SPECIAL ISSUE

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REPUBLIC OF KENYA

KENYA GAZETTE SUPPLEMENT

NATIONAL ASSEMBLY BILLS, 2026

NAIROBI, 19th August, 2026

CONTENT

Bill for Introduction into the National Assembly—

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THE STATE CORPORATIONS (AMENDMENT) BILL, 2026

A Bill for

AN ACT of Parliament to amend the State Corporations Act.

ENACTED by the Parliament of Kenya, as follows—

1. This Act may be cited as the State Corporations (Amendment) Act, 2026. Short title.

2. Section 6 of the State Corporations Act is amended by inserting the following new subsection immediately after subsection (2) — Amendment of Section 6 of Cap. 446.

(2A). A chief executive appointed under subsection (1)(b) shall serve for a term of three years renewable for one further term.

3. (1) A person serving as chief executive on the commencement date of this Act shall continue to serve for the unexpired period of their term, on the same terms and conditions. Saving and transitional provision.

(2) This section shall not preclude the removal of a chief executive before the expiry of their term for just cause, if such removal complies with the provisions of the Fair Administrative Action Act, the Employment Act and any other written law. Cap. 7L. Cap. 226.

MEMORANDUM OF OBJECTS AND REASONS

Statement of objects and reasons for the Bill

The principal object of this Bill is to establish a clear and uniform framework on the tenure of chief executive officers (CEO's) of State Corporations. The Bill seeks to promote certainty, predictability, and consistency in leadership transitions within State Corporations by providing a fixed term of office.

This measure aligns with the principles of good corporate governance, accountability, and transparency, as envisaged under the Constitution of Kenya, 2010 and the Mwongozo Code of Governance for State Corporations (2015). It will also address challenges that have arisen due to the absence of a uniform statutory tenure, including disputes, litigation, and arbitrary extension of office.

Clause 2 of the Bill proposes amendments to section 6 (2) by introducing a new subsection 2A. The provision seeks to set a term limit of three years for chief executives of state corporations, that is subject to renewal for a further one term.

Clause 3 of the Bill provides for transitional provisions to the proposed amendment. In order to ensure that the legislation applies prospectively for new appointments or renewal of contracts for current serving chief executives of state corporations.

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

This Bill does not delegate legislative power or limit any fundamental rights or freedoms.

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

The enactment of this Bill shall not occasion additional expenditure of public funds.

Statement on whether the Bill concerns Counties

This Bill is not a Bill concerning County Governments, in terms of Article 110 (1) (a) of the Constitution.

Dated the 4th August, 2026.

GEORGE KARIUKI,
Chairperson,
Departmental Committee on Transport and Infrastructure.

Section 6 of the State Corporations Act Cap.446 that is proposed to be amended—

6. Composition of Boards

(1) Unless the written law by or under which a state corporation is established or the articles of association of a state corporation otherwise require, a Board shall, subject to subsection (4), consist of—

(a) a Chairperson appointed by the President who shall be non-executive unless the President otherwise directs;

(b) the chief executive;

(c) the Principal Secretary of the parent Ministry;

(d) the Principal Secretary to the National Treasury;

(da)the Attorney-General or his representative;

(e) not more than eleven other members not being employees of the state corporation, of whom not more than three shall be public officers, appointed by the Cabinet Secretary.

(2) Every appointment under subsection (1)(a) and (e) shall be by name and by notice in the Gazette and shall be for a renewable period of five years or for such shorter period as may be specified in the notice, but shall cease if the appointee—

(a) serves the Cabinet Secretary with written notice of resignation; or

(b) is absent, without the permission of the Cabinet Secretary notified to the Board, from three consecutive meetings; or

(c) is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding two thousand shillings; or

(d) is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or

(e) conducts himself in a manner deemed by the Cabinet Secretary, in consultation with the Committee, to be inconsistent with membership of the Board.

(3) No person whose membership of a Board has ceased in accordance with paragraphs (b), (c) or (e) of subsection (2) shall be eligible for appointment to any Board thereafter.

(4)Unless the written law under which a state corporation is established or the articles of association of a state corporation otherwise require, the Cabinet Secretary may, in consultation with the Committee, appoint one or more duly qualified persons, not being members of the Board, to be alternate members, and any one alternate member may attend a meeting of a Board in place of a substantive member who is unable to attend; and every alternate member shall, when attending a meeting, be deemed for all purposes to be a member of the Board.