

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES

**DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL
PLANNING**

REPORT ON:

**THE CONSIDERATION OF THE SOVEREIGN WEALTH FUND BILL
(NATIONAL ASSEMBLY BILL NO. 7 OF 2026)**

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CLERK-AT THE-TABLE:	<i>ESTHER NJENYO</i>

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LIST OF ABBREVIATIONS AND ACRONYMS

CBK	-	Central Bank of Kenya
CBO	-	Community Based Organization
CEO	-	Chief Executive Officer
COB	-	Controller of Budget
CoB	-	Controller of Budget
COK	-	Constitution of Kenya
CRA	-	Commission on Revenue Allocation
ESG	-	Environmental, Social and Governance
GAPP	-	Generally Accepted Privacy Principles
IPF	-	Institute of Public Finance
KISM	-	Kenya Institute of Supplies Management
LSK	-	Law Society of Kenya
MP	-	Member of Parliament
NGCDF	-	National Government Constituency Development Fund
NSE	-	Nairobi Securities Exchange
OAG	-	Office of the Auditor-General
OCOB	-	Office of the Controller of Budget
ODM	-	Orange Democratic Movement
PFM ACT	-	Public Finance Management Act
PWDs	-	Persons with Disabilities
SWF	-	Sovereign Wealth Fund
TISA	-	The Institute of Social Accountability
UDA	-	United Democratic Alliance

ANNEXURES

Annexure 1: Adoption Schedule

Annexure 2: Minutes of the Committee on its consideration of the Bill

Annexure 3: The Sovereign Wealth Fund Bill (National Assembly Bills No. 7 of 2026)

Annexure 4: Advertisement inviting the public to submit memoranda on the Bill

Annexure 5: Letter from the Clerk of the National Assembly inviting relevant stakeholders to attend the public participation forum

Annexure 6: Memoranda by Stakeholders

CHAIRPERSON'S FOREWORD

This report contains the proceedings of the Departmental Committee on Finance and National Planning on its consideration of the Sovereign Wealth Fund Bill (National Assembly Bills No. 7 of 2026). It was published in the Kenya Gazette Supplement No. 25 of 25th February, 2026 and read a First Time on 11th March, 2026. The Bill was thereafter committed to the Committee for consideration and tabling of its report to the House pursuant to Standing Order 127.

The principal object of the Bill is to provide a legal framework for the establishment of the Sovereign Wealth Fund to achieve long-term fiscal sustainability and intergenerational wealth-sharing. The Fund is proposed to achieve several purposes, which include: provide the national government with a buffer from fluctuations in resource revenues or extraordinary shocks; provide finance for strategic infrastructure investment priorities to foster strong and inclusive growth and development; and build a savings base for future generations when minerals and petroleum resources are exhausted.

In compliance with Article 118 (1) (b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly placed an advertisement in the print media on 19th March, 2026, inviting the public to submit memoranda by way of written statements on the Bill. In addition, the Clerk of the National Assembly vide letter Ref. No. NA/DDC/F&NP/065, dated 16th April 2026, invited key stakeholders to submit views on the Bill and to attend a public participation forum on 22nd April 2026.

The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it during its consideration of the Bill. Similarly, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made invaluable contributions towards the preparation and production of this report.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to the provisions of Standing Order 199(6), it is my pleasure to report that the Committee has considered the Sovereign Wealth Fund Bill (National Assembly Bills No. 7 of 2026) and wish to report to this August House with the recommendation that the House **approves** the Bill with amendments.

Hon. FCPA. Kuria Kimani, CBS, M.P.

Chairperson, Departmental Committee on Finance and National Planning

CHAPTER ONE

I PREFACE

I.1 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

1. The Departmental Committee on Finance and National Planning is one of twenty departmental committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows:
 - a) *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - b) *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
 - c) *To, on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - d) *To study and review all legislation referred to it;*
 - e) *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - f) *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - g) *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - h) *To examine treaties, agreements and conventions;*
 - i) *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
 - j) *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - k) *To examine any questions raised by Members on a matter within its mandate.*
2. The Second Schedule to the National Assembly Standing Orders assigns the Committee the mandate to consider matters in relation to public finance, public audit policies, monetary policies, financial institutions, economy, investment policies, competition, banking, insurance, national statistics, population, revenue policies including taxation, national planning and development, digital finance, including digital currency.
3. In executing its mandate, the Committee oversees the following Ministries/Departments:
 - a) The National Treasury.

- b) State Department for Economic Planning.
- c) The Commission on Revenue Allocation (CRA)
- d) Office of the Controller of Budget.

I.2 COMMITTEE MEMBERSHIP

I. The Departmental Committee on Finance and National Planning was constituted by the House on 27th October 2022 and comprises of the following Members:

Chairperson

Hon. FCPA Kuria Kimani, CBS, MP
Molo Constituency
UDA Party

Vice-Chairperson

Hon. (Amb.) FCPA Langat Benjamin Kipkirui, CBS, MP
Ainamoi Constituency
UDA Party
Members

Hon. Peter Kaluma, CBS, MP
Homa Bay Town Constituency
ODM Party

Hon. Sunkuyia, R. George, MP
Kajiado West Constituency
UDA Party

Hon. FCPA Oyula, Joseph H. Maero, MP
Butula Constituency
ODM Party

Hon. Gathoni Wamuchomba, HSC, MP
Githunguri Constituency
UDA Party

Hon. Mboni, David Mwalika, MP
Kitui Rural Constituency
WDM Party

Hon. Sheikh Umul Sheikh, MP
Mandera County
UDM Party

Hon. Okuome Adipo Andrew, MP
Karachuonyo Constituency
ODM Party

Hon. (Dr.) Shadrack Mwiti, MP
South Imenti Constituency
Jubilee Party

Hon. Chiforomodo, Munga, MP
Lunga Lunga Constituency
UDM Party

Hon. (Dr.) Ariko John Namoit, MP
Turkana South Constituency
ODM Party

Hon. CPA Rutto Julius Kipletting, MP
Kesses Constituency
UDA Party

Hon. Machele M. Soud, MP
Mvita Constituency
ODM Party

Hon. Paul Biego, MP
Chesumei Constituency
UDA Party

I.3 COMMITTEE SECRETARIAT

4. The Committee is facilitated by the following staff:

Ms. Tracy Chebet
Principal Clerk Assistant II /Head of Secretariat

Ms. Jennifer Ndeto
Deputy Director Legal Services

Mr. Benson Kamande
Clerk Assistant III

Mr. Salem Lorot
Senior Legal Counsel

Ms. Winfred Kambua
Clerk Assistant III

Mr. George Ndenjeshe
Fiscal Analyst II

Mr. James Macharia
Media Relations Officer

Mr. Andrew Jumanne Shangarai
Principal Serjeant-At-Arms

Ms. Joyce Wachera
Hansard Reporter II

Mr. Benson Muthuri
Serjeant-At-Arms

Ms. Nelly W. Ondieki
Research Officer III

Mr. Eugene Luteshi
Audio Officer III

Mr. Allan Ngugi
Administrative Officer III

Ms. Penninah Simiren
Legal Counsel I

Mr. Steve Jeremy Kamau
Committee Intern

CHAPTER TWO

2.0 OVERVIEW OF THE SOVEREIGN WEALTH FUND BILL (NATIONAL ASSEMBLY BILL NO. 7 OF 2026)

2.1 Background

5. The Sovereign Wealth Fund Bill (National Assembly Bill No. 7 of 2026) is a National Assembly Bill sponsored by the Leader of Majority Party in the National Assembly. It was published on 25th February 2026 and read a First Time on 11th March, 2026. The Bill was committed to the Departmental Committee on Finance and National Planning for its consideration and tabling of its report to the House.
6. The principal object of the Bill is to provide a legal framework for the establishment of the Sovereign Wealth Fund to achieve long-term fiscal sustainability and intergenerational wealth-sharing. The Fund is proposed to achieve several purposes, which include: provide the national government with a buffer from fluctuations in resource revenues or extraordinary shocks; provide finance for strategic infrastructure investment priorities to foster strong and inclusive growth and development; and build a savings base for future generations when minerals and petroleum resources are exhausted.

2.2 Summary of Legal Provisions

Overview of the Bill

7. The Bill contains 8 parts and 61 Clauses majorly providing for provisions on the establishment of the Sovereign Wealth Fund (the Fund). The Bill provides for three components of the Fund namely; the Stabilisation Component, the Strategic Infrastructure Investment Component and the Future Generations Component. It also provides for oversight by the Sovereign Wealth Fund Board. In addition, the Bill provides for prohibited and qualifying investment instruments by investment fund managers and reporting and audit of the Fund, and preservation of reserves of the Fund.
8. The Bill seeks to establish the Sovereign Wealth Fund (“the Fund”) to achieve long-term fiscal sustainability and intergenerational wealth-sharing.
9. Clause 5 of the Bill provides that the Fund is proposed to achieve several purposes, these include:
 - i) providing the national government with a buffer from fluctuations in resource revenues or extraordinary shocks;
 - ii) providing finance for strategic infrastructure investment priorities to foster strong and inclusive growth and development; and

- iii) building a savings base for future generations when minerals and petroleum resources are exhausted.

Sources of funds of the Fund

10. Clause 6 of the Bill provides that the Fund shall consist of the following resources revenues—

- i) 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;
- ii) all petroleum royalties payable to the Government;
- iii) all mining royalties payable to the national government under section 183(5)(a) of the Mining Act;
- iv) all bonus payments on grants or when production levels or prices of petroleum operations reach a defined level;
- v) all payments on grants or assignment of mining rights;
- vi) all earnings from direct or indirect participation interest of the Government in minerals and petroleum operations;
- vii) all proceeds from divestment from petroleum and mining interests held by the Government; and
- viii) any other revenue from minerals, petroleum and monies from other sources as may be determined by the Cabinet Secretary and approved by Cabinet.

11. Clause 7 of the Bill provides that there shall be an account opened and operated at the Central Bank of Kenya for the Fund to be known as the Holding Account, which shall be used for receiving, holding, and disbursing all the proceeds to the Fund.

12. Clause 8 of the Bill provides that 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—

- i) the need to maintain macro-economic stability;
- ii) the competitiveness of the non-resource sector;
- iii) investments in strategic priority projects; and
- iv) the need to provide at least ten per cent savings for future generations.

Components of the Fund

13. Clauses 9-17 of the Bill provide that the Fund shall have three different components namely;

- i) The Stabilisation component;
- ii) The Strategic Infrastructure Investment component; and
- iii) The Future Generations component.

The Stabilisation component	The Strategic Infrastructure Investment component	The Future Generations component
Objective		
To provide the national government with resources for management of extraordinary shocks which may affect macro-economic stability.	To provide funding for strategic infrastructure investment priorities that are aligned to the national development plan. <ul style="list-style-type: none"> The strategic infrastructure investment priorities may include investments in agriculture, transport, housing, energy, water, education and health projects and may leverage private sector finances in commercially viable projects. 	To build a savings base for future generations by— <ul style="list-style-type: none"> v) establishing an endowment to support Strategic Infrastructure Investment for future generations, when the revenues from minerals and petroleum are depleted; vi) 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 vii) distributing wealth across generations.
Sources of Funds		
The Stabilisation Component	The Strategic Infrastructure Investment Component	Future Generations Component
Transfers received from the Holding Account; and	Transfers received from the Holding Account; and	Transfers received from the Holding Account;
Fifty per cent of the investment income earned from the Stabilisation Component.	Fifty per cent of investment income earned on the Strategic Infrastructure Investment Component.	Investment income earned on the Future Generations Component;

		Fifty per cent of the investment income earned on the Stabilisation Component, and
		Fifty per cent of the investment income earned on the Strategic Infrastructure Investment Component.

Depletion of Mineral and Petroleum Resources

14. Clause 18 of the Bill provides that where there is a significant depletion of large and medium-sized mineral operations and petroleum resources—
- i) 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 CBK after which the different components of the Fund shall cease to exist; and
 - ii) all the net assets of the three components shall become the assets of the Fund.
15. 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. This withdrawal shall be for the purposes of financing strategic infrastructure investment priorities as approved by the National Assembly in the Budget Estimates.

Public Finance Management Principles

16. Clause 19 of the Bill provides that the Public Finance Management Act, Cap. 412A shall apply to the administration and management of the Fund.
17. Clause 20 of the Bill provides that any withdrawal from the Stabilisation Component and the Strategic Infrastructure Component shall be made in accordance with the fiscal responsibility principles prescribed in section 15(2) of the Public Finance Management Act and procedures prescribed in the Act.

Chief Executive Officer

18. Clause 21 of the Bill provides that the Chief Executive Officer shall be the administrator of the Fund who shall—
- i) prepare quarterly financial statements in respect of the Fund in accordance with the Public Finance Management Act; and

- ii) 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.

19. Clause 22 of the Bill provides that the Chief Executive Officer shall submit to the Cabinet Secretary for inclusion in the annual Budget Policy Statement—

- i) the actual and projected resource revenues and withdrawals from the Fund over the medium-term; and
- ii) ceilings on annual withdrawals from the Stabilisation Component and Strategic Infrastructure Investment Component.

20. Clause 23 of the Bill provides that 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.

Management of the Fund

21. Clause 25 of the Bill provides that the management of the Fund shall vest in the Sovereign Wealth Fund Board with headquarters in Nairobi.

22. Clause 27 of the Bill provides for the powers of the Board which include;

Administration and Management of Fund	Performance Contract	Performance Evaluation
<ul style="list-style-type: none"> • Provide overall guidance and oversight of the administration and management of the Fund; • With the approval of the Cabinet Secretary, determine the management structure and operational guidelines of the Fund; 	<p>Keep under constant review the performance of the Chief Executive Officer in discharging the responsibilities of that office;</p>	<ul style="list-style-type: none"> • Set performance benchmarks for returns and risks; • Perform financial management and reporting functions including among others— <ul style="list-style-type: none"> (i) monitoring the performance of the investments, how the investment policy has been implemented, including which qualifying

<ul style="list-style-type: none"> • Invest the proceeds of the Fund in accordance with this Act; • Develop the investment policies of the Fund, considering monetary and fiscal policies of the Government, for approval by the Cabinet; • 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; • With the approval of the Cabinet Secretary, open or close bank accounts of the Fund. 		<p>instruments in which the components of the Fund are invested; and</p> <p>(ii) 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;</p>
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- iv) has the highest standards of experience, knowledge and reputation in fund management;
- v) has a good track record of managing large investment portfolios of equivalent or higher magnitudes;
- vi) can provide such information and reports at such times and in such a manner as the Board may determine;
- vii) licensed by the relevant authority; and
- viii) meets any other relevant conditions as may be prescribed by the Board.

37. Clause 50 read together with the Third Schedule provides for the role of an investment fund manager which shall include—

- i) implementing the investment policies, strategies and guidelines of the Board in respect to the investment of funds;
- ii) managing assets and other resources of the Fund in accordance with the Act, and the prudent investor standard of an investment fund manager engaged in the asset management profession;
- iii) investing assets and other resources of the Fund in accordance with the Act, and the operational and investment guidelines developed under the Act;
- iv) 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;
- v) 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;
- vi) submitting reports to the Board on the holdings, performance and risk of the Fund;
- vii) submitting an annual report of the investment management to the Board not later than two months after the end of the financial year; and
- viii) 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.

Reporting and audit of the Fund

38. Clause 51 and 52 of the Bill provides that the Board shall, within 3 months after the end of each financial year, prepare and submit consolidated financial statements of the Fund for each component of the Fund to the Auditor General who shall audit in accordance with Public Audit Act.

39. Clause 53 of the Bill provides that 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, who shall then submit to the National Assembly within fourteen days after receipt.

Misappropriation of funds

40. Clause 54 of the Bill provides for the penalty of misappropriation of funds with the proposed penalty once a person is liable on conviction being—
- i) paying twice the amount misappropriated; and
 - ii) a fine of not less than ten million shillings or imprisonment for a term of not less than five years or to both.
41. Clause 55 of the Bill provides for general penalty where no specific penalty has not been provided to include imprisonment for a term not less than two years or to a fine of not less than five million shillings or to both.

Preservation of the reserves of the Fund

42. Clause 56 of the Bill provides that 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.
43. Further, clause 56 of the Bill provides that the monies in the Fund shall not be withdrawn or transferred from the Fund during the period commencing three months before a general election. 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.
44. Clause 57 of the Bill provides that the provisions of the State Corporations Act, Cap. 446 shall not apply to the Sovereign Wealth Fund.
45. Clause 58 of the Bill provides that the 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.
46. Clause 60 of the Bill provides that the Cabinet Secretary may appoint an interim manager and staff to administer the Fund pending the constitution of the Board. The lack of a timeline creates an indefinite period before which a Board is constituted. It is important to set a timeline to which the Board must be constituted. Additionally, this provision poses a risk of institutional instability where the staff will be replaced immediately the Board is formed. Further, the provision raises accountability gaps especially because the Cabinet Secretary is the only person providing interim oversight before constitution of a Board.
47. Clause 61 read together with the Fourth Schedule to the Bill provides for consequential amendments to the Petroleum Act, Cap. 308, the Mining Act, Cap. 306 and the Kenya Revenue Authority Act, Cap. 469

CHAPTER THREE

3. PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL

3.1 LEGAL FRAMEWORK ON PUBLIC PARTICIPATION

48. Article 118 (1)(b) of the Constitution provides that:

“Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its Committees.”

49. The National Assembly Standing Order 127 (3) and (3A) stipulates that:

*“(3) The Departmental Committee to which a Bill is committed shall **facilitate public participation on the Bill** through an appropriate mechanism including-*

- (a) inviting submission of memoranda;*
- (b) holding public hearings;*
- (c) consulting relevant stakeholders in a sector; and*
- (d) consulting experts on technical subjects.*

(3A) The Departmental Committee shall take into account the views and recommendations of the public under paragraph (3) in its report to the House.”

3.2 MEMORANDA RECEIVED ON THE BILL

50. Pursuant to the aforementioned provisions of law, the Clerk of the National Assembly placed an advertisement in the print media on 19th March, 2026 inviting the public to submit memoranda on the Bill. Further, the Clerk of the National Assembly vide letter Ref. No. NA/DDC/F&NP/065 dated 16th April 2026 invited key stakeholders to submit views on the Bill and attend a public participation forum on 22nd April, 2026.

51. The Committee received memoranda from the following stakeholders.

- i) The National Treasury
- ii) The Office of the Controller of Budget.
- iii) Commission on Revenue Allocation.
- iv) Youth For Sustainable Development (YSD) – Makueni Chapter CBO.
- v) Institute of Public Finance.
- vi) The Institute for Social Accountability (TISA)
- vii) Bowmans LLP.
- viii) Ministry of Mining, Blue Economy and Maritime Affairs.
- ix) The Office of the Auditor General.
- x) Law Society of Kenya.
- xi) Kenya Institute of Supplies Management.
- xii) Salaries and Remuneration Commission.

3.2.1 THE NATIONAL TREASURY

The National Treasury appeared before the Committee and submitted as follows;

52. The National Treasury supported the establishment of a Sovereign Wealth Fund (SWF), so that Kenya can operationalize the constitutional principle of inter-generational equity as provided under Article 201 while ensuring that the benefits derived from natural resources are equitably shared between present and future generations.
53. The Ministry recommended structuring the Fund into three components, namely the Stabilisation Fund, the Strategic Infrastructure Investment Fund, and the future Generations Fund, so that the Fund can simultaneously address short-term macroeconomic shocks, finance national development priorities, and secure long-term savings for future generations. Further, the Treasury emphasized the role of the Stabilisation component in cushioning the national economy against extraordinary shocks, since such a mechanism enhances macroeconomic stability and fiscal resilience during periods of revenue volatility.
54. The National Treasury recommended establishing a Strategic Infrastructure Investment component targeting priority sectors such as agriculture, transport, energy, housing, water, education and health, so that the Fund can support inclusive economic growth while leveraging private sector participation in commercially viable projects. In addition, the Ministry justified the creation of a Future Generations component because revenues from extractive resources such as petroleum and minerals are exhaustible and therefore need to be transformed into long-term financial assets to support future national development and ensure equitable wealth distribution across generations.
55. Under funding, the Ministry identified extractive sector revenues, including petroleum profits, royalties, mining revenues, bonuses, and proceeds from divestment, as the primary sources of the Fund, so that non-renewable resource wealth can be converted into sustainable financial capital. Further, the Treasury allowed for the inclusion of additional funding from investment income and other revenues as may be approved by the Cabinet, in order to provide flexibility in financing and enhance the growth of the Fund.
56. On governance, the National Treasury recommended the establishment of a Sovereign Wealth Fund Board to provide oversight and strategic direction, together with a Chief Executive Officer to manage day-to-day operations, so that the Fund operates under a structured and accountable institutional framework. The Treasury also required that investment fund managers be competitively recruited through a transparent process because professional fund management is necessary to ensure efficiency, compliance, and optimal returns.

57. With regard to investment policy, the Treasury restricted investment in high-risk instruments such as speculative derivatives, private equity, and unlisted real estate, so that public funds are safeguarded against excessive exposure to financial risk. The Ministry further, provided for financial reporting in accordance with standards set by the Accounting Standards Board and oversight by the Auditor-General, so that transparency and accountability in the management of public resources are maintained.

Committee Observation

The Committee agreed with the National Treasury on the need to operationalize the constitutional principle of inter-generational equity as provided under Article 201 by establishing the Sovereign Wealth Fund.

3.2.2 THE OFFICE OF CONTROLLER OF BUDGET

Clause 2 - Part I

58. **The Controller of Budget** proposed amending the interpretation clause to expressly classify the Fund as a public fund under Article 207 and expressly acknowledge the CoB's oversight jurisdiction under Article 228(4) of the Constitution. The interpretation clause does not classify the Fund as a public fund under Article 207 of the Constitution, nor does it acknowledge the CoB's jurisdiction under Article 228(4). This creates a foundational accountability gap.

Committee Observation

The Committee agreed with the proposal by the Stakeholder in the need to acknowledge the role of the CoB in accordance with Article 228 of the Constitution.

Part II

59. **The Controller of Budget** proposed amending the proposal by inserting a provision that no withdrawal shall be made from the Fund without the prior written authorisation of the Controller of Budget, all revenues deposited into the Fund must be expressly recognised as public money subject to the Constitution and the PFM Act, and expressly prohibit the Fund from operating independently of the national budget framework. The clause is silent on the Fund's relationship with the Consolidated Fund and the CoB's authorisation powers under Article 228(4). There is a real risk that the Fund will operate as a parallel financial architecture outside the national budget framework, which is constitutionally impermissible.

Committee Observation

The Committee agreed with the proposal by the Stakeholder in the need for the Bill to acknowledge the role of the CoB in accordance with Article 228(4) of the Constitution

Part III – Public Finance Management Principles

60. **The Controller of Budget** proposed amending the provision to require that all revenues must first be paid into the Consolidated Fund and transferred to the SWF by Parliamentary appropriation consistent with Article 206, and any statutory exclusion from the Consolidated Fund requirement must be expressly and constitutionally justified in the Bill. The clause does not specify whether revenues flow through the Consolidated Fund before being credited to the SWF.

Committee Observation

The Committee observed that the main purpose of establishing the SWF is to ensure that the National Government's share of profit derived from petroleum and mineral operations are deposited into the SWF and not Consolidated Fund for the said purposes stated in the Bill.

Part IV – Management of the Fund

61. **The Controller of Budget** proposed amending the proposal to designate a non-voting CoB observer at all Board meetings, to require the Board to account to Parliament through the CoB's budget implementation reports under Article 228(6) and all Board appointments must be subject to a competitive, transparent process with Parliamentary approval. There is no provision for independent oversight representation at the Board level. The Board is not expressly accountable to Parliament through the CoB's reporting framework, and the appointment process lacks adequate safeguards against executive capture.

Committee Observation

The Committee acknowledged the proposal by CoB but was of the view that requiring the Bill be subjected to PFM Act was sufficient in reference to reporting to CoB.

Part V – Investment of the Fund

62. **The Controller of Budget** proposed amending the provision to include that the statutory Investment Policy Statement must be approved by Parliament and reviewed every three years, the CoB must have access to all investment reports, performance audits, and quarterly returns and establish an independent Investment Advisory Committee to review mandate compliance and report to Parliament. The mandate grants broad discretion to the Board and the Cabinet Secretary. Mineral and

petroleum revenues are finite and non-renewable -poor investment decisions are irreversible. No measurable benchmarks or external review mechanism is prescribed.

Committee Observation

The Committee agreed with the CoB on the proposal of requiring additional oversight from the National Assembly.

Withdrawals from the Fund

63. **The Controller of Budget** proposed amending the provision to provide that no withdrawal shall be made except under prior Parliamentary appropriation, consistent with Articles 206 and 228(4); every withdrawal must be expressly authorised in writing by the Controller of Budget before it is effected. A statutory withdrawal rule must cap annual withdrawals as a percentage of the Fund's value to protect long-term sustainability. Withdrawals in excess of the prescribed limit shall be null and void, **with** personal civil and criminal liability attaching to the authorising officer. As currently drafted, the clause risks vesting withdrawal authority in the Cabinet Secretary without adequate constitutional checks. This is the most significant accountability gap in the entire Bill.

Committee Observation

The Committee agreed with the CoB on the proposal of requiring appropriation and withdrawal approval by the CoB.

Part VII – Report on and Audit of the Fund

64. **The Controller of Budget** proposed amending the provision to include that the Board must submit quarterly financial and investment performance statements to the CoB within 45 days of the close of each quarter, annual accounts must be audited by the Auditor-General under Article 229 and the Public Audit Act, 2015, annual reports must be tabled in both Houses of Parliament within three months of the financial year end and the Fund's financial data must be incorporated into the CoB's four monthly budget implementation reports to Parliament under Article 228(6). The reporting clause **does** not integrate the Fund into the CoB's budget implementation reporting framework under Article 228(6) or link the audit to the Auditor-General's mandate under Article 229.

Committee Observation

The Committee agreed with the CoB's proposal in requiring annual accounts be prepared within 3 months after the end of the financial year and submitted to the CoB and Auditor General for forwarding of a copy to the National Treasury in accordance with the provisions of the Public Finance Management Act, Cap. 412A.

Part VIII – Miscellaneous Provisions

65. **The Controller of Budget** proposed amending the proposal to insert an express savings clause preserving the full application of the PFM Act, the Public Audit Act 2015, and Article 228 of the Constitution to all Fund operations. Regulations made under this Act must be subject to affirmative Parliamentary resolution. Commencement of all substantive provisions must be by a fixed date set in the Act, not by Ministerial proclamation. Savings provisions do not expressly preserve the application of the PFM Act, Public Audit Act, and the CoB's Article 228 powers. Regulations are subject only to negative resolution, which is insufficient Parliamentary oversight for a Fund of this magnitude.

Committee Observation

The Committee observed that the provisions in the Bill were sufficient in reference to the Public Finance Management Act and the Public Audit Act. Further, the Statutory Instruments Act, Cap. 2A regulates on delegated legislation which require Parliamentary oversight.

3.2.3 YOUTH FOR SUSTAINABLE DEVELOPMENT (YSD) – MAKUENI CHAPTER CBO

66. The YSD opposed the Bill in its entirety while anchoring this on three core concerns:

67. Structural duplication of existing public financial institutions; Weak fiscal justification under current macroeconomic conditions; and Governance and accountability risks within Kenya's institutional environment.

68. The stakeholder submitted that the sovereign wealth fund requires consistent fiscal surplus generation or resource windfalls. Kenya currently operates in a deficit-financed fiscal regime characterized by debt accumulation rather than surplus accumulation.

Committee Observation

The Committee acknowledged the stakeholder's proposal however; it was of the view that it was important to consider providing a savings base for future generations especially when minerals and petroleum resources are exhausted.

3.2.4 CLAUSE BY CLAUSE SUBMISSIONS

Clause 2

Commission on Revenue Allocation (CRA)

69. **CRA** proposed amending the definition of the word “resource revenue” by inserting the word “national” between the phrase “means the” and the word “Government”. They stated that this will specify the relevant level of Government.
70. **The Institute of Public Finance (IPF)** proposed amending the provision to include the term "public" in the definition of the Fund and expressly provide that the Fund is held in trust for the people of Kenya. The definition of the Fund does not expressly recognize its public character despite the Fund being established from public revenues derived from natural resources, thereby creating uncertainty regarding ownership and public accountability.
71. Additionally, **IPF** proposed amending the provision to define the Holding Account as a designated bank account for the receipt and disbursement of mineral and petroleum revenues prior to their transfer to the Fund components. The definition of Holding Account does not clearly limit its purpose and operation, thereby creating a risk of ambiguity regarding the management and utilization of monies held therein.

Committee Observation

The Committee agreed with the proposal by CRA to provide for clarity. The Committee acknowledged the proposal by IPF however, it was of the view that the Fund being subjected under the Public Finance Management Act confines it to public funds. The Committee also observed that the provision on Holding Account was clear in reference to its purpose.

Clause 3

72. **IPF** proposed amending the provision to include environmental sustainability and the promotion of the right to a clean and healthy environment among the guiding principles of the Fund. The provision does not expressly incorporate environmental sustainability principles despite the Fund being financed from revenues generated through the exploitation of natural resources whose utilization has implications for present and future generations.
73. Additionally, **IPF** proposed amending the provision to expressly include transparency, accountability, integrity, and prudent use of public resources among the guiding principles of the Fund. The provision does not expressly recognize established public financial management principles, thereby weakening governance safeguards and public confidence in the administration of the Fund.

Committee Observation

The Committee acknowledged the proposal by IPF however, it noted that the Bill was for purposes of investment of the funds in the SWF and that there exist sufficient laws providing for environmental sustainability.

Further, the Committee observed that the Public Finance Management Act already provides for the principles proposed by IPF and further, the Act shall apply to the Bill.

Clause 3(2)

74. **The Institute for Social Accountability (TISA)** proposed amending the Clause 3(2) by inserting the following paragraph—

“(g) the principles of equitable sharing of national resources under Article 203 of the Constitution, including the need to take into account national interest and to balance the interests of present and future generations.”

75. TISA argued that Article 203 of the Constitution is directly relevant to the management of a sovereign wealth fund and should be expressly incorporated among the guiding principles of the Act to ensure consideration of national interest, equitable resource sharing and intergenerational equity.

76.

Committee Observation

The Committee acknowledged the proposal by TISA but was of the view that the provisions of clause 3 of the Bill were sufficient to cater for the principles under Article 203.

Clause 4

77. **IPF** proposed amending the provision to vest ownership of the Fund in the Government of Kenya on behalf of the people of Kenya rather than in the National Treasury. The provision vests ownership in the National Treasury, thereby creating a perception of executive control and undermining the distinction between ownership, management, and oversight functions.

Committee Observation

The Committee acknowledged the proposal by IPF. However, it was of the view that the Fund, being subject to the Public Finance Management Act, confines it to public funds.

Clause 5(2)

78. **TISA** proposed amending the provision relating to the objects of the Fund to provide that—

“The principal object of the Fund shall be to promote intergenerational equity through the long-term saving and investment of revenues derived from exhaustible natural resources, and revenue surplus.”

79. They argued that the principal purpose of a sovereign wealth fund should be long-term savings and intergenerational equity, while stabilisation should be secondary and infrastructure financing should not constitute a core component of the Fund.

Committee Observation

The Committee acknowledged the proposal by the TISA however it noted that the bill establishes the Fund around three co-equal components; Stabilisation, Strategic Infrastructure Investment, and Future Generations and elevating savings/intergenerational equity above the others would conflict with the core purpose of the Bill.

80. Additionally, **TISA** proposed deleting the provision identifying strategic infrastructure financing as a core function of the Sovereign Wealth Fund because infrastructure financing is already catered for through dedicated public investment mechanisms and retaining the provision would create duplication, fragmented accountability and institutional inefficiencies.

Committee Observation

The Committee acknowledged the proposal by the TISA, however the Committee observed that the Fund's Strategic Infrastructure Investment Component is distinct as it capitalises on revenue from exhaustible natural resource and will operate under a dedicated, ring-fenced governance and accountability framework within the Fund, rather than through the general budget process.

Clause 6

81. **CRA** proposed amending the clause by adding the word “national” before the word “government” at the beginning of the paragraph for clarity purpose.

Committee Observation

The Committee agreed with the proposal by CRA.

82. **Bowmans** proposed that Clause 6 be amended to:

- a) *Make clear that the Bill does not impose any new tax, fee, royalty or levy on sector participants, but only reallocates the destination of existing payments; and*
- b) *Prescribe clear collection, remittance, timing and reporting rules.*
- c) *Specify the proportion or formula for allocating resource revenues to the Fund, subject to Parliamentary approval through the annual budget process*
- d) *Include provisions that protect the constitutional revenue sharing entitlements of County Governments and local communities under the Mining Act and the Petroleum Act*

Committee Observation

The Committee acknowledged the proposal by Bowmans and noted that the clause did not interfere with the current revenue sharing allocation to County Governments and local communities. Further, the Committee agreed to add the term ‘national’ for clarity that the resource revenue being targeted under the Bill was the national government’s.

Clause 6(1)(h)

83. **Bowmans** proposed amending the Bill to limit the discretionary allocation under clause 6(1)(h) of the Bill to a specified cap and require prior Parliamentary approval. They submitted that the provision in the Bill is very broad and lacks sufficient parliamentary oversight. It could allow the executive to channel significant public revenues to the Fund without prior parliamentary scrutiny through the annual budget process.
84. According to the stakeholder, this was particularly concerning in light of Clause 58 of the Bill, which provides that the Act shall prevail over other legislation in respect of the allocation, withdrawal, transfer, investment and management of all revenues from mining and petroleum operations. This could effectively override Parliament’s budgetary authority.

Committee Observation

The Committee acknowledged the proposal by Bowmans’ however, it noted that the Bill provides that the Public Finance Management Act applies to the management of the Fund.

85. Additionally, **Bowmans** proposed amending Clause 6 to include provisions that protect the constitutional revenue sharing entitlements of County Governments and local communities under the Mining Act and the Petroleum Act

Committee Observation

The Committee acknowledged the proposal by Bowmans and noted that the clause did not interfere with the current revenue sharing allocation to County Governments and local communities.

Clause 6(b)

86. **The Ministry of Mining, Blue Economy and Maritime Affairs** proposed amending the provision to include all royalties payable under the Mining Act as revenues of the Sovereign Wealth Fund and to provide for their remittance in accordance with the proposed amending the provisions to Section 186 of the Mining Act. The current framework does not fully capture mineral royalties as a source of

The Committee acknowledged the proposal by Auditor General and was of the view that the Public Finance Management Act applied to the Act and as such the CS is accountable to the sound management of the Fund.

Clause 8 and Clause 15

93. **TISA** proposed amending the provisions relating to allocation of transfers from the Holding Account and the Future Generations Component by establishing the Future Generations Component as the priority savings mechanism, guaranteeing a minimum allocation of fifty per cent of transfers to the component and imposing stricter withdrawal restrictions. TISA argued that the absence of binding allocation rules may result in underfunding of the savings component and undermine intergenerational equity objectives.

Committee Observation

The Committee acknowledged the proposal of TISA in providing specific allocation of each component, the Committee recommended 50% to the Future Generations Component.

Clause 9

94. **Office of the Auditor-General** proposed amending to require the development of regulations that prescribe a clear formula and measurable thresholds for determining what constitutes an “extraordinary shock” for purposes of accessing the Fund. The provision defines extraordinary shocks as events beyond the control of the National Government but does not establish objective criteria or thresholds for determining significant negative impact. This introduces subjectivity and creates a risk of inconsistent application and discretionary access to the Fund.

Committee Observation

The Committee acknowledged the proposal of the Auditor General and noted that extraordinary shock should be the one that affects macro-economic stability.

Clause 11, Clause 14 and Clause 17(2)

95. **Office of the Auditor-General** proposed amending the proposal to require that all withdrawals from the Fund be authorized by the Controller of Budget upon submission of Board resolutions, and that such approval together with written instructions of the Board be sufficient authority for the Central Bank of Kenya to effect transfers. The provisions do not recognize the role of the Controller of Budget as required under the Constitution. They introduce additional approval by the Cabinet without clarity. This creates duplication, legal inconsistency, and ambiguity in the withdrawal process.

Committee Observation

The Committee agreed with the proposal by the Auditor General.

Clause 11(3)

96. **TISA** proposed amending the provision governing withdrawals from the Stabilisation Component by requiring prior approval of the National Assembly before any withdrawal is effected, except in declared national emergencies where post-withdrawal ratification may apply within a prescribed period. TISA argued that parliamentary approval after withdrawal through a supplementary budget does not provide effective oversight.

Committee Observation

The Committee acknowledged the proposal by TISA and noted that the Public Finance Management Act will apply in the withdrawals of the funds.

Clause 11(7)

97. **Office of the Auditor-General** proposed amending the provision to remove or restrict the use of excess funds for public debt servicing and to require that withdrawal decisions be guided by clear regulations informed by an independent committee. The provision diverts excess funds from the Stabilisation Component to public debt servicing once a prescribed threshold is reached. This duplicates the role of the Sinking Fund under the Public Finance Management Act. It departs from the core objective of the Fund as a buffer against revenue shocks and a savings mechanism for future generations.
98. **CRA** proposed substituting the word “ampunt” with “amount”. Additionally, they noted that there is need to clarify what aspect of the public debt is being serviced—whether interest or principal or both interest and principal.
99. Further, the stakeholder proposed adding a requirement subjecting withdrawals under the provision to approval by the Controller of Budget. This will enhance checks and balances and align with Article 228 of the Constitution.

Committee Observation

The Committee agreed with the proposal of the Auditor General and the CRA and proposed that the fund should be used for purposes investments and not public debt servicing.

Clause 12

100. **The Office of the Auditor-General** submitted that there is need to clarify the nature of the Strategic Infrastructure Investment Component by either redefining it as

a commercial investment vehicle or separating infrastructure financing into a distinct budgetary mechanism. They stated that the provision creates a dual character. It treats the component as both an investment portfolio and a financing mechanism. This blurs the distinction between investment and expenditure functions. It undermines consistency with investment safeguards.

Committee Observation

The Committee acknowledged the proposal by the Auditor General and noted the purposes of the strategic infrastructure investment component as to provide funding for strategic infrastructure investment priorities.

Clause 12(2)

101. **Bowmans** proposed amending the proposal to include a framework for private sector participation in Fund-backed projects, including provisions on procurement, risk allocation, and co-investment structures, and clarify whether co-investors in Fund-backed projects will benefit from any tax incentives.
102. They submitted that Clause 12(2) refers to leveraging “private sector finances in commercially viable projects” but does not provide any detail on the legal or institutional framework for such participation. The Bill does not address: (a) the procurement process for co-investment opportunities; (b) the risk allocation between the Fund and private co-investors; (c) the return sharing arrangements; or (d) how such co-investments interact with the Public Private Partnerships Act, 2021.
103. **Bowmans** emphasized that without a clear legal framework, private investors will lack the confidence to participate, which will undermine the leveraging objective of the Component.
104. **The Office of the Auditor-General** proposed establishing a clear framework for private sector participation, including the nature, timing, and thresholds of investor contributions beyond mandatory fiscal obligations, and to define the Strategic Infrastructure Investment Component and its distinction from the National Infrastructure Fund. The provision allows inclusion of leveraged private sector financing without specifying how, when, or to what extent such participation will occur. It does not define the component or differentiate it from the National Infrastructure Fund. This creates ambiguity, overlap of mandates, and uncertainty in governance and accountability.

Committee Observation

The Committee acknowledged the proposal by Bowmans and the Auditor General and noted that clause 59 empowered the Cabinet Secretary to make regulations for the better carrying out of the Bill.

Clause 14

105. **CRA** proposed adding a requirement subjecting withdrawals under the provision to approval by the Controller of Budget. This will enhance checks and balances and align with Article 228 of the Constitution.
106. **The Office of the Auditor-General** proposed amending to redesign the Strategic Infrastructure Investment Component as a commercial investment vehicle or to restrict transfers to investment returns channelled through the budget process, and to introduce a transparent formula governing withdrawal. The provision permits direct financing of infrastructure from the Fund without clear withdrawal rules. This creates a risk of off-budget spending and discretionary depletion of the Fund. It undermines fiscal stability and long-term savings.

Committee Observation

The Committee agreed with the proposal of CRA on the need for withdrawals approval by the CoB .

Clause 14(1)(a)

107. **Bowmans** proposed amending the provision by reviewing the withdrawal restrictions to ensure that the Strategic Infrastructure Investment Component can operate effectively and flexibly. The stakeholder submitted that Clause 14(1)(a) provides that withdrawals from the Strategic Infrastructure Investment Component can only be made on the basis of the balance standing to the credit of the Stabilisation Component. Bowmans cited that this cross-dependency between the two Components could limit the Government's ability to deploy funds for strategic infrastructure when it is most needed.

Committee Observation

The Committee acknowledged the proposal by Bowmans but was of a different view that this was to ensure prudent use of resources.

Clause 15

108. **CRA** proposed that the Future Generations component should only be accessed after a minimum duration of twenty (20) years of savings and in phases. Additionally,

the stakeholder noted that since the Strategic Infrastructure Investment Component is also being used to set up strategic infrastructure investment, which also benefits the future generations, the Future Generations Component be targeted towards human capital development initiatives such as free education, innovation, e-labour, health for future generations as this will have a multiplier effect in driving growth and development by such future generations. Also, they noted that the Controller of Budget must approve any withdrawals from this Component.

Committee Observation

The Committee acknowledged the proposal by CRA and noted that it had proposed a specific allocation of 50% to the Future Generations component.

Clause 17(2)

109. **The Law Society of Kenya** proposed amending the provision by providing a frame-work-based approval mechanism instead of requiring prior authorization for each individual transfer of funds for investment purposes. The current requirement creates a repetitive approval cycle. This may result in administrative delays, increased transaction handling, and operational inefficiencies. It also heightens exposure to process risks such as errors, delays in capturing investment opportunities, and potential leakage during frequent transfers. A one-time approval, subject to clear rules on permitted investments, risk limits, timelines, and approved institutions, with oversight through regular reporting, audits, and compliance monitoring, would enhance efficiency while maintaining accountability.

Committee Observation

The Committee acknowledged the proposal by LSK but was of the view that the PFM Act applies in reference to the management of the Fund.

Clause 18

110. **The Office of the Auditor-General** proposed amending the provision to require a pre-approved depletion and transition strategy, including asset management, valuation, reporting, and audit arrangements, and to ring-fence principal amounts while requiring approval by the National Assembly for structural changes. The provision relies on future determinations and concentrates decision-making within the Executive. This creates uncertainty in fund management and weakens protection of long-term savings and inter-generational equity.
111. **TISA** proposed amending the provision relating to consolidation of the Fund upon significant depletion of mineral and petroleum resources by requiring the Board to prepare and submit a Depletion Transition Plan to the National Assembly within six months of the declaration of depletion. The plan should provide for governance

arrangements, a revised investment mandate, withdrawal and distribution rules and reporting obligations applicable to the consolidated fund. TISA argued that the Bill does not provide an adequate framework for management of the consolidated fund after resource depletion.

Committee Observation

The Committee agreed with the proposal of TISA and OAG in the need of ensuring there is a depletion strategy plan.

Clause 18 (1)

112. **CRA** stated that there is need to have a clear threshold set as to what amounts to a “significant depletion of mineral and petroleum resources” as inferred in this provision.
113. **The Law Society of Kenya** noted that the provision is unclear and does not define what constitutes such depletion thus the need for an amendment to define “significant depletion” and provide clear, objective criteria and thresholds. This creates room for subjective interpretation and potential misuse. It also does not address how ongoing investments under the components will be treated during consolidation. In addition, the stakeholder observed that the provision is ambiguous. It may lead to premature or inconsistent consolidation decisions. The clause should be amended to clarify whether “significant depletion” refers to depletion of extractive resources only or the overall financial position of the components. The threshold for depletion should also be quantified, and guidance provided on the treatment of existing investments.

Committee Observation

The Committee agreed with the proposal of LSK and CRA in providing clarity on what entails significant depletion.

Clause 18 (1) (a)

114. **CRA** noted that this provision contradicts with Clause 15 (a) and (b) that provide for the object and purpose of the Future Generations Component as to build a savings base for future generations when the revenues from minerals and petroleum are depleted. They proposed aligning the two provisions for consistency and to avoid defeating the objects of the Future Generations Component.

Committee Observation

The Committee acknowledged and agreed with the proposal by CRA.

Clause 18(3)

115. **The Law Society of Kenya** submitted that the current provision does not set limits on withdrawals. This creates a risk that excessive withdrawals could

compromise the sustainability of the Fund. It may also reduce resources intended for future generations. The proposal should be amended to introduce a ceiling on annual withdrawals from the Consolidated Fund based on a sustainable percentage of the Fund's total value or projected income. Linking withdrawals to expected returns would ensure that current needs are met without eroding the long-term value of the Fund.

116. Additionally, the stakeholder proposed that the clause be amended to provide for investment of the Consolidated Fund under a clear, rules-based investment framework. The provision does not address how the fund will generate returns or sustain itself over time. This may result in loss of value due to inflation or rapid depletion. A framework defining eligible instruments, risk limits, and reporting requirements would ensure growth, preservation of value, and sustainability for both current and future generations.

Committee Observation

The Committee acknowledged the proposal by LSK but was of the view that the PFM Act applies in reference to the management of the Fund.

Clauses 19, 20, 21, 22, 23 and 24

117. **IPF** proposed amending the provisions to integrate the Fund into the Medium-Term Fiscal Framework and require publication of fiscal reports demonstrating the relationship between the Fund and the national budget. The provisions do not adequately articulate the linkage between the Fund and national fiscal policy, thereby creating a risk of weakened fiscal discipline, reduced transparency, and inconsistency in macroeconomic planning.

Committee Observation

The Committee acknowledged the proposal by IPF but was of the view that the PFM Act applies in reference to the management of the Fund.

Clause 25(2)

IPF proposed amending the provision to require public disclosure of the Articles of Association, governance policies, and any amendments thereto. The provision does not expressly require publication of foundational governance documents, thereby limiting transparency and public oversight of the Fund's governance framework.

Committee Observation

The Committee acknowledged the proposal by IPF and noted that the proposals in the Bill were sufficient.

118. **TISA** proposed amending the provision relating to appointments to the Board by requiring approval of the Chairperson and Chief Executive Officer by the National

Assembly and by providing for a transparent, competitive and merit-based recruitment process. TISA argued that the Fund will manage significant public resources and should therefore be subject to enhanced accountability safeguards.

Committee Observation

The Committee agreed with the proposal by TISA.

Clauses 25 to 31

119. **IPF** proposed amending the provisions to establish an independent nomination and appointment process for Board members subject to Parliamentary approval. The appointment framework grants significant influence to the Executive, thereby creating a risk of political interference and limiting the operational independence of the Board.

Committee Observation

The Committee agreed with the proposal by IPF.

Clause 27

120. **The Office of the Auditor-General** proposed amending the provision to vest investment policy, risk frameworks, and asset allocation decisions exclusively in the Board, while limiting the Cabinet Secretary to strategic oversight. The provision creates a conflict in roles by subjecting key decisions to the Cabinet Secretary. This weakens the independence of the Board and undermines governance and accountability.

Committee Observation

The Committee acknowledged the proposal by OAG and was of the view that the PFM Act applies in reference to the management of the Fund.

Clause 27(2)(d)

121. **Bowmans** proposed amending the provision to strengthen the operational independence of the Board by limiting the Cabinet Secretary's role to policy-level oversight and ensuring that day-to-day investment decisions are made by the Board and its appointed fund manager. The stakeholder submitted that The Santiago Principles (the Generally Accepted Principles and Practices for Sovereign Wealth Funds, published by the International Forum of Sovereign Wealth Funds in October 2008) emphasizes the importance of operational independence of the governing body from political influence (Principles 6, 16 and 22)
122. Amend the provision requiring Cabinet approval of investment policies by providing that the Board shall develop and adopt investment policies independently, while the Cabinet Secretary may only receive the approved policy for information and

raise concerns in writing without exercising veto powers. TISA argued that Cabinet approval creates a risk of political control over investment decisions.

Committee Observation

The Committee acknowledged the proposal by Bowmans but was of the view that the PFM Act applies in reference to the management of the Fund.

Clause 28

123. **Bowmans** proposed amending Clause 28(1)(f) to limit the influence of the Cabinet Secretary in the composition of the Board. They observed that the Bill as drafted gives the CS significant influence in the Board given they are mandate to nominate four (4) members.
124. **IPF** proposed amending the provision to provide for representation of professional bodies, youth, persons with disabilities, and civil society among the independent members of the Board. The provision does not guarantee representation of key stakeholder groups and professional expertise, thereby limiting inclusivity and diversity in the governance of the Fund.
125. **Additionally**, the stakeholder proposed amending the provision to include the Auditor-General and the Controller of Budget within the governance structure of the Fund. The provision does not adequately integrate institutions responsible for accountability and oversight, thereby weakening transparency and financial oversight mechanisms.

Committee Observation

The Committee acknowledged and agreed with the proposal by Bowmans and IPF on the need for ensuring representation of persons with disabilities among members of the Board. Further, the Committee agreed on Parliamentary approval of members of the Board.

Clause 28(1)(b)–(e)

126. **TISA** proposed amending the composition of the Board by limiting Government representation to one non-voting observer nominated by the National Treasury and replacing membership of the Governor of the Central Bank of Kenya with a technical liaison arrangement. TISA argued that the current structure creates institutional conflicts of interest and undermines the independence of the Fund.

Committee Observation

The Committee acknowledged the proposal by TISA.

Clause 28(f)

127. **CRA** proposed amending the clause by providing for one of the four independent directors to be a Council of Governors representative. Additionally, they stated that there is need for other inclusivity parameters in the Board composition more specifically PWDs under sub clause 28(2).

Committee Observation

The Committee acknowledged the proposal by CRA but was of a different view that the Bill did not concern county governments.

Clause 28(1)(f)

128. **The Office of the Auditor-General** proposed amending the provision to specify qualifications and expertise for Board members, provide for parliamentary vetting, extend tenure, and clarify criteria for co-opted members. The provision lacks clear expertise requirements and vetting mechanisms. It allows co-option without defined criteria. This creates gaps in transparency, accountability, and independence.

Committee Observation

The Committee agreed with the OAG on the need for Parliamentary approval of members of the Board.

Clauses 28, 29 and 30

129. **The Office of the Auditor-General** proposed amending the provision to establish a clear mechanism for the initial staggering of Board terms, strengthen fiduciary duties, and require independent Board committees. The provisions do not specify how staggering will be implemented and provide for significant Executive representation. This may weaken independence and fiduciary oversight.

Committee Observation

The Committee acknowledged and agreed with the proposal by OAG.

Clause 29

130. **Bowmans** proposed amending the Clause to require that the Board's composition shall include members with demonstrated investment management expertise. They submitted that the Bill does not expressly require that the Board include members with specific investment management or portfolio management experience. Given that the Board will be responsible for managing a sovereign wealth fund with investments in qualifying instruments across multiple asset classes (as specified in the Second Schedule), this is a significant gap

Committee Observation

The Committee acknowledged the proposal by OAG and noted that the professional qualifications proposed in the Bill were sufficient.

Clause 29(1)

131. **IPF** proposed amending the provision to recognize leadership, innovation, governance, environmental management, and community development experience as alternative qualifications for youth representatives. The qualification requirements may inadvertently exclude qualified youth candidates despite constitutional requirements promoting youth participation in governance.

132. **Additionally**, the stakeholder proposed amending the provision to require membership in a recognized professional body where applicable. The provision does not expressly require adherence to professional standards and ethical obligations, thereby weakening accountability safeguards.

Committee Observation

The Committee acknowledged the proposal by IPF but noted that the professional qualifications proposed in the Bill were sufficient.

133. **IPF** further proposed amending the provision to distinguish the qualifications applicable to the Chairperson from those applicable to other Board members. The provision applies similar qualification requirements to offices with distinct responsibilities, thereby creating ambiguity in the governance structure.

Committee Observation

The Committee acknowledged the proposal by IPF and noted that the professional qualifications proposed in the Bill were sufficient.

Clauses 29 and 38

134. **TISA** proposed amending the provisions relating to qualifications and conduct of Board members by expressly incorporating the Conflict-of-Interest Act, 2025 and requiring annual declarations of interest, a publicly accessible conflict-of-interest register, mandatory recusal procedures and a two-year cooling-off period for former Board members. TISA argued that the Bill does not contain sufficient safeguards against conflicts of interest.

Committee Observation

The Committee acknowledged the proposal by TISA and noted that members of the Board are required by the provisions of the Bill to meet the requirements of Chapter Six which includes not conducting themselves

in a manner that conflicts their personal interests with those of their public or official duties.

Clause 30

135. **IPF** proposed amending the provision to provide for a non-renewable term of office for the Chairperson. The provision permits reappointment, thereby creating a risk that Board members may seek to influence appointing authorities in order to secure renewal of their terms.

136. **Additionally**, the stakeholder proposed amending the provision to provide for non-renewable terms of office for Board members. Renewable appointments may undermine independence and create incentives for decisions influenced by prospects of reappointment.

Committee Observation

The Committee acknowledged the proposal by IPF; however, it noted that the Mwongozo Code of Governance for State Corporations provides that Chairpersons, as members of the Board, are eligible for two terms of three years each.

Clause 33

137. **IPF** proposed amending the provision to establish Board committees aligned with the three components of the Fund. The provision does not prescribe a clear committee structure, thereby creating a risk of duplication of functions and governance inefficiencies.

Committee Observation

The Committee acknowledged the proposal by IPF however, it noted that the Mwongozo Code of Governance for State Corporations provides that Boards may establish not more than four committees.

Clause 34

138. **IPF** proposed amending the provision to include misuse of insider information and abuse of privileged information among the grounds for removal from office. The provision does not expressly address misconduct arising from misuse of confidential information, thereby exposing the Fund to governance and integrity risks.

Committee Observation

The Committee acknowledged the proposal by IPF and noted that the proposals in the Bill were sufficient.

Clause 35(2)

139. **The Kenya Institute of Supplies Management** proposed amending the provision to align paragraphs (a) and (b). Paragraph (a) stipulates holding at least a Bachelor's degree. Paragraph (b) provides for a Master's degree requirement. The inconsistency may create ambiguity in interpretation and application of the qualification criteria. Alignment would ensure clarity and consistency.

Committee Observation

The Committee acknowledged the proposal by KISM; however, it noted that there was no inconsistency, as the provision required the CEO to have both a Bachelor's and a Master's degree.

140. **IPF** proposed amending the provision to disqualify persons convicted of serious criminal offences from appointment as Chief Executive Officer. The provision does not expressly prohibit appointment of persons whose conduct may undermine public confidence in the administration of the Fund.

Committee Observation

The Committee acknowledged the proposal by IPF, however, it noted that the Bill requires the CEO to meet requirement of Chapter Six of the Constitution.

Clause 35(3)(a)

141. **Kenya Institute of Supplies Management** proposed amending the provision to increase the term of office from four (4) years to five (5) years. This is to align with the current Public Service Commission tenure. It would also promote consistency in public appointments and enhance stability in leadership.

Committee Observation

The Committee acknowledged the proposal by KISM however, it noted that the *Mwongozo Code of Governance for State Corporations* provides that the CEO may serve for a renewable term of three years.

Clause 35 (3) (b)

142. **SRC** noted that the CEO is a public officer and Article 230 (4)(b) of the Constitution requires the SRC to advise on matters of remuneration and benefits. They proposed amending the clause to read as follows; -

"... upon the advice of the Salaries and Remuneration Commission in consultation with the Cabinet Secretary..."

Committee Observation

The Committee agreed with the proposal by SRC.

Clause 36(b)

143. **The Kenya Institute of Supplies Management** proposed amending the provision to include removal where a person is convicted of an offence relating to public procurement. This would strengthen accountability and integrity in the management of the Fund. It would also promote adherence to principles of good governance.

Committee Observation

The Committee acknowledged the proposal by KISM however, it noted that the provisions of the Bill were sufficient.

Clause 37 (2)

144. **SRC** stated that the staff of the Board are public officers and the SRC'S advisory role under Article 230 (4)(b) is Constitutionally entrenched. They proposed amending the clause to read as follows; -

"... upon the advice of the Salaries and Remuneration Commission..."

Committee Observation

The Committee agreed with the proposal by SRC.

Clause 39

145. **IPF** proposed amending the provision to limit immunity from liability to actions undertaken in good faith and without negligence. The provision grants broad protection from liability, thereby creating a risk that negligent or improper conduct may escape accountability.

146. **Additionally**, the stakeholder proposed amending the provision to exclude gross negligence, abuse of office, misuse of public resources, and violations of the Constitution from indemnity protections. The provision may be interpreted as extending protection to conduct that ought to attract personal accountability and legal consequences.

147. Further, **IPF** proposed amending the provision to permit reimbursement of legal expenses only where an independent review establishes that the officer acted in good faith and without negligence. The provision may permit public resources to be used in defence of conduct involving negligence, misconduct, or conflicts of interest.

Committee Observation

The Committee acknowledged the proposal by IPF however, it noted that the provisions of the Bill were sufficient.

Clause 40(2)

148. **IPF** proposed amending the provision to permit disclosure of information to Parliament, oversight institutions, auditors, and other authorized bodies. The provision may unnecessarily restrict disclosure of information required for accountability and effective oversight of the Fund.

Committee Observation

The Committee acknowledged the proposal by IPF however, it noted that the provisions of the Bill were sufficient.

Clause 41(2)

149. **IPF** proposed amending the provision to require authentication of the Fund's seal by the Chairperson, a Board member, and the Chief Executive Officer. The provision does not sufficiently reflect shared accountability between the Board and management in the execution of official instruments.

Committee Observation

The Committee acknowledged the proposal by IPF however, it noted that the provisions of the Bill were sufficient.

Clause 41(3)

150. **IPF** proposed amending the provision to require authentication of Board decisions by the Chairperson, a Board member, and the Chief Executive Officer. The provision does not provide adequate safeguards to ensure collective responsibility and accountability in the implementation of Board decisions.

Committee Observation

The Committee acknowledged the proposal by IPF however, it noted that the provisions of the Bill were sufficient.

Clause 42

151. **Bowmans** submitted that the Committee should reconsider the blanket prohibition on domestic investment and should consider permitting the Stabilization Component to invest in Kenyan government securities (Treasury bonds and bills) as

an additional category of qualifying instrument. This would enhance the Component's liquidity and reduce currency risk while maintaining the principle of avoiding domestic market distortion for the other two Components

152. They noted that the prohibition on domestic investment for the Future Generations Component and Strategic Infrastructure Investment Component is consistent with the international practice of preventing sovereign wealth funds from distorting domestic asset markets (a principle reflected in Santiago Principle 19.1). However, the same prohibition for the Stabilisation Component may be too restrictive.
153. Additionally, the Stabilisation Component is intended to provide the National Government with a buffer from revenue fluctuations and extraordinary shocks (Clause 9). In a crisis, the Government may need to liquidate assets quickly. Finally, if the Fund's investments are tax-exempt as proposed by Bowmans, then interest income will circulate in the Kenyan economy.
154. **The Office of the Auditor-General** proposed amending the provision to define admissible and non-admissible investment instruments and introduce a tiered investment framework. The provision imposes a blanket prohibition without clear definitions. This creates ambiguity and limits diversification and return potential.
155. **IPF** proposed amending the provision to require periodic review and publication of prohibited investment instruments. The provision does not provide a mechanism for updating prohibited investments in response to evolving market conditions and emerging risks.

Committee Observation

The Committee acknowledged the proposals by the stakeholders however, the Committee was of the view that it was important to ensure consistency with the international practice of preventing sovereign wealth funds from distorting domestic asset markets.

Clause 43

156. **CRA** proposed amending the provision to provide that not more than 10% should be invested locally i.e. in the Nairobi Securities Exchange and in bonds. They noted that there may be instances where local investments may be more lucrative.

Committee Observation

The Committee acknowledged the proposals by CRA however, the Committee was of the view that it was important to ensure consistency with the international practice of preventing sovereign wealth funds from distorting domestic asset markets.

Clauses 43(2), 44(2) and 45(2)

157. **TISA** proposed amending the provisions restricting domestic investments by introducing a limited exception permitting the Strategic Infrastructure Investment Component to invest in qualifying Kenya-based instruments, subject to supermajority Board approval, parliamentary ratification, independent certification of commercial viability and full public disclosure. TISA argued that the absolute prohibition creates inconsistencies with the objective of financing strategic national infrastructure.

Committee Observation

The Committee acknowledged the proposals by TISA however, the Committee was of the view that it was important to ensure consistency with the international practice of preventing sovereign wealth funds from distorting domestic asset markets.

Clause 46

158. **IPF** proposed amending the provision to require withdrawals from the Stabilization Component and Strategic Infrastructure Investment Component to be processed through the national budget framework. The provision may permit expenditure outside established budgetary processes, thereby creating a risk of fiscal indiscipline and reduced transparency.

Committee Observation

The Committee acknowledged the proposal by IPF however, the Committee was of the view that the provisions in the Bill were sufficient.

Clause 46(b)

159. **The Office of the Auditor-General** proposed amending the provision to provide that any agreement collateralizing Fund assets is void, introduce sanctions, and require disclosures. The provision prohibits collateralization but lacks enforcement mechanisms. This weakens its effectiveness and exposes the Fund to misuse.

Committee Observation

The Committee acknowledged the proposal by OAG however, the Committee was of the view that the provisions in the Bill were sufficient.

Clause 47(1)

160. **IPF** proposed amending the provision to require public disclosure of investment performance, environmental, social and governance measures, and risk exposure reports. The provision establishes investment and risk management principles without corresponding transparency obligations.

Committee Observation

The Committee acknowledged the proposal by IPF however, the Committee was of the view that the provisions in the Bill were sufficient.

Clause 47(2)

161. The stakeholder proposed an amendment to the provision to require periodic review of investment policies. The provision does not establish a clear mechanism for updating investment policies to reflect changing fiscal and market conditions.

Committee Observation

The Committee acknowledged the proposal by IPF however, the Committee was of the view that the provisions in the Bill were sufficient.

Clause 48

162. **IPF** proposed amending the provision to require submission of annual reports and financial statements to Parliament, the Auditor-General, and the Controller of Budget within prescribed timelines. The provision does not establish clear reporting timelines, thereby creating a risk of delayed oversight and accountability.

Committee Observation

The Committee acknowledged the proposal by IPF however, the Committee was of the view that the provisions in the Bill were sufficient and further the Committee proposed to reduce the period under clause 53 from 6 to 3 months.

Clause 48(6)

163. **IPF** proposed amending the provision to align investment decisions with anticipated withdrawal requirements and the national budget cycle. The provision does not sufficiently link investment management decisions with future expenditure obligations of the Fund.

Committee Observation

The Committee acknowledged the proposal by IPF however, the Committee was of the view that the provision in the Bill was sufficient.

Clause 49(1)

172. **Office of the Auditor-General** proposed amending the provision to correct the reference from Section 54 to Clause 56(1). The current reference creates legal inconsistency and confusion.

Committee Observation

The Committee agreed with the proposal by the OAG.

Clause 58

173. **Office of the Auditor-General** proposed amending the provision to harmonize the provision with the Public Finance Management Act. The current wording creates legal conflict and uncertainty.

Committee Observation

The Committee agreed with the proposal by the OAG.

Clause 60

174. **CRA** proposed including qualifications, powers and terms of office of an Interim Manager for clarity purposes.

175. **Kenya Institute of Supplies Management** proposed amending the provision to provide for a maximum period within which the Interim Manager may serve. The current provision does not set a time limit. This may result in prolonged interim appointments and uncertainty in management. A defined period would promote stability and proper governance of the Fund.

176. **TISA** proposed amending the transitional provisions by limiting the tenure of the interim manager to ninety days, requiring the interim manager to meet the qualifications of the Chief Executive Officer, prohibiting withdrawals during the transitional period without prior concurrence of the Controller of Budget and requiring monthly reporting to the National Assembly. TISA argued that the current transitional arrangements are open-ended and expose the Fund to governance risks.

Committee Observation

The Committee agreed with the proposal by the stakeholders in requiring term of service and qualifications of the interim manager and staff.

New Proposal

177. **Bowmans** proposed amending to expressly provide for the tax treatment of the Fund and each component of the Fund. In particular, the Committee should consider express relief for income and gains of the Fund and clarity on the treatment of withholding tax, value added tax, stamp duty and similar transaction taxes on services and instruments procured exclusively for the Fund. They submitted that Section 12G (4) (g) of the Income Tax Act currently exempts sovereign wealth funds from the

minimum top-up tax. However, this is not a general income tax exemption. The Fund's investment income (including interest, dividends, rental income, and capital gains) would, in the absence of a specific exemption, be subject to income tax under section 3(2) of the Income Tax Act and to CGT under the Eighth Schedule.

178. Subjecting the Fund's investment returns to tax would directly reduce the amounts available for the Fund's stated purposes under section 5 of the Bill (macro-economic stabilisation, strategic infrastructure investment, and intergenerational savings), and contrary to international best practice.

Committee Observation

The Committee acknowledged the proposal by Bowmans and noted that this will require further consultations with relevant authorities.

New Provision

Dispute Resolution Framework

179. **Office of the Auditor-General** proposed the introduction of a dispute resolution framework, including internal review, mediation, and recourse to courts. The absence of such a mechanism may result in institutional conflict and operational inefficiencies.

Committee Observation

The Committee acknowledged the proposal by the OAG and noted that the PFM Act applies to the management of the Fund.

Third Schedule

Cap on Annual Management Fees

180. **Kenya Institute of Supplies Management** proposed amending the provision to cap the annual management fee under paragraph 2. The current provision does not set a limit. This may lead to excessive charges and reduce the value of the Fund. A cap would promote cost efficiency and safeguard the Fund's resources.

Committee Observation

The Committee acknowledged the proposal by KISM and proposed capping the fee to not more than 2%.

New Provision

Periodic Sustainability Reviews of the Fund

181. **Law Society of Kenya** proposed that the Bill be amended to provide for periodic sustainability reviews of the Fund every five to seven years since it does not require assessment of the Fund's sustainability, performance, or underlying assumptions. This

may result in risks such as over withdrawal, poor investment performance, or changes in revenue streams going unnoticed. Periodic reviews would allow for adjustments to investment strategy, withdrawal limits, and governance practices. This would ensure the Fund remains resilient, adaptive, and sustainable for future generations.

Committee Observation

The Committee acknowledged the proposal by the LSK and noted that the proposals in the Bill were sufficient.

New Provisions

Mineral Development Levy

182. **The Ministry of Mining, Blue Economy and Maritime Affairs** proposed inserting a new provision to establish a Mineral Development Levy charged on the gross sale value of minerals and to provide for its administration through a Mineral Development Fund. The Bill does not provide a dedicated funding mechanism for enforcement, regulatory oversight, and development of the mining sector, thereby limiting the capacity of the State Department responsible for Mining to effectively discharge its mandate.

Committee Observation

The Committee acknowledged the proposal by the Ministry and noted this required further consultations.

Mineral Development Fund

183. **The Ministry of Mining, Blue Economy, and Maritime Affairs** proposed inserting a new provision to provide for the establishment, administration, and accountability framework of the Mineral Development Fund in accordance with the Public Finance Management Act. The absence of a statutory framework for management and oversight of levy proceeds may create uncertainty regarding accountability and utilization of funds collected from the mining sector.

Committee Observation

The Committee acknowledged the proposal by the Ministry and noted that this will require further consultations.

Strategic Mineral Reserves

184. **The Ministry of Mining, Blue Economy, and Maritime Affairs** proposed inserting a new provision to grant the State a right of pre-emption over gold produced within Kenya before disposal to third parties. The current legal framework does not provide a mechanism for the Government to acquire domestically produced gold for

strategic reserves, thereby limiting opportunities to strengthen national reserves and support long-term resource security.

Committee Observation

The Committee acknowledged the proposal by the Ministry and noted that this will require further consultations.

New Provisions

Public Disclosure of Fund Information

185. **IPF** proposed insertion of a provision requiring publication of annual reports, audited financial statements, investment performance reports, and other key information relating to the Fund. The Bill does not expressly require proactive public disclosure of all Fund information, thereby limiting transparency and public oversight of the management and performance of the Fund.

Committee Observation

The Committee acknowledged the proposal by IPF; however, it noted that the Bill required, under clause 53(2), the publication of the annual report of the Fund.

Funding of the Board and Secretariat Prior to Operationalization of the Fund

186. **IPF** proposed insertion of a provision establishing a funding mechanism for the Board, Chief Executive Officer, and staff before the Fund becomes fully operational. The Bill establishes governance structures but does not provide a clear transitional financing framework, thereby creating uncertainty regarding the operationalization of the Fund.

Committee Observation

The Committee acknowledged the proposal by IPF and noted that the provisions in the Bill were sufficient.

Integration of the Fund into the Medium-Term Expenditure Framework

187. **IPF** proposed insertion of a provision requiring integration of the Fund into the Medium-Term Expenditure Framework and the national budget process. The Bill does not expressly provide for the systematic incorporation of Fund planning into medium-term fiscal planning, thereby creating a risk of disconnect between Fund management and national fiscal policy.

Committee Observation

The Committee acknowledged the proposal by IPF and noted that the PFM Act applies to the management of the Fund.

Oversight by the Controller of Budget

188. **IPF** proposed insertion of a provision requiring authorization of withdrawals by the Controller of Budget. The Bill does not expressly provide a role for the Controller of Budget in authorizing withdrawals from the Fund despite the Fund being established from public resources and intended for public purposes.

Committee Observation

The Committee agreed with the proposal by IPF.

Public Participation in Investment Decisions

189. **IPF** proposed insertion of a provision requiring public participation and stakeholder consultation in determining strategic investment priorities of the Fund. The Bill does not establish a structured framework for public participation in investment decisions that may have significant economic, social, and environmental implications.

Committee Observation

The Committee acknowledged the proposal by the IPF and noted that the provisions in the Bill were sufficient.

Sustainability and Performance Reviews

190. **IPF** proposed insertion of a provision requiring periodic independent reviews of the sustainability, performance, governance, and investment strategy of the Fund. The Bill does not provide for periodic independent assessments of the Fund's long-term sustainability and performance, thereby creating a risk that emerging weaknesses may not be identified and addressed in a timely manner.

Committee Observation

The Committee acknowledged the proposal by the IPF and noted that the PFM Act applies to the Bill.

Environmental, Social and Governance (ESG) Reporting

191. **IPF** proposed insertion of a provision requiring regular reporting on environmental, social and governance considerations in the management and investment activities of the Fund. The Bill does not expressly require ESG reporting despite the increasing importance of sustainable investment practices and responsible resource management.

Committee Observation

The Committee acknowledged the proposal by the IPF however, it noted that the main purpose of the Bill was investment of funds received from minerals and petroleum operations.

Preservation of Fund Reserves

192. IPF proposed insertion of a provision establishing preservation of the Fund's reserves as a primary objective of the Fund. The Bill does not expressly elevate preservation of reserves as a standalone statutory objective, thereby creating uncertainty regarding the prioritization of long-term capital preservation.

Committee Observation

The Committee acknowledged the proposal by the IPF and noted the specified objectives of the Bill.

New Provision

Controller of Budget Oversight of Withdrawals

193. TISA proposed introducing a requirement that all withdrawals from the Sovereign Wealth Fund and its components be authorised by the Controller of Budget and that periodic reports on withdrawals and utilisation be submitted to the Controller of Budget. TISA argued that the omission of the Controller of Budget creates a parallel withdrawal framework that bypasses independent constitutional oversight.

Committee Observation

The Committee agreed with the proposal by TISA.

3.2.5 COUNTY SUBMISSIONS

KIAMBU COUNTY

194. The Committee engaged residents of Kiambu County on 2nd June 2026 at Kiambu National Polytechnic, Kiambu. The public was sensitized on the clauses of the Bill and thereafter allowed to give their views on the Bill. They submitted as follows:

195. The Bill should be amended to define '**future generations**' explicitly and in detail. The definition should explain the scope for being termed as future generation, the age, and the effective start of terming persons as future generations. The residents submitted that the Bill was silent on when persons will begin to reap the benefits of the Bill.

Committee Observation

The Committee acknowledged the proposal by members of Kiambu County however, it noted that the provisions of the Bill were sufficient.

196. The residents proposed that an allocation be made to fund mental health through funds raised in the Sovereign Wealth Fund Bill. They submitted that mental health remains a key challenge among the youth who are meant to be the key beneficiaries of the Bill.

Committee Observation

The Committee acknowledged the proposal by members of Kiambu County.

VIHIGA COUNTY

197. The Committee engaged residents of Vihiga County on 2nd June 2026 at Praise Centre Church, Mbale. The public was sensitized on the clauses of the Bill and thereafter allowed to give their views on the Bill. They submitted as follows:

198. Support the Bill, however, urge the government to prioritize measures that provide immediate relief to ordinary Kenyans from the prevailing harsh economic conditions and high cost of living rather than focusing on future generation considerations while citizens continue to bear the burden of the current economic hardship.

199. Support the proposal but urges the Government to prioritize the setting up local factories within Vihiga County for value addition of agricultural produce such as tea to promote the county's economic development and create employment opportunities for the locals. Furthermore, that distribution of benefits takes into the development needs and not be based solely on the existence of natural resources. They also emphasized that communities hosting natural resource should receive a fair share of the benefits generated from such resources.

200. Amend the Bill to require the Board to submit to the National Assembly annual reports of its operations for effective oversight and monitoring.

SIAYA COUNTY

201. The Committee engaged residents of Siaya County on 3rd June 2026 at Siaya Institute of Technology, Siaya. The public was sensitized on the clauses of the Bill and thereafter allowed to give their views on the Bill. They submitted as follows:

Clause 12(2)

202. Amend the proposal to expressly include fish landing sites and related infrastructure as an investment priority in the Strategic Infrastructure Investment component noting that the fishing industry represents a significant and largely untapped potential for Kenya's economy that could create employment opportunities for communities living around lakes such as Siaya County residents and the coastline.

Committee Observation

The Committee acknowledged the proposal by members of Siaya County and noted that it had proposed infrastructure investment priorities related to minerals and petroleum operations.

203. Amend the Bill to recognize the Controller of Budget's mandate to approve withdrawal from the Fund as provided for in Article 228(5) of the Constitution.

204. Amend the Bill to recognize the National Assembly's oversight role over national revenue and its expenditure in accordance with Article 95(4)(c) of the Constitution. Furthermore, to ensure independent governance structures from Executive interference and advisory mechanisms to enhance accountability and transparency.

Committee Observation

The Committee acknowledged the proposal by members of Siaya County in requiring National Assembly's oversight.

MAKUENI COUNTY

205. The Committee engaged residents of Makueni County on 3rd June 2026 at Wote Green Public Park, Wote. The public was sensitized on the clauses of the Bill and thereafter allowed to give their views on the Bill.

206. The residents submitted that the Committee should review the Bill to ascertain the governance of funds collected under the Bill. The residents called on the Committee to ensure that the powers of the Cabinet Secretary in charge of Finance are rationalized to ensure that Parliament, the Attorney General, the Auditor General and other stakeholders are able to have checks and balances with regard to the use of funds.

Committee Observation

The Committee agreed with the proposal by members of Makueni County in requiring National Assembly's oversight.

207. The residents of Makueni called on the Committee to provide that the provisions of the Bill will be implemented without political interference. The residents submitted that the integrity of the Bill should be protected to ensure it serves the people.

Committee Observation

The Committee acknowledged the proposal by residents of Makueni County and noted that the Board is required to publish its report which ensure public accountability.

NYAMIRA COUNTY

208. The Committee engaged residents of Nyamira County on 4th June 2026 at West Mugirango NGCDF Hall, Nyamira. Although the public was sensitized on the clauses of the Bill, they proposed lengthening the period of public hearings on complex Bills for informed decision making.

Committee Observation

The Committee acknowledged the proposal by members of Nyamira County.

TAITA TAVETA

209. The Committee engaged residents of Taita Taveta County on 5th June 2026 at NGCDF Hall, Mwatate. The public was sensitized on the clauses of the Bill and thereafter allowed to give their views on the Bill. They submitted as follows:

210. The residents of Taita Taveta submitted that fifty percent (50%) of the proceeds of natural resources should be retained in the community in which they are obtained.

Committee Observation

The Committee acknowledged the proposal by members of Taita Taveta County and noted that the Bill was not interfering with existing allocations.

211. The residents proposed that forty percent (40%) of the jobs assigned in the exploration of natural resources in a given area be assigned to the youth of the same county. The residents cited that youth remain unemployed despite their counties of origin having avenues for employment.

Committee Observation

The Committee acknowledged the proposal by residents of Taita Taveta County and noted that the purpose of the Bill was investment of Funds.

212. The residents called on the Committee to ensure the objectives and the intention of the Bill are aligned. The residents submitted that the objectives of the Bill appear to be of benefit to the people but questioned whether the actual intention is as entailed in the Bill.

Committee Observation

The Committee acknowledged the proposal by residents of Taita Taveta County.

BOMET COUNTY

213. The Committee engaged residents of Bomet County on 5th June 2026 at St. Bakhita Youth Training Hall, Bomet. The public was sensitized on the clauses of the Bill and thereafter allowed to give their views on the Bill.

214. Amend the Bill to ring-fence the proceeds from mining to ensure that the benefits accrued therefrom also flow to the local communities and counties from which such resources are extracted.

Committee Observation

The Committee acknowledged the proposal by members of Bomet County and noted that the Bill was not interfering with existing allocations.

KILIFI COUNTY

215. The Committee engaged residents of Kilifi County on 8th June 2026 at Coast Development Authority, Kilifi. The public was sensitized on the clauses of the Bill and thereafter allowed to give their views on the Bill.

216. Support the Bill, however but urges the government to prioritize measures that provide immediate relief to ordinary Kenyans from the prevailing harsh economic conditions and high cost of living rather than focusing on future generation considerations while citizens continue to bear the burden of the current economic hardship.

Committee Observation

The Committee acknowledged the proposal by members of Kilifi County and noted that the Bill was not interfering with existing allocations.

CHAPTER FOUR

4. COMMITTEE OBSERVATIONS

217. The Committee made the following observations:

Allocations to the respective components

- 1) In reference to transfers from the Holding Account, the Committee observed that Bill does not provide for an allocation formula of deposits from the Holding Account to the three components of the Fund. There was therefore need to provide a formula on how much of the deposits go to each of the respective components of the Fund.

Withdrawal of Funds

- 2) In reference to withdrawals from the Fund, the Committee observed that there was need to amend clauses 11, 14 and 17 by ensuring that no withdrawal shall be made without the written authority from the Controller of Budget in accordance with 228(4) of the Constitution.
- 3) Further, the Committee observed that the Bill does not provide for approval of the Controller of Budget of any withdrawals from the Fund. This may contravene Article 228(4) of the Constitution. Consequently, the Committee observed that the Board must submit quarterly financial and investment performance statements to the Controller of Budget at the close of each quarter.

National Assembly Oversight

- 4) On the National Assembly's oversight mechanisms, the Committee observed that there was need to amend clause 28 to provide for the National Assembly's approval in the appointment of the four persons to serve as members of the Sovereign Wealth Fund Board. The approval process will ensure that persons with disabilities are represented.
- 5) Further, the Committee observed that it was imperative for the National Assembly to approve all investment policies of the Fund upon approval by the Cabinet.

Depletion of Mineral and Petroleum Resources

- 6) The Committee observed that it was important to define the term “significant depletion” in reference to the provisions of depletion of mineral and petroleum resources.

Preservation of reserves of the Fund

- 7) The Committee observed that the office of the Controller of Budget should also be furnished with the report prepared by the Board in reference to monies standing to the credit of the Fund at least three months before a general election. Further, this report should be submitted to the National Assembly at least three months before the general election.

Reporting and Auditing

- 8) In reference to annual report of the Fund, the Committee observed that it was important to reduce the period from 6 to 3 months in which the Board shall prepare an annual report of each component after the end of each financial year to align with the provisions of the Public Finance Management Act, Cap. 412A.

Transitional provision

- 9) The Committee observed that it was imperative for the interim manager and staff to have a specific term of service and qualifications provided for in the Bill.

Management fee of investment fund manager

- 10) The Committee observed that there may be a need to cap the annual management fee payable to the investment fund manager.


CHAPTER FIVE

5. COMMITTEE RECOMMENDATION

218. The Committee, having considered the Sovereign Wealth Fund Bill (National Assembly Bill No. 7 of 2026) recommends that the House **approves the Bill with amendments.**

SIGNED..........DATE ^{24th} June, 2026

**HON. FCPA KURIA KIMANI, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL
PLANNING**

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUN 2026	
DAY: WEDNESDAY	
TABLED BY:	HON. KURIA KIMANI, CBS, MP CHAIR, FINANCE & NATIONAL PLANNING COMMITTEE
CLERK-AT THE-TABLE:	RUTHEN NGENDO



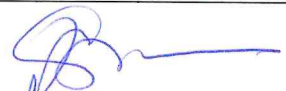
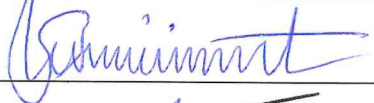


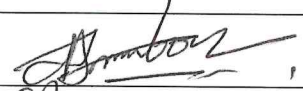
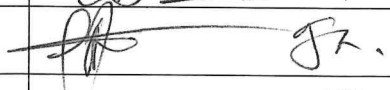


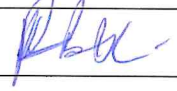


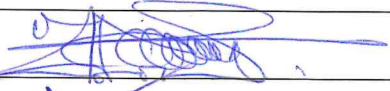


THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FIFTH SESSION - 2026
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

ADOPTION LIST

**REPORT ON THE SOVEREIGN WEALTH FUND BILL (NATIONAL ASSEMBLY
NO.7 OF 2026)**

We, the Members of the Departmental Committee on Finance and National Planning have pursuant to Standing Order 199, adopted this Report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity today, **Wednesday, 24th June 2026.**

S/NO.	NAME	SIGNATURE
1.	HON. FCPA. KURIA KIMANI, CBS, MP - CHAIRPERSON	
2.	HON. FCPA (AMB). BENJAMIN KIPKIRUI LANGAT, MP – VICE CHAIRPERSON	
3.	HON. KALUMA PETER OPONDO, CBS, MP	
4.	HON. GEORGE SUNKUYIA RISA, MP	
5.	HON. FCPA JOSEPH MAERO OYULA, OGW, MP	
6.	HON. ANDREW ADIPO OKUOME, MP	
7.	HON. DAVID MWALIKA MBONI, MP	
8.	HON. CHIFOROMODO MANGALE MUNGA, MP	
9.	HON. GATHONI WA MUCHOMBA, HSC, MP	
10.	HON. (CPA) JULIUS KIPLETING RUTTO, MP	
11.	HON. PAUL KIBICHIY BIEGO, MP	
12.	HON. UMUL KER SHEIKH KASSIM, MP	
13.	HON. DR. SHADRACK MWITI ITHINJI, MP	
14.	HON. DR. JOHN ARIKO NAMOIT, MP	
15.	HON. MOHAMED SOUD MACHELE, MP	