



Lamu Coal Plant Developer Given Tax Exemption amidst Kenyan Being Stifled By Increased Taxes

Amu Power, the company that was awarded the concession to develop and operate the 1,050MW Lamu Coal power plant was exempted from at least three levels of taxation as per three official documents dated October and November 2015. The taxes include Value Added Tax (VAT), Construction Levy and Import Duty [here](#).

The Waiver of Construction Levy by the National Construction Authority (NCA) came into effect on June 6th, 2014. This Levy requires that all constructions of the value of Kshs. 5 million and above should pay 0.5% value of the same to the NCA. The Lamu coal plant has therefore been exempted from this commitment which would have generated roughly Kshs. 1 billion as revenue to the government (the coal plant is estimated to cost about Kshs.200 billion to construct, therefore 0.5% of this will be about Kshs.1 billion). Ksh 1 billion could be used to improve the Garsen-Lamu road and still left with some pocket change to facelift all Primary Schools in Lamu County.

Last, but more crucial, Amu Power has also been awarded a Pre-Export Verification of Conformity (PVoC) waiver. PVoC normally ensures quality of products will meet a certain criterion including health, safety and environmental standards before they can be imported in Kenya and if they fail this test they are denied entry into the country. What this means is that Amu Power can import materials, equipment and machinery for construction of the Lamu coal plant that are not fit under our health, safety and environmental standards. The question here is why ask for a waiver to do such abominable acts when your interest is to abide by the environmental, safety and health regulations that are in place? The waiver, as it is, might be exploited and old machinery from decommissioned Coal power plants in China find their way into the Country leading to environmental degradation.

The proposed Lamu Coal Power plant being part of the Kenya's Government Least Cost Development Plan for Power Generation will see the developer, Amu Power; earn Kshs 36 Billion annually through the Power Purchasing Agreement that was entered to by the Kenya Power Lighting Company Limited (KPLC) [here](#).

Currently, Save Lamu, a Community Based organisation in Lamu County, has a petition still on-going at the National Environmental Tribunal (NET) and the High Court sitting in Nairobi has reinstated the **STOP ORDER** previously issued by the NET after the Environmental Management Coordination ACT (EMCA), the Act of Parliament that established NET, was amended by the National Assembly sometime in May this year. The project has not yet been commissioned and the groundbreaking ceremony has not yet taken place.

Kenya being one of the signatories of the Paris Climate Change Agreement, ought to have established new tax regimes such as Carbon Taxation that can discourage activities that exacerbates effect of Climate Change enabling the country achieve National Determined Contributions (NDCs) while at the same time increasing the sources of government revenue.

Find the documents attached.

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