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THIRTEENTH PARLIAMENT – FIFTH SESSION - 2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON ENERGY

REPORT ON:

THE LOCAL CONTENT BILL (SENATE BILL NO. 50 OF 2023)

	
THE NATIONAL ASSEMBLY PAPERS LAID	
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TABLED BY:	Hon. David Gikaria, MP (Chairperson)
CLERK-AT THE TABLE:	Womale



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CHAIRPERSON'S FOREWORD

This report presents the proceedings of the Departmental Committee on Energy on its consideration of the Local Content Bill (Senate Bill No. 50 of 2023) sponsored by Sen. (Dr). Oburu Oginga, MP. The Bill was passed by the Senate with amendments on 7th August 2026 and read a First Time on Tuesday, 23rd September, 2025 and subsequently committed to the Departmental Committee on Energy for consideration and reporting to the House, pursuant to Standing Order 127.

The Bill seeks to facilitate the local ownership, control and financing of activities connected with the exploitation of gas, oil and other petroleum resources; and to provide a framework to increase the local value capture along the value chain in the exploration of gas, oil and other petroleum resources.

In accordance with Article 118(1) (b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly placed an advertisement in the print media on Wednesday, 1st October, 2025 requesting for comments on the Bill from the public and relevant stakeholders. The Committee only received a memorandum from the State Department for Energy.

The Committee, having considered the Local Content Bill (Senate Bill No. 50 of 2023) clause by clause and taking into consideration views and recommendations of the public pursuant to Standing Order 127(3A), made observations and recommendations contained in Part Four and Part Five of this report.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during the consideration of the Bill. I wish to express appreciation to the Honourable Members of the Committee and the Committee Secretariat for their resilience and commitment to duty, which made the consideration of the Bill successful. May I also, on behalf of the Committee, thank and appreciate the Principal Secretary, State Department for Energy, and other stakeholders for their submissions. Indeed, the views informed the consideration of the Bill.

On behalf of the Departmental Committee on Energy and pursuant to provisions of Standing Order 127 (4), it is my pleasant duty to present to this House the Committee's Report on the Local Content Bill (Senate Bill No. 50 of 2023).

Having considered the Local Content Bill (*Senate Bill No. 50 of 2023*), the Committee recommends that the Bill be **DELETED IN ITS ENTIRETY**.

HON. DAVID GIKARIA, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON ENERGY

CHAPTER ONE

I.0 PREFACE

I.1 Establishment of the Committee

- I. The Departmental Committee on Energy is constituted pursuant to the National Assembly Standing Order 216(I) which mandates Departmental Committees to-
 - a. *investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;*
 - b. *study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;*
(ba) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
 - c. **study and review all legislation referred to it;**
 - d. *study, assess and analyze the relative success of the Ministries and departments by the results obtained as compared with their stated objectives;*
 - e. *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;*
 - f. *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);*
(fa) examine treaties, agreements and conventions;
 - g. *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - h. *consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - i. *examine any questions raised by Members on a matter within its mandate.*

I.2 Mandate of the Committee

2. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider fossil fuel exploration, development, production, maintenance and distribution; nuclear energy; clean energy; and regulation of energy.
3. In executing its mandate, the Committee oversees the Ministry of Energy and Petroleum.

1.3 Committee Membership

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

Chairperson

Hon. David Gikaria, CBS, MP
Nakuru Town East Constituency
UDA Party

Vice-Chairperson

Hon. Lemanken Aramat, CBS, MP
Narok East Constituency
UDA Party

Members

Hon. Charles Gimose, MP
Hamisi Constituency
ANC Party

Hon. Siyad Amina Udgoon, MP
Garissa County
Jubilee Party

Hon. Walter Owino, MP
Awendo Constituency
ODM Party

Hon. Barongo Nolfason Obadiah., MP
Bomachoge Borabu Constituency
ODM Party

Hon. Musili Mawathe, MP
Embakasi South Constituency
WDM - K Party

Hon. George Aladwa Omwera, MP
Makadara Constituency
ODM Party

Hon. Elisha Odhiambo, MP
Gem Constituency
ODM Party

Hon. Cecilia Asinyen Ng'itit, MP
Turkana County
UDA Party

Hon. Gonzi Rai, MGH, MP
Kinango Constituency
PAA Party

Hon. Victor Koech Kipngetch
Chepalungu Constituency
CCM Party

Hon. Simon King'ara, MP
Ruiru Constituency
UDA Party

Hon. Geoffrey Ekesa Mulanya, MP
Nambale Constituency
Independent Member

Hon. Tom Mboya Odege, MP
Nyatike Constituency
ODM Party

I.4 Committee Secretariat

5. The Committee is facilitated by the following Secretariat:

Mr. Fredrick O. Otieno
Clerk Assistant I/Head of Secretariat

Ms. Grace Wahu
Clerk Assistant II

Ms. Brigita Mati
Senior Legal Counsel

Mr. Yaqub Ahmed
Media Relations Officer I

Mr. Brian Njeru
Fiscal Analyst II

Ms. Lenah Wawira
Hansard Reporter II

Ms. Lily Cherotich
Public Relations Officer III

Mr. Collins Mahamba
Audio Assistant III

Mr. Anthony Wamae
Serjeant-at-Arms

CHAPTER TWO

2.0 BACKGROUND OF KENYA'S EXTRACTIVE SECTOR

2.1 Situational Analysis

6. Kenya's extractive sector has gained prominence since the early 2010s, driven by significant discoveries such as oil in Turkana in 2012 and various minerals, including titanium in Kwale, coal in Kitui, and rare earths in coastal regions. These findings prompted a shift from a historically underdeveloped sector contributing less than 1% to GDP prior to 2010 to one viewed as a pillar of economic transformation under Vision 2030, Kenya's long-term development blueprint.
7. The roots of local content in Kenya's extractives can be traced to the post-independence era, but structured policies emerged in response to the 2012 oil discovery by Tullow Oil in Turkana, which highlighted the need for mechanisms to capture value locally amid high community expectations.
8. Prior to this, Kenya's extractive sector was governed by the outdated Mining Act of 1940, which offered minimal provisions for local participation, focusing instead on colonial-era export-oriented extraction. The 2010 Constitution marked a turning point by devolving resource management to counties, mandating benefit-sharing, and emphasizing community involvement under Articles 62 and 69, which require sustainable exploitation and equitable distribution of natural resources.
9. In 2014, the government introduced draft Petroleum (Exploration, Development, and Production) (Local Content) Regulations, requiring at least 5% indigenous equity in petroleum agreements and preferences for Kenyan goods and services. This was followed by the Mining Act of 2016, which incorporated local content elements such as mandatory use of local goods and services (Section 46), employment and training of Kenyans (Section 47), local equity participation (Section 49), and preference for local products (Section 50). The Act aimed to address historical imbalances where foreign companies dominated operations, often importing labor and materials, leaving limited economic footprints.
10. The Energy Act 2019 and the Petroleum Act of 2019 built on this, mandating local content requirements for oil and gas operators (Section 50), monitoring and enforcement of local content (Section 51), as well as establishment of the Training and Training Fund (Section 51) with a nearly similar fund also proposed in the local content bill of 2023. However, these sector-specific laws were criticized for fragmentation, leading to calls for a unified framework.
11. Efforts to consolidate Local Content Policies (LCPs) intensified with the introduction of the Local Content Bill in 2016 by the Senate, which sought to cover oil, gas, and mining comprehensively. This bill evolved through revisions in 2018 and 2023, highlighting the need for a national policy to anchor regulations, noting gaps in mining coverage and

institutional coordination, as well as the adoption of a broader Local Content Policy, emphasizing value addition in extractives to counter enclave economies where benefits bypass locals.

2.2 Comparative Analysis

12. Local content legislation has become an essential pillar of natural resource governance across the world, seeking to ensure that the exploitation of oil, gas, and mineral resources translates into tangible socio-economic benefits for host countries.
13. This focus is not unique to Kenya; a growing number of resource-rich nations, including Nigeria, Sierra Leone, and Guyana, have enacted specific laws to localize ownership, employment, procurement, and technology transfer within their extractive industries. Examining these countries' legal frameworks offers useful insights for Kenya as it seeks to design a robust, enforceable, and balanced local content regime that both maximizes national benefits and sustains investor confidence.

A. Nigeria

14. Nigeria presents one of Africa's most established local content frameworks. The Nigerian Oil and Gas Industry Content Development (NOGICD) Act of 2010, which was strengthened by the 2023 Nigerian Oil and Gas Industry Content Development Bill, was designed to reverse the historical dominance of foreign firms in the oil and gas sector and promote the use of Nigerian human and material resources.
15. The Act established the Nigerian Content Development and Monitoring Board (NCDMB) to enforce compliance and monitor implementation. Prior to the Act, local content participation stood at a mere 5%, with minimal indigenous involvement in upstream and downstream operations. However, by 2016, local content had increased to 26%, rising further to 42% in 2021, and reaching 56% by late 2024, according to NCDMB data.
16. These gains have translated into tangible economic benefits, i.e., over US\$8 billion is now retained annually within the domestic economy, and more than 50,000 direct jobs have been created since the law's enactment. Nigerian companies currently meet about 60% of domestic gas requirements and account for roughly 15% of crude oil production.
17. Beyond employment and economic retention, the Act has catalyzed industrial development. Over 10 fully operational fabrication yards and two major pipe mills have been established, alongside new capacity in subsea engineering, logistics, and marine support services. The NCDMB's US\$350 million Nigerian Content Intervention Fund, in partnership with the Bank of Industry, has provided affordable financing to local companies, easing entry barriers into high-capital segments of the industry.
18. Nonetheless, challenges persist, including limited access to financing for indigenous firms, uneven technical capacity, and the risk of rent-seeking in contract awards.

B. Sierra Leone

19. Sierra Leone has institutionalized local content in the extractives and other key sectors through the Local Content Agency Act of 2016, which established the Sierra Leone Local Content Agency (SLLCA) as a semi-autonomous government body. The Act provides a legal framework for promoting local participation in industries including mining, petroleum, energy, construction, maritime, aviation, hotel and tourism, and public procurement. Its overarching goal is to ensure that Sierra Leonean companies, materials, and labor play a central role in the country's economic development, particularly in sectors traditionally dominated by foreign entities.
20. The SLLCA is mandated to oversee and regulate the development of local content across these sectors. Its functions include supervising and coordinating local content initiatives, evaluating and approving local content plans submitted by companies, and issuing local content certificates for materials, goods, and services produced wholly or partly in Sierra Leone. To enhance compliance and transparency, the Agency manages a Local Content Scorecard, which ranks companies based on their adherence to local content requirements, promoting accountability and performance monitoring.
21. In addition, the SLLCA administers an online internal portal and a Joint Qualification System that standardizes the supplier registration and procurement process. These mechanisms facilitate transactions between buyers and sellers, ensure consistency in supplier evaluation, and promote fairness in awarding contracts.
22. The Agency also maintains a registry of local content transactions above thresholds set by the Minister, receives and investigates complaints related to local content implementation, and fosters collaboration between public and private stakeholders.

C. Guyana

23. Guyana moved rapidly from frontier explorer to major oil producer after the 2015 Liza discovery in the Stabroek Block, and its policy and legal framework for local content evolved in response to that discovery and the influx of multinational operators. In December 2021, Guyana enacted the Local Content Act, No. 18 of 2021, establishing baseline obligations for companies operating in the oil and gas sector to prioritise Guyanese labour, goods, services, and financing where capable suppliers exist; the Act also created a Local Content Secretariat to coordinate implementation and monitor compliance. The government followed this with a modernised Petroleum Activities Act (No. 17 of 2023) to update licensing, oversight, and sector governance for a fast-growing industry.
24. The Local Content Act uses a sliding, phased approach rather than one fixed quota: minimum participation levels are set to rise over time based on government assessments of local capacity and the timing of petroleum agreements, and licensed companies must submit local content plans tied to procurement, employment, training, and capacity

building. The Act expressly covers prime contractors and subcontractors, and links local content performance to contracting and licensing processes, giving the state tools to require Guyanese participation while allowing for gradual scaling where the market requires development.

25. On outcomes, early implementation has produced measurable local participation but also highlighted the gap between aspiration and capacity. Guyanese firms and workers have benefited from contracting opportunities, training initiatives, and growing service work (ship chandlery, logistics, catering, some fabrication, local marine services, and shore-based support).

ExxonMobil and partners have published their own local content commitments and described collaboration with the Local Content Secretariat to develop supplier development programmes and workforce training.

26. However, independent civil-society reviews cautioned that some percentage targets in draft documents lacked transparent empirical justification and that the government must avoid rigid quotas that outpace supplier readiness; donor and observer commentary stresses the need for robust anti-corruption measures, transparent procurement, and financing support for local firms to scale.
27. A comparative assessment of Guyana, Nigeria, and Sierra Leone reveals that the success of local content implementation in the extractive sector largely depends on strong legal foundations, institutional capacity, and measurable performance frameworks.
28. Countries such as Nigeria and Guyana, which have enacted standalone local content laws, e.g., the NOGICD Act (2010) and the Local Content Act (2021), respectively, have achieved higher compliance and investor confidence. The existence of dedicated enforcement bodies such as Nigeria's NCDMB and Guyana's Local Content Secretariat has also ensured consistent monitoring, transparent reporting, and improved local participation.

2.3 Financial and Economic Implications of the Bill

29. Several provisions of the Bill have financial implications. Among them are the Establishment of the Local Content Development Committee, with a Director and secretariat, and the Establishment of a nine-member Board of Directors.
30. The financial implication of the Bill is based on the following assumptions:
- i. The annual maintenance of the Local Content Development Committee board members will be approximately Kshs. 1,000,000 per annum per member of the board in accordance with the remuneration guidelines by the Salaries and Remuneration Commission (SRC) and the State Corporations Advisory Committee (SCAC), which is inclusive of sitting allowances, honoraria, and other SRC-approved allowances such as airtime and transport costs;

- ii. The Board shall employ and maintain twenty-five (25) members of staff and secretariat in the first 3 years. The cost per staff member per month is approximately Kshs. 100,000 (inclusive of basic salary, pension contribution, insurance, medical cover, and other benefits);
- iii. General expenses of approximately 40% of the personnel emoluments for the Board and Secretariat;
- iv. The average inflation rate for the medium-term expenditure is estimated at 5% annually.

31. Table 1.0 illustrates the summary of the expenditure items required to operationalize the Bill if it becomes an Act.

Table 1: Estimated Financial Costs in Kshs.

Expenditure	Year		
	Year 1	Year 2	Year 3
Committee Expenses			
Board Members	9,000,000.00	9,450,000.00	9,922,500.00
Secretariat Remuneration	30,000,000.00	31,500,000.00	33,075,000.00
Operations & Maintenance	15,600,000.00	16,380,000.00	17,199,000.00
Total Expenses	54,600,000.00	57,330,000.00	60,196,500.00

Source: PBO computations and Estimates

32. Based on the provided assumptions, it is estimated that it will cost approximately Kshs. 54.6 million in year 1, Kshs. 57.3 million in year 2, and Kshs. 60.2 million in year 3 to operationalize the draft Bill.

2.4 Potential Benefits and Drawbacks of the Bill

33. The potential benefits that may accrue from operationalizing the bill include:

- i. Increased Local Participation & Value Retention - the Bill mandates that operators submit local content plans (covering procurement, employment, training, etc.) and sets minimum local content thresholds;
- ii. Job Creation and Skills Development - With requirements for hiring local labour and developing workforce training programs, the Bill can boost employment among Kenyans, especially in regions around extractives projects. Additionally, the formalization of skills transfer and workforce development plans can enhance Kenya's technical capacities over time;
- iii. Regulatory Clarity and Accountability - The Bill proposes setting up a Local Content Development Committee to review, approve, and track compliance of local content plans. Penalties are defined for non-compliance and offences (e.g., false representations). Such oversight improves accountability; and
- iv. Boosting Local Firms and SMEs - Preference for Kenyan firms, goods, and services in procurement will likely help domestic supply chains. Joint ventures between local and foreign entities, as envisaged, can help local firms gain technical know-how, scale, and access to markets.

34. One potential drawback of the Local Content Bill (Senate Bill No. 50 of 2023) lies in the risk of investor uncertainty and increased operational costs and financial unpredictability, which could affect both private sector confidence and government fiscal stability. While the Bill's intent to strengthen domestic participation is commendable, stringent local content requirements may compel investors to restructure supply chains, engage in costly compliance processes, or delay project implementation due to insufficient local capacity in specialized fields such as drilling, engineering, and geoscience.
35. The proposed Local Content Development Committee is also expected to rely on two main funding sources, i.e., annual exchequer allocations and operator remittances through a tax-deductible training levy based on a percentage of each operator's net revenues. However, extractive sector operations, particularly in the exploration and early production phases, are often highly capital-intensive and characterized by long cost-recovery periods, resulting in low or even negative net revenues for several years. This means that in periods of low profitability or declared losses, the levy yield would decline sharply, creating unpredictable and potentially insufficient funding for the Committee's operations and training programs.
36. Furthermore, the Bill's additional provisions to introduce tax incentives, adopt supportive and non-distorting tax measures, and allow tax deductibility for certain training expenditures, though designed to encourage compliance, could further erode the government's taxable base and lower total revenue collections from the extractive sector.

CHAPTER THREE

3.0 OVERVIEW OF THE LOCAL CONTENT BILL (SENATE BILL NO. 50 OF 2023)

3.1 Introduction

37. The Local Content Bill (Senate Bill No. 50 of 2023) is sponsored by Sen. (Dr). Oburu Oginga, MP. It was passed by the Senate with amendments on 7th August 2026 and read a First Time on Tuesday, 23rd September, 2025 and subsequently referred to the Departmental Committee on Energy for consideration and reporting to the House, pursuant to Standing Order 127.

3.2 Clause by Clause Provisions of the Bill

38. The Bill seeks to facilitate the local ownership, control and financing of activities connected with the exploitation of gas, oil and other petroleum resources; and to provide a framework to increase the local value capture along the value chain in the exploration of gas, oil and other petroleum resources.

39. **Part I (Clauses 1-5)** sets out the preliminary provisions, including definitions, application to all commercial activities in the extractive industry, and guiding principles anchored on Articles 10, 62 and 69 of the Constitution.

40. **Part II (Clauses 6-8)** assigns roles to both the National and County Governments in the development and adoption of local content, and sets the minimum local participation threshold at not less than thirty percent.

41. **Part III (Clauses 9-23)** establishes the Local Content Development Committee as the body responsible for overseeing, coordinating and managing local content in the country. It also establishes a Secretariat headed by a Director, and a General Fund to finance the Committee's work.

42. **Part IV (Clauses 24-43)** obliges every operator in the extractive industry to prepare and submit a Local Content Plan before obtaining a licence or permit. The plan covers procurement, employment, skills development, technology transfer, research and development, and use of local financial institutions.

43. **Part V (Clauses 44-50)** prescribes strategies for local content development, including procurement preferences for local companies (with a 10% price preference margin), minimum Kenyan equity thresholds, financial incentives, and the establishment of the Local Content Training and Development Fund financed by an annual levy on operators.

44. **Part VI (Clauses 51-60)** contains miscellaneous provisions on monitoring, public participation, offences (including penalties of up to Ksh 3 million- or 5-years' imprisonment), licence revocation, and regulation-making powers.

45. **Part VII (Clauses 61-64)** provides for the transitional arrangements and consequential amendments to the Mining Act (Cap. 306), the Petroleum Act (Cap. 308) and the Energy Act (Cap. 314), repealing overlapping local content provisions in those statutes.

CHAPTER FOUR

4.0 PUBLIC PARTICIPATION ON THE LOCAL CONTENT BILL (SENATE BILL NO. 50 OF 2023)

4.1 Legal Provisions on Public Participation

46. Article 118 (1) (b) of the Constitution of Kenya provides as follows—

“Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its Committees.”

47. Standing Order 127(3) provides that—

“The Departmental Committee to which a Bill is committed shall facilitate public participation on the Bill through an appropriate mechanism, including—

- (a) inviting submission of memoranda;*
- (b) holding public hearings;*
- (c) consulting relevant stakeholders in a sector; and*
- (d) consulting experts on technical subjects.*

48. Standing Order 127(3A) further provides that—

“The Departmental Committee shall take into account the views and recommendations of the public under paragraph (3) in its report to the House.”

49. Pursuant to the aforementioned provisions of the Constitution and Standing Orders, on public participation, the Clerk of the National Assembly through local daily newspapers of Wednesday, 1st October, 2025 published an advertisement inviting the public to submit memoranda on the Bill. The advertisement is annexed to this report as **Annexure 3**.

50. Further, vide a letter dated Wednesday, 29th May, 2026, the Committee invited the Ministry of Energy and Petroleum, to make submissions on the Bill. The meeting was held on Friday, 6th June, 2026 at Parliament Buildings. Stakeholder submissions are annexed as **Annexure 4**.

51. The Committee received comments from the Ministry of Energy and Petroleum and the Energy and Petroleum Regulatory Authority during a retreat held on Friday, 5th June 2026 at Argyle Hotel in Machakos County.

4.2 Submissions by the Ministry of Energy and Petroleum

The Principal Secretary, State Department for Energy, Mr. Alex Wachira, CBS, submitted as follows:

52. Section 10 of the Energy Act (Cap 314) expressly assigns EPRA a specialized upstream petroleum mandate. In particular, EPRA is mandated to *“regulate, monitor and supervise upstream petroleum operations in Kenya in accordance with the law relating to petroleum, the regulations made thereunder and the relevant petroleum agreement.”* The same provision requires EPRA to collect, maintain and manage upstream petroleum data; coordinate upstream petroleum infrastructure and capacity building; inspect and test machinery and equipment used in upstream operations; assess field development plans; verify production measurements; verify recoverable costs; audit contractors for cost recovery; propose regulations for the upstream petroleum sector; enforce petroleum agreements and regulations; investigate petroleum disputes; and enforce local content requirements.
53. The Petroleum Act (Cap. 308) contains a dedicated Part VI titled “Local Content and Training”. Section 50 requires persons carrying out petroleum undertakings or works to comply with local content requirements, prioritize Kenyan services and goods that meet petroleum industry specifications, and prioritize the employment or engagement of qualified and skilled Kenyans at all levels of the value chain. It also requires a contractor, before engaging in petroleum operations, to submit a long-term and annual local content plan corresponding with the work programme to EPRA for approval. Most importantly, Section 51(1) of the Petroleum Act provides that: *“The Authority shall supervise, co-ordinate, and manage the development of local content.”*
54. The Petroleum Act, Cap. 308) then provides that EPRA shall oversee, coordinate and manage local content development; prepare guidelines including targets and reporting formats; recommend local content regulations to the Cabinet Secretary; set minimum requirements for local content plans; undertake public education and awareness; and conduct local content monitoring, audit and enforcement.
55. The Energy Act, Cap. 314) also contains general energy local content provisions. Section 207 provides that EPRA shall monitor and enforce local content in all energy undertakings and works and assigns to EPRA functions including preparation of guidelines, setting of minimum local content requirements, recommendations on regulations, public sensitization, and local content monitoring, audit and enforcement.
56. Furthermore, the Draft Petroleum (Local Content) Regulations, 2026, are at an advanced stage to actualize the provisions under Part IV of the Petroleum Act, Cap. 308).

4.1.1 Why the Petroleum Local Content Mandate Should Remain with EPRA

57. The Petroleum Act (Cap 308) establishes a comprehensive petroleum local content regulatory framework, addressing the unique nature of the petroleum industry, which is capital intensive, technology driven, technical expertise and high risk in matters including Environment, Health and Safety.

58. On the foregoing, the rationale establishing and vesting EPRA with the supervisory, coordinating, regulatory, monitoring, auditing, and enforcement functions were necessary to address the unique issues highlighted above.
59. Best practice provides that where a regulatory area is already governed by specialized legislation, sound legislative policy dictates that the specialized regime be preserved, and that any new general law operates subject to it. Crucially, petroleum local content is an intrinsic subset of petroleum regulation; it is not a standalone administrative function that can be separated from the technical oversight of petroleum operations.
60. Secondly, local content in petroleum is inseparable from upstream petroleum regulation. A local content plan must correspond with the petroleum work programme; it must reflect exploration, appraisal, development, production and decommissioning realities; it must account for petroleum industry specifications and international standards; and it must align with petroleum agreements, field development plans, cost recovery rules, safety requirements and investment schedules. EPRA by mandate, has technical expertise and knows how as well as organizational supporting structures to undertake those functions. The proposed Local Content Development Committee established under Section 9 of the Local Content Bill, 2023, which is a proposed committee outside the existing petroleum regulatory framework, would lack the statutory proximity and the existing EPRA supporting organizational structure to the underlying petroleum agreements, operational permits, field development plans, production data, cost audits and safety obligations.
61. Thirdly, the petroleum industry requires highly specialized technical capacity. EPRA's mandate is not confined to administrative coordination. It includes the technical and commercial assessment of field development plans and consequent advisories to the Cabinet Secretary responsible for Petroleum, verification of petroleum production measurements, verification of recoverable costs, auditing contractors for cost recovery, oversight of decommissioning, inspection of upstream machinery and equipment, regulation of upstream infrastructure, enforcement of petroleum agreements and protection of environmental, health and safety interests. These are the technical foundations upon which petroleum local content decisions must be made. A general local content committee as proposed, even if well-intentioned, should not be placed in a position where it regulates local content without controlling the technical petroleum information necessary to do so competently.
62. Fourthly, the proposed Committee structure risks dividing accountability. If EPRA remains responsible for upstream petroleum operations but the Committee approves or audits petroleum local content plans, then no single institution will bear responsibility for the full regulatory cycle. Operators may receive one set of expectations from EPRA under the Petroleum Act, Cap. 308 and another from the Committee under the Local Content Act. This would undermine good administration, expose decisions to legal challenges and weaken enforcement.

4.1.2 Recommended Legislative Approach

63. The Local Content Bill should be redrafted to operate as a national framework law, avoiding duplication in highly specialized sectors—such as petroleum, energy, mining, telecommunications, health, aviation, and financial services—where a competent regulator is already established.
64. The proposed Committee may coordinate policy at the national level, maintain cross-sectoral data, and advise the Government on broad local content strategy.
65. Ultimately, where a sector is already governed by a specialized regulator under existing legislation, the Bill should explicitly defer implementation and enforcement to that authority.

4.1.3 Conclusion

66. The petroleum sector is capital-intensive and technically complex. Petroleum local content cannot be regulated as a standalone administrative function as it is legally and operationally inseparable from petroleum agreements, field development plans, cost-recovery frameworks, and health and safety standards.
67. Kenya already has an established statutory regime under the Energy Act (Cap. 314) and the Petroleum Act (Cap. 308). This framework vests full supervisory, monitoring, auditing, and enforcement mandates exclusively in the Energy and Petroleum Regulatory Authority (EPRA), which possesses the necessary technical expertise in the sector's operations.
68. EPRA should retain exclusive jurisdiction over petroleum local content plans and any proposed amendment to transfer its statutory functions should not be allowed.
69. The Local Content Bill should operate strictly as a macro-level national framework law. The proposed Committee should focus on national policy coordination, data maintenance, and broad strategy, while the Bill explicitly defers implementation and enforcement to established specialized sector regulators.

CHAPTER FIVE

5.0 COMMITTEE OBSERVATIONS

Upon consideration of the Local Content Bill (Senate Bill No. 50 of 2023), the submissions received from stakeholders and the relevant constitutional and statutory provisions, the Committee made the following observations—

5.1 On the Objects and Constitutional Anchorage of the Bill

- 1) THAT the object of the Bill, being to facilitate local ownership, control and financing of activities connected with the exploitation of gas, oil and other petroleum resources and to increase local value capture along the extractives value chain, is consistent with Article 66(2) of the Constitution, which requires Parliament to enact legislation ensuring that investments in property benefit local communities and their economies, and with Article 69(1)(a) and (h) of the Constitution on sustainable exploitation of natural resources and the equitable sharing of accruing benefits.
- 2) THAT the guiding principles set out in Part I of the Bill are properly anchored on Articles 10, 62 and 69 of the Constitution and are therefore in order.
- 3) THAT the policy question addressed by the Bill is not whether Kenya should have a local content regime—Kenya already has one—but rather how a general local content law should relate to the sector-specific local content regimes already in force.

5.2 On Duplication of, and Conflict with Existing Sector Legislation

- 4) THAT Kenya already has an operational statutory local content regime in the extractives and energy sectors, comprising—
 - (i) Part VI of the Petroleum Act (Cap. 308) titled “Local Content and Training”, and in particular section 50, which obliges contractors to comply with local content requirements and to submit long-term and annual local content plans to EPRA for approval, and section 51(1), which vests in EPRA the mandate to supervise, co-ordinate and manage the development of local content;
 - (ii) section 10 of the Energy Act (Cap. 314), which assigns EPRA a specialised upstream petroleum mandate including the enforcement of local content requirements, and section 207 of that Act, which requires EPRA to monitor and enforce local content in all energy undertakings and works; and
 - (iii) the corresponding local content provisions of the Mining Act (Cap. 306).
- 5) THAT Part III of the Bill establishes a Local Content Development Committee to oversee, co-ordinate and manage local content in the country, and Part IV requires every operator in the extractive industry to submit a Local Content Plan to that Committee, while Part VII repeals the corresponding provisions in the Petroleum Act (Cap. 308), the Energy Act

(Cap. 314) and the Mining Act (Cap. 306). The cumulative effect is the transfer of an operational specialised regulatory mandate to a newly created body.

- 6) THAT petroleum local content is not a free-standing administrative function. A local content plan must correspond with the petroleum work programme and must reflect exploration, appraisal, development, production and decommissioning realities, petroleum industry specifications, petroleum agreements, field development plans, cost recovery rules and health, safety and environmental obligations. The proposed Local Content Development Committee would not have statutory proximity to, or control of, the technical petroleum information necessary to discharge that function competently.
- 7) THAT the proposed architecture risks divided accountability, in that operators may be subjected to one set of requirements by EPRA under the Petroleum Act (Cap. 308) and a different set by the Local Content Development Committee under the proposed Act, thereby occasioning regulatory duplication, increased compliance costs, forum shopping and avoidable litigation.
- 8) THAT the Draft Petroleum (Local Content) Regulations, 2026, being at an advanced stage of development, would be rendered nugatory by the repeal of Part VI of the Petroleum Act (Cap. 308), and that such repeal would occasion a regulatory vacuum in the period between the commencement of the proposed Act and the full operationalisation of the Local Content Development Committee.
- 9) THAT sound legislative policy requires that where a regulatory area is already governed by specialised legislation administered by a competent regulator, the specialised regime should be preserved and any new law of general application should operate subject to it.

5.3 On the Money Bill Question

- 10) THAT Article 114(3) of the Constitution defines a money Bill to include a Bill containing provisions dealing with the imposition, repeal or remission of taxes, the imposition of charges on a public fund or the variation or repeal of any of those charges, and the appropriation, receipt, custody, investment or issue of public money. Article 109(5) of the Constitution provides that a money Bill may only originate in the National Assembly. The Committee observed that the provisions of the Bill imposing an annual levy on operators and establishing Funds raise a question as to the originating jurisdiction of the Bill, the Bill having originated in the Senate.
- 11) The Local Content Bill (Senate Bill No. 50 of 2023) qualifies as a Money Bill because it contains clear provisions that have direct implications on public finances, including taxation, public expenditure, and revenue collection.
- 12) The Bill establishes a Local Content Development Committee, whose operations will depend on funding from the Exchequer and a training levy remitted annually by operators, calculated as a percentage of their net revenues and designated as tax deductible. This

levy directly affects government revenue streams and taxation policy, while the Committee's funding from public coffers entails appropriation and expenditure of public funds.

- 13) Furthermore, the Bill proposes tax incentives, supportive and non-distorting tax measures, and tax-deductibility for training expenditures, all of which have a fiscal impact by reducing the government's potential tax receipts.

CHAPTER SIX

6.0 COMMITTEE RECOMMENDATIONS

From the above observations, the Committee recommends that, the Local Content Bill (Senate Bill No. 50 of 2023) be **DELETED IN ITS ENTIRETY** because it is a money Bill within the meaning of Article 114(3) of the Constitution which is only supposed to be introduced in the National Assembly in accordance with Article 109(5) of the Constitution, but was instead introduced in the Senate.

SIGN..... DATE..... *13th August, 2026*
HON. DAVID GIKARIA, CBS, MP
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON ENERGY

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 27 AUG 2026	
DAY: <i>Thursday</i>	
TABLED BY:	<i>Hon. David Gikaria, MP</i> <i>(Chairperson)</i>
CLERK-AT-THE-TABLE:	<i>horma/e</i>



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

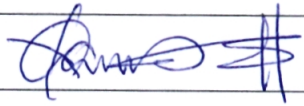
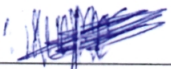
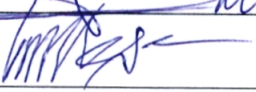
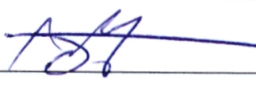
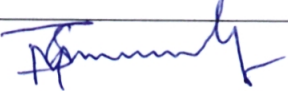
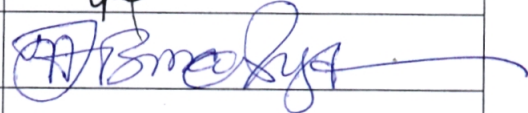
THIRTEENTH PARLIAMENT – FIFTH SESSION, 2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON ENERGY

ADOPTION OF THE REPORT ON CONSIDERATION OF THE LOCAL CONTENT BILL (SENATE BILL NO. 50 OF 2023)

We, the undersigned Honorable Members of the Departmental Committee on Energy today 13th August, 2026, hereby affix our signatures to this **Report on the Consideration of the Local Content Bill (Senate Bill No. 50 of 2023)** to affirm our approval and confirm their accuracy, validity, and authenticity.

NO.	NAME	SIGNATURE
1.	The Hon. David Gikaria, CBS, MP -Chairperson	
2.	The Hon. Lemanken Aramat, MP – Vice-Chairperson	
3.	The Hon. Samuel Gonzi Rai, MGH, M.P.	
4.	The Hon. Elisha Odhiambo, M.P.	
5.	The Hon. Charles Gimose, M.P.	
6.	The Hon. Julius Musili Mawathe, M.P.	
7.	The Hon. Walter Owino, M.P.	
8.	The Hon. Tom Mboya Odege, M.P.	
9.	The Hon. Simon King'ara, CBS, M.P.	
10.	The Hon. George Omwera Aladwa, M.P.	
11.	The Hon. Victor Koech Kipngetich, M.P.	
12.	The Hon. Geoffrey Ekesa Mulanya, M.P.	
13.	The Hon. Cecilia Asinyen Ngitit, M.P.	
14.	The Hon. Barongo Nolfason Obadiah, M.P.	
15.	The Hon. Siyad Amina Udgoon, MP	



**THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FIFTH SESSION, 2026
DIRECTORATE OF DEPARTMENTAL COMMITTEES**

**MINUTES OF THE 23RD SITTING OF THE DEPARTMENTAL COMMITTEE ON
ENERGY HELD ON THURSDAY, 13TH AUGUST, 2026 IN THE 2ND FLOOR COMMITTEE
ROOM, CONTINENTAL HOUSE, AT 12.00 NOON**

PRESENT

1. **The Hon. Lemanken Aramat, CBS, MP** - Vice-Chairperson
2. The Hon. Charles Gimose, M.P.
3. The Hon. Walter Owino, M.P.
4. The Hon. Tom Mboya Odege, M.P.
5. The Hon. Simon King'ara, CBS, M.P.
6. The Hon. Geoffrey Ekesa Mulanya, M.P.
7. The Hon. Cecilia Asinyen Ngiti, M.P.
8. The Hon. Barongo Nolfason Obadiah, M.P.

ABSENT WITH APOLOGY

1. **The Hon. David Gikaria, CBS, MP** - Chairperson
2. The Hon. Samuel Gonzi Rai, MGH, M.P.
3. The Hon. Elisha Odhiambo, M.P.
4. The Hon. Julius Musili Mawathe, M.P.
5. The Hon. George Omwera Aladwa, M.P.
6. The Hon. Victor Koech Kipngetich, M.P.
7. The Hon. Siyad Amina Udgoon, MP

IN-ATTENDANCE

COMMITTEE SECRETARIAT

- | | |
|------------------------|---------------------------|
| 1. Ms. Grace Wahu | - Clerk Assistant II |
| 2. Ms. Brigitta Mati | - Senior Legal Counsel II |
| 3. Mr. Collins Mahamba | - Audio Officer |
| 4. Ms. Lena Wawira | - Hansard Officer |

AGENDA

1. Preliminaries and adoption of the agenda
2. Confirmation of Minutes of previous Sitzings
3. **Consideration and adoption of the Local Content Bill (Senate Bill No. 50 of 2023) sponsored by Sen. (Dr.) Oburu Odinga, MP**
4. Any other Business
5. Adjournment.

MIN./NO./DC-ENERGY/2026/128: PRELIMINARIES & ADOPTION OF AGENDA

The Vice Chairperson, Hon. Lemanken Aramat, MP called the meeting to order at 12.16 a.m. and said a prayer. Thereafter, introductions were made. The agenda of the meeting was adopted having been proposed by Hon. Geoffrey Mulanya, MP and seconded by Hon. Tom Odege, MP.

MIN./NO./DC-ENERGY/2026/129: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

The confirmation of Minutes was deferred to a later date.

MIN./NO./DC-ENERGY/2026/130: CONSIDERATION AND ADOPTION OF THE LOCAL CONTENT BILL (SENATE BILL NO. 50 OF 2023) SPONSORED BY SEN. (DR.) OBURU ODINGA, MP

The Committee considered and adopted the Report on the Local Content Bill (Senate Bill No. 50 of 2023) sponsored by Sen. (Dr.) Oburu Odinga, MP having been **proposed** by the Hon. **Tom Odege, MP** and **seconded** by the **Hon. Simon King'ara, MP**.

A. COMMITTEE OBSERVATIONS

Upon consideration of the Local Content Bill (Senate Bill No. 50 of 2023), the submissions received from stakeholders and the relevant constitutional and statutory provisions, the Committee made the following observations—

a. On the Objects and Constitutional Anchorage of the Bill

- 1) THAT the object of the Bill, being to facilitate local ownership, control and financing of activities connected with the exploitation of gas, oil and other petroleum resources and to increase local value capture along the extractives value chain, is consistent with Article 66(2) of the Constitution, which requires Parliament to enact legislation ensuring that investments in property benefit local communities and their economies, and with Article 69(1)(a) and (h) of the Constitution on sustainable exploitation of natural resources and the equitable sharing of accruing benefits.
- 2) THAT the guiding principles set out in Part I of the Bill are properly anchored on Articles 10, 62 and 69 of the Constitution and are therefore in order.
- 3) THAT the policy question addressed by the Bill is not whether Kenya should have a local content regime—Kenya already has one—but rather how a general local content law should relate to the sector-specific local content regimes already in force.

b. On Duplication of, and Conflict with Existing Sector Legislation

- 4) THAT Kenya already has an operational statutory local content regime in the extractives and energy sectors, comprising—
 - (i) Part VI of the Petroleum Act (Cap. 308) titled “Local Content and Training”, and in particular section 50, which obliges contractors to comply with local content requirements and to submit long-term and annual local content plans to EPRA for

- approval, and section 51(1), which vests in EPRA the mandate to supervise, co-ordinate and manage the development of local content;
- (ii) section 10 of the Energy Act (Cap. 314), which assigns EPRA a specialised upstream petroleum mandate including the enforcement of local content requirements, and section 207 of that Act, which requires EPRA to monitor and enforce local content in all energy undertakings and works; and
 - (iii) the corresponding local content provisions of the Mining Act (Cap. 306).
- 5) THAT Part III of the Bill establishes a Local Content Development Committee to oversee, co-ordinate and manage local content in the country, and Part IV requires every operator in the extractive industry to submit a Local Content Plan to that Committee, while Part VII repeals the corresponding provisions in the Petroleum Act (Cap. 308), the Energy Act (Cap. 314) and the Mining Act (Cap. 306). The cumulative effect is the transfer of an operational specialised regulatory mandate to a newly created body.
 - 6) THAT petroleum local content is not a free-standing administrative function. A local content plan must correspond with the petroleum work programme and must reflect exploration, appraisal, development, production and decommissioning realities, petroleum industry specifications, petroleum agreements, field development plans, cost recovery rules and health, safety and environmental obligations. The proposed Local Content Development Committee would not have statutory proximity to, or control of, the technical petroleum information necessary to discharge that function competently.
 - 7) THAT the proposed architecture risks divided accountability, in that operators may be subjected to one set of requirements by EPRA under the Petroleum Act (Cap. 308) and a different set by the Local Content Development Committee under the proposed Act, thereby occasioning regulatory duplication, increased compliance costs, forum shopping and avoidable litigation.
 - 8) THAT the Draft Petroleum (Local Content) Regulations, 2026, being at an advanced stage of development, would be rendered nugatory by the repeal of Part VI of the Petroleum Act (Cap. 308), and that such repeal would occasion a regulatory vacuum in the period between the commencement of the proposed Act and the full operationalisation of the Local Content Development Committee.
 - 9) THAT sound legislative policy requires that where a regulatory area is already governed by specialised legislation administered by a competent regulator, the specialised regime should be preserved and any new law of general application should operate subject to it.

c. On the Money Bill Question

- 10) THAT Article 114(3) of the Constitution defines a money Bill to include a Bill containing provisions dealing with the imposition, repeal or remission of taxes, the imposition of charges on a public fund or the variation or repeal of any of those charges, and the appropriation, receipt, custody, investment or issue of public money. Article 109(5) of the Constitution provides that a money Bill may only originate in the National Assembly. The Committee observed that the provisions of the Bill imposing an annual levy on operators and establishing Funds raise a question as to the originating jurisdiction of the Bill, the Bill having originated in the Senate.

- 11) The Local Content Bill (Senate Bill No. 50 of 2023) qualifies as a Money Bill because it contains clear provisions that have direct implications on public finances, including taxation, public expenditure, and revenue collection.
- 12) The Bill establishes a Local Content Development Committee, whose operations will depend on funding from the Exchequer and a training levy remitted annually by operators, calculated as a percentage of their net revenues and designated as tax deductible. This levy directly affects government revenue streams and taxation policy, while the Committee's funding from public coffers entails appropriation and expenditure of public funds.
- 13) Furthermore, the Bill proposes tax incentives, supportive and non-distorting tax measures, and tax-deductibility for training expenditures, all of which have a fiscal impact by reducing the government's potential tax receipts.

B. COMMITTEE RECOMMENDATIONS

From the above observations, the Committee recommends that, the Local Content Bill (Senate Bill No. 50 of 2023) be DELETED IN ITS ENTIRETY because it is a money Bill within the meaning of Article 114(3) of the Constitution which is only supposed to be introduced in the National Assembly in accordance with Article 109(5) of the Constitution, but was instead introduced in the Senate.

MIN./NO./DC-ENERGY/2026/131: ANY OTHER BUSINESS

The Secretariat was requested to plan Budget Implementation Oversight inspection visits to Naivasha County to inspect projects undertaken by the Ministry of Energy and Petroleum.

MIN./NO./DC-ENERGY/2026/132: ADJOURNMENT

There being no other business, the meeting was adjourned at 1.22 p.m. The next meeting will be held on notice.

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 27 AUG 2026	
DAY: 	
TABLED BY:	
CLERK-AT-THE-TABLE:	

SIGNED

DATE

20th August, 2026

HON. DAVID GIKARIA, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON ENERGY



**THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FOURTH SESSION, 2025
DIRECTORATE OF DEPARTMENTAL COMMITTEES**

**MINUTES OF THE 42ND SITTING OF THE DEPARTMENTAL COMMITTEE ON
ENERGY HELD ON TUESDAY, 14TH OCTOBER 2025 IN THE MINI CHAMBER,
COUNTY HALL AT 10:00AM.**

PRESENT.

1. The Hon. Lemanken Aramat, MP-Vice-Chairperson
2. The Hon. Samuel Gonzi Rai, MP
3. The Hon. Charles Gimose, MP
4. The Hon. Julius Musili Mawathe, MP
5. The Hon. Elisha Odhiambo, MP
6. The Hon. Walter Owino, MP
7. The Hon. Simon Kingara, MP
8. The Hon. Geoffrey Ekesa Mulanya, MP
9. The Hon. Barongo Nolfason Obadiah, MP

APOLOGY

1. The Hon. David Gikaria, CBS, MP-Chairperson
2. The Hon. Tom Mboya Odege, MP
3. The Hon. George Omwera Aladwa, MP
4. The Hon. Victor Koech Kipnetich, MP
5. The Hon. Cecilia Asinyen Ngiti, MP
6. The Hon. Siyad Amina Udgoon, MP

IN-ATTENDANCE:

COMMITTEE SECRETARIATE

- | | | |
|------------------------|---|-------------------------------|
| 1. Mr. Fredrick Otieno | - | Clerk Assistant I |
| 2. Mr. Salim Athuman | - | Clerk Assistant III |
| 3. Ms. Brigita Mati | - | Senior Legal Counsel |
| 4. Mr. Ambrose Nguti | - | Media Relations Officer III |
| 5. Mr. Anthony Wamae | - | Serjeant at Arm |
| 6. Ms. Rehema Koech | - | Hansard Officer |
| 7. Ms. Lilian Aluga | - | Public Communications Officer |
| 8. Ms. Mariana Nyagol | - | Intern Officer |
| 9. Ms. Viviane Juma | - | Intern Officer |

AGENDA:

1. Prayers
2. Preliminaries/Introductions
 - i. Adoption of the Agenda
 - ii. Remarks by the Chairperson
3. Confirmation of Minutes/Matters Arising.
4. **Agenda: Briefing on the Local Content Bill (Senate Bill No.50 of the 2023) by the Legal Counsel.**
5. Any other Business
6. Adjournment/Date of the next meeting

MIN. NO. NA/ENERGY/2025/181: PRELIMINARIES

The Chairperson called the meeting to order at half past ten O'clock followed by a prayer. Thereafter, Self-introductions were made. The agenda of the meeting was adopted as listed above having been proposed and seconded by the Hon. Geoffrey Ekesa Mulanya, MP and the Hon. Simon King'ara, MP respectively.

MIN. NO. NA/ENERGY/2025/182: CONFIRMATION OF MINUTES

1. The Minutes of 38th sitting held on 30th September 2025 were confirmed as true records of proceedings having been proposed and seconded by the Hon Julius Musili Mawathe, MP and Hon Simon Kingara, MP respectively.
2. The Minutes of the 39th sitting held on 2nd October 2025 were confirmed as true records of proceeding having been proposed and seconded by the Hon Simon Kingara, MP and Hon Geoffrey Ekesa Mulanya, MP respectively.
3. The Minutes of 40th sitting held on 7th October 2025 were confirmed as true records of proceedings having been proposed and seconded by Hon Simon Kingara, MP and Hon Julius Musili Mawathe, MP respectively.
4. The Minutes of 41st sitting held on 9th October 2025 were confirmed as true records of proceedings having been proposed and seconded by the Hon Lemanken Aramat, MP and Hon Geoffrey Ekesa Mulanya, MP respectively.

MIN.NO.NA/ENERGY/2025/183: BRIEFING ON THE LOCAL CONTENT BILL (SENATE BILL NO.50 OF 2023) BY THE LEGAL COUNSEL.

The meeting was briefed of the **Local Content Bill (Senate Bill No. 50 of 2023)** as follows:

1. The Local Content Bill, 2023 aims to make sure Kenyans benefit from the country's oil, gas, and mineral resources. It focuses on using Kenyan workers, goods, services, and money in all parts of the extractive industry. The Bill wants to create jobs for Kenyans, build local skills, increase the use of local products and services, and ensure that all citizens share the benefits from natural resources fairly.
2. The Bill gives work to both the national and county governments. The national government will make policies, work with counties, and set the minimum level of local participation at not less than 30%. County governments will help local contractors and workers take part in projects, monitor activities, and report on what happens in their areas.
3. It also creates a Local Content Development Committee to lead and monitor how the law is applied. The Committee will advise the government, approve company plans, and make sure companies follow the law. It will have a secretariat to handle research, training, and record keeping.
4. Every company in the extractive industry must prepare a Local Content Plan before getting a license. The plan must show how the company will hire Kenyan workers, use local goods and services, train locals, transfer technology, and work with Kenyan banks. Companies will also send regular progress reports to the Committee.
5. To support local businesses, the Bill says local companies should be given first priority when bidding for tenders, especially if their price is within 10% of the lowest foreign bid. It also encourages partnerships between local and foreign companies and sets rules for minimum Kenyan ownership. The Bill also creates a Training and Development Fund to support training, education, and technical growth for Kenyans.
6. Companies must send yearly reports showing how they are supporting local content. The Committee will check their progress and report to the Cabinet Secretary and the Senate. Anyone who breaks the law by giving false reports, fronting for foreigners, or ignoring local content rules will face fines, jail, or loss of license. Company leaders can also be punished if the offence happens under their watch.

7. The Bill allows a smooth change from old laws to new ones. Current oil, gas, and mineral contracts will remain valid but must follow the new law when renewed. It also updates other laws like the Mining Act, Petroleum Act, and Energy Act to fit with this new framework.
8. The Bill also looks at what other countries have done. Nigeria's law has helped create many jobs and increased local participation. Angola's law makes sure companies employ locals and train them, while Ghana's law gives preference to local companies that own at least 51% of shares.

MIN.NO.NA/ENERGY/2025/184: CONCERNS/OBSERVATIONS

- a) The Committee noted that the Bill had previously been presented to the National Assembly and did not see the light of the day and was concerned to know at what level did the Bill reach and why it was never processed by the National Assembly.
- b) It was noted that the Bill seeks to enrich the Energy Act, CAP 314 of 2019 by ensuring Kenyans benefit from the country's oil, gas, and mineral resources.
- c) The Committee observed the need of more time to scrutinize the Bill for better understanding and enrichment of the Bill.

MIN. NO.NA/ENERGY/2025/185: RESOLUTIONS

- a) The Committee resolved to schedule a meeting on Tuesday 21st October 2025 in order to receive a briefing from the Parliamentary Budget Office to determine whether the Local Content Bill, 2023 (Senate Bill No. 50 of 2023) qualifies as a Money Bill or not.

MIN. NO. NA/ENERGY/2025/186: ADJOURNMENT

There being no other business, the meeting was adjourned at twenty minutes past eleven O'clock.
The next meeting to be held on notice.

Signed..... Date.....

(HON. DAVID GIKARIA, CBS, M.P. CHAIRPERSON)



**THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FOURTH SESSION, 2025
DIRECTORATE OF DEPARTMENTAL COMMITTEES**

**MINUTES OF THE 44TH SITTING OF THE DEPARTMENTAL COMMITTEE ON
ENERGY HELD ON THURSDAY, 13TH NOVEMBER 2025 IN THE COMMITTEE ROOM
12, NEW WING, MAIN PARLIAMENT BUILDING AT 10:00AM.**

PRESENT.

1. The Hon. Elisha Odhiambo, MP-*Sessional Chair*
2. The Hon. Walter Owino, MP
3. The Hon. Tom Mboya Odege, MP
4. The Hon. Julius Musili Mawathe, MP
5. The Hon. Simon Kingara, MP
6. The Hon. Geoffrey Ekesa Mulanya, MP
7. The Hon. Victor Koech Kipnetich, MP
8. The Hon. Barongo Nolfason Obadiah, MP
9. The Hon. Cecilia Asinyen Ngiti, MP

APOLOGY

1. The Hon. David Gikaria, CBS, MP-**Chairperson**
2. The Hon. Lemanken Aramat, MP-**Vice-Chairperson**
3. The Hon. Samuel Gonzi Rai, MP
4. The Hon. Charles Gimose, MP
5. The Hon. George Omwera Aladwa, MP
6. The Hon. Siyad Amina Udgoon, MP

IN-ATTENDANCE:

COMMITTEE SECRETARIATE

- | | | |
|------------------------|---|----------------------|
| 1. Mr. Fredrick Otieno | - | Clerk Assistant I |
| 2. Mr. Salim Athuman | - | Clerk Assistant III |
| 3. Mr. Brian Njeru | - | Fiscal Analyst II |
| 4. Ms. Brigita Mati | - | Senior Legal Counsel |
| 5. Ms. Rehema Koech | - | Hansard Officer |
| 6. Ms. Viviane Juma | - | Intern Officer |

AGENDA:

1. Prayers
2. Preliminaries/Introductions
 - i. Adoption of the Agenda
 - ii. Remarks by the Chairperson
3. Confirmation of Minutes/Matters Arising.
4. **Agenda: Briefing on the Local Content Bill (Senate Bill No.50 of 2023) by the Parliamentary Budget Office.**
5. Any other Business
6. Adjournment/Date of the next meeting

MIN. NO. NA/ENERGY/2025/191: PRELIMINARIES

The Chairperson called the meeting to order at eleven O'clock followed by a prayer. The agenda of the meeting was adopted as listed above having been proposed and seconded by Hon.Victor Koech, MP and Hon.Tom Odege, MP respectively.

MIN.NO.NA/ENERGY/2025/192: BRIEFING ON THE LOCAL CONTENT BILL (SENATE BILL NO.50 OF 2023) BY THE PARLIAMENTARY BUDGET OFFICE.

The Fiscal Analyst made a brief presentation on the local Content Bill (Senate Bill No.50 Of 2023) and it highlighted the following:

1: OVERVIEW OF THE DRAFT BILL.

- i. The Bill seeks to ensure Kenyans derive maximum economic and social benefits from oil, gas, petroleum and mineral resources and also promote use of Kenyan labour, goods, services and financing. Among the key provision of the Bill include;
 - a) Establishment of a Local Content Development Committee and a nine-member Board to oversee, coordinate and manage local content development.
 - b) The Board will have a Director and Secretariat that will handle daily operations.
 - c) Definition of the roles of National and County Governments in implementing and monitoring the local contents.
 - d) Requiring operators in the extractive industry to submit a Local Content Plan covering employment, technology transfer, research and financing.
 - e) Proposing of a Training and Development Fund to enhance local capacity.
- iii. According to the Bill, earlier Laws (Mining Act 2016, Energy Act 2019, and Petroleum Act 2019) promoted local involvement but were fragments; this Bill unite those efforts under one national framework.
- iv. Other countries such as Nigeria, Sierra Leone and Guyana have achieved positive result from local content laws that promote local hiring, skills transfer and ownership. Kenya can learn from them since it currently a single enforcement body for local content.
- v. The Bill operation is estimated as follows:
 - Year 1- Kshs.54.6 million
 - Year 2- Kshs.57.3 million
 - Year 3-Kshs.60.2 million

The estimated cost covers board allowances, staff salaries and operations.

- vi. Some of the expected benefits include;
 - a. More jobs for Kenyans and stronger local companies.
 - b. Improved training, technology transfer and accountability in the extractive sector.
 - c. greater retention of value within the Kenyan economy.
- vii. Possible challenges include
 - a. Higher cost and compliance demands for investors.
 - b. Limited local technical capacity in some specialized areas.
 - c. Unstable funding if company profits are low.
 - d. Tax incentive may reduce government revenue.

CONCLUSIONS.

The Local Content Bill qualifies as a Money Bill since it affects taxation, government spending and public funds.

overallly it aims to give Kenyans more control and benefits from natural resources while supporting sustainable economic growth.

MIN.NO.NA/ENERGY/2025/193.CONCLUSIONS/RESOLUTIONS

The committee resolved to summon the proposer of the Local Content Bill Sen (Dr) Oburu Odinga to appear to provide more information on the Bill and also the learn the details from the committee concerns.

The legal counsel confirmed that the Local Content Bill is Money Bill therefore directly linked to National Government despised emanating from the Senate.

MIN. NO. NA/ENERGY/2025/194: ADJOURNMENT

There being no other business, the meeting was adjourned at half past eleven O'clock. The next meeting to be held on notice.

Signed..... Date.....

(HON. DAVID GIKARIA, CBS, M.P. CHAIRPERSON)

Remove asbestos roofs, order MPs

BY SAMWEL OWINO

A parliamentary committee has given all public institutions one year to remove asbestos roofing from their buildings, a process that will be overseen by the National Environment Management Authority (NEMA).

In a report tabled in the House, the National Assembly Committee on Public Petitions has also directed the Ministry of Health to conduct a medical survey within six months to ascertain the extent and impact of exposure to asbestos, which is reported to cause cancer.

According to government records, 188 schools and other educational institutions have been found to contain asbestos in various quantities, totalling some 3,180 tonnes.

Documents tabled in Parliament last year indicate that buildings belonging to the National Treasury, the Ministry of Lands, Urban Planning, Housing and

Public Works, the Ministry of Interior, the Ministry of Education and the Ministry of Health are among those with the highest levels of asbestos roofing.

The private sector is also to blame, as it has a total of 8,467 tonnes of asbestos.

Research shows that exposure to asbestos is hazardous to human health and can result in mesothelioma, an aggressive cancer that affects the membrane lining the lungs and abdomen, presenting symptoms similar to respiratory illnesses.

"The committee recommends that all stakeholders remove asbestos roofing from public institutions within one year of tabling of this report," reads the committee report.

The MPs said that whereas there is increased removal and disposal of asbestos roofing materials, the process in the country is quite slow.

They also noted that the deteriorating asbestos sheets continue to release fibres into the air contaminating soil, water and endangering communities.

Courts Suspended hospital chief accused of corruption Ex-KNH boss's Sh229m cash and assets frozen

Anti-graft agency wants Dr Kamuri to forfeit 'unexplained wealth'

BY SAM KIPLAGAT

The High Court has frozen money in bank accounts, bonds and properties worth Sh229 million belonging to a suspended Kenyatta National Hospital chief executive.

Justice Lucy Njuguna ordered the preservation of the money and property, pending the filing of a forfeiture petition by the Ethics and Anti-Corruption Commission.

Dr Evanson Njoroge Kamuri is suspected to have acquired the wealth corruptly.

The frozen assets include land properties valued at Sh130 million, treasury bonds worth Sh55 million, and Sh44.5 million cash held in six bank accounts.

"A temporary injunction is hereby issued in terms of prayers 2) (6) and (7) of the Notice of Motion to last until the 11/09/2025," said the judge.

The anti-graft commission said it commenced investigations against Dr Kamuri over allegations of abuse of office and procurement irregularities in two tenders at the KNH.

One of the tenders was for the supply, delivery, installation and testing and commissioning of a medical oxygen generating plant, which was awarded to Biomax Africa Ltd.

A second tender was for the installation of an Enterprise Resource Planning (ERP) system and supporting hardware components at the country's top referral hospital.

The EACC said it has completed its investigations and is now seeking forfeiture proceedings for the unexplained wealth.



Dr Evanson Kamuri when he appeared before MPs on July

WHAT EACC SAID

"That having considered and analysed responses by the respondent on the disproportion between his assets and known legitimate sources of income, it was evidence that the respondent failed to explain the disproportion of assets amounting to Sh229,445,647," the commission said.

"The commission under section 55(2) of ACECA has instituted a suit seeking forfeiture of the above assets of Sh229.4 million, which were acquired at a time the respondent was reasonably suspected of corruption or economic crimes," EACC added.

The Sh130 million properties being sought are in Kitengela and Ngong.

The EACC said the Ministry of Health advertised a tender for the procurement of an oxygen generating system at KNH at a cost of Sh443.6 million.

Being the CEO, Dr Kamuri allegedly irregularly executed several addendum contracts between him and Biomax Africa that purported to extend the initial contract, contrary to the Public Procurement and Assets Disposal Act and other procurement regulations.

It is alleged that he abused his office by approving and authorising payment of Sh290 million to Biomax Africa for an alleged substandard oxygen generating plant, which has failed to qualitatively and quantitatively meet the expectations in the tender document, thus leading to a loss of public funds.

Investigations revealed that the CEO received Sh114.4 million through his bank accounts.

The EACC had initially targeted properties worth Sh446 million.

Dr Kamuri gave his response in a letter dated June 26, 2025, and the commission did an analysis, and confirmed that assets worth Sh237 million had been satisfactorily explained. This left a balance of assets worth Sh229.4 million as unexplained.

The commission said where the assets have been wasted, or otherwise unavailable for forfeiture, the court should order him to pay the government for the assets' equivalent value in monetary terms.

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REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY THIRTEENTH PARLIAMENT - FOURTH SESSION (2025)

IN THE MATTER OF ARTICLE 118 (1)(b) OF THE CONSTITUTION
AND

IN THE MATTER OF CONSIDERATION BY THE NATIONAL ASSEMBLY OF:-

- (1) THE PROVISIONAL COLLECTION OF TAXES AND DUTIES (REPEAL) BILL (NATIONAL ASSEMBLY BILL No. 18 OF 2025);
- (2) THE NATIONAL POLICE SERVICE (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL No. 39 OF 2025)
- (3) THE STREET VENDORS (PROTECTION OF LIVELIHOOD) BILL (SENATE BILL No. 41 OF 2023);
- (4) THE LOCAL CONTENT BILL (SENATE BILL No. 50 OF 2023);
- (5) THE EARLY CHILDHOOD EDUCATION (AMENDMENT) BILL (SENATE BILL No. 54 OF 2023); AND
- (6) THE CREATIVE ECONOMY SUPPORT BILL (SENATE BILL No. 30 OF 2024)

INVITATION TO SUBMIT MEMORANDA

WHEREAS, Article 118(1)(b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees and Standing Order 127(3) of the National Assembly Standing Orders requires House Committees considering Bills to facilitate public participation; AND WHEREAS, the Provisional Collection of Taxes and Duties (Repeal) Bill (National Assembly Bill No. 18 of 2025); the National Police Service (Amendment) Bill (National Assembly Bill No. 39 of 2025); the Street Vendors (Protection of Livelihood) Bill (Senate Bill No. 41 of 2023); the Local Content Bill (Senate Bill No. 50 of 2023); the Early Childhood Education (Amendment) Bill (Senate Bill No. 54 of 2023); and the Creative Economy Support Bill (Senate Bill No. 30 of 2024) have been read a First Time and referred to the relevant Departmental Committees for consideration and reporting back to the House;

IT IS NOTIFIED that:-

- (1) The Provisional Collection of Taxes and Duties (Repeal) Bill (National Assembly Bill No. 18 of 2025) is a Bill sponsored by the Leader of Majority Party which seeks to repeal the Provisional Collection of Taxes and Duties Act (Cap. 415).
 - (2) The National Police Service (Amendment) Bill (National Assembly Bill No. 39 of 2025) is a Bill sponsored by the Hon. Oduka Oduka, MP. The Bill seeks to amend the National Police Service Act, Cap. 84 to provide for an age limit of sixty years for persons nominated and appointed to the offices of Inspector-General and Deputy Inspector-General of Police.
 - (3) The Street Vendors (Protection of Livelihood) Bill (Senate Bill No. 41 of 2023) is a Bill sponsored by Sen. Esther Okenyuri Anyieni, MP and co-sponsored in the National Assembly by Hon. Owen Baya, MP. The Bill seeks to provide a legal framework for the recognition, protection and regulation of street vending.
 - (4) The Local Content Bill (Senate Bill No. 50 of 2023) is a Bill sponsored by Sen. Oburu Odinga, MP. The Bill seeks to facilitate the local ownership, control and financing of activities connected with the exploitation of gas, oil and other petroleum resources; and to provide a framework to increase the local value capture along the value chain in the exploration of gas, oil and other petroleum resources. In particular the Bill seeks to-
 - (a) provide for structures to promote, develop, and enforce local content across the entire extractive value chain;
 - (b) increase local ownership, control, and financing of extractive projects by ensuring that at least 30% of participation of Kenyan individuals, businesses, and financial institutions;
 - (c) support fair sharing of revenues, create more jobs, build skills, encourage technology transfer, fund research and development, and promote the purchase of Kenyan-made goods and services that meet global standards;
 - (d) establish a Local Content Development Committee, mandated to review and approve local content plans, monitor compliance, and even recommend the revocation of licenses where companies fail to meet the requirements;
 - (e) require the National and County Governments to set targets, carry out audits, and put measures in place to assist local enterprises to grow and participate meaningfully in the sector; and
 - (f) prescribe penalties and enforcement measures related to ensuring participation of locals in the exploitation of gas, oil and other petroleum resources.
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 - (6) The Creative Economy Support Bill (Senate Bill No. 30 of 2024) is a Bill sponsored by Sen. Eddy Cicheru Oketch, MP and co-sponsored in the National Assembly by Hon. Irene Mayaka, MP. The Bill seeks to establish mechanisms for the support of the creative industry to the economy and to establish the Creatives Fund.
- NOW THEREFORE, in compliance with Article 118(1)(b) of the Constitution and National Assembly Standing Order 127(3), the Clerk of the National Assembly hereby invites the public and stakeholders to submit memoranda on the Bills to the respective Departmental Committees as listed below:-

S/No.	BILL	COMMITTEE
1.	The Provisional Collection of Taxes and Duties (Repeal) Bill (National Assembly Bill No. 18 of 2025)	Finance and National Planning
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Copies of the Bills are available at the National Assembly Table Office, Main Parliament Building, and on www.parliament.go.ke/the-national-assembly/house-business/bills.

The memoranda may be forwarded to the Clerk of the National Assembly, P.O. Box 41842-00100, Nairobi; hand-delivered to the Office of the Clerk, Main Parliament Building, Nairobi; or emailed to ena@parliament.go.ke to be received on or before Wednesday, 15th October, 2025 at 5.00 p.m.

S. NJORGE, CBS
CLERK OF THE NATIONAL ASSEMBLY

1st October, 2025

For the Welfare of Society and the Just Government of the People

Members laxity leaves EAC in financial mess



East Africa Community, Asals and Regional Development CS Beatrice Askul. [Jonah Onyango, Standard]

EAC Cabinet Secretary tells Parliament member State have failed to meet their financial obligations.

East Africa Legislative Assembly has been unable to hold formal sessions, while many other functions have been underfunded.

By GITHINJI, NAIROBI

The East Africa Community is in a financial crisis, with members of the East Africa Legislative Assembly (EALA) unable to hold formal sessions.

The EAC Cabinet Secretary Beatrice Askul told the National Assembly that failure by some member States to honour their financial obligations has constrained the bloc's ability to implement its programmes.

The CS said Kenya has kept its end of the bargain, adding that there are proposals to amend some of the treaties and protocols, which have been in operation since the time of the three pioneer member States.

"If a country is not paying and there are no funds, then what becomes of it? For the ones that are paying, then what becomes of them because they are freely compliant and are assembly compliant?" the CS told the Defence, Intelligence and Foreign Relations Committee. She said discussions are underway among the attorneys of EAC to see which laws need to be amended.

"Whatever amount available, that is the money distributed to the entire structure of the EAC. Sometimes it is not adequate to run the activities of everyone."

The committee also heard that implementing the AC's decisions remains inconsistent across the region, which has limited effectiveness.

Asked why Arusha has been domineering in matters EAC, Askul said there was an earlier communication that was implemented by the first founders of EAC, that Tanzania would host the bloc for 20 years.

"So that is where most of the activities are in Arusha, and I think it is time now we revisit

that. The EAC organs, the Secretariat headquarters have changed a lot. By then, that was the agreement that was made for 20 years. It is time we look at it because we also have other new partners on board. That is why you hear Arusha all the time," said the CS.

Askul also told the committee that gaps in development of key infrastructure continue to limit the full potential of regional integration.

"While significant progress has been made, inadequate transport and communication infrastructure in some partner States continue to increase the costs of regional trade and interaction. These infrastructure deficits limit the benefits that Kenyans can derive from regional markets and opportunities," she said.

Challenges on non-tariff barriers have also persisted despite the establishment of the Customs Union, which has created additional costs and complications for consumers and traders.

On the July ban that prohibited 15 businesses in Tanzania, the CS admitted that the Samia Suluhu administration went overboard.

She said the rights of citizens for EAC members to enter and establish economic activities in other partner states is enshrined in Article 13 of the protocol and Annex 3 to the protocol of East Africa Common Market.

"There are a lot of issues defending why every partner state was not okay with that prohibition but as Kenya, we had our technical team that are concerned with harmonising markets with the provisions of the treaty. They are sitting right now in Dar es Salaam and are engaging on a bilateral agreement between Kenya and Tanzania on matters that were prohibited," she said.

The ministry also told the committee that much as the ban is anchored in Tanzanian law, it may not directly apply to Kenya.

"I think they have told us it does not apply to Kenya. They were addressing their other interests on this and have given us assurance that through our embassy, should any Kenyan national fall victim to this, they will address. Their problem was China and the Chinese who were infiltrating their markets. The Chinese, the Turkish, who are now in all the businesses, and maybe in Kenya it's the same. That is their problem."

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REPUBLIC OF KENYA

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**S. NJOROGE, CBS
CLERK OF THE NATIONAL ASSEMBLY**

1st October, 2025

For the Welfare of Society and the just Government of the People

REPUBLIC OF KENYA



**PARLIAMENT
DIRECTORATE OF LEGAL SERVICES**

**LEGAL OPINION
ON
THE LOCAL CONTENT BILL, 2023
(SENATE BILLS NO. 50 OF 2023)**

PART I: SUMMARY OF THE BILL

The Local Content Bill, 2023 (Senate Bills No. 50 of 2023) was published in the Kenya Gazette Supplement No. 224 of 24th November, 2023 and sponsored by Sen. Oburu Oginga Odinga, CBS, Ph.D., Senator for Siaya County and Chairperson of the Standing Committee on Energy, the Senate. The Bill was passed by the Senate, with amendments, on 7th August, 2025 and received at the National Assembly Table Office on 14th August, 2025.

The Bill seeks to provide a legal framework to facilitate local ownership, control and financing of activities connected with the exploitation of gas, oil, other petroleum resources and mineral resources in Kenya. It contains sixty-four (64) clauses arranged in seven (7) Parts, together with a Schedule.

Part I (Clauses 1-5) sets out the preliminary provisions, including definitions, application to all commercial activities in the extractive industry, and guiding principles anchored on Articles 10, 62 and 69 of the Constitution.

Part II (Clauses 6-8) assigns roles to both the National and County Governments in the development and adoption of local content, and sets the minimum local participation threshold at not less than thirty percent.

Part III (Clauses 9-23) establishes the Local Content Development Committee as the body responsible for overseeing, coordinating and managing local content in the country. It also establishes a Secretariat headed by a Director, and a General Fund to finance the Committee's work.

Part IV (Clauses 24-43) obliges every operator in the extractive industry to prepare and submit a Local Content Plan before obtaining a licence or permit. The plan covers procurement,

employment, skills development, technology transfer, research and development, and use of local financial institutions.

Part V (Clauses 44-50) prescribes strategies for local content development, including procurement preferences for local companies (with a 10% price preference margin), minimum Kenyan equity thresholds, financial incentives, and the establishment of the Local Content Training and Development Fund financed by an annual levy on operators.

Part VI (Clauses 51-60) contains miscellaneous provisions on monitoring, public participation, offences (including penalties of up to Ksh 3 million or 5 years' imprisonment), licence revocation, and regulation-making powers.

Part VII (Clauses 61-64) provides for the transitional arrangements and consequential amendments to the Mining Act (Cap. 306), the Petroleum Act (Cap. 308) and the Energy Act (Cap. 314), repealing overlapping local content provisions in those statutes.

PART II: WHETHER THE BILL IS A MONEY BILL

Preliminary. The considered opinion of this Directorate is that the Bill raises money Bill issues, that it is a Bill which, under Article 109(5) of the Constitution, could only have originated in the National Assembly, and that the determinative opinion on its characterisation should be sought from the Parliamentary Budget Office as the office tasked with the money Bill determination.

A. The constitutional framework

(a) Article 95(4)(b) and (c) of the Constitution confers on the National Assembly the function of determining the allocation of national revenue between the levels of government, appropriating funds for expenditure by the national government and other national State organs, and exercising oversight over national revenue and its expenditure. The Senate's law-making function under Article 96(2) is confined to considering, debating and approving Bills concerning counties.

(b) Article 109(5) provides that a money Bill may be introduced only in the National Assembly, in accordance with Article 114. The word "only" is exclusionary. It admits of no qualification, and the Article contains no exception permitting origination elsewhere by consent, by concurrence of the two Speakers, or by reason of the Bill also touching on county government.

(c) Article 114(1) provides that a money Bill may not deal with any matter other than those listed in the definition of a money Bill in Article 114(3).

(d) Article 114(2) provides that if, in the opinion of the Speaker of the National Assembly, a motion makes provision for a matter listed in the definition of a money Bill, the Assembly may proceed only in accordance with the recommendation of the relevant Committee, after taking into account the views of the Cabinet Secretary responsible for finance.

(e) Article 114(3) defines a money Bill as a Bill, other than a Bill specified in Article 218, that contains provisions dealing with— (i) taxes; (ii) the imposition of charges on a public fund or the variation or repeal of any of those charges; (iii) the appropriation, receipt, custody, investment or issue of public money; (iv) the raising or guaranteeing of any loan or its repayment; or (v) matters incidental to any of those matters.

(f) The only Bills expressly excluded from the definition are those specified in Article 218, namely the Division of Revenue Bill and the County Allocation of Revenue Bill. The Local Content Bill, 2023 is not a Bill of that description, and the exclusion is therefore unavailable to it.

(g) The exclusion of the Senate from money Bills is a deliberate feature of the constitutional design, reflecting the allocation of the power over national revenue and expenditure to the House that represents the people directly. The Supreme Court has emphasised, in *Speaker of the Senate & another v Attorney-General & 4 others* (Advisory Opinion No. 2 of 2013), that the constitutionally prescribed path for the making of legislation is not a mere formality; where the Constitution allocates a legislative competence to one House, that allocation is jurisdictional, and the courts will look to the substance of what a Bill does rather than to the label attached to it.

B. Provisions of the Bill that engage Article 114(3)

The following provisions of the Bill engage the definition of a money Bill—

Clause	Provision of the Bill	Limb of Article 114(3) engaged	Character of the provision
Clause 21	Establishes the General Fund of the Local Content Development Committee; provides for payment into the Fund of monies accruing to or vesting in the Committee, annual contributions from the ministries responsible for the extractive industry, and monies from any other source.	114(3)(b) and (c)	Creates a public fund and provides for the receipt, custody and investment of public money. The annual ministerial contributions are a charge on monies already appropriated to those ministries, and therefore a charge on a public fund.
Clause 22	Requires the Committee to prepare annual estimates of revenue and expenditure for approval by the Cabinet Secretary.	114(3)(b) and (c)	Establishes a recurrent appropriation and expenditure cycle for a new State entity. Read with Clauses 9 to 20 (Committee, Secretariat, Director and staff), it creates a standing charge on public funds for remuneration and administration.
Clause 40	Obliges every operator to set aside annually a percentage of gross revenue, as the Cabinet Secretary may prescribe, for research and development.	114(3)(a) and (e)	A compulsory exaction of a proportion of revenue imposed by force of law. Its character as a tax or charge does not depend on the label used. The rate is left to be prescribed by the Cabinet Secretary, which also engages Article 210(1).

Clause	Provision of the Bill	Limb of Article 114(3) engaged	Character of the provision
Clause 49	Empowers the Cabinet Secretary responsible for finance to implement tax incentives, adopt supportive tariff measures and allow tax deductibility of prescribed training and research expenditure.	114(3)(a)	Deals directly with taxes. Incentives, tariff measures and deductibility are, in substance, the waiver or variation of tax and the alteration of the tax base, which Articles 210(1) and 210(2) reserve to legislation.
Clause 50	Establishes the Local Content Training and Development Fund and requires every operator to remit annually a tax-deductible training levy consisting of a percentage of net revenues as the Cabinet Secretary may prescribe.	114(3)(a), (b), (c) and (e)	The single clearest instance. It imposes a levy, creates a public fund, provides for the receipt and custody of the levy and prescribes the application of the Fund. The deductibility element additionally affects the income tax base.
Clauses 44 to 47	Prescribe procurement preference for local companies, including a ten per cent price preference margin.	114(3)(e)	To the extent that the preference applies to procurement by public entities, it directly affects the expenditure of public money and is incidental to a matter listed in Article 114(3).
Clauses 51 to 60	Create offences attracting fines of up to Ksh 3 million.	114(3)(c)	Fines are receipts of public money payable into the Consolidated Fund under Article 206(1). This limb is supportive only and would not, standing alone, characterise the Bill.

C. The consequence under Article 109(5)

(a) It follows from the foregoing that the Local Content Bill, 2023 is a Bill which could only have been introduced in the National Assembly. It was introduced in the Senate, passed by the Senate on 7th August, 2025 with amendments, and transmitted to this House on 14th August, 2025. On the characterisation set out above, the Senate lacked the competence to introduce it.

(b) The defect attaches to origination, and it is not cured by the proceedings of the receiving House. Nothing that the National Assembly may do under Standing Order 143 (consideration of Bills originating from the Senate) can retrospectively supply the Senate with a competence which the Constitution withholds from it. Legislation enacted on such a Bill would be exposed to challenge on process grounds, on which the courts have not hesitated to invalidate statutes.

(c) Referral under Article 114(2) does not cure it either. Article 114(2) is a procedure internal to the National Assembly, governing how this House deals with money matters arising in proceedings properly before it. It presupposes a Bill or motion validly before the House. It is a safeguard on the exercise of a competence, not a means of validating a defect in origination.

(d) Three courses are open to the House, of which only the third is free from constitutional risk—

(i) Decline to proceed. The Speaker, on the certification of the Parliamentary Budget Office, communicates a determination that the Bill offends Article 109(5) and that the House cannot proceed with it. This course is constitutionally sound but sets aside the policy work already done.

(ii) Excise the money provisions by amendment. The House proceeds, following certification and the recommendation of the Budget and Appropriations Committee, on the footing that Clauses 21, 22, 40, 49 and 50 may be deleted at the Committee of the whole House so as to leave a purely regulatory Bill. Two objections arise. First, deletion would leave the Committee, the Secretariat and both Funds without any source of money, so that what remained would be a shell. Secondly, and more fundamentally, if the Bill was a money Bill when it was introduced, the defect in origination had already occurred, and amendment in the receiving House cannot undo it.

(iii) Re-originate the Bill in the National Assembly. The substance of the Bill, including its financial provisions, is introduced afresh in this House by a Member or a Committee under Article 109(5) and Standing Order 114, with the policy content and the drafting work of the Senate carried over. This course cures the constitutional defect, preserves the legislative investment already made in the Bill and its public participation record, and allows the money provisions to be considered by the House that holds the power over public finance. It is the course this Directorate recommends.

(e) In each case, the step taken by the House should rest on the certification of the Parliamentary Budget Office and, where money Bill aspects are certified, on the recommendation of the Budget and Appropriations Committee taking into account the views of the Cabinet Secretary responsible for the National Treasury.

PART III: CONCLUSION AND RECOMMENDATIONS

(a) The Local Content Bill, 2023 provides a comprehensive framework for local content in the extractive industry. Its passage by the Senate and transmission to the National Assembly places it before this House for consideration.

(b) The Bill raises money Bill issues. It contains provisions dealing with taxes, with the imposition of charges on public funds, and with the appropriation, receipt and custody of public money, in Clauses 21, 22, 40, 49 and 50, and it is not a Bill specified in Article 218. On the plain terms of Article 114(3), which asks only whether a Bill contains provisions dealing with the listed matters, the Bill falls within the definition of a money Bill. The statement in the Bill that it is not a money Bill is not determinative of the question.

(c) It follows that, under Article 109(5) of the Constitution, the Bill could only have been introduced in the National Assembly. Having been introduced and passed in the Senate, the Bill is defective in its origination, and the defect is not curable by referral under Article 114(2), by amendment in this House, or by any resolution under Article 110(3).

(d) Pending that certification and, if money Bill aspects are certified, the recommendation of the Budget and Appropriations Committee taking into account the views of the Cabinet Secretary responsible for the National Treasury, it is recommended that the House rejects the Bill pursuant to Article 109 (5) of the Constitution.

(e) If the Bill is certified as a money Bill, the recommended course is that its substance be re-introduced in the National Assembly under Article 109(5) and Standing Order 114, carrying over the policy content, the drafting and the public participation record of the Senate Bill.

DIRECTORATE OF LEGAL SERVICES
PARLIAMENT OF KENYA



PARLIAMENT OF KENYA

PARLIAMENTARY BUDGET OFFICE

LEGISLATIVE PROPOSAL: FISCAL AND ECONOMIC POLICY BRIEF

Title: The Local Content Bill No. 50 of 2023

Proposed by: The Senate

Source: Parliamentary Budget Office

Email: pbo@parliament.go.ke

Date: November, 2025

A. OVERVIEW OF THE DRAFT BILL

1. The Legislative proposal seeks to create a legal framework that ensures Kenyans derive maximum social and economic benefits from the exploration, development, and exploitation of oil, gas, petroleum, and mineral resources in the country. The objective of the draft proposal is to promote local participation, ownership, and value addition in the extractive industry through the use of Kenyan labour, goods, services, businesses, and financing. Among the key provisions of the Bill include;
 - a. Establishment of the Local Content Development Committee - a national body established under section 9 of the bill.
 - b. The Functions of the committee which include: - overseeing, coordinating, and managing the development of local content in the country.
 - c. Establishment of the Board of the committee- nine (9) nine-member board vested with management of the committee. Among the functions of the Board include making recommendations and advising the Cabinet Secretary on policies, strategies, and plans relating to the development and implementation of local content.
 - d. Establishment of the office of the Director, who is responsible for the day-to-day management of the Committee. Also includes a Provision for the establishment of the committee's secretariat.
 - e. Provision for the role of the National and County Governments- the role of the County Government includes implementation of the national government policies, strategies, monitoring, and regular audits on compliance with the bill. At the same

time, the National Government will develop strategies and facilitate local capability development.

- f. Provision setting out the obligation of every operator in the extractive industry to submit a Local Content Plan before applying for a license or permit, as well as prepare specific plans, including an employment and skills development plan, a transfer of technology and research plan, a Research and development plan, and a Financial Services plan.
- g. Provision outlining strategies to enhance local content development, including the establishment of a fund for training and development.

B. SITUATIONAL ANALYSIS

2. Kenya's extractives sector has gained prominence since the early 2010s, driven by significant discoveries such as oil in Turkana in 2012 and various minerals, including titanium in Kwale, coal in Kitui, and rare earths in coastal regions. These findings prompted a shift from a historically underdeveloped sector contributing less than 1% to GDP prior to 2010 to one viewed as a pillar of economic transformation under Vision 2030, Kenya's long-term development blueprint.
3. The roots of local content in Kenya's extractives can be traced to the post-independence era, but structured policies emerged in response to the 2012 oil discovery by Tullow Oil in Turkana, which highlighted the need for mechanisms to capture value locally amid high community expectations.
4. Prior to this, Kenya's extractive sector was governed by the outdated Mining Act of 1940, which offered minimal provisions for local participation, focusing instead on colonial-era export-oriented extraction. The 2010 Constitution marked a turning point by devolving resource management to counties, mandating benefit-sharing, and emphasizing community involvement under Articles 62 and 69, which require sustainable exploitation and equitable distribution of natural resources.
5. In 2014, the government introduced draft Petroleum (Exploration, Development, and Production) (Local Content) Regulations, requiring at least 5% indigenous equity in petroleum agreements and preferences for Kenyan goods and services. This was followed by the Mining Act of 2016, which incorporated local content elements such as mandatory use of local goods and services (Section 46), employment and training of Kenyans (Section 47), local equity participation (Section 49), and preference for local products (Section 50). The Act aimed to address historical imbalances where foreign companies dominated operations, often importing labor and materials, leaving limited economic footprints.
6. The Energy Act 2019 and the Petroleum Act of 2019 built on this, mandating local content requirements for oil and gas operators (Section 50), monitoring and enforcement of local content (Section 51), as well as establishment of the Training and Training Fund (Section 51) with a nearly similar fund also proposed in the local content bill of 2023. However, these sector-specific laws were criticized for fragmentation, leading to calls for a unified framework.
7. Efforts to consolidate Local Content Policies (LCPs) intensified with the introduction of the Local Content Bill in 2016 by the Senate, which sought to cover oil, gas, and mining comprehensively. This bill evolved through revisions in 2018 and 2023, highlighting the need for a national policy to anchor regulations, noting gaps in mining coverage and institutional coordination, as well as

the adoption of a broader Local Content Policy, emphasizing value addition in extractives to counter enclave economies where benefits bypass locals.

C. INTERNATIONAL COMPARISONS

8. Local content legislation has become an essential pillar of natural resource governance across the world, seeking to ensure that the exploitation of oil, gas, and mineral resources translates into tangible socio-economic benefits for host countries.
9. This focus is not unique to Kenya; a growing number of resource-rich nations, including **Nigeria**, **Sierra Leone**, and **Guyana**, have enacted specific laws to localize ownership, employment, procurement, and technology transfer within their extractive industries. Examining these countries' legal frameworks offers useful insights for Kenya as it seeks to design a robust, enforceable, and balanced local content regime that both maximizes national benefits and sustains investor confidence.

i. Nigeria

10. Nigeria presents one of Africa's most established local content frameworks. The Nigerian Oil and Gas Industry Content Development (NOGICD) Act of 2010, which was strengthened by the 2023 Nigerian Oil and Gas Industry Content Development Bill, was designed to reverse the historical dominance of foreign firms in the oil and gas sector and promote the use of Nigerian human and material resources.
11. The Act established the Nigerian Content Development and Monitoring Board (NCDMB) to enforce compliance and monitor implementation. Prior to the Act, local content participation stood at a mere 5%, with minimal indigenous involvement in upstream and downstream operations. However, by 2016, local content had increased to 26%, rising further to 42% in 2021, and reaching 56% by late 2024, according to NCDMB data.
12. These gains have translated into tangible economic benefits, i.e., over US\$8 billion is now retained annually within the domestic economy, and more than 50,000 direct jobs have been created since the law's enactment. Nigerian companies currently meet about 60% of domestic gas requirements and account for roughly 15% of crude oil production.
13. Beyond employment and economic retention, the Act has catalyzed industrial development. Over **10 fully operational fabrication yards** and **two major pipe mills** have been established, alongside new capacity in subsea engineering, logistics, and marine support services. The NCDMB's **US\$350 million Nigerian Content Intervention Fund**, in partnership with the Bank of Industry, has provided affordable financing to local companies, easing entry barriers into high-capital segments of the industry.
14. Nonetheless, challenges persist, including limited access to financing for indigenous firms, uneven technical capacity, and the risk of rent-seeking in contract awards.

ii. Sierra Leone

15. Sierra Leone has institutionalized local content in the extractives and other key sectors through the Local Content Agency Act of 2016, which established the Sierra Leone Local Content Agency

(SLLCA) as a semi-autonomous government body. The Act provides a legal framework for promoting local participation in industries including mining, petroleum, energy, construction, maritime, aviation, hotel and tourism, and public procurement. Its overarching goal is to ensure that Sierra Leonean companies, materials, and labor play a central role in the country's economic development, particularly in sectors traditionally dominated by foreign entities.

16. The SLLCA is mandated to oversee and regulate the development of local content across these sectors. Its functions include supervising and coordinating local content initiatives, evaluating and approving local content plans submitted by companies, and issuing local content certificates for materials, goods, and services produced wholly or partly in Sierra Leone. To enhance compliance and transparency, the Agency manages a Local Content Scorecard, which ranks companies based on their adherence to local content requirements, promoting accountability and performance monitoring.
17. In addition, the SLLCA administers an online internal portal and a Joint Qualification System that standardizes the supplier registration and procurement process. These mechanisms facilitate transactions between buyers and sellers, ensure consistency in supplier evaluation, and promote fairness in awarding contracts.
18. The Agency also maintains a registry of local content transactions above thresholds set by the Minister, receives and investigates complaints related to local content implementation, and fosters collaboration between public and private stakeholders.

iii. Guyana

19. Guyana moved rapidly from frontier explorer to major oil producer after the 2015 Liza discovery in the Stabroek Block, and its policy and legal framework for local content evolved in response to that discovery and the influx of multinational operators. In December 2021, Guyana enacted the **Local Content Act, No. 18 of 2021**, establishing baseline obligations for companies operating in the oil and gas sector to prioritise Guyanese labour, goods, services, and financing where capable suppliers exist; the Act also created a Local Content Secretariat to coordinate implementation and monitor compliance. The government followed this with a modernised **Petroleum Activities Act (No. 17 of 2023)** to update licensing, oversight, and sector governance for a fast-growing industry.
20. The Local Content Act uses a **sliding, phased approach** rather than one fixed quota: minimum participation levels are set to rise over time based on government assessments of local capacity and the timing of petroleum agreements, and licensed companies must submit local content plans tied to procurement, employment, training, and capacity building. The Act expressly covers prime contractors and subcontractors, and links local content performance to contracting and licensing processes, giving the state tools to require Guyanese participation while allowing for gradual scaling where the market requires development.
21. On outcomes, early implementation has produced measurable local participation but also highlighted the gap between aspiration and capacity. Guyanese firms and workers have benefited from contracting opportunities, training initiatives, and growing service work (ship chandlery, logistics, catering, some fabrication, local marine services, and shore-based support).

ExxonMobil and partners have published their own local content commitments and described collaboration with the Local Content Secretariat to develop supplier development programmes and workforce training.

22. However, independent civil-society reviews cautioned that some percentage targets in draft documents lacked transparent empirical justification and that the government must avoid rigid quotas that outpace supplier readiness; donor and observer commentary stresses the need for robust anti-corruption measures, transparent procurement, and financing support for local firms to scale.

Table 1: International Comparison Summary

Country	Single Legal Framework	Enforcement Entity
Nigeria	Nigerian Oil and Gas Industry Content Development (NOGICD) Act, 2010	Nigerian Content Development and Monitoring Board (NCDMB)
Sierra Leone	Local Content Agency Act of 2016	Sierra Leone Local Content Agency (SLLCA)
Guyana	Local Content Act (2021)	Local Content Secretariat
Kenya	No - Various segmented Statutory and National Acts	No - Enforcement done by sector-specific agencies

Source: PBO

OBSERVATIONS AND KEY LESSONS LEARNT

23. A comparative assessment of Guyana, Nigeria, and Sierra Leone reveals that the success of local content implementation in the extractive sector largely depends on strong legal foundations, institutional capacity, and measurable performance frameworks.
24. Countries such as Nigeria and Guyana, which have enacted standalone local content laws, e.g., the NOGICD Act (2010) and the Local Content Act (2021), respectively, have achieved higher compliance and investor confidence. The existence of dedicated enforcement bodies such as Nigeria's NCDMB and Guyana's Local Content Secretariat has also ensured consistent monitoring, transparent reporting, and improved local participation.

D. FINANCIAL & ECONOMIC IMPLICATIONS OF THE PROPOSAL

25. Several provisions of the Legislative proposal have financial implications. Among them are the Establishment of the Local Content Development Committee, with a Director and secretariat, and the Establishment of a nine-member Board of Directors.
26. The financial implication of the Bill is based on the following assumptions:
- The annual maintenance of the Local Content Development Committee board members will be approximately Kshs. 1,000,000 per annum per member of the board in accordance with the remuneration guidelines by the Salaries and Remuneration Commission (SRC) and the State Corporations Advisory Committee (SCAC), which is inclusive of sitting

allowances, honoraria, and other SRC-approved allowances such as airtime and transport costs;

- ii. The Board shall employ and maintain twenty-five (25) members of staff and secretariat in the first 3 years. The cost per staff member per month is approximately Kshs. 100,000 (inclusive of basic salary, pension contribution, insurance, medical cover, and other benefits);
- iii. General expenses of approximately 40% of the personnel emoluments for the Board and Secretariat;
- iv. The average inflation rate for the medium-term expenditure is estimated at 5% annually.

a) Estimated Financial Implication.

27. Table 2.0 illustrates the summary of the expenditure items required to operationalize the proposed Bill.

Table 2.0: Estimated Financial Costs in Kshs.

Expenditure			
Committee Expenses	Year 1	Year 2	Year 3
Board Members	9,000,000.00	9,450,000.00	9,922,500.00
Secretariat Remuneration	30,000,000.00	31,500,000.00	33,075,000.00
Operations & Maintenance	15,600,000.00	16,380,000.00	17,199,000.00
Total Expenses	54,600,000.00	57,330,000.00	60,196,500.00

Source: PBO computations and Estimates

b) Key Observations:

28. Based on the provided assumptions, it is estimated that it will cost approximately Kshs. 54.6 million in year 1, Kshs. 57.3 million in year 2, and Kshs. 60.2 million in year 3 to operationalize the draft Bill.

E. POTENTIAL BENEFITS AND DRAWBACKS OF THE BILL

29. The potential benefits that may accrue from operationalizing the bill include;

- i. **Increased Local Participation & Value Retention** - the Bill mandates that operators submit local content plans (covering procurement, employment, training, etc.) and sets minimum local content thresholds.
- ii. **Job Creation and Skills Development** - With requirements for hiring local labour and developing workforce training programs, the Bill can boost employment among Kenyans, especially in regions around extractives projects. Additionally, the formalization of skills transfer and workforce development plans can enhance Kenya's technical capacities over time.
- iii. **Regulatory Clarity and Accountability** - The Bill proposes setting up a Local Content Development Committee to review, approve, and track compliance of local content plans. Penalties are defined for non-compliance and offences (e.g., false representations). Such oversight improves accountability.

- iv. **Boosting Local Firms and SMEs** - Preference for Kenyan firms, goods, and services in procurement will likely help domestic supply chains. Joint ventures between local and foreign entities, as envisaged, can help local firms gain technical know-how, scale, and access to markets.
30. One potential drawback of the Local Content Bill (Senate Bill No. 50 of 2023) lies in the **risk of investor uncertainty and increased operational costs and financial unpredictability**, which could affect both private sector confidence and government fiscal stability. While the Bill's intent to strengthen domestic participation is commendable, stringent local content requirements may compel investors to restructure supply chains, engage in costly compliance processes, or delay project implementation due to insufficient local capacity in specialized fields such as drilling, engineering, and geoscience.
31. The proposed **Local Content Development Committee** is also expected to rely on two main funding sources, i.e., **annual exchequer allocations** and **operator remittances through a tax-deductible training levy** based on a percentage of each operator's **net revenues**. However, extractive sector operations, particularly in the exploration and early production phases, are often **highly capital-intensive and characterized by long cost-recovery periods**, resulting in **low or even negative net revenues** for several years. This means that in periods of low profitability or declared losses, **the levy yield would decline sharply**, creating **unpredictable and potentially insufficient funding** for the Committee's operations and training programs.
32. Furthermore, the Bill's additional provisions to **introduce tax incentives, adopt supportive and non-distorting tax measures, and allow tax deductibility for certain training expenditures**, though designed to encourage compliance, could further **erode the government's taxable base** and **lower total revenue collections** from the extractive sector.

F. CONCLUSION

33. In conclusion, based on Article 114 of the Constitution of Kenya (2010), the Local Content Bill (Senate Bill No. 50 of 2023) qualifies as a Money Bill because it contains clear provisions that have direct implications on public finances, including taxation, public expenditure, and revenue collection.
34. The Bill establishes a Local Content Development Committee, whose operations will depend on funding from the Exchequer and a training levy remitted annually by operators, calculated as a percentage of their net revenues and designated as tax deductible. This levy directly affects government revenue streams and taxation policy, while the Committee's funding from public coffers entails appropriation and expenditure of public funds.
35. Furthermore, the Bill proposes tax incentives, supportive and non-distorting tax measures, and tax-deductibility for training expenditures, all of which have a fiscal impact by reducing the government's potential tax receipts.



**STAKEHOLDER ENGAGEMENT WITH THE
DEPARTMENTAL COMMITTEE ON ENERGY ON THE
CONSIDERATION OF THE LOCAL CONTENT BILL
(SENATE BILL NO. 50 OF 2023)**

5th June 2026

ENERGY AND PETROLEUM SECTOR POSITION PAPER ON THE LOCAL CONTENT BILL, 2023 (THE BILL)

A. Executive Summary

1. This position paper submits that local content Bill should focus on establishing a broad, national framework for local content across general Kenyan sectors and industries, instead of focusing on Oil and Gas and Mining sector. Additionally, the paper proposes that oil and gas is a specialized industry the local content Bill as presented should be exempted from Senate to allow oil and gas sector to design specific laws and regulation aligned to the local content Bill as well as international best standard.
2. Petroleum sector is a capital-intensive, technically complex, safety-sensitive, and contractually sophisticated industry. It is uniquely governed by specialized mechanisms, including petroleum agreements, field development plans, cost recovery audits, and international petroleum industry practices. For this reason, Kenya already has an enacted statutory regime under the Petroleum Act (Cap. 308) and the Energy Act (Cap. 314). This existing framework expressly vests petroleum local content oversight in the Energy and Petroleum Regulatory Authority (EPRA).

B. Existing Legal and Regulatory Frameworks

3. **Section 10** of the Energy Act (Cap 314) expressly assigns EPRA a specialized upstream petroleum mandate. In particular, EPRA is mandated to *“regulate, monitor and supervise upstream petroleum operations in Kenya in accordance with the law relating to petroleum, the regulations made thereunder and the relevant petroleum agreement.”* The same provision requires EPRA to collect, maintain and manage upstream petroleum data; coordinate upstream petroleum infrastructure and capacity building; inspect and test machinery and equipment used in upstream operations; assess field development plans; verify production measurements; verify recoverable costs; audit contractors for cost recovery; **propose regulations for the upstream petroleum sector**; enforce petroleum agreements and regulations; investigate petroleum disputes; and **enforce local content requirements**.
4. The Petroleum Act (Cap. 308) contains a dedicated **Part VI** titled **“Local Content and Training”**. **Section 50** requires persons carrying out petroleum undertakings

or works to comply with local content requirements, prioritize Kenyan services and goods that meet petroleum industry specifications, and prioritize the employment or engagement of qualified and skilled Kenyans at all levels of the value chain. It also requires a contractor, before engaging in petroleum operations, to submit a long-term and annual local content plan corresponding with the work programme to EPRA for approval. Most importantly, Section 51(1) of the Petroleum Act provides that: *"The Authority shall supervise, co-ordinate, and manage the development of local content."*

5. The Petroleum Act (Cap.308) then provides that EPRA shall oversee, coordinate and **manage local content development**; prepare guidelines including targets and reporting formats; recommend local content regulations to the Cabinet Secretary; set minimum requirements for local content plans; undertake public education and awareness; and conduct local content monitoring, audit and enforcement.
6. The Energy Act (Cap 314) also contains general energy local content provisions. Section 207 provides that EPRA shall monitor and enforce local content in all energy undertakings and works and assigns to EPRA functions including preparation of guidelines, setting of minimum local content requirements, recommendations on regulations, public sensitization, and local content monitoring, audit and enforcement.
7. Furthermore, the Draft Petroleum (Local Content) Regulations, 2026, are at an advanced stage to actualize the provisions under Part IV of the Petroleum Act(Cap.308).

C. Why the Petroleum Local Content Mandate Should Remain with EPRA

8. The Petroleum Act (Cap 308) establishes a comprehensive petroleum local content regulatory framework, addressing the unique nature of the petroleum industry, which is capital intensive, technology driven, technical expertise and high risk in matters including Environment, Health and Safety.
9. On the foregoing, the rationale establishing and vesting EPRA with the supervisory, coordinating, regulatory, monitoring, auditing, and enforcement functions were necessary to address the unique issues highlighted above .

10. Best practice provides that where a regulatory area is already governed by specialized legislation, sound legislative policy dictates that the specialized regime be preserved, and that any new general law operates subject to it. Crucially, petroleum local content is an intrinsic subset of petroleum regulation; it is not a standalone administrative function that can be separated from the technical oversight of petroleum operations.
11. Secondly, local content in petroleum is inseparable from upstream petroleum regulation. A local content plan must correspond with the petroleum work programme; it must reflect exploration, appraisal, development, production and decommissioning realities; it must account for petroleum industry specifications and international standards; and it must align with petroleum agreements, field development plans, cost recovery rules, safety requirements and investment schedules. EPRA by mandate, has technical expertise and knows how as well as organizational supporting structures to undertake those functions. The proposed Local Content Development Committee established under Section 9 of the Local Content Bill, 2023, which is a proposed committee outside the existing petroleum regulatory framework, would lack the statutory proximity and the existing EPRA supporting organizational structure to the underlying petroleum agreements, operational permits, field development plans, production data, cost audits and safety obligations.
12. Thirdly, the petroleum industry requires highly specialized technical capacity. EPRA's mandate is not confined to administrative coordination. It includes the technical and commercial assessment of field development plans and consequent advisories to the Cabinet Secretary responsible for Petroleum, verification of petroleum production measurements, verification of recoverable costs, auditing contractors for cost recovery, oversight of decommissioning, inspection of upstream machinery and equipment, regulation of upstream infrastructure, enforcement of petroleum agreements and protection of environmental, health and safety interests. These are the technical foundations upon which petroleum local content decisions must be made. A general local content committee as proposed, even if well-intentioned, should not be placed in a position where it

regulates local content without controlling the technical petroleum information necessary to do so competently.

13. Fourthly, the proposed Committee structure risks dividing accountability. If EPRA remains responsible for upstream petroleum operations but the Committee approves or audits petroleum local content plans, then no single institution will bear responsibility for the full regulatory cycle. Operators may receive one set of expectations from EPRA under the Petroleum Act (Cap 308) and another from the Committee under the Local Content Act. This would undermine good administration, expose decisions to legal challenges and weaken enforcement.

D. Recommended Legislative Approach

14. The Local Content Bill should be redrafted to operate as a national framework law, avoiding duplication in highly specialized sectors—such as petroleum , energy, mining, telecommunications, health, aviation, and financial services—where a competent regulator is already established.
15. The proposed Committee may coordinate policy at the national level, maintain cross-sectoral data, and advise the Government on broad local content strategy.
16. Ultimately, where a sector is already governed by a specialized regulator under existing legislation, the Bill should explicitly defer implementation and enforcement to that authority.

E. Conclusion

17. The petroleum sector is capital-intensive and technically complex. Petroleum local content cannot be regulated as a standalone administrative function as it is legally and operationally inseparable from petroleum agreements, field development plans, cost-recovery frameworks, and health and safety standards.
18. Kenya already has an established statutory regime under the Energy Act (Cap. 314) and the Petroleum Act (Cap. 308). This framework vests full supervisory, monitoring, auditing, and enforcement mandates exclusively in the Energy and

Petroleum Regulatory Authority (EPRA), which possesses the necessary technical expertise in the sector's operations.

19. EPRA should retain exclusive jurisdiction over petroleum local content plans and any proposed amendment to transfer its statutory functions should not be allowed.
20. The Local Content Bill should operate strictly as a macro-level national framework law. The proposed Committee should focus on national policy coordination, data maintenance, and broad strategy, while the Bill explicitly defers implementation and enforcement to established specialized sector regulators.

Yours

Dr. Eng. Joseph Oketch, PhD, CE
AG. DIRECTOR GENERAL