



MINISTRY OF ENERGY AND PETROLEUM

NATIONAL PETROLEUM POLICY

APRIL, 2025

Foreword

The Executive Order No. 2 of 2023 establishes the State Department for Petroleum under the Ministry of Energy and Petroleum with various functions pertaining to petroleum operations, one of which is providing petroleum policy. The Petroleum Act, 2019 Section 5(1) tasks the Cabinet Secretary responsible for petroleum operations with development of a National Petroleum Policy.

Over the years, Sessional Paper No. 4 of 2004 on Energy has been providing policy direction in the Oil and Gas Sector. The Sessional Paper provides legal, regulatory and institutional frameworks supporting operations of the Upstream, Midstream and Downstream Sub-Sectors. Over time, this Sector has evolved and is faced with emerging issues, which include the discovery of crude oil and gas in some parts of the country. This presents an opportunity for; employment creation, generation of revenues to support other sectors of the economy, poverty reduction and subsequently sustainable development. This therefore necessitates the development of this Policy.

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

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

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

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

Preface

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

Development of this Petroleum Policy commenced in October 2023, with establishment of a Multi-Agency Technical Working Committee tasked to spearhead finalization of a draft Policy developed in 2021, with the support from World Bank. The team reviewed the draft Policy in consultation with the industry players and other stakeholders. The revised draft Policy was subjected to internal and external stakeholders, who included the County Executive Committee Members responsible for Energy matters, Council of Governors Committee on Energy, Senate Standing Committee on Energy, and Parliamentary Committee on Energy. Further, a countrywide public participation exercise was undertaken to collect public views on the document. All the comments emanating from these engagements were reviewed and incorporated in the revised draft Policy.

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

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

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

Mohamed Liban, CBS
Principal Secretary, State Department for Petroleum

Table of Contents

FOREWORD	I
PREFACE	II
DEFINITION OF TERMS.....	VI
ABBREVIATION AND ACRONYMS.....	VIII
CHAPTER ONE: INTRODUCTION	1
1.0 OVERVIEW	1
1.1 BACKGROUND	1
1.1.1 Upstream Sub-Sector	1
1.1.2 Midstream Sub-Sector	4
1.1.3 Downstream	5
1.2 RATIONALE	7
1.3 SCOPE.....	7
1.4 POLICY GOAL, OBJECTIVES AND GUIDING PRINCIPLES.....	8
1.5 STRUCTURE OF THE POLICY	10
CHAPTER TWO: SITUATION ANALYSIS.....	11
2.0 OVERVIEW.....	11
2.1 PERFORMANCE OF OIL AND GAS SECTOR	11
2.1.1 Upstream Sub-sector	11
2.1.2 Midstream Sub-Sector	14
2.1.3 Downstream Sub-Sector	14
2.2 POLICY, LEGISLATIVE AND INSTITUTIONAL FRAMEWORK.....	15
2.2.1 Existing Policy Framework	15
2.2.2 Existing Legislative Framework.....	16
2.2.3 Existing Institutional Framework	17
2.3 EMERGING ISSUES AND CHALLENGES.....	19
2.3.1 Emerging Issues	19
2.3.2 Challenges.....	20
CHAPTER THREE: POLICY STATEMENTS.....	22
3.0 OVERVIEW.....	22
3.1 OIL AND GAS SECTOR POLICY, LEGAL, REGULATORY, INSTITUTIONAL, FISCAL AND CONTRACTUAL FRAMEWORK	22
3.2 UPSTREAM SUB-SECTOR	22
3.2.1 Ownership of the Resources.....	23
3.2.2 Promotion of Oil and Gas Investments	23
3.2.3 Licensing of Petroleum Blocks.....	23
3.2.4 Exploration, Development and Production Operations	24
3.2.5 Exploration and Exploitation of Natural Gas	24
3.2.6 Decommissioning	24
3.3 MIDSTREAM SUB-SECTOR.....	25
3.3.1 Value addition to petroleum resources.....	25
3.4 DOWNSTREAM SUB-SECTOR	25
3.4.1 Supply of Petroleum Products.....	25
3.4.2 Pricing of Petroleum Products.....	26

3.4.3	<i>Infrastructure Development</i>	26
3.4.4	<i>Liquefied Petroleum Gas</i>	27
3.5	REVENUE FROM PETROLEUM OPERATIONS.....	27
3.5.1	<i>Management of Revenues from Petroleum Operations</i>	27
3.5.2	<i>Cost Management in Petroleum Operations</i>	28
3.6	INSTITUTIONAL CAPACITY DEVELOPMENT	28
3.7	TECHNOLOGY AND INNOVATION	28
3.8	CROSS-CUTTING ISSUES.....	29
3.8.1	<i>Health and Safety</i>	29
3.8.2	<i>Environment, Social and Governance (ESG)</i>	29
3.8.3	<i>Climate Change Mitigation and Adaptation</i>	29
3.8.4	<i>Public Participation</i>	30
3.8.5	<i>Land</i>	30
3.8.6	<i>Local Community Rights</i>	30
3.8.7	<i>Local Content</i>	30
3.8.8	<i>Petroleum Data Management</i>	31
3.8.9	<i>Conflict Management and Dispute Resolution</i>	31
3.8.10	<i>Security</i>	31
CHAPTER FOUR: FRAMEWORK FOR POLICY IMPLEMENTATION		32
4.0	OVERVIEW	32
4.1	INSTITUTIONAL FRAMEWORK.....	32
4.2	RESOURCE MOBILIZATION	33
CHAPTER FIVE: MONITORING, EVALUATION AND REPORTING		35
5.0	OVERVIEW	35
5.1	MONITORING	35
5.2	EVALUATION	35
5.3	REPORTING	35
5.4	LEARNING	36
5.5	MONITORING AND EVALUATION INSTITUTIONAL FRAMEWORK	36
5.6	POLICY REVIEW.....	36
List of Tables		
Table 1: Sedimentary Basins in Kenya.....		2
Table 2: Kenya Petroleum Pipeline		6
Table 3: Petroleum Blocks		11
Table 4: Hydrocarbon Discoveries in Kenya		13
Table 5: Role of Institutions in Implementation of the Policy		32
List of Figures		
Figure 1: Kenya Sedimentary Basins		2
Figure 2: Kenya Petroleum Exploration Block Map.....		12
List of Annexes		
ANNEX I: IMPLEMENTATION MATRIX FOR OIL AND GAS SECTOR OPERATIONS		37

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Definition of Terms

Best Petroleum Industry Practices	Means such practices, methods, standards, and procedures generally accepted and followed internationally by prudent, diligent, skilled and experienced operators in the petroleum operations
Common user facility	Petroleum infrastructure owned and maintained by any person which may be used by third parties
Compulsory acquisition	Has the same meaning as assigned to it under the Land Act, 2012
Conservation	Includes preservation, maintenance, sustainable use and restoration of natural and cultural environment
Consumer	Means any person supplied or entitled to be supplied with petroleum products
Contractor	A Firm that has a contractual agreement with the Government
Decommissioning	Is a process consisting of the removal of industrial installations and any relevant structures that have come to the end of their productive life and the subsequent restoration of the site to its previous status or near to its original state as reasonably possible
Development Plan	Means a plan which the contractor presents to the Regulatory Authority for the placement, construction and installation of facilities needed for production of petroleum
Downstream	Is the segment of the value chain comprising of distribution, and marketing of petroleum products derived from processing of crude oil and natural gas. Downstream activities also involve the distribution and sale of these products to consumers through retail outlets, such as gas stations, and wholesale channels
Exploitation	
Government	Means National Government of the Republic of Kenya
International Oil Companies (IOCs)	Are oil and gas companies with global upstream operations spanning the entire oil and gas value chain
Investor	A Firm/Company that has the financial, technical and professional capacity to undertake oil and gas exploration activities
Local community	Means a people living in a sub-county within which Petroleum operations are undertaken and who are affected by such operations
Local Content	Means the use of Kenyan local expertise, goods and services, people, businesses and financing for the systematic development of national capacity and capabilities for the enhancement of the Kenyan economy
Midstream	Is the segment of the value chain comprising of transportation, trading, storage, and processing of crude oil and natural gas after they have been extracted. It includes the construction and operation of pipelines, tankers, storage facilities, and processing plants
Offshore	Means petroleum operations that occur in bodies of water, such as seas, oceans, and large lakes.
Oil and Gas Sector	Means the sector in which hydrocarbons are explored, extracted and refined; and petroleum products are marketed and distributed
Onshore	Means petroleum operations that take place on land.
Open Tender System (OTS)	Is the means by which petroleum products are imported via a monthly public tender.
Petroleum	Means all hydrocarbons and includes crude oil and natural gas, whether capable of being produced from conventional and unconventional reservoirs.
Petroleum Agreement	Also referred to as a Production Sharing Contract (PSC), is an agreement entered between the Government and the Contractor, which enables the contractor to explore, develop and produce petroleum within a contract area

Petroleum Block	Means acreage as defined by specific geographic coordinates for purposes of upstream petroleum operations
Petroleum Data	Means all qualitative or quantitative data, associated information, documents, reports and images including: raw data; edited or composite data; Analyzed, interpreted or processed data; Reprocessed data; and Samples: whether in physical, digital or other format, obtained through or relating to petroleum operations
Petroleum Operations	Means all or any of the operations related to the exploration, development, production, processing, storage, transportation and sale of petroleum
Petroleum Products	Means the products yielded from the refining of petroleum
Petroleum Resources	Means all naturally occurring hydrocarbons, including crude oil, natural gas, and condensates, that are found in geological formations within Kenya's territorial boundaries.
Public Participation	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
Resource Curse	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
Retail	(a) selling or offering to sell petroleum products to a consumer; (b) acting as agent or broker for a retailer with respect to the sale or offering for sale of petroleum or gas; and (c) acting or offering to act as an agent or broker for a consumer with respect to the sale or offering for sale of petroleum or gas
Reticulation	Planning or construction of a network system through which a consumer gets a continuous supply of gas at the turn of a tap through a piping network or from a centralized storage system
Seed Gas	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
Upstream	Is the segment of the value chain comprising of activities related to the exploration, development and production of crude oil and natural gas

Abbreviation and Acronyms

AG	Attorney General
AGO	Automotive Gas Oil
BP	British Petroleum
CGs	County Governments
CoG	Council of Governors
COSSOP	Cost of Services in the Supply of Petroleum Products
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 Limited
KPRL	Kenya Petroleum Refineries Limited
LLCOP	Lokichar-Lamu Crude Oil Pipeline
LPG	Liquefied Petroleum Gas
M	Meters
M ³	Cubic Meters
M&E	Monitoring and Evaluation
MoECCF	Ministry of Environment, Climate Change and Forestry
MoINA	Ministry of Interior and National Administration
MoLPWHUD	Ministry of Lands, Public Works, Housing and Urban Development
MT	Metric Tonnes
NDOC	National Disaster Operations Centers
NEMA	National Environment Management Authority
NLC	National Lands Commission
NOCK	National Oil Corporation of Kenya Limited
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 presents background information on the Oil and Gas Sector, which comprises of Upstream, Midstream and Downstream sub-sectors. It also highlights the rationale for development of the Policy; the scope; the structure; and the goals, objectives, and guiding principles of the Policy.

1.1 Background

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

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

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

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

In Kenya, the Upstream sub-sector is under development, the Midstream sub-sector remains undeveloped following the cessation of refining operations by KPRL, while the Downstream sub-sector is well established. Notably, development of the Oil and Gas Sector is capital intensive, and the processes and systems involved in producing and distributing oil and gas are highly complex. The operating expenses for investors in the sector are also high, and it would require longer time to recoup the returns factored in the project.

1.1.1 Upstream Sub-Sector

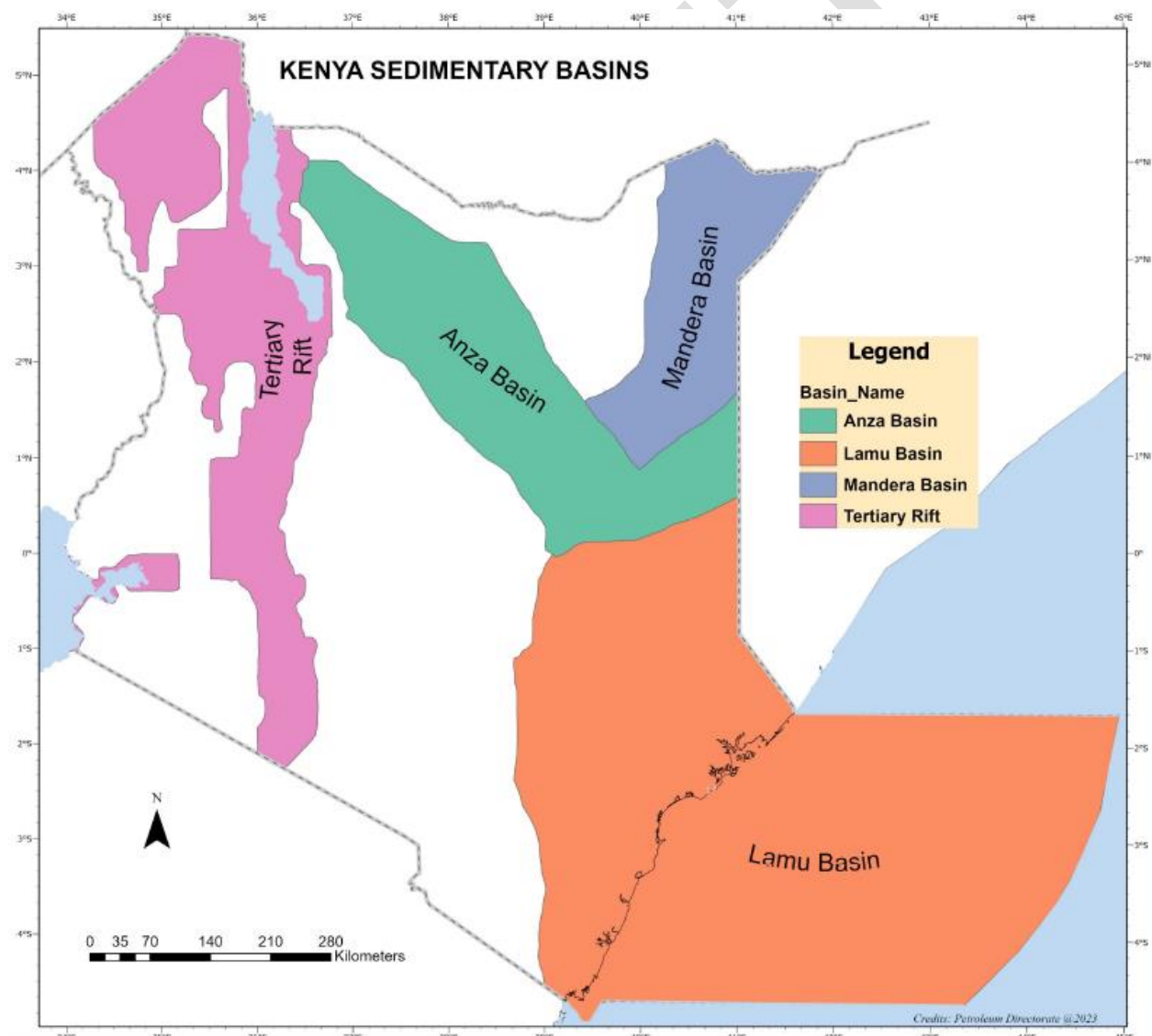
The Upstream Sub-sector involves exploration of petroleum resources (crude oil and natural gas), both onshore and offshore within Kenya's four sedimentary basins namely; Lamu, Anza,

Mandera and Tertiary Rift. These basins cover approximately 490,000km². Table 1 presents details on the coverage and sediment thickness of the basins while Figure 1 presents geographical location of these basins.

Table 1: Sedimentary Basins in Kenya

Basin	Area Covered (km ²)	Sediment Thickness (Meters)
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 investors, for exploration, appraisal, development and production of oil and gas resources. The sub-division of the basins enhances data collection coverage per unit area, and is geared towards facilitating mapping of petroleum resources accurately, thus increasing the chances for successful exploration.

In 2002, the country had 21 Petroleum Blocks, seven (7) of which were offshore while 14 were onshore. These Blocks were reviewed in 2006 and increased to 37 as a strategy to increase investor interest. The discovery of petroleum resources in the country in 2012 led to increased investment interests, which prompted a review of the Blocks to 46 and a further review in 2016 to 63 Blocks. In 2025, the Petroleum Blocks were reconstituted resulting to 50 Blocks based on the exploration potential and available geoscientific data.

1.1.1.1 Oil and Gas Exploration in Kenyan Sedimentary Basins

a) Lamu Basin

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

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

Lamu basin study by National Oil Corporation of Kenya (NOCK) between 1991-1995 led to the sub-division of the basin (both onshore and offshore) into 10 exploration Blocks, with a further two created by 2001. Massive gas discoveries in Mozambique in 2003, renewed exploration interest within the region. The gazettelement 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)

b) Tertiary Rift Basin

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

net oil pay zones. Further, 3D seismic data acquisition programmes have been carried out to date with over 40 exploration and appraisal wells drilled opening up the Lokichar sub-basin.

The National Oil Corporation of Kenya has undertaken Full Tensor Gradiometry (FTG) gravity, magnetotellurics (MT), aeromagnetic and seismic data in the southern part of the Tertiary Rift Basin. Additional acquisition of 2D seismic was carried out in 2017 with two stratigraphic wells drilled by 2018.

c) Mandera Basin

Between 1960s and 1970s, Frobisher Ltd and Burmah Oil Company conducted photo geological field geology, gravity, aeromagnetic and seismic surveys steadily advancing the Basin's exploration potential. Elgal 1 & 2 wells were drilled in 1987 by American Oil Company (AMOCO) but were both dry. Further, the Company drilled Hothori 1 Well in 1989, which had gas shows. This provided critical subsurface data in the Basin. In 1990, Total Exploration and Production (Total E&P) Company acquired 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 in 2015 which, though dry, refined the geological understanding of the Basin

d) Anza Basin

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

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

1.1.2 Midstream Sub-Sector

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

In 1971, the Government acquired 50% Shareholding of the East African Oil Refineries Limited, and the second complex of the refineries was completed and commissioned in 1974 to enhance the company's capacity. The Company name changed to Kenya Petroleum Refineries Limited (KPRL) in 1983, while Shell and BP Companies sold their shareholding to Essar Company in 2009. The Government acquired 100% shareholding of KPRL in 2016.

Importation of crude oil was done through an Open Tender System (OTS) since 2003 where it was mandatory for all Oil Marketing Companies (OMCs) to process crude oil at the Kenya Petroleum Refineries Limited. The Company has a storage capacity of **481,257M³**. 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 the importation, storage, transportation, and distribution of petroleum products. Kenya began importing petroleum products in the early 1900s. Between 1963 and 2013, the country's demand for petroleum products was partly met through refining of crude oil by Kenya Petroleum Refineries Limited. This led to a reduction in imported petroleum products by approximately 30 - 40%. Following cessation of refining operations by KPRL in 2013, the country fully depends on importation of petroleum products to satisfy its growing demand. As at March 2025, the monthly imports were approximately 490,000 Metric Tonnes (MT) translating to an annual import volume of approximately 5.9 million Metric Tonnes.

1.1.3.1 Key Players in the Downstream Sub-sector

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

a) Kenya Pipeline Company

The Kenya Pipeline Company (KPC) Limited commenced its commercial operations in February 1978. The Company is mandated to transport, store and deliver petroleum products from Mombasa to the hinterland through the pipeline system and oil depot network. The imported petroleum products are received 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 COMMISSION	STATUS
Mombasa-Nairobi	450km	1978	Decommissioned in 2020 having outlived its design and economic life of 30 years and was no longer safe to operate
Nairobi-Nakuru-Sinendet-Eldoret	325km	1994	Operational
Sinendet-Kisumu	121km	1994	Operational
Nairobi-Eldoret	325km	2011	Operational
Sinendet-Kisumu	121km	2016	Operational
Mombasa-Nairobi	450km	2018	Operational

Concurrent with the development of petroleum pipelines, KPC constructed petroleum products storage facilities in its five Depots with a total capacity of **417,980M³**. 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.

b) National Oil Corporation of Kenya Limited

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

In 1997, NOCK set up its first three (3) flagship fuel retailing stations in the country, while in 2005, it set up six (6) modern stations. NOCK has since grown its retail business to over 110 service stations by June 2024. Alongside retail network expansion, NOCK has over the years invested heavily in development of new products and has since launched its Supa brands of LPG and Lubricants as well as convenient retailing business segments.

c) 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 a need for enhanced collaboration in development of necessary infrastructure for storage, transportation and distribution of petroleum products. There is therefore need for a well-coordinated local and regional approach in provision of such infrastructure facilities.

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

1.3 Scope

This Policy applies to upstream, midstream, and downstream petroleum operations within and relating to Kenya. It provides guidance for government agencies, operators, investors, and other stakeholders. The Policy serves as the foundation for developing and implementing Kenya's Oil and Gas Sector's legal, regulatory, institutional, 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 promote value addition of petroleum resources for local and regional petroleum product demand
3. To ensure security of supply of petroleum products
4. To enhance storage and transportation capacity of petroleum products
5. To enhance LPG uptake in the country
6. To enhance management of revenues from the Oil and Gas Sector
7. To facilitate capacity development and technology transfer
8. To promote environmental protection and conservation of biodiversity

1.4.3 Guiding Principles

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

a) Good Governance

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

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

b) Efficient Resource Management and Revenue Transparency

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

c) Local Content Development

Local content plays a significant role in national development by leveraging the Oil and Gas Sector as a catalyst for broader economic development. The development of local content in the sector involves growth and promotion of active participation of Kenyan businesses and workforce in the utilization of local resources. It aims at retaining petroleum revenues within the country, transferring technology and growing the national economy as a whole.

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

d) Protection of the Environment and Conservation of Biodiversity

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

e) Diversification of the Economy

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

f) Public Participation and Stakeholder Engagement

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

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

CHAPTER TWO: SITUATION ANALYSIS

2.0 Overview

This Chapter provides an overview of the performance of the 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 existing policy, legislative and institutional frameworks that guide petroleum operations in the country; and the emerging issues and challenges facing the Sector.

2.1 Performance of Oil and Gas Sector

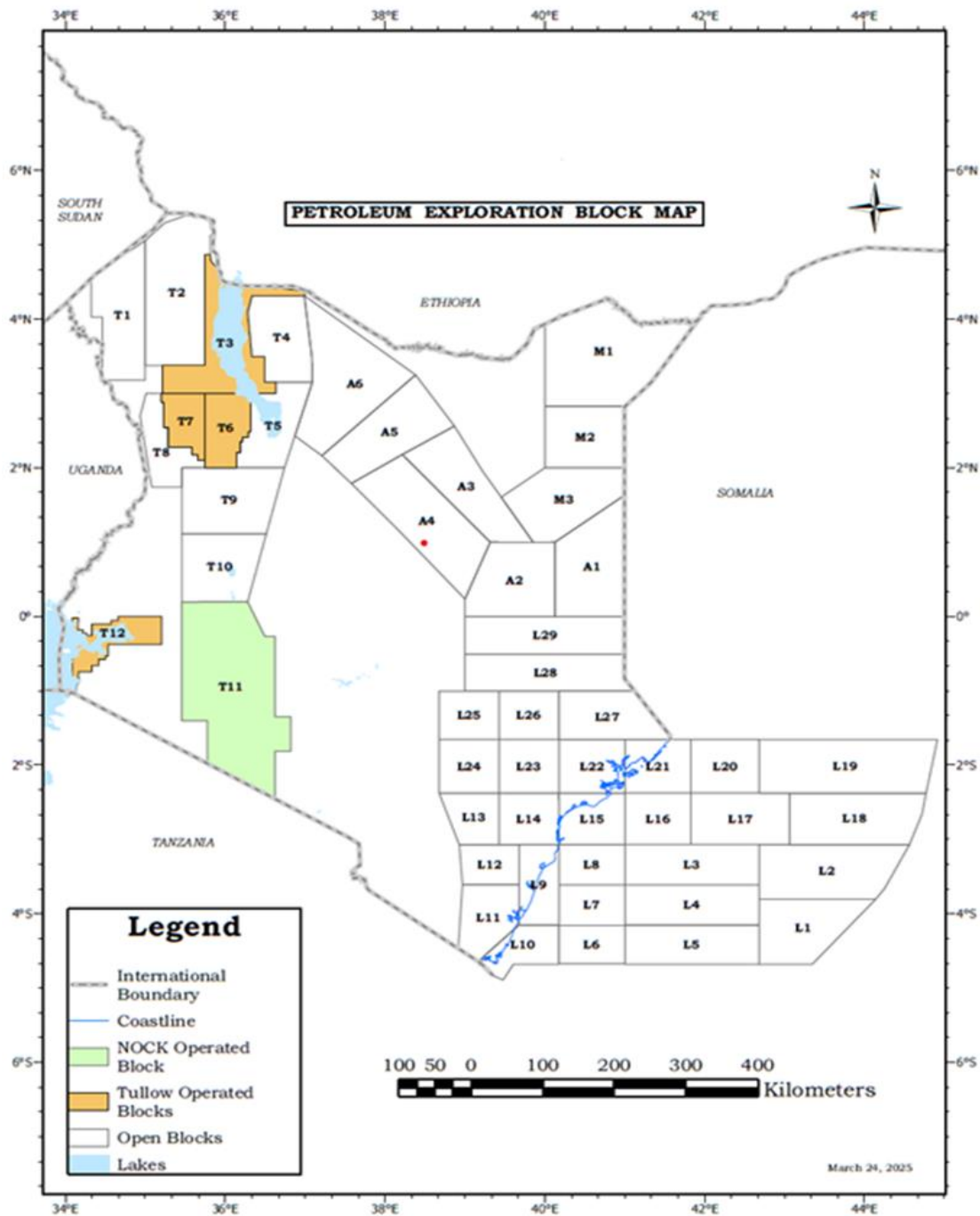
2.1.1 Upstream Sub-sector

The four sedimentary basins in Kenya are sub-divided into 50 Petroleum Blocks as follows:

Table 3: Petroleum Blocks

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

Figure 2: Kenya Petroleum Exploration Block Map



2.1.1.1 Licensing of Petroleum Blocks

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

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

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

By March 2025, five (5) Petroleum Blocks had been licensed to two (2) Investors for petroleum operations, while the remaining 45 Blocks were open for investment (*See Figure 2 above*).

2.1.1.2 Exploration

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

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

Table 4: Hydrocarbon Discoveries in Kenya

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

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

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

2.1.2 Midstream 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 T6 and T7 in South-Lokichar to Lamu, the Policy proposes construction of **824km** Lokichar-Lamu Crude Oil Pipeline (LLCOP).

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 Kerosene (IK); Heavy Fuel Oil (HFO); lubricating oils, grease; Bitumen; and Bio-Fuels.

2.1.3.1 Importation and Storage of Petroleum Fuels

The petroleum products are received through the Port of Mombasa, stored, transported inland 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 **1,601,010M³** storage capacities for petroleum fuels, of which, **1,228,422M³** is owned by the Government while **372,588M³** 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.

2.1.3.2 Distribution of Petroleum Fuels

Distribution of the petroleum products in Kenya is done through the retail fueling stations by the Oil Marketing Companies (OMCs), which comprise of private companies and the National Oil Corporation of Kenya (NOCK). 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.

2.1.3.3 Promotion of Liquefied Petroleum Gas

The Government is promoting Liquefied Petroleum Gas (LPG) consumption in the Country to enhance LPG penetration from 24% in 2019 currently to 70% by 2028 and to further increase LPG consumption per capita from 7.5kg/yr in 2021 to 15kg/yr by 2030. Towards this, the Government has developed an LPG Growth Strategy that articulates strategies for enhancement of LPG Growth. These strategies include: provision of clean cooking gas infrastructure and seed gas to public learning institutions; provision of affordable clean cooking gas to low-income households through distribution of 6kg Gas cylinders and seed gas; and reticulation of LPG into housing units and commercial entities and use of smart meters to enhance consumer convenience. In addition, the Government will use competitive sourcing of LPG to facilitate competitive retail pricing and, through its entities, develop a 30,000 Metric Tonnes bulk LPG common user facility in Mombasa, while facilitating development of LPG facilities by the private sector.

2.2 Policy, Legislative and Institutional Framework

2.2.1 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.

2.2.3 Existing Institutional Framework

a) Ministry of Energy and Petroleum

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

b) Kenya Pipeline Company

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

c) Kenya Petroleum Refineries Limited

Kenya Petroleum Refineries Limited (KPRL) is wholly owned by the Government. It was established in 1960 with the mandate of refining crude oil, and providing storage for both crude oil and petroleum products.

d) National Oil Corporation of Kenya Limited

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

e) Energy and Petroleum Regulatory Authority

The governance of Kenya's energy and petroleum sector has undergone significant transformation, shaped by legislative milestones and policy reforms. Initially regulated under separate frameworks, the electricity sector was governed by the Electric Power Act, 1997, which established the Electricity Regulatory Board (ERB), while downstream petroleum fell under the Petroleum Act (Cap 116) and upstream activities under the Petroleum (Exploration and

Production) Act (Cap 308). A pivotal shift came with the Sessional Paper No. 4 of 2004 on Energy, which spurred the Energy Act, 2006. This unified electricity and downstream petroleum regulation under the Energy Regulatory Commission (ERC) and restructured the electricity sector to boost efficiency.

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

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

In the Upstream sub-sector, the Authority is responsible for permitting of Upstream petroleum operations; advising the Ministry in charge of petroleum on the viability of proposed petroleum agreements and the technical and commercial viability of proposed Field Development Plans; and development of Regulations and guidelines on local content and environment, health & safety to ensure sustainable exploitation of oil and gas. In the Midstream 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.

f) Energy and Petroleum Tribunal

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

2.3 Emerging Issues and Challenges

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

2.3.1 Emerging Issues

The emerging issues facing the country include:

a) Geopolitical Factors

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

b) Environmental and Regulatory Concerns

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

c) Technological Advancements

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

d) Market Dynamics and Energy Transition

The transition to renewable energy sources is a defining trend in the current global energy landscape. The increasing adoption of electric vehicles, advancements in battery storage, and the

development of green hydrogen are reducing reliance on fossil fuels. This shift is forcing traditional oil and gas companies to diversify their portfolios and invest in renewable energy projects to stay competitive and align with global decarbonization goals.

e) Biofuels

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

2.3.2 Challenges

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

a) Inadequate Local Technical and Financial Capacity

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

b) High Capital Investment in Exploration and Development

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

c) Inadequate Data on Exploration Potential

The country has inadequate comprehensive geoscientific data on all the 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.

d) Data Management

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

e) Fluctuations in Global Crude Oil Prices

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

f) Inadequate Infrastructure

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

g) Low LPG Uptake in the Country

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

h) Inadequate Legal and Regulatory Framework for the Sector

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

CHAPTER THREE: POLICY STATEMENTS

3.0 Overview

This Chapter presents the Policy Statements, which comprise of Strategic Issues and corresponding Strategies that will be implemented towards sustainable management of the Kenyan petroleum resources and provision of petroleum products. It covers the Upstream, Midstream, and Downstream sub-sectors of the Oil and Gas Sector.

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

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

The Government will:

- a) Strengthen the fiscal, legal and regulatory framework for the oil and gas sector.
- b) Strengthening cooperation locally with Government Agencies and internationally with other Governments.

3.2 Upstream Sub-Sector

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

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

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

3.2.1 Ownership of the Resources

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

3.2.2 Promotion of Oil and Gas Investments

Promotion of oil and gas potential entails collection, processing, and analysis of geoscientific and engineering data, packaging the information, and using it for marketing the blocks. This policy recognizes that promotion of oil and gas investments is crucial as it will drive economic growth, generate revenue, create jobs, and attract foreign investment. Showcasing petroleum potential will enhance resource exploration and exploitation, improve energy security, and stimulate infrastructure development, contributing significantly to national development and prosperity.

The Government will:

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

3.2.3 Licensing of Petroleum Blocks

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

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

3.2.4 Exploration, Development and Production Operations

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

The Government will:

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

3.2.5 Exploration and Exploitation of Natural Gas

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

The Government will:

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

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

The Government will:

- a) Develop a framework to guide decommissioning of petroleum operations.
- b) Ensure stakeholder involvement in decommissioning petroleum operations.

3.3 Midstream Sub-Sector

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

3.3.1 Value addition to petroleum resources

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

The Government:

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

3.4 Downstream Sub-Sector

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

3.4.1 Supply of Petroleum Products

The country's annual imports of petroleum products averaged 5.9 million metric tons by the year 2024. The quantity of monthly imports of petroleum fuel required to meet the country's demand is determined through consultations between the Government and the Oil marketers, and

imported through the Open Tender System (OTS), which is a competitive process. The other petroleum products are imported on need-basis by private sector players. To ensure security of supply of petroleum products and guarantee their quality, the Government is committed to delivering on the following strategies.

The Government will:

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

3.4.2 Pricing of Petroleum Products

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

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.

3.4.3 Infrastructure Development

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

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) Will collaborate with neighboring countries to undertake integrated petroleum infrastructure projects.

3.4.4 Liquefied Petroleum Gas

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

The Government will:

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

3.5 Revenue from Petroleum Operations

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

3.5.1 Management of Revenues from Petroleum Operations

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

The Government will:

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

3.5.2 Cost Management in Petroleum Operations

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

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

The Government will;

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

3.6 Institutional Capacity Development

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

The Government will:

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

3.7 Technology and Innovation

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

The Government will:

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

3.8 Cross-Cutting Issues

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

3.8.1 Health and Safety

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

The Government will:

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

3.8.2 Environment, Social and Governance (ESG)

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

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.
- d) Strengthen capacity on the environment, social and governance in petroleum operations.

3.8.3 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.

The Government will:

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

3.8.4 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.

The Government will:

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

3.8.5 Land

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

The Government will:

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

3.8.6 Local Community Rights

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

The Government will:

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

3.8.7 Local Content

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

The Government will:

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

- b) Ensure investors collaborate with Kenyan people, agencies and enterprises in local content development.
- c) Promote integration of other sectors in the economy to support the Oil and Gas sector development.

3.8.8 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.

The Government will:

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

3.8.9 Conflict Management and Dispute Resolution

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

The Government will:

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

3.8.10 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.

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.

CHAPTER FOUR: FRAMEWORK FOR POLICY IMPLEMENTATION

4.0 Overview

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

4.1 Institutional Framework

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

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

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

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

Table 5: Role of Institutions in Implementation of the Policy

INSTITUTIONS	ROLES IN IMPLEMENTATION OF THE POLICY
Ministry of Energy and Petroleum	Development of the National Petroleum Policy Coordinate implementation and reporting of the National Petroleum Policy Ensure Security of Supply of petroleum products Regulating the oil and gas sector Assessment of Oil and Gas Potential in Kenya's Exploration Blocks Promotion of petroleum investments To promote and oversee development and production of oil and gas resources in Kenya Management of crude oil and natural gas Marketing Oil and Gas Sector Capacity Development Establishment and maintenance of strategic stocks of petroleum products
National Upstream Petroleum Advisory Committee (NUPAC)	Advise the Cabinet Secretary responsible for Petroleum on Upstream petroleum operations

INSTITUTIONS	ROLES IN IMPLEMENTATION OF THE POLICY
Energy and Petroleum Regulatory Authority	Economic and technical regulation of the upstream, midstream and downstream petroleum operations Licensing and permitting of the oil and gas sector Review of field development plans Quality control of petroleum products Management of upstream petroleum data
National Oil Corporation of Kenya Limited	Represent the government's commercial interests in the oil and gas sector Exploration of petroleum resources in Petroleum Blocks Distribution of petroleum products
Kenya Pipeline Company Limited	Storage, transportation and handling of petroleum products in the country
Kenya Petroleum Refineries Limited	Petroleum infrastructure development Refining of crude oil Storage for crude oil and petroleum products
Energy and Petroleum Tribunal	Adjudication of matters referred to it relating to the oil and gas sector
Kenya Revenue Authority	KRA is responsible for collection of taxes from petroleum related transactions in line with relevant laws and regulations.
NEMA	Responsible for enforcement of environmental laws and regulations.
KEBS	Responsible for the development of standards, metrology, conformity assessment, training and certification services and is to coordinate with the Regulatory Authority in areas related to the oil and gas sector.
County Governments	Implementation of the applicable policy provisions County planning and development of gas reticulation Issue applicable licenses, permits and approvals as prescribed by law
Parliament	Oversight, representation and enactment of laws and regulations for the sector Approval and appropriation of budget
Judiciary	Resolution of disputes
Cabinet	Approval of the National Petroleum Policy
Office of Attorney General and Department of Justice	Advise on all legal matters
National Treasury and Economic Planning	Provision of adequate budgetary resources Approval of programmes and projects
Other Government Institutions and Agencies	Collaboration in policy formulation and development Cross-cutting policies
Research and academic institutions	Research and development
Industry players	Licensed to undertake petroleum operations Collaborate in the implementation of the policy
Media	Dissemination of information
Development Partners	Provide financial and technical support towards implementation of the Policy
Other players/Community	Participation in policy formulation and implementation Support sector initiatives

4.2 Resource mobilization

The successful implementation of this Policy requires adequate financial, human and technical resources to achieve the intended objectives. The Ministry responsible for petroleum will provide the requisite leadership and encourage partnership in the exploration, exploitation and supply of

oil and gas in a sustainable manner. Exploitation of oil and gas resources will be carried out in a manner that will enhance environmental conservation. This will ensure improvement of the quality of life of Kenyans without compromising that of future generation.

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

- a) Budgetary allocation by the National Treasury
The Oil and Gas Sector will actively participate in the national budgeting process and lobby for additional resources from the National Treasury.
- b) Resources from Oil and Gas investors
The 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.

CHAPTER FIVE: MONITORING, EVALUATION AND REPORTING

5.0 Overview

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

5.1 Monitoring

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

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

5.2 Evaluation

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

5.3 Reporting

Reporting will entail presentation of M&E findings to the Top Management and implementors of this Policy, to facilitate effective decision making in implementation of the Policy. Monitoring

Reports will be prepared Bi-Annually (Every six months) while Evaluation Reports will be prepared every five years. The reports will be prepared based on the National M&E reporting system and Oil and Gas information management database updated regularly.

5.4 Learning

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

5.5 Monitoring and Evaluation Institutional Framework

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

5.6 Policy Review

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

ANNEX I: IMPLEMENTATION MATRIX FOR OIL AND GAS SECTOR OPERATIONS

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Policy Objective	Policy, Legal, Institutional and Regulatory Framework for the Oil and Gas Sector						
Policy Issue	Oil and Gas sector policy, legal, regulatory, institutional, fiscal and contractual framework						
Strengthen the fiscal, legal and regulatory framework for the oil and gas sector	Regulations under the petroleum legislation developed/reviewed	No. of Regulations under the petroleum legislations developed/reviewed	2024-2027	200	GoK	SDP	EPRA
	Petroleum Act, 2019 Reviewed	Revised / Amended Petroleum Act, 2019	2024-2025	150	GoK	SDP	EPRA
	Petroleum Development Fund Act, 1991 Reviewed	Revised/Amended the Petroleum Development Fund Act, 1991	2025-2026	130	GoK	SDP	EPRA
	Petroleum agreements reviewed	No. of petroleum agreements reviewed (TBD)	2025-2027	110	GoK	SDP	OAG, TNT
	Guidelines and standards for the oil and gas sector developed	No. of guidelines and standards developed and published	2024-2027	120	GoK	EPRA	SDP, KEBS
	The National Petroleum Master Plan developed	A National Petroleum Master Plan	2024-2026	130	GoK	SDP	NOCK, KPC, EPRA
	Oil and gas sector policies and strategic plans developed/reviewed	No. of oil and gas sector policies/strategic plans developed/reviewed	2024-2034	180	GoK	SDP	EPRA, NOCK
Strengthening cooperation locally with Government Agencies and	Framework for collaboration locally with County Governments, Government Agencies in development of the Oil and Gas Sector	Collaboration framework	2026-2028	120	GoK	SDP	CGs

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
internationally with other Governments	Develop cooperation instruments (MoUs, bilateral and multilateral agreements) with other countries	No. of Cooperation instruments developed/signed	2024-2034	100	GoK	SDP	Relevant Govt. Agencies
	Centers of excellence for oil and gas developed	No. of centers of excellence established and operationalized.	2024-2034	TBD	PPP	SDP	IOCs
	Regionally and international Policies and legislations developed/reviewed	No. of regional/international policies and legislations developed/reviewed	2024-2034	150	GoK	SDP	Relevant Govt. Agencies
	Frameworks for cooperation in response to regional and global emerging issues in the oil and gas sector developed	No. of frameworks developed	2024-2034	170	GoK	SDP	Relevant Govt. Agencies
	Partnerships between petroleum regulatory and statutory institutions with other countries established	No. of partnerships established	2024-2034	160	GoK	SDP	EPRA, NOCK
	Cooperation in carbon credit trading in the petroleum sector	No. of carbon credit trading in the oil and gas sector	2024-2034	TBD	PPP	SDP	IOC
	Technology and knowledge sharing with other governments Partnerships	No. of technology and knowledge-sharing partnerships agreements developed and signed	2024-2034	160	GoK/PP	SDP	Relevant Govt. Agencies
SUB-SECTOR	UPSTREAM						
Policy Objective	To promote sustainable petroleum resource exploration, development and production						
Policy Issue	Promotion of oil and gas investments						
Create a conducive environment for investments in	Periodic reviews of the terms and conditions in petroleum arrangements	No. of periodic reviews on terms and conditions in petroleum arrangements	2025-2034	235	GoK	SDP	OAG, TNT

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
petroleum operations and infrastructure development	to sustain interests in exploration and production undertaken						
	Roadmap on structuring, governing and regulating the oil and gas sector developed	Roadmap on structuring, governing and regulating the oil and gas sector	2026-2027	50	GoK	SDP	EPRA
Market open petroleum blocks to investors	Marketing and promotion strategy for investment in the Upstream sub-sector developed	Marketing and promotion strategy	2024-2026	130	GoK	SDP	Relevant Govt. Agencies
	Geoscientific data collected from the petroleum blocks repackaged	No. of petroleum blocks with Geoscientific data repackaged	2024-2034	150	GoK	SDP	NOCK
	Regional and international oil and gas forums organized and participated	No. of forums organized / participated in	2024-2034	200	GoK	SDP	NOCK,
	Framework for multi-client data acquisition developed	Framework for multi-client data acquisition	2026-2028	50	GoK	SDP	EPRA
	Multi-Client data acquired	Acreage (km ²) for which multi-client data is acquired	2024-2029	20	GoK	SDP	NOCK, Investors
Enhance access to petroleum data and information for commercial consideration	An Online Petroleum Exploration Information Management System for petroleum technical data and information in the sector developed	Petroleum Exploration Information Management System	2026-2028	155	GoK	SDP	MICDE, ICTA
	Guidelines on use and access of petroleum data and information developed	Guidelines on use and access of petroleum data and information	2026-2028	TBD	GoK	SDP	EPRA, NOCK
	Capacity building for Information Management System undertaken	No. of staff trained on information management system	2026-2034	120	GoK	SDP	MICDE
Policy Issue	Licensing of Petroleum Blocks						

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Ensure the licensing process is responsive to attracting investment in the sector	An efficient licensing system developed	Efficient licensing system	2024-2027	130	GoK	SDP	EPRA
	Bid-rounds conducted	No. of bid-rounds conducted	2025-2034	115	GoK	SDP	NOCK, EPRA
	Petroleum agreements and non-exclusive exploration permits issued	No. of petroleum agreements issued	2024-2034	110	GoK	SDP	OAG, TNT
		No. of non-exclusive exploration permits issued	2024-2034	10	GoK	EPRA	SDP
Reconstitute petroleum blocks for effective exploration and production of petroleum resources	Petroleum exploration and production areas demarcated into blocks based on official geological and geophysical data	No. of petroleum blocks identified	2024-2034	130	GoK	SDP	NUPAC
	Nomenclature for classification and naming of blocks developed	A Nomenclature for classification and naming of blocks	2024-2034	20	GoK	SDP	NOCK
	Petroleum blocks gazetted	Gazettement of petroleum blocks	2024-2034	10	GoK	SDP	NOCK
	Petroleum block map reviewed	Revised petroleum block map	2024-2034	115	GoK	SDP	NOCK
Evaluate investors' technical expertise and financial capability for exploration, development, and production of petroleum resources.	Technical competence assessed	Technical competence assessment report	2024-2029	60	GoK	SDP	NOCK
	Financial competence evaluated	Financial competence evaluation report	2024-2029	30	GoK	SDP	NOCK
	Regulatory compliance evaluated	Regulatory compliance evaluation report	2024-2029	30	GoK	SDP	OAG

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Policy Issue	Exploration, Development and Production Operations						
Participate in exploration, development and production and facilitate investments in petroleum operations	Geoscientific data collected, processed, analyzed and interpreted	Acreage for which geo-scientific data is collected	2024-2034	6000	GoK	SDP,	NOCK, Investors
		No. of geoscientific surveys, exploratory and appraisal drilling reports prepared	2024-2034	2000	GoK	SDP,	NOCK, Investors
	Development and production of petroleum resources undertaken	No. of Field Development Plans (FDPs) reviewed and approved	2025-2027	500	GoK	SDP	EPRA
		Production facilities developed for extraction	2028-2034	TBD	Investors	Investors, NOCK	SDP
	Participation agreements executed	No. of participation agreements	2024-2034	215	GoK	SDP, NOCK	EPRA, AG
	Resource mobilization strategy to facilitate participation in petroleum operations developed	A Resource mobilization strategy	2026-2027	15	GoK	SDP	TNT
	Research in exploration of petroleum resources undertaken	No. of research studies in exploration	2025-2034	200	GoK	NOCK	Scholarly institutions
	Operational permits and licenses issued	No. of operational permits and licenses issued	2024-2034	TBD	GoK	EPRA	Relevant Govt. Agencies
Ensure adherence to terms and conditions of	Interest in petroleum agreements reviewed, transferred and assigned	No. of petroleum agreements whose interests are revised, transferred and assigned	2024-2034	160	GoK	SDP	OAG, TNT

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
petroleum agreements	Petroleum permits issued	No. of petroleum permits issued	2024-2034	TBD	GoK	EPRA	SDP
	Work Programs and Budgets submitted by IOCs reviewed and approved	No. of IOC work programs and budgets reviewed and approved	2024-2034	110	GoK	SDP	EPRA
	Compliance monitored and enforced	No. of compliance monitoring exercise conducted	2024-2034	170	GoK	EPRA	SDP
	Field Development Plans developed, reviewed and approved	No. of Field Development Plans developed, reviewed and approved	2024-2034	1000	GoK	SDP	Investors EPRA
	Petroleum contract management framework developed	No. of petroleum contracts managed	2024-2034	150	GoK	SDP	EPRA
	Production Sharing Contracts (PSCs) administered and managed	No. of PSCs administered and managed	2024-2034	130	GoK	SDP	EPRA
Ensure prudent management of information acquired in the course of petroleum operations	Information Management System for administrative data and information collected from investors and stakeholders developed	Information Management System developed	2026-2028	125	GoK	SDP	ICTA
	Guidelines on access of confidential data and information developed	Guidelines on access to confidential data and information	2026-2028	110	GoK	SDP	NOCK, EPRA
	Capacity building on the Information Management System undertaken	No. of officers trained in information management systems	2026-2034	120	GoK	SDP	ICTA
	Communication strategy developed	A communication strategy	2025-2026	10	GoK	SDP	EPRA, NOCK, KPC

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	Guidelines and regulations on use of best practices in petroleum operations developed	Guidelines and regulations on use of best practices in petroleum operations	2025-2026	110	GoK	SDP	EPRA
	Monitoring of operations to ensure application of best practices undertaken	No. of monitoring exercises undertaken Monitoring framework	2026-2034	180	GoK	EPRA	SDP
	Studies to establish the best practices used in petroleum operations undertaken	No. of studies undertaken	2026-2034	140	GoK	SDP	EPRA, KEBS
Promote adoption of technologies that support decarbonization in upstream operations	Regulations and standards on use of low-carbon technologies in petroleum operations developed	No. of regulations and standards developed	2026-2027	110	GoK	SDP	EPRA, KEBS, MECCF,
	Investment in Research and Development to develop and improve decarbonization technologies, such as carbon capture and storage (CCS) and renewable energy integration	Increased funding allocated to R&D for decarbonization technologies / Amount of funding allocated	2026-2034	150	GoK	SDP,	NOCK
Facilitate third party access to infrastructure in exchange for fair compensation to the owner	Tariff regulations for third party access to infrastructure for fair compensation to the owner developed	No. of tariff regulations for third party access to infrastructure developed	2025-2027	TBD	GoK	SDP,	EPRA
	Guidelines on third party access to infrastructure for ease of monitoring and managing capacity allocation developed	Guidelines on third party access developed	2025-2027	TBD	GoK	SDP,	EPRA
	Continuous assessment to determine available spare capacity in the existing infrastructure undertaken	No. of capacity assessments undertaken	2025-2027	TBD	GoK	SDP,	EPRA

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	Standard Operating Procedures for the implementation and management of third-party access developed	No. of Standard Operating Procedures developed	2024-2027	130	GoK	SDP,	EPRA
	Permits for third-party access issued	No. of permits for third-party issued	2025-2034	TBD	GoK	EPRA	SDP
	Common user transport and storage agreements approved	No. of common user transport and storage agreements approved	2025-2034	TBD	GoK	SDP,	EPRA
Collaborate with neighbouring governments for joint development of petroleum discoveries, which straddles national boundaries	Legal, institutional and regulatory frameworks for cooperation in the petroleum sector developed	No. of the legal, institutional, and regulatory frameworks developed	2024-2029	125	GoK	SDP	OAG, MoFDA, MoEAC
	Regional petroleum infrastructure jointly developed	No. of regional infrastructures jointly developed	2024-2034	TBD	GoK. Relevant States	SDP, KPC	OAG, MoFDA, MoEAC
Policy Issue	Exploration and Exploitation of Natural Gas						
Strengthen the legal and regulatory framework for oil and gas sector	Legal and regulatory framework for petroleum to include the Natural Gas industry developed/reviewed	legal and regulatory framework on Natural Gas	2028-2030	250	GoK	SDP	OAG
	Capacity building for petroleum regulatory and enforcement agencies in management of the natural gas industry undertaken	No. of persons trained/programmes undertaken	2025-2028	140	GoK	SDP	Training institutions
	Guidelines on Natural Gas use and management and Standard Operating Procedures developed	Guidelines on Natural Gas use and management and Standard Operating Procedures	2028-2030	115	GoK	SDP,	EPRA

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Facilitate development and utilization of natural gas and associated infrastructure	Feasibility studies on the viability and utilization of natural gas undertaken	No. of feasibility studies undertaken	2025-2027	220	GoK	SDP	NOCK,
	Infrastructure for natural gas developed	Natural gas infrastructure	2025-2034	TBD	GoK, PPP, Investors	SDP,	NOCK, CGs, Investors
	Framework for cooperation with other countries producing natural gas developed	Cooperation framework	2024-2029	130	GoK	SDP	OAG, MoFDA
	Domestic market analysis and regional demand forecasting for natural gas undertaken	Domestic market analysis and regional demand forecasting for natural gas report	2024-2027	150	GoK	SDP	EPRA
	Infrastructure development zones with enhanced support service and streamlined regulatory approvals designated	No. of zones designated for infrastructure development	2026-2034	TBD	GoK	SDP	CGs, EPRA, SEZA
	Strategy on utilization of natural gas in the country developed	A strategy on utilization of natural gas	2025-2027	140	GoK	SDP	KPC, NOCK, EPRA
	System to monitor the performance of the natural gas industry developed	System to monitor the performance of the natural gas industry	2026-2028	110	GoK	SDP	ICTA, EPRA
	Public awareness campaigns to sensitize the public on natural gas conducted	No. of people reached through public awareness campaigns conducted	2024-2034	200	GoK	SDP	NOCK, EPRA

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
		No. of public awareness campaigns conducted					
	Regulations on natural gas importation developed	No. of regulations on natural gas importation developed	2024-2026	120	GoK	SDP,	EPRA
Policy Issue	Decommissioning						
Develop a framework to guide decommissioning of petroleum operations	Decommissioning plans developed and submitted	No. of decommissioning plans developed	2028-2034	TBD	Contractors	Contractors	SDP, EPRA
	Decommissioning plans reviewed and approved	Proportion of decommissioning plans reviewed and approved	2028-2034	TBD	GoK	EPRA	SDP, NEMA
	Decommissioning fund established	Operational decommissioning fund	2029-2031	TBD	Contractors	SDP	CGs, Contractors
	Mechanisms for the management and administration of the Decommissioning Fund developed	Mechanism for management and administration of decommissioning fund	2029-2031	TBD	GoK	SDP	CGs
	A Framework for monitoring decommissioning processes developed	A framework for monitoring decommissioning processes	2027-2029	TBD	GoK	SDP	EPRA
	Efficient and environmentally friendly decommissioning technologies developed/adopted	No. of efficient and environmentally friendly decommissioning technologies developed/adopted	2024-2034	TBD	Contractors	Contractors	SDP, EPRA
	Financial assurances for restoration of the environment at the end of petroleum operations provided	Financial assurances provided	2024-2034	TBD	Contractors	Contractors	SDP, EPRA

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Ensure stakeholder involvement in decommissioning of petroleum operations.	Framework for decommissioning of petroleum operations developed	Framework for decommissioning of Petroleum operations	2025-2028	100	GoK	SDP	EPRA
	Stakeholder engagement in decommissioning of petroleum projects undertaken	No. of stakeholder engagements in decommissioning of petroleum projects undertaken	2024-2034	TBD	GoK	SDP	CGs, Contract ors
	Capacity building of project implementors on decommissioning Undertaken	No. of project implementors trained on decommissioning	2024-2034	TBD	GoK	SDP,	Contract ors
	Collaboration and knowledge exchange among stakeholders involved in decommissioning facilitated	Reports on knowledge-sharing among stakeholders	2024-2034	TBD	GoK, Contrac tors	SDP,	EPRA, Contract ors
SUB-SECTOR	MID-STREAM						
Policy Objective	To promote value addition of petroleum resources for local and regional petroleum product demand						
Policy Issue	Value addition to petroleum resources						
Promote investment in midstream infrastructure, petrochemicals and natural gas processing facilities	A framework for investment in midstream infrastructure developed and implemented	A framework for investment in midstream infrastructure	2024-2029	150	GoK	SDP	EPRA, KPC
	Best practices in petroleum operations developed	No. of Standards best practices developed	2024-2034	100	GoK	SDP	EPRA, KEBS
	Technical support for the adoption of advanced technologies and innovative processes provided	Reports on provision of technical support for the adoption of advanced technologies and innovative processes	2024-2034	TBD	GoK	SDP	KPC, NOCK, KEBS

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	Infrastructural development zones with enhanced support service and streamlined regulatory approvals to attract investment in oil and gas sector designated	No. of Infrastructure zones designated	2026-2034	TBD	GoK	SDP	EPRA, CGs, SEZA
Promote development, ownership and operation of Mid-stream petroleum infrastructure	Permits and Licenses issued to investors	No. of permits and licenses issued to investors	2028-2034	5	GoK	EPRA	KPC, OMC's
	Mid-stream infrastructure developed	No. of midstream infrastructure developed	2030-2034	260,000	PPP	SDP,	KPC, CGs, Midstream Contractors
	Standard Operating Procedures guidelines developed	No. of Standard Operating Procedures developed	2028-2034	100	GoK	SDP	EPRA, KPC
	Monitoring framework for Mid-stream operations developed	M&E framework for midstream operations	2030-2034	120	GoK	SDP	EPRA, KPC
Facilitate third party access to infrastructure where there is spare capacity in exchange for fair compensation to the owner	Framework for third party access developed	Framework for third party access	2030-2034	100	GoK	SDP	EPRA, KPC
	Tariff regulations for third party access to infrastructure developed	No. of tariff regulations developed	2026-2027	20	GoK	SDP	EPRA
	Guidelines on third party access to infrastructure for ease of monitoring developed	No. of guidelines developed	2026-2027	20	GoK	SDP	EPRA
	Continuous monitoring assessment undertaken	No. of M&E quarterly reports	2026-2027	10	GoK	SDP,	EPRA
	Standard Operating Procedures developed	No. of SOPs developed	2026-2027	20	GoK	SDP,	EPRA

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	Permits for third-party access issued.	No. of permits for third-party access issued	2030-2034	2	GoK	EPRA	SDP
	Common user transport and storage agreements approved	No. of common user transport and storage agreements approved	2028-2034	120	GoK	EPRA	SDP
SUB-SECTOR	DOWNSTREAM						
Policy Objective	To ensure security of supply of petroleum products						
Policy Issue	Supply of petroleum products						
Establish and maintain strategic stocks of petroleum products in the country	Regulations for Consolidated Petroleum Fund developed	Consolidated Petroleum Fund regulations developed	2026-2028	30	GoK	SDP	OAG, TNT, EPRA
	Consolidated Petroleum Fund operationalized	% operationalization of Consolidated Petroleum Fund.	2029-2030	TBD	GoK, PPP	SDP	TNT
	Regulatory framework for establishment and maintenance of strategic stocks developed	Strategic stocks Regulations	2025-2027	20	GoK	SDP	EPRA
Ensure compliance of supplied petroleum products to statutory requirements on quality and standards	Spot checks at randomly selected petroleum products dispensing sites undertaken	No. of spot checks undertaken	2024-2034	1,500	GoK	EPRA	SDP
	Standards and specifications for petroleum products developed	No. of standards developed	2024-2034	100	GoK	KEBS	SDP
	Quality checks of petroleum products at point of vessel discharge undertaken	Compliance level with quality standards	2024-2034	300	GoK	KPC	SDP

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Ensure access to competitive, reliable and secure supply of petroleum products	Framework to facilitate competitive importation of petroleum products developed/reviewed	framework to facilitate competitive importation of petroleum products	2024-2026	100	GoK	SDP	EPRA
	Framework for third party access to facilities developed	Framework for third party access to facilities	2025-2027	40	GoK	SDP	KPC
	Petroleum products storage and distribution facilities expanded to the hinterland	Additional Storage Capacity (Cubic Metres)/and pipeline Length in Km	2024-2034	TBD	GoK	KPC	SDP
	Alternative entry points for refined petroleum products established	No. of alternative entry points for refined petroleum products established	2027-2029	60,000	GoK	SDP,	KPC, KPA
	Petroleum Regulations developed	No. of Petroleum regulations developed	2024-2026	15	GoK	SDP,	EPRA, State Law Office
	Petroleum operation of common user petroleum facilities regulations developed	No. of regulations developed	2024-2026	30	GoK	SDP	EPRA, State Law Office
Policy Issue	Pricing of petroleum products						
Ensure fair pricing and market stability of petroleum products	Study to achieve fair pricing of petroleum products undertaken	No. of studies undertaken	2025-2027	TBD	GoK	EPRA	SDP, KPC, OMCs
	Periodic review of petroleum prices to incorporate the economic changes that influence the prices undertaken	No. of monthly review undertaken	2024-2034	80	GoK	EPRA	SDP

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Enhance the flexibility in response to economic factors that influence the pricing of petroleum products	Cost of Services in the Supply of Petroleum Products (COSSOP) study undertaken	COSSOP undertaken (1)	2025-2029	30	GoK	EPRA	SDP, KPC, OMCs
Policy Objective	To enhance storage and transportation capacity of petroleum products						
Policy Issue	Infrastructure development						
Enhance efficiency in licensing of the Downstream sub-sector	One-Government-Approach in regulating the Downstream Sub-Sector framework developed	One – Government - Approach Framework	2026-2029	100	GoK	SDP	EPRA, CGs, Relevant MDAs
Facilitate development of infrastructure for importation, transportation, storage and distribution of petroleum products	Draft at the port periodically dredged to increase the channel depth	Draft maintained at 15m	2026-2030	150	GoK	KPA	SDP
	Jetty(s) capacity increased	Increase draft in Metres from 15m to 20m	2027-2030	500	GoK	KPA	SDP, KPC, Private Investors
	Pipeline throughput increased	<ul style="list-style-type: none"> No. of additional pumps commissioned Increase in pipeline throughput (m³/hr) 	2024-2030	TBD	GoK	KPC	SDP
	Pipeline network extended	Km of pipeline constructed	2025-2030	TBD	GoK	KPC	SDP
	Storage and distribution facilities expanded	Additional Storage Capacity (Cubic metres)	2024-2034	TBD	GoK	KPC, OMC	SDP
	Invest in retail stations	No. of new retail stations constructed	2026-2034	TBD	PPP, OMC	NOCK, OMC	PPP

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Collaborate with neighboring countries to undertake integrated petroleum infrastructure projects	Joint research on petroleum development conducted	No. of research conducted	2025-2034	TBD	GoK, Neighboring Countries	SDP	KPC
	Cross-border petroleum infrastructure constructed through partnerships with neighbouring countries	No. of Petroleum infrastructure developed	2025-2034	TBD	GoK, Neighboring Countries	SDP	KPC, Neighboring countries
Policy Objective	To enhance Liquefied Petroleum Gas (LPG) uptake in the country						
Policy Issue	Liquefied Petroleum Gas						
Ensure compliance of LPG and related facilities to statutory requirements on safety, quality and standards	LPG quality and safety standards developed/reviewed	No. of Quality and safety standards developed/reviewed	2024-2026	100	GoK	KEBS	SDP
	Inspections of LPG facilities undertaken	No. of inspections undertaken	2024-2034	500	GoK	EPRA	SDP
	Quality checks on LPG at the point of vessel discharge undertaken	No. of quality checks at the point of discharge	2024-2034	300	GoK	KPC	SDP
Promote development of LPG infrastructure for importation, storage and filling	LPG infrastructure developed	Metric Tonnes of LPG storage capacity	2024-2030	25,900	GoK/PP	SDP, KPC, KPRL,	CGs, Investors
	Framework for third party access to LPG facilities developed	Framework for third party access to LPG infrastructure	2025-2027	20	GoK	SDP	EPRA
Promote investment in LPG in the country	LPG framework for collaboration and partnership with investors developed	Collaboration framework	2025-2027	30	GoK	SDP	EPRA, KPC, NOCK

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	Licensing of LPG market players streamlined	No. of LPG licenses streamlined	2024-2034	100	GoK	SDP	EPRA
	Develop a framework for competitive importation of LPG	Framework for competitive LPG importation	2024-2026	100	GoK	SDP	EPRA, LPG Marketer s
Ensure fair pricing of LPG	Collaboration with LPG producing states on importation	No. of MOUs signed with LPG producing states	2024-2034	100	GoK	SDP	TNT
	Regulatory framework for LPG pricing developed	LPG pricing Regulations	2026-2028	50	GoK	SDP	EPRA
	Periodic review of LPG prices to incorporate the economic changes that influence the prices undertaken	Quarterly reviews undertaken	2025-2034	30	GoK	EPRA	SDP
Promote use of LPG for domestic, automotive and commercial purpose	Frameworks for LPG reticulation, Autogas, institutional and industrial use developed,	No. of Frameworks for LPG reticulation, Autogas, institutional and industrial use	2024-2025	50	GoK	SDP	EPRA, DOSH, CGs, NOCK
	Public awareness and sensitization campaigns conducted	No. of awareness/sensitization campaigns conducted	2024-2026	100	GoK	SDP	EPRA, NOCK
	Framework for installation of LPG infrastructure in public institutions	Framework for LPG installation	2025-2026	10	GoK	SDP	NEMA, DOSH, KEBS, EPRA
	Subsidized LPG cylinders and accessories provided to low-income households	No. of low-income households provided with subsidized LPG cylinders and accessories	2024-2030	10,000	GoK	NOCK	SDP

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Policy Objective	To enhance management of revenues from the Oil and Gas Sector						
Policy Issue	Management of Revenue from petroleum operations						
Facilitate collection, administration and management of revenues from petroleum operations	Mechanism for revenue collection, management and distribution developed and implemented	Framework for revenue collection, management and distribution developed	2027-2029	50	GoK	SDP	TNT
Ensure equitable sharing of benefits from the exploitation of petroleum resources	A framework for revenue-sharing of government profit share developed	Framework for Revenue sharing of government profit share	2024-2027	15	GoK	SDP	TNT, CGs
Ensure revenues from petroleum operations are utilized to develop the oil and gas sector and support various sectors of the economy	A strategy on utilization of revenues from petroleum operations developed	Strategy on utilization of revenues from petroleum operations	2027-2029	20	GoK	SDP	TNT
Policy Issue	Management of costs in petroleum Operations						
Strengthen cost management frameworks for petroleum operations	Cost management frameworks Developed	Legal and regulatory framework for Cost management	2027 - 2029	150	GoK	SDP	OAG, EPRA
		Cost management guidelines	2027 - 2029	80	GoK	SDP	EPRA, NOCK

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	Cost-effective technologies and operational practices Promoted	Industry sensitization and adoption programs	2027 - 2029	100	GoK	SDP	CGs, EPRA
		Guidelines on cost-effective technologies	2028 - 2030	20	GoK	SDP	EPRA
	Work programme and budget approved	No. of Work programmes and budget	2025 - 2034	50	GoK	SDP	EPRA
	Cost Audits undertaken	Cost Recovery Audits	2025 - 2032	70	GoK	SDP	EPRA
		Transfer Pricing Audits	2025 - 2030	30	GoK	SDP	KRA
		Tax Audits	2025 - 2030	30	GoK	SDP	KRA
	Capacity of regulatory institutions and operators on cost control strengthened	Capacity-building programs and certification schemes	2028 - 2032	80	GoK	SDP	EPRA
	National petroleum cost database and benchmarking system established	Real-time cost data repository Cost validation platforms	2026 - 2031	120	GoK	SDP	EPRA, NOCK
Policy Objective	To facilitate capacity development and technology transfer						
Policy Issue	Institutional Capacity Development						
Strengthen the institutional capacity of oil and gas institutions to meet the demands of the sector	Capacity gap analysis undertaken	Skills gap analysis report	2025-2027	50	GoK	SDP	KPC, KPRL, NOCK, EPRA
		Infrastructure, equipment and technology gaps analysis report	2026-2028	50	GoK	SDP	KPC, KPRL, NOCK, EPRA
		Institutional capacity (organizational structure,	2025-2027	50	GoK	SDP	KPC, KPRL,

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
		resources and capabilities) analysis report					NOCK, EPRA
		Capacity development plan	2027-2028	20	GoK	SDP	EPRA, KPC, KPRL, NOCK,
	Relevant training programs conducted	No. of personnel trained	2025-2034	1500	GoK	SDP	EPRA, KPC, KPRL, NOCK,
	Personnel recruited	No. of personnel recruited	2025-2034	200	GoK	SDP	EPRA, KPC, KPRL, NOCK,
	Equipment and technology for oil and gas procured	Equipment and technology for oil and gas	2025-2034	3000	GoK	SDP	EPRA, KPC, KPRL, NOCK,
	Knowledge management framework for oil and gas sector developed	Knowledge management framework	2027-2029	100	GoK	SDP	KPC, KPRL, NOCK, EPRA
Policy Issue	Technology and Innovation						
Promote research and development in petroleum operations to foster	A Petroleum research and development mechanism created	Petroleum research and development mechanism	2030-2034	TBD	Contractors	SDP	TNT, NACOS TI, MITI

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
innovation and technological advancements and their application in Kenya	Develop legal and regulatory frameworks for sustainable integration of advanced technologies in petroleum operations	Regulations, standards and guidelines developed (data management, effective integration)	2028-2034	100	GoK	SDP	OAG, EPRA, ICTA, KEBS
	Research and development unit in institutions established	Research and development unit in institutions	2030-2034	TBD	GoK, Contractors, Grants	SDP	EPRA, NACOS TI, MITI
Establish partnerships and memberships to leverage global technological advancements and knowledge sharing.	Strategic partnerships and memberships established	MoUs with global oil and gas tech leaders	2028-2032	300	GoK, PPP	SDP	MoFDA, NOCK, EPRA, OAG
		International forums joined for knowledge sharing, Research and development and standards alignment	2028-2032	100	GoK	SDP	NOCK, EPRA, KPC
	CROSS-CUTTING ISSUES						
Policy Objective	To promote environmental protection and conservation of biodiversity						
Policy Issue	Health and safety						
Ensure compliance with health and safety laws related to the oil and gas sector	Monitoring, inspection and surveillance of petroleum operations undertaken	No. of Monitoring, inspection and surveillance of petroleum operations exercises undertaken	2024-2034	200	GoK	EPRA	SDP, NOCK
	Civic education and public awareness creation on health and safety in the oil and gas sector undertaken	No. of civic education and public awareness programmes undertaken	2024-2034	50	GoK	SDP	EPRA, NOCK, CGs

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	Disaster risk management strategy for the oil and gas sector developed and implemented	Disaster Risk Management Strategy developed and implemented	2025-2026	15	GoK	SDP	EPRA, NEMA, Relevant CGs, CoG, NDOC
Policy Issue	Environment, Social and Governance (ESG)						
Ensure petroleum operations comply with environmental management legislation	Environmental compliance and monitoring frameworks developed	No. of Environmental compliance and monitoring frameworks	2025-2027	50	GoK	SDP	CGs, NEMA
	Disaster preparedness, prevention and response mechanisms in collaboration with investors and contractors established	A disaster preparedness, prevention and response mechanism	2027-2029	15	GoK	SDP	NEMA, CGs, CoG, NDOC
Strengthen the legal and regulatory framework governing the environment, social and governance of petroleum operations	Regulations and guidelines for ESG developed and implemented	No. of ESG regulations and guidelines developed and implemented	2027-2029	30	GoK	SDP	EPRA, CGs, OAG
Promote sustainable environmental management in petroleum operations	Circular Economy Principles on waste reduction, recycling and reuse of materials in oil and gas operations adopted	No. of Circular economy principles on waste reduction, recycling and reuse of materials adopted	2027-2029	10	GoK	SDP	EPRA, NEMA, CGs
	Environmental, Social and Governance Disclosure Manual to	An ESG Disclosure Manual	2027-2029	10	GoK	SDP	EPRA, NEMA

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	guide listed oil and gas companies in Kenya on ESG reporting developed						
	Assessment of a merger or an acquisition's ESG profile undertaken	ESG profile acquisition undertaken	2028-2030	5	GoK	SDP	NOCK, NEMA, EPRA
	Communication strategy on environmental management developed	A Communication strategy	2026-2027	15	GoK	SDP	EPRA, NOCK, NEMA
Policy Issue	Climate Change Mitigation and Adaptation						
Promote climate change mitigation and adaptation in petroleum operations	A climate change mitigation and adaptation strategy for petroleum operations developed	A climate change mitigation and adaptation strategy for petroleum operations	2024-2034	50	GoK	SDP,	MECCF, Relevant MDAs, Private Sector
Policy Objective	To facilitate capacity development and technology transfer						
Policy Issue	Public Participation						
Facilitate public participation in petroleum operations in accordance with the applicable policy and legal frameworks	Civic education on the oil and gas sector related matters conducted	No. of civic education forums on oil and gas	2025-2034	200	GoK	SDP	EPRA, NOCK, EPRA
	Public participation in petroleum operations undertaken when required	No. of public participation engagements in petroleum operations	2025-2034	200	GoK	SDP	EPRA, CGs, NOCK, Parliament
	Appropriate platforms to facilitate timely sharing of oil and gas information developed	No. of platforms for timely sharing of oil and gas information	2025-2026	20	GoK	SDP	ICTA, NOCK, EPRA
Policy Issue	Land						

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
Facilitate land access, acquisition and resettlement for oil and gas operations	A framework to facilitate land access and acquisition for petroleum operations developed	A Framework for facilitating land access and acquisition	2024-2034	30	GoK	SDP	MLPWH &UD, NLC, CGs
	Collaborate with other sectors on optimal land use in development of petroleum infrastructure (Collaboration Framework)	A Framework for Collaboration with other Sectors	2024-2034	20	GoK	SDP	Relevant MDAs, CGs
Policy Issue	Local Community Rights						
Promote and protect the rights and interests of local communities.	A framework on promotion and protection of rights and interests of local communities developed	Framework on promotion and protection of rights and interests of local communities	2026-2027	30	GoK	SDP	Local Community, CGs, Other players
Policy Issue	Local Content						
Develop legal and regulatory framework on local content for the Oil and Gas sector.	A legal and regulatory framework on local content for the Oil and Gas sector developed.	A Local content framework developed	2026-2029	150	GoK	SDP	OAG, EPRA
Ensure investors collaborate with Kenyan people, agencies and enterprises in local	A framework for prioritization of procurement of Kenyan, works, goods and services, and employment of Kenyans in investments in the petroleum sector value chain developed and implemented	A Framework developed and implemented	2026-2029	150	GoK	SDP	OAG, EPRA

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
content development	Local content plans developed.	No. of local content plans developed.	2026-2028	TBD	Contractor	Contractor	SDP
Promote integration of other sectors of the economy to support the Oil and Gas sector development	Strategy for collaboration and mutual benefits between oil and gas sector and other sectors of the economy developed	A collaboration Strategy	2028-2030	25	GoK	SDP	MITI, Relevant MDAs,
	Mechanisms to monitor the progress of integration efforts and evaluate their impact on the Oil and Gas Sector's development established	M&E mechanisms established.	2028-2030	25	GoK	SDP	MITI, Relevant MDAs,
	National database on specialists in oil and gas sector developed	National database on specialists in oil and gas	2026-2028	30	GoK	SDP	EPRA, ICTA
Policy Issue	Petroleum Data Management						
Strengthen petroleum data governance.	Petroleum data governance framework Developed	A Framework for Petroleum Data Governance	2025-2027	50	GoK	SDP	EPRA, NOCK
	Petroleum Data Metrics: (define and monitor metrics for data accuracy, completeness, consistency, timelines and reliability) developed/reviewed	Petroleum Data Metrics developed	2026-2034	30	GoK	SDP	EPRA, NOCK
	Regular Audits conducted to ensure petroleum data integrity and compliance with standards	No. of data audits conducted	2026-2034	100	GoK	SDP	EPRA
	National Petroleum Data Management System developed and maintained	A National Petroleum Data Management System	2026-2028	350	GoK	SDP	EPRA
Ensure security of petroleum data	Data Security Protocols Developed (Robust cybersecurity measures to	No. of Data Security Protocols developed	2026-2034	100	GoK	SDP	EPRA, NOCK

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
	protect data from unauthorized access and breaches implemented)						
	Secure Storage Solutions (use of modern, scalable and secure storage technologies to handle large volumes of data) developed and implemented	Secure storage solutions	2024-2034	90	GoK	SDP	EPRA
Policy Issue	Conflict Management and Dispute Resolution						
Strengthen conflict management and dispute resolution mechanisms in the Sector	Framework for grievance redress, conflict management and dispute resolution established	A framework for grievance redress, conflict management and dispute resolution	2025-2027	100	GoK	SDP	EPRA, Relevant Tribunals
	Capacity building on conflict management and dispute resolution undertaken	No. of training sessions conducted	2026-2030	135	GoK	SDP	Relevant Tribunals, Local Community/Relevant CGs
	Database for petroleum agreements and commitments developed	A database for petroleum agreements and commitments	2024-2025	115	GoK	SDP	NOCK, EPRA, OAG
Policy Issue	Security						
Ensure security for oil and gas infrastructure and operations in	Risk management strategy for petroleum infrastructure and operations developed and implemented	Risk Management Strategy for petroleum infrastructure and operations developed and implemented	2025-2027	50	GoK	EPRA, MoINA	SDP, KPC, NOCK

Strategies	Outputs	KPI	TIMEFRAM E 2024-2034	Est. Cost (Kshs. Millions)	Source	Responsibilities	
						Lead	Support
accordance with the applicable security frameworks	A regulatory framework for security of critical petroleum infrastructure developed	A regulatory framework for security of critical petroleum infrastructure	2027-2028	35	GoK	SDP, EPRA	SDP, EPRA, MoINA, OAG
	Physical security for critical oil and gas infrastructure and resources in accordance with the applicable security frameworks provided	No. of oil and gas infrastructure and resources secured Police unit Established	2026-2034	120	GoK	MoINA	EPRA, SDP
	Collaborate with relevant agencies to safeguard petroleum infrastructure and operations	Framework for Collaboration with relevant agencies to safeguard petroleum infrastructure and operations	2026-2034	100	GoK	EPRA, MoINA ,	SDP, KPC, EPRA, OAG
	A mechanism for provision of information, including plans and locations of oil and gas operations and infrastructure established	A mechanism for provision of information on oil and gas operations and infrastructure	2025-2028	50	GoK	SDP	KPC, EPRA, MoINA
	Oil and gas infrastructure and risks in operations insured	Insurance cover for Oil and gas infrastructure and risks in operations	2025-2034	TBD	Contractor	Contractor	SDP, EPRA
Enhance security in implementation of cross-border oil and gas projects	Mechanism to ensure cross-border integrity for security of oil and gas projects Established	A Mechanism to ensure cross-border integrity for security of oil and gas projects	2026-2028	300	GoK	SDP	MoFDA, EPRA, MoINA, KPC

ANNEX II: POLICY MONITORING AND EVALUATION MATRIX

	Indicators	Baseline	Target(s)		Source of Data	Frequency
			Mid-Term	End-Term		
Goal 1						
Outcome 1:						
Outcome 2:						