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# EXPORT PROCESSING ZONES PROGRAM

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Information Guide





**Your Investment & Trade Partner**

**2023 Edition**



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# Abbreviations and Acronyms

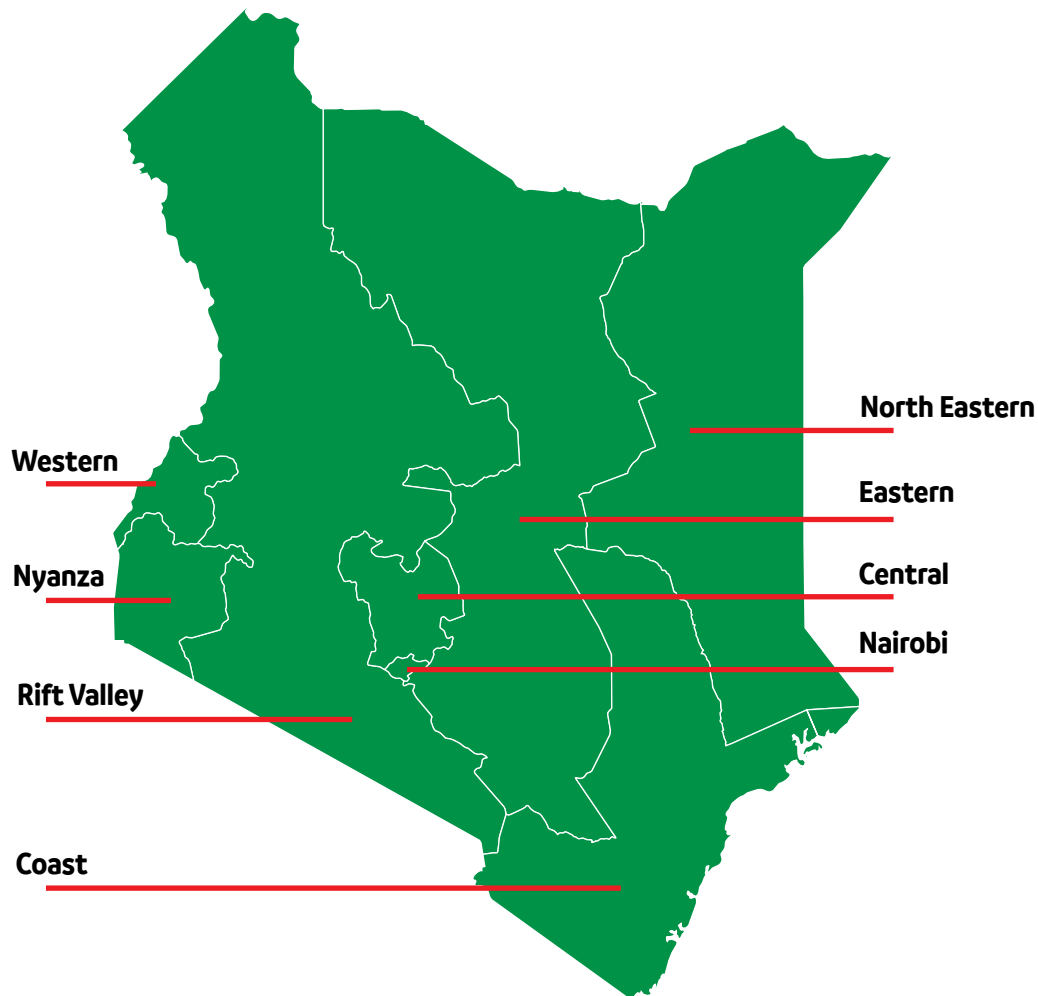
Abbreviation	Description
AGOA	African Growth and Opportunity Act
AfCFTA	African Continental Free Trade Area
BOD	Board of Directors
BSP	Business Service Permit
COMESA	Common Market for Eastern and Southern Africa
CSR	Corporate Social Responsibility
EMS	Environmental Management System
EAC	East African Community
EIA	Environmental Impact Assessment
EPA	Economic Partnership Agreement
EPZ	Export Processing Zones
EPZA	Export Processing Zones Authority
ETP	Effluent Treatment Plant
EU	European Union
FTA	Free Trade Agreement
GSP	Generalized System of Preference
KRA	Kenya Revenue Authority
KAM	Kenya Association of Manufacturers
KPA	Kenya ports Authority
KRC	Kenya Railways Corporations
NEMA	National Environment Management Authority
NITA	National Industrial Training Authority
SADC	Southern African Development Community
TFTA	Tripartite Free Trade Area
VAT	Value Added Tax
GDP	Gross Domestic Product
FDI	Foreign Direct Investment



# Introduction

The Export Processing Zones Authority (EPZA) is a State Corporation under the Ministry of Investment, Trade and Industry mandated to promote and facilitate export-oriented investments and to develop an enabling environment for such investments.

The Export Processing Zones Authority has three operational regional offices based on geographical locations, to oversee promotion of Export Processing Zones (EPZ) programs. The regional offices promote the mandate of the Operations & Investor Support Directorate and the EPZ Authority at large. The regions are Coast and Northern, Nairobi and Eastern Region, and Western and Rift Valley Region.



## EPZ Headquarters and Nairobi and Eastern Region

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ISDN: +254 45 6621000  
Email: [info@epzakenya.com](mailto:info@epzakenya.com)

## Coast and Northern Region

Kaunda Avenue Off Dedan Kimathi Street-KIZINGO  
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Tel: +254-706 468 499  
ISDN: +254-20-7606045  
Email: [infomsa@epzakenya.com](mailto:infomsa@epzakenya.com)

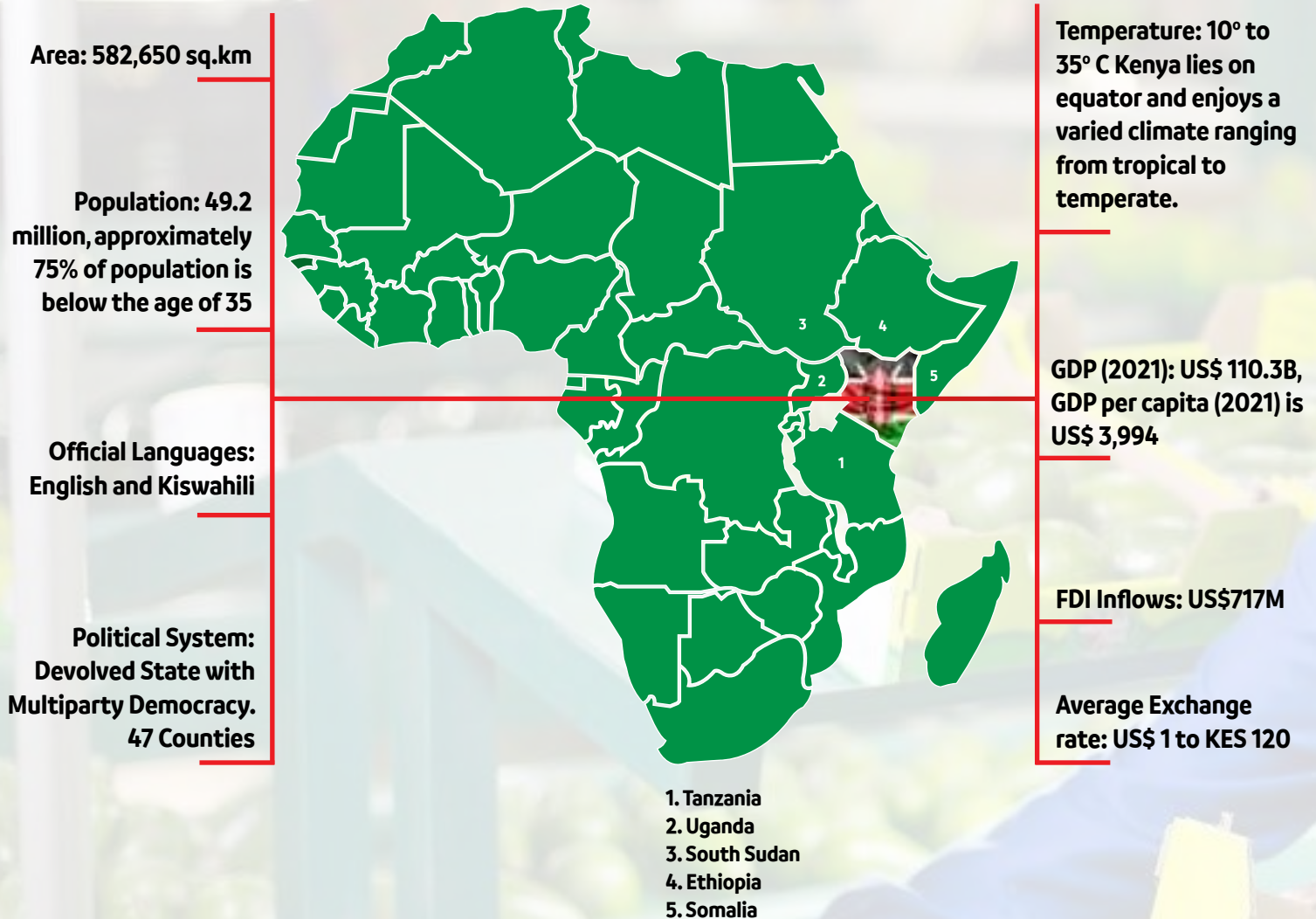
## Western and Rift Valley Region

Alpha House, 3rd Floor Oginda Odinga Street  
P. O. Box 2689 – 40100, KISUMU  
Tel: +254-742 288 252/3  
ISDN: +254-20-7606045  
Email: [infoksm@epzakenya.com](mailto:infoksm@epzakenya.com)

# Country Overview

The Republic of Kenya is located on the eastern coast of Africa along the Indian Ocean. It is the 3rd largest economy in sub-Saharan Africa with strong growth prospects supported by an emerging urban middle-class population with an increasing appetite for high-value goods and services. Kenya is the dominant economy in the East African Community (EAC), contributing more than 40% of the region's gross domestic product (GDP).

Kenya is the gateway to Eastern and Central Africa. Its strategic location accords it preferential access to regional and international markets.



# Why Invest in Kenya

## Thriving Economy

Strong GDP performance at an average growth of 5.6% over the last 10 years, attributable to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and a vibrant service sector.

Effective monetary policy: Kenya has adopted an accommodative monetary policy that aims to support a non-inflationary credit expansion into key sectors of the economy and promote stability in the foreign exchange market.

Consequent to this, Kenya ranks 4th out of 191 economies in the ease of getting credit according to the World Bank's Ease of Doing Business Report, 2019.

## Global and regional market access

In addition to its large domestic market consisting of a rising middle class with an increasing appetite for high-value goods and services including garments, textiles and homewares, Kenya has signed preferential

trade agreements with a total population of more than 1.4 billion people and a market value in excess of \$29 trillion.

Kenya is a signatory to trade-enhancing schemes that grant duty reductions or exemptions and freedom from all quota restrictions for industrial products.

Under AGOA, Kenya has been the largest garment exporter for the last 5 consecutive years.

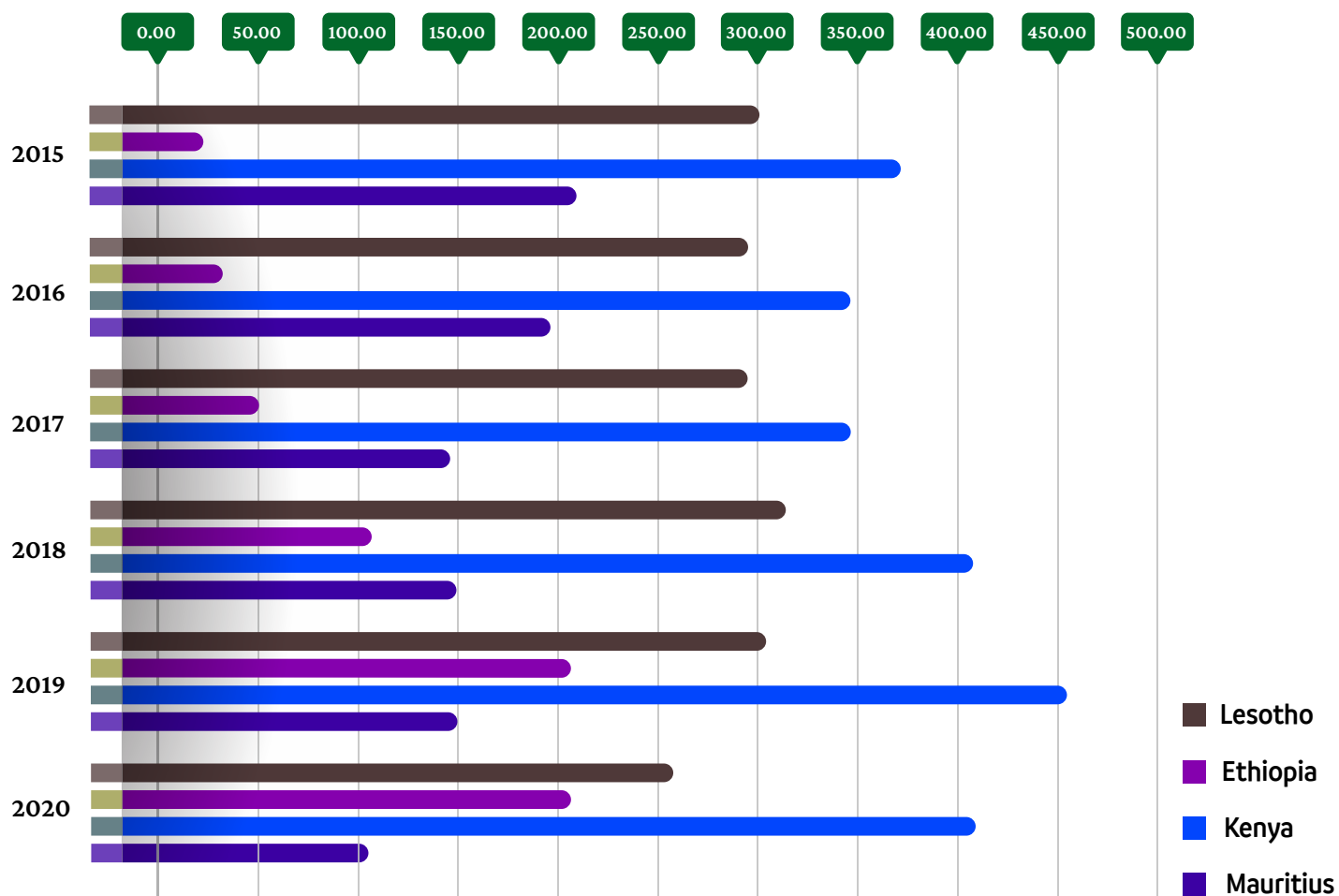
Currently, Kenya is at an advanced stage of negotiating a Free Trade Agreement (FTA) with the USA and the UK (post-Brexit strategy). The recently ratified African Continental Free Trade Area (AfCFTA), upon commencement will create a single continental market of more than 1.3 billion people, with a combined annual output of \$2.2 trillion, encouraging intra-African trade.



## Global and regional markets

Trade Agreement	Markets
African Growth and Opportunity Act (AGOA)	United States of America
Economic Partnership Agreement (EPA)	European Union
East African Community (EAC)	Tanzania, Uganda, Rwanda, Burundi, South Sudan and Democratic Republic of Congo
Generalized System of Preference (GSP)	United States, Japan, Canada, New Zealand, Australia, Switzerland, Norway, Sweden, Finland, Austria and other European countries
Common Market for Eastern and Southern Africa (COMESA)	Burundi, the Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Libya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Swaziland, Seychelles, Uganda, Zambia and Zimbabwe
Tripartite Free Trade Area (TFTA) between the EAC, COMESA and Southern African Development Community (SADC)	Regional markets, including South Africa
Double Taxation Agreements	Canada, the Kingdom of Denmark, France, Germany, India, The Islamic Republic of Iran, the Kingdom of Norway, the Kingdom of Sweden, the United Kingdom, the United Arab Emirates (UAE), the Republic of Zambia, and South Africa







## Availability of highly skilled human capital

Kenya prides itself in its large pool of youthful, productive and highly trainable workforce in Africa. According to the World Bank's Human Capital Index Report 2018, Kenya is ranked 4th in Africa and 94th globally on economic and professional potential of its citizens.

The country has one of the highest literacy rates at 81.5% among its youths in the region. Its 65 universities produce approximately 84,000 graduates annually (KNBS, 2022). There are approximately 2,396 registered technical and vocational education and training (TVET) Institutions.

The working class in Kenya currently stands at 47.5% of the total population, thus giving investors access to numerous professionals with diverse skill sets at competitive wages.



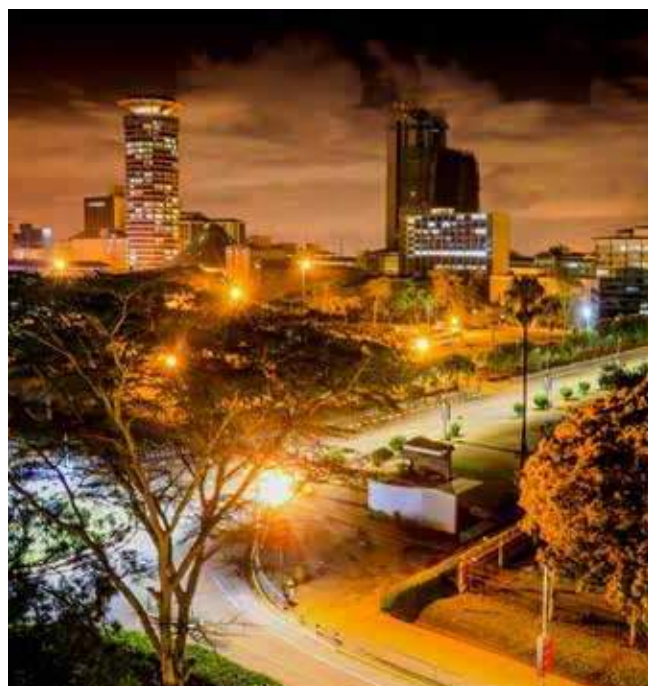
## Powered by Green Energy

Kenya has a low carbon and diverse energy mix, with geothermal and hydropower as the main sources of electricity supply. According to Kenya Bureau of Statistics total electricity generation increased by 3.9% to 11,620.7 GWh in 2019, with green energy constituting 86.2% of total electricity production. In the same year, peak demand increased by 3.5% to 8,702.3 GWh.

Ultimately, most Kenya's power generation will be geothermal which provides cost effective and totally reliable supply. Geothermal generation uses a constant and consistent source of sustainable energy that is not subject to the vicissitudes of sunshine, wind, rain or, indeed the fluctuating price of fossil fuels.

Kenya has experienced an impressive expansion of access to electricity, and now has the highest electricity access rate in East Africa: total access stands at 75% both from grid and off-grid solutions, according to the recent Multi-Tier Framework Energy Access Study Report.

Kenya receives daily insolation of 4-6 kWh/m<sup>2</sup>. Despite this tremendous potential in solar energy, only a small portion (1% of the country's energy mix) has been tapped.





## Investment guarantee

Kenya is a liberal economy with no foreign exchange controls as guaranteed in the Foreign Investment Protection Act (FIPA), allowing for full repatriation of profits, capital, or interests after payment of the relevant taxes, principal and interest associated with any loan.

Further to the explicit protection against expropriation of private property as provided for in the Constitution of Kenya, the country is also a signatory to several investment protection schemes, such as the International Centre for Settlement of Investment Dispute (ICSID), Multilateral Investment Guarantee Agency (MIGA) and the African Trade Insurance Agency (ATIA), which guarantee the safety of investment.

## Legal and regulatory environment

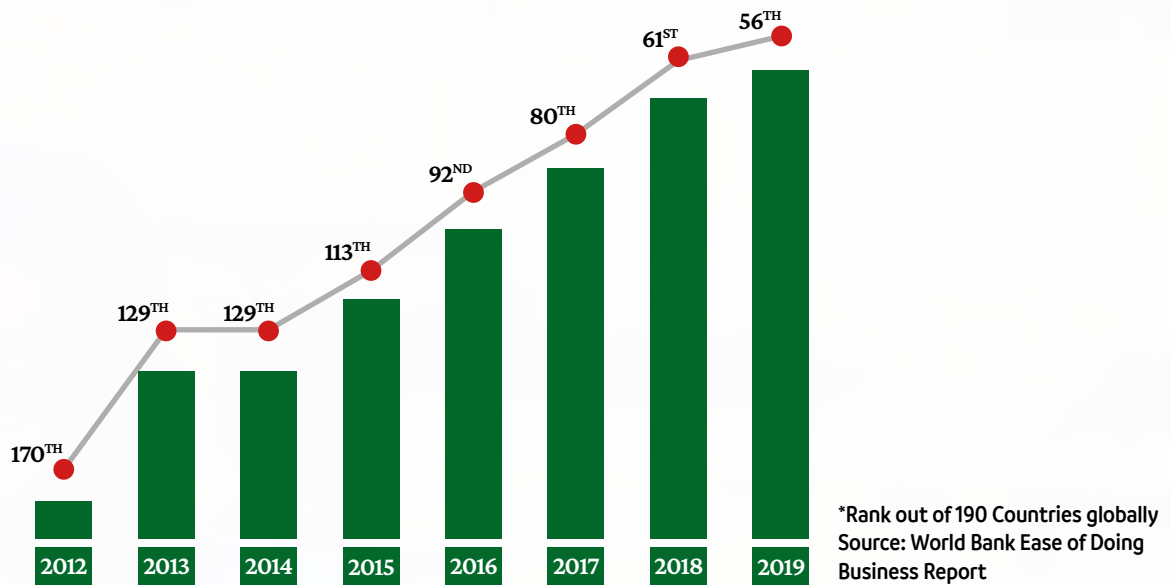
The Companies Act under Section 995 provides for simplified registration of foreign companies in Kenya.

The Standards Act, Chapter 496 provides for Kenya's quality infrastructure for facilitation of trade. Kenya has opened itself to foreign investors with increased leeway in ownership. The law allows for 100% foreign ownership in most sectors such as manufacturing and agriculture.

## Improved Business Environment

Key reforms and infrastructural frameworks are in place to support investment. Kenya's performance in the 2019 World Bank's Ease of Doing Business ranking has improved to position 56 out of 191 economies globally, and 3rd in sub-Saharan Africa.

Behind only Morocco (#53), Rwanda (#38) and Mauritius (#13) in the ranking, Kenya's economy remains one of the most attractive business environments in Africa.



## Strategic geographical location and infrastructural development

Kenya is strategically located as a gateway to Eastern and Central Africa. There are four international airports (Jomo Kenyatta International Airport in Nairobi, Moi International Airport in Mombasa, Eldoret International Airport and Kisumu International Airport) that directly connect Kenya to the rest of Africa to Europe, Asia and the US.

An extensive road, an expanding and liberalized energy sector, well-established digital telecommunication networks and the Port of Mombasa (largest sea port in the region capable of handling bulk and other containerized cargo) render Kenya as an effective transport, communications and logistics hub in Eastern and Central Africa.

Kenya has two sea ports, the Port of Mombasa and the Lamu Port. The total cargo throughput at the Port of Mombasa increased by 11.3% from 30.9 million tonnes in 2018 to 34.4 million tonnes in 2019. In 2021, Lamu Port, Kenya's newest mega infrastructure project opened, providing an alternative sea logistics network for Kenya and the East African Region. The Standard Gauge Railway runs from Mombasa, through Nairobi to Naivasha and is planned to ultimately link through to Uganda. The railway runs 30 freight and two passenger services daily between Nairobi and Mombasa.



# The Export Processing Zones Authority

The Export Processing Zones Authority (EPZA) is a State Corporation established by the Government of Kenya through an Act of Parliament – the Export Processing Zones Act [Cap 517] of the Laws of Kenya for the promotion and facilitation of export-oriented investments and the development of an enabling environment for such investments. EPZA is responsible for the development and management of EPZs on behalf of Government, the regulation and administration for EPZ activities. EPZA is given the mandate of promoting exports both in manufacturing and services sectors of the economy, besides making sure the services are accessible to Kenyans.

The Export Processing Zones Authority is under the Ministry of Investment, Trade and Industry.

## MISSION

To effectively and efficiently attract and retain export-oriented investment for the achievement of national objective.

## VISION

To be a leading agency for the promotion and facilitation of export-oriented investments in Africa.

## The EPZ Incentives

### Fiscal Incentives

- **Ten-year corporate tax holiday and 25 percent tax thereafter:** EPZ licensed companies enjoy a tax holiday for the first ten years of operation commencing in the year in which production or sale commences, and a corporate tax rate of 25 percent for the subsequent ten years. This exemption does not apply to enterprises engaged in commercial activities. EPZ licensed entities are required to prepare and submit Self-Assessment Returns (SARs) to Kenya Revenue Authority (KRA) within 6 months after the closure of their accounting year.

- **Ten-year withholding tax holiday on dividends and other remittances to non-resident parties (except for EPZ commercial license enterprises):** For the first ten years of operation, the company shall be deemed to be a non-resident for the purposes of

the Income Tax Act and subject to the non-resident rate of withholding tax on payments made to it by resident enterprises, which shall be final tax. Moreover, payments made by an EPZ company to any person, other than a resident person, shall be deemed to be exempt from the payment of withholding tax.

- **Capital allowances on Investment deductions at 100 percent:** An investor who incurs capital expenditure on building and/or machinery used for manufacture is entitled to an investment deduction equal to 100% of the cost. For capital expenditures on building and/or machinery exceeding sh.200 million if the investment is outside Nairobi the investor can claim 150% allowance. o **Wear and tear allowances:** The wear and tear allowances are charged on capital expenditure on machinery and equipment which range from 12.5 – 37.5% p.a.

• **Exemption from customs duty and VAT on inputs:**

This includes raw materials, machinery, office equipment, certain petroleum fuel for boilers and generators, building materials, other supplies. VAT exemption is also extended to local purchases of goods and services supplied by companies that are resident within the Kenyan Customs Territory or domestic market.

Motor vehicles which do not remain within the zone are not eligible for tax exemption. EPZA issues a VAT exemption letter on an annual basis.

• **Exemption from payment of stamp duty on execution of legal instruments.**

## PHYSICAL INFRASTRUCTURE INCENTIVES:

- Infrastructure at all EPZ zones meets international standards, and the facilities provided are customized to ease production for the export market.
- Serviced land and ready factory buildings are available for lease to licensed EPZ enterprises with water, sewerage, electricity, all-weather roads and a perimeter fence or wall are standard requirement for all zones. Office premises and storage warehouses are also available for lease in most zones.
- Zone Developers provide 24-hour security, street lighting, landscaping and street cleaning services. Private garbage collection firms are retained to dispose of any waste.
- A fully staffed Police Post, equipped Fire station and serviced medical center will be available in the Athi-River EPZ

## PROCEDURAL INCENTIVES:

- Rapid Project approval and licensing.
- No Exchange Controls – Liberalized foreign exchange regime and easy repatriation of capital and profits, access to foreign currency accounts, domestic and offshore borrowing
- Unrestricted investment by foreigners
- Green Channel Port and Custom Clearance, and on-site customs documentation and inspection by Customs Staff.
- One Stop Shop service for facilitation and aftercare services during operation



## The EPZ Licenses and Permits

The EPZA issues three main types of licenses and permits as detailed below

### 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;

- **Manufacturing Activities.**
- **Commercial Activities (breaking bulk, repackaging, re-labelling and trading).**
- **Export-oriented services (including brokerage, information, consultancy and repair services).**

### EPZ Developer/Operator License

This license is issued to those engaged in developing infrastructure and buildings on Private land for gazettelement to be occupied by other EPZ enterprises or for their own use.

### 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.

### EPZ SME Program

This program aims to nurture SME exporters with the majority local Kenyan shareholding desiring to set up under the EPZA program. It targets SMEs from the Horticulture/food processing, Textile/apparel, Leather, Commercial crafts, BPO, and ICT sectors.

In addition to the incentives offered under the EPZ program, the EPZ SMEs also have access to;

- **Purpose-built infrastructure with smaller warehouses.**
- **Reduced rent rate and service charge; With a rent-free period of 4 months to allow for set up.**
- **Capacity building: Business Development Services are provided.**

A potential EPZ SME is categorized as an existing business whose total initial capital investment is less than Kshs. 40million has a workforce of fewer than 100 workers and is at least 75% Kenyan owned.

## EPZ Application and License Fee

Application fee (non-refundable) for EPZ License	Annual EPZ Enterprise License	Annual EPZ Developer/Operator Licence
USD\$ 250	USD\$ 1,000	USD\$ 5,000

## EPZ Business Service Fees

Sole Proprietorship	Partnership	Sole Proprietorship	Partnership	Companies & privileged entities
KSH 2,000	KSH 6,000	KSH 6,000	KSH 10,000	KSH 20,000
Application fee (non-refundable)		Annual EPZ Business Permit Fees		

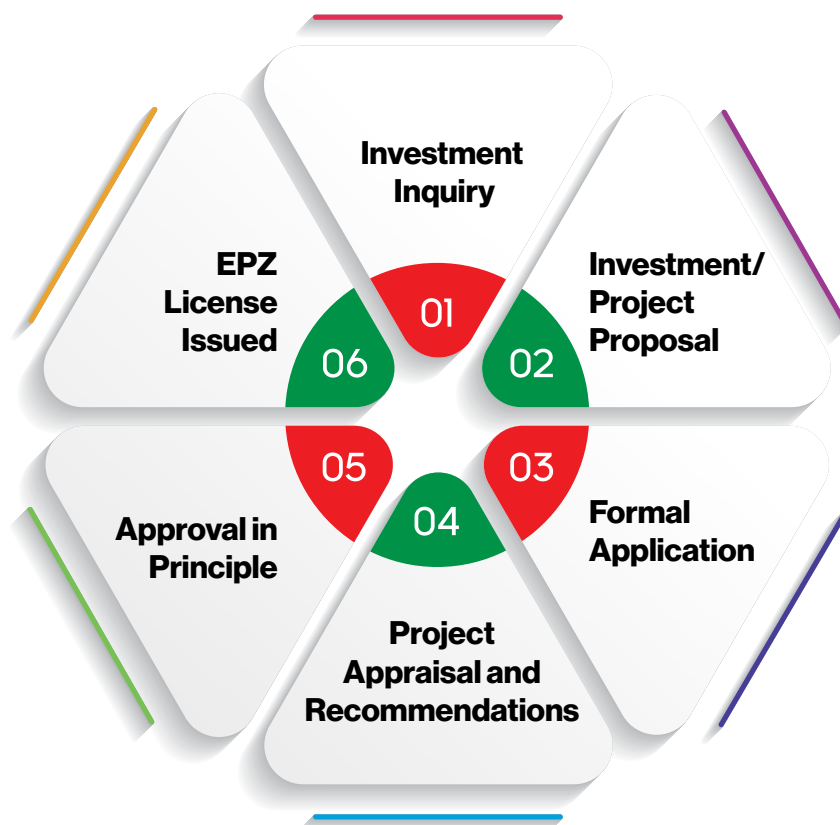


## Criteria and Procedure for joining the EPZ Program

### Criteria for approval of EPZ enterprises (Manufacturing, Service or Commercial licenses)

-  Export orientation –over 80% export sales outside EAC partner states.
-  Local sales up to 20% subject to Ministerial approval and payment of all taxes
-  New investment (not conversion of going concerns) in Kenya
-  EPZ location as primary place of business (not shell companies)
-  100% foreign shareholding is allowed

## Procedure of Setting up an EPZ Enterprise for Commercial/Manufacturing/ Service license



01	Before the application process can begin, the EPZA Client Officer will discuss the investment proposal with the potential investor	1 Day
02	The potential investor is required to submit an investment/project proposal of the EPZ activity they intend to undertake. The case officer will review the proposal and send the right application form to the potential investor. The proposal should include the company profile, capital investment, employment, target export markets, raw materials/ inputs and its sources, projected sales for at least 3 years, source of technology, ownership structure and proposed location of the project.	2 Day
03	<ul style="list-style-type: none"> <li>• The potential investor is required to submit duly filled form with following documents;</li> <li>• Payment receipt of Application Fee - US\$ 250</li> <li>• ID or Passport copy of the Directors of the proposed EPZ company</li> <li>• Bank Reference letters of the Directors of the proposed EPZ company</li> <li>• Two letters from potential buyers in the export market</li> <li>• Production flow chart</li> <li>• Implementation timetable</li> </ul>	1 Day
04	The application form with all requested documents will be reviewed by Review Committee.	20 Day
05	<p>Once the project is approved, the potential investor is given a letter of approval in principle; they will then be required to do the following;</p> <ul style="list-style-type: none"> <li>• Incorporate their company as an EPZ company</li> <li>• Provide evidence of EPZ location of your project</li> <li>• Get Environmental Impact Assessment (EIA) license from the National Environment Management Authority (NEMA).</li> <li>• Fulfilling any other condition given (depending on the project)</li> <li>• Payment Receipt of Annual License of US\$1,000</li> </ul>	1 Month
06	Once the potential investor receives the EPZ License, they can apply for a company PIN, an Export/Import code, VAT Exemption and Pre-Export Verification of Conformity (PVoC) Exemption with the guidance of our EPZA officers. A highly recommended optional Kenya Revenue Authority Customs training available.	5 Day



## Criteria for approval of Developer/ Operator license

The prospective EPZ zone Developer/Operator makes an application to the EPZA in two respects:



### Application for designation of the land area as an EPZ

The investor should have access to the land through ownership or lease for a minimum of 10 years and the land title should have no encumbrances. Investor formally informs the EPZA of his/her wishes to gazette the land, there after a site visit will be conducted by EPZA and KRA officers.



### Application for Developer/Operator license

The investor duly submits an application for EPZ Developer/ Operator License with a nonrefundable application fee (currently US \$250).

For designation of the area as an EPZ, the following must be provided in a written application:

- Land reference number and map of the site and surroundings.
- Area of the site in acres.
- Layout of on-site infrastructure facilities including roads.
- Designs for proposed infrastructure including:
  - Proposed roads according established standards; to
  - Provision of power at the proposed zone at 11 KVA;
  - Water supply of 25 cubic metres per day or more;
  - Clearance between boundary wall and buildings of at least six metres;
  - Security wall or fence with adequate illumination;
  - Adequate area for customs inspection and a holding area;
  - Adequate working areas for workers with acceptable indispensable basic services; and
  - Any other standards that the EPZA may determine.



The EPZA will then appraise the application and recommend Gazettement by the Cabinet Secretary responsible for Industrialization by legal notice in the Kenya Gazette and a new zone comes into existence. The designation is done.

Once the zone developer pays the annual license fee (currently US \$5,000) and receives a Developer/Operator license, which empowers the new EPZ Developer/ Operator to receive all the incentives provided to EPZ companies.



## Procedure for Acquiring a Developer/ Operator License

The potential investor is required to submit duly filled form with following documents;

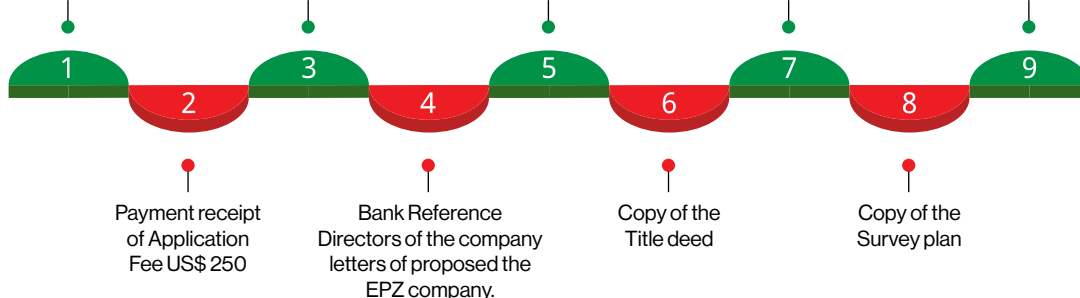
A Business proposal containing the company profile, capital investment, ownership structure, zone concept, project cost, project financing and proposed location of the project.

ID or Passport copy of the Directors of the proposed EPZ company.

Implementation timetable

Copy of lease contract if land is leased

Copy of the drawings and building plans. All building plans must be drawn up by registered professionals must conform to the Physical Planning Act.



Representatives from EPZA and KRA (Customs Services) will visit the proposed site to verify and determine its viability. EPZA will liaise with the local authorities during the approval of the plans.

Once the project is approved, the potential investor is given a letter of approval in principle; they will then be required to do the following;

- **Incorporate their company as an EPZ company**
- **Get Environmental Impact Assessment (EIA) license from the National Environment Management Authority (NEMA).**
- **Fulfilling any other condition given (depending on the project)**
- **The application is then sent to the Cabinet Secretary for gazettelement. This is done by legal notice in the Kenya Gazette.**
- **Once the license fee of USD 5,000 is received, the potential investor receives the EPZ License, they can apply for a company PIN, an Export/ Import code and VAT Exemption.**

The zone should be developed within two years of gazettelement. Where the development is delayed, the developer is required to provide to the EPZA the reasons for such delays. The gazettelement of an Export Processing Zone remains in force until revoked by the Cabinet Secretary by order in the Gazette.

## Procedure and Criteria for Approval of EPZ Business Services Permit

An EPZ Business Service refers to a trade or business conducted in an EPZ by an entity which is not an EPZ Enterprise.

Interested applicants submit an application form providing: the company profile, legal status, desired activity, location/ space preferred, ownership, jobs to be created, evidence of relevant prior business experience and professional qualifications of staff to be hired. The applicant also submits a business plan showing amounts to be invested and expected business outturn, along with copies of professional, business or occupational licenses.

Services eligible for this Permit include: commercial banking, clearing and forwarding, catering and restaurant, staff recruitment and payroll services, postal and telecommunication bureau, office service bureau, transportation services (freight and passenger), installation, repair and maintenance, fitness club, sports club and gymnasium, medical and related services, laboratory, testing and quality certification services, security services, business consultancy services (e.g. marketing, training, etc.), insurance services, other financial services, power generation and distribution services, water and sewerage services, telecommunication and telecommunication infrastructure services, internet service provision, waste management, grounds maintenance and landscaping, cleaning, pest control and sanitation, foreign trade mission (commercial trade office), international disaster relief agencies and international non-governmental organizations



## Renewal and Revocation of License

The EPZ license is valid until the end of the year of issue. At the end of this period, the license is renewable upon fulfillment of the following:

- Payment of the license renewal fee;
- Production of any other documents, returns or information which the EPZA may request;
- Payment of all outstanding amounts (if any) due to the EPZA; and
- Compliance with the Export Processing Zones Act and respective license conditions.

The Authority may revoke a license if a licensee fails to comply with the provisions of the Export Processing Zones Act, Regulations and Circulars issued by the EPZA/Zone Management from time to time. The EPZA may also revoke a license if the licensee is in breach of any of its obligations under any lease agreement to which the licensee is a party or is in breach of any conditions attached to any license held by the licensee.

The EPZ Business Service Permit is renewable every calendar year upon payment of requisite renewal fee.

## Capital Investment and Production Cost

### Capital Investment

There is no minimum capital investment required under the EPZ program. An EPZ firm may be 100% foreign, locally owned or a joint-venture and financing of the business can either be 100% Equity or loan. Companies which join the EPZ Program to make investments are permitted to lease land and construct their own facility, lease the facilities readily available by the EPZ Authority or work with an EPZ Developer to construct a custom fit-for-purpose facility.

### Land

The Export Processing Zones Authority has land available for lease in various areas in the country, these are Athi-River, Mombasa, Samburu (Kwale County), Homa bay and Voi. The Term of land leases is 30 years renewable or 50 years renewable on a case-by-case basis while the term of building or office unit leases will be 6 years renewable. These leases require a 90 days termination notice from either party.

Land shall be developed for activities allowed under the EPZ Act Cap 517 of the Laws of Kenya (and as may be amended from time to time).



## Rental Rates Athi River and Nairobi EPZs

The EPZA will then appraise the application and recommend Gazettement by the Cabinet Secretary responsible for Industrialization by legal notice in the Kenya Gazette and a new zone comes into existence. The designation is done.

Once the zone developer pays the annual license fee (currently US \$5,000) and receives a Developer/Operator license, which empowers the new EPZ Developer/ Operator to receive all the incentives provided to EPZ companies.



### **Serviced Land**

The annual rent payable for serviced land will be US\$6,000 per hectare per annum for the first five years of the term. The amount shall be paid in advance on the 1st day of the term created. This rate is exclusive of service charge.

The stand premium shall be USD 10,000.00 per hectare.



### **Unserviced Land**

The annual rent payable for land will be US\$ 4,000 per hectare per annum exclusive of service charge for the first five years of the term. The amount shall be paid in advance on the 1st day of the term created.



### **Industrial Sheds/Warehouses**

The annual rent payable for non-incubator warehouses will be USD 2.50 per sq. ft. per annum. Incubator warehouses shall be USD 2.00 per sq. ft. per annum. These rates are exclusive of service charge.

## Mombasa and other coastal EPZs:



### **Serviced Land**

The annual rent payable for serviced land will be US\$8,000 per hectare per annum (exclusive of service charge) for the first five years of the term. The amount shall be paid in advance on the 1st day of the term created.

The stand premium shall be USD 10,000.00 per hectare.



### **Unserviced Land**

The annual rent payable for unserviced land will be US\$ 4,800 per hectare per annum (exclusive of service charge) for the first five years of the term. The amount shall be paid in advance on the 1st day of the term created.



### **Kinanie, Homabay and Samburu**

The annual rent payable for serviced land will be US\$4,000 per hectare per annum (exclusive of service charge) for the first five years of the term. The amount shall be paid in advance on the 1st day of the term created.

The stand premium shall be USD 5,000.00 per hectare.

## Other Inland EPZs

### **Serviced Land**

The annual rent payable for serviced land will be US\$4,000 per hectare per annum (exclusive of service charge) for the first five years of the term. The amount shall be paid in advance on the 1st day of the term created.

### **Unserviced Land**

The annual rent payable for semi-serviced land will be US\$ 3,200 per hectare per annum (exclusive of service charge) for the first five years of the term. The amount shall be paid in advance on the 1st day of the term created.

**NOTE:** Different Rental rates will be assessed for land whose attributes are deemed to be substantially different from the above three areas.



**Rent Revision:** The rent is revisable every five years at 20% of the amount of rent for land leases, every two years at 12.5% for industrial building and one-off for incubator tenants from USD 2.0 in the first five years to USD 3.2 thereafter.

**Service Charge:** In addition to the annual rent payable or premium as the case may be, a service charge will be levied based on the assessment of fifteen per cent (15%) of the amount of annual rent payable for land leases and industrial buildings. For incubator tenants, service charge will be levied at ten per cent (10%) for the first five years and increase to fifteen per cent (15%) of the amount of annual rent payable from the sixth (6th) year.

**Building Period:** The building period shall be two years from the date of the commencement of lease and the lessee shall be required to adhere to the building guidelines.

**Subletting and charging:** The lessee shall not sublet or charge the buildings except with the prior written consent of the EPZA.

**Lease Expiry:** At the expiry of a lease, land shall revert to EPZA together with the developments thereon. Renewal of the lease for land which is already developed shall be automatic upon the lessee giving thirty (30) days written notice to the lessor of its intention to renew the lease before the date of the expiry of the original or the renewed lease as the case may be.

## Payment Terms Annual payment plan

Land Lessees on annual payment plan will be required to pay a deposit of US\$ 3,000 per hectare per annum at the acceptance of the offer. This amount shall be part of the rent for the first-year rent falls due. The amount will be forfeited in the event the lessee fails to implement the project.

For BSP holders, the deposit will be refunded at the expiry of the lease. All land lessees that are EPZ Limited companies will be granted one-year rent-free period to allow for requisite construction and set up of their facility.

## Quarterly payment plan

Building or office tenants on a quarterly payment plan will be required to pay a deposit equivalent to one quarter's rent and service charge at the acceptance of the offer. This amount shall be refunded at the expiry of the tenancy. The amount will be forfeited in the event the lessee fails to implement the project.

Building and office tenants will be granted a one quarter rent free fit out period to allow for fit out and set up of their premises.

## Building Guidelines and Procedures

Plot Ratio:	Maximum 1.5
Site Coverage:	Maximum 75%
Building Lines:	Building lines and side set-backs to be complied with for each plot have been determined. No building construction is allowed outside the building line and setbacks. The lessee shall ensure they are environmentally conscious by ensuring 10% of the land leased is greened.
Building Plans:	Plan for development of the plot(s) shall be prepared by a registered Architect and Engineer as the case may be and submitted to EPZA for approval.

## Average Cost of Power

Power is provided by KPLC thus the cost and tariffs are found at <https://www.kplc.co.ke/>. The approximated cost for electricity charges is USD 0.16 kwh.



## Water and Sewer cost

The rates of water within the Athi-River zone are tabulated based on the consumption as displayed in the table below;

Consumption Block (m <sup>3</sup> )	Rate (kshs/m <sup>3</sup> )
0 -100	55.00
101 - 500	70.00
501 – 1,000	90.00
> 1000	120.00

The connection fees are based on the size of the meter ranging from Ksh. 50,000 – Ksh. 250,000.

The sewer rate is 50% of the water consumed.

## Cost of Labour

Kenya has a talented and skilled workforce. Enterprises joining the program are free to recruit from the abundance of workers from across the country for work. Most of the recruited employees get training from National Institute of Training Authority and other relevant institutions in the Country.

The Department of Labour is responsible for the administration of labour laws. Minimum wages and working conditions in the EPZs are governed by the following labour laws:

- The Employment Act 2021;
- The Occupational Safety and Health Act 2007;
- The Labour Relations Act 2007;
- The Labour Institutions Act 2019;
- The Work Injury Benefits Act 2007;
- The Industrial Training Act Cap 237 of 2011;
- The National Social Security Fund Act Cap. 258;
- The National Hospital Insurance Fund Act No.9

The above legislations can be downloaded from the website of the Ministry of Labour, Social Security and Services ([www.labour.go.ke](http://www.labour.go.ke)).

The working hours in Kenya are 48 hours per week (except for security guards). Anything over that will be considered overtime which is 150% of their regular days' pay. Those working on Sunday are paid of 150% of their regular days' pay and on public holidays the pay is 200% of their regular days' pay.



## Expatriate Work Permits

The Authority facilitates in issuing of work permits, special passes, import/export codes and getting utilities. The Authority offers both pre-licensing and post-licensing facilitation to Investors joining the program. This facilitation includes checking and ensuring that all the requirements for work permits and special pass applications are adhered to. The EPZA also issues a cover letter introducing EPZ investors to the Immigration Services Department.

EPZ Investors must apply for entry (work) permit in the appropriate class at least 3 months before the permits are required. Once a company has a valid EPZ License and a Personal Identification Number (PIN) from Kenya Revenue Authority, applications for Work Permits can be submitted to the Immigration Department through EPZA

The EPZA facilitates two categories of work permits as indicated below:

Category	Charges	Amount (USD) Per Annum
Class D (Employment)	Processing fee (Non-refundable)	100
	Issuance fee	2,000
Class G (specific trade, Business or Consultancy)	Processing fee (Non-refundable)	100
	Issuance fee (per year)	1,000

A Special Pass can be obtained for an expatriate coming to do specialized jobs for a short period of time, such as machine installation. The Department of Immigration Services issues the Special Pass valid for one to three months. Justification for the application is required e.g. copy of Bill of Lading of the imported machines.



## Environment Management

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All EPZ companies must comply with the laws and regulations contained in the Environmental Management and Co-ordination Act No. 8 of 1999 (EMCA) managed by the National Environmental Management Authority (NEMA).

Prior to acquiring an EPZ licensing all EPZ companies are required to conduct an Environmental Impact Assessment (EIA) which is done by NEMA. The Assessment ensures that appropriate safeguards, management and monitoring plans are put in place to protect Public Health, Environment and enhance Sustainable Development. In addition, before the EPZ license is renewed an EIA certification will be required to ensure continued compliance to the environmental laws and regulations.

## Useful contacts

<b>Kenya Investment Authority</b> UAP Old Mutual Tower, 15th Floor, Upper Hill Road P.O. Box 55704 - 00200, Nairobi Tel: +254 (730) 104 200, +254 (730) 104 210 Website: <a href="http://www.invest.go.ke">www.invest.go.ke</a>	<b>Kenya Revenue Authority</b> Times Tower, Haile Selassie Avenue P.O. Box 48240 - 00100, Nairobi Tel: +254 (0) 20 310900/ 2810000, Website: <a href="http://www.kra.go.ke">www.kra.go.ke</a>
<b>Ministry of Investment, Trade and Industry</b> Social Security House, Block A, 23rd Floor P.O. Box 30547 - 00100, Nairobi Website: <a href="http://www.industrialization.go.ke">www.industrialization.go.ke</a>	<b>Ministry of Labour, Social Security &amp; Services</b> NSSF House, 7th Floor, Bishop Road P.O. Box 40326 - 00100, Nairobi, Tel: +254 (20) 2729800 Website: <a href="http://www.labour.go.ke">www.labour.go.ke</a>
<b>Department of Immigration Services</b> Nyayo House, 9th Floor P.O. Box 30395 - 00100, Nairobi Tel: +254 (0) 20 2222022, 222042 Website: <a href="http://www.immigration.go.ke">www.immigration.go.ke</a>	<b>National Environment Management Authority</b> Popo Road, South C P.O. Box 67839 - 00200 Nairobi Tel: +254 (0) 20 6005523/6/7 Website: <a href="http://www.nema.go.ke">www.nema.go.ke</a>
<b>National Hospital Insurance Fund</b> NHIF Building, Junction of Ragati Road and Haile Selassie Avenue, Upperhill (Community) P.O. Box: 30443 - 00100, Nairobi Tel: +254 (0) 800 720 601, (020) 2723255/56 (020) 2714793/94, (020) 2722527 Website: <a href="http://www.nhif.or.ke">www.nhif.or.ke</a>	<b>National Social Security Fund</b> Social Security House, Grd Flr, Block C P.O. Box 30599 - 00100, Nairobi Tel: +254 (020) 2832000, 2729911, 2710552 +254 (0) 722-204192, 734699926, 734-333238 (0) 800 2212744 Website: <a href="http://www.nssf.or.ke">www.nssf.or.ke</a>
<b>National Industrial Training Authority</b> Commercial Street, Industrial Area Nairobi Tel: +254-20-2695586/9; 254-720917897 254-736-290676, +254-772212488 Website: <a href="http://www.nita.go.ke">www.nita.go.ke</a>	

