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**THE GOVERNMENT OWNED ENTERPRISES BILL,
2025**

A Bill for

AN ACT of Parliament to provide for the establishment, control, governance, performance and ownership of Government Owned Enterprises; public service obligations in respect of Government Owned Enterprises; facilitate the reconstitution of existing Government Owned Enterprises into public limited liability companies for the transfer of the assets, liabilities and the business of the Government Owned Enterprises to companies and for connected purposes

ENACTED by the Parliament of Kenya, as follows—

PART I— PRELIMINARY

1. This Act may be cited as the Government Owned Enterprises Act, 2025 and shall come into operation on such day as the Cabinet Secretary for the National Treasury may, by notice in the *Gazette*, appoint.

Short title and commencement.

2. In this Act, unless the context otherwise requires—

Interpretation.

“Board” means the Board of a Government Owned Enterprise constituted in accordance with section 10;

“Cabinet Secretary” means the Cabinet Secretary of the National Treasury;

“Chairperson” means a Chairperson of a Board of a Government Owned Enterprise appointed in accordance with section 10(2);

“Chief Executive Officer” means a person appointed in accordance with section 15;

“commencement date” means the date of commencement of

this Act;

“independent director” means an independent director of a Board of a Government Owned Enterprise appointed in accordance with section 10(3);

“Government” means the national government;

“Government Owned Enterprise” means a company which—

- (a) is a legal person under the ownership and control of the national government;
- (b) the national government or national government entity is a shareholder with more than fifty percent of the share capital of the corporation;
- (c) has been assigned financial and operational powers to carry on a business activity;
- (d) as its main business, supplies goods or services in accordance with ordinary commercial principles; and
- (e) is financed wholly or substantially from sources that do not require annual appropriation by National Assembly, or imposition of a tax, levy or other charge under legislation.

“relevant Cabinet Secretary” means the Cabinet Secretary for the time being responsible for the sector under which the business of the Government Owned Enterprise falls;

“relevant Ministry” means the Ministry for the time being responsible for the sector under which the business of the Government Owned Enterprise falls; and

“public service obligations” means obligations that the National Treasury may assign to Government Owned Enterprises which involve activities that are not financially viable to the Government Owned Enterprise and for which a subsidy, or full funding, by means of budgetary resources is required to sustain the activities.

3. The object of this Act is to—

Objects.

- (a) establish an ownership regime and legal framework for better performance of Government Owned Enterprises and effective creation of value for the public;
- (b) establish governance structures that facilitate achievement of commercial objectives of Government Owned Enterprises;
- (c) enhance accountability and appropriate incentives for Government Owned Enterprises to operate on commercial principles;

- (d) position the Government as an informed and active owner that is neither too passive nor unduly interfering with Government Owned Enterprises;
- (e) establish a transparent public service obligations accounting and funding structure that does not interfere with commercial objectives of the Government Owned Enterprises;
- (f) provide for separation and allocation of ownership roles between the National Treasury and the relevant Ministries;
- (g) establish a commercially-focused performance management framework for Government Owned Enterprises in which the National Treasury is the one-stop reference;
- (h) provide for the carrying out of public service obligations, on a separate operational and accounting basis and with contractual arrangements to give full compensation to Government Owned Enterprises for such activities, whenever Government Owned Enterprises are required to perform public service obligations;
- (i) enhance the standards of transparency and disclosure of corporate information and periodic reports of Government Owned Enterprises; and
- (j) provide a mechanism by which minority shareholders in Government Owned Enterprises are enabled to elect a number of persons, for appointment as independent directors in the Board of directors that is proportionate to the shareholding of such minority shareholders in the Government Owned Enterprise.

4.(1) This Act shall apply to—

Application.

- (a) Government Owned Enterprises established under the Companies Act;
- (b) the Government Owned Enterprises established under the Companies Act before the commencement of this Act as set out in the First Schedule; and

Cap. 486.

- (c) the Government Owned Enterprises established by other written laws before the commencement of this Act set out in the Second Schedule.

(2) Upon commencement of this Act, any new Government Owned Enterprises shall only be established as companies under the Companies Act.

(3) This Act shall not apply to state corporations that are established for non-commercial purposes.

5. (1) The Cabinet Secretary shall exercise ownership over the Government Owned Enterprises by—

Role of the
Cabinet Secretary.

- (a) determining, based on the criteria set in section 8(3), whether or not a proposal for the establishment of Government Owned Enterprises merits consideration and approval by Cabinet;
- (b) holding shares in Government Owned Enterprises in trust on behalf of the national government;
- (c) nominating, through a structured, transparent and competitive search and selection process, persons to be appointed as non-executive directors of the Government Owned Enterprises, through an independent search and selection panel;
- (d) entering into performance contracts with Government Owned Enterprises based on key performance indicators and agreed performance targets;
- (e) designing and implementing a performance incentive system for Boards of Directors of Government Owned Enterprises;
- (f) establishing a remuneration system for Boards of Directors of Government Owned Enterprises;
- (g) carrying out performance evaluation of Government Owned Enterprises; and
- (h) assigning, where necessary, Public Service Obligations to Government Owned Enterprises after approval by Cabinet.

(2) The Cabinet Secretary for the National Treasury shall, from time to time, and not less than once a year, publish in the *Gazette* a list of Government Owned Enterprises.

6. The relevant Cabinet Secretary may—

Roles of the relevant Cabinet Secretary.

- (a) propose the establishment of a Government Owned Enterprise for consideration by the Cabinet Secretary for the National Treasury;
- (b) formulate sectoral policies that shall be applicable to Government Owned Enterprises and private enterprises in the sector; and
- (c) propose Public Service Obligations to the Cabinet Secretary for the National Treasury for assignment to Government Owned Enterprises, where necessary.

**PART II—PROCEDURE AND CRITERIA FOR
ESTABLISHING A GOVERNMENT OWNED
ENTERPRISE**

7. The following principles shall apply when determining a request for the establishment of a Government Owned Enterprise—

Guiding principles.

- (a) the role for a Government Owned Enterprise to fill a gap left by the market forces;
- (b) a Government Owned Enterprise shall operate on commercial principles and with a defined commercial income stream that substantially supports the associated commercial activities;
- (c) where activities involving tax expenditures demonstrate that public expenditure is less effective in achieving the national government objective but can effectively be undertaken on a commercial basis; and
- (d) there is no overlap or duplication of functions when establishing a Government Owned Enterprise within the national government.

8. (1) Where a Ministry requires a Government Owned Enterprise to be established, the relevant Cabinet Secretary shall submit to the Cabinet Secretary for the National Treasury, a written request for the proposed establishment of the Government Owned Enterprise.

Procedure for the establishment of a Government Owned Enterprise.

(2) A Government Owned Enterprise may be established only with the prior approval of the Cabinet, and in accordance with the Companies Act.

(3) The request of a Cabinet Secretary under subsection (1) shall be accompanied by—

- (a) a written business case to the Cabinet Secretary for the National Treasury, with detailed justification for establishing the Government Owned Enterprise;
- (b) the business case in subsection (3)(a) shall be informed by a feasibility assessment report for the purpose of ascertaining—
 - (i) the financial and economic viability of establishing the proposed Government Owned Enterprise;
 - (ii) whether or not the proposed activity cannot be achieved through an existing Government Owned Enterprise or through the private sector;
 - (iii) whether or not there is a need to establish a new Government Owned Enterprise;
 - (iv) the functions and objective that the Government Owned Enterprise establishment is supposed to attain;
 - (v) how the activities of the proposed Government Owned Enterprise will fit in the relevant Ministry's mandate and medium-term strategy, and aid the realization of the objectives of the programmes under the relevant Ministry;
 - (vi) how the establishment of the Government Owned Enterprise shall impact the fiscal position of the Government; and
 - (vii) the amount of Government share.

(4) Where in the assessment of the Cabinet Secretary for the National Treasury the proposed establishment of a Government Owned Enterprise meets the criteria set in subsection (3), the Cabinet Secretary for the National Treasury shall submit the request to the Cabinet for consideration and approval.

(5) Upon approval of the establishment of the Government Owned Enterprise by the Cabinet, the

necessary establishment processes shall be undertaken by the Cabinet Secretary for the National Treasury.

(6) Where in the assessment of the Cabinet Secretary for the National Treasury the request does not meet the criteria set in subsection (3), the Cabinet Secretary for the National Treasury shall inform the relevant Cabinet Secretary of the outcome of the assessment, in writing, within thirty days of receipt of the report and state the reasons thereof.

9. (1) A Government Owned Enterprise shall operate as a commercial entity and shall—

Attributes of a
Government
Owned Enterprise.

- (a) operate for profit;
- (b) be self-financing;
- (c) be self-sustaining; and
- (d) be accountable to the public through the National Treasury.

(2) Notwithstanding subsection (1), a Government Owned Enterprise may, in addition to its commercial functions, perform public service obligations.

(3) A Government Owned Enterprise which also performs public service obligations shall operate on a commercial basis and shall, for the purpose of financing the achievement of public service obligations, be funded through the Government budgetary resources.

(4) The operations of a Government Owned Enterprise shall be undertaken in accordance with this Act and the instrument of incorporation.

(5) The Cabinet Secretary for the National Treasury shall annually publish an inventory of Government Owned Enterprises in the *Gazette*.

PART III—MANAGEMENT OF GOVERNMENT OWNED ENTERPRISES

10. (1) A Government Owned Enterprise shall be managed by a Board of Directors which shall consist of—

Board of
Directors.

- (a) a chairperson, who is an independent director;
- (b) six persons who are independent directors;

- (c) one person who is a public officer nominated by the Cabinet Secretary for the National Treasury from within the National Treasury;
- (d) one person who is a public officer designated in writing by the relevant Cabinet Secretary for the relevant Ministry; and
- (e) the chief executive officer who shall be an *ex-officio* member of the Board.

(2) The Board of directors shall elect the chairperson from among the independent directors.

(3) The Cabinet Secretary for the National Treasury shall nominate persons to be appointed by a Government Owned Enterprise as independent directors.

11. A person shall be eligible for appointment as a chairperson or member of the Board of a Government Owned Enterprise, if the person—

Qualifications for appointment as a chairperson or member of a Board.

- (a) has proven business leadership or relevant professional experience;
- (b) has served in a senior management or leadership position for a period of at least five years;
- (c) has not served in the same Government Owned Enterprise as an employee in the immediately preceding five years; and
- (d) meets the requirements of Chapter Six of the Constitution.

12. (1) A person is not qualified to be appointed as an independent director of a Government Owned Enterprise, if that person—

Disqualification.

- (a) was employed by the Government Owned Enterprise or its related parties, including its major shareholders, in the preceding five years;
- (b) is an adviser or consultant to the Government Owned Enterprise or its related parties and is affiliated with a company that is an adviser or consultant to the Government Owned Enterprise or its related parties;

- (c) is affiliated with a significant customer or supplier of the Government Owned Enterprise or its related parties, including banks or other financial institutions owned by the Government or any of its major shareholders;
- (d) has personal service contracts with the Government Owned Enterprise, its related parties, or its senior management;
- (e) is affiliated with any organisation, that receives significant funding from the Government Owned Enterprise or its related parties;
- (f) is employed as an executive of another company where any of the company's executives serve on that company's board of directors;
- (g) is a member of the immediate family of an individual who is, or has been during the immediately preceding five years, employed by the Government Owned Enterprise or its related parties as an executive officer;
- (h) is, or has in the immediately preceding five years has been, affiliated with or employed by a present or former auditor of the Government Owned Enterprise or of a related party;
- (i) is a controlling person of the Government Owned Enterprise (or member of a group of individuals or entities that collectively exercise effective control over the company) or such a person's close relative, widow, in-law, heir, legatee, and successor of any of the foregoing or the executor is a controlling person of the Government Owned Enterprise;
- (j) has been affiliated with a political party in the immediately preceding five years; or
- (k) is a director in another company or other companies producing substantially similar goods or services as the Government Owned Entity and whose combined market share is more than forty percent.

(2) For purposes of this section—

- (a) “immediate family members” means parents, children and siblings; and
- (b) “affiliated with” means having an official connection to, in the case of a political party, to a governing body of a political party or has identified with a political party for purposes of vying for a political office”.

13. (1) The Cabinet Secretary shall appoint an independent search and selection panel which shall conduct a structured, transparent and competitive process of search and selection of persons suitable for nomination by the Cabinet Secretary for appointment by the respective Government Owned Enterprises as independent directors.

Selection panel.

(2) In the case of Government Owned Enterprises that are not wholly-owned by the Government, the Cabinet Secretary shall, through the process provided in subsection (1) participate in the nomination and where necessary election by shareholders of persons to be appointed as independent directors and shall nominate or elect a number of directors proportionate to the Government shareholding in the Government Owned Enterprise.

(3) Subject to subsection (2), the Cabinet Secretary for the National Treasury shall leave any remaining vacancies in the Boards of directors to be filled by persons nominated or where necessary, elected by minority shareholders to the extent that the proportionate shareholding of such minority shareholders may allow.

(4) The independent directors nominated or elected by minority shareholders shall meet the qualifications of an independent director and shall fulfil the fit and proper requirements that the Cabinet Secretary shall issue.

(5) The members of the search and selection panel shall consist of—

- (a) four persons, who are not public officers appointed by the Cabinet Secretary for the ;
- (b) one person who is a public officer appointed, by the Cabinet Secretary , from the National Treasury; and

(c) one person who is a public officer appointed in writing by the Principal Secretary for the State Department responsible for the sector under which the Government Owned Enterprise for which the recruitment is being undertaken falls.

(6) The Chairperson of the search and selection shall be elected by the members of the search and selection panel from among the persons in the panel who are not public officers.

(7) The members of the search and selection panel other than the members under subsection (5)(b) and (c) shall serve on a part-time basis for a non-renewable term of three years.

(8) In appointing persons to be members of the search and selection panel, the Cabinet Secretary for the National Treasury shall determine and apply an objective set of criteria, which criteria shall include diversity, independence of the persons and fulfilment of fit-and-proper requirements that the Cabinet Secretary for the National Treasury shall issue.

(9) The search and selection panel may, from time to time, co-opt into the panel persons with specific expertise and skills.

(10) The search and selection panel shall determine and apply an objective set of criteria for search and selection of persons, which criteria shall include diversity, independence of the persons and fulfilment of fit-and-proper requirements that the Cabinet Secretary for the National Treasury shall issue.

(11) The Cabinet Secretary for the National Treasury shall facilitate the operations of the selection panel.

14.(1) A person shall qualify for appointment as a member of the selection panel, if that person—

- (a) holds a degree from a university recognised in Kenya in a relevant field;
- (b) has demonstrable leadership experience in the private or public sector;
- (c) has served in a senior management position for a period of at least ten years; and

Qualifications of members of the selection panel.

(d) meets the requirements of Chapter Six of the Constitution.

(2) A person shall not qualify for appointment as a member of the selection panel, if that person—

- (a) is a member of Parliament or county assembly;
- (b) is a member of a governing body of a political party;
- (c) is an undischarged bankrupt;
- (d) has been convicted of a felony; or
- (e) has been removed from public office for contravening the provisions of the Constitution or any other law.

15. A person shall cease to be a member of the search and selection panel only, if the person— Vacancy.

- (a) becomes incapacitated to discharge their duties;
- (b) is adjudged bankrupt by a competent court of law;
- (c) becomes absent without the permission of the search and selection members for more than three consecutive meetings of the panel;
- (d) resigns by written notice given to the other members of the panel and to the Cabinet Secretary for the National Treasury;
- (e) is prohibited from being a panelist by a written law;
- (f) is convicted of a criminal offence by a competent court of law; and
- (g) becomes a holder of a political office whether or not in a legislative role.

16. (1) The selection panel shall develop its procedures for the search and selection of persons suitable for nomination as members of the Boards of directors this Act.

Procedures of the selection panel.

(2) The selection panel shall maintain a proper record of all its meetings, including minutes, in such manner as it may determine.

17.(1) In the case of a Government Owned Enterprise that is wholly-owned by the Government, an independent director once appointed shall serve for a three-year term, renewable once.

Tenure of independent directors.

(2) In the case of a Government Owned Enterprise that is not wholly-owned by Government, an independent director once appointed shall serve for a period that may be required, by a legal instrument, before a director is due to retire by rotation.

(3) Subject to subsection (2), the retirement by rotation shall be in such a way that at each rotation, one-third of the members of the Board shall be retained.

(4) A person shall cease to be an independent director only, if the person—

- (a) becomes incapacitated to discharge the duties of a director;
- (b) is adjudged bankrupt by a competent court of law;
- (c) becomes absent from three consecutive meetings of the Board without the directors' permission;
- (d) resigns by written notice given to the other directors or to the Government Owned Enterprise;
- (e) is prohibited from being a director by a written law;
- (f) is convicted of a criminal offence by a competent court of law;
- (g) becomes a holder of a political office, whether or not in a legislative role;
- (h) becomes an employee of the Government or a Government Owned Enterprise; and
- (i) ceases to meet the qualifications of an independent director in the manner stipulated in section 12.

(5) A person shall not cease to be an independent director for reasons other than those stipulated in subsection (3).

18. The Board of a Government Owned Enterprise shall be responsible for—

Role of the Board.

- (a) the appointment and removal of the Chief Executive Officer;
- (b) the determination of the terms and conditions of employment of the Government Owned Enterprise staff, taking into consideration all relevant factors, including industry dynamics and the sustainability of the Government Owned Enterprise, subject to such guidelines as the Cabinet Secretary for the National Treasury may issue;
- (c) setting of the Government Owned Enterprise strategic direction and approval of strategic plans;
- (d) the approval of annual budgets and the related funding for a Government Owned Enterprise level;
- (e) setting key performance indicators for the Chief Executive Officer;
- (f) the establishment of risk governance and risk management systems and processes, including setting the risk appetite for the business of the Government Owned Enterprise, taking into consideration shareholder risk preference;
- (g) establishing and overseeing internal control systems and their continuous testing for efficiency and effectiveness;
- (h) performance evaluation of the Chief Executive Officer and top-level management;
- (i) entering into performance contracts with the National Treasury;
- (j) putting in place systems and processes to ensure compliance with all legal and regulatory requirements and frameworks;
- (k) putting in place succession management framework and business continuity plan comprising—
 - (i) nomination processes to identify candidates for consideration by the Cabinet Secretary for the National Treasury for appointment to the Board; and
 - (ii) succession plans for the Chief Executive Officer and other critical positions within

management ranks of the Government Owned Enterprise; and

- (l) establishment and implementation of a Board self-evaluation system.

19.(1) The Board of a Government Owned Enterprise shall meet— Board meetings.

- (a) at least once in every three months; and
 (b) at other times that the Board considers necessary for the efficient management of the business and affairs of the Government Owned Enterprise.

20.(1) The remuneration of directors of Government Owned Enterprises shall be governed by the remuneration structure and guidelines issued by the Cabinet Secretary for the National Treasury from time to time. Remuneration.

- (2) The remuneration for directors may include—
- (a) directors' fees to be recommended by directors of individual Government Owned Enterprises with the concurrence of the Cabinet Secretary for the National Treasury and determined at the Annual General Meeting or, in the case of Government Owned Enterprises wholly-owned by Government, approved by the Cabinet Secretary for the National Treasury;
- (b) sitting allowance to be determined by the Cabinet Secretary for the National Treasury; and
- (c) a bonus-type annual pay as a reward based on the extent of achievement of targets under the performance contract signed between the Cabinet Secretary for the National Treasury and the Government Owned Enterprise.

(3) The directors' fees and sitting allowances under subsections (2)(a) and (b) shall not be performance based.

21.(1) Every Board of a Government Owned Enterprise shall establish an audit committee and majority of them, including its chairperson, shall be independent directors. Audit Committee.

- (2) The audit committee shall be responsible for—

- (a) oversight of the internal audit function and other assurance providers;
- (b) engagement with external auditors;
- (c) assurance on appropriateness of measures to safeguard the assets of a Government Owned Enterprise's assets;
- (d) the review of all reports and communication with external auditors;
- (e) the review of annual financial statements of the Government Owned Enterprise, prior to their approval by the Board;
- (f) ensuring coordination between the internal and external auditors of the Government Owned Enterprise; and
- (g) overall assurance to the Board on the system of internal control, risk governance and compliance systems.

22.(1) Every Board of a Government Owned Enterprise shall have a Chief Executive Officer who shall be competitively recruited and appointed by the Board on such terms and conditions as may be specified in the instrument of appointment.

Chief Executive Officer.

(2) The Chief Executive Officer of a Government Owned Enterprise shall be a member of the Board of directors but shall not have the power to vote.

(3) A person shall qualify for appointment as a Chief Executive Officer, if such person—

- (a) holds a degree in the relevant field from a university recognized in Kenya;
- (b) has at least ten years work experience in a relevant field;
- (c) has served in a position of senior management for a period of at least five years; and
- (d) meets the requirements of Chapter Six of the Constitution.

(4) A person shall not qualify for appointment as a Chief Executive Officer if such person—

- (a) is a member of Parliament or County Assembly;
- (b) is a member of a governing body of a political party;
- (c) is an undischarged bankrupt;
- (d) has been convicted of a felony; or
- (e) has been removed from public office for contravening the provisions of the Constitution or any other written law.

(5) A Chief Executive Officer shall hold office for a term of three years and shall be eligible for reappointment for one further term

(6) A Chief Executive Officer shall—

- (a) be responsible to the Board of the Government Owned Enterprise for the day-to-day management of the affairs of the Government Owned Enterprise; and
- (b) perform such other functions as the Board may direct.

(7) A Chief Executive Officer may be removed from office on any of the following grounds—

- (a) serious violation of the Constitution or other law;
- (b) gross misconduct;
- (c) physical or mental incapacity to perform the functions of the office;
- (d) unsatisfactory performance; or
- (e) bankruptcy.

(8) Before removal under subsection (7), the Chief Executive Officer—

- (a) may be suspended from office by the Board;
- (b) shall be informed, in writing, of the reasons for the intended removal; and
- (c) shall be given an opportunity to put in a defence against any such allegations.

23. (1) Every Government Owned Enterprise shall have a secretary to the Board who shall be qualified in terms of the law governing the practice of public secretaries and appointed by the Board.

Secretary to the Board.

(2) The secretary to the Board shall hold and vacate the office of secretary in accordance, with the terms specified in the instrument of appointment to that office.

(3) The secretary to the Board shall attend all the meetings of the Board and may offer an advisory opinion or take part in the deliberations on any matter arising at the meeting, but shall not be entitled to vote on any such matter.

24. A Government Owned Enterprise may appoint such officers and other staff as are necessary for the proper discharge of the functions of the Government Owned Enterprise, upon such terms and conditions of service as the Board may determine, subject to such guidelines as the Cabinet Secretary for the National Treasury may issue.

Staff of
Government
Owned
Enterprises.

25. (1) The Board shall ensure its obligations to shareholders of the Government Owned Enterprise are fulfilled and that the shareholders are duly informed in a timely manner of all material events through shareholder meetings and other communications as necessary.

Responsibility to
the shareholders
and the
Government
Owned Enterprise.

(2) The Board shall develop and implement a code of conduct for the members of the Board, as well as the employees of the Government Owned Enterprises, with a view to ensuring adherence to the highest professional standards and corporate values.

(3) The code of conduct developed under this subsection (2) shall be effectively communicated within the Government Owned Enterprise together with supporting policies and procedures, including adequate systems and controls for the identification and the redress of grievances arising from unethical practices.

PART IV—PERFORMANCE

26. (1) The Board of a Government Owned Enterprise shall, prior to the commencement of a financial year, adopt a business plan based on its strategic plan.

Business plan.

(2) The business plan shall be effective on the first day of the financial year to which it applies.

(3) The business plan of a Government Owned Enterprise shall form the basis of annual performance contracts to be signed between the Cabinet Secretary for the and the Government Owned Enterprise.

27.(1) The Cabinet Secretary shall by means of performance contracts convey to each Government Owned Enterprise performance targets for the specified period.

Performance management.

(2) The Board of a Government Owned Enterprise shall enter into performance contracts with the Cabinet Secretary for the National Treasury.

(3) The performance contracts under subsection (1) shall be designed to enhance the commercial performance of a Government Owned Enterprise in ways that will—

- (a) safeguard the long-term sustainability of the Government Owned Enterprise;
- (b) enable the shareholders to make a return commensurate with the level of investment made in the Government Owned Enterprise; and
- (c) minimize the fiscal cost and risks emanating from the Government Owned Enterprise to the national exchequer.

28. (1) The Cabinet Secretary shall be responsible for performance evaluation of Government Owned Enterprises and for purposes of performance evaluation, may co-opt relevant external experts that may include those from relevant Ministries.

Performance evaluation.

(2) The performance evaluation of Government Owned Enterprises under subsection (1) may be based on audited financial statements and any other parameters as the Cabinet Secretary for the National Treasury may determine.

(3) The Board of a Government Owned Enterprise shall be responsible for the evaluation of the performance of the Chief Executive Officer.

(4) The Cabinet Secretary may determine a performance incentive system for Boards of Government Owned Enterprises.

(5) The Board of a Government Owned Enterprise may determine a performance incentive system for the Chief Executive Officer and the rest of the staff of the Government Owned Enterprise.

PART V—PUBLIC SERVICE OBLIGATIONS

29. (1) For purposes of this part, public service obligations of a Government Owned Enterprise means

Public Service Obligations.

obligations to undertake activities that the Board of a Government Owned Enterprise establishes to the satisfaction of the Cabinet Secretary for the National Treasury—

- (a) are not in the commercial interests of the Government Owned Enterprise to perform;
- (b) arise because of a direction, notification or duty to the public by the Government Owned Enterprise; and
- (c) do not arise because of the application of the commercial principles.

(2) Notwithstanding subsection (1), the Cabinet Secretary for the National Treasury shall not assign public service obligations to listed Government Owned Enterprises.

30. (1) A proposal on Public Service Obligations to be assigned to a Government Owned Enterprise may be originated by the relevant Ministries for consideration by the Cabinet Secretary for the National Treasury.

Proposals.

(2) The Cabinet Secretary may, upon evaluating the merits of the proposal of the public service obligations for assignment to a Government Owned Enterprise, submit the proposal to the Cabinet for consideration.

(3) The Cabinet Secretary shall assign a public service obligation to a Government Owned Enterprise only after approval by Cabinet.

(4) The public service obligations shall be—

- (a) costed and accounted for separately;
- (b) audited separately; and
- (c) time bound.

(5) The National Treasury shall not originate public service obligations for assignment to a Government Owned Enterprise.

(6) The Cabinet Secretary may limit the number of public service obligations that may be assigned to an individual Government Owned Enterprise.

(7) Public service obligations shall not form part of performance contracts to be signed between the Cabinet Secretary and a Government Owned Enterprise.

(8) The Cabinet Secretary may, from time to time, issue guidelines on public service obligations.

31. (1) Before submitting a proposal to the Cabinet, the Cabinet Secretary may in writing inform the Government Owned Enterprise of the proposal of the public service obligation.

Implementation of public service obligations.

(2) Within thirty days of receiving the written proposal from the Cabinet Secretary, the Government Owned Enterprise shall respond to the notice in writing, stating with reasons, whether or not the Government Owned Enterprise agrees to give effect to the proposal.

(3) If the Government Owned Enterprise agrees to the proposal under subsection (2), the Cabinet Secretary, the relevant Ministry and the Government Owned Enterprise shall enter into negotiations to agree on the arrangements under which the Government Owned Enterprise can give effect to the proposal without acting inconsistently with its primary objective.

(4) If an agreement is reached under subsection (3), the arrangements for giving effect to the proposal shall be incorporated in a public service obligation agreement which shall—

- (a) be in writing;
- (b) be approved by the Cabinet Secretary and the Board of the Government Owned Enterprise;
- (c) include provision for funding or other resources to the Government Owned Enterprise;
- (d) if it provides for the Government Owned Enterprise to provide goods or services—
 - (i) specify the goods or services, including any particular quantities;
 - (ii) specify an estimate of the annual total cost to the Government Owned Enterprise for providing the goods or service, and an estimate of the annual total revenue to be received by the Government Owned Enterprise for doing so; and
 - (iii) specify how the performance of the Government Owned Enterprise will be monitored and assessed in providing the goods or services;

(e) include any other matter, not inconsistent with this Act, that is agreed between the Cabinet and the Board of the Government Owned Enterprise.

(5) The Public Service Obligations under a Public Service Obligation agreement shall be binding.

PART VI – REPORTING AND DISCLOSURE

32. (1) A Government Owned Enterprise shall make quarterly and annual reports to the Cabinet Secretary in the manner that the Cabinet Secretary for the National Treasury may prescribe from time to time.

Reporting.

(2) The Cabinet Secretary may make half-yearly reports on the Government Owned Enterprise to the Cabinet and annually to the National Assembly.

(3) The Cabinet Secretary shall with respect to listed Government Owned Enterprises, make, based on publicly available information, analysed annual reports to Cabinet and the National Assembly.

33.(1) The Cabinet Secret shall make public, on the National Treasury website or on such other information platforms as may be accessible to the public—

Disclosure

- (a) audited annual reports of Government Owned Enterprises;
- (b) annual performance evaluation results of Government Owned Enterprises; and
- (c) reports on appointment of independent directors of Government Owned Enterprises and the procedures followed in arriving at such appointments.

(2) Government Owned Enterprises shall make public, on their individual websites or on such other platforms as may be accessible to the public—

- (a) audited annual reports;
- (b) annual performance evaluation results; and
- (c) annual report on anti-corruption activities completed.

34. The Board shall ensure that the Government Owned Enterprise, keeps financial records that—

Financial transparency.

- (a) correctly record and explain its transactions and financial position and performance;
- (b) enable financial statements to be prepared and be audited; and
- (c) clearly identify and disclose any transactions undertaken by the Government Owned Enterprise with any director or their close relatives, either directly or indirectly and comprising a pecuniary or non-pecuniary benefit through a company or other business established by such director.

PART VII – PROVISIONS ON DELEGATED POWERS

35. The Cabinet Secretary may make regulations generally for the better carrying into effect of the provisions of this Act.

Regulations.

(2) The Regulations under subsection (1) may prescribe—

- (a) a code of governance for Government Owned Enterprises;
- (b) the procedure for merger and dissolution of Government Owned Enterprises;
- (c) provisions of a savings or transitional nature relating to the transition from the application of the Acts and subsidiary legislation in relation to Government Owned Enterprises to the application of this Act; or
- (d) any other matter necessary for the implementation of this Act.

(3) For the purposes of Article 94(6) of the Constitution—

- (a) the purpose and objective of the delegation under this section is to enable the Cabinet Secretary to make regulations for better carrying into effect the provisions of this Act;
- (b) the authority of the Cabinet Secretary to make regulations under this Act will be limited to bringing into effect the provisions of this Act and fulfilment of the objectives specified under this section;

- (c) the principles and standards applicable to the rules made under this section are those set out in the Statutory Instruments Act, 2013.

No. 29 of 2013

PART VIII –GENERAL PROVISIONS

36. (1) A Government Owned Enterprise may be dissolved only with the prior approval of the Cabinet and in accordance with the legislation governing the dissolution of such Government Owned Enterprise.

Dissolution and merger of Government Owned Enterprise.

(2) Subject to the provisions of any law enacted for the formation, management and dissolution of a Government Owned Enterprise, a Government Owned Enterprise may be dissolved—

- (a) upon expiry of the lifespan of a Government Owned Enterprise as may be defined in the instrument of establishment;
- (b) where a Government Owned Enterprise has carried out the mandate for which it was created;
- (c) upon reorganization of a Government Owned Enterprise and associated government functions; and
- (d) upon a merger of a Government Owned Enterprise with another.

(3) The Cabinet Secretary shall originate and review recommendations for dissolution and mergers of Government Owned Enterprises.

(4) The Cabinet Secretary may by notice in the *Gazette* prescribe guidelines for dissolution and mergers of Government Owned Enterprises.

(5) Upon approval by Cabinet of the recommendations to dissolve or merge a Government Owned Enterprise, the Cabinet Secretary for the National Treasury shall cause the dissolution or merger of the Government Owned Enterprise with another and the merger shall be subject to the Competition Act.

Cap. 504.

37. (1) The funds of a Government Owned Enterprise shall include—

Funds of a Government Owned Enterprise.

- (a) such monies as may be appropriated to the Government Owned Enterprise by National Assembly;

(b) such fees, monies or assets as may accrue to or vest in the Government Owned Enterprise in the course of the exercise of its powers or the performance of its functions under this Act or any written law; and

(c) monies from any other source provided for or donated or lent to the Government Owned Enterprise.

38. Except as otherwise provided, the financial year of a Government Owned Enterprise shall be the period of twelve months ending on the thirtieth June in each year.

Financial year.

39. The annual estimates of Government Owned Enterprises shall be prepared in accordance with the Public Finance Management Act.

Annual estimates.
Cap. 412A

40.(1) The Acts specified in the Third Schedule are repealed.

Repeals and savings.

(2) The provisions of the Fourth Schedule shall, upon the repeal of the Acts set out in the Third Schedule, have effect with respect to the transfer of the functions, assets liabilities of the former corporation to the Company, the Corporation and the Commission, as the case may be, and to all matters incidental to such transfer.

FIRST SCHEDULE**(s.4(1)(b))****LIST OF GOVERNMENT OWNED ENTERPRISES**

1.	East African Portland Cement Company Limited
2.	Kenya Electricity Generating Company Limited
3.	Kenya Power and Lighting Company Limited
4.	Kenya Re-Insurance Corporation Limited
5.	Agricultural Finance Corporation
6.	Kenya Airports Authority
7.	Kenya Development Corporation
8.	Kenya Literature Bureau
9.	Kenya Pipeline Corporation Limited
10.	Kenya Ports Authority
11.	Kenya Railways Corporation
12.	New Kenya Co-operative Creameries Limited
13.	Agricultural Development Corporation
14.	Kenya Seed Company Limited (<i>GoK ownership through Agricultural Development Corporation</i>)
15.	Kenyatta International Convention Centre
16.	National Cereals and Produce Board
17.	National Housing Corporation
18.	Numerical Machining Complex Limited (<i>GoK ownership through Kenya Railways Corporation and Kenya Shipyards Limited</i>)
19.	Postal Corporation of Kenya
20.	Rivatex East Africa Limited (<i>GoK ownership through Moi University</i>)
21.	Kenya Broadcasting Corporation
22.	Kenya Veterinary Vaccine Production Institute
23.	National Mining Corporation
24.	National Oil Corporation of Kenya
25.	Consolidated Bank of Kenya Limited
26.	Agro-Chemical and Food Company Limited (<i>GoK ownership through Kenya Development Corporation and Agricultural Development Corporation</i>)
27.	Development Bank of Kenya Limited (<i>GoK ownership through Kenya Development Corporation</i>)
28.	JKUAT Enterprises and Services Limited
29.	Jomo Kenyatta Foundation
30.	Kenya Fishing Industries Corporation
31.	Kenya Industrial Estates Limited
32.	Kenya Meat Commission

33.	Kenya National Shipping Line Limited
34.	Kenya National Trading Corporation Limited
35.	Kenya Petroleum Refineries Limited
36.	Kenya Post Office Savings Bank
37.	University of Nairobi Enterprises and Services Limited (<i>GoK ownership through University of Nairobi</i>)
38.	Western Kenya Rice Mills Limited
39.	Bomas of Kenya (<i>GoK ownership through Kenya Development Corporation</i>)
40.	Chemelil Sugar Company Limited (<i>GoK ownership through Agricultural Development Corporation and Kenya Development Corporation</i>)
41.	Golf Hotel Limited (<i>GoK ownership through Kenya Development Corporation</i>)
42.	Kabarnet Hotel Limited (<i>GoK ownership through Kenya Development Corporation</i>)
43.	Kenya BioVax Institute Limited
44.	Kenya Safari Lodges and Hotels Ltd
45.	Miwani Sugar Company Limited
46.	Mt. Elgon Hotel Limited (<i>GoK ownership through Kenya Development Corporation</i>)
47.	Muhoroni Sugar Company Ltd
48.	Mwea Rice Mills Limited
49.	New Kenya Planters Cooperative Union Limited
50.	Nzoia Sugar Company Limited
51.	Pyrethrum Processing Company of Kenya
52.	South Nyanza Sugar Company Limited
53.	Sunset Hotel Limited (<i>GoK ownership through Kenya Development Corporation</i>)
54.	Commodities Fund
55.	Kenya National Multi Commodities Exchange Limited
56.	Nyayo Tea Zones Development Corporation
57.	School Equipment Production Unit
58.	Government Owned Enterprises provided in the Second Schedule Cote d'Ivoire (<i>GoK ownership through Government Owned Enterprises provided in the Second Schedule Limited</i>)
59.	Government Owned Enterprises provided in the Second Schedule Uganda SMC (<i>GoK ownership through Government Owned Enterprises provided in the Second Schedule Limited</i>)
60.	Government Owned Enterprises provided in the Second Schedule Zambia Limited (<i>GoK ownership through Government Owned Enterprises provided in the Second Schedule Limited</i>)

61.	Kibo Seeds Limited, Tanzania (<i>GoK ownership through Kenya Seed Company Limited</i>)
62.	Simlaw Seeds Kenya Limited (<i>GoK ownership through Kenya Seed Company Limited</i>)
63.	Simlaw Seeds Rwanda (<i>GoK ownership through Kenya Seed Company Limited</i>)
64.	Simlaw Seeds Uganda Limited (<i>GoK ownership through Kenya Seed Company Limited</i>)
65.	Gatitu Tea Factory Limited (<i>GoK ownership through Nyayo Tea Zones Corporation Limited</i>)
66.	Kipchabo Tea Factory Limited (<i>GoK ownership through Nyayo Tea Zones Corporation Limited</i>)

SECOND SCHEDULE**(s. 4(1)(c))**

STATE CORPORATION
Agricultural Finance Corporation
Kenya Airports Authority
Kenya Literature Bureau
Kenya Ports Authority
Kenya Railways Corporation
Agricultural Development Corporation
Kenyatta International Convention Centre
National Cereals and Produce Board
National Housing Corporation
Postal Corporation of Kenya
Kenya Broadcasting Corporation
Kenya Veterinary Vaccine Production Institute
National Mining Corporation
Kenya Fishing Industries Corporation
Kenya Meat Commission
Kenya Post Office Savings Bank
Commodities Fund
Nyayo Tea Zones Development Corporation

THIRD SCHEDULE**(s.40(1))****REPEALS AND CONSEQUENTIAL AMENDMENTS
TO OTHER ACTS**

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| 1. The Agriculture Finance Corporation Act is repealed. | Repeal of Cap. 323. |
| 2. The Kenya Airports Authority Act is repealed. | Repeal of Cap. 395. |
| 3. The Kenya Literature Bureau Act is repealed. | Repeal of Cap. 209. |
| 4. The Kenya Ports Authority Act is repealed. | Repeal of Cap. 391. |
| 5. The Kenya Railways Corporation Act is repealed. | Repeal of Cap. 397. |
| 6. The Agricultural Development Corporation Act is repealed. | Repeal of Cap. 444. |
| 7. The National Cereals and Produce Board Act is repealed. | Repeal of Cap. 338. |
| 8. The Housing Act is repealed. | Repeal of Cap. 117. |
| 9. The Postal Corporation of Kenya Act is repealed. | Repeal of Cap. 411. |
| 10. The Kenya Broadcasting Corporation Act is repealed. | Repeal of Cap. 221. |
| 11. The National Mining Corporation Act is repealed. | Repeal of Cap. 306. |
| 12. The Kenya Meat Commission Act is repealed. | Repeal of Cap. 363. |
| 13. The Kenya Post Office Savings Bank is repealed. | Repeal of Cap. 493B. |
| 14. Section 2 of the Tourism Act is amended by deleting the words “the Convention Centre” appearing in the definition of the term “tourism agencies”. | Amendment of section 2 of Cap. 381. |
| 15. The Tourism Act is amended by repealing section 40. | Repeal of section 40 of Cap. 381. |
| 16. The Tourism Act is amended by repealing section 41. | Repeal of section 41 of Cap. 381. |
| 17. The Tourism Act is amended by repealing section 42. | Repeal of section 42 of Cap. 381. |
| 18. The Tourism Act is amended by repealing section 43. | Repeal of section 43 of Cap. 381. |
| 19. The Tourism Act is amended by repealing section 44. | Repeal of section 44 of Cap. 381. |
| 20. The Tourism Act is amended by repealing section 45. | Repeal of section 45 of Cap. 381. |
| 21. The Tourism Act is amended by repealing section 46. | Repeal of section 46 of Cap. 381. |
| 22. The Tourism Act is amended by repealing section 47. | Repeal of section 47 of Cap. 381. |

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| <p>23. The Tourism Act is amended by repealing section 48.</p> <p>24. The Tourism Act is amended by repealing section 49.</p> <p>25. The Tourism Act is amended by repealing section 50.</p> <p>26. The Tourism Act is amended by repealing the Fifth Schedule.</p> <p>27. The Crops Act is amended by repealing section 9.</p> <p>28. The Crops Act is amended by repealing section 10.</p> <p>29. Section 2 of the State Corporations Act is amended in the definition of state corporation by adding the following new paragraph immediately after paragraph (viii)—</p> <p style="padding-left: 40px;">(ix) a Government Owned Enterprise established before or after the commencement of the Government Owned Enterprises Act, 2025.</p> | <p>Repeal of section 48 of Cap. 381.</p> <p>Repeal of section 49 of Cap. 381.</p> <p>Repeal of section 50 of Cap. 381.</p> <p>Repeal of the Fifth Schedule of Cap. 381.</p> <p>Repeal of section 9 of Cap. 318.</p> <p>Repeal of section 10 of Cap. 318.</p> <p>Amendment of section 2 of Cap. 446.</p> |
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FOURTH SCHEDULE (s. 40(2))

1. (1) For the purpose of bringing the provisions of this Act into operation, the respective Government Owned Enterprises provided in the Second Schedule shall, in exercise of the powers conferred by section 30 of the Interpretation and General Provisions Act, incorporate in their names a public limited liability company under the provisions of the Companies Act.

Companies to be successor of Government Owned Enterprises.

Cap. 2.

Cap. 486.

(2) The respective Companies shall be the successor of the Government Owned Enterprises provided in the Second Schedule and, subject to this Act, all rights, duties, obligations, assets and liabilities of the Government Owned Enterprises provided in the Second Schedule existing on the commencement date shall be automatically and fully transferred to the respective Companies and any reference to the Government Owned Enterprises provided in the Second Schedule in any contract or document shall for all purposes be deemed to be a reference to the respective Company.

2. (1) Property or right vested in the respective Company by virtue of this Act which immediately before the commencement date, vested in the Government Owned Enterprises provided in the Second Schedule, either alone or jointly with any other person—

Trust property.

- (a) as trustee or custodian trustee under any trust deed, settlement, covenant or under any other instrument;
- (b) as executor or trustee of any person;
- (c) as judicial trustee appointed by order of any court; or
- (d) in any other fiduciary capacity,

shall, on the commencement date, vest in the Company alone or jointly with such other person, upon the same trusts and subject to the same powers, provisions, liabilities and obligations.

(2) An existing instrument or order of any court under or by virtue of which any property or right vested in Government Owned Enterprises provided in the Second

Schedule in any capacity specified in subsection (1), including, in the case of a will, any grant of probate thereof, and any provision therein or any existing contract or arrangement for the payment or retention by the Government Owned Enterprises provided in the Second Schedule of remuneration for its services in any such capacity shall, on and after the commencement date, be construed and have effect, so far as the context permits, as if for any reference therein to Government Owned Enterprises provided in the Second Schedule, there were substituted a reference to the respective Company.

3. Any existing contracts, agreements, conveyances, deeds, leases, licences, permits, exemptions, powers of attorney, undertakings, securities and other instruments, whether analogous to the foregoing or not, entered into by, made with or granted or addressed to the Government Owned Enterprises provided in the Second Schedule whether alone or with any other person and whether as principal or agent shall, as from the commencement date, be binding and of full force and effect in every respect against or in favour of the respective Company as if, instead of the Government Owned Enterprises provided in the Second Schedule, the respective Company had been a party thereto, bound thereby or entitled to the benefit thereof and as if any reference, express or implied, to any director, officer or employee of the Government Owned Enterprises provided in the Second Schedule as respects anything to be done on or after the commencement date, were substituted a reference to the director, officer or employee of the respective Company who most nearly corresponds thereto.

Existing contracts.

4. Without prejudice to the provisions of any other section of this Act, the following provisions shall have effect in relation to the business of the Government Owned Enterprises provided in the Second Schedule vested in the respective Companies by virtue of this Act—

Existing business.

- (a) any account between the Government Owned Enterprises provided in the Second Schedule and a customer shall, on and after the commencement date, become an account between the respective Company and the customer, with the same rights and subject to the same obligations and incidents,

including the rights of set-off as theretofore, and the account shall be deemed to be a single continuing account:

Provided that nothing in this paragraph shall affect any right of the respective Company or of the customer to vary the conditions or incidents subject to which the account is kept;

- (b) any existing instruction, direction, mandate, power of attorney, authority or consent given to or by the Government Owned Enterprises provided in the Second Schedule shall have effect, on and after the day, as if given to or by the respective Company;
- (c) any security held by the Government Owned Enterprises provided in the Second Schedule for the payment of debts or liabilities, whether present or future, actual or contingent, of any person, which , is transferred to the respective Company shall, on and after the commencement date, be held by and be available to the respective Company as security for the payment of such debts and liabilities to the respective Company, and where the moneys secured by the security include future advances or liabilities of such person, the security shall, as from that day, be held by and be available to the respective Company as security for future advances to that person by, and future liabilities of, that person to the respective Company to the same extent to which the same was held by or available to the Government Owned Enterprises provided in the Second Schedule immediately before the commencement date as security for future advances or future liabilities;
- (d) the respective Company shall, in relation to any security transferred or deemed to have been transferred to it and to the moneys thereby secured, be entitled to the same rights and priorities, and be subject to the same obligations and incidents, as the Government Owned Enterprises provided in the Second Schedule would have been entitled and subject to if the

same had continued to be held by the Government Owned Enterprises provided in the Second Schedule;

- (e) any negotiable instrument or order for payment of money, whether drawn, given, accepted or endorsed before, on or after the commencement date, which is expressed to be drawn by or on, given by or to, or accepted or endorsed by the Government Owned Enterprises provided in the Second Schedule shall on or after the commencement date have effect as if it had been drawn by or on, or given by or to, or accepted or endorsed by the respective Company;
- (f) where, by the operation of the provisions of this Act, any right, liability or obligation becomes a right, liability or obligation of the respective Company, all other persons shall, on and after the commencement date, have the same rights, powers and remedies, and, in particular, the same rights and powers as to taking or defending any legal proceedings or any application to any authority, for ascertaining, perfecting or enforcing that right, liability or obligation as if it had at all times been a right, liability or obligation of the respective Company;
- (g) the custody of any documents, goods or other property held by the Government Owned Enterprises provided in the Second Schedule as bailee for any other person shall be transferred to the Company on the commencement date and the rights and obligations of the Government Owned Enterprises provided in the Second Schedule under any contract of bailment relating to such documents, goods or other property shall be transferred or deemed to be transferred to the respective Company on that day; and
- (h) any bank or other accounts, books of accounts, revenue accounts, balance sheets, audited accounts, profit and loss accounts, actuarial or other valuations, accounting records, or any other accountable documents held by or belonging to

the Government Owned Enterprises provided in the Second Schedule immediately before the commencement date shall on and after the commencement date be held by and belong to the respective Company.

5.(1) No existing legal or arbitration proceedings or application to any authority by or against the Government Owned Enterprises provided in the Second Schedule shall abate, be discontinued or be in any way prejudiced by reason only of the provisions of this Act, but the same may be prosecuted or continued by or against the respective Company and any judgement or award obtained by or against the Government Owned Enterprises provided in the Second Schedule and not fully satisfied before the commencement date shall thereafter be enforceable by or against the respective Company.

Legal proceedings.

(2) In any legal or arbitration proceedings concerning, any right or liability transferred to or vested in the respective Company by this Act, a certificate under the hand of the manager of a branch of the respective Company that such right or liability has been so transferred to or vested in the respective Company shall be prima facie evidence of that transfer or vesting.

6. (1) A person who is employed by the Government Owned Enterprises provided in the Second Schedule immediately before the appointed pension schemes. day shall on that day become an employee of the Company on the same terms and conditions of service as his existing terms and conditions and subject to any subsisting notice of termination, resignation or variation, and such employment with the Government Owned Enterprises provided in the Second Schedule and the respective Company shall be deemed to be continuous.

Employees and pension schemes.

(2) Reference to the Government Owned Enterprises provided in the Second Schedule in any trust deed or rules constituting or relating to any pension scheme or provident or superannuation fund of which persons employed by the Government Owned Enterprises provided in the Second Schedule are members shall, on and after the commencement date, be construed and have effect as if the same were a reference to the respective Company but so

that, for the purpose of ascertaining and calculating any right to benefits under such scheme or fund, service with the Government Owned Enterprises provided in the Second Schedule up to the commencement date shall be taken into account as if it were service with the respective Company.

(3) The operation of any of the provisions of this section shall not of itself give rise to a claim by any person to benefit under any scheme or fund referred to in subsection (2).

7. On and after the commencement date, all documents, records and admissions which would, before the commencement date, have been evidence in respect of any matter for or against the Government Owned Enterprises provided in the Third Schedule shall be admissible in evidence for or against the Company.

Evidence of books, documents, etc.

8. Notwithstanding the provisions of any other written law, no corporation or other tax, no stamp or other duty and no registration fee, filing fee, reinsurance licence fee or any other fee, shall be charged or become payable on account of any transfer or vesting of any property effected by this Act or on account of anything done under paragraph 9.

Exemptions of isles, duties, etc.

9. A public officer having the power or duty to effect or amend any entry in any register relating to property, or to issue or amend any certificate or other document effecting or evidencing title to property shall, upon request made by or on behalf of the respective Company or the owner of such property, and without making any charge or receiving any fee or other payment therefore, do all such things as are by law necessary to complete the transfer of any property effected by this Act

Duties of public officers.

10.(1) A person who immediately before the commencement of the Act held the office of Chairperson of a Board of a Government Owned Enterprise, appointed in accordance with the relevant legislation, shall, subject to the provisions of this Act, serve as the Chairperson of the Board of the Government Owned Enterprise.

Transition of Board Members and Staff.

(2) A person who immediately before the commencement of the Act held the office of member of a

Board of a Government Owned Enterprise, appointed in accordance with the relevant legislation, shall, subject to the provisions of this Act, serve as a member of the Board of the Government Owned Enterprise.

(3) A person who immediately before the commencement of the Act held the office of Chief Executive Officer of a Government Owned Enterprise, appointed in accordance with relevant legislation, shall subject to the provisions of this Act, serve as the Chief Executive Officer of the Government Owned Enterprise.

(4) A person who served as a member of staff of a Government Owned Enterprise shall, subject to the provisions of this Act, continue in office as a staff member of the Government Owned Enterprise.

MEMORANDUM OF OBJECTS AND REASONS

The principal object of this Bill is to provide for the establishment, control, governance, performance and ownership of Government Owned Enterprises and public service obligations in respect of Government Owned Enterprises.

PART I of the Bill provides for the preliminary provisions.

PART II of the Bill seeks to provide for the procedure and criteria for establishing a Government Owned Enterprise. Clauses 7 and 8 provide for commercial principles and the procedure for establishing a Government Owned Enterprise while Clause 9 provides for the attributes of a Government Owned Enterprise.

PART III of the Bill seeks to provide for the management of a Government Owned Enterprise. Clause 10 of the Bill seeks to provide for the Board of A government Owned Enterprise. Further, clause 13 provides for a selection panel and their functions. Clause 22 provides for the appointment of a Chief Executive Officer.

Clause 26-34 further provides for the transition of state corporations established under specific Acts of Parliament to companies.

PART IV of the Bill seeks to provide for the performance of a Government Owned Enterprise. Clause 26 seeks to provide for a business plan based on the strategic plan of the Government Owned Enterprise.

Clause 27 of the Bill further provides for performance management while Clause 28 of the Bill provides for performance evaluation.

PART V of the Bill under clause 29 seeks to provide for public service obligations of the Government Owned Enterprises, Clause 30 seeks to provide for proposals of Public Service Obligations and Clause 31 seeks to stipulate enforcement of Public Service Obligations.

PART VI of the Bill seeks to provide for reporting and disclosure. Clauses 32 and 33 provide for reporting and disclosure respectively and Clause 34 provides for financial transparency.

PART VII of the Bill provides for the power of the Cabinet Secretary to make Regulations for the effective implementation of the Act.

PART VIII of the Bill seeks to provide for general provisions and they include dissolution, mergers, funds of the Government Owned enterprise while Clauses 37, 38 and 39 seeks to provide for the financial year, annual estimates and Clause 40 provides for transition and savings provisions.

Statement on the delegation of legislative powers and limitation of fundamental rights and freedoms

The Bill delegates legislative powers, but it does not limit fundamental rights and freedoms.

Statement on whether the Bill concerns County Governments

Paragraph 33 of Part 1 of the Fourth Schedule to the Constitution provides that public investments is a function of the National government.

In view of this, the Bill does not concern the County Governments in terms of Article 110 (1)(a) of the Constitution as it does not affect the functions and powers of County Governments.

Statement on whether the Bill is a money Bill within the meaning of Article 114 of the Constitution

The enactment of this Bill may occasion additional expenditure of public funds.

Dated the 16th July, 2025.

KIMANI ICHUNG'WAH,
Leader of the Majority Party.