

DESPATCH FROM CABINET

CABINET CONVENED today at State House Nairobi for the third ordinary session of the year 2024. The meeting was **preceded by the just concluded Second National Executive Retreat** that featured the Cabinet, Principal Secretaries, and the President's Council of Economic Advisors.

TODAY'S CABINET meeting considered various bills and policies as well as evaluated the progress made in the implementation of various flagship programmes as espoused in the Administration's plan – **the Bottom-Up Economic Transformation Agenda (BETA)**.

IN KEEPING with the Administration's commitment to ensuring **efficient and transparent fiscal management** by addressing the perennial challenge of accumulation of pending bills, Cabinet considered and **approved the transition to 'Accrual Basis of Accounting'** from the 'Cash Basis of Accounting' currently in use. Cabinet's approval follows the recommendation of the National Treasury and the Public Sector Accounting Standards Board (PSASB)(Treasury) in line with **Article 226 of the Constitution** and Section 12 of the Public Finance Management Act.

THIS NEW paradigm is expected to deepen accountability and enhance transparency in managing public resources. The **new accounting method provides a line of sight into the liabilities of public entities** such as pending bills, pension liabilities, public debt amounts, debt guarantees, and public-private partnership contingent liabilities; as well as government's fixed assets, natural resources, and outstanding imprest amounts. Currently, **these elements are accounted for off-the-balance sheet**, with their payments written off in the receipts and payments statement.



THE TRANSITION to the accrual basis of accounting will be **undertaken over a three-year period commencing 1st July, 2024;** marking the beginning of an era of completeness in public sector accounting for both National and County Government entities. This new framework will reverse the current position where National Government arms, Ministries, State Departments, State Agencies, and County Governments do not recognize pending bills as payables in their balance sheet since they operate on a cash basis of accounting method.

BUILDING ON the expected improved governance system of public resources, Cabinet considered various **bills and policies that accelerate the contribution of the agriculture and productive sectors** to the nation's economic blueprint and Kenya's balance of payments. The proposed interventions seek to **fortify the place of agriculture, blue-economy and the productive sector as the largest employers in the economy.**

THE INTERVENTIONS demonstrate the Administration's support for innovation and value addition as witnessed by the **strengthening of the dairy, leather, and meat value-chains** as well the **animal feeds production value chain.**

HAVING NOTED the immense benefits to farmers, consumers, and the Kenyan economy that will flow from the proposed reforms, Cabinet consequently considered and approved the two Bills that seek to give impetus to the BETA value chains delivery, as follows:

- I. The Livestock Bill, 2023; and
- II. The Pyrethrum (Repeal) Bill, 2023.

UPON ENACTMENT of the Pyrethrum (Repeal) Bill, the Pyrethrum Industry Act, 2013 will stand repealed thereby addressing the challenge of dual regulation of the Pyrethrum industry under two different pieces of legislation. The upshot of the legislative intervention will be to **strengthen the governance framework for the production of pyrethrum** by ensuring that only one institution, the Agriculture & Food Authority, and only one legal framework, the Crops Act, 2013, guide the growth and development of the Pyrethrum Industry.



TO BOOST land and human labor productivity through mechanization, Cabinet sanctioned the **review of the National Mechanization Policy**. The proposed policy will facilitate technology transfer and promote modern mechanization practices as the cornerstone of Kenyan agriculture.

IN FURTHERING the contribution of the productive sector to our nation's economic renaissance by positing **Blue Economy as a new growth frontier**, Cabinet authorized the **development of a marine spatial plan for Kenya's Indian Ocean territorial waters, an Exclusive Economic Zone, as well as the Lake Victoria Spatial Plan**.

THE MARINE Spatial Planning in regard to the Kenyan Indian Ocean is expected to **boost the output of the 42% of Kenya that is the ocean** by bringing together multiple users of the ocean from diverse areas such as energy, industry, fishing, regulatory action, and biodiversity conservation.

CABINET NOTED that Lake Victoria holds enormous social, environmental, and economic significance to the nation. However, Africa's largest lake faces significant challenges that require practical solutions to ensure its resilience and long-term sustainability. The mapping exercise within the **Lake Victoria Spatial Plan is expected to herald a comprehensive lake governance framework** in relation to aquaculture in the Kenyan portion of Lake Victoria.

THIS SEMINAL national endeavour illustrates that the **health of the oceans, seas, lakes and inland fresh water resources is viewed as a spring-board of economic development** through sustainable development of water resources so as to maximize benefits to the country, local communities, and the environment.

AS AN enabler of the development of Kenya's productive sectors, Cabinet approved the **National Policy on Linking Industry to Education, Training, and Research**. The policy seeks to strengthen linkages between industry and education, training, and research as envisioned in the Bottom-Up Economic Transformation Agenda (BETA). It is further envisaged that the policy will facilitate the implementation of the **national, regional, and international commitments that promote linkages between industry and education, training and research**.



IN LEADING by example in fostering international partnerships that will facilitate human resource empowerment, technology transfer and technical support; Cabinet approved the **Memorandum of Understanding on Technical Co-operation between Kenya Shipyards Limited (KSL) and GOA Shipyard Limited, India**. The co-operation framework adds another arrow in Kenya's quiver as the nation readies for an economic boom driven by marine resources. The envisaged areas of co-operation include **design and construction of maritime vessels** and maritime civil and modular infrastructure, **heavy engineering in ship building**, rail works, and **maritime civil and modular infrastructure**.

IN KEEPING with the Administration's signature pledge on leading our nation towards **equitable and inclusive development** where nobody is left behind, Cabinet considered and approved the **National Policy on Rehabilitation of Street Families, 2023**. The policy will anchor the framework for rehabilitation of street families and their reintegration into mainstream society.

CABINET ALSO approved the implementation of **additional project activities for the Phase 1 Horizontal Infrastructure in the Konza Technopolis**. The Executive Action approved by Cabinet is expected to accelerate the completion of the development of **Konza Technopolis as Africa's first true 'Smart City'**.

IN AFFIRMING Kenya's world renowned status as home of the '*Silicon Savannah*', Cabinet considered and approved the establishment of the **Digital Media City (DMC) Project at Konza Technopolis**. This seminal project positions Kenya as a creative and content-generation industry leader in sub-Saharan Africa by enhancing industrial and academic innovation, research, and collaboration in the media industry.

TO BOLSTER our national response to cyber threats, Cabinet has approved the Memorandum of Understanding between the **Ministry of Information, Communications & the Digital Economy and the Israeli National Cyber Directorate (INCD)**. This approval signifies an intensified commitment to engage and collaborate with all stakeholders, fostering the development of effective mechanisms and policies. The implementation of these cybersecurity initiatives will play a pivotal role in fortifying a secure and resilient cyberspace, both at the national and international levels.



TO BUTTRESS the gains made in devolution and in fidelity with the Administration's pledge to strengthen it, Cabinet sanctioned an appraisal of the role of **Regional Development Authorities (RDAs)**. This exercise will review their efficacy within the framework of a two-tier government as established in the Constitution.

CABINET WAS briefed on the incident response and enforcement actions taken regarding the LPG explosion incident in Embakasi by the Ministry of Energy & Petroleum in collaboration with the Energy and Petroleum Regulatory Authority (EPRA). Noting the adverse consequences of neglecting safety protocols, Cabinet called upon businesses and consumers to strictly adhere to safety standards, so as to safeguard the well-being of all individuals involved.

IN KEEPING with Kenya's dynamic foreign policy stance that leverages on Kenya's place of high esteem within the community of nations so as to better both Kenya and the world, the Administration continues to pursue partnerships that **protect Kenya's security, maximize our economic opportunities, deepen regional integration, mediate conflicts, and boldly speaks up for Africa**. In furtherance of this diplomatic stance, Cabinet considered and **approved the establishment of a Kenyan Consulate in Bogota, Colombia**.

THE NATION'S apex policy-making body concluded its session with a comprehensive briefing on the bilateral preparations for the forthcoming **State Visit to the United States of America**. This historic visit, **the first of its kind in over two decades**, marks a **significant milestone in diplomatic relations between Kenya and the United States of America**; being the first State Visit to the United States by an African leader since 2008 and by a Kenyan Head of State since 2003.

CABINET OFFICE
EXECUTIVE OFFICE OF THE PRESIDENT

Thursday, 7th March, 2024