

**EXECUTIVE OFFICE OF THE PRESIDENT**  
**CHIEF OF STAFF AND HEAD OF THE PUBLIC SERVICE**

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**STATE HOUSE**  
**P.O. Box 40530-00100**  
**Nairobi, Kenya**

Ref. No. .... **OP/CAB.9/1** .....  
and date

..... **16<sup>th</sup> May** ....., 20 **25** .....

**The Solicitor General**

**All Principal Secretaries/Authorised Officers**

**Chairpersons and Chief Executive Officers of State Corporations**

**RE: SUSPENSION OF RENEWAL OF CONTRACTS FOR OFFICERS  
SERVING IN STATE CORPORATIONS EARMARKED FOR REFORMS**

Reference is made to the decision of Cabinet as transmitted through action letter Referenced as **CAB/GEN.3/1/1 VOL XXIII (42)** dated **21<sup>st</sup> January 2025**.

It is notified that Cabinet considered the proposed reforms for state corporations as submitted by The National Treasury and sanctioned varied reforms for implementation within the current financial year. The approved reforms are to be implemented through:

- i. **42 State Corporations** being **merged into 20 entities** (Annex I);
- ii. **25 State Corporations** being **dissolved**, with their residual functions reverting to the respective parent Ministries (Annexes II & III);
- iii. **6 State Corporations** being **restructured** to align their mandates with performance expectations (Annex IV);
- iv. **4 Public Funds** being **declassified**, with their functions transferred back to the relevant Ministries (Annex V); and
- v. **13 Professional Bodies** currently designated as State Corporations being **declassified** (Annex VI).

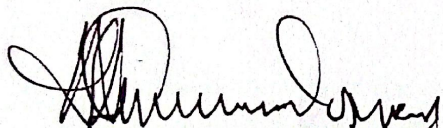
As part of the framework established to facilitate the implementation of these reforms, Cabinet issued a moratorium prohibiting any changes to staff organization, salary structures, or roll out of any new capital projects in the affected State Corporations.



In that regard and in furtherance of the decision by Cabinet, it is hereby **DIRECTED** that the following measures shall be undertaken in the State Corporations identified for reform:

- i. A Moratorium is issued on **recruitment and renewal of contracts** for Chief Executive Officers or any other officers serving on contract terms, **at the lapse of their current tenure.**
- ii. That any **ongoing recruitment processes** of staff in any cadre is **halted forthwith.**
- iii. Any implementation or approval of new human resource policies, personal emoluments and benefits of any kind, staff organization, salary structures, or roll out of any new capital projects is hereby **suspended.**

Kindly bring this directive to the immediate attention of all relevant officers for immediate compliance.



**FELIX K. KOSKEI, EGH**  
**CHIEF OF STAFF AND HEAD OF THE PUBLIC SERVICE**

**Copy to: The Hon. Attorney General**

**All Cabinet Secretaries**





**REFORMS  
of  
STATE CORPORATIONS**

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**ANNEX I**

**FORTY-TWO (42) STATE CORPORATIONS** with duplicating, overlapping or related mandates are proposed for mergers to form twenty (20) Entities as detailed below:

<b>S/NO.</b>	<b>STATE CORPORATION</b>
<b>1</b>	University Fund
	Higher Education Loans Board
<b>2</b>	Kenya Tourism Board
	Tourism Research Institute
<b>3</b>	Export Processing Zones Authority
	Special Economic Zones Authority
<b>4</b>	Anti-Counterfeit Authority
	Kenya Industrial Property Institute
<b>5</b>	Kenya Copyright Board
	Kenya Industrial Research and Development Institute
	Kenya Industrial Estates
<b>6</b>	Agricultural Finance Corporation
	Commodities Fund
<b>7</b>	Kenya Forest Service
	Kenya Water Towers Agency
<b>8</b>	Agricultural Development Corporation
	Kenya Animal Genetic Resource Centre
<b>9</b>	National Irrigation Authority
	National Water Harvesting and Storage Authority





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10	Kenya Law Reform Commission
	National Council for Law Reporting
11	Tourism Promotion Fund
	Tourism Fund
12	Commission for University Education
	Technical and Vocational Education and Training Authority
	Kenya National Qualifications Authority
13	Kenya Rural Roads Authority
	Kenya Urban Roads Authority
14	Kenya Investment Authority
	Kenya Export Promotion and Branding Agency
15	Water Services Regulatory Board
	Water Regulatory Authority
	Regional Center on Ground Water Resources, Education, Training and Research
16	Kenya National Trading Corporation
	National Cereals & Produce Board
17	Uwezo Fund
	Women Enterprise Fund
	Youth Enterprise Development Fund
18	Kenya Medical Research Institute
	Kenya Institute of Primate Research
19	Kenya Plant Health Inspectorate Service
	National Bio-Safety Authority
20	Agriculture and Food Authority





**REFORMS  
of  
STATE CORPORATIONS**

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**ANNEX II & III [25 State Corporations]**

**NINE (9) STATE CORPORATIONS** whose mandates can be performed under the Ministry are proposed for dissolution after the functions are transferred back to the Ministry or other relevant State Corporations:

<b>S/NO.</b>	<b>STATE CORPORATION</b>
<b>1</b>	Kenya Tsetse Fly and Trypanosomiasis Eradication Council
<b>2</b>	Kenya Fish Marketing Authority
<b>3</b>	Centre for Mathematics, Science and Technology Education in Africa
<b>4</b>	President's Award – Kenya
<b>5</b>	Nuclear Power and Energy Agency
<b>6</b>	Kenya National Commission for UNESCO
<b>7</b>	Kenya Film Classification Board
<b>8</b>	National Council for Nomadic Education
<b>9</b>	LAPSSET Corridor Development Authority

**SIXTEEN (16) STATE CORPORATIONS** with outdated mandates or the good/service can be supplied by the private sector are proposed for divestiture/dissolution:

<b>S/NO.</b>	<b>STATE CORPORATION</b>
<b>1</b>	Numerical Machining Complex
<b>2</b>	Scrap Metal Council
<b>3</b>	Kenya Fishing Industries Corporation
<b>4</b>	Jomo Kenyatta Foundation
<b>5</b>	Pyrethrum Processing Company of Kenya Ltd
<b>6</b>	Kenya National Shipping Line





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<b>7</b>	School Equipment Production Unit
<b>8</b>	Kenya Yearbook Editorial Board
<b>9</b>	Kenya National Assurance Company
<b>10</b>	Coast Development Authority
<b>11</b>	Ewaso Ng'iro South Development Authority
<b>12</b>	Ewaso Ng'iro North Development Authority
<b>13</b>	Kerio Valley Development Authority
<b>14</b>	Lake Basin Development Authority
<b>15</b>	Tana and Athi Rivers Development Authority
<b>16</b>	Kenya Post Office Savings Bank





**REFORMS  
*of*  
STATE CORPORATIONS**

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**ANNEX IV**

**SIX (6) STATE CORPORATIONS** are proposed for restructuring to align their mandates for better performance:

<b>S/NO.</b>	<b>STATE CORPORATION</b>
<b>1</b>	Kenya Utalii College
<b>2</b>	Postal Corporation of Kenya
<b>3</b>	Bomas of Kenya
<b>4</b>	National Syndemic Diseases Control Council
<b>5</b>	Kenya Roads Board
<b>6</b>	National Housing Corporation





**REFORMS**  
*of*  
**STATE CORPORATIONS**

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**ANNEX V**

**FOUR (4) PUBLIC FUNDS** categorized as state corporations need to be declassified and reverted back to the Ministry with a strengthened/ more focused governance structure that will apply to all public funds:

<b>S/NO.</b>	<b>STATE CORPORATION</b>
1	Water Sector Trust Fund
2	National Environment Trust Fund
3	Sports, Arts and Social Development Fund
4	Fish Levy Trust Fund





**REFORMS  
*of*  
STATE CORPORATIONS**

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**ANNEX VI - 13 Professional Bodies and Welfare Society**

**THIRTEEN PROFESSIONAL BODIES** currently categorized as state corporations should be declassified and should not be financed through budgetary allocations.

<b>S/NO.</b>	<b>STATE CORPORATION</b>
<b>1</b>	Hydrologists Registration Board
<b>2</b>	Clinical Officers Authority
<b>3</b>	Council of the Institute of Nutritionists and Dieticians
<b>4</b>	Kenya Health Professionals Oversight Authority
<b>5</b>	Kenya Medical Laboratory Technicians and Technologists Board
<b>6</b>	Kenya Medical Practitioners and Dentists Council
<b>7</b>	Public Health Officers and Technicians Council
<b>8</b>	Nursing Council of Kenya
<b>9</b>	Engineers Board of Kenya
<b>10</b>	Institute of Certified Investment and Financial Analysts
<b>11</b>	Institute of Human Resource Management
<b>12</b>	Kenya Institute of Supplies Management
<b>13</b>	Child Welfare Society of Kenya





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Ref. No. CAB/GEN.3/1/1.VOL.XXIII (42)  
and date

.....21<sup>st</sup> January, 2025 20.....

The Solicitor-General

All Principal Secretaries

STATE CORPORATIONS REFORMS

I refer to the 1<sup>st</sup> Cabinet Meeting - 2025 held on 21<sup>st</sup> January, 2025 during which the Cabinet Secretary for the National Treasury & Economic Planning jointly with the Attorney-General presented a Cabinet Memorandum CAB (24)121.

The Memorandum sought to apprise Cabinet on the proposed State Corporations' Reforms. It also sought Cabinet approval to implement the recommendations of the State Corporations' Reforms geared towards fiscal consolidation.

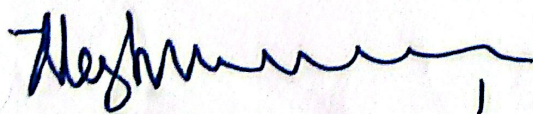
I wish to inform you that Cabinet considered the Memorandum and:

- I. Noted the contents of the Memorandum;
- II. Noted that many State Corporations, including those established to operate a commercial entities face numerous challenges that hinder their ability to meet contractual and statutory obligations, resulting in the accumulation of huge pending bills;
- III. Approved the proposed State Corporations' reforms for implementation by way of:
  - a) Merging 42 State Corporations into 20 entities to improve operational efficiency and eliminate redundancy as set out in Annex I;
  - b) Dissolving 25 State Corporations, with their residual functions being transferred back to their parent ministries as set out in Annex II & III;
  - c) Restructuring six (6) State Corporations to align their mandates for improved performance. The entities are as set out in Annex IV;



- d) Declassifying four (4) public funds currently categorized as State Corporations and transferring their functions back to the relevant ministries. The entities are as set out in Annex V; and
  - e) Declassifying 13 professional bodies, which are currently categorized as State Corporations as set out in Annex VI.
- IV. Noted the proposal to merge Regional Ground Water and Kenya Water Institute;
- V. Noted the need to align the status of the Child Welfare Society of Kenya by anchoring its substantive mandate on a parent Ministry to enhance accountability and clarity;
- VI. Issued a moratorium prohibiting any changes to staff organization, salary structures, or roll out of any new capital projects in State Corporations earmarked under the programme;
- VII. Directed the Attorney-General and all Cabinet Secretaries for respective state corporations to facilitate full implementation of reforms under the leadership of the Cabinet Secretary for the National Treasury and Economic Planning;
- VIII. Directed the Chief of Staff and Head of the Public Service to steer transition in the governing organs including board of directors of all the State Corporations earmarked above;
- IX. Directed the constitution of teams to implement the reforms, comprising representatives from the respective State Corporation, their respective State Department/Line Ministry; and the Office of the Attorney-General, under the leadership of the National Treasury;
- X. Directed the Cabinet Secretary for the National Treasury and Economic Planning to spearhead the implementation of the reforms by the end of the current financial year (FY 2024/25); and
- XI. Directed the Cabinet Secretary for the National Treasury & Economic Planning; and the Attorney-General to take necessary action.

Please proceed and take action as directed by Cabinet.



Mercy Wanjau, (Mrs.), EGH  
SECRETARY TO THE CABINET

Copy to: The Hon. Attorney-General

All Cabinet Secretaries



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Chief of Staff & Head of the Public Service  
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Ms. Wanjiku Wakogi, CBS  
Chief of Staff  
Office of the Deputy President  
Executive Office of the President  
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Dr. Idris Salim Dokota, PhD, CBS  
Principal Secretary  
State Department for Cabinet Affairs  
Office of the Deputy President  
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