

DRAFT KENYA SOVEREIGN WEALTH FUND BILL, 2025

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DRAFT KENYA SOVEREIGN WEALTH FUND BILL, 2025

A BILL for an Act of Parliament to establish the Kenya Sovereign Wealth Fund, to provide institutional arrangements for effective administration and efficient management of minerals and petroleum revenues, and monies from other sources allocated to the Fund, and for connected purposes and incidentals thereto.

ENACTED by the Parliament of Kenya as follows—

PART I – PRELIMINARY

short title and commencement	1. This Act may be cited as the Kenya Sovereign Wealth Fund Act, 2025 and shall come into force on such date as the Cabinet Secretary may, by notice in the Gazette, appoint and the Cabinet Secretary may appoint different dates for coming into force of different provisions of this Act.
Interpretation.	2. In this Act unless the context otherwise requires—
No. 18 of 2012	“Accounting Standards Board” means the Public Sector Accounting Standards Board established under section 192 of the Public Finance Management Act;
No. 18 of 2012.	“Appropriation Act” has the same meaning assigned to it by the Public Finance Management Act;
	“Chief Executive Officer” means the Chief Executive Officer of the Fund appointed under section 35;
	“Board” means the Kenya Sovereign Wealth Fund Board appointed under section 25;
	“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for matters relating to finance;
Cap. 491.	“Central Bank of Kenya” means the Central Bank of Kenya established by the Central Bank of Kenya Act;
	“Consolidated Fund” has the same meaning assigned to it under Article 206 of the Constitution;
	“cost petroleum” means the cost of exploration, development and production which are recoverable by the contractor under the Petroleum Act, 2019;
	“exogenous shocks” means events beyond the control of the national government, which have significant negative impact on the economy including terms-of-trade shocks, natural disasters, shocks due to demand for exports, or conflict or crisis in neighbouring countries that has adverse effects on balance of payments;
	“financial instruments” means contracts that give rise to financial assets of one entity and a financial liability or equity instrument of another entity;
	“Financial year” means the period of twelve month starting from first July and ending on thirtieth June;

“Fund” means Kenya Sovereign Wealth Fund established under section 4;

“Holding Account” means a bank account for receiving and holding revenues from minerals and petroleum before the revenues are transferred to the components of the Fund;

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“Government” has the meaning assigned to it in the Interpretations and General Provisions Act;

“participating interest” has the meaning assigned to it under the Petroleum Act, 2019;

“Investment Policy” means a public statement on the principles that will apply to the desired risk profile, the allocation and list of assets, portfolios, benchmarks and other issues related with the general investment policy;

No. 12 of 2016

“medium and large scale mining operations” has the same meaning assigned to it under the Mining Act;

No. 12 of 2016

“mineral” has the meaning assigned to it under the Mining Act;

No. 18 of 2012

“the National Treasury” has the same meaning assigned to it under section 2 of the Public Finance Management Act;

“participation area” has the same meaning as assigned under section 2 of the Petroleum Act, 2019.

“Petroleum” has the meaning assigned to it under the Petroleum Act, 2019;

“Profit petroleum” means the predetermined allocation of petroleum production after ‘cost petroleum’, split between the contractor and the government;

No. 18 of 2012

“publicise” has the meaning assigned to it in the Public Finance Management Act;

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“publish” has the meaning assigned to it in the Public Finance Management Act;

“qualifying instruments” means instruments as specified in the Second Schedule to this Act;

“resource revenue” means the government’s revenue as specified in section 6;

“significant depletion” means ninety percent reduction in—

- (a) annual resource revenue below the highest recorded annual receipt of monies into the Holding Account; and
- (b) mineral and petroleum deposits:

Provided that—

- (i) the reduction in resource revenues shall have been persistent for two years; and
- (ii) the reduction in mineral and petroleum deposits shall be based on a geological report prepared by a geologist registered in accordance with the Geologists Registration Act.

“windfall” means unexpected resource revenues in excess of ten percent of the forecasted amount under the budget estimates within a financial year.

Guiding Values
and Principles
of the Act.

3. (1) A public officer and any other person to whom this Act applies shall be guided by the principles and values as provided for in the Constitution and any other Act of Parliament in discharging the functions under this Act.

(2) Despite the generality of subsection (1), a public officer or any other person to whom this Act applies, shall, in particular, be guided by the following principles as provided for in the Constitution—

- (a) the national values and principles under Article 10;
- (b) the equality and freedom from discrimination under Article 27;
- (c) the responsibilities of leadership under Article 73;
- (d) the principles governing the conduct of state and public officers under Article 75;
- (e) the principles of public finance under Article 201; and
- (f) the values and principles of Public Service under Article 232.

PART II- ESTABLISHMENT OF THE KENYA SOVEREIGN WEALTH FUND

Establishment
of the Fund.

4. (1) There is hereby established a public fund known as the Kenya Sovereign Wealth Fund.

(2) The legal ownership of the Fund is vested in the National Treasury in trust for the citizens of Kenya.

(3) The Fund shall be managed and invested for the benefit of the current and future generations of the citizens of Kenya.

(4) The Fund shall comprise of three distinct components namely—

- (a) the Stabilization Component;
- (b) the Strategic Infrastructure Investment Component;
and
- (c) the Future Generation (*Urithi*) Component.

(5) An account for each of the components of the Fund shall be opened and maintained at the Central Bank of Kenya.

Objectives and
purpose of the
Fund.

5. The purpose of the Fund shall be to —

- (a) provide the national government with a buffer from fluctuations in resource revenues or extraordinary macro-economic shocks;
- (b) provide finance for strategic infrastructure investment priorities to foster strong and inclusive growth and development; and
- (c) build a savings base for future generations when minerals and petroleum resources are exhausted.

Sources of
funds to the
Fund.

6. The Fund shall consist of the following resource revenues—

- (a) government's share of profit derived from upstream petroleum operations excluding share of profit payable under section 58(2) and (3) of the Petroleum Act, 2019;
- (b) all petroleum royalties payable to the government;
- (c) all mining royalties payable to the national government under section 183(5)(a) of the Mining Act;
- (d) all bonus payments on grants or when production levels or prices of petroleum operations reaches a defined level;
- (e) payment on grants or assignment of a mining rights;
- (f) earnings from direct or indirect participation interest of the government in minerals and petroleum operations;
- (g) proceeds from divestment from petroleum and mining interest held by the government; and

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- (h) any other minerals and petroleum revenue or monies from other sources as may be determined by the Cabinet Secretary through a notice in the Gazette.

The Holding Account.

7. (1) There shall be a bank account for the Fund to be known as “the Holding Account.”

(2) The Holding Account shall—

- (a) be used for receiving, holding and disbursing all the proceeds to the Fund;
- (b) be maintained at the Central Bank of Kenya; and
- (c) maintain the monies in Kenya Shillings or any other foreign currency as the Cabinet Secretary may, in consultation with the Central Bank of Kenya, determine.

Transfers from the Holding Account.

8. (1) Any deposits into the Holding Account shall be transferred into the components of the Fund in proportions specified by the Cabinet Secretary at the beginning of each financial year taking into account conditions specified under subsections 5(a) (b) and (c).

(2) The transfer of deposits under subsection (1) shall be within ten days from the date of receipt.

(3) In specifying the proportions under subsection (1), the Cabinet Secretary shall take into account—

- (a) the need to maintain macro-economic stability and the competitiveness of the non-resource sector;
- (b) investments in strategic priority projects; and
- (c) the need to provide at least ten percent savings for future generations;

(4) The Cabinet Secretary shall, in preparing the national budget that incorporates monies from the Fund, ensure that the national government’s non-resource primary balance over the medium-term does not exceed the threshold as may be set in the Public Finance Management (National Government) Regulations.

Object and purpose of the Stabilisation Component.

The Stabilisation Component

9. The object and purpose of the Stabilisation Component shall be—

- (a) provide the national government with a buffer from fluctuations in resource revenues and

- (b) for management of extraordinary shocks which may affect macro-economic stability not covered under subparagraph (a).

Sources of funds for the Stabilisation Component.

10. The sources of funds for the Stabilisation Component shall be—

- (a) transfers received from the Holding Account; and
- (b) Fifty percent of investment income earned on the Stabilisation Component.

Withdrawal from the Stabilisation Component.

11. (1) The Cabinet Secretary shall, in respect of any withdrawals for purposes of section 9 (a) or (b), write to the Board outlining the amount required and the justification for the withdrawal.

(2) The Board shall, upon the receipt of a request under subsection (1), write to the Central Bank of Kenya authorizing the Central Bank of Kenya to transfer the funds from the Stabilisation Component to the Consolidated Fund.

(3) Any withdrawals under subsection (1) shall be in accordance with Article 223 of the Constitution.

Provided that withdrawals for the purpose of section 9(b) shall be after the Contingencies Fund budgetary provision has been exhausted.

(4) Any balances standing to the credit after withdrawal from the Stabilisation Component may be invested in qualifying instruments in accordance with this Act.

(5) Any investments under subsection (4) shall be done in a manner that is not prejudicial to the objectives of the Fund.

(6) Any transfer under subsection (4) shall require a minutes of the Board resolution and written instructions from the Board to the Central Bank of Kenya authorizing the Central Bank of Kenya to transfer funds from the Stabilization Component for investment purposes.

(7) Notwithstanding section 8 (1)(a)—

- (a) transfers to the Stabilisation component shall cease when the component grows to five percent of the nominal gross domestic product and the share —
 - (i) shall be utilized to service national debt; or
 - (ii) with the approval of Parliament, may be distributed by the Cabinet Secretary to the Strategic Infrastructure Investment component or the *Urithi* Component;

(b) where there is a windfall in resource revenues, the windfall shall be utilized in order of priority as follows—

- (i) debt servicing to reduce national debt;
- (ii) subject to subsection (3)(a), be transferred to the Stabilization Component; or
- (iii) transferred to the Strategic Infrastructure Investment component to fund strategic infrastructure investment priorities as may be determined by the Cabinet Secretary.

The Strategic Infrastructure Investment Component

Object and purpose of Strategic Infrastructure Investment Component.

12. (1) The object and purpose of the Strategic Infrastructure Investment Component is to provide funding for strategic infrastructure investment priorities that are aligned to the national or county development plan to foster a stronger and more inclusive growth and development.

(2) Strategic infrastructure investment priorities referred to under subsection (1) may include, but are not limited to, investments in agriculture, transport, housing, energy, water, education and health, including leveraging private sector finances in commercially-viable projects.

Sources of funds to the Strategic Infrastructure Investment Component.

13. The sources of funds for the Strategic Infrastructure Investment Component shall be —

- (a) transfers received from the Holding Account; and
- (b) Fifty percent of investment income earned on the Strategic Infrastructure Investment Component..

Withdrawal from the Strategic Infrastructure Investment Component.

14. (1) All withdrawals from the Strategic Infrastructure Investment Component shall—

- (a) only be made on the balance outstanding to the credit as at the beginning of the financial year or most recent outstanding credit balance during the financial year; and
- (b) be used to finance strategic infrastructure investment priorities as provided in the Appropriation Act or in line with Article 223 of the Constitution.

(2) After approval of the budget by the National Assembly, the Cabinet Secretary shall write to the Board stating the amount required to be withdrawn and the timing of the withdrawal.

(3) The Board shall, upon receipt of a request under subsection (2), write to the Central Bank of Kenya authorizing it to transfer the funds from the Strategic Infrastructure Investment Component to the Consolidated Fund.

(4) Any outstanding balances after withdrawal for financing the Strategic Infrastructure Investment priorities under section 12 may be invested in qualifying instruments in accordance with this Act by the Board.

(5) Any transfer under subsection (4) shall require minutes of the Board resolution and written instructions from the Board to the Central Bank of Kenya authorizing the Central Bank of Kenya to transfer funds from the Strategic Infrastructure Investment Component for investment purposes.

The Future Generation (Urithi) Component

Object and
purpose of the
Urithi
Component.

15. The object and purpose of the *Urithi* Component is to build a savings base for future generations by—

- (a) providing an endowment to support Strategic Infrastructure Investment for future generations, when the revenues from minerals and petroleum are depleted;
- (b) generating an alternative stream of income to support expenditure on capital projects as a result of revenue downturn caused by depletion of minerals and petroleum; and
- (c) distributing wealth across generations.

Sources of
funds for the
Urithi
Component

16. The sources of funds for the *Urithi* Component shall be from—

- (a) transfers received from the Holding Account;
- (b) investment income earned on the *Urithi* Component;
- (c) fifty percent of the investment income earned on Stabilization Component, and
- (d) fifty percent of the investment income earned on Strategic Infrastructure Investment Component.

Transfers from
Urithi
Component.

17. (1) The *Urithi* Component shall be invested in accordance with the provisions of Part V of this Act.

(2) Any transfer from the *Urithi* Component shall require a minuted Board resolution and written instructions from the Board to the Central Bank of Kenya authorizing it to transfer funds from the *Urithi* Component for investment purposes.

(3) Any transfer from the *Urithi* Component shall not exceed the limit approved by the Board in its resolution.

(4) There shall be no withdrawal or transfer from the *Urithi* Component for any other purpose except for investment as set out in this section.

Depletion of Mineral and Petroleum Resources

Depletion of resources.

18. (1) In the event of a significant depletion of large and medium-size mineral operations and petroleum resources—

- (a) the cash balances held in the Stabilisation Component, the Strategic Infrastructure Investment Component and the *Urithi* Component shall be consolidated into one single account of the Kenya Sovereign Wealth Fund to be held at the Central Bank of Kenya after which the different components of the Fund shall cease to exist; and
- (b) all the net assets of the three components shall become assets of the Fund.

(2) After the minerals and petroleum reserves are depleted, any withdrawal from the Fund shall be based on cumulative principal deposits and interests earned up to the date of declaration of depletion of resources, and only earnings and dividends from this base shall be withdrawn.

(3) The withdrawals under subsection (2) shall be used to finance strategic infrastructure investment priorities as approved by Parliament in the budget estimates.

(4) The Cabinet Secretary may prescribe regulations for the management of the Fund under this section.

PART III- APPLICATION OF THE PUBLIC FINANCE MANAGEMENT ACT.

Application of the Public Finance Management Act.

19. The Public Finance Management Act shall apply to the administration and management of the Fund in accordance with this Part.

Fiscal Responsibility Principles.
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20. The withdrawal from the Stabilisation and Strategic Infrastructure Investment components of the Fund shall be made in accordance with and the fiscal responsibility principles provided for in section 15(2) of the Public Finance Management Act and procedures prescribed in this Act.

Administrator of the Fund and financial reporting.

21. (1) For the purposes of section 24(5) of the Public Finance Management Act, the Chief Executive Officer shall be the administrator of the Fund.

(2) The administrator shall —

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(a) prepare quarterly financial statements of the Fund in accordance with the Public Finance Management Act; and

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(b) prepare and submit to the Auditor-General for audit, annual financial statements of the Fund in accordance with the Public Finance Management Act and the Public Audit Act.

Preparation of estimates and Budget.

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22. (1) The Budget Policy Statement referred to under section 25(1) of the Public Finance Management Act shall include, in addition to the contents mentioned in section 25(4) of that Act, –

- (a) forecasts of resource revenue over the medium-term and assumptions thereof;
- (b) ceilings on annual withdrawal from the Stabilisation and Strategic Infrastructure Investment components of the Fund over the medium term; and
- (c) a description of how the ceilings under paragraph (b) adheres to the fiscal rules and financial objectives specified in this Act and the Public Finance Management Act.

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(2) The Budget Review and Outlook Paper mentioned under section 26(1) of the Public Finance Management Act shall include, in addition to the contents mentioned in the said section of that Act, –

- (a) the actual amount of resource revenues during the previous financial year, in comparison with the amount entered into the budget estimates;
- (b) the actual amount of withdrawal from the Stabilisation and Strategic Infrastructure Investment components of the Fund during the previous financial year, in comparison with the budget estimates; and
- (c) updated forecasts of resource revenues for the current financial year and explanation of changes from the forecasts in the most recent Budget Policy Statement.

Cash management

23. (1) The Holding Account and the accounts of the components of the Fund shall be subject to the requirements for bank accounts of national government entities under section 28(1) of the Public Finance Management Act.

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(2) The Board shall, for the purposes of investment and management of the Fund, open bank accounts upon approval by the Cabinet Secretary.

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(3) The Board shall prepare an annual cash plan and forecast of the Holding Account, Stabilisation Component and the Strategic Infrastructure Investment Component and the *Urithi* Component in accordance with section 29(2) of the Public Finance Management Act.

(4) The Board shall submit the annual cash plan and forecast prepared under subsection (3) to the Cabinet Secretary for approval after which a copy shall be submitted to the Central Bank of Kenya.

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(5) In applying to the Holding Account, the framework for cash management established under section 29(1) of the Public Finance Management Act, the Board shall update, on a rolling basis, a cash plan and forecast of the Holding Account, the Stabilisation Component, the Strategic Infrastructure Investment Component and the *Urithi* Component.

(6) The Board shall, whenever it updates a cash plan and forecast under subsection (3), and at least every month, submit the updated cash plan and forecast to the Cabinet Secretary for approval where there are proposed changes and upon approval, where necessary, transmit a copy to the Central Bank of Kenya.

National
Government
Budget process.

24. (1) The circular on the budget process provided for under the Public Finance Management Act shall include, in addition to the contents mentioned in that section, an instruction in respect of proposals for projects to be financed by withdrawal from the Strategic Infrastructure Investment component of the Fund.

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(2) The budget estimates mentioned in section 38(1)(b) of the Public Finance Management Act shall include, in addition to the contents mentioned in that section—

- (a) estimated resource revenues; and
- (b) estimated expenditure to be funded from transfers from the Strategic Infrastructure Investment Component to the Consolidated Fund and to the County Revenue Fund.

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(3) The budget documents mentioned in section 38(1) of the Public Finance Management Act shall include, in addition to the contents mentioned in that section—

- (a) the recent annual report and quarterly financial statements of the Fund;
- (b) a statement of projects financed from the Fund which include—

- (i) a description of policy objectives relating to prioritization of projects to be financed through development estimates of expenditure and investment; and
- (ii) a list of all investment projects which are ongoing or newly included in the budget estimates.

PART IV- MANAGEMENT OF THE FUND

Establishment
of the Kenya
Sovereign
Wealth Fund
Board.

25. (1) There is hereby established a Board to be known as Kenya Sovereign Wealth Fund Board.

(2) The Board shall be a body corporate with perpetual succession and shall be capable in its corporate name of—

- (a) suing and being sued;
- (b) taking, purchasing or otherwise acquiring, holding, charging and or disposing of movable and immovable property in and outside Kenya;
- (c) entering into contracts;
- (d) being the custodian of assets, properties and equipment of the Fund;
- (e) managing, controlling and administering the assets of the Fund; and
- (f) performing or doing such other acts necessary for the proper performance of the functions of the Board under this Act which may lawfully be done by a body corporate.

Headquarters of
the Board.

26. The Headquarters of the Board shall be in Nairobi.

Powers and
functions of the
Board.

27. (1) The Board shall have powers necessary for the proper performance of its functions under this Act.

(2) Notwithstanding the generality of subsection (1), the Board shall—

- (a) provide overall guidance and oversight of the administration and management of the Fund;
- (b) determine the management structure and operational guidelines of the Fund with the approval of the Cabinet Secretary;
- (c) invest the Fund in accordance with this Act;

- (d) develop investment policies, taking into account monetary and fiscal policies, for approval by the Cabinet Secretary;
- (e) set performance benchmarks for returns and risks;
- (f) approve budget for the management, administration and agency fees related to the Fund, which shall be included in the budget estimates of the National Government;
- (g) perform financial management and reporting functions including—
 - (i) causing to be prepared bank reconciliation statements every month and submitting to the Cabinet Secretary not later than the tenth of the subsequent month;
 - (ii) causing to be kept proper books of accounts and other books and records in relation to the Fund, of all activities and undertakings financed from the Fund;
 - (iii) preparing and submitting reports required under the Public Finance Management Act and its Regulations;
 - (iv) monitor and evaluate performance of the Components of the Fund as specified in this Act;
 - (v) monitor the performance of the investments, how the investment policy has been implemented, including which qualifying instruments in which the various components are invested; and
 - (vi) prepare a quarterly report on the receipts into and withdrawals from the Fund and submit to the Cabinet Secretary by fifteenth day of the month following the end of the quarter as required under this Act and the Public Finance Management Act.

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- (h) with the approval of the Cabinet Secretary open or close bank account for the Fund;
- (i) submit reports to the Cabinet Secretary as required under this Act and the Public Finance Management Act;
- (j) recruit staff;

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- (k) perform any other functions as may be assigned to it by the Cabinet Secretary; and
- (l) perform any other function necessary to achieve the objectives of the Fund under this Act.

(3) The Board shall, in exercise of its powers and performance of its duties under this Act —

- (a) be responsible and accountable in the performance of its functions and exercise of its powers and for the proper management of the Fund;
- (b) keep under constant review, the performance of the Chief Executive Officer in discharging the responsibilities of that office; and
- (c) keep under constant review, the use of the resources of the Fund.

(3) The Board may delegate to any person, the exercise of any powers or the performance of any of its functions or its duties under this Act.

(4) Despite subsection (3) the Board retains ultimate responsibility of the delegated powers and functions.

Composition of
the Board.

28. (1) The management of the Fund shall vest in the Board which shall consist of—

- (a) a Chairperson appointed by the President;
- (b) the Principal Secretary to the National Treasury or an alternate appointed by the Principal Secretary in writing;
- (c) the Governor of the Central Bank or an alternate appointed by the Governor in writing;
- (d) four other independent persons appointed by the Cabinet Secretary; and
- (e) the Chief Executive Officer who shall be an *ex-officio* member with no rights to vote.

(2) The Cabinet Secretary shall, in appointing members of the Board under subsection (1)(d), ensure that the appointment meets the gender rule and ethnic diversity.

(3) The appointment of the Chairperson and the Board members under subsection 1 (a) and (d) shall be through a notice in the Gazette.

(4) The Board may co-opt a maximum of two members who have necessary expertise to assist the Board in dispensing with any matter.

Qualifications
of Board
members

29. (1) A person qualifies to be appointed as a Chairperson or a member of the Board under section 28(a) and (d), if that person—

- (a) is a citizen of Kenya;
- (b) has over five years' experience at a senior management level;
- (c) holds a degree in economics, finance, accounting, law or other relevant fields from a recognized university;
- (d) meets the requirements of Chapter Six of the Constitution; and
- (e) has not been convicted in a court of competent jurisdiction for any criminal offense with a fine exceeding five hundred thousand shillings or to a jail term exceeding six months.

(2) A person shall not qualify to be appointed as Chairperson or a member of the Board under section 28(1) (a) and (d) if that person—

- (a) is a member of Parliament or a County Assembly;
- (b) is a member of the governing body of a political party;
or
- (c) is an undischarged bankrupt.

Term of office.

30. (1) The Chairperson and members of the Board appointed under section 28 (1) (a) and (d) shall hold office for a term of three years and shall be eligible for reappointment for one further final term of three years.

(2) The appointment of the members of the Board shall be done in such a manner as to ensure that the terms of the members appointed do not lapse at the same time and that there is continuity of service.

Remuneration
of the Board.

31. The Chairperson and the members of the Board shall be paid such allowances and any other benefits as the Cabinet Secretary in consultation with Salaries and Remuneration Commission may determine.

Meetings of the
Board.

32. (1) The procedures for the conduct of business and affairs of the Board shall be as set out in the First Schedule.

(2) Despite subsection (1), the Board may regulate its own procedure.

Committees of
the Board.

33. (1) The Board may constitute no more than four committees from its members for the performance of its functions under this Act.

(2) The Board may prescribe the duties and responsibilities of each committee constituted under subsection (1) to facilitate better performance of its functions.

(3) The Board may establish any other *ad hoc* committee to handle any special business.

Resignation,
removal and
vacancy in
office.

34. (1) The Chairperson and any other member of the Board, other than *ex-officio* member, may—

- (a) at any time resign from office by notice in writing to the President in the case of the Chairperson or to the Cabinet Secretary in the case of a Board Member;
- (b) be removed from office by the President in the case of the Chairperson or by the Cabinet Secretary in the case of a member, if the Chairperson or member—
 - (i) has been absent from three consecutive meetings of the Board without permission of the Cabinet Secretary in the case of the Chairperson or permission of the Chairperson in the case of a member;
 - (ii) is adjudged bankrupt or enters into a composition scheme of arrangement with his or her creditors;
 - (iii) is convicted of an offence involving dishonesty or fraud;
 - (iv) is convicted of a criminal offence and sentenced to imprisonment for a term exceeding six months; or
 - (v) is incapacitated by prolonged physical or mental illness.

(2) The President may, on the recommendation of the Cabinet Secretary, remove the chairperson from office based on the provisions of subsection (1)(b).

Chief Executive
Officer.

35. (1) There shall be a Chief Executive Officer of the Fund who shall be competitively recruited by the Board in consultation with the Cabinet Secretary.

(2) A person shall qualify to be appointed under subsection (1) if that person—

- (a) holds at least a masters degree in business administration or management, economics, finance, or any other relevant field from a university recognized in Kenya;
- (b) holds a bachelors' degree from a university recognized in Kenya;
- (c) has at least ten years' experience in management of investment portfolios; and

(d) meets the requirements of Chapter Six of the Constitution of Kenya.

(3) The Chief Executive Officer shall—

- (a) hold office for a period of four years and shall be eligible for re-appointment for one further final term of four years; and
- (b) serve on such terms and conditions of service as the Board may, in consultation with the Cabinet Secretary and the Salaries and Remuneration Commission determine.

(4) The Chief Executive Officer shall, subject to the directions of the Board, be responsible for the day-to-day management of the affairs of the Board.

Vacation of
office of the
Chief Executive
Officer.

36. The Chief Executive Officer may—

- (a) at any time resign from office by notice in writing to the Board in accordance with the instrument of appointment;
- (b) be removed from office by the Board in consultation with the Cabinet Secretary if the Chief Executive Officer—
 - (i) contravenes the provisions of the Constitution or any other law relating to public finance; or
 - (ii) is adjudged bankrupt or enters into a composition scheme of arrangement with his or her creditors;
 - (iii) is convicted of an offence involving dishonesty or fraud;
 - (iv) is convicted of a criminal offence and sentenced to imprisonment to a term exceeding six months;
 - (v) incapacitated by prolonged physical or mental illness for a period exceeding six months; or
 - (vi) on any other grounds including non-performance.

Staff of the
Board.

37. (1) The Board may recruit such staff as are necessary for the performance of its functions under this Act.

(2) The staff recruited under subsection (1) shall serve on such terms and conditions as the Board may determine.

Code of
conduct.

38. Members of the Board, the Chief Executive Officer and staff of the Board shall adhere to the code of conduct governing public officers.

Protection from
personal
liability.

39. (1) No matter or thing done by any member of the Board or by any member of staff or agent of the Board shall, if the omission was done in good faith for the purposes of performing the functions of the Board under this Act, render the person liable for any action, claim or demand.

(2) Any expenses incurred or to be incurred by any person mentioned in subsection (1) in defending an action, claim or demand in any suit brought against that person in respect of any act or omission done or purported to be done by that person under this Act, or on the direction of the Board, shall be reimbursed or borne by the Board unless the act or omission was done in bad faith.

Confidentiality.

40. (1) A person shall protect the confidentiality of information and documents that comes into his or her possession as a result of the performance of his or her duties under this Act.

(2) Despite subsection (1), a person may disclose a document or information to—

- (a) an authorized officer for the purposes of carrying out any duty under this Act;
- (b) a court of competent jurisdiction to the extent necessary for the purposes of proceedings relating to this Act;
- (c) the Auditor-General for the performance of the Auditor-General's official duties;
- (d) an Authority responsible for investigating corruption and matters related to integrity of public officers; and
- (e) any other institution of government in the performance of the duties of that institution.

(3) A person who contravenes subsection (1) commits an offence and is liable on conviction, to a fine not exceeding five million shillings or to imprisonment for a period not exceeding two years.

Common seal.

41. (1) The Board shall have a common seal which shall be kept in such custody as the Board may direct and shall not be used except on the order of the Board.

(2) The affixing of the common seal of the Fund shall be authenticated by the signature of any two Board members or one Board member and the Chief Executive Officer.

(3) Any document not required by law to be made under seal and all decisions of the Board may be authenticated by the signature of the Chairperson or the Chief Executive Officer.

(4) The common seal of the Board when affixed on a document and duly authenticated shall be judicially and officially noticed unless the contrary is proved, and any necessary order or authorization by the Board shall be presumed to have been duly given.

PART V- INVESTMENT OF THE FUND

Prohibited Instruments

Prohibited
investment
instruments

42. The Fund shall not be invested in speculative derivatives, unlisted real estate, private equity, art and commodities or any other instrument as may be prescribed by the Cabinet Secretary from time to time through a notice in the Gazette.

Qualifying Instruments

43. (1) The resources of the *Urithi* Component shall be invested in qualifying instruments as specified in part 1 of the Second Schedule.

(2) The assets of the *Urithi* Component shall not be invested in –

(a) securities issued by a Kenyan issuer, real estate located in Kenya, or funds or companies or similar arrangements, the primary purpose of which are to invest in Kenya; or

(b) covered bonds secured with assets mentioned under paragraph (a).

Stabilisation
Component.

44. (1) The resources of the Stabilisation Component shall be invested in qualifying instruments as specified in part 2 of the Second Schedule.

(2) The assets of the Stabilisation Component shall not be invested in –

(a) securities listed at the Nairobi Securities Exchange; or

(b) covered bonds secured with assets mentioned under paragraph (a).

Strategic
Infrastructure
Investment
Component.

45. (1) The resources of the Strategic Infrastructure Investment Component shall be invested in qualifying instruments as specified in part 3 of the Second Schedule.

Prohibition of
advances,
credits and
collateralization
of the
Components of
the Fund.

46. The *Urithi* Component, the Stabilisation Component and the Strategic Infrastructure Investment Component shall not be used—

(a) to make advances or loans or provide any other form of credit to a national government entity, state corporation, county government entity, county corporation or any other legal or natural person; or

(b) as collateral for any borrowing of a national government entity, state corporation, county

government entity, county corporation or any other legal or natural person.

Investments Principles and Rules

Risk
Management
Principles.

47. (1) Investment policies of the Fund shall be guided by the following risk management principles—

- (a) clear and consistent investment policies including objectives, risk tolerance, and strategy approved by the Cabinet Secretary which shall, at the minimum specify—
 - (i) the balance between risk and return in the overall investment portfolio of the Fund;
 - (ii) the criteria for selecting investment assets within the class of qualifying instruments;
 - (iii) the determination of benchmarks and standards against which the performance of the Fund will be assessed;
 - (iv) the constraints in investment of the Fund;
 - (v) the policies for the appointment, oversight and evaluation of the external investment managers and custodians;
 - (vi) the policies for use of leverage on investment;
 - (vii) the policies for risk management;
 - (viii) the policies for internal control and audit; and
 - (ix) such other matters as may be prescribed in the policies of the Board and approved by the Cabinet Secretary; and
- (b) reliable information and regular reporting to assure effective monitoring and management of relevant risks within acceptable levels.

(2) The Board shall, with the approval of the Cabinet Secretary, review at least every three years, and revise as appropriate, the investment policies which shall be consistent with this Act.

(3) The Board shall publish the risk management framework and the investment policies on the Board's website immediately after the Board determines or revises them.

Investment
Rules.

48. (1) Any investments made under this Act shall be in qualifying instruments as specified in the Second Schedule.

(2) All investments of the Fund shall—

- (a) be made in accordance with the approved investment policy, risk management framework, guidelines and strategies;
- (b) be geared towards assuring maximum return while minimizing the level of risk exposure;
- (c) be made in a prudent manner consistent with institutional portfolio management;
- (d) be made without undue risk to the Fund as a whole; and
- (e) have regard to the public interest and the overall macroeconomic and financial stability of the economy.

(3) All investments in foreign jurisdictions shall be undertaken in a manner that meets the requirements of those jurisdictions and safeguarding the national interests, including international reputation.

(4) Any returns earned from investments shall be credited to the respective components of the Fund and may be re-invested in accordance with the provisions of this Act.

(5) All investments from the Stabilisation Component shall,—

- (a) to the extent possible, be in liquid instruments; and
- (b) have maturities that are consistent with the risks covered.

(6) All investments in the Strategic Infrastructure Investment Component shall, to the extent possible, be in liquid instruments with maturities that are consistent with the expected pay-out schedule for resources identified for utilisation in that year.

(7) The proportion of investment in each qualifying instrument may be specified by the Cabinet Secretary, on the recommendation of the Board.

(8) A specification under subsection (7) shall be through a notice in the Gazette.

PART VI – INVESTMENT FUND MANAGERS

Appointment of
Investment
Fund
Managers.

49. (1) The Board shall, through an open, competitive and transparent process, recruit and appoint such number of investment fund managers as may be necessary for the proper discharge of its functions.

(2) The appointment of investment managers under subsection (1) shall be done on such terms and conditions as the Board shall determine.

(3) The Board may appoint an investment manager under subsection (1) if the Board is satisfied that the fund manager—

- (a) meets the minimum technical qualifications;

- (b) is a legal person with sufficient equity capital, adequate risk management and internal control systems as well as sufficient guarantees and insurance against operational risks;
- (c) has sound record of operational and financial performance;
- (d) has the highest standards of experience, knowledge and reputation in fund management;
- (e) has a good track record of managing large investment portfolios of equivalent or higher magnitudes;
- (f) is able to provide such information and reports at such times and in such a manner as the Board may determine;
- (g) licensed by the relevant authority; and
- (h) meets any other conditions as may be prescribed by the Cabinet Secretary.

(5) The Board shall undertake due diligence, selection, and ongoing monitoring of investment fund managers appointed under subsection (1).

(6) The Board shall prepare and publish the policies for the—

- (a) due diligence, selection and ongoing monitoring of external investment managers of the Fund; and
- (b) appointment of custodians, banking correspondents and other financial intermediaries necessary for the management of the Fund.

Functions of
investment fund
managers

50. (1) An investment fund manager appointed under section 49 shall—

- (a) implement the investment policies, strategies and guidelines of the Board in respect to the investment of funds; and
- (b) ensure full compliance with the provisions of the Second Schedule while making investments.

(2) An investment fund manager shall prepare and submit to the Board, an annual report within two months after the end of each financial year.

(3) A report prepared and submitted under subsection (2) shall include—

- (a) the audited financial statements of the investments and the audit opinion thereof;
- (b) the investment policies applied;
- (c) an explanation of the performance of each investment, including comparison with the expectations of the Board about the performance of the portfolio;
- (d) an explanation of how the investment policies were complied with during the financial year;
- (e) a list of agents, if any, appointed by the investment fund manager; and
- (f) any other information as the Board may consider necessary.

(4) Despite subsection (2) the Board may require a fund manager to submit investment reports as may be necessary.

(5) An investment fund manager shall provide a performance bond to be determined by the Board unless exempted by the Cabinet Secretary upon recommendation by the Board.

PART VII- APPOINTMENT OF THE CENTRAL BANK OF KENYA TO MANAGE THE FUND

Appointment of
the Central
Bank to
manage the
Fund.

51. (1) Despite section 49, the Board may appoint the Central Bank of Kenya as the custodian of the Fund and an investment fund manager.

(2) The Cabinet Secretary may appoint the Central Bank of Kenya to administer the Fund pending full operationalization of the Fund.

(3) Upon appointment under subsections (2), the Central Bank of Kenya shall—

- (a) manage and administer the Fund in accordance with this Act and the instrument of appointment; and
- (b) execute the powers, roles and responsibilities of the Fund administrator, the Board and the Chief Executive Officer as specified in the instrument of appointment.

(4) For the purposes of this section, the Fund shall be deemed to be fully operational upon —

- (a) constitution of the Board and appointment of the Chief Executive Officer; and
- (b) the amount in the Fund available for investment exceeds two hundred billion shillings.

PART VIII-ACCOUNTABILITY FOR THE FUND MANAGEMENT *Reporting and Audit of the Fund*

Annual
Financial
statements.

52. Within three months after the end of each financial year, the Board shall prepare and submit consolidated financial statements of the Fund in accordance with standards set by the Accounting Standards Board for each

Audit of the Fund.

Annual Performance Report of the Fund.

component of the Fund for onward transmission to the Auditor General with a copy to the Cabinet Secretary.

53. The Fund shall be audited by the Auditor General in accordance with Article 229 of the Constitution.

54. (1) The Board shall prepare an annual report relating to each component of the Fund and shall, within six months after the end of each financial year, submit the report to the Cabinet Secretary.

(2) The Board shall, within fourteen days after the submission of the report under subsection (1), publish and publicize the report in such format as may be prescribed by the in the Public Finance Management (National Government) Regulations.

(3) The report prepared under subsection (1) shall include details of—

- (a) the audited financial statements of the Fund and the audit report;
- (b) investment strategies and policies determined by the Board and the level of compliance;
- (c) performance of each component of the Fund including—
 - (i) all payments to the Fund during the year it relates;
 - (ii) all investments made during the year;
 - (iii) total income received from investments during the year;
 - (iv) an analysis and explanation of performance for each component during the year it relates; and
 - (v) cash balance at the end of the financial year including a list of qualifying instruments used in that financial year; and
- (d) any other information that the Board considers necessary or as may be directed by the Cabinet Secretary to be included.

(4) The Cabinet Secretary shall submit to Parliament the report received under subsection (1), within fourteen days after receipt.

PART IX—MISCELLANEOUS PROVISIONS

Offences for misappropriation of funds.

55.(1) A person who misappropriates any funds or assets from the Fund, or assists or causes any person to misappropriate or apply the funds otherwise than in the manner provided in this Act, commits an offence and is liable on conviction to—

- (a) pay twice the amount misappropriated; and
- (b) a fine not less than ten million shillings or imprisonment for a term of not less than five years or to both.

(2) Without prejudice to subsection (1), a person who misappropriates, assists or causes any person to misappropriate from the Fund, shall be held liable for any loss arising from that loss and shall make good the loss whether that person remains the holder of the office or not.

General
penalty.

56. A person who contravenes the provisions of this Act where no specific penalty is provided, commits an offence and is liable on conviction to imprisonment for a term not less than two years or to a fine not less than five million shillings or to both.

Preservation of
the reserves of
the Fund.

57. (1) The monies standing to the credit of the Fund, at least three months prior to every General Election, shall be certified by the Board and submitted to the Auditor-General.

(2) The Auditor-General shall submit the report received under subsection (1) to the incoming President and a copy to Parliament.

Exemption
from Cap 446

58. The provisions of the State Corporations Act shall not apply to the Kenya Sovereign Wealth Fund.

Act to prevail.

59. This Act shall prevail in all matters relating to the allocation, withdrawal, transfer, investment and management of all revenues from medium and large scale mining and petroleum operations, as specified in this Act.

Regulations.

60. The Cabinet Secretary may make regulations for the better carrying out the purposes and objectives of this Act.

Consequential
amendments.

61. The Acts specified in the Fourth Schedule are amended in the manner as specified in the Schedule.

FIRST SCHEDULE (s. 32)

CONDUCT OF THE BUSINESS AND AFFAIRS OF THE BOARD

Meetings of the
Board

1.

- (a) The Board shall meet at least four times in every financial year and not more than three months shall elapse between the date of the next meeting.
- (b) Unless three quarters of the total members of the Board otherwise agree, at least fourteen days written notice of every meeting of the Board shall be given to every member of the Board.
- (c) The quorum for the conduct of the business of the Board shall be five members.
- (d) The Chairperson shall preside at every meeting of the Board at which he or she is present but in his or her absence, the members present shall elect one of their members who shall preside over the meeting, with

respect to that meeting and the business transacted thereat, have all the powers of the chairperson.

- (e) Decisions of the Board shall be adopted by a majority of the votes of those present at that meeting and in case of an equality of votes the chairperson or the member presiding at the meeting shall have a second or casting vote.
- (f) No proceedings of the Board shall be invalid by reason only of a vacancy among the members thereof.
- (g) Subject to the provisions of this Schedule, the Board shall determine its own operating procedures.
- (h) The Board may invite any person to attend any of its meetings to participate in its deliberations, but such person shall not have a vote in any decision of the Board.

Disclosure of
Interest

2.

- (a) A member of the Board who has a material personal interest in a matter subject to discussions by the Board shall, as soon as reasonably practicable after the commencement thereof, disclose his or her interest in the matter and shall not take part in the deliberations over, or vote on, the matter;
- (b) A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made;
- (c) Where a member of the Board discloses conflict of interest, that member shall not exact undue influence to any other member of the Board on that matter; and
- (d) A member of the Board who contravenes sub-paragraph (a) commits an offence and is liable, on conviction, to imprisonment for a term not exceeding three years or to a fine not exceeding one million shillings or both.

Minutes

3. The Board shall cause minutes of all proceedings of its meetings to be entered in books for that purpose.

Qualifying
Instruments

SECOND SCHEDULE (s. 43, 44 and 45)

QUALIFYING INSTRUMENTS

For purposes of this Act, qualifying instruments for the three components of the Fund means:

Part 1: Urithi Component

1. A financial instrument denominated in internationally convertible currency –

- (a) that has investment grade rating from internationally recognized rating agencies; or

- (b) that is issued by or guaranteed by the International Monetary Fund, World Bank or by a sovereign State other than the Republic of Kenya, if the issuer or guarantor, has investment grade rating from internationally recognized rating agencies.
- 2. An internationally convertible currency deposit that bears interest placed in Bank for International Settlements.
- 3. An internationally convertible currency deposit with a foreign central bank, any Central Bank established within Regional Economic Bloc, a public international financial institution, or a foreign commercial bank that meets a minimum capital adequacy ratio set by internationally recognized standards body and has investments credit rating; or
- 4. Any other instrument as may be prescribed by the Cabinet Secretary in the Gazette on the recommendation of the Board.
- 5. A derivative instrument—
 - (a) that is solely based on an instrument that satisfies the requirements of paragraphs (1) and (2); and
 - (b) where its acquisition reduces the financial exposure to the risks associated with underlying instruments prescribed by the Cabinet Secretary.

Part 2: Stabilization Component

- 1. A debt instrument denominated in internationally convertible currency-
 - (a) that has investment credit rating from internationally recognized rating agencies; or
 - (b) that is issued by or guaranteed by the International Monetary Fund, World Bank or by a sovereign State other than the Republic of Kenya, if the issuer or guarantor, has investment grade rating from internationally recognized rating agencies; or
- 2. An internationally convertible currency deposit that bears interest placed in Bank for International Settlements.
- 3. An internationally convertible currency deposit with a foreign central bank, any Central Bank established within Regional Economic Block, a public international financial institution, or a foreign commercial bank that meets a minimum capital adequacy ratio set by internationally recognized standards body and has investments credit rating from internationally recognised rating agencies; or
- 4. Any other instrument as may be prescribed by the Cabinet Secretary in the Gazette on the recommendation of the Board.
- 5. A derivative instrument—

- (a) that is solely based on an instrument that satisfies the requirements of paragraphs (1) and (2); and
- (b) where its acquisition reduces the financial exposure to the risks associated with the instruments prescribed by the Cabinet Secretary.

Part 3: Strategic Infrastructure Investment Component

1. A debt instrument denominated in internationally convertible currency.
2. An internationally convertible currency deposit that bears competitive interest placed with the Bank for International Settlements or a commercial bank.
3. A derivative instrument—
 - (a) that is solely based on an instrument that satisfies the requirements of paragraphs (1) and (2); and
 - (b) where its acquisition reduces the financial exposure to the risks associated with underlying instruments prescribed by the Cabinet Secretary.
4. Any other instrument as may be prescribed by the Cabinet Secretary in the Gazette on the recommendation of the Board.

THIRD SCHEDULE (s. 49)

GUIDELINE TO SERVICE LEVEL AGREEMENT FOR AN INVESTMENT FUND MANAGER

Responsibilities
of a Fund
Manager

1. The responsibilities of the Investment Fund Manager, acting on behalf of the Board under service level agreement, shall include but not limited to—
 - (a) managing assets and other resources of the Fund in accordance with this Act, and the prudent investor standard of an investment manager, engaged in the asset management profession;
 - (b) investing assets and other resources of the Fund shall be in accordance with this Act, and the operational and investment guidelines developed under this Act;
 - (c) selection and retention on behalf of the Fund appropriate third-party service providers, such as Advisors in order to carry out competently, the mandate specified in the instrument of delegation in accordance with relevant legislations;
 - (d) maintaining records and documentary support for all investments, receipts, disbursements and other transactions relating to the management of the Fund in accordance with internationally accepted accounting standards;

- (e) submitting reports to the Board, on the holdings, performance and risk of the Fund;
- (f) submitting an annual report of the investment management to the Board, no later than two months after the end of the financial year; and
- (g) the Report referred to in paragraphs (e) and (f), shall be accompanied by a certificate signed by internal auditors of the fund manager as well as a certified investment report on the performance of the Fund.

Fees

- 2. The annual management fee payable to Investment Fund Manager shall be specified in the instrument of appointment;

FOURTH SCHEDULE (s. 60)

CONSEQUENTIAL AMENDMENTS

- 1. Section 186 of the Mining Act, 2016, is amended by -

Amendment to
Section 186 of
Act No. 12 of
2016

- (i) by deleting subsection (1) and substituting therefor the following new subsections;

“(1) All fees, charges and royalties payable by the holder to the State under this Act shall be paid to the Collector.

(1A) (i) All fees and charges payable under this Act shall be remitted to the Kenya Sovereign Wealth Fund.

(ii) Royalties payable under Section 183(5) (a) shall be remitted to the Kenya Sovereign Wealth Fund.

(iii) Royalties payable under Section 183(5) (b) and (c) shall be remitted into the designated account of the State department responsible for mining.

(1B) For the purpose of this section, “Collector” means the Commissioner General appointed under the Kenya Revenue Authority Act.

- 2. The Petroleum Act, 2019 is amended-

- (a) in section 53 of by inserting the following new subsection (5) immediately after subsection (4) —

Amendment to
Section 53 of the
Petroleum Act,
2019.

“(5) (1) The following payments and revenues payable from upstream petroleum operations shall be paid to the Collector—

- (a) the national government’s share of profit petroleum excluding share of profit payable under section 58 (2) and (3);

- (b) royalties;

- (c) the signature bonus referred to in section 55 (1); and

(d) the annual fees referred to in section 54(1) excluding the training fees.

(2) The collector shall remit to the Kenya Sovereign Wealth Fund revenues payable under paragraph (1).

(3) For the purpose of this section, “Collector” means the Commissioner General appointed under the Kenya Revenue Authority Act.

(b) Section 57 of the Petroleum Act is amended by deleting subsection (2).

3. The First Schedule of the Kenya Revenue Authority Act is amended in Part II by inserting items “15 and 16” immediately after item “14” as follows—

“15. The Mining Act, 2016, (No. 12 of 2016)”.

“16. Petroleum Act”.

Amendment to
First Schedule
of Cap. 469

Dated.....2025

OCTOBER 2025