

**EPZA**  
EXPORT PROCESSING  
ZONES AUTHORITY | **KENYA**  
Your Investment & Trade Partner



# **A GUIDE TO INVESTING IN KENYA'S EPZs**

**Your Investment & Trade Partner**

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# TABLE OF CONTENTS

Kenya at a glance .....	1
- Why invest in Kenya? .....	2
Export Processing Zone Authority .....	3
- Our Services .....	4
The EPZ Program .....	5
- The EPZ incentives .....	6
The EPZ Licences .....	9
- Requirements for an EPZ license .....	10
The EPZ application Process .....	14
EPZ Portfolio .....	15

# Kenya at a glance

Kenya is the fifth largest economy in Sub-Saharan Africa and the economic, financial, and transport hub of East Africa. Its strategic location, coupled with a well-developed business infrastructure, vibrancy and scenic natural beauty makes it a natural choice for investors.

## Demographics of Kenya

**Total area:** 582, 646 sq.km

**Population:** 49.2 million with almost three-quarters of the population is under the age of 35.

**Official languages:** English and Kiswahili

**GDP:** US\$ 110.33 billion (2021 est.) with a forecasted 7.5% growth rate annually

**GDP Per capita:** US\$ 3,994 (2021 est.)

**Labour force:** 18.332 million (61.1% in agriculture, 6.7% in industry and 32.2% in services)



### Map Key

- East Africa Community (EAC) Countries

**Exports:** \$ 6.782 billion (2021 est.)

**Export commodities:** tea, coffee, horticultural products, coffee, petroleum products, cement, apparels.

**Imports:** \$ 26.401 Billion (2021 est.)

**Import commodities:** machinery, oil, motor vehicles, transportation equipment, iron and steel, resins and plastics

# Why Invest in Kenya?

Kenya has a number of advantages that give us leverage in global and regional markets

- **Agricultural Potential:** Agriculture is key to Kenya's economy, contributing 31.5% of GDP and another 27% of GDP indirectly through linkages with other
- **Favourable Trade Agreements:** Kenya enjoys preferential access to over 1.4 billion people and US\$ 29 trillion in regional and global trade agreements such as AGOA, EAC, EPA, COMESA and the recently ratified CFTA.
- **Skilled Labour Force:** There is available productive and committed workforce with skills across all industries comprising of about 47.5% of the overall
- **Premier Logistics hub:** Well-developed road and rail networks, air transport system and two strategic ports, Mombasa and Lamu ports.
- **Sophisticated Private Sector:** Local strategic partnerships opportunities and established financial infrastructure.
- **Advanced ICT Systems:** Kenya has influenced global trends by pioneering products like mobile banking and mobile money transfer.
- **Power and Energy –** Kenya is the eighth largest producer of geothermal power in the world
- **Sophisticated Financial infrastructure**
- **Metropolitan Cities**

# The Export Processing Zones Authority

The Export Processing Zones Authority (EPZA) is a State Corporation, under the Ministry of trade Investment and Industry established in 1990, by the EPZ Act CAP 517, Laws of Kenya.

EPZA's mandate is to promote and facilitate export oriented investments and to develop an enabling

environment for such investments. EPZA under the EPZ program offer a range of attractive fiscal, physical and procedural incentives to ensure low cost operations, fast set up and smooth operations for export-oriented businesses.

## MISSION

To Efficiently Attract and Retain Export Oriented Investments and Trade

## VISION

To Be the Leading, Globally Competitive Agency for the Promotion of Export Oriented Investments and Trade



# Our Services

We offer the following services:

## **Pre-Investment Services:**

- We work with our clients to provide advice and information on processes and procedures of setting up their investments in the EPZ program
- We work with our clients to obtain all the necessary documentation for registering their investment under the EPZ program
- We issue our clients with the EPZ license.

## **Post-Investment Services**

- We liaise with all government agencies such as Kenya Revenue Authority (KRA) Kenya Ports Authority (KPA), to ensure our clients get the required services.
- We promote our client's investments both locally and internationally.
- We lobby and advocate policies in an effort to enhance the ease of doing business in Kenya.

# The EPZ Program

The Export Processing Zone (EPZ) program in Kenya was established in 1990 with the enactment of the Export Processing Zone Act (CAP 517, Laws of Kenya). The program, managed by the Export Processing Zones Authority (EPZA), promotes export oriented industrial investment within designated zones. It offers a range of attractive fiscal, physical and procedural incentives to ensure lower cost operations, faster set up and smoother operations.

The EPZ program aims at:

- Promoting and facilitating export-oriented investments.
- Developing an enabling environment for investment in the export sector.
- Addressing infrastructural and institutional constraints for efficient export-led production.





# The EPZ Incentives

**All licensed EPZ companies, enjoy the following incentives, as established by the EPZ Act**

## **Fiscal Incentives**

- 10-year Corporate Tax Holiday, 25% Tax for the next 10yrs and 30% thereafter
- 10-year Withholding Tax Holiday on remittances to non-residents
- 100% investment deduction on new investment in EPZ buildings machinery, applicable over 20 years.
- Perpetual exemption from payment of stamp duty on legal instruments
- Perpetual exemption from Customs Duty and VAT on input goods and services



## **Procedural Incentives**

- Operation under essentially one license issued by EPZA
- Rapid Project approval and licensing within 30 days (with exception of projects requiring environmental license from National Environmental Management Agency NEMA) and other relevant state agencies
- No Exchange Controls – liberalized foreign exchange regime and easy repatriation of capital and profits, access to foreign currency accounts, domestic and offshore borrowing.
- Green channel Port and custom clearance
- Unrestricted investment by foreigners
- One Stop Shop service for facilitation and aftercare.

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## Quality Infrastructure and Services

There are 5 public zones (zones owned by EPZA) across the country that offer or are under construction to offer quality infrastructure and services. Below are the public zones and their offerings

1. Athi-River EPZ is the biggest public zone located in Machakos county. It sits on 339-hectares along Viwanda road, only 29km from Nairobi.
2. Kenya Leather Park set on 202 hectares is being developed in Kinanie Machakos county that will encourage value addition and innovation towards unlocking economic potential of the Leather sector in Kenya.
3. Kipevu EPZ is located in Mombasa county on 39 hectares land. It is adjected to Kenya's main port, the Kilindini Port. Currently the land is un-serviced, however there are plans to service this land.
4. Samburu EPZ is set on 80 hectares in Kwale County. It is only 30 km from the Kilindini Port.
5. Homabay EPZ in Homabay County is the newest EPZ under EPZA set on 40 hectares. It was acquired due to its proximity to geothermal and steam resource, irrigation scheme and lake Victoria water source and cotton belt. Plans are underway to develop this zone.

**NOTE:** Export Processing Zones (EPZs) can be set up anywhere in Kenya.

\*The EPZ Developer/Operator license conditions apply

# Investment Opportunities

- Cold chain (Horticulture, Floriculture, Fisheries, Meat Processing),
- **Agro-processing,**
- Cotton, Textile & Apparel Value Chain,
- **Leather Value Chain,**
- Business Process Outsourcing and IT Enabled Services (ITES)
- **Supply chain (Primary and Intermediate Goods),**
- Transport & warehousing & distribution logistics,
- **Buying house (Sourcing and Supply).**
- **Building of Industrial Warehouses – Plug and Play, Fit for Purpose Sheds**



# The EPZ Licenses

## 1. EPZ Developer/Operator License -

This license is issued to those engaged in developing infrastructure and buildings on EPZ gazetted land to be occupied by themselves or other EPZ enterprises.

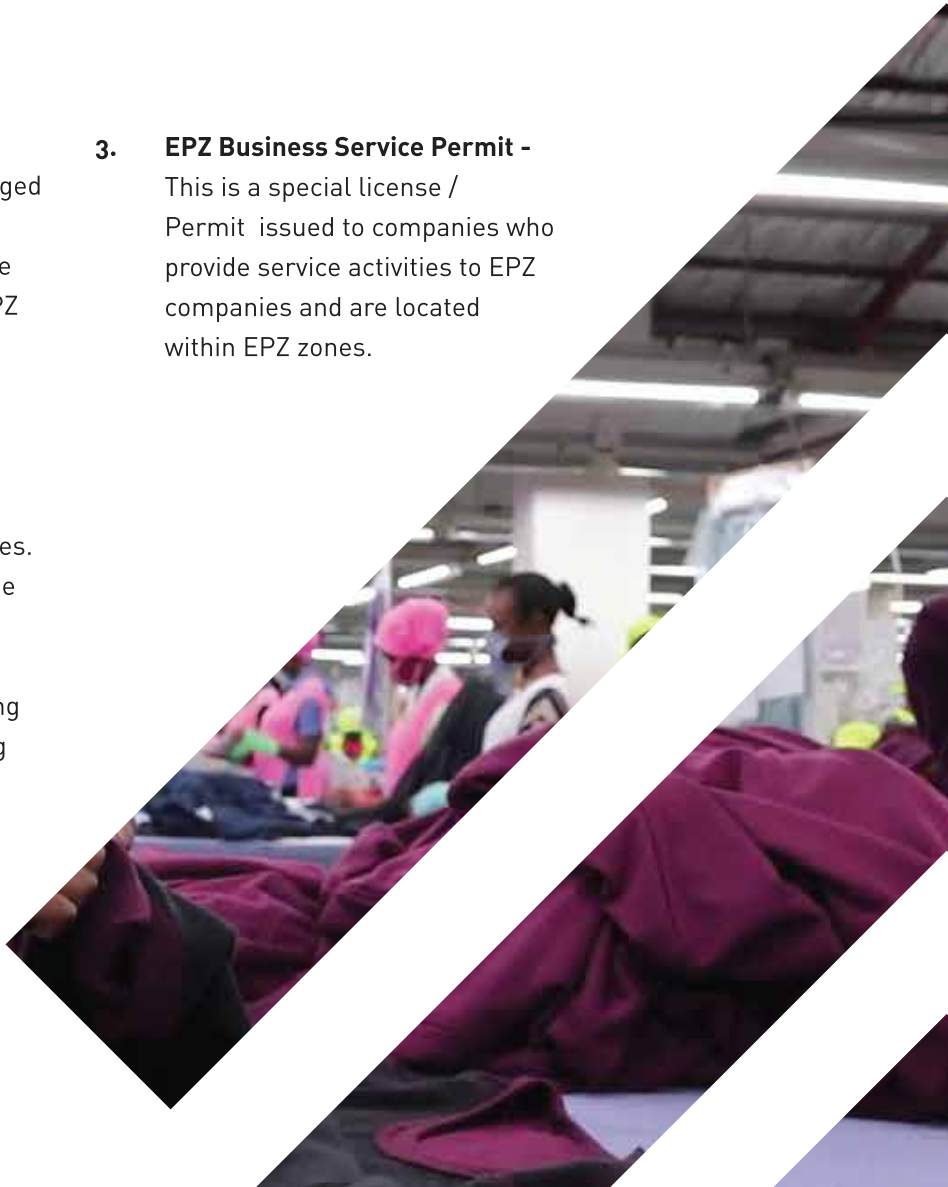
## 2. EPZ Enterprises License -

The Enterprise License is issued to companies directly involved in export- oriented business activities. The company must be involved in the following activities:

- a. Manufacturing or Processing
- b. Commercial Activities (breaking bulk, repackaging, re-labelling and trading)
- c. Export-Oriented services (including brokerage, information, consultancy and repair services).

## 3. EPZ Business Service Permit -

This is a special license / Permit issued to companies who provide service activities to EPZ companies and are located within EPZ zones.





# Requirements For An EPZ License



- **Export Orientation** – Over 80% of the total sales be exported outside the **East African Community (EAC)**.
- **Local Sales** – Up to 20% of the total sales can be sold in **East African Community (EAC)** markets subject to **Ministerial** approvals and payment of all Taxes.
- Only new investments (not conversion of going concerns) in Kenya are allowed.
- Companies must operate within an EPZ designated area







# The EPZ Application Process

A decorative line in a dark red color starts horizontally from the left, then angles downwards to the right, ending with a small open circle. Below the word 'Application' in the title, there is a solid red horizontal bar.





### **PROPOSED EPZ PROJECT PROPOSAL**

Provide a proposal of the proposed EPZ project.

Include information on capital investment, employment, target export markets, raw materials/inputs and its sources, projected sales for at least 3 years, source of technology, ownership structure, proposed location of the project and any other information deemed necessary.



### **FORMAL APPLICATION**

Complete and submit an EPZ Application Form based on the proposed activity to be carried out under the EPZ program. Applications can be downloaded from the EPZA website ([www.epzakenya.com](http://www.epzakenya.com))

Payment of the application fee is US\$250 is required.



### **EPZ LICENSE ISSUED**

The submitted EPZ application is appraised.

EPZA issues a letter in Approval in Principle in which the applicant is required to fulfill statutory conditions.

Once all the statutory conditions are fulfilled the EPZ license is issued.

# EPZ Portfolio

There are 89 gazetted zones and 248 EPZ licensed Enterprises under the EPZ Program as at September ,2022, with a cumulative investment of US\$ 1.2 Billion and a total employment of over 75,000 people.

Out of the 89 zones,5 are Public zones (Athi River & Kenanie in Machakos County, Kipevu in Mombasa County, Samburu in Kwale County and Homabay in Homabay County) while the remaining 84 zones are privately owned and operated in different counties across the Country.

The 248 licensed EPZ enterprises in 2021, exported goods worth US\$ 989 million in both regional and international markets.

- Textiles & Apparel
- Textile accessories
- Horticulture processing
- Floriculture processing
- Fortified blended foods
- Relief supplies
- Pharmaceuticals and Pharmaceutical extraction
- Manufacture of Medical Supplies
- Manufacture of health supplements
- Blending & packaging of Tea including orthodox tea

- Blending and packaging of coffee
- Manufacture of Wattle extract
- Manufacture of Darts and Dart Boards
- Meat Processing
- Macadamia Nut Processing
- Extraction and Packaging of Avocado Oil
- Manufacture of plastic products – seals and for the health Industry
- Extraction of edible oil from macadamia nuts and avocado
- Extraction of Fruit juices
- Processing of beef for the Gulf market
- Property Development
- A Call Centre
- Manufacture of furfural
- Manufacture of health supplements – from the Moringa
- Manufacture of wood products



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## CONTACT INFORMATION:



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