




MINISTRY OF ENERGY AND PETROLEUM

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ON THE

NATIONAL PETROLEUM POLICY

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Foreword



The Executive Order No. 1 of 2025 establishes the State Department for Petroleum under the Ministry of Energy and Petroleum with various functions pertaining to petroleum operations, one of which is provision of petroleum policy. The Petroleum Act, 2019 Section 5(1) tasks the Cabinet Secretary responsible for petroleum operations with development of a National Petroleum Policy. Over the years, Sessional Paper No. 4 of 2004 on Energy has been providing policy direction in the Oil and Gas Sector.

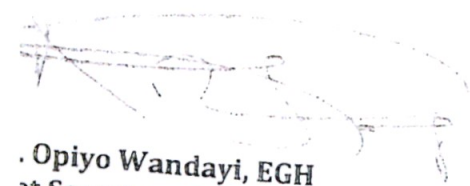
The Sessional Paper provided for the legal, regulatory and institutional frameworks supporting operations of the Upstream, Midstream and Downstream Petroleum Sub-Sectors.

Over time, this Sector has evolved and is faced with emerging issues, which include the discovery of crude oil and gas in some parts of the country. This presents an opportunity for; employment creation, generation of revenues to support other sectors of the economy, poverty reduction and subsequently sustainable development. This therefore necessitates provision of clear policy direction.

The development of the National Petroleum Policy was informed by the Government's Bottom-up Economic Transformation Agenda (BETA), which is focused on driving economic growth and transformation from the grassroots level. The infrastructure sector, in which oil and gas is domiciled, remains a critical enabler to the five pillars under BETA namely: Agricultural Transformation, Micro, Small and Medium Enterprises (MSME) Economy, Healthcare, Housing and Settlement, Digital Superhighway and Creative Industry. In addition, the Policy was informed by Kenya Vision 2030 and Sustainable Development Goal seven (7) that aims to ensure access to affordable, reliable, sustainable and modern energy for all.

This Policy provides checks and balances necessary to ensure that the Oil and Gas Sector supports the country's sustainable growth, while mitigating its potential environmental and socio-economic impacts. The Policy applies to all petroleum operations in the country and cross-sector operations that impact the country, and provides guidance to all the sector stakeholders. It forms the basis for development and implementation of the Oil and Gas Sector's legal, regulatory, institutional and contractual framework.

I believe this Policy will go a long way to address the challenges facing the Oil and Gas Sector. I urge upon all stakeholders to work together to ensure the proposals in this Policy are fully implemented. The Government commits to collaborate with all stakeholders to ensure its successful implementation for the benefit of the country.



Opiyo Wandayi, EGH
Cabinet Secretary, Ministry of Energy and Petroleum

Preface



The Oil and Gas sector plays a critical role in socio-economic development of the country through, contribution to increased earnings, development of infrastructure, employment creation improved social welfare of the people. The sector's long-term goal be a regional leader in the exploration, exploitation and supply petroleum products for sustainable development. Notably, the sector has evolved over time with new developments presenting challenges and opportunities, necessitating the development of a Policy document that would ensure effective management and regulation of the sector.

The development of the Petroleum Policy commenced in October 2023, with establishment of a Multi-Agency Technical Working Committee tasked to spearhead finalization of a draft Policy developed in 2021, with the support from World Bank. The team reviewed the draft Policy through consultation with the industry players and other stakeholders. The revised draft Policy was subjected to internal and external stakeholders, who included the County Executive Committee Members responsible for Energy matters and Council of Governors Committee on Energy. Further, a countrywide public participation exercise was undertaken to collect public views on the document. All the comments emanating from these engagements were reviewed and incorporated in the revised draft Policy. The final Draft Policy was submitted to Cabinet for approval on 15th December, 2025. The approved Policy was submitted to Parliament in February, 2026 for approval.

This Policy focuses on promotion of Kenya's petroleum potential with a view of attracting investment to discover, develop, produce and commercialize the petroleum resources. The ultimate goal of the Policy is to harness the oil and gas sector in generating revenue, and ensuring security of supply of petroleum products. This will in turn contribute to the country's socio-economic development for the benefit of the present and future generations.

Effective implementation of this Policy will require development of an appropriate regulatory and institutional framework. It also requires all stakeholders to undertake their respective roles as outlined in the Paper. Towards this, the Government will endeavor to provide overall leadership, oversight guidance and direction to ensure effective and efficient implementation of this Policy.

I would like to acknowledge the Multi-Agency Technical Working Committee for tirelessly putting the document together, together with all the stakeholders, industry players and the entire public for their collaboration in providing invaluable input throughout the process of developing this Policy. Let us work together in implementing this Policy for the good of the Nation.

A handwritten signature in black ink, appearing to read 'Mohamed Liban'.

Mohamed Liban, CBS
Principal Secretary, State Department for Petroleum

Table of Contents

FOREWORD.....	I
EXECUTIVE SUMMARY.....	II
DEFINITION OF TERMS.....	VI
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ABBREVIATION AND ACRONYMS.....	VIII
PART ONE: INTRODUCTION.....	1
OVERVIEW.....	1
BACKGROUND.....	1
1.1 Upstream Petroleum Sub-sector.....	2
1.2 Midstream Petroleum Sub-sector.....	5
1.3 Downstream Petroleum Sub-sector.....	6
RATIONALE.....	8
SCOPE.....	9
POLICY GOAL, OBJECTIVES AND GUIDING PRINCIPLES.....	9
STRUCTURE OF THE POLICY.....	12
PART TWO: SITUATION ANALYSIS.....	13
OVERVIEW.....	13
PREVAILING STATUS OF OIL AND GAS SECTOR.....	13
1 Upstream Petroleum Sub-sector.....	13
2 Midstream Petroleum Sub-sector.....	16
3 Downstream Petroleum Sub-sector.....	17
POLICY, LEGISLATIVE AND INSTITUTIONAL FRAMEWORK.....	18
1 Policy Framework.....	18
2 Legislative Framework.....	18
3 Institutional Framework.....	19
EMERGING ISSUES AND CHALLENGES.....	21
1 Emerging Issues.....	21
2 Challenges.....	22
PART THREE: POLICY STATEMENTS.....	25
OVERVIEW.....	25
OIL AND GAS SECTOR POLICY, LEGAL, REGULATORY, INSTITUTIONAL, FISCAL AND CONTRACTUAL FRAMEWORK.....	25
UPSTREAM PETROLEUM SUB-SECTOR.....	25
1 Ownership of the Resources.....	26
2 Promotion of Oil and Gas Investments.....	26
3 Licensing of Petroleum Blocks.....	26
4 Exploration, Development and Production Operations.....	27
5 Sustainable Utilization of Natural Gas.....	27
MIDSTREAM PETROLEUM SUB-SECTOR.....	28
Value addition to petroleum resources.....	28
DOWNSTREAM PETROLEUM SUB-SECTOR.....	28

3.4.1	Supply of Petroleum Products.....
3.4.2	Pricing of Petroleum Products
3.4.3	Infrastructure Development
3.4.4	Liquefied Petroleum Gas.....
3.5	REVENUE FROM PETROLEUM OPERATIONS
3.5.1	Management of Revenues from Petroleum Operations.....
3.5.2	Cost Management in Petroleum Operations
3.6	INSTITUTIONAL CAPACITY DEVELOPMENT
3.7	TECHNOLOGY AND INNOVATION
3.8	CROSS-CUTTING ISSUES
3.8.1	Decommissioning.....
3.8.2	Petroleum Data Management.....
3.8.3	Public Participation.....
3.8.4	Land Access.....
3.8.5	Water Access
3.8.6	Local Community Rights
3.8.7	Local Content.....
3.8.8	Conflict Management and Dispute Resolution
3.8.9	Security
3.8.10	Health and Safety.....
3.8.11	Environment, Social and Governance (ESG).....
3.8.12	Climate Change Mitigation and Adaptation
CHAPTER FOUR: FRAMEWORK FOR POLICY IMPLEMENTATION	
4.0	OVERVIEW.....
4.1	INSTITUTIONAL FRAMEWORK
4.2	RESOURCE MOBILIZATION
CHAPTER FIVE: MONITORING, EVALUATION AND REPORTING.....	
5.0	OVERVIEW.....
5.1	MONITORING.....
5.2	EVALUATION
5.3	REPORTING.....
5.4	LEARNING.....
5.5	MONITORING AND EVALUATION INSTITUTIONAL FRAMEWORK.....
5.6	POLICY REVIEW

List of Tables

Table 1:	Sedimentary Basins in Kenya.....
Table 2:	Kenya Petroleum Pipeline
Table 3:	Petroleum Blocks.....
Table 4:	Hydrocarbon Discoveries in Kenya.....
Table 5:	Role of Institutions in Implementation of the Policy.....

of Figures

Figure 1: Kenya Sedimentary Basins 3

Figure 2: Kenya Petroleum Exploration Block Map 14

of Annexes

Annex I: IMPLEMENTATION MATRIX FOR THE NATIONAL PETROLEUM POLICY 43

Annex II: POLICY MONITORING AND EVALUATION MATRIX 68

Definition of Terms

Best Petroleum Industry Practices	Means such practices, methods, standards, and procedures generally accepted and followed internationally by prudent, diligent, skilled experienced operators in the petroleum operations
Common user facility	Petroleum infrastructure owned and maintained by any person may be used by third parties
Conservation	Includes preservation, maintenance, sustainable use and restoration of natural and cultural environment
Consumer	Means any person supplied or entitled to be supplied with petroleum products
Contractor	A Firm that has a contractual agreement with the Government
Decommissioning	Is a process consisting of the removal of industrial installations and relevant structures that have come to the end of their productive life, the subsequent restoration of the site to its previous status or near original state as reasonably possible
Development Plan	Means a plan which the contractor presents to the Regulatory Authority for the placement, construction and installation of facilities necessary for the production of petroleum
Downstream	Is the segment of the value chain comprising of distribution, marketing of petroleum products derived from processing of crude oil and natural gas. Downstream activities also involve the distribution and sale of these products to consumers through retail outlets, such as filling stations, and wholesale channels
Exploitation	Refers to all activities undertaken to locate petroleum deposits (exploration), prepare them for production (development), produce hydrocarbons sustainably (production), and oversee their efficient and environmentally responsible utilization (management)
Government	Means National Government of the Republic of Kenya
International Oil Companies	Are oil and gas companies with global upstream operations spanning the entire oil and gas value chain
Investor	A Firm/Company that has the financial, technical and professional capacity to undertake oil and gas exploration activities
Local community	Means a people living in a sub-county within which Petroleum operations are undertaken and who are affected by such operations
Local Content	Means the use of Kenyan local expertise, goods and services, businesses and financing for the systematic development of local capacity and capabilities for the enhancement of the Kenyan economy
Midstream	Is the segment of the value chain comprising of transportation, storage, and processing of crude oil and natural gas after they have been extracted. It includes the construction and operation of pipelines, tankers, storage facilities, and processing plants
Offshore	Means petroleum operations that occur in bodies of water, such as oceans, and large lakes
Oil and Gas Sector	Means the sector in which all hydrocarbons are explored, developed, extracted, stored, transported and refined/processed; and petroleum products are sourced, stored, transported, marketed and distributed
Onshore	Means petroleum operations that take place on land

Public Tender System	Is the means by which petroleum products are imported via a monthly public tender
Petroleum	Means all hydrocarbons and includes crude oil and natural gas, whether capable of being produced from conventional and unconventional reservoirs
Petroleum Agreement	Also referred to as a Production Sharing Contract (PSC), is an agreement entered between the Government and the Contractor, which enables the contractor to explore, develop and produce petroleum within a contract area
Petroleum Block	Means acreage as defined by specific geographic coordinates for purposes of upstream petroleum operations
Petroleum Data	Means all qualitative or quantitative data, associated information, documents, reports and images including: raw data; edited or composite data; Analyzed, interpreted or processed data; Reprocessed data; and Samples: whether in physical, digital or other format, obtained through or relating to petroleum operations
Petroleum Operations	Means all or any of the operations related to the exploration, development, production, processing, storage, transportation and sale of petroleum
Petroleum Products	Means the products yielded from the refining of petroleum
Petroleum Resources	Means all naturally occurring hydrocarbons, including crude oil, natural gas, and condensates, that are found in geological formations within Kenya's territorial boundaries
	(a) selling or offering to sell petroleum products to a consumer; (b) acting as agent or broker for a retailer with respect to the sale or offering for sale of petroleum or gas; and (c) acting or offering to act as an agent or broker for a consumer with respect to the sale or offering for sale of petroleum or gas
Gas Distribution	Planning or construction of a network system through which a consumer gets a continuous supply of gas at the turn of a tap through a piping network or from a centralized storage system
Upstream	Is the segment of the value chain comprising of activities related to the exploration, development and production of crude oil and natural gas

Abbreviation and Acronyms

AGO	Automotive Gas Oil
BETA	Bottom-up Economic Transformation Agenda
BP	British Petroleum
CoG	Council of Governors
CGs	County Governments
COSSOP	Cost of Services in the Supply of Petroleum Products
DP	Development Partners
DOSH	Directorate of Occupational Safety and Health
EOPS	Early Oil Pilot Scheme
EPRA	Energy and Petroleum Regulatory Authority
ESG	Environment, Social and Governance
FDP	Field Development Plan
GoK	Government of Kenya
HFO	Heavy Fuel Oil
ICTA	Information Communication and Technology Authority
IK	Illuminating Kerosene
IOC	International Oil Companies
Jet A-1	Jet Fuel
KEBS	Kenya Bureau of Standards
km	Kilometers
KOT	Kipevu Oil Terminal
KPC	Kenya Pipeline Company Limited
KPA	Kenya Ports Authority
KPRL	Kenya Petroleum Refineries Limited
LLCOP	Lokichar-Lamu Crude Oil Pipeline
LPG	Liquefied Petroleum Gas
M	Meters
M ³	Cubic Meters
M&E	Monitoring and Evaluation
MITI	Ministry of Investments, Trade and Industry
MoEACA	Ministry of East African Community Affairs
MoECCF	Ministry of Environment, Climate Change and Forestry
MoFDA	Ministry of Foreign and Diaspora Affairs
MoICDE	Ministry of Information, Communications and Digital Economy
MoINA	Ministry of Interior and National Administration

PWHUD	Ministry of Lands, Public Works, Housing and Urban Development
	Metric Tonnes
OSTI	National Commission for Science, Technology and Innovation
C	National Disaster Operations Center
A	National Environment Management Authority
	National Lands Commission
K	National Oil Corporation of Kenya Limited
AC	National Upstream Petroleum Advisory Committee
	Office of the Attorney General
s	Oil Marketing Companies
	Open Tender System
	Premium Motor Spirit
	Public Private Partnerships
	Production Sharing Contract
	State Department for Petroleum
	State Department for Public Works
	Special Economic Zones Authority
	The National Treasury

CHAPTER ONE: INTRODUCTION

1.0 Overview

This Chapter presents background information on the Oil and Gas Sector, which comprises of Upstream, Midstream and Downstream Petroleum Sub-sectors. It also highlights the rationale for development of the Policy; the scope; the structure; and the goals, objectives and guiding principles of the Policy.

1.1 Background

Oil and Gas Sector is one of the largest industries in the world. It has an influence in the global economy as the world's primary source of fuel for the transport, industrial, commercial and domestic sectors. The sector is an enabler of all other sectors of the economy and contributes about 3% of the global economic growth.

The sector plays a critical role in Kenya's socio-economic development, with a potential to boost the country's economic growth and development through increased export earnings, development of infrastructure, employment creation and improvement of social welfare. Notably, petroleum is one of the main drivers of the Kenyan economy and is a critical source of energy in all sectors.

A large percentage of petroleum products provide fuel for transportation and industrial use as well as for heating, cooking and lighting in homes, institutions and businesses. Some of the petroleum products are used in the Petrochemical Industry as inputs for various products such as rubber, plastics, paints, nylon, vinyl, polyester cosmetics, food additives and medicines.

The Oil and Gas Sector value chain consists of Upstream, Midstream, and Downstream Petroleum Sub-sectors. Upstream involves exploration, appraisal, development, production of oil and gas, and decommissioning of oil and gas fields and facilities. Midstream involves transportation of crude oil and natural gas from production facilities, storage, and marketing. It also includes refining crude oil, treating and processing of natural gas, and decommissioning of facilities. Downstream entails storage, transportation, marketing and distribution of petroleum products.

In Kenya, the Upstream Petroleum Sub-sector is under development, the Midstream Petroleum Sub-sector remains undeveloped following the cessation of refining operations by Kenya Petroleum Refineries Limited, while the Downstream Petroleum Sub-sector is established. Notably, development of the Oil and Gas Sector is capital intensive, and the processes and systems involved in producing and distributing oil and gas are highly complex.

operating expenses for investors in the sector are also high, and it would require longer to recoup the returns factored in the project.

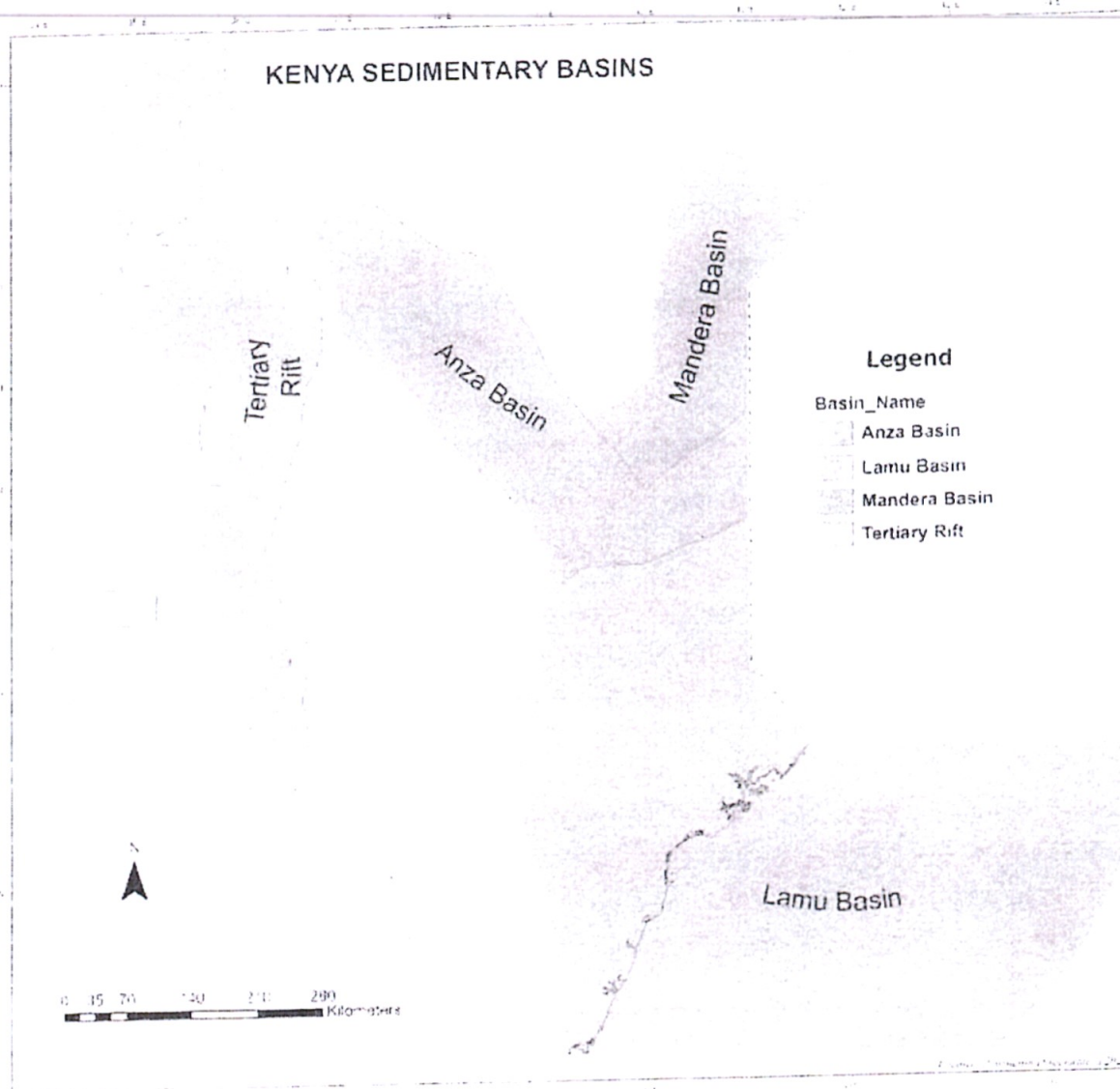
Upstream Petroleum Sub-sector

Upstream Petroleum Sub-sector involves exploration of petroleum resources (crude oil and natural gas), both onshore and offshore within Kenya's four sedimentary basins namely; Anza, Maudera and Tertiary Rift. These basins cover approximately 487,000km². Figure 1 presents details on the coverage and sediment thickness of the basins, while Figure 2 presents geographical location of these basins.

1: Sedimentary Basins in Kenya

	Approximate Area Covered (km ²)	Sediment Thickness (Meters)
(onshore and offshore)	259,000	12,000
	80,000	10,000
Maudera	43,000	10,000
Tertiary Rift	105,000	4,000
	487,000	

Figure 1: Kenya Sedimentary Basins



The sedimentary basins are sub-divided into petroleum blocks which are license investors, for exploration, appraisal, development and production of oil and gas resources. The sub-division of the basins enhances data collection coverage per unit area, and is geared towards facilitating mapping of petroleum resources accurately, thus increasing the chances for successful exploration.

In 2002, the country had 21 petroleum blocks, seven (7) of which were offshore while the rest were onshore. These Blocks were reviewed in 2006 and increased to 37 as a strategy to increase investor interest. The discovery of petroleum resources in the country in 2011 led to increased investment interests, which prompted a review of the Blocks to 46 and a further

in 2016 to 63 Blocks. In 2025, the petroleum blocks were reconstituted resulting to blocks based on the exploration potential and available geoscientific data.

Oil and Gas Exploration in Kenyan Sedimentary Basins

Lamu Basin

Petroleum (BP) Plc and Shell Oil Company Kenya Ltd began exploring hydrocarbons in the Lamu Embayment, which resulted in the drilling of ten wells between 1960-1970. Results from the drilled wells showed presence of hydrocarbons in the form of gas and oil stains. However, these wells were not fully evaluated or completed for production.

Pacific drilled Hargaso-1 in 1975 that encountered oil and gas shows. Investor interest in offshore Lamu Basin in 1970s and 1980s resulted in the drilling of three wells; Simba-1, Idadi-1 and Kofia-1. All the three wells had hydrocarbon shows. Between 1985 and 1990, American Oil Company (Amoco) and Total Kenya drilled another ten exploration wells that encountered minor oil and gas shows in some of the wells.

A basin study by National Oil Corporation of Kenya (NOCK) between 1991-1995 led to re-division of the basin (both onshore and offshore) into 10 exploration Blocks, with a further two created by 2001. Massive gas discoveries in Mozambique in 2003, renewed exploration interest within the region. The gazettment of new Blocks in 2003 allowed the Petroleum Ltd to farm into seven offshore blocks, acquiring 11,449.6 of 2D seismic data. The Pomboo-1 well (dry) in 2007. Additional wells drilled in the basin include; Mbawa-1 (dry), Kubwa-1 (dry), Kiboko-1 (dry), Sunbird-1 (oil and gas discovery) and Mbaraka-1 (dry)

Tertiary Rift Basin

In the 1980s, the Tertiary Rift had minimal exploration activities. Shell drilled Eliye-1 (dry) in 1992 and Loperot-1 (oil shows) in 1993 within the Lokichar sub-basin. This is followed by a period of exploration break that lasted up to 2006. A discovery of oil in Albertine graben in Uganda by Tullow Oil led to renewed exploration interest in the region. In 2012, Tullow Oil Plc and Africa Oil Corporation acquired additional 2D seismic data in the region and drilled Ngamia-1 Well, which was Kenya's first oil discovery, that encountered 10m net oil pay zones. Further, 3D seismic data acquisition programmes have been undertaken out to date with over 40 exploration and appraisal wells drilled opening up the Lokichar sub-basin.

The National Oil Corporation of Kenya has undertaken Full Tensor Gradiometry (FTG) and magnetotellurics (MT), aeromagnetic and seismic data in the southern part of the basin.

Tertiary Rift Basin. Additional acquisition of 2D seismic was carried out in 2017 with t stratigraphic wells drilled by 2018.

c) Mandera Basin

Between 1960s and 1970s, Frobisher Ltd and Burmah Oil Company conducted ph geological field geology, gravity, aeromagnetic and seismic surveys steadily advancing Basin's exploration potential. Elgal 1 & 2 wells were drilled in 1987 by American Company (AMOCO) but were both dry. Further, the Company drilled Hothori 1 Well in 1990 which had gas shows. This provided critical subsurface data in the Basin. In 1990, T Exploration and Production (Total E&P) Company acquired 707km of 2D seismics wit this region. Between 2008 and 2013, Afren East African Exploration (EAX) and I Petroleum Corporation acquired additional 2D seismic in the basin and drilled Badada-1 in 2015 which, though dry, refined the geological understanding of the Basin

d) Anza Basin

Acquisition of seismic data within the Anza Basin commenced in 1975 when Whitest acquired 2D seismic data, with further acquisition surveys carried out by the Ministr Energy, Chevron Corporation, Total E&P, Amoco & Shell over time. Chevron later dr Anza-1 and Bahati-1 (both dry), Total E&P drilled Ndovu-1 (oil and gas shows), Duma-1 shows) and Kaisut-1 (dry) while Amoco drilled Sirius-1, Bellatrix-1, Chalbi-3(all three oil and gas shows) and Endela-1 (gas shows).

Additional 2D and 3D seismic was acquired by Vanoil Energy Ltd, Lion Petroleum, C National Offshore Oil Corporation (CNOOC), Africa Oil and Tullow in this basin from 2000. The first gas discovery was made in 2009 by CNOOC in Bogal-1 well, that encounterec with a gross best estimate of 2500 Bcf. Tullow later drilled Paipai-1 well that encount light hydrocarbon shows. Another gas discovery was made in the Sala-1 well in 2011 by Africa Oil within three distinct zones of interest over a 1000-meter gross interval.

1.1.2 Midstream Petroleum Sub-sector

Midstream operations in Kenya started in 1960s and involved importation and refin Crude Oil through the East African Oil Refineries Limited. The Company was set up in 1960 by Shell and the BP Companies, each with 50% shareholding to serve the East African re in supplying petroleum products. The first refinery complex, with distillation, hydrotrea catalytic reforming, and bitumen production units was commissioned in 1963.

In 1971, the Government acquired 50% Shareholding of the East African Oil Refir Limited, and the second complex of the refineries was completed and commissioned in 1971 to enhance the company's capacity. The Company name changed to Kenya Petrc

eries Limited (KPRL) in 1983, while Shell and BP Companies sold their shareholding to Company in 2009. The Government acquired 100% shareholding of KPRL in 2016.

tation of crude oil was done through an Open Tender System (OTS) since 2003 where mandatory for all Oil Marketing Companies (OMCs) to process crude oil at the Kenya eum Refineries Limited. The Company has a storage capacity of 481,257M³. During its tions, KPRL processed 20 Crude Oil Cargos annually with a daily feedstock ranging ;,000-9,000MT. The refinery ceased processing crude oil in 2013 and is presently used orage facility for petroleum products.

3, KPRL became a 100% subsidiary of KPC thus enhancing KPC operational efficiency reasing the storage capacity of petroleum fuels.

Downstream Petroleum Sub-sector

tream operations involve the importation, storage, transportation, and distribution of eum products. Kenya began importing petroleum products in the early 1900s. en 1963 and 2013, the country's demand for petroleum products was partly met h refining of crude oil by Kenya Petroleum Refineries Limited. This led to a reduction orted petroleum products by approximately 30 - 40%. Following cessation of refining ons by KPRL in 2013, the country fully depends on importation of petroleum ts to satisfy its growing demand. As at March 2025, the monthly imports were imately 490,000 Metric Tonnes (MT) translating to an annual import volume of imately 5.9 million Metric Tonnes.

Key Players in the Downstream Petroleum Sub-sector

te Department for Petroleum coordinates the Downstream Petroleum operations. perations are carried out by Kenya Ports Authority (KPA), Kenya Pipeline Company ational Oil Corporation of Kenya (NOCK) and the Oil Marketing Companies (OMCs); lated by the Energy and Petroleum Regulatory Authority (EPRA).

Kenya Ports Authority

orts Authority (KPA) acts as the gateway for entry and exit of petroleum products out of the country. The imported petroleum products are received in Mombasa the New Kipevu Oil Terminal (KOT 2), Shimanzi Oil Terminal and Mbaraki Wharf, e owned by the Government, and through the African Gas Oil Limited (AGOL), which ate jetty located within KPA precinct. The petroleum products for transit are ted to neighbouring countries through the Kisumu Oil Jetty (KOJ).

b) Kenya Pipeline Company

The Kenya Pipeline Company (KPC) Limited commenced its commercial operation in February 1978. The Company is mandated to transport, store and deliver petroleum products from Mombasa to the hinterland through the pipeline system and oil depot network. The imported petroleum products are received in Mombasa and transported through the pipelines to the five Depots in Mombasa, Nairobi, Nakuru, Eldoret and Kisumu. The pipeline system consists of a network of 1,342km petroleum products pipelines running from Mombasa through Nairobi to the Western Kenya region (Nakuru, Eldoret and Kisumu) and distributed as follows:

Table 2: Kenya Petroleum Pipeline

PIPELINE	LENGTH	YEAR OF COMMISSION	STATUS
Mombasa-Nairobi	450km	1978	Decommissioned in 2020 having outlived design and economic life of 30 years and is no longer safe to operate
Nairobi-Nakuru-Sinendet-Eldoret	325km	1994	Operational
Sinendet-Kisumu	121km	1994	Operational
Nairobi-Eldoret	325km	2011	Operational
Sinendet-Kisumu	121km	2016	Operational
Mombasa-Nairobi	450km	2018	Operational

Concurrent with the development of petroleum pipelines, KPC constructed petroleum products storage facilities in its five Depots with a total capacity of 417,980M³. The Company owns and operates Truck Loading Facilities in Nakuru, Eldoret, and Kisumu Depots; facilitates exportation of petroleum products to the neighboring countries namely; Rwanda, Eastern Democratic Republic of Congo (DRC) and South Sudan.

c) National Oil Corporation of Kenya Limited

National Oil Corporation of Kenya started downstream activities in March 1988 with importation of its first crude oil cargo for refining at Kenya Petroleum Refineries Limited. This was in fulfilment of the Government of Kenya mandate for NOCK to supply 30% of the country's petroleum requirements. These supplies were sold to major oil marketers at a small margin in bulk prior to processing. During this time, NOCK acted as the Government advisor on pricing and other related oil policies.

In 1997, NOCK set up its first three (3) flagship fuel retailing stations in the country, and by 2005, it set up six (6) modern stations. NOCK has since grown its retail business to over

stations by June 2024. Alongside retail network expansion, NOCK has over the years invested heavily in development of new products and has since launched its Supa brands of motor oils and lubricants as well as convenient retailing business segments.

Oil Marketing Companies

Oil Marketing Companies (OMCs) are involved in the importation, distribution, and marketing of petroleum products. Importation of petroleum products into the country is conducted through Open Tender System (OTS), where the products are imported collectively by one importer on behalf of other importers. The petroleum products imported under OTS include Automotive Gas Oil (AGO) (Diesel), Premium Motor Spirit (PMS) (Super Petrol) and Industrial Kerosine (IK). Petroleum products imported outside OTS are Jet Fuel (Jet A-1), Liquefied Petroleum Gas (LPG) and Heavy Fuel Oil (HFO). OMCs distribute petroleum products through road tankers or rail from KPC Depots to their respective dispensing sites.

Rationale

Efficient exploitation of country's petroleum resources in an efficient and sustainable manner will contribute to the realization of the Country's long term development agenda. To achieve this, the country requires a comprehensive policy, legal and institutional framework to guide petroleum operations. This will ensure that the country benefits from these resources and is able to deal with the challenges associated with their exploitation.

The policy direction of the Oil and Gas Sector is provided by the Sessional Paper No. 4 of 2004 on Energy. However, the oil and gas landscape rapidly evolved with new developments creating new challenges and opportunities. The discovery of commercial oil reserves in the country led to increased investors' interest thereby resulting in increased investment in scientific data acquisition, seismic surveys, and exploration and appraisal drilling in the country. The discovery also provided potential for employment creation, generation of revenues to support other sectors of the economy, development of infrastructure, and is currently fast-tracking social transformation of the country through poverty reduction and enhanced sustainable development. This has necessitated the development of a comprehensive policy framework to ensure effective management and regulation of petroleum operations in the country.

The discovery of petroleum resources by neighboring countries, and increased demand for petroleum products in the East African Region has led to a need for enhanced investment in development of necessary infrastructure for storage, transportation and distribution of petroleum products. There is therefore need for a well-coordinated local and regional approach in provision of such infrastructure facilities.

This Policy takes cognizance of the prevailing and emerging issues impacting on the Oil Gas Sector, and seeks to address them comprehensively to ensure that the Sector supports the country's sustainable growth and development, whilst mitigating the potential negative consequences that may arise while exploiting the petroleum resources.

1.3 Scope

This Policy sets out Kenya's overarching national policy guidance on all matters relating to petroleum and the Oil and Gas Sector. It applies to Upstream, Midstream, and Downstream Petroleum operations within and relating to Kenya, and provides guidance for government agencies, operators, investors, and other stakeholders.

The Policy serves as the foundation for developing and implementing Kenya's Oil and Gas Sector's legal, regulatory, institutional, fiscal and contractual frameworks. Related policies and other frameworks touching on the Sector will ascribe to this Policy.

Where there is a conflict between this Policy and any other policy regarding petroleum operations in the Sector, this National Petroleum Policy will prevail.

1.4 Policy Goal, Objectives and Guiding Principles

1.4.1 Policy Goal

To sustainably explore, exploit, utilize and manage petroleum resources and produce hydrocarbons to contribute towards Kenya's economic development.

1.4.2 Policy Objectives

The objectives of this Policy are:

1. To strengthen Policy, Legal, Institutional and Regulatory Framework for the Oil and Gas Sector
2. To promote sustainable petroleum resource exploration, development and production
3. To promote value addition of petroleum resources for local and regional petroleum products demand
4. To ensure security of supply of petroleum products
5. To enhance storage and transportation capacity of petroleum products
6. To enhance LPG uptake in the country
7. To enhance management of revenues from the Oil and Gas Sector
8. To facilitate capacity development and technology transfer
9. To facilitate an enabling environment for sustainable petroleum operations

To promote environmental protection and conservation of biodiversity

Guiding Principles

Guiding principles of this Policy are premised on Kenya's Constitution and laws, relevant national and international laws and principles. The Constitution recognizes that all natural resources belong to the people of Kenya and are held in trust by the National Government. In order to have a balance between economic development, environmental sustainability, and social responsibility, there is need to create a resilient Oil and Gas Sector. This Policy will be guided by the following principles:

Good Governance

The Constitution declares that Kenya is a sovereign Republic founded on the national values and principles of governance. These principles and values include integrity, transparency, accountability and sustainable development as outlined under Article 10 of the Constitution. This Policy espouses the Constitutional requirements towards sustainable exploitation, exploration and management of natural resources, management and conservation of the environment, and equitable sharing of the accruing benefits.

This Policy emphasizes adherence to the Constitution, applicable laws and regulations governing the Oil and Gas Sector. The stakeholders in the sector are required to adhere to, and promote fair competition, ethical business practices and respect for human rights especially for the vulnerable groups within society, including women, older members of society, persons with disabilities, children, youth, members of minority or marginalized communities, and members of particular ethnic, religious or cultural communities.

Efficient Resource Management and Revenue Transparency

Oil and gas are non-renewable finite resources, thus the need for sustainable utilization. This Policy promotes efficient and sustainable management of oil and gas resources for inter-generational benefits. This Policy promotes implementation of sustainable, efficient, transparent and accountable mechanisms for the exploration, extraction, and management of petroleum reserves. It proposes establishment of a revenue-sharing framework that ensures funds for economic diversification, social development, and environmental conservation.

Local Content Development

Local content plays a significant role in national development by leveraging the Oil and Gas sector as a catalyst for broader economic development. The development of local content in the sector involves growth and promotion of active participation of Kenyan businesses and

workforce in the utilization of local resources. It aims at retaining petroleum revenues within the country, transferring technology and growing the national economy as a whole.

This Policy prioritizes local content in the sector as an avenue for ensuring that a substantial portion of the value generated from exploitation of petroleum resources remains within Kenya. It seeks to maximize the socio-economic benefits for local communities and businesses while striking a balance between attracting foreign investments and ensuring that Kenyan citizens and businesses actively participate and benefit from the sector. It promotes the development of local capacities and skills, promotes the use of local goods, works, and services. It establishes and proposes quotas and related incentives for employment, training, and business ownership within the sector.

d) Protection of the Environment and Conservation of Biodiversity

Mitigation of the environmental and social impacts of oil and gas activities is critical to achieving sustainable resource development. Resource exploration and exploitation should therefore be done in a manner that is environmentally responsible where any adverse effects are promptly remedied to conserve biodiversity. This Policy provides mechanisms for monitoring, evaluation and remedial action for resultant environmental impacts. It further encourages integration of sustainable practices into all facets of the oil and gas sector to mitigate environmental impacts and fight climate change.

e) Diversification of the Economy

This Policy encourages investments in non-oil sectors, such as agriculture, manufacturing, and technology to reduce dependency on oil and gas revenues by fostering economic diversification. This Policy will therefore promote the integration of the Oil and Gas sector with other sectors in order to accelerate growth of a diverse and resilient economy, reducing vulnerability to fluctuations in global oil prices.

f) Public Participation and Stakeholder Engagement

Public participation enhances legitimacy of decisions, promotes transparency, and addresses diverse perspectives and interests within the society and is therefore critical for the preservation of local community rights. On the other hand, stakeholder engagement fosters optimum contribution, informed decision making and project ownership by various players in the Oil and Gas sector.

This Policy considers public participation a fundamental aspect of good governance and a critical part of petroleum operations. It requires that public participation is undertaken in all petroleum operations and that the input of the Public is considered for inclusive, transparent, and accountable decision-making.

onally, this Policy promotes continuous dialogue between the Government and
olders in the Oil and Gas Sector to gather insights, perspectives, and feedback from the
olders to inform decision-making, build long terms relationships, and address
ations for the sector.

Regulatory Framework and Compliance Enforcement

st regulatory framework is crucial for the effective and responsible operation of the
l gas sector and provides the necessary guidelines, standards, and procedures to
safety, environmental protection, and fair business practices. Compliance
ement mechanisms are essential to guarantee that industry participants adhere to
g legislation.

olicy promotes the development of robust frameworks or enhancement of existing
orks to ensure, among others: clear regulatory objectives; independent regulation of
and gas sector; transparent and efficient licensing and permitting; development of
on of standards for safety, environmental impact, and operational efficiency; robust
ring system to track compliance with regulatory requirements; and emergency
se planning.

Structure of the Policy

icy is organized into five chapters. Chapter 1 covers the introduction, which provides
ound information on the oil and gas sector, the rationale for development of the
the scope, policy goals, objectives and principles. Chapter 2 discusses the situation
s of the oil and gas sector, including the performance of the sector; the existing policy,
ve and institutional frameworks; and the emerging issues and challenges in the
Chapter 3 presents the Policy Statements, which cover the policy issues addressed by
cy and the subsequent strategies that the Government will use to address the issues
llenges in the sector. Chapter 4 presents the framework for implementation of this
while Chapter 5 outlines monitoring and evaluation framework for the Policy. An
entation Matrix for the operations in the sector and a Monitoring and Evaluation
re annexed in the Policy.

CHAPTER TWO: SITUATION ANALYSIS

2.0 Overview

This Chapter provides an overview of the prevailing status of the Oil and Gas Sector in Kenya, the existing policy, legislative and institutional frameworks that guide petroleum operations in the country and the emerging issues and challenges facing the Sector.

2.1 Prevailing Status of Oil and Gas Sector

2.1.1 Upstream Petroleum Sub-sector

Kenya has four sedimentary basins, which are sub-divided into 50 petroleum blocks indicated in Table 3 and Figure 2 below.

Table 3: Petroleum Blocks

Basin	Number of Petroleum Blocks
Lamu (onshore and offshore)	29
Mandera	3
Anza	6
Tertiary	12
Total	50

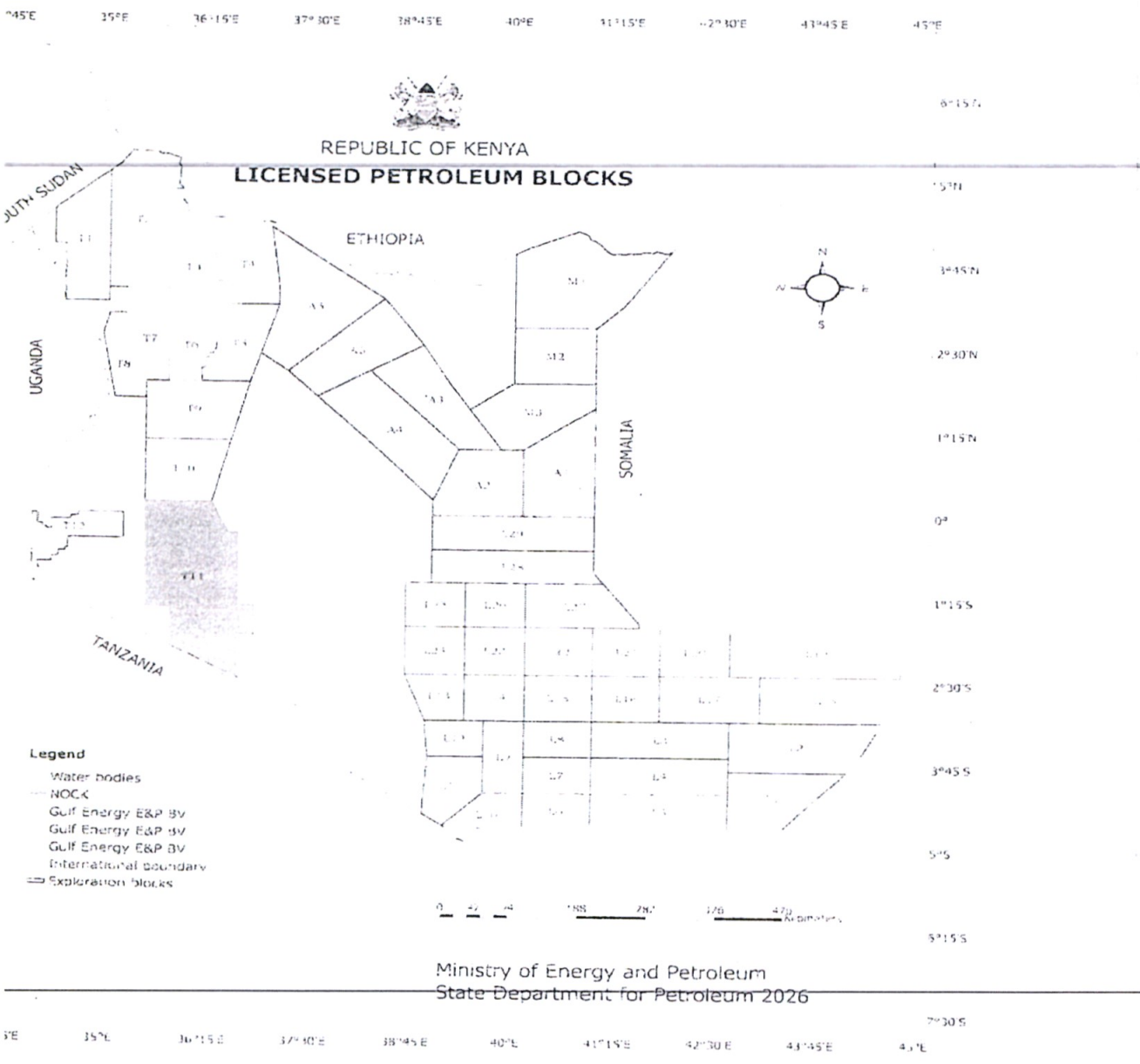


Figure 1: Kenya Petroleum Exploration Block Map

2.1.1.1 Licensing of Petroleum Blocks

Licensing of petroleum blocks involves the Government entering into petroleum agreements, also referred to as Production Sharing Contracts (PSC), with contractors for exploration, development and production of petroleum resources in the Upstream Petroleum Sub-sector. It also involves issuance of Non-Exclusive Exploration Permits.

Licensing is presided by promotion of oil and gas exploration blocks, which involves Government providing offers through direct negotiation or conducting bid-rounds for specific petroleum blocks that are deemed to have potential for exploration and production to attract well-qualified investors. Selection of most qualified investor is done competitively and a PSC entered into with the Government.

Bid rounds allow companies to compete for the right to extract hydrocarbons from an exploration block in exchange for a fee, work obligations, and a share of revenue generated. Prior to 1986, the Government provided oil and gas exploration licenses through direct proposals and negotiations. The Government has conducted two bid rounds; in Nairobi in 1987 and in Houston, Texas in 1990 culminating to licensing of ten (10) exploration companies. The PSCs of most of these companies have since terminated following unsuccessful exploration.

As at March 2025, five (5) petroleum blocks had been licensed to two (2) contractors for petroleum operations, while the remaining 45 blocks were open for investment (*See Figure 2 above*).

2.1.1.2 Exploration

The Government, and in collaboration with investors in the oil and gas sector, continuously undertakes exploratory activities in the sedimentary basins. These activities involve collection of geoscientific data from the petroleum blocks. The collected data, which includes; seismic data, well logs, well reports, aeromagnetic and gravity data, and exploration related reports, is analyzed and stored in the National Data Centre. This data is used by the Government to market the open petroleum blocks while the investors use it to make decisions on viability, development and production of petroleum resources.

Comprehensive preliminary geoscientific data collection has been done in 28 petroleum blocks. This data is critical in development of Block Atlases that are used in marketing of open petroleum blocks. Further exploration in some of these Blocks by investors has led to collection of more geoscientific data from seismic surveys and drilled wells. A total of 42 wells have been drilled in the country, 42 of which had hydrocarbon discoveries which were dry or had hydrocarbon shows.

4: Hydrocarbon Discoveries in Kenya

	Dry Wells	Gas Only	Oil Only	Oil & Gas	Total Wells Drilled
	8	2	0	2	12
	23	1	0	1	25
era	8	0	0	0	8
ry Rift	14	0	32	4	50
	53	3	32	7	95

discovered its petroleum resources in 2012 with the discovery of oil deposits in the y Rift Basin. The discoveries were made in Blocks T6 and T7, in Ngamia-1 Well and South-1 Well respectively. The Government jointly with the Turkana County ment and Kenya Joint Venture (KJV) Partners implemented the Early Oil Pilot Scheme Project between 2018-2022. The main objective of the Project was to test the nance of the reservoirs for sustained productivity, and the marketability of the i crude oil in the international market. Through the Project, 415,032 barrels of crude e produced from Ngamia and Amosing oil fields. The oil was exported with an aim of the international oil market and setting the country as an oil exporter. In addition, /ernment, with support from the World Bank implemented the Kenya Petroleum cal Assistance Project (KEPTAP) between 2014-2021 to strengthen the capacity of the ment to manage the Oil and Gas Sector.

tor is in the process of finalizing the development of a 25-year Field Development (DP) for Blocks T6 and T7 to facilitate development of the licensed oil fields and tion of the petroleum resources. The Plan provides a roadmap for the development rces within Blocks, as well as additional appraisal and exploration activities aimed nizing resource extraction within the designated development zone.

Midstream Petroleum Sub-sector

sation of refining of crude oil by KPRL in Mombasa in 2013 resulted in a non- onal Midstream Petroleum Sub-sector of the Oil and Gas Sector in Kenya. ment of petroleum resources will facilitate the growth of this sub-sector. To facilitate rtation of the produced crude oil from Blocks T6 and T7 in South-Lokichar to Lamu, struction of 824km Lokichar-Lamu Crude Oil Pipeline (LLCOP) is proposed.

2.1.3 Downstream Petroleum Sub-sector

2.1.3.1 Importation of Petroleum Products

Kenya imports petroleum products to meet the local and regional demand. The imported petroleum products are received through the Port of Mombasa and include: Automotive Oil (AGO) (Diesel); Premium Motor Spirit (PMS) (Super Petrol); Jet Fuel (Jet A-1); Liquefied Petroleum Gas (LPG); Illuminating Kerosene (IK); Heavy Fuel Oil (HFO); lubricating oil; grease; Bitumen; and Bio-Fuels. The country has a regulated price regime for Automotive Gas Oil, Premium Motor Spirit and Illuminating Kerosene. Regulation of the maximum price of retailing petroleum products is guided by the Petroleum (Pricing) Regulations, 2022.

2.1.3.2 Transportation and storage of Petroleum Products

The imported petroleum products are transported inland via pipelines, trucks, barges and railway. The downstream infrastructure network consists of 1,342km of petroleum pipelines and approximately 1,601,010M³ storage capacity for petroleum fuels, of which 1,228,422M³ is owned by the Government while 372,588M³ is owned by private Marketing Companies. The storage capacity for LPG is 27,335MT, of which 1,200MT is owned by the Government.

2.1.3.3 Distribution of Petroleum Fuels

Distribution of the petroleum products in Kenya is done through the retail fueling stations by the Oil Marketing Companies (OMCs), which comprise of private companies and National Oil Corporation of Kenya (NOCK). There are 4,934 retail fueling stations in the country, out of which, 110 are owned and operated by NOCK while 4,824 are owned by private companies.

2.1.3.4 Promotion of Liquefied Petroleum Gas

The Government is promoting Liquefied Petroleum Gas (LPG) consumption in the country to enhance LPG penetration from 24% in 2019 currently to 70% by 2028 and to further increase LPG consumption per capita from 7.5kg/yr in 2021 to 15kg/yr by 2030. To achieve this, the Government has developed an LPG Growth Strategy that articulates strategic interventions for enhancement of LPG Growth. These strategies include: provision of clean cooking infrastructure and seed gas to public learning institutions; provision of affordable cooking gas to low-income households through distribution of 6kg Gas cylinders and refilling; and reticulation of LPG into housing units and commercial entities and use of smart meters to enhance consumer convenience. In addition, the Government will use competitive sourcing of LPG to facilitate competitive retail pricing and, through its entities, develop

3 Metric Tonnes bulk LPG common user facility in Mombasa, while facilitating development of LPG facilities by the private sector.

Policy, Legislative and Institutional Framework

Policy Framework

Sessional Paper No. 4 of 2004 on Energy provided a policy framework for provision of effective, affordable and adequate quality energy services for the domestic economy for period 2004-2023. The Sessional Paper considered petroleum to be part of the Energy while petroleum operations and the institutional framework were fragmented and led under separate legislations. The Ministry of Energy was charged with regulating upstream operations while a regulatory agency was charged with regulating the downstream operations.

Legislative Framework

Constitution provides that, general rules of international law and any treaty or convention, ratified by Kenya shall form part of the law of Kenya. The Constitution under *Article 10* provides for the national values and principles of governance that bind all State officers, public officers and all persons. *Article 260* of the Constitution defines natural resources completely contained on or under the surface, which is on or under the surface of the earth and the subsurface rock, any body of water on or under the surface and marine waters in the territorial sea and exclusive economic zone. It also includes natural resources as the physical non-human factors and components, whether renewable or non-renewable, including rocks, minerals, fossil fuels and other sources of

Constitution has also established principles of governance and management of natural resources under Chapter V. *Article 60(1)* provides for the principles of land policy including sustainable and productive management of land resources; *Article 61* classifies land as public, community or private land; *Articles 62* classifies all minerals and mineral oils owned by law as public land owned by the National Government in trust for the people of Kenya; *Article 69* provides that the State has an obligation to ensure sustainable development, utilization, management and conservation of the environment and natural resources, and ensure the equitable sharing of the accruing benefits. Every person is required to cooperate with State organs and other persons to protect and conserve the environment and ensure ecologically sustainable development and use of natural resources. *Article 71* requires that a transaction involving the grant of a right or concession by or on behalf of any person, including the national government, to another person for the exploitation of any natural resource of Kenya is subject to ratification by Parliament.

The legal and regulatory framework governing petroleum operations in the country includes the *Petroleum Development Fund Act, Cap. 426*, which establishes the Petroleum Development Fund and the imposition of a Petroleum Development Levy; the *Petroleum Act, Cap. 308* which provides a framework for the contracting, exploration, development and production of petroleum; cessation of upstream petroleum operations; and gives effect to relevant articles of the Constitution relate to Upstream petroleum operations, regulatory framework for midstream and downstream petroleum operations; and for connected purposes; and the *Energy Act, Cap. 314* which consolidates the laws relating to energy, to provide for the establishment of the Energy and Petroleum Regulatory Authority; and for connected purposes. Regulations have been developed to operationalize the Petroleum Act.

Other legislations that impact the Oil and Gas Sector include: the Standards Act, Cap. 387; Environmental Management and Co-ordination Act, Cap. 387; Physical and Land Use Planning Act, Cap. 303; Weights and Measures Act, Cap. 513; Public Procurement and Disposal Act, Cap. 412C; Anti-Corruption and Economic Crimes Act, Cap. 65; the Public Officer Ethics Act, Cap. 185B; Land Act, Cap. 280; Land Registration Act, Cap. 300; Income Tax Act, Cap. 470, especially the Ninth Schedule; Consumer Protection Act, Cap. 501; Co-operative Societies Act, Cap. 265; and Public Finance Management Act, Cap. 412A.

2.2.3 Institutional Framework

a) Ministry of Energy and Petroleum

The Ministry of Energy and Petroleum, through the State Department for Petroleum, is responsible for providing policy guidance in the Oil and Gas Sector, and providing leadership in petroleum operations in the country. The mandate of the State Department includes development of Petroleum Policy; Strategic Petroleum Stock Management; Management of Upstream Petroleum Products Marketing; Oil and Gas Exploration Policy Development and Gas Sector Capacity Development; Petroleum Products Import/Export Marketing Policy Management; Licensing of Petroleum Marketing and Handling; and Quality Control of Petroleum Products.

b) Kenya Pipeline Company

The Kenya Pipeline Company (KPC) Limited is wholly owned by the Government. The Company is mandated to transport, store and deliver petroleum products from Mombasa to the hinterland through the pipeline system and oil depot network.

In 2025, KPC acquired 100% shares of Kenya Petroleum Refineries Limited (KPRL), which was wholly owned by the Government. KPRL was established in 1960 with the mandate of refining crude oil, and providing storage for both crude oil and petroleum products.

National Oil Corporation of Kenya Limited

National Oil Corporation of Kenya Limited (NOCK) was incorporated in April 1981, and wholly owned by the Government of Kenya through a joint ownership by the Ministry of Energy and Petroleum. The Corporation represents the commercial interests of the Government and is mandated to participate in all aspects of the petroleum industry, which include, exploration in the Upstream Petroleum Sub-sector, and importation and sale of petroleum products in the Downstream Petroleum Sub-sector.

Energy and Petroleum Regulatory Authority

Governance of Kenya's energy and petroleum sector has undergone significant transformation, shaped by legislative milestones and policy reforms. Initially regulated under separate frameworks, the electricity sector was governed by the Electric Power Act, which established the Electricity Regulatory Board (ERB), while downstream petroleum fell under the Petroleum Act, Cap. 116 and upstream activities under the Petroleum (Exploration and Production) Act, Cap. 308. A pivotal shift came with the National Paper No. 4 of 2004 on Energy, which spurred the Energy Act, 2006. This unified upstream and downstream petroleum regulation under the Energy Regulatory Commission and restructured the electricity sector to boost efficiency.

Following the promulgation of the Constitution in 2010, further reforms aligned the sector with constitutional mandates, culminating in the Energy Act, Cap. 314 and Petroleum Act, Cap. 118. These laws expanded regulatory oversight to the entire petroleum value chain (upstream, midstream, and downstream) and replaced the ERC with the Energy and Petroleum Regulatory Authority (EPRA). Until 2019, the Ministry of Energy was charged with regulating the Upstream Petroleum Sub-sector operations.

The mandate is to undertake Technical and Economic Regulation of electricity, renewable energy, downstream coal, coal bed methane gas and petroleum sectors. The functions of EPRA that relate to oil and gas include: regulate, monitor and supervise upstream petroleum operations; collect, maintain and manage upstream petroleum data; co-ordinate the development of upstream petroleum infrastructure; regulate importation, refining, distribution, transportation, storage and sale of petroleum and petroleum products; and monitor and coordinate the Oil and Gas Sector across the entire value chain.

In the Upstream Petroleum Sub-sector, the Authority is responsible for permitting of upstream petroleum operations; advising the Ministry in charge of petroleum on the technical and commercial viability of proposed petroleum agreements and the technical and commercial viability of proposed Field Development Plans; and development of Regulations and guidelines on local

content and environment, health & safety to ensure sustainable exploitation of oil and gas. In the Midstream Petroleum Sub-sector, the Authority is responsible for licensing and permitting crude oil refining, crude oil storage facilities and the transportation pipeline to ensure conformity to local and international standards as ratified by the Kenya Bureau of Standards. In the Downstream Petroleum Sub-sector, the Authority is involved in licensing and permitting of refined petroleum products importation, storage, transportation and sale.

e) Energy and Petroleum Tribunal

The Energy Act, 2006, established the Energy Tribunal, which was the first quasi-judicial body mandated to hear and determine disputes in the energy sector and the Downstream petroleum sub-sector. The Energy Act, 2019, established the Energy and Petroleum Tribunal with an expanded mandate in the entire petroleum value chain. The primary jurisdiction of the Tribunal is to hear and determine appeals from the decisions of EPRA. The Tribunal handles disputes arising from competitive bidding rounds on petroleum blocks, conducted by the Ministry as well as disputes between licensees in the Oil and Gas Sector.

2.3 Emerging Issues and Challenges

This section presents the emerging issues and challenges facing the oil and gas sector in Kenya and discusses the critical issues, which impact on progress in exploration and exploitation of petroleum resources and supply of petroleum products for sustainable development. Kenya's Upstream Petroleum Sub-sector is in its initial stage of exploration and development. The country relies on imports to meet the local and regional demand for petroleum products, which are the primary sources of energy for the economy. An increase in global oil prices therefore adversely affects the economy and contributes to the rise in the cost of living as the crude oil prices are driven by global supply and demand.

2.3.1 Emerging Issues

The emerging issues facing the Oil and Gas Sector include:

a) Geopolitical Factors

Geopolitical tensions and conflicts remain critical in shaping the oil and gas market. Events such as the Russia-Ukraine war led to significant disruptions in global oil supplies and exposed the vulnerability of energy markets to geopolitical risks. Political sanctions imposed by certain countries on others and diplomatic tensions involving major oil-producing countries, influences production, distribution, and pricing of oil globally.

Environmental and Regulatory Concerns

er to combat climate change and reduce carbon emissions globally, most jurisdictions
plying and implementing strict regulations. The oil and gas industry faces increasing
y to adopt sustainable practices and reduce its environmental impact. As a result,
s a shift in the sector towards environmentally responsible practices to minimize the
's environmental footprint and contribute to sustainable development.

Technological Advancements

ntinued technological advancements are driving efficiency and innovation in the oil
s sector. The adoption of digital technologies, such as Artificial Intelligence (AI),
et of Things (IoT), robotics, and big data analytics, is enhancing exploration,
ction, and general operational efficiency across the whole oil and gas value chain.
er, the integration of these technologies into the sector can be capital intensive and
es investment in cybersecurity as well as workforce training.

Market Dynamics and Energy Transition

nsition to renewable energy sources is a defining trend in the current global energy
ape. The increasing adoption of electric vehicles, advancements in battery storage, and
velopment of green hydrogen are reducing reliance on fossil fuels. This shift is forcing
onal oil and gas companies to diversify their portfolios and invest in renewable energy
s to stay competitive and align with global decarbonization goals.

Biofuels

s represent a significant advancement in renewable energy technology and a viable
tive to fossil fuels. Continued innovation supportive policies and legislative
orks will be key to unlocking their full potential and integrating them into the global
mix.

Challenges

challenges facing the oil and gas sector in Kenya include:

adequate Local Technical and Financial Capacity

ate technical and financial capacity remains a significant challenge in Kenya's oil and
or. Despite the country's potential to become a key player in the energy market, many
ompanies and institutions lack the advanced technical skills, expertise, and

infrastructure required to effectively participate in oil and gas exploration, production, refining. This deficiency hampers the ability to take full advantage of the sector opportunities, as foreign companies often dominate operations, limiting local participation and the transfer of critical knowledge. Additionally, the financial capacity of local firms is often insufficient to handle the large capital investments required for exploration, development, production, operations, maintenance and decommissioning of oil and gas projects. As a result, Kenya remains heavily reliant on international partners for funding and technical support, which can restrict the growth of a self-sustaining, competitive local industry. Addressing these gaps through capacity-building initiatives, investment education and training, and improved access to financing is crucial for the long-term development of the sector.

b) High Capital Investment in Exploration and Development

The exploration and development phases in the Oil and Gas sector are capital intensive. Projects often require significant upfront investment for drilling operations, advanced technology, infrastructure development, and regulatory compliance. This financial burden is intensified by high exploration risk. Combined with volatile commodity prices, geopolitical risks, and long timelines for returns, this may discourage investment. Additionally, increasing environmental and social expectations push companies toward sustainable practices, adding to financial pressure and reducing investor appetite.

c) Inadequate Data on Exploration Potential

The country has inadequate comprehensive geoscientific data on all the 50 petroleum blocks. This limits the marketing of the open petroleum blocks, and identification and exploitation of new petroleum resources. It also hinders attraction of investment in the Upstream Petroleum Sub-sector.

d) Data Management

The sector lacks a robust data management and reporting framework, which hinders realization of optimal benefits derived from petroleum operations. Establishment of a robust management system will result in improved efficiency in management of revenue generated from oil and gas sector, enhance data security and lead to effectiveness in use of the digital platforms in marketing the open petroleum blocks.

e) Fluctuations in Global Crude Oil Prices

Fluctuations in global crude oil prices impact on petroleum consumption, and exchange rates affecting profit margins and investment decisions by extension. This in turn impacts on prices of petroleum products locally.

Inadequate Infrastructure

Country has a constrained capacity for storage of petroleum fuels to meet the growing demand in the country and the region. This has led to delays in offloading of petroleum products resulting in high demurrage charges. In addition, the country lacks spare capacity and strategic stocks for petroleum products thus exposing the country to shortage risks in event of supply disruptions.

Low LPG Uptake in the Country

Country has insufficient common user import facilities for handling bulk LPG in coastal areas and hinterland. The existing bulk LPG import facilities are largely owned and operated by private companies. In addition, the country lacks a framework to guide regulation of LPG, which has led to low competitiveness in the process thereby increasing prices. Consequently, the high retail prices have led to low penetration of LPG in the country. However, the government is in the process of finalizing the development of LPG regulation framework.

Inadequate Legal and Regulatory Framework for the Sector

Kenya reformed its petroleum legal framework and subsequently enacted attendant regulations. However, emerging issues and challenges in the country's oil and gas sector require a review of the petroleum laws and regulations to enhance efficiency of petroleum operations and increase investment in the sector. There is also a need for enactment of regulations to effectively implement the Petroleum Act, 2019 in order to enable the country to compete with other emerging jurisdictions in efficient harnessing of its hydrocarbons, increase LPG uptake and promote distribution and access to petroleum products.

CHAPTER THREE: POLICY STATEMENTS

3.0 Overview

This chapter presents the policy statements, which comprise of strategic issues corresponding strategies that will be implemented towards sustainable management of Kenyan petroleum resources and provision of petroleum products.

3.1 Oil and Gas Sector Policy, Legal, Regulatory, Institutional, Fiscal and Contractual Framework

Protection and promotion of the rights and interests of Kenyans, local communities, Governments and investors in petroleum operations largely depend on a strong responsive legal, regulatory, institutional, fiscal and contractual framework. This policy provides for the establishment of a legal, institutional and regulatory framework. The framework will be clear, predictable, fair, inclusive and accommodative of best industry practices. It will therefore be anchored on constitutional principles, petroleum access, affordability, security of supply and sustainable best industry practices. Independent petroleum institutions with clear mandates will be established with appropriate governance structures for their management. Such a framework will contribute to ensuring Kenya support petroleum operations due to mutually beneficial relationships with oil stakeholders, co-existence of livelihoods and petroleum operations, thus placing Kenya as an attractive destination for petroleum investments.

The Government will:

- a) Strengthen the fiscal, legal and regulatory framework for the oil and gas sector.
- b) Strengthen cooperation with County Governments and Government Agencies.
- c) Strengthen cooperation with other countries.

3.2 Upstream Petroleum Sub-Sector

Upstream Petroleum sub-sector operations involve exploration, development and production of petroleum resources, crude oil and natural gas, both onshore and offshore within the Country's four sedimentary basins. This is guided by the Constitution providing requiring the State to ensure sustainable exploitation, utilization, management and conservation of the natural resources, and equitable sharing of the accruing benefits.

This policy seeks to address the prevailing challenges/issues in the sub-sector, which include: low investment, licensing, inadequate technical and financial capacity to explore unexplored potential in natural gas. The Policy focuses on creating an enabling environment for investments, improving data availability, strengthening local capacity, and ensuring

and efficient regulatory framework that promotes sustainable and efficient operation sub-sector. This will in turn contribute to the socio-economic development of the country for present and future generations.

Ownership of the Resources

Petroleum and associated resources existing in their natural condition in strata, lying under the Country and its continental shelf, is vested in the National Government in trust for the people of Kenya. In line with this, the Government will hold, use, and manage petroleum resources in a manner that is equitable, efficient, productive, and sustainable.

Promotion of Oil and Gas Investments

Promotion of oil and gas potential entails collation and packaging of geoscientific and engineering data, and using it for marketing of petroleum blocks. Notably, oil and gas investments has potential to drive economic growth, generate revenue, create jobs, and attract foreign investment. Showcasing petroleum potential will enhance resource exploration and exploitation, improve energy security, and stimulate infrastructure development, contributing significantly to national development and prosperity. Cognizant of this, the Policy provides a framework for promotion of the country's petroleum potential through a number of measures, with an aim of generating revenue.

In this regard, the Government will:

• Create a conducive environment for investments in petroleum operations and infrastructure development.

• Market open petroleum blocks to investors.

• Enhance access to petroleum data and information for commercial consideration.

Licensing of Petroleum Blocks

The Policy seeks to streamline licensing of petroleum blocks to enable the Government to enter into petroleum agreements with investors for exploration, development and production activities. This will ensure the utilization of competitive bidding approach to secure optimal returns for the country and to attract well-qualified investors for blocks with high potential.

In this regard, the Government will:

• Ensure the licensing process is responsive in attracting investment in the sector.

- b) Reconstitute the petroleum blocks for effective exploration and production of petroleum resources.
- c) Evaluate investors' technical expertise and financial capability for exploration, development, and production of petroleum resources.

3.2.4 Exploration, Development and Production Operations

The Government is mandated with ensuring that all petroleum exploration, appraisal, development, and production activities are conducted in a manner that safeguards community ownership, promotes sustainable practices, maximizes economic returns, and enhances social and environmental welfare. This Policy provides a framework for the necessary legal and operational guidelines to uphold the principles of sustainable development, equitable resource distribution, and long-term socio-economic benefits for all.

Towards this, the Government will:

- a) Participate in exploration, development and production and facilitate investment in petroleum operations.
- b) Ensure adherence to terms and conditions of petroleum agreements.
- c) Ensure prudent management of information acquired during petroleum operations.
- d) Promote adoption of technologies that support decarbonization in upstream operations.
- e) Facilitate third-party access to infrastructure in exchange for fair compensation to the owner.
- f) Collaborate with neighbouring countries on joint development of petroleum discoveries which straddles national boundaries.

3.2.5 Sustainable Utilization of Natural Gas

Natural Gas plays a key role in the clean energy transition. It has various uses including thermal applications in industries, transportation, institutional, and households use; electricity power generation and gas to liquids (GTL) conversions; and as a raw material for chemical products i.e. fertilizer, methanol and ethanol. The 'Kenya Exploration Potential Play Book Resource Assessment Report' shows that the country has a huge potential for natural gas especially in the Lamu Basin. As the world transitions to clean energy, there is need to explore and exploit Natural Gas, which forms a crucial part of the journey towards a low carbon footprint, for utilization in the domestic market and for exportation.

Towards this, the Government will:

- a) Strengthen the legal and regulatory framework for the oil and gas sector
- b) Facilitate utilization of natural gas and development of associated infrastructure

Midstream Petroleum Sub-Sector

Midstream Petroleum Sub-sector comprises of operations regarding trading in crude oil and natural gas, transportation, storage and refining of crude oil and natural gas. The sub-sector's operations halted in 2013, when KPRL ceased refining operations. Further, the sub-sector has remained inactive due to inadequate infrastructure developments and low investments. As the Country progresses in its pursuit to exploit its oil and gas resources, this Government seeks to establish a framework for development of the Midstream Petroleum Sub-

Value addition to petroleum resources

Value addition to petroleum resources is critical for enhanced benefit to Kenyans. Priority will be given to development of the Midstream Petroleum Sub-sector, where the Government is responsible for setting, reviewing and adjusting tariffs and charges for all petroleum infrastructure; and facilitate access to land, transport and storage infrastructure. The refined oil and gas will be used to enhance energy security in the country.

To this end, the Government:

- Will promote investment in midstream infrastructure, petrochemicals and natural gas processing facilities.
- Will promote development and operation of midstream petroleum infrastructure.
- Will facilitate third party access to infrastructure in exchange for fair compensation to the owner, where there is spare capacity.
- Will own and operate midstream infrastructure.

Downstream Petroleum Sub-Sector

Downstream Petroleum Sub-sector involves storage, transportation and distribution of petroleum products. The operations of the retailing industry are well established in the country. The issues facing the Downstream Petroleum Sub-sector include: inadequate petroleum stocks for refined products, inadequate infrastructure especially in the hinterland, unresponsiveness of petroleum pricing components to shifts in the economic factors, non-compliance of refined products with statutory requirements and low LPG uptake. The Government is committed to addressing these challenges to enhance efficiency in downstream operations.

3.4.1 Supply of Petroleum Products

The country's annual imports of petroleum products averaged 5.9 million metric tons by the year 2024. The quantity of monthly imports of petroleum fuel required to meet the country's demand is determined through consultations between the Government and the marketers, and imported through the Open Tender System (OTS), which is a competitive process. The other petroleum products are imported on need-basis by private sector players. To ensure security of supply of petroleum products and guarantee their quality, the Government is committed to delivering on the following strategies.

Towards this, the Government will:

- a) Establish and maintain strategic stocks of petroleum products in the country.
- b) Ensure compliance of supplied petroleum products to statutory requirements on quality and standards.
- c) Ensure access to competitive, reliable and secure supply of petroleum products.

3.4.2 Pricing of Petroleum Products

The prices of petroleum products are determined by various factors including; the pace of economic growth of a country, consumer demand, geo-politics, policy changes, international oil prices, foreign exchange, and the supply of the products. In Kenya, these prices are regulated by the Government and reviewed on a monthly basis to cater for the economic changes locally and in the exporting country.

Towards this, the Government will:

- a) Ensure fair pricing and market stability of petroleum products

3.4.3 Infrastructure Development

The country lacks adequate storage and distribution facilities for petroleum products. The available transport and storage capacity in the country is not sufficient to cater for the demand for petroleum products locally and regionally. This has led to the importation of petroleum products on a monthly basis and in quantities commensurate with the available storage capacity. The country also lacks a framework for optimal utilization of available petroleum facilities. Further, the Mombasa Port cannot handle large vessels due to its shallow draft. The large vessels have a draft of 16 meters while the Port has a channel depth of 13.75 meters. This limits the quantity of products imported thus impacting on their prices.

ards this, the Government will:

- Enhance efficiency in licensing of the Downstream Petroleum Sub-sector
- Facilitate development of infrastructure for importation, storage, transportation and distribution of petroleum products.
- ~~Collaborate with neighboring countries to undertake integrated petroleum infrastructure projects.~~

Liquefied Petroleum Gas

The country imports Liquefied Petroleum Gas (LPG) to meet all its domestic and commercial needs. The prices of LPG in the country are unregulated and high thus hindering LPG use by consumers. Lack of sufficient storage facilities lead to increased demurrage costs and lengthy periods of offloading LPG from the importing vessels, thus impacting on LPG prices. Development of bulk storage and handling facilities for LPG, transportation and gas reticulation infrastructure will enhance LPG utilization and effectively lower costs.

To address this, the Government will:

- Ensure compliance of LPG and related facilities to statutory requirements on safety, quality and standards.
- Promote development of LPG infrastructure for importation, storage and filling.
- Promote investment in LPG in the country
- Ensure fair pricing of LPG
- Promote use of LPG for domestic, automotive and commercial purposes

Revenue from Petroleum Operations

Efficient recovery of petroleum resources and subsequent production provides an opportunity for the country to generate revenue to support its economic growth. In order to fully benefit from exploitation of the Country's oil and gas resource, this Policy will ensure effective management and equitable distribution of the accruing revenue. In addition, it will ensure that the Oil and Gas Sector does not develop at the expense of other sectors, leading to over-dependence on petroleum production and its associated tax and export revenues. This will in turn protect the economy from economic shocks arising from fluctuating global petroleum prices.

Management of Revenues from Petroleum Operations

Most revenues are from operations of upstream, midstream and downstream sectors. Revenue from upstream is generated from: sale of crude oil and natural gas;

licence and permit fees; sale of petroleum data; signature bonus; surface fees; and train fees. Revenue from Downstream is generated from levies collected from sale of petroleum products and licence fees, while revenue streams from Midstream Petroleum Sub-sector once developed, will include tariffs, licence and permit fees. The generated revenue will be used to support development of the Oil and Gas Sector as well as other sectors of the economy. Application of arms-length principles in petroleum operations will be adopted to ensure fair taxation and prevent profit shifting.

Towards this, the Government will:

- a) Facilitate collection, administration and management of revenues from petroleum operations
- b) Ensure equitable sharing of benefits from the exploitation of petroleum resources.
- c) Ensure revenues from petroleum operations are collected and utilized to develop the oil and gas sector and support various sectors of the economy.

3.5.2 Cost Management in Petroleum Operations

Cost management in petroleum operations is critical in maximizing government revenue. Robust oversight mechanisms are essential in production sharing frameworks, where recoverable costs directly impact profit oil calculations. The existing legal and regulatory framework is inadequate making it potentially difficult for the Government to challenge unnecessary, inefficient or unchecked expenditures and procedures. This would significantly reduce the Government petroleum revenues and other benefits accruing to host nations, leading to costly dispute resolution and threatens long-term sector sustainability.

This policy therefore prioritizes the institutionalization of transparent, accountable, consistent, and efficient cost control measures.

Towards this, the Government will;

- a) Strengthen cost management frameworks to promote efficient and transparent petroleum cost management across all petroleum operations.

3.6 Institutional Capacity Development

The Government recognizes that capacity development in the oil and gas sector is crucial for ensuring sustainable development and effective management of petroleum resources in the country. Capacity development will involve strengthening knowledge management and the ability of government agencies, regulatory bodies and institutions, to effectively manage, regulate, and oversee the Oil and Gas Sector.

Under this, the Government will:

Strengthen the institutional capacity of oil and gas institutions to meet the demands of the sector

Technology and Innovation

Technology such as Artificial Intelligence, Internet of Things, Big Data Analytics, robotics and automation and innovation are critical enablers across petroleum operations. The Government recognizes the need for integration of advanced technologies in petroleum operations to enhance exploration accuracy, production efficiency, operational safety, environmental sustainability, data management, and market transparency. Effective implementation requires adequate regulatory frameworks, cybersecurity measures, skilled human capital, and sustained investments.

Under this, the Government will:

Promote research and development in petroleum operations to foster innovation and technological advancements and their application in Kenya.

Establish partnerships and membership to leverage global technological advancements and knowledge sharing.

Cross-Cutting Issues

Cross-cutting issues affecting operations in the oil and gas sector include:

Decommissioning

Decommissioning of upstream, midstream and downstream petroleum infrastructure will be required from the early phase of the project, and updated throughout the project cycle.

Operators will be expected to provide financial assurances for restoration of the environment and of their petroleum operations. In addition, decommissioning will be performed in an environmentally sustainable manner to ensure that the environment is restored to its original state.

Under this, the Government will:

Develop a framework on decommissioning of petroleum operations.

Petroleum Data Management

All data derived from petroleum operations belongs to the Government. Petroleum data includes both raw and processed form and includes exploration, production, operational,

financial, regulatory and market data. Petroleum data is a national resource which has the potential to generate substantial revenue for the sector.

Towards this, the Government will:

- a) Strengthen petroleum data governance.
- b) Ensure security of petroleum data.

3.8.3 Public Participation

The Government recognizes public participation as a necessary component of people-centered development and democracy. Public participation in petroleum operations provides citizens with an opportunity to influence decisions and oversight in the sector.

Towards this, the Government will:

- a) Facilitate public participation in petroleum operations in accordance with the applicable policy and legal frameworks.

3.8.4 Land Access

Land is one of the factors of production and a critical resource for economic development in the country. The land issues, related to petroleum operations, to be addressed include: access and rights, land ownership, land-use planning, environmental management, and use conflicts.

Towards this, the Government will:

- a) Facilitate land access, acquisition and resettlement for petroleum operations.

3.8.5 Water Access

Water plays a crucial role in petroleum operations including drilling, production, refining and transportation. It is used in various stages of operations including well stimulation enhancing oil recovery and processing. Timely and reliable access to water significantly contributes to the success of petroleum operations. Notably, there exists a robust legal, regulatory and institutional framework on water that will be applied in petroleum operations.

Towards this, the Government will:

- a) Facilitate water access for petroleum operations in accordance with the relevant framework.

5 Local Community Rights

Local communities in Kenya play a crucial role in petroleum operations as they provide the license to operate, which is essential for the success of any project. Local community rights to be observed include: safeguarding of community livelihoods; direct benefit from petroleum operations; effective consultation on petroleum activities; just compensation for host-affected persons; and participation in Corporate Social Responsibility (CSR).

Towards this, the Government will:

Promote and protect the rights and interests of local communities in petroleum operations.

Local Content

The Government takes cognizance that Kenyans have the right to benefit economically from the oil and gas sector. This includes access to local employment, business opportunities, training, capacity building, provision of local goods and services, value addition and technology transfer within the economy. The Policy therefore provides for local content development in the sector, while ensuring protection of the interests and rights of vulnerable groups within society, including women, persons with disabilities, youth, and members of minority or marginalized communities.

Towards this, the Government will:

Develop a legal and regulatory framework on local content for the Oil and Gas sector.

Ensure investors collaborate with Kenyan people, agencies and enterprises in local content development.

Promote integration of other sectors in the economy to support the Oil and Gas sector development.

Conflict Management and Dispute Resolution

Effective conflict management and dispute resolution within the oil and gas sector is necessary to ensure the stability and smooth implementation of petroleum operations. This Policy seeks to ensure that all stakeholders engage in a transparent and accountable manner in order to minimize disruptions to petroleum operations.

Towards this, the Government will:

Strengthen conflict management and dispute resolution in the oil and gas sector.

3.8.9 Security

Oil and gas resources, infrastructure and operations are prone to insecurity as some large geographical areas and are often in remote locations. Security challenges facing the sector include: theft, terrorism, vandalism, maritime piracy, border disputes and cyber attacks. These incidents may result in disruptions in petroleum operations and slow down investment in the sector.

Towards this, the Government will:

- a) Ensure security of petroleum resources, operations and infrastructure in accordance with the applicable security frameworks
- b) Enhance security in implementation of cross-border oil and gas projects.

3.8.10 Health and Safety

Health and safety are critical in oil and gas sector operations. Upholding health and safety in the sector involve implementing a range of strategies aimed at protecting the public workers from ailments and injuries resulting from petroleum operations. The inherent hazards in petroleum operations and products include: health and safety risks, oil spills, fires and explosions. Their occurrence may erode the gains and sustainability of investments in the sector.

Towards this, the Government will:

- a) Ensure compliance with health and safety laws related to the oil and gas sector.

3.8.11 Environment, Social and Governance (ESG)

The Government is responsible for ensuring sustainable exploitation, utilization, management and conservation of the environment and petroleum resources. No doubt, Petroleum operations have the potential to have significant negative environment, social and economic impacts which if not addressed can erode the benefits. Addressing ESG issues in petroleum operations, will improve operational efficiency, reduce environmental impacts, support local communities, and strengthen transparency and accountability across all stages of operation.

Promote circular economy principles across the petroleum value chain to reduce waste, optimize resource use, enhance environmental sustainability and stimulate sector growth.

Under this, the Government will:

- Ensure petroleum operations comply with environmental management legislation.
 - Strengthen the legal and regulatory framework governing the environment, social and governance of petroleum operations.
 - Promote environment, social and governance principles in petroleum operations.
-

2 Climate Change Mitigation and Adaptation

Consequently, the Oil and Gas Sector faces a challenge of minimizing greenhouse gas emissions while meeting increasing energy demands. Recognizing that a complete energy transition may not be achievable in the short to medium term, Kenya remains committed to developing petroleum resources while ensuring climate change mitigation and adaptation.

Under this, the Government will:

- Promote climate change mitigation and adaptation in petroleum operations.

CHAPTER FOUR: FRAMEWORK FOR POLICY IMPLEMENTATION

4.0 Overview

This Chapter focuses on resource mobilization and institutional framework implementation of the Policy. It articulates the various strategies that will be used for mobilization of funds for the Oil and Gas Sector, and provides the roles of all the institutions responsible for implementation of this Policy.

4.1 Institutional Framework

Exploration, exploitation and supply of oil and gas in the country will be undertaken by both public and private institutions, and other stakeholders for sustainable growth of the economy. Implementation of the Policy will take a multi-sectoral approach and involve both the Government and industry players. The Ministry in charge of Petroleum will provide policy direction in the oil and gas sector, take the leading role of coordinating the Sector operations and monitor implementation of the Policy.

Given the nascent upstream petroleum sub-sector, the Ministry will be supported by a multi-agency advisory Committee, which will provide technical advice on the sub-sector. The oil and gas sector operations will be regulated to ensure consumer and environmental protection, fair competition, quality assurance, compliance and enforcement of legal and regulatory instruments. This will in-turn foster economic efficiency, security of supply and safeguard investors and their investments.

Disputes and appeals on decisions arising from petroleum operations will be heard and determined by a specialized tribunal.

Table 5 outlines the public and private institutions, and stakeholders involved in the Oil and Gas Sector and their roles.

Table 5: Role of Institutions in Implementation of the Policy

INSTITUTIONS	ROLES IN IMPLEMENTATION OF THE POLICY
Ministry of Energy and Petroleum	Development of the National Petroleum Policy Coordinate implementation and reporting of the National Petroleum Policy Ensure Security of Supply of petroleum products Regulating the oil and gas sector Assessment of Oil and Gas Potential in Kenya's Exploration Blocks Promotion of petroleum investments

INSTITUTIONS	ROLES IN IMPLEMENTATION OF THE POLICY
	<p>To promote and oversee development and production of oil and gas resources</p> <p>Management of crude oil and natural gas Marketing</p> <p>Oil and Gas Sector Capacity Development</p> <p>Establishment and maintenance of strategic stocks of petroleum products</p>
National Upstream Petroleum Advisory Committee	<p>Management of upstream petroleum data</p> <p>Advise the Cabinet Secretary responsible for Petroleum on Upstream petroleum operations</p>
Energy and Petroleum Regulatory Authority	<p>Economic and technical regulation of the upstream, midstream and downstream petroleum operations</p> <p>Licensing and permitting of the Oil and Gas Sector</p> <p>Review of field development plans</p> <p>Quality control of petroleum products</p>
National Oil Corporation of Kenya Limited	<p>Represent the government's commercial interests in the oil and gas sector</p> <p>Exploration of petroleum resources in petroleum blocks</p> <p>Distribution of petroleum products</p>
Kenya Pipeline Company Limited	<p>Storage, transportation and handling of petroleum products in the country</p> <p>Petroleum infrastructure development</p>
Energy and Petroleum Disputes Tribunal	<p>Adjudication of matters referred to it relating to the oil and gas sector</p>
Mombasa Ports Authority	<p>Facilitate 3rd party access to shared infrastructure at the Port of Mombasa</p> <p>Ensure compliance to the International Convention for the Prevention of Pollution from Ships (MARPOL) 73/78</p> <p>Handling of tanker ships and bunkering</p>
Kenya Revenue Authority	<p>KRA is responsible for collection of taxes from petroleum related transactions in line with relevant laws and regulations</p>
National Environment Management Authority	<p>Responsible for enforcement of environmental laws and regulations.</p>
Kenya Bureau of Standards	<p>Responsible for the development of standards, metrology, conformity assessment, training and certification services and is to coordinate with the Regulatory Authority in areas related to the oil and gas sector</p>
County Governments	<p>Implementation of the applicable policy provisions</p> <p>County planning and development of gas reticulation</p> <p>Issue applicable licenses, permits and approvals as prescribed by law</p>
Parliament	<p>Oversight, representation and enactment of laws and regulations for the sector</p> <p>Approval and appropriation of budget</p> <p>Resolution of disputes</p>

INSTITUTIONS	ROLES IN IMPLEMENTATION OF THE POLICY
Cabinet	Approval of the National Petroleum Policy
Office of Attorney General and Department of Justice	Advise on all legal matters
National Treasury and Economic Planning	Provision of adequate budgetary resources Approval of programmes and projects
Other Government Institutions and Agencies	Collaboration in policy formulation and development Cross-cutting policies
Research and academic institutions	Research and development
Industry players	Licensed to undertake petroleum operations Collaborate in the implementation of the policy
Media	Dissemination of information
Development Partners	Provide financial and technical support towards implementation of the Policy
Other players/Community	Participation in policy formulation and implementation Support sector initiatives

4.2 Resource mobilization

The successful implementation of this Policy requires adequate financial, human technical resources to achieve the intended objectives. The Ministry responsible petroleum will provide the requisite leadership and encourage partnership in exploration, exploitation and supply of oil and gas in a sustainable manner. Exploitation of oil and gas resources will be carried out in a manner that will enhance environmental conservation. This will ensure improvement of the quality of life of Kenyans without compromising that of future generation.

The various strategies that will be used in the mobilization of funds for the Sector are:

- a) Budgetary allocation by the National Treasury
The Oil and Gas Sector will actively participate in the national budgeting process lobby for additional resources from the National Treasury.
- b) Resources from Oil and Gas investors
The Government will provide a conducive environment for oil and gas investors to invest in the exploration, development of its oil and gas resources and the supply of petroleum products.
- c) Resources from the development partners
The Oil and Gas Sector will strengthen its collaboration with development partners ensuring support for specific areas of interest.
- d) Revenue generation from scientific data.
The Government will enhance timely and accurate geo-scientific data collection to generate revenue and attract investment in exploration.

Public Private Partnerships (PPP).
The Oil and Gas Sector will create a conducive environment and partner with the PPPs for enhanced projects implementation.

To ensure effective and efficient utilization of the funding, the Ministry responsible for Petroleum will ensure transparency and accountability, adoption of cost-effective solutions, adaptability and flexibility in particular to change dynamics. Above all, the Ministry will ensure implementation of this Policy interventions lead to impact.

CHAPTER FIVE: MONITORING, EVALUATION AND REPORTING

5.0 Overview

This Chapter presents the details of how implementation of this Policy will be monitored, evaluated and reported, and lessons learnt adopted to ensure set targets are achieved within set timelines. Assessment of progress made in the implementation of this Policy will be carried out to determine if the country is on track in realization of the set policy goals and objectives. The monitoring and evaluation framework will ensure that the implementation of this Policy is undertaken according to scope, time and available resources, and enable tracking of strategies and activities outlined in the Implementation Plan. A monitoring and evaluation matrix has been developed and annexed (*Annex II*) to facilitate tracking and realization of intended outcomes of the Policy.

5.1 Monitoring

Monitoring implementation of this Policy will be coordinated by the State Department of Petroleum. A Multi-Agency Committee will be established to spearhead Monitoring and Evaluation (M&E) of implementation of this Policy. The M&E process will be guided by the M&E framework that will be reviewed periodically to incorporate the emerging issues. The Committee will be responsible for collection and analysis of data on implementation of strategies in this Policy, and preparation of M&E reports. The Reports will be used to improve implementation of the Policy and inform policy decisions.

The M&E process will adopt a nine-step approach namely: identification of outcomes to monitor and evaluate; selection of key indicators to monitor outcomes; establishment of baseline data on indicators; setting results targets; monitoring the results; evaluation of results; reporting of findings; using findings/lessons learned & knowledge management; and sustaining the M&E System within the Oil and Gas sector.

5.2 Evaluation

Evaluation of implementation of this Policy will be done every 5 years to assess whether the desired outcomes and objectives were achieved. Evaluation will be carried out by the Multi-Agency Monitoring and Evaluation Committee and will be based on the M&E Reports prepared over the targeted period of time, and actual assessment of progress made during implementation of the identified strategies. The Committee will identify intended and unintended consequences as well as positive and negative effects of the policy implementation, and prepare an Evaluation Report. The Report will be used to improve implementation of the Policy.

Reporting

Reporting will entail presentation of M&E findings to the Top Management and mentors of this Policy, to facilitate effective decision making in implementation of the Policy. Monitoring Reports will be prepared Bi-Annually (Every six months) while Evaluation Reports will be prepared every five years. The reports will be prepared based on the National reporting system and Oil and Gas information management database updated quarterly.

Learning

Lessons learnt during implementation of this Policy and the subsequent outcomes will be identified, documented and used to inform how the policy can be improved. A detailed plan will be prepared outlining how the successful aspects will be replicated and used to improve the policy implementation process, and how unsuccessful elements can be avoided. Forums for sharing the findings with policy implementor and partners will be organized and information disseminated.

Monitoring and Evaluation Institutional Framework

The Ministry responsible for petroleum will coordinate the monitoring of implementation of the Policy. The Ministry will work in collaboration with the key stakeholders including the Ministry responsible for planning, industry players and development partners in providing technical support and facilitating capacity building on monitoring and evaluation of petroleum operations.

Policy Review

The Policy will be reviewed after every five years or any such other period as may be determined by the Ministry responsible for petroleum.

ANNEX I: IMPLEMENTATION MATRIX FOR THE NATIONAL PETROLEUM POLICY

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibility	
						Lead	Support
Policy Objective	Policy, Legal, Institutional and Regulatory Framework for the Oil and Gas Sector						
Policy Issue	Oil and Gas sector policy, legal, regulatory, institutional, fiscal and contractual framework						
Strengthen the fiscal, legal and regulatory framework for the oil and gas sector	Regulations under the petroleum legislation developed/reviewed	No. of Regulations under the petroleum legislations developed/reviewed	2025-2028	200	GoK	SDP	E
	Petroleum Act, Cap. 308 Reviewed	Revised/Amended Petroleum Act, Cap. 308	2025-2027	150	GoK	SDP	E
	Petroleum Development Fund Act, Cap. 426 Reviewed	Revised/Amended the Petroleum Development Fund Act, Cap. 426	2028-2030	130	GoK	SDP	E
	Petroleum agreements reviewed	Petroleum agreements reviewed	2025-2030	110	GoK	SDP	OA
	Guidelines and standards for the oil and gas sector developed	No. of guidelines and standards developed and published	2025-2028	120	GoK	SDP	I
	National Petroleum Master Plan developed	National Petroleum Master Plan	2025-2027	130	GoK	SDP	NO
	Oil and gas sector policies and strategic plans developed/reviewed	No. of oil and gas sector policies/strategic plans developed/reviewed	2025-2035	180	GoK	SDP	
	Strengthen cooperation with County Governments and Government Agencies in development of the Oil and Gas Sector	Framework for collaboration with County Governments and Government Agencies in development of the Oil and Gas Sector	Collaboration framework	2026-2028	120	GoK	SDP

Government Agencies	Centers of excellence for oil and gas developed	No. of centers of excellence established and operationalized	2025-2035	Millions) TBD	PPP	Lead SDP	St
Strengthen cooperation with other countries	Develop cooperation instruments (MoUs, bilateral and multilateral agreements) with other countries	No. of Cooperation instruments developed/signed	2025-2035	100	GoK	SDP	Re Ag
	Partnerships between petroleum regulatory and statutory institutions with other countries established	No. of partnerships established	2025-2035	160	GoK	SDP	E M
	Technology and knowledge sharing with other governments Partnerships	No. of technology and knowledge-sharing partnerships agreements developed and signed	2025-2035	160	GoK, PPP	SDP	Re (Ag
SUB-SECTOR	UPSTREAM						
Policy Objective	To promote sustainable petroleum resource exploration, development and production						
Policy Issue	Promotion of oil and gas investments						
Create a conducive environment for investments in petroleum operations and infrastructure development	A structured, consultative mechanism for regular review and adjustment of petroleum fiscal and regulatory terms to maintain global competitiveness established	No. of periodic reviews on terms and conditions in petroleum agreements	2025-2034	235	GoK	SDP	(,
	Guidelines on development of petroleum investments developed	Guidelines on development of petroleum investments	2026-2028	15	GoK	SDP	N E

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibility	
						Lead	Support
Market open petroleum blocks to investors	Marketing and promotion strategy for investment in the Upstream Petroleum Sub-sector developed	Marketing and promotion strategy	2025-2027	130	GoK	SDP	Rel G Age
	Geoscientific data collected from the petroleum blocks repackaged	No. of petroleum blocks with Geoscientific data repackaged	2025-2035	150	GoK	SDP	N
	Regional and international oil and gas forums participated in	No. of forums participated in	2025-2035	200	GoK	SDP	N
	Framework for multi-client data acquisition developed	Framework for multi-client data acquisition	2026-2028	50	GoK	SDP	E
	Multi-Client data acquired	Acreage (km ²) for which multi-client data is acquired	2025-2029	20	GoK	SDP	N Inv
Enhance access to petroleum data and information for commercial consideration	An Online Petroleum Exploration Information Management System for petroleum technical data and information in the sector developed	Petroleum Exploration Information Management System	2026-2028	155	GoK	SDP	M
	Guidelines on use and access of petroleum data and information developed	Guidelines on use and access of petroleum data and information	2026-2028	10	GoK	SDP	I
	Capacity building for Information Management System undertaken	No. of staff trained on information management system	2026-2035	120	GoK	SDP	M
Policy Issue	Licensing of Petroleum Blocks						
Ensure the licensing process	Licensing mechanism reviewed	Reviewed licensing mechanism	2025-2028	130	GoK	SDP	

				Millions)		Lead	Su
is responsive to attracting investment in the sector	Bid-rounds conducted		No. of bid-rounds conducted	2026-2035	115	GoK	SDP
	Petroleum agreements and non-exclusive exploration permits issued		No. of petroleum agreements issued	2025-2035	110	GoK	SDP
			No. of non-exclusive exploration permits issued	2025-2035	10	GoK	EPRA
Reconstitute petroleum blocks for effective exploration and production of petroleum resources	Petroleum exploration and production areas demarcated into blocks based on geoscientific data		No. of petroleum blocks identified	2025-2035	130	GoK	SDP
	Nomenclature for classification and naming of blocks developed		A Nomenclature for classification and naming of blocks	2025-2035	20	GoK	SDP
	Petroleum blocks gazetted		Gazettement of petroleum blocks	2025-2035	10	GoK	SDP
	Petroleum block map reviewed		Revised petroleum block map	2025-2035	115	GoK	SDP
Evaluate investors' technical expertise and financial capability for exploration, development, and production of petroleum resources	Technical competence assessed		Technical competence assessment report	2025-2030	60	GoK	SDP
	Financial competence evaluated		Financial competence evaluation report	2025-2030	30	GoK	SDP
	Regulatory compliance evaluated		Regulatory compliance evaluation report	2025-2030	30	GoK	SDP
Policy Issue	Exploration, Development and Production Operations						

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibility	
						Lead	Sup
Participate in exploration, development and production, and facilitate investments in petroleum operations	Geoscientific data collected, processed, analyzed and interpreted	Acreeage for which geoscientific data is collected	2025-2035	6000	GoK	SDP	NC Inve
		No. of geoscientific surveys, exploratory and appraisal drilling reports prepared	2025-2035	2000	GoK	SDP	NC Inve
	Development and production of petroleum resources undertaken	No. of Field Development Plans (FDPs) reviewed and approved	2025-2030	500	GoK	SDP	El
		Implementation strategy/roadmap for approved Field Development Plans developed	2028-2035	150	GoK	SDP	NI E
	Participation agreements negotiated and signed	No. of participation agreements	2028-2035	200	GoK	SDP	NI EPF
	Resource mobilization strategy to facilitate participation in petroleum operations developed	A Resource mobilization strategy	2027-2029	15	GoK	SDP	NI
	Research in exploration of petroleum resources undertaken	No. of research studies in exploration	2026-2035	200	GoK	SDP	NI Sc ins
	Operational permits and licenses issued	No. of operational permits and licenses issued	2028-2035	50	GoK	EPRA	RI A1

				Millions)		Lead	Su
Ensure adherence to terms and conditions of petroleum agreements	Interest in petroleum agreements reviewed, transferred and assigned		No. of petroleum agreements whose interests are revised, transferred and assigned	2025-2035	160	GoK	SDP
	Work Programs and Budgets submitted by IOCs reviewed and approved		No. of IOC work programs and budgets reviewed and approved	2025-2035	110	GoK	SDP
	Compliance monitored and enforced		No. of compliance monitoring exercise conducted	2025-2035	170	GoK	EPRA
	Petroleum contract management framework developed		Petroleum contract management framework	2025-2035	150	GoK	SDP
	Production Sharing Contracts (PSCs) administered and managed		No. of PSCs administered and managed	2025-2035	130	GoK	SDP
	Database for petroleum agreements and commitments developed		A database for petroleum agreements and commitments	2024-2025	115	GoK	SDP
Ensure prudent management of information acquired during petroleum operations	Information Management System developed		Information Management System	2026-2028	125	GoK	SDP
	Guidelines on access of data and information developed		Guidelines on access to data and information	2026-2028	110	GoK	SDP
	Capacity building on the Information Management System undertaken		No. of officers trained in information management systems	2026-2034	120	GoK	SDP
	Communication strategy developed		A communication strategy	2025-2026	10	GoK	SDP

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibility	
						Lead	Sup
	Guidelines and regulations on use of best practices in petroleum operations developed	Guidelines and regulations on use of best practices in petroleum operations	2025-2026	110	GoK	SDP	EP
	Monitoring of petroleum operations undertaken	No. of monitoring exercises undertaken	2025-2035	180	GoK	EPR	S
		Monitoring framework	2027-2028	TBD	GoK	EPR	S
	Studies to establish the best practices used in petroleum operations undertaken	No. of studies undertaken	2026-2034	140	GoK	SDP	EPR
	Promote adoption of technologies that support decarbonization in upstream operations	Regulations and standards on use of low-carbon technologies in petroleum operations developed	No. of regulations and standards developed	2026-2027	110	GoK	SDP
Investment in Research and Development in decarbonization technologies and renewable energy integration undertaken		Increased funding allocated to Research and Development for decarbonization technologies/Amount of funding allocated	2026-2035	150	GoK	SDP	N
		No. of research undertaken	2026-2035	TBD	Contractors, DP	SDP	N
Facilitate third party access to infrastructure in exchange for fair compensation to the owner	Tariff regulations for third party access to infrastructure for fair compensation to the owner developed	Tariff regulations for third party access to infrastructure	2030-2032	10	GoK	SDP	E
	Guidelines on third party access to infrastructure for ease of	Guidelines on third party access developed	2030-2032	5	GoK	SDP	E

	monitoring and managing capacity allocation developed						
	Continuous assessment to determine available spare capacity in the existing infrastructure undertaken	No. of capacity assessments undertaken	2032-2035	10	GoK	SDP	El
	Standard Operating Procedures for the implementation and management of third-party access developed	Standard Operating Procedures	2030-2032	0	Contractor	Contractor	SDP,
	Permits for third-party access issued	No. of permits for third-party issued	2031-2035	2	GoK	EPRA	S
	Common user transport and storage agreements approved	No. of common user transport and storage agreements approved	2034-2035	0	Contractor	Contractor	SDP,
Collaborate with neighbouring countries on joint development of petroleum discoveries, which straddles national boundaries	Framework for collaboration with neighbouring countries on joint development of petroleum resources developed	Framework for collaboration with neighbouring countries on joint development of petroleum resources	2025-2029	125	GoK	SDP	O Mo Mc
Policy Issue	Sustainable Utilization of Natural Gas						
Strengthen the legal and regulatory	Legal and regulatory framework on Natural Gas developed/reviewed	Legal and regulatory framework on Natural Gas	2025-2027	250	GoK	SDP	0

	Mechanism to monitor the performance of the natural gas industry developed	Mechanism to monitor the performance of the natural gas industry	2026-2028	110	GoK	SDP	ICT
	Public awareness on natural gas	No. of public awareness campaigns	2025-2035	200	GoK	SDP	N E
SUB-SECTOR	MID-STREAM						
Policy Objective	To promote value addition of petroleum resources for local and regional petroleum product demand						
Policy Issue	Value addition to petroleum resources						
Promote investment in midstream infrastructure, petrochemicals and natural gas processing facilities	A framework for promotion of investment in midstream infrastructure developed	A framework for promotion of investment in midstream infrastructure	2028-2035	150	GoK	SDP	EPR
	Infrastructure development zones with enhanced support service and streamlined regulatory approvals to attract investment in oil and gas sector designated	No. of Infrastructure development zones	2028-2035	TBD	GoK	SDP	EPR S
Promote development and operation of Mid-stream petroleum infrastructure	Permits and Licenses issued to investors	No. of permits and licenses issued to investors	2028-2035	5	GoK	EPRA	S Rel Age (
	Mid-stream infrastructure developed	No. of midstream infrastructure	2028-2035	TBD	PPP	SDP	KPC Cont
	Standard Operating Procedures guidelines developed	Standard Operating Procedures	2028-2035	0	Contractor	Contractor	SDP, k
	Monitoring framework for Mid-stream operations developed	Monitoring framework for midstream operations	2028-2029	20	GoK	SDP	EPR

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibility	
						Lead	Sup
Facilitate third party access to infrastructure where there is spare capacity in exchange for fair compensation to the owner	Framework for third party access to infrastructure developed	Framework for third party access to infrastructure	2031-2033	100	GoK	SDP	EPR
	Periodic assessment to determine spare capacity undertaken	Assessment reports	2031-2035	10	GoK	SDP	EP
	Common user transport and storage agreements approved	No. of common user transport and storage agreements	2030-2035	5	GoK	EPRA	SE
SUB-SECTOR	DOWNSTREAM						
Policy Objective	To ensure security of supply of petroleum products						
Policy Issue	Supply of petroleum products						
Establish and maintain strategic stocks of petroleum products in the country	Consolidated Petroleum Fund established	Consolidated Petroleum Fund regulations	2026-2028	30	GoK	SDP	OA/E
	Strategic stocks procured and maintained	Proportion of required strategic stocks procured and maintained	2029-2035	TBD	GoK, PPP	SDP	KP
Ensure compliance of supplied petroleum products to statutory requirements on quality and standards	Quality of Petroleum products ascertain	Spot checks at randomly selected petroleum products dispensing sites	2025-2035	1,500	GoK	EPRA	SD
		Quality checks of petroleum products at point of vessel discharge	2025-2035	300	GoK	KPC	SD
	Standards and specifications for petroleum products reviewed	Reviewed standards and specifications	2025-2035	20	GoK	KEBS	SE

					Millions)		Lead	Su
Ensure access to competitive, reliable and secure supply of petroleum products	Framework to facilitate competitive importation of petroleum products developed/reviewed		framework to facilitate competitive importation of petroleum products	2025-2027	100	GoK	SDP	E
	Framework for third party access to facilities developed		Framework for third party access to facilities	2025-2027	40	GoK	SDP	
	Alternative entry points for refined petroleum products identified		Alternative entry points for refined petroleum products	2027-2029	0	GoK	SDP	KP
Policy Issue	Pricing of petroleum products							
Ensure fair pricing and market stability of petroleum products	Study to achieve fair pricing of petroleum products undertaken		Cost of Services in the Supply of Petroleum Products (COSSOP) study	2025-2029	50	GoK	EPRA	SDI O
	Periodic review of petroleum products pump prices undertaken		Monthly reviews of petroleum products pump prices	2025-2035	80	GoK	EPRA	S
Policy Objective	To enhance storage and transportation capacity of petroleum products							
Policy Issue	Infrastructure development							
Enhance efficiency in licensing of the Downstream Petroleum Sub-sector	One-Government-Approach in regulating the Downstream Petroleum Sub-sector framework developed		One - Government - Approach Framework	2026-2029	100	GoK	SDP	EPR Rel M
Facilitate development of infrastructure for importation, transportation,	Draft at the port periodically dredged to increase the channel depth		Draft maintained at 15m	2026-2030	TBD	GoK	KPA	S
	Jetty Capacity increased		Increased jetty draft from 15m to 20m	2027-2030	TBD	GoK	KPA	SDP Inv

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibility	
						Lead	Support
storage and distribution of petroleum products	Pipeline throughput increased	<ul style="list-style-type: none"> Additional pumps commissioned Increase in pipeline throughput (m³/hr) 	2025-2035	1,000	GoK	KPC	S
	Pipeline network extended	km of pipeline constructed	2025-2030	1,000	GoK	KPC	S
	Storage and distribution facilities expanded	Additional Storage Capacity (Cubic Metres)	2025-2035	2,000	GoK, PPP, Private Sector	KPC, NOCK, OMCs, Investors	S
		New petroleum products retail stations established	2025-2035	TBD	GoK, PPP	NOCK	
	Collaborate with neighbouring countries to undertake integrated petroleum infrastructure projects	Joint feasibility study on cross-border petroleum infrastructure projects conducted	Joint feasibility study on cross-border petroleum infrastructure projects	2025-2035	TBD	GoK, DP, PPP	SDP
Cross-border petroleum infrastructure projects constructed		Cross-border petroleum infrastructure projects	2025-2035	TBD	GoK, DP, PPP	SDP	Re Co
Policy Objective	To enhance Liquefied Petroleum Gas (LPG) uptake in the country						
Policy Issue	Liquefied Petroleum Gas						
Ensure compliance of LPG and related facilities to statutory requirements on	LPG quality and safety standards developed/reviewed	No. of Quality and safety standards	2025-2026	100	GoK	SDP	
	Inspections and technical audits of LPG facilities undertaken	No. of inspections and technical audits	2025-2035	500	GoK	EPRA	SI

				Millions)		Lead	St
safety, quality and standards	Quality checks on LPG at the point of vessel discharge undertaken	No. of quality checks at the point of discharge	2025-2035	300	GoK	KPC	SD
Promote development of LPG infrastructure for importation, storage and filling	LPG infrastructure developed	Metric Tonnes of LPG storage capacity	2025-2030	25,900	GoK, PPP	KPC	SD Inv
	Framework for third party access to LPG facilities developed	Framework for third party access to LPG infrastructure	2025-2027	20	GoK	SDP	EPF N
Promote investment in LPG in the country	LPG framework for collaboration and partnership with investors developed	Collaboration framework	2025-2027	30	GoK	SDP	EPF N
	Develop a framework for competitive importation of LPG	Framework for competitive LPG importation	2025-2027	100	GoK	SDP	EPF Ma
Ensure fair pricing of LPG	Collaboration with LPG producing states on importation	No. of MOUs signed with LPG producing states	2025-2035	100	GoK	SDP	TN
	Regulatory framework for LPG pricing developed	LPG pricing Regulations	2026-2028	50	GoK	SDP	E
	Study to achieve fair pricing of petroleum products undertaken	Cost of Services in the Supply of Petroleum Products (COSSOP) study	2025-2029	0	GoK	EPRA	SDI O
Promote use of LPG for domestic, automotive and commercial purpose	Frameworks for LPG reticulation, Autogas, institutional and industrial use developed	No. of Frameworks for LPG reticulation, Autogas, institutional and industrial use	2025-2028	200	GoK	SDP	E DOS N
	LPG public awareness and sensitization campaigns conducted	No. of LPG public awareness/sensitization campaigns	2025-2027	100	GoK	SDP	E N

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibility	
						Lead	Sup
	Framework for installation of LPG infrastructure in public institutions	Framework for LPG installation	2025-2026	10	GoK	SDP	NE DC KEBS
	Subsidized LPG cylinders and accessories provided to low-income households	No. of low-income households provided with subsidized LPG cylinders and accessories	2025-2030	8,200	GoK	NOCK	S
Policy Objective	To enhance management of revenues from the Oil and Gas Sector						
Policy Issue	Management of Revenue from petroleum operations						
Facilitate collection, administration and management of revenues from petroleum operations	Framework for revenue collection, management and distribution developed and implemented	A framework for revenue collection, management and distribution	2027-2029	50	GoK	SDP	T
Ensure equitable sharing of benefits from the exploitation of petroleum resources	A framework for revenue-sharing of government profit share developed	Framework for Revenue sharing of government profit share	2025-2027	15	GoK	SDP	TN
Ensure revenues from petroleum operations are collected and utilized to develop the oil and gas sector	A strategy on utilization of revenues from petroleum operations developed	Strategy on utilization of revenues from petroleum operations	2027-2029	20	GoK	SDP	

					Millions)		Lead	Sup
various sectors of the economy								
Policy Issue	Management of costs in petroleum Operations							
Strengthen cost management frameworks for petroleum operations	Cost management frameworks Developed	Legal and regulatory framework for Cost management	2027 - 2029	150	GoK	SDP	OAG,	
		Cost management guidelines	2027 - 2029	80	GoK	SDP	EF, NC	
	Cost-effective technologies and operational practices promoted	Industry sensitization and adoption programs	2027 - 2029	100	GoK	SDP	CGs,	
		Guidelines on cost-effective technologies	2028 - 2030	20	GoK	SDP	EF	
	Work programme and budget approved	No. of Work programmes and budget	2025 - 2035	50	GoK	SDP	EF	
	Cost Audits undertaken	Cost Recovery Audits	2025 - 2032	70	GoK	SDP	EF	
		Transfer Pricing Audits	2025 - 2030	30	GoK	SDP	K	
		Tax Audits	2025 - 2030	30	GoK	SDP	K	
	Capacity of regulatory institutions and operators on cost control strengthened	Capacity-building programs and certification schemes	2028 - 2032	80	GoK	SDP	EF	
National petroleum cost database and benchmarking system established	Real-time cost data repository Cost validation platforms	2026 - 2031	120	GoK	SDP	EF, NC		
Policy Objective	To facilitate capacity development and technology transfer							
Policy Issue	Institutional Capacity Development							
Strengthen the institutional	Capacity gap analysis undertaken	Skills gap analysis report	2025-2027	50	GoK	SDP	KPC, EF	

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibil		
						Lead	Su	
capacity of oil and gas institutions to meet the demands of the sector		Infrastructure, equipment and technology gaps analysis report	2026-2028	50	GoK	SDP	KPC E	
		Institutional capacity (organizational structure, resources and staffing) analysis report	2025-2027	50	GoK	SDP	KPC E	
		Capacity development plan	2027-2028	20	GoK	SDP	EPI I	
		Relevant training programs conducted	No. of personnel trained	2025-2035	1500	GoK	SDP	EPI I
		Personnel recruited	No. of personnel recruited	2025-2035	200	GoK	SDP	EP
		Equipment and technology for oil and gas procured	Procured proportion of required equipment and technology for oil and gas	2025-2035	3000	GoK	SDP	EP
		Knowledge management framework for oil and gas sector developed	Knowledge management framework	2026-2028	100	GoK	SDP	KP
Policy Issue	Technology and Innovation							
Promote research and development in petroleum operations to foster innovation and technological advancements and their	A Petroleum research and development mechanism created	Petroleum research and development mechanism	2030-2035	TBD	Contractors	SDP	N	
	Develop legal and regulatory frameworks for sustainable integration of advanced technologies in petroleum operations	Regulations, standards and guidelines developed (data management, effective integration)	2028-2035	100	GoK	SDP	O/ IC	

					Millions)		Lead	Su
application in Kenya	Research and development in institutions established	unit	Research and development unit in institutions	2030-2035	TBD	GoK, Contractors, Grants	SDP	Con, I NA
Establish partnerships and memberships to leverage global technological advancements and knowledge sharing.	Strategic partnerships and memberships established		No. of cooperation instruments with global oil and gas tech leaders	2028-2032	300	GoK, PPP	SDP	M N EPI
			No. of international forums/body subscribed to for knowledge sharing, research and development and standards alignment	2028-2033	100	GoK	SDP	N EPI
	CROSS-CUTTING ISSUES							
Policy Objective	To facilitate an enabling environment for sustainable petroleum operations							
Policy Issue	Decommissioning							
Develop a framework on decommissioning of petroleum operations	Decommissioning plans developed and submitted		No. of decommissioning plans developed	2028-2035	TBD	Contractors	Contractors	SDI
	Decommissioning plans reviewed and approved		Proportion of decommissioning plans reviewed and approved	2028-2035	TBD	GoK	EPRA	SDP
	Decommissioning fund established		Operational decommissioning fund	2029-2031	TBD	Contractors	SDP	Con
	Mechanisms for the management and administration of the Decommissioning Fund developed		Mechanism for management and administration of decommissioning fund	2029-2031	TBD	GoK	SDP	

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities		
						Lead	Sup	
	A Framework for monitoring decommissioning processes developed	A framework for monitoring decommissioning processes	2027-2029	TBD	GoK	SDP	EF	
	Efficient and environmentally friendly decommissioning technologies developed/adopted	No. of decommissioning technologies developed/adopted	2024-2034	TBD	Contractors	Contractors	SDP,	
	Financial assurances for restoration of the environment at the end of petroleum operations provided	Financial assurances provided	2024-2034	TBD	Contractors	Contractors	SDP,	
	Strategy on stakeholder engagement on decommissioning developed	Strategy on stakeholder engagement on decommissioning	2031-2032	50	GoK	SDP	(Cont	
	Capacity building of project implementors on decommissioning undertaken	No. of project implementors trained on decommissioning	2031-2035	100	GoK, DP	SDP	Tr: inst	
	Collaboration and knowledge exchange among stakeholders involved in decommissioning facilitated	Reports on knowledge-sharing among stakeholders	2031-2035	TBD	GoK, Contractors	SDP	E Con	
	Petroleum Data Management							
	Strengthen petroleum data governance	Petroleum data governance framework developed	A framework for petroleum data governance	2025-2027	50	GoK	SDP	
		Petroleum data metrics (for data accuracy, completeness, consistency, timelines and reliability) developed/reviewed	Petroleum data metrics developed/reviewed	2026-2034	30	GoK	SDP	

				Millions)		Lead	Su
	Regular audits on petroleum data integrity and compliance conducted	No. of petroleum data integrity and compliance audits conducted	2026-2034	50	GoK	SDP	N
	National Petroleum Data Management System developed and maintained	A National Petroleum Data Management System	2026-2028	350	GoK	SDP	N
Ensure security of petroleum data	Petroleum data security framework developed	Petroleum data security framework	2026-2034	100	GoK	SDP	N
Policy Issue	Public Participation						
Facilitate public participation in petroleum operations in accordance with the applicable policy and legal frameworks	Civic education on matters relating to the oil and gas sector conducted	No. of civic education forums on matters relating to the oil and gas sector conducted	2025-2035	200	GoK	SDP	E NOC
	Public participation in petroleum operations undertaken	No. of public participation engagements in petroleum operations	2025-2035	200	GoK	SDP	EPR N Parl
	Mechanism for sharing oil and gas information developed	Mechanism for sharing oil and gas information	2025-2026	20	GoK	SDP	IC N E
Policy Issue	Land Access						
Facilitate land access, acquisition and resettlement for petroleum operations	A framework to facilitate land access and acquisition for petroleum operations developed	A Framework for facilitating land access and acquisition	2025-2035	30	GoK	SDP	MLP D, NI
	Projects specific collaboration frameworks with other governments agencies for optimal land use in	Projects specific collaboration frameworks	2025-2035	20	GoK	SDP	Rel MD/

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibility	
						Lead	Support
	development of petroleum infrastructure developed						
Policy Issue	Water Access						
Facilitate water access for petroleum operations in accordance with the relevant framework	Collaboration framework on water access developed	A framework for collaboration on water access	2028-2030	20	GoK	SDP	Rel MD,
Policy Issue	Local Community Rights						
Promote and protect the rights and interests of local communities in petroleum operations	A framework on promotion and protection of rights and interests of local communities in petroleum operations developed	A framework on promotion and protection of rights and interests of local communities in petroleum operations	2026-2027	30	GoK	SDP	I Cor CG: P
Policy Issue	Local Content						
Develop legal and regulatory framework on local content for the Oil and Gas sector	A legal and regulatory framework on local content for the Oil and Gas sector developed	A legal and regulatory framework on local content for the Oil and Gas sector	2026-2029	150	GoK	SDP	OA
Ensure investors collaborate with Kenyan people, agencies and enterprises in	A framework for prioritization of Kenyans in employment and procurement of Kenyan works, goods and services in the oil and gas sector developed	A framework for prioritization of Kenyans in employment and procurement of Kenyan works, goods and services in the oil and gas sector	2026-2029	50	GoK	SDP	R Co

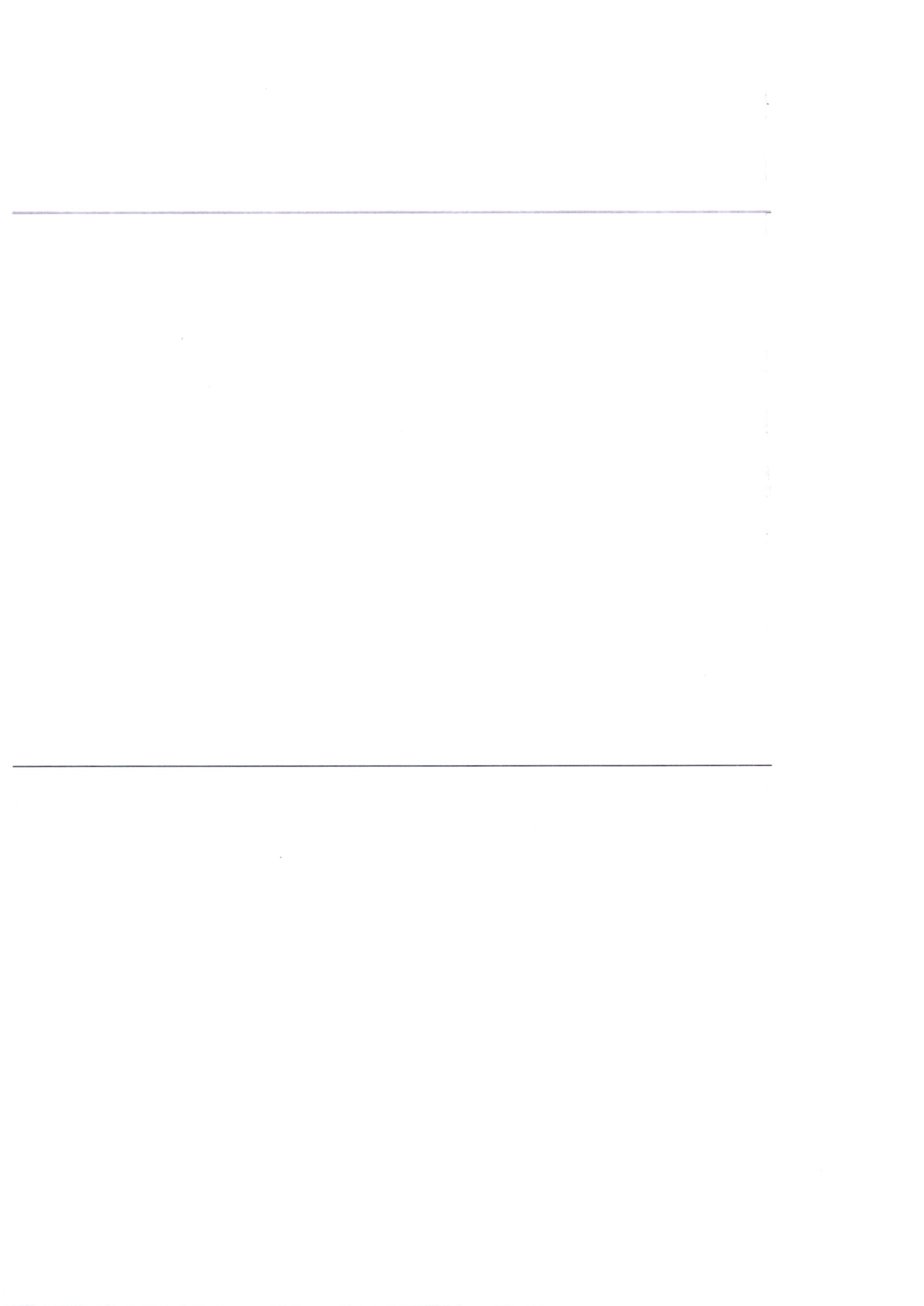
local content development	Local content plans developed	No. of local content plans developed.	2026-2028	Millions) TBD	Contractor	Lead Contractor	St
	Oil and gas sector specialists and suppliers database developed	Oil and gas sector specialists and suppliers database	2026-2028	30	GoK	SDP	EPR NO
Promote integration of other sectors in the economy to support the Oil and Gas sector development	Cross-sectoral collaboration strategy developed	Cross-sectoral collaboration strategy	2028-2030	25	GoK	SDP	Re M
	Mechanism to monitor and evaluate cross-sectoral integration established	M&E mechanism for cross-sectoral integration established	2028-2030	25	GoK	SDP	Re M
Policy Issue	Conflict Management and Dispute Resolution						
Strengthen conflict management and dispute resolution in the oil and gas sector	Mechanism for conflict management and dispute resolution for oil and gas sector developed	Mechanism for conflict management and dispute resolution	2025-2027	50	GoK	SDP	E Re Tri
	Capacity building on conflict management and dispute resolution undertaken	No. of capacity building on conflict management and dispute resolution forums conducted	2026-2030	100	GoK	SDP	Re Tril L Com /Re
Policy Issue	Security						
Ensure security of petroleum resources, operations and	Risk management framework for petroleum resources, operations and infrastructure developed	Risk management framework for petroleum resources, operations and infrastructure	2025-2027	50	GoK	SDP	E M, KPC

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibility	
						Lead	Support
infrastructure in accordance with the applicable security frameworks	Framework for provision of security for petroleum resources, operations and infrastructure developed	Framework for provision of security for petroleum resources, operations and infrastructure	2027-2028	150	GoK	SDP	MoKPC, E
	Mechanism for sharing of information, including plans and locations of petroleum operations and infrastructure established	Mechanism for sharing of information on petroleum operations and infrastructure	2025-2028	50	GoK	SDP	NOC, E, M
	Petroleum operations and infrastructure insured	Insurance cover for petroleum operations and infrastructure	2025-2035	TBD	Contractor	Contractor	SDF
Enhance security in implementation of cross-border oil and gas projects	Mechanism for cross-border security for oil and gas projects established	Mechanism for cross-border security for oil and gas projects	2026-2028	300	GoK	SDP	M, I, M, KP
Policy Objective	To promote environmental protection and conservation of biodiversity						
Policy Issue	Health and safety						
Ensure compliance with health and safety laws related to the oil and gas sector	Enforcement of health and safety laws undertaken	No. of inspection and surveillance exercises in petroleum operations undertaken	2025-2035	120	GoK	EPRA	SD
		No. of compliance audits	2025-2035	80	GoK	EPRA	SI
	Civic education and public awareness creation on health	No. of civic education and public awareness forums conducted	2025-2035	50	GoK	SDP	N

				Millions)		Lead	Su
	and safety in the oil and gas sector undertaken						
	Disaster risk management strategy for the oil and gas sector developed and implemented	Disaster Risk Management Strategy	2025-2026	15	GoK	SDP	E N Re CG N
Policy Issue	Environment, Social and Governance (ESG)						
Ensure petroleum operations comply with environmental management legislation	Environmental compliance and monitoring framework developed	Environmental compliance and monitoring framework	2025-2027	50	GoK	SDP	CGs
	Disaster preparedness, prevention and response mechanism in collaboration with contractors established	A disaster preparedness, prevention and response mechanism	2027-2029	15	GoK	SDP	NEM CoC
Strengthen the legal and regulatory framework governing the environment, social and governance of petroleum operations	Regulations and guidelines for ESG developed	No. of ESG regulations and guidelines developed	2027-2029	30	GoK	SDP	EPF OAG
Promote environment, social and governance	Strategy on waste reduction, recycling and reuse of materials in petroleum operations developed	Strategy on waste reduction, recycling and reuse of materials in petroleum operations	2027-2029	10	GoK	SDP	E NEM

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibil	
						Lead	Su
principles in petroleum operations	ESG Disclosure Manual for the oil and gas sector developed	ESG Disclosure Manual for oil and gas sector	2027-2029	10	GoK	SDP	E N
	Capacity building on the environment, social and governance in petroleum operations undertaken	No. of capacity building forums on environment, social and governance in petroleum operations conducted	2028-2030	20	GoK	SDP	N N EPI
	Communication strategy on environmental management developed	A Communication strategy on environmental management	2026-2027	15	GoK	SDP	F M I
Policy Issue	Climate Change Mitigation and Adaptation						
Promote climate change mitigation and adaptation in petroleum operations	A climate change mitigation and adaptation strategy for petroleum operations developed	A climate change mitigation and adaptation strategy for petroleum operations	2025-2035	40	GoK	SDP	M R I F
	A carbon credit trading framework for the oil and gas sector developed	A carbon credit trading framework for the oil and gas sector	2025-2035	40	GoK	SDP	M R
	Reporting on implementation of the National Climate Change Action Plan (NCCAP) and Nationally Determined Contributions (NDC)	Annual Sectoral Greenhouse Gas Emissions Report	2025-2035	20	GoK	SDP	M F

contribute towards Kenya's economic development						
Outcome	Indicators	Baseline Value (Year 2025)	Target(s)		Source of Data	Frequency
			Mid-Term (Year 2030)	End-Term (Year 2035)		
Enhanced exploitation of petroleum resources	Investment in petroleum blocks (KSh. millions)	915	145,319	200,000	Upstream Petroleum Records	Bi-annually
Enhanced access to reliable, and competitive petroleum products	Proportion (%) of public learning institutions using LPG	8	30	60	Upstream Petroleum Records	Annually
	Average LPG consumption per capita No. (Kg/yr)	6.59	10	15	KNBS - Household Survey	Every 5 Years
	Quantity of petroleum products imported (million metric tonnes annually)	5.9	7.0	8.0	KNBS - Economic Survey	Annually
	Petroleum products strategic reserves (No. of Days)	-	15	30	Downstream Petroleum records	Bi-annually
Enhanced environmental conservation	Compliance with environmental and social safeguards (%)	100	100	100	Upstream Petroleum Records	Annually



Enhanced sector coordination and management	Number of reviewed/developed Policies	0	1	1	SDP Records	Annually
	Number of reviewed Acts	0	1	2	SDP Records	Annually
	Number of Regulations reviewed/developed		9	20	SDP Records	Annually
	Number of officers trained	100	750	1,500	SDP Records	Annually