



REPUBLIC OF KENYA

CABINET NEWS

JANUARY 21, 2025

STATE LODGE, KAKAMEGA

President William Ruto chaired the first Cabinet meeting of 2025 at State Lodge, Kakamega, urging his Cabinet to seize the unique opportunity presented by the broad-based government to drive transformative change in Kenya.

Emphasising the rare occurrence of a government that brings together diverse political sides, the President said the inclusive composition of the Cabinet offers an unprecedented opportunity to focus on national development. He called on leaders to capitalise on this historic moment to deliver meaningful progress for all Kenyans.

In recent months, President Ruto has expanded his Cabinet by appointing Cabinet Secretaries from outside his Kenya Kwanza Alliance, including representatives from the Azimio coalition—notably from the ODM and Jubilee parties.

At the Tuesday Cabinet meeting, the President said this move underscores his commitment to fostering national unity and inclusivity in governance.

The President noted that significant progress has been made in laying the foundation for the Bottom-Up Economic Transformation Agenda. Key achievements cited include increased contributions to the National Social Security Fund (NSSF), advancements in universal health coverage, affordable housing initiatives, the establishment of special economic zones, and the development of County Aggregation and Industrial Parks.

In the agricultural sector, President Ruto highlighted notable improvements in maize and sugar production—where a record



832,000 tonnes were produced last year, the highest since Kenya's independence—tea and coffee production, as well as dairy farming. Additionally, he pointed to progress in infrastructure development, particularly in the expansion of the last-mile fiber optic network and last-mile electricity connectivity, which are enhancing access to essential services across the country.

The President reaffirmed his administration's commitment to sustaining and accelerating these initiatives to ensure economic growth and improved livelihoods for all Kenyans.

In line with the commitment to streamline government operations, reduce waste, and curb excesses, the Cabinet approved a series of recommendations aimed at reforming State Corporations.

The reforms will address operational and financial inefficiencies, enhance service delivery, and reduce reliance on the Exchequer.

The National Treasury assessed 271 State Corporations, excluding those earmarked for privatization. The reforms include merging 42 State Corporations with overlapping or related mandates into 20 entities to improve operational efficiency and eliminate redundancy.

Nine State Corporations will be dissolved, with their functions transferred to relevant ministries or other State entities, while 16 corporations with outdated functions that can be provided by the private sector will be divested or dissolved.

Six State Corporations will undergo restructuring to better align their mandates and enhance performance. Additionally, four public funds currently classified as State Corporations will be declassified and returned to the relevant ministries with a strengthened governance framework.



All professional organisations currently categorized as State Corporations will also be declassified and will no longer receive government budgetary allocations.

These reforms have been necessitated by increasing fiscal pressures arising from constrained government resources, the demand for high-quality public services, and the growing public debt burden.

Many State Corporations have struggled to meet their contractual and statutory obligations, leading to an accumulation of pending bills amounting to KSh94.4 billion as of March 31, 2024. (Detailed list of the State Corporations attached)

The meeting also approved recommendations to enhance the Electronic Travel Authorization (eTA) system to boost efficiency and improve the traveler experience.

As part of efforts to support open skies policies and tourism growth, a key proposal is to grant eTA exemptions to all African countries—except Somalia and Libya—due to security concerns.

This initiative aims to promote regional integration and ease travel across the continent. Most African visitors will be allowed a two-month stay, while East African Community (EAC) nationals will continue to enjoy a six-month stay under EAC free movement protocols.

To improve efficiency, an expedited eTA processing option will be introduced, allowing travelers to receive approval instantly, with processing time capped at 72 hours based on operational capacity. Additionally, the introduction of an Advanced Passenger Information/Passenger Name Record system will enhance pre-screening, strengthen security, and streamline passenger processing at entry points.



Consequently, the Cabinet Secretaries of National Treasury, Transport, Interior, and Tourism were mandated to review, report, and, within a week, propose guidelines to improve travelers' experience at all Kenyan airports.

The meeting also approved the Kenya Cloud Policy, a significant step towards enhancing digital service delivery, improving efficiency, and promoting the adoption of cloud-based technologies in government.

The policy addresses challenges associated with traditional data storage, such as high costs and cybersecurity threats. By prioritising cloud solutions, the policy aims to reduce costs, strengthen cybersecurity, and support data sovereignty, while fostering collaboration and innovation.

It also encourages private sector investment in cloud infrastructure and seeks to attract global data centers, positioning Kenya as a regional digital hub.

The Cabinet approved the implementation of the Dual Training Policy to strengthen Technical and Vocational Education and Training in Kenya. This policy aims to address the skills mismatch in the labor market by integrating classroom instruction with hands-on industry training.

Under the Dual Training model, trainees will spend 50% to 70% of their training in industry and the rest in institutions, ensuring they acquire relevant, practical skills. The policy ensures strong collaboration between training institutions and industry, leveraging the latest technologies and expertise to enhance the employability of graduates.

Also approved is the revised Kenya Foreign Policy 2024, which proposes institutional changes to strengthen the country's diplomatic and security posture.



The Cabinet approved the Public Finance Management (Amendment) Bill, 2024, to enhance efficiency in the management of conditional allocations to county governments by eliminating duplication and streamlining the transfer process.

The Cabinet also approved the incorporation of the Kenya Credit Guarantee Company to enhance access to affordable credit for micro, small, and medium enterprises (MSMEs).

MSMEs contribute over 30% to Kenya's GDP and employ 16 million people, yet they face significant challenges in accessing affordable financing.

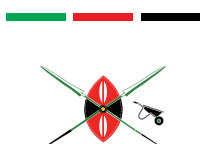
The Cabinet also approved the Plant Protection Bill 2023, a key step in strengthening Kenya's agricultural productivity and food security.

Additionally, the Cabinet approved the IGAD Protocol on Transhumance, aimed at facilitating the safe and orderly cross-border movement of livestock and herders.

Approval was also given for the restructuring strategy of Rift Valley Textiles (Rivatex) and the onboarding of non-equity strategic partners to revitalize the company.

The Cabinet also approved the following:

- Thika and Githunguri Water Supply and Sanitation Improvement Project
- Kenya's Ratification of the Inter-African Coffee Organisation New Treaty
- In-service Training Programs in the Public Service





ATTACHED:

- I. Forty-two (42) State Corporations with duplicating, overlapping or related mandates are proposed for mergers to form twenty (20) Entities as detailed below:

S/No.	State Corporation
1	University Fund
	Higher Education Loans Board
2	Kenya Tourism Board
	Tourism Research Institute
3	Export Processing Zones Authority
	Special Economic Zones Authority
4	Anti-Counterfeit Authority
	Kenya Industrial Property Institute
	Kenya Copyright Board
5	Kenya Industrial Research and Development Institute
	Kenya Industrial Estates
6	Agricultural Finance Corporation
	Commodities Fund
7	Kenya Forest Service
	Kenya Water Towers Agency
8	Agricultural Development Corporation



	Kenya Animal Genetic Resource Centre
9	National Irrigation Authority
	National Water Harvesting and Storage Authority
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

- II. 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:

S/No.	State Corporation
1	Kenya Tsetse Fly and Trypanosomiasis Eradication Council
2	Kenya Fish Marketing Authority
3	Centre for Mathematics, Science and Technology Education in Africa
4	President's Award - Kenya
5	Nuclear Power and Energy Agency
6	Kenya National Commission for UNESCO
7	Kenya Film Classification Board



8	National Council for Nomadic Education
9	LAPSSET Corridor Development Authority

III. Sixteen (16) State Corporations with outdated mandates or the good/service can be supplied by the private sector are proposed for divestiture/ dissolution:

S/No.	State Corporation
1	Numerical Machining Complex
2	Scrap Metal Council
3	Kenya Fishing Industries Corporation
4	Jomo Kenyatta Foundation
5	Pyrethrum Processing Company of Kenya Ltd
6	Kenya National Shipping Line
7	School Equipment Production Unit
8	Kenya Yearbook Editorial Board
9	Kenya National Assurance Company
10	Coast Development Authority
11	Ewaso Ng'iro South Development Authority
12	Ewaso Ng'iro North Development Authority
13	Kerio Valley Development Authority
14	Lake Basin Development Authority
15	Tana and Athi Rivers Development Authority



16	Kenya Post Office Savings Bank
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IV. Six (6) State Corporations are proposed for restructuring to align their mandates for better performance:

S/No.	State Corporation
1	Kenya Utalii College
2	Postal Corporation of Kenya
3	Bomas of Kenya
4	National Syndemic Diseases Control Council
5	Kenya Roads Board
6	National Housing Corporation

V. The 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:

S/No.	State Corporation
1	Water Sector Trust Fund
2	National Environment Trust Fund
3	Sports, Arts and Social Development Fund
4	Fish Levy Trust Fund



VI. Professional Bodies and Welfare Society

All professional bodies currently categorised as state corporations should be declassified and should not be financed through budgetary allocations.

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

