



REPUBLIC OF KENYA

CABINET NEWS

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STATE HOUSE, NAIROBI

The Cabinet has approved far-reaching payroll reforms to address long-standing payroll integrity issues left unresolved by successive administrations, and to ensure statutory deductions are uniformly applied at source.

The decision follows a special audit of the 2024-2025 financial year, which disclosed serious governance, integrity, and cybersecurity failures within the Government Human Resource Information System-Kenya (HRIS-K).

The audit uncovered widespread payroll anomalies relating to identity records, tax compliance, and bank accounts, compounded by poor system integration and the failure of about 300 State Corporations to migrate to HRIS-K.

Of particular concern was the finding that 720 system editors altered more than 4.7 million payroll records without audit trails, including instances where staff edited their own records, alongside the absence of basic cybersecurity safeguards.

Financial irregularities linked to unauthorised payments and excessive salary arrears were identified, while weak disaster-recovery arrangements and expired ICT licences were flagged as major risks to public funds.

The Cabinet was briefed on immediate stabilisation measures already undertaken and sanctioned a firm reform roadmap. This includes mandatory security certification by 11 March, 2026, deployment of forensic analytics to guide disciplinary and legal action, a governance reset of HRIS-K, and full integration of a statutory deductions platform.



It was further directed that statutory deductions be effected strictly at source across all public entities. A meeting of Principal Secretaries, accounting officers, and heads of parastatals will be convened to oversee implementation.

Accounting officers were directed to submit verified payroll data, fully cooperate with audits, and take personal responsibility for any irregularities. The reforms also provide for the establishment of Payroll Audit Units and urgent ICT upgrades to strengthen controls and safeguard public resources.

On the drought in some parts of the country, the Cabinet authorised the release of KSh4.1 billion to scale up response interventions across affected regions.

Drought conditions have deteriorated rapidly since January 2026 following the failure of the October-December 2025 short rains. An estimated 3.3 million people are currently facing acute food insecurity, a number that could rise to 3.6 million by June 2026 if urgent intervention is not taken, including in pockets of counties outside the arid and semi-arid areas.

Mandera, Wajir, Kwale, and Kilifi counties are in the Alarm phase, while 12 counties are in the Alert phase, most of them on a worsening trajectory. Acute malnutrition continues to rise, affecting over 810,000 children and 104,000 pregnant and lactating women, alongside other vulnerable groups.

The additional funding will supplement allocations made in December 2025 and January 2026, which supported relief food, logistics, and limited non-food assistance. Current stocks are expected to last only two to three weeks, underscoring the urgency of further support.



Cabinet also raised concern over deteriorating livestock conditions, increased livestock deaths and distress sales, rising human-wildlife conflict, and the risk of escalation into an emergency phase.

Cabinet has also endorsed the financial year 2026/27 Budget, totalling KSh4.7 trillion. The Budget projects total revenues of KSh3.53 trillion against total expenditure of KSh4.7 trillion. Expenditure allocations comprise KSh3.46 trillion for recurrent spending, KSh749.5 billion for development, KSh495.7 billion in transfers to county governments, and KSh2 billion for the Contingency Fund.

Under the Division of Revenue Bill, 2026, county governments will receive KSh420 billion as an equitable share, representing 21.9 per cent of the most recent audited revenue in line with constitutional requirements, and KSh15.2 billion for the Equalisation Fund. A further KSh75.7 billion is proposed under the County Governments Additional Allocation Bill, 2026, bringing total county transfers to KSh495.7 billion.

The macroeconomic outlook remains positive, with GDP growth projected at 5 per cent in 2025 and 5.3 per cent in 2026, supported by favourable weather, improved agricultural productivity, climate-smart investments, and continued implementation of the Bottom-Up Economic Transformation Agenda.

The 2026 Budget Policy Statement, themed "Accelerating Gains under the Bottom-Up Economic Transformation Agenda for Inclusive and Sustainable Growth", marks a transition from fiscal stabilisation to scaled-up investment to drive the next phase of economic growth.



Priority investments target education, health, energy, infrastructure, agriculture, social protection, and national security, alongside reforms in public finance management, digitisation, State-owned enterprises, and public-private partnerships. The Budget Policy Statement, the fourth under the Kenya Kwanza Administration, will now be submitted to Parliament to guide the Government's fiscal strategy.

Cabinet has further considered, adopted, and forwarded to Parliament a package of education reform Bills, marking a comprehensive overhaul of Kenya's education system to align governance, curriculum, assessment, financing, teacher training, and qualifications with the Constitution and the Competency-Based Education and Training framework.

The reforms implement the recommendations of the Presidential Working Party on Education Reform and aim to eliminate long-standing duplication, overlaps, and inefficiencies across the sector.

At the tertiary level, the Tertiary Education Placement and Funding Bill, 2024, consolidates the Higher Education Loans Board, the Universities Fund, the TVET Funding Board, and the Kenya Universities and Colleges Central Placement Service (KUCCPS) into a single authority to streamline student placement, loans, scholarships, and career guidance.

Cabinet also endorsed the Kenya National Qualifications Framework (Amendment) Bill, 2024, which clarifies the mandate of the Kenya National Qualifications Authority and resolves overlaps with sector regulators. Under the Bill, the Authority will focus on setting national qualifications standards, while accreditation and equivalence of qualifications remain with respective regulators.



At the same time, the Basic Education Bill, 2024, aligns the system with the Competency-Based Education structure, clarifies national and county roles, strengthens quality assurance, rationalises school governance, and introduces coordinated administration of bursaries and scholarships.

Further measures include approval of the Kenya National Educational Assessments Bill, 2025, replacing the examination-centric model of the Kenya National Examinations Council with competency-based assessments, and the Kenya Institute of Curriculum Development (Amendment) Bill, 2024, which limits the Institute's mandate to basic and teacher education and restructures its Board to eliminate overlaps.

Teacher preparation and professional development are addressed through the Pre-Service Education and In-Service Training in Basic Education Bill, 2025, while the Education Administrative Tribunal Bill, 2024, establishes a mechanism for resolving education-related disputes.

Separately, the Cabinet authorised Phase III of the Kenya-China Project to equip 70 Technical and Vocational Education and Training colleges with modern training equipment, enabling full rollout of Competency-Based Education and Training. The programme will cover eight priority technical disciplines and train 1,190 instructors, strengthening industry-relevant skills, supporting MSMEs, and advancing human capital development under Vision 2030.



The Cabinet also authorised \$128 million (KSh16.6 billion) in additional financing to complete the Mwache Multipurpose Dam Project in Kwale County. The dam will supply 186,000 cubic metres of water a day to Kwale and Mombasa counties, but has faced a funding gap due to cost escalations. The financing will cover completion of civil works, land compensation, environmental safeguards, and catchment restoration. Once completed, the project will significantly improve water security, support irrigation, and strengthen climate resilience.

Cabinet has endorsed the Reviewed Policy on the Devolved System of Government, updating the 2016 framework to address persistent coordination, financing, and governance challenges after more than a decade of devolution. The revised policy clarifies the division of roles and powers between national and county governments, strengthens intergovernmental relations, improves county revenue frameworks, and reinforces public participation and county public service systems.

While devolution has expanded access to services and citizen participation, the Cabinet noted that unresolved overlaps, fiscal pressures, and capacity gaps have constrained performance. The updated policy introduces clear implementation, monitoring, and accountability mechanisms, with coordination led by the State Department for Devolution.



Cabinet also approved the re-organisation and operationalisation of the Kenya National Convention Bureau to position Kenya as a competitive Meetings, Incentives, Conferences and Exhibition hub, boost foreign exchange earnings and create jobs; the Trade Descriptions (Amendment) Bill, 2024, to modernise consumer protection laws for digital and service-based trade; and a costed national acceleration plan to eliminate Female Genital Mutilation by 2025/26, strengthening prevention, enforcement and survivor protection in high-prevalence counties.

Further, the Cabinet approved a series of international agreements and hosting arrangements, reinforcing Kenya's position as a regional hub for diplomacy, health, science, and multilateral engagement. The agreements will operationalise offices in Nairobi for the International Vaccine Institute, Novo Nordisk Foundation Kenya A/S, and The Ford Foundation, alongside a Memorandum of Understanding with the Africa Centres for Disease Control, and for the establishment of the Eastern Africa Regional Coordination Centre.

Cabinet also authorised Kenya's hosting of the International Nuclear Conference 2026 in Mombasa from 24–26 March 2026, and approved submission of a formal bid to host the Eastern and Southern Africa Anti-Money Laundering Group Regional Training Academy, strengthening regional capacity to combat money laundering, terrorism financing, and proliferation financing.

Additionally, the Cabinet reaffirmed approval for ratification of the convention establishing the International Organisation for Mediation, positioning Kenya among the founding members of the global mediation agency.

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