

DOING BUSINESS IN KENYA

PROCEDURES AND REGULATIONS, OPPORTUNITIES, SOURCES OF FINANCE AND INCENTIVES

A handbook for local investors

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for

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Why this Handbook

The motivation for preparing a handbook for local investors in Kenya is the need to promote local investments. This arises from the current government efforts to promote both local and Foreign Direct Investments (FDIs). While there is a significant material available on foreign investment promotions particularly on investment opportunities, requirements, procedures and regulations, there is little of such material on local investments.

The recent Government of Kenya (GoK) move to simplify business licenses, the on going efforts to amend the Companies Act, the enactment of the Investment Promotion ACT (2004) and the preparation of the Sessional Paper No. 2 of 2005 on 'Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction' introduces new opportunities for indigenous Kenyan entrepreneurs. However, access to and awareness of such legislations as well as other legal business requirements and information has remained largely confined to elitist business leaders. Rural entrepreneurs in provinces, districts and other towns may not have access to such investment information, which they could take advantage of.

This is particularly true for small-scale entrepreneurs, who, not being well informed of the necessary legal business requirements they should adhere to with respect to their enterprises, may often feel that they are harassed by local authorities.

Many local entrepreneurs prefer to run their businesses in an informal state, which hampers their potential for growth, expansion and innovation. This also prevents them from taking advantages of the incentives provided by the government for formal investment businesses.

Purpose of the handbook

The purpose of this handbook is to provide information to the local entrepreneurs and business leaders on the regulations, procedures and requirements, the opportunities and incentives offered by various laws and regulations, the kinds of support services they can seek from the government, and widen their access to information on business opportunities and sources of funding for investment.

Target

This handbook targets the local investors, particularly the small business entrepreneurs. Those intending to start a small scale business will find it useful as it provides a wide range of business and investment opportunities to assist one in decision making as to where to invest. It also provides an indication of the regulatory requirements for various businesses. Those already in business will also find it useful. It provides information on government incentives and other opportunities that 'formal' or businesses registered with the registrar of companies could take advantage of. This information is important to the entrepreneurs who want to grow and expand their businesses. It also provides a list of important agencies and organizations where a local investor could find more information with respect to their business requirements.

The handbook should be taken as a guide only, and more information on the relevant business should be sought from the relevant agencies.

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INTRODUCTION

The Investment Promotion Act (2004) is the main Government of Kenya legislation with a purpose of promoting and facilitating both local and foreign investments. The Act particularly states the licenses and other related requirements that a local or a foreign investor in Kenya should have.

Most of the local investment businesses in Kenya fall under the Micro and Small Enterprise (MSE)¹ business sector. The sector employs about 74.2% of the Kenyan workforce and contributes to about 18.4% of the country's Gross Domestic Product (GDP). The government of Kenya therefore considers this sector as an important sector in the development process, and is in the process of putting in place some programmes to develop this sector. The Economic Recovery Strategy Paper for Wealth and Employment Creation (ERS) 2003-2007 identifies SMEs and in particular jua kali expansion as one of those activities that will assist in economic recovery and growth.

The publication of Sessional paper no. 2 of 2005 on 'Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction' is one of the most important current government efforts to develop the MSE sector. The Act sets policies for developing the MSEs. Some of these policies include, among others:

- Continued legal and regulatory reforms in the sector,
- Harmonization of trade licensing and regulatory services,
- Decentralization of business registration to the provincial levels and eventually to district levels,
- Quickening the process of business registration,
- Reforming and enforcing the local authority Act to limit and maintain its essential regulatory powers,
- Formulating and implementing a MSE Act to provide a framework for implementing the MSE policies,
- Improving market and marketing opportunities for MSEs both locally and internationally, through improved business linkages, increased participation of MSEs in public procurement and increased subcontracting, among other initiatives.
- Increasing financial services to MSEs,
- Promoting gender equity by increasing equal access to financial services for women and men, empowering women, improving gender access to education, technology development and entrepreneurship.
- Reforming the tax regime to improve its transparency and efficiency, strengthening tax collection and harmonizing the tax system, and,

¹ These are businesses employing 1-50 workers in all the sectors of the Kenyan economy.

- Improving health and safety in workplaces by ensuring that order, occupational safety, health, hygiene and environmental management principles are observed by all operators.

The Procurement and Supplies Act (Cap 412) of the laws of Kenya became operational in November 2005. This Act recognizes the need to give priority to local companies in procurement of goods and services. The purpose is to protect the local companies, particularly the MSEs from unviable competition, increasing the market opportunities, therefore giving the local enterprises opportunity to grow.

Restrictive Trade Practices, Monopolies and Price Control Act (Cap 504) of the laws of Kenya encourage competition in the Kenyan economy. It also prevents the abuse of dominance and market entry barriers (both formal and informal); therefore giving MSE's a fair chance to do business.

STARTING A BUSINESS: WHAT YOU SHOULD DO

The formal procedures for starting a business in Kenya are to a great extent determined by the type of business one wishes to establish and the sector to which the business belongs.

Investment Certificate

As a local investor, does the law require that you must have an investment certificate?

No. It is not a must for a local investor to have an investment certificate. One however may apply and obtain an investment certificate, from the Kenya Investment Agency (KIA) provided that:

- The amount they want to invest is at least KSh. 1 Million, and,
- The investment and the activities related to it are lawful and beneficial¹

What is the use of the investment certificate?

The investment certificate entitles the investor to licenses which they need to apply, for a particular investment.

Investment registration: is it necessary?

The investment promotion Act (2000) requires that local investors without investment Certificate register their investments with the Kenya Investment Authority (KIA). All investments should register their business names with the registrar of Companies.

² Activities beneficial to Kenya are those that:

- Create employment,
- Lead to acquisition of new skills and technology,
- Transfer technology,
- Contribute to government revenue,
- Lead to use of local raw materials, supplies or services,
- Lead to value addition of local, natural and agricultural resources,
- Increase foreign exchange through export or import substitution, Utilize, promote, develop and implement information and communication technology.

PROCEDURES AND REQUIREMENTS FOR ESTABLISHING A BUSINESS

The common procedures and requirements for a local investor establishing a business in Kenya are presented below.

Type of business Enterprise	Main procedures	Costs
<p>Registered Companies</p> <p>Companies are registered as limited liability companies and regulated by the Companies Act (Cap 486).</p>	<p>Two procedures: name search and registration. This involves:</p> <ul style="list-style-type: none"> • Proposing your companies name • Applying to the registrar of companies at the Attorney General's Chambers in Nairobi to reserve this name for your company. • Supplying the following documents which are prepared with the help of a lawyer: <ul style="list-style-type: none"> • Memorandum and articles of association • Notice of situation of registered Office • Particulars of directors and secretaries • Declaration of compliance • Share capital form. 	<ol style="list-style-type: none"> 1. For name search, payable fee depends on companies, share capital and ranges between Ksh. 2,800-60,000. 2. For registration, a standard fee of Ksh. 6,800
<p>Branch offices of companies registered outside Kenya</p>	<p>You should deliver the following documents to the Registrar of Companies:</p> <ul style="list-style-type: none"> • A certified copy of the Charter, Statutes or Memorandum and Articles of Association of the Company, or other instruments defining the constitution of the company. • A list of the directors and secretary of the company, giving full names, nationality and other directorships of companies in Kenya 	

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OTHER REGULATORY REQUIREMENTS IN OPERATING A BUSINESS

Once a business has been registered, there are other legal requirements that these businesses are required to meet. Some of these requirements are specific to the business types.

Requirement	How often (frequency)	Businesses applicable	Businesses applicable
Single business Permit Issued under Local Government Act (Cap 265).	Every year	All businesses in Kenya	Local authorities.
Trade License Issued under Trade Licensing Act (Cap 497). One has to provide: - A tenancy agreement/ lease/ or title deed of the business premises; - identity card or passport - Personal Identification Number (PIN); - Certificate of incorporation or certificate of registration of business name.	Every year	All businesses.	Ministry of Trade and Industry
Value added Tax (VAT) No.	Once	All businesses	Kenya Revenue Authority
Personal Identification Number (PIN)	Once	All businesses	Kenya Revenue Authority
National Social Security Fund (NSSF) No	Once	All businesses employing more than 5 workers	(NSSF), Ministry of Labour.
National Hospital Insurance Fund (NHIF) No.	Once	All businesses employing more than 5 workers	NHIF Ministry of Health
Environmental Impact Assessment No.	Every year	All manufacturing and processing businesses	National Environmental Management Authority (NEMA).

Requirement	How often (frequency)	Businesses applicable	Businesses applicable
Exporter's Code Number One has to provide: <ul style="list-style-type: none"> - Copy of Certificate of Incorporation - Copy of Certificate of Registration of Business Name - Copy of Trade License 	Once	All export businesses.	Department of Customs and Excise.
Export Licenses Issued under Exports and Essential Supplies Act (Cap 502). One has to produce Authority or permit from the relevant government agency	Every year	Businesses which touch on public and food security; conservation of wildlife and natural resources and preservation of national heritage ³ .	Department of Internal Trade (Ministry of Trade and Industry).
Import Licenses	Every year	Import businesses of a few items restricted for security, health or environmental reasons.	Department of External Trade (Ministry of Trade and Industry)

Additional requirements for specific businesses

Business type	Requirement	How often	Responsible Agency
Plants and plant products import or export.	Plant Import Permit. Plant export Permit. Phytosanitary Certificate	Every year Every time import or export is made	KEPHIS.
Drugs and Pharmaceuticals imports.	Drugs and Pharmaceuticals Import permit.	Every time imports are made.	Pharmacy and Poisons Board.
Buying and selling of Pharmaceuticals.	Registration of premises.	Once	Pharmacy and Poisons Board.
Livestock trading	Stock trader's license.	Every year	City/County Councils

³ These include: military equipment, antiquities and works of art, wood-charcoal and timber, products related to endangered species such as rhino horns, and live animals other than livestock and domestic pets.

Additional requirements for specific businesses			
Business type	Requirement	How often	Responsible Agency
Horticultural products.	- Export permit - Compliance to traceability of produce, hygiene, Maximum Residue Level (MRL), Good Agricultural Practices (GAP) and proper post harvest handling procedures.	Every time exports are made	Horticultural Crops Development Authority (HCDA)..
Live animals export	Health Clearance Certificate	Every time exports are made	Department of Veterinary Services.
Motor vehicle components or accessories.	Dealers license	Every year.	City Councils
Used motor vehicles.	Buying or selling business license. -Certificat of Roadworthiness for used vehicles originating from Japan and Dubai.	Every year. Every time imports are made.	City Councils Ministry of Transport
Public transport	- Public carriers license - Road license - Transport Business License (TBL)	Every year Every year Every year	Ministry of Transport/ Kenya Revenue Authority (KRA) Kenya Revenue authority (KRA)
Scrap metal	License under Scrap Metal Act.	Every year	Ministry of Trade and Industry

Additional requirements for specific businesses			
Business type	Requirement	How often	Responsible Agency
Fishing	<ul style="list-style-type: none"> - Certificate of registration of fishing vessel. - License to catch fish under Fisheries Act. 	<p>Every year</p> <p>Every year</p>	Department of fisheries.
Processing and Export of Fish.	<ul style="list-style-type: none"> - Processing license - Fish movement permit - Certificate of compliance with KEBS for fish handling and processing - Export permit - Health certificate. 	<p>Every year</p> <p>Every time exports are made.</p>	Department of fisheries.
Hotel/ restaurant business.	<ul style="list-style-type: none"> - Hotel/ restaurant license. - Restaurant manger's license - General retail liquor license. 	Every year	City/Town Council after providing a certificate of health.
Food business (selling, preparing)	License to use premises for that purpose.	Every year	City /County Council
Milling of Maize	Miller's license	Every year	National Cereals and Produce Board.
Tea Factory	Manufacturing license	Every year	Ministry of Agriculture
Sugar mill	Sugar or jaggery mill license	Every year	Ministry of Agriculture

Additional requirements for specific businesses			
Business type	Requirement	How often	Responsible Agency
Coffee buying, selling, milling, warehousing or exporting	License to carry out the relevant transactions. Movement permit.	Every year	Ministry of agriculture
Dairy	<ul style="list-style-type: none"> - Registration under the Dairy Industry Act. - Dairy manager license. - Registration of premises as a dairy. - Milk Purveyor license. 	Every year	Department of Veterinary Services.
Hides, skin and leather.	<ul style="list-style-type: none"> - Buyer's license. - Exporter or importer license. - Registration certificate for the premises under Hides, Skin and Leather Trade Act. 	Every year	Department of Veterinary Services (Ministry of Livestock and Fisheries Development)
Bacon factory	<ul style="list-style-type: none"> License under Pig industry. - License to slaughter Pigs. - License to keep pigs. 	Every year	Department of Veterinary Services (Ministry of Livestock and Fisheries Development)

Additional requirements for specific businesses

Business type	Requirement	How often	Responsible Agency
Slaughter house	<ul style="list-style-type: none"> - License to operate a slaughter house. - License under the Kenya meat Commission Act. - License to slaughter Pigs. - License to keep pigs. 	Every year	Department of Veterinary Services (Ministry of Livestock and Fisheries Development)
Export of meat	<ul style="list-style-type: none"> - License under Kenya Meat Commission Act. - Certificate of Health. 	Every year Every time one has to export	Department of Veterinary Services (Ministry of Livestock and Fisheries Development)
Pest control products	License for premises.	Every year	Pest Control Board (PCB)
Dealing in precious metals	License to trade in unwrought precious metals.	Every year	Ministry of Trade and industry
Diamond dealing	Diamond dealer's license.	Every year	Ministry of Trade and industry
Making of films	<ul style="list-style-type: none"> - Filming license - Authorization to make film in a national park. 	Every year	Ministry of Information and Telecommunications

REGULATORY REQUIREMENTS FOR THE MSEs

Most of the MSEs are not registered businesses under the registrar of Companies and are therefore referred to as 'informal'. To take advantages of the government incentives and access the formal financial services, the businesses need to be registered.

The regulatory requirements for MSEs are presented below

Requirement	How often (frequency)	Businesses applicable	Businesses applicable
Hawking.	<ul style="list-style-type: none"> - License Given on production of: <ul style="list-style-type: none"> • Identity Card • Certificate of good conduct - A fee of Ksh. 25 daily. - Hawking to be done on designed areas 	Every year	City/ County Council
Bulk agro businesses Including <ul style="list-style-type: none"> • Vegetables • Fruits • Grains • Potatoes • Tomatoes 	<ul style="list-style-type: none"> - License - Pay a fee of Kshs. 100 - One operates in a designated market in cities or towns e.g. Wakulima Market in Nairobi. 	Every year Every time one sells from the markets.	City/ County Council
Jua kali products including: Motor mechanic Engineering Manufacturing industries	<ul style="list-style-type: none"> - Single business permit - Fee - One operates in designated areas, or in, - Jua kali sheds 	Every year Monthly fee of Ksh: 200 Or weekly fee of Ksh. 50	City/ County Council

Requirement	How often (frequency)	Businesses applicable	Businesses applicable
Paper & paper products, printing & publishing	<ul style="list-style-type: none"> - Single Business Permit given on production of: <ul style="list-style-type: none"> • Physical address • Certificate of good conduct 	Every year	City/ County Council
Textile, wearing apparels & leather product shops	<ul style="list-style-type: none"> - Single Business Permit given on production of physical address 	Every year	City/ County Council
Wood, wood products and carpentry	Single Business Permit	Every year	Ministry of Environment
Whole sale & retail trade	<ul style="list-style-type: none"> - Single Business Permit - Trade License 	Every year	City/ County Council
Restaurant and hotels	<ul style="list-style-type: none"> - Single Business Permit - Trade License 	Every year	City/ County Council and Ministry of health.
Textile and tailoring	<ul style="list-style-type: none"> - Single Business Permit - Trade License 	Every year	City/ County Council
Textile and tailoring	<ul style="list-style-type: none"> - Trade License - Weekly fee of Ksh. 50 - Sell in designated areas 	Every year	City/ County Council

Requirement	How often (frequency)	Businesses applicable	Businesses applicable
Meat and meat products	<ul style="list-style-type: none"> - Single Business Permit - Trade License 	Every year	City/County Council Department of Veterinary Services
Live animals	<ul style="list-style-type: none"> - Fee of Ksh. 50 - Operate in designated market areas 	On entry to the designated market areas	City/ County Council
Transport and communication (Matatu business)	<ul style="list-style-type: none"> - Fee: Ksh. 70 - Transport Business License - Certificate of good conduct - Road license - Insurance - Root number 	Daily Every year	City/ County Council Ministry of Transport
Real estate, and businesses services, brokers, auctioneers	Single Business Permit Issued on provision of location details	Every year	City/ County Council
Handicrafts and carvings (curios)	<ul style="list-style-type: none"> - Trading license - Fee: Ksh: 100 - Operate in designated market areas or places 	Every year	City/ County Council
Other small business e.g. Barber shops Hair dressing	Single business Permit Issued on provision of location details	Every year	City/ County Council

WHERE TO INVEST

Requirement	Sector
<p>Agriculture and agro-processing</p> <p>Food crops Market opportunities exist in local, EAC and COMESA region.</p>	<p>Maize, potatoes, wheat, various horticultural crops, sorghum, millet, peas, coconuts, cashew nuts, sugar.</p>
<p>Commercial crops⁴ Market opportunities exist in local and export markets in Europe and United States of America as well as in other developed countries.</p>	<p>Tea, coffee, pyrethrum, flowers, Fruits and vegetables, cashew nuts, cotton, barley, Macadamia nuts, oil crops (sunflower).</p>
<p>Forestry and related activities</p>	<ul style="list-style-type: none"> - Planting of softwood plantations, - Manufacture of paper products, Value addition of hard and soft wood products such as: furniture and joinery flooring and panelling, veneer and plywood, organic honey-processing industry, manufacturing of beekeeping equipment, beeswax processing, development of bee-pollination-based industries, production and promotion of bee products such as royal jelly, provision of services for the certification of organic honey production, planting for herbs and medicinal purposes.

⁴ Opportunities exist in organic and inorganic production, as well as in value addition activities related to these products. In horticultural sector for instance opportunities in related activities include:

- Export of produce,
- Provision of transport facilities,
- Production of propagation materials,
- Establishment of soil-analysis services,
- Manufacture of greenhouse plastics,
- Production of inputs such as fertilizers, herbicides and pesticides,
- Production of packaging materials.
- Processing,
- Certification services,
- Provision of chilling, freezing and cold-storage facilities,

Requirement	Sector
<p>Livestock and related activities Opportunities exist in production, processing, forage feed production, animal feed processing, transport, export and provision of related services such as breeding, provision of veterinary drugs and certification services.</p> <p>Market opportunities exist in local, regional and other export markets</p>	<p>Cattle (both beef and dairy), goats and sheep, Pig, poultry, wildlife farming (e.g. Ostrich and crocodiles).</p>
<p>Fisheries and related activities. Market for fisheries products exists locally, regionally, and in other export markets including European countries, Israel and Japan.</p> <p>Opportunities Fishing, fisheries processing and export of both processed and ornamental fisheries, fish farming, local and regional cold distribution facilities including production of ice and drying and smoking of fish. Other opportunities include processing of :</p> <ul style="list-style-type: none"> - Fish skins into leather, - Fish oil - Fish meal production - Nile Perch fish bladder - Skin and carcasses to gelatin. 	<p>Nile perch, Freshwater crayfish, local fish species, Shrimps, Ornamental fish, fish skin leather, Fish meals, Tilapia, Mollusks, Crustaceans (lobsters, prawns, crabs), dry shark fins, Marine shells</p>
<p>Services sector Tourism</p>	<p>Accommodation facilities, tour operator services, eco-tourism, development of cultural heritage sites and historical locations, development of water sports such as boat cruising and skiing, events and exhibition facilities and services.</p>
<p>Transport infrastructure</p>	<p>Opportunities exist in road development and rehabilitation, water transport services, Public transport, goods transport.</p>
<p>Port facilities</p>	<p>Provision of conventional cargo operations, container transport and cruise ships.</p>

Requirement	Sector
Information and communication technologies (ICT)	Internet-related hardware and software, Provision of value-added services in voice and imaging products, teleconferencing, data capture and processing, call centres, radio paging, and broadband wireless. <ul style="list-style-type: none"> • Processing accounting data, • Provision of e-business services, • Printing and publishing media and television, • Provision of high-level ICT training facilities.
Information and communication technologies (ICT)	Internet-related hardware and software, Provision of value-added services in voice and imaging products, teleconferencing, data capture and processing, call centres, radio paging, and broadband wireless. <ul style="list-style-type: none"> • Processing accounting data, • Provision of e-business services, • Printing and publishing media and television, • Provision of high-level ICT training facilities.
Telecommunications	Telecommunications machinery and equipments and the related services in urban and rural areas.
Financial services	Banking, insurance, brokerage
Energy Petroleum and related products	LPG, motor fuels and related services mainly in rural areas.
Electricity	Provision of electrical appliances and gadgets and the related services such as repairs.
Solar energy	Provision of solar gadgets and related services.
Mining	Mining of cement, stone, refractory bricks, paint and glass, special stones for preparation of artefacts, phosphates for agriculture, Salt for domestic and chemical uses, and gravel iron ore for the iron and steel industry.

Requirement	Sector
Manufacturing	Manufacture and making of textiles and garments, cotton ginning, Assembly of automotive components and electronics, Manufacture of tires, and vehicle spare parts, Manufacture of paper, chemicals, pharmaceuticals, animal-feed processing, beverages, cement and ceramics, chemicals, canning, bottling and glassware, packaging and tins, for both the domestic and the export markets, plastic articles and agro processing.

EXPORT - IMPORT BUSINESS OPPORTUNITIES

There are opportunities to do export /import business. These opportunities are as a result of Kenya being a member of a regional trading group or due to agreements and special provisions Kenya has obtained from developed countries. Some of these opportunities and the relevant benefits are presented below:

Regional group/agreement or initiative	Provision	Benefiting products
East African Community (Kenya, Tanzania and Uganda) ⁵ The region is now a Customs union.	Declining tariff on Kenyan exports to Tanzania and Uganda, with tariff—elimination expected in year 2010. Imports from Tanzania and Uganda to Kenya are duty-free.	All products
Common Market for Eastern and Southern Africa (COMESA) group. Kenya has opportunities to trade with 19 other COMESA member countries.	Duty free trading between Kenya and other 10 COMESA countries: Burundi, Djibouti, Egypt, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Zambia and Zimbabwe.	All products

⁵ Goods from Tanzania and Uganda are now imported to Kenya duty-free. Goods from Kenya to Tanzania and Uganda will be taxed on a yearly declining basis, with the taxes expected to be eliminated by the year 2010. Goods from countries, other than the EAC to Kenya, Tanzania or Uganda will face similar import duties (The Common External Tariff, CET) of 0%, 10% and 25% for raw materials or capital goods, Semi-processed or intermediate goods and finished goods respectively.

Regional group/agreement or initiative	Provision	Benefiting products
<p>African Caribbean Pacific –European Union (ACP-EU) Agreement. Through this agreement, Kenya has access to the markets of the 25 EU member countries.</p>	<p>Duty-free market access until 2008, when these trading arrangements will change.</p>	<p>A wide range of agricultural products (such as fruits, vegetables, flowers, coffee, tea, spices, natural honey) as well as some industrial products.</p>
<p>African Growth and Opportunity Act (AGOA)</p>	<p>Duty-free access to the Unites states of America (USA) market</p>	<p>A wide range of products including agricultural products, manufactures, textile and apparels provisions, among others.</p>
<p>Generalised System of Preferences (GSP). Through this scheme, businesses in Kenya can export to: Australia, Canada, Japan, New Zealand, Switzerland and United States of America.</p>	<p>Preferential duty treatment to a wide range of products originating in developing countries.</p>	<p>Most products including agricultural products and manufactured products.</p>

WHERE TO BORROW MONEY AND WHAT YOU ARE REQUIRED TO DO

Type of institution	Benefiting products
<p>Commercial banks</p> <ul style="list-style-type: none"> - Provide short-term finances. <ul style="list-style-type: none"> • There are about 40 commercial banks in Kenya. Examples of these banks are: Kenya Commercial Bank • Barclays Bank • National Bank of Kenya • Standard Chartered Bank • Cooperative Bank • Citibank • Commercial Bank of Africa • Stanbic • First American Bank 	<ul style="list-style-type: none"> - You need to be a customer of the bank, - A completed loan application form from the respective bank. - A business proposal on what you want to do. - Bank statements for 6 months or less. - Collateral or security. This could be: <ul style="list-style-type: none"> • Title deeds • Chattels mortgage over machinery and equipment • Motor vehicles log books • Debenture over company assets • Non supported guarantees
<p>Export-Import Banks (EXIM)</p> <ul style="list-style-type: none"> - These banks have organized credit facilities with some banks in Kenya. More information on these credits is obtainable from Central Bank of Kenya, Industrial Development Bank (IDB) and from Commercial banks. 	<p>You must be exporting or importing goods or services to or from the sponsor country. Countries such India and China are some of the key sponsors of such banks.</p>
<p>Development Banks</p> <ul style="list-style-type: none"> - Provide long-term development funding They include: <ul style="list-style-type: none"> • Industrial and Commercial Development Corporation (ICDC). • Industrial Development Bank (IDB) 	<ul style="list-style-type: none"> • Copy of Certificate of Incorporation • Copy of Certificate of Registration of Business Name • Copy of Trade License
<p>External Finances</p> <ul style="list-style-type: none"> - These include global facilities to finance private sector establishment in various sectors such as the European Investment Bank (EIB) facility operated through all major commercial banks. More information is available from Central Bank of Kenya, commercial banks, and Ministry of Trade and Industry. 	<ul style="list-style-type: none"> - Businesses must be registered with the registrar of Companies. - Requirements depend on the specific investment facility.

Type of institution	Benefiting products
<p>Micro-finance institutions</p> <p>These include:</p> <ul style="list-style-type: none"> • K-REP • Faulu Kenya • NGOs such as Action Aid, Care Kenya • Equity bank • SACCOs • Cooperatives 	<ul style="list-style-type: none"> • Copy of Certificate of Incorporation • Copy of Certificate of Registration of Business Name • Copy of Trade License

THE TAXES YOU ARE REQUIRED TO PAY

Type of Tax	Tax levied on	Rate %												
Income tax	Income such as from business, employment, rent, dividends, interest and pensions	Rate depends on taxband: <table border="1"> <thead> <tr> <th>Income of KSh / year</th> <th>Rate (%)</th> </tr> </thead> <tbody> <tr> <td>First: 121 968</td> <td>10</td> </tr> <tr> <td>Next: 114 912</td> <td>15</td> </tr> <tr> <td>Next: 114 912</td> <td>20</td> </tr> <tr> <td>Next: 114 912</td> <td>25</td> </tr> <tr> <td>Over: 466 704</td> <td>30</td> </tr> </tbody> </table>	Income of KSh / year	Rate (%)	First: 121 968	10	Next: 114 912	15	Next: 114 912	20	Next: 114 912	25	Over: 466 704	30
Income of KSh / year	Rate (%)													
First: 121 968	10													
Next: 114 912	15													
Next: 114 912	20													
Next: 114 912	25													
Over: 466 704	30													
Corporate tax	Corporate bodies such as limited companies, trusts, clubs, societies, associations and cooperatives.	30												
Withholding taxes	Dividends and royalties	5												
Value Added Tax (VAT)	Designated goods and services (locally produced or imported) for all registered businesses with thresholds of Ksh 3 M per year.	16												
Excise taxes	Some products including alcoholic beverages, tobacco products, petroleum products, motor vehicles, carbonated drinks and mineral water, cosmetics, jewellery and cell phone airtime.	Alcoholic drinks: 15-85 Tobacco products: 130												
Import duty	Goods imported into the country	Inline with the East African Customs Union's Common External Tariff (CET): Raw materials/ capital goods: 0% Semi-processed/intermediate goods: 10%; Finished goods: 25% Import duties 'sensitive products' ⁶ can however be higher than these rates.												

⁶ Sensitive products to Kenya and indeed to the EAC region according to the EAC Common External Tariff (CET) include: dairy, maize, wheat, rice, sugar, tobacco products, cement, second hand clothes and cotton fabrics among other products.

INCENTIVES FOR YOU

Incentives for export and import oriented businesses

Incentives	Main provisions	Main requirements for qualification
<p>Duty drawbacks Provided for under the East African Customs Management Act</p>	<p>Draw back of import duty on materials imported for the manufacture of goods which are to be: exported, transferred to a free port or transferred to an Export Processing Zone.</p>	<ul style="list-style-type: none"> • Authorization from the Commissioner of Customs before one starts manufacturing. • The goods for export must be a direct result of the imported material used in their manufacture. • Present the goods destined for export for an examination by an officer. • Declare that the conditions under which drawback may be allowed have been fulfilled and that the goods have actually been exported. • Present the claim for drawback within a period of 12 months from the date of exportation of the goods.
<p>Manufacturing Under Bond (MUB) A scheme aimed at promoting industrial production for export.</p>	<ul style="list-style-type: none"> • Exemption from customs/excise duty and VAT on imported plant, machinery, equipment, raw materials and other imported inputs. • 100% investment allowance on plant, machinery, equipment and buildings. 	<p>A license from the Commissioner of Customs to operate a bonded factory.</p>
<p>Tax Remission for Exports Office (TREO) schemes</p> <p>Aims at encouraging local manufacturers to export by remitting duty and VAT on raw</p>	<ul style="list-style-type: none"> • Remission of import duty on inputs. • Exemption of (Import Declaration Form (IDF) fees on inputs except for payment of processing fee of Kshs. 5,000. • Remission of VAT on inputs. • Remission of excise duty on fuel oil and kerosene. 	<ul style="list-style-type: none"> • You must either be a: <ul style="list-style-type: none"> - Direct Exporter, - Indirect Exporter, - Approved Supplier, - Indirect Manufacturer, - Importers under the Essential Goods Production Support Programme (EGPSP)⁷. - Oil Refiner. • You must be gazetted before being allowed to

⁷ This includes manufacturers who import goods for use in the domestic market under the following categories:

- Pharmaceutical & medicament manufacturers.
- Official aid funded projects.
- Publishers of educational books.
- Manufacturers of supplies to international airlines.
- Importers of white refined sugar.
- Manufacturers of paper for packing liquids.

Incentives	Main provisions	Main requirements for qualification
<p>materials used in the manufacture of goods for export. It also provides for tax remission on inputs to make goods defined as essential for the domestic market</p>		<p>participate in the TReO scheme.</p> <ul style="list-style-type: none"> • One has to apply for the remission and provide the following: <ul style="list-style-type: none"> - An export order or contract for specified export goods or a letter of credit. - A detailed production plan. - A list of goods to be imported. - Tariff classification, quantity, value and amount of duty/VAT to be waived. • One has to undertake to pay duty on the imported goods that have not been used in the production of approved exports or indirect exports or have not been transferred to an approved bonded factory or to the next production phase. • A security bond will need to be posted covering the taxes and is cancelled only after the reconciliation declaration has been verified and approved by the TReO office and any unused imported goods have been re-exported or duty has been paid.
<p>Export Processing Zones (EPZ) The aim of this programme is to promote export oriented industrial investments within designated areas.</p>	<ul style="list-style-type: none"> • Tax incentives <ul style="list-style-type: none"> - Exemption from Corporate Tax for a 10-year period after which one pays taxes of 25%. - Exemption from Withholding Tax on dividends for a 10-year period. - Duty and VAT exemption 	<ul style="list-style-type: none"> • One should have either one of these two licenses issued by the Export Promotion Zones Authority (EPZA). <ul style="list-style-type: none"> - The enterprise licence. For firms engaged in export oriented manufacturing or processing; commercial activities such as bulk

Incentives	Main provisions	Main requirements for qualification
	<p>on raw materials, machinery and other inputs.</p> <ul style="list-style-type: none"> - Stamp duty exemption. - 100% investment deduction over 20 years on initial investment. <ul style="list-style-type: none"> • Procedural incentives <ul style="list-style-type: none"> - Rapid project approval and licensing (30 days). - Operation under essentially one license issued by EPZ Authority. - No minimum investment level - Access to offshore borrowing. - Exemption from Industrial Registration Act, Factories Act, Statistics Act, Trade Licensing Act and Imports, Exports and Essential Supplies Act. • On-site Customs documentation and inspection. • One-stop-shop service by the EPZ Authority for facilitation and after care. • Physical Infrastructure Benefits <ul style="list-style-type: none"> - Ready factory buildings for rent or purchase. - Serviced land for construction of buildings. - Office premises. - Water, sewerage and electricity supply. - Landscaping, garbage disposal, street cleaning services. - Illuminated perimeter fence and 24-hour security. - Accessible Customs offices. 	<ul style="list-style-type: none"> • One should have either one of these two licenses issued by the Export Promotion Zones Authority (EPZA). <ul style="list-style-type: none"> - The enterprise licence. For firms engaged in export oriented manufacturing or processing; commercial activities such as bulk breaking, re-labelling, grading, repackaging and services including brokerage and consultancy. <p>To obtain this licence, you will need to submit a project proposal outlining, among other things, your intended activity, the production process, the target market and the proposed level of investment.</p> - The developer/ operator licence. Here you will need to apply for designation of the land area as an EPZ as well as for a developer/operator licence. You should own the land or lease it for a minimum of 30 years.

FOR MORE INFORMATION: SOME USEFUL CONTACTS

Name of Institution	Type of information available	Address	Telephone	Fax	Email	Website
Association of Jua Kali	Small and Micro Enterprises		(2) 4448160 0724 751 831			
Association of Micro Finance Institutions	Information on Micro- finance		(2) 576799			
Ministry of Labour and Human Development	Small and Micro Enterprises	P.O. Box 40326, Nairobi	(2) 2729800			
Ministry of Livestock and Fisheries development	Livestock and related trade requirement	P.O. Box 30028, Nairobi	(2) 632231 / 632413 /4	(2) 2720586		
Africa Trade Insurance Agency	Export credit guarantee	P.O. Box 10620, Nairobi	(2) 2719727	(2) 2719701	infor@afi-aca.com	
Association of Fish Processors and Exporters of Kenya	Processing and export of fish and fish products	P.O. Box 345 -00600, Nairobi	(2) 4440858	(2) 4440858	afipek@accesskenya.com	
Eastern and Southern Africa Leather Industries	Production and export of leather and leather products	P.O. Box 1391 00606 Nairobi	(2) 446490/1	(2) 4445344	(2) 4445344 admin@esalia.org	
Export Processing Zones Authority	Settling up a business in EPZ	P.O. Box 50363, Nairobi	(045) 26421-6	(045) 26427	epzahq@africanonline.co.ke	www.epzkenya.com
Export Promotion Council	Export opportunities, market information	P.O. Box 40247 - 00100, Nairobi	(2) 228534 -8	(2) 218013 / 228539	chiefexe@epc.or.ke	www.epckenya.org

Name of Institution	Type of information available	Address	Telephone	Fax	Email	Website
Fresh Produce Exporters Association of Kenya	Horticultural production and export	P.O. Box 40312 – 00100, Nairobi	(2) 4451488	(2) 445148/9	info@fpeak.org	
Horticultural Crops Development Authority	Vegetables, cut flowers and fruits exports	P.O. Box 42601, Nairobi.	(2) 822570 / 827260/1	(2) 827264	hcdamd@wananchi.com.	www.hcda.or.ke
Investment Promotion Authority	Investment regulations requirements, procedures and incentives	P. O. Box 55704 Nairobi	(2) 221401 – 4	(2) 336663	ipckeny@nbn.et.co.ke	www.investm ntkenya.com
Kenya Airports Authority	Airport operations, flight information	P.O. Box 19001-0050 1, Nairobi	(2) 825400 – 10	(2) 822078	info@kenyaairports.co.ke	www.kenyaairp orts.co.ke
Kenya Apparel Manufacturers Exporters Association (KAMEA)	Apparel and textile manufacturing and exports	P. O. Box 30225 – 00100, Nairobi	(2) 3746005/7, 3746021 /22 0721-201368/0 734-646005	(2) 3746028, 3746030	info@kam.co.ke	www.kam.co.ke
Kenya Association of Manufacturers	Manufacturing activities	P. O. Box 30225-0010 0 GPO, Nairobi	(2) 3746005/7, 3746021 /22 Cell: 0721-201368 or 0734-646005	(2) 3746028/ 3746030	info@kam.co.ke	www.kam.co.ke
Kenya Bureau of Standards	Quality standards	P.O. Box 54974 – 00200, Nairobi	(2) 600034 / 66 602350 / 1	(2) 503293 / 609660	info@kebs.org	www.kebs.org

Name of Institution	Type of information available	Address	Telephone	Fax	Email	Website
Kenya Flower Council	Flower production and exporting	P.O. Box 56325 – 00200, Nairobi	(2) 576597 / 560612 0733 639523 Tel/Fax: 254-20-883041		kfc@africaonline.co.ke	www.kenyaflovers.co.ke
Kenya International Freight and Warehousing Association	Clearing and freight forwarding warehousing	P.O. Box 57969 – 00200, Nairobi	(2) 827704 / 0722 883953	(2) 827854	kifwa@nbnet.co.ke	
Kenya Maritime Authority	Maritime transport and related	P.O. Box 95076 Mombasa, Kenya.	(2) 0721 393458	(041) 220831		
Kenya National Chamber of Commerce and Industry	Trade and market information for potential importers/exporters	P.O. Box 47024 Nairobi	(2) 220867	(2) 334293	kncci@swiftkenya.com	
Kenya Plant Health Inspectorate Services (KEPHIS)	Sanitary and Phytosanitary matters. Information on regulations on import and export of plant and plant related material/products importers/exporters	P.O. Box 49592, Nairobi	(2) 884545 / 882308 / 882933	(2) 882265	kephis@nbnet.co.ke	www.kephis.org
Pest Control Products Board	Pest control products	P.O. Box 13794, 00800, Nairobi	(2) 4450242 / 4446115	(2) 4449072	pcpboard@tolidays.co.ke	

Name of Institution	Type of information available	Address	Telephone	Fax	Email	Website
Kenya Ports Authority	Port operations, maritime information, shipping guide	P.O. Box 95009, Mombasa	(041) 2312211 / 2221211	(2) 2311867	Kpa-md@africaonline.co.ke	www.kpa.co.ke
Kenya Railways Corporation Ltd	Rail transport	P.O. Box 30121, Nairobi.	(2) 221211	(2) 340049 / 224156		
Kenya Revenue Authority	-Customs matters -Taxes	P.O. Box 48240-00100, Nairobi	(2) 310900	(2) 318197		www.revenue.go.ke
Kenya Transport Association	Road haulage	P.O. Box 88502, Mombasa	(041) 2311958 / 2312015	(041)2312015	executive@kta.msa.com	
Ministry of Agriculture	Agricultural imports and exports	P.O. Box 30028, Nairobi	(2) 2718870	(2) 2720586		www.agriculture.go.ke
Ministry of Finance	Tax Remission for Export Office	P.O. Box 30007, Nairobi	(2) 252299			www.treasury.go.ke
Ministry of Health	Certificate of health and related matters	P.O. Box 30016, Nairobi	(2) 2717077			www.health.go.ke
Ministry of Livestock and Fisheries Development	Livestock and related products trading, processing and export information	P.O. Box 34188, Nairobi	(2) 2718870 / 2720306	(2) 2721007		
Department of Fisheries	Fishing, processing trade, export requirement	P.O. box 58187 Nairobi	(2) 3742320/ 3742349	(2) 3743699	Samakisaamnet.com	
Ministry of Trade and Industry	Trade policy, bilateral and multilateral trade	P O. Box 30430 Nairobi	(2) 315001 - 7	(2) 315011	kextrade@africaonline.cgo.ke	www.tradeandindustry.go.ke