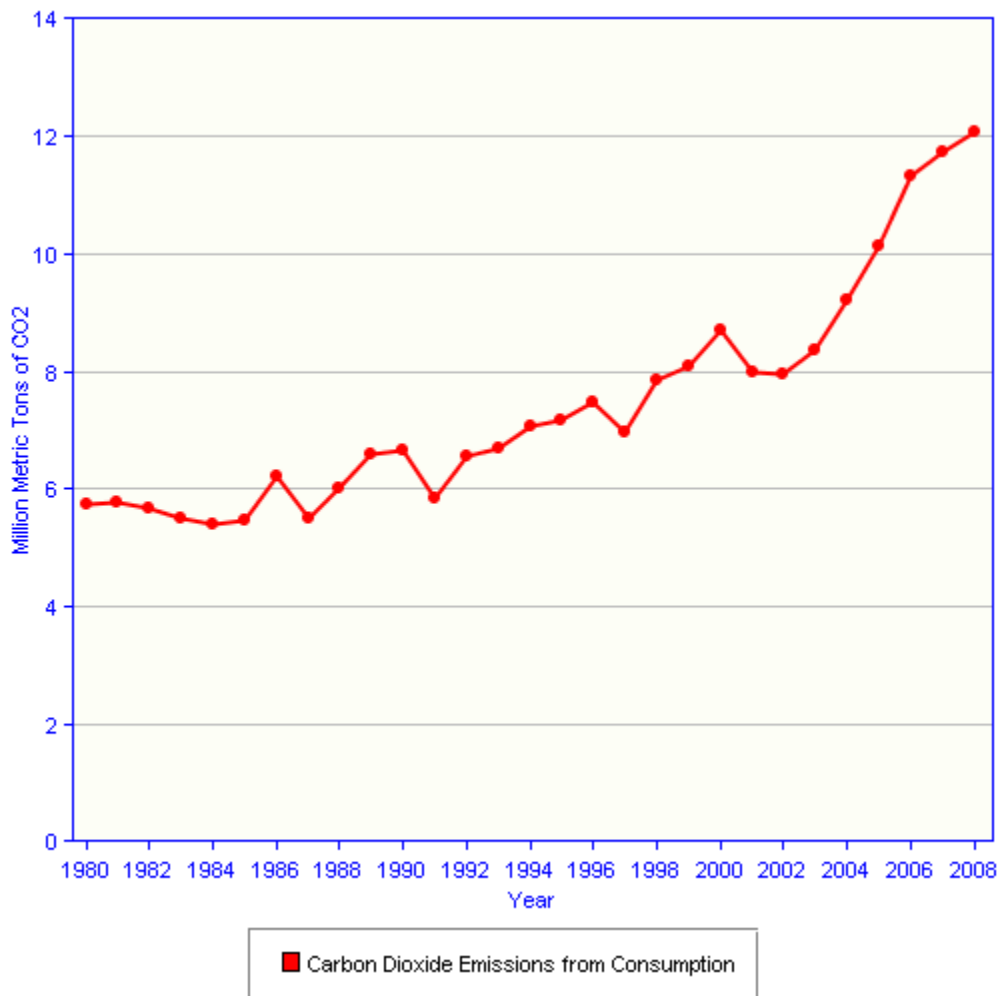


## Kenya Case Study

*Regulatory Policies*  
*Economic Instruments*  
*Labeling*  
*References*

### 1.1 Background

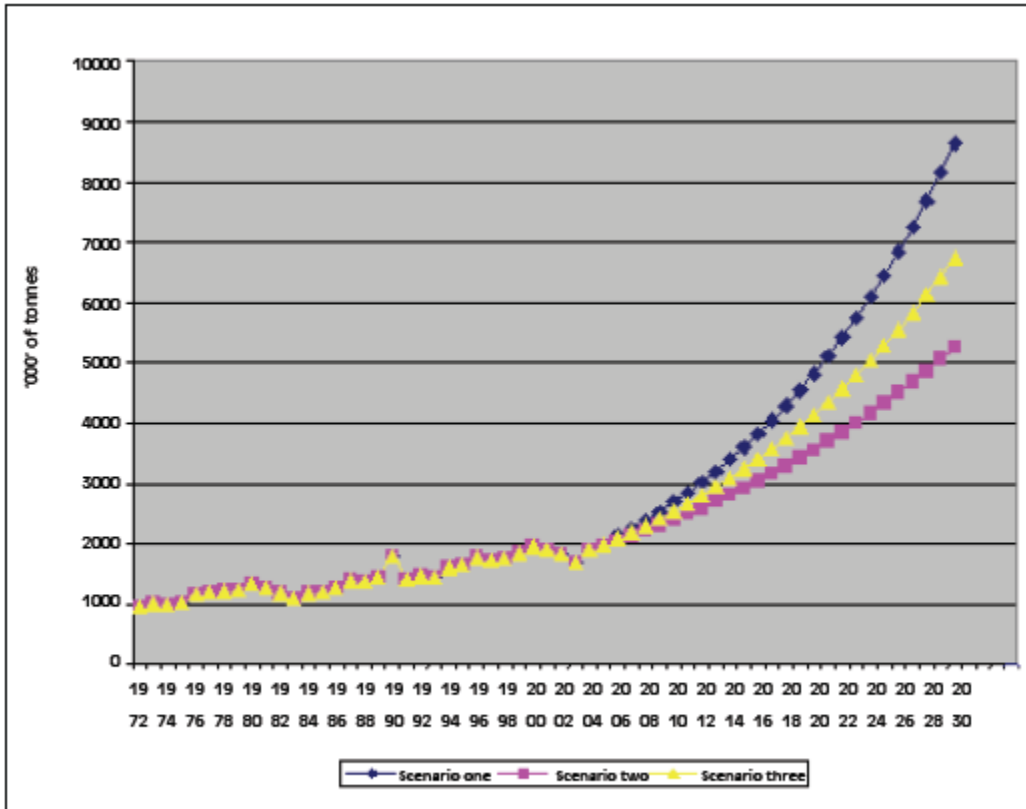
According to its 2002 Initial National Communication to the UNFCCC, Kenya is a net CO<sub>2</sub> sink, absorbing about 22,751 Gg CO<sub>2</sub> per year mainly due to the regeneration of forest and non-forest trees. However, this is quickly changing, as the same report also states Kenya's charcoal production and consumption is believed to be emitting more GHGs (mainly CO<sub>2</sub>, CH<sub>4</sub> and NO<sub>x</sub>) than the industry and transport sectors combined (Republic of Kenya 2002). And while per capita CO<sub>2</sub> emissions remain low, the rapidly growing consumption of fossil fuels is quickly changing Kenya's CO<sub>2</sub> trajectory as demand for energy and mobility expands.



Credit : US EIA 2010

Over the years, the transport sector generally consumed 70% of the total net domestic sales of petroleum products, with the overall amount of petroleum demanded by the transport sector projected to rise from 1.9 million tonnes in 2004 to 8.6 million tonnes, 5.3 million tonnes and 6.8 million tonnes (depending on Business As Usual, Medium and Low scenarios) by 2030.

### Projected transport petroleum demand, 2004-2030



Credit : UNEP 2006

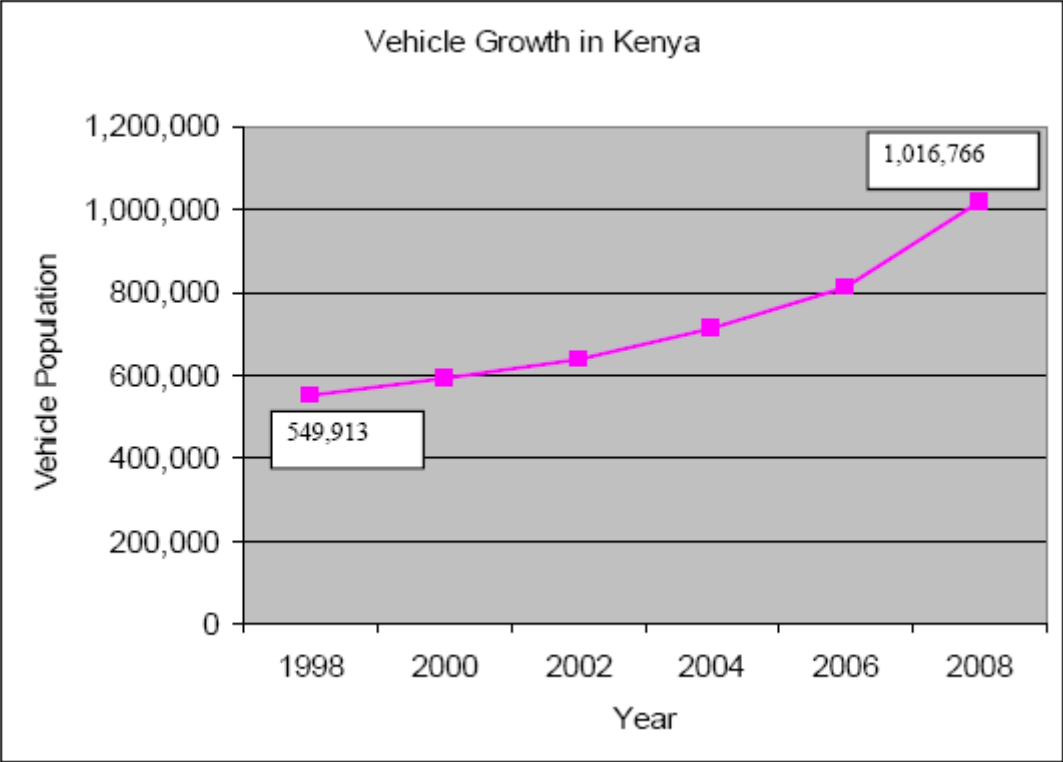
Kenya relies entirely on imported petroleum products, which accounted for 16% of the country's import bill in 2002 and consumed 31% of the country's foreign exchange earnings from merchandise exports that same year. The projected growth of demand is 2% yearly. Regulatory functions in the petroleum sector are shared among various players including the Ministry of Energy, provincial administrations, local authorities, the Kenya Bureau of Standards (KEBS), and the Petroleum Institute of East Africa (PIEA). Numerous studies have demonstrated that the transport sector, and in particular road transport, offers opportunities for savings on imported fuels through energy efficiency and fuel substitution.

I.2 Kenya’s Light-Duty Vehicle Fleet

Kenya does not have domestic vehicle production and relies on imports. The light duty vehicle stock saw an 85% increase between 1998-2008, with the majority (around 80%) of newly registered vehicles being second-hand imports from Japan (based on data between 2005 – 2010).

I.3 Status of LDV fleet fuel consumption/CO2 emissions

The country does not presently have auto fuel economy standards or vehicle emission standards in place. However, the elimination of leaded petrol in the country from 2006 and plans to reduce sulphur levels in fuels paves the way for cleaner, more efficient vehicles. Road transport is a major, and growing, source of air pollution in urban areas, especially particular matter.



In 2010 the Global Fuel Economy Initiative supported the first-ever calculation of a national auto fuel economy baseline in Kenya from 2005. The majority of vehicles registered during the

study period (2005-2010) are petrol powered and range in engine size of between 1500- 2000 cc.

### Kenya: Fuel Consumption by Year and Fuel Type

	2005	2008
<b>Average (l/100km)</b>	7.69	7.6
<b>Diesel</b>	8.67	9.09
<b>Petrol</b>	7.52	7.2

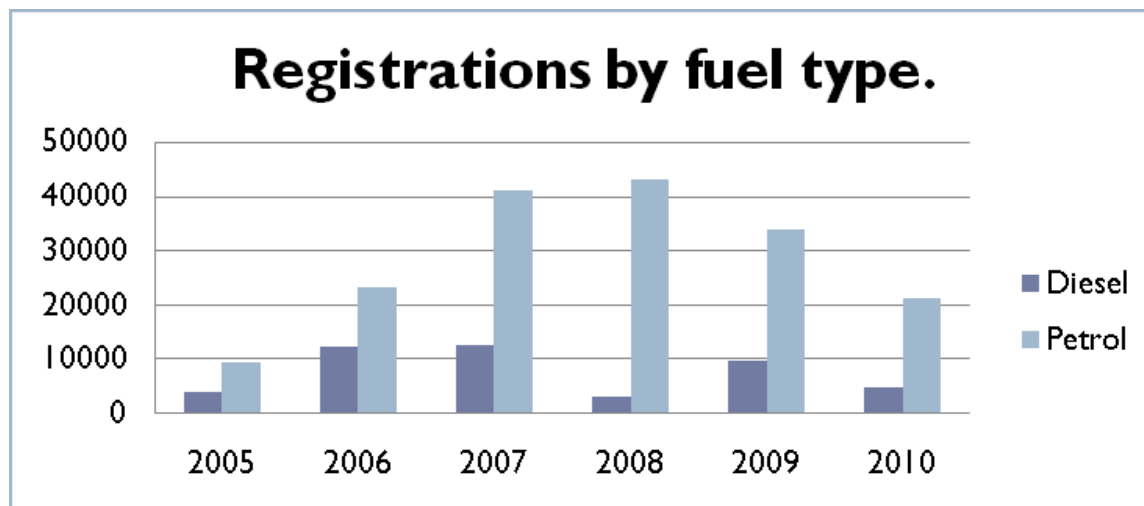
Source: GFEI Kenya Baseline, 2011

### Kenya: Percentage of new vehicles registered per year

Year	Total reg.	New vehicles
2005	13,577	3085 (23%)
2006	35,749	4333 (12%)
2007	53,689	6114 (11%)
2008	46,259	11226 (24%)
2009	43,649	8554 (20%)

Source: GFEI Kenya Baseline, 2011

### Kenya: Vehicle registration by fuel type



Source: GFEI Kenya Baseline, 2011

## **2.0 Regulatory Policies**

### 2.1 National Standard

No auto fuel economy national standard.

### 2.2 Test cycle type

N/A

### 2.3 Import restrictions

New Vehicles

All vehicles imported into Kenya are required to be no older than 8 years from year of manufacture. In mid 2011 Kenya's Ministry of Finance announced an exemption of import duty for "environmentally friendly vehicles" and "battery operated vehicles" (see [http://www.treasury.go.ke/index.php?option=com\\_docman&task=cat\\_view&gid=110&Itemid=86](http://www.treasury.go.ke/index.php?option=com_docman&task=cat_view&gid=110&Itemid=86) ). However, it is unclear which exact vehicles will be exempt, whether this will include hybrid electric vehicles and/or conventional low emission vehicles.

Second Hand

Same as new vehicles, above.

### 2.4 Technology mandates/targets

None.

## **3.0 Fiscal Measures and Economic Instruments**

### 3.1 Fuel Taxes

Differentiated fuel taxes are in place, based on octane and quality.

### 3.2 Fee-bate

N/A

### 3.3 Buy-back

None.

### 3.4 Other tax instruments

None.

### 3.5 Registration fees

None.

### 3.6 R&D

None.

#### **4.0 Traffic Control Measures**

##### 4.1 Priority lanes

None.

##### 4.2 Parking

None.

##### 4.3 Road pricing

There are no congestion or road pricing programs in Kenya.

#### **5.0 Information**

##### 5.1 Labeling

None

##### 5.2 Public info

None.

##### 5.3 Industry reporting

None

**The text above is a summary and synthesis of the following sources:**

Africa Environment Outlook 2, UNEP, [http://www.unep.org/dewa/africa/aeo2\\_launch/](http://www.unep.org/dewa/africa/aeo2_launch/)

Earthtrends, Energy and Resources Kenya,  
[http://earthtrends.wri.org/pdf\\_library/country\\_profiles/ene\\_cou\\_404.pdf](http://earthtrends.wri.org/pdf_library/country_profiles/ene_cou_404.pdf)

Integrated assessment of the Energy Policy - with focus on the transport and household energy sectors, UNEP, 2006, <http://www.unep.ch/etb/areas/pdf/Kenya%20ReportFINAL.pdf>

Kenya Institute for Public Policy Research & Analysis, A Comprehensive Study and Analysis on Energy Consumption Patterns in Kenya, 2010,  
[http://www.cofek.co.ke/ERCStudy\\_ExecSummary\\_02082010.pdf](http://www.cofek.co.ke/ERCStudy_ExecSummary_02082010.pdf)

Republic of Kenya, First National Communication of Kenya to the UNFCCC,  
<http://unfccc.int/resource/docs/natc/kenncl.pdf>

US Energy Information Agency, Kenya Energy Profile,  
[http://www.eia.gov/cfapps/country/country\\_energy\\_data.cfm?fips=KE](http://www.eia.gov/cfapps/country/country_energy_data.cfm?fips=KE)