

Ushindani

Ushindani (Swahili for 'Competition') is a biannual Newsletter of the Competition Authority of Kenya | ISSUE 7 | January – June 2021



Director-General's

FOREWORD

After a decade of regulating market conduct, market structure and enforcing consumer rights in the Kenyan market, the Authority has conducted a self-assessment detailing, among others, our milestones, achievements, failures, lessons, and its socio-economic environment.

As an organization, we are of the conviction that it is the opportune time for us to engage another gear, stretch ourselves further as we execute our mandate of creating efficient markets for consumers.

In furtherance of this, the Authority has developed its 3rd Strategic Plan themed *Expanding E n f o r c e m e n t Frontiers for Increased Consumer Welfare and Sustainable Economy.*

The Plan will guide our operations from July 1, 2021 to June 30, 2025 and will see the Authority expand its programs with the aim of enhancing consumer welfare, fostering competition, efficient markets and innovation, and inclusive development & sustainability.

Additionally, we shall entrench research in decision-making process, enhance cooperation with local and international partners and agencies, and studiously deploy risk management and business continuity tools.

The Plan also pays special focus on leveraging ICT to improve our service delivery to stakeholders. Whereas we have fully automated our core mandate services, we shall improve existing infrastructure and deploy new ones to serve you better.

In our bid to inculcate a competition and consumer protection culture, we have outlined various advocacy and awareness creation initiatives

targeting various

demographics of our society, but with a key focus of stakeholders in the grassroots.

Whereas the Plan is ambitious, as a good blueprint should be, the Authority is confident on delivering on it with the support of all our stakeholders, including our parent ministry, the National Treasury and Planning, the Board, and staff.

I, therefore, welcome you to read the highlights of the Strategic Plan in this Newsletter as well as other developments and activities with regard to the Authority. I also encourage you to access a copy of the Plan from the Authority's Website for your information and reference.

Wang'ombe Kariuki, MBS

Editorial Note

It is the Editorial Committee's pleasure to welcome you to read the latest edition of our biannual Newsletter, *Ushindani*.

Issue 7 focuses on the Authority's new 4-year Strategic Plan whose implementation commences on July 1, 2021. The Director-General, in the lead article, provides a historical snapshot of the Authority's journey through the lens of two executed Strategic Plans, and outlines the reasoning behind the organization's ambitious mediumterm plans.

Stakeholders interested in how the Authority treats joint venture applications should read the article on new Guidelines which became effective on June 1, 2021. In the same breadth, players in the retail and insurance sectors will be pleased to learn that the Authority has published template contracts that can be referenced when buyers and sellers are negotiating commercial agreements.

Additionally, we outline key highlights of activities we have undertaken in the six months to June, including commemorating the World Consumer Rights Day, undertaking various sensitization sessions, engaging in corporate social activities, among others.

Our Crossword devotees will, however, note that their beloved section has taken a hiatus. In its place, we have a new segment titled *Know The Competition Act*, dedicated to breaking down the Act into bite-sized servings.

As always, your feedback is welcome and can be channelled to the Authority through <code>editorial@cak.go.ke</code>

Editorial Committee

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ISSUE 7 | January – June 2021

Editorial Committee

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CAK STARTS IMPLEMENTING NEW STRATEGIC PLAN FOCUSING ON EXPANDING ITS **ENFORCEMENT FRONTIERS**

The Authority on July 1, 2021 commenced implementing its 3rd Strategic Plan which spells out the agency's priority areas for the four years to June 2025. The Plan marks the Authority's entry into the second decade of competition law and policy enforcement. Director-General Mr. Wang'ombe Kariuki spoke to the Editorial Committee about the new Plan. Here are excerpts from that conversation.

>>> Before we discuss the recently launched Plan, kindly unpack past two blueprints, especially regarding focus areas.

The Competition Act commenced on 1st August 2011 leading to the formation of the Competition Authority of Kenya. To build the organization's pillars, we comprehensive conducted audit which informed our new organizational structure determined the optimal number of employees and skills required over time.

This review fed into our maiden Strategic Plan which had the overarching objective of growing the Authority into an organization espouses efficiency, effectiveness and flexibility in its decision-making.

Firstly, the Plan set out to develop our staff's skills, in terms of technical capacity and inculcating a performance culture. We also focused on soft enforcement (advocacy and awareness creation) in order to build a competition culture. During this period, our core mandate focus was the statutory enforcement of mergers.

implementation facilitate of the Act and conserve public funds, we developed tens of supporting frameworks, including guiding policies recruitment and placement, financial and performance management.

During the next Plan, whose implementation ended on 30th June 2021, we flexed our muscles through hard enforcement tools such as dawn raids, fines and penalties, among others. Our caseload with regard to our core mandate areas increased by over 60% from the previous strategic period. However, we still reinforced the 'adversarial' approach with advocacy initiatives based on our conviction that wilful behaviour change greatly influences compliance.

In order to improve the efficiency of our services, we automated facilitating lodging of applications remotely, thereby lowering costs for all parties and at improved case turnaround times. To facilitate the ease of doing business, locally and regionally, we reviewed our Guidelines and Regulations to ensure that our decision-making process is more transparent and predictable and accountable to stakeholders.

In addition, the 2nd Plan laid emphasis on Risk Management and Business Continuity, two essential administrative tools that served the Authority well when the COVID-19 pandemic struck in March 2020. We also invested our employees through trainings and personal welfare programmes like mortgage

Continued on Pg. 4

all our core mandate functions, We have asked ourselves questions such as: how can businesses use data to distort markets. accumulate market power and diminish consumer welfare, and how can we execute our mandate apace with these advancements?" Wang'ombe Kariuki,

Director General

facilities, while emphasising on increasing productivity.

Lastly, the Act's veracity was tested over the lifetime of the two Plans. We are grateful that Parliament saw it fit to donate extra powers to the Authority, through amendments, affording us more enforcement latitude and flexibility to address emerging issues in our economy.

>>> So, what are some of the key lessons you drew from executing these Plans?

First of all, advocacy works. Whereas hard enforcement has its place in regulation, enforcers must also focus on facilitating behavioural change. Secondly, research remains a key input in our line of work. The Authority's decisions impact markets and can influence investment decisions. Therefore. our interventions must always be guided by verifiable data and research, and anchored on the law. With regard to employee management, I am convinced that academic papers should not be relied on blindly. Work attitude, personal receptiveness motivation, and to change are critical attributes that leaders should discern and foster within their teams. I also appreciate the importance of leaders communicating organizational vision, mission and expected culture to those below them to ensure the Team is aligned. However, it is more important to lead by example by espousing the same attributes and stretched ambitions demanded of others.

>> How does all these then feed into the new Plan?

Our 3rd Plan is themed *Expanding* Enforcement Frontiers for Increased Consumer Welfare and Sustainable Economy.

One of the issues we have focused on in the new Plan is our dynamic business environment with regard to, among others, the digital economy and concepts like Big Data, Platform Marketing and Artificial Intelligence. Whereas immeasurable benefits are drawn from the digital economy, the potential downside is reduced competition in markets.







Strategic Goals:

- Delivering Effective Enforcement
- Research & Advocacy
- Visibility and Organizational Sustainability.

We have asked ourselves questions like: how can businesses use data to distort markets, accumulate market power and diminish consumer welfare, and how can we execute our mandate apace with these advancements? Toward this, the new Plan has highlighted research, through market studies and inquiries, as a key contributor to successful enforcement of our mandate in new and traditional markets.

Additionally, the Authority has prioritized enhancing its alliances and collaborations with local and international partners with regard to capacity building, increasing the audience scope of our awareness creation initiatives, and acquiring

tools that further enhance our service delivery.

Admittedly, the COVID-19 pandemic has diminished available resources. It is therefore incumbent on us to expand our resource mobilization through engaging development partners and increasing our cooperation with sector-specific regulators.

Lastly, available jurisprudence since August 2011 places us at a good point to take our place as a centre for competition and consumer protection law. We shall actualize this ambition by, among others, publishing comprehensive digests elucidating our interventions, establishing a local competition consumer protection supporting network, and regional agencies implement their competition laws.

>> How did the COVID-19 pandemic impact the Authority's activities and how did you adjust operationally? In addition, what lessons drawn from this experience will inform execution of the new Plan?

Over the last 15 months of executing the previous Plan, the Authority and its stakeholders have all been working under unprecedented circumstances. Luckily, Authority's the operations remained unaffected since we had automated all our core mandate processes since July 2019. Thereafter, on 1st September 2020. we ceased receiving physical applications with regard to our core mandate functions. Some key lessons drawn from this experience is the importance of risk management, fostering a process-driven organization and entrenching business continuity in an organization.

Continued from Pg. 4

Agility and responsiveness is also a desired quality for members of the management and staff. When developing the new Plan, we conducted a robust SWOT analysis in order to appreciate the environmental circumstances under which we are operating. Additionally, we shall continue implementing our institutional risk management strategies and tracking the implementation of the Plan through a robust monitoring and evaluation framework.

>> DG, we are cognizant of the fact that you will exit the Authority mid-way through this new Plan. Will you have achieved what you set out to in August 2011?

Only offices are permanent; office holders are transient. I will be exiting knowing that the mediumterm vision I had for this young agency has been achieved, albeit with some areas of improvement. With regard to our core mandate areas and support functions, we have laid a solid foundation for growth. I will be leaving behind a team with diverse experience and knowledge to adequately progress the Authority, locally and internationally. When my time to exit comes, I should be judged on the parameter of whether I left an organization that can progress in my absence.

>>> What advice do you have for your successor, specifically with regard to implementing the Plan?

First of all, it is critical that my successor continues with the spirit of teamwork. My successor should also entrench the culture of performance management as well as robustly implement the monitoring and evaluation frameworks. Lastly, they should strive to reward excellence, but also have the mettle to administer corrective action where the values and culture of the Authority are not adhered to.

1st Strategic Plan FY 2013/14 - 2016/17

Thematic areas:

- Mobilization and Optimal Utilization of Resources
- Research, Advocacy and Awareness Creation
- Enforcement of Competition and Consumer Protection
- Infrastructure and Human Resource Development
- Visibility and Corporate Image.

2nd Strategic Plan FY 2017/18 – 2020/21

Thematic Areas:

- Deliver Effective Enforcement
- O Consumer Protection
- Planning, Research & Quality Assurance
- Visibility and Corporate Image
- Organizational Sustainability

Penalties & Fines

KES 62.6 Million

KES 143.51 Million

Cases handled



884

1,414

CAK's Budgetary Allocations



THE AUTHORITY TAKES ACTION AGAINST BREAD MAKERS FOR BREACHING CONSUMER LAWS

The Authority, pursuant to consumer protection mandate, undertook and finalized investigations targeting bread manufacturers in Kenya and issued orders against those found to have contravened the Act.

Specifically, the undertakings were found culpable of not providing the manufacturing date/month their bread on wrappers in the prescribed format, while others were printing them illegibly on the seals. In other cases, the manufacturers omitted the applicable month in the expiry dates.

Additionally, they failed provide the weight of their bread products and ingredients, while others marketed their bread as fortified but did not specify the alleged nutrients/vitamins used. Some brands misled consumers that their products contained milk or butter whereas they did not.

These actions amount making false and misleading representations to consumers of goods and services and are in contravention of section 55(a) (i) of the Act. Further, the bread manufacturers were not adhering to product information standards as prescribed by the Kenya Bureau of Standards (KEBS). This conduct is contrary to section 60(1) of the Act.

Mr. Wang'ombe Kariuki, the Authority's Director-General. noted that consumers' rights are provided for under the Constitution of Kenya and also within the Competition Act. He added that "manufacturers have no latitude to elect which laws to adhere to."



Whereas no harm to consumers has been recorded due to the aforementioned contraventions, Mr. Kariuki added, consumers have absolute rights to full and accurate information about goods or services they purchase at all time.

Consequently, the Authority issued the following remedial orders to the bread manufacturers;

- Ensure compliance with sections 55 (a)(i) and 60(1) of the Act
- ii. Ensure compliance with the requirements of the **KS** EAS 38:2014 and KS EAS 43: 2012 Standards, including providing a list of ingredients and the net weight of their products in grams;

- iii. Legibly print the day and month the product was manufactured on the wrapper;
- iv. Correctly indicate the expiry date of the bread by adjusting the information on the wrappers to "Best Before" as opposed to "Sell By"; and
- v. Clearly specify the vitamins and minerals used in fortification of their bread.

The Authority is continuously undertaking spot-checks to establish compliance with ALL Consumers the orders. also encouraged to report any cases of non-compliance to the Authority through info@cak.go.ke or complain@cak.go.ke. Consumers can also lodge their complaints through our E-Filing Portal which is accessible via https://competition. cak.go.ke:444/ **《**

Specifically, the undertakings were found culpable of not providing the manufacturing date/month on their bread wrappers in the prescribed format, while others were printing them illegibly on the seals.

NEW DAWN FOR JOINT VENTURE TRANSACTIONS AS GUIDELINES COME INTO FORCE

Businesses enter into joint ventures (JV) to expand their goods and services portfolio and reach. This is more prevalent in innovation-driven economies which are heavily reliant on research and development.

Joint ventures typically spur economic growth as a result of increased productivity and access to new markets. This ensures enhanced availability of goods and services, in terms of prices and choice.

However, if JVs are not clearly delineated, they may reduce competition among the firms in the alliance, including through sharing of market-sensitive information which could lead to price fixing, output restrictions, bid rigging, among other anticompetitive practices.

In order to balance between the economic benefits and potential drawbacks of JVs, and preserve competition gains in the market, the Authority developed Joint Venture Guidelines. The comprehensive Guidelines became effective on June 1, 2021 after public participation and incorporating international best practice.



The Guidelines define JVs as an integration of operations between two or more separate firms, in a new enterprise, known as the "JV Vehicle". The vehicle is under the joint control of several companies referred to as parent firms which invest in the enterprise allowing it to exist as a separate business entity with direct market access.

"The Authority has in the past and pursuant to section 93 of the Act, developed various Guidelines and Rules meant to offer clarity about the Authority's merger and

Continued on Pg. 10

One of the main issues addressed in the Guidelines is that, just like the other merger and acquisition transactions, the proposed JVs that are notifiable require parties to fill the prescribed forms and pay the requisite filing fees.

OBJECTIVES OF THE GUIDELINES

- Increase clarity and predictability of transactions that qualify as Full-Function JVs under Section 41 (2) (h) of the Act
- Provide guidance on how the Authority expects Full-Function JV notifications to be undertaken
- Clarify the meaning of Greenfield Joint Ventures
- Provide an overview of the Authority's analysis process of Full-Function JV applications; and
- Inform Advisory Opinion requests regarding JV transactions.



Point your phone camera at me & I will lead you to the Joint Venture Guidelines



TEMPLATE CONTRACTS TO REDUCE DISPUTES IN INSURANCE AND RETAIL SECTORS

In order to cultivate a culture of contracting parties adopting written commercial agreements and facilitate compliance with the Act, the Authority has developed model contracts for use by buyers and suppliers in the retail and insurance sectors.

The template contracts, which were developed with the input of sector players, detail the minimum requirements that should contained in a contract entered between a supplier and a buyer, thereby serving as a reference point for such parties.

It is expected that the template contracts, if applied by undertakings, will minimize conflicts currently experienced between contracting parties in the retail and insurance industries, and which have invited the Authority's intervention.

High incidences of abuse of buyer power disputes in the two sectors, as evidenced by the complaints lodged with the Authority, has occasioned regulatory intervention through both soft and hard enforcement.

"During the course of investigating alleged ABP complaints lodged with the Authority in the two sectors, it became clear that most parties did not have recorded agreements," said Priscilla Njako, Manager, Buyer Power.

"Whereas the law permits verbal contracts contracts, written explicitly spell out the rights and obligations of the parties which can easily be referenced whenever a dispute arises, including during investigations by the Authority."

The Act was amended in December 2019, expanding section 31 and enabling the Authority to monitor the activities of sectors

CAK drafts model contracts for retailers and insurers

SUSAN NYAWIRA / The Competition Authority has developed model con-tracts for use by buyers & suppliers in the retail and insurance sectors, so as to reduce conflicts between parties

as to reduce conflicts between parties during an agreement.

The authority said it hopes to cultivate a culture of contracting parties adopting written commercial agreements while facilitating compliance with the Competition Act.

The tomplate contract details the

The template contract details the minimum requirements between a

minimum requirements between a supplier and a buyer and serves as a reference point for both parties. CAK model contract for the retail sector relates to the supply of goods and services while other model contracts are for the provision of services

in the insurance sector.
The authority expects that the template contracts if applied, will minimise conflicts between contracting parties in

conflicts between contracting parties in the retail and insurance industry, which have invited its intervention.

The model contracts come after CAK in April had to rule on a case between Carrefour supermarkets in an 'abuse of buyer power' case, which arose from adjusting the contract. a disputed contract.

The retailer lost an appeal at the Competition Tribunal, where it was accused of pushing anti-competitive pricing to boost sales and increase its market share.

The retailer was ordered to amend

all its contracts with suppliers within 30 days, to expunging all "offending



Competition Authority of Kenya director general Kariuki Wang'ombe/FILE

provisions" specifically clauses pro-viding for abuse of power. In June 2020, Jubilee Health Insur-ance Limited and Nairobi Hospital were entangled in a dispute over multimil-lion-shilling claims, a standoff that saw the hospital lock out clients insured

provisions" specifically clauses pro- by the country's largest medical u

Nairobi Hospital claimed that Jubile had not settled a Sh357 million bill tha has been outstanding for three year. The insurer, on the other hand, sain the disputed amount was Sh80 millio

The Star Newspaper's reportage on 16th June,2021 regarding the template contracts for the insurance and retail sectors.

undertakings where there is ongoing or likelihood of ABP and, where necessary, impose reporting and prudential requirements to ensure compliance.

Additionally, the Authority may require industries and sectors, where instances of ABP are likely to occur, to develop and publish a binding code of practice.

The Act now sets out the basic requirements for inclusion in supply contracts. It is now mandatory for contracts between buyer and supplier undertakings to contain including terms of payment, conditions for termination and variation of contracts, and mechanisms for dispute resolution.

In order to address the ongoing issues in the retail and insurance sectors, the Authority consulted key stakeholders in these two markets and published the model contracts for the supply of goods and services.

The retail sector stakeholders engaged in the process of the development of the contracts included the Association of Kenya Suppliers (AKS), Kenya

Association of Manufacturers, and the Retail Trade Association of Kenya (Retrak).

The Kenya Motor Repairers Association (KEMRA), the Association of Kenya Insurers (AKI), Motor the Assessors Association of Kenya (MAAK) and the National Association of Kenya Investigators (NAKI) also submitted their views on behalf of the insurance sector.

The template contracts' salient features include; parties to the agreements, with provisions clearly identifying the buyer and supplier, the context of the agreement and obligations of both parties, including the duration of payment of suppliers.

The template contracts are aligned to Kenyan laws, and can be customized to fit the circumstances of the parties doing business with each other.

Interested stakeholders can access the template contracts on the Authority's Website: https://cak. go.ke/mandate/buyer-power/rules **《**

CAK SENSITIZATION FORA ON COMPETITION LAW, BUYER POWER AND CONSUMER PROTECTION



During the six months to 30th June 2021, the Authority conducted various stakeholder sensitization sessions to disseminate key information about its mandate and interventions. The engagements were conducted through various channels, including Webinars, Social Media and Workshops.

In line with executing its role of promoting public knowledge and awareness about the Authority as well as its mandate and activities, the Authority conducted various stakeholders sensitization in the six months to June 2021.

In February, the Authority sensitized members of the Law Society of Kenya's Mombasa Branch on the key elements of competition law enforcement, including enforcement against cartel conduct, abuse of buyer power as well as the implications of recent amendments to the Act.

The capacity-building forum saw the 28 participants equipped with knowledge regarding, among others, the benefits of effective competition in markets and how the Authority executes this responsibility.

More specifically, the lawyers were acquainted with the Buyer Power provisions in the Act with a focus on the factors considered by the Authority when assessing ABP, including, contract terms, payment requested to access infrastructure, and the price paid to suppliers.

Additionally, the legal practitioners were sensitized about buying cartels, specifically buyer alliances and joint purchasing agreements. They were informed that competitor firms can only form supply alliances upon applying for and receiving an exemption from the Authority.

At a separate forum in Mombasa, the Authority sensitized Small and Medium Sized Enterprises (SMEs) about the aforementioned issues, with a focus on our ABP enforcement mandate and the complaint handling procedures.

The sensitization, which was conducted in conjunction with the Kenya Bureau of Standards, further sought to clarify to the SMEs about their rights and obligations in buyer-seller commercial arrangement with the

respect to the Act. A total of 34 SMEs attended the Workshop.

In March, the Authority organized a Webinar which was attended by 190 stakeholders, 80% of them being from the legal fraternity. The online-based sensitization themed *Competition Law, Buyer Power and Consumer Protection* was aimed at promoting the understanding and application of competition law and policy

Continued on Pg. 10

Number of stakeholders sensitized in February

28

drawn from the Law Society of Kenya's Mombasa Branch.

Number of stakeholders sensitized in March

190

80% of them being from the legal fraternity.

CAK Sensitization Fora on Competition Law, Buyer Power and Consumer Protection

and creating transparency and predictability in the competition law enforcement process.

The sensitization fed into the Authority's ongoing push to increase the level of compliance with the Act. Some of the key issues discussed during the two-hour session was the Authority's decision-making process as well as procedures for review and appeal.

In May, the Authority conducted its second Twitter Chat of the financial year, sensitizing the public on our mandate of *Safeguarding supply chains by deterring Abuse of Buyer Power*.

The live session, under the hashtag #EngageCAK, saw the Authority engage Twitter users regarding the negative impact the abuse of buyer power has on supply chains, including occasioning the mortality of SMEs.

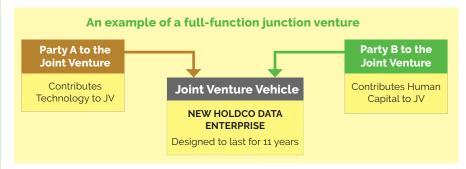
The public was also apprised about the direct knock-on effects that abuse of buyer power has on consumers, including eventually resulting in higher prices of goods and services and limited access to a variety of goods or services.

In furtherance of the Authority's ongoing efforts to furnish journalists with relevant and timely information regarding its activities and interventions, the Authority on June 29, 2021 organized a Webinar for business journalists.

two-hour interactive sensitization session saw the journalists from local and international media houses sensitized on three topics: Emerging Trends in Mergers & Acquisitions, Enforcement against Restrictive Trade Practices (Cartels & Abuse of Dominance), and Consumer Protection in the Digital Era. . **《**

Continued from Pg. 7

New Dawn for JV Transactions as Guidelines Come into Force



acquisitions review process," said Mr. Boniface Makongo, Director, Competition and Consumer Protection.

"However, Guidelines these contained minimal information regarding full function The increasing number of such transactions and advisory opinions sought in their relation, has informed the need to develop the Guidelines with the input of stakeholders and incorporating international best practice."

One of the main issues addressed in the Guidelines is that, just like the other merger and acquisition transactions, the proposed JVs that are notifiable require parties to fill the prescribed forms and pay the requisite filing fees.

Notifiable JVs, which are regarded as full function JVs, are those whose JV Vehicle is incorporated as per the relevant laws and has a Management Team dedicated to its day-to-day operations. Further, the business has access to resources including finance, staff and assets allowing it to access markets and operate for at least ten (10) years. In order to establish the relevant turnover and assets attributable

turnover and assets attributable to a JV transaction, the Authority shall consider the turnover of the parties, their subsidiaries' direct or indirect control in Kenya, and any other entities within the JV group in the country. Further, the turnover or assets of the JV Vehicle will also be considered in the filing.

It is important to note that during analysis of applications lodged, the Authority references the existing Merger Threshold Guidelines in the Competition (General) Rules, 2019 to ascertain the nature of the notification required and relevant filing fees.

Stakeholders can access the Guidelines from the Authority's Website via the link https://cak.go.ke/mandate/mergers/forms-guidelines



Ms. Gloria Rono, a Legal Officer with the Authority, engages a member of the public regarding the agency's mandate during the World Consumer Rights Day commemoration in Mombasa County on March 15, 2021. Read the story on Page 14.

CAK TO HOST 8TH ANNUAL CAPACITY BUILDING WORKSHOP AND SYMPOSIUM ON COMPETITION LAW AND POLICY

The Competition Authority of Kenya invites stakeholders to register and participate in its 8th Annual Capacity Building Workshop and Symposium on Competition Law and Policy scheduled to take place on various dates between 20th and 29th September, 2021 through a virtual platform.

This year, we have collaborated with the Centre for Competition, Regulation and Economic Development (CCRED) to deliver a comprehensive learning experience by experienced legal and competition law and policy practitioners and experts. This partnership will enable participants draw from the Authority's experience, which shall be underscored using relevant case studies, as well as the CCRED's expansive knowledge base and teaching expertise.

The Capacity Building Workshop has been divided into three courses, each with six three-hour sessions. The Authority plans to host one session per day, with the first one scheduled to take place on September 20th 2021. *The Economics for Competition and Regulation* course will cover the core areas of competition economics, including market definition and assessment, merger control, cartels and leniency, abuse of dominance, barriers to entry, and regional competition enforcement.

This teaching format shall also be deployed in the course on *Competition and Consumer Protection Law* which will cover the core areas of competition and consumer protection law and the Authority's decision-making process. This course will equip trainees with the relevant regulatory procedures including the legal due process when initiating investigations, inquiries and obtaining evidence as well as the role of economic evidence when developing theories of harm. To enhance learning, participants will be provided with relevant case studies from Kenya.

This year's Workshop will see the introduction of a *Masterclass course* which will cover more advanced topics and which will be disseminated by a team of highlevel international and local presenters. The training programme will cover topics with specific relevant competition insights from various jurisdictions, including the United Kingdom, Japan and the United States.

Discussions will also center on the impact of price gouging in markets, regulatory interventions to correct the market distortions as well as developments in merger control, including killer acquisitions and regional cooperation, among others.

Dr. Adano Wario, Director, Planning, Policy and Research, noted that the Workshop comes at a time when issues such as digital markets and big data are interfacing with competition regulation, including market analysis and assessment of dominance.

"The Workshop and Masterclass will allow for multi-jurisdictional discussions on emerging concepts in competition law enforcement, buyer power, and consumer protection and engagements on how competition agencies are responding to these advancements," said Dr. Wario.

As has been tradition for seven years, the Workshop will culminate in the Symposium which is planned for September 28th and 29th 2021. In order to enrich discussions at the key event with regard to frontier





2020

FiRE Award Winners,
Semi Autonomous
Government Agencies,
IPSAS Accrual Category



OUR MANDATE

The Competition Authority of Kenya is established by section 7 of the Competition Act No. 12 of 2010. The Authority's mandate is to enforce the Act with the objective of enhancing the welfare of the people of Kenya by protecting consumers from unfair and misleading market conduct, promoting effective competition in markets, and sanctioning abuse of buyer power, among others.



E-FILING PORTAL

https://competition.cak.go.ke:444/

COMPETITION AUTHORITY FETED FOUR TIMES IN A ROW FOR IPSAS ACCRUAL REPORTING

The Competition Authority of Kenya has for four consecutive years emerged top in the annual FiRe awards for its outstanding application of the International Public Sector Accounting Standards (IPSAS) accrual basis of reporting by semi-autonomous government agencies (SAGAS).

By scooping the 2020 award, the Authority has emerged top since 2017, underlining its emphasis on good governance, accountability, transparency while executing its mandate and meeting its statutory obligations.

The FiRe Awards Conference and Award Ceremony, which was themed *Financial Reporting in Uncertain Times*, was held on 26th March 2021 with Retired Chief Justice David Maraga as the Chief Guest.

Mr. Wang'ombe Kariuki, the Authority's Director-General, noted that the Authority's remarkable performance at the annual awards is a testament to our accountants' professionalism and the robust oversight provided by the Board and the Management.

"As an institution that is keen on continual improvement, we studiously consider and inculcate feedback from our parent ministry, the National Treasury and Planning, internal and external auditors, as well as from the FiRe Awards judges," he added.

IPSAS are accounting standards applied by public sector entities globally in the preparation of financial statements. The main benefits from its use is enhanced accountability, efficient use of



Ambrose Ageng'a (Centre), the Authority's Finance Manager and Anthony Mutula (Left), the Authority's Principal Accountant, receiving the 2020 Financial Reporting Award from ICPAK's Chief Manager, Professional Services, CPA Dr. Nebart Avutswa Ph.D, on 26th March, 2021.

resources and asset management, as well as aiding in decision-making, among others.

CPA Ambrose Ageng'a, the Authority's Finance Manager, said the organization's performance is the "product of several years of industry experience, individual and team expertise, extensive consultations and the right leadership."

He added that since 2014, when the Authority started participating in the annual awards, there has been significant improvement in the number of entries from public institutions, thereby raising the quality of reporting in the Public Sector. For instance, a total of 58 SAGAS submitted their financial statements for consideration in the IPSAS Accrual Category in the 2020 awards, with the Authority emerging top. A total of 244 244 Public Sector entities participated in the Awards.

"Over the years, the reporting requirements have been enhanced from just being numbers-centric to inclusion of aspects such as corporate governance and sustainability reporting. This is a welcome improvement and challenge," said Mr. Ageng'a.

"The win in 2020, as well as the others from 2017, assure the Authority's stakeholders about our commitment to transparency and accountability and prudent resource utilization."

By scooping the 2020 award, the Authority has emerged top since 2017, underlining its emphasis on good governance, accountability, transparency while executing its mandate and meeting its statutory obligations.

TACKLING MISLEADING ENVIRONMENTAL CLAIMS ON PLASTIC PRODUCTS



Authority March 1he sensitized 2,600 residents Mombasa of and Kisumu counties regarding their rights and obligations as consumers of goods and services as part of commemorating this year's World Consumer Rights Day (WCRD).

The Consumer Blitz Campaigns (CBCs), which took place for three (3) days beginning March 12, also saw the Authority record consumer complaints for investigation and remedial action.

Additionally, the Authority staff distributed various IEC materials to the public, including brochures, biodegradable bags, pens, and face masks. The Authority also participated in radio shows, and developed informative theatrical skits as part of ongoing efforts to increase awareness about its mandate.

The WCRD is marked every year on 15th March and is an opportunity for consumer protection agencies to highlight and raise awareness about issues affecting consumers globally and apprise them of avenues through which they can enforce their rights.

The annual commemoration is also used to sensitize businesspeople



Mr. Wilson Chacha, an investigations officer with the Authority (Left), sensitizing a Kisumu County resident about their consumer rights and obligations during the commemoration of WCRD 2021.

about the need to adopt practices that respect the rights of consumers while also supporting sustainable consumption.

The theme for this year's WCRD was "Tackling Plastic Pollution". To contextualize this locally, the Authority translated the theme to: "Tackling Misleading Environmental Claims on Plastic Products."

Whereas plastic is a highly useful material in people's daily lives, its production and consumption is gravely harming the environment, including negatively impacting human health and biodiversity.

The Authority noted that whereas plastic pollution is a growing concern in terms of its considerable production, pervasive use and improper disposal, misleading claims on plastic packaging compounds the problem.

Labels such as "all natural", "biodegradable", "microwave safe", and "ecofriendly" are now ubiquitous on plastic containers, but often times these claims are outright misrepresentations of the facts by business people keen on attracting consumers who support sustainable consumption.

Such misleading claims are in breach of the Act which provides that all consumers have absolute rights to full and accurate information about goods or services they purchase at all time.

Labels such as "all natural", "biodegradable", "microwave safe", and "eco-friendly" are now ubiquitous on plastic containers. Businesses should ensure that these claims are not misleading to consumers, in which case they would be in breach of the Act.









CAK to host 8th Annual Capacity Building Workshop and Symposium on Competition Law and Policy

topics on competition policy and regulation across Africa, the Authority will share papers authored by stakeholders on various topics, with a focus on 4 thematic areas:

- Reviewing 10 Years of the Competition Authority of Kenya: Impact Assessment and Comparative Insights
- COVID-19, competition enforcement and economic recovery in developing countries
- AfCFTA and regional competition enforcement: opportunities and challenges
- Competition and consumer protection in Africa, as it relates to digital platforms.

"The call for papers commenced on June 1, 2021 and shall continue until July 10, 2021. Stakeholders whose abstracts have been accepted shall be informed by 19th July 2021 after which they will be required to submit final papers by 10th September 2021," said Dr. Wario.

"We anticipate that the wealth of knowledge shared through the approved papers shall serve as a key reference point for competition law and consumer protection regulators, legal practitioners, consumer protection associations, and the business community." Each of the Workshops and the Masterclass will attract a fee of USD400 (early bird discounts apply) while the Symposium shall be free. Stakeholders are welcome to register for the various events by filling the booking form available on the Authority's Website (www.cak.go.ke) and sending it to the Authority via symposium2021@cakgo.ke.

Interested stakeholders abstracts can submit abstracts of a maximum 250 words to *karissam@uj.ac.za* and *nmwarania@cak.go.ke*. Stakeholders can also make inquiries regarding the events by calling **+254 (20) 277 9000.**



8TH ANNUAL CAPACITY BUILDING WORKSHOP ON COMPETITION LAW AND POLICY



The Competition Authority of Kenya (CAK) and CCRED invite you to a six (6) day online Professional Training Programme (PTP) on **Competition Law and Economics for Regulation.**

Date: 20th – 24th and 27th September, 2021

Theme: Theoretical concepts and emerging issues in competition economics and law, and consumer protection.

Course Content

Description

1. Competition Economics and Policy

. Legal Principles in Competitior and Consumer Protection Core legal principles in competition and consumer protection law and issues of legal due process and decision-making.

3. Advanced Masterclasses on Competition

A series of six masterclasses targeted at more experienced participants. Each three-hour masterclass will focus on the latest theory and practice in contemporary advanced competition topics.

Core areas of competition economics, in a practitioner-oriented approach, with carefully selected case examples and exercises.

For more details contact: symposium2021@cak.go.ke

To register visit:- https://bit.ly/3zewNat

*Early bird rates apply (until 15th July, 2021)



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Continued from Pg. 14

Tackling Misleading Environmental Claims on Plastic Products

Additionally, consumers also lack vital information regarding the plastics they use. For instance, they are not made aware how long they should use items like plastics or soft drink bottles and whether certain plastics are suitable for use in storing food or for use in a microwave.

During the CBCs held in Mombasa and Kisumu, the Authority specifically educated consumers on their rights regarding misleading information by manufacturers on the use of plastic products and the key things to look out for in product labels and claims.

Consumers were urged to always take time to read and interpreting plastic products labels prior to purchasing them and report cases of false or misleading claims to the Authority for investigation.

Further, the Authority sensitized businesses about their obligation to be truthful with consumers regarding their products and services, and the sanctions they face if found guilty of infringing the Act. «

Quotable Feedback:

"I have really appreciated the importance of keeping receipts for any future purchases I make."

- Ms. Caroline Ombati, Kisumu County.

TACKLING MISLEADING ENVIRONMENTAL CLAIMS ON PLASTIC PRODUCTS



By **Boniface Kamiti**, Manager, Consumer Protection

The next time you order a takeout meal from your favorite restaurant, or buy a soft drink in a plastic bottle, bear in mind that approximately 40% of all plastic produced is discarded after a single use and makes up most of the World's waste.

A World Bank report on 'Tackling Increasing Plastic Waste', estimates that the weight of plastics in oceans will exceed that of fish by 2050 and that there will be about 12 billion metric tonnes of plastics in landfills.

Plastic manufacturing has doubled every 15 years, outpacing production of literally all other manmade products. The material is a convenient, cheap, and versatile packaging material compared to its substitutes.

Numerous propositions have been put forward to manage plastic waste effectively. For instance, in line with the Sustainable Development Goals, Kenya banned the use of paper carrier bags and outlawed single-use plastics in protected areas like national parks and beaches.

While plastics use remains dangerously high and environmentally harmful, consumers have increasingly pivoted toward environmentally friendly products, spurred by the clarion call to reduce, reuse and recycle.

Labels such as "all natural", "biodegradable", "microwave safe", and "eco-friendly" are now ubiquitous on plastic containers as businesses seek to appeal

to environmentally conscious consumers.

Whereas this behavior change is commendable, some businesses are deceiving consumers by making false or unsubstantiated claims about the environmental attributes of their packaging. Green washing claims put the health and safety of consumers at risk.

According to the 2020 'Can I Recycle This?' report by the United Nations Environment Programme and Consumers International, inconsistent on-packaging communication "contributes to significant consumer confusion regarding sustainability of plastic packaging."

Additionally, companies claiming their products are 100% biodegradable do not provide consumers with full composting information, making the claims superfluous. The lack of global harmonization of labels depicting various environmental claims adds to the confusion.

12 BILLION

Estimated weight in metric tonnes of plastics in landfills by 2050.

World Bank report on 'Tackling Increasing Plastic Waste'



Mr. Boniface Kamiti, Manager, Consumer Protection - CAK.

In this fluid environment, where marketing targets sometimes trump ethical business practice, consumers are unable to make informed decisions. Deceitful claims erode consumer confidence in business and damage the reputation of companies, even those abiding by the law.

It is therefore indicative that this year's World Consumer Rights Day (WCRD), which is commemorated annually on the 15th day of March, is themed "Tackling Misleading Environmental Claims on Plastic Products".

The WCRD is an annual event aimed at raising global awareness about consumer rights and needs,

Continued on Pg. 17

Labels such as "all natural", "biodegradable", "microwave safe", and "eco-friendly" are now ubiquitous on plastic containers as businesses seek to appeal to environmentally conscious consumers.

Continued from Pg. 16

promoting and protecting their basic rights, and protesting against market conduct that undermines those rights.

Article 46 (1) of the Constitution of Kenya outlines salient consumers rights, including the right to information necessary for consumers to gain full benefit from goods and services and the right to protection of their health and safety. Further, misleading representations by businesses regarding goods or services are expressly prohibited by the Competition Act No. 12 of 2010.

In furtherance of this, the Competition Authority of Kenya has made several determinations against companies making false claims on their goods and services, including in the juices, edible oils, maize flour, and bread subsectors. Other aspects where businesses mislead typically mislead consumers is with respect to the grade, performance characteristics, quality, model, place of origin, availability of spare parts, and existence of warranties of goods and services.

As part of marking this year's WCRD, the Authority sensitized consumers and businesses about potential violations with regard to environmental claims on plastic packaging, with the objective of spurring positive behavior change.

One of the Authority's major contributions to sustainable consumption is its decision to automate all its technical services in September 2020. Our decision to go paperless has greatly reduced the e-waste generated by the Authority and reduced printer maintenance and stationery costs by about 80%.

Additionally, the operational switch has resulted in significant savings for our stakeholders and ourselves, especially with regard to printing costs since we are no longer accept manual filings of cases. We appreciate that e-waste, like plastics, are a major environmental challenge which require our concerted intervention. «

BUILDING A SOCIETY THAT IS ROAD SAFETY-CONSCIOUS





Members of the Authority's Road Safety Mainstreaming Committee sensitizing motorcycle riders along Workshop Road (Land Mawe area) and Bunyala Road, Nairobi, on road safety measures.

The Authority has contributed to the prevention and management of road traffic injuries and fatalities in Kenya by engaging in programmes and activities aimed at enhancing road safety consciousness among our stakeholders.

On 31st May, 2021, the Authority sensitized motorcycle riders and pedestrians along Workshop Road (Land Mawe area) and Bunyala Road, Nairobi, about the road safety measures they should observe.

The Authority reminded the *boda boda* riders about their rights and obligations, including the need to regularly service their motorcycles, wear helmets and reflective jackets as well as provide this essential gear to their pillion passengers.

Members of the Authority's Road Safety Mainstreaming Committee also advised pedestrians that should they should not board a motorcycle while accompanied with a child aged above 12 and that they should always wear protective gear.

In order to facilitate the *boda boda* riders to comply with existing traffic laws and regulations, the Authority provided each of them with two branded reflector jackets which detail avenues through which they can contact the Authority and lodge complaints.

"Road crashes are the highest contributors to disability in Kenya. They place a strain on household health budgets, thereby contribute to increasing poverty, especially through loss of breadwinners" said

Continued from Pg. 17

Mr. Eric Mwangi, the Authority's Corporate Affairs Director and Road Safety Mainstreaming Committee Chairman.

He noted that over 3,900 road traffic deaths occur in Kenya annually and cost the country up to Kshs. 300 Billion, adding that it was paramount that all road users abide by the set traffic laws and take extra measures to protect themselves and their fellow road users.

Authority Additionally, the participated in the Global Road Safety Week commemoration from 17th to 23rd May, 2021 by calling for maximum road travel speeds of 30 km/h in locations where people walk, live, and play and interact with vehicles in a frequent and planned manner.

Research by the World Health Organization has concluded that a 1 km/h increase in a vehicle's average speed translates into a 3% higher risk of a crash and a 4%-5% increase in fatalities if an accident occurs. Low speed streets reduce the risk of serious injuries and saves lives.

As part of commemorating the event, the Authority's Director-General, Mr. Wang'ombe Kariuki, signed a support note stating it was "time to urgently deliver on the call to action by reducing, designing, and enforcing traffic speeds that are safe for everyone, everywhere, prioritizing speeds streets in all residential areas and schools."

Data from the National Transport Safety Authority indicates that the total number of victims of road accidents increased by 7.8% in 2020 to 16,970. 3,975 of these persons lost their lives, 8,027 were seriously injured while another 4,968 were slightly injured.

Pedestrians represented the largest quotient of the fatalities (1,383 people or 34.8%) while motorcyclists ranked were second with 1,136 (or 28.6%) of them losing their lives following road accidents. Drivers and their passengers accounted for 927 fatalities in the period under review.

In addition to the aforementioned programmes targeting external stakeholders, the Authority has also conducted a technical training of the Road Safety Mainstreaming Committee.

Additionally, the Committee has sensitized the Authority's Management and Members of Staff regarding road safety, with a focus on proper road etiquette and safety, and how to be road safety ambassadors in their communities. «

Key Road Safety Statistics for 2020



3,975

Number of road traffic deaths that occur in Kenya annually



1,383

Pedestrians who died, representing the largest quotient of the fatalities



1,136

Motorcvclists who died. ranked second in the number of fatalities



Number of drivers and their passengers who died

Data from the National Transport Safety Authority for the year 2020



300 Bln

Estimated cost of the annual deaths to the country



Recomended maximum road travel speeds in locations where people walk, live, and play and interact with vehicles in a frequent and planned manner



In order to facilitate the riders to comply with existing traffic laws & regulations, the Authority provided each of them with two branded reflector jackets which detail avenues through which to contact the Authority and lodge complaints.

GIVING BACK TO THE SOCIETY THROUGH CSR PROGRAMS



The Authority on June 11, 2021 planted various indigenous trees at Lusigetti Level 4 Hospital, Kiambu County as part of its annual Corporate Social Responsibility activities and contribution to the achievement of 10% nationwide tree cover by 2022.

As part of this year's Corporate Social Responsibility (CSR) activities, the Authority supported adult and children care centers with essential commodities, planted indigenous trees and donated computers and chairs to secondary schools across Nairobi.

The Authority undertakes CSR activities with the aim of enhancing its relationship with stakeholders and the community, and furthering social good beyond executing its core mandate of promoting competitive markets for Kenyan consumers.

In cognizance of the impact that the ongoing COVID-19 pandemic has had on the economy and, consequently, on individual and corporate resources, the Authority earmarked a children homes and adult home for in-kind support.

One of the recipients, PCEA Thogoto Old People's Home, is based in Kikuyu, Kiambu County and has been in operation for over 54 years. The home caters to 50 elderly persons who are all aged

over 70, with oldest being 101 years.

We also visited Smile Community Center in Soweto, Embakasi which has been in operation since 2015. The institution has 30 inhouse dependents aged between 5 months and 17 years, with a majority of them being teenagers. The Centre operates a learning center, a feeding programme and a mentorship program.

The Authority supported the institutions with essentials such as maize flour, wheat flour, cooking oil, sugar, rice, tissue papers, diapers, disinfectants, facemasks, bleach, bar soap and various stationery items for the schoolgoing children.

Additionally, the Authority donated twenty-five (25) desktop computers and 13 office chairs to five (5) secondary schools across Nairobi. The beneficiary schools



ABOVE: The Authority's members of staff visited the elderly at PCEA Thogoto Old People's Home, Kikuyu and supported them with various essentials.

BELOW: Students and administrators of Dandora Secondary School receiving donations of computers and office chairs from the Authority.



were Kasarini Secondary School, Baba Dogo Secondary School, Dagoretti Mixed Secondary School, Dandora Secondary School, and Shauri Moyo Secondary School.

It is expected that the assets will greatly enhance the teaching and learning experience for the teachers and students in these schools, respectively, including facilitating enhanced access to ICT tools and skills.

The students were also provided with the Authority's Annual Report, Competition Act, and other IEC materials.

Lastly, the the Authority's Environmental Conservation & Sustenance Committee on 11th June 2021 planted various trees at Lusigetti Level Hospital in Kiambu County.

The exercise was conducted in collaboration with the Kenya Forest Research Institute (KEFRI), Maguga Ecosystem Research Community Forest Association, the Lusigetti Hospital, and members of the community.

Ms. Riziki Mwadalu, Head of the Soils Science Department at KEFRI, noted that the species of trees planted will significantly transform the environment in the area which is predominantly semi-arid.

Over the past five (5) years, the Authority has planted over 5,500 trees in six (6) counties; including Nakuru, Tharaka-Nithi, Kilifi, Nairobi, Garissa and Kiambu.

Additionally, the Authority participated in a mass tree-planting exercise on World Environment Day in Garissa County. The event was held on 5th June, 2021. 《



Know the Competition Act



Competition Act No. 12 of 2010.

An Act of Parliament to promote and safeguard competition in the national economy; to protect consumers from unfair and misleading market conduct; to provide for the establishment, powers and functions of the Competition Authority and the Competition Tribunal, and for connected purposes.

Date of Assent:

30th December, 2010

Date of Commencement:

1st August, 2011

Application of the Act

Applies to all persons including the Government, state corporations and local authorities in so far as they engage in trade. However, the Government shall not be liable to any fine or penalty under the Act or liable to prosecution.

Where there is a conflict between the provisions of the Act and the provisions of any other written law with regard competition and consumer welfare, the provisions of this Act shall prevail.

Objects of the Act

- Increase efficiency in the production, distribution and supply of goods and services
- Promote innovation
- Maximize the efficient allocation of resources
- Protect consumers
- Create environment conducive for investment, both foreign & local
- Capture national obligations in competition matters with respect to regional integration initiatives
- Bring national competition law, policy & practice in line with best international practices
- Promote competitiveness of national undertakings in world markets. **«**



Scan to access CAK's Citizens'
Service Delivery Charter





Answers to Ushindani Issue 6 Crossword Puzzle

Across		Down	Down	
2. Doctrine	13.Exclusion	1. Ecommerce	8. Administrator	
3. Remedy	15.Integration	3. Restraints	10.Rules	
6. Order	16.Mitigation	4. Harm	14.Locus	
8. Amalgamate	17. Ameliorate	5. Sole	19.Immunity	
9. Acquire	18.Compliance	7. Market	20.Exemption	
11.Interim	21.Price		_	
12.Infringement	22.Quality			