Tradequity

A Newsletter of CUTS Africa

Year 12, No. 1/2013

# Consumer Participation in Electricity Reforms Gaining Momentum

Along with the rainy-season comes the time of daily power blackouts throughout the Nairobi area hampering productivity in offices and limiting the quality of life in homes. Currently, electricity consumers in Kenya are facing the challenge of ever increasing electricity tariffs while having to cope with less than satisfactory quality and reliability of services.

The CUTS study 'State of the Kenyan Consumer' published in 2012 found that 76 percent of participants are experiencing frequent blackouts as their main challenge in electricity services, while 70 percent were concerned about high electricity tariffs. In short, the Kenyan consumer is dissatisfied with the electricity services provided by the monopolistic electricity distribution company *Kenya Power*. The partial unbundling of the electricity generation and transmission from distribution and retail starting in the 1990s has not brought about any significant improvement of the quality of electricity services provided or a reduction in electricity tariffs.

In stark contrast to the ground reality of the electricity sub-sector in Kenya, the Ministry of Energy has expressed in their Energy Policy Document of 2012 that "the overall objective of the energy policy is to ensure *affordable, sustainable* and *reliable supply* to meet national and county development needs". In addition, the document states the policy objectives of the protection of consumer interests as well as the improved access to quality, reliable and affordable energy services.

The Energy Regulatory Commission (ERC), which was established in 2007 to regulate all energy related sub-sectors in Kenya including the electricity sub-sector, also has a consumer consultation mandate in the regulatory process. However, to date, consumer voices were hardly heard by the ERC due to the lack of a clearly defined engagement strategy with electricity consumers. Fortunately, a new law has been enacted in Kenya, which requires the appointment of a consumer protection representative on the board of every regulatory agency in Kenya.

The Consumer Protection Act, 2012 paves the way for more effective consumer protection and consumer engagement in the regulatory process of the electricity sub-sector. However, the legal provisions are yet to be operationalised and board members to be appointed to the ERC and other regulators.

In the face of this disconnect between the regulatory and policy provisions and the significant challenges faced by ordinary Kenyans in their daily electricity consumption, CUTS Nairobi has launched a project which seeks to enhance consumer participation in electricity reforms through research, capacity building as well as networking and advocacy.

The project entitled, *Regulatory Reforms in the EAC Electricity sector: A Case Study of Kenya and Tanzania* (REKETA) will be implemented in Kenya and Tanzania. Key stakeholder of the electricity sub-sector including the Energy Regulatory Commission as well as private sector associations and consumer groups (CSOs) will participate in various project activities in both countries. The urgency of improved electricity service provision and consumer participation in electricity reforms has been highlighted as priorities for this sector in both countries.

The project will facilitate a number of networking events in which consumer groups, civil society and private sector associations can directly engage in discussions with the Electricity Regulators to have their concerns heard.

In addition, the REKETA project aims to build the capacity of consumer groups and CSOs working on consumer protection to understand enabling legislation and policy provisions for consumer participation in electricity reforms in Kenya and Tanzania. Advocacy strategies will be shared during four Territorial Capacity Building workshops and eight Grassroots Interface Meetings to empower CSOs to engage in advocacy with regulators and policymakers in order to achieve pro-consumer regulatory reforms in the electricity sector.

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# Kenya Slaps Oil Explorers


Kenya has revised upwards the minimum amount of money oil exploration firms have to spend on work programmes in onshore and offshore areas. To qualify for award of exploration rights, firms applying for new acreage will be required to commit to spending US$28.2mn in the initial two years of onshore and 31.2 million offshore for the first three years.

A new terms sheet by the Ministry of Energy details the minimum work and exploration obligations, the mechanism for firms to recover money spent on exploration if commercial oil discoveries are made and profit sharing with the government.

The changes are the latest in a string of regulations Kenya has been rolling out in the past two months as it seeks a bigger slice of the profits from a boom in oil, gas and minerals exploration business. *(TEA, 16-22.03.13)*

## SA Leads in Investor Confidence

KwaZulu-Natal Premier, Dr Zweli Mkhize, is confident that South Africa continues to be among the preferred countries for investment. He said professional services firm, Ernst & Young, had surveyed 500 leading investors from three countries to see how South Africa fared as an investment destination.

The survey showed an overwhelming preference for South Africa as an investment destination, with 41 percent of respondents seeing the country as the first choice on the continent.

Black Business Council President Ndaba Ntsele echoed these sentiments,+ saying South Africa's Brazil, Russia, India, China and South Africa (BRICS) membership since 2010 had sealed the country's position as the continent's diplomatic and economic leader. The two were among the speakers at the BRICS Business Forum, at Durban on March 26, 2013. *(BC, 27.03.13)*

## Growing Demand for Power

Growing demand for electricity to power economic growth will keep the returns in the sector high, attracting more investments. A surging population and expansion of other sectors of the economy, such as manufacturing and agriculture will provide the market for electricity, thereby opening revenue avenues for power manufacturers.

The installed capacity is expected to grow at 19 percent between now and the year 2030. The positive outlook of the sector is likely to attract more foreign companies with a huge capital base, a key requirement in electricity generation.

*(DN, 11.01.13)*

## Kwacha Slips

The Kwacha marginally lost ground against the greenback and was expected to continue being under pressure as demand for the US$ remained robust. Interbank trading was characterised by a thin trading with minimal activity seen on the corporate front.

The Zambia National Commercial Bank Plc (ZANACO) daily news updates noted that the local unit temporarily touched a day's trough of KR5.400/ 5.4200. The Kwacha was expected to be range-bound in the short term and continue to trade in the range of KR5.380 and KR5.450 on the interbank.

Copper rebounded from seven-month lows as some investors went bargain-hunting and others closed out short positions. But the gains were capped by worries about Cyprus and uncertain demand in China. *(ToZ, 22.03.13)*

## SARB to Invest in PBoC

The South African Reserve Bank (SARB) signed an agreement with the People's Bank of China (PBoC) that enables the Bank to invest in China's interbank bond market. The Chinese bond market is the world's fifth largest bond market and it continues to grow rapidly in both depth and liquidity.

The agreement enables the SARB to invest approximately US$1.5bn which is roughly three percent of South Africa's official gold and foreign exchange reserves of US$50bn. It will deepen the relationship between the SARB and the PBoC as part of the cooperation between China and South Africa on a bilateral basis as well as within the BRICS context.

*(www.allafrica.com, 26.03.13)*

## Oil & Gas Firms Eye EAC Market

Six multinationals are planning to enter the oil and gas exploration sector in East Africa. Five Norwegian firms and Omani-based Petrogas E&P are eyeing offshore and onshore oil and gas exploration sites in Tanzania, Uganda, Kenya and South Sudan.

However, oil and gas executives attending the 6th East African Petroleum Conference and Exhibition cited policy inconsistency and a lack of proper infrastructure in the region as the biggest impediments to doing business.

Tanzania, Kenya and Uganda have proposed new laws that will see their governments earn more from oil, gas and mining through higher royalties to be paid by exploration companies.

*(TEA, 05-11.02.13)*

## No Growth for 10 Years

Fresh doubts are emerging over Kenya's ability to grow her exports with new data showing the contribution of export earnings as a percentage of country's wealth has stagnated for a decade.

Data from the Africa Trade and Investment Exchange, a UK-based consulting group helping link foreign investors with enterprises in Africa, shows that the value of exports has remained at an average of 25 percent of the gross domestic product (GDP) since 2003.

This is attributed to overdependence of primary products and expensive export procedures that deny the country the opportunity to create more jobs and improve the balance of payments.

*(TEA, 23-29.03.13)*

## EU Tightens Trade Screws

Namibia must conclude controversial trade negotiations with the European Union (EU) or lose its duty-free quota-free access for beef, fish and grapes to EU markets. Meeting in Brussels, the EU Parliament's International Trade Committee (INTA) drew the line: either Namibia – as part of African-Caribbean-Pacific (ACP) countries that have not yet signed the Economic Partnership Agreement (EPA) – signs the pact by October 01, 2014, or it will lose it preferential access to EU markets.

Wallie Roux, Head, Research & Development, Namibia Agricultural Union said that although the 2014 deadline will officially only be adopted at the European Parliament's plenary session, INTA's decision is final. Namibia will now have to negotiate in earnest to meet the deadline.

The EPA should not just boost trade, but also sustainable development in Namibia. Namibia also repeatedly complained that the EU is not treating it as an equal partner. *(TN, 26.03.13)*

## Rail Link to Streamline Trade

Five Southern African countries plan to coordinate their rail services to bolster trade through Africa's largest port in Durban. The deal will do away with bilateral agreements which complicate the export of copper, grain and containers across five countries through South Africa.

Railways companies in the Democratic Republic of Congo and landlocked Zambia, Zimbabwe and Botswana will streamline their existing rail infrastructure to facilitate transport to South Africa's Indian Ocean port.

The main objective is to align the five railway lines towards a unified railway system on the North-South Corridor by establishing a Joint Operating Centre in Bulawayo. The deal will see rail take over volumes which the region's roads mostly carry at the moment. *(AFP, 14.01.13)*

## Zambia to Export Excess Maize

The Zambian government will soon start exporting excess maize stocks lying in sheds throughout the country to create storage space for the 2012-2013 harvest. Agriculture Deputy Minister Rogers Mwewa said the grain would be exported to Malawi, Tanzania, Mozambique and Zimbabwe.

The move arises from the recent national food survey which was conducted with the aim of ascertaining how much maize the country had in stock and how much was required for national consumption.

He assured that government would ensure that no grain went to waste as it would put measures in place to make sure that it was properly stored.

*(www.times.co.zm, 20.03.13)*

## Seed Harmonisation a Concern

The proposed legislation that seeks to harmonise seed in the Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) region will make it unlawful for farmers to re-plant their harvested seed.

Kasisi Agricultural Training Centre Director Paul Desmarais said that the government should be wary of the new protocol that seeks to harmonise of the seed laws in the SADC and COMESA region as it is based on an understanding that agriculture development should follow the industrialised way of farming.

He also commended the government for considering including organic principles in the new national agricultural policy. *(ZDM, 15.04.13)*

## Smuggling Affects Tax Collection

Increased smuggling of agriculture commodities has negatively affected the country's tax base, Deputy Agriculture Minister Rodgers Mwewa said. Adding that of late the country had seen a rise in smuggling of agriculture commodities, the move, he said was posing serious threats to the food security of the country which was also losing money through tax avoidance.

He said that in as much as Zambia was an active member of the COMESA were trading was free at same point smuggling should not be encouraged as it was reducing the tax base of member states.

Recently, the Commodity Trade in Eastern and Southern Africa launched the harmonised cross border trade monitoring manual aimed at monitoring informal trade among countries in the region.

*(ToZ, 22.03.13)*

## Free Trade Still a Pipedream!

Differences over elimination of barriers had deepened, denying the region larger markets, economies of scale and promotion of trade. According to a new report by the East African Community (EAC) Secretariat, rather than do away with non-tariff barriers, by December 2012 in accordance with the EAC plans, some countries have even created new ones.

This means businesses will have to continue incurring huge cost arising from non-tariff barriers (NTBs) – mainly weighbridges, roadblocks, poor infrastructure, unnecessary delays at border posts and a lack of harmonised import and export standards, procedures and documentation. *(TEA, 05-11.01.13)*

# EAC-EU Talks on Stalled EPAs

The EAC will resume talks with the EU to negotiate a trade deal, ahead of a meeting in 2013. EAC Secretary General Richard Sezibera said senior officials will prepare their part of the EPA negotiations at the end of February 2013.


Policymakers and businesses are growing impatient over the delay in concluding the talks on trade pacts between Europe and East Africa that were started five years ago. In December 2012, the EAC secured a two-year extension from the EU Parliament in which to finalise the trade talks, pushing the January 2014 deadline to January 2016.

*(TEA, 09-15.02.13)*

## Trans-border Trade Boost

Experts in Information and Communication Technology from South Africa have embarked on an exercise to boost trans-border trade between Zimbabwe and South Africa by highlighting investment opportunities in Zimbabwe.

The South Africa group led by Kelvin Onuoka has engaged the Zimbabwe Minister of ICT, Nelson Chamisa, and other stakeholders.

Chamisa said there was a need to highlight the importance of ICT in the development of Zimbabwe. Chamisa urged the regional and international companies to invest in the survival of the ICT sector.

He said that they are working on a strategy to lure back Zimbabweans in the Diaspora through ICT training and development programmes which will create more investment opportunities for Zimbabwe. *(TZ, 15.02.13)*

## Slow Pace of Trade Talks

The COMESA, Africa's largest trading bloc, has expressed concern at the slow pace talks for a tripartite free trading agreement with two other regional trading blocs are going. COMESA has been having negotiations with the SADC and the EAC for a tripartite free trading arrangement.

The negotiations were launched in June 2011 to start with a six-month preparatory phase, while actual negotiations were scheduled to have commenced July 2012. The meeting scheduled in March 2013 in Zambia's Livingstone is expected to provide clear direction on the negotiations that are behind schedule. It is expected to tackle substantive issues of the free trading arrangement, which was mooted by regional leaders in October 2008.

*(TS, 11.02.13)*

## AfDB Package for Trade

The African Development Bank (AfDB) unveiled its 'Trade Finance package', to the tune of US$200mn, which will support Ecobank Transnational Incorporated's trade finance activities in Africa.

The AfDB's support will enable Ecobank to enhance its trade finance confirmation capabilities, avail medium-term liquidity support to ETI's subsidiaries to provide appropriate trade finance to African small and medium enterprises and local corporates, and demonstrate appetite for Africa risk.

The first facility would be a three-year unfunded 'Risk Participation Agreement' of US$100mn and under this, the AfDB would share with Ecobank, through its subsidiary EBI S.A based in Paris, France, the 'default risk on a portfolio of qualifying trade transactions originated by issuing banks in Africa' and confirmed by EBI S.A.

*(AM, 01.03.13)*

## Drop in Port Tariffs

South African exporters of manufactured goods are set to see port tariffs fall by about 49 percent as Transnet National Ports Authority (TNPA) moves to bring port charges into line with the government's industrial policy to promote the manufacturing sector.

Transnet Chief Executive Brian Molefe stated that the colloquium that while TNPA's overall revenue from port tariffs would not be reduced, there would be a significant restructuring of the tariffs to bring pricing into line with the government's industrial policy.

The port costs for exporting manufactured goods would drop significantly while the cost of exporting unbeneficiated goods would increase significantly. *(www.iol.co.za, 07.03.13)*

## Trade Growth to Improve in 2013

Maersk Line South Africa (Pty) Ltd, a subsidiary of the world's largest container shipping company, sees a moderate trade growth for the country in 2013 after a challenging 2012.

There were significant socio-economic challenges in the local market, including the impact of industrial action in the mining and agricultural sectors during the second half of 2012, and a decline in consumer spending on the back of rising fuel, transportation, electricity and food costs.

This trade report follows on the back of the Maersk Group 2012 results, which showed an improved profit of US$461m after the losses posted in 2011, while South African operations are anticipating mid-single digit growth in both the import and export sectors in 2013.

*(www.cbn.co.zl, 05.03.13)*

## Electronic Cargo Clearance Set

Kenya will automate cross-border trade procedures at ports of entry, cutting by more than half the time it takes to clear imported goods through the port of Mombasa in October.

The Electronic Single Window System will provide a platform for exchange of trade-related documentation and help reduce the clearance time from eight days on average to a maximum of three days.

The Kenya Trade Network Agency (KenTrade) says the system could save the economy Sh.26.2bn lost through inefficiencies in cargo clearance.

*(BD, 01.03.13)*


www.businessdailyafrica.com

# China Lowers Trade Tariffs

China is dangling lower tariffs and regulatory reforms to woo Kenyan traders in a bid to cement commercial relations that are heavily slanted in its favour. Africa's industrial products now attract only 8.9 percent tariff while agricultural products face 15.2 percent, said Yao Chenxi, Economic and Commercial Counselor, Chinese Embassy, Nairobi.

Three years ago China removed NTBs, such as import quotas, licensing and designated bidding as well as more than 400 tariff lines. According to Chenxi "China has only retained administrative licensing control on matters of public safety and the environmental concerns in line with international conventions and WTO rules".

While its goods have increased to dominate the African market, in the last 10 years, only South Africa has made inroads into China's market.

*(BD, 20.03.13)*

# EAC to Cut Tariffs on Commodities

Imports into the EAC countries from two key African trade blocs will continue enjoying zero tariffs for one more year. From January 01, 2013, imports from the COMESA and the SADC, will continue enjoying preferential treatment, courtesy of the EAC Customs Management Amendment Bill, 2012 passed in December 2012 to replace the EAC Customs Management Act 2004 which expired on December 31, 2012.


According to the provisions of the EAC Customs Management Act (2004) goods imported by EAC Partner States under COMESA and SADC attract preferential tariff treatment as prescribed in each of the member states' legislation. However, goods from COMESA entering EAC member countries, apart from Tanzania, are exempted from an external tariff. *(TSA, 07.01.13)*

## ECOWAS Adopt Regional CET

Regional ministers of finance endorsed a new region wide tariff regime for West Africa in another important milestone on the road to a customs union of the 15 ECOWAS Member States.

The five band tariff regime, subject of ten years of internal negotiations driven by the technical committee of the Commissions of the ECOWAS and the eight-member West African Economic and Monetary Union (UEMOA), was modelled on the UEMOA tariff regime following the 2006 decision of Heads of State and Government of the region.

Under the new regime, five percent duty is applicable for 2146 tariff lines under the basic raw materials and capital goods category, 10 percent for the 1373 tariff lines that qualify as intermediate products category while 20 percent duty is reserved for the 2165 tariff lines that fall into the category of final consumer products. *(www.news.ecowas.in, 25.03.13)*

## 'Star Performers' in Poverty

A raft of trickle down economic policies adopted by East African governments to fight poverty seems to be bearing fruit with new global data showing that poverty levels in the region have significantly dropped.

The UN said in the Human Development Report 2013 that poverty reduction drivers in developing countries exceeded expectations, helping uplift hundreds of millions of the poor into a new 'global middle class'.

Another report by Oxford University's Poverty and Human Development Initiative ranked East African countries, mainly Tanzania and Rwanda, among the 'star performers in fighting poverty worldwide'. *(TEA, 23-29.03.13)*

## Integration Challenges Ahead

Five regional blocs including the COMESA and SADC are facing challenges in attaining the free movement of persons across countries, as the continent moves to attain a FTA by 2017. Zimbabwe is a member of both COMESA and SADC.

According to an information note, Assessment of progress on regional integration in Africa, the Arab Magreb Union, EAC and Economic Community of West African States (ECOWAS) have achieved enormous results.

The note said that despite the progress made several obstacles are hampering and undermining the integration process. The continent is moving towards establishing a Continental Free Trade Area by 2017 and has tasked regional economic communities to drive the process. *(ND, 27.03.13)*

## Monetary Union Inching Closer

The East African Protocol on Monetary Union could be finalised before the end of 2013 following the adoption of the final report to establish a regional single currency ahead of a November deadline.

The assigned high-level task force is expected the first identify the design and the name of the regional currency and then carry out a regional sensitisation campaign on the protocol in all the partner states.

The report was adopted in Kigali, Rwanda on February 23, 2013. The heads of state set in November 2013 as the new date to sign the monetary union protocol. *(TEA, 09-15.03.13)*

## Single EAC Mark of Quality

East African business executives have called for a quicker roll-out of the proposed harmonised quality standards for the EAC, citing it as the biggest threat to regional trade. The East African Business Council (EABC) said the lack of mutual recognition of the marks of quality issued by the bureau of standards in the region is the main NTB frustrating cross border trade.

EABC called for fast-tracking of the harmonisation of products' standards for commodities to boost free movement of goods across the border. The lobby expressed concern about delays in reviewing existing EAC harmonised standards. *(TEA, 16-22.03.13)*

## Tourism Market to Wait

Players in the East African tourism sector will have to wait longer before an attempt to market the region as single tourist destination materialises, nearly eight years after the proposal was first fronted. The talks are still ongoing aiming at formulating a strategy to start issuing single tourist visas for the whole region and marketing it as a single destination.

Ministers in charge of tourism are expected to meet in June 2013 to deliberate on fast-tracking the process, which is also expected to develop mechanisms for movement of people in the industry through the harmonisation of policies and laws. *(DN, 14.03.13)*

## Zambia's Fuel Prices Highest

Zambians pay the highest fuel prices in the region as they subsidise industrial and commercial customers, says Energy Regulation Board (ERB) Board chairperson Dr George Chabwera, adding that ERB plans to restructure fuel pump mechanism to separate domestic from commercial and industrial consumers to correct the pricing mismatch.

There was need to introduce markings on petroleum products for various sectors to ensure prices of petroleum products are reduced. He said petrol consumers were subsidising diesel consumers who were mostly commercial and industrial resulting into high fuel prices.

The ideal solution to this situation is to mark the product because then one knows what product is going to the industry and that going to consumers.

*(TP, 10.01.13)*

## CCPC to Regulate Promo Texts

Competition and Consumer Protection Commission (CCPC) wants mobile service providers in the country to stop sending promotion messages to the consumers without their permission. The CCPC intends to engage the Zambia Information and Communications Technology Authority (ZICTA) to come up with a mechanism to compel the service providers to stop the trend.

Hanford Chaaba, Public Relations Officer, CCPC said the Commission was in a process of engaging ZICTA to ensure that mobile service providers got permission from the mobile users before they could send their promotion messages to them.

He said it was unfortunate that the mobile service providers had continued contacting the consumers through messages and phone calls to advertise their promotions unnecessarily, saying consumers had the right to choice.

*(ToZ, 25.03.13)*

## KQ Partners with Etihad Airways

Kenya Airways has partnered with Etihad Airways to expand its global network through a new codeshare agreement. Titus Naikuni, Managing Director said the airline would also launch a new three times a week service between Nairobi and Abu Dhabi, the UAE capital, effective June 2013.

He said Kenya Airways would initially place its KQ code on Etihad Airways' existing daily service between Nairobi and Abu Dhabi, and onwards to 32 destinations on Etihad's global network.

The agreement paves way for greater collaboration between two airlines on joint procurement of services for ground handling, heavy maintenance, training and cargo operations. *(TP, 25.02.13)*

## Reduction in Mealie-Meal Prices

Civil Society – Scaling up Nutrition said that the slight reduction in the cost of living in Lusaka following a reduction in mealie-meal prices does not bring more joy because prices went beyond the normal.

William Chilufya, Coordinator, Civil Society – Scaling up Nutrition said that if Zambia had a properly decentralised system, late delivery of farming inputs would be out of question.

Commenting on the Jesuit Centre for Theological Reflection's statement that the cost of living for a family of five in Lusaka recorded a slight reduction in January due to downward adjustments in mealie-meal prices effected late in 2012, Chilufya said even the reduction in mealie-meal was not within the levels that ordinary Zambians would afford.

He said people needed other types of nutrients from different foodstuffs.

*(TP, 25.02.13)*

## WB Helps in Lake Conservation

The World Bank has given Sh274mn to 82 community groups in western Kenya to protect the environment. The first tranche of Sh74 million was given to the communities by the Lake Victoria Environmental Management Programme for eradicating environmental degradation around the lake basin.

Environment Secretary Alice Kaudi said the Ministry had designed a civic education programme to enable the community members conserve the environment. LVEMP Communication Officer Nicolas Manyolo said they were seeking to reduce emissions of industrial effluent into lake Victoria by up to 30 percent by 2015. *(BD, 26.03.13)*

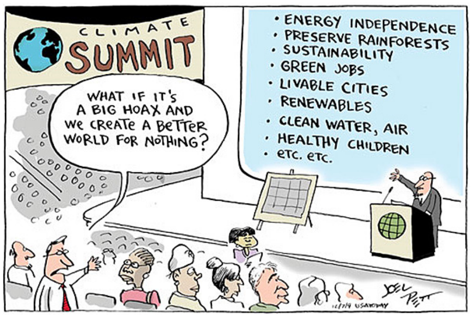
## Kenya to Switch to Digital TV

About one million analogue television-set users in Nairobi now have until September 15 to invest in digital convertors after the day was settled on as the new switch off date. The date, agreed upon by the Communications Commission of Kenya (CCK) and Consumers Federation of Kenya (Cofek), ended a stalemate between the two parties that had reached the courts.

The two parties also agreed that measures to help reduce the cost of the set-top boxes be looked into over and above increasing the licensed vendors from the current 22. CCK is to address warranty issues and ensure, to the extent practical, availability of sufficient digital signal strengths within Nairobi and outskirts which will be affected by phase one of the planned switch off.

*(BD, 15.02.13)*

## Climate Warning Centre in Nairobi




As the ravaging effects of climate change start hurting poor countries, the UN has set up a centre to aid the transfer of climate-related technology and expertise to developing countries. Set up in Nairobi, the centre, Climate Technology Centre and Network (CTCN) will work to facilitate adoption of technology to enable developing countries reduce greenhouse gas emissions and improve resilience to changing weather patterns, drought, soil erosion, and other impacts of climate change.

A UNEP-led consortium will act as the host for the Climate Technology Centre. The 2010 UN Climate Change Conference agreed on a new Technology Mechanism to improve the transfer of climate-related technology encompassing energy efficiency, renewable energy, early warning systems, and other fields.

*(TS, 20.03.13)*

# New Law makes the Kenyan Consumer King

Muthoki Mumo

The Consumer Protection Act, 2012, which came into effect, provides that all regulators must appoint a representative of consumer rights bodies to their board of directors. This requirement has been the subject of a running battle between the Consumer Federation of Kenya (Cofek) and the Communications Commission of Kenya, the regulatory authority for the communications industry in Kenya, with the federation suing to have the court compel the commission to appoint its representative to its board. It now has legal backing.

"There shall be consumer representation on all regulatory bodies and the respective appointing authorities shall have due regard to accredited consumer organisations and the Advisory Committee in making such appointments," reads the Act. The other organisations required to reconstitute their boards are the Energy Regulatory Commission (ERC), the Capital Markets Authority (CMA), the Communications Commission of Kenya (CCK), and the Insurance Regulatory Authority (IRA). They have been accused of ignoring consumers' concerns in favor of pursuing business-friendly policies. Consumer representation is expected to change this. It seeks to end an era where consumers and their concerns were relegated to footnotes to making them the kings.

"There has been a definite vacuum in the regulation of consumer matters. This will remedy that," said Prof Joseph Kieyah of the Kenya Institute of Public Policy Research and Analysis (KIPPRA).

However, acquiring and keeping seats in the regulatory boards will by no means be a smooth ride. For one, consumer organisations in Kenya are a fragmented, poorly funded, and sometimes shadowy lot. In a 2012 report titled The State of the Kenyan Consumer, the Consumer Unity & Trust Society (CUTS), noted that civil society groups and consumer organisations had limited capacity to carry out their mandate and often had little or no government cooperation and support.

***The newly effected law makes explicit provisions for the regulation of consumer rights' associations***

"(There is) lack of long-term support from government departments for consumer organisations. (Another challenge is) uncooperative regulators and a lack of consumer support," says the CUTS report. Dissenting voices have also warned that the new Act may simply be used for profiteering even among the "legitimate" consumer rights associations. While acknowledging these challenges, Mutoro said the newly effected law makes explicit provisions for the regulation of consumer rights associations.

Only those organisations registered under the Societies Act for purposes of consumer protection will be allowed to nominate members to the nine-member Advisory Committee that is tasked with spearheading consumer-friendly policies. Cofek, in particular, has expressed disdain over the manner in which the CCK has handled the matter of digital migration, even going to the courts to challenge the commission. Mutoro publicly chided the ERC for increasing the price of fuel.

Once the members of the Advisory Committee are appointed and consumer rights' representatives seconded to regulatory bodies, they will have the formidable task of bringing the rights of the customer into focus in a market where these rights have been consigned to the back burner for years. Before the gazettement of the Act, the rights of Kenyan consumers were addressed in no less than nine pieces of legislations implemented by as many agencies. Although not necessarily incompetent, these agencies were often unable to deliver their consumer protection mandate due to overlapping responsibilities and competing priorities.

"They have other priority objectives apart from consumer protection and the latter is often a secondary role, which faces implementation challenges," notes CUTS. The new law will, therefore, consolidate the breadth of consumer protection provisions from myriad sectors under one overarching regime.

Further, the new law provides Kenyan consumers with unprecedented protection and empowers them to seek redress. In line with provisions made in the Constitution, consumers will now be free to pursue class action suits without first seeking the approval of the courts. This is bound to be a game changer locally. As the ease of filing such suits increases, companies are likely to be wary of sparking the wrath of consumers and risking heavy fines in damages.

However, although the law might be in place, Kenya's consumer base remains unaware of its rights and might, therefore, need aggressive public education before it can start taking corporates to task.

– *Abridged from an article that appeared in the* Daily Nation*, on March 26, 2013*

## Economiquity

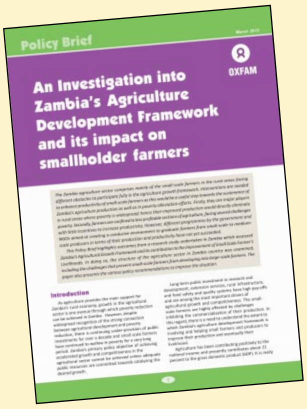

The January-March 2013 issue of Economiquity carries an article entitled, 'Indo-Pak Trade Needs a Push' in its cover story which states that last two years have witnessed a number of promising developments on commercial relations between India and Pakistan. Recent developments show that Pakistan has provided *de facto* MFN status to India. The Indian establishment should look at it as a deferred success of its diplomatic efforts.

A special article by Anders Aslund states a successful stabilisation programme must appear financially sustainable so that it can restore confidence among creditors, businesses, and people.

Another special article by Sophia Murphy and Timothy A Wise says that Global leaders squandered 2012, but prospects for resolving the food crisis in 2013 seem better.

*This newsletter can be accessed at: www.economiquity.org/*

## Policy Brief




### An Investigation into Zambia's Agriculture Development Framework and its impact on smallholder farmers

This Policy Brief highlights outcomes from a research study undertaken in Zambia which assessed Zambia's Agricultural Growth Framework and its contribution to the improvement of Small Scale Farmer's Livelihoods. In doing so, the structure of the agriculture sector in Zambia country was examined, including the challenges that prevent small-scale farmers from developing into large-scale farmers. The paper also presents the various policy recommendations to improve the situation.

*www.cuts-international.org/ARC/Lusaka/pdf/Policy_Brief-An_Investigation_into_Zambias_Agriculture_Development_Framework_and_its_impact_on_smallholder_farmers.pdf*

**FORTHCOMING**

### SMEs Development in the Devolved Governance System

### *Policy Options for Institutional and Regulatory Reforms in Kenya*

This Policy Brief recommends the need to initiate inclusive private-public dialogues; support the establishment of stronger business associations at the county level; formulate specific county led SMEs policies aligned with the overall national SMEs policy framework; establish tailored training institutes for SMEs at the county level; develop SMEs oriented financial institutions in counties; establish an import and export bank for SMEs; need for the central government to coordinate the SMEs issues in the country and establish a SMEs development organisation.

**We want to hear from you…**

Please e-mail your comments and suggestions to **lusaka@cuts.org, nairobi@cuts.org**

We put a lot of time and effort in taking out this newsletter and it would mean a lot to us if we could know how far this effort is paying off in terms of utility to the readers. Please take a few seconds and suggest ways for improvement on:

- Content
- Number of pages devoted to news stories
- Usefulness as an information base
- Readability (colour, illustrations & layout)

**Sources**

AFP: Agence France Presse; AM: Africa Manager; BC: Biz Community; BD: Business Daily; DN: Daily Nation; TEA: The East African; TN: The Namibian; ToZ: Times of Zambia; TP: The Post; TS: The Standard; TSA: Trademark Southern Africa; TZ: The Zimbabwean; ZDM: Zambia Daily Mail

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