

# **MINISTRY OF ENERGY AND PETROLEUM**

## **NATIONAL PETROLEUM POLICY**

**JUNE, 2024**

## Foreword

The Executive Order No. 2 of 3<sup>rd</sup> November 2023 conferred the Ministry of Energy and Petroleum with various functions pertaining to both the energy and petroleum operations. One of the key tasks given to the State Department for Petroleum is the development and implementation of the National Petroleum Policy. The Petroleum Act under Section 5(1) tasks the Cabinet Secretary responsible for petroleum operations with the role of development and publishing of the National Petroleum Policy. The Policy is to be reviewed at least once every five years.

In 2011, a technical committee was appointed to align the sector policy and legislation to the Constitution. A draft Energy & Petroleum Policy was developed from which a draft National Petroleum Policy was carved out of the Draft Energy & Petroleum Policy. This was followed by consultative process in collaboration with industry players and other stakeholders to finalize the National Petroleum Policy.

Over the years, Sessional Paper No. 4 of 2004 on Energy has been guiding policy direction in the oil and gas sector. The Sessional Paper provides legal, regulatory and institutional frameworks supporting operations of the Upstream, Midstream and Downstream Sub-Sectors. Overtime, this sector has evolved into new directions posing opportunities and challenges requiring operational support from this Policy.

The oil and gas landscape has rapidly evolved in Kenya. The commercial discovery of crude oil presents an opportunity for employment creation and generation of revenues to support other sectors of the economy. Subsequently, the development of infrastructure to fast-track social transformation of the country will definitely contribute to both poverty reduction and achievement of sustainable development.

The Government's Bottom-Up Transformation Agenda (BETA) is to stimulate economic recovery and bolster resilience. BETA is being implemented across five priority areas namely: Agricultural Transformation, Micro, Small and Medium Enterprises (MSME) Economy, Healthcare, Housing and Settlement, Digital Superhighway and Creative Industry. The infrastructure sector, in which oil and gas is domiciled remains a critical enabler to all the five pillars.

This National Petroleum Policy covers the entire petroleum industry, establishes checks and balances necessary to ensure that oil and gas sector supports the country's sustainable growth. It also aims to address the negative consequences of petroleum development that include environmental degradation.

This Policy applies to all petroleum operations in the country including cross border operations that impact the country, and provides guidance to all the industry sector stakeholders. It forms the basis for the development and implementation of the Oil and Gas sector's legal, regulatory,

institutional and fiscal framework. Several initiatives are being pursued to increase the country's value offering in petroleum and access to petroleum products.

I believe this Policy will go a long way to address the myriad of challenges facing the petroleum sector. We aim to put to good use all the available resources in realization of the Policy requirements set forth. I call upon all stakeholders in the petroleum sector to work together to ensure that the proposals contained in this Policy are implemented for the benefit of the country.

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

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## **Preface**

The State Department for Petroleum hereby presents the National Petroleum Policy that aims to provide guidance in oil and gas operations in the country. Oil and gas operations play a critical role in socio-economic development of the country. It does so through its contribution to increased export earnings, development of infrastructure, employment creation and improved social welfare of the people.

Petroleum remains a critical source of energy in the transport, commercial, industrial and domestic sectors. Our long-term goal is to be a regional leader in the exploration, exploitation and supply of petroleum products for sustainable development. Effective implementation of this Policy will require development of an appropriate legal, regulatory and institutional framework for the oil and gas sector.

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

This Policy has identified the challenges impacting in the sector and proposed the probable mitigation measures. Several intervening strategies have been proposed towards: the protection of public health, promotion of environmental sustainability, and foster responsible industry practices. Local content development in the sector is a pivotal aspect among proposed intervention measures.

Successful implementation of this Policy requires all stakeholders to effectively undertake their respective roles in exploiting the petroleum resources and make petroleum products accessible to all Kenyans a reality. We will endeavor to provide overall leadership, oversight guidance and direction to ensure effective and efficient implementation of this Policy.

**Mohamed Liban**  
**Principal Secretary, State Department for Petroleum**

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<b>Best Petroleum Industry</b>	Means such practices, methods, standards, and procedures generally accepted and followed internationally by prudent, diligent, skilled and
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<b>Practices</b>	experienced operators in the petroleum operations
<b>Common user facility</b>	Petroleum infrastructure owned and maintained by any person which may be used by third parties
<b>Compulsory acquisition</b>	Has the same meaning as assigned to it under the Land Act, 2012
<b>Conservation</b>	Includes preservation, maintenance, sustainable use and restoration of natural and cultural environment
<b>Consumer</b>	Means any person supplied or entitled to be supplied with petroleum products
<b>Contractor</b>	A Firm that has a contractual agreement with the Government
<b>Decommissioning</b>	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
<b>Development Plan</b>	Means a plan which the contractor presents to the Regulatory Authority for the placement, construction and installation of facilities needed for production of petroleum
<b>Downstream</b>	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
<b>International Oil Companies (IOCs)</b>	Are oil and gas companies with global upstream operations spanning the entire oil and gas value chain
<b>Investor</b>	A Firm/Company that has the financial, technical and professional capacity to undertake oil and gas exploration activities
<b>Local community</b>	Means a people living in a sub-county within which Petroleum operations are undertaken and who are affected by such operations
<b>Local Content</b>	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
<b>Midstream</b>	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
<b>Midstream Contractor</b>	
<b>Offshore</b>	Means petroleum operations that occur in bodies of water, such as seas, oceans, and large lakes.
<b>Oil and Gas Sector</b>	Means the sector in which hydrocarbons are explored, extracted and refined; and petroleum products are marketed and distributed
<b>Onshore</b>	Means petroleum operations that take place on land.
<b>Open Tender System (OTS)</b>	Is the means by which petroleum products are imported via a monthly public tender.
<b>Petroleum</b>	Means all hydrocarbons and includes crude oil and natural gas, whether capable of being produced from conventional and unconventional reservoirs,
<b>Petroleum Block</b>	Means acreage as defined by specific geographic coordinates for purposes of upstream petroleum operations
<b>Petroleum Data</b>	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
<b>Petroleum Operations</b>	Means all or any of the operations related to the exploration, development, production, processing, storage, transportation and sale of petroleum
<b>Petroleum Products</b>	Means the products yielded from the refining of petroleum
<b>Petroleum Resources</b>	Means all naturally occurring hydrocarbons, including crude oil, natural gas, and condensates, that are found in geological formations within Kenya's territorial boundaries.
<b>Public Participation</b>	Refers to the process by which citizens, as individuals, groups or communities, also known as stakeholders, take part in the conduct of public affairs, interact with the state and other non-state actors to influence decisions, policies, programs, legislation and provide oversight in service delivery, development and other matters concerning their governance and public interest, either directly or indirectly through freely chosen representatives
<b>Resource Curse</b>	Also referred to as the "paradox of plenty" and refers to the fact that countries rich in natural resources, particularly minerals and fuels, perform less well economically than countries with fewer natural resources
<b>Retail</b>	(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
<b>Reticulation</b>	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
<b>Seed Gas</b>	The initial/first gas used to fill LPG bullets after construction of LPG infrastructure in public learning Institutions to be used as fuel under the Clean Cooking Gas (CCG) initiative
<b>Upstream</b>	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
BP	British Petroleum
COSSOP	Cost-of-Service Study of Petroleum
EOPS	Early Oil Pilot Scheme
EPRA	Energy and Petroleum Regulatory Authority
FDP	Field Development Plan
HFO	Heavy Fuel Oil
IK	Illuminating Kerosene
IOC	International Oil Companies
Jet A-1	Jet Fuel
KEBS	Kenya Bureau of Standards
km	Kilometers
KPC	Kenya Pipeline Company
KPRL	Kenya Petroleum Refineries Limited
LLCOP	Lokichar-Lamu Crude Oil Pipeline
LPG	Liquified Petroleum Gas
M	Meters
M <sup>3</sup>	Cubic Meters
M&E	Monitoring and Evaluation
MLPWHUD	Ministry of Lands, Public Works, Housing and Urban Development
MOINA	Ministry of Interior and National Administration
MT	Metric Tonnes
NEMA	National Environmental Management Authority
NOCK	National Oil Corporation of Kenya
NUPAC	National Upstream Petroleum Advisory Committee
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
TNT	The National Treasury

## CHAPTER ONE: INTRODUCTION

### 1.0 Overview

This Chapter provides background information on the Oil and Gas Sector, which comprises of Upstream, Midstream and Downstream sub-sectors. It 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 the 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 oil and gas products are used in the Petrochemical Industry where they are refined into chemicals. They are used as inputs for various products used in everyday life 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 sub-sectors. Upstream involves exploration, appraisal, development, production of oil and gas, and decommissioning of oil 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 sub-sector is under development, the Downstream sub-sector is well established and depends on importation of petroleum products, while operations of the Midstream sub-sector have been halted. 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.

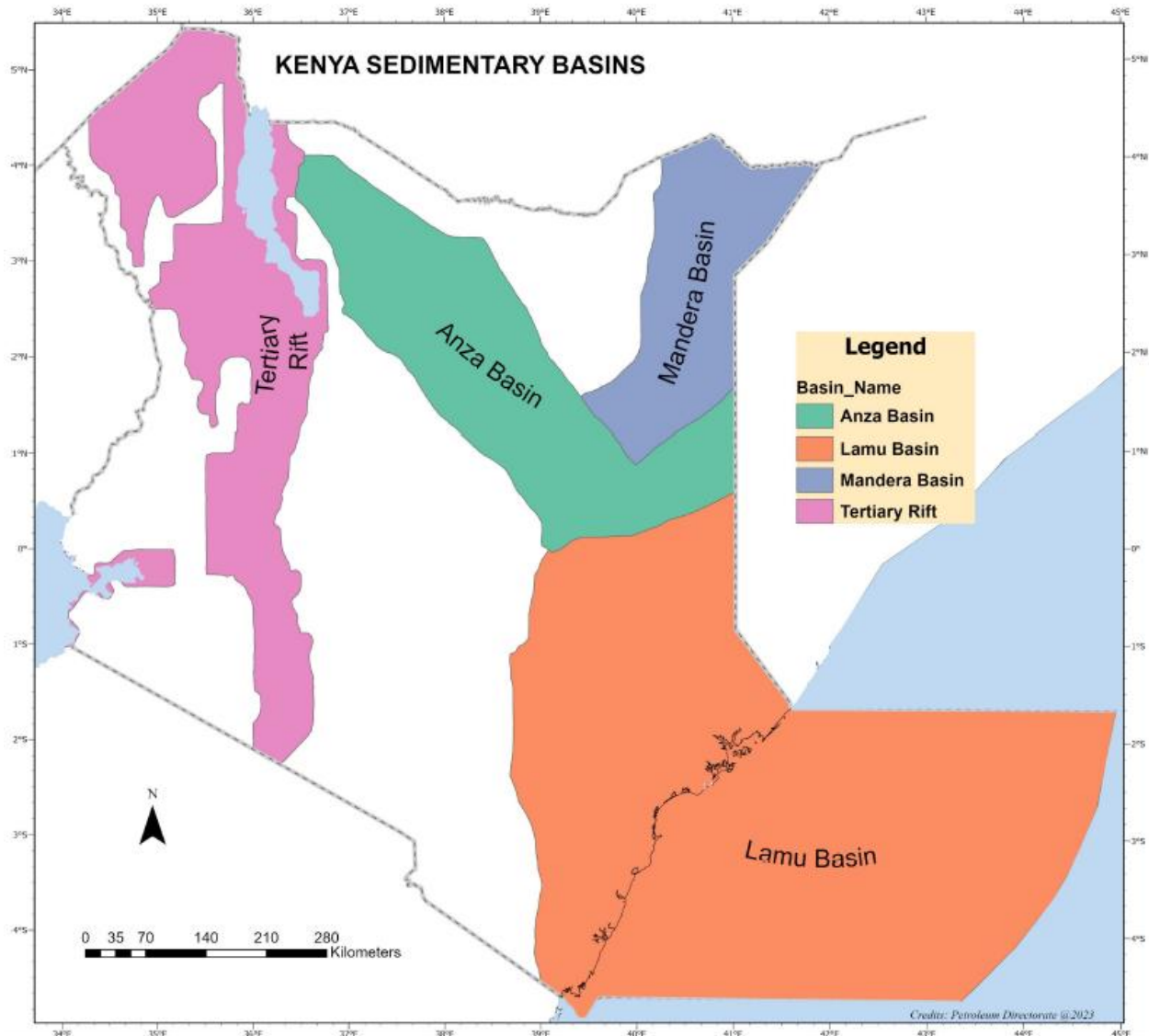
### 1.1.1 Upstream Sub-Sector

Petroleum resources, which include crude oil and natural gas are found in sedimentary basins. Kenya has four sedimentary basins covering approximately 490,000km<sup>2</sup>. These basins are; Lamu, Anza, Mandera and Tertiary Rift. The basin's coverage and their sediment thickness is as detailed in Table 1.

**Table 1: Sedimentary Basins in Kenya**

<b>Basin</b>	<b>Area Covered (km<sup>2</sup>)</b>	<b>Sediment Thickness (Meters)</b>
Lamu (onshore and offshore)	261,000	12,000
Anza	81,391	10,000
Mandera	43,404	10,000
Tertiary Rift	105,673	4,000

**Figure 1: Kenya Sedimentary Basins**



The sedimentary basins are sub-divided into Petroleum Blocks which are licensed to various investors, for exploration, appraisal, development and production of oil and gas resources. The sub-division of the basins enhances data collection coverage per square unit, 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 the current 63 Blocks.

### 1.1.1.1 Oil and Gas Exploration in Kenyan Sedimentary Basins

#### 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. None of the wells drilled were fully evaluated or completed for production despite several indications of oil staining and untested zones with gas shows in some wells.

Texas Pacific drilled Hargaso-1 in 1975 that encountered oil and gas shows. Between 1985 and 1996, American Oil Company (Amoco) and Total Kenya drilled another ten exploration wells with no significant success though minor oil and gas shows were encountered in some of the wells.

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. Simba-1 was unsuccessful while the latter two encountered hydrocarbon shows. A 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. This, followed by massive gas discoveries in Mozambique in 2003, renewed exploration interest within the region. The gazettment of new Blocks in 2003 allowed Woodside Petroleum Ltd to farm into seven offshore blocks, acquiring 11,449.6 km 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)

#### Tertiary Rift Basin

Before the 1980s, the tertiary rift was considered inferior exploration-wise with little activity. 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 when oil was discovered in the Albertine graben in Uganda. Tullow Oil Plc and Africa Oil Corporation acquired additional 2D seismic in the region and drilled Ngamia-1 well in 2012. The first oil discovery in the basin encountering over 100m net oil pay zones. 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 is currently the operator Block 14T which is located within the Tertiary Rift Basin in the South, where gravity (FTG), magnetotellurics (MT), aeromagnetic and seismic data have been acquired. Additional acquisition of 2D seismic was carried out in 2017 with two stratigraphic wells drilled by the early 2018.

## **Mandera Basin**

Between 1960s and 1970s, Frobisher Ltd and Burmah Oil Company conducted photo geological field geology, gravity, aeromagnetic and seismic surveys that did not materialize into drilling programmes. Elgal 1 & 2 wells were drilled in 1987 by American Oil Company Amoco but were both dry. In 1990, Total Exploration and Production (Total E&P) Company acquired 707 km 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 (dry) in 2015.

## **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. On acquiring seismics, 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, Hothori-1 (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 hydrocarbon 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. However, the subsequent Sala-2 well drilled to test the up-dip extent of this main reservoir sand in the Sala-1 gas discovery failed to find any significant hydrocarbons.

### **1.1.2 Midstream Sub-Sector**

The Midstream sub-sector operations involve transportation, storage, trading and refining of crude oil and Natural Gas into finished petroleum products.

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<sup>3</sup>**. 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

Downstream operations involve importation, storage, transportation and distribution of petroleum products. These operations are carried out by; the State Department for Petroleum, Kenya Pipeline Company (KPC), National Oil Corporation of Kenya (NOCKK) and the Oil Marketing Companies (OMCs), and regulated by the Energy and Petroleum Regulatory Authority (EPRA).

The importation of petroleum products in Kenya began in the early 1900s. The country relies fully on imported petroleum products to meet its demand, which has significantly increased since the country's independence. As at June 2024, the monthly imports were approximately 675,000 Metric Tonnes (MT) translating to an annual import volume of approximately 8.1 million Metric Tonnes.

### Kenya Pipeline Company

The Kenya Pipeline Company (KPC) Limited which is wholly owned by the Government, 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 through the Kipevu Oil Terminals (KOT) 1 and 2, and Shimanzi Oil Terminal in Mombasa, which are owned by the Government. The products are 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	STATUS
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		<b>COMMISSION</b>	
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<sup>3</sup>**. 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.

### **National Oil Corporation of Kenya**

National Oil Corporation of Kenya Limited 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 complete with spacious forecourts, service bays, shops and restaurant facilities. 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 new products development, and has since launched its Supa brands of LPG and Lubricants as well as convenient retailing business segments.

### **Energy and Petroleum Regulatory Authority**

Energy and Petroleum Regulatory Authority (EPRA) is established under the Energy Act 2019, to undertake Technical and Economic Regulation of the electricity, renewable energy, downstream coal, coal bed methane gas and petroleum sectors. The functions of the Authority 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 sub-sector, the Authority is responsible for licensing and permitting of exploration, development and production of crude oil; 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 oil and gas exploitation is undertaken in a sustainable manner. In the Midstream 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 sub-sector, the Authority is involved in licensing and permitting of refined petroleum products importation, storage, transportation, exportation and sale.

### **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), Liquefied Petroleum Gas (LPG) and Heavy Fuel Oil (HFO). OMCs distribute petroleum products through road tankers or rail from KPC Depots to their respective dispensing sites.

#### **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, 2004-2023, while the legal, regulatory and institutional framework for Upstream, Midstream and Downstream Sub-Sectors was developed based on this Sessional Paper. 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 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 applies to all petroleum operations within and relating to Kenya. It provides policy guidance to all the sector stakeholders and will be the basis for the development and implementation of the Oil and Gas Sector legal, regulatory, institutional and fiscal frameworks.

### **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 promote sustainable petroleum resource exploration, development and production
2. To enhance storage and transportation capacity of petroleum products
3. To promote value addition of petroleum resources for local and regional petroleum product demand
4. To ensure security of supply of petroleum products
5. To enhance LPG uptake in the country
6. To promote environmental protection and conservation of biodiversity
7. To facilitate capacity development and technology transfer
8. To promote equitable sharing of benefits from exploitation of petroleum resources
9. To enhance management of revenues from the Oil and Gas Sector

#### **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 members of the society.

**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, promote 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 Oil and Gas 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 six chapters. Chapter 1 covers the introduction, which provides the background information on the oil and gas sector, the rationale for development of the Policy, the scope, policy goals, objectives, principles. Chapter 2 discusses the situational analysis of the country's oil and gas sector including the performance of the sector and the existing policy and legislative frameworks. Chapter 3 provides the emerging issues and challenges, while Chapter 4 provides the Policy strategies that will be used to address these challenges. Chapter 5 presents the Policy strategies for the cross-cutting issues in the sector. Chapter 6 outlines policy implementation, and monitoring and evaluation, and reporting frameworks. An implementation matrix for the operations in the sector is annexed in the Policy.

## CHAPTER TWO: SITUATION ANALYSIS

### 2.0 Overview

This Chapter provides an overview of the performance of oil and gas sector in Kenya, where the key achievements in the three oil and gas sub-sectors namely; Upstream, Midstream and Downstream are highlighted. The Chapter also presents the policy, legislative frameworks that guide petroleum operations in the country.

### 2.1 Performance of Oil and Gas Sector

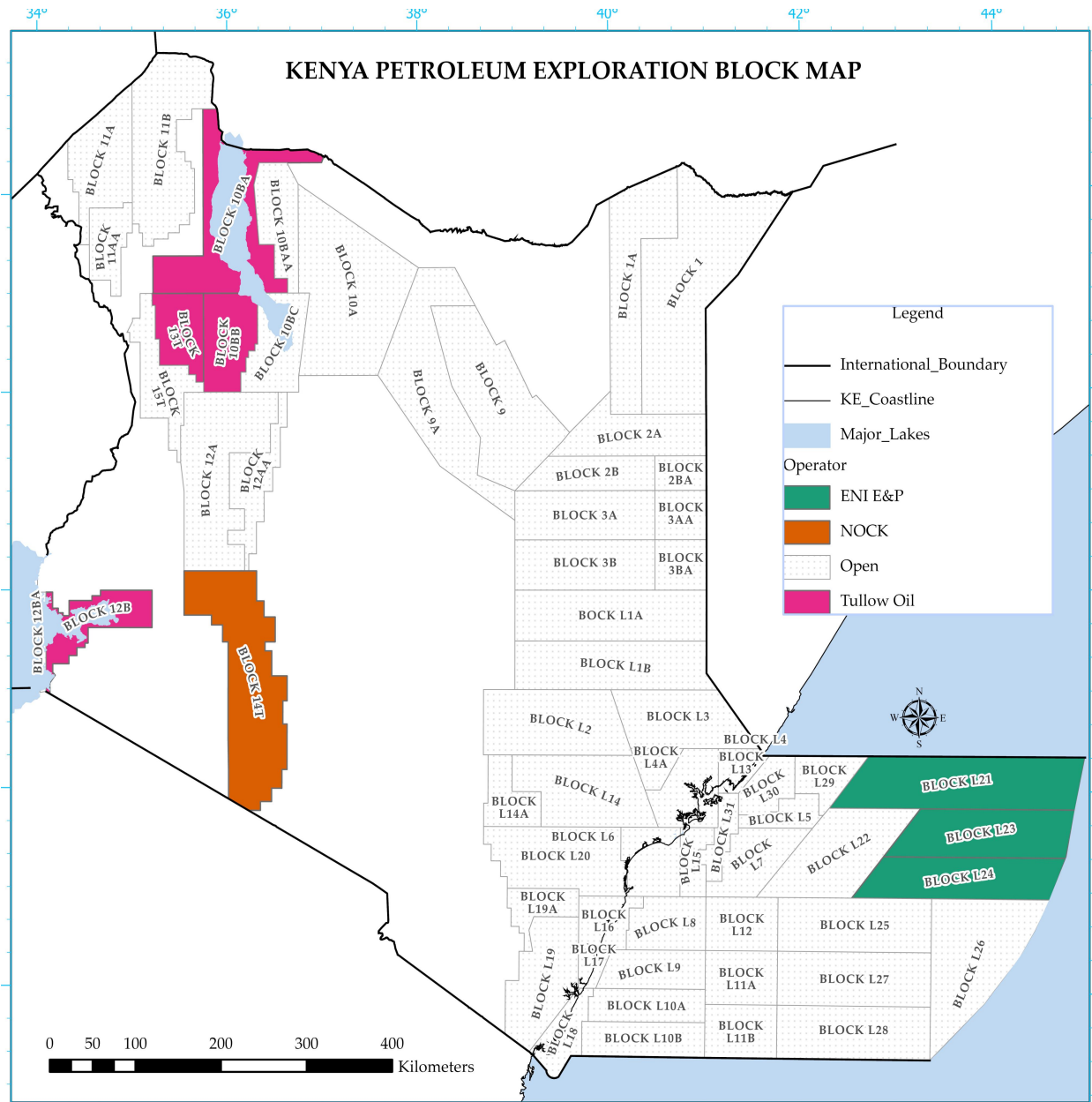
#### 2.1.1 Upstream Sub-sector

The four sedimentary basins in Kenya are sub-divided into 63 Petroleum Blocks as follows:

**Table 3: Petroleum Blocks**

Basin	Number of Petroleum Blocks
Lamu (onshore & offshore)	37
Mandera	5
Anza	7
Tertiary	14
<b>Total</b>	<b>63</b>

**Figure 2: Kenya Petroleum Exploration Block Map**



### **2.1.1.1 Licensing of Petroleum Blocks**

By June 2024, nine (9) Petroleum Blocks had been licensed to four (4) Investors for petroleum operations, while the remaining 54 Blocks were open for investment. The licensed Blocks and the respective Investors are outlined in Table 4.

**Table 4: Licensed Petroleum Blocks**

	<b>Licensed Blocks</b>	<b>Investor/Licensee</b>
1.	14T	National Oil Corporation of Kenya
2.	12B, 13T, 10BA, 10BB	Tullow Oil plc
3.	L19	Rift Energy Company
4.	L21, L23, L24	ENI Company
	<b>9 Blocks</b>	<b>4 Investors</b>

The licenses for blocks L21, L23 and L24 PSCs are set to expire in December 2024. No petroleum operations were on-going in the three (3) Blocks following the international maritime dispute between Kenya and Somalia in the region where the Blocks are situated.

### ***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 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.

**Table 5: Hydrocarbon Discoveries in Kenya**

<b>Basin</b>	<b>Dry Wells</b>	<b>Gas Only</b>	<b>Oil Only</b>	<b>Oil &amp; Gas</b>	<b>Total Wells Drilled</b>
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
<b>Total</b>	<b>53</b>	<b>3</b>	<b>32</b>	<b>7</b>	<b>95</b>

Kenya discovered its petroleum resources in 2012 with the discovery of oil deposits in the Tertiary Rift Basin. The discoveries were made in Blocks 10BB and 13T, 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 and exported with an aim of 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 10BB and 13T 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 Sub-Sector**

The cessation of refining of crude oil by KPRL in Mombasa in 2013 resulted in a non-operational Midstream Sub-Sector of the Oil and Gas Sector in Kenya. The development of this sub-sector is dependent on the development of the petroleum resources in the Upstream Sub-Sector, following discovery of oil and gas resources. To facilitate transportation of the produced crude oil from Blocks 10BB and 13T in South-Lokichar to Lamu, the Policy proposes the construction of **824km** Lokichar-Lamu Crude Oil Pipeline (LLCOP). The pipeline capacity is 130,000 barrels of crude oil per day and traverses through six counties, and the pipeline route has been identified, surveyed and gazetted.

### **2.1.3 Downstream Sub-Sector**

Kenya imports petroleum products to meet all the demand locally and regionally. The imported petroleum products include: Automotive Gas Oil (AGO) (Diesel); Premium Motor Spirit (PMS) (Super Petrol); Jet Fuel (Jet A-1); Liquefied Petroleum Gas (LPG); Illuminating Kerosine (IK); Heavy Fuel Oil (HFO); lubricating oils, grease; Bitumen; and Bio-Fuels.

#### ***2.1.3.1 Importation of Petroleum Fuels***

The petroleum products are received through the Port of Mombasa, stored, transported via pipelines, trucks, barges and railway, and distributed to the end users through the retail stations. In ensuring security of supply of oil and gas, the downstream infrastructure network consists of **1,342km** of petroleum pipelines and approximately **1,601,010M<sup>3</sup>** storage capacities for petroleum fuels, of which, **1,228,422M<sup>3</sup>** is owned by the Government while **372,588M<sup>3</sup>** is owned by private Oil Marketing Companies.

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.

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). The OMCs operate a total of **4,934** retail fueling stations, with NOCK owning and operating **110** retailing stations across the country while the privately owned OMCs have a network of **4,824** retail fueling stations.

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 and Legislative Framework**

### **2.2.1 Existing 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 oil and gas operations and the institutional framework were fragmented and regulated under separate legislations. The Ministry of Energy was charged with regulating the Upstream sub-sector operations while a Regulatory Agency was charged with regulating the Downstream Sector operations.

### **2.2.2 Existing Legislative 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* provide 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 current legal and regulatory framework governing petroleum operations in the country include: the *Petroleum Development Fund Act, 1991*, which establishes the Petroleum Development Fund and the imposition of a Petroleum Development Levy; the *Petroleum Act, 2019* 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, 2019* 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, 2019.

Other legislations that impact the Oil and Gas Sector include: the Standards Act, Chapter 496; Environmental Management and Co-ordination Act, 1999; Physical Planning Act, Chapter 286; Weights and Measures Act, Chapter 513; Public Procurement and Asset Disposal Act, 2015 (rev. 2022); Anti-Corruption and Economic Crimes Act, 2003; the Public Officer Ethics Act, 2003; Land Act, 2012 revised; Land Registration Act, 2012 revised; Income Tax Act, CAP 470, especially the Ninth Schedule Consumer Protection Act, 2016; County Government Act, CAP 265; and Public Finance Management Act, 2012.

## CHAPTER THREE: EMERGING ISSUES AND CHALLENGES

### 3.0 Overview

This Chapter 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 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 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.

### 3.1 Emerging Issues

The emerging issues facing the country are:

#### 3.1.1 Geopolitical Factors

Geopolitical tensions and conflicts remain critical in shaping the oil and gas market. 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.

#### 3.1.2 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. Initiatives like the European Union's Green Deal and the United States of America's climate policies exemplify the growing regulatory focus on environmental sustainability. 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.

#### 3.1.3 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.

### **3.1.4 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.

### **3.1.5 Biofuels**

Biofuels represents 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.

## **3.2 Challenges**

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

### **3.2.1 Inadequate Local Technical and Financial Capacity**

The country's oil and gas sector players have inadequate skills for: interpretation of geoscientific data; appraisal and development of petroleum resources; decommission the oil fields and facilities. This limits active participation in Upstream petroleum operations.

### **3.2.2 Inadequate Data on Exploration Potential**

The country lacks comprehensive geoscientific data on all the 63 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 sub-sector.

### **3.2.3 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.

### **3.2.4 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.

### **3.2.5 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.

### **3.2.6 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 has led to low penetration of LPG in the country. However, the government is in the process of finalizing the development of LPG importation framework.

### **3.2.7 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.

### **3.2.8 High Capital Investment in Exploration and Development**

Petroleum operations are capital-intensive and technical in nature, with high-risk investments. This has led to low investments in the Kenyan upstream as a result low appetite for Reserve Based Lending (RBL).

## CHAPTER FOUR: POLICY STATEMENTS

### 4.0 Overview

This Chapter presents policies that will be implemented towards sustainable management of the Kenyan petroleum resources and provision of petroleum products. It covers the Upstream, Midstream and Downstream sub-sectors of the Oil and Gas Sector. Priority will be given to strengthening the fiscal, legal and regulatory framework for petroleum to facilitate investment and coordinated development and management of the Sector.

### 4.1 Upstream Sub-Sector

The Constitution provides that the State to ensure sustainable exploitation, utilization, management and conservation of the natural resources, including the environment, and ensure the equitable sharing of the accruing benefits. This Policy therefore 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. This will in turn contribute to socio-economic development of the country for present and future generations.

#### 4.1.1 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.

##### *Policy Statement*

The Government will hold, use and manage petroleum resources in a manner that is equitable, efficient, productive and sustainable.

#### 4.1.2 Promotion of Oil and Gas Investments

Promotion of oil and gas potential entails collection and analysis of Geoscientific Data from the Petroleum Blocks, packaging the information and using it to market the Blocks. The aim of marketing it to attracting investments in the Blocks to enhance exploration and exploitation of petroleum resources.

##### *Policy Statements*

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 petroleum data and information for commercial consideration.
- d) Facilitate conflict management and dispute resolution.

#### **4.1.3 Licensing of Petroleum Blocks**

The purpose of licencing of Petroleum Blocks is to facilitate investors to: collect geological, geophysical and geochemical information; and develop the petroleum resources. The licencing process is undertaken through a competitive bidding process aimed at achieving the best returns for the country, and attracting qualified investors. The Bidders are pre-qualified for licensing rounds based on their financial and technical capacity to undertake petroleum activities in the Block up for licensing.

##### ***Policy Statements***

The Government will:

- a) Ensure the licensing process is responsive in attracting investment.
- b) Reconstitute the petroleum blocks for effective exploration and production of petroleum resources.

#### **4.1.4 Exploration, Development and Production**

Exploration of petroleum involves collection of geoscientific data that is used to determine petroleum potential in the sedimentary basins. This data, together with any other data derived from upstream petroleum operations belong to the Government. Appraisal of the petroleum resources is then undertaken to determine the petroleum reserve. Upon ascertaining the commercial viability of the petroleum reserve, development of the oil fields and production of the resources is be done by investors in collaboration with the Government. At production, investors are expected to use the best industry practices to ensure sustainable exploitation, and enhanced maximization of the present value of the petroleum resources. The use of production techniques that will enhance oil and gas contribution to economic, environmental and social welfare while avoiding resource wastage will be encouraged.

##### ***Policy Statements***

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 confidential information acquired in the course of petroleum operations.



- d) Facilitate land access for petroleum operations.
- e) Promote application of best available technology in petroleum operations.
- f) Promote adoption of technologies that support decarbonization in upstream operations.
- g) Facilitate third party access to infrastructure in exchange for fair compensation to the owner.
- h) Collaborate with neighbouring governments for joint development of any petroleum discovery which straddles national boundaries.

#### **4.1.5 Natural Gas**

Natural Gas plays a key role in 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.

##### ***Policy statements***

The Government will:

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

#### **4.1.6 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. Decommissioning will be performed in an environmentally sustainable manner to ensure that the environment is restored to its original state.

##### ***Policy Statements***

The Government will:

- a) Develop a framework to guide decommissioning of petroleum operations.
- b) Ensure investors provide financial assurances for restoration of the environment at the end of their petroleum operations.
- c) Ensure stakeholder involvement in decommissioning petroleum operations.

## 4.2 Midstream Sub-Sector

The Midstream Sub-Sector connects the Upstream and Downstream Sub-Sectors in the oil and gas industry. It deals with trading in crude oil and Natural Gas, transportation, storage and refining of crude oil and Natural Gas.

### *Policy Statements*

The Government:

- a) Will promote investment in midstream infrastructure, petrochemicals and natural gas processing facilities.
- b) Will encourage development, ownership and operation of petroleum infrastructure.
- c) May own and operate midstream infrastructure.
- d) Will facilitate third party access to infrastructure where there is spare capacity in exchange for fair compensation to the owner.
- e) Will be responsible for setting, reviewing and adjusting tariffs and charges for all petroleum infrastructure which permit a fair return.
- f) May facilitate land access for midstream infrastructure development.
- g) Will facilitate access to transport and storage infrastructure.
- h) The produced oil and gas may be used to enhance energy security in the country.

## 4.3 Downstream Sub-Sector

The Downstream sub-sector deals with storage, transportation and distribution of imported petroleum products. The operations of the retailing industry are well established in the country. However, the sub-sector is faced with challenges, which the Government is committed to addressing to enhance efficiency in downstream operations.

### 4.3.1 Supply of Petroleum Products

By 2023, the country's imports of petroleum products averaged 5.1 million MT annually. 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.

### *Policy Statements*

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.

#### **4.3.2 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.

##### ***Policy Statements***

The Government:

- a) Will enhance efficiency in Licensing of the Downstream sub-sector
- b) Will facilitate development of infrastructure for importation, storage, transportation and distribution of petroleum products.
- c) May invest in, own and operate infrastructure in downstream petroleum operations either directly or indirectly.
- d) Will collaborate with neighboring countries to undertake integrated petroleum infrastructure projects.

#### **4.3.3 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.

##### ***Policy Statements***

The Government will:

- a) Ensure fair pricing and market stability of petroleum products
- b) Enhance the flexibility in response to economic factors that influence pricing of petroleum products.

#### **4.3.4 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.

##### ***Policy Statements***

The Government will:

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

#### **4.4 Revenue from Petroleum Operations**

The discovery of oil and gas reserves and their subsequent production provide an opportunity for countries to generate revenue which, may support the economic growth of a country. Many countries with large oil and gas reserves have failed to reach their full potential from their natural resource wealth due to corruption, mismanagement and failure to invest for the future. This is referred to as a Resource Curse. It is therefore important to ensure effective management of revenues from the oil and gas sector.

In addition, as Kenya becomes a natural resource producing nation, the Government will ensure equitable distribution of petroleum revenue across the country. This will ensure that the economy is not exposed to the Dutch Disease, where the oil and gas sector develops rapidly 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.

##### **4.4.1 Management of Revenues from Petroleum Operations**

The main sources of revenue in the Oil and Gas Sector are revenues from operations of Upstream and Downstream Sub-sectors. Revenue from Upstream Sub-sector is from: licence fees, sale of petroleum data, crude and Natural Gas, signature bonus, surface fees and training fees from investors to support human capacity development for the sector; while revenue from Downstream Sub-Sector is from levy collected from sale of petroleum products. Some of these

revenues will be used to support development of the Oil and Gas Sector while the rest will support various sectors of the economy.

The Government is committed to ensuring revenues collected from petroleum operations are utilized efficiently for the benefit of the people of Kenya.

### ***Policy Statements***

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 application of arms-length principles in petroleum operations.
- d) Ensure revenues from petroleum operations are collected and utilized to develop the oil and gas sector and support various sectors of the economy.

## CHAPTER FIVE: CROSS-CUTTING ISSUES

### 5.0 Overview

This Chapter presents the cross-cutting issues affecting the operations in the oil and gas sector. These include: safety of the petroleum products and operations, and the environment; security of petroleum infrastructure; public participation; land; local content; private sector participation.

### 5.1 Health and Safety

Health and safety in oil and gas sector involves a range of strategies aimed at protecting the public and workers from ailments and injuries resulting from petroleum operations. There are hazards in the sector are a constant threat due to the nature of petroleum operations and products. They include health and safety hazards, oil spills, fires and explosions; whose occurrence may erode the gains from investment in the sector.

#### *Policy Statements*

The Government will

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

### 5.2 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.

#### *Policy Statements*

The Government will:

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

### 5.3 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.

#### *Policy Statement*

The Government will facilitate public participation in petroleum operations in accordance with the applicable policy and legal frameworks.

#### **5.4 Land**

Land is one of the factors of production and a critical resource for economic development of the country. The land issues to be considered in the Sector include: land access, land ownership, land-use planning, environmental management and conflict management.

##### ***Policy Statements***

The Government will:

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

#### **5.5 Host Community Rights**

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

##### ***Policy Statements***

The Government will:

- a) Ensure that all stakeholders actively promote and protect the rights and interests of host communities.
- b) Strengthen the legal and regulatory framework governing host community rights in petroleum operations.

#### **5.6 Environment, Social and Governance (ESG)**

The Government is responsible for ensuring sustainable exploitation, utilization, management and conservation of the environment and petroleum resources. Petroleum operations have the potential to have negative environment and social impacts which if not addressed can erode the benefits.

##### ***Policy Statements***

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 sustainable environmental management in petroleum operations.

### **5.6.1 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.

#### ***Policy Statement***

The Government will promote climate change mitigation and adaptation in petroleum operations.

### **5.7 Local Content**

Local content refers to the value a project in the Oil and Gas sector contributes to the growth and development in the country. This includes creating employment, training, promoting local goods and services, ensuring value addition and retention and technology transfer.

#### ***Policy Statements***

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.

### **5.8 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.

#### ***Policy Statements***

The Government will:

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



## **CHAPTER SIX: POLICY IMPLEMENTATION, MONITORING AND EVALUATION, AND REPORTING**

### **6.0 Overview**

This Chapter focuses on resource mobilization and institutional framework for implementation of the Policy. Assessment of progress made in the implementation of this Policy will be carried out through Monitoring, Evaluation and Reporting, which will be critical in determining if the country is on track in realization of the set policy goals and objectives. These frameworks 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.

### **6.1 Policy Implementation**

#### **6.1.1 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 Oil and Gas Sector 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 Oil and Gas Sector 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 work 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 exercise transparency and accountability, adoption of cost-effective operations, adaptability and flexibility in particular to change dynamics and above all will ensure implementation of this policy interventions lead to impact.

### 6.1.2 Institutional Framework

The institutions identified will facilitate exploration, exploitation and supply of oil and gas for sustainable development. Implementation of the policy will thus take a multi-sectoral approach cutting across both the Government and industry players. The Ministry in charge of Petroleum will take the leading role of coordinating the sector operations.

Table 6 outlines the various government and private institutions and stakeholders involved in oil and gas sector and their roles.

**Table 6: Role of Institutions in Implementation of the Policy**

INSTITUTIONS	ROLES IN IMPLEMENTATION OF THE POLICY
Ministry of Energy and Petroleum	<ul style="list-style-type: none"> <li>• Spearhead formulation and implementation of the Petroleum Policy;</li> <li>• Ensure Security of Supply of petroleum products;</li> <li>• Petroleum Resource Management;</li> <li>• Assessment of Oil and Gas Potential in Kenya's Exploration Blocks;</li> <li>• Management of Upstream Petroleum Products Marketing;</li> <li>• Oil and Gas Sector Capacity Development;</li> </ul>
Energy and Petroleum Regulatory Authority	<ul style="list-style-type: none"> <li>• Economic and technical regulation of the upstream, midstream and downstream petroleum operations</li> <li>• Licensing and regulation of the oil and gas sector</li> <li>• Review of field development plans</li> <li>• Quality control of petroleum products.</li> </ul>
National Oil Corporation of Kenya	<ul style="list-style-type: none"> <li>• Provide security of supply of petroleum products in the country</li> <li>• Involved in upstream exploration, development and production of petroleum products</li> <li>• Management of geoscientific data from exploration activities</li> <li>• Expand LPG infrastructure and demand under the cylinder/appliance subsidy programme</li> </ul>
Kenya Pipeline Company/Kenya Petroleum Refinery Ltd	<ul style="list-style-type: none"> <li>• Storage, transportation and handling of refined petroleum products and LPG in the country.</li> </ul>
Energy and Petroleum Tribunal	<ul style="list-style-type: none"> <li>• Adjudication of matters referred to it relating to the oil and gas sector.</li> </ul>
National Upstream Petroleum Advisory Committee (NUPAC)	<ul style="list-style-type: none"> <li>• To advise the Cabinet Secretary responsible for Petroleum on Upstream petroleum operations</li> </ul>
Kenya Revenue Authority	<ul style="list-style-type: none"> <li>• KRA is responsible for collection of taxes from petroleum related transactions in line with relevant laws and regulations.</li> </ul>
NEMA	<ul style="list-style-type: none"> <li>• Responsible for enforcement of environmental laws and regulations.</li> </ul>

INSTITUTIONS	ROLES IN IMPLEMENTATION OF THE POLICY
KEBS	<ul style="list-style-type: none"> <li>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.</li> </ul>
County Governments	<ul style="list-style-type: none"> <li>Collaborate with national Government</li> <li>Issue licenses, permits and approvals</li> <li>Responsible for county legislation</li> </ul>
Parliament	<ul style="list-style-type: none"> <li>Oversight, representation and enactment of laws and regulations for the sector</li> <li>Approval and appropriation of budget</li> </ul>
Judiciary	<ul style="list-style-type: none"> <li>Resolution of disputes</li> </ul>
Cabinet	<ul style="list-style-type: none"> <li>Approval of the National Petroleum Policy</li> </ul>
Office of Attorney General and Department of Justice	<ul style="list-style-type: none"> <li>Advise on all legal matters</li> </ul>
National Treasury and Economic Planning	<ul style="list-style-type: none"> <li>Provision of adequate budgetary resources</li> <li>Approval of programmes and projects</li> </ul>
Other Government Institutions and Agencies	<ul style="list-style-type: none"> <li>Collaboration in policy formulation and development</li> <li>Cross-cutting policies</li> </ul>
Research and academic institutions	<ul style="list-style-type: none"> <li>Research and development</li> </ul>
Industry players	<ul style="list-style-type: none"> <li>Licensed to undertake petroleum operations</li> <li>Collaborate in the implementation of the policy</li> </ul>
Media	<ul style="list-style-type: none"> <li>Dissemination of information</li> </ul>
Development Partners	<ul style="list-style-type: none"> <li>Provide financial and technical support towards implementation of the Policy</li> </ul>
Other players/Community	<ul style="list-style-type: none"> <li>Participation in policy formulation and implementation</li> <li>Support sector initiatives</li> </ul>

## 6.2 Monitoring and Evaluation Framework

Effective implementation of this Policy requires establishment of a robust Monitoring and Evaluation (M&E) Framework. Monitoring and Evaluation helps in improving policy design and implementation, as well as in promoting accountability and dialogue among policy makers and stakeholders. It is also at the heart of evidence-based policy making and as such forms an integral part of the development and implementation of this Policy. M&E will provide a core set of tools that stakeholders will use to verify and improve the relevance, quality, efficiency, effectiveness impact and sustainability of this Policy.

### **6.2.1 Monitoring and Evaluation Process**

- Monitoring will be a continuous function entailing systematic collection and analysis of data on the specified indicators to establish the extent of progress on achievement of the objectives outlined in this Policy.
- Evaluation process will entail a systematic and objective assessment of design, implementation and results of the stated Policy actions.
- The M&E process will be guided by the M&E implementation framework that will be reviewed periodically to adjust to emerging issues. The Framework shall specify the indicators, indicator definition, baseline, target, data source, frequency and responsibility for data collection.
- The M&E process will adopt a nine-step approach: agreeing on 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.
- Quarterly and annual progress reports will be prepared based on the National M&E reporting system and Oil and Gas management database updated regularly.
- A mid-term and an end-term evaluation of policy shall be based on both national and international accepted norms and standards.

### **6.2.2 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.

### **6.3 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.

## ANNEX I: IMPLEMENTATION MATRIX FOR OIL AND GAS SECTOR OPERATIONS

POLICY PRIORITY AREA	POLICY STATEMENT	ACTIVITIES	IMPLEMENTING AGENCY	TIMEFRAME 2024-2034
<b>Policy, Legal, Institutional and Regulatory Framework for the Sector</b>				
<b>Oil and Gas sector policy, legal, institutional and regulatory framework</b>	Strengthen the fiscal, legal and regulatory framework for the oil and gas sector	Develop/review Regulations under the petroleum legislations	SDP, EPRA	2024-2027
		Review the Petroleum Act, 2019	SDP, EPRA	2024-2025
		Review the Petroleum Development Fund Act, 1991	SDP, EPRA	2025-2026
		Review petroleum agreements	SDP, EPRA	2025-2027
		Develop guidelines and standards for oil and gas sector	EPRA	2024-2027
		Develop a National Petroleum Master Plan	SDP	2024-2026
	Strengthening cooperation with Government Agencies and other Governments	Develop/review, publish and review oil and gas policies and strategic plans	SDP	2024-2034
		Develop/sign/implement cooperation instruments including MoUs, bilateral and multilateral agreements with government agencies in Kenya and other countries	SDP	2024-2034
		Participate in development/review of policies and legislations region and internationally	SDP	2024-2034
		Develop frameworks for cooperation in response to regional and global emerging issues in the oil and gas sector	SDP	2024-2034
		Establish partnerships between petroleum regulatory and statutory institution with other countries	SDP	2024-2034
		Develop centers of excellence for oil and gas	SDP	2024-2034
		Partner with other governments for technology and knowledge sharing	SDP	2024-2034
		Develop a framework for collaboration with Government Agencies in development of the Oil and Gas Sector	SDP	2026-208
<b>UPSTREAM SUB-SECTOR</b>				

<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
<b>Promotion of oil and gas investments</b>	Create a conducive environment for investments in petroleum operations and infrastructure development	Periodic reviews of the terms and conditions in the petroleum arrangements to sustain interest in exploration and production	SDP	2025-2034
		Develop a roadmap on structuring, governing and regulating the oil and gas sector	SDP	2026-2027
		Promote development, ownership and operation of petroleum infrastructure	SDP	2028-2034
	Marketing of open petroleum blocks	Develop a marketing and promotion strategy for investment in the Upstream sub-sector	SDP	2024-2026
		Repackaging and evaluation of data collected from the petroleum blocks	SDP, NOCK	2024-2034
		Organize and participate in regional and international oil and gas forums	SDP, NOCK, EPRA	2024-2034
		Organize roadshows	SDP, NOCK, EPRA	2024-2027
		Acquisition of Multi-Client data	SDP, EPRA	2024-2029
		Conduct Bid-rounds	SDP	2025-2034
	Enhance access to petroleum data and information for commercial consideration	Develop an online Petroleum Exploration Information Management System (PEIMS) for petroleum technical data and information in the sector	SDP	2026-2028
		Develop guidelines on use and access of petroleum data and information	SDP	2026-2028
		Capacity building on the Information Management System	SDP	2026-2034
		Equip the National Petroleum Data Centre	NOCK	2025-2029
	Facilitate conflict management and dispute resolution	Establish a mechanism for conflict management and dispute resolution	SDP	2026-2027
		Establish a communication strategy	SDP	2025-2026
Capacity building on conflict management and dispute resolution		SDP	2026-2030	
Develop a database for petroleum agreements and commitments		SDP	2024-2025	
<b>Licensing of</b>	Ensure the licensing	Develop an efficient licensing system	SDP, EPRA	2024-2027

<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
<b>Petroleum Blocks</b>	process is responsive in attracting investment in the sector	Conduct bidding rounds and direct negotiations	SDP	2025-2034
		Award and administer petroleum Agreements	SDP	2024-2034
	Reconstitution of petroleum blocks	Demarcate petroleum exploration and production areas into blocks based on official technical data	SDP/NUPAC	2024-2034
		Develop nomenclature for classification and naming of blocks	SDP	2024-2034
		Gazettement of petroleum blocks	SDP	2024-2034
		Review of Petroleum Block Maps	SDP	2024-2034
<b>Exploration, Development and Production</b>	Participate in exploration, development and production and facilitate investments in petroleum operations	Gather, process, store, evaluate and interpret geoscientific data	SDP, NOCK, Investors	2024-2034
		Undertake geoscientific surveys, and exploratory and appraisal drilling of petroleum resources	SDP, NOCK, Investors	2024-2034
		Development and production of petroleum resources	SDP, NOCK, Investors	2028-2034
		Review participation agreements	SDP	2024-2034
		Develop a resource mobilization strategy to facilitate participation in petroleum operations	SDP	2026-2027
		Undertake research in exploration of petroleum resources	NOCK, Academic and Research Institutions	2025-2034
		Issuance of operational permits and licenses	EPRA	2024-2034
	Ensure adherence to terms and conditions of petroleum agreements	Review, transfer and assignment of interest in petroleum agreements	SDP	2024-2034
		Oversee petroleum operations	SDP	2024-2034
		Issuance of petroleum permits	EPRA	2024-2034
		Review and approve Work Programs and Budgets submitted by IOCs	SDP	2024-2034
		Monitor and enforce compliance	EPRA	2024-2034
		Develop, review and approval of Field Development Plans	Investors, EPRA, SDP	2024-2034
		Administer and manage Production Sharing Contracts	SDP	2024-2034

<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
	Ensure prudent management of confidential information acquired in the course of petroleum operations	Develop an Information Management System for administrative data and information collected from investors and stakeholders	SDP	2026-2028
		Develop guidelines on access of confidential data and information	SDP	2026-2028
		Capacity building on the Information Management System	SDP	2026-2034
	Facilitate land access for petroleum operations	Collaborate with relevant agencies to facilitate land access and acquisition	NLC, MLPWHUD, SDP	2024-2034
		Review investors' requests for land access	SDP	2024-2034
	Promote application of best petroleum industry practice	Develop guidelines and regulations on use of best practices in petroleum operations	SDP, EPRA	2025-2026
		Monitor operations to ensure application of best practices	SDP	2026-2034
		Undertake studies to establish the best practices used in petroleum operations	SDP	2026-2034
	Promote adoption of technologies that support decarbonization in upstream operations	Develop regulations and standards on use of low-carbon technologies in petroleum operation	SDP	2026-2027
		Invest in Research and Development to develop and improve decarbonization technologies, such as carbon capture and storage (CCS) and renewable energy integration	SDP, NOCK	2026-2034
	Facilitate third party access to infrastructure in exchange	Develop tariff regulations for third party access to infrastructure for fair compensation to the owner	SDP, EPRA	2025-2027
		Develop guidelines on third party access to infrastructure for ease of monitoring and managing capacity allocation,	SDP, EPRA	2025-2027
		Undertake continuous assessment to determine available spare capacity in the existing infrastructure	SDP, EPRA	2025-2027
		Develop Standard Operating Procedures for the implementation and management of third-party access	SDP, EPRA	2024-2027
		Issuance of permits for third-party access	EPRA	2025-2034



<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
		Approve common user Transport and Storage agreements	SDP, EPRA	2025-2034
	Collaborate with neighbouring governments for joint development of any petroleum discovery, which straddles national boundaries	Develop legal, institutional and regulatory frameworks for cooperation in the petroleum sector	SDP	2024-2029
		Develop regional petroleum infrastructure jointly	SDP, KPC	2024-2034
<b>Natural Gas</b>	Strengthen the legal and regulatory framework for oil and gas sector	Develop/review legal and regulatory framework for petroleum to include the Natural Gas industry	SDP	2028-2030
		Capacity building for petroleum regulatory and enforcement agencies in management of the natural gas industry	SDP	2025-2028
		Develop guidelines on Natural Gas use and management and Standard Operating Procedures	SDP, EPRA	2028-2030
	Facilitate development and utilization of natural gas and associated infrastructure	Undertake feasibility studies on the viability and utilization of natural gas	NOCK, SDP	2025-2027
		Development of infrastructure for natural gas	SDP, NOCK, Investors	2025-2034
		Develop a framework for cooperation with other countries producing natural gas	SDP	2024-2029
		Undertake domestic market analysis and regional demand forecasting for natural gas	SDP	2024-2027
		Designate infrastructure development zones with enhanced support service and streamlined regulatory approvals	SDP	2026-2034
		Develop strategy on utilization of natural gas in the country	SDP	2025-2027
		Develop a system to monitor the performance of the natural gas industry	SDP	2026-2028
Conduct public awareness campaigns to sensitize the	SDP	2024-2034		

<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
		public on natural gas		
		Develop regulations on natural gas importation	SDP, EPRA	2024-2026
<b>Decommissioning</b>	Develop a framework to guide decommissioning of petroleum operations	Develop decommissioning plans	Contractors	2028-2034
		Review and approve decommissioning plans	EPRA, SDP	2028-2034
		Establish the Decommissioning Fund	SDP	2029-2031
		Develop mechanisms for the management and administration of the Decommissioning Fund	SDP, Contractors	2029-2031
		Develop a framework for monitoring decommissioning processes	SDP, EPRA	2027-2029
		Use efficient and environmentally friendly decommissioning technologies	Contractors	2024-2034
		Provide financial assurances for restoration of the environment at the end of petroleum operations	Contractors	2024-2034
	Ensure stakeholder involvement in decommissioning of petroleum operations.	Undertake stakeholder engagement in decommissioning of petroleum projects	SDP	2024-2034
		Capacity building of project implementors on decommissioning	SDP, Contractors	2024-2034
		Facilitate collaboration and knowledge exchange among stakeholders involved in decommissioning	SDP, EPRA, Contractors	2024-2034
<b>MIDSTREAM SUB-SECTOR</b>				
<b>Midstream</b>	Promote investment in midstream infrastructure, petrochemicals and natural gas processing facilities	Develop and implement a framework for investment in midstream infrastructure	SDP	2024-2029
		Adopt best industry practices in petroleum operations	Investors	2024-2034
		Designate infrastructure development zones with enhanced support service and streamlined regulatory approvals	SDP	2026-2034
	Own and operate Mid-stream infrastructure	Issue permits and licenses	EPRA	2028-2034
		Develop and operate Mid-stream infrastructure	SDP, NOCK, KPC, Midstream Contractors	2030-2034
		Develop Guidelines and Standard Operating	SDP	2028-2034

<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
		Procedures		
		Develop and implement a monitoring framework for Mid-stream operation	SDP	2030-2034
	Facilitate third party access to infrastructure where there is spare capacity in exchange for fair compensation to the owner	Develop tariff regulations for third party access to infrastructure for fair compensation to the owner	SDP, EPRA	2028-2027
		Develop guidelines on third party access to infrastructure for ease of monitoring and managing capacity allocation,	SDP, EPRA	2028-2027
		Undertake continuous assessment to determine available spare capacity in the existing infrastructure	SDP, EPRA	2028-2027
		Develop Standard Operating Procedures for the implementation and management of third-party access	SDP, EPRA	2026-2027
		Issuance of permits for third-party access	EPRA	2028-2034
		Approve common user Transport and Storage agreements	SDP, EPRA	2028-2034
<b>DOWNSTREAM SUB-SECTOR</b>				
<b>Supply of petroleum products</b>	Establish and maintain strategic stocks of petroleum products in the country	Develop a Resource Mobilization Strategy	SDP, TNT	2026-2028
		Operationalize the Consolidated Petroleum Fund/financial resources for provision of strategic stocks for petroleum products.	SDP, TNT	2026-2027
		Monitor the Strategic Stocks levels	SDP, EPRA	2024-2034
	Ensure compliance of supplied petroleum products to statutory requirements on quality and standards	Undertake spot checks of petroleum products at randomly selected dispensing sites	SDP, EPRA	2024-2034
		Development of standards and specifications for petroleum products and installations	SDP, KEBS	2024-2034
		Undertake quality checks of petroleum products at point of vessel discharge	SDP, KPC	2024-2034
	Ensure access to competitive, reliable and secure supply of petroleum products	Develop/review a framework to facilitate competitive importation of petroleum products	SDP	2024-2026
		Develop/review a framework for third party access to facilities	SDP, KPC	2025-2027

<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
		Expand storage and distribution facilities for petroleum products including to the hinterland	KPC	2024-2034
		Establish alternative entry points for refined petroleum products	SDP, KPC	2027-2029
		Develop/review Petroleum (Importation) (Quota Allocation) Regulations	SDP, EPRA	2024-2026
		Develop/review Petroleum (operation of common user petroleum facilities) regulations for optimal utilization of the petroleum facilities	SDP, NOCK, EPRA	2024-2026
<b>Infrastructure development</b>	Enhance efficiency in Licensing of the Downstream sub-sector	Issue licenses and permits	EPRA	2024-2034
		Adoption of One-Government-Approach in regulating the Downstream Sub-Sector	SDP, EPRA	2026-2029
	Facilitate development of infrastructure for importation, transportation, storage and distribution of petroleum products	Periodically dredge the draft at the port to increase the channel depth	KPA	2026-2030
		Increase jetty(s) capacity to meet the prevailing demand of petroleum products.	SDP, KPC	2027-2030
		Increase pipeline throughput to meet the prevailing demand of petroleum products	SDP, KPC	2024-2030
		Extend the pipeline network and construct storage facilities to meet the prevailing demand of petroleum products	SDP, KPC	2025-2030
		Invest in retail stations, bulk storage facilities and pipelines	SDP, NOCK, KPC	2026-2034
		Collaborate/partner with private sector to develop retail stations, bulk storage facility and pipelines	SDP, NOCK, OMC	2025-2034
	Collaborate with neighboring countries to undertake integrated petroleum infrastructure projects	Conduct joint research and development on petroleum	SDP, KPC	2025-2034
		Participate in development of cross-border petroleum infrastructure with neighboring countries	SDP, KPC	2025-2034

<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
<b>Pricing of petroleum products</b>	Ensure fair pricing and market stability of petroleum products	Undertake a study to determine optimal approach to achieve fair pricing and market stability of petroleum products by evaluating whether petroleum prices should be regulated or determined by market forces	EPRA	2025-2027
		Undertake periodic review of petroleum prices to incorporate the economic changes that influence the prices	EPRA	2024-2034
	Enhance the flexibility in response to economic factors that influence the pricing of petroleum products	Undertake Cost-of-Service Study of Petroleum (COSSOP) and ensure flexibility of parameters.	EPRA	2025-2034
<b>Liquefied Petroleum Gas</b>	Ensure compliance of LPG and related facilities to statutory requirements on quality and standards	Develop/review quality and safety standards for LPG	KEBS	2024-2026
		Undertake inspections of LPG facilities and enforce standards	EPRA	2024-2034
		Undertake quality checks on LPG at point of vessel discharge	SDP/KEBS	2024-2034
	Ensure adequate LPG facilities	Establish LPG facilities for importation, transportation, storage and distribution	KPC, Investors	2024-2030
		Develop framework for third party access to LPG facilities	SDP	2025-2027
	Promote investment of LPG in the country	Develop a framework for collaboration and partnership in investment in LPG	SDP	2025-2027
		Streamline licensing for LPG market players	EPRA	2024-2034
	Promote competitive importation of LPG	Develop a framework for competitive importation of LPG	SDP	2024-2026
	Ensure fair pricing of LPG	Collaborate with LPG producing states on importation	SDP	2024-2034
		Undertake periodic review of LPG prices to incorporate the economic changes that influence the prices	EPRA	2025-2034
Promote the use of LPG for domestic and	Develop frameworks for LPG reticulation, Autogas, institutional and industrial use	SDP	2024-2025	

<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
	commercial purpose	Conduct public awareness and sensitization campaigns	SDP	2024-2026
		Install LPG infrastructure in public institutions	SDP	2024-2028
		Provide subsidized LPG to low-income households	SDP	2024-2030
<b>MANAGEMENT OF REVENUES FROM PETROLEUM OPERATIONS</b>				
<b>Management of Revenue</b>	Facilitate collection, administration and management of revenues from petroleum operations	Develop and implement mechanisms for revenue collection, management and distribution	SDP	2027-2029
	Ensure equitable sharing of benefits from the exploitation of petroleum resources	Develop a framework for revenue-sharing of government profit share	SDP, TNT	2024-2027
	Ensure application of arms-length principles in petroleum operations	Develop controls against transfer pricing including preapproval of procurements with affiliated entities, disclosures, reporting, documentation of transactions and cost audits	SDP	2024-2034
	Ensure revenues from petroleum operations are utilized to develop the oil and gas sector and support various sectors of the economy	Develop a strategy on utilization of revenues from petroleum operations	SDP, TNT	2027-2029
<b>CROSS-CUTTING ISSUES</b>				
<b>Health and safety</b>	Ensure compliance of health and safety laws related to the oil and gas sector	Undertake monitoring, inspection and surveillance of petroleum operations	EPRA	2024-2034
		Undertake civic education and create public awareness on health and safety in the oil and gas sector	SDP, EPRA	2024-2034
		Develop and implement disaster risk management strategies for the oil and gas sector	SDP, EPRA	2025-2026
<b>Security</b>	Ensure security for oil and gas infrastructure and	Develop and implement risk management strategies for petroleum infrastructure and operations	EPRA, MOINA	2024-2026

<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
	operations in accordance with the applicable security frameworks	Develop a regulatory framework for security of critical petroleum infrastructure	SDP, EPRA	2026-2027
		Provide physical security for critical oil and gas infrastructure and resources in accordance with the applicable security frameworks	EPRA, MOINA	2024-2034
		Collaborate with relevant agencies to safeguard petroleum infrastructure and operations	EPRA, MOINA	2024-2034
		Establish a mechanism for provision of information, including plans and locations of oil and gas operations and infrastructure	EPRA, MOINA	2024-2027
		Insure oil and gas infrastructure and risks in operations	Investors	2024-2034
	Enhance security in implementation of cross-border oil and gas projects	Establish mechanisms to ensure cross-border integrity for security of oil and gas projects	SDP, EPRA	2026-2028
<b>Public Participation</b>	Facilitate public participation in petroleum operations in accordance with the applicable policy and legal frameworks	Conduct civic education on the oil and gas sector related matters	SDP/EPRA	2025-2034
		Undertake public participation in petroleum operations when required	SDP/EPRA	2025-2034
		Develop appropriate platforms to facilitate timely sharing of oil and gas information	SDP	2025-2026
<b>Land</b>	Facilitate land access, acquisition and resettlement for oil and gas operations	Develop a framework to facilitate land access and acquisition for petroleum operations	SDP	2024-2034
		Collaborate with other sectors on optimal land use in development of petroleum infrastructure	SDP, EPRA	2024-2034
<b>Host Community Rights</b>	Ensure that all stakeholders actively promote and protect the rights and interests of host communities.	Support and build on the community's existing capacities	SDP	2027-2034
		Develop a strategy to address the needs of host community and the effects of petroleum operations on the community	SDP	2027-2034
		Develop a grievance management and conflict resolution mechanism	SDP	2026-2028

<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
<b>Environment, Social and Governance (ESG)</b>	Ensure petroleum operations comply with environmental management legislation	Develop environmental compliance and monitoring frameworks	SDP	2025-2027
		Establish disaster preparedness, prevention and response mechanisms in collaboration with Investors and contractors	SDP	2027-2029
		Develop and implement regulations and guidelines for ESG	SDP, EPRA	2027-2029
	Promote sustainable environmental management in petroleum operations	Implement Circular Economy Principles on waste reduction, recycling and reuse of materials in oil and gas operations	SDP	2027-2029
		Develop an Environmental, Social and Governance Disclosure Manual to guide listed oil and gas companies in Kenya on ESG reporting	SDP	2027-2029
		Undertake an assessment of a merger or an acquisition's ESG profile	SDP	2028-2030
		Develop a communication strategy on environmental management	SDP	2026-2027
	<b>Climate Change Mitigation and Adaptation</b>	Promote climate change mitigation and adaptation in petroleum operations	Develop and test new technologies and products to reduce greenhouse gas emissions	SDP, Investors
Undertake afforestation			SDP, Investors	2024-2034
Undertake risk assessments in petroleum operations to mitigate or adapt to climate change			SDP, Investors	2024-2034
Develop and implement strategies to enhance the climate change resilience in the oil and gas sector			SDP, Investors	2024-2034
Develop and implement a framework for carbon credit trading in the petroleum sector			SDP	2025-2027
<b>Local Content</b>	Ensure investors collaborate with Kenyan people, agencies and enterprises in local content development	Develop and implement a framework for prioritization of employment of Kenyans in investments in the petroleum sector value chain	SDP	2026-2028
		Develop capacity of Kenyans, and Kenyan agencies and enterprises	SDP	2026-2032
		Develop a framework to facilitate collaboration with	SDP	2027-2028



<b>Supply of petroleum products</b>	Enhance efficiency in licensing in the Downstream Sub-Sector.	Adopt a One-Government-Approach in licensing of the Downstream Sub-Sector.	EPRA	2024-2026
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<b>POLICY PRIORITY AREA</b>	<b>POLICY STATEMENT</b>	<b>ACTIVITIES</b>	<b>IMPLEMENTING AGENCY</b>	<b>TIMEFRAME 2024-2034</b>
		international partners, organizations and experts to exchange best practices, experiences and expertise		
		Develop local content plans to progressively grow opportunities for Kenyans and Kenyan entities	SDP	2026-2028
		Undertake Research on areas of collaboration under local content	Investors	2028-2032
		Develop a framework on procurement of local goods and services in the petroleum sector	SDP	2026-2028
		Develop and implement programmes for technology and knowledge transfer	SDP, Investors	2028-2032
		Establish innovation hubs and entrepreneurship programs to support local businesses in the oil and gas value chain	SDP, Investors	2028-2032
	Promote integration of other sectors of the economy to support the Oil and Gas sector development	Develop a strategy for collaboration and mutual benefits between oil and gas sector and other sectors of the economy	SDP	2028-2030
		Establish mechanisms to monitor the progress of integration efforts and evaluate their impact on the Oil and Gas Sector's development.	SDP	2028-2030
<b>Petroleum Data Management</b>	Enhance petroleum data governance.	Develop a petroleum data governance framework	SDP	2025-2027
		Develop/review Petroleum Data Metrics	SDP	2024-2032
		Conduct Regular Data Audits to ensure data integrity and compliance with standards	SDP, EPRA, NOCK	2026-2034
		Develop and maintain a national petroleum data management system	SDP	2025-2027
	Ensure security of petroleum data	Develop Data Security Protocols	SDP	2024-2034
		Develop and implement Secure Storage Solutions	SDP	2024-2034