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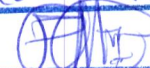
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THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT (THIRD SESSION)

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON THE CONSIDERATION OF THE PUBLIC FINANCE MANAGEMENT  
(AMENDMENT) BILL (N.A. BILL NO. 63 OF 2019)

 THE NATIONAL ASSEMBLY PAPERS LAJD	
DATE: 10 SEP 2019	DAY: TUESDAY
TABLED BY:	HON. JOSEPH LIMBO CHAIRPERSON FINANCE COMMITTEE
CLERK-AT THE-TABLE:	

CLERKS CHAMBERS

DIRECTORATE OF COMMITTEE SERVICES

PARLIAMENT BUILDINGS

NAIROBI

SEPTEMBER, 2019



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## **CHAIRPERSON'S FOREWORD**

This report contains the Committee's proceedings on the consideration of the Public Finance Management (Amendment) Bill, 2019, which was read a first time on **Thursday, 8<sup>th</sup> August, 2019** pursuant to Standing Order 127.

In processing the Bill, the Committee invited comments from the public by placing advertisements in the print media on Friday, 9<sup>th</sup> August, 2019 pursuant to Article 118 of the Constitution.

By the time the Committee was considering the Bill, only the Institute for Social Accountability (TISA) had submitted a memorandum for consideration.

In a letter Ref.NA/DCS/F&NP/2019/68 dated 16<sup>th</sup> August, 2019, the Committee invited the National Treasury, Office of the Attorney General, Controller of Budget, Commission on Revenue Allocation and Council of Governors for a consultative meeting on the Bill. The meeting was attended by the Commission on Revenue Allocation and the Office of the Auditor General. The Council of Governors submitted their comments on the Bill.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to provisions of Standing Order 199 (6), it is my pleasant privilege and honour to present to this House the Report of the Committee on its consideration of the Public Finance Management (Amendment) Bill, 2019.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee further wishes to thank the sponsor of the Bill, Hon. Kimani Ichung'wah, the Commission on Revenue Allocation, the Council of Governors and the Institute for Social Accountability for their participation in scrutinizing the Bill.

Finally, I wish to express my appreciation to the Honorable Members of the Committee who made useful contributions towards the preparation and production of this report.

**Hon. Joseph Limo, M.P.**

## **EXECUTIVE SUMMARY**

The Public Finance Management (Amendment) Bill, 2019 was published on 2<sup>nd</sup> August, 2019 and read a first time on **Thursday, 8<sup>th</sup> August, 2019** and thereafter committed to the Departmental Committee on Finance and National Planning for consideration pursuant to Standing Order 127.

The Public Finance Management (Amendment) Bill, 2019 seeks to amend the Public Finance Management Act so as to put into place interim measures to allow county governments to access their minimum share of revenue already guaranteed and granted to them by Article 206(2) of the Constitution to enable them offer services to the public pending enactment of the Division of Revenue Bill in the Event that the Bill is not enacted before the commencement of the next financial year.

The Bill does not replace the Division of Revenue Bill contemplated by the Constitution. It merely seeks to put into place interim measures for the financing of county governments in the event of delayed or protracted enactment of the Division of Revenue Bill by freeing the minimum amount already allocated to the County Government by the Constitution to flow to the counties. The Bill provides for these interim measures to be regularized and be incorporated in the Division of Revenue Bill when it is finally passed by Parliament.

The Bill seeks to enable county governments to access the guaranteed minimum allocation set aside by Article 206(2) of the Constitution by empowering the Controller of Budget to authorize withdrawals from the Consolidated Fund by Article 203(2) of the Constitution. In addition, the Bill seeks to safeguard the fifteen percent (15%) of all national revenue guaranteed for allocation to the county governments from disagreement between the two Houses of Parliament and the possible defeat within the framework of Article 113(4) of the Constitution.

## 1 PREFACE

### 1.1 Establishment of the Committee

1. The Departmental Committee on Finance & National Planning is one of the fifteen Departmental Committees of the National Assembly established under *Standing Order 216* whose mandates pursuant to the *Standing Order 216 (5)* are as follows:
  - i. 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;
  - ii. To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;
  - iii. **To study and review all the legislation referred to it;**
  - iv. To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
  - v. 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;
  - vi. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on appointments);
  - vii. To examine treaties, agreements and conventions;
  - viii. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
  - ix. To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
  - x. To examine any questions raised by Members on a matter within its mandate.

### 1.2 Mandate of the Committee

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, public finance, monetary policies, public debt, financial institutions (excluding those in securities exchange), investment and divestiture policies, pricing policies, banking, insurance, population revenue policies including taxation and national planning and development.
3. In executing its mandate, the Committee oversees the following government Ministries and departments:
  - a. The National Treasury and Ministry of Planning
  - b. Ministry of Devolution and ASAL
  - c. The Commission on Revenue Allocation
  - d. Office of the Controller of Budget
  - e. Salaries and Remuneration Commission

### 1.3 Committee Membership

4. The Departmental Committee on Finance and National Planning was constituted by the House in December, 2017 and comprises of the following Members:-

Hon. Joseph K. Limo, MP (**Chairperson**)  
MP for Kipkelion East Constituency  
**Jubilee Party**

Hon. Isaac W. Ndirangu (**Vice-Chairperson**)  
M.P for Roysambu Constituency  
**Jubilee Party**

Hon. Jimmy O. Angwenyi, MP  
MP for Kitutu Chache North  
Constituency  
**Jubilee Party**

Hon. Christopher Omulele, MP  
MP for Luanda Constituency  
**ODM Party**

Hon. Dr. Enoch Kibunguchy, MP  
MP for Likuyani Constituency  
**FORD-K**

Hon. Shakeel Shabbir Ahmed, MP  
MP for Kisumu Town East  
**Independent Member**

Hon. Abdul Rahim Dawood, MP  
MP for North Imenti Constituency  
**Jubilee Party**

Hon. Daniel E. Nanok, MP  
MP for Turkana West Constituency  
**Jubilee Party**

Hon. Andrew A. Okuome, MP  
MP for Karachuonyo Constituency  
**ODM Party**

Hon. David M. Mboni, MP  
MP for Kitui Rural Constituency  
**CCU Party**

Hon. Francis K. Kimani, MP

M.P. Molo Constituency  
**Jubilee Party**

Hon. Joseph M. Oyula, MP  
MP for Butula Constituency  
**ODM Party**

Hon. Joshua C. Kandie, MP  
MP for Baringo Central Constituency  
**MCC Party**

The Hon. Lydia H. Mizighi, MP  
MP for Taita Taveta County  
**Jubilee Party**

Hon. Mohamed A. Mohamed, MP  
MP for Nyali Constituency  
**Independent Member**

Hon. Purity W. Ngirici, MP  
MP for Kirinyaga County  
**Jubilee Party**

Hon. Samuel Atandi, MP  
MP for Alego Usonga Constituency  
**ODM Party**

Hon. Stanley M. Muthama, MP  
MP for Lamu West Constituency  
**MCC Party**

The Hon. Edith Nyenze, MP  
MP for Kitui West Constituency  
**WDM-K**

#### **1.4 Committee Secretariat**

5. The Committee is facilitated by the following Secretariat:-

Ms. Leah W. Mwaura  
**Senior Clerk Assistant/Lead Clerk**

Ms. Jennifer Ndeto  
**Principal Legal Counsel 1**

Ms. Laureen Wesonga  
**Clerk Assistant II**

Mr. Josephat Motonu  
**Fiscal Analyst I**

Mr. Chelang'a Maiyo  
**Research Officer II**

## **2 OVERVIEW OF THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL, 2019 (NATIONAL ASSEMBLY BILL NO. 63 OF 2019)**

6. The objective of the Bill is to put in place interim measures to allow county governments to access their minimum share of revenue already guaranteed and granted to them by Article 206(2) of the Constitution to enable them offer services to the public pending enactment of the Division of Revenue Bill in the event that the Bill is not enacted before the commencement of the next financial year.
7. **Clause 2:** proposes to insert a new section 191A in the Public Finance Management Act, 2012 to allow the Senate, by resolution, to divide the guaranteed fifteen percent (15%) among county governments in the event that a Division of Revenue Bill has not been passed by the tenth day of June. This is in line with the Senate's role of approving the basis for allocation of national revenue among county governments every five years pursuant to Article 217 of the Constitution. Once the resolution is transmitted to the National Assembly, the Assembly must muster a two thirds majority to amend the resolution and cannot reject the resolution. This is in line with the Constitutional protections accorded to Special Bills concerning county governments under Article 110 of the Constitution.
8. The resolution as passed is to constitute Parliament's explicit authorization to the Controller of Budget to disburse funds to the county governments in time for the commencement of the financial year.
9. The Bill concerns county governments in terms of Article 110 of the Constitution and it relates to money that has already been charged on the Consolidated Fund by Article 203(2) of the Constitution.

## **3 PUBLIC PARTICIPATION/STAKEHOLDER CONSULTATION**

10. The Committee received memorandum from three stakeholders following a call for memoranda through the print media on **9<sup>th</sup> August, 2019** and a letter **Ref.NA/DCS/F&NP/2019/68** dated **16<sup>th</sup> August, 2019** sent to stakeholders. The following stakeholders submitted their memoranda:-
  - i. Commission on Revenue Allocation
  - ii. Council of Governors
  - iii. The Institute for Social Accountability
11. The proposals by the stakeholders were deliberated on and considered by the Committee. Below are their views:

### **3.1 Commission on Revenue Allocation**

The Commission appeared before the Committee on **Tuesday, 20<sup>th</sup> August, 2019**. The Chairperson of the Commission, Dr. Jane Kiringai submitted that:-

12. The Bill is seeking to cure the lacuna in Article 113 of the Constitution by introducing a new provision in the Public Finance Management Act that enables county governments to access Consolidated Fund in the event that Parliament has not agreed on the Division of Revenue Bill.

#### **Issues in the Bill**

13. The Bill is seeking to allocate the minimum threshold of 15% of the last audited and approved accounts to counties. The mediation process for the Division of Revenue Bill under Article 113 of the Constitution does not have finality. In the Commission's opinion, the Bill does not cure the perpetual nature of the mediation process and in the event that the two Houses do not agree on the Division of Revenue Bill, counties will be stuck with the 15% threshold which may not amount to equitable share of revenue.
14. The fifteen percent (15%) guaranteed was only a bare minimum percentage hence not an equitable share of revenue. As such the Bill seems to be advancing the argument that county governments are not entitled to a higher percentage.
15. The Bill is referred to as an interim measure pending the enactment of the Division of Revenue Bill. It is not clear what interim means.
16. Article 222(2) of the Constitution permits the national government to access one half of the amount included in the estimates of expenditure for that year that have been tabled in the National Assembly where an Appropriation Act has not been assented to or is not likely to be assented to by the beginning of a financial year. This Bill on the other hand is anchored on the 15% constitutional threshold which is a fixed figure that may end up being the final figure if the mediation process fails.
17. In their opinion therefore, the Bill does not address the perpetual nature of the mediation process which in their view was the basis for the Bill's existence.

#### **Recommendations**

18. Based on the aforementioned issues, the CRA recommended that:-
19. The amendment to the Public Finance Management Act should be anchored on Article 222(2) as opposed to Article 203(2) to enable county governments to access fifty percent (50%) of the previous year's Division of Revenue Act amount as opposed to the proposal in the Bill of fifteen percent (15%) of the most recent audited accounts of revenue received as approved by the National Assembly.
20. Amend Article 113 of the Constitution to bring closure to the mediation process within specified timelines.
21. Amend Article 112 of the Constitution to specify timelines in which the Division of Revenue Bill should be discussed by both Houses upon submission by the National Treasury.

22. Amend the Constitution to provide for county government access to the Consolidated Fund in the event that the Division of Revenue Bill has not been passed by 30<sup>th</sup> June.
23. Define what interim means within the context of the Bill.

### **3.2 Council of Governors**

24. In their letter **Ref:COG/6/11 Vol 2(28)** dated **22<sup>nd</sup> August, 2019**, the Council of Governors submitted that the Bill is unconstitutional as it tries to amend the Constitution through a legislative proposal to the Public Finance Management Act. The Constitution under Article 224 is very categorical that it is not on the basis of the Division of Revenue Bill passed by Parliament under Article 218 that each County Government shall prepare and adopt its own annual budget and appropriation Bill in the form and according to the procedure, prescribed in an Act of Parliament. The Bill therefore negates the Constitutional provisions by attempting to create an interim process outside these Constitutional provisions. Any attempt to put in measures that allow counties access monies before the Division of Revenue Bill is passed have to be done in the Constitution not in the Public Finance Management Act.
25. They recommended that the Bill should be withdrawn because it is unconstitutional.

### **3.3 The Institute for Social Accountability**

26. In their letter dated **16<sup>th</sup> August, 2019**, TISA submitted that the proposed amendment is unconstitutional because the allocation referred to under Article 203(2) of the Constitution is that provided for in the Annual Division or Revenue Bill under Article 218 of the Constitution and Article 203(2) gives the requirement that the equitable share to counties should not be less than fifteen percent (15%) of all the revenue allocated by the national government.
27. Further, the Bill erroneously states that the county governments are guaranteed and granted their minimum share of revenue under Article 206(2). However, there is currently no legal framework that allows county governments to withdraw money from the Consolidated Fund. Articles 222, 223 and 224 only provide for appropriation of funds allocated to the national government and the County Appropriation Act respectively.
28. The Constitution does not foresee a situation where the Division of Revenue Act has not been passed by Parliament. Therefore, the two Houses of Parliament must consult and co-operate and agree on a version of the Division of Revenue Bill to be assented into law.
29. In their opinion, the Bill undermines the significance of the division of revenue process which consequently undermines devolution. If passed into law, it will not resolve the persistent challenges facing the division of revenue process.

#### 4 COMMITTEE'S OBSERVATION

30. The Committee observed that the Bill was seeking to give effect to the provisions of Article 203 (2) and to also provide a mechanism through which county governments will be able to access the minimum amount guaranteed to them. This will ensure that the county governments continue offering services as they await the passage of the Division of Revenue Bill.

#### 5 COMMITTEE'S RECOMMENDATION

31. The Committee having considered the representations from all the stakeholders recommends that the Public Finance Management (Amendment) Bill, 2019 be passed by the House without amendments .

SIGNED.......... DATE..... 10-9-2019.....

THE HON. JOSEPH LIMO, MP

CHAIRPERSON

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPUBLIC OF KENYA



NATIONAL ASSEMBLY

DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING  
ADOPTION SCHEDULE FOR THE REPORT ON THE CONSIDERATION OF THE PUBLIC  
FINANCE MANAGEMENT (AMENDMENT) BILL (N.A. BILL NO. 63 OF 2019)

DATE: 10<sup>TH</sup> SEPTEMBER, 2019

NAME	SIGNATURE
1. HON. JOSEPH K. LIMO, MP – CHAIRMAN	
2. HON. ISAAC W. NDIRANGU – VICE-CHAIRMAN	
3. HON. JIMMY O. ANGWENYI, MGH, MP	
4. HON. CHRISTOPHER OMULELE, MP	
5. HON. ENOCH KIBUNGUCHY, MP	
6. HON. SHAKEEL SHABBIR AHMED, CBS, MP	
7. HON. ABDUL RAHIM DAWOOD, MP	
8. HON. DANIEL E. NANOK, MP	
9. HON. ANDREW A. OKUOME, MP	
10. HON. DAVID M. MBONI, MP	
11. HON. KURIA KIMANI, MP	
12. HON. JOSEPH M. OYULA, MP	
13. HON. JOSHUA KANDIE, MP	
14. HON. LYDIA H. MIZIGHI, MP	
15. HON. MOHAMED ALI, MP	
16. HON. PURITY NGIRICI, MP	
17. HON. SAMUEL ATANDI, MP	
18. HON. STANLEY M. MUTHAMA, MP	
19. HON. EDITH NYENZE, MP	

**MINUTES OF THE 42<sup>ND</sup> SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD ON TUESDAY, 20<sup>TH</sup> AUGUST, 2019 IN THE COMMITTEE ROOM, 5<sup>TH</sup> FLOOR, CONTINENTAL HOUSE AT 2.00 PM**

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**PRESENT**

1. Hon. Joseph K. Limo, MP - **Chairperson**
2. Hon. Isaac W. Ndirangu, MP - **Vice Chairperson**
3. Hon. Jimmy O. Angwenyi, MGH, MP
4. Hon. Christopher Omulele, MP
5. Hon. Shakeel Shabbir Ahmed, CBS, MP
6. Hon. Abdul Rahim Dawood, MP
7. Hon. Daniel E. Nanok, MP
8. Hon. Andrew A. Okuome, MP
9. Hon. David M. Mboni, MP
10. Hon. Joseph M. Oyula, MP
11. Hon. Francis K. Kimani, MP
12. Hon. Joshua C. Kandie, MP
13. Hon. Samuel Atandi, MP
14. Hon. Mohamed A. Mohamed, MP

**ABSENT WITH APOLOGY**

1. Hon. Stanley M. Muthama, MP
2. Hon. Edith Nyenze, MP

**ABSENT**

1. Hon. Dr. Enoch Kibunguchy, MP
2. Hon. Lydia Mizighi, MP
3. Hon. Purity Ngirici, MP

**INATTENDANCE**

**COMMITTEE SECRETARIAT**

1. Ms. Leah Mwaura - Senior Clerk Assistant/Lead Clerk
2. Ms. Jennifer Ndeto - Principal Legal Counsel I
3. Mr. Josephat Motonu - Fiscal Analyst I
4. Mr. Chelang'a Maiyo - Research Officer II
5. Mr. John Njoro - Serjeant-At-Arms
6. Mr. Joyce Chelang'at - Audio Officer
7. Mr. Cyrille Mutali - Intern

**COMMISSION ON REVENUE ALLOCATION**

1. Dr. Jane Kiringai - Chairperson
2. Mr. K Sunji - Commissioner
3. Mr. George Ooko - Chief Executive Officer
4. Ms. Emily W. Kimani - Manager, Legal Affairs
5. Ms. Monicah Wahura - Intern Legal Affairs

6. Mr. James Katule - Director Finance and Accounts

#### **OFFICE OF THE ATTORNEY GENERAL**

1. Mr. Fred Mwachi - Deputy Chief Parliamentary Counsel  
2. Mr. Joshua Wabuke - Legal Advisor

#### **AGENDA**

1. Prayers
2. Preliminaries/Introductions/Communication from the Chairperson
3. Confirmation of Minutes
4. Matters Arising
5. **Consultative meeting on the Public Finance Management (Amendment) Bill (National Assembly Bill No. 63 of 2019)**
6. Adjournment/ Date of the next meeting

#### **MIN.NO.NA/F&NP/2019/223: PRELIMINARIES/COMMUNICATION FROM THE CHAIRPERSON**

The Chairperson called the meeting to order at 2.07 pm and a prayer was said. The agenda of the day was then adopted having been proposed and seconded by Hon. Andrew A. Okuome, MP and Hon. Joseph M. Oyula, MP respectively.

The Chairperson informed the Members that the meeting was supposed to be a joint team meeting with the National Treasury, Council of Governors, Office of the Attorney General, Office of the Controller of Budget and the Commission for Revenue Allocation. The Chairperson observed that only Commission on Revenue and the Office of the Attorney General were represented in the meeting.

The Chairperson called for a round of introductions of the Members present and welcomed the officials from Commission on Revenue and the Office of the Attorney General to introduce themselves.

#### **MIN.NO.NA/F&NP/2019/224: CONFIRMATION OF MINUTES**

Agenda deferred

#### **MIN.NO.NA/F&NP/2019/225: PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 63 OF 2019)**

The Chairperson invited Dr. Jane Kiringai, Chairperson CRA to make the submission with regards to the Public Finance Management (Amendment) Bill (National Assembly Bill No. 63 of 2019). The Chairperson CRA submitted as follows:-

- i) The Bill was seeking to cure the lacuna in Article 113 of the Constitution by introducing a new provision in the Public Finance Management Act that enables county governments

to access consolidated fund in the event that Parliament has not agreed on the Division of Revenue Bill.

- ii) The Bill was also seeking to allocate the minimum threshold of 15% of the previous audited accounts to counties which in the event there was no finality to the mediation process would amount to inequitable share allocated to counties.
- iii) The fifteen percent guaranteed was only a bare minimum percentage hence not an equitable share of revenue. As such the Bill seemed to be advancing the argument that county governments were not entitled to a higher percentage;
- iv) The Commission was of the view that there was no clear picture of what *interim* measures implied;
- v) The amendment should therefore be anchored to PFM on Article 222(2) as opposed to Article 203(2) to enable county governments' access 50% of the previous year's Division of Revenue Act amount as opposed to the proposal in the Bill of 15% of the most recent audited accounts of revenue received as approved by the National Assembly.
- vi) There is need to amend Article 113 of the Constitution to bring closure to the mediation process within specified timelines;
- vii) Article 112 of the Constitution should be amended to specify timelines within which the Division of Revenue Bill should be discussed by both Houses upon submission by the National Treasury;
- viii) The Constitution should be amended to provide for the county government access to the Consolidated Fund in the event that the Division of Revenue Bill has not been passed by 30<sup>th</sup> June; and
- ix) There is need to define what interim means in the context of the Bill.

#### **Committee's Deliberations**

- i) The Committee was concerned as to whether Division of Revenue Bill needed to be processed by both Houses of Parliament;
- ii) The Committee observed that any cuts in the budget through the supplementary estimates only affects the national government's share hence the need for county governments to be rational in the demand for more allocation; and
- iii) The Committee noted that there was need to determine how much each county is able to collect. The meeting further noted the need to fast track the policy on own source revenue to ensure that counties become financially independent and seal loopholes of pilferage.

**MIN.NO.NA/F&NP/2019/226:      ADJOURNMENT/DATE OF NEXT MEETING**

There being no other business to deliberate on, the meeting was adjourned at 4.55 p.m. The next meeting will be held on Wednesday, 21<sup>st</sup> August, 2019.

**HON. JOSEPH K. LIMO, MP**

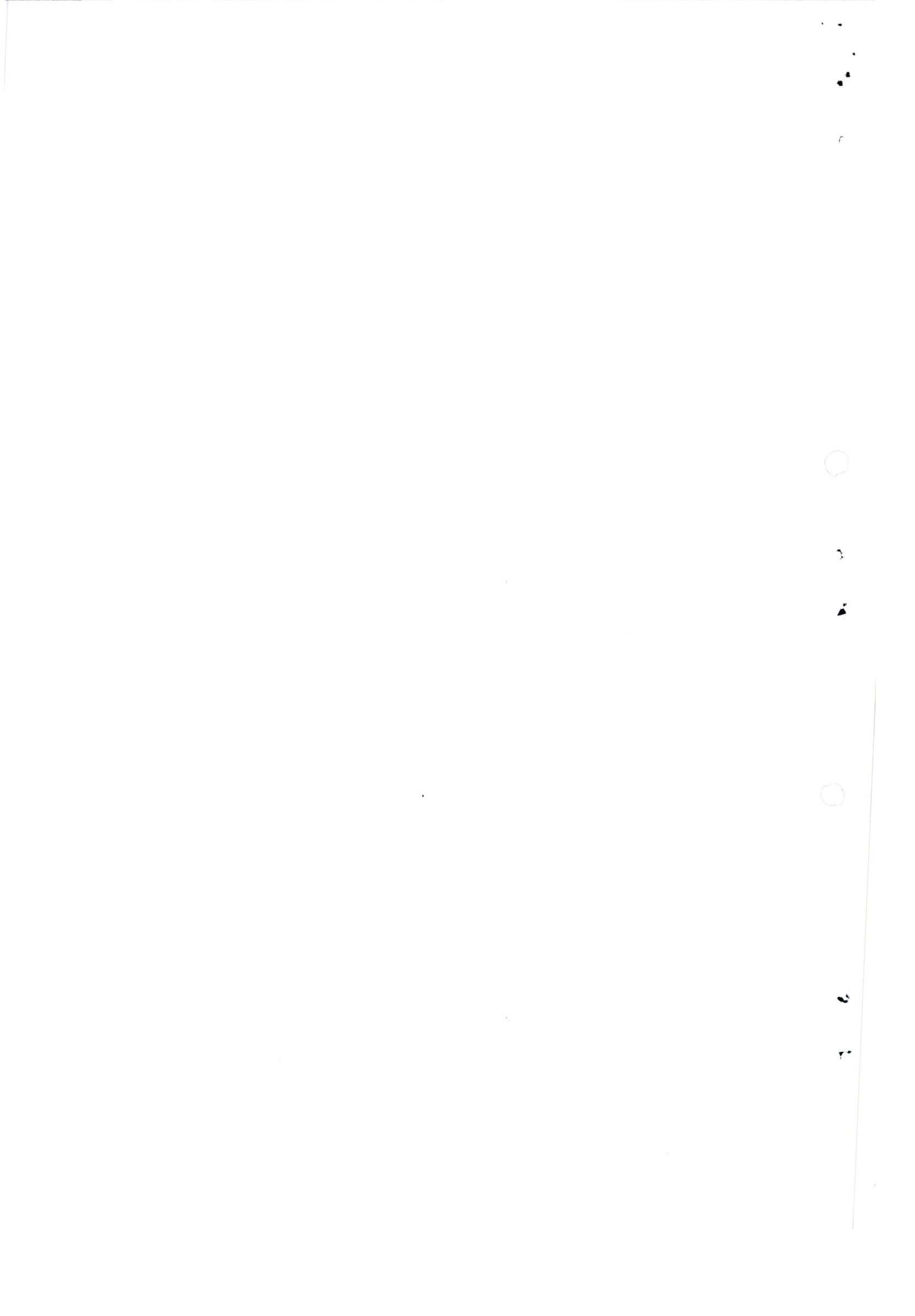
**(CHAIRPERSON)**

SIGNED .....



DATE.....

28/8/19.....



**MINUTES OF THE 51<sup>ST</sup> SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD ON TUESDAY, 10<sup>TH</sup> SEPTEMBER, 2019 IN 2<sup>ND</sup> FLOOR, CONTINENTAL HOUSE AT 10.00 AM**

**PRESENT**

1. Hon. Joseph K. Limo, MP - **Chairperson**
2. Hon. Isaac W. Ndirangu, MP - **Vice Chairperson**
3. Hon. Jimmy O. Angwenyi, MGH, MP
4. Hon. Christopher Omulele, MP
5. Hon. Abdul Rahim Dawood, MP
6. Hon. Daniel E. Nanok, MP
7. Hon. David M. Mboni, MP
8. Hon. Francis K. Kimani, MP
9. Hon. Joseph M. Oyula, MP
10. Hon. Joshua C. Kandie, MP
11. Hon. Purity Ngirici, MP
12. Hon. Samuel Atandi, MP
13. Hon. Edith Nyenze, MP

**ABSENT WITH APOLOGY**

1. Hon. Shakeel Shabbir Ahmed, CBS, MP
2. Hon. Mohamed A. Mohamed, MP

**ABSENT**

1. Hon. Dr. Enoch Kibunguchy, MP
2. Hon. Andrew A. Okuome, MP
3. Hon. Lydiah Mizighi, MP
4. Hon. Stanley M. Muthama, MP

**INATTENDANCE**

**COMMITTEE SECRETARIAT**

1. Ms. Leah Mwaura - Senior Clerk Assistant/Lead Clerk
2. Ms. Jennifer Ndeto - Principal Legal Counsel
3. Ms. Laureen Wesonga - Clerk Assistant II
4. Mr. Chelang'a Maiyo - Research Assistant
5. Ms. Christine Maeri - Audio Officer
6. Mr. John Njoro - Serjeant-At-Arms
7. Mr. Vitalis Augo - Office Assistant

**AGENDA**

1. Prayers
2. Preliminaries/Introductions/Communication from the Chairperson
3. Confirmation of Minutes
4. Matters Arising
5. **Meeting to consider:-**

- i. **The Public Finance Management (Amendment) Bill (N.A. Bill No. 63 of 2019)**
- ii. **The Senate amendments to the County Government Retirement Scheme Bill, 2018**

6. Adjournment/ Date of the next meeting

**MIN.NO.NA/F&NP/2019/281: PRELIMINARIES/COMMUNICATION FROM THE CHAIRPERSON**

The Chairperson called the meeting to order at 10.15 am and a prayer was said. The agenda was then adopted with some amendments having been proposed and seconded by Hon. Samuel Atandi, MP and Jimmy Angwenyi, MP respectively. The Chairperson then welcomed the meeting to deliberate on the day's agenda.

**MIN.NO.NA/F&NP/2019/282: CONFIRMATION OF MINUTES**

Agenda deferred

**MIN.NO.NA/F&NP/2019/283: MEETING WITH HON. MOSES KURIA, MP TO CONSIDER THE FINANCE BILL, 2019**

The Chairperson invited Hon. Moses Kuria, MP to make his submission on the Finance Bill, 2019. He submitted as follows:-

1. That his proposal was seeking to amend the current provision section 33B of the Banking Act so as to require that banks maintain a credit score rating for its customers to ensure that loans issued are based on an individual's credit score. He proposed that a window of negotiation be placed at six points above the Central Bank Rate and the banks would then use the credit score to price the credit facilities and determine the actual interest rate payable.
2. That the country is not ready for the repeal of interest caps because there are not enough checks and balances to ensure that banks do not revert to very unaffordable credit facility.

**Members Deliberations**

- i. The meeting was of the opinion that continued government borrowing has continued to crowd out the private sector as the government borrowing is considered less risky. The Committee proposed that there was need for control of government domestic borrowing to ensure that banks are compelled to lend to the SMEs.
- ii. The meeting noted that it is important for banks to be obligated to give their clients credit score which will make it possible for them to access credit according to their scores.

**MIN.NO.NA/F&NP/2019/284: MEETING TO ADOPT THE REPORT ON THE CONSIDERATION OF THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL (N.A. BILL NO. 63 OF 2019)**

The Committee considered and adopted the report on the consideration of the Public Finance Management (Amendment) Bill (N.A. Bill No. 63 of 2019) having been proposed and seconded by Hon. David Mboni, MP and Hon. Francis Kimani, MP respectively.

The Committee agreed to all the proposed amendments in the Bill as follows:-

Clause 1: Agreed to

Clause 2: Agreed to

**MIN.NO.NA/F&NP/2019/285: MEETING TO ADOPT THE SENATE AMENDMENTS TO THE COUNTY GOVERNMENT RETIREMENT SCHEME BILL, 2018**

The Committee considered and adopted the report on the consideration of the Senate amendments to the County Government Retirement Scheme Bill, 2018 having been proposed and seconded by Hon. Edith Nyenze, MP and Hon. Joshua Kandie, MP respectively.

The Committee agreed to all the amendments that were proposed by the Senate as follows:-

1. Clause 3: Agreed to
2. Clause 4: Agreed to
3. Clause 6: Agreed to
4. Clause 10: Agreed to
5. Clause 16: Agreed to
6. Clause 18: Agreed to
7. Clause 21: Agreed to
8. Clause 22: Agreed to
9. Clause 23: Agreed to
10. Clause 24: Agreed to
11. Clause 44: Agreed to
12. Clause 46: Agreed to
13. Clause 48: Agreed to
14. Clause 55: Agreed to
15. Clause 56: Agreed to
16. New Clause 59: Agreed to


17. First Schedule: Agreed to

**MIN.NO.NA/F&NP/2019/286: ADJOURNMENT/DATE OF NEXT MEETING**

There being no other business to deliberate on, the meeting was adjourned at 12.23 p.m. The next meeting will be held on Thursday, 10<sup>th</sup> September, 2019 at 10.00 a.m.

**HON. JOSEPH K. LIMO, MP**

**(CHAIRPERSON)**

SIGNED .....  ..... DATE..... 10/9/19 .....