



CONCEPT NOTE



ENERGIZING KENYA

REVIVAL AND COMMERCIALIZATION OF NOC AND CREATION OF SUBSIDIARIES

Introduction

National Oil Corporation of Kenya Ltd is a wholly owned (100%) state corporation incorporated in April, 1981 under the Companies Act, Cap 486 of the Laws of Kenya (now repealed and replaced by Companies Act No. 17 of 2015) to represent the Government's commercial interests in the oil and gas sector.

The Corporation's core mandate is to:

- 1) Spearhead Oil and Gas activities in the country
- 2) Guarantee the security of supply of petroleum products; and
- 3) Stabilize the prices of petroleum products in the country

On 8th of August 2023, the Cabinet considered and approved the revival and commercialization of National Oil Corporation of Kenya Limited (NOC) through the conversion of the current corporation to a holding company and creation of subsidiaries.

The planned subsidiaries are NOC Upstream Limited, NOC Downstream Limited, and NOC Trading Limited.

Justification

The conversion of NOC to a holding company and creation of subsidiaries will achieve the following:

- **Diversification of Operations:** Diversifying business activities will enable NOC reduce risk and increasing its resilience in a dynamic market.
- **Enhanced Efficiency:** The restructuring aims to streamline operations within each subsidiary, leading to improved efficiency and effectiveness in delivering services and products.
- **Access to Capital:** The new structure will facilitate better access to capital resources, essential for investment in infrastructure, technology, and market expansion.
- **Improved Risk Management:** With distinct entities, NOC can implement tailored risk management strategies, ensuring the mitigation of risks specific to each subsidiary's operations.
- **Internationalization:** The restructuring will enable NOC to expand its presence and activities internationally, contributing to Kenya's global energy positioning.

Benefits to the public

This proposed transformation of National Oil Corporation of Kenya into a holding company with three subsidiaries will enable it to meet its mandate and better contribute to national development.

Specifically, a revived and strengthened NOC will lead to the creation of jobs, reduction of the cost of living, enhanced oil and gas security, increased foreign exchange reserves and expansion of the Government revenue base.

Adherence to the Law

The restructuring of NOC as part of the broader commercialization strategy will take into account the constitutional and legislative framework, as well as relevant government policy documents.