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OFFICE OF THE PRESIDENT

**PERMANENT SECRETARY, SECRETARY TO THE CABINET
AND HEAD OF THE PUBLIC SERVICE**

Telegraphic Address: "Rab"

Telephone: Nairobi 227411

When replying please quote

Ref. No. ...OP.9/1A.....

Date:18th July, 2005.....

P.O. Box 62345
NAIROBI

*All Schedule Heads.
Please take note and ensure
all officers under your schedule
have a copy. We shall monitor
compliance. 1/8/ai*

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Please note
the content
1/8/ai*

All Permanent Secretaries

**APPOINTMENT AND TRANSFER OF CHIEF EXECUTIVE
OFFICERS AND OTHER SENIOR EMPLOYEES OF STATE
CORPORATIONS**

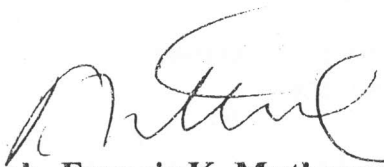
It has come to the attention of this office that some ministries are not following the laid down procedures in regard to appointment and deployment of senior officers from one state corporation to another and particularly in by-passing the Board of Directors of state corporations.

The power to recruit staff of state corporations including the chief executive is vested with the Board of Directors of the state corporations as provided for by both Section 5(3) of the State Corporations Act and Regulation 4(2)(b) of the State Corporations (Performance Contracting) Regulations, 2004. Where in exceptional cases appointment or transfer of officers of state corporations is extremely necessary, such appointment or transfer shall be made only through this office and on the advice of the State Corporations Advisory Committee as provided for under Section 27(1)(c) of the State Corporations Act.

Following the introduction of performance contracts in the management of state corporations, application of good corporate governance principles is inevitable and paramount if state corporations are to achieve the targets set in their performance contracts. It is therefore reiterated that Boards of state corporations should be allowed to operate with some degree of autonomy and independence and be responsible for appointing their staff competitively

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including the Chief Executive officer as per this office circular letter Ref. OP.CAB.9/1A of 5th November 2004.



Amb. Francis K. Muthaura, EGH
PERMANENT SECRETARY/SECRETARY TO THE
CABINET AND HEAD OF THE PUBLIC SERVICE

c.c.

Mr. Simon P. Njau, CBS
Chairman,
Performance Contracting Steering Committee,
Office of the President,
NAIROBI.

Mr. E.M. Ngigi,
Ag. Inspector-General (Corporations),
Office of the President,
NAIROBI.

Mr. Richard O. Wa-Mwenje, HSC
Secretary,
State Corporations Advisory Committee,
Cabinet Office,
NAIROBI.