REPUBLIC OF KENYA

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THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

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REPORT ON:

THE KENYA ECONOMIC ZONES BILL (NATIONAL ASSEMBLY BILL NO. 46 OF 2026)

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 24 NOV 2026 DAY. Tuesday
TABLED BY: Hon. Shinali Masaka, MP Chairperson.
CLERK-AT THE-TABLE: Ag. Shibaka

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LIST OF ABBREVIATIONS AND ACRONYMS

ADR	-	Alternative Dispute Resolution
AfCFTA	-	African Continental Free Trade Area
ANC	-	Amani National Congress
ASEZA	-	Association of Special Economic Zones
BETA	-	Bottom-Up Economic Transformation Agenda
BPO	-	Business Process Outsourcing
Cap.	-	Chapter
CBK	-	Central Bank of Kenya
CBS	-	Chief of the Order of the Burning Spear
CEO	-	Chief Executive Officer
CoG	-	Council of Governors
COTU	-	Central Organization of Trade Unions
DDC	-	Directorate of Departmental Committees
EAC	-	East African Community
EACCMA	-	East African Community Customs Management Act
EBS	-	Elder of the Order of the Burning Spear
EGH	-	Elder of the Golden Heart
EMCA	-	Environmental Management and Coordination Act
EPZ	-	Export Processing Zone
EPZA	-	Export Processing Zones Authority
FY	-	Financial Year
ICC	-	International Criminal Court
ICPAK	-	Institute of Certified Public Accountants of Kenya
ICSID	-	International Centre for Settlement of Investment Disputes
ICT	-	Information, Communication and Technology
IT	-	Information Technology
ITES	-	Information Technology Enabled Services
KAM	-	Kenya Association of Manufacturers
KANU	-	Kenya African National Union
KEBS	-	Kenya Bureau of Standards
KEPSA	-	Kenya Private Sector Alliance
KEZA	-	Kenya Economic Zones Authority
KIP	-	Kenya Institute of Planners
KNCCI	-	Kenya National Chamber of Commerce and Industry
KRA	-	Kenya Revenue Authority
LLP	-	Limited Liability Partnership
LSK	-	Law Society of Kenya
MBS	-	Moran of the Order of the Burning Spear
MSMEs	-	Micro, Small and Medium Enterprises
NA	-	National Assembly
NEMA	-	National Environment Management Authority
NLC	-	National Land Commission

ODM	-	Orange Democratic Movement
PLUPA	-	Physical and Land Use Planning Act
PVoC	-	Pre-Export Verification of Conformity to Standards
RETRAK	-	Retail Trade Association of Kenya
SEZ	-	Special Economic Zone
SEZA	-	Special Economic Zones Authority
SME	-	Small and Medium Enterprise
SO	-	Standing Order
TISEZA	-	Tanzania Investment and Special Economic Zones Authority
TRIFIC	-	Two Rivers International Finance and Innovation Centre
UDA	-	United Democratic Alliance
UNCITRAL	-	United Nations Commission on International Trade Law
WDM-K	-	Wiper Democratic Movement Kenya

LIST OF ANNEXURES

The following documents are annexed to this Report:

Annexture 1: Adoption Schedule of the Report

Annexture 2: Minutes of the Sittings of the Committee
Minutes of the 72nd Sitting
Minutes of the 70th Sitting
Minutes of the 69th Sitting
Minutes of the 58th Sitting
Minutes of the 57th Sitting

Annexture 3: Copy of the Newspaper Advertisement

Annexture 4: Copies of the Letters Inviting Stakeholders to the Meeting

Annexture 5: A copy of the Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026)

Annexture 6: Matrix of the Bill

Annexture 7: Witness Attendance Register for the Stakeholder Engagement Meetings

CHAIRPERSON'S FOREWORD

This Report presents the proceedings of the Departmental Committee on Trade, Industry and Cooperatives on its consideration of the Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026). The Bill was published on 2nd July 2026 vide Kenya Gazette Supplement No. 179. The Bill underwent First Reading on 28th July 2026, and was thereafter committed to the Departmental Committee on Trade, Industry and Cooperatives for consideration and reporting to the House, pursuant to Standing Order 127.

The Bill seeks to establish the Kenya Economic Zones Authority (KEZA) through the merger of the Export Processing Zones Authority and the Special Economic Zones Authority with the aim of promoting and facilitating global and local investors.

In considering the Bill, the Committee was cognizant that the special economic zones and export processing zones were developed under two parallel legal and institutional frameworks, which have over time given rise to overlapping mandates, duplicated licensing procedures and, on occasion, competition between the two regimes for the same category of investors. The Committee noted that comparable jurisdictions within and outside the East African Community, among them Rwanda, Uganda, Tanzania and Ghana, have moved to consolidate previously fragmented investment-zone institutions, and that the sequencing and resourcing of such a transition is as consequential to its success as the decision to merge.

The Committee further noted that the Bill raises substantive questions touching on the constitutional mandate of the National Land Commission over public land, the integration of physical and land use planning in the designation of economic zones, the objective justification for the differentiated market-access and employment thresholds applicable to different classes of enterprises, the institutional independence of the proposed Authority, and the adequacy of the transitional arrangements for existing licensees, staff and pending matters of the Export Processing Zones Authority and the Special Economic Zones Authority.

Additionally, the Committee observed that investment promotion and economic zones both serve investors, while export promotion and nation branding serve different stakeholders and require different expertise. The provisions on investment promotion in the Investment and Export Promotion Authority Bill (National Assembly Bill No. 37 of 2026) were therefore included in this Bill. These include: the Investment Committee and the National Investment Advisory Council; the registration of investors; issuance of Golden Certificates; the one-stop shop for investors; and the protection of investments.

In accordance with Article 118(1)(b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly, placed advertisements in the print media on 6th August 2026 inviting the public and stakeholders to submit memoranda on the Bill. Further, vide letters Ref: NA/DDC/TIC/2026/071, NA/DDC/TIC/2026/072 and NA/DDC/TIC/2026/073 dated 24th August 2026, the Committee invited stakeholders for a public engagement session held on Tuesday, 1st September 2026. During the meeting, twenty-six (26) stakeholders drawn from Government agencies, regulatory agencies, professional bodies, private sector associations and industry players submitted both oral and written submissions before the Committee.

All the stakeholders supported the merger of EPZA and SEZA into the Kenya Economic Zones Authority noting that it will improve efficiency and remove duplicity particularly on licensing. Most stakeholders however observed that the minimum threshold of Kshs. 5 billion is too high and needs to be either deleted or introduce differentiated thresholds for developers, operators and enterprises based on the nature and scale of investment. The stakeholders also observed that there was no arbitration mechanism in the Bill and proposed establishment of a Tribunal. Details of the stakeholders' submissions are contained in Chapter Four of this Report.

In its deliberations, the Committee considered all the views, comments and amendments proposed by stakeholders and adopted some of them which form part of the Committee's amendments that will be moved during the Committee Stage.

The Committee extends its appreciation to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it during consideration of the Bill. The Committee also thanks all the stakeholders who submitted memoranda and participated in the stakeholder engagement meeting for their invaluable input. Finally, I extend my gratitude to the Honourable Members of the Committee and the Committee Secretariat for their dedication and contribution in the preparation of this Report.

Having considered the Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026), the Committee recommends that the House approves the Bill with amendments.

On behalf of the Departmental Committee on Trade, Industry and Cooperatives, and pursuant to Standing Order 127(4), it is my pleasure and honour to present to this House the Committee's Report on the Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026).

Hon. Benard Masaka Shinali, CBS, MP
Chairperson,
Departmental Committee on Trade, Industry and Cooperatives

CHAPTER ONE

1.0 PREFACE

1.1 Establishment of the Committee

1. The Departmental Committee on Trade, Industry and Cooperatives is one of the twenty Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to Standing Order 216 (5) is as follows:

   i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
   ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
   iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. ***To study and review all the legislation referred to it;***
   v. *To study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
   vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on appointments);*
   viii. *To examine treaties, agreements and conventions;*
   ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi. *To examine any questions raised by Members on a matter within its mandate.*

1.2 Mandate of the Committee

2. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider trade, including securities exchange, consumer protection, pricing policies, commerce, industrialisation including special economic zones, enterprise promotion & development including micro, small & medium enterprises (MSMEs), and small and medium enterprises (SMEs), intellectual property, industrial standards, anti-counterfeit policies and cooperatives development.

3. In executing its mandate, the Committee oversights the Ministry of Investment, Trade and Industry; and the Ministry of Cooperatives and MSMEs Development.

1.3 Committee Membership

4. The Departmental Committee on Trade, Industry and Cooperatives was reconstituted by the House on 5th March 2025 and comprises the following Members:

Chairperson
Hon. Bernard Masaka Shinali, CBS, MP
Ikolomani Constituency
ODM Party

Vice-Chairperson
Hon. Marianne Jebet Kitany, MP
Aldai Constituency
UDA Party

Hon. Adhe Wario Guyo, MP
North Horr Constituency
KANU

Hon. Adams Korir Kipsanai, MP
Keiyo North Constituency
UDA Party

Hon. Anthony Tom Oluoch, MP
Mathare Constituency
ODM Party

Hon. Alfred Kiprono Mutai, MP
Kuresoi North Constituency
UDA Party

Hon. (Dr.) Beatrice Kahai Adagala, MP
Vihiga County
ANC Party

Hon. Amos Maina Mwago, MP
Starehe Constituency
Jubilee Party

Hon. Joshua Mbithi Mutua Mwalyo, MP
Masinga Constituency
Independent Member

Hon. John Okano Bwire, MP
Taveta Constituency
WDM-K Party

Hon. Joyce Kamene, MP
Machakos County
WDM-K Party

Hon. Samuel Parashina Sakimba, MP
Kajiado South Constituency
ODM Party

Hon. Robert Githinji Gichimu, MP
Gichugu Constituency
UDA Party

Hon. Michael Wainaina Wambugu, MP
Othaya Constituency
UDA Party

Hon. (Dr.) Wilberforce Ojiambo Oundo, MP
Funyula Constituency
ODM Party

1.4 Committee Secretariat

5. The Committee is facilitated by the following Secretariat:

Ms. Laureen Omusa Wesonga
Senior Clerk Assistant/Head of Secretariat

Ms. Carolyne Musyoka
Hansard Reporter II (Clerk Assistant)

Ms. Doreen Karani
Principal Legal Counsel I

Mr. Peter Barasa
Legal Counsel I

Mr. Gerald Kadede
Legal Counsel I

Ms. Priscilla Wangu
Fiscal Analyst II

Ms. Pauline Sifuma
Hansard Reporter II

Ms. Priscilla Saidi
Research Officer II

Mr. Ambrose Nguti
Media Relations Officer III

Ms. Maragaret Wainaina
Public Relations Officer III

Ms. Peris Kaburi
Assistant Serjeant-at-Arms II

Mr. Kelvin Lengasi
Audio Assistant II

CHAPTER TWO

2.0 BACKGROUND OF THE ECONOMIC ZONES SECTOR IN KENYA

2.1 Introduction

6. The Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026) arises from a broader Government effort to consolidate and modernise the legal and institutional framework governing special economic zones and export processing zones in Kenya. It seeks to establish a single Kenya Economic Zones Authority (KEZA) as successor to the Export Processing Zones Authority (EPZA) and the Special Economic Zones Authority (SEZA), which have hitherto administered parallel, and at times overlapping, regimes.

2.2 Situational Analysis

7. Kenya pioneered the export processing zone model in the region through the enactment of the Export Processing Zones Act, Cap. 517 in 1990, establishing the Export Processing Zones Authority to promote export-oriented manufacturing through fiscal and non-fiscal incentives, with export processing zones treated, for customs and tax purposes, as being outside the customs territory.

8. In 2015, Kenya broadened its economic zones framework through the Special Economic Zones Act, Cap. 517A, as subsequently amended by the Business Laws (Amendment) Act, 2024 and the Special Economic Zones (Amendment) Act, 2026, establishing the Special Economic Zones Authority to facilitate industrialisation and attract strategic investment across a wider range of sectors, including industrial parks, free ports, ICT parks, science and technology parks, agricultural zones, livestock zones, oil and gas zones, tourism and recreational zones, and business service parks.

9. The two regimes have since operated in parallel, with overlapping mandates, separate licensing procedures and, according to stakeholders, differing incentive structures that have on occasion prompted investor migration between the export processing zone and special economic zone tracks in search of more favourable terms.

10. Investment in export processing zones increased to approximately Kshs. 148.9 billion, employment rose to 72,034 persons, local purchases stood at Kshs. 16.9 billion, and the number of licensed enterprises rose to 174 between March 2023 and March 2024. Between FY 2022/23 to FY 2024/25, twenty-five (25) special economic zones and twenty (20) export processing zones were gazetted; the Special Economic Zones Authority licensed thirty-six (36) enterprises and the Export Processing Zones Authority licensed fifty-six (56) enterprises; and export processing zone exports amounted to approximately Kshs. 353.51 billion.

11. Notwithstanding these gains, the full potential of the two Authorities has not yet been realised, on account of inadequate infrastructure, unreliable and costly utilities, inadequate budgetary resources, low staffing and institutional capacity, manual and paper-based operational processes, limited access to affordable finance, land-related constraints, and delays in the operationalisation of newly gazetted

zones. The Special Economic Zones Authority specifically faces low staffing levels, budget cuts, manual operations, inadequate built-up industrial space and a lack of on-site utilities, while the Export Processing Zones Authority faces high production and energy costs, inadequate industrial sheds, water and infrastructure shortages, limited access to raw materials and finance, regulatory and customs-related challenges, and vulnerability to external market shocks.

12. Kenya has also implemented successive national development blueprints, including Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA) 2022 to 2027, both of which identify special economic zones and export processing zones as critical vehicles for industrialisation, value addition, employment creation and export diversification.

13. At the regional level, several East African Community Partner States have moved to consolidate previously separate investment-zone institutions: Tanzania enacted the Investment and Special Economic Zones Act, 2025, consolidating investment promotion and special economic zone administration under the Tanzania Investment and Special Economic Zones Authority (TISEZA); Rwanda and Uganda have similarly merged formerly separate zone authorities; and Ghana has operated a single-authority model from inception. The East African Community Special Economic Zones Policy, 2023 further promotes the harmonisation of SEZ legal frameworks across Partner States and recognises an expanded range of zone categories, including educational zones, financial services zones and regional headquarters zones.

2.3 Challenges Experienced in the Economic Zones Sector in Kenya

14. **Fragmented institutional arrangements**: Investment and export-zone promotion functions have been divided between the Export Processing Zones Authority and the Special Economic Zones Authority, resulting in overlapping mandates, duplicated licensing procedures and weak institutional coordination.

15. **Regulatory duplication and licensing delay**: Investors have, in some instances, been required to navigate separate application, approval and compliance processes depending on whether they are licensed as an export processing zone or special economic zone entity, increasing transaction costs and time to market.

16. **Uncertainty over land administration**: Stakeholders raised concern that the legal framework does not adequately reflect the constitutional mandate of the National Land Commission as manager of public land, creating a risk of double allocation, disputes and encroachment on land designated for economic zones.

17. **Gaps in physical and land use planning integration**: The designation of economic zones has not always been anchored on approved national, county and inter-county spatial plans, risking land-use conflict, stranded investment and reversal of zone designation.

18. **High entry threshold for local enterprises**: A uniform minimum investment threshold, without differentiation by sector or enterprise size, risks excluding micro, small and medium enterprises,

technology start-ups and service-oriented businesses from participating in the economic zones programme.

19. **Limited participation of workers and county governments in governance**: The statutory design of the Boards governing the sector has not provided for representation of organised labour or county governments, notwithstanding their material interest in the establishment and operation of economic zones.

2.4 Legal and Policy Framework

Some of the legal and policy provisions relevant to the economic zones sector include:

20. **The Constitution**: Provides the overarching legal framework for the establishment and management of economic zones. Article 10 sets out the national values and principles of governance; Article 40 guarantees the right to acquire and own property; Article 60 sets out the principles of land policy; Article 62 vests public land in the National and County Governments in trust, to be administered by the National Land Commission; Article 66 empowers the State to regulate land use in the interest of defined public purposes; Article 67 establishes the National Land Commission and its mandate to manage public land; Articles 174 and 175, together with the Fourth Schedule, allocate planning and development functions between the National and County Governments; Article 201 sets out the principles of public finance; and Article 209 grants County Governments power to impose and collect specified local revenues.

21. **The Export Processing Zones Act, Cap. 517**: Enacted in 1990, this Act establishes the Export Processing Zones Authority and provides the legal framework for the declaration of export processing zones, licensing of developers, operators and enterprises, permitted activities, fiscal incentives, and regulation of the movement of goods. The Bill proposes to repeal this Act.

22. **The Special Economic Zones Act, Cap. 517A**: Enacted in 2015 and subsequently amended by the Business Laws (Amendment) Act, 2024 and the Special Economic Zones (Amendment) Act, 2026, this Act establishes the Special Economic Zones Authority and provides for the establishment, development, management and promotion of special economic zones to attract and facilitate both global and local investors. The Bill proposes to repeal this Act.

23. **The East African Community Customs Management Act, 2004**: Provides the customs framework applicable to goods and services moving into and out of economic zones, including provisions on customs-controlled areas, exports, imports and duty exemptions, and takes precedence over inconsistent provisions of national law by virtue of the East African Community Customs Union Protocol.

24. **The Investment Promotion Act, 2004**: Provides the broader framework for investment promotion and facilitation in Kenya, including investment facilitation and investor services, and is relevant to the Bill's proposed licensing, investment criteria, incentives and removal of impediments to business activities within economic zones.

25. **The Physical and Land Use Planning Act, Cap. 303**: Is the principal legislation on physical and land use planning in Kenya. It establishes the National Spatial Plan, County Spatial Plans and Inter-County Spatial Plans as the statutory basis for development, and designates the Director-General of Physical and Land Use Planning as the technical authority responsible for preparing development plans for projects of strategic national importance, a category which includes special economic zones under Legal Notice No. 27 of 2021.

26. **The National Land Commission Act, 2012**: Operationalises the constitutional mandate of the National Land Commission to manage public land on behalf of the National and County Governments, including land designated or proposed for economic zones.

27. **The Land Act, 2012**: Provides for the allocation, use and management of public, private and community land, including provisions on change of user and conversion of public land that are relevant to the declaration and development of economic zones.

28. **The County Governments Act, 2012**: Operationalises the devolved planning function, requiring county governments to prepare integrated development plans, including county spatial plans, and to participate in decisions affecting land use and development within their jurisdictions.

29. **The Public Finance Management Act, 2012**: Governs the management of public finances, including the funds of the proposed Authority, and ties development expenditure to approved planning instruments.

30. **Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA)**: Identifies industrialisation, manufacturing, trade expansion, export growth and investment promotion, including through special economic zones and export processing zones, as key drivers of economic growth and job creation.

31. **The National Investment Policy and National Investment Strategy**: Provides the broader policy direction for attracting domestic and foreign investment, improving the business environment and strengthening investment facilitation, of which the economic zones framework is an important component.

32. **The East African Community Special Economic Zones Policy, 2023**: Promotes the harmonisation of SEZ legal frameworks across EAC Partner States and envisages a Competent Authority responsible for designating, licensing, coordinating and regulating economic zones, while developers and operators undertake the commercial development and management of the zones.

2.5 Comparative Analysis

33. The Kenya Economic Zones Bill, 2026 follows a clear regional and international trend towards the consolidation of previously separate investment-zone institutions. The Parliamentary Research Services undertook a comparative review of Kenya's proposed framework against TISEZA and India's

Special Economic Zones Act, 2005, the findings of which, together with the experience of other jurisdictions, are summarised below.

Institutional Framework

34. The Bill establishes KEZA as the principal institution for the development, regulation and administration of economic zones, combining investment promotion and regulatory functions. Tanzania's TISEZA was similarly established under the Investment and Special Economic Zones Act, 2025 as a single institution combining investment and special economic zone promotion and regulatory functions. India, by contrast, operates a multi-level governance structure comprising a national Board of Approval, Development Commissioners and Approval Committees for administration of its SEZs. Tanzania therefore offers the closest institutional comparator to Kenya's proposed model, while India demonstrates an alternative, multi-tiered governance structure.

SEZ and EPZ Framework

35. The Bill seeks to provide a unified framework for special economic zones and export processing zones, replacing the fragmented institutional arrangements currently in place. Tanzania has similarly consolidated SEZ and EPZ administration under TISEZA following its 2025 reforms. India operates a comprehensive SEZ framework in which SEZs are classified and administered under the 2005 Act and associated rules. Tanzania is therefore the stronger comparator for Kenya's SEZ/EPZ consolidation, while India provides a stronger model for detailed SEZ regulation.

Investment Facilitation

36. The Bill provides for a one-stop facilitation mechanism, bringing together clearances and approvals for investors operating within economic zones. Tanzania provides for single-window facilitation and approvals for investors operating within its zones. India's SEZ framework similarly provides for single-window clearance through Approval Committees and the Development Commissioner. Both jurisdictions offer useful models; Kenya should ensure that its one-stop mechanism has actual decision-making authority and does not merely become a coordination desk.

Types of Zones

37. The Bill provides for various categories of economic zones, including industrial parks, free ports, ICT parks, agricultural zones and business services, among others. Tanzania provides for different SEZ categories, including manufacturing, agriculture, tourism and other specialised activities. India provides for sector-specific SEZs, including IT/ITES, biotechnology, pharmaceuticals and other specialised zones. India provides a useful model for sector-specific clustering; Kenya should link each zone type to a clearly defined economic activity and comparative advantage.

Comparative Observations and Lessons for Kenya

38. The consolidation of EPZA and SEZA into a single Authority is consistent with a clear regional and international trend, and is, in the Committee's view, a rationalisation of Kenya's investment-zone architecture that is overdue.

39. The key lesson from comparable mergers, particularly Uganda's 2024 experience, is not whether to merge, but how: a carefully sequenced and adequately resourced transition, as opposed to a hurried one, determines whether the merger delivers the intended efficiency gains without disrupting existing investors.

40. A single regulator with a unified licensing window, properly designed and sequenced, can be expected to improve Kenya's ease-of-doing-business ranking and reduce investor migration between parallel regimes.

Overall Assessment

41. The Kenya Economic Zones Bill, 2026 represents a significant rationalisation of Kenya's investment-zone architecture, replacing two parallel and, at times, overlapping regimes with a single Kenya Economic Zones Authority. The Bill is broadly consistent with regional and international best practice in consolidating investment-zone institutions. Its ultimate success will, however, depend on the extent to which the transition from the two predecessor Authorities is carefully sequenced and adequately funded, the constitutional roles of the National Land Commission and county governments in land and planning matters are respected, the minimum investment threshold and Board composition are calibrated to be inclusive of Micro, Small and Medium Enterprises, workers and county governments, and investor aftercare is expressly institutionalised.

CHAPTER THREE

3.0 OVERVIEW OF THE KENYA ECONOMIC ZONES BILL (NATIONAL ASSEMBLY BILL NO. 46 OF 2026)

3.1 Introduction

42. The Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026) is sponsored by Hon. Kimani Ichung'wah, EGH, MP, Leader of the Majority Party. The Bill was published on 2nd July 2026 vide Kenya *Gazette* Supplement No. 179. It underwent First Reading on 28th July 2026, and was thereafter committed to the Departmental Committee on Trade, Industry and Cooperatives for consideration and to facilitate public participation, pursuant to Standing Order 127.

43. The Bill seeks to address longstanding challenges in Kenya's economic zones framework by merging the Export Processing Zones Authority, established under the Export Processing Zones Act, Cap. 517, and the Special Economic Zones Authority, established under the Special Economic Zones Act, 2015, into a single Kenya Economic Zones Authority.

3.2 Objective of the Bill

44. The principal object of the Bill, as set out in clause 3, is to create an enabling environment for the development of all aspects of special economic zones and export processing zones, and to regulate and administer activities within such zones with due regard to the principles of openness, competitiveness and transparency, including through:

    a) Development of integrated infrastructure facilities;
    b) Creation of incentives for economic and business activities in areas designated as special economic zones;
    c) Removal of impediments to economic or business activities that generate profit for enterprises in areas designated as special economic zones; and
    d) Regulation and administration of activities within special economic zones and export processing zones with due regard to the principles of openness, competitiveness and transparency.

3.3 Potential Impact of the Bill

The Kenya Economic Zones Bill, 2026 will have a significant impact on the development, regulation and administration of economic zones in Kenya, through:

45. **Strengthened institutional coordination and regulation**: The Bill establishes a single Kenya Economic Zones Authority by consolidating the EPZA and the SEZA, which is expected to reduce institutional fragmentation, eliminate duplication of licensing procedures and provide investors with a single point of contact, thereby improving compliance, transparency and accountability.

46. **Increased domestic and foreign investment**: By harmonising the licensing, incentive and compliance framework applicable to economic zones, the Bill seeks to create a more predictable and enabling investment environment that could enhance Kenya's attractiveness to domestic and foreign investors.

47. **Improved infrastructure and industrial development**: The framework will facilitate the development of integrated infrastructure and specialised economic zones, supporting manufacturing, agriculture, ICT, business services, science and technology, logistics and other productive activities.

48. **Growth in exports, value addition and employment**: By improving the operating environment for enterprises, the Bill could stimulate manufacturing, export production, local value addition and employment creation, while strengthening Kenya's participation in regional and international markets.

49. **Enhanced trade facilitation and economic competitiveness**: The Bill provides a clearer framework for customs administration and movement of goods, while strengthening the overall competitiveness of Kenya's economic zones, with potential longer-term benefits for industrialisation and Kenya's position as an investment and production hub.

50. **Risk of exclusion of local enterprises**: Conversely, a number of stakeholders cautioned that a uniform and high minimum investment threshold, if retained without differentiation, could exclude Micro, Small and Medium Enterprises and technology or service-oriented start-ups from participating in the economic zones programme, an outcome that would run counter to the Bill's stated objectives.

51. **Land and planning implications**: The consolidation of the two Authorities, and the functions proposed for KEZA in relation to the identification, mapping and acquisition of land for economic zones, has significant implications for land administration and physical and land use planning, requiring close coordination with the National Land Commission, county governments and the national planning authority.

3.4 Clause by Clause Provisions of the Bill

Part I: Preliminary Provisions

52. **Clause 1** provides for the short title of the Act.

53. **Clause 2** defines the key terms and expressions used throughout the Bill, including '*Authority*', '*Board*', '*customs-controlled area*', '*developer*', '*enterprise*', '*export processing zone*', '*special economic zone*' and related terms.

54. **Clause 3** sets out the object of the Act, being to create an enabling environment for the development of special economic zones and export processing zones, and to regulate and administer activities within such zones with due regard to openness, competitiveness and transparency.

Part II: Establishment of the Kenya Economic Zones Authority

55. **Clause 4** establishes the Kenya Economic Zones Authority as a body corporate with perpetual succession, capable of suing and being sued in its corporate name.

56. **Clause 5** sets out the functions of the Authority, including identification and mapping of land for economic zones, making recommendations to the Cabinet Secretary on designation and revocation of zones, implementation of policies and programmes, review and processing of licence applications, market research, promotion and marketing of the zones programme, establishment of a centralised applications system, monitoring and enforcement of compliance, inter-agency collaboration, and issuance of certificates of origin.

57. **Clause 6** sets out the powers of the Authority, including management of its assets, receipt of gifts and grants, establishment of regional offices, and on-site inspection of economic zones.

58. **Clause 7** establishes the Board of the Authority, comprising a chairperson appointed by the President, the Principal Secretaries responsible for the National Treasury, economic zones and land, the Commissioner-General of the Kenya Revenue Authority, four private sector representatives, and the Chief Executive Officer as an ex officio, non-voting member.

59. **Clause 8** prescribes the qualifications, eligibility and disqualification criteria for the Chairperson and members of the Board.

60. **Clause 9** provides for a three-year term of office for the Chairperson and members of the Board, renewable once, with staggered appointments.

61. **Clause 10** sets out the powers of the Board, including management of the Authority's assets, establishment of subsidiaries or joint ventures, allocation of resources, imposition of fees and charges, and oversight of the Authority's performance.

62. **Clause 11** provides for the circumstances under which the office of Chairperson or a member of the Board becomes vacant.

63. **Clause 12** provides for the remuneration of Board members as determined by the Cabinet Secretary in consultation with the Salaries and Remuneration Commission.

64. **Clause 13** empowers the Board to establish committees for the better performance of its functions.

65. **Clause 14** permits the Board to co-opt up to two additional members into a committee to benefit from specialised skills.
66. **Clause 15** provides for delegation by the Board of its powers and functions to a committee, member, officer, employee or agent of the Authority.

67. **Clause 16** provides that the conduct of the affairs and business of the Board shall be in accordance with the Schedule to the Act.

68. **Clause 17** establishes the office of Chief Executive Officer, competitively recruited and appointed by the Board, responsible for the day-to-day management of the Authority.

69. **Clause 18** prescribes the qualifications for appointment as Chief Executive Officer, including a relevant degree and at least fifteen years' professional experience, five of which at management level.

70. **Clause 19** provides for the employment of officers and staff of the Authority through a competitive and transparent process.

71. **Clause 20** protects Board members and staff from personal liability for acts done in good faith in the performance of their functions.

72. **Clause 21** requires disclosure of interest by a member of the Board or a person in a Board or committee meeting who has a direct or indirect personal interest in a matter under consideration.

73. **Clause 22** provides for the custody and use of the common seal of the Authority.

74. **Clause 23** establishes the office of Corporation Secretary, competitively recruited and appointed by the Board, responsible for the Board's records, decisions and governance advice.

Part III: Special Economic Zones

75. **Clause 24** empowers the Cabinet Secretary, on the recommendation of the Authority and with the approval of the Cabinet Secretary responsible for the National Treasury, to declare any area a special economic zone by notice in the Gazette, and sets out the categories of zones that may be so designated, including free trade zones, industrial parks, free ports, ICT parks, science and technology parks, agricultural zones, tourist and recreational zones, business service parks, livestock zones, and oil and gas zones.

76. **Clause 25** sets out the criteria the Authority must take into account in designating and determining special economic zone project proposals, including the nature and size of the proposed project, land availability, geographical location, infrastructure requirements, environmental assessments and zoning requirements.

Part IV: Export Processing Zones

77. **Clause 26** empowers the Cabinet Secretary, on the recommendation of the Authority, to declare any area an export processing zone by notice in the Gazette, for the purpose of attracting, promoting or increasing the manufacture of goods or provision of services for export.

78. **Clause 27** categorises export processing zones into public export processing zones, established and owned by the Authority or other Government agencies, and private export processing zones, owned by local or foreign investors.

79. **Clause 28** empowers the Cabinet Secretary to revoke the declaration of an export processing zone that remains undeveloped two years after declaration, or where the developer, operator or enterprise carries out prohibited activities or requests revocation.

80. **Clause 29** sets out the activities eligible to be carried out within an export processing zone, namely manufacturing, commercial and service activities.

81. **Clause 30** sets out activities prohibited within an export processing zone, including retail trade in goods produced or imported into the zone, importation of used items other than as raw material, and activities posing a threat to health, safety, the environment or national security.

Part V: Operations Within a Special Economic Zone and an Export Processing Zone

82. **Clauses 31** and **32** deem goods and services moved between the customs territory and an economic zone to be exported or imported, as the case may be, for customs purposes.

83. **Clause 33** governs the movement of goods and services within and between economic zones, subject to the approval of the Authority and proper officers.

84. **Clause 34** governs the removal, storage, sale and destruction of goods within economic zones, subject to the applicable customs laws of the East African Community.

85. **Clause 35** requires the Authority to ensure that zone developers provide and maintain facilities necessary for the proper functioning of economic zones, including customs enclosures, security, and utilities.

Part VI: Licensing

86. **Clause 36** requires a person carrying on business as an economic zone developer, operator or enterprise to hold a valid licence, sets a minimum investment value of Kenya Shillings five billion for licensing, and provides for a licence validity period of ten years, subject to compliance and payment of prescribed fees.

87. **Clause 37** requires the Authority to notify the Kenya Revenue Authority of every licence issued.

88. **Clauses 38 and 39** provide for the suspension and revocation of licences, respectively, including the grounds for suspension or revocation, notice requirements, and the right of a licensee to seek a review of an intended suspension or revocation.

89. **Clause 40** subjects the receipt and payment of funds by economic zone enterprises to the Banking Act, the Central Bank of Kenya Act and the Proceeds of Crime and Anti-Money Laundering Act.
90. **Clause 41** requires the Authority to maintain a register of licence holders.

91. **Clause 42** requires a person carrying on business as a Kenya Economic Zones Service Provider to hold a permit, valid for twelve months and renewable annually.

92. **Clauses 43** and **44** provide for the suspension and revocation of the Kenya Economic Zones Service Permit, respectively.

93. **Clause 45** requires the Authority to maintain a register of permit holders.

Part VII: Special Economic Zones and Export Processing Zones Developers, Operators and Enterprises

94. **Clause 46** sets out the criteria for a special economic zone developer, including financial capacity, technical expertise and a leasehold or ownership interest of not less than ten years.

95. **Clause 47** sets out the requirements for a special economic zone enterprise, including that its activities must not have a negative environmental or security impact.

96. **Clause 48** sets out the rights and obligations of a special economic zone developer or operator, including the right to appoint an operator, lease or sell land, and the obligation to provide adequate security, infrastructure and periodic reporting to the Authority.

97. **Clause 49** sets out the requirements for an export processing zone developer or operator, including a leasehold or ownership interest of not less than ten years.

98. **Clause 50** sets out the obligations of an export processing zone developer, including development of the zone within two years, provision of infrastructure and security, and periodic reporting.

99. **Clause 51** sets out the requirements for an export processing zone enterprise, including that it be a private or public company incorporated in Kenya for purposes of producing goods or services.

100. **Clause 52** sets out the record-keeping, reporting and compliance obligations of an export processing zone enterprise, including maintenance of stock books and quarterly returns to the Authority.

101. **Clause 53** sets out the rights of a licensed special economic zone and export processing zone enterprise, including protection against nationalisation, repatriation of capital and profits, protection of intellectual property, and the right to sell up to 100 per cent (special economic zones) or 20 per cent (export processing zones) of production into the customs territory.

102. **Clause 54** provides for tax incentives and exemptions for licensed developers, operators and enterprises, including exemption from stamp duty, and entitlement to work permits for up to twenty per cent of full-time employees.

Part VIII: Kenya Economic Zones Service Provider

103. **Clause 55** provides for the registration and regulation of Kenya Economic Zones Service Providers, who may operate as a sole proprietorship, partnership or company, to carry out eligible business service activities within a zone, and requires filing of quarterly compliance reports to the Authority.

Part IX: Financial Provisions

104. **Clauses 56 to 60** provide for the funds of the Authority, its financial year, preparation and approval of annual estimates, keeping and audit of accounts, and preparation of an annual report by the Board, to be submitted to the Cabinet Secretary within three months after the end of each financial year.

105. **Clauses 61 and 62** empower the Authority to open and operate bank accounts, and to invest surplus funds of the Authority with the approval of the National Treasury.

Part X: Miscellaneous Provisions

106. **Clause 63** exempts the Authority from payment of stamp duty on land transactions.

107. **Clause 64** requires data processed under the Act to comply with the Data Protection Act.

108. **Clause 65** provides for a person aggrieved by a decision of the Authority to request the Cabinet Secretary to review the decision within thirty days.

109. **Clause 66** provides for an appeal to the High Court against a decision of the Cabinet Secretary, within thirty days.

Part XI: Offences and Penalties

110. **Clause 67** provides for a general penalty for offences under the Act, and specific enhanced penalties for contravention of the provisions on prohibited activities and removal of goods, and for an administrative penalty for failure to maintain proper records.

Part XII: Provisions on Delegated Powers

111. **Clause 68** empowers the Cabinet Secretary, in consultation with the Authority, to make regulations for the better carrying out of the provisions of the Act.

Part XIII: Transitional Provisions

112. **Clause 69** repeals the Export Processing Zones Act, Cap. 517 and the Special Economic Zones Act, 2015.

113. **Clause 70** provides for the transition of funds, assets, liabilities, staff, licences, permits and pending proceedings from the Export Processing Zones Authority and the Special Economic Zones Authority to the Kenya Economic Zones Authority.

114. **The Schedule to the Bill** sets out provisions on the conduct of the affairs and business of the Board, including the frequency and notice of meetings, disclosure of interest, quorum and decision-making.

115. The Bill delegates legislative powers to the Cabinet Secretary but does not limit fundamental rights and freedoms.

116. The Bill does not concern county governments in terms of Article 110(1)(a) of the Constitution as it does not contain provisions affecting the functions and powers of county governments set out in the Fourth Schedule to the Constitution. Paragraph 9 of the Fourth Schedule to the Constitution provides that national economic policy and planning is a national government function.

117. The Bill is a money Bill for purposes of Article 114 of the Constitution as the enactment of the Bill may occasion additional expenditure of public funds.

CHAPTER FOUR

4.0 STAKEHOLDER ENGAGEMENT ON THE KENYA ECONOMIC ZONES BILL (NATIONAL ASSEMBLY BILL NO. 46 OF 2026)

118. Following the placement of an advertisement in the print media on 6th August 2026 requesting for memoranda from the public and stakeholders, and vide letters Ref: NA/DDC/TIC/2026/071, NA/DDC/TIC/2026/072 and NA/DDC/TIC/2026/073, dated 24th August 2026, inviting stakeholders to a meeting on Tuesday, 1st September 2026, the Committee received memoranda from the following twenty-six (26) stakeholders on the Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026):

i. Association of Special Economic Zones (ASEZ);
ii. TRIFIC Special Economic Zone;
iii. Tatu City Limited;
iv. Retail Trade Association of Kenya (RETRAK);
v. Kenya Private Sector Alliance (KEPSA);
vi. Emsi and Associate Advocates LLP;
vii. Kenya Association of Manufacturers (KAM);
viii. Law Society of Kenya (LSK);
ix. Central Organisation of Trade Unions (COTU);
x. Kenya Institute of Planners (KIP);
xi. National Land Commission (NLC);
xii. Kenya Revenue Authority (KRA);
xiii. State Department for Lands and Physical Planning;
xiv. State Department for Investment Promotion;
xv. Special Economic Zones Authority (SEZA);
xvi. Export Processing Zones Authority (EPZA);
xvii. State Department for Trade;
xviii. State Department for Industry;
xix. National Environment Management Authority (NEMA);
xx. Kenya National Chamber of Commerce and Industry (KNCCI);
xxi. Institute of Certified Public Accountants of Kenya (ICPAK);
xxii. Council of Governors;
xxiii. Central Bank of Kenya (CBK);
xxiv. Mr. Andrew Juma Makokha Tumbu;
xxv. Sameer Industrial Park; and
xxvi. Kenya Investment Authority

The stakeholders submitted as follows on the Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026:

4.1 Association of Special Economic Zones

In a meeting held on Tuesday, 1st September 2026, Mr. Phillip Nderitu, CEO, proposed the following amendments to the Bill on behalf of ASEZ:

119. Amend the Preamble to read, '*A Bill for an Act of Parliament to provide for the establishment of economic zones; to establish the Kenya Economic Zones*'.

Committee's Observation/Recommendation

The committee rejected this proposal. The committee observed that the proposal is likely to exclude the provision on investment promotion which is likely to defeat the object of the Bill.

120. Amend clause 2 by introducing definition for '*educational zone*' to mean a zone declared/designated under this Act established as a centre of excellence for advanced, world class teaching and learning, which may or may not be designated as a customs area.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that an educational zone is not an economic zone and its inclusion of it is likely to be misused, contrary to the objects of the Bill.

121. Amend the Bill by deleting paragraph 5(2)(e).

Committee's Observation/Recommendation

This proposal was rejected by the committee.

122. Amend paragraph 5(2)(f) by inserting the words '*goods and services to be handled*' immediately after the words '*investment activities*'.

Committee's Observation/Recommendation

This proposal was rejected by the committee.

123. Amend clause 25 by inserting the following new subclause (2), '(2) *An Economic Zone declared under subclause (1) may be designated as a single-sector of multiple-sector zone, including but not limited to: (a) Export Processing Zones; (b) Free Trade Zones; (c) Industrial Parks; (d) Free Ports; (e) ICT Parks; (f) Science and Technology Parks; (g) Agricultural Zones; (h) Tourist and Recreational Zones; (i) Business Service Parks; (j) Educational Zone; or (k) any other sector or zone declared by notice in the Gazette*'.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that the provision on the criteria for designation of special economic zones provided for under clause 25 is sufficient and conclusive.

124. Amend subclause 36 (1) to read as follows, '*A person shall not carry on business as an economic zone developer, operator or special economic zones enterprise or exports processing zones enterprise or hold himself out as providing or maintaining activities or facilities within an economic zone unless they are issued with a valid licence under this Act*'.

Committee's Observation/Recommendation

The committee adopted this proposal. The Committee observed that the proposal is necessary to incorporate all the economic zones provided for under the Bill.

125. Amend subclauses 36(2), (3) and (4) to reflect the 4 licences to be issued to economic zones developer/operator, SEZ enterprise and EPZ enterprise.

Committee's Observation/Recommendation

The Committee adopted this proposal.

126. Amend subclause 36(6) by removing the single Kshs. 5 billion minimum investment threshold.

Committee's Observation/Recommendation

The Committee adopted this proposal and reviewed the Minimum investment threshold to 10,000,000 USD.

127. Insert the following new paragraph 36(9)(c), '*upon expiry of a licence, a special economic zone developer, operator or enterprise shall have the right to apply for renewal of the licence for a further period commensurate with the nature, scale and investment horizon of the approved project and having regard to the continued compliance of the SEZ entity with the requirements of this Act and any regulations made thereunder*'.

Committee's Observation/Recommendation

The committee rejected this proposal. The committee proposed to review the proposal as contained in the Bill to the extent of 45 days, within which, if a person fails to pay the prescribed fees, then the person shall be liable to pay a penalty as may be prescribed.

128. Amend the following new paragraph 48(d), '*develop residential premises within the customs-controlled area of a special economic zone for use of persons employed within, and residing in, that special economic zone; provided that where such residential premises are sold, transferred or otherwise disposed of, a one-off surcharge of two and a half percent of the selling price shall be levied at the point of first sale, transfer or disposal*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as it is likely to be abused.

129. Amend clause 53 by inserting the following new paragraph, '*a special economic zones enterprise in a mixed use zone shall have the right to develop residential premises within the customs-controlled area of a special economic zone for use of persons employed within, and residing in that special economic zone; provided that where such residential premises are sold, transferred, or otherwise disposed of, a one-off surcharge of two and a half percent of the selling price shall be levied at the point of first sale, transfer or disposal*'.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that this proposal, if adopted, may be misused for commercial purposes, which may defeat the object of the Bill.

130. Insert the following new paragraph 54(1)(a), '*The tax incentives granted to a licenced Economic Zones developer, operator, or SEZ enterprise or EPZ enterprise under this Act or any other written law shall remain unchanged for ten years from the licence issuance date, irrespective of subsequent amendments to this Act or other laws. Provided that after this period, the entity shall qualify for incentives under the prevailing SEZ or respective tax laws*'.

Committee's Observation/Recommendation

The committee adopted this proposal.

131. Insert the following new subclause 54(3), '*Where developers, operators or enterprises are owned by a Special Economic Zones holding company, the twenty per cent shall be computed on the group of entities including the holding company*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

132. Amend clause 65 to clarify the decisions of the Authority that are subject to review, and reframe the dispute-resolution framework to retain the negotiation and optional arbitration mechanism

under section 37 of the Special Economic Zones Act, including reference to arbitration under UNCITRAL, ICC or ICSID rules, or the Arbitration Act.

Committee's Observation/Recommendation

This proposal was adopted by the Committee. The Committee proposed amendments to the Bill to establish a Tribunal.

133. Amend clause 67 by reviewing penalty levels and distinguishing criminal penalties from administrative sanctions and authorising an enforcement/sanctions framework in regulations, subject to constitutional and statutory safeguards and clarify that customs offences remain subject to customs laws.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

4.2 TRIFIC Special Economic Zone

In a meeting with the Committee held on Tuesday, 1st September 2026, Ms. Brenda Mbatha, CEO, proposed the following amendments to the Bill on behalf of TRIFIC SEZ:

134. Amend subclause 24(7) by replacing the mandatory employee threshold with alternative qualifying criteria such as export revenue generation, technology investment, innovation outputs, skills transfer or value addition.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that the provisions under clause 24(7) are sufficient.

135. Amend subclause 36(6) by removing the Kshs. 5 billion thresholds for enterprises or introduce differentiated thresholds for developers, operators and enterprises based on the nature and scale of investment.

Committee's Observation/Recommendation

The committee adopted this proposal and reviewed the threshold for enterprises to USD 10,0000,000.

136. Amend clauses 38 and 39 to introduce clearer procedural safeguards, including notice periods, opportunity to remedy breaches and rights of appeal before suspension or revocation.

Committee's Observation/Recommendation

The Committee adopted the proposal and reviewed the provisions of clauses 38 and 39 to provide for a clear mechanism for dispute resolution.

137. Amend clause 42 by expanding the categories of eligible service providers.

Committee's Observation/Recommendation

The Committee rejected this proposal and proposed to retain clause 42 as proposed in the Bill.

138. Amend clause 70 by strengthening protections for existing licences, permits and agreements.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

4.3 Tatu City Limited

In a meeting held on Tuesday, 1st September 2026, Mr. Zaki Sheikh, a Consultant, proposed the following amendments to the Bill on behalf of Tatu City:

139. Amend clause 2 by defining '*content*' to mean the originating or non-originating materials, components, parts, ingredients, and other inputs, including value added through manufacturing or processing, incorporated into the manufacture, production, or assembly of goods.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

140. Amend subclause 24(6) by inserting the words '*educational institutions, research and innovation centres, education parks*' immediately after paragraph (6)(j).

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that an educational zone is not an economic zone and its inclusion of it is likely to be misused, contrary to the objects of the Bill

141. Amend paragraph 24(7)(b)(i) to read, '*shall employ such number of employees as may be determined in accordance with criteria prescribed by the Authority, having regard to, among other matters, the investment value, economic impact, export potential, technology transfer, skills development, and employment creation potential of the enterprise*'.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that the proposal as contained in the Bill is to enhance the benefits of economic zones and as such, reviewing the same is likely to defeat the object of the Bill.

142. Either delete subclause 36(6) or introduce differentiated investment thresholds only for developers and enterprises.

Committee's Observation/Recommendation

The Committee adopted this proposal and reviewed the threshold for the enterprise to USD 10,000,000.

143. Insert the following new paragraph 48(k), '*Develop residential premises within the customs-controlled area of a special economic zone for use of persons employed within and residing in that special economic zone; provided that where such residential premises are sold, transferred or otherwise disposed of, a one-off surcharge of two and a half percent of the selling price shall be levied at the point of first sale, transfer or disposal*'.

Committee's Observation/Recommendation

The Committee rejected this proposal. The committee observed that this proposal is likely to be misused to avoid tax and other regulatory compliance while enjoying various incentives within an economic zone.

144. Insert the following new paragraph 53(j), '*A special economic zones enterprise shall have the right to develop residential premises within the customs-controlled area of a special economic zone for use of persons employed within, and residing in that special economic zone; provided that where such residential premises are sold, transferred, or otherwise disposed of, a one-off surcharge of two and a half percent of the selling price shall be levied at the point of sale, transfer or disposal*'.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that this proposal is likely to be misused to avoid tax and other regulatory compliance while enjoying various incentives within an economic zone.

145. Insert the following new subclause 54(5), '(a) *notwithstanding the repeal or amendment of the provisions relating to incentives under the Special Economic Zones Act, 2025, an enterprise, developer, operator, or other entity that was duly licenced, gazetted or otherwise approved as a Special Economic Zone entity under the repealed Act before the commencement of this Act shall, during the period of validity of its existing licence, continue to enjoy the incentives, exemptions, privileges and benefits applicable to it under the Special Economic Zones Act, 2015 and the subsidiary legislation made thereunder; (b) the incentives, exemptions,*

privileges and benefits referred to in subsection (a) shall continue to apply to the existing SEZ entity notwithstanding any provision of this Act establishing a different incentive structure, provided that the entity continues to comply with the conditions attached to its existing licence and the applicable law; (c) upon the expiry, surrender, revocation or cancellation of the existing licence of an SEZ entity referred to in subsection (a), any subsequent application for a new licence, renewal or re-licencing shall be subject to the incentive structure, eligibility requirements, conditions and other provisions of this Act; (d) for the avoidance of doubt, the expiry of an existing licence shall not be construed as creating an entitlement to the incentives, exemptions, privileges or benefits applicable under the repealed Act in respect of any subsequent licence issued under this Act; (e) nothing in this section shall prevent an existing SEZ entity from voluntarily electing, in writing, to transition to the incentive structure established under this Act before the expiry of its existing licence, subject to such conditions and procedures as may be prescribed; and (f) the CS shall, within such period as may be prescribed, make regulations providing for the orderly transition of existing SEZ entities from the incentive regime under the repealed Act to the incentive regime established under this Act, including the treatment of licences, approvals, exemptions, incentives and contractual or statutory obligations existing immediately before the commencement of this Act'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

4.4 Retail Trade Association of Kenya

146. In a meeting with the Committee held on Tuesday, 1st September 2026, Ms. Anne Nyambura, Policy Officer, proposed that clause 42 be amended to provide for domestic market access.

Committee's Observation/Recommendation

The committee adopted this proposal and reviewed the provision of clause 42.

4.5 Kenya Private Sector Alliance

In a meeting with the Committee held on Tuesday, 1st September 2026, Ms. Miriam Bomett, Head of Public Policy proposed the following amendments to the Bill on behalf of KEPSA:

147. Amend subclause 36(6) by removing the Kshs. 5 billion threshold for enterprises or introduce differentiated thresholds for developers, operators and enterprises based on the nature and scale of investment.

Committee's Observation/Recommendation

The Committee adopted this proposal and reviewed the Minimum investment threshold to 10,000,000 USD.

148. Amend subclause 24(7) to replace the mandatory employee threshold with alternative qualifying criteria such as export revenue generation, technology investment, innovation outputs, skills transfer or value addition.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that the provision of subclause 24(7) is necessary, as it promotes employment creation for Kenyans, which is an important objective of investment promotion. The proposed alternative criteria are broad and may introduce subjectivity and inconsistencies in determining eligibility.

149. Amend Parts III and IV of the Bill by incorporating educational zone, financial services zone e.t.c into the list of schemes.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that the proposal is already substantially catered for under the existing legal framework

150. Amend clauses 38 and 39 by introducing clearer procedural safeguards, including notice periods, opportunity to remedy breaches and rights of appeal before suspension of revocation.

Committee's Observation/Recommendation

The committee adopted this proposal with amendments to clauses 38 and 39.

151. Amend clause 42 by expanding the categories of eligible service providers.

Committee's Observation/Recommendation

The Committee rejected this proposal and recommended retaining clause 42 as proposed in the Bill.

152. Amend clause 70 by strengthening protections for existing licences, permits and agreements.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

4.6 EMSI & Associate Advocates LLP

In a meeting with the Committee held on Tuesday, 1st September 2026, Ms. Mary Anne Wachira, a Lawyer, proposed the following amendments to the Bill on behalf of the Company:

153. Amend subclause 36(6) by removing the Kshs. 5 billion threshold and adopting a more flexible framework that evaluates investors on their economic contribution rather than a fixed capital threshold.

Committee's Observation/Recommendation

The Committee adopted this proposal and reviewed the Minimum investment threshold to 10,000,000 USD.

154. Preserve the independence of the Kenya Economic Zones Authority by ensuring that it remains a regulator and not a developer.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that the Authority, as established, is a regulator with its governing structures provided for under the Act.

155. Amend the Bill by including educational facilities and educational zones as permissible activities within special economic zones.

Committee's Observation/Recommendation

The Committee rejected this proposal as the same is likely to defeat the object of the Bill.

156. Amend the Bill to recognise residential housing as supporting SEZ infrastructure particularly within integrated and mixed-use economic zones that can accommodate workers, students, researchers, entrepreneurs and investors.

Committee's Observation/Recommendation

The Committee rejected this proposal as recognising residential housing is likely to be misused by those who may use the residential housing for commercial purposes.

157. Amend the Bill by putting in place a robust arbitration and dispute-resolution mechanism.

Committee's Observation/Recommendation

The committee adopted this proposal.

4.7 Kenya Association of Manufacturers

In a meeting with the Committee held on Tuesday 1st September 2026, Ms. Ruth Lemlem, Manager, Legal and Regulatory Affairs proposed the following amendments to the Bill on behalf of KAM:

158. Amend definition of '*industrial parks*' by including export processing zones.

Committee's Observation/Recommendation

The Committee adopted the definition 'economic zones' for export processing zones and special economic zones.

159. Amend definition of '*customs territory*' by including the words, '*economic zones (SEZs and EPZs) will be considered as foreign customs territory*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

160. Paragraph 4(2)(c) should be considered against SCAC's provisions on borrowing and delete the second 'borrowing'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

161. Amend paragraph 5(2)(p) to include Export Processing Zones and to introduce conditions for removal of incentives and deregistration.

Committee's Observation/Recommendation

The committee rejected this proposal as provisions on export processing zones have been provided for together with conditions for removal of incentives and deregistration.

162. Delete paragraph 5(2)(r).

Committee's Observation/Recommendation

The Committee rejected this provision because it is necessary for the regulation of investment that forms part of an economic zone under this Bill.

163. Provide for nomination of a representative of the Kenya Association of Manufacturers under paragraph 7(f).

Committee's Observation/Recommendation

The Committee rejected the proposal as the composition as provided for under the Bill is sufficient.

164. Delete paragraph 10(b).

Committee's Observation/Recommendation

The committee adopted this proposal.

165. Amend subclause 15(1) to read as follows, '*The Board may by resolution delegate to any committee or the Board or to any member or the Chief Executive Officer the exercise of any of its powers or the performance of any of its functions under this Act or any other written law*'.

Committee's Observation/Recommendation

The Committee rejected this proposal as this will preserve the integrity of the Board's statutory responsibilities and avoid potential conflicts with other written laws.

166. Amend subclause 18(1) to read as follows, '*Holds a relevant degree from a university recognised in Kenya*' or provide for specific skills in a typical economic zone including engineering, manufacturing, business, finance or marketing.

Committee's Observation/Recommendation

The committee adopted this proposal and reviewed the provisions of paragraph 18 (1)(a).

167. Amend subclause 18(2) by reducing the term of the CEO to three years.

Committee's Observation/Recommendation

The Committee adopted this proposal.

168. Amend subclause 24(1) to read as follows, '*The Cabinet Secretary shall on the recommendation of the Authority declare by notice in the Gazette any area as a special economic zone*'.

Committee's Observation/Recommendation

The Committee rejected this proposal, retaining the provision as it is in the Bill because seeking the approval of the Cabinet Secretary responsible for Treasury is necessary given that declaration of an SEZ has an impact on taxes.

169. Amend subclause 26(1) to read as follows, '*The Cabinet Secretary shall on the recommendation of the Authority, with the object of attracting, promoting or increasing the manufacture of goods or provision of services for export by notice in the Gazette, declare any area, land or building or part thereof in Kenya to be an export processing zone*'.

Committee's Observation/Recommendation

The Committee adopted this proposal to correct typographical errors contained in the said provisions.

170. Amend clause 27 by including public private partnership owned land and amend definition of EPZ and SEZ to provide that they can either be publicly or privately owned.

Committee's Observation/Recommendation

The Committee rejected this proposal as the same is not necessary.

171. Amend clause 28 by numbering the subclauses and providing the processes within revocation such as dispute resolution mechanism.

Committee's Observation/Recommendation

The Committee adopted this proposal to put the provisions in the right numbering which had been excluded.

172. Renumber clause 32.

Committee's Observation/Recommendation

The Committee adopted this proposal to put the provisions in the right numbering which had been excluded.

173. Insert a new paragraph 35(2)(l) providing for access roads and common effluent treatment plants.

Committee's Observation/Recommendation

The Committee rejected this provision, as the Authority could address it under the provisions of paragraph (k) in the exercise of its power.

174. Amend subclause 54(1) to provide that the Kenya Economic Zones Act is the anchor law for all enterprises operating under EPZ and SEZ and that special economic zones shall be exempted from respective national laws including tax laws regulations.

Committee's Observation/Recommendation

The Committee rejected this proposal as the proposed blanket exemption may undermine the application of essential laws relating to labour, environmental protection, occupational safety and health, consumer protection and other regulatory safeguards.

175. Insert the following new clause, '*An EPZ and SEZ shall provide programmes and support infrastructure to support SME development towards integrating the local/national economy with the SEZ/EPZ frameworks*'.

Committee's Observation/Recommendation

The Committee rejected the proposal and observed that although the proposal seeks to promote linkages between EPZs and SEZs and local SMEs, it does not clearly identify the institution or entity responsible for implementing the proposed programs and providing the requisite support infrastructure.

176. Amend clause 70 to provide that current leases and contracts will automatically transition without the need for reapplication. Put in place a time bound transition committee (2 years) to provide administrative solutions to challenges identified during the transition.

Committee's Observation/Recommendation

The Committee proposed that a transition committee should be put in place to oversee the transition for a period of one year.

4.8 Law Society of Kenya

In a meeting with the Committee held on Tuesday, 1st September 2026, Ms. Ruth Nyaberi, Deputy Chief Executive Officer proposed the following amendments to the Bill on behalf of LSK:

177. Amend clause 7 by inserting the following new paragraph immediately after paragraph (g), '*one representative nominated by the Council of Governors to represent county governments*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that county government interests may be accommodated through existing intergovernmental cooperation frameworks without necessarily increasing the membership of the Board.

178. Amend paragraph 18(1)(a) to read as follows, '(a) *holds a relevant degree from a university recognised in Kenya in a field relating to industry, trade, law, finance, economics, management, entrepreneurship, engineering, information technology or any other field relevant to the functions of the Authority*'.

Committee's Observation/Recommendation

The Committee rejected the proposal, as the qualification provision in the Bill is sufficient.

179. Amend subclause 26(3) to provide that the application for gazettement should be to the Authority who will recommend to the Cabinet Secretary.

Committee's Observation/Recommendation

The Committee adopted this proposal.

180. Renumber clause 28 sequentially for clarity.

Committee's Observation/Recommendation

The Committee adopted this proposal.

181. Amend Clause 36(6) to establish a tiered threshold to accommodate small and medium enterprises.

Committee's Observation/Recommendation

The committee rejected this proposal and provided for review of the minimum threshold of USD 10,000,000.

182. Amend Clause 36(7) to require that any Gazette notice varying the applicable investment threshold be: (i) tabled before the relevant National Assembly and Senate committees; (ii) subject to annulment by resolution within 21 days, consistent with the Statutory Instruments Act, 2013; and (iii) published in draft for public comment before taking effect.

Committee's Observation/Recommendation

The Committee rejected this proposal as the proposed amendment is unnecessary, as the Statutory Instruments Act, 2013 already provides a comprehensive framework for public consultation, parliamentary scrutiny, and annulment of statutory instruments.

183. Amend subclause 54(1) to expressly enumerate the specific tax incentives accruing to special economic zone and export processing zone enterprises.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

184. Amend subclause 54(2) to provide that any exemption from county level fees, charges or rates shall be granted only in consultation with, and with the written concurrence of , the host county government.

Committee's Observation/Recommendation

The Committee rejected this proposal.

4.9 Central Organization of Trade Unions

185. In a meeting with the Committee held on Tuesday, 1st September 2026, Mr. Adams Barasa, Assistant Secretary General, Administration, proposed that clause 7 be amended by inserting the following new paragraph, '*one person nominated by the Central Organisation of Trade Unions (Kenya) and appointed by the Cabinet Secretary to represent the interests of workers employed within Special Economic Zones and Export Processing Zones*'.

Committee's Observation/Recommendation

The Committee rejected this proposal as the representation on the Board is informed by considerations of inclusivity, institutional efficiency and the existing labour relations framework.

4.10 Kenya Institute of Planners

In a meeting with the Committee held on Tuesday, 1st September 2026, Planner Joakim Nyarangi, President, proposed the following amendments to the Bill on Behalf of KIP:

186. Insert a definition of '*development*', development has the meaning assigned to it in section 2 of the Physical and Land Use Planning Act, Cap. 303.

Committee's Observation/Recommendation

The Committee rejected this provision and observed that this proposal is not necessary.

187. Insert definition of the '*basic infrastructure*' consistent with its use in paragraph 5(2)(d).

Committee's Observation/Recommendation

The Committee rejected this provision and observed that this proposal is not necessary.

188. Amend paragraph 5(2)(a) to read as follows, '*in consultation with the National Land Commission, the relevant county government and the Cabinet Secretary responsible for physical and land use planning, identify, map and plan areas proposed for designation as SEZs or EPZs and, where necessary, acquire or avail land to developers and operators in accordance with the Constitution and applicable land laws*'.

Committee's Observation/Recommendation

The Committee rejected this proposal as the proposed amendment risks creating overlapping institutional mandates in the identification, planning, administration and acquisition of land for economic zones.

189. Amend paragraph 5(2)(b) to read as follows, '*in consultation with the National Land Commission, relevant county Government and the Cabinet Secretary for the time being responsible for physical and land use planning, identify, map and plan areas to be designated as special economic zones, and, where necessary, acquire and, or avail land to developers and operators*'.

Committee's Observation/Recommendation

The Committee rejected this proposal as the proposed amendment risks creating overlapping institutional mandates in the identification, planning, administration and acquisition of land for economic zones.

190. Amend paragraph 5(2)(e) by inserting the words '*in consultation with the Director-General of Physical and Land Use Planning and the Cabinet Secretary responsible for physical and land use planning*'.

Committee's Observation/Recommendation

The Committee rejected this proposal as the proposed amendment risks creating overlapping institutional mandates in the identification, planning, administration and acquisition of land for economic zones.

191. Amend paragraph 5(2)(n) to read as follows, '*establish and operationalise inter-agency technical committees among relevant state agencies to ensure compliance with all applicable laws, procedures and other applicable requirements*'.

Committee's Observation/Recommendation

The Committee rejected this proposal as the same has been sufficiently provided for and operationalisation can be achieved through regulations.

192. Amend the composition of the Board to include a person with experience and expertise in physical and land use planning and who is a registered/practising member of the Kenya Institute of Planners, nominated by the Institute.

Committee's Observation/Recommendation

The Committee rejected this proposal as this proposal for inclusion has been well addressed by the inclusion of the principal secretary responsible for matters relating to land or their representative.

193. Amend paragraph 25(i) to read as follows, '*approved Physical and Land Use Plans, including zoning requirements, to facilitate the special economic zones*.

Committee's Observation/Recommendation

The Committee rejected this proposal as the provision under the Bill is sufficient.

194. Amend clause 25 by adding a requirement for public participation and stakeholder consultation, including with affected county governments and communities prior to the designation of an SEZ.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that this proposal is already provided for.

195. Amend paragraph 48(2)(a) by replacing the words '*plans approved by the Authority*' with the words '*plans approved by the Cabinet Secretary responsible for physical and land use planning, in consultation with the Authority, for special economic zones, and by the relevant County Executive Committee Member in accordance with the County Governments Act and PLUPA for EPZs and county-level development control*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

4.11 National Land Commission

In a meeting with the Committee held on Tuesday, 1st September 2026, the CEO, Ms. Kabale Tache Arero, proposed the following amendments to the Bill on behalf of NLC:

196. Insert a definition of '*Commission*' to mean National Land Commission established under Article 67 of the Constitution.

Committee's Observation/Recommendation

The committee rejected this proposal and observed that the proposal was not necessary

197. Amend clause 7 to include the Chairperson of NLC or designated representative as member/permanent invitee.

Committee's Observation/Recommendation

This proposal was rejected by the Committee because the Principal Secretary responsible for matters relating to land or their representative has been included in the membership of the Board.

198. Insert the following new paragraphs 24(3) and 26(3), '*where land proposed is public land, declaration shall only be made after reservation, allocation or setting aside by the National Land Commission on behalf of national/county governments pursuant to Articles 62(3) and 67(2)(a) of the Constitution and section 12 of the Land Act vide Gazette notice*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that it was unnecessary, as the National Land Commission is well represented in the Authority and the Bill recognises the need to comply with relevant laws.

199. Amend paragraph 25(g) by adding the following paragraph, '*evidence of NLC allocation, letter of allotment, lease, Gazette reservation order and compliance with Land (Allocation) Regulations, 2017*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that it was unnecessary as the Bill recognises the need to comply with relevant laws.

200. Amend paragraph 25(h) by adding the paragraph, '*confirmation from NLC that land is in National Public Land Inventory and not encumbered*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that it was unnecessary as the Bill recognises the need to comply with relevant laws.

201. Amend clauses 25 and 29 by adding the following paragraph, '*any conversion of public land or change of user for purposes of this Act shall be subject to approval by the National Land Commission under section 9 of the Land Act*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that it was unnecessary as the Bill recognises the need to comply with relevant laws.

202. Amend clauses 46, 49 and 50 by including the following paragraph, '*A developer/operator on public land shall hold a lease granted by the National Land Commission on behalf of the national/county government. The Authority shall be manager as licensee of NLC*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that it was not necessary.

203. Amend clauses 54 and 63 by adding the following paragraph, '*Benefits under clause 54 and 63 shall only accrue upon production of valid lease/title issued pursuant to allocation by NLC and payment of land rent*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that it is not necessary as it has been provided for.

204. Amend clause 28 to read as follows, '*Upon revocation, the CS shall notify NLC within 14 days for Commission to revoke reservation order or reallocate the land as per section 13(3) of the Land Act*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that the proposal is not necessary.

205. Amend clauses 69 and 70 by adding the following paragraph, '*Within 12 months, the Authority shall submit all public land records to NLC for verification, formalisation of allocation and titling under section 5(1)(a) of the NLC Act*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that the proposal is not necessary.

4.12 Kenya Revenue Authority

In a meeting with the Committee held on Tuesday, 1st September 2026, Mr. Evanson Mairura, Deputy Commissioner, Customs and Border Control proposed amendments to the Bill on behalf of KRA:

206. Amend definition of '*Cabinet Secretary*' to be aligned either with matters industry or industry for consistency.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

207. Define '*customs officer*' as any person other than a labourer, employed in the service of the customs or for the time being performing duties in relation to customs.

Committee's Observation/Recommendation

The Committee rejected this proposal because the definition of a customs officer is sufficiently defined by the relevant laws relating to customs.

208. Amend definitions of '*export duties*' and '*import duties*' by deleting the word '*customs*' appearing before the word '*duties*.

Committee's Observation/Recommendation

The Committee rejected this proposal because the definitions proposed are sufficiently defined in the Bill as proposed.

209. Amend the Bill by deleting the definition of '*proper officer*'.

Committee's Observation/Recommendation

The Committee rejected the proposal as the definition is necessary for use in the Bill.

210. Define '*customs territory*' to mean the territory in which the customs laws of Kenya and the East African Community Customs Management Act apply in full, but does not include an export processing zone.

Committee's Observation/Recommendation

The Committee rejected this proposal because the definition of a customs territory is sufficiently defined by the relevant laws relating to customs

211. Amend paragraph 5(2)(r) by maintaining that KRA issues certificates of origin to the enterprise for the purpose of a generalised system of preferences and other trade preferences given under bilateral, or multilateral trade arrangements.

Committee's Observation/Recommendation

The committee adopted the proposal.

212. Amend subclause 26(1) to read as follows, '*The Cabinet Secretary shall, on the recommendation of the Authority and with the approval of the Cabinet Secretary for the time being responsible for the National Treasury, with the object of attracting, promoting or increasing the manufacture of goods or provision of services for export, by notice in the Gazette, declare any area, land or building or part thereof in Kenya to be an export processing zone*'.

Committee's Observation/Recommendation

The Committee adopted this proposal.

213. Delete paragraph 26(2)(g).

Committee's Observation/Recommendation

The Committee rejected this proposal as deleting the provision as proposed is likely to defeat the object of the Bill.

214. Amend subclause 26(3) to read as follows, '*A person who intends to develop an export processing zone shall apply to the Cabinet Secretary for a declaration made under subsection (1)*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that the application shall be made to the Authority and not the Cabinet secretary.

215. Insert the following new paragraph 30(1)(j), '*Trading in, handling, manufacturing and storing any goods prohibited from import under EAC Customs Management Act, 2004 and any other laws effective in Kenya*'.

Committee's Observation/Recommendation

The Committee adopted this proposal.

216. Amend paragraph 31(a) to read as follows, '*Services provided from any part of the customs territory and brought into an export processing zone and the custom controlled area of a special economic zone shall be deemed to have been exported from Kenya*'.

Committee's Observation/Recommendation

The Committee adopted this proposal.

217. Amend paragraph 31(b) to read as follows, '*Goods which are taken out from any part of the customs territory and brought into an export processing zone and the custom controlled area of a special economic zone shall be deemed to have been imported from Kenya*'.

Committee's Observation/Recommendation

The Committee adopted this proposal.

218. Amend paragraph 32(a) to read as follows, '*Goods which are brought out of an export processing zone or custom controlled area of a special economic zone and taken into any part of the customs territory for use therein shall be deemed to be imported into the customs territory*'.

Committee's Observation/Recommendation

The Committee adopted this proposal.

219. Amend paragraph 32(e) to read as follows, '*Services which are provided out of an export processing zone or the customs-controlled area of a special economic zone to any part of the customs territory shall be deemed to be imported into the customs territory*'.

Committee's Observation/Recommendation

The Committee adopted this proposal.

220. Amend paragraph 33(a) to read as follows, '*Goods and services within an export processing zone or the customs-controlled area of a special economic zone shall not be taken out of the zone except*'.

Committee's Observation/Recommendation

The Committee adopted this proposal.

221. Amend paragraph 33(a)(ii) to read as follows, '*For export into the customs territory, with the approval of the Cabinet Secretary and subject to the import and customs procedures and payment of import duties*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

222. Amend paragraph 33(a)(iv) to read as follows, '*For transfer to any other customs-controlled area with the approval of the proper officers and the Authority, and subject to such conditions as may be imposed under the supervision of customs*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

223. Amend paragraph 33(a)(v) to read as follows, '*For repair and maintenance, or processing or conversion, with prior approval of the Authority and proper officers and subject to such conditions as may be imposed under the supervision of Customs*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

224. Amend subclause 34(1) to read as follows, '*Subject to this Act as well as applicable customs laws of the East African Community, goods within the customs controlled-area of a special economic zone may be*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

225. Amend paragraph 34(1)(a) to read as follows, '*stored, labelled, bulk broken, packed, repackaged, sorted, graded, cleaned, mixed, or otherwise manipulated or manufactured in accordance with the provisions of this Act*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

226. Amend paragraph 34(1)(c) to read as follows, '*Removed under the supervision of the proper officer from the export processing zones or the customs-controlled area of a special economic zone for export or sent into another export processing zone or the customs-controlled area of a special economic zone or bonded factory, either in its original package or otherwise*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

227. Amend subclause 36(8) to read as follows, '*The Authority shall, jointly with customs on an annual basis conduct a compliance audit of special economic zone developers*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

228. Amend paragraphs 38(1)(d) and (e) by inserting the words '*or any other written law*' immediately after the word '*Act*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

229. Amend subclauses 38(3) and (8) by adding the words '*and notify the Commissioner*' immediately after the word '*licence*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

230. Amend clause 46 by inserting the following new paragraph, '*Be a company or a public entity, for the purpose of undertaking special economic zone activities*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

231. Amend subclause 46(2) by deleting the word '*may*' and substituting with the word '*shall*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

232. Delete paragraph 54(2)(m).

Committee's Observation/Recommendation

The Committee rejected this proposal.

4.13 State Department for Lands and Physical Planning

In a meeting with the Committee held on Tuesday, 1st September 2026, Mr. Arthur Mbatia, Assistant Director, proposed the following amendments to the Bill on behalf of the State Department:

233. Insert a definition of '*development*' by reference to the meaning assigned to it under section 2 of the Physical and Land Use Planning Act, Cap. 303.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Physical and Land Use Planning Act defines 'development' narrowly, as works on land or a material change in the use of land whereas in the Bill, 'development' is used in its ordinary sense, for example in the development of economic zones, of an enabling environment for investment and of the Special Economic Zones Programme. Applying the physical planning meaning throughout the Bill would distort these other uses. The Physical and Land Use Planning Act continues to apply to development within economic zones in any case, so a developer will still require development permission under that Act.

234. Insert a definition of '*planning authority*' by reference to the definition under section 2 of the Physical and Land Use Planning Act, Cap. 303.

Committee's Observation/Recommendation

The Committee rejected this proposal as the term 'planning authority' is not used anywhere in the Bill.

235. Amend paragraph 5(2)(a) to read as follows, '*in consultation with the National Land Commission and the Cabinet Secretary responsible for physical and land use planning, identify, map and plan areas proposed for designation as SEZs or EPZs and, where necessary, acquire or avail land to developers and operators in accordance with the Constitution and applicable land laws*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

236. Amend paragraph 5(2)(b) to read as follows, '*in consultation with the National Land Commission, relevant county Government and the Cabinet Secretary for the time being responsible for physical and land use planning, identify, map and plan areas to be designated as special economic zones, and, where necessary, acquire and, or avail land to developers and operators*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee. The PS Lands or their representative is a member of the Board and they will therefore ensure that all matters land are taken care of.

237. Insert the following new paragraph 5(2)(b)(i), '*The Director-General of Physical and Land Use planning shall prepare and the CS responsible for physical and land use planning shall approve a physical and land use development plan for any area designated as a special economic zone*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee. The PS Lands or their representative is a member of the Board and they will therefore ensure that all matters land are taken care of.

238. Amend clause 5 by inserting a new paragraph establishing a joint development control technical committee to process and recommend development applications for approval, deferment or rejection by the competent planning authority under PLUPA. The Committee shall comprise a representative of the Authority, NLC, chief architect, DG Physical and Land Use Planning, Chief Structural Engineer and relevant county physical planner.

Committee's Observation/Recommendation

This proposal was rejected by the Committee. The Bill aims at reducing bureaucracies for investors. Putting in place this Committee will be contrary to this objective.

239. Delete the provisions establishing the Land Use Planning and Development Control Department/Unit within the SEZ framework.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

240. Amend paragraph 5(2)(e) to clarify that the Authority will review and approve matters falling within its statutory mandate, while physical and land use development permission remains subject to PLUPA.

Committee's Observation/Recommendation

This proposal was rejected by the Committee. The Bill aims at reducing bureaucracies for investors. Putting in place this Committee will be contrary to this objective.

241. Amend clause 25 by providing for public participation and stakeholder consultation including affected county governments and communities, before designation of an SEZ.

Committee's Observation/Recommendation

This proposal was rejected by the committee. The Committee observed that the provision on public participation and stakeholder consultation has been adequately provided for in the Bill as proposed.

242. Amend paragraph 48(2)(a) by deleting the words '*plans approved by the Authority*' and substituting with the words '*plans approved by the competent planning authority under the Physical and Land Use Planning Act, in consultation with the Authority*'.

Committee's Observation/Recommendation

This proposal was rejected by the committee. The Committee observed that the proposal is likely to defeat the regulatory mandate of the Authority thus defeating the object of establishing the Authority.

243. Amend clauses 65 and 66 by providing that decisions concerning development permission, zoning, physical and land-use planning and development control remain subject to the review and appeal mechanisms provided under PLUPA.

Committee's Observation/Recommendation

This proposal was adopted by the committee. The Committee observed that there is need to review the dispute resolution mechanism as proposed in the Bill.

4.14 State Department for Investment Promotion

In a meeting with the Committee held on Tuesday, 1st September 2026, Ms. Rose Ngare from the Legal Department proposed the following amendments to the Bill on behalf of the State Department:

244. Amend paragraph 4(c) by deleting the words '*borrowing money*', which are repeated.

Committee's Observation/Recommendation

The Committee observed that the words 'borrowing money' are repeated in paragraph 4(2)(c), which is a typographical error. The Committee further observed that none of the functions of the Authority requires it to lend money,

245. Review clause 5 with a view to consolidating the Authority's functions into a more compact and coherent set, noting that the clause as drafted lists an unduly large number of functions.

Committee's Observation/Recommendation

Clause 5 should be restructured so that overlapping functions are consolidated and grouped under the investment promotion, special economic zones and export processing zones directorates.

246. Amend paragraph 7(c) to read as follows, '*The principal secretary for the time being responsible for matters relating to Special Economic Zones and Export Processing Zones or their representative in writing*'.

Committee's Observation/Recommendation

The Committee resolved to have the PS for the time being responsible for matters relating to Investments of their representative in writing in the membership of the Board since SEZs and EPZs fall under the State Department for Investments.

247. Amend paragraph 7(e) to read as follows, '*The principal secretary for the time being responsible for matters relating to land or their representative designated in writing*'.

Committee's Observation/Recommendation

The Committee observed that this was already provided in the Bill.

248. Insert the following new subclause 9(3), '*The appointment under section 8(1) shall be based on merit, industry experience, special knowledge, profession or skill which will be of benefit to the Authority*'.

Committee's Observation/Recommendation

The committee observed that this proposal was covered by the provisions on qualifications under clause 8(2) and that clause 9 dealt with 'term of office'.

249. Insert the following new subclause 9(4), '*The appointment of the Chairperson and Members of the Board under section 8(1) shall be by Gazette notice*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

250. Amend paragraph 11(c) to read as follows, '*is incapacitated by prolonged mental illness or is otherwise unable or unfit to discharge the functions of a member of the Board*'.

Committee's Observation/Recommendation

The Committee rejected the proposal having observed that the provision as drafted in the Bill is clear. The proposed amendment would remove physical illness as a ground for vacating office, although a member may equally be unable to serve because of a physical illness. Any finding that a member is incapacitated is made by the appointing authority, and must comply with the Fair Administrative Action Act, which protects members from removal on account of a minor or temporary illness.

251. Amend subclause 14(1) to refer to section 13.

Committee's Observation/Recommendation

This amendment was adopted by the Committee as it was correcting a typographical error.

252. Amend paragraph 23(2)(c) to read as follows, '*is certified secretary and a member of the Institute of Certified Public Secretaries of Kenya in good standing*'.

Committee's Observation/Recommendation

The Committee rejected the proposal and observed that under the Certified Public Secretaries of Kenya Act, only a person registered as a certified public secretary is a member of the Institute of Certified Public Secretaries of Kenya.

253. Amend subclause 24(1) by removing the requirement for approval by the National Treasury in declaring economic zones.

Committee's Observation/Recommendation

The Committee rejected the proposal, having observed that declaring an area as a special economic zone gives enterprises in that zone access to tax incentives and exemptions, which affect government revenue. The Cabinet Secretary responsible for the National Treasury must therefore be consulted in the declaration, having weighed the fiscal cost of the zone against revenue and fiscal policy.

254. Delete paragraph 26(2)(d).

Committee's Observation/Recommendation

The Committee adopted the proposal to delete paragraph 26(2)(d).

255. Amend subclause 36(6) by providing different minimum investment thresholds for the different categories within the zones according to the size of their investment.

Committee's Observation/Recommendation

The Committee adopted this proposal and recommended that subclause 36(7) be amended to provide that the CS can amend the threshold and introduce tiered thresholds through regulations.

256. Amend subclause 36(8) to read as follows, '*The Authority shall on an annual basis and for the entire period during which a licence remains valid, conduct a compliance audit of a special Economic Zone and an Export Processing Zone developer, operator or enterprise to whom the licence is issued....*'

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

257. Amend subclause 36(9) to read as follows, '*A special economic zone or export processing zone developer, operator or enterprise that fails to pay the prescribed annual licence fees within sixty days after expiry of each twelve-month period following the date of issuance of the licence shall be liable to a penalty as prescribed in the regulations*'.

Committee's Observation/Recommendation

This proposal was agreed to.

258. Insert a new clause listing the incentives to be enjoyed at a special economic zone and the export processing zone and that they are harmonised to provide for certainty to the investors.

Committee's Observation/Recommendation

This proposal was adopted by the Committee and clause 54 amended to clearly outline the incentives.

4.15 Special Economic Zones Authority

In a meeting with the Committee held on Tuesday, 1st September 2026, the CEO, Mr. Ken Chelule proposed the following amendments to the Bill on behalf of SEZA:

259. Amend the Preamble of the Bill to read, '*A Bill for an Act of Parliament to provide for the establishment of economic zones; to establish the Kenya Economic Zones Authority; to provide for the promotion and facilitation of global and local investors; the development and management of an enabling environment for investment, and for connected purposes." Delete the separate reference to declaration of SEZs and EPZs*'.

Committee's Observation/Recommendation

The Committee observed that the long title should reflect the expanded scope of the Bill, which now covers investment promotion as well as economic zones, and the new name of the Authority, the Kenya Investment and Economic Zones Authority. Referring to 'economic zones' rather than listing special economic zones and export processing zones separately is consistent with the Committee's amendments throughout the Bill.

260. Revise the definition of '*agricultural/agro-processing activities*' to mean value addition to crops and livestock, excluding primary production.

Committee's Observation/Recommendation

This proposal was rejected by the Committee. The Committee observed that the proposed definition is sufficiently addressed under the definition of agricultural zone

261. Revise definition of '*livestock zones*' by deleting the words '*marshalling and inspection*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that the words as used in the definition of the "livestock" is necessary for the management of the livestock zone.

262. Rename '*business service permit*' to '*Kenya Economic Zones Service Permit/Economic Zones Service Permit*' and apply the term consistently throughout the Bill.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

263. Replace '*Special Economic Zones and Export Processing Zones*' with '*Economic Zones*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

264. Delete the standalone definition of '*commercial activity*' if the term is adequately captured under the definition and activities of a free trade zone.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the definition is necessary in the implementation of the objects of the Bill.

265. Align '*customs control*' and '*customs-controlled area*' with the applicable East African Community customs framework and replace references to '*special economic zone*' with '*economic zone*' where appropriate.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposed definitions have been sufficiently been provided for under the custom laws.

266. Use the definition of '*customs officer*' that is applicable under the EACCMA/customs framework and make consequential terminology amendments so that the Bill does not create competing customs definitions.

Committee's Observation/Recommendation

This proposal was adopted by the committee.

267. Delete the definition of '*domestic Kenyan business*' unless the term is retained elsewhere in the substantive provisions of the Act.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the definition as proposed is necessary.

268. Delete the standalone definition of '*duty*' and use '*import duty*'/the applicable customs-law terminology consistently.

Committee's Observation/Recommendation

The Committee rejected this proposal, as the proposed definition is necessary for implementation of the Bill.

269. Introduce definition of '*economic zone*' to mean a zone declared/designated under this Act in which licensed economic zone developers, operators, enterprises or service providers operate, and make SEZ/EPZ terminology consequential to this umbrella definition.

Committee's Observation/Recommendation

This proposal was rejected as the definition of various economic zones has been provided for and is sufficient.

270. Define '*Economic Zone Development Permit*' to mean the principal development-control approval issued for physical development within a designated economic zone that grants a licensed entity the right to build, install, and manage designated physical infrastructure, land uses, and utilities.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

271. Amend definition of '*export*' to mean to take or cause to be taken out of the customs territory or into an economic zone, subject to applicable customs law.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

272. Define '*economic zone developer*' to mean a corporate body engaged in or planning to develop an economic zone and which may also operate it.

Committee's Observation/Recommendation

This proposal was adopted by the Committee as the word is used in the Bill but it has not been defined.

273. Define '*economic zone operator*' to mean a corporate body engaged in management of an economic zone designated under this Act.

Committee's Observation/Recommendation

This proposal was adopted by the Committee as the word is used in the Bill but it has not been defined.

274. Define '*EPZ enterprise*' as a corporate body licensed under the Act to undertake eligible processing/manufacturing or service activities for goods and services intended for export, subject to the applicable EPZ regime.

Committee's Observation/Recommendation

This proposal was adopted by the Committee as the word is used in the Bill but it has not been defined.

275. Define an '*economic zone/SEZ enterprise*' by reference to eligible activities and clarify that, subject to applicable customs and tax laws, its goods and services may be destined for export and/or the domestic market as permitted by law.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

276. Remove unnecessary separate EPZ import/export definitions where the general customs and economic-zone definitions are sufficient.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

277. Remove '*special*' from generic zone-category definitions such as ICT, free trade and infrastructure-related definitions.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

278. Define '*restricted activities*' to mean operations regulated to prevent significant threats to public health, safety, national security, the environment, or economic well-being.

Committee's Observation/Recommendation

The proposal to define the word 'restricted activities' was adopted by the Committee since the word has been used in the Bill but it has not been defined.

279. Introduce a definition of '*social amenities*' covering infrastructure in non-customs-controlled areas supporting zone residents, which does not enjoy fiscal incentives, including schools, housing, clinics and malls.

Committee's Observation/Recommendation

The proposal to define the word 'social amenities' was adopted by the Committee.

280. Define '*Tribunal*' to mean the Kenya Economic Zones Tribunal established under section 56 of this Act.

Committee's Observation/Recommendation

This proposal was adopted by the Committee since a Tribunal was established under clause 65 of the Bill.

281. Amend paragraph 4(2)(a) by adding that proceedings arising from performance of the Authority's statutory functions/powers shall be deemed proceedings against the Government within the meaning of the Government Proceedings Act.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

282. Amend paragraph 4(2)(b) by adding the words '*in and out of Kenya*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

283. Amend paragraph 4(2)(c) by deleting the repeated words '*borrowing money*'.

Committee's Observation/Recommendation

This proposal was agreed to as it was correcting a typographical error.

284. Amend clause 5 by inserting the word '*regulate*' between the words '*oversee*' and '*coordinate*' and by replacing SEZ/EPZ with '*economic zones*' throughout the relevant paragraphs.

Committee's Observation/Recommendation

The proposal to replace SEZ/EPZ with economic zones was adopted by the Committee.

285. Amend paragraph 5(2)(d) to read as follows, '*undertake or approve the development, operation or maintenance, as well as finance, appropriate infrastructure up to the perimeter of, or within, select economic zones, as and when deemed necessary*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

286. Amend paragraph 5(2)(f) by inserting the words '*goods and services to be handled*' after '*investment activities*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

287. Amend paragraph 5(2)(g) by replacing the words '*business service permits*' with '*Kenya Economic Zones Service Permits*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

288. Insert the following new paragraph 5(2)(JA) '*establish and administer a one-stop shop through which the authority can coordinate with such other Government or private entities as may be necessary through agreements with the entities or procedures, defined in implementing regulations or such other prescribed procedures*'.

Committee's Observation/Recommendation

This proposal was agreed to.

289. Amend paragraph 5(2)(n) to read as follows, '*establish, coordinate and enhance inter-agency collaboration among relevant State agencies to ensure compliance with all applicable laws, procedures and requirements in economic zones*'.

Committee's Observation/Recommendation

This proposal was agreed to.

290. Amend paragraph 5(2)(o) by splitting into two paragraphs '(i) *recommend removal of impediments and provision/administration of incentives and exemptions; and (ii) recommend a negative list of prohibited activities and additional restricted activities under regulations*'.

Committee's Observation/Recommendation

This proposal was agreed to.

291. Amend paragraph 5(2)(p) to read, '*to suspend, revoke or cancel licences*' and add '*regulations*'; replace SEZ/EPZ references with '*economic zones*'.

Committee's Observation/Recommendation

This proposal was agreed to.

292. Amend paragraph 5(2)(q) by replacing '*special economic zones*' with '*economic zones*' and clarifying that resident registration applies only where residential/social amenities are lawfully permitted.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

293. Insert new paragraph 5(2)(t) empowering the Authority to regulate access of non-licensed service providers from the customs territory where required to service individual licensed enterprises, subject to prescribed conditions.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

294. Insert new paragraph 5(2)(u) providing for the Authority to exclusively perform, under time-bound conditions prescribed in regulations, administrative, business, regulatory and service functions assigned to the Authority in relation to designated economic zones.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

295. Insert new paragraph 5(2)(v) to regulate, implement, monitor and supervise all aspects of the economic zones regime established under the Act.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

296. Amend clause 6 in subclause 6(1) general power and 6(2) specific powers beginning '*In particular, but without prejudice to subsection (1)…*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

297. Amend paragraph 6(2)(d) by replacing the words '*offer on-site inspection*' with '*coordinate on-site inspection*' and replace SEZ/EPZ with '*economic zones*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

298. Amend clause 6 by including the power to invest funds in accordance with section 62.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the proposal if incorporated is likely to be misused thus defeating the objects of the Bill.

299. Amend paragraph 7(d) by replacing paragraph (d), delete '*appointed*' and '*designated in writing*'.

Committee's Observation/Recommendation

This proposal was agreed to as it corrects a grammatical error.

300. Amend paragraphs 7(b), (c), (d) and (e) to read '*or their designated representative in writing*'.

Committee's Observation/Recommendation

This proposal was agreed to as it corrects a grammatical error.

301. Amend paragraph 7 (f) (vii) by deleting the word '*in*' at the beginning of the sentence.

Committee's Observation/Recommendation

This proposal was agreed to as it corrects a grammatical error.

302. Amend paragraph 7(g) to read as follows, '*the Chief Executive Officer who shall be an ex-officio member of the Board*'.

Committee's Observation/Recommendation

The correction to change Authority to 'Board' was agreed to.

303. Amend paragraph 8(c) to read '*has at least ten years of relevant professional experience in 7(f)*'.

Committee's Observation/Recommendation

This proposal was agreed to as it corrects a grammatical error.

304. Amend clause 12 to read as follows, '*The Authority shall pay the members of the Board such remuneration or allowances as the Cabinet Secretary in consultation with the Salaries and Remuneration Commission shall determine*'.

Committee's Observation/Recommendation

This proposal was agreed to as it corrects a grammatical error.

305. Amend subclause 17(2) by replacing the word '*Authority*' with the word '*Board*'.

Committee's Observation/Recommendation

The correction to change Authority to 'Board' was agreed to.

306. Amend subclause 17(3) to read as follows, *'The Chief Executive Officer shall be responsible for the day-to-day management of the affairs of the Authority, subject to the direction of the Board and shall be the secretary of the Board'.*

Committee's Observation/Recommendation

The proposal to assign a secretarial role to the CEO was rejected since that is the role of the Corporation Secretary. Keeping the two roles separate also preserves the independence of the Board's secretariat from management, in line with the Code of Governance for State Corporations.

307. Amend subclause 22(1) to read as follows, *'The common seal of the Authority shall be kept in the custody of the Chief Executive Officer and shall not be affixed to any instrument or document except as authorised by the Authority'.*

Committee's Observation/Recommendation

This proposal was rejected since the custodian of the common seal is the Corporation Secretary in line with the Code of Governance for State Corporations, which requires the Corporation Secretary to keep the seal and account to the Board for its use.

308. Amend subclause 23(3) to read as follows, *'The Corporation Secretary shall: (a) in consultation with the Chairperson of the Board issue notices for meetings of the Board; (b) keep in custody the records of the deliberations, decisions and resolutions of the Board; (c) transmit decisions and resolutions of the Board to the Chief Executive Officer for execution, implementation and other relevant action; (d) provide guidance to the Board on their duties and responsibilities on matters relating to governance; and* (e) *perform such other duties as the Board may direct'.*

Committee's Observation/Recommendation

The proposal to remove the secretarial role from the Corporation Secretary was rejected.

309. Rename Part III and clause 24 to '*Designation of Economic Zones*'. Establish one designation process for economic zones, with categories specified in subsection (6).

Committee's Observation/Recommendation

The Committee observed that special economic zones and export processing zones are declared on different criteria and serve different purposes hence the provisions on declaration of these zones and criteria cannot be merged. This position is consistent with the Committee's use of 'economic zones' elsewhere in the Bill. That term was used where a provision applies equally to both types of zones, while the separate Parts are kept where the rules differ.

310. Amend subclause 24(1) to read as follows, '*The Cabinet Secretary shall, on the recommendation of the Authority, and in consultation with the Cabinet Secretary responsible for matters relating to finance, by notice in the Gazette, declare any area, land, or building (or part thereof) in Kenya as an Economic Zone, with the object of attracting, promoting, or increasing the manufacture of goods or the provision of services for export and import substitution*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

311. Insert the following new subclause immediately after subclause 24(3), '*Every declaration of an Economic Zone under subsection (1) shall be made within thirty days of the receipt of the recommendation from the Authority*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

312. Delete subclause 24(7).

Committee's Observation/Recommendation

The proposal to delete subclause 24(7) was not adopted by the Committee.

313. Amend subclause 26(2) to read as follows, '(2) *An Economic Zone may consist of: (a) a developed or partly developed area of land comprising a single factory unit or multiple factory units; (b) an undeveloped area of land; (c) a building or part thereof; (d) land for pre-manufacturing agricultural activities, provided that both pre-manufacturing and manufacturing activities are undertaken on the same parcel of land; or (e) a designated area, building, or part thereof for business process outsourcing or service-focused enterprises, provided that the enterprise is licensed, employs at least two hundred full-time persons, is fully export-oriented, and meets any other criteria prescribed by the Authority*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

314. Insert the following new subclauses immediately after subclause 26(2), '(3) *For land to be designated as an economic zone, it shall, in addition to such other criteria and requirements as may be prescribed be required to be owned or leased land or premises for a minimum period of an unexpired term of not less than thirty-three (33) years within an economic zone, as stipulated under the applicable Land Use Regulations to be enacted under this Act; (4) The provisions of section 3 exclude single factories operating export processing zones enterprise licences which will own or lease premises for a minimum period of ten (10) years; (5) An Economic Zone declared under section 1 may be designated as a single-sector or multiple-sector zone, including but not limited to: (a) industrial parks: (i) Oil and Gas zones; and (ii) Agricultural zones (b) trade related: (i) Free port zones; and (ii) Free trade zones; (c) service related: (i) Business service parks; (ii) Tourist and recreational zones; (iii) Information communication technology parks; and (iv) Science and technology; and (d) any other sector or zone declared by notice in the Gazette*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

315. Amend clause 25 to read as follows, '*The Authority shall, in determining and designating Economic Zone project proposals that qualify for licensing, take into account*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

316. Amend paragraph 25(i) to read as follows, '*land use approvals and zoning requirements*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

317. Amend subclause 26(5) to read as follows, '*The Authority shall forward its conditional approval, together with all submitted documentation, to the Cabinet Secretary within seven days of making the decision*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

318. Amend clause 27 to read as follows, '*Economic Zones may be categorised into: (a) Public Economic Zones, which include zones established, owned, or developed by the Authority on behalf of the Government, including those developed through public-private partnerships or owned by other government agencies; and (b) Private Economic Zones, which are owned and established individually or jointly by local or foreign investors*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

319. Amend clause 29 to read as follows, '*The activities eligible to be carried out within an Economic Zone shall include manufacturing, commercial, and service activities; and (2) Provided that: (a) where manufacturing and commercial activities involving goods manufactured outside Kenya are carried out by an Economic Zone enterprise, the two activities shall be physically separated; and (b) where commercial activities involve goods manufactured outside Kenya, such goods shall be clearly labelled as products of the country of manufacture*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

320. Amend clause 30 to read as follows, '*No person, developer, operator, or enterprise within an Economic Zone shall: (a) engage in retail trade of goods produced in, or imported into, an Economic Zone; (b) import or handle used items within an Economic Zone, unless intended strictly as raw material for a manufacturing enterprise; (c) combine commercial activities and manufacturing activities within the same enterprise without physical separation; (d) perform activities that pose a threat to public health, safety, the environment, national security, consumer rights, or financial stability; (e) operate a manufacturing establishment that constitutes a nuisance or public hazard; (f) consume goods produced in, or imported into, an Economic Zone on-site (except in authorized areas or under custom controls); or (h) break seals or move customs-controlled goods without the presence of an authorized customs officer*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

321. Insert the following new clause immediately after clause 30, '*The restricted activities shall include: (a) Goods or activities subject to import, export, health, safety, environmental or security restrictions may be handled only with prior approval from the authority; (b) Trade in goods restricted in the EACCMA; (c) Movement of capital goods, equipment, or other operational assets into, within, or out of a customs-controlled area; (d) Repair, maintenance, disposal, destruction, or transfer of capital goods or equipment under customs supervision; and (e) any other that may be prescribed by the Authority and other relevant state agencies*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

322. Amend clause 28 to read as follows, '*The Cabinet Secretary may, on the recommendation of the Authority, revoke the declaration of an Economic Zone by notice in the Gazette where: (i) Unless otherwise stated in the final designation of the economic zone, an economic zone designation shall expire if three years after the designation, the Authority has not licensed an economic zones developer in accordance with the Act; (ii)*

the zone remains undeveloped for two years from the date of licensing without reasonable cause stated in writing by the developer; (iii) the developer or operator carries out activities prohibited under this Act or any other written law; (iv) revocation is necessary to protect the public interest; or (v) the developer formally requests revocation'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

323. Delete paragraph 32(b).

Committee's Observation/Recommendation

The Committee agreed to their proposal to delete paragraph 32(b).

324. Amend paragraphs 32(c) to (e) to read as follows, '(c) *goods whose content fully originates from the customs territory shall be exempt from payment of import duties; (d) goods whose content partially originates from the customs territory shall pay import duties on the non-originating component subject to the customs procedures; and (e) services which are provided out of a customs area of an economic zone to any part of the customs territory shall be deemed to be imported into the custom territory subject to approval of the Authority*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

325. Amend clause 33 by replacing SEZ/EPZ wording with the unified customs-controlled economic-zone terminology for the whole clause.

Committee's Observation/Recommendation

This proposal was agreed to.

326. Delete paragraph 33(a)(ii).

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

327. Amend subclauses 36 (1), (2), (3), (4) and (6) to reflect the 4 licenses to be issued to Economic Zones Developer/operator, SEZ enterprise and EPZ Enterprise.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

328. Amend subclause 36 (1) to read as follows, *'A person shall not carry on business as an economic zone developer, operator or special economic zones enterprise or exports processing zones enterprise or hold himself out as providing or maintaining activities or facilities within an economic zone unless they are issued with a valid license under this Act'.*

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

329. Amend subclause 36 (6) to read as follows, *'A person shall not be issued with a ten year licence to carry on business as an economic zone developer, operator or special economic zone enterprise or export processing zone enterprise, unless the person: (a) is a developer or operator of an industrial park with a minimum land size of one thousand (1,000) acres; or (b) holds an Export Processing Zone (EPZ) processing enterprise licence in manufacturing; or (c) is an SEZ enterprise licence holder with a minimum investment value within an industrial park as prescribed by the Cabinet Secretary with the recommendation of the Authority, who may, by notice in the Gazette, prescribe or amend the minimum investment value'.*

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

330. Insert the following new subclause 36 (6A), *'All other licences not qualified for the ten-year licence prescribed under Section 36 (6) shall qualify for an annual renewable licence'.*

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

331. Amend subclause 36 (7) to read *"The Cabinet Secretary with the recommendation of the Authority, may by notice in the Gazette amend the minimum investment value set out under subsection (6)'.*

Committee's Observation/Recommendation

Subclause 36(7) was amended to provide that the Cabinet Secretary can amend the threshold and introduce tiered thresholds through regulations.

332. Amend subclause 36(9) to read as follows, *'An economic zone developer, operator, SEZ enterprise or EPZ enterprise that fails to pay the prescribed annual licence fees within sixty days after the expiry of each twelve-month period following the date of issuance of the licence shall be liable to pay a penalty as prescribed'.*

Committee's Observation/Recommendation

This proposal was adopted by the Committee. The Committee reviewed the clause 39(9) by reviewing the number of days after expiry of the license to forty-five days.

333. Amend subclause 36(10) to read as follows, '36 (10) *A licence issued under section 36(6) shall: (a) be in the prescribed form; (b) remain valid for a minimum period of ten years from the date of issue subject to the payment of prescribed fees and inspection by the Authority; and (c) the license shall expire, if after twenty-four months after the issuance, the developer, operator or enterprise has not commenced operations in accordance with the license conditions'.*

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

334. Amend paragraph 36(10)(c) to read as follows, '*authorise the licensee to carry out business as an economic zone operator, developer, SEZ enterprise and EPZ enterprise'.*

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

335. Amend paragraph 36(10)(d) to read as follows, '*(d) be specific with regard to the activity, goods and services to be carried out under the licence'.*

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

336. Delete subclause 36(13) and handle under the dispute resolution mechanism created under PART X.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

337. Amend subclause 36(14) to read as follows, '*36. (11) A licence issued under this section: (a) is not transferrable; (b) may be amended at any time on written notice to the holder by the Authority, if in its opinion the amendment is necessary; and (c) may be suspended, cancelled or revoked by the Authority if the holder fails to comply with the conditions contained in the licence laid down in this Act or in any regulations*

made thereunder and where a licence is suspended or revoked, the holder shall take such steps as may be recommended by the Authority'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

338. Amend paragraph 37(a) to read as follows, '*the activities, goods and services in respect of which licensee is licensed*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

339. Amend clause 38 to read as follows, '*(1) The Authority may suspend a licence issued under this Act to an economic zone developer, operator, SEZ enterprise or EPZ enterprise, where the Authority is satisfied that the licensee: (a) has ceased, or is in the process of ceasing, to carry on the business or activity for which the licence was issued; (b) has breached any condition attached to the licence; (c) has failed to comply with a lawful directive, notice or remedial action issued by the Authority; (d) has submitted false, misleading or materially incomplete information to the Authority during licensing; (e) has engaged in activities outside the scope of the licence; (f) has been charged before a court of competent jurisdiction with an offence under this Act or any other written law which, in the opinion of the Authority, materially affects the licensee's fitness to hold the licence; (g) has been convicted of an offence under this Act or any other written law relating to its operations; (h) has undertaken activities that threaten public safety, national security, public health or the public interest; (i) has failed to meet the investment, employment, operational, reporting, customs, tax or other statutory obligations applicable to the licence; or (j) has otherwise contravened this Act, the East African Community Customs Management Act, 2004, or any other written law; (2) Before suspending a licence under subsection (1), the Authority shall issue to the licensee a written notice of not less than thirty days specifying: (a) the grounds upon which the suspension is proposed; (b) the provisions of this Act, any other written law, or the terms and conditions of the licence alleged to have been contravened; (c) the remedial action required to rectify the non-compliance; (d) the period within which the remedial action shall be undertaken; and (e) the right of the licensee to submit written representations and show cause why the licence should not be suspended; (3) The Authority shall consider any representations submitted or remedial action undertaken by the licensee before making a final decision to suspend the licence; (4) Where the licensee fails to undertake the required remedial action within the period specified in the notice, or where the Authority is satisfied that the remedial action undertaken is inadequate, the Authority may suspend the licence for such period as it may specify in the suspension notice; (5) A suspension under this section shall not extinguish any obligation or liability incurred by the licensee prior to or during the period of suspension, including liabilities relating to customs duties, taxes, levies, fees, penalties, employment obligations, immigration requirements or other statutory obligations; (6) During the period of suspension, the licensee shall not undertake any activity for which the licence is required, except such activities as may be expressly authorized by the Authority in writing for the purpose of safeguarding assets, employees, investors, customers, government revenue, or ensuring the orderly remediation or closure of operations; (7) The Authority may lift a suspension where the licensee demonstrates to the satisfaction of the Authority that the grounds for*

suspension have been fully remedied and that the licensee has complied with all conditions imposed by the Authority; and (8) Where a licence remains suspended for a continuous period of six months and the licensee fails to remedy the grounds giving rise to the suspension, or where the Authority is satisfied that the licensee is unable or unwilling to remedy the non-compliance, the Authority may revoke the licence in accordance with section 39.

Committee's Observation/Recommendation

The proposal was adopted by the Committee with an amendment to delete paragraph 1(j).

340. Amend clause 39 to read as follows, '*(1) The Authority may revoke a license issued under this Act to an economic zone developer, operator, SEZ enterprise or EPZ enterprise, where the licensee: (a) fails to remedy the grounds for suspension within the period specified by the Authority; (b) has had its licence suspended for a continuous period of six months without taking satisfactory remedial action; (c) commits a serious or material breach of this Act, the East African Community Customs Management Act, 2004, any other written law, or the conditions of the licence; (d) has been convicted of an offence under this Act or any other written law relating to its operations; (e) undertakes activities prohibited under this Act; (f) engages in fraudulent, unlawful or materially misleading conduct in connection with its licence or operations; (g) obtained the licence on the basis of false, fraudulent or materially misleading information, or through concealment of material facts; (h) repeatedly breaches the conditions of the licence or fails to comply with directives issued by the Authority; (i) engages in activities outside the scope of its licence in a manner that materially undermines the objectives of the economic zones programme; (j) poses a material threat to public safety, national security, public health or the public interest; or (k) in the case of a developer or operator, fails to develop, operate or maintain the economic zone in accordance with the approved development plan, licence conditions, applicable law, or requirements prescribed by the Authority; (2) Notwithstanding subsection (1), the Authority may revoke a licence without a prior period of suspension where the breach is of such gravity as to warrant immediate revocation, or where continued operation by the licensee poses an immediate risk to public revenue, customs control, national security, public safety, public health, or the integrity of the economic zones regime; (3) Before revoking a licence under subsection (1), the Authority shall issue a written notice to the licensee specifying: (a) the grounds for the proposed revocation; (b) the provisions of this Act, any other written law, or conditions of the licence alleged to have been contravened; (c) the proposed effective date of revocation; (d) the statutory consequences of revocation, including the requirement to undergo a post-clearance audit and exit clearance under section 39 (B); and (e) the right of the licensee to submit written representations and show cause why the licence should not be revoked; (4) The notice under subsection (3) shall be served upon the licensee not less than thirty days prior to the proposed effective date of revocation; (5) A licensee served with a notice under subsection (3) may, within fourteen days of receipt of the notice, submit written representations to the Authority demonstrating why the licence should not be revoked; (6) The Authority shall consider the representations submitted under subsection (5) and communicate its decision to the licensee in writing within thirty days of receipt of the representations; (7) Where the Authority, upon considering the representations, determines that the grounds for revocation are established, it shall issue a notice of revocation specifying the effective date of the revocation; (8) Where the licensee waives its right to make representations, or fails to make representations within the period prescribed under subsection (5), the Authority may proceed to revoke the licence on the effective date specified in the notice; and (9) The*

revocation of a licence shall not extinguish any obligation, debt, liability, penalty, tax, duty, levy, fee or other amount payable by the licensee arising prior to or during the period in which the licence was valid or suspended.

Committee's Observation/Recommendation

This proposal was adopted by the Committee with an amendment to delete subclause (2).

341. Insert the following new clause 39A, '*(1) The Authority may cancel a licence issued under this Act where: (a) the licensee voluntarily applies in writing to withdraw from the economic zone programme; (b) the licensee ceases to carry on the business or activity for which the licence was issued; (c)the licensee is dissolved, wound up, or otherwise ceases to exist as a legal entity; (d)the licence expires and is not renewed in accordance with this Act; (e) the licensee ceases to meet the statutory qualifications for holding the licence;* and *(f) the licensee has permanently ceased operations within the economic zone; (2) A licensee intending to voluntarily cease operations shall issue to the Authority a written notice of not less than thirty days specifying: (a) the intention to cease operations; (b) the proposed effective date of cessation; (c) the status of its employees, assets and liabilities; (d) the status of its customs-controlled goods and materials; (e) the status of its tax and customs obligations; and (f) any other matter or information prescribed by the Authority; (3) The Authority shall, prior to cancelling a licence under this section, require the licensee to comply with the post-clearance audit and exit clearance requirements under section 39 (B); (4) The Authority shall not issue a final cancellation certificate or deregistration confirmation until the licensee has fully complied with the requirements for post-clearance audit, tax and customs clearance, immigration clearance, and disposal or transfer of assets under this Act; and (5) Where a licence is cancelled, the cancellation shall not extinguish any obligation or liability incurred by the licensee prior to the effective date of cancellation'.*

342. Insert the following new clause 39B, '*(1) Where a licence issued under this Act to an economic zone developer, operator or SEZ enterprise or including an export processing zone enterprise, is revoked or cancelled, the licensee shall undergo a mandatory post-clearance audit and exit clearance process prior to final deregistration from the economic programme; (2) Upon revocation or cancellation of a licence, the Authority shall notify and coordinate with: (a) the Kenya Revenue Authority; (b) the department responsible for immigration services; (c) the department responsible for labour; and (d) any other relevant public entity, for the purpose of completing the post-clearance audit and exit clearance process; (3) The Kenya Revenue Authority shall conduct, or cause to be conducted, a post-clearance audit of the licensee's operations for the entire duration during which the licensee operated under the economic zone regime; and (4) Where a post-clearance audit establishes that taxes, duties, levies, penalties or interest are payable, the licensee shall remain fully liable for such payments notwithstanding the revocation or cancellation of its licence'.*

Committee's Observation/Recommendation

The provisions on cancellation of a licence, post-clearance audit and exit upon revocation or cancellation of a licence were adopted by the Committee.

343. Amend clause 40 by deleting the word '*special*' and inserting the words '*developer*' and '*operator*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

344. Amend subclause 41(1) to read as follows, *'The Authority shall keep in a prescribed form a register of the holders of current, suspended and revoked licences issued under this Act, which shall include—'*

Committee's Observation/Recommendation

This proposal was rejected by the Committee as it is not necessary.

345. Insert the following new subclause 41(1A), *'Where: (a) the holder of a licence under this Act ceases to carry on the business to which the licence relates; or (b) a change occurs in any particulars which are required to be entered in the register of licence holders with respect to the holder of a licence issued under this Act'.*

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

346. Delete paragraphs 41(2)(a) and (b).

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

347. Amend subclause 41(4) to read as follows, *'The Chief Executive Officer or designated officer in writing shall be the administrator and custodian of the register of licenses'.*

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

348. Amend paragraph 43 (1) (c) by replacing the word *'license'* with *'permit'*.

Committee's Observation/Recommendation

The Committee adopted this proposal.

349. Amend paragraph 43 (1) (f) by deleting the word *'threat'*.

Committee's Observation/Recommendation

This proposal was adopted by the Committee to correct a typographical error.

350. Amend subclause 43 (5) by replacing '*Board*' with '*Authority*.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

351. Amend the title under clause 44 to read, '*Cancellation/Revocation of a Kenya Economic Zones Service Permit*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

352. Amend the title under clause 45 to read, '*Register of Kenya Economic Zones Service Permits*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

353. Insert the following new subclause 45(1A), '*Where: (a) the holder of a licence under this Act ceases to carry on the business to which the licence relates; or (b) a change occurs in any particulars which are required to be entered in the register of licence holders with respect to the holder of a licence issued under this Act*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that this proposal is unnecessary.

354. Amend subclause 45(2) to read as follows, '*The holder shall within fourteen days of the occurrence of the event concerned give to the Authority particulars of the change in the prescribed form*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the proposal is already provided for in the Bill.

355. Delete paragraphs 45(2)(a) and (b).

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

356. Amend subclause 45(4) to read as follows, '*The Chief Executive Officer or designated officer in writing shall be the administrator and custodian of the register of licenses*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

357. Insert the following new clause 45B, '(1) *An economic zone licence holder shall not commence, undertake, extend, alter, change the use of, subdivide or otherwise carry out any development within a designated economic zone unless the person has obtained a economic zone development permit from the Authority in accordance with this Act; (2) An application for an economic zone development permit shall be made to the Authority in the prescribed form and shall be accompanied by: (a) the approved master plan, zoning plan or applicable development plan for the economic zone; (b) the approved architectural, engineering, structural and other technical drawings and plans applicable to the proposed development; (c) evidence of ownership, leasehold interest, allocation or other lawful interest in the land or premises; (d) such environmental approvals, assessments, licences or other authorisations as may be required under applicable written law; and (e) such other information or documents as may be prescribed; (3) The Authority may: (a) grant an economic zone development permit subject to such conditions as it considers necessary; (b) grant an economic zone development permit in respect of part of the proposed development; (c) refuse to grant an economic zone development permit where the proposed development does not comply with this Act, the approved master plan, zoning plan or any other applicable written law; (4) An economic zone development permit issued under this section shall specify: (a) the approved plans, designs, specifications and development conditions; (b) the period within which the development shall commence and be completed, where applicable; (c) the conditions imposed by the Authority; (d) any conditions or requirements arising from the approvals, licences, consents or authorisations of other competent authorities; (e) requirements for inspection, monitoring, reporting and certification; and (f) any other condition necessary to ensure compliance with this Act and other applicable written laws; (5) The Authority may, upon application by the holder of an economic zone development permit and subject to compliance with this Act and the prescribed requirements: (a) amend the economic zone development permit; (b) extend its validity; (c) approve a variation to the approved proposed development; or (d) transfer the economic zone development permit to another person having a lawful interest in the development; (6) An economic zone development permit issued under this section shall not dispense with any approval, consent, licence or authorisation required under any other written law unless the applicable written law expressly provides otherwise (7) Where the validity or continued implementation of a development depends upon an approval, licence, consent, environmental authorisation or other statutory requirement issued by another competent authority, the holder of the economic zone development permit shall maintain such approval, licence, consent, authorisation or requirement throughout the period for which it is required; (8) The holder of an economic zone development permit shall immediately notify the Authority of any suspension, variation, expiry, cancellation, revocation, withdrawal or other material alteration of approval, licence, consent or authorisation required for the development from any other competent authority; (9) The Authority shall, through the one-stop shop established under section 5(2)(JA), coordinate the processing of approvals, licences, consents and permits required from other competent authorities in respect of a development within a special economic zone; and (10) The Authority may enter into agreements with*

the relevant county governments, national government agencies and other competent authorities for the coordinated exercise of processing of applications under this section'.

358. Insert the following new clause 45C, '(1) *The Authority may, either independently or jointly with the relevant competent authority, inspect, monitor and verify any development within an economic zone for the purpose of determining compliance with: (a) the economic zone development permit; (b) the approved master plan, zoning plan or development plan; (c) approved building plans and development parameters; (d) conditions imposed under this Act; (e) conditions attached to approvals issued by other competent authorities; and (f) any other applicable written law; (2) The exercise of the Authority's development control functions under this section shall not derogate from or otherwise transfer any statutory function, power or responsibility vested in another competent Government agency under any written law; (3) Where a contravention falls within the statutory mandate of another competent authority, the Authority shall coordinate with that authority and may: (a) refer the matter to the competent authority for enforcement; (b) request a joint inspection or investigation; (c) suspend the economic zone development permit where the contravention constitutes subsection (5) under this section; or (d) revoke the economic zone development permit where the statutory requirements for revocation under subsection (13) are satisfied; (4) Nothing in this section shall prevent the Authority from taking action under this Act where the contravention also constitutes a breach of a condition of the economic zone development permit or otherwise affects the lawful development, planning, operation, safety, environmental integrity or infrastructure of the economic zone; (5) The Authority may suspend an economic zone development permit issued under this Act to an economic zone developer, operator, export processing zone enterprise, and special economic zone enterprise where the Authority is satisfied that: (a) development is being undertaken without the required economic zone development permit; (b) development materially deviates from the approved plans or economic zone development permit conditions; (d) a required approval from another competent authority is capable of being renewed, replaced, varied or regularised; (e) the development presents an imminent or material risk to public health, public safety, the environment, infrastructure; or (f) immediate intervention is necessary to prevent further unlawful development or irreversible damage; (6) Before suspending the Authority may issue an enforcement notice that shall specify: (a) the development or activity to which it applies; (b) the reasons for the enforcement order; (c) the measures required to achieve compliance; and (d) the period for which the notice shall remain in force or the event upon which it shall cease to have effect; (7) Where the economic zone development permit holder fails to undertake the required remedial action within the period specified in the notice, or where the Authority is satisfied that the remedial action undertaken is inadequate, the Authority may suspend the economic zone development permit for such period as it may specify in the suspension notice; (8) The Authority shall not, by suspending an economic zone development permit under this section, be deemed to have suspended or revoked the approval, licence, consent or authorization issued by another competent authority; (9) A suspension under this section shall not extinguish any obligation or liability incurred by the economic zone development permit holder prior to or during the period of suspension, including liabilities relating to customs duties, taxes, levies, fees, penalties, development contractual obligations or other statutory obligations; (10) The Authority may permit specified activities during the suspension period where those activities are necessary for public safety, environmental protection, security, preservation of infrastructure, protection of property or orderly remediation; (11) The Authority may lift a suspension where the economic zone development permit holder demonstrates to the satisfaction of the Authority that the grounds for suspension have been fully remedied and that the economic zone development permit holder has complied with all conditions imposed by the Authority; (12) Reinstatement shall not affect any other enforcement*

proceedings arising from other competent authorities, including any penalties, liabilities or obligations arising from contravention that resulted in the suspension; (13) Before revoking an economic zone development permit, the Authority shall, except where otherwise provided by law, give the holder written notice of the proposed revocation and a reasonable opportunity to make representations; (14) A notice of revocation shall state: (a) the economic zone development permit being revoked; (b) the grounds for revocation; (c) the date on which the revocation takes effect; (d) the measures required following revocation; and (e) the applicable review or appeal mechanism; (15) The Authority may revoke an economic zone development permit where: (a) the holder has failed to remedy the material breach within the period specified in a suspension notice; (b) a material approval, licence, consent, environmental authorization or other statutory requirement upon which the economic zone development permit depends has been finally and lawfully revoked or cancelled by the competent authority and the development cannot lawfully proceed without that approval; (c) the holder has failed to obtain an alternative lawful approval or remedy the matter within the period specified by the Authority; (d) the economic zone development permit was obtained through fraud, material misrepresentation, concealment of a material fact or submission of materially false information; (e) the development presents a serious or continuing risk to public health, public safety, the environment, or critical infrastructure which cannot reasonably be mitigated through suspension or other corrective measures; (f) The economic zone development permit holder has demonstrated, or circumstances otherwise establish, that the development cannot or will not be completed or brought into compliance; or (g) continued validity of the economic zone development permit would be contrary to this Act or other applicable written law; (16) Upon revocation of an economic zone development permit, the holder shall immediately cease all development activities authorized solely by that permit, except activities expressly authorized by the Authority for purposes of safety, environmental protection, security, remediation, decommissioning or orderly closure; (17) Revocation shall not extinguish any obligation or liability incurred before or during the validity or suspension of the economic zone development permit, including liability for taxes, customs duties, levies and fees, penalties or enforcement costs, environmental restoration or remediation, contractual obligations, reinstatement or restoration of infrastructure or land and any other statutory obligation; (18) Where appropriate, the Authority may require the holder to: (a) restore the development site; (b) remove or alter unlawful structures or works; (c) undertake environmental remediation; (d) secure or make safe partially completed works; (e) surrender or update relevant approvals, records and development documentation; and (f) take any other measure that is reasonably necessary to protect the public interest; and (19) The Authority shall maintain a register of economic zone development permit that are current, suspended or revoked under this Act'.

Committee's Observation/Recommendation

The proposal to insert the new clauses was not adopted by the Committee.

359. Merge clause 46 with paragraph 49(a) to read as follows, '46. (1) *An economic zones developer or operator shall, in addition to such other criteria and requirements as may be prescribed: (a) Be a company or a public entity, for the purpose of undertaking economic zone activities; and (b) Have the financial capacity, technical and managerial expertise, and an associated track record of relevant development or operational projects required for developing or operating an economic zone; and (2) An economic zone shall only qualify to onboard a Special Economic Zone enterprise where it: (a) occupies an area not less than 50 acres; and (b) demonstrates the availability of common shared infrastructure*'.

Committee's Observation/Recommendation

The proposal to merge clause 46 with paragraph 49(a) was not adopted by the Committee. The Committee however adopted the proposed paragraph 46(1)(a) and rejected the other proposed paragraphs.

360. Amend clause 47 to read as follows, '*A Special Economic Zone enterprise shall: (a) Be a company whether or not it is one hundred per cent foreign owned, or a public entity, for the purpose of undertaking special economic zone activities; (b) Engage or propose to engage in activities eligible to be undertaken by a Special Economic Zone enterprise within the designated economic zone that is permitted to onboard Special Economic Zone Enterprise licences; (c) Ensure its operations do not have a negative impact on the environment, compromise national security, or present a health hazard; and (d) Conduct business in accordance with all laws for the time being in force, save for any specific exemptions granted under this Act*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

361. Amend clause 48 to read as follows. '(1) *An economic zones developer or operator shall have the right to: (a) Acquire, dispose of, or transfer zone lands or other assets in conformity with applicable laws; (b) Act directly or appoint a licensed economic zones operator to undertake the management and administration of the zone on its behalf subject to subsection (2) and (3) of this section and such other licensing requirement as maybe prescribed by the Authority; (c) Lease, sublease, or sell land or buildings to licensed operators, economic zones service permit holders, Special economic zone enterprises, Export Processing Zones Enterprises, and residents, and charge rent or fees for services provided; (d) Develop, operate, and service economic zone lands and assets in conformity with the applicable laws and its licence; (e) Provide utilities and other services within the zone in accordance with its licence and charge fees for such services; (f) Provide utilities and other services outside the zone in conformity with applicable law; (g) Enjoy all fiscal, regulatory, and statutory benefits that accrue under the provisions of this Act; (h) Enter into contracts with third parties for the development, operation, and servicing of zone lands and assets, including on-site and off-site infrastructure; (i) Enter and freely participate in international financial markets, without legal impediments or restrictions, to obtain funds, credits, guarantees, and other financial resources; and (j) Advertise and promote the economic zone for which it holds a licence to potential investors and service providers*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

362. Amend clause 50 to read as follows, '(2) *An economic zones developer or operator shall, in such manner as may be prescribed: (a) Develop the zone within a period of two (2) years in accordance with guidelines and plans approved by the Authority; (b) Perform physical development works or make improvements to the site and its facilities as recommended or required by the Authority; (c) Ensure that all licences, approvals, consents and authorizations required under this Act and any other for the purpose of sub section (b) above;*

(d) Provide infrastructure and other services according to the provisions of this Act; (e) Provide adequate enclosures and measures to segregate the zone area from the customs territory for the protection of revenue, together with suitable provisions for the movement of persons, conveyances, vessels, and goods entering or leaving the zone; (f) Provide adequate security on site, as well as office accommodation and suitable facilities for Customs officials as determined by the Authority; (g) Ensure that all zone premises are safe for occupancy and free from fire hazards pursuant to applicable building codes; (h) Adopt and enforce rules and regulations within the zone that promote safe, fair, and efficient business operations; (i) Maintain proper accounts, records, employment statistics, and business logs, and submit quarterly reports to the Authority in the prescribed form; (j) Deposit registered all leases, subleases, and land transfers with the Authority; (k) Adhere to the terms and conditions for the requirements of operations of an economic zone under this Act; and (l) Submit to the Authority identification details of employees operating within the zone'.

Committee's Observation/Recommendation

The Committee rejected this proposal. However, the Committee reviewed clause 50 by amending subclause (i) and (j).

363. Amend clause 52 to read as follows, '*A Special Economic Zones Enterprise and an Export Processing Zone enterprise shall maintain at its place of business, in a form and manner conforming to accepted accounting standards: (a) All records prescribed by the Authority and Customs; (b) Stock books recording quantities and descriptions of all raw materials used in manufacture, semi-finished products, and their disposal; (c) Stock books recording particulars of waste materials resulting from manufacturing; (d) Books of account, invoices, customs permit, and related manufacturing documentation; and (e) Accurate records detailing physical losses resulting from evaporation, spillage, leakage, or other causes*'.

Committee's Observation/Recommendation

The Committee rejected this proposal, observing that this provision is already sufficiently provided for in the Bill. However, the Committee observed that a provision on record keeping should be provided for in the Bill.

364. Insert the following new clause immediately after clause 52, '*A Special Economic Zones Enterprise and An Export Processing Zone enterprise shall: (a) Produce on demand for inspection by an authorized officer of the Authority all books, records, and documents, allowing extracts to be made for official records; (b) Submit quarterly returns to the Authority not later than the fourteenth (14th) day of January, April, July, and October, detailing: (i) All raw materials received during the preceding period; (ii) Production levels of semi-finished, finished products, and by-products, along with their releases for local consumption and export; (iii) waste stocks and their manner of disposal; (iv) Operational losses through spillage, evaporation, or other causes; and (iv) Closing stock balances of raw materials, semi-finished products, and by-products; (c) Complete and submit the Annual Survey of Export Processing Zones Enterprise and Special Economic Zone Enterprise by the date indicated by the Authority; and (d) Furnish additional information requested by the Authority, which information shall be treated as confidential*'.

Committee's Observation/Recommendation

The Committee rejected this proposal, observing that this provision is already sufficiently provided for in the Bill.

365. Insert the following new clause, '*A Special Economic Zones Enterprise and An Export Processing Zone enterprise shall: (a) Abide by Customs rules regarding the entry, removal, and disposal of raw materials, semi-finished or finished products, and machinery; (b) Submit to the economic zone's developer or operator a complete list of its employees, complete with photographs; (c) Immediately inform the economic zones developer or operator upon the resignation or termination of any employee for deletion from the master register; (d) Issue employees with photographic identification cards serving as permanent entry and exit passes in the prescribed form; (e) Exercise due supervision over its employees to ensure compliance with zone rules and regulations; (f) Keep all licenced activities and operations involving goods and services produced outside the Customs Territory physically separated from operations and activities in the zone; and (g) Clearly label commercial goods produced outside the Customs Territory with their original country of manufacture*'.

Committee's Observation/Recommendation

The Committee rejected this proposal, observing that this provision is already sufficiently provided for in the Bill.

366. Amend clause 53 to read as follows, '*A licensed Special Economic Zone enterprise and a licensed Export Processing Zone enterprise shall enjoy: (a) Full protection of property rights against all risks of nationalization or expropriation; (b) The right to fully repatriate all capital and profits without foreign exchange impediments; (c) Protection of industrial and intellectual property rights, including patents, copyrights, business names, industrial designs, technical processes, and trademarks; (d) The right to admit into the zone, export, and sell into the customs territory all classes or kinds of goods and services in accordance with East African Community (EAC) customs laws, up to: (i) 100% for Special Economic Zones enterprises; and (ii) 20% for Export Processing Zones enterprises; (e) The right to transact and carry on business with non-Kenyan economic zone entities; (f) The right to contract with any other enterprise to buy, sell, lease, sublet, manage, or transfer land or buildings within an economic zone, subject to the Authority's approval; (g) The right to independently determine the prices of any of its goods or services sold inside or outside the zone; (h) The benefits of an open, free, and competitive investment environment, including the right to freely engage in any business, trade, manufacturing, or service activity not prohibited by this Act; and (i) All other rights, incentives, and benefits granted to licensed enterprises under this Act*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal has been sufficiently been provided for.

367. Insert the following new clause 54A, '(1) *A Special Economic Zone Enterprise or an Export Processing Zone Enterprise licensed under this Act may apply to the Authority in the prescribed form to transition and*

convert its existing license from a Special Economic Zone Enterprise license to an Export Processing Zone Enterprise license, or vice versa; (2) An application for conversion under subsection (1) shall be evaluated and processed by the Authority, subject to: (a) The enterprise meeting the legal, operational, and sectoral eligibility requirements of the target enterprise license; (b) Satisfaction or settlement of all outstanding statutory liabilities, corporate income tax, customs duties, accrued fees, or administrative penalties under the existing license regime up to the effective date of conversion; (c) Reconciliation of all raw materials, capital equipment, semi-finished goods, and finished inventory remaining on site with the Kenya Revenue Authority and Customs, in accordance with applicable East African Community (EAC) Customs laws; and (d) Payment of the prescribed application and license transition fees; (3) Upon approval of the conversion application: (a) The Authority shall issue the corresponding enterprise license specifying the effective date of transition; (b) The enterprise shall relinquish its previous enterprise license for cancellation; and (c) From the effective date of transition, the enterprise shall accrue only the specific tax incentives, customs treatment, and domestic market access allowances (including applicable local sales thresholds) granted under the newly issued economic zone licence category; (4) Transitioning under this section shall apply exclusively to the enterprise entity and shall not alter, invalidate, or interrupt the underlying tenancy, land lease, or sub-lease agreement between the enterprise and the licensed Economic Zones Developer or Operator, provided that the intended commercial activities remain compliant within the designated zone; (5) A converting enterprise shall not be entitled to commence a new corporate income tax holiday by reason only of the conversion of a licence. Any period of corporate income tax relief enjoyed by a converting enterprise under a previous licence shall be taken into account in determining the total period of corporate income tax relief available to the enterprise under the new licence or applicable regime; (6) Employee Register Transfer: Employee identification cards, photographs, and work permits submitted under the surrendering enterprise license automatically transfer to the new enterprise status, avoiding redundant administrative re-registration for staff; (7) Developer/Operator Notification: The converting enterprise must give written notice to the Economic Zones Developer or Operator within 30 days prior to applying for a license conversion to ensure zone records and infrastructure compatibility remain up to date; and (8) The Cabinet Secretary may, in consultation with the Authority and the Kenya Revenue Authority, make regulations prescribing the procedures, inventory transition audits, customs reconciliation guidelines, and transitional tax rules applicable to enterprises converting under this section'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the proposal has been sufficiently been provided for in the Bill and further the proposal is likely to provide for a longer bureaucratic procedure of the conversion rather than making the process easier and easily accessible.

368. Amend subclause 54(2) by inserting the following paragraphs immediately after paragraph (o), '(p) *the payment of the Standards Levy imposed under the Standards Act for exports from a special economic zone Enterprise and Export processing zones Enterprise; Provided that where goods are removed from a zone to the Kenyan market, any standards-related levy shall be assessed only on the value of domestic sales; (q) exemptions from regulations under the Pharmacy and Poisons Board Act except for goods and services exported to the Customs territory; and (r) exemption from Pre-Export Verification of Conformity for industrial raw materials and machinery manufactures, goods from East African Community (EAC) partner states, and*

medical equipment imports. Regulated finished goods imported into Kenya shall be required to provide PVoC before entry into the economic zone'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee. However, the Committee observed there is need to review the proposal under clause 54 to provide clarity on the need of benefits and exemptions where necessary.

369. Amend subclause 54(3) to read as follows, '*All Licensed Economic Zones Developer/operator, SEZ enterprise and EPZ Enterprise shall be entitled to work permits of up to twenty per cent of their full-time employees'*.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal was not necessary since the benefits to developers have been adequately provided for.

370. Amend subclause 55(1) to read, '*A Kenya economic zone service permit holder shall be'*.

Committee's Observation/Recommendation

Clause 55 of the Bill was deleted by the Committee.

371. Amend paragraph 56(1) (b) to read as follows, *'(b) fees, fines, levies, leases, rent, utility charges, consultancy fee or other charges under this Act'*.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

372. Insert the following new clause 56A, '(1) *There is established the Kenya Economic Zones Tribunal; (2) The Tribunal shall consist of members appointed by the Judicial Service Commission comprising: (a) a chairperson who is a person qualified to be a judge of the High Court; (b) an advocate of the High Court of Kenya with at least ten years' experience; and (c) five persons who have demonstrated competence in engineering, urban development, property management, information technology or finance; (3) A person shall be qualified to be appointed as a chairperson or a member of the Tribunal if that person has satisfied the requirements of Chapter Six of the Constitution; and (4) There shall be a deputy registrar to the Tribunal who shall be deployed to the Tribunal by the Judicial Service Commission*'.

373. Insert the following new clause 56B, '(1) *The Chairperson and members of the Tribunal shall hold office for a term of three years and shall be eligible to be appointed for one further term; and (2) The chairperson and members of the Tribunal shall serve on a part-time-basis*'.

374. Insert the following new clause 56C, '*A person who is appointed as a member of the Tribunal shall, before assuming the duties of the office, take oath of office in the manner set out*'.

375. Insert the following new clause 56D, '*The Chairperson and the members of the Tribunal shall be disciplined or removed from office on grounds and in accordance with the provisions of the Third Schedule to the Judicial Service Act*'.

376. Insert the following clause 56E, '(1) *The Judicial Service Commission shall appoint such staff of the Tribunal as may be necessary for the proper functioning of the Tribunal and in accordance with the Judicial Service Act; and (2) Without prejudice to subsection (1), the Judicial Service Commission may second staff to the Tribunal as may be necessary for the performance of the functions of the Tribunal*'.

377. Insert the following new clause 56F, '*The expenses of the Tribunal shall be paid out of the Judiciary Fund*'.

378. Insert the following new clause 56G, '(1) *The chairperson of the Tribunal shall be responsible for ensuring the orderly and expeditious discharge of the business of the Tribunal; (2) Without prejudice to the generality of subsection (1), the chairperson may give directions relating to the: (a) arrangement of the business of Tribunal; (b) the places and time at which the Tribunal may sit generally; and (c) the procedure of the Tribunal at a particular place*'.

379. Insert the following new clause 56H, '(1) *For the purposes of hearing and determining any matter before the Tribunal, three members shall form a quorum; and (2) Where the chairperson is absent, the members shall designate one of the members to preside over a matter*'.

380. Insert the following new clause 56I, '*The Tribunal shall have jurisdiction to hear and determine appeals from a decision of the Authority in relation to licensing, issuance of economic zone development permits and an enforcement decision made under the Act*'.

381. Insert the following new clause 56J, '*Any person aggrieved by a decision of the Authority in relation to licensing, issuance of economic zone development permits or enforcement decisions under the Act may appeal to the Tribunal, within thirty days from the date on which the decision was communicated to the person*'.

382. Insert the following new clause 56K, '(1) *The Tribunal shall regulate its own procedure in hearing and determining appeals; and (2) In exercise of its jurisdiction, the Tribunal shall not be bound by the strict rules of the Evidence Act, (Cap. 80) and the Civil Procedure Act, Cap. 21*'.

383. Insert the following new clause 56L, '(1) *The Tribunal may: (a) by notice, summon any person to appear before it: (i) to give evidence; or (ii) to produce a document or things specified in the summons; (b) administer an oath or solemn affirmation; (c) question any person or have that person questioned; and (d) retain a document produced in the course of the proceedings; and (2) For the hearing of proceedings before the Tribunal, the appellant may appear in person or be represented by a professional with expertise on the relevant matter or an advocate*'.

384. Insert the following new clause 56M, '(1) *Upon hearing an appeal, the Tribunal may: (a) confirm or set aside the order or decision of the Authority in question; or (b) make such other order, as it may deem just; (2) A decision of the Tribunal shall be by a majority vote of the members present; and (3) A decision of the Tribunal shall be enforced in the same manner as a decision of a Magistrates Court*'.

385. Insert the following new clause 56N, '*Any party to proceedings before the Tribunal who is dissatisfied with a decision of the Tribunal may, within thirty days of the decision, appeal to the High Court*'.

386. Insert the following new clause 56O, '*The Chief Justice may make rules governing the practice and procedure of the Tribunal*'.

Committee's Observation/Recommendation

The Committee adopted this amendment and proposed establishment of the Tribunal under clause 65 of the Bill.

387. Insert the following new clause 64A, '*All official communications, registers, accounts, records and other documents required under this Act shall be maintained and conducted in the official languages of Kenya*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee because the Constitution outlines the official languages of Kenya hence no need to restate the same in this Bill.

388. Amend clause 65 to make reference to the Tribunal established under clause 56A.

Committee's Observation/Recommendation

The Committee proposed establishment of the Tribunal under this Clause.

389. Insert the following clause immediately after clause 65, '(1) *Where an enterprise has enjoyed, wholly or substantially, a tax incentive applicable to an economic zone enterprise, the sale, transfer, restructuring, reconstruction, winding-up or other disposition of that enterprise shall not constitute a new investment for the purposes of qualifying for a fresh tax incentive where: (a) It undertakes substantially the same business activity, trade, or commercial operations as the prior enterprise; and (b) It shares the same, or substantially the same, directors, shareholders, controllers, or Ultimate Beneficial Owners (UBOs) as the prior enterprise, whether directly or indirectly; (2) A director, shareholder, controller or ultimate beneficial owner of an enterprise referred to in subsection (1) shall not, directly or indirectly, establish, acquire or control another enterprise carrying on substantially the same business activity for the purpose of obtaining or restarting a tax incentive; (3) For the purposes of this section, an enterprise that succeeds to or continues the business of another enterprise under subsection (1) shall be treated as a continuation of the predecessor enterprise, and any tax incentive period already enjoyed by the predecessor enterprise shall be taken into account in determining the incentive period applicable to the successor enterprise*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

390. Amend clause 66 by making reference to the Tribunal established under clause 56A.

Committee's Observation/Recommendation

The Committee proposed deletion of this clause since appeal has been already been provided for.

391. Amend clause 67 by reviewing penalty levels and distinguishing criminal penalties from administrative sanctions. Authorise an enforcement/sanctions framework in regulations, subject to constitutional and statutory safeguards, and clarify that customs offences remain subject to customs law.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the provision on general penalty was sufficient and addressed the criminal element where one acts contrary to the provisions of the Act. The Committee further observed that the administrative sanctions as proposed have been provided for.

392. Amend clause 68 by expanding regulation-making scope to cover economic-zone categories, licensing criteria/thresholds, service permits, compliance audits, sanctions, suspension/revocation, exit procedures, social amenities, infrastructure standards, data systems, one-stop-shop services and transitional arrangements. Retain Article 94(6) limitations.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the provision under the Bill is conclusive and sufficient for delegated provisions.

393. Insert the following new paragraph 68(1)(h) Insert section 1(h), '*(h) determine the rules pertaining to the establishment, functioning, operations and procedures for economic zones one-stop-shops*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

394. Amend clause 69 to expressly state that the repeal takes effect upon commencement of the new Act and is subject to the transitional provisions.

Committee's Observation/Recommendation

This recommendation was rejected by the Committee as the Committee observed that the commencement of the Bill once enacted taking into consideration of the transitional provisions.

395. Insert the following new subclauses immediately after subclause 70(8), '(9) *Valid developer, operator, and enterprise licenses referred to in Section 70 (4) and other permits issued under the repealed Export Processing Zones Act, Cap. 517 and the Special Economic Zones Act, Cap. 517A remain valid under their original terms until renewal or migration into the unified Kenya Economic Zone framework. Provided that where this Act imposes additional requirements, the licensed persons shall meet the new requirements stated in this Act, where applicable, within twelve months from the date of commencement of this Act; (10) Pending applications lodged prior to the operational commencement date are processed and concluded in accordance with the procedural standards of the new unified law where beneficial, preventing administrative deadlocks; (11) Administrative records, active compliance files, and regulatory oversight seamlessly transition from SEZA/EPZA to the new Authority or successor board without penalizing active compliant holders during the interim period; (12) Fiscal and non-fiscal guarantees such as corporate tax exemptions or customs duty reliefs granted to active investors under prior frameworks are protected through the savings clauses; and (13) Ongoing or prospective investor-state grievances initiated before the transition maintain their legal footing under pre-existing arbitration frameworks or smoothly bridge to KEZA's updated compliance mechanisms'.*

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed transition clause provided for under the Bill is sufficient and addresses the elements contained in the proposal.

4.16 Export Processing Zones Authority

In a meeting with the Committee held on Tuesday, 1st September 2026, the CEO, Mr. Richard Omelu, proposed the following amendments to the Bill on behalf of EPZA:

396. Define '*customs-controlled area*' to mean the special economic zone and export processing zone where certain enterprises carry out customs-controlled operations.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that this proposal has been provided for under the relevant customs law.

397. Define '*Economic Zone*' to mean both an SEZ and an EPZ.

Committee's Observation/Recommendation

The Committee adopted this proposal.

398. Amend paragraph 5(g) to read as follows, '*review and process applications for licences and KEZ service permits by the zone developers, operators, enterprises and business for special economic zones or export processing zones*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee. However, the Committee adopted the term "economic zones service permit".

399. Amend paragraph 5(p) to read as follows, '*to suspend or cancel licence of an SEZ or EPZ developer, operator or enterprise which is in violation of this Act, the East African Community Customs Management Act, 2004 or any other applicable law*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee. However, the Committee adopted the term "economic zone" rather than "SEZ or EPZ".

400. Amend paragraph 5(q) to read as follows, '*designate and approve social amenities within relevant special economic or Export Processing zones and maintain a register of residents domiciled in the special economic zones*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee. However, the Committee adopted the term "economic zone" rather than "SEZ or EPZ".

401. Amend clause 12 to read as follows, '*The members of the Board shall receive remuneration or allowances as the Cabinet Secretary in consultation with the Salaries and Remuneration Commission shall determine*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee as it was correcting a typographical error.

402. Amend clause 18 to read, '*The Director-General shall be the chief executive officer of the Authority, to be recruited by the Board of the Authority through a competitive process*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that having the Director-General as the chief executive officer defeats the establishment of the office of the chief executive officer.

403. Amend subclause 18(2) to read, '*A person is qualified to be appointed as Director General of the Authority if the person*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that it is not necessary to provide for the Director General.

404. Amend paragraph 18 (2) to read as follows, '(a) *holds a degree in Business, Economics, Finance, Marketing, Accounting, law, information technology, social sciences, physical sciences or a related field from a university recognized in Kenya*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

405. Insert the following new subclauses immediately after subclause (2), '(3) *The Director-General shall hold office for a period of not more than five years, on such terms and conditions of employment as the Board may determine, and shall be eligible for re-appointment for one further term; (4) The Director-General shall be an ex officio member of the Board but shall have no right to vote at any meeting of the Board; (5) The Director-General shall: (a) subject to the direction of the Board, be responsible for the day to day management of the Authority; and (b)in consultation with the Board, be responsible for the direction of the affairs and transactions of the Authority, the exercise, discharge and performance of its objectives, functions and duties, and the general administration of the Authority*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that this proposal is not necessary having already established the office of the chief executive officer.

406. Amend subclause 24(1) to read as follows, '*The Cabinet Secretary shall on the recommendation of the Authority, declare by notice in the Gazette any area as a Special Economic Zone*'.

Committee's Observation/Recommendation

The Committee rejected the proposal, having observed that declaring an area as a special economic zone gives enterprises in that zone access to tax incentives and exemptions, which affect government revenue. The Cabinet Secretary responsible for the National Treasury must therefore be consulted in the declaration, having weighed the fiscal cost of the zone against revenue and fiscal policy.

407. Amend subclause 24(6) to read as follows, '*An area declared as a special economic zone under this section may be designated as a single sector or multiple sector special economic zone, and 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; (j) oil and gas zones; or (k) any other zone that may be declared by the Cabinet Secretary, on the recommendation of the Authority, excluding EPZs*'.

Committee's Observation/Recommendation

The Committee did not adopt the proposal as the amendment was not necessary.

408. Delete paragraph 24(7)(b)(ii).

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

409. Delete paragraphs 26(2)(d), (f) and (g).

Committee's Observation/Recommendation

The Committee observed that the items provided in the above paragraphs are important in designating a special economic zone and thus rejected the proposal to delete them.

410. Amend subclause 26(3) to read as follows, '*A person who has an intention to develop an export processing zone shall apply to the Authority and submit the documents as set out in the Regulations*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

411. Amend subclause 26(5) to read as follows, '*The Authority shall forward the conditional approval together with the documents submitted under sub section (4) to the Cabinet Secretary within Seven (7) Calendar days from the date the decision was made*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

412. Number the paragraphs under clause 28.

Committee's Observation/Recommendation

This proposal was adopted by the Committee as the clause had not been numbered.

413. Amend paragraph 30(1)(b) to read as follows, '*carrying out business involving the importation or handling of used apparel and used footwear*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

414. Delete paragraph 30(1)(g).

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

415. Amend paragraph 30(1)(i) to read as follows, '*Goods manufactured in an export processing zone shall not be used in the zone for personal consumption*'.

Committee's Observation/Recommendation

The Committee adopted this proposal.

416. Insert the following new clause immediately after clause 31, '*The Authority shall, in designating and determining the Export Processing zone project proposals that qualify for licensing, take into account the following considerations as may be appropriate: (a) nature of the proposed project; (b) intended size and perimeter of the proposed Export Processing zone; (c) availability of land and unencumbered land titles; (d) geographical location and topography; (e) proximity to resources, population centres and infrastructure; (f) infrastructure and other utility requirements from national and county governments including water, power, sewage, telecommunication, solid waste and waste water management; (g) provision of medical, recreational, security fire safety, customs, and administrative facilities; (h) impact on off-site infrastructure, utilities and services; (i) approvals of land uses and zoning requirements to facilitate the Export Processing Zone; (j) environmental standards and requirements; and (k) any other criteria as may be prescribed in the regulations*'.

Committee's Observation/Recommendation

The Committee agreed to insert the new clause in the Bill.

417. Delete paragraph 33(a)(iii).

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

418. Amend paragraph 33(c) to read as follows, '*services provided by a special economic zone and export processing zone enterprises may be provided to other special economic zone, export processing zone enterprises and persons in the Customs Territory subject to approval of the Authority*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

419. Amend subclause 36(5) to read as follows, '*The Authority shall make a decision on an application for a licence under this Act within one month of fulfilment of the conditions prescribed under this Act*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

420. Delete subclause 36(6).

Committee's Observation/Recommendation

The Committee observed that the provision under subclause was important (6). The Committee reduced the minimum investment value from Kshs. 5 billion to USD 10,000,000.

421. Amend subclause 36(8) by including EPZs.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

422. Amend subclause 36(9) '*A SEZ or EPZ Developer, Operator or enterprise that fails to pay the prescribed annual license fees 30 days prior to the expiry of each 12 months period following the date of issuance of the license shall be liable to pay a penalty as may be prescribed in the regulations*'.

Committee's Observation/Recommendation

The Committee adopted this proposal. Further, the Committee reviewed the provisions on sixty days for failure to pay the prescribed annual license fees to forty-five days.

423. Amend paragraph 10(b)(ii), '*a special economic zone and Export Processing zone developer, operator or enterprise that fails to pay the prescribed annual fees within sixty days following each twelve-month following the date issuance of the first license shall be liable to pay a penalty as may be prescribed in the regulations*'.

Committee's Observation/Recommendation

The Committee adopted this proposal. Further, the Committee reviewed the provisions on sixty days for failure to pay the prescribed annual license fees to forty-five days.

424. Amend paragraph 36(14)(a) to read as follows, '*shall be specific to a demised premises*'.

Committee's Observation/Recommendation

This proposal was adopted by the committee.

425. Amend clause 41 to read as follows, '*The Authority shall maintain, or cause to be maintained, an electronic register of all licences issued under this Act, including current, suspended and revoked licences, which register shall contain: (a) the company name; and (b) the physical address at which the company carries on its business; (c) The holder shall, within fourteen days of the occurrence of the event concerned, give to the Authority particulars of the change in the prescribed form where: (i) the holder of the licence ceases to carry on the business to which the licence relates; or (ii) a change occurs in any particulars which are required to be entered in the register of license holders with respect to the holder of a license*'.

Committee's Observation/Recommendation

The Committee amended the clause to provide for an electronic register.

426. Insert the following paragraph immediately after paragraph 43(1)(d), '*has been convicted of an offence under this Act*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

427. Amend paragraph 43(1)(f) to read as follows, '*contravenes the provisions of this Act or conditions attached to the permit and any other relevant law applicable to the permit*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

428. Amend paragraph 48(1)(c) to read as follows, '*acquire, dispose of, or transfer special economic zone land or other assets, subject to the prior approval of the Authority*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

429. Amend subclause 48(2) to read as follows, '*(2) A special economic zone developer shall, in such manner as may be prescribed*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that this proposal is similar with that provided for in the Bill.

430. Amend paragraph 48(2)(f) to read as follows, '*register all leases and sub leases with the Authority*'.

Committee's Observation/Recommendation

This amendment was rejected by the Committee as it is not necessary.

431. Amend subclause 49(1) by inserting the following new paragraphs immediately after paragraph (a), '(b) *have the financial capacity, technical and managerial expertise, and associated track record of relevant development or operational projects, required for developing or operating the Export Processing zone; (c) own or lease land or premises for a period not less than ten years within the Export processing zones as stipulated under the Economic Zones (Land Use) Regulations to be enacted within one hundred and eighty days of the coming into force of this Act; and (d) Upon expiry of the ten-year lease term, be required to renew the lease for a further minimum period of Ten years*'.

432. Insert the following new subclause 49(2), '*An Export Processing zone developer shall have the right to: (a) act or appoint an Export Processing zone operator to undertake management and administration of the Export Processing zone on its behalf as may be prescribed by this Act; (b) Lease, sub-lease or sell land or buildings to Export Processing Zone operators, service permit holders and enterprises, and charge rent or fees for other services that may be provided; (c) acquire, dispose or transfer Export Processing Zones lands or other assets, subject to the approval of the Authority; (d) develop and operate Export Processing zone lands and other assets in conformity with applicable law and its Developer licence; (e) provide utilities and other services in the Export Processing zone, in accordance with its licence, and to charge fees for such services; (f) enjoy the benefits that may accrue under the provisions of this Act; (g) enter into contracts with private third parties for the development, operation, and servicing of Export Processing Zone lands and other*

assets, including on-site and off-site infrastructure; and (h) advertise and promote the Export Processing zone for which it holds a licence to potential investors and service providers'.

Committee's Observation/Recommendation

The Committee rejected this proposal as the same has been provided for in the Bill as proposed.

433. Amend paragraph 50(1)(f) to read as follows, '*develop facilities within the export processing zone*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the same is not necessary.

434. Amend paragraph 50(1)(k) to read as follows, '*ensure that the premises are safe for occupancy and free from all hazards pursuant to applicable building codes*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that safety occupancy of a building is provided for under relevant laws.

435. Insert the following new subclause 50(2), '*An Export Processing Zone Developer who intends to have the designation of land as an Export Processing Zone revoked shall, prior to the consideration of the application for revocation, be required to: (a) obtain clearance from the Kenya Revenue Authority confirming that all tax liabilities have been settled, and submit a valid Tax Clearance Certificate and a No Objection Letter; (b) cancel all outstanding customs bonds and submit a clearance certificate issued by the Kenya Revenue Authority confirming that all customs bonds relating to the Export Processing Zone have been duly cancelled; (c) ensure that the Developer's or Operator's licence, as applicable, is valid and up to date; (d) prepare and submit a comprehensive inventory of all machinery, equipment and other assets imported and reconcile the same with the relevant importation documentation; (e) settle all outstanding financial obligations due and payable to the Authority; (f) submit a certified copy of the resolution of the Board of Directors approving the proposed revocation of the designation of the land as an Export Processing Zone; and (g) formally notify the Ministry responsible for labour and social protection and provide evidence of compliance with all applicable labour and employment obligations*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal was similar to the already existing proposals in the Bill.

436. Amend paragraph 52 (1) (p) to read as follows, '*Where an Export Processing Zones Enterprise undertakes manufacturing or commercial activities involving goods similar to those manufactured or traded*

outside the Customs Territory, such activities shall be undertaken by legally distinct companies and in physically separate premises'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal with create difficulties in implementing the same as this provision raises constitutional issues.

437. Insert the following new paragraph (r), '*Produce on demand documentary evidence of a Bank Guarantee sufficient to facilitate the settlement of outstanding employees' dues, statutory deductions and third-party creditors, in the event that the Enterprise ceases operations*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as this Committee observed this provision is likely to act contrary to the provisions of Article 27 of the constitution.

438. Amend paragraph 53(b) to read as follows, '*the right to repatriate capital, profits, dividends and other legitimate returns arising from its investment, subject to compliance with the Constitution and applicable written laws, including anti-money laundering laws*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the provisions under the Bill were sufficient.

439. Insert the following new paragraph immediately after paragraph 53(b), '*an enterprise shall not undertake any transaction, arrangement or transfer whose principal purpose or effect is to unlawfully transfer profits, capital, assets or other economic value generated in Kenya outside Kenya*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

440. Insert the following new paragraph immediately after paragraph 53(f), '*the Authority shall, in consultation with the Kenya Revenue Authority and the Central Bank of Kenya, monitor compliance and may require an enterprise to furnish information relating to significant cross-border transactions and the utilization of profits*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

441. Amend subclause 54(1) to read as follows, '*Without prejudice to any other written law, the export processing zone enterprise, export processing zone developers and the export processing zone operators shall be granted the following exemptions: (a) exemption from registration under the Value Added Tax Act, Cap. 476; (b) exemption from the payment of excise duties as specified in the Excise Duty Act, Cap. 472; (c) exemption from the payment of income tax as specified in the Income Tax Act, Cap. 470 for the first ten years from the date of first sale as an export processing zone enterprise, except that income tax rate will be limited to twenty-five percent for the ten years following the expiry of the exemption granted under this paragraph; (d) exemption from the payment of withholding taxes on dividends and other payments made to non-residents during the period that the export processing zone enterprise is exempted from payment of income tax under paragraph (c); (e) exemption from stamp duties on the execution of any instruments relating to the business activities of an export processing zone enterprise; (f) exemption from quotas or other restrictions or prohibitions on import or export trade with the exception of trade in firearms, military equipment or other illegal goods; (g) exemption from exchange controls on payments for: (i) receipts of export processing zone exports; (ii) payments for raw materials, intermediate goods, tools, and spares, supplies, construction equipment and construction materials, capital equipment, office equipment, repatriation of royalties, management fees, technology transfer fees, profits, dividends, advertising expenses, inspection fees for quality control, debt service and any other legitimate business expenses; and (iii) capital transactions, except on capital funds raised from Kenyan persons subject to exchange control in which case remittance of dividends, profits, debt service and any other returns to such capital invested will be subject to the Exchange Control Act, Cap. 113; (h) exemptions from rent or tenancy controls; and (i) any other exemptions as may be granted by the Cabinet Secretary for the time being responsible for finance by notice in the Gazette'.*

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal was not necessary as the same has been addressed under the provisions of the Bill.

442. Amend paragraph 54(2)(k) to read as follows, '*exemptions from payment of fees, duties, taxes, permits and levies imposed by the respective government agencies and County Governments*'.

Committee's Observation/Recommendation

The Committee rejected this proposal. However, the Committee reviewed the provisions of clause 54 of the Bill with a view of reviewing the exemptions provided for under the said clause.

443. Insert the following new paragraph immediately after paragraph 54(2)(k), '*exemptions from the payment of standards levy from Kenya Bureau of Standards for imports used in production, provided that where goods are removed from a zone to a domestic market, any standards-related levy shall be assessed on the value of domestic sales, not on the total annual turnover*'.

Committee's Observation/Recommendation

The Committee rejected this proposal. However, the Committee reviewed the provisions of clause 54 of the Bill with a view of reviewing the exemptions provided for under the said clause.

444. Insert the following paragraphs immediately after paragraph (n), '(o) *Exemption on levies imposed under the crops Act; (p) Exemption on levies, Inspection fees, import and export permits imposed under the Tea Act; (q) Exemption on levies, Inspection fees, import and export permits imposed under the Coffee Act; (r) Import permit/Export permit under the Fisheries Act; and (s) Permits/licenses/Certification/ under the Pharmacy and Poisons Act*'.

Committee's Observation/Recommendation

The Committee rejected this proposal. However, the Committee reviewed the provisions of clause 54 of the Bill with a view of reviewing the exemptions provided for under the said clause.

445. Delete subclause 54(3).

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

446. Insert the following new paragraph immediately after paragraph 56(1)(e), '*monies appropriated from the infrastructure fund for purposes of development and maintenance of infrastructure*'.

Committee's Observation/Recommendation

This amendment was rejected by the Committee.

447. Amend paragraph 62(1)(a) to read as follows, '*in such investment in a reputable bank regulated by the Central Bank of Kenya, being an investment in which trust funds, or part thereof, are authorized by law to be invested*'.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that the provision under the Bill is sufficient.

448. Insert the following clause immediately after clause 69, '*Any person aggrieved by any direction given by the Authority to such person or by a decision of the Authority: (a)refusing to grant a licence; (b) imposing conditions, limitations or restrictions on a licence; (c) cancelling or suspending a licence; (d) refusing to grant a permit; (e) imposing conditions on a permit; and (f) cancelling or suspending a permit; may request the*

Cabinet Secretary to appoint a panel to review a decision of the Authority relating to the decision; (2) Upon receiving a request under subsection (1), the Cabinet Secretary shall appoint a panel consisting of: (a) a chairman who shall be an advocate of at least ten years standing; and (b) two other members each of whom shall be a person who is experienced in law, economics or commerce; (3) After conducting its review, the panel may do any one or more of the following: (a) confirm, vary or set aside the decision appealed from; (b) direct that the Authority reconsider a matter in accordance with such directions as the panel may make; or (c) make an order as to the payment of costs; (4) The Cabinet Secretary may make rules governing the procedure of panels under this section; (5) Subject to any rules made by the Cabinet Secretary, a panel may govern its own procedure; (6) A panel shall have the same powers as a court to make orders to secure the attendance of persons, for the production of documents or for the investigation and punishment of contempt; (7) The Cabinet Secretary shall appoint a secretary to the panel and such other staff as are necessary for the proper discharge of the functions of the panel; (8) The members of a panel shall be paid such allowances and expenses as are determined by the Cabinet Secretary; (9) The expenses of the panel, including the allowances and expenses of the members of the panel, shall be paid by the Government; and (10) A person aggrieved by any direction given by the panel may appeal to the High Court within thirty days from the date on which the decision was communicated to such person'.

Committee's Observation/Recommendation

The Committee provided for the establishment of the Tribunal. This amendment was therefore not necessary.

4.17 State Department for Trade

In a memorandum Ref: MITI/SDT/PAR/1/95 (39) dated 3rd September 2026, the PS, Ms. Regina Ombam, proposed the following amendments to the Bill on behalf of the State Department:

449. Amend clause 3 to include an additional object providing for the promotion of exports, diversification of Kenya's export basket, integration into regional and global value chains, and enhancement of Kenya's trade competitiveness.

Committee's Observation/Recommendation

This Bill addresses investment promotion. Export promotion is provided for in a separate legislation. This proposal was therefore rejected by the Committee.

450. Amend clause 5 to provide that the Authority shall undertake trade-related functions in consultation and coordination with the State Department responsible for Trade and relevant trade institutions.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that this proposal is not necessary for the objects of the establishment of the Authority.

451. Amend paragraph 5(2)(h) to require market research and sector analysis to be undertaken in consultation with the relevant institutions responsible for trade and export development.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that the provisions under the Bill are sufficient, as they provide for market research and analysis.

452. Amend paragraph 5(2)(i) by establishing a formal coordination mechanism between the Authority, the State Department for Trade and relevant investment and export promotion agencies.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that the provisions under the Bill are sufficient as the contents of the proposals have been addressed under paragraph (n) of the Bill.

453. Amend paragraph 5(2)(r) to provide that issuance of certificates of origin shall be undertaken in accordance with national trade laws, applicable rules of origin and procedures prescribed by the relevant authority responsible for trade administration.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that the provisions under the Bill are sufficient as provision on issuance of certificate of origine has been provided for.

454. Amend paragraph 5(2)(n) to establish a statutory inter-agency Kenya Economic Zones Coordination Committee, comprising relevant State Departments and agencies.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that the provisions as proposed has been provided for under paragraph (n) and is sufficient.

455. Amend clause 7 to include the Principal Secretary responsible for Trade, or a designated representative, as a member of the Board, and ensure that at least one of the four private-sector Board members appointed under the clause has demonstrable expertise in international trade, export development or global value chains.

Committee's Observation/Recommendation

The Committee rejected this proposal. However, the Committee reviewed clause 7 to provide for the Principal Secretary responsible for trade to be part of the composition of the Board of the Authority.

456. Amend clause 24 to require that proposed special economic zones demonstrate alignment with national economic priorities, export potential, market opportunities and regional value chains.

Committee's Observation/Recommendation

The Committee rejected this proposal and observed that the provisions under the Bill have sufficiently provided for the criteria or requirements for declaration of a special economic zone.

457. Amend subclause 24(6) to require the Authority to develop a National Economic Zones Development Strategy identifying priority sectors, geographical locations and target markets.

Committee's Observation/Recommendation

The Committee adopted this proposal.

458. Amend subclause 24(7) to replace the fixed 200 full-time employee threshold for business process outsourcing and services zones with differentiated criteria based on investment, technology intensity, export earnings, skills and employment potential, noting that modern digital and knowledge-intensive businesses may generate substantial export earnings without employing large numbers of people initially.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

459. Amend clause 25 to add criteria relating to export potential, access to regional and international markets, availability of raw materials and linkages with domestic value chains, to ensure that designation criteria are not limited to land, infrastructure, location, utilities and environmental safeguards.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

460. Amend clause 26 to require that export processing zone development and licensing take into account national export priorities and identified market opportunities.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

461. Amend clause 27 to provide for structured consultation with relevant national and county institutions where public infrastructure and services are required.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

462. Amend clause 29 to introduce policy provisions encouraging progressive value addition, technology transfer and integration with domestic suppliers.

Committee's Observation/Recommendation

The Committee adopted this proposal.

463. Amend clause 30 to require publication and periodic review, in consultation with relevant regulatory and trade authorities.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

464. Amend clauses 31 to 34 to require implementation in accordance with the East African Community Customs Management framework and applicable national and international trade obligations, and to introduce provisions requiring the Authority to promote backward and forward linkages between zone enterprises and domestic enterprises.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as it is not specific on what is needed to be amended. Further, the Committee observed that the proposal in the Bill has made reference to existing national and regional laws and as such the same has been addressed.

465. Amend clause 35 to include modern trade facilitation infrastructure such as digital single-window connectivity, customs automation, inspection facilities and logistics services.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

466. Amend clause 36 to strengthen the centralised application system and provide clear service standards for all approvals and to provide for MSMEs and domestic enterprises to participate as suppliers, service providers, subcontractors and value-chain partners.

Committee's Observation/Recommendation

This proposal was rejected by the Committee. However, the Committee has reviewed the Bill to provide for a centralized system in accordance with the provisions on establishment of a one-stop shop.

467. Amend subclause 36(6) by reviewing the Kshs. 5 billion blanket threshold and establishing differentiated investment thresholds based on the category of licence and nature of activity.

Committee's Observation/Recommendation

The Committee amended this subclause by providing a minimum threshold of USD 10,000,000 and empowered the CS to make regulations putting in place tiered thresholds.

468. Amend clauses 38 and 39 to ensure clear notice, opportunity to be heard, reasonable remedial periods and transparent appeal procedures.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

469. Amend clauses on developers, operators and enterprises to introduce reporting requirements on investment, employment, exports, local procurement and technology transfer.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed the proposal was not specific on provision to be amended.

470. Amend clause 54 to provide for periodic monitoring and evaluation of incentives based on investment, exports, jobs, domestic value addition and fiscal impact.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the provision on periodic monitoring and evaluation of incentives has been sufficiently been provided for.

471. Amend clause 55 to establish clear eligibility, service standards and accountability requirements.

Committee's Observation/Recommendation

The Committee rejected this proposal. The Committee observed that the provision on a service provider was not necessary and proposed that clause 55 be deleted.

472. Amend clauses 56 to 62 to require the Authority's annual plans and reports to include performance against key economic indicators.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the same is necessary since the provision of annual plans and reports is administrative and can be conducted by the Authority in the exercise of its mandate.

473. Amend clause 60 to require reporting on investment attracted, exports generated, employment created, local procurement, domestic value addition and geographical distribution of investments.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the provisions on investment attracted, exports generated, employment created, local procurement, domestic value addition and geographical distribution of investments are administrative and can be conducted by the Authority in the exercise of its mandate.

474. Amend clause 64 to ensure that regulations clearly distinguish confidential commercial information from information required for regulatory and statistical purposes.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the provision as provided for in the Bill is sufficient.

475. Amend clauses 65 and 66 by considering specialised mediation or administrative dispute-resolution mechanisms before resorting to lengthy litigation.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed the provision on dispute resolution mechanism has been reviewed by the Committee to enhance the process.

476. Amend clause 68 to require consultation with the State Department responsible for Trade and relevant public and private stakeholders in making regulations affecting trade, exports, customs and market access.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the Statutory Instruments Act provides for the need to conduct stakeholder engagement while developing regulations.

477. Amend clauses 69 to 70 to ensure comprehensive transitional provisions protecting existing licences, approvals, incentives, contractual rights and legitimate business arrangements, subject to applicable law.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal has been sufficiently been provided for in the Bill.

4.18 State Department for Industry

478. In a memorandum, the Principal Secretary, Dr. Juma Mukhwana submitted that the Bill will simplify licensing, cut approval timelines and give investors one point of contact from application to operation. He submitted that the State Department supports the Bill because it is pro-investor and puts in place pro-efficiency reforms; strengthens Kenya's competitiveness as a manufacturing and export hub in the region and under AfCTA; and existing investors in EPZs and SEZs will experience continuity of rights and no disruption during the transition.

4.19 National Environment Management Authority

In a memorandum Ref. NEMA/7/7/VOL.VIII/61 dated 2nd September 2026, Dr. Mamo Mamo, Director General, proposed the following amendments to the Bill on behalf of NEMA:

479. Insert the following new clause immediately after clause, '*For the avoidance of doubt, nothing in this Act shall exempt a zone, developer, operator, enterprise or service provider from EMCA or subsidiary legislation. A licence, permit, designation, incentive or exemption under this Act shall not authorise an activity requiring environmental approval unless the approval has first been obtained from NEMA. Environmental assessment, standards, audit, monitoring, inspection and enforcement shall remain governed by EMCA*'.

Committee's Observation/Recommendation

This Bill does not exempt investors from provisions of the EMCA.

480. Amend paragraph 5(l) to limit enforcement to this Act and licence conditions issued under it, and require referral/coordination with competent regulators for other laws. In paragraph 5(n), expressly identify NEMA for environmental compliance and environmental information sharing.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the composition of the Authority has sufficient representation to enhance consultation pursuant to decision-making and as such this proposal is not necessary.

481. Amend clause 7 to include the Director-General of NEMA, or a representative designated in writing, as an ex officio member of the Board, given the scale and diversity of environmental impacts associated with zone developments.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

482. Amend clauses 24 and 25 to require that a proposed zone master plan, spatial plan or development programme to be submitted to NEMA for Strategic Environmental Assessment (SEA) screening under section 57A of EMCA. Where SEA is required, declaration or implementation should follow NEMA approval of the SEA and incorporation of its conditions. Amend paragraph 25(j) to require evidence of this compliance.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the composition of the Authority has sufficient representation to enhance consultation pursuant to decision-making and as such this proposal is not necessary.

483. Amend clauses 30 and 47 by replacing the general environmental test with a requirement to comply with EMCA, environmental standards and all environmental approvals and conditions applicable to the activity. Prohibit activities undertaken contrary to an environmental licence, permit, restoration order or statutory environmental standard.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the Bill has provided for sufficient requirement to comply with the provision of relevant laws including EMCA.

484. Amend clause 36 by providing that consideration of environmental and social information by the Kenya Economic Zones Authority does not substitute approval by NEMA. Require a valid environmental assessment licence or written NEMA confirmation/approval where applicable before

construction, installation or operation and make continuing compliance a condition of the zone licence.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the Bill has provided for sufficient requirement to comply with the provision of relevant laws including EMCA.

485. Amend clauses 38 and 39 by adding that material breach of an environmental licence, or permit, environmental restoration/improvement order, or applicable environmental standard as a ground for suspension or revocation, without prejudice to NEMA's separate powers under EMCA. Require notification to NEMA of suspension/revocation involving environmental grounds.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the Bill has provided for sufficient requirement to comply with the provision of relevant laws including EMCA.

486. Amend clauses 46 to 52 by requiring zone-wide environmental management systems and where applicable, adequate wastewater treatment, storm water control, waste and hazardous waste systems, air/noise controls, chemical/fuel containment, spill response and monitoring. Require enterprises to retain waste, emissions/effluent monitoring and audit records and produce them to NEMA on lawful request.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the Bill has provided for sufficient requirement to comply with the provision of relevant laws including EMCA.

487. Amend clause 54 by inserting an express proviso that no exemption applies to any licence, permit, approval, consent, standard, restriction, inspection or enforcement requirement under EMCA or subsidiary legislation. Any additional exemption must be subject to the Constitution, EMCA and laws protecting health, safety and the environment.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

488. Amend clause 55 by stating that a service provider may facilitate receipt, transmission and tracking of environmental applications but shall not determine, issue, vary, waive, suspend or revoke an environmental approval reserved to NEMA under EMCA.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary as the committee recommended that clause 55 be deleted.

489. Amend clause 68 to require consultation with NEMA before regulations are made on matters touching environmental assessment, environmental infrastructure, waste, effluent, emissions, hazardous substances, compliance monitoring or environmental reporting, and to include a saving that such regulations shall not prescribe environmental standards inconsistent with or in substitution for EMCA.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the Statutory Instruments Act provides for the need to conduct stakeholder engagement while developing regulations.

490. Amend clauses 69 and 70 to provide that continuation or transfer of an economic zone licence does not affect the application of EMCA; existing environmental licences, conditions, audit obligations, restoration orders, proceedings and liabilities remain valid and enforceable; environmental records of the former Authorities should be transferred and made available to NEMA.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

491. Introduce a statutory information-sharing mechanism requiring the Authority to provide NEMA with an electronic register of zones, developers, operators and enterprises and notify NEMA of new declarations, material activity changes, suspensions and revocations. Provide for coordinated inspections without transferring statutory powers between agencies.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary as the register shall be available and accessible in accordance with the Data Protection laws.

4.20 Kenya National Chamber of Commerce and Industry

In a memorandum Ref: ADM/16 dated 2nd September 2026, Mr. KK Mutai, Chief Executive Officer, proposed the following amendments to the Bill on behalf of KNCCI:

492. Strengthening investor certainty in the licensing, incentive and dispute-resolution framework established under the Bill.

Committee's Observation/Recommendation

The Committee made amendments to the Bill to ensure certainty in the investment environment.

493. Amend clause 5 by adding an express investor-facilitation/aftercare and domestic supplier-linkage function, including MSME vendor development. Require published service standards and measurable licencing/investor-service timelines.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

494. Amend clause 7 to provide for membership of at least one statutory private-sector representative nominated by an apex business membership organisation, including representation capable of reflecting the views of investors, exporters and MSMEs.

Committee's Observation/Recommendation

The provision in the Bill on the appointment of persons from the private sector are sufficient. This proposal was therefore rejected by the Committee.

495. Amend clauses 24 and 25 by expressly requiring early consultation with the affected county government and relevant stakeholders.

Committee's Observation/Recommendation
This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

496. Amend clause 26 to 30 by ensuring that declaration revocation is transparent and does not unfairly prejudice compliant licenced enterprises

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

497. Amend clauses 31 to 35 to reduce duplication among agencies and facilitation measures for compliant operators, while preserving EAC customs requirements.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

498. Amend clause 36 by adding mandatory written reasons for refusal/delay, digital application tracking, clear escalation where the deadline is missed, and continuity protections where renewal application is filed on time.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

499. Amend clauses 38 and 39 by providing clear proportionality, minor redeemable breaches should ordinarily attract corrective action before suspension. Immediate/stronger measures should be reserved for serious fraud, safety, national security or persistent non-compliance. Provide for an independent appeal mechanism.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary and is likely to defeat the objects of the Bill.

500. Amend clauses 42 to 55 by clarifying in the Act or regulations exactly which services require the permit and ensure the regime does not duplicate ordinary business licensing. Permit applications/renewals should be low-cost, digital and proportionate to risk.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

501. Amend clauses 48 to 52 by retaining necessary operational controls but making reporting, record-keeping and audit obligations proportionate to enterprise size and digitally capable, with simplified compliance templates for qualifying SMEs. Provide an explicit framework for local supplier

development, SME linkages, technology/skills transfer and investor aftercare, including annual reporting on local sourcing and supplier-development outcomes.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

502. Amend clause 53 to maintain a clear distinction between SEZ and EPZ policy objectives but require transparent rules for domestic market access and a practical pathway for qualifying EPZ enterprises that wish to migrate to SEZ status. Goods released into the domestic customs territory should remain subject to applicable customs, KEBS standards, consumer protection and trade remedy requirements.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the provisions in the Bill are sufficient.

503. Correct the numbering in clause 53.

Committee's Observation/Recommendation

This proposal was adopted.

504. Amend clauses 63 and 64 by requesting clear safeguards for commercially sensitive investor information, lawful interagency data sharing, cybersecurity and confidentiality, especially in a digital single window environment.

Committee's Observation/Recommendation

The Committee rejected this proposal.

505. Amend clauses 65 and 66 by proposing a faster and more independent administrative appeal mechanism/tribunal, with fixed timelines and optional mediation/ADR. High Court oversight should remain available.

Committee's Observation/Recommendation
This proposal was rejected by the Committee however, the Committee observed that the Bill had been reviewed to provide for a dispute resolution mechanism.

506. Amend clause 67 by seeking proportionality and a clear distinction between inadvertent administrative non-compliance and intentional fraud/customs abuse. For remediable record keeping failures, require notice and reasonable opportunity to rectify before the maximum administrative penalty, except for deliberate or repeated breaches.

Committee's Observation/Recommendation

This proposal was rejected by the committee.

507. Amend clause 68 to require transparent stakeholder consultation before business-facing regulations are gazetted, regulatory impact assessment where applicable, publication of drafts and reasonable implementation lead time.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed the statutory instruments Act provides for stakeholder engagements and as such, the proposal is not necessary.

508. Amend clause 69 and 70 by acknowledging and supporting the protections rather than implying they are absent. Strengthen clause 70 by expressly addressing pending licence applications, approved fiscal/non-fiscal incentives and other investor approvals/commitments that may not clearly fall within subclause (4). Require a published merger-transition plan with a defined implementation timeline, uninterrupted investor services and periodic public reporting on transition milestones.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

4.21 Institute of Certified Public Accountants of Kenya

In their memorandum, ICPAK proposed the following amendments to the Bill:

509. Insert the following new paragraph 5(2)(s), '*prepare and publish an annual performance report on the Special Economic Zone programme, including information on investment, employment, exports, imports, local purchases, revenue contribution, number of enterprises and such other performance indicators as may be prescribed*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal has been sufficiently been provided for.

510. Amend paragraph 7 (f) to read as follows, '(f) *four persons nominated by relevant statutory bodies or authorities representing the private sector, who have experience and expertise in: (i) manufacturing; (ii) information communication and technology; (iii) trade; (iv) law; (v) finance; (vi) agriculture and agro-processing; (iii) one person nominated by the Council of Governors and appointed by the Cabinet Secretary to represent the interests of county governments; or (vii) any other field relevant to special economic zones and export processing zones*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee because the Committee observed that the Board's composition is sufficient. Further, the Committee observed that it reviewed the clause to provide for a Permanent Secretary for Investment as part of the Board's composition.

511. Insert the following new paragraph 7(h), '*every appointment under subsection (7)(a) and (f) shall be by name and by notice in the Gazette and shall be for a renewable period of three years or for such a shorter period as may be specified in the notice*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

512. Insert the following new paragraphs 8(e), (f) and (g), 'e) *has proven business management or relevant professional experience; (f) has not served in the same entity as an employee in the preceding five years; and (g) meets the requirements of the fit and proper test*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

513. Insert the following new subclause 11(2), '*A vacancy arising from the circumstances referred to in subsection (1) shall, within three months of the vacancy occurring, be filled for the unexpired portion of the term of office by a suitable person appointed in accordance with the procedure for appointment provided under this Act*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

514. Amend clause 13 to read as follows, '*the Board shall establish not more than four standing committees, while retaining the flexibility to establish ad-hoc committees for specific matters requiring focused attention*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee as it is micromanaging operations of the Board.

515. Amend paragraph 18(1)(a) to read as follows, '*holds a degree in business-related courses, accounting, education, law, information technology, social sciences or a related field from a university recognized in Kenya*'.

Committee's Observation/Recommendation

The Committee noted their proposal and amended the paragraph to provide for a degree in business, economics, finance, marketing, accounting, education, law, information technology, social sciences or a related field from a university recognised in Kenya.

516. Insert the following new paragraph 24(2)(c), '*provide for public participation by giving the public and affected stakeholders at least thirty (30) days to submit written comments on the proposed designation*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

517. Amend paragraph 25(j) to read as follows, '*the environmental, social and governance considerations of the proposed special economic zone project, including climate-related risks and opportunities, resource efficiency, pollution and waste management, labour standards, occupational health and safety, community welfare, stakeholder engagement, ethical conduct and corporate governance*'.

Committee's Observation/Recommendation

This proposal was not adopted.

518. Insert the following new paragraph 25(l), '*the capacity and commitment of the developer, operator or enterprise to establish, implement and maintain appropriate systems for measuring, monitoring and reporting on its environmental, social and governance performance in accordance with applicable laws, regulations and standards*'.

Committee's Observation/Recommendation

This proposal was not adopted.

519. Amend subclause 36(6) to read as follows, '*a person shall not be issued with a licence to carry on business as a special economic zone developer, operator or enterprise unless the person meets the investment and economic impact criteria prescribed by the Authority, taking into account the sector of investment, projected export earnings, employment creation, technology transfer and innovation, local value addition, and such other criteria as may be prescribed*'.

Committee's Observation/Recommendation

The Committee rejected this proposal, observing that it is not necessary.

520. Amend subclause 36(6) by replacing the uniform minimum investment value of Kshs. 5 billion with a tiered minimum investment framework that differentiates investment thresholds based on: (a) the

size of the enterprise; (b) the nature and type of investment; (c) whether the applicant is a developer, operator or enterprise; (d) the sector in which the investment is undertaken; (e) the capital intensity of the investment; and (f) the expected economic contribution, including employment creation, export earnings, local value addition, technology transfer and linkages with local businesses.

Committee's Observation/Recommendation

The Committee reduced the minimum investment from Kshs. 5 billion to USD 10,000,000 and empowered the CS to make regulations under subclause 36(7) to introduce tiered thresholds.

521. Insert the following new paragraph immediately after paragraph 36(7) (a), '*the Cabinet Secretary shall, before varying the investment threshold, undertake a review based on prescribed economic and fiscal criteria and conduct public participation and stakeholder consultation, and any proposed variation shall be tabled before the National Assembly for approval*'.

Committee's Observation/Recommendation

The Committee noted their proposal and amended that the CS will vary the thresholds through Regulations which must go through public participation as required by the Treaty Making and Ratification Act, Cap. 4D.

522. Amend subclause 41(1) by inserting the following new paragraphs, '(c) *the name, identification details and particulars of each beneficial owner of the licensed developer, operator or enterprise; (d) the nature and extent of the beneficial ownership or control held by each beneficial owner; and (e) such other information relating to beneficial ownership as may be prescribed; (1aa) The Authority shall verify the beneficial ownership information provided by a holder of a licence and may require such additional information as may be necessary to ascertain the beneficial ownership or control of the holder; and (1ab) The submission and maintenance of accurate beneficial ownership information shall form part of the licensing requirements under the Act and that failure to provide or update the information shall constitute non-compliance with the licensing requirements*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

523. Amend paragraph 41(2)(b) to read as follows, '*a change occurs in any particulars which are to be entered in the register of licence holders with respect to the holder of a licence, including any change in the beneficial ownership or control of the holder, whether the holder is a developer, operator, enterprise or any other licensed entity under this Act*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

524. Amend paragraphs 53(d)(i) and 53(d)(ii) to read as follows, '(i) *the right to export and, subject to payment of all applicable customs duties, taxes and levies and compliance with applicable competition laws, sell in the customs territory goods and services produced within the special economic zone, in such quantities and under such conditions as may be prescribed, taking into account the need to prevent unfair competition and material injury to domestic enterprises that do not benefit from incentives or exemptions under this Act; (ii) the right to export and, subject to payment of all applicable customs duties, taxes and levies and compliance with applicable competition laws, sell in the customs territory goods and services produced within the export processing zone up to twenty per cent or such lower percentage as may be prescribed, taking into account the need to prevent unfair competition and material injury to domestic enterprises that do not benefit from incentives or exemptions under this Act*'.

Committee's Observation/Recommendation

This proposal was rejected by the committee.

525. Insert the following new paragraph 54(2)(p), '*before granting any exemption under this subsection that is likely to affect the revenue of a County Government, the Cabinet Secretary shall undertake a fiscal impact assessment of the proposed exemption and consult the affected County Government*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

526. Amend subclause 58(1) to read as follows, '*at least three months before the commencement of each financial year, the Board shall cause to be prepared estimates of the revenue and expenditure of the Authority for that financial year and projections of the revenue and expenditure for the two immediately following financial years*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

527. Amend subclause 59(1) to read as follows, '*the Authority shall cause to be kept all proper books and records of account of the income, expenditure, assets and liabilities of the Authority in accordance with the Public Finance Management Act and the Public Audit Act*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

528. Delete clause 65 and substitute with the following new clause, '*There is established an Economic Zones Tribunal which shall hear and determine disputes arising from the implementation of this Act and appeals against decisions or directions made by the Authority under this Act*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

529. Delete clause 66 and substitute with the following new clause, '*A person aggrieved by a decision or direction of the Authority, or any person who has a dispute arising under this Act, may, within thirty days from the date on which the decision, direction or dispute arose, appeal or apply to the Economic Zones Tribunal for determination*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary as the Committee recommended for review on the Bill to provide for a proper clear dispute resolution mechanism.

530. Delete clause 67 and substitute with the following new clause, '*A person aggrieved by a decision of the Economic Zones Tribunal may appeal to the High Court within thirty days from the date on which the decision was communicated to such person*'.

Committee's Observation/Recommendation

This proposal was rejected by the committee as the committee observed that the proposal is not necessary as the committee recommended for review on the Bill to provide for a proper clear dispute resolution mechanism.

531. Insert the following new clause immediately after clause 67, '*The Cabinet Secretary shall, at least once every five years, undertake a comprehensive review of all fiscal and non-fiscal incentives provided under this Act, including an assessment of their costs and economic benefits, and shall table the findings of the review before the National Assembly*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that the proposal is not necessary.

532. The Bill be considered by the Senate to determine whether its provisions affect the functions and powers of county governments under the Fourth Schedule to the Constitution.

Committee's Observation/Recommendation

The proposal was rejected. The Bill deals with trade and investment promotion through economic zones. The zones operate under the East African Community Customs regime, and customs is a national function.

4.22 Council of Governors

In a memorandum Ref: COG/6/50/1A Vol.24 (19) dated 26th August 2026, Ms. Mary Mwiti, Chief Executive Officer, proposed the following amendments on behalf of CoG:

533. Define '*county government*' to mean the county government in whose jurisdiction a special economic zone or export processing zone is situated.

Committee's Observation/Recommendation

The proposal was rejected. The Bill deals with trade and investment promotion through economic zones. The zones operate under the East African Community Customs regime, and customs is a national function.

534. Amend definition of '*industrial park*' to mean a special economic zone declared as an industrial park under section 24 and comprising integrated infrastructure intended to support manufacturing, agro-processing, upstream petroleum operations, midstream petroleum operations, mineral and natural resource based industrial activities, and advanced technology driven production activities or such other sectors as may be prescribed by regulations, in consultation with relevant county governments.

Committee's Observation/Recommendation

This proposal was rejected by the committee.

535. Insert the following new paragraph, '(3c) *promote balanced regional economic development and ensure effective participation of county governments and local communities in the development and operation of special economic zones and export processing zones*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee.

536. Amend paragraph 5(2)(a) to read as follows, '*identify and map areas to be designated as special economic zones or export processing zones and where necessary, acquire and, or avail land to developers and operators in consultation with the host county government*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that this provision is likely to defeat the objects of the Bill.

537. Amend paragraph 5(2)(d) to read as follows, '*infrastructure planning shall be undertaken in consultation with the county government and shall be aligned with the applicable county integrated development plan, spatial plan and sectoral plans*'.

Committee's Observation/Recommendation

The Committee rejected this proposal, as it observed that it is unnecessary.

538. Amend paragraph 5(2)(e) by inserting the following paragraph, '*provided that the Authority shall coordinate with the host county government on matters relating to county planning, development control, building approvals, public health, sanitation, county roads, water, waste management and other functions assigned to the county government*'.

Committee's Observation/Recommendation

The Committee rejected this proposal, as it observed that it is unnecessary.

539. Amend paragraph 5(2)(g) to read as follows, '*the Authority shall establish a one-stop licensing mechanism that integrates or coordinates all approvals required from the national government*'.

Committee's Observation/Recommendation

The proposal was agreed to.

540. Amend paragraph 5(2)(n) by inserting the words '*county governments*' after the words '*state agencies*'.

Committee's Observation/Recommendation
The Committee rejected this proposal, as it observed that it is unnecessary.

541. Insert the following clause immediately after clause 5(2), '*The county government within whose jurisdiction an economic zone is situated shall, in accordance with this Act: (a) participate in the planning, establishment and development of the economic zone; (b) integrate the economic zone into the County Integrated Development Plan, County Spatial Plan and relevant sector plans; (c) facilitate provision of county infrastructure and services; (d) undertake trade development and regulation, including issuance of trade licences and permits; (e) undertake local investment facilitation and enterprise development; (f) facilitate land-use and physical planning approvals within its mandate; (g) provide or facilitate water, sanitation, sewerage, waste management and other devolved services; (h) participate in stakeholder and community engagement; and (i) perform such other functions as are assigned to county governments under the Constitution or written law*'.

Committee's Observation/Recommendation

The Committee rejected this proposal, as it observed that it is unnecessary.

542. Include two representatives of Council of Governors in the membership of the Board of the Authority.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee because the matters addressed are a function of the National Government hence not necessary to have representatives of the CoG in the Board.

543. Insert the following provision under clause 10, '*the Board shall consult with the host county government before the Board exercises powers affecting county assets, infrastructure, land, services or revenue sources*'.

Committee's Observation/Recommendation

The Committee rejected this proposal, as it observed that it is unnecessary.

544. Amend subclause 24(1) to read as follows, '*the Cabinet Secretary shall, on the recommendation of the Authority, in consultation with relevant county governments, and with the approval of the Cabinet Secretary for the time being responsible for the National Treasury, declare by notice in the Gazette any area as a Special Economic Zone*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee

545. Amend subclause 26(1) to read as follows, '*the Cabinet Secretary shall, on the recommendation of the Authority, in consultation with the relevant county governments, and with the approval of the Cabinet Secretary for the time being responsible for the National Treasury, with the object of attracting, promoting or increasing the manufacture of goods or provision of services for export, by Gazette notice, declare any area, land, building or part thereof in Kenya to be and Export Processing Zone*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee

546. Amend subclause 35(1) to read as follows, '*the Authority shall require a zone developer to provide and maintain such facilities as are necessary for the proper and efficient functioning of the zone, in collaboration*

with the relevant county governments where the facilities or services fall within devolved functions, and with the relevant national government agencies where they fall within national government functions'.

Committee's Observation/Recommendation

The Committee rejected this proposal, as it observed that it is unnecessary.

547. Amend paragraph 54(2)(d) to provide that for the enterprises selling their produce domestically they shall be subjected to county taxes, fees and levies.

Committee's Observation/Recommendation

The Committee rejected this proposal, as it observed that it is unnecessary.

548. Amend paragraph 54(2)(k) by providing the duration and conditions for exemptions from the payment of fees, duties, taxes, permits and levies, including the period for which such exemptions shall apply.

Committee's Observation/Recommendation

The committee rejected this proposal, as it observed that it is unnecessary.

4.23 Central Bank of Kenya

In a memorandum dated 4th September 2026, Dr. Kamau Thugge, Governor, proposed the following amendments on the Bill:

549. Amend clause 36 by inserting the following new subclause immediately after subclause 36(4), *'the grant of a licence under this Act shall not exempt any developer, operator, or enterprise from obtaining any licence, approval, registration or authorisation required under any other written law'.*

Committee's Observation/Recommendation

This provision was adopted by the Committee.

550. Amend paragraph 48(1)(i) to read as follows, *'enter and participate in international markets, subject to applicable laws and regulatory requirements, for the purpose of obtaining funds, credit facilities, guarantees and other financial resources'.*

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

551. Amend paragraph 53(b) to read as follows, '*the right to repatriate capital, dividends, profits and other investment returns through authorised channels, subject to the Central Bank of Kenya Act, the Banking Act, the Proceeds of Crime and Anti-Money Laundering Act and any other applicable written law*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

552. Amend paragraph 62(1)(a) to read as follows, '*in a bank licenced under the banking Act*'.

Committee's Observation/Recommendation

The Committee rejected this proposal.

553. Amend clause 68 by inserting the following new paragraph, '*where any regulations proposed under this Act relate to matters falling within the mandate of another regulator established under written law, the Cabinet Secretary shall consult the regulator before making the regulations*'.

Committee's Observation/Recommendation

The Committee rejected this amendment.

554. Insert the following new clause, '*a person shall not undertake any banking business, payment services, foreign exchange business, electronic money issuance, digital financial services or any other regulated financial activity within an economic zone except in accordance with the applicable written law and subject to the licensing, supervisory and regulatory requirements of the relevant competent authority*'.

Committee's Observation/Recommendation

The Committee rejected this amendment.

4.24 Mr. Andrew Juma Makokha Tumbu

In his memorandum dated 26th August 2026, Mr. Tumbu proposed the following amendments to the Bill:

555. The relevant provisions of the Export Processing Zones Act, Cap. 517 and the Special Economic Zones Act, Cap. 517A should be consolidated while reviewing their continued relevance in the modern economy.

556. The Kenya Economic Zones Authority should be established as the principal national regulator and promoter of economic zones.

Committee's Observation/Recommendation

The Bill provides for the establishment of the Authority and mandates the Authority to regulate economic zones.

557. Establish a professional twelve (12)-member Board.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

558. The Chief Executive Officer should be competitively recruited.

Committee's Observation/Recommendation

Subclause 17(1) provides for the competitive recruitment of the Chief Executive Officer.

559. Create a genuine digital one-stop investor service.

Committee's Observation/Recommendation

This proposal was agreed to.

560. Protect existing investors, licenses, contracts and legitimate expectations.

Committee's Observation/Recommendation

The Committee rejected this proposal, as it observed that it is unnecessary.

561. Provide a fair staff-transition framework.

Committee's Observation/Recommendation

The Committee rejected this proposal, as it observed that it is unnecessary.

562. Establish a transparent mechanism for transferring assets and liabilities.

Committee's Observation/Recommendation

The committee rejected this proposal, as it observed that it is unnecessary.

563. Create measurable employment, export, investment and local-content targets.

Committee's Observation/Recommendation

The Committee rejected this proposal, as it observed that it is unnecessary.

564. Strengthen county government participation.

Committee's Observation/Recommendation

The Committee rejected this proposal, as Members observed that it is unnecessary.

565. Establish strong anti-corruption and transparency mechanism.

Committee's Observation/Recommendation

The Committee rejected this proposal, as Members observed that it is unnecessary.

566. Require annual reporting to Parliament.

Committee's Observation/Recommendation

The Committee rejected this proposal, as Members observed that it is unnecessary.

567. Develop a national economic zones master plan.

Committee's Observation/Recommendation

The Committee rejected this proposal, as Members observed that it is unnecessary.

568. Establish mechanisms for integrating Kenyan MSMEs and cooperatives into economic zone supply chains.

Committee's Observation/Recommendation

The Committee rejected this proposal, as Members observed that it is unnecessary.

4.25 Sameer Industrial Park

In a memorandum Ref: SIP/ADM/855/2026 dated 4th September 2026, the Managing Director, Mr. John Mugo, proposed the following amendments to the Bill on behalf of Sameer Industrial Park:

569. Insert a new clause 24A permitting the Authority to recommend, and the Cabinet Secretary to declare, a special economic zone over an area that includes land already declared as an export processing zone, without requiring prior revocation of the existing declaration, and providing that

existing developer/operator/enterprise licences over that area continue in force on their original terms unless the holder elects otherwise.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

570. Amend subclauses 24(1) and 26(1) either by reverting to a '*consultation*' standard for Treasury involvement in zone declarations, or, if '*approval*' is retained, insert an express timeline (e.g. 30 days) within which the National Treasury must communicate its decision, failing which the recommendation is deemed approved.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

571. Amend subclause 24(7) and clause 47 to clarify that on the face of clause 24(7), whether a business process outsourcing or services-focused special economic zone may be declared as a standalone, enterprise-triggered designation independent of the general section 24(1) process, or whether it is simply a sub-case of that process subject to additional enterprise-level conditions. If the latter, amend the clause to remove languange that implies an enterprise-led shortcut, so that developers and investors share a consistent understanding of the applicable process.

Committee's Observation/Recommendation

The Committee rejected this proposal, as Members observed that it is unnecessary.

572. Extend the existing clauses 26(5) and (6) timelines to special economic zone declarations under clause 24.

Committee's Observation/Recommendation

The Committee rejected this proposal, as Members observed that it is unnecessary.

573. Amend subclause 36(6) by departing from the equivalent provision already in force to apply materially different, and clearly stated, minimum investment values for (i) special economic zone/export processing zone developers and operators, and (ii) special economic zone/export processing zone enterprises seeking to occupy space within an already developed and licenced zone with the latter set at a level that does not exclude ordinary SME tenants.

Committee's Observation/Recommendation

The Committee amended the provision and reduced the minimum investment from Kshs. 5 billion to USD 10,000,000.

574. Amend subclause 36(6) by inserting a definition of '*minimum investment value*' specifying the permissible methodology and evidence (e.g., an independent valuer's or auditor's certificate), and expressly allow a developer to satisfy the threshold through a phased investment plan approved by the Authority, rather than requiring the full amount to be demonstrated before any licence is issued.

Committee's Observation/Recommendation

The Committee amended the provision and reduced the minimum investment from Kshs. 5 billion to USD 10,000,000.

575. Amend clause 36 (or the proposed new clause 24A) to provide that investment already made and verified under an existing export processing zone or special economic zone licence shall be credited toward the minimum investment value required for a subsequent or expanded licence over the same area.

Committee's Observation/Recommendation

The Committee amended the provision and reduced the minimum investment from Kshs. 5 billion to USD 10,000,000.

576. Amend subclause 36(10) and paragraph 46(b) by clarifying that, where an area is re-designated or its declaration is varied under the proposed section 24A, land tenure already held and operations already commenced under the existing licence shall be credited toward the minimum periods in sections 36(10) and 46(b); that the licence shall not lapse for want of 'commencement' where the area is already operational; and that a consequence (interim regime or extension) applies should the Land Use Regulations again not be published within the prescribed 180 days.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that the provisions under the Bill is sufficient.

577. Insert a provision expressly permitting phased declaration, licensing and compliance-audit treatment for different sub-areas of a single multi-sector zone, so that an operational, already-compliant sub-area is not held to the same commencement or investment timelines as land still under development.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that the provisions under the Bill is sufficient.

4.26 Kenya Investment Authority

In a memorandum dated 1st September 2026, the CEO, Mr. John Mwendwa, proposed the following amendments to the Bill:

578. Amend the Long Title of the Bill to read as follows, '*A Bill for an Act of Parliament to provide for the establishment of economic zones; to establish the Kenya Economic Zones Authority; and for connected purposes*'.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

579. Align definition of '*export*' with the one provided in the Investment and Export Promotion Authority Bill, 2026.

Committee's Observation/Recommendation

This proposal was rejected by Committee.

580. Amend definition of '*register*' by deleting '*section 48*' and substituting with '*sections 41 and 45*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee.

581. Define the words '*domestic investor*', '*foreign investor*' and '*Kenya Investment and Export Promotion Authority*' as defined in the Investment and Export Promotion Authority Bill, 2026.

Committee's Observation/Recommendation

This proposal was rejected by Committee.

582. Define '*educational zone*' as a zone declared or designated under this Act and established as a centre of excellence for advanced, world class teaching and learning, which may or may not be designated as a customs area.

Committee's Observation/Recommendation

The Committee rejected inclusion of educational zones in a Special Economic Zone as it may be abused. This amendment is therefore not necessary.

583. Define the words '*economic zone*', '*economic zone developer*' and '*economic zone operator*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee.

584. Amend paragraph 4(2)(c) by deleting the words '*borrowing and lending money*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee.

585. Amend subclause 5(1) by deleting the words, '*to oversee, co-ordinate and administer the implementation of this Act*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed the definition as proposed in the Bill is necessary to achieve the objects of the Bill.

586. Amend paragraph 5(2)(f) by inserting the following words '*and the goods and services to be handled*' after immediately after the words '*investment activities*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

587. Delete paragraph 5(2)(j) and substitute as follows, '*deliver its licensing, permitting and facilitation services to zone developers, operators, enterprises and service providers through the Centralized facility established under section 35 of the Investment and Export Promotion Authority Act, 2026, and maintain a resident presence at that facility, without prejudice to the Authority's exclusive power to determine applications for licenses and permits under this Act*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee.

588. Amend paragraph 5(2)(o) by inserting the following words '*and shall transmit a copy of every such recommendation to the Kenya Investment and Export Promotion Authority for consolidation into the national business environment reform agenda*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

589. Amend paragraph 5(2)(r) by inserting the words *'in the form and in accordance with procedures prescribed jointly with the Kenya Revenue Authority, and consistent with the rules of origin applicable under the East African Community Customs Union and the AfCTA'*.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

590. Insert the following new paragraph 5(2)(t), *'transmit in an interoperable form and at such intervals as may be prescribed, particulars of all licences, permits and zone performance data to the Kenya Investment and Export Promotion Authority for the purposes of the national investment and export registers'*.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

591. Insert the following new paragraph under subclause 5(2), *'recommend to the Energy and Petroleum Regulatory Authority, jointly with the Cabinet Secretary, a preferential tariff methodology for economic zones meeting prescribed job-creation and energy-intensity criteria'*.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

592. Amend clause 7 by including the Chief Executive Officer of KIEPA and a county chief officer nominated by the Chairperson of the Council of Governors.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

593. Amend paragraph 8(1)(c) by deleting the words, *'has at least ten years' experience in a relevant field'*.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

594. Amend paragraph 10(b) by inserting the words, '*subject to the Public Private Partnerships Act and to section (non-discrimination), and provided that the accounts of any such vehicle are ring-fenced and separately reported*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

595. Amend subclause 14(1) by deleting the words '*section 13*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal is likely to defeat the object of the Bill.

596. Amend paragraph 18(1)(a) by including economics, finance, commerce, engineering, trade, industrial development and business administration.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

597. Amend subclause 24(3) by defining the word '*public interest*', requiring written reasons and providing a decision timeline of thirty days.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

598. Insert a new subclause under clause 24 to provide a thirty-day declaration timeline mirroring clause 26(6).

Committee's Observation/Recommendation

This proposal was rejected by the Committee, as the Committee observed that this proposal was not necessary.

599. Amend subclause 24(6) and Part III by consolidating the schedule of allowable schemes, retaining the livestock and oil and gas categories already named and inserting the further categories as new paragraphs preceding the residual paragraph (k).

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

600. Retitle Part III as '*Economic Zones*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

601. Amend clause 25 by adding a criteria on eco-industrial park standards, climate resilience, labour standards compliance, and the potential for backward linkages to Kenyan micro, small and medium enterprises; and add designation criteria.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

602. Renumber clause 28 and add a requirement of thirty days' notice and an opportunity to be heard before revocation of a declaration.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

603. Redraft clause 32 so that the proviso attaches to paragraph (a) and renumber the paragraphs.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

604. Amend subclause 35(2) by adding residential accommodation for persons employed within the zone to the list of zone facilities, subject to national housing and land regulations, and insert the residential development rights.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that this proposal is likely to defeat the objects of the Bill.

605. Amend subclause 36(1) by providing for four licenses: economic zone developer, economic zone operator, special economic zone enterprise and export processing zone enterprise; and amend subclauses 36(2), (3) and (4) consequentially.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

606. Amend subclause 36(4) by adding a requirement to submit a local sourcing, skills transfer and supplier development plan.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

607. Amend subclause 36(5) adding the words '*and where the Authority fails to render a decision within that period, the license shall be deemed to have been granted on the terms applied for, and the Chief Executive Officer shall report every such instance to the Board and to the Cabinet Secretary*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

608. Delete subclause 36(6) and substitute with differentiated entry criteria prescribed in regulations by licence category, zone type and sector, with an alternative employment or export qualification, express exclusion of services and business process outsourcing enterprises from any capital threshold, and express grandfathering of substituting licences.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

609. Delete the duplication and correct the typographical error in subclause 36(9) and paragraph 36(10)(b)(ii).

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

610. Insert the following new paragraph 36(9)(c) '*Upon expiry of a licence, a special economic zone developer, operator or enterprise shall have the right to apply for renewal of the licence for a further period of commensurate with the nature, scale and investment horizon of the approved project and having regard to the continued compliance of the entity with the requirements of this Act and any regulations made thereunder*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

611. Amend paragraph 36(10)(b) to provide expressly that a licence issued to an economic zone developer, an economic zone operator, a special economic zone enterprise or an export processing zone enterprise shall in each case be valid for a period of not less than ten years.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

612. Amend paragraph 36(14)(b) to read as follows *'(i) with the written consent of the holder; or (ii) where required to give effect to a change in written law, on not less than sixty days' written notice stating reasons, with a right to make representations and a right of review under clause 65; and in no case so as to diminish a benefit or right already accrued to the holder under the license*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

613. Insert the following new subclause 36(1A) '*An application for a license under this section shall be lodged through the centralized facility established under section 35 of the Investment and Export Promotion Authority Act, 2026, and a license issued under this section shall, upon transmission of the prescribed particulars, be deemed to constitute registration of the investor for the purposes of section 23 of that Act, and the Kenya Investment and Export Promotion Authority shall thereupon issue an investment registration certificate without further application or fee*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

614. Insert the following new subclause 36(1B) '*Where an applicant holds a Golden Investment Certificate issued under the Investment and Export Promotion Authority Act, 2026, the applicant shall be deemed to have satisfied the criteria prescribed by subsection (4) other than those relating to the zone-specific conditions of the proposed location, and the Authority shall determine the application within fourteen days*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

615. Redraft subclause 38(2) by providing for the notice, specified remedial action, specified period; suspension only where the remedial action is not taken or is unsatisfactory; and written reasons.

Committee's Observation/Recommendation

This proposal was adopted by the Committee

616. Amend clauses 41 and 45 by expanding and requiring publication in machine-readable form.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

617. Amend paragraph 43(1)(f) by deleting the words '*contravenes the provisions of this Act*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

618. Amend paragraphs 47(1)(a) and 55(2)(a) by adding a proviso that in the case of a zone declared as a digital or virtual zone or of an enterprise designated under a business process outsourcing and services category, the requirement is satisfied by enterprise-level registration, reporting and customs compliance.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

619. Amend paragraph 48(1)(b) by inserting the following new paragraph '*develop residential premises within the customs-controlled area of a special economic zone for the use of persons employed within and residing in that special economic zone; provided that where such residential premises are sold, transferred or otherwise disposed of, a one-off surcharge of two and a half percent of the selling price shall be levied at the point of first sale, transfer or disposal*'.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that this proposal was not necessary and is likely to defeat the objects of the Bill

620. Insert the following new paragraph under clause 52 '*a special economic zone enterprise in a mixed-use zone shall have the right to develop residential premises within the customs-controlled area of a special economic zone for the use of persons employed within and residing in that special economic zone; provided that where such residential premises are sold, transferred or otherwise disposed of, a one-off surcharge of two and a half percent of the selling price shall be levied at the point of first sale, transfer or disposal*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary and is likely to defeat the objects of the Bill.

621. Retitle Part VII to '*Economic Zone Developers, Operators and Enterprises*'.

Committee's Observation/Recommendation

This proposal was rejected by the committee.

622. Amend paragraph 53(d)(ii) by either raising or removing the ceiling, or to provide a pathway for conversion of an export processing zone enterprise to special economic zone status.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

623. Insert a new clause immediately after clause 53 providing that the Authority in collaboration with KRA and the National Treasury shall publish a single harmonised incentive and market-access framework within a fixed period of commencement.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

624. Insert the following new paragraph 54(1)(a) '*The tax incentives granted to a licensed economic zone developer, operator, special economic zone enterprise or export processing zone enterprise under this Act or any other written law shall remain unchanged for ten years from the date of issue of the licence, irrespective of subsequent amendments to this Act or to any other written law: Provided that after this period the entity shall qualify for incentives under the prevailing economic zone or respective tax laws*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary as the Committee reviewed the provisions on tax incentives and exemptions.

625. Delete paragraph 54(2)(c) and substitute with a confidentiality provision protecting commercially sensitive enterprise-level data from disclosure, while preserving its use for aggregate statistical purposes and its sharing with the Kenya National Bureau of Statistics and the Successor Authority.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary as the disclosure is in accordance with the provisions of Data Protections Act.

626. Either delete paragraph 54(2)(d) or replace it with consultation and compensation mechanism agreed through the Intergovernmental Budget and Economic Council.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

627. Either delete paragraph 54(2)(g) or substitute the correct successor legislation.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

628. Delete paragraph 54(2)(k).

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

629. Delete paragraph 54(2)(l) or confine it to procedural licensing formalities. Add environmental, social and governance performance and eco-industrial park standards to the designation criteria in clause 25.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

630. Insert the following paragraph 54(3)(a) '*Where developers, operators or enterprises are owned by a special economic zone holding company, the twenty per cent referred to in subsection (3) shall be computed on the group of entities including the holding company*'.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

631. Insert a new subclause 54(5) providing for an Investment Committee gateway.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

632. Insert a new clause immediately after clause 54 providing that nothing in the Act exempts any developer, operator, enterprise or service provider from the Environmental Management and Co-ordination Act, the Occupational Safety and Health Act, the Employment Act, the Labour Relations Act, the Water Act in so far as it relates to water quality and effluent standards, or the Work Injury Benefits Act.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

633. Amend clause 60 by adding the words '*and the Cabinet Secretary shall lay the report before the National Assembly within twenty-one days of the next sitting*'.

Committee's Observation/Recommendation

This proposal was adopted by the Committee.

634. Amend clauses 65 and 66 by confining clause 65 to defined categories of decision and stating the effect of a review. Carry forward the section 37 mechanism, retaining the same wording: thirty days of negotiation, then arbitration at the election of the aggrieved party under the UNCITRAL Arbitration Rules, the Rules of the International Chamber of Commerce or the ICSID Rules, or under the Arbitration Act. Harmonise the administrative tier on the two-tier model.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

635. Amend clause 67 by reviewing the penalty levels; distinguishing criminal penalties from administrative sanctions; authorising a graduated enforcement and sanctions framework in regulations, subject to constitutional and statutory safeguards; and clarifying that customs offences remain subject to customs law.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that this proposal was not necessary, as administrative sanctions have been provided for under the Bill.

636. Amend clause 68 by inserting the consultation duty.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

637. Amend clause 69 by inserting express savings for the amendments made through the Business Laws (Amendment) Bill, 2025 and the ex-officio seat under section 16(2)(e) of the Investment Promotion Act.

Committee's Observation/Recommendation

This proposal was rejected by Committee as the Committee observed that this proposal was not necessary.

638. Amend clause 70 by providing savings for the existing zone declarations, grandfathering against clause 36(6) and pension schemes.

Committee's Observation/Recommendation
This proposal was rejected by Committee as the Committee observed that this proposal was not necessary as the same has been provided for.

639. Amend the Bill by renumbering the transitional Part as Part XIII consistently with the body of the Bill.

Committee's Observation/Recommendation

This proposal was rejected by Committee.

640. Amend Part 3(1) of the Schedule by providing for a simple majority quorum with a minimum number of appointed members present.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the Committee observed that this proposal was not necessary.

CHAPTER FIVE

5.0 COMMITTEE OBSERVATIONS

Having considered the Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026) and the views of stakeholders set out in Chapter Four of this Report, the Committee made the following observations on the Bill:

1. The Bill seeks to establish the Kenya Economic Zones Authority as a unified regulator, bringing the functions currently undertaken under the Special Economic Zones and Export Processing Zones regimes under one institutional framework. This aims at reducing regulatory fragmentation, duplication and administrative costs.

2. Investment promotion and economic zones both serve investors, while export promotion and nation branding serve different stakeholders and require different expertise. The provisions on investment promotion in the Investment and Export Promotion Authority Bill (National Assembly Bill No. 37 of 2026) are therefore better placed in this Bill. These include: the Investment Committee and the National Investment Advisory Council; the registration of investors; Golden Certificates; the centralised facility for investors; and the protection of investments.

3. With the investment provisions moved to this Bill, there is need to establish an authority to be known as the Kenya Investment and Economic Zones Authority, to cater for investment promotion, special economic zones and export processing zones, as the successor of the Kenya Investment Authority, the Special Economic Zones Authority and the Export Processing Zones Authority. Separate directorates for investment promotion, special economic zones and export processing zones would preserve the specialised expertise of each existing body within one institution.

4. The functions of the Authority include, licensing, approving zones, developing infrastructure, determining investment criteria, monitoring compliance, promoting the zones and recommending incentives and prohibited activities. The Board is additionally empowered to manage assets, establish subsidiary companies or joint ventures, impose fees and invest surplus funds.

5. The Bill provides for a wide and diversified range of economic zones extending beyond conventional manufacturing and export processing zones to free trade zones, industrial parks, free ports, ICT parks, agricultural zones, tourism and recreational zones, business service parks, livestock zones and oil and gas zones. This is a positive attempt to accommodate emerging sectors and broaden Kenya's investment base.

6. The Bill provides that a person aggrieved by a decision of the Authority may seek review by the Cabinet Secretary and thereafter appeal to the High Court. The Committee provided for the establishment of a Tribunal under clause 65.

7. The merger of the three bodies is a significant change that will affect their employees, assets, liabilities, licence holders, investors, pending applications, contracts and ongoing projects. The Committee was of the view that the transition should be managed in a manner that ensures continuity of services and safeguards the interests of all affected persons. In particular, employees of the existing bodies should either continue in service within the corresponding directorates of the Authority or be deployed to the Public Service Commission on terms and conditions no less favourable than those they currently enjoy. The implementation of the Act during the first year would also benefit from a transition mechanism overseen by the Cabinet Secretary. Specifically on the leadership, the persons heading the three existing bodies may opt either to exit in accordance with their contracts and the law, be deployed to the Public Service Commission for the remainder of their existing terms or continue to provide leadership within the corresponding directorates for the remainder of their existing terms, while remaining eligible for consideration for appointment as the Chief Executive Officer of the Authority through a competitive process.

CHAPTER SIX

6.0 COMMITTEE RECOMMENDATION

The Committee, having reviewed the Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026), recommends that the House approves the Bill with amendments to be moved by the Chairperson of the Departmental Committee on Trade, Industry and Cooperatives in the Committee of the Whole House.

SIGNED..... **DATE**.....24th NOVEMBER 2026.....

HON. BENARD MASAKA SHINALI, CBS, MP
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 24 NOV 2026
DAY: Tuesday
TABLED BY: Hon. Shinali Masaka, MP Chairperson
CLERK-AT THE-TABLE: A. Shibuko

THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

ADOPTION SCHEDULE

We, the undersigned Honorable Members of the Departmental Committee on Trade, Industry and Cooperatives today, **Wednesday 11th November 2026** do hereby affix our signatures to this **Report on the Kenya Economic Zones Bill (National Assembly Bill No. 46 of 2026)** to affirm our approval and confirm its accuracy, validity and authenticity:

S/NO.	NAME	SIGNATURE
1.	Hon. Benard Masaka Shinali, CBS, MP - **Chairperson**	
2.	Hon. Marianne Jebet Kitany, MP - **Vice-Chairperson**	
3.	Hon. Adhe Wario Guyo, MP	
4.	Hon. Anthony Tom Oluoch, MP	
5.	Hon. (Dr.) Beatrice Kahai Adagala, MP	
6.	Hon. Joshua Mbithi Mutua Mwalyo, MP	
7.	Hon. Joyce Kamene, MP	
8.	Hon. Robert Githinji Gichimu, MP	
9.	Hon. (Dr.) Wilberforce Ojiambo Oundo, MP	
10.	Hon. Adams Korir Kipsanai, MP	
11.	Hon. Alfred Kiprono Mutai, MP	
12.	Hon. Amos Maina Mwago, MP	
13.	Hon. John Okano Bwire, MP	
14.	Hon. Samuel Sakimba Parashina, MP	
15.	Hon. Michael Wainaina Wambugu, MP	