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SNA  
31/3/26*

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

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REPORT ON:

THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)

<b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: <b>31 MAR 2026</b>	DAY: TUE
TABLED BY:	HON. MARGARET KITTANYI MP VICE-CHAIRPERSON, DEPT COMM. ON TRADE, INDUSTRY & COOPERATIVES
CLERK-AT THE-TABLE:	GERUINE CHERET

**CLERKS CHAMBERS  
DIRECTORATE OF DEPARTMENTAL COMMITTEES  
PARLIAMENT BUILDINGS  
NAIROBI**

**MARCH 2026**



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## LIST OF ABBREVIATIONS AND ACRONYMS

AfCFTA	-	African Continental Free Trade Area
AGPO	-	Access to Government Procurement Opportunities
ANC	-	Amani National Congress
APSP	-	Agricultural Produce Sourcing Plan
ASNET	-	Agriculture Sector Network
CBS	-	Chief of the Burning Spear
CEOs	-	Chief Executive Officers
COMESA	-	Common Market for Eastern and Southern Africa
CS	-	Cabinet Secretary
DDC	-	Directorate of Departmental Committees
EAC	-	East African Community
EPA	-	Economic Partnership Agreement
EPZs	-	Export Processing Zones
EU	-	European Union
KALRO	-	Kenya Agricultural and Livestock Research Organisation
KAM	-	Kenya Association of Manufacturers
KANU	-	Kenya African Union
KBA	-	Kenya Bankers' Association
KEBS	-	Kenya Bureau of Standards
KEPSA	-	Kenya Private Sector Alliance
MP	-	Member of Parliament
MSMEs	-	Micro, Small and Medium Enterprises
MTP	-	Medium Term Plan
NA	-	National Assembly
NGEC	-	National Gender and Equality Commission
ODM	-	Orange Democratic Movement
PPADA	-	Public Procurement and Asset Disposal Act
REF	-	Reference
SEZs	-	Special Economic Zones
SMEs	-	Small and Medium Enterprises
SSLP	-	Sector-Specific Localisation Plan
TFTA	-	Tripartite Free Trade Area
TIC	-	Trade, Industry and Cooperatives
TRIMS	-	Trade Related Investment Measures
UDA	-	United Democratic Alliance
UK	-	United Kingdom
WDM-K	-	Wiper Democratic Movement Kenya
WTO	-	World Trade Organisation

## LIST OF ANNEXURES

1. Adoption Schedule of the Report
2. Minutes  
Minutes of the 19<sup>th</sup> Sitting  
Minutes of the 9<sup>th</sup> Sitting  
Minutes of the 8<sup>th</sup> Sitting
3. Copy of the Newspaper Advertisement
4. Copy of the Letters Inviting Stakeholders for the Meeting  
NA/DDC/TIC/2026/007  
NA/DDC/TIC/2026/006
5. A Copy of the Local Content Bill (*National Assembly Bill No. 45 of 2025*)
6. Matrix of the Bill
7. Witness Attendance Register for the Stakeholder Engagement Meeting

## **CHAIRPERSON'S FOREWORD**

This report presents the proceedings of the Departmental Committee on Trade, Industry and Cooperatives on its consideration of the Local Content Bill (*National Assembly Bill No. 45 of 2025*), which was published on 16th October 2025. The Bill underwent its First Reading on 26th November 2025 and was subsequently committed to the Departmental Committee on Trade, Industry and Cooperatives for consideration and reporting to the House, pursuant to the provisions of Standing Order 127.

Comprising six (6) clauses, the Bill seeks to create a framework to regulate local content in Kenya. It prescribes proposed mandatory local content requirements for foreign companies operating in Kenya, including procurement quotas, employment quotas and agricultural sourcing obligations. As it is presently, the lack of a local content regulatory framework has inhibited growth of the local industry in key economic sectors as companies incorporated outside Kenya prefer to procure their goods, services, supplies and workforce from fellow foreign companies resulting in unfair business practices to the disadvantage of local businesses.

In accordance with Article 118 (1) (b) of the Constitution and Standing Order 127(3), the Committee placed advertisements in the print media on 13th February 2026 requesting for comments on the Bill from the public and relevant stakeholders. Further, through letters referenced NA/DDC/TIC/2026/006 and NA/DDC/TIC/2026/007 dated 4th March 2026, the Committee invited stakeholders to a public engagement session on Thursday, 12th March 2026. During this meeting, twelve (12) stakeholders made oral submissions before the Committee.

The Committee wishes to extend its sincere appreciation to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support extended throughout its sessions. We also acknowledge the valuable input from Hon. Jane Kagiri, MP for sponsoring the Bill and all the stakeholders that submitted their memoranda and attended the stakeholder engagement meeting. Lastly, I express my deep gratitude to the Honourable Members of the Committee and the Committee Secretariat for their dedication and contributions to the development and production of this report.

On behalf of the Departmental Committee on Trade, Industry and Cooperatives, and pursuant to Standing Order 199(6), it is my privilege and honour to present to this House the Committee's Report on the Local Content Bill (*National Assembly Bill No. 45 of 2025*).

Having considered the Bill, the Committee recommends that the Bill be **DELETED IN ITS ENTIRETY**.

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

## CHAPTER ONE

### 1.0 PREFACE

#### 1.1 Establishment of the Committee

1. The Departmental Committee on Trade, Industry and Cooperatives is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to **Standing Order 216 (5)** is as follows:
  - i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
  - ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
  - iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
  - iv. **To study and review all the legislation referred to it;**
  - v. *To study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
  - vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
  - vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on appointments);*
  - viii. *To examine treaties, agreements and conventions;*
  - ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
  - x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
  - xi. *To examine any questions raised by Members on a matter within its mandate.*

#### 1.2 Mandate of the Committee

2. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider trade, including securities exchange, consumer protection, pricing policies, commerce, industrialisation including special economic zones, enterprise promotion & development including micro, small & medium enterprises (MSMEs), and small and medium enterprises (SMEs), intellectual property, industrial standards, anti-counterfeit policies and cooperatives development.
3. In executing its mandate, the Committee oversees the Ministry of Investment, Trade and Industry; and the Ministry of Cooperatives and MSMEs Development.

### 1.3 Committee Membership

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

#### **Chairperson**

Hon. Bernard Masaka Shinali, CBS, MP  
Ikolomani Constituency

**ODM Party**

#### **Vice-Chairperson**

Hon. Marianne Jebet Kitany, MP  
Aldai Constituency

**UDA Party**

Hon. Adhe Wario Guyo, MP  
North Horr Constituency  
**KANU**

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

Hon. Anthony Tom Oluoch, MP  
Mathare Constituency  
**ODM Party**

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

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

Hon. Amos Maina Mwago, MP  
Starehe Constituency  
**Jubilee Party**

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

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

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

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

Hon. Robert Githinji Gichimu, MP  
Gichugu Constituency  
**UDA Party**

Hon. Michael Wainaina Wambugu, MP  
Othaya Constituency  
**UDA Party**

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

#### **I.4 Committee Secretariat**

5. The Committee is facilitated by the following Secretariat:

Ms. Laureen Omosa Wesonga  
**Clerk Assistant I/Head of Secretariat**

Ms. Carolyne Musyoka  
**Hansard Reporter II (Clerk Assistant)**

Ms. Doreen Karani  
**Principal Legal Counsel II**

Ms. Priscilla Wangu  
**Fiscal Analyst II**

Ms. Priscilla Saidi  
**Research Officer II**

Ms. Pauline Sifuma  
**Hansard Officer II**

Mr. Daniel Psirmoi  
**Media Relations Officer III**

Ms. Florence Wanja  
**Protocol Officer III**

Ms. Peris Kaburi  
**Assistant Serjeant-at-Arms**

Mr. Kelvin Lengasi  
**Audio Assistant**

## CHAPTER TWO

### 2.0 BACKGROUND OF LOCAL CONTENT IN KENYA

#### 2.1 Introduction

6. The current situation for industries in Kenya is characterized by a significant reliance on imports and a struggle to fully integrate local goods and services into the supply chains of foreign-owned companies. This gap is the primary reason for the introduction of the Local Content Bill, 2025.
7. Many foreign companies and international contractors currently import majority of their materials ranging from construction steel to basic household items hence bypassing local manufacturers. Currently, sourcing locally is largely voluntary. The following are the barriers to local sharing:
  - a) **Quality and Standards:** Many manufacturers cite quality as the main reason they choose international suppliers over local ones.
  - b) **Cost:** Local production costs are often higher due to expensive electricity, high taxes, and logistics challenges, making imported goods more attractive to foreign firms.
  - c) **Capacity Gaps:** In high-tech or specialized sectors (complex manufacturing), local suppliers often lack the scale or technical certification required by global corporations.
8. The following are the current workforce trends in Kenya:
  - a) **Expatriate Dominance:** There is a recurring concern that foreign firms bring in expatriates for technical and managerial roles that qualified Kenyans could fill.
  - b) **Youth Unemployment:** Despite foreign investment, the translation of these investments into jobs for Kenyan youth remains low, which is a key driver for the Bill's 80% local workforce mandate.

#### 2.2 Current Legal and Policy Framework

Some of the legal and policy provisions that touch on local content in Kenya include:

9. **The Buy Kenya-Build Kenya Strategy (2017):** This is the primary policy framework designed to promote the consumption of locally produced goods and services. It requires both public and private sectors to prioritise Kenyan products to reduce import dependence.
10. **The Kenya Vision 2030:** This long-term development blueprint identifies manufacturing and value addition as critical pillars. It advocates for the integration of local industries into global supply chains.
11. **The Public Procurement and Asset Disposal Act (PPADA), 2015:** Mandates that all public procuring entities (ministries, state agencies, and counties) must reserve at least **40%** of their annual procurement budget for goods and services produced or provided locally. It Provides specific advantages for "disadvantaged groups" (youth, women, and persons with disabilities) under the Access to Government Procurement Opportunities (AGPO) Programme. Additionally, it provides

that all tenders below certain financial thresholds (i.e. Kshs. 500 million for goods) are often reserved exclusively for local citizen contractors.

12. **The Mining Act, 2016:** Requires license holders to give first priority to goods and services manufactured or available in Kenya. It also mandates the employment and training of Kenyan citizens, with a requirement to submit a "succession plan" to eventually replace expatriates with locals.
13. **The Petroleum Act, 2019:** Requires oil and gas companies to submit a Local Content Plan. This Plan must outline how they will use local insurance, financial, and legal services, and how they intend to transfer technology to Kenyan firms.
14. **County-Level Legislation, the Turkana County Local Content Act, 2024:** Aims to ensure that residents of Turkana benefit directly from the oil and mining activities in their region through prioritised employment and sub-contracting for local firms.

### 2.3 Comparative Analysis

15. **Ghana** focuses on linking specific "enclave industries to the local economy. The law identifies fifty plus (50+) specific goods/services that must be 100% local and provides graduated targets (90% +) with mandatory "localisation plans" of the work force to replace expatriates. There are high financial targets linked to non-local hiring/sourcing.
16. **Brazil** balances local protection with global competitiveness and tech standards. The local sourcing targets vary by project stage e.g. 30% in exploration and 40% in production while sourcing of workforce focuses on the location of engineering hours and ownership of intellectual property. Penalties for non-compliance are fines or loss of exploration rights/surplus transfers.
17. Kenya can adopt the following best practices from Ghana and Brazil that have spent decades refining their local content frameworks:
  - a) **Shift from rigid quotas to "phased-in" targets:** Brazil uses a "life-cycle quota" model where they recognise that different stages of a project have different technical requirements.
  - b) **Use "procurement lists" instead of blanket percentages:** Ghana's Minerals Commission publishes a specific "local procurement list".
  - c) **Robust "capacity auditing" before rule setting:** Ghanaian authorities emphasise on regular auditing of the actual capacity of local firms to meet industry demand. Setting a 60% target is ineffective if local firms only have capacity to supply 20%.

## CHAPTER THREE

### 3.0 OVERVIEW OF THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)

#### 3.1 Introduction

18. The Local Content Bill (*National Assembly Bill No. 45 of 2025*) is sponsored by Hon. Jane Kagiri, MP. The Bill was read a First Time on 26th November 2025 and subsequently referred to the Departmental Committee on Trade, Industry and Cooperatives for consideration and to facilitate public participation pursuant to Standing Order 127.
19. The principal objective of the Bill is to create a legal framework to regulate local content in Kenya, promote local industry and provide the sourcing of locally produced goods and services. The lack of a local content regulatory framework has inhibited growth of the local industry in key economic sectors as companies incorporated outside Kenya procure their goods, services, supplies and workforce from other foreign companies resulting in unfair business practices which has rendered local businesses uncompetitive. Additionally, investment by foreign companies in Kenya has had minimal positive economic impact to the country due to profit repatriation. As Kenya continues to grapple with youth unemployment, it is important that a legal framework that will foster job creation is put in place to ensure that foreign investments in Kenya create employment opportunities for Kenyan youth.
20. The Bill proposes mandatory local content requirements for foreign companies operating in Kenya, including procurement quotas, employment quotas and agricultural sourcing obligations with a view to address:
  - a) limited participation of Kenyan-owned enterprises in supply chains;
  - b) importation of goods and agricultural inputs despite local availability;
  - c) youth unemployment;
  - d) profit repatriation and limited domestic economic multiplier effect; and
  - e) weak enforcement of voluntary local content plans.

#### 3.2 Regulatory Frameworks

21. The Bill proposes as follows:
  - a) 60% mandatory local procurement of goods and services;
  - b) 100% mandatory sourcing of agricultural produce from Kenyan farmers;
  - c) 80% minimum Kenyan workforce requirement;
  - d) Criminal penalties of not less than Kshs. 100 million for corporate breach and imprisonment of CEOs; and
  - e) Regulation making powers to the CS.

### 3.3 Objective of the Bill

22. The objective of the Bill is to:

- a) Provide a framework for regulation of local content by prescribing minimum local content quotas in various sectors;
- b) Promote the local industry and sourcing of locally produced goods and services;
- c) Boost the growth of manufacturing industry in Kenya;
- d) Promote the agricultural sector through sourcing of agricultural produce from Kenyan farmers;
- e) Enhance creation of employment opportunities for Kenyan youth; and
- f) Foster economic growth through promotion of foreign direct investments and reduce profit repatriation.

### 3.4 Potential Impact of the Bill

The Bill is likely to have the following impact if enacted:

#### Operational Impact on Foreign Companies

23. **Mandatory local sourcing:** Foreign companies will be required to source at least 60% of their manufactured goods and services (including financial, insurance, construction and logistics) from local Kenyan companies, provided they meet prescribed standards.
24. **Agricultural sourcing:** Any foreign company using agricultural produce as raw materials will be required to source all such produce from Kenyan farmers.
25. **Capacity building obligations:** If local goods or services do not meet required standards, foreign companies will be legally obligated to provide technical and capacity-building support to local suppliers to help them comply.

#### Economic and Industry Impact

26. **Boosting local industry:** The Bill seeks to promote growth of the manufacturing and agricultural sectors by guaranteeing a market for local goods and services.
27. **Reduce profit repatriation:** By requiring local procurement and employment, more wealth will be retained in the Kenyan economy and reduce the amount of profit sent out of the country by foreign companies.
28. **Address unfair competition:** The Bill will correct current imbalances where foreign companies prioritise foreign suppliers which has rendered local businesses uncompetitive.

### Impact on Employment

29. **Workforce quotas:** Foreign companies will be required to ensure that at least 80% of their total workforce comprises Kenyan citizens.
30. **Management inclusion:** Qualified Kenyan citizens will be employed at all levels of an organisation, including management positions.
31. **Youth opportunities:** Foster job creation specifically for Kenyan youth which will combat high unemployment rates in the country.

### **3.5 Clause by Clause Provisions of the Bill**

32. **Clause 1** provides for the short title and commencement of Bill. On enactment, it shall come into force one year after publication to allow a compliance transition period.
33. **Clause 2** contains interpretations and definitions of specified terms as they are used within the context of this law.
34. **Clause 3** of the Bill contains objects and purpose of the Bill. It prescribes minimum local content quotas; promotion of local industry and agriculture; job creation for Kenyan youth; and reduction of profit repatriation.
35. **Clause 4** provides for the local content requirements. It provides that a foreign company shall source at least sixty percent (60%) of its services, supplies and goods from local companies subject to the services and goods meeting the locally prescribed standards and regulatory requirements. Where the locally available goods and services do not meet the relevant standards, the Bill provides that a foreign company shall provide technical and other capacity building support to local companies to ensure compliance with the relevant prescribed standards.
36. **Clause 5** provides for delegation of legislative powers. It empowers the Cabinet Secretary for Trade to make regulations for the better carrying out of the provisions of the Act and give them life.
37. **Clause 6** is the transition/saving provision which saves the legitimacy of any contracts, rights and obligations between a foreign company and a supplier of goods or services that exists immediately before the commencement date and ensures that they continue in force for the unexpired periods of those contracts.
38. The Bill concerns county governments within the meaning of Article 110 (1) (a) of the Constitution because it contains provisions that affect functions of county governments as prescribed in the Fourth Schedule to the Constitution. The Fourth Schedule to the Constitution designates trade licensing and development as a function of county governments.

## CHAPTER FOUR

### 4.0 PUBLIC PARTICIPATION/STAKEHOLDER CONSULTATION

39. Following the call for memoranda from the public through the placement of advertisements in the print media on 13th February 2026 and vide letters REF: NA/DDC/TIC/2026/006 and REF: NA/DDC/TIC/2026/007 dated 4th March, 2026 inviting stakeholders for a meeting, the Committee received memoranda from the following stakeholders on the Local Content Bill (*National Assembly Bill No. 45 of 2025*):

- i. Kenya Transporters Association Limited;
- ii. Sidai Africa (K) Limited;
- iii. Quatrix Limited;
- iv. The Agriculture Sector Network (ASNET);
- v. The Fertilizer Association of Kenya;
- vi. Kenya Private Sector Alliance (KEPSA);
- vii. Kenya Association of Manufacturers (KAM);
- viii. Kenya Bankers' Association (KBA);
- ix. The National Gender and Equality Commission (NGEC);
- x. Ministry of Foreign and Diaspora Affairs;
- xi. State Department for Trade;
- xii. Ponty Pridd Holdings;
- xiii. Ather Solutions Limited;
- xiv. Beaver Works Enterprises;
- xv. Brilliant Rays Enterprises Limited;
- xvi. CWAV (K) Limited;
- xvii. Isocate Limited Company;
- xviii. Lynwood Solutions Limited;
- xix. Lytans Limited;
- xx. Metajma Creative Solutions Limited;
- xxi. Reshon Enterprises Limited;
- xxii. Sigmoid Logistics;
- xxiii. The British Chamber of Commerce Kenya; and
- xxiv. Grid Circle Limited

40. The stakeholders submitted as follows:

#### 4.1 Kenya Transporters Association Limited

In a meeting with the Committee held on Thursday, 26<sup>th</sup> March 2026, Mr. Newton Wang'oo, Chairperson of the Kenya Transporters Association Limited submitted that the Association fully supports the Bill and proposed the following amendments:

41. At least 60% of all transport and logistics services under any major project, multinational operation of government contract should be reserved for locally owned Kenyan enterprises.

42. Define “local enterprise” as a company with at least 51% Kenyan shareholding, Kenyan controlled board and management and majority Kenyan workforce.
43. Provide sector specific local content thresholds e.g. road freight transport, warehousing, clearing and forwarding, inland container depot operations and fleet management to prevent circumvention through service reclassification or outsourcing.
44. Reinforce existing statutory protections (including provisions under maritime and competition laws) to prevent shipping lines from directly competing with local land transporters and clearing agents in a manner that undermines fair competition because separation of roles preserves market diversity and SME participation.
45. Require multinationals operating in Kenya to publish local content compliance reports annually, disclose percentage allocation to local firms and submit audited statements of local procurement. This will enhance accountability and policy effectiveness.
46. Put in place an independent local content monitoring authority or designated regulator to verify compliance, conduct audits, publish sectoral performance reports and impose administrative penalties for violation. The penalties should include financial sanctions, suspension of operating licenses or disqualification from public contracts.
47. Establish a protected reporting channel enabling local firms to report exclusionary practices without fear of retaliation or blacklisting. This can be administered through a confidential complaints framework under the monitoring authority.
48. To complement quotas, the Government should facilitate affordable asset financing for local transporters, support digitalisation and fleet modernisation and encourage joint ventures that include real technology and skills transfer. This is to ensure that local content also strengthens competitiveness.

### **Committee Observation/Recommendation**

**The Committee noted the amendments proposed by Kenya Transporters Association. However, the Committee observed that the Bill would be difficult to implement in its current form if enacted and recommended its deletion.**

### **4.2 Sidai Africa (K) Limited**

In a meeting with the Committee held on Thursday, 26<sup>th</sup> March 2026, Mr. Abner Maina, Executive Assistant, submitted that they fully support the Bill and proposed the following amendments to the Bill:

49. The Bill should name agriculture, livestock services, veterinary services, extension services and agri-input distribution as sectors covered by local content requirements.

50. Multinationals and large enterprises operating in Kenya's food and agriculture sectors should be required to source a defined minimum percentage of inputs, distribution services and technical advisory services from locally registered Kenyan enterprises.
51. Local content in the agricultural sector should be defined to require not merely Kenyan ownership but compliance with KEBS certification and other relevant regulatory quality standards to prevent local content compliance from being gamed through low-quality or counterfeit operators.
52. Protect and incentivise Kenya's last mile agricultural distribution infrastructure recognising that it is a strategic national asset for food security.
53. Large multinationals in the agricultural inputs sector should be required to demonstrate active investment in local distributor capacity through training, co-branding, financing or technology transfer as part of their local content compliance obligations.
54. Complement existing anti-counterfeit legislation by requiring stricter import quality controls on agricultural inputs, protecting local producers and distributors from unfair competition from below standards imported products.

#### **Committee Observation/Recommendation**

**The Committee noted the amendments proposed by Sidai Africa (K) Limited. However, the Committee observed that the Bill would be difficult to implement if enacted in its current form and recommended its deletion.**

#### **4.3 Quatrix Limited**

In a meeting with the Committee held on Thursday, 12<sup>th</sup> March 2026, the Head of Operations, Mr. Johnson Mwangi submitted that Quatrix fully supports the Bill and proposed the following amendments:

55. Provide that multinationals operating in Kenya must engage Kenyan-owned technology companies as primary service providers for technology-enabled logistics, last mile delivery, e-commerce fulfilment and supply chain management.
56. Require multinationals that operate digital commerce platforms in Kenya to open a defined proportion of their logistics and fulfilment requirements to competitive procurement from independent, Kenyan-owned providers.
57. Require multinationals operating logistics, e-commerce and supply chain technology platforms in Kenya to enter into structured capacity building agreements with Kenyan technology partners i.e. co-development, co-investment and knowledge transfer.
58. Include provisions prohibiting predatory pricing by multinational technology and logistics operators in Kenya and should strengthen the mandate of the Competition Authority of Kenya to investigate and act on such behaviour.

59. Require all multinationals operating in Kenya's technology and logistics sectors to publicly disclose, on an annual basis, the proportion of their technology procurement, logistics outsourcing and supply chain services that are outsourced from Kenyan-owned companies.

### **Committee Observation/Recommendation**

**The Committee noted the amendments proposed by Quatrix Limited. However, the Committee observed that the Bill would be difficult to implement if enacted in its current form and recommended its deletion.**

#### **4.4 The Agriculture Sector Network (ASNET)**

In a meeting with the Committee held on Thursday, 26<sup>th</sup> March 2026, Dr. Wilson Songa, Executive Board Member, submitted that ASNET supports the intent of the Bill in promoting domestic participation, strengthening agricultural and manufacturing value chains and enhancing employment opportunities for Kenyan citizens. However, the success of the Bill depends on clarity, fairness, proportionality and consistency with Kenya's international obligations. He proposed the following amendments to the Bill.

#### **Clause 2**

60. Amend the clause to include definition of "agricultural raw-material sourcing services" as encompassing the procurement, aggregation, handling, storage and supply of agricultural produce for use as raw materials in manufacturing or processing. This is because clear definitions are essential for legal certainty and effective enforcement.

#### **Clause 4**

61. Amend subclause 4(2) by inserting the following new paragraph immediately after paragraph (g), "(ga) agricultural raw-material sourcing, aggregation and supply services". This is to align agriculture with the Bill's services-based regulatory framework.
62. Amend the clause by inserting the following subclause immediately after subclause 4(1), "(1A) A local company undertaking business in Kenya shall, where goods, services or raw materials are available locally and meet prescribed standards, give priority to sourcing such goods, services or raw materials from within Kenya". To eliminate regulatory bias and ensure that local content obligations are ownership-neutral.
63. Amend the clause by deleting subclause 4(7) and substituting as follows, "A foreign company shall ensure that at least ninety-five percent of its workforce are Kenyan citizens". This is because Kenya has a strong and growing human capital base, with increasing numbers of qualified professionals in agriculture, manufacturing, logistics and technical fields.
64. Amend the clause by inserting the following new paragraph immediately after subclause 4(7), "(7A) Notwithstanding subsection (7), a foreign company may, with the approval of the Cabinet Secretary, engage non-Kenyan citizens for specialised technical skills where such skills are demonstrably unavailable in Kenya provided that: (a) such engagement shall be for a specified and time-bound period; and (b) the foreign

*company shall implement a structured skills transfer and capacity-building programme for Kenyan citizens". To provide regulatory flexibility for highly specialised or emerging technical roles where expertise may not yet be locally available.*

65. Amend subclause 5(2) by inserting the words "*local companies and*" immediately before the words "*foreign companies*" wherever they appear. This is to eliminate regulatory bias and ensure that local content obligations are ownership-neutral.

#### **Committee Observation/Recommendation**

**The Committee noted the amendments proposed by ASNET. However, the Committee observed that the Bill would be difficult to implement if enacted in its current form and recommended its deletion.**

#### **4.5 The Fertilizer Association of Kenya (FA-K)**

In a meeting with the Committee held on Thursday, 26<sup>th</sup> March 2026, the Chief Executive Officer, Dr. Lilian Mbuthia, proposed the following amendments to the Local Content Bill, 2025:

##### **Clause 4**

66. Amend subclause 4(3) to provide a minimum threshold of 20% subject to periodic review based on demonstrated local capacity development. Alternatively, provide for sector specific schedules and exemptions where local capacity is demonstrably insufficient. The requirement for 60% local sourcing of goods and services may be impractical in sectors where specialised inputs are not available locally, quality standards require globally sourced materials, economies of scale and competitiveness depend on integrated international supply chains.
67. Amend subclause 4(5) to provide a waiver or exception mechanism in cases of demonstrated local shortages, national emergencies, regulatory bans or trade restrictions, failure of local supply to meet prescribed quality or quantity standards. This is because the agriculture sector is highly susceptible to seasonal variability, climate shock, pests, government-imposed export/movement restrictions and supply chain disruptions. Rigid mandatory sourcing provisions may disrupt production continuity and food supply chains.
68. The Bill needs to be reviewed to ensure that it does not create disproportionate regulatory burdens on one category of companies. Any differentiation should be reasonable, proportionate and aligned with constitutional standards.

#### **Committee Observation/Recommendation**

**The Committee observed that it would be difficult to implement the Bill if enacted in its current form and recommended its deletion.**

## 4.6 The Kenya Private Sector Alliance (KEPSA)

In a meeting with the Committee held on Thursday, 12<sup>th</sup> March 2026, Ms. Susan Maingi, Head of Industry and Trade, proposed the following amendments to the Local Content Bill, 2025:

### Clause 2

69. Revise definition of “*local content*” to mean the quantifiable value addition into the Kenyan economy through the deliberate utilisation of Kenyan human resources, material resources, and services in the production, manufacturing, or delivery of goods or services.

### Clause 4

70. Amend subclause 4(3) by inserting a paragraph to exempt proprietary formulations, concentrates, or ingredients protected by intellectual property rights and not manufactured in Kenya.
71. Amend subclause 4(3) by inserting a paragraph to provide for reliability of supply from local companies and proof of their capacity to supply raw materials in the quantities and at a rate that would not affect manufacturing schedules. It should also highlight the capacity of a local supplier to meet the full industrial demand of all foreign companies that may fall within a specific segment.
72. Amend the clause by inserting a provision stating that where a member of customs union/trade area those goods would be considered local.
73. Amend the clause by inserting the following new subclause 4(4), “(4) Notwithstanding sub-section (3), the Cabinet Secretary responsible for Trade shall, within six (6) months of the commencement of this Act, develop a Sector-Specific Localization Plan in consultation with relevant industry stakeholders, including but not limited to KAM, KEPSA, and representatives of foreign companies operating in Kenya. (a) The Sector-Specific Localization Plan shall: (i) Define realistic and achievable local content targets for each sector (e.g., FMCG, Logistics, Financial Services, Construction, etc.), taking into account the unique supply chain dynamics, availability of local suppliers, and quality standards required by each sector; (ii) Establish a phased implementation timeline specific to each sector, with clear milestones and targets (e.g., Year 1: 40%, Year 2: 50%, Year 3: 60%, or alternative targets based on sector-specific analysis); (iii) Identify capacity building requirements for local suppliers to meet the prescribed standards and volume requirements; (iv) Provide mechanisms for monitoring and reporting on progress toward local content targets; and (v) Include provisions for periodic review and adjustment of targets based on actual supply chain capacity and market conditions; (b) The Sector-Specific Localization Plan shall be submitted to Parliament for approval before coming into effect, ensuring transparency and accountability; and (c) Foreign companies shall comply with the local content targets as defined in the approved Sector-Specific Localisation Plan for their respective sector, rather than the fixed 60% requirement in sub-section (3)”.
74. Amend subclause 4(4) to read as follows, “(a) The scope of capacity building obligation is: (i) foreign companies shall provide technical and capacity-building support to local suppliers as specified in the approved sector-specific localisation plan and the APSP; (ii) capacity building requirements shall not extend beyond what is explicitly defined in these approved plans; (iii) any capacity-building obligation not specified in the approved plans shall be considered voluntary, and companies shall not be penalised for non-compliance with

undefined or implied obligations; (b) The SSLP shall explicitly define the capacity-building requirements for each sector, including: (i) technical training and knowledge transfer; (ii) equipment and technology support; (iii) quality assurance and certification support; (iv) business management and financial support; (v) market access and linkage support; (vi) timelines and milestones for achieving each capacity-building objective; and (vii) performance metrics and evaluation criteria to assess the effectiveness of capacity building efforts; (c) The APSP shall explicitly define the capacity-building requirements for each agricultural commodity, including: (i) agricultural extension and training; (ii) input provision and subsidy; (iii) infrastructure support; (iv) quality standards and certification support; (v) market linkage and pricing support; (vi) timelines and milestones for achieving each capacity-building objective; and (vii) performance metrics and evaluation criteria to assess the effectiveness of capacity-building efforts; (d) All capacity-building requirements specified in the SSLP and APSP shall be: (i) mutually agreed upon between the CS, foreign companies, local suppliers, and other relevant stakeholders during the plan development process; (ii) clearly documented in the final approved plans, with specific timelines, deliverables, and performance metrics; (iii) submitted to Parliament for approval as part of the overall plan approval process; and (iv) binding on all parties once approved by Parliament; (e) Foreign companies shall not be required to: (i) provide capacity building that exceeds the scope explicitly defined in the approved plans; (ii) bear costs that are unreasonable or disproportionate to the company's size, profitability, or the value of the local sourcing relationship; (iii) disclose proprietary information, trade secrets, or intellectual property as part of capacity-building activities, except where necessary to meet quality or safety standards; (iv) provide capacity-building for competitors or for purposes unrelated to achieving the local content targets specified in the approved plans; and (v) continue providing capacity-building if the local supplier fails to demonstrate good faith efforts to implement the training and support provided, or if the supplier uses the capacity-building support to compete unfairly with the foreign company; (f) Capacity building is a shared responsibility between the foreign company, the local supplier, and the government; (i) the foreign company shall provide technical expertise, training, and support as specified in the approved plans; (ii) the local supplier shall demonstrate commitment to implementing the training and support, and shall provide necessary resources to participate in capacity-building activities; (iii) the government shall provide complementary support, such as: infrastructure investment; research and development; regulatory support; and financial support; (g) progress on capacity-building objectives shall be monitored and evaluated annually by: (i) the Local Content Compliance Board; (ii) relevant government agencies; (iii) independent auditors commissioned by the CS; (iv) annual reports; (v) whether capacity-building activities are being implemented as specified in the approved plans; (vi) whether the local suppliers are demonstrating progress in meeting the quality and performance standards; (vii) whether the capacity-building support is achieving the intended outcomes; and (viii) whether adjustments or additional support are needed; if capacity-building activities are not progressing satisfactorily, the Local Content Compliance Board may: (i) mediate disputes between the foreign company and the local supplier; (ii) recommend adjustments to the capacity building plan or timelines; (iii) recommend government support to address barriers to capacity-building success; or (iv) in case of wilful non-compliance by the foreign company, recommend penalties as specified in subclause 4(8); and (h) (i) Capacity-building requirements shall be reviewed at the same intervals as the SSLP and APSP; (ii) if circumstances change, either party may request a review and adjustment of the capacity-building requirements, subject to approval by the Local Content Compliance Board and the CS; and (iii) any adjustments shall be submitted to Parliament for approval before coming into effect”.

75. Amend the clause by inserting the following new subclause, “(5) A foreign company may apply to the Cabinet Secretary for a temporary exemption from the local content requirement in clause 4(3) or the Sector-Specific Localisation Plan for a specific input or category of inputs by submitting a detailed written justification

demonstrating one or more of the following: (i) The input is not locally available in the required quantity, quality, or specification within Kenya; (ii) The input does not meet the prescribed international quality standards required by the foreign company's global quality assurance protocols, and no local supplier can meet these standards within a reasonable timeframe; (iii) The input is a proprietary formulation, concentrate, or ingredient protected by intellectual property rights (patents, trade secrets, trademarks) and is not manufactured in Kenya, and the foreign company can demonstrate that the input is essential to the product and cannot be substituted with locally available alternatives without compromising product quality, safety, or brand integrity; (iv) The input is subject to international trade agreements to which Kenya is a signatory, and sourcing from a member state of a customs union or trade bloc (e.g., EAC, COMESA, ACFTA) is required or preferred to maintain Kenya's obligations and competitive position; (a) The Cabinet Secretary shall review the exemption application and either approve or reject it within thirty (30) days of submission. If approved, the exemption shall be: (i) Temporary in nature, with an initial validity period of two (2) years, subject to renewal; (ii) Subject to periodic review, with the foreign company required to provide annual reports on efforts to develop local alternatives or improve local supplier capacity; and (iii) Conditional on the company's commitment to provide technical and capacity-building support to local suppliers to enable them to meet the required standards within a specified timeframe; and (b) The Cabinet Secretary shall maintain a public register of all approved exemptions, including the justification provided and the conditions attached, to ensure transparency and to identify systemic gaps in the local supply chain that require government or private sector investment". The amended recommendation replaces a rigid, one-size-fits-all phased timeline with a flexible, collaborative, and evidence-based framework that achieves the Bill's objectives while respecting the realities of different sectors and inputs.

76. Amend subclause 4(5) to read as follows, "(5) A foreign company undertaking any business in Kenya which requires agricultural produce as raw materials for the manufacture of goods shall source agricultural produce from Kenyan farmers in accordance with targets established by the Cabinet Secretary responsible for Agriculture, in consultation with relevant stakeholders".
77. Insert the following new subclause 4(6) "(6) The Cabinet Secretary responsible for Agriculture shall, in consultation with (i) Relevant industry stakeholders (including foreign companies, local farmers, farmer cooperatives, agricultural exporters, and the Kenya Association of Manufacturers); (ii) The Ministry responsible for Trade and Industry; (iii) The Ministry responsible for Planning and National Development; (iv) Agricultural research and extension institutions (e.g., KALRO, county agricultural departments); develop an Agricultural Produce Sourcing Plan (APSP) that shall: (a) Establish realistic, crop-specific local sourcing targets for key agricultural commodities (e.g., sugar, fruit, grains, vegetables, spices, etc.) based on: (i) Actual production capacity of Kenyan farmers for each commodity; (ii) Seasonal availability and supply volatility throughout the year; (iii) Quality standards and specifications required by foreign companies; (iv) International trade obligations and regional trade agreements (e.g., EAC, COMESA); and (iv) Market demand and pricing to ensure farmer viability and profitability; (b) Identify capacity-building and infrastructure requirements necessary to increase local production and meet foreign companies' volume and quality requirements, including: (i) Agricultural research and development to improve crop yields and quality; (ii) Farmer training and extension services to meet quality standards; (iii) Storage, processing, and logistics infrastructure to reduce post-harvest losses and ensure year-round availability; and (iv) Value addition opportunities to increase farmer income and product competitiveness; (c) Establish a phased implementation framework with clear milestones and targets that can be adjusted based on: (i) Progress in local capacity development; (ii) Changes in market conditions and global commodity prices; and (iii) Technological innovations and productivity

improvements; (d) Align the APSP with Kenya's Medium-Term Plan (MTP) cycles, such that: (i) The APSP shall be developed or reviewed at the beginning of each MTP cycle (currently every 5 years, with mid-term reviews at 2.5 years); (ii) Targets shall be reviewed and adjusted every 3 years to reflect changes in production capacity, market conditions, and technological developments; (iii) The APSP shall be submitted to Parliament for approval before coming into effect, ensuring democratic oversight and transparency; and (e) Include provisions for monitoring, reporting, and accountability, such as: (i) Annual reporting by foreign companies on their actual agricultural sourcing from Kenyan farmers; (ii) Regular assessment of progress toward the targets established in the APSP; (iii) Identification of bottlenecks and barriers to increased local sourcing; (iv) Recommendations for policy adjustments or additional government support”.

78. Amend the clause by inserting the following new sub-clause 4(7), “(7) Foreign companies shall comply with the agricultural sourcing targets as established in the approved Agricultural Produce Sourcing Plan (APSP) for their respective commodity or sector, rather than the fixed 100% requirement in sub-section (5)”.
79. Amend the clause by inserting the following new subclause 4(8), “(8) The Cabinet Secretary may grant a temporary exemption or adjustment to the agricultural sourcing targets in the APSP if a foreign company can demonstrate: (i) Force majeure events (e.g. drought, flooding, disease outbreaks) that have significantly reduced local production capacity; (ii) Temporary supply shortages due to seasonal factors or unexpected market disruptions; (iii) Quality or food safety issues with locally produced agricultural produce that cannot be resolved within a reasonable timeframe; and (iv) Extraordinary circumstances beyond the reasonable control of the company or local farmers. Such exemptions shall be temporary (maximum 12 months) and subject to the company's commitment to work with local farmers and the government to resolve the underlying issue”.
80. Amend the clause by inserting the following new subclause 4(9), “There is established a Local Content Compliance Board (hereinafter referred to as the Board) (a) The Board shall consist of nine (9) members appointed by the Cabinet Secretary responsible for Trade as follows: (i) a representative of the Cabinet Secretary responsible for Trade; (ii) a representative of the Cabinet Secretary responsible for Planning and National Development; (iii) a representative of KRA; (iv) 2 representatives of the private sector (one from foreign companies and one from local companies), nominated by KAM or KEPSA; (v) a representative of farmer organisations or agricultural associations; (vi) an independent expert in trade, commerce or law with at least 10 years of experience; and (vii) a representative of the civil society or consumer organisations; (b) Board members shall serve for a term of three years, renewable for one additional term; (c) The Board shall have a secretariat staffed with legal, technical and administrative personnel to support its functions”.
81. Amend the clause by inserting the following new subclause 4(9A), “The functions of the Board are: (a) to hear and determine appeals against compliance determinations, penalty assessments, and enforcement decisions made by the CS; (b) to review exemption requests submitted foreign companies under subclauses 4(3) and 4(5), and make recommendations to the CS; (c) investigate complaints of unfair or arbitrary enforcement of the local content requirements; (d) monitor compliance trends and provide recommendations to the CS on policy adjustments or improvements; (e) mediate disputes between foreign companies and local suppliers regarding quality standards, pricing or contract terms; (f) maintain a public register of all compliance determinations, penalties, exemptions, and appeals decisions; and (g) Publish annual reports on local content compliance trends, enforcement actions and recommendations for policy improvement”.

82. Amend the clause by inserting the following new subclause 4(9B), “(a) A company that receives a compliance determination, penalty assessment, or enforcement decision from the CS may appeal to the Board within thirty (30) days of receiving the decision; (b) The appeal shall be submitted in writing, with supporting documentation, and shall clearly state the grounds for appeal (e.g. factual error, procedural irregularity, disproportionate penalty, misapplication of law); (c) The Board shall conduct a hearing within thirty (30) days of receiving the appeal, at which the company and the CS (or their representative) may present evidence and arguments; (d) The Board shall issue a written decision within 15 days of the hearing, with detailed findings of fact and reasons for its decision; (e) The Board’s decision shall be binding on the CS and the company, unless either party appeals to the High Court within thirty days on grounds of: (i) jurisdictional error; (ii) procedural irregularity; or (iii) manifest error of law”.
83. Amend the clause by inserting the following new subclause 4(9C), “(a) The Board shall establish its own rules of procedure, subject to approval by the CS, which shall ensure: (i) fairness and impartiality in all proceedings; (ii) transparency and public access to Board proceedings and decisions except for confidential commercial information; and (iii) cost-effectiveness for all parties, with no requirement for legal representation (though parties may be represented if they choose); (b) The Board shall have powers to: (i) subpoena witnesses and documents; (ii) conduct site inspections and audits; (iii) commission independent expert reports on technical or factual matters; and (iv) mediate settlements between parties”.
84. Amend the clause by inserting the following new subclause 4(9D), “(a) The Board shall be funded through a combination of: (i) Government budget allocation (core operating costs); (ii) user fees charged to companies that appeal to the Board (scaled based on company size and complexity of the case); and (iii) fines and penalties collected under clause 4(8) with a portion allocated to the Board’s operations; and (b) The Board shall be independent from the CS and other government agencies, with autonomy to make decisions based on the law and evidence, without political or commercial pressure”.
85. Insert the following new subclause 4(10), “(a) The Local Content Compliance Board shall establish a mediation and dispute resolution mechanism to address disputes between foreign companies and local suppliers regarding: (i) quality standards and specifications for goods or services; (ii) pricing and payment terms; (iii) delivery schedules and supply reliability; (iv) contract terms and conditions; and (v) capacity-building and technical assistance commitments; (b) Either party may request mediation from the Board, which shall: (i) appoint a neutral mediator to facilitate discussions between the parties; (ii) conduct mediation sessions within thirty (30) days of the request; (iii) seek to reach a mutually acceptable settlement within sixty days; and (iv) if mediation fails, issue a non-binding recommendation to guide further negotiations or legal proceedings; (c) The Board may also recommend arbitration under the Arbitration Act, Cap. 15 if mediation is unsuccessful, with the costs shared between the parties”.
86. Insert a new clause providing relief from non-compliance where it is caused by events beyond the reasonable control of the company, such as natural disasters, civil unrest, or pandemics.

### **Committee Observation/Recommendation**

**The Committee noted the proposal by KEPSA/KAM to develop Sector-Specific Localisation Plans and Agricultural Produce Sourcing Plans (APSPs) in consultation**

with relevant industry stakeholders and observed that this would better resolve the issues that the Bill seeks to address.

#### **4.7 The Kenya Association of Manufacturers (KAM)**

In a meeting with the Committee held on Thursday, 12<sup>th</sup> March 2026, Mr. Malcom Mwangi proposed the following amendments to the Local Content Bill, 2025:

##### **Clause 2**

87. Amend the clause by defining "Foreign company" as a company incorporated outside Kenya or operating in Kenya through a branch and not incorporated under the Companies Act of Kenya. The definition captures Kenyan-incorporated subsidiaries of multinational manufacturers that already manufacture locally and employ Kenyan workers.
88. Define "Local Content" as the quantifiable value addition into the Kenyan economy through the deliberate utilization of Kenyan human resources, material resources, and services in the production, manufacturing, or delivery of goods or services. Goods that confer origin as prescribed by EAC Rules of Origin will also be considered local content. Aligns with Kenya's Final Local Content Policy (2020), ensuring consistency across government policy and implementation.

##### **New Clause**

89. Amend the Bill by inserting the following new clause, "(1) The Cabinet Secretary shall establish an Incentives Framework for Local Content Development to promote domestic industrial capacity and diversification into value chains where local capability is limited or absent; (2) The Framework may provide for (a) tax incentives for investments in local manufacturing and supplier development; (b) infrastructure support including industrial parks, special economic zones and common-user facilities; (c) market offtake programmes for locally manufactured goods; (d) financing programmes including credit guarantee schemes and concessional financing; (e) incubation and development of small and medium enterprises; (f) preferential market access in public procurement for locally manufactured goods and services in accordance with procurement laws; and (g) technology transfer and skills development programmes; and (3) The Cabinet Secretary may make regulations for the implementation of this section". Define incentives framework to enable the country to diversify its production capacity to value chains that it currently does not have (forward and backward integration) The framework would among other things provide for: tax incentives, infrastructure support, market offtake programs, financing programs, incubation, SME development, preferential market access in public procurement, and technology and skills development. The local content development guidelines will be complimented by the sector's specific localization guidelines.

##### **Clause 4**

90. Amend subclause 4(1) by inserting the following new paragraph, "4(1) (b) to facilitate market access, preferential procurement shall be awarded to local content to the maximum level possible". The

government is the largest buyer of goods and services. Purchase of local content ensures retention of liquidity and value in the local economy, create employment and spur industrialisation.

91. Amend the Bill by deleting subclause 4(3) because the provisions will be guided by the local content development program and sector specific guidelines. Very few local contents can meet the prescribed standards of high-end products like trucks, almost every CKD kit has to be imported from the original countries.
92. Amend subclause 4(4) to read as follows, “(4) A foreign company shall provide technical and other capacity building support to local companies which supply it within its supply chain to ensure compliance with the relevant prescribed standards”. This amendment will provide clarity and ease of compliance by foreign companies. Foreign companies should only be obligated to support local companies within their supply chain with which they have active supply contracts in place.
93. Amend the clause by inserting the following new subclause 4(4), “(4) Notwithstanding sub-section (3), the Cabinet Secretary responsible for Trade shall, within six (6) months of the commencement of this Act, develop a Sector-Specific Localisation Plan in consultation with relevant industry stakeholders, including but not limited to KAM, KEPISA, and representatives of foreign companies operating in Kenya. (a) The Sector-Specific Localisation Plan shall: (i) Define realistic and achievable local content targets for each sector (e.g., FMCG, Logistics, Financial Services, Construction, etc.), taking into account the unique supply chain dynamics, availability of local suppliers, and quality standards required by each sector; (ii) Establish a phased implementation timeline specific to each sector, with clear milestones and targets (e.g., Year 1: 40%, Year 2: 50%, Year 3: 60%, or alternative targets based on sector-specific analysis); (iii) Identify capacity building requirements for local suppliers to meet the prescribed standards and volume requirements; (iv) Provide mechanisms for monitoring and reporting on progress toward local content targets; and (v) Include provisions for periodic review and adjustment of targets based on actual supply chain capacity and market conditions; (b) The Sector-Specific Localisation Plan shall be submitted to Parliament for approval before coming into effect, ensuring transparency and accountability; and (c) Foreign companies shall comply with the local content targets as defined in the approved Sector-Specific Localisation Plan for their respective sector, rather than the fixed 60% requirement in sub-section (3)”.
94. Amend the clause by inserting the following new subclause, “(5) A foreign company may apply to the Cabinet Secretary for a temporary exemption from the local content requirement in clause 4(3) or the Sector-Specific Localisation Plan for a specific input or category of inputs by submitting a detailed written justification demonstrating one or more of the following: (i) The input is not locally available in the required quantity, quality, or specification within Kenya; (ii) The input does not meet the prescribed international quality standards required by the foreign company's global quality assurance protocols, and no local supplier can meet these standards within a reasonable timeframe; (iii) The input is a proprietary formulation, concentrate, or ingredient protected by intellectual property rights (patents, trade secrets, trademarks) and is not manufactured in Kenya, and the foreign company can demonstrate that the input is essential to the product and cannot be substituted with locally available alternatives without compromising product quality, safety, or brand integrity; (iv) The input is subject to international trade agreements to which Kenya is a signatory, and sourcing from a member state of a customs union or trade bloc (e.g., EAC, COMESA, ACFTA) is required or preferred to maintain Kenya's obligations and competitive position; (a) The Cabinet Secretary shall review the exemption application and either approve or reject it within thirty (30) days of submission. If approved,

the exemption shall be: (i) Temporary in nature, with an initial validity period of two (2) years, subject to renewal; (ii) Subject to periodic review, with the foreign company required to provide annual reports on efforts to develop local alternatives or improve local supplier capacity; and (iii) Conditional on the company's commitment to provide technical and capacity-building support to local suppliers to enable them to meet the required standards within a specified timeframe; and (b) The Cabinet Secretary shall maintain a public register of all approved exemptions, including the justification provided and the conditions attached, to ensure transparency and to identify systemic gaps in the local supply chain that require government or private sector investment". The amended recommendation replaces a rigid, one-size-fits-all phased timeline with a flexible, collaborative, and evidence-based framework that achieves the Bill's objectives while respecting the realities of different sectors and inputs.

### **New Clause**

95. Amend the Bill by inserting a new clause providing for exemption of companies that are set up for exports orientation e.g. EPZs and SEZs. Kenya needs to leverage on the opportunities that exist out of the country through the numerous bilateral and multilateral trade agreements including EAC, COMESA, TFTA, AfCFTA, UK and EU EPA. This would dictate that Kenya fits into global supply chains and is able to source and supply from and to global markets.
96. Amend subclause 4(5) to read as follows, "(5) A foreign company undertaking any business in Kenya which requires agricultural produce as raw materials for the manufacture of goods shall source agricultural produce from Kenyan farmers in accordance with targets established by the Cabinet Secretary responsible for Agriculture, in consultation with relevant stakeholders".
97. Insert the following new subclause 4(6) "(6) The Cabinet Secretary responsible for Agriculture shall, in consultation with (i) Relevant industry stakeholders (including foreign companies, local farmers, farmer cooperatives, agricultural exporters, and the Kenya Association of Manufacturers); (ii) The Ministry responsible for Trade and Industry; (iii) The Ministry responsible for Planning and National Development; (iv) Agricultural research and extension institutions (e.g., KALRO, county agricultural departments); develop an Agricultural Produce Sourcing Plan (APSP) that shall: (a) Establish realistic, crop-specific local sourcing targets for key agricultural commodities (e.g., sugar, fruit, grains, vegetables, spices, etc.) based on: (i) Actual production capacity of Kenyan farmers for each commodity; (ii) Seasonal availability and supply volatility throughout the year; (iii) Quality standards and specifications required by foreign companies; (iv) International trade obligations and regional trade agreements (e.g., EAC, COMESA); and (v) Market demand and pricing to ensure farmer viability and profitability; (b) Identify capacity-building and infrastructure requirements necessary to increase local production and meet foreign companies' volume and quality requirements, including: (i) Agricultural research and development to improve crop yields and quality; (ii) Farmer training and extension services to meet quality standards; (iii) Storage, processing, and logistics infrastructure to reduce post-harvest losses and ensure year-round availability; and (iv) Value addition opportunities to increase farmer income and product competitiveness; (c) Establish a phased implementation framework with clear milestones and targets that can be adjusted based on: (i) Progress in local capacity development; (ii) Changes in market conditions and global commodity prices; and (iii) Technological innovations and productivity improvements; (d) Align the APSP with Kenya's Medium-Term Plan (MTP) cycles, such that: (i) The APSP shall be developed or reviewed at the beginning of each MTP cycle (currently every 5 years, with mid-term reviews at 2.5 years); (ii) Targets shall be reviewed and adjusted every 3 years to reflect changes in production

capacity, market conditions, and technological developments; (iii) The APSP shall be submitted to Parliament for approval before coming into effect, ensuring democratic oversight and transparency; and (e) Include provisions for monitoring, reporting, and accountability, such as: (i) Annual reporting by foreign companies on their actual agricultural sourcing from Kenyan farmers; (ii) Regular assessment of progress toward the targets established in the APSP; (iii) Identification of bottlenecks and barriers to increased local sourcing; (iv) Recommendations for policy adjustments or additional government support”.

98. Amend the clause by inserting the following new sub-clause 4(7), “(7) Foreign companies shall comply with the agricultural sourcing targets as established in the approved Agricultural Produce Sourcing Plan (APSP) for their respective commodity or sector, rather than the fixed 100% requirement in sub-section (5)”.
99. Amend the clause by inserting the following new subclause 4(8), “(8) The Cabinet Secretary may grant a temporary exemption or adjustment to the agricultural sourcing targets in the APSP if a foreign company can demonstrate: (i) Force majeure events (e.g. drought, flooding, disease outbreaks) that have significantly reduced local production capacity; (ii) Temporary supply shortages due to seasonal factors or unexpected market disruptions; (iii) Quality or food safety issues with locally produced agricultural produce that cannot be resolved within a reasonable timeframe; and (iv) Extraordinary circumstances beyond the reasonable control of the company or local farmers. Such exemptions shall be temporary (maximum 12 months) and subject to the company's commitment to work with local farmers and the government to resolve the underlying issue”.
100. Amend subclause 4(7) to cap the number of foreign workers from outside the East African Community to six percent. And provide for attachment of a local employee as an understudy to the expatriates. This will ensure that expatriates and other foreign workers from outside the EAC are not employed to perform tasks that can be easily accomplished by a local employee. It also ensures a transfer of skills to local workers, thereby enhancing their knowledge and expertise, as well as the competitiveness of the Kenyan workforce.
101. Delete subclause 4(8) and substitute it with the following subclause, “A person who fails to comply with the provisions of this Act commits an offence and shall be liable to (a) issuance of a compliance notice requiring corrective action within a specified period; (b) an administrative penalty as may be prescribed”. Criminal sanctions, particularly imprisonment of company officers, are disproportionate for regulatory non-compliance of a commercial nature. Local content requirements primarily involve administrative obligations relating to procurement of thresholds, reporting, and supplier participation, which are more appropriately enforced through administrative and regulatory mechanisms.
102. Insert the following new subclause 4(10), “(10) Dispute resolution between companies and local suppliers: (a) The Cabinet shall establish a mediation and dispute resolution mechanism to address disputes between foreign companies and local suppliers regarding: (i) Quality standards and specifications for goods or services; (ii) Pricing and payment terms; (iii) Delivery schedules and supply reliability; (iv) Contract terms and conditions; and (v) Capacity building and technical assistance commitments; (b) Either party may request mediation from the Cabinet Secretary, which shall: (i) Appoint a neutral mediator to facilitate discussions between the parties; (ii) Conduct mediation sessions within thirty (30) days of the request; (iii) Seek to reach a mutually

acceptable settlement within sixty (60) days; and (iv) If mediation fails, issue a non-binding recommendation to guide further negotiations or legal proceedings; and (c) The Cabinet Secretary may also recommend arbitration under the Arbitration Act (Cap. 15) if mediation is unsuccessful, with the costs shared between the parties". The amendment introduces a clear dispute resolution mechanism for matters arising under Clause 4 on local content obligations. Given that compliance may involve complex determinations relating to procurement thresholds, supplier qualification, or sector capacity, disputes between companies and the regulatory authority are likely to arise.

### **New Clause**

103. Amend the Bill by inserting the following new clause, "(1) A company shall not be liable for non-compliance with the requirements of this Act where such non-compliance is caused by circumstances beyond the reasonable control of the company; (2) Circumstances referred to under subsection (1) may include (a) natural disasters; (b) civil unrest or public disorder; (c) pandemics or public health emergencies; or (d) any other event that materially disrupts the company's ability to comply with the provisions of this Act; (3) A company seeking relief under this section shall notify the Cabinet Secretary or the designated authority of the occurrence of such circumstances within a reasonable time; and (4) The Cabinet Secretary may prescribe guidelines for the implementation of this section". This amendment introduces a force majeure-type safeguard to ensure that companies are not penalized for non-compliance where failure arises from circumstances beyond their reasonable control. Modern regulatory frameworks typically include such provisions to promote fairness, proportionality, and regulatory certainty.

### **Committee Observation/Recommendation**

**The Committee noted the proposal by KAM/KEPSA to develop Sector-Specific Localisation Plans and Agricultural Produce Sourcing Plans (APSPs) in consultation with relevant industry stakeholders and observed that this would better resolve the issues that the Bill seeks to address.**

## **4.8 The Kenya Bankers' Association (KBA)**

In a meeting with the Committee held on Thursday, 12<sup>th</sup> March 2026, Mr. Peter Mungai, Chairperson of the Legal Committee informed the Committee that KBA was opposed to the Bill. He proposed the following amendments to the Bill:

### **Clause 2**

104. Amend definition of "foreign company" because the definition in the Bill could prevent locally incorporated subsidiaries and branches from leveraging economies of scale with their parent companies and global affiliates, limiting their ability to provide differentiated services to Kenyans at competitive cost of capital.
105. Amend definition of "local company" because the definition in the Bill excludes Kenyan-incorporated companies which is likely to create legal ambiguity and may result in parallel compliance frameworks.

106. Amend the Objects of the Bill as it does not expressly recognise investment promotion and global value chain integration. Failure to recognise Kenya's commitments under the African Continental Free Trade Area (AfCFTA) and the EAC Common Market Protocol may create policy inconsistencies and undermine Kenya's ambition to position itself as a regional investment hub.

#### **Clause 4**

107. Amend subclause 4(1) because extending local content rules to finance, insurance, warehousing and ICT is unusual globally and may slow innovation, raise costs for fintechs reliant on global service providers and complicate compliance for multinational banks.

108. Amend subclause 4(3) because the requirement that foreign companies source 60% of goods and services from local companies introduces a rigid quota. The quota is not supported by evidence demonstrating that local companies have the capacity to provide specialised technical services required by modern industries.

109. Amend subclause 4(4) because it creates a compulsory commercial obligation and increases cost of capital and doing business. Such obligations increase the cost of doing business and the cost of capital. Where the scope of the obligation is not clearly defined, companies may face open-ended expectations for technical support, creating financial and operational uncertainty.

110. Amend subclause 4(5) because absolute requirement is impractical where inputs are unavailable or seasonal. Absolute sourcing requirements are impractical where inputs are unavailable, seasonal or unable to meet required technical or quality standards.

111. Amend subclauses 4(6) and 4(7) because the requirement that 80% of a company's workforce be Kenyan is not viable in specialised sectors and lacks exemptions for scarce or specialised skills. Modern globally integrated industries rely on specialised expertise in area such as advanced technology, cybersecurity, data science and financial engineering.

112. Amend subclause 4(8) because the penalties are disproportionate and fail to distinguish between wilful misconduct and good faith inability to meet local content thresholds due to structural or market constraints. Criminalising ordinary commercial non-compliance significantly increases regulatory risk and may discourage investment.

#### **Clause 5**

113. Amend clause 5 because it grants the CS broad discretionary powers to expand sectors and define additional local content requirements. Wide regulatory discretion creates uncertainty for businesses and investors and raises concerns about excessive delegation of legislative authority.

#### **Clause 6**

114. Amend subclause 6 because the Bill protects existing contracts but does not sufficiently safeguard existing licenses, approvals and investments structures. Failure to protect existing operational

structures may create retrospective economic impacts for companies that made investments under the previous regulatory framework.

115. The Bill imposes obligations exclusive on foreign companies, creating concerns around differential treatment. The differential treatment creates concerns regarding proportionality and potential discrimination.

#### **Committee Observation/Recommendation**

**The Committee took note of the submission by KBA and agreed with them that the Bill was imposing obligations exclusively to foreign companies creating concerns of differential treatment contrary to the Constitution. The Committee therefore recommended deletion of the Bill in its entirety.**

#### **4.9 The National Gender and Equality Commission (NGEC)**

In a meeting with the Committee held on Thursday, 12<sup>th</sup> March 2026, Mr. Paul Kuria, Ag. CEO proposed the following amendments to the Local Content Bill, 2025:

##### **Clause 2**

116. Amend the clause by inserting the following new definitions: “Authority” means the Kenya Local Content and Inclusion Authority established under section 3A; “inclusive local content” means local content that ensures equitable participation and benefits for women, youth, persons with disabilities and marginalised groups as defined under Article 260 of the Constitution, measured through the scorecard prescribed under this Act; and “marginalised groups” has the meaning assigned in Article 260 of the Constitution. This is to provide clear operational definitions that enable measurable enforcement inclusion.

##### **Clause 3**

117. Amend the clause by inserting the following new paragraphs: “(g) *promote inclusive local content by ensuring equitable participation of women, youth, persons with disabilities and marginalised groups in ownership, management, skills development, employment and supply chains; (h) impose obligations on national and county governments to lead by example in local content and inclusion compliance; and i) establish an institutional framework for effective implementation, monitoring, enforcement and capacity building*”. The amendment expands the Bill’s scope from foreign company compliance only to a whole of society and whole of government approach.
118. Amend the clause by inserting the following new clause, “3A (1) *There is established an Authority to be known as the Kenya Local Content and Inclusion Authority. (2) The Authority shall be a body corporate with perpetual succession, capable of suing and being sued, and shall perform the functions conferred by this Act*”. To provide for a dedicated body for monitoring, capacity building coordination and enforcement.

119. Amend the clause by inserting the following new clause, “3B. The Authority shall (a) monitor and enforce compliance with local content and inclusive local content requirements by foreign companies and national/county governments; (b) develop, publish and periodically review the inclusive local content scorecard; (c) coordinate capacity building programmes targeted at women-owned, youth-owned, PWD-owned, and marginalised-group enterprises; (d) advise the Cabinet Secretary on regulations and standards; (e) collaborate with the NGECC, National Council for Persons with Disabilities, Council of Governors and relevant sector regulators; (f) maintain a public register of compliant entities; and (g) report annually to Parliament and the Council of Governors on compliance and inclusion outcomes”. To provide roles of the Authority.
120. Amend the clause by inserting the following new clause, “3C (1) The Authority shall be governed by a Board consisting of (a) a chairperson appointed by the President; (b) the Principal Secretary responsible for Trade; (c) the Principal Secretary responsible for Labour; (d) one representative each from the NGECC, the National Council for Persons with Disabilities and the Council of Governors; (e) four persons with expertise in industry, gender, disability and local content nominated by relevant stakeholders; and the Chief Executive Officer (ex-officio); and (2) The Board shall ensure gender parity in accordance with Article 27(8) of the Constitution and at least one member with a disability”.
121. Amend the clause by inserting the following new clause, “3D. The Authority shall be funded by Parliamentary appropriations, fees and such other sources as Parliament may approve”.

#### **Clause 4**

122. Amend subclause 4(7) by inserting the following new subclauses, “7A. In complying with the sixty percent (60%) sourcing requirement under subsection (3) and the workforce requirement under subsection (6), a foreign company shall prioritise inclusive local content as measured by the scorecard, giving preference to women-owned, youth-owned, PWD-owned, and marginalised group enterprises in accordance with the AGPO policy and regulations made under this Act; (7B) A foreign company shall ensure that its capacity-building support under subsection (4) targets women, youth, persons with disabilities and marginalised groups; and (7C) Compliance with this section shall be assessed using the inclusive local content scorecard prescribed in regulations”. To integrate inclusion into the existing 60% sourcing and 80% workforce quotas without changing the percentages.
123. Amend paragraph 4(8)(a) by substituting the fine of “one hundred million shillings” with not less than “twenty million shillings” because the penalty is excessive and may discourage foreign investors and lead to closure of foreign companies.
124. Amend by inserting the following new clause, “4A (1) National and county governments shall, in all procurement, tenders, employment and operations, comply with the local content requirements under section 4; (2) Without limiting subsection (1) (a) at least 60% of goods and services shall be sourced from local companies with priority to AGPO-eligible enterprises; (b) at least 80% of the workforce shall be Kenyan citizens, disaggregated to meet the two thirds gender rule and a minimum of five percent persons with disabilities (or such higher target as may be prescribed); and (c) governments shall provide technical and capacity-building support to local suppliers in line with subsection 4(4); (3) Each government entity shall submit an annual local content and inclusion plan and compliance report to the Authority; (4) Contravention

by a public body shall constitute grounds for disciplinary action against the accounting officer”. Provide obligations of national and county governments.

## **Clause 5**

125. Amend subclause 5(2) by inserting the following new paragraphs, “(d) the form, content, and methodology of the inclusive local content scorecard, including specific targets and weighting for gender, disability, youth and marginalised-group participation in ownership, management, skills development and supply chains; (e) procedures for annual reporting by foreign companies and government entities; (f) mechanisms for capacity-building grants or incentives targeted at inclusive local enterprises; and (g) any other matter necessary for inclusive local content”. To provide for regulations.

## **New Clauses**

126. Insert a new clause providing for the comprehensive and inclusive (gender and disability) institutional framework because it is necessary for the effective implementation of the objectives of the proposed law.

127. Insert clauses providing for obligations of the two levels of government because Part 2 of the Fourth Schedule to the Constitution includes trade development and regulation (trade licenses, marketing e.t.c.) and implementation of national government policies and natural resources as functions of county governments.

## **Committee Observation/Recommendation**

**The Committee observed that some amendments proposed by NGEC would expand the scope of the Bill contrary to Standing Order 133 (5) of the National Assembly Standing Orders.**

## **4.10 The Ministry of Foreign and Diaspora Affairs**

In a meeting with the Committee held on Thursday, 12<sup>th</sup> March 2026, Mr. Evans Maturu, a Director at MFDA informed the Committee that:

128. The proposals in the Bill need multisectoral approach. Competent authorities have not been included in the Bill.

129. The MFDA had entered into multilateral agreements with the EAC that provide that goods from the EAC are considered local. The country is bound by the obligations and commitments.

## **Committee Observation/Recommendation**

**The Committee observed that the Bill would indeed pose a challenge on some of the agreements and treaties that Kenya has signed with other countries and thus recommended deletion of the Bill in its entirety.**

#### **4.11 The State Department for Trade**

In a meeting with the Committee held on Thursday, 12<sup>th</sup> March 2026, Mr. Sabas Sabure, Trade Development Officer informed the Committee that the State Department supports the Bill but with amendments. He submitted that:

- 130. The State Department should lead in prescribing detailed operational guidelines and metrics on the 60% local sourcing of goods and services and 80% Kenyan workforce.
- 131. The State Department should institutionalise capacity building programmes, leveraging the Academy and private sector partnerships to upscale firm's technical, managerial and digital skills, enabling them to effectively participate in supply chains.
- 132. The State Department in collaboration with agricultural agencies should develop a coordinated framework for sourcing including aggregation centres and quality assurance mechanism to ensure compliance and enhance farmers' market access and income.
- 133. The State Department should establish an institutional mechanism for monitoring, reporting and resolving compliance issues while ensuring fair and transparent processes.
- 134. The State Department should develop a centralised digital reporting system accessible via the National Trade Portal to enable real-time monitoring and data analytics for policy adjustments.
- 135. The State Department should ensure that regulations harmonise with existing trade laws and international obligations, avoiding duplication and conflicts.
- 136. The State Department should mainstream gender and youth inclusivity in local content implementation, providing targeted support and ensuring fair access to opportunities created under the Bill.

#### **Committee Observation/Recommendation**

**The Committee noted the submission by the State Department for Trade. The Committee recommended deletion of the Bill in its entirety as it would be difficult to implement if enacted in its current form.**

#### **4.12 Ponty Pridd Holdings**

In a meeting with the Committee held on Thursday, 12<sup>th</sup> March 2026, Mr. Anthony Wainaina, Managing Director, Ponty Pridd Holdings submitted as follows on the Local Content Bill, 2025:

- 137. They support the Bill in its entirety and observed that: as the government works to attract international investors, it must equally support local companies; multinationals must contribute to the growth of the supportive industries that they rely on; the domestic market should be the

foundation upon which Kenyan companies launch into the region and the world; and every shilling spent in the country circulates multiple times.

138. They proposed that the Bill be amended to provide for sector-specific thresholds; require multinationals to actively invest in developing local supplier capacity through training, technology transfer, and joint ventures; there should be clear, meaningful penalties for non-compliance; an independent body should receive, verify and publicly report on local content compliance annually; and create an accessible mechanism through which local companies can report exclusion and seek redress without fear of losing future contracts.

#### **Committee Observation/Recommendation**

**The Committee noted the amendments proposed to the Bill by Ponty Pridd Holdings. The Committee recommended deletion of the Bill in its entirety as it would be difficult to implement if enacted in its current form.**

#### **4.13 Ather Solutions Limited**

139. In a memorandum dated 23<sup>rd</sup> February 2026, Ather Solutions Limited submitted that there is significant local capacity and experience that can be leveraged on to enhance supply chain efficiencies; current decision-making processes often favour multinationals creating an uneven playing field; multinationals usually utilise local vehicles and resources but the compensation is inadequate; Kenyans are reduced to mere farmers and consumers with no opportunities for entrepreneurship and involvement in various sectors of the economy; and multinationals transfer their depreciated fleets into the country allowing them to compete unfairly with local suppliers.

#### **Committee Observation/Recommendation**

**The Committee noted the submission by Ather Solutions Limited and observed that there is a Local Content Policy in Kenya that aims at protecting local companies. The Committee recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

#### **4.14 Beaver Works Enterprises**

140. In a memorandum dated 26<sup>th</sup> February 2026, Beaver Works Enterprises submitted that it is important to leverage local resources and capabilities to promote sustainable economic development. Local transporters are faced with the following challenges: disproportionate favouritism towards multinationals; unfair competition from depreciated assets; exploitation of local resources; stifling of local growth and development; and narrowing the role of Kenyans to farmers and consumers.

### **Committee Observation/Recommendation**

**The Committee noted the issues raised by Beaver Works Limited and observed that there is a Local Content Policy in Kenya that aims at protecting local companies. The Committee recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

#### **4.15 Brilliant Rays Enterprises Limited**

141. In a memorandum dated 19<sup>th</sup> February 2026, Brilliant Rays Enterprises Limited submitted that there is significant local capacity and experience that can be leveraged on to enhance supply chain efficiencies; current decision-making processes often favour multinationals creating an uneven playing field; multinationals usually utilise local vehicles and resources but the compensation is inadequate; Kenyans are reduced to mere farmers and consumers with no opportunities for entrepreneurship and involvement in various sectors of the economy; and multinationals transfer their depreciated fleets into the country allowing them to compete unfairly with local suppliers.

### **Committee Observation/Recommendation**

**The Committee noted the submission by Brilliant Rays Enterprises Limited and observed that there is a Local Content Policy in Kenya that aims at protecting local companies. The Committee recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

#### **4.16 CWAV (K) Limited**

142. In their memorandum, CWAV (K) Limited submitted that there is significant local capacity and experience that can be leveraged on to enhance supply chain efficiencies; current decision-making processes often favour multinationals creating an uneven playing field; multinationals usually utilise local vehicles and resources but the compensation is inadequate; Kenyans are reduced to mere farmers and consumers with no opportunities for entrepreneurship and involvement in various sectors of the economy; and multinationals transfer their depreciated fleets into the country allowing them to compete unfairly with local suppliers.

### **Committee Observation/Recommendation**

**The Committee noted the submission by CWAV (K) Limited and observed that there is a Local Content Policy in Kenya that aims at protecting local companies. The Committee recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

#### 4.17 Isocate Limited Company

143. In a memorandum dated 20<sup>th</sup> February 2026, Isocate Limited submitted that there is significant local capacity and experience that can be leveraged on to enhance supply chain efficiencies; current decision-making processes often favour multinationals creating an uneven playing field; multinationals usually utilise local vehicles and resources but the compensation is inadequate; Kenyans are reduced to mere farmers and consumers with no opportunities for entrepreneurship and involvement in various sectors of the economy; and multinationals transfer their depreciated fleets into the country allowing them to compete unfairly with local suppliers.

##### **Committee Observation/Recommendation**

**The Committee noted the submission by Isocate Limited Company and observed that there is a Local Content Policy in Kenya that aims at protecting local companies. The Committee recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

#### 4.18 Lynwood Solutions Limited

144. In a memorandum dated 25<sup>th</sup> February 2026, Lynwood Solutions Limited submitted that transportation business in Kenya has been given to multinationals resulting in financial distress, job losses and business closure. They requested the Government and Parliament to put in place policies that protect and promote participation of Kenyan-owned companies in supply chains.

##### **Committee Observation/Recommendation**

**The Committee noted the request by Lynwood Solutions Limited and observed that there is a Local Content Policy in Kenya that aims at protecting local companies. The Committee recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

#### 4.19 Lytans Limited

145. In a memorandum dated 24<sup>th</sup> February 2026, Lytans Limited submitted that many locally owned Kenyan transport companies have substantial fleet capacity that is more than sufficient to handle 100% of the transport demand in Kenya, multinational companies are awarded over 70% of transport and logistics contracts by major corporations, multinationals engage local transporters at uncompetitive rates that do not reflect market value and monopolisation of contracts by multinationals hinders the growth of local transporters.

##### **Committee Observation/Recommendation**

**The Committee noted the submission by Lytans Limited and observed that there is a Local Content Policy in Kenya that aims at protecting local companies. The Committee**

**recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

#### **4.20 Metajma Creative Solutions Limited**

146. In a memorandum dated 25<sup>th</sup> February 2026, Metajma Creative Solutions Limited submitted that most transport operations are consolidated under a multinational logistics provider. They requested Parliament to put in place legislation and policy measures that require multinational corporations operating in Kenya to allocate a defined percentage of logistics and supply chain work to qualified local companies, protect local businesses from unfair subcontracting rates that make participation economically unviable, and promote local content development to ensure Kenyan businesses benefit from economic activity generated within the country.

##### **Committee Observation/Recommendation**

**The Committee noted the proposals by Metajma Creative Solutions Limited and observed that there is a Local Content Policy in Kenya that aims at protecting local companies. The Committee recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

#### **4.21 Reshon Enterprises Limited**

147. In a memorandum dated 26<sup>th</sup> February 2026, Reshon Enterprises Limited submitted that Parliament needs to advocate for policies that encourage multinationals to actively engage local content players in their supply chains. This will promote economic growth and development.

##### **Committee Observation/Recommendation**

**The Committee noted the request by Reshon Enterprises Limited and observed that there is a Local Content Policy in Kenya that aims at protecting local companies. The Committee recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

#### **4.22 Sigmoid Logistics**

148. In a memorandum dated 23<sup>rd</sup> February 2026, Sigmoid Logistics submitted that transportation business in Kenya has been given to multinationals. They called on the Government to intervene because the unfair practices will drive them out of business.

##### **Committee Observation/Recommendation**

**The Committee noted the request by Sigmoid Logistics and observed that there is a Local Content Policy in Kenya that aims at protecting local companies. The Committee recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

## 4.23 The British Chamber of Commerce Kenya

In a letter dated 11<sup>th</sup> March 2026, Ms. Farida Abbas, Chief Executive Officer, the British Chamber of Commerce proposed the following amendments to the Local Content Bill, 2025:

### Clause 2

149. Amend definition of “foreign company” to mean a company, body corporate or other legal entity: (a) incorporated or otherwise established outside Kenya; or (b) registered as a foreign company under part XXXVII of the Companies Act (Cap. 486); or (c) incorporated or otherwise established in Kenya but in which persons who are not Kenyan citizens hold, directly or indirectly, more than forty-nine percent of the issued shares or voting rights, or exercise effective control, but does not include a company, body corporate or other legal entity incorporated or otherwise established outside Kenya where: (i) more than fifty percent of its shares and voting rights are held, directly or indirectly by Kenyan citizens; or (ii) effective control is exercised by Kenyan citizens”. This is to align with the Companies Act for consistency and to avoid conflicting legal interpretations.
150. Define “effective control” to mean the power, whether through shareholding, voting rights, board appointment rights, contractual arrangements, or otherwise, to direct the financial, operational or strategic decisions of the company”.
151. Amend definition of “local company” to mean a company, body corporate or other legal entity incorporated, registered or otherwise established in Kenya including subsidiaries and branches of foreign entities and extending to the parent company and global affiliates or outside Kenya in which: (a) more than fifty percent of its shares and voting rights are held, directly or indirectly, by Kenyan citizens; or (b) effective control is exercised by Kenyan citizens”.

### Clause 4

152. Amend the clause by deleting subclause 4(1) and substituting as follows, “A foreign company carrying out business in Kenya shall comply with the local content requirements prescribed under this section, provided the Cabinet Secretary for Investments, Trade and Industry may by regulations, prescribe minimum thresholds below which a foreign company shall be exempt from one or more of the requirements of this section”.
153. Amend the clause by deleting subclause 4(2) and substituting as follows, “The local content requirements under this section shall apply to foreign companies operating in Kenya across all sectors of the economy provided that: (a) the CS shall within six (6) months of the commencement of this Act, by regulations made under section 5, prescribe sector-specific local content schedules setting out the applicable local content thresholds, timelines and requirements for each sector, having regard to: (i) the existing capacity of local companies to supply goods and services in that sector; (ii) the regulatory framework already applicable to the sector; and (iii) the level of participation of Kenyan citizens in that sector; (b) before prescribing a sector-specific schedule, the CS shall consult the relevant sector regulator and conduct public participation; and (c) where a sector is governed by existing legislation that already imposes local content obligations, the CS shall ensure that any sector-specific schedule made under this section is consistent with and complementary to

those obligations and in the event of any conflict, the sector-specific legislation shall prevail to the extent of the inconsistency”.

154. Amend subclause 4(3) to read as follows, “A foreign company shall source locally manufactured goods and services from local companies in accordance with the applicable local content threshold prescribed in the sector-specific schedule for its sector under section 4(2), provided that: (a) Where no sector-specific has yet been prescribed for a particular sector, a foreign company in that sector shall, in the interim, demonstrate reasonable efforts to source locally available goods and services from local companies, including by conducting and documenting a local supplier market assessment to identify local companies capable of supplying the required goods and services, prior to engaging a foreign supplier and submitting to the designated authority, as part of its annual Local Content Compliance Report under section 4B, a local sourcing report detailing the efforts made under this paragraph, the proportion of goods and services sourced from local companies during the reporting period, and the reasons for any sourcing from foreign suppliers; and (b) a foreign company that is unable to meet the applicable threshold due to the genuine unavailability of qualifying local suppliers may apply to the designated authority for a temporary waiver to be granted on such terms as the designated authority, acting reasonably, may specify”.

155. Amend subclause 4(4) to read as follows: “A foreign company may, in accordance with prescribed incentives, implement proportionate capacity building initiatives based on annual local content plans, with targets co developed with industry bodies and benchmarked to sector needs”.

156. Amend subclause 4(5) to read as follows: “A foreign company undertaking any business in Kenya which requires agricultural produce as raw materials for the manufacture of goods shall source agricultural produce from Kenyan farmers and registered agricultural cooperatives operating in Kenya, to the extent and in the manner prescribed by regulations made under section 5, provided that: (a) before prescribing any local sourcing requirement under this sub-section, the Cabinet Secretary shall: (i) conduct a national agricultural supply capacity assessment in consultation with the relevant agricultural regulatory bodies, farmer organisations, and agricultural cooperatives, to determine the availability, quality, volume and consistency of local supply of the relevant agricultural produce; (ii) undertake public participation, including targeted consultation with the foreign companies likely to be affected and the Kenyan farming communities likely to benefit; and (iii) have regard to the findings of the capacity assessment and the outcome of the public participation process in determining the appropriate local sourcing threshold for each category of agricultural produce; (b) the regulations made under this sub-section may prescribe different local sourcing thresholds for different categories of agricultural produce, different manufacturing sectors or different regions in Kenya, reflecting variations in local supply capacity; and (c) the Cabinet Secretary shall review the prescribed thresholds at intervals of not more than three (3) years and may adjust them upwards or downwards by regulations made in accordance with paragraph (a), having regard to changes in local agricultural supply capacity”.

157. Amend subclause 4(6) to read as follows: “A foreign company operating in Kenya shall employ Kenyan citizens in the management and senior leadership of the company, to the extent and in the manner prescribed by regulations made under section 5, provided that: (a) before prescribing any management localisation requirement under this sub-section, the Cabinet Secretary shall: (i) conduct a national management and skills capacity assessment in consultation with relevant bodies, relevant professional bodies, sector regulators and employer and employee representative organisations, to determine the availability of

qualified Kenyan citizens capable of filling management and senior technical positions across the relevant sectors; (ii) undertake public participation, including targeted consultation with foreign companies likely to be affected and Kenyan professional and graduate bodies likely to represent the pool of eligible candidates; and (iii) have regard to the findings of the capacity assessment and the outcome of the public participation process in determining the appropriate management localisation thresholds for each sector; (b) the regulations made under this sub-section may prescribe different localisation thresholds for different sectors, different categories of management positions and different sizes of company, reflecting variations in the availability of qualified Kenyan management talent; and (c) the Cabinet Secretary shall review the prescribed thresholds at intervals of not more than three (3) years and may adjust them by regulations made in accordance with paragraph (a), having regard to changes in the availability of qualified Kenyan management talent”.

158. Amend subclause 4(7) to read as follows: “A foreign company operating in Kenya shall employ Kenyan citizens across all levels of its workforce in Kenya, to the extent and in the manner prescribed by regulations made under section 5, provided that: (a) before prescribing any workforce localisation requirement under this sub-section, the Cabinet Secretary shall: (i) conduct a national workforce and skills capacity assessment in consultation with relevant bodies, including the National Employment Authority, relevant sector regulators and employer and employee representative organisations, to determine the availability of qualified Kenyan citizens capable of filling positions across the relevant sectors and at all levels of employment; (ii) undertake public participation, including targeted consultation with foreign companies likely to be affected and Kenyan workers and trade union organisations likely to represent the pool of eligible candidates; and (iii) have regard to the findings of the capacity assessment and the outcome of the public participation process in determining the appropriate workforce localisation thresholds for each sector; (b) the regulations made under this sub-section may prescribe different localisation thresholds for (i) different sectors; (ii) different categories and levels of employment, including senior management, middle management, technical and professional staff, and nontechnical and support staff; and (iii) different sizes of company, reflecting variations in the availability of qualified Kenyan workers; and (c) the Cabinet Secretary shall review the prescribed thresholds at intervals of not more than three (3) years and may adjust them by regulations made in accordance with paragraph (a), having regard to changes in the availability of qualified Kenyan workers across the relevant sectors”.

159. Amend subclause 4(8) to read as follows: “Calibrate penalties to be proportionate, predictable, and tied to the severity of non-compliance: “(a) Where a foreign company contravenes any provision of this section, the designated authority may issue a compliance notice requiring the foreign company to remedy the contravention within a period specified in the notice, being not less than ninety (90) days; (b) where the foreign company fails to remedy the contravention within the period specified in the compliance notice, the designated authority may: (i) impose an administrative penalty not exceeding five percent (5%) of the foreign company's annual gross revenue derived from Kenyan operations for each year or part thereof during which the contravention continues; or (ii) recommend to the relevant licensing authority the suspension or revocation of any licence, permit, or registration held by the foreign company; or (c) In addition to the administrative remedies under sub-section (8), a foreign company that wilfully and persistently fails to comply with the requirements of this section after exhausting the compliance notice process commits an offence and shall upon conviction in the case of the body corporate, be liable to (i) a fine of not less than ten million shillings, having regard to the gravity, duration, and extent of the contravention; and (ii) in the case of a director or officer of the company who is proved to have personally authorised, directed, or acquiesced in the

contravention, be liable to imprisonment for a term of not less than one year, or to a fine of not less than five million shillings, or to both”.

#### **Clause 5**

160. Amend subclause 5(1) to read: "The Cabinet Secretary, may make Regulations for better carrying out of the provisions of this Act subject to a regulatory impact assessment, stakeholder consultations and submission of these regulations to Parliament for approval."

#### **Clause 6**

161. Amend Clause 6 to read: "All rights, obligations and contracts between a foreign company carrying out business in Kenya and a supplier of goods or services existing before the coming into force of this Act, which were lawfully entered into, shall continue in force for the unexpired period of the contracts, provided that: (a) any renewal, extension, variation, assignment, or exercise of an option occurring on or after the commencement of this Act shall comply with this Act and regulations made under it; (b) nothing in this subsection shall be construed to validate any term or arrangement that is unlawful under any written law; (c) where a contract contains change in law provisions, the parties may renegotiate in good faith to align performance with this Act; and (d) no party may artificially restructure or roll over an existing contract to circumvent the application of this Act".

#### **Committee Observation/Recommendation**

**The Committee noted the amendments proposed by the British Chamber of Commerce Kenya and recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

#### **4.24 Grid Circle Limited**

In their memorandum dated 18<sup>th</sup> February 2026, the Managing Director, Ms. Brenda N. Wagura proposed the following amendments to the Bill:

162. The Bill should be amended to provide for local capability, adjust progressively over time and avoid market distortion. This will ensure realism and enforceability, allowing for gradual scaling of thresholds, evidence-based policy adjustment and strategic priority sectors.

163. Provide a precise definition of local company incorporating minimum beneficial Kenyan ownership criteria, effective control and decision making exercised in Kenya, substantive economical operational presence in Kenya and tax residency compliance.

164. The Bill should clarify that contracts lawfully concluded prior to commencement of the Act remain valid, and phased compliance period applies to existing enterprises. This will protect legitimate expectations while allowing gradual compliance.

165. In compliance with Article 2 (5) and (6) of the Constitution, the Bill should include a provision stating that the Act shall be implemented in a manner consistent with Kenya's international trade investment obligations.
166. The Bill should incorporate mechanisms for technology transfer plans, local workforce training frameworks, supplier development programmes and joint venture incentives. The Bill should explicitly incorporate mechanisms that promote long-term domestic competitiveness.
167. The Bill should provide clear criteria for exemptions, discretionary powers for the CS be guided by objective standards and compliance reporting obligations be proportionate to the size of an enterprise.
168. The Bill should be aligned with SME development frameworks, coordinated with public procurement reforms, integrated with export promotion strategies and compliance linked to measurable domestic value addition.

#### **Committee Observation/Recommendation**

**The Committee noted the proposals by Grid Circle Limited to implement the Bill progressively, validity of contracts entered into before enactment of the Bill, implementing the Bill in a way that is consistent with the country's international trade among others. The Committee recommended deletion of the Bill in its entirety as it would be difficult to be implemented if enacted in its current form.**

## CHAPTER FIVE

### 5.0 COMMITTEE OBSERVATIONS

Having considered the Bill, the Committee made the following observations on the Local Content Bill (*National Assembly Bill No. 45 of 2025*):

1. Stakeholders broadly supported the policy intent of the Bill, viewing local content as a tool for industrial competitiveness rather than a gatekeeping mechanism. They proposed that the objects be expanded to expressly recognise investment promotion, Kenya's international trade obligations, and the inclusion of gender, youth, persons with disabilities, and marginalised groups. There was strong consensus that the list of sectors covered is both too narrow by omitting agriculture, agri-inputs, and technology and e-commerce while also being too broad, in that financial services are included without adequate differentiation.
2. The definition of "foreign company" was contentious. Some stakeholders sought to exclude locally-incorporated subsidiaries of multinationals, others proposed a control-based definition and others focused on preventing circumvention through nominee arrangements. The Committee observed that the shareholding-only definition as drafted creates three problems for NSE-listed companies: a company's classification could shift daily as foreign and Kenyan investors trade in its shares; it would deter foreign-origin companies with genuine Kenyan operational footprints from listing on the NSE; and it would inadvertently capture established Kenyan group companies such as Equity Group Holdings, KCB Group and others that carry significant foreign institutional shareholding as a feature of being publicly listed, not as a feature of foreign control. The Committee is of the view that the definition should be comprehensive and measurable and aligned with the 2020 Local Content Policy.
3. The Bill raises several constitutional concerns. Under Article 24, any limitation of rights must be prescribed by law, pursue a legitimate objective, and be reasonable and proportionate. While the Bill's objectives of employment promotion and economic development are legitimate, proportionality concerns arise in three areas: the mandatory 100% agricultural sourcing requirement with no waiver or exemption mechanism for cases where compliance is genuinely impracticable; the mandatory minimum criminal penalties with no graduated enforcement sequence; and the absence of judicial discretion in sentencing. Under Article 40, foreign investors hold property interests in shares, contracts, and business operations. Whereas regulatory control is permissible, the combination of heavy mandatory fines and rigid sourcing obligations may be argued to constitute excessive interference with those interests. A further concern under Article 27(4) is that a law restricting the enjoyment of property on grounds of foreign ownership may be characterised as discriminatory, since the differentiation between foreign and local companies, must be reasonable and proportionate.
4. The Bill raises compatibility concerns under three international frameworks. First, the World Trade Organisation (WTO) Agreement on Trade-Related Investment Measures (TRIMs) prohibits certain domestic purchase requirements. The 60% locally manufactured goods sourcing rule and the 100% agricultural sourcing rule resemble local content measures that have been successfully challenged at the WTO, and the 100% agricultural sourcing rule additionally incorrectly presupposes that all

agricultural inputs required by foreign companies are commercially grown in Kenya. Second, the Africa Continental Free Trade Area promotes non-discrimination among African states and trade liberalisation yet rigid local sourcing requirements may raise compatibility concerns with AfCTA. Third, where Bilateral Trade Treaties are in force, foreign investors may initiate arbitration on grounds of discriminatory treatment, indirect expropriation, or breach of fair and equitable treatment obligations.

5. Stakeholders broadly supported the proposed high Kenyan workforce threshold. However, there was consensus that the threshold needs to be applied sector-specifically. Financial services and technology, in particular, require access to global talent for specialised roles that are not yet available in sufficient depth in the local market, and a uniform threshold applied across all sectors without a waiver or exception mechanism does not adequately accommodate this reality.
6. The Bill's enforcement framework is deficient in three interconnected respects:
  - a) The Bill does not clearly define its implementing institution. Enforcement and implementation functions are vested alternately in the Cabinet Secretary and in an unnamed implementing authority, without establishing the authority as a statutory body, defining its composition, prescribing its funding, or specifying its accountability mechanisms. The Bill creates obligations without a credible institutional home for their enforcement.
  - b) The functions vested in the implementing authority directly overlap with the existing mandates of established regulators. The 60% local sourcing obligation duplicates the procurement oversight mandate of the Public Procurement Regulatory Authority under the Public Procurement and Asset Disposal Act, 2015. The workforce verification function duplicates the mandates of the Department of Immigration, which already applies a local availability test before issuing Class G work permits, and the National Employment Authority. The agricultural sourcing verification function duplicates the mandate of the Agriculture and Food Authority under the Agriculture and Food Authority Act, 2013, which already holds the farm registration data, quality inspection capacity, and sourcing certification infrastructure that the local content implementing authority does not possess. The Bill does not acknowledge these overlaps, define the relationship between the implementing authority and any of these regulators, or establish a coordination mechanism, with the result that the same company activity would be subject to inspection by multiple regulators applying different standards and no legal basis for resolving conflicting determinations.
  - c) The Bill contains no regulatory enforcement architecture between the imposition of obligations and criminalisation of their breach. It does not provide for compliance monitoring, compliance notices, corrective action periods, administrative penalties, licence suspension powers, or a designated appeal mechanism. The only enforcement tool available to the implementing authority is criminal prosecution. This renders the Bill structurally unenforceable: for minor breaches, prosecution is disproportionate and for serious breaches, mandatory minimum penalties invite immediate constitutional challenge and protracted litigation. A functional enforcement framework requires a graduated sequence of administrative warnings, financial penalties and licence action before criminal prosecution is considered. The Bill provides none


of these, and the enforcement architecture would need to be built from the ground up in any future Bill addressing local content.

7. Additionally, the proposed mandatory fine of Kshs. 100 million and mandatory CEO imprisonment, applied without a graduated enforcement sequence, create enforcement uncertainty, remove judicial discretion in sentencing, and are likely to generate litigation rather than encouraging compliance. The severity of the Bill's obligations also creates two related risks. The first is fronting, that is, where a foreign company registers a nominally Kenyan-owned local entity to escape the Bill's requirements while retaining actual control, as has occurred in Nigeria under comparable legislation. The second is a perverse incentive for local companies in that, if foreign competitors are already compelled to source locally, a local company may rationally conclude that it can import cheaper goods and undercut the market, with the unintended result that the Bill's toughness becomes the motivation to work around it rather than comply.

## CHAPTER SIX

### 6.0 COMMITTEE RECOMMENDATION

The Committee having reviewed the Local Content Bill (*National Assembly Bill No. 45 of 2025*) recommends that the House **DELETES THE BILL IN ITS ENTIRETY.**

 <b>THE NATIONAL ASSEMBLY</b> PAPERS LAID	
DATE: 31 MAR 2025	DAY: TUE
TABLED BY:	HON. MARYANNE KITTANY, MP
CLERK-AT-THE-TABLE:	CRETORE CHERES

## CHAPTER SEVEN

### 7.0 SCHEDULE OF PROPOSED AMENDMENTS

The Committee proposed the following amendments to be considered by the House in the Committee Stage:

#### Clause 1

1. THAT the Bill be amended by deleting clause 1.

#### Clause 2

2. THAT the Bill be amended by deleting clause 2.

#### Clause 3

3. THAT the Bill be amended by deleting clause 3.

#### Clause 4

4. THAT the Bill be amended by deleting clause 4.

#### Clause 5

5. THAT the Bill be amended by deleting clause 5.

#### Clause 6

6. THAT the Bill be amended by deleting clause 6.

SIGNED.....



DATE.....

31<sup>st</sup> March 2026

HON. BERNARD MASAKA SHINALI, CBS, MP  
CHAIRPERSON,

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

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**THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026  
DIRECTORATE OF DEPARTMENTAL COMMITTEES**

**MINUTES OF THE 19<sup>TH</sup> SITTING OF THE DEPARTMENTAL COMMITTEE ON  
TRADE, INDUSTRY AND COOPERATIVES HELD ON THURSDAY, 26<sup>TH</sup>  
MARCH 2026 IN BARAZA CONFERENCE ROOM, SAROVA WHITESANDS  
HOTEL, MOMBASA COUNTY AT 2.00 P.M.**

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**PRESENT**

- |   |   |                         |
|---|---|-------------------------|
| 1. Hon. Bernard Masaka Shinali, CBS, MP     | - | <b>Chairperson</b>      |
| 2. Hon. Marianne Jebet Kitany, MP           | - | <b>Vice-Chairperson</b> |
| 3. Hon. Anthony Tom Oluoch, MP              |   |                         |
| 4. Hon. (Dr.) Beatrice Kahai Adagala, MP    |   |                         |
| 5. Hon. (Dr.) Wilberforce Ojiambo Oundo, MP |   |                         |
| 6. Hon. Joyce Kamene, MP                    |   |                         |
| 7. Hon. Robert Githinji Gichimu, MP         |   |                         |
| 8. Hon. Adams Kipsanai, MP                  |   |                         |
| 9. Hon. Alfred Kiprono Mutai MP             |   |                         |
| 10. Hon. John Okano Bwire, MP               |   |                         |
| 11. Hon. Samuel Sakimba Parashina, MP       |   |                         |
| 12. Hon. Michael Wainaina Wambugu, MP       |   |                         |

**ABSENT WITH APOLOGY**

1. Hon. Adhe Wario Guyo, MP
2. Hon. Joshua Mbithi Mwalyo, MP
3. Hon. Amos Maina Mwago, MP

**IN ATTENDANCE**

**A. COMMITTEE SECRETARIAT**

- |                         |   |                                       |
|-------------------------|---|---------------------------------------|
| 1. Ms. Laureen Wesonga  | - | Clerk Assistant I                     |
| 2. Ms. Carolyne Musyoka | - | Hansard Reporter II (Clerk Assistant) |
| 3. Ms. Doreen Karani    | - | Principal Legal Counsel II            |
| 4. Ms. Pauline Sifuma   | - | Hansard Reporter II                   |
| 5. Ms. Peris Kaburi     | - | Assistant Serjeant-at-Arms II         |
| 6. Ms. Moureen Kendi    | - | Intern                                |

**AGENDA**

1. Prayer
2. Preliminaries/Adoption of the Agenda
3. Confirmation of Minutes
4. Matters Arising
6. **Clause by Clause Consideration of the Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025)**
7. **Clause by Clause Consideration of the Local Content Bill (National Assembly Bill No. 45 of 2025)**

- 8. Any other Business
- 9. Adjournment/Date of the Next Sitting

**MIN. NO. NA/DDC/TIC/2026/79: PRELIMINARIES/ADOPTION OF THE AGENDA**

The meeting was called to order at fourteen minutes past eight O'clock with prayer by Hon. Anthony Tom Oluoch, MP.

**MIN. NO. NA/DDC/TIC/2026/80: CONFIRMATION OF MINUTES**

This Agenda item was deferred.

**MIN. NO. NA/DDC/TIC/2026/81: CLAUSE BY CLAUSE CONSIDERATION OF THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 25 OF 2025)**

Members deliberated and resolved to delete the Bill in its entirety because it would not add any value to the functions of the Micro and Small Enterprises Authority (MSEA) if enacted in its current form. The amendments proposed in the Bill can be dealt with at policy level.

The Report on the Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025) having been proposed by Hon. (Dr.) Wilberforce Ojiambo Oundo, MP and seconded by Hon. (Dr.) Beatrice Kahai Adagala, MP.


**MIN. NO. NA/DDC/TIC/2026/82: CLAUSE BY CLAUSE CONSIDERATION OF THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)**

Members deliberated and resolved to delete the Bill in its entirety because it contravenes other acts of Parliament. Additionally, the Bill will be difficult to implement if enacted in its current form.

The Report on the Local Content Bill (National Assembly Bill No. 45 of 2025) was adopted having been proposed by Hon. Samuel Sakimba Parashina, MP and Hon. Joyce Kamene, MP.

**MIN. NO. NA/DDC/TIC/2026/83: ADJOURNMENT/DATE OF THE NEXT MEETING**

There being no other business, the meeting was adjourned at twenty minutes to five O'clock. The next meeting will be held on Tuesday, 31<sup>st</sup> March 2026 at ten O'clock.

SIGNED:  DATE: 31<sup>st</sup> March 2026  
**HON. BERNARD MASAKA SHINALI, CBS, MP**  
**CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES**



THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

ADOPTION SCHEDULE

We, the undersigned Honorable Members of the Departmental Committee on Trade, Industry and Cooperatives today, **Thursday, 26<sup>th</sup> March 2026** do hereby affix our signatures to this **Report on the Local Content Bill (National Assembly Bill No. 45 of 2025)** to affirm our approval and confirm its accuracy, validity and authenticity:

S/NO.	NAME	SIGNATURE
1.	Hon. Benard Masaka Shinali, CBS, MP - <b>Chairperson</b>	
2.	Hon. Marianne Jebet Kitany, MP - <b>Vice-Chairperson</b>	
3.	Hon. Adhe Wario Guyo, MP	
4.	Hon. Anthony Tom Oluoch, MP	
5.	Hon. (Dr.) Beatrice Kahai Adagala, MP	
6.	Hon. Joshua Mbithi Mutua Mwalyo, MP	
7.	Hon. Joyce Kamene, MP	
8.	Hon. Robert Githinji Gichimu, MP	
9.	Hon. (Dr.) Wilberforce Ojiambo Oundo, MP	
10.	Hon. Adams Korir Kipsanai, MP	
11.	Hon. Alfred Kiprono Mutai, MP	
12.	Hon. Amos Maina Mwago, MP	
13.	Hon. John Okano Bwire, MP	
14.	Hon. Samuel Sakimba Parashina, MP	
15.	Hon. Michael Wainaina Wambugu, MP	



THE NATIONAL ASSEMBLY  
THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

WITNESS ATTENDANCE REGISTER

AGENDA: STAKEHOLDER ENGAGEMENT ON THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)

DATE: 12<sup>TH</sup> MARCH, 2026

VENUE: COMMITTEE ROOM II, BUNGE TOWER

NO.	NAME	INSTITUTION	DESIGNATION IN FULL	CELLPHONE	SIGNATURE
1.	SUSAN MAINGI	KAM/KEPSA	KAM-BEVERAGE SECTOR/ INDUSTRY+TRADE	0724462144	
2.	Gaymon Kuberu	KAM	Beverage Industry+ trade sector	07226251	
3.	Dennis Timp.	FAK	Policy lead	0724081433	
4.	Lilian W. Njeru	FAK <small>FEASIBILITY ASS. OF KAM</small>	CEO	072202844	
5.	Paul Kuria	NGEC	Ag. CEO.	0718720886	
6.	Zephania Chege	NGEC	SLD	0776132137	
7.	Desire Mjamwea	NGEC	Assistant Director - legal	0731326952	
8.	<del>Kuria Paul</del>	<del>NGEC</del>	<del>Director</del>		
9.	Nicole Oyaro	NGEC	Intern	0720705886	

NO	NAME	ORGANIZATION	DESIGNATION	CELLPHONE	SIGNATURE
10.	Ruth Mungu	NHRC	Intern	07157125713	
11.	Shella Overijot	NHRC	Pupil	0718328644	
12.	Julie Khamu	NHRC	Pupil	0720421769	
13.	Arthur Mwarua	Post Plus	Director	072236888	
14.	Philip Mwangi	Post Plus	Trainer	072972222	
15.	Jonathan Kulere	4	4	0725423279	
16.	Aylos Mwangi	CWA KIB	Manager	071800000	
17.	Pascal Mwangi	Post Plus	Director	072235293	
18.	Roddyne Cheaitich	Post Plus	Project A	0792044978	
19.	Jane Toywa	MFDA	FSO 1	070789087	
20.	Emre Mwangi	MWDA	Director	072233289	
21.	Evance Omundi Ofano	Sign Ombudsman	Trainer	0703228229	
22.	Daniel Denge	ISDPTIS	Trainer	0711187722	
23.					
24.					
25.					



THE NATIONAL ASSEMBLY  
THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

WITNESS ATTENDANCE REGISTER

AGENDA: STAKEHOLDER ENGAGEMENT ON THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)

DATE: 12<sup>TH</sup> MARCH, 2026

VENUE: COMMITTEE ROOM 11, BUNGE TOWER

NO.	NAME	INSTITUTION	DESIGNATION IN FULL	CELLPHONE	SIGNATURE
1.	ABNER MAINA	SIDAI AFRICA LTD	EXECUTIVE ASSISTANT	0707080268	
2.	JOHNSON MWANGI	QUATRIX LTD	HEAD OF OPERATIONS	0722401025	
3.	SIDHET MUCUTOKI	QUATRIX LTD	LOGISTICS PLANT	0722921462	
4.	Dr. WILSON SONGA	ASNET	ASNET EXECUTIVE BOARD MEMBER	0722259900	
5.	Dr. Josephine Songa	ASNET	MEMBER ASNET	0722989520	
6.	Anthony Wainiru	KIA	Member KIA	0722342342	
7.	Merton Kinyua	KIA	Chairman KIA	0722926826	
8.	Mercy Iren	KIA	Operations Officer	0716205100	
9.	ERIC ANGRIMA	KEPSA	KEPSA MEMBER	0723619234	

NO.	NAME	INSTITUTION	DESIGNATION IF FULL	CELLPHONE	SIGNATURE
10.	Gibson Channing F	Agricultural Extension Association	Head of Finance & Admin	072354049	
11.	BIMBAKANTARIK	FERTILISER ASSOCIATION	CHAIRMAN	0735-625557	Bly
12.	Dennis Tirop	Fertilizer Association	Policy	0724081433	
13.	LILIAN W. MUBUTHIA	FERTILISER ASSOCIATION OF KENYA	CEO	0722202844	
14.	RUTH Lenlem	KAM	Legal	0722330446	Ruth
15.	Dalcom Inwari	KAM	Legal	0729890528	
16.	Abel Kamau	KAM	Trade	071103128	
17.	Cynthia Muchiri	KBA	Legal	0740819979	
18.	Peter Mungai	KBA	"	0120 215 360	
19.	Beth Karanja	KBA	"	0123093254	
20.	Nileon Murage	KBA	"	0123750180	
21.	Ezther GORARA	KBA	"	0793673524	
22.	Evlyn Gaoranjoh	KBA	"	0198508153	
23.	Ryan Muthi	KEPSA	Legal	070204152	
24.	Ignatius kumani	KEPSA	Member	071933779	
25.	SARAS SAKUBE	STI	Trade Officer - B.Ling	0921406933	

# NATIONAL ASSEMBLY OF KENYA

## DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

### THE LOCAL CONTENT BILL, 2025 (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)

#### ANALYSIS OF PUBLIC PARTICIPATION SUBMISSIONS — STAKEHOLDER MATRIX

*Submissions from stakeholders including:*

*Kenya Transporters Association (KTA) | Agriculture Sector Network (ASNET) | Kenya Association of Manufacturers (KAM) | Kenya Private Sector Alliance (KEPSA) | Kenya Bankers Association (KBA) | National Gender and Equality Commission (NGEC) | Fertilizer Association of Kenya | British Chamber of Commerce Kenya (BCC) | Ministry of Foreign & Diaspora Affairs | State Department for Trade | 14 SMEs including Quatrix Ltd | Sidai Africa Ltd | Grid Circle Ltd | Ponty Pridd Holdings | Ather Solutions Limited | Beaver Works Enterprises | Brilliant Rays Enterprises Limited | CWAV (K) Limited | Isocate Limited Company | Lynwood Solutions Limited | Lytans Limited | Metajma Creative Solutions Limited | Reshon Enterprises Limited | Sigmoid Logistics*

Prepared by the Directorate of Legal Services | March 2026

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
<b>CLAUSE 3 — OBJECTS AND PURPOSE</b>				
5	<b>Clause 3 Objects and purpose</b>	To: prescribe minimum local content quotas; promote local industry and agriculture; boost manufacturing; enhance youth employment; and reduce profit repatriation.	<p><b>Kenya Bankers Association (KBA):</b> Proposes that objects expressly recognise investment promotion and global value chain integration, and acknowledge Kenya's commitments under AfCFTA and the EAC Common Market Protocol.</p> <p><b>National Gender &amp; Equality Commission (NGEC):</b> Proposes inserting new objects: (g) promote inclusive local content ensuring equitable participation of women, youth, PWDs, and marginalised groups; (h) impose obligations on national and county governments to lead by example in local content compliance; and (i) establish an institutional framework for implementation, monitoring, enforcement, and capacity building.</p> <p><b>Agriculture Sector Network (ASNET):</b></p>	<p>The objects are broadly supported by stakeholders who propose but expansion to:</p> <p>(a) expressly recognise investment promotion and international obligations (KBA);                      (b) incorporate gender, youth, disability, and marginalised group inclusion (NGEC, SDT); and                      (c) signal food security as a national priority (SIDAI).</p> <p>Grid Circle frames local content as an industrial competitiveness</p>

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
			<p>Recommends the Kenya Trade Remedies Agency be made fully operational to support manufacturing growth under Clause 3(c).</p> <p><b>Sidai Africa Ltd:</b> Urges that food security be treated as a national security objective underpinning the Bill's objects.</p> <p><b>Grid Circle Ltd:</b> Recommends the Bill be positioned within a broader industrial policy strategy aligned with SME development frameworks, public procurement reform, export promotion, and measurable domestic value addition. Local content should serve as a 'ladder to competitiveness', not merely a gatekeeping mechanism.</p> <p><b>State Department for Trade (SDT):</b> Recommends mainstreaming gender and youth inclusivity in local content implementation, providing targeted support and ensuring fair access to opportunities created under the Bill.</p>	<p>ladder and not merely a gatekeeping mechanism.</p>
<b>CLAUSE 4 — LOCAL CONTENT REQUIREMENTS</b>				
7	<p><b>Clause 4(1)</b> <b>Scope: foreign companies only</b></p>	<p>Only foreign companies carrying out business in Kenya are subject to local content obligations.</p>	<p><b>Kenya Bankers Association (KBA):</b> States extending local content rules to finance, insurance, warehousing, and ICT is unusual globally and may slow innovation, raise costs for fintechs reliant on global service providers, and complicate compliance for multinational banks.</p> <p><b>British Chamber of Commerce Kenya (BCC):</b> Proposes deleting Clause 4(1) and substituting: 'A foreign company carrying out business in Kenya shall comply with local content requirements, provided the CS may by regulations prescribe minimum thresholds below which a foreign company shall be exempt from one or more</p>	<p>BCC's de minimis exemption threshold is a practical safeguard for small foreign operators. The practical logic is this: the Bill as drafted applies its obligations ie 60% local procurement, 80% Kenyan workforce, 100% agricultural sourcing, capacity building obligations, and criminal penalties to all foreign companies regardless of their size or economic footprint. This means a small foreign-owned consultancy</p>

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
			<p>requirements of this section.' This introduces a de minimis exemption for small foreign companies from one or more of the local content requirements.</p> <p><b>Kenya Association of Manufacturers (KAM):</b> Proposes Clause 4(1B): preferential procurement shall be accorded to local content in all public procurement to the maximum level possible, given the government is the largest buyer of goods and services.</p> <p><b>National Gender &amp; Equality Commission (NGEC):</b> Proposes new Clause 4A imposing equivalent obligations on national and county governments: at least 60% of goods/services from local companies with priority to AGPO-eligible enterprises; at least 80% Kenyan workforce disaggregated to meet the two-thirds gender rule and 5% PWD minimum; annual local content and inclusion plan and compliance report to the Authority; and disciplinary action against the accounting officer for contravention.</p> <p><b>State Department for Trade (SDT):</b> Recommends the State Department lead in prescribing detailed operational guidelines and metrics on the 60% local sourcing of goods and services and 80% Kenyan workforce, and institutionalise capacity building programmes through the Academy and private sector partnerships.</p> <p><b>Agriculture Sector Network (ASNET):</b> Proposes inserting Clause 4(1A) requiring local companies to also prioritise local sourcing where goods/services are locally available and meet prescribed standards so as to eliminate regulatory asymmetry.</p>	<p>with three employees faces the same obligations as a large multinational with thousands of staff and hundreds of millions in procurement spend. A de minimis exemption would mean, for example: A foreign company with annual procurement spend below KSh X million is exempt from the 60% sourcing quota or A foreign company with fewer than Y employees is exempt from the 80% workforce requirement or Small foreign operators are exempt from compliance reporting obligations</p> <p>ASNET's Clause 4(1A) addresses regulatory asymmetry between foreign and local companies. KAM's public procurement preference clause and NGEC's Clause 4A (government entity obligations) together create a local content framework that extends beyond foreign companies to the entire economy. The Committee may consider: (a) a whether to set such a threshold for exemption may be done in the Bill itself, or empower the CS to prescribe it in regulations. ; (b) extending obligations to local companies for sourcing (ASNET); and (c) expressly binding government entities to equivalent</p>

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
				local content standards (NGEC/KAM).
8	<b>Clause 4(2) Sectoral scope</b>	Local content requirements apply to: financial services; insurance; construction; transport; warehousing; logistics; security; and any other services the CS may determine.	<p><b>Kenya Transporters Association (KTA):</b> Proposes sector-specific thresholds for: road freight transport; warehousing; clearing and forwarding; inland container depot operations; and fleet management to prevent circumvention through service reclassification.</p> <p><b>Agriculture Sector Network (ASNET):</b> Proposes inserting paragraph (ga): 'agricultural raw-material sourcing, aggregation, and supply services.'</p> <p><b>Sidai Africa Ltd:</b> Proposes naming agriculture, livestock services, veterinary services, extension services, and agri-input distribution as covered sectors.</p> <p><b>Quatrix Limited:</b> Proposes including technology-enabled logistics, e-commerce fulfilment, last-mile delivery, and supply chain management as covered sectors.</p> <p><b>Kenya Bankers Association (KBA):</b> States applying local content requirements to financial services is unusual globally and risks reducing innovation and increasing costs for fintechs reliant on global technology providers.</p> <p><b>Kenya Association of Manufacturers (KAM):</b> Warns that the CS's broad discretion under Clause 4(2)(h) to expand scope to manufacturing creates regulatory uncertainty. Recommends structured stakeholder consultation before any extension.</p> <p><b>British Chamber of Commerce Kenya (BCC):</b> Proposes replacing Clause 4(2) with a provision extending local content requirements to all sectors of the economy, but requiring the CS to prescribe sector-specific schedules within 6 months of commencement, in consultation with sector regulators and following public participation. Where sector-specific legislation already imposes local</p>	Strong consensus across submitters that the enumerated list is both too narrow (excludes agriculture, agri-inputs, technology/e-commerce) and too broad (includes financial services without differentiation). BCC's proposal — extending to all sectors but requiring sector-specific schedules — is the most flexible and legally sound approach, combining comprehensive coverage with practical calibration. The Committee should consider adopting BCC's framework, requiring sector-specific schedules within 6 months of commencement, and naming agriculture, agri-inputs, and technology/e-commerce in the primary list.

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			<p>content obligations, that legislation shall prevail to the extent of any inconsistency.</p> <p><b>Fertilizer Association of Kenya (FA-K):</b> Requests sector-specific schedules and exemptions where local capacity is demonstrably insufficient, particularly for the fertilizer sector which depends on integrated international supply chains.</p> <p><b>Grid Circle Ltd:</b> Recommends local participation thresholds be prescribed through sector-specific regulations that: reflect actual local capability; adjust progressively over time; and avoid market distortion.</p>	
9	<p><b>Clause 4(3)</b> <b>60% local procurement quota</b></p>	<p>A foreign company must source at least 60% of locally manufactured goods and listed services from local companies, where goods/services meet prescribed standards.</p>	<p><b>Kenya Transporters Association (KTA):</b> Endorses 60% and proposes it extend explicitly to transport and logistics services under any major project, multinational operation, or government contract.</p> <p><b>Ponty Pridd Holdings Ltd:</b> Strongly supports the 60% threshold. Proposes escalating, sector-specific schedules: logistics — 60% at commencement, 70% by Year 3, 80% by Year 5. The CA broadcasting model (starting at 40%, rising to 60%) demonstrates that escalating mandatory thresholds drive continuous improvement and 90%+ compliance.</p> <p><b>Kenya Association of Manufacturers (KAM):</b> Proposes replacing the fixed 60% with: (1) a Sector-Specific Localization Plan (SSLP) developed by the CS within 6 months, in consultation with KAM, KEPSA, and industry, prescribing realistic phased targets per sector (e.g., Year 1: 40%, Year 2: 50%, Year 3: 60%, or alternative targets); submitted to Parliament for approval; and (2) a Justification-Based Exemption mechanism allowing</p>	<p>The 60% procurement quota resembles local content measures historically challenged at the WTO under the TRIMs Agreement. Rigidity of the threshold without waiver mechanisms raises proportionality concerns under Article 24.</p> <p>If sourcing requirements increase input costs, consumer prices may rise and essential goods may become more expensive.</p> <p>The contrast between KBA/FA-K (oppose or reduce significantly) and KTA/Ponty Pridd/SMEs (support and strengthen) reflects a genuine sectoral divide.</p>

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			<p>companies to apply for temporary exemption where inputs are not locally available, involve proprietary IP, or are subject to international trade obligations. Alternatively, proposes deleting Clause 4(3) entirely. Also proposes a new Incentives Framework clause to build local supply-side capacity.</p> <p><b>Kenya Private Sector Alliance (KEPSA):</b> Same SSLP framework as KAM, plus specific additional proposals: (a) exemption for proprietary formulations, concentrates, or ingredients protected by IP rights and not manufactured in Kenya; (b) reliability of supply from local companies and proof of capacity to supply raw materials at the rate required without affecting manufacturing schedules; (c) goods from customs union/trade area members to be considered local.</p> <p><b>Kenya Bankers Association (KBA):</b> States the 60% quota is not supported by evidence of local capacity for specialised technical services. Notes that banks rely on global providers for core technology infrastructure including cloud services, financial data platforms, and specialised systems. Raises potential conflict with Article 227 of the Constitution (fair, equitable, transparent, competitive, and cost-effective procurement).</p> <p><b>Fertilizer Association of Kenya (FA-K):</b> Proposes reducing the minimum threshold to 20%, subject to periodic review based on demonstrated local capacity development. Alternatively, sector-specific schedules and exemptions where local capacity is demonstrably insufficient.</p> <p><b>Sidai Africa Ltd:</b></p>	<p>KAM/KEPSA's Sector-Specific Localization Plan is the a middle ground.</p> <p>The Committee should consider: (a) sector-specific, phased thresholds with Parliamentary scrutiny; (b) a statutory exemption for proprietary inputs and unavailable goods; (c) Ponty Pridd's escalating threshold model with mandatory CS review every 3 years; (d) an Incentives Framework to build supply-side capacity; and (e) KEPSA's reliability of supply test to ensure local sourcing does not disrupt manufacturing schedules.</p>

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			<p>Proposes KEBS quality certification as a condition of compliance to prevent quota gaming through substandard products.</p> <p><b>Quatrix Limited:</b> Proposes minimum local technology procurement thresholds that escalate progressively over time.</p> <p><b>Grid Circle Ltd:</b> Recommends thresholds reflect actual local capability; adjust progressively over time; and avoid market distortion. Recommends clear criteria for exemptions and proportionate compliance reporting.</p> <p><b>SME Logistics Companies (Ather, Beaver Works, Brilliant Rays, CWAV, Isocate, Lynwood, Lytans, Metajma, Reshon, Sigmoid):</b> All 10 SME logistics companies strongly support the 60% threshold and urge enforcement, citing that despite owning 90% of trucking assets, capable Kenyan operators are systematically excluded from multinational supply chains.</p>	
10	<b>Clause 4(4) Capacity building obligation</b>	A foreign company shall provide technical and other capacity building support to local companies to ensure compliance with the relevant prescribed standards.	<p><b>Kenya Association of Manufacturers (KAM):</b> Two proposals: (1) Narrow the obligation to local companies within the foreign company's active supply chain only. (2) Tie all capacity building to the Localization Plan (SSLP) and Agricultural Produce Sourcing Plan (APSP), with mutually agreed, clearly defined commitments submitted to the Ministry for approval, including explicit protection against IP disclosure and obligations proportionate to company size.</p> <p><b>Kenya Private Sector Alliance (KEPSA):</b> Detailed framework: capacity building requirements to be defined in the SSLP and APSP, including technical training,</p>	Clause 4(4) is currently open-ended and unenforceable — no financial standard, no reporting, no penalty. Ponty Pridd's 2% procurement spend standard with independent audit is an enforceable proposal received. KEPSA's detailed framework, tying obligations to the SSLP and APSP with IP protection and shared responsibility, addresses KBA's legitimate concern about open-ended liability.

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			<p>equipment/technology support, quality assurance, business management, and market access support. Obligations must be mutually agreed, submitted to Parliament for approval, and binding once approved. Companies shall not be required to disclose proprietary IP, provide capacity building for competitors, or continue where the local supplier fails to implement training in good faith. Capacity building is a shared responsibility between the foreign company, local supplier, and government. Monitored annually by the Local Content Compliance Board and independent auditors.</p> <p><b>Ponty Pridd Holdings Ltd:</b>  Recommends amending Clause 4(4) to require: (a) an annual local supplier development plan submitted to the LCCA by 31 March each year; (b) a minimum investment equivalent to 2% of total local procurement spend; (c) independent verification by a KEBS-accredited auditor; and (d) public reporting. The KBL-Ponty Pridd model — five specific world-class standards, real investment, real accountability — is the operational template.</p> <p><b>Kenya Bankers Association (KBA):</b>  States the obligation creates a compulsory commercial obligation, increases cost of capital, and where scope is undefined creates open-ended financial and operational uncertainty.</p> <p><b>Quatrix Limited:</b>  Proposes mandatory co-development, co-investment, and IP/knowledge transfer agreements between multinationals and Kenyan technology partners.</p> <p><b>Grid Circle Ltd:</b></p>	<p>The Committee should adopt a specific, auditable standard for this obligation, defined by reference to approved plans, with a minimum investment standard and public reporting requirement.</p> <p>Right now the Bill's capacity-building obligation just says foreign companies must provide "technical and capacity-building support to local enterprises." That is vague. You cannot measure it, you cannot audit it, and a company can claim compliance by holding one workshop a year. A specific, auditable standard means the obligation is defined by numbers and documented evidence not good intentions.</p> <p><b>"Approved plans"</b> Instead of a company deciding for itself what capacity-building means, it submits a <b>Local Content Capacity Plan</b> to the implementing authority, which approves or rejects it. Compliance is then measured against <i>that approved plan</i> not against some abstract duty.</p> <p>"minimum investment standard"  The company must spend a defined minimum amount on capacity-building — expressed as a percentage of annual contract value or turnover. Without a</p>

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			<p>Recommends the Bill incorporate explicit mechanisms for technology transfer plans, local workforce training frameworks, supplier development programs, and joint venture incentives to shift the regime from restriction-based to growth-based.</p> <p><b>State Department for Trade (SDT):</b> Recommends institutionalising capacity building programmes, leveraging the Academy and private sector partnerships to upscale firms' technical, managerial, and digital skills.</p>	<p>floor, the obligation costs nothing in practice.</p> <p>"public reporting requirement" The company publishes what it spent and what it did, annually. This matters for two reasons: it creates accountability without requiring the regulator to inspect every company, and it enables civil society, Parliament, and competitors to flag non-compliance.</p>
II	<p><b>Clause 4(5)</b> <b>100%</b> <b>agricultural</b> <b>sourcing</b></p>	<p>A foreign company requiring agricultural produce as raw materials must source ALL such produce from Kenyan farmers.</p>	<p><b>Kenya Association of Manufacturers (KAM):</b> Proposes replacing the 100% fixed requirement with a dynamic Agricultural Produce Sourcing Plan (APSP), developed by the CS for Agriculture in consultation with industry, farmers, cooperatives, KALRO, and counties. The APSP would: establish crop-specific, realistic targets; account for seasonal availability; align with MTP cycles (reviewed every 3 years); require Parliamentary approval; and include a force majeure exemption (maximum 12 months) for drought, floods, disease outbreaks, or extraordinary supply disruptions.</p> <p><b>Kenya Private Sector Alliance (KEPSA):</b> Identical APSP framework to KAM. Also proposes that foreign companies shall comply with APSP targets rather than the fixed 100% requirement, and that the CS may grant temporary exemptions for force majeure, temporary supply shortages, quality/food safety issues, or extraordinary circumstances (maximum 12 months).</p> <p><b>Agriculture Sector Network (ASNET):</b></p>	<p>The 100% agricultural sourcing requirement presents the highest constitutional risk — proportionality under Article 24, differentiation concerns under Article 27(4), and WTO TRIMs compatibility. It wrongly presupposes that all conceivable agricultural goods are locally grown in Kenya and are of the required standard.</p> <p>Article 24 of the Constitution allows rights and freedoms to be limited by law, but only if the limitation is <b>reasonable and justifiable in an open and democratic society</b>. One of the tests under Article 24(1) is whether the limitation is <b>proportionate</b> — meaning the restriction must not</p>

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			<p>Endorses the intent but flags: (a) certain inputs (e.g., animal feeds, specialised agri-inputs) not produced in Kenya; (b) WTO/AfCFTA compatibility risks with a 100% threshold. Recommends a waiver mechanism based on demonstrated unavailability.</p> <p><b>Kenya Bankers Association (KBA):</b> States the absolute requirement is impractical where inputs are unavailable, seasonal, or unable to meet quality standards. Risks disrupting supply chains and may conflict with EAC and AfCFTA regional trade commitments.</p> <p><b>Fertilizer Association of Kenya (FA-K):</b> Proposes a waiver/exception mechanism for: demonstrated local shortages; national emergencies; regulatory bans or trade restrictions; failure of local supply to meet quality or quantity standards. The fertilizer sector is highly susceptible to climate shocks, government-imposed restrictions, and supply chain disruptions.</p> <p><b>Sidai Africa Ltd:</b> Fully supports the 100% requirement and urges it extend to agricultural inputs, veterinary services, extension services, and last-mile distribution.</p> <p><b>Ponty Pridd Holdings Ltd:</b> Supports the agricultural sourcing requirement. Notes the Rivatex experience as a cautionary lesson: procurement mandates work but must be accompanied by supply-side investment. Kenya currently produces only 5,300 tonnes of cotton against national demand of 38,000 tonnes — procurement mandates alone cannot close this gap without complementary investment.</p>	<p>go further than is necessary to achieve the legitimate aim.</p> <p>The 100% agricultural sourcing requirement fails this test in a straightforward way. The legitimate aim is to support Kenyan farmers and reduce capital flight. That is constitutionally valid. But requiring <b>100%</b> of all agricultural inputs from Kenyan sources — with no exception for goods that are not grown in Kenya, not available in sufficient quantity, or not of the required quality standard — goes beyond what is necessary to achieve that aim. The constitutional vulnerability is this: a company could challenge the 100% requirement in the High Court on the ground that it imposes an obligation the company cannot comply with through any lawful means — because the specific agricultural input it needs is not commercially grown in Kenya. A limitation that is impossible to comply with cannot be reasonable or justifiable.</p> <p>KAM/KEPSA's APSP framework is substantially more workable and legally defensible than a fixed 100% threshold.</p>

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				<p>The Committee may consider it, or at minimum inserting:</p> <p>(a) a 'where locally available in sufficient quantity and quality' qualifier; and</p> <p>(b) a CS waiver mechanism for demonstrated unavailability.</p> <p>The APSP should be submitted to Parliament for approval and aligned with MTP cycles.</p>
12	<p><b>Clause 4(6) &amp; 4(7)</b>  <b>80% Kenyan workforce</b></p>	<p>Clause 4(6): Kenyans must be employed at management and all organisational levels. Clause 4(7): At least 80% of the workforce must be Kenyan citizens.</p>	<p><b>Agriculture Sector Network (ASNET):</b>  Proposes raising to 95% and inserting a new Clause 4(7A) allowing the CS to approve non-Kenyan specialists for time-bound engagements where skills are demonstrably unavailable in Kenya, subject to mandatory structured skills transfer programmes.</p> <p><b>Kenya Association of Manufacturers (KAM):</b>  Proposes: (a) capping non-EAC foreign workers at 6%; and (b) requiring that a local employee be attached as understudy to every expatriate to ensure skills transfer.</p> <p><b>Kenya Bankers Association (KBA):</b>  States the 80% threshold is not viable in specialised sectors (advanced technology, cybersecurity, data science, financial engineering) and lacks exemptions for scarce or specialised skills. Raises concern under Article 41 of the Constitution (fair labour practices).</p> <p><b>Ponty Pridd Holdings Ltd:</b>  Supports the 80% threshold as a minimum. Notes Ponty Pridd already employs 100% Kenyans. The provision's significance in logistics lies in compelling multinationals to replace imported management and technical roles with</p>	<p>Consensus among local business submitters supports a high Kenyan workforce threshold. KBA's concern is sector-specific and legitimate — financial services and technology require global talent for specialised roles not yet available locally. ASNET's 95% proposal with a CS waiver for specialised skills is a balanced approach. KAM's EAC carve-out aligns with regional integration obligations. NGEC's inclusive local content scorecard provisions (Clauses 4(7A)–4(7C)) are constitutionally grounded and mainstream gender, youth, and PWD participation. The understudy/skills transfer requirement (KAM) and time-bound CS waiver (ASNET) are complementary.</p>

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			<p>qualified Kenyan professionals — a direct employment creation instrument.</p> <p><b>National Gender &amp; Equality Commission (NGEC):</b> Proposes inserting Clauses 4(7A)–4(7C): (7A) in complying with the 60% sourcing and workforce requirements, foreign companies shall prioritise inclusive local content — preference to women-owned, youth-owned, PWD-owned, and marginalised group enterprises per the AGPO policy; (7B) capacity building support shall target women, youth, PWDs, and marginalised groups; (7C) compliance to be assessed using an inclusive local content scorecard prescribed in regulations.</p> <p><b>Kenya Transporters Association (KTA):</b> Supports the 80% floor and proposes it extend to management and board levels.</p> <p><b>State Department for Trade (SDT):</b> Recommends mainstreaming gender and youth inclusivity in local content workforce implementation.</p>	
13	<b>Clause 4(8) Penal provisions</b>	Non-compliance is a criminal offence: (a) Body corporate: fine of not less than KSh 100 million; (b) CEO: imprisonment of not less than one year.	<p><b>National Gender &amp; Equality Commission (NGEC):</b> Proposes reducing the minimum fine from KSh 100 million to KSh 20 million, as the current penalty is excessive and may discourage foreign investors and lead to closure of foreign companies.</p> <p><b>Kenya Association of Manufacturers (KAM):</b> Proposes deleting criminal liability provisions entirely, including CEO imprisonment, and substituting administrative enforcement: (a) a compliance notice requiring corrective action within a specified period; and (b) an administrative penalty as may be prescribed. Criminal sanctions are disproportionate for commercial regulatory non-compliance.</p>	The heavy fines of KSh 100 million and mandatory CEO imprisonment, without graduated enforcement, create enforcement uncertainty and litigation risk. These mandatory minimum criminal penalties may fail the proportionality test under Article 24. Criminalising ordinary commercial non-compliance may trigger negative investor sentiment, delay FDI decisions, and affect Kenya's competitiveness ranking.

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			<p><b>Kenya Bankers Association (KBA):</b> States the penalties are disproportionate and fail to distinguish between wilful misconduct and good-faith inability to meet thresholds due to structural or market constraints. Criminalising ordinary commercial non-compliance significantly increases regulatory risk and may discourage investment.</p> <p><b>Kenya Private Sector Alliance (KEPSA):</b> Proposes that wilful non-compliance by a foreign company should attract criminal penalties as the last resort, after mediation and administrative enforcement have failed.</p> <p><b>Agriculture Sector Network (ASNET):</b> Warns the penalty regime is notably punitive and calls for clear, predictable compliance pathways and proportional enforcement mechanisms.</p> <p><b>Ponty Pridd Holdings Ltd:</b> Strongly supports criminal penalties. States the KSh 100 million fine and CEO imprisonment are proportionate to the scale of economic harm caused by systematic non-compliance. The CA revoked 75 broadcasting licences in 2024 for non-compliance — enforcement works when consequences are real.</p> <p><b>Kenya Transporters Association (KTA):</b> Proposes that penalties include financial sanctions, suspension of operating licences, and disqualification from public contracts — as alternatives to or in addition to criminal penalties.</p> <p><b>Fertilizer Association of Kenya (FA-K):</b></p>	<p>The Committee could adopt a graduated enforcement regime:</p> <ol style="list-style-type: none"> <li>(1) compliance notice with corrective action period;</li> <li>(2) administrative penalty (scaled to company size and severity);</li> <li>(3) suspension of operating licences/disqualification from public contracts;</li> <li>(4) criminal prosecution for willful/persistent non-compliance.</li> </ol> <p>This preserves deterrence while ensuring proportionality. The KSh 100 million minimum may be reviewed; mandatory CEO imprisonment for first-time regulatory breach should be removed in favour of a judicial sentencing discretion.</p>

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			<p>States the Bill creates disproportionate regulatory burdens on one category of companies; any differentiation should be reasonable, proportionate, and constitutionally aligned.</p> <p><b>Sidai Africa Ltd:</b> Supports strong penalties and urges the Bill be enforced without delay.</p>	
<b>CLAUSE 2 — INTERPRETATION</b>				
2	<b>Clause 2 Definition of 'foreign company'</b>	A company: (a) incorporated outside Kenya; (b) majority non-Kenyan shareholding; (c) control vested outside Kenya.	<p><b>Kenya Association of Manufacturers (KAM):</b> Proposes redefining 'foreign company' to mean only a company incorporated outside Kenya or operating through a branch and not those incorporated under the Companies Act — so that Kenyan-incorporated subsidiaries of multinationals are treated as local manufacturers. This encourages FDI and avoids national treatment concerns.</p> <p><b>Kenya Bankers Association (KBA):</b> Concerned the current definition may prevent locally incorporated subsidiaries and branches from leveraging economies of scale with parent companies, limiting their ability to provide differentiated services at competitive cost of capital.</p> <p><b>British Chamber of Commerce Kenya (BCC):</b> Proposes a more precise definition: a company (a) incorporated or established outside Kenya; or (b) registered as a foreign company under Part XXXVII of the Companies Act; or (c) incorporated in Kenya but where non-Kenyans hold more than 49% of shares/voting rights or exercise effective control but does NOT include a company incorporated outside Kenya where more than 50% of shares and voting rights are held by Kenyan</p>	The definition of 'foreign company' is a contentious issue in the Bill. KAM/KBA seek to exclude locally-incorporated multinational subsidiaries; BCC proposes a nuanced control-based definition; KTA and Ponty Pridd focus on preventing circumvention through nominees. The Committee should determine whether the policy intent captures operating subsidiaries and clarify this expressly. BCC's three-limb definition, incorporating effective control, is the most technically precise proposal received. Ponty Pridd's beneficial ownership and anti-exclusivity provisions are essential anti-circumvention safeguards. NGEC's proposed inclusive local content definitions should be incorporated to give the Bill an equality dimension.

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			<p>citizens, or effective control is exercised by Kenyan citizens.</p> <p><b>Kenya Transporters Association (KTA):</b> Proposes 'local enterprise' be defined as having: at least 51% Kenyan shareholding; Kenyan-controlled board and management; and majority Kenyan workforce.</p> <p><b>Ponty Pridd Holdings Ltd:</b> Recommends adding a beneficial ownership test — beneficial ownership, not merely nominal shareholding, must be Kenyan — to prevent front companies from qualifying as local companies. Proposes prohibiting foreign companies from requiring local companies to enter exclusive agreements or non-competition clauses as a condition of local content partnership.</p> <p><b>Grid Circle Ltd:</b> Recommends the definition of 'local company' incorporate: minimum beneficial Kenyan ownership criteria; effective control exercised in Kenya; substantive economic and operational presence in Kenya; and tax residency compliance — to prevent regulatory arbitrage and fronting arrangements.</p> <p><b>National Gender &amp; Equality Commission (NGEC):</b> Proposes inserting new definitions: 'Authority' (the Kenya Local Content and Inclusion Authority); 'inclusive local content' (local content ensuring equitable participation of women, youth, PWDs, and marginalised groups, measured through a scorecard); and 'marginalised groups' (as defined in Article 260 of the Constitution).</p>	
3	<b>Clause 2 Definition of 'local company'</b>	A company incorporated and registered in Kenya	<b>Kenya Bankers Association (KBA):</b> States the definition excludes Kenyan-incorporated companies with significant local participation, listed	The current definition may inadvertently exclude NSE-listed

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		<p>under the Companies Act, fully or majority owned by Kenyan citizens.</p>	<p>entities, and joint ventures, creating legal ambiguity and risks for NSE-listed firms and licensed institutions. Raises concern about alignment with Article 27 (non-discrimination).</p> <p><b>British Chamber of Commerce Kenya (BCC):</b> Proposes redefining 'local company' as: a company incorporated in Kenya including subsidiaries and branches of foreign entities and extending to parent companies and global affiliates, or incorporated outside Kenya, in which (a) more than 50% of shares and voting rights are held by Kenyan citizens, or (b) effective control is exercised by Kenyan citizens.</p> <p><b>Kenya Transporters Association (KTA):</b> Proposes 'local enterprise' be defined as having at least 51% Kenyan shareholding, Kenyan-controlled board and management, and majority Kenyan workforce.</p> <p><b>Ponty Pridd Holdings Ltd:</b> Recommends specifying that beneficial ownership — not merely nominal shareholding — must be Kenyan. Also proposes inserting a new definition of 'effective control' to mean the power to direct financial, operational, or strategic decisions through shareholding, voting rights, board appointment rights, or contractual arrangements.</p>	<p>companies with diverse shareholding and joint ventures. KBA's concern is legitimate. A company listed on the Nairobi Securities Exchange by definition has its shares held by thousands of investors — pension funds, retail investors, institutional funds, foreign portfolio investors — in constantly shifting proportions. On any given day, the majority shareholding may be held by non-Kenyans simply because foreign institutional investors have been net buyers that week. The next week Kenyan investors may predominate. Applying the ownership limb of the foreign company definition to an NSE-listed company produces three problems. First, the company's classification would change daily. Second, it would deter NSE listings by foreign-origin companies that have genuine Kenyan operational footprints, third, it would catch companies like Equity Group Holdings or KCB Group — which have significant foreign institutional shareholding — as "foreign companies," which is clearly not the policy intent.</p> <p>BCC's proposed definition, which extends to companies where Kenyans exercise effective control regardless of place of</p>

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				<p>incorporation, is the comprehensive</p> <p>Ponty Pridd's beneficial ownership test. This is an essential anti-circumvention safeguard. The Committee may consolidate these into a single, comprehensive definition.</p>
4	<p><b>Clause 2</b> <b>Definition of 'local content'</b></p>	<p>The added value brought to the Kenyan economy through procuring locally available services, goods, supplies, and workforce.</p>	<p><b>Kenya Association of Manufacturers (KAM):</b> Proposes aligning with Kenya's Final Local Content Policy (2020): 'the quantifiable value addition into the Kenyan economy through the deliberate utilization of Kenyan human resources, material resources, and services in the production, manufacturing, or delivery of goods or services.' Goods conferring origin under EAC Rules of Origin shall also be considered local content.</p> <p><b>Kenya Private Sector Alliance (KEPSA):</b> Proposes the same revised definition as KAM, aligning with the 2020 Local Content Policy. Also proposes that goods from customs union/trade area members be considered local content.</p> <p><b>Agriculture Sector Network (ASNET):</b> Proposes inserting a specific definition of 'agricultural raw-material sourcing services' as encompassing procurement, aggregation, handling, storage, and supply of agricultural produce for use as raw materials in manufacturing or processing.</p> <p><b>Sidai Africa Ltd:</b> Proposes that 'local content' in the agricultural sector require KEBS quality certification, not merely Kenyan</p>	<p>The current definition is subjective and unmeasurable. KAM/KEPSA's policy-aligned definition introduces quantifiability. Recognising EAC Rules of Origin as local content (KAM, KEPSA, MFDA) is critically important for trade compatibility and reflects existing binding EAC obligations. SIDAI's quality-linked proposal prevents quota gaming. The Committee should adopt a comprehensive, measurable definition that: (a) aligns with the 2020 Local Content Policy; (b) recognises EAC Rules of Origin; and (c) incorporates quality assurance criteria for agricultural inputs.</p>

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			<p>ownership, to prevent quota gaming through substandard or counterfeit products.</p> <p><b>Ministry of Foreign &amp; Diaspora Affairs (MoFDA):</b> Notes that Kenya has entered into multilateral EAC agreements providing that goods from the EAC are considered local. Kenya is bound by these obligations and commitments.</p>	
<b>CLAUSE I — SHORT TITLE &amp; COMMENCEMENT</b>				
I	<b>Clause I Short title &amp; commencement</b>	Act to be cited as the Local Content Act, 2025 and shall come into force one year after publication in the Gazette.	<p><b>All submitters:</b> No amendments proposed to this clause.</p> <p><b>Grid Circle Ltd:</b> Recommends that existing enterprises be given a phased compliance period of 24–36 months post-commencement to allow gradual adjustment, in addition to the one-year commencement period.</p>	<p>The one-year transition period is reasonable.</p> <p>The Committee may consider whether sector-specific commencement timelines are warranted, and whether existing enterprises should receive a longer phased compliance window as proposed by Grid Circle.</p>
<b>PROPOSED NEW SUBCLAUSES : KENYA LOCAL CONTENT AND INCLUSION AUTHORITY, LOCALIZATION PLAN, COMPLIANCE BOARD &amp; DISPUTE RESOLUTION</b>				
6	<b>New Clauses 3A–3D KLCIA — proposed institutional architecture</b>	Not in the Bill.	<p><b>National Gender &amp; Equality Commission (NGEC):</b> Proposes establishing the Kenya Local Content and Inclusion Authority (KLCIA), a body corporate with perpetual succession.</p> <p>Functions (Clause 3B): monitor and enforce compliance; develop and review an inclusive local content scorecard; coordinate capacity building for women-owned, youth-owned, PWD-owned, and marginalised enterprises; advise the CS; maintain a public register; and report annually to Parliament and the Council of Governors.</p>	The absence of a monitoring and enforcement body is the most critical implementation gap in the Bill — acknowledged by all submitters and identified in the Committee's own observations. Three distinct institutional models have been proposed: NGEC's KLCIA (inclusive, inter-governmental, gender-sensitive); Ponty Pridd's LCCA (Communications Authority model, self-financing through levy);

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			<p>Governance (Clause 3C): Board of 11 members — a Chairperson appointed by the President; PS for Trade; PS for Labour; one representative each from NGECC, the National Council for Persons with Disabilities, and the Council of Governors; four experts in industry, gender, disability, and local content; and the CEO (ex-officio). Board to ensure gender parity and at least one member with a disability.</p> <p>Funding (Clause 3D): Parliamentary appropriations, user fees, and other sources approved by Parliament.</p> <p><b>Ponty Pridd Holdings Ltd:</b> Proposes a Local Content Compliance Authority (LCCA) modelled on the Communications Authority, with powers to: receive and review annual compliance plans; conduct quarterly procurement audits; maintain a public register of compliant and non-compliant companies; issue administrative fines before criminal prosecution; build capacity of local companies; and report quarterly to the CS and annually to Parliament. Funded through a 0.5% levy on total procurement spend of covered companies.</p> <p><b>Kenya Transporters Association (KTA):</b> Proposes an independent Local Content Monitoring Authority or designated regulator with powers to verify compliance, conduct audits, publish sectoral performance reports, and impose administrative penalties including financial sanctions, licence suspension, and disqualification from public contracts.</p> <p><b>Kenya Private Sector Alliance (KEPSA):</b> Proposes a Local Content Compliance Board (Clause 4(9)) of 9 members appointed by the CS, including representatives of both foreign and local companies, farmer organisations, independent experts, and civil</p>	<p>and KEPSA's Local Content Compliance Board (sector-balanced, quasi-judicial). The Committee should establish a dedicated body — whether the KLCIA, LCCA, or Board — with:</p> <ul style="list-style-type: none"> <li>(a) administrative penalty powers;</li> <li>(b) audit and compliance reporting authority;</li> <li>(c) public register of compliant/non-compliant companies;</li> <li>(d) quarterly/annual reporting to Parliament;</li> <li>(e) an inclusive composition reflecting gender, youth, and PWD representation; and</li> <li>(f) self-sustaining funding, whether through a levy or Parliamentary appropriation. The CA broadcasting model cited by Ponty Pridd is the most compelling operational precedent: compliance rose from 50% to 90%+ in six years because of dedicated institutional enforcement.</li> </ul>

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
			<p>society. The Board's functions include hearing appeals, reviewing exemptions, investigating complaints, monitoring compliance trends, mediating disputes, maintaining a public register, and publishing annual reports.</p> <p><b>Kenya Association of Manufacturers (KAM):</b> Proposes a Cabinet-level mediation and dispute resolution mechanism, not a standalone authority.</p> <p><b>Grid Circle Ltd:</b> Recommends that compliance reporting obligations be proportionate to enterprise size, and that discretionary powers of the CS be guided by objective standards to ensure regulatory certainty.</p>	
14	<p><b>New Clause 4(4) Sector-Specific Localization Plan (SSLP)</b></p>	Not in the Bill.	<p><b>Kenya Association of Manufacturers (KAM):</b> Proposes the CS for Trade develop an SSLP within 6 months of commencement in consultation with KAM, KEPSA, industry, and representatives of foreign companies. The SSLP shall: define realistic, achievable local content targets per sector; establish phased implementation timelines with clear milestones; identify capacity building requirements; provide monitoring and reporting mechanisms; and include provisions for periodic review. The SSLP shall be submitted to Parliament for approval before taking effect. Foreign companies comply with SSLP targets, not the fixed 60% in Clause 4(3).</p> <p><b>Kenya Private Sector Alliance (KEPSA):</b> Identical SSLP proposal to KAM.</p> <p><b>Ponty Pridd Holdings Ltd:</b> Proposes sector-specific escalating thresholds: logistics — 60% at commencement, 70% by Year 3, 80% by Year 5; financial services — 60% rising to 70% by Year 3. The CS</p>	<p>The SSLP (KAM/KEPSA) or escalating threshold model (Ponty Pridd) are both proposing a static, uniform 60% quota.</p> <p>The Committee could adopt a SSLP requirement: (a) developed by the CS within 6 months; (b) subject to mandatory stakeholder consultation; (c) submitted to Parliament for approval before taking effect; and (d) reviewed every 3 years. This creates the flexibility needed across sectors while maintaining Parliamentary accountability.</p>

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
			<p>to review and publish threshold assessments every 3 years, as the CA does for its broadcasting code.</p> <p><b>Grid Circle Ltd:</b>  Recommends a flexible regulatory framework allowing thresholds to reflect actual local capability and adjust progressively, enabling gradual scaling and evidence-based policy adjustment.</p>	
15	<p><b>New Clause 4(5)  Justification-Based Exemption Mechanism</b></p>	Not in the Bill.	<p><b>Kenya Association of Manufacturers (KAM):</b>  Proposes a temporary exemption available to foreign companies on written justification demonstrating: (a) input not locally available in required quantity, quality, or specification; (b) input does not meet international quality standards and no local supplier can meet them within a reasonable timeframe; (c) proprietary formulation/concentrate protected by IP rights (patents, trade secrets, trademarks) essential to the product and not manufacturable in Kenya; or (d) input subject to international trade agreements requiring sourcing from customs union/trade bloc members. Exemption valid for 2 years, renewable, subject to annual reports on efforts to develop local alternatives. CS to maintain a public register of all approved exemptions.</p> <p><b>Kenya Private Sector Alliance (KEPSA):</b>  Identical exemption framework to KAM.</p> <p><b>Fertilizer Association of Kenya (FA-K):</b>  Proposes a waiver/exception mechanism for: demonstrated local shortages; national emergencies; regulatory bans or trade restrictions; failure of local supply to meet quality or quantity standards.</p> <p><b>Agriculture Sector Network (ASNET):</b></p>	<p>A Justification-Based Exemption mechanism is essential to address both constitutional proportionality concerns (Article 24) and WTO TRIMs compatibility risks. The public register of approved exemptions serves a transparency and systemic gap-identification function.</p>

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
			<p>Recommends a waiver mechanism based on demonstrated unavailability for cases where inputs (e.g., specialised agri-inputs, formulated products) are not produced in Kenya.</p>	
16	<p><b>New Clauses 4(9) – 4(9D) Local Content Compliance Board</b></p>	<p>Not in the Bill.</p>	<p><b>Kenya Private Sector Alliance (KEPSA):</b> Proposes a Local Content Compliance Board of 9 members appointed by the CS including: a CS for Trade representative; a CS for Planning representative; a KRA representative; 2 private sector representatives (one foreign, one local); a farmer/agricultural association representative; an independent expert in trade, commerce, or law (10+ years experience); and a civil society/consumer representative. Term: 3 years, renewable once. The Board shall have a secretariat.</p> <p>Functions (Clause 4(9A)): hear and determine appeals against compliance determinations, penalty assessments, and enforcement decisions; review exemption requests; investigate complaints of unfair enforcement; monitor compliance trends; mediate disputes; maintain a public register; and publish annual reports.</p> <p>Appeals procedure (Clause 4(9B)): company may appeal within 30 days; Board hearing within 30 days; written decision within 15 days of hearing; Board decision binding unless appealed to High Court within 30 days on grounds of jurisdictional error, procedural irregularity, or manifest error of law.</p> <p>Powers (Clause 4(9C)): subpoena witnesses and documents; conduct site inspections and audits; commission expert reports; mediate settlements.</p> <p>Funding (Clause 4(9D)): Government budget allocation; user fees; and a portion of fines and penalties. The Board shall be independent from the CS.</p>	<p>KEPSA's proposed Compliance Board architecture is the most detailed institutional design received. Its quasi-judicial appeal function (Clause 4(9B)) is particularly important for providing a fast, accessible, and less costly alternative to High Court litigation for compliance disputes. The Committee should consider whether this Board should be constituted as a separate body or as the quasi-judicial arm of the KLCIA/LCCA proposed by NGEK/Ponty Pridd. The key requirements are: (a) independence from the CS; (b) balanced composition; (c) clear appeals procedure; and (d) sustainable funding.</p>

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
17	<p><b>New Clause 4(10) Dispute Resolution Mechanism</b></p>	<p>Not in the Bill.</p>	<p><b>Kenya Private Sector Alliance (KEPSA):</b>  Proposes a mediation and dispute resolution mechanism administered by the Compliance Board to address disputes between foreign companies and local suppliers on: quality standards; pricing and payment terms; delivery schedules; contract terms; and capacity building commitments. Mediation within 30 days, settlement sought within 60 days; if mediation fails, non-binding recommendation; arbitration under the Arbitration Act may follow, costs shared.</p> <p><b>Kenya Association of Manufacturers (KAM):</b>  Proposes a Cabinet-level mediation mechanism with the same timelines — mediation within 30 days, settlement within 60 days, non-binding recommendation if mediation fails, arbitration under Cap. 15 as a follow-on.</p> <p><b>Ponty Pridd Holdings Ltd:</b>  Proposes a Local Content Dispute Resolution Register administered by the LCCA: Kenyan companies may confidentially report exclusion from procurement processes; the LCCA issues compliance notices within 30 days; statutory whistleblower protection against commercial retaliation; and LCCA decisions subject to review by the Kenya Competition Authority and the High Court.</p> <p><b>Kenya Transporters Association (KTA):</b>  Proposes a protected confidential reporting channel enabling local firms to report exclusionary practices without fear of retaliation or blacklisting, administered through a confidential complaints framework under the monitoring authority.</p>	<p>Without a structured dispute resolution pathway, conflicts default to criminal prosecution or civil litigation — neither practical for SMEs needing to maintain commercial relationships. The Committee should codify a tiered mechanism: compliance notice → mediation → administrative adjudication → arbitration/courts. Ponty Pridd's whistleblower protection provision is essential — the risk of commercial retaliation is real and documented. The LCCA/Compliance Board should administer the mechanism.</p>

**CLAUSE 5 — REGULATION-MAKING POWERS**

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
18	<b>Clause 5 Regulation-making powers</b>	The CS for Trade may make regulations within one year of commencement, including on: additional service categories; standards for locally manufactured goods; and other local content requirements.	<p><b>Kenya Association of Manufacturers (KAM):</b> Recommends structured stakeholder consultation (KAM, KEPSA, industry) before any regulation expanding the sectoral scope of the Act. The SSLP should be submitted to Parliament for approval before taking effect.</p> <p><b>Kenya Bankers Association (KBA):</b> States wide regulatory discretion creates uncertainty for businesses and investors and raises concerns about excessive delegation of legislative authority.</p> <p><b>Agriculture Sector Network (ASNET):</b> Proposes amending Clause 5(2) to insert 'local companies and' immediately before 'foreign companies' wherever they appear, to extend regulatory reach to local companies on sourcing obligations.</p> <p><b>National Gender &amp; Equality Commission (NGEC):</b> Proposes amending Clause 5(2) to add: (d) the form, content, and methodology of the inclusive local content scorecard; (e) procedures for annual reporting by foreign companies and government entities; (f) mechanisms for capacity-building grants or incentives targeted at inclusive local enterprises; and (g) any other matter necessary for inclusive local content.</p> <p><b>British Chamber of Commerce Kenya (BCC):</b> Proposes the CS prescribe sector-specific local content schedules within 6 months of commencement, following consultation with sector regulators and public participation.</p> <p><b>Grid Circle Ltd:</b></p>	The Committee should consider: (a) requiring any regulations expanding sectoral scope to be subject to affirmative resolution by the National Assembly; (b) mandating stakeholder consultation before regulations are gazetted; (c) requiring the SSLP and APSP to receive Parliamentary approval before taking effect; (d) incorporating NGEC's inclusive local content scorecard provisions; and (e) requiring the CS to develop a digital reporting system (SDT proposal) for real-time compliance monitoring.

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
			<p>Recommends CS's discretionary powers be guided by objective standards and that compliance reporting obligations be proportionate to enterprise size.</p> <p><b>State Department for Trade (SDT):</b> Recommends ensuring regulations harmonise with existing trade laws and international obligations, avoiding duplication and conflicts. Recommends developing a centralised digital reporting system accessible via the National Trade Portal for real-time monitoring and data analytics.</p>	
<b>CLAUSE 6 — TRANSITION / SAVINGS</b>				
19	<b>Clause 6 Savings of existing contracts</b>	All rights, obligations, and contracts between foreign companies and suppliers existing before commencement continue in force for their unexpired periods.	<p><b>Kenya Bankers Association (KBA):</b> Proposes extending the savings clause to also safeguard existing licences, approvals, and investment structures — not just contracts — to prevent retrospective economic impacts for companies that made investments under the previous regulatory framework.</p> <p><b>Grid Circle Ltd:</b> Recommends the Bill explicitly state that it shall not apply retrospectively to contracts lawfully executed prior to its commencement, and provide a phased compliance period of 24–36 months for existing enterprises.</p> <p><b>All other submitters:</b> No amendments proposed to this clause.</p>	KBA and Grid Circle raise a legitimate gap: the current savings clause protects only supply contracts, not licences, approvals, or investment structures. Companies that made investment decisions under the previous regulatory framework could face retrospective economic impacts. The Committee should broaden the savings clause to include: licences, approvals, and investment structures in addition to supply contracts; and a phased compliance window for existing enterprises (Grid Circle's 24–36 month recommendation).
<b>PROPOSED NEW CLAUSES AND CROSS-CUTTING ISSUES</b>				
20	<b>New Clause Incentives Framework</b>	Not in the Bill.	<b>Kenya Association of Manufacturers (KAM):</b> Proposes a new clause requiring the CS to establish an Incentives Framework for Local Content Development, providing for: tax incentives for local manufacturing	An Incentives Framework is a critical supply-side complement to the demand-side obligations imposed by Clause 4. Without

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			<p>investment; infrastructure support (industrial parks, SEZs, common-user facilities); market offtake programmes; financing (credit guarantees, concessional loans); SME incubation; preferential public procurement; and technology transfer and skills development.</p> <p><b>Kenya Transporters Association (KTA):</b> Proposes government facilitate affordable asset financing, digitalisation, fleet modernisation, and joint ventures for local transporters.</p> <p><b>Ponty Pridd Holdings Ltd:</b> Notes the Rivatex experience: procurement mandates work but must be accompanied by supply-side investment in quality, capacity, and infrastructure to be fully effective.</p> <p><b>Grid Circle Ltd:</b> Recommends the Bill position local content within a broader industrial policy strategy aligned with SME development, public procurement reform, and export promotion. Local content should serve as a 'ladder to competitiveness', not merely a gatekeeping mechanism.</p>	<p>building local capacity to meet prescribed thresholds, the Bill's obligations cannot be achieved — the Rivatex experience and Kenya's 5,300-tonne versus 38,000-tonne cotton production gap are instructive.</p>
21	<b>New Clause EPZ/SEZ Exemption</b>	Not in the Bill.	<p><b>Kenya Association of Manufacturers (KAM):</b> Proposes exempting export-oriented enterprises (EPZs, SEZs) from local content requirements, as these entities must fit into global supply chains. Local content requirements could restrict export orientation and undermine Kenya's competitiveness under bilateral and multilateral trade agreements (EAC, COMESA, AfCFTA, UK and EU EPAs).</p>	<p>EPZ and SEZ companies operate under a distinct regulatory framework designed to promote exports. The Committee should consider whether the Bill as drafted inadvertently captures such entities and, if so, whether a targeted exemption is warranted.</p>
22	<b>New Clause Force Majeure</b>	Not in the Bill.	<p><b>Kenya Association of Manufacturers (KAM):</b> Proposes a new clause: a company shall not be liable for non-compliance where it results from circumstances beyond its reasonable control, including: natural disasters;</p>	<p>A force majeure provision is a standard feature of modern regulatory frameworks. Its absence exposes companies to</p>

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			<p>civil unrest; pandemics or public health emergencies; or other events materially disrupting compliance. The company must notify the CS within a reasonable time. CS may prescribe implementation guidelines.</p> <p><b>Kenya Private Sector Alliance (KEPSA):</b> Identical force majeure provision.</p> <p><b>Fertilizer Association of Kenya (FA-K):</b> Notes the fertilizer sector is particularly susceptible to climate shocks and supply disruptions. Rigid mandatory sourcing without force majeure protection may disrupt production continuity and food supply chains.</p>	<p>penalties for circumstances beyond their control.</p>
23	<p><b>Cross-cutting Mandatory Annual Compliance Reporting</b></p>	<p>Not in the Bill.</p>	<p><b>Ponty Pridd Holdings Ltd:</b> Recommends a new clause requiring: (a) every covered foreign company to publish an annual Local Content Compliance Report disclosing local procurement spend by sector, workforce composition, capacity building investment, and compliance status; (b) the LCCA to publish an annual national Local Content Report aggregating compliance data and identifying systematic non-compliance; and (c) both reports to be tabled in Parliament and published on the Kenya Gazette website.</p> <p><b>Quatrix Limited:</b> Proposes mandatory annual public disclosure of technology and logistics procurement sourced from Kenyan-owned companies.</p> <p><b>Kenya Transporters Association (KTA):</b> Requires multinationals to publish local content compliance reports annually, disclose percentage allocation to local firms, and submit audited statements of local procurement.</p>	<p>Annual compliance reporting tabled in Parliament is the minimum standard for accountability. The CA's broadcasting compliance framework works in part because it publishes quarterly reports accessible to civil society, industry, and Parliament.</p>

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
			<p><b>State Department for Trade (SDT):</b>  Recommends a centralised digital reporting system accessible via the National Trade Portal for real-time monitoring and data analytics for policy adjustments.</p>	
24	<p><b>Cross-cutting WTO / AfCFTA / EAC Compatibility</b></p>	<p>The Bill does not address Kenya's international trade obligations.</p>	<p><b>Kenya Bankers Association (KBA):</b>  States failure to recognise Kenya's commitments under AfCFTA and the EAC Common Market Protocol may create policy inconsistencies and undermine Kenya's position as a regional investment hub.</p> <p><b>Agriculture Sector Network (ASNET):</b>  Recommends the Bill and its regulations be reviewed for consistency with Kenya's regional and multilateral obligations. EAC Protocol obligations require non-discriminatory treatment of goods, services, and investors across Partner States. Nationality-based local content quotas could be viewed as barriers to free movement and trade.</p> <p><b>Kenya Association of Manufacturers (KAM):</b>  Proposes EAC Rules of Origin be incorporated into the definition of 'local content', treating EAC-origin goods as locally sourced. Advocates alignment with EAC, COMESA, and AfCFTA obligations throughout the Bill.</p> <p><b>Ministry of Foreign &amp; Diaspora Affairs (MoFDA):</b>  Confirms Kenya has entered into multilateral EAC agreements providing that goods from the EAC are considered local. Kenya is bound by these obligations and commitments.</p> <p><b>Ponty Pridd Holdings Ltd:</b>  Notes WTO rules permit domestic support measures serving legitimate development objectives in developing countries. Transport and logistics is a services sector</p>	<p>Committee observation (from Legal Brief): The 60% procurement quota and 100% agricultural sourcing requirement resemble local content measures historically challenged at the WTO under the TRIMs Agreement. The AfCFTA promotes non-discrimination among African states; rigid local sourcing requirements may raise compatibility concerns. Where bilateral trade agreements exist, foreign investors may initiate arbitration claiming discriminatory treatment, indirect expropriation, or unfair and inequitable treatment.</p> <p>KAM's proposal to recognise EAC Rules of Origin as local content, confirmed by MoFDA as a binding existing obligation, is the most important and immediately actionable recommendation. Grid Circle's proposed general consistency clause (implementing this Act in accordance with Kenya's international trade obligations) is a standard drafting safeguard.</p>

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			<p>substantially less constrained under WTO TRIMs than goods manufacturing.</p> <p><b>Grid Circle Ltd:</b>  Recommends the Bill include a provision stating: 'This Act shall be implemented in a manner consistent with Kenya's international trade and investment obligations.' This strengthens the defensibility of the legislation, reduces exposure to external disputes, and reinforces rule-of-law integrity.</p> <p><b>State Department for Trade (SDT):</b>  Recommends ensuring regulations harmonise with existing trade laws and international obligations, avoiding duplication and conflicts.</p>	
25	<b>Cross-cutting Constitutional Considerations</b>	The Bill does not address potential constitutional challenges.	<p><b>Kenya Bankers Association (KBA):</b>  Raises proportionality and discrimination concerns under Articles 24 and 27. States the Bill's Memorandum does not sufficiently recognise contributions of foreign companies to employment, technology transfer, and tax revenue.</p> <p><b>Fertilizer Association of Kenya (FA-K):</b>  States the Bill creates disproportionate regulatory burdens on one category of companies; any differentiation should be reasonable, proportionate, and aligned with constitutional standards.</p> <p><b>National Gender &amp; Equality Commission (NGEC):</b>  Proposes alignment with equality provisions under Articles 27, 54, and 56 of the Constitution. Proposes gender parity in the governance of the proposed Authority.</p>	Committee observations (from Legal Brief): Article 24 (proportionality) — the rigidity of the 100% agricultural sourcing requirement, absence of waiver mechanisms, and mandatory minimum criminal penalties without graduated enforcement raise proportionality concerns. Article 27(4) (discrimination) — while differentiation between foreign and local companies is not automatically unconstitutional, the 100% sourcing requirement presents the highest risk of being viewed as excessive differentiation. Article 40 (property rights) — heavy mandatory fines and rigid sourcing obligations may be argued to substantially interfere

No.	PROVISION	BILL POSITION	STAKEHOLDER PROPOSALS	OBSERVATIONS
				with business operations or create indirect economic deprivation. The Committee must ensure proportionality is demonstrated for each key obligation, and that waiver and exemption mechanisms adequately address these risks.
26	<b>Cross-cutting Gender, Youth &amp; Disability Inclusion</b>	Not in the Bill.	<p><b>National Gender &amp; Equality Commission (NGEC):</b> Proposes comprehensive gender and disability mainstreaming: inclusive local content scorecard integrated into compliance assessments; preference to women-owned, youth-owned, and PWD-owned enterprises in the 60% sourcing and 80% workforce requirements; capacity building targeting these groups; and equivalent obligations on government entities including minimum 5% PWD employment.</p> <p><b>State Department for Trade (SDT):</b> Recommends mainstreaming gender and youth inclusivity in local content implementation, providing targeted support and ensuring fair access to opportunities created under the Bill.</p> <p><b>Grid Circle Ltd:</b> Recommends linking local content compliance to measurable domestic value addition with an inclusive development dimension.</p>	NGEC's proposals are constitutionally grounded in Articles 27, 54, and 56. Mainstreaming gender and disability inclusion into local content compliance creates an opportunity to simultaneously advance the AGPO policy and the Bottom-Up Economic Transformation Agenda.

**Note:** This matrix is prepared to assist the Committee in its deliberations and does not represent the Committee's own position. Committee observations are drawn from the Legal Brief on the Bill and the submissions received. References to 'Committee observations (from Legal Brief)' indicate issues identified in the preliminary legal analysis.



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When replying, please quote  
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4<sup>th</sup> March, 2026

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Dear **Mr. Wang'oo**

**RE: MEETING WITH THE DEPARTMENTAL COMMITTEE ON TRADE,  
INDUSTRY AND COOPERATIVES TO DISCUSS THE LOCAL  
CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)**

The Departmental Committee on Trade, Industry and Cooperatives is established pursuant to Standing Order 216 of the National Assembly Standing Orders, and mandated *inter alia* 'to study and review all the legislation referred to it'.

Pursuant to the cited mandate, the Committee is in the process of considering the Local Content Bill (National Assembly Bill No. 45 of 2025) (*copy attached*)

The Bill seeks to establish a statutory framework prescribing mandatory local content requirements for foreign companies operating in Kenya, including procurement quotas, employment quotas and agricultural sourcing obligations.

In compliance with the provisions of Article 118(1)(b) of the Constitution, the Committee invites you for a meeting to discuss the said Bill. The meeting will be held on **Thursday, 12<sup>th</sup> March, 2026** at a venue to be communicated within the precincts of Parliament at **10.00 a.m.**

You are requested to submit electronic copies of your submissions to the Committee through the Office of the Clerk of the National Assembly via email address [cna@parliament.go.ke](mailto:cna@parliament.go.ke) by **Wednesday, 11<sup>th</sup> March, 2026** and provide twenty (20) hard copies of the submissions during the meeting.

The liaison officers for this meeting are **Mr. Benjamin Magut, Head of Department (Economic Sector)** who may be contacted on tel. no. **0712974966** or email address: [benjamin.magut@parliament.go.ke](mailto:benjamin.magut@parliament.go.ke) and **Ms. Laureen Wesonga, Clerk Assistant I** who may be contacted on tel. no. **0710820442** or email address: [laureen.wesonga@parliament.go.ke](mailto:laureen.wesonga@parliament.go.ke).

Yours



**JEREMIAH W. NDOMBI, MBS**  
**For: CLERK OF THE NATIONAL ASSEMBLY**



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**5<sup>th</sup> March, 2026**

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Dear

**RE: MEETING WITH THE DEPARTMENTAL COMMITTEE ON TRADE,  
INDUSTRY AND COOPERATIVES TO DISCUSS THE LOCAL  
CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)**

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The Departmental Committee on Trade, Industry and Cooperatives is established pursuant to Standing Order 216 of the National Assembly Standing Orders, and mandated *inter alia* 'to study and review all the legislation referred to it'.

Pursuant to the cited mandate, the Committee is in the process of considering the Local Content Bill (National Assembly Bill No. 45 of 2025) (*copy attached*).

The Bill seeks to establish a statutory framework prescribing mandatory local content requirements for foreign companies operating in Kenya, including procurement quotas, employment quotas and agricultural sourcing obligations.

In compliance with the provisions of Article 118(1)(b) of the Constitution, the Committee invites you for a meeting to discuss the said Bill. The meeting will be held on **Thursday, 12<sup>th</sup> March, 2026** at a venue to be communicated within the precincts of Parliament at **10.00 a.m.**

You are requested to submit electronic copies of your submissions to the Committee through the Office of the Clerk via email address [cna@parliament.go.ke](mailto:cna@parliament.go.ke) by **Wednesday, 11<sup>th</sup> March, 2026** and provide twenty (20) hard copies of the submissions during the meeting.

The liaison officers for this meeting are **Mr. Benjamin Magut, Head of Department (Economic Sector)** who may be contacted on tel. no. **0712974966** or email address: [benjamin.magut@parliament.go.ke](mailto:benjamin.magut@parliament.go.ke) and **Ms. Laureen Wesonga, Clerk Assistant I** who may be contacted on tel. no. **0710820442** or email address: [laureen.wesonga@parliament.go.ke](mailto:laureen.wesonga@parliament.go.ke).

Yours

**JEREMIAH W. NDOMBI, MBS**  
**For: CLERK OF THE NATIONAL ASSEMBLY**

**Copy to:**

**H.E. Dr. Hon. Musalia Mudavadi, EGH**  
Prime Cabinet Secretary & Cabinet Secretary  
Ministry of Foreign and Diaspora Affairs  
Old Treasury Building  
Harambee Avenue  
**NAIROBI**

**Hon. FCPA John Mbadi Ng'ong'o, EGH**  
Cabinet Secretary  
The National Treasury & Economic Planning  
Treasury Building  
Harambee Avenue  
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**Hon. Lee Kinyanjui, EGH**  
Cabinet Secretary  
Ministry of Investments, Trade and Industry  
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**Hon. Rehema Jaldesa**  
Chairperson  
National Gender & Equality Commission  
1<sup>st</sup> Floor, Solution Tech Place  
5 Longonot Road, Upper Hill  
**NAIROBI**

**Dr. Jaswinder Bedi**  
Chairperson  
Kenya Private Sector Alliance  
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**CPA Dr. Aurelia C. Rono, CBS**  
Principal Secretary  
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**Ms. Jane Karuku**  
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**Dr. Bimal Kantaria**  
Chairperson  
Fertilizer Association of Kenya  
Western Heights  
Karuna Road, Westlands  
**NAIROBI**

**SPECIAL ISSUE**

*Kenya Gazette Supplement No. 167 (National Assembly Bills No. 45)*



REPUBLIC OF KENYA

**KENYA GAZETTE SUPPLEMENT**

**NATIONAL ASSEMBLY BILLS, 2025**

**NAIROBI, 16th October, 2025**

CONTENT

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**DIRECTOR LEGAL SERVICES  
P. O. Bo 41842-00100, NAIROBI**

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**THE LOCAL CONTENT BILL, 2025**

**A Bill for**

**AN ACT of Parliament to provide a framework to regulate local content in Kenya; to promote the local industry; provide the sourcing of locally produced goods and services; and for connected purposes**

**ENACTED** by the Parliament of Kenya, as follows—

1. This Act may be cited as the Local Content Act, 2025 and shall come into force one year after publication in the *Gazette*. Short title.

2. In this Act, unless the context otherwise requires— Interpretation.  
 “Cabinet Secretary” means the Cabinet Secretary for the time being responsible for trade;

“foreign company” means a company—

- (a) incorporated outside Kenya;
- (b) whose majority shareholding is by non-Kenyan citizens; and
- (c) whose control is vested outside Kenya;

“local company” means a company incorporated and registered in Kenya under the Companies Act and is fully owned by Kenyan citizens or a majority of its shareholding is by Kenyan citizens; and

“local content” means the added value brought to the Kenyan economy through procuring locally available services, goods, supplies and work force.

3. The object and purpose of this Act is to— Objects and purpose of the Act.

- (a) provide a framework for regulation of local content by prescribing minimum local content quotas in various sectors;
- (b) promote the local industry and sourcing of locally produced goods and services;
- (c) boost the growth of the manufacturing industry in Kenya;
- (d) promote the agricultural sector through sourcing of agricultural produce from Kenyan farmers;

- (e) enhance the creation of employment opportunities for the Kenyan youth; and
- (f) foster economic growth through promotion of foreign direct investments and reduce profit repatriation.

4. (1) A foreign company carrying out business in Kenya shall comply with the local content requirements prescribed under this section. Local content requirements.

(2) The local content requirements shall apply to the following—

- (a) financial services;
- (b) insurance services;
- (c) construction services;
- (d) transport services;
- (e) warehousing services;
- (f) logistics services;
- (g) security services; and
- (h) any other services as the Cabinet Secretary, may determine.

(3) A foreign company shall source at least sixty percent (60%) percent of locally manufactured goods and any of the services listed under sub-section (2) from local companies, where the goods and services meet the relevant prescribed standards.

(4) A foreign company shall provide technical and other capacity building support to local companies to ensure compliance with the relevant prescribed standards.

(5) A foreign company undertaking any business in Kenya which requires agricultural produce as raw materials for manufacture of goods, shall source all the agricultural produce from Kenyan farmers.

(6) Subject to subsection (7), a foreign company domiciled and operating in Kenya, shall employ qualified and skilled Kenyan citizens in the management and all levels of the organization of the company.

(7) A foreign company shall ensure that at least eighty per cent (80%) of the workforce of the company are Kenya citizens and comply with Article 41 of the Constitution on

fair labour practices including the right to fair remuneration of workers.

(8) A person who contravenes the provisions of this section commits an offence and shall upon conviction—

- (a) be liable to a fine of not less than one hundred million shillings, in the case of a body corporate; and
- (b) be liable to imprisonment for a term of not less than one year, in case of a chief executive officer of a company.

5. (1) The Cabinet Secretary, may make Regulations for the better carrying out of the provisions of this Act. Regulations.

(2) Without prejudice to the generality of the foregoing, Regulations under this section may provide for—

- (a) other categories of services for which the local content requirements apply under section 4;
- (b) the relevant standards for goods locally manufactured and any services provided by the local companies; and
- (c) other categories of local content requirements.

(3) For the purposes of Article 94(6) of the Constitution—

- (a) the power of the Cabinet Secretary to make regulations shall be limited to bringing into effect the provisions of this Act and the fulfilment of the objectives specified under this section; and
- (b) the principles and standards set out under the Statutory Instruments Act and the Interpretation and General Provisions Act in relation to subsidiary legislation shall apply to regulations made under this Act.

Cap. 2A.  
Cap.2.

(4) The Regulations necessary to bring into effect the provisions of this Act shall be made within one year after the coming into force of this Act.

6. All rights, obligations and contracts between a foreign company carrying out business in Kenya and a supplier of goods or services existing before the coming into force of this Act, shall continue in force for the unexpired period of the contracts. Transition.

## MEMORANDUM OF OBJECTS AND REASONS

### Statement of objects and reasons of the Bill

The principal object of the Bill is to create a framework to regulate local content in Kenya. As it is presently, the lack of a local content regulatory framework has inhibited the growth of the local industry in key economic sectors as companies incorporated outside Kenya procure their goods; services; supplies and workforce from other foreign companies. This has resulted to unfair business practices that has rendered the local business uncompetitive. Additionally, the investments by foreign companies in Kenya have had minimal positive economic effect to the country due to profit repatriation. As Kenya continues to grapple with youth unemployment, it is paramount that a legal framework that would foster job creation be put in place to ensure that foreign investments in Kenya create employment opportunities for the Kenyan youth.

Further, in line with the government policy of promoting the agricultural sector and harnessing market opportunities for Kenyan farmers, the legal framework is necessary to ensure that foreign companies source their agricultural supplies from Kenyan farmers. As it is presently, foreign companies import agricultural supplies from foreign countries despite there being adequate supply of agricultural produce in Kenya. The Bill if enacted shall hence promote the agricultural sector and improve the livelihoods of Kenyan farmers by guaranteeing markets for their produce. The Bill shall also boost the growth of the various economic sectors, local manufacturing and ensure job creation for the Kenyan youth.

The Bill also seeks to promote the use of locally manufactured goods and services from local companies such as transport services; avoid tax evasion; promote the use of locally available workforce; enhance the benefits harnessed from the supply chain; address the issues relating to transfer pricing; and align with international standards such as the EU which gives priority to goods and services originating from the EU.

**Clause 1 of the Bill** is the short title and provides that the Act shall come into force one year after the date of publication in the *Gazette* to give adequate time to foreign companies to comply with the requirements of the Act.

**Clause 2 of the Bill** provides for interpretation of various clauses as used in the Bill.

**Clause 3 of the Bill** provides for the objects and purpose of the Bill which is to—

- (a) provide a framework for regulation of local content by prescribing minimum local content quotas in various sectors;
- (b) promote the local industry and sourcing of locally produced goods and services;
- (c) boost the growth of the manufacturing industry in Kenya;
- (d) promote the agricultural sector through sourcing of agricultural produce from Kenyan farmers;
- (e) enhance the creation of employment opportunities for the Kenyan youth; and
- (f) foster economic growth through promotion of foreign direct investments and reduce profit repatriation.

**Clause 4 of the Bill** provides for the local content requirements. In particular, it provides that a foreign company shall source at least sixty percent (60%) percent of its services, supplies and goods from local companies subject to the services and goods meeting the locally prescribed standards and regulatory requirements. Where the locally available goods and services do not meet the relevant standards, the Bill provides that a foreign company shall provide technical and other capacity building support to local companies to ensure compliance with the relevant prescribed standards.

In respect of the agricultural sector, the Bill provides that a foreign company shall source agricultural supplies from Kenyan farmers. In respect of job creation, the Bill provides that foreign companies located and operating in Kenya shall employ qualified and skilled Kenyan citizens at the management and other organization levels of the companies.

Further, the Bill has stipulated enforcement mechanisms for local content requirements and provides that where a person contravenes any of the provisions of the Act, if it is a body corporate, it shall upon conviction be liable to a fine of not less than one hundred million shillings; and every chief executive officer of the company shall be liable to imprisonment for a term of not less than one year.

The penal provisions are intended to ensure compliance with the requirements of local content unlike the current practice where companies are required to only submit local content plans indicating how they intend to give consideration to locally produced services and goods. The lack of proper enforcement mechanisms has led to non-implementation of the local content requirements.

**Clause 5 of the Bill** provides for the regulation making powers of the Cabinet Secretary responsible for Trade to make regulations for the better carrying out of the provisions of the Act.

**Clause 6 of the Bill** is the saving clause and provides that any existing contractual obligations as at the date of the commencement of the Act, shall continue in force for the unexpired period of the contracts.

**Statement on the delegation of legislative powers and limitation of fundamental rights and freedoms**

The Bill delegates legislative powers to the Cabinet Secretary to make regulations for the better carrying out of the provisions of the Act and does not limit any rights and fundamental freedoms.

**Statement on how the Bill concerns county governments**

The Bill is not a Bill concerning county governments in terms of Article 110(1)(a) of the Constitution.

**Statement as to whether the Bill is a money Bill within the meaning of Article 114 of the Constitution**

The enactment of this Bill shall not occasion additional public expenditure.

Dated the 8th October, 2025

JANE KAGIRI,  
*Member of Parliament*

10<sup>th</sup> March 2026

**Samuel Njoroge, CBS**  
Clerk of the National Assembly  
Main Parliament Building  
P.O Box 41842-00100  
Nairobi, Kenya

*Dear Mr. Njoroge,*

**KBA SUBMISSIONS ON THE LOCAL CONTENT BILL, 2025**

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The financial services sector acknowledges the policy intent of the Local Content Bill to promote the “Buy Kenya, Build Kenya” agenda and reduce excessive profit repatriation. However, as currently drafted, the Bill introduces rigid quotas that risk undermining the very investment and innovation required to achieve these objectives.

Following a comprehensive review of its potential implications for financial stability, regional expansion, and Kenya’s position as a leading financial hub, the sector finds the proposed framework technically and economically impractical. We are therefore unable to support the Bill in its current form and urge its reconsideration to allow for a more balanced and collaborative approach that promotes local participation without compromising Kenya’s international competitiveness.

Kenyan financial institutions are among the most regionally diversified on the continent, with banks such as KCB Group and Equity Group operating extensively across Eastern and Central Africa. The rigid local content quotas proposed in the Bill risk triggering reciprocal protectionist measures from neighboring EAC and COMESA Member States, potentially constraining the regional expansion model that has strengthened Kenya’s financial sector and undermining the objectives of the EAC Common Market Protocol.

The proposed 60% local sourcing and 80% workforce thresholds also present practical challenges in modern financial services operations. Critical infrastructure including cloud services, global financial data platforms, and specialised technology systems often have no local substitutes, while highly specialised technical roles require access to global talent pools to maintain operational resilience and cybersecurity. The Bill further introduces significant compliance and reporting requirements that may increase the cost of doing business and divert resources away from innovation, credit expansion, and financial inclusion. The sector remains supportive of policies that promote local capacity building and economic development. However, such objectives are best achieved through progressive, market-responsive measures that encourage local participation while preserving the flexibility necessary for globally integrated financial services operations.

We remain available to appear before the relevant Committee to provide further clarification and to engage constructively on policy options that advance these shared objectives.

Yours Sincerely,



Raimond Molenje  
**CHIEF EXECUTIVE OFFICER**

No	Issue	Current situation	Justification
1	<b>Definition of "Foreign Company"</b>	The definition may inadvertently exclude Kenyan-incorporated and registered subsidiaries and branches of foreign entities, as well as their parent companies and global affiliates, from being treated appropriately within the framework.	This could prevent locally incorporated subsidiaries and branches from leveraging economies of scale with their parent companies and global affiliates, limiting their ability to provide differentiated services to Kenyans at competitive cost of capital.
2.	<b>Definition of "local company"</b>	Excludes Kenyan-incorporated companies with significant local participation, listed entities and joint ventures	This creates legal ambiguity and may result in parallel compliance frameworks. It also risks undermining joint ventures, affecting NSE-listed firms and institutions with regulatory licenses to operate in Kenya. Clarity is necessary to align with Article 27 of the Constitution on non-discrimination and to prevent capital flight.
3.	<b>Objects of the Act</b>	Does not expressly recognise investment promotion and global value chain integration.	Failure to recognize Kenya's commitments under the African Continental Free Trade Area (AfCFTA) and the East African Community (EAC) Common Market Protocol may create policy inconsistencies and undermine Kenya's ambition to position itself as a regional investment hub.
4.	<b>Clause 4(1)</b>	Extending local content rules to finance, insurance, warehousing, and ICT is unusual globally and may slow innovation, raise costs for fintechs reliant on global service providers and complicate compliance for multinational banks.	Liberalized markets foster growth and innovation, while rigid local content requirements have historically reduced investment and delayed projects in several jurisdictions. Kenya risks similar unintended consequences if flexibility is not incorporated. The Bill may also conflict with Kenya's international trade obligations.
5.	<b>Clause 4(3) – Mandatory 60% sourcing</b>	The requirement that foreign companies source 60% of goods and services from local companies introduces a rigid quota.	The quota is not supported by evidence demonstrating that local companies have the capacity to provide specialized technical services required by modern industries.  In sectors such as banking and insurance, institutions rely on global providers for core technology infrastructure, including data hosting, advanced technological support, and financial systems.  The quota may also conflict with <b>Article 227 of the Constitution</b> , which requires procurement processes to be fair, equitable, transparent, competitive, and cost-effective.
6.	<b>Clause 4(4) – Mandatory technical capacity building</b>	Creates a compulsory commercial obligation and increases cost of capital and doing business.	Such obligations increase the cost of doing business and the cost of capital. Where the scope of the obligation is not clearly defined, companies may face open-ended expectations for technical support, creating financial and operational uncertainty.
7.	<b>Clause 4(5) – 100% agricultural sourcing</b>	Absolute requirement is impractical where inputs are unavailable or seasonal.	Absolute sourcing requirements are impractical where inputs are unavailable, seasonal, or unable to meet required technical or quality standards. Such provisions risk disrupting supply chains and

No	Issue	Current situation	Justification
			may conflict with Kenya's regional trade commitments under EAC and AfCFTA frameworks.
8.	<b>Clause 4(6) &amp; (7) – 80% Kenyan employment threshold</b>	The requirement that 80% of a company's workforce be Kenyan is not viable in specialized sectors and lacks exemptions for scarce or specialized skills.	Modern globally integrated industries rely on specialized expertise in areas such as advanced technology, cybersecurity, data science, and financial engineering.  The absence of flexibility may disrupt operations and raises concerns under Article 41 of the Constitution relating to fair labour practices.
9.	<b>Clause 4 (8)- Penalty provisions</b>	The Bill imposes a minimum fine of KES 100 million and potential imprisonment of company leadership for non-compliance.	These penalties are disproportionate and fail to distinguish between wilful misconduct and good-faith inability to meet local content thresholds due to structural or market constraints. Criminalizing ordinary commercial non-compliance significantly increases regulatory risk and may discourage investment.
10.	<b>Clause 5 – Regulation-making powers</b>	The clause grants the Cabinet Secretary broad discretionary powers to expand sectors and define additional local content requirements.	Wide regulatory discretion creates uncertainty for businesses and investors and raises concerns about excessive delegation of legislative authority.
11.	<b>Clause 6 - Transition for existing contracts only</b>	The Bill protects existing contracts but does not sufficiently safeguard existing licenses, approvals, and investment structures.	Failure to protect existing operational structures may create retrospective economic impacts for companies that made investments under the previous regulatory framework.
	<b>General</b>	The Bill imposes obligations exclusively on foreign companies, creating concerns around differential treatment.	This differential treatment raises concerns regarding proportionality and potential discrimination. While distinctions may be justified in the public interest, strict quotas and heavy penalties may fail the proportionality test if not supported by clear economic evidence. The Memorandum accompanying the Bill also does not sufficiently recognize the contributions of foreign companies to the economy, including employment creation, technology transfer, and tax revenue.



**KENYA TRANSPORTERS ASSOCIATION LTD**

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*DRC  
&  
2/3/26*

Date: 27<sup>th</sup> February 2026

**S. Njoroge, CBS,**  
The Clerk of the National Assembly,  
Office of the Clerk,  
Main Parliament Buildings,  
P.O. Box 41842 - 00100,  
**Nairobi.**

*Benjamin Magut, HoB*  
*pls facilitate*  
*3/3/26*

*Lauren Wesley*  
*pls TMT*  
*Awarice*  
*3/3/26*

Dear Sir | Madam,

**RE: MEMORANDUM ON THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)**

**1. INTRODUCTION**

The Kenya Transporters Association (KTA) is a national business association representing the interests of road freight transporters across Kenya. Our membership comprises indigenous Kenyan entrepreneurs who collectively own and operate approximately 90% of the trucks in the country.

The transport and logistics sector is a strategic enabler of Kenya's economy, supporting trade, manufacturing, agriculture, mining, energy, and regional transit under the East African Community framework.

We submit this Memorandum pursuant to the invitation for public participation published on 13th February 2026, and in exercise of our constitutional right under Article 118 of the Constitution of Kenya, which guarantees public participation in legislative processes.

**2. STATEMENT OF SUPPORT**

KTA fully supports the Local Content Bill (National Assembly Bill No.45 of 2025).

We believe this legislation is necessary to correct a long-standing structural imbalance in Kenya's logistics and transport industry, where Multinational Corporations (MNCs) control and secure over 70% of high-value logistics contracts, despite contributing less than 10% of the actual transport assets deployed on the ground.

Local transporters own the trucks, employ Kenyan drivers, finance equipment through local banks, pay local taxes, and carry the operational risks. Yet contract control and value capture disproportionately remain with foreign-owned intermediaries.

The Bill is therefore timely and essential in promoting economic sovereignty, equitable participation, and sustainable industrial development.



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### **3. AREAS OF CONCERN & JUSTIFICATION**

#### **(a) Economic Reinvestment vs. Profit Repatriation**

Local enterprises reinvest nearly 100% of their profits within Kenya — through fleet expansion, employment creation, tax payments, loan servicing to Kenyan banks, insurance premiums, and consumption within the domestic economy.

Conversely, many MNCs repatriate significant portions of profits to foreign parent companies, resulting in:

- Capital flight
- Pressure on foreign exchange reserves
- Limited long-term domestic capital accumulation
- Strengthening local content in logistics ensures that economic value circulates within Kenya.

#### **(b) Structural Imbalance in Contract Allocation**

Despite Kenyan transporters owning the overwhelming majority of trucks and trailers, they often operate as subcontractors to foreign-controlled entities who:

- Secure primary contracts
- Control pricing
- Dictate payment terms
- Retain a disproportionate share of margins

This arrangement reduces local transporters to asset providers rather than value-chain leaders.

#### **(c) Unfair Practices by Shipping Lines and Global Logistics Operators**

Shipping lines and multinational logistics firms increasingly operate in multiple capacities simultaneously — as:

- *Carriers*
- *Terminal operators*
- *Clearing and forwarding agents*
- *Inland transport coordinators*

This vertical integration creates market foreclosure and conflicts of interest, effectively excluding Kenyan SMEs from meaningful participation.

Such dominance allows for bundling of services, preferential allocation of cargo, and opaque pricing mechanisms that disadvantage local players.

#### **(d) Abuse of Dominant Position**

KTA has observed:

- Exclusive contracting arrangements
- Predatory pricing practices
- Long-term lock-in agreement
- Delayed payment cycles for local subcontractors
- Opaque tendering processes

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These practices restrict market access for indigenous firms and undermine fair competition principles under the Competition Act.

#### **(e) National Security and Strategic Control**

Transport and logistics is a strategic sector affecting:

- Food supply chains
- Energy movement
- Military logistics
- Export competitiveness
- Regional trade corridors

Excessive foreign control over logistics operations poses long-term strategic risks. A robust local content regime enhances national resilience.

#### **(f) Employment and Skills Development**

The road transport sector directly employs:

- Drivers
- Mechanics
- Turnboys
- Fleet managers
- Logistics planners
- ICT tracking specialists

Strengthening local content ensures structured skills transfer, apprenticeship programs, and managerial development for Kenyan professionals rather than expatriate dominance.

#### **(g) Proven Success of Local Content Frameworks**

Kenya's experience with sectoral local content policies — such as the 40% rule in broadcasting — demonstrates that mandatory thresholds stimulate domestic industry growth, job creation, and innovation.

Similar structured thresholds in logistics will catalyze sector modernization and competitiveness.

### **4. PROPOSED AMENDMENTS & RECOMMENDATIONS**

To strengthen the Bill, KTA proposes the following inclusions:

#### **(i) Mandatory 60% Local Participation Quota**

At least 60% of all transport and logistics services under any major project, multinational operation, or government contract should be reserved for locally owned Kenyan enterprises. "Local enterprise" should be clearly defined as:

- At least 51% Kenyan shareholding
- Kenyan-controlled board and management
- Majority Kenyan workforce

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## **(ii) Sector-Specific Local Content Thresholds**

The Bill should prescribe minimum local content percentages across:

- Road freight transport
- Warehousing
- Clearing and forwarding
- Inland container depot operations
- Fleet management services

This prevents circumvention through service reclassification or outsourcing.

## **(iii) Restriction of Harmful Vertical Integration**

The Bill should reinforce existing statutory protections (including provisions under maritime and competition laws) to prevent shipping lines from directly competing with local land transporters and clearing agents in a manner that undermines fair competition.

Separation of roles preserves market diversity and SME participation.

## **(iv) Transparent Procurement and Tender Disclosure**

Multinationals operating in Kenya should be required to:

- Publish local content compliance reports annually
- Disclose percentage allocation to local firm
- Submit audited statements of local procurement

This enhances accountability and policy effectiveness.

## **(v) Independent Monitoring and Enforcement Authority**

An independent Local Content Monitoring Authority or designated regulator should:

- Verify compliance
- Conduct audits
- Publish sectoral performance reports
- Impose administrative penalties for violations.

Penalties should include:

- *Financial sanctions*
- *Suspension of operating licenses*
- *Disqualification from public contracts*

## **(vi) Accessible Dispute Resolution Mechanism**

The Bill should establish a protected reporting channel enabling local firms to report exclusionary practices without fear of retaliation or blacklisting.

This could be administered through a confidential complaints framework under the monitoring authority.

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(vii) **Capacity Building and Financing Support**

To complement quotas, Government should:

- Facilitate affordable asset financing for local transporters
- Support digitalization and fleet modernization
- Encourage joint ventures that include real technology and skills transfer.

Local content must not only reserve opportunity but also strengthen competitiveness.

**5. CONCLUSION**

The transport and logistics sector is ready, capable, and sufficiently capitalized by Kenyan entrepreneurs. Our members have invested billions of shillings in trucks, trailers, technology, insurance, and compliance systems. They meet global standards and serve regional markets competitively.

The Local Content Bill, 2025, presents a historic opportunity to:

- Correct structural market imbalances
- Strengthen domestic capital formation
- Protect strategic national interests
- Create employment
- Enhance economic sovereignty

Kenyan participation in the economy must extend beyond raw material production to include high-value service provision and control of critical supply chains.

We respectfully urge the Committee to adopt the proposed amendments and expedite the enactment of this Bill in order to safeguard the long-term sustainability of Kenya's transport and logistics industry.

Yours Sincerely,



For **KENYA TRANSPORTERS ASSOCIATION LIMITED**

**NEWTON WANG'OO**  
**CHAIRMAN**

NATIONAL ASSEMBLY  
RECEIVED  
02 MAR 2026  
CLERK'S OFFICE  
P.O. Box 41842, NAIROBI



DDC  
2  
2/3/26

Benjamin Magut, AOD

pls deal  
w/ing 3/3/26

24<sup>th</sup> February 2026

**The Clerk**  
The National Assembly of Kenya  
Departmental Committee on Trade, Industry and Cooperatives  
Main Parliament Buildings  
P.O. Box 41842-00100, Nairobi

Laureen Wefang

pls TNA  
AWA  
3/3/26

Dear Sir/Madam,

**RE: SIDAI SUBMISSION ON THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)**

Sidai Africa Ltd welcomes the opportunity to submit its views on the Local Content Bill (National Assembly Bill No. 45 of 2025). As a Kenyan agribusiness working directly with smallholder farmers and pastoralists across the country, Sidai strongly supports legislative measures that promote local enterprise, strengthen agricultural value chains, and safeguard national food security.

**1. About Sidai Africa Ltd**

Sidai Africa Ltd was founded in 2011 with a clear and urgent mission: to enable every small-scale farmer and pastoralist in Kenya to produce food in a predictable and profitable way. The company was established in response to a gap that was costing Kenya dearly — millions of farmers in rural and remote areas had no reliable access to quality agricultural inputs, veterinary services, or professional technical advice. Sidai was built to close that gap.

Today, Sidai is a fully vertically-integrated agricultural support company operating through 166+ distributors providing last-mile distribution and extension services, 4,000 stockists served through its wholesale business and 200,000+ farmers directly reached with quality inputs, veterinary services, and training

Sidai's unique last-mile service delivery model is specifically designed to reach farmers and pastoralists in remote and under-served locations; the communities that formal agricultural systems have historically failed to serve. This is not just a commercial model; it is a local content model in practice.

**2. The Problem Sidai Was Built to Solve — and Why This Bill Matters**

Agriculture is the backbone of Kenya's economy. It contributes approximately 22% to national GDP and employs more than 40% of the total workforce. The livestock sub-sector alone contributes 12% to GDP and 42% to agricultural GDP and is the primary source of livelihood for communities in



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Kenya's Arid and Semi-Arid Lands (ASALs), providing over 90% of employment and more than 95% of family incomes in these areas.

And yet, Kenya's 7.5 million smallholder farmers, who produce approximately 75% of all food consumed in the country, have historically operated in a system designed around them rather than for them. Inputs are imported. Services are delivered by foreign-led organizations. The supply chains that feed Kenya are, in significant part, controlled and provisioned from outside Kenya.

This is precisely the structural problem the Local Content Bill seeks to address, and it is why Sidai submits this memorandum with conviction.

### **3. What Happens Without Local Content Protection: The Counterfeit Input Crisis**

One of the most damaging consequences of an unregulated agricultural input market, one without enforceable local content and quality standards, is the proliferation of counterfeit agricultural inputs. This is not a theoretical risk. It is Kenya's present reality, and it strikes hardest at the very farmers Sidai serves.

According to the Anti-Counterfeit Authority's 2025 national consumer survey, agriculture is now the most affected sector by counterfeiting in Kenya. An alarming 89.16% of respondents identified agricultural inputs — particularly pesticides, herbicides, and fertilizers — as the most commonly counterfeited products in the country. A study by the Kenya Association of Manufacturers (KAM) and the Anti-Counterfeit Authority found that up to 30% of seeds and fertilizers in the Kenyan market may be counterfeit. The annual cost to Kenya's agricultural sector is estimated at Ksh 10 billion in direct losses alone.

The consequences extend well beyond financial loss. Counterfeit inputs cause crop failure, livestock mortality, and long-term soil degradation. They destroy a farmer's entire season; a season that may represent their family's sole source of income. The country loses food production capacity, and by extension, food security. Kenya's agrochemical sector alone is estimated to be losing at least Ksh 120 billion in revenue annually to unregistered dealers who frequently traffic counterfeit products.

Sidai exists, in part, to be the alternative to this chaos. By operating a branded, professionally-staffed, quality-controlled distribution network, Sidai provides farmers with a trusted source of genuine, verified inputs. But Sidai cannot win this battle alone against an unregulated market flooded with substandard imports. The Local Content Bill, by requiring that multinationals and large enterprises source from and partner with regulated, quality-assured local providers, creates the structural conditions for companies like Sidai to grow, and for counterfeit operators to be displaced.

### **4. Sidai's Position on the Bill**

Sidai Africa Ltd fully supports the Local Content Bill and its objective of creating a framework that ensures local businesses and farmers are not systematically excluded from the economic value generated in their own country. We offer the following specific observations.

#### **4.1 Agricultural Value Chains Must Be Explicitly Included**

The Bill must explicitly cover the agricultural sector, including the procurement of agricultural inputs, veterinary services, extension services, and logistics for food supply chains. At present,

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many large agribusinesses, food processors, and multinational FMCG companies operating in Kenya source inputs, services, and distribution capacity from international providers, bypassing well-established Kenyan operators like Sidai.

Local agricultural enterprises are not lacking in capability. They are lacking in access. The Bill should create the legal basis for multinationals operating in Kenya's food and agriculture sectors to partner with, procure from, and invest in local agricultural service providers.

#### **4.2 Last-Mile Distribution Is Local Content**

One of Sidai's most significant contributions to Kenya's economy is its last-mile distribution network; the system of distributors, stockists, and field agents that reaches farmers in remote and under-served areas. This network is built by Kenyans, employs Kenyans, and serves Kenyan farmers. It represents exactly the kind of local content the Bill envisions.

Yet this network competes daily against imported inputs sold through unregulated channels at artificially low prices. The Bill should recognize last-mile agricultural distribution as a protected local content category, and should require multinationals in the food and agriculture sectors to channel a defined proportion of their product distribution through registered local distributors.

#### **4.3 Quality Standards and Local Content Must Go Together**

A critical risk in any local content framework is the temptation to meet quotas through the cheapest available local option, which in an unregulated agricultural market often means counterfeit or substandard inputs. The Bill must therefore link local content requirements to quality assurance standards. Local content in agriculture should be defined as procurement from, and partnership with, locally registered, quality-certified enterprises.

Sidai's model, vertically integrated, branded, professionally staffed, and quality-controlled from product sourcing to last-mile delivery, is the standard that local content policy should incentivize. The Bill is an opportunity to embed this standard into Kenya's agricultural supply chain architecture.

#### **4.4 Food Security Is National Security**

Kenya's food security cannot be treated as a secondary concern in any economic policy. With over 7.5 million smallholder farmers producing approximately 75% of the country's food, the health, productivity, and economic viability of those farmers is a national security issue.

When farmers receive counterfeit inputs, yields collapse. When local distributors are undercut by unregulated imports, trusted supply chains fragment. When multinationals source extension services and technical advice from abroad rather than from local companies like Sidai, Kenyan farmers are left without professional support at the moment they need it most.

The Local Content Bill is, in the agricultural context, fundamentally a food security bill. We urge Parliament to treat it as such.

### **5. Specific Recommendations**

Sidai Africa Ltd proposes the following specific provisions to strengthen the Bill in the context of Kenya's agricultural sector:

- **Explicit Agricultural Sector Coverage:** The Bill should name agriculture, livestock services, veterinary services, extension services, and agri-input distribution as sectors covered by local content requirements.
- **Local Content Thresholds for Agribusiness:** Multinationals and large enterprises operating in Kenya's food and agriculture sectors should be required to source a defined minimum percentage of inputs, distribution services, and technical advisory services from locally registered Kenyan enterprises.
- **Quality-Linked Local Content Definition:** 'Local content' in the agricultural sector should be defined to require not merely Kenyan ownership, but compliance with Kenya Bureau of Standards (KEBS) certification and other relevant regulatory quality standards. This prevents local content compliance from being gamed through low-quality or counterfeit operators.
- **Protection of Last-Mile Distribution Networks:** The Bill should specifically protect and incentivize Kenya's last-mile agricultural distribution infrastructure, recognizing it as a strategic national asset for food security.
- **Mandatory Partnership Pathways:** Large multinationals in the agricultural inputs sector should be required to demonstrate active investment in local distributor capacity through training, co-branding, financing, or technology transfer, as part of their local content compliance obligations.
- **Anti-Dumping and Import Quality Controls:** The Bill should complement existing anti-counterfeit legislation by requiring stricter import quality controls on agricultural inputs, protecting local producers and distributors from unfair competition from below-standard imported products.

## 6. Conclusion

Sidai Africa Ltd has spent 15 years building what the Local Content Bill envisions — a locally owned, locally staffed, quality-controlled agricultural services network that reaches the most remote and under-served farmers in Kenya. We have done this not with protectionist shelter, but with conviction, investment, and innovation.

What we are asking Parliament for is not special treatment. We are asking for a fair playing field — one where locally registered, quality-assured Kenyan enterprises are given their rightful place in the supply chains that feed this nation. One where multinationals that profit from Kenya's consumers and farmers are required to invest in the Kenyan enterprises that serve those same farmers.

Kenya's agricultural sector contributes 22% of GDP, employs 40% of its workforce, and feeds 75% of its population through smallholder farmers. The Local Content Bill is an opportunity to ensure that the businesses built to serve those farmers, businesses like Sidai, can thrive, grow, and extend their reach to every corner of this country.

We support this Bill fully and urge the Departmental Committee on Trade, Industry and Cooperatives to strengthen it, enforce it, and pass it without delay.

Yours faithfully,



**Abner Maina**

Executive Assistant

**Sidai Africa Ltd**

COPY



27th February 2026

The Clerk  
The National Assembly of Kenya  
Departmental Committee on Trade, Industry and Cooperatives  
Main Parliament Buildings  
P.O. Box 41842-00100, Nairobi

*Lawrence Waringo*  
*PLS TNH*  
*AWASICA*  
*3/3/26*

*Bayarim magut, AOD*  
*pls facilitate*  
*3/3/26*

Dear Sir/Madam,

**RE: MEMORANDUM ON THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025) SUBMISSION BY QUATRIX LIMITED**

We write in response to the invitation published in the Daily Nation on Friday, 13th February 2026, calling for public and stakeholder submissions on the Local Content Bill (National Assembly Bill No. 45 of 2025). Quatrix Limited submits this memorandum as a 100% Kenyan-owned technology and logistics company that operates at the intersection of e-commerce, last-mile delivery, and supply chain technology — and that has experienced first-hand the structural disadvantages this Bill seeks to address.

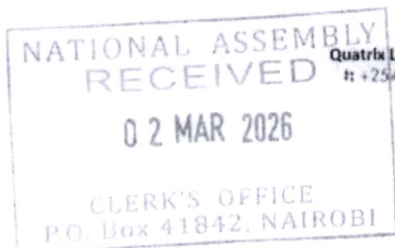
**1. About Quatrix Limited**

Quatrix Limited was incorporated in Kenya in 2016 with a clear mission of building the technology infrastructure that enables Kenyan businesses to compete in the digital economy. We are a technology-driven logistics company specializing in B2B2C delivery solutions, connecting businesses to their customers through a proprietary technology platform that integrates seamlessly with our clients' sales and e-commerce systems via API.

Our core capabilities span three integrated areas:

- **Last-Mile Delivery Technology:** Real-time tracking, automated dispatch, and end-to-end supply chain visibility, powered by our proprietary IT platform and supported by a 24-hour dedicated customer care center
- **E-Commerce Integration:** API connectivity that enables businesses to embed Quatrix's logistics infrastructure directly into their customer-facing platforms, enabling seamless order fulfilment at scale
- **B2B Freight & Distribution:** Wide-area coverage spanning Central, Eastern, Nyanza, Rift Valley, and Coast regions, supported by a network of over 2,000 contracted local riders and delivery agents across the Nairobi area and beyond

Our model is built on the conviction that Kenyan businesses, from multinationals to SMEs, deserve world-class logistics technology developed, owned, and operated by Kenyans who understand this market deeply.



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## 2. What Is Possible When a Multinational Chooses Local — The EABL Story

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In 2021, East African Breweries Limited (EABL) launched 'The\_Bar', an e-commerce platform enabling home delivery of beverages directly to consumers. It was a bold, innovative move, and EABL chose Quatrix to power it.

Since inception, Quatrix has been at the operational heart of The\_Bar's success: managing last-mile fulfilment, operating a 24-hour customer care centre, and coordinating over 2,000 contracted local riders to deliver to consumers across Nairobi and its environs. The results have been transformative:

- Over 100,000 orders fulfilled through The Bar platform
- Over KES 500 million in annual revenue generated through the platform
- A world-class consumer delivery experience, built and operated entirely by a Kenyan company

This is what becomes possible when a multinational makes a deliberate decision to partner with a local technology company rather than default to an international provider. EABL did not import a logistics technology system from abroad. They chose Quatrix. And the results speak for themselves.

Our other clients — JAVA, Tile & Carpet, Healthy U, HACO, Naivas, KWAL, Highlands, and Jetlak Foods, among others, are further evidence that Kenyan technology companies can deliver world-class results across diverse sectors. The question this Bill must answer is: why is EABL the exception, and not the rule?

## 3. The Uneven Playing Field — How the System Works Against Local Tech Companies

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Kenya is rightfully celebrated as Africa's 'Silicon Savannah.' With a large, growing pool of software engineers and a vibrant startup ecosystem, our nation's technology talent and ambition are beyond question. Kenyan developers are building solutions for global clients, competing on the world stage, and winning. And yet, the multinationals operating right here in Kenya, on our roads, in our markets, serving our consumers, continue to overwhelmingly procure their technology and logistics services from international providers, leaving Kenyan firms on the outside.

For Quatrix, this is not an abstract observation. It is the market reality we navigate every day. Let us illustrate what this means in practice.

### 3.1 The Capital Asymmetry Problem

The foreign-backed technology companies operating in Kenya's logistics and e-commerce sector have entered the market with capital that no Kenyan startup can match through organic growth alone. Consider the scale of what Quatrix competes against:

- Kobo360, the Nigerian freight logistics platform operating in Kenya, raised USD 30 million in a Series A round backed by Goldman Sachs, followed by a further USD 56 million Series B led by the African Export-Import Bank





- Sendy, which operated directly in Kenya's last-mile logistics space, raised USD 26.5 million across multiple funding rounds, including a USD 20 million Series B backed by Toyota Tsusho Corporation
- Jumia, the NYSE-listed e-commerce operator in Kenya, raised USD 196 million at IPO and has deployed its own captive logistics arm, Jumia Logistics, as a built-in competitive barrier against independent local providers

Against this backdrop, Quatrix, built with Kenyan capital, Kenyan talent, and Kenyan determination, competes for the same contracts, the same clients, and the same market. We do not come to Parliament to ask for sympathy. We come to ask for a fair structure.

The issue is not whether Kenyan companies like Quatrix can build world-class technology, The Bar's 100,000+ fulfilled orders prove we can. The issue is that we are denied the anchor contracts necessary to scale, because most multinationals default to international providers before local alternatives are ever meaningfully considered.

### 3.2 The Anchor Contract Trap

There is a self-perpetuating cycle at the heart of Kenya's technology market that this Bill must break. To win a large contract, you need a proven track record. To build a proven track record, you need large contracts. Multinationals, by defaulting to established international providers, perpetuate this cycle and ensure that Kenyan technology companies remain subscale, not because our technology falls short, but because we are never given a fair opportunity to demonstrate it at scale.

This is compounded by the reality that local corporate investment in Kenyan technology startups remains severely underdeveloped. Unlike their counterparts in other markets, most large Kenyan corporations do not actively invest in or champion local technology companies. The result is that Kenyan tech startups are forced to seek foreign investment; investment that arrives with global agendas and exit timelines, not a commitment to building Kenya's technology ecosystem from the ground up.

The Local Content Bill is the structural intervention needed to break this cycle. By mandating that multinationals procure from and partner with Kenyan technology companies, the Bill creates the anchor relationships that allow local firms to grow, prove their capability at scale, and compete regionally and globally.

### 3.3 Capital Flight Through Technology Procurement

Every time a multinational operating in Kenya procures a logistics management system, a delivery tracking platform, or an e-commerce fulfilment solution from an international provider, money that could capitalise a Kenyan technology company leaves Kenya permanently. It exists as licensing fees, maintenance contracts, system upgrade costs, and technical support charges, paid to entities operating in other jurisdictions.

This is capital flight, and it is happening at scale, every year, in every sector of Kenya's economy. The Local Content Bill is the mechanism to stop this drain. Not by closing Kenya to the world, but by requiring that multinationals operating in Kenya make a structured commitment to sourcing technology and logistics services from Kenyan providers.



## 4. Restoration of a Fair Market.

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The most common objection to local content requirements in the technology sector is that they constitute protectionism; the artificial shielding of inferior local products from superior foreign competition. We reject this characterization entirely.

Quatrix operates a logistics technology platform that powers over KES 500 million in annual transactions for one of Kenya's largest multinationals. We run a 24-hour customer care centre. We have built API integrations sophisticated enough to embed seamlessly into enterprise-grade systems. This is not an inferior product seeking shelter. This is a world-class product that is being structurally excluded from opportunities it could win on merit.

The playing field is not level, and the imbalance is not driven by capability. It is driven by three structural factors that policy must correct:

- **Procurement Bias:** Most multinationals' global procurement frameworks default to pre-approved international vendors, making it structurally difficult for local companies to be evaluated even when they meet or exceed the required specifications
- **Capital Asymmetry:** Foreign-backed competitors enter Kenya with tens of millions of dollars in venture capital, enabling them to price aggressively, absorb losses, and outlast local competitors who cannot access equivalent funding
- **The Track Record Paradox:** Local firms are denied the contracts that would build their track record, then disqualified from future contracts for lack of that very track record, a self-reinforcing cycle of exclusion that no amount of talent or innovation can break from the outside

Correcting these structural imbalances is not protectionism. It is the creation of conditions under which genuine, merit-based competition can actually occur. The Local Content Bill does not ask multinationals to accept inferior services. It asks them to give Kenyan companies a fair and structured opportunity to prove what they can do, in the country whose roads, consumers, and infrastructure make their businesses possible.

## 5. What the Local Content Bill Must Do for Kenya's Technology and Logistics Sector

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Quatrix Limited fully supports the Local Content Bill. We submit the following specific recommendations, focused on the structural protections and obligations the Bill must create as rules of engagement that govern how multinationals must operate in Kenya.

### 5.1 Mandatory Local Technology Partnerships

The Bill must require that multinationals operating in Kenya engage Kenyan-owned technology companies as primary service providers for technology-enabled logistics, last-mile delivery, e-commerce fulfilment, and supply chain management. The EABL-Quatrix partnership is the model. The Bill should make it the standard.



Multinationals operating e-commerce or digital commerce platforms in Kenya should be required to fulfil their last-mile and logistics operations through Kenyan-owned technology providers, with minimum local technology procurement thresholds that escalate progressively over time.

## 5.2 Prevention of Anti-Competitive Vertical Integration

One of the most effective tools large multinationals use to lock out independent local providers is the captive logistics model: building or acquiring their own proprietary technology and delivery platforms, then channelling all their fulfilment through those platforms internally. This strategy eliminates the opportunity for independent Kenyan technology companies to participate in the supply chain entirely.

The Bill should include provisions requiring multinationals that operate digital commerce platforms in Kenya to open a defined proportion of their logistics and fulfilment requirements to competitive procurement from independent, Kenyan-owned providers. Self-supply through captive international subsidiaries should not be permitted to satisfy local content obligations.

## 5.3 Technology Transfer and Local Capacity Investment

The Bill should require multinationals operating logistics, e-commerce, and supply chain technology platforms in Kenya to enter into structured capacity-building agreements with Kenyan technology partners. This means co-development, co-investment, and knowledge transfer, ensuring that Kenya builds genuine technology capability and intellectual property ownership over time, rather than remaining a permanent consumer of foreign systems.

Kenya's goal of becoming a technology-exporting nation, supplying digital solutions to Africa and beyond, cannot be achieved if our own domestic market is not first a platform for building and proving that capability. The Bill must create the obligation for multinationals to actively contribute to that capacity-building journey.

## 5.4 Protection Against Predatory Pricing

One of the most damaging tools used to suppress local competition is predatory pricing, deliberately pricing services below sustainable cost levels to drive local competitors out of the market, then consolidating market share once local alternatives have been eliminated. This is a known strategy employed by well-capitalised foreign entrants in developing markets, and Kenya's technology and logistics sector is not immune to it.

The Bill should include explicit provisions prohibiting predatory pricing by multinational technology and logistics operators in Kenya, and should strengthen the mandate of the Competition Authority of Kenya to investigate and act on such behaviour.

## 5.5 Mandatory Disclosure and Compliance Reporting





The Bill should require all multinationals operating in Kenya's technology and logistics sectors to publicly disclose, on an annual basis, the proportion of their technology procurement, logistics outsourcing, and supply chain services that is sourced from Kenyan-owned companies. Without transparency, there is no accountability. Without accountability, the Bill's objectives will remain aspirational rather than enforceable.

This reporting obligation should be filed with the relevant regulatory authority, published openly, and used as the basis for enforcement action where compliance falls below the mandated thresholds.

## 6. Conclusion

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In 2021, EABL made a choice. They chose to build The\_Bar, a world-class e-commerce and home delivery platform, with a Kenyan technology company at its core. The result has been 100,000+ orders fulfilled, KES 500 million in annual revenue generated, and a delivery experience that competes with the very best. Quatrix built that. Kenyans built that.

But EABL's choice was an exception. In a market where foreign-backed competitors arrive with tens of millions of dollars in venture capital, where multinationals' global procurement frameworks were never designed to include a Kenyan startup, and where the anchor contract trap keeps local firms permanently subscale, EABL's decision to choose local stands out precisely because it is so rare.

This Bill is the opportunity to make it the norm.

Yours faithfully,

**Johnson Mwangi**

Head of Operations

Quatrix Limited

QUATRIX LTD.  
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Date: 27th February 2026

*Lauren Wesonga*

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The National Assembly  
Parliament Buildings  
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Nairobi, Kenya

*Ms TNA  
AWesonga  
2/2/26*

*Benjamin Ngunjiri, HOD  
2/3/26  
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2/3/26*

**RE: MEMORANDUM ON THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILLS NO. 45 OF 2025)**

The Agriculture Sector Network (ASNET) appreciates the opportunity to submit its memorandum to the Departmental Committee on Trade, Industry and Cooperatives on the Local Content Bill (National Assembly Bills No. 45 of 2025). ASNET is the Umbrella body for the agriculture sector in Kenya. ASNET is also the Agriculture Sector Board for KEPSA. Agriculture remains central to Kenya's economy, contributing significantly to employment, manufacturing, food security, and export earnings.

ASNET supports the overall objective of the Bill, particularly the intention to strengthen domestic participation in economic activities, promote local manufacturing, enhance value addition, and increase employment opportunities for Kenyan citizens. However, given the strategic importance of agriculture as both a production and service-driven sector, we respectfully propose targeted amendments and provide the following observations to ensure the Bill achieves its objectives in a balanced, practical, and legally sound manner.

**1. Amendment to Clause 4(2): Inclusion of Agricultural Raw-Material Sourcing Services**

Clause 4(2) lists services to which local content requirements apply but does not expressly include agriculture-related services despite agriculture being referenced elsewhere in the Bill.

**Proposal:**

THAT Clause 4(2) be amended:

- (a) by inserting the following new paragraph immediately after paragraph (g): "(ga) agricultural raw-material sourcing, aggregation, and supply services;"
- (b) by renumbering the existing paragraphs accordingly.

**Justification:**

This amendment is necessary to align agriculture with the Bill's services-based regulatory framework. Modern agricultural value chains are not limited to primary

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production; they are heavily service-oriented and include structured aggregation, logistics, storage, quality assurance, and supply coordination. By expressly recognizing agricultural raw-material sourcing services, the Bill would strengthen enforceability of local sourcing obligations and provide legal clarity to regulators and investors. It would also reinforce structured market linkages between farmers and processors, thereby enhancing income stability for Kenyan producers and promoting formalized agricultural trade systems. Without such explicit inclusion, agricultural sourcing may remain ambiguously treated, weakening implementation.

## **2. Amendment to Clause 4(7): Workforce Localization Threshold**

Clause 4(7) currently requires foreign companies to ensure that at least eighty percent (80%) of their workforce are Kenyan citizens.

### **Proposal:**

ASNET proposes that THAT Clause 4(7) be deleted and substituted with the following:

“(7) A foreign company shall ensure that at least ninety-five percent (95%) of its workforce are Kenyan citizens.”

THAT Clause 4 be further amended by inserting the following new subsection immediately after subsection (7):

“(7A) Notwithstanding subsection (7), a foreign company may, with the approval of the Cabinet Secretary, engage non-Kenyan citizens for specialized technical skills where such skills are demonstrably unavailable in Kenya, provided that:

- (a) such engagement shall be for a specified and time-bound period; and
- (b) the foreign company shall implement a structured skills transfer and capacity-building programme for Kenyan citizens.”

### **Justification:**

Kenya has a strong and growing human capital base, with increasing numbers of qualified professionals in agriculture, manufacturing, logistics, and technical fields. Raising the threshold to 95% would reflect this capacity and strengthen national employment objectives, particularly youth employment and professional development. However, it is equally important to maintain regulatory flexibility for highly specialized or emerging technical roles where expertise may not yet be locally available. The proposed subsection ensures that foreign expertise complements rather than substitutes Kenyan labour. The requirement for time-bound engagement and mandatory skills transfer programmes ensures long-term capacity building and

prevents dependency on expatriate labour. This balanced approach promotes localization while safeguarding competitiveness and innovation.

### **3. Amendment to Clause 4: Application of Local Content Principles to Local Companies**

The Bill presently applies local content obligations exclusively to foreign companies. This creates a regulatory asymmetry, as local companies may continue to import goods, services, or agricultural raw materials even where adequate local capacity exists.

#### **Proposal:**

We propose that THAT Clause 4 be amended by inserting the following new subsection immediately after subsection (1):

“(1A) A local company undertaking business in Kenya shall, where goods, services, or raw materials are available locally and meet the prescribed standards, give priority to sourcing such goods, services, or raw materials from within Kenya.”

THAT Clause 5(2) be amended by inserting the words “local companies and” immediately before the words “foreign companies” wherever they appear.

#### **Justification:**

This amendment would eliminate regulatory bias and ensure that local content obligations are ownership-neutral. Without such parity, companies may restructure ownership arrangements to avoid compliance obligations, undermining the spirit of the law. Applying sourcing obligations uniformly strengthens domestic value chains, supports Kenyan farmers and manufacturers, and promotes fair competition. It also ensures that local content policy does not unintentionally penalize foreign investors while exempting domestic firms from similar responsibilities. A level playing field enhances credibility and reduces the risk of policy distortion.

### **4. Consequential Amendment to Clause 2 (Interpretation)**

We recommend that Clause 2 be amended to include a definition of “agricultural raw-material sourcing services” as encompassing the procurement, aggregation, handling, storage, and supply of agricultural produce for use as raw materials in manufacturing or processing.

#### **Justification:**

Clear definitions are essential for legal certainty and effective enforcement. The absence of a precise definition may result in inconsistent interpretation, compliance disputes, or regulatory ambiguity. Including this definition ensures clarity for

businesses, regulators, and enforcement agencies and provides a sound basis for subsidiary legislation and implementation guidelines.

## STATUTORY AND OPERATIONAL OBSERVATIONS

### 1. Operational Implications

While the Bill may not pose an immediate existential challenge to businesses, it has significant operational implications, particularly for foreign companies. These include the need for substantial realignment of procurement policies, supplier qualification frameworks, and human resource structures to meet local sourcing and employment thresholds.

Effective enforcement will require robust oversight, quality certification systems, and strong governance — currently challenging in some sectors. Defining local content metrics, including what constitutes “added value,” may be subjective and prone to misuse without clear regulatory guidance.

### 2. Heightened Compliance and Risk Exposure

The penalty regime is notably punitive, with fines of up to KES 100 million for non-compliance. This elevates local content obligations to a material legal and financial risk that must be actively managed through internal controls and compliance systems.

Clear, predictable compliance pathways and proportional enforcement mechanisms will be essential to maintain investor confidence.

### 3. Broad and Potentially Elastic Scope of Application

Although the Bill initially provides an itemized list of service sectors, Section 8 grants the Cabinet Secretary wide discretionary powers to extend application of the Act to additional sectors. This creates regulatory uncertainty, especially for sectors such as manufacturing, which may be formally brought within scope through subsidiary legislation.

We recommend structured stakeholder consultation before any extension of scope.

### 4. Practical Challenges under Section 4(3): Sourcing Thresholds and Raw Materials

Section 4(3) requires foreign companies to source at least 60% of locally manufactured goods and listed services from local companies, and to source agricultural produce locally as raw material inputs.

This raises practical concerns for industries where:

- Certain additives, supplements, or specialised inputs are not available locally;
- or

- The business model relies on formulated products (e.g., animal feeds, pet food, or specialised agri-inputs) that depend on imported components not produced in Kenya.

Without regulatory flexibility, this provision could disrupt production continuity and product quality. A waiver or exemption mechanism based on demonstrated unavailability should therefore be incorporated in subsidiary regulations.

## **5. Importance of Subsidiary Regulations and Stakeholder Engagement**

The draft regulations to operationalise the Bill will be critical in clarifying definitions, thresholds, exemptions, and compliance mechanisms. Early and coordinated stakeholder engagement during the regulatory drafting phase will be essential to mitigate unintended consequences and ensure practical, implementable outcomes.

## **6. Risk of Reduced Investment**

Strict quotas and heavy penalties could reduce Kenya's attractiveness to foreign investors, particularly in sectors where local supply capacity is limited. A balanced approach that promotes domestic growth while maintaining competitiveness is necessary.

## **7. International Trade Compatibility**

There are concerns regarding potential conflicts with:

- The East African Community Common Market Protocol; and
- The World Trade Organization agreements.

EAC Protocol obligations require non-discriminatory treatment of goods, services, and investors across Partner States. Nationality-based local content quotas could be viewed as barriers to free movement and trade if not carefully structured.

Similarly, WTO rules prohibit internal regulations that afford protection to domestic products or require the use of domestic inputs as a condition of investment benefits where such measures disadvantage imports or foreign suppliers.

We recommend that the Bill and its regulations be reviewed for consistency with Kenya's regional and multilateral obligations.

## **8. Alignment with Section 3(c): Boosting Manufacturing**

Section 3(c) seeks to "boost the growth of manufacturing industry in Kenya." This objective will be strengthened if supported by effective trade remedy mechanisms.

The Kenya Trade Remedies Agency, established under the Kenya Trade Remedies Act No. 32 of 2017 and Executive Order No. 1 of 2020, should be fully operational and adequately resourced to address unfair trade practices that undermine domestic manufacturing.

## CONCLUSION

ASNET supports the intent of the Local Content Bill in promoting domestic participation, strengthening agricultural and manufacturing value chains, and enhancing employment opportunities for Kenyan citizens. However, the success of the Bill will depend on clarity, fairness, proportionality, and consistency with Kenya's international obligations.

We respectfully urge the Committee to consider the proposed amendments and observations to ensure that the legislation achieves its objectives while maintaining competitiveness, investor confidence, and sustainable growth across Kenya's agricultural and industrial sectors.

ASNET remains available to engage further with the Departmental Committee during the legislative process.

Respectfully submitted,

**For and on behalf of  
Agriculture Sector Network (ASNET)**



**Agatha Thuo  
Chief Executive Officer**



# FERTILIZER ASSOCIATION OF KENYA

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## 2.1.2. Our concerns:

2.1.2.1. The 60% may be impractical in sectors where: Specialized inputs are not available locally, Quality standards require globally sourced materials, economies of scale and competitiveness depend on integrated international supply chains.

2.1.2.2. The agricultural input sector benefits from imported raw materials that are not readily available in Kenya in commercially viable quantities. A rigid 60% requirement may: increase production cost, reduce competitiveness, limit investment flows, and ultimately increase prices to consumers.

## 2.1.3. Our recommendations:

2.1.3.1. If a minimum threshold must be retained, we propose that it be set at 20%, subject to periodic review based on demonstrated local capacity development.

2.1.3.2. Alternatively, the law should provide for sector-specific schedules and exemptions where local capacity is demonstrably insufficient.

2.1.3.3. A phased implementation framework should be introduced to allow industry adaptation.

## 2.2. Mandatory local sourcing of agricultural raw materials for the manufacture of goods

2.2.1. Clause 4 (5) of the Bill provides that a foreign company undertaking business requiring agricultural produce as raw materials shall source agricultural supplies from Kenyan farmers. We strongly support the promotion of Kenyan farmers and domestic agricultural production.

### 2.2.2. Our concern:

2.2.2.1. The agricultural sector is highly susceptible to: seasonal variability, climate shocks, pests, government-imposed export/movement restrictions, and supply chain disruptions. In such circumstances, rigid mandatory sourcing provisions may disrupt production continuity and food supply chains.

### 2.2.3. Our recommendation

2.2.3.1. The Bill should expressly provide for a waiver or exception mechanism in cases of: Demonstrated local shortages, National emergencies, Regulatory bans or trade restrictions, Failure of local supply to meet prescribed quality or quantity standards.

## 2.3. Unequal Standards Between Companies Operating in the Same Field

2.3.1.1. The Bill distinguishes between "foreign companies" and "local companies" in imposing local content obligations.

### 2.3.1.2. Our concern

2.3.1.2.1. The imposition of significantly different compliance obligations on companies operating within the same market may: distort competition, create regulatory asymmetry, discourage foreign direct investment, and raise concerns regarding equality before the law



# FERTILIZER ASSOCIATION OF KENYA

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MEMORANDUM BY FERTILIZER ASSOCIATION OF KENYA (FAK) ON THE LOCAL CONTENT BILL, 2024 TO BE CONSIDERED BY THE NATIONAL ASSEMBLY.

Friday, February 27, 2026

To  
The Clerk of the National Assembly, Parliament Buildings  
P.O. Box 41842  
00100 Nairobi

*George Graemba, HOD*

*pls process  
2/3/26*

*DDC  
2/3/26*

## 1. Preamble

Honorable Chair and Honorable Committee Members,

We respond to your invitation, sent out by the Clerk of the National Assembly, inviting the input of the Public on the Local Content Bill (National Assembly Bill No. 45, of 2025). The Fertilizer Association of Kenya (FAK) as representative bodies of key stakeholders across Kenya's agricultural value chain, have carefully reviewed the provisions of the Local Content Bill No. 45, 2025.

*Laura Wason  
pls TNA  
Aware  
2/3/26*

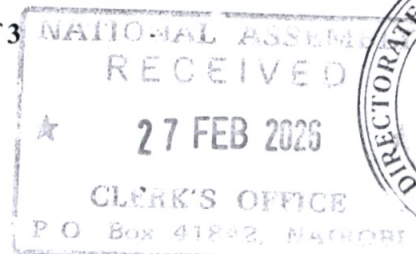
Fertilizer Association of Kenya (FA-K) is the umbrella body of manufacturers, importers, formulators, blenders, and distributors of inorganic and organic fertilizers in the country. FA-K is uniquely positioned as a representation of the voices of operators in the fertilizer and soil health space across the entire value chain. The fertilizer industry is uniquely sensitive to policy shifts, particularly those affecting input supply chains, manufacturing, trade, and investment flows.

In this spirit, and recognizing the strategic importance of agriculture to Kenya's economy and livelihoods, we respectfully submit our considered analysis and recommendations to support the refinement of the Bill in a manner that promotes local enterprise development while safeguarding food security, market stability, and manufacturers' access to essential agricultural inputs.

## 2. OUR CONCERNS REGARDING THE LOCAL CONTENT BILL (NO. 45, 2025)

### 2.1. Mandatory 60% Local Sourcing Requirement

2.1.1. Clause 4 (3) of the Bill provides that a foreign company shall source at least sixty percent (60%) of its goods, services, and supplies from local companies.





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and fair administrative action. This differential treatment warrants careful constitutional scrutiny, particularly under the principles of equality and non-discrimination

#### 2.3.1.3. Our recommendation

2.3.1.3.1. Parliament should review whether the Bill creates disproportionate regulatory burdens on one category of companies. Any differentiation should be reasonable, proportionate, and aligned with constitutional standards.

### 3. OUR RECOMMENDATIONS

3.1. Honorable Members, after broad sector consultation, we respectfully recommend:

3.1.1. That the mandatory 60% local sourcing requirement be revised downward to 20%, or be made sector-specific and flexible.

3.1.2. That the Bill incorporates a clear and structured waiver mechanism for agricultural input sourcing during scarcity or regulatory disruptions.

3.1.3. That Parliament reviews the differential standards applied to companies in the same sector to ensure constitutional compliance and fair competition.

3.1.4. That implementation be phased and preceded by sector impact assessments.

### 4. CONCLUSION

4.1. Honorable Members, we reiterate our support for the objectives of promoting local industry, empowering Kenyan farmers, and strengthening domestic economic participation. However, local content policy must be calibrated carefully to avoid: Increased costs to farmers, Disruption of supply chains, reduced competitiveness, and legal and constitutional challenges. We respectfully urge the Committee to refine the Bill to ensure it promotes sustainable industrial development while safeguarding agricultural productivity, market stability, and equal treatment under the law. We remain available to provide further technical input as required.

**Best regards** Mbuthia

Dr. Bimal Kantaria

**Chair: FA-K**

Dr. Lilian Wanjiru

**CEO: FA-K**



**MEMORANDUM ON THE LOCAL CONTENT BILL, 2025**

Submitted to

**SAMUEL NJORGE  
THE CLERK, NATIONAL ASSEMBLY  
PARLIAMENT BUILDINGS, NAIROBI**

Presented By

**TOBIAS ALANDO, CHIEF EXECUTIVE,  
KENYA ASSOCIATION OF MANUFACTURERS**

**MARCH 2026 – NAIROBI, KENYA**

## **1.0 INTRODUCTION**

Kenya Association of Manufacturers (KAM) is the leading business membership organization in East Africa that plays a key advocacy role on behalf of manufacturers in Kenya and in the region through her strong linkages with all sectors of the economy. KAM has over 950 members and represents over 40% of Kenya's manufacturing value add industries.

KAM represented Kenya's manufacturing sector interests in the East Africa Trade integration process through the design, ratification and implementation of the Customs Union, and the Common Market Protocol. The integration process in East Africa has been successful with Kenya Playing a critical role. The EAC region integration is expected to spur the manufacturing sector enhancing intra-EAC trade in value added products and thus grow the economies of the region.

KAM has a membership of manufacturers across thirteen manufacturing sectors and 1 Service sector ranging from **Food and Beverage, Pharmaceutical; Automotive; Chemical and Allied; Metal and Allied; Paper and Paper Board; Leather and Apparel; Textile and Apparel; Plastics and Rubber; Timber, Wood and Furniture; Electric and Electronic; Building, Mining and Construction; Agro-Processing.**

## **2.0 PROPOSED AMENDMENTS TO THE LOCAL CONTENT BILL, 2025**

In response to the call for public participation on the afore-referenced Bill, we propose the following amendments to be considered before the draft Bill is passed:

	CLAUSE	PROPOSAL	JUSTIFICATION
1.	<p><b>Clause 2 Interpretation Defines “foreign company” to include companies with incorporated outside Kenya and those whose majority foreign shareholding or control is outside Kenya</b></p>	<p>Amend definition by deleting b and c and adding provision to include those local subsidiaries to read:</p> <p><b>“Foreign company” means a company incorporated outside Kenya or operating in Kenya through a branch and not incorporated under the Companies Act of Kenya.</b></p>	<ul style="list-style-type: none"> <li>- The definition captures Kenyan-incorporated subsidiaries of multinational manufacturers that already manufacture locally and employ Kenyan workers</li> <li>- Ensures that Kenyan-incorporated companies with foreign investment are treated as local manufacturers, encouraging FDI while promoting local production</li> <li>- Ensure that national treatment is accorded to all companies that are dully incorporated in Kenya.</li> </ul>
2.	<p><b>Clause 2 Interpretation</b></p> <p>“local content” means the added value brought to the Kenyan economy through procuring locally available services, goods, supplies and work force.</p>	<p>Adopt definition as per the local content policy</p> <p>Amend Clause 2 to include a <b>comprehensive definition of "Local Content"</b> that is aligned with Kenya's Final Local Content Policy (2020) and emphasizes value addition through the deliberate utilization of Kenyan human resources, material resources, and services.</p> <p><b>Revised Definition of "Local Content" for Clause 2:</b></p> <p><b><i>"Local Content" means the quantifiable value addition into the Kenyan economy through the deliberate utilization of Kenyan human resources, material resources, and services in the production, manufacturing, or delivery of goods or services.</i></b></p> <p><b><i>Goods that confer origin as prescribed by EAC Rules of Origin will also be considered local content.</i></b></p>	<p>The amended definition of "Local Content" in Clause 2:</p> <ol style="list-style-type: none"> <li>1 <b>Aligns with Kenya's Final Local Content Policy (2020)</b>, ensuring consistency across government policy and implementation.</li> <li>2 <b>Provides a comprehensive definition</b> that includes human resources, material resources, and services, supporting multiple development objectives.</li> <li>3 <b>Specifies clear, quantifiable metrics</b> for calculating local content, eliminating ambiguity and regulatory risk.</li> <li>4 <b>Provides practical implementation guidance</b> for companies and regulators, including record-keeping, audit, and verification procedures.</li> <li>5 <b>Addresses proprietary inputs and IP</b> through integration with the Justification-Based Exemption mechanism.</li> <li>6 <b>Recognizes regional trade obligations</b> under EAC, COMESA, and ACFTA.</li> </ol>

			This comprehensive, policy-aligned definition transforms local content from a vague, subjective concept into a clear, measurable, and enforceable requirement that supports Kenya's broader economic development objectives.
3.	<b>New Clause – Local content development Guidelines</b>	<p><b>THAT the Bill be amended by inserting the following new clause—</b></p> <p><b>Incentives Framework for Local Content Development</b></p> <p><b>(1)</b> The Cabinet Secretary shall establish an <b>Incentives Framework for Local Content Development</b> to promote domestic industrial capacity and diversification into value chains where local capability is limited or absent.</p> <p><b>(2)</b> The Framework may provide for—</p> <p>(a) tax incentives for investments in local manufacturing and supplier development;</p> <p>(b) infrastructure support including industrial parks, special economic zones and common-user facilities;</p> <p>(c) market offtake programmes for locally manufactured goods;</p> <p>(d) financing programmes including credit guarantee schemes and concessional financing;</p> <p>(e) incubation and development of small and medium enterprises;</p> <p>(f) preferential market access in public</p>	<p>Define incentives framework to enable the country to diversify its production capacity to value chains that it currently does not have (forward and backward integration) The framework would among other things provide for:</p> <ul style="list-style-type: none"> <li>• Tax incentives</li> <li>• Infrastructure support</li> <li>• Market offtake programs</li> <li>• Financing programs</li> <li>• Incubation, SME development</li> <li>• Preferential market access in public procurement</li> <li>• Technology and skills development</li> </ul> <p>The local content development guidelines will be complimented by the sector's specific localization guidelines</p> <p>There are various structural challenges that limit the ability of the country to harness the potential for the development of local content.</p> <p>There is a need for deliberate strategic support to support forward and backward linkages.</p>

		<p>procurement for locally manufactured goods and services in accordance with procurement laws; and</p> <p>(g) technology transfer and skills development programmes.</p> <p><b>(3)</b> The Cabinet Secretary may make regulations for the implementation of this section.</p>	
4.	<p><b>Clause 4 (3) Local content requirements</b></p> <p>(3) A foreign company shall source at least <b>60% of locally manufactured goods</b> and any of the services listed under subsection (2) from local companies, where the goods and services meet the relevant prescribed standards.</p>	<p><b>Amend Clause 4(3) to include three complementary mechanisms:</b></p> <p><b>Introduce the Local content development Scheme</b></p> <p><b>Mechanism I:</b> Sector-Specific Localization Plan Insert a new sub-clause (4) as follows:</p> <p>(4) Notwithstanding sub-section (3), the Cabinet Secretary responsible for Trade shall, within six (6) months of the commencement of this Act, develop a Sector-Specific Localization Plan in consultation with relevant industry stakeholders, including but not limited to the Kenya Association of Manufacturers (KAM), the Kenya Private Sector Alliance (KEPSA), and representatives of foreign companies operating in Kenya.</p> <p>(a) The Sector-Specific Localization Plan shall:</p>	<p>This is based on the following justifications:</p> <p>The amended recommendation replaces a rigid, one-size-fits-all phased timeline with a flexible, collaborative, and evidence-based framework that achieves the Bill's objectives while respecting the realities of different sectors and inputs.</p> <p>The original phased timeline approach (40% → 50% → 60%) assumes that all sectors and all inputs can follow the same progression. This is unrealistic because:</p> <ul style="list-style-type: none"> <li>• Different sectors have vastly different supply chain structures. For example, the FMCG sector relies on proprietary formulations and specialized ingredients that may not be locally available, while the logistics sector can more easily source local services.</li> <li>• Not all inputs are created equal. Some inputs (e.g., packaging materials, transport services) can be sourced locally with relative ease, while others (e.g., proprietary concentrates, specialized equipment, agricultural produce and by-products) cannot be</li> </ul>

		<ul style="list-style-type: none"> <li>• Define realistic and achievable local content targets for each sector (e.g., FMCG, Logistics, Financial Services, Construction, etc.), taking into account the unique supply chain dynamics, availability of local suppliers, and quality standards required by each sector;</li> <li>• Establish a phased implementation timeline specific to each sector, with clear milestones and targets (e.g., Year 1: 40%, Year 2: 50%, Year 3: 60%, or alternative targets based on sector-specific analysis);</li> <li>• Identify capacity building requirements for local suppliers to meet the prescribed standards and volume requirements;</li> <li>• Provide mechanisms for monitoring and reporting on progress toward local content targets;</li> <li>• Include provisions for periodic review and adjustment of targets based on actual supply chain capacity and market conditions.</li> </ul> <p>(b) The Sector-Specific Localization Plan shall be submitted to Parliament for approval before coming into effect, ensuring transparency and accountability.</p> <p>(c) Foreign companies shall comply with the local content targets as defined in the approved Sector-</p>	<p>sourced locally with reliability and without compromising product quality or intellectual property.</p> <ul style="list-style-type: none"> <li>• A blanket 60% rule penalizes companies unfairly if they operate in sectors where local supply is genuinely limited, while rewarding companies in sectors where local supply is abundant.</li> </ul> <p><b>The Sector-Specific Localization Plan</b> addresses this by allowing the Ministry to develop tailored targets for each sector, recognizing that a 60% target may be appropriate for some sectors but unrealistic or unachievable for others.</p> <p><b>Stakeholder Collaboration and Buy-In</b>, requiring the Cabinet Secretary to consult with industry stakeholders (KAM, KEPSA, foreign companies) during its development ensures the targets are realistic and achievable, based on actual market conditions and supply chain capacity.</p> <p><b>The Justification-Based Exemption mechanism</b> replaces the need for a blanket exemption with a case-by-case, evidence-based process. This approach protects legitimate business interests (e.g., intellectual property, product quality) while maintaining the Bill's core objective of promoting local content.</p> <ul style="list-style-type: none"> <li>• Provides transparency and accountability by requiring companies to justify their exemption requests and maintaining a public register of approved exemptions.</li> <li>• Identifies systemic supply chain gaps that the government can address through targeted investment or policy interventions.</li> </ul>
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		<p>Specific Localization Plan for their respective sector, rather than the fixed 60% requirement in sub-section (3)</p> <p><b>Mechanism 2:</b> Justification-Based Exemption for Specific Inputs Insert a new sub-clause (5) as follows:</p> <p>(5) A foreign company may apply to the Cabinet Secretary for a temporary exemption from the local content requirement in Clause 4(3) or the Sector-Specific Localization Plan for a specific input or category of inputs by submitting a detailed written justification demonstrating one or more of the following:</p> <p>(a) The input is not locally available in the required quantity, quality, or specification within Kenya;</p> <p>(b) The input does not meet the prescribed international quality standards required by the foreign company's global quality assurance protocols, and no local supplier can meet these standards within a reasonable timeframe;</p> <p>(c) The input is a proprietary formulation, concentrate, or ingredient protected by intellectual property rights (patents, trade secrets, trademarks) and is not manufactured in Kenya, and the foreign company can demonstrate that the</p>	<ul style="list-style-type: none"> <li>• Encourages continuous improvement by making exemptions temporary and conditional on the company's efforts to develop local alternatives or improve local supplier capacity.</li> </ul> <p>Many countries with local content requirements (e.g., South Africa, Nigeria, India) use a combination of:</p> <ul style="list-style-type: none"> <li>• Sector-specific targets that vary based on supply chain maturity and local capacity.</li> <li>• Exemption mechanisms for proprietary inputs, critical imports, and inputs subject to international trade agreements.</li> <li>• Capacity-building programs to help local suppliers meet quality and volume requirements.</li> </ul>
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		<p>input is essential to the product and cannot be substituted with locally available alternatives without compromising product quality, safety, or brand integrity;</p> <p>(d) The input is subject to international trade agreements to which Kenya is a signatory, and sourcing from a member state of a customs union or trade bloc (e.g., EAC, COMESA, ACFTA) is required or preferred to maintain Kenya's obligations and competitive position.</p> <p>(a) The Cabinet Secretary shall review the exemption application and either approve or reject it within thirty (30) days of submission. If approved, the exemption shall be:</p> <ul style="list-style-type: none"> <li>• Temporary in nature, with an initial validity period of two (2) years, subject to renewal;</li> <li>• Subject to periodic review, with the foreign company required to provide annual reports on efforts to develop local alternatives or improve local supplier capacity;</li> <li>• Conditional on the company's commitment to provide technical and capacity-building support to local suppliers to enable them to meet the required standards within a specified timeframe.</li> </ul>	
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		(b) The Cabinet Secretary shall maintain a public register of all approved exemptions, including the justification provided and the conditions attached, to ensure transparency and to identify systemic gaps in the local supply chain that require government or private sector investment.	
5.	<b>New Clause Exemption clause</b>	<ul style="list-style-type: none"> <li>Provide for exemption of companies that are set up for exports orientation Eg. EPZs and SEZs.</li> </ul>	<ul style="list-style-type: none"> <li>Kenya needs to leverage on the opportunities that exist out of the country through the numerous bilateral and multilateral trade agreements including EAC, COMESA, TFTA, AfCFTA, UK AND EU EPA. This would dictate that Kenya fits into global supply chains and is able to source and supply from and to global markets.</li> <li>Therefore, the local content requirements would create restrictions to export orientation.</li> </ul>
6.	<b>Clause 4 (3) Local content requirements</b>  (3) A foreign company shall source at least <b>60% of locally manufactured goods</b> and any of the services listed under subsection (2) from local companies, where the goods and services meet the relevant prescribed standards.	<b>We propose deleting this clause.</b>	This is based on the following justifications: <ul style="list-style-type: none"> <li><b>To be guided by the local content development program and sector specific guidelines</b></li> <li>Very few local contents can meet the prescribed standards of high-end products like trucks, almost every CKD kit has to be imported from the original countries.</li> <li>Proprietary concentrates (like the Coca-Cola formula) are essential to the product and cannot be substituted. Forcing local sourcing of these items is impossible and would compromise product quality, effectively forcing the company to cease operations. This exemption</li> </ul>

			<p>maintains the integrity of IP while focusing local content efforts on non-proprietary inputs.</p> <ul style="list-style-type: none"> <li>• The reliability of supply at a constant rate is important and even though it comes up again in later clauses, we should repeat the message so it is not downplayed.</li> <li>• This exemption will ensure foreign companies have the requisite raw materials and components without compromising quality. It further ensures that much needed foreign direct investment continues to flow into the country, which enhances Kenya's competitiveness.</li> </ul>
7.	<p><b>New Clause 4 (1b) - Addition Mandatory requirement for local content in public procurement – Envision towards 100%</b></p>	<p><b>New Addition:</b> To facilitate market access, Preferential procurement shall be accorded to All services and products in public procurement shall be awarded to local content to the maximum level possible</p>	<p>The government is the largest buyer of goods and services. Purchase of local content ensures retention of liquidity and value in the local economy, create employment and spur industrialisation.</p>
8.	<p><b>Clause 4 (4) Local content requirements</b></p> <p>(4) A foreign company shall provide <b>technical and other capacity building support</b> to local companies to ensure compliance with the relevant prescribed standards.</p>	<p>We propose to amend as follows:</p> <p><b>(4) A foreign company shall provide technical and other capacity building support to local companies which supply it within its supply chain to ensure compliance with the relevant prescribed standards.</b></p>	<p>This is based on the following justifications:</p> <ul style="list-style-type: none"> <li>• This amendment will provide clarity and ease of compliance by foreign companies. Foreign companies should only be obligated to support local companies within their supply chain with which they have active supply contracts in place.</li> </ul>

9.	<p><b>Clause 4 (4) Local content requirements</b></p> <p>(4) A foreign company shall provide <b>technical and other capacity building support</b> to local companies to ensure compliance with the relevant prescribed standards.</p>	<p><b>Amend Clause 4(4) to remove the open-ended capacity-building obligation and instead tie all capacity-building requirements to the Localization Plan and Agricultural Produce Sourcing Plan, with mutually agreed-upon, clearly defined commitments that are submitted to relevant ministry for approval.</b></p> <p><b>Revised Clause 4(4): (4) Capacity Building Requirements - Integration with Localization Plans</b></p>	<p>The amended recommendation <b>removes the open-ended capacity-building obligation</b> and instead ties all capacity-building requirements to the Localization Plan and Agricultural Produce Sourcing Plan. This approach:</p> <ol style="list-style-type: none"> <li>1 <b>Provides clarity and predictability</b> by explicitly defining capacity-building requirements, timelines, and deliverables.</li> <li>2 <b>Ensures fairness and mutual agreement</b> by requiring stakeholder consultation and Parliamentary approval.</li> <li>3 <b>Integrates capacity building</b> with the overall local content framework.</li> <li>4 <b>Protects intellectual property</b> and prevents unreasonable obligations.</li> <li>5 <b>Recognizes shared responsibility</b> between companies, suppliers, and government.</li> <li>6 <b>Addresses force majeure</b> by providing relief for extraordinary events.</li> <li>7 <b>Enables periodic review and adjustment</b> aligned with MTP cycles.</li> </ol> <p>This approach transforms capacity building from an <b>undefined, unilateral obligation</b> into a <b>clear, fair, and collaborative framework</b> that supports sustainable local supplier development while protecting companies from unreasonable or undefined requirements.</p>
	<p><b>Clause 4 (5)</b></p>	<p><b>Amend Clause 4(5) to replace the fixed 100% requirement with a dynamic, capacity-</b></p>	<p>This is based on the following justifications:</p>

	<p><b>Local content requirements</b></p> <p>(5) A foreign company undertaking any business in Kenya which requires <b>agricultural produce as raw materials</b> for manufacture of goods, shall source all the agricultural produce from Kenyan farmers</p>	<p><b>based framework aligned with Kenya's Medium-Term Plan (MTP) cycles.</b></p> <p><b>Revised Clause 4(5):</b>  <i>(5) A foreign company undertaking any business in Kenya which requires agricultural produce as raw materials for the manufacture of goods shall source agricultural produce from Kenyan farmers in accordance with targets established by the Cabinet Secretary responsible for Agriculture, in consultation with relevant stakeholders.</i></p> <p><i>(6) The Cabinet Secretary responsible for Agriculture shall, in consultation with:</i></p> <ul style="list-style-type: none"> <li>• Relevant industry stakeholders (including foreign companies, local farmers, farmer cooperatives, agricultural exporters, and the Kenya Association of Manufacturers);</li> <li>• The Ministry responsible for Trade and Industry;</li> <li>• The Ministry responsible for Planning and National Development;</li> <li>• Agricultural research and extension institutions (e.g., KALRO, county agricultural departments);</li> </ul> <p><i>develop an Agricultural Produce Sourcing Plan (APSP) that shall:</i></p>	<ul style="list-style-type: none"> <li>• <b>Establishes crop-specific targets</b> based on actual production data, not assumptions.</li> <li>• <b>Accounts for seasonal variations</b> that make year-round 100% local sourcing impossible for many commodities. For example, certain fruits are only available seasonally in Kenya, requiring importation during off-season months.</li> <li>• <b>Reflects quality standards</b> that may not be met by all local producers, particularly for specialized or premium agricultural products.</li> <li>• <b>Considers international trade obligations</b> that may require or incentivize sourcing from regional partners (e.g., EAC member states, the EAC Treaty).</li> </ul> <p><b>2. Alignment with Kenya's Development Planning Framework</b></p> <p>By aligning the Agricultural Produce Sourcing Plan (APSP) with Kenya's Medium-Term Plan (MTP) cycles, the amended approach:</p> <ul style="list-style-type: none"> <li>• Integrates local content policy with broader national development objectives, ensuring that agricultural sourcing targets support Kenya's overall economic and agricultural development goals.</li> <li>• Allows for periodic review and adjustment every 3 years (or at mid-term MTP reviews), reflecting changes in production capacity, market conditions, and technological developments.</li> <li>• Provides predictability and stability for both foreign companies and Kenyan farmers, as targets are</li> </ul>
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		<p>(a) <i>Establish realistic, crop-specific local sourcing targets for key agricultural commodities (e.g., sugar, fruit, grains, vegetables, spices, etc.) based on:</i></p> <ul style="list-style-type: none"> <li>• Actual production capacity of Kenyan farmers for each commodity;</li> <li>• Seasonal availability and supply volatility throughout the year;</li> <li>• Quality standards and specifications required by foreign companies;</li> <li>• International trade obligations and regional trade agreements (e.g., EAC, COMESA, );</li> <li>• Market demand and pricing to ensure farmer viability and profitability.</li> </ul> <p>(b) <i>Identify capacity-building and infrastructure requirements necessary to increase local production and meet foreign companies' volume and quality requirements, including:</i></p> <ul style="list-style-type: none"> <li>• Agricultural research and development to improve crop yields and quality;</li> <li>• Farmer training and extension services to meet quality standards;</li> <li>• Storage, processing, and logistics infrastructure to reduce post-harvest losses and ensure year-round availability;</li> <li>• Value addition opportunities to increase farmer income and product competitiveness.</li> </ul>	<p>reviewed on a known schedule rather than being subject to arbitrary changes.</p> <ul style="list-style-type: none"> <li>• Enables evidence-based policy adjustments based on actual performance data and lessons learned from previous MTP cycles.</li> </ul> <p><b>3. Stakeholder Collaboration and Capacity Building</b> The amended approach requires the Cabinet Secretary to consult with:</p> <ul style="list-style-type: none"> <li>• <b>Foreign companies</b> (who understand their sourcing requirements and constraints)</li> <li>• <b>Kenyan farmers and farmer cooperatives</b> (who understand production capacity and constraints)</li> <li>• <b>Agricultural research institutions</b> (who can identify capacity-building needs and opportunities)</li> <li>• <b>Trade and industry ministries</b> (who understand market dynamics and international obligations)</li> </ul> <p>This collaborative approach ensures:</p> <ul style="list-style-type: none"> <li>• <b>Targets are mutually agreed upon</b> and achievable, increasing the likelihood of compliance.</li> <li>• <b>Capacity-building investments are targeted</b> to the specific commodities and regions where they will have the greatest impact.</li> <li>• <b>Barriers to increased local sourcing</b> are identified and addressed through coordinated government and private sector action.</li> </ul>
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		<p>(c) <i>Establish a phased implementation framework with clear milestones and targets that can be adjusted based on:</i></p> <ul style="list-style-type: none"> <li>• Progress in local capacity development;</li> <li>• Changes in market conditions and global commodity prices;</li> <li>• Technological innovations and productivity improvements.</li> </ul> <p>(d) <i>Align the APSP with Kenya's Medium-Term Plan (MTP) cycles, such that:</i></p> <ul style="list-style-type: none"> <li>• The APSP shall be developed or reviewed at the beginning of each MTP cycle (currently every 5 years, with mid-term reviews at 2.5 years);</li> <li>• Targets shall be reviewed and adjusted every 3 years to reflect changes in production capacity, market conditions, and technological developments;</li> <li>• The APSP shall be submitted to Parliament for approval before coming into effect, ensuring democratic oversight and transparency.</li> </ul> <p>(e) <i>Include provisions for monitoring, reporting, and accountability, such as:</i></p> <ul style="list-style-type: none"> <li>• Annual reporting by foreign companies on their actual agricultural sourcing from Kenyan farmers;</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Farmer profitability and viability</b> are considered, ensuring that increased local sourcing benefits Kenyan farmers, not just foreign companies.</li> </ul> <p><b>4. Flexibility for Supply Chain Disruptions</b></p> <p>The amended approach includes a force majeure provision that allows temporary exemptions or adjustments when:</p> <ul style="list-style-type: none"> <li>• <b>Natural disasters or disease outbreaks</b> significantly reduce local production capacity.</li> <li>• <b>Seasonal factors</b> create temporary supply shortages.</li> <li>• <b>Quality or food safety issues</b> emerge unexpectedly.</li> </ul> <p>This flexibility prevents:</p> <ul style="list-style-type: none"> <li>• Arbitrary penalties for circumstances beyond the company's or farmers' control.</li> <li>• Supply chain disruptions that could threaten the company's operations and employment.</li> <li>• Farmer hardship if they cannot meet quality standards or if production is disrupted by external factors.</li> </ul> <p><b>5. Supports the Bill's Agricultural Development Objectives</b></p> <p>The amended approach actively supports the Bill's goal of promoting Kenya's agricultural sector by:</p> <ul style="list-style-type: none"> <li>• Identifying capacity-building needs through the collaborative planning process, enabling targeted government investment in agricultural research, infrastructure, and farmer training.</li> </ul>
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		<ul style="list-style-type: none"> <li>• Regular assessment of progress toward the targets established in the APSP;</li> <li>• Identification of bottlenecks and barriers to increased local sourcing;</li> <li>• Recommendations for policy adjustments or additional government support.</li> </ul> <p>(7) Foreign companies shall comply with the agricultural sourcing targets as established in the approved Agricultural Produce Sourcing Plan (APSP) for their respective commodity or sector, rather than the fixed 100% requirement in sub-section (5).</p> <p>(8) The Cabinet Secretary may grant a temporary exemption or adjustment to the agricultural sourcing targets in the APSP if a foreign company can demonstrate:</p> <ul style="list-style-type: none"> <li>• Force majeure events (e.g., drought, flooding, disease outbreaks) that have significantly reduced local production capacity;</li> <li>• Temporary supply shortages due to seasonal factors or unexpected market disruptions;</li> <li>• Quality or food safety issues with locally produced agricultural produce that cannot be resolved within a reasonable timeframe;</li> </ul>	<ul style="list-style-type: none"> <li>• Creating stable, long-term demand for Kenyan agricultural products, providing farmers with incentives to invest in productivity improvements and quality enhancements.</li> <li>• Promoting value addition by identifying opportunities for local processing and product development, increasing farmer income and creating jobs.</li> <li>• Integrating agricultural sourcing with broader national development plans, ensuring that efforts to increase local sourcing are coordinated with other agricultural development initiatives.</li> </ul> <p><b>6. Comparison with International Best Practices</b></p> <p>Many countries with local content requirements use similar approaches:</p> <ul style="list-style-type: none"> <li>• South Africa's Broad-Based Black Economic Empowerment (B-BBEE) scorecard includes sector-specific targets that are reviewed periodically.</li> <li>• India's Make in India initiative includes sector-specific local content targets that are adjusted based on capacity and market conditions.</li> <li>• Nigeria's local content policy includes provisions for exemptions and adjustments based on supply chain realities.</li> </ul>
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		<ul style="list-style-type: none"> <li>Extraordinary circumstances beyond the reasonable control of the company or local farmers.</li> </ul> <p><i>Such exemptions shall be temporary (maximum 12 months) and subject to the company's commitment to work with local farmers and the government to resolve the underlying issue.</i></p>	
10.	<p><b>Clause 4 (7)</b> <b>Local content requirements</b></p> <p>(7) A foreign company shall ensure that at least 80% of the workforce of the company are Kenya citizens and comply with Article 41 of the Constitution on fair labour practices including the right to fair remuneration of workers.</p>	<p>We propose to amend paragraph (7) as follows: relate this to the Immigrations act:-</p> <p><b>a) Cap the number of foreign workers from outside the East African Community to six percent.</b></p> <p><b>b) A local employee to be attached as an understudy to the expatriates.</b></p>	<p>This is based on the following justifications:</p> <ul style="list-style-type: none"> <li>This will ensure that expatriates and other foreign workers from outside the EAC are not employed to perform tasks that can be easily accomplished by a local employee.</li> <li>It also ensures a transfer of skills to local workers, thereby enhancing their knowledge and expertise, as well as the competitiveness of the Kenyan workforce.</li> </ul>
11.	<p>Clause 4 (8)</p> <p>Provides penalties including fines up to KSh 100 million and imprisonment of CEOs</p>	<p>We propose <b>THAT Clause 4 (8) of the Bill be amended by deleting the provisions imposing criminal liability, including imprisonment, for non-compliance with the Act and substituting therefor administrative enforcement measures.</b></p>	<ul style="list-style-type: none"> <li>Criminal sanctions, particularly imprisonment of company officers, are <b>disproportionate for</b> regulatory non-compliance of a commercial nature. Local content requirements primarily involve administrative obligations relating to procurement of thresholds, reporting, and supplier participation, which</li> </ul>

		<p><b>Proposed substitute provision:</b> A person who fails to comply with the provisions of this Act commits an offence and shall be liable to—</p> <p>(a) issuance of a compliance notice requiring corrective action within a specified period;</p> <p>(b) an administrative penalty as may be prescribed;</p>	<p>are more appropriately enforced through administrative and regulatory mechanisms.</p> <ul style="list-style-type: none"> <li>Replacing criminal penalties with an administrative enforcement measures promotes fairness and regulatory predictability while maintaining compliance. It also aligns the Bill with modern regulatory practice and supports Kenya’s investment climate by avoiding punitive sanctions that may discourage investment and industrial expansion.</li> </ul>
12.	Insert a new Clause 4(10) on Dispute Resolution Mechanisms	<p>To read as follows:</p> <p>(10) Dispute Resolution Between Companies and Local Suppliers:</p> <p>(a) The Cabinet shall establish a mediation and dispute resolution mechanism to address disputes between foreign companies and local suppliers regarding:</p> <ul style="list-style-type: none"> <li>Quality standards and specifications for goods or services;</li> <li>Pricing and payment terms;</li> <li>Delivery schedules and supply reliability;</li> <li>Contract terms and conditions;</li> <li>Capacity building and technical assistance commitments.</li> </ul> <p>(b) Either party may request mediation from the Cabinet Secretary, which shall:</p>	<ul style="list-style-type: none"> <li>The amendment introduces a clear dispute resolution mechanism for matters arising under Clause 4 on local content obligations. Given that compliance may involve complex determinations relating to procurement thresholds, supplier qualification, or sector capacity, disputes between companies and the regulatory authority are likely to arise.</li> <li>Providing a defined dispute resolution pathway promotes fairness, transparency, and administrative efficiency, while reducing uncertainty for businesses. It also allows disputes to be resolved through appropriate mechanisms such as administrative review, mediation, or adjudication before resorting to litigation.</li> <li>This approach aligns with good regulatory practice by ensuring that enforcement decisions are subject to structured review and accountability, while maintaining confidence among investors and industry stakeholders,</li> </ul>

		<ul style="list-style-type: none"> <li>• Appoint a neutral mediator to facilitate discussions between the parties;</li> <li>• Conduct mediation sessions within thirty (30) days of the request;</li> <li>• Seek to reach a mutually acceptable settlement within sixty (60) days;</li> <li>• If mediation fails, issue a non-binding recommendation to guide further negotiations or legal proceedings.</li> </ul> <p>(c) The Cabinet Secretary may also recommend arbitration under the Arbitration Act (Cap. 15 of the Laws of Kenya) if mediation is unsuccessful, with the costs shared between the parties.</p>	including members of the Kenya Association of Manufacturers.
13.	<b>New Clause</b>  <b>Inclusion of Force Majeure</b>	<p><b>THAT the Bill be amended by inserting the following new clause</b> that provides <b>relief from non-compliance</b> where it is caused by events beyond the reasonable control of the company, such as natural disasters, civil unrest, or pandemics.</p> <p><b>Relief from non-compliance</b>  <b>(1)</b> A company shall not be liable for non-compliance with the requirements of this Act where such non-compliance is caused by circumstances beyond the reasonable control of the company.  <b>(2)</b> Circumstances referred to under subsection (1) may include—</p>	<ul style="list-style-type: none"> <li>• This amendment introduces a force majeure-type safeguard to ensure that companies are not penalized for non-compliance where failure arises from circumstances beyond their reasonable control. Modern regulatory frameworks typically include such provisions to promote fairness, proportionality, and regulatory certainty.</li> <li>• This is a standard commercial provision that protects businesses from liability due to unforeseeable, catastrophic events. Given the potential for supply chain disruptions, this clause is necessary to ensure the bill does not expose companies to severe penalties for circumstances they cannot control.</li> </ul>

		<p>(a) natural disasters;  (b) civil unrest or public disorder;  (c) pandemics or public health emergencies; or  (d) any other event that materially disrupts the company's ability to comply with the provisions of this Act.</p> <p><b>(3)</b> A company seeking relief under this section shall notify the Cabinet Secretary or the designated authority of the occurrence of such circumstances within a reasonable time.</p> <p><b>(4)</b> The Cabinet Secretary may prescribe guidelines for the implementation of this section.</p>	<ul style="list-style-type: none"> <li>• The provision recognizes that compliance with local content obligations may be disrupted by extraordinary events, such as natural disasters, civil unrest, supply chain disruptions, or pandemics. These events may materially affect production, logistics, labour availability, or access to inputs, making compliance temporarily impossible despite the company's best efforts.</li> </ul>
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10<sup>th</sup> March 2026

**Samuel Njoroge, CBS**  
Clerk of the National Assembly  
Main Parliament Building  
P.O Box 41842-00100  
Nairobi, Kenya

*Dear Mr. Njoroge,*

**KBA SUBMISSIONS ON THE LOCAL CONTENT BILL, 2025**

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The financial services sector acknowledges the policy intent of the Local Content Bill to promote the “Buy Kenya, Build Kenya” agenda and reduce excessive profit repatriation. However, as currently drafted, the Bill introduces rigid quotas that risk undermining the very investment and innovation required to achieve these objectives.

Following a comprehensive review of its potential implications for financial stability, regional expansion, and Kenya’s position as a leading financial hub, the sector finds the proposed framework technically and economically impractical. We are therefore unable to support the Bill in its current form and urge its reconsideration to allow for a more balanced and collaborative approach that promotes local participation without compromising Kenya’s international competitiveness.

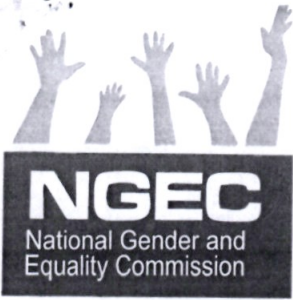
Kenyan financial institutions are among the most regionally diversified on the continent, with banks such as KCB Group and Equity Group operating extensively across Eastern and Central Africa. The rigid local content quotas proposed in the Bill risk triggering reciprocal protectionist measures from neighboring EAC and COMESA Member States, potentially constraining the regional expansion model that has strengthened Kenya’s financial sector and undermining the objectives of the EAC Common Market Protocol.

The proposed 60% local sourcing and 80% workforce thresholds also present practical challenges in modern financial services operations. Critical infrastructure including cloud services, global financial data platforms, and specialised technology systems often have no local substitutes, while highly specialised technical roles require access to global talent pools to maintain operational resilience and cybersecurity. The Bill further introduces significant compliance and reporting requirements that may increase the cost of doing business and divert resources away from innovation, credit expansion, and financial inclusion. The sector remains supportive of policies that promote local capacity building and economic development. However, such objectives are best achieved through progressive, market-responsive measures that encourage local participation while preserving the flexibility necessary for globally integrated financial services operations.

We remain available to appear before the relevant Committee to provide further clarification and to engage constructively on policy options that advance these shared objectives.

Yours Sincerely,

Raimond Molenje  
**CHIEF EXECUTIVE OFFICER**



Lauteen Wesoogo  
pls TWA  
Wasee  
2/3/26

**National Gender and Equality Commission**

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NGEC/CS/LEGAL/VOL.III (23)

25<sup>th</sup> January 2026

**NATIONAL GENDER AND EQUALITY COMMISSION**

**Mr. Samuel Njoroge, CBS**  
The Clerk of the National Assembly  
Clerk's Chambers  
Parliament Building  
P.O Box 41842- 00100  
NAIROBI  
Email: ena@parliament.go.ke

Benjamin Magut, HOD  
pls deal  
2/3/26

Dear **Mr. Njoroge, CBS**

**MEMORANDA ON THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL)  
NO 45 OF 2025**

Reference is made to the call for submission of memoranda on the Local Content Bill 2025

Section 8 (b) of the National Gender and Equality Commission Act, CAP 7K mandates the Commission to, *'monitor, facilitate and advise on the integration of the principles of equality and freedom from discrimination in all national and county policies, laws, and administrative regulations in all public and private institutions'*;

In line with its mandate, the Commission presents to you a memorandum analyzing the proposed Bill and making proposals where necessary.

Yours

**Purity Ngina, PhD. MBS**  
**COMMISSION SECRETARY/CEO**

NATIONAL ASSEMBLY  
RECEIVED  
27 FEB 2026  
CLERK'S OFFICE  
P.O. Box 41842, NAIROBI

DIRECTORATE OF DEPARTMENTAL COMMITTEES  
RECEIVED  
02 MAR 2026



MEMORANDA: THE LOCAL CONTENT BILL NO 45 OF 2025

S/NO	PROVISION	PROPOSAL FOR AMENDMENTS	RATIONALE/JUSTIFICATION
1.	<p><b>Clause 4</b> <b>Local content requirement</b></p> <p>(8) A person who contravenes the provisions of this section commits an offence and shall upon conviction— (a) be liable to a fine of not less than one hundred million shillings, in the case of a body corporate; and</p> <p>(b) be liable to imprisonment for a term of not less than one year, in case of a chief executive officer of a company.</p>	<p>The Commission proposes the amendment of clause 4(8)(a) by substituting the fine of “one hundred million” with “Not less than twenty million shillings”</p>	<p>The penalty is excessive. The penalty may discourage foreign investors and lead to closure of the foreign investments and companies</p> <p>The Companies Act’s sanctions on non -compliance by foreign companies ranges between kshs. 200,000 and 500,000/-</p> <p>The Mining and the Petroleum Acts do not provide any specific sanctions for non -compliance with requirements of local content.</p> <p>The general penalty in the Petroleum Act is Kshs 5,000,000/-</p> <p>However, given the intent to protect local content, a fine of twenty million would be practicable to meet both prohibitory and punitive objectives.</p>

NEW CLAUSES PROPOSED			
2.	<b>Proposed new Clause on Governance framework</b>	The Commission proposes for a comprehensive and inclusive (Gender and disability) institutional/framework) to be established in the proposed law	The framework is necessary for the effective implementation of the objectives of the proposed law.
3.	<b>Obligations of the National and County Governments</b>	We propose the inclusion of provisions on the obligations of the two Governments	The fourth Schedule Part 2 of the Constitution on functions of the County Governments includes Trade Development and Regulation- trade licences, marketing , etc and implementation of national government policies on natural resources.  The inclusion of the functions of both governments will create clarity.

### General Comment

The Commission has noted that there is a Bill in the Senate now presented to the National Assembly for concurrence with a similar title thus, **Local Content Bill (Senate Bill No 50 of 2025)**. The Bill provides for a framework to facilitate the local ownership, control and financing of activities connected to natural resources. This bill (no 45 of National Assembly) provides for a framework for regulation of local content by prescribing minimum local content quotas in various sectors. The objectives of the two Bills appear to be similar but framed differently.

The Commission's advice to the National Assembly and to the Senate is for to consider consolidating and rationalizing the two Bills to a single bill.

<https://www.parliament.go.ke/sites/default/files/202509/The%20Local%20Content%20Bill%20%28Senate%20Bill%20No.50%20of%202023%29.pdf>



VERY URGENT

MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY  
State Department for Industry  
Office of the Principal Secretary

DDC  
8  
27/03/26

Telephone: 020-2731531/2-44  
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P.O. Box 30418 - 00100  
NAIROBI  
KENYA

When Replying, Please quote

Ref. No. MITI/SDI/1/54

Date: 26<sup>th</sup> March, 2026

Mr. Samuel Njoroge, CBS  
Clerk to the National Assembly  
NAIROBI

Laureen  
pls deal.  
Anwar  
3/30/26  
Benjamin magut, HOD  
pls facilitate  
10 am 30/3/26

Dear Njoroge

MEMORUNDUM OF COMMENTS – LOCAL CONTENT BILL 2025

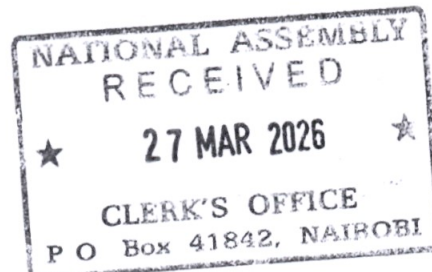
We refer to the above subject.

As the Ministry responsible for Investments Trade and Industry we note the above bill focuses on industrial development, and the bill is aligned to the draft Local Content policy that cuts across all sectors in the economy. We therefore have the following comments on identified gaps.

i. Gap 1

**Definition of Local content-** Local Content refers to the share of goods, services, labor, capital, and technology sourced from within a country in the execution of all kinds of projects and production processes. In simple terms, it is about how much of inputs in a production process's or good come from the local economy rather than being imported.

- i. The Ministry through the State Department for Industry is coordinating implementation of the Buy Kenya Build Kenya 40% preferential procurement initiative across all the Ministry's Departments and Agencies. This initiative aims at increasing local content in government procurement, provide capital for expansion of industrial activity, and thereby create jobs.
- ii. Gap 2: Clause 2 of the Bill omits the portfolio of 'Industry' that is coordinating matters Local content on Buy Kenya Build Kenya 40% preferential procurement in Government across all Ministries, Departments and Agencies which is also under the same Cabinet Secretary.



- iii. Clause 2 classifies businesses into 'Foreign Company' and 'local company' a classification that is injurious to companies incorporated in Kenya in terms of local content if read together with clause 4(1), 4(3), 4(4) 4(5) 4(6), 4(7) 4(8) as they are also supposed to be compliant to local content implementation requirements and benefit from any government incentives thereof and contribute to local development. All companies resident in the country should be compliant to above clauses.
- iv. **Gap:** The definition of a "local company" is "fully owned by Kenyan citizens or a majority of its shareholding is by Kenyan citizens." This creates a loophole for "fronting" —where a foreign company vests 51% ownership in a Kenyan citizen who has no effective control or beneficial interest, while the foreigner retains 49% but makes all decisions. The Policy explicitly warns against this, but the Bill does not define "control" or "beneficial ownership" in this context.
- v. **Lack of Specific, Quantifiable Targets:** While the policy outlines broad objectives (e.g., "promote maximum use of local goods"), it does not, by design, set the hard numerical quotas (like 60% or 80%) that are necessary for strict enforcement. This is left to sector-specific legislation.
- vi. **Gap: Limited Scope of Application:** The Bill applies its 60% sourcing requirement to a narrow list of services (financial, insurance, construction, transport, warehousing, logistics, security). It completely omits the extractive sector (oil, gas, mining), which is a primary focus of the Local content Policy and capital-intensive industries with huge local content potential.
- vii. It does not cover procurement of goods in its 60% quota, despite the Policy's emphasis on manufacturing and supplier development. Section 4(3) applies only to "locally manufactured goods" within the context of the listed services, not to the procurement of goods for a company's core operations.
- viii. **Gap:** The requirement to source from local companies is conditional on goods/services meeting "relevant prescribed standards." The Bill does not specify who prescribes these standards, how they are verified, or what happens if no local company meets them, potentially allowing foreign companies to claim non-compliance as an excuse.
- ix. **"One-Size-Fits-All" Quotas:** The 60% sourcing requirement is a blanket figure. It does not account for the varying levels of local capacity in different sectors. For example, achieving 60% local content in complex engineering for a new industry might be impossible, whereas in catering or security, it should be 100%. The Policy recommends sector-specific assessments and guidelines, but the Bill ignores this.
- x. **Gap: Conflict with Existing Legal Framework:**  
The Bill does not reference or align with the Public Procurement and Asset Disposal Act, 2015, which already has provisions for preference especially the 40% preferential procurement by MDAs (currently coordinated by State Department for Industry) and reservations for local suppliers that promotes local

content in Government Procurement. This creates a risk of legal confusion and conflict between the two laws.

Further Bill does not provide for enforcement of compliance in local content in government procurement nor does it provide for an implementation framework as required in the draft local content policy. It does not recognize measures already in place that include:

- Preferential Procurement Master Roll (inventory of local goods and services that is published annually under State Department for Industry capturing local goods and services across the sixteen (16) Industrial sectors
  - Data collection instruments developed and in use on local content procurement in MDAs
  - Implementation framework across MDAs of Local content Committee, Local content units and a secretariat that analyzes data.
- xi. Mechanism for implementation coordination is not addressed in the Bill.
- xii. **Gap:** It mandates sourcing 100% of agricultural raw materials from Kenyan farmers. While well-intentioned, this could conflict with Kenya's obligations under regional trade agreements like the EAC or COMESA, which prohibit such non-tariff barriers to trade.
- xiii. On business/company ownership and control, this State Department has the responsibility of attracting both local and foreign development investors, and putting a 51% local ownership requirement does not lead to equal levels of decision making hence control may still be resident with partner having the intellectual property or the products owner. It may only scare off potential investors.
- xiv. Clause 3 on objects and purpose should be expanded to capture the additional below listed areas:
1. **Promote Local Participation**
    - Ensure Kenyan companies, professionals, and suppliers take part in major projects rather than relying heavily on imports or foreign firms.
  2. **Build Local Capacity**
    - Develop skills and technology transfer through **training, knowledge sharing, and partnerships.**
  3. **Increase Value Retention in Kenya**
    - Keep a significant portion of project spending (goods, services, labor) within the local economy.
  4. **Support Industrial Growth**
    - Encourage local manufacturing and processing to reduce dependence on imported goods.
  5. **Create Jobs and Improve Incomes**

- Ensure employment opportunities for Kenyans at all skill levels.
6. **Enhance Competitiveness of Local Enterprises**
- Foster SMEs and strengthen local supply chains to meet global standards.
- vii. The bill should also be enhanced to address;
- Development of National Local Content Plan in companies; Procurement Planning and Evaluation of Local Content; and MISCELLANEOUS PROVISIONS on: Priority of goods or services from member states of the East African Community (Kenya operates under EAC treaty); Prohibition of importation of regulated goods and services; Categorization of Kenyans entities and citizens; National supplier database for Kenyans entities and citizen; Requirement to keep records; Sector codes of good practice; Prohibition of imposition of foreign standards; Prohibition on foreign technical qualifications; Appeals; Supremacy of this Act; Savings and Transitional; Amendment of Schedules; Regulations.

This is therefore to request the above be mainstreamed.

Yours sincerely



Juma Mukhwana, PhD, CBS  
**PRINCIPAL SECRETARY**



27<sup>th</sup> Feb 2026

The Clerk,  
The National Assembly of Kenya,  
Main Parliament Buildings,  
P.O. Box 41842-00100, Nairobi.

*Laureen Wasong*

*copy*

*pls TNA  
Awardee  
3/3/26*

*Benjamin Magut, AD*

*AS deal  
3/3/26*

Dear Sir/Madam,

**RE: MEMORANDUM ON THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)**

We write in response to the invitation published in the Daily Nation on Friday, 13th February 2026, inviting public and stakeholder submissions on the above Bill. Pontry Pridd Holdings Limited is pleased to submit this memorandum.

**1. About Pontry Pridd Holdings Limited**

Pontry Pridd Holdings Limited is a 100% Kenyan-owned logistics company registered in Kenya in 2007. We have been a key player in the transport and logistics sector for over 18 years, working with a wide range of clients including multinationals in the manufacturing and humanitarian sectors.

**2. Our Case Story for Local Content in Action**

Kenya Breweries Limited (KBL) engaged Pontry Pridd Holdings to provide logistical services 14 years ago. At that time, we were a small start-up logistics company with big dreams and limited resources. What KBL gave us was not charity, but an opportunity to prove ourselves, to grow, and to compete.

Within that period of partnership, we have grown to become one of Kenya's significant medium-sized logistics companies with:

- Over 720 trucks in active operation
- 150 direct employees
- Over 85 key logistics business partners

This growth was driven by KBL's deliberate decision to include a local transport business in their supply chain. It could never have been achieved had they defaulted, as many multinationals do, to an international logistics provider.

KBL challenged us to meet world-class standards in five critical areas:



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TEL: +254 203 597 817 or +254 443 327 | Email: admin@pontrypriddholdings.com | www.pontrypriddholdings.com



- Safety – Occupational Health & Safety
- Quality Service Delivery
- Carbon Reduction in our Operations
- Diversity and Inclusion
- Innovation

That challenge built our competitive capability. Today, we service not only KBL, but a portfolio of leading multinationals – Unilever, Nestlé, Lafarge (Bamburi Cement), Coca-Cola, and PepsiCo in the FMCG space, and WFP, Action Against Hunger, RTI International, and Concern Worldwide in the international NGO space, among others.

Our story is proof that when a multinational chooses to invest in a local company, the results are transformative, not just for that company, but for the broader economy. The Local Content Bill seeks to make this the rule, not the exception.

### **3. Ponty Pridd Holdings Limited Social and Economic Impact**

Beyond commercial success, Ponty Pridd Holdings Limited is a vehicle for inclusive economic growth. Our impact includes:

- Direct benefit to over 1,500 Kenyan households through employment and business partnerships
- Full tax compliance and 100% adherence to all applicable regulations
- An active environmental program targeting one million trees, with over 400,000 already planted in Kajiado County, on our journey to becoming a carbon-neutral organization
- Internship and skills programs for women in logistics, in partnership with the National Youth Service and Kenyatta University through our SHE DELIVERS program.
- Investment in local technology talent, enabling young Kenyan software developers to create logistics solutions for present and future industry challenges

We continue to reinvest our profits into the company and the country. We are not just a business; we are a Kenyan institution building Kenya.

### **4. Local Content Has Already Worked in Kenya**

This Bill is not a leap into the unknown. Kenya already has proof that local content policy works. Where it has been applied with clarity and enforcement, the results have been tangible, measurable, and transformative. We cite two concrete examples.

#### **4.1 Broadcasting: The 40% Local Content Rule**

In 2014, the Communications Authority of Kenya (CA) passed regulations requiring all TV and radio broadcasters to ensure that at least 40% of their programming was locally produced. The impact was significant – there was a dramatic increase in



locally produced films and music, creating entirely new job and income opportunities for Kenyan artists, producers, and creative professionals.

Compliance grew from just 50% in 2017 to over 90% by 2023. The policy worked so well that the CA is now proposing to raise the threshold to 60% local content, a clear signal that the market responded positively and that the creative industry can sustain even higher standards.

#### **4.2 The Rivatex Revival**

Rivatex East Africa, the Eldoret-based textile manufacturer, is perhaps Kenya's most compelling local content success story. After decades of decline, the government revived the company through a Ksh 6 billion investment and, critically, backed that investment with local content procurement mandates, awarding Rivatex contracts to supply uniforms for the Kenya Defence Forces, police, hospitals, and public universities.

The economic ripple effect was extraordinary. Rivatex grew from a struggling institution to a firm employing 600 workers directly, with a target of 3,000 at full capacity. Beyond the factory floor, over 40,000 cotton farmers across 22 counties are now working with Rivatex as a direct result of the revival – farmers who had abandoned the crop due to lack of market now have one. The company expanded production capacity from 5,000-10,000 metres of fabric per day to 30,000 metres per day.

#### **4.3 The Gap: Local Content Has Not Yet Reached the Private Sector**

The two examples above share a common thread: they all involve government-mandated requirements. Broadcasting stations comply because the CA requires it. Rivatex thrives because government procurement mandates support it.

What Kenya does not yet have is a comparable framework for the private sector – for the multinationals operating in our country every day, using our roads, our workers, and our markets. That is precisely the gap this Bill seeks to close. Ponty Pridd Holdings Limited is asking Parliament to extend the same logic that has worked in broadcasting and manufacturing into the broader economy. If it worked there, it will work here.

#### **5. Our Submission on the Bill**

Having read the Local Content Bill, it is our firm belief that **Hon. Jane Kagiri, MP** has touched on key fundamental issues that affect Kenyan businesses every day. We support this Bill in its entirety and offer the following observations.

### **5.1 Local Players Must Have a Place**

As the government works to attract international investors, it must equally ensure that local players have a seat at the table. Local companies possess a deep understanding of the Kenyan landscape – the terrain, the culture, the regulatory environment, and the communities. That knowledge is an asset to international investors, not a limitation. The Bill rightly seeks to ensure that this asset is not ignored.

### **5.2 Supply Chain Inclusion Is a Moral Responsibility**

Multinationals operating in Kenya run on roads built by Kenyan taxpayers. Their operating environment is sustained by the citizens of this country. It is therefore a moral responsibility for these multinationals to engage local players in the countries in which they operate.

Successful multinationals must contribute to the growth of the supportive industries they rely upon. It is deeply unfair for a multinational to import service providers from abroad when local capacity already exists. They should be on a clear journey to source locally by partnering with local companies, building capacity, and achieving world-class supply chain solutions right here in Kenya.

### **5.3 This Is Not Protectionism – It Is Correcting a Market Distortion**

Some may argue that the Bill amounts to protectionism and undermines competition. This view fails to see the bigger picture.

Consider: a major international fast-food chain operating in Kenya was sourcing potatoes from Europe to sell chips to Kenyans. This is entirely legal under the current framework and yet it condemns Kenyan farmers to poverty while expanding the markets of European producers. Can we seriously speak of fair competition when this is the reality?

We welcome international companies into our market. But we urge them to source from Kenya, and this urge is far more effective when it is backed by law. Kenyan companies in banking, insurance, logistics, warehousing, and other sectors are well-developed and possess exceptional human resources. They are overlooked not because they cannot compete, but because most multinationals default to a global sourcing model that was never designed to include them.

That is the market distortion this Bill seeks to correct. It is not protectionism – it is the restoration of fair competition.

### **5.4 Economic Colonization Must End**

For too long since independence, local players have largely served multinationals as a



source of raw materials and a consumer market for finished products. All other services in the supply chain – logistics, technology, professional services, finance – have been reserved for international service providers. This is economic colonization, and this Bill is a step towards ending it.

Kenya plans to build strong, homegrown pan-African companies. This will only happen if local content at home is first strengthened. The domestic market must be the foundation from which Kenyan companies launch into the region and the world.

### **5.5 The Economic Multiplier Effect**

From a macro-economic perspective, every Kenya Shilling spent within the domestic economy circulates multiple times – building industrial capacity, strengthening the SME ecosystem, and improving GDP. The Rivatex story is the multiplier effect made visible: one procurement decision created factory jobs, revived cotton farming across 22 counties, and rebuilt an entire supply chain. When multinationals source from international providers, that same value exits Kenya entirely.

This Bill is good for the country.

### **6. Recommendations for Strengthening the Bill**

While we fully support the Bill, we respectfully propose the following enhancements, drawing on the lessons of Kenya's own local content successes:

- **Mandatory, Sector-Specific Thresholds:** Just as the CA mandated 40% local content for broadcasters, with an escalating path to 60%, this Bill should prescribe minimum local content percentages across key service sectors including transport and logistics, warehousing, insurance, and ICT, with progressive targets over time.
- **Capacity-Building Obligations:** Multinationals should be required to actively invest in developing local supplier capacity through training, technology transfer, and joint ventures, not merely meet a procurement quota. KBL's investment in Ponty Pridd is the model.
- **Robust Enforcement:** The broadcasting sector's success was built on CA's monitoring and compliance frameworks. This Bill must include equally clear, meaningful penalties for non-compliance. Without enforcement, the legislation risks remaining aspirational.
- **Independent Monitoring and Public Reporting:** An independent body should receive, verify, and publicly report on local content compliance annually, bringing the same accountability that the CA applies to broadcasters.
- **Dispute Resolution:** Create an accessible mechanism through which local companies can report exclusion and seek redress without fear of losing future contracts.



### **7. Conclusion**

Ponty Pridd Holdings Limited is a living example of what becomes possible when a multinational corporation chooses to invest in a local partnership. Fourteen years ago, KBL gave us a chance. We took it, we grew, and today we are proof that local companies can meet world-class standards and compete at the highest levels.

The Local Content Bill seeks to ensure that more Kenyan companies get that chance, not by accident or goodwill, but by law. We urge the Departmental Committee on Trade, Industry and Cooperatives to strengthen and expedite this Bill.

As a local player with 18 years of experience in transport and logistics, we support this Bill in totality.

We remain available to provide further oral or written submissions should the Committee require additional input.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Anthony Wainaina".

Anthony Wainaina

**Managing Director**

Ponty Pridd Holdings Limited

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2/3/26



ATHER SOLUTIONS LIMITED

Laureen Wafara  
pls TWA.  
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3/3/26

Benjamin Magut, HRD  
As deal  
3/3/26

23 February 2026

To the Chairperson,

Departmental Committee on Trade, Industry and Cooperatives.

**Submission to the Kenyan Parliament: Engaging Local Content Players in Supply Chains**

**1. Local Capacity and Experience.**

We possess significant local capacity and experience that can be leveraged to enhance supply chain efficiencies. Our local players have the expertise and resources to contribute meaningfully to the economy.

**2. Decision-Making Bias.**

Current decision-making processes at the top often favour multinationals over local enterprises. This creates an uneven playing field that disadvantages local businesses and stifles their growth potential.

**3. Exploitation of Local Resources**

Multinational corporations often utilize our local vehicles and resources but compensate us inadequately. This results in substantial profits that are expatriated abroad, undermining local economic development.

**4. Stifling Local Growth**

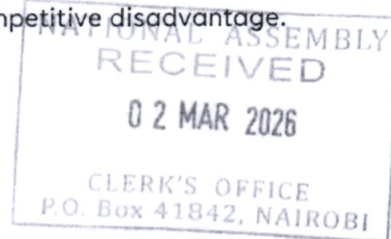
The practices of these multinationals kill the potential for local capacity to grow and develop. By sidelining local players, we are limiting innovation and the ability to build a self-sustaining economy.

**5. Narrowing Economic Roles**

The current dynamics reduce Kenyans to mere farmers and consumers, stripping away opportunities for entrepreneurship and involvement in various sectors of the economy.

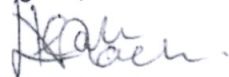
**6. Unfair Competition**

Multinationals transfer their fully depreciated fleets into the country, allowing them to compete unfairly with local suppliers. In contrast, local businesses are forced to purchase their fleets at market prices, further exacerbating the competitive disadvantage.

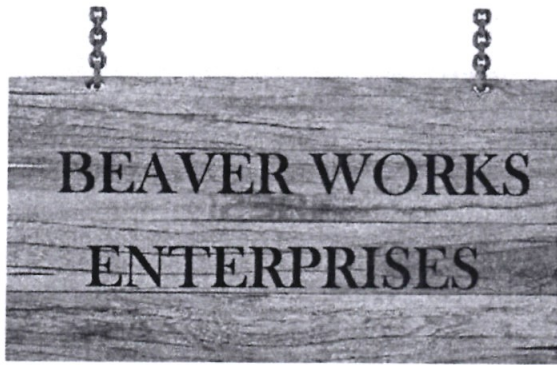


We urge the Kenyan Parliament to consider these points seriously and take action to level the playing field for local content players in the supply chain.

Signed,



Ather Solutions Ltd



DDC  
2/3/26

BEAVER WORKS ENTERPRISES

P. O. Box 846-00517, Nairobi

Cell: 0722 880 911

Email: info@beaverworks.co.ke

26 February 2026

To the Chairperson,

Departmental Committee on Trade, Industry and Cooperatives.

*Benjamin magut, HOD*

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*Lansein We*

*pls TNA  
Awasi  
3/3/26*

**Submission to the Kenyan Parliament: Involving Local Content Providers in Supply Chains**

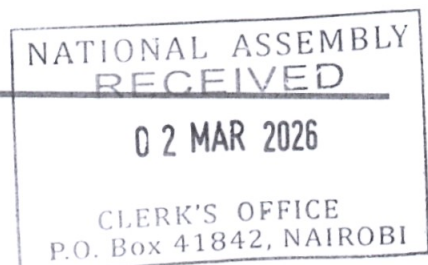
**Introduction**

As Kenya aims to establish itself as a significant contributor to both the regional and global economy, it is essential to leverage our local resources and capabilities to promote sustainable economic development. This submission calls for multinational companies to strategically engage local content providers, especially in crucial sectors like transport and logistics, security, and warehousing services.

**The Case for Local Engagement**

- Economic Empowerment and Job Creation** - By sourcing services locally, multinational companies can significantly contribute to job creation, which is especially important in a youth-dominated population. Each contract awarded to local providers leads to new job opportunities for Kenyans, helping to decrease unemployment and poverty levels. Empowering individuals economically results in a more prosperous society, with increased consumer spending further fueling growth.
- Enhancing capabilities and developing skills** - Collaborating with local suppliers not only enhances their business opportunities but also fosters substantial capacity building. Multinational companies can play a transformative role by investing in training and mentorship programs that improve the skills of local firms.
- Bolstering Local economies** - A strong local supply chain contributes to the nation's economic resilience. By fostering partnerships with local content providers, we can decrease dependency on foreign entities and promote a more self-sufficient economy. This enhances our national identity and empowers communities to thrive independently.

knock on us for all your work needs.....



4. **Reduced Profit transfer abroad** - Relying on foreign service providers often leads to substantial profit outflows, limiting the economic advantages for the host country. By engaging local suppliers, multinationals can ensure that a greater share of revenue stays within the Kenyan economy, supporting local businesses and encouraging reinvestment. This approach not only aids local entrepreneurs but also bolsters overall economic stability.

### **Transport and Logistics Sector**

The logistics sector is fundamental to any economy. By partnering with local logistics firms that understand the unique challenges and opportunities in Kenya, multinationals can optimize their supply chains while developing local expertise. Such collaborations can enhance efficiency, reduce costs, and lead to innovative solutions tailored to our market.

Several countries have implemented laws and policies to support local entrepreneurs and promote local content across various industries. Notable examples include:

1. Indonesia - Requires local suppliers to be prioritized in government projects, including logistics and warehousing.
2. Nigeria - Mandates a specific percentage of services be provided by local companies, thus promoting local logistics firms' participation in supply chains.
3. South Africa - Prioritizes suppliers demonstrating local content and empowerment in government contracts.
4. India - The Make in India initiative encourages local sourcing in various sectors, including logistics and warehousing, favoring local firms in public procurement.
5. Brazil - Enforces local content requirements for public procurement in the logistics sector, ensuring a portion of services comes from local providers for infrastructure projects.

These examples illustrate how different countries have created frameworks to support and promote local content in various supply chain components, fostering local economic growth and development.

### **Challenges for Local Transporters in Kenya**

1. **Disproportionate Favoritism Towards Multinationals** - Current decision-making processes often prioritize multinational corporations over local enterprises. This trend undermines local businesses and limits their opportunities to compete and thrive in the marketplace.
2. **Unfair Competition from Depreciated Assets** - Multinationals often import their fully depreciated fleets into Kenya, allowing them to operate at a lower cost. This practice creates an uneven playing field for local suppliers, who must invest in new fleets at market rates, further exacerbating the competitive disadvantage faced by local businesses.

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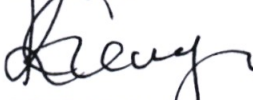
3. Exploitation of Local Resources - Multinationals often utilize local vehicles and resources, yet they compensate us poorly for these services. As a result, they reap substantial profits, which are frequently repatriated to their home countries, leaving local communities with minimal benefit.
4. Stifling Local Growth and Development - The continued dominance of foreign entities in our market stifles local capacity building and inhibits the growth of homegrown businesses. This creates a cycle of dependency that hampers national economic advancement.
5. Narrowing the Role of Kenyans in the Economy - The current dynamics reduce the role of Kenyans to mere farmers and consumers, limiting their potential to participate fully in the economy. We must empower local players to diversify their roles and contribute meaningfully to the supply chain.

#### Conclusion

In summary, it is crucial for the Kenyan Parliament to advocate for policies that encourage multinationals to actively involve local content providers in their supply chains.

- By prioritizing local partnerships, we can create a stronger, more inclusive economy that benefits all Kenyans and reinforces Kenya's position as a regional leader.
- Collaborating with local entities can foster a more resilient economy that serves the interests of all citizens.
- By leveraging Local Capacity and experience our local businesses possess the necessary skills, expertise, and resources to contribute significantly to supply chains.
- By engaging with local content players, we can enhance economic growth and foster sustainable development.

Thank you.

  
GEORGE KAMAU

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**BRILLIANT RAYS ENTERPRISES LTD**

P.O Box 38546 - 00100  
Nairobi

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2/3/26

February 19, 2026

Benjamin Mwangi, CEO

L. Wasingo

To the Chairperson,

pls facilitate  
3/3/26

pls TMT  
Awasilo  
3/3/26

Departmental Committee on Trade, Industry and Cooperatives.

**SUBMISSION TO THE KENYAN PARLIAMENT: ENGAGING LOCAL CONTENT PLAYERS IN SUPPLY CHAINS**

**1. Local Capacity and Experience.**

We possess significant local capacity and experience that can be leveraged to enhance supply chain efficiency. Our local players have the expertise and resources to contribute meaningfully to the economy.

**2. Decision-Making Bias.**

Current decision-making processes at the top often favor multinationals over local enterprises. This creates an uneven playing field that disadvantages local businesses and stifles their growth potential.

**3. Exploitation of Local Resources**

Multinational corporations often utilize our local vehicles and resources but compensate us inadequately. This results in substantial profits that are expatriated abroad, undermining local economic development.

**4. Stifling Local Growth**

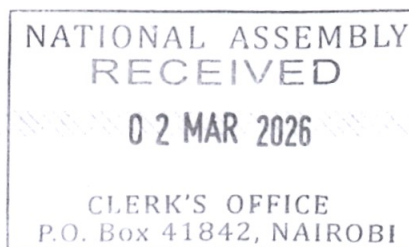
The practices of these multinationals kill the potential for local capacity to grow and develop. By sidelining local players, we are limiting innovation and the ability to build a self-sustaining economy.

**5. Narrowing Economic Roles**

The current dynamics reduce Kenyans to mere farmers and consumers, stripping away opportunities for entrepreneurship and involvement in various sectors of the economy.

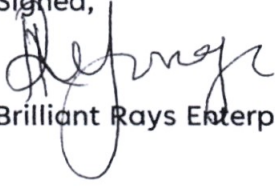
**6. Unfair Competition**

Multinationals transfer their fully depreciated fleets into the country, allowing them to compete unfairly with local suppliers. In contrast, local businesses are forced to purchase their fleets at market prices, further exacerbating the competitive disadvantage.



We urge the Kenyan Parliament to consider these points seriously and take action to level the playing field for local content players in the supply chain.

Signed,



Brilliant Rays Enterprises

Lauren Weronza

pls TNA  
AWASACI  
3/3/26

DDC  
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2/3/26



Benjamin waqut, HOD

pls deal  
3/3/26

To the Chairperson,

Departmental Committee on Trade, Industry and Cooperatives.

**Submission to the Kenyan Parliament: Engaging Local Content Players in Supply Chains.**

**1. Local Capacity and Experience.**

We possess significant local capacity and experience that can be leveraged to enhance supply chain efficiencies. Our local players have the expertise and resources to contribute meaningfully to the economy.

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CWAV (K) LIMITED, Thika Road, Thika • Tel: +254 725 054715

P. O. Box 00217 - 991, limuru • Email: cwavltd@gmail.com





We acknowledge the role of Parliament in representation, Legislature and oversight, and therefore urge the Kenyan Parliament to exercise their constitutional mandate in interrogating policies to ensure a level playing field for local content players in the supply chain.

Signed,

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Cwak (K) Ltd 21-02-2026

**Cwav (K) LTD**

*Lauren Wessing*

*pls facilitate Trade  
Committee to Consider  
this 3/3/26.*

*DDC  
#  
2/3/26*

# ISOCATE LIMITED COMPANY

P.O. BOX. 5683-30100

MOBILE NO: 0701561155

ELDORET.

EMAIL:isocatelimited@gmail.com

20<sup>th</sup> Feb 2026

*Benjamin Magut, HOD*

To the Chairperson,

*pls deal  
Benjamin 3/3/26*

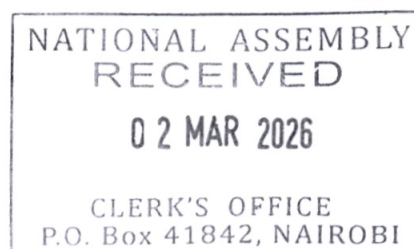
Departmental Committee on Trade, Industry and Cooperatives.

## Submission to the Kenyan Parliament: Engaging Local Content Players in Supply Chains

### Introduction

Transport and logistics play a vital role in any economy, serving as the backbone for the movement of goods and services. Efficient logistics systems not only enhance trade and commerce but also contribute to national development by creating jobs and fostering local industries. In Kenya, the transport and logistics sector is a critical component of the economy, providing opportunities for local players to engage in supply chains and contribute to the nation's growth. However, there are significant challenges that hinder the full potential of local content players in this sector.

1. **Local Capacity and Experience** - Kenya possesses a wealth of local capacity and experience within its transport and logistics sector. Local businesses have developed the expertise to navigate the unique challenges of the Kenyan market, providing efficient and cost-effective solutions. By leveraging this local knowledge, the government can foster a more inclusive supply chain that benefits both businesses and consumers.
2. **Decisions at the Top Favor Multinationals** - Unfortunately, decisions made at the higher echelons often favor multinational corporations at the expense of local enterprises. This systemic bias undermines the potential of local players to compete and thrive. It is essential for policymakers to recognize the importance of supporting local businesses to create a more balanced and equitable economic environment.
3. **Unfair Payment Practices by Multinationals** - Multinational companies often utilize local vehicles but compensate drivers and operators poorly. This practice not only reduces the income of local players but also allows these corporations to maximize their profits, which are then expatriated abroad. Such financial practices create an uneven playing field and suppress the growth of local businesses.

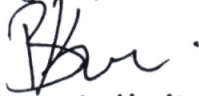


4. **Killing Local Capacity to Grow** - As multinationals continue to dominate the market, local capacity faces significant challenges. The focus on profit maximization by these foreign entities stifles innovation and growth among local suppliers, preventing them from expanding their operations and developing their capabilities. This cycle of dependency must be addressed to empower local players.
5. **Reducing Kenyans to Farmers and Consumers**- The current dynamics of the supply chain risk reducing Kenyans to mere farmers and consumers, limiting their role in the broader economic landscape. By prioritizing local content players in logistics and transport, we can diversify the economy and create opportunities for Kenyans to engage in various sectors beyond agriculture.
6. **Unfair Competition from Depreciated Fleets** - Multinational corporations often transfer their fully depreciated fleets into Kenya, creating an unfair competitive advantage over local suppliers who are required to pay market prices for their vehicles. This practice not only undermines the sustainability of local businesses but also hinders the overall growth of the transport and logistics sector in Kenya.

### **Conclusion**

In conclusion, it is crucial for the Kenyan Parliament to consider these points seriously and take action to engage local content players in the supply chains. Supporting local businesses in the transport and logistics sector will not only enhance economic growth but also ensure a more equitable and sustainable future for all Kenyans. By fostering a more inclusive environment, we can unlock the true potential of our local industries and create a thriving economy that benefits everyone.

Signed,



**Isocate Limited Company**



**LYNWOOD  
SOLUTIONS  
LIMITED**

*Laureen Wesonga*

*pls TMS  
Aware  
3/3/26*

*Benjamin magut, HOD*

*DDC  
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2/3/26*

*pls Deal  
3/3/26*

25 February 2026

**Submission to the Parliament of Kenya: Appeal for Protection of Local Transporters**

**Introduction**

I am a Kenyan transporter with a fleet of five trucks, and for the past five years I provided services to Kenya Breweries Limited (KBL). I invested heavily in trucks through bank financing specifically to support this work. Recently, all transport operations were transferred to a multinational provider, DHL, leaving my company without any work.

When I approached DHL for subcontracting opportunities, the rates offered were too low to cover operating costs or service existing loans. This effectively excludes local transporters and places our businesses at risk.

**Impact on Local Businesses**

Many Kenyan transporters who invested in assets and employment are now unable to sustain operations due to the consolidation of logistics services under multinational companies. This has resulted in financial distress, job losses, and the risk of business closures, despite years of reliable service.

**Need for Government Intervention**

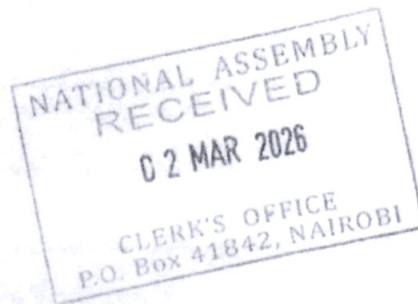
I respectfully urge the Government of Kenya and Parliament to establish policies that protect and promote the participation of Kenyan-owned companies in supply chains. Without intervention, local transporters will be forced out of the industry, and economic opportunities created in Kenya will not benefit Kenyan businesses.

**Conclusion**

Kenyan companies have invested, created jobs, and contributed to national growth. We request fair inclusion and protection so that local enterprises can continue operating and supporting livelihoods.

Signed,

Lynwood Solution Ltd



Laureen Wesoing

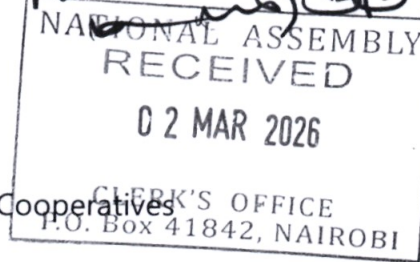
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Mwesa C

3/3/26 24 February 2026



DDC  
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Benjamin Magutu 13/26  
HOD

pls deal  
3/3/26



To the Chairperson,

Departmental Committee on Trade, Industry and Cooperatives

**Subject: Submission on Discrimination of Local Investors in the Transport and Logistics Sectors by Multinational Companies**

Dear Sir/ Madam,

I am writing to express my concerns regarding the discriminatory practices faced by local investors in Kenya's transport and logistics sectors, particularly in light of the increasing dominance of multinational companies. As a Kenyan citizen and a businessman operating a registered transport and logistics company in the country, I believe this issue is critical not only for my fellow industry stakeholders but also for the broader Kenyan economy. Below are my key points for your consideration:

1. **Fleet Capacity of Local Transporters** - Many locally owned Kenyan companies possess substantial fleet capacity, which is more than sufficient to handle 100% of the transport demands within the Kenyan market. These companies are fully capable of fulfilling the local transport needs without any difficulty.
2. **Discriminatory Awarding of Contracts** - There is a troubling trend where multinational companies are awarded over 70% of transport and logistics contracts by major corporations, such as KBL, in preference to local providers. This practice has left local transporters struggling to secure work, thereby limiting their opportunities, and undermining their businesses.
3. **Inequitable Compensation** - Despite receiving most contracts, multinational companies engage local transporters at uncompetitive rates that do not reflect the market value. Consequently, local transporters are unable to sustain their operations, while these multinationals reap substantial profits, which are often expatriated abroad. Furthermore, multinationals frequently transfer depreciated second-hand trucks into Kenya, creating unfair competition for local suppliers who must invest in their fleets at full market prices.

0739 367 610 

info@lytans.com 

P.o.box 39394-00623,   
Nairobi.

Muthaiga Plaza 

4. **Impact on Local Capacity** - The monopolization of contracts by multinationals severely hinders the growth potential of local transporters. Many local businesses, often reliant on bank loans to finance their operations, face dire consequences when contracts are awarded elsewhere. This can lead to the loss of assets as trucks are repossessed, thereby stifling local enterprise growth in the transport and logistics sector.

#### **Recommendations**

In light of these challenges, I urge the committee to advocate for legislation that prioritizes the allocation of transport and logistics contracts to local Kenyan companies. By favoring and protecting local transporters, the committee can foster job creation within the industry, stimulate economic activity, and support the growth of local businesses.

I sincerely appreciate the opportunity to contribute to this important discussion. Should you require further information or clarification on any of the points raised, please do not hesitate to reach out.

Yours sincerely,



**Lytans Ltd**



*Laureen Wesooge*

*pls TMA -  
Mwesi 2/3/26  
19th Feb 2026*

*Benjamin Magut, Head DDC  
pls facilitate 2/3/26*

**Submission to the Kenyan Parliament: Need to Protect and Prioritize Local Transporters in Supply Chains**

**Introduction**

I am a Kenyan entrepreneur operating in the transport sector, with a fleet of five trucks. For the past five years, I have diligently provided transport services to Kenya Breweries Limited (KBL), building my business and taking on bank financing to invest in trucks specifically to support this work.

Recently, all transport operations were consolidated under a multinational logistics provider, DHL, and my company was left without any allocation of work. When I approached DHL to seek subcontract opportunities, the rates offered were commercially unsustainable and could not support the operational costs of running trucks, servicing loans, or maintaining compliance. The terms effectively exclude local transporters from meaningful participation.

**Impact on Local Businesses**

This shift has resulted in the majority of logistics and transport work being concentrated in multinational corporations. It is deeply concerning that multinational companies operating in Kenya increasingly partner exclusively with other multinationals, leaving local businesses marginalized despite their proven track record and investments.

As a result, I am now unable to service bank loans taken to acquire trucks for this work, and my business, employees, and dependents face serious financial hardship. This is not due to lack of performance or commitment, but due to structural exclusion from supply chains in our own country.

**Need for Government Intervention**

There is an urgent need for the Government of Kenya and Parliament to intervene and establish policies that protect and promote local content participation. Kenyan businesses should have fair and guaranteed access to supply chain opportunities created within Kenya.

Without such protections, local transporters who invested in equipment, created employment, and supported multinational operations will be forced out of the market. Decisions affecting Kenyan livelihoods are increasingly made outside the country, with little consideration for the sustainability of local enterprises.

**Broader Concern on Local Content Exclusion**

This trend extends beyond transport. Key operational functions such as logistics, warehousing, and security are increasingly controlled by multinational providers, even where capable Kenyan companies exist. This raises serious concerns about the future of local enterprise development, employment, and economic empowerment.

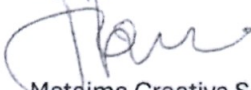
### **Conclusion and Request**

I respectfully urge Parliament to consider legislation and policy measures that:

- Require multinational corporations operating in Kenya to allocate a defined percentage of logistics and supply chain work to qualified local companies.
- Protect local businesses from unfair subcontracting rates that make participation economically unviable.
- Promote local content development to ensure Kenyan businesses benefit from economic activity generated within the country.

Kenyan entrepreneurs have invested heavily, created jobs, and supported industry growth. We ask for fair opportunity, protection, and inclusion so that we can continue contributing to Kenya's economy and sustain our livelihoods.

Signed,



Metajma Creative Solution Ltd

RESHON ENTERPRISES LIMITED  
P.O. Box 1807 - 00502  
Nairobi, Kenya

RE

*Benjamin Magut, HOD*  
*As deal*  
*3/3/26*  
DDC  
2/3/26

26 February 2026

*L. Wesonga*  
*pls TNH*  
*Awasie*  
*3/3/26*

**Submission to the Kenyan Parliament: Engaging Local Content Players in Supply Chains**

**Introduction**

As Kenya positions itself as a key player in the regional and global economy, it is crucial that we harness our local resources and capabilities to drive sustainable economic growth. This submission advocates for the strategic engagement of local content players by multinational companies, particularly in the vital sectors of transport and logistics, security, and warehousing services. By prioritizing local partnerships, we can cultivate a more resilient economy that benefits all Kenyans.

**The Case for Local Engagement**

**Capacity Building and Skills Development:**

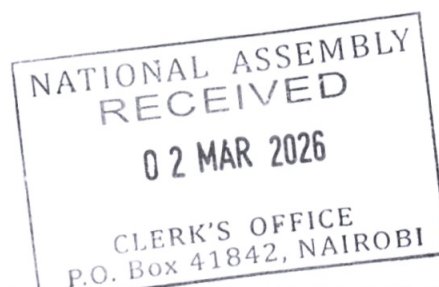
Engaging local suppliers not only boosts their business prospects but also facilitates significant capacity building. Multinationals can play a transformative role by investing in training programs and mentorship initiatives that enhance the skills of local firms. This investment fosters innovation, efficiency, and competitiveness, ultimately contributing to a more dynamic and skilled workforce.

**Job Creation and Economic Empowerment:**

By sourcing services locally, multinationals directly contribute to job creation, which is vital in a country with a youthful population. Each local contract signed translates into new job opportunities for Kenyans, thereby reducing unemployment and poverty rates. The economic empowerment of individuals leads to a more prosperous society, with increased consumer spending driving further growth.

**Reduced Profit Expatriation:**

The reliance on foreign service providers often results in a significant outflow of profits, diminishing the economic benefits to the host country. By utilizing local suppliers, multinationals can ensure that a larger portion of revenue circulates within the Kenyan economy, enhancing local businesses and promoting reinvestment. This strategy not only supports local entrepreneurs but also contributes to broader economic stability.



### **Strengthening Local Economies:**

A robust local supply chain enhances the overall economic resilience of the country. By fostering partnerships with local content players, we reduce dependency on foreign companies and cultivate a more self-sufficient economy. This strengthens our national identity and empowers communities to thrive independently.

### **Specific Sectors of Focus**

#### **Transport and Logistics:**

The logistics sector is the backbone of any economy. By engaging local logistics companies that understand the unique challenges and opportunities in Kenya, multinationals can optimize their supply chains while nurturing local expertise. Such partnerships can improve efficiency, reduce costs, and lead to innovative solutions tailored to our market.

#### **Security Services:**

Local security firms possess an intimate understanding of the specific security needs of their communities. Collaborating with these firms not only enhances safety for businesses and consumers but also supports the growth of the domestic security industry. This collaboration can lead to tailored security solutions that are culturally relevant and cost-effective.

#### **Warehousing Services:**

Local warehousing providers can significantly enhance supply chain efficiency by offering flexible and responsive services. By investing in local warehousing solutions, multinationals can reduce overhead costs and improve inventory management, ensuring timely responses to market demands. This collaboration fosters a more integrated and efficient logistics network.

Several countries have enacted laws and policies to support local entrepreneurs and promote local content in various industries. Here are some notable examples:

**Nigeria:** The Local Content Act specifically focuses on the oil and gas industry but sets a precedent for local content regulations in other sectors, including logistics. It mandates that a certain percentage of services must be provided by local firms, thereby encouraging local logistics companies to participate in supply chains.

**South Africa:** The Preferential Procurement Policy Framework Act promotes local suppliers in various sectors, including logistics and security services. Government contracts often prioritize suppliers that demonstrate local content and empowerment.

**Brazil:** In the logistics sector, Brazil has local content requirements for public procurement, ensuring that a percentage of logistics services must be sourced from local providers in infrastructure projects.

**Philippines:** The Philippine Government Procurement Reform Act encourages the use of local suppliers in public procurement, including logistics and warehousing services. It allows for preferential treatment of local companies in bidding processes.

**India:** The Make in India initiative encourages local sourcing across various sectors, including logistics and warehousing. While not a law per se, it sets policies that favor local companies in public procurement and logistics services.

**Indonesia:** The Government Regulation No. 29/2018 on local content requires that local suppliers be prioritized in government projects, including those in logistics and warehousing.

**United States:** While the U.S. does not have a comprehensive local content law, the Buy American Act encourages the use of U.S.-made products and services in federal procurement, which can extend to logistics and security services.

These examples show how different countries have established frameworks to protect and promote local content across various supply chain elements, fostering local economic growth and development.

## **Conclusion**

In conclusion, the time is ripe for the Kenyan Parliament to advocate for policies that encourage multinationals to actively engage local content players in their supply chains. The benefits of this approach are multifaceted, encompassing economic growth, job creation, and national resilience.

We urge you to consider this proposal seriously and take proactive steps to create an enabling environment for local businesses to thrive. By prioritizing local partnerships, we can build a stronger, more inclusive economy that uplifts all Kenyans and solidifies Kenya's position as a regional leader.

Thank you for your attention to this critical matter.

Signed,

  
Reshon Enterprises Ltd

*Laureen Westinga*

23<sup>rd</sup> February 2026

*PLS TNA  
Mwasie  
3/3/26*

*Benjamin Mwangi, HOD*

*PLS facilitate  
3/3/26*

Submission to the Kenyan Parliament: Engaging Local Content Players in Supply Chains

To the Chairperson, Departmental Committee on Trade, Industry and Cooperatives.

**Introduction**

I am a Kenyan businessman in the transport sector. I have 4 trucks and have worked with KBL for the last 5 years. Recently all the work was given to DHL, and I was left with nothing. I went to DHL to see if they could give me work, but the rates were so bad that they could not make any business sense. Its total exploitation.

**All transport work has gone to multinationals**

It's unfair to have KBL and other big multinationals working here collaborating with other multinationals to exploit us. I have loans from banks, I can no longer service, I am not able to make ends meet, despite having worked diligently for KBL for the last 5 years

**Government of Kenya needs to step in**

If the government does not step in and protect us, then these unfair practices will see us out of the market. It is unfair to have invested in trucks to service KBL and then without any reason to kick me out. Decisions are made in London and they do not listen to local transporters. If the government does not protect us, we will lose jobs and livelihood.

If we cannot do business in our own country, where should we go?

**Protect local companies**

In KBL, they want to turn every business to a Multinational. Even security guards cannot be a Kenyan company, it must be G4S. Every business in KBL from Warehousing, logistics and Security are all in the hands of other multinationals.

Where will the local companies go? Signed

For Sigmoid Logistics

*[Signature]*



① D1DC

Please deal.

11<sup>th</sup> March 2026.

12/03/26

S. NJORGE, CBS  
CLERK OF THE NATIONAL ASSEMBLY  
NATIONAL ASSEMBLY  
NAIROBI KENYA.

Dear Mr. Njoroge, CBS



British Chamber of Commerce Kenya  
Mara Road, Upper Hill  
P.O. Box 37466-00100, Nairobi  
Email: [ceo@bcckkenya.org](mailto:ceo@bcckkenya.org)  
Tel: 254 721 587 478

Received on 12/3/26

M.E. Lanneen  
Wesons

Please deal  
12/03/26

Benjamin Mijat, HoD

For the attention of the Dept. Comm. on Trade  
Dm 12/03/26

**RE: SUBMISSION OF MEMORANDA FOR THE LOCAL CONTENT BILL 2025 (NATIONAL ASSEMBLY BILL NO.45 OF 2025)**

The British Chamber of Commerce in Kenya serves as a vital platform, fostering trade and investment collaborations between over 300 British and Kenyan organisations. Our concerted efforts aim to facilitate mutually beneficial opportunities that strengthen the ties between Kenya and the United Kingdom.

Significantly, the United Kingdom stands as one of Kenya's largest foreign investors, with British companies making substantial contributions to Kenya's tax revenue. The bilateral trade relationship between Kenya and the United Kingdom is a testament to our enduring partnership, with transactions estimated to value GBP 2.1 billion (KES 365 billion).

On behalf of our esteemed members and other stakeholders, including potential investors in Kenya, we are pleased to submit our memoranda on the Local Content Bill 2025 (National Assembly Bill No. 45 of 2025) to the Departmental Committee on Trade, Industry and Cooperatives.

Enclosed in the memorandum are detailed recommendations from our members regarding the Local Content Bill, 2025. We trust that these insights will be instrumental in shaping policies that foster economic growth and prosperity in Kenya.

We eagerly anticipate further engagement on this matter, leveraging our collaborative efforts to advance our shared objectives.

Yours Sincerely,  
Farida Abbas  
Chief Executive Officer

BRITISH CHAMBER OF  
COMMERCE KENYA  
P.O. BOX 37466 - 00100,  
NAIROBI

NATIONAL ASSEMBLY  
RECEIVED  
11 MAR 2026  
DEPUTY CLERK S. KIOKO  
P.O. Box 41842 - 00100, NAIROBI

NATIONAL ASSEMBLY  
RECEIVED  
11 MAR 2026  
CLERK'S OFFICE  
P.O. Box 41842, NAIROBI

**BCKK MEMORANDUM ON LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO.45 OF 2025)**

No.	Clause	Current	Proposed Amendment	Reasons/Justification for Proposed Amendment
1	Clause 2 –  <b>Definition of “foreign company”</b>	The Bill defines a foreign company to mean a company – (a) Incorporate outside Kenya (b) Whose majority shareholding is by non-Kenyan citizens: and (c) Whose control vested outside Kenya	Amend definition to align with the Companies Act, Cap 486 (the Companies Act)  <i>“foreign company” means a company, body corporate or other legal entity:</i> (a) <i>incorporated or otherwise established outside Kenya; or</i> (b) <i>registered as a foreign company under Part XXXVII of the Companies Act, (Cap 486, Laws of Kenya); or</i> (c) <i>incorporated or otherwise established in Kenya but in which persons who are not Kenyan citizens hold, directly or indirectly, more than forty-nine percent (49%) of the issued shares or voting rights, or exercise effective control, but does not include a company, body corporate or other legal entity incorporated or otherwise established outside Kenya where:</i> (a) <i>more than fifty percent (50%) of its shares and voting rights are held, directly or indirectly, by Kenyan citizens; or</i> (b) <i>effective control is exercised by Kenyan citizens; and</i> <i>for the purposes of this definition, “effective control” means the power, whether through shareholding, voting</i>	<ul style="list-style-type: none"> <li>- Alignment with the Companies Act is necessary for consistency and to avoid conflicting legal interpretations.</li> <li>- Further, as currently drafted, it is possible for a company incorporated outside Kenya but whose majority shareholding is by Kenyan citizens (e.g., a Kenyan diaspora-owned company registered abroad) to fall within or outside the definition in an unclear manner.</li> </ul>

No.	Clause	Current	Proposed Amendment	Reasons/Justification for Proposed Amendment
			<p><b>Clause 4 (1):</b> <i>A foreign company carrying out business in Kenya shall comply with the local content requirements prescribed under this section, provided that the Cabinet Secretary for Investments, Trade and Industry (the Cabinet Secretary) may, by regulations, prescribe minimum thresholds below which a foreign company shall be exempt from one or more of the requirements of this Section.</i></p> <p><b>Clause 4(2):</b> <i>The local content requirements under this section shall apply to foreign companies operating in Kenya across all sectors of the economy, provided that:</i></p> <p><i>(a) the Cabinet Secretary shall, within six (6) months of the commencement of this Act, by regulations made under section 5, prescribe sector-specific local content schedules setting out the applicable local content thresholds, timelines, and requirements for each sector, having regard to:</i></p> <p><i>(i) the existing capacity of local companies to supply goods and services in that sector;</i></p> <p><i>(ii) the regulatory framework already applicable to that sector; and</i></p> <p><i>(iii) the level of participation of Kenyan citizens in that sector.</i></p>	<p>arrangements, and overnight lending would be impacted by the blanket application of financial services.</p>

No.	Clause	Current	Proposed Amendment	Reasons/Justification for Proposed Amendment
			<p><i>conducting and documenting a local supplier market assessment to identify local companies capable of supplying the required goods or services, prior to engaging a foreign supplier and submitting to the designated authority, as part of its annual Local Content Compliance Report under section 4B, a local sourcing report detailing the efforts made under this paragraph, the proportion of goods and services sourced from local companies during the reporting period, and the reasons for any sourcing from foreign suppliers; and</i></p> <p><i>(b) a foreign company that is unable to meet the applicable threshold due to the genuine unavailability of qualifying local suppliers may apply to the designated authority for a temporary waiver, to be granted on such terms as the designated authority, acting reasonably, may specify.</i></p>	<p>decisions are based on quality, price, and availability, not only on origin.</p>
5	<p>Clause 4(4)</p> <p><b>Mandatory technical capacity building</b></p>	<p>The Bill seeks to mandate foreign companies to provide technical and other capacity building support to local companies to ensure compliance</p>	<p>Amend the clause to consider incentive-based mechanisms such as tax credits or co-funded capacity building programmes. There is also need to consider sector-specific needs to ensure the training is aligned to the needs. It could read as follows:</p> <p><i>"A foreign company may, in accordance with prescribed incentives, implement proportionate</i></p>	<p>- The proposal as it reads creates a non-level playing field between "foreign entities" and local companies in capacity building as it puts in place a commercial obligation for foreign companies which adds to their costs</p>

No.	Clause	Current	Proposed Amendment	Reasons/Justification for Proposed Amendment
			<p><i>to be affected and the Kenyan farming communities likely to benefit; and</i></p> <p><i>(iii) have regard to the findings of the capacity assessment and the outcome of the public participation process in determining the appropriate local sourcing threshold for each category of agricultural produce;</i></p> <p><i>(b) the regulations made under this sub-section may prescribe different local sourcing thresholds for different categories of agricultural produce, different manufacturing sectors or different regions of Kenya, reflecting variations in local supply capacity; and</i></p> <p><i>(c) the Cabinet Secretary shall review the prescribed thresholds at intervals of not more than three (3) years and may adjust them upwards or downwards by regulations made in accordance with paragraph (a), having regard to changes in local agricultural supply capacity.</i></p>	
7	<p>Clause 4(6)</p> <p><b>Management in Employment</b></p>	<p>The Bill seeks to impose thresholds for employment in management</p>	<p>Amend clause 4(6) to instead read:</p> <p><i>A foreign company operating in Kenya shall employ Kenyan citizens in the management and senior leadership of the company, to the extent and in the</i></p>	<p>- An assessment of technical capacities across each sector is important prior to imposing a fixed threshold to ensure they are realistic and aligned to situation on the ground.</p>

No.	Clause	Current	Proposed Amendment	Reasons/Justification for Proposed Amendment
			<p>(b) <i>the regulations made under this sub-section may prescribe different localisation thresholds for different sectors, different categories of management positions and different sizes of company, reflecting variations in the availability of qualified Kenyan management talent; and</i></p> <p>(c) <i>the Cabinet Secretary shall review the prescribed thresholds at intervals of not more than three (3) years and may adjust them by regulations made in accordance with paragraph (a), having regard to changes in the availability of qualified Kenyan management talent.</i></p>	
8	<p>Clause 4(7) <b>80% Kenyan management and employment threshold</b></p>	<p>The Bill seeks to impose thresholds for employment in overall workforce employment</p>	<p>Amend Clause 4(7) to instead read:</p> <p><i>A foreign company operating in Kenya shall employ Kenyan citizens across all levels of its workforce in Kenya, to the extent and in the manner prescribed by regulations made under section 5, provided that:</i></p> <p>(a) <i>before prescribing any workforce localisation requirement under this sub-section, the Cabinet Secretary shall</i></p> <p>(i) <i>conduct a national workforce and skills capacity assessment in consultation with relevant</i></p>	<ul style="list-style-type: none"> <li>- Setting an 80% threshold for workforce employment may not be feasible in all sectors as availability of qualified workers varies across sectors.</li> <li>- An agricultural company may be able to meet the threshold but a specialized health company may not be able to meet the threshold initially.</li> </ul>

No.	Clause	Current	Proposed Amendment	Reasons/Justification for Proposed Amendment
			<p><i>(c) the Cabinet Secretary shall review the prescribed thresholds at intervals of not more than three (3) years and may adjust them by regulations made in accordance with paragraph (a), having regard to changes in the availability of qualified Kenyan workers across the relevant sectors.</i></p>	
9	<p>Clause 4(8)</p> <p><b>Penalties</b></p>	<p>The Bill provides fines for a person contravening provisions of Section 4 of the Act including a minimum fine of KES 100 million and imprisonment of not less than a year for the CEO</p>	<p>Calibrate penalties to be proportionate, predictable, and tied to the severity of non-compliance:</p> <ol style="list-style-type: none"> <li>1. Graduated administrative fines (e.g., KES 5–100 million) based on company size, turnover, duration, and impact.</li> <li>2. Corrective orders and timelines before punitive measures (except willful, repeated violations).</li> <li>3. Replace automatic CEO imprisonment with penalties for knowing and willful non compliance, respecting due process, and allow defenses where reasonable efforts to comply are evidenced.</li> <li>4. Include alternative sanctions (e.g., compliance audits, supplier development commitments) for first time breaches.</li> </ol> <p>The below is proposed:</p> <p><i>(a) Where a foreign company contravenes any provision of this section, the designated authority may issue a compliance notice requiring the foreign</i></p>	<ul style="list-style-type: none"> <li>- Extremely high minimum fines and automatic custodial sentences risk over deterrence, discourage FDI, and may not reflect the nature of the breach (e.g., temporary supply shortages).</li> <li>- It could lead in practice to unequal and potential arbitrary outcomes.</li> <li>- Further, criminalizing ordinary commercial non-compliance at levels of senior management creates a level of personal risk that is significantly high.</li> <li>- This could send the wrong signals to investors.</li> <li>- Graduated, impact-based enforcement preserves deterrence while encouraging remediation rather than exit.</li> </ul>

No.	Clause	Current	Proposed Amendment	Reasons/Justification for Proposed Amendment
			<p><i>to the gravity, duration, and extent of the contravention; and</i></p> <p><i>(ii) in the case of a director or officer of the company who is proved to have personally authorised, directed, or acquiesced in the contravention, be liable to imprisonment for a term of not less than one year, or to a fine of not less than five million shillings, or to both.</i></p>	
10	<p>Clause 5 (1)</p> <p><b>Powers of the CS</b></p>	<p>The Bill provides wide discretion to the CS to include any other services to which the local content requirements will apply, as well as for making subsidiary regulations for the Act.</p>	<p>Amend Clause 5(1) to read:</p> <p><i>“The Cabinet Secretary, may make Regulations for better carrying out of the provisions of this Act subject to a regulatory impact assessment, stakeholder consultations and submission of these regulations to Parliament for approval.”</i></p>	<ul style="list-style-type: none"> <li>- The wide discretion for the CS to include any other services without consultation creates regulatory uncertainty.</li> <li>- Therefore, there is a need to mitigate against this and ensure alignment with the proposals above.</li> </ul>
11	<p>Clause 6</p> <p><b>Transition</b></p>	<p>The Bill seeks to provide continuity to existing contracts between foreign and Kenyan companies</p>	<p>Amend Clause 6 to read:</p> <p><i>All rights, obligations and contracts between a foreign company carrying out business in Kenya and a supplier of goods or services existing before the coming into force of this Act, which were lawfully entered into, shall</i></p>	<ul style="list-style-type: none"> <li>- This ensures that contracts that have been lawfully entered into can continue and are not disrupted.</li> <li>- Further it avoids shielding illegal contracts under any other law as well</li> </ul>

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**MEMORANDUM**

**To: The Departmental Committee on Trade, Industry and Cooperatives**  
**From: Grid Circle Ltd**  
**Date: 18 February 2025**  
**Subject: Submission on the Local Content Bill, 2025 (National Assembly Bill No. 45 of 2025)**

**1. Introduction**

This memorandum is respectfully submitted pursuant to the public participation invitation issued on 13th February 2026, following the First Reading of the Local Content Bill, 2025.

Grid Circle is an investment facilitation and advisory firm operating at the intersection of trade, energy, infrastructure, and cross-border capital structuring across Africa. Our work involves advising on investment compliance, industrial participation frameworks, and trade-aligned regulatory models.

This submission supports the intent of the Bill and proposes refinements to ensure it achieves its policy objectives while remaining constitutionally sound, economically viable, and aligned with Kenya's international obligations.

**2. General Support for the Policy Objective**

The Bill presents a significant opportunity to advance Kenya's industrial and economic development through a well-designed local content framework. Evidence from other jurisdictions demonstrates that structured local content policies can deliver tangible economic benefits. Specifically, the Bill can:

- I. **Promote domestic enterprise participation:** Countries such as Nigeria have implemented local content laws in the oil and gas sector (Nigerian Oil & Gas Industry Content Development Act, 2010) that prioritize local suppliers and service providers. This has led to significant growth in domestic enterprises, job creation, and enhanced skills among local firms. By adopting similar approaches, Kenya can ensure that domestic businesses are integrated into key sectors, increasing participation and reducing reliance on foreign firms.
- II. **Strengthen local supply chains:** In Brazil, local content requirements in the aerospace and energy industries have strengthened domestic supply networks, creating more resilient and competitive industries. Local sourcing requirements encouraged the development of domestic suppliers capable of meeting international standards. For Kenya, similar policies could develop robust local supply chains, reduce import dependency, and support industrial upgrading.
- III. **Encourage technology transfer:** Successful frameworks in Norway (particularly in the oil and gas sector) required foreign companies to partner with domestic firms and share knowledge and technology. These policies accelerated the acquisition of advanced skills and managerial expertise by local companies. Kenya can leverage similar measures to ensure that technology transfer becomes a deliberate outcome of foreign investment.
- IV. **Reduce capital flight:** Local content policies in South Africa have emphasized keeping investment, procurement, and revenue within the country. By promoting domestic sourcing and local enterprise participation, South Africa has successfully retained capital within the economy, strengthening domestic industries. Kenya can achieve similar outcomes by ensuring that financial resources generated by key sectors circulate locally before exiting the economy.

**Page 1 of 4**



P.O. Box 25556 - 00603

<https://www.grid-circle.com/>

90 James Gichuru, Lavington, Nairobi, Kenya

- V. Enhance export competitiveness under regional trade frameworks: Countries with successful local content regimes, such as Nigeria and Brazil, have used local content to develop domestic capacities that can compete in regional and global markets. By building strong local industries and high-quality products, Kenya can position itself to benefit from frameworks such as the African Continental Free Trade Area (AfCFTA) and the East African Community (EAC), boosting exports and foreign exchange earnings.

A well-structured local content regime, informed by these international examples, can serve as a catalyst for Kenya's industrial transformation, driving sustainable economic growth, technological advancement, and inclusive development. Lessons drawn from other jurisdictions highlight the importance of clearly defined targets, robust monitoring, and incentives for compliance, all of which can be adapted to Kenya's context.

### 3. Key Observations and Recommendations

#### 3.1 Sector-Specific Regulatory Framework

The Bill appears to apply broadly across sectors without differentiation based on industrial maturity or domestic capability. It is recommended that local participation thresholds be prescribed through sector-specific regulations rather than uniform blanket percentages.

Different sectors demonstrate varying levels of domestic capacity. A flexible regulatory framework allows thresholds to: reflect actual local capability; adjust progressively over time; and avoid market distortion.

This ensures realism and enforceability, allowing for: gradual scaling of thresholds; evidence-based policy adjustment; and strategic protection of priority sectors.

#### 3.2 Definition of "Local Company"

For clarity and enforcement integrity, the Bill should provide a precise definition of a local company, incorporating:

- Minimum beneficial Kenyan ownership criteria;
- Effective control and decision making exercised in Kenya;
- Substantive economic and operational presence in Kenya; and
- Tax residency compliance.

This will prevent regulatory arbitrage and fronting arrangements.

#### 3.3 Transitional and Grandfathering Provisions

To preserve legal certainty and avoid retroactive disruption, the Bill should clarify that:

- Contracts lawfully concluded prior to commencement remain valid i.e., "*This Act shall not apply retrospectively to contracts lawfully executed prior to its commencement.*"; and
- A phased compliance period applies to existing enterprises (e.g. 24-36 months post commencement).

This approach protects legitimate expectations while allowing gradual compliance.

### 3.4 Consistency with International Obligations

In recognition of Article 2(5) and (6) of the Constitution of Kenya, it is advisable that the Bill include a provision stating that: “*This Act shall be implemented in a manner consistent with Kenya’s international trade and investment obligations.*” This clause strengthens the defensibility of the legislation, reduces exposure to external disputes and reinforces rule-of-law integrity in Kenya.

### 3.5 Capacity Development and Supplier Growth

Local content must extend beyond participation thresholds. The Bill should incorporate mechanisms for: mtechnology transfer plans; local workforce training frameworks; supplier development programs; and joint venture incentives. The Bill should explicitly incorporate mechanisms that promote long-term domestic competitiveness. This shifts the regime from restriction-based to growth-based.

### 3.6 Enforcement and Regulatory Clarity

For regulatory certainty, it is recommended that:

- Clear criteria be provided for exemptions;
- Discretionary powers of the Cabinet Secretary be guided by objective standards; and
- Compliance reporting obligations be proportionate to enterprise size.

Unstructured discretionary power may introduce uncertainty and regulatory unpredictability.

## 5. Strategic Enhancement Proposal: Local Content as an Industrial Policy Instrument

The Committee may consider positioning the Bill within a broader industrial policy strategy by:

- Aligning it with SME development frameworks;
- Coordinating with public procurement reform;
- Integrating with export promotion strategies; and
- Linking compliance to measurable domestic value addition.

Local content should serve as a ladder to competitiveness, not merely a gatekeeping mechanism.

## 6. Economic Impact Considerations

A properly structured local content regime can: increase domestic GDP retention; strengthen value chains; improve employment outcomes; and stimulate innovation ecosystems.

However, rigid frameworks may: increase project costs; delay infrastructure rollout; or encourage informal circumvention mechanisms.

Precision in drafting determines which outcome prevails.

## 7. Conclusion

Grid Circle Ltd supports the objectives of the Local Content Bill and commends the Committee for initiating this critical legislative intervention.

With the targeted refinements proposed above, the Bill can:

- Protect Kenyan enterprise;
- Encourage responsible investment;
- Promote sustainable industrial growth; and
- Safeguard constitutional and international law alignment.

We respectfully urge the Committee to consider these recommendations in strengthening the final legislative framework.

**Respectfully submitted,**

**For and on behalf of Grid Circle Ltd**

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**Brenda N Wagura**  
**Managing Director**

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**MEMORANDUM ON THE LOCAL CONTENT BILL, 2025 (National Assembly Bill No. 45 of 2025)**

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From Collins Lusi. <lusicollins@gmail.com>

Date Sun 02/22/2026 5:26 PM

To Clerk of the National Assembly Kenya <cna@parliament.go.ke>

This Memorandum is submitted pursuant to the constitutional principles of public participation under Articles 10 and 118 of the Constitution of Kenya.

The Local Content Bill, 2025 constitutes a significant legislative intervention aimed at institutionalizing Kenyan participation in strategic sectors of the economy, promoting equitable resource utilization, and operationalizing economic empowerment under Articles 201 and 232 of the Constitution.

While the policy objective of enhancing domestic participation is commendable, the Bill requires refinement to ensure legal certainty, enforceability, and protection against regulatory circumvention.

#### My General Position

I support the policy intent of the Bill in promoting local enterprise development, employment creation, and technology transfer. However, for the legislation to achieve its intended objectives, it must contain precise definitions, robust compliance mechanisms, and enforceable sanctions.

#### My Specific Recommendations

##### a) Definition of "Local Company"

The Bill should adopt a strict and objective definition of "local company," incorporating: Minimum Kenyan shareholding thresholds (e.g., not less than 51% beneficial ownership by Kenyan citizens);

Clear criteria on beneficial ownership to prevent nominee or proxy arrangements;

Requirements for Kenyan participation at both ownership and management levels.

The legislation should also mandate disclosure of ultimate beneficial ownership in line with corporate transparency standards to prevent regulatory evasion.

##### b) Mandatory Skills and Technology Transfer

The Bill should impose a statutory obligation on foreign investors to implement structured capacity-building frameworks, including:

Approved training and succession plans for Kenyan employees;

Mandatory internship and apprenticeship programs;

Time-bound localization targets for managerial and technical positions;

Formal technology transfer agreements.

Failure to meet localization benchmarks should attract administrative sanctions, including suspension of licenses or financial penalties.

##### c) Protection and Inclusion of SMEs

The Bill should incorporate affirmative procurement thresholds reserving a defined percentage of contracts for:

Youth-owned enterprises;

Women-owned enterprises;

Enterprises owned by persons with disabilities.

Such provisions should be harmonized with existing public procurement legislation to ensure consistency and avoid regulatory conflict.

d) County-Level Participation Framework

Given the devolved system of governance under Chapter Eleven of the Constitution, the Bill should: Provide a framework for county government consultation in projects undertaken within their jurisdictions;

Mandate local employment quotas at the county level;

Require community development agreements where extractive or large-scale infrastructure projects are implemented.

This will strengthen intergovernmental cooperation and promote equitable distribution of economic benefits.

e) Monitoring, Compliance, and Enforcement

The Bill should establish a clearly defined regulatory authority or designate an existing body with: Inspection and audit powers;

Authority to issue compliance directives;

Power to impose administrative penalties, fines, or license revocation for non-compliance;

A dispute resolution mechanism.

Enforcement provisions must be precise to avoid rendering the Act declaratory rather than operational.

f) Transparency and Public Reporting

The legislation should require:

Annual Local Content Compliance Reports;

Public disclosure of procurement data and localization performance metrics;

Parliamentary oversight through periodic reporting to the relevant departmental committee.

Transparency provisions will enhance accountability and public confidence in the implementation framework.

Therefore : The Local Content Bill, 2025 presents an opportunity to entrench economic participation, reduce structural unemployment, and enhance national economic sovereignty. However, without clear definitions, measurable compliance standards, and enforceable sanctions, the Bill risks ineffectiveness. Strengthening the above provisions will ensure that the legislation aligns with constitutional principles of accountability, equity, and sustainable development

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