



**STRATEGIC PLAN
2009 – 2013**

TABLE OF CONTENTS	PAGE
LIST OF ABBREVIATIONS.....	II
EXECUTIVE SUMMARY	III
CHAPTER ONE: INTRODUCTION	1
1.1 ORGANIZATIONAL BACKGROUND.....	1
1.2 VISION 2030.....	2
1.3 RATIONALE FOR STRATEGIC PLANNING	3
1.4 METHODOLOGY OF DEVELOPING THE PLAN.....	5
1.5 ORGANIZATION OF THE PLAN.....	6
CHAPTER TWO: INSTITUTIONAL REVIEW	7
2.1 MANDATE AND CORE FUNCTIONS.....	7
2.2 VISION.....	7
2.3 MISSION.....	7
2.4 CORE VALUES.....	8
CHAPTER THREE: SITUATION ANALYSIS.....	9
3.1 INTRODUCTION	9
3.2 REVIEW OF PERFORMANCE OF THE EXPORT PROCESSING ZONES.....	9
3.3 REVIEW OF GLOBAL TRENDS IN SPECIAL ECONOMIC ZONES.....	10
3.4 SWOT ANALYSIS.....	11
3.5 STAKEHOLDER ANALYSIS	15
CHAPTER FOUR: STRATEGIC ANALYSIS.....	17
4.1 STRATEGIC ISSUES.....	17
4.2 STRATEGIC GOALS, OBJECTIVES AND STRATEGIES.....	20
CHAPTER FIVE: IMPLEMENTATION PLAN.....	25
CHAPTER SIX: INSTITUTIONAL STRUCTURE.....	46
6.1 BOARD OF DIRECTORS.....	46
6.2 OFFICE OF THE CHIEF EXECUTIVE OFFICER.....	46
6.3 DIVISIONS AND DEPARTMENTS.....	47
6.4 ORGANOGRAM	50
6.5 PROJECTED STAFF ESTABLISHMENT.....	51
CHAPTER SEVEN: MONITORING AND EVALUATION.....	52
7.1 OBJECTIVES OF MONITORING AND EVALUATION	52
7.2 M&E FRAMEWORK.....	52
7.3 KEY PERFORMANCE INDICATORS.....	53
CHAPTER EIGHT: FINANCIAL PLAN.....	54
8.1 PROJECTED INCOME	54
8.2 PROJECTED EXPENDITURE.....	54

LIST OF ABBREVIATIONS

AGOA	-	African Growth and Opportunity Act
BD	-	Business Development
BOD	-	Board of Directors
BPO	-	Business Process Outsourcing
CEO	-	Chief Executive Officer
COMESA	-	Common Market for Eastern and Southern Africa
CS	-	Corporation Secretary
EAC	-	East Africa Community
EPZ	-	Export Processing Zones
EPZA	-	Export Processing Zones Authority
EU	-	European Union
FDI	-	Foreign Direct Investment
GDP	-	Gross Domestic Product
HR	-	Human Resource
HRD	-	Human Resource Division
ICT	-	Information Communication and Technology
IT	-	Information Technology
KARI	-	Kenya Agricultural Research Institute
KEBS	-	Kenya Bureau of Standards
KEPHIS	-	Kenya Plant Health Inspectorate Services
KRA	-	Kenya Revenue Authority
MDGs	-	Millennium Development Goals
M&C	-	Monitoring and Compliance
PPP	-	Public Private Partnerships
PR	-	Public Relation
PSDS	-	Private Sector Development Strategy
RP	-	Research and Policy
SEZ	-	Special Economic Zone
SEZA	-	Special Economic Zones Authority
SME	-	Small and Medium Enterprise
SWOT	-	Strengths, Weaknesses, Opportunities and Threats
USA	-	United States of America

EXECUTIVE SUMMARY

The Export Processing Zones Authority (EPZA) was established in 1990 through the Export Processing Zone Act (Cap 517) for the promotion and facilitation of export oriented investments and the development of enabling environment for such investment. However, the EPZ concept has evolved from just promoting manufacturing for export to a wider sense that encompasses more economic activities under the Special Economic Zones (SEZs).

Development of a new strategic plan therefore became necessary to enable the Authority transform to the SEZ environment as well as identify and select the most appropriate strategies of utilizing the resources and skills available in the Authority to achieve specified goals and objectives, while taking into account the external environment in which the Authority operates. The strategic plan was developed through a participatory approach, which ensured that views of the key stakeholders were incorporated. The participation was achieved through discussions, consultations and two workshops with the key stakeholders.

A review the Authority's mandate and core functions, vision, mission and core values was undertaken. A situational analysis was also carried out to evaluate the past performance of the Authority, the performance of the export processing zones, global trends in export processing zones and the internal and external operating environments for the export processing zones. An analysis of the EPZA's key stakeholders was also carried out. These analyses enabled the isolation of the key strategic issues that require management intervention during the planning period. The identified strategic issues formed the basis for the setting of objectives of the Authority for the next five years and strategies that would enable the achievement of the objectives.

The strategic issues identified are:

- 1) Transformation of the policy, legal and regulatory framework;
- 2) Promotion and marketing of the SEZ programme;
- 3) Enhancement of investor facilitation role; and
- 4) Strengthening the institutional capacity of the Authority.

Further, the Authority identified the strategic goals relating to the identified strategic themes that would enable it achieve its vision and mission. These are:

- i. To transform the policy, legal and regulatory environment of EPZ into that of special economic zones (SEZ);
- ii. To attract new and diverse investments in the special economic zones;
- iii. To enhance impact of SEZ investments on local investors and communities;
- iv. To expand and spread out SEZs in Kenya;
- v. To improve corporate image and communication;
- vi. To have effective investor facilitation programmes; and
- vii. To have an effective and efficient Authority.

Strategic objectives, strategies and the appropriate activities for each strategy were identified to enable the achievement of these strategic goals. In addition, the implementing actors, the time frame, the expected output and output indicators were determined. These have been documented in an implementation plan presented in chapter five of this strategic plan.

In addition, annual key performance indicators that will help track the progress towards the achievement of the set objectives were identified and documented. A monitoring and evaluation framework that will help ensure successful implementation of the strategic plan has also been provided. Chapter eight presents the financial projections for the planning period.

CHAPTER ONE

INTRODUCTION

This chapter covers the Export Processing Zone Authority background, Vision 2030, rationale for the strategic plan, methodology of developing the plan and organization of the plan.

1.1 ORGANIZATIONAL BACKGROUND

The Export Processing Zones Authority (EPZA) was established in 1990 through the Export Processing Zone Act (Cap 517) for the promotion and facilitation of export oriented investments and the development of enabling environment for such investment.

The EPZ Act has undergone several amendments over the years including providing for enterprise service activities to be licensed under the Act, designating licence fees and defining eligible business service activities allowable in the zone without necessarily having to have an EPZ enterprise licence. Other changes made to the Act have primarily been aimed at ensuring that EPZ firms focus on the export market, there is fairness for firms not operating in the EPZ and protecting revenue leakage through preventing 'dumping' of goods in the domestic market. Some of the changes introduced in successive Finance Acts include:

- i. Excluding the commercial activities from the income tax holidays and disallowing parallel commercial and manufacturing activities by a single enterprise.
- ii. Requiring that commercial activities be licensed only after consultation with the Commissioner General, Kenya Revenue Authority.
- iii. Imposing a mandatory 2.5% duty surcharge on EPZ goods sold to the domestic market.
- iv. Requiring that sales by EPZ companies to the domestic market be subject to prior approval by the minister in charge of trade.
- v. Introduction of a claim system for previously duty exempt petroleum fuels to EPZ companies.

These changes though noble, may have resulted in the EPZ being less competitive in a globalised and liberalized economic environment where firms can access both the export and local market subject to payment of the requisite taxes. In addition, the operating environment in the country

has not kept up with international standards for business facilitation and infrastructure. Existing EPZ investors face various challenges in operating in the present business environment.

Globally, the EPZ concept has evolved from just promoting manufacturing for export to encompass a wide range of economic activities under the Economic Zones or Special Economic Zones. Special Economic Zones (SEZ) are selected geographic areas with highly developed infrastructure and which have the potential to be developed into agro-industrial, industrial, tourist/recreational, commercial, finance and technology centres. Economic Zones include Export Processing Zones, Industrial Parks, Research/Technology Parks, IT Parks, Free Ports and Free Zones.

To address the challenges facing the EPZ programme and to enhance its global competitiveness, there is need to transform the EPZ into SEZs. The SEZs as envisaged will provide policy and regulatory flexibility for a variety of different activities to be undertaken with specific incentives for each type of activity depending on sector priority, expected economic benefit among other criteria.

1.2 VISION 2030

The government in an effort to stimulate the growth of the economy has developed a new strategy initiative, the Kenya Vision 2030. The Vision 2030 strategies are aimed at transforming the country into a newly industrialized middle income economy providing high quality life for all the citizens by the year 2030. The Vision is anchored on three key pillars: Economic; Social and Political; and has as one of its goals the realization of the Millennium Development Goals (MDGs) by the year 2015. The economic pillar contains the strategies aimed at generating sufficient resources to attain the Vision and MDGs and has projected that the economy will grow at an average rate of 10% per annum for the next 25 years.

The Vision 2030 economic pillar has identified six key sectors to spearhead the drive to attain high and sustainable economic growth viz: tourism, agriculture, wholesale and retail trade, manufacturing, business process outsourcing and financial services. The Vision has specified the goal and key strategies for each of the sectors. Further, flagship projects for the period 2008 – 2012

in each sector have been identified as documented in the Medium Term Plan (2008-2012). The flagship projects for each sector include:

Tourism: Development of three resort cities and premier parks, the expansion of the underutilised parks and development of niche products such as eco-tourism, cultural tourism, sports tourism among others.

Agriculture: Fertilizer cost-reduction investment, enactment of a consolidated agricultural reform bill, establishment of disease-free zones, development of land use master plan and implementation of arid and semi arid lands development projects.

Wholesale and retail trade: Establishment of a free port and development of an outreach programme to expand retail trade.

Manufacturing: Establishment of industrial and manufacturing zones and development of at least five SME industrial parks and specialised economic zones in key urban centres.

Business process outsourcing: Design and implementation of a BPO park.

Financial: Consolidation of the banking sector, formalization of microfinance and deepening of the capital markets.

In addition, to enable the implementation of these projects, the government is committed to providing a supportive environment through improved and expanded infrastructure, information communication and technology (ICT), science, technology and innovation, and human resource development. The successful implementation of these projects is expected to raise the national Gross Domestic Product (GDP) growth rate to 10% by 2012. The establishment of SEZs will support the government's efforts of achieving goals set out in the Vision 2030.

1.3 RATIONALE FOR STRATEGIC PLANNING

Strategic planning is aimed at identifying and selecting the most appropriate strategies of utilizing the resources and skills available to EPZA to achieve specified goals and objectives, while taking into account the external environment in which EPZA operates. It provides a clear source of direction and identifies specific courses of action.

The export processing zone programme in Kenya is experiencing challenges, some among them being inadequate infrastructure development including poor transport systems, high cost of

electricity, unreliable water supply, ineffective one stop shop facilitation and low level of business facilitation. The development of the strategic plan will provide a roadmap that will guide the Authority in addressing these challenges.

Further, new developments that have emerged, such as the redefinition of domestic market to include East African Community countries and the changing of the concept of EPZ to that of special economic zones which encompasses a wide range of economic activities as opposed to manufacturing for export only, need to be taken into account. In addition, the policy for economic development as documented in the Kenya Vision 2030 and the Medium Term Plan (2008-2012) requires to be considered. Hence the need to develop a new strategic plan that takes cognisance of these developments.

The strategic planning process also provides the key stakeholders with an opportunity to understand more the various aspects of the export processing zones programme and hence more appreciation of the challenges facing the programme. The stakeholders also obtained an opportunity to contribute in identifying the interventions required for enhanced performance of the programme.

Through developing, communicating and implementing the strategic plan, EPZA expects to benefit in a number of ways. One is in enhanced effectiveness in its operations derived from a unified direction brought about by having a concise set of specific goals and objectives. Another benefit is improved stakeholders' motivation that accrues from the broad participation in the formulation process and wide circulation of the final plan among the stakeholders.

1.4 METHODOLOGY OF DEVELOPING THE PLAN

To ensure completeness and quality of the strategic plan, a participatory approach involving key stakeholders was used. This was also geared towards attaining ownership of the resulting plan and hence enhancing effectiveness and efficiency in the implementation. The methodology adopted involved:

1.4.1 Document Review

Some of the documents that informed the strategic plan include:

- i. Export Processing Zones Act (Cap 517);
- ii. Strategic plan 2004-2009;
- iii. Audited accounts for the period 2004-2008;
- iv. Management accounts;
- v. The organizational structure as at February 2009;
- vi. The Vision 2030 and Medium Term Plan 2008-2012;
- vii. National Trade and Industrialization Policy;
- viii. Private Sector Development Strategy (PSDS);
- ix. The master plan study for Kenyan Industrial Development;
- x. Information and operations system manuals;
- xi. The strategic plan for the Ministry of Trade;
- xii. The terms and conditions of service as at February 2009;
- xiii. The career progression guidelines as at February 2009; and
- xiv. Other relevant documents.

1.4.2 Interviews

An interview guide was used to collect information from a sample of board members and employees of the EPZA.

1.4.3 Strategic Planning Workshops

Two workshops were held:

- i. A management workshop to formulate the 2009-2013 strategic plan.
- ii. A Board of Directors workshop to refine the 2009-2013 strategic plan.

1.5 ORGANIZATION OF THE PLAN

This strategic plan consists of an executive summary and eight chapters:

Chapter One is the introduction, which covers the EPZA background, Vision 2030, the rationale for the strategic plan, the methodology of developing the plan and organization of the plan.

Chapter Two provides the institutional review covering the mandate, core-functions, vision, mission and core values.

Chapter Three presents the situational analysis covering an evaluation of the EPZ programme and EPZA's past performance, the internal environment and external environment, and stakeholder's analysis.

Chapter Four covers strategic issues, goals, objectives and strategies.

Chapter Five presents the implementation plan, which covers for each of the strategic goal and objective, the strategies, activities, implementing actors, time frame, expected outputs and output indicators.

Chapter Six discusses the institutional structure covering the Board of Directors, office of the Chief Executive Officer, divisions and departments, the organogram and the new staff establishment

Chapter Seven presents the mechanisms for monitoring and evaluation of the implementation process and the key performance indicators.

Chapter Eight presents the financial projections over the plan period.

CHAPTER TWO INSTITUTIONAL REVIEW

This chapter covers the mandate and core functions, vision, mission, and core values.

2.1 MANDATE AND CORE FUNCTIONS

The EPZA derives its mandate from the Export Processing Zones Act (CAP 517). As specified in the Act, the Authority's mandate is the promotion and facilitation of export oriented investments and the creation of enabling environment for such investments. Specifically, the EPZA's core functions include:

- i. The development of all aspects of the export processing zones with particular emphasis on provision of advice on the removal of impediments to, and creation of incentives for, export-oriented production in areas designated as export processing zones;
- ii. The regulation and administration of approved activities within the export processing zones, through implementation system in which the export processing zones enterprises are self regulating to the maximum extent; and
- iii. The protection of government revenues and foreign currency earnings.

2.2 VISION

The vision of the Authority is:

To be a leading agency contributing to the socio-economic growth and transformation of Kenya into a global hub for investment and trade.

2.3 MISSION

The mission of the Authority is:

To enhance economic and social development by promoting, facilitating and creating enabling environment for investments in SEZs.

2.4 CORE VALUES

In its endeavour to realise its vision and mission, EPZA upholds the following core values:

2.4.1 Customer Focus

The Authority believes that focussing on the customer would contribute towards the success of the institution. EPZA will ensure that every employee shares the same ideals in regard to the central position of the customer and as such continue to motivate its employees to be committed to high standards of service delivery.

2.4.2 Teamwork

The EPZA board members and staff will continue to work together as a team and cultivate good working relations in order to ensure that the institution is successful in achieving its mission.

2.4.3 Integrity, Respect and Fairness

The directors and employees of EPZA will continue to act morally and ethically. They will consistently demonstrate a high degree of probity in dealing with stakeholders and ensure that the provision of services is free from favouritism, self-interest or bias.

2.4.4 Transparency and Accountability

In conducting its business, EPZA will be guided by set standards, policies, rules and regulations to ensure its actions are unambiguous and predictable. The Authority will also remain accountable to its stakeholders and will shoulder responsibility for its decisions including their administration and implementation.

2.4.4 Creativity and Innovation

EPZA believes that the attainment of the export processing zones goals can be greatly aided by the generation and implementation of creative and innovative ideas. The Authority will endeavour to create an environment that encourages the adoption of better ways of achieving results.

2.4.5 Institutional Loyalty and Patriotism

EPZA will continue to encourage its internal stakeholders to maintain a sense of institutional loyalty and national patriotism in discharging their duties.

CHAPTER THREE

SITUATION ANALYSIS

This chapter covers an evaluation of past performance of the export processing zones, an analysis of internal and external environment and stakeholders' analysis.

3.1 INTRODUCTION

Situation analysis was carried out to determine the factors that influenced the performance of the Authority either favourably or unfavourably. The following analyses were undertaken:

- i. A review of the performance of the export processing zones.
- ii. A review of the global trend of export processing zones.
- iii. Analysis of the internal and external operating environments for the export processing zones.
- iv. Analysis of the EPZA's key stakeholders.

3.2 REVIEW OF PERFORMANCE OF THE EXPORT PROCESSING ZONES

A review of the performance of the export processing zones was undertaken with a view of understanding the possible causal factors and their implication to the performance of the EPZ programme. The results are as shown in Table 1.

Table 1: Performance of EPZ (2003-2007)

Indicator	2003	2004	2005	2006	2007
Gazetted zones (no.)	37	41	43	39	41
Investor enquiries (no.)	246	285	159	280	327
Projects approved (no.)	32	15	16	21	18
Enterprises operating (no.)	66	74	68	71	72
Employment – (Kenyans- no.) ^a	38,199	37,723	38,051	36,767	27,256
Employment - (Expatriates- no.) ^b	912	837	800	649	511
Total employment (No)= a+b	39,111	38,560	38,851	37,416	27,767
Total sales (Kshs. million)	14,817	24,217	23,774	25,352	29,400
Exports (Kshs. million)	13,812	23,047	20,036	22,893	27,400
Domestic Sales (Kshs. million)	619	651	3,160	1,403	1,421
Imports (Kshs. million)	9,920	13,029	12,497	12,674	17,287
Investment (Kshs. million)	16,716	17,012	18,682	20,320	19,027
Total domestic expenditure (Kshs. million)	4,969	7,331	8,255	9,173	9,110

As shown in Table 1, the performance of the EPZ programme during the five years between year 2003-2007 was mixed, with some performance indicators showing high improvement while others declining.

The number of gazetted zones increased from 37 to a high of 43 in year 2005, declined to 39 in year 2006 but increased to 41 in year 2007. Similarly, the number of enterprises operating in the zones increased from 66 in 2003 to 72 in 2007. The remarkable increase in 2007 may have been occasioned by good government policies aimed at encouraging investments in the zones.

However, the number of approved projects declined substantially from 32 in year 2003 to 18 in year 2007 and similarly employment reduced from 39,111 persons to 27,767 persons during the same period. This might have been as a result of harsh economic times and the political uncertainty in the country.

Exports recorded an increment over the years from Ksh 13.8 billion in year 2003 to Ksh 27.4 billion in year 2007. This increase may have been as a result of bilateral agreements like AGOA that allowed for exportation of the country's products to international markets.

The total domestic expenditure also increased over the years from Ksh 4.9 billion in year 2003 to Ksh 9.1 billion in 2007. The increase may be an indication of the inflation level over the period.

3.3 REVIEW OF GLOBAL TRENDS IN SPECIAL ECONOMIC ZONES

Special Economic Zones (SEZs) are promoted as part of an overall economic growth strategy to enhance industry competitiveness and attract foreign direct investment (FDI). Through SEZs, governments aim to develop and diversify exports while maintaining protective barriers, to create jobs, and to pilot new policies and approaches (for example, in customs, legal, labor, and public private partnership aspects). SEZs also allow for more efficient government supervision of enterprises, provision of off-site infrastructure, and environmental controls. According to the World Bank estimates, there were approximately 3,000 zones in 135 countries as of year 2007, accounting for over 68 million direct jobs and over \$US 500 billion of direct trade-related value addition within zones.

The promotion of SEZs in many countries is an attempt to deal with infrastructural deficiencies, procedural complexities, bureaucratic hassles and barriers raised by monetary, trade, fiscal, taxation and labour policies. These structural bottlenecks affect the investment climate adversely by increasing production and transaction costs. Since country-wide development of infrastructure is expensive and implementation of structural reforms would require time, the establishment of industrial enclaves (SEZs/EPZs) is seen as an important strategic tool for expediting the process of industrialization in these countries. As a result of these benefits, many developing countries have been promoting zones with the expectation that they will provide the engine of growth to catalyze industrialization. The SEZ initiative provides an impetus to and scope for planned growth of not just business, but also living, learning, healthcare and recreation. It also leverages local strengths within an international environment as well as promote administration of business within a hassle free operating environment.

In China, the SEZ initiative has been successful in promoting exports, attracting FDI and fostering overall economic growth.

As of year 2007, India had 1,022 units in operations in nine functional SEZs. Eight Export Processing Zones (EPZs) had been converted into SEZs and were fully functional. All these SEZs are in various parts of the country in the private/joint sectors or by the State Government.

The Philippines economic zones (ecozones) are collections of industries, brought together geographically for the purpose of promoting economic development. There are 41 private-owned economic zones and four government owned economic zones in the Philippines.

In summary, there is a global shift from EPZs to SEZs.

3.4 SWOT ANALYSIS

SWOT analysis is an examination of the internal and external environment of an organization to identify the critical factors that may affect its performance.

3.4.1 Strengths

The key strengths of the Authority include:

1. Preferential operational environment enshrined in law;
2. Broad board representation and selection;
3. Availability of adequate land and physical assets which can be used to generate income;
4. Incentive schemes enshrined in law; and
5. Highly qualified employees in some of the departments.

3.4.2 Weaknesses

The weaknesses of the Authority are:

1. Inadequate HR policies which may have led to low morale and productivity among the staff;
2. Weak administration of existing policies, rules and procedures;
3. A culture of poor time management;
4. Inadequate staff skill mix in some departments;
5. Insufficient financial resources to undertake programmes within the Authority's mandate;
6. Weak administration of performance management system in some departments;
7. Less than optimal internal and external communication which may have resulted in poor customer care and lack of ownership of the Authority's programmes;
8. Inappropriate organization structure characterized by weak management and internal control systems that may have inhibited the ability to deliver on the mandate;
9. Weak enforcement of the provisions of the Act which may have resulted in some investors operating without full compliance with the law;
10. Weak collaboration/facilitative links with KRA and other government departments which may have created bottlenecks in investor facilitation;
11. Existence of patronage culture within the Authority that may have resulted in poor performance; and
12. Inadequate ICT system in place thus hindering effective and efficient service delivery.

3.4.3 Opportunities

Opportunities for the Authority include:

1. Goodwill and support from the government through the parent ministry;
2. Existence of preferential markets e.g. EU, COMESA, EAC, USA;
3. Strategic location of Kenya which could be utilised to attract investors;
4. Abundant availability of skilled labour which could be utilized in SEZ enterprises;

5. The ongoing improvement and expansion of port facilities could facilitate investor operations;
6. Emerging development in infrastructure e.g. fibre optic cable, submarine optic cable which could enhance communication between the investors and customers. This is also expected to reduce operational costs;
7. Emergence of business services e.g. BPOs;
8. The Vision 2030 flagship projects for the 2008-2012 such as establishment of free ports and special economic zones;
9. Brand Kenya initiative by the government could help in the marketing of SEZs;
10. Kenyans in the Diaspora, who are willing to invest may provide the much needed resources to support investments in the country; and
11. The AGOA global forum hosting in Kenya in 2009 could be used to market Kenyan products and programmes.

3.4.4 Threats

Threats to the Authority include:

1. Government bureaucracy which hinders efficiency and effectiveness of the firms within the programme;
2. High cost of doing business due to inefficiencies in the infrastructure system e.g. electricity, roads and air;
3. Trade unionism that may affect the operations of firms within the zone;
4. Implementation of certain provisions of the new employment laws may reduce the attractiveness of the country as an investment destination;
5. Impact of global financial crisis may result in reduced market demand for the zones products/services;
6. Lack of access to finance by local investors;
7. Increased cost of operations arising due to exchange rates volatility;
8. Market shrinkage due to regional integration of domestic markets may be disadvantageous for some of the Authority's programmes and investors;
9. Lack of industrial linkages between research institutions and investors;

10. Government activities not fully coordinated and lack of appreciation of the EPZ programmes by other arms of the government may hinder effective service delivery e.g. stamp duty exemptions, Immigration, Customs, KEBS and KEPHIS services;
11. Existence of conflicting and expensive laws and regulations may make the SEZs programme unattractive;
12. Competition from other countries such as Bangladesh, Cambodia, China, India and Tanzania for investment and markets;
13. Full implementation of the Water Act 2002 provisions may result in inadequate supply of water to the Athi River Zone;
14. Political uncertainty, insecurity and crime in the country may negatively affect investments in the country;
15. Piracy in the Indian Ocean may affect the operations of the investors; and
16. Unrest in the neighbouring countries may discourage potential foreign investors.

3.5 STAKEHOLDER ANALYSIS

A stakeholder is any person, group or institution that has an interest in the activities of an organization. The Authority has many stakeholders in its core functions. Some of the key stakeholders include:

3.5.1 The People of Kenya

The investment potential for SEZs is expected to create new jobs within SEZs. In addition, the economic activities in the SEZ are expected to create backward and forward linkages that will provide an impetus to investment and thus more employment opportunities. The increased economic activity in the domestic market will in turn lead to an increase in the earnings per capita and thus the well-being of the populace.

3.5.2 Other Government Institutions

The Authority being a government corporation will from time to time liaise with other government institutions (parastatals, ministries and departments) in fulfilling its mandate and core functions. The Authority should therefore aim at strengthening linkages with other government institutions so as to facilitate expedient decision making and timely service delivery to the investors.

3.5.3 Employees

Human resources are critical determinants of an organization's performance. The employees constitute a major asset of the Authority and their welfare and motivation are of utmost importance to enhance success in attaining the mission and objectives of the Authority.

3.5.4 Private Sector

The success of the SEZ programme will mainly depend on the participation of the private sector in developing the zones as well as establishing enterprises in the zones. To attract the private sector in the SEZ programme, the Authority needs to come up with attractive incentives, improve/develop the infrastructure and improve its service delivery. Thus, the Authority should play a key role in creating conducive environment to attract more domestic and foreign investments.

3.4.5 The Media

The media is an important channel of information to the public. Without adequate information from the Authority, the media may sometimes make inaccurate or damaging reports. The Authority should ensure accessibility and correctness of relevant information to the media. In addition, the Authority could use the media to create public awareness on the SEZ programmes and the available products and services.

3.4.6 Academic and Research Institutions

The Authority draws its professional staff from academic institutions and important information from research institutions. Similarly these institutions may require to undertake researches on the various aspects of the Authority. Strong links, collaborations and/or partnerships with these institutions could assist the Authority in discharging its mandate effectively and efficiently.

CHAPTER FOUR

STRATEGIC ANALYSIS

This chapter identifies and highlights the strategic issues, goals, objectives and strategies arising from the situational analysis and the mandate of the EPZA.

4.1 STRATEGIC ISSUES

Arising from the situational analysis of the export processing zones programme and the EPZA mandate, the following were identified as the strategic issues that the Authority should focus on during the planning period:

- i. Transformation of the policy, legal and regulatory framework;
- ii. Promotion and marketing of the SEZ programme;
- iii. Enhancement of investor facilitation role; and
- iv. Strengthening the institutional capacity of the Authority.

4.1.1 Transformation of the Policy, Legal and Regulatory Framework

The SEZ concept has evolved globally to include a wider range of economic activities with the aim of accelerating growth and development as opposed to only focusing on manufacturing for export. The new concept, special economic zones, has been adopted in other countries such as China, Mauritius, Egypt and India which have widened the range of activities included in various economic zones. A change from EPZ to SEZ framework will allow for inclusion of many economic activities, widen the scope of the programme to include all the provinces and accommodate companies with a domestic market orientation. Further, the EPZ programme is currently facing various challenges such as an ineffective one-stop-shop due to delays in accessing various business and regulatory services outside the zone and the widening of the domestic markets to include East African Community countries.

The move from EPZ towards economic zones will require the current Act to be amended. Further, there is need for the harmonisation of the new Act with other government Acts and policies that may be hindering investment and effective investor facilitation in the zones. Implementation of the new Act will also require the development of new policies, rules and procedures to govern the

various phases of investor attraction and facilitation. In addition, there will be need to strengthen policy advocacy as a way of ensuring development of favourable policies.

4.1.2 Promotion and Marketing of the SEZ Programme

The promotion and marketing of EPZ programmes has not been satisfactory both locally and internationally. This may be attributed to inadequate marketing and promotion resources, and inadequate research to inform Authority operations, among others. For instance, local investor participation in the programme has been low accounting for only 16% of the enterprises operating in the zones. There is need to allocate more resources to enable effective marketing of the SEZ programme. Further, an effective research system for global market intelligence is required as well as strengthening of the business development activities. With the increased global competition there is need to develop attractive investment products and services under the SEZ programme to attract investors as well as to remain competitive. This calls for the establishment of a system that will enable collection and dissemination of information on local sectoral trends and global trends in special economic zones.

In addition, enhancing of linkages both locally and internationally is important in facilitating effective promotion and marketing of the SEZ programmes.

4.1.3 Enhancement of Investor Facilitation Role

The country's infrastructure is still not adequate to attract investors to the SEZ programme. The cost of production is still high owing to high costs of transport, electricity, water, sanitation, and communication services. One of the functions of the Authority is to facilitate the development of infrastructure in the zones. The Authority needs to ensure availability of sufficient water sources in the Athi river zone. Further, there is also need for the Authority to collaborate with water service providers in the different zones/provinces to ensure that all zones have adequate supply of water. The road and railway networks are still underdeveloped in most parts of the country thus the Authority will require to liaise with the relevant ministries/departments to advocate for rehabilitation of the infrastructure to better serve investors in the zones.

Although the Authority has adopted ICT in its operations, its usage could be improved to enhance efficiency in service delivery to investors through acquiring of the necessary ICT systems to support promotion, facilitation and communication with the investors.

The one-stop shop is currently not operating effectively as it relies on other government agencies for various decisions regarding the investors' operations. There are usually delays in serving investors due to bureaucratic processes in these institutions. The Authority needs to collaborate more with relevant institutions and advocate for secondment of officers to the Authority as a way of ensuring timely and friendly service to the investors.

4.1.4 Strengthening the Institutional Capacity of the Authority

In line with current corporate governance practices whereby there is an emphasis on BOD independence and skills mix, there is need to ensure that the Authority operates within these guidelines. There is need to review the Act to allow for diverse skills in the board. The BOD should also hold an optimal number of board meetings in accordance with good corporate governance practices.

To discharge its mandate the Authority will require to enhance its institutional capacity to ensure that it has adequate resources to serve the needs of the investors. The financial base of the Authority is an area that will need to be addressed since the Authority's funds are mainly derived from the budget allocations and are not sufficient to meet all requirements. There is need to explore other sources of finance through engaging in revenue generating activities such tree planting. The Athi River water business needs to be formalised with the Ministry of Water and Irrigation. Further, there is need to restructure the Authority to make it effective and efficient in service delivery. Towards this, there may be need to outsource some of the non-core activities.

The physical and human resource capacity also requires to be strengthened in order to support various operations in the Authority. The staff establishment need to be right sized in terms of numbers and skills in order to be able to facilitate, monitor and regulate the operations of the SEZ programme. An evaluation of the current location of the Authority may need to be undertaken to determine the appropriateness of the location in facilitating the achievement of the Authority's

goals. In addition, there may be need to decentralize the Authority's services to increase accessibility by the investors upon the widening of the programme's operations to all provinces.

4.2 STRATEGIC GOALS, OBJECTIVES AND STRATEGIES

The strategic goals of the Authority in the planning period are:

- i. To transform the policy, legal and regulatory environment of EPZ into that of special economic zones (SEZs);
- ii. To attract new and diverse investments in the special economic zones;
- iii. To enhance impact of SEZs investments on local investors and communities;
- iv. To expand and spread out SEZs in Kenya;
- v. To improve corporate image and communication;
- vi. To have effective investor facilitation programmes; and
- vii. To have an effective and efficient Authority.

To enable the achievement of these goals, the Authority formulated a set of strategic objectives for each goal and strategies needed to attain the objectives. The following are the objectives and strategies relating to each goal:

Goal 1: To transform the policy, legal and regulatory environment of EPZ into that of special economic zones (SEZs)

Objective	Strategies
i. To have SEZ policy and legislation by 2010	<ul style="list-style-type: none"> a. Engage government and other stakeholders in policy formulation b. Draft the SEZ legislation taking into consideration the approved cabinet memo and concept note in line with SEZ policy document
ii. To establish an effective policy advocacy role by 2010	<ul style="list-style-type: none"> a. Play an active role in policy advocacy b. Work with Brand Kenya initiative and other organizations c. Collaborate with EAC/COMESA member countries so as to have a favourable operating environment

Goal 2: To attract new and diverse investments in the special economic zones

Objective	Strategies
i. To increase cumulative investment in enterprises from Ksh 20 bn in 2007 to Ksh 43 bn in 2013	<ul style="list-style-type: none"> a. Strengthen marketing operations b. Create awareness of Kenya's SEZ and its comparative advantage c. Advocate for favourable investment environment
ii. To increase the number of new SEZ investment projects to 50 annually by 2013	<ul style="list-style-type: none"> a. Partner in promotion activities with key influencers (commercial banks, consultants, trade associations, diplomatic missions, professional bodies and other Government agencies) b. Streamline investment appraisal and licensing procedures c. Partner with developers and operators to attract investment to their zones
iii. To increase sectoral diversification by 2011	<ul style="list-style-type: none"> a. Create awareness on each sector's investment opportunities b. Work with existing investors, trade associations and business groups to disseminate information on sector opportunities and attract new investment

Goal 3: To enhance impact of SEZ investments on local investors and communities

Objective	Strategies
i. To increase the value of goods and services sourced from Kenya annually from Ksh 9.9 bn in 2007 to 25 bn in 2013	Focus on sectors which will provide high local sourcing, and use local raw materials
ii. To increase employment from 34,000 in 2007 to 73,000 by 2013	Focus promotion on sub-sectors with high employment potential and high quality jobs
iii. To increase locally owned investments from 17% in 2007 to 29% by 2013	<ul style="list-style-type: none"> a. Target large local companies who invest through holding companies b. Incubate 30 high growth local SMEs graduating by 2013 c. Target high net worth local investors who have capacity to invest in SEZ
iv. To increase joint venture investments in the zones	Implement joint venture linkage programme
v. To enhance technology adoption and skills development	Implement training and skills transfer programme for Kenyans

Goal 4: To expand and spread out SEZs in Kenya

Objective	Strategies
i. To have at least 2 zones in each province by 2013	<ul style="list-style-type: none"> a. Scope potential for various SEZ investment b. Promote investment in SEZs using public private partnership model
ii. To increase the number of public zones from 2 in 2007 to 16 by 2013	<ul style="list-style-type: none"> a. Develop new public zones b. Zone the existing public zones for different clusters and develop basic requisite infrastructure in Athi River Zone c. Subdivide Kipevu and develop basic infrastructure d. Develop incubator phase II at Athi River Zone

Goal 5: To improve corporate image and communication

Objective	Strategies
To increase awareness of SEZ concept amongst general public and stakeholders	<ul style="list-style-type: none"> a. Implement communication strategy b. Rebranding of the Authority c. Engage key stakeholders d. Interact with general public e. Implement CSR in every province where zones are established f. Create rapport with print and electronic media houses g. Increase media campaigns h. Undertake baseline surveys

Goal 6: To have effective investor facilitation programmes

Objective	Strategies
i. To improve investor satisfaction from 60% to 95% by 2013	<ul style="list-style-type: none"> a. Establish an effective one-stop shop within the Authority by 2010 b. Establish collaborative links with KRA, labour, immigration and other government departments c. Achieve and maintain ISO certification
ii. To increase the retention rate of operational investors from 93% in 2007 to 97% by 2013	<ul style="list-style-type: none"> a. Understand investor requirements/expectations b. Monitor global trends on investor facilitation c. Implement a competitive incentive package
iii. To ensure investor compliance with the Authority Act and other legislations	<ul style="list-style-type: none"> a. Create awareness of the regulatory framework b. Establish compliance and enforcement section
iv. To ensure provision of adequate and reliable water and sewerage services to all SEZ enterprises	<ul style="list-style-type: none"> a. Develop an independent water supply for Athi River Zone b. Construction of dedicated water line for Kipevu zone c. Collaborate with water service providers in the different SEZs

Goal 7: To have an effective and efficient Authority

Objective	Strategies
i. To attract and retain highly motivated, relevant and competent staff	<ul style="list-style-type: none"> a. Develop and implement organisation structure and best HR policies b. Enhance staff skills c. Offer competitive remuneration d. Address staff concerns e. Enhance performance management f. Matching skills to positions g. Initiate organizational development change programme
ii. To enhance corporate governance	<ul style="list-style-type: none"> a. Equip board and management with corporate governance skills b. Implement systems, controls, checks and balances c. Enhance performance management
iii. To improve internal communication	<ul style="list-style-type: none"> a. Implement internal communication policy b. Create inter-divisional links
iv. To enhance financial capacity of the Authority	<ul style="list-style-type: none"> a. Assess funding needs of the Authority b. Identify other sources of funding/revenue
v. To increase operational efficiency of Authority	<ul style="list-style-type: none"> a. Utilise available funds prudently b. Ensure close proximity to service providers and investors c. Implement appropriate operational systems d. Enhance financial management and control systems e. Enhance use of appropriate ICT

CHAPTER FIVE
IMPLEMENTATION PLAN

Chapter five presents the implementation plan, which covers for each of the strategic goal and objective, the strategies, activities, implementing actors, timeline, expected outputs and output indicators.

GOAL 1: To transform the policy, legal and regulatory environment of EPZ into that of special economic zones (SEZs)

Objective 1: To have SEZ policy and legislation by 2010

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Engage government and other stakeholders in policy formulation	Organize and hold stakeholders forum	CEO/RP/CS/PR	July 2009	Appropriate SEZ policy.	SEZ policy in place
	Update and refine the draft policy following stakeholders forum	"	Sept 2009	"	"
Draft the SEZ legislation taking into consideration the approved cabinet memo and concept note in line with SEZ policy document	Develop the SEZ bill in consultation with AG Chambers drafting department.	CEO/CS	Dec 2009	Acceptable legislation for the operationalization of SEZs	Draft bill in place
	Hold workshop with MPs to seek support for the bill.	CEO/RP/CS/PR	March 2010	"	Consultation workshop held
	Submit bill to Parliament for enactment	CEO/CS	Sept 2010	"	SEZ Act enacted
	Implement the SEZ Act	CEO	Jan 2011	"	SEZA established

Objective 2: To establish an effective policy advocacy role by 2010

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Play an active role in policy advocacy	Build capacity within the Authority to undertake policy advocacy	CEO/ RP/PR	Immediate & continuous	Increased awareness and support of Authority programmes by key stakeholders	Advocacy capacity Level
	Hold discussions with key policy decision makers and organize one to one meetings with partners e.g. KAA, KPA, ICT Board.	CEO/PR/BD	"	"	Number of advocacy forums held
	Undertake research and prepare up to date documents on SEZs.	RP	"	"	Research and policy documents
	Initiate and organize policy seminars with key presenters being experts in special economic zones and investment	RP/PR	Quarterly	"	Level of awareness of Authority activities
	Establish close working linkages with relevant government departments and persuade the government to adopt recommended policy proposals.	CEO/PR/ RP/Investor support	Immediate & continuous	"	Appropriate policies in place
Work with Brand Kenya initiative and other organizations	Attend publicity/promotion forums organized by Brand Kenya initiative/other organizations	CEO/BD	Immediate & Continuous	Increased promotion of Authority operations	Level of awareness of the SEZs programmes
Collaborate with EAC/COMESA member countries so as to have a favourable operating environment	Prepare paper to consider removal of 20% limit on sales into the domestic market in the EAC protocol.	RP/Investor support	Sept 2009	Liberal market access to the domestic market.	Amendment in the EAC protocol.
	Submit paper to Ministry of Trade for on ward transmission to EAC secretariat for consideration.	"	Nov 2009	"	"

Goal 2: To attract new and diverse investments in the special economic zones

Objective 1: To increase cumulative investment in enterprises from Ksh 20 bn in 2007 to Ksh 43 bn in 2013

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Strengthen marketing operations	Identify and evaluate strategic sectors and potential for investment	BD/Investor Support	Sept 2009	Focussed & effective investment promotion	Strategic sector & investment report in place
	Formulate appropriate marketing strategies	"	Yearly	"	Marketing Strategy in place
	Undertake targeted investment promotion taking into consideration quality and size of investment	"	Immediately & continuous	"	Number of investment promotion activities undertaken
	Build marketing capacity through training and recruitment	BD/HRD	Immediate & continuous	"	Existence of a strong marketing team
Create awareness of Kenya's SEZ and its comparative advantage	Update Authority website	RP/ICT/PR	Immediately & continuous	Increased awareness & availability of up to date information	Up to date Website
	Re-design, print brochures and information packs on Authority programmes and investment opportunities	BD/PR/Investor Support	Sept 2009 and as need arises	"	Awareness level of Authorities activities
	Hold local, regional and international sensitization seminars/workshops and participate in relevant trade shows and exhibitions and one on one meetings	"	Immediate & continuous	"	Number of seminars/workshops held

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
	Disseminate Authority information to investing publics through print and electronic media advertising	..	..	..	Awareness level of Authority activities.
Advocate for favourable investment environment	Identify and create awareness of investment hindrances	BD/Investor support/RP	Sept 2009	Increased investments in the SEZs ..	Hindrances report & No. of forums held to resolve issues
	Advocate for favourable policy framework	BD/Investor support/RP	Immediate & continuous		New policy framework in place

Objective 2: Increase the number of new SEZ investment projects to 50 annually by 2013

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Partner in promotion activities with key influencers (commercial banks, consultants, trade associations, diplomatic missions, professional bodies, other Government agencies)	Identify partner institutions	BD/Investor support	Sept 2009 & continuous	Increased investment projects	List of identified partners
	Hold joint trade shows/exhibitions/seminars/investment missions	..	Dec 2009 & continuous	..	Number of Exhibitions held
	Undertake follow ups on identified investors	..	..	..	Number of new investments
Streamline investment appraisal and licensing procedures	Identify non-value adding processes	BD/Investor support	March 2010	Improved customer service & increased Investments	Processes to re-engineer report
	Re-design the investment appraisal process for standard projects	..	June 2010		Time taken to appraise projects
	Shorten internal processing target time to 2 weeks for normal project	..	..		..

Partner with developers and operators to attract investment to their zones	Prepare brochures containing developer information	BD/Investor support/ICT	Sept 2009	Increased investments in the private zones	Availability of promotional materials
	Link Authority website to developers website	"	"	"	No. of websites linked
	Undertake joint promotion activities	"	June 2009 & continuous	"	Number of new investments in each zone

Objective 3: Increase sectoral diversification by 2011

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Create awareness on each sector's investment opportunities	Seek donor funding for sector studies	BD/Finance/Investor support	June 2010	Increased sector diversification in the SEZs	Amounts of resources for sector studies
	Revise and expand Sector studies conducted by PKF in 2005	BD/Investor support	Dec 2010 & continuous	"	Investment sector profiles reports
	Disseminate sector research findings on website and through print media	"	March 2011 & continuous	Increased awareness of investment opportunities	Awareness level & no. of new investments
Work with existing investors, trade associations and business groups to disseminate information on opportunities in order to attract new investment	Identify partner agencies	BD/Investor support	Sept 2010 & continuous	Increased sector diversification in the SEZs	List of identified agencies
	Implement investment lead generation using existing investors, trade associations and business groups: i.e. investment missions, trade shows, one on one meetings	BD/Investor support	Dec 2010 & continuous		Level of collaborations with other partners in each sector

Note: Sectoral diversification to result in a mix of enterprises as follows: Textile & Apparel 20%, Pharmaceuticals 5%, Electronics and Electrical 10%, Agro processing 20%, ICT & ICT enabled services 15%, Commercial Crafts 2%, Leather & Leather Goods 5%, Services Including Corporate HQs & R/D 10%, Logistics, Transport & Trading 10%, Plastics 3%.

Goal 3: To enhance impact of SEZ investment on local investors and communities.

Objective 1: To increase the value of goods and services sourced from Kenya annually from KSh 9.9 bn. in 2007 to KSh 25bn in 2013.

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Focus on sectors which will provide high local sourcing, and use local raw materials	Identify linkage requirements of existing SEZ investment	BD/Investor Support	Sept 2009	Increased utilization of locally produced raw materials in the SEZs	Amount of locally produced raw materials used in the SEZs
	Identify investment opportunities which have high local value addition	BD	Dec 2009	"	Investment opportunities report
	Promote identified opportunities using local and overseas workshops, website, sectoral conferences, investments missions, one to one visits	BD	Dec 2009	"	No. of promotion activities & No. of new investments

Objective 2: To increase employment from 34,000 in 2007 to 73,000 by 2013

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Focus promotion on sub-sectors with high employment potential and high quality jobs	Identify high employment potential sub-sectors	BD	Sept 2009	Increase in investments & employment in the SEZs	Number of Kenyans employed in SEZs
	Identify large corporations with potential for large investment projects	BD	Dec 2009	"	Investment report
	Implement investment promotion programmes to firms with high employment creation potential	BD	Jan 2010 and continuous	"	No. of new investments and employment levels
	Advocate for policy incentives for job creation and retention	CEO/ BD	Immediate & continuous	"	"
	Evaluate and monitor employment trend	RP/Investor Support	Annually	"	"

Objective 3: To increase locally owned investments from 17% in 2007 to 29% by 2013

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Target large local companies who invest through holding companies	Identification of investor	BD	Dec 2009 & continuous	Increased investors participation	Identified investor report
	Develop value proposition	"	"	"	Value proposition report
	Market investment opportunities in the SEZ	"	Jan 2010 and continuous	"	Number of local investments in zones
Incubate 30 high growth local SMEs graduating by 2013	Identify high growth sectors	BD/Investor support	Sept 2009	Increased investments by SMEs	List of identified sectors
	Promote incubation projects to locals/ and in the Diaspora	BD/Investor support /Incubator unit	Immediate & continuous	"	Number of SMEs in incubation programme & Level of awareness of the SEZs in the Diaspora
	Encourage migration from incubation to SEZ	"	"	"	Number of SMEs graduating each year
	Undertake evaluation and licensing of new projects	"	"	"	Number of SMEs in incubation programme
Target high net worth local investors who have capacity to invest in zones	Identification of investor	BD	June 2010 & continuous	Increased investments by the locals in the zones	Number of enterprises owned by Kenyans in the zones
	Communicate with investors: print media in selected publications, electronic media, direct marketing, business groups, Diaspora events	"	"	"	"

Objective 4: To increase joint venture investments in the zones

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Implement joint venture linkage programme	Identify potential sectors and firms for joint ventures	BD	June 2010	Increased joint ventures in the zones	List of identified sectors & firms
	Market joint venture investment opportunities in the SEZ to identified firms	"	Dec 2010 & continuous	"	Number of joint ventures investments

Objective 5: To enhance technology adoption and skills development

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Implement training and skills transfer programme for Kenyans	Identify knowledge and skills gap in Kenyan firms	RP/Investor Support	June 2010	Increased knowledge and skills transfer to Kenyans	Level of knowledge and skills transfer and utilization
	Organise training seminars and visits to the SEZ firms	BD/Investor Support/PR	Immediate & continuous	"	No of seminars & visits held
	Evaluate the impact of the training/skills transfer programme	BD/Investor Support	Annually	"	Level of knowledge and skills transfer and utilization

Goal 4: To expand and spread out SEZs in Kenya

Objective 1: To have at least 2 zones in each province by 2013

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Scope potential for various zones investment	Undertake location opportunity studies	RP/investor support	Dec 2009	Identification of zones activities in each province	Feasibility studies Reports
Promote investment in SEZs using PPP model	Identify partner agencies eg. KPA, KAA, ICT Board,	Business development	Dec 2009	Investments in SEZs in each province	List of identified partners
	Market zones to Private sector	"	Jan 2010 & continuous	"	No. of PPP initiatives in operation & number of investments in the SEZs
	Enter into MOU with the private sector	BD/Investment support	"	"	"
	Gazette and licence new zones	BD/Investment support/CS	"	"	Number of SEZs in each province

Note: New SEZs to include 2 Airport free zones, 2 commercial free zones not located at airport or sea port, 5 ICT Parks/ICT Towers (including BPO), two free ports, 5 specialized agricultural zones, 1 new public SEZ.

Objective 2: To increase the number of public zones from 2 in 2007 to 16 by 2013

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Develop new public zones	Identify appropriate zone locations	RP/Investment Support/RP/Utilities & Technical	Sept 2009 & continuous	Increased No. of zones	Locations report
	Advocate for the government to allocate land for SEZs	CEO/BOD	Dec 2009	..	Number of acres of land allocated
	Seek resources and develop zone	CEO/BOD/Utilities & Technical	May 2010	..	No. of new zones developed
Zone the existing public zones into clusters and develop basic requisite infrastructure in Athi River Zone	Prepare zone development plan for Athi River land	BD/Investment Support/RP/Utilities & Technical	Jan 2010	Increased No. of zones	Development plans ready
	Request for funding (Ksh.1 billion 2009-2011)	CEO/BOD/Finance/D	April 2010	..	Amount allocated for rehabilitation
	Implement the development plan	Utilities & Technical	July 2011 & continuous	..	Number of public SEZ in pace
Subdivide Kipevu and develop basic infrastructure	Identify infrastructure development needs and prepare plans	Investment Support/RP/Utilities & Technical	Jan 2011	Increased operational activities at Kipevu Zone	Development plans ready
	Request for funding and commence construction (Ksh. 400 million)	CEO/BOD/Finance	April 2011	..	Amount of money allocated & level of development in the zone
Develop incubator phase II at Athi River Zone	Request for funding (Ksh. 200 million) and implement	Finance/Utilities & Technical /Investment Support.	June 2009-2011	Increased investments in the Incubator	Availability of resources & level of completion of the incubators phase II

Goal 5: To improve corporate image and communication

Objective: To increase awareness of SEZ concept amongst general public and stakeholders

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Implement communication strategy	Update the communication strategy	CEO/PR/BD	Sept 2009	Effective communication	Communication strategy in place
Rebranding of the Authority	Develop and implement Authority brand	CEO/PR/BD	Dec 2010	Good corporate image	Awareness level of the Authority brand
Engage with stakeholders	Organize and hold workshops/seminars with key stakeholder	CEO/PR/BD/Investor Support	July 2009 & continuous	Increased awareness of Authority operations of by stakeholders	Level of stakeholder awareness
	Organize visits to Zones and Authority offices	"	"	"	"
	Develop newsletters	"	Sept 2009 and quarterly	"	Newsletter in place
Interact with general public	Participate in ASK shows, visits to SEZs and other exhibitions	CEO/PR/BD/Investor support	Sept 2009 & continuous	Increased public awareness of Authority programmes	Level of public awareness
	Sponsor radio or TV shows	"	Biannually	"	"
Implement CSR in every province where zones are established	Identify CSR target beneficiaries/focus areas in provinces	CEO/PR/BD/Investor support	May 2009	Increased publicity for SEZA operations	List of CSR projects identified in each province
	Identify stakeholders for partnering in joint CSR programs	"	May 2009	"	List of identified stakeholders
	Prepare 5 year CSR Plan	"	Sept 2009	"	CSR plan in place
	Implement CSR activities in priority areas as per the plan	"	Dec 2009 & continuous	"	No. of CSR activities

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Create rapport with print and electronic media houses	Identify key editorial decision makers	CEO/PR/BD/Investor Support	June 2009	Increased promotion of Authority activities by the media	Number of promotion programmes aired & awareness level
	Hold discussions with editors and business writers to develop productive relationships	"	2009 & quarterly	"	"
	Organize media tours	"	Quarterly	"	"
	Develop crisis management program which includes media communication contingency procedures	"	June 2009	"	Crisis management program in place
Increase media campaign	Identify suitable media vehicles (print and electronic) and messages	PR/CEO/BD/Investor Support	Sept 2009	Increased awareness & positive attitude towards Authority operations	List of media house
	Allocate sufficient budget	"	July 2009		Amount allocated for advertising
	Implement media campaigns	"	Sept 2009 & continuous		Level of awareness of the operations of the Authority
	Evaluate pre and post campaign awareness and attitude	"	Biannually		Evaluation reports
Undertake baseline surveys (e.g. employee & customer satisfaction, corruption)	Allocate sufficient budget for surveys	Finance/PR/BD/Investor Support/HRD	Annually	Stakeholder and employee satisfaction	Survey report

Goal 6: To have effective investor facilitation programmes

Objective1: To improve investor satisfaction from 60% in 2007 to 95% by 2013

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Establish an effective one-stop shop within the Authority by 2010	Undertake analysis on areas of investor facilitation	Investor Support	Sept 2009	Quality service delivery to investors	Time taken to serve investors
	Advocate for posting (secondment) of officers from the requisite departments to the Authority offices e.g. labour, immigration, KRA	"	"	"	Number of requisite departments represented in the Authority
Establish collaborative links with KRA, labour, immigration and other government departments	Hold regular meetings to address areas of concerns	Investment Support	Dec 2009 & continuous	Quality service delivery	Number of meetings held
Achieve and maintain ISO certification	Implement and sustain quality certification	CEO/divisional heads	Immediate & continuous	Quality service delivery	Level of adherence to certification requirements
	Conduct regular review of procedures	Quality auditors/divisional heads	Quarterly	"	"

Objective 2: To increase the retention rate of investors from 93% in 2007 to 97% by 2013

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Understand investor requirements/expectations	Organize Authority/investor joint meetings	Investment Support/RP/PR	Dec 2009 & quarterly	Understanding of investors needs	Number of meetings with the investors
	Undertake zones/enterprises visits	"	"	"	No. of visits
	Undertake investor satisfaction survey	"	Annually	"	Investor satisfaction level

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Monitor global trends on investor facilitation	Undertake research on investor facilitation	Investment Support/RP/BD	Dec 2009	Adoption of best practices in investor facilitation	Annual benchmark reports
	Produce an annual benchmark report	"	June 2010	"	Benchmark report
	Introduce value adding services to investors	"	Sept 2010 & continuous	"	Number of additional investors services
Implement a competitive incentive package for investors	Carryout an annual survey on investment impediments and make recommendations to the relevant government body	Investment Support/RP/BD.	Dec 2009	Better investor operating environment	Survey reports in place & Level of investor satisfaction
	Acquire the necessary ICT systems for investor facilitation	ICT	June 2009 & continuous	Faster and effective service delivery	No. of relevant systems in place
	Review rents and rates	Investment Support/RP/BD/ BOD.	June 2010	Satisfied investors	Levels of competitiveness of the incentive packages
	Advocate for a favourable business environment	"	Immediate & continuous	Increased retention of investors in the SEZs	"

Objective 3: To ensure investor compliance with the Authority Act and other legislations

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Create awareness of the regulatory framework	Develop investor operational manual	Investment Support/BD/RP	June 2010	Increased investor compliance	Investor manual in place
	Sensitize investors on the regulatory framework	"	Sept 2010 & continuous	"	Number of sensitization forums Level of awareness of relevant regulations
Establish compliance enforcement section	Recruit and deploy compliance officers	Investor Support	July 2009	Increased compliance	Established compliance section
	Undertake compliance audits	Investor Support	Sept 2009 & continuous	"	Level of compliance
	Take corrective action on non-compliance	CEO/Investor Support	"	"	Number of firms penalised for non compliance

Objective 4. To ensure provision of adequate and reliable water and sewerage services to SEZ enterprises

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Develop an independent water supply for Athi River Zone	Apply to the minister for exemption from the Water Act	Utilities & Technical /CS	Sept 2009	Sufficient water to investors.	Authority to become a water undertaker
	Seek funding & develop dam and water line	CEO/BOD/Finance/Utilities & Technical	Jan 2010- 2013	"	Incidences of water shortage in the zones & operational dam in place

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
	Revise and implement business plan for water & sewerage department	Utilities & Technical /Finance/ Investor Support	Dec 2009	Efficient & effective W& S department	New structure and business model in place
Construction of dedicated water line for Kipevu zone	Apply for a private water line from Mombasa Water Company.	Utilities & Technical /Investor Support	Dec 2010	Sufficient water to investors	Incidences of water shortages in the zones
Collaborate with water service providers in the different SEZs	Identify the respective water service provider in each of the zones	Utilities & Technical /Investor support	June 2009 & continuous	Availability of adequate water & sewerage service	List of water service providers
	Hold discussions for the need of adequate water and sewerage services in the respective SEZs	..	..	..	Meetings held
	Sign MOU with respective Water Service Provider	Utilities & Technical /Investor Support/CS	June 2009 and as need arises	..	MOU in place & Incidences of water shortages in the zones

Goal 7: To have an effective and efficient Authority

Objective 1: To attract and retain highly motivated, relevant and competent staff

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Develop and implement organisation structure and best HR policies	Review organization structure	Consultants/BOD/CEO	March 2009	Improved staff morale and increased productivity	New organization structure in place
	Develop and implement job descriptions and specification	Consultants/BOD/CEO	"		Update JD & JS
	Develop and implement HR policies and schemes of service	Consultants/BOD/CEO	March 2009 & continuous		Appropriate HR policies in place
Enhance staff skills	Carry out a TNA	HRD	March & annually	Focused training	TNA Report
	Develop a training programme	HRD/Divisional heads	April 2009 and annually		Training programmes in place
	Implement the training programme	HRD/Divisional heads	As per the programme		Number of staff trained
Offer competitive remuneration	Undertake salary survey and make recommendations	HRD/Consultants	April 2009	Increased staff motivation	Level of competitiveness of the Authority remuneration
	Harmonize the remuneration structure	HRD	July 2009		"
Address staff concerns	Undertake employee satisfaction survey	HRD/Consultant	Sept 2009 & annually	Increased staff commitment and morale	Level of employee satisfaction
	Implement recommendation as per employee satisfaction survey	CEO/ HRD	Annually		"
Enhance performance management	Develop a management performance system	Consultants	March 2009	Increased employees productivity	Level of employee performance
	Implement the performance management system	HRD/CEO	June 2009 and biannual		"

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Matching skills to positions	Redeploy staff according to updated job description and specification	HRD/CEO/Consultants	May 2009	Quality service delivery	Appropriate staff level mix
Initiate organizational development change programme	Hold staff forums to uncover and discuss core values and beliefs embedded in organizational behaviour	CEO/HRD	Immediate & continuous	Harmonious and effective Authority	Efficiency & effectiveness level in the Authority
	Establish new behavioural norms that clearly demonstrate desired values	CEO/HRD	Immediate & continuous		..
	Communicate the organizational core values and expected behavioural norms	CEO/HRD	Immediate & Continuous		..

Objective 2: To enhance corporate governance

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Equip board and management with corporate governance skills	Train board and employee on corporate governance	CEO/BOD	April 2009	Good corporate governance in the Authority	Level of awareness on corporate governance
	Identify and visit countries with SEZ programmes for board exposure	CEO/BOD/BD	June 2009		Level of adoption of industry best practices
Implement appropriate systems, controls, checks and balances	Identify the required systems and controls	CEO/ divisional heads/ Internal Auditor	April 2009	Increased accountability and reduced risks	Systems report
	Implement necessary systems, regulations and procedures	CEO/ divisional heads/ Internal Auditor	May 2009 & continuous		Level of compliance with internal controls
Enhance performance management	Develop and implement board performance management system	BOD	Immediate & continuous	Good corporate governance in the Authority	Performance management system in place

Objective 3: To improve internal communication

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Implement appropriate communication system	Develop a communication policy and strategy	PR/CEO	June 2009	Increased teamwork among the staff	Policy and strategy in place
	Implement and manage the policy	Admin/CEO	July 2009		Time taken for internal communication
	Organise team building activities e.g. sports/family days, staff kamkunjis and motivational talks	PR/CEO	June 2009 & continuous		Number of team building activities held
Create inter-divisional links	Hold inter-divisional forums of juniors and seniors together.	PR/CEO/Divisional heads	Immediate & continuous	Increased harmony across divisions	Number of forums held
	Encourage open door policies	CEO/GMs	Immediate & continuous		Level of interaction between divisions

Objective 4: To enhance financial capacity of the Authority

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Assess funding needs of the Authority	Cost Authority programmes for the planning period	Finance/GMs/CEO	May 2009	Financially sustainable Authority	A financial plan
	Prepare, seek funds and implement budgets	..	Jan 2009 & continuous		Amount of resources & level of compliance with budgets
Identify other sources of funding/revenue	Lobby for grants from the government	BOD/CEO/Finance	April 2009 & Continuous	Enhanced financial capacity of the Authority	Amount of funds mobilised from the various sources
	Increase/ enhance Investor Base	BD/Investors Support/CEO	May 2009 & continuous		Amount of revenue collected
	Lobby for continued operation of water service	BOD/CEO/Ministry of Water	Immediate & continuous		"

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
	Review the land and water tariffs	BOD/CEO/Invest or Support	May 2009		"
	Review penalties and license renewal fees	BOD/CEO/Invest or Support RP/Finance/Utilities &	May 2009		"
	Undertake feasibility studies on other revenue generating activities e.g. tree planting	CEO/ Finance/ Utilities & Technical	April 2009 & continuous		Feasibility report
	Implement feasibility study findings	CEO/ Finance/ Utilities & Technical/Invest or Support	"		No. of revenue generating activities & amount of additional revenue

Objective 5: To increase operational efficiency of the Authority

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Utilise available funds prudently	Prepare budgets	Finance/CEO/Internal Audit	Jan 2009	Efficient use of resources	Budget variance
	Implement adequate internal control measures	"	Jan 2009 & continuous		Compliance level with control measures
Ensure close proximity to service providers and investors	Undertake cost benefit analysis of the current office location and investor facilitation operations	CEO/BD/ Investor Support/Finance	May 2009	Enhanced service delivery	Cost benefit report
	Build/rent adequate offices and equip accordingly	BOD/CEO	May 2010	"	Availability of equipped offices
	Ensure provision of appropriate infrastructure (facilities necessary, equipment and working tools)	Finance & Admin/GMs/CEO	May 2009 & continuous	"	Efficiency level within the Authority

Strategy	Activity	Implementing actors	Time line	Expected output	Output indicator
Implement appropriate operational systems	Determine system requirements	Finance/Internal Audit/CEO/ICT/divisional heads	Immediate	Quality service delivery	Systems requirements reports
	Re-engineer business processes	..	..	Seamless operations & wastage reduction	No. of re-engineered processes
	Acquire and deploy the relevant systems	..	Immediate & continuous		Availability of relevant systems
	Hire, train, develop and deploy skilled personnel	..	..		Availability of skilled & relevant staff
Enhance financial management and control systems	Implement financial regulations and procedures	Finance/Internal Audit/CEO/ICT	Immediate & continuous	Quality service delivery & accountability	Compliance with regulations & variance level
Enhance use of appropriate ICT	Acquire, deploy and train staff on use of ICT system	ICT/HRD	Immediate & continuous	Reduced cost of operation & quality service delivery	Level of use of ICT systems & percentage reduction in costs

CHAPTER SIX

INSTITUTIONAL STRUCTURE

This chapter presents institutional structure covering the Board of Directors, office of the Chief Executive Officer, divisions and departments, the organogram and the new staff establishment.

6.1 BOARD OF DIRECTORS

The supreme power of the Authority is vested in the Board of Directors. The number and composition of the board of directors is provided for in the EPZ Act Cap 517 of the laws of Kenya.

The Board is responsible for ensuring that the Authority attains its objectives and fulfils its mandate. Further, the Board has powers to appoint relevant committees and sub-committees to transact any business. The committee's recommendations must be tabled at the board meeting for adoption.

6.2 OFFICE OF THE CHIEF EXECUTIVE OFFICER

The office of the Chief Executive Officer is provided for in the EPZ Act. The Chief Executive Officer is responsible for the overall leadership and management of the Authority operations including:

- i. Interpretation and implementation of the decisions of the Board;
- ii. Overseeing the formulation and implementation of appropriate policies and procedures within the Authority;
- iii. Providing a link between the Board and Staff;
- iv. Leadership and supervision of all divisions in order to achieve the organizational goals;
- v. Providing leadership in integrity assurance in order to achieve good corporate governance;
- vi. Ensuring that human resources matters for the Authority are dealt with appropriately;
- vii. Spearheading the Authority's initiative in seeking sources of finance for various programmes and overseeing its application; and
- viii. Promoting positive image of the Authority.

6.3 DIVISIONS AND DEPARTMENTS

The analysis of the current and expected future operations of the Authority shows that some closely related functions can be put together to form divisions. Amalgamation of related functions will enhance synergy and will result in efficient and effective management within the Authority. Within a division, there will be departments and sections/units.

To discharge its mandate and functions effectively, the Authority will have four (4) divisions namely:

- i. Business Development;
- ii. Investor Support;
- iii. Utilities and Technical Services; and
- iv. Finance and Administration.

In addition, the Legal, and Protocol and Public Relation departments shall be reporting directly to the CEO. Further, there is the internal audit department which reports directly to the BOD.

Each division will be headed by a General Manager. The functions of each division are as follows:

6.3.1 Business Development Division

The Business Development Division will be responsible for the following:

- i. Promotion and marketing of the special economic zones programme, its products and services;
- ii. Products and services development for the SEZs;
- iii. Development of linkages with the relevant institutions both locally and internationally;
- iv. Appraisal of new investments/projects;
- v. Coordinating research activities;
- vi. Policy advocacy and analysis of the impact of policies made by the government, multilateral institutions among others on the SEZ programme;
- vii. Recommending policies to the government and other stakeholders; and
- viii. Collection and analysis of the relevant data on the SEZ programme.

6.3.2 Investor Support Division

The Division will be responsible for the facilitation of the investors operations including:

- i. Investor care/support;
- ii. Coordination of investor operations at the various regions and zones;
- iii. Development and operation of incubator projects; and
- iv. Undertaking monitoring and compliance of investors with set guidelines.

6.3.3 Utilities and Technical Services Division

The Division will be responsible for the provision of utilities and technical services including:

- i. Approval of building plans for public and private zones;
- ii. Management and maintenance of Authority's buildings, roads and grounds within zones;
- iii. Management of security within the Zones;
- iv. Provision of infrastructure support services such as water and sewerage services; and
- v. Coordination of outsourced services such as office cleaning and security.

6.3.4 Finance and Administration Division

The Finance and Administration Division will be responsible for the following functions:

- i. Formulation and implementation of the Authority's finance, human resource, ICT, public relations and administration, policies and procedures;
- ii. Financial control of the Authority;
- iii. Accounting for funds allocated to the Authority;
- iv. Management of human resources;
- v. Procurement of goods and services for the Authority;
- vi. Development of efficient and effective ICT systems within the Authority; and
- vii. Overseeing Authority planning function.

6.3.5 Legal Department

The Legal Department will be responsible for the following functions:

- i. Formulation, interpretation and application of legal policies, procedures, rules and regulations;
- ii. Provision of professional, timely and objective legal services to the Authority;

- iii. Drafting of legal documents, leases, bills and contracts;
- iv. Provision of board secretarial services;
- v. Undertaking research on various legal aspects and processes related to the mandate of the Authority; and
- vi. Ensuring appropriate representation of the Authority in all legal matters.

6.3.6 Protocol and Public Relation Department

The Department will be responsible for the following:

- i. Formulation and implementation of protocol and public relations policies, procedures and strategies;
- ii. Co-ordination and management of protocol matters;
- iii. Production and dissemination of Authority's information;
- iv. Co-ordination of public relations activities; and
- v. Ensuring timely and effective communication with the media.

6.3.7 Internal Audit Department

The Internal Audit Department will perform the following functions:

- i. Formulation and implementation of internal control policies and systems;
- ii. Carrying out timely and continuous audits, verifying and monitoring of financial transactions of the Authority;
- iii. Monitoring and evaluating procedures and processes of receiving, recording and banking of funds;
- iv. Vouching and monitoring expenditure;
- v. Carrying out investigations where necessary; and
- vi. Ensuring accuracy of internal management reports.

6.4 ORGANOGRAM

The macro organogram is shown in Figure 1.

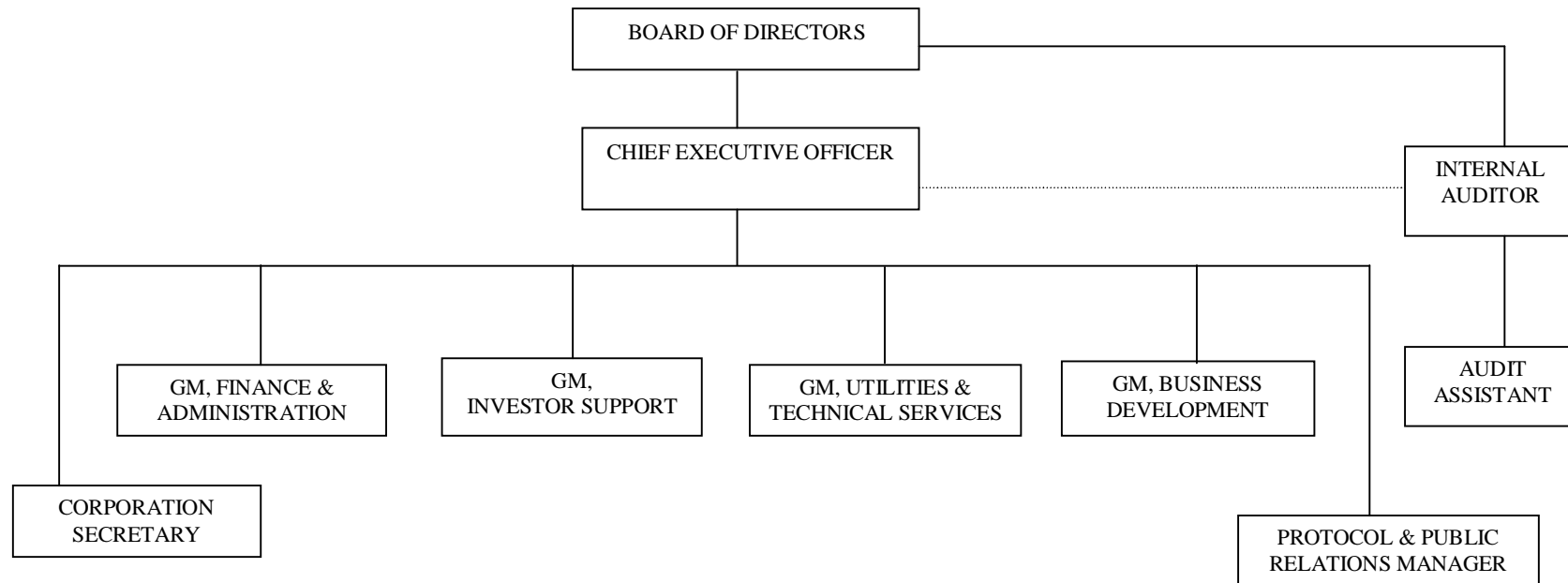


Figure 1: The Organogram

6.5 PROJECTED STAFF ESTABLISHMENT

The projected staff establishment is as shown in table 2.

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Chief Executive Officer	1	1	1	1	1	1
Business Development Division	8	15	18	20	23	25
Investor Support Division	5	15	17	23	23	23
Utilities and Technical Services Division	21	25	25	25	28	29
Finance and Administration Division	95	56	53	48	54	55
Legal Department	2	2	2	3	3	3
Public Relations & Protocol Department	1	2	2	2	3	3
Internal Audit Department	1	2	2	3	3	3
Total	134	118	120	125	138	142

CHAPTER SEVEN

MONITORING AND EVALUATION

This chapter covers the framework for monitoring and evaluating the implementation of the strategic plan and the key performance indicators.

7.1 OBJECTIVES OF MONITORING AND EVALUATION

In order for EPZA to attain the goals that it has set, it is of importance that the various strategies are implemented. Successful implementation of the plan requires sourcing and deploying the requisite resources and putting in place an adequate M & E framework among others.

7.2 M&E FRAMEWORK

The following M&E framework will be adopted in order to ensure successful implementation of the strategic plan: -

- i. Establish M & E committee (preferably comprising of the CEO and the heads of Divisions) to champion implementation of the strategic plan.
- ii. The M & E committee will hold meetings (preferably quarterly) chaired by the CEO, to review the status of the strategic plan implementation as it relates to the Authority. In addition, cross cutting issues and areas requiring strategy change should be identified and addressed.
- iii. Divisions will hold regular meetings (preferably monthly) chaired by the General Manager, to review the status of the strategic plan implementation as it relates to their respective division.
- iv. The M & E committee will be reporting regularly (preferably quarterly) to the BOD on the progress made towards the attainment of the goals.
- v. The strategic plan will be reviewed annually so as to ensure that necessary changes in the objectives, strategy, activities etc (informed by new information regarding the Authority or the environment) are effected.

Note: The key performance indicators will provide guidance on more objective review of the progress of the strategic plan implementation.

7.3 KEY PERFORMANCE INDICATORS

The following table shows projected key performance indicators for the Authority.

Table 2: Projected key performance indicators.

Indicator	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
Gazetted zones (no.)	41	42	47	55	61	65
Investors enquiries (no.)	200	375	550	700	750	1,000
Conversion rate: Approved to licensed	0.50	0.58	0.66	0.72	0.80	0.80
Projects approved (no)	16	26	33	39	38	50
Attrition rate (%)	5	5	5	5	5	5
Enterprises Operating (no.)	71	79	93	112	132	161
Average employment per new firm(no.)	300	300	350	400	400	400
Total Employment (no.)	27,256	30,856	37,401	47,481	58,401	73,121
Investor Satisfaction (%)	60	75	85	90	93	95
Average investment per new firm	300	300	330	350	380	300
Average investment per firm (Kshs million)	282	299	282	290	276	271
Cumulative investments (Kshs million)	20,000	23,600	26,171	32,420	36,545	43,460
New investment projects licensed	8	15	22	28	30	40
Conversion rate: licensed to operating	0.8	0.8	0.85	0.9	0.91	0.92
New investment projects operating	6	12	19	25	27	37
Value of services and goods from Kenya (Kshs million)	11,880	14,256	17,107	20,529	24,634	25,000
New incubator firms (no.)	3	6	10	3	6	10
Cumulative incubator firms (no.)	3	9	19	19	19	19
Graduating incubator firms (no.)	-	-	-	3	6	10

CHAPTER EIGHT
FINANCIAL PLAN

This Chapter presents the Authority estimated income and expenditure for the planning period. In preparing these projections, the Authority has endeavoured to prioritise its activities in order to match the expected expenditure to the available income. The projections are based on the key assumptions of the 2009-2013 strategic plan.

8.1 PROJECTED INCOME

<i>Source of Revenue</i>	<i>2007/2008</i>	<i>2008/2009</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2011/2012</i>	<i>2012/2013</i>
Applications Fees	514,000	597,954	675,000	731,250	712,500	937,500
Developers License	10,166,349	8,140,000	12,526,104	17,250,000	16,500,000	15,750,000
Enterprises License	7,683,651	6,320,000	7,350,000	7,575,000	7,650,000	8,700,000
Industrial Buildings	26,366,234	29,575,048	45,110,520	46,087,287	47,187,287	44,037,232
Plots on lease	13,906,766	15,473,651	27,061,641	28,196,249	24,076,249	24,076,249
Water Services/Sales	38,770,000	89,540,400	82,377,100	75,786,800	69,723,700	64,145,700
Eucalyptus trees	-	-	-	-	2,000,000	4,000,000
Other Sources	4,855,000	-	11,904,000	12,201,600	13,360,800	14,630,000
Total Appropriation in Aid	102,262,000	149,647,053	187,004,365	187,828,186	181,210,536	176,276,681
Government Grant	185,082,000	293,776,000	373,877,059	489,826,714	374,102,717	430,686,911
Total Revenue	287,344,000	443,423,053	560,881,424	677,654,900	555,313,253	606,963,592

8.2 PROJECTED EXPENDITURE

<i>Expense Category</i>	<i>2007/2008</i>	<i>2008/2009</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2011/2012</i>	<i>2012/2013</i>
Staff Costs	165,829,000	166,398,708	223,528,140	227,998,700	232,558,600	237,209,700
Operating & Maintenance Costs	82,653,000	70,953,945	153,005,884	160,656,200	184,754,653	204,153,892
Capex	45,849,000	116,530,000	184,347,400	289,000,000	138,000,000	165,600,000
Total	294,331,000	353,882,653	560,881,424	677,654,900	555,313,253	606,963,592