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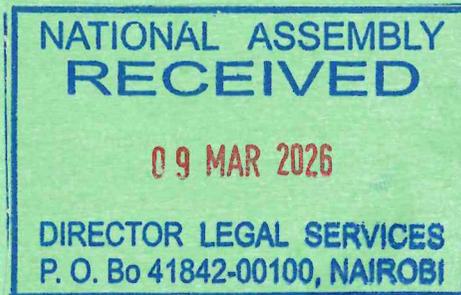
KENYA GAZETTE SUPPLEMENT

NATIONAL ASSEMBLY BILLS, 2026

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NATIONAL ASSEMBLY
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THE SOVEREIGN WEALTH FUND BILL, 2026

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

ENACTED by the Parliament of Kenya, as follows—

PART I—PRELIMINARY PROVISIONS

1. This Act may be cited as the Sovereign Wealth Fund Act, 2026.

Short title.

2. In this Act unless the context otherwise requires—

Interpretation.

“Board” means the Sovereign Wealth Fund Board appointed under section 25;

“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for matters relating to finance;

“Chief Executive Officer” means the Chief Executive Officer of the Fund appointed under section 35;

“component of the Fund” means the Stabilisation Component, Strategic Infrastructure Investment Component or Future Generations Component;

“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;

“extraordinary 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 the 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;

“Interim Manager” means a person appointed under section 51 of this Act.;

“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;

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

Cap. 306.

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

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

Cap. 308.

“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;

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

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

“qualifying instrument” means an instrument specified in the Second Schedule;

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

“significant depletion” means ninety per cent 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; and

Cap. 535.

“windfall” means unexpected resource revenues more than ten per cent of the forecasted amount under the budget estimates within a financial year.

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

Guiding values and principles of the Act.

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

- (a) the national values and principles of governance under Article 10;
- (b) 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—THE SOVEREIGN WEALTH FUND

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

Establishment of the Fund.

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

(3) The Fund shall comprise the following distinct components—

- (a) the Stabilisation Component;
- (b) the Strategic Infrastructure Investment Component; and
- (c) the Future Generations Component.

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

5. (1) The objective of the Fund is to achieve long-term fiscal sustainability and intergenerational wealth-sharing.

Objective and purpose of the Fund.

(2) The purpose of the Fund shall be to —

- (a) provide the national government with a buffer from fluctuations in resource revenues or extraordinary 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.

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

Sources of funds of the Fund.

- (a) the Government's share of profit derived from upstream petroleum operations excluding the share of profit payable under section 58(2) and (3) of the Petroleum Act;
- (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) all payments on grants or assignment of a mining rights;

Cap. 308.

Cap. 306.

- (f) all earnings from direct or indirect participation interest of the Government in minerals and petroleum operations;
- (g) all proceeds from divestment from petroleum and mining interests held by the Government; and
- (h) any other revenue from minerals, petroleum and monies from other sources as may be determined by the Cabinet Secretary and approved by Cabinet.

(2) The Cabinet Secretary shall publish in the *Gazette* the revenue sources determined and approved under subsection (1) (h).

7. (1) There shall be an account opened and operated at the Central Bank of Kenya for the Fund to be known as the Holding Account.

Holding Account.

(2) The Holding Account shall—

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

8. (1) Any deposits into the Holding Account shall be transferred into the respective components of the Fund in proportions specified by the Cabinet Secretary in consultation with the Board at the beginning of each financial year considering conditions specified under section 5(2).

Transfers from the Holding Account.

(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 consider—

- (a) the need to maintain macro-economic stability;
- (b) the competitiveness of the non-resource sector
- (c) investments in strategic priority projects; and
- (d) the need to provide at least ten per cent 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 regulations.

The Stabilisation Component

9. The object and purpose of the Stabilisation Component shall be to provide the national government with resources for management of extraordinary shocks which may affect macro-economic stability.

Object and purpose of the Stabilisation Component.

10. The sources of funds of the Stabilisation Component are—

Sources of funds of the Stabilisation Component.

- (a) transfers received from the Holding Account; and
- (b) fifty per cent of the investment income earned from the Stabilisation Component.

11. (1) The Cabinet Secretary shall, in respect of any withdrawals for purposes of the stabilization fund, write to the Board indicating the amount required and the justification for the withdrawal.

Withdrawals from the Stabilisation Component.

(2) The Board shall write to the Central Bank of Kenya to transfer the funds from the Stabilisation Component to the Consolidated Fund.

(3) A withdrawal shall be approved by Cabinet and submitted to the National Assembly for appropriation under a Supplementary Budget.

(4) Any balance standing to the credit of the Stabilisation Component after withdrawal from the Stabilisation Component may be invested in a qualifying instrument in accordance with this Act.

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

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

(7) Transfers to the Stabilisation Component shall cease when the component grows to ten billion shillings or

such amount as may be prescribed by the Cabinet Secretary, and any amount above that amount shall with the approval of the Cabinet and the National Assembly, be utilised to service the public debt.

The 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 development plan.

Object and purpose of the Strategic Infrastructure Investment Component.

(2) The strategic infrastructure investment priorities referred to under subsection (1) may include investments in agriculture, transport, housing, energy, water, education and health projects and may leverage private sector finances in commercially viable projects.

13. The sources of funds of the Strategic Infrastructure Investment Component are —

Sources of funds of the Strategic Infrastructure Investment Component.

(a) transfers received from the Holding Account; and

(b) fifty per cent of investment income earned on the Strategic Infrastructure Investment Component.

14. (1) Each withdrawal from the Strategic Infrastructure Investment Component shall —

Withdrawal from the Strategic Infrastructure Investment Component.

(a) only be made on the balance outstanding to the credit of the Stabilisation Component 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 approved Budget Estimates and an appropriation Act.

(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 time of the withdrawal.

(3) The Board shall, upon receipt of a request under subsection (2), write to the Central Bank of Kenya authorising the transfer of the funds from the Strategic

Infrastructure Investment Component to the Consolidated Fund.

(4) Any outstanding balance after withdrawal from the Strategic Infrastructure Investment Component may be invested by the Board in a qualifying instrument in accordance with this Act.

(5) A transfer under subsection (3) shall require Board resolution and written instructions from the Board to the Central Bank of Kenya to authorise the transfer of funds from the Strategic Infrastructure Investment Component.

The Future Generations Component

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

Object and purpose of the Future Generations Component.

- (a) establishing 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 because of revenue downturn caused by depletion of minerals and petroleum revenues; and
- (c) distributing wealth across generations.

16. The sources of funds of the Future Generations Component are—

Sources of funds of the Future Generations Component.

- (a) transfers received from the Holding Account;
- (b) investment income earned on the Future Generations Component;
- (c) fifty per cent of the investment income earned on the Stabilisation Component, and
- (d) fifty per cent of the investment income earned on the Strategic Infrastructure Investment Component.

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

Transfers from the Future Generations Component.

(2) Any transfer from the Future Generations Component shall be authorised by a Board resolution and written instructions by the Board to the Central Bank of Kenya to transfer funds from the Future Generations Component for investment in terms of subsection (1).

(3) Any transfer from the Future Generations Component shall not exceed the limit approved by the Board in its resolution under subsection (2).

(4) Funds shall not be withdrawn or transferred from the Future Generations Component for any purpose except for investment in terms of subsection (1).

Depletion of Mineral and Petroleum Resources

18. (1) Where there is a significant depletion of large and medium-sized mineral operations and petroleum resources —

Depletion of resources.

- (a) the cash balances held in the respective components of the Fund shall be consolidated into one single account of the 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 the 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) A withdrawal under subsection (2) shall be for the purposes of financing strategic infrastructure investment priorities as approved by the National Assembly in the Budget Estimates.

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

PART III—PUBLIC FINANCE MANAGEMENT PRINCIPLES

19. The Public Finance Management Act shall apply to the administration and management of the Fund.

Application of Cap. 412A.

20. Any withdrawal from the Stabilisation Component and Strategic Infrastructure Investment Component shall be made in accordance with the fiscal responsibility principles prescribed in section 15(2) of the Public Finance Management Act and the procedures prescribed in this Act.

Fiscal Responsibility Principles.

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.

Cap. 412A.

Administrator of the Fund and financial reporting.
Cap. 412A.

(2) The administrator shall—

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

Cap. 412A.

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

Cap. 412A.
Cap. 412B.

22. (1) For the purposes of section 25(1) of the Public Finance Management Act, the Chief Executive Officer shall submit to the Cabinet Secretary for inclusion in the annual Budget Policy Statement—

Preparation of estimates and budget.
Cap. 412A.

(a) the actual and projected resource revenues and withdrawals from the Fund over the medium-term; and

(b) ceilings on annual withdrawals from the Stabilisation Component and Strategic Infrastructure Investment Component.

(2) For purposes of section 26(1) of the Public Finance Management Act, the Chief Executive Officer shall submit to the Cabinet Secretary for inclusion in the Budget Review and Outlook Paper—

(a) the actual amount of withdrawals from the Stabilisation Component and Strategic Infrastructure Investment Component during the immediately preceding financial year in comparison with the approved budget estimates; and

- (b) updated forecasts of resource revenues for the current financial year and the medium-term and explanations of the changes from the forecasts in the Budget Policy Statement of the immediately preceding financial year.

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

Cash
management.

Cap. 412A.

(2) The Board shall, for the purposes of investment and management of the Fund, open bank accounts with banks regulated by the Central Bank of Kenya under the Banking Act upon approval by the Cabinet Secretary.

Cap. 488.

(3) The Board shall prepare an annual cash plan and forecast of the Holding Account and components of the Fund 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 and after approval, the Board shall submit a copy thereof to the Central Bank of Kenya.

(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 and components of the Fund.

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

24. (1) The circular on the budget process issued by the Cabinet Secretary under section 36(2) of the Public Finance Management Act shall, in addition to the contents mentioned in that section, include instructions in respect of proposals for projects to be financed by withdrawals from the Strategic Infrastructure Investment Component of the Fund.

National government budget process. Cap. 412A.

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

(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; and
- (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

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

Establishment of the Board.

(2) The management of the Fund shall vest in the Board.

(3) The Board shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable 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) performing or doing such other acts necessary under this Act which may lawfully be done by a body corporate.

(4) The Board shall —

(a) be the custodian of assets, properties and equipment of the Fund; and

(b) manage, control and administer the assets of the Fund.

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

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

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

(a) provide overall guidance and oversight of the administration and management of the Fund;

(b) with the approval of the Cabinet Secretary, determine the management structure and operational guidelines of the Fund;

(c) invest the proceeds of the Fund in accordance with this Act;

(d) develop the investment policies of the Fund, considering monetary and fiscal policies of the Government, for approval by the Cabinet;

(e) set performance benchmarks for returns and risks;

(f) approve the 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;

Headquarters of the Fund.
Powers and functions of the Board.

- (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 regulations made thereunder; Cap. 412A.
 - (iv) monitoring and evaluating performance of the components of the Fund as specified in this Act;
 - (v) monitoring the performance of the investments, how the investment policy has been implemented, including which qualifying instruments in which the components of the Fund are invested; and
 - (vi) preparing quarterly reports 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;
 - (h) with the approval of the Cabinet Secretary, open or close bank accounts for the Fund;
 - (i) recruit staff in line with established public service guidelines;
 - (j) perform any other functions as may be assigned to it by the Cabinet Secretary; and
 - (k) perform any other function necessary to achieve the objectives of the Fund under this Act.
- (3) The Board shall, in the exercise of its powers and performance of its functions 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.

(4) The Board may delegate to the Chief Executive Officer the exercise of any of its powers or the performance of any of its functions under this Act.

(5) Despite subsection (4), the Board shall remain ultimately responsible of the delegated powers and functions.

28. (1) The Board shall consist of—

Composition of
the Board.

(a) a Chairperson appointed by the President;

(b) the Principal Secretary to the National Treasury or a representative appointed by the Principal Secretary in writing;

(c) the Principal Secretary responsible for mining or a representative appointed by the Principal Secretary in writing;

(d) the Principal Secretary responsible for petroleum or a representative appointed by the Principal Secretary in writing;

(e) the Governor of the Central Bank of Kenya or a representative appointed by the Governor in writing;

(f) four other persons, not being public officers, appointed by the Cabinet Secretary through a competitive; and

(g) the Chief Executive Officer who shall be an *ex officio* member with no right to vote at the meetings of the Board.

(2) The Cabinet Secretary shall, in appointing members of the Board under subsection (1)(f), ensure that—

(a) not more than two-thirds of the appointees are of the same gender; and

(b) the appointments reflect the regional and ethnic diversity of Kenya.

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

(4) The Board may co-opt not more than two other members who have necessary expertise to assist the Board in dispensing with any matter.

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

Qualifications of members of the Board.

- (a) is a citizen of Kenya;
- (b) has over ten years experience at a senior level in the public or private sector;
- (c) holds a degree in economics, finance, accounting, law, banking or other relevant field from a university recognised in Kenya;
- (d) meets the requirements of Chapter Six of the Constitution; and
- (e) has not been convicted by a court of competent jurisdiction of any criminal offence with a fine exceeding five hundred thousand shillings or a jail term exceeding six months.

(2) A person is not qualified to be appointed as the Chairperson or a member of the Board under section 28(1)(a) and (f) 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.

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

Term of office.

(2) The appointment of the members of the Board shall under section 28(1)(a) and (f) be done in such a manner as to ensure that the terms of the members appointed do not lapse at the same time.

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

Remuneration of the members of the Board.

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

Meetings of the Board.

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

33. (1) The Board may constitute not more than four committees from among its members for the performance of its functions under this Act.

Committees of the Board.

(2) The Board may prescribe the duties and responsibilities of each committee constituted under subsection (1).

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

34. The Chairperson and any other member of the Board, other than an *ex officio* member, may—

Resignation, removal and vacancy in office.

- (a) at any time, resign from office by notice in writing to the appointing authority; or
- (b) be removed from office if the Chairperson or member—
 - (i) has been absent from three consecutive meetings of the Board without good cause;
 - (ii) is adjudged bankrupt or enters into a composition or 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.

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

Chief Executive Officer.

(2) A person shall qualify to be appointed as the Chief Executive Officer if that person—

- (a) holds at least a bachelors' degree from a university recognised in Kenya;
- (b) holds a master's degree in business administration or management, economics, finance, banking, or any other relevant field from a university recognised in Kenya;
- (c) has at least ten years' experience in senior-level management in the public or private sector; 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, subject to satisfactory performance; 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.

36. The Chief Executive Officer may —

Vacation of office
of the Chief
Executive Officer.

- (a) at any time resign from office by notice in writing to the Board; or
- (b) be removed from office by the Board 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 or 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) is incapacitated by prolonged physical or mental illness for a period exceeding six months;
 - (vi) gross misconduct; or
 - (vii) incompetence.

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

Staff of the Board.

(2) The staff recruited under subsection (1) shall serve on such terms and conditions as the Board may, in consultation with Salaries and Remuneration Commission, determine.

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

Code of conduct.

39. (1) No matter or thing done or omission by any member of the Board or by any member of staff or agent of the Board shall, if the matter, thing or 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.

Protection from personal liability.

(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 matter or thing 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 matter, thing or omission was done in bad faith.

40. (1) A person shall protect the confidentiality of information and documents that comes into his or her possession because of the exercise of powers or performance of functions under this Act.

Confidentiality.

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

- (a) an authorised officer for the purposes of carrying out any function 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 the 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.

41. (1) The common seal of the Board shall be kept in the custody of the Board and shall not be used except on the order of the Board.

Common seal.

(2) The affixing of the common seal 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 authorisation by the Board shall be presumed to have been duly given.

PART V—INVESTMENT OF THE FUND

Prohibited Instruments

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

Prohibited instruments

Qualifying Instruments

43. (1) The resources of the Future Generations Component shall be invested in qualifying instruments as specified in paragraph 1 of the Second Schedule.

Qualifying instruments of the Future Generations Component.

(2) The assets of the Future Generations 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).

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

Qualifying instruments of the Stabilisation Component.

(2) The assets of the Stabilisation 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).

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

Qualifying instruments of the Strategic Infrastructure Investment Component.

(2) The assets of the Strategic Infrastructure Investment 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).

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

Prohibition of advances, credits and collateralisation of the components of the Fund.

- (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

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

Risk management principles.

- (a) clear and consistent investment policies including objectives, risk tolerance, and strategy approved

by the Cabinet 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 shall be assessed;
 - (iv) the constraints in investment of the Fund;
 - (v) the policies for the appointment, oversight and evaluation of 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 once every three years, and revise as appropriate, the investment policies of the Fund 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.

48. (1) Any investment made under this Act shall be in a qualifying instrument as specified in the Second Schedule.

Investment rules.

(2) Each investment 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 minimising 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 and market competition.

(3) Any investment in a foreign jurisdiction shall be undertaken in a manner that meets the requirements of that jurisdiction and safeguard the national interest, 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) Each investment from the Stabilisation Component shall—

- (a) to the extent possible, be in a liquid instrument; and
- (b) have a maturity that is consistent with the risks covered.

(6) Each investment in the Strategic Infrastructure Investment Component shall, to the extent possible, be in a liquid instrument with a maturity that is 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 by notice in the *Gazette*.

PART VI—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 required for the proper discharge of its functions.

Appointment of investment fund managers.

(2) The appointment of an investment manager 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 prescribed by the Board;
- (b) is a legal person with sufficient equity capital, adequate risk management, internal control systems, sufficient guarantees and insurance against operational risks;
- (c) has a 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) can 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 relevant conditions as may be prescribed by the Board.

(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—

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

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

Functions of
investment fund
managers

- (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 Third Schedule while making investments.

(2) An investment fund manager appointed under section 49(1) 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 a 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 require.

(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 of a nature and value to be determined by the Board.

PART VII—FINANCIAL PROVISIONS

Reporting on and audit of the Fund

51.(1) 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 the standards set by the Accounting Standards Board for each component of the Fund for onward transmission to the Auditor-General with a copy to the Cabinet Secretary.

Annual financial statements.

(2) In this section, “Accounting Standards Board” means the Public Sector Accounting Standards Board established under section 192 of the Public Finance Management Act.

Cap. 412A.

52. The Fund shall be audited by the Auditor-General in accordance with Public Audit Act.

Audit of the Fund.
Cap. 412B.

53. (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.

Annual report of
the Fund.

(2) The Board shall, within fourteen days after the submission of the report under subsection (1), publish and publicise the report in such format as may be prescribed in regulations under the Public Finance Management Act.

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

- (a) the audited financial statements of the Fund and the audit report;
- (b) the investment strategies and policies determined by the Board and the level of compliance;
- (c) the 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 the report received under subsection (1) to the National Assembly within fourteen days after receipt.

PART VIII—MISCELLANEOUS PROVISIONS

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

Misappropriation of funds.

- (a) pay twice the amount misappropriated; and
- (b) a fine of 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 any funds or assets of the Fund, assists or causes any person to misappropriate any funds or assets 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.

55. 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 of not less than five million shillings or to both.

General penalty.

56. (1) The monies standing to the credit of the Fund, at least three months before a general election, shall be certified by the Board and a report submitted to the National Treasury for transmission to the Auditor-General and the National Assembly.

Preservation of the reserves of the Fund.

(2) The monies in the Fund shall not be withdrawn or transferred from the Fund during the period commencing three months before a general election.

(3) One month before a general election, the Board shall prepare and submit to the National Treasury for transmission to the Auditor-General and the National Assembly a report on the Fund in terms of section 54.

(4) The Auditor-General shall, based on the reports submitted by the Board under this section, prepare and submit to the National Assembly an audit report on the Fund.

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

Exemption of Cap. 446

58. 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.

Act to prevail.

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

Regulations.

60. (1) The Cabinet Secretary may appoint an interim manager and staff to administer the Fund pending the constitution of the Board under section 28.

Transitional provision.

(2) The interim manager and staff shall manage and administer the Fund in accordance with this Act and the instrument of appointment

(3) The appointment of the interim manager and staff will come to an end upon constitution of the Board.

(4) Once constituted, the Board shall assume the work of the interim manager and staff, commence the recruitment of the Chief Executive Officer in accordance with section 35(1) and continue performance of its functions as stipulated in this Act.

61. The statutes specified in the Fourth Schedule are amended in the manner specified in the Schedule.

Consequential amendments.

FIRST SCHEDULE (s. 32)**Conduct of the business and affairs of the Board**

1. (1) 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.

Meetings of the Board

(2) Unless three-quarters of all 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.

(3) The quorum for the conduct of the business of the Board shall be five members.

(4) 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 to preside at the meeting and, with respect to that meeting and the business transacted thereat, that member shall have all the powers of the chairperson.

2. The decisions of the Board shall be adopted by a majority of the votes of those present at the meeting at which the decision is made and in case of an equality of votes the chairperson or the member presiding at the meeting shall have a second or casting vote.

Decisions of the Board.

3. The proceedings of the Board shall not be invalid by reason only of a vacancy among the members thereof.

Validity of proceedings.

4. Subject to the provisions of this Schedule, the Board shall determine its own procedure.

Board to determine own procedure.

5. 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.

Co-option of members.

6. (1) 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;

Disclosure of Interest

(2) A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made;

(3) 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

(4) A member of the Board who contravenes subparagraph (1) 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.

7. The Board shall cause minutes of all proceedings of its meetings to be entered in its records for that purpose. Minutes.

SECOND SCHEDULE (ss. 43, 44, 45)**Qualifying instruments**

1. In the case of the Future Generations Component, the qualifying instruments are—

Qualifying instruments for the Future Generations Component.

- (a) a financial instrument denominated in an internationally convertible currency—
 - (i) that has investment grade rating from internationally recognised rating agencies; and
 - (ii) 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 an investment grade rating from an internationally recognised rating agency;
- (b) an internationally convertible currency deposit that bears interest placed with the Bank for International Settlements;
- (c) 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 recognised standards body and has investments credit rating;
- (d) any other instrument prescribed by the Cabinet Secretary by notice in the *Gazette* on the recommendation of the Board; or
- (e) a derivative instrument—
 - (i) that is solely based on an instrument that satisfies the requirements of paragraphs (a) and (b); and
 - (ii) where its acquisition reduces the financial exposure to the risks associated with the underlying instruments prescribed by the Cabinet Secretary under paragraph (d).

2. In the case of the Stabilisation Component, the qualifying instruments are —

Qualifying instruments for the Stabilisation Component.

- (a) a debt instrument denominated in an internationally convertible currency—
 - (i) that has an investment credit rating from an internationally recognised rating agency; and
 - (ii) 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 an investment grade rating from an internationally recognised rating agency;
- (b) an internationally convertible currency deposit that bears interest placed with the Bank for International Settlements;
- (c) 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 an internationally recognised standards body and has an investment credit rating from an internationally recognised rating agency;
- (d) any other instrument prescribed by the Cabinet Secretary by notice in the *Gazette* on the recommendation of the Board; or
- (e) a derivative instrument—
 - (i) that is solely based on an instrument that satisfies the requirements of paragraphs (a) and (b); and
 - (ii) where its acquisition reduces the financial exposure to the risks associated with the instruments prescribed by the Cabinet Secretary under paragraph (d).

3. In the case of the Strategic Infrastructure Investment Component, the qualifying instruments are —

Qualifying instruments for the Strategic Infrastructure Investment Component.

- (a) a debt instrument denominated in an internationally convertible currency;
- (b) an internationally convertible currency deposit that bears competitive interest placed with the Bank for International Settlements or a commercial bank;
- (c) a derivative instrument—
 - (i) that is solely based on an instrument that satisfies the requirements of paragraphs (a) and (b); and
 - (ii) where its acquisition reduces the financial exposure to the risks associated with underlying instruments prescribed by the Cabinet Secretary under paragraph (d); or
- (d) any other instrument as may be prescribed by the Cabinet Secretary by notice in the *Gazette* on the recommendation of the Board.

THIRD SCHEDULE (s. 50)

Guidelines on service level agreements for an investment fund manager

1. The responsibilities of an investment fund manager, appointed by and acting on behalf of the Board under the terms of a service level agreement, shall include but shall not be limited to, the following—

Responsibilities of an investment fund manager.

- (a) managing assets and other resources of the Fund in accordance with this Act, and the prudent investor standard of an investment fund manager engaged in the asset management profession;
- (b) investing assets and other resources of the Fund 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, including advisors, to carry out competently the mandate specified in the instrument of delegation in accordance with the relevant written law;
- (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 not later than two months after the end of the financial year; and
- (g) the reports referred to in paragraphs (e) and (f) shall be accompanied by a certificate signed by the internal auditors of the investment fund manager and a certified investment report on the performance of the Fund.

2. The annual management fee payable to investment fund manager shall be specified in the instrument of appointment.

Fees.

FOURTH SCHEDULE (s. 61)**Consequential amendments****1. Section 186 of the Mining Act is amended by —**

Amendment of
section 186 of
Cap. 306.

(a) by deleting subsection (1) and substituting therefor the following new subsection —

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

(b) by inserting the following new subsections immediately after subsection (1)—

(1A) The fees, charges and royalties payable under this Act shall be remitted by the Collector to the Sovereign Wealth Fund.

(1B) The royalties payable under section 183(5)(a) shall be remitted by the Collector to the Sovereign Wealth Fund.

(1C) The royalties payable under section 183(5)(b) and (c) shall be remitted by the Collector to the designated account of the State Department responsible for mining.

(1D) For the purposes of this section, “Collector” means the Commissioner-General appointed under section 11 of the Kenya Revenue Authority Act.

Cap. 469.

2. Section 53 of the Petroleum Act is amended —

Amendment to
section 53 of Cap.
308.

(a) in subsection (2), by deleting the words “National Government” and substituting therefor the word “Collector”;**(b) in subsection (3), by deleting the words “National Government agency responsible for collection of taxes” and substituting therefor the word “Collector”;****(c) by adding the following new subsections immediately after subsection (4)—**

(5) 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 the share of profit payable under section 58(2) and (3);
- (b) the royalties referred to under section 53(3);
- (c) the signature bonus payable under section 55(1);
- (d) the annual fees payable under section 54(1) excluding the training fees specified under section 54(2)(b); and
- (e) the signature bonus payable under section 55(1).

(6) The Collector shall remit to the Sovereign Wealth Fund the revenues payable under subsection (2).

(7) For the purposes of this section, "Collector" means the Commissioner-General appointed under section 11 of the Kenya Revenue Authority Act.

Cap. 469.

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

Amendment to section 57 of Cap. 308.

4. The First Schedule to the Kenya Revenue Authority Act is amended in Part II, by inserting the following new items immediately after item 15—

Amendment of the First Schedule to Cap. 469

16. The Mining Act.

Cap. 306.

17. Petroleum Act.

Cap. 308.

MEMORANDUM OF OBJECTS AND REASONS

The principal object of the Sovereign Wealth Fund Bill, 2026, is to establish the Sovereign Wealth Fund; to provide institutional arrangements for the effective administration and efficient management of minerals and petroleum revenues, and monies from other sources allocated to the Fund; and for connected purposes. The Bill also proposes to make consequential amendments the Mining Act and Petroleum Act.

Part I of the Bill (clauses 1 to 3) provides for preliminary provisions including the short title and commencement of the Act; the definition of key terms used in the Act; and the guiding values and principles of the Act.

Part II of the Bill (clauses 4 to 8) provides for the establishment of the Sovereign Wealth Fund; the object and purpose of the Fund; the sources of funds from the Fund; the establishment of the Holding Account to hold the resources and assets of the Fund; and the general principles relating to withdrawals from the Fund.

Part II also provides for the organisation of the Fund into the Stabilisation Component, Strategic Infrastructure Investment Component and Future Generations Component; the sources of funds for the components of the Fund; the procedures for withdrawals and transfers from or out of the components of the Fund; and the effect of the depletion of mineral and petroleum resources on the organisation of the Fund.

Part III of the Bill (clauses 19 to 24) provides for fiscal responsibility principles applicable to the Fund including the application of the Public Finance Management Act on the operation and management of the Fund; the manner of enforcing the fiscal responsibility principles; the designation of the Administrator of the Fund and the way by which the Administrator shall report on the Fund; the preparation of the annual estimates and Budget of the Fund; the management of cash by the administrator; and the connection of the Fund to the annual national government budget process.

Part IV of the Bill (clauses 25 to 41) provides for the management of the Fund including the establishment of the Sovereign Wealth Fund Board; the qualifications, appointment, tenure and remuneration of the members of the Board; the manner of filling in vacancies in the Board; the meetings and committees of the Board; the appointment of the Chief Executive Officer and staff of the Board; the code of conduct applicable to the members of the Board, Chief Executive Officer and staff of the Board; the protection of members of the Board, Chief Executive Officer and staff

of the Board from personal liability in respect to their official functions; the duty of confidentiality; and the common seal of the Board.

Part V of the Bill (clauses 42 to 48) provides for the investment of the Fund including provisions relating to qualifying investment instruments of the components of the Fund; prohibited instruments; risk management principles; and investment rules.

Part VI of the Bill (clauses 49 and 50) provides for the appointment by the Board and functions of investment managers of the Fund.

Part VII of the Bill (clauses 51 to 53) provides for financial matters including the annual financial statements of the Fund; the manner of auditing the Fund; and the preparation and submission of the annual report of the Fund.

Part VIII of the Bill (clauses 54 to 61) provides for miscellaneous matters including the offence of, and penalty for, the misappropriation of the funds and assets of the Fund; a general penalty; the manner of preserving the reserves of the Fund before and during a general election; that the Act shall prevail in respect of allocation, withdrawal, transfer, investment and management of all revenues from medium and large-scale mining and petroleum operations; the power to make regulations by the cabinet Secretary; and consequential amendments.

The First Schedule to the Bill deals with the conduct of the business and affairs of the Board.

The Second Schedule to the Bill deals with the types of qualifying investment instruments applicable to the components of the Fund.

The Third Schedule to the Bill provides for the guidelines on service level agreements for an investment fund manager.

The Fourth Schedule to the Bill provides for consequential amendments to the Mining Act, Petroleum Act and Kenya Revenue Authority Act.

Statement on the delegation of legislative powers and limitation of fundamental rights and freedoms

The Bill confers on the Cabinet Secretary the powers to make Regulations under the Act for the purposes of operationalizing the Act in order to implement the objectives.

The Bill does not limit any fundamental rights or freedoms.

Statement on how the Bill concerns County Governments

The Bill does not concern county governments as it does not affect the functions and powers of county governments as set out in the Fourth Schedule to the Constitution.

Statement of the Bill as a money Bill within the meaning of Article 114 of the Constitution

The Bill is a Money Bill within Article 114 of the Constitution as it relates to receipt, custody, investment or issue of public money.

Dated the 25th February, 2026.

KIMANI ICHUNG'WAH,
Leader of Majority Party.

Section 186 of Cap. 306 which is proposed to amend—

186. Payment of fees, charges and royalties

(1) All fees, charges and royalties payable by the holder to the State under this Act shall be paid by the holder into the designated account of the State department responsible for collecting royalties.

(2) A payment shall be accompanied by a statement from the holder stating—

- (a) details of the mineral or mineral product;
- (b) the relevant point of sale; and
- (c) the date and the amount of royalty paid.

(3) A copy of the statement shall be delivered to the Mining Cadastre Office.

(4) A mineral right holder shall report the royalty liability for each month by the fifth business day of the month.

(5) Upon receipt of a royalty payment the State department responsible for collecting royalties shall issue a receipt.

Section 53 of Cap. 308 which is proposed to amend—

53. Contractor to comply with financial and fiscal obligations in agreement

(1) The contractor shall comply with financial and fiscal obligations in the implementation of the petroleum agreement under this Act and any other written law.

(2) The contractor shall pay to the National Government all taxes, relevant fees and levies in such manner as may be prescribed by both the petroleum agreement and any other relevant laws.

(3) Taxes, profit petroleum and royalties from upstream petroleum operations shall be collected in accordance with the relevant tax laws and accounts provided to the National Government agency responsible for collection of taxes in the manner it prescribes.

(4) Where a person fails to make a payment under this Act when the amount falls due, the person shall pay such penalty as shall be prescribed in the production sharing contract or any other petroleum agreement. Such penalty shall be without prejudice to the National Government exercising any other remedies available in law.

Section 57 of Cap. 308 which is proposed to amend—

57. Petroleum revenue

(1) The profit derived from upstream petroleum operations shall be shared between the contractor and the National Government in accordance with the petroleum agreement.

(2) The national government's share of petroleum revenues before the imposition of taxes shall be deposited into a dedicated petroleum fund, and managed in accordance with the Public Finance Management Act (Cap. 412A) and any other relevant law.

First Schedule to Cap. 469 which is proposed to amend—

FIRST SCHEDULE [s. 2 & 5]

WRITTEN LAWS RELATING TO REVENUE

Part I

1. The Income Tax Act (Cap. 470).
2. Spent.
3. The Value Added Tax Act (Cap. 476).
4. The Road Maintenance Levy Fund Act (Cap. 427).
5. The Air Passenger Service Charge Act (Cap. 475).
6. The Entertainment Tax Act (Cap. 479).
7. The East African Community Customs Management Act (No. 1 of 2005).
8. The Annexes to the Protocol on the Establishment of the East African Community Customs Union.
9. Spent.
10. Excise Duty Act (Cap. 472).
11. Tax Procedures Act (Cap. 469B).
12. Miscellaneous Fees and Levies Act (Cap. 469C)
13. The Alcoholic Drinks Act (Cap. 121).

Part II

1. The Traffic Act (Cap. 403).
2. Spent.
3. The Second-Hand Motor Vehicles Purchase Tax Act (Cap. 484).
4. The Civil Aviation Act (Cap. 394).
5. The Widows' and Children's Pensions Act (Cap. 195).
6. The Parliamentary Pensions Act (Cap. 196).
7. The Gambling Control Act (No. 14 of 2025).

8. The Stamp Duty Act (Cap. 480).
9. The Horticultural Crops Development Authority (Imposition of Fees and Charges) Order, 1995 (L.N. 225 of 1995).
10. The Standards Levy Order, 1990 (L.N. 267 of 1990).
- 10A. The Industrial Training Act (Cap. 237).
11. The Government Lands Act (Cap. 280).
12. The Sugar Act (No. 10 of 2001) (Repealed).
13. The National Social Security Fund Act (Cap. 258).
14. Public Finance Management Act (Cap. 412A).
15. The Affordable Housing Act, 2024.

