



INCLUSIVE GREEN ECONOMY NETWORK-EAST AFRICA

Kampala, Uganda • Website: www.igen-ea.org • Email: contact@igen-ea.org

May 30, 2023

The Minister of Trade, Industry and Cooperatives,
Plot 6/8 Parliamentary Avenue,
Kampala (U).



Dear Sir/Madam,

RE: Memorandum of proposals for Consumer Protection and Management Bill

A. INTRODUCTION

The above matter refers. Greetings from the Inclusive Green Economy Network-East Africa (IGEN-EA).

IGEN-EA is a network that brings together private sector and civil society players that are promoting green economic alternatives for sustainable development which addresses human rights and climate change concerns in Uganda and East Africa at large. IGEN-EA promotes the following green economic alternatives: clean energy, tourism, agriculture and fisheries as well as natural resources management.

In November 2022¹, the Parliament of Uganda discussed a motion by the Bukoto West MP, Hon. Muhamad Ssentayi, on putting in place a Consumer Protection and Management Bill. Hon. Ssentayi belongs to parliament's Tourism, Trade and Industry Committee.

The purpose of the bill would be to protect consumers in Uganda from false advertisement, predatory pricing, and sub-standard products among others.

During the debate, the Deputy Attorney General, Hon. Jackson Kafuuzi, noted that the Government of Uganda (GoU) was in the process of preparing a similar bill. Following debate

¹ Parliament of Uganda (2022); *Consumer protection bill in the offing*: <https://www.parliament.go.ug/news/6263/consumer-protection-bill-offing>

on the aforementioned motion, Hon. Ssentayi was tasked by the Speaker of Parliament, Hon. Anita Among, to draft a Consumer Protection and Management Bill and present to parliament for debate within two weeks for its first reading¹.

Since that November 2022 parliamentary debate however, neither the GoU through the Minister of Trade, Industry and Cooperatives nor Hon. Ssentayi have presented the Consumer Protection and Management Bill before parliament for debate and enactment.

IGEN-EA believes that the enactment and implementation of a consumer protection law is necessary for the protection of consumers and promotion of environmental conservation as well as economic development.

IGEN-EA believes that the GoU has a duty to protect its citizens. The network is therefore calling on the Minister of Trade, Industry and Cooperatives to, in consultation with Hon. Ssentayi, complete the Consumer Protection and Management Bill and present it before parliament for debate and enactment.

B. OBJECTIVE OF THIS MEMORANDUM

IGEN-EA is submitting this memorandum of proposals for the Consumer Protection and Management Bill with the main aim of supporting the Minister of Trade, Industry and Cooperatives to draft a bill that addresses the challenges faced by consumers of clean energy (grid and off-grid) in Uganda. While IGEN-EA represents civil society and private sector players working in various green economic sectors, this memorandum limits itself to proposals to address the challenges faced by consumers of clean energy.

It is hoped that by addressing challenges such as unaffordability/over-pricing of grid and off-grid electricity or their products, sub-standard off-grid products, poor waste management and others that are discussed in Section C of this memorandum (starting on page 3), the Ugandan government will not only protect consumers but will also increase the percentage of Ugandans with access to grid and off-grid electricity.

It is hoped that the above will drive economic growth while reducing deforestation and promoting climate action as well as gender justice.

¹ *New Vision* (2022): *Parliament permits introduction of Consumer Protection Bill*: <https://www.newvision.co.ug/category/news/parliament-permits-introduction-of-consumer-p-147078>

C: PROPOSALS TO ADDRESS CLEAN ENERGY CONSUMERS' CHALLENGES

No.	Challenge	Cause	Proposal for Consumer Protection and Management Bill
1.	<p>One of the foremost challenges affecting consumers of grid electricity in Uganda is the unaffordability of grid power. According to Statista, Uganda's household electricity prices are the seventh (7th) highest in Africa². Per the publication, the cost of household electricity per kilowatt hour in Uganda as at December 2021 stood at 0.18 US cents.</p> <p>Grid electricity is so expensive that economists³ and manufacturers often cite it as one of the impediments to business expansion. The unaffordability of power also partly explains why over 90% of Uganda's population relies on biomass (firewood and charcoal) to meet their cooking energy needs. It is notable that only 1.4%⁴ of Ugandan households use electricity and other</p>	<p>A number of factors drive up the cost of grid electricity in Uganda. This memorandum limits itself to those factors that are exploitative of consumers. These include:</p> <p>-Poorly negotiated agreements, which are facilitated by corruption, such as the Bujagali hydropower dam agreement and the UMEME concession⁵. In such concessions, the Ugandan government guarantees high returns on investments for private sector entities at the expense of consumers. Notably, the Ugandan president has previously said that the Bujagali power dam and UMEME</p>	<p>While Uganda operates a free market economy, it is important to protect consumers from corruption and exploitative business tendencies that push up power prices.</p> <p>-The Consumer Protection and Management Bill should therefore put in place an independent multi-stakeholder committee to discuss PPAs and concessions before they are signed to protect consumers' interests.</p> <p>-The bill should also ban the signing of PPAs with Take or Pay clauses.</p>

² Statista (December 2021): *Household electricity prices in Africa as of December 2021, by country*; <https://www.statista.com/statistics/1277594/household-electricity-prices-in-africa-by-country/>

³ Economic Policy Research Centre: *Is high cost of electricity a challenge to industrialization?* <https://eprcug.org/eprc-highlights/is-high-cost-of-electricity-a-challenge-to-industrialization/>

⁴ Daily Monitor (2022): *Energy efficient technologies cut electricity bill*: <https://www.monitor.co.ug/uganda/business/prosper/energy-efficient-technologies-cut-electricity-bill-4157682>

⁵ Twesigye, P. (2023): *Understanding structural, governance and regulatory incentives for improved utility performance: Learning from Umeme Ltd in Uganda*: <https://www.sciencedirect.com/science/article/abs/pii/S2214629622004030>

	<p>non-biomass fuels such as gas for cooking.</p>	<p>concession contribute 55.3%⁶ to the power tariffs.</p> <p>-Signing exploitative Power Purchase Agreements (PPAs) with Pay or Take instead of Pay on Take clauses also drives up the cost of electricity. This practice sees Ugandan consumers paying for power that they have not consumed (idle capacity), an exploitative practice.</p>	<p>Instead PPAs should provide for Take and Pay.</p> <p>-In addition, the bill should hold corrupt government officials who sign unfavorable agreements personally liable instead of being shielded behind government immunity.</p>
<p>2.</p>	<p>Off-grid solar equipment such as good quality solar home systems, solar irrigation equipment and others are expensive. High import duties make good quality off-grid solar options unaffordable.</p> <p>Business owners selling off-grid technologies also have a challenge of accessing affordable loans from banks, per a needs assessment undertaken by the Uganda National Renewable Energy and Energy Efficiency Association (UNREEEA)⁷.</p> <p>Without access to affordable credit, it is difficult for businesses engaged in off-grid electrification efforts to stay</p>	<p>Uganda currently lacks the capacity to manufacture its own solar energy equipment. As a result, the country relies on imports. While the Ugandan government waived taxes on solar panels and batteries, solar energy accessories such as inverters and other equipment do not enjoy such waivers, driving up the cost of equipment.</p> <p>Further, interest rates that are charged by Ugandan banks are some of the highest in Africa⁸. In February 2023 for instance, the commercial bank lending rate was 20.24%, according to Bank of Uganda⁹.</p>	<p>-The Minister of Trade should recommend that the GoU amends Uganda’s tax laws to provide for tax waivers on solar accessories such as solar water pumps, solar lanterns, etc.</p> <p>-The Consumer Protection and Management Bill should also provide procedures through which the Bank of Uganda can, in consultation with consumers and financial institutions, cap bank lending rates.</p>

⁶ Umeme; *Deconstructing the myth of power tariffs*: <https://www.umeme.co.ug/stories/1243#:~:text=In%20the%20State%20of%20the,cost%20of%20electricity%20per%20unit>

⁷ UNREEEA (2022); *A needs assessment and value proposition report*: <https://unreeea.org/wp-content/uploads/2022/05/Final-Draft-Needs-Assessment-and-Value-Proposition-Report.pdf>

⁸ World Bank; *Lending rates: Sub-Saharan Africa*: <https://data.worldbank.org/indicator/FR.INR.LEND?locations=ZG>

⁹ BoU (2023); *Performance of the economy monthly report March 2023*: <https://www.finance.go.ug/sites/default/files/Publications/POE-2023-03-MAR.pdf>

	in business. A high cost of doing business also translates into high prices for off-grid electricity products.	High interest rates drive up the cost of doing business and therefore the cost of solar equipment, thereby undermining clean energy access.	
3.	Off-grid solar energy consumers face a challenge of sub-standard products. In April 2021, the Uganda National Bureau of Standards (UNBS) indicated that 70% ¹⁰ of the solar energy products that are sold in Uganda are sub-standard. Sub-standard products mean that consumers do not get value for money when they purchase products. The products also undermine the uptake of clean energy options.	<p>While UNBS put in place standards including Uganda Standard-IEC TS 62257-9-8: Renewable energy and hybrid systems for rural electrification ... and Standard US IEC TS 62257-9-5: Recommendations for renewable energy and hybrid systems for rural electrification ...,¹⁰ the enforcement of the standards is limited.</p> <p>The standards, which cover truth in advertising, minimum warranty period, quality and durability as well as Health and Safety among others, also remain largely unknown by the public. This makes ignorant consumers susceptible to exploitation by businessmen.</p>	<p>-The Consumer Protection and Management Bill should provide that a certain percentage of UNBS' budget should go to consumer education and enforcement of off-grid solar energy standards.</p> <p>-Penalties should be provided should UNBS be provided with funds and it fails to undertake consumer education and enforcement of standards.</p> <p>-Further, the bill should task UNBS to set mandatory and uniform warranties for all off-grid solar equipment.</p> <p>-In addition, the bill should provide for compensation should a consumer be sold a substandard product.</p> <p>-The bill should also provide for funding for district local governments to enable them to monitor all solar companies and</p>

¹⁰ UNBS (2021); *UNBS sensitises stakeholders on new solar standards ahead of massive enforcement*: <https://blog.unbs.go.ug/?p=11817#:~:text=Following%20a%20research%20done%20by,enforcement%20of%20minimum%20quality%20standards.>

			arrest those selling fake products.
4.	Uganda lacks standards for off-grid solar energy technicians. The country also lacks an accredited curriculum for the technicians. This has contributed to weak technical capacity of off-grid solar energy technicians, resulting in poor installation and rehabilitation of solar equipment in some instances. Consumers face the cost of weak technical capacity if their equipment malfunctions or faces other challenges should it be installed by poorly skilled technicians.	As explained in the column on the left, the lack of standards and accredited curriculum are some of the reasons undermining the skilling of off-grid solar energy technicians.	-The Consumer Protection and Management Bill should therefore empower the Ministry of Education to put in place a curriculum for off-grid solar energy technicians. -The Bill should also provide for accreditation or certification of technicians. The accreditation/certification should be accessible to increase the employability of women and youth in the sector.
5.	Uganda faces a challenge of poor off-grid solar waste management¹¹. Yet the life cycle of cheap off-grid solar energy equipment sold in Uganda and in Sub-Saharan Africa in general is low (less than four years) ¹¹ . While information on the off-grid solar waste that is annually generated in Uganda is unavailable, available information indicates that at 32%, solar and batteries are the most imported end-of-life electronic and electrical equipment (EEE) in Uganda ¹² .	--	-The Consumer Protection and Management Bill should require the Minister of Trade to work with the National Environment Management Authority (NEMA) to put in place guidelines to manage off-grid solar energy waste. A project by the International

¹¹ Kinally C. (2022); *Off-grid waste in Sub-Saharan Africa: Market Dynamics, barriers to sustainability and circular economy solutions*: <https://www.sciencedirect.com/science/article/pii/S0973082622001405#t0020>

¹² Sekajja, P. (2023): *Assessing e-waste generation and management in Uganda*: <https://aaeafrica.org/uganda/assessing-e-waste-generation-and-management-in-uganda/>

	<p>This means that solar and batteries contribute to the kilotonnes of e-waste generated in Uganda annually.</p> <p>Failure to properly manage e-waste has environmental consequences including the risk of increased lead poisoning among others.</p>		<p>Organisation for Migration (IOM) called <i>Greening Humanitarian Responses Through Recovery, Repair, And Recycling of Solar Products in Displacement Settings</i>¹³ that is being implemented in the Bidibidi Refugee Settlement in Northern Uganda can offer lessons. Through the project, faulty off-grid solar is either repaired or turned to other uses.</p>
<p>6.</p>	<p>The involvement of local governments in Uganda's energy sector is often weak. For instance, many districts lack the position of energy officer. Yet district and lower local governments can be the first point of contact of consumer protection information for communities.</p>	<p>Uganda's energy sector is centralised, with the sector being largely run from Kampala. The role that local governments could play in supporting energy access has not been well articulated, thereby undermining their participation in the running of the energy sector.</p>	<p>The Consumer Protection and Management Bill should designate district and lower local governments as points of contact for consumer protection information.</p> <p>Budgets should be provided to support the district and lower local governments to undertake consumer protection education.</p>

¹³ IOM (2022); *Uganda's Bidibidi Refugee Settlement to Benefit from IOM and Innovation Norway's Electronic Waste Management Project*: <https://uganda.iom.int/news/ugandas-bidibidi-refugee-settlement-benefit-iom-and-innovation-norways-electronic-waste-management-project>

7.	Consumers of grid power in Uganda also suffer from unreliable power supply , which slows down business and leads to the destruction of their property in some instances	--	The Consumer Protection and Management Bill should provide penalties for electricity generators, distributors and suppliers who, through negligence, fail to ensure reliable power supply.
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D. CONCLUSION

IGEN-EA thanks you for considering the proposals in this memorandum. Should you require any further information from the network, kindly reach the network through its coordinator, Africa Institute for Energy Governance, a Ugandan organisation, on afiego@afiego.org.

Yours faithfully,

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Dickens Kamugisha,
 CEO, Africa Institute for Energy Governance (AFIEGO)
 AFIEGO coordinates IGEN-EA.

IGEN-EA SIGNATORIES (LIMITED TO UGANDAN MEMBERS ONLY)

1. Africa Institute for Energy Governance (AFIEGO), Uganda
2. Uganda National Renewable Energy and Energy Efficiency Alliance (UNREEEA), Uganda
3. Centre for Sustainability Innovation and Research (CSIR), Uganda
4. Center for Citizens Conserving Environment and Management (CECIC), Uganda
5. Uganda Fridays for Future
6. Friends with Environment in Development, Uganda
7. Toro Initiative for Socio-economic Development, Uganda
8. Guild Presidents Forum on Governance (GPFOG), Uganda
9. International Fund for Animal Welfare (IFAW), Uganda

10. Uganda Community Tourism Association (UCOTA), Uganda
11. Agro-Tourism Association, Uganda
12. Strategic Response for Environment Conservation (STREC), Uganda
13. Civic Response on Environment and Development (CRED), Uganda
14. Lake Albert Children and Women Advocacy Development Organization (LACWADO), Uganda
15. Navigators of Development Association (NAVODA), Uganda
16. Friends with Environment in Development, Uganda
17. Youth for Green Communities, Uganda
18. Women for Green Economy Movement, Uganda
19. Tasha Research Institute Africa, Uganda
20. African Initiative on Food Security and Environment, Uganda
21. Eastern and Southern Africa Small-scale Farmers' Forum (ESAFF), Uganda
22. Food Rights Alliance, Uganda
23. Environment Governance Institute (EGI), Uganda

CC

- The Speaker, Parliament of Uganda
- The Chairperson, Parliament's Committee of Tourism, Trade and Industry
- Hon. Moses Ssentayi, Member of Parliament's Committee of Tourism, Trade and Industry

