

The GLOCEPS

Special Focus

Research Focus: Transnational Organised Crimes Pillar

Mitigating Challenges to Kenya's scrap metal illicit trade

Stephen Nduvi & Rocky Ngei

In brief...

The brief articulates that the proliferation of scrap metal illicit business activities within the country and across the borders could be emboldened by the ongoing political unrest due to the isolated destruction of public infrastructure. The vice has been on the rise despite the establishment of the Scrap Metal Council in 2015. However, decelerating the vice has been challenging due to loopholes in law enforcement mechanisms, low levels of awareness of the illicit trade, and weak collaboration among various actors and stakeholders. The brief recommends that the Scrap Metal Council should strengthen the capacity of its members to combat illicit activities; invest in public awareness campaigns and community-based surveillance networks; intensify collaboration among various actors in tackling the illicit trade in scrap metals; and lobby for enhanced cross-boundary cooperation and harmonization of regional framework for imposing unified penalties on smuggled metals.

Context

Illicit trade on scrap metal in Kenya could be intensified by the ongoing political unrests that have led to destruction of vital public infrastructure in various parts of the country. This will contribute to proliferation of scrap metal business activities within the country and across the borders. If effective dissuasive mechanisms are not put in place, the government will become vulnerable to massive loss of critical infrastructure, negatively affecting citizens' livelihoods.

Smuggling of scrap metal in Kenya endangers critical infrastructure in Kenya and the region. The scrap metal black market operates within a broader socio-economic context characterized by rapid urbanization, industrialization, and infrastructure development. The demand for raw materials, particularly in the construction and manufacturing sectors, has led to a lucrative market for scrap metal, attracting both legitimate businesses and criminal syndicates. The vice has been on the rise despite the establishment of the Scrap Metal Council in 2015. While deterrence measures have



focused on legislative change and new regulations, the crisis persists. However, decelerating the vice has been challenging due to loopholes in law enforcement mechanisms, low levels of awareness of the illicit trade, and weak collaboration among various actors and stakeholders. For instance, in January 2022, Kenya imposed a ban on the local trade of scrap metals but was lifted three months later.

Key Issues

The following issues remain significant in forestalling Kenya's multi-billion scrap metal underworld.





Photo Credit: ktn news

Inadequate public awareness

There exists a weak connection between the need to protect against vandalism of critical infrastructure and its disruptive impact on livelihoods at household and business levels. The challenge impedes collective efforts in enhancing vigilance against vandalism activities on vital infrastructure which is a significant source of scrap metal. The inadequate public sensitization campaigns dent the creation of awareness of the immense danger posed by the illicit trade to the lives and livelihoods of Kenyans. Instead, criminal gangs and unemployed youth perceive this as an economic activity to support their livelihoods.

Despite the threats posed by frequent vandalism of vital infrastructure communication strategies to appeal to public to spearhead mitigation efforts have been dismal. Poor messaging, and inadequate broadcasting of negative implications of vandalism activities as opposed to being an economic activity perpetuates the vice. This is attributed to the absence of strategic communication initiatives by Scrap Metal Council to influence perceptions on vandalism while strengthening community policing on the illicit trade. Consequently, the populace remains unaware and less connected to the government on the need to enhance vigilance against destruction of critical infrastructure.

Loopholes in law enforcement mechanisms

The capacity to curb illicit trade in scrap metal in Kenya has been ineffective despite the formation of the Scrap Metal body in 2015. Lack of technical knowhow of the industry by most of the council members impedes their capacity to effectively oversee illegal activities. Unscrupulous traders have continued to take advantage of the

inadequate familiarization in regulating the industry to smuggle materials across the Kenya, Uganda and Tanzania borders. Compounding the situation is the absence of adequate inspectors to enforce the entity's mandate as indicated in end of June 2022 report by the Office of the Auditor General. This contradicts the Scrap Metal Council Act, No.1 of 2015 that requires appointment of sufficient number of inspectors with relevant competencies in metallurgy.



Photo Credit: Daily Nation

Similarly, lack of consistency in enforcing ban on the illicit trade contradicts attaining the mandate of the Act. On and off ban, renewal and issuance of export licenses impedes compliance with the law, abetting vandalism and consistence in mapping and vetting of the dealers. For instance, the lifting of the presidential moratorium on exporting of scrap metal in May 2022 and introduction of new regulations attests to this phenomenon. Weak enforcement coupled with border porosity, inadequate cooperation in cross-border surveillance emboldens smugglers of scrap metal across the region. Moreover, the government loses out on significant tax revenue due to underreporting and tax evasion in the informal scrap metal trade, further exacerbating fiscal challenges and constraining public spending on essential services.

Weak collaboration among various actors

Vandalism activities in Kenya are exacerbated by weak collaboration between various key industry stakeholders from the private and public sector. This leads to weak controls in collecting information, conducting border surveillance and prosecuting perpetrators of metal smuggling. It also undermines effective coordination among



the relevant agencies in the various sectors. The lack of coordination and information-sharing among government and private agencies further complicates regulatory efforts, as different actors implement overlapping mandates and conflicting priorities.

While scrap metal warehouses and yard owners are the major actors in the scrap metals supply chain, crackdown on vandalism focus majorly on collectors. The enforcement loophole emboldens the actors in navigating legal hurdles in exporting smuggled scrap metals. Besides there exists no harmonized regional framework to combat illicit smuggling leading to variance in penalties of the associated victims. For instance, dealers are fined lesser amount than in Kenya for illegally exporting scrap metal without a license.

Conclusion

In conclusion, the proliferation of scrap metal illicit business activities within the country and across borders could be emboldened by the ongoing political unrest due to the destruction of public infrastructure. The vice has been on the rise despite the establishment of the Scrap Metal Council in 2015. However, decelerating the vice has been challenging due to loopholes in law enforcement mechanisms, low levels of awareness on the illicit trade, and weak collaboration among various actors and stakeholders. Therefore, there is a need to revitalize efforts on combatting illicit trade in scrap metal to avert further destruction of public infrastructure and prevent its disruptive impact on livelihoods at household and business level.



THE GLOBAL CENTRE FOR POLICY AND STRATEGY
(GLOCEPS)

Research | Knowledge | Influence

Off Kiambu Road, Nairobi Kenya
P.O. Box 27023-00100, Nairobi.
Telephone: 0112401331
Email: info@gloceps.org
Web: www.gloceps.org

