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REPUBLIC OF KENYA

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PARLIAMENT

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NATIONAL ASSEMBLY BILLS  
(*Bill No. 16 of 2023*)

THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL,  
2023

(A Bill published in the Kenya Gazette Supplement No. 62 of 2023 and  
passed by the National Assembly, with amendments, on June 27<sup>th</sup>, 2023)

N.A. /B/No. 16/2023

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**THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL, 2023**

**A Bill for**

**AN ACT of Parliament to amend the Public Finance Management Act  
and for connected purposes**

**ENACTED** by Parliament of Kenya, as follows—

Short title.

**1.** This Act may be cited as the Public Finance Management (Amendment) Act, 2023.

Amendment of  
section 2 of No.  
18 of 2012.

**2.** The Public Finance Management Act (hereinafter referred to as the “principal Act”) is amended in section 2—

- (a) in the definition of “County Public Debt,” by deleting the word “public”; and
- (b) by inserting the following new definitions in their proper alphabetical sequence—

“financial obligation” means outstanding liabilities related to public debt, including principal, interest, fees, commissions and other expenses incidental to the raising of public debt or its repayment and shall be a charge on the Consolidated Fund or another public fund established by the national government or any of its entities.

“public debt” has the meaning assigned to it under Article 214 (2) of the Constitution.

Amendment of  
section 12 of No.  
18 of 2012.

3. Section 12 of the principal Act is amended—

(a) in subsection (1)(b), by deleting the word  
“national” wherever it appears; and

(b) in subsection (2), by deleting paragraph (b) and  
substituting therefor the following new  
paragraph—

“(b) ensure proper management and control of,  
and accounting for the finances of the  
government and its entities in order to  
promote the efficient and effective use of  
budgetary resources;”

Amendment of  
section 15 of No.  
18 of 2012.

4. Section 15 of the principal Act is amended in subsection  
(4), by deleting the words “national debt” and substituting  
therefor the words “public debt”.

Amendment of  
section 31 of No.  
18 of 2012.

5. Section 31 of the principal Act is amended in subsection  
(2) by deleting the words “national debt” and substituting  
therefor the words “public debt”.

Amendment of  
section 50 of No.  
18 of 2012.

6. Section 50 of the principal Act is amended—

(a) by deleting subsection (2), and substituting therefor  
the following new subsection—

“(2) The national government may borrow  
money in accordance with this Act or any other  
legislation, subject to the threshold specified in  
subsection (2A) of this section;”



- (b) by inserting the following new subsections immediately after subsection (2)—

“(2A) The borrowing by the national government referred to in subsection (2) shall not exceed fifty-five percent of the gross domestic product in present value terms.

(2B) Notwithstanding subsection (2A), the national government may, in exceptional circumstances, exceed the threshold set under that subsection by not more than five percent.

(2C) The Cabinet Secretary shall, not later than five years from the date of the coming into force of subsections (2A) and (2C), take measures to ensure that borrowing by the national government complies with the threshold prescribed in subsection (2A).

(2D) The Cabinet Secretary shall submit to the National Assembly, by the 30th April in every year, a report on the debt status and the borrowing undertaken by the national government, indicating the exceptional circumstances, if any, provided for in subsection (2C).

(2E) The committee in the National Assembly responsible for matters relating to public debt shall consider the report submitted under subsection (2D), and shall table its report

and its recommendations thereon in the National Assembly for consideration.

(2F) The National Assembly shall discuss the report tabled under subsection (2E), and may pass a resolution to adopt it with or without amendments.”

(c) by deleting sub-section (6) and substituting therefor the following new sub-section—

“(6) A public debt and resultant financial obligations incurred by the national government is a charge on the Consolidated Fund, unless the Cabinet Secretary determines, by Regulations approved by Parliament, that all or part of the public debt and resultant financial obligation is a charge on another public fund established by the national government or any of its entities”.

I certify that this printed impression is a true copy of the Bill passed by the National Assembly on the 27<sup>th</sup> June, 2023.



*Clerk of the National Assembly*

Endorsed for presentation to the Senate in accordance with the provisions of Standing Order 142 of the National Assembly Standing Orders.



*Speaker of the National Assembly*