REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSEMBLY
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REPORT

OF

THE AUDITOR-GENERAL

ON

SPECIAL ECONOMIC ZONES AUTHORITY

FOR THE YEAR ENDED 30 JUNE, 2025

Republic of Kenya

Powering Growth

SEZ AUTHORITY

OFFICE OF THE AUDITOR GENERAL
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SPECIAL ECONOMIC ZONES AUTHORITY ANNUAL REPORT

AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1 Acronyms and Definition of Key Terms

a. Acronyms

AEZO	Africa Economic Zones Organization
AIA	Appropriation-In-Aid
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CPC	Corruption Prevention Committee
EAC	East Africa Community
FY	Financial Year
GoK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
KRA	Kenya Revenue Authority
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PPAD	Public Procurement and Asset Disposal Act
PPE	Property, Plant & Equipment
PPIP	Public Procurement Information Portal
PPRA	Public Procurement Regulatory Authority
PSASB	Public Sector Accounting Standards Board
PWDs	Persons With Disabilities
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SCTIFI	Sectoral Council on Trade, Industry, Finance and Investment
SEZ	Special Economic Zone
SEZA	Special Economic Zones Authority
WB	World Bank
WIP	Work in Progress

1. Acronyms and Definition of Key Terms (continued)

b. Definition of Key Terms

Comparative Year
Means the prior period.

Developer Licence
This is a licence issued to a corporate entity engaged in the development of integrated infrastructure facilities on a designated special economic zone.

Enterprise Licence
This is a licence issued to a corporate entity carrying out business in a special economic zone.

Operator Licence
This is a licence issued to a corporate entity engaged in the management of a special economic zone.

Fiduciary Management
Members of Management directly entrusted with the responsibility of financial resources of the organisation

Special Economic Zone
This is a designated and declared geographical area, whether public or private, gazetted for the purpose of undertaking SEZ activities while enjoying special economic regulations that differ from general trade, tax and investment rules.



2 Key Entity Information and Management

(a)Background Information

The Special Economic Zones Authority is a statutory body established under the Special Economic Zones Act Cap 517A and is domiciled in Kenya.

(b)Principal Activities

The principal mandate of Special Economic Zones Authority is to:

1. Implement the policies and programmes of the government with regard to special economic zones;
2. Identify, map and, where necessary, procure or avail to developers and operators the areas of land to be, or which have been, designated as special economic zones;
3. Determine investment criteria including investment threshold;
4. Undertake or approve the development, operation or maintenance, as well as finance, appropriate infrastructure up to the perimeter of, or within, select special economic zones, as and when deemed necessary;
5. Review applications and grant licenses to special economic zone developers, operators and enterprises;
6. Promote and market special economic zones to potential special economic zone entities;
7. Administer "one-stop" Centre for investors;
8. Make recommendations to the Cabinet Secretary on all aspects of designation, approval, establishment, operation and regulation of special economic zones.

(c)Key Management

The Authority's day-to-day management is under the following key organs:

No.	Designation	Name
1	Chief Executive Officer	Dr. Kenneth Chelule, PhD, EBS
2	Corporation Secretary and Director, Legal Services	CS Daisy Ajima
3	Director, Land and Infrastructure	Mr. David Kambo
4	Manager, Finance & Accounts	CPA Benjamin Mutula
5	Manager, Licensing	Mr. Ibrahim Issack
6	Manager, HR and Administration	Mr. Shadrack Chando
7	Manager, Supply Chain Management	Mr. Fredrick Otieno
8	Manager, Business Development Services	Mr. Victor Mageto
9	Ag. Manager, Compliance	Mr. Francis Gitau

2. Key Entity Information and Management (continued)

No.	Designation	Name
10	Ag. Manager, Marketing	Mr. Ronald Kemboi
11	Ag. Manager, Internal Audit	CPA Juliet Naisola

(d)Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Executive Officer	Dr. Kenneth Chelule, PhD, EBS
2	Corporation Secretary and Director, Legal Services	CS Daisy Ajima
3	Director, Land and Infrastructure	Mr. David Kambo
4	Manager, Finance & Accounts	CPA Benjamin Mutula
5	Manager, Licensing	Mr. Ibrahim Issack
6	Manager, HR and Administration	Mr. Shadrack Chando
7	Manager, Supply Chain Management	Mr. Fredrick Otieno
8	Manager, Business Development Services	Mr. Victor Mageto
9	Ag. Manager, Compliance	Mr. Francis Gitau
10	Ag. Manager, Marketing	Mr. Ronald Kemboi
11	Ag. Manager, Internal Audit	CPA Juliet Naisola

2. Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The Authority has various fiduciary oversight arrangements. To facilitate the smooth running of its affairs, the Board of Directors has established the following Board Committees:

i) Investment, Licensing and Infrastructure Committee
ii) Finance, Planning and ICT Committee
iii)Human Resource, Administration and Governance Committee
iv)Audit and Risk Management Committee

(f) Authority's Headquarters

8th Floor, Old Mutual Tower
Upper Hill Road
Nairobi, Kenya

(g) Authority's Contacts

P.O Box 23722 – 00100
Nairobi, Kenya
Mobile Numbers: 0769444111
: 0790777444
Telephone: +254(0)20-7863971
Email: info@sezauthority.go.ke
Website: www.sezauthority.go.ke

(h) Authority Bankers

(i) Kenya Commercial Bank
Upper Hill Platinum, KCB Towers
P. O. Box 48400-00100
Nairobi, Kenya

(ii) National Bank of Kenya
National Bank of Kenya Building
Harambee Avenue
P.O BOX 72866-00200
Nairobi, Kenya

(iii) Co-operative Bank of Kenya
Upper Hill Branch, KUSCCO Centre
P.O Box 30415-00100
Nairobi, Kenya

(i) Independent Auditor

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



2. Key Entity Information and Management (continued)

Vision

"Globally competitive investment hubs for economic transformation"

Mission

"To create a conducive environment for a globally competitive and sustainable investment destination through provision of enabling infrastructure, policy, legal and institutional framework for economic transformation."

Motto

Powering Growth, Promoting Green Manufacturing

Core Values



Transparency

Excellence



Collaboration



Innovation





Sustainability

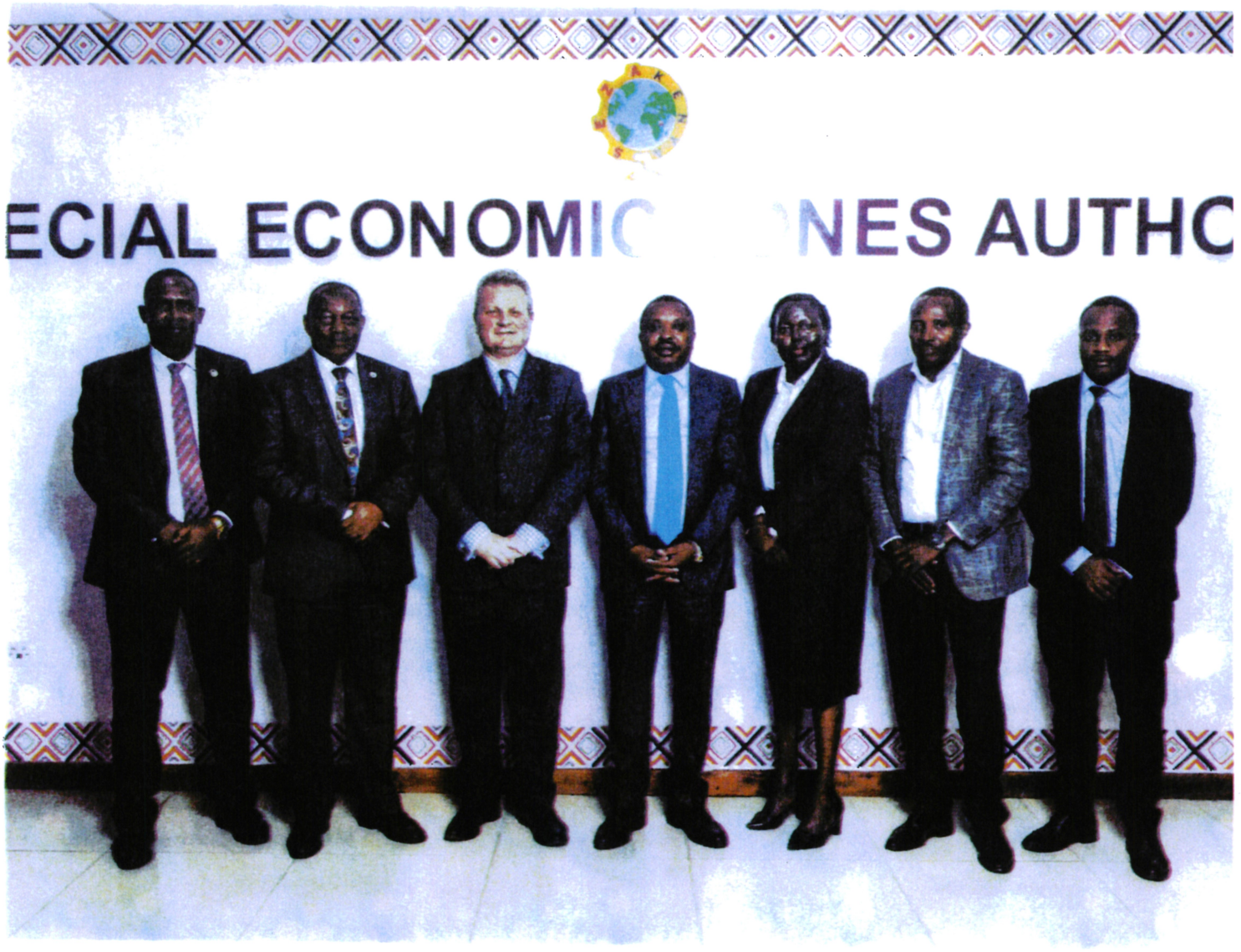


Investor-Focused



Empowerment

3 The Board of Directors



3 The Board of Directors



MR. FRED MUTETI, EBS

Chairman

DoB: 25/04/1977

Mr. Fred Muteti holds a Bachelor of Arts Degree in Economics and Sociology from the University of Nairobi. He has over 20 years of experience in leadership and project management in both public and private sectors. He has also worked in simultaneous multi-community mobilization initiatives.
He has previously served as the chairman of the Board of Directors of Sports Kenya Board.



MR. ANTHONY WAINAINA

Independent Director

DoB: 27/09/1972

Mr. Anthony Wainaina holds a MSc in Marketing from University of Glamorgan, UK., B.Ed. Arts (Mathematics & Economics, Economics Major) from Kenyatta University and a Post Graduate Diploma, Chartered Institute of Marketing, UK. He has also done the Global CEO Africa Leadership Course from Strathmore Business School (Kenya).
He is a trustee board member of Producers Direct, and a trustee board member of the Kenya Police Football Club. He has been a Founder and Director of several companies including Ponty Pridd Holdings Ltd, Quatrix Limited, E-tisha among others.
He has previously held senior positions in sales, marketing and business development departments in various companies including, KTDA, Kenchic Limited, Diageo UDV Kenya Ltd, and Coca Cola Nairobi Bottlers Ltd.
He is the chair of the Finance, Planning and ICT Committee and a member of the HR, Administration and Governance Committee.

3. The Board of Directors (continued)

MR. JONATHAN N. CHIFALLU

Independent Director

DoB: 12/09/1962



Mr. Jonathan Chifallu holds a Master of Science Degree in International Business Administration and a Master of Science Degree in Organizational Development & Leadership from the United States International University. He has previously worked as an Independent Consultant for DAI Global LLC 7600 Wisconsin Avenue, Bethesda, MD 20814 USA, under USAID E.A. as Trade Hub Trade Sector Country Specialist (Kenya). He has also worked at the Export Processing Zones Authority rising through ranks to General Manager, Directorate of Investments & Corporate Communications.
He is the chair of the Audit and Risk Management Committee and a member of the Investment, Licensing and Infrastructure Committee.

MR. JONATHAN S. P. COULSON

Independent Director

DoB: 05/02/1966



Mr. Jonathan Stewart Philip Coulson is a LLB degree holder. He is a practising Kenyan Advocate and enrolled as an English Solicitor (Not Practising). He is a partner in Coulson Harney LLP, trading as Bowmans Kenya. He is the Chairman, Ol Pejeta Conservancy Limited, Chairman, Muthaiga Country Club, Director Old Mutual Insurance South Sudan Limited, Director Performing & Visual Arts Centre Limited trading as the Godown Arts Centre and Trustee Old Mutual Foundation. His legal experience spans over 31 years. He has been director at Muthaiga Country Club for 24 years.
He is the chair of the HR, Administration and Governance Committee and a member of the Finance, Planning and ICT Committee.

3. The Board of Directors (continued)



MR. JOEL KIBE

Independent Director

DoB: 31/03/1963

Mr. Joel Kibe holds a Bachelor of Arts (BA) in Economics from Moi university. He is a director at CMC holdings, Director and Chairman – Credible Sounds, Credible Electronics and Extreme Sounds and a Director at Mobicom Kenya Ltd. He is a member of council at the University of Nairobi. He is a distinguished Kenyan executive with extensive experience spanning business leadership and international humanitarian efforts. His career showcases a blend of strategic management, logistical expertise, and a profound commitment to community and humanitarian service.

He is a member of the HR, Administration and Governance Committee and the Audit and Risk Management Committee.

MR. JOSEPH K. NGUYO

Alternate to Principal Secretary, State Department for Investment Promotion



DoB: 05/12/1970

Mr. Joseph K. Nguyo is a Senior Deputy Secretary and head of administration in the State Department for Investment Promotion. He holds a Master of Business Administration (Strategic Management) from Dedan Kimathi Memorial University and a Bachelor of Education Degree from Moi University. He has completed Strategic Leadership Management and Senior Management course from Kenya School of Government and Strategic Leadership at Gretsa University in Kenya.

He is the chair of the Investment, Licensing and Infrastructure Committee and a member of the Finance, Planning and ICT Committee, HR, Administration and Governance Committee, and Audit and Risk Management Committee.

3. The Board of Directors (continued)

MR. EMMANUEL KITAKA

Alternate to the Principal Secretary, The National Treasury



DoB:07/03/1994

Mr. Emmanuel Kitaka holds a Master of Arts in Economics from the University of Dar es Salaam and a Bachelor's degree in Economics and Finance from Kenyatta University. He is a Senior Economist at the National Treasury. He represents the Cabinet Secretary, National Treasury on the Public Investment Committee of Governance and Education in Parliament. He has completed numerous management and professional training programs on public sector finance, including courses on risk management and financial evaluation for state corporations, as well as expenditure reprioritization, with the IMF. Mr. Kitaka is a full member of the Economists Society of Kenya and an associate member of the Institute of Certified Investments and Financial Analysts of Kenya.

He is a member of the Investment, Licensing and Infrastructure Committee, Finance, Planning and ICT Committee, HR, Administration and Governance Committee and Audit and Risk Management Committee.

HON. TIYAH GALGALO, MBS

Alternate to the Chairperson, National Land Commission



DoB: 12/11/1966

Hon. Tiyah Galgalo holds a Bachelor of Education from Kenyatta University and a Master of Educational Administration and Planning from the University of Nairobi. She is a Commissioner at the National Land Commission, Kenya. She is a former legislator, a seasoned public administrator, and an educationist. She has previously served as the Women Representative for Isiolo County.

3. The Board of Directors (continued)

A Commissioner at Interim Independent Electoral Commission (IIEC) Kenya, a member of the National Commission on Gender and Development and a County Executive Committee member (CECM), in charge of public service & county administration, Tourism, Wildlife, Investment, Trade and Industry. She has also served as a Commissioner of Poverty Eradication Commission, an Emergency Educational Officer and the Principal, Isiolo Girls High School. She is a founder member of Foundation for Pastoralists Women Association (FOPOWA), an organization that empowers women. In addition, she is a champion for Disaster Risk Reduction (DRR), Governance & Gender, Monitoring & Evaluation and Resource Mobilization.
She is a member of the Finance, Planning and ICT Committee and Investment, Licensing and Infrastructure Committee.



MR. DAVID ONTWEKA

Alternate to the Commissioner General, Kenya Revenue Authority

DoB: 02/01/1967

Mr. David Ontweka holds a Bachelor of Social Legislation, Bachelor of Laws and Diploma in Law from the Kenya School of Law. He is an advocate of the High Court of Kenya, a certified public secretary, commissioner for oaths and notary public.
He is a member of the Law Society of Kenya, East Africa Law Society, Institute of Certified Public Secretaries of Kenya and Commonwealth Lawyers Association.
He is currently the Acting Deputy Commissioner – Policy and International Affairs Division in the Customs and Border Control Department. He has previously served as a Regional Manager Customs and Border Control, Head of litigation in tax, customs and excise disputes resolution and assistant commissioner, legal services.
He is a member of the Investment, Licensing and Infrastructure Committee and Audit and Risk Management Committee.

3. The Board of Directors (continued)

DR. KENNETH CHELULE LANGAT, PHD, EBS

Chief Executive Officer & Secretary to the Board



DoB: 10/01/1971

Dr. Kenneth Chelule holds a PhD and a MSc in Mechanical Engineering from Staffordshire University in the United Kingdom and an Executive MBA from Jomo Kenyatta University of Agriculture and Technology.

He is an experienced professional with more than 20 years of expertise in industrial research, technology transfer and MSME support.

He has previously held the positions of Director of Partnership, Strategy, Research, and Resource Mobilization and Chief Research Scientist and Deputy Director at the Kenya Industrial Research and Development Institute (KIRDI). He has also previously worked for Johnson & Johnson (UK), Summit Medical (UK), and the University of Leeds (UK).

He is the accounting officer of the Authority and is responsible for communication and execution of the board's strategy.



CS. DAISY AJIMA

Corporation Secretary & Director, Legal Services

DoB: 25/04/1981

CS. Daisy Ajima holds a Master of Law, LLM (International Trade and Investment Law) and Bachelor of Law (LLB) degrees from the University of Nairobi, and a Diploma in Law from the Kenya School of Law. She also holds CPA (Part II) and CPS (K). She is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public, Registered CPS and a Certified Governance Auditor. She is a member of the Law Society of Kenya and the Institute of Certified Secretaries of Kenya.

She is responsible for providing board secretariat and legal services to the Authority.

4 KEY MANAGEMENT TEAM



4 KEY MANAGEMENT TEAM



Dr. Kenneth Chelule, PhD, EBS

Chief Executive Officer

Dr. Kenneth Chelule holds a PhD and a MSc in Mechanical Engineering from Staffordshire University in the United Kingdom and an Executive MBA from Jomo Kenyatta University of Agriculture and Technology.

He is an experienced professional with more than 20 years of expertise in industrial research, technology transfer and MSME support.

He has previously held the positions of Director of Partnership, Strategy, Research, and Resource Mobilization and Chief Research Scientist and Deputy Director at the Kenya Industrial Research and Development Institute (KIRDI). He has also previously worked for Johnson & Johnson (UK), Summit Medical (UK), and the University of Leeds (UK).

He is the accounting officer of the Authority and is responsible for communication and execution of the board's strategy.

CS Daisy Ajima holds a Master of Law, LLM (International Trade and Investment Law) and Bachelor of Law (LLB) degrees from University of Nairobi, and a Diploma in Law from the Kenya School of Law. She also holds CPA (Part II) and CPS (K). She is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public, Registered CPS and a Certified Governance Auditor. She is a member of the Law Society of Kenya and the Institute of Certified Secretaries of Kenya.

She is responsible for providing board secretarial and legal services to the Authority.



CS Daisy Ajima

Corporation Secretary & Director, Legal Services

4. Key Management Team (continued)



Mr. David Kambo

Director, Land & Infrastructure

Mr. David Kambo holds a master's degree in City planning from the Massachusetts Institute of Technology in United States of America and a Bachelor of Landscape Architecture from Jomo Kenyatta University of Agriculture and technology.

He is an experienced urban specialist and planner with a background in real estate, urban research, and infrastructure development. He has previously worked on various large-scale urban mixed-use developments, special planning designations, and research programs in East Africa, the US, and Israel among others. He is responsible for implementing the Special Economic Zones infrastructure and programmes.

CPA Benjamin Mutula holds a Master of Business Administration (Finance) from the University of Nairobi and a Bachelor of Arts (Economics and Business Studies) from Kenyatta University. He is a Certified Public Accountant of Kenya (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing.

He is responsible for efficient, effective and sustainable utilization of the Authority's financial resources including budgeting, development and implementation of a financial management system, keeping proper books of accounts and timely financial reporting.



CPA Benjamin Mutula

Manager, Finance & Accounts

4. Key Management Team (continued)



Mr. Ibrahim Issack holds a Master of Business Administration (Strategic Management) from Kenyatta University and a Bachelor of Business Administration (Accounting) from Kampala International University.

He is responsible for reviewing applications and recommending granting of licences to operate in Special Economic Zones.

Mr. Ibrahim Issack

Manager, Licencing

Mr. Shadrack Mwamuye holds a Master of Business Administration (Strategic Management), a Bachelor of Business Management (HRM) and a Higher Diploma (HRM). He is a Member of the Institute of Human Resource Management and the Kenya Institute of Management.

He is responsible for ensuring that the Authority has the right and sufficient human resource to meet its objectives, providing guidance in the development, interpretation, implementation and review of human resource management and administration policies, standards, and guidelines.



Mr. Shadrack Mwamuye

Manager, HR & Administration

4. Key Management Team (continued)



Mr. Fredrick Otieno

Manager, Supply Chain Management

Mr. Fredrick Otieno holds an MBA in Supply Chain Management and a Bachelor of Commerce in Finance from the University of Nairobi. He is a member of the Kenya Institute of Supplies Management and a licensed supplies practitioner. He is also a member of the Chartered Institute of Procurement and Supply (UK).

He is responsible for efficient and effective supply chain planning, procurement and disposal of goods and services.

Mr. Victor Mageto holds a Bachelor of Commerce (Hons) Degree from the University of Nairobi.

He is responsible for promoting and marketing Special Economic Zones, performing administrative services and administering "one-stop shops" in the Special Economic Zones.



Mr. Victor Mageto

Manager, Business Development Services



Mr. Francis Gitau

Ag. Manager, Surveillance & Compliance

Mr. Francis Gitau holds a Bachelor of Arts in Economics and Master of Arts in Economics both from the University of Nairobi.

He is responsible for undertaking surveillance on Special Economic Zones and ensuring compliance to laid down standards, laws, and regulations.

4. Key Management Team (continued)

Mr. Kemboi holds a Master of Business Administration (Marketing and Management) from University of Eastern Africa, Baraton, and a Bachelor of Business from Edith Cowan University, Australia.

He is responsible forstrategizing and implementing plans to attract investments, promote the zone's advantages through effective marketing and communication strategies.



Mr. Ronald Kemboi

Ag. Manager, Marketing

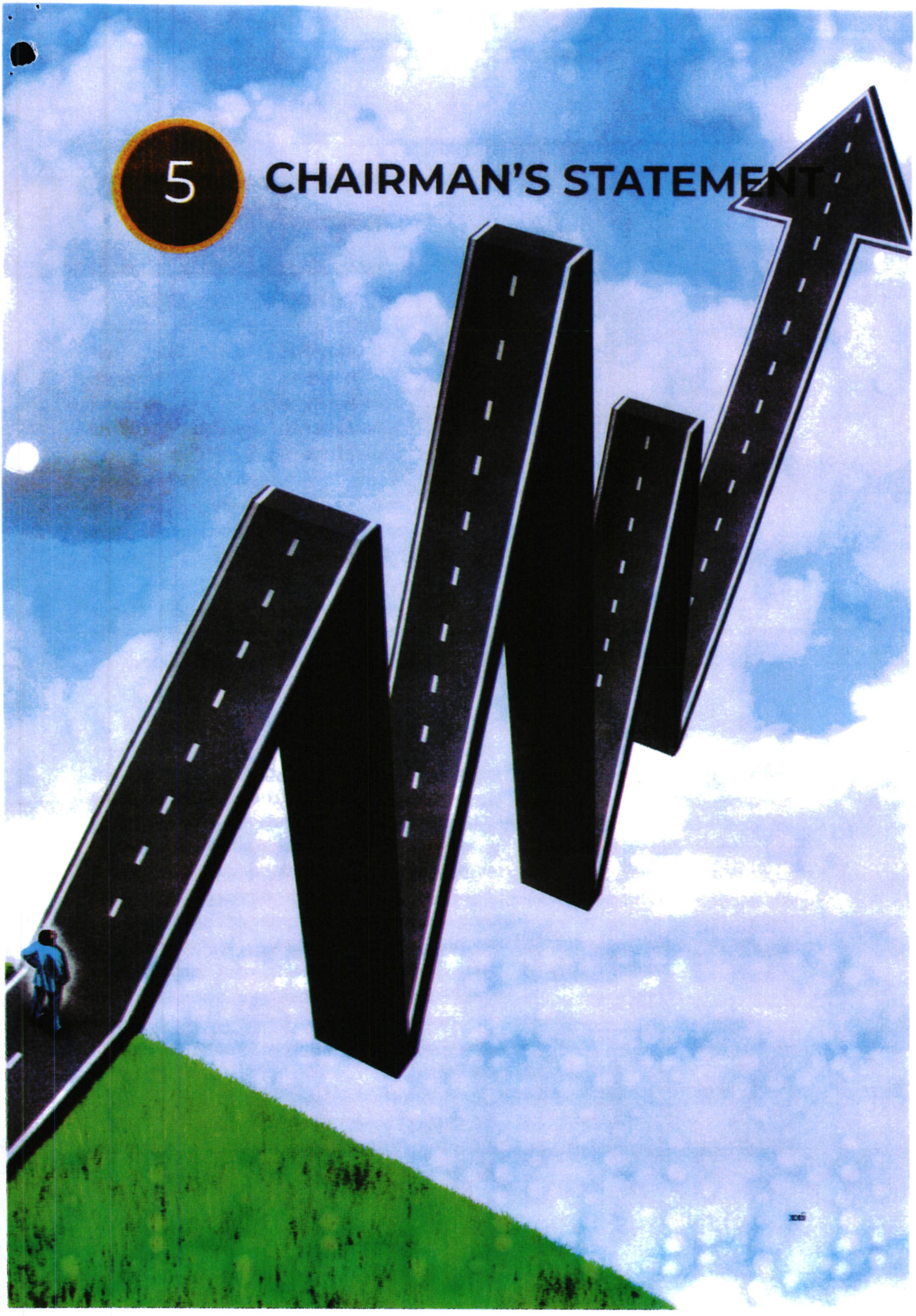


CPA Juliet Karori holds a Master of Science in Oil and Gas Accounting from Robert Gordon University Aberdeen – United Kingdom and a Bachelor of Commerce in Finance from the University of Nairobi. She is a certified public accountant (CPA- K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors (IIA).

She is responsible for providing independent and objective audit and risk assurance.

CPA Juliet Karori

Ag. Manager, Internal Audit



5 CHAIRMAN'S STATEMENT

5 CHAIRMAN'S STATEMENT



Mr. Fred Muteti, EBS

Chairman

On behalf of the Board of Directors, I extend my sincere appreciation to all our stakeholders; SEZ investors, development partners, government agencies, county governments, and the private sector, for your continued support and collaboration throughout the year. Your commitment and partnership have been instrumental in enabling the Special Economic Zones Authority (SEZA) to pursue its mandate and achieve significant milestones in 2024/2025.

Achievements

Amid global economic uncertainties, Kenya's investment climate has remained resilient, driven by proactive policy reforms and deliberate engagement with both domestic and international investors. The Authority has worked diligently to meet its strategic targets and strengthen Kenya's position as a leading destination for investment and industrial development.

We are proud to have witnessed a growing influx of high-impact investments into our SEZs, cutting across strategic sectors such as pharmaceuticals (both veterinary and human), electric mobility, aluminium and steel production, tyre manufacturing, and industrial chemicals. These investments have been attracted by SEZA's refined incentive framework, including streamlined one-stop-shop services, customs-exempt zones, and competitive tax incentives, further reinforced by the 2023 Finance Act, which eliminated withholding tax on dividends and interest for SEZ investors.

In line with our reform agenda, we continue to advocate for the Special Economic Zones (Amendment) Bill, whose passage will significantly reduce bureaucratic bottlenecks and enhance the ease of doing business across our zones.

5. Chairman's Statement (continued)

Challenges

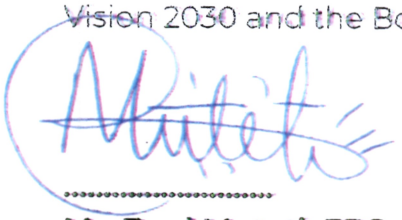
The Authority made great strides, but the progress was achieved against a backdrop of financial challenges. The past year presented significant budgetary constraints, which impacted some of our operations and limited our ability to fully implement planned activities. Nevertheless, we remained focused and resourceful, delivering key achievements such as the successful hosting of the 9th Annual Africa Economic Zones Organization (AEZO) Meeting held in Nairobi. The event brought together over 400 participants from 60 countries and positioned Kenya as a continental leader in SEZ development. We were also proud to receive recognition and an award from AEZO for our outstanding efforts in promoting sustainable and inclusive SEZ development.

Outlook

Our focus in the coming year is to:

- Expand SEZ participation at the county level, tapping into regional economic potential.
- Invest in infrastructure development to support world-class SEZs
- Foster strategic partnerships with local and international stakeholders
- Enhance regulatory efficiency to create a seamless experience for investors.

With continued support and collaboration from our partners, we are optimistic that SEZA will play an even greater role in accelerating Kenya's industrial transformation and contributing to the realization of the Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA).



Mr. Fred Muteti, EBS
Chairman

6 REPORT OF THE CHIEF EXECUTIVE OFFICER

Dr. Kenneth Chelule, PhD, EBS
Chief Executive Officer



To our stakeholders

It gives me great pleasure to present the Special Economic Zones Authority's Annual Report for the financial year 2024/2025. During the year under review, we took a moment to reflect on our progress, assess the impact of our interventions, and recalibrate our approach to sustain momentum into the coming years. Our achievements have been anchored on the strong institutional foundations we continue to build, guided by our commitment to enhance investor confidence, promote sustainable industrialization, and stimulate inclusive economic growth.

Despite budgetary limitations, we remained focused and resourceful, intensifying our efforts to improve the ease of doing business within SEZs, offering more efficient regulatory support, and creating a facilitative environment for both local and international investors. Through collaboration and innovation, we optimized the tools and partnerships at our disposal to deliver meaningful outcomes aligned with national development goals.

Overall Performance

The financial year 2024/2025 marked a significant phase of growth and consolidation for Special Economic Zones Authority. We Gazetted 6 new zones and licensed 34 Enterprises this year; with new entries such as Lapset SEZ in Lamu, Kengen Green Energy Park in Nakuru, Infinity Industrial Park SEZ in Nairobi, Vipingo SEZ in Kilifi, Wasini SEZ in Kwale and Sotik SEZ in Bomet.

6. REPORT OF THE CHIEF EXECUTIVE OFFICER (continued)

There were strong gains in both Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI); we attracted a total of USD 532,941,200 (Kshs 68,7449,414,800) in investments across various SEZs, surpassing this year's target of Kshs 60,000,000,000.00. A total of 11,275 jobs have been created to date, with another 11,600 jobs projected. The relatively modest employment numbers are primarily due to many SEZ enterprises still being in the early stages of development, either under construction or just beginning production operations.

The Naivasha Special Economic Zone phase 1 (Naivasha I) continues to gain traction, with 14 investors already onboarded, one operational and others progressing through various setup stages.

The Authority also managed to complete a 1.2 km access road to our administration block in the zone. Meanwhile, master planning for the second phase of Naivasha SEZ (Naivasha II), covering an additional 5,000 acres, is underway, and a 360m Access Road has been completed in Naivasha II. All these developments will help position the zone as a major national and regional manufacturing and export hub.

One of the major milestones of the year was SEZA's successful hosting of the 9th Annual Africa Economic Zones Organization (AEZO) Meeting in Nairobi. This continental gathering drew over 885 participants from over 45 countries and provided an excellent opportunity to highlight Kenya's SEZ program to a global audience. The event strengthened partnerships, encouraged cross-border collaboration, and highlighted the role of African SEZs in driving inclusive and sustainable growth.



6. REPORT OF THE CHIEF EXECUTIVE OFFICER (continued)

Financial Performance

From a financial perspective, SEZA registered key achievements in resource mobilization, prudent budget management, and institutional strengthening. The Authority received KShs 168,370,000 Gok Recurrent Grants from the exchequer and raised KShs 197,154,487 as Appropriation in Aid. The total operating expenses during the period were KShs.254,853,700.



Strategic partnerships

Notably, the Authority successfully signed a major strategic investment agreement with the African Export-Import Bank (AFREXIM Bank), unlocking over USD 1 billion to support the development of world-class industrial infrastructure in the Naivasha and Dongo Kundu SEZs. This partnership affirms the trust of global institutions in our SEZ framework and enhances our capacity to deliver modern, integrated industrial zones.

Outlook

We are working closely with several county governments to unlock new zones, including planned SEZs in Baringo, Murang'a, and other high-potential regions.

In Naivasha, the second phase of development is a top priority. We expect several of the current investors in the Naivasha I SEZ to become fully operational by next year, contributing significantly to local employment and value addition.

Across all zones, we continue to encourage sustainable production practices, aligned with Kenya's green growth and climate resilience goals.

The Authority will remain steadfast in its mission to provide an enabling environment for investment, unlock new investment opportunities, and generate a broad-based economic effect. We look forward to an even more impactful year ahead.

6. REPORT OF THE CHIEF EXECUTIVE OFFICER (continued)

Appreciation

Lastly, as we reflect on the milestones of the past year, I wish to sincerely appreciate all our stakeholders, government agencies, county governments, investors, and development partners, for their continued confidence in the Special Economic Zones program. I also commend the SEZA team for their unwavering dedication and professionalism. Your efforts have been central to the Authority's progress in positioning SEZs as a pillar of Kenya's industrial and economic advancement.

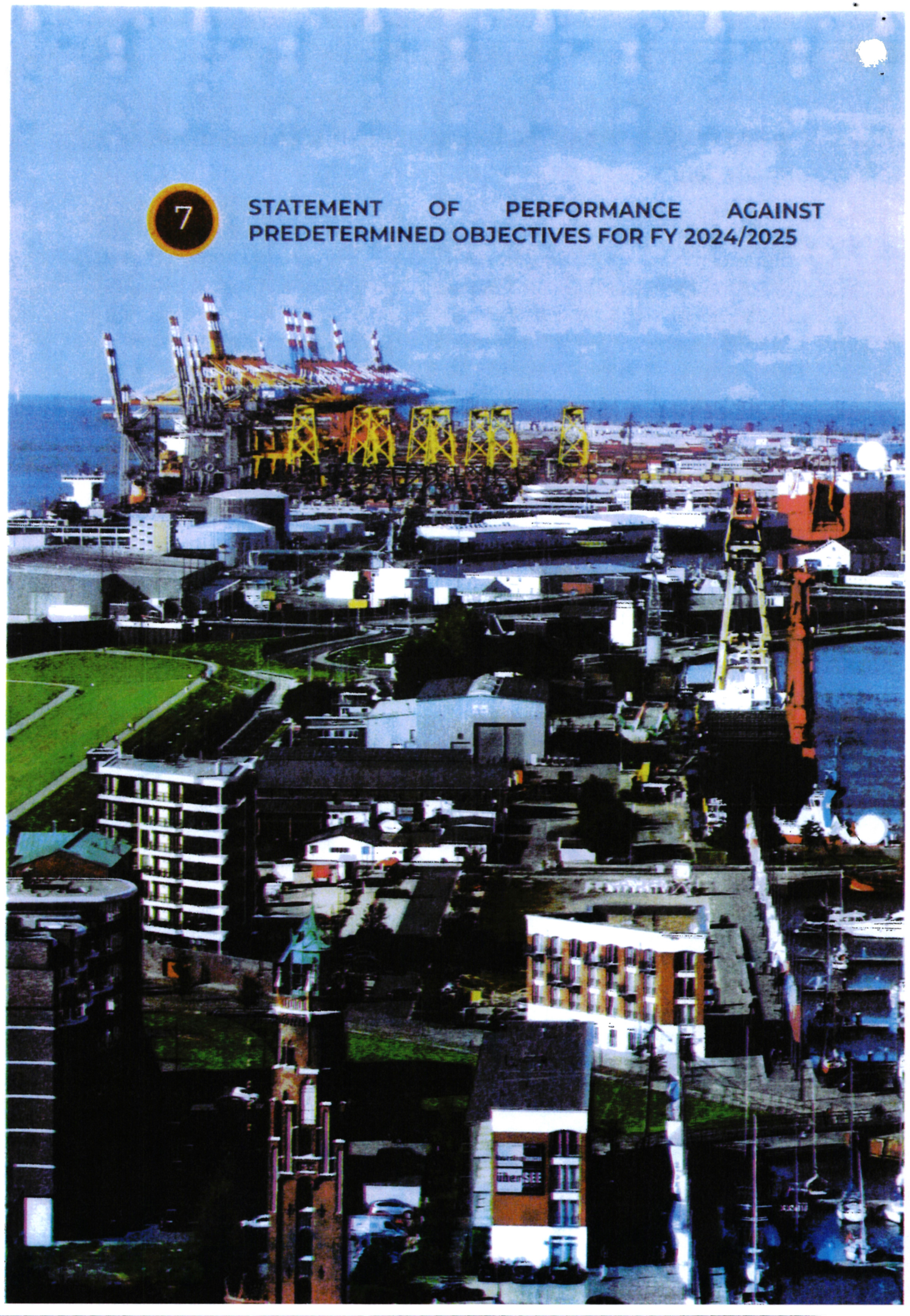
.....

Dr. Kenneth Chelule, PhD, EBS
Chief Executive Officer



Image: Board and Management Retreat

7 STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025



7 STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

Special Economic Zones Authority has 4 strategic pillars and objectives within the current Strategic Plan for the FY 2023/2024-2027/2028. These strategic pillars/ themes/ issues are as follows:

Strategic issue 1: Investment Attraction
Strategic issue 2: Development of integrated infrastructure
Strategic issue 3: Policy and Legal Framework
Strategic issue 4: Institutional Capacity Development

SEZA develops its annual work plans based on the above Strategic Issues. Assessment of the Board's performance against its annual work plan is done quarterly. The Authority achieved its performance targets set for the FY 2024/2025 period for its four strategic issues, as indicated in the table below:

Table on performance information

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Investment Attraction	Increase investments by 20% annually	- Total Value of Investments Attracted	- Attract at least Kshs 60,000,000,000.00 worth of new investments to the SEZ Program	The Authority attracted $532,941,200 (Kshs68,7449,414,800) worth of Investments (Local Direct Investment and Foreign Direct Investment during the FY.
Development of integrated infrastructure	Complete development of Naivasha SEZ I integrated infrastructure within 5 years	- Completion rate of Infrastructure projects	- Construct the Administration Block/One-Stop-Shop in NSEZ from 76% to 89%	- 89% completion rate of the Administration Block / One-Stop-Shop at the Naivasha SEZ
			- Construct 1.2km Access Road I to the Administration Block	- 1.2km Access Road I to the Administration Block at NSEZ completed

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025 (continued)

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Development of integrated infrastructure	Complete development of Naivasha SEZ i integrated infrastructure within 5 years	Completion rate of Infrastructure projects	Construct 360m Access road II to Jumbo AAA	360m Access road II at NSEZ completed
Legal and Regulatory Framework	Strengthen the legal and regulatory framework	Number of Policy Reforms Implemented	Review the SEZ Act and Regulations	The Authority reviewed the SEZ Act no 16 of 2015 and streamlined the proposed amendments, ensuring that the Act meets legal requirements and facilitates efficient SEZ operations within the evolving economic landscape.
		Number of Legal and Regulatory Reviews Conducted	Participate in Regional and Continental SEZ policy formulation	The Authority took lead in representing Kenya during the development of the SEZ Regulations for the East Africa Community in Arusha, Tanzania.
Institutional Capacity Development	Implement Training Needs Assessment/ Capacity improvement	Number of Professional Development Programs Offered	The Authority enhanced the skills of its staff through the undertaking of training across various programs i.e. Institute of Certified Secretary, ICPAK, National Values.	SEZA committed to capacity building of its employees. A total of 20 officers out of 24 staff underwent various capacity building /training programs.

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025 (continued)

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
	Implement Training Needs Assessment/Capacity improvement	Employee Satisfaction and Engagement Scores	Undertook an employee satisfaction survey	The Employee satisfaction survey showed an overall satisfaction level of 88%
Institutional Capacity Development		Number of youths given internship /attachment opportunities to mitigate on the Authority's low staffing.	The Authority provided equal access to professional development for youths to bridge existing staffing Gaps.	The Authority onboarded 13 youths through internships and industrial attachments.
	Strengthen organizational processes and systems	i. Number of services digitalized	Digitalize the following core services end to end i) Expression of interest / project proposal form. ii) SEZ Quarterly Compliance reporting form	The Authority digitized the following services i) Expression of interest / project proposal form. ii) SEZ Quarterly Compliance reporting form
		ii. Number of services onboarded onto the E-Citizen Platform	i) Expression of interest / project proposal form. ii) SEZ Quarterly Compliance reporting form	The Authority has on boarded its services on the E-Citizen Platform

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025 (continued)

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Institutional Capacity Development	Nurture a culture of Excellence	Signed Performance Contract	Undertake implementation of the FY 2024/25 Performance Contract	The Authority signed the FY 2024/25 Performance Contract with the Government through the Ministry of Investments, Trade, and Industry, formalizing accountability and performance standards. The Authority ensured quarterly submissions of the PC to the Public Performance Management Unit providing insights on its progress
		Improved Performance	Undertake measure for the Authority's Productivity improvement	The Authority increased its Productivity Index from 3.5185 to 3.95 as per the National Productivity and Competitiveness Centre

Image: AEZO Gala dinner winners



8 CORPORATE GOVERNANCE STATEMENT

8.1 Introduction



SEZA exercises good Corporate Governance which is the framework of rules and practices by which a Board of Directors ensures fairness, accountability, responsibility and transparency in its relation with investors, stakeholders, suppliers, employees and the Government. SEZA is established under section 10 of the Special Economic Zones Act, CAP 517A, Laws of Kenya. As a State Corporation, the Board's decisions are guided by the core tenets prescribed in MWONGOZO, the Public Officers Ethics Act, and signed internal codes of conduct.

8.2 Board of Directors

The Board comprises of Ten (10) members; an independent and non-executive Chairman, an executive Chief Executive Officer, the Principal Secretary – State Department for Investment Promotion, three institutional representatives that is National Lands Commission (NLC), Kenya Revenue Authority (KRA) and National Treasury and four independent and non-executive directors. The Board collectively pools together vast experience in various relevant fields inter alia, Accounting, investment management, legal and Tax experts. With this, it is able to effectively ensure that the Authority establishes and maintains internal polices and controls that drive profitability and sustainable growth.

8.3 Authority and Delegation

To effectively execute its oversight role, the Board has established four (4) standing committees with specific delegated mandates. The Board Committees are run with clearly articulated terms of reference as approved by the Board of Directors. The committees are Finance, Planning and Infrastructure Committee (FPIC), Investment, Licensing & Infrastructure Committee (ILIC), Human Resource, Administration and Governance Committee (HRAG), Audit and Risk Management Committee (ARMC)

The committees that exercise fiduciary roles are The Board Finance Planning and ICT Committee, The Board Licensing and Infrastructure Committee and the Board Audit Committee. The licensing and investment committee is the technical committee of the Authority and its mandate includes investment promotion, approval of licenses and approval for land allocation in Naivasha Public SEZ. The three core committee provide for fiduciary oversight and report to the full board of directors as per the board charter

8. CORPORATE GOVERNANCE STATEMENT (continued)

Investment Licensing and Infrastructure Committee	Finance Planning and ICT Committee	Human Resource and Governance Committee	Audit and Risk Management Committee
i. Investment Promotion: ii. Licensing Evaluation: iii .Policy Development and Implementation: iv. Monitoring and Evaluation: v. Infrastructure oversight	i) Financial, Strategic and Oversight. ii) Procurement Oversight iii) ICT Oversight	i. Policies and Compensation ii. CEO and Senior Management appointment iii. Disciplinary hearings iv. Succession Planning v. Board Evaluation vi. Governance oversight vii. Board Education viii. Legal risk oversight	i. Oversight on Financial Reporting ii.Internal controls and risk management systems iii.Monitoring Internal controls and risk management systems iv.Supervision of the Internal Audit Function v.Monitor Compliance with Laws and Regulations

8.4 Board meetings and attendance

During the year, the board met the threshold of four Statutory meetings, where the agenda was discussed as prescribed by the approved board charter. There were three special board meetings to discuss agent agenda. During the year, there was no board changes.

	Special	Special -	Special -	Q1	Q2	Q3	Q4	Total	Average %
1. Fredl Muteti	✓	✓	✓	✓	✓	✓	✓	7	100%
2. Anthony Waincinc	✗	✓	✓	✓	✓	✗	✓	5	71%
3. Joel Kibe	✗	✓	✗	✓	✓	✗	✓	4	57%
4. Jonathan Chifallu	✓	✓	✓	✓	✓	✓	✓	7	100%
5. Phillip Coulson	✗	✓	✓	✗	✓	✓	✗	4	57%
6. Tiyah Galgalo	✓	✓	✓	✓	✓	✓	✓	7	100%
7. David Ontweica	✓	✓	✓	✓	✓	✓	✓	7	100%

8. CORPORATE GOVERNANCE STATEMENT (continued)

	Special	Special -	Special -	Q1	Q2	Q3	Q4	Total	Average %
8. Kenneth Chelule	1	1	1	1	1	1	1	7	100%
9. Emmanuel Kitaka	1	1	1	1	1	1	1	7	100%
10. Joseph Nguyo	*	1	*	*	*	1	1	3	100%*
11. Abubakar Hassan Abubakar	1	*	1	1	1	*	*	4	

Full board meeting during the FY

** The Alternate does not attend the Board meeting when the Principal Secretary attends the meeting. The aggregate attendance is 100%*

Committee meetings attendance

	Investment, Licensing & Infrastructure	Human Resource & Governance	Finance Planning & ICT	Audit & Risk Management
Total Meetings	6	4	4	5
1. Fred Muteti	X	X	X	X
2. Anthony Wainaina	X	3	2	x
3. Joel Kibe	X	0	X	1
4. Jonathan Chifallu	6	X	X	5
5. Philip Coulson	X	4	4	x
6. Tiyah Galgalo	6	X	4	x
7. David Ontweka	6	X	X	5
8. Kenneth Chelule	6	4	4	x
9. Emmanuel Kitaka	5	4	3	4
10. Joseph Nguyo	6	4	4	5

KEY:

X - Not a committee member

8. CORPORATE GOVERNANCE STATEMENT (continued)

8.5 Board Training

During the financial year, Board members have undergone various training including:
i) The 2nd Annual Regulatory Authorities and Agencies Conference, facilitated by the Head of Public Service
ii) Virtual Engagement with State Corporations Description: Virtual engagement with Chairpersons, Board Members, Chief Executive Officers, Corporation Secretaries/ Persons providing board Secretarial Services and Heads of Internal Audit in all State Corporations on May 13th 2025.

8.6 Conflict of Interest and Declaration of Interest

The Directors are obligated to fully disclose to the Board any real or potential conflict of interest whether direct or indirect. Declaration of conflict of interest is a standing agenda item in all Board and Committee meetings prior to discussion of a substantive

agenda. Directors are required to give advance notice of any conflict issues to the Chairman or Corporation Secretary and these are considered during the Board meeting. A Director must refrain from discussion or voting on matters of potential conflict of interest. This was strictly observed during the period and no conflict of interest was declared.

8.7 Policies

During the year, the following policies have been tabled by Management before committee of the board for consideration. All the key policies were approved by the Board of Directors.



8.8 Board Effectiveness

The annual Board evaluation exercise for the year 2023 / 2024 was facilitated by the State Corporation Advisory Committee and the authority got an average of 95.75%.

8.9 Board remuneration

The Chair and the Board are remunerated as guided at Salaries and Renumeration Commission. The Chair earns a monthly Honoraria of Kes.87,000 per month.

All board members including the chairman but excluding the CEO earn a sitting allowance of Kes.20,000 per board meeting. All these are subject to all applicable income taxes and levies. For engagements out of station, the Directors are paid Mileage and Daily Subsistence allowance as applicable as per the SRC rates.

8.10 Separation of Roles of the Board Chairman and CEO

In line with best practice of Corporate Governance, the positions of Chairman and CEO are held by separate persons, facilitating the balance of power and authority. The Chairman is responsible for the leadership of the Board, setting the tone of the corporate strategic direction, safeguarding shareholder value and oversight on the policies governing the business.

9 MANAGEMENT DISCUSSION AND ANALYSIS

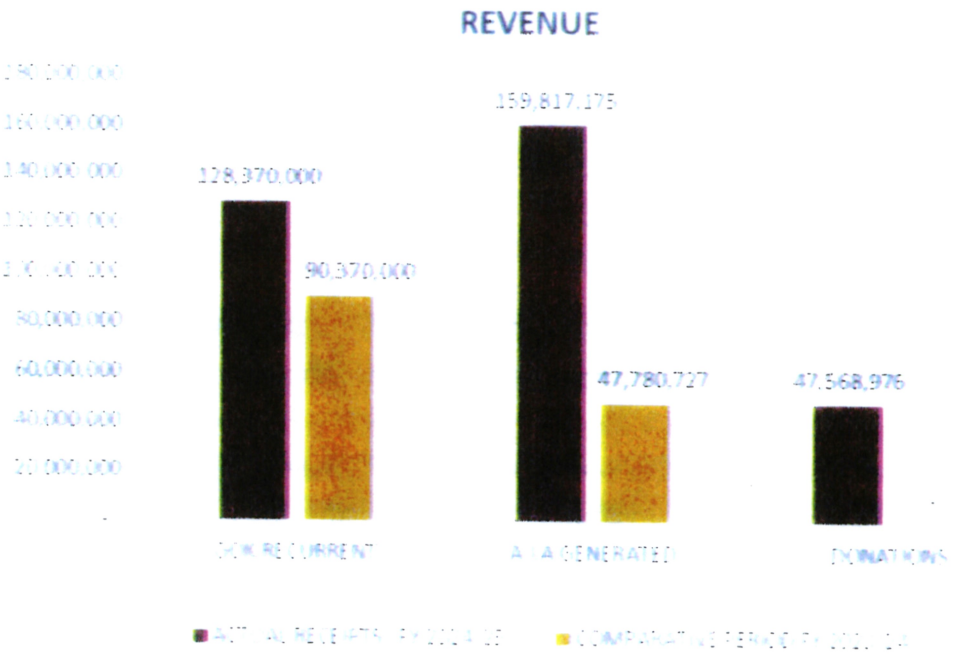
9.1 The Authority's Financial Performance

Revenue

The Authority received KShs 168,370,000 Gok Recurrent Grants from the exchequer. Out of this KShs 128,370,000 was recognized as revenue in the year and KShs 40,000,000 meant for recruitment of additional staff was deferred to FY 2025/2026. The Authority also raised KShs 149,585,511 as Appropriation in Aid composed of KShs.41,022,402 license fees, KShs.108,971,315 land lease fees less KShs 408,206 foreign exchange loss.

The Authority also raised KShs 47,568,976 being donations and sponsorship towards the AEZO Conference. This was composed of KShs 36,901,000 received in cash, KShs 2,300,000 invoiced for exhibitors but remained outstanding as at the end of the year and KShs 8,367,976 donations in Kind (direct payment to suppliers for services during the conference).

Additionally, the Authority recognized donated assets of KShs 7,431,035,940. This was composed of KShs 435,940 computers and computer equipment donated by JICA and KShs 7,430,600,000 being the initial recognition of the Naivasha Special Economic Zone Land donated by the government.

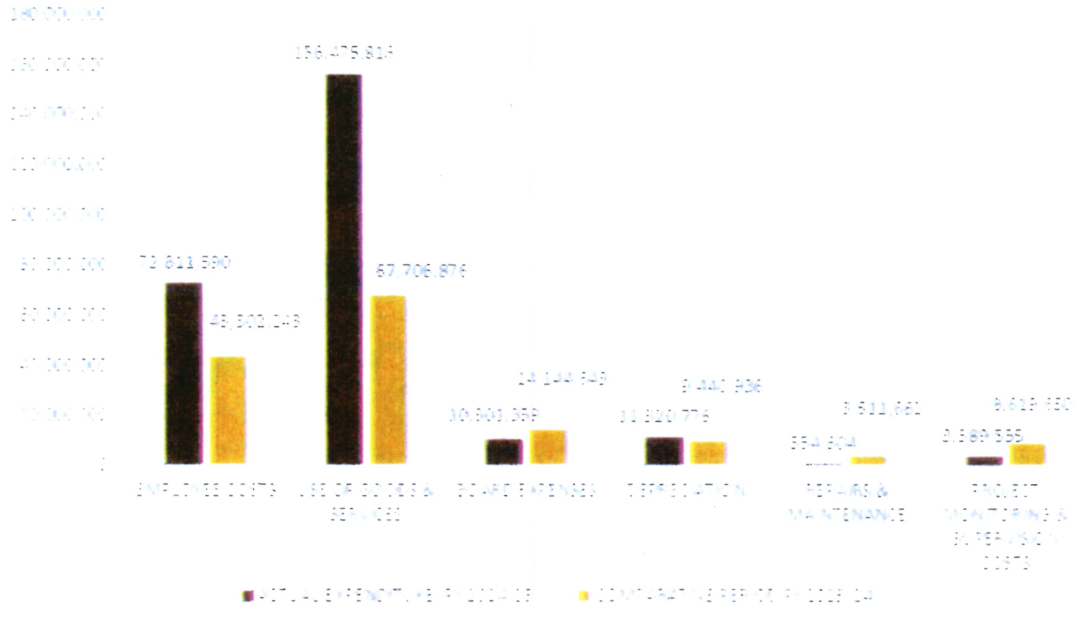


9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Expenditure

Total operating expenses during the period were KShs.254,853,700 composed of KShs.72,811,590 personnel emoluments, KShs.156,475,816 use of goods and services, KShs.10,301,359 board expenses, KShs.11,320,776 depreciation, KShs.554,604 repairs & maintenance and KShs.3,389,555 project monitoring and supervision costs.

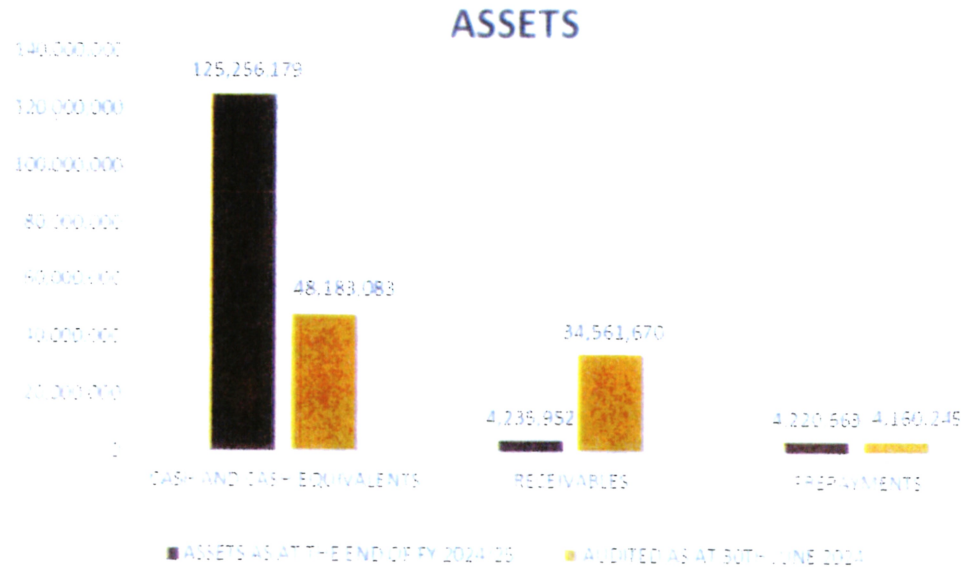
This resulted to an operating surplus of KShs.7,511,938,391 in the period.



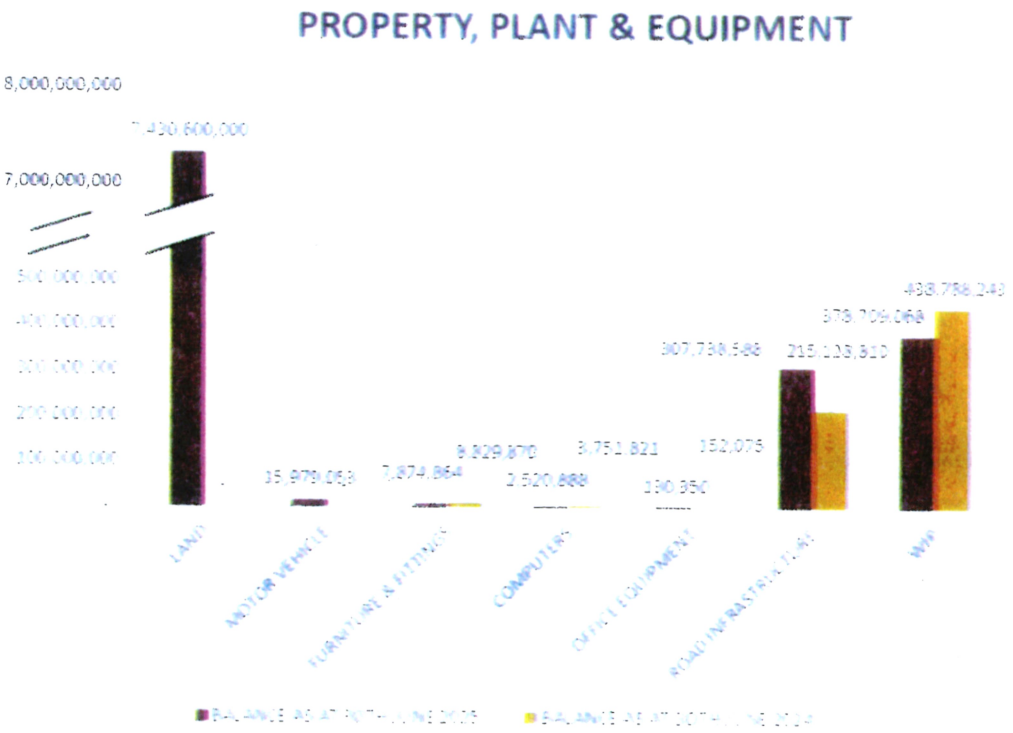
Assets

The Authority's total assets as at the end of the year were KShs.8,277,265,505 comprised of KShs.125,256,179 cash and cash equivalents, KShs.4,220,563 prepayments, KShs.4,235,952 receivables and KShs.8,143,552,811 property, plant and equipment. The property, plant and equipment include KShs 7,430,600,000 value of the Naivasha Special Economic Zone land.

9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)



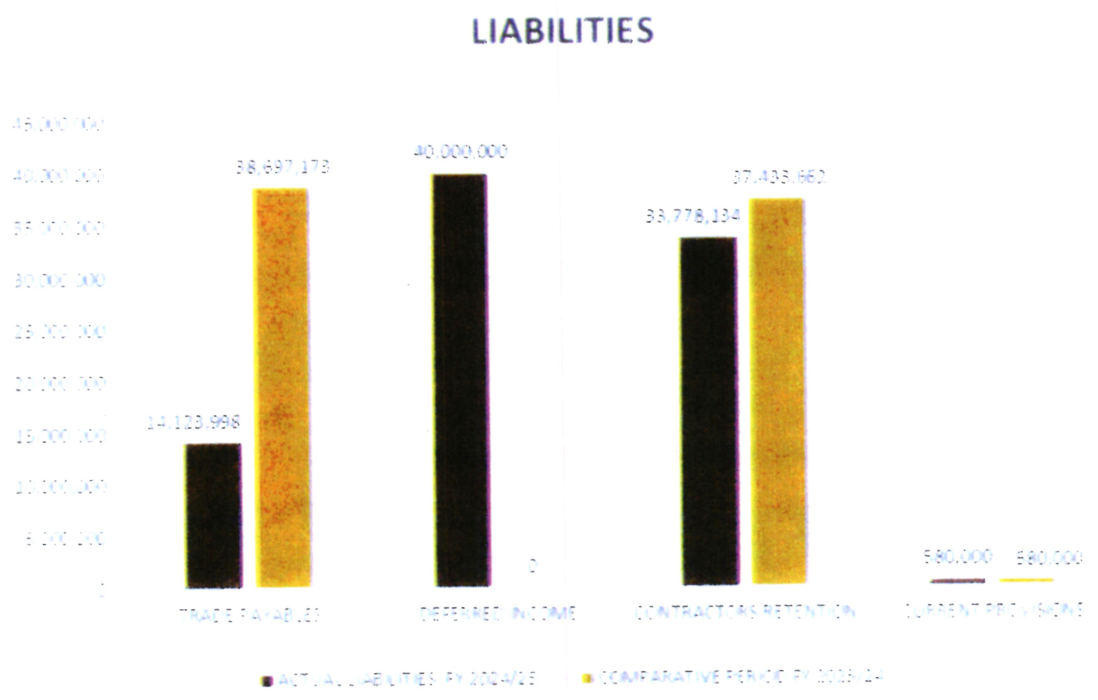
Property, Plant & Equipment



9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Liabilities

The Authority's total liabilities as at the end of the reporting period were KShs.88,482,132 comprised of KShs.14,123,498 trade payables, KShs.33,778,134 contractors' retention, KShs.40,000,000 deferred income and KShs.580,000 current provisions.



9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Authority's Compliance with Statutory Requirements

The Authority complied in all material respect with statutory requirements including remittance of all statutory deductions.

The Authority's Financial Probity and Serious Governance Issues

The Authority does not have any major financial improbity reported by the Board Audit and Risk Management Committee, external auditors or any other National Government Agency providing oversight. There are no serious governance issues including conflict of interest among the Board or member of the Board and top management.

Major Risks Facing the Authority

The Authority has a structure and process to help identify, assess and manage risks. The process was in place for the period up to the time this report was approved. This team reviews all the risks in the Authority and updates he risk register and ensures that all new and emerging risks are appropriately evaluated, and any further actions are identified.

The identified high-level strategic risks are reported to the Audit Committee to assist the Board in risk management. Some of the main risks identified and their corresponding mitigation measures are highlighted in the table below.

No.	Critical Risk	Overall Risk Rating	Refined, Realistic & Implementable Mitigation
1	Inadequate Human and Financial Resources (staff shortages, budget constraints, delayed disbursements)	High	Implement a phased recruitment plan; onboard interns/contract staff for short-term relief. Advocate for budget adjustments tied to workload; pursue diverse funding sources (PPPs, donor funding, government bonds).
2	Limited SEZ Infrastructure Development (roads, utilities, industrial parks)	High	Develop a SEZ infrastructure financing plan using PPPs, concessional loans, and government allocations. Prioritize infrastructure projects in annual work plans.
3	Uncompetitive Incentives vs. Regional SEZs	High	Conduct regular regional benchmarking; work with policymakers to revise incentives; promote non-fiscal benefits (location, infrastructure, services).

9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Major Risks Facing the Authority

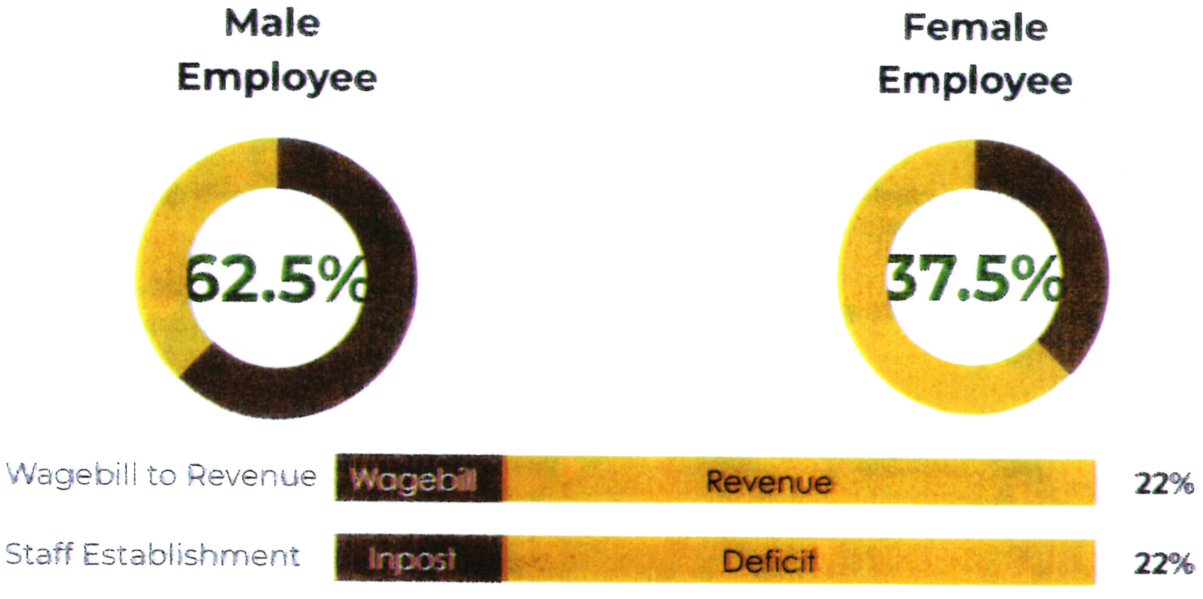
No.	Critical Risk	Overall Risk Rating	Refined, Realistic & Implementable Mitigation
4	Policy, Legislative & Inter-Agency Coordination Delays	High	Maintain active policy engagement with Parliament and key stakeholders Develop clear MoUs with key regulatory agencies.
5	Weak Technology Integration & Digital Capacity	High	Develop and implement a digital transformation strategy. Automate application and compliance processes. Integrate ICT systems across departments for efficiency.
6	Cybersecurity & Data Privacy Risks	High	Deploy robust cybersecurity tools. Conduct periodic security audits and staff awareness training.
7	Failure to adapt to Emerging Risks.	High	Monitoring and addressing emerging risks across the organization
8	Legal & Contractual Exposure	High	Ensure compliance with applicable laws, regulations, and industry standards to mitigate legal and regulatory risks.
9	Reputational Damage from Operational Failures	High	Develop and operationalize a crisis communication plan. Respond promptly to negative publicity.
10	Strategic Plan Implementation Delays	High	Break down the Strategic Plan into annual action plans. Monitor quarterly progress and adjust as needed.

9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Operational Performance Highlights

i) HR and Administration

The Authority closed the FY with twenty-four (24) officers in post, which includes two staff on deployment from MDAs. A total of fourteen (14) interns and attachés were also onboarded during the year. JICA has continued to support the Authority human resource capacity by deployment of three technical officers and two interns. The Authority maintained a staff gender composition of 37.5% and 62.5% female and male staff respectively. During the period under review, the Authority established and operationalized the SEZA Staff Pension Scheme for permanent and pensionable officers and Gratuity Scheme for contractual staff. The Authority achieved a wage bill to revenue ratio of 22% in the financial year.





9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Operational Performance Highlights

ii) Information Communication Technology

In the financial year under review, the Authority made significant strides in modernization of ICT infrastructure by acquisition of more additional ICT equipment enhancing automation, increased staff productivity and hence improving service delivery. A landmark achievement was the automation of key public-facing services, including applications for Land Gazettement and Project Investment Proposals and making these services available on the E-citizen platform. This has helped in streamlining the Authority's internal processes as well as increasing accessibility and transparency for all citizens and investors.

iii) Licences Issued in the Year

During the Financial Year 2024/2025, the Authority issued licences as summarised in the table below.

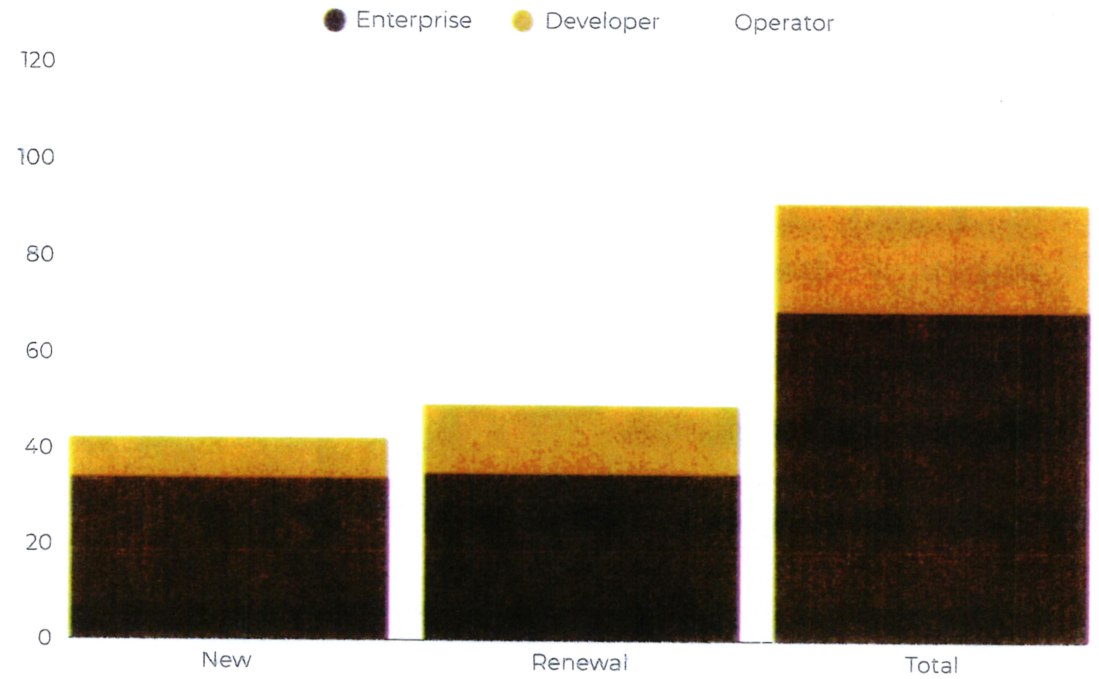
License Category	Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative for the Year
Developer	New	2	4	-	2	8
	Renewal	5	2	6	1	14
	Total	**7**	**6**	**6**	**3**	**22**
Operator	New	2	4	-	3	9
	Renewal	5	2	6	1	14
	Total	**7**	**6**	**6**	**4**	**23**
Enterprise	New	10	9	8	7	34
	Renewal	7	6	4	19	35
	Total	**17**	**15**	**13**	**26**	**69**

Licences Issued in the Year

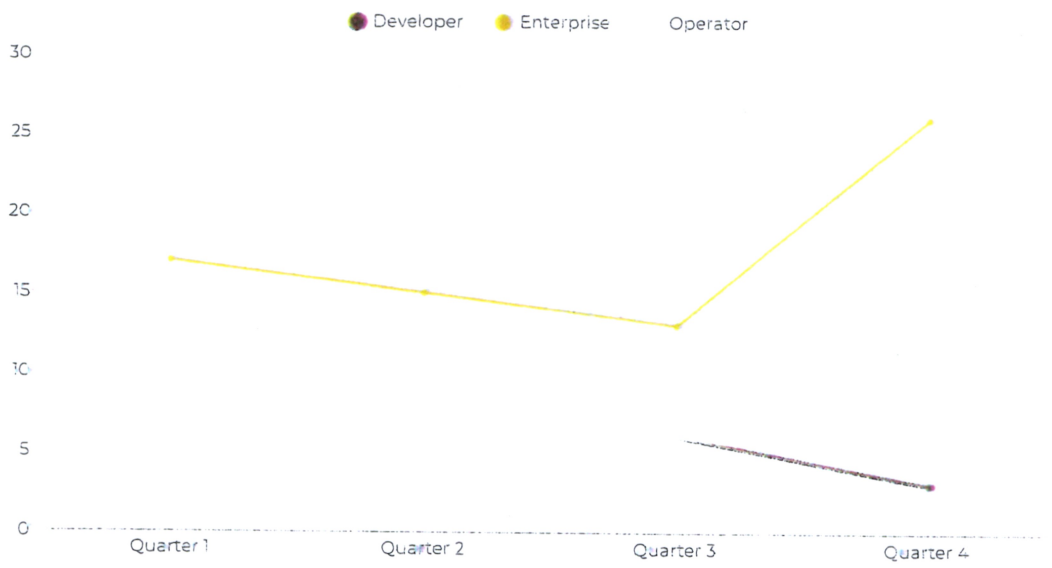
9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Operational Performance Highlights

The total number of licenses issued across all categories and descriptions for the year is 114.



The average number of licenses issued per quarter across all categories is 21.72.



9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)

iii) Surveillance and Compliance

The Authority and the State Department for Investment Promotion conducted a joint Monitoring, Evaluation, Data Collection, Compliance, and Surveillance Exercise across all gazetted Special Economic Zones (SEZs) from 2nd to 29th June 2025. The exercise aimed to: Ensure compliance with SEZ regulations; Gather operational data from enterprises and assess the impact of SEZ policies on the performance of licensed SEZ entities.

iv) Naivasha Special Economic Zone Project

Construction of the on-site office consisting of a One Stop Centre and Administration Building & Boundary Wall.

Progress of the One-Stop Centre/administration building has remaining at 89%. However, during the period under review, the contractor resumed work and there has been enhanced progress on site. However, the project is under liquidated damages due to the expired time extension.

Construction of the One-Stop Centre/administration building and boundary wall was at 89% as of 30th June 2025. The boundary wall and the main building works are complete, with mechanical, electrical and external civil works ongoing. However, the project is under liquidated damages due to the expired time extension.

Civil and landscaping works were descoped following the public works project financial appraisal and subsequent advice on retaining the project scope and deliverables within the original contract sum of Kshs. 443,525.184.15.

The project funds drawdown stands at Kshs. 342,515,351.56 against a projected final account of KShs. 443,525,184.15.

Part of Civil and landscaping works were descoped following the State Department of Public Works project financial appraisal and subsequent advice on retaining the project scope and deliverables within the original contract sum of Kshs. 443,525.184.15, with project funds drawdown at Kshs. 342,515,351.56.

9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)

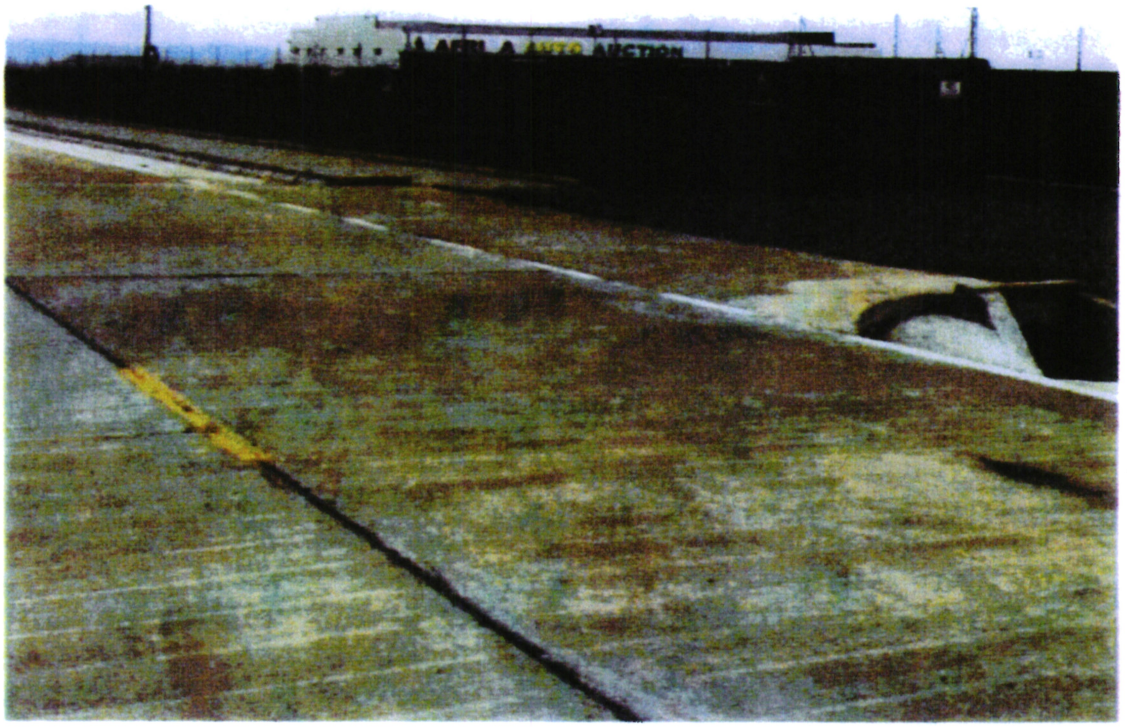


Image: Naivasha SEZ Admin/One-Stop Shop

9. MANAGEMENT DISCUSSION AND ANALYSIS (continued)

v) *Construction of Access Road No. 2.*

This project is complete and in use. However, the project funds drawdown stands at Kshs. 95,636,792.00 against a projected final account of KShs. 100,641,950.00.



Access road II

10 Environmental and Sustainability Reporting

i) Sustainability Strategy and Profile

The Special Economic Zones Authority (SEZA) is dedicated to supporting global sustainability goals, with a strong focus on SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 11 (Sustainable Cities and Communities). Through the SEZ program, we champion decent job creation, foster sustainable industrialization, and promote inclusive urban development across Kenya.

We have attracted record levels of investment, facilitated the creation of over 9,000 jobs, and actively support the adoption of green technologies within SEZs. All SEZs licensed by SEZA are required to conduct Environmental Impact Assessments (EIAs) certified by the National Environment Management Authority (NEMA). Moreover, SEZ developers must set aside and preserve green spaces within their zones, reinforcing the environmental integrity of our industrial development model.

To ensure transparency and efficiency, our Service Delivery Charter guides how we serve investors. We are especially proud that over 60% of our procurement contracts are awarded to youth, women, and persons with disabilities, demonstrating our dedication to inclusive economic empowerment.



SEZA also aligns with the national government's commitment to environmental conservation and climate action, including the ambitious goal to plant 15 billion trees by 2032. As part of this initiative, SEZA staff participated in a national tree-planting exercise held in Narok County, led by the Ministry of Investments, Trade, and Industry, contributing to reforestation and climate resilience efforts.

A highlight of the past year was SEZA's successful hosting of the 9th Annual Africa Economic Zones Organization (AEZO) Meeting, held in Nairobi from November 27 to 30. Themed "Building Inclusive, Resilient & Sustainable Economies: The Role of African SEZs in Attracting Impactful Investments & Redefining Competitiveness," the event brought together over 400 participants from 60 countries. During the three-day forum, delegates shared insights on how to develop sustainable SEZs and industries that are both globally competitive and environmentally responsible.

As we move forward, we remain dedicated to building a resilient, inclusive, and green economy that benefits all Kenyans.

10. Environmental and Sustainability Reporting

ii) Environmental Performance

The SEZ Authority:

1. **Environmental Impact**: At the Naivasha Special Economic Zone, SEZA led a targeted tree-planting initiative that saw over 1,000 trees planted in collaboration with the local community. This initiative not only enhances the zone's green landscape but also fosters community ownership and participation. One local resident has been engaged as a casual labourer to monitor and maintain the trees, ensuring they thrive and contribute meaningfully to biodiversity and climate action. Additional tree planting exercises are scheduled in the coming year as part of our long-term reforestation efforts. To reinforce sustainability within its own operations, SEZA has rolled out a paper accounting system, where staff receive monthly reports on their printing paper usage. This initiative is designed to promote awareness, reduce paper consumption, and encourage a shift toward paperless and digital operations.
2. **Project Sustainability**: All Zones are also encouraged to implement sustainable production practices within enterprises, including the efficient use of energy and resources, adoption of clean technologies, and minimization of industrial waste
3. **Strategic Alignment**: Aligned the Authority's strategic initiatives with national development goals (Kenya Vision 2030 MTP IV and BETA), ensuring that sustainable development is a core component of the Authority's long-term vision.

iii) Employee Welfare

SEZA upholds an inclusive, merit-based recruitment policy aligned with the Constitution of Kenya, the Employment Act, and public service regulations. With a gender balance of 37.5% and 62.5% female and male staff respectively. the Authority promotes gender balance and actively supports the recruitment and advancement of qualified women. In line with national goals, SEZA offers internships and entry-level roles to empower youth and is committed to allocating at least 5% of positions to Persons with Disabilities (PWDs), with one person already engaged.



10. Environmental and Sustainability Reporting (continued)

Human resource and welfare policies are reviewed through stakeholder engagement, including staff representatives and involvement of Government bodies like the State Department for Public Service, Public Service Commission and SCAC. Feedback from staff surveys and suggestion boxes informs continuous improvement.

SEZA supports professional growth through annual training needs assessments, technical and leadership training, mentorship, and support for further education through study leave and tuition reimbursement. Career advancement is guided by clear schemes of service and performance-based development goals.

Performance management follows the Balanced Scorecard Model and the Government's system, including annual appraisals and mid-year reviews. Remuneration adheres to SRC guidelines.

SEZA complies with the Occupational Safety and Health Act (2007) through:

1. A functional Safety and Health Committee
2. Regular risk assessments and workplace inspections
3. Staff training on safety and emergency response
4. Provision of safety gear and wellness programs
5. Group life and insurance cover (GPA/WIBA)

Workplace injuries are rare due to proactive safety measures. When incidents occur, SEZA ensures prompt medical attention, root cause analysis, and continuous improvement through updated protocols and enhanced employee wellness support.

image: SEZA is allocated professional officers to support SEZ investors.



10. Environmental and Sustainability Reporting

iv) Market Place Practices

a) Responsible Competition Practice

The Special Economic Zones Authority (SEZA) remains committed to maintaining a competitive, transparent, and ethical business environment in line with national legislation and international standards. During the financial year 2024/2025, the Authority implemented the following measures to ensure responsible competition practices:

i.**Fair Tendering:**

All procurement opportunities were processed through competitive procedures, in accordance with the Public Procurement and Asset Disposal Act, 2015. Tenders were published on the Public Procurement Information Portal and the SEZA website to ensure equal access to information.

ii. Public Awareness and Outreach:

The Authority conducted supplier sensitization forum to sensitize suppliers on registration on the electronic Government Procurement system and available business opportunities.



b) Responsible Supply Chain and Supplier Relations

SEZA recognizes that a responsible and ethical supply chain is vital to achieving its mandate. The Authority has taken deliberate steps to build long-term, respectful, and sustainable relationships with its suppliers, as outlined below:

i. Adherence to Procurement Plans and Budgets:

The Authority implemented an Annual Procurement Plan amounting to Kshs 193,934,469, ensuring alignment with the approved budget and work plans.

ii. Youth & Women Empowerment and Access to Opportunities:

In line with the Government's affirmative action programs, SEZA awarded contracts worth Kshs 82,529,514 to youth and women-owned enterprises, representing a significant commitment to empowering young entrepreneurs and enhancing inclusivity in public procurement.

iii. Promotion of Local Content:

The Authority awarded contracts totaling Kshs 112,638,118 to suppliers and service providers promoting local content, thereby supporting local industries and contributing to national economic growth.

10. Environmental and Sustainability Reporting

iv. Supplier Relationship Management:

The Authority maintained cordial and professional relations with suppliers by honouring contractual obligations, providing timely communication, and ensuring clarity in specifications and expectations.

v. Prompt Payment Practices:

SEZA prioritized the timely settlement of supplier invoices, subject to confirmation of contract deliverables. This fostered trust and encouraged better service provision among suppliers.

vi. Supplier Competitiveness and Transparency:

All procurement processes were conducted through competitive bidding and in compliance with the PPADA, 2015.

vii. Capacity Building:

Targeted training and sensitization forums were held for registered suppliers, focusing on procurement procedures, contract management, ethical conduct, regulatory compliance and electronic Government Procurement system.

v.) Corporate Social Responsibility / Community Engagements

During the reporting period, SEZA undertook Corporate Social Responsibility (CSR) activities aligned with its mandate of promoting sustainable economic development through Special Economic Zones. At the Naivasha SEZ in Mai Mahiu, SEZA engaged the local community in tree-planting activities, where 1,000 trees were planted and local residents were hired to maintain them, promoting environmental stewardship and creating short-term jobs.



Tree planting activities at the Naivasha SEZ

In line with its role as a development and job creation facilitator, SEZA has also served as a liaison between enterprises setting up their companies in the zone and the local community. Through this initiative, SEZA has facilitated the employment (mostly casual labourers) of over 200 young men and women from the area, supporting local livelihoods and enhancing inclusive economic growth. These activities reflect SEZA's continued commitment to community empowerment and environmental sustainability.

10. Environmental and Sustainability Reporting



Image: Reafforestation of Mau Forest

11 REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30,2025, which show the state of the Authority's affairs.

I) Principal Activities

The principal activities of the Authority are;

- To implement policies and programs of Government with respect to special economic zones.
- To grant licenses to special economic zones.
- To approve or undertake the development, operation or maintenance of appropriate infrastructure for public special economic zones.
- To perform all administrative business regulations and services in relation to the designated special economic zones, as and when deemed necessary.
- To establish and enhance inter-agency collaboration among relevant state agencies to ensure compliance with all applicable laws.
- To recommend suspension / cancellation of license's for developers in violation of the Act.
- To regulate, implement, monitor and supervise all aspects of the special economic zones programme.
- To regulate the access of non - licensed service providers from the customs territory as may be required in order to service individual enterprises.

II) Results

The results of the Authority for the year ended June 30, 2025, are set out on page 1 to 6.

III) Directors

The members of the Board of Directors who served during the year are shown on pages viii to xiv.

IV) Surplus remission

In accordance with Regulation 219 (2) of the Public Finance Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Authority did not make any surplus during the FY 2023/2024 and hence no remittance to the Consolidated Fund.

V) Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board.

.....

CS Daisy Ajirna

Corporation Secretary

Date: 11/09/2025

12 STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act and section 24 of the Special Economic Zones Act No.16 of 2015 require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority;
iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
iv) Safeguarding the assets of the Authority
v) Selecting and applying appropriate accounting policies; and
vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act Cap 446 and the Special Economic Zones Act No.16 of 2015. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025, and of the Authority's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 25th August 2025 and signed on its behalf by:

.....

Mr. Fred Muteti, EBS

Chairman of the Board

Date: 11/09/2025

.....

Dr. Kenneth Chelule, PhD, EBS

Chief Executive Officer

Date: 11/09/2025



13 REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF SPECIAL ECONOMIC ZONES AUTHORITY

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SPECIAL ECONOMIC ZONES AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Special Economic Zones Authority set out on pages1 to 32, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Special Economic Zones Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Special Economic Zones Act and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Overstated Balance on Property, Plant and Equipment

The statement of financial position reflects Property, Plant and Equipment (PPE) balance of Kshs.8,143,552,811 as disclosed in Note 18 to the financial statements. The balance includes work-in-progress balance of Kshs.378,709,068. However, included in work-in-progress balance is Kshs.23,894,629 for Dongo Kundu Industrial Parks which was handed over to Kenya Ports Authority on 12 July, 2024. The Authority wrote to the State Department for Investment Promotion seeking their intervention on the process of write-off from their books and the State Department then wrote to The National Treasury on the same. As at close of the audit exercise in September 2025, The National Treasury was yet to response to the letter.

Further, the PPE excludes/unrecognizes value of land in Dongo Kundu Industrial Parks which do not have ownership documents.

In the circumstances, the accuracy and fair statement of the property, plant and equipment balance of Kshs.8,143,552,811 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Special Economic Zones Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.440,143,701 and Kshs.437,601,264 respectively resulting in an under-realization of Kshs.2,542,437 of the budget. However, the Authority spent an amount of Kshs.312,345,085 against actual receipts of Kshs.437,601,264 resulting in an under-utilization of Kshs.125,256,179 or 29% of the actual receipts.

The under-realization and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or given any explanation for failure to implement the recommendations.

Other Information

The Directors are responsible for the Other Information set out on page iv to lvii which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors are responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 October, 2025

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Period Ended 30th June 2025 KShs	Period Ended 30th June 2024 KShs
Revenue from Non-Exchange Transactions			
Transfers from other governments entities	6	128,370,000	90,370,000
Donations/Sponsorships	7	7,478,604,916	4,299,050
Total Revenue from Non-Exchange Transactions		**7,606,974,916**	**94,669,050**
Revenue from Exchange Transactions			
Other Income/Licenses, leases & Sponsorship	8	159,817,175	47,780,727
Total Revenue from Exchange Transactions		**159,817,175**	**47,780,727**
Total Revenue		**7,766,792,091**	**142,449,777**
Expenses			
Employee Costs	9	72,811,590	43,302,243
Use of Goods and Services	10	156,475,816	67,706,876
Board Expenses	11	10,301,359	14,144,643
Depreciation	12	11,320,776	9,440,936
Repairs and Maintenance	13	554,604	3,511,662
Project Monitoring & Supervision Costs	14	3,389,555	8,619,650
Total Expenses		**254,853,700**	**146,726,010**
Surplus/(Deficit) for the Period		**7,511,938,391**	**(4,276,233)**

The notes set out on pages 8 to 32 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 32 were signed on behalf of the Board of Directors by:

.....

Dr. Kenneth Chelule, PhD, EBS
Chief Executive Officer

Date: 11/09/2025

.....

CPA Benjamin Mutula
Manager, Fin & Accounts
ICPAK M/No: 8913

Date: 11/09/2025

.....

Mr. Fred Muteti, EBS
Chairman of the Board

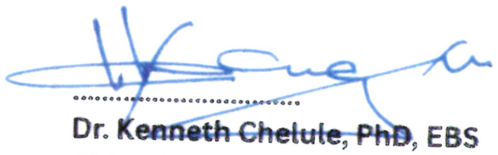
Date: 11/09/2025

15 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	As at 30th June 2025 KShs	Audited As at 30th June 2024 KShs
Assets			
Current Assets			
Cash and Cash Equivalents	15	125,256,179	48,183,083
Receivables	16	4,235,952	34,561,670
Prepayments	17	4,220,563	4,160,245
Total Current Assets		**133,712,694**	**86,904,998**
Non-Current Assets			
Property, Plant & Equipment	18	8,143,552,811	666,650,819
Total Non-Current Assets		**8,143,552,811**	**666,650,819**
Total Assets		**8,277,265,505**	**753,555,817**
Liabilities			
Current Liabilities			
Payables	19	14,123,998	38,697,173
Deferred Income	20	40,000,000	0
Contractors Retention	21	33,778,134	37,433,662
Current Provisions	22	580,000	580,000
Total Current Liabilities		**88,482,132**	**76,710,835**
Net Assets		**8,188,783,373**	**676,844,982**
Represented by:			
Accumulated Surplus		8,188,783,373	676,844,982
Total Reserves		**8,188,783,373**	**676,844,982**

15 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025 (continued)

The Financial Statements set out on pages 1 to 32 were signed on behalf of the Board of Directors by:



.....

Dr. Kenneth Chelule, PhD, EBS
Chief Executive Officer

Date: 11/09/2025



.....

CPA Benjamin Mutula
Manager, Fin & Accounts

ICPAK M/No: 8913
Date: 11/09/2025



.....

Mr. Fred Muteti, EBS
Chairman of the Board

Date: 11/09/2025

16 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

Description	Accumulated Surplus	Capital/ Development Grants	Total
	KShs	KShs	KShs
Balance as at July 1,2023	**24,967,488**	**546,653,727**	**571,621,215**
GoK Development Grants Received		109,500,000	109,500,000
Deficit for the year	(4,276,233)	-	(4,276,233)
Balance as at June 30,2024	**20,691,255**	**656,153,727**	**676,844,982**
Balance as at July 1,2024	**20,691,255**	**656,153,727**	**676,844,982**
Surplus/(Deficit) for the year	81,338,391	7,430,600,000	7,511,938,391
Balance as at June 30,2025	**102,029,646**	**8,086,753,727**	**8,188,783,373**

17 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	NOTES	2024-2025 KShs	2023-2024 KShs
Cash Flows from Operating Activities			
Receipts			
Transfer from Other Government Entities (GoK Recurrent Grants)		183,431,670	75,308,330
Donations/Sponsorships		36,901,000	-
Receipts from other operating activities Licenses & Leases		149,585,511	47,780,727
Total Receipts		**369,918,181**	**123,089,057**
Payments			
Employee Costs/Staff Allowances		79,333,144	36,780,689
Use of Goods and Services/General Expenses		139,510,353	72,856,082
Board Expenses		9,571,359	14,144,643
Repairs and Maintenance		554,604	3,325,366
Project M&E Costs		3,214,555	8,373,522
Total Payments		**232,184,015**	**135,480,302**
Net Cash Flows from Operating Activities		**137,734,166**	**(12,391,245)**
Cash Flows from Investing Activities			
Cash used on Non-Current Assets		(80,161,070)	(164,502,909)
Net Cash Flows from Investing Activities		**(80,161,070)**	**(164,502,909)**
Cash Flows from Financing Activities			-
GoK Development Grants Received		19,500,000	90,000,000
Net Cash Flows from Financing Activities		**19,500,000**	**90,000,000**
Net Increase/(Decrease) in Cash and Cash equivalents		**77,073,096**	**(86,894,154)**
Cash and Cash Equivalents at 1 July	15	**48,183,083**	**135,077,237**
Cash and Cash Equivalents at 30 June		**125,256,179**	**48,183,083**

18 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT JUNE 30, 2025

Revenue	Budget (KShs)	Adjustments (KShs)	Final Budget (KShs)	Actual (KShs)	Performance Difference (KShs)	% Budget Performance
Balance B/F from previous year	-	48,183,083	48,183,083	48,183,083	-	100%
Receipts						
GoK Recurrent Grants	85,370,000	98,061,670	183,431,670	183,431,670	-	100%
GoK Development Grants	-	19,500,000	19,500,000	19,500,000	-	100%
Internally Generated A-in-A - Donations/Sponsorships	-	45,268,976	45,268,976	36,901,000	(8,367,976)	82%
Internally Generated A-in-A - Licences/Leases	30,000,000	113,759,972	143,759,972	149,585,511	5,825,539	104%
Total	**115,370,000**	**324,773,701**	**440,143,701**	**437,601,264**	**(2,542,437)**	**99%**
Expenditure						
Employee Costs	65,366,590	47,865,515	113,232,105	79,333,144	33,898,961	70%
Use of Goods and Services	29,983,225	136,803,382	166,786,607	139,510,353	27,276,254	84%
Board Expenses	10,644,000	-	10,644,000	9,571,359	1,072,641	90%
Repairs & Maintenance	2,300,000	1,736,236	4,036,236	554,604	3,481,632	14%
Project Monitoring	7,076,185	(3,576,185)	3,500,000	3,214,555	285,445	92%
Acquisition of Non-Financial Assets	-	45,800,000	45,800,000	16,249,053	29,550,947	35%
Development Projects	-	96,144,753	96,144,753	63,912,017	32,232,736	66%
Total	**115,370,000**	**324,773,701**	**440,143,701**	**312,345,085**	**127,798,616**	**71%**
Surplus/(Deficit)	-	-	-	**125,256,179**	**125,256,179**	

18 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT JUNE 30, 2025 (continued)

Notes to the Statement of Comparison of Budget and Actual Amount

1. The GoK recurrent grants includes KShs 168,370,000 allocated during the FY 2024/2025 and the KShs 15,061,670 brought forward from the previous year.
2. Donations represent funds raised for the AEZO conference.
3. Other income includes A-in-A raised through issuing of licenses, leasing of land at the Naivasha SEZ and foreign exchange gain realized in the year.
4. Employee costs represent staff emoluments for in-post staff only. Recruitment of additional staff was halted due to the freeze as a result of the on-going parastatal reforms. The fund earmarked for the additional staff emoluments have been deferred to FY 2025/2026.
5. Budget utilization under use of goods and services is within the allocated budget. Some expenses related to use of goods and services remained unpaid as at 30th June 2025 and have been reported as payables.
6. Repairs and maintenance costs include repair of office premises, furniture and fittings and office equipment. Commitment for repairs of the building in Naivasha II had not been finalized by 30th June 2025.
7. Procurement process for additional motor vehicles under the acquisition of non-financial assets was underway as at 30th June 2025.
8. Management made additional payment to contractors under the development projects budget drawn from the A-in-A raised internally.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Special Economic Zones Authority is established by and derives its authority and accountability from the Special Economic Zones Act, 2015. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to attract, facilitate and retain domestic and foreign direct investments in the Special Economic Zones in Kenya through creation of an enabling environment, incentives and development of integrated infrastructure.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective Date and Impact
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an entity. The new standard requires entities to recognize, measure and present information on right of use of assets and lease liabilities. This has no impact in the Authority's financial statements.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

Standard	Effective Date and Impact
IPSAS 44: Non-Current Assets Held for sale and Discontinued Operations.	***Applicable 1st January 2025*** The standard requires; Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. This has no impact in the Authority's financial statements.
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17. In IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

Standard	Effective Date and Impact
IPSAS 47- Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48 - Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49 - Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50 – Exploration for & Evaluation of Mineral Resources	***Applicable 1st January 2027*** The objective of this standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this standard and measure any impairment in accordance with IPSAS 26. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainity of future cash flows from any exploration and evaluation assets recognized.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

i. Early adoption of standards

The Authority did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from Non-Exchange Transactions

Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from Exchange Transactions

License Fees

The entity recognizes revenues from license fees when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably

Land Lease Income

Land lease income arising from operating leases on the Special Economic Zone is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget of KShs 70,000,000 for FY 2024/2025 was approved by the Board of Directors on 22/09/2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of KShs 287,398,948 on the 2024/2025 budget following the board's approval.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under No. 11, page 2 of these financial statements.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

c) Taxes

i) Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Authority operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

d) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.
Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.
Transfers are made to or from investment property only when there is a change in use.

e) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.
The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and Development Costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.
Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented- in the statement of financial performance net of any reimbursement.

k) Contingent Liabilities

The Authority does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

l) Contingent Assets

The Authority does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

m) Nature and Purpose of Reserves

The Authority creates and maintains reserves in terms of specific requirements.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

n) Changes in Accounting Policies and Estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

o) Foreign Currency Transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

p) Related Parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

s) Related Parties

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5 Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful Lives and Residual Values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

1. The condition of the asset based on the assessment of experts employed by the Authority.
2. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
3. The nature of the processes in which the asset is deployed.
4. Availability of funding to replace the asset.
5. Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.
Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6 Transfers from Other Government Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Total grant income during the period	Period ended 30th June 2025	Period ended 30th June 2024
	KShs	KShs	KShs	KShs
State Department for Investment Promotion	128,370,000	128,370,000	128,370,000	90,370,000
Total	**128,370,000**	**128,370,000**	**128,370,000**	**90,370,000**

These are GoK recurrent grants received from the exchequer through the State Department for Investment Promotion. The grants were for payment of staff emoluments and other operations and maintenance expenses.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Donations

Donations in-Cash

Description	Period ended 30th June 2025	Period ended 30th June 2024
	KShs	KShs
Donations - AEZO Conference Sponsorship	36,901,000	-
Total Donations	**36,901,000**	-

These were cash donations received from stakeholders for sponsorship of the AEZO conference.

Donations -in Kind

Description	Period ended 30th June 2025	Period ended 30th June 2024
	KShs	KShs
Donations in kind	8,367,976	
Total donations in kind	8,367,976	

These were donations in kind paid directly to service providers by stakeholders for sponsorship of the AEZO conference.

Donations Receivables

Description	Period ended 30th June 2025	Period ended 30th June 2024
	KShs	KShs
Donation(receivables)	2,300,000	-
Total Donations receivables	2,300,000	-

These were commitments for donations in cash by stakeholders for sponsorship of the AEZO Conference, but which had not been received by 30th June 2025.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Donations (cont...)

Donation of Assets

Description	Period ended 30th June 2025	Period ended 30th June 2024
	KShs	KShs
Donations - Computers(JICA)	435,940	4,299,050
Donations- Land	7,430,600,000	
Total Donations	7,431,035,940	4,299,050
Total Other Income	7,478,604,916	-

The donations in kind by JICA were three (3) laptops and a printer donated for the Authority's office use. The land donation is the initial recognition of the land donated by the government for establishment of the Naivasha Special Economic Zone.

8 Other Income/Licences & Permits

Description	Period ended 30th June 2025	Period ended 30th June 2024
	KShs	KShs
Income from License Fees	41,022,402	35,946,309
Income from Land Lease Fees	108,971,315	12,192,635
Foreign Exchange Gain/(Loss)	(408,206)	(358,217)
Decrease in prior year provisions	10,231,664	0
Total Other Income	**159,817,175**	**47,780,727**

This is internally generated revenue through charging of licence fees, land lease fees and foreign exchange gain or loss.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

9 *Employee Costs*

Description	Period ended 30th June 2025	Period ended 30th June 2024
	KShs	KShs
Basic Pay	43,486,888	26,458,723
House allowance	7,138,283	3,797,492
Commuter allowance	1,843,333	1,005,138
Leave Allowance	3,429,734	2,366,611
Telephone Allowance	1,867,000	895,545
Acting Allowance	196,001	-
Extraneous Allowance	917,774	438,064
Other Allowances	1,200,000	986,000
Employer Contribution to NSSF	884,588	294,951
Employer Contribution to AHL	900,817	525,265
Provision for Gratuity Payable	8,004,777	5,711,292
Provision for Employer Contribution to Pension	2,921,145	810,262
NITA	21,250	12,900
Total Employee Costs	**72,811,590**	**43,302,243**

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Use of Goods and Services/General Expenses

Description	Period ended 30th June 2025 KShs	Period ended 30th June 2024 KShs
Rent	23,021,044	18,584,780
Electricity	73,583	51,214
SEZA Act Public Participation	1,169,986	2,477,948
Staff WIBA, GPA & Group Life Insurance	2,512,286	1,589,141
Staff Medical Insurance	6,990,117	2,559,008
General Asset Insurance	747,304	44,367
Procurement Expenses	1,812,810	2,330,479
Stationery & General Office Supplies	499,616	724,253
Printing & Publishing	-	77,050
Office Relocation Expenses	-	861,683
Computer/Printer Accessories	-	156,811
MV Expenses – Fuel & Lubricants	431,355	740,000
Bank Charges	228,166	168,654
Hospitality Service and Supplies	1,331,358	1,240,857
Newspapers and Periodicals	43,390	44,736
Communication Expenses	9,450	959,910
Staff Recruitment Expenses	-	5,904,278
Staff Induction Expenses	-	1,814,914
Records Management	600,515	-
ISO QMS Expenses	1,577,600	-
Staff Training	5,027,953	3,632,107
Staff Membership to Professional Bodies	145,843	67,560
Club Membership	1,050,000	-

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Use of Goods and Services/General Expenses (cont...)

Description	Period ended 30th June 2025 KShs	Period ended 30th June 2024 KShs
Staff Welfare	559,950	238,800
Staff Uniform & Corporate Wear	-	116,000
Local Travel and Subsistence Allowances	6,542,741	5,869,700
Merger Expenses	1,801,600	-
International Investment Promotion	14,415,300	6,900,187
Marketing Materials	1,238,120	1,557,818
Local Investment Forums	1,017,400	1,622,452
Membership to international bodies	71,170	80,426
Presidential Directive- Tree Planting	831,520	1,412,600
Financial Planning & Management (MTEF)	1,752,900	796,060
Audit Expenses	580,000	580,000
Strategic Plan Development	-	3,434,531
Cleaning Services	1,820,834	956,669
Internet Services	427,640	111,883
Licensing Costs	2,073,760	-
Land Valuation Expenses	663,900	-
Zone Surveillance and Compliance Cost	1,327,600	-
AEZO Conference Expenses	74,079,005	-
Total Use of Goods and Services	**156,475,816**	**67,706,876**

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

11 *Board Expenses*

Description	Period ended 30th June 2025 KShs	Period ended 30th June 2024 KShs
Chairman's Honoraria & Telephone Allowance	1,044,000	1,044,000
Sitting Allowances	5,046,000	6,841,835
Travel Costs & Subsistence Allowances	3,068,035	4,598,227
Training	628,800	1,086,176
Insurance	514,524	574,405
Total Board Expenses	**10,301,359**	**14,144,643**

12 *Depreciation*

Description	Period ended 30th June 2025 KShs	Period ended 30th June 2024 KShs
Furniture & Fittings	1,330,006	1,330,006
Computers	1,936,873	2,573,082
Office Equipment	21,725	21,725
Road Infrastructure	8,032,172	5,516,123
Total Depreciation	**11,320,776**	**9,440,936**

13 Repair and Maintenance

Description	Period ended 30th June 2025 KShs	Period ended 30th June 2024 KShs
R&M - Motor Vehicle	502,304	732,862
R&M - Furniture & Fittings	0	5,750
R&M – Office Equipment	4,000	0
R&M – Office Premises	48,300	2,773,050
Total Repairs and Maintenance	**554,604**	**3,511,662**

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

14 Project M&E/Feasibility Costs

Description	Period ended 30th June 2025 KShs	Period ended 30th June 2024 KShs
Project Monitoring & Supervision Expenses	3,389,555	8,619,650
Total	**3,389,555**	**8,619,650**

15 Cash And Cash Equivalents

Description	As at 30th June 2025 KShs	As at 30th June 2024 KShs
Current Account	125,256,179	48,183,083
Total Cash and Cash Equivalents	**125,256,179**	**48,183,083**

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account Number	As at 30th June 2025 (KShs)	As at 30th June 2024 (KShs)
Current Account			
Kenya Commercial Bank	1223099725	18,517,156	7,333,741
National Bank of Kenya (USD)	2071231597300	75,212,456	4,237,582
National Bank of Kenya (KShs)	1071231597300	31,409,912	36,611,760
Cooperative Bank of Kenya (KShs)	1101255259001	116,655	-
Cooperative Bank of Kenya (USD)	2101255259002	-	-
Grand Total		**125,256,179**	**48,183,083**

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

The National Bank US Dollar Account Balance as at 30th June 2025 is USD. 581,985.25 converted at the Central Bank of Kenya mean rate at the transaction date.

16 Receivables From Non-Exchange Transactions

Description	As at 30th June 2025	As at 30th June 2024
	KShs	KShs
GoK Recurrent Grants Receivable - SDIP	-	15,061,670
GoK Development Grants Receivable - SDIP	-	19,500,000
Donation(receivables)	2,300,000	-
Staff Debtors	1,935,952	-
Total	**4,235,952**	**34,561,670**

17 Prepayments

Description	As at 30th June 2025	As at 30th June 2024
	KShs	KShs
Medical Insurance	2,507,901	2,034,234
General/Asset Insurance	513,169	603,388
Group Life Insurance	556,895	949,868
WIBA/GPA	385,841	572,754
Board Insurance	256,757	0
Total Prepayments	**4,220,563**	**4,160,244**

These are insurance premiums paid in the year under review but relating to FY 2025/2026.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

18 Property, Plant and Equipment

	Land	Motor Vehicles	Furniture and Fittings	Computers	Office Equipment	Road Infrastructu	Work in Progress	Total
Cost	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**
Balance as at 30th June 2023	-	-	**1,519,063**	**2,303,770**	-	-	**495,193,451**	**499,016,284**
Additions during the period	-	-	9,120,983	5,627,450	173,800	220,644,933	164,239,725	399,806,891
Reclassification during the period	-	-	-	-	-	-	(220,644,933)	(220,644,933)
Balance as at 30th June 2024	-	-	**10,640,046**	**7,931,220**	**173,800**	**220,644,933**	**438,788,243**	**678,178,242**
Additions during the period	7,430,600,000	15,979,053	375,000	705,940	-	100,641,950	40,562,775	7,588,864,718
Reclassification during the period	-	-	-	-	-	-	(100,641,950)	(100,641,950)
Balance as at 30th June 2025	**7,430,600,000**	**15,979,053**	**11,015,046**	**8,637,160**	**173,800**	**321,286,883**	**378,709,068**	**8,166,401,010**
Depreciation								
Balance as at 30th June 2023	-	-	**(480,170)**	**(1,606,317)**	-	-	-	**(2,086,487)**
Depreciation for the year	-	-	(1,330,006)	(2,573,082)	(21,725)	(5,516,123)	-	(9,440,936)
Balance as at 30th June 2024	-	-	**(1,810,176)**	**(4,179,399)**	**(21,725)**	**(5,516,123)**	-	**(11,527,423)**
Depreciation for the period	-	-	(1,330,006)	(1,936,873)	(21,725)	(8,032,172)	-	(11,320,776)
Balance as at 30th June 2025	-	-	**(3,140,182)**	**(6,116,272)**	**(43,450)**	**(13,548,295)**	-	**(22,848,199)**

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

18 Property, Plant and Equipment (cont...)

	Land	Motor Vehicles	Furniture and Fittings	Computers	Office Equipment	Road Infrastructure	Work in Progress	Total
Net Book Value								
Balance as at 30th June 2025	7,430,600,000	15,979,053	7,874,864	2,520,888	130,350	307,738,588	378,709,068	8,143,552,811
Balance as at 30th June 2024	-	-	8,829,870	3,751,821	152,075	215,128,810	438,788,243	666,650,819

Furniture & fittings and office equipment, computers and road infrastructure have been depreciated at 12.5 %, 33.33% and 2.5% straight line method respectively.

Work in progress comprises of construction works for Administration Block/One-Stop Shop and boundary wall at the Naivasha SEZ and Administration Block/One-Stop Shop and boundary wall at the Dongo Kundu SEZ.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Payables

Description	As at 30th June 2025	As at 30th June 2024
	KShs	KShs
Trade Creditors	14,066,844	2,204,345
Trade Creditors-Contractors	-	19,693,715
Accrued Gratuity Payable	-	5,711,292
Accrued Pension Payable	-	810,262
Withholding Tax Payable	57,154	10,277,559
Total	**14,123,998**	**38,697,173**

These are expenses incurred during the year under review but remained outstanding as at 30th June 2025.

20 Deferred Income

Description	As at 30th June 2025 (KShs)	As at 30th June 2024 (KShs)
National Government	40,000,000	-
Others	-	-
Total	40,000,000	-

Additional Details

Description	National Government (KShs)	Others (KShs)	Total (KShs)
Balance Brought Forward	-	-	-
Additions	40,000,000	-	40,000,000
Transfer to Statement of Financial Performance	-	-	-
Balance Carried Forward	40,000,000	-	40,000,000

These are funds allocated and received during the year under review for recruitment of additional staff. The recruitment was stopped as a result of the recruitment moratorium for state corporations earmarked for merger in the on-going parastatal reforms. The funds have been deferred to the FY2025/2026.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Contractors' Retention

	As at 30th June 2025	As at 30th June 2024
	KShs	KShs
Administration Block, One-Stop Shop and Boundary Wall-Naivasha	25,182,797	25,182,797
Admin. Block/One-Stop Shop and Boundary Wall-Dongo Kundu	3,590,179	3,590,179
Access Road 2 – Naivasha SEZ	5,005,158	8,660,686
Total	**33,778,134**	**37,433,662**

22 Provisions

Description	As at 30th June 2025	As at 30th June 2024
	KShs	KShs
Provision for Audit Fees	580,000	580,000
Total	**580,000**	**580,000**

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Cash Generated from Operations

	2024-2025 KShs	2023-2024 KShs
Surplus/(Deficit) for the Year	**7,509,899,059**	**(4,276,233)**
Adjusted for:		
Depreciation	11,320,776	9,440,936
Contributed Assets	(7,431,035,940)	
Contribution to provisions	5,962,952	
Working Capital Adjustments		
Decrease (Increase) in receivables	30,265,400	(32,864,170)
Increase in deferred income	40,000,000	-
Increase (Decrease) in Payables	(28,228,703)	15,308,222
Net Cash Flow from Operating Activities	**138,183,544**	**(12,391,245)**

24 Related Party Disclosures

Nature of Related Party Relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity's equity interest. Other related parties include:

1. The Parent Ministry;
2. County Governments
3. Other SCs and SAGAs
4. Key management;
5. Board of directors;

The following transactions were carried out with related parties:

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

	2024-2025	2023-2024
	Kshs	Kshs
a. Grants /Transfers from the Government		
Recurrent Grants from National Govt	168,370,000	90,370,000
Development Grants from National Government	-	109,500,000
a. Key management compensation		
Directors' emoluments	9,572,359	14,144,643
Compensation to key management	36,867,988	25,701,111
Total	**214,809,947**	**239,715,754**

25 Contingent liabilities

Description	As at 30th June 2025	As at 30th June 2024
	KShs	KShs
Provision for outstanding leave days	2,488,710	0
Total	**2,488,710**	**0**

This is recognition of the contingent liability for the outstanding leave days as at 30th June 2025

26 Commitments

Description	As at 30th June 2025	As at 30th June 2024
	KShs	KShs
Authorised Commitments	39,181,624	0
Total	**39,181,624**	**0**

This relates to the commitments that had been authorized and ongoing in FY 2024/2025.

19. NOTES TO THE FINANCIAL STATEMENTS (continued)

27 Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

28 Ultimate and Holding Entity

The entity is a State Corporation under the State Department for Investment Promotionin the Ministry of Investments, Tarde and industry. Its ultimate parent is the Government of Kenya.

29 Currency

The financial statements are presented in Kenya Shillings (Kshs).

20 APPENDICES

APPENDIX I: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1	The value of Property, Plant and Equipment in the financial statements excluded the value of land parcels in Naivasha and Dongo Kundu SEZs.	The value of the Naivasha SEZ land has been included in Property Plant and Equipment (PPE). Ownership of the land where the Dongo Kundu SEZ is located is with Kenya Ports Authority (Copies of ownership documents are available for review).	Resolved Resolved	
2	Delay in project completion of Administration Block/ One - Stop Shop and Boundary Wall at Naivasha Industrial Park	The project was affected by lack of budgets in FY 2022/2023 to 2024/2025	Not Resolved	30th June 2026
3	Long outstanding payable of KShs 10,277,559 overdue for over two years.	This provision for tax payable was written off from the books after reconciling the Authority's ledger at KRA and settling the reconciled tax obligation.	Resolved	
4	Under-staffing of seventy-five (75) of the Authority. Only twenty-four (24) staff are in-post against an approved establishment of ninety-nine (99).	The Authority received a budget allocation in the FY 2024/2025 for recruitment of additional staff. The recruitment process has however been delayed by the recruitment moratorium due to the on-going parastatal reforms which have earmarked the Authority for merger with EPZA	Not Resolved	30th June 2026

.....

Dr. Kenneth Chelule, PhD, EBS
Chief Executive Officer
Date: 11/09/2025

20. APPENDICES (continued)

APPENDIX II: PROJECTS IMPLEMENTED BY SPECIAL ECONOMIC ZONES AUTHORITY

Projects implemented by the Authority funded by development partners and/or the Government.

Project Title	Project Number	Donor	Period/Duration	Donor Commitment	Separate Donor Reporting Required as per the Donor Agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Proposed Administration Block & Boundary Wall at Naivasha Industrial Park- Nakuru County	W.P Item No. D117 RV/NKU 1902 JOB NO. 10504B.	GoK	52 Weeks	N/A	No	Yes
Proposed Access Road No.2 For Special Economic Zones Authority at Naivasha Industrial Park In Nakuru County	WP ITEM NO. D117 RV/NKU/ 2301 JOB NO. 10504C	GoK	36 Weeks	N/A	No	Yes

20. APPENDICES (continued)

APPENDIX III: STATUS OF PROJECT COMPLETION IN TERMS OF EXPENDITURE

SN	Project	Total Project Cost	Total Expended to Date	Completion % to Date	Budget	Actual	Sources of Funds
W.P Item No. D117 RV/NKU 1902 JOB NO. 10504B.	Proposed Administration Block & Boundary Wall at Naivasha Industrial Park-Nakuru County	443,526,087	342,515,351.56	0.89	443,526,087	342,515,351.56	GoK
WP ITEM NO. D117 RV/NKU/ 2301 JOB NO. 10504C	Proposed Access Road No.2 For Special Economic Zones Authority (Seza) At Naivasha Industrial Park In Nakuru County	100,641,950	100,103,163	1	100,641,950	100,103,163	GoK

20. APPENDICES (continued)

APPENDIX IV: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the Funds	Date Received as per Bank Statement	Nature: Recurrent / Devt' / Others	Total Amount (KShs)	Where Recorded/Recognized					Total Transfers During the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Rec.	Others	
State Dept. for Investment Promotion	25/09/2024	Recurrent	10,000,000	10,000,000					10,000,000
State Dept. for Investment Promotion	25/11/2024	Recurrent	10,000,000	10,000,000					10,000,000
State Dept. for Investment Promotion	45840	Recurrent	10,000,000	10,000,000					10,000,000
State Dept. for Investment Promotion	45751	Recurrent	128,370,000	88,370,000		40,000,000			128,370,000
State Dept. for Investment Promotion	45843	Recurrent	10,000,000	10,000,000					10,000,000
Total			**168,370,000**	**128,370,000**		**40,000,000**			**168,370,000**

20. APPENDICES (continued)

APPENDIX V: INTER-ENTITY CONFIRMATION LETTER

Name of Transferring Entity: State Department for Investment Promotion

Name of Beneficiary Entity: Special Economic Zones Authority

Confirmation of Amounts Received by Special Economic Zones Authority as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	25/09/2024	10000000		10000000	
	25/11/2024	10000000		10000000	
	07/02/2025	10000000		10000000	
	04/04/2025	128000000		128000000	
	07/05/2025	10000000		10000000	
Total		**168370000**		**168370000**	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department: State Department for Investment Promotion

Name ..... **Sign** ..... **Date** .....

Head of Accounts Department: Special Economic Zones Authority

Name Benjamin Mutyia **Sign** ..... **Date** 11/09/2025

20. APPENDICES (continued)

APPENDIX VI: REPORTING OF CLIMATE RELEVANT EXPENDITURES

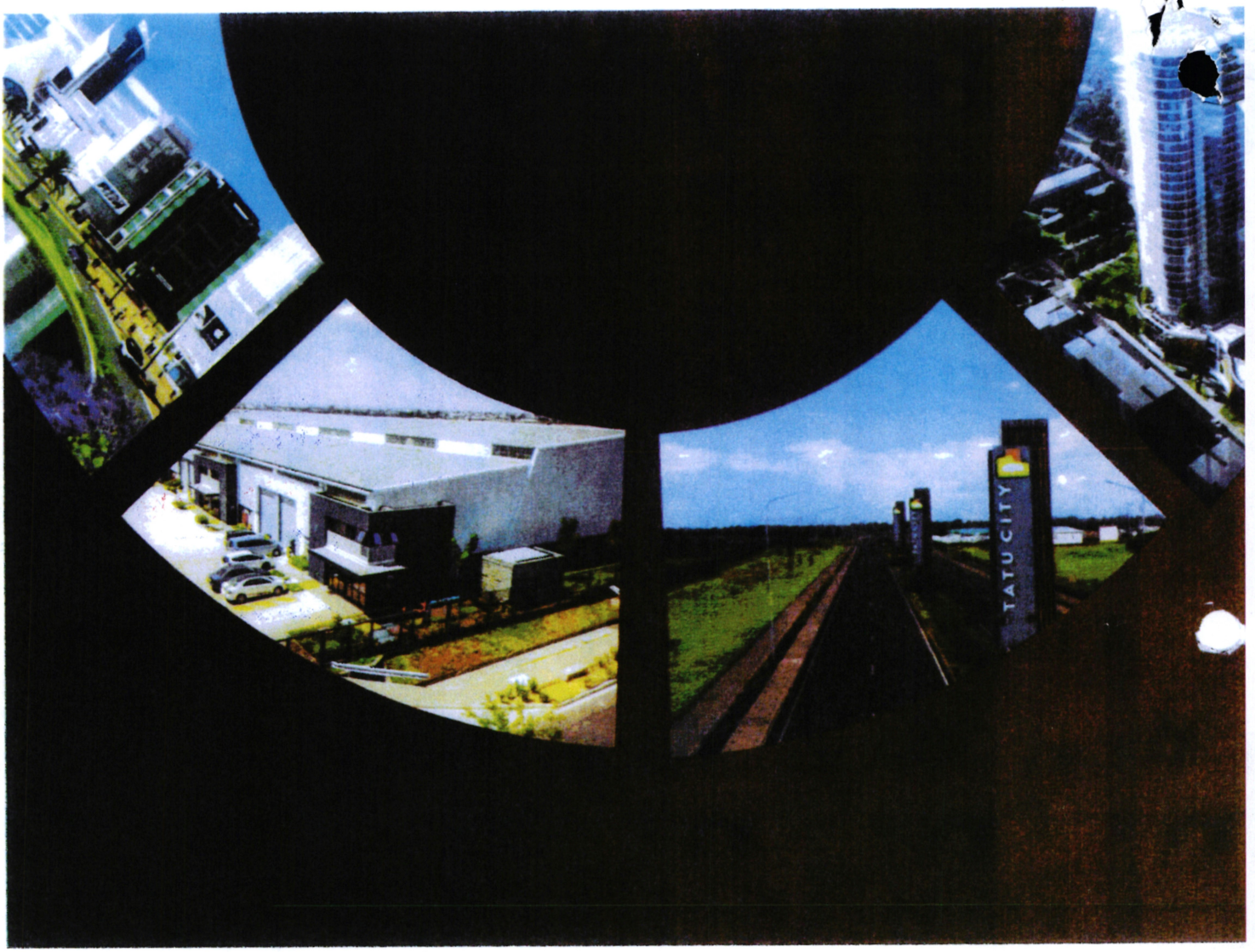
Projects implemented by the Authority funded by development partners and/or the Government.

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Naivasha SEZ	Greening of the Naivasha SEZ	Increase tree cover in the zone.	Tree planting in the Naivasha SEZ	-	-	303,300	-	GoK	SEZA
National tree planting Campaign.	Restoration of the Mau Forest in Narok County.	Accelerate Restoration of forests and Increase Kenya's forest cover by planting 15billion trees by 2032.	Active involvement of individuals, government agencies and communities across the country in tree planting exercise.	-	84,820	105,000	585,000	GoK	GoK Communities in Kenya

20. APPENDICES (continued)

APPENDIX VII: REPORTING ON DISASTER MANAGEMENT EXPENDITURE

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-Programme	Disaster Type	Disaster Category (Response / Recovery/ Mitigation / Preparedness)	Expenditure Item	Amount (KShs)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A



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