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NAIROBI, 16th October, 2025

CONTENT

Bill for Introduction into the National Assembly—

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THE LOCAL CONTENT BILL, 2025

A Bill for

AN ACT of Parliament to provide a framework to regulate local content in Kenya; to promote the local industry; provide the sourcing of locally produced goods and services; and for connected purposes

ENACTED by the Parliament of Kenya, as follows—

Short title.

1. This Act may be cited as the Local Content Act, 2025 and shall come into force one year after publication in the *Gazette*.

Interpretation.

2. In this Act, unless the context otherwise requires—

"Cabinet Secretary" means the Cabinet Secretary for the time being responsible for trade;

"foreign company" means a company—

(a) incorporated outside Kenya;

(b) whose majority shareholding is by non-Kenyan citizens; and

(c) whose control is vested outside Kenya;

"local company" means a company incorporated and registered in Kenya under the Companies Act and is fully owned by Kenyan citizens or a majority of its shareholding is by Kenyan citizens; and

"local content" means the added value brought to the Kenyan economy through procuring locally available services, goods, supplies and work force.

Objects and purpose of the Act.

3. The object and purpose of this Act is to—

(a) provide a framework for regulation of local content by prescribing minimum local content quotas in various sectors;

(b) promote the local industry and sourcing of locally produced goods and services;

(c) boost the growth of the manufacturing industry in Kenya;

(d) promote the agricultural sector through sourcing of agricultural produce from Kenyan farmers;

(e) enhance the creation of employment opportunities for the Kenyan youth; and

(f) foster economic growth through promotion of foreign direct investments and reduce profit repatriation.

Local content requirements.

4. (1) A foreign company carrying out business in Kenya shall comply with the local content requirements prescribed under this section.

(2) The local content requirements shall apply to the following—

(a) financial services;

(b) insurance services;

(c) construction services;

(d) transport services;

(e) warehousing services;

(f) logistics services;

(g) security services; and

(h) any other services as the Cabinet Secretary, may determine.

(3) A foreign company shall source at least sixty percent (60%) percent of locally manufactured goods and any of the services listed under sub-section (2) from local companies, where the goods and services meet the relevant prescribed standards.

(4) A foreign company shall provide technical and other capacity building support to local companies to ensure compliance with the relevant prescribed standards.

(5) A foreign company undertaking any business in Kenya which requires agricultural produce as raw materials for manufacture of goods, shall source all the agricultural produce from Kenyan farmers.

(6) Subject to subsection (7), a foreign company domiciled and operating in Kenya, shall employ qualified and skilled Kenyan citizens in the management and all levels of the organization of the company.

(7) A foreign company shall ensure that at least eighty per cent (80%) of the workforce of the company are Kenya citizens and comply with Article 41 of the Constitution on

fair labour practices including the right to fair remuneration of workers.

(8) A person who contravenes the provisions of this section commits an offence and shall upon conviction—

(a) be liable to a fine of not less than one hundred million shillings, in the case of a body corporate; and

(b) be liable to imprisonment for a term of not less than one year, in case of a chief executive officer of a company.

5. (1) The Cabinet Secretary, may make Regulations for the better carrying out of the provisions of this Act. Regulations.

(2) Without prejudice to the generality of the foregoing, Regulations under this section may provide for—

(a) other categories of services for which the local content requirements apply under section 4;

(b) the relevant standards for goods locally manufactured and any services provided by the local companies; and

(c) other categories of local content requirements.

(3) For the purposes of Article 94(6) of the Constitution—

(a) the power of the Cabinet Secretary to make regulations shall be limited to bringing into effect the provisions of this Act and the fulfilment of the objectives specified under this section; and

Cap. 2A.
Cap.2.

(b) the principles and standards set out under the Statutory Instruments Act and the Interpretation and General Provisions Act in relation to subsidiary legislation shall apply to regulations made under this Act.

(4) The Regulations necessary to bring into effect the provisions of this Act shall be made within one year after the coming into force of this Act.

6. All rights, obligations and contracts between a foreign company carrying out business in Kenya and a supplier of goods or services existing before the coming into force of this Act, shall continue in force for the unexpired period of the contracts. Transition.

MEMORANDUM OF OBJECTS AND REASONS

Statement of objects and reasons of the Bill

The principal object of the Bill is to create a framework to regulate local content in Kenya. As it is presently, the lack of a local content regulatory framework has inhibited the growth of the local industry in key economic sectors as companies incorporated outside Kenya procure their goods; services; supplies and workforce from other foreign companies. This has resulted to unfair business practices that has rendered the local business uncompetitive. Additionally, the investments by foreign companies in Kenya have had minimal positive economic effect to the country due to profit repatriation. As Kenya continues to grapple with youth unemployment, it is paramount that a legal framework that would foster job creation be put in place to ensure that foreign investments in Kenya create employment opportunities for the Kenyan youth.

Further, in line with the government policy of promoting the agricultural sector and harnessing market opportunities for Kenyan farmers, the legal framework is necessary to ensure that foreign companies source their agricultural supplies from Kenyan farmers. As it is presently, foreign companies import agricultural supplies from foreign countries despite there being adequate supply of agricultural produce in Kenya. The Bill if enacted shall hence promote the agricultural sector and improve the livelihoods of Kenyan farmers by guaranteeing markets for their produce. The Bill shall also boost the growth of the various economic sectors, local manufacturing and ensure job creation for the Kenyan youth.

The Bill also seeks to promote the use of locally manufactured goods and services from local companies such as transport services; avoid tax evasion; promote the use of locally available workforce; enhance the benefits harnessed from the supply chain; address the issues relating to transfer pricing; and align with international standards such as the EU which gives priority to goods and services originating from the EU.

Clause 1 of the Bill is the short title and provides that the Act shall come into force one year after the date of publication in the *Gazette* to give adequate time to foreign companies to comply with the requirements of the Act.

Clause 2 of the Bill provides for interpretation of various clauses as used in the Bill.

Clause 3 of the Bill provides for the objects and purpose of the Bill which is to—

(a) provide a framework for regulation of local content by prescribing minimum local content quotas in various sectors;

(b) promote the local industry and sourcing of locally produced goods and services;

(c) boost the growth of the manufacturing industry in Kenya;

(d) promote the agricultural sector through sourcing of agricultural produce from Kenyan farmers;

(e) enhance the creation of employment opportunities for the Kenyan youth; and

(f) foster economic growth through promotion of foreign direct investments and reduce profit repatriation.

Clause 4 of the Bill provides for the local content requirements. In particular, it provides that a foreign company shall source at least sixty percent (60%) percent of its services, supplies and goods from local companies subject to the services and goods meeting the locally prescribed standards and regulatory requirements. Where the locally available goods and services do not meet the relevant standards, the Bill provides that a foreign company shall provide technical and other capacity building support to local companies to ensure compliance with the relevant prescribed standards.

In respect of the agricultural sector, the Bill provides that a foreign company shall source agricultural supplies from Kenyan farmers. In respect of job creation, the Bill provides that foreign companies located and operating in Kenya shall employ qualified and skilled Kenyan citizens at the management and other organization levels of the companies.

Further, the Bill has stipulated enforcement mechanisms for local content requirements and provides that where a person contravenes any of the provisions of the Act, if it is a body corporate, it shall upon conviction be liable to a fine of not less than one hundred million shillings; and every chief executive officer of the company shall be liable to imprisonment for a term of not less than one year.

The penal provisions are intended to ensure compliance with the requirements of local content unlike the current practice where companies are required to only submit local content plans indicating how they intend to give consideration to locally produced services and goods. The lack of proper enforcement mechanisms has led to non-implementation of the local content requirements.

Clause 5 of the Bill provides for the regulation making powers of the Cabinet Secretary responsible for Trade to make regulations for the better carrying out of the provisions of the Act.

Clause 6 of the Bill is the saving clause and provides that any existing contractual obligations as at the date of the commencement of the Act, shall continue in force for the unexpired period of the contracts.

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

The Bill delegates legislative powers to the Cabinet Secretary to make regulations for the better carrying out of the provisions of the Act and does not limit any rights and fundamental freedoms.

Statement on how the Bill concerns county governments

The Bill is not a Bill concerning county governments in terms of Article 110(1)(a) of the Constitution.

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

The enactment of this Bill shall not occasion additional public expenditure.

Dated the 8th October, 2025

JANE KAGIRI,
Member of Parliament