



"Powering Growth"

KENYA
VISION **2030**
FLAGSHIP PROJECT

Special Economic Zones Programme KENYA



Introduction

What is SEZ in Kenya?

Special Economic Zones (SEZs) have been identified as one of the flagship projects under the Economic Pillar of the Kenya Vision 2030. The SEZs are geared towards addressing key factors that reduce Kenya's competitiveness as an investment destination. SEZs are also recognized in the current development policy, the Bottom-Up Transformation Agenda (BETA), as a vital tool to accelerate the manufacturing sector.

Through SEZs, Kenya aims to boost competitiveness by ensuring regulatory and administrative predictability, quality industrial infrastructure and market access.

SEZs provide a purpose-built vehicle through which other Vision 2030 economic and social flagship projects and "BETA" will be facilitated. The specific objectives of SEZs are:

- i. To attract both local and foreign investments
- ii. To expand and diversify production of goods and services for domestic and export markets
- iii. To promote value addition
- iv. To promote local entrepreneurship through Small and Medium Enterprises (SMEs)
- v. To enhance technology development and innovation
- vi. To promote County and National industrialization by exploiting comparative advantage of local resources

Concept of SEZ in Kenya





A view of Nairobi City-Kenya.

Definition of Special Economic Zones

(Finance Act 2023, No. 4 of 2023) A designated geographical area which may include;

- Both customs controlled area and non-customs controlled area;
- Integrated land uses and sector-appropriate onsite and off-site infrastructure and utilities to be provided or developed, whether on a public, private or public-private partnership basis;
- Where development of zone infrastructure and goods introduced in customs-controlled area are exempted from customs duties in accordance with customs laws and;
- Where any goods introduced and specified services provided in the customs controlled area are regarded, in so far as import duties and taxes are concerned, as being outside the customs territory.

Who is Special Economic Zones Authority: SEZA?

Special Economic Zones Authority (SEZA) is Kenyan statutory body established in 2015 through an Act of Parliament (Special Economic Zones Act No. 16 of 2015). Being the implementer of Government policies and programmes relating to SEZs, SEZA is responsible for approving, establishing, developing, operating, promoting and regulating SEZs. Public SEZs are developed and regulated by SEZA, while Private SEZs are developed by private investors under the regulations by SEZA. Further, SEZA is in charge of administering One Stop Service to facilitate investment in SEZs.

Reasons to Invest in Kenya

1. Strategic Geographic Location

Kenya's location presents a gateway into the vibrant East and Central African region. Its international airports and established coastal ports provide effective air and water connectivity between Africa, Europe, US and Asia.

2. East and Central Africa's Largest Economy

Kenya is the largest and most advanced economy in East and Central Africa, contributing to more than 40% of the region's GDP with the second largest population within the EAC. The growing middle class indicates a growing consumer base demanding high value goods.

3. Wide Market Access

Kenya is a member of several trade agreements and beneficiary to trade-enhancing schemes including; Africa Growth and Opportunity Act (AGOA), EAC-EU Economic Partnership Agreement, African Continental Free Trade Area (AfCFTA), World Trade Organisation (WTO), East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA), Kenya-UK Economic Partnership Agreement (EPA) and a Kenya-US Free Trade Agreement (FTA), which is currently under negotiation.

4. Well Developed Infrastructure

To position Kenya as a hub for intra-regional trade in Africa, the government has invested over \$55.6 billion into infrastructure. The targeted infrastructure include; railways (Standard Gauge Rail; SGR and Meter Gauge Rail; MGR), energy (Geothermal Power Plants), agriculture, and telecommunications sectors. This is part of an ongoing effort to ensure the seamless movement of goods and services from Kenya into the entire African region and international markets.

5. Attractive Labour Force

Kenya prides itself on its large, young highly educated and skilled work force with growing young English-speaking population. Current demographics indicate 55% of the population are aged 15-64. The workforce is highly productive and trainable.

6. Favorable Investment Policy

The Kenya Constitution guarantees against expropriation of private property and no exchange controls, guaranteeing repatriation of capital, profits and interests. Furthermore, Kenya is a member of the Multilateral Investment Guarantee Agency (MIGA) and the Africa Trade Insurance Agency (ATIA) and a member of the International Centre for Settlement of Investment Disputes (ICSID).

For further information, visit the web site of Kenya Investment Authority (<http://www.invest.go.ke/>)



Powerful Logistics Connection at Mombasa Port.

Attractive Labour Force.



Diverse Opportunities for Investment in SEZs

Areas declared as Special Economic Zones may be designated as either a single sector or multiple sector zones and can cover the following schemes;

- 1. Industrial Park:** An SEZ with integrated infrastructure to facilitate manufacturing and processing industries.
- 2. Free Trade Zone:** An SEZ where goods are off-loaded for transshipment, storage and may include bulk breaking, repacking, sorting, mixing, trading or other forms of handling excluding manufacturing and processing.
- 3. Free Port:** An SEZ where goods introduced, are primarily for transshipment, reexport or destined for other SEZs.
- 4. Science and Technology Park:** An SEZ established to facilitate science, technology and innovation.
- 5. Information Communication Technology Park:** An SEZ established to facilitate ICT sector, its services and related activities.
- 6. Business Service Park:** An SEZ to facilitate provision of services, which may include; to regional headquarters, BPOs, call centres, management consulting, advisory services and other associated services.

Proposed Free Trade Area for vehicles stock Yard.



Proposed Free Port Area for container forwarding.

7. Tourism and Recreation Park:

SEZ to provide facilities and services for tourism and recreation attraction.

8. Agricultural Zone:

SEZ to facilitate agricultural sector and related activities and services.

9. Livestock Zone:

An SEZ where livestock marshaling and inspection, livestock feeding or fattening, abattoir and refrigeration, deboning, value addition, manufacture of veterinary products and other related activities are carried out.

Optimal Environment For SEZ Business



Efficient Road Network.



Growing Construction Sector.



Seamless Transport Connection at Mombasa Port.



Global Air Connections.



Affordable energy, 93% renewable.



Vibrant Tourism Sector.



SGR Connections to EAC Countries.



Super Modern SGR Stations.

Special Economic Zones Incentives Framework

The SEZ programme offers both general and specific incentives to the SEZ Developers, operators and enterprises. These incentives include among others:-

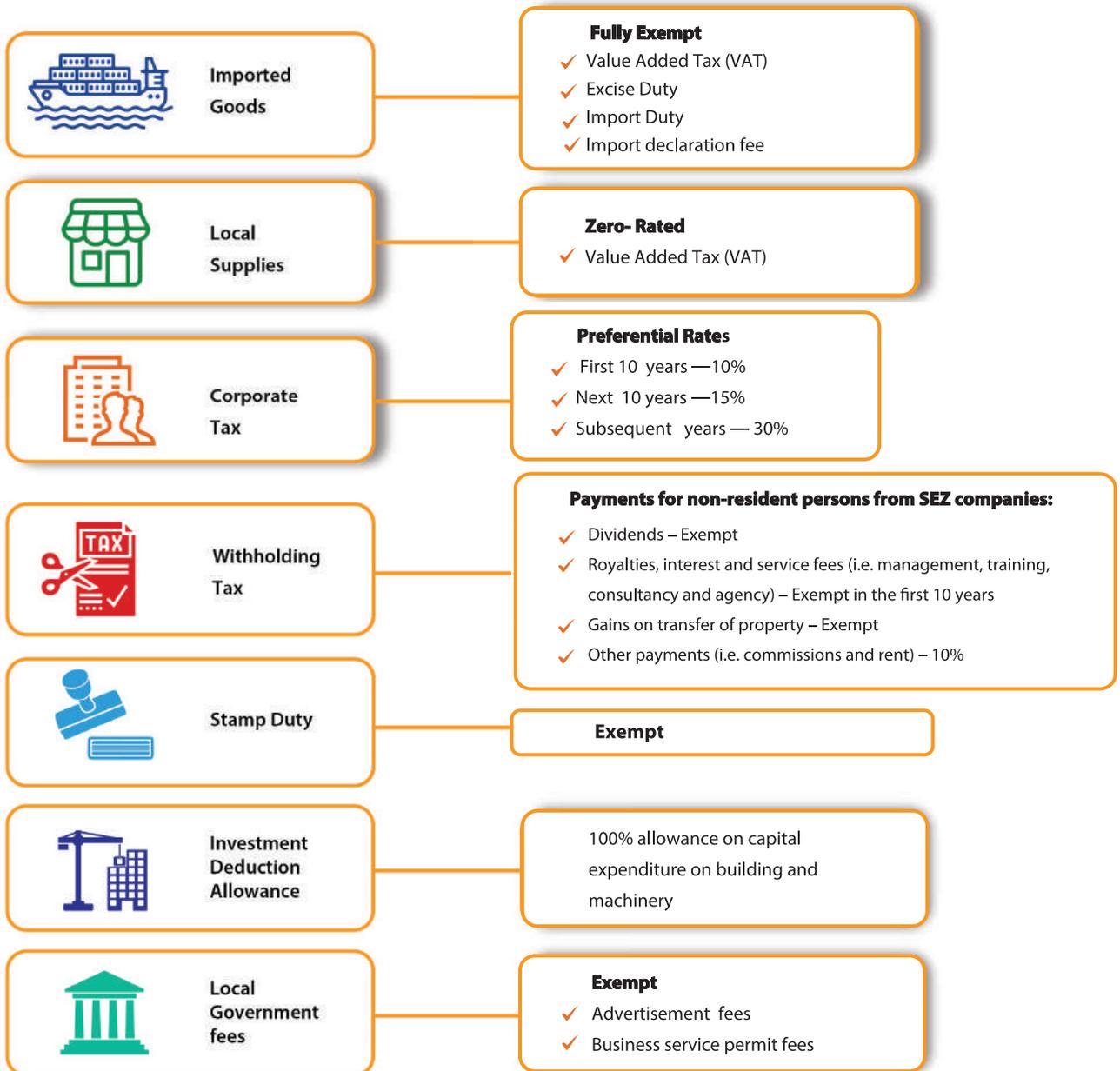
- Procedural/Administrative incentives.
- Fiscal Incentives-They lead to reduced operating costs.
- World Class Infrastructure and Customized Facilities
- Serviceable Greenfield Lands

A. Procedural/Administrative incentives

1. One Stop Shop (OSS) service for facilitation and aftercare - The OSS assists investors and provides legal and administrative support such as in the areas of labour regulations, work permits, import-export logistics, application for utility connections, and registration with tax authorities etc. through a customer/investor centric platform.
2. Operation under essentially one licence issued by SEZA. This single operating licence is aimed at minimizing bureaucracy and administrative procedures.
3. Exemption provided under the SEZ Act include;
 - Exemption from rent and tenancy controls.
 - The provisions of the Foreign Investments and Protection Act relating to certificate for approved enterprise.
 - The provisions of the Statistics Act.
 - Exemption from the payment of advertisement fees and business service permit fees levied by respective County Governments' Finance Acts.
 - Exemption from general liquor licence and hotel liquor licence under the Alcoholic Drinks Control Act, 2010.
 - Exemption from manufacturing licence under the Tea Act.
 - Exemption from licence to trade in unwrought precious metals under the Trading in Unwrought Precious Metals Act.
 - Exemption from filming licence under the Films and Stages Plays Act.
4. Rapid Project approval and licensing (with exception of projects requiring environmental licence from National Environmental Management Agency NEMA).
5. No Exchange Controls - liberalized foreign exchange regime and easy repatriation of capital and profits, access to foreign currency accounts, domestic and offshore borrowing.
6. Onsite customs documentation and inspection by Customs Staff . All zones have a resident Customs officer for on-site customs documentation and clearance. A Senior Revenue Officer is attached to the SEZA management to assist in all matters relating to customs and taxes.
7. Unrestricted investment by foreigners.
8. The licenced special economic zone enterprises, developers and operators shall be entitled to work permits of up to twenty per cent of their full-time employees; and on the recommendation of the Authority, additional work permits may be obtained for specialized sectors.

B. Fiscal (Tax) Incentives

Tax incentives accorded to SEZ investors are provided for under the respective laws.



For detailed data on incentives refer to the SEZA Investment Guide at www.sezauthority.go.ke

C. Market Access

- Goods and services from customs controlled areas of SEZs shall be accorded 100% market access subject to complying with customs requirements on imports into the customs territory.
- Goods whose content originates from the customs territory shall be exempt from payment of import duties.
- Goods whose content partially originates from the customs territory shall pay import duties on the non-originating component subject to the customs procedures.

D. Serviceable Greenfield Lands

The Government has set aside 3,000 acres in Dongo Kundu, 5,000 acres in Konza and 1,000 acres in Naivasha for Public SEZs where investors can acquire long term lease for purposes of SEZ investment.

Licences Issued Under SEZ Authority

The SEZ Authority is the primary SEZ licensing and regulatory agency on behalf of the government, and collects the necessary information and data from the SEZ investors. The Authority issues the following licences upon projects approval;

1. **Developer Licence:** This Licence is issued to a corporate entity engaged in the development of integrated infrastructure facilities on a designated Special Economic Zone.
2. **Operator Licence:** This Licence is issued to a corporate entity engaged in the management of a Special Economic Zone.
3. **Enterprise Licence:** This Licence is issued to a corporate entity carrying out business in a Special Economic Zone.

How to Apply for SEZ Licences

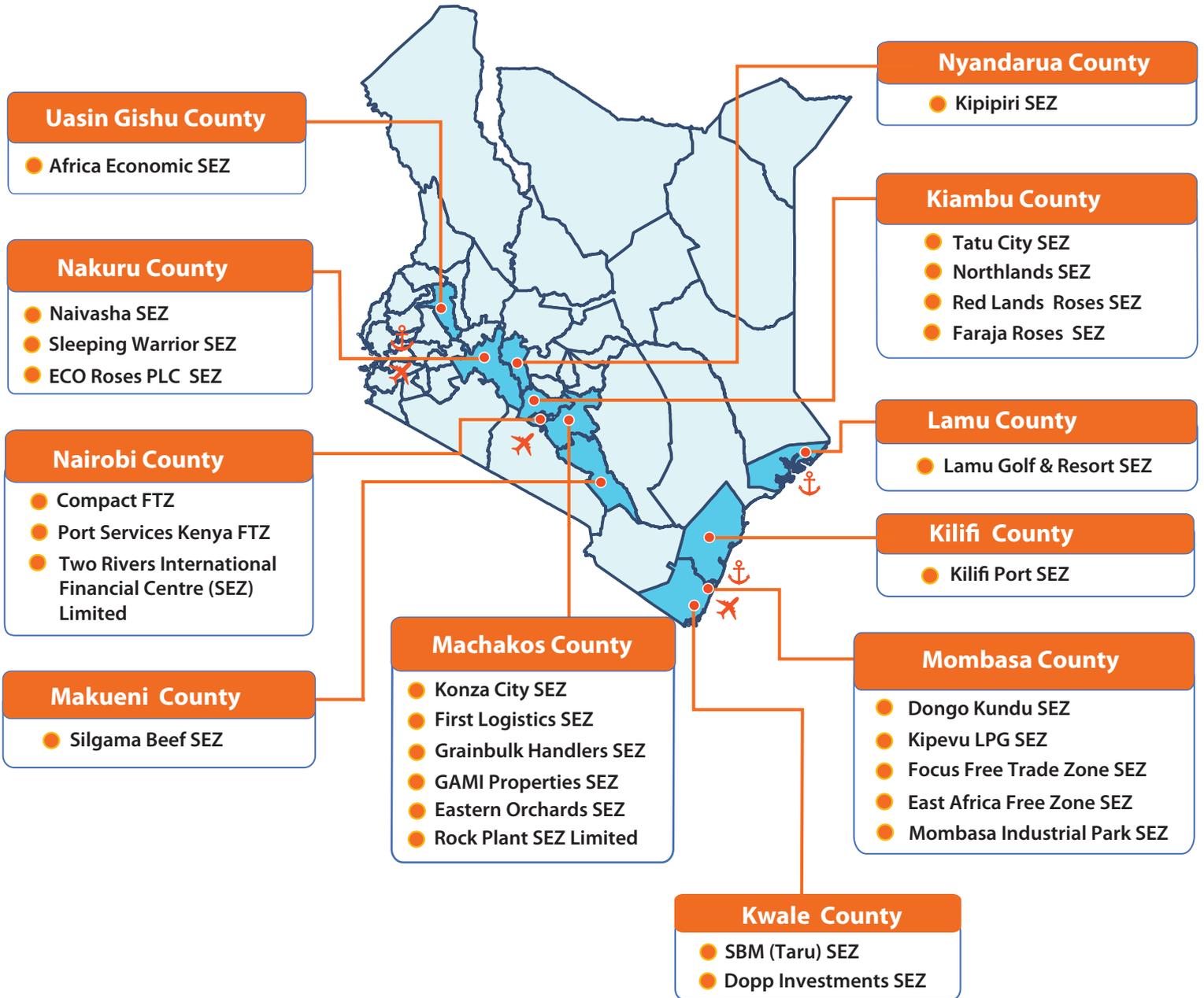
How to apply for a Developer/Operator Licence

1. Present a developer/operator application of proposed SEZ activity and fill SEZ project Developer/Operator application form with attached relevant supporting documents.
2. Get an Approval 'In Principal' from SEZA.
3. Register SEZ Company.
4. Obtain a NEMA certificate.
5. Obtain SEZ Developer or Operator license at annual fee of US \$5,000

How to apply for an Enterprise Licence

1. Present business plan of proposed SEZ activity and fill SEZ project Enterprise application form with attached relevant supporting documents.
2. Get an approval 'In Principal' from SEZA
3. Register SEZ Company after SEZA.
4. Obtain SEZ Enterprise license at annual fee of US \$1,000.

Gazetted Special Economic Zones In Kenya



KEY

- Counties with SEZs
- ✈ International Airports
- ⚓ Inland and Coastal Ports

* As of October 2023, there are 28 gazetted SEZs in Kenya.

Designated SEZs Ready for Investment in Kenya

PUBLIC SEZS

In these SEZs, the project land is owned by the government. The government is also responsible for all the aspects of running the SEZ; i.e regulation, ownership, development, and operations either directly or through PPP model.

1. Dongo Kundu SEZ

Dongo Kundu SEZ is approximately 3,000 acres adjacent to the Mombasa Port in Likoni Sub-County of Mombasa County. The zone is located in a strategic location with high potential for development in terms of logistics and facilities, endowed with Mombasa Port, Mombasa Southern Bypass, Standard Gauge Railway (SGR) and Moi International Airport. Connectivity is a key strength of the SEZ as it connects to EAC countries and the rest of the world via the shortest possible routes.

The priority sectors for Dongo Kundu SEZ includes, Manufacturing, Logistics, Tourism, Services among others. The zone is envisaged to create seamless flow from manufacturing to logistics.

The SEZ is being developed with support from the Japanese Government from Master Planning (2015) to on going off-site infrastructure development including port, port access road, power transmission and substation, water supply and drainage system.

Major Schemes at Dongo Kundu SEZ

- Industrial Park
- Free Port/Free Trade Zone
- Tourism Zone
- Port Area
- Residential / Commercial Area

Location of Dongo Kundu Special Economic Zone



2. Naivasha SEZ

Naivasha SEZ is located in Nakuru County along the Nairobi - Naivasha Standard Gauge Railway (SGR) line at Mai Mahiu. This SEZ is located on 1000 acres of land. The SEZ will also offer state of the art trans-shipment facilities to allow the seamless interchange between SGR and Meter Gauge Railways (MGR), to handle the cargo destined for EAC and Central African Countries. The Naivasha SEZ has a reduced power cost of preferential power tariff of 5US cents/kwh.

Major Schemes at Naivasha SEZ

- Industrial Park**
- Logistic Zone**
- Inland Container Depot**
- Railway Marshalling Yard**



Artistic Impression of Naivasha SEZ.

The priority sectors for Naivasha SEZ includes; Textile and Apparels, Agro-processing, among others. The zone is envisaged to create a complete value chain in apparel and textile sector. This SEZ will target to attract textile mills which will produce a variety of fabrics to supply to apparel enterprises. This will create backward linkages for the farmers through the agro-processing SEZ enterprises. When the SEZ is fully operational it is expected to create about 100,000 direct jobs and attract about Ksh 150 billion in productive investment.



Main gate of neighbouring Naivasha SEZ Inland Container Depot.



Water Tanks at Naivasha SEZ.

3. Konza Technopolis SEZ

Konza Technopolis SEZ is located about 60km South East of Nairobi along the Nairobi-Mombasa road and 4km North of Konza Town on a 2058 Hectare (5,000Acres) piece of green field. The location is within Nairobi Metropolitan Region (NMR) that comprise Machakos County to the North East, Kajiado County to the West and Nairobi County to the North West. The location has excellent transport communication links. The A109 Highway connecting Nairobi with Mombasa runs adjacent to the site, the SGR Konza railway station is less than 4km away and Jomo Kenya airport is under 50km. The land topology is relatively flat hence easy to develop. Konza Technopolis Special Economic Zone is envisaged to be developed as a Science and Technology Park with integrated Information Communication Technology Parks. It aims to promote innovation and Technology based investments. The city will be developed as a public private partnership, in which the Government will take the role of development of common bulk infrastructure, Zone management and regulatory framework. **For more information visit <https://www.konzacity.go.ke>**



Artistic Impression of Konza Technopolis SEZ.



Konza Technopolis Head Office.

4. Mombasa Industrial Park

Mombasa Industrial Park contains a 'cluster' of benefits for developers/investors and occupiers rooted in its unique geographical position next to the Mombasa Port, the largest port in East Africa, and close to a vibrant commercial and industrial area.

The opportunity consists of a Mombasa County-owned undeveloped land plot in Miritini. The site is 569 acres and could potentially accommodate a total of 255.4 acres of industrial land across three phases of development. The area is suitable for a mixed-use industrial park for high value-added activities including in automotive, pharmaceutical and textile manufacturing.



Location of Mombasa Industrial Park.

PRIVATE SEZS

The Private SEZs are developed and operated by private sector. These zones are regulated by SEZA.

1. Tatu City SEZ

Tatu City SEZ is located on a 5,000 acre piece of land located in Kiambu County with mixed-use development with homes, schools, offices, shopping district, medical facilities, nature areas, sport & entertainment complex and industrial manufacturing zones. This is a multi-sector SEZ comprising; Industrial Parks, Science and Technology Parks, Business Parks etc. The residential area is expected to accommodate more than 150,000 residents and tens of thousands of day visitors. Schools and businesses are already open at Tatu City. Tatu City represents a new way of living and thinking; creating a unique live, work and play environment that is free from traffic congestion and long-distance commuting. **For more information visit <https://www.tatucity.com/>**



The main gate of Tatu City.

2. Africa Economic Zones

Africa Economic Zones Ltd (AEZ) is a licenced Private Multi sector Special Economic Zone located in Eldoret, Uasin Gichu County. This landmark project demonstrates AEZ's commitment to Kenya's industrialization agenda and has the support of the Chinese Government through its "One Belt One Road" initiative. The project will attract over \$2 Billion of investment into the region as well as creating over 40,000 direct jobs and up to 150,000 indirect jobs once it is fully operational. The zone is expected to have a significant positive impact on the local and national economy generating production revenues in excess of \$3 Billion per year.

For more information visit <http://www.aez.co.ke>



The main gate of Africa Economic Zones Ltd (AEZ).

3. Compact FTZ

Compact Free Trade Zone (FTZ) is a single sector Free Trade Zone located in Embakasi Division of Nairobi County. The site is 4 km from Nairobi Inland Container Depot (ICD), 5 km from Jomo Kenyatta International Airport and 12 km from Wilson Airport. The zone will offer Free Trade Zone activities and services including; Bulk breaking; Repackaging of goods for local and export; Warehousing and light manufacturing. This SEZ will promote Foreign Direct Investment and Trade in the East African Region.



Godowns at Compact Free Trade Zone (FTZ).

4. Nairobi Gate Industrial Park

Nairobi Gate Industrial Park is the first SEZ in East Africa that has a fully integrated customs control area within the Northlands SEZ. The class-leading industrial park is ideally situated on the Eastern Bypass, providing easy access to key arterial roads and 'Up-Country' Kenya via Thika Road and the Southern Bypass. Phase 1 is set on 100 acres and is designed for ultra-modern logistics, light-industrial warehousing and distribution centers, bringing a unique 'build to suit' concept to Nairobi. Offering both speculative and bespoke property for rent or purchase, the park provides grade-A flexible space, great access, robust infrastructure, as well as generous loading facilities and volumetric capacity. **For more information visit <https://nairobigate.com/>**



A sectional view of Nairobi Gate Industrial Park.



SEZ AUTHORITY

Powering Growth

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📖 See the SEZA Investment Guide for detailed info on investing
in Kenya and the Dongo Kundu SEZ at www.sezauthority.go.ke



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