a snapshot of where the country stands in SDG implementation, with a view to help accelerate progress through experience sharing, peer-learning, identifying gaps and good practices, and mobilizing partnerships.

In 2020, 51 countries have signed up to conduct a VNR review including Uganda as a second-time presenter (first VNR report was presented in 2016). This report will be presented at the 2020 UN High Level Political Forum on Sustainable Development (HLPF) from Tuesday, 7 July, to Thursday, 16 July 2020. Due to impacts of the COVID-19 pandemic, the HLPF is likely to take place virtually.

On Goal 7 (Ensure access to affordable, reliable sustainable and modern energy for all), Uganda's VNR report reported on: proportion of the population with Access to Electricity; proportion of the population with primary reliance on clean fuels and technology; renewable energy share in the total final energy consumption and energy intensity measured in terms of primary energy and Gross Domestic Product. The VNR report notes that over the medium term, focus has been on: increasing power generation capacity to drive economic development; expanding the electricity transmission grid network; increasing energy efficiency; promoting the use of alternative sources of energy; and strengthening the policy, legal and institutional framework. 'The country has increased its installed capacity from 899 MW in 2016 to 1,182.2 Megawatts (MW) in 2019,48 and is expected to expand it further to more than 2,650 MW by 2027 with the planned commissioning of more than 5 power plants. Due to increased electricity generation, the rate of access to electricity has increased from 14.5 percent in 2015 to 28 percent in 2019. The Government's rural electrification programme has increased connections to the national grid by over 60 percent since 2009, at an annual growth rate of 14 percent', the VNR Report notes. It further adds that support of renewable energy is picking up in terms of contribution to the national energy mix.

However, according to the Report, the proportion of the Uganda population that relies primarily on clean fuels and technology stands at only 0.6 percent (0.2 percent females and 2.1 percent males). There is limited productive use of electricity, especially in rural areas, which negatively affects demand growth, affordability, and uptake. Additionally, there is low access to modern and efficient energy sources and services, for example solar home systems, Liquefied Petroleum Gas, biogas and improved cook stoves, for lighting, heating and clean cooking.

Uganda Coalition for Sustainable Development - UCSD (also representing INFORSE East Africa), under Uganda Civil Society Core Reference Group on SDGs coordinated by the Uganda NGO Forum, participated fully in reviewing the draft Uganda VNR report. According to Kimbowa Richard Programme Manager at UCSD, 'Increasing the share of Decentralized Renewable Energy as part of the national energy share should be scaled up, as it simultaneously addresses other SDGs (education, maternal health, provision of clean and safe water, and so on)'.

Current investment in Decentralized Renewable Energy is woefully low, whereas this has a huge potential to leap-frog rural development through value addition in agriculture, securing longer working hours for health centers and schools among others. **Uganda's VNR Report can be accessed from:** [https://sustainabledevelopment.un.org/content/documents/26354VNR\\_2020\\_Uganda\\_Report.pdf](https://sustainabledevelopment.un.org/content/documents/26354VNR_2020_Uganda_Report.pdf)

## TaTEDO's Pearl Anniversary For Promoting Sustainable Energy Technologies and Services in Tanzania



Congratulations! It is 30 years for TaTEDO. Photo: TaTEDO

TaTEDO is a NGO Centre for Sustainable Energy Services in Tanzania that is committed to facilitating access to sustainable energy services for all in Tanzania; through different approaches depending on a number of socio-economic and cultural contexts. TaTEDO's mission is 'a country where all have access to sustainable energy services, while conserving the environment, creating wealth and combating climate change'. On 29th May 2020 TaTEDO celebrated her 30 years (Pearl) anniversary.

The 30 years of TaTEDO in the sector has been of great achievement by contributing to development of sustainable energy technologies and services in Tanzania through capacity building of local communities; installation, maintenance and promoting the use of sustainable energy technologies and services, innovation and dissemination of sustainable energy technology and clean cooking solutions; development of sustainable energy markets, policy influence, rural electrification interventions. These efforts have positively impacted lives of many local communities by improving livelihoods, reducing poverty and improved their living environment.

TaTEDO is committed to empowering stakeholders along the energy market system. to unlock barriers by providing support services and fostering enabling environment for enhanced access to sustainable energy for environmental conservation, wealth creation and climate change mitigation and adaptation.

Over the years, while undertaking those interventions, TaTEDO has identified a number of barriers which need to be addressed in order to accelerate access to sustainable energy services in Tanzania. One of these is the need to ensure energy policy formulation, planning and project implementation is informed by adequate, reliable and up to date information. Although Tanzania's potential renewable energy resource is considerable, the Electricity Industry Reform Roadmap takes into account that less than 5% of the non-hydropower renewables that could be connected to the grid. This relatively low target could be attributed by inadequate information on the technical and economic potential of different sustainable energy resources in Tanzania.

There is also a need to establish quality control mechanisms for sustainable energy equipment to root out substandard products which flood the Tanzania market. This affects the confidence of developers who invest in renewable energy and uptake by potential consumers.

Also, in order to address knowledge gap among lenders who appraise financing of sustainable energy projects, there is need to establish a framework to enhance facilitation, collaboration and co-ordination among private sustainable energy firms and financial institutions

TaTEDO strategic plan (2020-2025) seeks to boost market systems for sustainable energy technologies and services by address barriers along market chain. It will also offer technical support services and fostering enabling environment for enhancing increased access to sustainable energy services to the majority in Tanzania.

**Read more about TaTEDO's work and achievements in Tanzania and beyond, during its 30 years in service:** <https://tatedo.or.tz/>