

KENYA ASSOCIATION OF MANUFACTURERS (KAM)

FAQ's

Who is KAM?

Kenya Association of Manufacturers is the representative organisation for manufacturing value-add sectors in Kenya

What is KAM's vision, mission, goal & purpose?

Vision:

To be a world class business membership organisation effectively delivering services to its members wherever they operate

Mission:

To promote competitive local manufacturing in liberalised markets

Goal:

To transform KAM into a sustainable member-focused association delivering relevant, quality, timely and effective services to its members.

Purpose:

To create wealth at both corporate and individual levels by advocating for a competitive environment for businesses to operate, thereby creating better industries, growing the economy, creating jobs and hence resulting in better standards of living for Kenyans.

Does KAM have working committees?

KAM has four working committees that facilitate members' engagement with the Government and provide oversight on KAM advocacy agenda they are as follows:

1. Trade & Tax Committee
2. Standards & Regulatory Affairs committee
3. Infrastructure committee
4. Licensing & Security Committee

What does the trade & tax committee do?

The committee covers the broad areas of industrialisation tax proposals, trade facilitation, trade blocs, investment climate, internal and international trade and trade promotions.

What does the standard & regulatory affairs committee do?

It covers the broad areas of legal issues, quality and standards, labour matters, IPR, including anti-counterfeit issues and environmental issues. The committee has the following sub-committees:

1. IPR & Anti-counterfeit
2. Environment
3. Standards

What does the infrastructure committee do?

It covers issues related to ports, railways, roads, energy, ICT and telecommunication. The committee has the following sub-committees;

1. Energy

What does the licensing & security committee do?

It concerns itself with matters of local authorities including licensing water, roads, liaison with ministry of local government and national government and national security issues among others. The committee has the following sub - committee

1. Local Authorities
2. Security

Can a member join more than one committee?

Yes. One just needs to make official request for consideration

MEMBERSHIP DEVELOPMENT UNIT

How many types of membership are found under KAM?

In KAM, there are 2 different types of membership:

1. Ordinary Membership: This type of membership is for companies directly involved in processing, manufacturing or any other value addition activities.
2. Associate/Consultancy membership: This type of membership is meant for firms which have direct interests in the expansion of industries, either through the provision of services or other inputs.

Is KAM only based in Nairobi?

KAM has established seven regional chapters in the following areas:

1. Coast chapter
2. Nyanza/western chapter
3. Eldoret chapter
4. Nakuru chapter
5. Athi river chapter
6. Central kenya chapter
7. Industrial area chapter

What is the role of the chapters?

The chapters:

1. Develop and prioritise local advocacy agendas
2. Draw strategies and action plans that lobby for policy reform on the issues
3. Mobilize members for trainings
4. Share information and capacity building in areas of need
5. Coordinate membership recruitment and retention efforts

Since KAM has over 800 members, how are you able to resolve same member related issues?

KAM has been able to categorise its members into various sectors:

1. Service & Consultancy
2. Building, Mining & Construction
3. Chemical & Allied
4. Energy, Electrical & Electronics
5. Food & Beverage
6. Leather & Footwear
7. Metal & Allied
8. Motor Vehicle & Accessories
9. Paper & Board
10. Pharmaceuticals & Medical Equipment
11. Plastics & Rubber
12. Fresh Produce
13. Textile & Apparel
14. Timber, Wood & Furniture

What are the working hours per week for the manufacturing companies?

The working hours of a manufacturer are 52 per week based on the General Order of 1972.

PRAU UNIT

Kenya Apparels Manufacturers Exporters Association (KAMEA), Work Permits & Immigration

Who is issued with a work/residence permit?

The Permit is issued to any Non-Kenyan wishing to engage in employment in Kenya, whether in gainful employment or voluntary service. The permits, are issued under Kenyan citizenship and Immigration Act 2011 of the Laws of Kenya and are classified as follows:

Class A

Issued to persons who intend to engage in prospecting for minerals or mining.

REQUIREMENTS

- One should obtain the necessary licenses and registrations.
- For renewals, current license held for prospecting minerals and copy of PIN is required.
- One requires sufficient capital or resources for investment.
- Processing fee of **Kshs. 10,000** that is **non-refundable**.
- Fee of **Kshs. 250,000** per year or part thereof.

Class B

Work permit issued to persons wishing to invest in agriculture and animal husbandry.

REQUIREMENTS

- Proof of land ownership or leasehold interest.
- Proof of capital available for the purpose.
- Clearance from relevant bodies.
- Processing fee of **Kshs. 10,000** that is **non-refundable**
- Fee of **Kshs. 100,000** per year or part thereof.

Class D

This issued to a person who is offered specific employment by an employer who is qualified to undertake that employment.

REQUIREMENTS

- Copies of academic/professional certificates along with the CV.
- Evidence that the organization failed to fill the vacancy from the local labour market.
- Form 27 duly filled, signed and sealed by the company
- Form 25
- Cover letter addressed to: Director of Immigration Services
- Processing Fee **Kshs. 10,000** that is **non-refundable**
- Fee of **Ksh. 200,000** per year or part thereof.

Class G

Work permit issued to investors in specific trade, business or consultancy.

REQUIREMENTS

- Documentary proof of capital to be invested/already invested (minimum of 100,000 US dollars or equivalent in any other currency)
- Registration certificate of the company OR certificate of incorporation.
- Copies of personal and company PIN (Personal Identification Number) if business is running.
- For renewals, audited accounts for previous 2 years and a certificate of tax compliance from the Kenya Revenue Authority.
- Processing Fee of **Kshs. 10,000** that is **non-refundable**. A banker's cheque should be addressed to the Principal Secretary, Ministry of Interior and Coordination of National Government.
- Cover letter, addressed to the Director of Immigration services
- Duly filled application form 3 or 26
- Fee of **Kshs. 100,000** per year or part thereof.

Class I

Work/Residence permit issued to a member of a missionary society approved by the Government of Kenya and whose presence is beneficial to the country.

REQUIREMENTS

- A copy of registration certificate of the organisation.
- Academic and professional certificates of the applicant.
- Processing Fee: **Kshs. 1,000 (non-refundable)**
- Fee is **Kshs. 5,000/=** per year or part thereof.

Class K

Residence permit issued to persons who have an assured income derived from sources outside and undertake not to accept paid employment of any kind.

REQUIREMENTS

- Documentary proof of assured income is required for class K
- processing fees **Kshs. 10,000 (non-refundable)**
- Fee is **Kshs. 100,000** per year or part thereof

Class M

Work permit issued to conventional refugees

REQUIREMENTS

- Recognition letters from UNHCR and department of refugees' affairs
- Processing free gratis
- Permit issued gratis

Besides processing work permits and special passes what else does the KAM KAMEA, work permit & immigration desk provide?

- a) Dependant passes (KDP)
- b) Pupils passes
- c) Alien registration

Can Members download the immigration forms from the immigration department website?

Yes, you can download the forms from the website by going to www.immigration.go.ke

Who should Immigration applications cover letters be addressed to?

They should be addressed to: The Director of Immigration services.

As regards to Immigration payments, who should the banker's cheques be addressed to?

The bankers cheques should be addressed to: The Principal Secretary, Ministry of Interior and Coordination of National government

The time period is quite long, especially for a new work permit. Is it guaranteed that the individuals will receive the work permit even after waiting for that lengthy period?

The period is long because there are various agents involved. Expatriate graduates have higher chances of getting approvals, but the bottom line is to demonstrate in the application that the applicant has skills rare in the local labour market. Also note that though application through KAM to immigration goes to the normal process, the permit approval committee gives them priority during their sitting sessions.

What does one have to pay for the permit and how long does it take to get the permit?

Work Permit - Kshs 29,000; non-members 52,200/=

- New one takes 2 to 3 Months
- Renewal takes 2 to 5 weeks

Special Pass - Kshs 11,600; non-members 29,000/=

- 2 weeks

Dependent Pass - Ksh 11,600

- 2 months

Alien Registration - Ksh 5,800

- 3 months

Citizenship & Permanent Resident - Ksh 100,000

- 1 year

A banker's Cheque should write to:

'PS Ministry of Industrialization & Coordination of National Government '

How long does it take to process a permit?

The document will go through an initial stage (vetting), where investigations are done. After this, the documents are recommended for meeting consideration (once on Thursdays every week). it is in this meetings that rejections and/or approvals are made.

Customs & Standards

What is TFDA?

Tanzania Food and Drugs Authority

What is TBS?

Tanzania Bureau of Standards

What does KAM require to sort out my KEBS issue of my product?

We shall require you to submit:

1. The name of the product
2. The HS Code of the product

Have pharmaceutical manufacturers been exempted from VAT?

Yes, they have but been exempted but on specific packaging materials comprising as per the EAC customs act.

I intend to have information on VAT exemption as a plastic item manufacturer. Currently we are buying the materials (both raw material and colour) locally. We will however start directly importing the material. Are we allowed to be exempted from VAT in the plastic sector?

on your import you will be required to pay all charges that are applicable here in Kenya, including VAT.

On supplier payments, is there a further 6% that KRA allows manufacturers to deduct from all payments made both locally and internationally. Is this also applicable in the plastic sector?

Kindly get clarity from KRA.

What is the purpose of the KEBS ISM Stickers?

ISM is *Import Standardization Mark* and is applied on finished products for direct sale in the market. Therefore, as KAM, we should deal with value-add goods and not finished products, as this will create conflict of interest and again, raw materials for our members are not subject to ISM or PVoC.

Are pharmaceutical companies required to apply for the VAT exemption?

Yes. Pharmaceutical companies are required to make applications to KRA for their VAT exemptions.

Is the Wages Order and Regulations 2015 available?

The legal notice No. 116 & 117 on minimum wages 2015 is now published.

What is the List of excisable goods in Kenya?

1. Juices
2. Bottled Mineral water
3. Ice Blocks
4. Sodas
5. Beer
6. Wines
7. Un-denatured ethyl alcohol
8. Denatured ethyl alcohol
9. Spirits and Spirituous beverages
10. Cigarette, Cigars, cheroots and cigarillos, containing tobacco and/or tobacco substitutes Tobacco
11. Petroleum Fuel
12. Cosmetics
13. Motor vehicles
14. Plastic shopping bags

If Imported material already has details of date of manufacture, expiry, storage condition, safety precaution, usage instructions on the container, do we have to put labels locally as well?

Yes. You are required to have labels on both imported and locally manufactured products. Kindly contact the KEBS quality department; they will inform you on how to go about it in addition to the requirements.

What are the requirements for having an excise duty license for an excisable product?

- Application Form E.1 in duplicate
- Architectural drawing of the premises
- Certificate of incorporation/registration
- Copies of PIN Certificates for Application and Directors
- Copy Current Excise License where applicable
- Copy of VAT certificate
- Details of Banker's (Name of Bank, Branches, Account Numbers)
- KEBS Certificate of Compliance with Standards

- Public health Certificate
- Single Business Permit
- Comply with ETR Requirements
- Brand Details (including Volume references)
- Input-Output ratios
- Security bond for the protection of excise duty on exports
- Install flow metres of a specification acceptable to KRA, in the case of spirit distillers
- List of Brands, packaging sizes and production formulas (input-output ratios) for beverages, cosmetics and tobacco products
- Copy of current Liquor license in case of alcoholic manufacturers

What is an FOB Price?

FOB means Free on Board. This pricing term indicates that the cost of the goods, including all transportation and insurance costs from the manufacturer to the port of departure, as well as the costs of loading the vessel, are in the quoted price. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that point.

LEGAL

If an employee goes on maternity leave what is the period allowed, and after allowing maternity leave is the employee entitled to annual leave?

The period allowed by the Law for maternity leave is three (3) months with full pay. Female employees are entitled to maternity leave only when they are pregnant and require no consent from the employer to take leave.

With regard to annual leave, employees are entitled to not less than 21 days in a year. However, the employee needs to get consent from the employer before they go on an annual leave.

Usually, female employees take both maternity and annual leave together. This can be allowed as long as they get consent from the employer on the annual leave days they intend to take in addition to the 3 months' maternity leave.

Since we have a 45min lunch and tea break, is it ok to consider that they are working for only 8hrs 15mins as opposed to 9hrs, since the contract says from 8.00am to 5.00pm?

The working hours are inclusive of the tea and lunch breaks.

How about security guards working hours?

The Employment Act section 27 states that an employer shall regulate the working hours of each employee in accordance to the Act and an employee shall be entitled to at least one rest day in every period of seven days.

Business Competitiveness Services**Is there any preferential trade agreement between Kenya and the UK for manufactured products originating from Kenya?**

Yes, Kenya does have preferential trade agreements with UK, for it is part of the EAC that has for a long time had preferential agreements with EU..

Kenya is one of the countries that did not conclude and ratify the Economic partner agreements (EPA) what are we using to trade with the EU market?

What we are using now is the Interim EPA, also known as FEPA, where there is Market Access Regulation (MAR) 1528 for countries that have not concluded and ratified the Economic Partnership Agreement (EPA).

Is it safe to assume that if a certificate of origin issued by the KENYA NATIONAL CHAMBER OF COMMERCE will be sufficient for the EU customs to accord preferential duty treatment?

It is not safe to assume that because Certificates of origin for preferential arrangements are issued by KRA while the Chamber only issues ordinary certificates of origin.

How can I acquire a KRA certificate of origin for the preferential arrangements?

You should visit the KRA Rules of Origin at Forodha house in Community,

Is vehicle branding harmonised in all counties?

Vehicle branding fees is not yet harmonised and you will have to pay at the county of demand. This has been flagged as an intergovernmental issue (county to county).

Has the new wage bill that was discussed during the labour day celebrated been gazetted?

The wage bill legal notice is not yet gazetted but you are advised to pay using the old rates. Once the legal notice is gazetted, then you will pay the areas based on the effective date.

What is the eligibility for taxes on exports from EPZ goods under AGOA to EAC ?

Under the current EPZ set up, companies are allowed to offload 20% to the local market, which currently includes the EAC. However, this has not been exploited in the past by any EPZ companies that are exporting under AGOA to USA.

Are there changes to the EAC certificate of origin?

Yes, there are changes since we are now implementing the new EAC rules of origin that are different from the old ones. New EAC Certificates of origin are available at Forodha house, 1st floor, Rules of Origin office.

Is a free sales certificate Issued in Kenya?

No, there is no government agency that issues the free sales certificate.

What should be done to register as an as an exporter?

One should call KRA and mention to them that you want to register as an importer because it is normally a lengthy process

Legal & Regulatory Affairs

Can one join another BMO even if we are members of KAM?

Yes, one can join another BMO because Being a member of KAM does not bar from joining any other membership based organisation. However, no one has a right to force you into joining such organisation. It should be voluntary at all times.

Is it okay to allow trade unions to solicit our workers to join?

According to Section 4 of the Labour Relations Act, every employee has a right to associate and can therefore join a trade union and participate in its activities. To this end, you cannot do much to bar your employees as it will be a violation of their rights, more so if the recruitment is voluntary. However, for the union to be able to negotiate with you on the recruited member's rights, they have to sign an agreement known as the *recognition agreement*. This agreement is what gives them the authority to negotiate on the workers' rights.

What is the validity of Police Clearance Certificate (Certificate of Good Conduct)?

A Certificate of Good Conduct confirms that there is no conviction or criminal record of the person holding the certificate. The CID office will decline to issue such a certificate to a person who has been convicted of a crime. Good employment practice nowadays requires

employers to ask for this certificate as part of due diligence on the employees or candidates seeking employment.

If the certificate indicates that the "*validity of the information in this certificate is as of the date of issue*", should one ask for the certificate after a specified period of time to confirm the status?

Note that the certificate is valid for one year and one needs to renew upon expiry. The charges are KES. 1000/= and it may take 2 to 4 weeks to process. It is obtained only at the CID headquarters.

Does KAM Deal with Labour issues?

At the moment we do not offer this service but FKE does

DEVOLUTION MATTERS

Do we have offloading fees in Nairobi county?

According to the Finance Act of 2014, offloading fee has been legalised in the country and one can either pay for it annually or monthly.

If we have paid for parking fees, should we pay for offloading fees as well?

Yes, because Nairobi county considers these as two different items.

KAM CONSULTING

CEEC

Who does KAM offer its energy audits to?

KAM, through CEEC, offers energy audits to members and non-members

What shall be measured when carrying out an energy audit?

Depending on the nature of the facility, measurements will be carried out on all major energy-consuming equipment like motors, compressors, fans, boilers, lighting, pumps etc. and analysis done to give recommendations accordingly.

What data is required to facilitate an energy audit?

The data required is energy consumption for the past 24 months and the corresponding production/service/occupancy etc.