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THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES


DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON:

**THE CONSIDERATION OF PUBLIC FINANCE MANAGEMENT (AMENDMENT)
BILL (NATIONAL ASSEMBLY BILL NO. 17 OF 2025)**

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LIST OF ABBREVIATIONS AND ACRONYMS

CPAs	-	County Participatory Agreements
COB	-	Controller of Budget
COK	-	Constitution of Kenya
IPAs	-	Intergovernmental Participation/Partnership Agreements
MDAs	-	Ministries, Departments and Agencies
MP	-	Member of Parliament
OCOB	-	Office of the Controller of Budget
ODM	-	Orange Democratic Movement
UDA	-	United Democratic Alliance

ANNEXURES

Annexure 1: Adoption Schedule

Annexure 2: Minutes

Annexure 3: The Public Finance Management (Amendment) Bill, 2025 (National Assembly Bills No. 17 of 2025)

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Annexure 6: Memoranda by Stakeholders

CHAIRPERSON'S FOREWORD

This report contains the proceedings of the Departmental Committee on Finance and National Planning on its consideration of the Public Finance Management Bill, 2025 (National Assembly Bills No. 17 of 2025). It was published in the Kenya Gazette Supplement No. 59 of 24th April, 2026 and it was read for a first time on 2nd December, 2025. The Bill was committed to the Committee for consideration and tabling of the report to the House pursuant to Standing Order 127.

The purpose of the Bill is to amend the Public Finance Management Act, in order to ensure that there shall be no duplication in management of additional allocations through intergovernmental agreements. It seeks to repeal sections 191A, 191 B, 191C, 191D, and 191E of the Public Finance Management Act.

In compliance with Article 118 (1) (b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly placed an advertisement in the print media on 21st February, 2026 inviting the public to submit memoranda by way of written statements on the Bill. In addition, the Clerk of the National Assembly vide letter Ref. No. NA/DDC/F&NP/2026/062 dated 15th April 2026 invited key stakeholders to submit views on the Bill and attend a public participation forum on Thursday, 23rd April 2026 and Friday, 24th April 2026. The memoranda were to be received on or before 28th February 2026 at 5.00 pm (East African Time).

The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it during its consideration of the Bill. Similarly, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made invaluable contributions towards the preparation and production of this report.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to the provisions of Standing Order 199(6), it is my pleasure to report that the Committee has considered the Public Finance Management (Amendment) Bill, 2025 (National Assembly Bills No. 17 of 2025) and wish to report to this august House with the recommendation that the House approves the Bill without amendments

Hon. FCPA. Kuria Kimani, CBS, M.P.

Chairperson, Departmental Committee on Finance and National Planning

CHAPTER ONE

I PREFACE

I.1 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

1. The Departmental Committee on Finance and National Planning is one of twenty departmental committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows:
 - a) *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - b) *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
 - c) *To, on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - d) *To study and review all legislation referred to it;*
 - e) *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - f) *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - g) *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - h) *To examine treaties, agreements and conventions;*
 - i) *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
 - j) *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - k) *To examine any questions raised by Members on a matter within its mandate.*
2. The Second Schedule to the National Assembly Standing Orders assigns the Committee the mandate to consider matters in relation to public finance, public audit policies, monetary policies, financial institutions, economy, investment policies, competition, banking, insurance, national statistics, population, revenue policies including taxation, national planning and development, digital finance, including digital currency.
3. In executing its mandate, the Committee oversees the following Ministries/Departments:
 - a) The National Treasury.
 - b) State Department for Economic Planning.
 - c) State Department for Public Investment and Asset Management.
 - d) The Commission on Revenue Allocation (CRA)
 - e) Office of the Controller of Budget

I.2 COMMITTEE MEMBERSHIP

I. The Departmental Committee on Finance and National Planning was constituted by the House on 27th October 2022 and comprises the following Members:

Chairperson

Hon. FCPA Kuria Kimani, CBS, MP
Molo Constituency
UDA Party

Vice-Chairperson

Hon. (Amb.) FCPA Langat Benjamin Kipkirui, CBS, MP
Ainamoi Constituency
UDA Party

Members

Hon. Peter Kaluma, CBS, MP
Homa Bay Town Constituency
ODM Party

Hon. FCPA Oyula, Joseph H. Maero, MP
Butula Constituency
ODM Party

Hon. Mboni, David Mwalika, MP
Kitui Rural Constituency
WDM Party

Hon. Okuome Adipo Andrew, MP
Karachuonyo Constituency
ODM Party

Hon. Chiforomodo, Munga, MP
Lunga Lunga Constituency
UDM Party

Hon. CPA Rutto Julius Kipletting, MP
Kesses Constituency
UDA Party

Hon. Paul Biego, MP
Chesumei Constituency
UDA Party

Hon. Sunkuyia, R. George, MP
Kajiado West Constituency
UDA Party

Hon. Betty N. Maina, MP
Murang'a County
UDA Party

Hon. Sheikh Umul Sheikh, MP
Mandera County
UDM Party

Hon. (Dr.) Shadrack Mwiti, MP
South Imenti Constituency
Jubilee Party

Hon. Dr. CPA Ariko John Namoit, MP
Turkana South Constituency
ODM Party

Hon. Machele M. Soud, MP
Mvita Constituency
ODM Party

I.3 COMMITTEE SECRETARIAT

4. The Committee is facilitated by the following staff:

Ms. Jennifer Ndeto
Deputy Director Legal Services

Mr. Benson Kamande
Clerk Assistant III

Ms. Winfred Kambua
Clerk Assistant III

Mr. Salem Lorot
Senior Legal Counsel

Mr. James Macharia
Media Relations Officer

Mr. George Ndenjeshe
Fiscal Analyst II

Ms. Joyce Wachera
Hansard Reporter II

Ms. Nelly W. Ondieki
Research Officer III

Mr. Eugene Luteshi
Audio Officer III

Mr. Benson Muthuri
Assistant Serjeant-At-Arms

Mr. Allan Ngugi
Administrative Officer II

Ms. Peninnah Simiren
Legal Counsel II

CHAPTER TWO

2.0 OVERVIEW OF THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 17 OF 2025)

2.1 Background

5. The Public Finance Management (Amendment) Bill, 2025 (National Assembly Bills No. 17 of 2025), sponsored by the Leader of Majority Party, was published on 24th April, 2025. It was read for the First Time on 2nd December, 2025, and was then committed to the Committee for consideration and tabling of the report.

2.2 Summary of Legal Provisions

6. The purpose of the Bill is to amend the Public Finance Management Act, in order to ensure that there shall be no duplication in management of additional allocations through intergovernmental agreements.
7. The Bill contains 6 clauses.
8. Clause 2 provides for the repeal of section 191A of the Public Finance Management Act (Principal Act).
9. Section 191A provides as follows—
 - 191A. Intergovernmental agreements
 - (1) The National Treasury shall enter into an agreement with the respective county government for the transfer of the respective conditional allocation made to the county government pursuant to this Act.
 - (2) An agreement under subsection (1) shall set out any conditions that may be attached to the conditional allocations made under this Act.
 - (3) Where a county government intends to enter into an agreement under subsection (1), the county executive committee member shall submit the agreement to the respective County Assembly for approval.
 - (4) The County Assembly shall, within fourteen days of submission of an agreement under subsection (3), approve or reject the agreement.
 - (5) Where a County Assembly fails to consider an agreement under subsection (3) within fourteen days, the agreement shall be deemed to be approved.
 - (6) An agreement under subsection (1) shall set out all conditions attached to an allocation made under this Act.
 - (7) The respective county government shall forward the agreement approved under this section to the Controller of Budget within seven days of approval.
10. Clause 3 provides for the repeal of section 191B of the principal Act.
11. Section 191B provides as follows—
 - 191B. Public participation
The county executive committee member shall facilitate public participation on any agreement made pursuant to section 191A.

12. Clause 4 provides for the repeal of section 191C of the principal Act.
191C. Execution of agreement for conditional allocation
An agreement under section 191A shall be—
 (a) *signed by an authorized person or officer; and*
 (b) *published in the Kenya Gazette within a period of seven days of the agreement.*
13. Clause 5 provides for the repeal of section 191D of the principal Act.
191D. Submission to Senate
 (1) *The National Treasury shall, within seven days of entering into an agreement under section 191A, submit to the Senate and the Controller of Budget, the agreement together with any other documents relating to the agreement.*
 (2) *The National Treasury shall publish and publicize all agreements entered into pursuant to section 191A.*
14. Clause 6 provides for the repeal of section 191E of the principal Act.
191E. Requisition of funds
Requisition of funds from the county revenue fund for the purposes of a conditional grant shall be supported by the intergovernmental agreement approved under section 191A.

Analysis of the Bill

Constitutional and statutory anchors

15. The law on additional allocations is anchored in three primary levels of legislation:
- (i) *The Constitution of Kenya (2010)***
16. Article 202(1) and (2) of the Constitution is the core anchor of additional allocations. Clause (1) mandates the equitable sharing of national revenue. Clause (2) explicitly states: “County governments may be given additional allocations from the national government's share of the revenue, either conditionally or unconditionally”.
17. Article 203 of the Constitution sets out the criteria to be considered in the equitable sharing of revenue, including the need to ensure that county governments are able to perform the functions allocated to them.
18. Article 190 of the Constitution provides for the support and oversight of county governments by the National Government, which often takes the form of conditional financial grants.
(ii) *The Public Finance Management (PFM) Act (Cap. 412A)*
19. Section 191 of the Public Finance Management Act (PFM Act) provides for the framework for the National Government to transfer funds to counties.
20. Sections 191A – 191E (Specific to Intergovernmental Agreements): These sections (currently subject to the Bill under consideration) require the National Treasury to enter into intergovernmental agreements for these allocations, ensuring they are approved by County Assemblies and the Senate.
(iii) *The County Governments Additional Allocations Act*

21. The County Governments Additional Allocations Act is an annual legislation providing for additional allocations to the county governments. Because the amounts and sources of these grants (especially donor-funded loans) change every year, Parliament must pass a new version of this Act for each financial year.
22. Additional allocations refer to additional resources allocated to county governments from the national government's revenue or in the form of loans and grants from development partners.
23. The legislation provides for both the unconditional and conditional allocations to county governments.

CHAPTER THREE

3. PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL

3.1 LEGAL FRAMEWORK ON PUBLIC PARTICIPATION

24. Article 118 (1)(b) of the Constitution provides that:

“Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its Committees.”

25. The National Assembly Standing Order 127 (3) and (3A) stipulates that:

*“(3) The Departmental Committee to which a Bill is committed shall **facilitate public participation on the Bill** through an appropriate mechanism including-*

- (a) inviting submission of memoranda;*
- (b) holding public hearings;*
- (c) consulting relevant stakeholders in a sector; and*
- (d) consulting experts on technical subjects.*

(3A) The Departmental Committee shall take into account the views and recommendations of the public under paragraph (3) in its report to the House.”

3.2 MEMORANDA RECEIVED ON THE BILL

26. Pursuant to the aforementioned provisions of law, the Clerk of the National Assembly placed an advertisement in the print media on 21st February, 2026, inviting the public to submit memoranda on the Bill. Further, the Clerk of the National Assembly vide letter Ref. No. NA/DDC/F&NP/2026/062, dated 15th April 2026, invited key stakeholders to submit views on the Bill and to attend a public participation forum on 23rd April 2026 and 24th April 2026.

27. The Committee received memoranda from the stakeholders as *Annexed*.

General Submissions

3.2.1 The National Treasury

The National Treasury appeared before the Committee and submitted as follows;

28. The National Treasury submitted that the existing constitutional and legal framework already provides clear accountability mechanisms, since Article 226 of the Constitution designates accounting officers at both levels of government while Regulation 131(1)(b) of the Public Finance Management (National Government) Regulations, 2015 assigns responsibility for ensuring compliance with laws governing transfers, thereby rendering additional intergovernmental agreements unnecessary.

29. Further, the National Treasury noted that County Participatory Agreements (CPAs), which are executed between line Ministries, Departments and Agencies (MDAs) and county governments for each conditional allocation, already serve the purpose of intergovernmental agreements, since they outline project financing arrangements, implementation responsibilities, conditions precedent, and allocation criteria in a consultative manner. On this basis, the National Treasury supported the repeal of Section 191A and its related subsections, since maintaining these provisions would result in duplication of processes and impose unnecessary administrative burdens on both the National Treasury and county governments.
30. The Ministry also submitted that provisions relating to public participation under Section 191B are redundant, since the Constitution, the Public Finance Management Act, and the County Governments Act already require meaningful public participation during the budgeting process, thereby making additional participation requirements at the agreement stage duplicative and resource-inefficient.
31. Additionally, the National Treasury explained that Sections 191C and 191D, which provide for submission, publication, and execution of the agreements, would become redundant once Section 191A is repealed, since they are dependent on the existence of intergovernmental agreements under that section. Further, the National Treasury submitted that Section 191E, which relates to withdrawal of funds, is unnecessary since Article 228 of the Constitution, together with the Public Finance Management Act and the Controller of Budget Act, already provides sufficient safeguards for authorization of withdrawals from the County Revenue Fund.
32. Consequently, the National Treasury supported the repeal of Sections 191A, 191B, 191C, 191D, and 191E in their entirety, so that the management of conditional allocations can be streamlined while eliminating duplication and enhancing efficiency within the existing public finance management framework. Additionally, the Ministry indicated that the proposed amendments will facilitate seamless implementation of conditional allocations, since they remove redundant legal requirements while preserving existing accountability, oversight, and coordination mechanisms between the national and county governments.

Committee Observation

The Committee noted the National Treasury's submission.

3.2.2 Commission on Revenue Allocation (CRA)

33. The Commission submitted that they are in support of the proposed amendments on the basis that sections 191A-E of the PFM Act create duplication in-
 - i. Requiring signing of intergovernmental agreements by the National Treasury yet the same are also signed by line MDAs at the national level with the relevant county governments in the form of County Participatory Agreements (CPAs) where necessary; and
 - ii. Public participation on the agreements yet the Public Finance Management Act comprehensively outlines the budget process at both levels of government. Regarding

county governments, Part IV of the PFM Act outlines how the county budgetary process is to be executed which process entails all sources of funding including any additional allocations and conditional grants. Such budgetary processes entail public participation which is again a requirement under sections 191A-E.

34. CRA stated that County Participatory Agreements (CPAs) under MDAs and the budget framework provided for in the PFM Act are adequate in terms of formalizing agreements between the two levels of government and also on the aspect of stakeholder engagement on identification of projects and programmes for the county governments. There is therefore no merit in instituting another parallel process for conditional grants under sections 191A-E of the PFM Act.

Committee Observation

The Committee noted the submissions by the Commission on Revenue Allocation.

3.2.3 Council of Governors (CoG)

35. The Council of Governors supported the Bill in its entirety and proposed that the Bill be passed without any amendments.
36. They noted that county governments, pursuant to Article 189 of the Constitution, have been signing Intergovernmental Participation/Partnership Agreements (IPAs) with various National government Ministries, Departments and Agencies (MDAs) for implementation of conditional grants advanced to them. Therefore, the requirement for the Intergovernmental Agreements for Transfer of the Conditional Agreements signed with the National Treasury under Section 191A (1) of the PFM Act is unnecessary and should be deleted.
37. They stated that MDAs are responsible for setting the conditions precedent and the day-to-day monitoring of adherence to these conditions to the allocations as opposed to the National Treasury as Section 191A of the PFM Act suggests.
38. The IPAs are signed for the life of the projects or the agreed grant implementation period therefore any other Agreement would result to duplication of efforts leading to delays in project implementation.
39. The IPAs are always preceded by signing a Financing Agreement by the National Treasury for all Development Partner supported allocations. This therefore places the National Treasury at a good view of the additional allocations going to counties for consolidated reporting purposes and honouring international obligations.
40. Section 191A (3)-(7) of the PFM Act provide for approval by the County Assembly. However, this is a duplication of the process since the County Assemblies approve all additional allocations as contained in the County governments' Fiscal Strategy Papers and Budget Estimates. They proposed deletion of these sections.

41. Further, they stated that there is no clarification on what happens if the County Assembly rejects the agreement(s) under section 191A (4) and (5). The Act does not address possibility of reintroduction of the intergovernmental agreement(s) and the procedure or timelines to be adhered to.
42. They stated that there is a lack of a logical sequence of the activities to be undertaken regarding the agreements. Specifically, Section 191B provides for public participation to be undertaken after the agreements have been approved by the County Assemblies and forwarded to the Controller of Budget under section 191A (7). This negates the need for meaningful and qualitative public participation for an agreement that has already been approved by the County Assembly. In this regard, they proposed the deletion of Section 191B of the PFM Act.
43. Additionally, CoG noted that Sections 191C and 191D on publication and publicization of the agreements by various entities such as the County governments, the National Treasury and the Senate, could lead to inconsistencies. These processes further introduce unnecessarily lengthy procedures that are not aimed at improving efficiency and funds absorption. Therefore, they proposed deletion of Sections 191C and 191D.
44. Lastly, CoG noted that Section 191E requiring approval of the Controller of Budget is a constitutional provision already being adhered to by County governments hence an unnecessary introduction thus should be deleted.
45. The signing of the said Intergovernmental Agreements is not aligned with the Budget Calendar/Cycle and will interfere with the budget making and execution process. This is because the Agreements are to be signed after Parliament has passed the conditional allocations through the annual County Governments Additional Allocations Acts.

Committee Observation

The Committee noted the submissions by the Council of County Governors.

3.2.4 Clause by Clause

Clause I

Office of the Controller of Budget (OCOB)

46. The stakeholder noted that the commencement left to the ministerial proclamation may indefinitely delay the operationalisation of critical accountability safeguards. They proposed fixing the commencement date in the Act itself rather than leaving it to ministerial discretion and that a Gazette notification should be for information only, not as a condition precedent to commencement.

Committee Observation

The Committee noted the stakeholder's proposal but was of a different view. Clause 1 of the Bill does not provide that the Bill's commencement date would be appointed vide a Gazette by the Cabinet Secretary, as alluded by the stakeholder. Instead, its commencement, pursuant to Article 116(2) of the Constitution, would be fourteen days after publication in the Gazette. Thus, the stakeholder's concerns have already been addressed in the Bill.

Clause 2

Bowmans

47. The stakeholder proposed deletion of the proposal. They observed that section 191A is the principal statutory mechanism that operationalises conditional allocations at implementation stage, therefore its repeal would leave no express requirement for the parties to document the terms of a conditional allocation before disbursement. Also, repealing of section 191A without replacement removes the only statutory basis for County Assembly oversight of the conditions attached to allocations received by the County Government, which is inconsistent with the constitutional role of county assemblies in financial oversight. Further, the requirement to forward the approved agreement to the Controller of Budget supports the Controller's oversight role under Article 228 of the Constitution and should be retained.

Committee Observation

The Committee noted the stakeholder's proposal but was of the view that the repeal of the provision was proper since it sought to address duplication. Ministries, Departments and Agencies (MDAs) and county governments execute County Participatory Agreements (CPAs) for each conditional allocation thus the provisions in the PFM Act are duplicative since CPAs serve the purpose of intergovernmental agreements. Further, despite the repeal, the constitutional and statutory safeguards and oversight mechanisms have not been removed.

OCOB

48. The stakeholder observed that the term "duplication" is undefined, giving the National Treasury the discretion to determine what constitutes duplication with no independent verification mechanism. Additionally, the CoB's quarterly reports have consistently documented double-counting of conditional grants and equitable share top-ups across multiple county governments.
49. They proposed the following:
- i. Defining "duplication" expressly in the amendment with sufficient legal precision.
 - ii. Require the National Treasury to obtain a Certificate of No-Duplication from the Controller of Budget before disbursing any additional allocation under an intergovernmental agreement.

- iii. Empower the CoB to withhold certification where a proposed allocation duplicates an existing transfer.
- iv. Prescribe a recovery mechanism for any duplicate transfer already disbursed, to be operationalised within a period specified by the CoB.

Committee Observation

The Committee noted the stakeholder’s proposal and observed that the Bill’s memorandum of objects and reasons ought to have elaborated on the “duplication” in the management of additional allocations through intergovernmental agreements. This therefore posed interpretative challenges in discerning the Bill’s mischief. However, the Committee was persuaded that the repeal of the provisions relating to intergovernmental agreements was proper since it sought to address duplication. Ministries, Departments and Agencies (MDAs) and county governments execute County Participatory Agreements (CPAs) for each conditional allocation thus the provisions in the PFM Act are duplicative since CPAs serve the purpose of intergovernmental agreements. Therefore, the concerns addressed by the Bill are on *duplication of processes* and not *duplication in allocations* which is the stakeholder’s concern.

Clause 3

Bowmans

50. They proposed deletion of the proposal and that section 191B be retained. They noted that public participation is a foundational constitutional value, a principle of public finance management.

Committee Observation

The Committee agreed with the stakeholder that public participation is a core requirement in our processes that is underpinned in our Constitution and statutes. However, the Committee was of a different view of retaining clause 3 of the Bill for two reasons:

- (a) The provision is intertwined with the previous clause (2) providing for the repeal of section 191A of the PFM Act providing for intergovernmental agreements; thus, the repeal of section 191A has a consequential effect on clause 3;
- (b) Public participation in the budgetary process is well anchored both in the Constitution and the PFM Act. For instance, section 125(2) of the PFM Act provides that, “*The County Executive Committee member for finance shall ensure that there is public participation in the budget process*”. Further, section 35(2) of PFM Act provides that, “*The Cabinet Secretary shall ensure public participation in the budget process provided for under subsection (1)*”.

OCOB

51. The CoB noted that compliance with existing quarterly reporting requirements under Sections 107 and 166 of the PFM Act remains persistently low. The clause does not strengthen enforcement for non-compliance. They proposed that non-compliance with intergovernmental agreement reporting obligations should expressly empower the CoB to withhold authorisation of subsequent disbursements to the defaulting county. Also, there is need to link reporting obligation to CoB's existing powers under Section 68(2)(1) of the PFM Act as a meaningful compliance incentive.

Committee Observation

The Committee noted the stakeholder's proposal but was of the view that the repeal of the provisions relating to intergovernmental agreements on additional allocations did not intend to oust the Office of Controller of Budget from its constitutional and statutory obligations. The repeal of the provisions sought to streamline parallel processes. Ministries, Departments and Agencies (MDAs) and county governments execute County Participatory Agreements (CPAs) for each conditional allocation thus the provisions in the PFM Act are duplicative since CPAs serve the purpose of intergovernmental agreements. Further, despite the repeal, the constitutional and statutory roles of the OCOB in the budget process remain intact.

Clauses 4, 5 & 6

Bowmans

52. They proposed amending the proposals rather than repealing. They observed that the requirement in section 191C to publish agreements in the Kenya Gazette serves an important transparency function. It ensures that the terms of conditional allocations are a matter of public record. Additionally, it is consistent with the principles of openness and accountability in Article 201(a) of the Constitution. Repealing of section 191D would remove the Senate's oversight role in relation to conditional allocation agreements without replacement.

Committee Observation

The Committee noted the stakeholder's proposal but was of the view that the main object of the Bill was to repeal the provisions relating to intergovernmental agreements. Ministries, Departments and Agencies (MDAs) and county governments execute County Participatory Agreements (CPAs) for each conditional allocation thus the provisions in the PFM Act are duplicative since CPAs serve the purpose of intergovernmental agreements. Further, despite the repeal, the constitutional and statutory safeguards, including openness and accountability in the budget process, remain intact.

Clause 4

OCOB

53. The stakeholder noted that the savings clause does not expressly preserve the CoB's existing powers under Article 228 of the Constitution and Section 68 of the PFM Act, thereby risking unintended limitations on CoB oversight. They proposed inserting an express savings clause confirming that nothing in the amendment limits the CoB's powers to investigate, report on, or withhold authorisation in respect of any intergovernmental transfer. Also, they needed a confirmation that the CoB's jurisdiction under Article 228(4) and Section 68 of the PFM Act is unaffected.

Committee Observation

The Committee noted the stakeholder's proposal but was of the view that the main object of the Bill was to repeal the provisions relating to intergovernmental agreements. Ministries, Departments and Agencies (MDAs) and county governments execute County Participatory Agreements (CPAs) for each conditional allocation thus the provisions in the PFM Act are duplicative since CPAs serve the purpose of intergovernmental agreements. Further, despite the repeal, the constitutional and statutory safeguards, including the role of OCOB in the budget process, remain intact.

Kenya Institute of Supplies Management

Clauses 2,3,4,5 and 6

54. Adopt deletion of Sections 191A, 191B, 191C, 191D and 191E as they remove duplicative approval processes relating to conditional and additional allocations to county governments. The existing requirement under Section 191 for an annual County Government Additional Allocations Bill already provides a structured mechanism for approval of such funds. Retaining parallel approval frameworks creates inefficiency and delays in implementation. The proposal is further supported on the basis that the County Government Additional Allocations Bill is prepared annually and is capable of accommodating conditional grants from the National Government as well as donor-funded allocations. This consolidates approval processes into a single framework and enhances administrative efficiency.
55. However, the Bill should be amended to refine Section 191, so as to exclude donations and funding from development partners from being subjected to the County Government Additional Allocations Bill. Donor-funded projects are often time-bound and require timely absorption. Subjecting them to annual legislative processes may result in delays, thereby increasing the risk of withdrawal or reallocation of funds by development partners. Accordingly, while the deletion of Sections 191A–191E enhances efficiency by eliminating duplication, an amendment to Section 191 is necessary to safeguard the timely utilisation of donor funds and ensure that external financing is not constrained by procedural delays.

Committee Observation

The Committee noted the stakeholder’s submissions. The Committee further observed that the Bill sought to address the concerns raised by the stakeholder in regard to donations and funding from development partners.

CHAPTER FOUR

4. COMMITTEE OBSERVATIONS

56. The Committee made the following observations:

Object of the Bill

- (a) The Bill seeks to repeal sections 191A, 191B, 191C, 191D, 191E of the PFM Act which provide for intergovernmental agreements between the national government and county governments on conditional additional allocations. Ministries, Departments and Agencies (MDAs) and county governments execute County Participatory Agreements (CPAs) for each conditional allocation thus the provisions in the PFM Act are duplicative since CPAs serve the purpose of intergovernmental agreements.

Constitutional and statutory safeguards

- (b) Despite the repeal of the provisions relating to intergovernmental agreements in the PFM Act, the constitutional and statutory safeguards and oversight mechanisms in the budget process remain intact. Further, the role of the Controller of Budget as provided for in the Constitution and the PFM Act in the budget process within which conditional additional allocations will be considered remain intact.

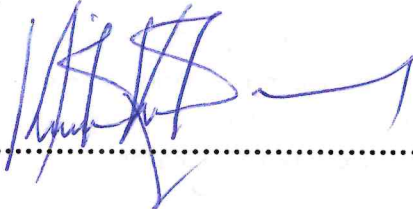
Submissions supporting the Bill

- (c) The National Treasury, the Commission on Revenue Allocation and the Council of Governors fully supported the Bill underscoring the parallel process that sections 191A, 191B, 191C, 191D, 191E of the PFM Act occasioned, thus duplicating the County Participatory Agreements (CPAs), thus creating bottlenecks and administrative challenges in the management of conditional additional allocations.


CHAPTER FIVE

5. COMMITTEE RECOMMENDATION

57. The Committee, having considered the Public Finance Management (Amendment) (National Assembly Bills No. 17 of 2025) recommends that the House **approves** the Bill without amendments.

SIGNED..........DATE.....*28th April, 2024*.....

HON. FCPA KURIA KIMANI, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: <i>28 APR 2026</i>	DAY: <i>TUESDAY</i>
TABLED BY:	<i>HON. KURIA KIMANI (CHAIRPERSON)</i>
CLERK-AT THE-TABLE:	<i>INZSPU MWALE</i>



THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING.
ADOPTION LIST

REPORT ON THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL
(NATIONAL ASSEMBLY BILL NO. 17 OF 2025)

We, the Members of the Departmental Committee on Finance and National Planning have pursuant to Standing Order 199, adopted this Report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity today, Tuesday, 28th April 2026.

S/NO.	NAME	SIGNATURE
1.	HON. FCPA KURIA KIMANI, CBS, MP - CHAIRPERSON	
2.	HON. FCPA (AMB). BENJAMIN KIPKIRUI LANGAT, MP – VICE CHAIRPERSON	
3.	HON. KALUMA PETER OPONDO, CBS, MP	
4.	HON. GEORGE SUNKUYIA RISA, MP	
5.	HON. (FCPA) JOSEPH MAERO OYULA, OGW, MP	
6.	HON. ANDREW ADIPO OKUOME, MP	
7.	HON. DAVID MWALIKA MBONI, MP	
8.	HON. CHIFOROMODO MANGALE MUNGA, MP	
9.	HON. MAINA BETTY NJERI, MP	
10.	HON. (CPA) JULIUS KIPLIPPING RUTTO, MP	
11.	HON. PAUL KIBICHIY BIEGO, MP	
12.	HON. UMUL KER SHEIKH KASSIM, MP	
13.	HON. DR. SHADRACK MWITI ITHINJI, MP	
14.	HON. DR. JOHN ARIKO NAMOIT, MP	
15.	HON. MOHAMED SOUD MACHELE, MP	

