



Republic of Kenya

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OFFICE OF THE PRESIDENT

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# Guidelines on Terms and Conditions of Service

for

State Corporations'  
Chief Executive Officers  
Chairmen and Board Members  
Management Staff  
Unionisable Staff

23rd November, 2004

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State Corporations'

Chief Executive Officers

Chairmen and Board Members

Management Staff

Unionisable Staff



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

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NAIROBI

Ref. No. ....**QP/CAB.9/21/2A/LII/43**  
and date -

..... 20.....

**23<sup>rd</sup> November, 2004**

The Attorney General  
All Permanent Secretaries  
All Accounting Officers  
The Registrar, High Court of Kenya

**RE: GUIDELINES ON TERMS AND CONDITIONS  
OF SERVICE FOR STATE CORPORATIONS -**

**CHIEF EXECUTIVE OFFICERS**

**CHAIRMEN AND BOARD MEMBERS**

**MANAGEMENT STAFF**

**UNIONISABLE STAFF**

**Legal Basis**

1. These guidelines are released after full consultation with the State Corporations Advisory Committee in accordance with the provisions of Sections 5(3), 10(1), and 10(2) of the State Corporations Act, Cap.446. of the Laws of Kenya.

## **Preamble**

2. The circular letter releases to you Guidelines on the terms and conditions of service for Chairmen, Members of the Board and Chief Executive Officers of State Corporations. The Guidelines also aim to empower State Corporation Boards to recruit and appoint management staff taking into account the overall personnel needs provided for in their approved budgets, skills and experience required to run the Corporations' business effectively and efficiently.

3. The Guidelines are also a clear indication that State Corporations have no option but to embrace modern business management practices. Each Corporation is expected to have a corporate strategy with clear goals, a set of values and objectives and a mission, the attainment of which will depend on the quality of personnel running the Corporation's business.

4. A key objective of the Government is to ensure effective and efficient management and administration of the State Corporations' payrolls. In this respect, the Guidelines aim to introduce an enabling environment where pay related decisions will be taken by the appointing authorities with a clear emphasis on performance, to be spelt out in the letters of appointment.

5. It is expected that these Guidelines are to be implemented on the basis that employees will earn the pay they get, and there shall be less dependence on the Exchequer.

## **Categorization**

6. For the purpose of these Guidelines State Corporations have been classified in eight broad functional categories based on mandate and core functions. The eight categories are Financial; Commercial/Manufacturing; Regulatory; Public Universities; Training and Research; Service; Regional Development Authorities; and, Tertiary Education/Training



State Corporations. Details of the Functional Categorization are in **Annex I**.

7. For purpose of Chief Executive Officers' remuneration each of the eight functional categories has been divided into sub-categories based on nature, scope and size of operations.

### **New State Corporations**

8. When the need for a new State Corporation has been established as provided for under Section 27(1) (b) of the State Corporations Act, Cap.446, the categorization of such a Corporation will be referred to the State Corporation Advisory Committee for its advice on a case by case basis.

### **Chief Executive Officers' Terms and Conditions of Service**

9. The salary bands given in **Annex II** of this circular are guidelines and take into account that State Corporations differ in nature, size and scope of their business. They also take cognizance of the fact that a number of Chief Executive Officers could be seconded from the mainstream civil service where their pensions, gratuities and other terminal benefits are pegged on the Basic Salary as opposed to the private sector practice where there is one consolidated pay. Movement from the current pay points to a new pay point for individuals within the various categories will be negotiated taking into account both merit and ability of the organization to pay.

### **Entry Point for Chief Executive Officers**

10. Entry points for Chief Executive Officers, even for those within the same category may naturally differ depending on their professional background, skills and experience. In determining the entry points, **Annex II**, supplemented by **Annexes III (A)**, and **III (B)** are to be used as negotiating tools by the appointing authorities specified by the enabling legislation.

## **Board Chairmen and Directors**

11. A Chairman of a State Corporation is entitled to an Honorarium in addition to a sitting allowance. Board Members are entitled to a sitting allowance. Both Chairmen and Board Members are entitled to other benefits which are specified in **Annex IV** to this letter. You are expected to familiarize yourselves with the package and ensure that State Corporations adhere to the guidelines, taking into account ability to pay.

## **Terms and Conditions of Service for Management Staff**

12. Each State Corporation has its own management organization structure with a matching head count budget to support the business. Under these Guidelines, the Board and its Chief Executive are empowered to determine both the structure and the pay levels. To ensure that the structure is manned by staff with the relevant skills and experience, recruitment should be competitive when filling any management position, whether internally or externally. Pay levels will depend, *inter alia*, on job evaluation and the Corporations' salary scales as the starting point. As each Corporation enters the phase of performance based compensation, it is expected that agreed performance measures and targets will be introduced within each state corporation, with matching rewards for exceptional performance.

## **Sample Letters of Appointment**

### **(a) The Chairman**

13. **Annex V (A)** is a sample of Letter of Appointment for the Chairman of a State Corporation for use by the appointing authorities. It spells out his duties and responsibilities taking into account the principle of separation of powers. He is the focal point between the shareholders and management and together with the Board he is accountable to the shareholders for the Corporation's overall performance. This letter sets out

the relationship between the Board as policy maker and management as the implementing tool.

**(b) Chief Executive Officer**

14. At **Annex V (B)** please find a sample of a Letter of Appointment for the Chief Executive Officer (CEO) of a State Corporation. Hitherto management letters of appointment have tended to be casual and often one-sided. The sample letter clearly sets out the duties and responsibilities of a CEO and introduces the concept of performance based remuneration. Boards of Directors are asked to adopt it as it ties up well with the recently introduced practice of performance contracting.

**Competitive Sourcing of Chief Executives**

15. In order to attract persons of sound background with the relevant skills and experience which each State Corporation requires to manage its business efficiently and effectively, Boards are advised that henceforth new appointments of Chief Executive Officers should be competitive. The recruitment process should involve a careful preparation of a Job Description and Job Requirements which include job and person specifications. The short listing and interview process should be transparent based on a verifiable Recruitment Procedure approved by the Board.

16. The three best candidates will then be considered for final decision by the appointing authority taking into account interview scoring sheets and the interview panel's recommendations.

**Unionisable Staff**

17. State Corporations which have Recognition Agreements with Trade Unions are responsible for the negotiations of Collective Bargaining Agreements. The position of the Government is that it is the responsibility of State Corporations to hire competitively to fill the vacancies in their

approved manpower budgets and to agree on pay packages with the Unions based on labour productivity and ability to pay.

### **Effective Dates**

18. Where a Chief Executive Officer has been hired prior to the date of this circular but is yet to be given his terms of service, a contract should be negotiated within these Guidelines and the effective date should be determined by the appointing authority taking into account ability to pay.

19. If there is need to revise an existing contract of a Chief Executive Officer whose terms are below the minimum set in these Guidelines the date of implementation of such revised contract will be determined by the appointing authority but in any case not to be backdated earlier than 1st July, 2004.

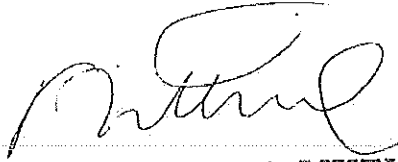
20. Existing contracts of Chief Executive Officers, Chairmen and Directors whose terms are above the limits set in these Guidelines may be allowed to run their course but will be renegotiated if the appointing authority intends to renew the contracts. All new contracts will be negotiated in line with the Guidelines.

21. If there is need to revise existing terms and conditions of service for Chairmen and Board Members in line with these Guidelines, such a revision should be determined by the appointing authority and made effective from a date not earlier than 1<sup>st</sup> July, 2004.

### **Conclusion**

22. With the release of these Guidelines there will be no compelling reason for appointing authorities to refer remuneration issues for Chairmen, Board Members, Chief Executive Officers and staff of State Corporations to the State

Corporations Advisory Committee **other than** to seek clarification on aspects of the contents of the Guidelines.



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

c.c The Controller and Auditor-General  
Kencom House  
**NAIROBI.**

The Secretary  
State Corporations Advisory Committee  
KICC  
**NAIROBI.**

The Secretary  
Permanent Public Service Remuneration Review Board  
**NAIROBI.**

Inspector-General (Corporations)  
KICC  
**NAIROBI.**



## ANNEX I

### FUNCTIONAL CATEGORIZATION OF STATE CORPORATIONS

#### PC 8 - FINANCIAL CORPORATIONS

STATE CORPORATION	PARENT MINISTRY
1. Agricultural Finance Corporation	Agriculture
2. Consolidated Bank	Finance
3. Deposit Protection Fund Board	Finance
4. Industrial and Commercial Development Corporation	Trade and Industry
5. Industrial Development Bank	Trade and Industry
6. Kenya Industrial Estates	Trade and Industry
7. Kenya National Assurance Co. (2001)	Finance
8. Kenya Post Office Savings Bank	Finance
9. Kenya Re-Insurance Corporation	Finance
10. Kenya Revenue Authority	Finance
11. Kenya Roads Board	Roads and Public Works
12. Kenya Tourist Development Corporation	Tourism and Wildlife
13. National Bank of Kenya	Finance
14. National Hospital Insurance Fund	Health
15. National Social Security Fund	Labour and Human Resource Development

#### PC 7 - COMMERCIAL/MANUFACTURING CORPORATIONS

STATE CORPORATION	PARENT MINISTRY
1. Agro-Chemicals and Food Company	Agriculture
2. Chemelil Sugar Company	Agriculture
3. East African Portland Cement Company	Trade and Industry
4. Gilgil Telecommunications Industries	Information and Communications
5. Jomo Kenyatta Foundation	Education, Science and Technology
6. Kenya Airports Authority	Transport
7. Kenya Broadcasting Corporation	Information and Communications
8. Kenya Electricity Generating Company	Energy
9. Kenya Literature Bureau	Education, Science and Technology
10. Kenya Medical Supplies Agency	Health
11. Kenya Ordinance Factories Corporation	Office of the President (DOD)
12. Kenya Pipeline Company	Energy
13. Kenya Ports Authority	Transport
14. Kenya Power and Lighting Company	Energy
15. Kenya Railways Corporation	Transport

16. Kenya Safari Lodges and Hotels	Tourism and Wildlife
17. Kenya Seed Company Limited	Agriculture
18. Kenya Wine Agencies	Trade and Industry
19. Kenyatta International Conference Center	Tourism and Wildlife
20. National Cereals and Produce Board	Agriculture
21. National Housing Corporation	Lands, Settlement and Housing
22. National Oil Corporation of Kenya	Energy
23. National Water Conservation and Pipeline Corporation	Water and Irrigation
24. Numerical Machining Complex	Trade and Industry
25. Nzola Sugar Company	Agriculture
26. Postal Corporation of Kenya	Information and Communications
27. Pyrethrum Board of Kenya	Agriculture
28. School Equipment Production Unit	Education, Science and Technology
29. South Nyanza Sugar Company	Agriculture
30. Telkom Kenya Limited	Information and Communications
31. University of Nairobi Enterprises and Services Limited	Education, Science and Technology

## PC 6 - REGULATORY CORPORATIONS

STATE CORPORATION	PARENT MINISTRY
1. Capital Markets Authority	Finance
2. Catering Training and Tourism Dev. Levy Trustees	Tourism and Wildlife
3. Coffee Board of Kenya	Agriculture
4. Commission for Higher Education	Education, Science and Technology
5. Communications Commission of Kenya	Information and Communications
6. Council for Legal Education	Justice and Constitutional Affairs
7. Electricity Regulatory Board	Energy
8. Export Processing Zones Authority	Trade and Industry
9. Export Promotion Council	Trade and Industry
10. Horticultural Crops Development Authority	Agriculture
11. Investment Promotion Center	Trade and Industry
12. Kenya Civil Aviation Authority	Transport
13. Kenya Bureau of Standards	Trade and Industry
14. Kenya Dairy Board	Livestock and Fisheries Development
15. Kenya Industrial Property Institute	Trade and Industry
16. Kenya Plant Health Inspectorate Services	Agriculture
17. Kenya Sisal Board	Agriculture
18. Kenya Sugar Board	Agriculture
19. Maritime Authority	Transport
20. National Environment Management Authority	Environment and Natural Resources
21. National Irrigation Board	Water and Irrigation

22. National Tea Zones Development Authority	Agriculture
23. NGO Co-ordination Bureau	Office of the Vice President/Home Affairs
24. Retirement Benefit Authority	Finance
25. Tea Board of Kenya	Agriculture
26. Water Services Regulatory Board	Water and Irrigation

## PC 5 – PUBLIC UNIVERSITIES

STATE CORPORATION	PARENT MINISTRY
1. Egerton University	Education, Science and Technology
2. Jomo Kenyatta University of Agriculture and Technology	Education, Science and Technology
3. Kenyatta University	Education, Science and Technology
4. Maseno University	Education, Science and Technology
5. Moi University	Education, Science and Technology
6. University of Nairobi	Education, Science and Technology

## PC 4 - TRAINING AND RESEARCH CORPORATIONS

STATE CORPORATION	PARENT MINISTRY
1. Coffee Research Foundation	Agriculture
2. Kenya Agricultural Research Institute	Agriculture
3. Kenya Forestry Research Institute	Environment and Natural Resources
4. Kenya Industrial Research and Development Institute	Trade and Industry
5. Kenya Institute of Administration	Office of the President (DPM)
6. Kenya Institute of Public Policy Research and Analysis	Planning and National Development
7. Kenya Marine and Fisheries Research Institute	Livestock and Fisheries Development
8. Kenya Medical Research Institute	Health
9. Kenya Sugar Research Foundation	Agriculture
10. National Museums of Kenya	Office of the Vice President/Home Affairs
11. Tea Research Foundation	Agriculture



### PC 3 - SERVICE CORPORATIONS

STATE CORPORATION	PARENT MINISTRY
1. Agricultural Development Corporation	Agriculture
2. Bomas of Kenya	Culture, Social Services Gender and Sports
3. Central Water Services Board	Water and Irrigation
4. Coast Water Services Board	Water and Irrigation
5. Higher Education Loans Board	Education, Science and Technology
6. Kenya Accountants and Secretaries National Examination Board	Finance
7. Kenya Ferry Services	Transport
8. Kenya National Examination Council	Education, Science and Technology
9. Kenya National Library Services	Culture, Social Services, Gender and Sports
10. Kenya Tourist Board	Tourism and Wildlife
11. Kenya Wildlife Service	Tourism and Wildlife
12. Kenyatta National Hospital	Health
13. Lake Victoria North Water Services Board	Water and Irrigation
14. Lake Victoria South Water Services Board	Water and Irrigation
15. Local Authorities Provident Fund	Local Government
16. Moi Teaching and Referral Hospital	Health
17. Nairobi Water Services Board	Water and Irrigation
18. National Aids Control Council	Office of the President
19. National Council for Law Reporting	Justice and Constitutional Affairs
20. National Sports Stadia Management Board	Culture, Social Services, Gender and Sports
21. Northern Water Services Board	Water and Irrigation
22. Rift Valley Water Services Board	Water and Irrigation
23. Teachers Service Commission	Education, Science and Technology
24. Water Resources Management Authority	Water and Irrigation
25. Water Services Trust Fund	Water and Irrigation

## PC 2 - REGIONAL DEVELOPMENT AUTHORITIES

STATE CORPORATION	PARENT MINISTRY
1. Coast Development Authority	Regional Development Authorities
2. Ewaso Ng'iro North Development Authority	Regional Development Authorities
3. Ewaso Ng'iro South Development Authority	Regional Development Authorities
4. Kerio Valley Development Authority	Regional Development Authorities
5. Lake Basin Development Authority	Regional Development Authorities
6. Tana and Athi Rivers Development Authority	Regional Development Authorities

## PC 1 -- TERTIARY EDUCATION AND TRAINING CORPORATIONS

STATE CORPORATION	PARENT MINISTRY
1. Cooperative College of Kenya	Cooperative Development and Marketing
2. Kenya College of Communications Technology	Information and Communications
3. Kenya Medical Training College	Health
4. Kenya Utalii College	Tourism and Wildlife
5. Kenya Water Institute	Water and Irrigation

**RECOMMENDED REMUNERATION AND BENEFITS FOR CHIEF  
EXECUTIVE OFFICERS OF STATE CORPORATIONS  
(KSHS. PER MONTH)**

**PC 8 – FINANCIAL CORPORATIONS**

<b>PC8 A</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	420,000	620,000
House Allowance	60,000	80,000
Other Remunerative Allowances	60,000	100,000
<b>Cost of Employment</b>	<b>540,000</b>	<b>800,000</b>

<b>APPLICABLE STATE CORPORATION</b>	<b>PARENT MINISTRY</b>
1. Kenya Revenue Authority	Finance

<b>PC8 B</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	400,000	560,000
House Allowance	60,000	80,000
Other Remunerative Allowances	40,000	100,000
<b>Cost of Employment</b>	<b>500,000</b>	<b>740,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Consolidated Bank	Finance
2. Deposit Protection Fund Board	Finance
3. Kenya National Assurance Co. (2001)	Finance
4. Kenya Re-Insurance Corporation	Finance
5. Kenya Roads Board	Roads and Public Works
6. National Bank of Kenya	Finance
7. National Hospital Insurance Fund	Health
8. National social Security Fund	Labour and Human Resource Development



<b>PC8 C</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	210,000	400,000
House Allowance	60,000	80,000
Other Remunerative Allowances	30,000	60,000
<b>Cost of Employment</b>	<b>300,000</b>	<b>540,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Agricultural Finance Corporation	Agriculture
2. Industrial and Commercial Development Corporation	Trade and Industry
3. Industrial Development Bank	Trade and Industry
4. Kenya Industrial Estates	Trade and Industry
5. Kenya Tourist Development Corporation	Tourism and Wildlife
6. Kenya Post Office Savings Bank	Finance

#### **PC 7 – COMMERCIAL/MANUFACTURING CORPORATIONS**

<b>PC 7 A</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	400,000	560,000
House Allowance	60,000	80,000
Other Remunerative Allowances	40,000	100,000
<b>Cost of Employment</b>	<b>500,000</b>	<b>740,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. East African Portland Cement Company	Trade and Industry
2. Kenya Airports Authority	Transport
3. Kenya Electricity Generating Company	Energy
4. Kenya Ports Authority	Transport
5. Kenya Pipeline Company	Energy
6. Kenya Power and Lighting Company	Energy
7. Kenya Railways Corporation	Transport
8. Postal Corporation of Kenya	Information and Communications
9. Telkom Kenya Limited	Information and Communications

<b>PC 7 B</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	210,000	400,000
House Allowance	60,000	80,000
Other Remunerative Allowances	30,000	60,000
<b>Cost of Employment</b>	<b>300,000</b>	<b>540,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Agro-Chemicals and Food Company	Agriculture
2. Chemelil Sugar Company	Agriculture
3. Kenya Seed Company Limited	Agriculture
4. Kenya Wine Agencies	Trade and Industry
5. National Housing Corporation	Lands, Settlement and Housing
6. National Cereals and Produce Board	Agriculture
7. National Oil Corporation of Kenya	Energy
8. Nzoia Sugar Company	Agriculture
9. Pyrethrum Board of Kenya	Agriculture
10. South Nyanza Sugar Company	Agriculture
11. University of Nairobi Enterprises and Services Limited	Education, Science and Technology

<b>PC 7 C</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	180,000	340,000
House Allowance	60,000	80,000
Other Remunerative Allowances	30,000	60,000
<b>Cost of Employment</b>	<b>270,000</b>	<b>480,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Gilgil Telecommunications Industries	Information and Communications
2. Jomo Kenyatta Foundation	Education, Science and Technology
3. Kenya Broadcasting Corporation	Information and Communications
4. Kenyatta International Conference Center	Tourism and Wildlife
5. Kenya Literature Bureau	Education, Science and Technology
6. Kenya Medical Supplies Agency	Health

7. Kenya Ordinance Factories Corporation	Office of the President (DOD)
8. Kenya Safari Lodges and Hotels	Tourism and Wildlife
9. National Water Conservation and Pipeline Corporation	Water and Irrigation
10. Numerical Machining Complex	Trade and Industry
11. School Equipment Production Unit	Education, Science and Technology

## PC 6 – REGULATORY CORPORATIONS

<b>PC 6 A</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	260,000	460,000
House Allowance	60,000	80,000
Other Remunerative Allowances	30,000	60,000
<b>Cost of Employment</b>	<b>350,000</b>	<b>600,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Capital Markets Authority	Finance
2. Communications Commission of Kenya	Information and Communications
3. Commission for Higher Education	Education, Science and Technology
4. Electricity Regulatory Board	Energy
5. Retirement Benefit Authority	Finance

<b>PC 6 B</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	180,000	340,000
House Allowance	60,000	80,000
Other Remunerative Allowances	30,000	60,000
<b>Cost of Employment</b>	<b>270,000</b>	<b>480,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Coffee Board of Kenya	Agriculture
2. Council for Legal Education	Justice and Constitutional Affairs
3. Export Promotion Council	Trade and Industry
4. Export Processing Zones Authority	Trade and Industry

5. Investment Promotion Center	Trade and Industry
6. Kenya Plant Health Inspectorate Services	Agriculture
7. Kenya Bureau of Standards	Trade and Industry
8. Kenya Civil Aviation Authority	Transport
9. Kenya Sugar Board	Agriculture
10. National Environment Management Authority	Environment and Natural Resources
11. Tea Board of Kenya	Agriculture

<b>PC 6 C</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	110,000	270,000
House Allowance	60,000	80,000
Other Remunerative Allowances	20,000	30,000
<b>Cost of Employment</b>	<b>190,000</b>	<b>380,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Catering Training and Tourism Dev. Levy Trustees	Tourism and Wildlife
2. Horticultural Crops Development Authority	Agriculture
3. Kenya Dairy Board	Livestock and Fisheries Development
4. Kenya Industrial Property Institute	Trade and Industry
5. Kenya Sisal Board	Agriculture
6. Maritime Authority	Transport
7. NGO Co-ordination Bureau	Office of the Vice President/ Home Affairs
8. National Tea Zones Development Authority	Agriculture
9. National Irrigation Board	Water and Irrigation
10. Water Services Regulatory Board	Water and Irrigation

#### **PC 5 – PUBLIC UNIVERSITIES**

<b>PC 5</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	260,000	460,000
House Allowance	60,000	80,000



Other Remunerative Allowances	30,000	60,000
<b>Cost of Employment</b>	<b>350,000</b>	<b>600,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Egerton University	Education, Science and Technology
2. Jomo Kenyatta University of Agriculture and Technology	Education, Science and Technology
3. Kenyatta University	Education, Science and Technology
4. Maseno University	Education, Science and Technology
5. Moi University	Education, Science and Technology
6. University of Nairobi	Education, Science and Technology

#### **PC 4 –TRAINING AND RESEARCH INSTITUTIONS**

<b>PC 4 A</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	210,000	400,000
House Allowance	60,000	80,000
Other Remunerative Allowances	30,000	60,000
<b>Cost of Employment</b>	<b>300,000</b>	<b>540,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Kenya Agricultural Research Institute	Agriculture
2. Kenya Institute of Public Policy Research and Analysis	Planning and National Development

<b>PC 4 B</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	180,000	340,000
House Allowance	60,000	80,000
Other Remunerative Allowances	30,000	60,000
<b>Cost of Employment</b>	<b>270,000</b>	<b>480,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Coffee Research Foundation	Agriculture



2. Kenya Forestry Research Institute	Environment and Natural Resources
3. Kenya Industrial Research and Development Institute	Trade and Industry
4. Kenya Marine and Fisheries Research Institute	Livestock and Fisheries Development
5. Kenya Medical Research Institute	Health
6. Kenya Sugar Research Foundation	Agriculture
8. National Museums of Kenya	Office of the Vice President/Home Affairs
9. Tea Research Foundation	Agriculture

<b>PC 4 C</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	110,000	270,000
House Allowance	60,000	80,000
Other Remunerative Allowances	20,000	30,000 <sup>v</sup>
<b>Cost of Employment</b>	<b>190,000</b>	<b>380,000</b>

<b>APPLICABLE STATE CORPORATION</b>	<b>PARENT MINISTRY</b>
1. Kenya Institute of Administration	Office of the President (DPM)

### **PC 3 - SERVICE CORPORATIONS**

<b>PC 3 A</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	210,000	360,000
House Allowance	60,000	80,000
Other Remunerative Allowances	30,000	60,000
<b>Cost of Employment</b>	<b>300,000</b>	<b>500,000</b>

<b>APPLICABLE STATE CORPORATION</b>	<b>PARENT MINISTRY</b>
1. Agricultural Development Corporation	Agriculture
2. Higher Education Loans Board	Education, Science and Technology

3. Kenya Accountants and Secretaries National Examination Board	Finance
4. Kenya National Examination Council	Education, Science and Technology
5. Kenya Roads Board	Roads and Public Works
6. National Hospital Insurance Fund	Health
7. National Social Security Fund	Labour and Human Resource Development
8. Teachers Service Commission	Education, Science and Technology

<b>PC 3 B</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	180,000	340,000
House Allowance	60,000	80,000
Other Remunerative Allowances	30,000	60,000
<b>Cost of Employment</b>	<b>270,000</b>	<b>480,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Kenya Tourist Board	Tourism and Wildlife
2. Kenya Wildlife Service	Tourism and Wildlife
3. Kenyatta National Hospital	Health
4. Moi Teaching and Referral Hospital	Health
5. National Aids Control Council	Office of the President
6. National Sports Stadium Management Board	Culture, Social Services, Gender and Sports

<b>PC 3 C</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	110,000	270,000
House Allowance	60,000	80,000
Other Remunerative Allowances	20,000	30,000
<b>Cost of Employment</b>	<b>190,000</b>	<b>380,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Bomas of Kenya	Culture, Social Services, Gender and Sports
2. Kenya Ferry Services	Transport

3. Kenya National Library Services	Culture, Social Services, Gender and Sports
4. Local Authorities Provident Fund	Local Government
5. Nairobi Water Services Board	Water and Irrigation
6. National Council for Law Reporting	Justice and Constitutional Affairs
7. Water Resources Management Authority	Water and Irrigation
8. Water Services Trust Fund	Water and Irrigation

<b>PC 3 D</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	90,000	250,000
House Allowance	40,000	60,000
Other Remunerative Allowances	20,000	40,000
<b>Cost of Employment</b>	<b>150,000</b>	<b>350,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Central Water Services Board	Water and Irrigation
2. Coast Water Services Board	Water and Irrigation
3. Lake Victoria North Water Services Board	Water and Irrigation
4. Lake Victoria South Water Services Board	Water and Irrigation
5. Northern Water Services Board	Water and Irrigation
6. Rift Valley Water Services Board	Water and Irrigation

## **PC 2 – REGIONAL DEVELOPMENT AUTHORITIES**

<b>PC 2</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	90,000	250,000
House Allowance	40,000	60,000
Other Remunerative Allowances	20,000	40,000
<b>Cost of Employment</b>	<b>150,000</b>	<b>350,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
7. Coast Development Authority	Regional Development Authorities
8. Ewaso Ng'iro North Development Authority	Regional Development Authorities

9. Ewaso Ng'iro South Development Authority	Regional Development Authorities
10. Kerio Valley Development Authority	Regional Development Authorities
11. Lake Basin Development Authority	Regional Development Authorities
12. Tana and Athi Rivers Development Authority	Regional Development Authorities

#### **PC 1 PAY EDUCATION AND TRAINING INSTITUTIONS**

<b>PC 1</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
Basic Salary	50,000	150,000
House Allowance	40,000	60,000
Other Remunerative Allowances	20,000	40,000
<b>Cost of Employment</b>	<b>110,000</b>	<b>250,000</b>

<b>APPLICABLE STATE CORPORATIONS</b>	<b>PARENT MINISTRY</b>
1. Cooperative College of Kenya	Cooperative Development and Marketing
2. Kenya College of Communications Technology	Information and Communications
3. Kenya Medical Training College	Health
4. Kenya Utalii College	Tourism and Wildlife
5. Kenya Water Institute	Water and Irrigation

**\* CEOs staying in state corporation's housing units will be charged rent at prevailing market rates.**

#### **BENEFITS FOR CHIEF EXECUTIVE OFFICERS (CEOs)**

The Chief Executive Officers may also be entitled to the following benefits:

##### **1. Medical cover**

To be included in the medical scheme within the terms and conditions of service of state corporations.

##### **2. Leave days**

Thirty (30) working days in a calendar year.

**3. Annual Leave**

Thirty working days per calendar year to be utilized within the calendar year.

**4. Leave allowance**

KShs. 50,000 or one-third (1/3) of basic salary, whichever is less, once in a calendar year.

**5. Gratuity**

31% of basic salary.

**6. Group Accident Insurance**

State corporations to competitively source group accident insurance (not life) cover for all employees including the Chief Executive Officer.

**7. Mileage claim**

Upto maximum AA rates when using personal/spouse's vehicle for official duties in lieu of official transport.

**8. Official Transport**

One official car with a driver except when on annual leave.

**9. Car and House Purchase Loans**

This benefit will apply within the Corporation's rules and regulations as approved from time to time by the Board and the parent Ministry .

**10. Club Membership**

Club membership fee only, to one club.

**11. Subsistence Allowance while traveling outside Kenya**

The provisions contained in Government circulars issued from time to time to be adopted.

## **12. Subsistence Allowance while traveling on duty within Kenya**

The provisions contained in Government circulars issued from time to time to be adopted.

## **13. Telephone services**

The provisions contained in Government circulars issued from time to time to be adopted.

- 
- **Ministries are advised that benefits outside the ones listed herein should cease.**

# ANNEX III (A)

## MASTER BASIC SALARY SCALE FOR CHIEF EXECUTIVE OFFICERS OF STATE CORPORATIONS - RANGE: KSHS.50,000.00 TO KSHS.620,000.00 PER MONTH

### PC 8. FINANCIAL CORPORATIONS

RANGE: KSHS. 210,000 TO KSHS. 620,000 PER MONTH

	Midpoint 8C	Maximum 8C	General Midpoint	Midpoint 8B	Midpoint 8A	Maximum 8B	Maximum 8A
210,000	305,000	400,000	420,000	460,000	480,000	520,000	620,000

Base 8C

Base 8B Base 8A

Category	Base	Midpoint	Maximum
PC8.A	420,000	520,000	620,000
PC8.B	400,000	480,000	560,000
PC8.C	210,000	305,000	400,000

### Guide:

- Board of Directors to administer the scale in consultation with parent ministry.
- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

BENEFITS	
Medical cover	-
Annual Leave	-
Leave allowance	-
Gratuity	-
Personal accident	-
Mileage claim	-
Official transport	-
Car/house loans	-
Club membership	-
Subsistence allowance Outside Kenya and on Local travel	-
Telephone/fax/e-mail	-

Chief Executive Officers to be covered with other staff by the corporations' approved scheme. 30 working days to be utilized in a calendar year.

Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.

31% of basic salary.

Competitively source group accident cover for all employees.

Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.

One official car with a driver except when on annual leave.

As per corporations' rules approved by Boards and parent ministries.

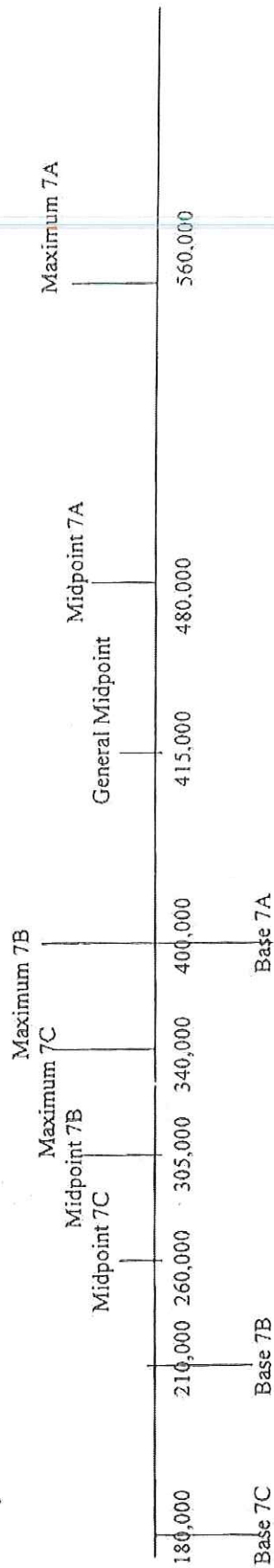
Membership fee to one club only.

Government circulars issued from time to time to be adopted.

Government circulars issued from time to time to be adopted.



**PC 7. COMMERCIAL/MANUFACTURING CORPORATIONS  
RANGE: KSHS. 180,000 TO KSHS. 560,000 PER MONTH**



BENEFITS	
Medical cover	-
Annual Leave	-
Leave allowance	-
Gratuity	-
Personal accident	-
Mileage claim	-
Official transport	-
Car/house loans	-
Club membership	-
Subsistence allowance	-
Outside Kenya and on	-
Local travel	-
Telephone/fax/e-mail	-

Chief Executive Officers to be covered with other staff by the corporations' approved scheme.  
30 working days to be utilized in a calendar year.  
Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.  
31% of basic salary.  
Competitively source group accident cover for all employees.  
Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.  
One official car with a driver except when on annual leave.  
As per corporations' rules approved by Boards and parent ministries.  
Membership fee to one club only.  
Government circulars issued from time to time to be adopted.  
Government circulars issued from time to time to be adopted.

**Guide:**

- Board of Directors to administer the scale in consultation with parent ministry.
- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.



**PC 6. REGULATORY CORPORATIONS  
RANGE: KSHS. 110,000 TO 460,000 PER MONTH**

	Midpoint 6C		Midpoint 6B		Maximum 6C		Maximum 6B		Midpoint 6A		Maximum 6A	
	110,000	180,000	190,000	270,000	285,000	340,000	360,000	460,000				
Base 6C		Base 6B		Base 6A								

Category	Base	Midpoint	Maximum
PC6.A	260,000	360,000	460,000
PC6.B	180,000	260,000	340,000
PC6.C	110,000	190,000	270,000

**Guide:**

- Board of Directors to administer the scale in consultation with parent ministry.
- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

BENEFITS		
Medical cover	-	Chief Executive Officers to be covered with other staff by the corporations' approved scheme.
Annual Leave	-	30 working days to be utilized in a calendar year.
Leave allowance	-	Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.
Gratuity	-	3 1/2% of basic salary.
Personal accident	-	Competitively source group accident cover for all employees.
Mileage claim	-	Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.
Official transport	-	One official car with a driver except when on annual leave.
Car/house loans	-	As per corporations' rules approved by Boards and parent ministries.
Club membership	-	Membership fee to one club only.
Subsistence allowance	-	Government circulars issued from time to time to be adopted.
Outside Kcaya and on Local travel	-	
Telephone/fax/e-mail	-	Government circulars issued from time to time to be adopted.

**PC 5. PUBLIC UNIVERSITIES**  
**RANGE: KSHS. 260,000 TO KSHS. 460,000 PER MONTH**

Maximum PC5

Midpoint PC5

260,000

360,000

460,000

Base PC5

Category	Base	Midpoint	Maximum
PC5	260,000	360,000	460,000

Guide:

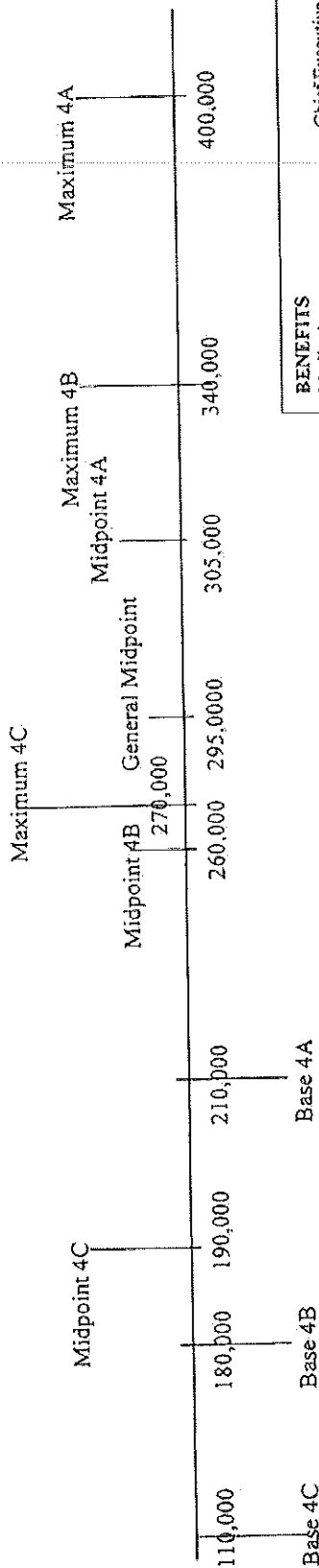
- Board of Directors to administer the scale in consultation with parent ministry.
- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

<b>BENEFITS</b>	
Medical cover	-
Annual Leave	-
Leave allowance	-
Gratuity	-
Personal accident	-
Mileage claim	-
Official transport	-
Car/house loans	-
Club membership	-
Subsistence allowance	-
Outside Kenya and on Local travel	-
Telephone/fax/e-mail	-

Chief Executive Officers to be covered with other staff by the corporations' approved scheme. 30 working days to be utilized in a calendar year.  
 Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.  
 31% of basic salary.  
 Competitively source group accident cover for all employees.  
 Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.  
 One official car with a driver except when on annual leave.  
 As per corporations' rules approved by Boards and parent ministries.  
 Membership fee to one club only.  
 Government circulars issued from time to time to be adopted.  
 Government circulars issued from time to time to be adopted.

**PC 4. TRAINING AND RESEARCH INSTITUTIONS**  
**RANGE: KSHS. 110,000 TO KSHS. 400,000 PER MONTH**



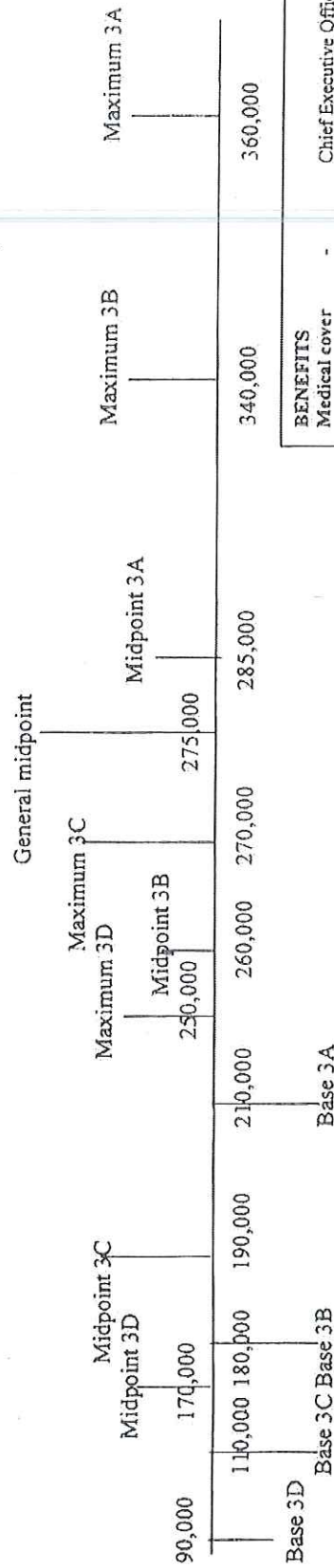
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<b>BENEFITS</b>	
Medical cover	-
Annual Leave	-
Leave allowance	-
Gratuity	-
Personal accident	-
Mileage claim	-
Official transport	-
Car/house loans	-
Club membership	-
Subsistence allowance	-
Outside Kenya and on Local travel	-
Telephone/fax/e-mail	-
Chief Executive Officers to be covered with other staff by the corporations' approved scheme. 30 working days to be utilized in a calendar year.	
KShs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.	
Competitively source group accident cover for all employees.	
Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.	
One official car with a driver except when on annual leave.	
As per corporations' rules approved by Boards and parent ministries.	
Membership fee to one club only.	
Government circulars issued from time to time to be adopted.	
Government circulars issued from time to time to be adopted.	

- Guide:**
- f) Board of Directors to administer the scale in consultation with parent ministry.
  - g) Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
  - h) Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
  - i) Running contracts to remain until expiry.
  - j) Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

**PC 3. SERVICE CORPORATIONS**  
**RANGE: KSHS. 90,000 TO KSHS. 360,000 PER MONTH**



Category	Base	Midpoint	Maximum
PC3.A	210,000	285,000	360,000
PC3.B	180,000	260,000	340,000
PC3.C	110,000	190,000	270,000
PC3.D	90,000	170,000	250,000

**Guide:**

- Board of Directors to administer the scale in consultation with parent ministry.
- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

<b>BENEFITS</b>	
Medical cover	-
Annual Leave	-
Leave allowance	-
Gratuity	-
Personal accident	-
Mileage claim	-
Official transport	-
Car/house loans	-
Club membership	-
Subsistence allowance Outside Kenya and on Local travel	-
Telephone/fax/e-mail	-

Chief Executive Officers to be covered with other staff by the corporations' approved scheme. 30 working days to be utilized in a calendar year.

Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.

31% of basic salary.

Competitively source group accident cover for all employees.

Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.

One official car with a driver except when on annual leave.

As per corporations' rules approved by Boards and parent ministries.

Membership fee to one club only.

Government circulars issued from time to time to be adopted.

Government circulars issued from time to time to be adopted.

**PC 2. REGIONAL DEVELOPMENT AUTHORITIES  
RANGE: KSHS. 90,000 TO 250,000 PER MONTH**

Maximum PC. 2

Midpoint PC. 2

250,000

170,000

90,000

**Base PC. 2**

Category	Base	Midpoint	Maximum
PC1.	90,000	170,000	250,000

**Guide:**

- Board of Directors to administer the scale in consultation with parent ministry.
- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

<b>BENEFITS</b>		
Medical cover	-	Chief Executive Officers to be covered with other staff by the corporations' approved scheme.
Annual Leave	-	30 working days to be utilized in a calendar year.
Leave allowance	-	Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.
Gratuity	-	31% of basic salary.
Personal accident	-	Competitively source group accident cover for all employees.
Mileage claim	-	Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.
Official transport	-	One official car with a driver except when on annual leave.
Car/house loans	-	As per corporations' rules approved by Boards and parent ministries.
Club membership	-	Membership fee to one club only.
Subsistence allowance	-	Government circulars issued from time to time to be adopted.
Outside Kenya and on Local travel	-	
Telephone/fax/e-mail	-	Government circulars issued from time to time to be adopted.

**PC 1. TERTIARY TRAINING INSTITUTIONS**  
**RANGE: KSHS 50,000 TO 150,000 PER MONTH**

Maximum PC.1

Midpoint PC. 1

50,000 | 100,000 | 150,000

Base PC. 1

Category	Base	Midpoint	Maximum
PC1.	50,000	100,000	150,000

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**Guide:**

- Board of Directors to administer the scale in consultation with parent ministry.
- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

<b>BENEFITS</b>		
Medical cover	-	Chief Executive Officers to be covered with other staff by the corporations' approved scheme.
Annual Leave	-	30 working days to be utilized in a calendar year.
Leave allowance	-	Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.
Gratuity	-	31% of basic salary.
Personal accident	-	Competitively source group accident cover for all employees.
Mileage claim	-	Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.
Official transport	-	One official car with a driver except when on annual leave.
Car/house loans	-	As per corporations' rules approved by Boards and parent ministries.
Club membership	-	Membership fee to one club only.
Subsistence allowance	-	Government circulars issued from time to time to be adopted.
Outside Kenya and on Local travel	-	
Telephone/fax/e-mail	-	Government circulars issued from time to time to be adopted.

COST OF EMPLOYMENT FOR CHIEF EXECUTIVE OFFICERS OF STATE CORPORATIONS - RANGE KSHS.110,000 TO KSHS.800,000.00 PER MONTH

**RANGE: KSHS. 300,000 TO KSHS. 800,000 PER MONTH**

BENEFITS	
Medical cover	Chief Executive Officers to be covered with other staff by the corporations' approved scheme.
Annual Leave	30 working days to be utilized in a calendar year.
Leave allowance	Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.
Gratuity	31% of basic salary.
Personal accident	Competitively source group accident cover for all employees.
Mileage claim	Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.
Official transport	One official car with a driver except when on annual leave.
Car/house loans	As per corporations' rules approved by Boards and parent ministries.
Club membership	Membership fee to one club only.
Subsistence allowance	Government circulars issued from time to time to be adopted.
Outside Kenya and on Local travel	
Telephone/fax/e-mail	Government circulars issued from time to time to be adopted.

a)	Board of Directors to administer the scale in consultation with parent ministry.
b)	Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
c)	Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
d)	Running contracts to remain until expiry.
e)	Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.



**PC 7. COMMERCIAL/MANUFACTURING CORPORATIONS**  
**RANGE: KSHS. 270,000 TO 740,000 PER MONTH**

	Maximum 7C			Maximum 7B		Midpoint 6A		Maximum 6A	
	Midpoint 7C			General Midpoint					
	300,000	375,000	420,000	480,000	500,000	540,000	620,000	740,000	
Base 7C	Base 7B				Base 7A				

Category	Base	Midpoint	Maximum
PC7.A	500,000	620,000	740,000
PC7.B	300,000	420,000	540,000
PC7.C	270,000	375,000	480,000

**Guide:**

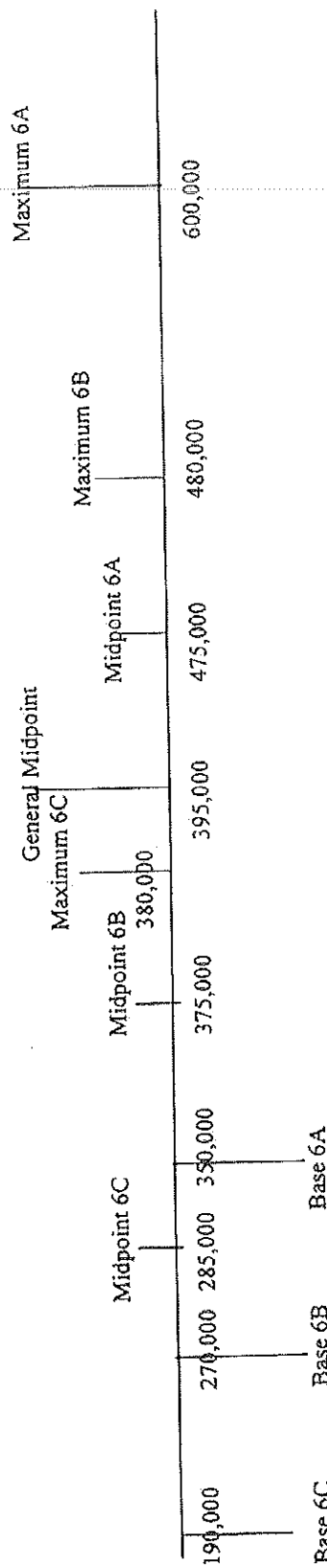
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- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

BENEFITS		
Medical cover	-	Chief Executive Officers to be covered with other staff by the corporations' approved scheme.
Annual Leave	-	30 working days to be utilized in a calendar year.
Leave allowance	-	Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.
Gratuity	-	31% of basic salary.
Personal accident	-	Competitively source group accident cover for all employees.
Mileage claim	-	Up to maximum current A.A rates to apply when using personal/spouse's vehicle on official duties.
Official transport	-	One official car with a driver except when on annual leave.
Car/house loans	-	As per corporations' rules approved by Boards and parent ministries.
Club membership	-	Membership fee to one club only.
Subsistence allowance	-	Government circulars issued from time to time to be adopted.
Outside Kenya and on Local travel	-	
Telephone/fax/e-mail	-	Government circulars issued from time to time to be adopted.



**PC 6. REGULATORY CORPORATIONS  
RANGE: KSHS. 190,000 TO KSHS.600,000 PER MONTH**



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Category	Base	Midpoint	Maximum
PC6.A	350,000	475,000	600,000
PC6.B	270,000	375,000	480,000
PC6.C	190,000	285,000	380,000

**Guide:**

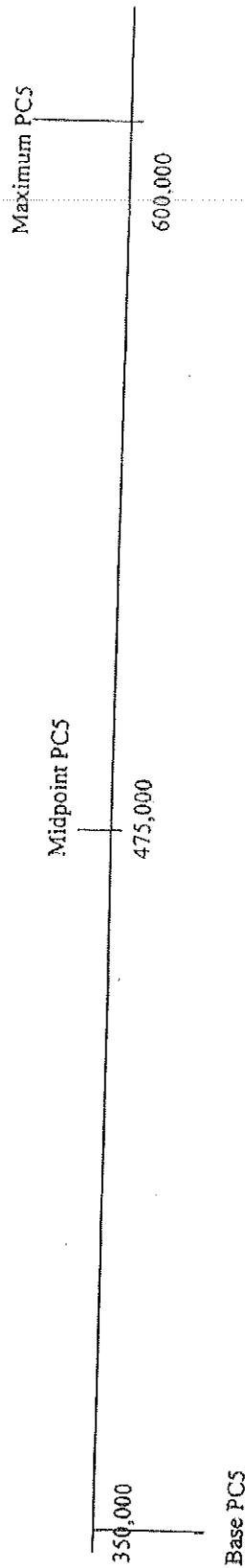
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- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

BENEFITS		
Medical cover	-	Chief Executive Officers to be covered with other staff by the corporations' approved scheme.
Annual Leave	-	30 working days to be utilized in a calendar year.
Leave allowance	-	Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.
Gratuity	-	31% of basic salary.
Personal accident	-	Competitively source group accident cover for all employees.
Mileage claim	-	AA rates to apply when using personal/spouse's vehicle on official duties.
Official transport	-	One official car with a driver except when on annual leave.
Car/house loans	-	As per corporations' rules approved by Boards and parent ministries.
Club membership	-	Membership fee to one club only.
Subsistence allowance	-	Government circulars issued from time to time to be adopted.
Outside Kenya and on Local travel	-	
Telephone/fax/e-mail	-	Government circulars issued from time to time to be adopted.

# PC 5. PUBLIC UNIVERSITIES

RANGE: KSHS. 350,000 TO KSHS. 600,000 PER MONTH



Category	Base	Midpoint	Maximum
PC5	350,000	475,000	600,000

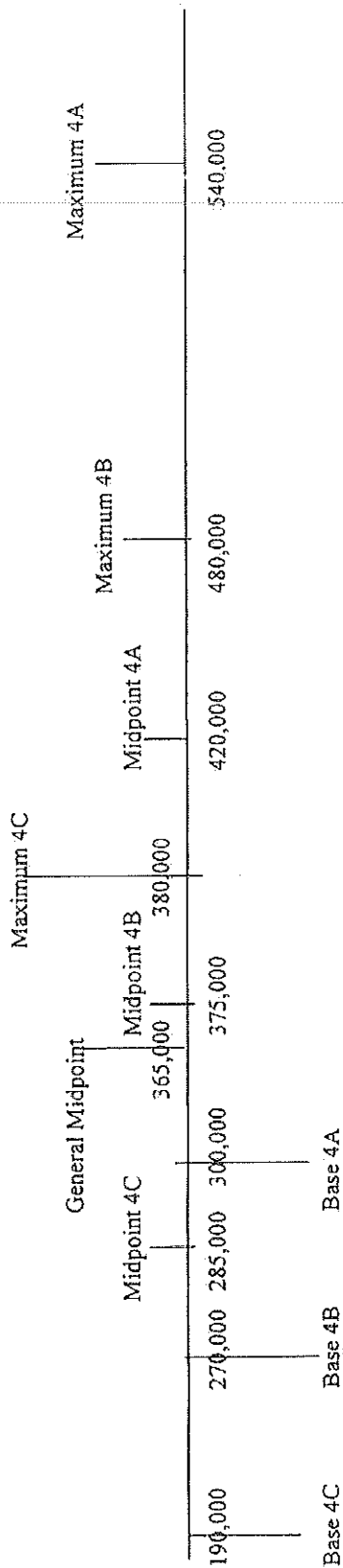
## Guide:

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- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

BENEFITS		
Medical cover	-	Chief Executive Officers to be covered with other staff by the corporations' approved scheme.
Annual Leave	-	30 working days to be utilized in a calendar year
Leave allowance	-	Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.
Gratuity	-	31% of basic salary
Personal accident	-	Competitively source group accident cover for all employees.
Mileage claim	-	Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.
Official transport	-	One official car with a driver except when on annual leave.
Car/house loans	-	As per corporations' rules approved by Boards and parent ministries.
Club membership	-	Membership fee to one club only.
Subsistence allowance	-	Government circulars issued from time to time to be adopted.
Outside Kenya and on Local travel	-	
Telephone/fax/e-mail	-	Government circulars issued from time to time to be adopted.

**PC4. TRAINING AND RESEARCH INSTITUTIONS**  
**RANGE: KSHS. 300,000 TO KSHS. 540,000 PER MONTH**



Category	Base	Midpoint	Maximum
PC4.A	300,000	420,000	540,000
PC4.B	270,000	375,000	480,000
PC4.C	190,000	285,000	380,000

**Guide:**

- f) Board of Directors to administer the scale in consultation with parent ministry.
- g) Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- h) Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- i) Running contracts to remain until expiry.
- j) Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

BENEFITS	
Medical cover	-
Annual Leave	-
Leave allowance	-
Gratuity	-
Personal accident	-
Mileage claim	-
Official transport	-
Car/house loans	-
Club membership	-
Subsistence allowance	-
Outside Kenya and on Local travel	-
Telephone/fax/e-mail	-

Chief Executive Officers to be covered with other staff by the corporations' approved scheme. 30 working days to be utilized in a calendar year.

Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.

31% of basic salary.

Competitively source group accident cover for all employees.

Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.

One official car with a driver except when on annual leave.

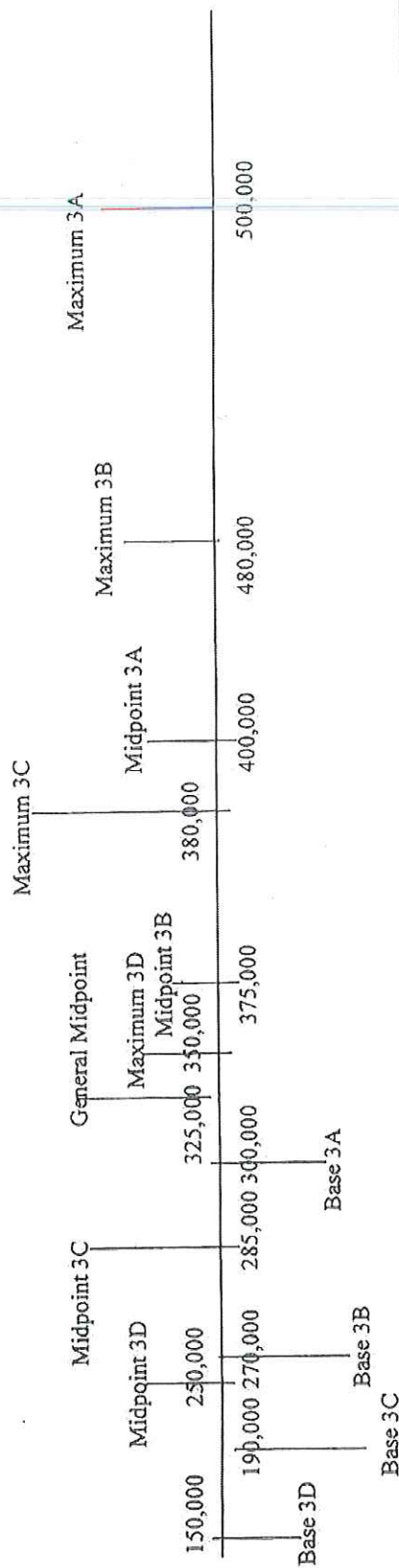
As per corporations' rules approved by Boards and parent ministries.

Membership fee to one club only.

Government circulars issued from time to time to be adopted.

Government circulars issued from time to time to be adopted.

**PC 3. SERVICE CORPORATIONS  
RANGE: KSHS. 150,000 TO KSHS. 500,000 PER MONTH**



BENEFITS	
Medical cover	-
Annual Leave	-
Leave allowance	-
Gratuity	-
Personal accident	-
Mileage claim	-
Official transport	-
Car/house loans	-
Club membership	-
Subsistence allowance	-
Outside Kenya and on Local travel	-
Telephone/fax/e-mail	-

Chief Executive Officers to be covered with other staff by the corporations' approved scheme. 30 working days to be utilized in a calendar year. Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year. 31% of basic salary. Competitively source group accident cover for all employees. Up to maximum current A.A. rates to apply when using personal/spouse's vehicle on official duties. One official car with a driver except when on annual leave. As per corporations' rules approved by Boards and parent ministries. Membership fee to one club only. Government circulars issued from time to time to be adopted. Government circulars issued from time to time to be adopted.

**Guide:**

- Board of Directors to administer the scale in consultation with parent ministry.
- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

**PC 2. REGIONAL DEVELOPMENT AUTHORITIES**  
**RANGE: KSHS. 150,000 TO KSHS. 350,000 PER MONTH**

Maximum PC.2

Midpoint PC. 2

350,000

250,000

150,000

Base PC. 2

Category	Base	Midpoint	Maximum
PC2.	150,000	250,000	350,000

**Guide:**

- Board of Directors to administer the scale in consultation with parent ministry.
- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

<b>BENEFITS</b>		
Medical cover	-	Chief Executive Officers to be covered with other staff by the corporations' approved scheme. 30 working days to be utilized in a calendar year.
Annual Leave	-	Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.
Leave allowance	-	31% of basic salary.
Gratuity	-	Competitively source group accident cover for all employees.
Personal accident	-	Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.
Mileage claim	-	One official car with a driver except when on annual leave.
Official transport	-	As per corporations' rules approved by Boards and parent ministries.
Car/house loans	-	Membership fee to one club only.
Club membership	-	Government circulars issued from time to time to be adopted.
Subsistence allowance Outside Kenya and on Local travel	-	
Telephone/fax/e-mail	-	Government circulars issued from time to time to be adopted.

**PC 1. TERTIARY TRAINING INSTITUTIONS**  
**RANGE: KSHS. 110,000 TO KSHS. 250,000 PER MONTH**

Maximum PC.1

Midpoint PC. 1

250,000

180,000

110,000

**Base PC. 1**

Category	Base	Midpoint	Maximum
PC1.	110,000	180,000	250,000

**Guide:**

- Board of Directors to administer the scale in consultation with parent ministry.
- Any direct entry beyond midpoint to be approved only in exceptional cases in consultation with the parent Ministry.
- Decision on entry point or adjustment thereof to depend on ability to pay and budgetary considerations
- Running contracts to remain until expiry.
- Gratuity continues to be paid on the basis of basic salary.

**Important:** For the above format to be applied successfully, recruitment should be carried out competitively.

<b>BENEFITS</b>	
Medical cover	-
Annual Leave	-
Leave allowance	-
Gratuity	-
Personal accident	-
Mileage claim	-
Official transport	-
Car/house loans	-
Club membership	-
Subsistence allowance	-
Outside Kenya and on Local travel	-
Telephone/fax/e-mail	-

Chief Executive Officers to be covered with other staff by the corporations' approved scheme. 30 working days to be utilized in a calendar year.  
Kshs. 50,000 or 1/3 of basic salary, whichever is the less once in a calendar year.  
31% of basic salary.  
Competitively source group accident cover for all employees.  
Up to maximum current AA rates to apply when using personal/spouse's vehicle on official duties.  
One official car with a driver except when on annual leave.  
As per corporations' rules approved by Boards and parent ministries.  
Membership fee to one club only.  
Government circulars issued from time to time to be adopted.  
Government circulars issued from time to time to be adopted



**TERMS AND CONDITIONS OF SERVICE FOR CHAIRMEN AND DIRECTORS OF STATE CORPORATIONS**

1. The following allowances and benefits may be paid to Chairmen and Directors subject to ability of individual corporations to finance the expenditures:-

**a) Monthly Honoraria for Chairmen**

A monthly taxable honorarium of upto a maximum of Kshs. 80,000.00 may be paid to the Chairman.

**b) Telephone Services for Chairmen only**

- (i) Mobile phone airtime: upto a maximum of Kshs. 5,000/= per month.
- (ii) Land-line prepaid telephone card: upto a maximum of Kshs.2,000/= per month.

**c) Sitting allowance**

A taxable sitting allowance of upto a maximum of Kshs. 20,000 per sitting may be paid to Chairmen and Directors. In addition, sitting allowance may be payable when on official duty in and outside the country.

**d) Accommodation allowance**

This allowance may be claimed and paid upto a maximum of Kshs. 10,000 per day.

**e) Lunch allowance**

This may be paid upto a maximum of Kshs. 2,000 per day when lunch is not provided.

**f) Transport**

Members may be reimbursed expenses in respect of the cost of travel to and from Board business or reimbursed actual mileage at prevailing AA rates when they use personal car on Board business. It is however recommended that the most cost effective means of transport be used.

**g) Accident (not "life") Insurance Cover**

State corporations should competitively procure personal accident (not "life") cover for its Board members in the event of an accident while travelling on Board business.

**h) Medical Expenses**

State corporations should comply with the provisions contained in prevailing Government circulars relating to payment of medical expenses for members of Boards of state corporations when they fall sick while on official duties or trips. Circular Ref. No. OP. 9/1A dated 9<sup>th</sup> October, 2002 is currently in use.

**Note that:-**

- (i) Any other benefits which are not provided for in this Annex such as cars, entertainment and house allowances, security and shopping vouchers, among others cease to apply.
- (ii) Director's fees will be approved by the Boards of Directors based on performance. However, the payment of Directors' fees to Directors who are public servants be guided by the prevailing Government circulars on the matter. Currently circular No. DGIPE/A/1/10 dated 19<sup>th</sup> June, 2002 provides that such fees be paid to the Treasury in the case of civil servants and to the relevant state corporations in the case of public servants from State Corporations.

Draft  
Letterhead

Address.....

Date.....

Dear

**LETTER OF APPOINTMENT (for CHAIRMAN)**

I am pleased to advise you that you have been appointed to be the Chairman of .....Corporation in accordance with Section..... of .....

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

**DURATION**

2. Your appointment is for ..... years commencing ..... and is tenable and renewable at the discretion of the Government.

**DUTIES AND RESPONSIBILITIES**

3. As a Chairman, you will:
  - (a) Provide overall leadership to the Board in areas of policy development and direction.
  - (b) Maintain a harmonious working relationship with both the Chief Executive Officer and the Board.
  - (c) Provide a public relations role between the Board and the stakeholders of the Corporation.
  - (d) Harness the collective skills of the Board and its Committees, and those of the Executive team for attainment of the corporate objectives and performance targets agreed with the Government.
  - (e) Prompt the appointing authority to appoint Board members in the event of a vacancy on the Board.

- (f) Encourage directors to participate fully in the deliberations of the Board and its committees.
  - (g) Ensure that there are strategies for constant monitoring and evaluation of the effectiveness of the Board, individual directors, senior management, and the entire Corporation.
  - (h) Participate in setting of agenda for both board and shareholders meetings.
  - (i) Chair and conduct Board meetings and those of shareholders effectively.
  - (j) Sign the confirmed Minutes of the Board and Shareholders meetings.
  - (k) Monitor the implementation of the Board's decisions.
  - (l) Ensure that new Board members are properly inducted and that there are adequate training programmes for Board members to keep them abreast of developments in corporate governance.
4. In providing overall leadership to the Board, you will ensure that the Board:
- (a) Is provided with and approves the Corporation's strategic and business plans and annual operating budgets.
  - (b) Approves organizational structures suitable for the attainment of the Corporation's objectives.
  - (c) Monitors and evaluates corporate performance.
  - (d) Observes the correct channels of communication between the Board, Management and Shareholders.

#### **SEPARATION OF POWERS**

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

#### **PERFORMANCE CONTRACT**

6. 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.

#### **CONFLICT OF INTEREST**

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

#### **CONFIDENTIALITY**

8. You will not, during your tenure of office, disclose business matters of confidential nature related to the Corporation to anyone not authorized to receive them.

#### **HONORARIUM**

9. As Chairman, you will be paid a taxable monthly honorarium of KShs.....

#### **SITTING ALLOWANCE**

10. You will be paid a taxable sitting allowance of KShs..... per sitting. An equivalent allowance will also be paid when you are on Board authorized official duties in and outside the country.

#### **ACCOMMODATION ALLOWANCE**

11. When official duties necessitate an overnight stay away from home locally, you may claim and be paid accommodation allowance of KShs..... per night.

#### **LUNCH ALLOWANCE**

12. When lunch is not provided at Board or Committee meetings, or when on approved official duty, you will be paid a lunch allowance of ..... per day.

#### **TRANSPORT**

13. 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 public transport means on production of receipted bills, or be reimbursed for actual mileage performed on your or your spouse's vehicle at rates not higher than the prevailing Automobile Association rates.



## ACCIDENT INSURANCE

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

## MEDICAL

15. Should you fall sick while on Board business you will be covered under the Corporation's medical scheme as approved by the government from time to time.

## TELEPHONE SERVICE

16. You will be allowed a mobile telephone air time facility of KShs..... per month. In addition you will be entitled to a land line pre-paid telephone card of up to a maximum of KShs..... per month.
17. I wish you every success in your appointment and assure you of all the necessary support in the discharge of your duties as Chairman.

Yours Sincerely,

.....  
(Appointing Authority)

## ACCEPTANCE

I (*full names and postal address*) hereby accept the above offer as per the terms and conditions stipulated herein.

Signed: .....

Date.....



**C.C**

The Permanent Secretary,  
Secretary to the Cabinet and  
Head of Public Service,  
Harambee House,  
**NAIROBI.**

Copy to CEO of the  
State Corporation.

---

The Inspector-General (Corporations),  
KICC,  
**NAIROBI.**

The Secretary,  
State Corporations Advisory Committee  
KICC,  
**NAIROBI.**

Draft  
Letterhead

Address.....

Date.....

Dear

**LETTER OF APPOINTMENT (for CHIEF EXECUTIVE)**

Following satisfactory proof of medical fitness and your successful interview for the position of ....., the Board is prepared to engage you in the services of ..... on the following terms and conditions (or any other appropriate preamble).

**1. POSITION**

You will be engaged as .....

**2. REPORTING**

You will be responsible to the Board of .....

**3. DUTIES AND RESPONSIBILITIES**

As the Corporation's Chief Executive Officer, you will be responsible for the implementation of the Board's decisions in a results oriented and timely manner to achieve the Corporation's goals, objectives and agreed performance targets. This will entail *inter alia*:

- (a) Carrying out the day to day business of the Corporation.
- (b) Developing of and recommending to the Board the long term strategy, business plans, and annual operating budgets; and establishing proper internal monitoring and control systems and procedures.
- (c) Coordinating and preparing business related proposals, reports and other submissions for consideration by the Board.

- (d) Ensuring that there is effective communication between the management and the board as well as between different levels of management.
- (e) Providing leadership to the employees.
- (f) Attending to personnel matters including organizational structures, appointments, welfare, training, industrial relations, separation and effective management succession plans.
- (g) Ensuring continuous improvements in the quality and value of services and products provided by the Corporation.
- (h) Ensuring continuous achievement of the Corporation's financial and operating goals and objectives.
- (i) Overseeing and ensuring implementation of corporate policies and programmes.
- (j) Maintaining a conducive work environment for attracting, retaining, and motivating employees.
- (k) Fostering a corporate culture that promotes ethical practices and good corporate citizenship.
- (l) Acting as the principal spokesperson of the corporation.
- (m) Ensuring compliance with the laws of the country.
- (n) Any other responsibilities as may be necessary to achieve the Corporation's objectives.

#### 4. **PERFORMANCE MEASURES**

In addition to the duties and responsibilities detailed in this letter of appointment detailed Key Tasks will be agreed between you and the Board, and your performance will be reviewed and appraised regularly and documented in meetings with the Board.

#### 5. **DURATION**

This contract of employment will be for ..... years commencing ..... and the Board reserves the right to terminate the contract prematurely depending on your performance.

**6. RENEWAL OF APPOINTMENT**

Should you wish to be reappointed in the same position, you will be required to make a written request at least six (6) months before the expiry date of this contract.

**7. PLACE OF WORK**

You will be based at the Corporation's headquarters.

**8. REMUNERATION**

You will be paid a basic salary of KShs..... per month, housing allowance of KShs..... per month and other remunerative allowances totalling KShs..... per month for the duration of the contract. Remuneration paid to you will be subject to taxation at such rates as may be determined by law from time to time

**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 subject to approval by the Minister for Finance in consultation with the State Corporations Advisory Committee. The key tasks agreed with the Board at the commencement of this appointment and thereafter will form part of this contract and will also form part of the elements on which assessment of Performance Awards will be based.

**10. MEDICAL**

The Corporation operates a staff medical scheme. Subject to a satisfactory medical report at the time of appointment arising from a medical examination by a registered medical practitioner you will be a member of the scheme and will be entitled to medical benefits as per the scheme rules.

**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 extension. 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 KShs. .... or one-third of your basic salary whichever is less if you take more than half of your annual leave entitlement.

**14. GRATUITY**

Upon successful completion of each 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. The gratuity shall not be paid if your separation from the Company is due to gross misconduct as provided for in the Employment Act. If you are on secondment or a member of some other retirement benefit scheme, you may opt to continue with the retirement benefit scheme to which you are already a member.

**15. GROUP LIFE AND GROUP ACCIDENT INSURANCE SCHEME**

You will be eligible for membership in the Group Life and Group Accident Insurance Scheme 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 duties except when on leave.

**17. MILEAGE CLAIM**

If official transport is unavailable a maximum of the current AA rates will apply when you use your personal/or your spouse's vehicle for official duties of the Corporation in lieu of official transport.

**18. HOUSING**

You will comply with Government regulations governing occupation of Corporation houses if you reside in a Corporation owned house.

**19. TELEPHONE SERVICE**

You will be entitled to telephone facilities in accordance with provisions of current circulars approved by the Minister in consultation with the State Corporations Advisory Committee from time to time.

**20. CLUB MEMBERSHIP**

The Corporation will pay your club membership fee only restricted to one club.

**21. ACCOMODATION 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 the Minister in consultation with the State Corporations Advisory Committee 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 prevailing rates approved by the Minister in consultation with the State Corporations Advisory Committee from time to time.

**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;
- (d) Employ your time, attention and abilities to the services of the Corporation as its Chief Executive Officer and employee.

**24. CONFLICT OF INTEREST**

Except with the written consent of the Board, you shall not, either directly or indirectly during your service, engage or be concerned in any other service or business or receive any reward, commission or profit by virtue of your office other than as provided for in this letter of appointment.

You will be required to immediately 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 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 also be subject to provisions of the Employment Act (Cap 226 of the Laws of Kenya) and to the Corporation's Staff Rules and Regulations as issued and/or amended from time to time.

27. **TERMINATION**

This contract may be terminated by either party giving a three months' prior notice, or on payment of an equivalent of three (3) months basic salary and house allowance only in lieu of such notice.

28. **OBLIGATION**

This offer and your acceptance thereof will constitute a binding contract between you and the Corporation. This contract supercedes 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 on or before.....

Yours Sincerely,

.....  
(Appointing Authority)

**ACCEPTANCE**

I (*full name and postal address*) hereby accept the above offer as per the terms and conditions stipulated herein.

Signed:..... Date:.....

C.C

The Permanent Secretary,  
Secretary to the Cabinet and  
Head of Public Service,  
Harambee House,  
**NAIROBI.**

The Permanent Secretary to the  
Treasury,.....  
The Treasury  
**NAIROBI.**

The Inspector- General (Corporations),  
KICC,  
**NAIROBI.**

The Secretary,  
State Corporations Advisory Committee  
KICC,  
**NAIROBI.**