



OFFICE OF THE PRESIDENT
PERMANENT SECRETARY, SECRETARY TO THE CABINET
AND HEAD OF THE PUBLIC SERVICE

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and date

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27 July 2011

All Permanent Secretaries/Accounting Officers

RE: ESTABLISHMENT OF STATE CORPORATIONS


A number of new State Corporations have been created as a result of the ongoing reforms in the various sectors. In addition, some of the existing State Corporations have created new Subsidiary Companies and constituent colleges in the case of Public Universities. In some cases, this leads to duplication, overlap of roles/mandate that creates confusion in the delivery of public service and is expensive.

In accordance with the state Corporation Act Cap 446 S. 27(1) (b) the State Corporations Advisory Committee in consultation with the Attorney General Treasury will advise the President on establishment, reorganization or dissolution of state Corporations.

It has however come to the attention of this office that in a number of instances, Treasury is consulted when it is too late in the process to make valuable contribution, while in other cases Treasury comes to know of the new entities at the time of budget preparation when the Ministry requests of funding for the new institution.

Since the establishment of a State Corporation creates a long term asset with financial implications,, you are henceforth required to seek Treasury's concurrence in the early states of:-

- (i) Creating a new parastatal
- (ii) Splitting an existing State Corporation
- (iii) Forming a Subsidiary company or a constituent college or
- (iv) Dissolution of a State Corporation.


AMB. FRANCIS K. MUTHAURA, EGH
**PERMANENT SECRETARY, SECRETARY TO THE
CABINET AND HEAD OF THE PUBLIC SERVICE**

C.C.
State Corporations Advisory Committee

Attorney General

Permanent Secretary/Treasury