

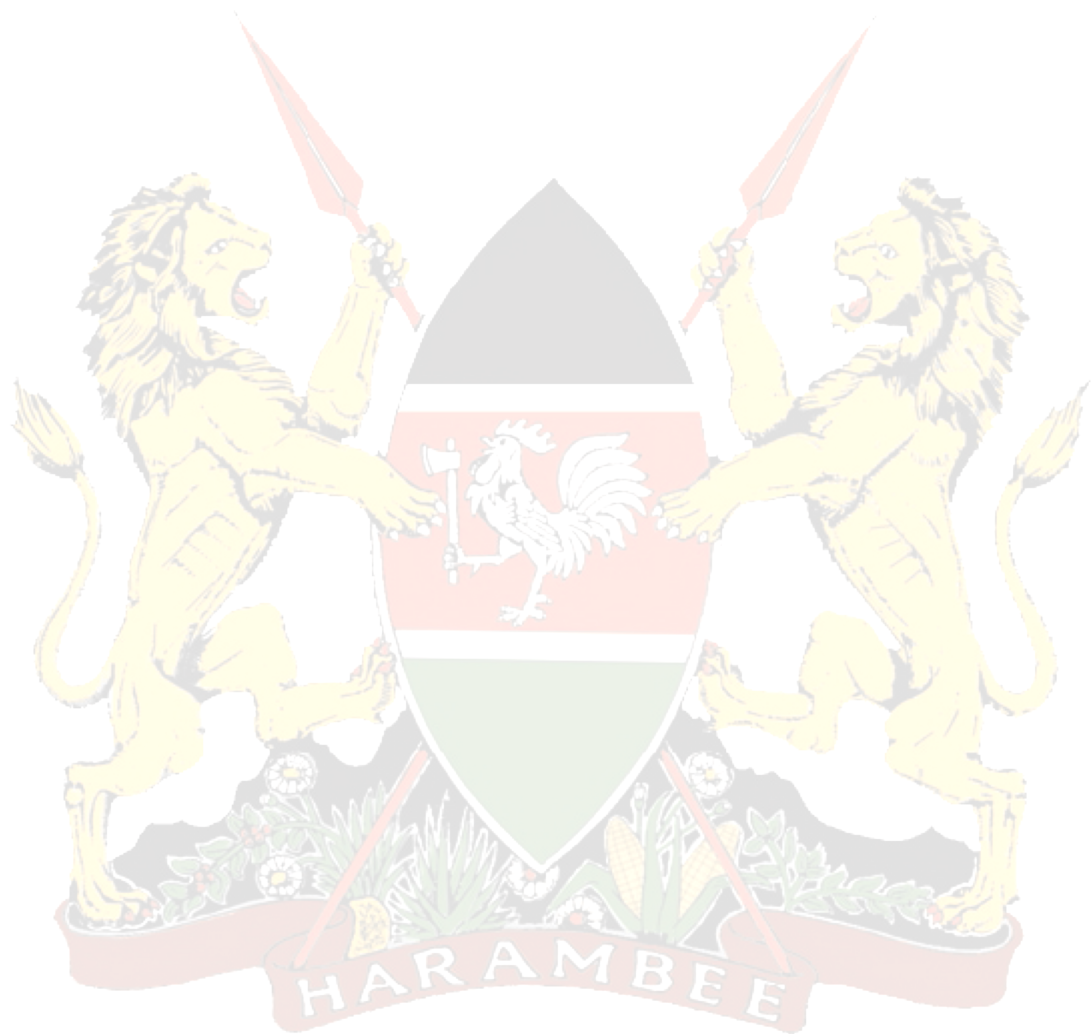


REPUBLIC OF KENYA

EXECUTIVE OFFICE OF THE PRESIDENT

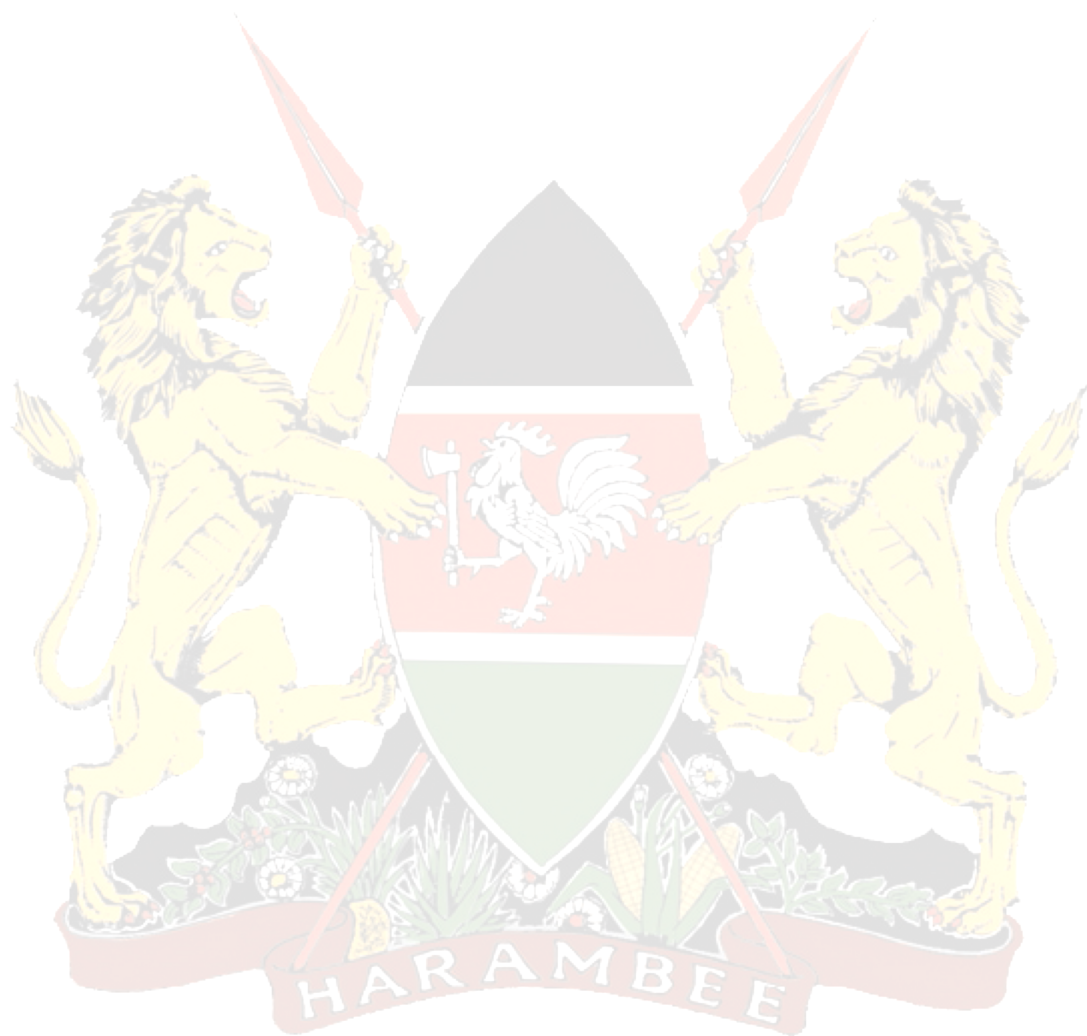
**Guidelines on Management and Terms and
Conditions of Service for
Board Members and Staff of State
Corporations**

May, 2024



The image features the coat of arms of Nigeria, which is a central shield with a white top section containing a black eagle with its wings spread, a red middle section, and a green bottom section. The shield is supported by two golden lions standing on their hind legs, each holding a red sword aloft. Below the shield is a decorative base with various agricultural products like corn and cotton, and a banner at the bottom with the word 'HARAMBEE' in white capital letters on a red background.

Guidelines on Management and Terms and Conditions of Service for Board Members and Staff of State Corporations



FOREWORD

In November 2004, the Government issued Guidelines on Terms and Conditions of Service for Chairmen, Members of the Board and Chief Executive Officers of State Corporations with a view to introducing a standardized way of recruitment of Chief Executive Officers and Management Staff and determining remuneration of Chairmen, Board members and other employees of State corporations.

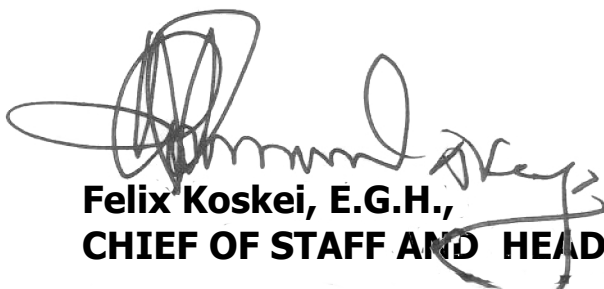
By issuing the 2004 Guidelines, the Government made it clear that State Corporations had to embrace modern business management practices. All corporations were therefore expected to develop corporate strategies with clear vision, mission, goals, objectives and a set of values whose attainment would depend on the quality of persons running the individual Corporation's business.

While the Guidelines have served the intended purpose well, several challenges have emerged which have necessitated a relook with the aim of ensuring that they remain useful and relevant to the ever changing and emerging needs. The revised guidelines therefore seek to update and:

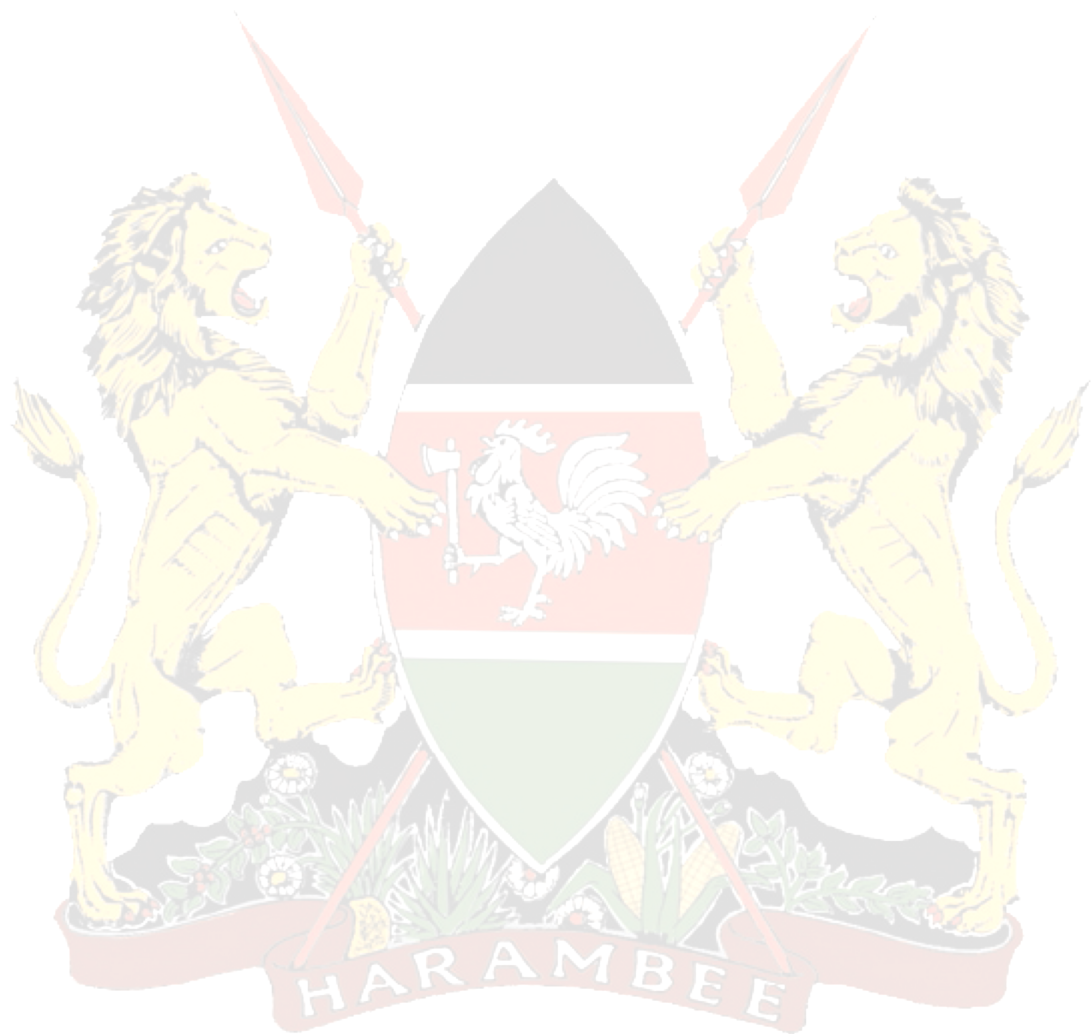
- i. Align to the provisions of the Constitution of Kenya and other legislation;
- ii. Provide over-arching principles that should guide the determination of pay and benefits in the State Corporations Sector;
- iii. Engender productivity at both Agency and individual staff levels while providing an objective mechanism of evaluating performance, rewarding success and sanctioning poor performance;
- iv. Classify State Corporations based on their core business and predictable performance parameters; and
- v. Ensure effective and efficient management of State Corporations.

The revised guidelines do not replace MWONGOZO; The Code of Governance for State Corporations. They seek to augment its provisions and ensure that the lessons learnt in the course of implementation are infused into the management of the sector. The reform ideas introduced in the new guidelines also take into account inputs from serving Boards of Directors and Chief Executive Officers, who through a consultative process proposed and recommended some of the provisions contained herein.

On behalf of Government, I urge all Actors within our State Corporations to strictly adhere to and play within the provisions contained in these Guidelines which now supersede any previous guidelines or policies on the provisions herein. Always remember that it is never injurious to delay action while seeking clarification.



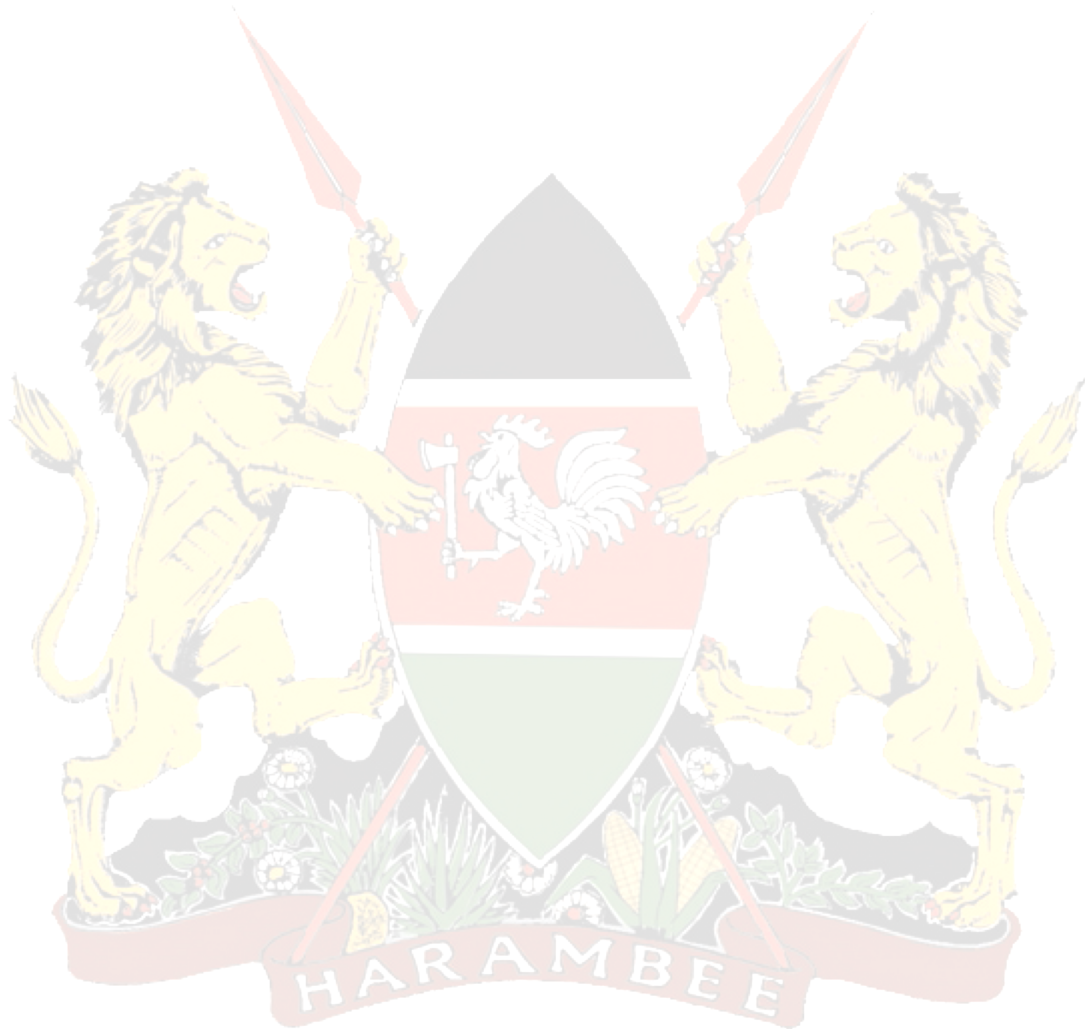
Felix Koskei, E.G.H.,
CHIEF OF STAFF AND HEAD OF THE PUBLIC SERVICE



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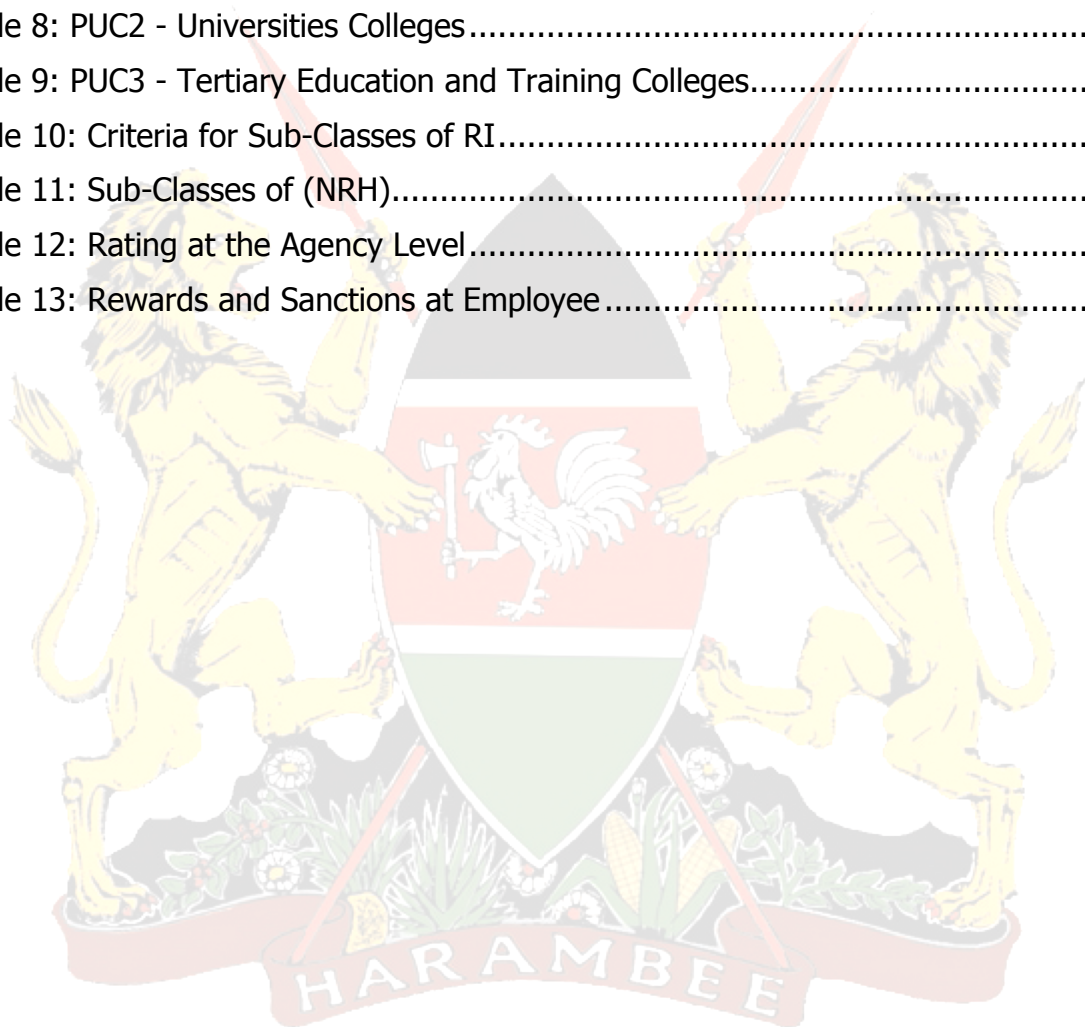
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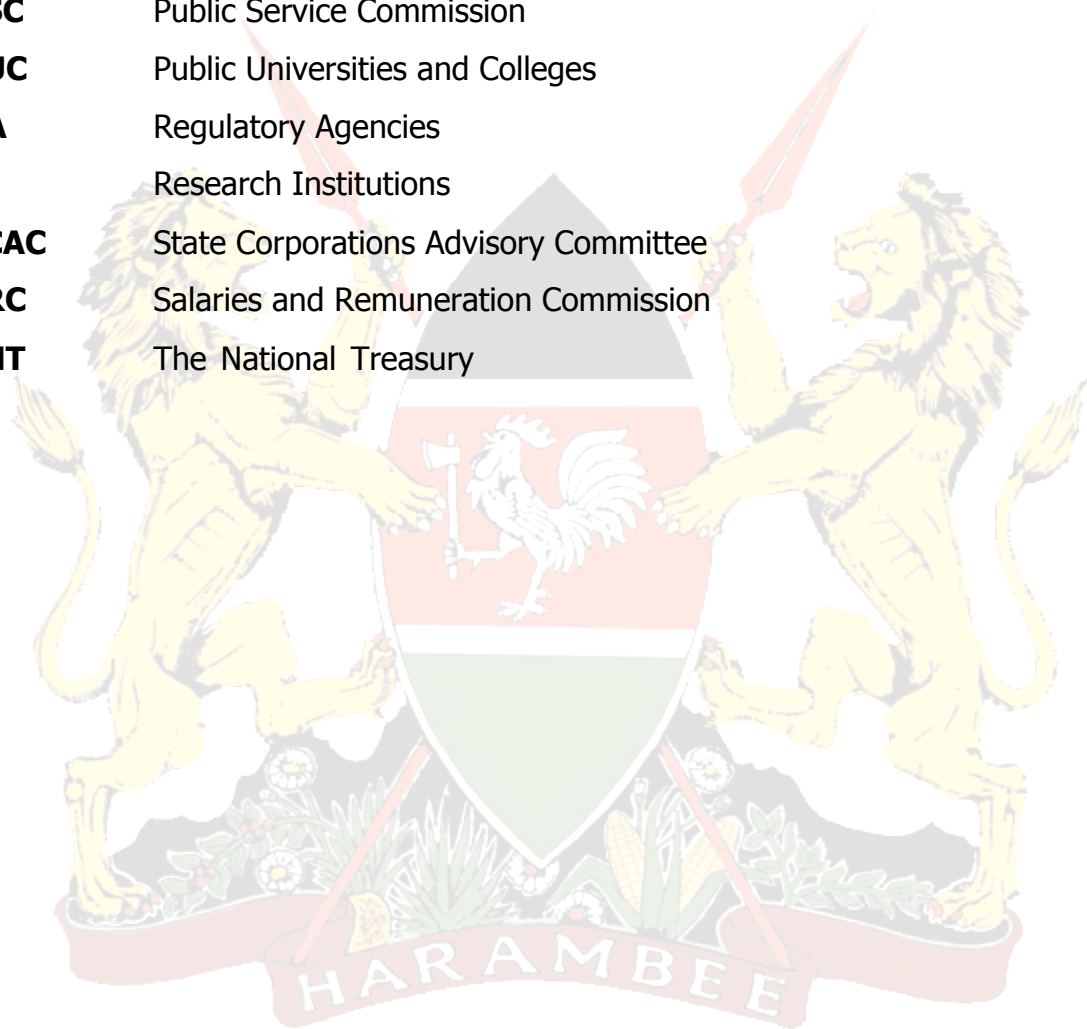
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ACRONYMS AND ABBREVIATIONS

CBA	Collective Bargaining Agreement
CEO	Chief Executive Officer
EA	Executive Agencies
CSHOPS	Chief of Staff and Head of Public Service
NRH	National Referral Hospitals
GOE	Government Owned Enterprises
PSC	Public Service Commission
PUC	Public Universities and Colleges
RA	Regulatory Agencies
RI	Research Institutions
SCAC	State Corporations Advisory Committee
SRC	Salaries and Remuneration Commission
TNT	The National Treasury



1.0 INTRODUCTION

1.1 Background

State Corporations are legal entities established to undertake specific developmental and strategic programmes for the Government. The corporations are operationally autonomous and may be partially or fully funded by the Government. Others are financially independent on account of revenue generated from commercial activities, levies, fees, commissions, and other sources.

Section 2 of the State Corporations Act (Cap. 446) defines a State Corporation as:

- (a) A state corporation established under section 3 of the Act;
- (b) A body corporate established before or after the commencement of the Act by or under an Act of Parliament or other written law but not –
 - (i) The Cabinet Secretary to the National Treasury incorporated under the Cabinet Secretary to the Treasury (Incorporation) Act (Cap. 101);
 - (ii) A Co-operative Society established under the Co-operative Societies Act (Cap. 160);
 - (iii) A building society established in accordance with the Building Societies Act (Cap. 489);
 - (iv) A company incorporated under the Companies Act which is not wholly owned or controlled by the Government or by a State Corporation;
 - (v) The Central Bank of Kenya established under the Central Bank of Kenya Act;
- (c) A bank or a financial institution licensed under the Banking Act or other company incorporated under the Companies Act, the whole or the controlling majority of the shares or stock of which is owned by the Government or by another state corporation; and
- (d) A subsidiary of a State Corporation.

State Corporations operate within the provisions of the Constitution of Kenya and existing laws with regard to governance and management. The Constitution of Kenya, other relevant laws and Government policy directives provide the institutional framework for the determination of terms and conditions of service for public officers in the Corporations.

In spite of their establishment model and distinct status, State Corporations operate within a market framework but remain tethered to their respective ministerial policy ideals, and strategic direction within a whole of Government framework.

1.2 Situational Analysis

In 2004, the Government issued Guidelines on Terms and Conditions of Service for Chairmen, Members of the Board, Chief Executive Officers and Unionizable staff of State Corporations. While the Guidelines have served the intended purpose, there have been new developments and challenges that have necessitated review of the Guidelines, taking into account the Constitution of Kenya, enabling legislation and other policy considerations.

The 2004 Guidelines were issued under the institutional framework provided by the State Corporations Act, (Cap. 446) enacted in 1986. The Guidelines clustered State

Corporations into eight (8) broad categories based on mandate and core functions. These formed the basis for remuneration and other terms and conditions of service.

The eight categories are presented in the table below:

Table 1: Categorization of State Corporations

Category	Cluster
1	Tertiary Education/Training
2	Regional Development Authorities
3	Service
4	Training and Research
5	Public Universities
6	Regulatory
7	Commercial/Manufacturing
8	Financial

The rollout of the 2004 guidelines was followed by the introduction of performance contracting as a management accountability framework with a view to improve service delivery. The Government issued Legal Notice No. 93 of 2004, cited as State Corporations (Performance Contracting) Regulations, 2004, to entrench performance contracting practices in law.

The Ministry of State responsible for Public Service, the State Corporations Advisory Committee (SCAC) and the Salaries and Remuneration Commission (SRC) are key players in determination of terms and conditions of service for State Corporations. The dual role creates a new institutional framework to guide the framework of Terms and Conditions for State Corporations.

Mwongozo: The Code of Governance for State Corporations, continues to serve as a key policy instrument for the management of State Corporations. It serves as a critical building block in entrenching principles and values of public service and best practice in corporate governance.

Mwongozo lays emphasis on transparency and disclosure, accountability, risk management, internal controls, ethical leadership and good corporate citizenship, in addition to the principles enshrined in Articles 10 and 232 of the Constitution of Kenya.

1.3 Rationale

The last comprehensive review of the terms and conditions of service for State Corporations was undertaken in 2004. The business, legal, political and social environment in which State Corporations operate has changed significantly. State Corporations are now operating in a highly globalized and interdependent environment. Corporate Governance standards have also transformed over the years, driven by the need to entrench values of transparency and accountability. These Guidelines are therefore intended to address emerging issues, and adopt best practices in the governance and management of state-owned enterprises. The guidelines further seek to align the framework for determination of terms and conditions of service to the Constitution of Kenya and relevant laws so as to facilitate and enhance capacity of state corporations to drive the country's transformation and development.

The State Corporations (Performance Contracting) Regulations, 2004, acknowledge the importance of rewards and sanctions for directors and employees. This however,

has not worked well since criteria for determination of rewards and sanctions was not fully developed. Consequently, a system that does not systematically acknowledge and reward exceptional performance and tends to entrench poor accountability for results evolved. This framework is therefore intended to bridge the gap between performance and rewards.

1.4 Objectives of the Guidelines

The objectives of the Guidelines are to:

- i. Align the procedure for determination of terms and conditions of service for State Corporations to the provisions of the Constitution of Kenya and other relevant laws;
- ii. Create consistency and uniformity in development and review of terms and conditions of service;
- iii. Provide a framework for determining terms and conditions of service that promote efficient, effective and prudent use of public resources, fiscal sustainability, and performance of State Corporations;
- iv. Provide a framework and criteria for classification;
- v. Create a framework for determination of pay and benefits in the State Corporations sector upon the advice of SRC; and
- vi. Provide a general framework for the management and operations of State Corporations.

1.5 Scope of application

The Guidelines are applicable to all State Corporations and shall apply in the determination and application of terms and conditions of service for:

- (i) Chancellors, Vice-Chancellors and University Councils of Public Universities;
- (ii) Board Chairpersons;
- (iii) Board members;
- (iv) Chief Executive Officers; and
- (v) Staff of State Corporations.

1.6 Legal basis

The Guidelines are issued in terms of sections 5(3) and 7(1) of the State Corporations Act. (Cap. 446) and in accordance with the Constitution of Kenya. The Guidelines also take into account provisions of the legislation establishing the respective entities and any Regulations thereof.

1.7 Stakeholder Engagement

The preparation of the guidelines took into account the input obtained from the Office of the Attorney-General, the National Treasury, Ministry of State responsible for Public service, Salaries and Remuneration Commission, Public Service Commission, Government Ministries, State Corporations and the general public.

2.0 LEGAL AND INSTITUTIONAL FRAMEWORK RELATING TO TERMS AND CONDITIONS OF SERVICE IN STATE CORPORATIONS

2.1 Executive Office of the President

The President is empowered under sections 3 and 27 of the State Corporations Act to establish and abolish state corporations; and under section 4 of the Act to assign ministerial responsibility for any state corporation to a Ministry. The President is also empowered, under section 6 to appoint Board chairpersons and to remove any Board Members in terms of section 7 of the Act on account of non-performance.

Section 5(3) of the State Corporations Act provides for the approval of terms and conditions of service for all staff of State Corporations by respective Cabinet Secretaries, in consultation with SCAC. However, where such terms and conditions of service transcend an individual State Corporation and assumes the collectivity of all State Corporations, then it behooves the Cabinet to grant an omnibus approval of the same, on the advice of the State Corporations Advisory Committee (SCAC) as required under section 27(1)(c) of the Act.

Section 10(1) and (2) of the State Corporations Act provides that, *"The chairman and members of a Board, other than the chief executive, shall be paid out of the funds of the state corporation such sitting allowances or other remuneration as the Board may, within the scales of remuneration specified from time to time by SCAC, approve. A Board may, within the scales specified SCAC, refund travelling and other expenses incurred by the chairman or members of the Board in the performance of their duties."* Accordingly, the responsibility for specifying or determining the scales of remuneration for Board members is vested in SCAC. The SCAC responsibility is however subject to the advice of the Salaries and Remuneration Commission (SRC) in accordance with Article 230(4)(b) of the Constitution which, in this respect, requires SRC to provide advice to the National Government on the remuneration and benefits of public officers who are not State Officers, while Article 230(5)(a) requires the Commission to ensure that the total public compensation bill is fiscally sustainable.

Issuance of the general terms and conditions of service for Board members and staff of State Corporations, once approved by Cabinet, is the prerogative of His Excellency the President in terms of Sections 7 (1) and (2) of the State Corporations which provides for issuance of directives of a general or specific nature to Boards of State Corporations and the requirement for the Boards to give effect to those directives.

The Chief of Staff and Head of the Public Service (CSHOPS) is responsible for ensuring execution of all Presidential orders and directives for the public service. CSHOPS will therefore take responsibility for guiding the process of implementing the new Guidelines, once issued by the President, and causing compliance through the oversight entities domiciled in the Office.

2.2 The National Treasury

Article 225 of the Constitution of Kenya provides for enactment of an Act of Parliament to provide for the establishment, functions and responsibilities of The National Treasury. This is given effect through sections 11 and 12 of the Public Finance Management Act (Cap. 412A).

Section 88(2) of the Act, provides that the Cabinet Secretary to The National Treasury shall analyze financial and other reports that are required to be prepared by a State Corporation under the State Corporations Act (Cap 446), or any other

relevant Act, report to the Cabinet on financial performance of those State Corporations and make recommendations to the Cabinet.

Under the State Corporations (Performance Contracting) Regulations, 2004, the Cabinet Secretary, National Treasury, in consultation with the State Corporations Advisory Committee (SCAC) approves incentives for Board members and employees of State Corporations whose performance achieves the agreed targets. In addition, the Cabinet Secretary to The National Treasury (Incorporation) Act (Cap. 101) provides for the National Treasury to exercise ownership and oversight role on State Corporations in respect to financial management, fiscal sustainability and any attendant fiscal risks.

The National Treasury has accordingly advised on affordability and fiscal sustainability of the terms and conditions of service recommended for State Corporations to the National Government and shall regularly review financial reports and performance of State Corporations and provide advice on necessary remedial measures, rewards and sanctions.

2.3 The responsible Cabinet Secretary

Article 132(3)(c) of the Constitution of Kenya, provides the President with the power to assign responsibility for the implementation and administration of any Act of Parliament to a Cabinet Secretary. Article 153 (2) of the Constitution of Kenya, provides that Cabinet Secretaries are accountable to the President for the exercise of their powers and performance of their functions. All State Corporations exercise functions that fall within the purview of the responsible Cabinet Secretary.

Additionally, Section 4 of the State Corporations Act (Cap 446), provides that the President shall assign ministerial responsibility for any State Corporation and matters relating thereto to the Cabinet Secretaries as the President may direct in writing. Section 5(3) of the Act provides for the approval of terms and conditions of service for staff of State Corporations by respective Cabinet Secretaries, in consultation with SCAC.

The Cabinet Secretary is also responsible for the appointment of Board members of State Corporations; approving borrowing of funds in consultation with the National Treasury; approving budget and proposals for funding of projects, with the concurrence of the National Treasury; approving disposal of assets with the concurrence of Treasury; entering into a Performance Contracts with the respective Boards; approving use of surplus moneys, in consultation with the Board and the National Treasury; approving pension schemes in consultation with the National Treasury and the State Corporations Advisory Committee among other functions.

In this regard, requests for advisory on suitability of Terms and Conditions of Service, classification or review as well as various broad management aspects of State Corporations will be considered and submitted to the State Corporations Advisory Committee and the National Treasury by the responsible Cabinet Secretary prior to determination.

2.4 The Principal Secretary

Article 155(2) of the Constitution of Kenya, provides for the administrative role of Principal Secretaries in the administration of the affairs of State Departments. The administrative function includes management of the finances allocated to the Ministry or State Department by virtue of appointment as Accounting Officer by the Cabinet Secretary to The National Treasury under section 67(1) of the Public

Finance Management Act (Cap. 412B).

Budgetary resources for State Corporations are approved under the Ministry. Under the provisions of section 68 (1) of the Public Finance Management Act, the Principal Secretary as an Accounting Officer for the Ministry or State Department has the responsibility to ensure the resources allocated are used in a way that is lawful, authorized, effective, efficient, economical and transparent.

Specified as a Board member under section 6(1)(c) of the State Corporations Act (Cap 446), and enabling instruments, the Principal Secretary is responsible within the Board for guiding: Board deliberations generally on Ministry policy as relates to the State Corporation; competitive hiring of the Chief Executive Officer and senior officers, and reviewing performance/discipline during annual evaluations; Approval of strategic plans, annual work plans, and procurement plans thus guiding on the projects/activities; Approval of budgets by ensuring allocations are aligned to the State Corporation/Ministry/Sector's priorities or critical projects; Board decisions/State Corporation operations so as to be in sync with legal, financial, audit and general requirements among other functions of the Board.

2.5 Office of Attorney-General

Established under Article 156 of the Constitution of Kenya. The Attorney-General is the Principal Legal Advisor to the Government and will be the source of official legal opinions whenever there is doubt as to the interpretation and/or application of the law. The Office of Attorney-General represents the National Government in court or in any other legal proceedings to which the National Government is a party, other than criminal proceedings. Under section 6 of the State Corporations Act (Cap 446), the Attorney-General also serves as a member of the Board in all State Corporations.

2.6 Salaries and Remuneration Commission

Article 230(4)(b) of the Constitution of Kenya provides that the Salaries and Remuneration Commission (SRC) shall provide advice to the National Government on the remuneration and benefits of public officers who are not State Officers while, Article 230(5)(a) requires the Commission to ensure that the total public compensation bill is fiscally sustainable.

Accordingly, the issuance and review of these guidelines shall be synchronized to the SRC remuneration review cycle to ensure that each classification or banding of state corporations actually receives the advice of SRC on the appropriate corresponding salary structure.

2.7 Cabinet Secretary responsible for Public Service

Article 234(2)(g) of the Constitution of Kenya requires the Public Service Commission (PSC) to "review and make recommendations to the national government in respect of conditions of service, code of conduct and qualifications of officers in the public service". Section 53(2) of the Public Service Commission Act (Cap. 185) obligates the Commission to make any such recommendations regarding conditions of service to the Cabinet Secretary for the time being responsible for Public Service.

It is therefore expected that arising from any such PSC recommendations and any other considerations, the Cabinet Secretary responsible for Public Service will seek Cabinet approval and thereafter issue general Government policy guidelines or

directives relating to conditions of service e.g. retirement age policy for Public Servants. It will then be incumbent upon State Corporations to align their respective Human Resource Policies to such a Government policy as may be issued by the Cabinet Secretary responsible for Public Service.

2.8 State Corporations Advisory Committee (SCAC)

The State Corporations Advisory Committee is established under section 26 of the State Corporations Act (Cap 446), with the mandate under section 27 to review and investigate the affairs of state corporations and make such recommendations to the President as it may deem necessary; In consultation with the Attorney-General and the Treasury, to advise the President on the establishment, reorganization or dissolution of State Corporations; Where necessary, to advise on the appointment, removal or transfer of officers and staff of State Corporations, the secondment of public officers to State Corporations and the terms and conditions of any appointment, removal, transfer or secondment; Examine any management or consultancy agreement made or proposed to be made by a State Corporation with any other party or person and advise thereon; and Examine proposals by State Corporations to acquire interests in any business or to enter into joint ventures with other bodies or persons or to undertake new business or otherwise expand the scope of the activities and advise thereon.

Under various other Sections of the Act, SCAC is required to advise: The President on removal of a Board or any member of a Board of a State Corporation; including revocation of appointments, nomination of new members of the Board, or constitution of a new board (section 7(3)); The National Treasury on setting rules for the acquisition and disposal of assets (section 13(2)); The relevant Cabinet Secretary on terms and conditions of service for the CEO and staff of respective State Corporations; Establishment of pension, gratuity superannuation, provident or other funds for the State Corporations employees and their dependents; Appointment of alternate members to the Boards; Approval of meeting venues other than the registered office; and Establishment of committees of the board.

Under the State Corporations (Performance Contracting) Regulations, 2004, The Cabinet Secretary, National Treasury in consultation with SCAC is to approve incentives for Board members and employees of State Corporations whose performance achieves the agreed targets and develop guidelines on sanctions against Board members and employees of State Corporations whose performance is below the agreed targets.

Under the Code of Governance for State Corporations (Mwongozo) SCAC is required to initiate development of guidelines on Board induction, Terms and Conditions of service for Chairpersons, Board members and staff, Board evaluation, Governance audit, Performance Management, and any incentives and rewards for Board Members. SCAC is also expected to initiate development of any policies, regulations, standards and such other guidance for the effective implementation of the Code; and to require evidence on compliance with the Code and determine and enforce any desirable sanctions for breach of the Code.

Sections 5(3) and 27(1)(c) of the State Corporations Act (Cap 446). require SCAC to advise on terms and conditions of service for staff of State Corporations. Section 10

of the Act further requires the Committee to provide guidelines (scales) for terms and conditions of service for Board Chairpersons and Members of State Corporations.

Accordingly, SCAC takes responsibility for the development and review of the Guidelines on terms and conditions of service as well as general advisory services on the management and governance of State Corporations.

2.9 Inspector General (Corporations)

The Office of the Inspector-General (Corporations) is established under section 18 of the State Corporations Act (Cap 446) with a mandate of advising the Government on all matters affecting the effective running of State Corporations; reporting periodically to the Cabinet Secretaries on management practices in State Corporations and reporting to the Auditor General cases where moneys have been misappropriated. The Inspector-General is further empowered under section 19 of the Act to surcharge persons responsible for causing loss of funds in State Corporations and restituting the lost funds to State Corporations.

Under Legal Notice No. 93, State Corporations Act (Performance Contracting) Regulations, 2004, the Inspector-General Corporation's mandate is expanded to include:

- i) Evaluating actual results of operations and management by State Corporations on the basis of the agreed performance targets.
- ii) Determining methods for evaluating performance in State Corporations on the basis of specified and agreed targets.
- iii) Developing performance evaluation criteria.
- iv) Advising on the administration of performance contracts. This function is undertaken in tandem with the Public Service Performance Management Unit.

The Inspector-General (Corporations) shall, in this regard, monitor and enforce compliance with the Guidelines.

2.10 State Corporations Appeals Tribunal

Section 22(1) of the State Corporations Act (Cap 446) establishes the State Corporations Appeals Tribunal (SCAT) whose purpose is to hear the appeals of those aggrieved by the decision of the Inspector-General (Corporations) to surcharge them for losses attributed to their acts of commission or omission and or negligence in the management of State Corporations.

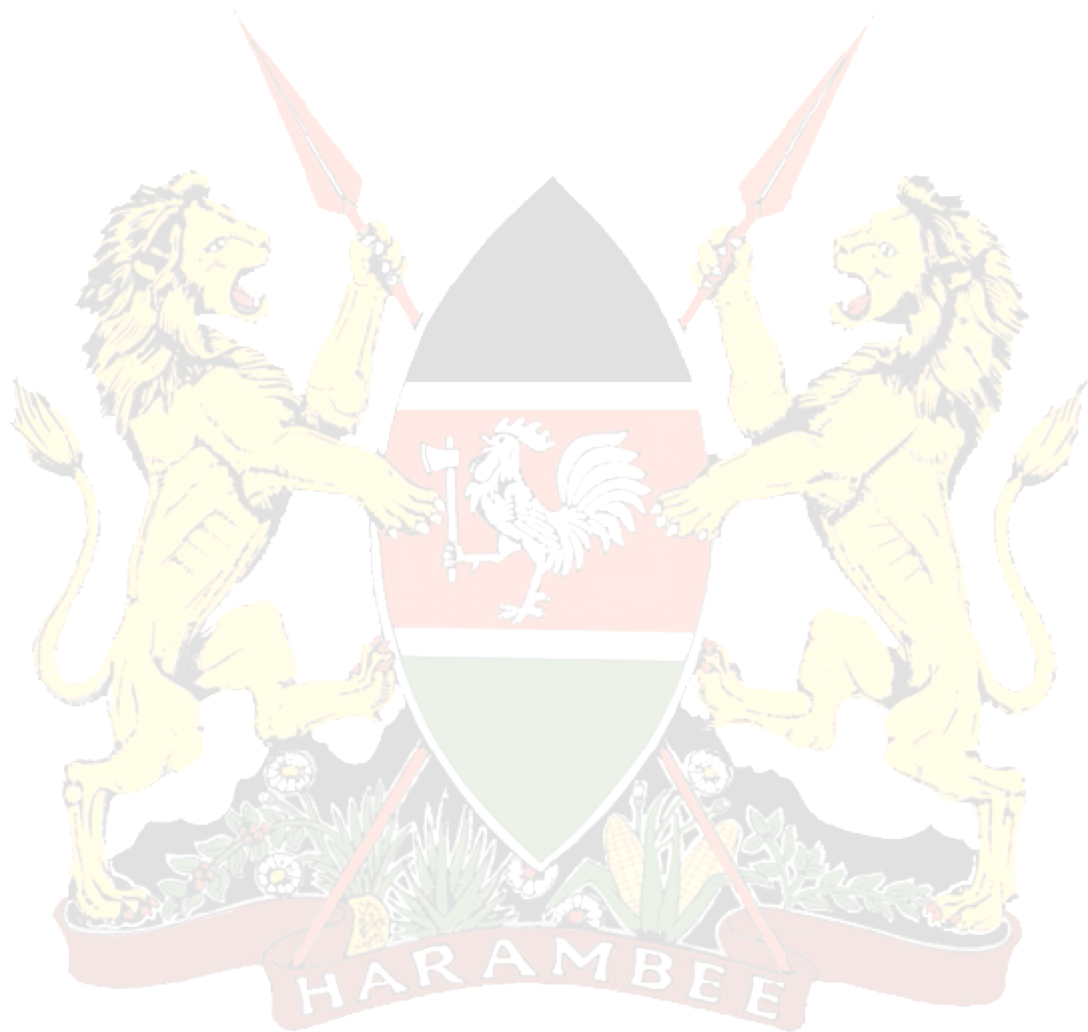
2.11 Auditor-General

The Auditor-General is established under Article 229 of the Constitution of Kenya, and the Public Audit Act (Cap. 412B). The office is responsible for the statutory audit of annual accounts of State Corporations. Thereafter the Auditor-General submits the audit reports to the Public Investments Committee (PIC)/National Assembly.

The Chief Executive Officer of a State Corporation may appear before the PIC on

behalf of the Board to give evidence on the Auditor-General's report. The PIC submits its report with recommendations to the National Assembly for consideration and direction.

The Auditor General shall, in this regard, monitor and report on compliance with the Guidelines.



3.0 ESTABLISHMENT, OPERATIONALIZATION AND DISSOLUTION

3.1 General Overview

State Corporations are conventionally established within the framework provided under the State Corporations Act (Cap 446), the Public Finance Management Act (Cap. 412A) or other enabling legislation.

3.2 Criteria for establishing State Corporations

As stipulated in section 86 of the Public Finance Management Act, a State Corporation may be established only with the prior approval of the Cabinet, and upon the concurrence of the State Corporations Advisory Committee and the Office of the Attorney-General in line with section 27(1)(b) of the State Corporations Act (Cap 446).

In order to establish a State Corporation or a subsidiary of a state corporation, the responsible Cabinet Secretary shall submit a written business case to the State Corporations Advisory Committee and to the National Treasury, with detailed justification for establishing the state corporation or the subsidiary.

In the case of legislation establishing a State Corporation, the Attorney-General shall request Parliament to facilitate provision of the necessary justification to the National Treasury, for review prior to enactment. Bills for establishment of State Corporations are money bills by nature of their impact on public funds, appropriation, receipt, custody, investment or issue of public money. They will require approval from the National Treasury.

The business case shall be informed by a feasibility assessment of the proposed State Corporation or the subsidiary for the purpose of ascertaining—

- (i) the economic and financial viability of establishing the state corporation;
- (ii) whether the proposed activity cannot be conducted through an existing corporation or the parent ministry department;
- (iii) whether or not there is need to establish a new corporation;
- (iv) the functions and objective that its establishment is supposed to attain;
- (v) how the activities of the proposed corporation will fit in the department's legislative mandate and medium-term strategy, and aid the realization of the objectives of the programmes associated with that department;
- (vi) how it shall impact the fiscal position of the government;
- (vii) the amount of government share;
- (viii) the proximate corporations or government agencies which the state corporation is expected to collaborate with in order to achieve its mandate; and
- (ix) any possible overlaps in jurisdiction and mandate that may exist.

Upon concurrence of the State Corporations Advisory Committee and the National Treasury on the feasibility and viability assessment conducted under sub-paragraph (b), the same shall be submitted to the Cabinet/relevant parliamentary committee for approval.

Upon approval of the business case by the Cabinet/or upon enactment thereof, the establishment processes outlined hereunder shall be undertaken by the relevant department to allow it perform the functions stipulated in the instruments for incorporation. The procedure for operationalization shall vary based on the three scenarios outlined below:

i. State Corporations transiting from existing MDAs (without legal transition of staff)

There are instances where State Corporations are established to assume a mandate and function previously performed by one or more MDAs. When such State Corporations are established and the law fails to transit the staff of former institutions, the following procedures shall be observed, unless otherwise specified by law:

- a. The Staff who previously served in the MDAs, earlier performing the functions, shall be deployed (on need basis) by the Parent Ministry to the new State Corporation for a period not exceeding six (6) months.
- b. The Board of the new State Corporation shall undertake to develop the necessary Human Resource Instruments and obtain their feedback from SCAC within three months of establishment. In submitting the instruments for approval, State Corporations shall provide relevant documentation including (where applicable) staff complements; personnel emolument budgets for the year; financial statement for the last year (audited or draft); payrolls for the year, and the payroll byproduct.
- c. Upon approval of the Human Resource instruments, the Board of the new State Corporation shall within six months identify and competitively recruit suitable deployed staff to fill vacancies in the establishment and also fill other prioritized vacancies from the open labor market
- d. Any deployed staff not absorbed by the Board shall be released to report back to the mother MDA after the six (6) month window.
- e. Absorbed Staff shall be presumed as seconded and later transfer their services to the new State Corporation once it is declared a Public service for purposes of pension.

ii. State Corporations transiting from existing MDAs (with legal transition of staff)

When State Corporations are established and the law transits the staff of former institutions, the following procedures shall be observed, unless otherwise specified by law:

- a. The Staff who previously served in the MDAs, earlier performing the functions, shall be wholly transited and retain their current Grades, designations and remuneration as existed in the former institution.
- b. The Board of the new state corporation shall undertake to develop the necessary Human Resource Instruments and obtain their approval from SCAC within six months of establishment. In submitting the instruments for approval, State Corporations shall provide relevant documentation including (where applicable): staff complements;

personnel emolument budgets for the year; financial statement for the last year (audited or draft); payrolls for the year, and the payroll byproduct.

- c. Upon approval of the Human Resource instruments, the Board of the new State Corporation shall within one month develop transition guidelines, in consultation with SCAC, based on prevailing peculiarities.
- d. The Board shall transition the staff to the new SCAC approved establishment within one month of approval of the transition guidelines.
- e. The transitioned Staff shall be presumed as seconded and later transfer their services to the new State Corporation once it is declared a Public Service for purposes of pension.
- f. The Terms and conditions of Service for transited staff shall not be varied to their disadvantage.

iii. State Corporations with new mandates

There will be scenarios where State Corporations are established with mandates that have not previously existed. When such State Corporations are established, the following procedures shall be observed, unless otherwise specified by law:

- a. The Parent Ministry shall deploy initial key staff, on a need basis, to the new State Corporation for a period not exceeding six (6) months.
- b. The Board of the new State Corporation shall, with the assistance of the deployed staff, undertake to develop the necessary Human Resource Instruments and obtain their approval from SCAC within three months of establishment. In submitting the instruments for approval, State Corporations shall provide relevant documentation including: staff complements; personnel emolument budgets for the year; financial statement for the last year (audited or draft); payrolls for the year, and the payroll byproduct (where applicable).
- c. Upon approval of the Human Resource instruments, the Board of the new State Corporation shall within six months advertise and fill prioritized vacancies from the open labor market.
- d. All deployed staff shall be released to report back to the mother MDA after the six (6) month window and any of those who may have been appointed to fill any vacancies shall be presumed as seconded and later transfer their services to the new State Corporation once it is declared a Public service for purposes of pension.
- e. The Terms and conditions of Service for transited staff shall not be varied to their disadvantage.

iv. Subsidiary Companies

- a. Any investment by a state corporation is an investment of the National Treasury, being the residual owner in line with the Cabinet Secretary to the Treasury (Incorporation) Act (Cap. 101) and the Public Finance Management Act (Cap. 412A). This would include investments in subsidiary companies established by state corporations.

- b. Consequently, the procedure for establishment is as stipulated in 3.2. Upon receipt of concurrence of the National Treasury on the feasibility and viability of the subsidiary company, and with the approval of the Cabinet, a State Corporation will submit the final version of incorporation instruments for its subsidiary company to the State Corporations Advisory Committee for approval. The Committee shall secure comments from the Attorney-General and National Treasury on the same, including the shareholder framework to be adopted, prior to issuing concurrence.
- c. The composition of Boards of Directors of subsidiaries, should follow the principles of Mwongozo to include skills necessary to deliver the core mandate, and shall include the Principal Secretary to the National Treasury, Principal Secretary of the parent Ministry, and the Attorney-General as anticipated in section 6 the State Corporations Act (Cap 446). Chairpersons of the state corporations shall not sit in the subsidiary boards. The subsidiary entity shall be categorized in accordance with the procedure stipulated in these guidelines.
- d. Subsidiary Companies shall follow the principles of Mwongozo, including provisions relating to the competitive recruitment of Chief Executive Officers, term limits, and all other guidelines as contained herein, or as issued from Government from time to time. Each subsidiary company shall prepare its final accounts distinctly, with the holding company preparing consolidated accounts.

v. Dissolution of State Corporations

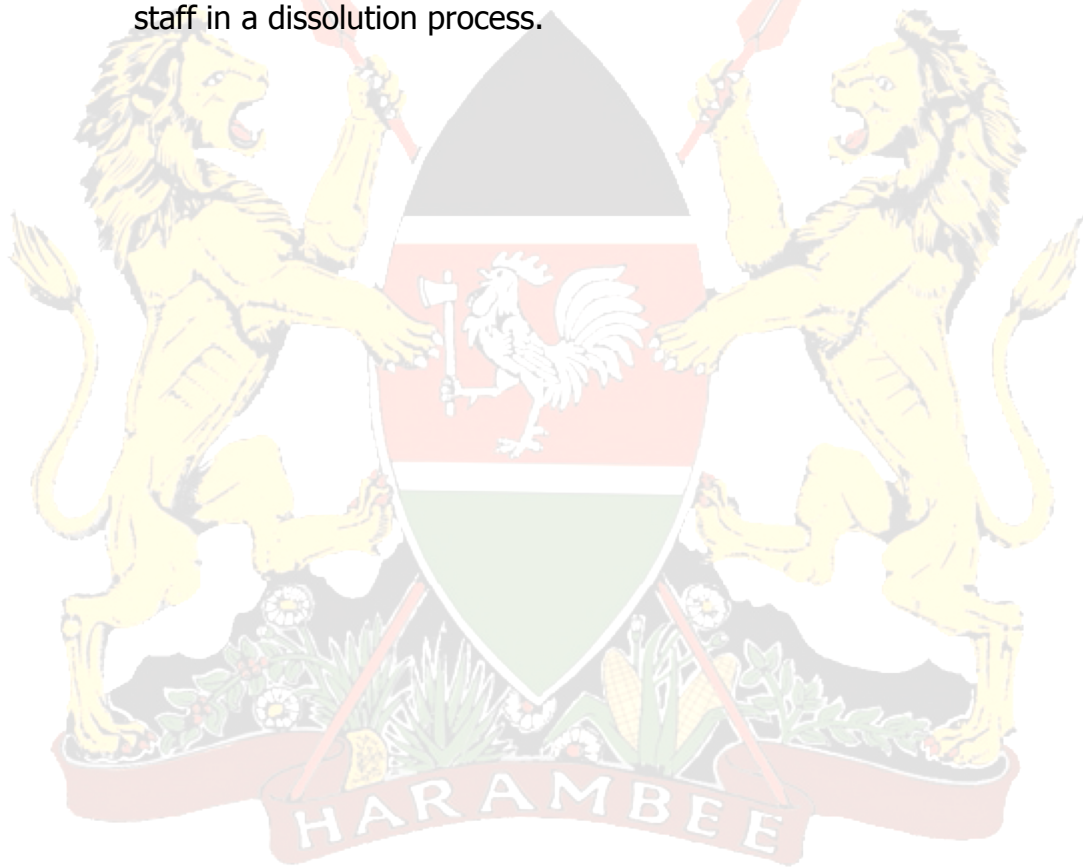
The National Development agenda is not static, and as such, state corporation roles and necessities should be expected to change in tandem. It is good practice to review state owned enterprise rationales at regular intervals.

Consequently, and as stipulated in the Public Finance Management Act (Cap. 412A) a state corporation may be dissolved:

- a. (a) upon expiry of the lifespan of the state corporation as may be defined in the instrument of establishment; where a state corporation has carried out the mandate for which it was created; upon reorganization of the corporation and associated government functions, and upon a merger of the corporation with another.
- b. A State Corporation will only be dissolved with the prior approval of the Cabinet, and as advised by the State Corporations Advisory Committee in line with section 27(1)(b) of the State Corporations Act (Cap 446) the Public Finance Management Act (Cap. 412A), the parent Act, and the Memorandum & Articles of Association.
- c. The responsible accounting officer shall implement the cabinet decision.
- d. Upon approval by Cabinet of the recommendations to dissolve or

merge State Corporations, the State Corporations Advisory Committee and the Cabinet Secretary National Treasury, shall cause the dissolution or merger of the Corporation with another.

- e. Upon dissolution of a State Corporation, the funds corresponding to government equity in the corporation shall be deposited into the Consolidated Fund. All the assets and liabilities of the dissolved state corporation shall be vested to the responsible national government entity or as may be directed by the Cabinet Secretary, National Treasury.
- f. The framework of the Tripartite Committee on Restructuring of State Corporations (The Principal Secretaries of both the National Treasury and the State Department for Public Service; and the Inspector-General Corporations) shall be adopted in managing the transition of staff in a dissolution process.



4.0 CLASSIFICATION OF STATE CORPORATIONS

4.1 Rationale for Classification

The Guidelines provide criteria for classification of State Corporations for purposes of determining remuneration of the Board of Directors, Chief Executive Officers and Staff of State Corporations.

The classification framework is premised on functions as derived from the core mandates of the State Corporations and takes into consideration the recommendations of the Presidential Taskforce on Parastatals Reforms of October, 2013.

The purpose of the classification is to:

- i. Promote fairness and equity in remuneration in State Corporations to ensure transparency in determining terms and conditions of service based on skills, expertise, knowledge and competence required by respective entities for the job;
- ii. Promote efficiency in use of entities' resources to ensure affordability and sustainability of personnel costs;
- iii. Facilitate efficient and effective management and administration of State Corporations;
- iv. Provide a basis for resource mobilization and allocation; and
- v. Provide transparency and predictability in the classification of State Corporations.

4.2 Principles for Classification

Whenever there is need for classification of new entities or re- classification, the following principles shall apply:

- i. Rationale for establishment and core mandate of the institution;
- ii. Complexity with respect to mandate and required skill sets
- iii. Impact on socio-economic development of the country;
- iv. Strategic objective of the institution as defined by government from time to time;
- v. Scale of operations;
- vi. Affordability and fiscal sustainability;
- vii. Performance with respect to governance, financial, execution of mandate based on set performance targets; and
- viii. Similarity of mandate to Ministerial functions.

4.3 Functional Classification of State Corporations

Based on the principles for classification, and guided by the Report of the Presidential Taskforce on Parastatals Reforms, State Corporations are categorized as follows:

- i. Government Owned Enterprises;
- ii. Regulatory Agencies;
- iii. Executive Agencies;
- iv. Public Universities and Colleges;
- v. Research Institutions; and
- vi. National Referral Hospitals.

State Corporations are further sub-categorized using the above principles.

a) Government Owned Enterprises (GOE)

Government Owned Enterprises are commercial entities with the following characteristics:

- (i) They operate on commercial basis in competition with other players in the industry in a profit driven market;
- (ii) They are self-financing;
- (iii) They undertake Government projects and/or programs that would ordinarily be the domain of private sector companies;
- (iv) They undertake strategic socio-economic functions as defined from time to time by the Government; and
- (v) They may be publicly listed.

Government Owned Enterprises are further sub-categorized into the following three (3) categories:

1) GOE1 -Listed Companies

These are State Corporations that are:

- (i) Incorporated under the Companies Act No. 17 of 2015;
- (ii) Listed in the stock exchange; and

The terms and conditions of State Corporations in this class shall be proposed by the Board of Directors and considered by the shareholders at the Annual General Meeting with the approval of the National Treasury prior to implementation. The request to the National Treasury shall be made through the parent Ministry.

State Corporations in this class are listed at [**Appendix II**](#)

2) GOE2 - Strategic Commercial Corporations

These are State Corporations that:

- (i) Have a strategic importance in national development but operate in a largely commercial environment;

- (ii) Are self-financing other than in circumstances where they are executing Government projects or programs, or producing goods or services deemed a public good;
- (iii) May be listed on the stock exchange.
- (iv) Often assigned implementation of government projects that are economically and socially desirable but may not be financially viable;
- (v) Are amenable to private partnerships through joint ventures;
- (vi) May have private share capital and may be listed on the stock exchange; and
- (vii) Are defined as strategic commercial entities by government.

The strategic commercial corporations are further sub-classified as follows:

Table 2: Criteria for Sub- categories of GOE2

	GOE2 (A)	GOE2 (B)	GOE2 (C)
(i)	Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package
(ii)	Large scale of operations	Medium scale of operations	Small scale of operations
(iii)	High impact on socio-economic development	Moderate impact on socio-economic development	Low impact on socio-economic development
(iv)	Consistent Profit making over a period of three (3) years	Have been able to break-even over a period of at least three (3) years	Loss making over a period of three (3) years
(v)	Consistent excellent or very good performance over a period of three (3) years in line with the performance contracting and other pre-determined targets	Consistent good performance over a period of three (3) years in line with the performance contracting and other pre-determined targets	Consistent fair or poor performance over a period of three (3) years in line with the performance contracting and other pre-determined targets

(vi)	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements
(vii)	Have a specialized strategic objective as defined by the government from time to time		Receive budgetary support
(viii)			Any new strategic commercial entity established

State Corporations under this sub-class are listed at [Appendix II](#)

3) GOE3 – Commercial Corporations

These are State Corporations that:

- (i) Operate on commercial basis in competition with other players in the industry in a profit driven market;
- (ii) Are self-financing;
- (iii) Are not listed in the stock exchange; and
- (iv) Are not classified as strategic commercial entities.

The Commercial Corporations are further sub-classified as follows:

Table 3: Criteria for Sub-category of GOE3

	GOE3 (A)	GOE3 (B)	GOE3 (C)
(i)	Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package
(ii)	Large scale of operations	Medium scale of operations	Small scale of operations
(iii)	High impact on socio-economic development	Moderate impact on socio-economic development	Low impact on socio-economic development
(iv)	Consistent Profit making over a period of three (3) years	Have been able to break-even over a period of at least three (3) years	Loss making over a period of three (3) years

(v)	Consistent excellent or very good performance over a period of three (3) years in line with performance contracting and other pre-determined targets	Consistent good performance over a period of three (3) years in line with performance contracting and other pre-determined targets	Consistent fair or poor performance over a period of three (3) years in line with performance contracting and other pre-determined targets
(vi)	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements
(vii)	Have a specialized strategic objective as defined by the government from time		Receive budgetary support
viii)			Any new strategic commercial entity established

State Corporations under this sub-category are listed at [Appendix II](#)

b) Regulatory Agencies (RA)

- (i) These are State Corporations whose functions as specified in their enabling instruments are regulatory in nature. They are functionally independent but accountable to the parent ministry for regulating designated industry or sector;
- (ii) Operations of these institutions are not profit driven; and
- (iii) The entities may be funded through levies on industry players or sector regulated and approved by the responsible Cabinet Secretary and The National Treasury.

The Regulatory Agencies are further sub-categorized as follows:

Table 4: Criteria for Sub-categories of RA

	RA (A)	RA (B)	RA (C)
(i)	Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package
(ii)	Highly complex industry/sector regulated and skills/expertise	Moderate complexity of the industry/sector regulated and skills/expertise	Low complexity of the industry/sector regulated and skills/expertise

	requirement	requirement	requirement
(iii)	Large scale of operations	Medium scale of operations	Small scale of operations
(iv)	High impact on socio-economic development	Moderate impact on socio-economic development	Low impact on socio-economic development
(v)	Consistent excellent or very good performance over a period of three (3) years in line with performance contracting and other pre-determined targets	Consistent good performance over a period of three (3) years in line with performance contracting and other pre-determined targets	Consistent fair or poor performance over a period of three (3) years in line with performance contracting and other pre-determined targets
(vi)	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements
(vii)	Have been prescribed a specialized strategic objective as defined by the government from time		New Regulatory Agency established
(viii)	Requires unique skills set to fulfill the mandate		

State Corporations under this sub-class are listed at [Appendix III](#)

c) Executive Agencies (EA)

1. This class comprises State Corporations whose mandate is to facilitate effective and efficient delivery of Government services and programs in line with national development agenda and the parent Ministry's objectives but are functionally independent; and
2. They are publicly funded and provide services and implement programmes/projects on behalf of the Government. They may offer the services at a nominal fee or on a cost recovery basis.

The Executive Agencies are further sub-classified as follows:

Table 5: Criteria for Sub-categories of EA

	EA (A)	EA (B)	EA (C)	EA (D)
(i)	Affordability and fiscal sustainability of the designated remuneration package to the National exchequer	Affordability and fiscal sustainability of the designated remuneration package to the National exchequer	Affordability and fiscal sustainability of the designated remuneration package to the National exchequer	Affordability and fiscal sustainability of the designated remuneration package to the National exchequer
(ii)	Consistent excellent performance over a period of three (3) years in line with performance contracting and other pre-determined targets	Consistent very good performance over a period of three (3) years in line with performance contracting and other pre-determined targets	Consistent good performance over a period of three (3) years in line with performance contracting and other pre-determined targets	Consistent fair or poor performance over a period of three (3) years in line with performance contracting and other pre-determined targets
(iii)	Mandate is significant and critical to the socio-economic development of the country	Mandate has significant contribution to socio-economic development of the country	Mandate has moderate contribution to socio-economic development of the country	Mandate has low contribution to socio-economic development of the country
(iv)	Large scale of operations	Medium scale of operations	Small scale of operations	Large scale of operations
(v)	Functions are efficiently and effectively undertaken independently of the parent ministry	Functions are efficiently and effectively undertaken independently of the parent ministry	Functions may be undertaken efficiently and effectively by the parent ministry	Functions can be undertaken efficiently and effectively by the parent ministry
(vi)	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements

(vii)	Have been prescribed a specialized strategic objective as defined by the government from time			Agency was an existing department of a Ministry
(viii)				Performing policy related functions as a core mandate
(ix)				Undertaking citizen registration services, security related functions, public legal functions as a core mandate

State Corporations under this sub-class are listed at [Appendix I](#)

d) Public Universities and Colleges (PUC)

These will include Public Universities, Public University Colleges and Public incorporated Tertiary Training Institutions/Colleges operating under their enabling legal instruments to provide university and tertiary education/training and undertake research. They are funded through fees and subventions from the National Exchequer.

The Public Universities and Colleges (PUC) are further sub-classified into three (3) sub-categories:

- i. PUC1 - Chartered Public Universities;
- ii. PUC2 - Universities Colleges; and
- iii. PUC3 - Tertiary Education and Training Colleges.

Table 6: Sub- Categories of PUC

PUC (A)	PUC (B)	PUC (C)
Public Universities	University Colleges and post graduate training institutions	Tertiary Education and Training Colleges

Criteria for Sub-Classification of PUC:

Table 7: PUC1 - Chartered Public Universities

A	B	C
Consistent excellent performance over a period of three (3) years in line with the performance contracting process and other targets as set	Very good performance over a period of three (3) years in line with the performance contracting process and other targets as set	Consistent fair or poor performance over a period of three (3) years in line with the performance contracting process and other targets as set
Full compliant with all statutory, policy, regulatory and administrative requirements	Fairly compliant with some statutory, policy, regulatory and administrative requirements	Limited degree of compliance with some statutory, policy, regulatory and administrative requirements
Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package
Not less than ten (10) specialized and complex programmes	Not less than five (5) specialized and complex programmes	Less than five (5) specialized and complex programmes
Number of colleges	Number of colleges	Number of colleges
Student population	Student population	Student population
Quantum and variety of research funding	Quantum and variety of research funding	Quantum and variety of research funding
Impact of Research	Impact of Research	Impact of Research
Number of Professors in the University	Number of Professors in the University	Number of Professors in the University
Student completion rates	Student completion rates	Student completion rates
Number and variety of patents and innovations registered	Number and variety of patents and innovations registered	Number and variety of patents and innovations registered
Number of publications in peer reviewed journals	Number of publications in peer reviewed journals	Number of publications in peer reviewed journals

State Corporations under this sub-class are listed at **Appendix IV**. The terms and conditions as stipulated in Annex VII for this sub-class are subject to the application of differentiated unit costs as shall be determined by the University Funding Board.

Table 8: PUC2 - Universities Colleges

A	B	C
Consistent excellent or very good performance over a period of three (3) years in line with the performance contracting process and other targets as set	Consistent good performance over a period of three (3) years in line with the performance contracting process and other targets as set	Consistent fair or poor performance over a period of three (3) years in line with the performance contracting process and other targets as set
Full compliant with all statutory, policy, regulatory and administrative requirements	Fairly compliant with some statutory, policy, regulatory and administrative requirements	Limited degree of compliance with some statutory, policy, regulatory and administrative requirements
Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package
Highly skilled expertise required to fulfil mandate	Moderate skilled expertise required to fulfil mandate	

State Corporations under this sub-class are listed at [Appendix IV](#). The terms and conditions as stipulated in Annex VII for this sub-class are subject to the application of differentiated unit costs as shall be determined by the University Funding Board.

Table 9: PUC3 - Tertiary Education and Training Colleges

A	B
Consistent excellent or very good performance over a period of three (3) years in line with the performance contracting process and other targets as set	Consistent good performance over a period of three (3) years in line with the performance contracting process and other targets as set
Full compliant with all statutory, policy, regulatory and administrative requirements	Fairly compliant with some statutory, policy, regulatory and administrative requirements
Ability to sustainably pay the designated remuneration package	Ability to sustainably pay the designated remuneration package
Highly skilled expertise required to fulfil mandate	Moderate skilled expertise required to fulfil mandate

State Corporations under this sub-class are listed at [Appendix IV](#).

e) Research Institutions (RI)

1. Research Institutions are established by statute to undertake research in areas specified in their legal instruments; and
2. They are funded by the National Exchequer and any revenue realized from operations.

Table 10: Criteria for Sub-Classes of RI

	RI (A)	RI (B)	RI (C)
(i)	Affordability and fiscal sustainability of the designated remuneration package to the National Exchequer	Affordability and fiscal sustainability of the designated remuneration package to the National Exchequer	Affordability and fiscal sustainability of the designated remuneration package to the National Exchequer
(ii)	The research is critical to the socio-economic development of the country	The research has moderate contribution to socio-economic development of the country	The research has low contribution to socio-economic development of the country
(iii)	High complexity of research mandate and risks involved	Moderate complexity of research mandate and risks involved	Low complexity of research mandate and risks involved
(iv)	Highly skilled expertise required	Moderate skilled expertise required	Skilled expertise required
(v)	High diversity of research	Moderate diversity of research	Low diversity of research
(vi)	High impact of the research on socio-economic development	Moderate impact of the research on socio-economic development	Low impact of the research on socio-economic development
(vii)	Consistent excellent or very good performance over a period of three (3) years in line with performance contracting and other pre-determined targets	Consistent good performance over a period of three (3) years in line with performance contracting and other pre-determined targets	Consistent fair or poor performance over a period of three (3) years in line with performance contracting and other pre-determined targets
(viii)	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements
(ix)	Have been prescribed a specialized strategic objective as defined by the government from time		Any new research institution established

State Corporations under this sub-category are listed at [Appendix VI](#)

f) National Referral Hospitals (NRH)

These are public Hospitals established by legislation as Referral Hospitals. They may operate side by side with public universities as teaching hospitals. The National Referral Hospitals are further sub-classified into two (2) as follows:

- (i) National Referral and Teaching Hospitals (NRH (A))
- (ii) National Referral Hospitals (NRH (B))

Table 11: Sub-Classes of (NRH)

	NRH (A)	NRH (B)
(i)	Affordability and fiscal sustainability of the designated remuneration package to the National Exchequer	Affordability and fiscal sustainability of the designated remuneration package to the National Exchequer
(ii)	Teaching and referral hospital	Referral hospital
(iii)	Consistent excellent or very good performance over a period of three (3) years in line with performance contracting and other pre-determined targets	Consistent good or fair performance over a period of three (3) years in line with performance contracting and other pre-determined targets
(iv)	Full compliance with all statutory, policy, regulatory and administrative requirements	Full compliance with all statutory, policy, regulatory and administrative requirements
(v)	Requires unique and specialized skills set to fulfill the mandate	Requires moderate skills set to fulfill the mandate

State Corporations under this sub-category are listed at [Appendix V](#)

4.4 Classification Reviews

The following shall constitute the review mechanism in the event that a State Corporation is not satisfied with its classification.

- (i) Any State Corporation that is dissatisfied with the classification or review under these Guidelines may apply for review to the State Corporations Advisory Committee through the responsible Cabinet Secretary;
- (ii) An application for review to the Committee shall be in writing and shall set out the grounds of review;
- (iii) The Committee shall consider the review of the application, determine the matter and make recommendations to the Executive Office of the President;
- (iv) The Executive Office of the President will consider the recommendations and determine the necessary action.

4.5 Remuneration for Chief Executive Officers

- (i) In determining the salary structure for the Chief Executive Officer and staff, the Board shall be guided by the remuneration structure as shall be

determined upon advice of the Salaries and Remuneration Commission (SRC);

- (ii) The Board shall not offer a salary to a CEO or develop a salary structure for staff outside the salary bands provided upon advice of the Salaries and Remuneration Commission (SRC). Consequently, salaries personal to self shall not apply;
- (iii) While fixing the Chief Executive Officer salary on first appointment, the Board shall ensure that the same does not exceed the mid-point salary in the salary structure, except with approval of the parent ministry in consultation with the National Treasury and the Committee
- (iv) Allowances for the CEO and all staff shall be payable as per the prevailing Government policies and rates.

4.6 Remuneration, Benefits and Retirement Age of other Staff

4.6.1 The Boards of respective State Corporations shall ensure that the Corporation operates within:

- (i) A Human Resource policy manual that outlines all employee allowances and privileges that are aligned to the prevailing Government guidelines;
- (ii) An appropriate salary structure determined based on the advice of the Salaries and Remuneration Commission (SRC);
- (iii) Pensions and other retirement schemes established in compliance with prevailing RBA regulations and Government policy;

4.6.2 Mandatory retirement for all public servants in State Corporations shall be sixty (60) years, save for:

- a) Persons living with disabilities who shall retire at 65 years;
- b) Researchers and Scientists serving in research institutions, including those serving at the National Commission for Science Technology and Innovation who shall retire at 65 years; and
- c) Academic staff serving in public universities who shall retire at seventy (70) years;

4.7 Medical Insurance for Staff

State Corporations shall competitively procure group medical insurance cover for staff subject to limits set by the Government from time to time. Provision of in-house medical services by state corporations shall not be established. State Corporations already offering medical services under their Human Resource Departments or other structures will be required to wind up the same and transition to a competitively procured medical insurance cover and in light of the Government's universal Social Health Insurance interventions.

4.8 Collective Bargaining Agreements (CBA)

The Labor Relations Act provides for negotiations of Collective Bargaining Agreements between employers and trade unions in determining terms and conditions of service for Unionizable staff.

Where employees of a State Corporation are members of a trade union, the Board of Directors will consider the proposals by the union and develop counter proposals for negotiations. However, negotiations shall not fall outside of the terms of the organization as specified in the classification instrument.

Before commencement of negotiations, the Board of Directors of a State Corporation shall seek the advisory of SRC on the remuneration and benefits parameters and then submit the counter proposal through the parent ministry to a Tripartite Committee on Collective Bargaining Agreements for State Corporations comprising the National Treasury as chairperson, Inspectorate of State Corporations as Secretariat and Ministry responsible for Public Service as member for consideration.

The Tripartite committee on Collective Bargaining Agreements will then provide a counter proposal that the Board will apply in negotiations with the unions. The final CBA will then be filed with SRC before registration by the Employment and Labour Relations Court.

4.9 Variable Pay/Compensation

State Corporations operate in unique and complex industries. The Guidelines recognize that there may be unique and particular circumstances for certain cadres and positions in commercial State Corporations, to be remunerated outside of the specified structured pay. On a case-by-case basis, and premised on the performance of the preceding financial year, a commercial State Corporation (as listed in category GOE) may propose a **performance related compensation (PRC)** system for specialized cadres which is outside the conventional structured pay. Such PRC systems shall require the approval of the National Treasury with the concurrence of SCAC and advice from SRC, prior to implementation. The PRC system shall be based on performance benchmarks including Agency profitability, individual productivity, measurable outputs and outcomes and other performance parameters.

5.0 DEVELOPMENT AND REVIEW OF TERMS AND CONDITIONS OF SERVICE

5.1 General Overview

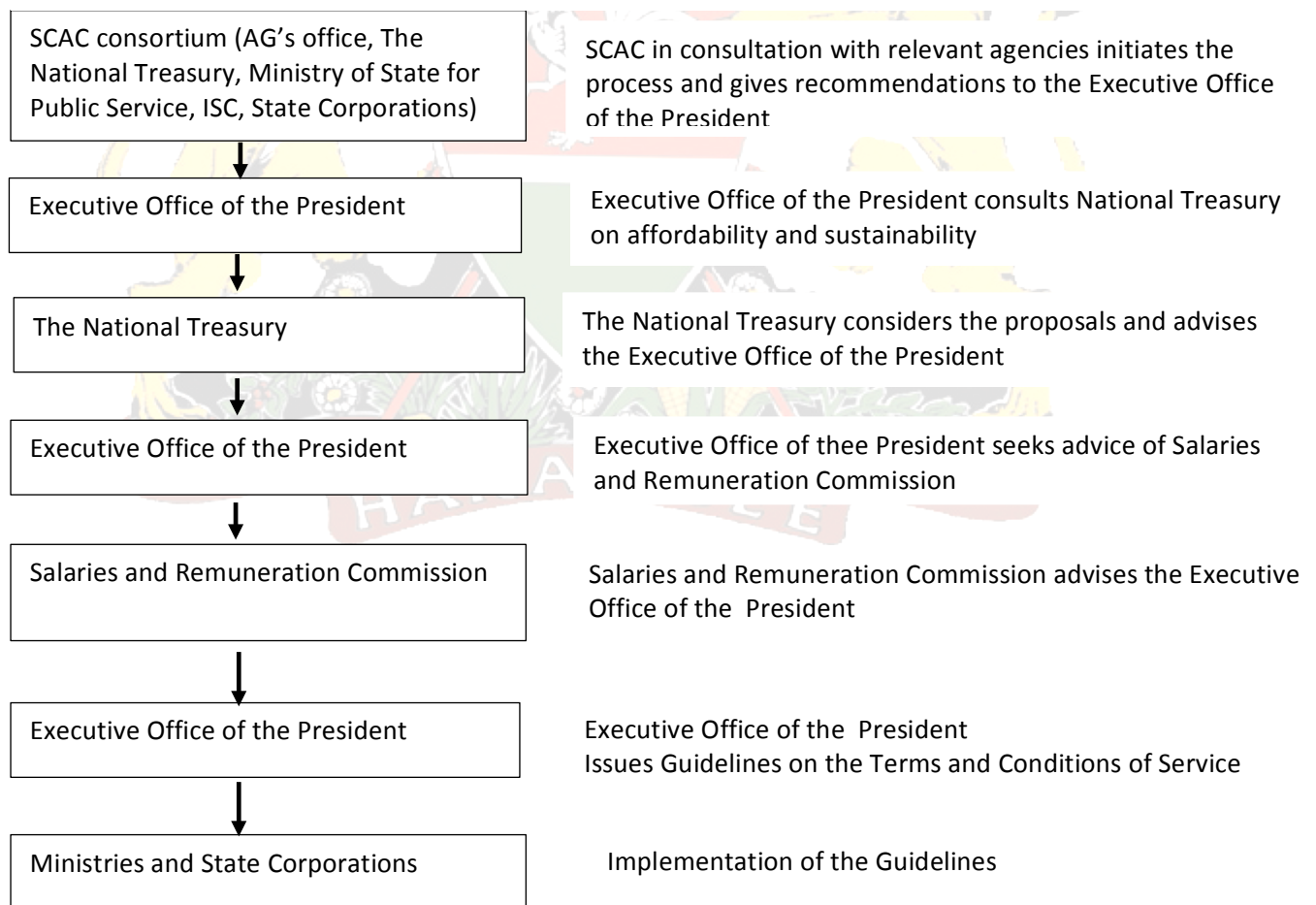
The prevailing legal dispensation vests the responsibility for the general review of terms and conditions of service for staff and Board members of State Corporations in the State Corporations Advisory Committee. The Constitution of Kenya also vests responsibility on the Salaries and Remuneration Commission to ensure affordability and sustainability of the overall wage bill of the public sector, and to provide advice on terms and conditions of service for public officers.

In the process, the following procedure shall apply (a) for a comprehensive review of the guidelines and any considerations falling outside the approved guidelines, and (b) for classification and re-classification requests falling within the guidelines.

5.2 Comprehensive Review of Terms and Conditions

The flow chart below depicts the process to be adopted in the event of a comprehensive review, and in any other circumstances not contemplated in the approved guidelines.

Figure 1: Flow Chart for General Review of Terms and Conditions of Service



5.3 Specific Reviews of Terms and Conditions

In the case of new entities established or specific reviews for classification and re-classification:

New entities:

- a) The Board of Directors shall determine the Agency's appropriate classification and make a recommendation to the respective Cabinet Secretary.
- b) The Cabinet Secretary of the respective State Corporation shall make a request to SCAC for the appropriate classification of the State Corporation. The Cabinet Secretary shall provide all necessary documentation to support the request, including the concept note establishing the State Corporation, Cabinet Memorandum, Memorandum of Objectives, Legal Instrument, last audited financial reports and performance reports (where applicable) etc.
- c) Upon receipt of request for classification, SCAC will provide feedback to the New State Corporation within 30 days subject to the line Ministry providing all necessary documentation under Section 5.3 (d). SCAC shall consider and advise the Executive Office of the President on the appropriate category of the State Corporation. The Executive Office of the President shall convey the decision of classification to the State Corporation.
- d) The Board shall develop and recommend to the respective Cabinet Secretary the following four (4) Human Resource Instruments, based on the prevailing SCAC guidelines:
 - i. Organizational Structure;
 - ii. Staff Grading and establishment;
 - iii. Career guidelines; and
 - iv. Human Resource Policy and Procedures Manual.

In submitting the instruments for approval, State Corporations shall provide relevant documentation including: staff complements; personnel emolument budgets for the year; financial statement for the last year (audited or draft); payrolls for the last three months, and the payroll byproducts. Upon receipt of request for consideration and approval of Human Resource Instruments, SCAC will provide feedback to the New State Corporation within 30 days subject to the Ministry providing all necessary documentation.

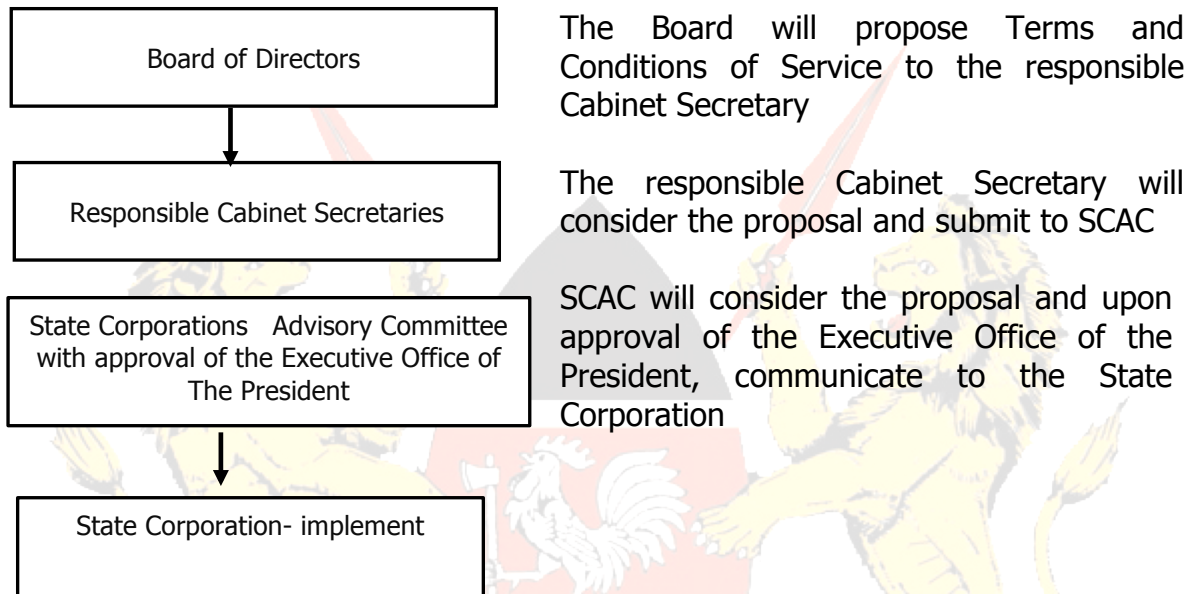
- e) The respective Cabinet Secretary shall consider, and subject to any amendments, recommend the instruments in (c) above to SCAC for necessary advisory.
- f) SCAC shall review the submitted instruments in (c) above and render its advisory on implementation modalities to the respective Cabinet Secretary.

In the case of any required specific review of the instruments under (1.b) above, or a re-classification of the State Corporation, the Board of Directors will recommend its proposals to the responsible Cabinet Secretary for consideration. The proposals

must be within the parameters of the prevailing guidelines. The Cabinet Secretary will consider the proposals in line with the sector vision and policy and make amendments as necessary. The Cabinet Secretary will thereafter submit the same to the State Corporations Advisory Committee for review. SCAC shall convey the decision of re-classification and approved revised instruments to the State Corporation upon approval of the Chief of Staff and Head of Public Service.

The flow chart below depicts the process to be adopted in the event of a reclassification request and review of human resource instruments:

FLOW CHART FOR NEW STATE CORPORATIONS AND SPECIFIC REVIEWS



5.4 Communication on Terms and Conditions of Service

All communication to State Corporations on terms and conditions of service shall be channeled through the responsible Cabinet Secretary.

6.0 TERMS AND CONDITIONS OF SERVICE FOR BOARDS OF STATE CORPORATIONS

These guidelines consider the fact that State Corporations differ in function, nature, size and scope. In this regard the guidelines have provided for remuneration payable to Board members and other benefits based on different categories of State Corporations.

6.1 Allowances and benefits for Chancellors of Public Universities

Chancellors of Public Universities may be entitled to the following benefits during their tenure:

- i. Monthly honorarium;
- ii. Daily Subsistence Allowance at the prevailing Government rates applicable to the respective Council Chairperson when spending a night away from the usual residence on official business of the university;
- iii. Local and International travel arrangements applicable to the respective Council Chairperson; and
- iv. An office with basic necessities and shared secretarial service where practicable as the Chancellor is non-executive.

6.2 Allowances and benefits for Board Chairpersons and Members

6.2.1 Sitting allowance

a) The Board Chairpersons and Members will be entitled to a sitting allowance, at applicable rates, determined by SCAC upon the advice of SRC. The Allowances shall apply subject to the individual Corporation's ability to finance the expenditure and subject to applicable taxation as prescribed.

b) Sitting allowance shall be payable to Chairpersons and Board members whenever they attend Board/Committee meetings or attend to Board business. A Minute of the Board or a formal invitation by the Chief Executive Officer to a specific event related to the mandate of the corporation will qualify for payment of sitting allowance.

Official duty warranting payment of sitting allowance will be:

- (i) An activity that bears directly on the business of the State Corporation for which the Chairperson or Board Member is authorized by the board to attend as evidenced by a minute of a Board Meeting; and/ or
- (ii) An activity that bears directly on the business of the State Corporation for which the Chairperson or Board Member is invited in writing by the Chief Executive Officer to attend.

Where a Chief Executive Officer is appointed Chairperson of a subsidiary company, he/she shall only be entitled to the sitting allowances that apply to the other members. Corporation Secretaries appointed to offer secretariat services to subsidiary companies shall also be entitled to sitting allowances only.

6.2.2 Honoraria

Honoraria, at applicable rates, determined by SCAC and on the advice of SRC, will only be paid to the Chairpersons for their services. Honoraria payment shall be computed from the date of assumption of responsibility at the State Corporation after gazettelement. Where it is established that a prolonged absence of a board Chairperson has rendered the Chairperson unable to provide service to the State Corporation for a period of three consecutive months, then the subsequent period of absence shall not draw Honoraria.

Any acting appointments of board chairpersons not made by the Appointing Authority are void.

6.2.3 Other benefits and obligations for Board Members

In addition to the allowances, Board Chairpersons and Members may be entitled to the following benefits:

6.2.3.1 Telephone Services

Chairpersons and Board Members are entitled to monthly communication allowance at the rates set by SCAC upon the advice of SRC

6.2.3.2 Telecommunication Devices

To facilitate the Board Members to effectively discharge their role and move towards an e-board, State Corporations may procure one telecommunication device (laptop or tablet of comparable value) for Board Members in accordance with the provisions of the Public Procurement and Disposal Act and Regulations, 2015. The Board Members may be entitled to the one device during their tenure. Disposal of such devices shall be governed by the prevailing public assets disposal regulations.

6.2.3.3 Accommodation Allowance

This will be paid up to a maximum of Government Daily Subsistence Allowance applicable to a Principal Secretary when spending a night away from the usual residence on official business of a State Corporation, either locally or out of the country.

6.2.3.4 Lunch Allowance

Lunch allowance may be paid, at applicable rates, whenever there is a physical meeting or physical official function and lunch is not provided. The current rate of Kshs 2000.00 per day shall apply but may be reviewed by SCAC upon advice of SRC.

6.2.3.5 Medical Insurance and last expense cover

a) State Corporations shall competitively procure group medical insurance cover (but not life) and last expense cover for Board Members subject to limits set by the Government from time to time and in sync with the Government's universal social health interventions. More specifically, such medical cover shall be subject to:

- i) Procurement of both Medical and Funeral Expenses Covers being within the existing approved budget, and not to be used as a basis to seek additional funds from Treasury.

- ii) The procurement being competitive and in compliance with Government rules and regulations.
- iii) Public officers who represent either Ministries/Departments or State Corporations on Board as per relevant enabling legislation and Chief Executive Officer not being covered.
- iv) The facility only being restricted to Board members appointed by name, and only during tenure of their appointment.
- v) Members' spouse, children or any other dependants not being included in both covers.
- vi) Any excess above the approved limits being the responsibility of the Board member and not of the State Corporation.

b) Where an eligible Board Chairperson or member confirms being currently covered by a running comprehensive medical scheme and requests in writing to maintain the same, an equivalent of the premium payable would be made available to the current medical service provider.

6.2.3.6 Accident Insurance Cover

State Corporations shall competitively procure personal accident (not life) cover for its Board Members in the event of an accident while travelling on Board business.

6.2.3.7 Other Facilities for Chairpersons

A Chairperson may be entitled to:

- (i) An office with basic necessities and shared secretarial service, where practicable, as the Chairperson is non-executive.
- (ii) Official transport as and when there is a need for the Chairperson to attend official business of a State Corporation.

6.2.3.8 Directors Fees

- (i) Directors Fees will be payable to Directors of Government Owned Enterprises incorporated under the Companies Act, for services rendered as determined during the Annual General meeting based on the financial performance. The same shall be submitted to the National Treasury for concurrence upon obtaining advice from SRC.
- (ii) Directors Fees payable to directors who are public officers serving in Ministries shall be remitted to the National Treasury in accordance with The National Treasury Guidelines; and
- (iii) Directors Fees payable to directors who are employees of State Corporations or Agencies shall be remitted to their respective State Corporations or Agencies.

6.2.3.9 Bonus Payment

A one-off bonus payment to Directors as a reward for excellent performance will be payable over and above Directors Fees and shall not exceed 50% of

the total annual Directors Fees or allowances as the case may be.

Payment of bonus to Board of Directors shall be premised on:

- (i) "Very Good" or "Excellent" performance contract results;
- (ii) achievement of specific targets including presidential targets as set;
- (iii) Undertaking Board self-evaluation;
- (iv) Availability of budgetary provisions for a bonus payment in the financial year for which the payment is to be made, with an analysis of the budgetary and other implications of the payment to the Corporation's programmes and operations;
- (v) Recommendation of the Board, supported by the Parent Ministry, to The State Corporations Advisory Committee; and
- (vi) Approval by the National Treasury based on affordability and fiscal sustainability.
- (vii) Compliance with statutory obligations including updated statutory deductions (NHIF, NSSF, PAYE, pending bills).

The above parameters shall also be applicable to payment of bonus for staff of State Corporations. No State Corporation should make any bonus payments, or other payments of a related nature to the Board Members or staff without compliance with the above considerations.

Bonus payments will be payable at the end of the financial year, after receipt of the Audit Certificate for the financial year under review.

6.2.3.10 Transport and Mileage Benefits

Board Members and staff shall use the most economical and cost-effective means of transport while on official business whenever official transport is not provided.

- i. Board members may be reimbursed: -
 - a. actual travel costs to and from official business or
 - b. Actual mileage at prevailing AA rates when they use a personal car.
 - c. In instances where air transport is the most economical means to transport a Board member, but the member opts to use their own vehicle, the maximum reimbursable mileage claim shall be the equivalent of the cost of the return air-ticket.
- ii. Reimbursement of mileage claim shall be capped at AA rates for 1800cc engine capacity.
- iii. Board members shall be required to declare their residence from which they commute while attending to Board business at the time of appointment and upon any change thereafter. The residence is not automatically the rural home of natural birth, but where the Board member normally resides.
- iv. Chief Executive Officers shall be required to provide information to the

respective Cabinet Secretary and SCAC any instances where a Board member's declared residence has a return transport cost exceeding Kshs. 35,000/- per Board/Committee meeting or as maybe varied by Government guidelines from time to time, or where there is reason to believe that the information provided on declared residence is not accurate.

- v. In any instance where the declared residence is doubtful, Cabinet Secretaries may terminate the continued service of any Board member whose return cost of transport exceeds Kshs 35,000 per Board/Committee meeting, or any other amount approved by Government from time to time. Replacements shall secure the requisite regional, gender and disability considerations in overall board composition. Exceptions to this prescription will require the express written approval of the Prime Cabinet Secretary.
- vi. The Board Membership travelling by air locally shall use economy class. However, travel outside the Country by Air shall be by Business class. Domestic air travel for staff of State Corporations shall be in economy class.

6.2.3.11 Allowances for Personal Guide to Directors Living with Disabilities

Personal guides to Board Members living with disabilities will earn allowances as prescribed and reviewed by the Salaries and Remuneration Commission.

6.2.3.12 Applicable Taxes

Taxation of remuneration, allowances and benefits shall be subject to applicable income tax laws and regulations.

6.3 Signing of "Official Secrets Act" Declaration, Wealth Declaration and Leadership and Integrity Codes on entry/exit by Board Chairpersons and members

All public officers are bound by the Official Secrets Act, Public Officers Ethics Act and the Leadership and Integrity Act. In this regard, all Board Chairpersons and members shall sign the declarations at entry and exit, and at any other prescribed period as may be required.

7.0 HUMAN RESOURCE MANAGEMENT IN STATE CORPORATIONS

7.1 Human Resource Policy Instruments

Section 5 (3) of the State Corporations Act, Cap 446 requires Cabinet Secretaries to approve the terms and conditions of service for staff of state corporations in consultation with SCAC. Section 27 of the Act also confers to SCAC the powers to provide approval of several matters appertaining to staff terms of service.

State Corporations will draft or review Human Resource Policy Instruments based on the guidelines provided herein. The relevant Ministry will consider proposed drafts and reviews of Human Resource Policy Instruments from individual State Corporations, in terms of Section 5(3) of the State Corporations Act, Cap 446 and recommend the same for consideration by SCAC.

In submitting the instruments for approval, State Corporations shall provide relevant documentation including: staff compliments; personnel emolument budgets for the year; financial statement for the last year (audited or draft); payrolls for the year, and the payroll by-product. SCAC will assess the submissions of Human Resource Policy Instruments from State Corporations, as recommended by the Parent Ministry, and advise the Cabinet Secretary appropriately after consultation with The National Treasury.

The National Treasury will advise SCAC on the Government's ability to accommodate any resultant expenditure arising from the proposed review of the Human Resource Policy Instruments for State Corporations whose staff payroll is serviced by the Exchequer.

Chief Executive Officers of State Corporations shall be required to prepare and submit to SCAC annual reports stating the level of compliance with the developed or reviewed Human Resource Policy Instruments. Such reports shall be submitted to SCAC by the 15th July of every year using prescribed forms issued by SCAC, and as may be revised from time to time.

All State Corporations are required to operate within the following five (5) Instruments to guide Human Resource Management & Relations:

- a. Organization Structure.
- b. Grading Structure and Staff Establishment.
- c. Career Guidelines.
- d. Human Resource Policy and Procedures Manual.
- e. Remuneration structure.

Where a State Corporation has such operating instruments, it shall be the duty of the respective Board to ensure that the provisions therein conform to these guidelines. No recruitments may be undertaken outside of the positions established in the human resource instruments approved in accordance with section 5(3) of the state Corporations Act, Cap 446.

7.2 Objectives of the Human Resource Instruments

- a) Entrench good practice in the management of employees and ensuring such is aligned to the Constitution of Kenya and relevant legislation.

- b) Institutionalize decision making on employee matters (objectivity) through Committees.
- c) Create a transparent remuneration mechanism by clearly outlining employee privileges & aligning them to prevailing Government guidelines.
- d) Create clear paths of career growth for employees.
- e) Lay open the standards of behavior and performance expected of the employees.

7.3 Organizational Structure

The Organizational Structure should:

- a. Largely reflect the mandate and core business of the State Corporation
- b. Limit the span of direct supervisory oversight/control for the CEO and all other supervisory levels at not more than eight (8), except in unique circumstances where approval shall be provided in accordance with section 5 (3) of the State Corporations Act, Cap 446.
- c. Take cognizance of the offices that should report to the Board under statute (Internal Audit, Corporation Secretary, Fund, etc).
- d. Ensure that functions and offices legally required to report to the CEO are reflected as such (e.g. Supply Chain Management).
- e. Bring out the functional diversity within the legally provided core mandate .
- f. Provide for a Corporation Secretary (to either serve as Secretary to the Board or to professionalize the Board Secretariat where the law has vested the office of Board Secretary elsewhere).

7.4 Grading Structure & Establishment

This instrument has to distinctly bring out the Grading structure and the staff establishment:

i. Grading Structure

- a. Grading should reflect the relative worth of jobs.
- b. Provide for transparency in assignment of Grades (i.e. no hidden grades like Grade 4a, b, c).
- c. The grades and Designations should be seamless in the entire organization for purposes of peer relations.
- d. The Designations assigned should be substantive employment Titles - not "Head of....."
- e. Thinning of grades to reduce disparity between the highest earning to lowest earning (between 8-14 grades allowed).
- f. The grades are equated to civil service grading for purposes of allowances only.
- g. To maximize on capacity and reduce costs, the office of Corporation Secretary shall be fused with the role of Head of Legal Services.

- h. Consequently, the Corporation Secretary/Head of Legal Services and the Head of Internal Audit should be placed at Level 2 in the grading hierarchy, given their critical role as pillars of governance in state corporations.

ii) Staff Establishment

- a. Designations & person specifications should reflect a parity of treatment across all functional areas.
- b. The staff compliment should focus on core business while observing the 70:30 ratio of technical to administrative staff.
- c. The establishment should be kept lean to obviate idleness- no additional jobs from the current Establishment. Where possible to consider current in-post status as compliment ceiling (trading in administrative posts for Technical posts).
- d. Establishment should be rationalized per functional area.
- e. As much as possible, functions that are peripheral to the core business of the state corporation shall be outsourced. For the avoidance of doubt, cleaning, security, courier, pooled transport, inhouse medical services, inhouse school arrangements, maintenance and catering services and such similar functions shall be outsourced through legally incorporated service provider entities. Exceptions may be approved by SCAC for designate portfolios.

7.5 Career Guidelines

The Career guidelines should ensure that:

- a. Job specifications are devoid of any ambiguities regarding the nature of job, key tasks to be undertaken, reporting relationships and the environment under which the job is to be performed.
- b. Specifications of persons suited for the jobs are transparent and outline the required academic and professional qualifications as well as the desirable competencies, aptitudes and attitudes.
- c. Serving officers are insulated from new requirements for their current grades. However, where such officers do not meet the requirements for the specific grade, the Board will be required to:
 - i. Provide a reasonable period of time within which the officer should have acquired the requisite qualification;
 - ii. Redeploy the officer to another equivalent position in which they qualify; and
 - iii. Consider declaring redundancy for the position with the guidance of the Tripartite Committee on Restructuring of State Corporations.
- d. The state Corporation is required to invest in staff capacity building for optimization of potential & career growth.

- e. The career guidelines lay room for parity of terms of treatment across cadres.

7.6 Human Resource Policy and Procedures Manual

The Human Resource Policy and Procedures Manual should:

- a. Be aligned to the Provisions of the Constitution of Kenya, labor laws and other relevant legislation.
- b. Clearly spell out layers of responsibility (Board and Management) to obviate both micro-management and dereliction. Ideally the Board to directly take responsibility for recruitment, performance management and discipline of the top management Grades; in any case not more than one third of the established grades. The other Grades to be handled by the Chief Executive Officer on delegated basis within approved Board policy guidelines.
- c. Institutionalize decision making on HR issues at both Board level and management level.
- d. Clearly spell out redress mechanisms in instances of grievance.
- e. Clearly outline obligations and expectations of both employer (Board) and employee.
- f. Define performance standards together with attendant sanctions and incentives.
- g. Create flexibility for engagement of staff through either contractual service (for Board appointed administrative grades); Permanent (Grades falling under purview of Management); Temporary or casual.

7.7 Remuneration

The remuneration system for a State Corporation should:

- a. Should ensure that the staff payroll is in sync with public service standards and integrated to the Unified Payroll Management System (UPMS).
- b. Provide for a salary of the CEO which is replicated from the remuneration assigned by the Category or classification provided in the Government guidelines.
- c. Ensure that the CEO's salary is clearly delineated in a number of notches that serve a possible two term tenure.
- d. Ensure that the top most salary for level 2 should not go beyond the mid-point of the salary of the CEO.
- e. Ensure that the salaries of the rest of the staff are cascaded from the CEO's salary and based on:
 - i. Classification of the Corporation;
 - ii. Current inflationary trends; and
 - iii. GoK minimum wage guidelines.

- f. Ensure that each of the salary Grades contains not less than 8 and not more than 14 notches to provide wider span of unfettered annual increments.
- g. Ensure that the salary notches provide reasonable Grade-overlaps to reduce the financial burden attendant to staff promotion.
- h. Align ALL allowances payable to staff, including the CEO, to the prevailing Government guidelines issued from time to time.
- i. Secure salary and any remunerative allowances currently obtaining to serving permanent staff, even if they be higher than newly prescribed rates, but on a personal-to-holder basis. Such staff shall however not enjoy any annual increments until their current earnings are commensurate with their respective Grades.
- j. If salary and any remunerative allowances currently obtaining to contract staff, are higher than newly prescribed rates, the same shall be secured on a personal-to-holder basis for the duration of the running contract but shall thereafter revert to the newly prescribed and commensurate rates upon any renewal.

7.8 Human Resource Compliance reports

The Board of Directors shall file with SCAC their Human Resource Compliance Reports, outlining the status of their organizational structure, staff establishment including payroll and payroll byproducts for all cadres of staff, and implementation of HR Policy and Procedures Manual by 31st July of each year. Quarterly reports shall be due in the prescribed format at the end of each quarter. A copy of the same report is to be provided to the Inspectorate of State Corporations.

7.9 Translation of Terms

Where arising from the new Human Resource Policy guidelines, staff terms of appointment are translated e.g. from contract to permanent and pensionable or vice versa, the Board shall be required to:

- a. Mutually negotiate with the affected employees on the transitional terms;
- b. Where the employees are unwilling to adopt the new terms of appointment, the Board should consider declaring redundancy with the guidance of the Tripartite Committee on Restructuring of State Corporations.

(Sample templates for the human resource instruments can be downloaded from the SCAC Website)

7.10 Performance Management System

Performance management shall be a critical component of the human resource management function in State Corporations. Its overall objective will be to manage and improve performance by enabling a higher level of employee participation and involvement in planning, delivery and evaluation of work performance. The Board shall be the driver of performance management.

The Board shall:

- i. Ensure that the Corporation has a strategic plan that sets out the activities within a given period derived from the mandate and the national development goals;
- ii. Ensure that the Corporation has an annual work plan derived from the strategic plan and performance contract;
- iii. Ensure that the Corporation incorporates any other targets, including presidential targets as part of its performance contract metrics; and
- iv. Ensure each employee has signed an annual Performance agreement with the supervisor leading to an annual appraisal at the end of the year.

7.10.1 Objectives of The Performance Management System

Performance Management System aims at:

- i. Providing a planning and change management framework that is linked to the national development planning and budgeting process to ensure that the people get maximum benefit out of the national resource use.
- ii. Enhancing the capacity of the public service to deliver its services more efficiently and effectively, pitch itself at the desired level of socio-economic governance and be able to compete at the global level.
- iii. Improving the capacity of the public servants in terms of skills, competence and adequacy.
- iv. Focusing performance and resources on productivity parameters and assessing such performance based on outputs and outcomes.
- v. Focusing the efforts of the Public Service on facilitation of the achievement of the National Vision.

7.10.2 Performance Measurement Criteria

Performance incentives and sanctions should link rewards and sanctions with measurable performance criteria. This ensures that there is clear linkage between the results of evaluation and the motivation system.

7.10.3 Staff Performance Appraisal System (SPAS)

- i. The Staff Performance Appraisal System (SPAS) shall be linked to the Organization's work plan and performance contract; and
- ii. Each Corporation shall have a functioning Staff Performance Appraisal System (SPAS), which shall be used to document, measure, improve and recognize the performance of all employees.

7.10.4 Performance Contracting (PC)

Performance Contracting is the agreement between the Government and a State Corporation setting out the responsibilities of the State Corporation in delivering its annual performance targets while specifying the Government's commitment on the same.

The Performance contract shall:

- 
- i) Set out organizational performance targets derived from the strategic plan and national development goals;
 - ii) Focus on productivity, outputs and outcomes;
 - iii) Include targets provided by the parent Ministry, department responsible for performance contracting and any national priorities;
 - iv) Be signed annually between the Board on the one hand, and the parent Ministry and the National Treasury on the other;
 - v) Be signed between the Board and the Chief Executive officer;
 - vi) Cascade to all heads of directorates, departments, divisions, sections, units and staff;
 - vii) Be executed by the Board who shall submit reports as specified in the Public Service performance contracting regulations; and
 - viii) Be negotiated and agreed upon:
 - a. In the case of organizations whose financial year ends on 30th June, on or before 30th of June; and
 - b. The case of organizations whose financial year ends on 31st December, on or before 31st December.

7.10.5 Performance Rewards and Sanctions

Performance rewards and sanctions will be applicable at two levels, namely:

- i) Agency level – performance of a Public Service Agency; and
- ii) Employee level – performance of a manager or employee of a Public Service Agency

The rewards and sanction framework will:

- (i) Establish a basis for rewarding exemplary performance,
- (ii) Motivate employees in order to improve productivity,
- (iii) Encourage competitiveness in service delivery.
- (iv) Promote innovation and creativity in service delivery,
- (v) Link rewards and sanctions to measurable performance,
- (vi) Harmonize the rewards and sanctions applicable to employees,
- (vii) Promote integrity and transparency in Human Resource Management,
- (viii) Link individuals' Performance Appraisal to Performance evaluation results, and
- (ix) Sanction poor performance.

I. Rewards and Sanctions at the Agency Level

Performance contracting evaluation results will be used to guide rewards and sanctions of an agency. At the agency level, performance rewards and sanctions will be applicable to:

- i) Chairmen and Board members of State Corporations;
- ii) Chief Executive Officers of State Corporations; and
- iii) All other employees serving in the State Corporations.

II. Types of Rewards and Sanctions at Agency Level

Various types of rewards and sanctions will be applied at the agency level in line with performance contracting evaluation and scores.

- a)** An agency which is assessed to have achieved exemplary performance during a given financial year will be rewarded appropriately as follows:

Floating Presidential trophy for the top three agencies in each category for excellent performance;

- i) Institutional Certificate of Recognition for “Excellent” and “Very Good” performance signed by **His Excellency The President**; and
- ii) A token of appreciation to the employees in the agency as approved by the Commission Salaries and Remuneration Commission (SRC) from time to time.

- b)** An agency which is evaluated to have performed “Fairly” or “Poorly” during a given financial year will be sanctioned as follows:

- i) Cautionary letter by **His Excellency The President** for Fair performance;
- ii) Censure letter signed by **H.E. The President** and cited for poor performance; and
- iii) Non-renewal of contract for the heads of the agency for poor performance.

- c)** For the purpose of rating individual agencies under Performance Contracting, the following evaluation criteria will be used:

Table 12: Rating at the Agency Level

Achievement of Performance Targets	Rating	Scale	Reward
Achievement greater than 130% of the agreed performance targets.	Excellent	130% and above	<ul style="list-style-type: none"> ● Floating Trophy ● Certificate of Recognition signed by His Excellency The President
Achievement between 100% and 129% of the agreed performance targets.	Very Good	100% - 129%	Recognition signed by His Excellency The President
Achievement between 70% and 99% of the agreed performance targets.	Good	70 - 99%	-

Achievement between 50% and 69% of the agreed performance targets.	Fair	50% – 69%	Cautionary letter by the Cabinet Secretary responsible for the Ministry/State Corporation
Achievement up to 49% of the agreed performance targets.	Poor	49% and below	Censure letter by the Cabinet Secretary responsible for the Ministry/State Corporation

III. Rewards and Sanctions at Employee Level

An employee who attains excellent performance may be considered for rewards of bonus cash payment, roll of honor and letter of commendation.

An employee who consistently underperforms will face sanctions based on individual scores as indicated in the table below:

Table 13: Rewards and Sanctions at Employee

Achievement of Performance Targets	Rating	Scale Composite Score	Reward
Achievement higher than 100% of the agreed performance targets	Excellent	101% and above	<ul style="list-style-type: none"> To be considered for 13th month basic salary, Placement on Roll of honor Letter of commendation from the Chief Executive
Achievement up to 100% of the agreed performance targets.	Very Good	100%	Letter of commendation
Achievement between 80% and 99% of the agreed performance targets	Good	80 – 99%	Place on performance improvement plan to attain higher performance
Achievement between 60% and 79% of the agreed performance targets	Fair	60 – 79%	<ul style="list-style-type: none"> 1st year – place on performance improvement plan 2nd year – warning letter 3rd year – final warning letter 4th year - separation
Achievement up to 59% of the agreed performance targets	Poor	59% and below	<ul style="list-style-type: none"> 1st year – warning letter 2nd year – final warning letter 3rd year - separation

7.10.6 Intra-Inter Sectoral Synergies to Enhance Performance in State Corporations

Service outcomes normally require multidisciplinary and sometimes intersectoral approaches. For example, road construction, street lighting and sewerage services/ education and health/electricity generation, transmission and distribution/ international trade, ports of entry, customs, security, phytosanitary protection etc.

State Corporations shall develop horizontal and vertical collaboration structures with agencies within their sectors, and across dependent sectors. This will allow them to benefit from minimizing duplication and working at cross-purposes; managing cost and time efficiencies through enhanced co-ordination; optimization of skills and resources; and overall improved outcomes.

Collaboration should take place at different levels:

- i. Coordination of services within a particular sphere or area, or
- ii. Partnerships/joint projects or programs to address particular issues.

Key success conditions for inter/intra sectoral collaboration:

- a. **A powerful shared vision of the problem to be addressed and what success would look like in solving it:** State Corporations should be conscious of the dependency and/or complementary mandates of other agencies within and between their sectors, identifying how their conflicting or complementary mandates support or curtail the achievement of their objectives.
- b. **Correct identification of partners and the building of strong relationships among partners:** State Corporations should organize around "outcome clusters" for co-ordinated planning, implementation and reporting. This will particularly be relevant in cases where steering committee structures had not been conceptualized from the onset.
- c. **Leadership, both in advancing shared purposes and sustaining the collaboration:** The Boards of the State Corporations will provide leadership in ensuring that co-ordinating agencies define goals that are complementary rather than conflicting.
- d. **Adequate, sustainable and flexible resources:** State Corporations should aim to plan, budget, and implement jointly in line with the joint vision in order to deliver upon the benefits of the collaboration.
- e. **Efficient structures and processes to do the work of collaboration:** State Corporations will establish well-designed structures to facilitate integration of services and strengthen communication among partners.
- f. **Monitoring and Reporting:** Inter-sectoral collaboration is tied to solving or addressing a particular common mandate. As such, it is essential there is early success that is observable and celebrated. State Corporations shall host regular joint board meetings between entities within a common outcome cluster. This will have the significant impact of not only securing high level understanding of peer entity mandates, but more importantly an appreciation of how each other's targets are intrinsically linked.

Joint Board Meetings will also serve to unlock long standing impasses, resolve policy and administrative challenges, secure high-level commitment and entrench efficiency and effectiveness. The resolutions of Joint Board Meetings will provide the basis for co-ordinated planning, implementation and monitoring, as well as define additional engagement proposals with other government functionaries at both national and county levels whose mandates intersect with the sub-sectors.

7.11 Appointment of Chief Executive Officers

- i. In line with existing Government Guidelines, Chief Executive Officers of State Corporations are competitively recruited by the respective Boards.
- ii. The position shall be advertised by the Board Chairperson with the assistance from the head of the Human Resource of the Agency, in accordance with the Human Resource instruments for the State Corporation. Serving Board members are ineligible to apply or be considered for appointment for the position of CEO, or any other capacity in the institution. In addition, a person who had previously served in the Board in the previous five (5) years would still be ineligible in the same manner.
- iii. Once advertisement is done, short listing shall be done by the Committee on Human Resource, or by a contracted recruitment agency, while the final interviews shall be conducted by the Board. Short listing and interview process for Senior Level positions of the State Corporations shall be conducted in a similar manner.
- iv. The Board shall select the best three (3) candidates, who must all have achieved the benchmark pass mark of 70% (or higher as agreed by the Board), who will be recommended to the Cabinet Secretary for approval, with concurrence of the Executive Office of The President, prior to appointment.
- v. Chief Executive Officers shall serve for one term of three years, or as otherwise stipulated in the enabling legislation. The same is renewable once subject to performance as evaluated by the Board.
- vi. Contracts for CEOs shall be in line with the template in annexed hereto. Board chairpersons shall ensure that the contract terms are in line with the guidelines, and in the format specified. Copies of the contract documents are to be submitted to SCAC for approval prior to execution.
- vii. All service contracts of CEOs shall be subject to retirement age for public servants.

7.11.1 Procedure for reappointment of serving Chief Executive Officers in State Corporations

Where a serving Chief Executive Officer (CEO) is keen on being re-appointed for a further term, the procedure below will apply:

- i. The CEO wishing to be re-appointed will indicate interest by writing to the Board at least six months before expiry of his/her term.
- ii. The Board will evaluate the performance of the CEO in line with performance targets, and make a report with a recommendation on either renewal or

termination of the contract upon expiry. The cumulative average performance of the CEO for the period of service shall be the determinant for recommendation on either renewal (for performance rating of 70% and above) or termination of service in case of performance rating below 70%.

- iii. In the event that the Board does not recommend renewal of the contract of a CEO who is eligible and desirous of such, then such a CEO will be required to proceed on a three month's terminal leave, to pave way for the recruitment and appointment of a new CEO. This is important to ensure a smooth transition.
- iv. For avoidance of doubt, the position of Chief Executive Officers shall be declared vacant only when the Board of Directors has no intention to renew the appointment of the incumbent for a further term.

7.11.2 Acting Appointments of Chief Executive Officers

State Corporations usually appoint Acting Chief Executive Officers in circumstances where vacancies have arisen out of cases of natural attrition, retirement, resignation, end of term, criminal prosecution and other circumstances. In these cases, Acting Chief Executive Officers continue undertaking critical functions of their agencies, but without the full confidence and assurance of their positions.

Consequently, where a vacancy exists in the office of the Chief Executive Officer arising from criminal prosecution, retirement, resignation, end of term, and other circumstances:

- a. An Acting Chief Executive Officer is to be appointed by the Board within 7 days thereof.
- b. Where the Board is unable to source an acting replacement from within the agency, the Board shall consult the respective Cabinet Secretary to select a suitable officer from within the Ministry, who shall be seconded to the State Corporation, and appointed by the Board or as specified in enabling legislation.
- c. In the case of vacancy arising from criminal prosecution, the Board of Directors shall immediately initiate disciplinary proceedings to determine whether the conduct of the suspended Chief Executive Officer constitutes misconduct that merits dismissal as per the Human Resource Instrument or applicable laws and regulations, and may terminate the contract of employment of the Chief Executive Officer in furtherance thereof;
- d. In the case of vacancy arising out of any other natural attrition factors, the Board of Directors shall initiate the recruitment for a new Chief Executive Officer;
- e. Unless otherwise provided in enabling legislation, the Board of Directors shall appoint a new Chief Executive Officer in line with existing laws, regulations and guidelines.

- f. Boards of State Corporations shall be required to fill the vacancies within 6 (six) months of their occurrence. Under no circumstances shall an officer serve in acting capacity as CEO for more than six (6) months. For the avoidance of doubt, the Board shall be required to appoint a different officer for each successive six (6) month period. An officer shall not be re-appointed to serve an extra acting period within a span of 2 (two) years.
- g. It is hereby reiterated that contracts of employment are to be entered into, in the format and incorporating the terms and conditions as contained in these guidelines, and and/or approved and communicated through government guidelines.

7.11.3 Academic Staff and Research Scientists who serve in Universities and Research Institutions as Chief Executive Officers

- a) The practice of retired CEOs reverting to serve in the same institution in other technical capacities is most common in Research Institutions and Public Universities.
- b) This also applies to other Academic staff and research scientists who are contracted to perform administrative duties but who revert back to their previous substantive duties at end of the administrative tour.
- c) At the end of administrative tour, such CEO or staff shall be required to adopt the terms and conditions of service attached to the reverted substantive service grade.

7.12 Transport for Chief Executive Officer and Staff

- a. Transport for Chief Executive Officers when on official duty or from the house to office and back is provided in the respective letters of appointment. The official transport is limited to one vehicle within the capacity approved by the Government as specified from time to time.
- b. State Corporations will maintain an appropriate reasonable pool of vehicles for use by management and staff when on official business of the Corporation. Depending on the financial ability of a State Corporation, officers could be facilitated through a car loan scheme to purchase vehicles.
- c. A State Corporation whose mandate involves the provision of essential services such as in areas of medical care and utilities or operate during hours when public transport is not available or reliable should with the approval of the Board in consultation with the parent ministry put in place a cost effective and efficient transport arrangement to facilitate its operations.
- d. Given the level of public transport in urban centers, there is no reason for the provision of group transportation of officers unless it can be demonstrated that:
 - i. The use of public transport would not be practicable. In the circumstance, the State Corporation will seek authority of the

- parent ministry to be allowed to offer an owned basis or lease hire basis group transport for its staff;
- ii. Where authority is given for group transport, the facility should be utilized in a cost-effective way and be subjected to periodic review as circumstances change.
- e. The Board of a State Corporation should ensure:
- i. Use of official transport is restricted to official business of the corporation;
 - ii. Officers travelling to the field by road, or air on official duty comply with provisions of Government as issued from time to time; and
 - iii. Costs of transport are managed effectively and efficiently in order to ensure the entity delivers its mandate within the budget.

7.13 Transfer and Secondment of Staff between State Corporations

There shall be no administrative transfers of staff across State Corporations as each agency is body corporate with distinct status. Any requests for movement of staff across State Corporations is either on secondment or deployment and shall only be undertaken with the approval of SCAC.

7.13.1 Transfer of Staff of State Corporations

Transfer of service for staff of State Corporations is only undertaken for purposes of securing pension benefits of the affected staff and shall apply where:

- i. The public institution in which the employee is serving as well as the public institution where the employee has been offered a job have been declared "Public Service" for purposes of Pension.
- ii. Such an employee shall apply to the current employer for transfer of service and upon the current employer's approval, the transfer shall be executed.
- iii. The post vacated by the transferred staff automatically becomes substantively vacant and such staff cannot revert back on exit from the new employment.

7.13.2 Procedure for secondment of Public Officers to State Corporations

Secondment for Public Officers to State Corporations shall apply where a staff serving in a State Corporation or any other state agency/ Department has been offered a substantive job in a State Corporation and wishes to reserve their post with the previous employer with the aim of a fallback status on exit from the service of the new employer. The following procedure shall apply:

- i) The staff having been offered a job in a State Corporation shall apply to the Board of that State Corporation, through the CEO, seeking to serve on secondment terms.

- ii) The State Corporation in which the new employee is seeking to serve on secondment terms shall require confirmation from the previous employer as to whether there is willingness to release the staff on secondment terms.
- iii) The State Corporation in which the employee is seeking to serve on secondment terms shall formally request approval of the State Corporations Advisory Committee (SCAC) in terms of Section 27 of the State Corporations Act, Cap 446.
- iv) Upon approval by SCAC, the secondment shall apply with the new employer paying the new staff all remunerative benefits and the staff taking responsibility for servicing their pension obligations with the seconding employer.
- v) Secondment of Staff to State Corporations shall be limited to a period of not more than three (3) years. Should the officer wish to continue serving with the new employer beyond this period, then he/she will be required to resign or retire from the seconding employer.
- vi) Secondment will not be approved for new State Corporations. In such instances, staff may be deployed from other state agencies/departments to assist in operationalization.

7.14 Procedure for deployment of Public Officers to State Corporations

Public Officers may be deployed to assist new State Corporations at the operationalization stage. The following conditions shall apply accordingly:

- i. Such staff shall be identified by the parent ministry of the State Corporation to serve in the new entity in line with prevailing government guidelines.
- ii. The period of deployment shall be capped at six (6) months.
- iii. The parent ministry shall continue to retain the deployed staff on the ministry's payroll.
- iv. The new State Corporation shall pay the seconded staff 15 percent of their basic monthly salary for the duration of the secondment.

7.15 Tripartite Committee for Re-organization of State Corporations

The Tripartite Committee on Restructuring of State Corporations comprising of the National Treasury, Inspectorate of State Corporations and the Ministry responsible for Public Service (member) was established in 1995. The Inspectorate of State Corporations is the convener of the committee. The Tripartite Committee shall be responsible for the review of all requests for restructuring of State Corporations, including restructuring disputes, redundancies, rationalization and staff rightsizing.

7.15.1 Retrenchment

Retrenchment is a form of premature termination/redundancy of employee/s necessitated by business failure in order to improve financial stability of an Entity. Retrenchment should be justified by a study which guides an entity based on the following:

- a) Structural and operational changes.
- b) Economical needs in order to increase profits or limit losses, which leads to reducing its employees.
- c) Technological changes.

The Process should be a fair procedure, coupled with good faith consultations with the employees concerned or with their representatives. It may include; -

- a) Voluntary retrenchment where an employee opts to retire with an acceptable compensation.
- b) Targeted retrenchment, based on an agreed criterion to decide which employees should exit. Caution should be taken to ring fence the best performance/Critical cadres. In such cases, the State Corporation must ensure pension/ gratuity contributions are up to date.

7.15.2 Retrenchment Process

- i) The State Corporation shall develop a retrenchment proposal involving all the stakeholders, such as a union, and the parent Ministry. The proposal should inform the following among others; -
 - a) New structure.
 - b) Number of affected employees.
 - c) Exit package: Consider the HR Policy and CBA if applicable), it can be categorized.
 - d) Financial implication.
 - e) Work out the payback period (More than 3 (three) years is not advisable otherwise proceed if less than 3 (three) years).
 - f) Implementation plan, which includes staff sensitization, identification, training, notice period etc.
- ii) Approval of the retrenchment proposal shall be undertaken by the following authorities;
 - a. The Board.
 - b. The Parent Ministry.
 - c. The National Treasury for purpose of the budgetary provision (ensure provision of the budget).
 - d. The Tripartite Committee convened by Inspectorate of State Corporations to consider the retrenchment package and recommend an approval/disapproval by the Chief of Staff and Head of Public Service.
- iii) Upon approval by the Chief of Staff and Head of Public Service, a request for a waiver of tax by the National Treasury may be made for the affected employees, for gazettelement.
- iv) The State Corporation shall undertake staff sensitization and identification before implementing the retrenchment programme.

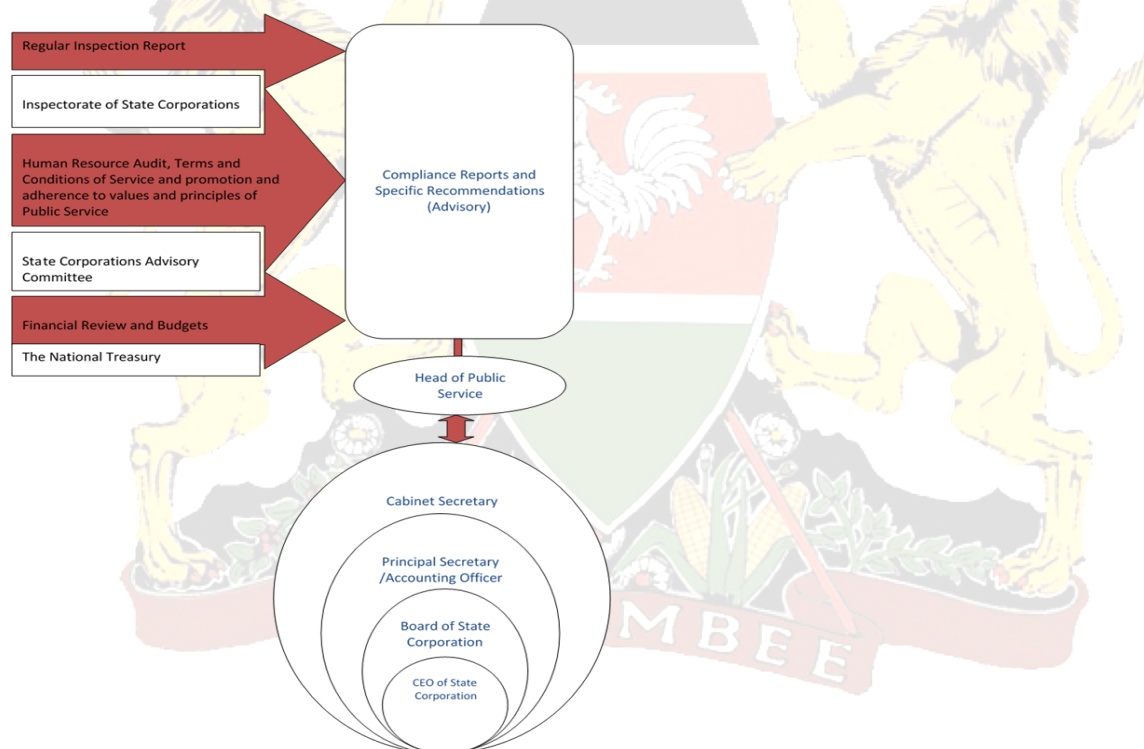
8 MONITORING, EVALUATION AND REPORTING

Boards of State Corporations shall be responsible for enforcing the provisions of these guidelines as well as those in Mwongozo; The Code of Governance for State Corporations.

The following institutions will have a role in ensuring compliance with the approved Guidelines:

- (i) State Corporations Advisory Committee or its agent through investigations and/or human resource audits;
- (ii) Inspectorate of State Corporations through inspection reports;
- (iii) Salaries and Remuneration Commission through remuneration reports;
- (iv) The National Treasury through financial reviews of specific State Corporations;
- (v) Parent ministry through corrective action to ensure compliance; and
- (vi) The Auditor-General through routine and statutory audits.

Figure 2: Monitoring and Evaluation Mechanism



8.1 Sanctions for Non-Compliance with the Guidelines

Boards of State Corporations shall be responsible for enforcing the provisions of these Guidelines. Any non-adherence or breach of the provisions shall attract surcharge or any other sanction as provided in the State Corporations Act and any regulations thereof.

9 REVIEW OF GUIDELINES

These Guidelines shall be reviewed every four (4) years in line with the SRC Cycle.

APPENDICES

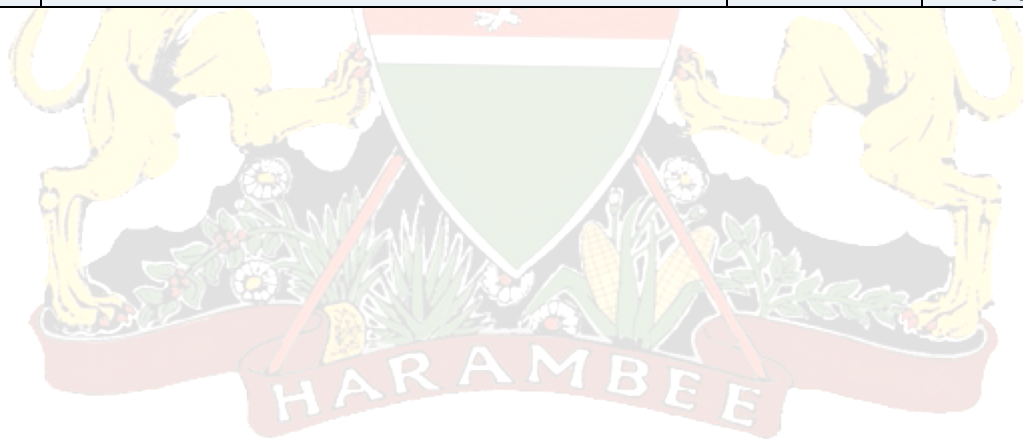
Appendix I: EXECUTIVE AGENCIES

S/No.	State Corporation	Class	Sub-Class
1.	Assets Recovery Agency	EA	EA (A)
2.	Financial Reporting Centre	EA	EA (A)
3.	Geothermal Development Company (GDC)	EA	EA (A)
4.	Kenya Deposit Insurance Corporation	EA	EA (A)
5.	Kenya Electricity Transmission Company	EA	EA (A)
6.	Kenya Revenue Authority	EA	EA (A)
7.	Kenya Roads Board	EA	EA (A)
8.	Kenya Trade Network Agency	EA	EA (A)
9.	Nairobi International Financial Center Authority	EA	EA (A)
10.	National Coroners Service	EA	EA (A)
11.	Rural Electrification and Renewable Energy Corporation (REREC)	EA	EA (A)
12.	Unclaimed Financial Assets Authority	EA	EA (A)
13.	Business Registration Service	EA	EA (B)
14.	Information & Communication Technology Authority	EA	EA (B)
15.	Investor Compensation Fund Board	EA	EA (B)
16.	Kenya Academy of Sports	EA	EA (B)
17.	Kenya Animal Genetic Resource Centre	EA	EA (B)
18.	Kenya Export Promotion and Branding Agency	EA	EA (B)
19.	Kenya Institute of Curriculum Development	EA	EA (B)
20.	Kenya Investment Authority	EA	EA (B)
21.	Kenya Law Reform Commission	EA	EA (B)
22.	Kenya Medical Supplies Agency (KEMSA)	EA	EA (B)
23.	Kenya National Bureau of Statistics	EA	EA (B)
24.	Kenya National Examinations Council	EA	EA (B)
25.	Kenya National Highways Authority (KeNHA)	EA	EA (B)
26.	Kenya Rural Roads Authority	EA	EA (B)
27.	Kenya Tourism Board	EA	EA (B)
28.	Kenya Urban Roads Authority	EA	EA (B)
29.	Kenya Wildlife Service	EA	EA (B)

S/No.	State Corporation	Class	Sub-Class
30.	Konza Technopolis Development Authority	EA	EA (B)
31.	LAPSSET Corridor Development Authority	EA	EA (B)
32.	Micro & Small Enterprises Authority	RA	EA (B)
33.	Nairobi Area Metropolitan Transport Authority	EA	EA (B)
34.	Nairobi Centre for International Arbitration	EA	EA (B)
35.	National Cancer Institute of Kenya	EA	EA (B)
36.	National Environment Trust Fund	EA	EA (B)
37.	National Government Affirmative Action Fund	EA	EA (B)
38.	National Government Constituency Development Fund	EA	EA (B)
39.	National Irrigation Authority	EA	EA (B)
40.	National Legal Aid Service	EA	EA (B)
41.	National Syndemic Disease Control Council	EA	EA (B)
42.	Policy Holders Compensation Fund	EA	EA (B)
43.	Privatization Commission	EA	EA (B)
44.	Sports Kenya	EA	EA (B)
45.	Tourism Fund	EA	EA (B)
46.	Water Sector Trust Fund	EA	EA (B)
47.	Youth Enterprise Development Fund Board	EA	EA (B)
48.	Agricultural Development Corporation	EA	EA (C)
49.	Athi Water Works Development Agency	EA	EA (C)
50.	Central Rift Valley Water Works Development Agency	EA	EA (C)
51.	Coast Water Works Development Agency	EA	EA (C)
52.	Export Processing Zones Authority	EA	EA (C)
53.	Fertilizers and Animal Food Stuff Board	EA	EA (C)
54.	Higher Education Loans Board	EA	EA (C)
55.	Institute of Human Resource Management Professionals Examinations Board	EA	EA (C)
56.	Kenya Accountants and Secretaries National Examination Board	EA	EA (C)
57.	Kenya Film Commission	EA	EA (C)
58.	Kenya Fish Marketing Authority	EA	EA (C)
59.	Kenya Forest Service	EA	EA (C)
60.	Kenya Hospital Authority Trust Fund	EA	EA (C)
61.	Kenya Industrial Property Institute	EA	EA (C)

S/No.	State Corporation	Class	Sub-Class
62.	Kenya Institute of Supplies Examination Board	EA	EA (C)
63.	Kenya National Library Service	EA	EA (C)
64.	Kenya National Public Health Institute	EA	EA (C)
65.	Kenya Trade Remedies Agency	EA	EA (C)
66.	Kenya Tsetse and Trypanosomiasis Eradication Council	EA	EA (C)
67.	Kenya Universities and Colleges Central Placement Service	EA	EA (C)
68.	Kenya Water Towers Agency	EA	EA (C)
69.	Kenya Yearbook Editorial Board	EA	EA (C)
70.	Lake Victoria North Water Works Development Agency	EA	EA (C)
71.	Lake Victoria South Water Works Development Agency	EA	EA (C)
72.	National Co-ordinating Agency for Population and Development	EA	EA (C)
73.	National Council for Law Reporting	EA	EA (C)
74.	National Council for Persons with Disabilities	EA	EA (C)
75.	National Drought Management Authority	EA	EA (C)
76.	National Quality Control Laboratory	EA	EA (C)
77.	National Water Harvesting and Storage Authority	EA	EA (C)
78.	National Youth Service	EA	EA (C)
79.	North Rift Valley Water Works Development Agency	EA	EA (C)
80.	Northern Water Works Development Agency (NWSB)	EA	EA (C)
81.	Nuclear Power and Energy Agency	EA	EA (C)
82.	Nyayo Tea Zones Development Corporation	EA	EA (C)
83.	Railway City Development Authority	EA	EA (C)
84.	Tana and Athi Water Works Development Agency	EA	EA (C)
85.	Tana Water Works Development Agency	EA	EA (C)
86.	Technical and Vocational Education and Training Curriculum Development Assessment & Certification Council (TVETCDACC)	EA	EA (C)
87.	Victims Protection Agency	EA	EA (C)

S/No.	State Corporation	Class	Sub-Class
88.	Warehouse Receipt System Council	EA	EA (C)
89.	Witness Protection Agency	EA	EA (C)
90.	Agricultural Information Resource Centre (AIRC)	EA	EA (D)
91.	Anti-Female Genital Mutilation Board	EA	EA (D)
92.	Child Welfare Society of Kenya	EA	EA (D)
93.	Coast Development Authority	EA	EA (D)
94.	Ewaso Ng'iro North Development Authority	EA	EA (D)
95.	Ewaso Ng'iro South Development Authority	EA	EA (D)
96.	Kenya National Commission for UNESCO	EA	EA (D)
97.	Kenya National Innovation Agency	EA	EA (D)
98.	Kenya National Qualifications Authority	EA	EA (D)
99.	Kerio Valley Development Authority (KVDA)	EA	EA (D)
100.	Lake Basin Development Authority (LBDA)	EA	EA (D)
101.	National Heroes Council	EA	EA (D)
102.	National Youth Council	EA	EA (D)
103.	Tana and Athi Rivers Development Authority	EA	EA (D)
104.	The Kenya Cultural Centre	EA	EA (D)
105.	The President's Awards	EA	EA (D)

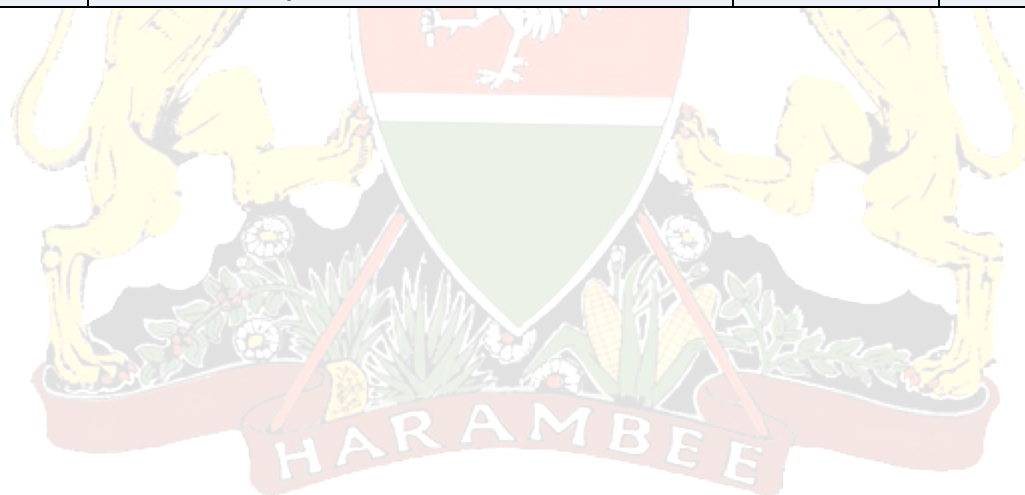


Appendix II: GOVERNMENT OWNED ENTERPRISES

S/No.	State Corporation	Class	Sub-Class
1.	East African Portland Cement Company Ltd	GOE1	GOE1
2.	Kenya Electricity Generating Company	GOE1	GOE1
3.	Kenya Power and Lighting Company Ltd	GOE1	GOE1
4.	Kenya Re-Insurance Corporation	GOE1	GOE1
5.	Agricultural Finance Corporation	GOE2	GOE2 (A)
6.	Industrial and Commercial Development Corporation	GOE2	GOE2 (A)
7.	Kenya Airports Authority	GOE2	GOE2 (A)
8.	Kenya Development Corporation	GOE2	GOE2 (A)
9.	Kenya Literature Bureau	GOE2	GOE2 (A)
10.	Kenya National Entrepreneurs Savings Trust	GOE3	GOE2 (A)
11.	Kenya Pipeline Corporation	GOE2	GOE2 (A)
12.	Kenya Ports Authority	GOE2	GOE2 (A)
13.	Kenya Railways Corporation	GOE2	GOE2 (A)
14.	National Hospital Insurance Fund	GOE2	GOE2 (A)
15.	National Social Security Fund	GOE2	GOE2 (A)
16.	New Kenya Co-operative Creameries	GOE2	GOE2 (A)
17.	Kenya Seed Company Limited	GOE2	GOE2 (B)
18.	Local Authorities Provident Fund	GOE2	GOE2 (B)
19.	National Cereals and Produce Board	GOE2	GOE2 (B)
20.	National Housing Corporation	GOE2	GOE2 (B)
21.	Numerical Machining Complex	GOE2	GOE2 (B)
22.	Postal Corporation of Kenya	GOE2	GOE2 (B)
23.	Public Service Superannuation Fund Board	GOE2	GOE2 (B)
24.	Rivatex East Africa Limited	GOE2	GOE2 (B)
25.	School Equipment Production Unit	GOE2	GOE3 (B)
26.	Kenya Broadcasting Corporation	GOE2	GOE2 (C)
27.	Kenya Ordinance and Factories Corporation (KOFC)	GOE2	GOE2 (C)
28.	National Mining Corporation	GOE2	GOE2 (C)
29.	National Oil Corporation of Kenya (NOCK)	GOE2	GOE2 (C)
30.	Consolidated Bank	GOE3	GOE3 (A)
31.	Kenya BioVax Institute	GOE3	GOE3 (A)

S/No.	State Corporation	Class	Sub-Class
32.	Kenyatta International Convention Centre	GOE2	GOE3 (A)
33.	Kenya National Trading Corporation Ltd	GOE3	GOE3 (A)
34.	Kenya Shipyard Ltd	GOE3	GOE3 (A)
35.	Kenya Veterinary Vaccines Production Institute (KEVEVAPI)	GOE3	GOE3 (A)
36.	Agro-Chemical and Food Company	GOE3	GOE3 (B)
37.	Development Bank of Kenya Ltd.	GOE3	GOE3 (B)
38.	Enterprise Services established by Universities/University Colleges	GOE3	GOE3 (B)
39.	JKUAT Enterprise Services	GOE3	GOE3 (B)
40.	Jomo Kenyatta Foundation	GOE3	GOE3 (B)
41.	Jomo Kenyatta University Enterprises Ltd.	GOE3	GOE3 (B)
42.	Kenya Fishing Industries Corporation	GOE3	GOE3 (B)
43.	Kenya Industrial Estate	GOE3	GOE3 (B)
44.	Kenya Meat Commission	GOE3	GOE3 (B)
45.	Kenya National Shipping Line	GOE3	GOE3 (B)
46.	Kenya Petroleum Refineries Limited	GOE3	GOE3 (B)
47.	Kenya Post Office Savings Bank	GOE3	GOE3 (B)
48.	Kenya Prisons Enterprise Fund	GOE3	GOE3 (B)
49.	National Informal Sector Pension Ltd	GOE3	GOE3 (B)
50.	University of Nairobi Enterprises and Services Limited	GOE3	GOE3 (B)
51.	Agri and Co-operative Training & Consultancy Services Ltd	GOE3	GOE3 (C)
52.	Ahero Rice Meals	GOE3	GOE3 (C)
53.	Bomas of Kenya	GOE3	GOE3 (C)
54.	CBKL Bancassurance Intermediary	GOE3	GOE3 (C)
55.	Chemilil Sugar Company Ltd	GOE3	GOE3 (C)
56.	Gatitu Tea Factory	GOE3	GOE3 (C)
57.	Golf Hotel Kakamega	GOE3	GOE3 (C)
58.	JKUAT Industrial Park Limited	GOE3	GOE3 (C)
59.	Kabarnet Hotel Ltd	GOE3	GOE3 (C)
60.	Kenya National Multi Commodities Exchange Ltd	GOE3	GOE3 (C)
61.	Kenya Safari Lodges and Hotels Ltd	GOE3	GOE3 (C)
62.	Kipchabo Tea Factory	GOE3	GOE3 (C)

S/No.	State Corporation	Class	Sub-Class
63.	Lands Limited	GOE3	GOE3 (C)
64.	Miwani Sugar Company Limited	GOE3	GOE3 (C)
65.	Mt. Elgon Lodge	GOE3	GOE3 (C)
66.	Muhoroni Sugar Company Ltd	GOE3	GOE3 (C)
67.	Mwea Rice Mills	GOE3	GOE3 (C)
68.	New Kenya Planters Co-operative Union	GOE3	GOE3 (C)
69.	Nzoia Sugar Company	GOE3	GOE3 (C)
70.	Pyrethrum Processing Company of Kenya	GOE3	GOE3 (C)
71.	School Equipment Production Unit	GOE3	GOE3 (C)
72.	Simlaw Seeds Kenya Ltd	GOE3	GOE3 (C)
73.	Simlaw Seeds Tanzania	GOE3	GOE3 (C)
74.	Simlaw Seeds Uganda Ltd.	GOE3	GOE3 (C)
75.	South Nyanza Sugar Company Limited (SONY)	GOE3	GOE3 (C)
76.	Sunset Hotel Kisumu	GOE3	GOE3 (C)
77.	Telkom Kenya Limited	GOE3	GOE3 (C)
78.	University of Nairobi Press	GOE3	GOE3 (C)
79.	Western Kenya Rice Mills Ltd	GOE3	GOE3 (C)



Appendix III: REGULATORY AGENCIES

S/No.	State Corporation	Class	Sub-Class
1.	Capital Markets Authority	RA	RA (A)
2.	Commission for University Education	RA	RA (A)
3.	Communications Authority of Kenya	RA	RA (A)
4.	Competition Authority of Kenya	RA	RA (A)
5.	Energy and Petroleum Regulatory Authority	RA	RA (A)
6.	Engineers Board of Kenya	RA	RA (A)
7.	Insurance Regulatory Authority	RA	RA (A)
8.	Kenya Bureau of Standards	RA	RA (A)
9.	Kenya Health Professionals Oversight Authority	RA	RA (A)
10.	Kenya Nuclear Regulatory Authority	RA	RA (A)
11.	Kenya Space Agency	RA	RA (A)
12.	National Construction Authority	RA	RA (A)
13.	National Transport & Safety Authority	RA	RA (A)
14.	Public Procurement Regulatory Authority	RA	RA (A)
15.	Retirement Benefits Authority	RA	RA (A)
16.	Sacco Societies Regulatory Authority	RA	RA (A)
17.	Tea Board of Kenya	RA	RA (A)
18.	Agricultural and Food Authority	RA	RA (B)
19.	Anti-Counterfeit Agency	RA	RA (B)
20.	Anti-Doping Agency	RA	RA (B)
21.	Clinical Council of Kenya	RA	RA (B)
22.	Council for Legal Education	RA	RA (B)
23.	Institute of Human Resource Management	RA	RA (B)
24.	Kenya Civil Aviation Authority	RA	RA (B)
25.	Kenya Dairy Board	RA	RA (B)
26.	Kenya Film Classification Board	RA	RA (B)
27.	Kenya Health Human Resource Advisory Council	RA	RA (B)
28.	Kenya Institute of Supplies Management	RA	RA (B)
29.	Kenya Maritime Authority	RA	RA (B)
30.	Kenya Medical Practitioners and Dentist Council	RA	RA (B)
31.	Kenya National Accreditation Service	RA	RA (B)
32.	Kenya Plant Health Inspectorate Services	RA	RA (B)
33.	Kenya Tissue and Transplant Authority	RA	RA (B)

S/No.	State Corporation	Class	Sub-Class
34.	National Commission for Science, Technology and Innovation	RA	RA (B)
35.	National Council for Children Services	RA	RA (B)
36.	National Environment Management Authority	RA	RA (B)
37.	National Authority for the Campaign against Alcohol and Drug Abuse	RA	RA (B)
38.	National Biosafety Authority	RA	RA (B)
39.	Pharmacy & Poisons Board	RA	RA (B)
40.	Street Families Rehabilitation Fund	RA	RA (B)
41.	Technical Vocational and Training Authority	RA	RA (B)
42.	Tourism Regulatory Authority		
43.	Veterinary Medicines Directorate	RA	RA (B)
44.	Water Resources Authority	RA	RA (B)
45.	Water Services Regulatory Board	RA	RA (B)
46.	Animal Technicians Council	RA	RA (C)
47.	Auctioneers Licensing Board	RA	RA (C)
48.	Board of Registration of Architects and Quantity Surveyors	RA	RA (C)
49.	Building Surveyors Registration Board	RA	RA (C)
50.	Counsellors and Psychologists Board	RA	RA (C)
51.	Estate Agents Registration Board	RA	RA (C)
52.	Geologist Registration Board	RA	RA (C)
53.	Health Records and Information Management Board	RA	RA (C)
54.	Human Resource Management Professionals Examination Board	RA	RA (C)
55.	Hydrologist Registration Board	RA	RA (C)
56.	Institute of Certified Investment and Financial Analysts	RA	RA (C)
57.	Institute of Certified Public Accountants of Kenya	RA	RA (C)
58.	Kenya Copyrights Board	RA	RA (C)
59.	Kenya Engineering Technology Registration Board	RA	RA (C)
60.	Kenya Health Human Resource Advisory Council	RA	RA (C)
61.	Kenya Leather Development Council	RA	RA (C)
62.	Kenya Medical Laboratory Technicians and Technologists Board	RA	RA (C)
63.	Kenya Veterinary Board	RA	RA (C)

S/No.	State Corporation	Class	Sub-Class
64.	Land Surveyors Board	RA	RA (C)
65.	Media Council of Kenya	RA	RA (C)
66.	National Employment Authority	RA	RA (C)
67.	National Industrial Training Authority	RA	RA (C)
68.	NGOs Coordination Board	RA	RA (C)
69.	Nursing Council of Kenya	RA	RA (C)
70.	Occupational Therapy Council of Kenya	RA	RA (C)
71.	Physical Planners Registration Board	RA	RA (C)
72.	Private Security Regulatory Authority	RA	RA (C)
73.	Public Health Officers and Technician Council	RA	RA (C)
74.	Registration of Certified Public Accountants Board	RA	RA (C)
75.	Registration of Certified Public Secretaries Board	RA	RA (C)
76.	Scrap Metal Council	RA	RA (C)
77.	Special Economic Zones Authority	RA	RA (C)
78.	Tea Research Foundation	RA	RA (C)

Appendix IV: PUBLIC UNIVERSITIES AND COLLEGES

S/No.	State Corporation	Class	Sub-Class
PUC1: Chartered Public universities			
1.	Egerton University	PUC	PUC1 (A)
2.	Jomo Kenyatta University of Agriculture and Technology	PUC	PUC1 (A)
3.	Kenyatta University	PUC	PUC1 (A)
4.	Maseno University	PUC	PUC1 (A)
5.	Masinde Muliro University of Science & Technology	PUC	PUC1 (A)
6.	Moi University	PUC	PUC1 (A)
7.	University of Nairobi	PUC	PUC1 (A)
8.	Chuka University	PUC	PUC1 (B)
9.	Co-operative University	PUC	PUC1 (B)
10.	Dedan Kimathi University of Science and Technology	PUC	PUC1 (B)
11.	Embu University	PUC	PUC1 (B)
12.	Garissa University	PUC	PUC1 (B)
13.	Jaramogi Oginga Odinga University of Science & Technology	PUC	PUC1 (B)

S/No.	State Corporation	Class	Sub-Class
14.	Karatina University	PUC	PUC1 (B)
15.	Kibabii University	PUC	PUC1 (B)
16.	Kirinyaga University	PUC	PUC1 (B)
17.	Kisii University	PUC	PUC1 (B)
18.	Laikipia University	PUC	PUC1 (B)
19.	Maasai Mara University	PUC	PUC1 (B)
20.	Machakos University	PUC	PUC1 (B)
21.	Meru University of Science and Technology	PUC	PUC1 (B)
22.	Multi-Media University	PUC	PUC1 (B)
23.	Murang'a University	PUC	PUC1 (B)
24.	National Defense University - Kenya	PUC	PUC1 (B)
25.	Pwani University	PUC	PUC1 (B)
26.	Rongo University	PUC	PUC1 (B)
27.	South Eastern University	PUC	PUC1 (B)
28.	Taita Taveta University	PUC	PUC1 (B)
29.	Technical University of Kenya	PUC	PUC1 (B)
30.	Technical University of Mombasa	PUC	PUC1 (B)
31.	University Kabianga	PUC	PUC1 (B)
32.	University of Eldoret	PUC	PUC1 (B)
PUC 2: University Colleges and post graduate training institutions			
1.	Kenya School of Government	PUC	PUC2 (A)
2.	Kenya School of Law	PUC	PUC2 (A)
3.	Alupe University College	PUC	PUC2 (B)
4.	Bandari Maritime Academy	PUC	PUC2 (B)
5.	Bomet University College	PUC	PUC2 (B)
6.	Kaimosi Friends University College	PUC	PUC2 (B)
7.	Kenya Advanced Institute of Science and Technology	PUC	PUC2 (B)
8.	Koitalel Arap Samoei University College	PUC	PUC2 (B)
9.	Mama Ngina University College	PUC	PUC2 (B)
10.	Tharaka University College	PUC	PUC2 (B)
11.	Tom Mboya University College	PUC	PUC2 (B)
12.	Turkana University College	PUC	PUC2 (B)
13.	Kenya School of Monetary Studies		
PUC 3: Tertiary Education and Training Colleges			

S/No.	State Corporation	Class	Sub-Class
1.	Kenya Institute of Mass Communication	PUC	PUC3 (A)
2.	Kenya Medical Training College	PUC	PUC3 (A)
3.	Kenya Utalii College	PUC	PUC3 (A)
4.	Bukura Agricultural College	PUC	PUC3 (A)
5.	Kenya School of TVET	PUC	PUC3 (A)
6.	Kenya Water Institute	PUC	PUC3 (A)
7.	Kabete National Polytechnic	PUC	PUC3 (B)
8.	Kenya Coast National Polytechnic	PUC	PUC3 (B)
9.	Kisii National Polytechnic	PUC	PUC3 (B)
10.	Kisumu National Polytechnic	PUC	PUC3 (B)
11.	Kitale National Polytechnic	PUC	PUC3 (B)
12.	Meru National Polytechnic	PUC	PUC3 (B)
13.	North Eastern National Polytechnic	PUC	PUC3 (B)
14.	Nyandarua National Polytechnic	PUC	PUC3 (B)
15.	Nyeri National Polytechnic	PUC	PUC3 (B)
16.	Sigalagala National Polytechnic	PUC	PUC3 (B)
17.	The Eldoret National Polytechnic	PUC	PUC3 (B)

Appendix V: NATIONAL REFERRAL HOSPITALS

S/No.	State Corporation	Class	Sub Class
1.	Kenyatta National Hospital	NRH	NRH (A)
2.	Kenyatta University Teaching and Referral Hospital	NRH	NRH (A)
3.	Moi Teaching and Referral Hospital	NRH	NRH (A)
4.	Mathari National Teaching and Referral Hospital	NRH	NRH (B)

Appendix VI: RESEARCH INSTITUTIONS

S/No.	State Corporation	Class	Sub-Class
1.	Kenya Agricultural and Livestock Research Organization	RI	RI (A)
2.	Kenya Institute of Public Policy Research & Analysis	RI	RI (A)
3.	Kenya Medical Research Institute (KEMRI)	RI	RI (A)
4.	Centre for Mathematics, Science and Technology Education in Africa	RI	RI (B)
5.	Kenya Education Management Institute	RI	RI (B)
6.	Kenya Foreign Service Institute	RI	RI (B)
7.	Kenya Forestry Research Institute	RI	RI (B)
8.	Kenya Industrial Research & Development Institute	RI	RI (B)
9.	Kenya Institute of Primate Research	RI	RI (B)
10.	Kenya Marine & Fisheries Research Institute	RI	RI (B)
11.	National Crime Research Centre	RI	RI (B)
12.	National Museums of Kenya	RI	RI (B)
13.	Tourism Research Institute	RI	RI (B)
14.	Wildlife Research Training Institute	RI	RI (B)
15.	Regional Centre for Ground Water Resources, Education, Training and Research in East Africa	RI	RI (B)



Appendix VII: ALLOWANCES AND BENEFITS FOR BOARDS

Monthly Honoraria for Board Chairpersons	Sitting Allowance for Board Chairpersons and members
Up to KSh. 130, 000 per month	Up to KSh. 30,000 per sitting.

NB: Corporations paying above the approved maximum ceiling are required to comply from the effective date of these guidelines except for the current serving Board membership who shall retain their current rates on a personal to holder basis, subject to the current tenure.

Appendix VIII: OTHER BENEFITS FOR BOARD MEMBERS

Monthly Telephone Allowance for Chairpersons	Monthly Telephone Allowance for Board Members	Lunch Allowance per day for Chairpersons and Board Members (<i>For Physical meetings Where lunch is not provided</i>)	Medical Insurance Cover/Last Expense for Board members		
			Inpatient	Outpatient	Last Expense
KSh. 7,000	KSh. 5,000	KSh. 2,000	Up to a maximum of KSh. 3m p.a	Up to a maximum of KSh. 200,000 p.a	Up to a maximum of KSh. 200,000

Appendix IX: SAMPLE APPOINTMENT LETTERS

APPOINTMENT LETTER FOR CHAIRPERSONS

(LETTER HEAD FOR THE STATE CORPORATION MAKING APPOINTMENT)

Chairperson
Address

Dear

LETTER OF APPOINTMENT AS CHAIRPERSON OF BOARD

I am pleased to convey your appointment as the Chairperson of in accordance with section of the Act.

State Corporations are established to promote and accelerate economic growth and development and drive social and economic transformation in the Country. The Board of a State Corporation is therefore required to entrench good corporate governance, enhance efficiency and effectiveness thereby improving service delivery and increasing value for money to the public.

The Board is collectively responsible for promoting the success of the State Corporation by directing and supervising the entity's affairs. The Board should therefore, provide strategic direction to the State Corporation in line with its mandate and Government expectations and must therefore:

1. Acquaint itself with government priorities as set out, the mandate of the State Corporation as well as its contribution to national priorities in its sector;
2. Acquaint itself with government policies, procedures and practices, as well as sector specific guidelines and, prioritize enforcement of good governance, accountability and transparency principles and guidelines in all operations of the State Corporation;
3. Ensure that the highest standards of integrity and probity permeate throughout the structures of the State Corporation, and set expectations regarding good governance culture, values, and behavior in all operations;
4. Ensure remission of statutory and other staff deductions on timely basis; and
5. Ensure that Board matters are carried out in line with the existing laws and regulations including:
 - (i) Article 10 of the Constitution of Kenya;
 - (ii) Article 232 of the Constitution of Kenya;
 - (iii) The Public Service Commission Act (Cap. 185);
 - (iv) The Public Service Commission Regulations, 2020;

- (v) The Public Service Values and Principles Act (Cap. 185A);
- (vi) The Public Service (Performance Management) Regulations;
- (vii) Human Resource Policies and Procedures Manual for the Public Service;
- (viii) The Public Finance Management Act (Cap. 412A);
- (ix) Finance Policies and Procedures Manual;
- (x) The Public Procurement and Disposal Act (Cap. 412C);
- (xi) The Procurement Policies and Procedures Manual;
- (xii) The Public Officers Ethics Act (Cap. 185B);
- (xiii) The Leadership and Integrity Act (Cap. 185C);
- (xiv) Mwongozo; the Code of Governance for State Corporations;
- (xv) The State Corporations Act (Cap 446);
- (xvi) The State Corporations (Performance Contracting) Regulations, 2004;
- (xvii) Other Organizational Policies and Procedures Manuals;
- (xviii) The Board Charter; and
- (xix) Any other relevant law and Government Circulars as issued from time to time.

The terms and conditions attached to this appointment are as follows: -

1. DURATION

This contract commences on..... for a period of three years unless otherwise provided for in any other written law renewable once upon satisfactory performance or until the attainment of the age of 60 years whichever is earlier”

2. DUTIES AND RESPONSIBILITIES

As a Chairperson, you will:

- (a) Provide overall leadership to the Board in areas of policy development and direction;
- (b) Play a key role in setting the agenda for Board meetings;
- (c) Chair and conduct efficient Board meetings and guide the Board’s decision-making process;
- (d) Promote the values and principles mentioned in Articles 10 and 232 of the Constitution of Kenya;
- (e) Co-ordinate the monitoring, evaluation and reporting on the performance of the State Corporation, and its meeting of agreed targets. This also includes the meeting of legal and regulatory requirements to ensure the entity is compliant and adhering to set provisions;
- (f) Encourage Board members to participate fully in the deliberations of the Board and its committees;

- (g) Harness the collective skills of the Board and its Committees, and those of the management team and secure cohesive board operations for attainment of the corporate objectives and performance targets agreed with the Government;
- (h) Identify key deliverables based on the core mandate of the Corporation that shall be used to determine the performance of the Board, the Chief Executive Officer and management;
- (i) Lead the annual Board evaluation process;
- (j) Ensure that there is a formal succession plan for Board members and management;
- (k) Ensure new Board members are inducted;
- (l) Promote a positive image of the organization;
- (m) Ensure that the Board Members, Management and Staff manage, operate and protect the assets and resources of the Corporation;
- (n) Ensure that the Board is provided with and approves the Corporation's strategic and business plans and annual operating budgets and receive and approve budgets, expenditure reports, project reports, audit and performance reports and assess implementation;
- (o) Ensure remission of statutory deductions and submission of other reports to the responsible State Agencies;
- (p) Diligently perform your duties, exercise good judgment, and reasonable care and skill;
- (q) Avoid conflict of interest; and
- (r) Ensure members declare conflict of interest if any for registration.

3. SEPARATION OF POWERS

You will observe the principles of separation of powers to ensure that the role of the Board remains that of policy formulation, directing and monitoring, and that of the Chief Executive will be policy implementation and management of day- to-day affairs of the Corporation.

Engagement with management shall be through the Chief Executive Officer.

4. PERFORMANCE CONTRACT

Without prejudice to the generality of the foregoing, you will be a principal signatory to the Performance Contract between the Government and your Corporation as well as the Chief Executive's contract with the Board.

5. CONFLICT OF INTEREST

You will be required to immediately disclose in writing to your appointing authority and the Cabinet Secretary all interests in any ventures, contracts, or arrangements which may conflict with the interests of the Corporation or with the performance of your duties.

On appointment you shall disclose to the appointing authority and the Cabinet

Secretary any significant commitments you have outside your role in the Corporation and any circumstances which may give rise to any actual or potential conflict of interest with your role as Chairperson. You shall inform the appointing authority and the Cabinet Secretary in advance of any changes to these commitments or of any new circumstances which may give rise to any such conflict of interest.

6. CONFIDENTIALITY

You shall not, during and after your tenure of office, disclose business matters of a confidential nature related to the corporation to anyone not authorized to receive them.

7. ALLOWANCES

As the Chairperson, you will be paid various allowances including sitting allowance, accommodation allowance, lunch and telephone allowance where applicable in line with the prevailing Government Guidelines as issued from time to time.

8. TRANSPORT

Where official transport is not provided to you to attend a meeting or an official function, which you are officially required to attend, you will be reimbursed the cost of travel by the most cost-effective transport means on production of receipted bills, or be reimbursed for actual mileage performed on your vehicle at rates not higher than the prevailing Automobile Association rates.

9. ACCIDENT INSURANCE

You will be covered under the Corporation's Group Board Personal Accident Cover within the ceilings as approved by the Government from time to time.

10. MEDICAL COVER

You will be covered under the Corporation's Group Board Medical Insurance Scheme within the ceilings as approved by the Government from time to time.

11. ACCEPTANCE

If you accept this offer and terms and conditions as stipulated herein, please sign the duplicate copy of this letter to signify your acceptance, retain the original and return the duplicate copy to the undersigned within five (5) days from the date of this letter.

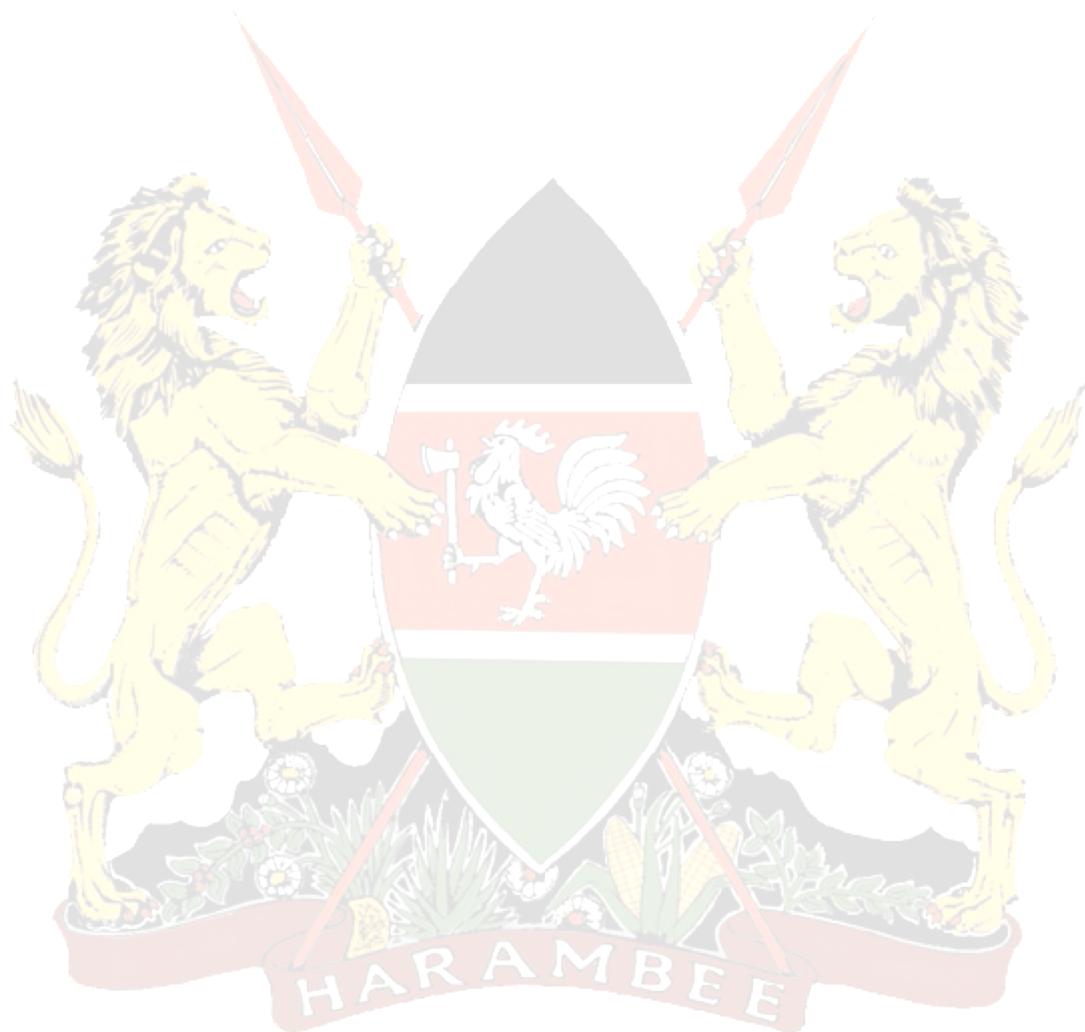
As Chairperson, you will be expected to sign an Accountability Pledge and ensure that its principles are cascaded to the Management and Staff of the Corporation. This pledge commits the signatory to personal liability in the event of conflict with the tenets of the Leadership and Integrity Code and the Public Officers Ethics Act. The Accountability Pledge is annexed to the letter to be signed as per the prescriptions above.

By accepting this appointment, you have confirmed that you are able to devote sufficient time to meet the expectations of your role. The agreement of the appointing authority and Cabinet Secretary should be sought before accepting additional commitments that might affect the time you are able to devote to the Corporation.

I wish you every success in your appointment and assure you of all the necessary support in the discharge of your duties as Chairperson.

Yours

HEAD OF THE PUBLIC SERVICE/CABINET SECRETARY (WHERE APPLICABLE)



12. ACCEPTANCE

I

do hereby accept the above offer and commit to abide by the provisions thereof.

RESIDENCE

My usual place of residence is within
County (to be verified by local administrator).

Conflict of interest

I declare that I have (Interest/No interest) in the State Corporation.

(If interest is declared, please state it here
.....)

DateYear

Signed

Copy to: Chief of Staff and Head of Public Service
Executive Office of the President
NAIROBI

The Cabinet Secretary
Ministry of
NAIROBI

The Cabinet Secretary
The National Treasury
NAIROBI

The Secretary
State Corporations Advisory Committee
NAIROBI

The Inspector – General (Corporations)
Inspectorate of State Corporations
NAIROBI

Chief Executive Officer
..... Corporation

REPUBLIC OF KENYA

**ACCOUNTABILITY
PLEDGE**

RECITALS

HUMBLED by the high calling of Public Office and the Public Trust that has been bestowed upon me;

COGNIZANT of the challenges facing our Nation in eliminating the scourge of corruption;

TAKING NOTE of the need for demonstrable leadership and commitment in the fight against corruption by H.E. The President, Cabinet Secretaries, Principal Secretaries, Chief Administrative Officers, Chairpersons and Chief Executive Officers of State Corporations, and Heads of Agencies and the need for proactive and practical approaches to be adopted to resolve the current challenges;

ACKNOWLEDGING the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership that form the core tenets of an effective anti-corruption strategy;

AFFIRMING my personal commitment to confronting corruption and economic crimes in general in both words and actions; through my selfless and unwavering devotion to supporting and implementing the Government’s anti-corruption and economic crimes initiatives, and the various laws, regulations, policies and programmes towards those ends;

AND;

PLEDGING myself to at all times to upholding both personal and corporate integrity, accountability, transparency, honesty, responsiveness and servant-leadership, as the core tenets at the heart of an effective anti-corruption strategy.

WHEREFORE;

I
being the
designate..... in
charge of.....in
the.....

(Ministry/State Department/State Corporation/Agency),

I do solemnly **PLEDGE** as follows:

1. I am cognizant that I am a state officer/public officer bound by the tenets of Chapter Six of the Constitution of Kenya, appointed purposefully to offer selfless service based solely on the public interest;
2. I am further aware that all my actions ought to be based solely on the public interest and to the interest of the Republic of Kenya;
3. I am conscious of the fact that all my actions will be subject to the laws of

the country, and that I am liable for prosecution for any actions not undertaken in good faith that are contrary to the law that may occasioned by me;

4. I am fully conscious of the high level of accountability required of me;
5. I pledge to at all times abide by the Constitution of Kenya, Statute Law, Regulations, Policies, Guidelines and Codes of Conduct as they apply to Public Duty, Leadership, Integrity, the Rule of Law and the Principles of Good Governance.
6. I pledge to make accountability, transparency, ethics and integrity a key personal priority of my service to the Nation.
7. I pledge to uphold honesty and transparency in the execution of my Public Duties.
8. I pledge to make all decisions and take all actions with respect to my public duties devoid of any corruption, nepotism, tribalism, discrimination, conflict of interest or breach of any applicable law or code of ethics.
9. I pledge to declare any personal interest that may conflict with my Public duties and to thereafter remove myself from any related decision-making process.
10. I pledge to ensure that proper accountable documents are prepared and preserved within my area of mandate, so as to ensure transparent, accountable and verifiable audit of the same.
11. I pledge to ensure that all actions as a public servant are strictly beneficial to the Republic of Kenya, protective of the Government's interests and that my services provide the Nation with the best value for money, and highest quality of standard.
12. I pledge to fully co-operate with any and all audit or investigatory measures initiated with respect to either myself or my office; relating to all matters touching on my public duties and/or my office/institution.

ACCORDINGLY; fully appreciating the weight and solemn nature of this Pledge, I unequivocally commit myself to the above by appending my signature, as below.

Signed by:

Name:

Signature:.....

Designation:.....

Date:.....

APPOINTMENT LETTER FOR BOARD MEMBERS

(LETTER HEAD FOR THE STATE CORPORATION MAKING APPOINTMENT)

Dear

RE: LETTER OF APPOINTMENT AS A MEMBER OF BOARD

I am pleased to convey your appointment as a Member of the Board in accordance with section..... (..) (..), (..) of the Act.

State Corporations are established to promote and accelerate economic growth and development and drive social and economic transformation in the Country. The Board of a State Corporation is therefore required to entrench good corporate governance, enhance efficiency and effectiveness thereby improving service delivery and increasing value for money to the public.

The Board is collectively responsible for promoting the success of the State Corporation by directing and supervising the entity's affairs. The Board should therefore, provide strategic direction to the State Corporation in line with its mandate and Government expectations and must therefore:

1. Acquaint itself with government priorities as set out, the mandate of the State Corporation as well as its contribution to national priorities in its sector;
2. Acquaint itself with government policies, procedures and practices, as well as sector specific guidelines and, prioritize enforcement of good governance, accountability and transparency principles and Guidelines in all operations of the State Corporation;
3. Ensure that the highest standards of integrity and probity permeate throughout the structures of the State Corporation, and set expectations regarding good governance culture, values, and behavior in all operations;
4. Ensure remission of statutory and other staff deductions on timely basis; and
5. Ensure that Board matters are carried out in line with the existing laws and regulations including:
 - (i) Article 10 of the Constitution of Kenya;
 - (ii) Article 232 of the Constitution of Kenya;
 - (iii) Public Service Values and Principles Act (Cap. 185A);
 - (iv) Public Service (Performance Management) Regulations;
 - (v) Human Resource Policies and Procedures Manual for the Public Service;
 - (vi) Public Finance Management Act (Cap. 412A);

- (vii) Finance Policies and Procedures Manual;
- (viii) Public Procurement and Disposal Act (Cap. 412C);
- (ix) Procurement Policies and Procedures Manual;
- (x) Public Officers Ethics Act (Cap. 185A);
- (xi) Leadership and Integrity Act (Cap. 185C);
- (xii) Mwongozo; the Code of Governance for State Corporations
- (xiii) State Corporations Act, Cap 446;
- (xiv) State Corporations (Performance Contracting) Regulations 2004;
- (xv) Other Organizational policies and Procedures Manuals;
- (xvi) The Board Charter; and
- (xvii) Any other relevant law and Government Circulars as issued from time to time.

The terms and conditions attached to this appointment are as follows:

1. DURATION

Your appointment is for a period of years, commencing and is tenable at the discretion of the Government.

2. DUTIES AND RESPONSIBILITIES

As a Member of the Board of directors, you will be expected to:

- (i) Constructively challenge and contribute to the development of the entity's business strategy;
- (ii) Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (iii) Identify through the Chairperson, key deliverables based on the core mandate of the Corporation that shall be used to determine the performance of the Corporation;
- (iv) Satisfy yourself that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;
- (v) Exercise independent judgement, reasonable care, skill and due diligence in the performance of your duties;
- (vi) Promote the values and principles mentioned in Articles 10 and 232 of the Constitution of Kenya;
- (vii) Support the Chairperson in ensuring submission of statutory deductions and other reports to the responsible State Agencies;
- (viii) Comply with all reasonable requests given by the Board (or by and duly authorized committee thereof) and to give to the Board such explanations, information and assistance as the Board may reasonably require; and
- (ix) Use your reasonable endeavors to promote and extend the interests and reputation of the State Corporation.

3. SEPARATION OF POWERS

You will observe the principles of separation of powers to ensure that the role of the Board remains that of policy formulation, directing and monitoring, and that of the Chief Executive will be policy implementation and management of day- to-day affairs of the Corporation.

Engagement with management shall be through the Chief Executive Officer.

4. CONFLICT OF INTEREST

You will be required to immediately disclose in writing to the appointing authority and the Cabinet Secretary all interests in any ventures, contracts, commitments or arrangements which may conflict with the interests of the State Corporation or with the performance of your duties.

You must inform the appointing authority and the Cabinet Secretary in advance of any changes to these commitments or of any new circumstances which may give rise to any such conflict of interest.

5. CONFIDENTIALITY

You shall not, during and after your tenure of office, disclose business matters of a confidential nature related to the Corporation to anyone not authorized to receive them.

6. ALLOWANCES

You will be entitled to various allowances in line with the prevailing Government Guidelines as issued from time to time.

7. ACCIDENT INSURANCE COVER

You will be covered for any personal accident which may occur while on, or travelling on Board's business.

8. MEDICAL COVER

You will be covered under the Corporation's medical scheme within the ceilings as approved by the Government from time to time.

9. ACCOUNTABILITY PLEDGE

As a Member of the Board, you shall be expected to sign an Accountability Pledge. This pledge commits you to personal liability in the event of conflict with the tenets of the Leadership and Integrity Code and the Public Officers Ethics Act. The Accountability Pledge is annexed to the letter to be signed as per the prescriptions above.

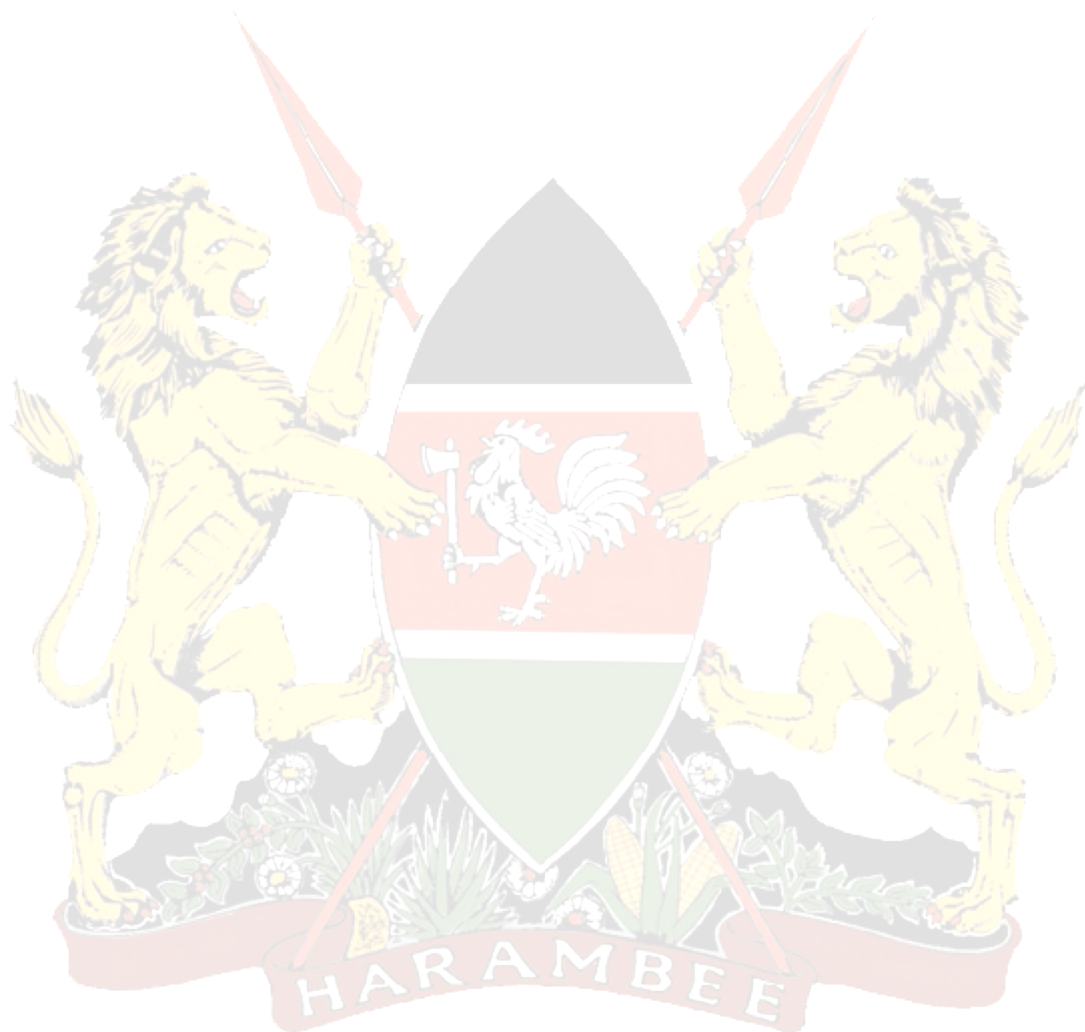
By accepting this appointment, you have confirmed that you are able to devote time to meet the expectations of your role. The agreement of the appointing authority and Cabinet Secretary should be sought before accepting additional commitments that might affect the time you are able to devote to your role as a Member of the Board.

If you accept this offer and terms and conditions as stipulated herein, please sign the duplicate copy of this letter, then retain the original and return the duplicate copy to the undersigned within five (5) days from the date of this letter.

I wish you every success in your appointment and assure you of all the necessary support in the discharge of your duties as a Member of the Board.

Yours

CABINET SECRETARY



10. ACCEPTANCE

I

do hereby accept the above offer and the terms and conditions stipulated herein.

RESIDENCE

My usual place of residence is within
County

Conflict of interest

I declare that I have (Interest/No interest) in the State
Corporation. (If interest is declared, please state it here
.....)

Signed:.....Date:

Copy to: The Cabinet Secretary
The National
Treasury
NAIROBI.

The Cabinet Secretary
Ministry of
.....
NAIROBI.

The Secretary
State Corporations Advisory Committee
NAIROBI.

The Inspector – General (Corporations)
Inspectorate of State Corporations
NAIROBI.

The Chief Executive Officer

APPOINTMENT LETTER FOR ALTERNATE BOARD MEMBER



MINISTRY OF
State Department for
Office of the Principal Secretary

Ref. No.

Date:

Mr./Ms.

.....

P.O. Box

NAIROBI

Dear

**RE: LETTER OF APPOINTMENT AS AN ALTERNATE BOARD MEMBER OF
..... STATE CORPORATION/AGENCY**

Reference is made to sectionof theAct (No.... of/Cap.....) that designates the Principal Secretary/..... responsible for..... as a member of the Board/Council. I am pleased to convey to you the decision to appoint you as the alternate Board member of, within the provisions ofAct as above.

As an Alternate Director, you are expected to play a critical role in seeking to enforce compliance with Government policy and regulation. This includes the implementation of the parent Ministry's policies and guidelines, the prudent utilization of financial resources and adherence to public finance management protocols, and legal compliance. You are therefore expected to have a higher standard of reporting on corporation activities both to the appointing authority and to the relevant oversight agencies through this office, in order to avert the occurrence of unnecessary breaches.

As an Alternate Board member, you are specifically expected to:

1. Provide adequate advisory on relevant Government policies, priorities, circulars and directives to the Board.

2. Inform Government of any instances where a Board decision is contrary to law or Government policy.
3. Brief the substantive member at the end of every meeting on the deliberations of the meetings, and particularly decisions of a critical nature
4. Exercise the highest degree of care, skill and diligence in discharging your duties.
5. Act in the best interest of the Corporation.
6. Avoid conflict of interest.
7. Devote sufficient time to carry out your responsibilities as an Alternate Board Member.
8. Promote transparency and accountability in the Corporation at all times.
9. Promote team work within the Board and the Corporation.

REPORTING

You will be expected to prepare and submit periodic reports to this office, outlining your contribution to the Board, specifying the advice or intervention provided and its policy, regulatory or other legal basis, and further indicating any proactive strategies implemented in support of your mandate. You will also be expected to update this office of decisions of the Board of a significant nature including budget and expenditure reports, statutory reports, performance reports, etc.

Any alternate directors facing challenges in pursuit of this objective are to report to the appointing authority for action. Consultations with the principal member on agenda items should be undertaken prior to attendance of meetings to facilitate expedient decision making by the Board. You will be expected to sign an Accountability Pledge. This pledge commits the signatory to personal liability in the event of conflict with the tenets of the Leadership and Integrity Code and the Public Officers Ethics Act. The Accountability Pledge is annexed hereto the letter to be signed in duplicate and returned as above.

By accepting this appointment, you have confirmed that you are able to devote sufficient time to meet the expectations of your role. The agreement of the appointing authority should be sought before accepting additional commitments that might affect the time you are able to devote to your role as Alternate Member of the Board.

Yours

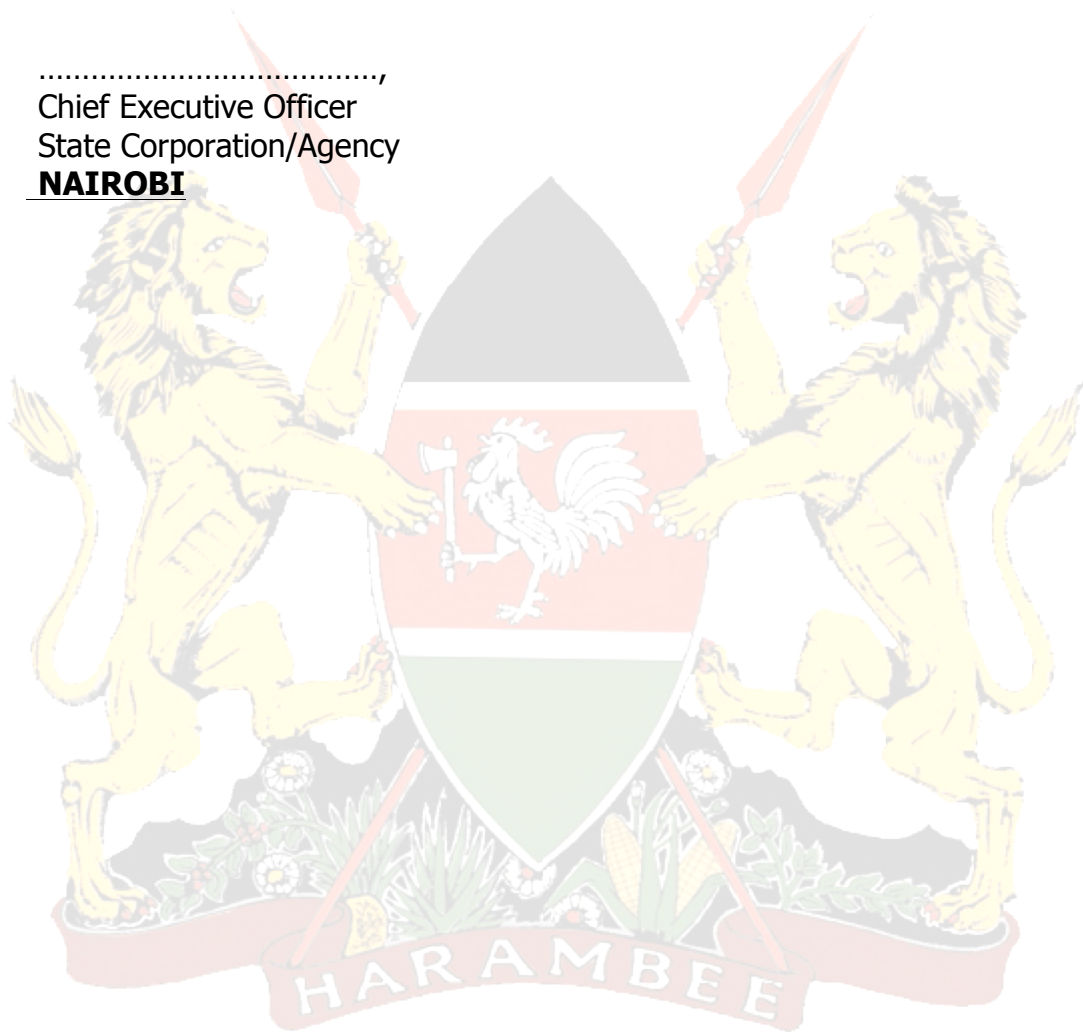
.....
(Cabinet Secretary or Principal Secretary whichever is applicable)

CC:,
 Prime Cabinet Secretary
 Kenya Railways Headquarters,
NAIROBI

.....,
Cabinet Secretary
The National Treasury
Treasury Building
NAIROBI.

Secretary,
State Corporations Advisory Committee,
Executive Office of the President,
NAIROBI

.....,
Chief Executive Officer
State Corporation/Agency
NAIROBI



REPUBLIC OF KENYA



**MINISTRY OF XXXXXXXXXXXX
REPORTING FRAMEWORK FOR ALTERNATE BOARD MEMBER OF
.....STATE CORPORATION/AGENCY**

REPORTING MONTH:

NAME:	
PERSONNEL NO:	
DESIGNATION:	
BOARD/COUNCIL:	
SUMMARY OF BOARD DECISIONS:	
CONTRIBUTION TO BOARD BUSINESS:	
SPECIFY ADVISE/INTERVENTION PROVIDED AND ITS POLICY/LEGAL BASIS:	
PROACTIVE STRATEGIES:	
DISSENTING POSITION: (If any)	
CHALLENGES ARTICULATING GOVERNMENT POLICY IN THE BOARD (If any)	
COMMENTS	
DOCUMENTATION: (Annex)	

REPUBLIC OF

KENYA

ACCOUNTABILITY PLEDGE

RECITALS

HUMBLED by the high calling of Public Office and the Public Trust that has been bestowed upon me;

COGNIZANT of the challenges facing our Nation in eliminating the scourge of corruption;

TAKING NOTE of the need for demonstrable leadership and commitment in the fight against corruption by H.E. The President, Cabinet Secretaries, Principal Secretaries, Chief Administrative Officers, Chairpersons and Chief Executive Officers of State Corporations, and Heads of Agencies and the need for proactive and practical approaches to be adopted to resolve the current challenges;

ACKNOWLEDGING the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership that form the core tenets of an effective anti-corruption strategy;

AFFIRMING my personal commitment to confronting corruption and economic crimes in general in both words and actions; through my selfless and unwavering devotion to supporting and implementing the Government's anti-corruption and economic crimes initiatives, and the various laws, regulations, policies and programmes towards those ends;

AND;

PLEDGING myself to at all times to upholding both personal and corporate integrity, accountability, transparency, honesty, responsiveness and servant-leadership, as the core tenets at the heart of an effective anti-corruption strategy.

WHEREFORE;

I

.....
being the Designate in charge of
in the

(Ministry/State Department/State Corporation/Agency),

I do solemnly **PLEDGE** as follows:

1. I am cognizant that I am a state officer/public officer bound by the tenets of Chapter Six of the Constitution of Kenya, appointed purposefully to offer selfless service based solely on the public interest;
2. I am further aware that all my actions ought to be based solely on the public interest and to the interest of the Republic of Kenya;
3. I am conscious of the fact that all my actions will be subject to the laws of

the country, and that I am liable for prosecution for any actions not undertaken in good faith that are contrary to the law that may occasioned by me;

4. I am fully conscious of the high level of accountability required of me;
5. I pledge to at all times abide by the Constitution of Kenya, Statute Law, Regulations, Policies, Guidelines and Codes of Conduct as they apply to Public Duty, Leadership, Integrity, the Rule of Law and the Principles of Good Governance.
6. I pledge to make accountability, transparency, ethics and integrity a key personal priority of my service to the Nation.
7. I pledge to uphold honesty and transparency in the execution of my Public Duties.
8. I pledge to make all decisions and take all actions with respect to my Public Duties devoid of any corruption, nepotism, tribalism, discrimination, conflict of interest or breach of any applicable law or code of ethics.
9. I pledge to declare any personal interest that may conflict with my Public Duties and to thereafter remove myself from any related decision-making process.
10. I pledge to ensure that proper accountable documents are prepared and preserved within my area of mandate, so as to ensure transparent, accountable and verifiable audit of the same.
11. I pledge to ensure that all actions as a public servant are strictly beneficial to the Republic of Kenya, protective of the Government's interests and that my services provide the Nation with the best value for money, and highest quality of standard.
12. I pledge to fully co-operate with any and all audit or investigatory measures initiated with respect to either myself or my Office; relating to all matters touching on my Public Duties and/or my Office/Institution.

ACCORDINGLY; fully appreciating the weight and solemn nature of this Pledge, I unequivocally commit myself to the above by appending my signature, as below.

Signed by:

Name:

Signature:

Designation:

Date:

APPOINTMENT LETTER FOR CHIEF EXECUTIVE OFFICER

(LETTER HEAD FOR THE STATE CORPORATION MAKING APPOINTMENT)

Dear

RE: CONTRACT OF SERVICE: CHIEF EXECUTIVE OFFICER OF
..... (name of institution)

Having fulfilled all the requirements for appointment as Chief Executive Officer of....., the Board is desirous of entering into a contract of service with you on the following terms and conditions: -

1. POSITION

You will be engaged as the Chief Executive Officer for
(name of State Corporation)

2. DURATION

This Contract commences on for a period of..... years or until the attainment of the age of 60 years whichever is earlier.

3. ACCOUNTABILITY

You will be accountable to the Board of Directors.

4. DUTIES AND RESPONSIBILITIES

As the Corporation's Chief Executive Officer, you will be responsible for the implementation of the Board's decisions in a result oriented and timely manner to achieve the Corporation's goals, objectives and agreed performance targets. These shall include the following;

- (a) Being responsible for the day to day operations of the Organization;
- (b) Providing leadership to senior management and staff;
- (c) Being responsible for performing the functions, duties and responsibilities of Accounting Officer as required under Section 68 (2) of the Public Finance Management Act.
- (d) Preparing annual budgets and establishing proper internal controls;
- (e) Being responsible for the execution and communication of the Board's strategies, decisions and policies;
- (f) Developing and recommending to the Board the long-term strategy,

- annual business plans, and annual operating budgets; and establishing proper internal monitoring and control systems and procedures;
- (g) Ensuring timely resolution of Internal and External Audit queries.
 - (h) Co-ordinating and preparing business related proposals, reports and other submissions for consideration by the board;
 - (i) Ensuring that the organization has a robust management structure including effective succession plan;
 - (j) Ensuring that all Board papers are accurately written, are relevant and availed to the Board members in a timely manner;
 - (i) Serving as the link between the Board and the management;
 - (j) Putting in place effective administrative structures, processes and systems;
 - (k) Providing regular, thorough and prompt communication to the Board on key technical, financial and administrative matters;
 - (l) Being responsible for stakeholder management and enhancement of the corporate image of the organization;
 - (m) Ensuring timely development and approval of the Corporation's annual procurement plans by the Board as required by the law;
 - (n) Ensuring that all approved procurement contracts are undertaken within the law;
 - (o) Maintaining a conflict of interest register for Board of Directors and staff;
 - (p) Ensure that management matters of the Corporation are carried out in line with the existing laws and regulations including:
 - (i) Article 10 of the Constitution of Kenya;
 - (ii) Article 232 of the Constitution of Kenya;
 - (iii) Public Service Values and Principles Act (Cap. 185A);
 - (iv) Public Service (Performance Management) Regulations, 2021;
 - (v) Public Finance (National Government) Regulations, 2015;
 - (vi) Human Resource Policies and Procedures Manual for the Public Service;
 - (vii) Public Finance Management Act(Cap. 412A);
 - (viii) Finance Policies and Procedures Manual;
 - (ix) Public Procurement and Asset Disposal Act,(Cap. 412C);
 - (x) Public Procurement and Asset Disposal Regulations, 2020;
 - (xi) Procurement Policies and Procedures Manual;
 - (xii) Public Officers Ethics Act (Cap. 185B);
 - (xiii) Public Audit Act (Cap. 412B)
 - (xiv) Leadership and Integrity Act (Cap. 185C);

- (xv) Mwongozo; the Code of Governance for State Corporations;
- (xvi) State Corporations Act (Cap 446);
- (xvii) State Corporations (Performance Contracting) Regulations 2004;
- (xviii) Other Organizational policies and Procedures Manuals;
- (xix) The Board Charter; and
- (xx) Any other relevant law and Government Circulars as issued from time to time.

5. PERFORMANCE MEASURES

In addition to the duties and responsibilities enumerated in this contract, detailed targets will be agreed between you and the Board, and your performance will be reviewed periodically and appraised at the end of the year.

6. RENEWAL OF CONTRACT

Should you wish to renew this contract, and subject to clause 1 thereof, you will be required to make a written request at least six (6) months before the expiry date of this contract. In the event that the Board does not recommend renewal of your contract (where you are eligible for renewal), then you will be required to proceed on a three month's terminal leave, to pave way for the recruitment and appointment of a new Chief Executive Officer.

7. PLACE OF WORK

You will be based at the Corporation's Headquarters.

8. REMUNERATION (As Per Classification of the State Corporation)

Basic Salary - KSh.

Housing - KSh.

Other Remuneration Allowances - KSh.

Total - KSh.

9. PERFORMANCE RELATED AWARDS

Depending on your performance appraisal by the Board and on its recommendation, and subject to the overall performance of the Corporation including ability to meet the cost, you may be accorded a performance related award/ contingent or variable pay subject to approval by the Cabinet Secretary in consultation with the National Treasury. The targets agreed with the Board shall form part of this contract and will be part of the assessment on which Performance Award/contingent or variable pay shall be based.

10. MEDICAL

You will be covered under the Corporation's staff medical scheme within the ceilings as approved by the Government from time to time.

11. OVERTIME

As a manager you will not qualify for overtime payment or time off for extra hours worked including public holidays.

12. LEAVE

You will be entitled to thirty (30) working days' leave per calendar year. Leave will not be carried forward except with the written approval of the Board setting out the reason for the carry over. Any leave not taken during the leave year will be forfeited unless authority to carry over the leave days due has been granted in writing by the Board.

13. LEAVE ALLOWANCE

You will be entitled to a Leave Allowance of **KSh.** provided you take more than half of your annual leave entitlement.

14. GRATUITY

Upon successful completion of contract term, you will qualify for a one-off gratuity calculated at a rate of 31% of your annual basic salary. This gratuity is taxable and payable on pro-rata basis in case of determination before the end of the contract.

15. GROUP LIFE AND GROUP ACCIDENT INSURANCE SCHEME

You will be eligible for membership to the Group Life and Accident Insurance Scheme of the staff of the Corporation. The rules of the Scheme will be made available to you.

16. OFFICIAL TRANSPORT

You will be provided with official transport for use on official commute and official duties except when on leave. You will therefore not be eligible for commuter allowance.

17. MILEAGE CLAIM

If official transport is unavailable a maximum of the current AA rates will apply when you use your personal vehicle for official commute and official duties of the Corporation in lieu of official transport.

18. HOUSING

The Corporation is not obligated to provide housing. However, in instances where a Corporation owned house is provided, you will comply with Government regulations governing occupation and maintenance thereof, including the payment of rent as applicable.

19. TELEPHONE SERVICE

You will be entitled to telephone facilities in accordance with provisions of prevailing government rates.

20. CLUB MEMBERSHIP

The Corporation will pay your membership fee only restricted to one club. Membership fee shall be restricted to a maximum of Kshs. and annual subscriptions to a maximum of Kshs.

21. ACCOMMODATION ALLOWANCE WITHIN KENYA

You will be paid accommodation allowance for nights spent on official duty within Kenya away from your station at the prevailing rates approved by Government from time to time.

22. SUBSISTENCE ALLOWANCE OUTSIDE KENYA

You will be paid subsistence allowance for days spent on official duty outside Kenya at the government prevailing rates.

23. DUTIES AND CODE OF CONDUCT

During the tenure of your service with the Corporation you will:

- (a) Observe the Corporation's Rules and Regulations;
- (b) Perform your duties diligently and faithfully;
- (c) Perform any other duties given from time to time; and
- (d) Employ your time, attention and abilities to the service of the Corporation as its Chief Executive Officer and employee.

24. CONFLICT OF INTEREST

On appointment and during performance of your duties, you will be required to disclose in writing to the Board all interests in any ventures, contracts, or arrangements which may conflict with the interests of the Corporation or with the performance of your duties.

25. CONFIDENTIALITY

You will not, during and after your engagement, disclose any confidential matters of the Corporation to anyone not authorized or entitled to receive them.

26. EMPLOYMENT LAWS AND STAFF RULES AND REGULATIONS

You will be subject to provisions of the Labour Laws and to the Corporation's Staff Rules and Regulations as issued from time to time.

27. TERMINATION

This contract may be terminated by either party giving a one (1) month prior notice, or on payment of an equivalent of one (1) month basic salary and house allowance in lieu of such notice.

28. OBLIGATION

This offer and your acceptance thereof will constitute a binding contract between you and the Corporation. The contract supersedes all other agreements and/or arrangements hitherto entered into (if applicable) with you and the Corporation.

29. ACCEPTANCE

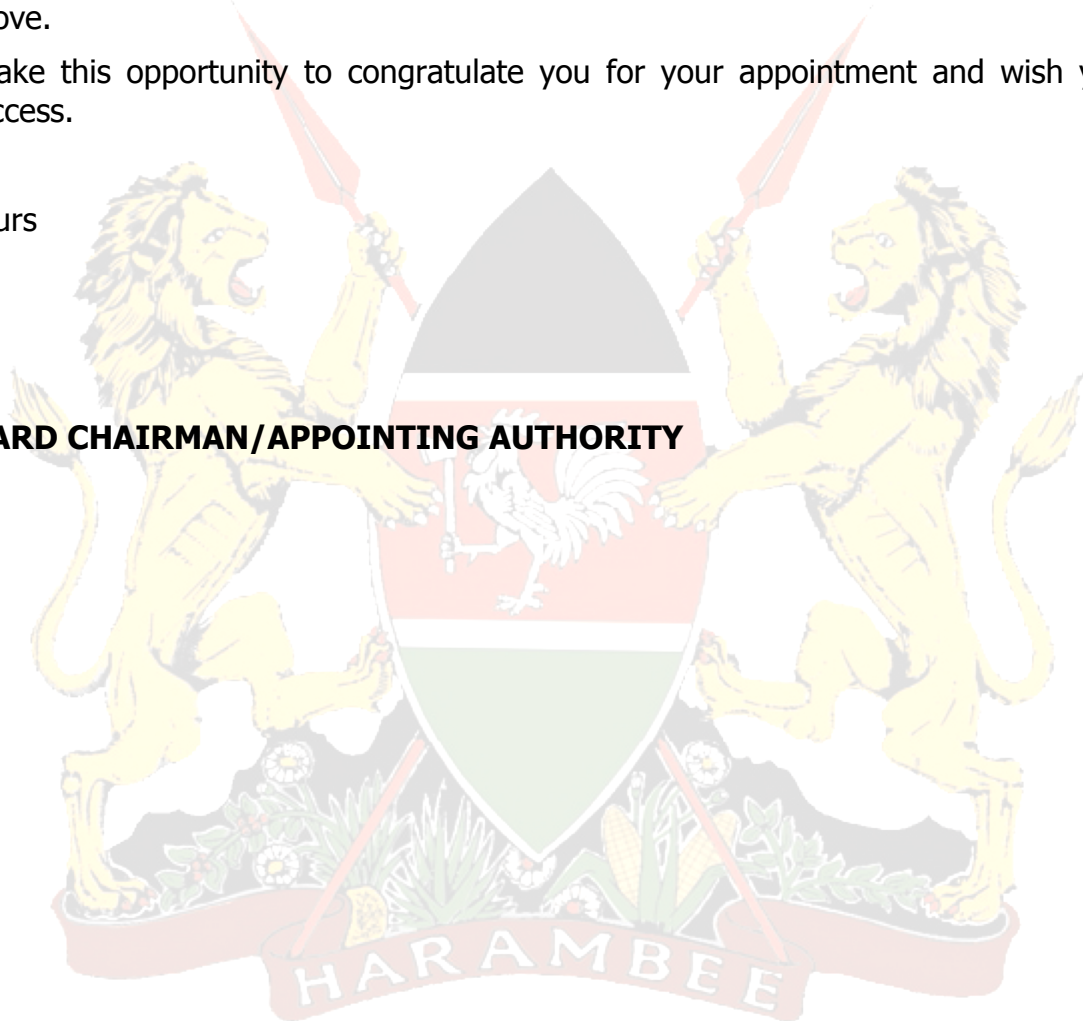
If you accept this offer and terms and conditions as stipulated herein, please sign the duplicate copy of this letter to signify your acceptance, then retain the original and return the duplicate copy to the undersigned within five (5) days from the date of this letter.

You will be expected to sign an Accountability Pledge and ensure that its principles are cascaded to the Management and Staff of the Corporation. This pledge commits the signatory to personal liability in the event of conflict with the tenets of the Leadership and Integrity Code and the Public Officers Ethics Act. The Accountability Pledge is annexed to the letter to be signed as per the prescriptions above.

I take this opportunity to congratulate you for your appointment and wish you success.

Yours

BOARD CHAIRMAN/APPOINTING AUTHORITY



I

do hereby accept the above offer and commit to abide by the provisions thereof.

Residence

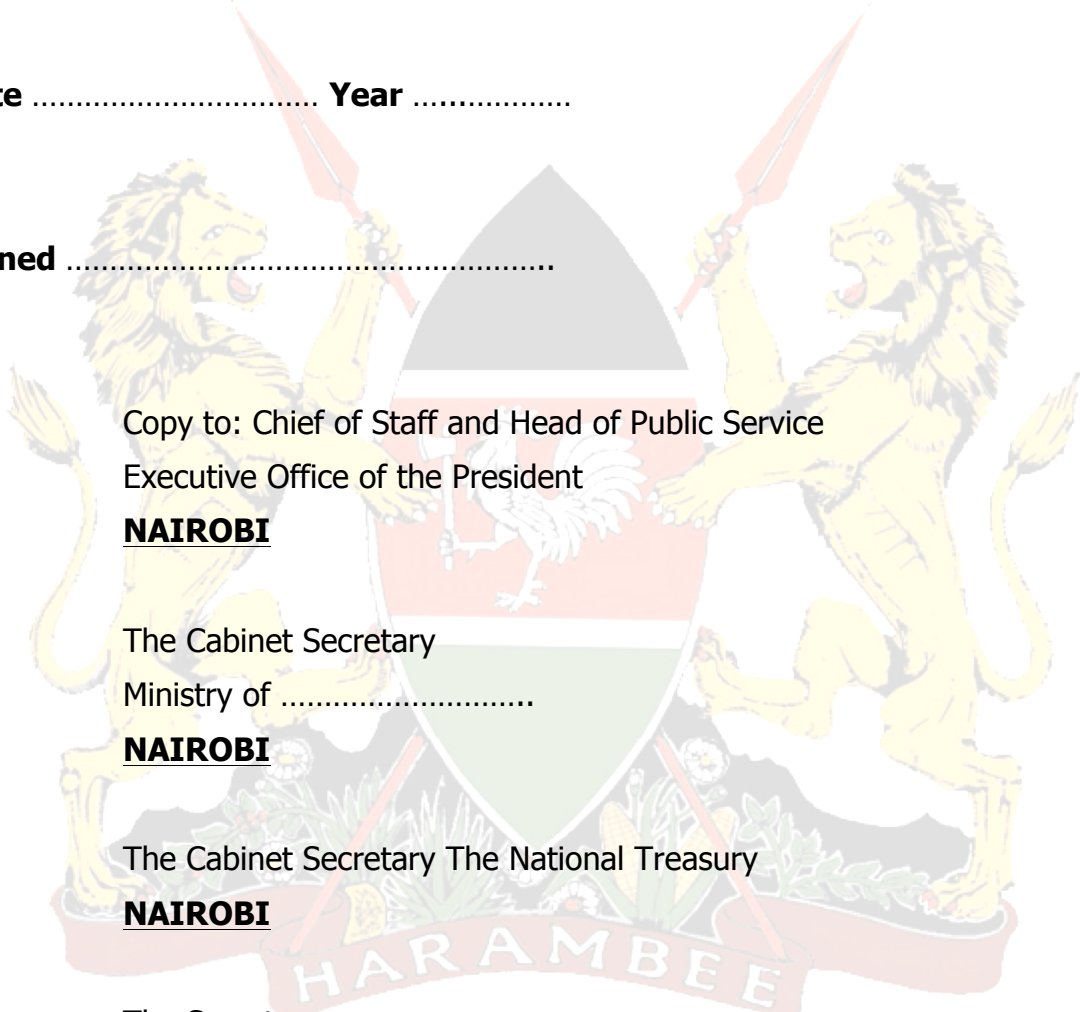
My usual place of residence is within
County

Conflict of interest

I declare that I have (Interest/No interest) in the State Corporation.
(If interest is declared, please state it here
.....)

Date **Year**

Signed



Copy to: Chief of Staff and Head of Public Service
Executive Office of the President
NAIROBI

The Cabinet Secretary
Ministry of
NAIROBI

The Cabinet Secretary The National Treasury
NAIROBI

The Secretary
State Corporations Advisory Committee
NAIROBI

The Inspector – General (Corporations) Inspectorate of State
Corporations
NAIROBI

**REPUBLIC OF
KENYA**

**ACCOUNTABILITY
PLEDGE**

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Signed by:

Name:

Signature:

Designation:

Date: