



REPUBLIC OF KENYA

**CABINET NEWS**

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**STATE HOUSE, NAIROBI**

Kenya's bold and ambitious KSh5 trillion roadmap to transform the nation into a first-world economy took a decisive step forward on Monday, following the Cabinet's approval of the establishment of the National Infrastructure Fund and the Sovereign Wealth Fund, which will anchor the country's long-term development and economic transformation.

Approved as a limited liability company, the National Infrastructure Fund will serve as the central engine for aligning the administration's financial resources with national development priorities.

Through innovative mobilisation of domestic resources, strategic monetisation of mature public assets, democratisation of ownership through capital markets and the deployment of national savings, the Government will unlock large-scale private sector capital to finance priority investments while reducing reliance on borrowing and taxation.

Under the new framework, all privatisation proceeds will be ring-fenced and invested strictly in public infrastructure projects that generate and preserve long-term value. Every shilling invested through the Fund is expected to crowd in up to KSh10 additional shillings from long-term investors, including pension funds, sovereign partners, private equity funds and development finance institutions.

The Cabinet also approved the Sovereign Wealth Fund Policy, establishing a comprehensive framework for the prudent management and investment of revenues from mineral and petroleum resources, dividends from public investments and a portion of privatisation proceeds through a dedicated national fund.

Anchored on inter-generational savings, protection against external shocks and strategic investments with commercial returns, the Sovereign Wealth Fund will strengthen fiscal discipline, enhance resilience and support long-term national competitiveness.

It also operationalises Article 201 of the Constitution on inter-generational equity and advances the Kenya Kwanza Manifesto's investment-led growth agenda.



Together, the Sovereign Wealth Fund and the National Infrastructure Fund will finance Kenya's transformation agenda focused on strengthening food security and positioning Kenya as a net-exporting economy, expanding modern transport and logistics to drive productivity and trade, and scaling up energy generation to power industrialisation and the digital economy.

To strengthen food security, the government will undertake large-scale modern irrigation through the construction of 50 mega dams, 200 mini-dams and over 1,000 micro-dams, bringing an additional 2.5 million acres into production.

These investments will reinforce food and water security, support agro-industrialisation and uplift rural livelihoods.

Transport and logistics infrastructure will be expanded through the dualling of 2,500km of highways and the tarmacking of 28,000km of roads, extension of the Standard Gauge Railway to Malaba, expansion of regional oil pipelines, and modernisation of airports and the ports of Mombasa and Lamu, strengthening connectivity across farms, industries, cities and regional markets.

Powering this growth will be a decisive scale-up of energy generation, with at least 10,000 megawatts of new capacity added over the next seven years to support manufacturing, value addition, digital expansion, e-mobility and emerging technologies, drawing on Kenya's geothermal, hydro, solar, wind and nuclear potential.

Both funds will be professionally and independently managed under clear governance, transparency and accountability frameworks. The National Infrastructure Fund will be overseen by a competitively appointed Board and CEO, while the Sovereign Wealth Fund will operate under a robust policy framework to ensure prudent investment, fiscal discipline and inter-generational equity.

This financing architecture marks a decisive shift toward a sustainable, investment-led development model that mobilises capital, accelerates delivery, preserves national value and secures lasting prosperity for present and future generations.



In support of energy expansion, the Cabinet approved the National Energy Policy to guide sector reforms and accelerate access to modern, reliable and sustainable energy.

The policy addresses low electricity access, reliance on traditional biomass, unreliable supply, limited investment and climate risks, while promoting renewables, private sector participation and climate-resilient development.

Cabinet also endorsed the National Petroleum Policy, updating the outdated 2004 framework in line with the Constitution and recent oil discoveries. The policy aims to strengthen governance, attract investment, enhance energy security, promote value addition and LPG uptake, improve revenue management and safeguard the environment.

In further support of the national priority to expand and modernise infrastructure, Cabinet gave the green light to an innovative financing model to mobilise funding for priority transport projects, including the Naivasha-Kisumu Standard Gauge Railway Phase 2B, the SGR link to Uganda, the Nairobi Railway City Central Station, Bus Rapid Transit Lines 2 and 3, commuter rail and non-motorised transport.

Additionally, the Cabinet noted that all pending bills for certified works and accrued interest in the Ministry of Roads, up to 31 December 2024, have been fully settled, with the ministry having paid KSh123 billion, restoring contractor confidence and enabling works to resume across the country.

Overall, the payment programme has unlocked or accelerated 875 road contracts since April 2025.

The Cabinet also gave its nod to the establishment of the National Integrated Security Command and Control System to modernise public safety infrastructure and strengthen coordinated national security response.

The system will replace the current obsolete platform with an integrated, technology-driven architecture linking security agencies and enabling real-time intelligence sharing and response, with the initial deployment giving priority to major urban centres and corridors, including Nairobi, Mombasa, Kisumu, Nakuru, Eldoret and key border counties.



Through innovative financing, Cabinet approved the rollout of Second-Generation Smart Driving Licences under a public-private partnership, integrating smart licences with an instant fines system, mobile licence wallet and driver merit and demerit points to enhance road safety and modernise licensing.

Cabinet further approved the Livestock Value Chain Support Project to boost dairy productivity, reduce post-harvest losses and improve farmer incomes by strengthening genetics, feeds and fodder production, expanding cold-chain infrastructure and supporting farmer organisations.

The meeting also endorsed the National Care Policy, which provides a coordinated framework for the care sector while promoting gender equality and women's empowerment by addressing unpaid care work, improving service coordination and strengthening accountability.

Finally, Cabinet was briefed on Kenya's hosting of the 4th COMESA-EAC-SADC Tripartite Summit in mid-2026 and approved the operationalisation of the Kenya National Convention Bureau to strategically position the country as a leading global destination for Meetings, Incentives, Conferences and Exhibitions (MICE), reinforcing Kenya's commitment to regional integration, economic cooperation and high-value tourism.

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