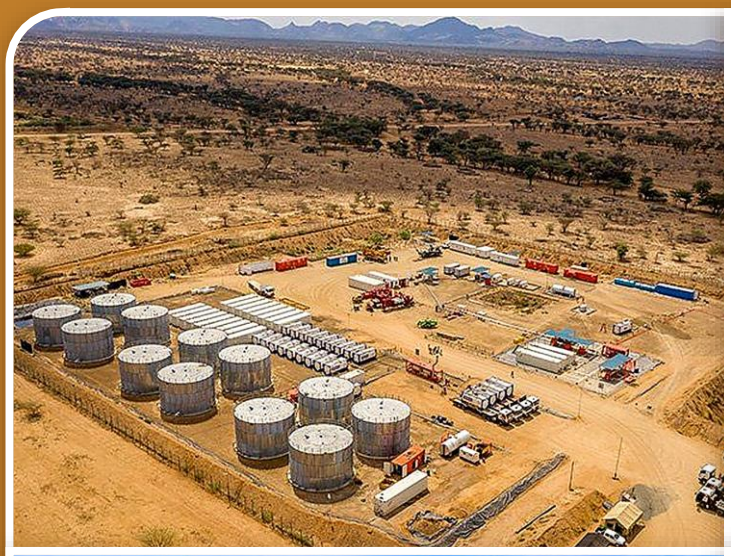
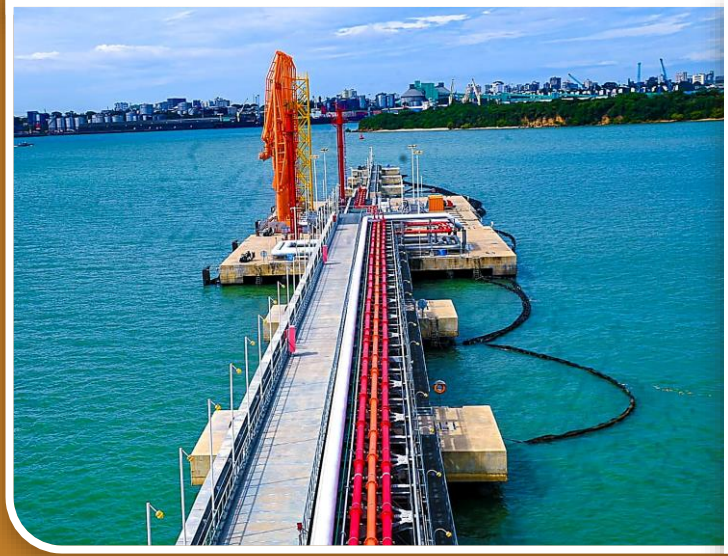
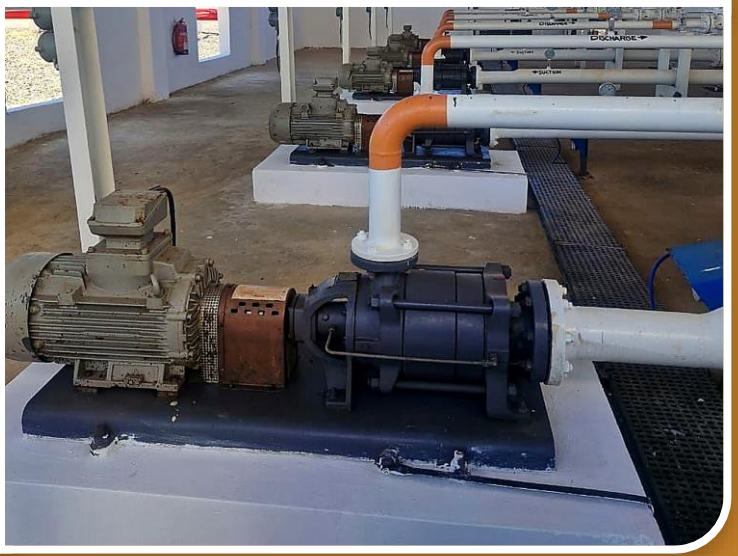
REPUBLIC OF KENYA

MINISTRY OF ENERGY & PETROLEUM

State Department for Petroleum

SESSIONAL PAPER NO. 4 OF 2026
ON
THE NATIONAL PETROLEUM POLICY



A regional leader in exploration, exploitation and supply of Petroleum for sustainable development

FOREWORD

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

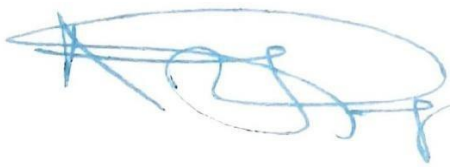
The Sessional Paper provided for the legal, regulatory and institutional frameworks supporting operations of the Upstream, Midstream and Downstream Petroleum Sub-Sectors.

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

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

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

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



Hon. J. Opiyo Wandayi, EGH
Cabinet Secretary, Ministry of Energy and Petroleum

PREFACE

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

Development of the Petroleum Policy commenced in October 2023, with establishment of a Multi-Agency Technical Working Committee tasked to spearhead finalization of a draft Policy developed in 2021, with the support from World Bank. The team reviewed the draft Policy in consultation with the industry players and other stakeholders. The revised draft Policy was subjected to internal and external stakeholders, who included the County Executive Committee Members responsible for Energy matters and Council of Governors Committee on Energy. Further, a countrywide public participation exercise was undertaken to collect public views on the document. All the comments emanating from these engagements were reviewed and incorporated in the revised draft Policy. The final Draft Policy was submitted to Cabinet and approved on 15th December, 2025. The approved Policy was submitted to Parliament and approved as Sessional Paper No. 4 of 2026.

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

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

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

Mohamed Liban, CBS
Principal Secretary, State Department for Petroleum

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DEFINITION OF TERMS

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

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

ABBREVIATION AND ACRONYMS

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

MoLPWHUD	Ministry of Lands, Public Works, Housing and Urban Development
MT	Metric Tonnes
NACOSTI	National Commission for Science, Technology and Innovation
NDOC	National Disaster Operations Center
NEMA	National Environment Management Authority
NLC	National Lands Commission
NOCK	National Oil Corporation of Kenya Limited
NUPAC	National Upstream Petroleum Advisory Committee
OAG	Office of the Attorney General
OMCs	Oil Marketing Companies
OTS	Open Tender System
PMS	Premium Motor Spirit
PPP	Public Private Partnerships
PSC	Production Sharing Contract
SDP	State Department for Petroleum
SDPW	State Department for Public Works
SEZA	Special Economic Zones Authority
TNT	The National Treasury

CHAPTER ONE: INTRODUCTION

1.0 Overview

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

1.1 Background

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

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

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

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

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

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

1.1.1 Upstream Petroleum Sub-sector

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

Table 1: Sedimentary Basins in Kenya

Basin	Approximate Area Covered (km^2)	Sediment Thickness (Meters)
Lamu (onshore and offshore)	259,000	12,000
Anza	80,000	10,000
Mandera	43,000	10,000
Tertiary Rift	105,000	4,000
Total	**487,000**	

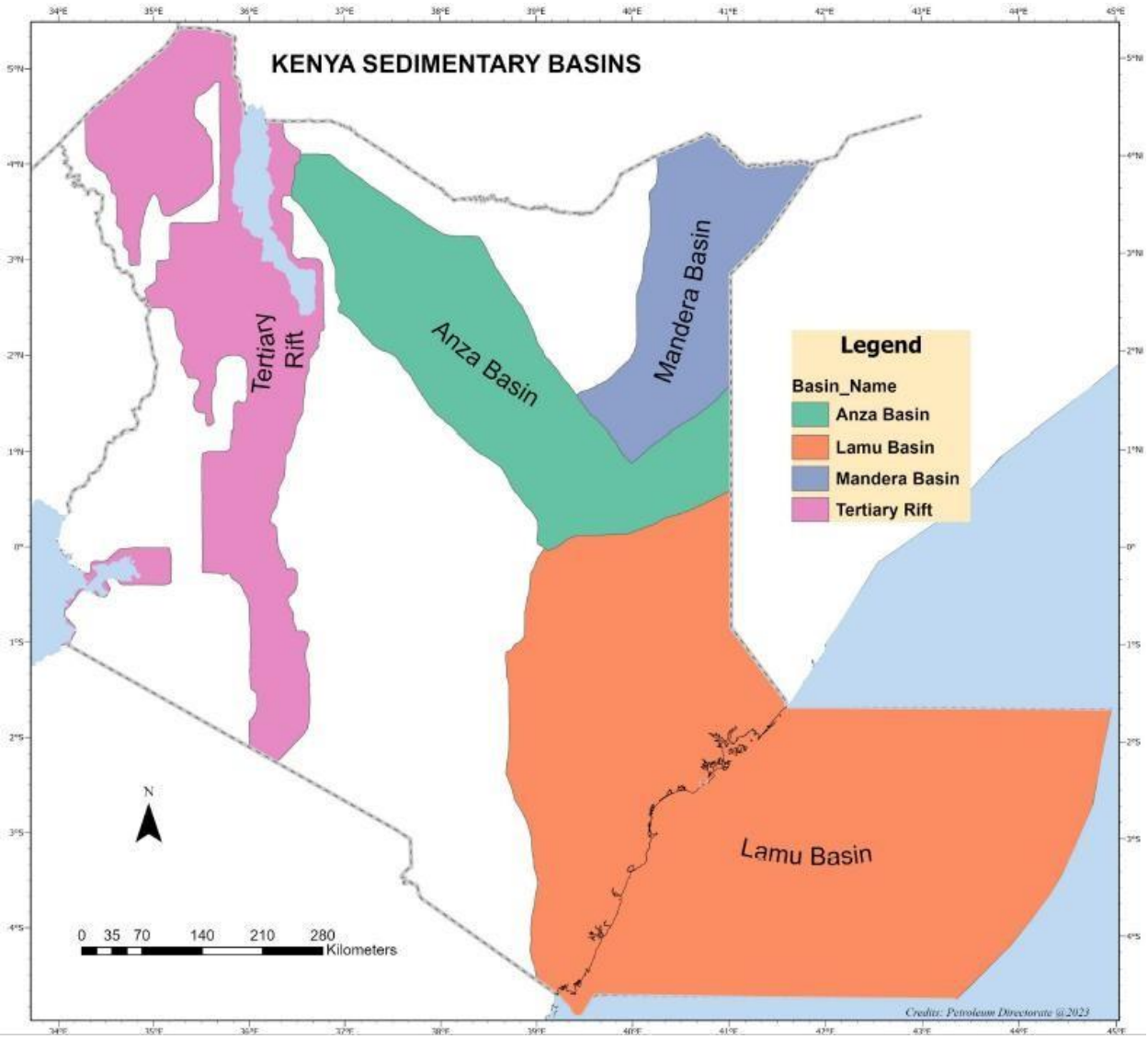


Figure 1: Kenya Sedimentary Basins

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

In 2002, the country had 21 petroleum blocks, seven (7) of which were offshore while 14 were onshore. These Blocks were reviewed in 2006 and increased to 37 as a strategy to increase investor interest. The discovery of petroleum resources in the country in 2012 led to increased investment interests, which prompted a review of the Blocks to 46 and a further

review in 2016 to 63 Blocks. In 2025, the petroleum blocks were reconstituted resulting to 50 Blocks based on the exploration potential and available geoscientific data.

1.1.1.1 Oil and Gas Exploration in Kenyan Sedimentary Basins

a) Lamu Basin

British Petroleum (BP) Plc and Shell Oil Company Kenya ltd began exploring hydrocarbons in 1954 in the Lamu Embayment, which resulted in the drilling of ten wells between 1960-1971. Results from the drilled wells showed presence of hydrocarbons in the form of gas shows and oil stains. However, these wells were not fully evaluated or completed for production.

Texas Pacific drilled Hargaso-1 in 1975 that encountered oil and gas shows. Investor interest in the offshore Lamu Basin in 1970s and 1980s resulted in the drilling of three wells; Simba-1, Maridadi-1 and Kofia-1. All the three wells had hydrocarbon shows. Between 1985 and 1996, American Oil Company (Amoco) and Total Kenya drilled another ten exploration wells and encountered minor oil and gas shows in some of the wells.

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

b) Tertiary Rift Basin

Before the 1980s, the Tertiary Rift had minimal exploration activities. Shell drilled Eliye Springs-1 (dry) in 1992 and Loperot-1 (oil shows) in 1993 within the Lokichar sub-basin. This was followed by a period of exploration break that lasted up to 2006. A discovery of oil in the Albertine graben in Uganda by Tullow Oil led to renewed exploration interest in the basin. In 2012, Tullow Oil Plc and Africa Oil Corporation acquired additional 2D seismic in the region and drilled Ngamia-1 Well, which was Kenya's first oil discovery, that encountered over 100m net oil pay zones. Further, 3D seismic data acquisition programmes have been carried out to date with over 40 exploration and appraisal wells drilled opening up the Lokichar sub-basin.

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

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

c) Mandera Basin

Between 1960s and 1970s, Frobisher Ltd and Burmah Oil Company conducted photo geological field geology, gravity, aeromagnetic and seismic surveys steadily advancing the Basin's exploration potential. Elgal 1 & 2 wells were drilled in 1987 by American Oil Company (AMOCO) but were both dry. Further, the Company drilled Hothori 1 Well in 1989, which had gas shows. This provided critical subsurface data in the Basin. In 1990, Total Exploration and Production (Total E&P) Company acquired 707km of 2D seismics within this region. Between 2008 and 2013, Afren East African Exploration (EAX) and Lion Petroleum Corporation acquired additional 2D seismic in the basin and drilled Badada-1 well in 2015 which, though dry, refined the geological understanding of the Basin

d) Anza Basin

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

Additional 2D and 3D seismic was acquired by Vanoil Energy Ltd, Lion Petroleum, China National Offshore Oil Corporation (CNOOC), Africa Oil and Tullow in this basin from 2007. The first gas discovery was made in 2009 by CNOOC in Bogal-1 well, that encountered gas with a gross best estimate of 2500 Bcf. Tullow later drilled Paipai-1 well that encountered light hydrocarbon shows. Another gas discovery was made in the Sala-1 well in 2014 by Africa Oil within three distinct zones of interest over a 1000-meter gross interval.

1.1.2 Midstream Petroleum Sub-sector

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

In 1971, the Government acquired 50% Shareholding of the East African Oil Refineries Limited, and the second complex of the refineries was completed and commissioned in 1974 to enhance the company's capacity. The Company name changed to Kenya Petroleum

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

Importation of crude oil was done through an Open Tender System (OTS) since 2003 where it was mandatory for all Oil Marketing Companies (OMCs) to process crude oil at the Kenya Petroleum Refineries Limited. The Company has a storage capacity of 481,257M^3. During its operations, KPRL processed 20 Crude Oil Cargos annually with a daily feedstock ranging from 5,000-9,000MT. The refinery ceased processing crude oil in 2013 and is presently used as a storage facility for petroleum products.

In 2023, KPRL became a 100% subsidiary of KPC thus enhancing KPC operational efficiency by increasing the storage capacity of petroleum fuels.

1.1.3 Downstream Petroleum Sub-sector

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

1.1.3.1 Key Players in the Downstream Petroleum Sub-sector

The State Department for Petroleum coordinates the Downstream Petroleum operations. These operations are carried out by Kenya Ports Authority (KPA), Kenya Pipeline Company (KPC), National Oil Corporation of Kenya (NOCK) and the Oil Marketing Companies (OMCs); and regulated by the Energy and Petroleum Regulatory Authority (EPRA).

a) Kenya Ports Authority

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

b) Kenya Pipeline Company

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

Table 2: Kenya Petroleum Pipeline

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

Concurrent with the development of petroleum pipelines, KPC constructed petroleum products storage facilities in its five Depots with a total capacity of 417,980M^3. The Company owns and operates Truck Loading Facilities in Nakuru, Eldoret, and Kisumu Depots; and facilitates exportation of petroleum products to the neighboring countries namely; Rwanda, Eastern Democratic Republic of Congo (DRC) and South Sudan.

c) National Oil Corporation of Kenya Limited

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

In 1997, NOCK set up its first three (3) flagship fuel retailing stations in the country, while in 2005, it set up six (6) modern stations. NOCK has since grown its retail business to over 110

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

d) Oil Marketing Companies

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

1.2 Rationale

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

The Policy direction of the Oil and Gas Sector is provided by the Sessional Paper No. 4 of 2004 on Energy. However, the oil and gas landscape rapidly evolved with new developments presenting new challenges and opportunities. The discovery of commercial oil reserves in 2012 led to increased investors' interest thereby resulting in increased investment in geoscientific data acquisition, seismic surveys, and exploration and appraisal drilling in the country. The discovery also provided potential for; employment creation, generation of revenues to support other sectors of the economy, development of infrastructure, and subsequently fast-tracking social transformation of the country through poverty reduction and enhanced sustainable development. This has necessitated the development of a comprehensive policy framework to ensure effective management and regulation of petroleum operations in the country.

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

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

1.3 Scope

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

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

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

1.4 Policy Goal, Objectives and Guiding Principles

1.4.1 Policy Goal

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

1.4.2 Policy Objectives

The objectives of this Policy are:

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

10. To promote environmental protection and conservation of biodiversity

1.4.3 Guiding Principles

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

a) Good Governance

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

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

b) Efficient Resource Management and Revenue Transparency

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

c) Local Content Development

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

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

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

d) Protection of the Environment and Conservation of Biodiversity

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

e) Diversification of the Economy

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

f) Public Participation and Stakeholder Engagement

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

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

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

g) Regulatory Framework and Compliance Enforcement

A robust regulatory framework is crucial for the effective and responsible operation of the oil and gas sector and provides the necessary guidelines, standards, and procedures to ensure safety, environmental protection, and fair business practices. Compliance enforcement mechanisms are essential to guarantee that industry participants adhere to existing legislation.

This Policy promotes the development of robust frameworks or enhancement of existing frameworks to ensure, among others: clear regulatory objectives; independent regulation of the oil and gas sector; transparent and efficient licensing and permitting; development of adoption of standards for safety, environmental impact, and operational efficiency; robust monitoring system to track compliance with regulatory requirements; and emergency response planning.

1.5 Structure of the Policy

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

CHAPTER TWO: SITUATION ANALYSIS

2.0 Overview

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

2.1 Prevailing Status of Oil and Gas Sector

2.1.1 Upstream Petroleum Sub-sector

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

Table 3: Petroleum Blocks

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

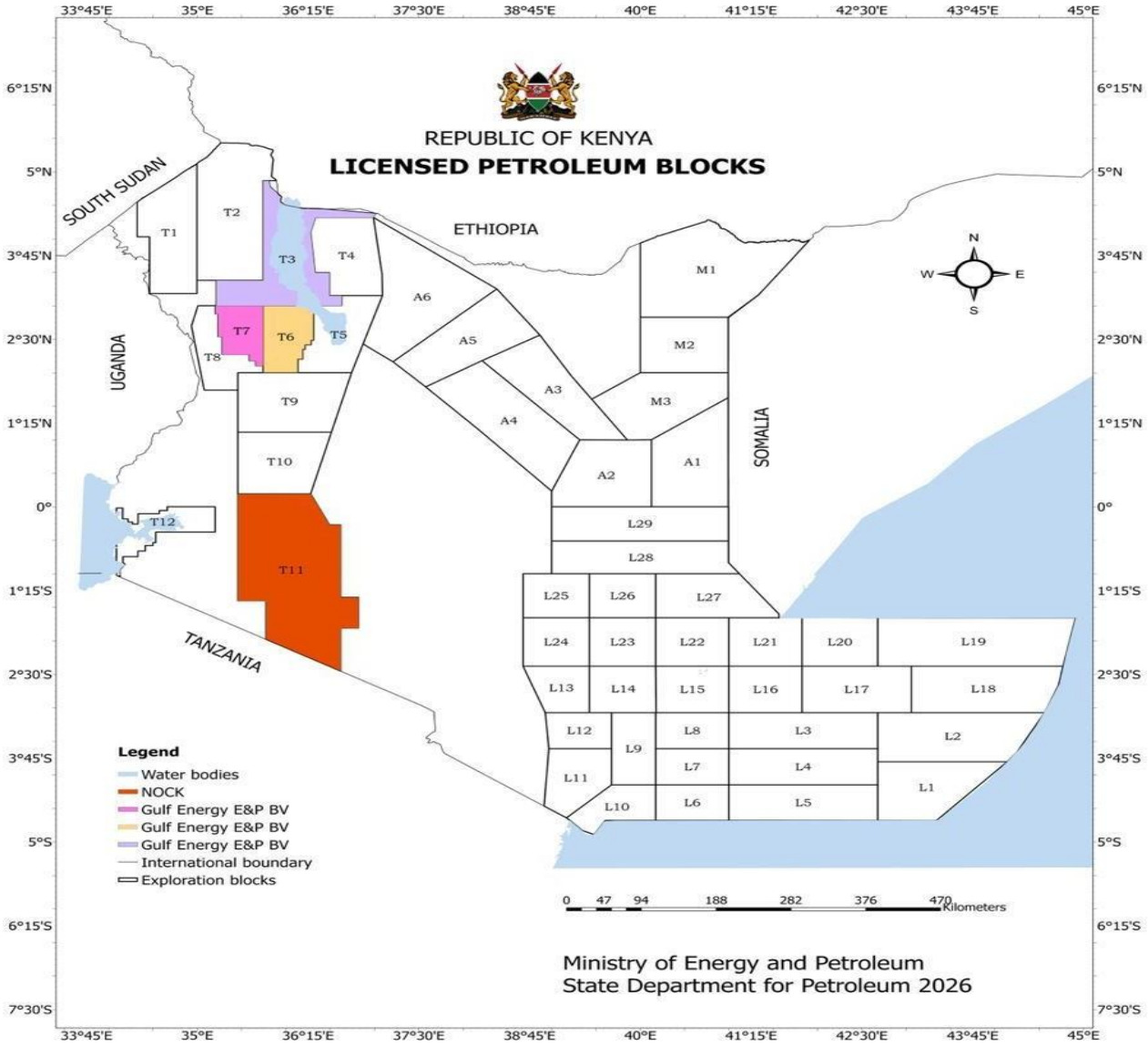


Figure 2: Kenya Petroleum Exploration Block Map

2.1.1.1 Licensing of Petroleum Blocks

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

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

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

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

2.1.1.2 Exploration

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

Comprehensive preliminary geoscientific data collection has been done in 28 petroleum blocks. This data is critical in development of Block Atlases that are used in marketing of the open petroleum blocks. Further exploration in some of these Blocks by investors has led to collection of more geoscientific data from seismic surveys and drilled wells. A total of 95 wells have been drilled in the country, 42 of which had hydrocarbon discoveries while 53 were dry or had hydrocarbon shows.

Table 4: Hydrocarbon Discoveries in Kenya

Basin	Dry Wells	Gas Only	Oil Only	Oil & Gas	Total Wells Drilled
Anza	8	2	0	2	12
Lamu	23	1	0	1	25
Mandera	8	0	0	0	8
Tertiary Rift	14	0	32	4	50
Total	**53**	**3**	**32**	**7**	**95**

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

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

2.1.2 Midstream Petroleum Sub-sector

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

2.1.3 Downstream Petroleum Sub-sector

2.1.3.1 Importation of Petroleum Products

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

2.1.3.2 Transportation and storage of Petroleum Products

The imported petroleum products are transported inland via pipelines, trucks, barges and railway. The downstream infrastructure network consists of 1,342km of petroleum pipelines and approximately 1,601,010M^3 storage capacity for petroleum fuels, of which, 1,228,422M^3 is owned by the Government while 372,588M^3 is owned by private Oil Marketing Companies. The storage capacity for LPG is 27,335MT, of which 1,200MT is owned by the Government.

2.1.3.3 Distribution of Petroleum Fuels

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

2.1.3.4 Promotion of Liquified Petroleum Gas

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

30,000 Metric Tonnes bulk LPG common user facility in Mombasa, while facilitating development of LPG facilities by the private sector.

2.2 Policy, Legislative and Institutional Framework

2.2.1 Policy Framework

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

2.2.2 Legal Framework

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

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

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

Other legislations that impact the Oil and Gas Sector include: the Standards Act, Cap. 496; Environmental Management and Co-ordination Act, Cap. 387; Physical and Land Use Planning Act, Cap. 303; Weights and Measures Act, Cap. 513; Public Procurement and Asset Disposal Act, Cap. 412C; Anti-Corruption and Economic Crimes Act, Cap. 65; the Public Officer Ethics Act, Cap. 185B; Land Act, Cap. 280; Land Registration Act, Cap. 300; Income Tax Act, Cap. 470, especially the Ninth Schedule; Consumer Protection Act, Cap. 501; County Governments Act, Cap. 265; and Public Finance Management Act, Cap. 412A.

2.2.3 Institutional Framework

a) Ministry of Energy and Petroleum

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

b) Kenya Pipeline Company

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

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

c) National Oil Corporation of Kenya Limited

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

d) Energy and Petroleum Regulatory Authority

The governance of Kenya's energy and petroleum sector has undergone significant transformation, shaped by legislative milestones and policy reforms. Initially regulated under separate frameworks, the electricity sector was governed by the Electric Power Act, 1997, which established the Electricity Regulatory Board (ERB), while downstream petroleum fell under the Petroleum Act, Cap. 116 and upstream activities under the Petroleum (Exploration and Production) Act, Cap. 308. A pivotal shift came with the Sessional Paper No. 4 of 2004 on Energy, which spurred the Energy Act, 2006. This unified electricity and downstream petroleum regulation under the Energy Regulatory Commission (ERC) and restructured the electricity sector to boost efficiency.

Following the promulgation of the Constitution in 2010, further reforms aligned the sector with constitutional mandates, culminating in the Energy Act, Cap. 314 and Petroleum Act, Cap. 308. These laws expanded regulatory oversight to the entire petroleum value chain (upstream, midstream, and downstream) and replaced the ERC with the Energy and Petroleum Regulatory Authority (EPRA). Until 2019, the Ministry of Energy was charged with regulating the Upstream Petroleum Sub-sector operations.

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

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

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

e) Energy and Petroleum Tribunal

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

2.3 Emerging Issues and Challenges

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

2.3.1 Emerging Issues

The emerging issues facing the Oil and Gas Sector include:

a) Geopolitical Factors

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

b) Environmental and Regulatory Concerns

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

c) Technological Advancements

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

d) Market Dynamics and Energy Transition

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

e) Biofuels

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

2.3.2 Challenges

The key challenges facing the oil and gas sector in Kenya include:

a) Inadequate Local Technical and Financial Capacity

Inadequate technical and financial capacity remains a significant challenge in Kenya's oil and gas sector. Despite the country's potential to become a key player in the energy market, many local companies and institutions lack the advanced technical skills, expertise, and

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

b) High Capital Investment in Exploration and Development

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

c) Inadequate Data on Exploration Potential

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

d) Data Management

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

e) Fluctuations in Global Crude Oil Prices

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

f) Inadequate Infrastructure

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

g) Low LPG Uptake in the Country

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

h) Inadequate Legal and Regulatory Framework for the Sector

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

CHAPTER THREE: POLICY STATEMENTS

3.0 Overview

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

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

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

The Government will:

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

3.2 Upstream Petroleum Sub-Sector

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

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

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

3.2.1 Ownership of the Resources

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

3.2.2 Promotion of Oil and Gas Investments

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

Towards this, the Government will:

a) Create a conducive environment for investments in petroleum operations and infrastructure development.
b) Market open petroleum blocks to investors.
c) Enhance access to petroleum data and information for commercial consideration.

3.2.3 Licensing of Petroleum Blocks

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

Towards this, the Government will:

a) Ensure the licensing process is responsive in attracting investment in the sector.

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

3.2.4 Exploration, Development and Production Operations

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

Towards this, the Government will:

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

3.2.5 Sustainable Utilization of Natural Gas

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

Towards this, the Government will:

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

3.3 Midstream Petroleum Sub-Sector

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

3.3.1 Value addition to petroleum resources

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

Towards this, the Government:

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

3.4 Downstream Petroleum Sub-Sector

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

3.4.1 Supply of Petroleum Products

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

Towards this, the Government will:

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

3.4.2 Pricing of Petroleum Products

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

Towards this, the Government will:

a) Ensure fair pricing and market stability of petroleum products

3.4.3 Infrastructure Development

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

Towards this, the Government will:

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

3.4.4 Liquefied Petroleum Gas

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

Towards this, the Government will:

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

3.5 Revenue from Petroleum Operations

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

3.5.1 Management of Revenues from Petroleum Operations

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

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

Towards this, the Government will:

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

3.5.2 Cost Management in Petroleum Operations

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

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

Towards this, the Government will;

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

3.6 Institutional Capacity Development

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

Towards this, the Government will:

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

3.7 Technology and Innovation

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

Towards this, the Government will:

a) Promote research and development in petroleum operations to foster innovation and technological advancements and their application in Kenya.
b) Establish partnerships and membership to leverage global technological advancements and knowledge sharing.

3.8 Cross-Cutting Issues

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

3.8.1 Decommissioning

Decommissioning of upstream, midstream and downstream petroleum infrastructure will be planned for at the early phase of the project, and updated throughout the project cycle. Investors will be expected to provide financial assurances for restoration of the environment at the end of their petroleum operations. In addition, decommissioning will be performed in an environmentally sustainable manner to ensure that the environment is restored to its original state.

Towards this, the Government will:

a) Develop a framework on decommissioning of petroleum operations.

3.8.2 Petroleum Data Management

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

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

Towards this, the Government will:

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

3.8.3 Public Participation

The Government recognizes public participation as a necessary component of

people-centered development and democracy. Public participation in petroleum operations provides citizens with an opportunity to influence decisions and oversight in the sector.

Towards this, the Government will:

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

3.8.4 Land Access

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

Towards this, the Government will:

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

3.8.5 Water Access

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

Towards this, the Government will:

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

3.8.6 Local Community Rights

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

Th Towards this, the e Government will:

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

3.8.7 Local Content

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

Towards this, the Government will:

a) Develop a legal and regulatory framework on local content for the Oil and Gas sector.
b) Ensure investors collaborate with Kenyan people, agencies and enterprises in local content development.
c) Promote integration of other sectors in the economy to support the Oil and Gas sector development.

3.8.8 Conflict Management and Dispute Resolution

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

Towards this, the Government will:

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

3.8.9 Security

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

Towards this, the Government will:

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

3.8.10 Health and Safety

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

Towards this, the Government will:

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

3.8.11 Environment, Social and Governance (ESG)

The Government is responsible for ensuring sustainable exploitation, utilization, management and conservation of the environment and petroleum resources. Notably, Petroleum operations have the potential to have significant negative environment, social and economic impacts which if not addressed can erode the benefits. Addressing ESG issues in petroleum operations, will improve operational efficiency, reduce environmental impact, support local communities, and strengthen transparency and accountability across all levels of operation.

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

Towards this, the Government will:

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

3.8.12 Climate Change Mitigation and Adaptation

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

Towards this, the Government will:

a) Promote climate change mitigation and adaptation in petroleum operations.

CHAPTER FOUR: FRAMEWORK FOR POLICY IMPLEMENTATION

4.0 Overview

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

4.1 Institutional Framework

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

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

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

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

Table 5: Role of Institutions in Implementation of the Policy

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

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

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

4.2 Resource mobilization

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

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

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

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

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

CHAPTER FIVE: MONITORING, EVALUATION AND REPORTING

5.0 Overview

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

5.1 Monitoring

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

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

5.2 Evaluation

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

5.3 Reporting

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

5.4 Learning

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

5.5 Monitoring and Evaluation Institutional Framework

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

5.6 Policy Review

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

ANNEXES

Annex I: Implementation Matrix for the National Petroleum Policy

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

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Government Agencies	Centers of excellence for oil and gas developed	No. of centers of excellence established and operationalized	2025-2035	TBD	PPP	SDP	IOCs
Strengthen cooperation with other countries	Develop cooperation instruments (MoUs, bilateral and multilateral agreements) with other countries	No. of Cooperation instruments developed/signed	2025-2035	100	GoK	SDP	Relevant Govt. Agencies
	Partnerships between petroleum regulatory and statutory institutions with other countries established	No. of partnerships established	2025-2035	160	GoK	SDP	EPRA, NOCK
	Technology and knowledge sharing with other governments Partnerships	No. of technology and knowledge-sharing partnerships agreements developed and signed	2025-2035	160	GoK, PPP	SDP	Relevant Govt. Agencies
SUB-SECTOR	**UPSTREAM**						
Policy Objective	**To promote sustainable petroleum resource exploration, development and production**						
Policy Issue	**Promotion of oil and gas investments**						
Create a conducive environment for investments in petroleum operations and infrastructure development	A structured, consultative mechanism for regular review and adjustment of petroleum fiscal and regulatory terms to maintain global competitiveness established	No. of periodic reviews on terms and conditions in petroleum agreements	2025-2034	235	GoK	SDP	OAG, TNT
	Guidelines on development of petroleum investments developed	Guidelines on development of petroleum investments	2026-2028	15	GoK	SDP	NOCK, EPRA

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

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

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Participate in exploration, development and production, and facilitate investments in petroleum operations	Geoscientific data collected, processed, analyzed and interpreted	Acreage for which geo-scientific data is collected	2025-2035	6000	GoK	SDP	NOCK, Investors
		No. of geoscientific surveys, exploratory and appraisal drilling reports prepared	2025-2035	2000	GoK	SDP	NOCK, Investors
	Development and production of petroleum resources undertaken	No. of Field Development Plans (FDPs) reviewed and approved	2025-2030	500	GoK	SDP	EPRA
		Implementation strategy/roadmap for approved Field Development Plans developed	2028-2035	150	GoK	SDP	NOCK, EPRA
	Participation agreements negotiated and signed	No. of participation agreements	2028-2035	200	GoK	SDP	NOCK, EPRA, OAG
	Resource mobilization strategy to facilitate participation in petroleum operations developed	A Resource mobilization strategy	2027-2029	15	GoK	SDP	NOCK, TNT
	Research in exploration of petroleum resources undertaken	No. of research studies in exploration	2026-2035	200	GoK	SDP	NOCK, Scholarly institutions
	Operational permits and licenses issued	No. of operational permits and licenses issued	2028-2035	50	GoK	EPRA	Relevant Govt. Agencies, CGs

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

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

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	monitoring and managing capacity allocation developed						
	Continuous assessment to determine available spare capacity in the existing infrastructure undertaken	No. of capacity assessments undertaken	2032-2035	10	GoK	SDP	EPRA
	Standard Operating Procedures for the implementation and management of third-party access developed	Standard Operating Procedures	2030-2032	0	Contractor	Contractor	SDP, EPRA
	Permits for third-party access issued	No. of permits for third-party issued	2031-2035	2	GoK	EPRA	SDP
	Common user transport and storage agreements approved	No. of common user transport and storage agreements approved	2034-2035	0	Contractor	Contractor	SDP, EPRA
Collaborate with neighbouring countries on joint development of petroleum discoveries, which straddles national boundaries	Framework for collaboration with neighbouring countries on joint development of petroleum resources developed	Framework for collaboration with neighbouring countries on joint development of petroleum resources	2025-2029	125	GoK	SDP	OAG, MoFDA, MoEAC
Policy Issue	**Sustainable Utilization of Natural Gas**						
Strengthen the legal and regulatory	Legal and regulatory framework on Natural Gas developed/reviewed	Legal and regulatory framework on Natural Gas	2025-2027	250	GoK	SDP	OAG

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
framework for oil and gas sector	Capacity building on regulation of the natural gas industry undertaken	No. of persons trained on regulation of the natural gas industry	2025-2035	140	GoK	EPRA	SDP, Training institutions
	Guidelines on Natural Gas utilization and Standard Operating Procedures developed	Guidelines on Natural Gas utilization	2028-2030	115	GoK	SDP	EPRA
		Standard Operating Procedures	2028-2030	0	Contractor	Contractor	SDP, EPRA
Facilitate utilization of natural gas and development of associated infrastructure	Feasibility studies on the viability and utilization of natural gas undertaken	No. of feasibility studies	2025-2027	220	GoK	SDP	NOCK,
	Infrastructure for natural gas developed	Natural gas infrastructure	2025-2035	TBD	GoK, PPP, Investors	SDP	NOCK, CGs, Investors
	Framework for cooperation with other countries producing natural gas developed	Cooperation framework	2024-2029	130	GoK	SDP	OAG, MoFDA
	Domestic market analysis and regional demand forecasting for natural gas undertaken	Report on domestic market analysis and regional demand forecasting for natural gas	2024-2027	150	GoK	SDP	EPRA
	Infrastructure development zones with enhanced support service and streamlined regulatory approvals designated	No. of zones designated for infrastructure development	2026-2034	TBD	GoK	SDP	CGs, EPRA, SEZA
	Strategy on utilization of natural gas in the country developed	A strategy on utilization of natural gas	2025-2027	140	GoK	SDP	KPC, NOCK, EPRA

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	Mechanism to monitor the performance of the natural gas industry developed	Mechanism to monitor the performance of the natural gas industry	2026-2028	110	GoK	SDP	ICTA, EPRA
	Public awareness on natural gas	No. of public awareness campaigns	2025-2035	200	GoK	SDP	NOCK, EPRA
SUB-SECTOR	**MID-STREAM**						
Policy Objective	**To promote value addition of petroleum resources for local and regional petroleum product demand**						
Policy Issue	**Value addition to petroleum resources**						
Promote investment in midstream infrastructure, petrochemicals and natural gas processing facilities	A framework for promotion of investment in midstream infrastructure developed	A framework for promotion of investment in midstream infrastructure	2028-2035	150	GoK	SDP	EPRA, KPC
	Infrastructure development zones with enhanced support service and streamlined regulatory approvals to attract investment in oil and gas sector designated	No. of Infrastructure development zones	2028-2035	TBD	GoK	SDP	EPRA, CGs, SEZA
Promote development and operation of Mid-stream petroleum infrastructure	Permits and Licenses issued to investors	No. of permits and licenses issued to investors	2028-2035	5	GoK	EPRA	SDP, Relevant Agencies, CGs
	Mid-stream infrastructure developed	No. of midstream infrastructure	2028-2035	TBD	PPP	SDP	KPC, CGs, Contractors
	Standard Operating Procedures guidelines developed	Standard Operating Procedures	2028-2035	0	Contractor	Contractor	SDP, EPRA, KPC
	Monitoring framework for Mid-stream operations developed	Monitoring framework for midstream operations	2028-2029	20	GoK	SDP	EPRA, KPC

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

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Ensure access to competitive, reliable and secure supply of petroleum products	Framework to facilitate competitive importation of petroleum products developed/reviewed	framework to facilitate competitive importation of petroleum products	2025-2027	100	GoK	SDP	EPRA
	Framework for third party access to facilities developed	Framework for third party access to facilities	2025-2027	40	GoK	SDP	KPC
	Alternative entry points for refined petroleum products identified	Alternative entry points for refined petroleum products	2027-2029	0	GoK	SDP	KPC, KPA
Policy Issue	**Pricing of petroleum products**						
Ensure fair pricing and market stability of petroleum products	Study to achieve fair pricing of petroleum products undertaken	Cost of Services in the Supply of Petroleum Products (COSSOP) study	2025-2029	50	GoK	EPRA	SDP, KPC, OMCs
	Periodic review of petroleum products pump prices undertaken	Monthly reviews of petroleum products pump prices	2025-2035	80	GoK	EPRA	SDP
Policy Objective	**To enhance storage and transportation capacity of petroleum products**						
Policy Issue	**Infrastructure development**						
Enhance efficiency in licensing of the Downstream Petroleum Sub-sector	One-Government-Approach in regulating the Downstream Petroleum Sub-sector framework developed	One – Government - Approach Framework	2026-2029	100	GoK	SDP	EPRA, CGs, Relevant MDAs
Facilitate development of infrastructure for importation, transportation,	Draft at the port periodically dredged to increase the channel depth	Draft maintained at 15m	2026-2030	TBD	GoK	KPA	SDP
	Jetty Capacity increased	Increased jetty draft from 15m to 20m	2027-2030	TBD	GoK	KPA	SDP, KPC, Investors

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
storage and distribution of petroleum products	Pipeline throughput increased	• Additional pumps commissioned • Increase in pipeline throughput (m^3/hr)	2025-2035	1,000	GoK	KPC	SDP
	Pipeline network extended	km of pipeline constructed	2025-2030	1,000	GoK	KPC	SDP
	Storage and distribution facilities expanded	Additional Storage Capacity (Cubic Metres)	2025-2035	2,000	GoK, PPP, Private Sector	KPC, NOCK, OMCs, Investors	SDP
		New petroleum products retail stations established	2025-2035	TBD	GoK, PPP	NOCK	PPP
Collaborate with neighbouring countries to undertake integrated petroleum infrastructure projects	Joint feasibility study on cross-border petroleum infrastructure projects conducted	Joint feasibility study on cross-border petroleum infrastructure projects	2025-2035	TBD	GoK, DP, PPP	SDP	KPC, Relevant Countries
	Cross-border petroleum infrastructure projects constructed	Cross-border petroleum infrastructure projects	2025-2035	TBD	GoK, DP, PPP	SDP	KPC, Relevant Countries
Policy Objective	**To enhance Liquefied Petroleum Gas (LPG) uptake in the country**						
Policy Issue	**Liquefied Petroleum Gas**						
Ensure compliance of LPG and related facilities to statutory requirements on	LPG quality and safety standards developed/reviewed	No. of Quality and safety standards	2025-2026	100	GoK	SDP	KEBS, EPRA, DOSH
	Inspections and technical audits of LPG facilities undertaken	No. of inspections and technical audits	2025-2035	500	GoK	EPRA	SDP, KEBS, DOSH, SDPW

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
safety, quality and standards	Quality checks on LPG at the point of vessel discharge undertaken	No. of quality checks at the point of discharge	2025-2035	300	GoK	KPC	SDP, KEBS
Promote development of LPG infrastructure for importation, storage and filling	LPG infrastructure developed	Metric Tonnes of LPG storage capacity	2025-2030	25,900	GoK, PPP	KPC	SDP, CGs, Investors
	Framework for third party access to LPG facilities developed	Framework for third party access to LPG infrastructure	2025-2027	20	GoK	SDP	EPRA, KPC, NOCK
Promote investment in LPG in the country	LPG framework for collaboration and partnership with investors developed	Collaboration framework	2025-2027	30	GoK	SDP	EPRA, KPC, NOCK
	Develop a framework for competitive importation of LPG	Framework for competitive LPG importation	2025-2027	100	GoK	SDP	EPRA, LPG Marketers
Ensure fair pricing of LPG	Collaboration with LPG producing states on importation	No. of MOUs signed with LPG producing states	2025-2035	100	GoK	SDP	TNT, OAG
	Regulatory framework for LPG pricing developed	LPG pricing Regulations	2026-2028	50	GoK	SDP	EPRA
	Study to achieve fair pricing of petroleum products undertaken	Cost of Services in the Supply of Petroleum Products (COSSOP) study	2025-2029	0	GoK	EPRA	SDP, KPC, OMCs
Promote use of LPG for domestic, automotive and commercial purpose	Frameworks for LPG reticulation, Autogas, institutional and industrial use developed	No. of Frameworks for LPG reticulation, Autogas, institutional and industrial use	2025-2028	200	GoK	SDP	EPRA, DOSH, CGs, NOCK
	LPG public awareness and sensitization campaigns conducted	No. of LPG public awareness/sensitization campaigns	2025-2027	100	GoK	SDP	EPRA, NOCK

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

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

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

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
application in Kenya	Research and development unit in institutions established	Research and development unit in institutions	2030-2035	TBD	GoK, Contractors, Grants	SDP	Contractors, EPRA, NACOSTI, MITI
Establish partnerships and memberships to leverage global technological advancements and knowledge sharing.	Strategic partnerships and memberships established	No. of cooperation instruments with global oil and gas tech leaders	2028-2032	300	GoK, PPP	SDP	MoFDA, NOCK, EPRA, OAG
		No. of international forums/body subscribed to for knowledge sharing, research and development and standards alignment	2028-2033	100	GoK	SDP	NOCK, EPRA, KPC
	CROSS-CUTTING ISSUES						
Policy Objective	**To facilitate an enabling environment for sustainable petroleum operations**						
Policy Issue	**Decommissioning**						
Develop a framework on decommissioning of petroleum operations	Decommissioning plans developed and submitted	No. of decommissioning plans developed	2028-2035	TBD	Contractors	Contractors	SDP, EPRA
	Decommissioning plans reviewed and approved	Proportion of decommissioning plans reviewed and approved	2028-2035	TBD	GoK	EPRA	SDP, NEMA
	Decommissioning fund established	Operational decommissioning fund	2029-2031	TBD	Contractors	SDP	CGs, Contractors
	Mechanisms for the management and administration of the Decommissioning Fund developed	Mechanism for management and administration of decommissioning fund	2029-2031	TBD	GoK	SDP	CGs

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

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	Regular audits on petroleum data integrity and compliance conducted	No. of petroleum data integrity and compliance audits conducted	2026-2034	50	GoK	SDP	NOCK
	National Petroleum Data Management System developed and maintained	A National Petroleum Data Management System	2026-2028	350	GoK	SDP	NOCK
Ensure security of petroleum data	Petroleum data security framework developed	Petroleum data security framework	2026-2034	100	GoK	SDP	NOCK
Policy Issue	**Public Participation**						
Facilitate public participation in petroleum operations in accordance with the applicable policy and legal frameworks	Civic education on matters relating to the oil and gas sector conducted	No. of civic education forums on matters relating to the oil and gas sector conducted	2025-2035	200	GoK	SDP	EPRA, NOCK, KPC
	Public participation in petroleum operations undertaken	No. of public participation engagements in petroleum operations	2025-2035	200	GoK	SDP	EPRA, CGs, NOCK, Parliament
	Mechanism for sharing oil and gas information developed	Mechanism for sharing oil and gas information	2025-2026	20	GoK	SDP	ICTA, NOCK, EPRA
Policy Issue	**Land Access**						
Facilitate land access, acquisition and resettlement for petroleum operations	A framework to facilitate land access and acquisition for petroleum operations developed	A Framework for facilitating land access and acquisition	2025-2035	30	GoK	SDP	MLPWH&UD, NLC, CGs
	Projects specific collaboration frameworks with other governments agencies for optimal land use in	Projects specific collaboration frameworks	2025-2035	20	GoK	SDP	Relevant MDAs, CGs

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

Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
local content development	Local content plans developed	No. of local content plans developed.	2026-2028	TBD	Contractor	Contractor	SDP
	Oil and gas sector specialists and suppliers' database developed	Oil and gas sector specialists and suppliers' database	2026-2028	30	GoK	SDP	EPRA, ICTA, NOCK, KPC
Promote integration of other sectors in the economy to support the Oil and Gas sector development	Cross-sectoral collaboration strategy developed	Cross-sectoral collaboration strategy	2028-2030	25	GoK	SDP	MITI, Relevant MDAs
	Mechanism to monitor and evaluate cross-sectoral integration established	M&E mechanism for cross-sectoral integration established	2028-2030	25	GoK	SDP	MITI, Relevant MDAs
Policy Issue	**Conflict Management and Dispute Resolution**						
Strengthen conflict management and dispute resolution in the oil and gas sector	Mechanism for conflict management and dispute resolution for oil and gas sector developed	Mechanism for conflict management and dispute resolution	2025-2027	50	GoK	SDP	EPRA, Relevant Tribunals
	Capacity building on conflict management and dispute resolution undertaken	No. of capacity building on conflict management and dispute resolution forums conducted	2026-2030	100	GoK	SDP	Relevant Tribunals, Local Community /Relevant, CGs
Policy Issue	**Security**						
Ensure security of petroleum resources, operations and	Risk management framework for petroleum resources, operations and infrastructure developed	Risk management framework for petroleum resources, operations and infrastructure	2025-2027	50	GoK	SDP	EPRA, MoINA, KPC, NOCK

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

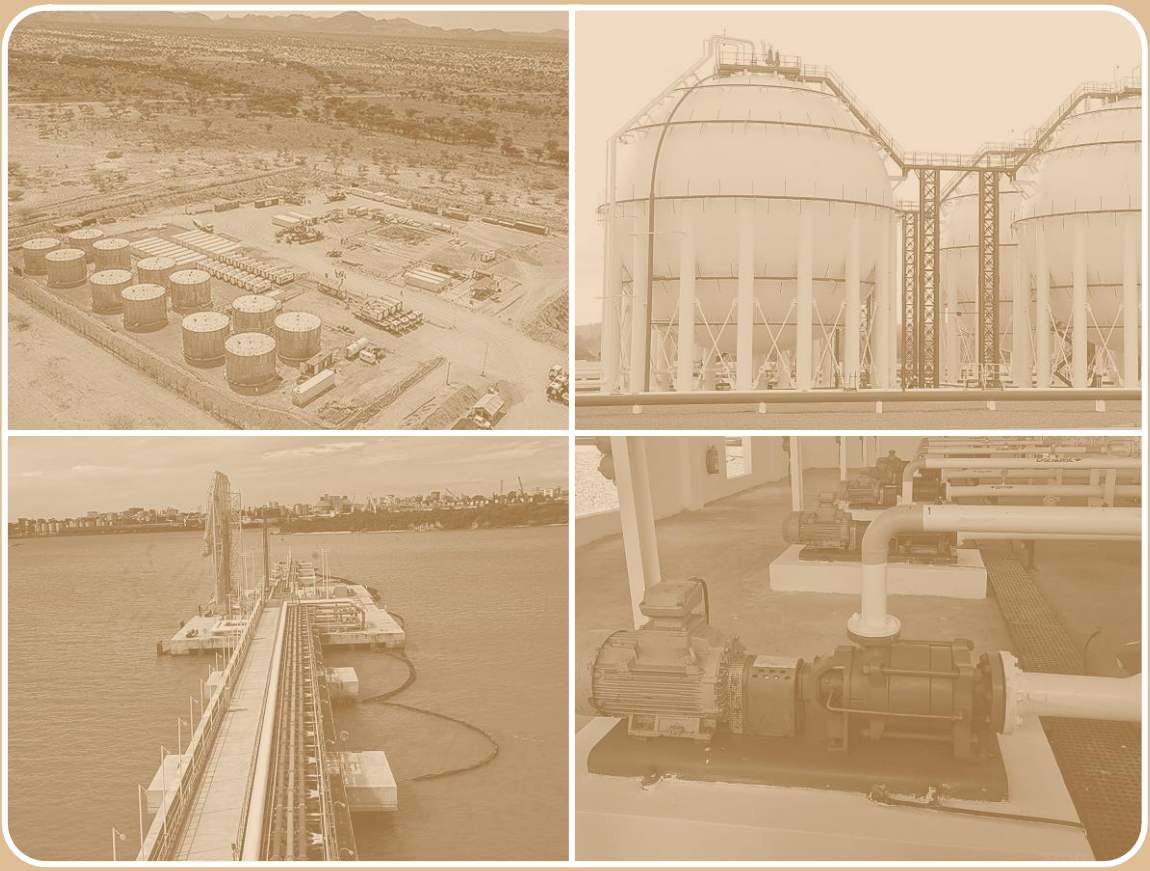
Strategies	Outputs	Key Performance Indicators	Timeframe 2025-2035	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	and safety in the oil and gas sector undertaken						
	Disaster risk management strategy for the oil and gas sector developed and implemented	Disaster Risk Management Strategy	2025-2026	15	GoK	SDP	EPRA, NEMA, Relevant CGs, CoG, NDOC
Policy Issue	**Environment, Social and Governance (ESG)**						
Ensure petroleum operations comply with environmental management legislation	Environmental compliance and monitoring framework developed	Environmental compliance and monitoring framework	2025-2027	50	GoK	SDP	CGs, NEMA
	Disaster preparedness, prevention and response mechanism in collaboration with contractors established	A disaster preparedness, prevention and response mechanism	2027-2029	15	GoK	SDP	NEMA, CGs, CoG, NDOC
Strengthen the legal and regulatory framework governing the environment, social and governance of petroleum operations	Regulations and guidelines for ESG developed	No. of ESG regulations and guidelines developed	2027-2029	30	GoK	SDP	EPRA, CGs, OAG, NEMA
Promote environment, social and governance	Strategy on waste reduction, recycling and reuse of materials in petroleum operations developed	Strategy on waste reduction, recycling and reuse of materials in petroleum operations	2027-2029	10	GoK	SDP	EPRA, NEMA, CGs

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

Annex II: Policy Monitoring and Evaluation Matrix

Goal 1	**To sustainably explore, exploit, utilize and manage petroleum resources and products to contribute towards Kenya's economic development**					
Outcome	**Indicators**	**Baseline Value (Year 2025)**	**Target(s)**		**Source of Data**	**Frequency**
			Mid-Term (Year 2030)	**End-Term Year 2035)**		
Enhanced exploitation of petroleum resources	Investment in petroleum blocks (KSh. millions)	915	145,319	200,000	Upstream Petroleum Records	Bi-annually
Enhanced access to reliable, and competitive petroleum products	Proportion (%) of public learning institutions using LPG	8	30	60	Upstream Petroleum Records	Annually
	Average LPG consumption per capita No. (Kg/yr)	6.59	10	15	KNBS – Household Survey	Every 5 Years
	Quantity of petroleum products imported (million metric tonnes annually)	5.9	7.0	8.0	KNBS – Economic Survey	Annually
	Petroleum products strategic reserves (No. of Days)	-	15	30	Downstream Petroleum records	Bi-annually
Enhanced environmental conservation	Compliance with environmental and social safeguards (%)	100	100	100	Upstream Petroleum Records	Annually

Goal 1	To sustainably explore, exploit, utilize and manage petroleum resources and products to contribute towards Kenya's economic development					
Outcome	**Indicators**	**Baseline Value (Year 2025)**	**Target(s)**		**Source of Data**	**Frequency**
			Mid-Term (Year 2030)	**End-Term Year 2035)**		
Enhanced sector coordination and management	Number of reviewed/developed Policies	0	1	1	SDP Records	Annually
	Number of reviewed Acts	0	1	2	SDP Records	Annually
	Number of Regulations reviewed/developed		9	20	SDP Records	Annually
	Number of officers trained	100	750	1,500	SDP Records	Annually



REPUBLIC OF KENYA

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