

# Technical assistance related to notifications under the SCM Agreement - Kenya's experience

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TESSD INFORMAL WORKING GROUP MEETING  
Working Group on Subsidies  
17<sup>th</sup> June 2024

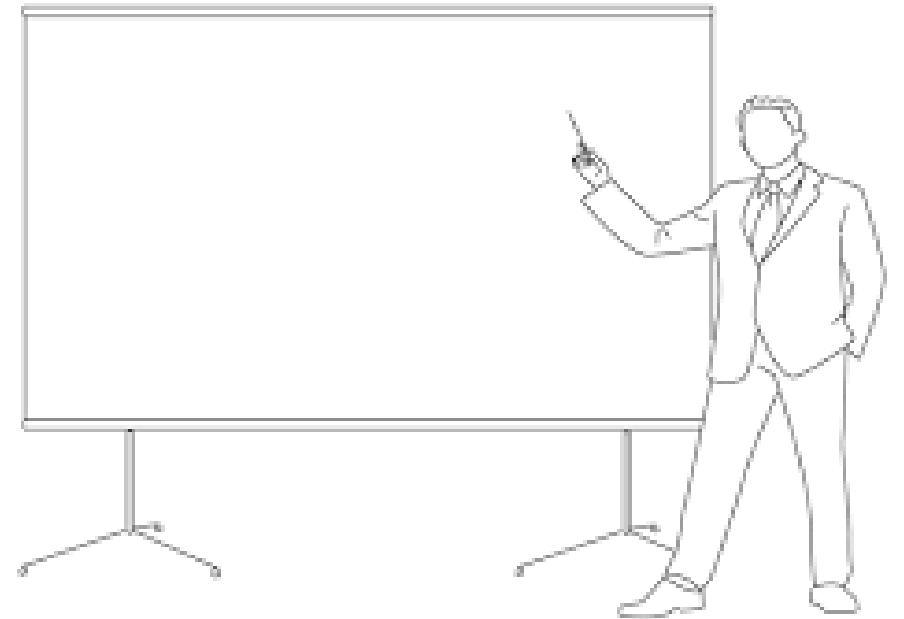
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# Presentation outline

- Background
- Technical assistance
- Kenya's experience
- Next steps
- Green industrial subsidies
- Closing and Q&A



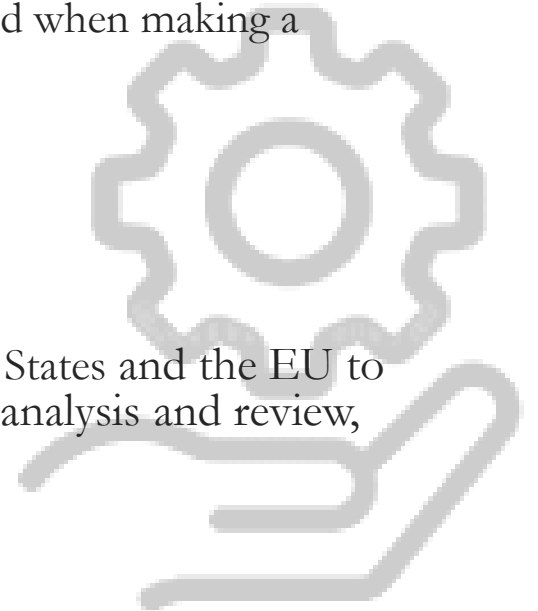
# Background

- The technical assistance programme was implemented by the WTO Secretariat via a training which took place in Geneva at the WTO. The programme was divided into two phases;
  - Phase I: 7<sup>th</sup> to 9<sup>th</sup> June 2023
    - On returning to capital after the first phase, delegates were expected to prepare a draft notification as per the ASCM and submit to the Secretariat.
  - Phase II: 11<sup>th</sup> to 12<sup>th</sup> December 2023
- The objective of the workshop was to bring the delegates up to speed on the SCM Agreement as well as train them on how to prepare and submit Subsidies Notifications.
- On returning to capital, delegates were expected to prepare a notification as per the ASCM.

# The technical assistance programme – Phase I

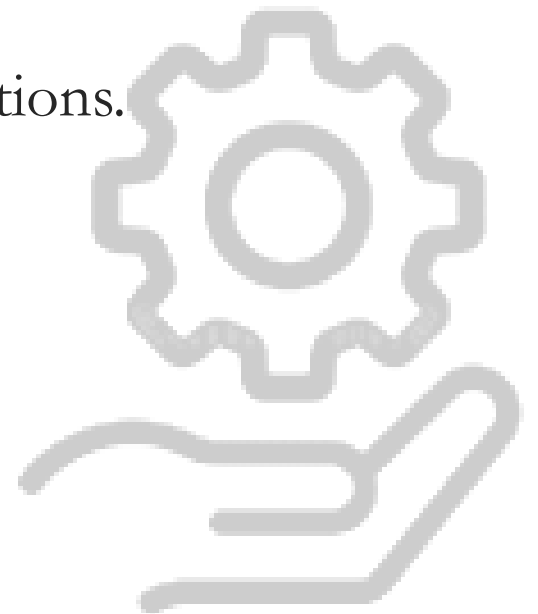
- The three day sensitization exercise held from 7<sup>th</sup> to 9<sup>th</sup> June 2023 covered the following areas;
- **Overview** of the **SCM** Agreement;
  - Participants learnt that countries use subsidies to overcome market failure as well as use them as socio-economic policy instruments to support economically disadvantaged regions of a country.
- Notification **obligations** under the SCM Agreement;
  - The delegates were sensitized on the notification obligations under the Agreement. They were also taken through exercise on components of Subsidies notifications and the type of information that is required when making a notification.
- **Export subsidies** under the Agreement on Agriculture;
  - The types of subsidies under the Agreement on Agriculture, both allowable and prohibited.
- **Country** experiences;

To put a practical face to the training, the Secretariat invited representatives from Brazil, United States and the EU to make presentations on their experiences in making notifications, including data collection, analysis and review, coordination and submission of their notifications.



# The technical assistance programme – Phase II

- The second phase was a two day session held from 11<sup>th</sup> to 12<sup>th</sup> December 2023, on the following;
- Presentation of country notifications under the ASCM.
  - Delegates got an opportunity to present the notifications they had developed for their individual countries.
- Delegates also shared their experiences in preparation of the notifications.



Kenya's experience

# Subsidy programme in Kenya

- The subsidy programme is on tax exemption and waivers provided to investors by the Government of Kenya.
- Main objectives of the subsidy programme is to encourage investment by both local and foreign investors.
- The key beneficiaries are investors in the Export Processing Zone (EPZ) designated areas in the various regions of the country.
- The subsidy program is in form of tax exemption and deductions.
- The subsidy program is enshrined in law: mainly EPZ Act and the Income Tax Act.

# Preparation of the subsidy notification

## Data collection

Data was primarily collected from EPZs and the Kenya Revenue Authority.

## Coordination with Different Agencies

- Ministry of Trade
- Kenya Revenue Authority
- Export Processing Zones

## Preparation of the notification

- The draft document prepared using data provided by the agencies, with guidance from the WTO Secretariat.

## Internal processes

The Principal Secretary in charge of Trade, approved the draft notification for onward transmission.



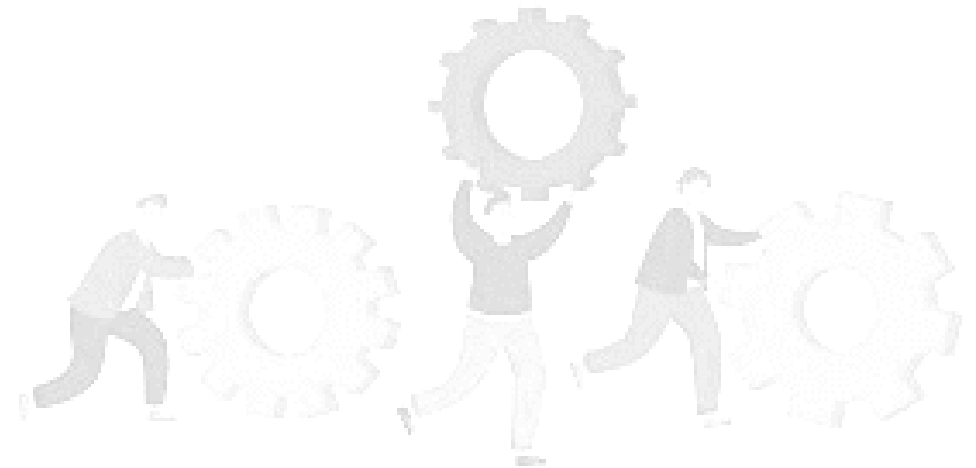
# Support from the Secretariat

- The Secretariat provided technical support when consulted.
- The support was provided by way of email and virtual meetings.
  - The Secretariat was particularly helpful in giving guidance on the preparation the first draft notification that I prepared. This enabled me to submit an acceptable draft in line with the SCM Agreement.
  - Other delegates and I were also provided with copies of notifications submitted by other countries.



# Managing the process - Next steps

- I have proposed to the Ministry on the need to set up a national committee to manage implementation of the ASCM, including submission of notifications.
  - This will provide us with an opportunity to sensitize the concerned agencies.
  - This will also enable us deal with the challenge of timely data collection and data accuracy.



# Green industrial subsidies - Kenya's experience

## ■ Geothermal Development:

- Kenya is a leader in geothermal energy production. The government provides subsidies and incentives for geothermal exploration and development. In 2020, Kenya generated 5,060 million kilowatt hours of electricity.
- According to Global Energy Monitor, Kenya is the 8<sup>th</sup> largest producer of geothermal energy.

## ■ Green Energy Fund:

- The government, in collaboration with international partners, has established funds to support green energy projects. These funds provide low-interest loans and grants to projects focusing on renewable energy and energy efficiency.
  - Last Mile Connectivity Project: This is the expansion of the national grid to rural areas, integrating renewable energy sources to enhance sustainability.

## ■ Tax Incentives:

- Tax exemptions and reductions are provided for investments in renewable energy equipment and technology. This includes import duty exemptions on renewable energy equipment.

Thank you!

Questions?