



Special Economic Zones in Kenya



**PROGRESS ON THE ESTABLISHMENT OF SPECIAL
ECONOMIC ZONES IN KENYA**

The Kenya Industrialization Strategy “An Aspiration To Attain Vision 2030”



- To grow our GDP by \$4-7bn per year for next 13 years
- To drive this growth, we must increase our manufacturing base from 11% of GDP to 20% of GDP
- Additionally, we must dramatically increase our FDI as regional neighbors are attracting 2-3x more FDI
- To do this, we must improve the ease of doing business in Kenya, improve infrastructure and reduce electricity costs
- The Ministry has outlined a clear roadmap for how to rapidly industrialize Kenya and achieve our aspiration through the “Kenya Industrialization Transformation Plan (2014-2022)”



SPECIAL ECONOMIC ZONES



A carefully master-planned integrated modern Industrial City to attract Foreign & Domestic Direct Investments where goods introduced and services provided are generally regarded, in so far as import duties and taxes are concerned, as being outside the customs territory

The Kenya vision 2030, envisions 3 world-class Special Economic Zones for Kenya

- 1) Greater Mombasa SEZ : 3,000 sq km – (to create 2 million new jobs).
- 2) Lamu SEZ: 700 sq km – (to create 1 million new jobs).
- 3) Kisumu SEZ: 700 sq km- (to create 1 million new jobs).

Objectives of SEZ's



The overall objective of SEZs program:

To contribute towards the transformation of the country's economic base in order to realize a higher and sustained growth, employment creation and poverty reduction in the country.

The specific objectives of SEZs are:

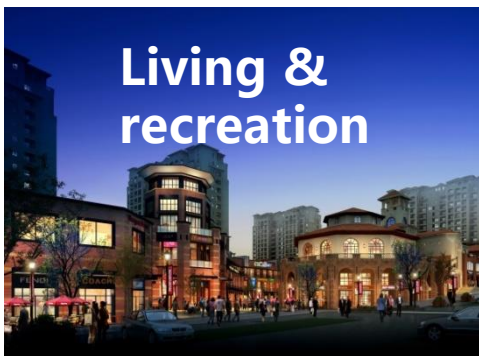
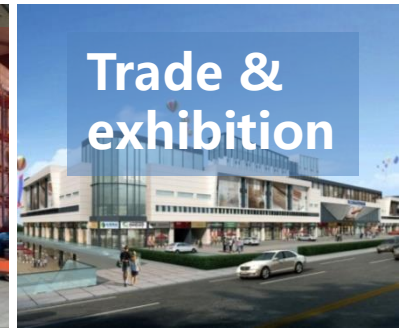
- To attract both local and foreign investments
- To expand and diversify production of goods and services for domestic and export markets
- To promote value addition
- To promote local entrepreneurship through Small and Medium Enterprises (SMEs)
- To enhance technology development and innovation
- To promote rural and regional industrialization by exploiting comparative advantage of local resources

- **Legal & Policy framework**
 - Kenya and EAC SEZ policy prepared
 - Special Economic Zones Law was enacted in 2015 (SEZ Act, No. 16 of 2015)
 - The 1st set of SEZ Regulations were Gazetted vide Legal Notice No. 147, Kenya Gazette Supplement No. 130 of 5th August 2016
- **Institutional Framework**
 - SEZA board inauguration done in Feb 2017
 - All other Board Members are in place
 - SEZA in operation
- **Designation and Licensing**
 - So far the SEZA has designated and licensed two Private Zones (AEZ and Tatu City) and is in the process of licensing KONZA , LAMU (LAPPSET) SEZ and many other private SEZ

- **Dongo Kundu SEZ**
 - Master Plan Finalized
 - Strategic Environmental Assessment Done and approved by NEMA
 - Resettlement action Plan Done
 - Comprehensive Environmental Management Plan ongoing
 - Detail Design ongoing

- **Naivasha Industrial park**
 - Land purchase on going
 - Promotion of investment ongoing

Dongo Kundu Transshipment Port & SEZ



Master Plan – Project Layout (Mombasa SEZ)

Total area is about 1200 hectares.

- **Industrial land is 273.89 hectares;**
- **Warehousing land is 174.45 hectares;**
- **Commercial land of 82.10 hectares;**
- **Residential land of 68.53 hectares;**
- **Road and traffic facilities land is 121.24 hectares;**
- **Green land is 206.69 hectares.**
- **Non construction land is 170.64 hectares.**

Legend

R2	Residential Land	U22	Sanitation Land	⌘	Cultural Activities Center
A1	Administrative office Land	U3	Safety Facilities Land	⌘	Local Police Station
A2	Cultural Facilities Land	G1	Park	⌘	Health Center
A3	Education Facilities Land	U2	Protective Green	⌘	Health Station
A4	Sports Facilities Land	G3	Piece	⌘	Meat Market
A5	Health Facilities Land	H21	Railway	⌘	Playground
B1	Business Land	H23	Port	P	Social Parking
B2	Business Office Land	E1	Hotels	⌘	Telecommunication End office
B4	Utilities Outlets Land	E2	Forestry	⌘	Stations
M1	Industrial Land	⌘	Planning Road	⌘	Refuse Transfer Station
W1	Logistics and Warehousing Land	⌘	Planning Railway	⌘	Firehouse
S42	Parking Lot Land	⌘	Range Planning	⌘	Post Office
U11	Water Supply Land			⌘	WC
U12	Power Supply Land			⌘	110kV Substation
U21	Drainage Facilities Land			⌘	Sewage Disposal Plant
				⌘	Water Supply Pressure Station



SEZ Act

The object and purpose of this Act is to provide for: -

- (a) an enabling environment for the development of all aspects of special economic zones including:-
 - (i) development of integrated infrastructure facilities;
 - (ii) creation of incentives for economic and business activities in areas designated as special economic zones;
 - (iii) removal of impediments to economic or business activities that generate profit for enterprises in areas designated as special economic zones; and
- (b) the regulation and administration of activities within the special economic zones with due regard to the principles of openness

Special Economic Zones may include, but not limited to:

- (a) free trade zones;
- (b) industrial parks;
- (c) free ports;
- (d) information communication technology parks;
- (e) science and technology parks;
- (f) agricultural zones;
- (g) tourist and recreational zones;
- (h) business service parks;
- (i) livestock zones.

Incentives by SEZ

The SEZ scheme will offer both general and specific incentives which will include;

•SEZ Fiscal Incentives

- 10% corporate tax for first 10 years;
- 15% corporate tax for subsequent years;
- Duty & VAT exemption;
- 100 per cent of the investment allowance on cost of building and machinery.
- Exemption from stamp duty; and
- Exemption for withholding tax
- Exempt from export duty and Import Declaration Fees respectively for goods exported to and imported by an enterprise licensed under the SEZ Act

Incentives by SEZ

Other Incentives

- Single license;
- Procedural/Administrative incentives-transparency in licensing processes, quick acquisition of permits(OSS)and continual facilitation through the project stages of operation
- World class infrastructure and customized facilities

An aerial photograph of a city skyline, likely Nairobi, Kenya. The foreground features a large, lush green park with a winding lake. Several small boats are visible on the water. The middle ground is filled with a dense collection of modern high-rise buildings and commercial structures. The sky is a vibrant blue, filled with large, fluffy white clouds. The overall scene is bright and clear, suggesting a sunny day.

THANK YOU!