



# EXPORT PROCESSING ZONES AUTHORITY

Presentation to the National Training Workshop on Fostering Productive Capacities in Kenya for Industrialization, Export Diversification, and Inclusive Growth

16 – 18 March 2022

Sarova Panafric Hotel, Nairobi



# PRESENTATION OUTLINE

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1. The Export Processing Zones (EPZ) Program
2. EPZA Mandate, Performance And Status
3. EPZA Policies And Strategies
4. Challenges
5. Recommendations / Way forward

# INTRODUCTION TO THE EPZ PROGRAM

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- The Export Processing Zones (EPZ) Program is an incentivized program for export oriented trade created to promote export oriented industrial investment within designated zones.
- It was enacted in 1990 through the Export Processing Zones Act (CAP 517 of the Laws of Kenya)
- The Export Processing Zones Authority (EPZA) a state corporation under the Ministry of Industrialization, Trade and Enterprise Development was set up to manage the EPZ program.



# EPZA MANDATE

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EPZA's mandate is the development of all aspects of Export Processing Zones particularly;

- Provision of advice on the removal of impediments to, and creation of incentives for export oriented production
- Regulation and administration of approved activities within the export processing zones
- Protection of government revenues and foreign currency earnings

# OBJECTIVES OF THE EPZ PROGRAM

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The EPZ program is a key economic development program for the Government of Kenya and is designed with various goals:

- Generation of employment opportunities
- Promotion and diversification of exports
- Attracting new productive investments
- Development of backward linkages
- Skills and technology transfer

# EPZ INCENTIVES

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## Fiscal Incentives

- 10-year Corporate Tax Holiday
- 10-year Withholding Tax Holiday
- 100% Investment Deduction allowance
- Exemption from
  - Import Duty
  - Value Added Tax
  - Stamp Duty

## Procedural Incentives

- Single License
- Fast-track of applications & approvals
- Green Channel Port Clearance and Customs facilitation
- Government Inter-agency liaison services

## Quality Infrastructure Incentives

- Availability of land and factory buildings
- Fresh water supply and superior water reticulation system
- Superior sewer reticulation system and world-class Effluent Treatment Plant.
- Designated Electric power station.

# EPZ LICENSES



## Developer / Operator License

Construction and leasing out warehouses



## Enterprise License

Manufacturing or Service activities



## Commercial License

Breaking bulk, repackaging, re-labelling and trading



**Business Service Permits (BSPs)** - permit to serve the EPZ community and environs

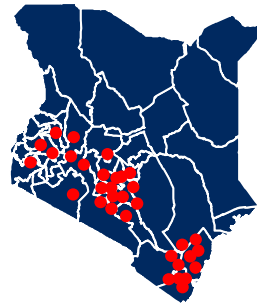
# PERFORMANCE AND STATUS OF THE EPZ PROGRAM



Over 65,000 people directly employed



Ksh. 13.4 bn spent on salaries



82 gazetted zones and 145 enterprises across Kenya



Ksh. 37.1 bn spent on total domestic expenditure



Ksh. 121.7 bn worth of investment



Ksh. 13.4 bn spent on local purchases

- Ksh. 90.9 bn in exports and Ksh. 46.6 bn in imports
- Skills & Technology transfer
- Development of backward & forward linkages
- Attractive new investments
- Growth of towns e.g Kitengela, Mazaras

Source: EPZA 2020 Annual Report



# POLICIES AND STRATEGIES OF THE EPZ PROGRAM

## Policies

The EPZ Program is implemented through the Export Processing Zones Act (CAP 517) and the various regulations.

There are other government policies that touch on the program such as;

- Kenya Vision 2030
- Big Four Agenda (Manufacturing pillar)
- Kenya Industrial Transformation Programme (KITP)

## Strategies



# CHALLENGES OF THE EPZ PROGRAM

High cost of doing business in Kenya e.g. cost of power, transport

Availability of ready plug and play industrial sheds

Limitation of regional market access

Availability of quality raw materials for the Agro-processing industries e.g. Avocado, Macadamia

Availability of raw materials for garment industry i.e. cotton

Inadequate funds to implement the planned projects

# RECOMMENDATIONS/WAY FORWARD

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- Reduction of the cost of doing business for EPZ enterprises e.g. power and transport
  - Private-Public Partnerships in the development of fit-for-purpose industrial sheds for the EPZ enterprises
  - Enhance the share of regional market access for EPZ products
  - Train farmers on growing quality certified crops for processing by export-oriented firms
  - Ensure disbursement of approved budget

# SAMPLE OF THE EPZ COMPANIES



## Revital Health EPZ (Kilifi)

- Pharmaceuticals and Medical supplies
- First African Country licensed to produce Covid-19 syringes – 1 out of 6 in the world



## MAS Intimates EPZ (Athi River)

- Largest Garment factory in Sri Lanka
- Set up in 2019 and goal is to employ 5,000 by 2023



## Emrok Tea EPZ (Nandi)

- Tea Exporters
- Awarded best specialty tea
- 3,000+ small scale farmers



## African Coffee Roasters EPZ (Athi River)

- Only organic coffee exporters in the Kenya



## De La Rue (Nairobi)

- Currency & Security Print
- Exporting currency



## Privamnuts (Embu)

- Macademia nut exporters
- Connected to over 80,000 farmers
- Begun in 2016



## Amor Coco EPZ (Kilifi)

- Coconut oil
- Reviving the Coconut Industry at the coast.

THANK YOU

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